

1. Background

- 1.1 The RICS and 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 in excess of 500 individual transaction 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 in December in each year. However, in the light of the disruption caused by the Covid pandemic in 2020, the decision was taken not to collect data in July 2020 but rather to consolidate the transactions into a single report for the full year. The Directory for the full year is now available and this brief report provides a summary of some of the key data.
- 1.3 As always, the RICS and RAU are 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

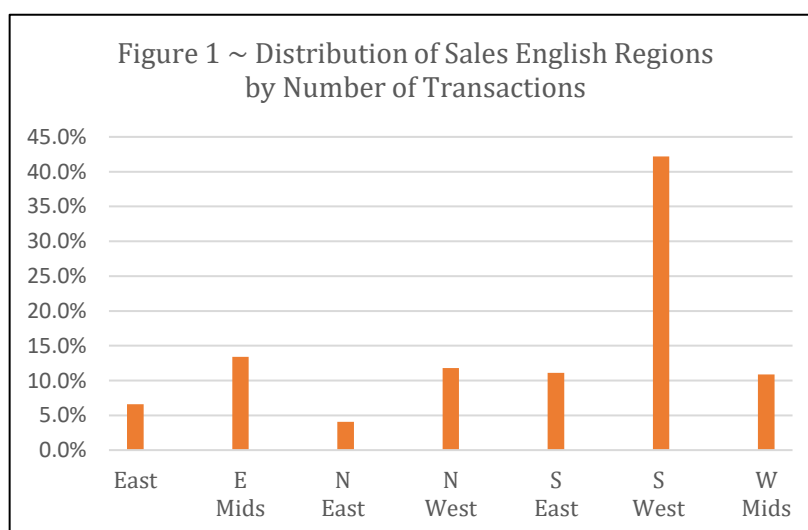
2. Transactions

2.1 Total

- 2.1.1 In total 503 transactions were reported this year and analysed in this summary. As always, a number of these transactions were conducted off market with no guide price provided and consequently are not included in the Directory.
- 2.1.2 This compares with 504 transactions reported in total in 2019. Thus whilst the pandemic has had some impact on the supply of land and property coming to the market, in terms of transactions reported to the survey, at least, this has been less marked than might have been anticipated, a view reflected by some agents in their comments reproduced with this summary.

2.2 Distribution

- 2.2.1 There were 440 transactions (87%) reported in England and 63 (13%) in Wales. As in previous surveys, the largest entry of transactions was reported in the South West and the distribution between the English regions is shown in Figure 1¹.



¹ Regional distribution relies on the regional information provided in the response forms.

2.2.2 The vast majority of transactions were vacant possession sales. A small number of sales of land subject to tenancy were reported. These have been included in the Directory but excluded from the price analysis.

2.2.3 Again the transactions reported echo the distribution by size seen in previous surveys; so 73% of the transactions reported in the overall survey were for sales of 50 acres or less (small); 20% for sales of between 51 and 200 acres (medium) and 7% for sales of over 200 acres (large). The smallest sale was less than 1 acre and the largest 2,000 acres.

2.2.4 There were a higher proportion of smaller sales in Wales than in England with the Welsh transactions being 87% small, 10% medium and 3% large, compared to 71%, 22% and 7% respectively in England.

2.3 Area

2.3.1 The total area reported to the survey was 29,699 acres (2019 46,471 acres) of which approximately 27,890 acres is included in the Directory. The returns in 2019 were notable for a number of large sales in Scotland.

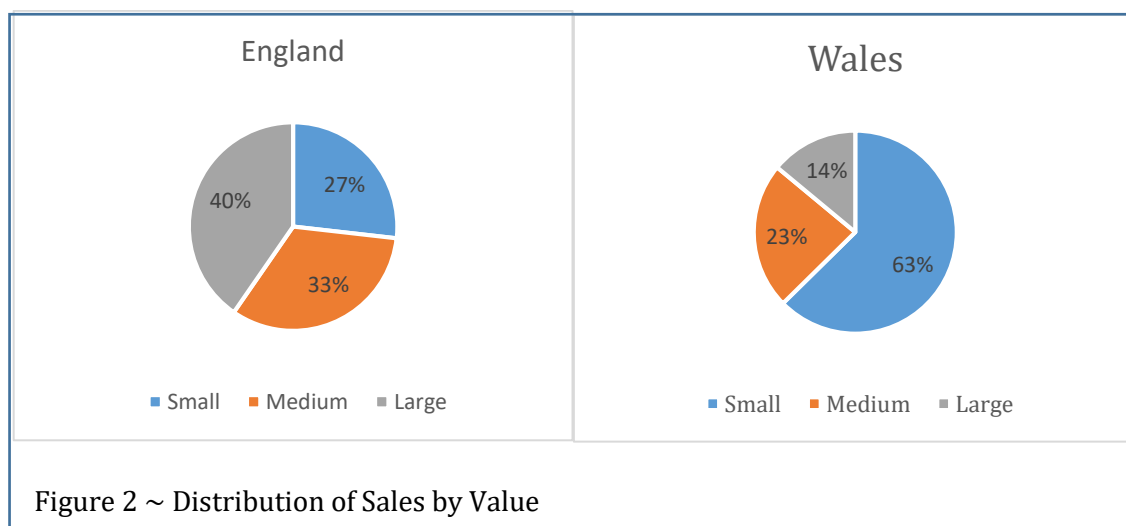
2.3.2 The distribution by size is naturally rather different to that by number transactions. Overall 20% of the sample by area is in small sales, 33% in medium sales and 47% in large sales.

2.3.3 Again there is some distinction between England where 18% of the sample area is in small sales 33% in medium sales and 49% in large sales, and Wales where fewer large farm and estates sales saw a more even distribution of 41%, 34% and 25% respectively.

2.4 Value

2.4.1 The total value of all the transactions reported in the Directory is approximately £385 million, compared with £470 million in 2019.

2.4.2 Distribution by value is more evenly balanced with overall 28% of the total value of transactions in small sales, 32% in medium sales and 40% in large sales. The comparison between England (and Wales is shown in Figure 2 below).



2.5 Property

- 2.5.1 Whilst the majority of respondents provide details of the property type, sorted either into Dwelling buildings and land, Buildings and land or Bare land, not all responses are complete and in some cases there is a degree of uncertainty as to the type of property involved. That makes analysis by property type slightly more problematic although, as far as possible, the objective is to include all properties in the analysis.
- 2.5.2 The number of incomplete responses is relatively few and accepting that margin of error the distribution between the property types is, as might be expected, heavily weighted towards bare land sales. Overall 61% of the transactions were for Bare Land, 15% for Land and Buildings and 24% for Dwelling(s) Land and Buildings.
- 2.5.3 The figures for England are very similar, 61%, 16% and 23% respectively. However, in Wales a significant number of reported smallholding sales, particularly in West Wales, saw 58% of the transactions being for Bare Land, 38% for Dwelling(s) Land and Buildings and only 4% for Land and Buildings.

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 below.
- 3.2 That said the overall average price for all the property reported to the survey was £12,968 per acre or £32,045 per hectare. This compares with £10,336 per acre (£25,540 per ha) for the full year in 2019.²
- 3.3 These figures are the average of all reported transactions, including some not included on the Directory as set out above. Again there are some gaps in reporting in the property type column however accepting that, the averages for the three 'types' of property in the survey are set out in Table 1 below:

Table 1 ~ Average Prices All Reported Transactions

Property Type	Overall	England	Wales
	£/acre (£/ha)		
Bare Land	8,602	8,687	7,343
Land and Buildings	13,870	13,860	40,108 ³
Dwelling(s), land and buildings	17,149	17,349	14,691

² The nature of reporting to the survey is such that there may be some minor duplication in consolidating six monthly surveys into full years but the number of duplicate entries is unlikely to be significant.

³ Very small sample size

4. Weighted Average

4.1 The Weighted Average

4.1.1 The RICS/RAU Survey (as distinct from the Directory) previously included a 'Weighted Value' used to create the Rural Land Price Index based on a weighted analysis developed to reflect the previous iterations of this survey. Generating that weighted value involves both excluding those sales which have been identified where residential value is more than 50% of the sale price and applying a regional adjustment in reaching 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 does make it possible to generate the 'Weighted Average' figure as previously used for the index. The Weighted Average value per hectare (as it has traditionally been reported) for the full year for 2020 was £25,674 (£10,390 per acre). That compares with £21,257 per ha (£8,602 per acre) for the two surveys combined in 2019. A comparison for the last five surveys is set out in Table 2.

Table 2 ~ Weighted Average Price

	£ per hectare	£ per acre
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 Index price, removing properties where the residential value represents more than 50% of the sale price and other anomalies, generates a reduced database of transactions. The initial sift generally removes something in the order of 20% of reported transactions, that figure was marginally lower in the Full Year 2020 Directory with approximately 420 transactions remaining.

4.2.2 The transactions in that reduced database have been analysed by location and size in Table 3 below⁴. In some cases that analysis is based on relatively few transactions in each class and is thus vulnerable to the impact of individual transactions, the inclusion of a large hill farm in a relatively small sample for example.

⁴ These figures represent the average of actual transaction prices before any weighting to construct the Weighted Average Figure.

Table 3 ~ Average Prices by Location and Size

	Small <50a		Medium 50 - 200ac		Large 200ac+	
	£/ha	£/acre	£/ha	£/acre	£/ha	£/acre
East	34,370	13,909	24,609	9,959	29,349	11,877
East Midlands	25,226	10,209	25,089	10,153	18,136	7,339
North East	26,353	10,665	20,119	8,142	13,298	5,382
North West	25,750	10,421	22,189	8,980	16,679	6,750
South East	37,286	15,089	24,921	10,085	31,082	12,579
South West	24,684	9,990	25,698	10,400	26,305	10,646
West Midlands	29,064	11,762	32,635	13,207	28,078	11,363
Wales	19,941	8,070	17,701	7,164	14,112	5,711

5. Comments

5.1 Respondents were invited to offer their comments on the market during 2020 and the impacts of the pandemic both on the supply of property coming to the market and the prices achieved. A number kindly responded and their comments are reproduced below:

Tom Pullin, Voyce Pullin, Gloucester

Initially after the original lockdown there was pressure to get property on the market quickly as there appears to be good appetite for sales generally and partly due to the SDLT temporary incentive. As we headed into the middle of autumn there was a slightly more pensive view from some vendors who have decided to defer their decision to go to the market until they see how the market responds to Brexit and any subsequent deal or no deal plus how a vaccine role out worked and easing of restrictions.

The most difficult challenge for existing properties on the market last year was getting them to completion after a purchaser had been found, which has been a combination of factors including the pandemic impact on Land Registry timings, legal professionals work load as they try to get sales through before the SDLT deadline in March or the Brexit deadline of January, plus the general impact of the changing working practices as a result of restrictions whilst working within the pandemic for all elements of the property market chain.

There remains a great amount of uncertainty over the future which will always have an impact but the degree of that impact and how long it will take for any recovery will only be made clearer as we see how the first part of 2021 unfolds.

Will Handel, Greenslade Taylor Hunt, Honiton

2020 was a year where demand comfortably exceeded supply. The land market in East Devon continues to remain localised and in the main is still attracting very strong interest where neighbouring and local demand dictates. There is evidence of some farming purchasers becoming cautious with financial constraints having a greater impact. Generally the pandemic resulted in significant interest from the amenity and lifestyle buyers in particular for smaller parcels of land together with residential small holdings.

Andrew Tuffin, Symonds & Sampson, Sturminster Newton

Some spring launches were delayed in the first 2020 lockdown but went ahead in the summer. Transaction level were similar to 2019 and prices held and even increased particularly for houses with under 10 acres and bare land under 10 acres, partially due to Covid. Equipped farms and bare land are in demand and we do not see this being dampened as early signs are there might be less land for sale in 2021.

Andrew Cannon, Taylor & Fletcher, Bourton-on-the-Water

Strong demand remained for farmland in the Cotswolds especially where residential opportunities existed, with interest from neighbours and London driving the market.

James Griffiths, J Bradburne Price & Co, Mold

The market has remained buoyant despite the uncertainty and general disruption caused by COVID. In respect of sales, some vendors have been happy to continue to proceed. However, it severely impacted a land auction planned in April 2020, which obviously had to be cancelled. The vendors seem to be prepared to wait until restrictions are eased-to carry out the auction.

John Coleman C S Grays, Colburn

2020 started relatively positively, with vendors making decisions and beginning to come forward to discuss bringing land onto the market at later points in the year. Lockdown 1 had obvious implications on restricting properties from coming onto the market and being viewed. Restrictions at the end of 2020 have again impacted on the amount of land being brought to the market coming into 2021.

Perhaps a combination of the restrictions imposed and uncertainty caused by the pandemic, the potential for a lump sum payment of BPS and the ending of the SDLT holiday ending 31st March have impacted on vendor's decisions to bring land to the market.

Activity predominantly centred around small arable parcels between 50 – 200 acres, whereas in the previous year more marginal land was available. The shortage of opportunities improved land prices by approximately 1 – 3%, with about half the amount of land brought to the market as seen in previous years.

George Harrison. Robert Bell & Co, Horncastle

The land market remains resilient at present and for the smaller scale sales we have dealt with, there can be good demand for good land if strong local buyers are present otherwise sales can be more challenging. Amenity values have improved.

The pandemic has appeared to make minimal difference in demand for land but has caused delays in taking a sale to completion.

Matthew Alexander, Bidwells, Cambridge

Demand in 2020 weakened from the previous year due to the COVID-19 pandemic, beginning with the first lockdown in March 2020. However, when strategically located and appropriately priced blocks of land came to the market, especially land with the hope of development in the short to medium term, there has been very good interest. Alongside this smaller blocks of both pasture and arable have also sold well, where neighbouring landowners and locals have shown the most interest. The larger blocks have tended to remain on the market for a longer period than expected with less interest from buyers from further afield.

Vendor's have been apprehensive about bringing land to the market, mostly concerned about exposing the potential lack of demand (of which there has been a slight dip) and as such we have witnessed a much larger number of private transactions across the market. Values have remained stagnant and are likely to remain so for some time - until it is clear how our the market will respond as the country begins to hopefully open up in the latter part of 2021

Andrew Chandler, Carter Jonas, Newbury

The Covid-19 pandemic and subsequent Lockdown 1 restrictions halted any promise that the markets showed to earlier offerings with an almost overnight stop on transactions. The restarted market has shown exceptional results with demand increasing and showing no signs of abating. This is buoyed by London buyers looking to the country as a haven away from it all and competing with those who were already in the marketplace. The pent up demand from 3 months of inactivity continues with gusto and is seeking well placed, secluded and private properties with house, buildings and land in popular locations in very high demand. For good sized farms and parcels of land specifically Rollover buyers are prevalent still as is underlying wealth. The safe haven of land returns as we saw in the last recession albeit on a polarised scale.

In short we see values remaining static in the majority of areas but with increased polarisation when you drill down to the local level. The disparity between values will continue dependant on localised demand and accessibility alongside asset class and desirability. Our expectation is that over the next few years we will not see an increase in the amount of farms and land coming to the market. We see supply generally meeting demand and the market underpinned by smaller farms and land holdings that are likely to suffer from reduced economies of scale and the forthcoming BPS changes. With historically low interest rates and the long term cost of money remaining low we see progressive farming enterprises pursuing expansion alongside continued interest from underlying wealth and London led buyers looking for space.

We have had a party move the timetable for sale forward to take into account the market buoyancy. Originally timetabling a sale for 2 years hence they moved forward and with good results. Another party moved the sale forward for tax purposes given the rumblings about CGT changes, it was due to be a spring 2021 launch but we sold off market in 2020 again with good results.