



# AGRICULTURAL LAND MARKET REVIEW 2023



## OVERVIEW

After a strong first half of the year with land values rising by a significant 7.2%, the second half of 2023 saw the pace of growth falling to a more moderate 2.6% according to the Sherry FitzGerald Agricultural Land Barometer.

This brings the increase for 2023 as a whole to 10%, marginally lower than the 11.5% growth recorded in the previous year.

As such, the weighted average price of an acre of farmland in Ireland, excluding Dublin, stood at approximately €11,929 at the end of 2023.

Prime arable land saw the most significant increase in values over 2023, rising by 11.1%, to retain its position as the most valuable land type with an acre costing €14,461. Marginal and Prime Grassland saw lesser, but equally impressive growth of 9.4% and 9.2%, respectively.

In terms of location, the Midlands experienced the highest growth over the year, followed by the West and Border regions.

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# ECONOMIC OVERVIEW

2023 saw the European Central Bank (ECB) continue its policy of raising key lending rates to control inflation in the Euro Area which remained well above the target 2% rate for much of the year.

The most recent increase was in September, bringing the main refinancing rate to 4.5%. As a result, Euro Area inflation declined significantly from the double digits recorded towards the end of 2022 to reach 2.6% in February 2024. Given that inflation is now close to the target rate and the elevated interest rates are impeding economic activity, it is expected that the ECB will begin to cut interest rates in the year ahead with the first cut anticipated mid-year.

The annual rate of inflation in the Irish economy, as measured by the Consumer Price Index (CPI) also moderated during 2023 and into the opening months of 2024 to reach 3.4% in February.

The pace of economic growth in the Irish economy was also impacted by the high interest rate environment as well as reduced global demand with net exports contracting by 17.6% during the year. As a result, real GDP decreased by 3.2% in 2023 following growth of 9.4% in 2022. Modified Domestic Demand (MDD), which is considered a more reliable measure of economic activity in Ireland because it strips out activities of outward facing multinationals that have little impact on the domestic economy, increased by a modest 0.5% in 2023. This reflected 3.1% growth in consumer expenditure, buoyed by the continued strength of employment.

Latest figures from the Labour Force Survey reveal that the total number of people in employment

continued to rise throughout 2023 to reach 2.7 million in quarter four, representing an increase of 3.4% on the same period the previous year. Subsequently, the unemployment rate remained very close to the full employment level, with the seasonally adjusted rate standing at 4.2% in February 2024.

Agricultural output prices fell by 8.2% in 2023. The most significant reductions were seen in milk prices which decreased by 27.5% compared to 2022, while sheep prices fell by 1.7% during the year. In contrast, both pig and potato prices increased by 19.1% in 2023 while egg prices increased by 15.1% and cattle prices were up by 3.4%.

Input prices also fell during the year with the CSO Agricultural Input Price Index recording a decrease of 5.5% compared to 2022. This decrease reflected a significant 31% reduction in annual fertiliser prices compared to 2022, while energy prices were down by 3.5%. Increases over the year were seen in plant protection products (+8.8%), seeds (+7%) and veterinary expenses (+6.1%).

Looking forward, the ESRI forecast that real GDP will return to a positive rate of growth in 2024 to reach 2.3%, while Modified Domestic Demand is predicted to expand by 2%. Labour market conditions are expected to remain tight with unemployment estimated to average 4.3% for the year.





# MARKET COMMENTARY



**Philip Guckian,**  
**Associate Director, Sherry FitzGerald**  
**Country Homes, Farms & Estates**

Commenting on the market, Philip Guckian, Associate Director Country Farms, Homes & Estates said...

"Following a tentative start to the year, demand for agricultural land picked up considerably during the second quarter of 2023 with equally strong growth in land values. The pace of growth tapered off towards the latter half of the year however as factors such as reduced dairy prices and poor weather conditions impacted farmers' incomes, while higher interest rates also dampened performance. That said, demand remained robust across all sectors of the market, buoyed by the need for dairy farmers to increase landholdings to meet the new nitrates limitations. The opening months of 2024 have shown signs of cautious optimism in the agri-land market, and while demand is expected to remain strong, there are a number of factors that could impact land values in the months ahead."



**AGRICULTURAL LAND MARKET REVIEW 2023**

# GENERAL FARMLAND

2023 was a year of two very different halves for the agricultural land market, with values rising by 7.2% in the opening six-month period, the highest growth rate recorded for any half year period since the series began in 2011.

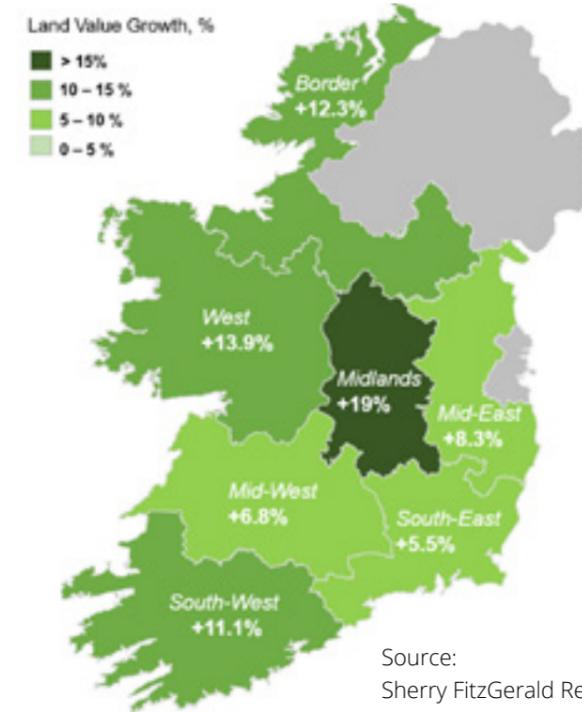
In contrast, the second half of the year saw more moderate growth of 2.6%, reflecting the impact of reduced output prices and poor weather conditions coupled with higher lending costs. This is in contrast to 2022, which saw steady growth across the entire year.

As a result, for 2023 as a whole, agricultural land values nationally, excluding Dublin, increased by 10%. This is compared to growth of 11.5% recorded

for the previous year. The weighted average price of an acre of farmland at the end of 2023 stood at approximately €11,929, up from €10,843 at the end of 2022.

Growth was seen across all regions during the year, with the Midlands being the standout performer following a rise in values of 19%. Following this were the West (+13.9%) and Border (+12.3%) regions. The

**Agricultural Land Price Performance, 2023**

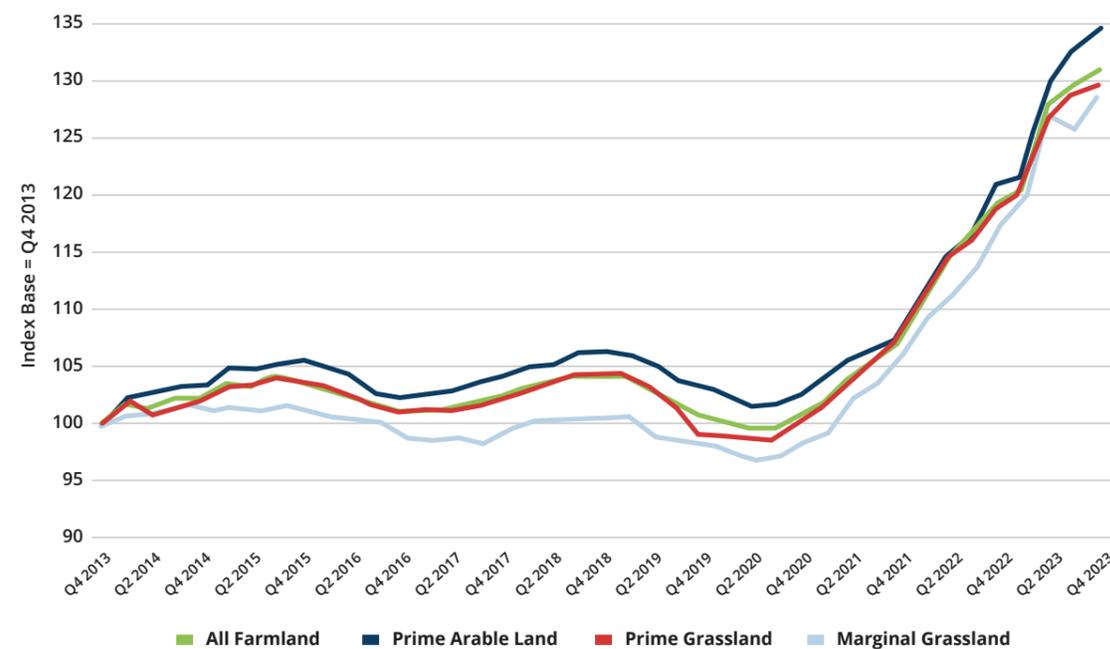


South-East region experienced the lowest level of growth over the year, at 5.5%. These levels of growth come on the back of some high-profile sales within the agricultural land market, such as the 458-acre Rostalla Farm in Kilbeggan, Co. Westmeath, which sold for €4.5 million in Q2. An increasing number of purchasers during the year were from an investment background rather than farming, as agricultural land was considered as a safe alternative investment opportunity.

As of the end of Q4, the most valuable agricultural land in the country was in the Mid-East, with a price of €13,714 per acre. Notable growth was seen in Kildare and Meath. The West region maintained its position as the region with the most inexpensive agricultural land despite growth of 13.9%, with an acre costing €8,200.

Source: Sherry FitzGerald Research

**Agricultural Land Price Barometer, Q4 2013 – Q4 2023**



Source: Sherry FitzGerald Research



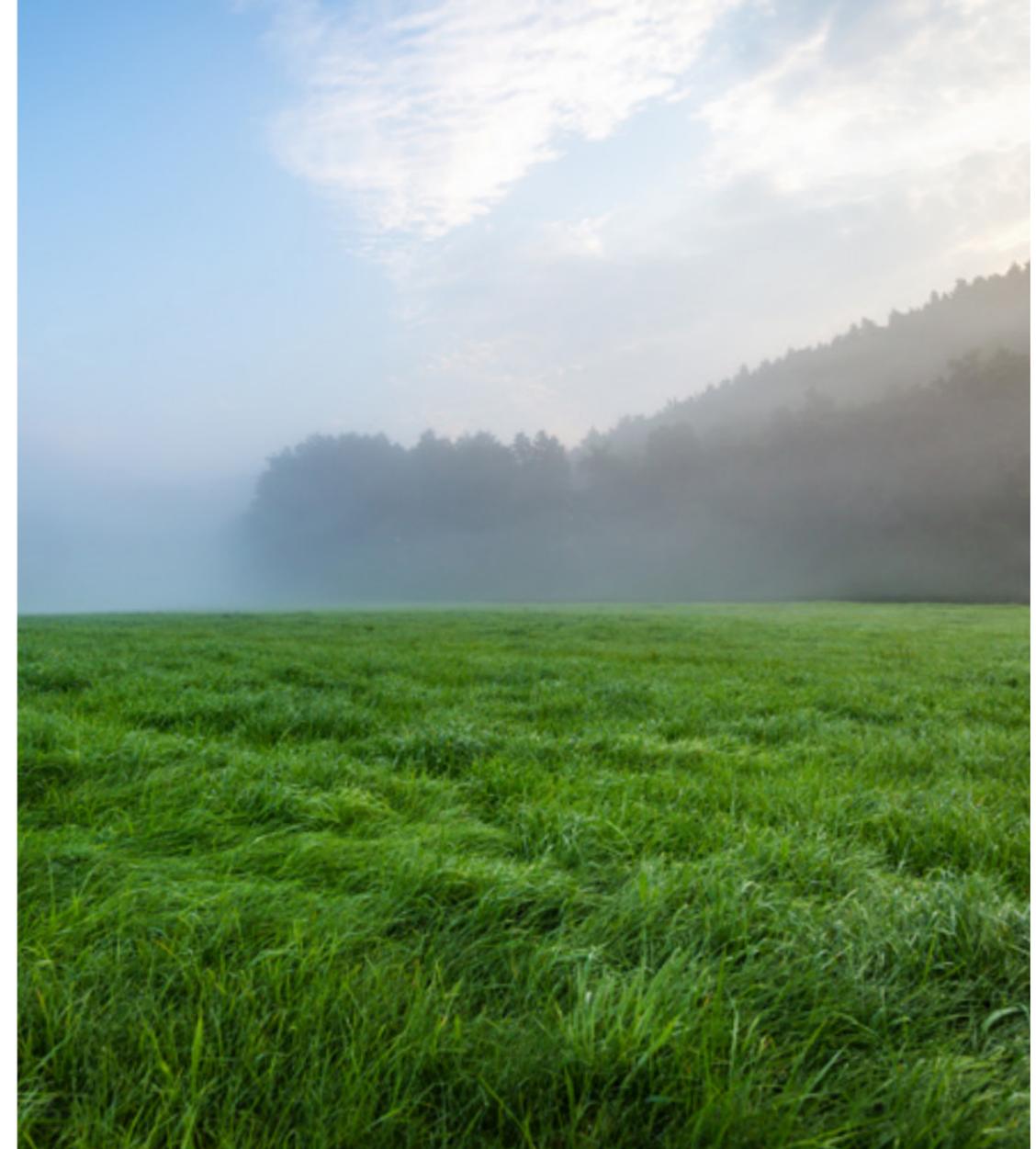
# GRASSLAND

Prime grassland values grew by 9.2% over 2023, down from the 10.6% growth recorded over 2022.

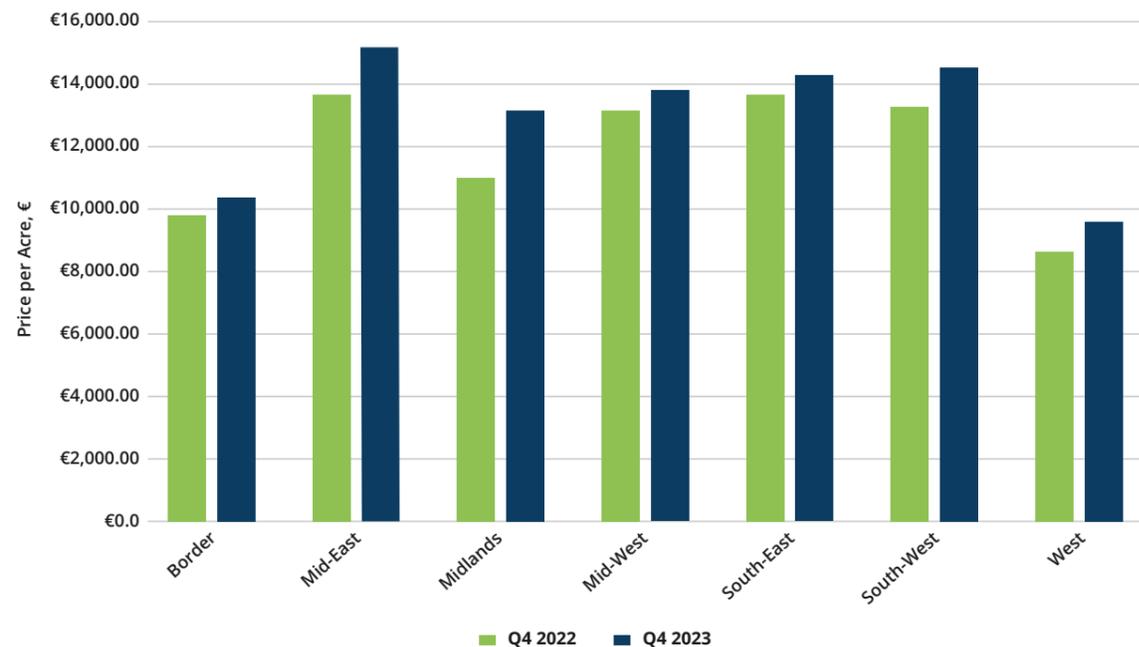
As of December 2023, the weighted average price of an acre of prime grassland stood at €13,290, up from €12,170 at the end of 2022.

All regions experienced price growth over the year, with the most significant of this being in the Midlands, where prices grew by 19.3%. Notably this represents the highest increase in prime grassland values for any calendar year since the series began in 2011. The West (+11.6%), Mid-East (+11.5%) and

South-West (+9.7) regions also stood out in terms of growth. Like all farmland, prime grassland price growth moderated in the latter half of the year, down to 2.7% from 6.4% for the preceding six-month period. While the announcement of changes to nitrate regulations would have inflated demand during H1, milk prices steadily fell by 27.5% over the year, which have been partly to blame for H2's relatively dampened performance as dairy farmer incomes dropped.



Prime Grassland Prices, Q4 2023



Source: Sherry FitzGerald Research

As of the end of 2023, the most valuable region for prime grassland in Ireland was the Mid-East, where the price of an acre is €15,188. The most inexpensive region continues to be the West, where an acre of prime grassland is valued at €9,600.

Marginal grassland values also recorded high levels of growth, increasing by 9.4% over 2023, and bringing the weighted average price of an acre nationally to €8,034. The Border (+27.1%) and West (+19%) regions experienced exceptional growth, although these two regions continue to see the lowest price per acre for marginal grassland at €6,833 and €5,000 respectively. In contrast, the Mid-East region saw values rise by a marginal (0.8%) but remains the most expensive region in terms of price per acre

at €9,891. The impressive performance of marginal grassland during 2023 was likely helped by farmers being less likely to discriminate between marginal and prime grassland as they pursued to increase their acreage to meet nitrate regulations. Another significant contributor to demand for marginal grassland has been the introduction of the new Complementary Income Support for Young Farmers (CIS-YF).

Quarterly, marginal land prices across the country grew by 2.1% during the final three months of the year, following a fall in values of 1% in Q3. Most regions remained relatively flat, however notable growth was seen in the Midlands (+6.2%), Mid-West (+3.3%) and Mid-East (+2.8%).

# ARABLE LAND

Arable land values grew by 11.1% over 2023, down from the 12.4% recorded over the previous year.

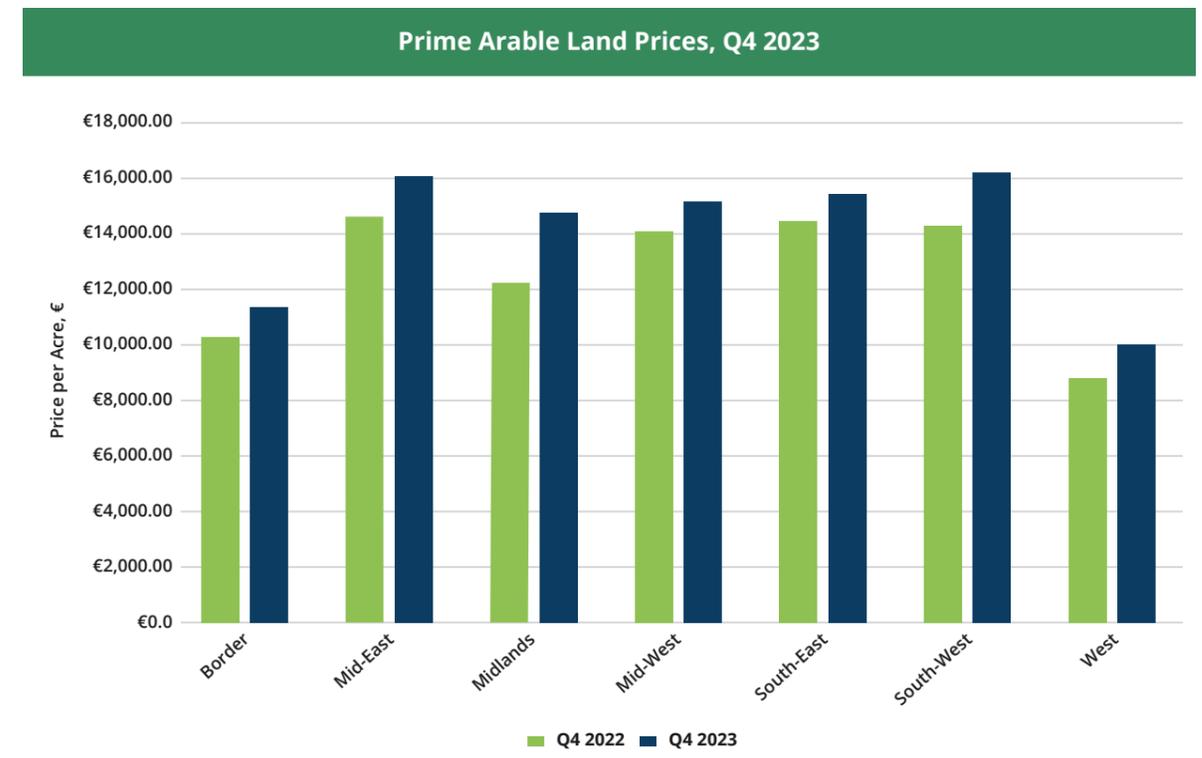
Similar to the other land types, much of this growth was concentrated in the first half of the year with values rising by 7.4%, compared to more moderate growth of 3.4% in the final six-month period.

The weighted average price of an acre of prime arable land stood at €14,461 at the end of 2023, up from €13,014 the previous year.

The Midlands was again the region which experienced the most substantial growth over the year, with values rising by 20%. Impressive growth was also seen in the

West (+13.6%), South-West (+13.2%), Border (10.6%) and Mid-East (+10.3%). The South-West region continues to be the most valuable region for prime arable land, where an acre costs €16,166. The most inexpensive region for arable land is the West region, with an acre being valued at €10,000.

During quarter four, the Mid-West region saw the most significant growth of 3.4%. Aside from this, growth was mostly flat, with only the South-West (+2.1%) and Mid-East (+2%) regions experiencing a rise in values.



Source: Sherry FitzGerald Research



# OUTLOOK

There are a number of factors that are likely to impact the agricultural land market in 2024. The turn of the year saw the culmination of anger within the farming sector, as farmers took to the streets en masse across Europe due to regulations and rising costs.

The effects of such regulations were evident in the Irish agricultural land market during 2023 as farmers sought to purchase more land to maintain their incomes or face reducing cattle numbers to meet nitrate regulations. This is likely to continue in 2024 as farmers endeavour to meet requirements. In addition, there is uncertainty over whether the nitrate derogation will be reduced further or removed in the future, which may lead to further land acquisitions among dairy farmers to meet new regulatory conditions.

This also contributed to the strong performance of marginal land prices during the year, with nitrate regulations based on total landholdings, regardless

of land type. Furthermore, the new enhanced income support scheme for young farmers (CIS-YF) designed to help them succeed in farming has also boosted demand for more affordable land. This is expected to continue in the year ahead.

A portion of the demand seen in 2023 was from investors seeking to hedge against inflation. However, activity among investors seeking to lease farmland may be deterred in 2024 following new rules introduced in Budget 2024. These stipulate that any landowners purchasing farmland on or after 1st January 2024 must own the land for at least seven years before qualifying for relief on rental income.

On a positive note, costs facing farmers are expected to be lower compared to 2023 levels, while output prices are expected to rise, with Teagasc predicting strong growth in average farm incomes compared to 2023.

Furthermore, it is likely that elevated interest rates contributed to the slower pace of growth in land values during the second half of 2023 as more difficult lending conditions impacted the price that farmers were able to pay for land. However, it is now widely anticipated that interest rates will decrease in the year ahead, with the first reduction expected mid-year.

In 2024, demand is expected to remain strong while growth in land values is expected to remain at more normalised levels.



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