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## **AIB Agri Tracker finds farm optimism on the rise, with young farmers driving Agri growth**

Optimism is growing among farmers, with 38% very or fairly optimistic, up from 31% the previous year. While 20% are very or fairly pessimistic, the same as in 2021, 42% are not sure. Among dairy farmers, 65% say they are very or fairly optimistic, up 13 percentage points on 2021, while commercial dairy farmers are the most optimistic with 68% reporting they are very or fairly optimistic, up 16 percentage points.

That's according to the latest AIB Agri Tracker, a survey of 1,022 farmers conducted by Ipsos\*. The farmers had been asked for the outlook for their own farm businesses over the next three to five years.

**Donal Whelton, AIB Head of Agriculture** said "Unsurprisingly, rising input costs was high on the list of farmers' concerns in 2022, however it is encouraging to note that optimism has increased among farmers with this reflected in increased numbers looking to grow their business and also more confidence in the sector, translating into two thirds of farmers planning to invest in their farm over the next 3 years. Another interesting finding in relation to sustainability was that over 72% of farmers considered their farm economically sustainable and over 60% of farmers felt that improving environmental sustainability on their farm would have a quite positive or very positive impact on farm income. With an ambitious emission reduction target for the sector to 2030, the survey highlights the commitment of farmers to continue on the journey to a greener future for the Agri sector."

### **Farm growth driven by young farmers**

36% of farmers under 40 plan to grow their farm business (compared to 17% of farmers over 40). Among those under 40, six per cent say they'll grow their farm business by 20% or more, and 30% say they'll grow it by five to 20%. Only six percent of under 40s say they'll scale back, the same as in 2021. Younger farmers also tend to be more optimistic (44%) than those over 40 (37%) in terms of outlook for their business. Teagasc's National Farm survey showed the average farmer age grew from 55.4 in 2016 to 59.2 in 2021.

### **Sustainability**

Among all farmers, 72% consider their farm economically sustainable, up from 67% in 2021, and 54% in 2020, showing an increased confidence in the sector. Improving the environmental sustainability of their farm would have a positive economic impact on their income, according to 60% of farmers with 16% saying it'd have a very positive impact, 44% saying it'd have a quite positive impact, 16% unsure. Only 20% of those farmers surveyed felt that improving environmental sustainability would have a quite negative impact on farm income and just four per cent said it would have a very negative impact.

### **Investment**

Farmers foresee increased investment across a range of investment types including equipment, infrastructure and technology, with an increase in planned investment over the next three years, from an average of €53,000 in 2021 to €64,000 in the most recent survey.

As many as 65% are planning to invest in the next three years, with 45% planning to upgrade machinery/equipment (up 3 percentage points), 42% planning to upgrade existing infrastructure (up 4 percentage points), 34% introducing labour saving technologies (up 4 percentage points), 33% investing to meet compliance requirements (up 1 point), and 30% investing to improve biodiversity / reduce carbon footprint (up 3 percentage points). Of those who plan to make investments in the next three years, 61% (unchanged) say they'll fund investment through their own resources or the sale of stock, with 38% saying they'll avail of a bank loan (up 2 percentage points).

### **Challenges**

Farmers have been outlining key challenges with 74% citing rising input costs including feed, fertiliser etc as key, up 3 points, while 37% mentioned increased bureaucracy/regulation /compliance, again up 3 points. Environmental/weather/climate change challenges were also cited by 36%, that's down 5 percentage points from 2021.

### **Opportunities**

Increased output prices were mentioned by 30% as an opportunity. This was up 3 points on 2021 and higher amongst commercial dairy farmers. Also mentioned were increased output on farm/diversification at 22% (up 1 point), new Agri environmental schemes at 20% (down 4 points); and 20% mentioned increased performance/crop yield (down 3 percentage points), as offering the biggest opportunities for their farm.

\*Fieldwork conducted between September-December 2022 among a nationally representative sample of 1,022 farmers.

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