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Modest increase shows in Leinster farm land prices

SURVEY

Leasing market has noticeably lessened

THE Society of Chartered Surveyors Ireland / Teagasc Agri Land Market Review and Outlook 2017 found that prices remained relatively stable across the country in 2016, with Leinster recording modest increases. The new report on agricultural land prices shows there were significant falls in values across all categories of holdings in Munster. The land sales market in Leinster fared better than in Munster in 2016. Prices for smaller transactions of less than 50 acres showed the largest increase, with average prices increasing by up to six per cent relative to 2015. In the 50 to 100 acre and the over 100 acre categories in Leinster, the story was more mixed, with modest selling price increases of one to two per cent recorded for transactions that did not include a residence. The leasing market has noticeably decreased as land owners take advantage tax relief for long term leasing. One rural surveyor quoted in the report said that farmers prefer long term leases rather than the traditional conacre system as it gives them more flexibility and tenure for a fixed period.

MUNSTER

The report found that in 2016 selling prices in Munster for larger holdings - over 100 acres with a residence - fell by 20 per cent, while those without a dwelling fell by nine per cent. For medium sized holdings - between 50-100 acres, the falls were 10 per cent with a residence and 11 per cent without. For

small holdings, up to 50 acres, the falls were four and three per cent respectively. Teagasc Economist Jason Loughrey said that depressed profitability from, beef, tillage and in particular dairy farming, were having a negative effect on land values. "The fall in land values in

Munster may represent a reaction to the drop in profitability on dairy farms in 2016

following two particularly high dairy income years in 2014 and 2015," he explained. "While cattle prices declined by between five and eight per cent and cereal prices fell five per cent, milk prices declined by nine per cent. The fall in dairy prices in particular may explain why land rental rates and sales prices differed be-

tween Munster and the other regions. Depressed dairy farm incomes appear to have led to reduced demand for agricultural land with the magnitude of the price decline increasing in accordance with the size of the land area transacted," Mr Loughrey said.

CONNAUGHT/ULSTER

The most positive land market developments in 2016 were reported in Connaught/Ulster where values increased

across all land categories tracked in the survey. The largest increase reported in Connaught/Ulster was for transactions of less than 50 acres including a residence, where prices increased by 12 per cent. For the other land categories in Connaught/Ulster value increases were in the range of one to five per cent. Edward McAuley, SCSi Regional Manager, pointed out that while the performance of the market in Connaught/Ulster contrasted with Leinster and Munster, it should be noted that average land prices in Connaught/Ulster remain below the average in the other two regions. "Some surveyors attributed the price increases in Connaught/Ulster to the expansion of commercial forestry and believe this expansion is



UK Additional Regionals

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Dunshaughlin man Edward McAuley (second from right) is Society of Chartered Surveyors Ireland regional manager, pictured with member Tom Potterton of Trim, and Geoff Tucker and Jason Loughrey, Teagasc.