

## SCOTTISH FARMLAND MARKET IN CAUTIOUS MODE

The Brexit vote has created more uncertainty for potential vendors

### Farmland performance

(average all types, unweighted)

6 months	-0.2%
12 months	-1.7%
5 years	26%
10 years	169%
20 years	174%

### Source of buyers

Scotland	66%
England/Wales	30%
Ireland	2%
Rest of Europe	2%

The value of Scottish farmland remained virtually static in the first half of 2016, according to the latest results of the Knight Frank Scottish Farmland Index.

On average, prices dipped by just 0.2% to £4,357/acre. Good quality arable land remains at £9,046/acre, while the price of permanent pasture fell fractionally to £2,719/acre.

Despite prices holding up, there has been relatively little market activity in 2016.

“There have been very few farms sold so far this year, and fewer than usual were launched around the time of the Royal Highland Show, which is the point the market here traditionally gets going,” says Tom Stewart-Moore, Head of Scottish farm sales.

“We are still talking to potential vendors who had just got to grips with the result of the recent reform of the Common Agricultural Policy and Land Reform, but until they get a better feel for what Brexit means for the Scottish agricultural industry they are wary of committing to a sale.

“Combined with the continued slump in commodity values, many people were expecting a rush of farms to the market

in 2016 and a subsequent drop in prices,” adds Tom.

However, low interest rates mean there have been very few forced sales so far, points out Tom, who is just about to launch a 115-acre livestock farm in Stirlingshire for offers over £1.335m. “I know some of the smaller dairy units on the west coast are really feeling the pain, but the demand for good quality arable and livestock units is definitely outstripping supply.”

Demand also remains strong for amenity and sporting estates. Knight Frank recently sold the 6,500-acre Kinnaird Estate in Perthshire for in excess of its £9.6m guide price. An 8,000-acre stalking estate in Sutherland, which is due to launch soon, will be another good test of the market, says Tom.

“Although Scotland did not vote for Brexit, the slide in the value of Sterling since the referendum makes land here better value than it was before the vote so I’m expecting more interest from overseas buyers.”

“Despite uncertainty in the economy, the value of the pound and volatility in the stockmarket, land is still seen as a very safe investment.”



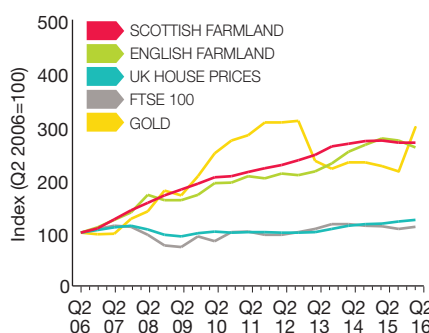
**ANDREW SHIRLEY**  
Head of Rural Research

“The value of Scottish farmland remained virtually static in the first half of 2016.”

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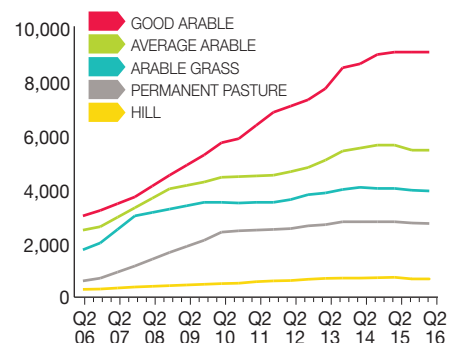
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FIGURE 1  
**Scottish farmland capital value performance versus other assets**



Source: Knight Frank Rural Research

FIGURE 2  
**Scottish farmland values by type**  
£/acre



Source: Knight Frank Rural Research

## DATA DIGEST

The Knight Frank Scottish Farmland Index tracks the average price of bare (no residential property or buildings) commercial (productive arable and pasture) agricultural land in Scotland. The quarterly index is based on the opinions of Knight Frank's expert valuers and negotiators across the country, that take into account the results of actual sales conducted by both the firm and its competitors, local market knowledge and client and industry sentiment.

### Knight Frank Scottish Farmland Index

Average value £/acre

Quarter	Good arable	Average arable	Arable/ Grass	Permanent Pasture	Hill	Unweighted average
2006 Q2	3,000	2,475	1,750	600	288	1,623
2006 Q4	3,200	2,600	2,000	700	300	1,760
2007 Q2	3,450	2,950	2,500	925	338	2,033
2007 Q4	3,700	3,300	3,000	1,150	375	2,305
2008 Q2	4,100	3,650	3,125	1,400	400	2,535
2008 Q4	4,500	4,000	3,250	1,650	425	2,765
2009 Q2	4,875	4,125	3,375	1,875	450	2,940
2009 Q4	5,250	4,250	3,500	2,100	475	3,115
2010 Q2	5,700	4,425	3,500	2,400	500	3,305
2010 Q4	5,850	4,450	3,475	2,450	515	3,348
2011 Q2	6,340	4,475	3,500	2,475	571	3,472
2011 Q4	6,825	4,501	3,500	2,500	600	3,585
2012 Q2	7,053	4,633	3,603	2,531	614	3,687
2012 Q4	7,285	4,786	3,783	2,633	659	3,829
2013 Q2	7,698	5,057	3,846	2,676	692	3,994
2013 Q4	8,468	5,394	3,974	2,783	704	4,265
2014 Q2	8,612	5,502	4,054	2,783	704	4,331
2014 Q4	8,956	5,612	4,013	2,783	718	4,417
2015 Q2	9,046	5,612	4,013	2,783	732	4,437
2015 Q4	9,046	5,425	3,946	2,737	673	4,366
2016 Q2	9,046	5,425	3,920	2,719	673	4,357

Source: Knight Frank Rural Research

## Key agricultural indicators\*

Commodity prices	Latest	12-month change
<b>Outputs</b>		
Feedwheat (£/t)	109	-7%
Oilseed rape (£/t)	273	9%
Beef (p/kg dw)	339	-6%
Lamb (p/kg dw)	410	17%
Milk (p/litre)	20.4	-15%
<b>Input prices</b>		
Fertiliser (AN bags £/t)	170	-41%
Red diesel (p/litre)	47	-14%
Oil (£/bbl)	32	-18%

For more detailed information on the issues affecting UK landowners and farmers, including the latest on agricultural commodity and input markets, please visit our blog [www.knightfrankblog.com/ruralbulletin](http://www.knightfrankblog.com/ruralbulletin)

\*Sources: [www.fwi.co.uk](http://www.fwi.co.uk) [www.dairyco.net](http://www.dairyco.net)

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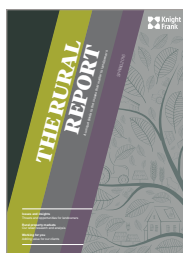
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