

## General Economic Commentary, King Country, Year to December 2017

Rural sale numbers remained steady with 36 pastoral farms over 100ha selling in the last 12 months. The average size was 235 ha. The median farm price also remained steady at \$1,650,000. Dividing the total of all sale prices by the total number of hectares equated to \$7,103/ha, a 5.7% increase on last quarter. 20 dairy sales over 40ha were recorded, the majority having occurred in the Otorohanga district. The average size was 97.81 ha while the median sale price rose slightly to \$3,505,000. The average sale price per hectare decreased slightly from \$37,479 to \$36,975.

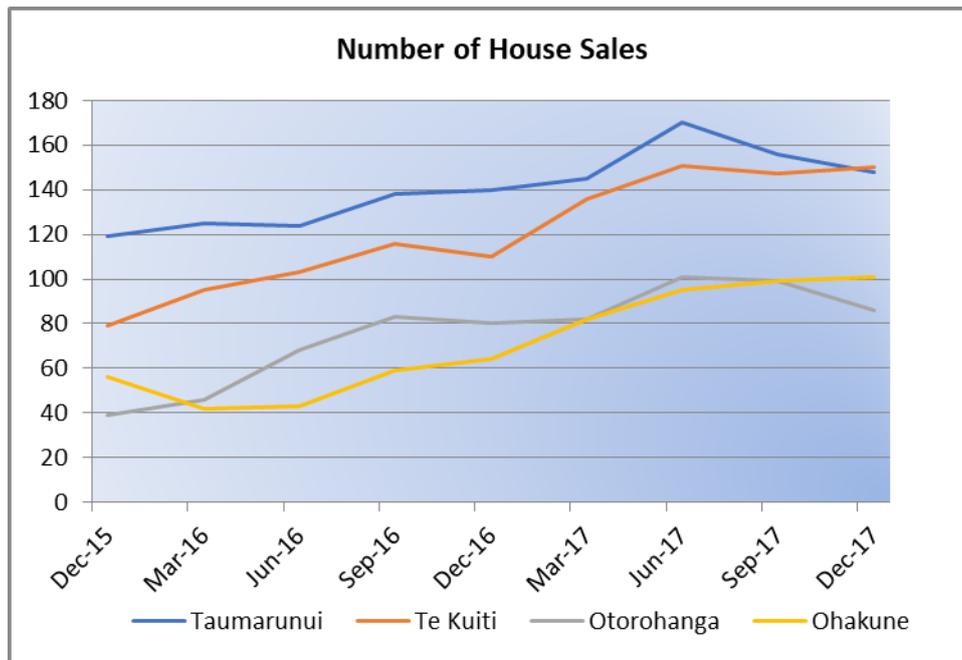
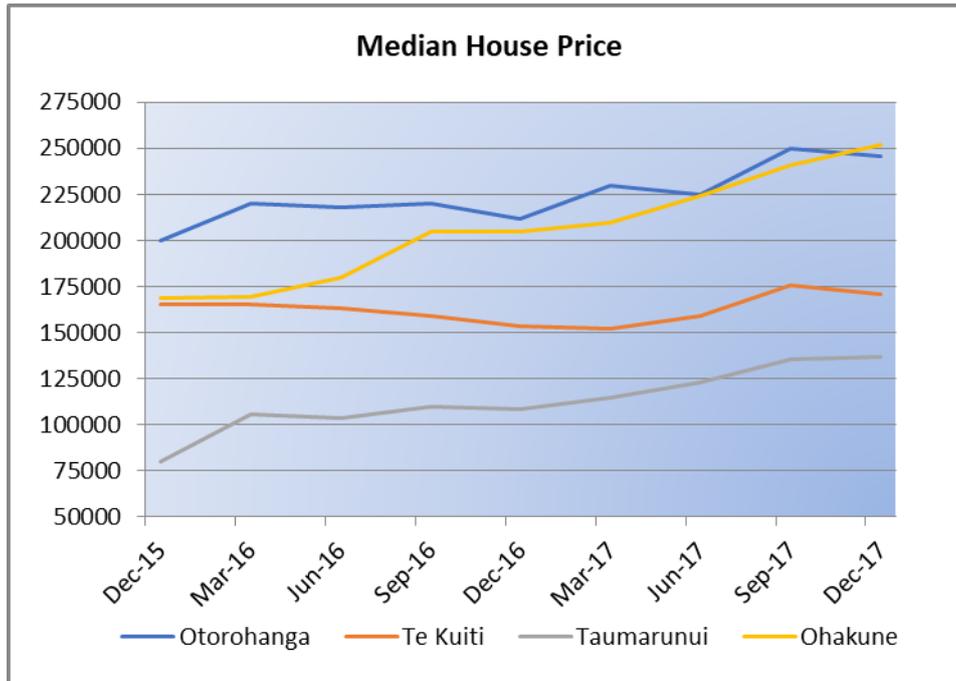
Over the spring, a number of properties within the dairy and sheep and beef sectors have been listed on the market. Sales, along with anecdotal evidence, suggest there is some pressure on the dairy sector, with recent GDT auctions having decreased for on 4 consecutive occasions, with a drop of 3.4% in the last auction. This in turn is putting pressure on forecasted payouts and as a result, pressure on land values. Contrary to dairy, demand is still strong in the sheep and beef sector, backed by strong commodity prices (both current and forecasted). Good well located and presented properties appear to be still attracting reasonable interest however those that are more remote and/or not as well presented, appear to be struggling to sell and as a result, vendors are having to adjust their price expectations.

The commercial vacancy rate in Maniapoto Street, Otorohanga remained at 6.67% over 75 tenancies, below the long-term average of 7.97%. In Rora Street Te Kuiti, the vacancy rate remained steady at 16.44% over 73 tenancies, below the long-term average of 17.88%. In Hakiha Street Taumarunui, the vacancy rate also remained steady at 13% over 77 tenancies, this being below the long-term average of 17.76%. While there have been limited sales of commercial properties, well leased properties continue to be sought after, with yields for these types of properties generally being less than 8.5%.

25 smaller lifestyle blocks have sold over the last year in the Taumarunui area, slightly less than last quarter (28). The average lifestyle price increased to \$387,777 from \$323,408, the average size at 3.94 ha. The Waitomo lifestyle market had 52 lifestyle sales. The average sale price increased to \$400,900 from \$374,100, with the average size being 3.48ha. In Otorohanga, the average rose to \$559,365, an increase of 8.67%, the average size rising slightly to 2.60 ha, with 52 sales recorded. Further to the sale numbers shown, of particular note is the number of vacant lifestyle sites sold within both the Waitomo (25) and Otorohanga (25) areas over the last 12 months.

The Te Kuiti residential median dropped slightly to \$171,000 with sale prices on average are selling 45% above rateable value. Sale numbers remained relatively steady at 150 (147 last quarter). Taumarunui residential sale numbers decreased slightly from 156 to 148. The median house price rose slightly from \$135,200 to \$136,722, with properties on average selling 25% above 2014 rateable values. Otorohanga's median dropped slightly to \$245,500 from \$250,100 with sale numbers also down at 86 (99 in the last quarter). Like the other locations recorded, on average properties sold on average 22% above rateable values. Ohakune's median house price rose from \$240,800 from \$252,000. Sale numbers remained steady at 101 (99 last quarter) while properties on average sold 12% above their rateable values.

While sale numbers appear to be down, in general, well-presented properties are attracting strong interest, with multiple offers being received and sale prices often above asking price or well above what might have been obtained only 3-4 months ago. The market stalled slightly over the election time however this appears to have now passed, however anecdotal evidence would suggest there is a relative short supply of properties for sale. In general, while market fundamentals continue to be strong i.e. interest rates are low, migration continues from the larger centres etc, supply is outweighed by demand, prices are more likely to remain under upward pressure.



The national median house price by comparison increased slightly to \$530,000 – up from \$518,000. The official cash rate remained steady at 1.75%. Unemployment decreased slightly to 4.6% from 4.8%.

*This commentary encompasses the past years information and is updated on a quarterly basis. Its purpose is to illustrate property trends in the King Country, which is a region not normally reported upon. Whilst the information contained above may not be specifically relevant to the property being reported upon, its purpose is to provide a useful barometer for the towns and wider region. It is not intended to be used as, or take the place of, a valuation report, which provides specific and timely property advice. Any persons relying on this commentary do so at their own risk. For back issues, please log on to [www.doylevaluations.co.nz](http://www.doylevaluations.co.nz)*