



Valuation of rural property

UK

3rd edition, July 2019

Effective from 1 July 2019

Valuation of rural property

RICS professional standard, UK

3rd edition, July 2019

Effective from 1 July 2019



Published by the Royal Institution of Chartered Surveyors (RICS)

Parliament Square

London

SW1P 3AD

www.rics.org

No responsibility for loss or damage caused to any person acting or refraining from action as a result of the material included in this publication can be accepted by the authors or RICS.

This document was originally published in July 2019 as an RICS guidance note and reissued in October 2022 as an RICS professional standard.

ISBN 978 1 78321 360 3

© Royal Institution of Chartered Surveyors (RICS) July 2019. Copyright in all or part of this publication rests with RICS. Save where and to the extent expressly permitted within this document, no part of this work may be reproduced or used in any form or by any means including graphic, electronic, or mechanical, including photocopying, recording, taping or web distribution, without the written permission of RICS or in line with the rules of an existing licence.

Typeset using Typefi

Acknowledgements

RICS would like to express its thanks to the following for their contributions to this professional standard.

Author

Mike Taylor FRICS (Barbers Rural Consultancy LLP)

Working group

Thomas Barrow MRICS (Knight Frank)

Gordon King FRICS (Baird Lumsden)

Michael Ireland MRICS (Walker Scott Ireland)

Robert Paul FRICS (Strutt & Parker)

Gerard Smith MRICS (Lacy Scott & Knight)

Andrew Entwistle FRICS (George F. White)

Andrew Fallows FRICS (Carter Jonas)

Chris Hyde MRICS (Cooke & Arkwright)

RICS professional group lead

Fiona Mannix

RICS Publishing

Standards publishing manager: Antonella Adamus

Standards project manager: Laura Glover

Editor: Sarah Moloney

Contents

Acknowledgements	ii
RICS standards framework	1
Document definitions	2
1 Introduction	3
1.1 Scope	3
2 Client base	4
3 Uses of rural property	5
4 Inspections	8
5 Material considerations	10
5.1 General	10
5.2 Investment property	11
5.3 Trade-related property	11
5.4 Plant and equipment	12
5.5 Ecosystem services	12
6 Assumptions and special assumptions	13
6.1 Assumptions	13
6.2 Special assumptions	13
7 Other relevant published standards and information	14
Appendices	15
Property observation checklists	15
Appendix A: Property observation checklist for identifying potential environmental issues (commercial and industrial)	16
Appendix B: Property observation checklist for identifying potential environmental issues (rural)	19
Appendix C: Property observation checklist for identifying potential environmental issues (residential)	22

RICS standards framework

RICS' standards setting is governed and overseen by the Standards and Regulation Board (SRB). The SRB's aims are to operate in the public interest, and to develop the technical and ethical competence of the profession and its ability to deliver ethical practice to high standards globally.

The RICS [Rules of Conduct](#) set high-level professional requirements for the global chartered surveying profession. These are supported by more detailed standards and information relating to professional conduct and technical competency.

The SRB focuses on the conduct and competence of RICS members, to set standards that are proportionate, in the public interest and based on risk. Its approach is to foster a supportive atmosphere that encourages a strong, diverse, inclusive, effective and sustainable surveying profession.

As well as developing its own standards, RICS works collaboratively with other bodies at a national and international level to develop documents relevant to professional practice, such as cross-sector guidance, codes and standards. The application of these collaborative documents by RICS members will be defined either within the document itself or in associated RICS-published documents.

Document definitions

Document type	Definition
RICS professional standards	<p>Set requirements or expectations for RICS members and regulated firms about how they provide services or the outcomes of their actions.</p> <p>RICS professional standards are principles-based and focused on outcomes and good practice. Any requirements included set a baseline expectation for competent delivery or ethical behaviour.</p> <p>They include practices and behaviours intended to protect clients and other stakeholders, as well as ensuring their reasonable expectations of ethics, integrity, technical competence and diligence are met. Members must comply with an RICS professional standard. They may include:</p> <ul style="list-style-type: none"> • mandatory requirements, which use the word 'must' and must be complied with, and/or • recommended best practice, which uses the word 'should'. It is recognised that there may be acceptable alternatives to best practice that achieve the same or a better outcome. <p>In regulatory or disciplinary proceedings, RICS will take into account relevant professional standards when deciding whether an RICS member or regulated firm acted appropriately and with reasonable competence. It is also likely that during any legal proceedings a judge, adjudicator or equivalent will take RICS professional standards into account.</p>
RICS practice information	<p>Information to support the practice, knowledge and performance of RICS members and regulated firms, and the demand for professional services.</p> <p>Practice information includes definitions, processes, toolkits, checklists, insights, research and technical information or advice. It also includes documents that aim to provide common benchmarks or approaches across a sector to help build efficient and consistent practice.</p> <p>This information is not mandatory and does not set requirements for RICS members or make explicit recommendations.</p>

1 Introduction

1.1 Scope

This professional standard applies to rural property in the UK only. For the purposes of this guidance, rural property means commercial farms and farmland, all forms of rural landed estates and residential property in the countryside with land attached.

This guidance is primarily intended to remind registered valuers of matters that should be considered when completing a valuation of rural property. It is not intended as a substitute for training and experience or a short cut to meeting the requirements of the various applicable RICS professional standards. It may also be of use to clients in understanding the work and role of the rural property valuer and assist in arriving at properly agreed instructions.

RICS members providing valuations of rural property need to comply with the latest editions of *RICS Valuation – Global Standards* (the 'Red Book') and the UK national supplement to the Red Book.

Valuers need to identify and deal with any actual or potential conflicts of interest. Their files should note this in accordance with the current edition of RICS' [Conflicts of interest](#).

RICS strongly recommends the use of liability caps wherever legally permissible and valuers are reminded to refer to RICS' [Risk, liability and insurance in valuation work](#) for further guidance.

Proper identification of the purpose is likely to inform the basis of valuation and the most appropriate approach and method. Typical purposes of a valuation will include:

- loan security
- taxation, including inheritance tax and capital gains tax
- divorce and business rearrangement
- pre-purchase advice
- internal transfers
- dispute resolution and
- disposal under the *Charities Act 2011*.

Valuers are reminded of the need to provide suitable comparable evidence and, where necessary, market commentary, and relate this to their valuation conclusion. Details of comparables used and other useful supporting information, such as details of valuation calculations, plans, photographs, planning consents, leases and any other appropriate documents, may be included in the appendices to the report.

2 Client base

There is a very diverse client base for rural property valuations. Clients may include:

- farmers
- landowners (private and public)
- estates
- lenders and other institutional clients
- developers and
- investors.

Some will have intimate knowledge of the industry and others less so. While the requirements of the Red Book will need to be met in every case, valuers will need to consider the individual requirements of each client carefully, both in terms of settling instructions and the level of detail and advice they include in their reports.

3 Uses of rural property

Agricultural land forms the fundamental building block for many alternative uses. In view of this, valuers should carefully consider any potential alternative uses and assess any latent value or hope value that might apply.

Rural property is extremely diverse. The various uses of rural property can be divided into five main categories and one evolving category. Some of the more common uses under the various categories are set out below.

Primary agricultural production:

- arable
- dairy
- general buildings
- specialist livestock
- specialist storage
- perennial crops
- woodland/biomass
- general horticultural
- soft fruit
- orchards/vineyards and
- fish farms.

Leisure/amenity:

- field sports
- other sports
- public access
- equestrian
- golf courses
- lakes/rivers
- woodland
- areas of high landscape value
- conservation habitats
- caravan and campsites and
- holiday accommodation.

Commercial:

- buildings and land for:
 - processing/distribution and
 - storage/warehousing
- buildings for:
 - retailing
 - office use
 - light industrial use
 - holiday accommodation
 - catering or hospitality use
 - telecoms sites and other utilities, and
 - minerals and waste disposal.

Residential:

- stately homes and manor houses
- farmhouses
- cottages and
- flats and apartments.

Renewable energy:

- wind turbines
- hydro
- solar
- biomass
- anaerobic digesters and
- ground source energy.

Ecosystem services:

- flood alleviation and re-wetting
- water protection
- habitat protection
- specific fauna or flora protection
- carbon capture and
- eco-tourism.

As a consequence of demands for the reduction in carbon footprint, environmental offset and similar objectives, the monetisation of ecosystem services is likely to become an increasing feature of the rural property market on which valuers may be required to advise and provide valuations. The valuation of the land used in these services should be no different to the traditional valuation approaches and methods that RICS members have adapted to other uses. For example, an income flow or capital sum obtained through an agreement to allow an area of productive river meadow to flood to enable development of land downstream could be approached in the same way as the valuation of land that forms an access ransom strip.

4 Inspections

Rural property can be a dangerous environment, especially working farms. Valuers should consider the current edition of RICS' [Surveying safely: health and safety principles for property professionals](#) before undertaking an inspection, assess the likely risks and take appropriate precautions. Firms will have their own health and safety and lone working policies that valuers should also adhere to.

Various technologies are available that can provide greater detail and may assist in making inspections more cost-effective and better value for the client. These may include the use of drones, satellite imagery, LiDAR survey information and soil mapping. However, such technologies are likely to be supplementary rather than an alternative to an appropriate site inspection.

When undertaking property measurements, valuers need to consider the purpose for which the measurements will be relied on and the mandatory requirements set out in [RICS property measurement](#).

There are many factors that may be revealed by an inspection of, and research into, rural property that could affect value. These include:

- location – in the context of the region
- situation – in the context of surroundings
- extent – plan and schedule of enclosures
- topography and aspect
- climate and altitude
- suitability of field sizes
- soil
- flooding and erosion
- infestations, plant and animal diseases, notifiable weeds and hazardous plants
- boundaries
- dwellings
- buildings – agricultural/commercial/leisure
- occupation by parties other than the client/borrower
- adverse possession and trespass
- deleterious materials
- plant and machinery
- health and safety – structures/compliance
- disability access

- land use – existing/restrictions/opportunities
- drainage
- irrigation
- services
- woodland
- water
- landscape
- access
- amenity
- contamination on subject property or nearby (this may lead to a negative value)
- pollution – incidents and control
- biosecurity
- fly-tipping/trespassing
- tenants' fixtures and improvements
- dilapidations
- third-party rights/easements (servitudes in Scotland) – legal or illegal, and
- wayleaves – gas, electricity, telecoms and other.

The often extensive nature of rural property and the requirements of any particular instruction may mean that it is either impractical or unnecessary to inspect every part of the property. The valuer will therefore need to deal with this in the terms of engagement and the subsequent report so that the client's expectations are not at odds with the service provided.

5 Material considerations

There are many matters that may be material to the valuation of rural property and these will usually be established by enquiry rather than inspection. The reliability of sources of enquiry should be carefully considered and stated in the report.

5.1 General

Matters may include:

- title
- tenure and possession
- leases, tenancies and occupational licences
- restrictions and encumbrances
- mines and minerals
- wayleaves/easements
- access – extent of public highway
- public rights of access (e.g. footpaths, access under the *Countryside and Rights of Way Act* (CROW) 2000)
- designations:
 - planning and compulsory purchase
 - environmental (e.g. site of special scientific interest (SSSI))
 - economic (e.g. zones for regeneration)
 - historic monuments
 - nitrate vulnerable zones (NVZs) or
 - less-favoured areas (LFAs)
- planning – consents, restrictions and opportunities
- statutory consents and requirements
- community and social (e.g. views of local population)
- outgoings – rates/drainage/access/chancel repair liability
- flooding and erosion
- contractual obligations attached to land (e.g. woodland grant schemes)
- genetically modified crops – on the subject property or nearby
- *Transfer of Undertakings (Protection of Employment) Regulations* (TUPE) 1981
- agri-environment schemes and support payments – these are constantly changing and the valuer will need to know what was applicable at the valuation date

- contracts – in retrospective valuations these might include schemes such as milk quotas that are no longer current
- Energy performance certificates (EPCs)
- disability access
- water abstraction/licences
- certification (e.g. reservoirs/crop assurance)
- statutory notices – potential enforcement actions
- sporting rights and
- disputes.

5.2 Investment property

The usual rules of investment return and valuation that apply to the market for commercial property do not always apply to rural property. Estates, farms and farmland are often less valuable if let, especially if let on secure tenancies. Valuers will need to be familiar with the tenancy legislation that applies to rural property in the relevant jurisdictions of the UK and consider:

- type of tenancy/licence and impact on value
- terms of tenancy
- rent – current and review
- lease and memoranda
- tenants' improvements and fixtures
- actionable breaches of covenant
- notices
- quality of covenant and
- claims and counter claims.

5.3 Trade-related property

This guidance is not intended to cover trade-related property. However, there may be circumstances where a trade-related item forms a subservient part of a farm or estate such as a farm shop, children's nursery or other diversified enterprise. Care should be taken to consider the approach and method of valuation. Depending on the purpose of the valuation and the needs of the client, it may be more appropriate to consider valuing such an asset as an investment rather than as a trading enterprise.

Matters to consider will include:

- income
- costs
- occupancy
- market demand and trend, and
- achievable profit.

5.4 Plant and equipment

This guidance is not intended to cover plant and machinery valuation. However, many farms and estates will have some items of plant and equipment such as grain dryers, milking parlours, sawmills and renewable energy installations. Consideration should be given as to whether these items should be included in a property valuation, and this will depend on the purpose of the valuation and the requirements of the client. Often their existence may not be known at the time instructions are settled, and the valuer may have to refer back to the client after inspection. Matters to consider will include:

- age and condition
- fitness for purpose
- obsolescence
- lien/ownership and
- subsidies, grants or other income streams relevant to renewable energy schemes.

5.5 Ecosystem services

These may include:

- contracts and agreements
- legal status/framework
- market maturity and
- policy and regulatory influence.

6 Assumptions and special assumptions

There are various assumptions and special assumptions that may apply to the valuation of rural property. Assumptions material to value should be set out in the report and clearly stated as such. Reference should be made to the Red Book for further information.

6.1 Assumptions

Examples of categories of assumptions relevant to rural property that may be agreed with clients, dependent on a particular instruction, are:

- title
- occupancy
- condition of buildings
- services
- planning, where not a special assumption
- contamination and hazardous substances
- disease and soil infestation
- condition of land drainage
- ownership or title of plant and equipment
- reliability of records provided and
- restricted marketing period.

6.2 Special assumptions

The following are examples of categories of special assumptions relevant to rural property, which may be agreed with clients, dependent on a particular instruction:

- anticipation of planning consent or a change of land use
- anticipation of a physical change, e.g. new construction or refurbishment
- additional value where there is a possibility that a special value will be realised, e.g. that the sitting tenant with statutory security will be a purchaser, thereby crystallising the vacant possession premium not available to the wider market and
- agricultural value where the valuer is specifically instructed to provide an agricultural value only, e.g. when instructed to ignore any alternative uses or hope value, as may be required in certain valuations for capital taxation purposes.

7 Other relevant published standards and information

The following is a currently published list of RICS standards and information that may be relevant to rural property. The list is not exhaustive, and RICS members should appreciate that other standards and information may be produced by RICS after the publication of this professional standard.

It is the responsibility of RICS members to ensure that they access the latest edition of any RICS sector standards. All RICS sector standards can be accessed from the [RICS website](#).

- *RICS Valuation – Global Standards (Red Book)*
- *RICS Valuation – Global Standards – UK national supplement*
- *Conflicts of interest*
- *RICS property measurement*
- *Asbestos*
- *Environmental risks and global real estate*
- *Surveyors acting as expert witnesses*
- *Valuation of woodlands*
- *Farm stocktaking valuations*
- *The valuation of assets in the commercial renewable energy sector*
- *Risk, liability and insurance in valuation work*
- *Surveying safely: health and safety principles for property professionals.*

Appendices

Property observation checklists

The property observation checklists in Appendices A–C suggest what might be relevant for contamination and environmental risk considerations. They are taken from RICS' *Environmental risks and global real estate*. Valuers may wish to use further checklists for general inspection note-taking and file set-up purposes.

Appendix A: Property observation checklist for identifying potential environmental issues (commercial and industrial)

Tick the appropriate box with what you see on site													
Part of property inspected		Renewables	Waste management abuses	Asbestos containing material? • In situ? • Discarded? • Risk to health?	Fly tipping?	Fuel tanks: • above or below ground and/or • oil staining	Other tanks or containers	Chemical odours incineration areas	Discoloured or smelly water/ liquids leaks discharges	Invasive non-native species	Irregular topography	Vegetation dieback	Utilities
Buildings:	Y	N											
occupied?	<input type="checkbox"/>	<input type="checkbox"/>											
vacant?	<input type="checkbox"/>	<input type="checkbox"/>											
dilapidated?	<input type="checkbox"/>	<input type="checkbox"/>											
Basement and subterranean features (e.g. air raid shelters)													
Outbuilding, including garages and stores													
Hardstanding													
Agricultural land													

Derelict or rough ground												
Landscaping and/or natural woodland												
Water course or adjacent thereto												
Surrounding area												
Extent of inspection of immediate vicinity												

Note: This checklist is not designed for use in respect of residential property or rural property.

	Observed current use of the subject property		Evidence seen of such uses having taken place within the vicinity	
	Yes	No	Yes	No
Industry/manufacturing?				
Waste management?				
Mineral extraction?				
Vehicle maintenance or refuelling?				
Brownfield?				
Is the property near water?				
Is the property in a hollow or at the bottom of a hill where flood water could collect?				
Are you aware of any flood events affecting the property or immediate area?				
Is the property protected by flood defences?				
Observable evidence of flooding?				
Have you obtained flood data specific to the property?				

Notes or other observations:

Where additional specialist input is not required, and unless explicitly instructed to the contrary, use of this property observation checklist to record environmental issues observed on-site is to be regarded as best practice. This does not remove the need for surveyors to remain alert, as a checklist cannot cover every conceivable circumstance.

Note: This checklist is not designed for use in respect of residential property or rural property.

Appendix B: Property observation checklist for identifying potential environmental issues (rural)

Tick the appropriate box with what you see on site													
Part of the property inspected	Renewables	Waste management abuses	Asbestos containing material? • In situ? • Discarded? • Risk to health?	Fuel tanks: • above or below ground • banded and/or • oil staining	Other tanks, pipelines or containers	Chemical odours incineration areas	Discoloured or smelly water/ liquids leaks discharges	Spreading of non-farm waste	Irregular topography	Vegetation dieback	Invasive non-native species	Fly tipping	Utilities
Main farmstead													
Sunsiidary farmstead or buildings. Ancillary users, e.g. processing, retails													
Farm waste containment													
Livestock buildings													
Livestock yard/ handling/ treatmet/ dipping													

Workshops/ machinery and chemical stores													
Bulk silage or wet feed containment													
Hardstandings and outside storage area													
Derelict/rough ground/former quarries													
Watercourses/ ditches/private water supplies													
Agricultural land													
Woodland/ scrub													
Surrounding areas													

Note: This checklist is not designed for use in respect of residential property or commercial or industrial property.

	Observed current use of the subject property		Evidence seen of such uses having taken place within the vicinity	
	Yes	No	Yes	No
Industry/manufacturing?				
Waste management?				
Mineral extraction?				
Vehicle maintenance or refuelling?				
Brownfield?				
Is the property near water?				
Is the property in a hollow or at the bottom of a hill where flood water could collect?				
Are you aware of any flood events affecting the property or immediate area?				
Is the property protected by flood defences?				
Observable evidence of flooding?				
Have you obtained flood data specific to the property?				

Notes or other observations:

Where additional specialist input is not required, and unless explicitly instructed to the contrary, use of this property observation checklist to record environmental issues observed on-site is to be regarded as best practice. This does not remove the need for surveyors to remain alert, as a checklist cannot cover every conceivable circumstance.

Note: This checklist is not designed for use in respect of residential property or commercial or industrial property.

Appendix C: Property observation checklist for identifying potential environmental issues (residential)

Tick the appropriate box with what you see on site															
Part of the property inspected			Renewables	Waste management abuses	Asbestos	Fly tipping	Oil fuel tanks: • above or below ground • bunded	Other tanks or containers	Incineration areas	Septic tank overflow	Oil staining	Invasive non-native species	Irregular topography	Vegetation dieback	Utilities
Buildings:	Y	N													
occupied?	<input type="checkbox"/>	<input type="checkbox"/>													
vacant?	<input type="checkbox"/>	<input type="checkbox"/>													
dilapidated?	<input type="checkbox"/>	<input type="checkbox"/>													
Basement and subterranean features (e.g. air raid shelters)															
Outbuilding, including garages and stores															
Gardens															
Surrounding area															
Extent of inspection of immediate vicinity															

Note: This checklist is not designed for use in respect of rural property or commercial or industrial property.

	Observed current use of the subject property		Evidence seen of such uses having taken place within the vicinity	
	Yes	No	Yes	No
Industry/manufacturing?				
Waste management?				
Mineral extraction?				
Vehicle maintenance or refuelling?				
Brownfield?				
Is the property near water?				
Is the property in a hollow or at the bottom of a hill where flood water could collect?				
Are you aware of any flood events affecting the property or immediate area?				
Is the property protected by flood defences?				
Observable evidence of flooding?				
Have you obtained flood data specific to the property?				

Notes or other observations:

Where additional specialist input is not required, and unless explicitly instructed to the contrary, use of this property observation checklist to record environmental issues observed on-site is to be regarded as best practice. This does not remove the need for surveyors to remain alert, as a checklist cannot cover every conceivable circumstance.

Note: This checklist is not designed for use in respect of rural property or commercial or industrial property.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



[rics.org](https://www.rics.org)