



Typical pricing per hectare for dairy properties

\$31K - \$51K

Typical land area for dairy properties sold

80ha - 186ha

Total land area of dairy properties sold

40,958ha

1st April 2021 - 31st March 2022

Source: Bayleys Insights & Data and REINZ

The dairy property market in 60 seconds

Biggest trends



Strong long run milk price add confidence

Consistency in payout and strong outlook for 2021/2022 has continued to boost confidence amongst dairy buyer groups. Strong cash yields have enabled capital investment, providing assistance to reduce the burden of environmental compliance.



Environmental standards add due diligence

Environment standards around run-off have potential to impact farm production and/or capex required. Buyers and lenders are seeking higher levels of information so they can assess the impact on individual properties.



Activity across whole dairy market

Smaller land holdings continue to attract premiums from neighbours competing for adjoining farms. Trend is most active in Waikato and Bay of Plenty due to historically smaller farms. Activity has returned to the South Island dairy market for those seeking scaled stand-alone investments.

Outlook for the next 12 months



Growth in cross sector buyers

In addition to existing dairy operators looking to expand, interest has increased from sheep and beef farmers looking to diversify cash flow. Commercial property investors or those new to farming are equally attracted to yields and the reasonably systemized nature of dairy investment.



Cream rises to the top

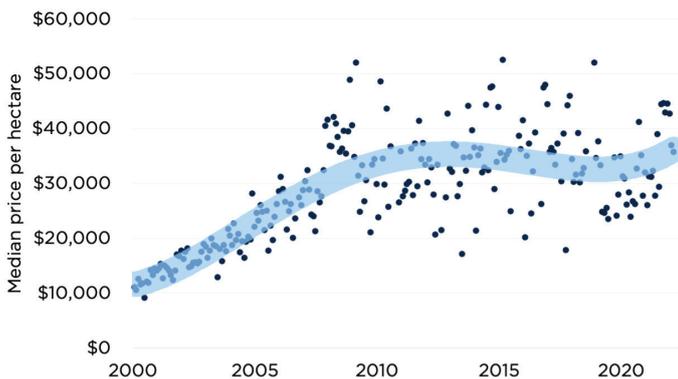
As buyers become increasingly cautious about environmental standards, saleability increases for farms with A grade environmental audits and/or are on track to meet long-term targets. Emphasis on the Future Maintainable Production Equation (FMPE) continues.



Margin squeeze potential

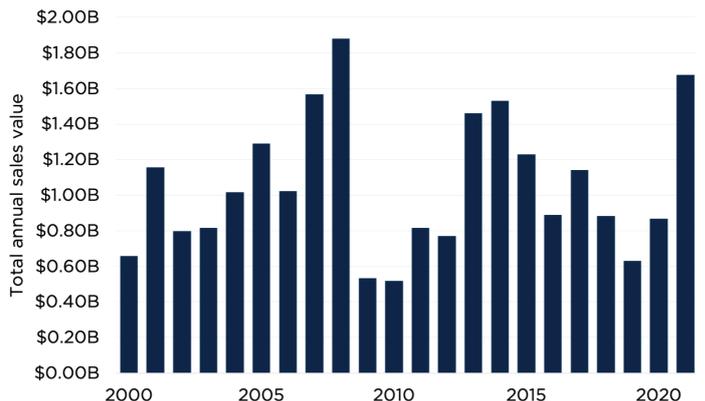
Inflation of farm operating costs and recent increases in borrowing costs may squeeze margin on farm. There is also now uncertainty surrounding future interest rates after CPI inflation spiked outside the RBNZ target band. Debt appears to remain accessible for well-capitalised dairy assets with ability to amortise debt.

Median price per hectare



Source: REINZ

Annual value of sales

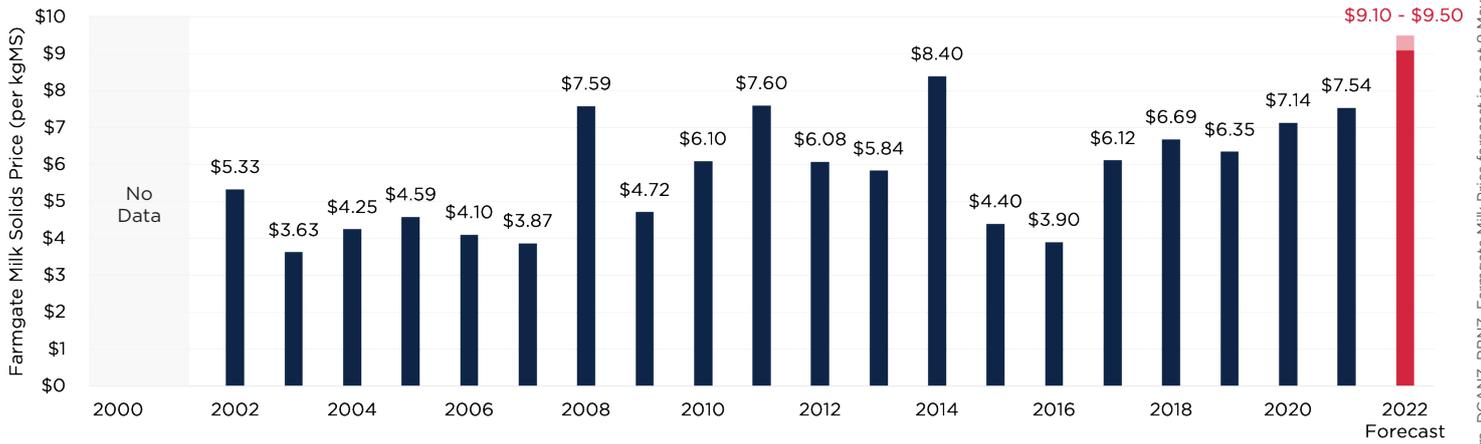


Source: REINZ

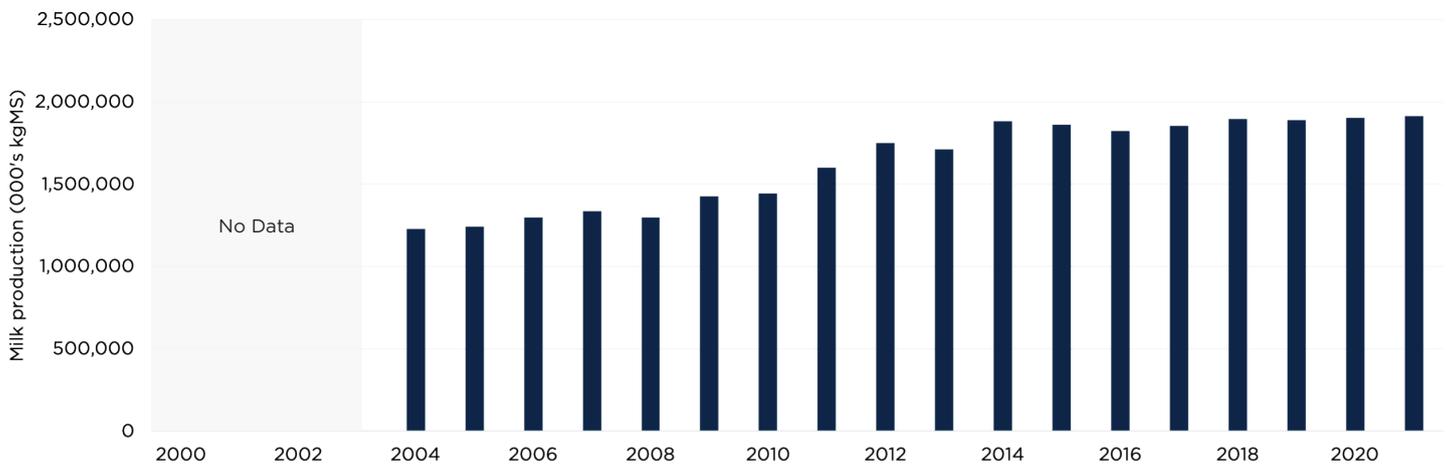
Dairy properties (excludes dairy support and lifestyle properties). "Typical" levels based on lower and upper quartiles (middle 50% of the market). They do not represent the minimum or maximum rates in the market.

Market indicators

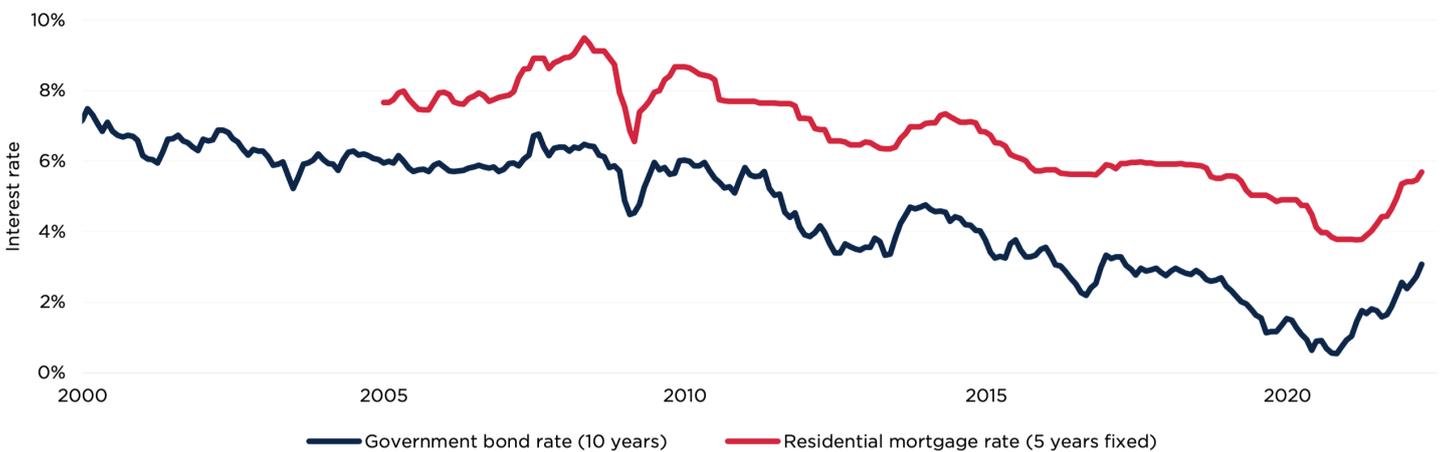
Fonterra Farmgate Milk Prices



Milk production



Benchmark interest rates



Nick Hawken
National Director Rural
nick.hawken@bayleys.co.nz

Chris Farhi
Head of Insights, Data & Consulting
chris.farhi@bayleys.co.nz

Eos Li
Analyst - Insights, Data & Consulting
eos.li@bayleys.co.nz

BAYLEYS REAL ESTATE LTD, AUCKLAND CENTRAL, LICENSED UNDER THE REA ACT 2008

This publication is prepared by Bayleys Insights & Data. All opinions, statements and analyses expressed are based on information from sources which Bayleys Realty Group believes to be authentic and reliable. Bayleys issues no invitation to anyone to rely on the information contained herein and intends by this statement to exclude liability for any such opinions, statements and analyses. All content is copyright Bayleys Realty Group 2022 and may not be reproduced without expressed permission.

0800 BAYLEYS
[bayleys.co.nz/insightsanddata](https://www.bayleys.co.nz/insightsanddata)



ALTOGETHER BETTER

Residential / Commercial / **Rural** / Property Services