

# SCOTTISH FARMLAND INDEX

## H2 2018

### FARMLAND VALUES HOLD THEIR OWN

Scarcity of supply trumps Brexit uncertainty

The average value of Scottish farmland stagnated during 2018, according to the latest results of the Knight Frank Scottish Farmland Index.

Across the board, prices remain at £4,271/acre. However, there were variations depending on land type.

Hill land, for example, rose by 4% during the year to hit almost £750/acre. The rise can be attributed to a growing demand for land suitable for tree planting. This is being driven by buoyant timber prices and the grants available for new forestry, as well as a general move to diversify income streams in the uplands.

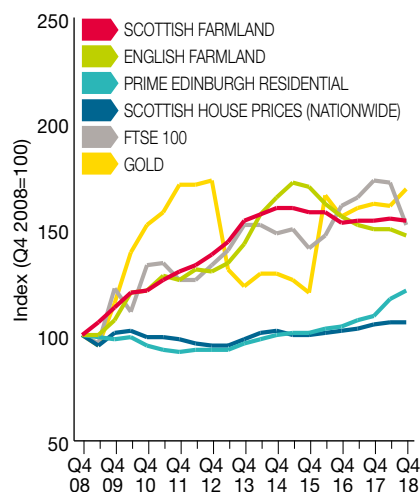
Although the value of other land types flat lined or dipped very slightly during the year, this performance needs to be put in the context of the uncertainties facing the Scottish farming and landowning sectors, in particular Brexit. Over the past six months, only lower quality arable and pasture land has fallen in value – by 1% in both cases – suggesting the market remains resilient.

There is certainly no rush to sell. Last year, 77 farms valued at over £1m were brought to the open market in Scotland, totalling just over 36,000 acres. This was a slight increase compared with 2017 when 61 properties extending to almost 30,000 acres were launched, but is still historically low. The Central Belt was the busiest, accounting for 34% of new launches.

Demand is also matching supply with 90% of the farms launched in 2018 under offer by the end of the year. The average asking price remained at circa £2 million and the average size was 470 acres.

As yet there are few signs that significantly more land will be put up for sale in 2019, but with the UK due to leave the European Union at the end of March many farmers will be working out what impact that will have on their bottom lines. We may have more clarity in the second half of the year, although the uncertainty may be prolonged if the politicians in Westminster fail to agree on how to deliver Brexit.

#### CAPITAL VALUE GROWTH OF SCOTTISH FARMLAND V OTHER ASSETS



Source: Knight Frank Research

### FARMLAND PERFORMANCE (AVERAGE ALL TYPES, UNWEIGHTED)

**-0.3%**

6-MONTH CHANGE

**0%**

12-MONTH CHANGE

**0%**

5-YEAR CHANGE

**54%**

10-YEAR CHANGE

**172%**

20-YEAR CHANGE

**“THE UNCERTAINTY MAY BE PROLONGED IF THE POLITICIANS IN WESTMINSTER FAIL TO AGREE ON HOW TO DELIVER BREXIT.”**

**Andrew Shirley**, Head of Rural Research  
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*If you would like further insight into prime rural markets please do to get in touch.*

## KEY AGRICULTURAL INDICATORS\*

Commodity prices	Latest	12-month change
<b>Outputs</b>		
Feedwheat (£/t)	171	25%
Oilseed rape (£/t)	320	8%
Beef (p/kg dw)	366	-3%
Lamb (p/kg dw)	412	1%
Milk (p/litre)	31.6	0%
<b>Input prices</b>		
Red diesel (p/litre)	67	20%
Oil (£/bbl)	51	9%

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.knightfrank.co.uk/ruralreport](http://www.knightfrank.co.uk/ruralreport)

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

## 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.

**Front cover image:** Seggiebank and Little Craigow Estate, Perth & Kinross. About 577 Acres. Launched in 2018 for offers over £2m. Now under offer.

### Please contact us for further information

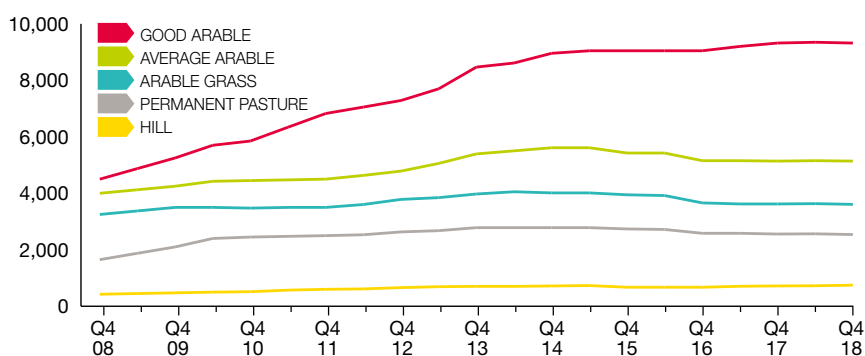
If you're thinking of buying or selling a farm, estate, agricultural land or forestry in Scotland or Northern England we'd love to help.

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## SCOTTISH FARMLAND VALUES BY TYPE

£/acre



Source: Knight Frank Research

## KNIGHT FRANK SCOTTISH FARMLAND INDEX

Average value £/acre

Quarter	Good arable	Average arable	Arable/ Grass	Permanent Pasture	Hill	Unweighted average
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
2016 Q4	9,046	5,154	3,659	2,583	673	4,223
2017 Q2	9,200	5,154	3,622	2,583	707	4,253
2017 Q4	9,319	5,139	3,622	2,557	719	4,271
2018 Q2	9,347	5,154	3,633	2,565	725	4,285
2018 Q4	9,319	5,139	3,607	2,539	748	4,271

Source: Knight Frank Research

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