

Prices reach new highs

- **Farmland prices continue to rise**
- **Commercial demand booming while residential demand turns a corner**
- **Prices expected to continue rising over the next 12 months**

The H2 2013 RICS Rural Land Market Survey results indicate further gains in farmland prices. The principal driving force again appears to be strong demand together with a flat supply picture.

The survey's transaction based measure of farmland prices (which includes a residential component where its value is estimated to be less than 50%) increased by around 8% during the period, now standing at £9,258 per acre (taken as a four quarter moving average). The survey's opinion based measure (a hypothetical estimate by surveyors of the value of bare land) rose by approximately 4% to £7,754 per acre.

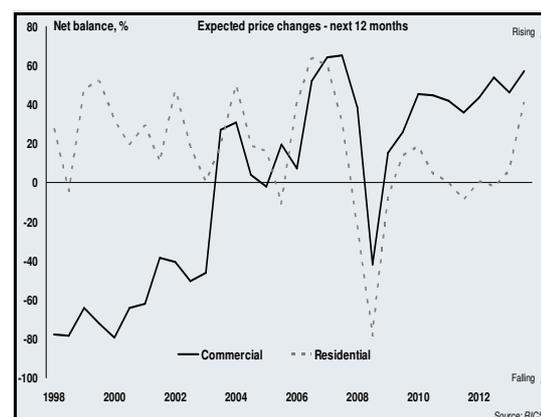
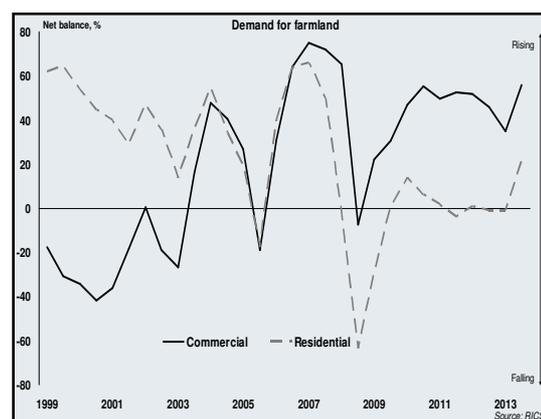
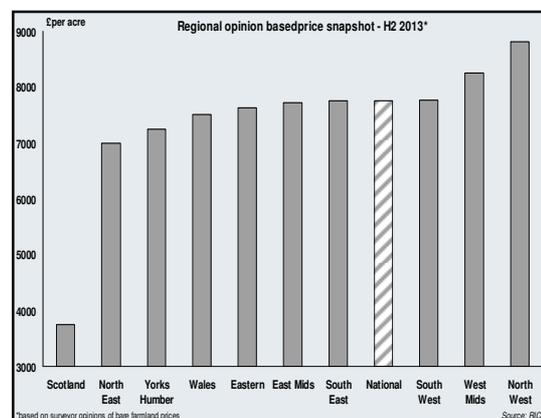
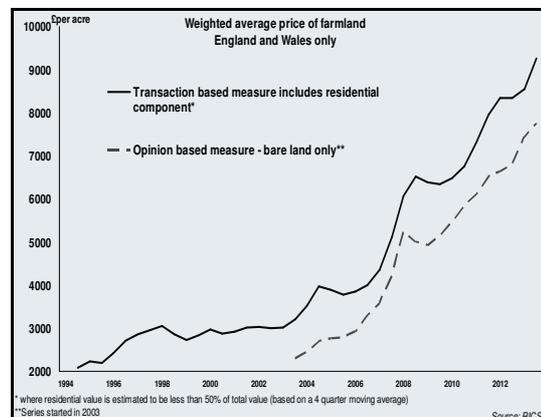
Prices are being driven by a combination of factors, some of which became more prevalent during the second half of 2013. Commercial farmland demand, as has been the case in recent surveys, remains strong. Surveyors point out the importance of neighbouring farmer interest in pushing up the price of land. In addition, it appears that prime commercial holdings are proving more attractive to investors than those of lesser soil quality.

However, residential demand experienced a firm uptick over the period, for the first time in over three years. Moreover, residential demand is now growing (albeit to varying degrees) throughout each region covered in the survey.

The imbalance between supply and demand is fast becoming a prominent feature of the market, an issue frequently mentioned by surveyors. This disparity appears to be relatively broad based, suggesting the trend is likely to persist in the near term at least.

At the regional level, the largest (opinion based) price increase over the second half of the year was found in the North East (9%), where the average price per acre is now £7000. Meanwhile, the North West is still the region with the highest average price per acre which stands at £8,813.

While some respondents highlighted the vulnerability of rural property to the economic recovery, in that it may lose some of its safe haven appeal, the majority of surveyors, on balance, expect further price increases. The most notable improvement in confidence is evident in the residential sector.



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See notes to editors on next page description of data and methodology.

Notes to editors

- The statistics provided by RICS members in England, Wales and Scotland, are collated by the Royal Agricultural University, Cirencester.

Rents:

- Rental figures refer to the typical rent paid for let land for all grades, expressed as a median of all responses of five or more.
- England and Wales rent figures are the weighted average of regional results.
- England and Wales yield figure is simple average for all data collected.
- ATA = Agricultural Tenancies Act 1995; AHA = Agricultural Holdings Act 1986.

Land prices:

- Figures refer to the typical prices paid, in £ per acre for bare land.
- Regional figures expressed as a median of all responses of five or more.
- England and Wales figure is the weighted average (by region).
- Non-residential land: where estimated residential value is less than 50%.
- Residential land: where estimated residential value is greater than 50%.
- The RICS 'transaction' based measure of farm land prices is based on actual sales and *includes a residential component*, where that component is estimated to be worth less than 50% of the total value of the plot.
- The RICS 'opinion' based measure of farm land prices is a *hypothetical estimate of bare land only* i.e. it excludes the residential component. As a result, the opinion based measure will tend to be less than the transaction based measure.

Farmland purchasers:

- Regional figures for each category are based upon the average response of surveyors responding.
- Figures may not aggregate to 100% due to rounding errors.
- National balances refer to Great Britain and are based upon a simple average across all respondents.

Net balances:

- Balance = Proportion of surveyors reporting a rise in demand/availability minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- Demand and supply balances based on change over previous year.
- Expectations balances based on change over next year.
- National balances refer Great Britain and are based upon a simple average across all respondents.
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if the net balance reading drops from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

Chartered Surveyor market comments

National - England

Ben Taylor MRICS, Bidwells, Cambridge, 01223 559459 - "Prices for commercial arable land have continued to show impressive growth, and there was probably more market activity during the summer months than some had anticipated. Territorial bidding combined with stronger resolve from investors has seen prime commercial holdings hit new heights. We have also seen a relative return to form for moderately sized residential farms, although this remains very location-specific. Supply of top quality silt land continues to be exceptionally tight."

Richard Liddiard FRICS, Carter Jonas, Newbury, 01635 263012 or 07801 666112 - "We are confident that as demand continues to outstrip supply, best in class farmland will rise in value and be keenly sought by farming and non-farming investors alike, who value the safe haven status and inheritance tax advantages that land offers. Quality, however, is key and there will be a more discerning attitude amongst buyers of land and farms as other property asset classes recover in the improving economic environment. Farmland will therefore need to justify its lower return when commercial and other classes begin to recover."

Tom Raynham MRICS, Knight Frank, London, 020 78611578 - "Nationally the market is still being driven by greater demand than supply. The investor market still competes strongly against farmers and there is certainly more foreign (European) interest in farmland as an investment as the financial and legal stability of the UK draws more money and the benefits not only from tax but capital appreciation that farmland in the UK provides."

National - Scotland

Harry Lukas MRICS, CKD Galbraith, Peebles, 07721 569280 - "The Scottish Borders is experiencing an acute shortage of good farmland available for sale. There is strong local demand which will maintain prices. Land for planting also remains in demand."

Rhona Booth MRICS, Davidson and Robertson Rural, Forfar, 01307 490220 - "Demand remains strong for good productive bare land and attractive well equipped farm units. Such holdings sell above the asking price and usually at a closing date. More interest is being seen from non-agricultural purchasers and the lifestyle buyer is active again following the economic downturn."

David Strang Steel MRICS, Strutt and Parker, Banchory, 01330 826800 - "In the north east of Scotland there has been very little farmland sold in 2013 but there is a strong combination of local farmers, local business people and roll over buyers looking for farmland. We anticipate that with a strong local residential market the farmland market will improve further. Harvest 2013 was easy and to date we have had the mildest start to winter in memory."

National - Wales

Irving Parry FRICS, Brightwells, Builth Wells, 01982 553614 - "The farmland market remains strong in mid-Wales, with continued demand chiefly from established farmers seeking to expand their holdings. Sale prices show a range of values with best quality, conveniently located parcels selling at £8,000 plus per acre. Poorer quality, more remote parcels are selling at £3-5,000 per acre. Demand for equipped farms shows a range of values between £7-12,000 per acre, again dependent upon quality and location and strengths of local demand. Final details on single farm payment entitlement changes due mid-January should give more confidence to buyers in H2 2014 but the so-far declared 15% modulation in Pillar 1 payments are perhaps indicative of the current Welsh Government's change of attitude to rural agricultural business."

Simon Lloyd MRICS, Cooke & Arkwright, Bridgend, 01656 644644 - "Agricultural land continues to sell well but it is noticeable that there are often only 2 or 3 serious purchasers for parcels of accommodation land. There is likely to be uncertainty in upland areas due to the SFP reform and the potential falls in payments received which may well filter through into the farmland market."

Eifion Bibby MRICS, DMPC, Colwyn Bay, 01492 510360 - "Continued strong prices being realised particularly for the most productive agricultural land parcels. Demand for marginal upland may well be further influenced depending on CAP reform area payment categories determined for Wales."

James Andrews MRICS, Llewellyn Humphreys, Carmarthen, 01267 237812 - "We have seen strong demand for both bare land and farms, with a limited supply coming to the market."

Gareth Wall MRICS, McCartneys, Kington, 01544 230316 - "The arable land market in the region is strong but the upland grass land market has slowed in the last six months mainly due to higher costs of production within the beef and sheep sector and farm profitability."

David Powell MRICS, Powells, Monmouth, 01600 714140 - "Increased buyer activity and market transactions for farms and smallholdings in the latter half of the year. Firm values being paid for land, all driven by local agricultural demand. Accessibility of land key to strong interest being achieved in all sales. Increased number of farm and land sales for 2014 compared with previous years, already instructed. Majority of vendors influenced to sell to take advantage of high values."

Gareth J. Lloyd FRICS, Watts & Morgan, Cowbridge, 01446 774152 - "Prices remain buoyant with farmers being reasonably satisfied with their returns for 2013 and expecting similar figures for 2014. They also see land as a good investment compared with other commodities and interest rates are very attractive. Any quality land in good locations attracts great interest and commands high prices but even poorer quality land is attracting non-farming buyers and demand for all types is likely in 2014."

Regional Comments: Eastern

David Sinfield FRICS, Alexanders, Huntingdon, 01480 432220 - "The local market has remained strong and firm for transactions of effectively bare land holdings. There is some evidence that the market has become selective with strong demand from neighbours producing high figures, but where that demand is slack prices can easily be affected by 20%."

Barry Hawkins FRICS, Barry L Hawkins, Downham Market, 01366 387180 - "As always the market is neighbour lead with whatever hat he is wearing"

Ben Taylor MRICS, Bidwells, Cambridge, 01223 559459 - "Prices for commercial arable land have continued to show impressive growth, and there was probably more market activity during the summer months than some had anticipated. Territorial bidding combined with stronger resolve from investors has seen prime commercial holdings hit new heights. We have also seen a relative return to form for moderately sized residential farms, although this remains very location-specific. Supply of top quality silt land continues to be exceptionally tight."

Elizabeth Allen MRICS, Brown & Co, Spalding, 01775 717894 - "Values are still strong, with good demand for bare agricultural land, noticeably less demand where there is a residential element."

Jim Major FRICS, Brown & Co, Kings Lynn, 01553 770771 - "Without changes in capital tax structures or a very significant economic reverse in the sector, demand is likely to remain strong and supply limited leading to maintained confidence and no downturn in values. Best quality is bringing bigger premiums. Smaller (under 50 ac) pieces of less productive land in unfashionable parishes will remain more difficult to sell."

Mark Russell MRICS, Carter Jonas, Cambridge, 01223 346628 - "The continued weight of funds seeking commercial blocks of agricultural land would appear to support average arable land prices. However, if the general economy improves as appears likely in 2014 that could refocus investors' minds into other asset classes. As a counterbalance if the economy continues to improve then confidence may grow in the residential farms market."

Giles Turton MRICS, Cheffins, Cambridge, 01223 213777 - "Farmland values have continued to increase in light of heightened demand and falling supply. Despite a resurgence in the housing market, residential farms remain relatively flat in comparison to bare arable land prices. There is still a wide variation in value between low quality small acreages and high quality commercial farms."

Chris Leney MRICS, Robinson & Hall LLP, Ipswich, 01473 835253 - "Demand and confidence remains strong, with farmers beating investors in the bidding on many sales. Buyers with rollover money have bid very strongly in some instances. Local farmer interest remains important on sales of smaller blocks of land, particularly if they are of poorer quality."

Nicholas Wells MRICS, Robinson & Hall LLP, Bedford, 01234 351000 - "Demand continues to outstrip supply resulting in a steady increase in prices over the year. Strong demand from neighbours has proven to be key this year. In the latter part of the year development/strategic land came back to life. However, deals have been slow to progress once agreed, the legal process has frequently dragged on for little or no apparent reason."

Adrian Wilson MRICS, Savills (UK) Ltd, Cambridge, 01223 347231 - "As predicted the demand for quality farmland has continued and this is likely to remain the case in the foreseeable future. With some encouragement the demand has increased from the farmer buyers who are very keen to expand their business. With the recent upturn in the residential market this is likely to filter into the residential farm market. Volatile global economic returns from farming are likely to play more of a part in future in the decision making process as to the values to be paid for land. The supply may increase a little with some landowners wishing to cash in on good levels of capital growth."

Simon Pott FRICS, Simon Pott & Company, Bury St Edmunds, 01284 763521 - "I believe the market is polarising into those areas of good and certainly of best land which is very much sought-after, but the whole market is not the same and there are perfectly straightforward parcels of land which have not sold, usually because no one in the area wants it or can afford it and it is not worth travelling too far to farm it or that the expectation is too great. Supply is limited or small but beware the idea that all land is selling in the Eastern Counties for figures around £10,000 per acre. It is just not true!"

Tom Goodley MRICS, Strutt & Parker, Norwich, 01603 617431 - "A lack of supply continues to drive strong demand; however, with farm profitability looking uncertain and with CAP reform gathering pace it could be that the market has peaked. There will still be some fantastic results achieved in 2014 for farms with acquisitive and progressive neighbours who regard some farms or pieces of land as must haves, but it could be that there will cease to be a strong under bidder in some of these circumstances. With an election planned in 2015, 2014 could be a very good time to sell."

Christopher Perks FRICS, Warmingtons Surveyors LLP, Hitchin, 01462 768814 - "Demand for farmland in Bedfordshire and surrounding counties remains high. In spite of an increase in properties coming to the market purchasers remain keen and competitive. With some of the Basic Payment Scheme rules now clearer, the spectre of capping has disappeared allowing purchasers who wish to expand, to commit to the market. The development market has also picked up bringing cash rich purchasers to the market to increase competition for units which become available. It remains to be seen whether the plateau which has been reached on the grain market will begin to drag back land prices but expectations remain high."

East Midlands

Rupert Harrison FRICS, Andrew Granger & Co. LLP, Loughborough, 01509 243720 - "There continues to be a shortage of good quality land coming to the market for sale. Where land is available purchasers are becoming more selective - typically the number of potential buyers is lower, but they are more serious in their interest."

Christine Baggott MRICS, Bagshaws, Uttoxeter, 01889 562811 - "Demand remains firm with no sign of a reduction in interest, but a levelling out of prices. Demand can be variable and location specific, but APR remains a strong driver. The availability of funding remains an issue specifically for smaller scale non-farming buyers."

Ed Lawley MRICS, Bagshaws, Bakewell, 01629 812777 - "The supply is still extremely limited. Demand is very area specific, with the larger parcels attracting the higher demand. The 'pony paddock' market of old has, generally, not come back to where it used to be."

Jo Gardner MRICS, Berrys, Kettering, 01536 412464 - "The relative shortage in supply within the Midlands region keeps farmland values buoyant although there is a clear distinction between the best and more poorly located parcels of land. Demand appears to be driven primarily by farmer purchasers who are now more selective over quality, access and location."

Elizabeth Allen MRICS, Brown & Co, Spalding, 01775 717894 - "Values are still strong, with good demand for bare agricultural land, noticeably less demand where there is a residential element."

Sam Skinner MRICS, Fisher German, Retford, 01777 861927 - "Q3 and Q4 have proved to be the busiest period for land transactions in 2013 with continuing demand provoking increased prices driven by the scarcity of large blocks. Farm business tenancy rents for arable land still remain strong despite recent depressed cereal harvests, and it will be interesting to see what effect the CAP reform will have on rents. Strong rents will continue to be achieved whilst there is a confident mood within the agricultural sector. Non farming investors still view AHA farms as a sound investment despite low yields, and prices payable are seemingly in line with strong vacant possession values less than a decade ago in some cases."

Richard Start MRICS, Pygott & Crone, Sleaford, 07940 573564 - "Still strong demand for land, although amount of demand unchanged over last quarter. Prices remain strong, with good quality land, and land parcels of the right size and location making a premium."

Nicholas Wells MRICS, Robinson & Hall LLP, Bedford, 01234 351000 - "Demand continues to outstrip supply resulting in a steady increase in prices over the year. Strong demand from neighbours has proven to be key this year. In the latter part of the year development/strategic land came back to life. However, deals have been slow to progress once agreed, oftentimes the legal process has dragged on for little or no apparent reason."

Luke Humphries MRICS, Smiths Gore, Lincoln, 07525 950452 - "Demand continues to outstrip supply and a greater amount of sales are taking place off market. However, confidence remains strong as commodity prices remain at a reasonable level and continue to make farming a profitable enterprise."

Stuart Paton FRICS, Strutt & Parker LLP, Stamford, 01780 484040 - "Continuing shortage of supply. Very strong demand for large commercial units. Beginning to see a greater degree of interest in residential farms."

North East

David William Coulson FRICS, Addison's Chartered Surveyors, Crook, 07779 623371 - "The market for well serviced farms continues to be buoyant but basic upland farms are struggling. Productive land which can grow a variety of crops is well received but land to the Dales in the West has less bidders than the higher the land. Neighbouring farmers are having a big influence on the price of land and are keen to expand. There continues to be more demand than supply and with entitlements rolling over there does not seem to be any change to this market in the short term."

Neal Thompson FRICS, Edwin Thompson LLP, Berwick-upon-Tweed, 01289 304432 - "The market remains strong for good quality commercial units and there are currently no indications that it will falter despite two poor harvests and reduced grain prices. The best land is now making £10,000/acre, but the level of neighbour interest is increasingly important. There is clear evidence of a two tier market and modest quality residential units and poorer grassland farms can be harder to move."

Ashley Dodgson MRICS, GSC Grays, Bedale, 01677 422400 - "Whilst there continues to be strong demand for both bare land and equipped farms from both farming and non-farming purchasers, the market is becoming increasingly variable and distorted with values fluctuating quite widely across the North East and Yorkshire reflecting location and land grade variances. Scarcity of supply remains the driving factor, which has seen prices continue to rise albeit there is increasing evidence to suggest that values are beginning to plateau except where there is significant neighbour interest, which can still generate premium values. Increased certainty over the reforms to the CAP/SFP regime should help to improve confidence within the agricultural sector but with a potential rise in bank interest rates this is likely to have a moderating impact on values in the future combined with continued volatility of commodity prices."

Charles Raine FRICS, Youngs RPS, Hexham, 01434 611990 - "Land is still in short supply and relatively little has come onto the market and what has done has sold well. However, good land which is priced sensibly is attracting many enquiries and selling extremely well. There have also been some large transactions agreed in the north east region which confirms there is significant interest from investors and farmers alike."

North West

Graham Bowcock MRICS, Berrys, Northwich, 01606 818953 - "The North West land market remains very strong despite a difficult 2012 summer and harvest leading to late sown 2013 crops; this has impacted on yields and quality, although the 2013 harvest occurred during generally ideal conditions. We await with interest March accounts to see the full impact and this may affect the land market once known. The 2012 harvest did impact on profitability but this has not reduced demand for farms and land."

John Seed FRICS, Brown Rural Partnership, Macclesfield, 01625 442705 - "Land market remains strong, although the number of offers received in tender sales can vary significantly even in the same locality. Land in areas where the number of commercial farmers are limited still hard to sell, but some increase in interest for residential farms is now discernible."

Andrew Chandler MRICS, Frank Marshall LLP, Chelford, 01625 861122 - "Greater demand for good quality land in larger blocks both with and without buildings. Residential farms appearing more saleable but with static prices. Expecting more land on the market in 2014 with a higher turnover of residential farms if the performance of the last 2 quarters of 2013 reflects the current market conditions accurately."

Tony Rimmer MRICS, Rostons, Chester, 01829 773000 - "Land is in strong demand from all types of farmers. Those businesses that have invested over recent years are keen to secure land. Larger parcels, 30+ acres create most demand if suited for arable or grass production."

South East

Julian Sayers FRICS, Adkin, Wantage, 07850 397667 - "The market remains strong with high demand and a shortage of supply across the board. In addition there are signs of the residential element of the farm land market improving."

Russell Parkes MRICS, Batcheller Monkhouse, Pulborough, 01798 872081 - "Commercial size blocks of arable land are still in strong demand, as are the best quality residential farms. With an increase in supply of residential farms over the year, buyers could afford to be more particular."

Kevin Prince MRICS, Carter Jonas, Winchester, 01962 833365 - "Although more land came forward in 2013 there is still an imbalance of supply and demand for good blocks of accessible arable land and as a result the market continues to strengthen for the best land. However, for the first time in a number of years it is clearly apparent that poorer land in secondary locations is becoming more difficult. The much talked about two tier market does seem to now have arrived. Vendors' expectations have also been driven up by some of the exceptional sales which we have achieved and it is important over the next 12 months that vendors are realistic when considering offers."

Edmund Smith MRICS, Carter Jonas LLP, Oxford, 01865 404443 - "The private market strengthened throughout 2013 as landowners looking to expand became frustrated by the limited supply of openly marketed land. Competition for well equipped, good quality land is expected to increase throughout 2014 with lower values being attributed to poorer quality land together with holdings reliant on local interest. The residential element remains a low priority except in the prime Country Estate market."

Rowan Allan MRICS, HJ Burt & Son, Steyning, 01903 879488 - "A two tier market with better quality land still attracting good interest, but poorer quality land struggling at times and at lower prices. Greater interest and activity from investors looking at longer term development options combined with an ever changing planning world."

Nicholas Wells MRICS, Robinson & Hall LLP, Bedford, 01234 351000 - "Demand continues to outstrip supply resulting in a steady increase in prices over the year. Strong demand from neighbours has proven to be key this year. In the latter part of the year development/strategic land came back to life. However, deals have been slow to progress once agreed, oftentimes the legal process has dragged on for little or no apparent reason."

Will Banham MRICS, Smiths Gore, West Malling, 01732 879050 - "The market remains strongly founded on a lack of supply in the face of strong demand from both agricultural and investment buyers. Very strong demand for AHA investments has resulted in some sales at historically low yields and this trend looks likely to continue into 2014. Unless there is a significant increase in supply of land to the market in 2014, strong values look set to continue, particularly for high quality land."

Julian Stratford FRICS, Stratford's, Bethersden, 01233 820218 - "The demand from larger local farmers so as to expand and spread costs, especially on the better soils, has remained. Smaller blocks are showing demand from non-farming and farming purchasers thus commanding higher prices per acre. A shortage of supply has fuelled the demand as last year."

South West

Matthew Peters FRICS, Bruton Knowles, Gloucester, 01452 880000 - "In an undersupplied market place demand has been high. However, location is becoming key. Good quality commercial land is sought after with the more marginal land becoming harder to sell. Developers are back in the market for anything they consider strategic but the main drivers are existing farmers looking to expand. The small residential farm market is difficult unless at realistic levels. Smaller areas again location specific with some areas maintaining high levels. A number of very large private sales in this area at values well in excess of average land values has made this method of sale become a very attractive route for vendors."

C J Harding FRICS, Carter Jonas, Bath, 01225 7417270 - "Bare land prices have again improved this year although prices achieved depend very much on local conditions. Demand continues to exceed supply and the indications are that the upward trend for farmland will continue in 2014. In the second half of 2013 the demand for country houses has returned albeit cautiously and this will feed into the residential farm market in 2014. The differential between good arable land or land in popular areas and that of second quality land will become greater in 2014."

Charles Lucas FRICS, Chesterton Humberts, Marlborough, 01672 519111 - "There is still a shortage of good quality land becoming available. Demand is still strong from both farmers and investors with confidence remaining in the sector. Pasture land more difficult to shift without neighbour interest or amenity type buyers."

Martyn Venner MRICS, Greenslade Taylor Hunt, Bridgwater, 01278 425555 - "Locally EDF have acquired a lot of land for the construction of Hinkley Point C, in addition, with the acquisition of the Steart Peninsula. This has left farmers short of land and with money to burn - as a result land prices on the Quantock Hills and the surrounding area has increased considerably."

Richard Webber MRICS, Greenslade Taylor Hunt, South Molton, 01769 574500 - "There has been less farms and land coming to the market this year although demand remains healthy, driven primarily by farmer buyers looking to expand existing holdings. The market for land continues to be localised with interest and competition from adjoining and local farmers/ landowners having a strong influence on eventual sale prices."

Will Handel MRICS, Greenslade Taylor Hunt, Honiton, 01404 46222 - "The location of land continues to play a significant role in determining value with variations in price from district to district. Many farming businesses remain keen to expand which are often hampered by limited supply. In addition to strong interests from farmer buyers, investors appear to be more active in the market particularly for larger blocks of arable land."

Will Wallis MRICS, Greenslade Taylor Hunt, Yeovil, 01935 415300 - "Demand for farmland still very strong with some locations seeing significant fluctuations due to special purchasers who wish to invest, or expand existing farming enterprises. Other influences have included renewable energy projects that require land for growing crops which has, in turn, reduced land availability for nearby farmers. The residential and smallholding market remains fairly static, unless the unit is particularly interesting."

Andrew Dodds MRICS, Stags, Exeter, 01392 680059 - "There were a greater number of farms sold in H2 compared with H1 2013; however, fewer farms were launched to the market in the latter part of the year. Our analysis indicates that land values increased by 13% during 2013 but this may hide a stronger increase in arable land values which consistently achieved £9,000 per acre plus at many of our auctions. There continues to be a resurgence in the market for residential farms and demand for commercial units remains strong."

Andrew Tuffin MRICS, Symonds & Sampson, Sturminster Newton, 01258 472244 - "Following years of poor supply we have seen an increase in land available in Dorset and surrounding counties in 2013. This has, however, been exceeded by increased demand from farmers in particular and whilst there are still plenty of residential, institutional and investor buyers, they are not always able to compete. In order of importance the factors affecting value are location, quality, access and services."

Adrian Cannon MRICS, Tayler & Fletcher, Bourton-on-the-Water, 01451 812828 - "We see continued special purchaser requirements for small parcels of land which maintain the premium, whilst larger parcels do not have significant premiums attached."

Tom Pullin MRICS, Voyce Pullin, Bristol, 01454 269486 - "Demand remains strong for bare land although we have seen greater localised differences in price with particular areas far exceeding the regional average values. There has also been a noticeable increase in demand for smaller blocks of land across the region."

Richard Nocton FRICS, Woolley & Wallis, Marlborough, 01672 515252 - "Prospects for 2014 - The demand for farmland has intensified, there are plenty of buyers to choose from and the banks are eager to lend. All the signs are that good quality agricultural land and farms will sell very well during 2014 and that prices will remain at current levels and probably increase in the heat of competition. One particular trend that is emerging is sales of land and property on the "off" market, i.e. sales that never reach the open market and are not advertised in the press or on the internet. Demand is sufficient and strong enough to warrant sales to agents with a strong applicant list and those who have the instructions."

West Midlands

Christine Baggott MRICS, Bagshaws, Uttoxeter, 01889 562811 - "Demand remains firm with no sign of a reduction in interest, but a levelling out of prices. Demand can be variable and location specific, but Agricultural Property Relief remains a strong driver. The availability of funding remains an issue specifically for smaller scale non-farming buyers."

Paul Segrott FRICS, Balfours, Craven Arms, 0158 8674039 - "Successful farmers are hungry for more land and are outbidding neighbours where there is strong marriage value. More land appears to be coming to the market which should level high prices. High value crops and crops like maize for bio-digesters are supporting returns thereby holding up land values. Two poor years with bad winters for the more traditional farmers may have an effect on farming incomes but the investment value still with strong tax incentive supports the strong value of land"

Eddie Bowen MRICS, Bowen Son & Watson, Ellesmere, 01691 622534 - "There is still only a small amount of land coming available onto the open market. The increase in the numbers of anaerobic digesters in the local area has had an impact on land rental values with smaller farmers and landowners struggling to compete at the same level. This has also affected land sale values and there is still a healthy demand for all types of land from farmers and non farming individuals."

Jeremy Jehan MRICS, Brightwells, Hereford, 01432 261325 - "The land market has continued to surprise, this time last year I commented on prices potentially easing. Looking at the year, I think the arable land has strengthened slightly. Grazing ground is more of a lottery, some parcels with neighbourly interest has been very dear, others without neighbours can be difficult to sell at any price. Location, location is the key rather than productive capacity. Still a lack of whole farms for sale."

Matthew Peters FRICS, Bruton Knowles, Gloucester, 01452 880000 - "In an undersupplied market place demand has been high. However, location is becoming key. Good quality commercial land is sought after with the more marginal land becoming harder to sell. Developers are back in the market for anything they consider strategic but the main drivers are existing farmers looking to expand. The small residential farm market is difficult unless at realistic levels. Smaller areas again location specific with some areas maintaining high levels. A number of very large private sales in this area at values well in excess of average land values has made this method of sale become a very attractive route for vendors."

Victoria Pocock MRICS, Carter Jonas, Shrewsbury, 01939 210101 - "Where purchasers have funds in place they can afford to be more selective and therefore we are seeing demand in north Shropshire for farms and land (of all acreages) is certainly based on quality. For example, poorer quality pastureland with little road frontage, poor access and lack of water supply is not selling well whereas historically buyers may have been less choosy. CAP reform is also having some effect on sellers' and buyers' timings."

Gareth Wall MRICS, McCartneys, Kington, 01544 230316 - "The arable land market in the region is strong but the upland grass land market has slowed in the last six months mainly due to higher costs of production within the beef and sheep sector and farm profitability."

David Powell MRICS, Powells, Monmouth, 01600 714140 - "Increased buyer activity and market transactions for farms and smallholdings in the latter half of the year. Firm values being paid for land, all driven by local agricultural demand. Accessibility of land key to strong interest being achieved in all sales. Increased number of farm and land sales for 2014 compared with previous years, already instructed. Majority of vendors influenced to sell to take advantage of high values."

R G Williams FRICS, RG & R B Williams, Ross on Wye, 01989 567233 - "Strong demand for all classes of farmland maintained despite two poor farming years. Prices increased by approximately 10% on the previous year. The future augers well for the market as there is a serious shortage of farms, smallholdings and blocks of good land available."

Yorkshire & Humberside

Dan Taylor MRICS, Carter Jonas, York, 07720 537187 - "The market has been characterised by under supply and over demand, and is unlikely to change. Land prices should remain robust and at similar levels to 2013, although CGT rollover money from development land sales may affect prices in some areas given the renewed interest from house builders. Farmer purchasers continue to dominate and although quality remains key, lesser quality larger commercial blocks can still achieve strong prices. It would appear that the investor market is more focused on larger commercial offerings and there are signs that their interest is beginning to migrate further north."

Ashley Dodgson MRICS, GSC Grays, Bedale, 01677 422400 - "Whilst there continues to be strong demand for both bare land and equipped farms from both farming and non-farming purchasers the market is becoming increasingly variable and distorted with values fluctuating quite widely across the North East and Yorkshire reflecting location and land grade variances. Scarcity of supply remains the driving factor, which has seen prices continue to rise albeit there is increasing evidence to suggest that values are beginning to plateau except where there is significant neighbour interest, which can still generate premium values. Increased certainty over the reforms to the CAP/SFP regime should help to improve confidence within the agricultural sector but with a potential rise in bank interest rates this is likely to have a moderating impact on values in the future combined with continued volatility of commodity prices."

William Douglas MRICS, Smiths Gore, York, 01904 756303 - "The general land market continues to suffer from a lack of supply of quality land and scant opportunities to pick up decent sized commercial farms."

Christopher Orme FRICS, Strutt & Parker, Harrogate, 07702317290 - "Farmers will continue to drive the market; particularly having had a much better harvest than anticipated this time last year. Investors who have been unsuccessful in other areas of the country are increasingly looking towards Yorkshire as a sensible area for investment."

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About the Royal Agricultural University (RAU)

Founded in 1845, the Royal Agricultural University (RAU) is the oldest agricultural college in the English speaking world and has a long-standing, global reputation in education, research and consultancy.

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About the RICS/ RAU Rural Market Survey

The statistics provided by RICS members in England, Wales and Scotland, are collated by the Royal Agricultural University, Cirencester.

