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INTRODUCTION

2011 was a very challenging year for the property sector. However the agricultural land market showed very positive signs with excellent prices achieved and crowded auction rooms a common feature. It appears 2012 will continue in the same vein.

MARKET REVIEW

2011 saw a buoyant agricultural land market taking into account the general economic climate as well as the limited access to finance for buyers of other property assets. The market saw the return of the "Farmer" particularly for medium to large sized holdings of good quality free draining land in strong locations.



In the height of the Celtic Tiger times these "Farmers" were absent mainly from being priced out of the market by the part time farmers and buyers earning large sums from non farming activities. However this changed in 2011 with farmers actively looking for lands due to more realistic price levels and an optimism in farming for the first time in several years as output prices for beef, tillage and milk have all increased considerably.

The short term outlook is particularly favourable for milk producers with the final abolition of milk quotas from 2015 onwards so we believe there will be a demand for dairy farmers to increase holdings so as to increase output.

PROVINCIAL AVERAGES IN 2007 AND 2011



PRICE



The Irish Farmers Journal reported that the average price of farmland sold in Leinster in the first 6 months of 2011 was €9,718 per acre which was up over 10% on 2010 figures. The Irish Independent Land price survey found that the average price of land for the entire year of 2011 was €10,024 per acre which was up almost 20% from the previous figures. These prices ranged in the Leinster region from €8,695 per acre in the Longford/Westmeath region to €14,836 per acre in the Dublin Region.

Obviously quality and location were the main factors but there is an obvious demand for larger sized holdings (i.e. over 100 acres) of good quality free draining soils and good frontage reflecting in these type of farms achieving a premium price. See IFJ GRAPH.

FINANCE

As is widely known accessibility to finance is very difficult due to the current woes of the banks throughout the world. However there is strong evidence that the main banks are willing to do business with farmers buying land. Obviously it depends on the purchaser and the land in question but there are positive vibes coming in relation to lending for farmland as there is a certain degree of optimism in the overall market for agricultural produce. In addition to this farmers in the Leinster region in particular are using monies from CPO schemes they were affected by or from development land sales. In conjunction with this any farmers worried about the continuing problems surrounding the Euro are conscious of money devaluing and consequently are investing in farmland where the downside is very limited and they perceive it as being a lot safer than sitting in a euro bank account. They see it as a viable alternative to other possible safe havens such as gold or foreign currencies which both have associated risks involved and in general they are more familiar and comfortable with farmland as an asset.

"EVIDENCE OF MAJOR BANKS WILLING TO PROVIDE FUNDING FOR PURCHASE OF FARMS"

2012 OUTLOOK

"AVERAGE PRICE OF €10,024 PER ACRE WHICH IS UP 10% ON 2010 FIGURES"

We see these trends continuing for farmland in the coming 12 months. There will be an appetite for farmland as farmers aim to increase holding sizes which will set them up for a more viable long-term future.

Farmers will try buy land locally or adjoining particularly if they have access to cash or finance as agriculture is one of the few industries at the moment with a positive outlook. As historically approximately 1% of the Agricultural land base comes on the market annually it will keep upward pressure on prices, however predictions are that the banks/ receivers and Nama will release more land on to the market in the coming year as they see an active market which should create more transactions. There will also be a certain amount of sales where vendors are trying to reduce their liabilities and off load parcels of land that they are struggling to maintain in the present climate.



PROPERTY	DATE	PRICE	PRICE PER ACRE
40 Acres, Castledermot, Co. Kildare.	July 2011	€405,000	€10,125
105 Acres, Kilmessan, Co.Meath.	September 2011	€1,050,000	€10,000
112 Acres, Tullow, Co. Carlow.	May 2011	€1,177,792	€10,516
Res. On 78 Acres, Cullentra, Trim, Co. Meath.	Summer 2011	€920,000	€11,794
107 Acres, Derrypatrick, Summerhill, Co. Meath.	March 2011	€950,000	€8,878.50
Lewistown House on 209 Acres, Lewistown, Newbridge, Co. Kildare.	October 2011	€2,370,000	€11,339
74 Acres, Fontstown, Near Athy, Co. Kildare.	July 2011	€700,000	€9,400