

At the CROSSROADS



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NATIONAL DIRECTOR RURAL

When we consider the spring market in the broader rural property sector for 2022, there are three subtle influences at play.

Coming in to spring last year, it was clear that interest rates would be increasing, and with those rate hikes now being felt inside the farm gates, rural landowners are cutting their operational cloth accordingly.

While it is still early days and approval processes are drawn-out, we do expect to see some shift in market dynamics resulting from Overseas Investment Office rule changes effective August 2022.

Overseas investors seeking to convert bare rural land to production forestry will need to meet the higher threshold of

the 'benefit to New Zealand' test, which adds risk to transactions where there is an offshore buyer, despite potential for price premiums to offset the approval wait time.

Then there's the agricultural emissions hot potato that He Waka Eke Noa has created. While rural New Zealand has kept production and export wheels turning throughout the extended consultation process around on-farm emissions pricing, policy makers and farmers are still not aligned and that provides reason for the rural property market to be a little unsettled.

While it may seem the rural sector is at a crossroads, we all agree – New Zealand farmers are global leaders and their stoicism is to be applauded.

Transaction-wise, the market leading into spring was back somewhat on last year, with the volume of nationwide sales down around 24 percent and total sales' value 10-percent lower.

Some of this downwards shift could be blamed on the very wet winter we've just experienced, which dampened transactional activity compared to a more-buoyant 2021 season.

Regardless of cyclical changes in the sector, Bayleys' rural sales team always welcomes conversations about market sentiment, macro influences and ways to optimise the value of your property.

All our national country sales agents and managers are highly-invested in their rural communities and have strong connections with the land, which is why this Bayleys Rural Insight brings topics and issues close to our rural clients' hearts to the forefront.

In this edition, we provide in-depth market updates across the dairy, pastoral, horticulture, viticulture and lifestyle sectors to help rural landowners better understand factors influencing their assets.

We also explore fertiliser options opening up for farmers, question New Zealand's export dependency on China, look at diversified land use, discuss rural connectivity, and revisit regenerative farming.

Receiving regular Rural Insight updates direct to your inbox is easy – just head to bayleys.co.nz/rural-insight and sign up.

We'd love to have you along for the ride and look forward to connecting with you.

BAYLEYS COUNTRY

#1

RURAL REAL ESTATE
BRAND IN NEW ZEALAND

104

SALESPEOPLE

1,572

SALES AND LEASING
TRANSACTIONS

\$3,369,077,949

OF PROPERTY SOLD OR LEASED

1 October 2021 to 30 September 2022

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