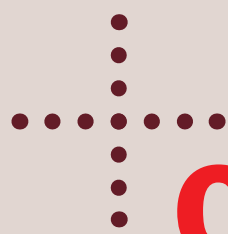




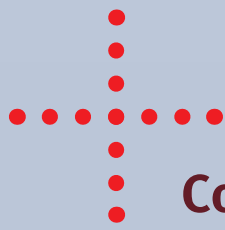
RURAL PROPERTY UPDATE



Q4 EDITION

October - December 2021





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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.

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

YoY – year on year growth

1yr rolling performance - the median price per hectare for one year from the latest data point. For example, the 1yr rolling median \$/ha for Q4-2021 runs from 1/01/2021 to 31/12/2021; the next quarter will roll to the 01/04/2021 to 31/03/2022. The dataset changes by one quarter at a time which helps smooth out volatility and give an indication of long-term trends.

Foreword

Welcome to the first edition of the Elders Rural Property Update.

This report summarises the changes in rural property prices quarter to quarter and year on year for the same period. Accurate and timely property price trends are critical to any rural property investment decision: buying, selling or holding.

Price trends are important when considering major capital expenditure to improve productivity on farm as property value changes affect total returns from the decision.

Rural property remained highly sought after in 2021 by a wide range of buyers. Strong equity, a return to average to good seasonal conditions, low debt servicing costs and strong commodity prices, have driven demand for rural land. These factors have also contributed to strengthening decisions to retain and operate by most owners, creating a situation where demand is outstripping the supply of land coming onto the market.

Perhaps the most important long-term factor driving property prices is a belief in the continuation of strong market fundamentals for most Australian farmland outputs. Demand is strong for Australian grains, oilseeds, meat, dairy and fibre products, with experts, family farmers and investors believing this is likely to continue for some time.

However, we have recently seen rural property values rise faster than commodity prices which points to a greater influence of non-commodity price factors such as low interest rates and access to equity from existing holdings, influencing decisions to buy land. This has made farming families the most competitive sector of the market for rural property.

There is ample evidence for the maturity of rural property as an asset class for a wider range of investors looking for long term, capital secure investment options that produce a competitive financial yield - something farming families have known for some time.

However, statistics are only part of the story. Elders has a large network of highly experienced rural property experts who are intimately familiar with their local markets and can assist with interpreting trends for individual properties and investment decisions.

We look forward to sharing this information and analysis with our clients and the wider market each quarter.

Mark Barber

Head of Agribusiness Investment Services

Executive Summary

Elders Rural Property Update shows that transaction volume lifted in the first half of 2021, but it did little to halt the momentum of appreciating land prices. The story of appreciating prices remained unchanged in Q3-2021 and Q4-2021. The same could not be said for transaction volume which tightened, adding further upward pressure to prices.

Nationally, median price per hectare increased by 18.4 per cent (pc) for the 2021 calendar year, taking the median price to a record \$7,060 per hectare (ha). Transaction volume was marginally higher, growing by 3.4pc to 9,098.

In Q4-2021, median price per hectare increased by 3.6pc compared to the previous quarter, marking the third consecutive quarter of growth. While transaction volume tightened further, decreasing by 1.8pc.

The value of rural property traded nationally in 2021 totalled \$13.3 billion, increasing by \$1.7 billion compared to 2020. Total value traded in Q4-2021 equated to \$3.6 billion, increasing by \$567.8 million compared to the previous quarter.

Highlights at state level for the 2021 calendar year included a 41.0pc increase in median price per hectare in Western Australia along with increases of over 28pc for both Queensland and Victoria.

For Q4-2021, Tasmania and South Australia recorded median price per hectare growth of 37.7pc and 32.0pc respectively. In contrast, median price per hectare declined by 25.2pc in Western Australia, driven by a change in transaction mix towards larger parcels of land.

Looking ahead, Elders Rural Property Update suggests that buy side drivers such as balance sheet growth, low interest rates and high commodity prices will continue to outweigh sell side factors. However, while buy side drivers are numerous and well known, it'll likely be transaction volume which dictates the duration of the current growth phase.

The current motivation from sellers is profit driven in addition to generational change; exiting long term assets at a time when prices are high is appealing. The depth of sellers motivated by these factors doesn't appear to be significant enough to dent demand in 2022.

Elders Rural Property Update aggregates transaction data from 39 regions across Australia. To get in touch please refer to the 'For More Information' page at the end of this update.

Key Drivers

Buy side summary

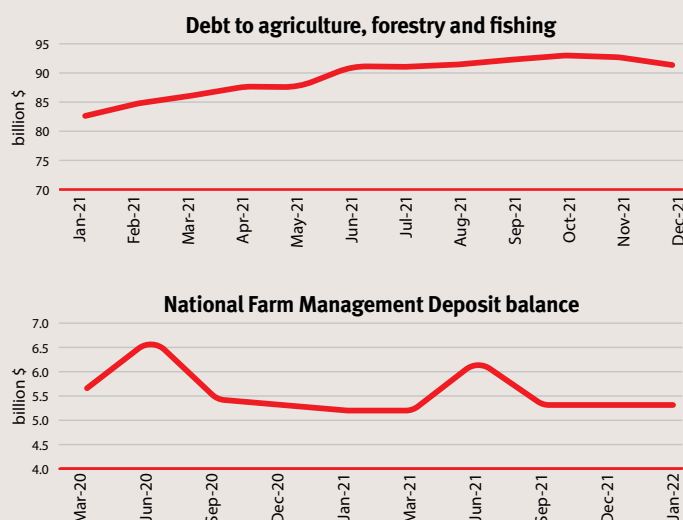
In short, buy side drivers in Q4-2021 and the 2021 calendar year, have aligned in a way which is largely unprecedented.

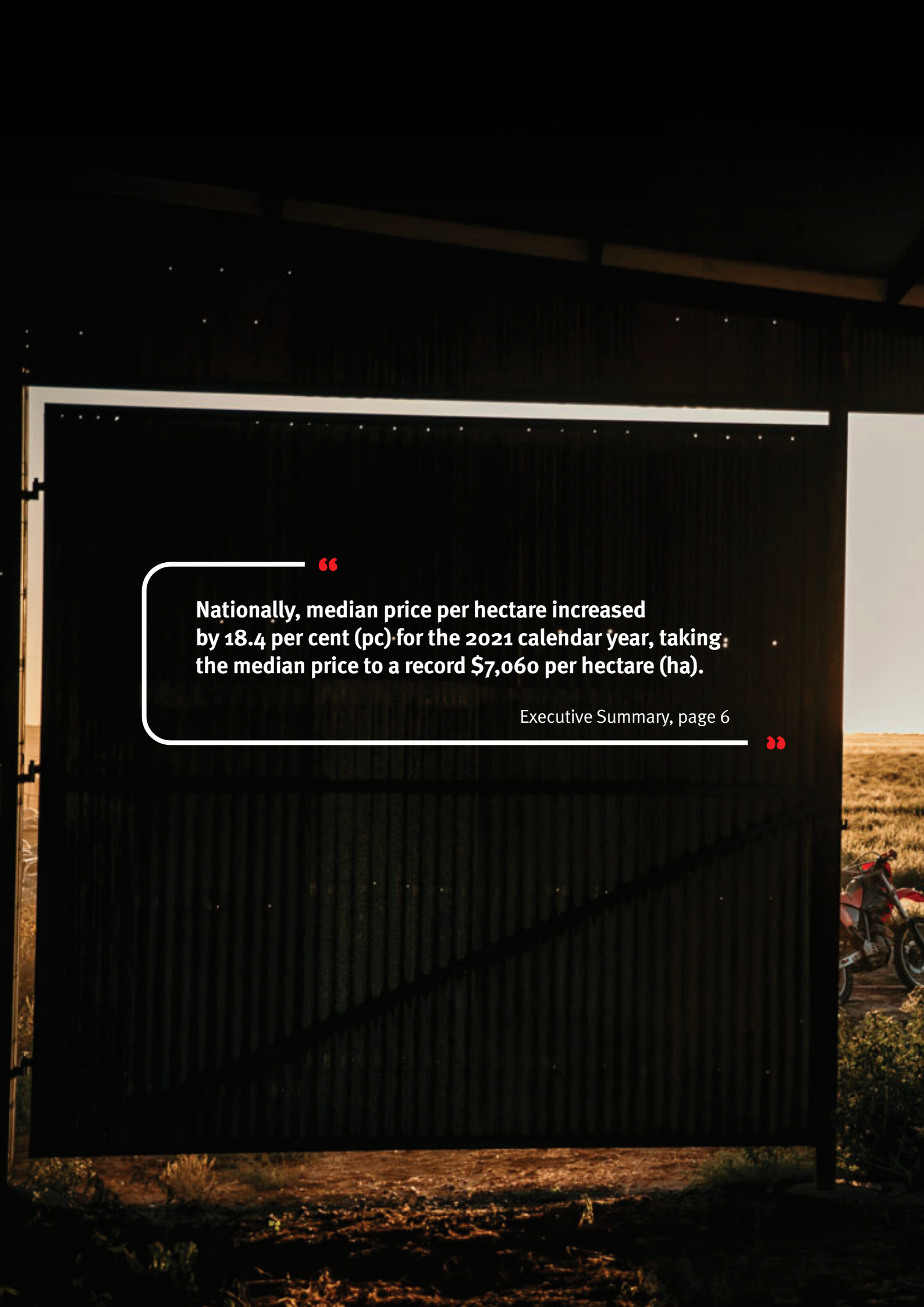
- Australian commodity prices remain high across most categories, wheat (+33pc YoY), beef (+30pc YoY) and finished dairy products (+48pc YoY). Lamb prices are currently the exception (-3pc YoY).
- Business interest rates remain low, medium business rates eased by 0.03pc during Q4-2021 and a further 0.01pc in January 2022 to an average of 2.59pc. Large business rates eased by 0.01pc in Q4-2021 but have since increased by the same amount in January 2022 to an average of 1.51pc.
- Debt to Agriculture, Forestry and Fishing declined by 0.9pc in Q4-2021, declining by 1.4pc in December, the largest decline since December 2020.
- Buying power has improved, in addition to growth in rural property values in Q4-2021 and 2021, the national Farm Management Deposit (FMD) balance sits at 0.2pc above January 2021 levels.

Sell side summary

Sell side drivers remained scarce in Q4-2021 and the 2021 calendar year, however, they have and will continue to dictate the market in terms of transaction volume.

- Profit selling at a high price remained the dominant sell side driver in 2021. Appreciating rural property values prompted a higher rate of selling particularly in the first half of the year, however, transaction volume eased in the second half of the year.
- Generational change is a constant sell side factor which can be hard to quantify but certainly something that impacts transaction volume at a local level.





Nationally, median price per hectare increased by 18.4 per cent (pc) for the 2021 calendar year, taking the median price to a record \$7,060 per hectare (ha).

Executive Summary, page 6

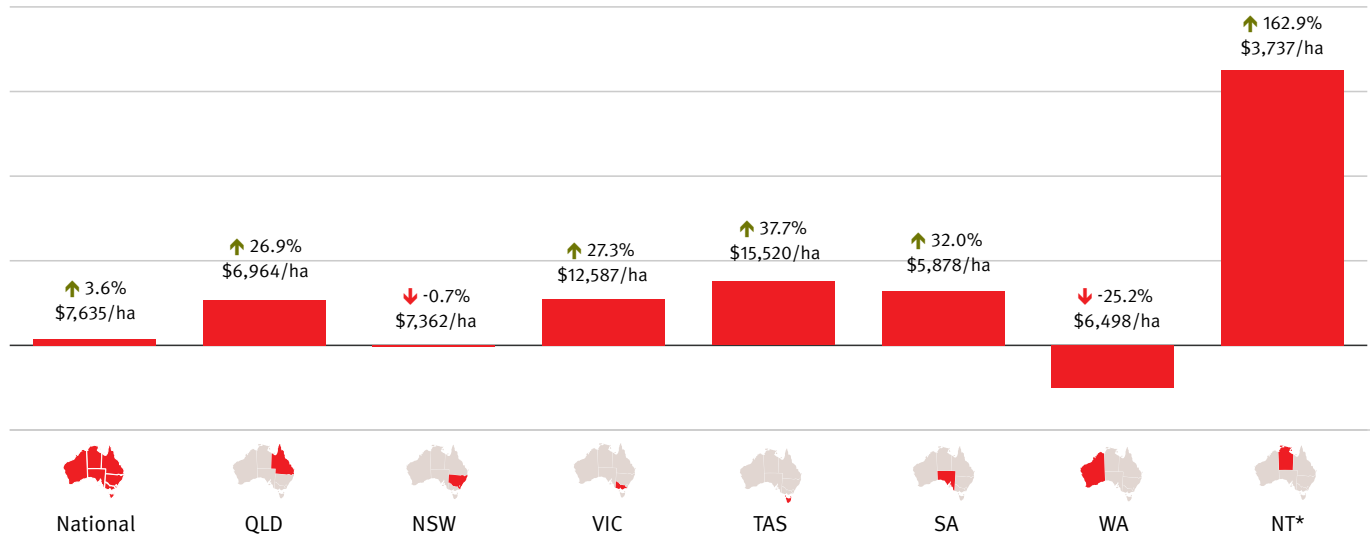


Results snapshot

Q4 October - December 2021

Median price per hectare performance

Q4 - 2021



2021 calendar year snapshot median price per hectare

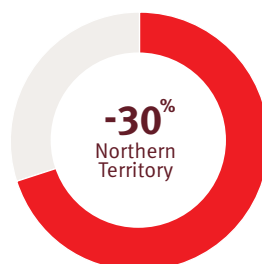
	Median \$/ha	% change
QLD	\$5,863	28.9%
NSW	\$7,134	15.5%
VIC	\$10,559	28.4%
TAS	\$10,774	-11.7%
SA	\$4,398	-2.7%
WA	\$6,534	41.0%
NT	\$2,857	-30.0%
AUS	\$7,060	18.4%



**LARGEST
PERCENTAGE
INCREASE**
compared to 2020



MOST VALUABLE



**LARGEST
PERCENTAGE
DECREASE**
compared to 2020

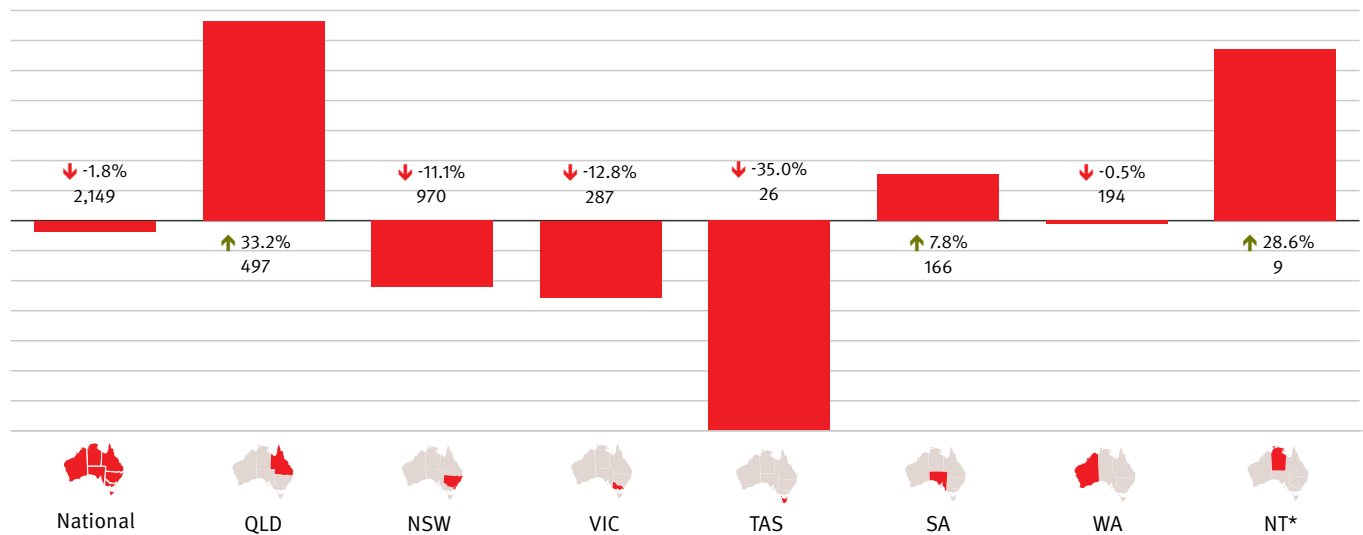
* Northern Territory results are highly variable due to low transaction volume

Results snapshot

Q4 October - December 2021

Transaction volume performance

Q4 - 2021

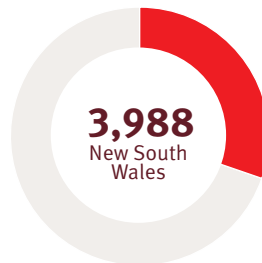


2021 calendar year snapshot transaction volume

	Transactions	% change
QLD	1,948	4.6%
NSW	3,988	13.5%
VIC	1,334	-14.4%
TAS	180	-30.5%
SA	725	18.1%
WA	888	-6.5%
NT	35	-7.9%
AUS	9,098	3.4%



**LARGEST
PERCENTAGE
INCREASE**
compared to 2020



**MOST
TRANSACTIONS**



TRANSACTIONS
made nationwide over 2021



Australia

“After a very strong 2021 which saw a record \$13.3 billion of land change hands, we expect momentum to carry into 2022. Supply remains tight around the country which is reflected in price growth against a backdrop of positive buy side factors.”

Tom Russo
Executive GM Real Estate, Australia

Quarterly Review

National median price per hectare growth in Q4-2021 was driven by gains in Queensland, Tasmania and Victoria.

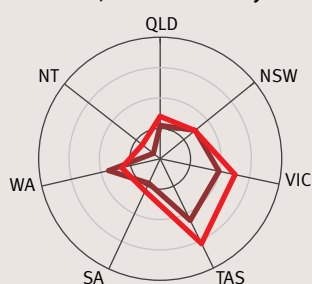
The 1yr rolling median price per hectare increased by 3.9pc in Q4, the tenth consecutive quarter of growth. Rolling transaction volume declined by 5.2pc, beginning a downward trend.

For the 2021 calendar year median price per hectare increased by a record 18.4pc. Transaction volume was only 3.4pc higher, resulting in tight supply.

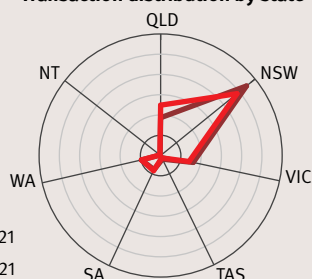
	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$7,635	+3.6pc	+16.0pc
Transactions: 2,149	-1.8pc	-18.9pc
Value traded: \$3.6B	+18.8pc	-4.9pc

Historic performance

Median \$/ha distribution by state

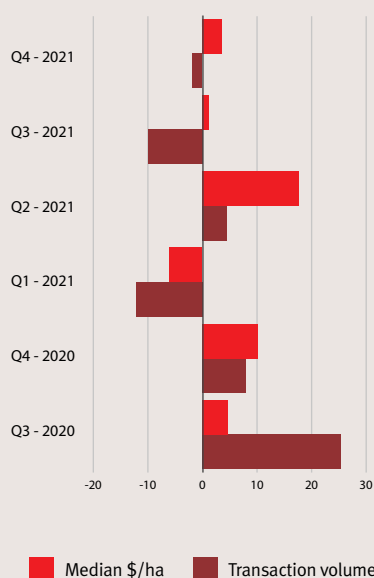


Transaction distribution by state

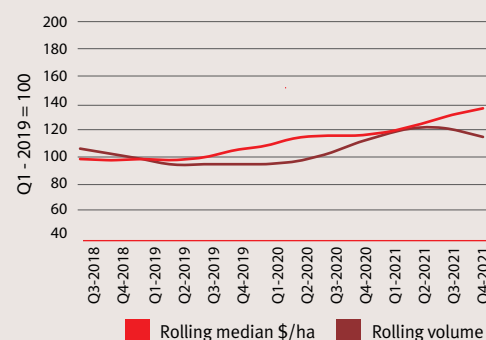


■ Q3-2021
■ Q4-2021

Quarterly Comparison (%)



1 Year Rolling Performance (Australia)



8.8%

5YR CAGR



“Confidence amongst beef producers is expected to carry into 2022 which could see listing volumes increase along with price rises. Smaller parcels in the South region will likely remain sought after, drawing demand from both lifestyle and grazing buyers.”

Rob Anderson, State Manager Real Estate, QLD/NT

Queensland

“Supply of properties bounced back in Q4 particularly in the North and South regions. Grazing properties across the state continue to attract high levels of interest, with a number of large parcels transacting in the Central and South regions.”

Rob Anderson
State Manager Real Estate, QLD/NT

Quarterly Review

Queensland posted a record high median price per hectare in Q4, driven by an increase in transaction volume from the Central and South regions.

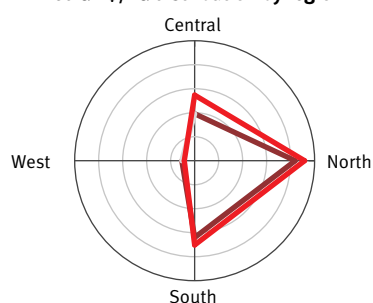
The 1yr rolling median price per hectare increased by 11.5pc in Q4, the tenth consecutive rise. Rolling transaction volume declined by 1.1pc.

The record high posted in Q4 helped to achieve a record high median price per hectare for the 2021 calendar year, increasing by 28.9pc.

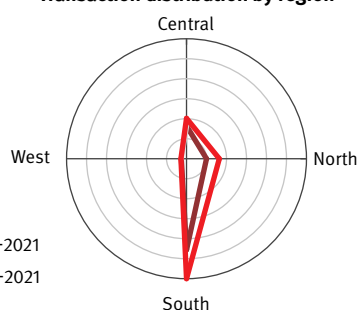
	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$6,964	+26.9pc	+48.6pc
Transactions: 497	+33.2pc	-5.9pc
Value traded: \$788.4M	+71.8pc	+19.0pc

Historic performance

Median \$/ha distribution by region

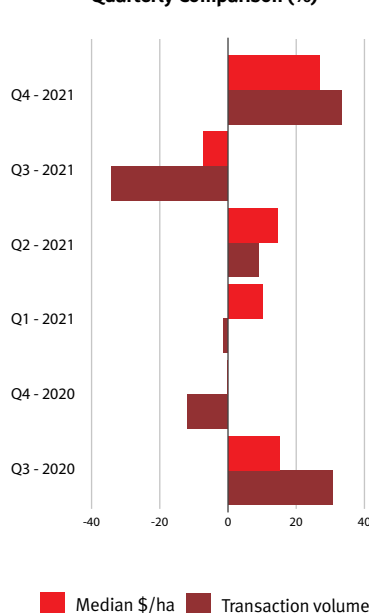


Transaction distribution by region

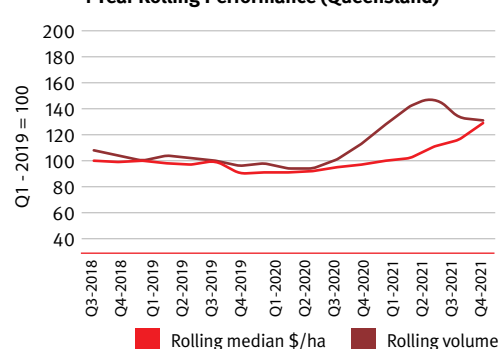


■ Q3-2021
■ Q4-2021

Quarterly Comparison (%)



1 Year Rolling Performance (Queensland)



8.1%

5YR CAGR



“Demand for farmland continues to outstrip supply and we expect listings to increase moving into early autumn, with interest to remain very strong.”

Richard Gemmell, State Real Estate Manager, NSW



New South Wales

“Seasonal conditions were positive in Q4. Above average rainfall fell across most of the state, except for some far western LGA’s. Market activity, when viewed in detail, continues to provide examples of strong prices across multiple categories.”

Richard Gemmell
State Real Estate Manager, NSW

Quarterly Review

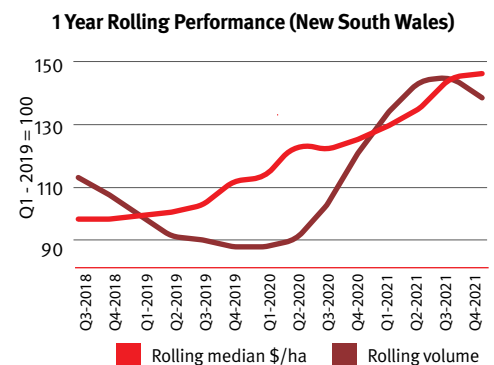
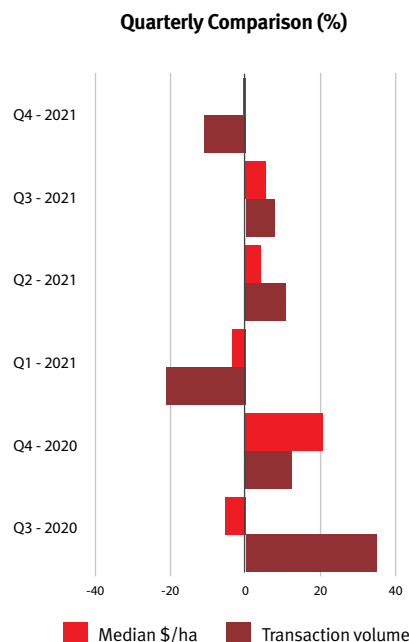
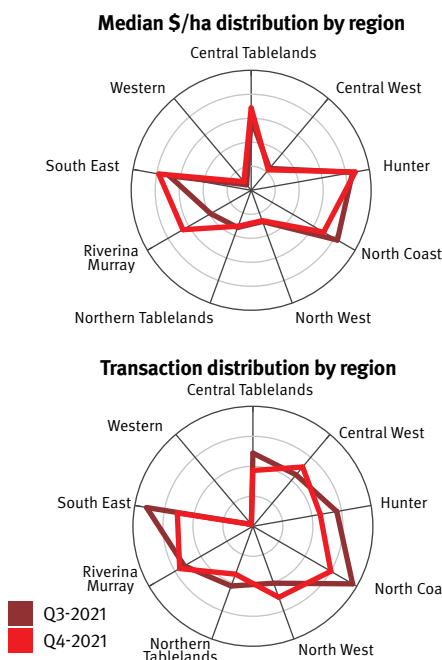
New South Wales recorded a slight decline in median price per hectare, driven by a greater proportion of larger parcels selling in the Riverina Murray and North West regions compared to Q3-2021.

The 1yr rolling median price per hectare increased by 0.9pc in Q4, the smallest increase in five quarters. Rolling transaction volume decreased by 4.6pc, the first decline since Q1-2020.

The 2021 calendar year saw median price per hectare rise by 15.5pc along with a 13.5pc increase in transaction volume, equating to \$6.3 billion in total value traded.

	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$7,362	-0.7pc	+5.1pc
Transactions: 970	-11.1pc	-16.5pc
Value traded: \$1.8B	+9.8pc	+0.7pc

Historic performance



9.0%

5YR CAGR



“A surge in investment scale offerings across multiple sectors continued to be met with strong demand from new and existing pools of both private and institutional capital. Whilst our outlook for the remainder of 2022 remains optimistic, we are not dismissive of the impact that future rate rises, soaring input costs and global supply chain issues may have on the sector.”

Nick Myer, State Real Estate Manager
Victoria/Riverina and Tasmania



Victoria

“Supply remained constrained in Q4, following the trend of 2021. As a result, significant competition was witnessed for listed properties, with record prices achieved across most regions.”

Nick Myer
State Real Estate Manager
Victoria/Riverina and Tasmania

Quarterly Review

Victoria recorded a significant increase in median price per hectare in Q4, driven by strong increases in the North East and South West regions.

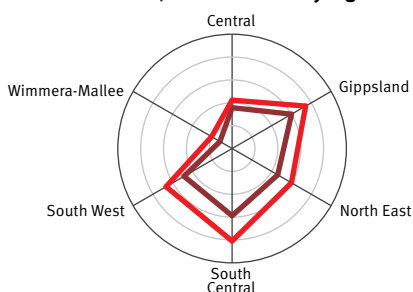
The 1yr rolling median price per hectare increased by 7.0pc in Q4. Rolling transaction volume reflected a tight market, declining by 11.2pc.

For the calendar year median price per hectare increased at a rate of 28.4pc, driven by a 14.4pc decline in supply against a backdrop of strong demand.

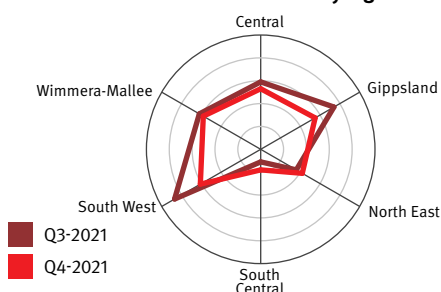
	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$12,587	+27.3pc	+34.9pc
Transactions: 287	-12.8pc	-37.1pc
Value traded: \$387.7M	-4.6pc	-35.2pc

Historic performance

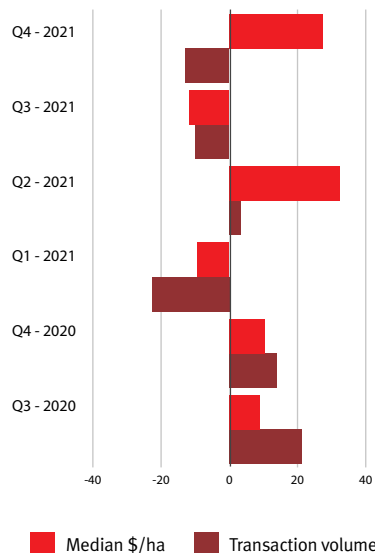
Median \$/ha distribution by region



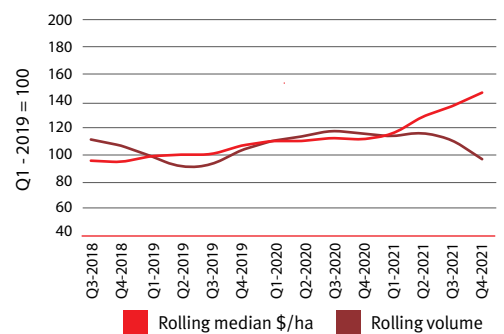
Transaction distribution by region



Quarterly Comparison (%)



1 Year Rolling Performance (Victoria)



10.9%
5YR CAGR



“In the existing smaller market, supply is expected to remain constrained throughout 2022. We anticipate demand to increase, as a result of limited opportunities presented to purchase assets. This may prompt vendors to list their properties with the confidence of achieving higher prices.”

Nick Myer, State Real Estate Manager
Victoria/Riverina and Tasmania



Tasmania

“Tasmania witnessed reduced transaction volume in Q4, with a noticeable decline in smaller asset sales. Sustained price growth provides evidence for the high demand across the state; however, buyers have had limited opportunity.”

Nick Myer
State Real Estate Manager
Victoria/Riverina and Tasmania

Quarterly Review

Tasmania's median price per hectare has increased strongly in the second half of 2021, driven by tight transaction volume.

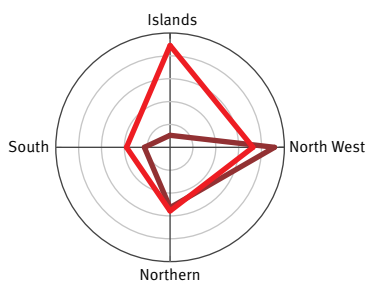
The 1yr rolling median price per hectare decreased by 2.1pc in Q4, which is consistent with a declining trend across 2021. Rolling transaction volume declined by 13.9pc, reaching a new low.

Despite a strong second half of 2021, calendar year results show a decline in median price per hectare of 11.7pc. This was due to a greater proportion of lower priced grazing land transacting in 2021.

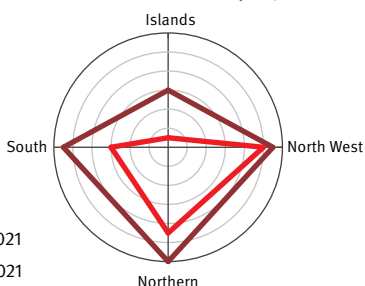
	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$15,520	+37.7pc	+21.3pc
Transactions: 26	-35.0pc	-52.7pc
Value traded: \$40.6M	-39.7pc	-43.4pc

Historic performance

Median \$/ha distribution by region

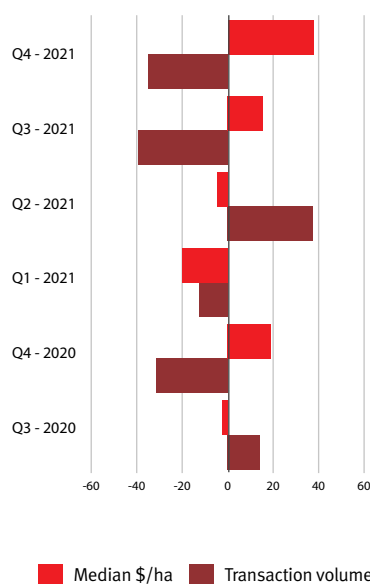


Transaction distribution by region

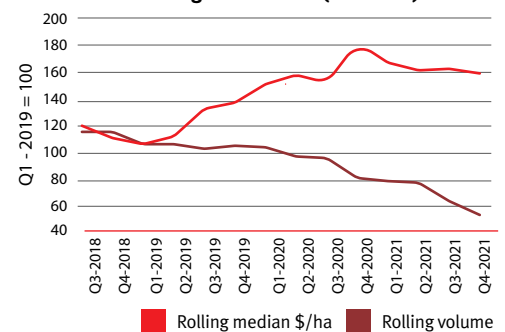


■ Q3-2021
■ Q4-2021

Quarterly Comparison (%)



1 Year Rolling Performance (Tasmania)



8.5%

5YR CAGR



“We expect a continuation of strong prices in 2022, particularly in reliable rainfall and high yielding areas. High prices could encourage some landowners to take advantage of the market conditions and realise their asset.”

Phil Keen, State Real Estate Manager
South Australia



South Australia

“The market continued to surge in Q4, agents reported strong buyer enquiry beyond local interest. Sale results continue to surpass even the most positive expectations.”

Phil Keen
State Real Estate Manager
South Australia.

Quarterly Review

South Australia experienced strong growth in median price per hectare in the second half of 2021, driven by the South East region.

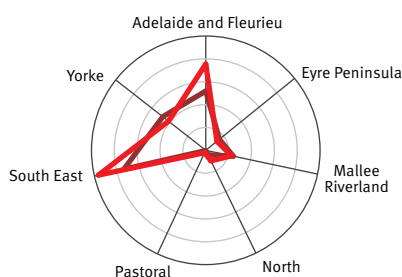
The 1yr rolling median price per hectare increased by 0.5pc in Q4, in line with a flat trend for the past two years. Rolling transaction volume increased by 4.0pc for the third consecutive quarter.

Overall median price per hectare for the calendar year declined by 2.7pc, driven by a higher proportion of transactions in lower priced regions.

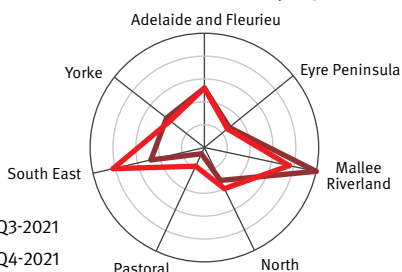
	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$5,878	+32.0pc	+10.0pc
Transactions: 166	+7.8pc	+20.3pc
Value traded: \$276.1M	+30.5pc	+73.6pc

Historic performance

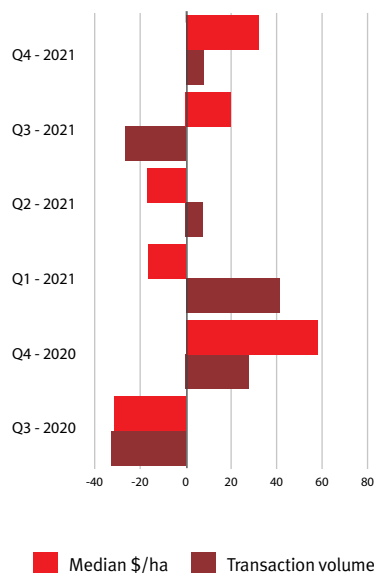
Median \$/ha distribution by region



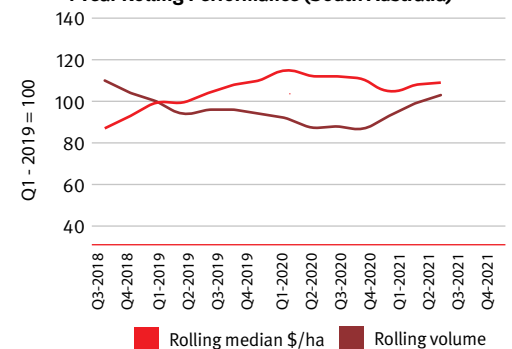
Transaction distribution by region



Quarterly Comparison (%)



1 Year Rolling Performance (South Australia)



9.0%

5YR CAGR



“Broadacre properties which are currently on the market are generally in the final stages of their sales campaign and have continued to attract strong interest from qualified buyers. The supply of quality holdings of scale is likely to remain tight with limited new listings of larger properties expected until late winter and into spring 2022”.

Simon Cheetham, Senior Rural Real Estate Executive
Western Australia

Western Australia

“The bulk of WA enjoyed a wet growing season in 2021, delivering high yielding crops and a surplus of feed in most regions. This coupled with strong grain and livestock pricing has only strengthened what was already a very buoyant property market in the West.”

Simon Cheetham
Senior Rural Real Estate Sales Executive
Western Australia

Quarterly Review

Quarterly median price per hectare declined for the first time in 2021, driven by a greater proportion of transactions in the lower priced Eastern region.

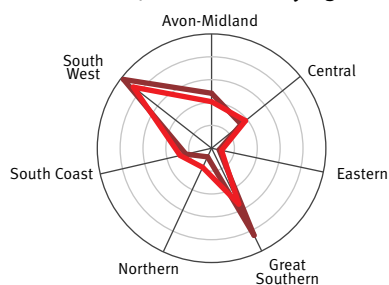
The 1yr rolling median price per hectare increased by 15.8pc in Q4, continuing a strong positive trend. Rolling transaction volume decreased by -11.7pc, signalling tight supply.

Western Australia recorded the highest growth in median price per hectare of any state in the 2021 calendar year, increasing by 41.0pc, led by the high value Great Southern and South West regions.

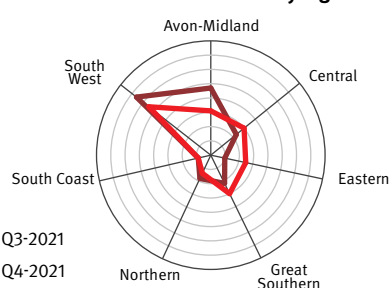
	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$6,498	-25.2pc	+40.5pc
Transactions: 194	-0.5pc	-37.8pc
Value traded: \$315.5M	+22.7pc	-42.2pc

Historic performance

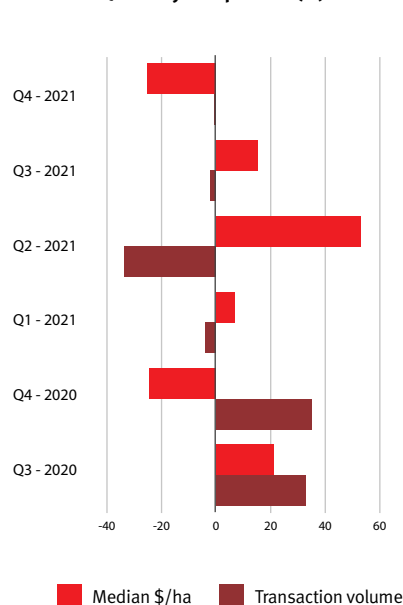
Median \$/ha distribution by region



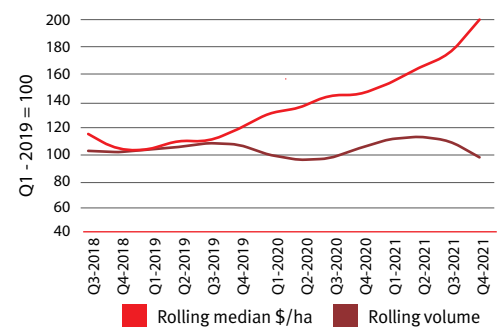
Transaction distribution by region



Quarterly Comparison (%)



1 Year Rolling Performance (Western Australia)



13.4%

5YR CAGR



“The NT experienced a decline in median price per hectare of 30.0pc for the 2021 calendar year, driven by an increase in lower price pastoral sales.”

Northern Territory Quarterly Review, page 27



Northern Territory

We acknowledge the limited transaction volume in the NT increases short term volatility; quarterly data should be viewed with caution.

Quarterly Review

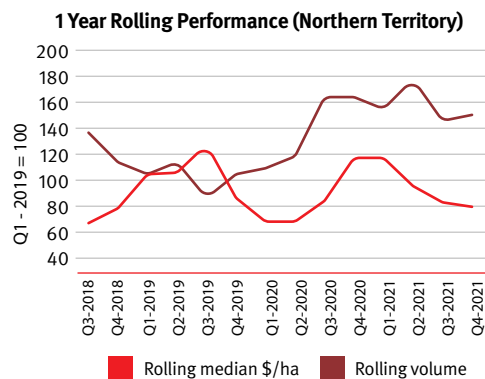
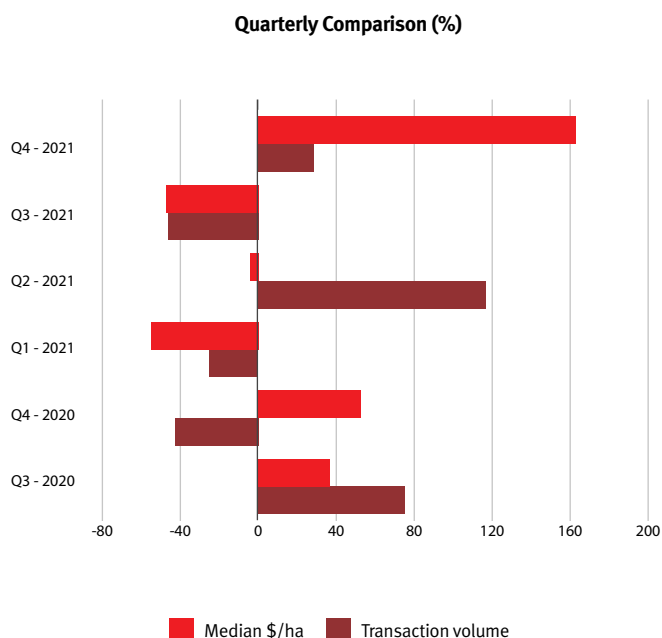
Small, high value parcels accounted for a larger proportion of transactions in Q4, leading to a much higher median price per hectare.

The 1yr rolling median price per hectare declined by 3.7pc in Q4, continuing a downward trend. Rolling transaction volume increased by 2.9pc, remaining at an elevated level.

The NT experienced a decline in median price per hectare of 30.0pc for the 2021 calendar year, driven by an increase in lower price pastoral sales.

	QoQ	YoY (Q4-2021 vs. Q4-2020)
Median \$/ha: \$3,737	+162.9pc	-40.4pc
Transactions: 9	+28.6pc	+12.5pc
Value traded: \$7.7M	+78.6pc	-21.2pc

Historic performance



-5.7%

5YR CAGR



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The current motivation from sellers is profit driven in addition to generational change instead of, exiting long term assets at a time when prices are high is appealing. The depth of sellers motivated by these factors doesn't appear to be significant enough to dent demand in 2022.

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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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