

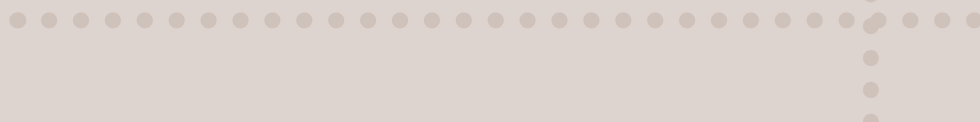


RURAL PROPERTY UPDATE

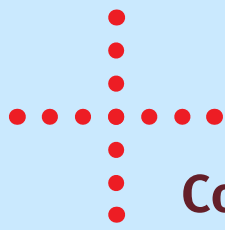


Q1 EDITION

January - March 2022







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About the Research

Elders Rural Property Update draws on transactional data from every rural land sale in Australia. This data is supplied by Corelogic and analysed by Elders. Every effort is made to clean the data in order to provide an accurate account of price and volume movements.

Elders uses a range of analytical techniques to achieve robust and repeatable analysis. Our dataset is subject to the following criteria:

- Only transactions above 40 hectares (ha) are included, except for Tasmania where transactions above 30ha are included.
- Transactions which list a primary purpose that isn't classed as rural are excluded.
- Local government areas (LGA's) which fall within a metropolitan area are excluded from the analysis.
- Vast pastoral areas of Australia without sufficient transaction volume are excluded from the analysis.
- Outliers by price per hectare are excluded. This involves visual and statistical assessment of all \$/ha values for a region, and this is performed every quarter.

Several data fields are available in the Elders dataset, including median price per hectare, transaction volume, value, area, date of sale and land use. The quarterly update focuses on median price per hectare growth and transaction volume.

This data is not intended to be a valuation of any one property and is merely a method of tracking growth over time for a given dataset.

Definitions within the update include:

CAGR – refers to the compound average growth rate for a given period.

QoQ – quarter on quarter growth

YoY – year on year growth

1yr rolling performance - the median price per hectare for one year from the latest data point. For example, the 1yr rolling median \$/ha for Q1-2022 runs from 01/04/2021 to 31/03/2022; the next quarter will roll to the 01/07/2021 to 30/06/2022. The dataset changes by one quarter at a time which helps smooth out volatility and give an indication of long-term trends.

Foreword

Welcome to the second edition of the Elders Quarterly Rural Property Update. The response to the first edition was overwhelming positive and shows how important accurate timely information is for Australian farmers and those interested in investing in the sector.

The data this quarter shows Australian rural property values remain historically strong year on year. Strong demand for Australian agricultural outputs is underpinning this trend and is expected to continue in 2022.

Commodity prices have risen faster than property values for the third quarter in a row, but there are signs that buyers are watching interest rates and input costs closely with some regions showing a decline in value from last quarter.

Whilst it is too early to identify a change in the price trend, Q1-2022 results highlight the importance of quarter-on-quarter reporting as there is volatility that needs to be considered when making rural property investment decisions.

Perhaps one of the most important issues to emerge since the last report is the rise in inflation. Central Banks' spending to stimulate economies during COVID, supply chain disruptions, labour shortages and the war in Ukraine are all contributing to price inflation. Agricultural land is seen as a haven during periods of inflation as consumers reduce discretionary spending but continue to demand staple food items which supports commodity prices.

Land use services such as carbon sequestration, preservation of biodiversity, and renewable energy production (wind and solar) are likely to increase demand for agricultural land in certain areas in the medium term.

The regional variations in property price trends also makes local knowledge more important to help with investment decisions. Elders has experienced rural property experts, supported by a range of farm production experts, in every major agricultural region in Australia able to assist with understanding local price drivers.

With all these factors impacting on the market, timely accurate land value data has never been more important.

Mark Barber

Head of Agribusiness Investment Services

Executive Summary

Elders Rural Property Update shows a decline in median price per hectare in five of the seven state and territories in Q1-2022. The decline was driven by a higher proportion of larger parcels in Q1 compared to the previous quarter. These parcels generally attract a lower price per hectare and are typically located in cropping dominant regions.

Transaction volume tightened significantly in Q1-2022, most of the contraction was in New South Wales and Queensland. Historically, Q1 has the lowest transaction volume of any quarter, driven by fewer listings due to holidays and a shorter number of working days within the quarter. While the quarterly decline is largely structural, there is no denying the sustained declining trend in 1yr rolling transaction volume, further amplifying the gap between supply and demand.

Nationally, median price per hectare decreased by 2.5 per cent (pc) in Q1-2022, taking the quarterly median price to \$7,442 per hectare (ha). The main driver of the decline was a change in transaction mix, whereby lower priced states such as South Australia and Western Australia made up a greater proportion of total transactions. Transaction volume was 29.6pc lower totalling 1,513.

At state level, New South Wales recorded the highest growth in median price per hectare in Q1, up 13.1pc to \$8,324/ha. However, this was the only increase of significance with Tasmania recording a decline of 30.4pc to \$10,806/ha followed by Western Australia declining by 12pc to \$5,720/ha.

Importantly, the trend over the past year is very different to the latest quarterly result, with all seven states and territories reporting growth for one year rolling median price per hectare.

The national one year rolling median price per hectare increased by 5pc in Q1-2022 to \$7,413/ha. It was a similar scenario at state level, where Victoria recorded a 9.5pc increase followed by Queensland (+6.5pc) and Western Australia (+6.1pc). The growth in rolling median price per hectare was underpinned by declining transaction volumes for the same period, limiting buying opportunities and amplifying demand.

The value of rural property traded in Q1-2022 totalled \$2.6 billion, down 26.9pc compared to Q4-2021 due to fewer transactions.

Looking ahead, rural property values remain well positioned for growth in 2022 driven by comparatively high commodity prices at a time where forecasts suggest higher production of both grain and livestock in 2022-23. However, the landscape has changed for interest rates and input costs remain high, both are factors with the potential to cut into margins should commodity prices ease, or supply is reduced through the event of unfavourable seasonal conditions.

Elders Rural Property Update aggregates transaction data from 39 regions across Australia. To get in touch please refer to the 'For More Information' page at the end of this update.

Key Drivers



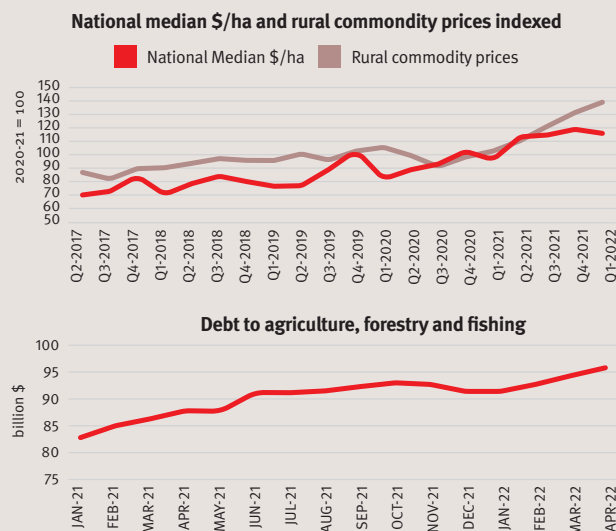
In short, buy side drivers in Q1-2022 aren't as favourable as previous quarters but remain conducive to expansion. Factors include;

- Australian commodity prices remain high across most categories, barley (+69pc YoY), canola (+65pc YoY), wheat (+64pc YoY), beef (+24pc YoY), farm gate milk prices (11.5pc YoY) and wool (4.4pc). Lamb prices are currently the exception (-2pc YoY).
- Business interest rates remain low but have begun an upward cycle, medium business rates eased by 0.01pc during Q1-2022 but increased 0.06pc in April 2022 to an average of 2.65pc. Large business rates increased by 0.05pc in Q1-2022 and a further 0.08pc in April, taking the average to 1.63pc, with more increases announced in May and June.
- Debt to Agriculture, Forestry and Fishing increased by 3.1pc in Q1-2022 and a further 1.6pc increase in April has resulted in a record high of \$95.9 billion.
- The National Farm Management Deposit (FMD) balance sits 0.3pc above March 2021 levels at \$5.3 billion ahead of the usual accumulation period prior to the end of June.

Rural commodity prices have widened the gap to rural property prices driven by high levels of demand. While, rural property prices are coming up against increasing interest rates for the first time in this long growth cycle, supply is contracting which could suggest demand will continue to outweigh supply.

Input costs continue to rise and at this point a forecast increase in production of crops and higher livestock volumes coupled with comparatively high prices could be enough to offset the increase in input costs. However, there will likely be a point where one of these variables falters or change, resulting in a reduction to profitability.

The most likely outcome from the above drivers is that rural property prices will continue to grow in 2022 but the performance of all variables in the second half of the year will be crucial to the shape of the growth curve in 2023.



“
Looking ahead, rural property values remain well positioned for growth in 2022 driven by comparatively high commodity prices at a time where forecasts suggest higher production of both grain and livestock in 2022-23.

Executive Summary, page 6



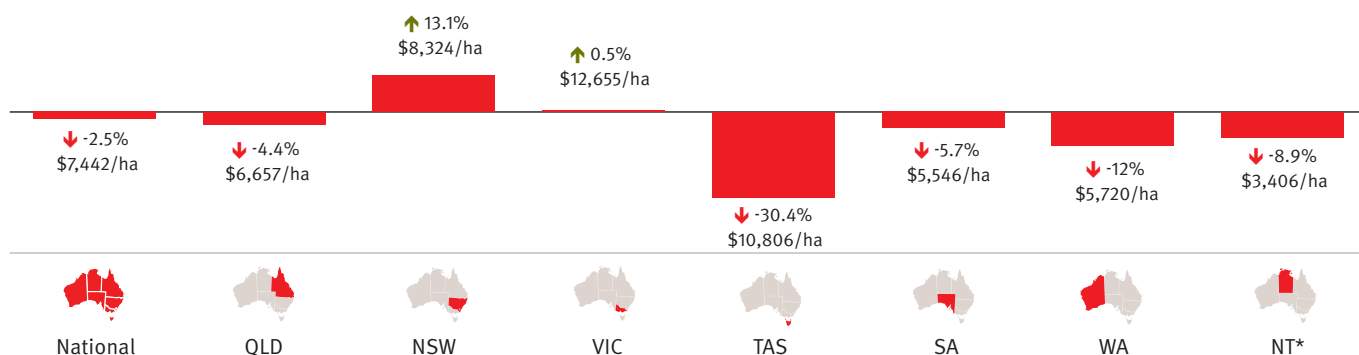


Results snapshot

Q1 January - March 2022

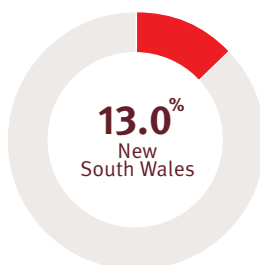
Median price per hectare performance

Q1 - 2022



1yr rolling performance median price per hectare (Q2-21 to Q1-22)

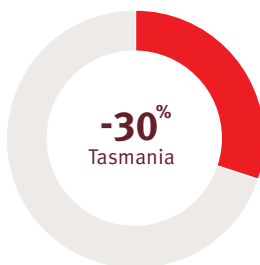
	Median \$/ha	% change
QLD	\$6,247	6.5%
NSW	\$7,371	3.3%
VIC	\$11,561	9.5%
TAS	\$11,003	2.1%
SA	\$4,580	4.1%
WA	\$6,934	6.1%
NT	\$2,964	3.7%
AUS	\$7,413	5.0%



**LARGEST
PERCENTAGE
INCREASE**
compared to Q4 2021



MOST VALUABLE



**LARGEST
PERCENTAGE
DECREASE**
compared to Q4 2021

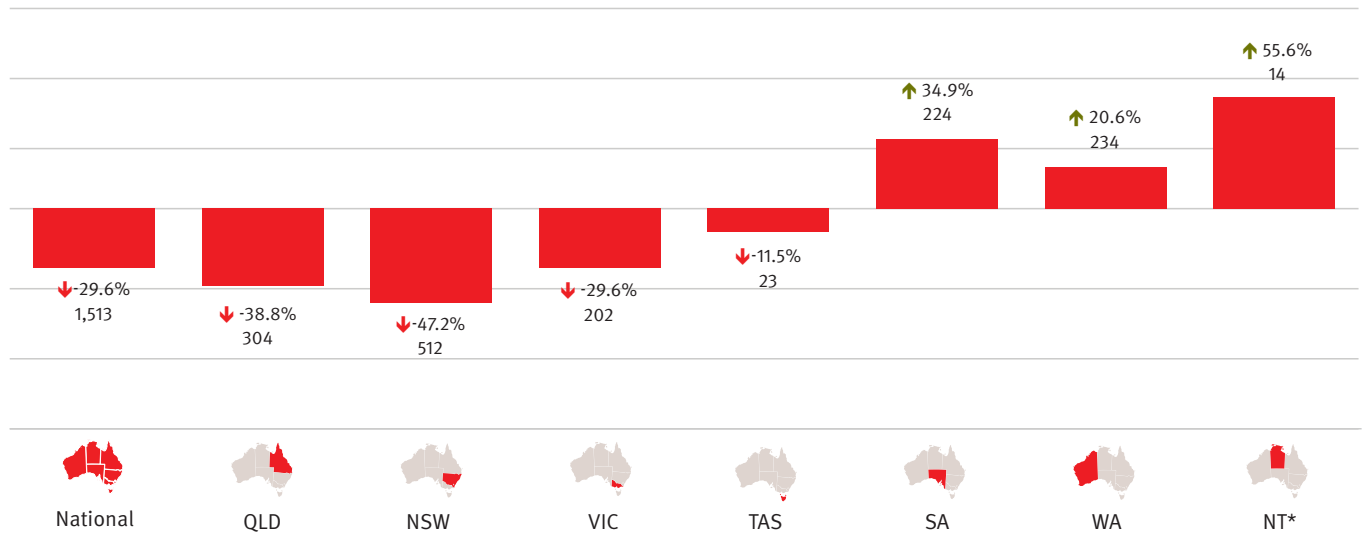
* Northern Territory results are highly variable due to low transaction volume

Results snapshot

Q1 January - March 2022

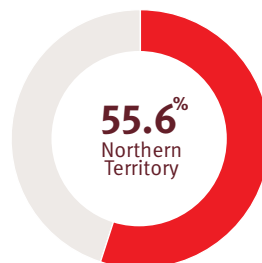
Transaction volume performance

Q1 - 2022

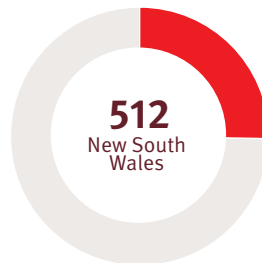


1yr rolling performance transaction volume (Q2-21 to Q1-22)

	Transactions	% change
QLD	1,741	-10.6%
NSW	3,586	-10.1%
VIC	1,183	-11.3%
TAS	155	-13.9%
SA	754	4.0%
WA	822	-7.4%
NT	43	22.9%
AUS	8,284	-8.9%



**LARGEST
PERCENTAGE
INCREASE**
compared to Q4 2021



**MOST
TRANSACTIONS**



TRANSACTIONS
made nationwide over Q1 2022



Australia

“We continue to observe that the weight of capital looking to be deployed in Australian agriculture is far exceeding available opportunities. A reduction in transaction volumes is fuelling this supply/demand dynamic and it remains a seller’s market.”

Tom Russo
Executive GM Real Estate, Australia

Quarterly Review

National median price per hectare growth in Q1-2022 declined as a result of fewer high value transactions in eastern states.

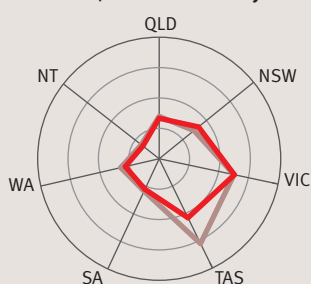
Transaction volume reached a new low in Q1, which isn’t unusual for what is a short quarter in terms of workdays, however it does continue a declining trend which will likely keep pressure on prices in 2022.

In contrast, the 1yr rolling median price per hectare increased by 5pc in Q1 to \$7,413/ha, continuing a positive trend. Rolling transaction volume declined for a third consecutive quarter, down by 8.9pc to 8,284.

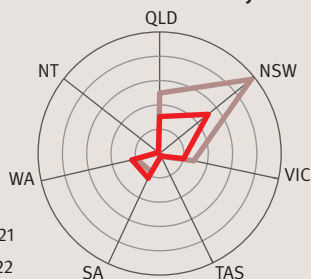
	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$7,442	-2.5pc	+20.3pc
Transactions: 1,513	-29.6pc	-35pc
Value traded: \$2.6b	-26.8pc	-15.6pc

Historic performance

Median \$/ha distribution by state

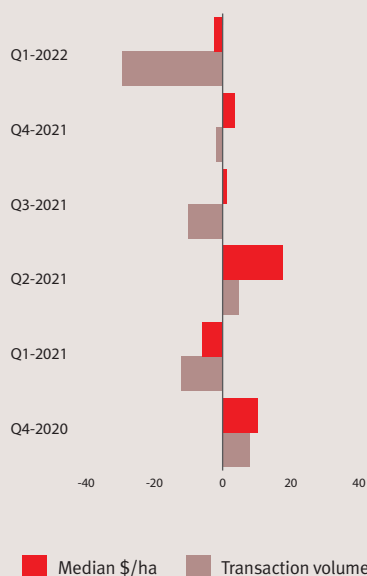


Transaction distribution by state

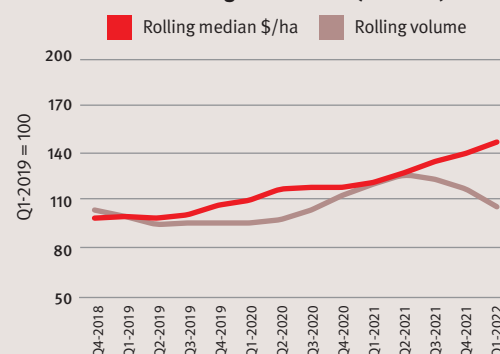


■ Q4-2021
■ Q1-2022

Quarterly Comparison (%)



1 Year Rolling Performance (Australia)



8.3%
5YR
CAGR



“Supply is tightening, and several potential vendors are sitting on the fence for now waiting for further clarity on the impact of interest rate rises and increased input prices. However, commodity prices remain strong and sustained demand for Australian horticulture, livestock and cropping products will continue to underpin buying decisions in 2022.”

Rob Anderson, State Real Estate Manager, QLD/NT



Queensland

“Quality grazing properties have been particularly sought after, as corporates alongside family enterprises look to expand.”

Rob Anderson
State Real Estate Manager, QLD/NT

Quarterly Review

At region level median price per hectare grew strongly in the Central and West regions. However, fewer transactions in the South region led to a decline in price at state level.

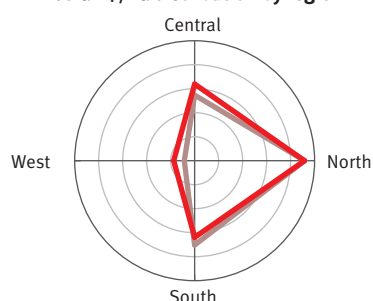
Transaction volume was down across all parcel sizes, most notably smaller parcels under 150 hectares.

The 1yr rolling median price per hectare increased by 6.5pc in Q1 to \$6,247/ha, continuing a strong upward trend. Rolling transaction volume declined sharply down 10.6pc to 1,741.

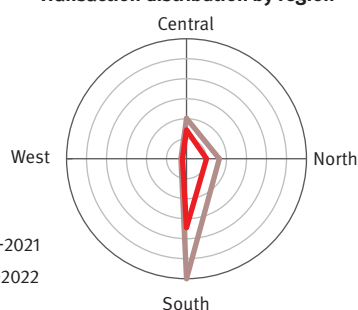
	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$6,657	-4.4pc	+29pc
Transactions: 304	-38.8pc	-41.7pc
Value traded: \$459.5M	-41.7pc	-28.3pc

Historic performance

Median \$/ha distribution by region

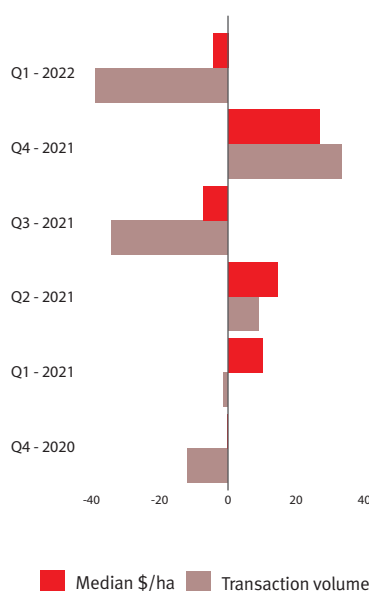


Transaction distribution by region

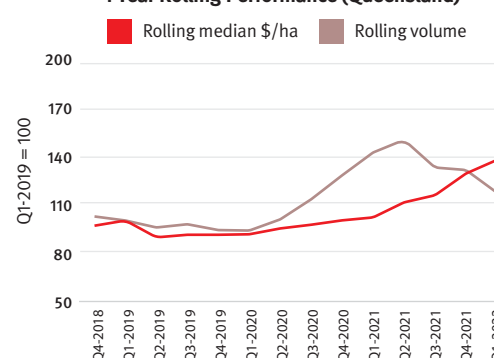


■ Q4-2021
■ Q1-2022

Quarterly Comparison (%)



1 Year Rolling Performance (Queensland)



8.6%
5YR
CAGR



“Properties of scale, diversity and the ability to integrate into existing portfolios have been highly sought after in 2022. Existing landowners with a carbon neutral mandate have been active in the market and this trend will likely continue.”

Richard Gemmell, State Real Estate Manager, NSW

New South Wales

“Demand remains high for well managed grazing land. We expect momentum to continue for the foreseeable future, driven by strong commodity prices and seasonal conditions.”

Richard Gemmell
State Real Estate Manager, NSW

Quarterly Review

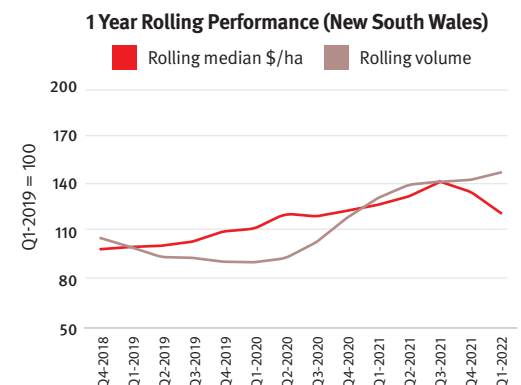
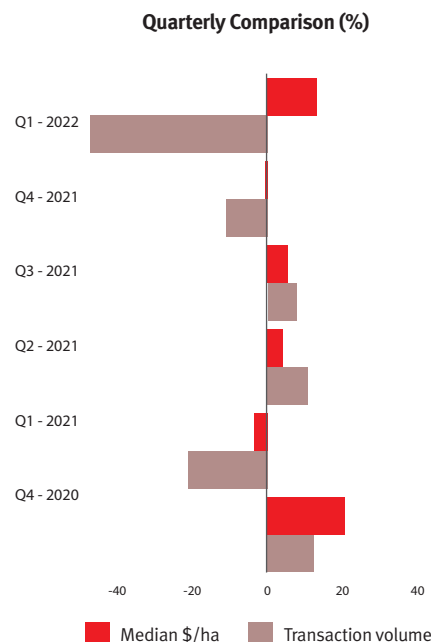
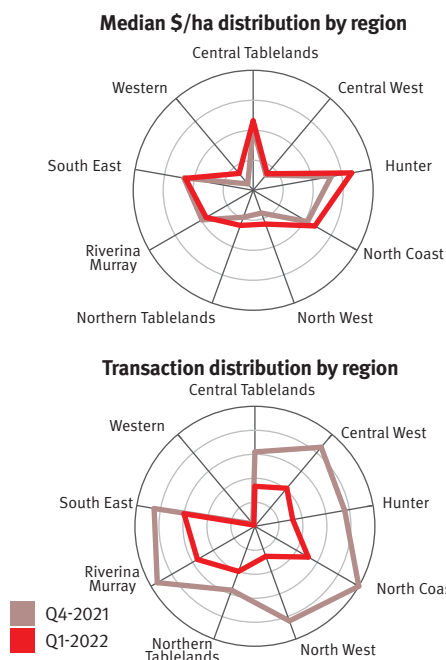
The opening quarter of 2022 was the highest quarterly change in median price per hectare since Q4-2020. The Hunter, North West and Northern Tablelands regions performed strongly.

Transaction volume decreased sharply across all parcel sizes, however, median price per hectare continued to increase.

The 1yr rolling median price per hectare increased by 3.3pc in Q1 to \$7,371/ha, the sixth consecutive quarter of growth. Rolling transaction volume decreased by 10.1pc to 3,586, signalling the beginning of a downward trend.

	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$8,324	+13.1pc	+23.2pc
Transactions: 512	-47.2pc	-44pc
Value traded: \$932.3M	-47.3pc	-31.2pc

Historic performance



10.9%
5YR
CAGR



“Sentiment is strong across most industry sectors at present, particularly mixed farming assets that have the ability to produce quality beef, prime lamb, grain and oilseeds. New investors have been active; however, most of the demand has been derived from encumbered investors looking to expand their portfolios.”

Nick Myer, State Real Estate Manager
Victoria/Riverina and Tasmania

Victoria

“Prices are expected to remain buoyant throughout the balance of 2022, underpinned by strong commodity prices and limited supply. However, we are consistently monitoring events that may affect demand.”

Nick Myer
State Real Estate Manager
Victoria/Riverina and Tasmania

Quarterly Review

The South West and Wimmera-Mallee regions performed strongly in Q1, however, fewer transactions in the North East and Gippsland tempered state performance.

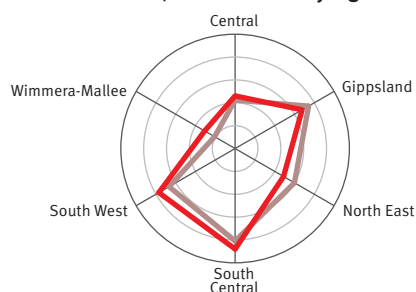
Larger parcels of land appreciated at a higher rate in Q1, with most of these parcels transacting in the Wimmera-Mallee.

The 1yr rolling median price per hectare increased by 9.5pc in Q1 to \$11,561/ha, continuing a strong positive trend. Rolling transaction volume tightened further, down by 11.3pc to 1,183.

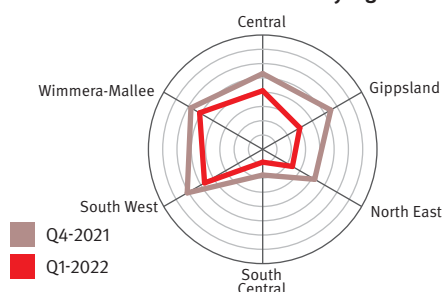
	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$12,655	+0.5pc	+49.6pc
Transactions: 202	-29.6pc	-42.8pc
Value traded: \$272.2M	-29.8pc	-28.9pc

Historic performance

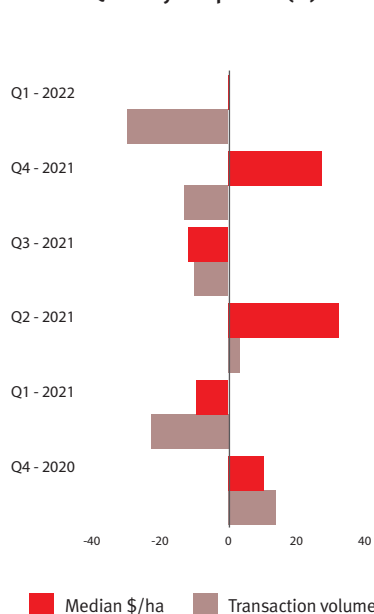
Median \$/ha distribution by region



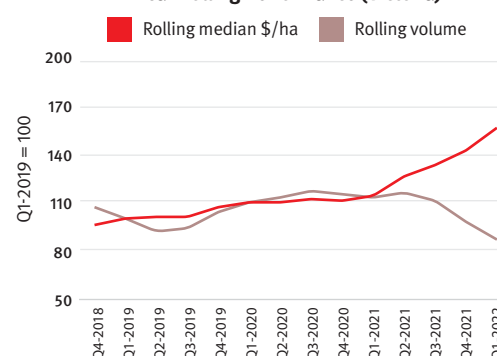
Transaction distribution by region



Quarterly Comparison (%)



1 Year Rolling Performance (Victoria)



12.1%
5YR
CAGR



Tasmania

Quarterly Review

Tasmania remained a slow market in Q1. Transaction mix altered towards the lower value South region which contributed to a decline in median price per hectare.

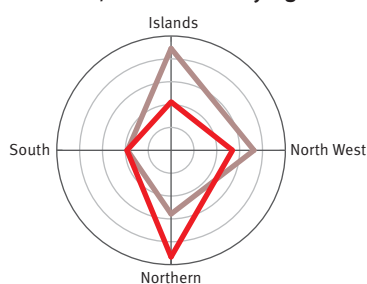
Transaction volume was down across all parcel sizes except for 100-150ha range. Most of these sales were on the Islands.

The 1yr rolling median price per hectare increased by 2.1pc in Q1 to \$11,003/ha, continuing a period of plateau. Rolling transaction volume declined by a further 13.9pc to 155, the ninth consecutive quarter of decline.

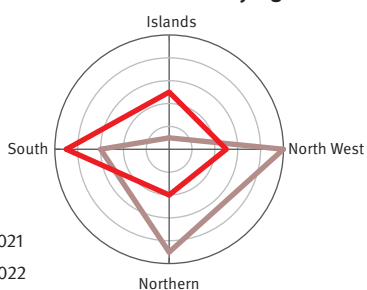
	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$10,806	-30.4pc	+5.6pc
Transactions: 23	-11.5pc	-52.1pc
Value traded: \$51M	+25.4pc	+12.7pc

Historic performance

Median \$/ha distribution by region

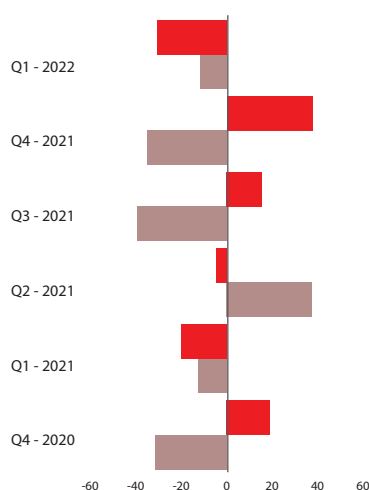


Transaction distribution by region



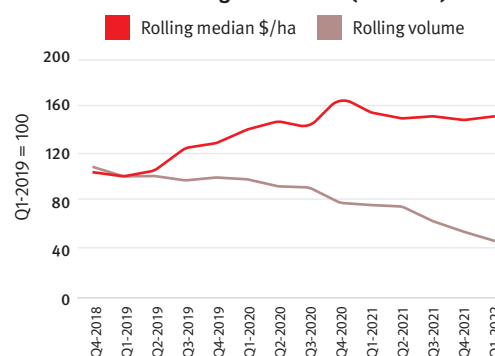
■ Q4-2021
■ Q1-2022

Quarterly Comparison (%)



■ Median \$/ha ■ Transaction volume

1 Year Rolling Performance (Tasmania)



7.2%
5YR
CAGR



“The south east, lower mid-north and lower Eyre peninsula are attracting huge demand, with a doubling of offers seen on an add on cropping block in the rarely transacted Redbanks, near Mallala, which achieved a district record, shattering the previous high by almost 200pc.

In other areas of the state, some buyers have indicated that they are starting to see value and opportunity in areas such as the Riverland and Mallee and are willing to hedge their holdings across multiple regions.”

Adam Chilcott, Elders Rural Sales Executive
South Australia



South Australia

“Interest in cropping and livestock properties remains high driven by bullish grain prices and a widespread, albeit late Autumn break. We expect this trend to continue in 2022 despite interest rate rises.”

Phil Keen
State Real Estate Manager
South Australia.

Quarterly Review

South Australia's cropping regions surged in Q1 from a transaction volume perspective. The South West region was again a standout performer.

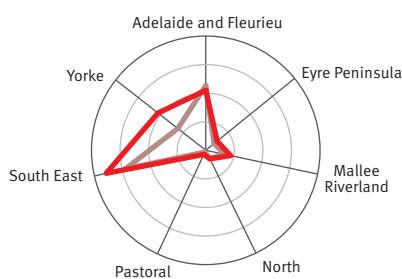
Larger parcels greater than 600ha accounted for most of the increase in transaction volume, the Eyre Peninsula dominated this category in Q1.

The 1yr rolling median price per hectare increased by 4.1pc in Q1 to \$4,580/ha, suggesting a positive trend has emerged. Rolling transaction volume increased by 4pc to 754, the fourth consecutive quarter of growth.

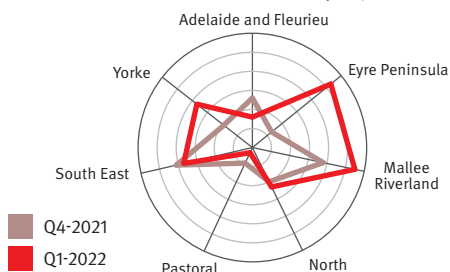
	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$5,546	-5.7pc	+24pc
Transactions: 224	+34.9pc	+14.9pc
Value traded: \$435.8M	+57.8pc	+62pc

Historic performance

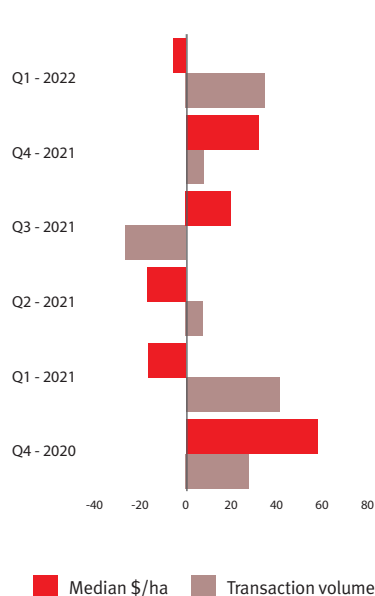
Median \$/ha distribution by region



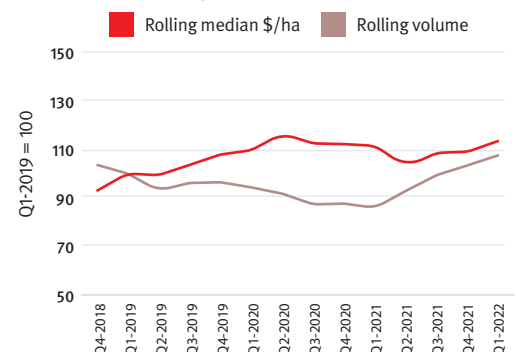
Transaction distribution by region



Quarterly Comparison (%)



1 Year Rolling Performance (South Australia)



8.2%
5YR
CAGR



“We are yet to experience any drop in demand for WA farmland in 2022 from that seen in 2021.

Seasonal conditions in 2022 have been a mixed bag to date, however, there has generally been sufficient rain to get crop and pastures established across the state.

All buyer groups remain in force, particularly family and corporate broadacre farmers looking to expand, and there has been a noticeable increase in demand for properties suited to forestry also.”

Simon Cheetham, Senior Rural Real Estate Executive
Western Australia



Western Australia

“As we enter the prime sales season for broadacre properties, those farms already listed are receiving very strong interest. It remains a sellers’ market and we envisage prices to remain high with potential for further upside for the foreseeable future.”

Simon Cheetham
Senior Rural Real Estate Sales Executive
Western Australia

Quarterly Review

Larger parcels of land in Northern WA and the Great Southern region dominated the transaction mix in Q1. These transactions are priced comparatively lower than smaller parcels resulting in a decline in median price per hectare at state level.

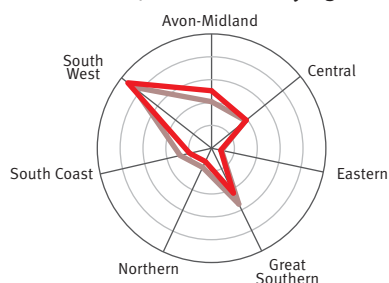
At region level, Avon-Midland and South West WA outpaced other regions in terms of growth in median price per hectare.

The 1yr rolling median price per hectare increased by 6.1pc in Q1 to \$6,934/ha, the tenth consecutive quarter of growth. Rolling transaction volume decreased by 7.4pc to 822, reinforcing a trend of tight supply.

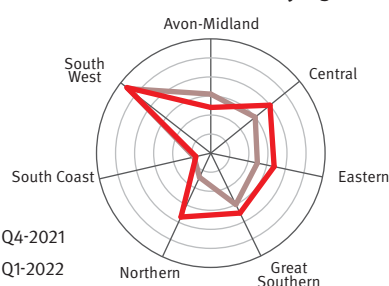
	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$5,720	-12pc	+16.1pc
Transactions: 234	+20.6pc	-22pc
Value traded: \$446.5M	+41.5pc	+3.1pc

Historic performance

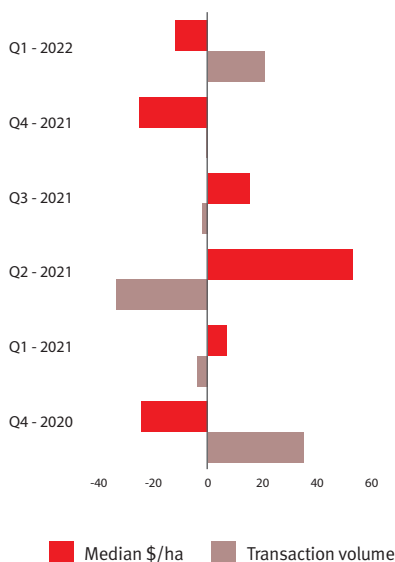
Median \$/ha distribution by region



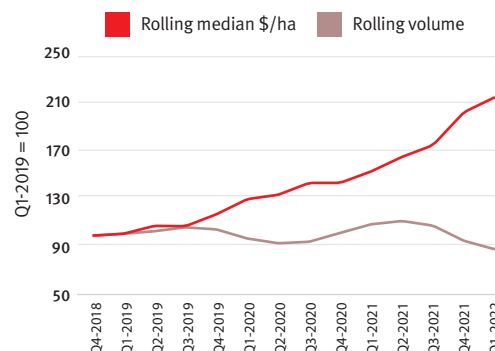
Transaction distribution by region



Quarterly Comparison (%)



1 Year Rolling Performance (Western Australia)



12.2%
5YR
CAGR



Northern Territory

We acknowledge the limited transaction volume in the NT increases short term volatility; quarterly data should be viewed with caution.

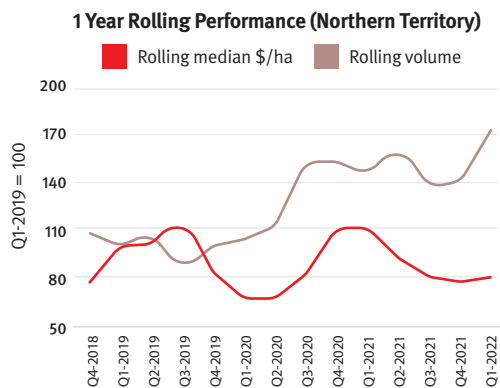
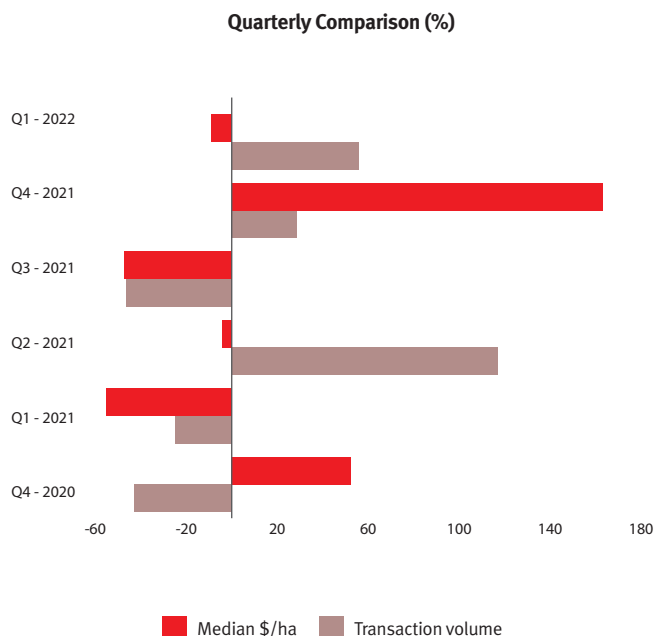
Quarterly Review

The Outback region recorded an increase in transaction volume in Q1, resulting in larger lower priced properties making up a greater proportion of the total. This caused median price per hectare to ease but remain well above year-ago levels.

The 1yr rolling median price per hectare increased by 3.7pc in Q1 to \$2,964/ha, stabilising for the previous two quarters. Rolling transaction volume increased by 22.9pc, reaching a new 1yr rolling peak of 43.

	QoQ	YoY (Q1-2022 vs. Q1-2021)
Median \$/ha: \$3,406	-8.9pc	+20.8pc
Transactions: 14	+55.6pc	+133pc
Value traded: \$26.1M	+18.4pc	+23.3pc

Historic performance



3.8%
5YR
CAGR





“

Looking ahead, rural property values remain well positioned for growth in 2022 driven by comparatively high commodity prices at a time where forecasts suggest higher production of both grain and livestock in 2022-23. However, the landscape has changed for interest rates and input costs remain high, both are factors with the potential to cut into margins should commodity prices ease, or supply is reduced through the event of unfavourable seasonal conditions.

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For more information

The analysis above is replicated across 39 regions Australia wide, and is summarised by local government area. Elders clients enjoy exclusive access to these detailed levels of analysis and additional content via our expert real estate agents.

If you are considering selling or purchasing land, we encourage you to speak to our team and discover how expert local knowledge backed by data, can help you make an informed decision.

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