

Rural Property Update

Q2 2024 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

Elders rural property market indicators

National rural property market indicator

Is the sum of each state rural property price indicator weighted by the number of sales for that state as a proportion of total sales since 2016.

State rural property market indicator

Is a sum of the weighted median for each region. The weighted regional median being the median for each region weighted by the number of sales for that region as a proportion of total sales in each state since 2016.

Due to low liquidity we have combined the Victorian and Tasmanian rural property markets and the Northern Territory and Queensland markets.

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

The second quarter of 2024 has experienced solid gains in several states. The National Price Indicator softened 2 per cent compared to last quarter but it is still 5 per cent up on the same time last year. National sale volumes have increased 10 per cent for both quarter on quarter and compared to the same time last year. There is considerable variability in the number of properties sold across the country with Victoria well down quarter on quarter and year on year while in both NSW and Queensland turnover has increased substantially.

The variability in both value and volume indicators across the country is largely due to differences in regional seasonal conditions. In the south, we have seen some continued softening and dry conditions. In northern areas, seasonal conditions have been strong which is supporting property prices. Another influence is that the areas that have seen the largest increases are experiencing more softening of prices. When we consider the experience of our team in the regions, our view is that the short-term price trends are within the long-term range. The major change has been the decline in turnover by number of properties.

With such low liquidity in southern markets, price movements must be treated with some caution as small changes in the mix of properties sold can have a disproportionate effect on median values. In these markets it is critical to get expert advice from experienced local sales experts.

Looking ahead, demand for property remains strong across all segments of the market. Family farms are competing strongly for properties that have strategic value for their current enterprises, with consideration for location, scale, climate diversity and supply chain compatibility. Corporate and institutional investors are continuing to raise capital with several significant investment managers reaching funding milestones.

An increase in the probability of a La Nina cycle emerging may well see an improvement in seasonal conditions and farmer sentiment.

While there is some volatility in property markets at present, it is worth reflecting on the long-term trends where average annual appreciation rates for rural property across most regions are between 8-10 per cent.

For this edition of the Elders Rural Property Update we have introduced a set of contemporary or leading indicators based on real estate website sale listings. Working with Proptrak, a company specialising in property market insights, we are now tracking real-time listing information on properties that meet our criteria to be classified as rural*. These indicators act as a finger on the pulse of current market activity.

We will continue to work with Proptrak and other similar companies to introduce further analytical tools in coming editions of the Elders Rural Property Update. We believe this data-driven, analytical approach to the rural property market will allow us to tailor our marketing strategies to take advantage of changing market dynamics and deliver better outcomes for our clients.

Mark Barber
General Manager, Farmland Agency and Water



*Rural Local Government Area, property size >40 hectares and >30 hectares for Tasmania

Rural Property Key Drivers Analysis

The key drivers of rural property values were mixed during Q2 2024:

- **Livestock values and grain prices rallied but wool prices fell,**
- **Seasonal conditions were excellent in the north, good in the west but poor in the south,**
- **Confidence was low across the rural sector,**
- **Farming terms of trade were steady,**
- **Farm balance sheets weakened, and**
- **Access to debt funding fell.**

Commodity prices trended moderately higher through Q2 2024. The rally in livestock values has continued, however, grain prices retracted sharply as large northern hemisphere crops were harvested, falling to 4-year lows.

Seasonal conditions were variable with northern and western areas enjoying a strong autumn/winter period while, in contrast, southern areas were very much below average.

In large part, due to uneven seasonal conditions, farmer confidence remains weak with the Rabobank Rural Confidence Survey showing confidence levels falling back into negative territory in Q2 2024 following a rebound in Q1 2024. Confidence was not only affected by seasonal conditions but concerns about commodity prices and economic pressures emanating from higher input costs.

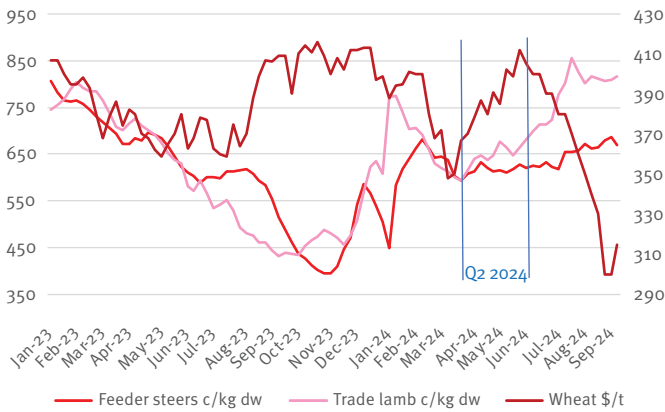
From a key input perspective financials (interest and exchange rates), fertiliser and oil remain very similar to Q1 2024, meaning that farmers terms of trade remained steady when compared to last quarter.

Rural sector debt has increased significantly over the past decade with the rate of growth accelerating in recent years. Access to debt funding has been a key to rising rural property prices with growth in funding matching the rate of increase in rural property prices in the past few years.

An increased willingness to lend to the rural sector was prompted by a lift in farm incomes and strengthening balance sheets through the early part of the decade. The improvement in balance sheets can be seen in the trend higher in farm management deposits through this period. This growth plateaued in 2024 as commodity prices waned in the second half of 2023, reducing farm incomes and negating the ability of farm businesses to continue to strengthen balance sheets.

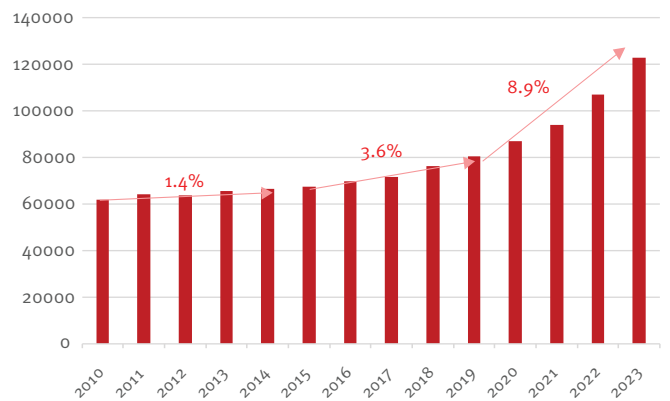
A common theme when speaking to Elders rural real estate agents is that during 2024 debt funding has been harder to obtain owing to weaker farm balance sheets, higher funding costs and reduced farm incomes inhibiting farmers ability to service debt. A slow-down in credit growth has contributed to a slowing in rural property values in 2024.

Commodity prices improve through Q2 2024



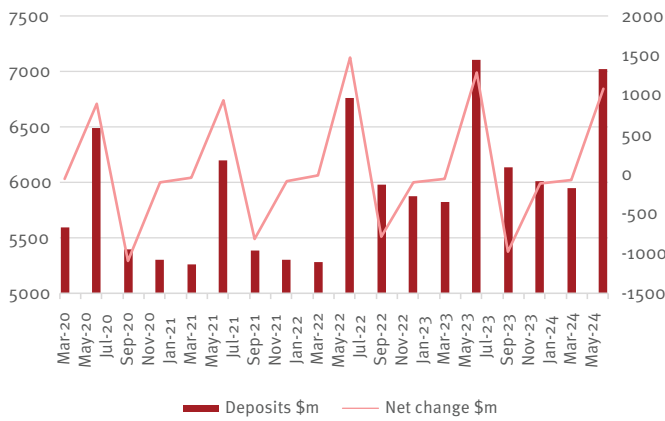
Source: MLA & ProFarmer

Rural Debt (\$ million)



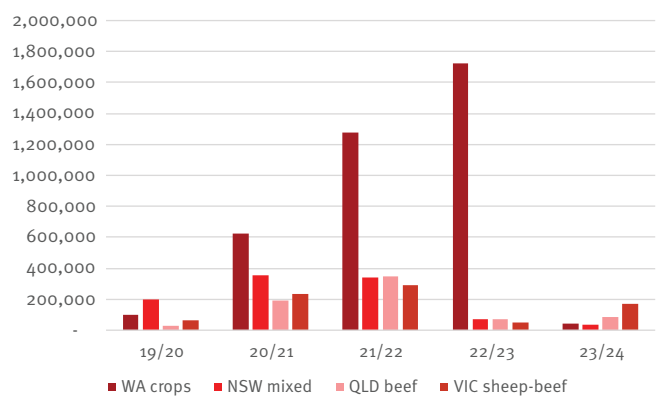
Source: Reserve Bank of Australia

Farm management deposits (\$m)



Source: Department of Agriculture, Forestry & Fisheries

Farm incomes shrink in 23/24



Source: Department of Agriculture, Forestry & Fisheries, ABARES

Results Snapshot

Price Snapshot Quarterly Indicator Q2 2024 to Q1 2024 (price per hectare)

	Indicator Price	Percentage Change
National	\$10,186	(-2%)
QLD/NT	\$8,975	(+2%)
NSW	\$9,788	(-3%)
VIC/TAS	\$13,090	(-8%)
SA	\$9,648	(+7%)
WA	\$9,237	(n/c)

Largest % increase

South Australia +7% (compared to Q1 2024)

Most valuable

VIC/TAS \$13,090/ha

Largest % decrease

VIC/TAS -8% (compared to Q1 2024)

Results snapshot – Volume Quarterly Volume Q2 2024 to Q1 2024 (sales)

	Indicator Price	Percentage Change
National	1,442	(+10%)
QLD/NT	323	(+42%)
NSW	622	(+35%)
VIC/TAS	145	(-34%)
SA	207	(-5%)
WA	141	(-20%)

Largest % increase

QLD/NT +42% (compared to Q1 2024)

Most transactions

New South Wales (622)

Largest % decrease

VIC/TAS -34% (compared to Q1 2024)



Australia

The Elders National Rural Property Indicator declined for a second successive quarter by 2 per cent to sit at \$10,186/ha at the end of Q2 2024, still 5 per cent above the same time last year. These latest falls have seen the Indicator fall below trendline growth as the sector consolidates after several years of solid gains.

		QoQ (Q2 2024 vs Q1 2024)	YoY (Q2 2024 vs Q2 2023)
Indicator \$/ha	\$10,186	-2%	+5%
Transactions	1442	+10%	+10%
Value traded \$billion (b)	\$3.175b	+15%	+14%

QoQ=Quarter on Quarter

Both the number of sales and value traded rebounded nationally by 10 per cent and 15 per cent respectively with better activity in northern markets more than offsetting a decline in activity across Victoria/Tasmania (VIC/TAS). During the quarter, 1,442 rural properties transacted for a sales value of \$3.175 billion, still well off the levels of the buoyant markets in 2021 and 2022.

State by State median trends

The catalyst for the falls in the National Indicator was a decline in prices across VIC/TAS where the State Indicator fell another 8 per cent on top of a 15 per cent fall in Q1. In contrast, prices in most other states were firm to moderately higher led by the South Australia (SA) and Queensland/Northern Territory (QLD/NT) markets. Prices in SA recovered after falling in successive quarters since peaking in Q3 2023.

There was a sharp contraction in activity across southern markets in VIC/TAS where only 145 properties transacted but this was more than offset by increased sales activity across northern markets. Sales activity increased by both 10 per cent on the previous quarter and 10 per cent on the same quarter last year.

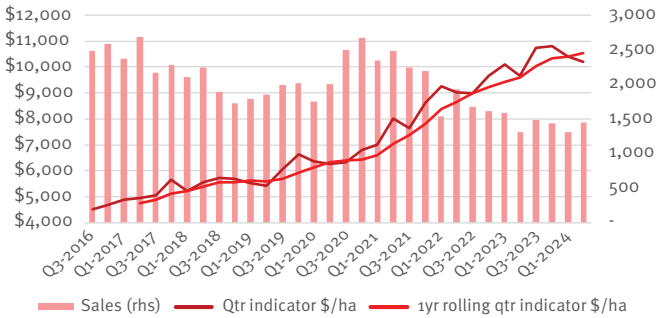
Leading indicators

In this quarter's edition of the Elders Rural Property Update we have introduced some Indicators of current market activity. The chart below shows new and active listings by month and tracks the number of days each listing has been on the market.

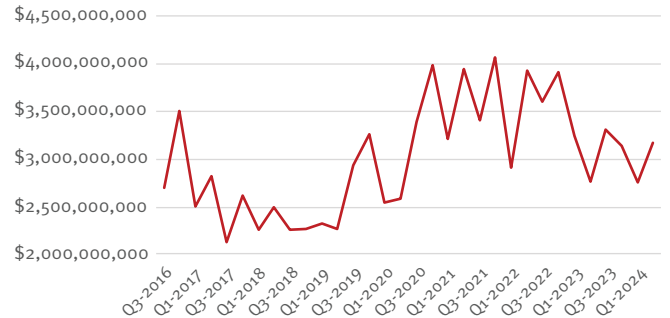
During 2024, these indicators have behaved as expected in a slowing market. Days on market have virtually doubled in the past year, while active listings and new listings have stabilised. These indicators suggest that we are unlikely to see a significant shift in market sentiment through Q3 2024.



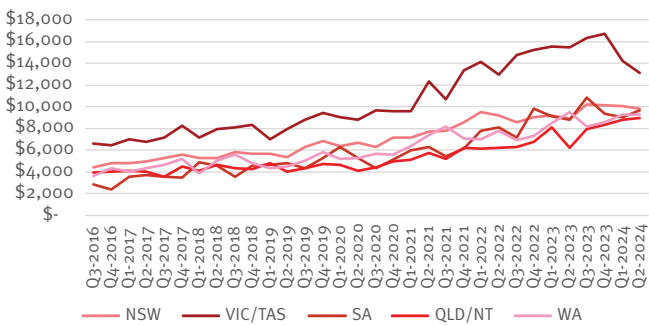
Australian rural property market



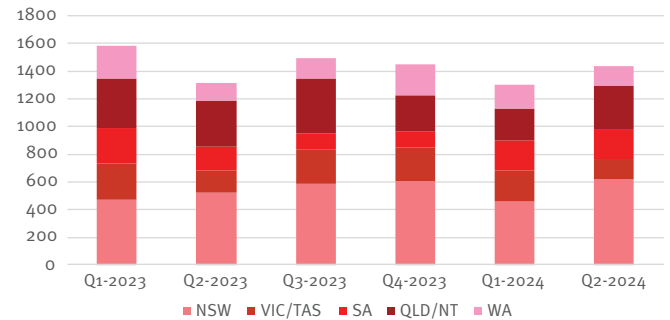
Australian Sales Value



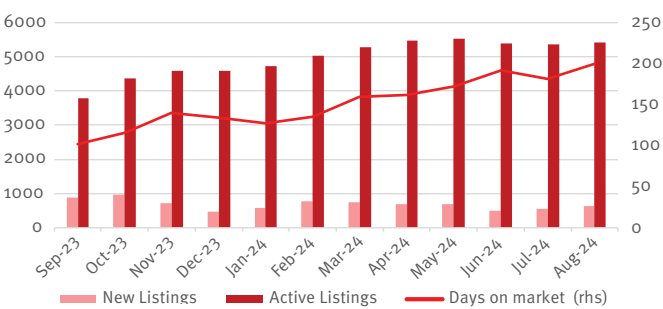
State Rural Property price Indicators (\$/ha)



Sales by state



Australian rural property market - Leading Indicators



Data provided by PropTrack

Queensland/ Northern Territory

The Queensland/Northern Territory (QLD/NT) market held relatively firm on a solid lift in sales and value traded with activity lifting across all regions. This market has rebounded well after stuttering during the big pullback in cattle values in 2023.

		QoQ (Q2 2024 vs Q1 2024)	YoY (Q2 2024 vs Q2 2023)
Indicator \$/ha	\$8,975	+2%	+44%
Transactions	323	+42%	-3%
Value traded \$million (m)	840	+68%	-2%

QoQ=Quarter on Quarter

Sales activity was boosted by a 42 per cent lift in transactions compared to the previous quarter, pushing the total value of properties traded to \$840m, up 68 per cent on the quarter to be around level with the same time last year.

Prices across most regions were firm to slightly higher except for properties in Central and Western QLD which saw good gains.

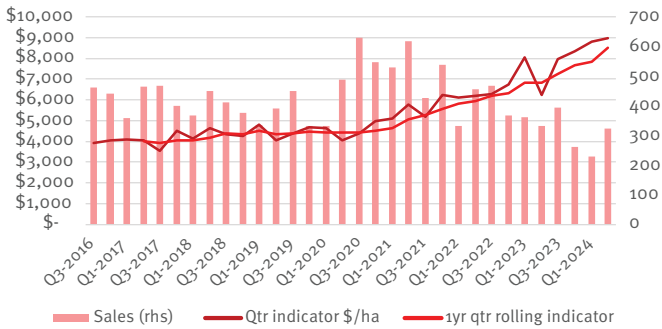
Sales activity in terms of transactions was reasonably consistent across the regions with a lift witnessed across the board compared to last quarter but overall activity was around the same level as this time last year.

Leading Indicators

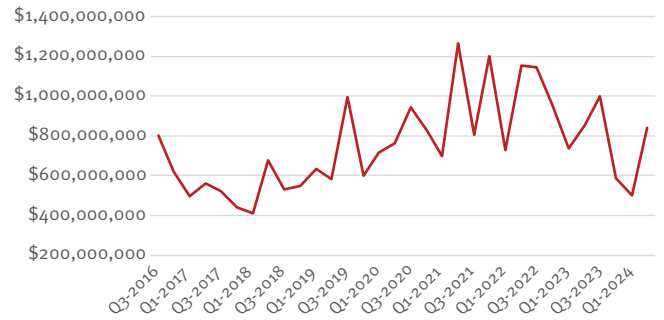
The leading indicators for the QLD/NT Rural Property Market are markedly different compared to the national trend. Active listings have risen throughout the year, while days on market were similar to year ago levels. This indicates that the QLD/NT rural property market has recovered throughout 2024 as cattle prices improved and is poised for further modest gains over the balance of 2024.



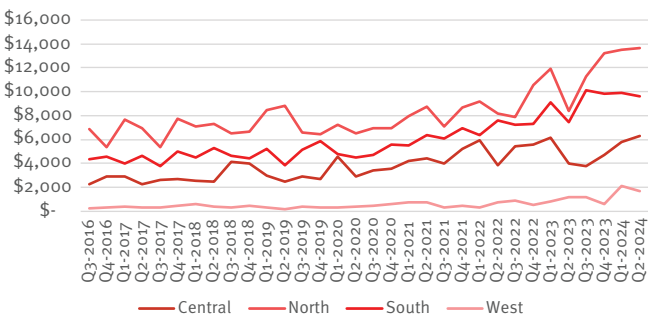
QLD/NT rural property market



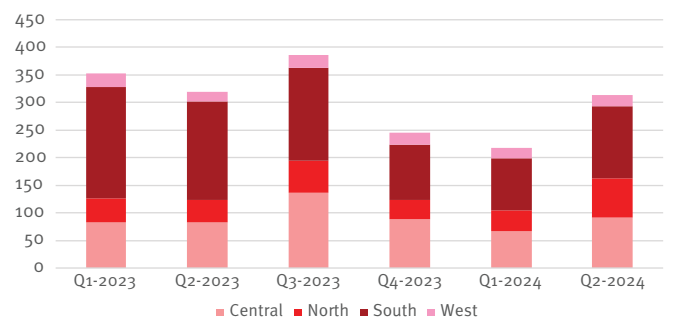
QLD/NT value of sales



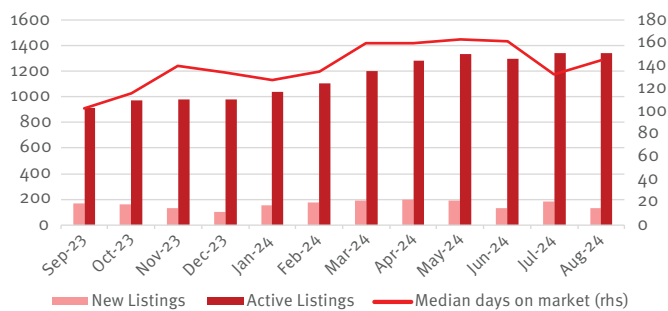
QLD/NT sales by region



QLD/NT qtr median by region \$/ha



QLD/NT Rural Property Market - Leading Indicators



Data provided by PropTrack

New South Wales

Activity in the New South Wales (NSW) rural property market has been gradually slowing since peaking in 2021. The Elders NSW Rural Property Price Indicator declined by 3 per cent on the quarter to \$9,788/ha but remains 10 per cent above the levels of early 2023. Price trends across the regions have been quite mixed.

“Seasonal conditions across the state through Winter into Spring saw good rainfall resulting in increased crop production and pasture growth.

Interest in farmland has values remaining steady, however, last year’s extreme prices seem to have eased. Confidence provided by the season has seen an above average number of sales throughout winter, and agents are now very busy as we manage campaigns in line with the Spring flush. Competition remains from both domestic and abroad, with mixed farming enterprises offering scale receiving demand from both.”

Richard Gemmell, Elders State Real Estate Executive, NSW

		QoQ (Q2 2024 vs Q1 2024)	YoY (Q2 2024 vs Q2 2023)
Indicator \$/ha	\$9,788	-3%	+10%
Transactions	622	+35%	+19%
Value traded \$million (m)	\$1.427b	+49%	+35%

QoQ=Quarter on Quarter

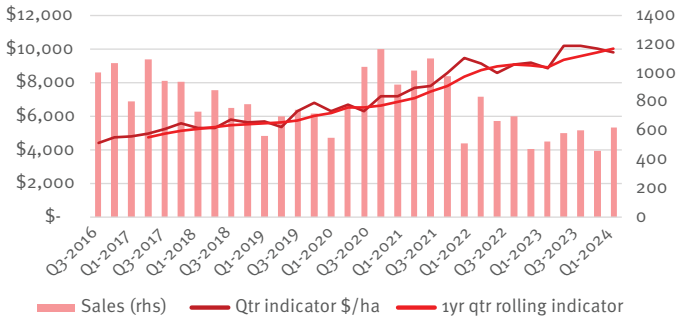
Over 622 property sales were transacted through the quarter, up 35 per cent on the previous quarter and 19 per cent higher than the same quarter last year. This contributed to total sales value increasing in Q2 2024 by 49 per cent to \$1.427b which was over a third higher than the same quarter in 2023.

Growth in sales occurred through every region with sales in the Hunter and South-east having the largest proportional increases.

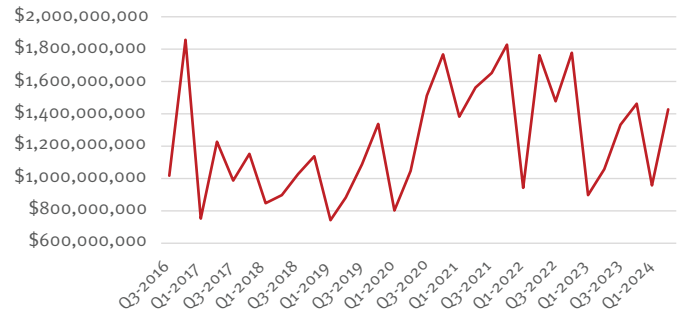
Trends in regional prices across NSW have been quite mixed since 2022. Northern Tableland prices have been trending down since early 2023 while prices in the North-west and South-east continue to trend higher. Price trends in the other regions are harder to discern but on balance have flattened since the start of 2023. Prices across the Hunter contracted sharply in the past quarter, countering the gains made in late 2023 and early 2024.



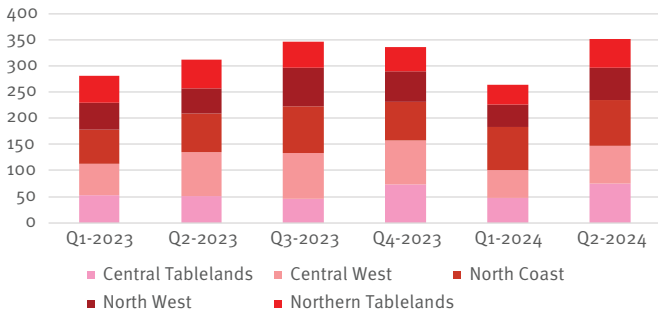
NSW rural property market



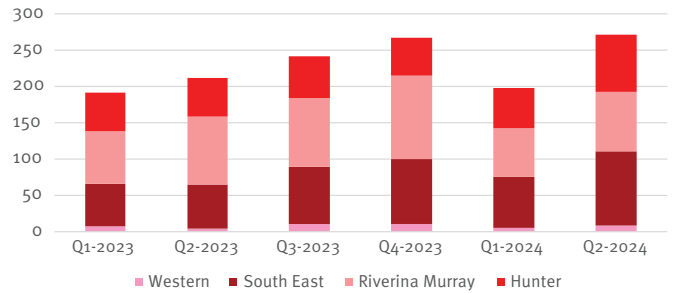
NSW sales value



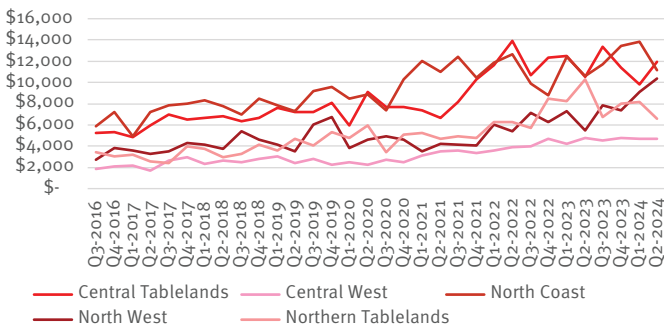
NSW sales by region



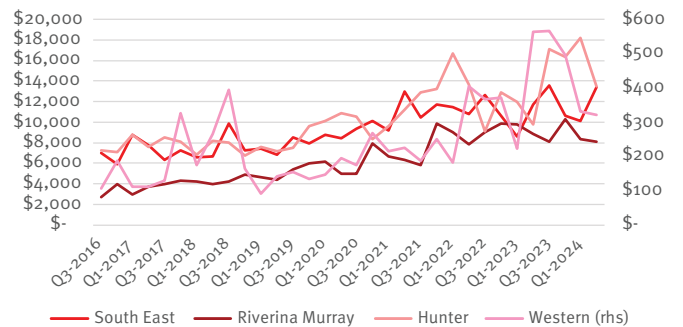
NSW sales by region



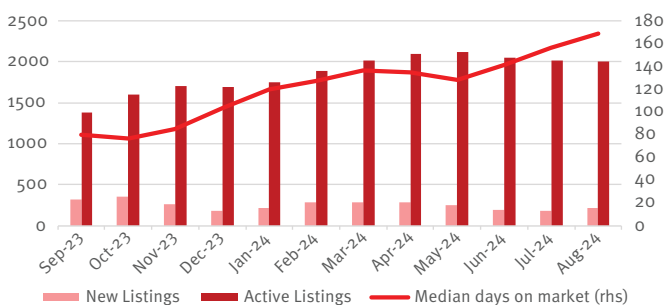
NSW qtr median by region (\$/ha)



NSW qtr median by region (\$/ha)



NSW Rural Property Market - Leading indicators



Data provided by PropTrack



Victoria/ Tasmania

Property prices across the southern most states of Victoria/Tasmania (VIC/TAS) have fallen sharply since late 2023. No doubt a contributing factor has been the very poor seasonal conditions that presented last Spring and have persisted through the Autumn/Winter and into early Spring 2024. No doubt a contributing factor has been the very poor seasonal conditions that presented last Spring and have persisted through the Autumn/Winter and into early Spring 2024.

The Elders VIC/TAS Rural Property Price Indicator fell another 8 per cent in the quarter to \$13,090/ha, putting it 15 per cent behind the level of the same time last year.

“Whilst we have witnessed a general softening in market conditions, demand for quality assets remains consistent throughout most regions of Victoria, Southern New South Wales and Tasmania. Price points are typically now at levels below the peak period in 2022, which is stimulating both new and existing investor interest into the sector. Corporate and neighbour to neighbour transactions remain strong with a continuing focus on enhancing efficiencies via economies of scale, in addition to identifying opportunities where land can be converted to a higher and better use. Looking forward, we are envisaging some excellent buying opportunities across all sectors.”

Nick Myer, Elders State Real Estate Executive, VIC/Riverina/TAS

		QoQ (Q2 2024 vs Q1 2024)	YoY (Q2 2024 vs Q2 2023)
Indicator \$/ha	\$13,090	-8%	-15%
Transactions	145	-34%	-8%
Value traded \$million (m)	\$212m	-34%	-14%

QoQ=Quarter on Quarter

Indicative of a struggling market, there was a sharp pullback in the number of sales and overall activity. The value of rural property that transacted across VIC/TAS in Q2 2024 was just \$212m down 34 per cent for the quarter and 14 per cent below the level of the same quarter last year.

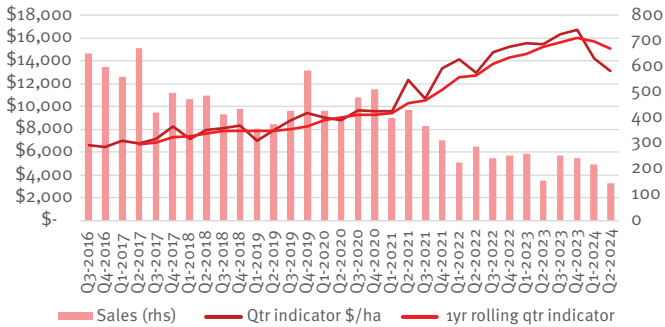
The value of rural properties sold across Vic/TAS was mostly flat or lower across all regions with only a lift witnessed across South-central region. The sharpest declines were in the Gippsland and Wimmera-Mallee.

Sales volumes contracted across most regions with the sharpest declines in the Wimmera-Mallee (which is partly seasonal) and the South-west.

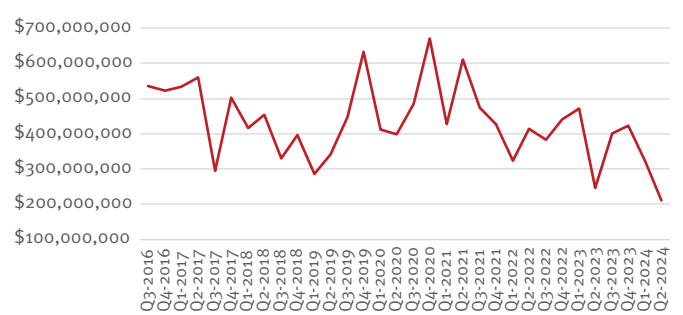
Leading Indicators

As prices have cooled across VIC/TAS the market has reacted as expected – new listings have contracted sharply, active listings are starting to trend down and days on market have more than doubled. We would expect a similar trend to prevail into the end of the year, unless seasonal conditions change dramatically. Even then, it may take a little time to turn the market as farmer confidence repairs, farm incomes rise, and funding costs fall.

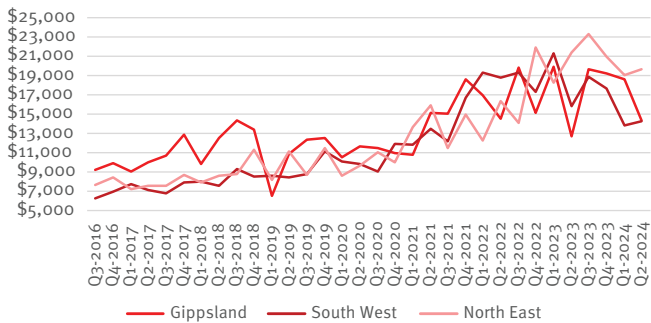
VIC/TAS rural property market



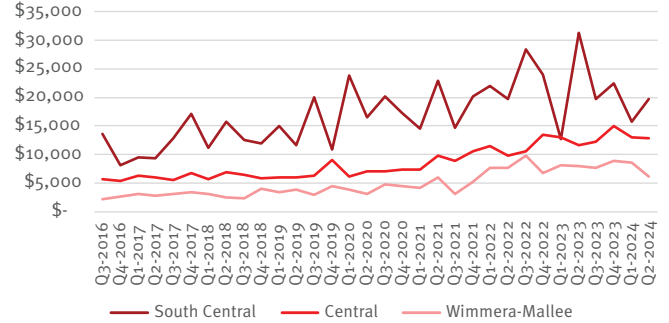
VIC/TAS sales value



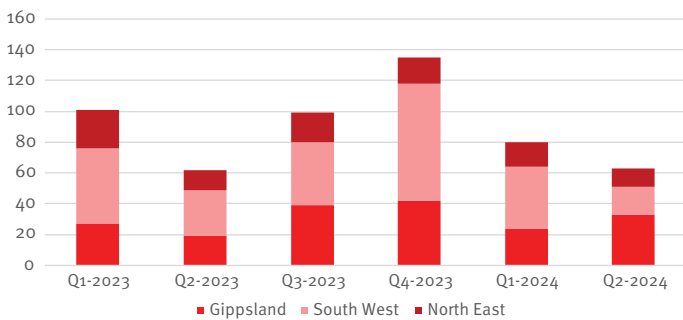
VIC qtr median by region (\$/ha)



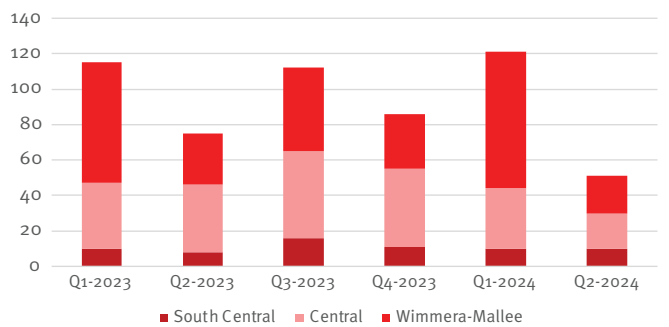
VIC qtr median by region (\$/ha)



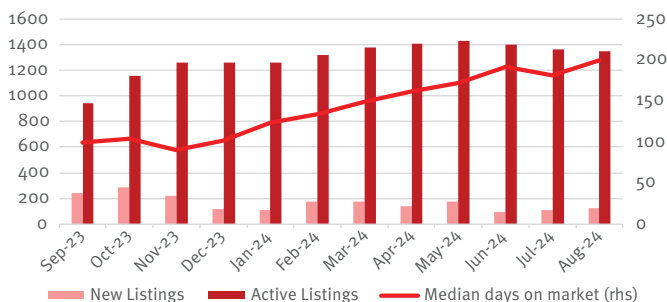
VIC sales by region



VIC sales by region



VIC/TAS Rural Property Market - Leading Indicators



Data provided by PropTrack



South Australia

The performance of the rural property market across South Australia (SA) was surprisingly strong when compared to other southern markets which endured similarly adverse seasonal conditions. After falling last quarter, the Elders SA Rural Property Price Indicator recovered during the quarter to post a gain of 7 per cent and climb 10 per cent above the same time last year.

“South Australia had strong volume and growth for the quarter with quality farms in tight regions moving quickly. In some regions, price growth paused or retreated after successive years of high growth, including the Eyre and Yorke Peninsula’s. Buyers saw opportunities in the South-east on parcels with water entitlements and vineyards, after recent subdued demand.

Going forward the winter crop and grazing programs are facing significant seasonal challenges statewide which may affect short-term confidence through the backend of 2024. At this stage, buyer enquiry and activity remain relatively strong, and this year may prove to be a good long-term buying opportunity.”

Adam Chilcott, State Rural Sales Executive, South Australia.

		QoQ (Q2 2024 vs Q1 2024)	YoY (Q2 2024 vs Q2 2023)
Indicator \$/ha	\$9,648	+7%	+10%
Transactions	207	-5%	+21%
Value traded \$million (m)	\$428m	-13%	+13%

QoQ=Quarter on Quarter

The SA rural property market exhibits a much more seasonal sales pattern than most other markets with property sales tending to be much more heavily weighted towards the first half of the year. Last year, around 65% of all sales were settled in the first half of the year.

Although sales volumes fell 5 per cent through the quarter, this was after a strong lift in activity through the first quarter. Overall sales value held up quite well to be just down 13 per cent on the peak in the first quarter at \$428m, more than double the level of activity in VIC/TAS market.

Across the state, price trends were mixed with gains in the Mallee Riverland and South-east but firm to lower elsewhere. Prices on the Eyre Peninsula suffered fairly solid falls but from a sample of just 27 sales.

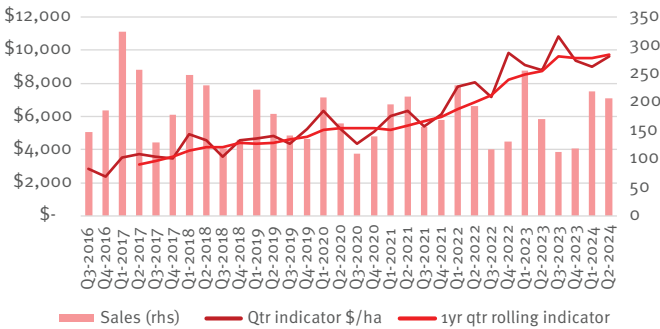
A few less sales on the Eyre Peninsula were offset by a few more in the Adelaide & Fleurieu Peninsula region.

Leading Indicators

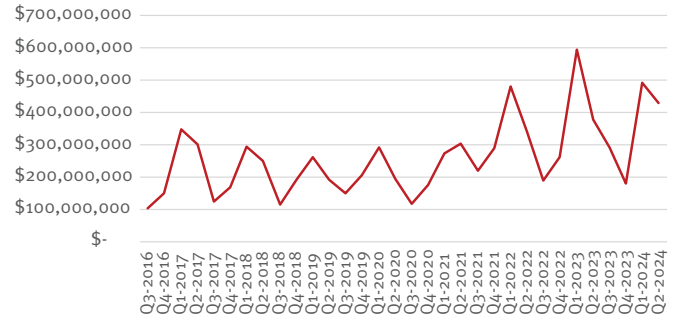
One of the most intriguing facets of this Elders Rural Property Update has been the resilience of the South Australian (SA) rural property market compared to other southern markets that have endured similarly trying seasonal conditions. Highlighting the difference in market conditions, during August, days on market fell and new listings spiked which could signal that market conditions remain positive for the remainder of 2024.

This must be read in context with overall trends since last September. It appears the South Australian market has been in a period of consolidation since late last year with new and active listings contracting for most of the year.

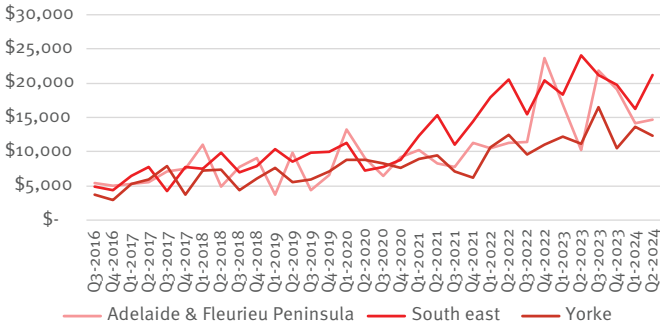
SA rural property market



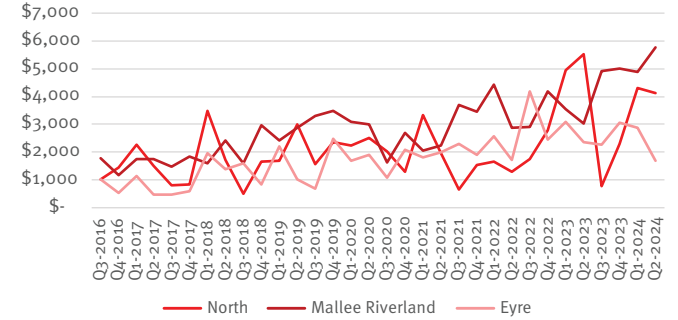
SA value of sales



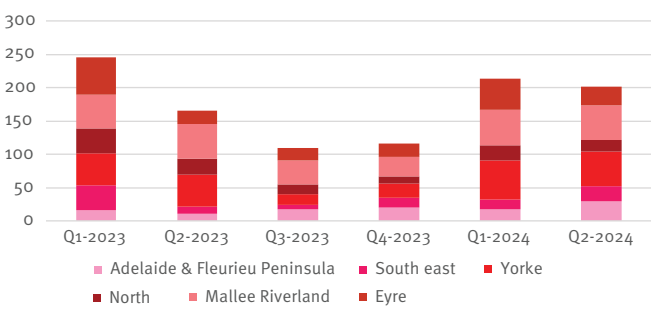
SA qtr median by region \$/ha



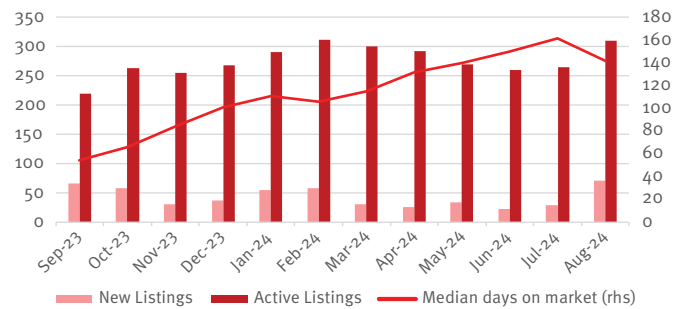
SA qtr median by region \$/ha



SA sales by region



SA Rural Property Market - Leading Indicators



Data provided by PropTrack

Western Australia

The Western Australian (WA) property market held firm on a decline in sales volume and value of properties transacted. The Elders WA Rural Property Price Indicator was unchanged at \$9,237/ha to hold at 3 per cent above year ago levels.

“The 2024 growing season has been mixed across WA. Much of the state commenced cropping in dry conditions, received high winter rainfall, followed by a dry Spring. The property market remains sound, with strong pricing and tight supply across much of the state. The lower Great Southern has seen several quality properties become available during the Spring selling season, which has attracted the attention of many local farmers as well as private and corporate investors”.

Simon Cheetham, Elders State Real Estate Executive, WA

		QoQ (Q2 2024 vs Q1 2024)	YoY (Q2 2024 vs Q2 2023)
Indicator \$/ha	\$9,237	n/c	+3%
Transactions	141	-20%	+9%
Value traded \$million (m)	\$267m	-46%	+10%

QoQ=Quarter on Quarter

Sales fell 20 per cent on the quarter while sales value declined by 46 per cent to \$267m - these measures were higher than the same time last year by 9 per cent and 10 per cent, respectively.

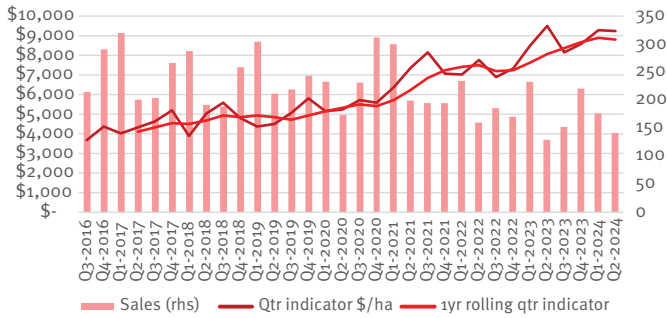
Property price movements across the regions were almost uniformly firm to slightly higher with the best performing markets the Central wheatbelt and South-west.

Sales dipped compared to last quarter but still rose when compared to the same time last year. In WA, sale volumes are normally lowest in the second quarter. Sales volumes fell in the Northern wheatbelt and South-west but rose in the central wheatbelt when compared to last quarter.

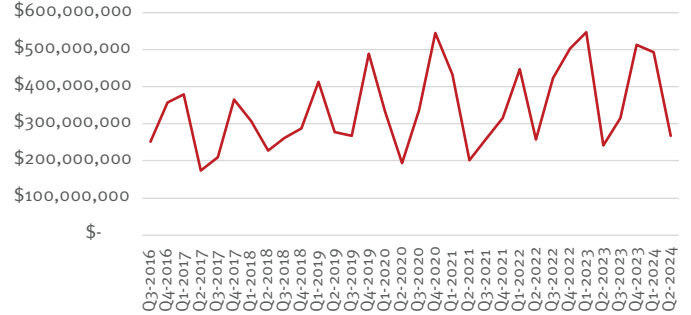
Leading Indicators

The WA Rural Property Market seems to be in a very different phase than other markets around Australia. Like other markets, WA has been in consolidation mode through much of the year, however, there looks to be a shift in market sentiment emerging through Q3 with the number of new and active listings rebounding and days on market falling.

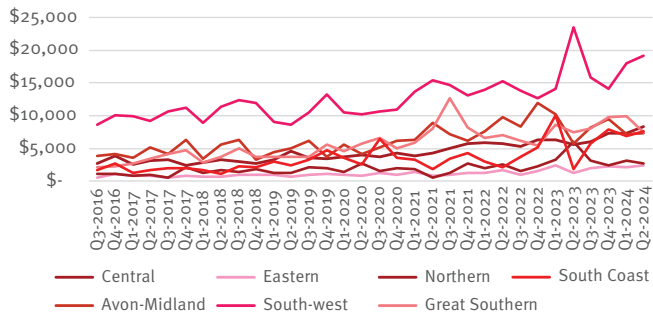
WA rural property market



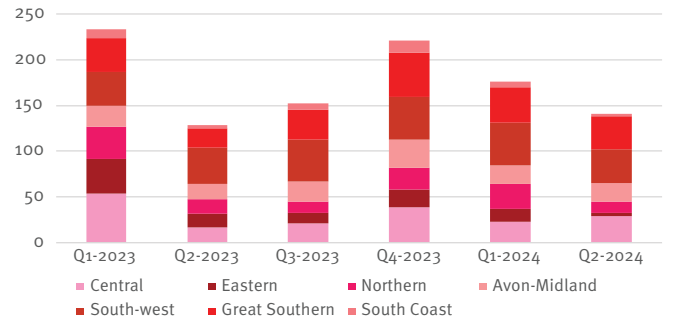
WA value of sales



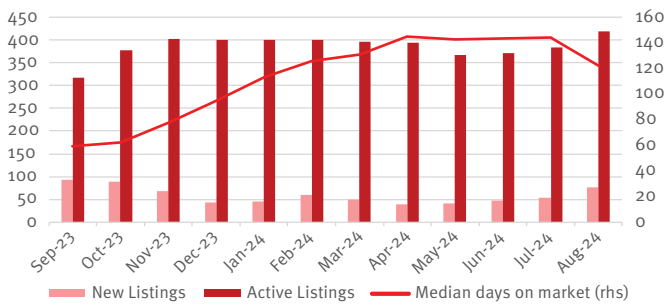
WA qtr median by region \$/ha



WA sales by region



WA Rural Property Market - Leading Indicators



Data provided by PropTrack



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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