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AGRICULTURAL LAND MARKET REVIEW Q1 2025

OVERVIEW

The Sherry FitzGerald Agricultural Land Price Barometer saw a return to more sustainable growth in land prices in 2024 with values rising by 5.4% in 2024 compared to 8.4% and 12.4% in 2023 and 2022 respectively. The pace of inflation continued to ease in the opening quarter of 2025 with average prices increasing by an annual rate of 3.6%. This brings the weighted average price of an acre of general farmland to €12,195 in quarter one 2025.

This slower pace of growth reflects several challenges experienced by the sector throughout the year.

The Border region led agricultural land value growth with a significant annual increase of 8.8% in the first quarter of 2025 reaching an average of €10,333 per acre. Almost all regions experienced positive growth during the three-month period. The Midlands was the only region to witness a decline at a modest 0.7%, bringing its average value to €13,590 per acre. This decline was driven by a decrease in marginal grassland.

In the twelve months to quarter one 2025, prime grassland experienced the most significant increase in value at 4.7%, reaching €13,786 per acre. This was closely followed by prime arable land values which grew by 4.0% in quarter one 2025.

Looking to the year ahead, there are several obstacles facing the industry including Trumps tariffs, the Mercosur deal and a crucial decision on the extension of the nitrates derogation.

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ECONOMIC OVERVIEW

Modified Domestic Demand (MDD) increased by 0.8% in quarter one 2025, rebounding from a 0.5% decline in quarter four 2024, provisional CSO figures show.

However, MDD's annual growth rate for quarter one 2025 slowed to 1%, significantly below the 2.7% seen in the same quarter last year.

Real Gross Domestic Product (GDP) in quarter one 2025 expanded by a significant 9.7%, largely propelled by a 9.4% surge in exports. Goods exports, in particular, grew by a substantial 14.8% as exporters acted to pre-empt potential tariffs threatened by Donald Trump during his election campaign. This resulted in GDP being 22.2% higher compared to the first quarter of 2024. The substantial volatility of GDP, as shown by a sectoral breakdown, is heavily influenced by globalised sectors of the economy. In quarter one 2025, these sectors' activities surged by 42% compared to the previous year. This strong performance was mainly driven by a 44.9% rise in the Industry sector and a 20.7% expansion in the Information & Communication sector.

Domestically focused sectors saw overall year on year growth of 1.3% in quarter one 2025. Construction led with a 10.3% output increase, its strongest annual growth in three years. Agriculture, Forestry & Fishing was the only sector to decline compared to quarter one 2024, down a modest 0.4%.

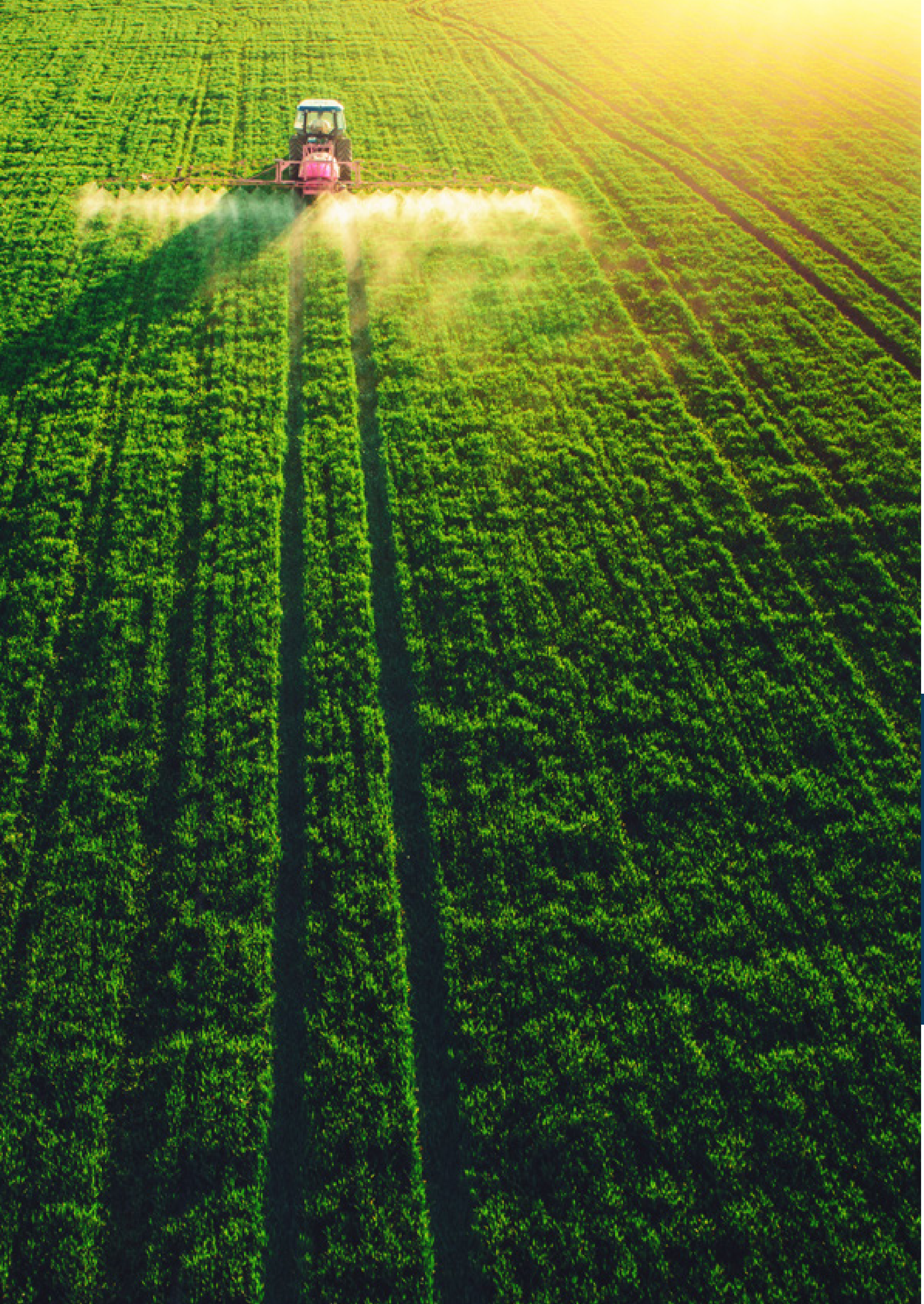
Driven by robust export growth and increased investment expenditure, the Euro Area economy expanded by 0.6% in quarter one 2025, up from 0.3% in the preceding quarter. The ECB noted trade tariffs remain a downside risk but anticipates stronger medium-term performance due to robust labour markets, reduced lending costs, and increased infrastructure and defence spending.

In June, the ECB implemented its fourth key lending rate cut of 2025, reducing the base rate by 25 basis points to 2.15%. This rate is now close to half the 4.25% seen a year earlier. Euro Area inflation fell below 2% for the first time since September 2024, reaching an annual rate of 1.9% in May, and remains on target to stabilise at the 2% medium term goal. Given the stabilisation of inflation, and stronger than expected economic growth in early 2025, the ECB is widely anticipated to leave interest rates unchanged at its next meeting in July. However, one further rate cut is expected later in the year as the impact of current blanket 10% tariffs becomes apparent.

Agricultural output prices rose by 7.8% in 2024. Potato prices recorded the largest increase during this period, rising by 28%, followed by Sheep prices which saw growth of 17.6%. Milk prices recorded the third largest increase during the year with growth of 16.3% whereas Cereals including seeds saw a 21.1% drop. More recently the agricultural output price index increased by 20.8% in the 12 months leading up to March 2025. Significant increases were seen in Cattle (+40.4%), Milk (+17.6%), and Sheep (+4.3%). In contrast price drops were recorded for Potatoes (-9.3%) and Vegetables (-1.6%).

Agricultural input prices fell by 10% in 2024, with Fertilisers (-24.2%), Electricity prices (-17.7%) and Feeding Stuffs (-13.7%) all declining over the year. In the 12 months to March 2025, the agricultural input price index recorded a decrease of 1.5%. Input prices saw increases in Veterinary Expenses (+4.7%) and Fertilisers (+3.6%). Conversely, decreases were recorded for Feed (-5.5%) and Seeds (-1.9%).

Despite facing weather challenges in 2024, Teagasc noted that Irish farmers experienced increased incomes, a result of reduced input prices for items like fertilisers and electricity, combined with stronger output prices for dairy and beef. Positively, Eurostat data revealed that Ireland's agricultural labour productivity increased by 20.3% in 2024, the fourth highest in the EU. In the EU, agricultural labour productivity rose by 1.6% in 2024.



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MARKET COMMENTARY

Philip Guckian,
Sales Director, Sherry FitzGerald Country Homes, Farms & Estates

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

"The agricultural sector experienced a mixed year in 2024 and is facing several significant challenges in 2025, although it has been a positive start with the weather being favourable. Looking ahead, farmers are understandably anxious about the impending decisions regarding the extension of the nitrates derogation and the potential passing of the Mercosur deal. These factors suggest that 2025 will present further difficulties for the industry. In addition, the introduction of tariffs by the US has created additional disruption, particularly impacting the highly exposed butter and whiskey export markets."

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ALL FARMLAND

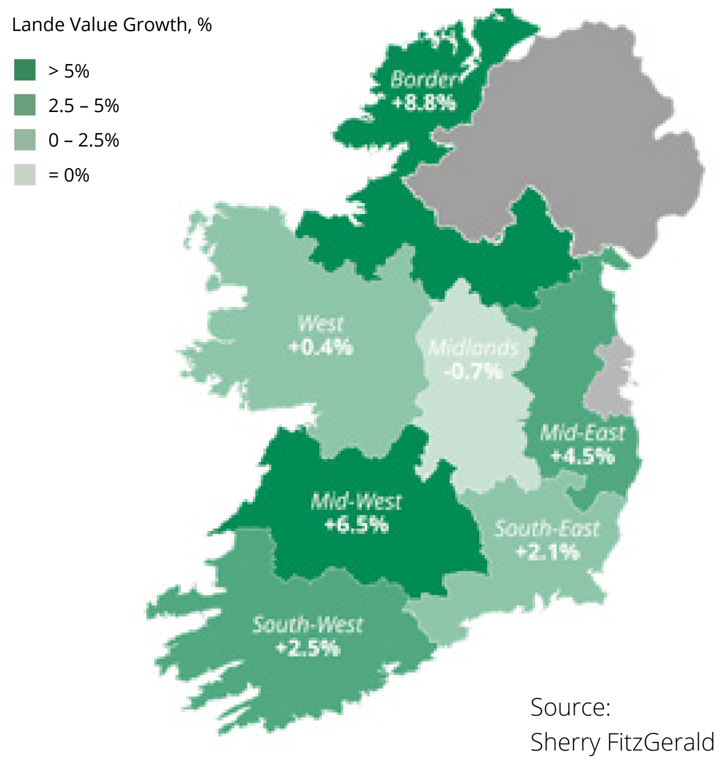
The Sherry FitzGerald Agricultural Land Price Barometer saw land values return to more sustainable growth levels in 2024 with prices rising by 5.4% during the year[1]. This is compared to growth of 8.4% and 12.4% in 2023 and 2022 respectively.

The slower pace of growth continued in the opening quarter of 2025 with average prices increasing by an annual rate of 3.6%. This brings the weighted average price of an acre of general farmland to €12,195 in quarter one 2025, compared to €11,774 a year earlier.

Slower agricultural land price growth reflects caution among farmers driven by several market headwinds. Impending decisions on the continuation of the nitrates derogation and the agreement of the Mercosur deal are likely to have caused anxiety for farmers about the future. The weather was also a significant challenge for farmers last year.

The Border region led agricultural land value growth with a significant annual increase of 8.8% in the first quarter of 2025, bringing average values to €10,333 per acre. The Mid-East, which was the most expensive region with prices at €15,188 per acre, saw a 4.5% rise while the Mid-West, with the second-highest values at €13,833 per acre, recorded growth of 6.5%. While other regions saw increases, the Midlands was an exception, recording a modest 0.7% decrease in average land values to reach €13,590 per acre. This decline was attributable to a reduction in marginal grassland.

Figure 1: Agricultural Land Price Performance, Q1 2024 to Q1 2025



Source:
Sherry FitzGerald Research

In the twelve months to quarter one 2025, prime grassland experienced the most significant increase in value at 4.7%, reaching a weighted average of €13,786 per acre. Prime arable land saw a slightly lower growth rate of 4.0% which brought the weighted average value to €14,783 per acre. Marginal grassland values witnessed the slowest growth at 1.0%, bringing the weighted average price to €8,015 per acre.

[1] The Agricultural Land Price Index has been reweighted historically to reflect the volume of land sold in the State annually as published by the CSO. Therefore, previously reported land values have now been revised. To ensure that data reflects market activity as accurately as possible, data will be updated on an ongoing basis as CSO land sales data is published.

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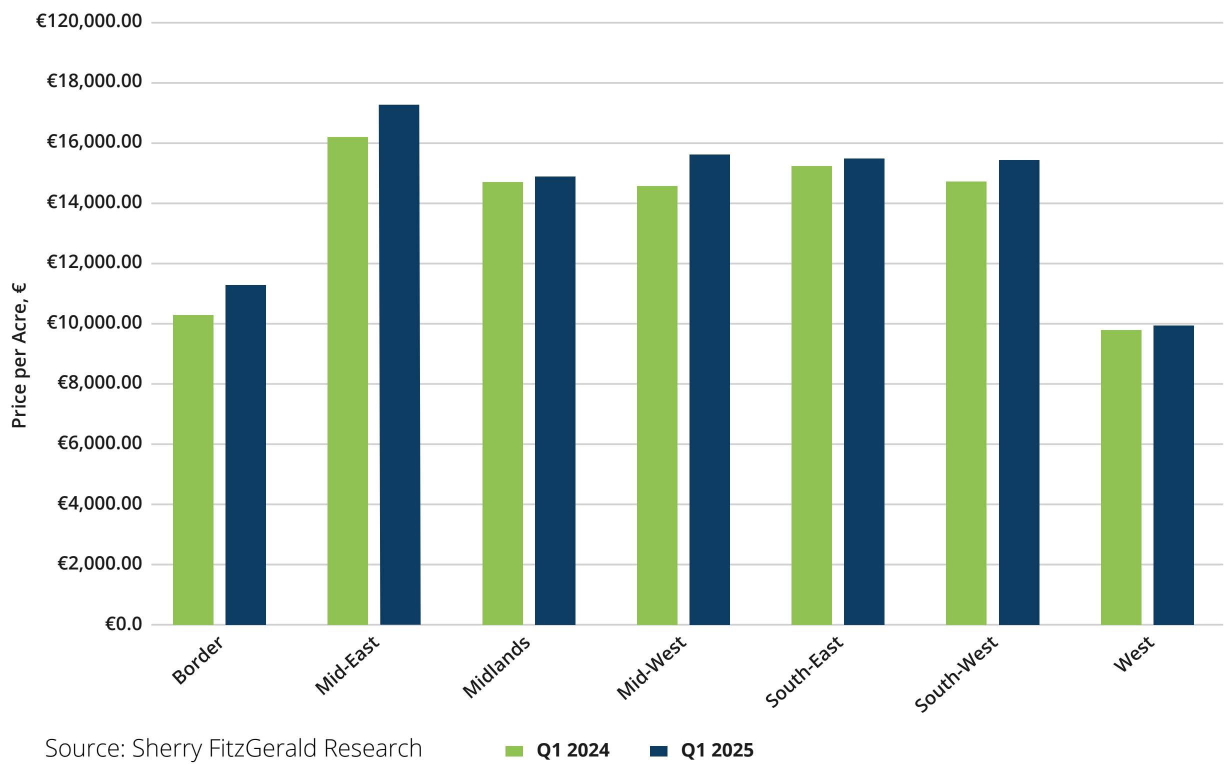
GRASSLAND

While the weighted average price of prime grassland rose to €13,786 per acre in quarter one 2025 the 4.7% growth recorded represented approximately half the 9.3% increase seen for the same period the previous year.

This reduced growth, despite favourably high milk and beef prices and lower fertiliser prices, can be largely attributable to poor weather conditions and uncertainty surrounding the nitrates directive and Mercosur deals.

All regions saw growth in prime grassland values during the twelve months to quarter one 2025. The Border region had the largest increase at 9.7%, bringing the average value to €11,333 per acre. Prices in the Mid-East, the most expensive region

Figure 2: Prime Grassland Prices, Q1 2024 vs Q1 2025



Source: Sherry FitzGerald Research

with average values at €17,313 per acre, grew by 6.4%, while the Mid-West, with the second highest average value at €15,667 per acre, experienced the second fastest growth at 7.0%. With an increase of just 0.8%, the Midlands experienced the smallest rise, bringing its average value to €14,875 per acre.

Marginal grassland values witnessed the sharpest slowdown in growth. Following a 9.2% increase in 2023, average values increased by 4.0% in 2024. This trend continued into early 2025, with values increasing by 1.0% between quarter one 2024 and the opening quarter of 2025. This is significantly lower than the 11.3% rise in the corresponding period a year earlier. The weighted average price in quarter one 2025 was €8,015 per acre. While the strong growth in 2023 was primarily driven by farmers acquiring land for new nitrate regulations, the same headwinds affecting prime grassland, including uncertainty about the nitrates derogation extension, have contributed towards slower price growth for marginal grassland.

Marginal grassland values in the Mid-West grew the most at an annual rate of 9.8%, reaching €9,333 per acre. The Mid-East had the highest average price per acre at €10,625 following a 1.3% rise in the year, while the West continued to see the lowest price per acre at €5,100 following no change during the twelve-month period. The Midlands region experienced the largest annual drop in value, decreasing by 10.2% to an average of €9,000 per acre. This was followed by the South-West, which saw a 1.3% drop, bringing its average value to €8,256 per acre.

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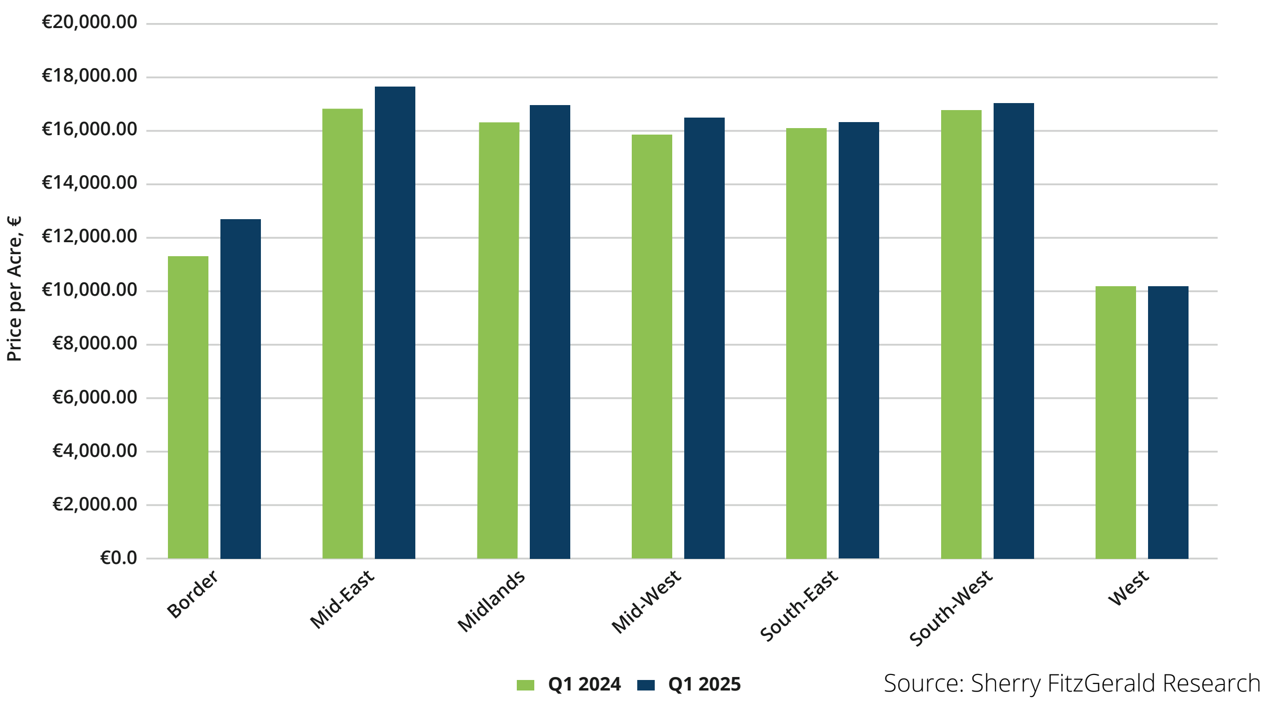
ARABLE LAND

The growth of prime arable land values also slowed significantly in 2024 to reach 5.5% compared to the robust 9.1% increase in 2023.

This deceleration continued into early 2025, with an annual 4.0% rise in quarter one 2025, down from 11.6% in the same period the previous year. The weighted average price reached €14,783 in quarter one 2025. Poor weather in 2024 negatively impacted cereal crop production and prices, leading to a slowdown in the price growth of arable land.

The Border region, with the second lowest average value of prime arable land at €12,667 per acre, experienced the most significant price increase in the year to quarter one 2025, at 11.8%. The Mid-East region, with the highest average value of €17,625 per acre, saw a 4.6% increase. The price of arable land in West region remained stagnant throughout the period, with the average value remaining at €10,200 per acre.

Figure 3: Prime Arable Land Prices, Q1 2024 vs Q1 2025



Source: Sherry FitzGerald Research

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OUTLOOK

Ireland's agriculture sector was presented with several challenges throughout 2024 and as a result land values grew at a much slower pace throughout the year. Several obstacles lie ahead for the agricultural industry in Ireland in 2025.

Ireland's dairy and tillage sectors stand dangerously exposed to Trump's tariffs, given the significant volumes of butter and whiskey shipped to the US. Ibec estimate that a staggering 46% of spirits exported, including whiskey, and 21.3% of Irish dairy exports are destined for the US, highlighting the potential impact of tariffs on these industries. While the US and EU have now paused reciprocal tariffs for 90 days, a 10% tariff on all EU exports to the US remains in place in the interim. Trump has also threatened to impose a 50% tariff on the EU to begin in July if the EU and US fail to come to a trade agreement. The EU's initial plan for reciprocal tariffs included tariffs on various industries. However, they excluded bourbon and dairy following lobbying from several nations, including Ireland, aiming to safeguard their significant drink and dairy industries.

The Mercosur deal is a trade agreement between the EU and a trading bloc in South America comprising the countries of Brazil, Argentina, Paraguay and Uruguay. This agreement will remove barriers to trade such as tariffs, which will increase trade between the two areas. This agreement is now more likely due to the trade disruptions caused by Trump and it presents a significant threat to Irish farmers. Irish farmers fear being undercut on beef and other produce due to South American countries' less stringent regulations. Several EU countries are shifting their stance towards a deal as they search for alternative markets to trade with. The deal will now have to be ratified by the EU with a vote expected to happen later this year.

A crucial decision regarding the extension of Ireland's nitrates derogation is also on the horizon. If this derogation is not renewed, Irish farmers will face the challenge of adhering to stricter stocking rate limits to a maximum of 170kg N/ha, down from the current 250kg N/ha under the derogation. One likely consequence is the need for farmers to acquire additional land to avoid breaching these new limits.

Key lending rates are now close to half that seen a year ago. Downside risks to economic growth in the Euro Area persist amid continued uncertainty surrounding US tariffs. Although rates are likely to remain unchanged in July, a further cut is expected later in the year. Even with the current 90-day pause on reciprocal tariffs, the existing 10% tariff remains a significant challenge for businesses to navigate.

Sherry FitzGerald GROUP

Sherry FitzGerald Countrywide Network

For more information on agricultural land in your area, please contact your local agent or visit sherryfitz.ie

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