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## Global demand for New Zealand kiwifruit creating regional growth opportunities

The New Zealand kiwifruit sector is set for growth following 2017's record season and new development opportunities across the country, according to the *ANZ Kiwifruit Insights* paper.

The sector has bounced back following the PSA crisis, helped by increasing global demand which saw kiwifruit sales rise by \$694m from the 2015/16 - 2016/17 seasons.

"The success of the kiwifruit sector is remarkable. It has continued to invest in new varieties while staying connected to consumer demand and has worked hard to keep international markets alive," said ANZ Managing Director for Commercial & Agri, Mark Hiddleston

"The industry is a great example of how working together, sharing information and continuously looking to improve, can benefit the entire sector. The co-operative mind-set is a big part of the success we see today."

The paper, which outlines industry investment opportunities and challenges, shows strong global demand, coupled with Zespri's ambition to grow global sales to \$4.5b by 2025, is driving demand for kiwifruit orchards which are selling at record prices.

While the scene is set for growth, Mr Hiddleston said, the trick for the sector will be sustainable growth over a number of years.

"Sustainable growth will require ongoing market development, delivering to customer demand on a consistent basis, and building the infrastructure required for higher production," he said.

"That steady growth is what we need to achieve to meet the aspirational goals that the industry has set."

Other findings in the ANZ research showed:

- Land values across the country have increased.
- In Bay of Plenty values have doubled in some cases, with green orchards currently valued in the \$300 - \$450k/ha range and SunGold orchards in the \$700 - \$1,000k/ha range.
- Diminishing available land in Bay of Plenty creates an opportunity for greenfield development in Northland, Gisborne and Hawke's Bay.
- Zespri are forecasting orchard gate returns of \$57k/hectare for green and \$112k/hectare for SunGold.
- Direct growing costs have moved higher over the past two years with average green and SunGold cost per canopy hectare at \$32k/ha and \$37k/ha respectively.
- Government pledge to increase minimum wage will have a financial impact across most orchards.
- Kiwifruit growers are aging with 53% aged over 60. High capital requirement for orchard ownership poses similar barriers to entry as in other agri industries.
- Labour is identified as a key capacity constraint as well as the large amount of capital required to build the scale and infrastructure required to support a significantly higher level of kiwifruit production.