

**Media Release****February 22, 2010****Sales, prices and finance down for rural property**

Despite banks professing generosity in rural lending, a recent survey of First National Group's salespeople shows a significant number of deals are falling over through lack of bank finance.

Deals are not the only things falling, with price adjustments across all rural sectors.

The quarterly survey taken last week across First National's 70 offices nationwide measured market activity for the period mid November to mid February.

Over one third of rural sales offices reported deals in their region falling over due to lack of bank finance, although the number of deals overall was considerably lower than the same time last year.

The market with the most listings and sales for the quarter was lifestyle property, although in most regions prices were down between 5%-20%.

Price adjustments downward in at least one sector of the rural property market were noted by all of offices, averaging 7% - 11% less than the same time last year. Due to the low number of sales, price changes noted were based on listing price rather than sales price.

Notable standouts were Otaki, where lifestyle property prices were up 5% on the same period last year and a dramatic drop in viticulture land values in Marlborough.

Overall, demand for rural property was starting to pick up after a particularly quiet period but either supply was not there or the numbers did not stack up for finance for sales to follow.

Advice for sellers by 45 % of respondents was to meet the market with price reductions if they were serious about selling. A further 18% advised rural landowners not to sell unless they had to.

Advice for buyers centred round confirming finance before attempting to buy. Many noted vendors were becoming more motivated to sell and several believed prices in their area would not go much lower.

Cromwell, Taupo and Marlborough were tipped as good places to buy. In Marlborough where First National has 51 viticulture listings, prices for viticulture properties were reported to have dropped up to 40%.

First National Group general manager John Stewart noted continued extremely low sales volume and the negative effect on sales of bank demands for, in some cases well over 50% equity by the buyer.

"Dairy property purchasers are very much under the gun in so far as bank equity demands and this is definitely keeping private buyers out of the market, while the



likes of viticulture properties are suffering from the worldwide downturn in wine consumption and bottle price.

“Limited lifestyle block sales in most areas seem to be tied more to the difficulty middle and upper market urban vendors are having selling their properties than to real demand for ‘a bit of rural land.’

“While the dollar stays high, banks continue to demand unusually high purchaser equity and worldwide consumer prices and volumes remain low, we don’t see much change in sales volume imminent.” Stewart added.

Highlights of the survey were:

- * Unusually low number of sales and deals overall for this period compared with the same time last year.
- * Nationwide, finishing farm and lifestyle block prices were down by an average of 7%.
- * Nationwide grazing and arable land prices were down by an average of 8%.
- * Nationwide dairy land prices were down by an average of 10%
- * Nationwide, horticulture and viticulture land prices were down by an average of 11%.
- * Lack of enquiry for dairy farm land on the West Coast and lifestyle properties prices there down 20%.
- * Viticulture properties in Marlborough at least 40% lower than the same time last year.
- * Grazing and dairy land prices in the Waikato were down 10% - 30%.
- * In Canterbury, dairy land prices were better, only down by up to 9%. Arable land prices were down about 13% but based on listing prices rather than sales.

Note: The survey did not include rural property in the Southland region.

For more information please contact

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