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Introduction

We would like to welcome you to the Society of Chartered Surveyors Ireland/Teagasc Land Market Review and Outlook 2017.

This is the fourth in a series of annual reports on the state of the land market produced by the Society of Chartered Surveyors Ireland (SCSI) and the Agricultural Economics and Farm Surveys Department of Teagasc.

The report brings together the respective expertise of both organisations to increase the range and quality of the data that is available on the agricultural land market in Ireland. Our ability to understand the challenges and opportunities farmers face depends on our capacity to produce relevant data and analysis, to allow us interpret a wide range of issues relating to the agriculture sector, including the operation of the land market.

The price paid to purchase or rent agricultural land will be affected by a whole range of economic (and non-economic) factors. Therefore, those contemplating the sale, purchase or rental of land need to possess a good understanding of the current state of both Irish agriculture and the agricultural land market in Ireland.

The report provides a regional breakdown of sale and rental transactions for different land types and for land transactions of different sizes. It also includes the views on the state of the market from members of the SCSI and commentary from Teagasc economists on the current situation in agriculture and the short term economic outlook for the sector.

In light of the outcome of the Brexit vote on June 23rd 2016, last year’s report contained a prescient section on the possible implications of Brexit for the land market in Ireland. With the prospect that Brexit could occur at some point before the end of this decade, it presents a major source of uncertainty for the agricultural sector and by extension the agricultural land market.

However, Brexit is not the only issue that is of concern in terms of likely future drivers of the agricultural land market in Ireland. In this year’s special feature within the report we highlight how in addition to Brexit, impending reform of the Common Agricultural Policy, EU Environmental Policy and the impact of Climate Change are additional issues weighing on the sector in Ireland.

We hope that you find that this edition of the report is informative and we commend the Teagasc staff, SCSI staff and SCSI members involved.
### Key Summary Review 2016

#### SCSI Members Survey

#### Sales price per acre in 2016 for land transactions with a residence included

<table>
<thead>
<tr>
<th>Region</th>
<th>&lt; 50 ACRES</th>
<th>50-100 ACRES</th>
<th>&gt; 100 ACRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONNAUGHT / ULSTER</td>
<td>€6,554</td>
<td>€5,773</td>
<td>€5,467</td>
</tr>
<tr>
<td>MUNSTER</td>
<td>€10,622</td>
<td>€9,062</td>
<td>€9,154</td>
</tr>
<tr>
<td>LEINSTER (EXCL.DUBLIN)</td>
<td>€12,600</td>
<td>€11,988</td>
<td>€10,043</td>
</tr>
</tbody>
</table>

#### Sales price per acre in 2016 for land transactions excluding a residence

<table>
<thead>
<tr>
<th>Region</th>
<th>&lt; 50 ACRES</th>
<th>50-100 ACRES</th>
<th>&gt; 100 ACRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONNAUGHT / ULSTER</td>
<td>€6,375</td>
<td>€5,838</td>
<td>€5,529</td>
</tr>
<tr>
<td>MUNSTER</td>
<td>€9,436</td>
<td>€8,800</td>
<td>€8,577</td>
</tr>
<tr>
<td>LEINSTER (EXCL.DUBLIN)</td>
<td>€11,204</td>
<td>€10,591</td>
<td>€9,518</td>
</tr>
</tbody>
</table>

#### Rental price per acre in 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>GRAZING/SILAGE</th>
<th>GRAZING ONLY</th>
<th>CEREAL CROPS</th>
<th>OTHER CROPS</th>
<th>POTATO CROPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONNAUGHT / ULSTER</td>
<td>€164</td>
<td>€130</td>
<td>€110</td>
<td>€173</td>
<td>€197</td>
</tr>
<tr>
<td>MUNSTER</td>
<td>€186</td>
<td>€178</td>
<td>€209</td>
<td>€210</td>
<td>€286</td>
</tr>
<tr>
<td>LEINSTER (EXCL.DUBLIN)</td>
<td>€177</td>
<td>€160</td>
<td>€195</td>
<td>€235</td>
<td>€336</td>
</tr>
</tbody>
</table>

### How active were the following in selling agricultural farmland?*

<table>
<thead>
<tr>
<th>Type of Landlord</th>
<th>2016</th>
<th>2015-2016 change</th>
</tr>
</thead>
<tbody>
<tr>
<td>A land owner who has inherited land but who has no desire to farm the land</td>
<td>41%</td>
<td>55%</td>
</tr>
<tr>
<td>A farmer who is no longer interested in or who has retired from farming</td>
<td>16%</td>
<td>59%</td>
</tr>
<tr>
<td>A farmer who is continuing to farm but who has decided to sell a portion of his farm</td>
<td>10%</td>
<td>64%</td>
</tr>
<tr>
<td>A financial institution</td>
<td>13%</td>
<td>29%</td>
</tr>
<tr>
<td>An investor</td>
<td>12%</td>
<td>26%</td>
</tr>
<tr>
<td>An developer</td>
<td>4%</td>
<td>31%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
<td>37%</td>
</tr>
</tbody>
</table>

### How active were the following types of landlords in leasing agricultural farmland in 2016?*

<table>
<thead>
<tr>
<th>Type of Landlord</th>
<th>2016</th>
<th>2015-2016 change</th>
</tr>
</thead>
<tbody>
<tr>
<td>A farmer who is no longer interested in or who has retired from farming</td>
<td>32%</td>
<td>50%</td>
</tr>
<tr>
<td>A farmer who is continuing to farm but who has decided to lease a portion of his farm</td>
<td>6%</td>
<td>51%</td>
</tr>
<tr>
<td>A land owner who has inherited land but who has no desire to farm the land</td>
<td>35%</td>
<td>47%</td>
</tr>
<tr>
<td>Others</td>
<td>1%</td>
<td>25%</td>
</tr>
</tbody>
</table>

* Results shown are weighted to represent the national response.
Irish Agricultural Sector in 2016

Milk prices down 9%
Beef prices down 5% to 8%
Cereal prices down 5%
Lamb prices up 1%

Irish Agricultural Sector Outlook in 2017

Milk prices up 20%
Beef prices down 10% to 12%
Cereal prices up 8%
Lamb prices down 5%

33% Chartered surveyors expecting the selling price of land to increase during 2017. 42% forecast no change.
34% Chartered surveyors expecting the price of rented land to increase in 2017. 51% forecast no change.
50% Chartered surveyors expecting an increase in the volume of sale transactions in 2017.
28% Chartered surveyors expecting the volume of rented land to increase in 2017. 50% forecast no change.

Future Drivers of the Land Market in Ireland

Brexit
Climate Change
Environmental Policy
Common Agricultural Policy
1.0 Key Findings

Agriculture in 2016 and the Outlook for 2017

The economic performance of the Irish agricultural economy from year to year is affected by developments in input and output prices; changes in the volumes of inputs used and output produced and changes in agricultural policy relating to income support subsidies. While weather conditions were less favourable than in recent years, 2016 was a year of reasonable grass growing conditions. Lower fertiliser and feed prices in particular, led to lower costs of production for most grassland enterprises.

Across almost all enterprises output prices declined in comparison with 2015. Milk prices declined by 9%, cattle prices declined by between 5% and 8%, and cereal prices declined by 5%. Lamb prices remained relatively stable in 2016. The decline in output prices, and lower yields for cereal farmers, led to lower margins across all enterprises with the exception of sheep farmers. The impact of lower prices on dairy margins was mitigated by the impact of increased output volumes that had the effect of diluting fixed costs on a per litre basis.

In 2017, input costs are expected to remain largely stable. Hence, farm income developments are expected to be driven by output price movements; growth in output volumes and receipts from newly introduced policy schemes. Irish dairy farm incomes in 2017 are expected to rebound, due to a forecasted strong recovery in milk prices (+20%) augmented by on-going growth in milk production.

Beef and sheep prices are expected to decline in 2017, with cattle prices expected to fall by between 10% and 12%. Despite the receipt of coupled payments from the Beef Data Genomics programme, single suckling margins are expected to decline by 14%, while gross margins on cattle finishing enterprises are expected to decline by 14%. Sheep farm margins are expected to remain stable in the face of lower output prices, due to receipt of direct payments under the sheep welfare scheme. With normal yields and forecast improving prices, gross margins for tillage farmers will improve in 2017, but on average net margins will remain negative.

Agricultural Land Market in 2016

In 2016 agricultural land market developments, both in terms of land rental rates and sales, prices differed between Munster and the other regions in Ireland. Depressed dairy farm incomes appear to have led to reduced demand for agricultural land on the part of dairy farmers in 2016. In the Munster region, sales prices across all land sale size categories (both with and without a residence) declined. The magnitude of the reported price declines in Munster increased in accordance with the size of the land area transacted.

In the Leinster and Connaught/Ulster regions, developments in land sales prices were in general, relatively modest in 2016. In Connaught/Ulster, reported sales prices were up across all categories, but with the exception of sales with a residence of less than 50 acres, where prices increased by 12%, all other increases in prices reported were 5% or less. In Leinster (excluding Dublin) land sales price changes relative to 2015 were also modest, with prices for transactions involving a residence declining slightly relative to 2015 and sales prices for land without a residence increasing slightly.

In 2016, the ranking of land sales prices across the Leinster, Munster and Connaught/Ulster regions remained the same as that observed in 2015. Reported prices continue to be highest in Leinster and lowest in Connaught/Ulster. Prices per acre in general decline as the size of the plot increases. In general, the survey results show that most land across all categories was valued higher, on a per acre basis, without a residence.

In terms of rental values, a decrease in 2016 relative to 2015 was observed in Munster and Connaught/Ulster, while rental values increased in Leinster. The increase in the prevalence of long term leasing would appear to have negatively affected the supply of land for conacre in Leinster, and contributed to the growth in rental values in that province. Elsewhere, subdued demand from farmers due to low levels of profitability in dairying and tillage farming, combined with the continuing availability of land for short term leases, appear to have depressed rental rates in 2016.

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Short, Medium & Long Term Land Market Drivers

Over the short, medium and longer term, market and policy forces will continue to affect the profitability of Irish agriculture and these developments will be reflected in the price paid for agricultural land.

Policy developments such as Brexit, CAP reform, future trade agreements between the EU and major exporters of temperate agricultural commodities, and developments in national and EU climate change policy could all affect the profitability of Irish agricultural production and consequently the demand for agricultural land. In the long term, climate change itself could affect the demand for agricultural land in Ireland.

Heretofore, agricultural policy in the EU has attempted to slow down the process of consolidation in agricultural structures by supporting farm incomes. Whether future agricultural policy will continue to try to constrain consolidation remains to be seen. Future trade and environmental policy developments and wider economic developments may become more dominant drivers of structural change in agriculture and associated land market developments.

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1. Leinster region denotes Leinster excluding Dublin.
2.0
Irish Agriculture Sector

This section reviews the performance of Irish agriculture in 2016 and looks at prospects for 2017. There is an overview at the broad sectoral or enterprise level, followed by a focus on the key subsectors within agriculture.

Overview of Agriculture in 2016 and 2017

Weather conditions in 2016 were less favourable to agricultural production, relative to the two preceding years. While cereal production conditions in 2016 were difficult, grass growing conditions remained reasonable. Declines in fuel and fertiliser prices led to a reduction in input expenditures across all grassland enterprises in 2016.

Output prices for milk declined by approximately 2.5 cent per litre in 2016, with prices falling to 27.5 cent per litre. This represents a 9% drop in output price. Nevertheless, Irish milk production expanded by almost 4.5% in 2016. In 2016, low milk prices eroded some of the benefits of increased production and lower input costs, with the dairy net margin per litre falling by 25% to 7.5 cent.

Beef finishers experienced a decline in output prices as the price of finished cattle declined by over 5% due to strong supplies during the course of 2016 and the collapse in the value of sterling. The prices for weanlings and store cattle fell by 7% relative to the 2015 level. Gross margins for beef finishers declined by 3% in 2016, while suckler farmers experienced little change in gross margins, relative to 2015. The stability in single suckling gross margins is due to the fall in the costs of production, relative to the two preceding years. While cereal yields for major crops were down on the 2015 level, Irish milk prices should average about 20% higher in 2017 relative to 2016, as global supply growth is expected slow in the first half of 2017. Production costs should increase slightly. Beef prices are forecast to decline significantly in 2017, due to strong supplies across the EU and the weakness of sterling. The costs of production for beef are forecast to be largely stable, leading to lower margins on both single suckling and cattle finishing enterprises. Sheep farmers saw their margins improve in 2016 by about 3%, as their costs of production decreased and lamb prices on average were relatively unchanged on the 2015 level.

Irish cereal yields for major crops were down on the 2015 level. However, a large global harvest has meant that low cereal prices in 2015 have persisted into 2016. Cereal direct costs fell slightly in 2016, but this was insufficient to counteract the effect of the drop in yields and cereal prices. As a consequence cereal margins fell considerably.

Key commodity price changes in 2016 compared with 2015 are shown in Figure 2.1. Assuming normal weather in 2017, there should be little change in feed bills for all grassland enterprises, with the exception of dairy farms that are continuing to expand, where there may be some increase in feed use. Fertiliser prices may begin to move upwards in 2017, but will begin the year substantially lower than at the beginning of 2016. With relatively stable fertiliser usage, a fall is expected in fertiliser expenditure for grassland systems and particularly for tillage systems in 2017. A rise in fuel prices is forecast in 2017, as oil prices are likely to increase. Electricity prices should remain stable.

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**Cattle**

Beef farming remains the largest agricultural enterprise activity in Ireland in terms of land use and farm numbers and occupies more than two thirds of the grassland area in Ireland. Teagasc reports the performance of two main beef farm enterprises (cattle rearing and cattle finishing).

Prices for all categories of beef animals declined in 2016, with weaning and store prices (down 7%) declining by more than prices for finished cattle (down 5%).

The direct costs of production declined for cattle farms in 2016 due to lower fertiliser prices and reduced feed expenditures. The decrease in costs of production mitigated the negative impact of lower output value on gross margins per hectare, on both Single Suckling and Cattle Finishing enterprises.

In 2016, the average gross margin per hectare earned on Single Suckling enterprises is estimated to have remained stable at €446 per hectare. The receipt of payments from the Beef Data Genomics Programme in 2016 effectively prevented margins from declining. In 2016, the average gross margin per hectare earned on Cattle Finishing enterprises is estimated to be €448 per hectare in 2016, 3% down on the 2015 level.

The global outlook for beef prices in 2017 is for continued weakness, with EU production rising while EU imports are expected to remain stable and world prices are expected to decline. The UK remains Ireland’s most important beef market and the Brexit referendum result, along with the depreciation of sterling against the euro has created an immediate competitiveness challenge for the Irish beef industry.

Irish finished cattle prices are forecast to decrease by 12% in 2017 relative to the 2016 level. Young cattle prices are forecast to also decline, with prices reducing by up to 10% relative to the 2016 level. Direct costs of production on Single Suckling and Cattle Finishing enterprises are forecast to decrease by approximately 1% in 2017.

With lower output values and only marginally lower direct costs of production, the gross margins are expected to decline further in 2017 for both Single Suckling and Cattle Finishing enterprises. In 2017, the gross margin per hectare on Single Suckling enterprises are forecast to decline by 14% to €364 per hectare. The direct costs of production on Cattle Finishing enterprises declined marginally in 2016, due mostly to changes in pasture and forage costs. Gross margins per hectare for Irish mid-season lowland lamb producers are estimated to have increased in 2016 due to lower input costs and small improvements in output volume due to higher average lamb slaughter weight. In 2016, gross margins on mid-season lowland enterprises are estimated to be €545 per hectare.

The outlook for Irish and EU lamb prices for 2017 is for negative growth as exchange rate developments and lower beef prices are expected to leave EU and Irish lamb prices lower than in 2016. This is forecast despite tight global supplies of mutton and lamb, increasing global prices and stable EU production. The introduction of a coupled sheep welfare payment scheme in 2017 is forecast to offset the negative market developments and lead to a small increase in gross margins from mid-season lowland lamb production. A slight fall in the costs of production is expected in 2017.

**Sheep**

Sheep production takes place on about one tenth of the grassland area in Ireland, and can also be found on the several hundred thousand hectares of commonage land. Sheep farms are dispersed throughout the country, but tend to be most common in counties with hilly terrain and particularly in counties along the western seaboard, where soil conditions are less favourable for other agricultural production systems.

In 2016, lamb prices in Ireland were slightly lower than in 2015. Costs of production for Irish mid-season lowland lamb enterprises declined marginally in 2016, due mostly to changes in pasture and forage costs. Gross margins per hectare for Irish mid-season lowland lamb producers are estimated to have increased in 2016 due to lower input costs and small improvements in output volume due to higher average lamb slaughter weight. In 2016, gross margins on mid-season lowland enterprises are estimated to be €545 per hectare.

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**Cereals**

Tillage production is limited to about 7% of the agricultural land base in Ireland and is most commonly found in pockets of mid and south Leinster and east Munster.

In 2016, final prices received by farmers and yields declined relative to the 2015 level. Direct costs of production on cereal farms decreased very slightly in 2016 compared to 2015. There was a decrease in the gross margins on all main categories of cereal crops in 2016. It is estimated that the average cereal enterprise on specialist tillage farms returned a negative net margin in 2016, although a wide variation remains in terms of the economic performance of individual cereal farms nationally.

In 2017, cereal prices are expected to be higher than in 2016 and the costs of production on cereal farms in 2017 are expected to decline relative to the 2016 level. The net effect of an increase in output value, a reversion to trend yields, and reduced direct costs, is that the 2017 forecast for gross margins for most cereals is set to increase relative to 2016 gross margins. It is forecast that the average farmer will however, continue to make a negative market based net margin in 2017, losing €30 per hectare after all costs are paid.

“Sterling had a significant impact on prices, as the Brexit result caused some upset to land values, obviously in some counties and sectors more than others. The immediate drop in sterling had a huge impact on prices in the Republic of Ireland, as it was no longer as an attractive investment either for land or where livestock was concerned. Sterling has since recovered and already you can see a recovery in interest from our nearest neighbours and also in the cattle trade from Northern Ireland.”

Thomas Potteron
REA T.E. Potteron, SCSI Leinster Region
A mixed performance for the agricultural land market in 2016, with a decline in interest from dairy and tillage farmers.

In many parts of the country, a subdued level of activity in the agricultural land market continued from the second half of 2015 and well into 2016. This can be partially attributed to low commodity prices for milk and grain, some difficulties with regard to credit access and the increasing uncertainty surrounding Brexit and the associated impact on the agricultural sector in Ireland. Preparations for the ending of the EU milk quota system in 2015 supported positive growth in agricultural land prices during previous years. It appears that this source of upward price pressure has lost significant momentum in 2016.

In 2016, the price and activity trends in the agricultural land market varied between regions. Many of those SCSI members, with business in the Munster region, reported 2016 as a relatively quiet year, with only 19% of those surveyed reporting...
an increase in the volume of agricultural farmland sold. This contrasts with survey respondents in Leinster (excluding Dublin) and Connaught/Ulster, where the share of survey respondents reporting an increase in sales activity, was 36% and 35% respectively. The variability between regions, in terms of land market activity, is also evident in relation to the amount of land leased. In Connaught/Ulster, a large majority (70%) reported the same level of land leasing activity in 2016 as was the case in 2015, and only 10% reported an increase in leasing activity. This contrasted with Leinster (excluding Dublin), where 33% of survey respondents reported an increase in land leasing activity.

The variability in the feedback from SCSI members in different regions means that the national picture in relation to the agricultural land market is decidedly mixed. Nationally, 29% of survey respondents reported an increase in the volume of agricultural land being sold, 24% reported a decrease in the volume of sales and 35% reported the same volume as 2015. A further 13% reported (don’t know/not sure). The national picture with regard to the volume of agricultural land leased was also mixed, with 44% stating it had not changed compared with 2015, 23% stating it had increased and 15% stating it decreased (13% don’t know / not sure).

Land sale prices in Connaught/Ulster see some moderate uplift, with mixed results in Leinster and land values decline in Munster

In 2016, agricultural lands up to 50 acres in Leinster recorded price growth of approximately 6% (without a residence), building on the 9% growth reported during 2015. By contrast, similarly sized agricultural land holdings (with a residence) showed a small decline in price of less than 1% in 2016. For larger land holdings, there were modest changes, with a decline of 3% for land holdings of between 50 and 100 acres (with a residence) and an increase in price of 1% for land holdings of between 50 and 100 acres (without a residence). In the case of land holdings in excess of 100 acres, the Leinster results point to a decline in price of less than 1% (with a residence) and an increase of 2% (without a residence).

Land in Munster recorded a price decline during 2016, with land prices up to 50 acres declining by 4% (with a residence) and 3% (without a residence). The land prices in this category have therefore returned to 2014 levels. In 2016, the price for land holdings of between 50 and 100 acres in Munster showed a significant decline of 10% (with a residence) and 11% (without a residence). The decline in Munster land prices was greatest for land holdings in excess of 100 acres (with a residence), where prices declined by 20%. In the same province, prices for similar sized holdings (without a residence) declined by 9%.

In 2016, land prices in Connaught/Ulster increased across all size categories, thereby reversing the patterns of the previous two years. As in the case of Munster and Leinster, the land prices performed best for the relatively small land holdings of below 50 acres. In this size category, land prices rose by 12% (with a residence) and 3% (without a residence) in the Connaught/Ulster area. Land prices in Connaught/Ulster increased by 1% (with a residence) and <1% (without a residence) for land holdings of between 50 and 100 acres. Land prices increased modestly for the largest land holdings with increases of 2% (with a residence) and 5% (without a residence) for land holdings in excess of 100 acres.

Agricultural land rental prices increase in Leinster, with more modest changes in Munster and Connaught/Ulster

Rents in Leinster increased in 2016 for both grazing lands and crop lands. Rental prices in Leinster increased by between 7% and 9% for grazing land. In the same province, rental prices increased by 3% for cereal crop lands, 9% for other crops (including maize and beans) and 4% for lands allocated to potato crops. Relative to 2010, rents for cereal crop lands are 44% higher, while rents for grazing lands are between 32% and 36% higher.

In the case of Munster, rental prices for grazing land remained unchanged in 2016. However, rental prices for cereal crop land increased by 6% during the course of the year, while land for crops, maize and pulses fell by 5%. Notably, rental values on land allocated to potato crops increased by 13%. In comparative terms, land rental prices in Munster continued to remain higher than in Leinster for grazing and cereal crops. However, land allocated to potato crops and other crops does appear to yield higher rental values in Leinster. For instance, in the case of potato crops, the average rental price of €335 per acre is much greater than the average rental price of €286 in Munster.

In Connaught/Ulster, rental prices for grazing land remained close to their 2015 levels. At the same time, the results point to a significant decline of 1% in rental prices for cereal crop lands with prices declining to €110 per acre. Rental prices for land planted for potato crops increased by 4%, while a significant increase of 25% is recorded for rental prices associated with land used for other crops (including maize and beans).

The rise in long-term leasing is occurring throughout the country and is concurrent with a declining conacre area in the Leinster region

Most SCSI members continue to be of the view that the measures introduced in Budget 2015 have led to an increase in long-term leasing. In Leinster, it appears that the increase in long-term leasing activity is associated with a decline in the land rented under the conacre system (i.e. short term lots of less than 12 months). In Leinster, 38% of survey respondents reported a decline in the area allocated to conacre, while 66% of survey respondents, in the same region, reported an increase in demand for long-term leases.

The rise in long-term leasing is also evident in the other two regions but is not concurrent with large declines in the conacre area. In Munster, 52% of survey respondents reported an increase in the demand for long-term leasing, while 58%
survey respondents in Connaught/Ulster reported the same trend. However, only 19% of respondents in Munster reported a decline in the conacre area and just 16% of respondents in Connaught/Ulster reported the same pattern.

The overall findings in relation to the land rental market suggest that the rise in long-term leasing is leading to a tightening in the land rental market in Leinster, as land is transferred from conacre to long-term leasing. In Munster and Connaught/Ulster, this pattern is less apparent. In both of these regions, there has been little change in price for the majority of rented land and the rise in long-term leasing does not appear, as of yet, to be driving a decline in the conacre area.

The short-term outlook for the market continues to be overshadowed by political uncertainty and the prospect of Brexit

Brexit is leading to an increasingly uncertain short-term outlook for the agri-food sector in Ireland. Despite this uncertainty, the vast majority of survey respondents were willing to provide opinions regarding the expected level of activity in the agricultural land market during 2017.

In terms of the volume of land sales, 25% of respondents expressed the view that the volume of agricultural land sales will decline in 2017, a further 42% expect no change in the sales volume, while 33% expect an increase in the volume of land sales. With regard to the land rental market, the data shows that 26% of survey respondents have expectations of an increase in the volume of agricultural farmland for leasing, 51% expect no change in the volume of leasing and 13% expect that the volume of agricultural farmland for leasing will decline in 2017.

In relation to the land rental market, the expectations for 2017 vary between regions. Relative to respondents in the other two regions, the survey respondents in the Leinster region expressed greater optimism regarding the volume of land leasing agreements in 2017. For instance, 34% of survey respondents in Leinster expect an increase in the volume of leasing. This compares to only 19% of respondents in Munster and 26% in Connaught/Ulster.

With milk prices recovering, the demand from dairy farmers to purchase agricultural farmland is expected to rise in 2017

As milk prices recover to the levels of summer 2014, the demand from dairy farmers to purchase farmland is expected to increase in 2017. This optimism is particularly apparent from the views of the survey respondents in Leinster, where 59% expect either a moderate or significant increase in demand from farmers in the dairy sector.
4.0 Short, Medium and Long Terms Drivers for the Land Market in Ireland

Short Term: CAP Reform and future farm income supports

CAP direct payments are a significant source of income on many farms, particularly in the dry stock sector. Any change in the general level of agricultural support available to agriculture in Ireland, or changes in the manner of the distribution of that support, could have implications for the land market.

At an EU level, consultations opened early in 2017 on the future of the Common Agricultural Policy (CAP). The reform itself will not be agreed until the end of this decade and may not come into effect until as late as 2021. This means it is far too early to be confident about what the outcome of the negotiations will be. What is clear, however, is that the size of the EU budget and by extension the future CAP budget will be affected by the outcome of the Brexit process. One possible outcome is that the departure from the EU of the UK (a net contributor to the EU budget) may leave a sizeable hole in the EU budget. There may be little appetite on the part of other Member States to fill this deficit and there is the prospect that the EU budget could get smaller, the CAP budget could decrease and that support payments to farmers in Ireland could be reduced. Lower CAP payments would likely mean lower incomes for Irish farmers and this would have negative price implications for the agricultural land market in Ireland.

Further complications could arise if, under the next CAP reform, there was further redistribution of support payments among the Member States (in the last CAP reform was called external convergence) and within Member States (internal convergence). The external convergence process, as in the past, will be motivated by the fact that average per hectare payments remain higher in some EU Member States than in others. The 2013 CAP reform implementation in Ireland led to only limited redistribution of income support amongst Irish farmers. The upcoming reform may reopen divisive arguments concerning the distribution of such supports. The impact of any further redistribution of support on average agricultural land values is very difficult to assess but would be expected to boost the prices of poorer quality land relative to higher quality land.

Medium Term: Environmental Policy, Brexit and Trade Policy

In the medium term the other main policy concerns relate to the impact of Brexit, future trade agreements between the EU and non-EU countries and EU and national policy developments that seek to reduce emissions of greenhouse gases (GHG) and ammonia.

GHGs are produced by a range of sectors across the economy, with agriculture in Ireland responsible for about one third of Ireland’s total national GHG emissions. Emissions of ammonia in Ireland are almost exclusively associated with agriculture. Member State level limits on the emissions of GHGs and ammonia will be a challenge for the growth ambition of the agri-food sector in Ireland, as set out in the Food Wise 2025 strategy.

Farm level technical solutions which involve changes in equipment, input usage and farm management can be brought to bear, which will help to meet some of the emission reduction requirements. However, it is possible that over the medium term, these reduction targets would have implications for the level, type and location of agricultural activity in Ireland. If emission reduction measures are costly, that could impact on the profitability of agricultural production, with potential implications for the supply and demand for agricultural land in Ireland.

Within the EU’s GHG mitigation plan, which now has a horizon to 2030, flexibilities available to Ireland as part of its own GHG mitigation strategy may see a greater uptake of forestry in Ireland, since it has the capacity to sequester carbon, which can then be offset against the emissions being produced within the agricultural sector. Increased afforestation may be incentivised by government and it is therefore possible that there will be increased demand for land for forestry in Ireland in the coming years.

Current trade policy concerns understandably centre on the impact of Brexit on the agricultural sector and the wider economy. Brexit, regardless of whether the exit is soft or hard, will over the medium term increase the costs of trading with the UK. Lower agricultural output prices that will be a consequence of Brexit will be reflected in lower agricultural land prices as compared to a world where Brexit was not taking place.

In the medium term the EU will continue to pursue bilateral and plurilateral free trade agreements (FTA) with countries around the world. The prospect of new FTA will present economic threats and opportunities for the agricultural sector in Ireland. For example to the extent that any future FTA leads to increased access to EU beef markets for non-EU countries the profitability of Irish beef production would be negatively affected. Such a development would be expected to reduce the demand for and the price of Irish agricultural land. However, in so far as future trade agreements present opportunities for the Irish dairy sector, the negative consequences for agricultural land markets may be mitigated.

Longer Term: Climate Change

In the medium term policy developed to deal with Climate Change will lead to limits on GHG emissions and increased scrutiny of the level of emissions being produced by the agricultural sector. In the longer term, climate change will impact on the Irish climate and Ireland’s capacity to produce food.

Projections by climate scientists suggest that Ireland’s climate will become warmer by mid-century, as will the globe generally. Higher rates of temperature increase are likely at lower latitudes (closer to the equator) than at higher latitudes (closer to the poles). A changing climate will present challenges in the production of food in Europe, particularly in southern countries which are projected to become warmer and more arid. The impact of climate change on agriculture in Ireland is less clear, with warmer weather likely to favour better grass growth, but increased likelihood of drought conditions and extreme weather events (such as heavy rainfall).

It is difficult to be certain how climate change will affect Irish agriculture, moreover given that there is likely to be some level of adaption to climate change by farmers to limit any adverse impacts. Nevertheless it remains a possibility that, taking a long term horizon, climate change could impact on the profitability of agricultural production in Ireland and by extension the agricultural land market. It would be premature to say whether the impact of Climate Change on agriculture in Ireland would be negative. While it might lead to increased production costs, it could also mean increased productivity. Importantly, also the impact of climate change on agriculture globally could be such that it leads to higher international commodity prices, which in turn would also have an impact on the profitability of the highly export oriented agri-food sector in Ireland.

Conclusion

Over the short, medium and longer term, market and policy forces will continue to affect the profitability of Irish agriculture and these developments will continue to be reflected in prices of agricultural land. Other things equal, declining real commodity prices, along with pull factors associated with growth in employment opportunities in the non-farm economy, would be expected to lead to consolidation of farms in the coming years. However, by supporting farm incomes in the face of such pressures, policy responses have often, sought to slow down consolidation. It remains to be seen whether future agricultural policy will continue to attempt to slow such pressures.
5.0 Overview of Irish Agriculture by Region

While there are no radical differences in climactic and agronomic conditions across Ireland, there are differences in the importance of various agricultural production systems at a regional level that are likely to be reflected in both demand for and supply of agricultural land for sale and rent. The differences in the nature of agricultural activity in the various regions of Ireland in part is reflective of underlying soil and other physical characteristics, with farm size, human capital, age of operator, off-farm employment and access to finance also being factors.

The Farm Structures Survey (FSS), produced by the Central Statistics Office (CSO), provides detailed information on the regional pattern of agricultural activity and farm structures in Ireland. Regional economic accounts for agriculture are also produced by the CSO on an annual basis and these allow us to see regional differences in agricultural output and incomes across Ireland. FSS data are presented at NUTS III level which is the same level of aggregation used in the CSO Regional Accounts for Agriculture and corresponds somewhat with the regions used in the SCSI survey of agricultural land markets. The prevalence of various farm types (and associated land uses) differs regionally as illustrated in Figure 5.1. In all regions, farms classed as specialist beef production account for at least 40% of farms, with the proportion highest in the

![Figure 5.1: Prevalence of Farm Type by NUTS III region in 2013](source: CSO Farm Structures Survey 2013)
Midlands (68%) and lowest in the South East region (41%).

The regional importance of dairying and tillage farming vary substantially. In the South West (Cork and Kerry) close to 25% of all farms are specialist dairy farms, by contrast in the West (Galway, Mayo and Roscommon) less than 3% of farms are specialist dairy farms. Specialist tillage farms account for less than 4% of farms nationally, but in the South East Region (Carlow, Kilkenny, South Tipperary, Waterford, Wexford) almost 11% of farms are specialist tillage farms. Specialist tillage farms also represented 11% of farms in the Mid-East (Kildare, Meath and Wicklow) and Dublin region.

The varying regional prevalence of dairying and tillage output is also reflected in the differences in the importance of income subsidies in total agricultural sector income by region, illustrated in Figure 5.3. Regions that are more dependent on dairying in terms of agricultural output derive more of their farm income directly from the margin their farm business earns and less of their farm income comes from subsidies. This largely reflects the higher net margins per hectare of milk and tillage production systems when compared with drystock. At a national level, income subsidies accounted for over 53% of agricultural sector income in 2015, a decline from 61% in 2014. This decline in the importance of subsidies as a contributor to incomes in 2015, was driven by an increase in the Gross Value Added of agriculture in 2015 and a decline in the value of subsidies. At a regional level, in 2015 the share of income derived from subsidies was lowest in the Mid-East and Dublin region at 37% and highest in the Midlands at close to 88%. This dramatic difference is indicative of the much greater market orientation of agricultural production in the Mid-East and Dublin region. The subsidies share of income declined across all regions in 2015.

REFERENCES


6.0 Analysis of SCSI/Teagasc Agricultural Land Survey

Agricultural Land Survey Results
This annual SCSI/Teagasc Land Market Review and Outlook 2017 provides an in-depth analysis of key agricultural farmland market trends in 2016 and provides an outlook for 2017, in terms of agricultural land values, rents and views on anticipated activity levels over the next twelve months. The survey results have been informed and guided by the views, perceptions and opinions of 145 chartered surveyors through a SCSI survey that was conducted on a nationwide basis over a four-week period in February and March 2017. The chartered surveyors located throughout the country are best placed to report on regional trends within the markets, and the forecasts provided by chartered surveyors is a valuable resource at a time of limited authoritative data sources.

National Trends
The Connaught/Ulster market showed the most positive price trends among all the price categories nationally. Farmland up to 50 acres in size in Connaught/Ulster showed the highest level of growth (12%), with farmland up to 50 acres seeing prices for transactions involving a residence rise to an average of €6,556 per acre. In contrast, chartered surveyors in Munster reported a decline in sale prices of 4%, while there was a marginal decrease recorded in Leinster (excluding Dublin).

Overall, Munster experienced a decline in sale prices across the categories, with farmland 50-100 acres falling by an average of 10%, while farmland of >100 acres experienced a more significant decrease in value of 20%.

National Sales and Rental Activity Trends
Activity and trends in the agricultural land sales market experienced little change in 2016, compared to 2015, as reported by chartered surveyors. Nationally, 31% of chartered surveyors reported that the volume of agricultural farmland sold increased in 2016, representing no change from 2015. There was a marginal increase in the number of chartered surveyors reporting a decline in volume sales (24%). Over a third (36%) of chartered surveyors in Leinster reported increases in the volume of sales in 2016, compared to 19% in Munster.

In terms of the volume of agricultural land leased in 2016, 45% of chartered surveyors nationally reported no change, while 24% reported an increase in volumes, representing a marginal decrease on 2015 levels. There is an evident regional disparity, with 33% of chartered surveyors in Leinster reporting an increase in the volume of farmland leased, compared to 10% in Connaught/Ulster.

Over half of chartered surveyors reported that there was no change in the total number of agricultural farmland valuations, while 30% reported an increase in valuation activity. The largest proportion of respondents (43%) that reported an increase in the number of agricultural farmland valuations were in Munster. The number of valuations of agricultural farmland providing for the inter-generational transfer of land were almost identical to 2015 levels, with 46% of respondents reporting no change and 27% reporting an increase in valuations.

Q1: How did the following change in 2016 compared to 2015?*

<table>
<thead>
<tr>
<th>Activity Level</th>
<th>Leinster (excl. Dublin)</th>
<th>Munster</th>
<th>Connaught/Ulster</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuations</td>
<td>Increased: 29%</td>
<td>Remained the same: 34%</td>
<td>Decreased: 27%</td>
</tr>
<tr>
<td>Sold</td>
<td>Increased: 25%</td>
<td>Remained the same: 56%</td>
<td>Decreased: 19%</td>
</tr>
</tbody>
</table>

A total of 96% of chartered surveyors reported that an executor / probate sale was the most active vendor category for agricultural farmland sales in 2016, an increase of 5% on the 2015 results. This was followed by land owners who had inherited land but who have no desire to farm the land (75%), and farmers who are no longer interested in or who have retired from farming (74%). Chartered surveyors in Leinster (excl. Dublin) (87%) reported the highest levels of activity in sales from land owners who had inherited land but who have no desire to farm the land. The most active types of landlords in leasing agricultural farmland in 2016 were farmers who are no longer interested in or who have retired from farming and land owners who have inherited land but who have no desire to farm the land, as identified by 82% of chartered surveyors respectively. Both results suggest a decrease on 2015 of between 4% to 6%.

"There was very limited activity in agricultural land sales in the western and northern regions in 2016. The majority of sales in 2016 were in plot sizes of up to 50 acres with very little market activity in larger farm holdings. In particular, this is posing a significant challenge to younger farmers as farms of this size are not economically viable and consolidation of smaller farms is becoming more of a necessity."

John Murphy
Murphy and Sons
SCSI Connaught/Ulster Region

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Table 6.1: Average price per acre for agricultural farmland sales by region (with and without a residential holding), with no entitlements

<table>
<thead>
<tr>
<th>Farmland size</th>
<th>With a residence</th>
<th>Without a residence</th>
<th>% change</th>
<th>With a residence</th>
<th>Without a residence</th>
<th>% change</th>
<th>With a residence</th>
<th>Without a residence</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmland up to 50 acres</td>
<td>2016</td>
<td>€12,266</td>
<td>€11,204</td>
<td>9%</td>
<td>€10,622</td>
<td>€9,316</td>
<td>12%</td>
<td>€8,556</td>
<td>€6,376</td>
</tr>
<tr>
<td>Farmland up to 50 acres</td>
<td>2015</td>
<td>€12,711</td>
<td>€10,408</td>
<td>22%</td>
<td>€11,017</td>
<td>€9,518</td>
<td>15%</td>
<td>€8,393</td>
<td>€6,162</td>
</tr>
<tr>
<td>Farmland 50-100 acres</td>
<td>2016</td>
<td>€10,988</td>
<td>€10,391</td>
<td>6%</td>
<td>€9,092</td>
<td>€8,800</td>
<td>2%</td>
<td>€7,779</td>
<td>€5,838</td>
</tr>
<tr>
<td>Farmland 50-100 acres</td>
<td>2015</td>
<td>€11,361</td>
<td>€10,242</td>
<td>10%</td>
<td>€10,131</td>
<td>€9,900</td>
<td>2%</td>
<td>€8,710</td>
<td>€6,271</td>
</tr>
<tr>
<td>Farmland &gt;100 acres</td>
<td>2016</td>
<td>€10,043</td>
<td>€9,518</td>
<td>5%</td>
<td>€9,144</td>
<td>€8,577</td>
<td>6%</td>
<td>€7,457</td>
<td>€6,529</td>
</tr>
<tr>
<td>Farmland &gt;100 acres</td>
<td>2015</td>
<td>€10,086</td>
<td>€9,316</td>
<td>7%</td>
<td>€9,239</td>
<td>€8,944</td>
<td>3%</td>
<td>€7,350</td>
<td>€6,260</td>
</tr>
</tbody>
</table>

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* Results shown are weighted to represent the national response.
Chartered surveyors in Leinster (excl. Dublin) (57%) reported the highest levels of activity in sales from a financial institution, 14% above the national average.

Q11: In relation to conacre (i.e. short term leases less than 12 months) in 2016, would you describe the area let relative to 2015 as having …

Figure 6.5 Trends in conacre and the leasing of agricultural land in 2016, relative to 2015

Nationally, 66% of chartered surveyors reported that the demand for long-term leases (tenures in excess of 5 years) increased in 2016, a decline of 9% on 2015 levels. Similarly, there was a decrease in the proportion of respondents who reported that the average duration of lease agreements had increased, with 39% reporting an increase, compared to 55% in 2015. There was a marked decline in the number of respondents reporting an increase in the average duration of lease agreements, with 39% reporting an increase in 2016, compared to 55% in 2015.

Q12: With regard to the leasing of agricultural farmland, how did the following change in 2016 compared to 2015?

Figure 6.6 Proportion (%) of agricultural farmland transactions that included an associated CAP payment entitlement as part of the sale

Nationally, chartered surveyors reported that 15% of agricultural farmland transactions sold in 2016 included an associated CAP payment entitlement as part of the sale. This figure was highest in Munster at 23%, while in Connaught/Ulster and Leinster (excl. Dublin) respectively reported an increase in the sale volumes of entitlements exclusive of agricultural farmland, while 33% of respondents in Munster reported no change, relative to 2015 levels.

Q13: Approximately what proportion (%) of agricultural farmland transactions your firm sold in 2016 included an associated CAP payment entitlement as part of the sale?

Figure 6.7 National trends in sales volume of entitlements exclusive of agricultural farmland

Nationally, chartered surveyors reported that 15% of agricultural farmland transactions sold in 2016 included an associated CAP payment entitlement as part of the sale. This figure was highest in Munster at 23%, while in Connaught/Ulster and Leinster (excl. Dublin) respectively reported an increase in the sale volumes of entitlements exclusive of agricultural farmland, while 33% of respondents in Munster reported no change, relative to 2015 levels.

Q14: In 2016, would you say that the sales volume of entitlements exclusive of agricultural farmland has …

Figure 6.8 Impact of tax relief for long-term leasing of land on the volume of transactions for agricultural farmland with long-term leases during 2015

“Tax relief for long-term leasing of land introduced in Budget 2015 has had a little or no impact. This is partly driven by attractive farm income tax incentives introduced in the Agri-Tax Measures in the Finance Act 2014.”

John Dawson REA Dawson Southeast Leinster Region

Q15: What impact did tax relief for long-term leasing of land introduced in Budget 2015, have on the volume of transactions for agricultural farmland with long-term leases during 2015?

Figure 6.9 Trends in leasing agricultural farmland in 2016

Nationally, 60% of chartered surveyors reported that the demand for long-term leases (tenures in excess of 5 years) increased in 2016, a decline of 9% on 2015 levels. Similarly, there was a decrease in the proportion of respondents who reported that the average duration of lease agreements had increased, with 39% reporting an increase, compared to 55% in 2015. There was a marked decline in the number of respondents reporting an increase in the average duration of lease agreements, with 39% reporting an increase in 2016, compared to 55% in 2015.

Q16: In your experience, how active were the following types of landlords in leasing agricultural farmland in 2016?*

Figure 6.3 Trends in leasing agricultural farmland sales in 2016

Nationally, 60% of chartered surveyors reported that the demand for long-term leases (tenures in excess of 5 years) increased in 2016, a decline of 9% on 2015 levels. Similarly, there was a decrease in the proportion of respondents who reported that the average duration of lease agreements had increased, with 39% reporting an increase, compared to 55% in 2015. There was a marked decline in the number of respondents reporting an increase in the average duration of lease agreements, with 39% reporting an increase in 2016, compared to 55% in 2015.

Results above are weighted to represent the national response.
Agricultural Land Values
Connaught/Ulster
The largest increase in agricultural land values in the Connaught/Ulster Region was in farmland up to 50 acres (with a residence), which saw a 12% increase on 2015 values. Of all regions, Connaught/Ulster experienced the greatest increase in this land category; however, average prices are at a considerably lower level than average prices in the other two regions. There were more modest land price increases recorded across all other land categories. However, this trend signifies a stabilisation in prices over the past twelve months as the majority of land categories experienced a decline in prices in 2015.

Connaught/Ulster Region was in farmland up to 50 acres (with a residence), which saw a 12% increase on 2015 values. Of all regions, Connaught/Ulster experienced the greatest increase in this land category; however, average prices are at a considerably lower level than average prices in the other two regions. There were more modest land price increases recorded across all other land categories. However, this trend signifies a stabilisation in prices over the past twelve months as the majority of land categories experienced a decline in prices in 2015.

Munster
In Munster, agricultural land values experienced a decline across all categories, with the largest decline of 20% recorded in farmland of 100 acres or greater (with a residence). Price falls in farmland up to 50 acres remained more stable with a 4% decline in land with a residence. This is in contrast to the 2015 land prices, which in general, experienced increases across all categories, with the exception of farmland sizes of 50-100 acres (without a residence).

Leinster (excluding Dublin)
Agricultural land prices experienced a stabilisation in the Leinster (excl. Dublin) in 2016, compared to 2015 levels. The greatest increase occurred in land up to 50 acres (without a residence) which saw prices increase by 6% to €11,204. Elsewhere, there were modest changes.

“Commercial forestry is driving values up in the region and taking a substantial volume of some of the better agricultural land out of circulation. With 15 year tax-free premiums and 100% grant allocation, farmers and investors are naturally attracted to the higher investment returns, combined with no upfront costs, particularly in light of current sale and rent prices being achieved.”

John Murphy
Murphy and Sons
SCSI Connaught/Ulster Region

“Tillage has been very hard hit in recent years with the price of grain falling to figures last seen over three decades ago. This has resulted in a stagnation in the volume of sales and a reduction in lettings. Until grain prices improve, there is little sign of an upturn in both demand or land prices in this sector.”

Miah McCarthy
McCarthy & McGrath
SCSI Munster Region
Trends in agricultural land rentals in Connaught/Ulster were mixed. Grazing and grazing/meadowing/silage land rentals stayed relatively unchanged (+/−1%) at €130 per acre and €144 per acre respectively. There was a marked decrease (−15%) in land used for cereal crops to an average of €110 per acre, while land used for other crops saw a significant average increase of 25% to €173 per acre.

Land used for potato crops saw a stable increase of 4% to €173 per acre. While land used for cereal crops to an average of €144 per acre respectively. There was a marked decrease (−15%) in land for cereal crops (wheat, barley, oats) experienced a stable increase of 6%, however, there was a decline of 5% recorded for other crops (sugar, beet, maize and beans). Potato crops in the region saw the largest increase (13%) as rental values reached an average of €286 per acre. However, this would be a select number of farms within the region.

In Munster, trends in 2016 remained generally similar to those experienced in 2015. Agricultural land rents for grazing / meadowing / silage remained generally unchanged in 2016 at €186 per acre for grazing and €178 per acre for grazing only (+1% increase). Land values for cereal crops (wheat, barley, oats) experienced a stable increase of 6%, however there was a decline of 5% recorded for other crops (sugar, beet, maize and beans). Potato crops saw the largest increase (13%) as rental prices increased by 7% to €220 per acre. Rental prices for land used for root crops (sugar, beet, maize, beans) remained steady at €160 per acre. Rental prices for land used for cereal crops (wheat, barley, oats) remained steady at €195 per acre (+3%), however there was a pronounced increase in other crops (sugar, beet, maize, beans) with rental prices experiencing a 9% growth (€230 per acre).

In Leinster, a higher proportion of respondents (57%) that forecast no change in agricultural sales in 2017. 33% anticipate an increase of between 5-9%, while this figure is 26% in Connaught/Ulster and Munster. The majority of respondents forecasting a decrease, the majority anticipate a rise of 5-9%. Regionally, chartered surveyors in Connaught/Ulster and Munster are most optimistic in terms of increases, with 20% and 24% respectively forecasting an increase in between 5-9%, while this figure is 15% amongst Leinster respondents. Results shown are weighted to represent the national response.
Nationally, half of chartered surveyors report that the volume of agricultural farmland for leasing is likely to remain unchanged in 2017, relative to 2016, while over a quarter (28%) forecast an increase in the volume. On a regional basis, 34% of respondents in Connaught/Ulster are likely to increase agricultural farmland for leasing in 2017, compared to 19% of respondents in Munster.

Q17: Would you say that in 2017 the volume of agricultural farmland for lease in your region during 2017 is...

- Significantly increase
- Moderate increase
- Little or no change
- Don’t know/Not Sure

Figure 6.21
Forecast volume of agricultural farmland for lease in 2017*

Over half (55%) expect demand from dairy farmers to lease agricultural farmland during 2017 to increase (moderately or significantly).

Q18: Do you expect demand from dairy farmers to purchase agricultural farmland in your region during 2017 to...

- Significantly increase
- Moderate increase
- Little or no change
- Don’t know/Not Sure

Figure 6.22
Forecast demand from dairy farmers to purchase agricultural farmland in 2017*

Over a third of chartered surveyors do not anticipate a change in the total area of agricultural farmland for sale in 2017, while 42% anticipate an increase in sales of between 1% to 5%. Similarly, 35% of chartered surveyors anticipate no change in the volume of sale transactions for agricultural farmland in 2017, while 27% anticipate an increase of up to 5%. Sentiment differs across the regions, with 53% of chartered surveyors in the Connaught/Ulster predicting no change in sale transactions, compared to 22% in Leinster (excl. Dublin), highlighting the regional market disparities.

Q19: Do you expect demand from dairy farmers to lease agricultural farmland in your region during 2017 to...

- Significantly increase
- Moderate increase
- Little or no change
- Don’t know/Not Sure

Figure 6.23
Forecast demand from dairy farmers to lease agricultural farmland in 2017*

35% of chartered surveyors anticipate no change in the total area of agricultural farmland for sale in 2017, while 49% anticipate an increase.

Almost half (49%) of all chartered surveyors (42%) do not anticipate any change in the number of sale transactions for agricultural farmland in 2017, while 35% forecast no change, relative to 2015. In terms of total acreage for let, a large proportion of chartered surveyors (42%) do not anticipate any change in market stock, compared to 2016.

Q20: Do you expect the total area (acreage) of agricultural farmland for sale in...?

- Increase
- No change
- Decrease
- Don’t know/Not Sure

Figure 6.24
Forecast changes in total area (acreage) of agricultural farmland for sale in 2017

“Access to finance for farmers is still proving very difficult and I believe if the banks were to relax their lending criteria somewhat you would certainly see a more buoyant land market.”

Thomas Potteron
REA T.E. Potteron, SCSI Leinster Region

“Milk prices are still recovering from the fall resulting from the abolition of the milk quota system in 2015. The Irish national dairy marketing strategy is strong and the outlook for the dairy sector looks positive. However, the fall in milk prices impacted on the ability of dairy farmers to expand in many cases. Also, the phenomenon of farmers leaving the beef sector to enter the dairy sector, which required substantial investment in farm infrastructure and specialised equipment, has led to the exposure of some of these farmers as milk prices remain below anticipated figures.”

Miah McCarthy
McCarthy & McGrath
SCSI Munster Region
The majority (58%) of chartered surveyors anticipate that the principal type of farmers seeking to purchase agricultural land in 2017 will comprise dairy farmers, while 61% also expect dairy farmers to be the main type of farmers seeking to lease agricultural land. In contrast, 61% of chartered surveyors expect dry stock farmers to be the principal type of farmer seeking to sell agricultural land in 2017.

Q24: In your experience, the principal types of farmers seeking to buy agricultural farmland in 2017 are likely to be:

Q25: In your experience, the principal types of farmers seeking to sell agricultural farmland in 2017 are likely to be:

Q26: In your experience, the principal types of farmers seeking to lease agricultural farmland in 2017 are likely to be:

“Farming is becoming increasingly paper and technology orientated. Young farmers are entering the sector with agricultural related training qualification and a lot more younger farmers have travelled overseas, for example to New Zealand, Australia and Canada and have returned with new business ideas. This bodes well for future generations as every business needs to evolve with the times. Given Ireland’s temperate climate and suitability for grass growth, there remains plenty of opportunities for the younger generation within this sector, which might temper the uncertainties associated within Brexit at this time.”

Miah McCarthy
McCarthy & McGrath
SCSI Munster Region
### 7.0 Statistical Annex

Tables of agricultural land sales & rental prices

#### Table 7.1: Agricultural land values 2010 to 2016

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<thead>
<tr>
<th>Year</th>
<th>With a residence</th>
<th>Without a residence</th>
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<td></td>
<td>Up to 50 acres</td>
<td>50-100 acres</td>
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Source: SCSI Agricultural Land Market Survey 2017

#### Table 7.2: Agricultural rental values 2010 to 2016

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Source: SCSI Agricultural Land Market Survey 2017
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