

## 1. Background

- 1.1 The RICS~RAU Farmland Market Directory of Land Sales is generated from information provided by land agents from across the country. The Directory provides a detailed list of land transactions, normally representing some 500 individual transactions per annum ranging from small areas of bare land to large estates.
- 1.2 The Directory is normally produced twice yearly, covering the periods January to June and July to December in each year, although there was an exception during Covid where the data for 2020 was collected in a single full year survey in January 2021. This report provides a summary of the data for the period from the 1<sup>st</sup> of January to 30<sup>th</sup> of June 2023. The Directory of transactions is now available on the RICS website.
- 1.3 As always, the RICS and RAU are very grateful to members and others who have submitted data to the survey. If you are not contributing to the survey but would like to be included in the circulation list to make a return in the future, please email [ricssurveys@rau.ac.uk](mailto:ricssurveys@rau.ac.uk)

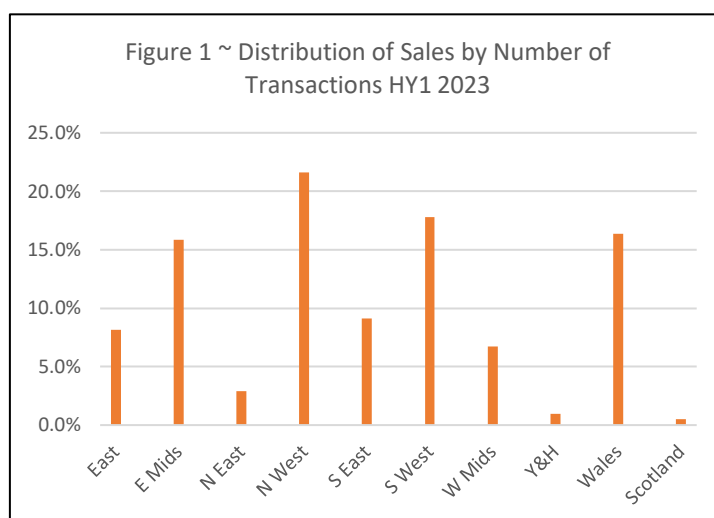
## 2. Transactions

### 2.1 Total

- 2.1.1 In total 217 transactions were reported for the period and are analysed in this summary. As always, a number of transactions submitted were off market or with no guide price provided and consequently they are not included in the Directory.
- 2.1.2 This compares with 258 transactions for the previous survey (H2 2022) 232 transactions reported for the first half of 2022, 257 for the first half of 2021 and 186 and 193 for the same period in 2020 and 2019 respectively.

### 2.2 Distribution

- 2.2.1 There were 177 transactions (83%) reported in England, 45 (17%) in Wales and one in Scotland. In contrast to many previous surveys, the largest number of transactions reported was from the North West, rather than the South West. The distribution of reported sales is shown in Figure 1<sup>1</sup>.



<sup>1</sup> Regional distribution relies on the regional information provided by respondents.

2.2.2 The distribution by size reflected the trend of recent surveys; 79% of the transactions reported in the overall survey were for sales of 50 acres or less (small), 18% for sales of between 51 and 200 acres (medium) and only 3% for sales of more than 200 acres (large). Comparative figures for the last four years are shown in Table 1. The smallest sale in the sample was less than 1 acre and the largest 333 acres (2022 H2 1:6,750 acres, 2022H1 1:504 acres 2021FY 1:612 acres 2020FY 1:2,000 acres, 2019FY 1:7,500 acres).

Table 1 ~ Distribution of Sales by Number

Size	2023 H1	2022 H2	2022 H1	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (< 50 acres)	79%	81%	79%	82%	82%	82%	73%	68%
Medium (51 to 200 acres)	18%	14%	17%	14%	16%	15%	20%	20%
Large (> 200 acres)	3%	5%	4%	4%	2%	3%	7%	12%

2.2.3 Unsurprisingly, given the preponderance of small sales, there was no meaningful difference in terms of size distribution between different countries and regions in the survey.

## 2.3 Area

2.3.1 The total area of transactions submitted to the survey was approximately 10,000 acres, almost 10% up on 2022 (9,300 acres). This compares with 18,500 acres in the previous survey, continuing the trend of previous years when more transactions tend to take place in the second half of the year. There were rather more transactions than normal lacking the full data required for inclusion, including off market sales, and thus sales covering approximately 8,000 acres are included in the Directory and the analysis in this report.

2.3.2 The distribution by area is naturally rather different to that by number of transactions. Overall, 30% of the sample by area is in small sales, 47% in medium sales and 23% in large sales. Table 2 shows the comparative figures for the previous four years. This survey reflects the dominant pattern of previous years with the two 'outliers' H2 2022 and the aggregate for 2019 including several larger properties amongst the 'large' category.

Table 2 ~ Distribution of Sales by Area

Size	2023 H1	2022 H2	2022 H1	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (< 50 acres)	30%	18%	30%	27%	41%	34%	26%	10%
Medium (51 to 200 acres)	47%	18%	40%	38%	45%	41%	38%	20%
Large (> 200 acres)	23%	64%	30%	35%	14%	25%	36%	70%

2.3.3 There is quite a difference between the regions in terms of the scale of properties sold; whilst the majority have a significant number of small sales five of the eight regions in England have no reported large sales in this survey.

## 2.4 Value

2.4.1 The total value of all the transactions reported in the Directory for the first half of 2023 was approximately £112 million, compared with £180 million for the previous survey (H2 2022), £147 million for the first half of 2022 and £133million for the first half of 2021.

2.4.2 Distribution by value again reflects the lack of large sales with 39% of the total value of the transactions in small sales, 44% in medium sales and 17% in large sales. The analysis by country for England and Wales is shown in Figure 2 below (the single Scottish sale was in the medium category) and a comparison with previous years is in Table 3.

Figure 2 ~ Distribution of Sales by Value England and Wales

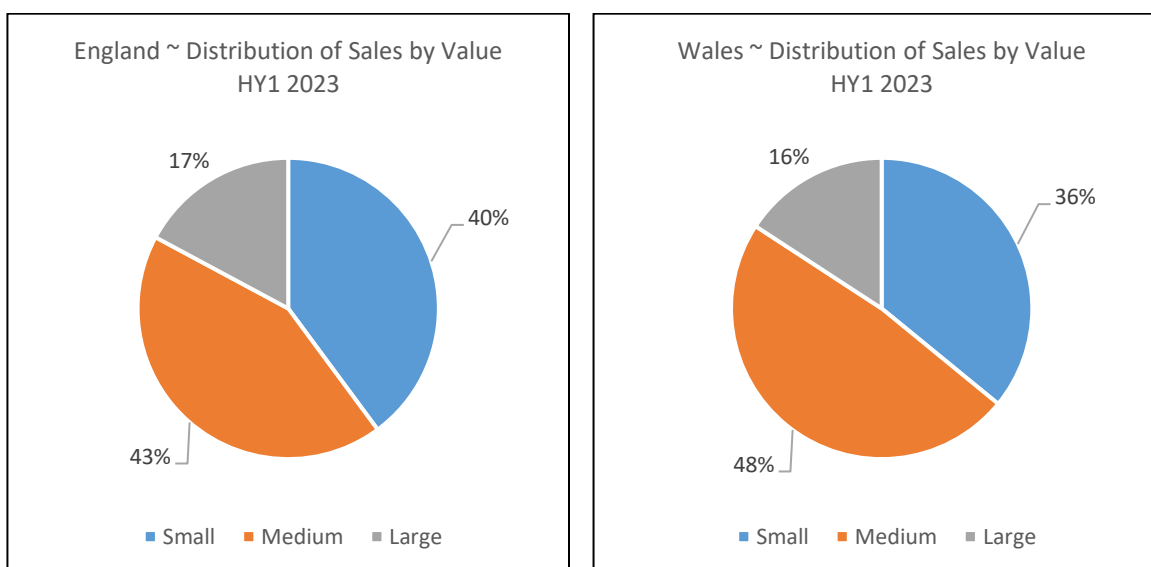


Table 3 ~ Distribution of Sales by Value Overall

Size	2023 H1	2022 H2	2022 H1	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (< 50 acres)	39%	32%	45%	44%	59%	52%	28%	23%
Medium (51 to 200 acres)	44%	25%	34%	33%	33%	33%	32%	24%
Large (> 200 acres)	17%	43%	21%	23%	8%	15%	40%	53%

## 2.5 Property

2.5.1 Whilst most responses provide details of the 'Property Type', sorted into Dwellings, buildings and land, Buildings and land or Bare land, some are incomplete with a degree of uncertainty as to the type of property involved. That makes analysis by property type slightly problematic although there are relatively few incomplete responses.

2.5.2 Accepting that margin for error, the distribution between the property types is, unsurprisingly heavily weighted towards bare land sales. Overall, 75% of the transactions in the sample were Bare Land, 9% Land and Buildings and 16% Dwelling(s) Land and Buildings. Comparison with the previous four years is provided in Table 4 below.

Table 4 ~ Distribution of Sales by Property Type

Size	2023 H1	2022 H2	2022 H1	2021 H2	2021 H1	2020 FY	2019 FY
Bare Land	75%	69%	63%	64%	59%	61%	61%
Land & Buildings	9%	11%	9%	13%	12%	12%	15%
Dwellings, Land & Buildings	16%	20%	28%	24%	29%	27%	24%

2.5.3 The figures for England are very similar to the overall sample, 75%, 10% and 15% respectively. As in previous surveys there were a number of smallholding<sup>2</sup> sales in Wales where 79% of transactions were for Bare Land, 3% Land and Buildings and 18%, Dwelling(s), Land and Buildings.

2.5.4 Distribution by value is heavily influenced by residential values with 53% of the overall value reported being for Bare Land, 6% for Land and Buildings and 41% for Dwellings, Land and Buildings, the latter figure reflecting the fact that complete holdings represent one third of the area sold reported to the survey.

## 3. Average Price

3.1 There is a very wide range of property included in the reported transactions and consequently the overall average price can vary significantly between surveys depending on the nature of the sample. That challenge is addressed in part by the Weighted Average calculation explored further in Section 4 below.

3.2 That said, the overall average price for all the property reported to the survey was £14,021 per acre or £36,646 per hectare. This compares with £10,091 per acre (£24,935 per ha) for the previous survey (H2 2022) and £15,888 per acre (£39,259 per ha) for the first half of 2022, details of previous surveys are provided in Table 5 overleaf. Commentators should beware of straining too hard to interpret the land market from these figures, much of the volatility reflects the diverse nature of each survey sample.

<sup>2</sup> In this instance 'smallholding' is simply the descriptor used in the survey and is not necessarily a statutory smallholding

Table 5 ~ Average Prices All Reported Transactions

Average Price	2023 H1	2022 H2	2022 H1	2021 H2	2021 H1	2020 FY	2019 FY
£ per acre	14,021	10,091	15,888	13,390	16,210	12,698	10,336
£ per hectare	36,646	24,935	39,259	33,087	40,056	32,045	25,540

3.3 In 2019 and H2 2022 the figures were affected by the number of larger upland estate sales. There are fewer such sales in this survey; however, the average is also influenced by a small number of tenanted sales. The average for the properties sold with vacant possession is £14,370 per acre (£35,508 per hectare).

3.4 These figures are the average of all reported transactions. Again, there are some gaps in reporting in the 'Property Type' column however given that these are relatively few, the averages for the three 'types' of property in the survey are set out in Table 6 below, reflecting the presence of tenanted sales figures are given both on an overall basis and for property sold with vacant possession.

Table 6 ~ Average Prices All Reported Transactions by Property Type

Property Type	Overall	England	Wales
	£/acre		
Full Sample			
Bare Land	11,237	10,891	13,621
Land and Buildings	19,330	19,233	28,571 <sup>1</sup>
Dwelling(s), land and buildings	19,543	20,864	14,872
Vacant Possession Property Only			
Bare Land	11,496	11,189	13,621
Land and Buildings	19,330	19,232	28,571 <sup>1</sup>
Dwelling(s), land and buildings	19,629	21,024	14,872

Note 1 ~ very small sample

## 4. Weighted Average

### 4.1 The Weighted Average

4.1.1 The previous RICS~RAU Land Market Survey series (as distinct from the Directory) included a 'Weighted Value' used to create the Rural Land Price Index and developed to reflect approaches adopted in earlier land market surveys. Generating that weighted value involves both excluding those sales reported where residential value is more than 50% of the sale price, or with some other reported distortion such as development value or the impact of a secure tenancy and applying a regional adjustment to reach an overall average figure. That national 'weighted average' was previously reported alongside the opinion-based figures, which were at the core of the previous Land Market Survey.

4.1.2 Whilst the opinion-based Land Market Survey data is no longer collected the transactions reported to the Directory of Land Prices make it possible to generate the 'Weighted Average' figure as previously used for the index. The Weighted Average value per hectare (as traditionally reported) for the first half year for 2023 was £32,074 per hectare (£12,970 per acre). That compares with £31,810 per hectare (£12,873~ per acre) for the previous survey and £32,173 per hectare (£13,020 per acre) for the first half year in 2022. A comparison of the last ten surveys is set out in Table 6.

Table 6 ~ Weighted Average Price

	£ per hectare	£ per acre
H1 2023	32,074	12,970
H2 2022	31,810	12,873
H1 2022	32,173	13,020
H2 2021	28,839	11,671
H1 2021	27,191	11,004
Full Year 2020	25,674	10,390
H2 2019	23,151	9,369
H1 2019	24,414	9,880
H2 2018	23,641	9,568
H1 2018	28,322	11,462

## 4.2 Regional Analysis

4.2.1 The initial sifting process required to create the 'Weighted Average', removing properties where the residential value represents more than 50% of the sale price and other anomalies, generates a reduced database of transactions. That initial sift generally removes something in the order of 20% of reported transactions, that figure was somewhat higher for the first half of 2023 with approximately 160 transactions (72% of reported sales) remaining, reflecting the significant number of sales with substantial residential value excluded from the weighted sample.

4.2.2 The transactions in that reduced database have been analysed by location and size in Table 7 below<sup>3</sup>. In some cases, that analysis is based on relatively few transactions in each category and is thus vulnerable to the impact of individual transactions, the inclusion of a large hill farm in a relatively small sample for example.

Table 7 ~ Weighted Sample Average Prices by Location and Size

Weighted Sample	Small <50 ac		Medium 50-200 ac		Large > 200 ac	
	£/ac	£/ha	£/ac	£/ha	£/ac	£/ha
East	10,435	25,785	10,435	25,785	19,263	47,599
East Midlands	10,207	25,221	13,134	32,454	10,028	24,779
North East	14,445	35,695	11,197	27,668		
North West	10,294	25,436	7,651	18,906	6,550	16,184
South East	18,443	45,574	18,924	46,760		
South West	9,241	22,835	9,430	23,301		
West Midlands	12,476	30,829	12,160	30,047		
Yorks & Humber			7,831	19,351		
England Overall	10,775	26,625	11,528	28,485	10,901	26,936
Wales	11,799	29,155	12,792	31,609	10,735	26,525
Scotland			6,112.82	15,105		
GB Overall	10,965	27,095	11,585	28,628	10,874	26,869

<sup>3</sup> These figures represent the average of actual transaction prices before any weighting to construct the Weighted Average Figure.

## 5. Comments

- 5.1 Respondents were invited to offer their comments on the market during the second half of 2022 and the first half of 2023. A small number kindly responded, and their comments are reproduced below:

### **Carter Jonas North Yorkshire**

#### Demand

Farmers – strong competition from commercial farmers especially arable (good yields coincided with high margins – relatively low cost base and strong commodity values)

Investors - Low yielding asset but tangible safe haven asset which offers tax benefits and potential for capital appreciation

Roll-over Buyers – transaction levels in house sales falling and values expected to continue to weaken. This will reduce the flow of development land and reduce the number of roll-over motivated buyers. Despite this, rollover buyers will remain a major force in farmland market

Environment – buyers motivated by tree planting, BNG, carbon end environmental enrichment

Lifestyle buyers – closely linked with the residential market albeit influenced by flexible working post covid, location and property that offers a diversified income stream such as tourism etc

#### Outlook

Supply increased by 5% in 2022

Modest increase likely to continue

Demand expected to stay strong with wider spectrum of purchasers (inc. environmental investors) competing for same limited pool of supply

Benign tax regime and long term out performance of inflation to remain key factors

Pent up demand expected to insulate farmland values against any economic downturn

### **Barbers Rural Shropshire**

We have found that values have risen steadily over the past two years in the West Midlands and Border Counties. Highest values have been for the best pasture land and arable land with many sales over £15,000 per acre for bare land whilst some poorer land has struggled to reach £10,000 per acre. A key feature in the sale of whole commercial farming units has been the higher value assigned to farm buildings by buyers. The costs of construction have almost doubled since before Covid and so buyers are much more aware of what fixed equipment comes with the farm and putting much more worth on buildings and other equipment.

Competition from buyers outside of agriculture and money from roll over and Hs2 continues to dominate the market.

### **Moore Allen & Innocent Gloucestershire**

There has been a very short supply of land/farms coming to the market in the first half of 2023 but demand remains fiercely strong. The current economic climate does not seem to have dampened the demand for bare land and large farms but it's a different story for the country house with a few acres.