

## **General Economic Commentary, King Country, Year to March 2017**

The rural property market witnessed a decrease in activity with 29 pastoral farms over 100ha selling in the last 12 months, 26% more than last quarter. The average size was 529 ha. The median farm price fell to \$1,950,000. Dividing the total of all sale prices by the total number of hectares equated to \$5,082/ha, a 3% decrease on last quarter.

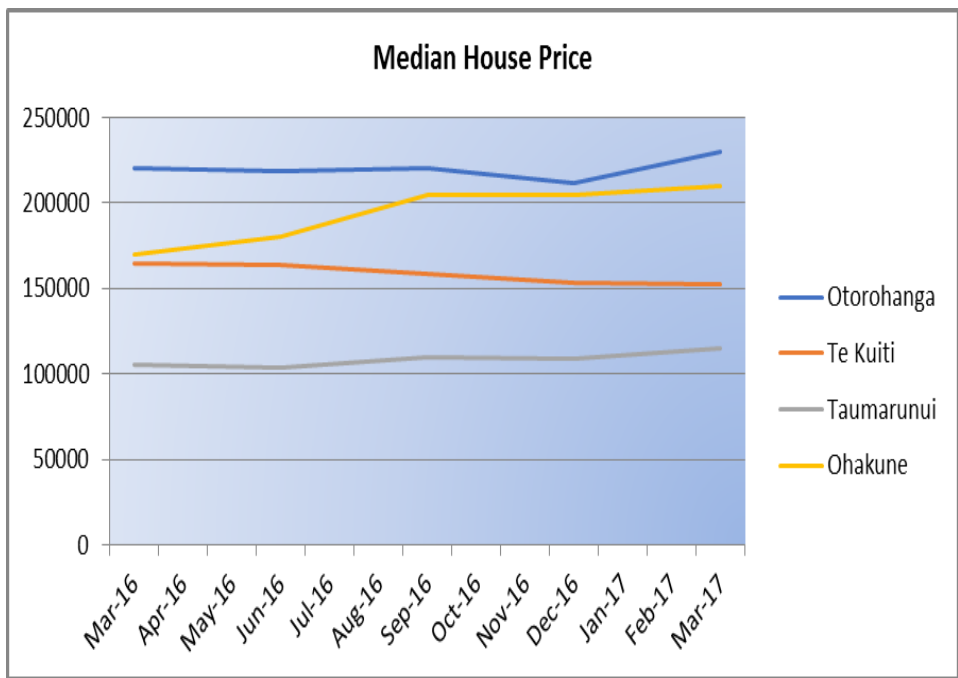
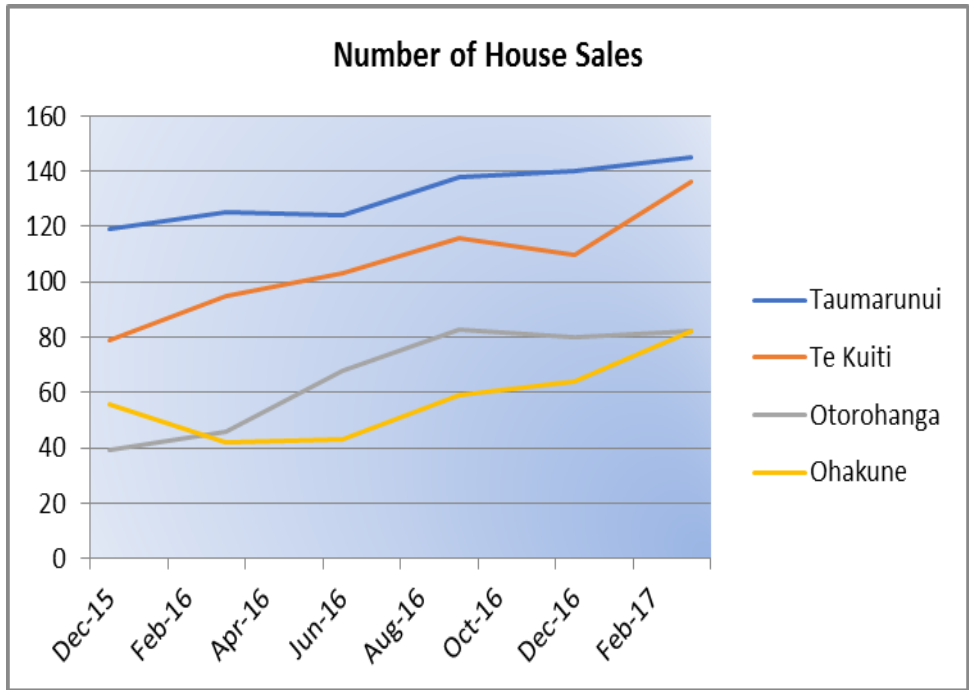
9 dairy sales over 40ha were recorded, down from 12 in the last period. The average size was 136.64ha, the median sale price rising to \$3,600,000. The average sale price per hectare increased to \$27,545. While it appears the market is static at present there is growing optimism within the dairy and dairy support sectors given higher forecast payouts, while strong value increases have been shown Manuka hill country as apiarists compete for quality apiculture land (Manuka honey). Sheep/beef/arable interests continue to underpin the market for easy country while there is still strong demand for good well presented properties with a noted difference in value to those less sought after properties.

The commercial vacancy rate in Maniapoto Street Otorohanga remained at 6.67% over 75 tenancies, still below the long-term average of 8.08% but important in that two banks have now left town. In Rora Street Te Kuiti, the vacancy rate dropped slightly to 19.18% over 73 tenancies, above the long-term average of 17.33%. In Hakiha Street Taumarunui, the vacancy rate fell to 14.10% over 78 tenancies, this being below the long-term average of 18.35%. As the figures would suggest, there appears to be an increase in commercial activity in both Otorohanga and Taumarunui with visitor numbers increasing particularly within Taumarunui on the back of activities such as the "Forgotten World Adventures" and the timber bike trail. Good modern well leased properties continue to be sought after with yields for these types of properties generally being less than 8.5%.

28 smaller lifestyle blocks have sold over the last year in Taumarunui, with sale numbers up by 7. The average lifestyle price rose slightly to \$310,946, the average size at 2.49ha. The Te Kuiti lifestyle market had 22 lifestyle sales, 3 less than last period. The average sale price rose significantly to \$422,583 though with lower sales volume sometimes large increases/decreases are experienced. The average size was 2.68ha. In Otorohanga, the average rose to \$455,895, the average size rising to 2.31ha. 39 sales were recorded. The residential and lifestyle markets are intrinsically linked with many property owners transferring between the two.

Ohakune's median house price rose slightly to \$210,000 from \$205,000. Sale numbers rose from 64 to 82 while properties on average sold 10% above their rateable values. Taumarunui residential sale numbers also rose from 140 to 145 while the median house price also rose from \$108,500 to \$115,000 while properties on average sold 17% above rateable values. The Te Kuiti residential median fell slightly by \$1,500 to \$152,000 however on average are selling 22% above rateable value. Sale numbers rose quite markedly from 100 to 136. Otorohanga's median increased from \$211,500 to \$230,000 however sale numbers rose only slightly to 82 (from 80). Like the other locations recorded, on average properties sold on average 18% above rateable values.

While the numbers would perhaps suggest that the market is stable at present, anecdotally it would appear that the market is very active in all four markets with a number of multiple offer scenarios being experienced particularly in the \$100,000 - \$200,000 price bracket in Taumarunui and Te Kuiti and the \$200,000 - \$300,000 price bracket in Otorohanga. Other factors contributing to the market upturn include continued low interest rates, positive economic influences including increased job security, good quality affordable homes while migration is also a factor as people look to move out of larger cities such as Auckland due to more affordable housing. Furthermore with the increase in sales volume, this has created a relative shortage of listings and as a result this has positively impacted on value levels.



The national median house price by comparison rose by \$5,000 to \$515,000. The official cash rate remained steady at 1.75%. Inflation remained steady at 0.4% and unemployment increased slightly to 5.2%.

*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](http://www.doylevaluations.co.nz)*