

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 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 to December in each year. In the light of the disruption caused by the Covid pandemic data for 2020 was collected for the full year in January 2021. We have now returned to the normal twice-yearly approach and this report provides a brief summary of the data for the period from the 1st July to 31st December 2021. 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

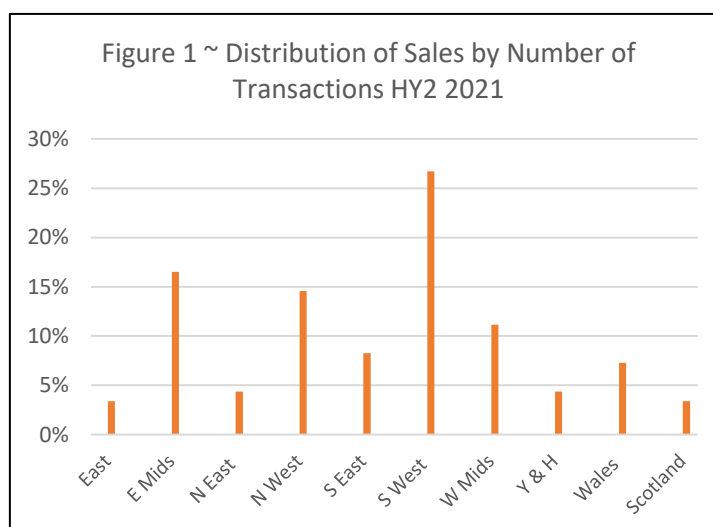
2. Transactions

2.1 Total

- 2.1.1 In total 207 transactions were reported for the period and are analysed in this summary. As always, a number of these transactions were off market with no guide price provided and consequently they are not included in the Directory.
- 2.1.2 This compares with 317 transactions reported for the second half of 2020 and 253 for the second half of 2019. In total 465 transactions were reported for the full year in 2021 compared with 503 in 2020 and 504 in 2019. Unusually in 2021 more sales were recorded in the first half of the year than the second although the difference is relatively small and may reflect the timing of data collection.

2.2 Distribution

- 2.2.1 There were 185 transactions (90%) reported in England, 15 (7%) in Wales and 7 (3%) in Scotland. As in previous surveys, the largest number of transactions reported was from the South West. The distribution of reported sales is shown in Figure 1¹.



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

2.2.2 As in the first half of the year the distribution by size was even more marked than in previous years; 82% 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 2% for sales in excess of 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 612 acres (2021H1 1:290 acres 2020FY 1:2,000 acres, 2019FY 1:7,500 acres).

Table 1 ~ Distribution of Sales by Number

Size	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (less than 50 acres)	82%	82%	82%	73%	68%
Medium (51to 200 acres)	14%	16%	15%	20%	20%
Large (more than 200 acres)	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 8,573 acres, similar to the first half of the year when the area reported was 8,218 acres. This gives a total reported for the year of 16,791 acres, significantly reduced from the 29,700 acres reported in 2020 and 46,971 acres reported in 2019. As always, there were a number of off market sales and transactions lacking the full data required for inclusion and sales covering approximately 7,500 acres are included in the Directory.

2.3.2 The distribution by size is naturally rather different to that by number of transactions. Overall 27% of the sample by area is in small sales, 38% in medium sales and 35% in large sales. Table 2 shows the comparative figures for 2021, 2020 and 2019; the 2019 survey is notable for the number of transactions in the 'large' category including a number of Scottish sales.

Table 2 ~ Distribution of Sales by Area

Size	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (less than 50 acres)	27%	41%	34%	26%	10%
Medium (51to 200 acres)	38%	45%	41%	38%	20%
Large (more than 200 acres)	35%	14%	25%	36%	70%

2.3.3 Again, given the sample size and the large number of small sales coming forward in 2021 there is little meaningful variation in distribution by between countries and regions.

2.4 Value

2.4.1 The total value of all the transactions reported in the Directory for the second half of 2021 is approximately £110 million, compared with £133 million for the first half of the year. The annual total for 2021 is therefore £243 million compared with £385 million for the full year in 2020 and £470 million for the full year in 2019 but with the earlier two years being for a significantly larger area of land in each case.

2.4.2 Distribution by value again reflects the proportion of smaller sales with 44% of the total value of the transactions in small sales, 33% in medium sales and 23% 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, Scotland and Wales

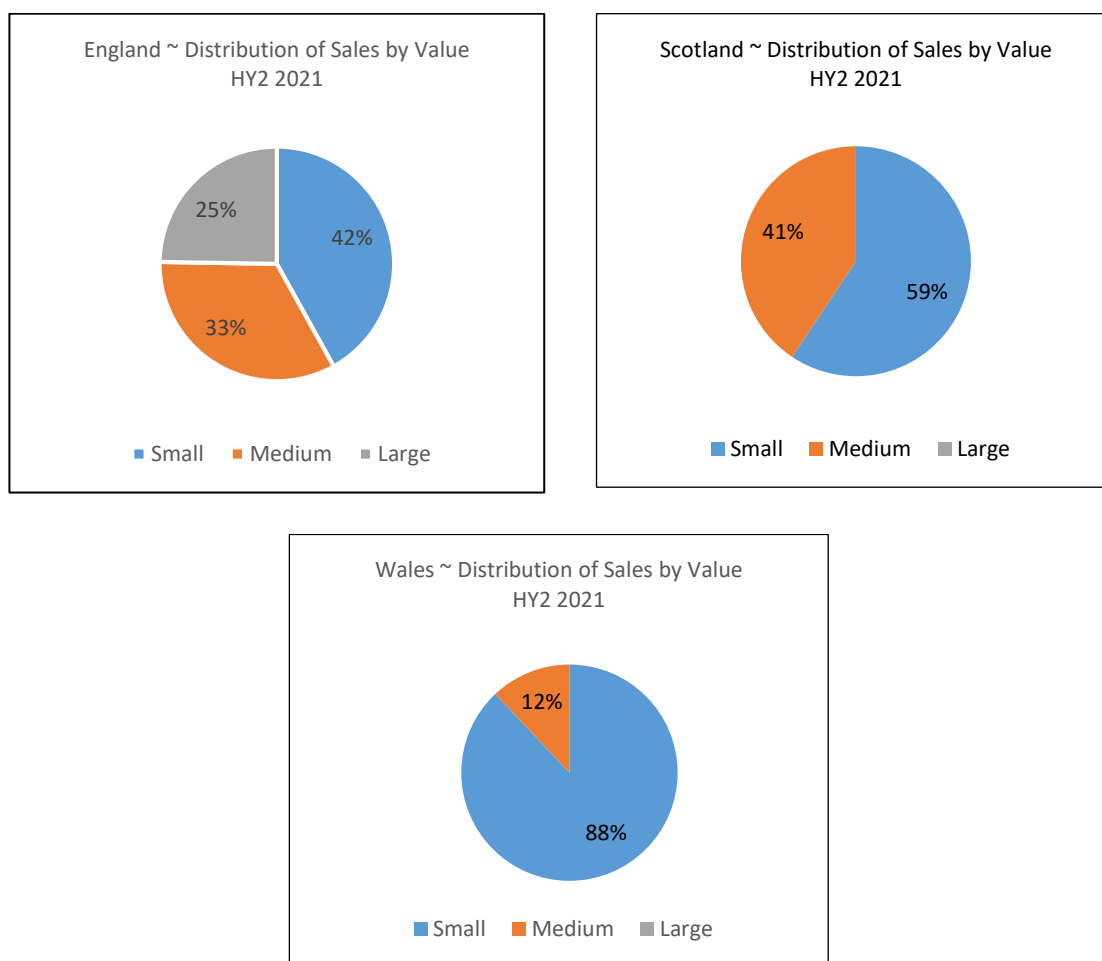


Table 3 ~ Distribution of Sales by Value

Size	2021 H2	2021 H1	2021 FY	2020 FY	2019 FY
Small (less than 50 acres)	44%	59%	52%	28%	23%
Medium (51 to 200 acres)	33%	33%	33%	32%	24%
Large (more than 200 acres)	23%	8%	15%	40%	53%

2.5 Property

2.5.1 Whilst the majority of respondents provide details of the 'Property Type', sorted 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 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, 64% of the transactions in the sample were Bare Land, 13% Land and Buildings and 23% Dwelling(s) Land and Buildings. Comparison with 2020 is provided in Table 4 below.

Table 4 ~ Distribution of Sales by Property Type

Size	2021 H2	2021 H1	2021 FY	2020 FY
Bare Land	64%	59%	61%	61%
Land & Buildings	13%	12%	12%	15%
Dwellings, Land & Buildings	24%	29%	27%	24%

2.5.3 The figures for England are very similar, 66%, 13% and 21% respectively. However, the distribution was a little more even in Scotland (43% land, 14% land and buildings and 43% dwellings, land and buildings) and Wales (53% land, 7% land and buildings and 40% dwellings, land and buildings) albeit for much smaller samples.

2.5.4 Distribution by value is heavily influenced by residential values with 37% of the overall value reported being for Bare Land, 8% for Land and Buildings and 55% for Dwellings, 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 in Section 4 below.

3.2 That said the overall average price for all the property reported to the survey was £13,390 per acre or £33,087 per hectare. This compares with £16,210 per acre or £40,056 per hectare in the first six months of the year, £12,968 per acre (£32,045 per hectare) for 2020 and £10,336 per acre (£25,540 per ha) for the full year in 2019.²; again noting the significant number of larger upland sales in Scotland in the 2019 sample.

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.

- 3.3 These figures are the average of all reported transactions, including some not included on the Directory as explained above. 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 5 below:

Table 5 ~ Average Prices All Reported Transactions

Property Type	Overall	England	Wales	Scotland
	£/acre			
Bare Land	10,264	10,253	11,218	9,150
Land and Buildings	20,367	23,617	6,250	8,859
Dwelling(s), land and buildings	15,815	15,698	10,773	27,800

4. Weighted Average

4.1 The Weighted Average

4.1.1 The RICS~RAU Survey (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) 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 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 2021 was £28,839 per hectare (£11,671 per acre). That compares with £27,191 per hectare (£11,004 per acre) for the first half of the year. A comparison of the last seven surveys is set out in Table 6.

Table 6 ~ Weighted Average Price

	£ per hectare	£ per acre
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 six months of 2021 with approximately 160 transactions remaining in the weighted sample, reflecting the significant number of sales with substantial residential value.

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	25,554	63,143			9,066	22,403
East Midlands	12,052	29,779	8,552	21,132	9,185	22,697
North East	9,718	24,014	8,880	21,941		
North West	9,269	22,903	12,063	29,809	5,707	14,102
South East	21,500	53,128	12,775	31,566		
South West	14,681	36,277	16,281	40,231		
West Midlands	12,268	30,314	12,607	31,153		
Yorkshire & Humberside	15,134	37,397	10,459	25,844	8,830	21,819
England Overall	13,676	33,793	12,036	29,742	8,440	20,855
Wales	9,366	23,143	8,859	21,891		
Scotland	12,705	31,394	5,843	14,438		
GB Overall	13,322	32,919	11,576	28,604	8,440	20,855

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 2021 and the first half of 2022, including the impacts of the pandemic both on the supply of property coming to the market and the prices achieved. A small number kindly responded and their comments are reproduced below:

Carter Jonas, National

Average arable land values across England and Wales rose to £8,994 per acre in Q2 2022 (CJ research), a steady increase of 0.6% against Q1 2022. When compared to Q2 2021, values have seen an increase of 5.0%. Average pasture land values have grown slightly faster over the quarter, rising by 1.3% to £7,358 per acre in Q2. This reflects a strong year-on-year increase of 7.9%.

When annualised over a 10-year period, arable and pasture land values have grown by 2.9% and 3.7% respectively, showing strong performance over the longer term. Both, however, are still behind their peak in Q2 2016. Average arable land values are 12.0% lower than in Q2 2016 and pasture land is 3.3% lower. Lifestyle land values, on average, were flat compared to last quarter but, year-on-year, there has been a significant increase of 15.7%.

The geopolitical landscape remains challenging, as the shockwaves of the war in Ukraine continue to be felt across commodity markets and food supply chains. Immense short-term disruption is being felt by farmers who are tackling spiralling agricultural input prices. In the near-term, the conflict may provide a driver for higher domestic prices, but this has not yet balanced out the rising costs of production.

However, market sentiment is largely positive and there is high demand from both farming and non-farming buyers who are purchasing land for a variety of uses. We are still seeing high-quality land in desirable locations sell off-market at premium prices and cash buyers with rollover funds (through Business Asset Rollover Relief) driving demand. Carter Jonas continues to monitor the changing nature of the farmland market and the influences on land values in England and Wales.

Barbers Shropshire

We have been surprised at the continued strength of the land market generally. Smaller blocks of land under 10 acres are still attracting a premium with lots of amenity interest, especially when they are within close proximity to residential property or located on the edge of a village. For blocks of land between 10-30 acres we have found that there is slightly less demand as purchasers are not as willing to travel. However, there is continued demand for larger blocks above 30 acres from those looking to expand enterprises and from investors

Carter Jonas Cambridge

Throughout the duration of H2 2021 and H1 2022 we have seen land values remain strong with guide prices generally being met, if not exceeded, across the board. This is particularly applicable for amenity land parcels on village edge locations. The upwards pressure on land values have been underpinned by the excess demand outstripping the land supply coming to the market.

Generally speaking the COVID pandemic does not appear to have directly dissuaded vendors from going through the process of marketing their properties, nor has it impacted the success of sales campaigns. However, there have been clear cases where the degree of uncertainty caused by the pandemic has caused some vendors to not market their properties, in favour of retaining their proven and stable land investments.

Robert Bell & Co

We have seen an increase in amenity interest in smaller land parcels, which we had not seen prior to COVID in Lincolnshire.