PGG Wrightson Real Estate

Rural Property Pulse

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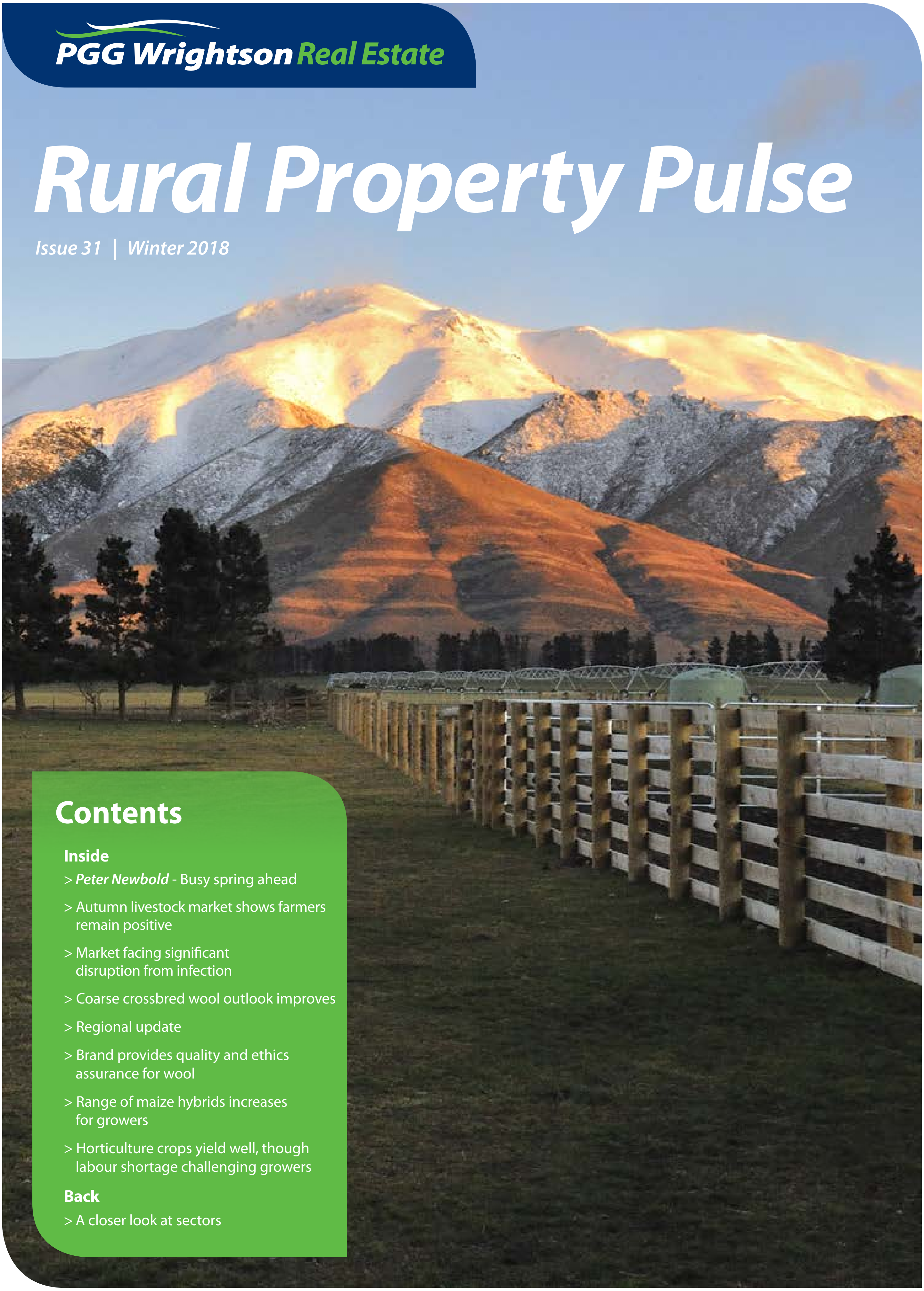

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Subdued autumn and quiet winter foreshadow busy spring for rural property

Demand for rural property always balances several variables. How these weigh up determines what momentum the market will generate at any given time.

Activity in the autumn market has been strong, right through into late May, which will also flow through into June, as several property transactions culminate at the same time.

As you will note elsewhere in this edition of Rural Property Pulse, growing conditions for viticulture, kiwifruit and red meat are excellent, and export demand means returns are at or near record levels. Anyone operating in those sectors is therefore faring well, and demand for land that can be used to grow these products is strong.

Dairy is less positive. Although export returns and growing conditions also favour dairy farmers, external factors do not. Chief among these is Mycoplasma bovis. Those at the sharp end of the outbreak will find it difficult to make clear decisions around the future of their business. If that is you, remember there is plenty of support throughout the rural community: you do not have to face this alone.

Uncertainty around the government's review of overseas investment and increasing pressure to align with freshwater regulations are additional issues making it a challenging period to be a dairy farmer.

Consequently, sales of dairy properties were slow through the autumn, and are likely to continue at a subdued level until value expectations adjust. Although this may take time, it will happen eventually: when there is a correction, or a new factor that farmers need to become accustomed to, it always does.

Because dairy is a key component of our business, a cooling of the dairy property market impacts on the whole market. Meanwhile, with property owners in the other sectors preferring the cashflow the good times provide, ahead of capitalising on the high demand for land, rural property sales have been slow this year.

However, there are already plenty of indications that it will change in spring, and we should experience a stronger season next year as these issues are addressed. If you want to make the most of that by offering rural property for sale, here are some factors to bear in mind:

- Demand for drystock listings will be strong. Aside from the underlying enthusiasm for pastoral farms with proven credentials for sheep and beef, dairy farmers wary of Mycoplasma bovis are looking to establish standalone dairy units by adding grazing and support blocks to their existing milking platforms. They want greater control of their stock management, which will help them manage the risk of the infection. As this demand heats up, early listing of relevant properties may prove beneficial.
- Viticulture and horticulture have had a good season. This will continue next year, with demand for land able to grow kiwifruit, avocados or grapes matching the demand for developed vineyards and orchards.
- Other than viticulture and horticulture, the days of significant capital gains are gone. Purchasers and their financial advisers are looking for ongoing return on investment, and will undertake extensive due diligence to determine that, rather than investing solely in the 'X factor' of a property.
- Demand for farms close to provincial towns, such as Cambridge, is strong and climbing. Traditional buyers are generally more active in these 'A list' areas and, with land use change imminent around such towns, these particular markets will heat up yet further.
- As noted, because of the hiatus in foreign investment regulations, the market for large dairy farms is evolving, and changes in usage and size may be in prospect for these farms.

That final point also has an implication that expands wider. With the situation around the Overseas Investment Office now fundamentally altered, and confusion prevailing within that system, it is now no longer beneficial for anyone with a property that might otherwise attract an overseas buyer to hold out for that party to appear. Vendors now need to find buyers closer to home, within the local market.

The best aligned rural property specialists to provide that solution are your local PGG Wrightson Real Estate team. We are the logical way to link to the broader spectrum of rural New Zealand. Our network of relationships with partners including individual farmers, producer and grower groups, iwi, and other rural professionals is the most comprehensive on offer, making our team best placed to meet your rural property needs, particularly when local buyers are in the ascendant, as they are right now.

We look forward to hearing from you.

Peter Newbold
General Manager
PGG Wrightson Real Estate Limited

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Autumn livestock market shows farmers remain positive

Excellent weather and plenty of grass kept the autumn livestock trade buoyant.

Mycoplasma bovis impacted on the dairy livestock market, persuading existing buyers to purchase stock earlier than they would typically have done. Market activity increased and several clearing sales, previously scheduled for May, were brought forward, becoming paddock sales instead.

In general, the greater rate of activity did not affect prices, which remained steady as good-quality dairy cows sold at firm values approaching $2,000 per head. Yearling heifers were in particular demand, however, with prices rising by $50 to $80 on last season, to between $800 and $1,000 per head.

In the wake of the outbreak, buyers selecting dairy livestock have tightened their criteria. Traceability has become a key issue for some, while others are asking more questions about stock they are interested in.

Favourable growing conditions and confidence around the payout has increased demand for external grazing, encouraging more farmers to graze herds off-farm than in the last two to three seasons. Boner cows were taken out of herds and sent to the works or saleyards at similar rates as recent years

Beef livestock sales were boosted by one of the best autumns North Island farmers have experienced for several years, which produced abundant feed across all districts. Weaners sold for solid prices, especially steers, which are proving more popular to farm than heifers, with trading margins for the latter under pressure. Demand for in-calf cows has also softened, and prices are down by 10 to 15 per cent.

At the national bull sale in Palmerston North in May, which was held for the first time as a video sale, steady demand was evident for the main breeds. This sale sets the scene annually for bull sales throughout the country until June. Prices were similar to last year and the volume of bulls traded was also consistent with previous years. Top prices among the main breeds were $35,000 for an Angus bull from Te Mania; $22,000 for a Hereford offered by Capethorne; and $11,000 for a bull from Longview Shorthorns.

In the South Island, calf sales started strongly at the end of March then tapered off as the season progressed. At the Otago and Southland sales, prices were back by around $100 per head on last year and, in the Marlborough and Canterbury calf sales in late April, prices also softened by up to $100 per head.

Sheep, meanwhile, traded well in autumn, approaching record prices across all categories of lamb and mutton. In mid-May some processors were paying around $7.20 per kilogram for lambs, and trends suggest good demand for sheep will be maintained.

This report was prepared in consultation with PGG Wrightson's Livestock team.

Market facing significant disruption from infection

Those farmers directly affected by Mycoplasma bovis are in an unenviable position. Others have become increasingly aware of their vulnerability to the infection and will take whatever steps necessary to mitigate that risk.

In regions where the disease was first detected, we have already seen how that impacts on the market. Farmers become understandably cautious about any purchase, including land, that might expose their herd. Containment is the key, as the comprehension arises that having control over your own stock becomes the primary focus.

As plans to eradicate the disease progress, farm management practices will adapt and markets will react.

Within the property market, we can reasonably expect the following:

- Purchasers will closely scrutinise listings and vendors may require documentation demonstrating they are free of the disease. Sales may be more protracted and farms without adequate documentation could be discounted.
- Farms offered for sale as a 'going concern,' with stock remaining on-farm for the new owner, could become more common.
- Particularly motivated vendors may offer to share the risk with purchasers, leaving some equity in the farm until the extent of the infection is clarified.
- Established farmers seeking to ensure a dairy operation stands fully alone will purchase their own run-off support blocks rather than graze cows on properties where they have less control.
- Those farmers who lose infected herds and receive compensation will reassess their future involvement in dairy, and make property ownership decisions accordingly.

It will take several months for the dairy sector to adjust to the infection and the eradication programme. Do not expect the rural property market to adapt to this disruption until late 2018 or into the first quarter of 2019. While it is scant consolation at this point, farmers can take some solace in the recovery of the kiwifruit sector from the previous major biosecurity crisis New Zealand suffered, the Psa outbreak in 2010. This took growers around two years to reconcile to but, since then, their prospects have gone from strength to strength.

Coarse crossbred wool outlook improves

Fortunes for coarse crossbred wool growers improved during the autumn, largely driven by increased demand for New Zealand wool from several of China's largest mills. Weakening of the New Zealand dollar against the United States dollar also aided the better returns.

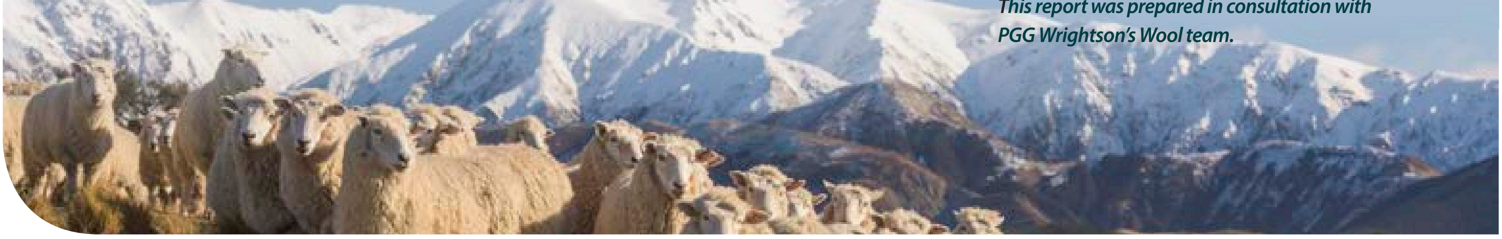
Chinese manufacturers, who in recent years have typically purchased around 50 per cent of our wool clip, significantly reduced buying around 18 months ago, which drove returns for wool down to perilously low levels. By the start of 2018, the mills had depleted their stockpile, and China increased buying to more normal levels. Through March and April this year, more than 50 per cent of the wool exported from New Zealand was bought by China. Returns have responded accordingly, with price increases since the start of 2018 exceeding 20 per cent for most wool types.

While the shortage of demand beset the sector, several growers and exporters held wool in stores and sheds in New Zealand. That wool is now coming onto the market, and selling. However, wool held in store does tend to deteriorate in colour, in which case it will be discounted in price compared to better types. Additionally, some of this season's North Island wool is showing significant signs of colouring due to humid climatic conditions in the north during late spring and early summer, which also has the same negative effect. That aside, some of this season's recently shorn wools are of a very high quality.

Expectations are that prices for coarse crossbred wool have bottomed out and, compared to the low values that farmers have endured in recent years, the outlook appears more encouraging.

Crossbred and strong wool comprises between 80 and 85 per cent of the New Zealand wool clip, with the balance being fine wool. While autumn is outside the regular season for trade in New Zealand fine wool, our market is influenced by what happens in Australia, where the product is under heavy demand. This suggests that when the fine wool trading season resumes from July through to December, fine wool growers can expect a bright outlook and positive returns.

This report was prepared in consultation with PGG Wrightson's Wool team.



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Northland

Northland's autumn rural property market was unremarkable. Although listings are readily available, including some excellent farms, purchasers and their financiers are reluctant to meet vendor price expectations. A 36.5 hectare Kaipara property growing kumara sold in April for $43,000 per hectare. Interest in the region's developing avocado sector continues to rise, with orchards transacting between $300,000 and $350,000 per canopy hectare, and the possibility of up to 1,000 hectares of new orchards identified for avocado planting in the Far North. As in other regions, Northland dairy farmers are conscious of increasing requirements around environmental compliance, though on generally heavier soils, they are less likely to be seriously affected than their counterparts elsewhere. Rural property activity through the winter is likely to focus on preparation for spring sales, which, assuming the current payout forecast is confirmed, should be steady.

Waikato

Waikato dairy farms sold in autumn at similar quantities and values as they had 12 months earlier, although a gap appears to be developing between better quality farms and those less well located or contoured. A 95 hectare Cambridge dairy farm, which sold at auction in May for $120,000 per hectare, demonstrates how keen demand is at the top end of the market. Based on good lamb and beef prices and excellent weather, conditions for the region's pastoral farmers were close to perfect and, as a result, there has been more late season sale activity than normal. Consequently, Waikato market activity through winter is likely to be slight, as those who were motivated to sell have already done so. With every indication that these factors will prevail, market activity should re-energise in spring, with values likely to remain at similar levels.

Bay of Plenty, Central Plateau and South Waikato

Kiwifruit dominates the Bay of Plenty's rural property market. Autumn sales of the most sought after gold G3 orchards reached $1.1 million per canopy hectare. With Zespri issuing new licences, bare land suitable for horticulture is in great demand. A 138 hectare Paengaroa dairy farm, with 80 hectares fit for kiwifruit, sold in April for $5.9 million, well over double its value as dairy land. Other dairy farmers are assessing this opportunity, and orchardists are keen on properties that will give them scale. On the Central Plateau, without horticulture, dairy property is selling less readily as tighter banking criteria have made obtaining finance more difficult. Farms that have sold range from $27,000 to $36,000 per hectare. Several drystock properties also sold in the autumn, between $10,000 and $16,000 per hectare, with greater demand for farms suited to dairy support.

Lower North Island

Autumn rural property activity through Taranaki, Wanganui, Wairarapa, Manawatu and Horowhenua increased somewhat on what had gone before. After a tough summer, with few listings or sales, an increased number of farms were offered for autumn sale. Some positive transactions resulted, particularly of small farms. As in other regions, uncertainty around dairying consents, slowly emerging government policy, and future regulations focused on environmental sustainability created uncertainty, inhibiting those who might otherwise seek to buy dairy land. This is likely to prevail for a few more months. Meanwhile, sheep and beef listings are tight as farm owners prefer to make the most of positive commodity returns rather than sell up. A traditionally quiet winter is therefore indicated in the lower North Island, as farmers evaluate their options ahead of spring, rather than pre-empt that and go to market earlier.

Hawke's Bay

Several good sheep and beef farm sales featured in Hawke's Bay through the autumn, with values ranging from $8,500 to more than $10,000 per hectare. Most of the properties transacted were medium hill country farms ranging from 400 to 800 hectares. While prices are encouraging, in most cases, these properties were purchased to augment existing farms. Values reflect that highly motivated neighbours with the resources to increase their holdings are the main group of purchasers. Despite firm indicators that sheep and beef farmers will continue to do well in the coming months, with rural property listings largely exhausted, a subdued winter market is likely. However, as this is the season to prepare a farm for spring sale, and several Hawke's Bay farmers have already indicated that is their intention, spring should herald a buoyant market, with firm values prevailing.

Nelson/Marlborough

Exceptional autumn weather at the top of the South Island meant farms were presented for sale in extremely good condition, while stock prices across the board continued to increase the desirability of pastoral property. However, demand exceeds the supply of listed Nelson and Marlborough sheep and beef farms, with those few that were offered attracting strong enquiry at favourable prices. A 500 hectare St Arnaud grazing block attracted plenty of interest before selling well in late May, while market activity in Murchison and Golden Bay also indicates good prices can be expected for upcoming sales in those two districts. Pending the continuation of elevated red meat prices, plenty of rural property market activity is likely in the coming months, with particular encouragement for anyone looking to sell a Nelson or Marlborough farm in the spring.

Canterbury

Since the change of government last year, international corporate buyers previously motivated to buy larger dairy farms have taken a spell until new requirements for overseas investment are clarified. Uncertainty around environmental compliance, capital gains tax and Mycoplasma bovis also cooled enthusiasm. Apart from a small number of Canterbury dairy properties sold to local buyers in the autumn, at values slightly down on last year, transactions were scarce. Meanwhile, with feed, climate and commodity prices all in their favour, Canterbury pastoral farmers prefer the cashflow on offer to making property available for sale. Sheep and beef farm transactions were therefore similarly reduced in quantity. Until the factors preoccupying the region's dairy sector settle down, little will change in the property market, though some Canterbury farmers are likely to offer their farms to the spring market, particularly sheep and beef.

West Coast

Entry level dairy properties around 100 hectares, producing in the range of 100,000 kilograms of milksolids per annum, and priced at between $2.0 million and $2.3 million are in ready supply on the West Coast. Values range from $13,000 per hectare, ensuring these listings represent a realistic opportunity for sharemilkers to step into farm ownership, and Whataroa and Kowhitirangi farms with these specifications have attracted interest from first-time buyers during the autumn. Although the region's weather was not kind to farmers through the autumn, with persistent precipitation holding back production, confidence in the payout is increasing. Depending on the performance of local co-operative Westland Milk Products, which its West Coast shareholders monitor carefully, and

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which is currently projecting a payout of $6.10, more West Coast dairy farms are likely to come onto the market during the spring.

Mid and South Canterbury

Demand for Mid and South Canterbury drystock property is heavy. A 589 hectare Limestone Valley grazing property attracted multiple potential buyers before selling well in late autumn. Facing the challenge of Mycoplasma bovis, several of the region's dairy farmers are seeking grazing and support blocks, looking to establish standalone dairy units, ensuring greater control of their stock management and therefore mitigating the risk of the infection. With doubt prevailing on government policy around foreign investment, buyers for large dairy farms are scarce. A subdued winter rural property market is in prospect. Depending on the payout, when spring arrives, some of the region's less sought after dairy farms are likely to attract attention from sheep and beef farmers considering decommissioning the cowsheds and converting these properties into beef finishing blocks. Any farm that changes hands in this scenario will be revalued accordingly.

Otago

A highlight of the Otago market during the autumn was the sale of Altavady, a substantial North Otago pastoral farm, which sold in early May. In the same family ownership for three generations and presenting various farming options, though traditionally raising sheep and beef, the property was purchased for development as a grazing unit to support existing Waitaki Plains dairy farm holdings. Also notable was the sale of 835 hectare Rutherglen, at Waitahuna, South Otago, which had been in the tenure of the same family since 1880, and was also purchased locally. An Otago listing that will be closely observed is 6404 hectare Huntleigh Station, an extensive Middlemarch sheep and beef fattening property that bounds the Taieri Gorge It is owned by New Zealand Pastures Limited and is likely to be the largest New Zealand farm offered for sale in 2018.

Southland

Autumn sales of Southland properties greater than 100 hectares were half the number of transactions for the same period last year. Although ready buyers for any property of scale were rare, one recent notable sale that belied that trend was Jericho Farm, an extensive, traditional 1,359 hectare Southland sheep and beef property, with a balance of tussock hill country and river flat paddocks, used to fatten lambs and young cattle. It was formerly in the Landcorp portfolio, and sold in April to a local buyer for around $1,000 per stock unit. With next year's commodity returns forecast to be favourable for every category except coarse crossbred wool, some optimism should return to the region's spring rural property market and, if prices have eased in the past 12 months, there will be opportunities for buyers who are ready to take them.

Brand provides quality and ethics assurance for wool

PGG Wrightson Wool, along with partner Bloch & Behrens, has developed a flagship brand to highlight the superior characteristics of New Zealand wool.

Wool Integrity NZ provides assurance through the wool supply chain, and to customers, that the wool under its brand has been ethically grown, following a path of genuine integrity.

Providing full transparency within the supply chain, the Wool Integrity programme ensures wool is produced in accordance with the internationally recognised five freedoms of animal welfare:

- Freedom from hunger and thirst
- Freedom from pain, injury or disease
- Freedom to express normal behaviour
- Freedom from discomfort
- Freedom from fear or distress

Wool in the programme can be directly sourced as greasy, scoured or combed wool. Spinner brand partners are also able to provide manufacturers with Wool Integrity branded yarn suitable for a wide range of products.

Membership of the programme is free to wool growers.

For more information, see www.woolintegrity.com

Range of maize hybrids increases for growers

Over the last eight years, PGG Wrightson-owned brand, Corson Maize Seed has developed a product portfolio of maize hybrids. In March 2018, the business added the Pacific Seeds range of maize hybrids to its portfolio.

Pacific Seeds' inclusion gives New Zealand growers access to high-performing hybrids from an increased range of leading international genetic sources and breeding programmes.

Multi-year trial data results from the independently run national Maize Performance Trials were published recently, reflecting the value of Corson Maize hybrids. See www.far.org.nz/resources/publications/maize_hybrid_evaluation_booklets

Corson Maize is offering three new hybrids in the 2018 season:

Velocity is a dual-purpose German-bred maize hybrid, producing a medium statured plant and offering high silage yields with good digestibility and starch content. It can be harvested for grain if required.

PAC 314 is a dual-purpose hybrid suited for all North Island regions. Using the AriDapt™ technology, it was produced from elite lines repeatedly crossed and inbred to enable exceptional performance in hot, dry conditions.

PAC 344 is a mid-full season dual-purpose hybrid suited primarily for North Island regions. A unique, medium-height compact plant with thick stalks and broad leaves, it is fast and strong starting, maintaining this advantage through the season, staying green and resisting Northern Leaf Blight.

For more information on how Corson Maize hybrids can deliver within your farming system contact your local rural retailer, call 0800 4 MAIZE (62493) or visit www.corsonmaize.co.nz.

Horticulture crops yield well, though labour shortage challenging growers

Harvest progressed satisfactorily across most horticultural sectors through the autumn, as climatic conditions generally favoured growers. However, as has been widely publicised, a shortage of labour posed a real challenge in most growing regions.

In Marlborough, the grapes came off the vines in March and April after a wet lead-up increased the risk of fungal diseases, persuading growers to advance the harvest.

Apple harvest tracked well in all districts, though the wet March and April prolonged it more than usual. Good growing conditions resulted in fruit yielding well for quantity, size and colour.

Gold G3 kiwifruit came off first, starting in mid-April, with the Haywards green crops following.

Meanwhile, in other parts of the country, preparation for upcoming crops was underway, including replanting tomato and capsicum in West Auckland glasshouses, planting strawberries, and establishing winter vegetables.

With seasonal labour required to harvest and pack crops in districts from Central Otago through to Northland, many growers suffered from the shortage of available staff, which was more acute this year than previously. This is essentially a side-effect of the ongoing development of horticultural production areas, the success of the sector and the appetite that markets in the rest of the world have for produce exported from New Zealand. Growers are seeking a political solution.

This report was prepared in consultation with PGG Wrightson's Fruitfed Supplies, a leading horticultural service and supply business servicing New Zealand's major horticultural regions.

Sheep and Beef

Demand for sheep and beef farms remained strong through the autumn, as near perfect weather and continuing firm returns for red meat maintained farmer confidence. A 331 hectare north-west Waikato harbour property and a 1,000 hectare south King Country property both changed hands in autumn for around $10,000 per hectare. Several other properties attracted strong interest and should progress into late season sales. However, owners of steeper contoured farms are starting to realise their environmental compliance issues are more problematic than previously understood, which may hinder future sales as the full cost of satisfying the proposed regulations becomes more apparent. Assuming beef and lamb prices remain buoyant, and the weather remains favourable, the positive status quo in the market for sheep and beef property should prevail through the winter and into the spring.

North Island Dairy

Autumn market activity around North Island dairy farms was similar to the same period in 2017, with no appreciable difference in the volume or value of sales compared to 12 months ago. Presentation and location are critical, however, and demand for properties at the lower end of the market is soft. On farms in the latter category transacted during the autumn, competition among buyers was light, with noticeable discounts and rateable values adjusted down. Overall, few North Island dairy properties were left unsold at the end of May, and fewer are likely to be offered for sale during the winter, so the traditional seasonal downtime in the market may be even more pronounced this year. To balance that, several North Island dairy farm owners are positioning to sell between September and December, indicating a steady market during the spring.

South Island Dairy

Any major decision by South Island dairy farmers is now made with the Mycoplasma bovis outbreak in mind, meaning caution surrounds the market for dairy property and sales activity is low. In Southland, although some smaller blocks transacted in autumn, larger properties attracted little demand. Future farm sales are likely to be completed as going concerns, with the herd included, therefore mitigating the purchaser's risk of the infection. Run-off grazing properties are in steady demand as farmers look to stay self-contained and keep their stock isolated from the risk of infection. However, with the third best payout in the past 15 years, once the impact of the disease becomes more clearly understood, positive sentiment should re-emerge in the South Island dairy property sector. That may not happen until well into next season.

Viticulture

As usual during autumn, several Marlborough vineyards were offered for sale post-harvest, with owners seeking to take advantage of what was another buoyant sauvignon blanc season. A wet March gave some their second challenging harvest in succession. Recent sales show strong demand, as the basics of the industry remain in good heart, with neighbours and established growers purchasing blocks strategically. An eight hectare fully producing Lower Wairau vineyard, bought by a significant local grower in April for $320,000 per hectare, is the current market peak. Meanwhile, the sale of a 27.7 hectare Fairhall vineyard producing premium organic wines will be closely monitored. Market reaction to the increased quantity of vineyards listed should remain generally positive, though demand for smaller vineyards in outlying areas may be less intense. Some larger development blocks are likely to come onto the market in the winter for 2019 planting.

Kiwifruit

Premium Bay of Plenty gold kiwifruit orchards sold between $1.0 million and $1.1 million per canopy hectare through the autumn. A 5.54 canopy hectare Paengaroa orchard that produced 15,000 trays per hectare last season and included a $500,000 house, sold in April for $6.7 million, making it the first orchard to surpass the $1.1 million per canopy hectare benchmark, matched by a subsequent sale in May. Later in the autumn, a 98 canopy hectare offering attracted attention. This sale, likely to be concluded before the end of May, will influence the market. Zespri has now issued licences to grow gold kiwifruit next season, with an additional 700 hectares of new vines set to be planted. Around half of this will be on bare land and the other half will be grafted onto existing rootstock of cut-over established green vines.

Pipfruit and Stonefruit

Although growers are bullish, with plenty of fruit on the trees and expectations of excellent export returns, the availability of labour posed challenges during this picking season. As growers were preoccupied with harvest, autumn orchard listings were light. Some private growers in Hawke's Bay are finding it more difficult to operate a family orchard, and may decide to sell through the winter or in the spring. If so, they should meet a positive reception from a willing market, comprising corporates, and those seeking to use a pipfruit or stonefruit property as a lifestyle base, living in the house while leasing out the orchard for others to manage. Demand for pipfruit property is strong, as growers seek to extend plantings. Suitable bare land is scarce and some Hawke's Bay grape vines have been ripped out for replacement by fruit trees.

Cropping

Arable farmers welcomed a rise of around $100 per tonne for feed wheat and feed barley this year, the best prices in the last three years. Although this year's yield was low for several crops, growers of carrots, potatoes and seed potatoes fared well. With sufficient water for irrigation, Mid Canterbury's premier arable farms traded between $46,000 and $50,000 per hectare in autumn. Two Dorie properties, of 127 hectares and 40 hectares, changed hands within that range in April, while a 202 hectare Pendarves farm is likely to follow. Local purchasers dominated the market. Fortunes of those in cropping are closely tied to the dairy sector and the Mycoplasma bovis outbreak will have an impact, particularly with dairy farmers cancelling winter grazing contracts they hold with arable farmers. However, with plenty of other options, the latter will not be too seriously affected.

Forestry

Export demand for logs is strong, particularly from China and India, with the weaker New Zealand dollar enhancing the value for exporters. Meanwhile, the domestic market is also rising, with government housing initiatives intensifying demand for timber. Government plans to increase plantings are another favourable factor. However, most in the sector take a long-term view of their involvement, meaning owners prefer to follow through to harvest, and take the income from their trees, rather than cashing in on these conditions ahead of time. Forests approaching maturity, including land and trees, are valued between $25,000 and $30,000 per hectare. After harvest, purchasers stand to net at least $30,000 per hectare, with better prices for better quality timber. Because the outlook is so positive, with few forest owners motivated to sell transactions are scarce and likely to remain so through winter.