

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 1st of July to 31st of December 2022. 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

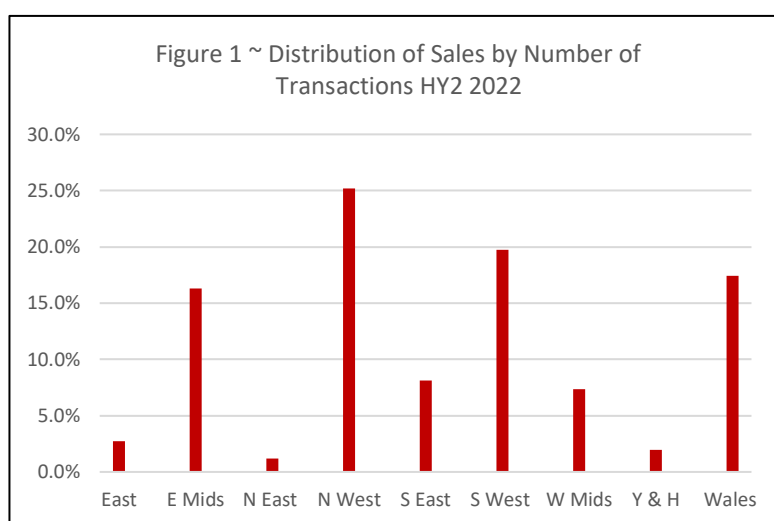
2. Transactions

2.1 Total

- 2.1.1 In total 258 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 207 transactions reported for the second half of 2021, 317 for the second half of 2020 and 253 for the same period in 2019. In total 490 transactions were reported for the full year in 2022 compared with 465 in 2021, 503 in 2020 and 504 in 2019. Whilst marginally more transactions were reported in the second half year of 2022 than the first, the difference is relatively small and may reflect the timing of data collection.

2.2 Distribution

2.2.1 There were 213 transactions (83%) reported in England, 45 (17%) in Wales and unfortunately none 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 1¹.



¹ Regional distribution relies on the regional information provided by respondents.

2.2.2 The distribution by size reflected the trend of recent surveys; 81% of the transactions reported in the overall survey were for sales of 50 acres or less (small), 14% for sales of between 51 and 200 acres (medium) and only 5% for sales of more than 200 acres (large). Comparative figures for 2021, 2020 and 2019 are shown in Table 1. The smallest sale in the sample was less than 1 acre and the largest 6,750 acres (2022H1:504 acres 2021FY 1:612 acres 2020FY 1:2,000 acres, 2019FY 1:7,500 acres).

Table 1 ~ Distribution of Sales by Number

Size	2022 H2	2022 H1	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (< 50 acres)	81%	79%	82%	82%	82%	73%	68%
Medium (51 to 200 acres)	14%	17%	14%	16%	15%	20%	20%
Large (> 200 acres)	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 reported to the survey was approximately 18,500 acres, almost double the area reported for the first half of the year. The total area reported for the year was 27,800 acres, significantly more than 2021 when the total was 16,791 acres, and similar to the 29,700 acres reported in 2020 but markedly reduced from the 46,971 acres reported in 2019, a year which included several large estate sales. As always, there were a few transactions lacking the full data required for inclusion and thus sales covering approximately 17,800 acres are included in the Directory.

2.3.2 The distribution by size is naturally rather different to that by number of transactions. Overall, 18% of the sample by area is in small sales, 18% in medium sales and 64% in large sales. Table 2 shows the comparative figures for 2021, 2020 and 2019; in contrast to 2020 and 2021, H2 2022 is similar to the aggregate of the 2019 survey including several larger properties amongst the 'large' category.

Table 2 ~ Distribution of Sales by Area

Size	2022 H2	2022 H1	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (< 50 acres)	18%	30%	27%	41%	34%	26%	10%
Medium (51 to 200 acres)	18%	40%	38%	45%	41%	38%	20%
Large (> 200 acres)	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 three of the eight regions in England have no reported large sales.

2.4 Value

2.4.1 The total value of all the transactions reported in the Directory for the second half of 2022 is approximately £180 million, giving a total of £327 million for the year compared with £243 million for 2021, £110 million for the first half year and £133 million for the second.

2.4.2 Distribution by value again reflects the greater number of large sales compared with recent years with 32% of the total value of the transactions in small sales, 25% in medium sales and 43% in large sales. The analysis by country is shown in Figure 2 below and a comparison with previous years is in Table 3.

Figure 2 ~ Distribution of Sales by Value England and Wales

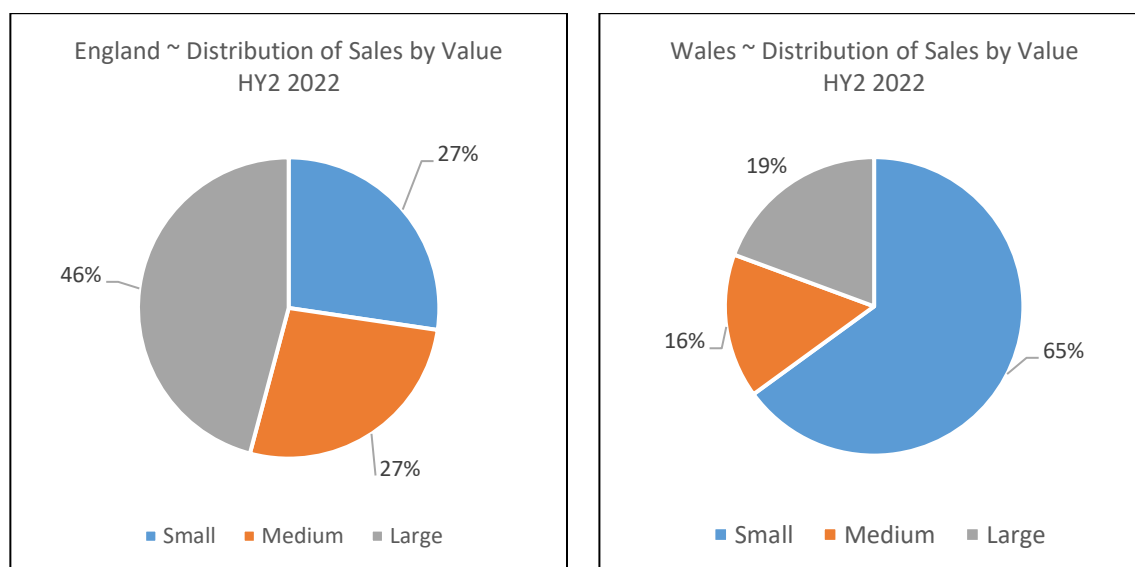


Table 3 ~ Distribution of Sales by Value Overall

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

2.5 Property

2.5.1 Whilst most responses provide details of the 'Property Type', sorted into Dwelling 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, 69% of the transactions in the sample were Bare Land, 11% Land and Buildings and 10% Dwelling(s) Land and Buildings. Comparison with the last three years is provided in Table 4 below.

Table 4 ~ Distribution of Sales by Property Type

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

2.5.3 The figures for England are very similar to the overall sample, 71%, 12% and 17% respectively. As in previous surveys there were a number of smallholding² sales in Wales where 59% of transactions were for Bare Land, 4% Land and Buildings and 37%, Dwelling(s), Land and Buildings.

2.5.4 Distribution by value is heavily influenced by residential values with 32% of the overall value reported being for Bare Land, 7% for Land and Buildings and 61% for Dwellings, Land and Buildings, the latter figure reflecting the fact that complete holdings represent almost two thirds 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 often varies 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 £10,091 per acre or £24,935 per hectare. This compares with £15,888 per acre (£39,259 per ha) for the first half of the year and £13,390 per acre (£33,087 per ha) for the second half of 2021, details of previous surveys are provided in Table 5 overleaf.

² 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	2022 H2	2022 H1	2021 H2	2021 H1	2020 FY	2019 FY
£ per acre	10,091	15,888	13,390	16,210	12,698	10,336
£ per hectare	24,935	39,259	33,087	40,056	32,045	25,540

3.3 In 2019 the figures were affected by the number of larger estate sales. There are also several larger sales in this survey; however, the average is also influenced by a small number of tenanted sales which, unusually compared to previous surveys, amount for a significant area of land. Thus, the average for the properties sold with vacant possession is £14,903 per acre (£36,285 per hectare), so much nearer the average figures from previous surveys.

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. Once again, the Land, Dwellings and Buildings sample are heavily influenced by one or two large, tenanted sales so figures are given both on an overall basis and for property sold with vacant possession.

Table 5 ~ Average Prices All Reported Transactions

Property Type	Overall	England	Wales
	£/acre		
Full Sample			
Bare Land	10,004	10,033	9,657
Land and Buildings	17,352	17,746	15,651 ¹
Dwelling(s), land and buildings	9,701	8,652	29,257
Vacant Possession Property Only			
Bare Land	10,060	10,095	9,657
Land and Buildings	18,379	19,077	15,651 ¹
Dwelling(s), land and buildings	20,932	19,366	41,062

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 Land Market Survey.

4.1.2 Whilst the 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 second half year for 2022 was £31,810 per hectare (£12,873~ per acre) That compares with £32,173 per hectare (£13,020 per acre) for the previous survey and £28,839 (£11,671 per acre) for the second half year in 2021. A comparison of the last nine surveys is set out in Table 6.

Table 6 ~ Weighted Average Price

	£ per hectare	£ per acre
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 second half of 2022 with approximately 190 transactions (74% 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 below³. 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	15,598	38,542	11,195	27,663	11,087	27,396
East Midlands	12,853	31,759	7,091	17,521		
North East	20,831	51,473				
North West	10,127	25,023	11,947	29,521	9,946	24,577
South East	14,116	34,880	12,763	31,537	11,414	28,204
South West	10,718	26,485	16,051	39,661	17,287	42,716
West Midlands	17,161	42,406	14,444	35,690		
Yorks & Humber					3,749	9,264
England Overall	11,794	29,142	11,306	27,938	12,735	31,469
Wales	14,809	36,594	12,643	31,240		
GB Overall	12,309	30,417	11,466	28,334	12,735	31,469

³ 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.