

# GB Farmland



## Land supply is at its highest level in 22 years

So far, the year is turning out as we forecasted for the farmland market in Great Britain (GB), with an increase in supply during the first half of 2024 compared to last year. Regional and national variations continue to be evident with demand for commercial farmland and from buyers driving an environmental ambition. The agricultural transition is well on its way in England, where environmental opportunities are being responded to. Although there is a mix of buyers in Scotland and Wales, these nations are not as far along the transition journey.

National average land values have held, in the main, for the first half of 2024. The premise of the general election would have had an impact on buyers' specific concerns about what a Labour government could mean for capital taxation policy. Whilst there was no detail in its pre-election manifesto, then Shadow Defra Secretary Steve Reed and recently appointed Defra Secretary of State, previously stated there were no plans for the Labour Party to change inheritance tax including Agricultural Property Relief (APR).

### Supply

The area of GB farmland brought to the open market to the end of June 2024 has increased by 36% (totalling 118,200 acres) from the same period in 2023. This marks the 8th highest supply level since 1995. Additionally, 2024 shows a 24% increase compared to pre-Brexit levels of 2012 – 2016.

In England supply has increased by 37% and Wales by 11% when compared to the same period in 2023. Both are above the pre-Brexit average levels. The Labour government has committed to publish a Land Use Framework, and we await to see the details and implications of this.

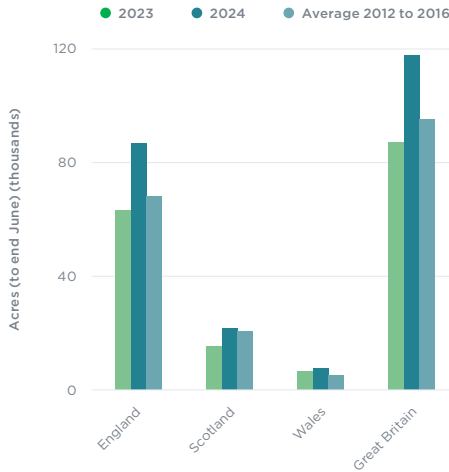
Scotland has recorded a 42% increase in supply compared to the first half of 2023 and whilst the detail of any future agricultural transition in Scotland has not been confirmed, it is likely to have the most significant impact on commercial farmers. There is currently a raft of proposed policies which will impact the ownership and management of rural land in Scotland working their way through government, including the Land Reform Bill and the recently approved Agriculture and Rural Communities Bill which is awaiting Royal Assent.

Figure 2 shows the total area by region, of publicly marketed farms over 500 acres in size. In all areas apart from the West Midlands, there have been more larger blocks of land marketed than in 2023. The sentiment across England and Scotland is that 'best-in-class' units are still generating strong interest, whilst in Wales, smaller blocks of land are proving attractive to buyers.

### PUBLICLY MARKETED FARMLAND

Figure 1

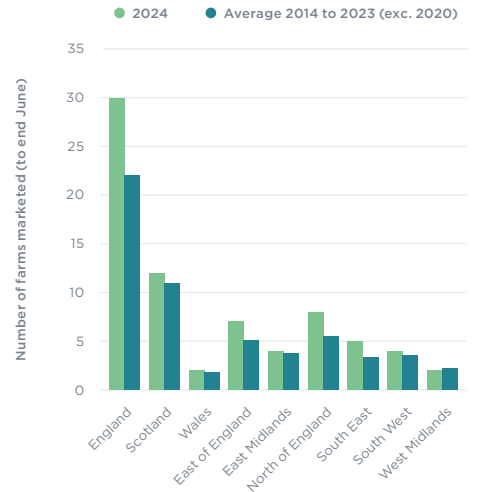
Source: Savills Research



### PUBLICLY MARKETED FARMLAND 500+ ACRES

Figure 2

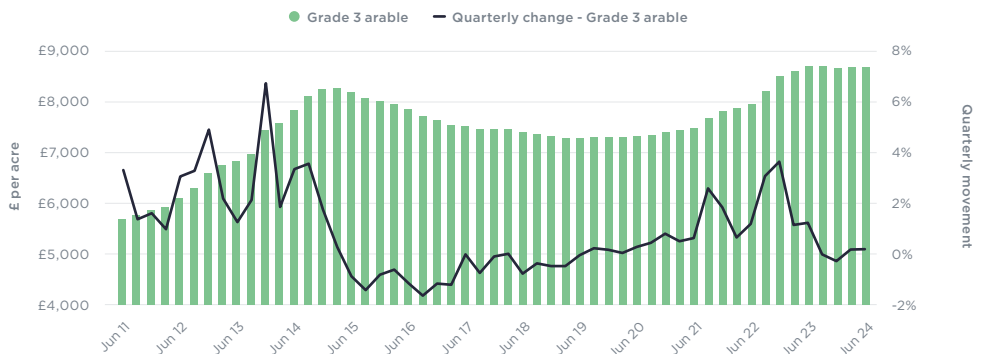
Source: Savills Research



### AVERAGE GREAT BRITAIN LAND VALUES - GRADE 3 ARABLE

Figure 3

Source: Savills Research



### Values

The overall average GB agricultural land value did not change during H1 2024, but there was some regional variation. The average value for all farmland is £8,200 per acre compared to £8,100 in 2023. Prime arable stands at £10,100 and grade 3 pasture at £7,100.

The cumulative effect of the agricultural transition and the array of demands on farmland allows land use to be explored and grade 3 arable land falls into the adaptability category when it comes to reviewing environmental options and food production outputs. During H1 2024, its value increased by 3.8% in the South West and 0.9% in the South East. In Wales, where future policy remains uncertain, its value fell by 1.9%.

During economically pressured times, farmland remains a popular investment choice, being a safe haven and providing a stable return over a long holding period. However, farmland is not benign to economic pressures entirely – higher interest rates are influencing decision-making for both sellers and buyers.

Buyers continue to include local farmers and those from overseas. Those motivated by rollover relief, while still present in the marketplace, are from a smaller pool. Buyers looking at environmental opportunities are active, although other factors such as grant funding for forestry or longevity of carbon markets have stabilised the market in some areas. Market drivers for the future will include consideration of both agricultural and environmental policy and economic pressures.

**£8,200**

Overall average land value

**£10,100**

Prime arable average value

**£8,700**

Grade 3 arable average value

**£7,100**

Grade 3 pasture average value

## Market comment

### England - Charlie Paton

While there has been a significant increase in the supply of farmland to the market in 2024, the sentiment is that it has been a 'late year' to get going, largely due to the inclement weather preventing photographs of farms and estates.

In May and June a number of estates and farms came to the market, ranging from prime residential estates to substantial commercial farming estates. The appetite for best-in-class properties across all sectors remains strong. However, buyers are more selective than ever and presentation of the property and pragmatic pricing are paramount.

Buyer demand varies hugely by region, and, in the case of rural investment estates and commercial farms, they are particularly focused on the income returns that can be achieved and the opportunity for capital growth through investment and alternative uses.

### Scotland - Evelyn Channing

The increase in supply in Scotland hasn't translated into a wealth of options for buyers, with only 24 equipped farms over 300 acres put up for sale over the last six months, nearly half of which are located in the South West.

Buyers are increasingly discerning, placing a strong emphasis on land quality and productivity. Less motivated or discretionary buyers are seeking clarity from the Scottish Government over future farming subsidies and are holding off in anticipation of interest rates decreasing.

It is evident that the presence of good existing infrastructure, or the absence thereof, is a significant factor influencing demand. The rising costs of erecting or repairing large sheds or specialist buildings, such as refrigerated stores or modern robotic milking parlours, can be prohibitive. As a result, properties with well-maintained infrastructure are significantly more attractive in the current economic climate.

### Wales - Daniel Rees

Wales continues the trend with the 2024 market being slow to get out of the blocks. Since spring, there has been a steady stream of sales agreed but the market for the larger commercial farms has been slower than for the more residential / smaller / lifestyle farms. Whilst farm buyers are out there, economic pressures are at the fore of decision-making.

Lifestyle / hobby farmers and equestrian buyers are active with some buyers relocating from Ireland and Scotland to Wales. Reasons have varied from seeking more land or outbuildings and also moving due to the opportunity to be more strategically located for the equestrian competition circuit.

The stock of farms and land is strong and continues to build up. There is an excellent selection for sale for buyers in the market to look at and compare before making that final purchasing decision.

### What can we expect from a Labour government?

In terms of land use under a Labour government, we can expect the influence of competing demands to continue to be felt - Labour's focus on the environment, food, development and energy is outlined below:

#### Environment:

Continuation of the Environmental Land Management schemes.

Planting of millions of trees and woodland creation.



#### Food:

Focus on food procurement for the public sector.

Acknowledgement that "food security is national security".



#### Development:

Sustainable development to support 1.5 million new homes.

Speed up major infrastructure projects.



#### Energy:

Establish GB Energy by 2030.

Double onshore wind, triple solar power, quadruple offshore wind.



### New entrants to farming

Enquiries from younger farmers are being taken who are keen to purchase land and 'get on the farming ladder' to start up their own farming enterprises. An opportunity for the new government to review the support available and encourage new entrants into the rural sector now exists.



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