

## 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. This year we have returned to the normal twice-yearly approach and this report provides a brief summary of the data for the period from the 1<sup>st</sup> January to 30<sup>th</sup> June 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](mailto:ricssurveys@rau.ac.uk)

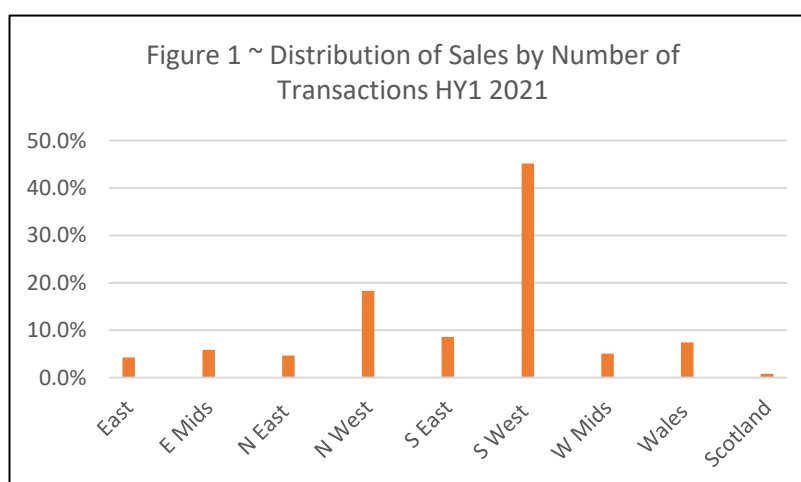
## 2. Transactions

### 2.1 Total

- 2.1.1 In total 257 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 186 transactions reported for the first half of 2020, the early part of which in particular saw markets disrupted by Covid restrictions, and 251 reported for the first half of 2019. This reflects a relatively consistent trend; whilst seasonality is perhaps less of an issue for land sales than it was in previous times, the first half of the year has traditionally seen fewer returns to the survey.

### 2.2 Distribution

- 2.2.1 There were 236 transactions (92%) reported in England, 19 (7%) in Wales and 2 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 1<sup>1</sup>.



<sup>1</sup> Regional distribution relies on the regional information provided in the response forms.

2.2.2 If anything the distribution by size was even more marked than in previous years; so 82% of the transactions reported in the overall survey were for sales of 50 acres or less (small), 16% for sales of between 51 and 200 acres (medium) and only 2% for sales in excess of 200 acres (large). Comparative figures for the first half years in 2020 (extracted from the Full Year data) and 2019 are shown in Table 1. The smallest sale in the sample was less than 1 acre and the largest 290 acres (2020H1:490 acres, 2019H1:7,500 acres).

Table 1 ~ Distribution of Sales by Number

Size	2021 H1	2020 H1 <sup>2</sup>	2019 H1
Small (less than 50 acres)	82%	77%	61%
Medium (51 to 200 acres)	16%	17%	26%
Large (more than 200 acres)	2%	6%	13%

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 2021 survey.

## 2.3 Area

2.3.1 The total area reported to the survey was 8,218 acres, similar to the first half of 2020 when the Directory covered 8,725 acres. This is rather less than the same period in 2019, which saw almost 32,000 acres sold, a sample notable for the number of sales in the 'large' category as illustrated in Table 2 below. As always, there were a number of transactions lacking the full data required and hence sales covering approximately 7,760 acres are included in the Directory.

2.3.2 The distribution by size is naturally rather different to that by number of transactions. Overall 41% of the sample by area is in small sales, 45% in medium sales and 14% in large sales. Table 2 shows the comparative figures for 2020 and 2019 and as mentioned above 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 H1	2020 H1 <sup>3</sup>	2019 H1
Small (less than 50 acres)	41%	26%	7%
Medium (51 to 200 acres)	45%	38%	22%
Large (more than 200 acres)	14%	36%	71%

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

<sup>2</sup> Extracted from 2020 Full Year Survey

<sup>3</sup> Extracted from 2020 Full Year Survey

## 2.4 Value

2.4.1 The total value of all the transactions reported in the Directory for the first half of 2021 is approximately £133 million, compared with £102 million in the corresponding period in 2020 and £316 million in 2019, the latter reflecting the fact that approximately four times as much land was sold in that period.

2.4.2 Distribution by value again reflects the proportion of smaller sales with 59% of the total value of the transactions in small sales, 33% in medium sales and 8% in large sales. There is very little variation between England and Wales but the comparison is shown for completeness and comparison with the 2020 report in Figure 2 below.

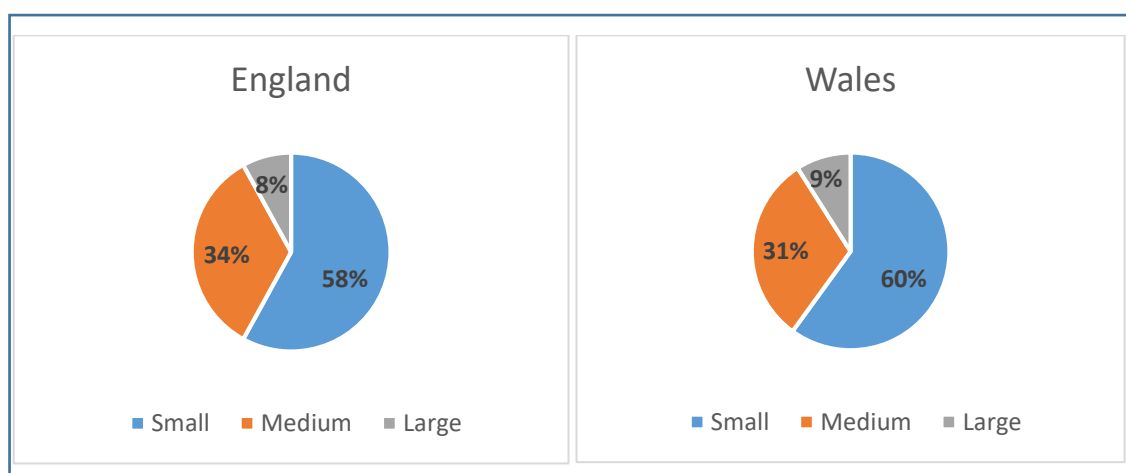


Figure 2 ~ Distribution of Sales by Value England and Wales

2.4.3 Table 3 shows the comparative distribution for 2020 and 2019.

Table 3 ~ Distribution of Sales by Value

Size	2021 H1	2020 H1 <sup>4</sup>	2019 H1
Small (less than 50 acres)	59%	35%	11%
Medium (51 to 200 acres)	33%	36%	36%
Large (more than 200 acres)	8%	29%	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.

<sup>4</sup> Extracted from 2020 Full Year Survey

- 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, 59% of the transactions in the sample were Bare Land, 12% Land and Buildings and 29% Dwelling(s) Land and Buildings.
- 2.5.3 The figures for England are very similar, 62%, 9% and 28% respectively. However, in Wales the distribution was more even, as last year, with 21% of the transactions being for Bare Land, 42% for Land and Buildings and 37% for Dwelling(s) Land and Buildings. The two Scottish sales were both for Dwellings, Land and Buildings.
- 2.5.4 Distribution by value is heavily influenced by residential values with 26% of the overall value reported being for Bare Land, 9% for Land and Buildings and 65% 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 £16,210 per acre or £40,056 per hectare. This compares with £11,665 per acre (£28,824 per ha) for the first six months of 2020 and £9,833 per acre (£24,297 per ha) for the same period in 2019. That might be some encouragement for an initial conclusion that the rural property market has strengthened significantly over the period; however, that would too easily overlook the wide variation between the three reported samples and in particular the significant influence of larger Scottish upland sales on the 2019 returns.
- 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 4 below:

Table 4 ~ Average Prices All Reported Transactions

Property Type	Overall	England	Wales	Scotland
	£/acre			
Bare Land	8,724	8,718	9,002	
Land and Buildings	21,239	21,852	18,548	
Dwelling(s), land and buildings	23,408	25,100	9,827	13,696

## 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 first half year for 2021 was £27,191 per hectare (£11,004 per acre). That compares with £25,674 per hectare (£10,390 per acre) for full year for 2020. A comparison of the last six surveys is set out in Table 5.

Table 5 ~ Weighted Average Price

	£ per hectare	£ per acre
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 six months of 2021 with approximately 180 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 6 below<sup>5</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.

<sup>5</sup> These figures represent the average of actual transaction prices before any weighting to construct the Weighted Average Figure.

Table 6 ~ 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	24,227	59,865	7,010	17,321	12,852	31,757
East Midlands	12,495	30,874				
North East	16,539	40,869	15,347	37,923		
North West	9,946	24,577	9,316	23,020	13,112	32,401
South East	16,965	41,921	13,314	32,899		
South West	10,997	27,173	9,207	22,751	9,089	22,460
West Midlands	10,533	26,026	19,301	47,693		
England Overall	12,159	30,046	10,999	27,178	11,181	27,629
Wales	9,432	23,307	10,529	26,018	2,469	6,102
Scotland	13,696	33,844				
GB Overall	12,073	29,832	10,971	27,110	9,587	23,690

## 5. Comments

5.1 Respondents were invited to offer their comments on the market during the first half of 2021 including 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:

### John Coleman, GSC Grays Richmond

There remains to be a strong demand for all types of land within the North of England and it is interesting to see the ever increasing market for woodland and potential woodland planting sites, as the future of land use changes and the potential income from offsetting and carbon credit sales gain momentum.

Whilst there were rumblings of land coming to the market following the announcement of the 'golden handshake', it has yet to sway vendor's decisions to market land, as they wait to see what the next few years bring.

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### **Eifion Bibby, Davis Meade Property Consultants Colwyn Bay**

A significant proportion of farmland (albeit in relatively limited supply) has been marketed by Tender during the Pandemic with prices staying firm. Transactions are taking longer to complete largely due to extra time in Local Authority search results being processed.

### **Amy McDonald, Moore Allen & Innocent Cirencester**

For the first part of 2021 there has been a limited supply of farms and farmland for sale. The properties that have come to the market are usually as a result of death or divorce. Those farms with a large residential element have sold well, often above the guide price.

The various lockdowns have proved that it is possible for people to work from home and therefore those that live in towns/cities have been motivated to move to the countryside. Equally, we have seen a huge demand for pasture paddocks with or without buildings (sub 10 acres), from those with equestrian/smallholder interests and prices have exceeded all expectations. It is difficult to comment on prices for bare land for the first half of 2021 as there is little comparable evidence in the locality. From talking to other agents, prices have generally held, possibly being driven by buyers with rollover funds, which is positive considering the pandemic, BREXIT and the future of subsidy payments.

### **Richard Greasby, Butler Sherborn Cirencester**

Short supply and strong demand. Particular interest from equestrian and amenity buyers or landowners with roll over money to invest. Smaller parcels of land 100 acres and below attracting significant demand partly fuelled by Covid and lifestyle changes. Many buyers being Cash!

### **Richard Thomas, BTF Partnership Challock Kent**

The land supply for sale across the UK as a whole has been higher so far this year, after low stock in 2020. However, availability of land and farms in the South East remains stable and generally on the low side, possibly due to the Covid-19 side effect. Nevertheless, we have had considerable interest in several large parcels of land which have been marketed this spring and summer across the region.

Smaller parcels of land and woodland are also attracting interest, and might be an indication of the market's response to natural capital. This interest may impact on value and availability in the longer term. While interest rates remain at their historic low, and fears about the UK's post Covid-19 economic recovery and the impact on rising inflation appear to be temporary, we are confident that the wider land market here in the South East will remain upbeat.

### **Adrian Cannon, Tayler & Fletcher Bourton On the Water**

Whilst there was a pause in the market in the early period of the pandemic, where Executors were involved or finances were an issue much continued to progress but was very much determined by the solicitors workload. Where a residential element was involved the SDLT deadline created a timeline and time pressures, but generally transactional speed due to searches has been very slow.



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### **Stuart Hext, Luscombe Maye Kingsbridge**

Values for smaller amenity/recreational blocks of land, with or without buildings has jumped to very high levels, with rates of £25,000 - £50,000 per acre not being uncommon.

Severe lack of whole farms and larger commercial blocks of farmland coming forward in the South Devon area. This for some part may be due to commodity prices holding up and there being no pressure therefore on landowners to release land to help support the business. A lot of uncertainty over the future of the industry with phasing out of BPS, but even if farms do come to the market we would suggest the strong non farmer buyer interest will help keep prices firm.

### **David Russell, Powells Monmouth**

In general the 2021 Q 1 market was strong, particularly for smaller blocks of land and smallholdings, whilst larger farms haven't seen the steep uptick in demand. This may be down to the unresolved trade issues post brexit and the changes in BPS. In addition in Wales only the WA's attempt to grant the whole of wales as an NVZ may also have a bearing, though this is currently being appealed.

In relation to the pandemic, as the market has crept up land owners are more willing to try their luck particularly with smaller pieces and paddocks. There is also the increase of probate sales that have hit the market.

### **Andrew Tuffin, Symonds & Sampson Sturminster Newton**

A very buoyant market. An increased supply of dairy farms and land in the South West following the disrupted 2020 market is still being met by strong demand. Rollover funds are competing with farmers for larger blocks and whole farms whilst recreational buyers are prepared to buy more than 5 acres for better value for money.

### **DJ&P Newland Rennie, Wrington**

The land market has held strong throughout the pandemic and although there has been a drop in land coming to the market, land has been selling well. Since June 2021, there has been a trend for more land coming to the market and an increased demand for this land. It has also been noted that there has been an increased demand for smaller amenity land, especially in locations close to the edge of cities.