



Elders

Rural Property Update

Q4 2023 Edition

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 expressed both as a total and split by land size.

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

Quarterly median – is the median (middle sale) for the data-set pertaining to the region analysed over a quarterly period

Annual median – is the median (middle sale) for the data-set pertaining to the region analysed over a one-year period

1-yr rolling median – is the median (middle sale) for that year which rolls by quarter ie. Q3 2023 1-yr rolling median vs Q4 2023 1yr rolling median will be the median (middle sale) between 1/10/22-30/09/23 vs the median (middle sale) between 1/01/23-30/12/23

The information contained in this article is only general and while we have provided this information in good faith and based on what we believe are accurate sources, the information may not be complete or accurate for your purposes. The information provided does not take into account everyone's individual situation. General information should not be relied on instead of professional advice specifically directed to you and your circumstances. We are not responsible for any actions taken as a result of you relying on or in any way using information contained in this article and will not be liable for any damages resulting from your reliance on or use of this information.

Foreword

In this edition of the Rural Property Update (RPU) we have analysed Q4 results and provided a summary of rural property trends for the year. I would also like to welcome our new RPU analyst and author, Richard Koch. Richard is one of Australia's most experienced agricultural market analysts and commentators. Many of our readers will remember Richard as the principle of ProFarmer, one of Australia's leading commodity market intelligence publications. It is a privilege to be working with Richard.

By the end of 2023 we saw farmers terms of trade start to improve as input costs trended down, and seasonal conditions improved despite the dire predictions at the time. This led to a rebound in farmers' confidence. The softening of farmland values in the first half of the year reversed with a strong rebound in the second half of the year, and the rolling 12 month median value of Australian farmland increased by 6.3 per cent by year end.

However, whilst at a national level there appeared to be some volatility, good quality properties presented well, and in strategically important locations continued to achieve prices at or above expectations.

A key feature of the Australian rural property market was the continued low liquidity. Since 2021 Australian property turnover has declined year on year. Australian farmers are deciding to maintain their investments in Australian agriculture. This suggests that most farmers have a positive view of medium and long term prospects, looking through short-term volatility. Similarly, corporate and institutional demand for farmland remains strong and there are a number of fund managers continuing to look to deploy capital in 2024.

Demand for food and fibre continues to rise and underpin commodity prices. The OECD, in its Interim Outlook released in early February, forecast world GDP growth at 2.9 per cent in 2024 and 3.0% in 2025. The majority of the growth is expected to be in Asia, amongst some of Australia's most important trading partners. The OECD also forecast inflation returning to central bank target bands by 2025 and an easing of monetary policy.

Elders expects to see a continuation of a low volume of properties coming onto the market. This, combined with an improvement in farmers terms of trade and the likelihood of an easing in interest rates, will support property prices in 2024. However, sentiment and markets can be fickle. Whilst the national and state property price trends are important to consider, local markets, and the way your property is presented to the market are critical to achieving the best result. Elders is uniquely positioned with deep local market experience and regional and national research and perspectives.

Mark Barber

General Manager, Farmland Agency and Water



Rural Property Key Drivers Analysis

Since the last Elders Rural Property Update in mid-2023, the key drivers of Australian rural property values have swung in favour of landholders.

Soft commodity values

After a downward correction from price highs through much of 2022 and 2023, international prices for commodities produced by Australian farmers stabilised towards the end of 2023 as represented by the IMF Food price index. The outlook is for continued modest improvement in 2024 as global supply chains continue to normalise.

Seasonal conditions

Pasture conditions across Australia improved significantly through spring and summer of 2023 (with the exception of WA and parts of SA), in contrast to Bureau of Meteorology forecasts of a move towards a El Nino weather pattern. Now the El Nino system is breaking down and the BOM is forecasting a La Nina system developing, the prospects for the winter crop are improving.

[Click here to view the BOM 6 month rainfall chart](#)

Farmer Confidence

Improved seasonal conditions, higher commodity prices and easing concerns over international economic conditions and interest rates has seen confidence levels in the rural sector rebound in Q4 2023 from the fourth lowest confidence level recorded according to the Rabobank Rural Confidence Survey.

Financials

The \$A has edged lower from medium term highs of 68USc below 65USc and looks set to weaken further on the back of weaker prices for hard commodities (China growth uncertainty) and as domestic interest rate rises moderate. After rising rapidly in 2022 and through most of 2023, Australian interest rates have stabilised. Most economists are now forecasting Australian interest rates to ease across the medium term.

Input prices

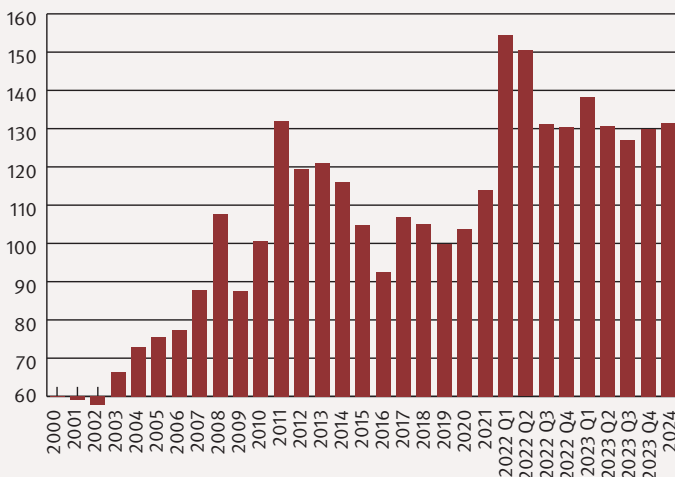
Prices for the major inputs used by farmers (oil, fertiliser, chemicals, finance and freight) moderated towards the backend of 2023 and continued to show weakness entering 2024.

Terms of trade

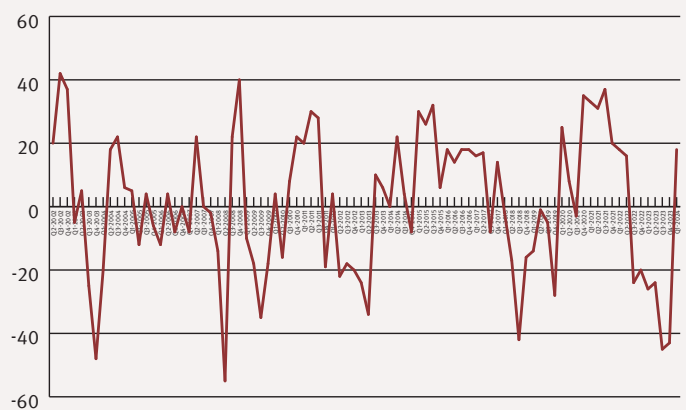
With international commodity prices stabilising and the \$A and key input prices falling, terms of trade for Australian farmers improved through the final quarter of 2023.

Robust seasonal conditions combined with an improvement in terms of trade for Australian farmers look set to underpin rural property values through to spring 2024. The main threat to this outlook could be geopolitical events that may unsettle shipping lines and cause spikes in freight rates and key input prices (oil and fertiliser). Demand for agricultural land will continue to be underpinned by family and corporate investors alike as a 'safe haven' investment in times of instability for global equities.

IMF Food Price Index



Rabobank Rural Confidence Survey



Results Snapshot

Price Snapshot Annual median 2022 to 2023

	Median Price	Percentage Change
National	\$8,625/ha	+12%
QLD	\$6,927/ha	+10.2%
NSW	\$8,730/ha	+9.1%
VIC	\$14,441/ha	+15.3%
TAS	\$16,674/ha	+58.7%
SA	\$6,175/ha	-2.7%
WA	\$7,468/ha	+17.6%
NT	\$2,247/ha	-0.9%

Volume Snapshot Annual volume 2022 to 2023

	Sales	Percentage Change
National	5,810	-13.9%
QLD	1,304	-16%
NSW	2,187	-19.6%
VIC	785	-12.6%
TAS	129	15.2%
SA	657	-1.9%
WA	735	-2%
NT	42	-39.1%

Australia

Notwithstanding some challenges in the early part of 2023, agricultural land ownership continues to be a strongly performing asset. The annual median rose 12% above the 2022 level to \$8,625/ha. This contributed to a 5yr annual compound annual growth rate (CAGR), 2019-2023 of 10.1%, on a par with the long-term returns on Sydney residential property.

While the annual median shows that national property values improved solidly through 2023, quarterly median prices paint a different story with strong improvements through the backend of 2023, after falls during Q2. By year's end, the quarterly median was tracking above the 1yr rolling median or long-term sales price trend.

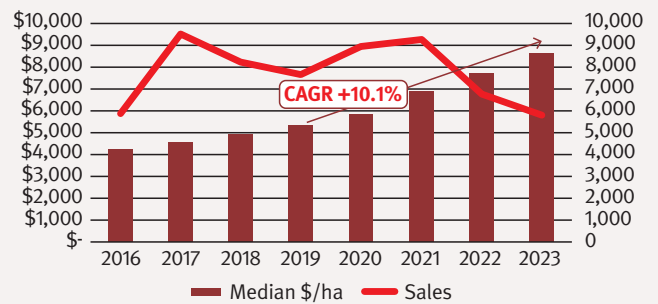
Quarterly median trends						
	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	\$8,302	\$8,426	\$7,417	\$8,874	\$10,444	17.7%
Sales	1,614	1,581	1,314	1,495	1,533	2.5%
Value \$b	\$3.9	\$3.2	\$2.8	\$3.4	\$3.7	8.8%

QoQ=Quarter on Quarter

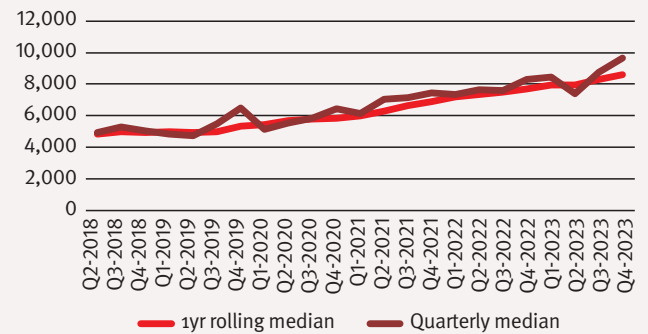
State by State median trends

Trends across the states were mostly consistent with the national trend, with exception of NT, and some weakness across TAS and SA in Q3. By year end, prices were almost universally pointing up on a recovery in transaction volumes in most states with fewer sales in Queensland countered by higher sales in Western Australia.

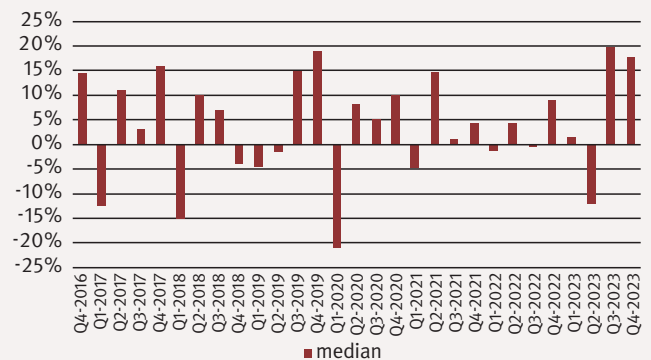
National Annual Median vs Sales



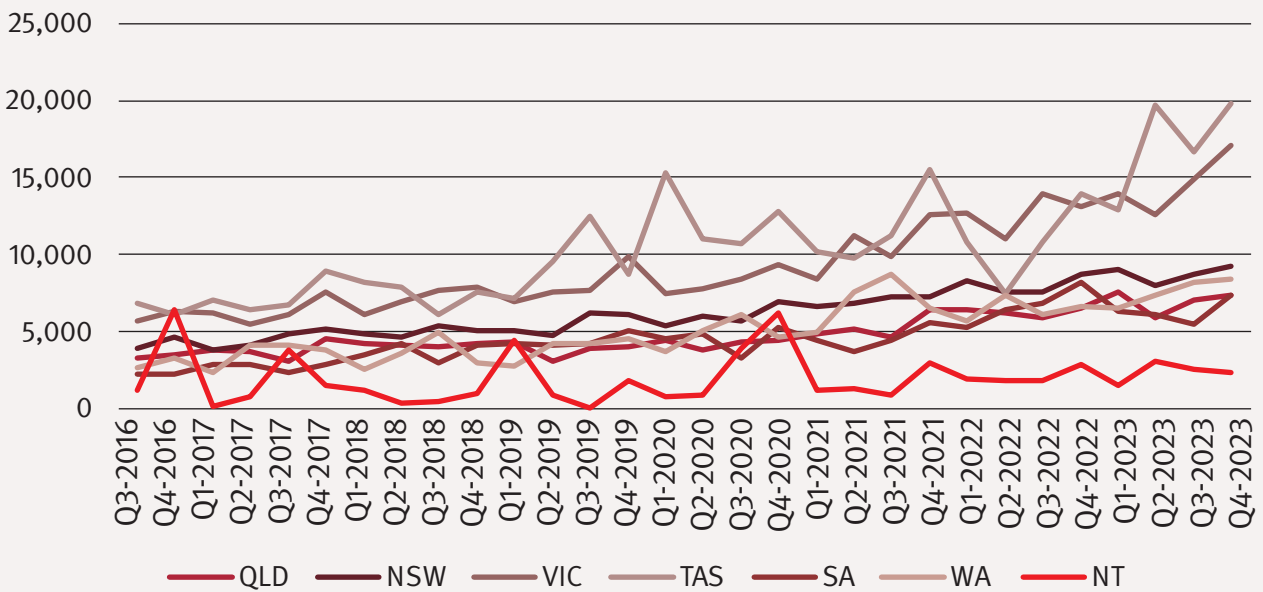
National 1 Year Rolling vs Quarterly Median (\$/ha)



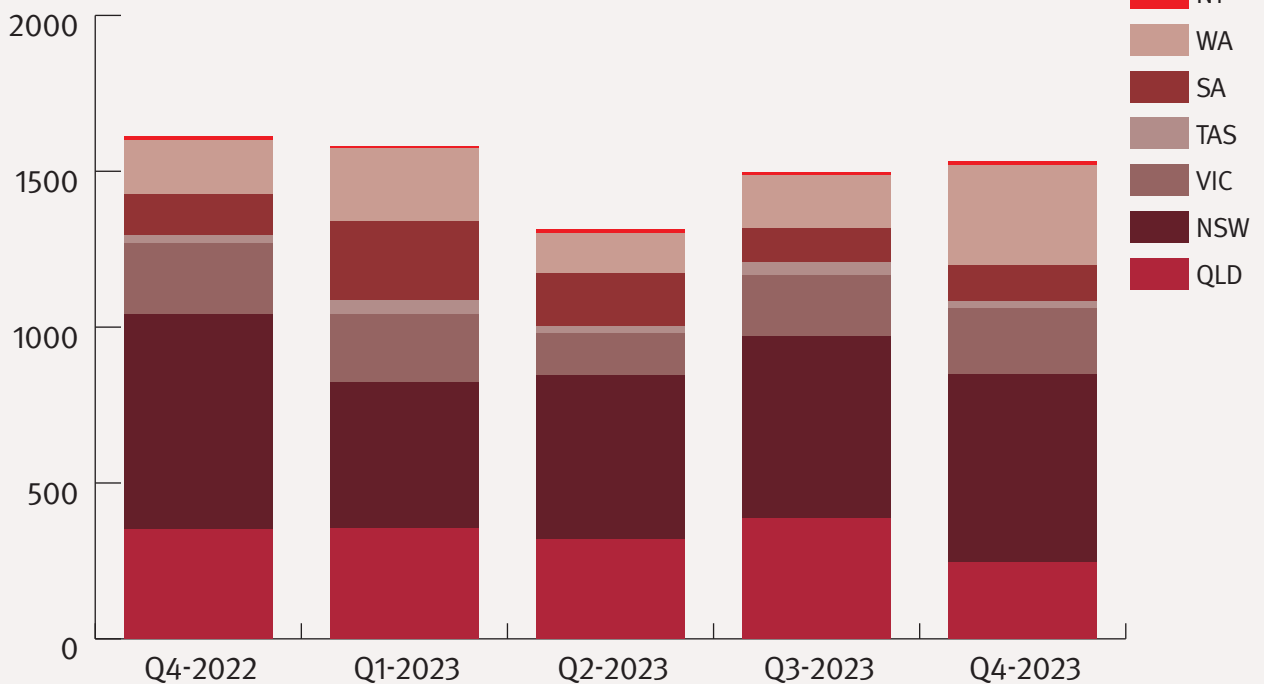
% Change in National Median vs Sales



State Quarterly Median (\$/ha)



Sales by State



Queensland

The QLD rural property market continued to perform strongly throughout 2023, with the annual median registering further strong gains of 10.2% for the year to \$6,927/ha. This caps a stellar run since a pullback in 2019, pushing the 5-year CAGR for QLD property to 13.2%.

Mirroring the national trend, the quarterly sales median recovered through the second half of 2023 after registering a pullback through Q2 2023. This was lower than the peak in values of Q1 2023. The improvement came amid a sharp decline in sales and value of properties traded in Q4 2023.

“The late start to the monsoon season across northern Australia, muted confidence somewhat through the later part of 2023. With seasonal conditions now filling in, confidence should improve, however, we have yet to witness any sustained buying momentum.”

Tim Lane, State Real Estate Manager QLD/NT.

Regional median trends

QLD price growth through the later half of 2023 has been driven by sales in northern and southern areas and more lately price growth across central regions. Sales across western QLD have been flat to lower, albeit on thin sales data.

A significant decline in sales was witnessed across QLD through Q4 2023. Contraction in sales activity was almost uniform across all regions of QLD with harvest activity slowing sales in the south and tight season conditions limiting activity across central and northern zones.

Q4 sales activity was down sharply from the heady levels witnessed throughout 2021 and 2022. This probably reflects tighter forecast returns as interest rate increases of the last few years, and lower cattle and grain prices start to impact budgets.

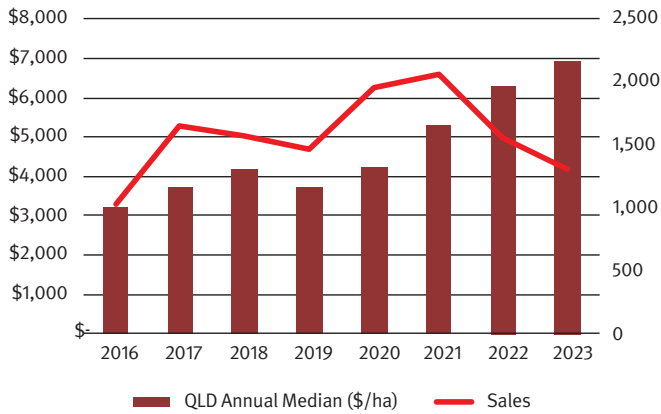
“Certainly, the banks have increased the level of due diligence and lending commitments on the more marginal deals and this has affected sales activity”.

State quarterly median trends

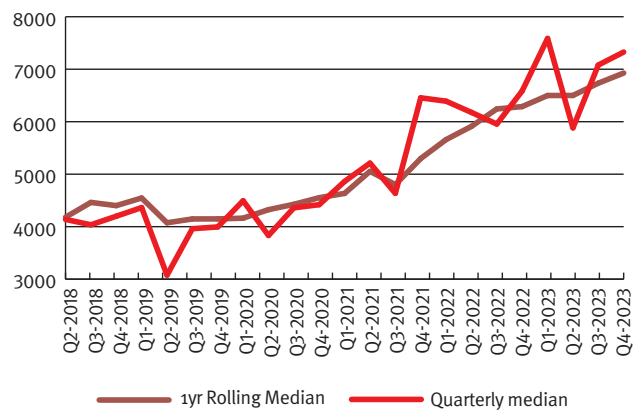
	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	\$6,587	\$7,586	\$5,882	\$7,079	\$7,327	3.5%
Sales	352	353	320	386	245	-36.5%
Value \$m	887	702	726	978	538	-45%

QoQ=Quarter on Quarter

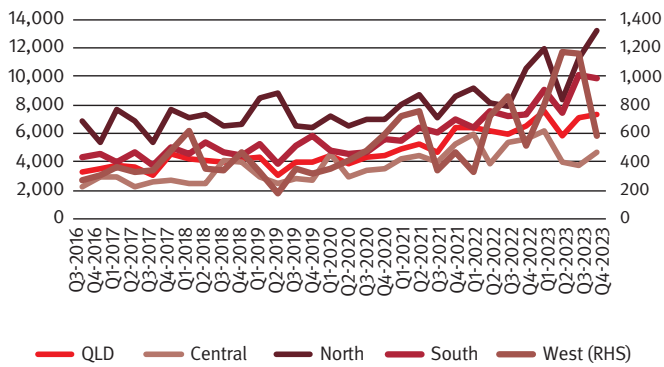
QLD Annual Median vs Sales



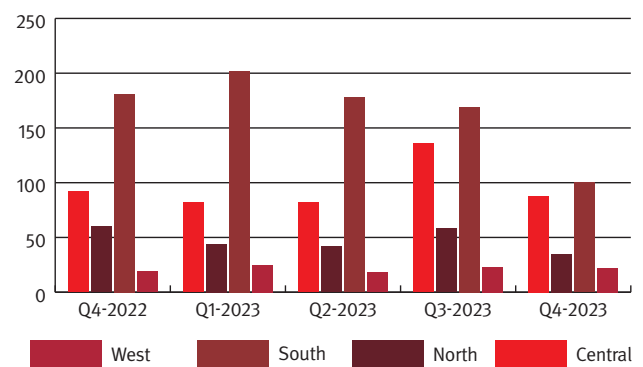
QLD 1yr Rolling vs Quarterly Median (\$/ha)



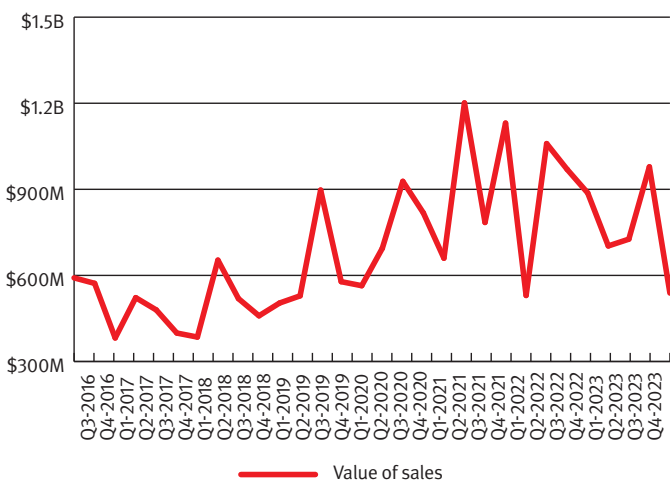
QLD Quarterly Median Values by Region (\$/ha)



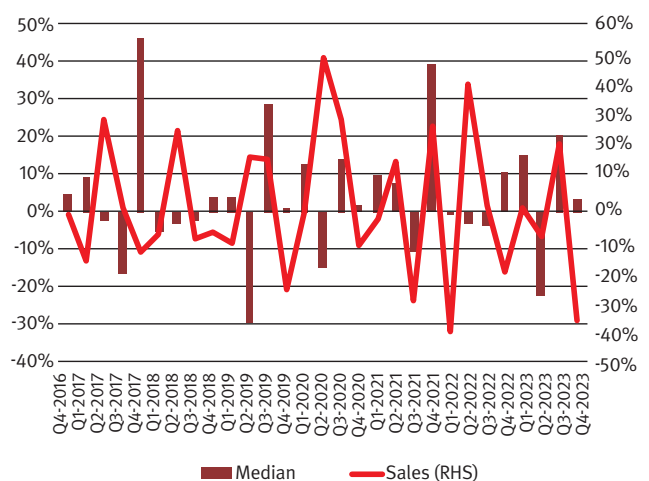
Sales Volume by Region



Value of QLD Sales (\$)



% Change in QLD Quarterly Median vs Sales



New South Wales

Strong property price growth, albeit on lower volume, propelled the NSW rural property market to record levels. The annual median rose to \$8,730/ha, up 9.1%.

Like the national trend, NSW rural property continues to be a solid long-term investment, registering a 9.9% 5yr CAGR (2019-2023). The volume of property available for sale in NSW has contracted sharply since 2021.

Like trends across other parts of the east coast, the New South Wales market performed strongly throughout Q3 & Q4 2023, to more than recoup losses through Q2 and move the market back to trendline growth.

Whilst the annual sales volume was lower in 2023 compared to 2022, there was a solid recovery in the second half of 2023. This combined with an improvement in prices, led to an upturn in the value of activity through the end of the year, however, overall, activity still lags the heights of 2021 and 2022.

“It’s encouraging how quickly confidence rebounded from the first half of 2023. Certainly, the market seems to be much more relaxed about the outlook for seasonal conditions, commodity prices and interest costs.

On farm dam storage levels were showing the effect of a long hot summer, however, parts of the state have experienced a

good autumn break topping up supplies and improving pasture conditions as temperatures fall. Most of the states cropping zone is well placed for early planting of winter crops, with fodders, crops in some districts out of the ground, soon to be grazed. Seasonal conditions are average to slightly better however some districts in north and north-western NSW were void of summer storms”

Richard Gemmell, Real Estate Sales Executive, NSW

Regional median trends

Although the state-wide trend was unequivocally positive in the second half of 2023, price trends across the regions were mixed. Prices across the Hunter, Central Tablelands, the North West and the South East recovered strongly in Q3, but consolidated to weakened in Q4. North Coast values improved steadily, while Northern Tablelands and the Riverina Murray weakened in Q3 before improving strongly in Q4.

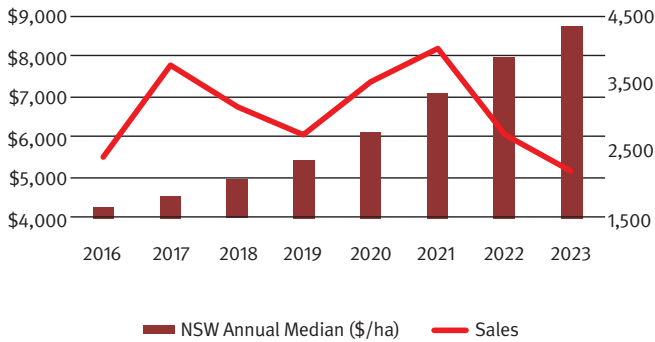
There was little material change in the composition of sales across the region with overall sales trends largely reflected at the regional level.

State quarterly median trends

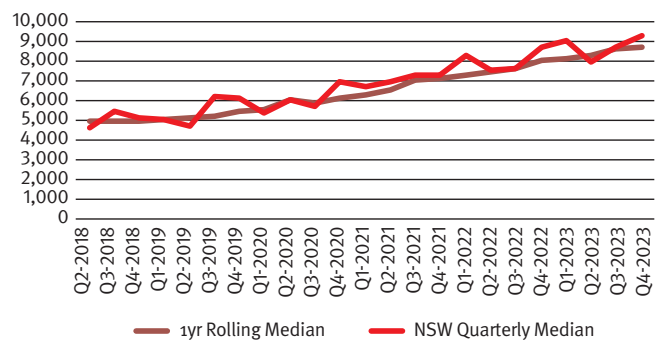
	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	8,694	9,037	7,977	8,683	9,267	6.7%
Sales	700	472	524	587	604	2.9%
Value \$m	1.8	0.9	1.1	1.3	1.5	15%

QoQ=Quarter on Quarter

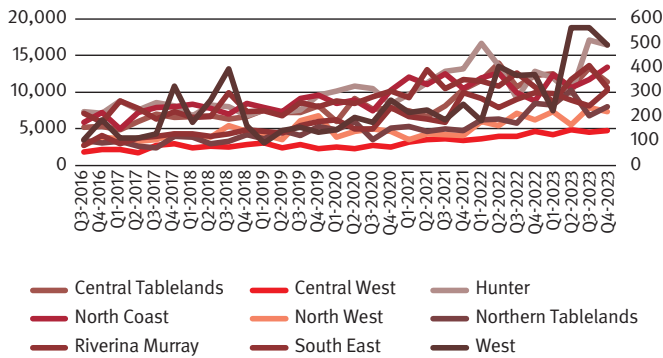
NSW Annual Median vs Sales



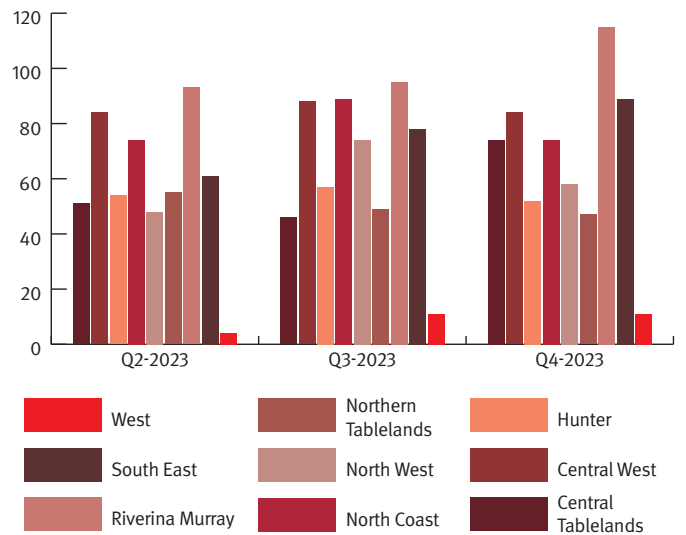
NSW 1yr Rolling vs Quarterly Median (\$/ha)



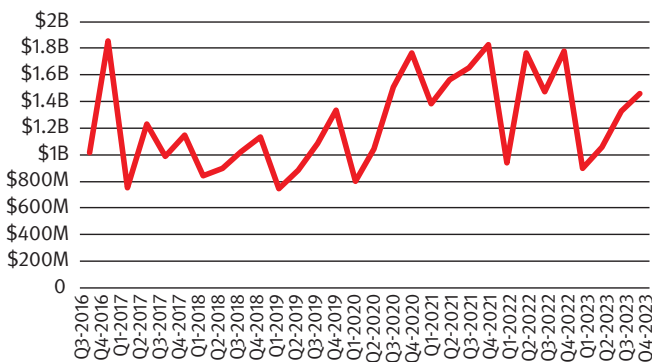
NSW Quarterly Median Values by Region (\$/ha)



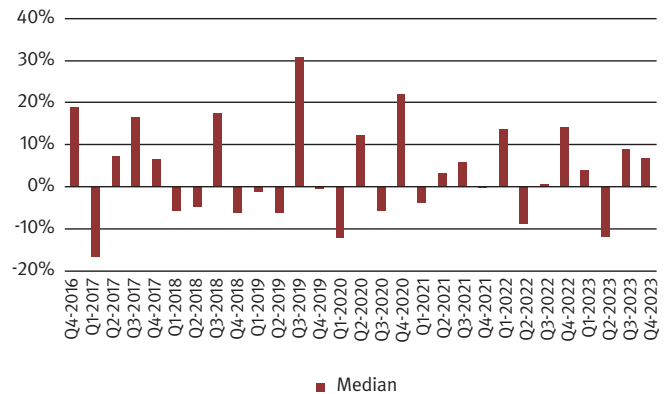
Sales Volume by Region



Value of NSW Sales (\$)



% Change in NSW Quarterly Median vs Sales



Victoria

The Victorian rural property market performed strongly throughout 2023 to register solid growth on lower volumes. Buoyed by another solid spring/summer season, the annual median lifted 15.3% to \$14,441/ha, registering the 8th successive year of gains. Victoria has been one of the best performing rural property markets across Australia, with recent gains pushing the 5-yr compound annual growth rate (CAGR) to 12.7%.

Like other east coast markets, property values recovered strongly across Victoria through Q3 and Q4 2023, after a dip in Q2, and finished the year well above levels at the end of 2022. Victorian prices have fluctuated closely around a solid upward long-term price trend for the past few years, before breaking upwards in the second half of 2023.

By the end of the year, activity had recovered to levels close to the year previous, however, this was below the levels of 2020 and 2021.

“Whilst the market has witnessed a reset over the last 12 months across most sectors, there has still been a continuation of strong demand for quality rural and lifestyle assets in key regions of Victoria and Riverina.”

Nick Myer, Real Estate Sales Executive VIC/TAS.

Regional median trends

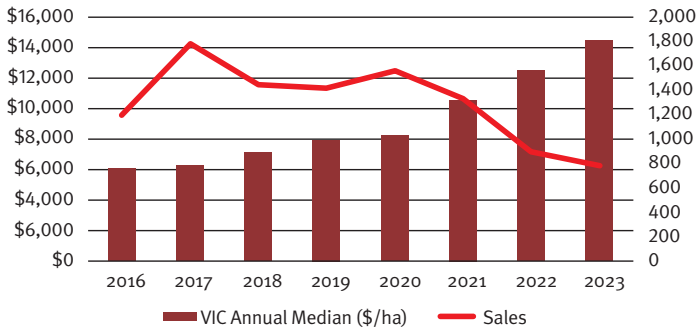
Most Victorian regions followed the east coast trend with prices recovering from a short-term dip during Q2 to finish the year higher or close to year ago levels. The main exception was south central Victoria where values peaked in Q2 and consolidated at lower levels in Q3 and Q4 2023. South west prices also finished the year back a little on Q4 2022.

The proportion of sales was largely consistent across the regions, except in the Wimmera and Mallee where sales fell and in the South West where the proportion of all sales rose.

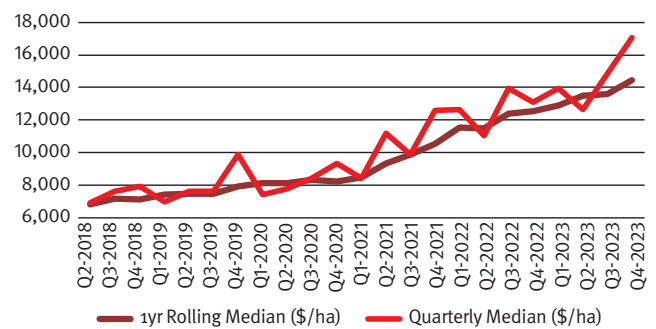
State quarterly median trends

	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	13,109	13,941	12,622	14,874	17,050	+14.6%
Sales	227	216	137	211	221	+4.7%
Value \$m	384	374	214	321	380	+18%

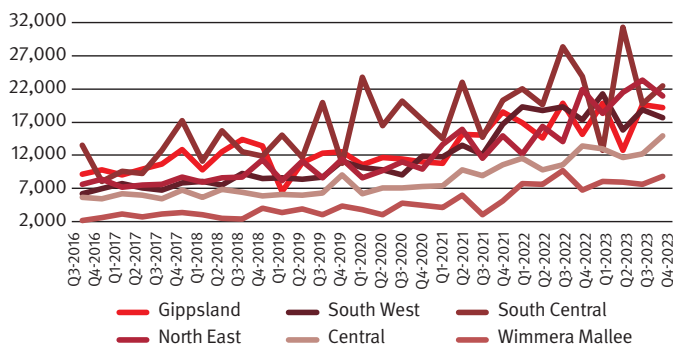
VIC Annual Median vs Sales



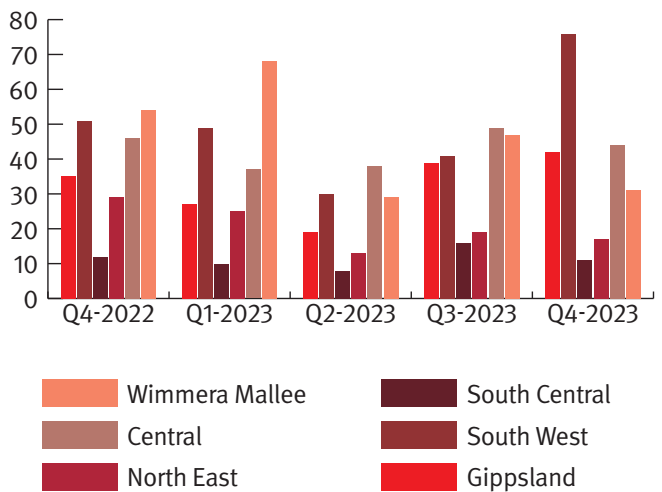
VIC 1yr Rolling vs Quarterly Median (\$/ha)



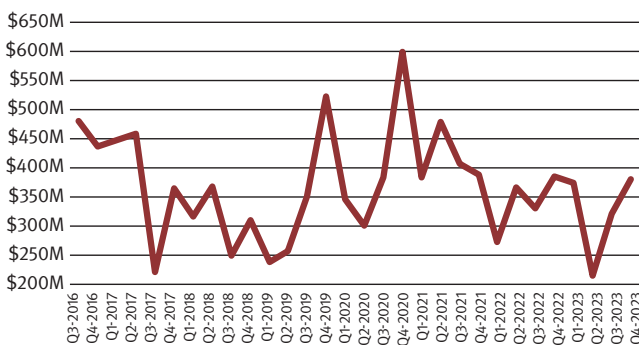
VIC Quarterly Median Values by Region (\$/ha)



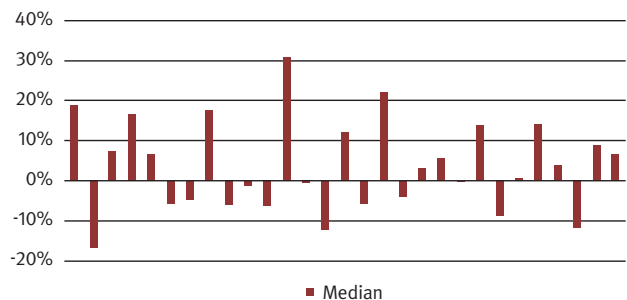
Sales Volume by Region



Value of VIC Sales (\$)



% Change in VIC Quarterly Median vs Sales



Tasmania

In contrast to most other states, the rural property market across Tasmania was somewhat subdued in 2021 and 2022. However, values started to trend strongly upwards since Q2 2023 to push the median value at the end of 2023 sharply higher to \$16,674/ha, compared to \$10,509/ha in 2022. This pushed the 5-year average compound growth rate (CAGR) to 12.2%.

After a period of volatility in 2022, prices resumed along the long-term growth trendline in 2023.

Regional median trends

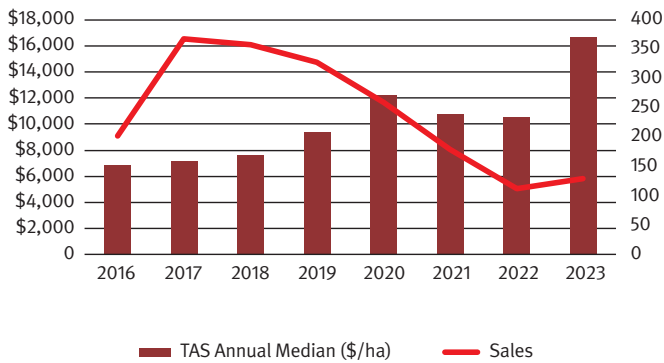
Price growth across Tasmania was led by the northern region, which showed growth through the majority of 2023. Values in the North West and South moderated towards the back end of 2023 after a period of solid growth through mid-2023.

Sales volumes pulled back in Q4 after solid sales growth in Q3 2023. The volume of sales by region fluctuated around the state-wide trend.

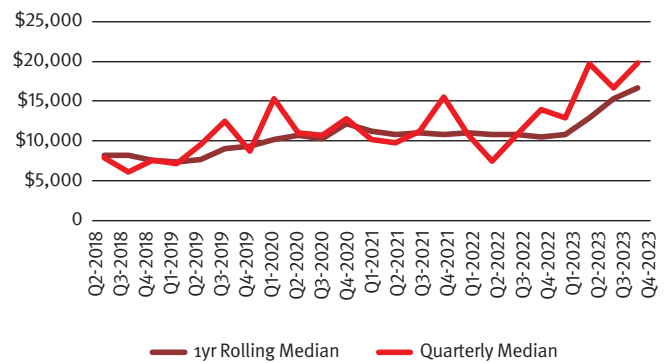
State quarterly median trends

	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	13,978	12,896	19,714	16,674	19,771	18.6%
Sales	27	45	21	41	22	46.3%
Value \$m	55	98	31	81	42	-48.1%

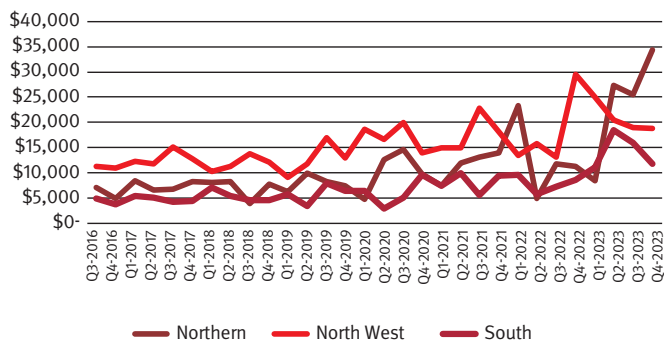
TAS Annual Median vs Sales



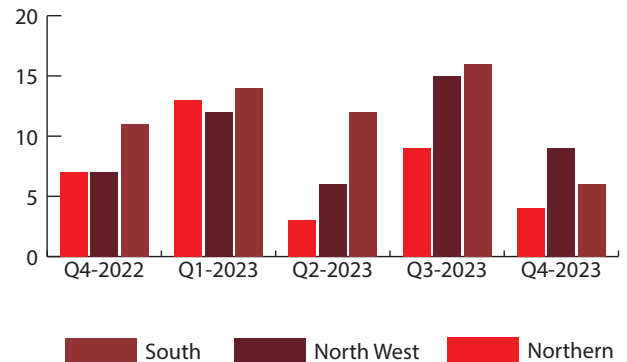
TAS 1yr Rolling vs Quarterly Median (\$/ha)



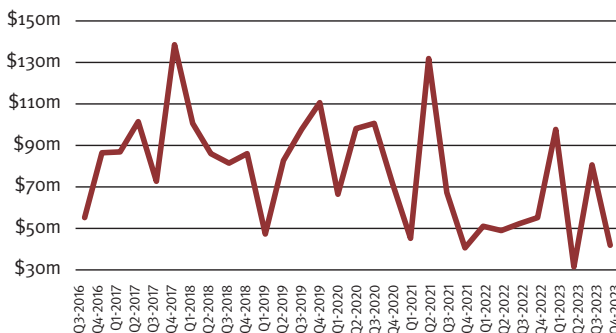
TAS Quarterly Median Values by Region (\$/ha)



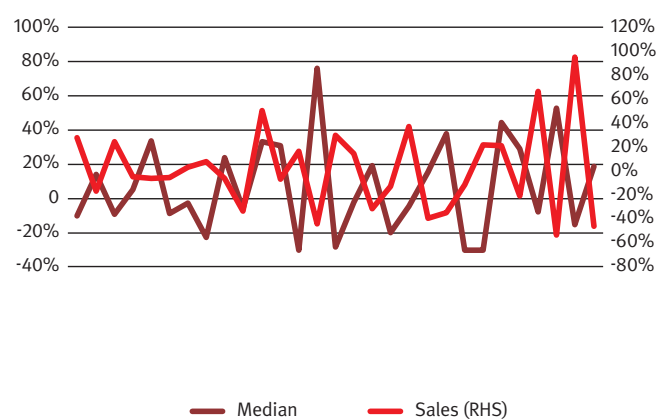
Sales Volume by Region



Value of TAS Sales (\$)



% Change in TAS Quarterly Median vs Sales



South Australia

Price trends across South Australia in the second half of 2023 diverged from the national trend and consolidated at below peak levels witnessed in Q4 2022. This consolidation must be viewed against the strong appreciation in rural property values across SA in 2022.

The annual median price in 2023 was \$6,175/ha, below peak levels of \$6,346/ha in 2022 but well above 2021 levels of \$4,320/ha. The strongly performing market of 2022 and 2023 has pushed the 5-year compound annual growth rate (CAGR) to 7.3%.

Quarterly price trends across SA were lower through most of 2023 before posting a strong recovery during Q4 2023. It must be noted, however, that this recovery was on the back of a sharp retraction in properties offered for sale when compared to levels in early 2023. Lower sales volumes were seen across most regions of SA.

“Land use within the regions of SA are so diverse it’s difficult to track quarterly trends in land values at a regional level. For example, within SA regions, land sales could be to viticulture, cropping or livestock and the mix of these property sales can affect median sale values. However, what is clear is the strong long-term upward trend in SA property values”,

Adam Chilicot, Real Estate Sales Executive, South Australia

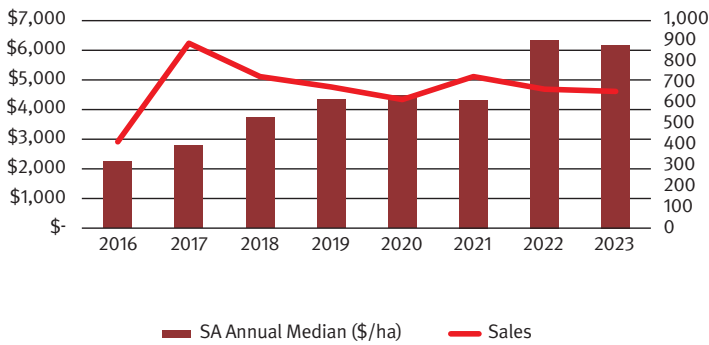
Regional median trends

Regional price trends fluctuated across SA with the higher value, higher rainfall areas being variable around a higher price trend. Values in marginal areas were more volatile around the higher price trend.

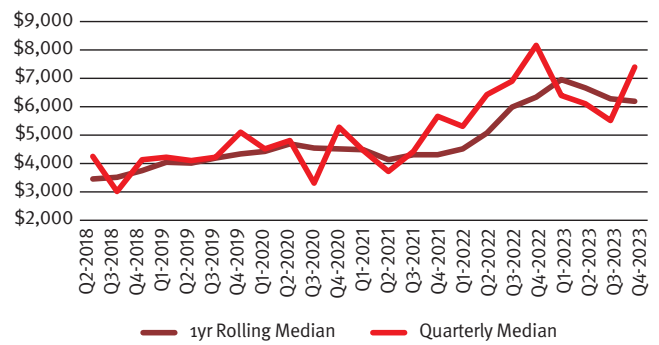
State quarterly median trends

	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	8,157	6,378	6,103	5,521	7,392	+33.9%
Sales	131	255	171	112	119	+6.3%
Value \$m	262	593	378	291	179	-38.4%

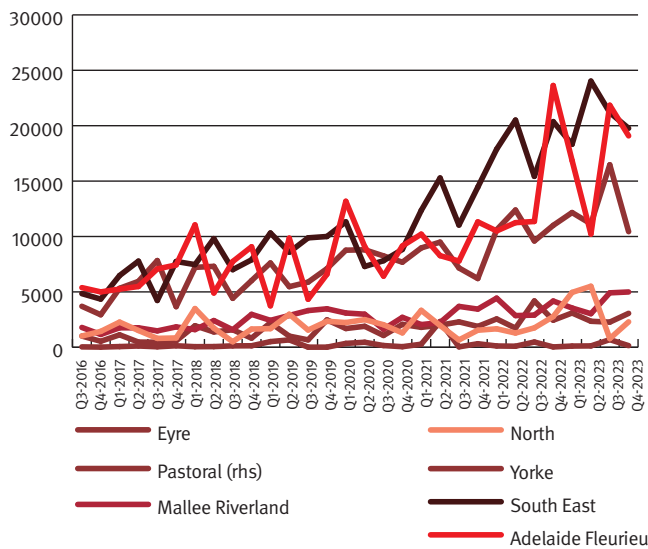
SA Annual Median vs Sales



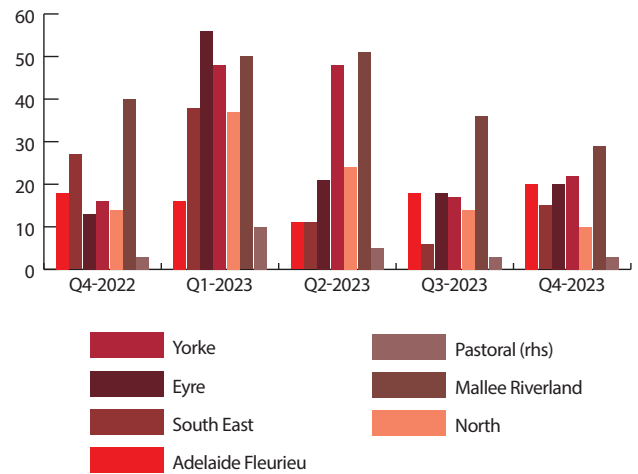
SA 1yr Rolling vs Quarterly Median (\$/ha)



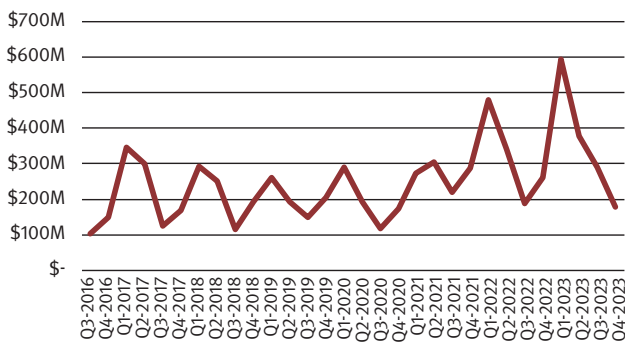
SA Quarterly Median Values by Region (\$/ha)



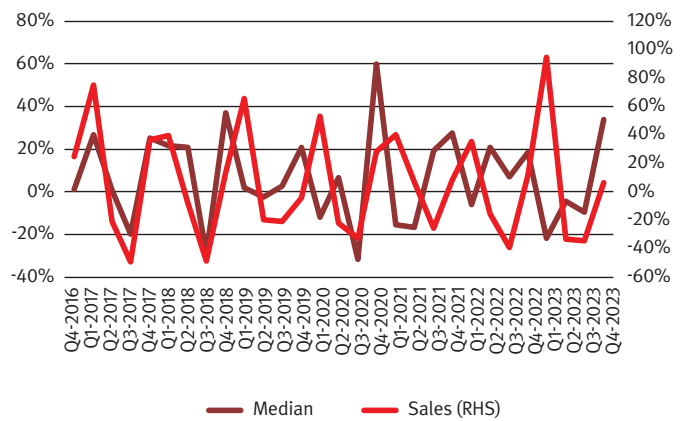
Sales Volume by Region



Value of SA Sales (\$)



% Change in SA Quarterly Median vs Sales



Western Australia

The WA rural property market gathered momentum throughout 2023, pushing the annual median to \$8,446, 17.6% above the 2022 median value. This saw the strong growth trend resume after a slight pullback during 2022. Over the medium term, the WA rural property market was the strongest across Australia registering a stellar 5-year compound annual growth rate (CAGR) of 14.5% (2016-2023).

The quarterly median trend was a little weaker in Q1 2023, before pushing higher for the remainder of the year.

The volume of property for sale increased for much of 2023, encouraged by the higher price trend with sales activity pushing back above \$500m in the final quarter of 2023.

Regional median trends

The Great Southern, Avon-Midland and Eastern wheatbelt have showed the strongest and most consistent growth. The Great Southern market has been supported by some international trading conglomerates actively purchasing property to return to timber plantations.

There was no discernible change in sales activity across the regions with sales generally fluctuating around the state trend.

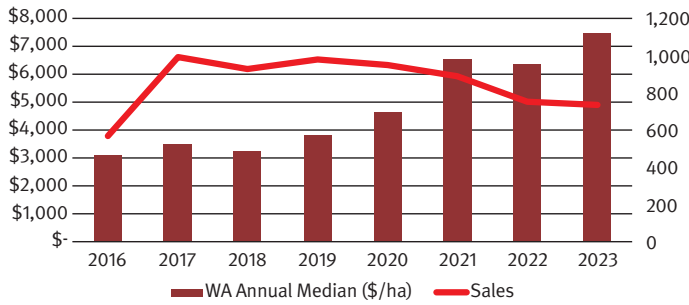
“We have seen further growth in all rural asset classes across WA, probably strongest in the cropping zones south of the Great Eastern Highway and down to the South Coast of WA. Forestry buyers remain aggressive in high rainfall zones with a renewed push from corporates to expand their holdings.”

Simon Cheetham, Real Estate Sales Executive, WA

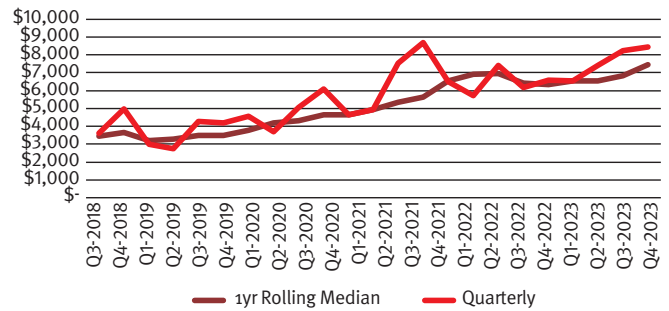
State quarterly median trends

	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	6,603	6,524	7,413	8,216	8,446	2.8%
Sales	171	233	129	152	221	45%
Value \$m	504	547	242	315	514	63%

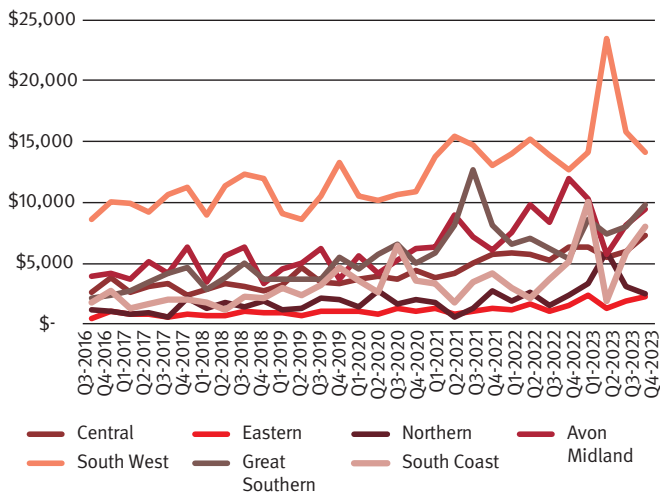
WA Annual Median vs Sales



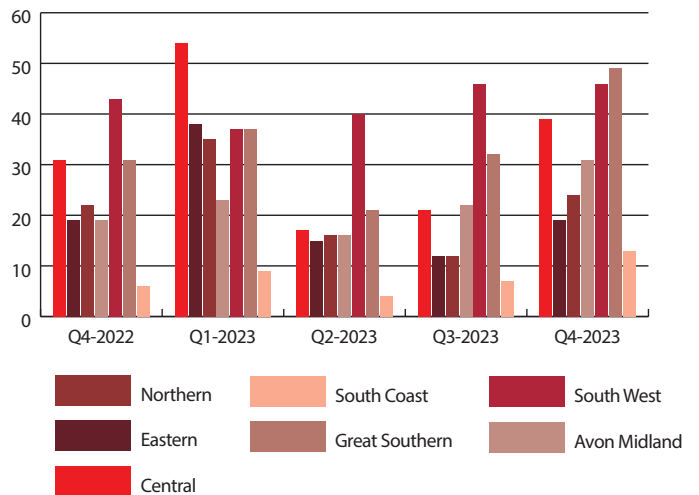
WA 1yr Rolling vs Quarterly Median (\$/ha)



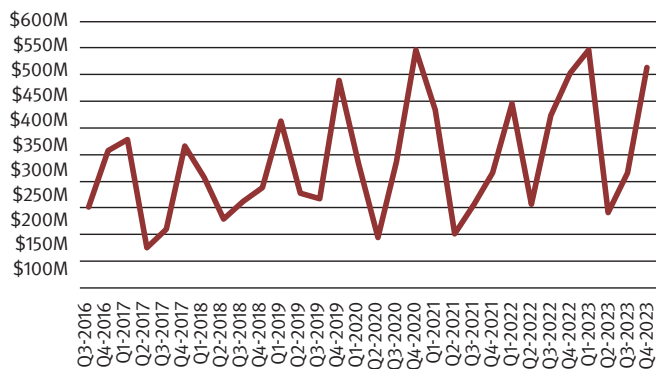
WA Quarterly Median Values by Region (\$/ha)



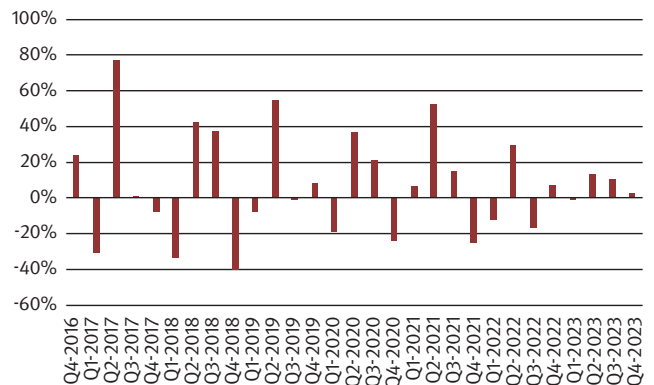
Sales Volume by Region



Value of WA Sales (\$)



% Change in WA Quarterly Median vs Sales



Northern Territory

Property values in the NT tend to be more volatile than in the other states, with valuations being heavily tied towards access to South-East Asian feeder cattle markets. If access for NT cattle into South-East Asia is restricted, these cattle need to be trucked into southern feeder/restocker markets and property values in the NT trade at a discount to similar southern properties servicing the same markets.

Over the last few years median values have stabilised at around \$2,200/ha, just below the peak of \$2,500 in 2020, but well above the lows of \$1,100/ha in 2017 when access to the Asian feeder cattle market was restricted. The 5-yr CAGR of NT property 2019-2023 sits at 8.9% which is better than Australian equities and comparable to Sydney property market.

Whilst the annual sales volume was lower in 2023 compared to 2022, there was a solid recovery in the second half of 2023.

Regional median trends

The other notable feature was a decline in activity in 2023 when compared to 2022 with only \$230m in property transacted compared to the heightened activity of \$530m in 2022.

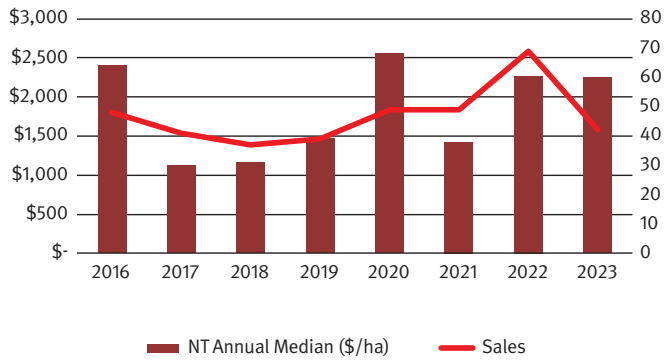
On a quarterly basis, prices moderated through the backend of 2023 after peaking at over \$3000/ha in Q2 2023 on solid volume. Looking at sales on a regional basis, prices across the top-end sell at a large premium and have been reasonably solid.

Values for NT properties outside of the top end (which can be affected by market conditions across the south), have recovered strongly since bottoming out in 2019 (drought and destocking across southern markets) with these levels maintained at around \$1300/ha.

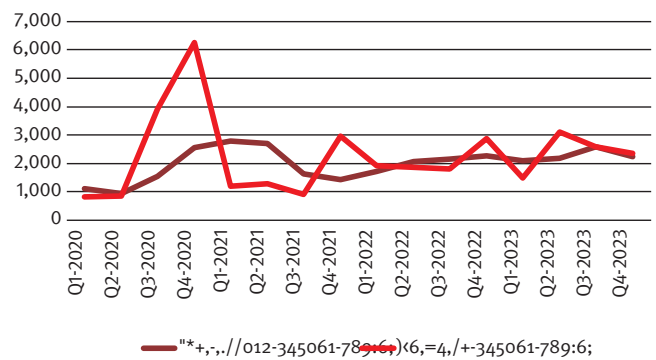
State quarterly median trends

	2022	2023				
	Q4	Q1	Q2	Q3	Q4	QoQ
\$/ha	2,887	1,476	3,112	2,575	2,368	-17.2%
Sales	16	8	12	7	15	+114%
Value \$m	63	36	127	21	46	+119%

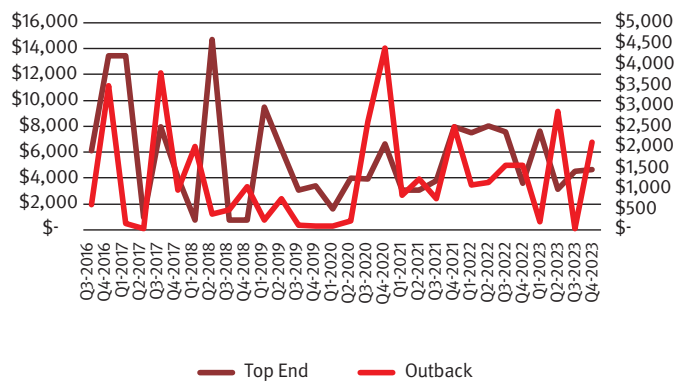
NT Annual Median vs Sales



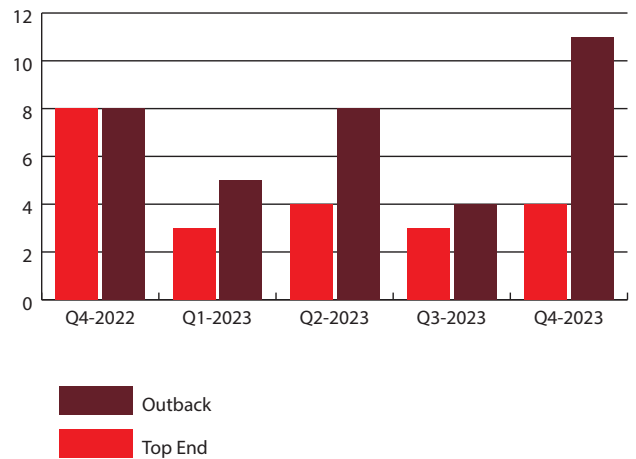
NT 1yr Rolling vs Quarterly Median (\$/ha)



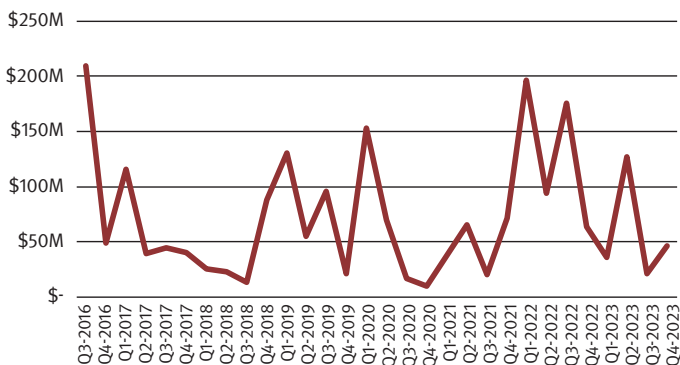
NT Quarterly Median Values by Region (\$/ha)



Sales Volume by Region



Value of NT Sales (\$)





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.

Media

E: Elders.Communications@elders.com.au

General Real Estate

W: eldersrealestate.com.au/contact-us/