SCSI
Chartered property, land and construction surveyors

teagasc
Agriculture and Food Development Authority

ANNUAL SCSI/TEAGASC AGRICULTURAL LAND MARKET REVIEW & OUTLOOK 2022

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FOREWORD

We are delighted to publish the Society of Chartered Surveyors Ireland (SCSI)/Teagasc Agricultural Land Market Review & Outlook 2022. This joint publication is our ninth annual report reviewing economic activity in the farming sector and activity in associated agricultural land sales and rental markets.

Our report provides a review of 2021 and an outlook for 2022, with a selection of useful insights regarding expected performance of the agricultural sector, as well as a special feature on climate change policy in Ireland, how it might affect agriculture, and the potential implications for the land market.

Giving confidence

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, and an impressive series of price information dating back to 2013.

A feature introduced in the report in recent years is the provision of county-level data, rather than just data at the provincial scale. The text reports on 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 is based around the type of farming uses that the land is suitable for: poor quality where the soil has low depth or high altitude, is not free draining and is unsuitable for tillage; or, good quality where the land has good soil depth, free-draining soils, is at low to moderate altitude, and is suitable for many farming types including tillage.

This year's report provides an in-depth analysis of the key issues facing the agricultural sector. While Covid-19 and Brexit were key concerns in 2020 and 2021, the implications of the war in Ukraine have taken over as the key issues affecting the agricultural sector in 2022. The conflict may have implications for farm profitability and farmer confidence, which could have an impact on the land market in the coming years. Similarly, the emergence of increasingly stringent climate policy is a growing concern for the agricultural sector in Ireland. While it is an evolving issue, the details relating to climate policy as we currently understand them are featured in our special feature section.

The Review's findings are based on an SCSI survey, which was conducted on a nationwide basis in February and March 2022. 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 President

Prof. Frank O'Mara
Teagasc Director

KEY HIGHLIGHTS

REVIEW OF AGRICULTURE IN 2021

- 2021 saw a 20% increase in the average farm income in Ireland.
- The average farm income figure for 2021 masked significant differences across the main farm sectors. Dairy, tillage and sheep farms experienced a rise in income in 2021, whereas incomes on cattle farms were relatively stable. Significant losses began to emerge on pig farms due to rising costs and falling pig prices.
- Overall, price inflation for farm inputs was more than offset by higher prices for most farm outputs.
- In the second half of 2021 there was an alarming increase in fertiliser prices which have now escalated further to unprecedented levels following the invasion of Ukraine in February of 2022.

2021 LAND SALES MARKET AND OUTLOOK

- National average land values
  - Poor quality land €5,308, down by 10%.
  - Good quality land €10,962, up 17% in 12 months.
- Leinster counties' land values for good quality land were between €11,000 and €15,350 per acre on average.
- Munster counties' land values for good quality land were between €8,250 and €15,071 per acre on average.
- Connacht/Ulster counties' land values for good quality land were between €3,375 and €13,375 per acre on average.
- 53% of agents across the country reported an increase in the volume of land sold when compared to the previous year. This is up from 34% who reported seeing an increase in 2020 when compared with 2019.
- 67% of valuers reported an increase in the percentage of valuation requests for the transfer of land. This is up from 43% in 2020.
- An executor/probate sale continues to be the most dominant sale reason in the agricultural land market with 96% of agents reporting that they are active sales.
- National land values are expected to increase by 6%.

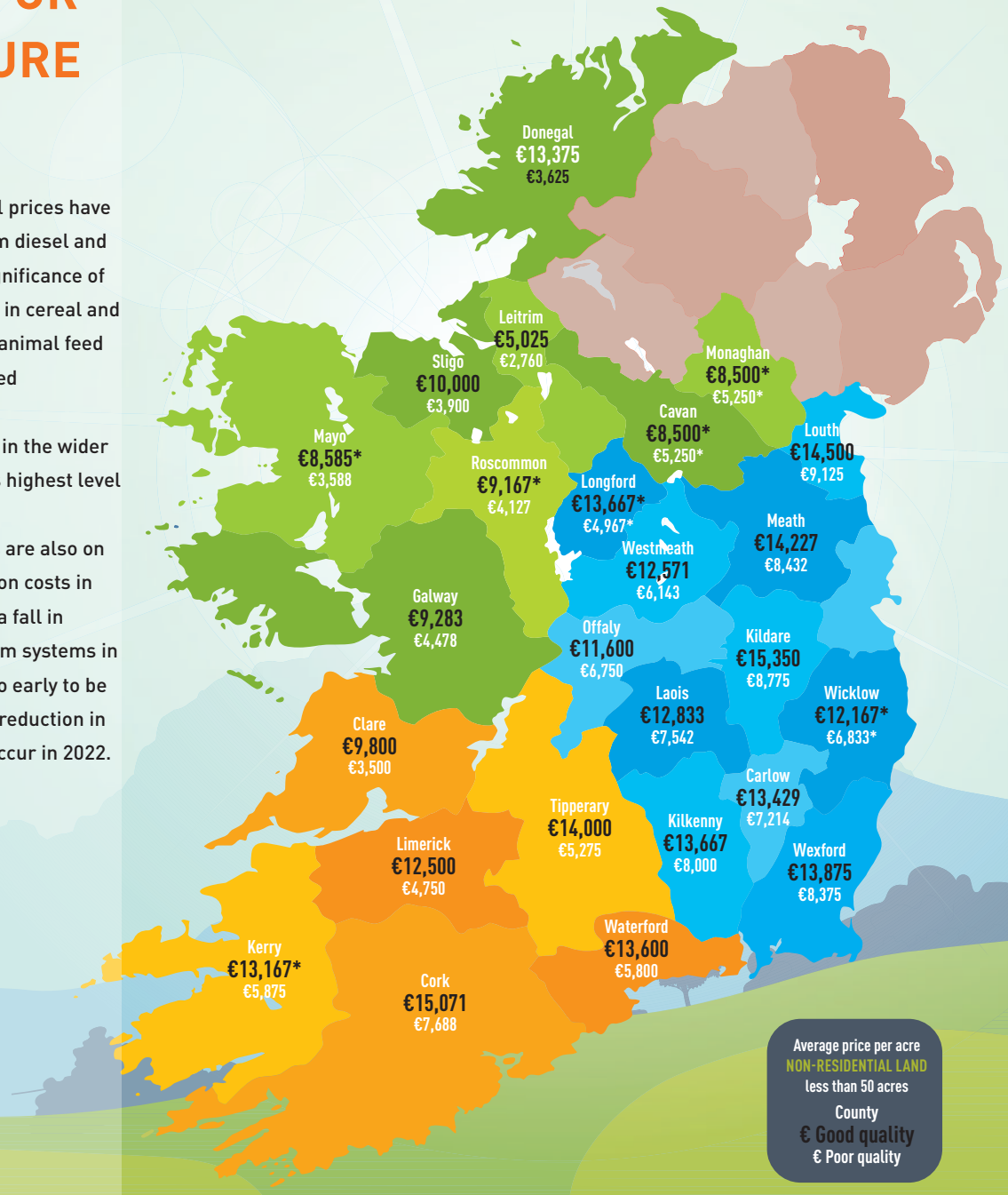
2021 RENTAL MARKET AND OUTLOOK

- Leinster saw on average, a 27% increase in rents for grazing and silage land.
- Munster province saw single digit rent inflation across cereals and grazing/silage land of 1% and 7% respectively. Cereal land now making €244 per acre with silage land making €231 per acre.
- Connacht/Ulster agents reported increases in rental values (grazing and silage 10% and 13%). Silage land is now making €168 per acre.
- 43% of agents report that land available for conacre (short lets) remains the same as last year.
- Expected increase in demand for rented ground across all provinces in 2022 – 10% increase in national values expected.

OUTLOOK FOR AGRICULTURE IN 2022

- Sharply higher fossil fuel prices have driven up the cost of farm diesel and electricity. Due to the significance of both Ukraine and Russia in cereal and oilseed export markets, animal feed prices have also increased substantially.
- More generally, inflation in the wider economy has reached its highest level in several decades.
- While farm output prices are also on the rise, higher production costs in 2022 will likely result in a fall in incomes across most farm systems in Ireland. However, it is too early to be sure of the extent of the reduction in farm incomes that will occur in 2022.

AVERAGE LAND VALUES BY COUNTY IN 2021



*Lower than average response rate to the SCSI Land Market Survey

PERFORMANCE OF THE AGRICULTURAL SECTOR

IRISH AGRICULTURE SECTOR

This section reviews the performance of Irish agriculture in 2021 and looks at current prospects for 2022. There is an overview at the broad sectoral or enterprise level, followed by a focus on the key subsectors within agriculture.

Overview of agriculture in 2021

From an agricultural perspective, weather conditions in Ireland were variable during 2021, but offered reasonable production conditions for most of the year. Relatively cold weather in April and May reduced grass growth rates. Grass-growth rates were also relatively low during the late summer. However, favourable weather conditions emerged in late autumn and promoted better grass cover entering the winter months. Weather conditions for grain production were relatively good and this was reflected in improved cereal yields.

In 2021, output prices increased for most commodities with the exception of pig meat. Input prices increased significantly for dairy, sheep and cattle enterprises, with higher prices for feed, fertiliser, fuel and other inputs. Key commodity price changes in 2021 compared with 2020 are shown in **Figure 1.**

Dairy

Dairy farms utilise about one-quarter of the grassland area in Ireland and are most prominent in the eastern half of Munster and in the southern counties of Leinster. Milk prices increased in the spring of 2021 and remained high during the summer months, with further price improvements entering the winter period. As a result, the annual average national milk price for 2021 increased by 17%, with the standardised price for the year as a whole estimated to be 36.7 cent per litre (over 40 cent on an actual constituents basis). Irish milk production continued to increase in 2021, with an increase of about 5.5% relative to 2020. Milk production costs are estimated to have increased significantly in 2021 by about 15% on a per hectare basis and 9% on a per litre basis. It is estimated that the net margin per litre of milk produced increased by 31% to 15.1 cent per litre in 2021.

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). In 2021, finished cattle prices increased by approximately 12% relative to 2020. Weanling prices increased by approximately 8%, while prices for older store cattle increased by approximately 9%.

Relatively large increases are therefore estimated for the average gross output value on cattle farms in 2021. On cattle-finishing farms, the average gross output increased by 11%. On cattle-rearing farms, the average gross output increased by 8%. The direct costs of production increased for cattle farms in 2021. The average gross margin on cattle-

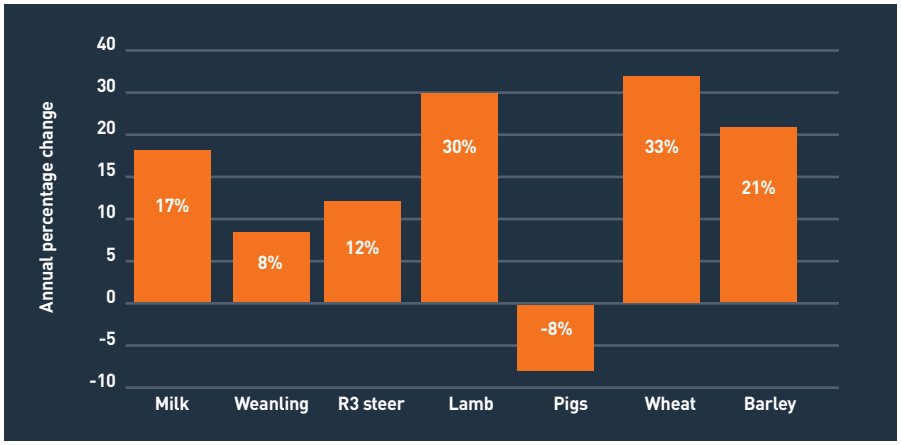


FIGURE 1: Change in output prices 2021 vs 2020. *Source: CSO and DG Agri.*

finishing farms increased by 9%, while the average gross margin on cattle-rearing farms increased by 4%. Further increases in overhead costs (including energy) mean that the average net margin on cattle-rearing farms did not change in 2021. The average net margin is likely to have increased on cattle-finishing farms, with the top-third performing farms achieving most of the gains in farm income.

Sheep

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

In 2021, lamb prices in Ireland were approximately 30 % higher than the 2020 level. Costs of production for Irish mid-season lowland lamb enterprises increased in 2021, with significant increases in feed prices and feed volume during the first half of the year. Gross margins per hectare for Irish mid-season lowland lamb producers are estimated to have increased in 2021 by over 26% to €748 per hectare, mainly due to higher lamb prices. The coupled Sheep Welfare Scheme continued to support margins and incomes.

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.

An increase in international wheat and barley production occurred in 2021. The increase in global demand surpassed the increase in production, with a consequent decrease in stocks in the EU, and an increase in cereal prices at harvest 2021, with Irish harvest prices increasing by between 21% and 33%. In addition, there was an increase in yields of the main cereal crops in Ireland in 2021 after a difficult 2020. Irish spring barley yields increased by 11% on a per hectare basis, while winter wheat yields increased by 25% per hectare, compared to 2020.

Direct costs of production on Irish cereal farms increased in 2021 compared to 2020. The largest increases were fuel-related costs, fertiliser and seed, which were up 25%, 9% and 2-6%, respectively. The net effect of the change in output value and input costs was an increase in the average gross margin for most cereal crops in 2021.

OUTPUT PRICE INCREASES IN 2021

+17%

DAIRY

+12%

FINISHED CATTLE

+30%

LAMB

+21-33%

CEREALS

OUTLOOK 2022

The sudden outbreak of the war in Ukraine has first and foremost had a dramatic impact on the lives of people living in Ukraine.

Ukraine

The death and destruction and the displacement of people brought about by the war will have long-term consequences for the future of the people of Ukraine.

The war in Ukraine has also begun to have significant economic consequences, which will be felt in the wider world. Ukraine is a significant player in global agriculture.

The flat fertile plains of Ukraine, combined with its favourable climate, are ideal for grain and oilseed production.

While Ukraine has a sizable population, its agricultural sector is capable of producing considerable surplus volumes of crops such as wheat, maize, barley, sunflower seed, and rapeseed, which are then exported around the world. Similarly, Russia has a significant presence in grain and oilseed export markets **(Figure 2).**

Expectations are that the war in Ukraine will significantly depress the current season's harvest in the country, with little certainty that crops can be sown, harvested and exported as they would normally be in peacetime.

A decline in Ukrainian production would mean that the produce would be used to feed its own population in the first instance and exports would then be reduced. To ensure this outcome, Ukraine has actually banned exports of particular commodities. Both Ukraine and Russia are also sources for fossil fuels and fertilisers, which are used internationally. Again, the outbreak of war has created concern about the availability of these products.

As a consequence there has been a sharp escalation in international grain and oilseed prices, and energy and fertiliser prices. The increase in energy prices has been a trigger to prompt higher rates of general inflation in the wider economy.

The end result is that farmers in Ireland and elsewhere around the world are deeply concerned about the escalation in their production costs in 2022, and it has left them wondering whether the prices that they are paid for the farm outputs they produce will increase sufficiently so that they are not left out of pocket this year. At the time of writing (March 2022) it is too early to say with confidence quite how the current turmoil in commodity markets will affect Irish farmers' incomes.

Without doubt production costs across all farm systems will be higher in 2022, largely because of the increase in the price of the so called three Fs (fuel, feed and fertiliser). There is concern that production of fertiliser in 2022 will be depressed and that farmers might not be able to access as much fertiliser as they

would ordinarily require. Of course, the high price of fertiliser may itself cause farmers to use less. In addition, the higher rate of inflation in the broader economy is likely to push up the price of other farm inputs to a greater extent than would have been expected in 2022.

While the news on the costs side is quite negative, from the perspective of farmers there are positive developments on the output side, with significantly higher grain, dairy and meat prices now likely in 2022 than would have been forecast even two months ago. As well as pushing up the price of grains and oilseeds, the shortfall created by a lack of grain and oilseed exports from Ukraine will push up the cost of feeding animals to produce meat and milk, as will the increases in the price of fertiliser used to produce grass to feed animals. These increases in production costs will eventually have to be compensated by higher output prices. Ordinarily, we would expect prices for poultry and pigs to adjust more rapidly than prices for cattle and milk due to the shorter time it takes to adjust production in poultry and pig production due to their shorter animal lifecycle.

THE INCREASE IN ENERGY PRICES HAS BEEN A TRIGGER TO PROMPT HIGHER RATES OF GENERAL INFLATION IN THE WIDER ECONOMY.

Added to the upheaval created by the war in Ukraine will be the more typical agricultural supply shocks caused by weather events around the world, which occur every year. These too will continue to have an influence on farm income levels in 2022.

Even if these output price increases compensate farmers for their higher production costs, crop and drystock farmers are likely to face short-term cash flow issues due to having higher cost outlays than normal in the early part of the season.

Also worth keeping in mind is that high general inflation in 2022 will erode the purchasing power of the incomes of all consumers, including farmers. So even if incomes are maintained in nominal terms, farmers are likely to be less well off in real terms.

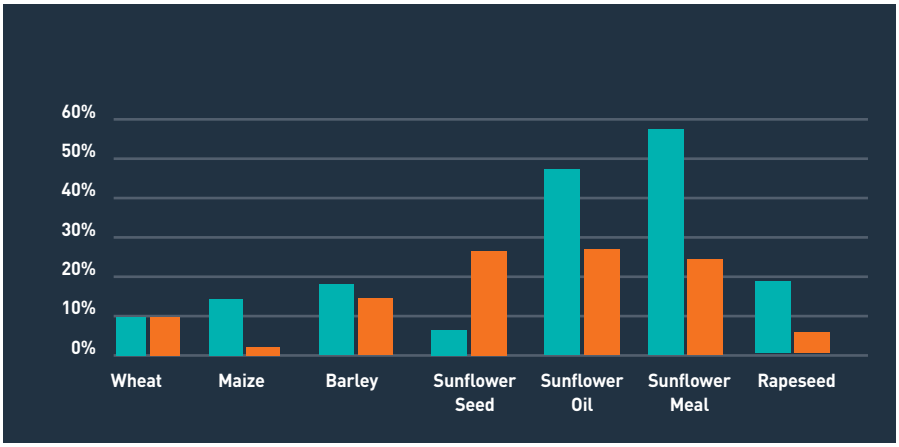


FIGURE 2: Ukraine and Russia share of world export volume for various crop outputs. *Source: USDA PS&D.*

CURRENT STATE OF PLAY (MARCH 2022)

Dairy

Milk prices have strengthened considerably in early 2022 and dairy market prospects for the coming months look very positive. Dairy cow numbers are set to increase further, but high input costs may mean that milk yields decrease and little or no increase in milk production takes place in Ireland in 2022.

It is too early to say with confidence what the net impact of higher milk prices and higher production costs will mean for dairy farm profitability in 2022.

Some farmers will have a significant share of their milk in forward contracts. These forward contracts are set at milk prices that are considerably lower than those likely to prevail in 2022, and therefore, farmers in this situation will not derive the full benefit of the high dairy commodity prices likely through much of 2022. Dairy farmers in this situation are more likely to see their incomes decline in 2022.

Cattle

Prices for finished cattle are currently ahead of 2021 levels. In late March 2022, the average price for an R3 steer was approximately €5 per kg, which is 16% above the annual average for 2021. The costs of production for beef are forecast to increase sharply in 2022, mainly due to an increase in feed, fertiliser and motor fuel prices.

For most cattle farms, the increase in input prices is likely to more than offset the benefits associated with rising output prices. This is particularly the case for farms where the net margin was already negative in 2021.

However, the top-performing cattle-finishing farms can maintain their margins at 2021 levels given that the ratio of inputs to outputs is lower on these farms. This can positively affect the demand for cattle in the marts, with some important impacts for those farms involved in the sale of weanlings and particularly older store cattle. At the same time, it is expected that margins and incomes on cattle-rearing farms will be significantly lower in 2022 relative to 2021.

CEREAL PRODUCERS IN IRELAND WILL FACE SUBSTANTIALLY HIGHER PRODUCTION COSTS IN 2022.

Sheep

Like dairy and cattle farmers, sheep farmers will also see an increase in production costs in 2022 due largely to higher fertiliser and purchased feed price increases. Due to the escalation in costs of production, the outlook for meat prices in general and for lamb and sheep prices in particular for 2022 has improved.

Prices in 2021 for heavy lamb in Ireland reached record levels and were expected to be lower in 2022.

However, escalation of costs of production and forecast increases in prices of other competing meats (beef, pig meat and poultry) due to the Russian invasion of Ukraine mean that prices in 2022 are unlikely to decline relative to 2021 levels. Prices for the year to date of over €670/100kg are almost 8% higher than for the same time in 2021, and are likely to remain at or above 2021 price levels through 2022.

Cereals

The cereals market is the one that is most directly affected by the war in Ukraine, given the prominence of both Ukraine and Russia in international grain and oilseed trade.

Cereal producers in Ireland will face substantially higher production costs in 2022, reflecting the sharp increase in the price of inputs.

Output prices are also set to be substantially higher. The overall effect on farm incomes for cereal producers in Ireland in 2022 is difficult to call, and will depend to some extent on how weather conditions impact on yields.

SPECIAL FEATURE

AGRICULTURE AND CLIMATE CHANGE

Over the last couple of decades, the European Union and its citizens have become increasingly concerned about the impact of agriculture on the environment.

Agricultural production has an impact on the environment in numerous ways, including among other things, through the production of greenhouse gases (GHGs), water pollution and an adverse impact on biodiversity.

As a consequence, both EU and Irish policy developments increasingly focus on addressing agriculture's relationship with the environment. The EU has launched its Green Deal and Farm to Fork Strategy for example, with a focus on making agricultural production more sustainable in the coming decades. In Ireland, a Climate Act was passed in 2021 and a new strategy to meet GHG emissions reduction targets, and to protect biodiversity was published and is now being implemented.

Agriculture's impact on GHG emissions is felt in two key areas: firstly, the production of food is an activity that generates GHG emissions; and; secondly, the land itself can either capture or release GHGs depending on how it is managed. Ireland has now established targets in respect of GHG emissions from agriculture and GHG emissions from land use.

The commitment to reduce GHG emissions from agriculture will affect markets for factors of production used in agriculture such as land. In this short note, we first describe the role which Irish agriculture plays in Ireland's GHG inventory and the recent changes in policy, reflecting Ireland's commitment to reduce GHG emissions by 51% by 2030. We discuss how the achievement of any GHG reduction target will be very challenging and could have negative repercussions for agricultural land market values in the medium to long term.

GHG emissions from agriculture

Compared with other developed economies, Irish agriculture accounts for an unusually high share of overall national GHG emissions. In 2019, agriculture accounted for 35% of Ireland's GHG emissions. The very large share of national GHG emissions accounted for by agriculture in Ireland reflects several factors, some of them agricultural and others relating to the

broader economy. Irish agriculture is relatively focused on ruminant-based (cattle and sheep) milk and meat production. Ireland's small population means that much of its milk- and meat-based output is exported. However, the accounting system used for GHG emissions attributes the emissions to the country in which the food is produced, rather than the country in which it is consumed, and therefore ignores the fact that most of Ireland's agricultural GHG emissions are associated with exports. For a developed economy, Ireland's total GHG emissions are low due to Ireland's low human population and the relative absence in Ireland of large-scale heavy industry commonly found in other EU member states. Collectively, in the context of a developed economy, the large numerator and small denominator, make agriculture in Ireland a significant GHG emissions source in percentage terms.

Relative to agriculture in Ireland, EU member states shown in **Figure 3** tend to have a greater share of their agricultural activity devoted to crop production, which is a less GHG emissions-intensive form of agriculture in comparison with ruminant-based agricultural systems. Furthermore, many of these member states would have a lower agricultural export capacity in comparison to Ireland. Ireland's agricultural GHGs are dominated by emissions of methane (CH_4) and nitrous oxide (N_2O). Other GHG emissions from agriculture are relatively minor, made up largely of emissions of carbon dioxide associated with the spreading of lime by farmers and emissions associated with fossil fuel combustion within the sector. In the national GHG inventory used to report Ireland's GHG emissions internationally, emissions of methane and nitrous oxide

are converted into carbon dioxide equivalent (CO_2e) using global warming potential (GWP100) coefficients. This allows all GHGs to be expressed in a common base, so that a single national total for all GHGs can be calculated.

Figure 4 illustrates the relative importance of the different GHGs emitted by the agriculture sector in Ireland.

The largest share of GHGs from agriculture are emissions of methane. This large share reflects the dominance of ruminant agricultural activities in Ireland. Compared to other EU member states, the share of Irish agricultural output from cattle (beef and dairy) and sheep production systems is very large. The digestion of forage within the rumen of cattle and sheep (and ruminants in general) via a process called enteric fermentation involves microbes called methanogens, and produces methane as a by-product of digestion.

Methane emissions are also associated with animal manures and their management. Emissions of nitrous oxide are from chemical fertiliser applications and from animal manures, their management and use as organic fertilisers.

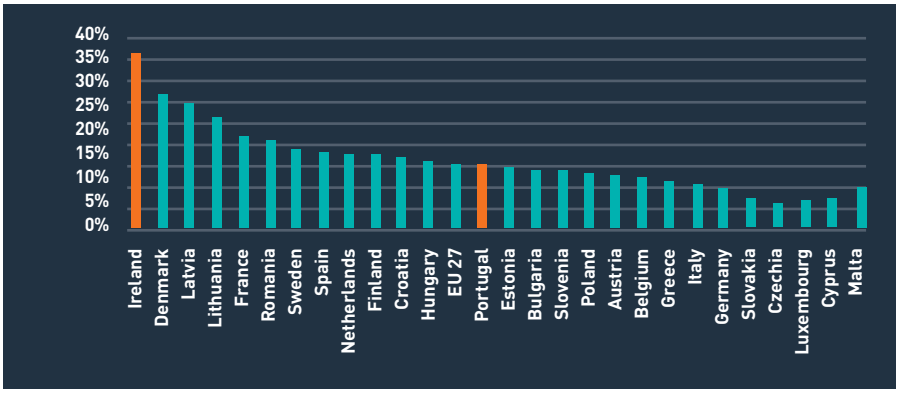


FIGURE 3: 2019 Agriculture's share of GHGs by EU27 member states. Source: Eurostat dataset env_air_gge

GHG emissions from land use

Farmers, through their control of agricultural land and decisions with respect to changes in agricultural land use, also play an important role in emissions and sequestration of GHGs in what is termed the land use, land use change and forestry sector (LULUCF). The LULUCF sector in Ireland is an important net source of GHG emissions because sequestration of carbon dioxide by forests and agricultural soils is more than offset by emissions of CO_2 from agricultural and non-agricultural land.

GHG policy in Ireland and its implications for agriculture and related land uses

The passing of the Climate Action and Low Carbon Development (Amendment) Act 2021 ("the Climate Amendment Act") into law in November 2021 means that in addition to its commitments under EU effort sharing regulation (EU Regulation 2018/842), Ireland has enshrined into its domestic law commitments with respect to reducing emissions of GHGs by 51% by 2030 and has set itself a target of net-zero emissions by 2050. Given the significant share of agricultural GHGs in the overall national GHG emissions inventory, the achievement of the 51% reduction target by 2030 will require reductions in Irish agriculture's GHG emissions. Analysis by the Climate Change Advisory Council (CCAC) Carbon Budget Committee in 2021 highlighted the implications of different reduction commitments for agriculture and the non-agriculture components of Ireland's GHG inventory (CCAC 2021).

All GHG emissions reduction targets in the Climate Amendment Act are set relative to the 2018 base period. The Climate Amendment Act (2021) also sets out how different sectors of the Irish economy will be allocated carbon budgets that will reflect the target of reducing Ireland's GHG emissions by 51% by 2030. These carbon budgets will run for five-year periods with the first budgetary period spanning 2021 to 2025 and the second from 2026 to 2030.

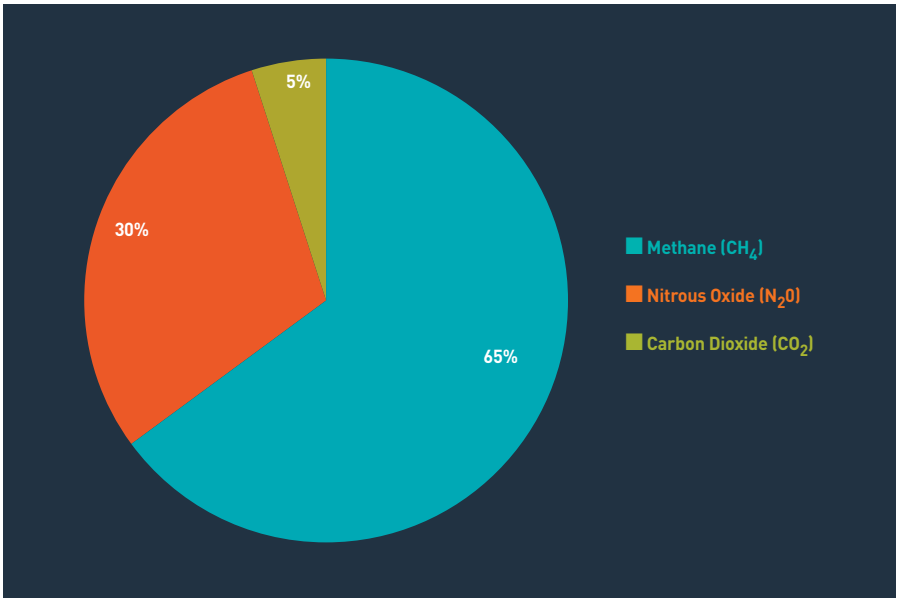


FIGURE 4: 2019 Agricultural GHG emissions in Ireland by gas (incl. fuel combustion) in CO_2e.
Source: Eurostat dataset env_air_gge.

As required under the Climate Amendment Act, in 2021 the CCAC provided the Government with its advice on the sequencing of reduction efforts over the first two carbon budgeting periods (CCAC, 2021). In November 2021 the Government, in conjunction with the publication of the Climate Action Plan 2021 (effectively the strategy to reduce GHG emissions), announced initial GHG reduction ranges for the different sectors of the economy identified in the Act. These emission reduction ranges for the different sectors of the economy are presented in **Table 1**. Agriculture has been allocated a GHG emissions reduction range of between 22% and 30%. The Government is expected to announce specific target reductions to each sector during the summer of 2022. Agriculture's reduction commitment is expected to be somewhere in the range of 22% and 30%. Given the 2018 emission levels from the agriculture sector of circa 23 million tonnes, a 22% reduction target would translate into a requirement to reduce emissions from the sector by approximately five million tonnes CO_2e, while a 30% reduction target would require emissions reductions of approximately seven million tonnes CO_2e by 2030.

Teagasc research has assessed the potential to mitigate Irish agriculture's GHG emissions in the context of both the agricultural and the LULUCF parts of the national GHG inventory. The Teagasc Marginal Abatement Cost Curve (MACC) report (Lanigan and Donnellan, 2018; Lanigan, Donnellan and Hanrahan) and work prepared for the CCAC Carbon Budget Committee in 2021 (Hanrahan, Donnellan and Lanigan, 2021) summarises the mitigation of emissions that technology and changed farm management practices could deliver over the period to 2030 given business-as-usual projections of agricultural activity. Given the projected growth in agricultural activity levels and associated emissions, the achievement of a

	2018 EMISSIONS	2030 TARGET EMISSIONS	REDUCTION RELATIVE TO 2018
	Mt CO_2e	Mt CO_2e	Percentage reduction
Electricity	10.5	2-4	62%-81%
Transport	12	6-7	42%-50%
Buildings	9	4-5	44%-56%
Industry	8.5	5-6	29%-41%
Agriculture	23	16-18	22%-30%
LULUCF	4.8	2-3	37%-58%
Unallocated savings	N/A	4	N/A

Table 1: Proposed emissions reduction by sector in the 2021 Climate Action Plan. *Source: Climate Action Plan 2021: Securing Our Future (Government of Ireland).*

reduction in agricultural GHG emissions of between five and seven million tonnes CO_2e by the sector is going to be very challenging. Existing and proven MACC measures, particularly those addressing emissions of nitrous oxide, are expected to be capable of providing reductions in emissions of circa two million tonnes CO_2e between now and 2030. Achieving these reductions will require changes in the types of fertiliser used (switching from CAN to protected urea), changes to the management of mineral soils, and increased incorporation of clover within grassland swards among other actions. However, with close to two-thirds of Irish agricultural GHG emissions comprised of methane, new technologies and their rapid adoption by Irish agriculture will be required if the reduction targets set out in the 2019 Climate Action Plan are to be achieved. Teagasc research is actively assessing novel feed additives and other measures that offer the promise of significantly reducing Irish agriculture's emissions of methane. In the absence of such methane mitigation measures and on the assumption that the GHG reduction targets for the agriculture sector set by Government remain binding, it may become necessary to constrain and reduce levels of agricultural activity in Ireland to comply with the reduction targets set out in current Irish law. If such constraints on agricultural activity were introduced, so as to ensure agriculture complies with its allocated carbon budgets, they would reduce the physical output of Irish agriculture and, other things being equal, would also reduce the demand for agricultural land. While demand for land for conventional agricultural purposes could fall as a result of climate policy, new uses for agricultural land could also emerge. Possible developments that could offset the negative agricultural land market consequences of climate change policy could be growth in the use of agricultural-produced feedstocks in future bioenergy production systems, such as the production of biogas or biomethane from a mixture of grass and animal slurries.

Further reading

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OVERVIEW

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 2020 Census of Agriculture, produced by the Central Statistics Office (CSO), provides detailed information on the regional pattern of agricultural activity and farm structures in Ireland.

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 earned across Ireland.

Census of Agriculture data can be presented at 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

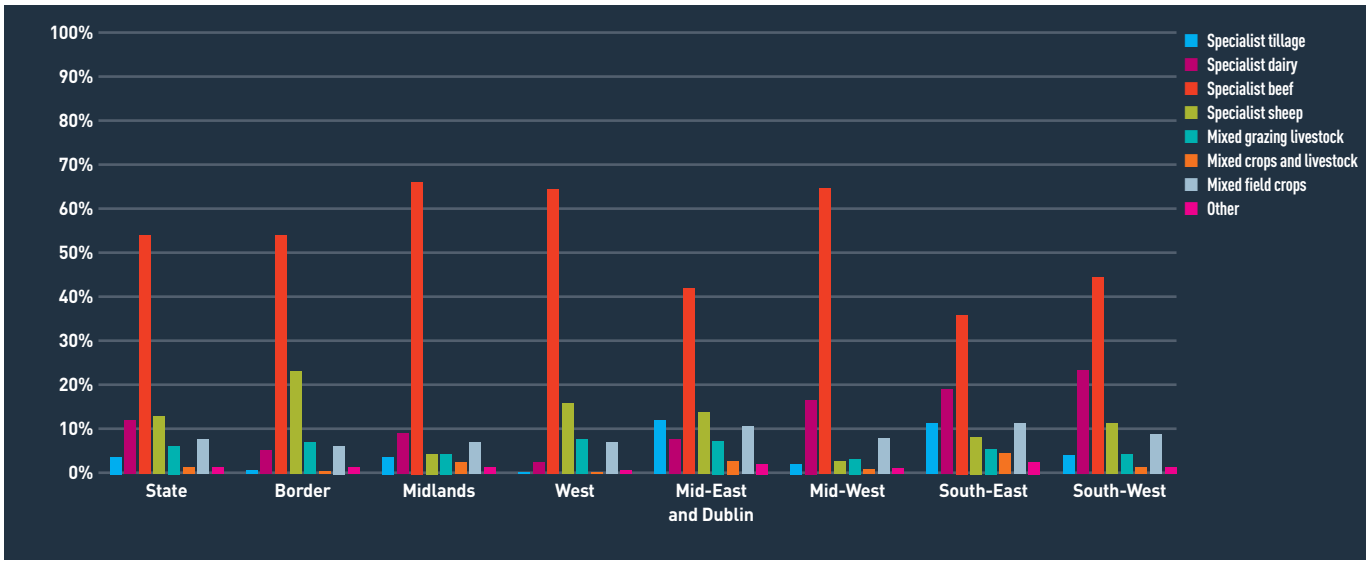

FIGURE 5: Prevalence of farm type by NUTS III region in 2020. *Source: CSO Agricultural Census.*

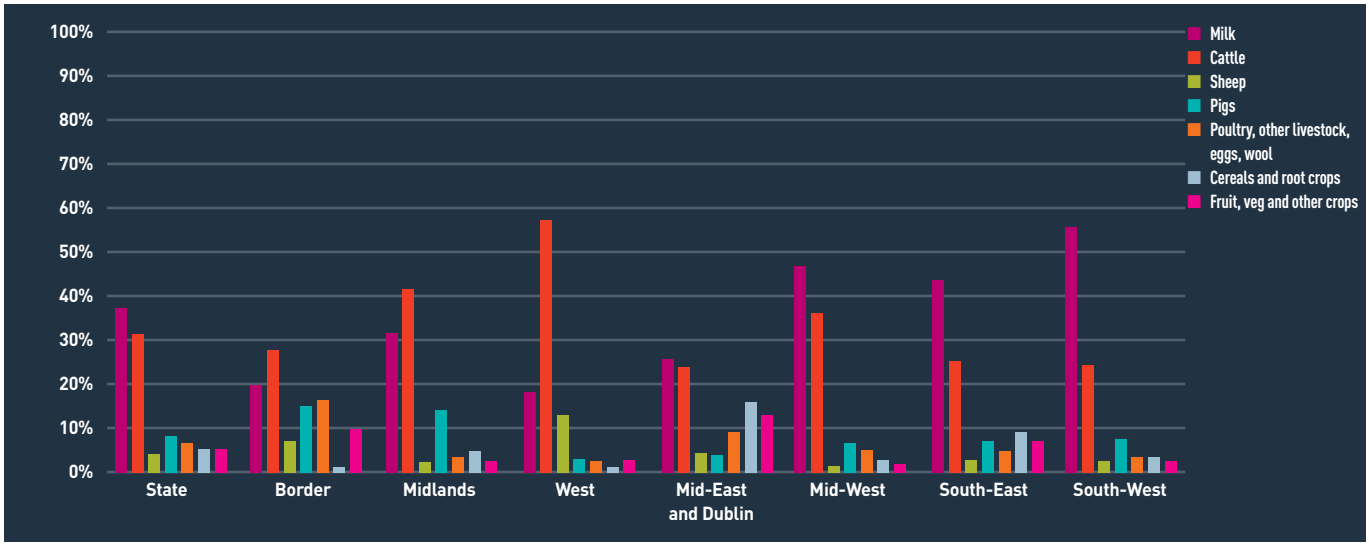

FIGURE 6: Agricultural output (excl. forage) at producer prices 2020: shares for each system by NUTS III region. *Source: CSO Regional Account for Agriculture 2020.*

illustrated in **Figure 5**, which shows data for 2020. Comparing results with the CSO Farm Structures Survey of 2016 indicates that very 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 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), close to 24% 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) 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.

Agricultural output

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 2020, as illustrated in **Figure 6.** Agricultural output is the value of what is sold by farmers. The prominence of cattle output can be observed across all regions, with the cattle output share varying

FIGURE 7: Agricultural operating surplus (farm income) by NUTS III Region.
Source: CSO Regional Account for Agriculture 2020.

FIGURE 8: Agricultural operating surplus (income) per hectare by NUTS III Region.
Source: adapted from data in the CSO Regional Account for Agriculture 2020.

size (agricultural area), 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 agricultural area across the various regions and calculate income on a per hectare basis in each NUTS III region, as presented in **Figure 8**. This shows that it is the South East region which has the highest level of income per hectare at over €950, and the Midlands that has the lowest at just over €440 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 prevalent tend to be farmed more intensively and produce a higher level of income than regions where more extensive beef and sheep production dominates.

These type of income per hectare measures are 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.

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 9**. The most recent data that is available relates to 2020. 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, on

THE REGIONAL IMPORTANCE OF DAIRYING AND TILLAGE FARMING VARIES SUBSTANTIALLY.

from 25% in the Mid East and Dublin region, South West region and South East region, to 58% 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 milk is highest in the South West, at 55%, Mid-West, at 47% and South East, at 43%.

The continuing growth in milk production of recent years has pushed milk production (38%) 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 is by some distance the largest sector in output value terms in 2020. Milk production was also the largest sector in output value terms in the Mid East and Dublin region in 2020. **Figure 7** illustrates the considerable difference in operating surplus (income) across the NUTS III regions. An important caveat here is that the regions differ considerably in geographic

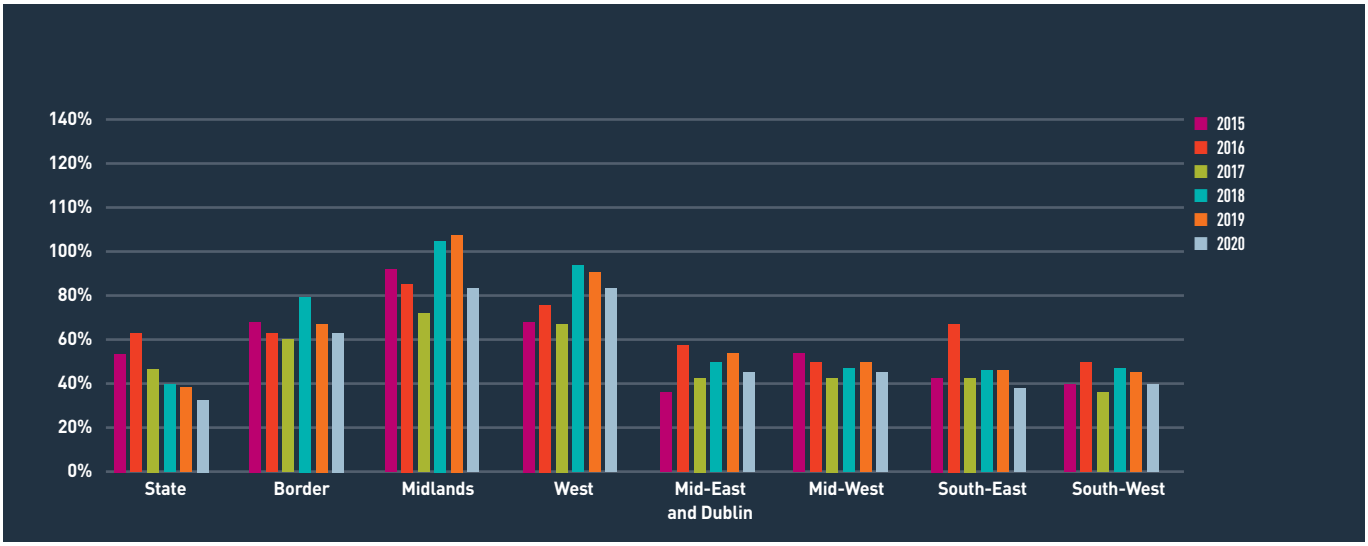

FIGURE 9: Net subsidies as a share of agricultural sector income in 2015-2020 by NUTS III Region.
Source: CSO Regional Account for Agriculture 2015-2020.

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 is less than 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 53% of agricultural sector income in 2020, which is lower than in 2019. In all regions the share of subsidies in income in 2020 was lower than in 2019. At the regional level, in 2020 the share of income derived from subsidies was lowest in the South-East region at 39%, closely followed by the South-West region at 40%, while the share of income represented by subsidies was highest in the both the Midlands and the West regions at 83%.

This dramatic difference between the South West/South East and Midlands/West can largely be explained by the large share of dairy farms found in the South East and South West.

Further reading

CSO (2021) Regional Accounts for Agriculture 2020. Available at: https://www.cso.ie/en/releasesandpublications/er/raa/regionalaccountsforagriculture2020/.

CSO (2021) Census of Agriculture 2020 – Preliminary Results. Available at: https://www.cso.ie/en/releasesandpublications/ep/p-coa/censusofagriculture2020-preliminaryresults/.

LAND MARKET SURVEY

Overview of research

The SCSI/Teagasc Land Market Review & Outlook 2022 report is informed by SCSI members with experience of land valuations and transactions, referred to as SCSI agents throughout this report. These members typically consist of auctioneers, land agents and valuers. SCSI agents are active in all counties in Ireland and are typically employed by property firms that provide agricultural and general practice professional property consultancy advice to clients.

A total of 95 responses were received from the SCSI/Teagasc Agricultural Land Report online questionnaire, of which approximately 42% worked primarily in Leinster (excluding Dublin), 32% in Munster, and 24% in Connacht/Ulster. SCSI agents were invited to complete the survey between February - March 2022.

Trends in 2021

Our 2022 Agricultural Land Review & Outlook report provides average land values for non-residential and residential farms. Following on from last year's introduction of average land values on a county-by-county level, as opposed to previous reporting at the provincial level, average land values are provided by plot sizes of less than 50 acres, between 50 and 100 acres, and over 100 acres. Our report provides average land values for poor and good quality land (**Table 2**). Typically, poor quality land has poor percolation quality and is regularly wet underfoot. Poor quality land 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, national land values in 2021 for good quality land achieved €10,962 per acre, up from €9,381 (up 17%) in 12 months.

In terms of the next 12 months, it is anticipated that land values will increase by 6% on average based on assessments provided by SCSI agents.

Table 2: National Average Land Values (per acre) 2021 (non-residential).

	Poor quality land	Good quality land	Price differential: good quality land minus poor quality land (per acre)
National average	€5,308	€10,962	€5,654

Table 3: Provincial average land value percentage change 2021 relative to 2020 (both poor and good quality land, non-residential).

	Less than 50 acres	Between 50 and 100 acres	Over 100 acres
Connacht/Ulster	5%	-1%	-7%
Munster	14%	7%	-1%
Leinster	12%	12%	14%

Source: SCSI/Teagasc Land Market Survey.

Table 4: National average land values (per acre) for non-residential farms 2021 (calculated using provincial averages).

Less than 50 acres		Between 50 and 100 acres		Over 100 acres	
Poor quality	Good quality	Poor quality	Good quality	Poor quality	Good quality
€5,691	€11,841	€5,316	€10,894	€4,917	€10,153

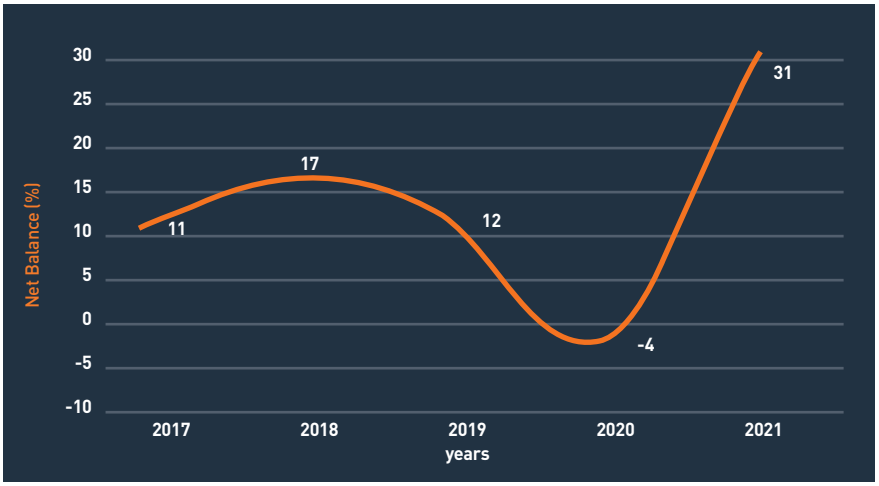

FIGURE 10: National Sentiment Index - volume of agricultural land sold 2017 to 2021. Net balance = proportion of respondents reporting a rise in a variable (e.g., volume of land sold) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

The survey respondents (expert land agents) reported that the average percentage change in land values across the three categories of land plot sizes between 2020 and 2021 ranged from -7% to 14% **(Table 3)**. In the case of large parcels, there is a notable difference between price changes in Leinster relative to Munster and Connacht/Ulster. For all three size categories, the price growth is weakest in the Connacht/Ulster region, including a decline of -7% for the price for parcels of greater than 100 acres

When examining average land values on a national basis broken down by plot size and quality, a higher per acre land value is generally achieved for smaller plot sizes **(Table 4)**.

FOR ALL THREE SIZE CATEGORIES, THE PRICE GROWTH IS WEAKEST IN THE CONNACHT/ULSTER REGION, INCLUDING A -7% DECLINE IN THE PRICE FOR PARCELS OF GREATER THAN 100 ACRES.

The main reason for this is due to increased competition for land in smaller lots by not just farmers, but also non-farming purchasers, perhaps looking to buy land to build a house, stables, etc. As a national average, there is an approximately €5,654 per acre differential in the price paid for good quality land compared with poor quality.

Trends and changes during 2021

The volume of land sold over previous years can be seen in **Figure 10**. Agents were asked if they experienced an 'increase', 'remain same' or 'decrease' in the volume of land sold. By charting those that indicated an 'increase' or 'decrease' from 2017, this sentiment net balance index chart tracks the net balance volume trend over the period. In 2021, more agents reported an increase than a decrease in the volume of land sold, which is a change in trend compared with the previous 12 months. One reason for this rebound in the volume of land sold in 2021

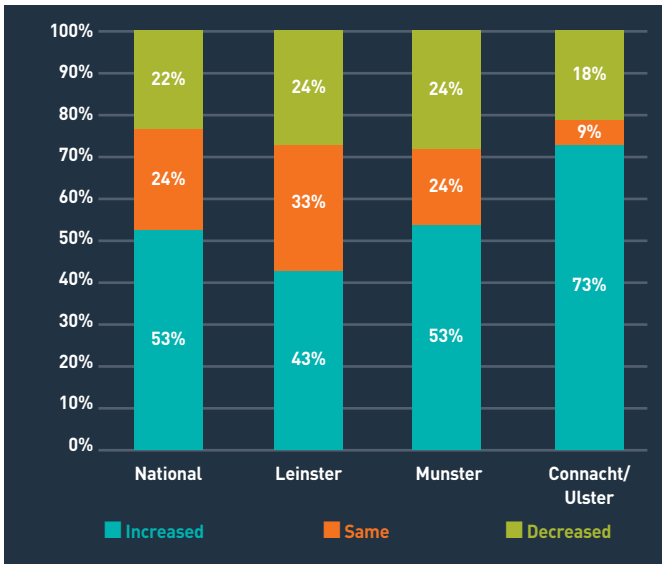

FIGURE 11: Agents' reports on the volume of agricultural land sold nationally in 2021 compared with 2020. *Source: SCSI/Teagasc Land Market Survey.*

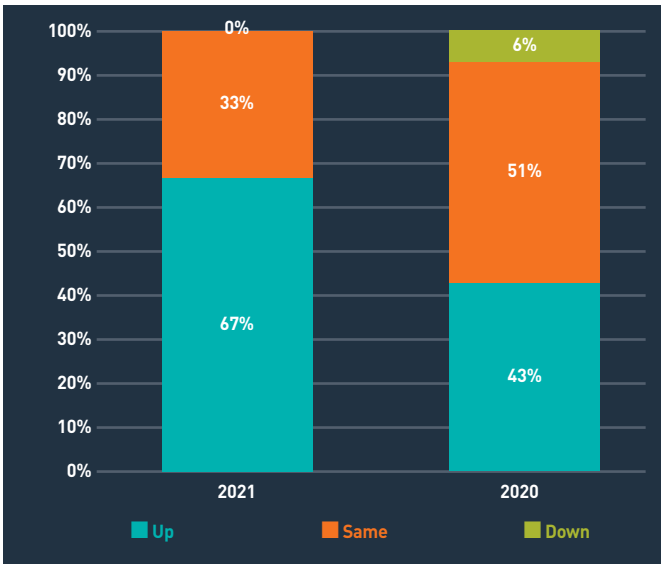

FIGURE 12: Changes to the levels of valuations undertaken for the intergenerational transfer of land over the last 12 months. *Source: SCSI/Teagasc Land Market Survey.*

could be as a result of the harsher Covid restrictions in place for the property sector in 2020.

In 2021, 53% of agents across the country reported an increase in the volume of land sold when compared to the previous year **(Figure 11).**

This is up from the 34% who reported an increase in 2020 when compared with 2019. A total of 24% of SCSI agents reported that the volume of land sold remained the same in 2021 (33% in 2020). Some 22% of SCSI agents reported that the volume of land sold decreased in 2021 compared with 33% in 2020. Overall, this is a positive trend according to SCSI agents, as it shows more confidence in the market from sellers, especially in the post-Covid restrictions era.

Farmland valuations

SCSI agents often provide valuation services to clients provided they are approved RICS Registered Valuers, which is a European Union recognised quality assurance scheme to ensure consistency of standards and advice to clients. The RICS Global Valuation Standards – Redbook is the international valuation standard within which SCSI members operate. SCSI valuers often provide valuation services to many clients such as landowners/farmers, banks, etc., and typically these can be needed for those transferring land to another generation of farmers, probate, stamp duty reasons, and lending. **Figure 12** therefore tracks the approximate volume of valuations carried out for the purposes of transfer of land to family members. This can be an important statistic for monitoring the level of activity in land transfer, especially as a result of any changes to Government policy over the years. According to the survey, 67% of valuers reported an increase in the percentage of valuation requests for the transfer of land. This is up from 43% in 2020. Various commentary from our survey suggests that there can often be emotional ties towards retaining ownership of agricultural land that may have been transferred to relatives over the years. This can be a significant reason why a relatively small acreage of land transacts each year. This can be a challenge for prospective purchasers seeking to purchase land.

Annually, the volume of land for sale as a percentage of overall acreage is typically lower compared to the level of transactions involving other property sales such as

ANNUALLY, THE VOLUME OF LAND FOR SALE AS A PERCENTAGE OF OVERALL ACREAGE IS TYPICALLY LOWER COMPARED TO THE LEVEL OF TRANSACTIONS INVOLVING OTHER PROPERTY SALES SUCH AS RESIDENTIAL.

ACTIVITY LEVELS BY SELLER TYPE 2021

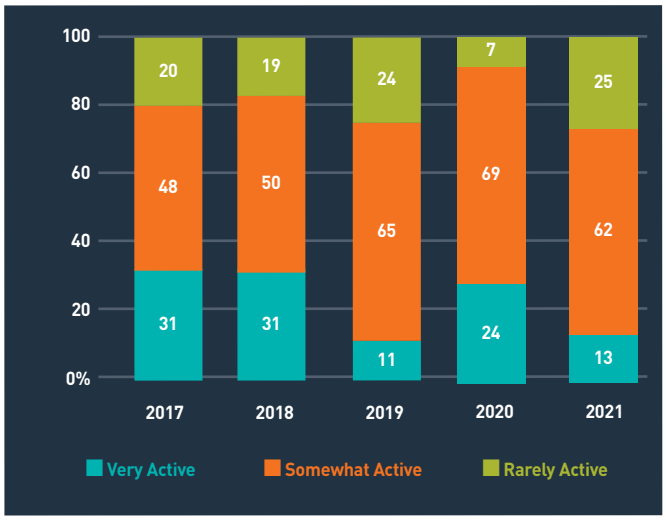

FIGURE 13: A farmer who is no longer farming and retiring.
Source: SCSI Land Market Survey.

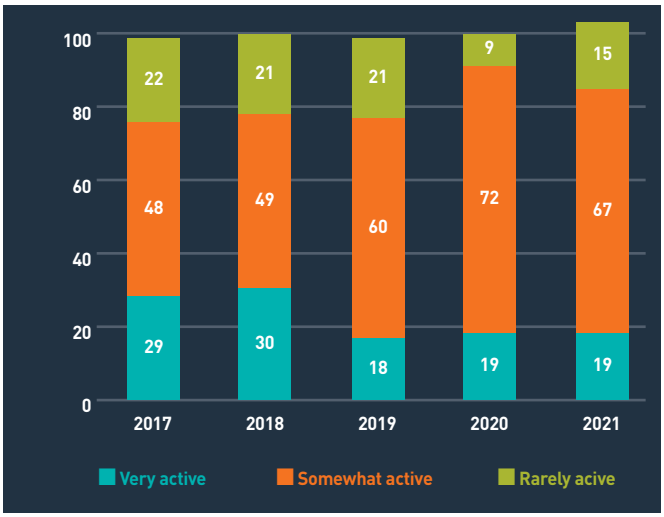

FIGURE 15: Trends of landowner who inherited land but who has no desire to farm the land
Source: SCSI Land Market Survey.

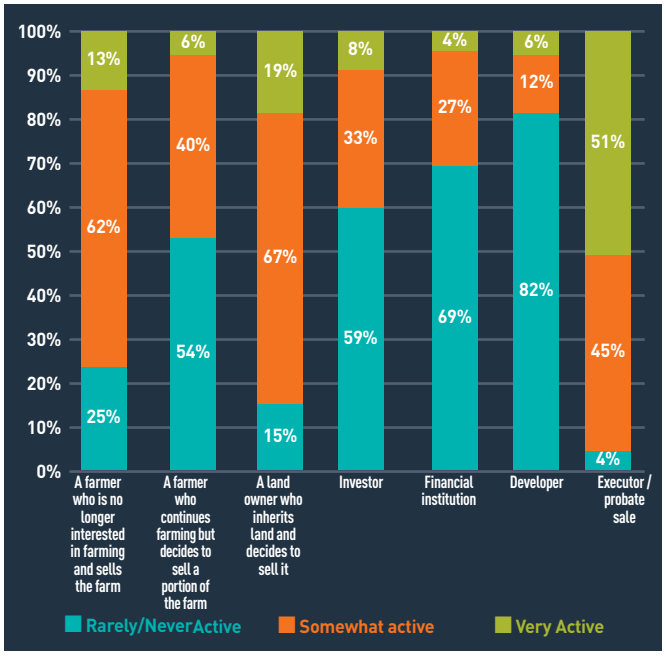

FIGURE 14: Activity levels in 2021 for selling agricultural farmland by seller type.
Source: SCSI/Teagasc Land Market Survey.

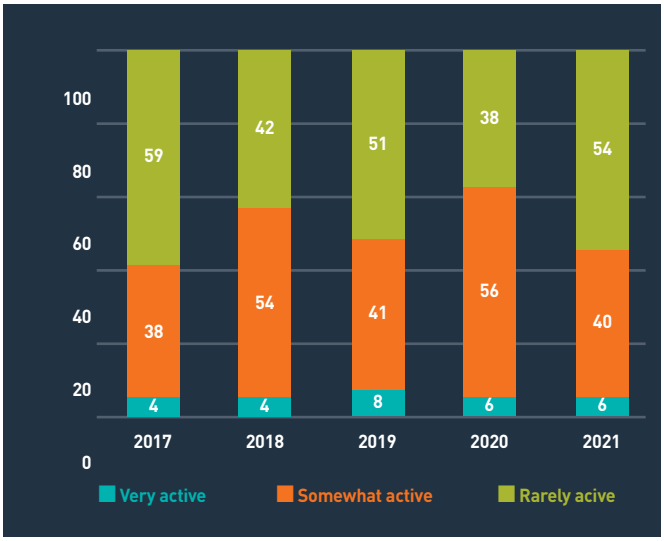

FIGURE 16: A farmer who is continuing to farm but decides to sell part of their land.
Source: SCSI Land Market Survey.
Note: Figures may not add to 100 due to rounding.

residential. Approximately 2.5% of residential property transacts[1] annually compared to approximately 0.3%[2] for agricultural land. **Figure 13** is a good example of where land within the farming community rarely transacts unless there is a significant reason to do so. Just 13% of agents stated that farmers retiring are very active in selling land, and this trend has reduced from 24% of agents reporting this 12 months' previous When compared with **Figure 14,** probate/executor sales are by far the main reasons for land sales in Ireland, with 51% of agents (32% in 2020) reporting that this category of ownership is very active in terms of land sales.

Other trends are shown in **Figures 15 and 16.**

References

1 Property Price Register, 2021
2 Available at: https://www.cso.ie/en/releasesandpublications/ep/p-alp/agriculturallandprices2018/kni/.

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. Based on the results from the county-by-county data from SCSI agents, the price differential between average prices paid for land of good quality compared to poor quality can range from 45% to 100%.

In other words, buyers of land can pay up to double the average rate per acre for good quality land in the same location, etc., compared to poor quality land. There are obviously important reasons for this, including better soil fertility, soil structure and percolation qualities, and therefore, land can be easier to farm and may be of use to more farming practices and farming sectors.

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 surround the house and yard. Residential farms can often come to the market in a habitable state or requiring refurbishment. The alternative type of land offering consists of farmland without a residence or ancillary farm buildings.

Our SCSI/Teagasc report seeks values per acre based on non-residential land. In our survey of SCSI agents, information regarding average percentage premiums was sought to ascertain how overall rates per acre may differ for residential land sales that are sold on the market.

Table 5 illustrates the average value difference per acre of residential farms when compared to non-residential farms. This differentiation allows for a distinction between actual land values and the additional value attributable to residential holdings on the land.

Typically, residential farms of less than 50 acres brought to the market are on average between 19% and 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 between 17% and 18%, and for plot sizes over 100 acres with a residence, the average premium compared with a non-residential farm of a similar size is between 14% and 15%.

Table 5: Residential farm values compared with non-residential farm values – percentage premium for land with a residence, on average.

Plot size	2021 average price difference (per acre)	2020 average price difference (per acre)
Less than 50 acres	19%	21%
Between 50 and 100 acres	17%	18%
Over 100 acres	14%	15%

Source: SCSI Land Market Survey.

REST OF LEINSTER

Land values

For the second year running since SCSI and Teagasc introduced average land values on a county-by county basis, the Leinster province (excluding Dublin) has the highest prices per acre on average relative to other provinces.

On average, good quality land in the Rest of Leinster region is valued between €11,000 (€7,375 in 2020) and €15,350 (€13,583 in 2020) per acre in 2021, dependent on plot size and location (**Table 6**). 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 such land for the purpose of building a house.
across all farming types and some agents expecting that this relatively positive outlook will translate to a more active market into 2021.

In the Rest of Leinster, on a county-by-county basis, Longford had the lowest average value for poor quality land less than 50 acres (€4,967 per acre in 2021 and €5,500 in 2020). Kildare recorded the highest rate per acre on average for non-residential land at €15,350 per acre (€13,583 per acre in

Abbeyleix Demesne, Abbeyleix, Co Laois.

Asking price: **€20,000,000,** listed by Colliers International.
Magnificent, refurbished period house on 1,200 acres. The lands were made up of a combination of excellent quality pasture land, mature/ancient Irish woodland, commercial forestry and the lands associated with the River Nore, which bounded the property. Extensive cut stone farm yard and traditional outbuildings.

Table 6: Average values per acre 2021 – 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	€9,125	€14,500	€8,542	€14,333	€8,267	€13,583
Meath	€8,432	€14,227	€8,000	€13,750	€7,400	€13,063
Dublin	N/A	N/A	N/A	N/A	N/A	N/A
Wicklow	€6,833*	€12,167*	€6,833*	€12,333*	€6,833*	€12,167*
Wexford	€8,375	€13,875	€8,250	€13,500	€8,167*	€13,125
Kildare	€8,775	€15,350	€8,275	€14,670	€7,815	€13,740
Carlow	€7,214	€13,429	€7,267	€13,725	€7,140	€12,867
Kilkenny	€8,000	€13,667	€7,970	€13,142	€7,590	€12,200
Laois	€7,542	€12,833	€6,683	€12,225	€6,617	€11,617
Offaly	€6,750	€11,600	€6,031	€11,613	€5,688	€11,000
Westmeath	€6,143	€12,571	€6,000	€12,333	€5,750	€12,167
Longford	€4,967*	€13,667*	€4,667*	€12,833*	€4,667*	€12,167*

*Lower than average response rate to the Survey.
Source: SCSI Land Market Survey

2020) for good quality land under 50 acres. According to comments received as part of the survey, some agents reported that as market demand strengthens, there is greater interest in purchasing dwellings on smaller holdings. The impact which Covid has had on work/life decisions is also evident in regional Ireland, with growing interest in more rurally located property with land. This market trend was also reported within the SCSI Annual Residential Review and Outlook Report 2021, which highlighted increased demand and prices being paid for homes outside of large urban centres.

Clonlisk, Shinrone Co. Offaly

SOLD

By online auction seeking: **€230,000 REA John Lee.**

c. 16 acres of prime roadside lands.

The lands are laid out in one block and are highly productive. They are ideally situated adjacent to Shinrone village and may have some future potential for alternative uses.

MUNSTER

In Munster, the average value of good quality land in 2021 ranged from €8,250 (€7,850 in 2020) for plots over 100 acres to €15,071 (€10,518 in 2020) for plots under 50 acres.

For poor quality land, prices ranged from €2,375 to €7,688 (€4,700 to €6,850 in 2020). Similar to other provinces, land values differ significantly across the province depending on plot size, location and other attributes such as access, rights of way, boundaries, and road frontage. Within Munster, on a county level, Clare recorded some of the lowest average values per acre (€2,375 to €9,800). Cork and Tipperary recorded some of the highest average values from €15,071 to €14,000 per acre, respectively.

2021 is likely to be remembered for significant increases in commodity prices and general inflation. Land agents commented within our survey that

Table 7: Average values per acre 2021 – 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
Waterford	€5,800	€13,600	€5,900	€12,600	€4,500	€11,625
Cork	€7,688	€15,071	€7,125	€13,857	€6,500	€12,786
Kerry	€5,875	€13,167*	€5,125	€12,833*	€4,375	€11,500*
Tipperary	€5,275	€14,000	€5,175	€13,700	€4,575	€13,111
Limerick	€4,750	€12,500	€4,500	€12,750	€4,250	€12,500*
Clare	€3,500	€9,800	€3,000	€9,500	€2,375	€8,250

*Lower than average response rate to the survey.

Source: SCSI Land Market Survey.

LAND VALUES

COUNTY, QUALITY AND PLOT SIZE

inflationary price pressures in the general economy may impact land values. This is yet to be determined, as is the scale of what this potential impact might be. Land values are expected to increase in the coming 12 months, as demand continues to outstrip supply.

The immediate outlook for farm incomes appears somewhat at odds with the projections for sales prices. However, these transactions tend to be based on a long term horizon with particular buyers (including dairy farmers) driving the demand.

Tullamaine Castle, Co. Tipperary

Sold by private treaty in the region of **€1,600,000 by Coonan & Goff's Property.**
c. 86 acres in Fethard Co. Tipperary.
Beautiful property with excellent lands and facilities in a prime location.

Downamona, Nenagh, Co. Tipperary

Sold by private treaty in the region of **€335,000** by Sherry Fitzgerald Talbot
c. 34 acres of roadside lands.
The lands, which are contiguous, comprise of mainly medium quality grazing land and are situated in an area where store cattle and dairy farming predominate.

CONNACHT/ ULSTER

On average, good quality land in the Connacht/Ulster region ranged from €3,375 (€5,000 in 2020) to €13,375 per acre (€9,500 in 2020) (**Table 8**). The least expensive land in Connacht/Ulster (and nationally) in 2021 was located in Mayo (€1,500 per acre for plot sizes over 100 acres) with the most expensive land on average in Connacht/Ulster located in Donegal at €13,375 per acre (€9,500 in 2020) for parcels less than 50 acres

Farm at Doonally, Sligo, Co. Sligo

Sold by private treaty for **€1,200,000** by Savills
c. 169 acres. Extensive let dairy farm situated on the periphery of Sligo Town.

Table 8: Average values per acre 2021 – 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	€4,478	€9,283	€3,375	€8,333	€2,750	€7,750*
Leitrim	€2,760	€5,025	€3,167	€4,250	€2,600	€3,375*
Cavan	€5,250*	€8,500*	€5,000*	€8,500*	€4,750*	€8,000*
Mayo	€3,588	€8,585*	€2,250*	€5,500*	€1,500*	€3,750*
Monaghan	€5,250*	€8,500*	€5,000*	€8,500*	€4,750*	€8,000*
Roscommon	€4,127	€9,167*	€3,750*	€7,000*	€4,000*	No data
Sligo	€3,900	€10,000	€3,500*	€7,000*	€4,000*	No data
Donegal	€3,625	€13,375	€3,333	€7,000*	€3,000*	€7,000*

*lower than average response rate. *Source: SCSI Land Market Survey.*

LAND RENTAL RATES IN 2021

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

Table 9: Land rental values 2021 compared to 2020 (€/per acre).

LEINSTER	2020	2021	2021 vs 2020
Grazing/meadowing/silage	193	245	27%
Grazing only	175	215	23%
Cereal crops (e.g., wheat, barley, oats)	220	259	18%
Potato crops	359	463	29%
Other crops such as sugar beet, maize and beans	266	323	21%
MUNSTER			
Grazing/meadowing/silage	215	231	7%
Grazing only	209	221	6%
Cereal crops (e.g., wheat, barley, oats)	242	244	1%
Potato crops	330	326	-1%
Other crops such as sugar beet, maize and beans	299	256	-14%
CONNACHT/ULSTER			
Grazing/meadowing/silage	153	168	10%
Grazing only	142	161	13%
Cereal crops (e.g., wheat, barley, oats)	158	NO DATA	N/A
Potato crops	242	NO DATA	N/A
Other crops such as sugar beet, maize and beans	173	NO DATA	N/A

Source: SCSI Land Market Survey.

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. Since only a small percentage of overall agricultural land is sold annually (0.3% in 2019 - source: CSO), leasing plays an important role in the agricultural land market. SCSI agents have indicated over the last number of years that demand for long-term leases has increased year on year. Long-term leasing can provide benefits to both landowners and lessees. For landowners, it allows ownership to be retained and they can receive the benefit of income tax incentives. For lessees, entering into a longer-term lease agreement provides them with a security of tenure and further incentivisation to financially invest and plan land usage over time, e.g., crop rotation, reseeding, fencing.

Due to the high demand for land, coupled with a low turnover of land via market sales, the leasing and letting markets are a competitive marketplace. As a consequence, land rental prices tend to be more aligned with the economic profitability of farming compared to the sales market, where prices for land sold regularly exceed levels that would be justified by the returns from farming.

Agents across Leinster reported an uplift in average rental values across all land types in 2021 when compared to the previous year (**Table 9**).

Notably, land suitable for grazing, meadowing, and silage increased by 27% year on year, while land suitable for potato crops increased by an average of 29%. Across all land types, rental values increased in Leinster by between an average of 18% and 29%.

Munster rental values also saw an increase, albeit more muted than what was witnessed in Leinster, across land suitable for grazing, meadowing and silage, and cereal crops. Values increased by an average of 1-7% across these categories. In contrast, average rental values for potato crops saw a minor decrease of 1% on average over the course of 2021. The 'other crops' category (e.g., land suitable for sugar beet, maize and beans) saw a decrease of 14% over the year.

Land suitable for grazing, meadowing and silage, and land suitable for grazing only both saw increases in rental values in Connacht in 2021. Values increased by 13% for land suitable for grazing, and by 10% for land suitable for grazing, meadowing and silage.

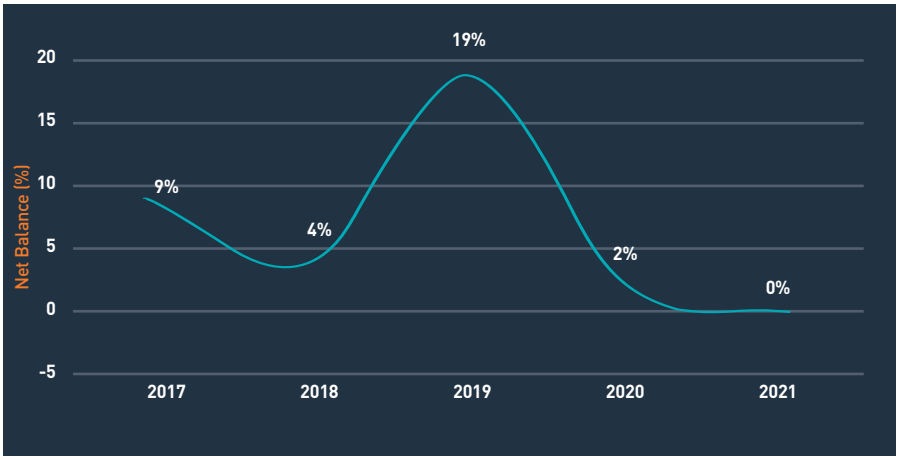

FIGURE 18: National Sentiment Index – volume of agricultural land leased. Source: SCSI Land Market Survey. Net balance = proportion of respondents reporting a rise in a variable (e.g., volume of land for leasing) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

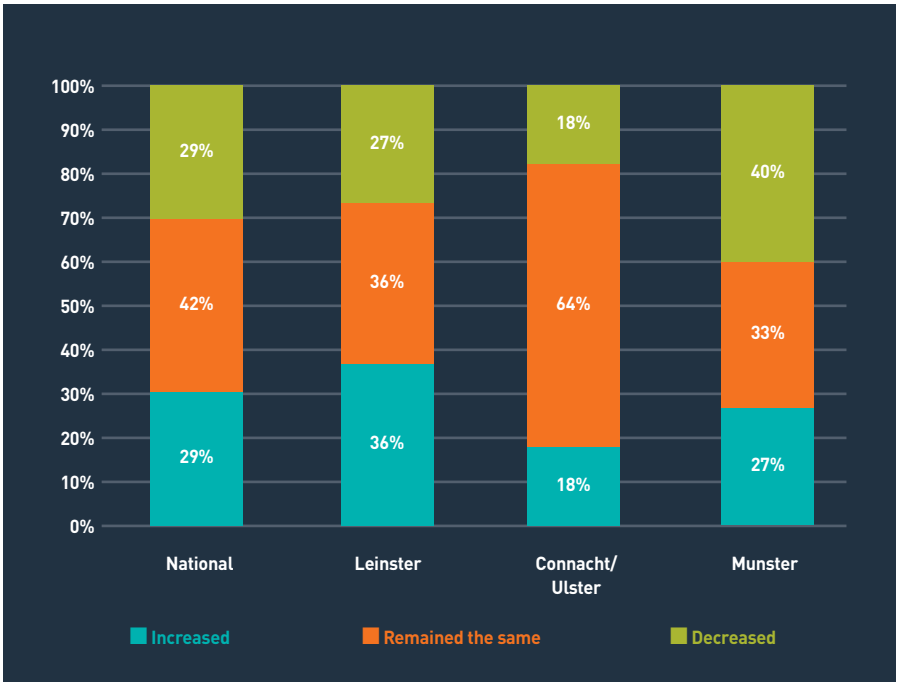

FIGURE 17: Agents' reports on the volume of agricultural land leased nationally and provincially in 2021 compared with 2020.

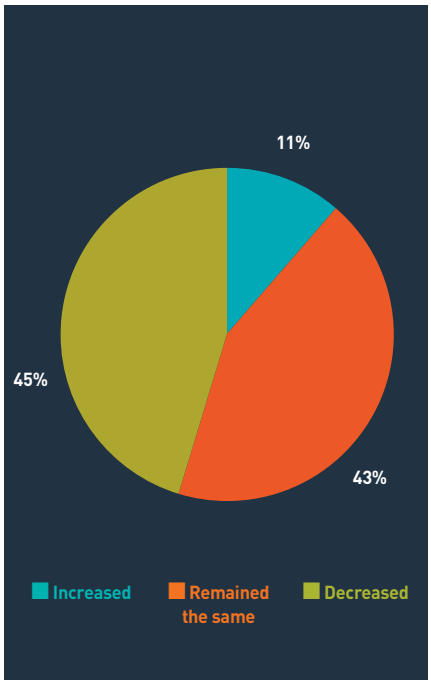

FIGURE 19: Agents' perspective on the volume of conacre land transacted in 2021 (compared to 2020). *Source: SCSI Land Market Survey.*

Leasing market

In contrast to the increase witnessed in the overall volume of land sold in 2021, an equal percentage of agents saw an increase in the volume of agricultural land leased as those who reported a decrease (29% respectively).

A balance of 42% of agents suggested the levels of land leased in 2021 remained similar to 2020 (**Figure 17**). Figure 18 illustrates the net balance of reported changes in our survey to the volume of 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. Looking at the net balance of volumes of land leased over time, agents have suggested that the overall volume of leasing taking place has gone down over over the course of 2020 and 2021. This appears to concur with the increase in agents over the same period reporting an increase in the demand for longer-term leasing. As more land parcels are tied up in longer-term leases, less will be available on the market.

In relation to conacre, 45% of agents reported that the area let for conacre had decreased when compared to 2020. A further 43% suggested that the area let remained similar to 2020, while only 11% reported seeing an increase in the area let for conacre (**Figure 19**).

LAND RENTAL

Demand for long term leasing continues to rise in the market. 85% of agents reported seeing an increase in demand for long-term leases when compared to 2020, up 10% year-on-year (**Figure 20**). A total of 98% of agents have reported seeing demand sustained or increasing year-on-year for such leases.

An increasing number of agents have further reported seeing an increase in the average duration of lease agreements, with no agents reporting seeing a decrease to the average duration in 2021 (**Figure 21**).

Land made available for leasing is reportedly driven largely by both farmers who are no longer interested or who have retired from farming (92% of agents report this cohort as being somewhat or very active), and landowners who have inherited land but who have no desire to farm it themselves (88% of agents reported this cohort as being somewhat active or very active in 2021 – see **Figure 22**).

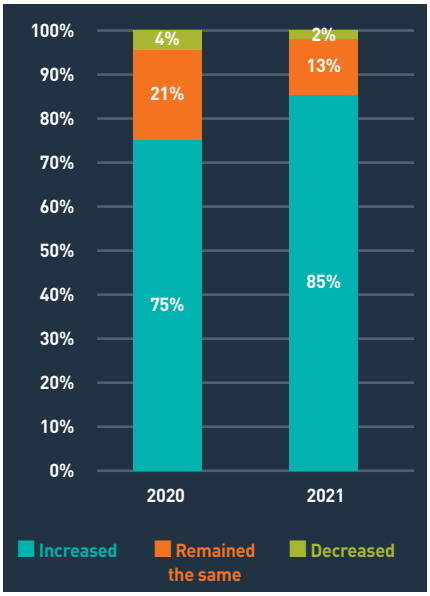

FIGURE 20: Agents' perspective on the demand for long-term leasing 2021 (compared to 2020). *Source: SCSI Land Market Survey.*

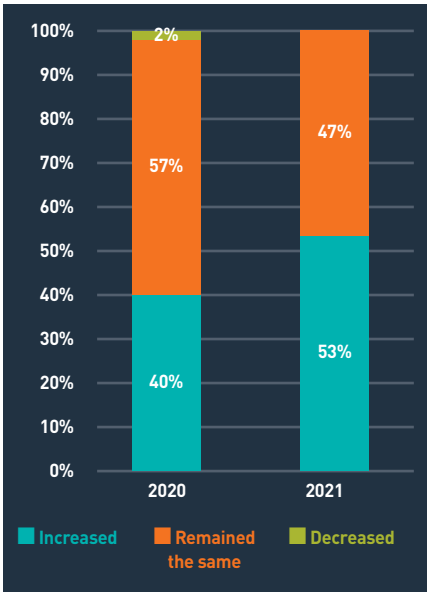

FIGURE 21: Agents' perspective on changes to the average duration of lease agreements 2021 (compared to 2020).

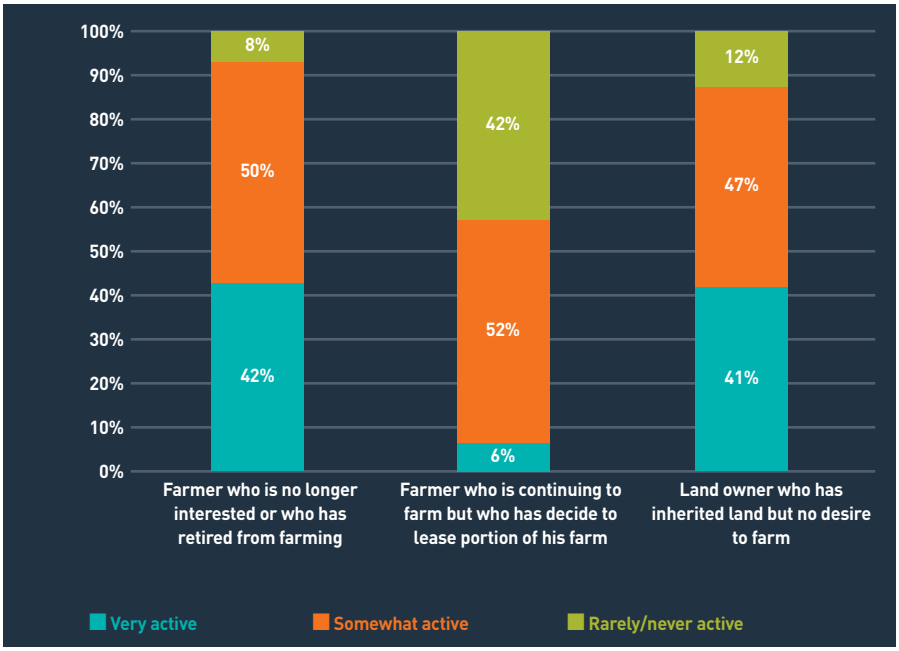

FIGURE 22: Leasing activity by landlord type 2021. *Source: SCSI Land Market Survey.*
1. Central Statistics Office, 2019.

LAND MADE AVAILABLE FOR LEASING IS REPORTEDLY DRIVEN LARGELY BY BOTH FARMERS WHO ARE NO LONGER INTERESTED OR WHO HAVE RETIRED FROM FARMING.

MARKET OUTLOOK

National average land values in 2021 for good quality and poor quality land were €10,962 and €5,308, respectively.

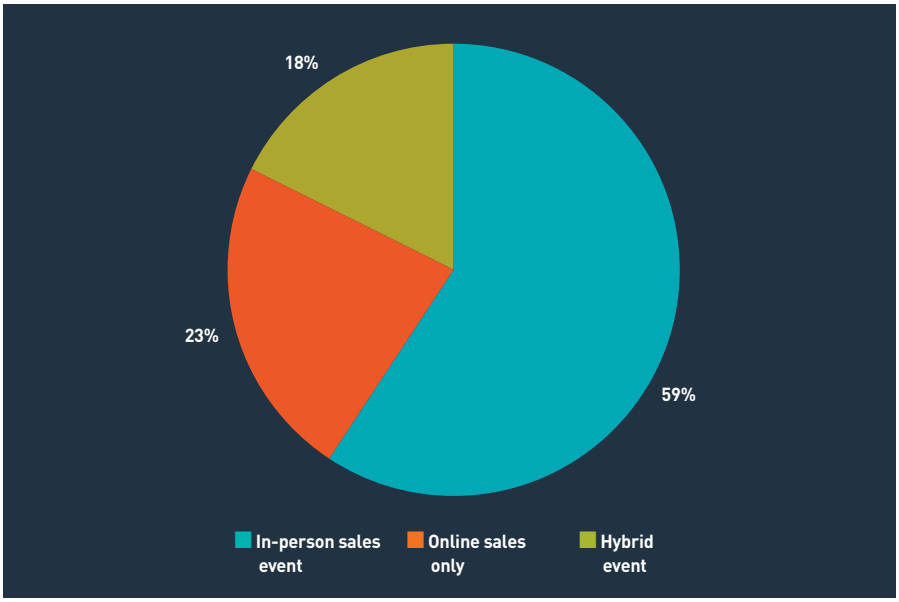

FIGURE 23: Percentage share of transactions' methods used in 2021 (auctions).

The reported national average land values in 2020 were €9,381 for good quality land and €5,900 for poor quality land. This represents a percentage change for the 12-month period of 17% and -10%, respectively. In terms of the next 12 months, it is anticipated that land values will increase by 6% on average according to agents.

As the easing of Covid restrictions were announced for the property sector in 2020 and 2021, more sales came to the market. Online technology for bidding and hosting sales/auctions is becoming increasingly prevalent. **Figure 23** illustrates the average percentage share of transaction methods used in 2021 by SCSI agents. Agents estimated that 59% of transactions took place at in-person sales events in 2021, whereas 23% of transactions were online only, and a further 18% were hybrid events (a combination of in-person and online).

In-person events are by far the most common and popular when it comes to selling agricultural land, when compared with online only or a mix between online and in person. Our survey does not contain reasons why demand for in person is over double that of online or hybrid; however, it is fair to assume that the trend to further utilise technology for land bidding and transactions will continue in the years ahead. Both sellers and buyers within the agricultural sector appear to have adapted well when using the various platforms and apps. A good example of this is the use of online viewing and bidding now well established in marts across the country. When asked to comment on the outlook for the land sales market in 2022, agents expect to see demand outstripping supply. Opinions from agents regarding the outlook on values is mixed. Overall, sentiment is positive that strong interest will remain from buyers; however, the supply of land for sale is a constant challenge. Agents also continue to raise the issue of high rates of Capital Gains Tax (CGT) as a reason why some landowners do not sell their land and instead opt for leasing. CGT is currently at 33% and, while certain capital reliefs are in place for the agricultural community in this regard, overall, tax liabilities raised because of a sale can be punitive.

Land values

Agents nationally, and across all provinces, anticipate an increase in land values in 2022. Nationally, and provincially, it is expected that the percentage increase in land values will average at 6%, up from a forecast of 4% last year. This forecast is dependent on the longevity and impact of the conflict in Ukraine and its impact more broadly on input costs and profitability of the farming sector in Ireland. If viability and cashflow issues are exacerbated throughout the remainder of 2022 and beyond, this could impact on prices paid for agricultural land. The forecasts noted in **Table 10** are primarily based on the supply–demand imbalance, where insufficient levels of land are made available to the market for sale. Agents continue to report that the demand for good quality land will remain strong in 2022, like 2021 and recent years, particularly from dairy farmers. Dairy farmers continue to be ranked as being the most likely purchasers of land across the country, depending on their location/ability to do so.

Table 10: Agents' average expected percentage change in land values in 2022 vs 2021.

National	6%
Leinster	6%
Munster	6%
Connacht/Ulster	6%

Source: SCSI Land Market Survey.

MARKET OUTLOOK

As illustrated in Figure 24, 87% (78% in 2020) of agents anticipate that there will be an increase in demand from dairy farmers to purchase agricultural farmland in 2022. This is a continued increase from 2019, where only 59% of agents anticipated an increase in demand to purchase land from dairy farmers.

Rental values

As with land sales prices, agents also expect to see an increase in land rental prices in 2022. The expected national increase is 10% (**Table 11**), up from the 6% forecasted in 2020 for 2021. Provincially, rental values are expected to increase the most in Leinster, where values are expected to rise by 12%. Rental values are anticipated to increase by 9% in Munster, and by the same figure in the Connacht/Ulster region. The anticipated increase in values reflects the tightened supply of rental land, particularly as land parcels continue being tied up in more longer-term leases.

Leasing

Just 29% of agents expect the volume of agricultural farmland available for lease in 2022 to increase (**Figure 25**). About one-third expect the land available for lease to remain similar to 2021, while 38% expect to see the volume of land available to decrease. This sentiment tallies with the expected increase in rental values over the course of the year. As with land sales, demand for land in the rental market can be particularly seen among dairy farmers, from whom 90% of agents are expecting to see an increase in the demand for land to lease in the upcoming 12 months (**Figure 26**).

Table 11: Agents' expected percentage change in land rental values in 2022 compared to 2021.

National	10%
Leinster	12%
Munster	9%
Connacht/Ulster	9%

Source: SCSI Land Market Survey.

Future drivers of the agricultural land market

The outlook for the agricultural land market remains mixed into 2022 and beyond. The recent significant increases across many farming inputs and inflation generally has some agents believing that this sentiment will trickle down to purchasers' affordability and purchasing power for land.

The agricultural sector is being affected by price rises, such as the more than doubling of fertiliser costs and substantially increased costs associated with fuel and animal feed. Farming margins are expected to be impacted as a result of significant price inflation.

The overwhelming majority of comments from agents point to a continued strong market for those buying smaller lots, especially land that has development potential to build a one-off home. Government policy in relation to one-off homes is expected to remain generally unchanged from previous years, whereby one-off home development in the country will be facilitated by local authorities, subject to rural housing guidelines.

The tragic war in Ukraine that has displaced so many families is causing a humanitarian crisis. For many others, the conflict has seen a surge in the cost of doing business and the cost of living.

Food prices are likely to rise and input costs facing the farming, manufacturing and logistics operations sectors will be borne by the consumer.

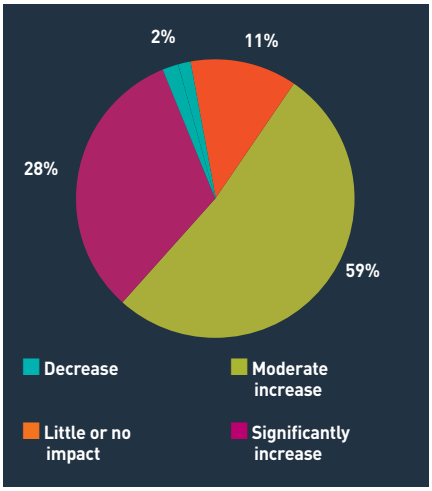

FIGURE 24: Agents' expectations regarding changes in purchasing demand from dairy farmers for agricultural farmland in 2022. *Source: SCSI Land Market Survey.*

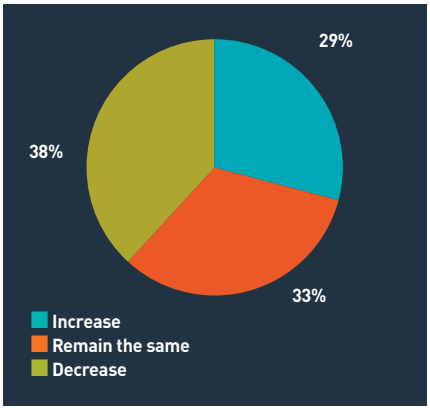

FIGURE 25: Agents' expectations with regard to changes in the volume of agricultural farmland for lease in 2022. *Source: SCSI Land Market Survey.*

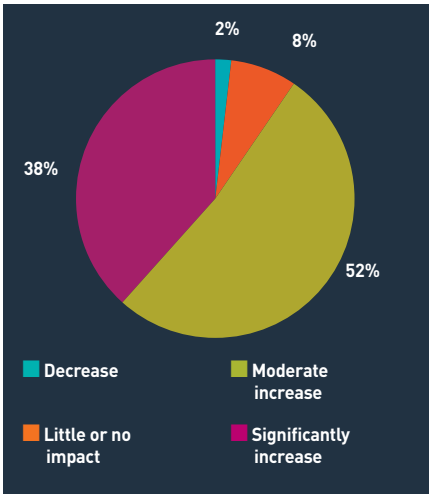

FIGURE 26: Agents' expectations with regard to changes in leasing demand from dairy farmers for agricultural farmland in 2022. *Source: SCSI Land Market Survey.*

TABLE A1: LEINSTER

Table A1: 2021 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	€9,125	€14,500	€8,542	€14,333	€8,267	€13,583
Meath	€8,432	€14,227	€8,000	€13,750	€7,400	€13,063
Dublin	n/a	n/a	n/a	n/a	n/a	n/a
Wicklow	€6,833	€12,167	€6,833	€12,333	€6,833	€12,167
Wexford	€8,375	€13,875	€8,250	€13,500	€8,167	€13,125
Kildare	€8,775	€15,350	€8,275	€14,670	€7,815	€13,740
Carlow	€7,214	€13,429	€7,267	€13,725	€7,140	€12,867
Kilkenny	€8,000	€13,667	€7,970	€13,142	€7,590	€12,200
Laois	€7,542	€12,833	€6,683	€12,225	€6,617	€11,617
Offaly	€6,750	€11,600	€6,031	€11,613	€5,688	€11,000
Westmeath	€6,143	€12,571	€6,000	€12,333	€5,750	€12,167
Longford	€4,967	€13,667	€4,667	€12,833	€4,667	€12,167

Source: SCSI Land Market Survey.

TABLE A2: MUNSTER

Table A2: 2021 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	€5,800	€13,600	€5,900	€12,600	€4,500	€11,625
Cork	€7,688	€15,071	€7,125	€13,857	€6,500	€12,786
Kerry	€5,875	€13,167	€5,125	€12,833	€4,375	€11,500
Tipperary	€5,275	€14,000	€5,175	€13,700	€4,575	€13,111
Limerick	€4,750	€12,500	€4,500	€12,750	€4,250	€12,500
Clare	€3,500	€9,800	€3,000	€9,500	€2,375	€8,250

Source: SCSI Land Market Survey.

TABLE A3: CONNACHT AND ULSTER

Table A3: 2021 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	€4,478	€9,283	€3,375	€8,333	€2,750	€7,750
Leitrim	€2,760	€5,025	€3,167	€4,250	€2,600	€3,375
Cavan	€5,250	€8,500	€5,000	€8,500	€4,750	€8,000
Mayo	€3,588	€8,585	€2,250	€5,500	€1,500	€3,750
Roscommon	€4,127	€9,167	€3,750	€7,000	€4,000	No data
Sligo	€3,900	€10,000	€3,500	€7,000	€4,000	No data
Donegal	€3,625	€13,375	€3,333	€7,000	€3,000	€7,000
Monaghan	€5,250	€8,500	€5,000	€8,500	€4,750	€8,000

Source: SCSI Land Market Survey.

TABLE A4: LAND RENTAL VALUES PER ACRE

LEINSTER (excluding Dublin)

Year	Grazing/ meadowing/silage	Grazing only	Cereal crops	Beet, maize, beans	Potatoes
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	€266	€359
2021	€245	€215	€259	€323	€463
12 months % change	**27%**	**23%**	**18%**	**21%**	**29%**

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
12 months % change	**7%**	**6%**	**1%**	**-14%**	**-1%**

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
12 months % Change	**10%**	**13%**	**n/a**	**n/a**	**n/a**

Source: SCSI Land Market Survey.

SCSI Chartered property, land and construction surveyors

ANNUAL SCSI/TEAGASC AGRICULTURAL LAND REVIEW & OUTLOOK 2022

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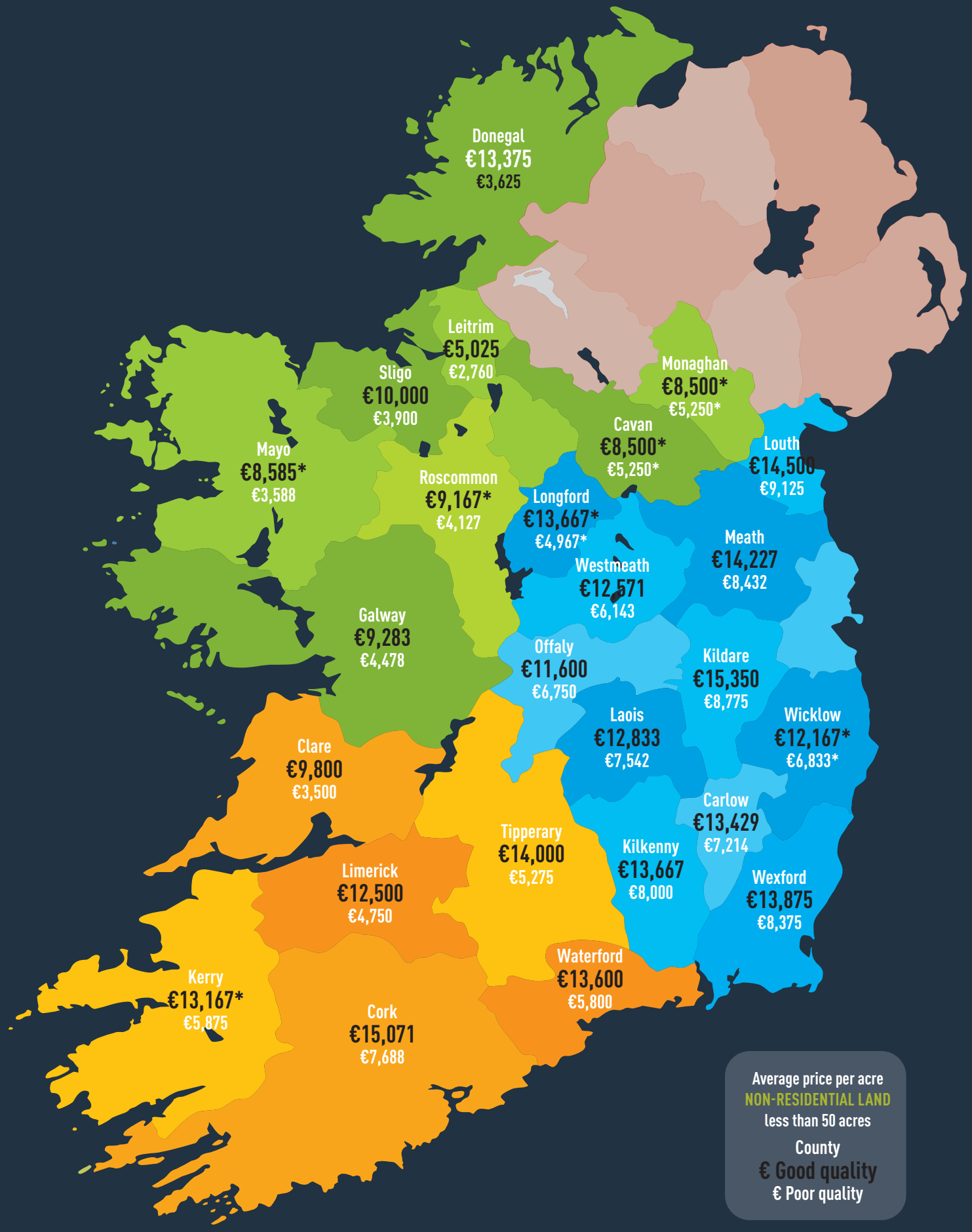

Average price per acre
NON-RESIDENTIAL LAND
less than 50 acres
County
€ Good quality
€ Poor quality

*Lower than average response rate to the SCSI Land Market Survey

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