

RICS/RAU Rural Land Market Survey H2 2016

Uncertainty and squeezed profitability continue to weigh on demand

- Transaction based price index falls for second consecutive report
- Demand continues to decline and supply also falls back in H2
- 12 month price expectations remain negative albeit less so than previously

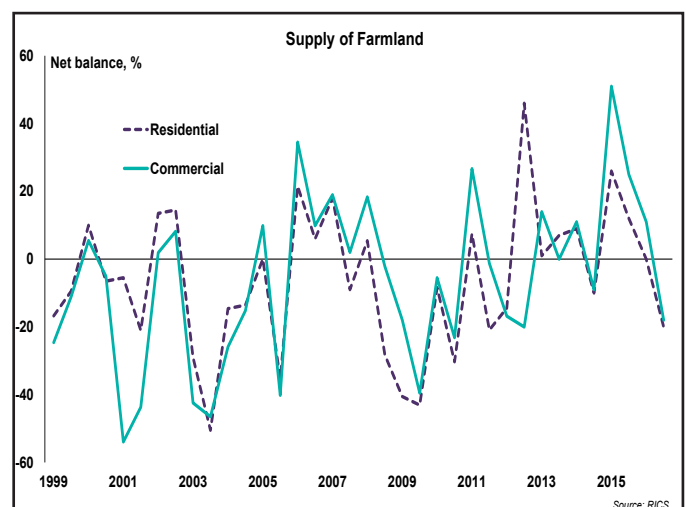
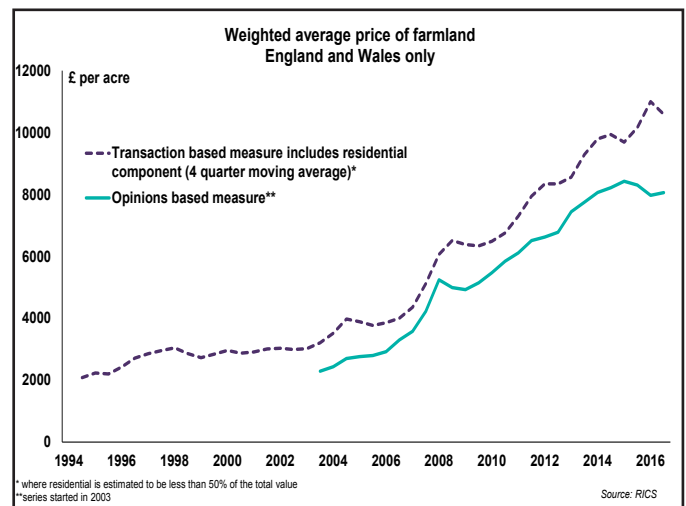
The results of the H2 2016 RICS/RAU Rural Land Market Survey point to a further softening in demand for farmland over the period. As such, this indicator has now been in negative territory in each of the last three reports (when taken as a simple average of the mixed-use and commercial farmland sectors). Demand fell across both sectors during the second half of 2016, with the pace of decline (in net balance terms) similar for each. Anecdotal evidence from respondents highlights uncertainty over Brexit and future subsidies, as well as low commodity prices (and the subsequent squeeze on agricultural profitability) as the key factors hindering the market at present.

Alongside this, availability decreased across Great Britain as a whole for the first time since 2014, with a net balance of 19% more respondents noting a decline (rather than an increase) at the headline level. Despite a lack of supply coming to the market, the weaker demand backdrop is expected to lead to a further decline in prices over the next twelve months. Indeed, the price expectations series for blocks with a residential component now stands at -17%. Meanwhile, the price outlook is slightly more negative for commercial farmland, with a net balance of 31% of respondents expecting values to decline over the next twelve months. That said, in both instances, the net balances are less negative than those returned in H1 (conducted around the time of the referendum).

The survey's transaction based measure of farmland prices (which includes a residential component where its value is estimated to be less than 50% of the total) nudged down for the second straight report to stand at £10,233 per acre. Compared to a year ago, this measure has slipped by approximately 7%. Meanwhile, the survey's opinion based measure (a hypothetical estimate by surveyors of bare land prices) was broadly flat during H2, leaving it down by around 3% on an annual basis.

Yields on investment land continued to drift lower, edging down to 1.5% from 1.6% previously. During H2, 63% of buyers were individual farmers while 'lifestyle' buyers continue to account for just under one quarter of purchases. This composition has remained more or less unchanged over the past two years, following a significant decline in the share of lifestyle buyers just before the onset of the global financial crisis.

According to the latest feedback, average arable land rents fell by 5% in H2, which translates into an annual decline of 11%. Average pasture land rents fell by 2.6% in H2 (compared with a fall of 6.5% in H1), leaving them down by 7.9% on a year over year basis.



	Bare land: opinion based			Farmland: transaction based* - p				Rents - wgt average £ per acre				Yields
	Wgt price	Arable	Pasture	Wgt price	Price index	No. of sales	AVG trans	Arable		Pasture		
	£ per acre	£ per acre	£ per acre	£ per acre	H1, 95=100	reported	size, acres	AHA 86	ATA 95	AHA 86	ATA 95	
H1-2016	7,975	8,911	7,040	10,952	522	196	83.2	78	142	60	96	1.6
H2-2016 (p)	8,062	8,982	7,143	10,233	487	242	0.0	75	135	53	94	1.5

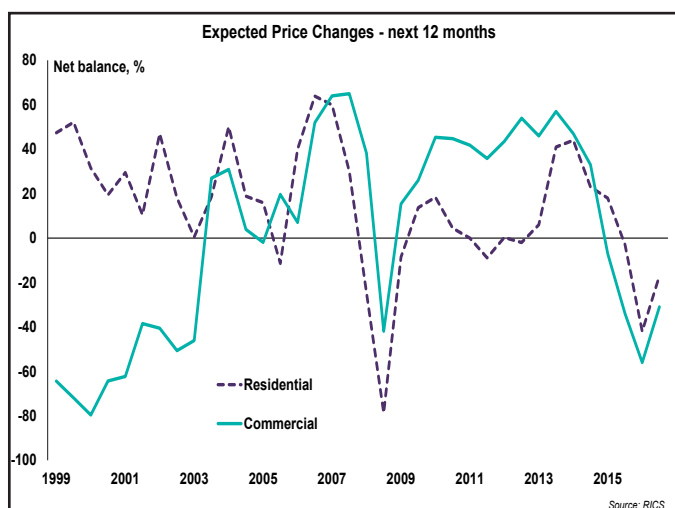
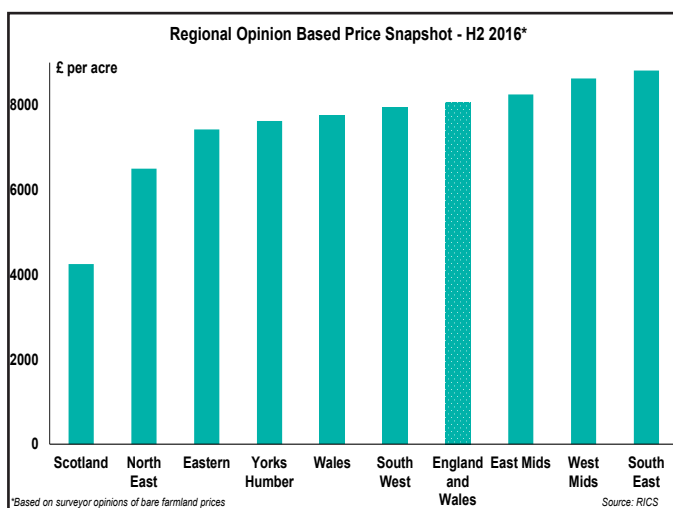
p=provisional data which is subject to revision in the next half

*includes residential component where estimated value is less than 50%

	Net balance data ¹						Purchaser type % ⁴					
	Great Britain: Unweighted						Great Britain: Unweighted					
	Demand ²		Availability ²		Price expectations ³		Ind fmr	Agri-bus	Non-farm	Inst Investor	Developer	Other
	non-res ⁵	res ⁶	non-res	res	non-res	res						
H1-2016	-48	-19	11	0	-56	-42	60	7	24	5	2	2
H2-2016 (p)	-20	-15	-18	-20	-31	-17	63	7	22	4	2	2

1) Balance reporting a rise minus balance reporting a fall 2) Based on change over previous year 3) Based on change over next year 4) Figures may not sum to one due to rounding

5) Where estimated residential value is less than 50% 6) Where estimated residential value is greater than 50% Total number of responses to survey = 84



Notes to editors

About:

- 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 prices:

- 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 balance data:

- Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises).
- 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).
- In the case of the RICS price balance, a reading of +10 should not be interpreted as RICS saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).

- 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 we get a reading dropping 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

England

Michael Fiddes MRICS, Strutt and Parker, Cambridge, 07702 317239 – “The fall in farming profitability has been the greatest factor in the fall in average prices with Brexit having less affect to date. Average values mask a large variation in prices achieved with location being more important than quality. The amount of land remaining unsold at the end of the year was the highest it has been for many years.”

Scotland

Harry Lukas MRICS, CKD Galbraith, Galashiels, 01896 754842 – “Some farms have been slower to sell in the Borders in the last 6 months, buyer enthusiasm dampened by CAP problems on top of lower stock and commodity prices, underlying demand is still in evidence for good holdings. Sales are still achievable and there is still competition however it is too early to predict any Brexit effect on the market apart from a general state of uncertainty.”

George Hipwell MRICS, Davidson & Robertson Rural, Bathgate, 01506 811812 – “Quality has, and will continue to be, the main factor driving values with regional variations due to influences such as the strength of neighbouring agricultural businesses, land quality and level of fixed equipment. Fluctuating commodity prices, reducing subsidy levels and the UK's removal from the EU mean the viability of agri-businesses will become increasingly important and as such marginal properties may need to be realistic in order to achieve a sale.”

Donald Yellowley MRICS, DM Hall, Bridge of Allan, 01786 833800 – “We are seeing that the demand for farms and land has become increasingly patchy across the country with strong demand in certain locations, generally where there are neighbours competing for land. The trend appears to be for the larger farmers to get bigger and the smaller operators to move out of the industry. The Brexit vote and potential for independence has caused some uncertainty but there still appears to be a lack of farms and farmland available which continues to maintain prices at a reasonable level.”

Tom Stewart-Moore MRICS, Knight Frank LLP, Edinburgh, 0131 222 9600 – “2016 saw about 30,000 acres come to the open market in Scotland (based on farms offered for sale of £1 million pounds or more, 71 units in total). By the end of the year, 85% of the stock had either sold or was under offer. 15% remained available for sale. There has been no real pattern on prices. In general terms they have stayed flat and dropped in some areas. There has been more appetite from buyers for farms of 300 acres or more. Quality, well equipped farms have sold well although no record prices have been achieved. Asking prices are key, and those which have been guided too high just haven't sold. The key message looking back at last year is that commodity prices and Scottish politics are having more of an influence on the market rather than Brexit. Interestingly, in the southwest of Scotland, there were a number of dairy farms which have been on the market for over 12 months but the turn in milk prices at the end of the summer saw a number of dairy farms sold. Knight Frank launched a block of 281 acres of grade 2 arable land guided at Offers over £1,360,000. After 2 weeks of strong interest, a closing date was set and a significant premium over the guide price was achieved. 2016 was a fairly resilient year for farm sales despite the Brexit result. We expect to see more of the same in the year ahead.”

Wales

Eifion Bibby MRICS, DMPC, Colwyn Bay, 01492 510360 – “Product prices and perceived confidence in the future viability of farming enterprises will be a contributory influence on commercial parcels & units, albeit market forces will prevail.”

Gareth Wall, MRICS, McCartneys, Kington, 01544 230316 – “Steady supply of land in the region. Less demand evident from purchaser types. Marginal grass land much more difficult to sell.”

Glyn Owens FRICS, McCartneys, Knighton, 01547 528621 – “Arable and livestock returns will have to improve substantially to see any general shift upwards in land prices. Better than average prices still being achieved where there is strong neighbour or local demand.”

Andrew Morgan FRICS, Morgan and Davies, Lampeter, 01570 423623 – “A better autumn than summer as Brexit did not have as significant an impact as commentators thought. Several sales of holdings of significant acreages have been undertaken in recent months both on and off market. Financially the major lenders do continue to regard farming assets as sound commercial propositions for lending in the main. We consider going forward that with the recovery in milk and commodity prices that further falls in our region will be minimal.”

Tony Evans MRICS, Morris Marshall & Poole, Newtown, 01686 626160 – “Post Brexit the future of EU support for agricultural businesses has been a concern to potential purchasers. This has been tempered by the 11% reduction in the value of the pound against the euro since June 2016 which has strengthened commodity prices and 2016 BPS payments. It is unlikely that the reduction in the pounds value will compensate for the reduction in income which is likely to occur on the removal of BPS payments in 2019. There remains few farms on the market which does help supply and demand and will strengthen the market.”

Eastern

Barry Hawkins FAAV, Barry L Hawkins, Downham Market, 01366 387180 – “The one off and adjoining land both hold their own.”

Ben Taylor MRICS, Bidwells, Cambridge, 01223 559459 – “Whilst more transactions went through in the second half of 2016 than perhaps some were expecting following the EU referendum result, the market has remained relatively subdued with a notable lack of top quality, productive land being publicly advertised. Prices are becoming ever more polarised and increasingly linked to where a holding is located as opposed to what its productive capacity might be. There are signs that investors for the long term are still very much in the market, but increasingly discerning over scale, quality and opportunities to add value.”

Chartered surveyor market comments

Robert Fairey MRICS, Brown & Co, Bury St Edmunds, 01284 731450 – “Arable land prices have continued to soften in many parts of the East in the last 6 months for a number of reasons including the uncertainty over future subsidies following the Brexit vote in June and reduced profitability in the sector. Although there are a few exceptions to this in some ‘hot spots’ it is noticeable that generally farmer buyers are starting to show more caution in their investment decisions. Investor buyers from outside the industry, particularly for IHT purposes, are still evident although they are also not prepared to buy at last years prices.”

Jim Major FRICS, Brown & Co, Kings Lynn, 01553 770771 – “The impact of the exit EU vote has been felt in the commercial heavy land Fens with institutional buyers standing out and farmer buyers taking centre stage with an entirely predictable impact on land values. There are individual farms/parishes where buyers will still go to or above £8000 per acre but the market has been much more inclined towards an easing back to £7000 per acre, or occasionally below.”

Mark Russell MRICS, Carter Jonas, Cambridge, 07967 555737 – “The number of buyers for farmland parcels of over 30 acres reduced significantly. Demand for smaller blocks added to holdings or for amenity use increased and the differential between farmland and amenity land increased. For land with houses, where the land holding was appropriate for the size of house, values remain strong. However, where there is significant land area, but a substantial residential property the market continues to be very thin.”

Giles Turton MRICS FAAV, Cheffins, Cambridge, 01223 213777 – “We have seen a decrease in farmland transactions throughout the latter half of 2016 with uncertainty following the Brexit vote and wider economic factors affecting buyers’ confidence. As ever, farmland prices remain very location specific with higher prices being achieved in more desirable and accessible locations. Our expectation is that the land market in the Eastern region will continue to cool into the early part of 2017.”

Giles Allen MRICS, Strutt & Parker, Ipswich, 01473 214841 – “Although values have fallen back a little, they have generally held up relatively well following the EU referendum; helped admittedly by lower levels of supply in the second half of 2016. Quality and location are key as farmers are the principal buyers in the market place. A lack of good quality residential farms and larger units (> 800 acres) means these market sectors are largely untested and could outperform in 2017, due to pent up demand.”

East Midlands

Rupert Harrison FRICS, Andrew Granger & Co, Loughborough 01509 243720 – “Notwithstanding Brexit uncertainties, there continues to be good demand for better quality farmland. Demand for poorer land is dependent on local interest. We are still experiencing a lack of supply in the area with many landowners choosing to hold, rather than sell.”

Robert Bloomfield MRICS, Berrys, Kettering, 01536 532393. – “At the start of 2016 interest in individuals wanting to purchase land was strong with limited supply of land coming to the market. But, by Spring, land was starting to trickle onto the market. However interest in land and offers for land were stopped in their tracks because of Brexit. Both buyers and sellers were concerned about what was going to happen to the value of land and the future of farming subsidy.”

Christopher Templar MRICS, Bletsoes, Thrapston, 01832 732241 – “After a period of growth in land values, the market seems to have peaked and there is evidence it is now falling. Agricultural profitability has suffered in recent years with farm incomes under pressure. Whilst supply of land on the market remains tight, the demand is driven by purchasers with funds from outside of farming. This has created wide disparities in land values dependent on whether or not a parcel of land appeals to those with rollover funds. In general, those with rollover funds are generally looking for land local to their existing holdings or larger commercial farms.”

Andrew Houlden MRICS, DDM Agriculture, Brigg, 01652 653669 – “Good land or land in a popular location, where there are active buyers has seen little or no change and values remain strong. Lower quality land or land in a poor location has probably seen a decrease in value/ may struggle to find any buyer at all.”

Sam Holt MRICS, Strutt & Parker LLP, Stamford, 01780 484042 “The farmland market remains location specific, with higher prices paid for land in popular areas. Rollover buyers remain in the market, but are generally looking to add onto their existing holding rather than relocate, and we have seen more interest from foreign investors as a result of the weaker pound.”

North East

David William Coulson FRICS, Addisons Chartered Surveyors, Crook, 07779 623371 – “The market has gone very quiet in the second half of the year in terms of both land to the market and land selling. Some farmers are waiting to see what happens with Brexit but most are cautious due to poor commodity prices and rising costs. Demand from neighbouring farmers has slowed down with interest in purchasing continuing but at the right price.”

Sam Johnson MRICS, Carter Jonas, Harrogate, 07768 658217 – “The land and farm market in the North of England is becoming increasingly localised with a growing divergence in values which vary almost on a parish by parish basis. Land in a highly sought after area is still making headline prices in excess of £10,000/Ac. Well-equipped farms are a relative scarcity in the market and as such supply is met with good demand generating good values for ‘best in class’. It’s a very thin market at the upper end i.e. £4M plus with some of those properties remaining unsold. The market for equipped farms in the £2M-£4M bracket are turning over well. Setting the correct guide price is critical as we are experiencing a price sensitive market.”

John Neal Thompson FRICS, Edwin Thompson LLP, Berwick upon Tweed, 01289 304432 – “Land values in this area are under a certain amount of pressure as farmer confidence is diminished following four years of reduced profitability coupled with the general uncertainty surrounding the Brexit issue. As a consequence the market is noticeably more discerning and neighbour or near neighbour interest is of ever increasing importance.”

Matthew Brown MRICS, George F White, Bedale, 01677 458203 – “Variation across the region, in land types and quality is large and demand is localised. We are seeing the development of a trend where competition is increasing for higher quality and more desirable land and decreasing for less desirable land. This has a direct effect on values. Going forward, I predict increasing localisation in demand as larger farm businesses expand and others cease trading and sell.”

Chartered surveyor market comments

Ashley Dodgson MRICS, GSC Grays, Bedale, 01677 428930 – “Following the Referendum on the 23rd June 2016, and the UK voting to leave the European Union, there remains a degree of political uncertainty and volatility within the UK economy and financial markets. The UK’s (hard or soft) exit from Europe will inevitably mark a transition period for British agriculture but until Article 50 of the Lisbon Treaty is finally invoked it is difficult to predict the true implications on the land market. Despite this economic instability, land continues to be perceived as a long term safe investment when compared to other investment classes such as equities. Whilst we have witnessed a “softening” in the land market there has been no widespread fall in values at this stage albeit an increasing variance is evident particularly for poorer quality land and farms as purchasers become ever more discerning and selective. With interest rates at an all-time low of 0.25% many farmers and landowners are exploiting matters by re-financing their borrowings. We are also witnessing an increasing number of farmers with “rollover” funds from the sale of development land underpinning the market. Perversely there has been a Brexit boost to commodity prices as Sterling has hit a 30 year low and commodity prices have increased but conversely import and fuel costs have risen impacting on farm profitability. The future of the UK agricultural industry is uncertain and will be influenced heavily by future trade and tariff negotiations.”

Will Parker MRICS, H&H Land and Property, Durham, 01913 708530 – “Limited new farms coming to the market locally. Many farmers retired in 2016 which brought a wave of commercial units both for sale and to let. It is doubtful if the same number will become available in 2017. Demand remains strong for commercially viable units as banks willing to lend. Farmers are not looking for large residences and extra property. Still a strong market for sporting properties but vendors are holding out for high prices.”

James Boulton MRICS, Savills, Wooler, 01668 280812 – “Demand continues to outstrip supply for the best quality land, with purchasers being more cautious for the lesser quality land, although sales above the guide price have been achieved for all of the farms marketed (but over a longer period of time than in the recent past), despite the June news regarding Europe. It would seem likely that the uncertainty surrounding Brexit will make purchasers ever more cautious, although the favourable tax regime will stop values falling too far.”

North West

John Seed FRICS, Brown Rural Partnership, Macclesfield, 01625 442717 – “Location still appears to be the driving factor with smaller land parcels still exceeding £10,000 per acre, while other larger land parcels coming to the market do not appear to be selling. Despite the recent weakening of the pound, Brexit will have no doubt contributed to a lack of interest from investors. In summary, whilst the market hasn’t overreacted to the prospect of Brexit, uncertainty and shortage of supply will be the key factors in the immediate future.”

Julie Liddle MRICS, Robson & Liddle, Edenhall, 01768 254354 – “The uncertainty of Brexit is stifling land coming onto the market.”

Tony Rimmer MRICS, Rostons, Chester, 01829 773000 – “The best description is that cautious demand remains strong. Location is the key factor as always has been but the difference in value between locations is now more divided. Whilst there is talk land values have dropped I do not believe this is the case but expectations in some of the poorer areas is too high and they have been overpriced.”

South East

Andrew Chandler MRICS, Adkin, Wantage, 01235 862888 – “Location and size have appeared stronger contributing drivers for demand in the second half of the year. Good quality larger blocks of well-located land still competitively pursued. Rollover purchasers and larger, expanding units are still to the fore with interest in whole farm units from a broader spectrum of purchasers. Much of the same is anticipated in 2017 albeit perhaps a more polarised market. Location will be the key to achieving values as seen in previous years.”

Russell Parkes MRICS, Batcheller Monkhouse, Pulborough, 01798 872081 – “Market conditions and land prices have remained stable, despite Brexit.”

Will Taylor MRICS, Bidwells, Oxford, 01865 797056 – “Agricultural land remains a sound long term strategy, with low yields supported by reliable capital growth; with interest rates remaining low and a favourable capital tax regime we consider that land remains a stable and safe investment. We anticipate that better quality land with greater flexibility will, in the longer term, outperform land with poorer productivity particularly as we move into a new era post the UK’s departure from the European Union. This may place a greater premium on grade 1 and 2 land, supported by investment into infrastructure that supports such flexible use, particularly for horticultural production.”

Richard Liddiard FRICS, Carter Jonas, Newbury, 01635 263012 – “2016 has been an interesting time with H2 being the period following the surprising Brexit vote in June and a period when the market considers how it is going to react. If anything the market for farmland has strengthened with very good demand in particular for the larger units where numerous buyers have been evident. These have also been the units which are well equipped and as we predicted the best in class is still hold its value. In contrast the returns to farming have been a major concern but the recent fall in the currency has lifted commodity prices but the other side of the coin (being higher input costs) will come into play in 2017. There is still a view that poorer units in less popular areas without strong local demand will prove more difficult to sell looking forward. The style of our Brexit stance has still to be determined and too hard a stance would probably affect the market the most, but only time will tell.”

Ed Smith MRICS, Carter Jonas LLP, Oxford, 01865 404443 – “Locality and quality have continued to be the principle drivers in obtaining strongest land values over the year, and this has been evidenced by the significant geographical variations we have seen. Demand for such land remains high although we perhaps anticipate a slight reduction in supply in the coming year as uncertainty about the future political landscape grows.”

Rowan Allan MRICS, HJ Burt Steyning, 01903 879488 – “As to be expected, some market uncertainty given these political and economic times. However, with a currently still relatively restricted supply of land in the market, demand has remained fairly steady and especially for the right located blocks with the right neighbours.”

Chartered surveyor market comments

Andrew Brown MRICS, Marriotts Property LLP, Faringdon, 07971 410312 – “Land values have slipped back slightly in the last 6 months but seem to be holding at present. The effect of Brexit is uncertain and will have an effect depending on what payments are available in the coming years. Demand is still fairly good with farmer interest leading the way. A strong part of this is fuelled by the sale by landowners of residential land and reinvestment into greater acreages.”

Matthew Sudlow MRICS, Strutt & Parker, London, 020 7318 4668 – “As per much of England, land values have been very polarised across the South East region and the range has never been so great. Similar size blocks and quality of land just 20 miles apart have gained very different levels of interest and offers. Location is key as is the influence of the local buyer to each farm. Going forward non-farmer buyers, which make up a large proportion in the region, appear to be becoming more and more attracted to a diversified income stream other than just from farming.”

South West

Matthew Peters FRICS, Bruton Knowles, Gloucester, 01452 880000 – “The market is now becoming ever more two tier. As agents, we need to know our local markets more than ever and who is likely to be bidding. The larger farm market will remain at good levels but not where there is a big house. The more modest farmhouse is being looked for. Local land values vary so significantly depending on location and quality. Rollover money is still underpinning the market in most areas but some land will struggle to sell in less attractive areas unless it is very realistically priced. Interesting times - who would be a valuer!”

Richard Greasby MRICS, Butler Sherborn, Cirencester, 01285 883740 – “Prices achieved continue to differ widely depending on land quality, amenity potential and proximity to those with rollover money to spend. Arable farms are likely to attract more demand than limited grassland farms unless there is equestrian potential that can be unlocked. The Cotswolds is still a favoured area with generally healthy demand from a variety of farming and non-farming buyers. There still remains uncertainty over how Brexit will actually work and how that will impact on land ownership and farming in the future.”

Kit Harding FRICS, Carter Jonas, Bath, 07780 667001 – “There has been an increase in land and farms available for sale in 2016 in comparison to previous years. The uncertainties of Brexit may be blamed for the easing of prices particularly for pasture land however this was already in evidence prior to the vote. The differential between arable and pasture land prices continues to widen although the values vary depending very much on local demand. Residential farms continue to benefit from more favourable SDLT rates although this is not appreciated by many residential buyers wishing to buy a house in the country. The sales of land and farms in 2017 are still likely to remain at low levels and this will maintain a buoyant market particularly in localised areas of high demand.”

Mike Cluley MRICS, Carver Knowles, Strensham, 01684 853400 – “Location has been the biggest factor in all of our farmland sales across Gloucestershire. When a block of land comes up in the right location, especially where there are farmers with rollover money nearby, we have seen prices achieved that well exceed our expectations.”

William Morrison MRICS, Knight Frank, Exeter, 01392 848823 – “Increased demand from residential buyers looking to take advantage of mixed use SDLT when buying a farm as opposed to a house. Increase in buyers from London cashing in on values in London and reinvesting in farmland.”

Stuart Hext MRICS, Luscombe Maye, Kingsbridge 01548 857474 – “Despite the agricultural industry experiencing challenging times, with commodity prices, there surprisingly still seems to be strong demand for farms and farmland from farming buyers, who also seem to be outbidding most non - farming interest.”

Andrew Brown MRICS, Marriotts Property LLP, Faringdon, 07971 410312 – “Land values have slipped back slightly in the last 6 months but seem to be holding at present. The effect of Brexit is uncertain and will have an effect depending on what payments are available in the coming years. Demand is still fairly good with farmer interest leading the way. A strong part of this is fuelled by the sale by landowners of residential land and reinvestment into greater acreages.”

Mark Hill MRICS, Moore Allen & Innocent, Cirencester, 01285 648105 – “Gloucestershire/ Wiltshire/ Oxfordshire. Lack of confidence over uncertainty of the future due to Brexit in particular and concerns over the economy and commodity prices. Locally, farmers with rollover funds have been keen to reinvest in farmland. Many potential buyers still see the capital taxation benefits of farmland ownership as a positive. Generally farmland prices have stabilised after a drop in price 18 months ago.”

Andrew Ranson MRICS, Stags, Launceston, 01566 744999 – “Demand from non-local buyers has dropped off, but local and particularly neighbouring buyers regularly feel they can't miss the opportunity to purchase when land comes available. Supply remains very tight which is holding prices up. Supply looks unlikely to increase much and with confidence returning, values in most cases will continue unaltered. Where local buyers are not interested, some farms have been much harder to sell. Where these farms have to be sold you may see values start to fall.”

Andrew Dodds MRICS, Stags, South Molton, 01769 575244 – “Despite 2016 being a turbulent year politically, the market for farms and land remained fairly resilient, albeit with values continuing to be very localised. Confidence in the agricultural sector appeared to improve as the year progressed. Local or neighbouring interest continues to drive land purchases with farm sales split equally between South West based purchasers and out of area buyers.”

Andrew Tuffin MRICS, Symonds & Sampson, Sturminster Newton, 01258 472244 – “Most sales were agreed when there was little confidence of a rise in commodity prices and plenty of uncertainty surrounding Brexit. Yet, despite this, most farms and land we offered received competitive bidding. Much of this is down to poor supply and we do not envisage this improving. There may be a handful of forced sales on a case by case basis. In these periods of poor supply, off market deals may not be realising the best price.”

Adrian Cannon MRICS, Tayler & Fletcher, Bourton-on-the-Water, 01451 820913 – “The market remains strong in the Cotswolds, due to locality. Recent auctions for farmland have had surprisingly strong sale prices particularly small paddock type parcels.”

Chartered surveyor market comments

Tom Pullin MRICS, Voyce Pullin, Bristol, 01454 269486 – “The uncertainty of Brexit and its impact is in the background for some purchasers but ultimately it has not impacted on sales, with the exception of increased caution when vendors are carrying out the legal checks. There continues to be strong differences in land values for both small and larger parcels based on location.”

Christopher Powell MRICS, Woolley & Wallis, Marlborough, 01672 515252 – “Savvy buyers.”

West Midlands

Paul B Segrott FRICS, Balfours, Craven Arms, 01588 674039 – “Confidence has gone out of the market with commodity prices being predicted to stand still or move up slightly, even with the pound falling in value, is making farmers think twice on what they should offer for bare land or even pasture land. Brexit is being seen as the populous vote to seek a change, while there is still too much red tape, this is not helping the market. With uncertainties ahead, caution is being applied to considering it as an investment. Taxation benefits still keep values up and hope these will remain to support agriculture. These comments are seen more as a national comment but are felt by farms in the West Midlands and against the Welsh border lands.”

Christopher Templar MRICS, Bletsoes, Thrapston, 01832 732241 – “After a period of growth in land values, the market seems to have peaked and there is evidence it is now falling. Agricultural profitability has suffered in recent years with farm incomes under pressure. Whilst supply of land on the market remains tight, the demand is driven by purchasers with funds from outside of farming. This has created wide disparities in land values dependent on whether or not a parcel of land appeals to those with rollover funds. In general, those with rollover funds are generally looking for land local to their existing holdings or larger commercial farms.”

Jeremy Jehan MRICS, Brightwells Ltd, Hereford, 01432 261325 – “A two tier market; many farmers still prepared to pay over £10k an acre for land on the doorstep with potential local competition. Yet similar quality land with neighbouring farmers not looking to expand will in some cases struggle to be sold at figures a lot lower than previously seen. Herefordshire still has its main activity from farmer buyers. Still very few equipped farms coming to the market and very few bare land sales over 100 acres. The forthcoming county council small holdings sale will bring a large acreage to the market in one hit; it will be interesting to see how demand copes with this extra supply.”

Matthew Peters FRICS, Bruton Knowles, Gloucester, 01452 880000 – “The market is now becoming ever more two tier. As agents, we need to know our local markets more than ever and who is likely to be bidding. The larger farm market will remain at good levels but not where there is a big house. The more modest farmhouse is being looked for. Local land values vary so significantly depending on location and quality. Rollover money is still underpinning the market in most areas but some land will struggle to sell in less attractive areas unless it is very realistically priced. Interesting times - who would be a valuer!”

Robert Browne MRICS, Fisher German LLP, Stafford 01785 220044 – “There appears to be very few commercial blocks of land coming to the market place other than a number of “off market” transactions. The majority of local sales appear to have been of small areas of pasture being sold for amenity purposes. Following on from H1 2016, the usual local factors continue to drive up unusually high prices in parts, such as competing interests and well-financed farming businesses, and investors seeking land as a shelter from capital taxation. However, current returns from farming and uncertainty over the future of subsidy post-Brexit suggests that the market may remain cautious.”

Gareth Wall MRICS, McCartneys LLP, Kington, 01544 230316 – “Steady supply of land in the region. Less demand evident from purchaser types. Marginal grass land much more difficult to sell.”

Glyn Owens FRICS, McCartneys, Knighton, 01547 528621 – “Arable and livestock returns will have to improve substantially to see any general shift upwards in land prices. Better than average prices still being achieved where there is strong neighbour or local demand.”

Jack Tavernor MRICS, Strutt and Parker, Shrewsbury, 01743 284206 – “Demand remains for good quality land, particularly arable, however the anticipated extra supply of land coming to the market hasn’t materialised thus maintaining strong values for that which does come forwards. Increasingly, farmers and agri-business are outbidding investors and these buyers are evermore realising the need to take opportunities when they are presented, helped of course by the low cost of finance and long term fixing deals available.”

Yorkshire & Humberside

Sam Johnson MRICS, Carter Jonas, Harrogate, 07768 658217 – “The land and farm market in the North of England is becoming increasingly localised with a growing divergence in values which vary almost on a parish by parish basis. Land in a highly sought after area is still making headline prices in excess of £10,000/Ac. Well-equipped farms are a relative scarcity in the market and as such supply is met with good demand generating good values for ‘best in class’. It’s a very thin market at the upper end i.e. £4M plus with some of those properties remaining unsold. The market for equipped farms in the £2M-£4M bracket are turning over well. Setting the correct guide price is critical as we are experiencing a price sensitive market.”

Matthew Brown MRICS, George F White, Bedale, 01677 458203 – “Variation across the region, in land types and quality is large and demand is localised. We are seeing the development of a trend where competition is increasing for higher quality and more desirable land and decreasing for less desirable land. This has a direct effect on values. Going forward, I predict increasing localisation in demand as larger farm businesses expand and others cease trading and sell.”

Ashley Dodgson MRICS, GSC Grays, Bedale, 01677 428930 – “Following the Referendum on the 23rd June 2016, and the UK voting to leave the European Union, there remains a degree of political uncertainty and volatility within the UK economy and financial markets. The UK’s (hard or soft) exit from Europe will inevitably mark a transition period for British Agriculture but until Article 50 of the Lisbon Treaty is finally invoked it is difficult to predict the true implications on the land market. Despite this economic instability land continues to be perceived as a long term safe investment when compared to other investment classes such as equities. Whilst we have witnessed a “softening” in the land market there has been no widespread fall in values at this stage albeit an increasing variance is evident particularly for poorer quality land and farms as purchasers become ever more discerning and selective. With interest rates at an all-time low of 0.25% many farmers and landowners are exploiting matters by re-financing their borrowings. We are also witnessing an increasing number of farmers with “roll-over” funds from the sale of development land underpinning the market. Perversely there has been a Brexit boost to commodity prices as Sterling has hit a 30 year low and commodity prices have increased but conversely import and fuel costs have risen impacting on farm profitability. The future of the UK agricultural industry is uncertain and will be influenced heavily by future trade and tariff negotiations.”

Chartered surveyor market comments

Will Parker MRICS, H&H Land and Property, Durham, 01913 708530 – “Limited new farms coming to the market locally. Many farmers retired in 2016 which brought a wave of commercial units both for sale and to let. It is doubtful if the same number will become available in 2017. Demand remains strong for commercially viable units as banks willing to lend. Farmers are not looking for large residences and extra property. Still there is a strong market for sporting properties but vendors are holding out for high prices.”

Will Parry MRICS, Strutt & Parker, Harrogate, 07471 354003 – “Yorkshire and the North has seen a low volume of supply over the last six months. Deals have been struck with neighbouring farmers looking to expand, or those with rollover from development land sales. Medium sized residential farms in areas with good communications have sold well. Values can vary hugely within regions and indeed from parish to parish. 2017 will see a continued low supply, with top prices paid for quality, land close to non-farming investors and viable units with diversified income streams.”

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About the RICS/RAU Rural Land Market Survey

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

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.

The RAU currently provides a unique learning environment for approximately 1200 students from over 40 different countries. The University offers almost 30 different degree courses in disciplines as varied as agriculture, business, equine, food, and land and property management.

Since the 1930s, The Royal Institution of Chartered Surveyors (RICS) has accredited courses at the RAU. Today, the University offers a choice of five RICS accredited degree programmes at undergraduate and postgraduate levels, continuing to train and educate the future leaders of the land and property professions.

The RAU has always pioneered research as part of its academic output and also has an established track record of working with government, institutional and private sector clients, utilising the expertise of its academic resources to deliver high quality contract research and consultancy.



Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve.

We accredit 118,000 professionals and any individual or firm registered with RICS is subject to our quality assurance. Their expertise covers property, asset valuation and real estate management; the costing and leadership of construction projects; the development of infrastructure; and the management of natural resources, such as mining, farms and woodland. From environmental assessments and building controls to negotiating land rights in an emerging economy; if our members are involved the same professional standards and ethics apply.

We believe that standards underpin effective markets. With up to seventy per cent of the world's wealth bound up in land and real estate, our sector is vital to economic development, helping to support stable, sustainable investment and growth around the globe.

With offices covering the major political and financial centres of the world, our market presence means we are ideally placed to influence policy and embed professional standards. We work at a cross-governmental level, delivering international standards that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

We are proud of our reputation and we guard it fiercely, so clients who work with an RICS professional can have confidence in the quality and ethics of the services they receive.

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