

Farm sales outlook points to positive growth

By Glennis Kriel | 17 January 2024 | 2:30 pm

The number of farm units sold in South Africa remained relatively stable at roughly 4 270 in 2023 compared with 2022, but is expected to increase in 2024 as farmers take advantage of the impact of good rains in the summer rainfall area on production, according to Johann Bornman, chairperson of Agri Development Solutions.



Bornman said that there had been fears over how the arrival of an El Niño climate phase, which was usually associated with drier conditions in South Africa's summer rainfall area, might affect production in the current production season.

"It had been relatively dry until mid-December, but good rains since have created a much more positive outlook for the rest of the season and resulted in many farmers now being open for business and looking for ways to consolidate their positions."

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He said the upcoming election and associated politicking should not have a major impact on farm sales, but that energy shortages and logistical challenges were already taking its toll on farm sales.

“Big commercial farmers find ways to overcome some of these challenges, but there is only so much you can do, for instance, about logistical challenges at the Cape Town harbour. Failure to deliver fruit on time is having a negative impact on farm margins, which in turn has subdued farm sales in 2023,” Bornman said.

Another factor to consider is the performance of farming subsectors. Bornman pointed out that livestock and poultry production was under severe pressure in 2023 because of the impact of animal diseases – *foot-and-mouth disease* in the livestock industry, and highly pathogenic *avian influenza* on the poultry industry.

These farmers also had to cope with high input costs, while many of the livestock farmers also had to deal with the impact of drought on production.

“Cattle and sheep farmers will be in better position in 2024 if foot-and-mouth disease is not a problem and they are able to export their meat to other countries. Unfortunately, this will also heavily depend on the optimal functioning of our ports,” Bornman said.

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The biggest difference in farm sales in 2023 compared with 2022 occurred in the larger than 600ha category. Sales in this category represented 20% of all the transactions in both 2022 and 2023, but the number of hectares sold increased from 1,4 million to 1,5 million.

Bornman said these sales were primarily driven by economic pressure caused by droughts lasting from five to seven years in various parts of the Karoo.

The category representing farms smaller than 50ha declined from representing 35% of sales in 2022 to 32% in 2023. For the rest of the categories, the percentage of total sales remained relatively similar.

Farms ranging between 50ha and 150ha in size accounted for 17% of sales in 2023, but the figure was slightly lower than the previous year's in terms of total size at 69 000ha compared with 72 000ha in 2022.

Farms ranging from 150ha to 30 ha represented 15% of sales in 2023, whereas units ranging from 300ha to 450ha represented 9% of sales. The hectarage sold in the latter category increased from 142 000ha in 2022 to 150 000ha in 2023.

Jan-Hendrik Fourie, principal property practitioner at Agrisell, said he was, just like a farmer, always positive about the coming year.

"The sentiment over land in general is positive. Land is one of the only investments that can almost double in value in only 10 years, and its value will continue to increase because of the growing need for food security."

He said that some purchases might have been held back last year because of load-shedding and uncertainties over ways to address this, but he felt that buyers were now able to factor this cost in when making purchases.