

# ON THE RURAL market

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## RURAL PROPERTY MARKET UPDATE

### For period to 1st November 2008

This news bulletin includes Simes review of some of the later larger farm sales.

### Market Activity

A number of the larger farm sales have been analysed, with a focus on the mid Canterbury area for non dairying platform land.

The research shows that land sale prices generally fall between \$28,700 per hectare and \$35,000 per hectare. Some of the sales include water rights which could be worth around \$5,000 per hectare.

When compared to the current rating in values there is no particular consistency which would imply that rating values are not necessarily a reliable indicator of market values.

### Canterbury Statistics of Sales of arable, grazing and finishing properties

Quarter ending	Sep-07	Sep-08
Median Sale Price	\$1,930,000	\$1,852,500
Average days to Sell	129	96
Number of sales	78	54



Simes specialist Rural Valuer, Clyde Welsford, advises that market valuations are primarily based upon comparable land sales.

Almost invariably farm sales include some improvements, typically these are accounted for to arrive at a land sale price.

The analysed sale price reflects a number of factors, including location, soil type, and climate.

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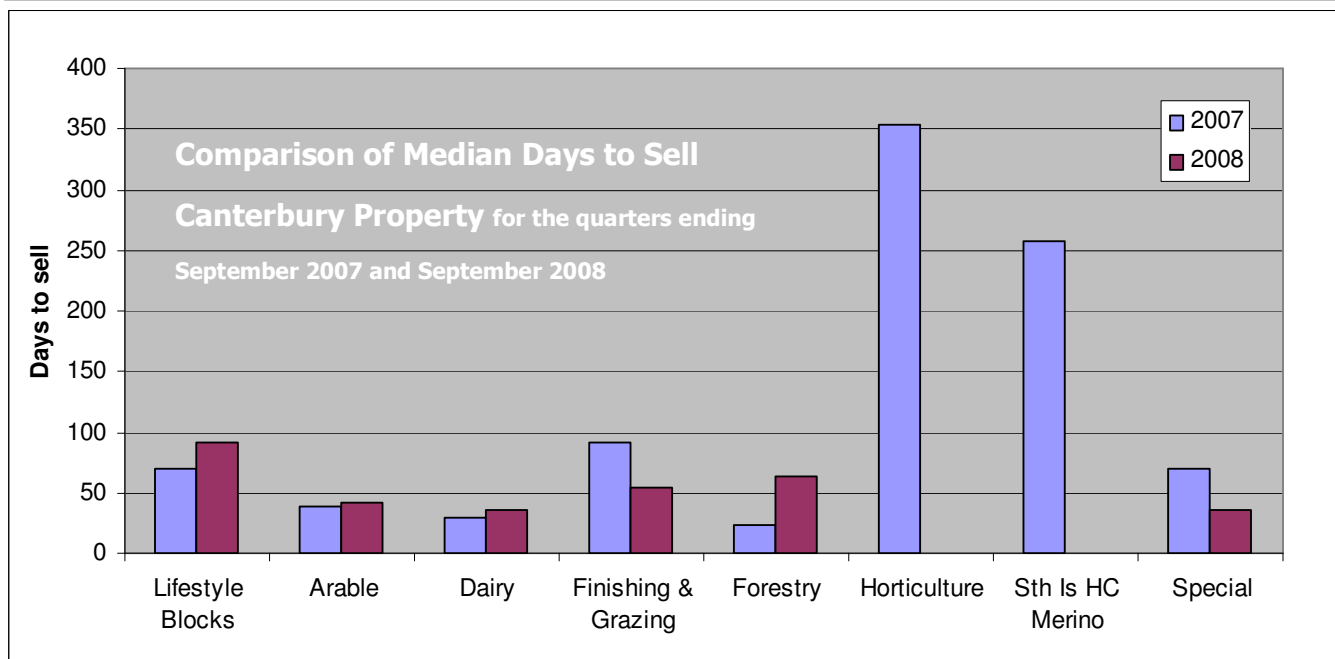
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Location	Sale Date	Land Area	Sale Price	Land Sale Price per ha	Relationship to Rating Value
482 Mt Hutt Station Road, <b>Methven</b>	May 2008	212.6 ha	\$6,781,250	\$29,800	49%
233 Poplar Road, <b>Effelton</b>	May 2008	265.9 ha	\$7,840,000	\$28,700	87%
198 Rakaia River Road, <b>Highbank</b>	May 2008	143.8 ha	\$5,800,000	\$35,000	81%
690 College Stream Road, <b>Hinds</b>	May 2008	266.3 ha	\$9,310,000	\$29,600	102%
128 Somerton Road, <b>Hatfield</b>	May 2008	161.9 ha	\$6,200,000	\$33,250	63%
861 Gardiners Road, <b>Pendarves</b>	July 2008	242.8 ha	\$12,100,000	\$44,250	126%
952 McCrorys Road, <b>Pendarves</b>	April 2008	460.6 ha	\$18,036,600	\$39,160	88%



Compiled by Simes Limited MREINZ and REINZ

## Outlook

A rapidly changing global economic situation is likely to impact upon farm sales and market activity, and the volume of transactions is likely to remain at a lower level in the shorter term. For the September quarter, Canterbury farm sales decreased to 79, compared to 100 for the

same period last year. Economic returns for hill country remain low, with our expectation of a change in land use to forestry, with the benefit of carbon credits. Better lamb payout give some reason for optimism, but with rising costs nett gains are marginal. Properties currently

offered for sale in the North Canterbury area include Spye at Omihi, Achray at Rotherham, and Wardendale at Waiau. Simes rural will monitor these transactions. As for much of the investment property market most rural buyers are playing a wait and see game.

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