SCSI/TEAGASC

Annual Agricultural Land Market Review & Outlook 2024

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Foreword

The value of agricultural land in various parts of Ireland is often part of local and national debate and discussions, especially among those who have close ties to agriculture. There is considerable interest in the price paid for land, and how it varies by region and land quality.

The Society of Chartered Surveyors Ireland (SCSI) and Teagasc collaborate to publish this annual Agricultural Land Market Review & Outlook, offering valuable insights into agricultural land selling prices and rental rates. This report not only highlights key trends within the land market, but also provides a comprehensive overview of the agricultural sector's recent economic performance and short-term outlook.

The compilation of average land values and rental values offers impartial insights into the Irish market, benefiting prospective buyers, sellers, and policymakers vested in agricultural and land market dynamics.

This report evaluates land values across various counties and provinces in Ireland, and considers diverse land types and plot sizes. It is crucial to highlight that land quality and pricing can vary significantly from one parcel to another as certain plots may be more conducive to specific agricultural activities than others.

Our eleventh annual report provides a review of 2023 and an outlook for 2024, with a selection of useful insights regarding the expected performance of the agricultural sector. Farmers have been impacted by high cost inflation following the invasion of Ukraine in early 2022. Although energy prices, feed costs and fuel inflation eased in the second half of 2023, agriculture continues to face challenges in relation to profitability, climate change, policy, and inclement weather conditions. These factors are currently hampering farming activities and farm margins.

With these challenges also come opportunities. Since 2021, The Climate Action Plan has included a target to increase the share of electricity generated from renewable sources to 80% by 2030. Ireland therefore intends to increase its solar PV energy generation, with revised objectives escalating from 2.5GW to 8GW by 2030, and the achievement of this target will have an influence on agricultural land markets. Solar technology continues to improve and with this is an increased number of solar farm planning applications to supply the grid with renewable energy.

This report contains a special feature on the use of agricultural land for renewable energy generation that delves into sources such as solar energy, production of biomethane and wind energy. We hope that it will help to address the queries that land agents, landowners and those seeking to purchase or lease land for the purpose of solar may have.

The review's findings in respect of land market activity are based on an SCSI survey, which was conducted on a nationwide basis in February and March 2024. This survey was completed by Chartered Surveyors operating in the auctioning, private treaty sale, tendering and land rental transactions, including those who provide specialist valuation services to clients.

We believe that you will find this edition of the report to be insightful, and we wish to express our gratitude to SCSI staff, Teagasc staff, and SCSI members for their significant contributions to this report.

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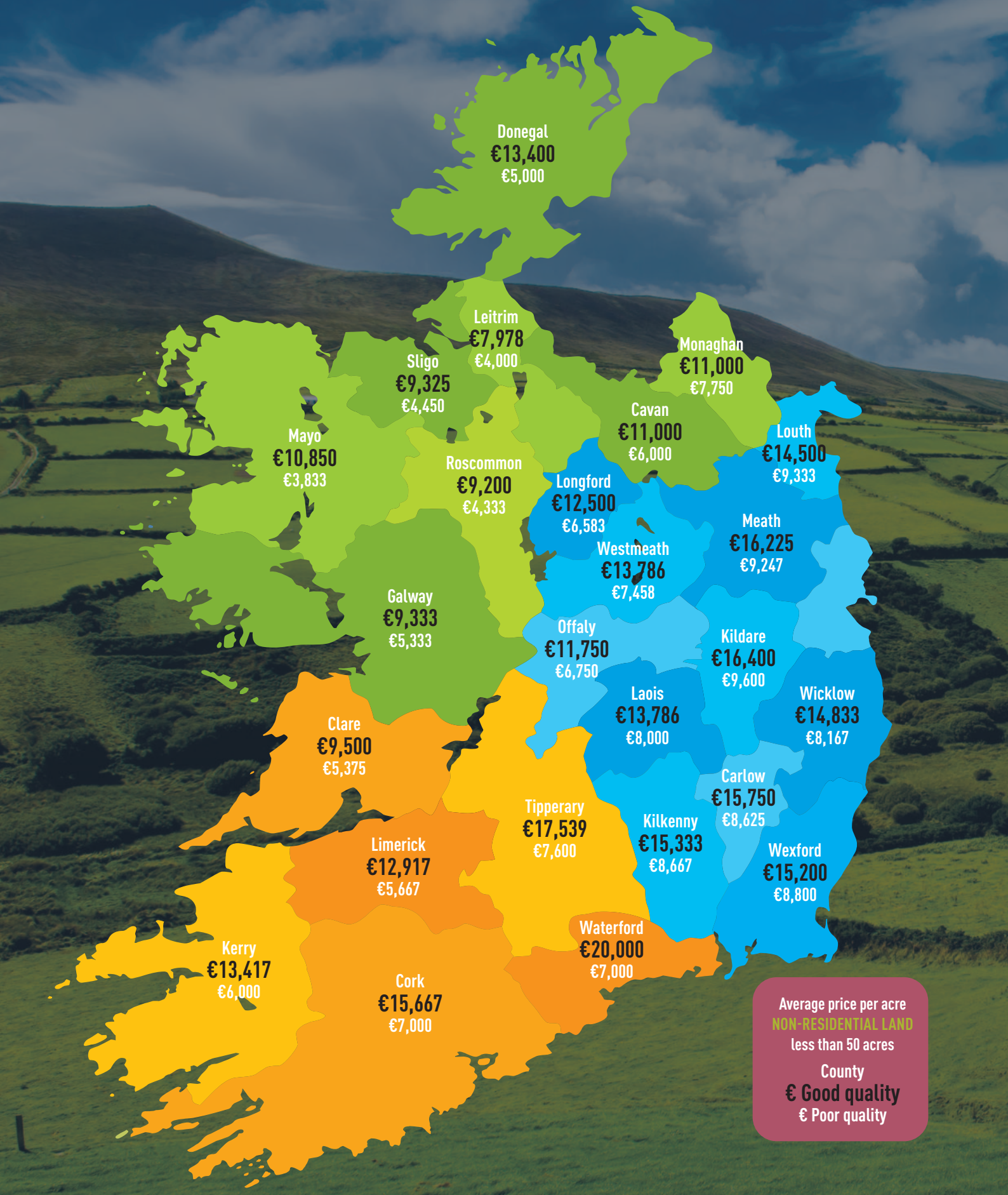
ANNUAL SCSI/TEAGASC AGRICULTURAL LAND REVIEW & OUTLOOK 2024

teagasc Agriculture and Food Development Authority



Key highlights

Farming sector performance

- Weather conditions in 2023 were reasonably good for grassland systems but more difficult for tillage farming due to high rainfall levels at harvest time.
- There was little change in the net margin on cattle finishing farms, with the average net margin slightly higher than for the average cattle rearing farm.
- The average net margin per hectare on cereal enterprises decreased from €785 per hectare to €115 per hectare.
- Prices for milk are forecast to be higher in 2024 relative to 2023.
- Lamb prices have been notably higher in the first quarter of 2024 relative to the same period in 2023.
- Among all of the main farming systems in Ireland, tillage appears to be facing the most difficult short-term outlook in 2024.

Farmland transaction values and trends

- National
  - Farmland values forecast to rise by 6% on average in 2024.
  - Average land values in 2023 for good quality and poor quality land are €12,308 per acre and €6,286 per acre, respectively – this represents a percentage change for the 12-month period of 10% and 13%, respectively.
- Also highlighted in last year's report, the most expensive land in 2023 was in Waterford (less than 50 acres), where good quality land was €20,000 per acre, on average.
- Mayo recorded the lowest value for farmland in 2023 at €2,733 for poor quality land on holdings over 100 acres.
- The number one main buyer type (69% of respondents) is the dairy farmer, followed by tillage farmers (11%). Some 20% of respondents reported 'Other' as a main buyer type. 'Other' is referred to by many respondents as an investor or hobby farmer.
- A total of 56% of respondents expect a moderate or significant demand from dairy farmers to buy land in 2024, down from 83% of agents in 2023.

Farmland rental values and trends

- National
  - Average rental values are expected to increase by 4% in 2024.
  - Average rental values increased by 4.5% in 2023 across all farming uses.
- Provincial
  - Average rental values increased by 0.3% for Connacht/Ulster and decreased by 1.8% for Leinster. Munster, however, experienced an increase of 12.3%.
  - Expected percentage changes for rental values throughout 2024: Munster (7%); Leinster (-1%); and Connacht/Ulster (6%).
- The demand for long-term leasing of land remains strong, with the SCSI Index at +70 (down marginally from +78 a year ago).
- The SCSI Index tracking the volume of conacre rentals is down from -13 in 2022 to -18 in 2023.

Performance of the agricultural sector

Irish agriculture sector

This section reviews the performance of Irish agriculture in 2023 and examines current prospects for 2024. There is an overview at the broad sectoral level, followed by a focus on the key subsectors within agriculture.

Overview of agriculture in 2023

In 2023, output prices decreased sharply for milk and cereals, with some declines in lamb prices observed. Cattle prices were moderately higher in 2023 relative to 2022. Input prices decreased over the course of 2023, including feed, fertiliser, fuel, and some other inputs. Key commodity price changes in 2023 compared with 2022 are shown in **Figure 1**. From an agricultural perspective, weather conditions in 2023 were reasonably good for grassland systems, but more difficult for tillage farming due to high rainfall levels at harvest time and during the sowing period for winter cereal crops.

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. In 2023, milk prices decreased, particularly during the second half of the year. As a result, the annual average national milk price for 2023 was 28% lower relative to 2022, with the standardised price for the year as a whole estimated to be 39 cents per litre (43.1 cents per litre on an actual constituent basis). Irish milk production is estimated to have declined by 4.1% in 2023 relative to 2022. Much of the annual decline in milk production can be attributed to reduced production in the final four months of 2023 relative to the same period in 2022.

On a per litre basis, milk production costs are estimated to have been similar in 2023 relative to 2022. It is estimated that the net margin per litre of milk produced decreased by 71% to 7.1 cents per litre in 2023, reflecting the sharp drop in milk prices.

Cattle

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

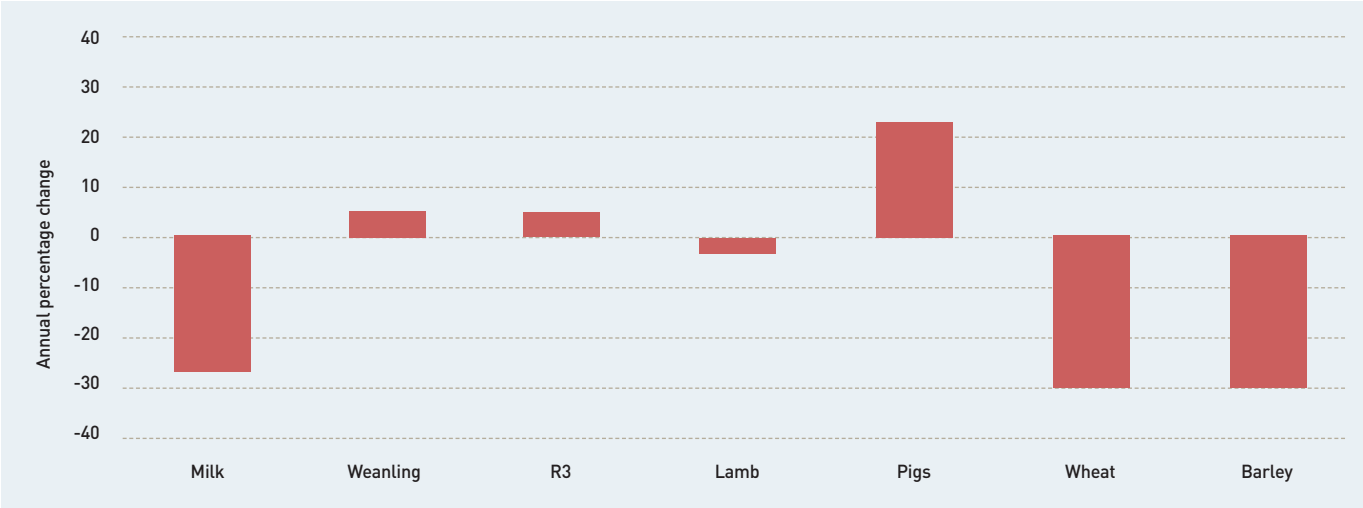


FIGURE 1: Change in output prices 2023 vs 2022.
Source: CSO and DG Agri.

In 2023, finished cattle prices increased by approximately 4% relative to 2022. However, this was largely offset by a decrease of approximately 3.5% in the volume of prime beef production. Weanling prices increased by approximately 7%, while prices for older store cattle increased by approximately 5%. The direct costs of production decreased by approximately 5% for cattle farms in 2023. Total overhead costs were similar in 2023 relative to 2022, with declines in energy costs being offset by price increases for some other overheads. The average gross margin on cattle rearing farms increased by 15%, while the average gross margin on cattle finishing farms was unchanged at approximately €730 per hectare. The net margin is likely to have increased on cattle rearing farms with an estimated break-even net margin for the average enterprise. It is estimated that there was little change in the net margin on cattle finishing farms, with the average net margin slightly higher than for the average cattle rearing farm.

Sheep

Sheep production takes place on about 11% of the grassland area in Ireland and can also be found on the several hundred thousand hectares of commonage land. Sheep farms are distributed 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 suited to other agricultural production systems.

In 2023, lamb prices in Ireland were approximately 3% lower relative to the 2022 level. Costs of production for Irish mid-season lowland lamb enterprises decreased in 2023. Feed volumes were 5% lower in 2023 relative to 2022. However, an increase in feed prices meant that overall feed expenditure declined by just 3%. The decline in fertiliser prices and the decline in fertiliser volume helped to support further reductions in input costs. The expansion of funding under the Sheep Improvement Scheme (SIS) supported profitability on many sheep farms. Gross margins per hectare for Irish mid-season lowland lamb producers are therefore estimated to have increased in 2023 by 5% to €905 per hectare.

The decline in fertiliser prices and the decline in fertiliser volume helped to support further reductions in input costs.

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.

Global wheat prices decreased by approximately 21% in 2023 relative to 2022 (World Bank, 2024). Harvest prices in the cereals sector in Ireland were approximately 30% lower in 2023 relative to 2022. Furthermore, yields for some of the major Irish cereal crops (excluding winter barley) were also lower than those achieved at harvest 2022 (Teagasc, 2023). The United States Department of Agriculture (USDA) estimates that a decrease in international maize production (4%) occurred in 2023, with some increase in wheat production (1%) (USDA, 2024a). A decrease in global demand led to declines in global cereal prices. This contributed to the decrease in Irish cereal prices at harvest 2023. The 2023 Teagasc Harvest Report includes an estimated 6.4% decrease in the total area devoted to cereal production in Ireland in the 2022/23 crop year compared to the 2021/22 crop year. Gross output on tillage farms was therefore substantially lower in 2023 relative to 2022.

Direct costs of production on Irish cereal farms decreased by 5% in 2023 compared to 2022. The net effect of the changes in output value and input costs was a significant decrease in the average gross and net margin for cereal crops in 2023. The average net margin per hectare on cereal enterprises decreased from €785 per hectare to €115 per hectare.

Outlook 2024

Developments on the output side in 2024 are anticipated to be mainly positive for the livestock sector but to remain negative for the cereals sector. Milk prices are forecast to be higher in 2024 relative to 2023. Lamb prices have been notably higher in the first quarter of 2024 relative to the same period in 2023. Pork prices are currently behind 2023 levels, although they remain relatively high by historical standards. A similar pattern is evident for beef prices. Futures prices for wheat (September and December 2024) have declined over the winter months. A high degree of uncertainty surrounds these futures markets; however, the current indications are that grain prices for the 2024 harvest will not recover from those achieved in 2023.

In the past six months, prices for many key inputs have declined. This includes large declines in feed and fertiliser prices (Central Statistics Office (CSO), 2024). For all sectors, the decline in fertiliser prices will have a positive impact on profitability in 2024. In the following, we briefly describe the current state of play in the main agricultural enterprises.

Current state of play (April 2024)

An important area of uncertainty for 2024 is weather conditions in Ireland and the extent to which they will favour or hinder particular farming activities. In Q1 of 2024, weather conditions throughout Ireland have been very unfavourable. Higher than average rainfall has led to very soft ground conditions and waterlogging, and has delayed the planting of crops and the turnout of animals to pasture. While an excess of rainfall has been a problem in Q1 of 2024, farmers will be concerned that improved weather conditions when they arrive do not then pivot into drought conditions later in the growing season.

Dairy

Milk prices have begun to increase in early 2024. A 10% increase in milk price is forecast for 2024, which would bring the actual annual average milk price to 47.4 cent per litre (the standardised price of 42.9 cent per litre). The average net margin per litre of milk is expected to increase from approximately 7 cent per litre in 2023 to approximately 12 cent per litre in 2024. Declines in feed and fertiliser prices are helping to reduce overall costs, although prices for both inputs remain above 2021 levels. A prolonged winter resulted in higher feed use and a negative impact on milk yields. Based on the latest monthly CSO milk statistics data, there is the possibility of lower national milk production in 2024 relative to 2023. The recent changes to environmental policy aimed at protecting water quality as part of the Nitrates Directive will continue to limit the extent of growth in overall milk production in 2024.

Cattle

In March 2024, the average price for an R3 steer is approximately €5.40 per kg, which is approximately 2% below the same month in 2023. However, the annual average beef price in 2024 is forecast to be approximately 2-3% higher relative to 2023. Beef prices declined by about 13% from May to October 2023 and a more optimistic outlook is forecast for 2024. Despite some increases in Q1 2024, the total prime beef production in Ireland is forecast to be down for 2024 relative to 2023. An increase in cow beef production is expected to offset much of the decline in prime beef production. The costs of production for beef are forecast to be slightly lower in 2024, mainly due to lower fertiliser prices. As a result of the prolonged winter, the positive effect of the decline in feed price is being offset by a rise in feed use and a depletion of fodder reserves. In 2024, it is forecast that margins and incomes on cattle finishing farms will be similar to 2023, with more uncertainty for cattle rearing farms due to the timing of cattle sales and the impact of weather conditions.

Sheep

In early 2024, sheep farmers are experiencing strong improvements in the economic situation, particularly as a result of rising lamb prices. Feed prices are declining; however, a prolonged winter is offsetting the benefit of the reduced feed price. The adverse weather has also contributed to more difficult lambing conditions. Due to the stronger lamb and sheep prices, the margins on sheep farms are forecast to increase in 2024. The Agriculture and Horticulture Development

In Q1 of 2024, weather conditions throughout Ireland have been very unfavourable.

Board (AHDB; UK) points out that sheep flocks are declining in many Mediterranean countries and this contributes to tighter supply in the EU (AHDB, 2024a). In March 2024, average heavy lamb prices are approximately 16% higher relative to March 2023 (Department of Agriculture, Food and the Marine (DAFM), 2024). EU imports of lamb and goat meat increased by 4% in 2023 relative to 2022 and this increase is mainly due to imports from the UK. It is expected that there will be further increases in imports in 2024 given the level of EU prices.

Cereals

Overall, among all of the main farming systems in Ireland, the tillage farming system appears to be facing the most difficult short-term outlook in 2024.

The prolonged winter and the exceptionally heavy rainfall in recent months has had an extremely significant impact on the planting of winter and spring crops, with consequences for the total planted area available for harvesting.

There also remains a high degree of uncertainty about cereals markets in 2024, with negative consequences for the total planted area available for harvesting and for expected crop yields. Estimates for the 2023/24 marketing year point to significant increases in global wheat production due to Russia, Ukraine and Saudi Arabia (USDA, 2024b). This increase in global production appears to be placing downward pressure on global markets as futures prices for harvest 2024 have declined over recent winter months (EURONEXT, 2024). The current indications are that grain prices in harvest 2024 will not surpass those achieved in harvest 2023.

While there are some positive developments in terms of input prices, including fertiliser prices in particular, these are likely to be negated strongly by output value changes due to price and yield forecasts.

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Special feature: Use of agricultural land for renewable energy generation

By: Barry Caslin,
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Opportunities for farmers and landowners

As Ireland continues its transition towards a sustainable energy future, agricultural landowners find themselves at the forefront of a transformative journey. While most Irish agricultural land will continue to be used to produce outputs such as meat, milk and tillage crops, new agricultural land uses are emerging from the renewables sector. Through involvement in renewable energy projects, some landowners will be able to diversify revenue streams, improve the incomes earned from their land, and contribute to national decarbonisation efforts.

However, navigating the complexities of renewable energy development requires informed decision-making, strategic engagement, and a collaborative approach between landowners and renewable energy companies.

In this article, we outline the different renewable energy-related land uses – such as growing feedstocks for anaerobic digestion, and wind and solar photovoltaic (PV) – that Irish landowners may be able to take advantage of.

For farmers and agricultural landowners, hosting an energy installation or growing feed stocks for energy generation may offer economic benefits. Typically, wind and solar PV uses of land provide a higher income per hectare as compared to conventional farming systems. This income stream is usually secured through lease arrangements between landowners and renewable energy generation companies. In addition, the lease arrangement between landowners and renewable energy companies is typically long term, often spanning 40 years. By offering increased levels of financial security, renewable energy land use may be attractive to some

farmers seeking stable returns from their agricultural land assets. Landowners can unlock new income-earning opportunities from their agricultural land assets while contributing to the broader transition towards environmentally sustainable energy practices.

Renewable energy policy: decarbonising the energy systems

Increasing the share of energy from renewable sources is one of the key pillars in decarbonising the Irish economy. Ireland has several targets relating to the share of energy from renewable sources, some of which are required under EU legislation and others that are determined at a national level. The Climate Action Plan 2024 outlines ambitious targets and measures aimed at significantly reducing emissions across various sectors and for decarbonising Ireland's energy system. Energy system targets require that by 2030: 80% of electricity should be generated from renewable sources; 29% of energy in transport should come from renewable sources; and, 24% of the energy used in heating should be renewable. The decarbonisation of the electricity generation system is an essential component in the wider decarbonising of the energy system, and the Climate Action Plan 2024 has ambitious targets for increases in the energy generated from onshore wind and solar PV. The renewable energy targets require that by 2030 there will be an additional 9 gigawatts (GW) of onshore wind electricity generation capacity and 8GW of solar PV, while the draft national biomethane strategy has a target of 5.7 terrawatt hours (TWh) of gas from anaerobic digestion by 2030.

The Climate Action Plan 2024 has ambitious targets for increases in the energy generated from onshore wind and solar PV.

Renewable energy generation and agriculture

The three renewable energy generation sources with direct or indirect implications for agricultural land use are:

1. The use of agricultural land to grow feed stocks for anaerobic digestion that produces biomethane.
2. The use of agricultural land for onshore wind generation.
3. The use of agricultural land for solar PV energy generation.

In addition, farmers can earn money from selling electricity to the grid (or reducing electricity purchases from the grid) from the installation of microgeneration or small-scale renewable electricity generation.

Anaerobic digestion (biomethane)

Anaerobic digestion, particularly in the form of producing biomethane, has gained significant attention under the Climate Action Plan 2023, with the target set at 5.7TWh by 2030. Achieving this goal would necessitate the establishment of approximately 150 to 200 anaerobic digestion plants across the country. This shift recognises anaerobic digestion's pivotal role in curbing emissions and fostering a circular bioeconomy.

To meet the biomethane target, an estimated total land area of 120,000 hectares, which accounts for less than 3% of available agricultural land, will be required to cultivate the necessary silage for anaerobic digestion plants.

Additionally, winter slurry from around 1.3 million cattle will be needed, representing roughly 20% of all winter cattle slurry production in Ireland. These projections assume an equal mix of grass silage and slurry on a fresh weight basis.

If the targets for biomethane production are met, there will be consequences for existing agricultural land uses, with land that is currently used to raise cattle and other livestock used to exclusively grow grass for use in biomethane production. This diversification of grassland use will likely lead to some displacement of livestock production.

Wind energy

In alignment with Ireland's Climate Action Plan 2023, the Government has set a target of achieving 8GW of onshore wind energy capacity by 2030. To assess the land area required to achieve this target,

various factors come into play, including turbine capacity, spacing density between turbines, land use efficiency, and operational considerations. The estimation can be broken into clear steps:

1. Turbine capacity: A common specification for onshore wind turbines is an average capacity of 3 megawatts (MW) per turbine.
2. Estimating land area per turbine: Adopting a conservative approach, assume two acres (equivalent to 0.8 hectares) per turbine. This would account for factors such as spacing, setbacks, and access roads.

With the target capacity of 8GW by 2030 in mind, it is possible to derive an estimate of the total land area that is likely to be required. 8GW is equivalent to 8,000MW. With each turbine assumed to generate 3MW, this implies that 2,667 turbines would be needed to achieve the target of 8GW of onshore wind energy generation. If we assume that each turbine requires two acres of land, this implies a total land area of 5,334 acres. Given the vertical scale of onshore wind turbines, most of the land would still be available to be grazed by cattle or sheep.

Solar energy

The Renewable Electricity Support Scheme (RESS) has been instrumental in driving the adoption of solar PV and wind projects in Ireland. In the initial three auctions, a total of 2.7GW of contracts were awarded, accounting for over one-third of the 2030 target. Notably, the fourth RESS auction is scheduled for the second quarter of 2024, indicating continued momentum in renewable energy development. The consultation for the fourth onshore RESS auction is now open. Currently, there are 18 solar projects connected to the Irish grid,

signalling the tangible progress made in renewable energy integration. The microgeneration support framework has also played a pivotal role in accelerating solar deployment, with an impressive 700 systems registering per week at certain points during 2023. By the end of the same year, Ireland had connected 300MW from microgeneration alone. When combined with additional ground-mounted solar farms, the total connected capacity reached 1GW by the end of 2023.

The third RESS auction, held on September 15, 2023, saw significant participation from the solar sector. Twenty solar farms, covering approximately 2,500 acres, along with three wind farms, successfully secured funding in RESS 3. It is noteworthy that the average support price was €100.47 per megawatt hour (MWh) for RESS 2. However, despite the success, this auction delivered the smallest volume of renewable energy among all auctions to date, and at the highest price, indicating some challenges in the market landscape.

Solar farms vary in size but scale matters. Between 2018 and 2020, most solar farms entering the planning system were between 50 and 100 acres. More recently, in the period 2021-2023, projects of over 250 acres and above have entered the planning systems across the country. The ready reckoner is 3-5 acres per MW and projects are now in the region of 100MW. Larger projects typically connect to the national grid using a 110kV grid connection or a 220kV grid connection, either via an underground electrical cable to the most viable substation or by directly tying into an overhead transmission line.

The 2030 solar PV target is 8GW. This is equivalent to roughly 16,000 hectares of solar farms if all of the 8GW were achieved exclusively via larger-scale solar PV arrays. In reality, some of the targets are likely to be delivered by microgeneration and smaller-scale generation installations.

Nevertheless, if the 8GW target is to be achieved, significant volumes of land will be required. While it is not practical to graze large animals such as cattle on land hosting solar PV installations, it is possible to graze smaller ruminants such as sheep on this land.

If we assume that each turbine requires two acres of land, this implies a total land area of 5,334 acres.

Battery storage

The development of solar PV and wind energy farms across the country will be critical to the decarbonisation of the electricity generation sector. The intermittency of these two sources of renewable electricity means that the supply of energy has to be managed through time and one of the means of doing this is via battery energy storage systems (BESS). These BESS installations are typically located adjacent to solar PV or wind turbine arrays, and while they have a limited footprint in terms of agricultural land, they will for some landowners represent an additional source of income that is associated with the development of renewable electricity generation.

Understanding option agreements associated with wind and solar PV developments

An option agreement is a legal contract that gives a developer permission to access your land for surveys and planning purposes. Typically, this agreement lasts up to five years, allowing the developer time to sort out planning permissions, grid connections, financing, and successful bids for renewable energy support schemes. There is often an opportunity to extend the option period by a further three years depending on certain milestones being met.

By signing the option agreement, the landowner agrees that if the developer meets certain conditions, like securing necessary approvals and financing, the landowner will enter into a longer-term lease agreement with them.

It is worth noting that many option and lease agreements include a clause stating that if the developer sells the project to another party, they need the landowner's consent. However, in general, this consent cannot be unreasonably withheld or delayed. It is essential to ensure that such terms are included in the option agreement to protect the landowner's interests during negotiations. Landowners should always seek the advice of a solicitor and accountant before entering these or any long-term lease agreements. Meehan (2022) outlines many tax and legal considerations associated with the development of a solar.

Conclusion

Diversifying Irish agricultural land use and decarbonising the Irish electricity system are both critical components of the National Climate Action Plan. The use of agricultural land to grow grass for use as a feedstock in the generation of clean green biomethane will be central to the achievement of the national targets for biomethane production and will, if achieved, see up to 120,000 hectares of land required. The area of land necessary for the achievement of the onshore wind and solar PV energy generation targets are smaller. Our estimate of the land required to achieve the onshore wind energy target is circa 2,000 hectares, while up to 16,000 hectares of land could be required to achieve the 8GW solar PV energy generation target by 2030. All of these new renewable energy uses of land open up new opportunities for Irish farmers and landowners. In many instances, the income-earning potential of land leased to a solar or wind energy generation company will exceed the income likely to be earned per hectare from conventional agricultural production systems.

Given the long-term nature of the commitments associated with leasing land to companies operating in the renewable energy space, farmers should seek advice from their solicitor and accountant prior to finalising any lease or option to lease agreement.

Seeking legal and taxation advice before finalising any agreement is essential due to potential implications. Remember, individual circumstances may vary.

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Overview of Irish agriculture by region

While there are no radical differences in climactic 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 are reflective in part of the 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. In addition, some sectors can enjoy periods of higher profitability relative to other sectors, and if this profitability is sustained it could trigger growth in the sector and an associated land demand for that type of agricultural activity. The growth of the dairy sector in Ireland since the milk quota was removed in 2015 is such an example.

The Census of Agriculture, produced by the CSO, provides the most detailed information on the regional pattern of agricultural activity and farm structures in Ireland. The most recent Census of Agriculture was undertaken in 2020. 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 agricultural incomes across Ireland. Census of Agriculture data can be 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.

The prevalence of various farm types (and associated land uses) differs regionally, as illustrated in **Figure 2**, which shows data from the Census of Agriculture 2020. Comparing results with the CSO Farm Structures Survey of 2016 indicates that little had changed in the intervening years in the structure of Irish farming. In 2020, farms classed as specialist beef production accounted for the largest number of farms in every

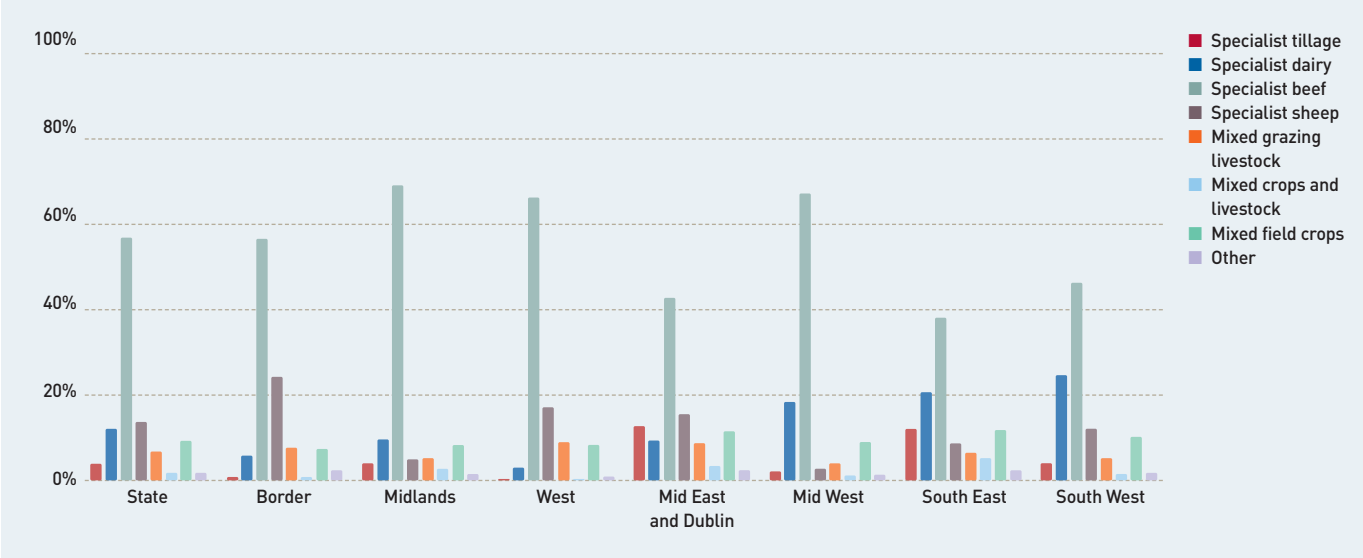

FIGURE 2: Prevalence of farm type by NUTS III region in 2020.
Source: CSO Agricultural Census.

region, with the proportion highest in the Midlands (67%) and lowest in the South East Region (47%).

The regional importance of dairying and tillage farming varies substantially. In the South West (Cork and Kerry) over 23% of all farms are specialist dairy farms, which contrasts with the West (Galway, Mayo and Roscommon), where fewer 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) over 11% of farms are specialist tillage farms. Specialist tillage farms represented 12% of farms in the Mid-East (Kildare, Meath and Wicklow) and Dublin Region. Relatively few tillage farms are found outside of these two regions.

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 2022 (**Figure 3**). Agricultural output is simply the value of what is sold by farmers and includes milk, ruminant animals, pigs, poultry, grains, and fruit and vegetables. The prominence of cattle output can be observed across all regions, with the cattle output share varying from 21% in the South West Region, to 52% in the West Region. However, the importance of milk, cereal and root crop output varies widely across the NUTS III regions. The prevalence of milk is highest in the South West (63%), Mid-West (54%), and South East (49%).

The regional importance of dairying and tillage farming varies substantially.

Milk production continued to increase in 2022, albeit at a slower rate than in previous years. Along with higher farm milk prices, this solidified the position of milk production (46%) in the first place as accounting for the largest share of output delivered within primary agriculture at a national level in 2022. 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

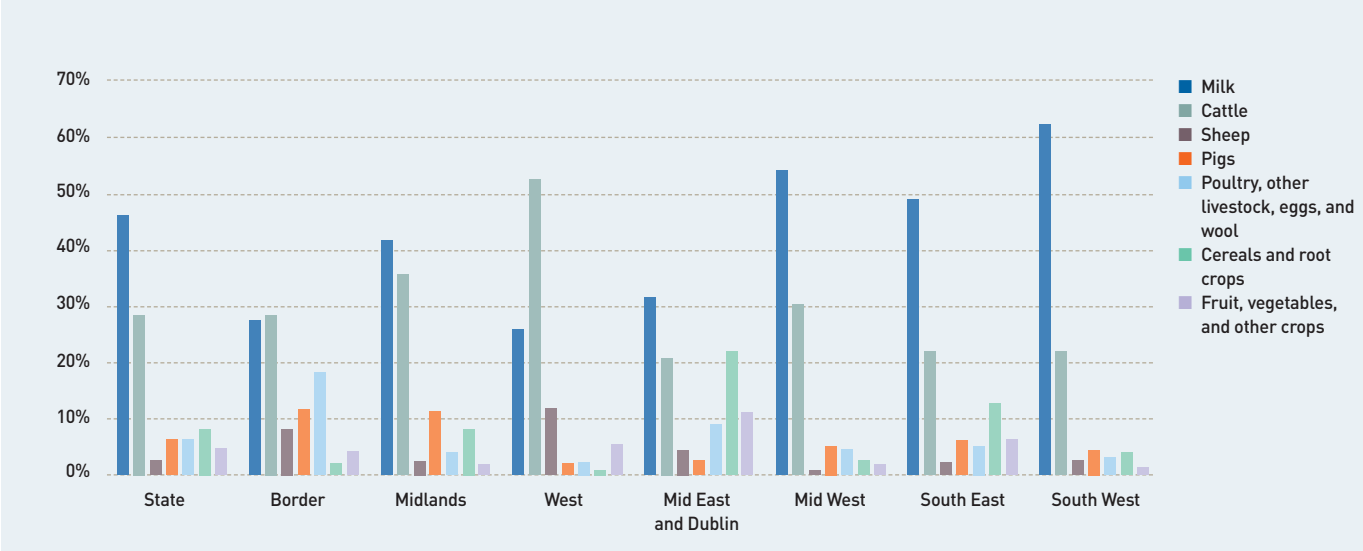

FIGURE 3: Agricultural output (excl. forage) at producer prices 2022: shares for each system by NUTS III region.
Source: CSO Regional Accounts for Agriculture 2022.

terms in 2022. Milk production was also the largest sector in output value terms in the Mid-East and Dublin Region in 2022 and was almost on par with cattle output in the Border region. Only in the West is cattle production the clear dominant production system in terms of output value.

Figure 4 illustrates the considerable difference in total operating surplus (income) across the NUTS III regions, presenting data for 2020, 2021 and 2022. An important caveat here is that the regions differ considerably in geographic size (agricultural area), but even so, the prevalence of highly profitable dairy farming in the South West, Mid-West and South East contributes to the higher level of aggregate income reported in these regions relative to the other regions of Ireland. Incomes have been growing in all of these regions over the period shown, particularly in regions where there is a high concentration of milk production.

To allow a better comparison of incomes, we can control for the difference in agricultural area across the various regions by calculating income on a per-hectare basis in each NUTS III region, as presented in **Figure 5** for the years 2020, 2021 and 2022. This shows that for 2022 the South East Region had the highest level of income per hectare at close to €1,450 and the West had the lowest at just over €668 per hectare. The Border and West Regions saw the smallest increase in income per hectare in 2022 relative to 2021. The relatively low level of prominence of milk production in the Border and West Regions meant that in comparison with other regions, the incomes in the Border and West Regions did not benefit to the same extent from the growth in farm milk prices.

The differential in income per hectare across the regions reflects the type of agricultural activities that dominate each region and the average intensity of agricultural production in each region. Regions where dairy and tillage are

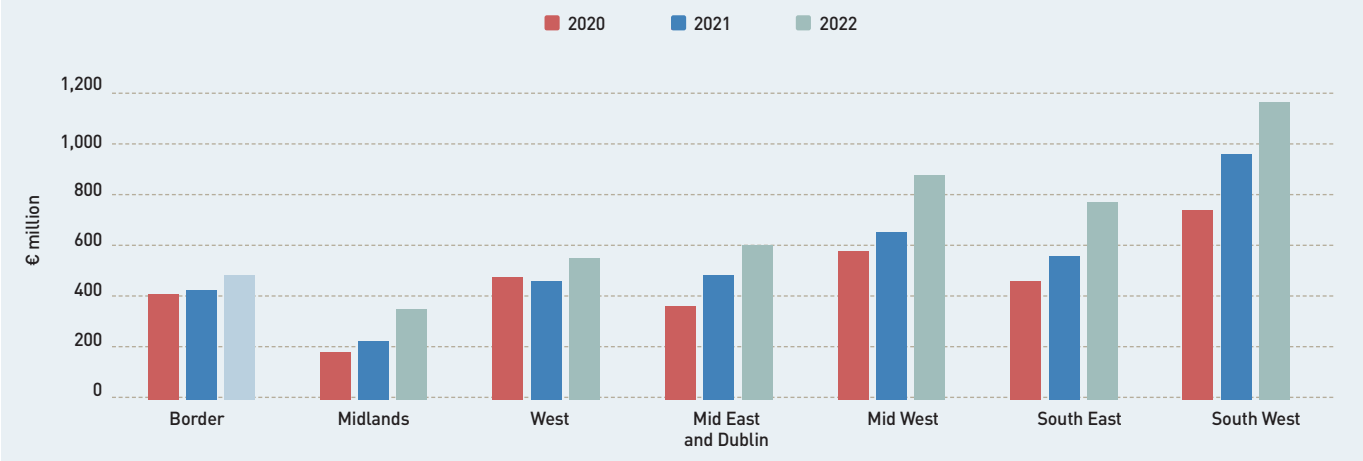

FIGURE 4: Agricultural operating surplus (farm income) by NUTS III region.
Source: CSO Regional Accounts for Agriculture 2022.

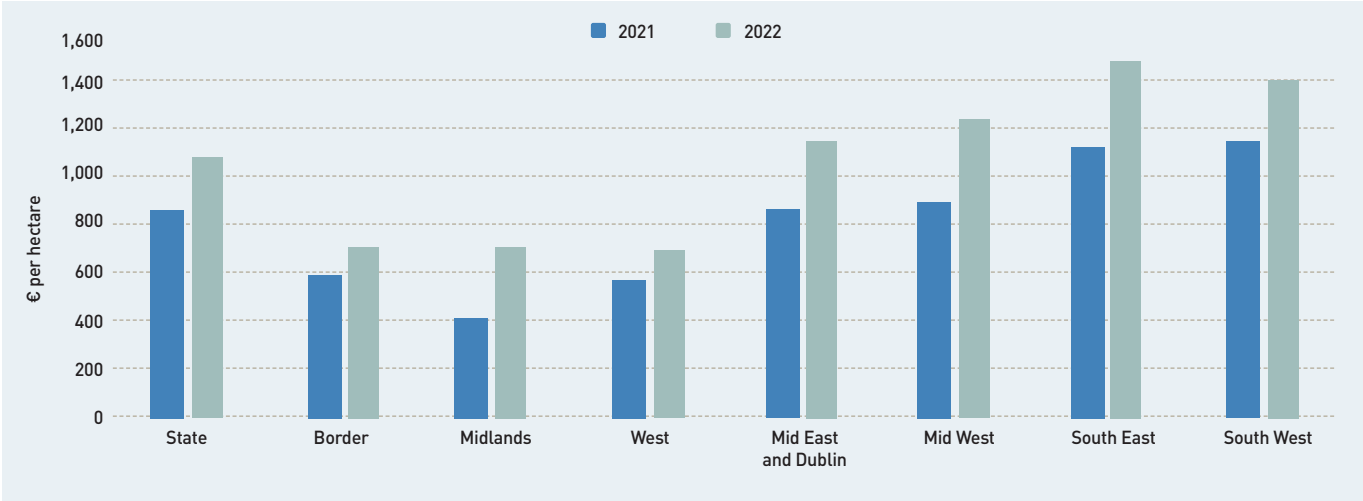

FIGURE 5: Agricultural operating surplus (income) per hectare at the State level and by NUTS III region 2021 and 2022.
Source: Adapted from data in the CSO Regional Accounts for Agriculture 2022.

prevalent are on average farmed more intensively and produce a higher level of income per hectare than regions where more extensive beef and sheep production dominates. This type of income per hectare measure is also influenced by the location of indoor systems for pig and poultry production, which require relatively little land area in comparison with the income generated. For example, there is a high concentration of pig and poultry output in the Border region, which gives the region a higher income per hectare than would be the case if income per hectare were to be based purely on grassland and tillage activity in that region. Due to a very sharp rise in production costs (e.g., animal feed and energy), pig production was loss making in 2022 and this limited the increase in farm income reported in the Border region.

The varying regional prevalence of dairying and tillage output is mirrored in the importance of income subsidies in total agricultural sector income by region (**Figure 6**). The most recent data that is available relates to 2022. Regions with a greater share of their agricultural activity in farming systems that are profitable tend to have the lowest share of subsidies in their farm income. A clear divide is evident between Southern/Eastern Regions on the one hand and the Midlands/Western/Border Regions on the other.

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, and on average receiving a smaller share of their farm income in the form of subsidies compared to other farm types. 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 the output produced was less than the production costs incurred in producing it, with the losses eating into the value of the income subsidies.

At a national level, income subsidies accounted for 41% of agricultural sector income in 2022, which is lower than in 2020 or 2021. In all regions, the share of subsidies in income in 2022 was lower than in either 2020 or 2021. At the regional level, in 2022 the share of income derived from subsidies was lowest in the South East Region at 30%, closely followed by the South West Region at 31%, while the share of income represented by subsidies was highest in both the West and the Border Regions at 70% and 65%, respectively. Again, variations in the share of subsidies within farm income can largely be explained by the extent to which dairy farming can be found in a region.

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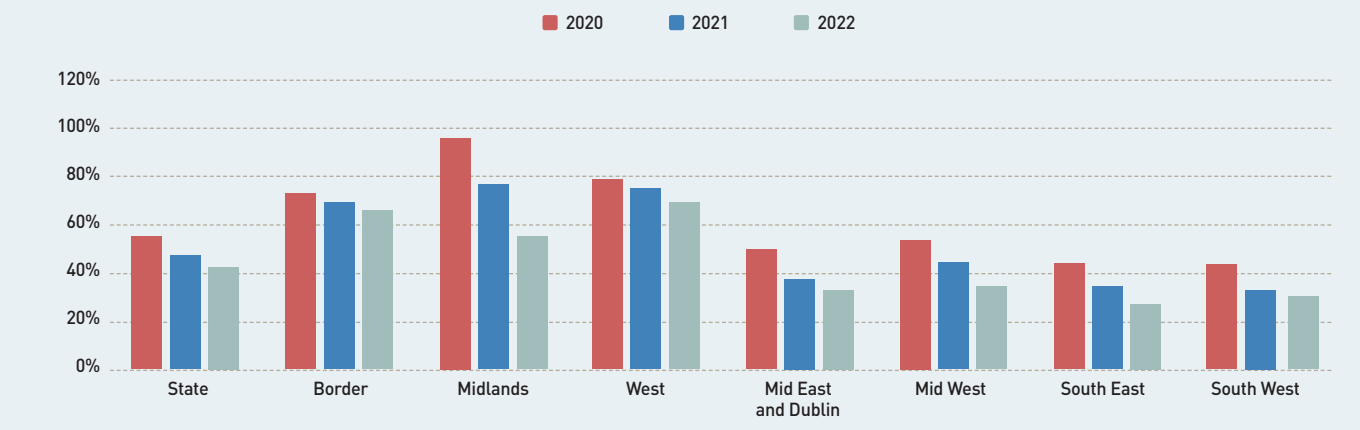


FIGURE 6: Net subsidies as a share of agricultural sector income in 2020-2022 by NUTS III region.
Source: CSO Regional Accounts for Agriculture 2020-2022.

Land market survey

Introduction

This is the fourth year of the SCSI/Teagasc report that publishes county-level findings and presents average values for both poor and good quality land. Assessing land value data on a county basis provides a deeper understanding of how values have changed over the years. It is also important to distinguish the value differences in poor and good quality land, as each possesses different crop-growing abilities that typically make good quality land preferable for certain agricultural practices. According to the data, the national average differential between good and poor quality land is €6,022 on a per-acre basis. As a national average, this highlights that buyers often pay much more per acre for good quality land versus poorer quality land. There are several significant reasons why values may differ, such as good quality land possessing better soil fertility, soil structure and percolation abilities.

National land values in 2023

The average value of non-residential agricultural land in 2023 is €9,297 per acre, which is an increase of 11% from €8,368 in 2022. The national average value of good quality land is €12,308 per acre (up 10% from €11,172 per acre in 2022) with the national average poor quality land reported at €6,286 per acre (up 13% from €5,564 per acre in 2022). Since 2021, this report has examined average non-residential agricultural land values for each county in the Republic of Ireland. The data used in this report is organised according to three distinct plot size categories, aiming to provide a comprehensive view of average land values.

The plot sizes used in the survey are:

- **less than 50 acres;**
- **between 50 and 100 acres; and,**
- **over 100 acres.**

Table 1 provides national average land values for good and poor quality land over the three plot size categories. Values per acre generally increase as the plot size of farmland decreases, i.e., 100-acre farmlands will have a lower rate per

Quality of land definition

SCSI auctioneers and valuers were requested to provide average values for poor and good quality land for three plot size categories in their county. Good quality land is defined in this report as land possessing better soil fertility, good soil structure, and percolation abilities so that it is free draining. Good quality land is easier to farm and more advantageous for more farming practices such as tillage, dairying, beef rearing, and vegetables. Poor quality land will have poor percolation characteristics and therefore will not be free draining. Poor quality land may be rocky, unlevel, and limited to certain farming practices such as rearing sheep.

TABLE 1: National average land values per acre – plot size and quality (2023, 2022, 2021).

National 2023	Plot size	Poor quality	Annual % change	Good quality	Annual % change
	Less than 50 acres	€6,607	9	€13,217	9
	Between 50 and 100 acres	€6,289	14	€12,476	10
	Over 100 acres	€5,961	16	€11,230	12
National 2022	**Plot size**	**Poor quality**	**Annual % change**	**Good quality**	**Annual % change**
	Less than 50 acres	€6,054	6	€12,164	3
	Between 50 and 100 acres	€5,494	3	€11,347	4
	Over 100 acres	€5,143	5	€10,004	-1
National 2021	**Plot size**	**Poor quality**	**Annual % change**	**Good quality**	**Annual % change**
	Less than 50 acres	€5,691	n/a	€11,841	n/a
	Between 50 and 100 acres	€5,316	n/a	€10,894	n/a
	Over 100 acres	€4,917	n/a	€10,153	n/a

Source: SCSI research.

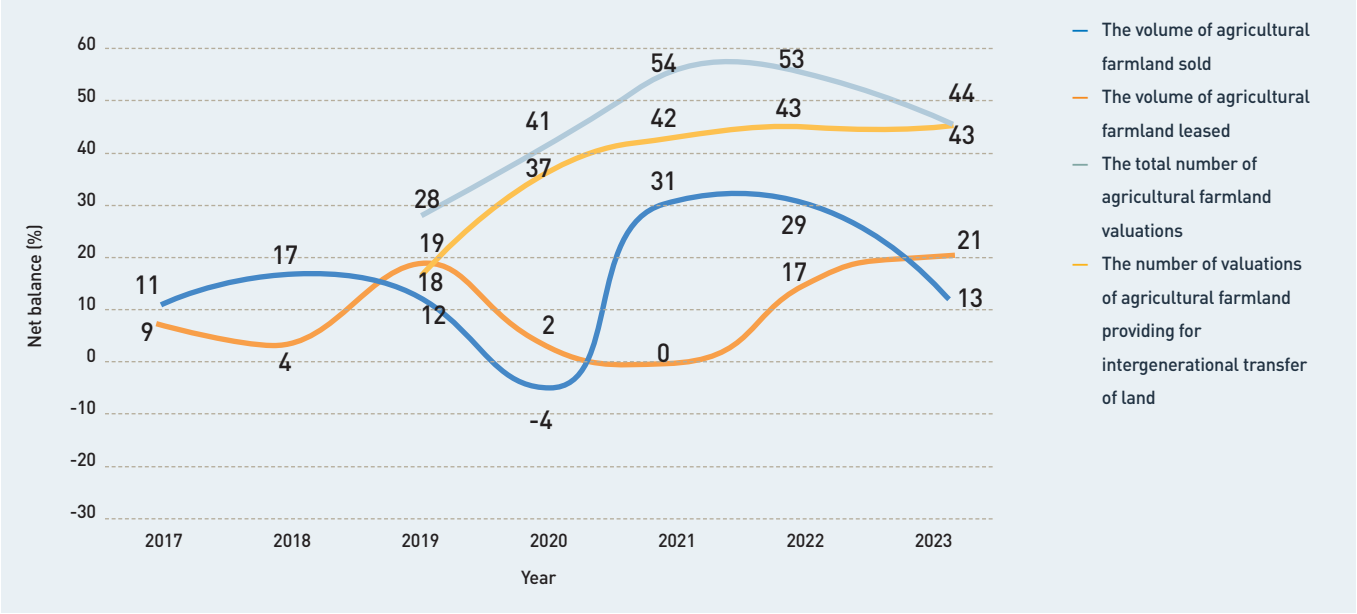


FIGURE 7: National activity levels (net balance %) 2017-2023. *Source: SCSI research. Net balance = proportion of respondents reporting a rise in a variable (e.g., the volume of land sold) minus those reporting a fall (if 30% report a rise and 5% report a fall, the net balance will be 25%). Net balance data can range from -100 to +100.*

acre compared to much smaller plots of land for sale. Typically, when a farm goes to the market for sale, there tends to be a smaller number of potential bidders for larger plots of land due to the larger sums of money required to purchase. Interestingly, although the rates per acre are much lower for the larger plot sizes, the national average rate of price inflation is slightly higher for the larger plots than smaller plots. While the reasoning for this is not examined in detail in this report, some commentary from the survey of auctioneers and valuers suggested that the cost of rising interest rates has a greater impact on smaller farms, where borrowed funds are more prevalent than on larger farms.

Agricultural land transaction activity

To easily track trends and overall activity in the current and previous years, four indices were developed as follows (and see **Figure 7**):

Volume of farmland sold – index

The land transaction market in 2023 has remained steady across all regions. Although the net balance percentage for activity levels of land sold seems to have fallen from 29% in 2022 to 13% in 2023, this denotes that most respondents experienced no significant changes in

the levels of land sold. It also implies that more agents are reporting a rise in the level of farmland sold in 2023 than those reporting a decline.

Volume of farmland leased – index

This index tracking the volume of farmland leased has now recovered to 21% in 2023 since experiencing a trough in 2020 due to Covid-19 restrictions. The Agri-Tax Review Report of the Working Group to the Department of Agriculture, Food and the Marine (DAFM) in 2014, and the subsequent changes to taxation policy relating to long-term leases, have resulted in more leasing land coming to the market.

Number of farmland valuations – index

This index reports a steady increase in the level of farmland valuations taking place in recent years: from 28% in 2019 to 44% in 2023. Farmland valuations are provided by valuers for a range of

purposes, including probate, the Fair Deal Scheme, and various taxation matters.

Number of farmland valuations, intergenerational transfer of land – index

This index is a useful indicator of non-market transfer of ownership activity, as not all land that changes ownership is transacted on the market.

The index is at 43% in 2023 and has recorded a steady rise in the number of valuations carried out by respondents since the data was first recorded in 2019 (18%). Although there is not a definitive explanation for the consistent rise in valuations for intergenerational land transfers, there is a broad acknowledgement from respondents of increased efforts in succession planning and the transfer of land to the next generation.

Activity levels by seller type

The main seller type is again predominantly probate sales, with 92% of respondents (95% reported 12 months ago) indicating that they are very or somewhat active (**Figure 8**). The next most active sellers of land are those who inherited land and have no desire to farm it.

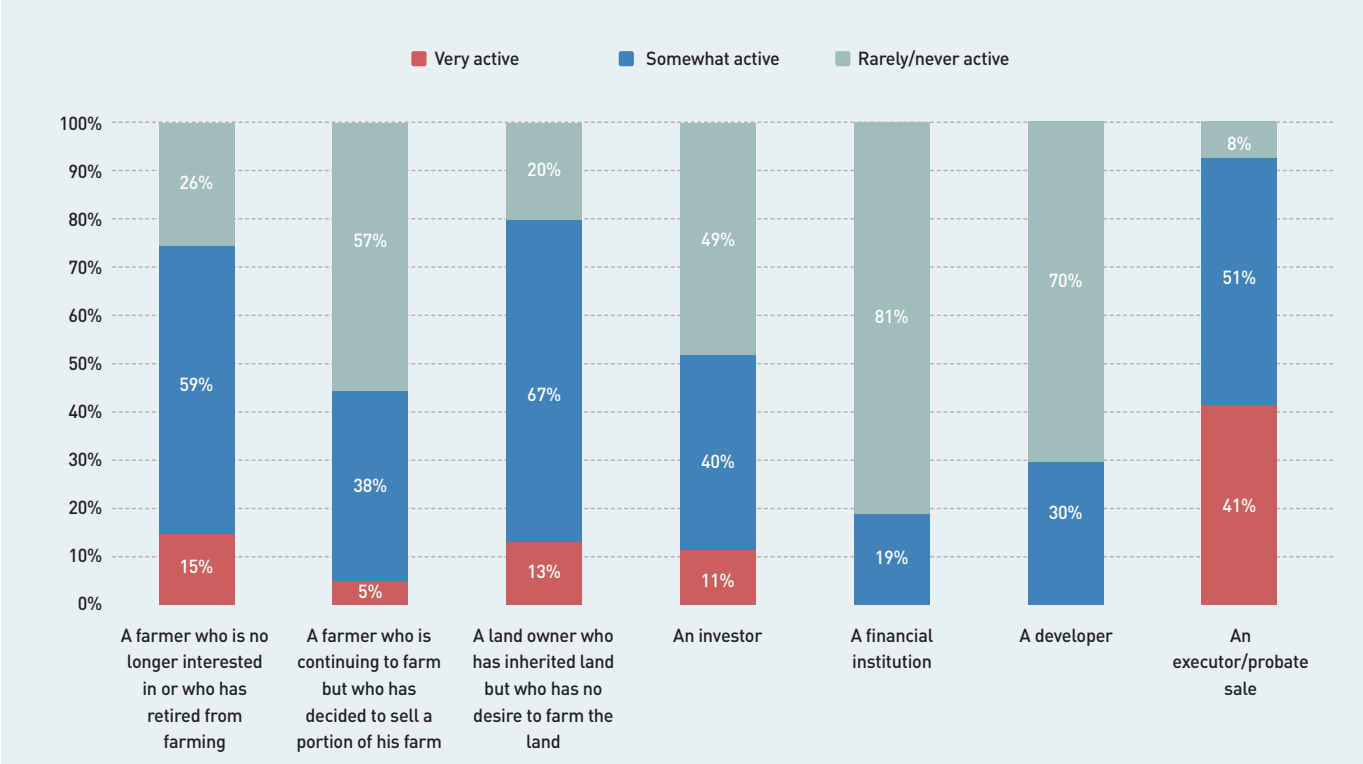


FIGURE 8: Activity levels in 2023 for selling agricultural farmland by seller type. *Source: SCSI research.*

Ballymoate Farm,
Glenealy, Co. Wicklow – 78 acres, guide price €850,000
Sales agent:
Savills Residential & Country Agency
Description:
Sold via auction, sold price: €1.275m

Provincial land values in 2023

In Connacht/Ulster, average land values for poor quality land stand at €3,959 per acre (€3,811 in 2022), while good quality land averages €8,127 (€7,842 in 2022) per acre (**Table 2**). In Munster, the average poor quality land is €6,259 per acre (€5,529 in 2022), rising to €14,038 per acre (€12,541 in 2022) for good quality land. In Leinster (excluding Dublin), average provincial land values are highest, with poor quality land at €7,962 per acre (€7,507 in 2022) and good quality land at €14,258 per acre (€12,541 in 2022).

TABLE 2: Average provincial agricultural land values 2023.

Leinster	Average land values	12-month % change
Poor quality land	€7,962	6%
Good quality land	€14,258	7%
Munster		
Poor quality land	€6,259	13%
Good quality land	€14,038	12%
Connacht/Ulster		
Poor quality land	€3,959	4%
Good quality land	€8,127	4%

Source: SCSI research. Please note (for this table only): For comparative purposes, the methodology in calculating the provincial percentage change between 2022 and 2023 is similar to the SCSI/Teagasc report published in 2023. Due to the lack of sufficient responses, Cavan and Monaghan were excluded from the 2022 results, as noted in the 2023 report.

In Connacht/Ulster, average land values for poor quality land stand at €3,959 per acre (€3,811 in 2022), while good quality land averages €8,127 (€7,842 in 2022) per acre.

Kilshane,
Co. Tipperary, guide price: sold at €1,300,000.00 at auction on March 29, 2023.
Sales agent:
Matthew Ryan and Son
Description:
57 acre residential farm, old two-storey farmhouse in need of modernisation and some older farm buildings

County land values in 2023 – quality and plot size

County values in Leinster (excluding Dublin)

On average, good quality land in Leinster (excluding Dublin) is valued between €11,333 per acre (€11,000 in 2022) and €16,417 per acre (€15,333 in 2022), dependent on plot size and location (**Table 3**). Poor quality land, on average, is between €5,375 (up from €5,333 in 2022) and €11,217 (up from €9,417 in 2022). Longford continues to have the lowest average value for poor quality land over 100 acres for the past three years (€5,375 per acre in 2023, €5,333 per acre in 2022 and €4,667 in 2021). Conversely, Kildare has maintained its position as the county with the highest average rate per acre for non-residential land for the past two years at €16,417 per acre (€15,167 per acre in 2022) for good quality land between 50 and 100 acres (in Leinster).

TABLE 3: Average agricultural land values per acre in 2023 – counties in Leinster (excl. Dublin).

	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	€9,333	€14,500	€9,813	€14,500	€10,500	€14,333
Meath	€9,247	€16,225	€8,537	€15,550	€9,048	€14,781
Wicklow	€8,167	€14,833	€5,750	€14,333	€6,833	€14,000
Wexford	€8,800	€15,200	€8,125	€14,200	€8,375	€13,900
Kildare	€9,600	€16,400	€9,150	€16,417	€11,217	€15,933
Carlow	€8,625	€15,750	€7,875	€16,250	€7,500	€14,750
Kilkenny	€8,667	€15,333	€8,375	€15,167	€7,500	€14,833
Laois	€8,000	€13,786	€7,143	€13,333	€7,083	€14,000
Offaly	€6,750	€11,750	€6,083	€11,875	€6,300	€11,333
Westmeath	€7,458	€13,786	€7,750	€13,600	€7,000	€13,750
Longford	€6,583	€12,500	€6,188	€11,625	€5,375	€12,000

Source: SCSI research.

TABLE 4: Average agricultural land values per acre in 2023 – counties in Munster.

	Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
	Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
Waterford	€7,000	€20,000	€6,667	€17,833	€7,000	€13,333
Cork	€7,000	€15,667	€7,325	€16,333	€7,500	€13,000
Kerry	€6,000	€13,417	€6,708	€12,583	€5,250	€11,917
Tipperary	€7,600	€17,539	€7,280	€17,774	€5,875	€15,375
Limerick	€5,667	€12,917	€5,375	€12,583	€4,833	€12,917
Clare	€5,375	€9,500	€5,875	€10,500	€4,333	€9,500

Source: SCSI research.

TABLE 5: Average agricultural land values per acre in 2023 – counties in Connacht/Ulster.

	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	€5,333	€9,333	€3,933	€10,000	€3,200	€8,667
Leitrim	€4,000	€7,978	€3,688	€5,550	€3,417	€4,089
Cavan	€6,000	€11,000	€6,000	€10,000	€6,000	€10,000
Monaghan	€7,750	€11,000	€7,250	€9,500	€7,000	€9,250
Mayo	€3,833	€10,850	€3,333	€8,333	€2,733	€4,333
Roscommon	€4,333	€9,200	€4,067	€7,900	€3,000	€3,583
Sligo	€4,450	€9,325	€4,360	€8,083	€4,500	€8,333
Donegal	€5,000	€13,400	€4,340	€9,166	€3,750	€8,167

Source: SCSI research.

Munster land values

On average, good quality land in 2023 ranged from €9,500 per acre (over 100 acres – €7,750 in 2022) to €20,000 (€17,400 in 2022) (**Table 4**). For poor quality land, prices ranged from €4,333 to €7,600 (€2,667 to €7,750 in 2022). As with other provinces, land values differ significantly across Munster depending on factors such as plot size, location and other attributes including access, road frontage, etc.

Within Munster, on a county level, Clare recorded some of the lowest average values per acre at €4,333 (poor quality over 100 acres). As was the case in 2022, Waterford recorded some of the highest average values at €20,000 per acre for good quality land in the plot size category of less than 50 acres (€15,000 for 2022).

> *Continued increases in interest rates had some impact on land values.*

Connacht/Ulster land values

On average, good quality land in the Connacht/Ulster region ranged from €3,583 (€3,563 in 2022) to €13,400 per acre (€12,143 in 2022). For poor quality land, prices ranged from €2,733 to €7,750 per acre (€2,040 to €5,375 in 2022).

Mayo recorded the least expensive land in Connacht/Ulster in 2023 (€2,733 per acre for plot sizes over 100 acres), while Donegal recorded the most expensive land on average (€13,400 per acre for good quality parcels less than 50 acres) (**Table 5**).

Main drivers of land values

The level of agricultural land transactions that take place each year is a very small proportion of the total acreage of farmland in Ireland.[1]

Several external influences impacted the land market in 2023 such as the cost of credit, weather conditions and policy developments. The survey of SCSI auctioneers and valuers highlighted that continued increases in interest rates had some impact on land values, predominantly for those smaller farms that came to the market. Since buyers of larger farms, i.e., over 100 acres, often purchase without the requirement for borrowing, the feedback from the survey suggests that there is a lesser impact of interest rises for these categories of farms.

1. Per CSO 2020, the share of agricultural land that transacts for sale annually is approximately 0.5% of total acreage in Ireland.

Lands at Donore,
Drogheda, Meath. Asking price: €990,000
Sales agent:
Sherry FitzGerald Country Homes, Farms & Estates
Description:
Site is approx. 36.5 hectares (90 acres). Highly productive agricultural lands currently in tillage. Date: October 2023

The purchasers of farmland can vary significantly, from full-time farmers to those from other business backgrounds that have a fondness for farming. The part-time hobby farmer is an active purchaser of land according to the survey, and this can considerably impact and increase land values, especially smaller plots of land.

It is also noted from the survey commentary that the acquisition of farmland often takes place through the intergenerational transfer of land, and this can be to full-time or part-time farmers. Section 81AA of the Stamp Duties Consolidation Act provides for generous relief from stamp duty on the transfer of an interest in agricultural land to certain farmers who are under 35 years of age and hold a relevant agricultural qualification (known as Young Trained Farmers).

There is also Agricultural Relief, which is in the form of a deduction of 90% from the market value of the agricultural property. Again, this is available to Young Trained Farmers who must spend at least 50% of their time farming the land post transfer. It applies to the transferring of land on or after April 2, 2007, and on or before December 31, 2025.

Some 20% of respondents ranked 'Other' as the main buyer of agricultural land (**Table 6**). After further analysis of the survey results, these buyers could be categorised as 'investors'. A comment from the report suggested that there is an "interest from buyers in acquiring land for forestry or equine purposes, or individuals with a high net worth seeking to diversify their assets by investing in agricultural land". Another respondent indicated in the survey, "The demand for land ... is exceptional and mainly coming from those with good earnings from business interests and enjoy farming".

Another commentator highlighted that the purchase of agricultural land is often viewed as a good investment for those seeking to retain their general wealth and "utilise agricultural reliefs to transfer land to the next generation without encountering high taxation costs". Other comments highlight that land is viewed as a "safe investment while getting personal enjoyment from their hands-on activities on the land".

Some comments point to the influence of EU and Government policy on land values. As described in last year's report, the Nitrates Action Programme – the means by which the European Union's Nitrates Directive is delivered in Ireland – has undergone a number of changes, with stronger measures introduced for the protection of water quality.

It appears that land rents have increased more strongly in areas where dairy farming is more common. Last year's report contained a special article describing the possible impact of nitrates banding on land rental prices under alternative hypothetical local land market scenarios. A large price increase was anticipated under a scenario with a relatively high competition for land between dairy farms with a derogation status in a particular local area. In another hypothetical scenario, it was shown that a much lower price effect would emerge in local areas where dairy farming is less prevalent.

TABLE 6 Percentage of respondents ranking main buyer type of agricultural land in 2023.

Type of farmer	Ranked as No.1	Ranked as No.2	Ranked as No.3	Ranked as No.4
Dairy farmer	69%	18%	10%	3%
Tillage farmer	11%	49%	27%	13%
Drystock farmer	11%	24%	50%	15%
Other (please specify)	20%	13%	13%	54%

Source: SCSI research.

Clondalee Beg Hill:
81 acres non-residential
Clondalee Beg Hill of Down, Enfield, Co. Meath
Sales agent:
REA TE Potterton
Description:
Sold at auction on November 24, 2023, for €1,210,000

Land rentals in 2023

The share of agricultural land that transacts for sale annually is approximately 0.5%,[1] and due to the low volume of land on the market for sale each year, farmers rely on the rental market to get access to land for grazing, tillage and other crops such as silage. The rental market is particularly busy for auctioneers during early spring and autumn as farmers prepare for the season ahead. There are typically two methods to rent land in Ireland: conacre (11-month licence agreement); or, lease. For many years, conacre was particularly popular among landowners to rent out land because it did not commit their land over a long period of time and therefore they would enjoy full access to the land and more control over it during the 11-month period. The licence agreement would typically roll over each year. However, in the past decade, tax incentives have been introduced to encourage landowners to make long-term leases available to farmers to promote land mobility. For farmers, having access to rented land for a much longer period can be very attractive, as it provides a longer-term commitment, and security of tenure to invest in the land to ensure that they get the best crops and efficiencies from the land. New rules from January 2024 restrict tax relief on income earned from leasing farmland unless it has been owned for seven years. The average rental price per acre data in this report is a mix of conacre and longer-term lease rents excluding Single Farm Payment entitlements.[2]

TABLE 7: Land rental values per acre in Leinster – 2023 compared to 2022.

Rental use	2022	2023	% change
Grazing/meadowing/silage	€266	€270	1
Grazing only	€248	€249	0
Cereal crops (e.g., wheat, barley, oats)	€290	€294	1
Potato crops	€439	€429	-2
Other crops such as sugar beet, maize and beans	€370	€344	-7

Source: SCSI research.

Rental market in Leinster (excluding Dublin)

The 2023 average land rental values in Leinster remained relatively static for grazing land and land used for tillage crops and silage crops (**Table 7**). Land used for growing potatoes and other crops such as maize saw a modest decline in average rental values, noting that the average rates per acre for this type of land usage are much higher when compared to grazing land.

The high annual increases in average land rents eased off in 2023 compared to 2022. Average rental values in 2022 reported a 15% increase (€248 per acre) for grazing land and this was at similar levels in 2023

1. Central Statistics Office, 2020.
2. Entitlements refer to agriculture EU payments that form the basis of various schemes such as the Basic Income Support for Sustainability.

TABLE 8: Land rental values per acre in 2023 in Munster – compared to 2022.

Rental use	2022	2023	% change
Grazing/meadowing/silage	€261	€302	16
Grazing only	€241	€297	23
Cereal crops (e.g., wheat, barley, oats)	€283	€308	9
Potato crops	€383	€389	2
Other crops such as sugar beet, maize and beans	€300	€351	17

Source: SCSI research.

TABLE 9: Land rental values per acre in Connacht/Ulster – 2023 compared to 2022.

Rental use	2022	2023	% change
Grazing/meadowing/silage	€176	€183	4
Grazing only	€162	€157	-3
Cereal crops (e.g., wheat, barley, oats)	No data	No data	No data
Potato crops	No data	No data	No data
Other crops such as sugar beet, maize and beans	No data	No data	No data

Source: SCSI research.

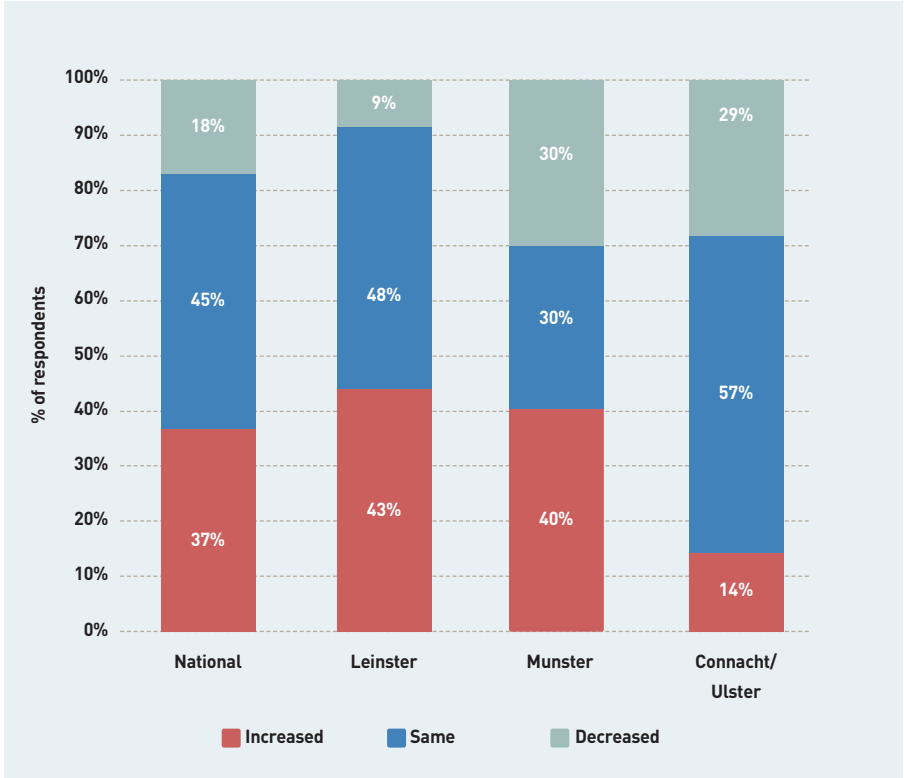


FIGURE 9: Demand for long-term leases.
Source: SCSI research.

Uplift in average rents across most land use types in 2023 when compared to the previous year

(€249 per acre) on average. The forecast double-digit increase in average land rental values in Leinster (15% average annual inflation forecast in the SCSI/Teagasc Land Review & Outlook report 2023) did not materialise, and this is mainly due to poorer overall returns in farming and inclement weather conditions that dampened demand from some farming sectors.

Munster

Auctioneers across Munster reported the greatest uplift in average rents across most land use types in 2023 when compared to the previous year (**Table 8**). Land suitable for cereal crops and other crops such as sugar beet, maize and beans, saw average rents increase by 17% for each category, while rental land suitable for grazing increased by an average of 23%. Average rental land values for grazing land in Munster (€297 per acre) now surpass the same land use type in Leinster (€249 per acre). The Munster region has a higher prevalence of dairy farming. Some survey respondents have expressed the opinion that the revised nitrates banding under the Nitrates Directive is the main reason impacting rental values. The regulations are

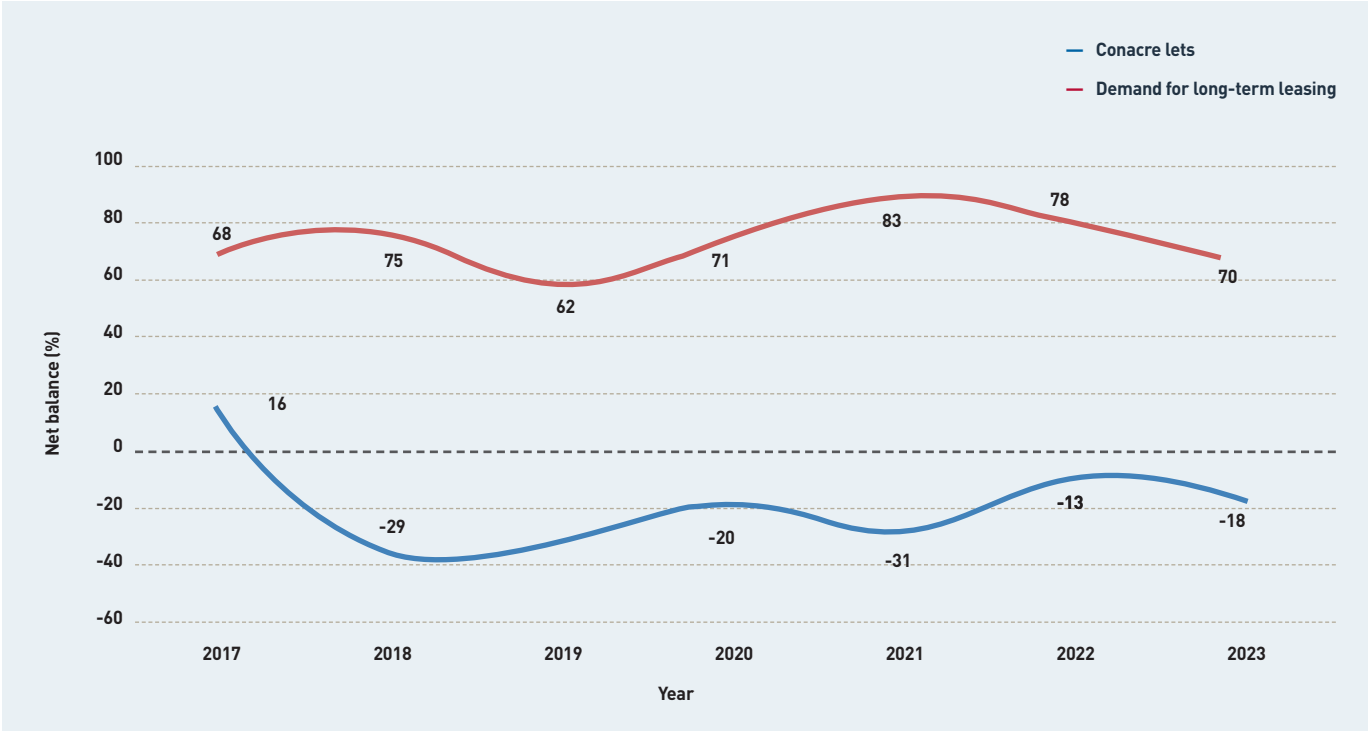


FIGURE 10: Respondents' perspective (net balance) on the volume of conacre land transacted and the demand for long-term leasing.
Source: Source: SCSI research. Net balance = proportion of respondents reporting a rise in a variable minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

designed to prevent pollution of surface waters and groundwater from agricultural sources, and to protect and improve water quality. The regulations place tighter limits on stocking rates per acre of land and, as a result, the higher competition for rental land in certain locations is driving up land rental values.

Connacht/Ulster

Average rents were relatively stable in 2023, with a 4% increase in average rents for meadowing/silage land and a -3% reduction for grazing land (**Table 9**). Due to the poorer quality of land in this province generally, there is less demand from tillage or potato farmers compared to other provinces, so it is predominantly smaller farming units seeking rented ground to graze sheep and cattle, and for making baled or pit silage.

Commentary from the SCSI survey highlighted that the poor weather conditions, combined with high input costs and lower than expected prices for produce, have kept a lid on rental inflation.

The forecast provided in last year's report expected average rents to increase by 9%; however, this did not materialise.

Leasing market

SCSI auctioneers' views were sought on trends related to the level of long-term leases being sought by farmers and this is analysed on a provincial basis. As shown in **Figure 9**, the province that is showing the greatest annual change in the level of interest from farmers for long-term leases is Connacht/Ulster, with 29% of respondents reporting a decline in this activity (13% in 2022) and 57% reporting no change (67% in 2022).

Overall, on a national level, the trend remains relatively consistent with results published for 2022 in the SCSI/Teagasc Agriculture Land Review & Outlook Report 2023. In our survey, 45% of respondents reported that the level of land leased in 2023 in their region remained the same when compared to the levels reported in 2022 (50%). Furthermore, 37% of respondents reported that long-term leasing demand increased in 2023.

Figure 10 is based on the same survey question that informs **Figure 9**; however, it is presented as 'net balance'. The data in this chart provides a more informative snapshot of leasing demand and the volume of conacre letting activity. The level of activity related to long-term leases has remained relatively consistent since this report noted trends back in 2017.

In regard to conacre, a large proportion of respondents reported that the area let for conacre had decreased when compared to 2022. This trend shows a pattern of conacre letting activity decreasing since 2017. This highlights that there is a higher

Ardsallagh House,
Ardsallagh, Fethard, Co. Tipperary
Sales agent:
Savills Residential & Country Agency
Description:
61 acres, guide price €2,650,000

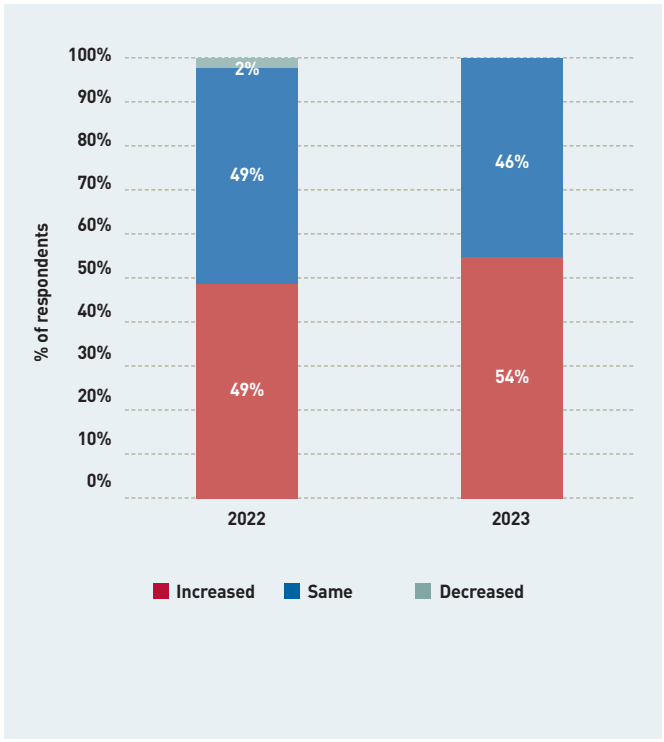


FIGURE 11: Respondents' perspective on changes to the average duration of lease agreements in 2023 (compared to 2022). *Source: SCSI research.*

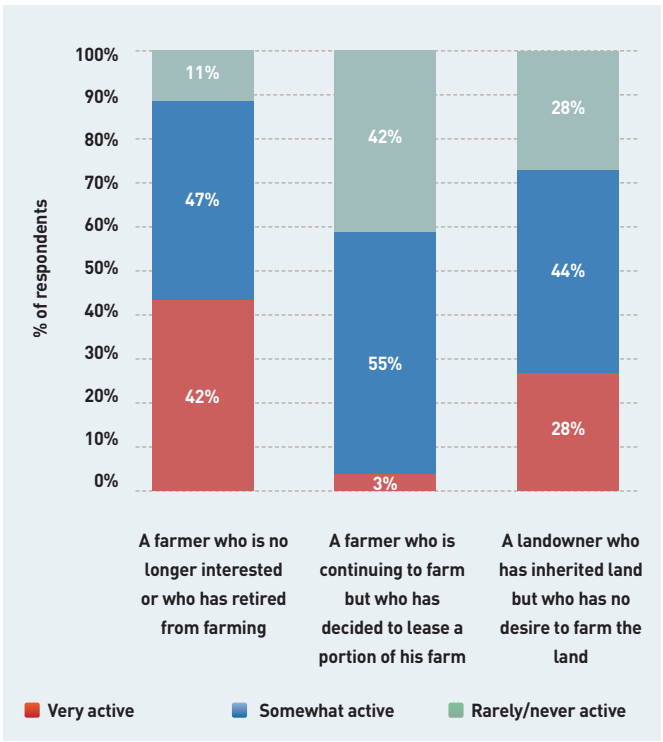


FIGURE 12: Leasing activity by landlord type 2023. *Source: SCSI research.*

degree of interest from farmers and landowners to enter longer-term leases instead of conacre lets.

More than half of respondents (54%) reported an increase in the average duration of lease agreements (**Figure 11**). The percentage of respondents reporting a decrease in the duration of lease agreements fell from 2% in 2022 to 0% in 2023.

Land made available for leasing is reportedly driven largely by both farmers who are no longer interested in farming or who have retired from farming (89% of respondents reported this cohort as being somewhat or very active), and landowners who have inherited land but have no desire to farm it themselves (72% of respondents reported this cohort as being somewhat active or very active in 2023 – **Figure 12**).

Dyann House,
Mountarmstrong, Donadea, Co. Kildare
Sales agent:
Savills Residential & Country Agency
Description:
84 acres, guide price €2,250,000

Land market outlook

National average land values in 2023 for good quality and poor quality land are €12,308 and €6,286, respectively. The reported national average land values in 2022 were €11,172 for good quality land and €5,564 for poor quality land. This represents a percentage change for the 12-month period of 10% and 13%, respectively. It is projected that national land values will increase by 6% in 2024.

On a provincial basis, Leinster, Munster and Connacht/Ulster are projected to experience an increase in land values by 4%, 11%, and 5%, respectively (**Table 10**). Munster is expected to experience the greatest level of rental price inflation again in 2024, principally driven by the continued competition from dairy farmers for rental land. This can be due to a multiplicity of reasons as previously discussed in this report, including the expectation that there will be higher milk prices in 2024.

According to the commentary from the survey, the increase in finance costs (due to increased interest rates in 2023) has impacted the prices being paid to purchase land. Numerous respondents emphasised the effect of lower milk prices in 2023 on dairy farmers' appetite to buy land, with a rising preference for leasing land where feasible. Some 35% of respondents to last year's survey expected a significant increase in dairy farmers buying land. Twelve months on, just 3% of respondents expect this demand from dairy farmers to significantly increase (**Figure 13**).

A total of 94% of respondents expect dairy farmers to have a 'moderate interest' or 'little or no change' in the level of interest to

TABLE 10: Anticipated percentage change in average values of land sales in 2024 compared to 2023.

Region	% change
Leinster	4
Munster	11
Connacht/Ulster	5
National	**6**

Source: SCSI research.

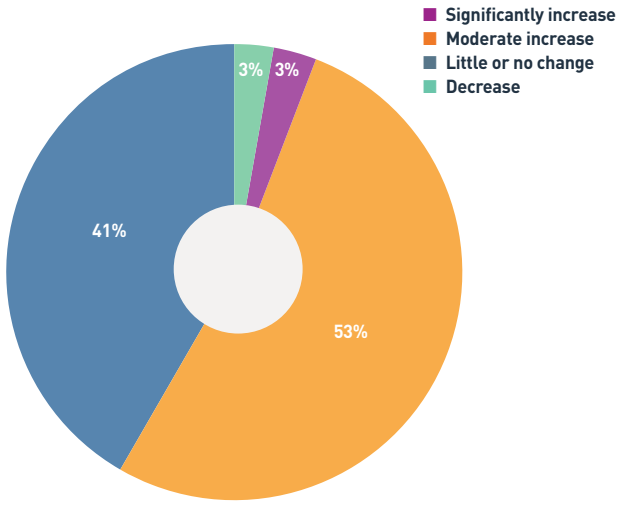


FIGURE 13: Respondents' expectations regarding changes in purchasing demand from dairy farmers for agricultural farmland in 2024.
Source: SCSI research.

Dysard,
Co. Westmeath, 15 acres
Sales agent:
Murtagh Bros
Description:
Agricultural land, dual road frontage, village centre location, ideal for a private dwelling. Sold at auction on May 27, 2023, for €256,000.

buy land. However, as noted in comments from the survey, if adjacent land to a dairy farm holding is of strategic importance, there can be a heightened interest to purchase the land given the limited purchasing opportunities amidst low levels of overall supply coming onto the market. In 2023, 83% of the respondents expected that demand from dairy farmers would significantly or moderately increase. The equivalent figure for 2024 has reduced to 56%. Commentary from the survey indicates that the cost of finance, lower prices for dairy produce, and higher input costs have had the combined effect of curtailing demand.

Rental values

As with land transactional values, respondents expect to see a modest increase in land rental values in 2023. The expected increase in the average national land rental value is 4% (**Table 11**).

TABLE 11: Respondents' expected percentage change in land rental values in 2024 compared to 2023.

Region	% change
Leinster	-1
Munster	7
Connacht/Ulster	6
National	**4**

Source: SCSI research.

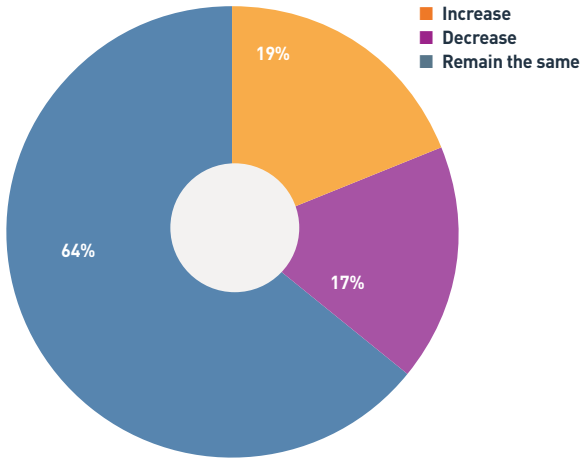
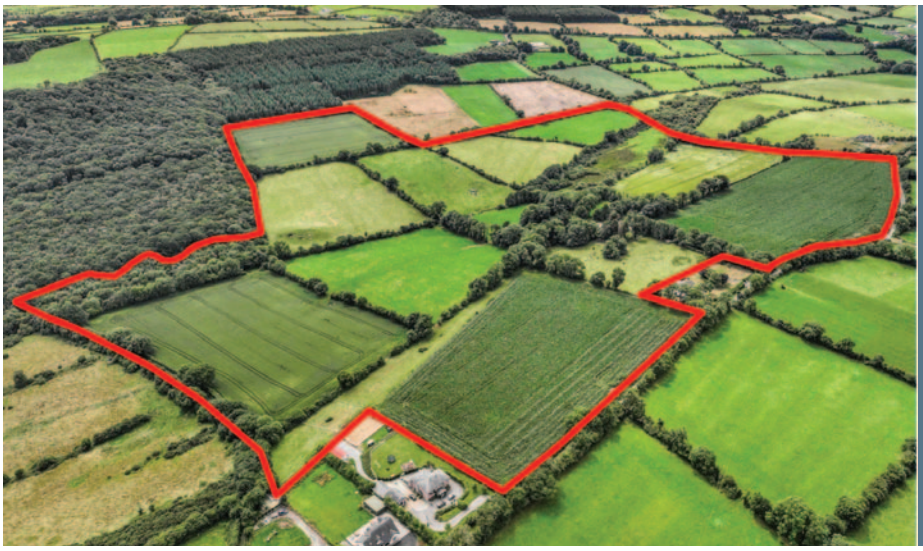


FIGURE 14: Respondents' expectations of changes in the volume of agricultural farmland for lease in 2024.
Source: SCSI research.

Rental values are anticipated to decline by 1% in Leinster and increase by 6% in the Connacht/Ulster region.



Listerlin,
Tullogher, Co. Kilkenny
Sales agent:
Anne Carton of P N O'Gorman Auctioneers, New Ross
Description:
96 acres (38.8ha), non-residential holding. Sold after auction in the region of €1.2m.

Provincially, rental values are expected to increase the most in Munster, with values expected to rise by 7%. Rental values are anticipated to decline by 1% in Leinster and increase by 6% in the Connacht/Ulster region.

Leasing

Approximately 19% of respondents expect the volume of agricultural farmland available for lease in 2024 to increase, down from 39% the year prior. More than half of respondents (64%) anticipate that land available for lease will remain similar to 2023 (**Figure 14**), while 17% expect the volume of land available for lease to decrease, compared to the 12% that was noted the year before. As seen with land sales, demand for leasing land is predicted to rise among dairy farmers, and 80% of respondents expect either a significant increase or a moderate increase in 2024 (**Figure 15**).

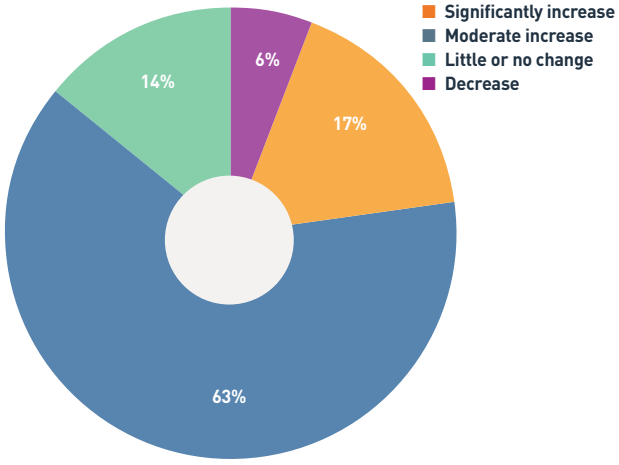


FIGURE 15: Respondents' expectations regarding changes in leasing demand from dairy farmers for agricultural farmland in 2024.
Source: SCSI research.

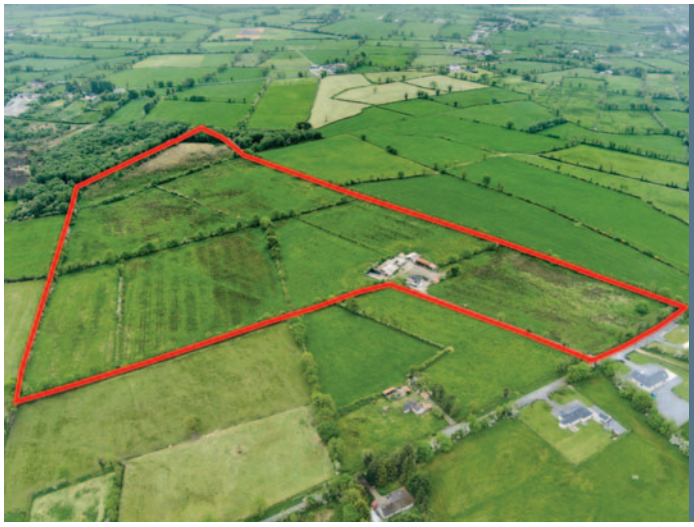
Future drivers of the agricultural land transaction market

The outlook for the agricultural land market remains strong into 2024. Land values are expected to increase again, mainly due to an expected recovery in milk prices, and strong interest directly from full-time and part-time farmers and investors, as outlined earlier in this report.

The survey of auctioneers and valuers highlighted that inclement weather conditions may also dampen some demand to purchase and lease land. This has delayed the planting of crops, and led to crop harvest failures, higher bedding and feeding/housing costs for those with farm animals, and generally has resulted in tougher farming conditions. Therefore, weather and growing conditions for 2024 will play a crucial role in overall farming profitability and could also impact the prices paid for land over the year.

In 2023, 83% of respondents expected that demand from dairy farmers would significantly or moderately increase. The equivalent figure for 2024 has reduced to 56%.

Drummin House,
Lot 3, approx. 248 acres, Carbury, Co. Kildare, asking price: €1,725,000
Sales agent:
Sherry FitzGerald Country Homes, Farms & Estates & Jordan Auctioneers
Description:
One large block currently in a mixture of farming enterprises with about c. 40ha (100ac) in tillage, c. 46ha (114ac) in grass, c. 12ha (28ac) of woodland, and c. 2ha (6ac) of willow. There is an old traditional farmyard on this section with a hay barn and lean-to. The land is in numerous divisions with the River Cushaling flowing along the northern and eastern boundary.



Drimure,
Longford Town, Co. Longford: Res on c. 42 acres.
Sales agent:
Murtagh Bros
Description:
42 acres of pastureland, traditional cottage in need of refurbishment, sold at auction July 14, 2023, for €360,000

Overview of the research

This report is informed by over 129 Chartered Surveyors (auctioneers and valuers) active in the sale, rental and valuation of agricultural land across the country.
These members typically operate their own auctioneering and valuation firms, with many more employed by large property agency firms selling significant farms, land and period houses across Ireland.

The survey of members was issued in February and March 2024. The profile of member participation is as follows:

- 56% Leinster (excluding Dublin);
- 19% Munster; and,
- 25% Connacht/Ulster.

Statistical annex

TABLE A1: LEINSTER

Table A1: 2023 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	€9,333	€14,500	€9,813	€14,500	€10,500	€14,333
Meath	€9,247	€16,225	€8,537	€15,550	€9,048	€14,781
Wicklow	€8,167	€14,833	€5,750	€14,333	€6,833	€14,000
Wexford	€8,800	€15,200	€8,125	€14,200	€8,375	€13,900
Kildare	€9,600	€16,400	€9,150	€16,417	€11,217	€15,933
Carlow	€8,625	€15,750	€7,875	€16,250	€7,500	€14,750
Kilkenny	€8,667	€15,333	€8,375	€15,167	€7,500	€14,833
Laois	€8,000	€13,786	€7,143	€13,333	€7,083	€14,000
Offaly	€6,750	€11,750	€6,083	€11,875	€6,300	€11,333
Westmeath	€7,458	€13,786	€7,750	€13,600	€7,000	€13,750
Longford	€6,583	€12,500	€6,188	€11,625	€5,375	€12,000

Source: SCSI Land Market Survey.

TABLE A2: MUNSTER

Table A2: 2023 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
Waterford	€7,000	€20,000	€6,667	€17,833	€7,000	€13,333
Cork	€7,000	€15,667	€7,325	€16,333	€7,500	€13,000
Kerry	€6,000	€13,417	€6,708	€12,583	€5,250	€11,917
Tipperary	€7,600	€17,539	€7,280	€17,774	€5,875	€15,375
Limerick	€5,667	€12,917	€5,375	€12,583	€4,833	€12,917
Clare	€5,375	€9,500	€5,875	€10,500	€4,333	€9,500

Source: SCSI Land Market Survey.

TABLE A3: CONNACHT/ULSTER

Table A3: 2023 land values per acre in Connacht/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	€5,333	€9,333	€3,933	€10,000	€3,200	€8,667
Leitrim	€4,000	€7,978	€3,688	€5,550	€3,417	€4,089
Cavan	€6,000	€11,000	€6,000	€10,000	€6,000	€10,000
Monaghan	€7,750	€11,000	€7,250	€9,500	€7,000	€9,250
Mayo	€3,833	€10,850	€3,333	€8,333	€2,733	€4,333
Roscommon	€4,333	€9,200	€4,067	€7,900	€3,000	€3,583
Sligo	€4,450	€9,325	€4,360	€8,083	€4,500	€8,333
Donegal	€5,000	€13,400	€4,340	€9,166	€3,750	€8,167

Source: SCSI Land Market Survey.

TABLE A4: LAND RENTAL VALUES PER ACRE – LEINSTER.

Year	Grazing/ meadowing/silage	Grazing only	Cereal crops	Beet, maize, beans	Potatoes
2010	€130	€121	€153	€159	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	€266	€359
2021	€245	€215	€259	€323	€463
2022	€266	€248	€290	€370	€439
2023	€270	€249	€294	€344	€429
12-month % change	1%	0%	1%	-7%	-2%

TABLE A5: LAND RENTAL VALUES PER ACRE – MUNSTER.

Year	Grazing/ meadowing/silage	Grazing only	Cereal crops	Beet, maize, beans	Potatoes
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	€299	€330
2021	€231	€221	€244	€256	€326
2022	€261	€241	€283	€300	€383
2023	€302	€297	€308	€351	€389
12-month % change	16%	23%	9%	17%	2%

TABLE A6: LAND RENTAL VALUES PER ACRE – CONNACHT/ULSTER.

Year	Grazing/ meadowing/silage	Grazing only	Cereal crops	Beet, maize, beans	Potatoes
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
2021	€168	€161	No data	No data	No data
2022	€176	€162	No data	No data	No data
2023	€183	€157	No data	No data	No data
12-month % change	4%	-3%	No data	No data	No data

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