

General Economic Commentary, King Country, Year to December 2013

The rural property market has slowed considerably once again with only 24 pastoral farms over 100ha have sold in the last 12 months. The average size was 395.33ha down 4%, the median farm price increasing 4.8% to \$2,412,500, again confirmation that the market strengthened in the early part of this year. Sales numbers indicate that there is little sign of further improvement in the short term. Dividing the total of all sale prices by the total number of hectares equated to \$7,940/ha, a 10% increase.

7 dairy sales over 40ha were recorded. The average size was 189.34ha, the median net sale price remaining constant at \$3,800,000, with 50% more land than last period, indicating a softening of the market. The average gross sale price per hectare was \$16,000, a substantial decrease on last quarter. There is a clear emphasis on location, then contour, then standard of improvements. The outlook for the remainder of the year is muted.

The commercial vacancy rate in Maniapoto Street Otorohanga rose slightly to 13.88% but three new tenancies brought the total up to 72. In Rora Street Te Kuiti, the vacancy rate is 12.30% over 65 tenancies, down significantly from a year ago. In Hakiha Street Taumarunui, the vacancy rate remains at 18.03% over 61 tenancies.

2 vacant and 2 lifestyle blocks have sold over the last year in Ohakune, numbers too small to make any meaningful statistical data.

11 smaller lifestyle blocks have sold over the last year in Taumarunui, with sale numbers down by 1. The average lifestyle price was \$324,545, the average size at 3.08ha. This market is improving after a long static period.

The Te Kuiti lifestyle market had 14 sales this year, sale numbers up by 4 the last period. The average price was \$342,750 with an average size of 1.72ha.

In Otorohanga, \$472,417 was the average, the average size rising slightly to 1.98ha, culminating in an improving market. 12 sales were recorded.

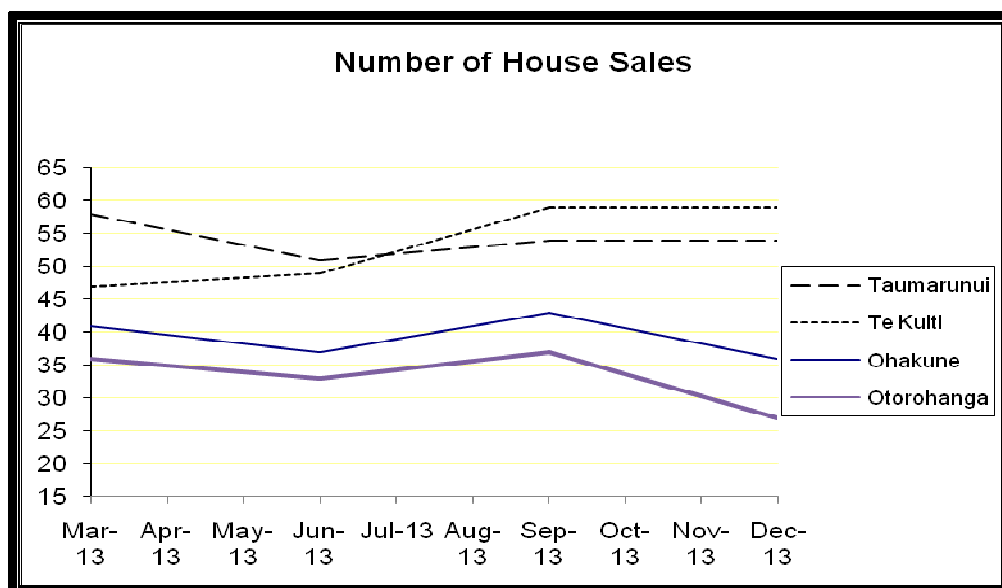
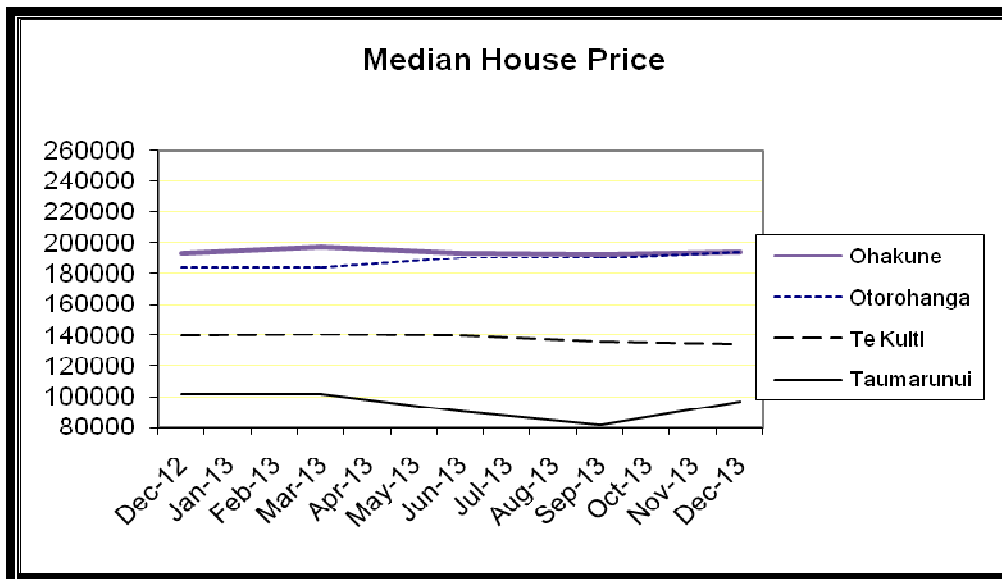
Ohakune shares top spot with Otorohanga this quarter. Ohakune's median house price rose by \$2,000 to \$194,000. Sale numbers fell by 17% to 36. The average sale price was \$213,486.

Taumarunui residential sale numbers remained steady at 54. The median house price rose by 18% to \$96,500 and the average sale price also increased to \$107,028. The Taumarunui residential market appears to be bouncing back from the bottom of the cycle.

The Te Kuiti residential median fell by \$1,500 to \$133,500. Sale numbers fell to 46, the average sale price rising to \$151,504.

Otorohanga's median rose by \$4,000 to \$194,000 whilst sale numbers fell by 25% to 27. The average sale price rose to \$205,796.

The national median house price by comparison rose by \$22,500 to \$407,500. The REINZ Monthly Housing Price Index rose 7.1% for the year.



The official cash rate remains steady at 2.50%. Inflation has doubled to 1.4% and unemployment fell to 6.2%.

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