

The logo for IPAV (Institute of Professional Auctioneers & Valuers) features the letters 'ipav' in a bold, lowercase, sans-serif font. A vertical orange bar is positioned to the right of the letters 'p' and 'a'.

Institute of Professional
Auctioneers & Valuers

Monday 31st January 2022

3:00pm – 5:00pm

Launch of IPAV's Farming Report 2022

IPAV Launches Farming Report 2021 – Notable Uptick in Land Values

Land prices in 2021 have shown a very discernible uptick across the country at about 10 percent, depending on location, with some choice plots making as much as 20 percent over reserves, according to the IPAV Farming Report launched today (Monday) by Charlie McConalogue TD, Minister for Agriculture, Food and the Marine.

However, while the dairy, beef and tillage sectors have experienced significant increases some niche sectors like poultry and pigs experienced real challenges.

Higher input costs arising from spiralling inflation were a prevailing feature of the market with a 100 percent increase in the cost of fertiliser and an eye-watering 250 percent increase in nitrates.

Pat Davitt, IPAV Chief Executive said there are a number of factors impacting the market, new behavioural changes in response to the pandemic, the green agenda in policy terms, rising inflation and “the chase for yield.”

“Exiles returning home, the purchase of land by other business owners and the ability to work from home, are all factors increasing competition for the scarce resource that is land, with a lack of supply for both purchase and rental,” he said.

“And in the period ahead the climate change agenda, the new Common Agricultural Policy will impact, as will the already well imbedded trend of farm sizes increasing with the exodus of many part-time farmers arising from poor margins, will all be central factors influencing the market.”

He said if the strong prices experienced in 2021 are maintained it may prove a difficulty in terms of the availability of land for forestry.

Some of the highlights from the IPAV Farming Report:

Munster

Limerick region: Tom Crosse FIPAV Immediate Past President of IPAV and GVM Auctioneers in Limerick says 2021 has seen the strongest demand he had seen in 15 years. The supply of new land available to lease was very limited and this situation is unlikely to change. He says banks are now willing to lend for the purchase of land. “Land continues to be seen as an

attractive long-term investment, taking into account current low interest rates.” Tom has seen increases of up to 20 percent for quality farmland.

Cork Region: John Hodnett MIPAV of Hodnett Property Services in Clonakilty says dairy strongholds have secured some of the best prices in Ireland for medium to large plots of grassland, up to €14,000 an acre, up from €13,000. Forestry achieved €6,500 an acre. Land lettings achieved €300 an acre.

Tipperary Region: Dermot Power MIPAV of Power & Walsh in Clonmel says lack of supply has been the main factor with prices achieved among the highest in the country at €16,500 an acre for quality grassland. Dairy farmers looking to extend their holdings to comply with headage requirements and the strong bloodstock sector in the region were key drivers.

Leinster

Kildare region: Eamon O’Flaherty FIPAV of Sherry Fitzgerald Brady O’Flaherty in Maynooth says there was a reduction of up to 50 percent in the supply of fresh ground coming to the market in 2021. He expects further strong demand in 2022 and is predicting a further 10 percent increase in prices. Prices in 2021 were in the region of €12,000 an acre. He has seen a lot of interest from non-farmers viewing land as a secure risk-free investment “There is an increased number of hobby farmers who can now work remotely, as well as doing a small bit of farming.”

Westmeath region: Alan Bracken MIPAV of Sherry Fitzgerald Davitt & Davitt in Mullingar says prices for both quality grassland and tillage achieved in the region of €9,000 an acre. Holdings over 90 acres were in high demand, mainly from dairy farmers. Demand for lands to rent was strong with average prices for marginal areas at €160 to €200 an acre. He expects these prices to increase in 2022. Oil, gas and fertiliser prices have increased significantly and may negatively impact demand in the tillage sector in the period ahead.

Meath region: The availability of land for sale was limited in 2021 with large areas of Co. Meath seeing no land sales at all. Prices were in the region of €6,000 for forestry and up to €12,000 an acre for quality grassland and tillage. Stephen Barry MIPAV of Raymond Potterton Auctioneers in Navan says a combination of leasing and a reluctance to do anything due to entitlement uncertainty has led to a continued reduction in the volume of lands to rent. He predicts increased prices in 2022. “The key factors are rapid inflation, negative interest rates, volatile equity markets and a favourable tax regime on the investor front and nitrates/environmental (changes) on the farming front.”

In North Meath John V Farrelly MIPAV, DNG Royal County in Navan has seen average prices for quality farmland rising to €14,000 an acre. “It is apparent than many buyers are not prepared to leave money in the bank as they see land as a good investment.” He says the pig industry has taken a bit hit. “The market in China has collapsed,” he says.

Connaught

Galway region: Gerry Coffey MIPAV Senior Vice President IPAV, Williamstown, Galway says minimum prices for grazing land were in the region of €6,000 an acre in 2021 with optimum prices for forestry achieving €5,500 an acre. Gerry has seen an increase in land coming to market as the year progressed, fuelled by continuing demand. Land lettings were achieving in the region of €170 an acre. He says a big worry is input costs. Fertilizer, fuel, meal and contractor charges have all increased, “so margins may be tight,” he says. He expects values will continue to increase, with the green agenda helping.

Roscommon region: Cathal Meares MIPAV of RE/MAX teal Earley in Roscommon says supply was limited with strong demand from investors looking for potential returns of 3 to 5 percent as opposed to negative interest rates from banks. He says good grassland achieved up to €8,000 an acre.

Ulster

Donegal region: Keith Anderson MIPAV of Anderson Auctioneers in Donegal town says there was a wide range of prices achieved for land in Co. Donegal. “Smaller 10 to 15 acre quality plots were achieving up to treble the price of larger ‘farmer farms’,” he says. And there is good demand from Northern Ireland for lands close to coastal areas. Certain areas in South Donegal with better limestone quality and good access are attracting greater interest – areas such as Ballyshannon, Ballintra and Rossnowlagh.

Cavan Region: Peter Murtagh MIPAV Auctioneers in Bailieborough is seeing strong demand in the Cavan/Monaghan region with average prices for grassland of €8,000 an acre. He sees both demand and prices remaining positive for the next 12 months “despite the obvious increases in input costs.” And he says demand from dairy farmers to purchase alternative land types to comply with headage requirements has been strong.

Ends

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Note to editors: IPAV is the only representative body in Ireland which solely caters for the professional and educational requirements of auctioneers and valuers practising throughout Ireland. Established in 1971, it has close to 1,300 members nationwide. For further information log onto www.ipav.ie