

General Economic Commentary, King Country, Year to March 2014

The rural property market has shown signs of improvement with 30 pastoral farms over 100ha having sold over the last 12 months, up by 6 on the last quarter. The average size was 573.8765ha, the median farm price increasing 7.1% to \$2,585,000, confirmation that the market strengthened in the early part of this year. Dividing the total of all sale prices by the total number of hectares equated to \$6,500/ha, a sizable decrease but swayed by some very large sales with sizeable amounts of bush. By my calculation, land values increased 25% at the start of the year with a further 5% upswing in December 2013.

Only 2 dairy sales over 40ha were recorded. The average size was 181.11ha, the median net sale price falling to \$2,550,000. The average gross sale price per hectare was \$14,000, a substantial decrease on last quarter. These sales numbers are too low to be of any statistical relevance but evidence from further afield indicates that prices are under some pressure.

The commercial vacancy rate in Maniapoto Street Otorohanga rose slightly to 14.08% over 71 tenancies. In Rora Street Te Kuiti, the vacancy rate rose to 15.38% over 65 tenancies, the same rate as it was a year ago. In Hakiaha Street Taumarunui, the vacancy rate rose to 22.95% over 61 tenancies, the worst result in three years.

9 lifestyle blocks have sold over the last year in Ohakune, the average sale price at \$343,333 for an average size of 2.42ha.

13 smaller lifestyle blocks have sold over the last year in Taumarunui, with sale numbers up by 2. The average lifestyle price was \$277,917, the average size at 2.32ha. This market is still improving after a long static period.

The Te Kuiti lifestyle market had 14 sales again this year. The average price was \$302,461 with an average size of 1.96ha. This is a static market.

In Otorohanga, \$396,107 was the average, the average size falling to 1.20ha, culminating in an improving market. 14 sales were recorded, 2 more than last period.

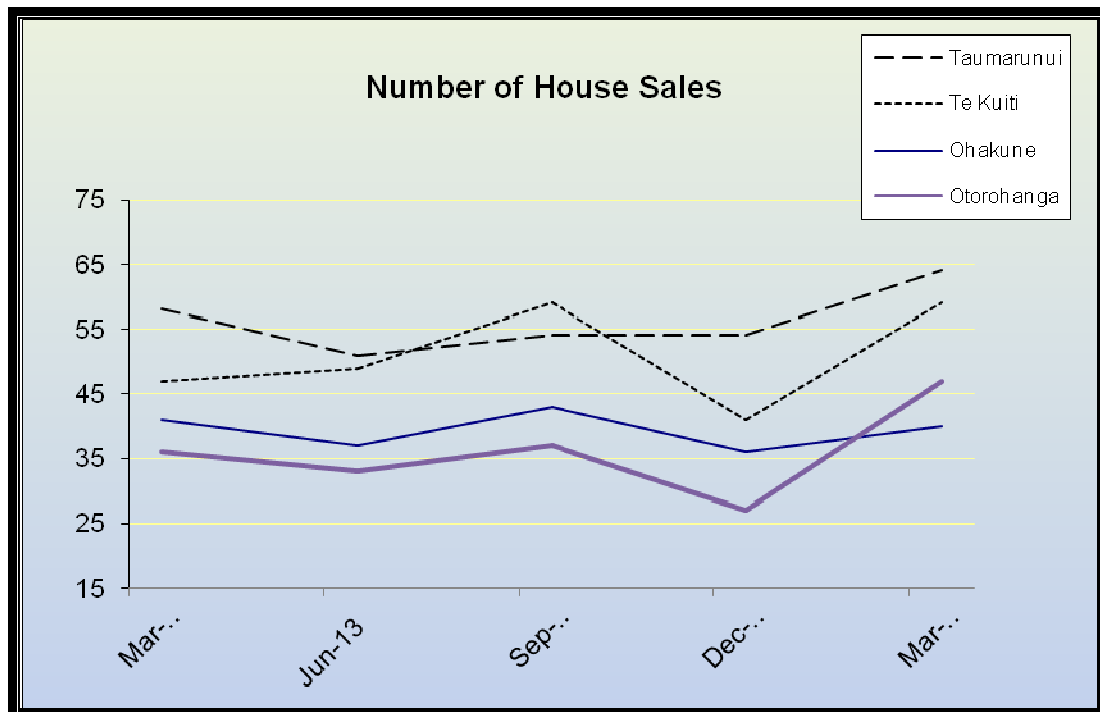
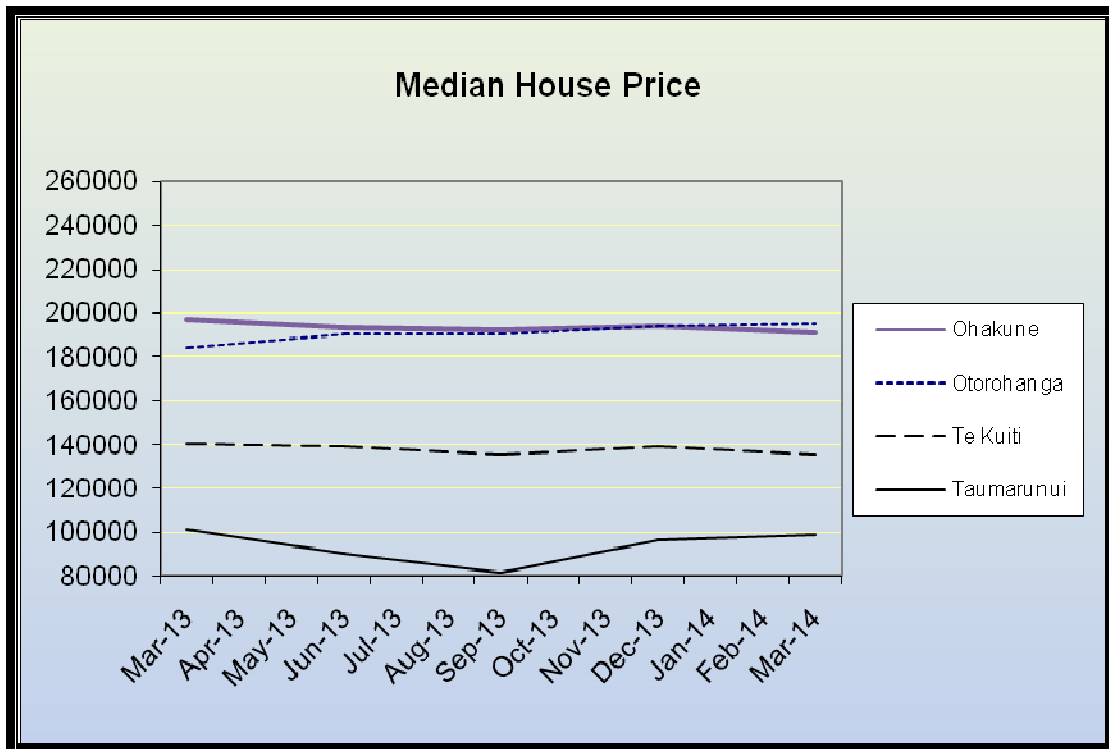
Otorohanga takes top spot from Ohakune this quarter. Ohakune's median house price fell by \$3,000 to \$191,000. Sale numbers rose by 11% to 40. The average sale price was \$205,152.

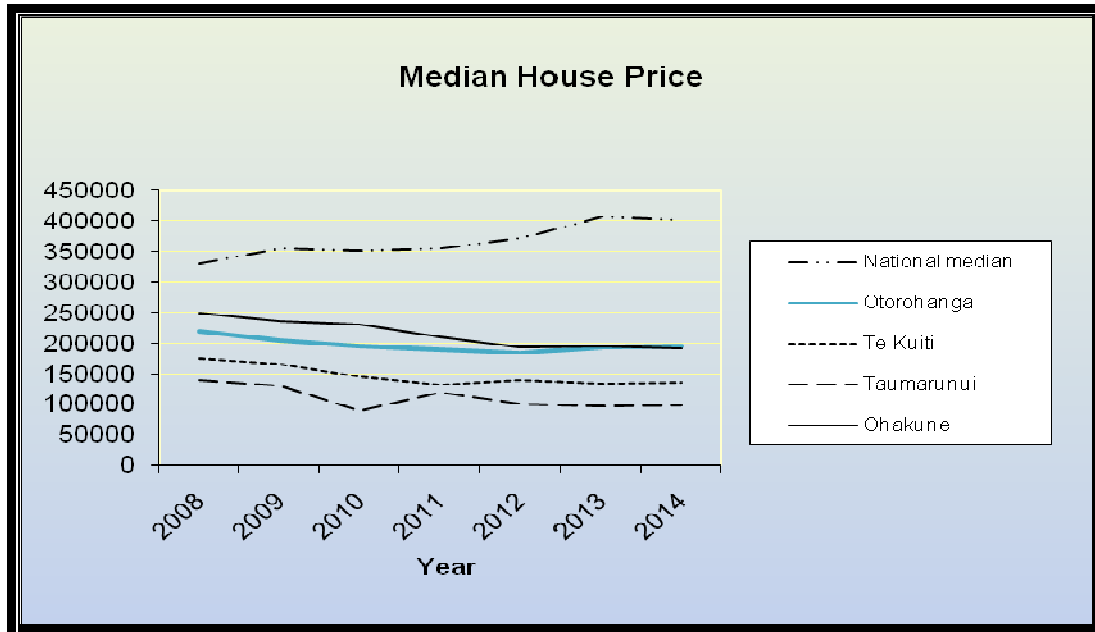
Taumarunui residential sale numbers rose by 18% to 64. The median house price rose by 2% to \$98,500 and the average sale price also increased to \$111,347. The Taumarunui residential market appears to be bouncing back from the bottom of the cycle.

The Te Kuiti residential median fell by \$4,000 or 3% to \$135,000. Sale numbers rose to 59, the average sale price falling to \$145,105.

Otorohanga's median rose by \$1,000 to \$195,000 whilst sale numbers rose considerably to 47. The average sale price rose to \$207,840.

The national median house price by comparison fell by \$5,500 to \$402,000. The REINZ Monthly Housing Price Index rose 7.7% for the year.





The official cash rate remains steady at 2.50%. Inflation has increased to 1.6% and unemployment fell to 6.0%.

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