



Society of Chartered Surveyors Ireland / Teagasc

Land Market Review and Outlook 2017

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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.



Paul Good FSCSI FRICS
SCSI Rural Professional
Group Chairman



Professor Gerry Boyle
Director, 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.

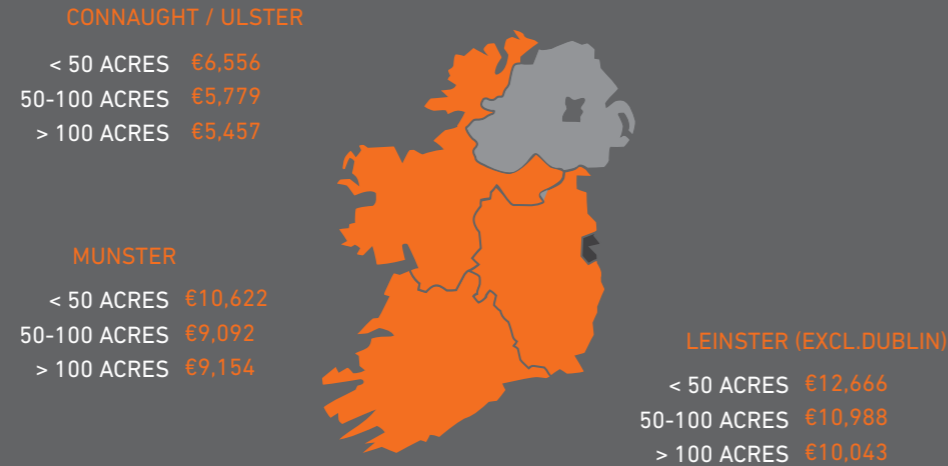
However, Brexit is not the only issue that is of concern in terms of likely future drivers of the agricultural land market in Ireland. In this year's special feature within the report we highlight how in addition to Brexit, impending reform of the Common Agricultural Policy, EU Environmental Policy and 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.

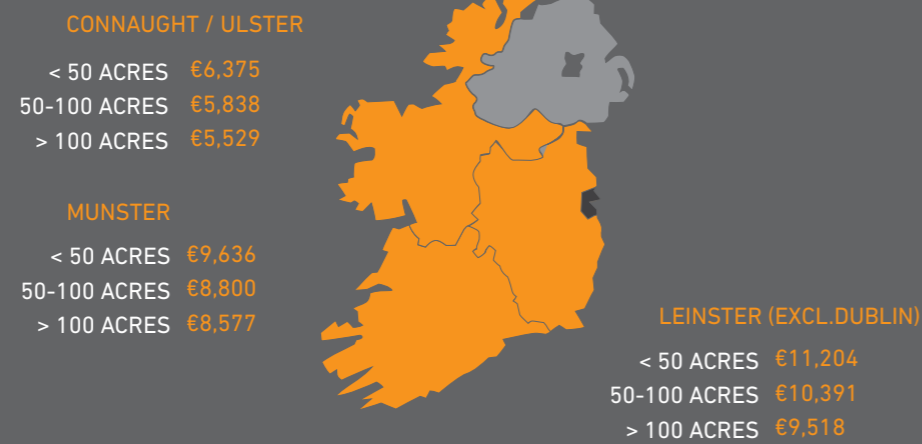
Key Summary Review 2016

SCSI Members Survey

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



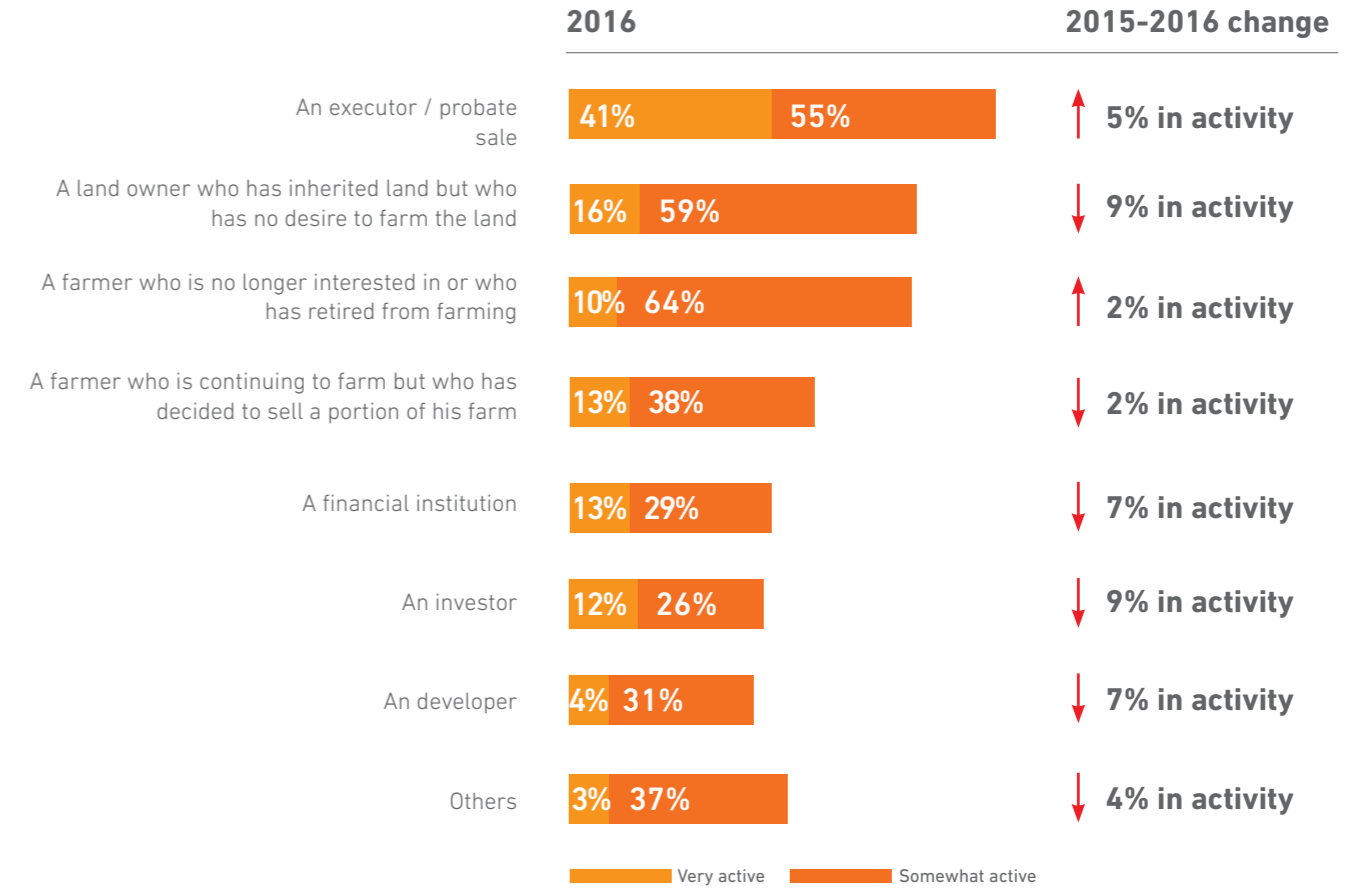
Sales price per acre in 2016 for land transactions excluding a residence



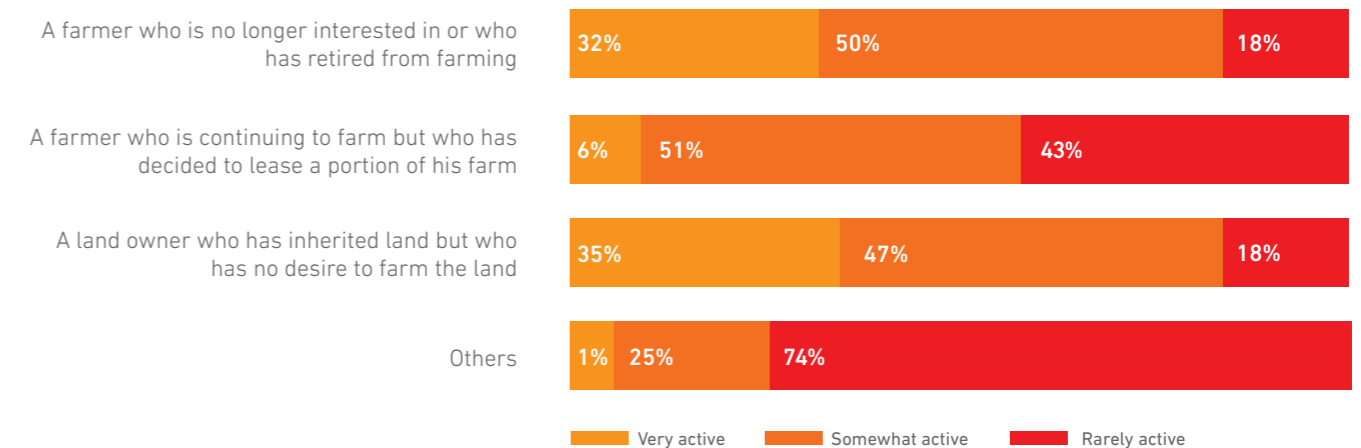
Rental price per acre in 2016



How active were the following in selling agricultural farmland?*



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



* 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%



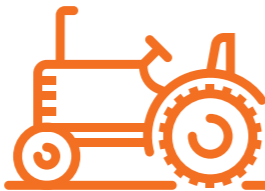
Beef prices
**down 10%
to 12%**



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

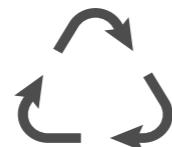
Brexit



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 19%. 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 Leinster¹ 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 lease, appear to have depressed rental rates in 2016.



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.

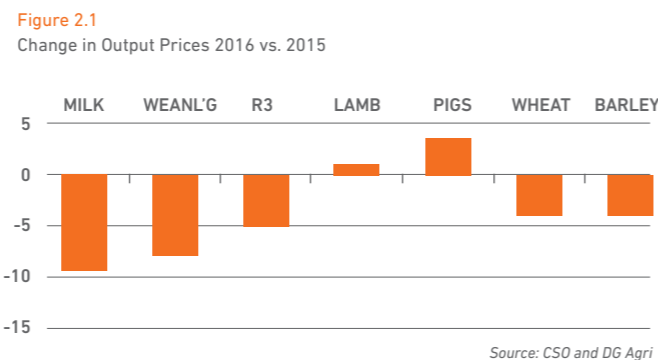
Overview of Agriculture in 2016 and 2017

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 and the introduction of the Beef Data Genomics Programme payment. 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.

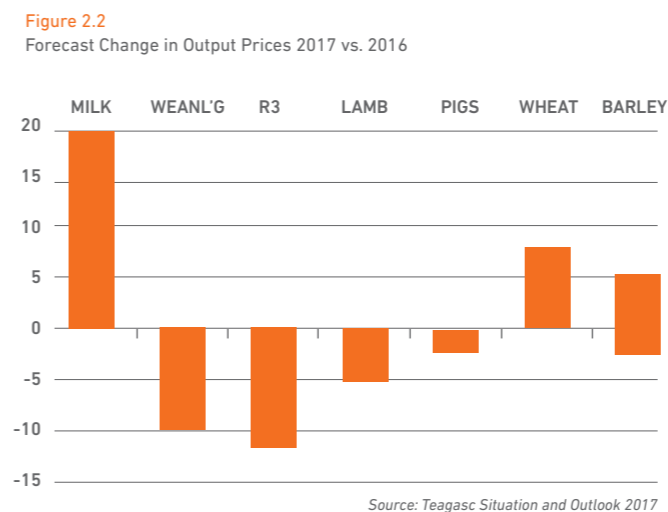
Irish milk prices should average about 20% higher in 2017 relative to 2016, as global supply growth is expected slow in the first half of 2017. Production costs should increase slightly. Beef prices are forecast to decline significantly in 2017, due to strong supplies across the EU and the weakness of 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 prices are expected to decrease by about 5% in 2017. Although production costs are forecast to rise, the Sheep Welfare Payment should prevent a major drop in sheep margins.

Stock levels on international grain markets remain plentiful following successive strong global harvests. Cereal prices at harvest in 2017 will be highly dependent on future growing conditions globally. On the assumption that global yields revert to normal, global supply and stock levels in 2017 are not forecast to increase over the 2016 level. Cereal prices are forecast to improve slightly relative to 2016. Overall costs on cereal farms look set to fall, as farmers benefit from lower fertiliser prices



compared with 2016. With yields reverting to normal levels, margins for most crops in 2017 will improve on the 2016 levels.

Forecast commodity price changes for 2017 taken from Teagasc's Situation and Outlook 2016 report are shown in Figure 2.2.



Dairy

Dairy farms utilise about one quarter of the grassland area in Ireland and are most prominent in the eastern half of Munster and in the southern counties of Leinster.

Milk prices continued to decline during the first half of 2016, but recovered in the second half of the year. This recovery was too late however, to benefit milk prices in peak season. As a result, the annual average national milk price for 2016 fell by 9% with the price for the year as a whole estimated to be 27.5 cent per litre. In Ireland, the aggregate milk production increased by almost 4.5% in 2016.

Overall milk production costs are estimated to have declined in 2016 on a per hectare basis by 3%, with a 7% decline recorded on a per litre basis, owing to increased milk production and the dilution effect it has on overhead costs. However, the reduction in production costs and increase in milk production was insufficient to offset the decline in milk prices and it is estimated that the net margin per litre of milk produced declined to 7.5 cent per litre in 2016.

Dairy markets are expected to continue to recover into 2017. It is forecast that the annual average milk price will increase by 20% in 2017 relative to the 2016 level, bringing the annual average milk price to 32.5 cent per litre. Further growth in Irish national milk production (5%) is forecast in 2017.

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 weanling 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 €466 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 €402 per hectare. The negative impact of lower cattle prices on margins is moderated by receipt of coupled nationally financed direct payments under the Beef Data Genomics Programme. Lower young cattle prices should moderate the impact of lower finished cattle prices to leave forecast gross margins on Cattle Finishing enterprises 19% lower at €364 per hectare.

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.

The outlook for Irish and EU lamb prices for 2017 is negative as exchange rate developments and lower beef prices are forecast 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.

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

3.0

Land Sales & Land Rental Market 2016

Each year, SCSI conducts a survey of its members, collecting data on agricultural land sales and rents, together with their views on the market. This is further supplemented by telephone interviews with key members located throughout the country. This section of the report is based on the outputs from the survey and the interviews with members. A more detailed analysis of the survey data is contained in Section 6 of this report.

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

Table 3.1: Agricultural land values in Ireland 2016

€ per acre and annual percentage change; based on land with no entitlements						
	Leinster (excl Dublin)		Munster		Connaught/Ulster	
	With a residence	Without a residence	With a residence	Without a residence	With a residence	Without a residence
Up to 50 acres	€12,666 ↓ <1%	€11,204 ↑ 6%	€10,622 ↓ 4%	€9,636 ↓ 3%	€6,556 ↑ 12%	€6,375 ↑ 3%
50-100 acres	€10,988 ↓ 3%	€10,391 ↑ 1%	€9,092 ↓ 10%	€8,800 ↓ 11%	€5,779 ↑ 1%	€5,838 ↑ <1%
100+ acres	€10,043 ↓ 1%	€9,518 ↑ 2%	€9,154 ↓ 20%	€8,577 ↓ 9%	€5,457 ↑ 2%	€5,529 ↑ 5%



Co. Galway – Period Residence
on 135 acres.
Sold July 2016 – €3,200,000

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 Leinster, agricultural lands (without a residence) increased in price while agricultural lands (with a residence) declined in price during 2016. In Leinster, these diverging trends applied regardless of the size of the land parcel and this led to a narrowing in the price gap between those lands purchased with a residence and those lands purchased without a residence.

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 6% 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 crop land. 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 €336 per acre is much greater than the average rental price of €286 in Munster.

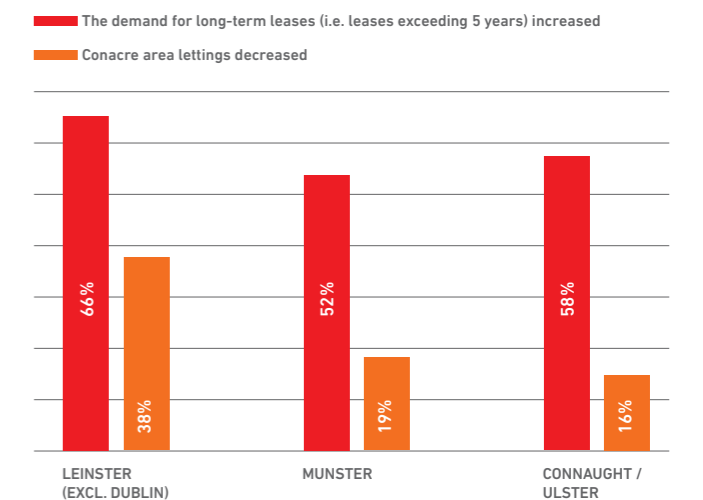
In Connaught/Ulster, rental prices for grazing land remained close to their 2015 levels. At the same time, the results point to a significant decline of 16% in rental prices for cereal crop lands with prices declining to €110 per acre. Rental prices for land planted for potato crops increased by 4%, 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 lets 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 the 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% of

Figure 3.1
Changes in the leasing of agricultural farmland in 2016





Co. Kildare – Country Estate with Period Residence and yards on 286 acres. Sold June 2016 - €2,150,000



Co. Westmeath a c.383 acre resident farm Sold for €3,500,000

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

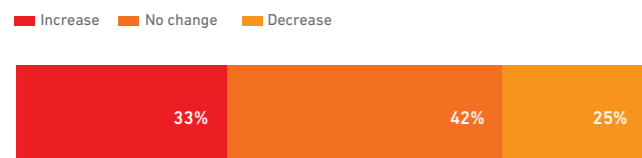
shows that 26% of survey respondents have expectations of an increase in the volume of agricultural farmland for leasing, 51% expect no change in the volume of leasing and 13% expect that the volume of agricultural farmland for leasing will decline in 2017.

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.

Figure 3.2
Forecast change in average sales in 2017, compared to 2016*



*Level of change weighted to represent the national response



4.0

Short, Medium and Long Terms Drivers for the Land Market in Ireland

Short Medium and Longer term issues that may affect the land market in Ireland.

Economists typically think of agricultural commodity prices, the price of inputs and resultant farm profitability, as being the factors which farmers take into consideration when thinking about land purchase or land rental market decisions. The supply of agricultural land in Ireland is relatively fixed and therefore changes on the demand side account for most of the impact on the selling prices or the rental price of land.

However, there are a wide variety of other concerns that will over the short, medium and longer term, have an impact on the land market.

Short Term: CAP Reform and future farm income supports

CAP direct payments are a significant source of income on many farms, particularly in the drystock 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 remains 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 for 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 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 pluri-lateral 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 policies 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 agriculture sector. However, 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

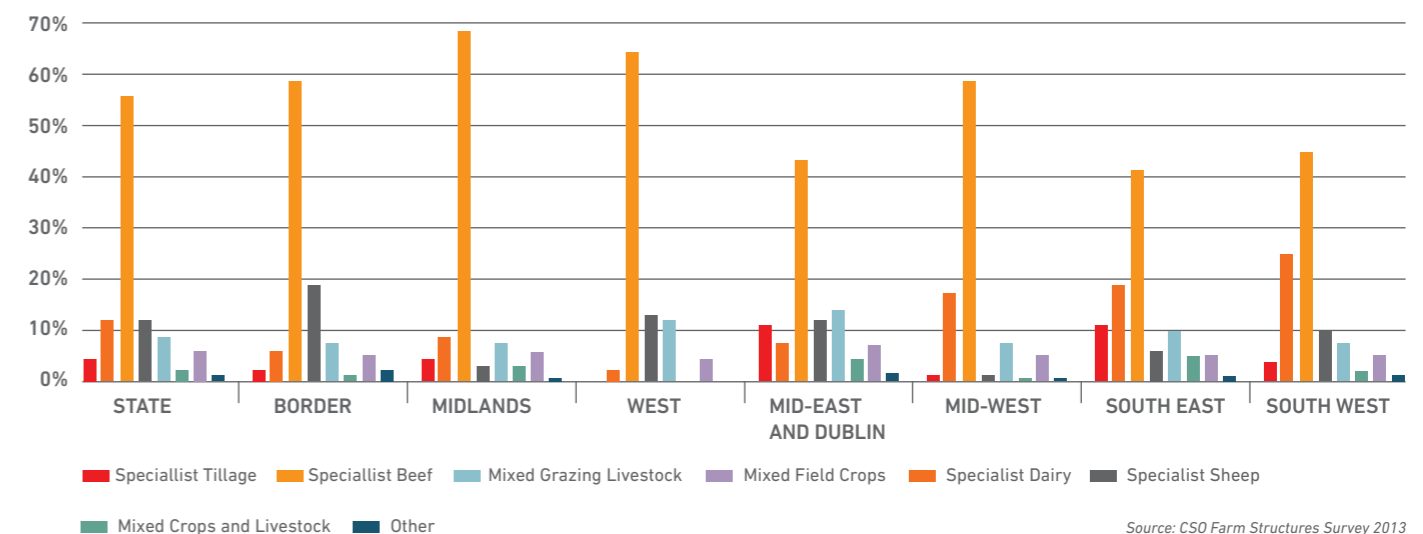
While there are no radical differences in climactic and agronomic conditions across Ireland, there are differences in the importance of various agricultural production systems at a regional level that are likely to be reflected in both demand for and supply of agricultural land for sale and rent. The 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 SCSl 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

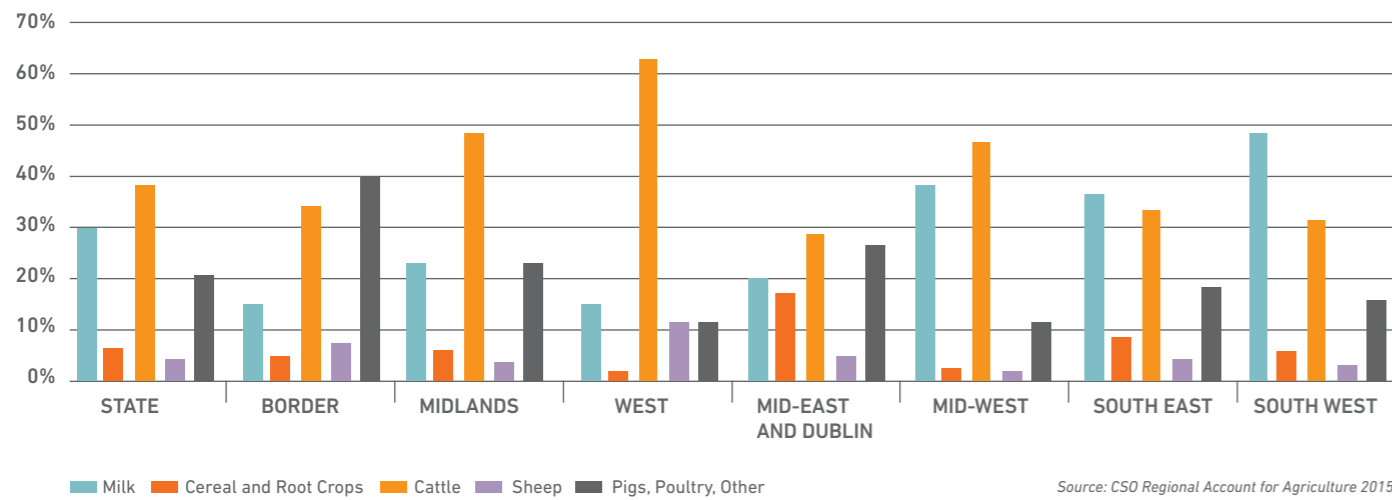


Source: CSO Farm Structures Survey 2013

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.

Figure 5.2
Agricultural Output (excl. forage) at Producer Prices 2015 Shares by NUTS III Region



The importance of different farm types by region is reflected in the varying composition of the agricultural output produced across the regions of Ireland as illustrated in Figure 5.2. The prominence of cattle output can be observed across all regions, with the cattle output share varying from 30% in the

Dublin Mid East region to over 60% in the West region. However, the importance of milk and cereal and root crop output varies widely across the NUTS III regions. The prevalence of dairying is highest in the South West, Mid-West and South East regions.

Figure 5.3
Net Subsidies as a share of Agricultural Sector Income in 2014 and 2015 by NUTS III 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.

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CSO (2015) Farm Structures Survey 2013. Available at <http://www.cso.ie/en/releasesandpublications/ep/p-fss/farmstructuresurvey2013/>

CSO (2016) Regional Accounts for Agriculture 2015. Available at: <http://www.cso.ie/en/releasesandpublications/er/raa/regionalaccountsforagriculture2015>



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.

Q3: Average price per acre for agricultural farmland sales, by region (with a residential holding), with no entitlements in 2016:

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%.

Q4: Average price per acre for agricultural farmland sales by region (without a residential holding), with no entitlements in 2016

		Leinster (excl Dublin)		Munster		Connaught/Ulster	
		With a residence	Without a residence	With a residence	Without a residence	With a residence	Without a residence
Farmland up to 50 acres	2016	€12,666	€11,204	€10,622	€9,636	€6,556	€6,375
	2015	€12,711	€10,608	€11,017	€9,970	€5,839	€6,163
	% change	0%	6%	-4%	-3%	12%	3%
Farmland 50-100 acres	2016	€10,988	€10,391	€9,092	€8,800	€5,779	€5,838
	2015	€11,361	€10,242	€10,131	€9,900	€5,710	€5,821
	% change	-3%	1%	-10%	-11%	1%	0.3%
Farmland 100+ acres	2016	€10,043	€9,518	€9,154	€8,577	€5,457	€5,529
	2015	€10,086	€9,316	€11,396	€9,434	€5,350	€5,260
	% change	0%	2%	-20%	-9%	2%	5%

National Sales and Rental Activity Trends

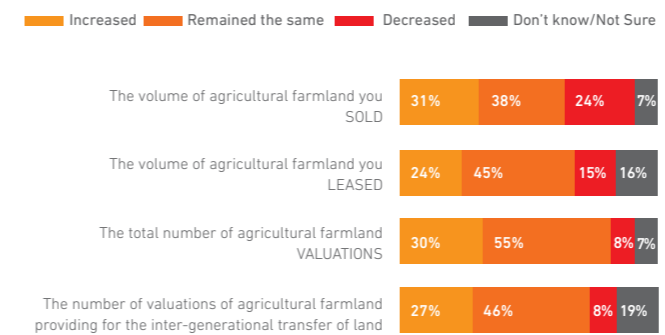
Activity and trends in the agricultural land sales market experienced little change in 2016, compared to 2015, as reported by chartered surveyors. Nationally, 31% of chartered surveyors reported that the volume of agricultural farmland sold increased in 2016, representing no change from 2015. There was 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.

Q7: How did the following change in 2016 compared to 2015?*

Figure 6.1 Activity levels amongst different vendor categories selling agricultural farmland in 2016



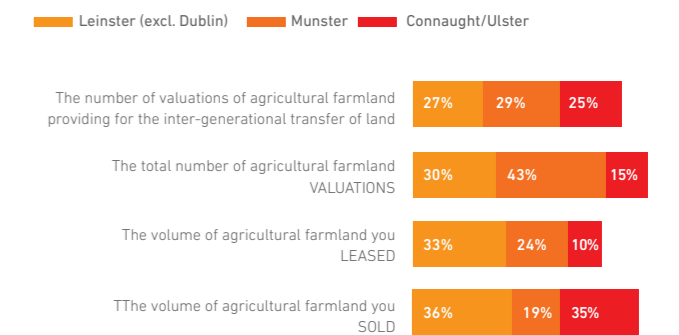
A total of 96% of chartered surveyors reported that an executor / probate sale was the most active vendor category for agricultural farmland sales in 2016, an increase of 5% on the 2015 results. This was followed by land owners who had inherited land but who have no desire to farm the land (75%), and 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

* Results shown are weighted to represent the national response.

“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

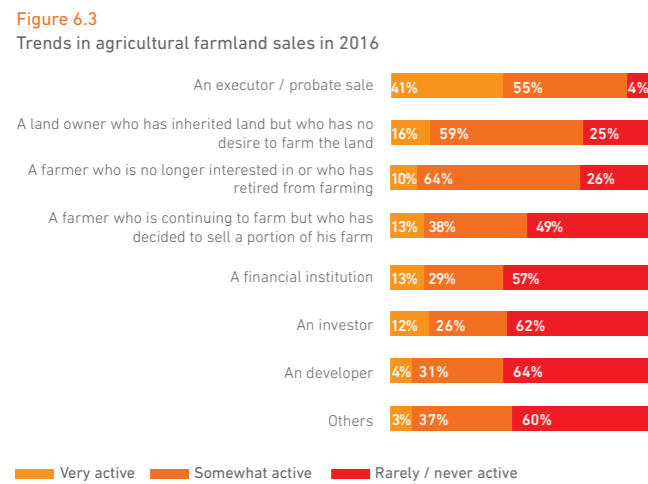
Figure 6.2 Reported increases in activity levels amongst different vendor categories in 2016, by region



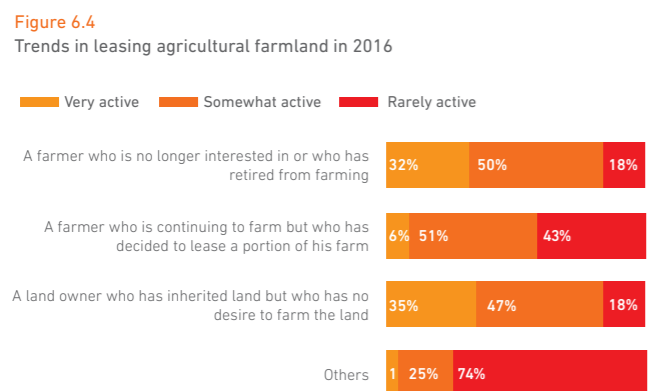
inherited land but who have no desire to farm the land. The most active types of landlords in leasing agricultural farmland in 2016 were farmers who are no longer interested in or who have retired from farming and land owners who have inherited land but who have no desire to farm the land, as identified by 82% of chartered surveyors respectively. Both results represent a decrease on 2015 of between 4% to 6%.

Chartered surveyors in Leinster (excl. Dublin) (57%) reported the highest levels of activity in sales from a financial institution, 14% above the national average.

Q9: In your experience, how active were the following in selling agricultural farmland in 2016?*



Q10: In your experience, how active were the following types of landlords in leasing agricultural farmland in 2016?*



* Results shown are weighted to represent the national response.

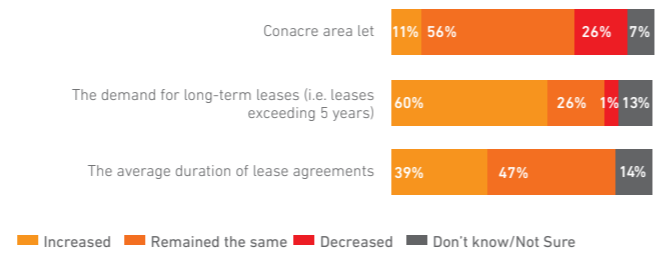
Conacre and the leasing of agricultural farmland

Nationally, 56% of chartered surveyors report no change in the area let under conacre in 2016, a result which is almost identical to that reported in 2015. However, there was a marked decrease (8%) in the proportion of respondents reporting an increase in the area let in conacre over the same period.

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

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

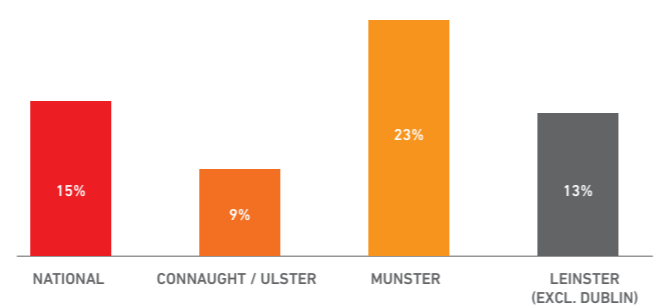
Figure 6.5
Trends in conacre and the leasing of agricultural land in 2016, relative to 2015



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.

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



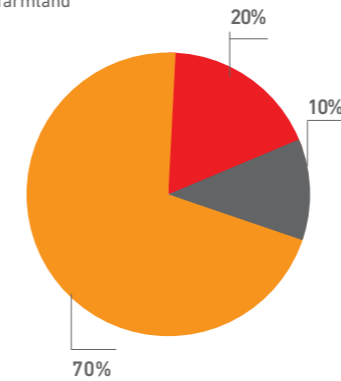
Nationally, chartered surveyors reported that 15% of agricultural farmland transactions sold in 2016 included an associated CAP payment entitlement as part of the sale. This figure was highest in Munster at 23%, while in Connaught/Ulster, just 9% of agricultural farmland transactions sold in 2016 included an associated CAP payment entitlement as part of the sale.

Nationally, 70% of chartered surveyors reported that the sales volume of entitlements exclusive of agricultural farmland decreased in 2016. Regionally, 33% and 25% of respondents 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.

Q15: In 2016, would you say that the sales volume of entitlements exclusive of agricultural farmland has ...

Legend: Increased (orange), Remained the same (red), Decreased (dark red)

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



Tax relief for long-term leasing of land introduced in Budget 2015

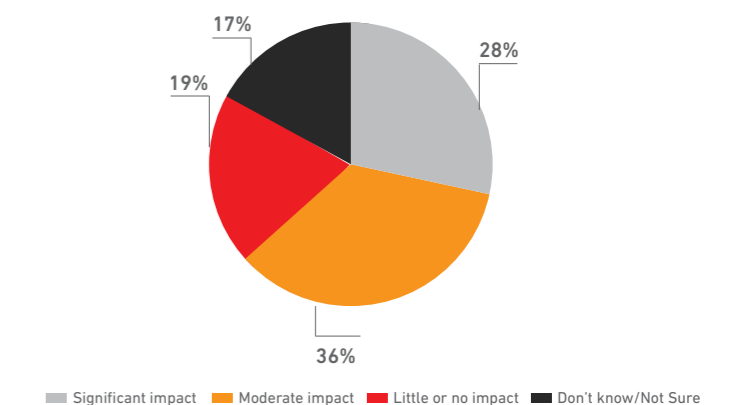
The majority (64%) of chartered surveyors reported that the tax relief for long-term leasing of land introduced in Budget 2015 impacted (either moderately or significantly) on the volume of transactions. Respondents in Leinster (excl. Dublin) reported the highest level of impact (72%) of all regions, while over a quarter (26%) of respondents in Connaught/Ulster reported little or no impact.

“The supply of land for leasing has noticeably decreased in comparison to 2016, 2015 and 2014. It is apparent that farmers prefer long term leases rather than the traditional conacre/11-month system of letting as it gives the farmer more flexibility and tenure for the fixed period. 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

Q16: 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 2016?

Figure 6.8
Impact of tax relief for long-term leasing of land on the volume of agricultural farmland transactions with long-term leases during 2016



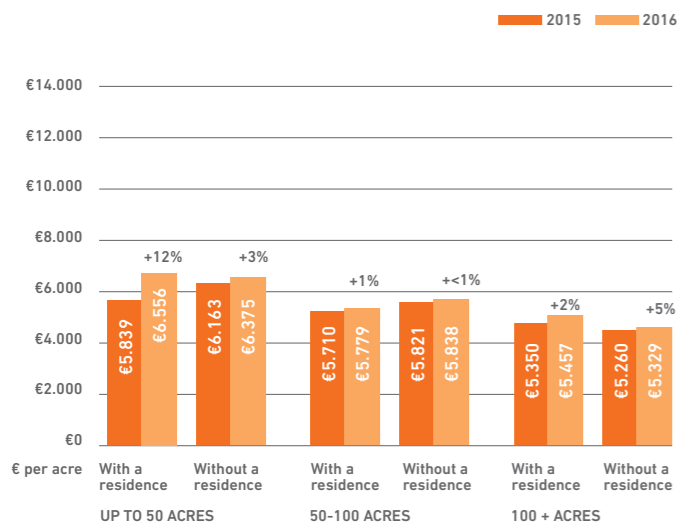
Agricultural Land Values

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.

Q3: Average price per acre for agricultural farmland sales in your region, with no entitlements for each of the following in 2016:

Figure 6.9
Changes in agricultural land prices (per acre) in 2016 in Connaught/Ulster



“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.”

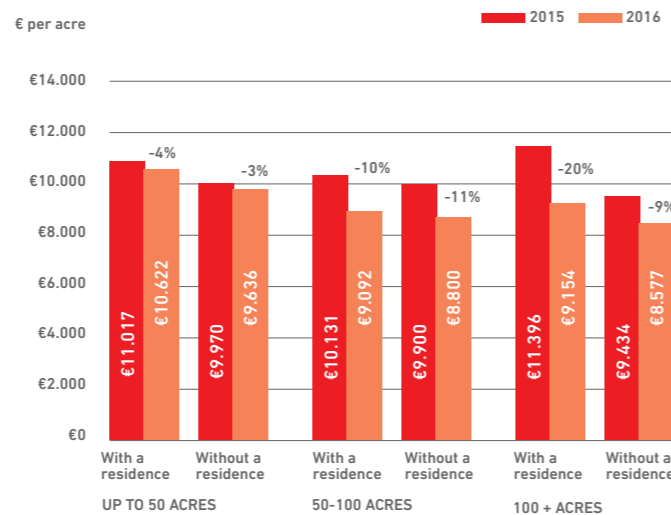
John Murphy
Murphy and Sons
SCSI Connaught/Ulster Region

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)

Q3: Average price per acre for agricultural farmland sales in your region, with no entitlements for each of the following in 2016:

Figure 6.10
Changes in agricultural land prices (per acre) in 2016 in Munster

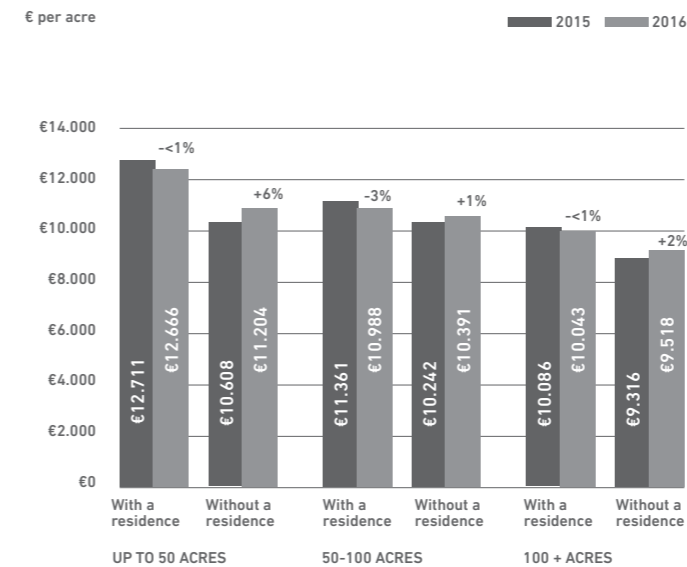


Leinster (excluding Dublin)

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.

Q3: Average price per acre for agricultural farmland sales in your region, with no entitlements for each of the following in 2016:

Figure 6.11
Changes in agricultural land prices (per acre) in 2016 in Leinster (excl. Dublin)

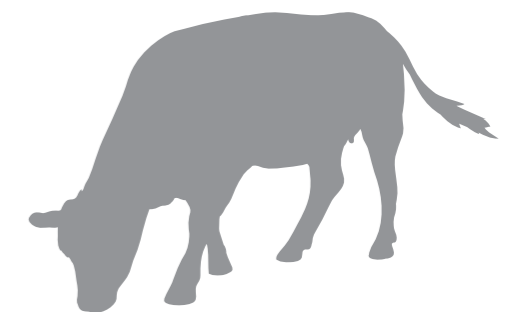


“Tillage has been very hard hit in recent years with the price of grain falling to figures last seen over three decades ago. This has resulted in a stagnation in the volume of sales and a reduction in lettings. Until grain prices improve, there is little sign of an upturn in both demand or land prices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

Miah McCarthy
McCarthy & McGrath
SCSI Munster Region

“Sale of land prices in the southeast are holding their own when compared with 2016 & 2015, with high quality arable land achieving good returns in the price region of €11,000 to €14,000 per acre. Lands of slightly lessor quality are in the region of €9,000 to €11,000 per acre. Good grazing lands but not suitable for tillage purposes are in the region of €7,000 to €9,000 per acre. Land for forestry is in the region of €3,000 to €4,000 per acre. The availability of land for sale so far this year i.e. end of March 2017 is minimised, however, this may change as the year goes by.”

John Dawson
REA Dawson
Southeast Leinster Region



Agricultural Land Rents

Connaught/Ulster

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 €197 per acre, representing the strongest price per acre of all crop types in the region.

Q3: Average price per acre for the rental of agricultural farmland in your region, for each of the following in 2016

Figure 6.12
Changes in agricultural land rents in 2016 in Connaught/Ulster

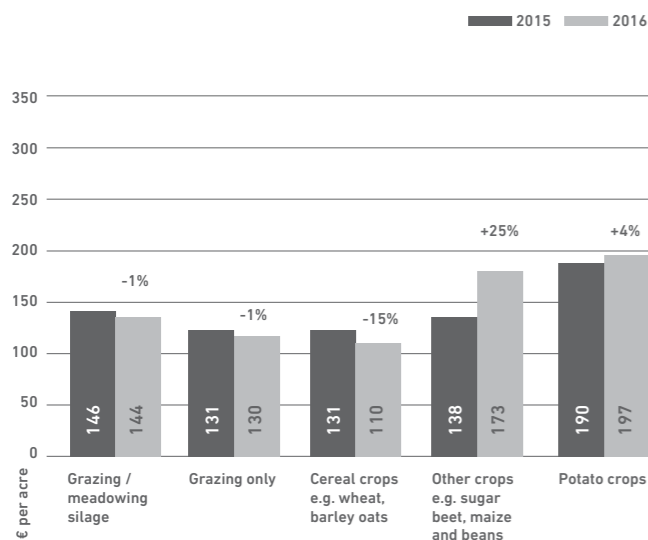
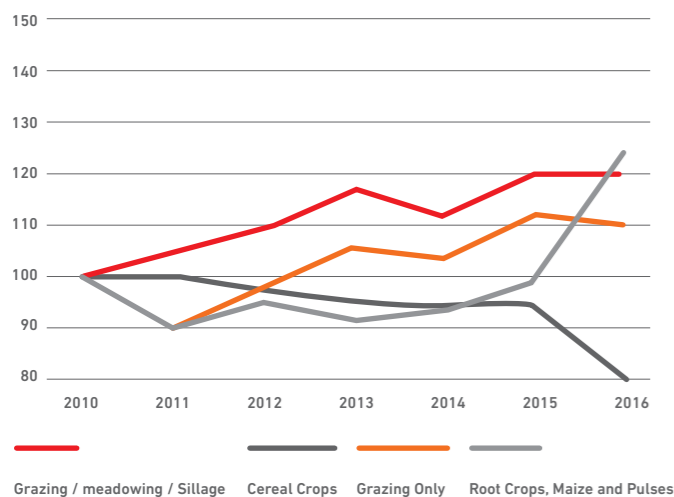


Figure 6.13
Indices of agricultural land rents (price per acre) in 2010-2016 in Connaught/Ulster



Munster

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 acres for grazing only (+1% increase). Land values for cereal crops (wheat, barely, 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 values reached an average of €286 per acre. However, this would be a select number of farms within the region.

Q3: Average price per acre for the rental of agricultural farmland in your region, for each of the following in 2016

Figure 6.14
Changes in agricultural land rents in 2016 in Munster

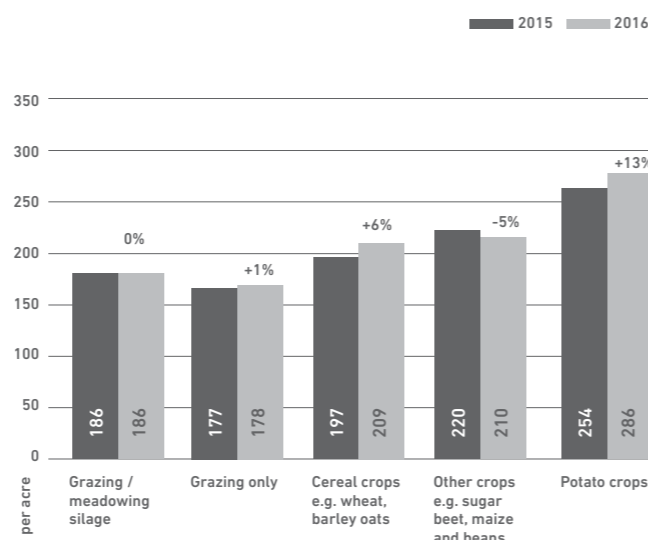
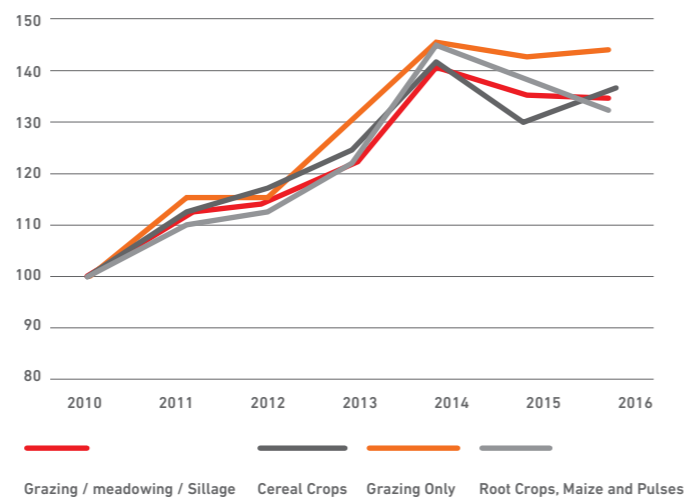


Figure 6.15
Indices of agricultural land rents (price per acre) in 2010-2016 in Munster



Leinster (excluding Dublin)

Agriculture land used for potato crops continued to experience steady growth in 2016, with average rental price of €336 per acres, representing a 6% increase on 2015. Potato crops in the Leinster Region (excluding Dublin) are attracting the highest premium relative to other crops in the region and nationally.

There were marked increases in agricultural land rentals in 2016, particularly in grazing / meadowing /silage which increased by 9% to €177 per acre and grazing only with increased by 7% to €160 per acre. Rental prices for land used for cereal crops (wheat, barely, oats) remained steady at €195 per acres (+3%), however there was a pronounced increase in other crops (sugar, beet, maize, beans) with rental prices experiencing a 9% growth (€235 per acre).

Q3: Average price per acre for the rental of agricultural farmland in your region, for each of the following in 2016

Figure 6.16
Changes in agricultural land rents in 2016 in Leinster (excl. Dublin)

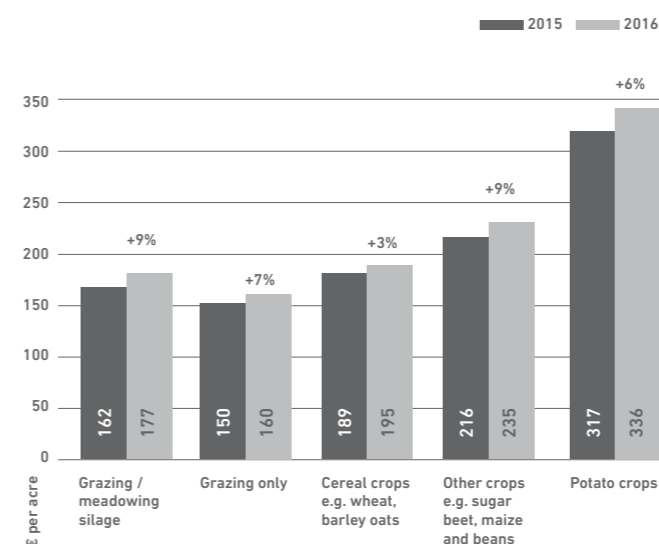
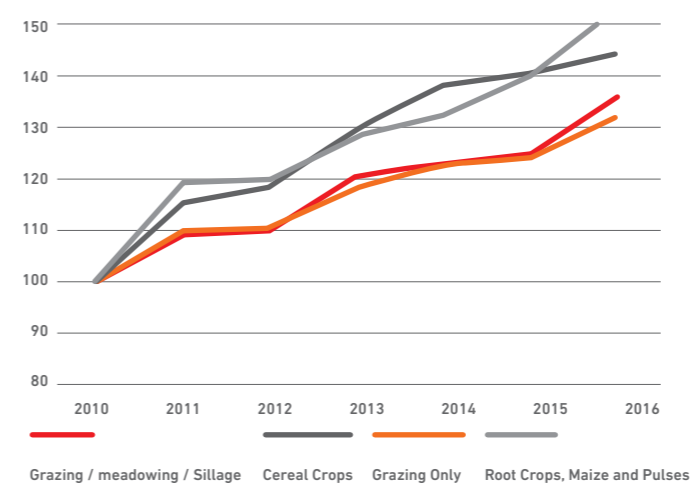


Figure 6.17
Indices of agricultural land rents (price per acre) in 2010-2016 in Leinster (excl. Dublin)



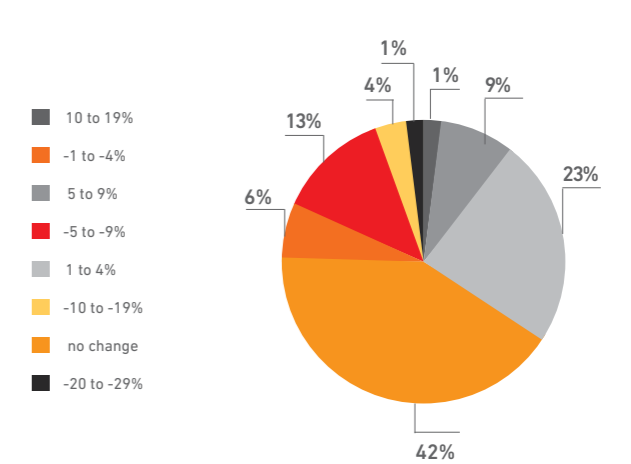
Agricultural Land Market Outlook 2017

Nationally, 42% of chartered surveyors anticipate no change in agricultural sales in 2017. 33% anticipate an increase of some sort, of which the majority expect any increase to remain below 5%. In Connaught/Ulster, there is a significantly higher proportion of respondents (57%) that forecast no change in sales compared to all other regions, and fewer anticipate any increase in average sales, compared to Munster and Leinster (excl. Dublin).

Nationally, 51% of chartered surveyors anticipate that there will be no change in the average rental price for agricultural land in 2017, indicating a strong consensus across the regions of a still market. Of the 35% of respondents forecasting an increase, 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 (excl. Dublin) respondents.

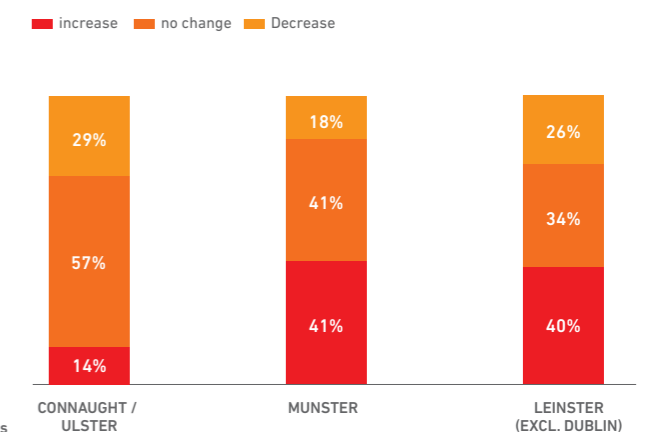
Q5: What will be the (+/-) percentage change in average sales for agricultural farmland in 2017 compared to 2016?*

Figure 6.18
Forecast percentage change in average sales for agricultural farmland in 2017



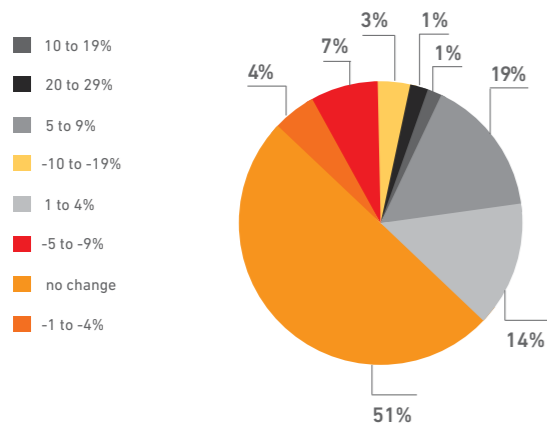
* Results shown are weighted to represent the national response.

Figure 6.19
Proportion of respondents by region that forecast an increase, decrease or no change in average sales for agricultural farmland in 2017



Q8: In your opinion, what will be the (+/-) percentage change in average rents for agricultural farmland in 2017 when compared to 2016?

Figure 6.20 National forecast percentage change in average rents for agricultural farmland in 2017

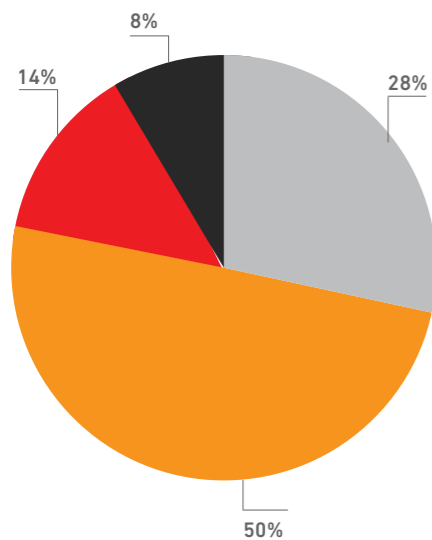


Nationally, half of chartered surveyors report that the volume of agricultural farmland for leasing is likely to remain unchanged in 2017, relative to 2016, while over a quarter (28%) forecast an increase in the volume. On a regional basis, 34% of respondents in Leinster anticipate an increase in the volume for their respective region, compared to 19% of respondents in Munster.

Q17: Would you say that in 2017 the volume of agricultural farmland for lease is likely to ...

Legend: Increase (grey), Remain the same (orange), Decrease (red), Don't know/Not Sure (black)

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



* Results shown are weighted to represent the national response.

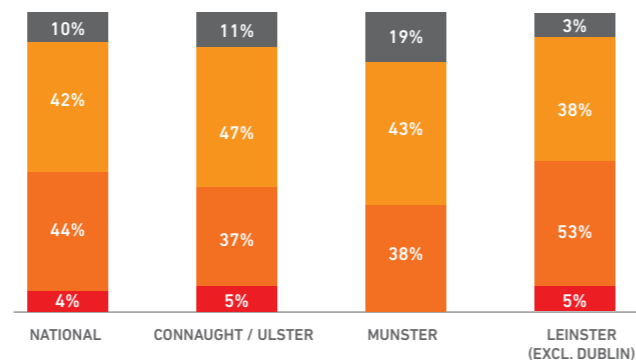
Dairy Farmers

Nationally, 48% of chartered surveyors anticipate an increase (either moderate or significant) in demand from dairy farmers to purchase agricultural farmland in 2017, while 42% anticipate no change in demand.

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

Legend: Significantly increase (red), Moderate increase (orange), Little or no change (yellow), Don't know/Not Sure (grey)

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



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

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

Legend: Significantly increase (red), Moderate increase (orange), Little or no change (yellow), Don't know/Not Sure (grey)

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

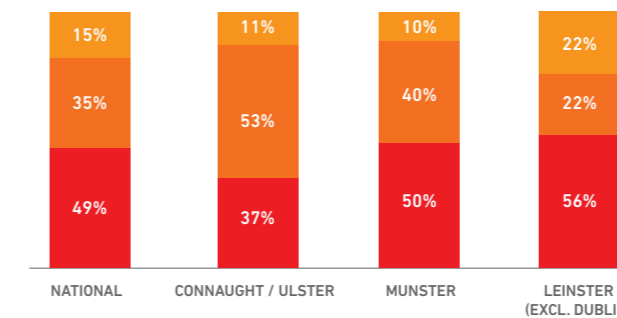


Over a third of chartered surveyors do not anticipate a change in the total area of agricultural farmland for sale in 2017, while 42% anticipate increase in sales of between 1% to 10%. Similarly, 35% of chartered surveyors anticipate no change in the volume of sale transactions for agricultural farmland 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.

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

Legend: Increase (red), No change (orange), Decrease (yellow)

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



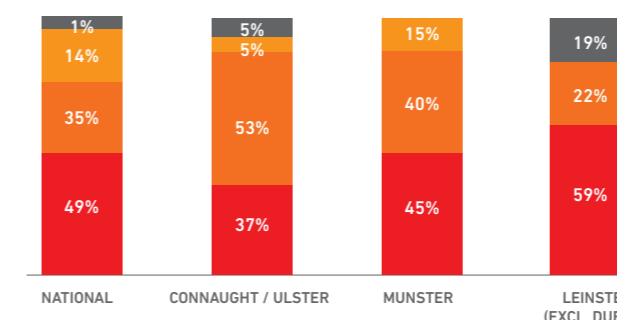
35% of chartered surveyors anticipate no change in the total area of agricultural farmland for sale in 2017, while 49% anticipate an increase.

Almost half of all chartered surveyors (49%) anticipate an increase 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.

Q21: Forecast changes in the number of sale transactions for agricultural farmland in 2017

Legend: Increase (red), No change (orange), Decrease (yellow), Don't know (grey)

Figure 6.25 Forecast changes in the number of sale transactions for agricultural farmland in 2017



“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

“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



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.

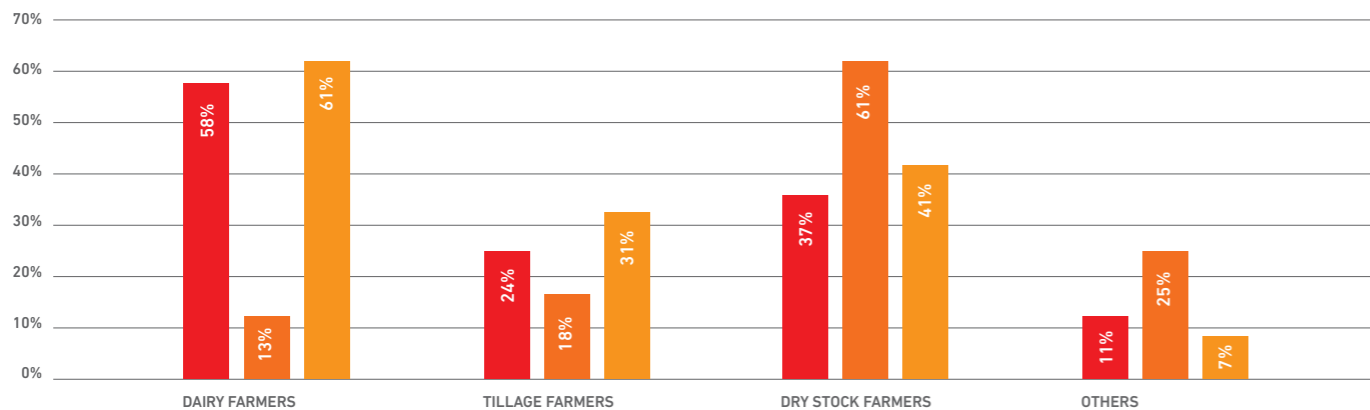
Q24: In your experience, the principal types of farmers seeking to buy agricultural farmland in 2017 are likely to be:

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

Figure 6.26
Types of farmers seeking to buy, sell and lease agricultural farmland nationally in 2017

Buy Sell Lease



“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

Price (€) per acre						
Year	With a residence			Without a residence		
	Up to 50 acres	50-100 acres	100+ acres	Up to 50 acres	50-100 acres	100+ acres
Leinster (excl Dublin)						
2010	9,235	11,450	10,020	8,085	9,235	8,085
2011	8,685	10,261	9,375	8,269	8,685	8,269
2012	8,868	10,300	9,400	8,438	8,868	8,438
2013	10,619	10,812	9,664	9,664	10,052	9,429
2014	11,092	10,885	9,671	9,689	10,126	9,456
2015	12,711	11,361	10,086	10,608	10,242	9,316
2016	12,666	10,988	10,043	11,204	10,391	9,518
Munster						
2010	8,770	10,210	8,935	7,745	8,770	7,745
2011	8,979	10,807	9,674	8,016	8,979	8,016
2012	8,752	10,625	9,896	8,450	8,752	8,450
2013	10,313	10,417	9,669	9,098	10,963	10,356
2014	10,700	10,455	10,289	9,689	9,875	9,245
2015	11,017	10,131	11,396	9,970	9,900	9,434
2016	10,622	9,092	9,154	9,636	8,800	8,577
Connaught / Ulster						
2010	6,825	7,990	6,835	6,145	6,825	6,145
2011	6,955	6,608	5,721	6,321	6,955	6,321
2012	6,926	6,663	5,938	5,953	6,926	5,953
2013	6,929	7,321	5,420	5,773	7,750	6,250
2014	6,213	6,187	5,632	5,594	6,260	5,836
2015	5,839	5,710	5,320	6,163	5,821	5,260
2016	6,556	5,779	5,457	6,375	5,838	5,529

Source: SCSi Agricultural Land Market Survey 2017

Table 7.2: Agricultural rental values 2010 to 2016

Price (€) per acre					
Year	Grazing / meadowing / silage	Grazing only	Cereal crops	Root crops, maize and pulses	Potatoes
2010	130	121	135	154	-
2011	142	132	155	184	-
2012	143	134	160	184	-
2013	156	143	175	198	-
2014	160	148	187	204	-
2015	162	150	189	216	317
2016	177	160	195	235	336
Munster					
2010	138	124	153	159	-
2011	155	142	171	176	-
2012	159	142	178	180	-
2013	169	161	192	195	-
2014	194	180	217	230	-
2015	186	177	197	220	254
2016	186	178	209	210	286
Connaught / Ulster					
2010	121	109	137	139	-
2011	117	114	137	125	-
2012	128	119	133	132	-
2013	138	128	130	127	-
2014	135	122	129	130	-
2015	146	131	131	138	190
2016	144	130	110	173	197

Source: SCSi Agricultural Land Market Survey 2017

Society of Chartered Surveyors

Dating back to 1895, the Society of Chartered Surveyors Ireland is the independent professional body for Chartered Surveyors working and practising in Ireland. Working in partnership with RICS, the pre-eminent Chartered professional body for the construction, land and property sectors around the world, the Society and RICS act in the public interest: setting and maintaining the highest standards of competence and integrity among the profession; and providing impartial, authoritative advice on key issues for business, society and governments worldwide.

Advancing standards in construction, land and property, the Chartered Surveyor professional qualification is the world's leading qualification when it comes to professional standards. In a world where more and more people, governments, banks and commercial organisations demand greater certainty of professional standards and ethics, attaining the Chartered Surveyor qualification is the recognised mark of property professionalism. Members of the profession are typically employed in the construction, land and property markets through private practice, in central and local government, in state agencies, in academic institutions, in business organisations and in non-governmental organisations.

Members' services are diverse and can include offering strategic advice on the economics, valuation, law, technology, finance and management in all aspects of the construction, land and property industry. All aspects of the profession, from education through to qualification and the continuing maintenance of the highest professional standards are regulated and overseen through the partnership of the Society of Chartered Surveyors Ireland and RICS, in the public interest. This valuable partnership with RICS enables access to a worldwide network of research, experience and advice.

Agricultural Economics and Farm Surveys Department, Teagasc

Teagasc, the Irish Agriculture and Food Development Authority, aims to support science-based innovation in the agri-food sector and wider bio-economy, so as to underpin profitability, competitiveness and sustainability. The focus of the Agricultural Economics and Farm Surveys Department is the collection and dissemination of timely, quality information to support decision making by our stakeholders. This information is based on research that seeks to understand the drivers of changes in agricultural markets and policy and the impact of these forces on Irish agriculture. With office locations in Athenry, Co. Galway and Ashtown, Dublin, our research team specialises in agricultural production economics, economic modelling and data collection, and dissemination for the agri-food sector and the wider rural economy.

Future Analytics Consulting (FAC)

Future Analytics Consulting (FAC) is a dynamic SME specialising in strategic spatial planning, research and economic development. FAC advocates an 'evidence based' ethos, where enhanced decision-making is facilitated through the identification, collection, collation, analysis and visualisation of a broad range of spatial and socio-economic data. As such, FAC provides credible and robust evidence-based planning and development solutions to inform the formulation of planning policy, strategy, operational plans and development proposals. With a keen interest in innovation and creativity, FAC also prides itself on a strong awareness of emerging best practice in relation to data analysis and research methodologies, balanced with a comprehensive understanding of their relationship with social and economic development activities.

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