

# Rural Property Market Tasmania

2008 - 2009

**It appears that the rural market has also been affected by the Global Financial Crisis and recessionary conditions, with a significant reduction in demand for rural properties. The strongest rural market is primarily for cropping properties, especially those with excellent irrigation water, of which values for properties of this nature are holding reasonably firm.**

There has been a reduced demand for dairying properties recently with the dairy industry experiencing a reduction in excess of 30% for current milk prices paid. This has greatly affected the volume of sales, and the profitability generally for dairying properties.

There are some larger dairying entities for sale, however, the corporate market for these properties is now very restricted and extended selling periods are required. The market is stronger for smaller dairying entities.

The beef market appears reasonably flat with very few large beef farming entities selling in recent times, although prices appear to be reasonably stable. Wool prices still appear to be reasonably poor, although lamb prices appear to be moderately buoyant at present. The affects of the recent drought last year has seen a decrease in stocking numbers generally throughout the State, and a large reduction in the volume of sales for beef and sheep numbers is evident.

The demand by the Chinese market has significantly reduced from previous growth and what was forecasted, and this has affected all economies within the rural market in Tasmania. The timber industry is also experiencing a general downturn and there has been minimal plantation land purchased in recent times.

On a positive note, recent input costs for farmers has reduced with a reduction in fertilizer costs being a recent saving together with the recent reduction in interest rates, which has considerably eased the pressure for profitability of our rural farmers. It is evident that properties with excellent irrigation water are keenly sought after when offered for sale.

There has not yet been any market evidence of a reduction in property values, although there have been some recent sales for beef grazing properties where keen Vendors willing to sell has slightly affected the market with a slight reduction in expected selling prices recently realised.

Recent analysis undertaken for dairying or potential dairying properties has shown a significant decrease in volume since 2008 with the 2 largest dairying sales in the North West of Tasmania located within the Circular Head Region – one comprising the Pendulum Park property within Togari which sold for \$7,774,000 (Seven Million Seven Hundred and Seventy Four Thousand Dollars) for a 308 hectare well improved dairying property showing a gross analysis of approximately \$25,240 per hectare. Another large dairying property in Montumana sold for \$5,000,000 (Five Million Dollars) in 2008 for a 191 hectare well improved dairying property showing a gross analysis of \$26,180 per hectare.

Other dairy properties sold within the Circular Head region, generally range in the vicinity of \$14,000 to \$23,000 per hectare gross for well improved dairy farming properties. In other areas of Northern Tasmania, it appears there were 9 main dairying properties sold. These generally range in the vicinity of \$19,000 to \$20,000 per hectare gross with the highest sale being for a well appointed dairying property within the Dairy Plains District which sold for \$4,550,000 (Four Million Five

## LAUNCESTON

15 George Street,  
P.O. Box 585  
Launceston,  
Tasmania 7250

phone 03 6331 1511  
fax 03 6331 1966  
email [admin@eskproperty.com](mailto:admin@eskproperty.com)  
web [www.eskproperty.com](http://www.eskproperty.com)

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Hundred and Fifty Thousand Dollars) comprising a 289 hectare well improved property with good irrigation water, showing analysis of approximately \$15,743 per hectare gross.

Within central North West there were very few dairying properties sold, with the highest property being in Milabeena which sold for \$1,900,000 (One Million Nine Hundred Thousand Dollars) which comprised 214 hectares, showing a gross analysis of approximately \$8,900 per hectare. This property is currently listed for sale and is likely to be sold significantly under this price due to an anxious Vendor.

It is now evident that due to recent drought conditions that have occurred in various parts of Australia, properties in the North West area of Tasmania especially, are still reasonably sought after as they are now virtually drought resistant and properties with excellent irrigation water appear to be the most premium sought after properties. Although there is currently a slightly downturn generally in the dairying market, the longer term predictions for the dairying industry are reasonably buoyant with demand for milk production predicted to continually increase.

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DAVID D. JOHNSTON (A.A.P.I.)

Certified Practising Valuer

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P.O. Box 585  
Launceston,  
Tasmania 7250

phone 03 6331 1511  
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web [www.eskproperty.com](http://www.eskproperty.com)

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