



ANNUAL SCSi/TEAGASC AGRICULTURAL LAND MARKET REVIEW & OUTLOOK 2021

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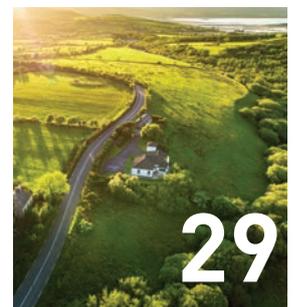
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We are delighted to publish the Society of Chartered Surveyors Ireland (SCSI)/Teagasc Agricultural Land Market Review and Outlook 2021. This joint publication is our eighth annual report reviewing economic activity in the farming sector and activity in associated agricultural land sales and rental markets. Our report provides an outlook for 2021, with a selection of useful insights regarding expected performance of the agricultural sector, as well as a special feature on how the planning system and rural housing affects land values. Transparency within the land sales and rental market provides a level of comfort and confidence to those looking to transact agricultural property. Our data therefore provides values for residential and non-residential land sales and rental prices.

Evolving data

A new feature of this year's report is the evolving dataset, which now includes a county-by-county breakdown rather than just provincial detail. Our report features two categories of land price sales, sales prices for poor and for good quality land. Land quality can range from one field to the next. Some land parcels may have an uneven topography or a low percolation soil structure, which can impact on value in agricultural use. The land quality assessment that is made by SCSI agents and valuers is not the result of a soil test, but based around the type of farming uses that the land is suitable for, i.e., poor quality is where the soil has low depth or high altitude, is not free draining and is unsuitable for tillage, or good quality is where the land has good soil depth, there is low to moderate altitude, soil is free draining and is suitable for many farming types including tillage. It is hoped that this added reporting dimension will help to

provide more transparency in land price data to the market.

This year's report provides an in-depth analysis of the key issues facing the agricultural sector, including the impact of Covid-19 on the farming community and for those transacting farmland. The research for this report also examines key trends in buying, selling, renting or valuing agricultural property. 2020 was a particularly difficult year for everyone, including the farming community. The inspection and viewing of property have been particularly badly restricted as a result of the closing of business and society due to Covid-19. Some property service providers (auctioneers/agents) utilised online auction platforms to sell property; however, the take-up has not been uniform by all. During level 5 restrictions, which stopped the gathering of people at organised events, many sellers delayed and postponed decisions to sell land via auction, in the hope that the easing of restrictions would allow for more traditional auction sales. At the time of writing this report, the physical viewing and inspection of property is still not permitted. The restrictions have had a major impact on the property market, which is reflected in the results examined in this year's report.

The review's findings are based on a SCSI survey that was conducted on a nationwide basis in February 2021. This survey was completed by members of the SCSI who are auctioneers, valuers and chartered surveyors operating in the agricultural land sales and rental markets.

We hope that you find this edition of the report to be informative, and we commend the SCSI staff, Teagasc staff, and SCSI members involved for their contributions to this report.



TJ Cronin
SCSI Vice President



Prof. Gerry Boyle
Teagasc Director

KEY HIGHLIGHTS

REVIEW OF AGRICULTURE IN 2020

- ▶ In spite of Covid-19, production in the agri-food sector continued, with minimal impact on agricultural supply and commodity prices. The closure of hotels and restaurants, and the contraction in tourist business, led to a sharp fall in sales of food and drink through these channels. However, this was largely offset by increased food and drink demand for consumption within the home.
- ▶ Sheep farmers in particular benefitted from higher sheep prices, as did pig producers.
- ▶ Dairy farm incomes were stable and beef rearing farm incomes increased.
- ▶ Tillage farmers had a disappointing year due adverse weather conditions, which led to low yields and a drop in income.
- ▶ In general, farmers benefitted from lower input costs, with feed, fertiliser and fuel prices lower than in 2019.
- ▶ Overall, it is estimated that the average farm income in Ireland increased by 6%, but the picture varied considerably according to farm type.

2020 LAND SALES MARKET

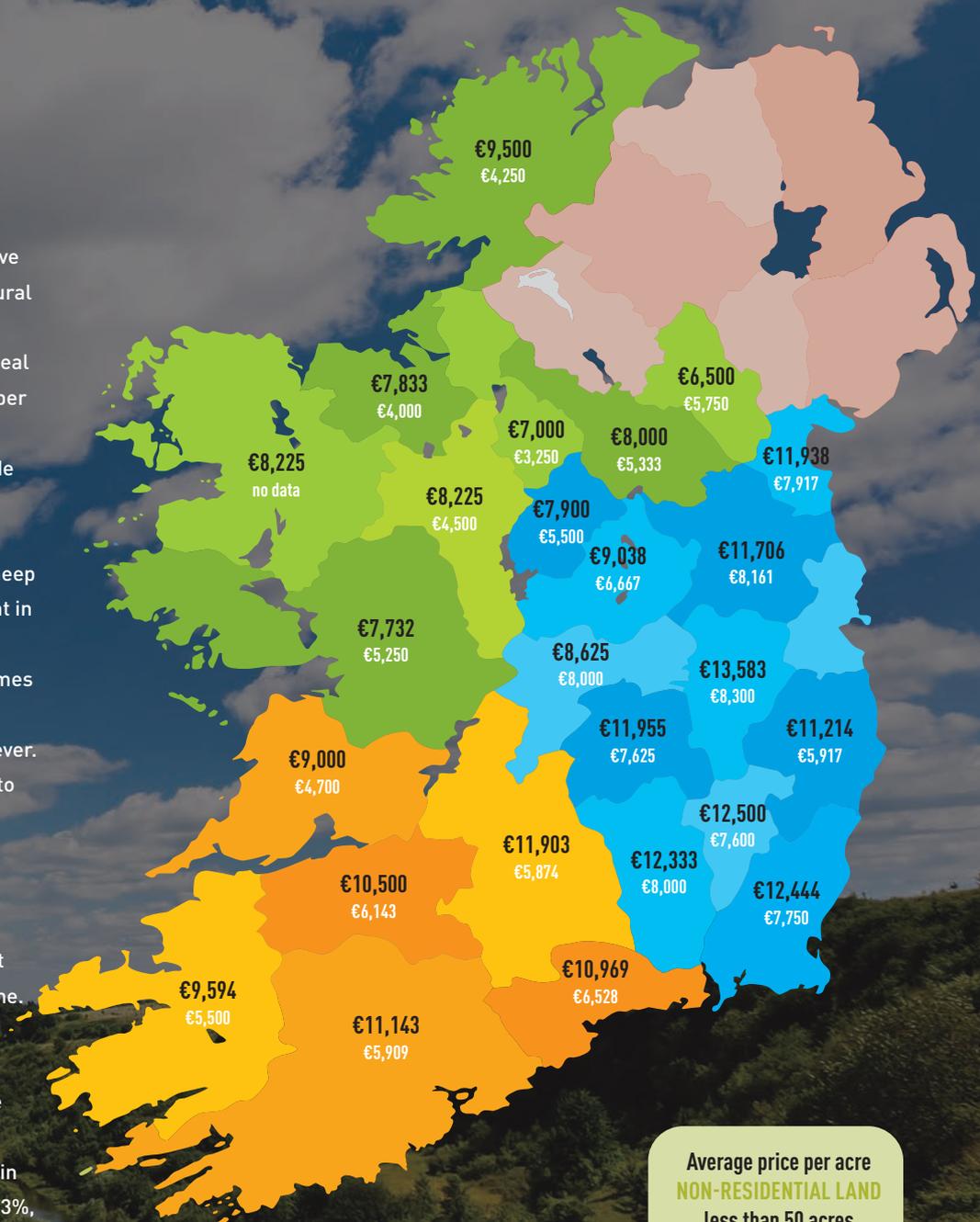
- ▶ National average non-residential land values per acre: poor quality – €5,900; and, good quality – €9,381.
- ▶ Leinster counties' land values were between €5,500 and €13,583 per acre on average.
- ▶ Munster counties' land values were between €4,700 and €11,903 per acre on average.
- ▶ Connacht/ULster counties' land values were between €3,000 and €9,500 per acre on average.
- ▶ A total of 33% of agents reported a decrease in the volume of land sold compared with 19% in 2019.
- ▶ Covid-19 restrictions on viewings and physical auctions deferred land sales.
- ▶ Expectations by SCSi agents – land sales prices will rise on average by 4% in 2021.

2020 LAND RENTAL MARKET

- ▶ Munster and Leinster saw on average, a 5% increase in rents for grazing and silage land.
- ▶ Connacht/ULster agents reported decreases in rental values across all rental uses (grazing and silage – 13% and cereals – 22%).
- ▶ The reasonably positive outlook for the agricultural sector generally is likely to see increased demand for rented ground across all provinces, with 5% to 6% increases expected for Munster and Connacht/ULster respectively, and an 8% increase expected for Leinster.
- ▶ 25% of agents reported a decline in the volume of land leased in 2020 compared with just 8% in 2019, as more land is 'locked up' in long-term leases.

OUTLOOK FOR AGRICULTURE IN 2021

- ▶ While Covid-19 has remained a concern, it is not anticipated to have any significant impact on agricultural markets in 2021.
- ▶ The finalisation of a Brexit trade deal between the EU and UK in December 2020 removes much of the uncertainty in respect of Irish trade with the UK.
- ▶ Sheep farmers are expected to continue to benefit from higher sheep prices, with a further improvement in sheep farm income.
- ▶ Improvements in cattle farm incomes are also anticipated. The forecast increase in incomes is small however.
- ▶ Dairy farm incomes are expected to remain relatively stable.
- ▶ The outlook for tillage farming is contingent on yields. A normal weather year should see a strong recovery in yields and a significant improvement in tillage farm income.
- ▶ Farmers will face some cost pressures in 2021, with feed, fertiliser and fuel prices all on the increase.
- ▶ Overall, the average farm income in Ireland is expected to increase by 3%, but again the picture is expected to vary considerably according to farm type.



Average price per acre
NON-RESIDENTIAL LAND
 less than 50 acres

Good quality €
Poor quality €

AGRICULTURE 2020

Weather conditions in 2020 were favourable for grassland systems, but quite difficult for many cereal producers. On dairy and drystock farms, total production costs decreased in 2020 due to lower feed, fertiliser and fuel prices, while input usage volumes were relatively stable. The outcome for margins and income in 2020 in each of the main sectors is summarised here.



Dairy 2020

The annual average national milk price for 2020 is estimated to have been unchanged on the 2019 figure at 34.4 cent per litre (CSO definition, actual fat and protein). In aggregate, Irish milk production rose by 3.8% in 2020. Dairy cow numbers are estimated to have increased by just over 4% to 1.57m in June of 2020.

On a per cow basis, dairy feed usage is estimated to have increased by 2% in 2020 to about 1,136kg. In spite of the increase in cow numbers and the increase in milk production, due to lower feed prices, there was no change in dairy concentrate feed expenditure in 2020 on a per hectare basis, and only a 1% decrease on a per litre basis. Fertiliser use increased marginally in 2020, but there was a substantial fall in fertiliser prices. This is estimated to have resulted in a substantial decrease in pasture and forage costs, on both a per hectare and per litre basis.

While there was a fall in direct costs on Irish dairy farms in 2020, it is estimated that there was an offsetting increase in overhead costs for the average dairy enterprise. Total milk production costs are estimated to have increased marginally in 2020 on a per hectare basis, with a 2% decrease recorded on a per litre basis (to 24.4 cent per litre).

The fall in production costs per litre, a stable milk price and an increase in milk production, resulted in an estimated net margin per litre of 10.5 cent per litre in 2020. This represents a 5% increase on the 2019 margin. When improved margin per litre is combined with an estimated 2% increase in milk production per hectare, our estimate is that the net margin per hectare increased 5% to a national average of €1,302 in 2020.

Cattle 2020

In 2020, prices for prime finished cattle were on average similar to the levels reported in 2019. In 2020, prices for younger cattle were higher relative to 2019, leading to an increase in market output value on single suckling enterprises. The market output value on the average cattle finishing enterprise declined in 2020 as a result of higher prices for purchased cattle. Small decreases in feed usage and lower feed prices contributed towards lower feed expenditures on cattle finishing enterprises in 2020.

The introduction of the Beef Environmental Efficiency Programme – Sucklers (BEEP-S) scheme has contributed positively to gross output on single suckling farms. The introduction of the Beef Finisher Payment

FARM INCOMES IN 2020



(BFP) scheme has contributed to gross output on cattle finishing enterprises. In 2020, the average gross margin per hectare earned on single suckling enterprises is estimated to be €472 per hectare, an 11% increase on the 2019 level. In 2020, the average gross margin per hectare earned on cattle finishing enterprises is estimated to be €462, 3% down on the 2019 level.

Sheep 2020

EU sheep meat exports from January to September 2020 were up 4% on same period in 2019. For the year as a whole, exports are expected to stay relatively stable. This follows on an almost 10% increase in EU exports in 2019.

Globally, modest output growth is estimated to have occurred for sheep meat for 2020.

With EU sheep meat production forecast to marginally decline for the year as a whole, the expectation is that EU consumption for 2020 as a whole declined, by circa 4%. Prices on the European lamb market in 2020 were higher than in 2019, with prices for heavy lamb up on average by 12%.

Total direct costs of production for Irish mid-season lowland lamb enterprises are estimated to have increased marginally in 2020, up by just over 1%. Overhead costs of

production are estimated to have decreased marginally, by 2%.

Gross margins per hectare for Irish mid-season lowland lamb producers are estimated to have increased in 2020 by almost 43%, owing to much higher market output values in 2020. The receipt of Sheep Welfare Scheme direct payments also boosted margins in 2020.

In the absence of the coupled payment received from the Sheep Welfare Scheme, margins in 2020 would have increased by 33% relative to 2019. In 2020, the average gross margin on mid-season lowland enterprises is estimated to be €898 per hectare.

Cereals 2020

A decrease in wheat and maize production across the key growing regions of the world, and a consequent forecast decrease in ending stocks in the EU, led to an increase in cereal prices at harvest 2020, with on account Irish harvest prices increasing by up to 20% in some cases.

However, there was a decrease in yields of the main cereal crops in Ireland in 2020. Irish spring barley yields decreased by 11% on a per hectare basis, while winter wheat yields decreased by 14% per hectare, compared to 2019.

Direct costs of production on Irish cereal farms decreased in 2020 compared to 2019. The largest decreases were for fuel and

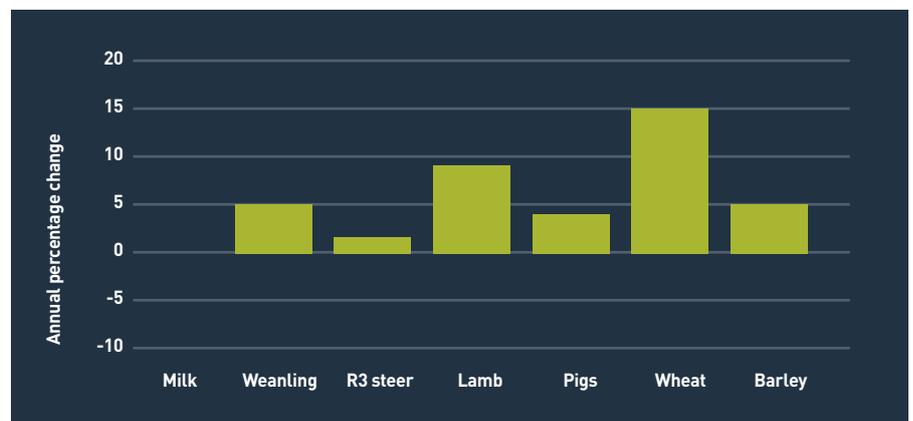


FIGURE 1: Change in output prices 2020 vs 2019. Source: authors' estimates.



seed costs, which fell by 10% while fertiliser costs also declined by 7%.

On average, direct costs of production decreased by 4% in 2020 on a per crop hectare basis. Overall, overhead costs remained relatively static in 2020.

The net effect of the change in output value and input costs was a decrease in the average gross margin for most cereal crops in 2020. The gross margins per hectare for spring barley, winter barley and winter wheat were down €90, €70 and €25, respectively.

performance across Irish cereal farms. The bottom one-third of farms are estimated to have earned a negative market based net margin of more than minus €400, while the top one-third of farms earned nearly €300 per hectare.

Overall, across the different cereal crops grown, there was a €75 per hectare decrease in the average market based net margin in 2020, relative to 2019. This can be attributed to significant decreases in cereal and straw yields, which were large enough to negate the impact of any increase in cereal price at harvest, despite some top-up loyalty bonuses paid by merchants.

Family farm income 2020

The average farm income in 2020 was estimated to be €24,700, up about €1,300 on the 2019 level. Across the principal farm sectors, average incomes in 2020 are estimated to have:

- ▶ increased by 5% on dairy farms to €69,000;
- ▶ increased by 17% on cattle-rearing farms to €10,600;
- ▶ unchanged on cattle other farms at €13,800;
- ▶ increased by 30% on sheep farms to €19,200; and,
- ▶ decreased by 11% on tillage farms to €29,000.

THE AVERAGE FARM INCOME IN 2020 WAS ESTIMATED TO BE €24,700, UP ABOUT €1,300 ON THE 2019 LEVEL

While there remains a wide variation in terms of the economic performance of individual cereal farms nationally, it is estimated that the average cereal enterprise on specialist tillage farms returned a negative market based net margin in 2020. While on average the cereal enterprise market based net margin is negative, there is a range in terms of profitability



AGRICULTURAL OUTLOOK 2021

The latest Teagasc Outlook 2021 report forecasts that the average family farm income (FFI) in Ireland will increase by 3% in 2021. Overall, some price inflation for farm inputs will be more than offset by higher prices for farm outputs.

Brexit deal – EU-UK Trade and Co-operation Agreement

As 2020 came to a close, and in the absence of a Brexit deal, Teagasc economists forecast an 18% drop in average FFI in 2021. However, the revised Outlook 2021 report published in February 2021 takes into account the EU-UK Trade and Co-operation Agreement (TCA), which emerged on Christmas Eve of last year. The TCA provides for tariff-free access to qualifying goods. At least for the short to medium term, the TCA maintains Ireland’s preferential market access to the UK market. This has ended the prospect of a worst-case impact on trade between the EU and UK. High tariffs on trade in agricultural goods would have been triggered on January 1 of this year had a trade deal not been agreed.

Ultimately, the deal that has been agreed allows for continued tariff-free trade between the UK and EU, but it does mean that some new impediments to trade have emerged, in the form of customs, product certification checks and rules of origin checks.

These checks arise as the UK has now left the EU Single Market and Customs Union, a system which for many years had facilitated trade without the need for such checks. While these new checks have made agri-food trade more costly, they will in large part allow such trade to continue.

General market prospects for 2021 reflect a relatively stable outlook in terms of farm commodity output prices. Given the Brexit trade deal now in place, Irish exports to the UK should not change appreciably in 2021.

Farm output and inputs 2021

Irish farm output prices are projected to increase marginally in 2021 for milk, while prices are set to rise about 4% in the case of cattle and lamb. Pig prices are set to fall by 10% in 2021, but this relates to reduced demand for EU pig meat exports on East Asian markets and is unrelated to Brexit. International prices for cereals at harvest 2021 are expected to be slightly lower than 2020 harvest prices overall, due to projected increases in supply (Figure 2).

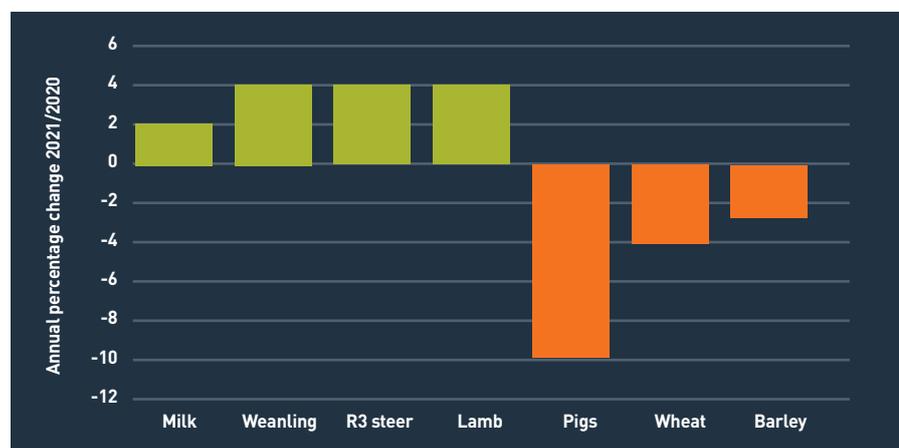


FIGURE 2: Forecast change in output prices 2021 vs 2020. Source: authors’ estimates based on Teagasc National Farm Survey data.

In terms of farm inputs, there are a few cost pressures emerging in 2021, notably for fertiliser and, to a lesser extent, animal feed and motor fuel prices. Overall, costs of production are forecast to increase slightly in 2021. On dairy farms, a marginal increase in milk prices coupled with an increase in milk output should be sufficient to offset higher production costs in 2021.

For 2021, Teagasc economists forecast that the average FFI in Ireland will increase by 3%. Overall, some price inflation for farm inputs will be more than offset by higher prices for some farm outputs.

Given the Brexit trade deal now in place, income movements on dairy and cattle farms should be fairly limited in 2021. 'Cattle other' (largely cattle finishing) and cattle-rearing systems are forecast to see an increase in income of 3%-6% in 2021, with higher production costs being offset by higher cattle prices.

On dairy farms, a marginal increase in milk prices coupled with an increase in milk output should be sufficient to offset higher production costs in 2021. Therefore, the average dairy farm income in 2021 is likely to be unchanged on the estimated 2020 level.

With Irish lamb prices expected to increase,

2021 – TRADE POST BREXIT

- The EU and UK reached a Trade and Co-operation Agreement (TCA) on December 24, 2020.
- The TCA came into provisional effect on January 1, 2021.
- In 2021, qualifying exports from the UK to the EU can claim tariff-free access to the EU.
- In 2021, qualifying exports from the EU to the UK can claim tariff-free access to the UK.
- UK customs checks are only scheduled to be fully applied from January 1, 2022, while EU customs checks on imports from Great Britain have been fully applied since January 1, 2021.



the average sheep farm income is forecast to increase by 6% in 2021, with many sheep farms also forecast to benefit from price improvements for their secondary cattle enterprise.

Tillage farms should see a significant improvement in farm income in 2021. The main drivers of this increase will be a higher level of cereal production, additional income from the secondary beef enterprise present on many of these farms, and a pilot straw chopping scheme. Collectively, these factors could be sufficient to increase tillage farm incomes by 17% in 2021.

Family farm income 2021

Reflecting the agreed Brexit trade deal, the average FFI in 2021 is forecast to increase by a little over 3% to about €25,600, as detailed in **Figure 3**. This compares to an anticipated reduction in farm income of 18% in 2021 had no Brexit trade deal been agreed. It is estimated that the Brexit trade deal has avoided an income reduction in excess of €470 million for the Irish agricultural sector in aggregate in 2021. Across the principal farm sectors, average incomes in 2021 are forecast to:

- ▶ be unchanged on dairy farms at €69,000;
- ▶ increase by 6% on cattle-rearing farms to €11,200;
- ▶ increase by 4% on cattle other farms to €14,300;
- ▶ increase by 6% on sheep farms to €20,400; and,
- ▶ increase by 17% on tillage farms to €34,000.

These income forecasts anticipate no dramatic movement in international product prices in 2021, reflecting an assumption that Covid-19 does not lead to any further significant disruption in agricultural commodity markets.

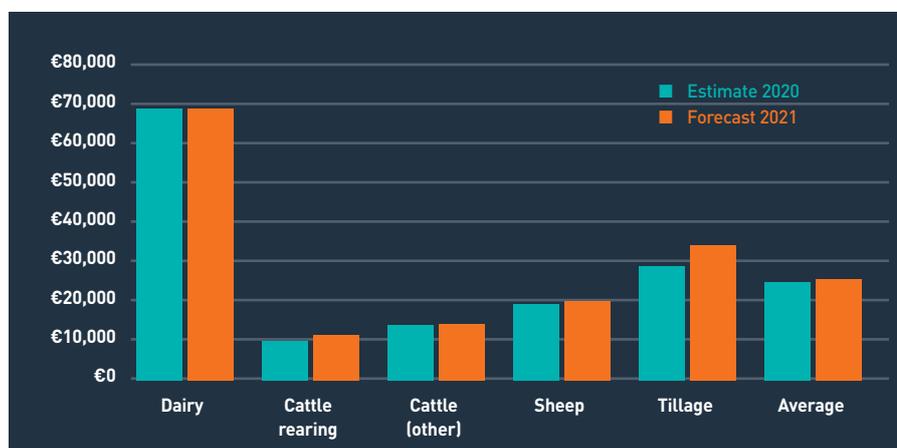


FIGURE 3: Average family farm income estimate for 2020 and forecast for 2021. Source: authors' estimates based on Teagasc National Farm Survey data.



RURAL HOUSING, LAND VALUES AND THE PLANNING SYSTEM

Land is the most fundamental rural resource, which underpins the traditional land-based rural economy of food production.

Such rural land values vary considerably, related to the land's productive value as a financial asset determined by wider environmental factors (weather, soil quality, etc.), but also influenced by its potential to be converted to other non-farming uses such as residential development. This potential use value is institutionalised through the planning system and the regulation of land use, whereby the zoning of agricultural land for residential purposes may vastly increase the value of a landholding. Land ownership is a private asset and the driving force behind land use is generally profit and individual wealth accumulation, but can also be motivated by other factors, such as environmental stewardship or the desire for an intergenerational transfer of assets to family members, including as sites for housing for family members.

Agricultural land for residential purposes

In relation to the value of agricultural land for possible residential purposes, as with most aspects of the market, prices reflect supply and demand, with the latter reflecting wider residential preferences among potential consumers. While rural Ireland's overall share of the national population has declined to 37% (as recorded in the 2016 Census), many rural locations, particularly those accessible to urban centres, have continued to experience high levels of population growth, underpinned by a strong cultural preference to live in single houses in the open countryside rather than within villages and small rural towns. In Ireland, the rural population is defined by the Central Statistics Office (CSO) as the population residing in all areas outside urban centres of 1,500 or more inhabitants. Single detached ("one-off") houses in the open countryside



COMMUNITY AND FAMILY NETWORKS WERE ALSO MORE IMPORTANT THAN THE PHYSICAL FEATURES OF THE COUNTRYSIDE

comprise approximately 70% of rural dwellings, with the remainder of dwellings located in rural clusters, villages or small rural towns (Keaveney, 2007). These one-off rural houses, defined by the CSO (2016) as occupied detached houses with individual sewerage systems, total 442,699 dwelling units or 26% of Ireland's housing stock in 2016. Almost 40% of houses constructed in the State between 2011 and 2016 were one-off houses, comprising over half of all dwellings constructed within 17 counties (CSO, 2016). However, this high proportion also reflects the wider collapse within the house-building sector in the aftermath of

the economic crisis of 2008/09. Over 83% of one-off houses were located more than 1km from a settlement, while 65,583 (15.4%) houses were more than 5km from their nearest town. Just 1% (4,635) of occupied one-off houses did not fall within a 10km radius of any town in 2016 (CSO, 2016). This preference for living in the open countryside is confirmed by two UCD national studies into rural housing preferences undertaken in 2008 (Scott, 2013) and 2013 (Scott *et al.*, 2017). These surveys were undertaken under contrasting market conditions, i.e., the first study was undertaken during a house-building boom,

with the latter study reflecting the fall-out from the economic crisis and a severe contraction in house values. The first of these studies, based on a representative national sample, suggested that among recent movers to rural Ireland, around half had moved from a city or large urban area, often searching for a more affordable housing option, while half were relocating within the local area or from a similar rural area. However, of the urban-to-rural movers, approximately one-half of these were actually moving from an urban area back to their original home environment – a return to roots relocation. Our second survey was focused on five predominantly rural counties – Sligo, Longford, Monaghan, Offaly and Wexford. In this second survey, house price was also an important factor for recent movers to rural localities, but of equal importance was the perceived quality of life of rural places along with the ability to self-build a house, i.e., residents obtaining responsibility for, and control over, the development of their own



dwelling (Bossuyt *et al.*, 2018) rather than buying from a developer – most commonly surrounded by private open space. In this second survey, however, the key motivating factor in moving to rural Ireland was the importance of relocating closer to family networks, again confirming the importance of return to roots movements. This was particularly important for couples with new children or those with elderly parents, who were seeking support or contributing to family support networks. In summary, demand was often shaped by soft factors – existing social networks, family, community belonging, lifestyle and identity – and less by more objective hard factors, such as distance to work or schools, transport networks or local services. Therefore, demand is often underpinned by ‘non-standard’ decision-making (weighing up costs and benefits) and instead involves emotions and social pressures and is informed by inexperience and imperfect knowledge. Community and family networks were also more important than the physical

features of the countryside (scenery, green space), which contrasts with the experience of other countries, such as England (Gkartzios and Scott, 2010).

Supply

Moving to supply side factors, these primarily relate to the willingness of landowners to sell land as potential housing sites (often with outline planning permission attached). In relation to agricultural land, an unwillingness to sell small sites for individual houses to non-family members may be constrained due to long-term farm financial viability or the need for additional income in the short term. However, supply is also constrained or mediated through the statutory planning system, at the local level comprising the county development plan and development management related to individual planning applications. By international standards, Ireland has been largely facilitative of new single houses being built in the open countryside, often reflecting local political priorities (Gkartzios

et al., 2020). At the same time, there has been considerable variation in approaches to planning policy aimed at rural housing (see Gkartzios and Scott, 2009). This includes local authorities that have favoured directing new housing demands to existing rural clusters or villages, to an increased focus on design guidance for new rural dwellings (virtually all local authorities outside of cities have a form of design guidelines), to an emphasis on facilitating local housing need (but with a variety of approaches to defining “local”). Following the publication of the National Planning Framework (NPF) in 2018 (Government of Ireland, 2018), there has been a renewed interest in reviving the fortunes of rural villages and small towns, particularly their residential function as a potential alternative to house building in the open countryside, and as a means to ensure the future viability of rural services and retail functions. New approaches are being developed to encourage a rebalancing of the rural settlement system. For example,

National Planning Objective (NPO) 18a supports the proportionate growth of rural towns, including developing a programme for increasing housing provision through providing serviced sites (i.e., connected to critical infrastructure) to attract people to build their own homes within a village or town (NPO 18b). Some local authorities, such as Tipperary, are experimenting with assembling serviced 'cluster' sites to enable self-build housing within or in close proximity to existing settlements to capture the demand for self-build housing through a plan-led approach.

Moreover, the NPF also highlights that decision-making around rural housing in the open countryside must now have regard to the viability of smaller towns and rural settlements (NPO 19), and recognise the relationship between limiting housing supply in the open countryside and the sustainability of rural villages. This is being monitored through the Office of the Planning Regulator (OPR) in its statutory role of providing an assessment and making observations during the drafting of statutory plans to ensure consistency with relevant regional or national policies. For example, in recent written observations on the draft county development plan for Mayo County, the OPR (2021) highlighted the need for a plan-led approach (rather than incremental, case-by-case decision-making) to housing in the open countryside, which should examine the balance of distribution between housing in the open countryside and villages in order to meet wider local authority, regional and national planning objectives, and the need for the local authority to develop a clear evidence-based approach to determine the existing demand and local need for rural housing.

Demand for rural housing and sites for building houses in the open countryside is

likely to remain high into the future, given our past preference for living in the open countryside as opposed to within villages. Indeed, in the context of Covid-19, across the globe we have witnessed a growing demand for rural housing fuelled by a rapid uptake of new working-from-home practices. This includes a demand for larger properties with home office potential connected to essential broadband infrastructure (for example: see Terzon, 2020, in relation to Australian trends). However, the direction of planning policy is to place increasing emphasis on the potential of villages and small towns. In turn, protecting the viability of rural settlements may increasingly constrain the opportunities for new house building in the open countryside and, thus, sites with outline planning permission or a site with potential for planning consent for a new dwelling may become increasingly scarce and in high demand. Demand for potential suitable land for residential development may shift towards village and small town locations, with a knock-on impact on land values that reflects development opportunities.

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OVERVIEW OF RESEARCH

The expert views of SCSi members working in the agricultural land sector were the basis for this research”.



The *SCSi/Teagasc Agricultural Land Market Review & Outlook 2021* is based on the responses to a survey of SCSi members working in the agricultural land sector. This cohort of membership is comprised of auctioneers, land agents and valuers. Our members are active in all counties in Ireland and are typically from property firms that provide agricultural and general practice professional property consultancy to clients. A total of 156 responses were received from property agents, of which approximately 51% worked primarily in Leinster, 28% in Munster and 21% in Connacht/Ulster. SCSi members were invited to complete the survey online in February 2021.

A reflection on 2020

Introduction to national and provincial land values and trends

Our Agricultural Land Market Review & Outlook 2021 provides average land values for non-residential and residential farms. In

this year’s report we present average land values on a county-by-county level, and by plot size: less than 50 acres; between 50 and 100 acres; and, over 100 acres (**Tables 1 and 2**). Our report provides average land values for poor and good quality land. Typically, poor quality land has poor percolation quality and is regularly very wet underfoot. Poor land quality is typically unsuitable for tillage farming, growing potatoes or growing grass for the purposes of harvesting silage crops.

Good quality land by contrast is typically suitable for tillage farming, dairy farming and can achieve higher animal stocking rates during the growing season.

On average, land values in 2020 for good quality land were €9,381 per acre. However, land values vary considerably due to factors such as quality, size, road frontage, location of the farm and its proximity to other larger farming units, such as neighbouring dairy farms.

Table 1: National average land values (per acre) 2020.

	Poor quality	Good quality
National average	€5,900	€9,381

Table 2: National average land value percentage change 2019 to 2020 (poor and good quality land).

	Less than 50 acres	Between 50 and 100 acres	Over 100 acres
Connacht/Ulster	5%	3%	1%
Munster	5%	5%	4%
Leinster	8%	8%	6%

Source: SCSi Land Market Survey.

LAND MARKET SURVEY

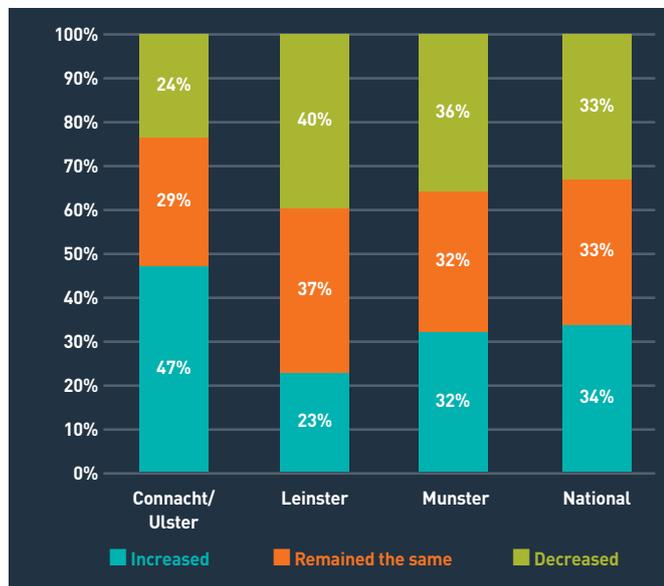


FIGURE 4: Agents' reports on the volume of agricultural land sold regionally in 2020 compared with 2019. Source: SCSi Land Market Survey.

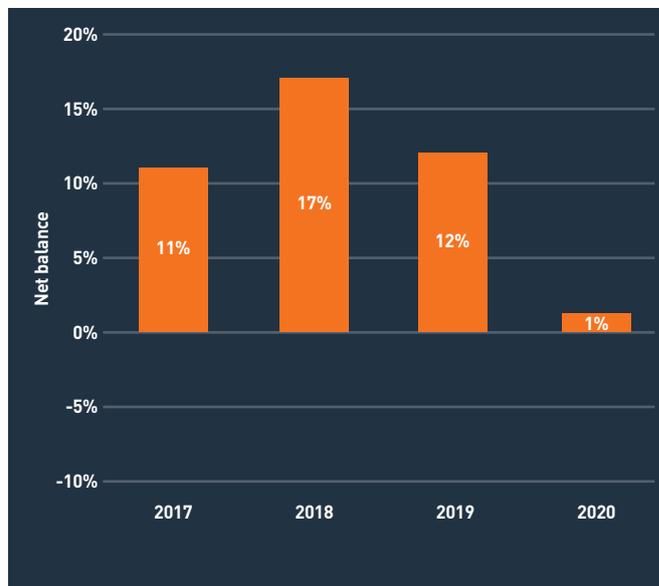


FIGURE 5: National Sentiment Index - volume of agricultural land sold 2017 to 2020. Net balance = proportion of respondents reporting a rise in a variable (e.g., volume of land sold) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

The survey respondents (expert land agents) reported that the average percentage change in land values between 2019 and 2020 ranged from a 1% increase (for lots of over 100 acres in Connacht/Ulster) to an 8% increase in Leinster (for lots less than 50 acres and lots between 50 and 100 acres). Examining average land values (Table 3) on a national basis broken down by plot size and quality, a higher per acre land value is achieved for smaller plot sizes. The main reason for this is due to increased competition for land in smaller lots by not just farmers, but also from non-farming purchasers, perhaps looking to buy land to build a house/stables, etc. In 2020, a larger proportion of agents reported a decrease in the amount of land available for sale compared with 2019. For

example, when asked about the volume of land sold in 2019, 19%¹ of agents reported a decrease. For 2020, 33% of SCSi agents report a decrease in the volume of land sold. In this 12-month period, there is a noticeable shift in agents reporting a "remain the same" experience of the land sale market to "decreased" volume levels in 2020 (Figure 4). Much of the commentary and observations from our chartered agents and auctioneers linked the reduction in the volume of land for sale in 2020 to the Covid-19 restrictions. The first lockdown experienced in March 2020 saw restrictions placed on the inspection and viewing of land until June 8. Further restrictions on the sector were introduced in the autumn regarding organised events, which impacted auctions and this continued into 2021. The combined result saw an

increase in the number of prospective sellers opting to postpone plans to sell land. Many sellers opted to hold off on selling land until such time that the market opens to a satisfactory level to allow viewings and physical attendance at auctions. While technology and online platforms to bid on and purchase property virtually have been utilised by some sellers and agents, there is still a demand from sellers to use the traditional method of selling at physical auctions. Many sellers who had the option of holding off bringing land to market may have done so according to some agents, while others who needed to sell land more quickly, availed of other sale methods such as private treaty.

Trends and changes during 2020

The lower volume of land for sale is one of the main findings of this year's report, with the overall impact of this evident in Figure 5. Agents were asked if they experienced an "increase", "remain same" or "decrease" in the volume of land sold. By charting those

Table 3: Average land values (price per acre) for national non-residential farms 2020.

Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
€6,011	€9,866	€5,921	€9,348	€5,769	€8,931

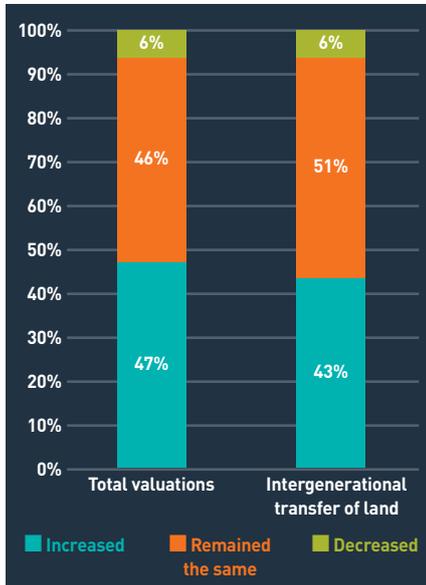


FIGURE 6: Change in number of valuations of farmland carried out by individual valuers in 2020 compared to 2019. Source: SCSi Land Market Survey.

that indicated an increase or decrease, from 2017, this sentiment net balance index chart tracks the volume trend over the period. In 2020, similar numbers of agents reported an increase in the volume of land sold to those that reported a decrease. **Figure 5** shows the net balance effect of this when compared to previous years.

Farmland valuations

Valuations sought by landowners, purchasers or those transferring land to another generation of farmers is a regular feature in the services provided by auctioneers and valuers. Probate valuations are also often sought by clients for the purposes of transferring property.

In 2020, almost half (47%) of valuers reported an increase in the total number of valuations undertaken, with 43% of valuers reporting an increase in the number of valuations for intergenerational transfer of land (**Figure 6**). This is a positive sign that land is being transferred to the next generation, which can be a particular

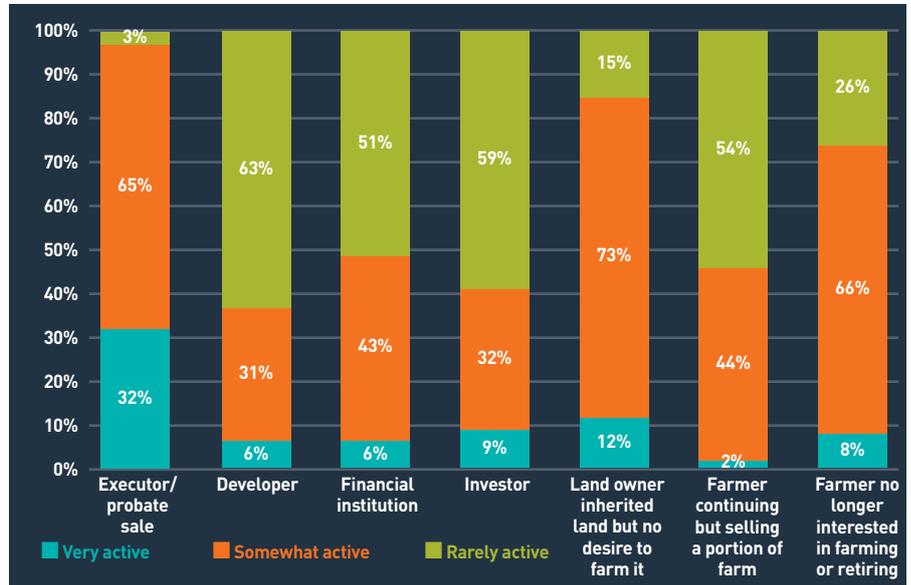


FIGURE 7: Activity levels in 2020 for selling agricultural farmland by seller type. Source: SCSi Land Market Survey.

challenge within the farming community, with inter-transfer rates particularly low. The 2016 Farm Structures Survey by the Central Statistics Office (CSO) shows that just under one-quarter of farmers in Ireland are aged 65 or over, with just 5% aged under 35 years old. Indeed, the European Commission has identified generational renewal as one of the nine key objectives for the future of the Common Agricultural Policy (CAP). Probate sales remained the most active category of sales in 2020, which is consistent with previous years (**Figure 7**). The next most active seller of land is a landowner that has inherited the land but is not interested in farming that land.

Reference

1. To ensure a like-for-like comparison, removal of the answer category 'don't know' from our 2020 results was completed for this analysis in the interest of clarity.

LAND VALUES

COUNTY, QUALITY AND PLOT SIZE

COUNTY LAND VALUES

Land values vary for many reasons including location and quality of land. Values per acre by lot size also differ, as smaller lot sizes generally attract interest from a larger number of bidders and therefore achieve higher prices per acre compared with the price per acre for larger plot sizes.



For the first time, our SCS/Teagasc report now publishes results on land values on a county basis and provides values for land deemed to be of poor quality and land deemed to be of good quality.

This land quality price differentiation is important to get a more specific reflection of the land market and prices achieved at a local level.

There are often two types of agricultural land offerings brought to the market – residential farms and non-residential farms.

Residential farms can consist of a farmhouse, ancillary farm buildings and associated farmland, which can often be surrounding the house and yard. The alternative consists of farmland without a residence or ancillary farm buildings.

The dataset presented in this report provides

non-residential average land values per county of varying plot sizes and land quality.

Table 4 further illustrates the average price difference per acre of residential farms when compared to non-residential farms. This differentiation allows for a distinction between actual land values and additional values attributed to residential holdings on the land.

Typically, residential farms of less than 50 acres brought to the market are on average 21% more expensive than non-residential farms of similar size. For mid-sized residential farms, i.e., between 50 and 100 acres, the percentage premium can be 18% and for plot sizes over 100 acres with a residence, the average premium compared with a non-residential farm of similar size is 15%.

Table 4: Residential farm values compared with non-residential farm values, percentage premium for land with a residence, on average.

Plot size	Price difference (per acre)
Less than 50 acres	21% increase
Between 50 and 100 acres	18% increase
Over 100 acres	15% increase

Source: SCS/Teagasc Land Market Survey.

REST OF LEINSTER

Land values

In this report, farms in the Rest of Leinster area (excluding Dublin) achieved some of the highest sales prices per acre on average compared with other provinces.

According to our agents, there are two reasons for this. One reason is the higher quality land available to farm in the Rest of Leinster region, and secondly, the higher demand for agricultural land of all plot sizes in the more densely populated regions of the east coast of Ireland. On average, good quality land in the Rest of Leinster region made between €7,375 and €13,583 per acre in 2020, dependent on plot sizes and location (Table 5). There are instances where land sold for multiples of the average levels, especially within the smaller plot size category. This is often attributed to purchasers seeking to build a house on the plot. During 2020, there were cases where land sold for in excess of €30,000 per acre in these instances.

In the Rest of Leinster, on a county-by-county basis, Longford had the lowest overall average selling price for all land quality types and plot sizes (€5,500 per acre for poor quality land under 50 acres), with Kildare recording the highest rate per acre

Freynestown House and Stud, Dunlavin, Co. Kildare



SOLD

Asking price: €1,050,000

Surrounded by some 9.7ha (24 acres) of lush limestone rich pastures, Freynestown Stud is an elegant five-bedroom house with stables, barns and well-maintained gardens.

Sold by Sherry FitzGerald Country Homes, Farms & Estates

Table 5: Average values per acre 2020 – Leinster (non-residential farmland, without entitlements).

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Louth	€7,917	€11,938	€8,000	€11,583	€7,833	€11,467
Meath	€8,161	€11,706	€7,827	€10,667	€7,411	€10,267
Dublin	n/a	n/a	n/a	n/a	n/a	n/a
Wicklow	€5,917	€11,214	€5,900	€10,875	€5,575	€10,250
Wexford	€7,750	€12,444	€7,500	€12,438	€7,275	€11,688
Kildare	€8,300	€13,583	€7,889	€12,636	€7,333	€11,909
Carlow	€7,600	€12,500	€7,200	€12,417	€7,750	€11,667
Kilkenny	€8,000	€12,333	€7,750	€12,083	€7,167	€11,333
Laois	€7,625	€11,955	€7,700	€11,444	€6,167	€10,250
Offaly	€8,000	€8,625	€6,750	€8,750	€6,750	€8,375
Westmeath	€6,667	€9,038	€6,300	€9,050	€5,900	€8,500
Longford	€5,500	€7,900	€5,750	€8,750	€5,750	€7,375

Source: SCSi Land Market Survey.

LAND VALUES

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on average for non-residential land (€13,583 per acre for good quality land under 50 acres). According to land agents in the Rest of Leinster area, younger farmers with a Green Certificate, which is a level 5 qualification, are helping to drive the land market. But this experience is not universal across all counties. Agents may often have land available for sale for a number of years, with one agent reporting that the land price expectations of some vendors are simply unrealistic at this present time.

To date Brexit has not had the impact on the land market that was once feared. Many agents stated that the concern that Brexit would have a disproportional impact on the agricultural sector and thereby stifle agricultural land values, did not translate into bidder sentiment in 2020. The long-protracted nature of the UK/EU negotiations fostered an uncertain market environment, but despite this, the 2020 land market proved resilient in relation to land values.

Corbalton Hall, Tara, Co. Meath



Sold for in excess of **€8,000,000** by private treaty.
Magnificent, refurbished period house on 358 acres.
Sold by Coonan Property.

Greenmount, Clonhasten, Enniscorthy, Co. Wexford



Sold by public auction in September 2020 for **€940,000**.
Valuable circa 57-acre holding with residential zoning. This holding enjoys an excellent location along the Clonhasten road, 2km from the centre of Enniscorthy, with extensive road frontage and frontage onto the River Slaney. It is 3km off the N11 at Scarawalsh, within easy access of an extensive road network.
Sold by Quinn Property

Horse Island, Roaring Water Bay, Schull, Co. Cork

Residential island and farm extending to approximately 62.3ha (154 acres). Large main residence with six additional cottages all in excellent condition. Good farmyard, once home to a herd of Kobe cattle. The lands were all in grass. Offered for sale by private treaty with an indicated asking price of **€5.5m** just at the commencement of the first lockdown. Several interested parties bidding on a sight unseen basis, resulting in a sale price in excess of the asking price. Sold by Colliers International.



MUNSTER

In Munster, the average value of good quality land ranged from €7,850 for plots over 100 acres to €11,903 for plots under 50 acres (Table 6). For poor quality land, prices ranged from €4,700 to €6,850. Similar to other provinces, land values differ significantly across Munster depending on plot size, location and other attributes such as access, rights of way, boundaries, and road frontage.

On a county level, Clare recorded the lowest overall average for all land quality types and sizes (€4,700 per acre) and Tipperary recorded the highest overall average (€11,903). Land values in Cork for good quality land followed close behind land prices in Tipperary, coming in at an average of €11,143 per acre for land under 50 acres. Dairy farming is more prevalent in Munster than in other provinces, and given the higher profitability of this agricultural land use, agents in Munster expect that dairy farmers will remain the most active buyers and renters of land into 2021, as they continue to strive to increase their farm size to achieve economies of scale and better exploit efficient farming practices. The limited supply of land for sale was cited by many agents in this region as a challenge in 2020. The impact of Covid-19 on inspections, viewings and the holding of

Kilcowran, Nenagh, Co. Tipperary



Circa 18ha (44.48 acres) of agricultural lands, currently in tillage and grazing. Included in the lands is a derelict cottage with mains water and private well. Asking price: **€350,000**. Sold by private treaty by REA Eoin Dillon

Table 6: Average values per acre 2020 – Munster (non-residential farmland, without entitlements).

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Cork	€5,909	€11,143	€5,125	€11,442	€6,563	€11,250
Kerry	€5,500	€9,594	€6,850	€9,563	€5,667	€9,000
Clare	€4,700	€9,000	€6,259	€8,600	€5,042	€7,850
Limerick	€6,143	€10,500	€6,643	€10,458	€6,850	€10,375
Tipperary	€5,874	€11,903	€6,563	€11,526	€6,473	€11,172
Waterford	€6,528	€10,969	€5,667	€10,813	€6,750	€10,375

Source: SCSi Land Market Survey.

LAND VALUES

COUNTY, QUALITY AND PLOT SIZE

physical property auctions has affected the volume of farms coming for sale. The move to online auctions has improved the situation, but business remains restricted, mainly due to broadband bandwidth issues

for the agents and buyers and also due to the concern that some buyers of land can be uncomfortable with bidding on an online platform.

The outlook in terms of farm incomes looks

positive, with marginal increases expected across all farming types and some agents expecting that this relatively positive outlook will translate to a more active market into 2021.

CONNACHT/ ULSTER

On average, good quality land in the Connacht/Ulster region ranged from €5,000 to €9,500 per acre (Table 7). The least expensive land in Connacht/Ulster (and nationally) in 2020 was located in Leitrim and Sligo (€3,250 and €3,500, respectively), with the most expensive land on average in Connacht/Ulster located in Donegal at €9,500 per acre for parcels less than 50 acres.

Land on offer in these provinces tends to be available in smaller lots and is mainly for grass-based agriculture. There is a very low proportion of tillage land in these provinces, mainly because land is typically of a lower grade and unable to support the growing of cereals.

While forestry land is not covered within the survey of SCSi members, counties such as Galway and Donegal have some of the largest forestry cover in Ireland, at 60,000 hectares and 55,000 hectares, respectively. Heavier and less-permeable land provides an opportunity to plant forestry and avail of annual forestry premiums and the eventual return when the forestry is harvested.

According to agents, in the past 12 months, a decline of just 3% was reported on average for the total acreage of farmland available for sale, with no change reported for the number of sale transactions during this period.

Moyview, Enniscrone, Co. Sligo



Private agricultural and residential estate with a spectacular coastal situation. Approximately 131 acres. Sold in March 2020 by Savills.

Table 7: Average values per acre 2020 – Connacht/Ulster (non-residential farmland, without entitlements).

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Galway	€5,250	€7,732	€4,620	€6,708	€4,383	€6,333
Leitrim	€3,250	€7,000	no data	no data	€3,000	no data
Cavan	€5,333	€8,000	€5,000	€7,000	€5,000	€7,000
Monaghan	€5,750	€6,500	€5,000	€7,000	€5,000	€7,000
Mayo	no data	€8,225	no data	€5,000	no data	€5,000
Roscommon	€4,500	€8,225	€3,250	€7,000	€3,250	€6,900
Sligo	€4,000	€7,833	€3,500	€6,000	No data	€6,000
Donegal	€4,250	€9,500	€3,667	€8,000	€3,333	€7,333

Source: SCSi Land Market Survey.

LAND RENTAL RATES IN 2020

Our survey of SCSi agents across the country included questions regarding the land leasing market across all the main farming types.

Agents are not just active in the selling and acquisition of farmland, but also provide a valuable service to landowners as intermediaries in leasing their land to farmers, whether it is long-term leasing or short-term, conacre lets. Because such a small percentage (0.3%) of agricultural land is sold annually,¹ the leasing and letting market is crucial as a mechanism to acquire the use of land, especially for those new entrants or farmers looking to scale up to a full-time farming enterprise. Generally speaking, agricultural land owned in Ireland is acquired through inheritance processes rather than through market-based purchases. The emotional attachment of many owners to farmland that may have remained in a family for generations, means that inherited land is only rarely offered for sale on the market. This is one of the main reasons according to some agents why the agricultural land-

Table 8: Land rental values 2020 compared to 2019 (per acre).

LEINSTER	2019	2020	2019 v 2020
Grazing/meadowing/silage	183	193	5%
Grazing only	170	175	3%
Cereal crops (e.g., wheat, barley, oats)	210	220	5%
Potato crops	378	359	-5%
Other crops such as sugar beet, maize and beans	256	266	4%
MUNSTER	2019	2020	2019 v 2020
Grazing/meadowing/silage	207	215	4%
Grazing only	200	209	4%
Cereal crops (e.g., wheat, barley, oats)	227	242	7%
Potato crops	268	330	23%
Other crops such as sugar beet, maize and beans	273	299	10%
CONNACHT/ULSTER	2019	2020	2019 v 2020
Grazing/meadowing/silage	176	153	-13%
Grazing only	144	142	-2%
Cereal crops (e.g., wheat, barley, oats)	203	158	-22%
Potato crops	273	242	-11%
Other crops such as sugar beet, maize and beans	186	173	-7%

Source: SCSi Land Market Survey.

leasing market remains very strong. There is strong competition from younger farmers to build up larger farming units and they are competing for a limited volume of farmland available to rent, with little opportunity to buy land.

The leasing and letting markets are therefore a competitive marketplace and as a consequence, land rental prices tend to be more aligned with the economic profitability of farming compared to the sales market, where prices regularly exceed levels that would be justified by the returns from farming.

Agents across Leinster and Munster reported a brisk land rental market in 2020 (Table 8). Land rental prices increased on average by circa 4% for grazing and cereal

farming uses. The rental price for land suitable for potato crops saw a marginal decline in 2020.

In 2020, the Connacht/Ulster region saw a more noticeable and consistent decline in land rental prices across all land types/usages. The largest decline in values occurred for land rented for cereal crops. The proportion of land used for cereal growing in Connacht/Ulster would be quite low compared with the proportion suitable for grass-based farming.

Rental rates for grazing land and land used for meadowing/silage within Ulster/Connacht were reported to average between €142 and €153 per acre in 2020. It is expected that average rents in Connacht/Ulster will rebound by 6% in 2021.

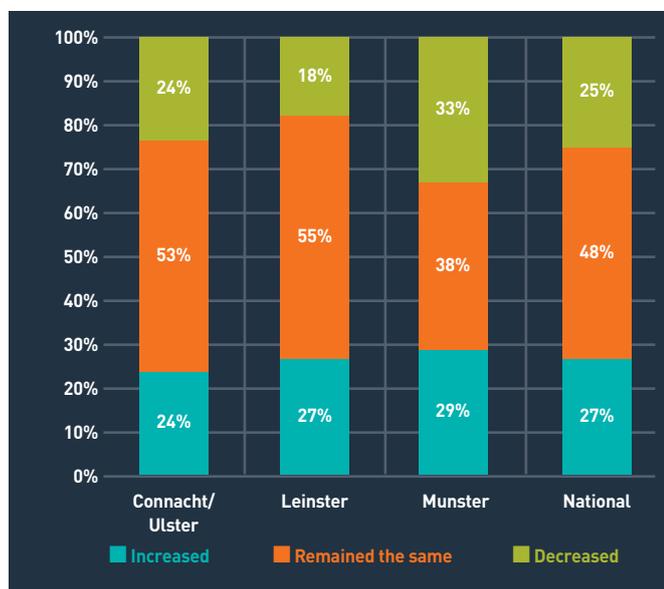


FIGURE 8: Agents' reports on the volume of agricultural land leased in 2020 compared with 2019. Source: SCSi Land Market Survey.



FIGURE 9: Changes to conacre in 2020 compared with 2019. Source: SCSi Land Market Survey.

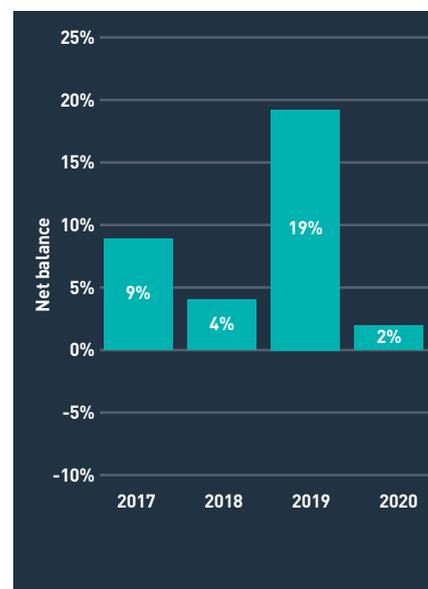


FIGURE 10: National Sentiment Index - volume of agricultural land leased. Source: SCSi Land Market Survey. Net balance = proportion of respondents reporting a rise in a variable (e.g., volume of land for leasing) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

Leasing market

The volume of land leased during 2020 varied from province to province. On a national level, more agents are reporting a decline in the volume of land leased in 2020 compared with 2019 (**Figure 8**). In 2019, 8% of agents reported a decline in land leasing; however, for 2020 the percentage reporting a decrease in land leasing had risen to 25% nationally.²

There could be a myriad of reasons why some agents are seeing a reduction in land leasing, which has been a very attractive proposition to landowners over recent years. Following the introduction of the Agri-taxation Review in 2015, tax relief measures have helped to incentivise landowners to enter into longer-term leasing. In 2020, agents reported that a period of equilibrium has now been reached between those seeking to rent land for farming on a longer-term basis and landowners seeking to lease

out land on a longer-term basis, i.e., the uptake of long-term leasing is now saturated and therefore the expectation is that there will be limited increases on the current level of leasing.

The take-up of long-term leasing since the introduction of a renewed tax treatment in 2015 was a positive development for agriculture and the agriculture land market. This is, in part, the explanation for why many agents are reporting decreased volumes of land coming forward for rent more recently, as much of it is locked up in long-term leases. A growing number of agents are reporting that while conacre is still an active part of the rental market, activity in this area is reducing year on year. Decreased activity in markets for conacre was reported by 40% of agents in 2020. This is a significant proportion of agents operating across Ireland and the decline in conacre availability is becoming an established trend.

Only 9% of agents reported an increase in conacre availability in 2020 (**Figure 9**).

Figure 10 shows the trend in the annual volume of agricultural land leased since 2017. The data in this chart are derived by looking at those members who stated there was an increase in volumes, minus those that stated there was a decrease. The net balance remaining, is charted to show the trend of sentiment in the market over time. Overall, activity levels in the land leasing market remained stable; however, demand for leasing, particularly long-term leasing continues to rise. A total of 75% of agents reported seeing an increase in demand for long-term leases when compared to 2019. Some 40% of agents reported seeing an increase in the average duration of lease agreements, while 57% reported that the average duration of lease agreements remained the same when compared to 2019 (**Figure 11**).

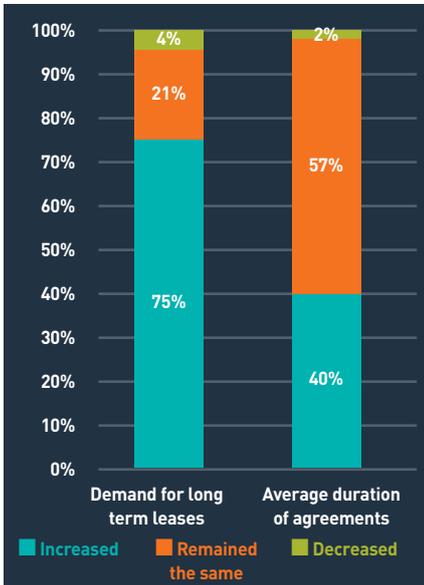


FIGURE 11: Agents' perspective on the level of leasing of farmland 2020 (compared to 2019). Source: SCSi Land Market Survey.

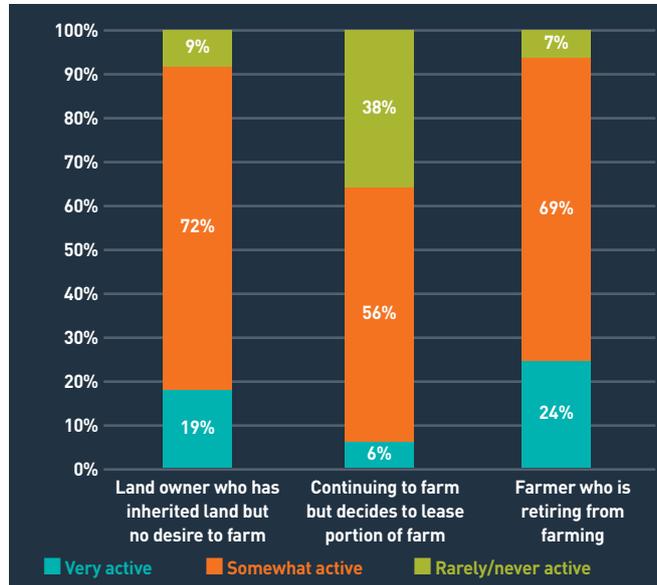


FIGURE 12: Leasing activity by type of landlords 2020. Source: SCSi Land Market Survey

According to the results of our 2021 survey, the most active landlords are farmers that decide to lease out a portion of the farm (Figure 12). In the past 12 months, there was an increase of approximately 10 percentage points in the percentage of agents reporting that this cohort is active or is somewhat active in the market of leasing out a portion of their land.

“THERE IS LESS AND LESS CONACRE AS BOTH PARTIES ARE LOOKING FOR LONGER LEASES.”

Agent, Munster

References

1. CSO, 2020. See: <https://www.cso.ie/en/releasesandpublications/ep/p-alp/agriculturallandprices2019/>.
2. To ensure a like-for-like comparison, removal of the answer category 'don't know' from our 2020 results was completed for this analysis in the interest of clarity.

MARKET OUTLOOK

Undoubtedly, as with most other sectors, 2020 brought unforeseen challenges to the agricultural land market with the emergence of Covid-19.



While land market activity did continue to varying extents across the provinces through alternative means (i.e., using technology to run online auctions), overall the volume of sales nationally for 2020 was reported to be down on the previous year.

When asked to comment on the outlook for the land sales market in 2021, agents expect to see demand outstripping supply in some

areas for all plot sizes. This is in part attributed to a strong interest, particularly from dairy farmers, in the purchase of land. Agents also expect the trend of landlords and tenants seeking longer-term leases to continue in 2021.

The tightening of the supply of agricultural land for sale over the last year can in part be attributed to reports of a number of plots being withheld from the market during the period of uncertainty when the traditional methods of sale were unavailable. It is expected by some agents that some of this land may enter the market in 2021. This of course may in part depend on the pace of the rollout of Covid-19 vaccines and easing of Covid-19 restrictions for auction event organisers.

Market activity

Increased activity levels due to pent-up demand caused by limited market activity

“DESPITE CONCERNS WITH FARM GATE PRICES AS A RESULT OF BREXIT, THERE IS STILL UNDERLYING MEDIUM TO LONG-TERM CONFIDENCE AND A RELATIVE SHORTAGE OF QUALITY ARABLE OR GRAZING LAND COMING TO MARKET.”

Agent, Leinster



FIGURE 13: Agents' expectations regarding changes in purchasing demand from dairy farmers for agricultural farmland in 2021. Source: SCSi Land Market Survey.

during more strict lockdown periods is something that has also been reported in other sectors. For example, in the SCSi's Annual Residential Property Outlook Report 2021, agents reported an increase in activity in the latter stages of 2020 when lockdown restrictions were eased, with transaction activity then increasing in the sector. This was also reflected by activity in the residential mortgage market over the same period.¹

Of course, activity levels and market certainty in all sectors, including the agricultural land market, will continue to be linked to the level of lockdown restrictions and ultimately, the progress in distributing the Covid-19 vaccines among the population to facilitate a large reopening of society and a return to more traditional market trading mechanisms. Nonetheless, agents anticipate the market to remain strong into 2021.

Land values

Agents nationally, and across all provinces, anticipate an increase in land values in 2021 (**Table 9**). Nationally, and provincially, it is expected that the percentage increase in land values will average at 4%. This positive outlook is in part derived from the anticipation that demand for agricultural land will exceed supply at a time when there is strong investment interest in the sector from a number of sources.

Agents anticipate that the demand for good quality land will remain strong in 2021, particularly from dairy farmers. As illustrated in **Figure 13**, 78% of agents anticipate that there will be an increase in demand from dairy farmers to purchase agricultural farmland in 2021.

This is an increase from 2019, where only 59% of agents anticipated an increase in demand to purchase land from dairy farmers. Only 1% of agents are expecting to

Table 9: Agents' average expected percentage change in land values in 2021 vs 2020.

National	+4%
Leinster (excluding Dublin)	+4%
Munster	+4%
Connacht/Ulster	+4%

Source: SCSi Land Market Survey.

Table 10: Agents' expected percentage change in land rental values in 2021 compared to 2020.

National	+6%
Leinster	+8%
Munster	+5%
Connacht/Ulster	+6%

Source: SCSi Land Market Survey.

see demand from dairy farmers decreasing in 2021.

With such an anticipated increase in demand for good quality land from dairy farmers coupled with supply concerns in some areas, land values can be expected to see an increase in the sector over the course of the year, as projected by agents.

Rental values

As with land sales prices, agents also expect to see an increase in land rental prices in 2021.

The expected national increase is 6%. Regionally, rental values are expected to increase the most in Leinster (8%), with anticipated increases of 5% in Munster and 6% in the Connacht/Ulster region (**Table 10**). This anticipated increase in rental values is again in line with the tightening in the supply of land for rental/lease, which was reported across most regions in 2020.

MARKET OUTLOOK

Leasing

Over 50% of agents expect that the volume of agricultural farmland available for lease in 2021 will remain the same as in 2020, while 28% expect to see an increase (Figure 14). This is a similar trend to that in our 2020 report. This will be a significant development, as agents have reported seeing an increase in demand for longer-term leases in 2020 and anticipate this to continue into 2021.

As with land sales, demand for land in the rental market can be particularly seen among dairy farmers (Figure 15), with 89% of agents expecting to see an increase in the demand for land to lease in the upcoming 12 months.

Future drivers of the agricultural land market

There are a number of short-, medium- and long-term factors which will undoubtedly influence the agricultural land market into the future. The performance of the agricultural sector is not a sole driver of land prices, as there are many non-farming influences in the market, such as acquiring land for residential development. With a small percentage of land coming for sale each year, it is likely that demand will remain across all provinces, with location, quality of land and access to public roads being the predominant factors that will influence demand from purchasers and price.

CAP reform

Development of a new Common Agricultural Policy (CAP) is currently underway, with the implementation of the new CAP expected to commence on January 1, 2023. The European Commission² outlined a number of recommendations for Ireland by way of assistance for the new policy development. The recommendations include:

- ▶ continue improving the effectiveness of the direct payments and other income support measures, in particular to better target farms with higher income support needs and territorial differences, such as smaller farms and farms in areas with natural constraints;
- ▶ bolster environmental care and climate action and contribute to the environment- and climate-related objectives of the European Union; and,
- ▶ strengthen the socioeconomic fabric of rural areas and address societal concerns.

Environmental policies

There is no doubt that there will be increased emphasis through both EU and national policy on achieving climate and environmental objectives. There are some expected changes to come soon in the sector as part of the National Climate Policy, which would see carbon emission limits placed on individual sectors, as outlined in the Climate Action and Low Carbon Development (Amendment) Bill 2021.

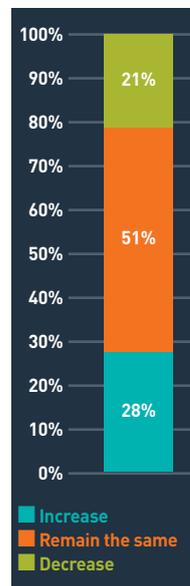


FIGURE 14: Expectations for changes to volume of agricultural farmland for lease in 2021. Source: SCSi Land Market Survey.

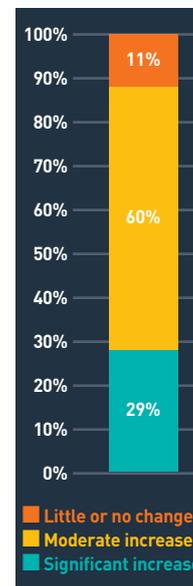


FIGURE 15: Expectations of changes in leasing demand from dairy farmers for agricultural farmland in 2021. Source: SCSi Land Market Survey.

Irish agriculture is generally seen to be vulnerable to climate change, due to increased weather impacts of climate change in the coming years. It is likely that environmental policy will be at the forefront of developments related to the sector into the future.

“DEMAND WILL BE HIGH AS SUPPLY IS LOW. MAIN REASONING IS THAT A LOT OF LAND IS TIED UP WITH LONG-TERM LEASES.”

Agent, Leinster

Reference

1. 2 BPFi Housing Market Monitor, Q3 2020.
2. COMMISSION STAFF WORKING DOCUMENT Commission recommendations for Ireland’s CAP strategic plan - SWD/2020/377 final.

OVERVIEW OF IRISH AGRICULTURE BY REGION



While there are no radical differences in climatic and agronomic conditions across Ireland, there are differences in the prevalence and economic importance of the various agricultural production systems at a regional level.

Such differences in the relative importance of particular agricultural activities between the regions 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 the farm operator, the presence of off-farm employment and access to finance, also being factors of significance.

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. The most recent

survey of this kind relates to 2016. The CSO also produces regional economic accounts for agriculture on an annual basis and these allow us to see regional differences in agricultural output and incomes earned across Ireland. FSS data are presented at Nomenclature of Territorial Units for Statistics (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 16**, which shows data for 2016. Comparing results with the previous FSS in 2013 indicates that very little

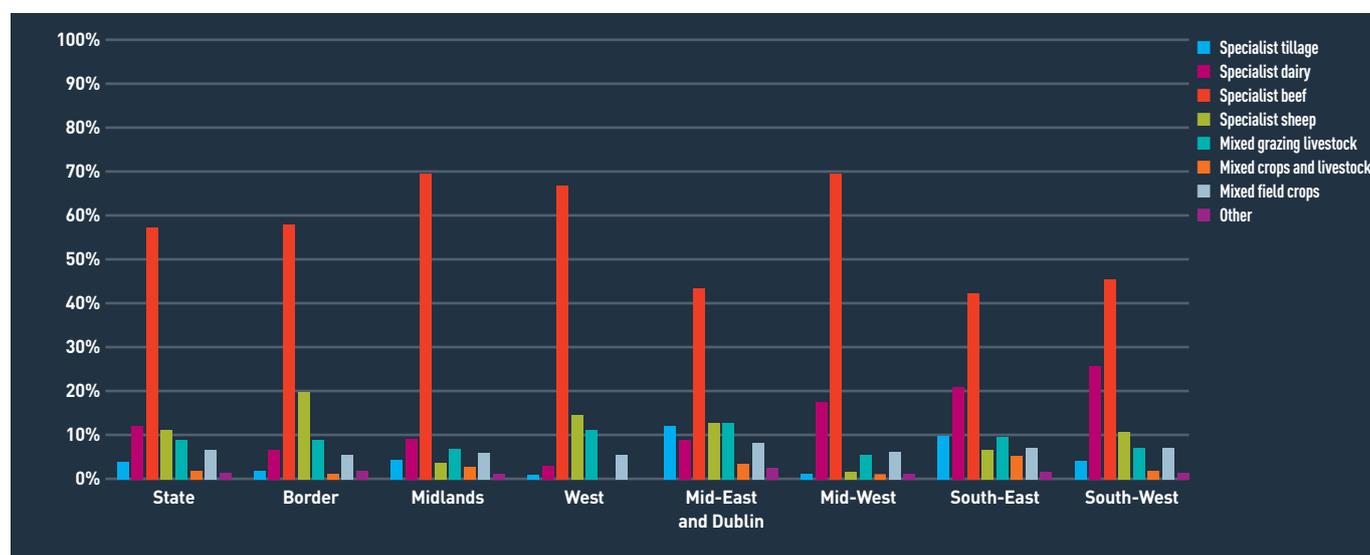


FIGURE 16: Prevalence of Farm Type by NUTS III region in 2016 (source: CSO Farm Structures Survey 2016).

OVERVIEW

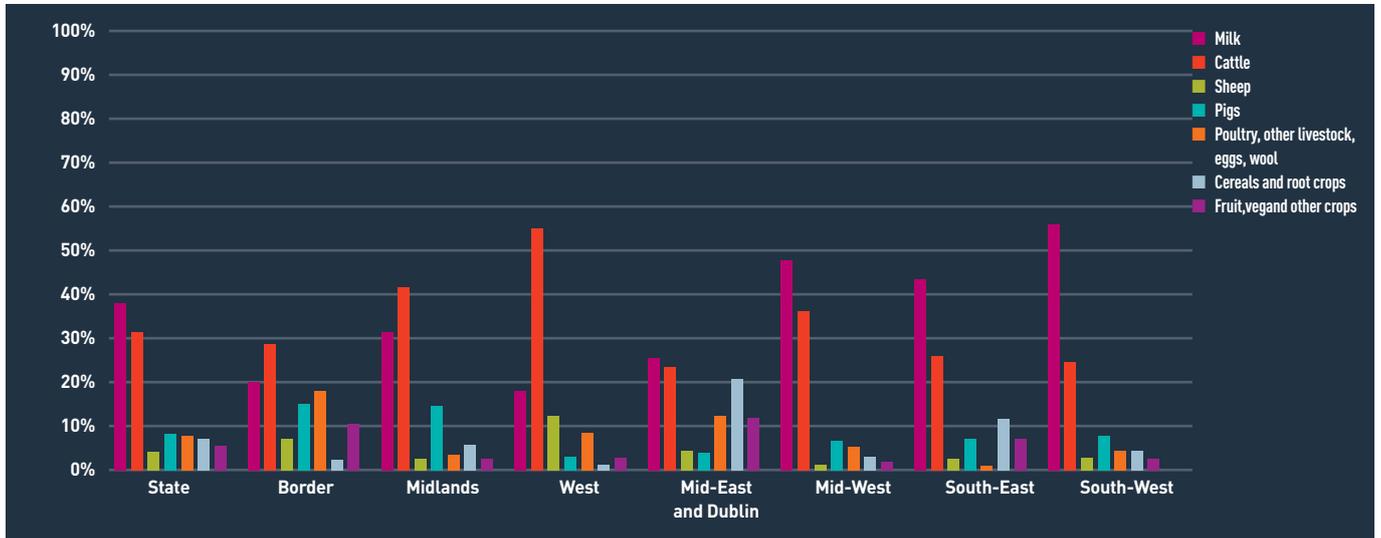


FIGURE 17: Agricultural output (excluding forage) at producer prices 2019: shares for each system by NUTS III Region (source: CSO Regional Account for Agriculture 2019).



had changed in the intervening years in the overall structure of Irish farming. In all regions in 2016, farms classed as specialist beef production accounted for at least 40% of farms, with the proportion highest in the Midlands (69%) and lowest in the South East region (42%).

The regional importance of dairying and tillage farming varies substantially. In the South West (Cork and Kerry), close to 25% of all farms are specialist dairy farms, which contrasts with the West (Galway, Mayo and

Roscommon), where less than 3% of farms are specialist dairy farms. Specialist tillage farms account for a little over 3% of farms nationally, but in the South East region (Carlow, Kilkenny, South Tipperary, Waterford, Wexford), almost 10% of farms are specialist tillage farms. Specialist tillage farms also represent 11% of farms in the Mid-East (Kildare, Meath and Wicklow) and Dublin 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 in 2019, as illustrated in **Figure 17**. The prominence of cattle output can be observed across all regions, with the cattle output share varying from 23% in the Mid-East and Dublin region to 55% 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 (milk) is highest in the South West, Mid-West and South East regions.

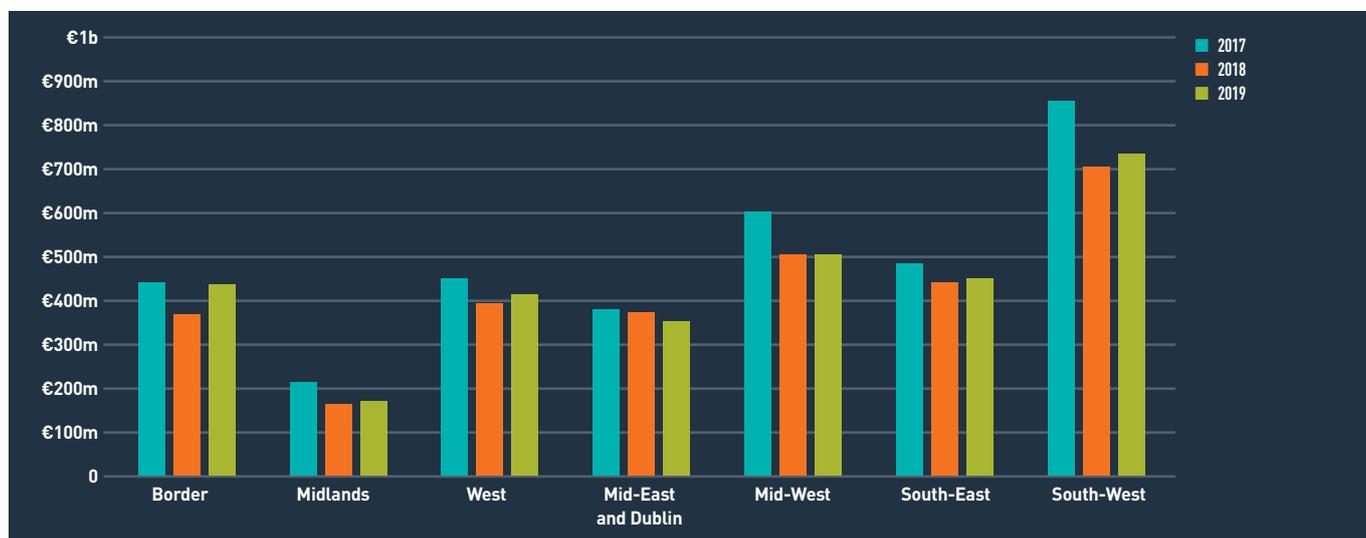


FIGURE 18: Agricultural operating surplus (income) shares by NUTS III region in 2019 [source: CSO Regional Account for Agriculture 2019].

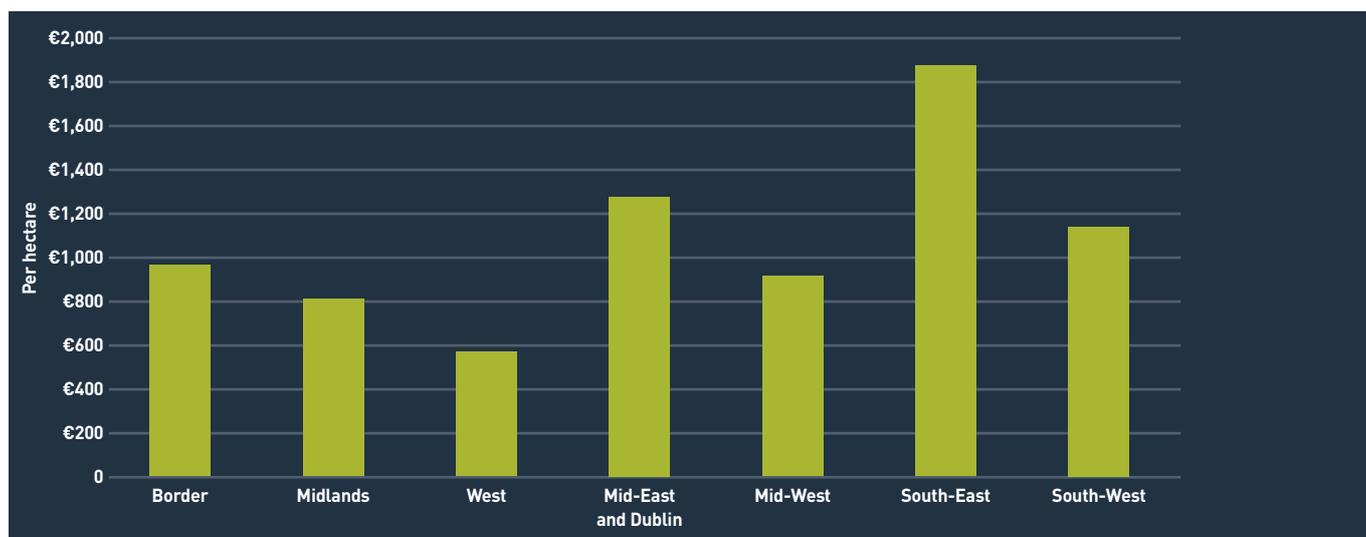


FIGURE 19: Agricultural operating surplus (income) per hectare by NUTS III region in 2019 (source: adapted from data in the CSO Regional Account for Agriculture 2019).

The continuing growth in milk production of recent years has pushed milk production into first place in terms of the share of output delivered within primary agriculture at a national level. This trend can also be observed in the dairy heartland of the South West, Mid-West and South East, where milk production was by some distance the largest sector in output value terms in 2019. Milk production was also the largest sector in output value terms in the Mid-East and Dublin region in 2019.

Figure 18 illustrates the considerable difference in operating surplus (income) across the NUTS III regions. An important caveat here is that the regions differ considerably in size, but even so, the prevalence of dairy in the South West, Mid-West and South East contributes to the higher level of aggregate income reported in these regions.

We can control for the difference in area across the regions and present income on a per hectare basis in each NUTS III region, as

presented in Figure 19. This shows that it is the South East region which has the highest level of income per hectare at over €1,800, and the West which has the lowest at under €600 per hectare. The differential in income per hectare across the regions reflects the type of agricultural activities that dominate and the intensity of agricultural production in each region. Regions where dairy and tillage are more prevalent tend to be farmed more intensively and produce a higher level of income than regions where more

OVERVIEW

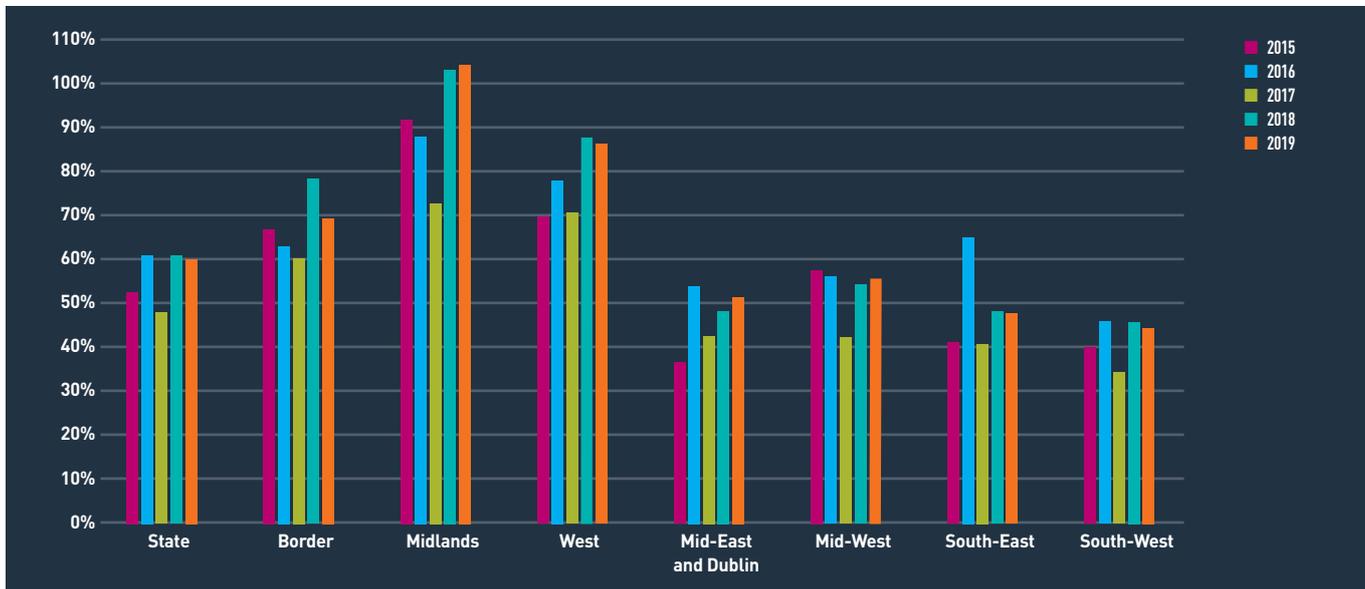


FIGURE 20: Net subsidies as a share of agricultural sector income in 2015-2019 by NUTS III region (source: CSO Regional Account for Agriculture 2015-2019).

extensive beef and sheep production dominates.

The varying regional prevalence of dairying and tillage output is mirrored in the importance of income subsidies in total agricultural sector income by region, illustrated in **Figure 20**. The most recent data that is available relates to 2019.

Dairying is more profitable than most other Irish farm systems, with dairy farmers on average deriving most of their farm income directly from the margin of their farm business, receiving a smaller share of their farm income in the form of subsidies. This largely reflects the higher net margins per hectare of milk production systems when compared with other mainstream farming activities. It follows that in regions where dairy is prevalent, the level of income derived from the margin of the farm business will be higher in percentage terms and the contribution to income from support payments will be lower. Where the subsidy to income ratio exceeds 100%, this signifies that the value of output was less than production costs, with the losses eating into

the value of the income subsidies.

At a national level, income subsidies accounted for 60% of agricultural sector income in 2019, broadly in line with 2018. In most regions the share of subsidies in income in 2019 was quite close to that of 2018. The Border region was an exception, where the figure fell from 78% to 69%. At a regional level, in 2019 the share of income derived from subsidies continued to be lowest in the South West region at 44% and highest in the Midlands at 105%. This dramatic difference between the South West and Midlands is indicative of the dominance of milk production in the South West and its lower significance in the Midlands.

A1 LEINSTER

Table A1: Land values per acre in Leinster
Leinster – average price per acre non-residential

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Louth	€7,917	€11,938	€8,000	€11,583	€7,833	€11,467
Meath	€8,161	€11,706	€7,827	€10,667	€7,411	€10,267
Dublin	n/a	n/a	n/a	n/a	n/a	n/a
Wicklow	€5,917	€11,214	€5,900	€10,875	€5,575	€10,250
Wexford	€7,750	€12,444	€7,500	€12,438	€7,275	€11,688
Kildare	€8,300	€13,583	€7,889	€12,636	€7,333	€11,909
Carlow	€7,600	€12,500	€7,200	€12,417	€7,750	€11,667
Kilkenny	€8,000	€12,333	€7,750	€12,083	€7,167	€11,333
Laois	€7,625	€11,955	€7,700	€11,444	€6,167	€10,250
Offaly	€8,000	€8,625	€6,750	€8,750	€6,750	€8,375
Westmeath	€6,667	€9,038	€6,300	€9,050	€5,900	€8,500
Longford	€5,500	€7,900	€5,750	€8,750	€5,750	€7,375
Leinster average (excl. Dublin)	€7,403	€11,203	€7,142	€10,972	€6,810	€10,280

Source: SCSi Land Market Survey.

A2 MUNSTER

Table A2: Land values per acre in Munster
Munster – average price per acre non-residential

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Cork	€5,909	€11,143	€5,125	€11,442	€6,563	€11,250
Kerry	€5,500	€9,594	€6,850	€9,563	€5,667	€9,000
Clare	€4,700	€9,000	€6,259	€8,600	€5,042	€7,850
Limerick	€6,143	€10,500	€6,643	€10,458	€6,850	€10,375
Tipperary	€5,874	€11,903	€6,563	€11,526	€6,473	€11,172
Waterford	€6,528	€10,969	€5,667	€10,813	€6,750	€10,375
Munster average	€5,776	€10,518	€6,184	€10,400	€6,224	€10,004

Source: SCSi Land Market Survey.

A3 CONNACHT AND ULSTER

Table A3: Land values per acre in Connacht and Ulster
Connacht/Ulster – average price per acre non-residential

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Galway	€5,250	€7,732	€4,620	€6,708	€4,383	€6,333
Leitrim	€3,250	€7,000	no data	no data	€3,000	no data
Cavan	€5,333	€8,000	€5,000	€7,000	€5,000	€7,000
Monaghan	€5,750	€6,500	€5,000	€7,000	€5,000	€7,000
Mayo	no data	€8,225	no data	€5,000	no data	€5,000
Roscommon	€4,500	€8,225	€3,250	€7,000	€3,250	€6,900
Sligo	€4,000	€7,833	€3,500	€6,000	no data	€6,000
Donegal	€4,250	€9,500	€3,667	€8,000	€3,333	€7,333
Ulster/Connacht average	€4,619	€7,877	€4,173	€6,673	€3,994	€6,510

Source: SCSi Land Market Survey.

STATISTICAL ANNEX

TABLE A4: LAND RENTAL VALUES PER ACRE

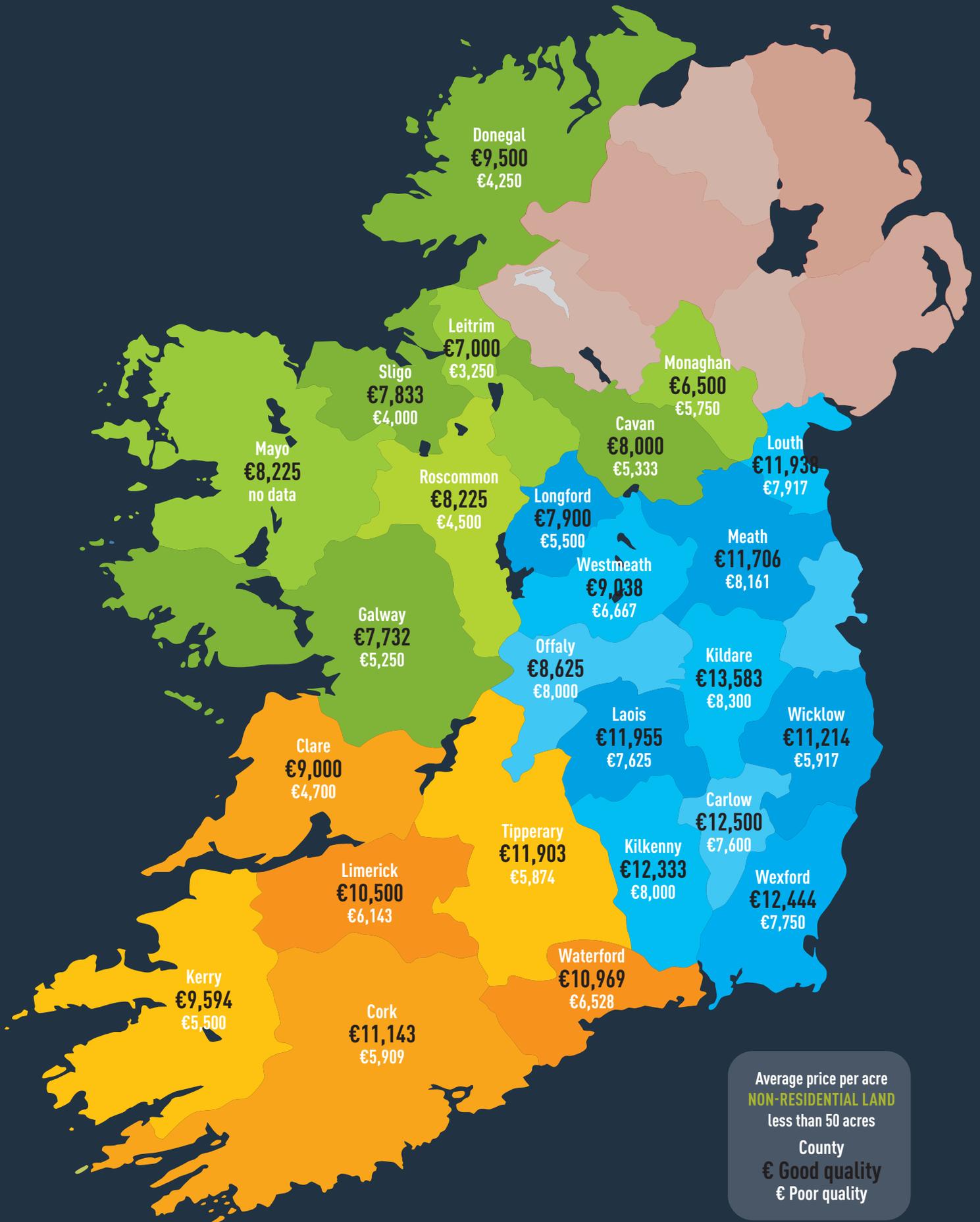
Year	Grazing/ meadowing/silage	LEINSTER (excluding Dublin)				Potatoes
		Grazing only	Cereal crops	Root crops/ maize and pulses		
2010	€130	€121	€135	€154	no data	
2011	€142	€132	€155	€184	no data	
2012	€143	€134	€160	€184	no data	
2013	€156	€143	€175	€198	no data	
2014	€160	€148	€187	€204	no data	
2015	€162	€150	€189	€216	€317	
2016	€177	€160	€195	€235	€336	
2017	€194	€182	€220	€299	€426	
2018	€197	€190	€216	€246	€348	
2019	€183	€170	€210	€256	€378	
2020	€193	€175	€220	€359	€266	
12 months % change	5%	3%	5%	-5%	4%	

Year	Grazing/ meadowing/silage	MUNSTER				Potatoes
		Grazing only	Cereal crops	Root crops/ maize and pulses		
2010	€138	€124	€153	€159	no data	
2011	€155	€142	€171	€176	no data	
2012	€159	€142	€178	€180	no data	
2013	€169	€161	€192	€195	no data	
2014	€194	€180	€217	€230	no data	
2015	€186	€177	€197	€220	€254	
2016	€186	€178	€209	€210	€286	
2017	€191	€174	€263	€195	€295	
2018	€198	€182	€209	€268	€230	
2019	€207	€200	€227	€273	€268	
2020	€215	€209	€242	€330	€299	
12 months % change	4%	4%	7%	23%	10%	

Year	Grazing/ meadowing/silage	CONNACHT/ULSTER				Potatoes
		Grazing only	Cereal crops	Root crops/ maize and pulses		
2010	€121	€109	€137	€139	no data	
2011	€117	€114	€137	€125	no data	
2012	€128	€119	€133	€132	no data	
2013	€138	€128	€130	€127	no data	
2014	€135	€122	€129	€130	no data	
2015	€146	€131	€131	€138	€190	
2016	€144	€130	€110	€173	€197	
2017	€124	€122	€170	€180	no data	
2018	€160	€141	€179	€183	€252	
2019	€176	€144	€203	€186	€273	
2020	€153	€142	€158	€242	€173	
12 months % Change	-13%	-2%	-22%	-11%	-7%	

Source: SCSi Land Market Survey.

COUNTY PRICE GUIDE



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