February 2025

Rural Month In Review

The Month in Review identifies the latest movements and trends for property markets across Australia.

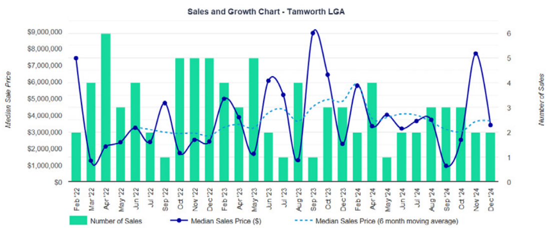
New South Wales

The rural market in New South Wales during 2024 was marked by a general slowdown, with a clear trend of buyer caution despite improved seasonal conditions across most regions. This cautious sentiment resulted in extended selling periods for many properties and reduced sales volumes across various local government areas, especially when compared to the strong sales activity seen in 2022 and 2023. In particular, properties over 200 hectares in regions such as Northern, North-West, and Upper Hunter New South Wales saw a flattening of median sale prices, as indicated by the charts from Pricefinder.

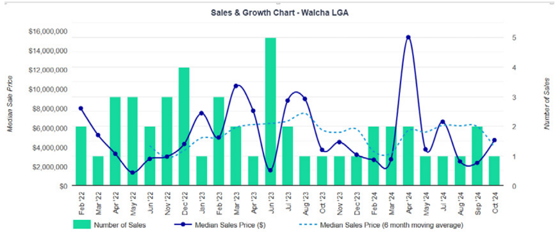
The outlook for 2025 suggests a stable market environment, driven by a likely increase in beef cattle supply during the first half of the year. While this might soften cattle prices, the general sentiment in the market is expected to remain steady. Similarly, the outlook for sheep markets is also projected to remain stable, provided that seasonal conditions continue to be favourable.

In summary, while 2024 saw a lacklustre performance, 2025 is expected to maintain relative stability, with the beef and sheep sectors playing a significant role in shaping market conditions for grazing properties within the Northern, North-West, and Upper Hunter areas of New South Wales.

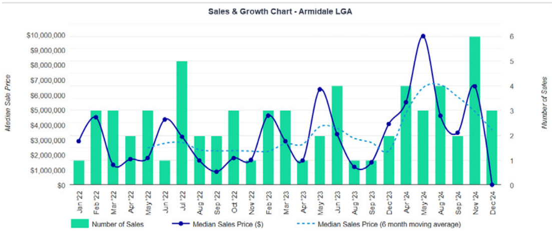
Angus Ross
Director



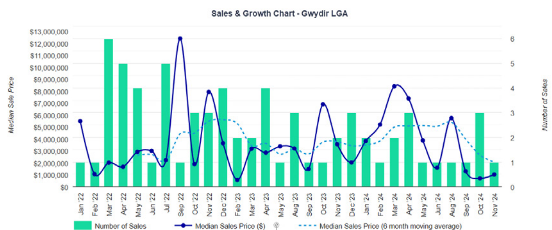
Sales and growth Tamworth LGA Source: Pricefinder



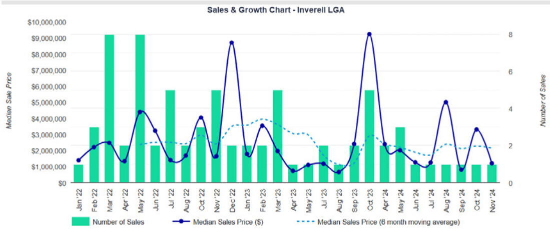
Sales and growth Walcha LGA Source: Pricefinder



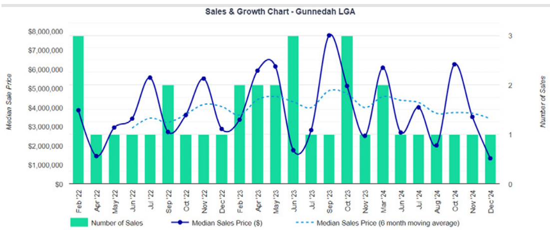
Sales and growth Armidale LGA Source: Pricefinder



Sales and growth Gwydir LGA Source: Pricefinder



Sales and growth Inverell LGA Source: Pricefinder



Sales and growth Gunnedah LGA Source: Pricefinder

NT/Kimberley

The number of commercial-scale freehold farm sales in the NT was fairly light-on in 2024 with only one sale in the Douglas Daly (Midway, 2430 hectares in December) and one in the Katherine district (Carbeen Park, 7390 hectares in December) however the Ord River Irrigation Area (ORIA) was a lot more active. Looking at the NT first, Midway was an ex Quintis Indian sandalwood property with an extensive dripline irrigation system and the buyer was looking to farm cotton in the mix although cucurbits could well be the dominant use. Although Carbeen Park had over 1300 hectares of predominantly dryland country (cleared, previously cleared and regrowth) and around 80 hectares of potential irrigation (old pivot and potential expansion land with ten megalitres per hectare surface water allocation) to play with, the buyer is reportedly not looking at farming cotton at this stage. During most of 2024 there were three other commercial-scale farms for sale, all in the Katherine district. These properties offered around 4900 hectares of dryland cultivation between them and one had around 100 hectares of dripline irrigation watering Indian sandalwood, but the demand appears to be less for the dryland and more for the proven irrigation water or higher rainfall. The ORIA saw more sales activity in 2024 than the NT, and much of it was also to do with the sell-down of Indian sandalwood plantation properties. Delta

HERRON TODD WHITE

Obviously, a significant driver of demand during 2025 will be the cost of money.

Santanol Pty Ltd negotiated a multi-property sale of a combined 700-plus hectares of quality brown and grey cracking clay flood irrigation for around $19.3 million, the majority of it to Arek Farming Pty Ltd (a company related to Darling Downs in Queensland cotton farmer Russell Keeley who also has four other irrigation properties in the ORIA including non-sandalwood property, Kneebone, 281 hectares of gray Kununurra clay flood irrigation which was purchased for $5.2 million in mid 2024). It would appear that at the moment the greater attraction is for the higher rainfall of the Douglas-Daly (around mean 1200 millimetres per annum) plus good and relatively secure Oolloo Aquifer groundwater resource, or, over in the ORIA the abundant and secure water supplied by Lake Argyle for growing cotton, and that the lower rainfall dryland around Katherine is attracting less interest from the emerging cotton sector in the NT. The dryland around Katherine is likely to continue to test the market during 2025 however it will be interesting to see whether the volume of cotton grown in the Douglas Daly continues to expand during 2025 (around 13,000 hectares was farmed in 2024) and how significant the impact might be of cotton seed to the local cattle industry, particularly for those dryland hay and improved pasture growing properties around Katherine. The new Katherine cotton gin processed 56,000 bales last year which has provided the local cattle industry an injection of protein previously unavailable (or not viable to import). This could shift the productive potential of these good quality dryland blocks around Katherine, enhancing their saleability.

We understand that a significant portion of the cotton ginned at Katherine during 2024 was grown over in the ORIA so with the new cotton gin in Kununurra due for completion by mid-2025 it will be interesting to watch how the rivers of cotton will flow. The Katherine gin is reportedly capable of processing between 150,000 and 200,000 bales per annum and the Kununurra gin around 100,000 bales. 2023 and 2024 saw continued gradual conversion of Indian Sandalwood plantations in the ORIA to cotton and around 2,700 hectares was grown in the valley last year. With the completion of the Kununurra gin, we would expect the area under cotton to increase quickly, particularly because cotton as the base field crop in the ORIA needs a minimum area of at least 5,000 hectares to achieve viability. There are likely to be several more ex Indian sandalwood properties come to market during the first half of 2025 so the buyer profile here will be telling but we predict cotton to be the underpinning driver of demand.

Obviously, a significant driver of demand during 2025 will be the cost of money. With the price of nearly all agricultural inputs having increased significantly in recent years, any lowering of interest rates is likely to underpin demand, particularly in markets where property prices are at record highs, which is basically the case for all primary industry related land across the NT and Kimberley. Other points of interest to watch during 2025 will be how the NT's largest horticultural crop, mangoes, proceeds under the cloud of mango twig tip dieback (MTTD) which has impacted the industry over the past couple of years and appears to have significantly impacted the marketability of a number of farms for sale last year. However, the formation in August last year of a dedicated research and planning committee made up of NT government department (primary industry) representatives, farmers, peak bodies, and agronomists, aims to drive future research efforts and coordinate on-farm trials and we understand that already the efforts are starting to bear fruit (so to speak).

On the pastoral front, the live export trade will continue to be front and centre for any movement in pastoral land values which remain at all-time record highs. With at least three northern NT pastoral holdings still sitting on the market for sale after an extended period at asking prices which tend to still be pushing the limits, it appears that the market is unwilling to bite. Vendors look like they will need to be more price realistic in order to achieve a sale within a realistic time.

Frank Peacocke
Director

South Australia

For many of South Australia's key agricultural regions, 2024 was a year to forget with much of the state receiving well below average to record low rainfall since records have been kept together with a mixture of untimely frosts and late harvest rains that ultimately impacted the production yields achieved by grain growers.

This sentiment has been reflected in the recent South Australian Crop and Pasture Report which states the current estimated grain production for 2024/25 has been reduced to 5.3 million tonnes, which is 42 per cent below the five-year average and the lowest total since 2008/09 (4.9 million

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tonnes). The estimated farm gate value of grain is $2.1 billion which is well below the past two years of $4.8 billion and $3.3 billion for 2023/23 and 2023/24 respectively.

The typically reliable cropping regions such as the Mid-North and Yorke Peninsula have experienced uncharacteristically difficult seasons with growers reporting that yields have been up to 50 per cent down on long term averages with some growers across the Mid-North having to make the difficult decision to either salvage a crop for hay or abandon this year's harvest to save on production costs.

Intriguingly, this didn't stop the Yorke Peninsula from achieving the record dryland farming sale on a rate per arable hectare for the region of $44,476 per hectare or approximately $18,000 per acre. The property at Section 210 Pine Point Road, Maitland is prime continuous cropping country within a historically reliable rainfall area and achieved a total price of $4.75 million by locally based Elders Real Estate agents. This sale, amongst others, shows the overall sentiment across South Australia that premium agricultural properties will continue to be in high demand. However, anecdotally, the buyer pool appears to be thinner for C- and B-grade with enquiry levels down since the peaks of 2022-2023.

Whilst strong sales are still being reported across a number of asset classes, particularly tightly continuous cropping and grazing regions, there have been signs of caution from investors and buyers in recent times. The rising cost of capital, softening of commodity prices and high production and input costs have put pressure on primary producers with many reassessing their capacity to acquire new properties as they consolidate their position in tougher market conditions.

Portions of the south-east have experienced a green drought this year which saw a large number of graziers having to purchase large quantities of hay as feed stocks were put to the test. Broadly speaking, this has seen a reduction in transactions across the area as primary producers have had to become more discerning as they navigate tough seasonal conditions and have become strategic in their approach to acquiring property.

Looking to the year ahead, the South Australian rural outlook for 2025 is showing signs of greater optimism with the forecast interest rate cuts expected to ease the cost of debt burdens which has the potential to fuel greater demand for property. A return to more favourable weather conditions together with stabilised input costs and sustainable commodity prices should likely see a return of buyer confidence and should see buyer pools increase and values strengthen across the cropping and grazing sector.

Chris Algie
Associate Director

Northern Victoria

As is usually the case in the rural market, the future really comes down to the weather and general economic confidence. Looking first at the major horticultural industries in the local area, there is some good news in that growing conditions have been quite good over the past 12 months and the Australian dollar is at near record lows, which helps with export returns.

The global almond price has improved by nearly 15 per cent since mid 2024, due to lower Californian production and strong demand from India. The 2025 crop is forecast to be down on 2024, in keeping with the crop's biennial pattern. We expect the higher global price to have a positive impact on buyer sentiment, with agents reporting there is some new enquiry on properties that have been quietly advertised for the past year or so. Hopefully we will see a sale or two, following a period where sales evidence has been very thin.

Citrus growers are also expecting prices for the coming year to be relatively strong, assisted by the low Australian dollar and a global shortage of orange juice. Anecdotal evidence suggests there should be ongoing good demand for navel oranges and easy peel varieties from key Asian export markets, and that while the mixed Asian economic conditions may not see any price increase, the low dollar will help. The higher juice market may turn out to be a short-lived event, however is very welcome, given the boost this has to overall bin prices. We have heard of growers

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receiving over $400 per tonne for their over-run fruit, compared to historic prices that were often below $100 per tonne.

The table grape harvest in the Sunraysia region started in the last week of December and reports so far are of good yields and good fruit quality. Demand from Asian markets is understood to be quite good, however the good crop loads coupled with some weakness in Asian economies may see little or no price growth this season. Once again the low Australian dollar is expected to help maintain acceptable farm gate prices.

There have been few recent sales of table grape vineyards or citrus orchards in the local area. There has been one sale of a medium sized table grape vineyard in the Mildura region at a level which is slightly below rates we had seen between 2020 and 2023, however the property was in a slightly under-maintained condition. Several sales in the Robinvale district have been at higher levels. Future table grape transaction activity will depend on how the current harvest pans out, which will not be completed until the end of April.

Irrigators have benefited from several years of relatively cheap temporary water prices, with above average rainfall between 2020 and 2023 keeping the catchment dams relatively full and allocations high. The past few months have seen lower inflows, with storage levels now down to around 66 per cent and the cost of leasing water back over $150 per Megalitre. Much will depend on inflow levels in the late autumn and winter period. There is potential for the cost of leasing water to be over $200 per Megalitre by mid 2025 should inflows remain low.

The wine grape industry in the inland areas continues to suffer from an oversupply of red grapes, however there are signs that production in 2025 will be much lower than expected, which might help restore balance sooner than expected. This is due to some widespread frost damage in September 2024, coupled with the removal of vines from a number of large-scale vineyards. White wine grape prices remain similar to 2024 and are at a level where efficient growers can expect to generate a profit. There were two sales of medium scale wine grape vineyards in the Mildura region during the latter half of 2024, both of which occurred at low prices. Our sense is that sentiment bottomed out in mid 2024 and that there may be some improvement in the coming year.

The dryland cropping sector in central and northern Victoria starts the 2025 year with most areas having very low sub-soil moisture levels. This is in contrast with last year, when many farmers were able to capitalise on stored moisture to get crops up and going.

In some ways, this is a return to what would be expected to be a normal weather pattern, given our reliance on winter dominant rainfall, however the coming season will be highly dependent on a good autumn break.

There were relatively few cropping sales in 2024, with a number of vendors holding off marketing their properties. Values in northern Victoria have held up well, with no significant reduction evident, while values have declined by around –five to ten per cent in the Wimmera and central Victoria. At this stage it is difficult to see any factors that are likely to contribute to value growth in 2025. While anecdotal evidence suggests balance sheets remain strong, confidence levels have been impacted by the patchy seasonal conditions in 2024 and farmers are expected to be cautious, especially while interest rates and input costs remain high.

Graeme Whyte
Director

Western & South-West Victoria Dairy

Few dairy farm sales are occurring across western and south-west Victoria at present with the 2024 spring having little in the way of prime assets going to market and a similar forecast is expected for the autumn, suggesting a cautious but stable market. This newfound cautiousness pervades the dairy farm sector, with buyers now completing a large degree of due diligence when looking to acquire property, by scrutinising property conditions, presentation, infrastructure, and potential capital expenditure.

Across the board, milk prices have softened slightly from the 2023/24 season with processors likely to offer higher prices for large milk volumes from single producers, rather than competing for smaller suppliers. Fresh milk contracts with Woolworths and Coles will attract a higher price, but with this comes a larger and more intensive degree of management and quality. While local milk prices are steady compared to global markets, international dairy prices are gaining momentum and are increasing after hitting a five-year low during 2023.

Changes in demand from major importing countries such as China, the United States and Japan can have significant implications for Australian dairy exports. Forecasting the short to medium term performance of the local economy and property sector remains challenging, however underlying indicators suggest an elevated likelihood that the property market has passed its peak in the current cycle and is now easing.

Benjamin Mugavin
Director

Southern WA Dryland Farming

Consolidation has been a prominent word when describing how southern Western Australia's rural property market might fare over the next 12 months. With expected interest rate cuts and a total grain production estimate nearing 20 million tonnes for the 2024/25 season (what would be the third largest grain crop on record as reported by the Grain Industry Association of Western Australia), in addition to good subsoil moisture reserves in some regions, this can be foreseen without significant argument to the contrary.

The level of demand in 2024 was curtailed from the significant highs experienced throughout 2021 to 2023. This was due in part to a number of operators leaving the market following a growth phase, a more selective buyer pool compared to the significant price growth years of the early-2020s, and a strain on profitability for property in the high rainfall western regions. In particular more affordable smaller scale and well-developed add-on properties with proven production, particularly those in tightly held localities that experienced limited transactional activity over the previous three years, still experienced good interest and strong prices. A similar trend could be expected for 2025 barring a poor season or unexpected commodity price or monetary policy changes.

Mitchell Boylan
Valuer

Queensland

An active summer storm season has resulted in significant rainfall throughout much of Queensland during the Christmas break, and as a result cattle markets have opened well, led by strong demand, with prices firming above the December levels. This along with the expectation of at least some degree of interest rate softening should result in the key market pillars being at least in line with that of 2024.

The Queensland pastoral property market has traded relatively well over the past 12 months and we expect that this should continue, with the potential for very strong market competition for premium quality properties as a result of these favourable factors.

Primarily as a result of favourable growing conditions in most growing regions, broadacre cropping properties should also maintain a sound level of liquidity, with scarcity of supply creating a healthy level of competition for premium assets.

The horticultural sector throughout the state will be subject to mixed demand due to the impact of inflationary pressures on the cost of production and the flow on to profitability. There were a number of receiver-instructed sales of permanent crop assets during 2024, and while some of these sales were heavily discounted, buyers were active in most cases.

Will McLay
Director

Consolidation has been a prominent word when describing how southern Western Australia's rural property market might fare over the next 12 months.