

COUNTRY PROPERTY MATTERS

AUTUMN 2010



The changing dynamics of dairying in Northland

by Matthew Newman, DairyNZ.

Last year, Northland dairy farmers milked 312,000 cows - a similar number of cows compared to 20 years ago. However, there have been some fundamental changes in the Northland dairy industry over this time. Average stocking rates have increased while some land available for milking has been lost to urban encroachment, lifestyle properties and dairy support blocks. Herd sizes have doubled while the average production per cow has lifted 20%.

Year	Herds	cows	hectares	S.R	MS/ cow	Average herd size	Average hectares
1990	1,996	295,939	160,077	1.8	232	147	80
2010	1,040	310,365	134,357	2.3	280	298	129
2030	740	277,220	109,357	2.5	325	375	148

Source: DairyNZ Economics Group, NZ Dairy Statistics

Land values have increased significantly in the last decade - halted last year following on from global economic and financial shocks, with banks tightening up on lending criteria.

The equity requirements to purchase a dairy farm now are much tougher than previously, despite low interest rates. Rural land prices have declined markedly over the past 15 months - and are forecast to remain flat and stagnant for anything from two to eight years, depending on which economic commentary you read. Any rise in land value is years off, and even then, is predicted to be much more subdued than what was seen since 2000.

Reliance on capital gains through increasing land prices will be dangerous, and dairy farmers will need to focus more on operating performance - that is generation of cash flow, efficiency and profitability - to minimise their risk exposure.

What might the future hold for Northland dairy farmers?

Milk prices are vitally important for the financial success of dairy farmers, as well as rural communities and the breadth of Northland service sectors that support them. Favourable milk prices not only retain our current farmers in the industry, but ultimately attract new investment and expansion in the Northland region.

The medium term outlook for dairy commodity prices is positive - due to increasing demand, led by population growth, changes among Asian cultures towards more Western diets, and increasing urbanisation in developing countries. However, it appears that for Northland farmers, as with their colleagues throughout New Zealand, the journey will be rather bumpy with more volatility.

Pressure on key inputs such as fertiliser, fuel and feed will result in higher cost of milk production. However, New Zealand's pasture-based dairy production will place us in a strong position to capitalise on higher milk prices in the future - provided production costs can be controlled, and debt levels managed.

Helping Hand

Inspired by big hearted residents and sponsors generosity at Bayleys second annual Guide Dog Services Charity Auction, this year I will also be sponsoring two junior sports clubs.

Warkworth Junior Soccer and Mahurangi Junior Rugby provide great environments for kids to get out and get active ... who knows who among them will go on to become the next Ryan Neilson or Richie McCaw?

RNZFB Guide Dog Services



Mahurangi Junior Rugby



Warkworth Junior Soccer



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**Specialising in Rural
Properties North of Auckland**



Subscribe to my Country Views e-newsletter, for latest information on what's happening in the region, Bayley's Research state of the market reports and keep up to to date with my new listings, by emailing me.
john.barnett@bayleys.co.nz

**Second Guide Dog Services Charity
Auction another Success!**



Yet again people dug deep and helped raise over \$3100 for the charity, some \$500 more than last year. It only seems fair that given the support and the auctions success we should make this an annual event. Thanks again to all those who contributed, and I look forward to seeing you again soon.

Wine Winners!



Congratulations to Heather & John Edwards, who take away a bottle of one the regions great vintages.

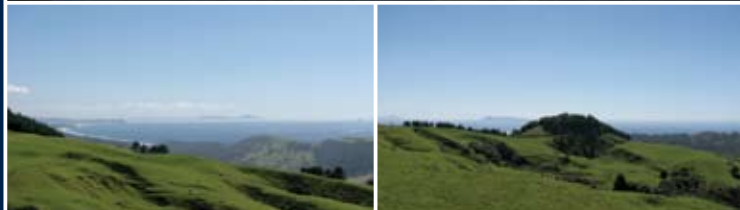
Subscribe to John's Country Views e-newsletter, stay in touch with what's going on and be into win!

To view John's current rural listings go to www.johnbarnett.bayleys.co.nz

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BAYLEYS
www.bayleys.co.nz

Great price
Great location



LIVE ON TOP OF THE WORLD

Leigh

Nestled in between Omaha and Pakiri beaches are 2 lifestyle blocks offering 1.1 and 1.8 hectares of spectacular coastal views. Situated less than 8 kilometres from the white sands of Pakiri beach, Goat Island Marine Reserve and Leigh; within easy reach of Matakana, Omaha and less than hour from Auckland.

These are unique offerings and must be seen to be fully appreciated.

The Vendor has given clear instructions to sell!

For Sale

1.1 ha \$375,000

1.8 ha \$395,000

View by appointment

www.bayleys.co.nz/183294

www.bayleys.co.nz/183512

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AUCTION



Farm with a View to the Environment!

Run Road, Wellsford

Positioned high above the Kaipara Harbour lies this 59.5 ha (147 acre) grazing farm. The property has 180° water views from its cute 2 bedroom cottage, good subdivision into 27 paddocks, a spring fed dam which supplies year round water to the entire farm, a mixed contour providing good haymaking ability, a good set of support infrastructure, neighbouring DOC native reserve, the ability generate your own power and only 25 minutes from Wellsford and an hour to Auckland.

The Vendors are very realistic to current markets conditions and want this property sold!

Auction

6pm, 6 May, 2010 (unless sold prior)
3 Elizabeth St, Warkworth

View by appointment

www.bayleys.co.nz/183700

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183572



183619

Multiple Sites, Multiple Options!

Wellsford

Whether you are looking for some extra grass (and who isn't) or somewhere to call home, these two blocks of land will have something for everyone.

The first lot of 10.9 Hectares (27 acres) has a very gentle contour and is well subdivided into four paddocks and provides the choice of a number of north facing house building sites bounded by a meandering stream lined with Totara trees.

The second lot of 22.032 Hectares (57 acres) again provides multiple possible house building sites, on a flat to undulating contour and has been well subdivided into eight paddocks connected by a central limestone race.

The properties are strategically positioned close to each other and are only 7 kms from Wellsford, less than twenty minutes drive of the East coast beaches and within an hour from Auckland.

Vendor wants to focus on their business and says "Sell it All!"

For Sale

View by appointment

www.bayleys.co.nz/183619

www.bayleys.co.nz/183572

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SOLD



Retired Volcano seeks new Owners!

- 82.736 ha (204.45 acres)
- 2 Titles
- 6 - 10 million year old volcanic cone
- Spectacular coastal views

Auction

www.bayleys.co.nz

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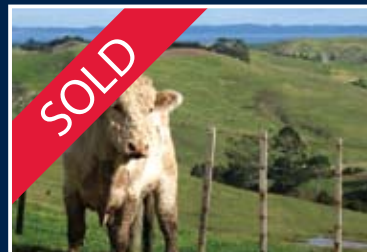
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SOLD



Potential to be Beefed Up! - Wellsford

- 208 Ha
- 2 Titles
- Well sub-divided into 24 paddocks with a central racing system
- Views of Kaipara Harbour
- Good support infrastructure

For Sale

www.bayleys.co.nz/183062

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SOLD



Production, Position, Potential!

- 318 Ha
- 4 Titles
- Production high of 188,623 Kg MS
- Good Dairy farm infrastructure
- Harbour Views

Tender

4 pm, March 17, 2010
www.bayleys.co.nz/183369

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WHO SAYS FARMS
AREN'T SELLING?

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