

# THE RURAL REPORT 2022

EXPLORING THE ISSUES THAT MATTER TO ESTATE OWNERS AND RURAL BUSINESSES



PEOPLE



PLANET



PROFIT

## THE RURAL REPORT

## Editor

Andrew Shirley

## Written by

Knight Frank Research

## Marketing

Natasha Woolfe  
Jennifer Phoenix

## Public relations

Freddy Fontannaz

## Proofreading

Sunny Creative  
Lucinda Hayward

## Design and direction

Quiddity Media

## Photography

Anthony Barber  
Paige Ashton  
Terry Hobday  
Tim Scrivener

## Print

Optichrome

## Important notice

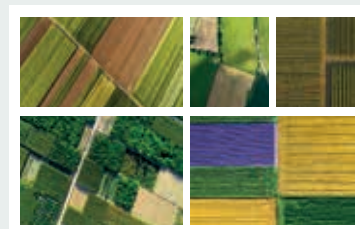
© 2022. All rights reserved.

This publication is produced for general outline information only, it is not definitive and it is not to be relied upon in any way. Although we believe that high standards have been used in the preparation of the information, analysis and views presented, no responsibility or liability whatsoever can be accepted by Knight Frank for any errors or loss or damage resulting from the use of or reference to the contents of this publication. We make no express or implied warranty or guarantee of the accuracy of any of the contents. This publication does not necessarily reflect the view of Knight Frank in any respect. Information may have been provided by others without verification. Readers should not take or omit to take any action as a result of information in this publication.

In preparing this publication, Knight Frank does not imply or establish any client, advisory, financial or professional relationship, nor is Knight Frank or any other person providing advisory, financial or other services. In particular, Knight Frank LLP is not authorised by the Financial Conduct Authority to undertake regulated activities (other than limited insurance intermediation activity in connection with property management).

No part of this publication shall be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission from Knight Frank for the same, including, in the case of reproduction, prior written approval of Knight Frank to the specific form and content within which it appears.

Knight Frank LLP is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as all or part of their business names. No "Knight Frank" entity acts as agent for, or has any authority to represent, bind or obligate in any way, any other "Knight Frank" entity. This publication is compiled from information contributed by various sources including Knight Frank LLP, its direct UK subsidiaries and a network of separate and independent overseas entities or practices offering property services. Together these are generally known as "the Knight Frank global network". Each entity or practice in the Knight Frank global network is a distinct and separate legal entity. Its ownership and management is distinct from that of any other entity or practice, whether operating under the name Knight Frank or otherwise. Where applicable, references to Knight Frank include the Knight Frank global network. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934, the registered office is 55 Baker Street London W1U 8AN, where a list of members' names may be inspected.



## HOW WE CHOSE OUR COVER

To mark the arrival of our new Heads of Rural Consultancy and Farm & Estate Sales (see Welcome, opposite) we wanted a slight break with the past for this edition's front cover. We also wanted to acknowledge the theme of this year's report: People, Planet and Profit. Our talented designer Annabelle Butcher, who has worked on the vast majority of previous editions of *The Rural Report*, took away our brief and came back with a number of options. All managed to encapsulate what we were looking for, but one iteration stood out in particular. Inspired by a mood board of colourful blocks of crops, the chosen illustration moves away from our recent series of map-based covers to subtly highlight the interconnections between agriculture and landownership and our three Ps in an eye-catching and thought-provoking way. With careful use of colour it also establishes the signposting that you'll find throughout the rest of the report. This bespoke, modern and creative cover is a neat reflection not just of the report's content, but of the services offered by our rural teams.



View *The Rural Report* and properties from around the world on your device: [knightfrank.com/ruralreport](https://knightfrank.com/ruralreport)

## Welcome to the 2022 edition of *The Rural Report*



James Farrell

Head of Rural Consultancy  
+44 20 3669 4589

Will Matthews

Head of Farm & Estate Sales  
+44 20 7861 1440

Russia's tragic invasion of Ukraine and the ensuing surge in commodity prices has pushed food back to the top of the political agenda. As a result, the already simmering debate about land use in the UK has ignited. Should the countryside be a place to conserve nature, combat climate change, generate power or feed the nation?

We believe there is no one correct answer. Estates and farms are uniquely placed to deliver multiple benefits, which is why we have chosen People, Planet and Profit – the three Ps – as the theme for *The Rural Report* this year.

Throughout, we share thought-provoking insights from our own teams and inspiring external contributors on the importance of these Ps to rural land-based businesses. Each is crucial on its own, but together they form a compelling and sustainable business model.

Epitomising this approach is Norfolk's renowned Holkham Estate, where our Big Interviewee Jake Fiennes is taking inspiration from the county's earlier agricultural pioneers such as Coke and Townshend to "heal" the land while still sustaining a commercial farming business. Find out more on page 10.

Regular readers of *The Rural Report* will notice a number of new faces in this year's edition. Our rural teams are undergoing a period of exciting change and expansion which means we are better placed to help you unlock the full potential of your business than ever before.

We are especially excited to have established a specialist viticulture department that is helping our clients to take advantage of the surging demand for British wine. You can meet Ed Mansel Lewis on page 38.

Although there are many challenges facing the custodians of Britain's countryside, there are also many opportunities. We hope that the articles on the following pages highlight our innovative approach to land management and offer inspiration for your own business.

Please get in touch if we can help in any way. You will find our key contacts at the end of the report.

# Contents

P4 **TALKING POINTS**  
Editor Andrew Shirley shares his key takeaways from this edition of *The Rural Report*

P6 **A SENSE OF PURPOSE**  
*Interview* – Our new rural heads share their future vision

## Issues & insights

P10 **THE HEALER**  
*Interview* – Holkham's Jake Fiennes on his plan to rescue farming

P16 **MY VIEW**  
*Opinion* – Industry voices debate: food security or the environment?

P18 **YOUR VIEW**  
*Research* – The thought-provoking results of our latest Rural Sentiment Survey

P20 **HAVING IT ALL**  
*Opinion* – Boosting profits and making space for nature

P24 **ENERGY CRUNCH**  
*Advice* – Coping with rising fuel costs

P26 **DIVERSITY MATTERS**  
*Insight* – Opening up the countryside

P28 **ASK GEORGE**  
*Advice* – Our agony uncle solves your valuation conundrums

## Property focus

P32 **LAND GRAB**  
*Research* – Our latest view on agricultural land markets

P38 **MASTER OF VINES**  
*Insight/research* – Vineyard markets and opportunities

P42 **MARKET SNAPSHOTS**  
*Market update* – Woodland, development land and country houses

P44 **MARKET HIGHLIGHTS**  
*Property* – Farms and vineyards for sale or recently sold around the world

P57 **FINANCING THE FUTURE**  
*Advice* – How our mortgage experts can help drive diversification

## Working for you

P60 **YORKSHIRE TEAMWORK**  
*Client case study* – We visit a stunning Yorkshire estate

P68 **BEHIND THE MAPS**  
*Insight* – GIS: delivering for People, Planet and Profit

P70 **PLANNING FOR SUCCESS**  
*Advice/insight* – Making the planning system work for you

P74 **SOMETHING FOR EVERYBODY**  
*Client case studies* – Donkeys, dogs and reservoirs

P80 **NEED TO KNOW**  
*Insight* – Opportunities and challenges facing estates

P84 **CONTACTS**  
Find the right person to help you

## MEET THE AUTHORS

Contributors from the Knight Frank Research team



**Anna Ward**

Anna is a development land guru in our Residential Research team. She also compiles our *Intelligence Talks* podcast.



**Chris Druce**

Chris, a senior residential research analyst, compiles the Knight Frank Prime Country House Index and Prime Scottish Index.



**Patrick Dillon**

Patrick, who has been working with the Knepp Estate, has just joined our Geospatial team as a rural land use specialist.



**Patrick Gower**

Patrick is our resident research writer. He specialises in unpicking global property and economic trends.



**Andrew Shirley**

Andrew is Head of Residential Research and editor of *The Rural Report*, which he first created over a decade ago.

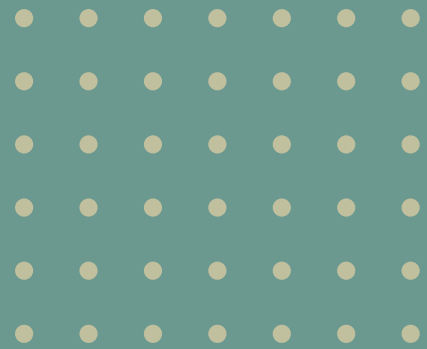


PEOPLE PLANET PROFIT

The theme of this year's report is the three Ps – People, Planet and Profit. Follow our signposting to read more about the Ps that most interest you.



▲ Making a point – Editor Andrew Shirley with Jake Fiennes of the Holkham Estate



# Talking points

Andrew Shirley, Editor of *The Rural Report* and Knight Frank’s Head of Rural Research, shares his top takeaways from this year’s edition

I compiled the first edition of *The Rural Report* 12 years ago. Looking back, we were already talking about changing times and future opportunities, but little did we know just how much change was coming our way and what opportunities that could bring. During the compilation of this year’s report, which has the theme People, Planet and Profit, I’ve been lucky enough to visit some amazing clients and interview some fascinating people. I think the result is one of the most thought-provoking editions of *The Rural Report* yet. The following are some of the takeaways that I think will be most relevant for rural landowners and occupiers. I’d love to know what you think.



## P6 EMBRACE NEW BEGINNINGS

This is the first edition of *The Rural Report* to be published since the ambitious expansion plans for our Rural Consultancy team were announced. The sense of excitement and optimism around the team, now led by James Farrell, is palpable. I hope some of that comes across in the report.



## P32 SEIZE THE MOMENT

Looking at the latest numbers from our Farmland Index and talking to our Farm & Estate Sales team, one thing is clear – we are in a sellers’ market. If you are thinking of selling your rural property, strong demand and limited availability mean now is the moment to go for it.



## P68 MAKE DATA WORK FOR YOU

We live in an increasingly data-driven world and, as our mapping and analytics experts reveal, many of those numbers can be put to work to help businesses take advantage of new opportunities, identify risks and make better and more informed decisions that will help deliver their aspirations around People, Planet and Profit.



## P10 GO BACK TO THE FUTURE

Although new technology will play a key role in delivering future farming profits, traditional farming systems also have a vital role to play. I was inspired by my visit to the Holkham Estate where Conservation Manager Jake Fiennes is leading the way by making space for nature and boosting yields.



## P38 HARNESS THE POWER OF PLACE

Speaking to Ed Mansel Lewis, our new Head of Viticulture, it is clear that English (and Welsh) wine is booming, but the opportunities go far beyond the bottle. Vineyards offer the ideal platform for exciting place-making opportunities on rural estates where visitors can shop, eat, learn, exercise and relax.



## P70 DON'T FORGET TO PLAN

Obstructive planners are often listed as the top bane for farms and estates in our Rural Sentiment Survey, but, as one of our planning experts advises, early engagement and knowing the details of the planning process, particularly when it comes to Local Plans, are the keys to successful development.



## P20 FOCUS ON THE CORE

It is tempting to view the emergence of potential new income streams such as carbon credits and biodiversity offsets as a silver bullet, but, as my colleague Tom Heathcote explains, rural landowners and occupiers need to get their core businesses operating effectively and efficiently to guarantee future prosperity.



## P60 FIND THE RIGHT ADVISORS

Visiting the stunning Ingleborough Estate in the Yorkshire Dales I was struck by how closely the estate’s custodians and the Knight Frank team advising them work together, and how much they enjoy each other’s company. Judging by the results, this kind of relationship is clearly beneficial and something to be treasured.

Share your thoughts with me at [andrew.shirley@knightfrank.com](mailto:andrew.shirley@knightfrank.com) or get in touch with my colleagues. You'll find their contacts at the end of the report.



# A sense of purpose

The new Heads of Knight Frank's Rural Consultancy and Farm & Estate Sales teams met up with Ross Murray to discuss their thoughts on what People, Planet and Profit mean for their clients. *The Rural Report* shares some of the conversation



▲ L to R: James Farrell, Head of Rural Consultancy; Ross Murray, Non-Executive Chairman, Rural; and Will Matthews, Head of Farm & Estate Sales

**James, Will, thanks for joining me. The theme that runs through the report is the three Ps: People, Planet and Profit. James, first of all, what's your take on the People aspect?**

**JF** This is about the opportunity to have real social impact, and it also reflects our purpose and our commitment to enhancing people's lives and environments. That may be by using place-making to connect places and activities to ensure that we have thriving rural communities, or by seizing the opportunity to develop solutions to some of society's big issues such as the housing crisis and concerns around mental and physical health and wellbeing.

**Rural businesses need to have an absolute focus on their customers, don't they?**

**JF** More and more so. The world is changing and the customer base is growing. Whether it's estate tenants or visitors to the estate, transforming the customer experience of an estate as a place to work, live, visit and stay is key to a prosperous and resilient future.

**There's a clear link between what the customer wants and Planet, the second element of our theme, isn't there?**

**JF** The government is committed to paying public money for public goods, and pretty much everybody is interested in climate change and what's happening to the environment. Farms and estates are often cast as contributors to the problems, but there is now a wonderful opportunity for them to change the narrative by implementing solutions to tackle climate change and the loss of biodiversity, engaging existing and new customers, together with the wider public, in a more positive discussion that will be the route to a sustainable future.

**Will, on the People theme, are you seeing a change in potential buyers' aspirations? Who's picking up the phone saying they want to buy a farm or an estate?**

**WM** We've seen a whole new raft of buyers coming into the market – a completely new section of the market that we hadn't seen before. Traditional landowners expanding and farmers looking for tax-driven purchases have now been joined by buyers purely focused on environmental enhancement and the buzzword of "rewilding".

**Often, they will not have experience of owning or managing rural land, so presumably the skill sets and advice required from businesses like Knight Frank is incredibly important to them...**

**WM** Most of these people will need a lot of strategic advice. It is not something they've dealt with before, but we are seeing an increase in both philanthropic purchasers wishing to make a difference through landownership and those motivated by corporate ESG requirements.

**Is it just families buying, or is there an institutional change?**

**WM** No, we're seeing a huge shift from institutional purchasers who realise that they need to be fulfilling their ESG credentials – and that landownership is one of the biggest things they can do.

**James, where do you see the Profit, the third P that we're looking at, in rural land-based businesses?**

**JF** Every estate needs to operate off sound financial foundations. What this means is different for every business. With change under way to the funding of the rural economy, the exciting thing is the opportunity to find new ways of working, new ways to collaborate to enhance the environment or serve local communities and, through that, to create prosperous,

more resilient and sustainable estate economies. The chance to do well by doing good has never been better.

**Are your new breed of buyers interested in Profit at all, Will?**

**WM** I think that for many, conservation is definitely at the heart of what they're trying to do. But, ultimately, they will want to see that their asset is covering its costs or – even better – actually making them some money. It will be interesting to see how quickly they realise that they will need some sort of strategic advice to achieve that.

**Carbon seems to have huge potential. Are people pricing in carbon when they are making you offers?**

**WM** The challenge is that because the market is so young, significant assumptions about price have to be made. As it becomes more established, most involved predict we will see an increase in attributable value, at which point it will begin to be factored into pricing.

**Staying with Profit, what is your view on the government's environmental aspirations, the need for change in land use and the consequent need for our clients to have profitable businesses?**

**JF** The two have to go hand-in-hand, otherwise it simply won't happen. One of the challenges at the moment is that landowners and farmers are being asked to do a lot more to get the money that's available, and that comes at a cost. Inevitably we will see some businesses fail in their efforts to adapt to the new world and this will mean opportunity for others. ■ RR



Watch the highlights on video

Issues & insights

A GUIDE TO THE CHALLENGES AND OPPORTUNITIES FACING ESTATE OWNERS AND RURAL BUSINESSES

10 THE HEALER

*Holkham's Jake Fiennes on his plan to rescue farming*

16 MY VIEW

*Industry voices debate: food security or the environment?*

18 YOUR VIEW

*The thought-provoking results of our latest Rural Sentiment Survey*

20 HAVING IT ALL

*Boosting profits and making space for nature*

24 ENERGY CRUNCH

*Coping with rising fuel costs*

26 DIVERSITY MATTERS

*Opening up the countryside*

28 ASK GEORGE

*Our agony uncle solves your valuation conundrums*



# The healer

Modern farming methods have broken the land, reckons Jake Fiennes. He tells Andrew Shirley how a return to the past could help restore our soils and nature without sacrificing profit

**T**hirteen schools, no formal qualifications, nightclub PR man. Jake Fiennes' CV doesn't make for conventional reading. Then again, he's not considered a conventional land manager.

Of course, as Conservation Manager at the 25,000-acre Holkham Estate in north Norfolk where he's worked for the past four years, you could say, after a long journey via numerous different jobs, including time at the Knepp Estate in its pre-wilding days, that Jake is firmly part of the rural establishment.

Despite reckoning he still suffers from "impostor syndrome", he sits on numerous industry boards and panels, has the ear of policymakers and is constantly being asked to share his views on agriculture. The week before I visit he was on Radio 4 "twice" and the day after we speak he was visited by the ballerina and *Strictly* judge Darcey Bussell to talk about "conservation".

Given all the demands on his time it's perhaps unsurprising that his emails prior to our interview are to-the-point. But I start to fret a little. Perhaps he's fed up of being asked questions, maybe he's only agreed to chat because one of my colleagues, who is helping the estate with a project, has twisted his arm.

In person he's very different. I arrive at his office, which overlooks scenic swathes of the coastal estate he helps manage, to find him outside rolling a liquorice paper cigarette, one of a number he smokes throughout the day and another small clue that he's cut from a different cloth to others in similarly lofty roles.

After I accept his offer of tea without milk – apparently, a journalist from a well-known tabloid refused because it might stain her teeth – he happily holds forth in animated terms, sometimes dipping into the vernacular to emphasise a point. He explains why current farming methods are unsustainable and what needs to change, as well as offering his strident views on a wide range of countryside issues. ▶



Jake Fiennes on:

**ENVIRONMENTAL TARGETS**

Pledges, f\*\*cking pledges, everyone's pledging a target. Instead of setting targets so far forward, try to have small, incremental changes year-on-year.



Jake Fiennes on:

**POLITICAL INFLUENCE**

The last conversation I had with the Secretary of State was actually in the lavatory at the NFU Conference.

Jake Fiennes on:

**GLYPHOSATE**

One thing that's not mentioned enough in regenerative agriculture is glyphosate, because without glyphosate it doesn't really work.

▲ Pasture perfect – Livestock plays a vital role at Holkham in harmony with Jake's scarlet clover leys

**Farming impact**

"If we look at farming over the last 70 years, we cannot deny that it has had an impact. The biggest challenge for agriculture is climate change, which is happening today – we haven't had any significant rain here for weeks. We have drought, we have flood, we have famine. The current way we produce food is not going to work for another 100 years. You know, I've just seen a report today on levels of deforestation, and most of that is for beef production. So we really need to evaluate what we're producing, and how we're producing it."

This climate crisis is inextricably linked to the biodiversity crisis, he adds. "Where there is fully functioning nature, carbon is being sequestered and captured. Wherever you have nature – whether that's in a rainforest in South America or on the north Norfolk coast – carbon is being captured and sequestered."

That he so freely acknowledges the damage farming has done to the environment sets him aside from many other farmers who take a more defensive view. But he does take issue with those who suggest that the UK is a biodiversity desert. "I just get slightly frustrated with

the argument that we're the most nature-depleted country in the world. When I walk out of my office, I see quite a lot of nature."

Language, he stresses, is important. "People need to engage with those who produce food and those who own or occupy land, rather than alienating them through their use of language. There's been a lot of writing saying how degraded, screwed up and nature-poor we are. No one is offering solutions. And from my perspective, land and agriculture is the easy solution."

"Because 70% of the UK is farmed, your biggest, easiest, lowest-hanging fruit is agriculture. In my career, I've seen the impact of agriculture on biodiversity, and I've addressed it. We can make positive changes, and we can bring back species that have been lost."

Although he voted to remain in the EU, he believes Brexit offers a chance to help this reset. "Coming out of the CAP and being able to develop our own English form of how we support rural businesses, that is a great opportunity. I applaud the 25-year Environment Plan, and I applaud that farmers and landowners are paid to deliver public goods. I think that's a bit of a no-brainer, if I'm honest."

But he's also frustrated at the pace of change. "The government has commissioned three reviews. Food strategy – no response. Dasgupta, probably the most important of the lot – no one mentions it anymore. The Glover review, which I happened to sit on, actually we got a response, but it was bloody hard. It was like pushing muck up a hill."

"And those reviews all say the same thing. We need to make more space for nature. We need to produce food that is healthy and nutritious and has less of an impact on our environment. We need to value nature." ▶

Jake Fiennes on:

**TENANCIES**

Agricultural tenancies in their current form don't allow for the care and maintenance of our natural capital assets. How can you expect a tenant on a three-year farm business tenancy to look after your asset?





▼ Natural capital – Holkham's salt marshes are a unique habitat



Jake Fiennes on:

**TREES**

It's easy to put up some nice headlines that we're going to plant all these trees, but there needs to be a strategic roadmap: where you're going to plant them, why you're going to plant them and what impact they will have on other species.

**BAD PRACTICE**

There's this unwritten rule that if someone's doing something disastrously, you don't say anything. We need the whole agricultural community to actually call out bad practice.

Jake Fiennes on:

**INSPIRATIONS**

All the people that I've worked with. Whether it's a shepherd or a forester or a gamekeeper or a landowner or a land agent, it's all of those combined.

**Prescription**

Jake's own prescription – restorative agriculture (he prefers the term to regenerative), using livestock and bespoke forage leys to improve fertility, carefully managing crop rotations to rest the land and setting aside less productive areas of fields to make space for nature – is considered unconventional by some, as he readily admits, but it is not new.

Ironically, these ideas, when espoused by previous Norfolk farming visionaries such as Turnip Townshend and Thomas Coke – arguably the Holkham Estate's most famous owner – during the agrarian revolution of the 18th and 19th centuries, were far from being part of an environmental agenda; back then, they were the cutting edge of farming technology.

"The Holkham approach actually does go back to Coke of Norfolk 200 years ago. It's just the basic principles of good soil care and animal husbandry. That's what agriculture has lost. It's lost its connection with caring for our natural assets," says Jake.

Unsurprisingly then, when he takes me on a tour of the 250 acres of the estate set aside to trial his ideas, I don't feel in an alien landscape. The hedges may be a bit bushier, it sounds like there is more birdsong than usual, I can see some colourful strips of wildflower meadow in full bloom and his scarlet clover leys glisten in the sunshine, but this is still very much farming. And that's important, because the Holkham Estate sees itself very much as a commercial enterprise.

Jake Fiennes on:

**MOTIVATION**

Making more nature. If I can sleep at night, knowing that I have made the place a better place for my children, what's not to like?

**JOB SATISFACTION**

I don't know anyone else that does my job. I have the best job in England.



Lucky, then, that the trial seems to be delivering on all counts, confirms Jake. "I spoke to our farm manager and I said, 'Can you answer me three questions? In the two years of this project, yes or no, have you increased your average yield? Have you reduced your diesel usage, and have you reduced your artificial fertiliser?' And the answer was yes to all three.

"If he's reduced his fertiliser and diesel, he's reduced his inputs, therefore increased his profit. So he has a more profitable business. We've made space for nature, we've increased biodiversity, so everyone wins.

"My approach allows for sustainable, economic, environmental food production. It still allows for an increase in yields, because you're not farming the land that actually doesn't produce a sufficient quantity, so by default, your average yields increase."

He recognises that simply replicating what he's doing at Holkham won't work everywhere, but stresses the importance of context, nuance and the capability of the land. "Context is the most important principle of regenerative agriculture, but it isn't talked about enough. What happens here at Holkham will be very different to what happens in Cumbria, Cornwall or Northumberland. But I still believe that I can apply the same approach just about anywhere in the world."

Soon the world will be able to read about his ideas as *Land Healer*, his "part memoir, part manifesto", is due to be published this summer. "I hadn't planned to write a book, but everyone thought I should. So I got advice from friends who've written books and they thought I had a story to tell."

He admits that what he terms his "unfortunate" surname – his siblings include the actors Ralph and Joseph – may also have played a part in the decision. "You want to be recognised for what you do, and not what others do."

I tell him they are just actors. Jake Fiennes, the man who left school without passing an exam, is attempting to heal the world. That's certainly something not many people can include on their CVs. ■ RR



Listen to more of Jake's views



### THE ESTATE OWNER

**ALEXANDER NEWPORT**  
BRADFORD ESTATES

Perhaps history has never seen two such major and contiguous events shake up national priorities: the Covid-19 pandemic – interpreted by many as the environment warning us that human behaviour needs to change – followed by Russia's invasion of Ukraine, thrusting food security on to the agenda again.

I believe this potential tension belies a wider debate about 21st century UK land use for energy, carbon sequestration, biodiversity, food, development, flood alleviation and more.

Taking this question for now, the government policy aim of encouraging sustainable agriculture to arrest declining soil health, and therefore fertility, will deliver both security and environmental gains.

The past approach of subsidising every potentially farmed acre is also a false economy; some may never be economically productive for reasons such as being too wet, too sandy or an irregular shape for modern machinery. Government funds should be redeployed to supporting vertical farming, agro-forestry and gene research to deliver real productivity improvements.

At Bradford Farming, we are proud to blend regenerative farming with a systematic approach to land use that aims to maintain yields and improve margins, business resilience being a key guarantor of food security.

# My view

Russia's invasion of Ukraine has added fire to the food security debate in the UK. We asked a selection of stakeholders if policymakers are placing too much emphasis on the environment at the expense of food production



### THE POLITICIAN

**BARONESS KATE ROCK**  
CHAIR OF THE TENANCY  
WORKING GROUP\*

Our land is subject to a growing list of demands, from longstanding ones such as housing, agriculture and food production, to more recent ones around ecosystem restoration, biodiversity gain and combating climate change. Meeting these demands on a fixed amount of land requires innovative, multi-functional solutions and new forms of government support.

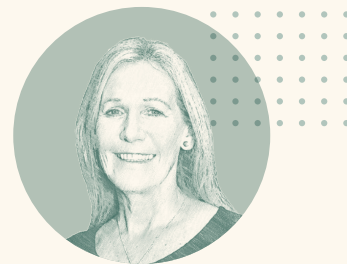
Fortunately, the government has an opportunity to reassess and restructure support and incentives. However, a present risk is that

the balance between nature recovery and food production is poorly managed.

Currently, two-thirds of the funding is for nature recovery and only one-third for encouraging sustainable production. While funding driven by demand is more appropriate, that demand will only be stimulated by a narrative showing the government is as serious about sustainable food production as it is about environmental recovery.

As chair of the Tenancy Working Group it is my responsibility to provide advice to schemes so that they allow tenant farmers to play their widely recognised role in delivering the future balance of food production, environmental improvement and climate objectives.

\*An independent review established to ensure the Environmental Land Management scheme works for tenant farmers



### THE INSTITUTION

**VICTORIA EDWARDS**  
CEO, ERNEST COOK TRUST

Truly sustainable agriculture is about the environment and always has been. We need to decarbonise our industries, including agriculture, and take better care of our soil and water.

Governments need to first establish markets that function fairly and efficiently. And second, intervene when they produce public bads, like polluted water, greenhouse gases and depleted soil, or fail to produce public goods/services, such as biodiversity and flood alleviation.

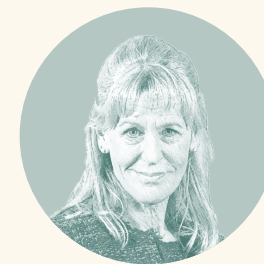
Perverse incentives are distorting current markets, failing to reflect the true cost of food production (for example, reduced soil quality and biodiversity) and leaving well-produced food unable to compete.

Incentivising farmers to practice sustainable farming that lowers carbon emissions, improves soil and water quality, restores landscapes and increases biodiversity is a sensible long-term goal.

In the short term, food shortages will increase prices, disproportionately hurting lower-income sectors. Financial help to purchase food in the current markets will be needed to alleviate substantial suffering, targeting support to those in need.

The Ernest Cook Trust is working long term to further understand what sustainable farming and nutritious food look like and how it can help our health and environment.

It's a long journey and short-term solutions to help alleviate some sectors will be necessary, but a U-turn on agricultural policy would be a weak and short-sighted reaction.



### THE LOBBYIST

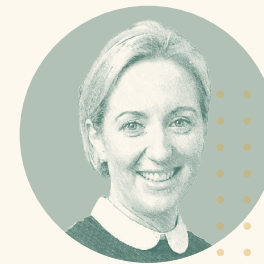
**MINETTE BATTERS**  
PRESIDENT, NFU

British food and farming is at the dawn of a new era. The creation of a new domestic agricultural policy means we will see the most significant changes in food production for a generation.

We need to see a strategy and a clear vision for a resilient, sustainable and productive British agricultural sector that makes the best use of our most productive agricultural land and offers an ambitious and exciting future for the sector that is good for shoppers, good for the environment and good for British farmers.

Central to this is the production of sustainable, climate-friendly British food and ensuring the right policies are in place to allow farmers and growers to lead the way in utilising new technologies that will enable them to produce this food while caring for the environment and working hand-in-hand with nature.

Government needs to understand that we need certainty and commitment. Now, more than ever, we need a plan that enables Britain to keep on farming and to continue to be a world leader in high quality, safe and sustainable food.



### THE ESTATE MANAGER

**CLAIRE WHITFIELD**  
KNIGHT FRANK RURAL CONSULTANCY

The UK's landowners and occupiers have provided food security and environmental stability to the public for centuries. With the increasing availability of imported goods, our beautiful countryside has sometimes been taken for granted in its role as supplier by consumers, while at the same time

government policy has ebbed and flowed in terms of its support for agriculture.

In today's climate of nature recovery, the landed sector now holds the key not only to providing a local food supply, but also to helping deliver on the environmental goals policymakers and consumers desire. This opportunity to contribute to multiple goals is a great one and while government support is one avenue, the chance for landowners and occupiers to work collaboratively across multiple economic sectors is wide open.

With an increasing opportunity to connect multiple industries together to deliver a genuinely sustainable environment, now is the time for the economy to value the diverse and unique landscape in which we live for the greater long-term good.



### THE FARMER

**DAVID SHELTON**  
SAXELBYE TOP FARM

In the UK, government policy is less directed towards food security than towards pursuing a net carbon zero policy, incentivising ecology, green energy and the mitigation of greenhouse gas emissions. Much was made of this at the COP26 summit in November 2021.

Farmers will naturally gravitate towards environmental land management subsidies to make up for the loss of income from the Basic Payment Scheme. However, imported food must be produced to the same high standards dictated by UK farm assurance schemes and animal welfare legislation so farmers here are not compromised.

All of the government's policy has now been thrown into doubt following the Russian invasion of Ukraine and the blockade of Ukrainian ports. More than 5 million tonnes of wheat, 13.7 million tonnes of maize and 4 million tonnes of sunflowers were contracted to be exported this season.

There is also the fact that 7 million hectares of spring planting is unlikely to go ahead in Ukraine. Compare this with the 3.9 million hectares sown in total in England in 2021. And it doesn't end there, with huge price increases for gas, oil, electricity and fertiliser to contend with. Clearly, the government needs to adopt a more sustainable balance. ■ RR





# Your view

The thought-provoking results of this year's Rural Sentiment Survey highlight some of the tensions developing in the countryside

The estates, farms and other rural businesses that took part in our sentiment survey this year are clearly not feeling as upbeat as they were 12 months ago when 90% said they were either very or slightly optimistic about the future of their business. This year only 20% said they were feeling more optimistic, while 40% claimed to be feeling slightly or significantly less so.

It could well be that the impact of Russia's invasion of Ukraine on energy and feed prices is just one challenge too many. When we ask which issues have created challenges for our respondents over the past year, poor broadband connectivity and fly-tipping usually top the list. This year energy and input prices have, unsurprisingly, pushed them down the rankings.

Judging by some of the other responses and comments, the countryside feels let down by policymakers. Almost 80% of our respondents say the government is not placing enough emphasis on food production and security, while almost two-thirds think it is not doing enough to safeguard UK agriculture when striking free trade deals with the likes of Australia and New Zealand.

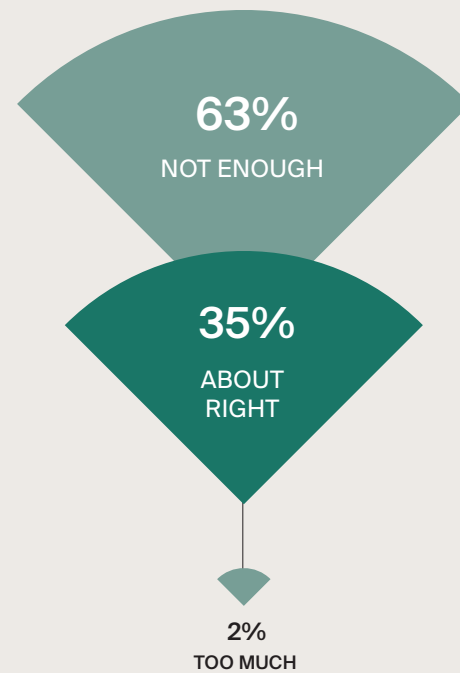
Not everybody agrees though. "Free trade deals offer opportunities for UK farming, but we only see the threats," lamented one respondent.

Interestingly though, only 15% of respondents believe the government is placing too much emphasis on the environment and just over half said there wasn't enough being done. But there still seems some reluctance to wholeheartedly embrace environmental schemes. While 30% said they would "almost certainly" plant more trees as part of a government scheme, enthusiasm for the new Environmental Land Management schemes was more muted.

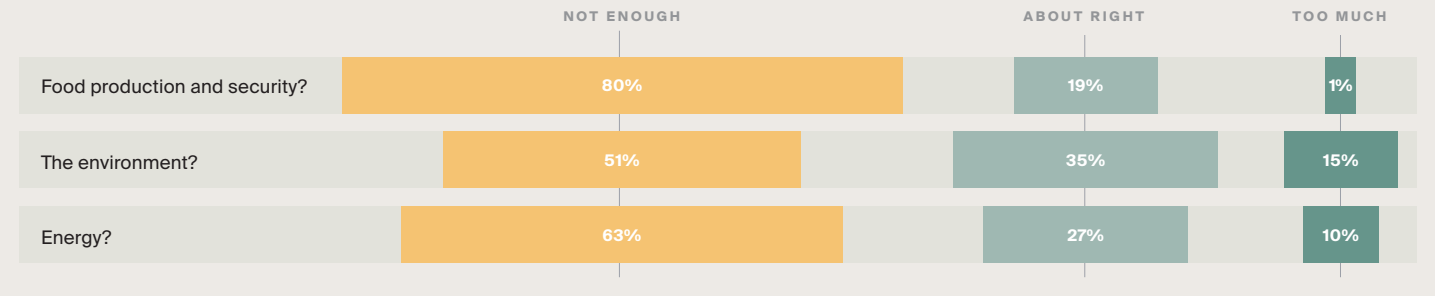
Despite all the challenges facing them, when they look to the future 40% of respondents still believe food production will remain the most important contributor to the profitability of their enterprises. Far fewer see being environmental park keepers, suppliers of renewable electricity or carbon traders as their main future role.

Nonetheless, the fact that 13% of our respondents do believe delivering environmental benefits will underpin their profits in the future is certainly food for thought. ■ RR

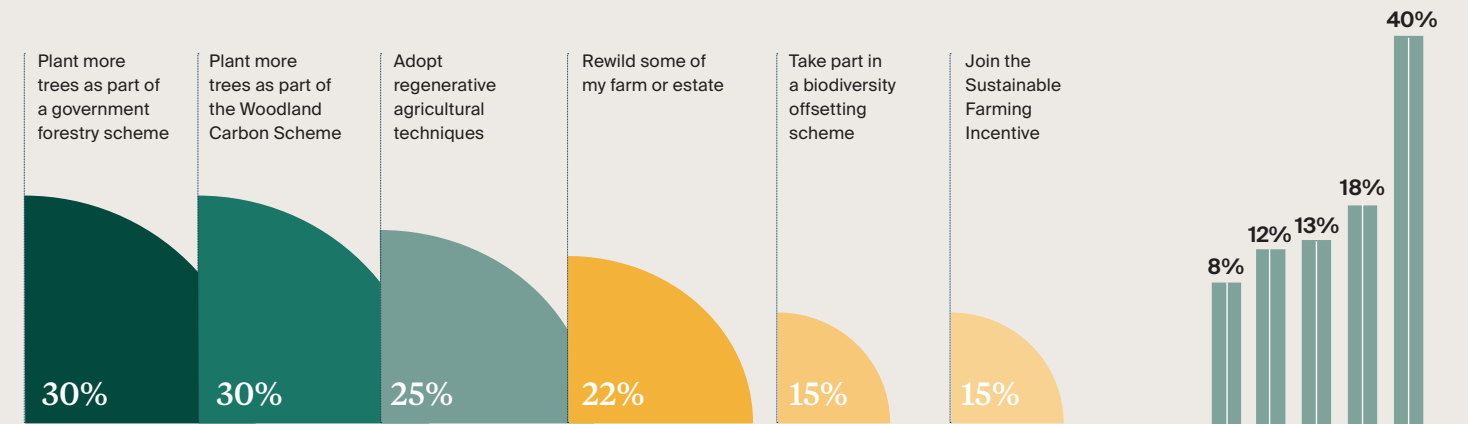
## IS THE GOVERNMENT PLACING THE RIGHT EMPHASIS ON SAFEGUARDING UK AGRICULTURE WHEN STRIKING NEW TRADE DEALS?



## WHEN IT COMES TO RURAL LAND USE, IS THE GOVERNMENT PLACING THE RIGHT EMPHASIS ON:

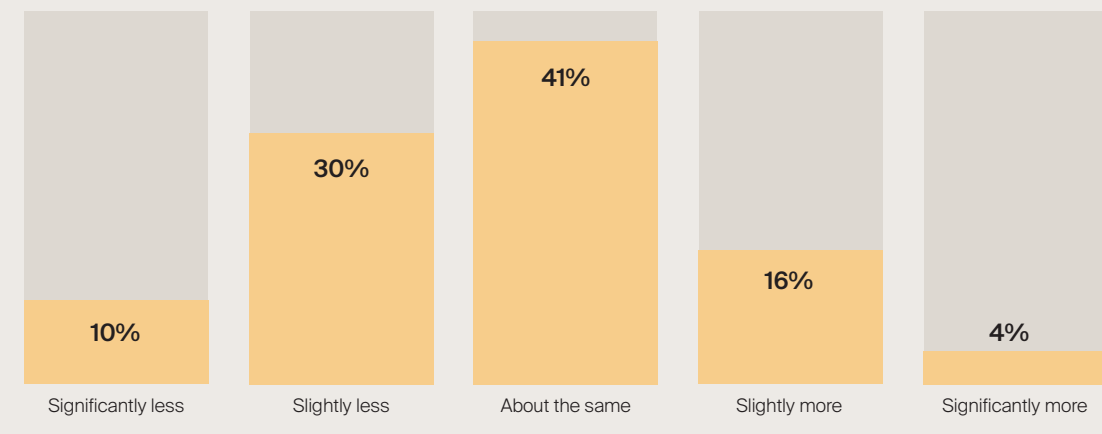


## HOW LIKELY ARE YOU OR YOUR CLIENTS TO TAKE PART IN THE FOLLOWING ENVIRONMENTAL ACTIVITIES?\*



\*% respondents who said they would almost certainly take part (top six listed)

## IN GENERAL, HOW OPTIMISTIC ARE YOU ABOUT THE FUTURE OF YOUR BUSINESS COMPARED WITH 12 MONTHS AGO?

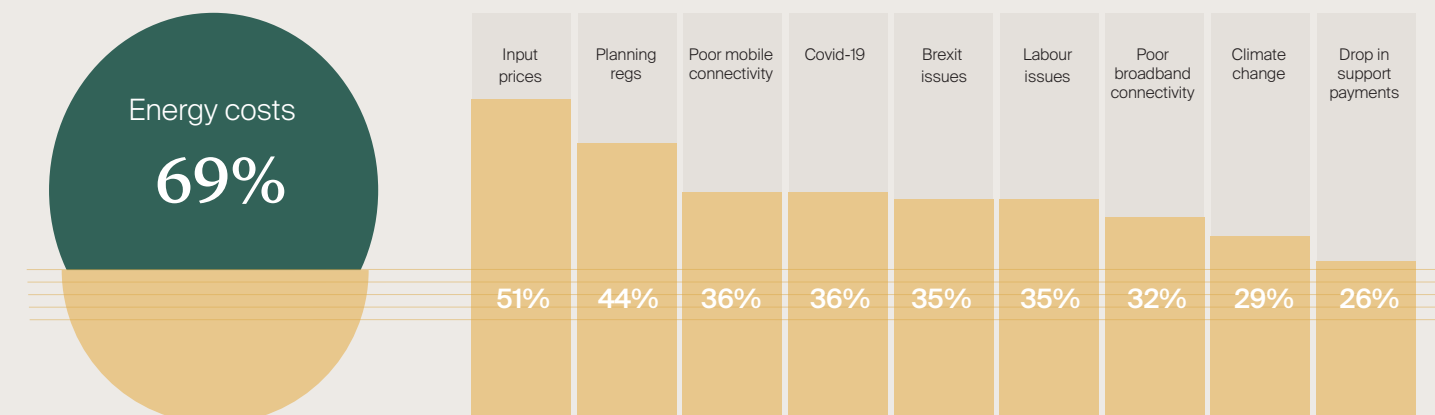


## HOW IMPORTANT WILL THE FOLLOWING BE IN TERMS OF THEIR CONTRIBUTION TO THE PROFITABILITY OF YOUR BUSINESS OVER THE COMING YEARS?\*



\*% respondents who ranked each factor as the most important contributor (top five listed)

## WHICH OF THE FOLLOWING HAVE CREATED CHALLENGES FOR YOUR BUSINESS OVER THE PAST 12 MONTHS OR ARE LIKELY TO DO SO OVER THE NEXT 12?\*



\*% respondents who said the issue had been a significant challenge (top 10 listed)



# Having it all

Making space for nature doesn't mean sacrificing the bottom line or food security. It's time to make a plan, urges Tom Heathcote, Knight Frank's Head of Agri-Consultancy

Many businesses and commentators criticise the Agriculture Act 2020 and the Environment Act 2021 for abandoning self-sufficiency and food production in favour of nature and the environment – “corn buntings not cereals” is a common refrain.

There is no arguing that policy has changed focus towards nature and the environment. But is that really a bad thing?

Since the introduction of the Agriculture Act 1947 and latterly the Common Agricultural Policy (CAP), food production has become increasingly intense, chasing yields and efficiencies. This has often come at the expense of the one thing that farming businesses are totally reliant on – their soil.

As we read daily, biodiversity has also suffered. Many species of the UK's flora and fauna are in sharp decline and a significant number of our rivers are in poor shape due to agricultural pollution. Despite this, there is a continued lack of understanding and ignorance about the impact of modern farming methods, which will ultimately be to all of our detriment.

That's the bad news. The good news is that many of these changes are not irreversible – and that farming can be part of the solution without abandoning yields and profit.

Farming relies on nature. Nature relies on farming. The two are inextricably linked, but for too long they have been viewed in isolation from one another. CAP and previous environmental schemes have tried to delink nature from farming, pushing it to the periphery.

Nature and farming exist together through a series of highly complex symbiotic relationships that are incredibly finely balanced. In many cases, we are only just



**Food production has become increasingly intense, chasing yields and efficiencies. This has often come at the expense of the one thing that farming businesses are totally reliant on – their soil**

starting to understand the impact of these relationships and, worryingly, we may not fully comprehend some until it is too late. The solution is to learn to live and farm in harmony with nature and not against it.

## Regeneration game

Recently the term “regenerative agriculture” has become quite fashionable, featuring in books, podcasts and presentations, as well as being used extensively in consultants' marketing collateral. A €1 billion investment fund focusing on companies that facilitate regenerative methods has also just been launched. The phrase conveys a certain feel-good factor – who doesn't want to change into something healthier?

It is encouraging that a good number of our Rural Sentiment Survey respondents (see page 18) are considering adopting a regenerative approach, but there is still a segment of farmers and commentators who dismiss it as a rich person's hobby or simply a fad and state that “feeding the nation” should be our top priority, not nature. But why can we not do both – feed the nation and protect, create and enhance nature around us?

One of the problems is that the interpretation and meaning of regenerative



**A €1 billion investment fund focusing on companies that facilitate regenerative methods has also just been launched**

agriculture varies and this can often add to the confusion around it.

At the most basic level it is about People, Planet and Profit, which taken together offer a sense of purpose and prosperity. Healthy soils produce, cycle and hold nutrients, which reduces the need for artificial and inorganic inputs, and make the crops being grown healthier and less susceptible to disease and climatic variability.

Reducing the use of these inputs and allowing space for nature to flourish, takes over some of the jobs which artificial inputs were being applied to do, and stronger symbiotic relationships will

help to better support the farming activity taking place. This reduction in inputs is transferred straight on to the bottom line as margins increase.

At a time when the price of fertiliser and other inputs is rocketing due to Russia's invasion of Ukraine, any move towards a reduced reliance on these products can only be a good thing. Wider geopolitical tensions are becoming more volatile every year, adding to future pricing uncertainty.

As the enterprise margins improve, the overall prosperity of the business should alongside this. Prosperity is not only measured in currency but in biodiversity too. The poor financial state of many farming businesses is well documented. As prosperity improves, so too do the lives of the people involved in the business. At a time when there are increasing mental health and social wellbeing issues in agriculture, the value of living a fulfilling life must not be underestimated.

So, if farming in a nature-friendly, regenerative way can enhance the environment, improve prosperity and make lives better, why would we not want to do it? Time and again it is the fear of change that is a barrier to this.

## The cost of change

Change does not have to be the challenge that it is often made out to be; nor does it have to be expensive in terms of products, operations or opportunity cost. For those businesses that want and recognise the need for a different approach, public funding is available through a variety of grant schemes to help and now is the time to access it (see panel, page 23).

Businesses should use the funding available to facilitate a process of transition. Restructuring and adopting new farming systems and processes will require time and intervention in the current business. There is a variety of funding opportunities available to fully or partially fund these initiatives. Some might be used to fund changes to infrastructure and others to support things such as crop rotation change.

It is highly likely that there will be no public sector support for agriculture beyond 2030 and that the government will instead rely on the private sector to step in and replace the funding shortfall.

In addition to the public funding discussed there are already some really innovative and exciting examples of collaborative private sector conservation agreements across a variety of ▶

▲ Time out – Cover crops like phacelia allow soil to rest and regenerate





**The schemes are focused around developing nature-based solutions to mitigate supply chain and business risk**

farm types and locations and these will only grow in popularity.

The schemes are focused around developing nature-based solutions to mitigate supply chain and business risk. Many businesses with supply chains that are based or reliant on farming and other land-based resources will be acutely aware of the risk issues that could affect them. While these will differ from business to business there will often be overlap that can be identified through an opportunity risk-mapping exercise (see page 68).

Once the risks are identified, a nature-based solution is created. This will usually

take the form of a blended approach including land management practices, infrastructural or engineering inputs and social and community engagement and interaction.

Depending on the specific project and size the solution might be implemented with one landowner who is paid to deliver and maintain the agreed measures. At a larger scale, farmers and estate owners (individually or collectively) are encouraged to tender for the works.

The solutions will often deliver a variety of nature- and social-based outputs, including carbon, water, nutrients, biodiversity and community benefits under the same project. Traditional estates, with their diverse

## Paying for nature

Tom Heathcote details some of the schemes that could help encourage the shift to more nature-friendly farming

### Basic Payment Scheme

Although not an environmental scheme per se, BPS payments are guaranteed (albeit decreasing in size) until 2027. Where possible use them to invest for the future, not prop up unsustainable farming models.

### Countryside Stewardship Scheme

Provides a range of part- or whole-field-based management options such as fertility-building crops, field margins and cover crops, with payment rates of up to £640/hectare per year for five years. Summer 2023 is the last application window for the scheme.

### Sustainable Farming Incentive

Based around standards that have specific land management practice requirements with a set of aims. There are currently three standards: arable and horticultural soils; improved grassland; and moorland. Each has an introductory and an intermediate level. Additional standards, such as organic and agroforestry, covering more land types and uses are being introduced. Farmers can choose how much land they want to enter into a scheme, which lasts for three years. Payment rates vary: introductory arable is currently £22/hectare and intermediate £40/hectare.

### Local Nature Recovery

A more ambitious successor to the Countryside Stewardship Scheme which will pay for locally targeted actions that make space for nature in the farmed environment. Farmers will contribute towards important national priorities such as improving water quality, net zero, improving air quality and natural flood management. Pilot schemes are due to be launched in 2022/23.

### Landscape Recovery

Designed for landowners and farmers who want to deliver larger-scale, more radical projects producing environmental and climate-friendly goods and services on their land. Initially there will be two themes: restoring threatened native species; and restoring streams and rivers. The minimum application area is 500 hectares up to 5,000 hectares. Pilots started in 2022 with planning likely to last up to two years before entering into a 30-year agreement. Projects are created in conjunction with Natural England and are bespoke. Funding is not capped although projects will need to demonstrate value for money.

### Farming Equipment and Technology Fund

Provides support to businesses so that they can invest in equipment and technology to improve sustainable agricultural, horticultural and forestry productivity. The minimum grant value is £2,000 and the maximum £25,000 per funding round. Categories covered include: horticulture; forestry; resource management; precision and analysis; and livestock handling. Examples include direct drills, crop health monitoring, rainwater harvesting, electronic livestock data recording and timber trailers. The fund pays a set contribution towards the item, with the farmer paying the remainder.

### Farming Transformation Fund

Provides grants towards large capital items to help businesses improve productivity, profitability and environmental sustainability. There are three grants available: adding value; water management; and improving farm productivity. Total funding varies, although up to £500,000 is available for water

management and farm productivity and up to £300,000 for adding value.

### Farming in the Protected Landscape

Provides funding for land in Areas of Outstanding Natural Beauty, National Parks and the Broads. The programme will fund projects that support nature recovery, mitigate the impact of climate change, improve and protect the character and quality of a landscape, and enable public discovery and access to landscapes and cultural heritage. It is administered by local project groups who have been allocated funds from the scheme and distribute based on national and regional objectives. It can fund up to 100% of the costs of a project if the applicant does not make commercial gains from it. Examples of projects include natural flood management solutions, creating new habitats, restoring and preserving historically important buildings, specialised machinery and creating new permissive access routes.

### Farm Resilience Fund

Provides business support and advice to farmers during the early stages of the agricultural transition. It is designed to help farmers understand the changes that are happening to policy and support them in what they need to do to adapt their business and future-proof it.

This list is not definitive and different options exist for farmers in Scotland, Wales and Northern Ireland. Please contact [tom.heathcote@knightfrank.com](mailto:tom.heathcote@knightfrank.com) for more information

property holdings, could be well placed to create bespoke nature-based solutions for corporates looking to offset carbon emissions or deliver other aspects of their ESG or social responsibility programmes.

### Credit market

Another option is to sign up to one or more of the growing number of natural capital offsetting or credit schemes that are being launched.

Income from some of these emerging markets, such as carbon offsetting via tree planting, could be lucrative if businesses are

fortunate enough to be able to take advantage of them, but often it seems to me that they do not fully value the natural capital being provided by the farmer or landowner. They can also lock businesses into long-term land-use changes.

Much of the current talk and discussion around the new income streams on offer is a red herring and a distraction from the much more pressing need for businesses to focus on getting their core business operating effectively and efficiently.

For more than five decades since the introduction of CAP, innovative, progressive businesses have structured themselves so

they do not need to rely on direct support to remain profitable. For those that have not, now is the time to understand the purpose of the business and use the remaining few years of support wisely to deliver meaningful change and support a more sustainable and profitable nature-friendly method of farming. ■RR

To see regenerative agriculture in action, read our interview with Jake Fiennes on page 10

# Energy crunch

With fuel prices soaring, Patrick Gower asks a panel of experts from across Knight Frank's network what the implications and solutions are for rural property owners

On February 24, shortly after 5am local time, Russian tanks began rolling over the border into Ukraine. Later that day, European natural gas prices soared almost 70% to hit a peak of €142 per megawatt hour.

Dramatic swings in energy prices endured through the subsequent months and governments across Europe have doubled down or accelerated pledges to wean economies off fossil fuels.

The implications for landowners are far-reaching. Growing demand for renewables is creating new opportunities for farmers to diversify income streams and the soaring price of fossil fuels is fundamentally rebalancing the costs and benefits of carrying out capital-intensive works to improve the energy efficiency of estates.

"The good news, if there is good news, is that the cost of renewable energy is going to be coming down, so the relative capital outlay and the time it takes to repay itself is changing rapidly," says Cate Statham, Senior Chartered Building Surveyor at Knight Frank. "Unfortunately construction costs are rising, which offsets the benefits to some extent, but the payback time will still almost certainly come down just because the cost of energy is rising so quickly."

Many estate owners are several years into strategies to "green" their estates, while others have been hesitant over making green upgrades, often due to cost or complexity. It has long been thought that heat pumps, often one of the most effective upgrades for properties built pre-1930s, can take as long as seven to 11 years before energy savings repay the investment, according to Cate.

How far that payback period will reduce in the long run remains uncertain. The cost

of the electricity used to power the pumps is rising and installation can be tricky, whether that's due to obtaining consents, the disruption of construction works, or the amount of retrofitting required to get them to work efficiently.

"We are all going to have to look at hybrid solutions to suit individual circumstances," says Alexander Macfarlane, a Building Surveyor at Knight Frank. "You really do have to consider each property or each situation within its own context and balance it against the merits of each technology as it emerges."

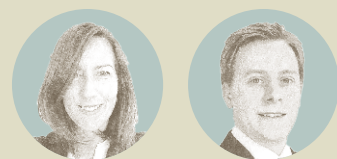
## Heat pumps

There are straightforward upgrades that property owners should consider first, he adds. "Improving insulation and switching to more efficient lighting and radiators can have an immediate impact. Then it's a question of which method will supply green energy cheaply over the long term. That's not always heat pumps – for larger estates, biomass pellet boilers are highly efficient, provided there are nearby resources to supply the pellets necessary to power them," Alexander adds.

The time available to make these choices is shrinking. While the rising cost of fossil fuels provides a strong incentive to act, a raft of new legislation aimed at cutting emissions from property is due to come into force, underpinned by the government's 2050 net zero target.

All properties must have an EPC rating of C or higher if they are to secure new tenancies by 2025, according to proposals making their way through parliament at the time of writing. By 2028 the rule will be extended to existing tenancies. The same bill contains proposals that would require lenders to achieve

## OUR ENERGY EXPERTS



### Building Consultancy

**Cate Statham**  
cate.statham@knightfrank.com

**Alexander Macfarlane**  
alexander.macfarlane@knightfrank.com



### Rural Asset Management

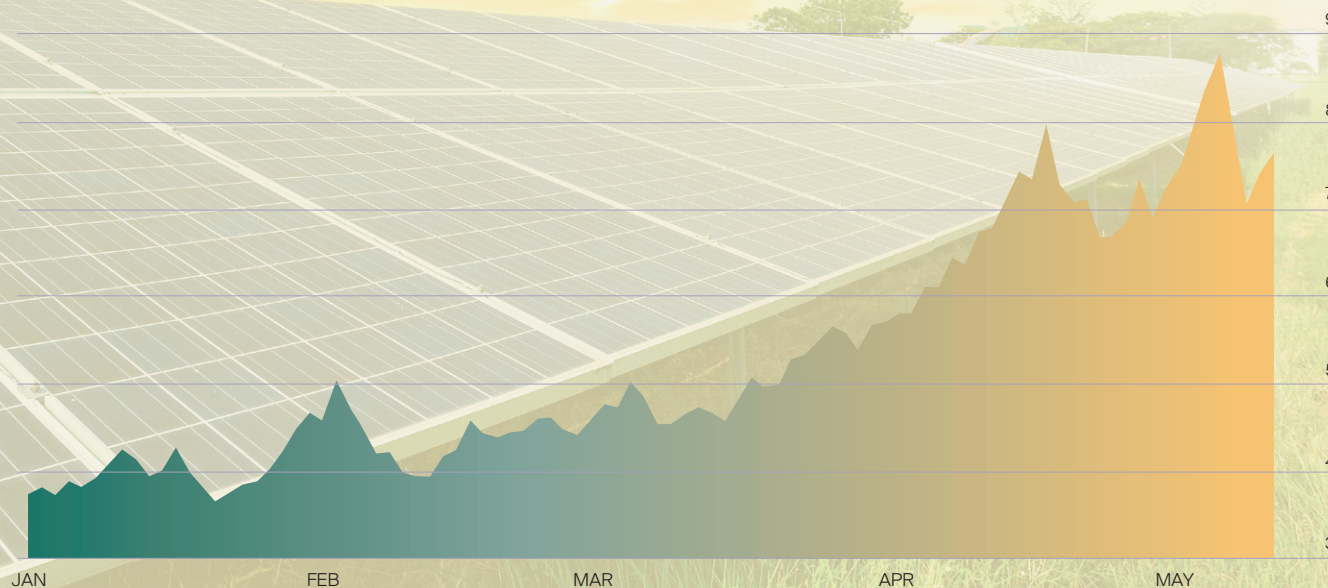
**Jess Waddington**  
jessica.waddington@knightfrank.com



### Renewable Energy

**Robert Blake**  
robert.blake@knightfrank.com

## NATURAL GAS PRICES (US\$/MMBTU)



▲ Balance of power – Spiking fossil fuel energy prices could encourage more renewable generation

an average EPC rating of C across all the properties on their books by the end of 2030, likely impacting the cost of debt for property of all types.

Ultimately, for owners' let portfolios, it's important to meet difficult choices head on, says Jess Waddington, a partner in the Rural Asset Management team at Knight Frank.

"It might be that you've got a core estate, so you've got ringfenced properties, but your non-core properties aren't performing particularly well from an EPC perspective," she says. "They might have old boilers, or wiring that needs replacing – in these cases it's time to consider whether it's worth spending the £10,000 it can take to upgrade each property or whether you should sell them and reinvest that money into upgrading the core estate."

## Energy strategy

New opportunities to diversify income streams can offset these costs. The government's energy strategy, published in the wake of Russia's invasion of Ukraine, aims to "reduce our dependence on power sources exposed to volatile international prices we cannot control, so we can enjoy greater energy self-sufficiency with cheaper bills," Prime Minister Boris Johnson said at the strategy launch on April 6.

The document includes significant commitments to increase the UK's current 14 gigawatts of solar capacity, which officials believe could expand five-fold by 2035. Forecasts from industry bodies including the Climate Change Commission suggest the

UK's solar capacity could reach 85 gigawatts by 2050.

"National policy has been favourable to solar for several years, which has slowly trickled through to local planners, but the energy strategy is hugely important," says Robert Blake, Senior Consultant on Renewable Energy at Knight Frank. "The government has effectively doubled down on solar and we expect national policy to be strengthened as a result."

Favourable policy is fuelling demand from solar developers, who are increasingly willing to consider green belt land or sites in designated Areas of Outstanding Natural Beauty. Rents for solar installations have risen to approximately £1,300/acre, from about £1,000 a year ago. Locations able to accommodate battery storage can command "substantial" premiums, Robert adds.

Developers in many cases will fund the installation, with a private wire supplying energy to the landowner, avoiding both capital expenditure and exposure to fluctuations in grid energy prices for 25 years or more.

The planning process depends on the size of the installation. Solar installations of up to one megawatt can be approved via permitted development rights, which avoid the need to seek planning permission. Up to 50 megawatts are decided at a local level, while over 50 megawatts must be approved nationally. Landowners with 150 acres could be suitable for 50 megawatt projects, though battery storage can be installed on sites as small as two or three acres, says Robert.

Younger estate owners tend to look favourably on solar and a growing body of research suggests there are biodiversity benefits to letting land "rest" for the 25-40-year lifecycles of solar installations. Where there might have been local opposition in the past, in many cases the energy crisis is shifting opinion on the issue, according to Robert.

When it comes to energy, "it has hit home that we are subject to global events," he reckons. "We need to be producing our own energy and doing it quickly, and there is growing acceptance that renewables have to play a central role." ■ RR

**You really do have to consider each property or each situation within its own context and balance it against the merits of each technology as it emerges**



Hear more from Jess and Robert



# Diversity matters

From a better understanding of customers to finding new business ideas and solutions, farms and estates that embrace diversity will be the ones that thrive in future, say rural business experts. Caroline Stocks finds out why

**W**hen Sarah Hendry became Director General of the Country Land and Business Association (CLA), one of the first things she noticed that was she was in the minority at every meeting and event she attended.

“I kept wondering where the women were,” she says. “Why weren’t women more visible, and why there were only men of a certain age around the table?”

“It made me think about the image it portrayed: if young people came along to these events and only saw these faces, would they ever come back? The lack of diversity really struck me.”

Such anecdotes are not uncommon in British agriculture, and for good reason.

While the number of female farmers might have risen in the last decade, the Office for National Statistics’ most recent figures suggest that still only one in five UK farmers are women.

And the lack of diversity doesn’t stop at gender: a 2017 report by the Policy Exchange found that agriculture was the least ethnically diverse occupation in the UK, with just 1.4% of farmers coming from minority groups. Of those, a mere 0.8% described themselves as non-white – a figure that fell even further (0.3%) for farm workers.

“When I bought my farm down in Devon people were shocked,” recounted Wilfred

Emmanuel-Jones, the self-styled Black Farmer, in last year’s edition of *The Rural Report*. “I remember putting up a polytunnel and the police were called because people thought I was using it to grow weed.”

It’s a situation the rural sector has a duty to change if it’s going to attract the brightest and best people to the industry, ensuring farm businesses and estates remain sustainable, says Tom Heathcote, Knight Frank’s Head of Agri-Consultancy.

“It’s incredibly important that we value diversity and the benefits it can bring to rural businesses and estates,” he explains. “If we have more diversity we have greater creativity and innovation and a better understanding of the needs and aspirations of customers and consumers. If you understand their needs, you have a more creative business, and in theory the bottom line and profit should flow.”

“I also think that consumers are becoming far more aware and want to support and engage with businesses they can see are visibly diverse and supporting diversity,” he adds. “Diversity is the new ESG, and I think the consumer will drive this.”

Research by public relations company Transmission Private suggests public opinion will indeed be a driving factor in farms and estates becoming more diverse – particularly when it comes to attracting the



## DIVERSITY BRINGS DIFFERENT IDEAS AND CHALLENGES THE WAY YOU DO BUSINESS

“Looking at the UK’s population today, if you aren’t employing non-white people, women, and people who identify as other than straight you are eliminating about 75% of the workforce,” says Matthew Naylor, director of Lincolnshire flower-growing business Naylor Flowers.

“Diversity of thought brings different ideas, and if you bring critical thinking into the management team of a business you will challenge it to do better.”

Seeing greater diversity in rural businesses is a subject that’s close to Matthew’s heart. Growing up gay in rural Lincolnshire and going on to work on the family farm, he never saw or met other people like him.

“Agriculture is traditional and conservative, so I never saw that it was OK to be different,” he says.

“When I started out in business, I noticed people made homophobic, sexist or racist remarks in professional business environments, and as I got older and my business grew I realised I needed to tackle it.”

In 2018 Matthew set up Agrespect, a network that promotes diversity, inclusion and equality in the countryside, regardless of gender, background, ethnicity or sexual orientation.

“Giving people visibility and allowing people to see role models is hugely important,” he says. “If we don’t allow people in the countryside to be themselves and feel accepted then they feel they have to live in the anonymity of a city.”

“We need lots of different voices and opinions, and we need tolerance in all directions otherwise we risk losing people with skills and ideas that rural businesses and communities could benefit from.”

next generation of consumers. According to a survey of 2,000 people carried out last year, the diversity credentials of a business are a key concern for people aged between 18 and 24.

The ethical credentials of estates are also critical, the company’s research found, with a third of people saying they are more likely to visit or do business with an estate if it has a positive impact on its local community.

“What a company is doing in terms of diversity and inclusiveness is a primary driver for young people interacting with brands,” says Jordan Greenaway, Transmission Private’s Managing Director. “If landed estates are thinking about how to get the next generation engaging, this is really important.”

Simply claiming to support diversity isn’t enough though, Jordan adds – a company’s diversity policy has to be authentic. “There’s nothing worse than estates and rural businesses looking like they are ticking a box,” he says. “Businesses need to look at their individual situation to identify how they can make a difference for the right reasons.”

“If you’re close to a community with a high ethnic population, or close to people from under-privileged backgrounds, put together a strategy to engage with them.”

For Sarah Hendry, the CLA’s strategy has been to find ways to bring female members to the fore through its own women’s network.

Set up in 2020, it has hosted a variety of regional and national events including webinars with women in leadership roles in agriculture in a bid to inspire other female members and enable them to build a network.

“It’s important we encourage women to have a louder voice. Diversity of thought benefits all businesses,” she says. “Women often have a different perspective on what’s important to enable a business to flourish, and what the barriers are. Men and women can also have different takes on risk or where we need to lobby, so we are making sure we get the right balance of views into the world.”

“It’s not rocket science, but it’s beginning to bear fruit,” Sarah adds. “We’ve got to know some interesting and dynamic women, and we’ve had more women applying to become CLA board members than ever before.”

“If the next generation of farmers or rural business owners sees people who look like them, or people they can relate to at our meetings, then they’re more likely to stay involved, and that’s what will help the industry be more resilient and successful.” ■RR

# Ask George

*The Rural Report's* new agony uncle, George Jewell of Knight Frank's Rural Valuation & Advisory team, answers common queries relating to farmland and rural property



**I have heard that HMRC has undertaken a consultation on Stamp Duty Land Tax (SDLT). Is this relevant to the planned future sale of our small farm? We would like to downsize and invest the proceeds**

The short answer to your question is, quite possibly. In your case, assuming there is some, perhaps limited, commercial use at your property, the potential for the purchase to qualify for mixed-use SDLT, which attracts a lower rate than a residential-only purchase, is one of the factors likely to make it attractive to the market.

However, as detailed below, the government's potential response to the consultation regarding mixed-use SDLT could affect some of this benefit. This, coupled with the current scarcity of property available, means you could consider bringing your planned sale forward.

If your investment plans include the purchase of residential properties then, depending on the detail, it might be that the current multiple dwellings relief (MDR) SDLT regime, which is also under review, is advantageous to you, again supporting an early sale.

HMRC consulted over the winter on changes to SDLT, specifically mixed-use property purchases and MDR, and the resulting proposals are awaited.

Under the current regime for mixed-use property, a successful claim for mixed-use SDLT based on a purchase including both residential and non-residential property offers significant tax savings. Additionally, the higher rates for additional dwellings (HRAD) SDLT, where a buyer is purchasing a second home, applies only to residential as opposed to mixed residential and non-residential purchases.

HMRC has identified cases where the amount of non-residential land in a purchase is very small and yet the significantly lower rates of SDLT under the mixed-use regime have been applied. As a result, it has consulted on an apportionment basis of tax computation



**Under the current regime for mixed-use property, a successful claim for mixed-use SDLT based on a purchase including both residential and non-residential property offers significant tax savings**

between residential and non-residential uses or a threshold basis. Under this basis a purchase will only be treated as a mixed-use property if the non-residential element is more than a certain proportion of the overall sale price. This could be as high as 50%.

As mentioned, HMRC has also consulted on the current MDR regime that applies where a purchase includes at least two dwellings in a single transaction or as part of a series of transactions. Here, a buyer can choose to pay SDLT based on the average value of the dwellings purchased.

The consultation considers several options. These include: removing the relief on residential property; introducing a subsidiary dwelling rule, whereby MDR is only applicable on an annexe where it makes up at least one-third of the total value; or allowing MDR on purchases of three or more dwellings only.

HMRC is currently analysing feedback on the consultation.

**We have been successful in claiming Agricultural Property Relief (APR) on elements of the family farm, including the farmhouse, following my mother's death. My siblings want to move forward to distribution of the estate and believe there will be no tax to pay. Are they correct?**

Depending on the precise circumstances of the farm it is likely some tax will be payable and you should seek professional advice. APR applies to the agricultural value of property and is defined in statute as:

"The value which would be the value of the property if the property were subject to a perpetual covenant prohibiting its use otherwise than as agricultural property".

It is the reference to the perpetual covenant that means there is frequently (but not always) a taxable band of value between agricultural value up to market value. This can be a factor in land value where there is hope value attributable to an alternative use, but it is often the subject of debate

between advisors and HMRC with regard to farmhouses.

There are several important cases with regard to what is and is not a farmhouse, but as your claim for APR has been accepted, I expect HMRC has stated the agricultural value of the farmhouse is 70% of the market value based on the *Antrobus II* case.

It is important to remember that each case should be based on its merits and the 70% held in that case is not a rule or precedent. We have, however, seen cases where taxpayers, understandably relieved to have secured APR, have immediately agreed that 30% of its value is taxable.

As I say, each case is different and numerous factors should be considered including local and regional markets, the nature of the farmhouse, its location on the farm in relation to other buildings and whether there are any relevant planning restrictions.

Undoubtedly, in securing APR on the farmhouse and other assets you have gained a very valuable relief from tax but you should seek advice to ensure that you have maximised your APR claim and also that any applicable claim for Business Property Relief, which can work in tandem with APR, has been considered.

**My family has let land surrounding our house to a local farmer for many years but there is no clarity as to his basis of occupation. The farmer would like his son to farm the land as he is thinking of retirement. What steps should we take to regularise the position?**

Assuming rent has been paid, it seems likely a tenancy will have been created. It is therefore key to establish when the occupancy began.

If granted prior to July 12 1984, the occupancy may well constitute a tenancy under the Agricultural Holdings Act (AHA) 1986 with succession rights that permit two successors. If it was granted between after July 12 1984 and before September 1 1995

it may be a tenancy under the same Act, for the life of the tenant.

Were it to have begun after September 1 1995 it is likely to be a farm business tenancy. This type of agreement can be brought to an end at its end date or, if running on, by a minimum of 12 months' notice.

You should take professional advice. If the view is that an AHA tenancy is in place, you should, without delay, serve a Section 6 notice on the tenant requesting a written agreement. This will clearly define the obligations of the parties, but most importantly, it will prevent the assignment by the tenant of a current oral tenancy to a company. Company tenancies can continue indefinitely for the life of the company, whereas succession or lifetime tenancies have a shorter term.

The other advantage of regularising the position is to secure a post-September 1995 tenancy which, even if under the AHA, should, subject to some further details, allow the landlord's executors to claim APR on death at 100% of agricultural value as opposed to 50%. ■ RR



**Company tenancies can continue indefinitely for the life of the company, whereas succession or lifetime tenancies have a shorter term**

Please contact [george.jewell@knightfrank.com](mailto:george.jewell@knightfrank.com) with your own questions. He'd love to help



# Property focus

DISCOVER OUR LATEST FARMLAND MARKET INSIGHTS AND EXPLORE OUR GLOBAL PROPERTY PORTFOLIO

32 **LAND GRAB**

*Our latest view on agricultural land markets*

38 **MASTER OF VINES**

*Vineyard markets and opportunities*

42 **MARKET SNAPSHOT**

*Woodland, development land and country houses*

44 **MARKET HIGHLIGHTS**

*Farms and vineyards for sale or recently sold around the world*

57 **FINANCING THE FUTURE**

*How our mortgage experts can help drive diversification*



▲ A rare opportunity – The Roundtown Estate

# Land grab

Strong demand for farmland across the country is pushing up prices. Andrew Shirley shares Knight Frank's latest research and talks to members of the firm's Farm & Estate Sales team to find out more

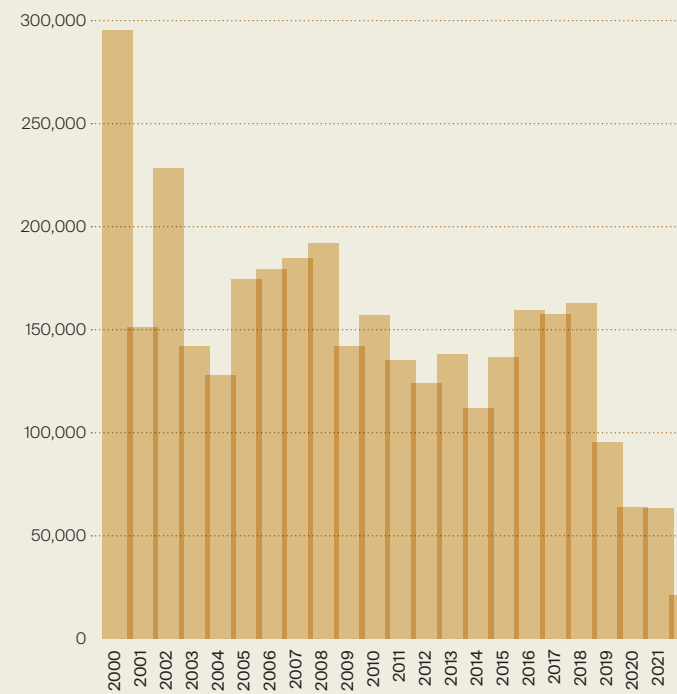
For anybody considering selling, I can't remember a better time," says Will Matthews who, after more than 20 years in the market, has just taken over as Head of our Farm & Estate Sales team.

"Prices have risen significantly as availability has dwindled. We are seeing more properties sold privately. However, we are finding that those sold on the open market produce competitive bidding with very strong prices achieved."

A quick check of the *Farmers Weekly* Land Tracker clearly shows the shortage of stock openly marketed. At the time of writing (May 27 2022) only 21,414 acres of land and farms had been advertised in the magazine, a 13% drop on 2021, which, due to Covid-19, was in itself a pretty barren year.

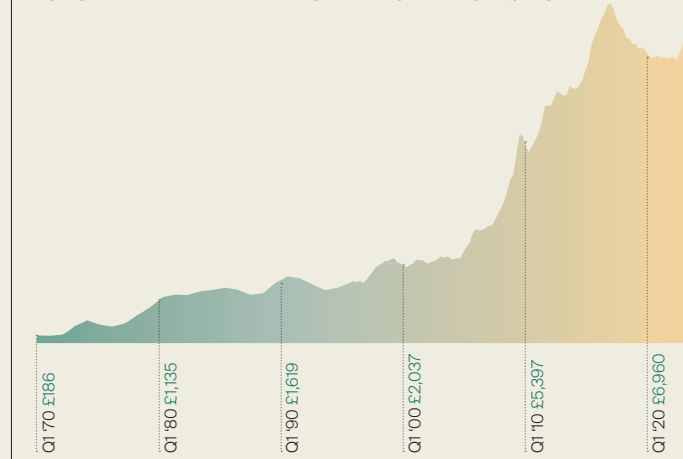


## FARMLAND SUPPLY (ACRES)

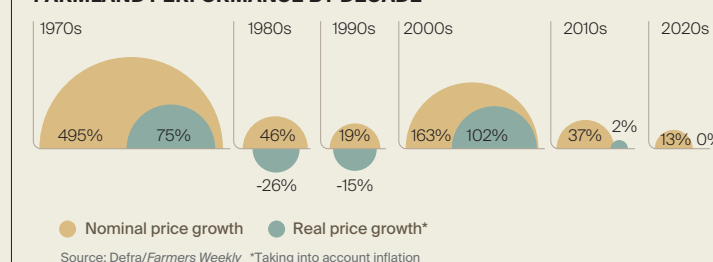


Source: Defra/Farmers Weekly \*\* To May 27 (-14% year-on-year)

## LONG-TERM FARMLAND PRICE PERFORMANCE (£/ACRE)



## FARMLAND PERFORMANCE BY DECADE



## FARMLAND CAPITAL VALUE CHANGES VERSUS OTHER ASSET CLASSES

	English farmland	Prime central London residential*	UK house prices**	FTSE 100	Gold
3-month	4%	1%	3%	2%	9%
12-month	14%	2%	13%	12%	21%
5-year	6%	-9%	26%	3%	48%
10-year	30%	3%	59%	30%	42%
20-year	273%	109%	172%	43%	596%

\*Knight Frank Prime Central London Index \*\*Nationwide Houseprice Index

When you consider that around 8,000 acres of that meagre tally were accounted for by two large blocks of land the picture becomes even starker.

"There is certainly some hesitancy to make a decision," says Will. "I'm not sure whether people are waiting for prices to rise even higher before selling, or whether they just want to hang on to their land during this period of political turbulence. We hoped that Brexit might galvanise decision-making, but not so far."

So how have prices been performing in this rarefied market? According to Knight Frank's Farmland Index, which tracks the value of bare land in England and Wales, average prices rose by 14% in the 12 months to the end of March, the strongest annual period of growth since 2014.

Our index now sits at £7,875/acre, just £430/acre below the peak hit in the autumn of 2015. That average, of course, hides some much stronger prices, stresses Will's colleague George Bramley.

"The best blocks will now routinely sell for well over £12,000/acre," he says. "We have a number of buyers and retained clients who remain hungry to acquire land. The rare blocks entering the market are attracting significant interest."

Demand is coming from an increasingly diverse pool of buyers, says Will. "Tax-driven purchasers and rollover buyers will often outbid neighbouring landowners and the new breed of purchasers looking to purchase land for environmental purposes."

"But increasingly the market is focusing on the latent value of land, in addition to

Exceptionally strong demand for all types of land, in combination with limited supply, is helping to keep values strong



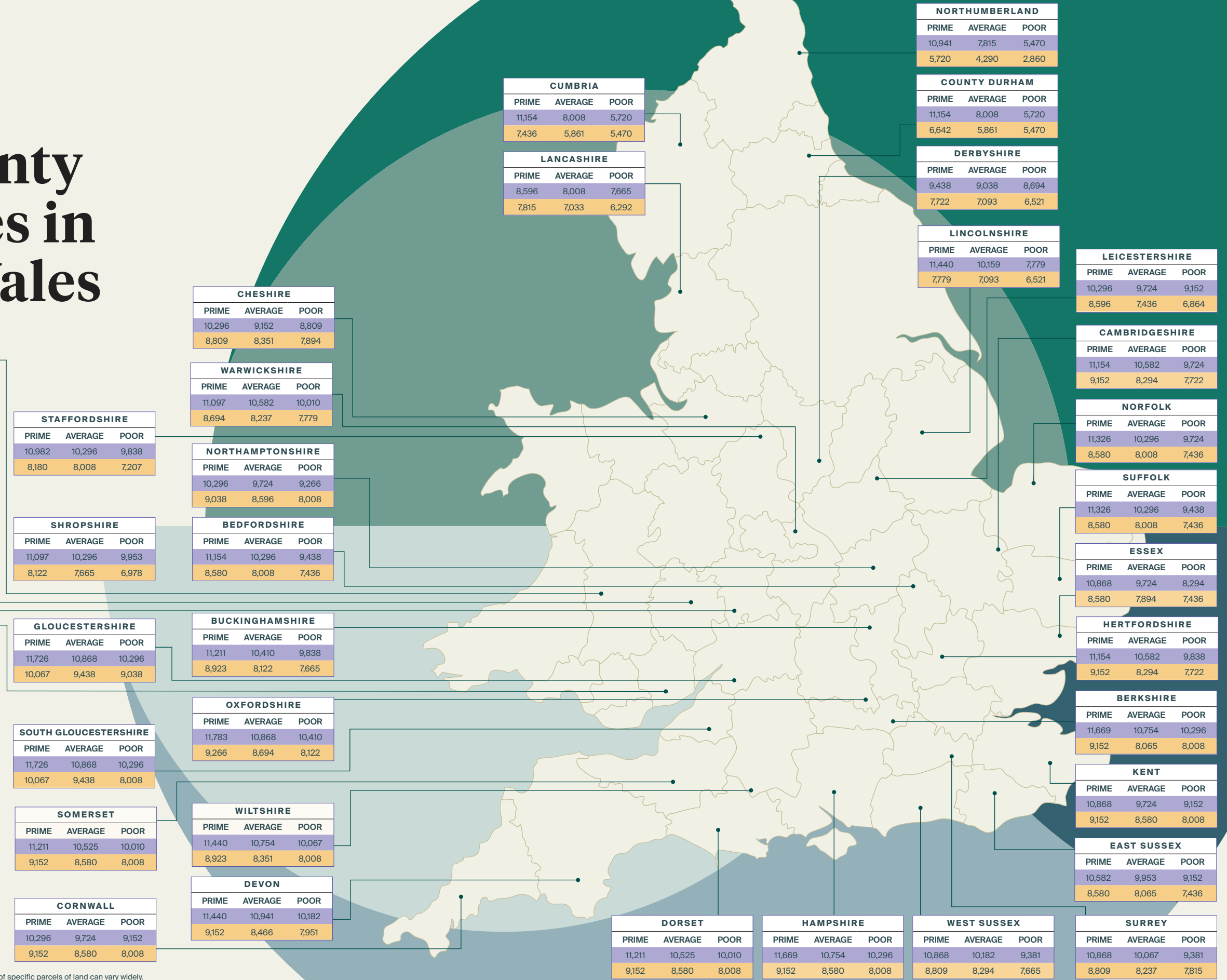
Hear more of Will's views on the market

# County-by-county farmland values in England and Wales

A unique guide to the indicative value of arable soils and pastureland of prime, average and poor quality (Q1 2022)

ARABLE LAND (£/ACRE)  
PASTURE\* (£/ACRE)

AVERAGE LAND VALUES Q1 2022						
	PRIME	AVG	POOR	PRIME	AVG	POOR
	ARABLE LAND (£/ACRE)			PASTURE* (£/ACRE)		
EASTERN	11,164	10,296	9,409	8,771	8,084	7,531
SOUTH EAST	11,190	10,339	9,738	8,980	8,330	7,841
WEST MIDLANDS	11,097	10,376	9,964	8,248	7,779	7,207
EAST MIDLANDS	10,368	9,661	8,723	8,284	7,554	6,978
YORKSHIRE	9,625	9,130	8,690	8,250	7,700	7,260
SOUTH WEST	11,293	10,601	10,002	9,381	8,776	8,147
NORTH WEST	10,015	8,389	7,398	8,020	7,082	6,552
NORTH EAST	11,047	7,911	5,595	6,181	5,075	4,165
WALES	9,588	8,822	6,913	8,431	5,610	3,927



\*Please note: Pasture covers fenceable land, not fell or upland grazing. These values are indicative only. The value of specific parcels of land can vary widely.

**In Scotland it is the opportunity to earn carbon credits from peatland restoration schemes or establish rewilding projects that is motivating an increasing number of purchasers**

its agricultural capacity. Many purchasers are considering alternative management options and income streams with a significant focus on natural capital opportunities. Equally there are scaled up, progressive, diversified farming businesses actively seeking to expand their operations.”

The big question is what happens now in the face of spiralling agricultural commodity prices driven ever higher by the war in Ukraine. Livestock and dairy businesses are already hurting from the rise in feed and energy costs, but arable farmers look set for a bumper harvest this year off the back of soaring grain markets – wheat is selling for £130 per tonne more than it was 12 months ago. However, they will also start to feel the pain in 2023 when their fertiliser bills hit the bottom line.

Despite these pressures, farmland has a good reputation as an investment hedge against inflation. “With increasing demand from the new environmental entrants to the market and with the current low levels of supply, farmland prices will be sustained,” reckons Alice Huxley, a former Knight Frank rural valuer and the newest member of

Will’s team. “Although rising interest rates could temper growth,” she adds.

Looking back to the 1970s, an era with which some commentators are comparing today’s economic turbulence, Alice’s point is borne out. During that decade, despite inflation running at almost 500%, farmland still showed growth in real terms of around 75%.

Back then of course, the UK had just joined the EU and the subsidies of the Common Agricultural Policy; now we have just left. “So far, leaving doesn’t seem to have had an impact one way or the other,” notes Will. “Other factors have been far more dominant and I think that will be the case for at least a few more years as emerging natural capital and carbon markets attract even more buyers.”

**Scotland**

The picture north of the border is largely similar, says Tom Stewart-Moore, Head of Farm Sales in Scotland. “Plenty of buyers, but not much to offer them,” he laments. The farms that Tom and his team have

bought to the market, such as Ballencrieff Mains and Synton Mains, have all sold very well, helping to drive our Scottish Farmland Index to a record average high of £4,963/acre.

Within the index, top-quality arable land is averaging over £10,600/acre, while hill land fetches an average £1,013/acre. But it is the hill land that has seen the strongest growth of late, rising in value by 16% during 2021.

This growth has been driven by the surge in demand from investors and funds looking for land suitable for tree planting schemes that will qualify for carbon credits, explains Tom. “Some of the prices paid have been phenomenal.”

There is, however, something of a backlash starting to emerge, points out James Denne from our Melrose office. “A lot of farmers are quite upset that people from outside the agricultural sector are buying up large swathes of land to plant trees at prices they can’t afford, especially given all the talk about food security and self-sufficiency.”

The market for Scotland’s highland estates is also evolving, says Stewart-Moore. “Traditionally most buyers would be motivated by their sporting potential, but now it is the opportunity to earn carbon credits from peatland restoration schemes or establish rewilding projects that is motivating an increasing number of purchasers.

“But again the market is very thin so there isn’t much for buyers to choose from, and that doesn’t look like it will be changing any time soon. Any farm or estate put on the market in Scotland now would sell very well.” ■ RR

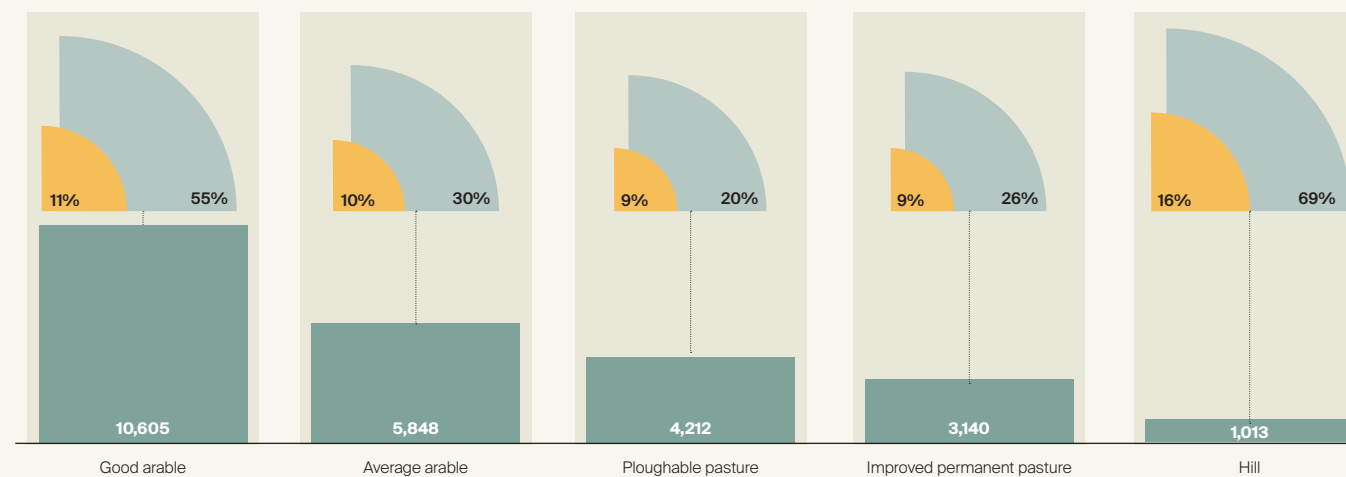


▲ In demand – Synton Mains



▼ Prime property – Ballencrieff Mains

**AVERAGE SCOTTISH FARMLAND VALUES BY LAND TYPE (£/ACRE)**



Source: Knight Frank Scottish Farmland Index \*To Q4 2021



▲ New growth – Ed Mansel Lewis inspects the vines just after the buds have burst

# Master of vines

Andrew Shirley meets Knight Frank's new Head of Viticulture to quiz him about the burgeoning market for UK vineyards and how prospective winemakers can add value to their enterprises

**E**d Mansel Lewis has been at the heart of the UK's wine industry for over a decade and has been involved with some of the sector's landmark sales.

"The price of land suitable for establishing vines has been growing steadily for over 10 years and now commands a significant premium above its traditional agricultural value," he says. When I ask what kicked off the trend, he explains there were two sales that really laid the foundations.

"Around 2010, we were dealing with the sale of a farm in Kent whose owner was very keen to achieve more than he'd get from selling it as straight farmland. A colleague thought it might be suitable for vines and advertised it in a specialist publication. That attracted an English couple who had a vineyard in France and paid a 10% premium."

This sale established that a vineyard premium existed. But what really kickstarted the market was when four years later Pierre-Emmanuel Taittinger of the iconic French champagne house bought another farm in Kent to plant grapes.

"It was a pivotal moment when people suddenly twigged that English sparkling wine might actually be really good and the

press were all over it. After that we saw sales achieving £15,000/acre for the first time."

The chart opposite, based on deals Ed has been involved with, shows how values have grown. But will this upwards trajectory continue? "I wouldn't be surprised to see land trading at £20,000/acre within two years. Since the Covid-19 pandemic wine consumption in the UK has risen sharply and producers are suddenly realising they can't produce enough of the stuff. I know of five significant businesses that are looking to each acquire plots of a minimum of 80 acres."

That may not sound much compared with a viable arable farm, but Ed quickly puts it into context. "Thirty acres will give you around 100,000 bottles a year, so 80 acres of extra domestic wine production in an emerging market is pretty significant."

And has climate change played as significant a role in boosting the market for English wine as some are claiming? "Definitely," says Ed. "Sparkling wine (which still accounts for 64% of UK production) needs an average growing season temperature (GST) of at least 13 degrees between April 1 and October 1. GST in parts of the UK has been consistently above that since 2010."

Given this means wine can now be produced all over the country, I ask if the locations that can command premium values are expanding beyond the south-east.

"I think we will see a two-tier market, with prime land continuing to grow in scarcity and value, and then more compromised land seeing slower growth, particularly if the sugar and acid levels of adjoining or nearby vineyards have performed poorly. Data shows that Kent, Essex, Sussex and Hampshire are still the best counties for growing vines, but having said that it's not just about what goes into the bottle."

I'm intrigued. "Vineyards in the right location (see our case study over the page) can sit at the heart of a successful diversified rural business so you don't need to be producing critically acclaimed vintages every year to create a viable wine business," he explains.

I'm also curious about the market for existing vineyards. Have they too seen a sharp rise in value? "This market is more opaque as even more of the deals are struck privately", reveals Ed. "If customers know a business is being sold it can really hurt sales."

Successful vineyards are often sold based on the value of the wider wine brand they have created, rather than the value of the underlying assets. But in general there are three factors that sensible buyers need to take into account, Ed notes.

**1. Is the vineyard suitable to be a vineyard?** "Many vineyards were planted on land that was already owned without much consideration for the factors that produce good wine."

**2. How old are the vines?** "Seven to 15 is considered the sweet spot as you can't tell if vines are producing the right levels of sugar and acidity until they are five years old. They they generally have a lifespan of about 30."

**3. What varieties of grapes are being grown?** "You want vines that can produce the wines that are most popular with consumers."

Vineyards that tick all the boxes can fetch around £30,000 to £40,000/acre, says Ed, but there are only "a handful" of any scale sold each year.

But if demand for home-produced wine continues to build and more vines are planted that could soon change. "It's a really exciting time to be involved with the sector here as we see more innovative and sometimes disruptive winemakers emerge." ▶



Go online to hear more from Ed

## FIZZ FIGHTERS

English sparkling wine has traditionally been made using the champagne method where the secondary fermentation required for those all-important bubbles occurs in the bottle. This requires a period of maturation that can last a number of years for the best fizz.

Higher prices can be commanded for this "premium" product, but producers have to wait much longer to see a return on their investment. But now a number of disruptors, including serviced-office billionaire Mark Dixon who owns the Harlot brand, are shaking up the market by adopting the Charmat process used to create prosecco and cava.

Here the secondary fermentation occurs much more quickly in tanks before bottling.

This means producers can sell their sparkling wine at significantly lower price points than their traditional competitors.

"It's going to be really interesting to see how this plays out," observes Ed Mansel Lewis, Knight Frank's recently appointed Head of Viticulture.

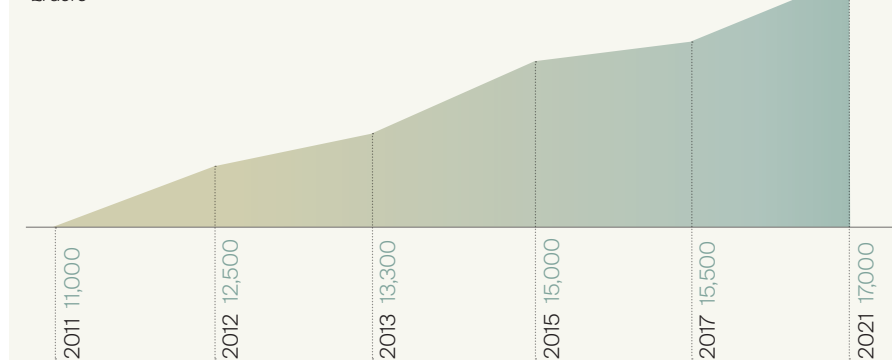
"Some in the UK wine sector are aghast and think it will confuse consumers and undermine all the brand-building that has helped to position English wine as a premium product. Others argue that it's introducing more price-sensitive drinkers to English sparkling wine at an earlier age and that they will gravitate to more expensive bottles as their palates and pay packets develop."



▲ Brazen – One of the brands trying to disrupt the English sparkling wine market

## UNCORKED – VINE-PLANTING LAND IS GOING UP IN VALUE

£/acre



Source: Knight Frank Rural Consultancy



## Case study

# It's not just the bottle

Vineyards can be about more than just wine, says Knight Frank's Head of Viticulture Ed Mansel Lewis. He takes *The Rural Report* on a trip to Llanerch in Wales to discover another of his passions: the power of place-making

Ryan Davies had a vision. But it didn't involve vines. The Welsh entrepreneur, back from a gap year in Australia and New Zealand, was keen to start or buy an extreme sports centre near junction 34 of the M4, not far from Cardiff where he knew he'd have access to a good supply of adrenaline-seeking young customers.

**Adapting the wines made from the vineyard's grapes to suit the palates of visitors has also been important**

Llanerch Vineyard, which was established as a retirement project in 1986 by a wine-loving couple who'd sold their business, was for sale via receivers after the subsequent owners got into financial difficulties. With an eye for a bargain, Ryan and his parents thought it might make a potential location for the sports venture. But things didn't go quite to plan.

"After looking around, we went for lunch and I said to my mum and dad, 'It's such a shame, if that place was in New Zealand they would have put a hotel there, they would have done a restaurant, it wouldn't just be a vineyard with a house'.

"We realised that perhaps it wasn't such a bad idea, so we put a call in to the receivers and by the end of lunch we were pretty much the owners."

Since then, north Wales has become something of an extreme sports hub meaning Ryan's initial instincts were spot on; but so was

his gut feeling, inspired by his Antipodean viticultural experiences, about Llanerch. The vineyard now boasts an exceptional restaurant, high-class accommodation, a cookery school and nature walk, and is a popular wedding venue.

Despite all being profitable ventures in their own right, the 13 acres of vines are what makes the whole enterprise hang together, says Ryan. "It's our unique selling point without a shadow of a doubt. People will come for a vineyard tour initially, and we're doing up to six a day now, but then when they are here they'll say, 'Oh wow have you seen that they've got a restaurant?', and then 'Oh wow, we could actually stay there as well.' And then 'Did you know we could get married here too?'

"When we first started doing the tours about five or six years ago we would do one a day, now people will come and do a tour

followed by lunch. Most of the rooms we sell are bolted on to a vineyard experience that includes a tour, a bottle of wine and an allowance towards dinner. We sell more experiences than we do just bed and breakfast now."

Having so many visitors also means the vineyard can sell all of its wine directly at much higher margins, rather than having to go through retailers. "It's the holy grail," says Ed Mansel Lewis. "And if you are also selling a lot via the glass in a restaurant, that's even better."

Adapting the wines made from the vineyard's grapes to suit the palates of visitors has also been important, adds Ryan. "If you looked at what we made 10 years ago compared with what we make now, we've gone a lot simpler, a lot easier, clean and crisp. You want wine to pour at

▼ Outside in – Diners at Llanerch overlook the vines



## TAXING TIMES

A key concern for diversified rural estates is ensuring that the whole estate qualifies for business property relief when it is passed to the next generation. To ensure that happens, estates generally need to pass the Balfour test.

This piece of case law is somewhat complex, but one of the most significant tests HMRC will currently apply is whether at least 51% of the estate's turnover comes from trading activities rather than investments such as let properties.

"An acre of grapes can generate far more income than an acre of wheat, so if an estate already owns a vineyard, incorporating it into the structure of the wider estate business can really help bolster trading income," says Ed Mansel Lewis, Knight Frank's Head of Viticulture. "That role could become even more important if, as some tax experts are predicting, HMRC raises the proportion of trading turnover needed to pass the Balfour test."

▲ A sense of place – Llanerch's business is all based around its vines and award-winning Cariad wines

a wedding, at an event, at the restaurant and when someone opens it and drinks it they go, 'Oh that's nice'. We're not trying to overcomplicate things."

It's a good strategy, reckons Ed. "UK wine producers are often quite quick to try to make really sophisticated wine because they assume that all of their customers really care about using traditional chardonnay and other champagne varieties. But Llanerch has a very popular range of wines that matches its customers. They've pivoted really well, according to the market.

"It lies at the heart of what place-making is all about. Bringing together a range of complementary businesses that create a real destination for visitors and then providing them with a range of high-

quality goods and services that they will enjoy and want to come back to again and again. There are so many lessons here for other rural businesses looking to create new income streams and experiences." ■ RR

If you'd like Ed's help with any of the issues discussed in this article please get in touch [edmansel.lewis@knightfrank.com](mailto:edmansel.lewis@knightfrank.com)



# Market snapshots

Experts from Knight Frank's Research team examine the performance of a selection of asset class relevant to rural property owners



## RESIDENTIAL DEVELOPMENT LAND

Demand remains strongest for housing-led greenfield sites outside London in areas where house price inflation continues to offset build costs.

Greenfield land prices strengthened between January and March by 5%, according to our Residential Development Land Index. Annually, greenfield values rose almost 23%. In contrast, brownfield land prices rose 0.4% in Q1 and were up 3.3% compared with a year ago.

Land market activity in the first quarter remained focused on greenfield housing schemes outside London where house price growth has been stronger. But higher mortgage rates and a cost-of-living squeeze mean we expect UK house price growth to slow later this year. Our fifth quarterly survey of volume and SME housebuilders in England found that 62% think the rising price of

goods and services is weighing on buyer sentiment the most.

Increased construction costs and supply chain problems are key issues around the country, but particularly in areas where house price growth has been weaker, such as London. Our survey also found that build costs had had a "significant" impact on 44% of respondents' businesses in Q1, with nearly half reporting a "moderate" impact.

Looking ahead, 40% of respondents thought that "build cost inflation" and "supply chain disruption" would have the biggest impact on the housebuilding sector in Q2, with more than 25% citing planning delays as another key issue for the next quarter. Increased fire safety costs will also continue to weigh on profit margins, but many housebuilders are still lowering margins to compete for land amid rising costs.

For now, a lack of availability of land is supporting land pricing. In total, 85% of respondents said that land availability was either "limited" or "very limited", up from 70% in Q4 2021. Against this backdrop, the majority expect land prices to either rise (47%) or stay the same (44%) next quarter.

An increase in competition from logistics players is also exacerbating the land supply issue. It means that residential developers are being outbid on several sites, even where planning permission is in place for housing. Overall, our survey found that over half (56%) of respondents are seeing more land competition from other use classes such as logistics.

Anna Ward

**An increase in competition from logistics players is also exacerbating the land supply issue**

**+23%**  
ANNUAL PRICE  
OF GREENFIELD  
DEVELOPMENT SITES

Knight Frank Residential Development  
Land Index Survey

**+21%**  
INCREASE IN VALUE  
OF STANDING TIMBER  
PLANTATIONS

Tilhill UK Forest Market Report

**+11.3%**  
ANNUAL PRICE  
GROWTH OF PRIME  
COUNTRY HOUSES

Knight Frank Prime Country  
House Index

## FORESTRY



Last year was another strong one for the forestry market and 2022 looks like it will be offering more of the same.

Total commercial forestry transaction values in 2021, covering around 25,700 stocked acres – a slight year-on-year decrease – nudged just past the £200 million achieved in 2020 to hit a record high, according to Tilhill's UK Forest Market Report (FMR). Most of the value was seen in Scotland, which accounted for over three-quarters of sales. England recorded just 2% of the total.

Average values of standing timber plantations also soared by 21%, falling just short of £8,000/acre. Although the sparsity of the market makes annual like-for-like comparisons vulnerable to skewing, a number of Scottish timber plantations have been sold multiple times in recent years enabling a more robust comparison. All have seen their values at least double, illustrating the strength of the market.

Demand remains strong from investors attracted by the natural capital opportunities offered by woodland as well as good returns from timber markets.

Carbon markets are also helping to drive demand for land for new woodland creation schemes. FMR recorded £53 million-worth of planting-land transactions last year and £26 million of deals identified as natural capital-driven transactions. It will be interesting to see if impending eligibility changes to the Woodland Carbon Code temper demand.

Most of the land purchased for tree planting was unsurprisingly in Scotland, but

the proportion in England and Wales rose quite significantly. The average price paid for planting land was almost £4,500 per plantable acre. Despite this, the number of trees being planted in England and Wales is still well below government targets.

Farming unions and local communities in Scotland and Wales are also starting to question the amount of land being acquired for tree planting. They say policymakers should be focusing more on food security, while Sitka spruce plantations, which offer the quickest timber and carbon returns, are not especially popular with local residents.

But given that there seems to be no let-up in the interest in carbon from funds and other investors, prices should remain firm this year. Adding to the bullish sentiment, as with many other commodities, Russia's invasion of Ukraine has also hit global timber supply chains, pushing up prices. Russia, Ukraine and Belarus supply significant volumes of lower-grade timber to the EU.

Andrew Shirley

**Carbon markets are also driving demand for land for new woodland creation schemes**

## COUNTRY HOUSES

Two years on from the onset of a pandemic that has transformed the fortunes of the country house and rural property market in the UK, many of the changes it has ushered in now feel locked in.

The rise of working from home, and the interest in the countryside and regional town and city living look set to endure beyond Covid-19's material impacts.

Prime rural property prices saw their fourth consecutive quarter of double-digit growth in the three months to March 2022. On an annual basis, average prices increased by 11.3%, up from 10.6% in December.

This unprecedented period of growth lifted Knight Frank's Prime Country House Index 1% above its previous peak in the third quarter of 2007, before the global financial crisis led to a slump in property values.

Price growth outside London had been relatively muted before the pandemic due to a series of tax changes that disproportionately affected higher-value properties, and the political uncertainty caused by issues such as Brexit. Since then, the market has seen record-breaking growth as buyers have sought more space and greenery, with high-value country properties leading the way.

However, prime rural homes have underperformed compared with the mainstream and prime central London (PCL) markets since 2007. Mainstream property values have increased 48% since the third quarter of 2007 (to February 2022), and PCL by 16.5% over the same period.

**This unprecedented period of growth lifted Knight Frank's Prime Country House Index 1% above its previous peak**

The fact that average prices in the country have only just recovered to their 2007 level suggests there remains headroom for future growth.

For now, low supply remains the biggest challenge facing buyers outside of London, although this is expected to continue improving as the year progresses.

Market valuation appraisals, a leading indicator of supply, increased by 14% in the first quarter of 2022 versus the five-year average. However, new instructions were down 8% in the same period, while new prospective buyers were up 42%.

With headwinds such as higher mortgage rates and inflation set to bite in the second half of the year, price growth in the prime country market is expected to slow and finish 2022 in single digit territory at 5.5%, suggesting prospective sellers might want to act sooner rather than later.

Chris Druce





## FOR SALE

### Poston Court Estate, Vowchurch, Herefordshire

A Grade II-listed country house and estate situated on the site of a medieval deer park high in the Herefordshire hills. The 223-acre property includes a classical lodge, traditional cottage and outbuildings, barns, paddocks, parkland and woodland.

Guide price £10,500,000



# UK Market highlights

Knight Frank sells amazing rural properties all over the world. To whet your appetite, Will Matthews, our Head of Farm & Estate Sales, shares a selection of his favourite farms, estates and vineyards in the UK and further afield

For more details on any of the farms featured do get in touch with Will at [will.matthews@knightfrank.com](mailto:will.matthews@knightfrank.com) or +44 20 7861 1440

## FOR SALE

### Constantia Manor, Uckfield, East Sussex

This lakeside property is situated at the heart of a 186-acre wildlife haven and private nature reserve with conservation and amenity land. Constantia Manor is an impressive country house that has been refurbished to a high standard, surrounded by mature mixed woodland, pasture and conservation land, wetlands and wildlife.

Guide price £5,500,000







# UK

## FOR SALE

### Hodcott House & West Ilsley Stables, West Ilsley, Berkshire

A renowned horseracing yard and country house previously owned by the royal family. Extensive equestrian facilities include 105 loose boxes and almost 62 acres of land, plus seven cottages and office space.

Guide price £6,975,000



## SOLD

### Newport House, Almeley, Herefordshire

Grade II-listed Newport House sits at the heart of an idyllic 427-acre country estate that includes a significant range of traditional and modern farm buildings, farmhouses, cottages, gardens, a lake, parkland, paddocks, pasture and woodland.

Guide price £10,000,000



## SOLD

### Tuddenham Hall, Tuddenham St Martin, Suffolk

A 310-acre estate that has significant commercial income, productive irrigated farmland and a Grade II-listed manor house dating from the early 17th century.

Guide price £6,000,000



## SOLD

### Roundtown Estate, Hackwood Park, Hampshire

This 1,011-acre estate represented a rare opportunity to acquire a large ring-fenced block of commercial farmland interspersed with mature woods and historic parkland.

Guide price £13,800,000





# UK



## FOR SALE

### Blackdown Ridge, West Sussex

The 32-acre estate includes a country house, barn and annexe, with exceptional views over Blackdown Ridge. The vineyard features sauvignon blanc, triomphe and bacchus grapes with capacity to produce up to 30,000 bottles of still and sparkling wine.

Guide price £4,950,000



## UK

### SOLD

#### Synton Mains, Ashkirk, Selkirkshire

This 456-acre farming estate in the heart of the Scottish Borders includes a range of traditional and modern farm buildings and over 48 acres of woodland.

Offers in excess of £2,400,000



### FOR SALE

#### Glenmayne House, Galashiels, Selkirkshire

A 30-acre estate in the heart of the Scottish Borders. It includes a Victorian baronial mansion house with views over the River Tweed, a lodge house, several outbuildings, stabling, paddocks and well maintained gardens and grounds.

Offers in excess of £4,000,000



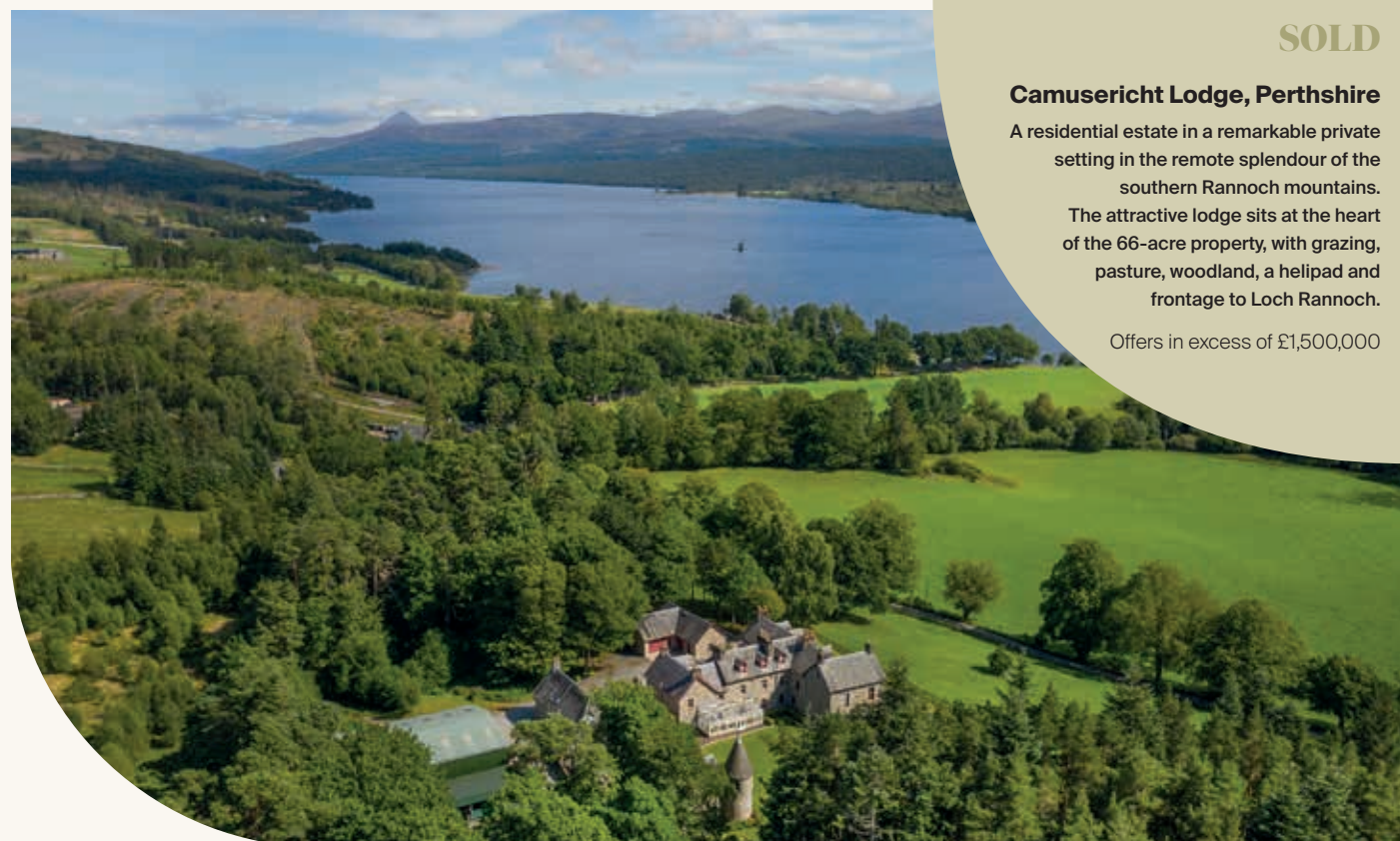
### SOLD

#### Camusericht Lodge, Perthshire

A residential estate in a remarkable private setting in the remote splendour of the southern Rannoch mountains.

The attractive lodge sits at the heart of the 66-acre property, with grazing, pasture, woodland, a helipad and frontage to Loch Rannoch.

Offers in excess of £1,500,000



### SOLD

#### Ballencrieff Mains Farm, East Lothian

A 201-acre prime arable farming estate in the heart of East Lothian close to the coast.

It includes a three-bedroom detached house, four farm cottages and a ringfenced block of Grade 2 arable land.

Offers in excess of £3,500,000





# Italy



## FOR SALE

### Radda in Chianti, Siena, Tuscany

This 154-hectare estate is surrounded by rolling countryside. The historic villa has a 17th-century façade with land including 12 hectares of vineyards, 19 hectares of olive groves, pasture and woodland.

Guide price €12,650,000  
(£10,760,000)

## FOR SALE

### Il Pomaio, Arezzo, Tuscany

A wine estate situated on the edge of the Chianti region close to the Etruscan city of Arezzo. It includes three villas with private pools, cantina, three hectares of organic vineyards and 22 hectares of land.

Guide price: €7,900,000  
(£6,720,000)



## FOR SALE

### Greve in Chianti, Tuscany

This historic country estate is situated in the heart of the Chianti Classico wine-producing area of Tuscany. It includes an olive grove producing around 150 litres of oil per year, and a 2.5-hectare vineyard that produces up to 15,000 bottles a year, with the potential for up to 25,000.

Price on application



## Australia & New Zealand

### FOR SALE

#### 4336 State Highway 63, Wairau Valley, New Zealand

This 245-hectare viticulture property offers the opportunity to secure a high-performing vineyard in a proven sub-region. The property features a main family home, several outbuildings, 207 canopy hectares of vines and excellent infrastructure, including a 150,000 cubic metre reservoir for back-up irrigation and frost fans.

Price by negotiation



### FOR SALE

#### Seaton, Coal River Valley, Tasmania, Australia

This 291-hectare property is situated in the heart of Coal River Valley, one of Tasmania's premier grape-growing regions. The property has well-developed irrigation infrastructure and represents an ideal agri-tourism opportunity.

Price on application



### FOR SALE

#### 1293 Churchill Road, Pukekawa, New Zealand

A secluded 40-hectare property in the close-knit community of Pukekawa. Along with an architecturally designed contemporary residence, the property has 15 hectares of orchards, a borehole water supply, excellent infrastructure with new irrigation system and several outbuildings.

Price by negotiation



## Africa

### FOR SALE

#### North Lake Road, Naivasha, Kenya

Situated on the northern shores of Lake Naivasha, this 70-acre farm comes with 47,000 litres of underground storage, borehole and a solar-powered pump. The property also has two parallel underground PVC main lines perfectly spaced for irrigation systems.

Guide price KSh560,000,000  
(£3,830,000)



### FOR SALE

#### Franschhoek Valley, South Africa

This 71-hectare well-established citrus and table grape farming estate and lifestyle homestead is situated in the heart of the Franschhoek Paarl Valley.

Guide price R80,000,000 (£4,050,000)

# Financing the future

Knight Frank Finance is increasingly helping rural businesses with their diversification plans. Robyn Wilson talks to the team's new rural expert, former agricultural bank manager Bradley Smith, to find out more

**H**ow does a farmer sell 750,000 chickens after all the original buyers withdraw overnight?

It's a puzzle that one UK-based livestock farmer had to grapple with after Covid-19 forced its hospitality partners to temporarily close during lockdown.

"When Covid hit, hotels shut down overnight so this farm had three-quarters of a million chickens that were too big for the supermarkets – and that they couldn't sell," says Bradley Smith, an agriculture finance specialist who works with farmers, landed estates and private landowners for Knight Frank's Finance team.

"If you're averaging around £2 a chicken, that is a big value of stock that is sitting on your farm, eating every day, and getting bigger. Fortunately, they managed to find a home for them, but it caused two weeks of stress and panic for the business until they did."

A £600,000 Coronavirus Business Interruption loan was enough to give the farm in question some breathing space before business recovered five months later. Their story reflects a broader surge in landowners seeking to leverage finance to offset pressures caused by the pandemic, Brexit and most recently the war in Ukraine, which has prompted costs for critical products such as fertiliser to rocket.

To date, around 37% of farmers have already diversified, a figure that is growing year-on-year, says Bradley.

"There have been very good and very bad years for most agricultural industries over

the last three to four years and those peaks and troughs seem to be widening, so it makes sense that businesses are looking to soften that uncertainty with more stable and diverse income streams.

"At the same time, interest rates have been very low – they still are, if you consider they were sitting at 5%–6% for a long time. So, naturally, businesses have wanted to take advantage of that."

#### Diversifying income

Recent examples include a farm that turned a number of disused barns and buildings across its 3.5-acre estate into a thriving commercial and residential lettings business.

"They had a massive amount of redundant buildings and over the last decade, while the cost of borrowing has been so low, have been raising capital to invest and build out those properties as and when they are approached by prospective tenants," explains Bradley. "So, they'll upgrade a building specifically for a tenant and then move on to the next and do the same."

As a result, the farm has grown its yearly rent roll from £500,000 to £1.2 million – with an average yield of 20%.

"That really is securing their farm for the future and the next generation because they're becoming less reliant on the peaks and troughs of farming. Before they get out of bed in the morning, they've got £1.2 million a year coming through the door."

Helped by the pandemic-driven trend for staycations, tourism has also become a popular alternative, with farms in scenic locations transforming their land into glamping or bed and breakfast destinations.

Sustainable schemes, too, are rising, with a number of renewable projects in the pipeline offering multiple benefits for landowners, says Bradley. "You have the very big schemes such as a 100-acre site where the farm gets free energy and charges a ground rent to the solar business, which are often backed by big investment houses like pension funds."



**To date, around 37% of farmers have already diversified, a figure that's growing year-on-year**

Smaller scale schemes include installing solar panels on buildings that require energy, which can be particularly beneficial for energy-hungry farms, says Bradley.

"I work with one farmer who produces ice-cream so needs a lot of energy during the summer months. They have a solar farm which keeps their energy bills down."

#### Green schemes

These green schemes are often cheaper to fund, says Bradley. "Whether it's a discount on the lending rate or a discount on the fee, if you can find a green project, chances are there'll be lenders out there chomping at the bit to lend to it.

"Remember, lenders have all committed to lend 5% of their book to green areas, which none of them are currently hitting, so they need projects to come forward to invest in."

That said, there are some things borrowers should watch out for. "Certain banks seem to be shying away from renewing interest-only deals where they might need to churn a bit of their debt book," says Bradley.

"But all that means is when a five-year commercial term lend comes to an end, they'll have to rebank. I've been helping a number of borrowers find interest-only deals elsewhere."

Overall, lenders are generally very keen to lend to the sector, it's just about finding the right banks who are interested in your area, says Bradley.

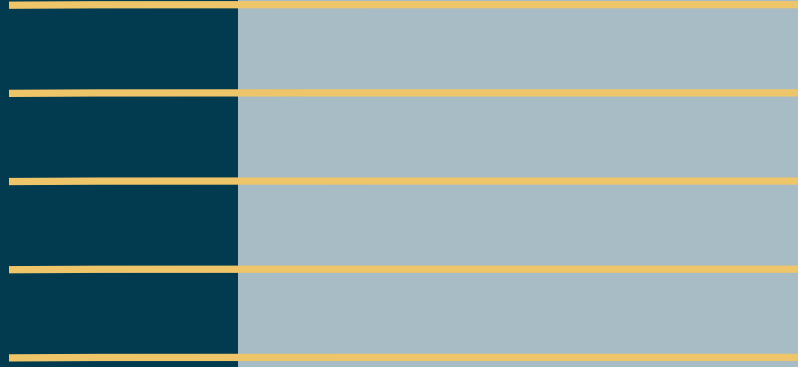
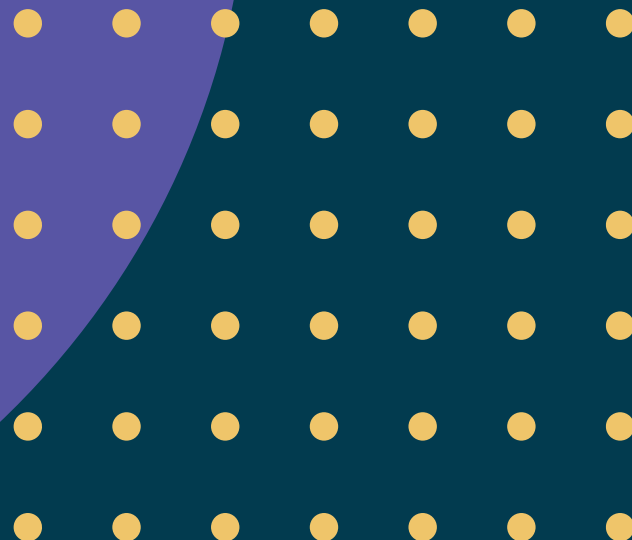
"Banks all have different appetites for different parts of farming, and every other business, depending on any exposure they've had to it in the past. So, if one bank says no, it's not that it's a bad deal, it's just about marrying those positions together." ■ RR

Contact [bradley.smith@knightfrankfinance.com](mailto:bradley.smith@knightfrankfinance.com) if you need help with any rural lending requirements



**Sustainable schemes, too, are rising, with a number of renewable projects in the pipeline**

**Working  
for you**



INSIGHT AND ADVICE  
TO HELP LANDOWNERS  
ADD VALUE TO  
THEIR PROPERTIES  
AND BUSINESSES

**60 YORKSHIRE TEAMWORK**

*We visit a stunning Yorkshire estate*

**68 BEHIND THE MAPS**

*GIS: delivering for People,  
Planet and Profit*

**70 PLANNING FOR SUCCESS**

*Making the planning system  
work for you*

**74 SOMETHING FOR EVERYBODY**

*Donkeys, dogs and reservoirs*

**80 NEED TO KNOW**

*Opportunities and challenges  
facing estates*

**84 CONTACTS**

*Find the right person to help you*



# Yorkshire teamwork

Knight Frank's Rural Consultancy team is expanding rapidly. Andrew Shirley heads north to meet some of its new recruits and find out how they are helping two clients nurture opportunities to realise their vision for the three Ps on a stunning upland estate

The custodianship of an estate the size of Ingleborough is not a responsibility to be taken lightly, especially when many members of the local community live in houses owned by the estate, derive a living from the estate's land or have an involvement in businesses or enterprises located within the estate's boundaries.

It was not a responsibility that Philip and Maria Farrer, the current resident trustees, ever expected to fall on their shoulders. "We were happily settled in Somerset, having returned from New Zealand in 2009," explains Philip. "In 2013, I was invited to become a trustee for the estate which was at that time under the custodianship of Dr John Farrer."

Dr John, as he was affectionately known, had himself been "summoned" from Australia some 60 years before under similarly unexpected circumstances. Although the estate has been in the Farrer family since the early 1800s, Philip says he had little knowledge of it. "Dr John was my father's third cousin. I laid my father's ashes to rest here in 2004 and prior to that have only a vague memory of visiting the cave as a child."

Sadly, shortly after Philip became a trustee, Dr John died, at the age of 92, and his longstanding dedication left something of a gap to be filled. For the next few years, the trustees ran the estate from afar, but it soon became clear that this was not really a model that worked and that closer involvement was needed. "To cut a long story short," says Philip, "I was the next cab on the block and Maria and I concluded that it was a responsibility we should embrace."

It was a steep learning curve. "It still is," adds Maria. "An estate like this never stands still. Old stone cottages, farms, woodland, SSSIs, quarrying, common land, sporting rights, caves and potholes – it's a lot to take on board."

Appropriately, I am talking to Philip and Maria in front of an antique map of Ingleborough which includes many of the Yorkshire Dales' most famous landmarks such as Gaping Gill cavern and the Ribbleshead Viaduct. With them are Knight Frank's Zoe Smith and Hannah Renwick who joined our Rural Consultancy team earlier this year.

Hannah looks after the estate on a day-to-day basis, while Zoe provides longer-term strategic advice. What is striking is the ease ▶

▼ Connected – Maria Farrer, Hannah Renwick, Philip Farrer and Zoe Smith in front of the Ribbleshead Viaduct







▲ Green energy - The source of the estate's first electricity

with which the four converse and, often, laugh. This is clearly a relationship based on mutual respect and trust, but also friendship.

Relationship-building is crucial to Philip and Maria in maintaining the estate's sense of community. In fact, their version of the three Ps – People, Planet and Profit – is rather different. “A level of profitability is important in as much as it offers the estate a sustainable future,” says Maria. “But that is not the be all and end all. I'd describe our final P as a mix of potential, progress and preservation. That is how Profit will be realised in its widest sense.”

It is unsurprising, then, that it is the People element that resonates most with them. This helps to explain their approach to the management of the 40 let cottages in the village of Clapham, which lies at the heart of the estate. As tenancies come up



**A level of profitability is important because it offers the estate a sustainable future, but it's not the be all and end all**

for renewal, arguably the most logical thing to do (given the costs of modernising and the impracticalities of trying to meet energy efficiency standards) would be to consider selling. But to the Farrers, this would rip the soul out of the estate.

“Part of the uniqueness of the Ingleborough Estate is its relationship with

the community,” Maria emphasises. “We are an integral part of the village and want to help ensure that it doesn't become overrun by second homes and become a dormitory village like so many others. Our residents have a shared feeling of connection and engagement and that's what a strong community is all about.”

Hannah fully understands the ethos of the trustees and works hard to find the right tenants for properties. “Where there is a three- or four-bedroom property, we try to benefit a family. It is about providing opportunities for people who are working locally, people sending their children to the local schools and people who want to get involved and help the village thrive.”

“The estate has long had an innovative approach to managing its property,” points out Maria as we chat later beside a lake created by one of Philip's ancestors. Not

**An estate like this never stands still. Old stone cottages, farms, woodland, SSSIs, quarrying, common land, sporting rights, caves and potholes – it's a lot to take on board**

only is it a stunning piece of landscape architecture, it was one of the pioneers in renewable energy. “In 1893, Clapham was one of the first villages to generate hydroelectric power. This provided a number of streetlights, powered the sawmill and later provided limited lighting for domestic use – allegedly one lightbulb in every cottage!”

Over time, the sawmill became redundant, but retained its turbine and much of its original machinery. It is now the centre of an exciting place-making project that will benefit both locals and the many visitors who come to explore the estate's most unusual asset – Ingleborough Cave. At the start of the picturesque nature trail leading to the caves, the sawmill is undergoing a sensitive transformation into a café and visitor centre, celebrating the history and heritage of the building and the wider area.

“We get a lot of school visits as this is a geological paradise,” says Philip. “But I think we can do more in terms of education.

It is great to see children, particularly those from inner cities, enjoying learning about the countryside and rural life. It's a different perspective.

“All new projects involve an investment – both financial and in terms of energy and enthusiasm – but we need to look to the future. That is the biggest challenge; to create an estate that is fit for future purpose with new revenue streams sitting alongside more traditional ones. It's about creating a sustainable environment for those who live and work here as well as those who visit.”

To that end, Zoe has been working on a strategy to unlock more value from another of the estate's assets, one that firmly ticks the Planet box. Large swathes of the UK's uplands, exemplified by Ingleborough's thousands of acres of moorland, are now seen as a vital weapon in the battle against climate change and the race towards net zero.

“Stewardship of the land and the importance of peatland and peatland restoration is one area becoming better ▶

▼ Opening soon – The new Sawmill Café





INGLEBOROUGH IN NUMBERS


 **1**  
let quarry

 **12**  
let commercial properties

 **1837**  
Ingleborough Cave discovered

 **4**  
let shoots

 **40**  
let houses

 **11,000**  
acres of commons moorland

 **7**  
let farms

 **220**  
acres of woodland

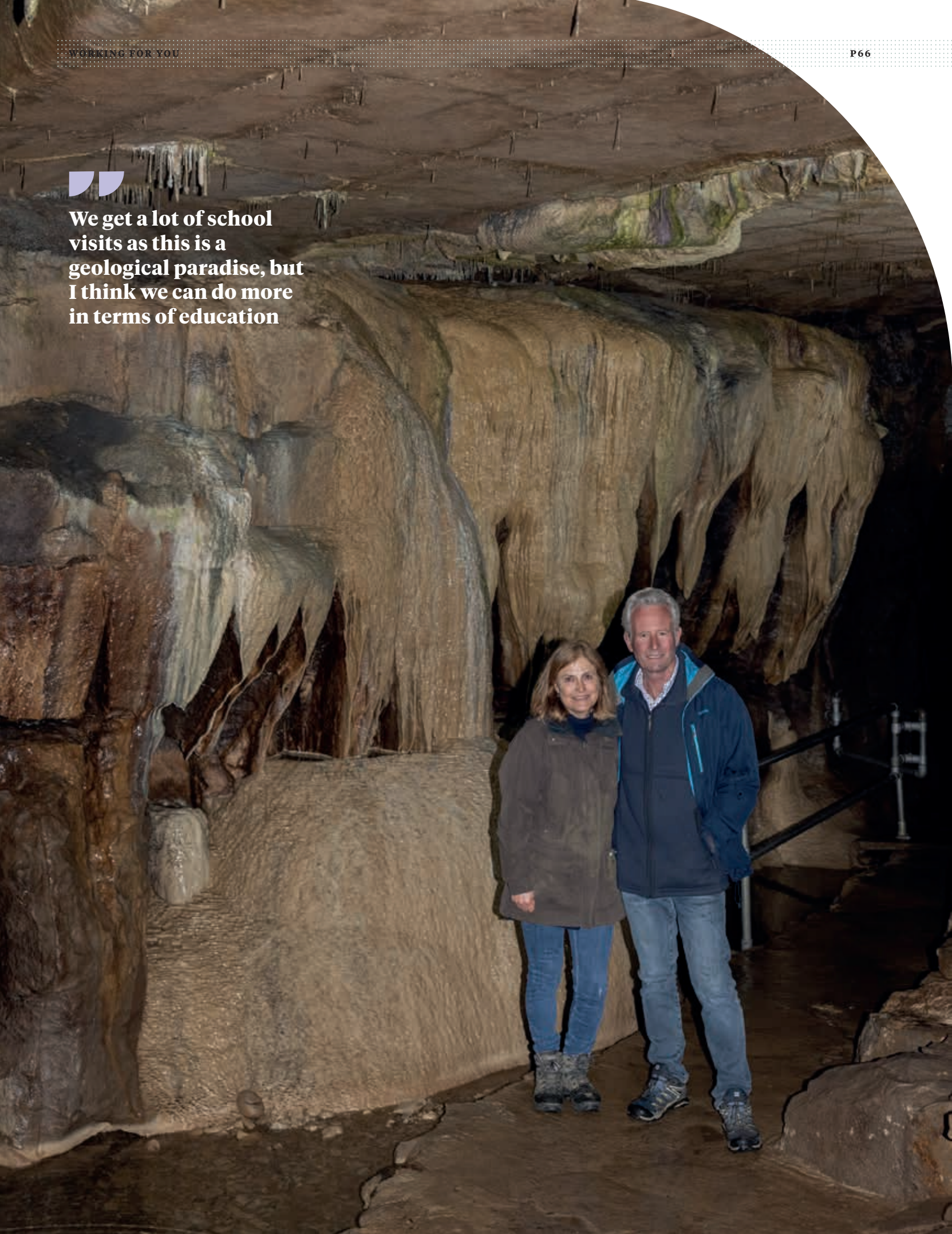
 **14,000**  
total acres



**It is only through collaboration that an effective restoration plan can be developed**



“  
We get a lot of school visits as this is a geological paradise, but I think we can do more in terms of education



▲ Going underground - The estate sits above a vast subterranean network, including Ingleborough Caves

“  
We need to see things from many different points of view in order to arrive at some kind of sensible consensus

understood in terms of sequestering carbon. For the Ingleborough Estate this provides potential in terms of carbon credits and grants. However, in practice it's not that simple,” explains Zoe, who has been working hard with local organisations.

“The estate may own the land, but there are lots of other stakeholders who have the right to graze animals, agricultural tenants and also those with sporting rights. There is a balance to be struck and it is only through collaboration that an effective restoration plan can be developed; one that will help protect both historic moorland management techniques and the natural environment.”

“Balance is important,” agrees Philip as we admire the oddly congruent view of the Ribbleshead Viaduct as it cuts across his family's moorland. “Sometimes a blinkered approach to the environment can seem at odds with the interests of our stakeholders. We need to see things from many different points of view in order to arrive at some kind of sensible consensus.”

A large part of Zoe and Hannah's role is to help strike this balance in a way that allows Philip and Maria to enjoy being the custodians of such a wonderful and unique estate. Not, of course, by abrogating their responsibilities; from the conversations during our time together it is clear that is not on the agenda. But perhaps by insulating them, to a degree, from some of the tensions that inevitably arise on such a diverse property with so many stakeholders.

At the end of my day spent with Philip, Maria, Zoe and Hannah I sense, as we walk across the moorland with dogs in tow, that what it all comes down to is teamwork. Owners and advisors aligned with one vision and responsibilities willingly shared. ■ RR



Watch here to discover more about the Ingleborough Estate



# Behind the maps

Patrick Dillon, Knight Frank's new Geospatial Analyst, explains how the innovative use of geospatial data is a game changer for rural property owners and their advisers looking to manage risk and plan for the future

Having recently joined Knight Frank's Analytics team, focusing on the environmental science side of geographic information systems (GIS), I find it fascinating to see how advances in technology enable our Rural Consultancy team to help rural landowners better deliver the three Ps, the theme of this edition of *The Rural Report*.

John Elkington, one of the greatest thought leaders in sustainability, coined the term the triple bottom line, or the three Ps, – People, Planet and Profit – of sustainable business in 1994.

In conjunction with the three Ps, geospatial analysis also helps rural businesses assess and mitigate risks. From my own experience working on rural estates in the UK and on my family farm in South Africa, I know that these are inherently complex, multifaceted and constantly changing.

Sometimes they are not even risks that would have been recognised as such just one generation ago. The UK government, for example, announced that climate reporting will be mandatory for the largest 1,300 companies as of April 2022. Looking at the trajectory of what needs to be done in order to meet our climate targets, I think we can assume that it won't be long before all small businesses and companies across the UK will need to disclose more than just their bottom line.

## People

Arguably, the most important part of our work is the human aspect. Understanding people,

behaviours and population dynamics is what we and our clients need to do in order to stay ahead of the curve. Knowing what might change based on demographics and the social trends of society can have countless applications and benefits.

Our access to Experian's Mosaic demographic dataset means we can map type, tenure, length of residency, age and household income at a property level. This can be used, for example, if an estate owner or farmer would like to see the potential social trends surrounding their land, in order to help inform the repurposing of a derelict farm building to a farm shop, pub, spa or cycling café. We can also show how many people might be using the surrounding footpaths, bridleways and roads, their ages and where they might be coming from.

You might know much of this through intuition, but the ability to visualise it and then inform on the best course of action based on our expertise will allow you confidence in your decisions.

## Planet

Climate change and declining biodiversity levels make this the P of the moment for many rural businesses, especially now that the UK's agricultural support regime is driven by the "public money for public goods" mantra.

The plethora of new data monitoring, reporting, biodiversity and environmental management platforms shows how important many of these technologies are for farmers and landowners across the country. I recently had a conversation with a farmer who said: "I

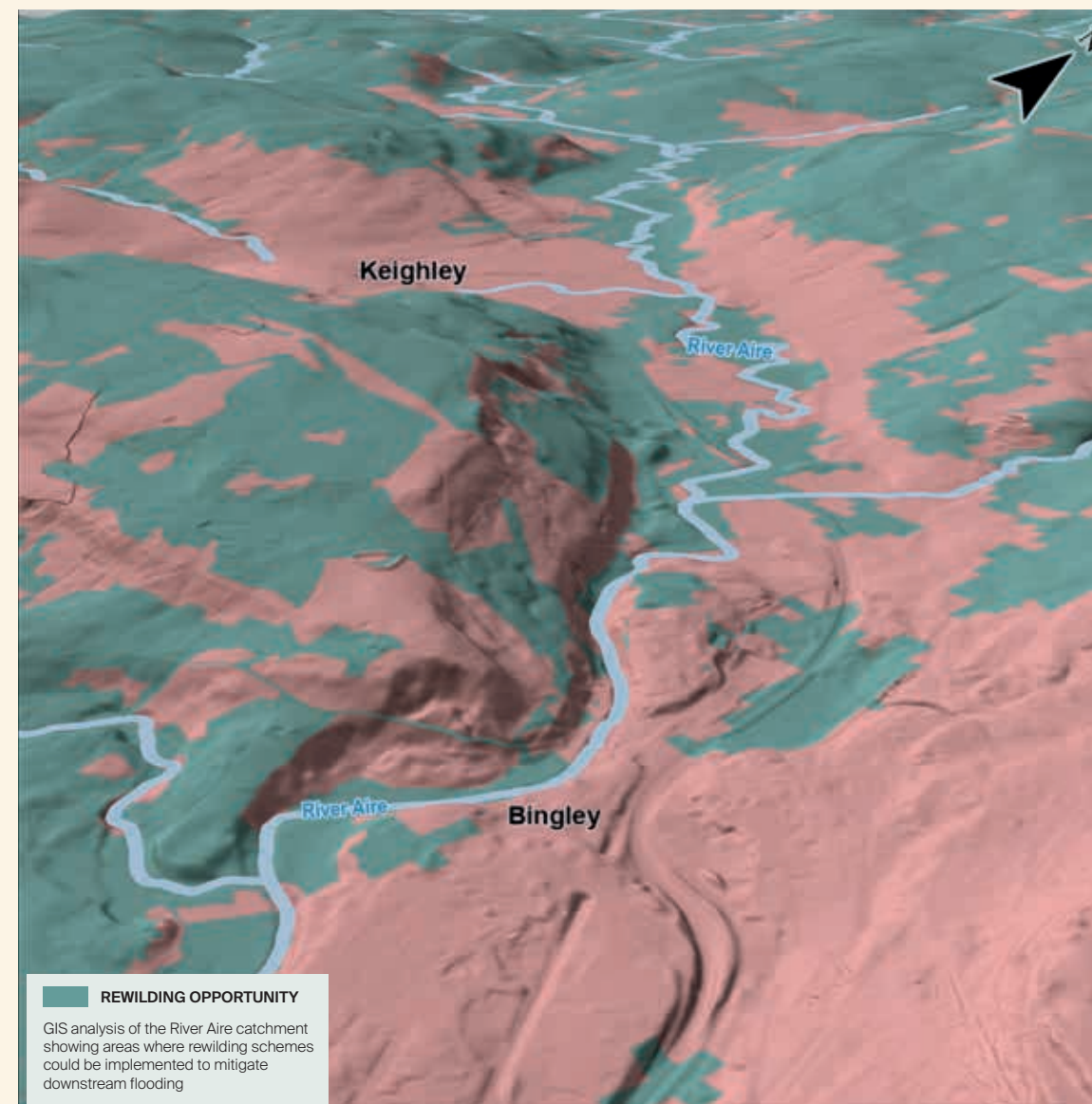


**Understanding people, behaviours and population dynamics is what we and our clients need to do in order to stay ahead of the curve**

think I've had a new satellite farm management platform pitched to me every day for a month."

Our approach to the planet side of our work is to look realistically and pragmatically at the individual system under consideration based on the needs of the client. There are swathes of data available that can be combined in unique ways to show every aspect of a natural system or landscape. However, these all have issues, and they should not be oversold as is often the case. The systems under consideration are impossibly complex and risk potential misinterpretation when generalised.

We recently undertook a project aiming to identify potential sites for nature-based flood mitigation or rewilding within the River Aire catchment. This is a classic example of matching up "public money" with "public goods" by helping to identify landowners whose property can provide the "goods".



Turn to page 38 to find out more about our viticultural services

## Profit

Although the three Ps are inextricably connected, at the end of the day this is the bottom line that counts for most businesses. Enabling profit maximisation and providing the data and visual tools needed by our rural consultants to help you make the most informed decisions available is our main objective.

Examples include the farmer trying to navigate the countless debt traps and minefields of carbon offsetting with their impossibly long-term commitments and risk. Or the estate owner looking to the future, thinking of considerations such as inheritance taxes and political landscape and how they could influence land usage change.

An apparently simple, but in fact quite complex, request we had recently

was from Ed Mansel Lewis, Head of Knight Frank's Viticulture team. Demand for land suitable for planting vines in the UK is rocketing and Ed needs to be able to help his clients identify the most profitable locations.

The Analytics team created an entire platform that combined soil, aspect and slope steepness data, alongside weather data that pinpoints suitable sites at the touch of a button. The people data I mentioned earlier also helps Ed's clients boost profitability further by creating place-making initiatives around their vineyards.

A research team of data-centric thinkers from economics, engineering, and the natural and physical sciences supports Knight Frank's rural consultants. With a deep desire to understand and model the

human and physical environment using the latest analytical, geospatial and data science techniques, we solve cross-cutting industry problems where we believe our breadth of experience and expertise is uniquely positioned to develop solutions at the intersection of People, Planet and Profit. ■ RR



**Climate reporting will be mandatory for the largest 1,300 companies as of April 2022**



# Planning for success

Changes to planning policy outlined in the Queen's Speech on May 10 were more modest than the wholesale reform proposed in 2020. Landowners seeking to create value and build a sustainable legacy have a great opportunity to do so under the current (and evolving) planning system, but it requires careful planning and early engagement, says Roland Brass, a rural planning specialist at Knight Frank

**T**he government has made a great deal of its desire to reform planning from the ground up, and its ambitions are clear.

The Queen's Speech setting out Boris Johnson's new legislative agenda did include suggested policy changes, many of which we will come to. However, the agenda can be viewed broadly as a recommitment to the plan-led approach that has dominated planning policy for many years. Any changes to be made are due to be implemented via the National Planning Policy Framework and a new set of National Planning Policies.

On page 72 we'll provide you with a guide as to how to navigate a plan-led system, but first a few points on the planning landscape as it stands:

## Planning for the future

The original overhaul of the planning system, first outlined in the 2020 white paper *Planning for the Future*, set out a "once-in-a-generation" reform. The main objectives were to modernise and speed up the planning system, and to provide more certainty. Those ambitions still hold, but the methods will be less radical largely due to pushback from the Conservative back benches.

Among the most radical proposals to have been dropped is land use zoning. That, in our view, is positive in a rural context. We believe the approach would have had significant implications for rural landowners as the proposals sought to designate land for either growth, renewal or protection. In our mind, this is not possible. The planning process, in reality, is much more complex and requires flexibility to adapt to changing market dynamics, infrastructure requirements and land ownership over time.

Other proposals are being implemented, particularly those relating to design and beauty, and sustainability, climate change and digitisation. Proposals are also in train to develop an infrastructure levy to replace some of the more drawn out elements of Section 106 such as affordable housing and the funding of local infrastructure needs.

Though the merits of building on the green belt have been hotly debated for years, there remains an extremely high bar to progress projects in green belt locations (see panel on housing numbers). A unique, robust and evidenced case for development

is required, though it can be achieved under "very special circumstances" for planning applications and "exceptional circumstances" for Local Plan allocations.

## Levelling up

The Levelling Up and Regeneration Bill now forms the core of the government's legislative agenda. It serves one of the two core electoral themes – levelling up the UK, and delivering an economic positive out of Brexit.

The Bill (at over 300 pages in length) provides details that will now be discussed in parliament. The direction of travel is clear. There is a drive to ensure growth across the country, which will benefit landowners in all regions, not just those parts of the south that have often been the focus of a push to boost housebuilding. There is also commitment to growing science, innovation and agri-business and securing energy production security. In our mind, levelling up means "opportunity everywhere".

The recommitment to the plan-led approach means landowners have a great opportunity to promote and supply land to local authorities as part of the plan-making process. Early engagement remains key. There are myriad steps to feeding land into the system, which we outline overleaf, but the first should be a planning appraisal. Most sites offer some form of future development potential, and a planning appraisal is a great way to initially identify and assess any opportunities.



**Landowners have a great opportunity to promote and supply land to local authorities as part of the plan-making process**

## From planning strategy to development

In a nutshell, there are two potential approaches to pursue to achieve development. The first is a planning application approach, which aims to achieve planning permission for development; the second is a site promotion approach, which aims to establish the principle for development by achieving a site allocation in a new Local Plan.

Both approaches need to be carefully considered in respect of the site opportunity, as every site is different. It is also possible to combine the two approaches.

Unless there is an immediate development opportunity, the land promotion approach is usually encouraged. This is largely because most rural sites are generally greenfield in nature, located outside existing settlements, and often subject to other ecological, environmental or landscape designations.

The planning application approach could be pursued for smaller-scale opportunities relating to redevelopment or conversion of existing buildings, or on less constrained land. Such sites might carry a lower planning risk, especially if they are located adjacent to the existing settlement. This means that such a site might contribute towards sustainable patterns of development or be considered a brownfield site.

In terms of timescales, the planning application approach is shorter term while the site promotion approach is longer because it can take many years to produce a Local Plan.



**A range of sites are required to deliver a range of housing solutions, and we cannot rely on a single source of supply**

## Housing numbers

In October 2021, the prime minister said that there would be "no building on greenfields". In our view, the knock-on effect of this comment was significant, as some Local Plans were unexpectedly withdrawn. At the same time, Boris Johnson is saying housing targets will not be changed and that we have enough brownfield sites to deliver them. Our response is that a range of sites is required to deliver a range of housing solutions, and that we cannot rely on a single source of supply.

Looking at housing numbers, the overall annual target set by the government remains at 300,000 new homes. LPAs base their housing targets on housing need assessments calculated by the government and this calculation might change over the next six to 12 months as new housing and population data is published.

Two commonly quoted elements of the housing conversation are five-

year housing land supply and the housing delivery test. These can impact the planning strategy and each is summarised below.

LPAs must maintain a five-year housing land supply. If this is not demonstrated, it can be argued that local planning policies over five years old are out of date, enabling a case for development on a site that might usually be in conflict with planning policy. Significantly, as an incentive, if a Local Plan is recently adopted, the government is proposing that this approach cannot be sought to justify new development.

The housing delivery test measurement is published annually, and calculates the percentage of new homes against a three-year housing target. If the score for an LPA is less than 75%, the presumption in favour of sustainable development applies, and this can be used to make a case for development. However, national policy states that this approach is not allowed on green belt land or other designated sites.

## Understanding the plan-led system

The government has made it clear that it continues to support the plan-led system, which is positive. Local Plans will continue to guide growth and development. However, we know that the plan-making system is inefficient, with a Local Plan taking on average seven years to make.

Despite government stating that plans must be up to date by December 2023, only half of local planning authorities (LPAs) have an adopted Local Plan. The impact is a stalling of land supply for new development and a constant battering of LPAs for lack of delivery, which can create opportunities to secure planning at appeal.

The government now wants Local Plans to be prepared and adopted within 30 months and to be refreshed every five years. They intend to replace some generic policymaking with national policies, but it is not clear where the additional resource and incentive to speed up the process will come from.

In truth, the government has limited influence in driving the adoption of Local Plans, as their progress is often driven by local political will. They can in theory place an LPA in "special measures" and have the planning inspectorate take on the plan-making function, but this creates political issues as many of the LPAs failing to deliver new development are Conservative-run administrations. ▶



**Though the merits of building on the green belt have been hotly debated for years, there remains an extremely high bar to progress projects in green belt locations**



## Case studies

### Rural portfolio management

We are providing planning and property advice in respect of rural (and urban) sites as part of larger portfolios or on an individual site-by-site basis across the country. Some sites are located in the Green Belt and others in the countryside (beyond the Green Belt) and therefore planning risk is generally higher. Our work to date has been to undertake a strategy development and risk assessment and identify short- and long-term opportunities, and then respond to the plan-making process appropriately by engaging with planning officers and/or preparing and submitting representations. Our goal is to achieve site allocations for future development to de-risk and add value.

### Sustainable village extension (700 new homes)

Working on behalf of a national housebuilder, which has an agreement on agricultural land

in Kent, we are preparing a planning application for a 700-unit village extension. The site has been identified for growth in the emerging Local Plan, and our representations to the council have sought to protect this policy position. The landscape-led proposals also include a primary school and community facilities and are designed to be well integrated with the existing settlement. The site also lies within a Neighbourhood Plan area so engagement with the parish council and local community has been an important element of the planning and design process.

### Solar farm and rural industrial estate

Working on behalf of a private landowner in Sussex, we are seeking to expand an existing industrial estate alongside providing a new solar farm. This approach to future development at the site aims to ensure that the benefits of the proposals outweigh any harm, especially in respect of the council's ambition to achieve zero carbon development. The proposals have been well received by planning officers to date and we

aim to progress our vision by ensuring that new commercial premises are provided to meet local needs.

### Planning application for new homes

Working in the Cotswolds on an agricultural site, we achieved a detailed planning permission for 250 new homes. As a result of our robust planning case for development, and engagement with the council and other stakeholders, we achieved a significant increase over the original Local Plan allocation for the site of 131 homes.

### Planning appraisals to add value to sales

We undertake a number of planning appraisals to assist the marketing process when land and properties are put on the market for sale. Our work aims to provide a clear and straightforward summary of the development potential of the site, setting out a strategy for how development might be achieved over time. This document forms part of the particulars for all potential

purchasers to review and in our experience it can have a positive impact on sale prices as it seeks to help realise hope value.

### Land promotion through Local Plan and Neighbourhood Plan

Working on behalf of a landowner, we are promoting a green belt site in Essex for development. Our preferred option is residential-led development, including affordable housing, and we are also considering accommodation for the older population in addition to opportunities for renewable energy or sport and leisure activities, while achieving environmental benefits and highways improvements. Following close collaboration with the council and parish council, we achieved a draft allocation for around 200 new homes in the form of a sustainable village extension.

### Development and conversions

Working on behalf of private landowners, we have secured barn conversions (under Class Q) to residential and commercial uses

in Bath, Somerset and west Berkshire. This form of permitted development allows for the conversion of rural buildings, and restricts conversion to 465 sq m for residential uses. We have also submitted a range of other planning applications and gained certificates of lawful use to establish the use class of buildings with local authorities. ■RR



**This approach to future development at the site aims to ensure that the benefits outweigh any harm, especially in respect of the council's zero carbon ambition**



**We undertake a number of planning appraisals to assist the marketing process when land and properties are put on the market for sale**

## Making a plan

The timeline below summarises the Local Plan-making process and the points at which you can influence it. As a landowner there are many opportunities to engage with the process. In our experience, engaging with LPAs sooner rather than later is vital as it increases the likelihood of influencing emerging planning policy and future site allocations.





# Something for everybody

Knight Frank's Rural Consultancy team has a client base that goes well beyond traditional estate owners. *The Rural Report* visits three diverse organisations across the country that are maximising their potential to benefit People, Planet and Profit with help from the rural asset management experts based in our Bristol office

## Case study 1

# The utilities business

## Building constructive landlord tenant relationships for Hafren Dyfrdwy on the Lake Vyrnwy Estate

The Lake Vyrnwy Estate covers around 25,000 acres of upland Powys, and consists of agricultural land, moorland, forestry, residential and commercial property, with the Lake Vyrnwy Reservoir at its centre. The dam was built in the 1880s to provide clean and fresh water to the growing population of Liverpool. Since the privatisation of the water industry in 1989, the estate has been owned by Severn Trent Water and more recently has been transferred to Severn Trent's new Welsh arm, Hafren Dyfrdwy.

Knight Frank has been involved on the estate since 2009 and has undertaken the management since 2012. Over the past decade, the team has been able to develop close working relationships with the tenants, occupiers and residents on the estate. This has led to a dialogue with various agricultural tenants that brings mutual benefit to both landlord and tenant, advancing initiatives that enhance tenants' livelihoods and unlocking new income streams while simultaneously retaining key farming skills and knowledge on the estate.

"A good relationship between landlord and tenant is absolutely critical if you want to have progressive discussions over the future management and occupation of land," stresses Edward Holloway of

Knight Frank's Rural Asset Management team, who has been involved in the management of the estate for the past 10 years and is now assisted by new recruit Tom Park.

"Conversations around succession, retirement and the surrender of tenancies can be emotive and often controversial, particularly when the family has occupied the land for generations. Developing and maintaining these relationships has allowed us to break down traditional stigmas and facilitate the progression of the next generation of tenants, providing an increased level of security for their livelihoods as well as accessing other environmental benefits," adds Edward.

Richard Spence, Principal Property Manager at Hafren Dyfrdwy agrees. "Knight Frank's approach to estate management perfectly complements our vision for the Lake Vyrnwy Estate as an exemplar of a sustainable and multifaceted rural environment. Their strategic expertise and advice enables us to adopt an agile approach to decision-making that benefits our tenants and has led to strong and productive landlord and tenant relationships. I particularly value Eddie's willingness to work closely with us as part of a 'one team' approach to managing the estate." ▶

**A good relationship between landlord and tenant is absolutely critical if you want to have progressive discussions over the future management and occupation of land**

To find out more about his approach to estate management, contact Edward on [edward.holloway@knightfrank.com](mailto:edward.holloway@knightfrank.com)



The 7,550-acre estate in Northumberland is designated as a Site of Special Scientific Interest due to the biological importance of a significant area of its peatland

## Case study 2

# The member organisation

## Maximising the potential of the The Kennel Club's centre of excellence for working dogs

The Kennel Club was founded in 1873 and is the largest organisation in the UK devoted to dog health, welfare and training, ensuring that dogs live healthy and happy lives.

Knight Frank and The Buying Solution assisted The Kennel Club with the purchase of the Emblehope and Burngrange Estate in March 2016. Consequently, Knight Frank was instructed as managing agent for the day-to-day running of the estate focusing on the main objective, set by The Kennel Club, to create "a centre of excellence" for the training of working dogs.

The 7,550-acre estate in Northumberland is designated as a Site of Special Scientific Interest (SSSI) due to the biological importance of a significant area of its peatland.

"The SSSI poses many challenges when running both a sporting enterprise and a working farm. It was therefore paramount that a strong relationship was established with Natural England to ensure we could not only satisfy The Kennel Club's main objective, but explore additional potential revenue streams," explains Christopher Terrett of Knight Frank's Rural Asset Management team who, together with colleague Katharine Beswick, oversees the day-to-day management of the estate.

Most recently, Knight Frank has conducted a strategic review of the estate that resulted in a number of actions. These include the continuation of the harvesting of commercial timber plantations, the delivery of a new Countryside Stewardship Agreement aligning with The Kennel Club's future objectives for the estate, and a recommendation that a headline natural capital audit be completed to provide a baseline summary of the estate's natural assets and their condition.

The audit will also help to identify wider opportunities in relation to ecosystem services and corporate responsibility solutions. Once complete, it will allow The Kennel Club to create a green balance sheet for the estate to start to recognise and quantify the capital value of the natural assets and inform the organisation's broader strategy.

Given the importance of the peatland in particular, it was recommended that previous reports on that part of the estate be reviewed to help develop a specific peatland strategy. This would include a condition report, consideration and costing of repairs and enhancements, a review of funding opportunities and an accurate assessment of the value of future carbon sequestration capabilities.

"Using the estate to help deliver its own net zero obligations could provide The Kennel Club with significant corporate benefits and cost savings," says Christopher. "Depending on the extent of the offset required, the estate may be able to sell surplus carbon credits to third parties," he adds.

Mark Johnstone, the Club's Chief Financial Officer, says, "Since The Kennel Club acquired Emblehope and Burngrange, Knight Frank has been proactive in ensuring the estate is managed to meet our objectives, at the same

time as satisfying our obligations as owners of an SSSI.

"The exciting work they are now doing for us seeking to unlock the value of the estate's natural capital, as well as delivering a new Countryside Stewardship Agreement, will put us in an excellent position to realise our future ambitions for the estate, and thereby support our broader strategy." ▶

Contact Christopher to find out more about his approach to estate management  
[christopher.terrett@knightfrank.com](mailto:christopher.terrett@knightfrank.com)







In the UK, the charity operates from eight farms that are home to about 3,000 donkeys and mules



Contact John to find out more about his approach to estate management  
[john.williams@knightfrank.com](mailto:john.williams@knightfrank.com)

To find out more and support The Donkey Sanctuary head to  
[donkeysanctuary.org.uk](http://donkeysanctuary.org.uk)



### Case study 3

## The charity

Helping The Donkey Sanctuary make the most of its assets while improving the lives of mules and donkeys

The Donkey Sanctuary was founded in 1969 by Dr Elisabeth Svendsen MBE and became a registered charity in 1973. The charity's work improves the lives of donkeys and mules in countries around the world through a combination of international branches, subsidiary entities, holding bases and collaborations with other like-minded organisations. In the UK, the charity operates from eight farms that are currently home to about 3,000 donkeys and mules.

As part of a wider assessment of its approach to donkey management, the charity asked Knight Frank to conduct a land-use review of its UK sites. The purpose was to study the way The Donkey Sanctuary uses the land across its farms, map current usage, identify ways of maximising the amount of land available for grazing and review the amount of land being used for haylage production and other non-grazing purposes.

Although net zero and other environmental issues could be examined, the long-term welfare and wellbeing of the donkeys and mules was the principal objective. Summer housing development was identified as a key growth area which will allow the land to be maximised for the benefit of the donkeys.

John Williams of Knight Frank's Rural Asset Management team in Bristol oversaw

the review. "We identified that the farms were an extremely valuable asset for The Donkey Sanctuary," he says. "Even though, in large part down to their work, the number of mistreated donkeys needing a home in the UK is falling gradually, we identified that the current portfolio gave contingency to the current pressures and considerable scope for future land diversification to meet the charity's other strategic aims whilst protecting core objectives, particularly around ESG.

"With the suggested introduction of a collaborative portfolio-led management strategy we concluded that a growing focus on environmental support and corporate social responsibility offered a number of exciting opportunities. This will allow supplementary land uses that will benefit not only the donkeys but the wider landscape, habitat creation, biodiversity and the environment overall."

Kevin Nacey, The Donkey Sanctuary's Director of Resources, found the review particularly helpful. "It is always good to seek out professional insights and keep up to date with best practice," he says. "We were confident we were doing most things right and looking after our land assets pretty well, but it was great to get confirmation of that as well as hints and tips to make further improvements.

"The Knight Frank team suggested the development of a land strategy based on our primary objective and using our strengths, including our passion for the donkeys. From time to time it is really important to check we are spending our funds wisely and this work provided us with this reassurance which is really important to us. As a bonus, their additional recommendations made a lot of sense. We are now in the process of incorporating this into our asset management plans." ■ RR



Over the long term, the sector must address issues of secure supply



**EGG SHORTAGE - SECURING THE FUTURE OF SHOOTS**

The outbreak of bird flu across Europe has taken a significant toll on game farming in the UK. France has been particularly badly affected, with thousands of birds culled earlier this year. As a result, the supply of both birds and eggs from France has become extremely limited, with the cost of importing them climbing significantly – if you can get them at all. It is now clear that due to a slight resurgence of the disease in some areas, coupled with the 90-day import ban regulations, no birds are likely to be available this season. France supplies approximately 50% of pheasant eggs and 80% of partridge eggs to the UK market. This, coupled with higher feed and fertiliser prices, energy price rises and general inflation, means that running a profitable shoot this season will be extremely challenging.

Over the long term, the sector must address issues of secure supply by becoming less reliant on imports. More immediately, we recommend landowners continue to be adaptable, positioning themselves to come back better next year. This includes reallocating staff no longer working on shoots. Most estates have continued to support their loyal staff and additional time means that shoot improvement works and other projects have moved up the agenda. This will provide stability to those staff affected and allow shoots to bring them back as soon as needed. Woodland management and what to do about crops ordered for shoots will also need to be addressed.

Those that have decided to continue this year have generally bred their own birds which may well become more fashionable in the future. However, demand remains strong generally, allowing commercial shoots to raise prices to cover some of their increased costs. For those that do shoot this year there may be some good benefits later in the season and in to the next.

*John Williams,  
Rural Asset Management*

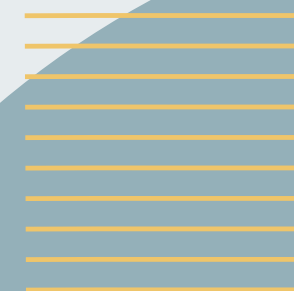
**STAFF SHORTAGES - DON'T GET CAUGHT OUT**

The UK's jobless rate averaged 3.8% during the first quarter of 2022, the lowest level since the onset of the Covid-19 pandemic, according to official figures. Employers are clearly struggling with the shortage of workers and vacancies hit 1.3 million in the first quarter.

Many of our clients are grappling with staffing issues. Circumventing shortages requires creative thinking and a little extra rigour. Through proper vetting and thorough interviewing, we are able to look beyond staff with, say, the required number of years' experience. This can feel like a compromise at the outset, but we are finding the right people when it matters the most.

Knight Frank can take care of shortlists and sit in on interviews before executing the contracts, tax and payroll. The process doesn't end once the contracts are signed either. Staff retention is paramount, and we see our role as a vital bridge between employers and employees, deepening connections and resolving issues with regular communication.

*Katharine Beswick,  
Rural Asset Management*



Many of our clients are grappling with staffing issues. Circumventing shortages requires creative thinking and a little extra rigour

# Need to know

From staff shortages to setting up cloud computing systems, from getting the compensation you deserve to cutting your energy bills, our experts help to reduce the stresses and costs involved with running rural property-based businesses. Read on to discover some of the areas relating to People, Planet and Profit where we have been helping our clients recently



Rural businesses have a reputation for tradition, passing farming techniques from generation to generation



**CLOUD CONTROL - GOING DIGITAL**

Rural businesses have a reputation for tradition, passing farming techniques from generation to generation. In most cases, that's something to treasure – but not when it comes to accounting.

Many property owners are in the process of digitising and automating their accounts, but Brexit and the resulting squeeze on incomes has made the process more urgent than ever.

Knight Frank's Rural Client Finance team provides a fully bespoke accounting and bookkeeping solution to our clients by providing a tailored finance function to estates and their businesses, to suit their needs. We've been prioritising introducing clients to new cloud software including Xero, which provides unrivalled transparency into the inner workings of any rural business.

Having everything digitised, in a single place, enables clients to make business decisions from a much stronger position. There are tailored solutions depending on the business needs. If digitisation is something you've been considering, let us walk you through the process.

*Elin Jones, Rural Client Finance*



**WOODLAND - MAKE THE MOST OF YOUR TREES**

The creation of new woodland has rightly been the focus of policymakers in recent years and it has been easy for landowners to look past some of the fantastic opportunities that existing woodlands have to offer.

European market prices for certain timber products are up 35% as a result of shortages across Europe. Felling or thinning unmanaged woodland creates an excellent opportunity to release value.

Even the poorest quality timber is highly sought after. The resulting revenues can be enough to replant trees, replace fencing or fund other diversification opportunities. Depending on location, that can include glamping. Staycations surged in popularity during the pandemic and the trend is showing few signs of waning.

To make a start, we recommend putting unmanaged woodland into a management plan. There are several grants available, which can be a great place to start building a valuable source of extra income.

*Thomas Park, Rural Asset Management*



**Unfortunately, we're seeing large discrepancies between what we believe properties are worth and what HS2 is willing to pay**

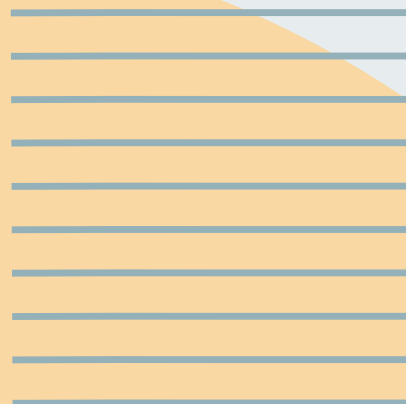


**HS2 - GET WHAT YOU DESERVE**

HS2's powers to permanently acquire land expired in February, and because their design is behind schedule they took the decision to acquire most of the land due to be used only on a temporary basis, with the idea of offering it back to landowners at a later date. This is keeping us very busy compiling compensation claims and throwing up quite a few complications regarding matters such as loss of access.

The biggest challenge, though, is getting HS2 to accept "injurious affection", or the loss in value to retained property. Knight Frank is, I believe, leading the way in persuading them to make payments, helped by our market-leading geospatial systems and information we have obtained via freedom of information requests. Negotiations may be technically complicated and often frustrating, but there is great satisfaction in obtaining the compensation that our clients deserve.

*Jonathan Scott-Smith, Compulsory Purchase & Compensation*



**Despite what some suppliers might say, there is no "one-size-fits-all" renewable energy system and what you choose to install depends on your needs and those of your home and family**



**REGENERATIVE AGRICULTURE - LANDLORD/TENANT SOLUTIONS**

Rifts are emerging between landlords and tenant farmers over conflicting desires to commit to regenerative agriculture or otherwise. Almost one-third of the UK's 15 million acres of farmland is let to tenants, so this is a significant issue for the rural community.

Many tenancies have been drafted with a post-war production mindset, providing little room for tenants to manoeuvre. Equally, if a landlord believes their tenant has degraded the soil, there are few ways to compel them to embark on a new path.

Landlords are shifting to shorter-term tenancies to secure greater control over land or exploring options that include contract farming. Both have serious flaws and we are encouraging landowners to enter proper joint ventures with tenants in the form of share farming agreements.

Crucially, these agreements are formed of two farming entities. The landowner commonly enters the land into the agreement, and a tenant can put in, say, machinery and expertise. The parties attribute shares with profits distributed accordingly. In many cases, we find these progressive agreements adjust the incentives to keep both parties happy over the long term.

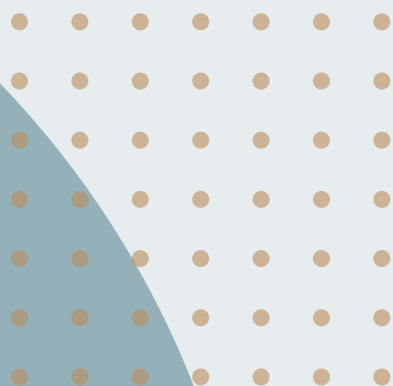
*Alastair Paul, Rural Asset Management*



**We are encouraging landowners to enter proper joint ventures with tenants in the form of share farming agreements**



**European market prices for certain timber products are up 35% as a result of shortages across Europe**



**GREEN GRANTS - RENEWABLES THAT WORK FOR YOU**

Homeowners and landlords in England and Wales can now apply for a grant towards the cost of heating their homes using renewable energy. However, with only 90,000 grants available, we are advising people to act quickly as they are available on a first come, first served basis. The grants are £5,000 towards an air source heat pump or biomass boiler or £6,000 towards a ground source heat pump.

To qualify, the property must have an EPC containing no recommendations for

loft or cavity wall insulation (you can insulate your home before applying for the scheme). If the home is a listed building, a supporting letter from a professional, such as a chartered surveyor, is required to qualify for an exemption.

Despite what some suppliers might say, there is no "one-size-fits-all" renewable energy system. What you choose to install will depend on your needs and those of your home and family. For example, if you have a large family wanting showers every day, some systems will be more appropriate than others. If you are planning to install a renewable energy system, I always recommend conducting other building work that you are considering at the same time to minimise disruption and, of course, cost.

*James Carter-Brown, Residential Building Consultancy*

**Get in touch**

If any of the above issues affect you, or if you have anything else you would like to discuss with our team please do get in touch via [firstname.surname@knightfrank.com](mailto:firstname.surname@knightfrank.com) or turn the page for more contacts

# Key contacts

We can advise on all aspects of rural property ownership. Our principal service lines and the relevant contacts are listed here

Find out more at [knightfrank.co.uk](https://knightfrank.co.uk)



## FARM & ESTATE SALES

We help sell all types of rural property, from a single field to large commercial farms and country estates.

### Will Matthews

Head of Farm & Estate Sales  
+44 20 7861 1440  
[will.matthews@knightfrank.com](mailto:will.matthews@knightfrank.com)

### George Bramley

National Farm & Estate Sales  
+44 20 7861 1069  
[george.bramley@knightfrank.com](mailto:george.bramley@knightfrank.com)

### Alice Huxley

Farm and Estate Sales & ESG Ambassador  
+44 1285 886 681  
[alice.huxley@knightfrank.com](mailto:alice.huxley@knightfrank.com)

### Tom Stewart-Moore

Scottish Farm Sales  
+44 1312 229 608  
[tom.stewart-moore@knightfrank.com](mailto:tom.stewart-moore@knightfrank.com)



## RURAL ASSET MANAGEMENT

We provide flexible rural management and consultancy services tailored to every aspect of owning, investing in and running rural property.

### James Farrell

Head of Rural Consultancy  
+44 20 3869 4589  
[james.farrell@knightfrank.com](mailto:james.farrell@knightfrank.com)

### Ross Murray

Non-Executive Chairman  
+44 207 861 1494  
[ross.murray@knightfrank.com](mailto:ross.murray@knightfrank.com)

### Alastair Paul – East

+44 1279 213 351  
[alastair.paul@knightfrank.com](mailto:alastair.paul@knightfrank.com)

### Edward Holloway – West

+44 1179 452 638  
[edward.holloway@knightfrank.com](mailto:edward.holloway@knightfrank.com)

### Jess Waddington – Central

+44 1235 639 754  
[jessica.waddington@knightfrank.com](mailto:jessica.waddington@knightfrank.com)

### Claire Whitfield – North

+44 191 594 5006  
[claire.whitfield@knightfrank.com](mailto:claire.whitfield@knightfrank.com)

### Jamie Evans-Freke – South

+44 207 861 1038  
[jamie.evans-freke@knightfrank.com](mailto:jamie.evans-freke@knightfrank.com)



## RURAL CLIENT FINANCE

We provide a bespoke accounting and bookkeeping service to manage the finances of rural estates, country homes, trading businesses and enterprises.

### Elin Jones

+44 1179 452 646  
[elin.jones@knightfrank.com](mailto:elin.jones@knightfrank.com)



## AGRI-FINANCE

We provide advice for clients looking to purchase land, farms and estates and financial solutions for existing farms and rural businesses.

### Rachel Barnett

+44 1483 947 762  
[rachel.barnett@knightfrankfinance.com](mailto:rachel.barnett@knightfrankfinance.com)

### Bradley Smith

+44 1483 947 761  
[bradley.smith@knightfrankfinance.com](mailto:bradley.smith@knightfrankfinance.com)



## AGRI-CONSULTANCY

We provide sustainable agricultural, environmental and business consultancy advice to farming clients, institutions and organisations.

### Tom Heathcote

+44 1664 496 981  
[tom.heathcote@knightfrank.com](mailto:tom.heathcote@knightfrank.com)



## BUILDING CONSULTANCY

We are building surveyors offering specialist construction advice and project management for all building projects, including new-build, renovation, refurbishment and listed properties.

### James Carter-Brown

+44 1235 639 743  
[james.carter-brown@knightfrank.com](mailto:james.carter-brown@knightfrank.com)



## COMPULSORY PURCHASE & COMPENSATION

We provide advice for private and institutional clients who are affected by a compulsory purchase order or who need to make a compensation claim.

### Tim Broomhead

+44 1235 639 745  
[tim.broomhead@knightfrank.com](mailto:tim.broomhead@knightfrank.com)

### Jonathan Scott-Smith

+44 1235 639 746  
[jonathan.scott-smith@knightfrank.com](mailto:jonathan.scott-smith@knightfrank.com)



## MAPPING

We prepare detailed plans for all property-related management and transactional work. This includes complicated land ownership and estate management plans.

### Michael McCullough

+44 1488 688 508  
[michael.mccullough@knightfrank.com](mailto:michael.mccullough@knightfrank.com)



## VINEYARDS AND VITICULTURE

We help vineyard managers and wine producers grow their business, including identifying and acquiring land. We also assist with planning and development projects.

### Ed Mansel Lewis

+44 1179 174 559  
[edwardmansel.lewis@knightfrank.com](mailto:edwardmansel.lewis@knightfrank.com)



## ENERGY, SUSTAINABILITY AND NATURAL RESOURCES

We advise clients regarding energy efficiency, generation, compliance, valuation and carbon reduction.

### David Goatman

+44 20 7861 5109  
[david.goatman@knightfrank.com](mailto:david.goatman@knightfrank.com)

### Robert Blake

+44 1488 607 447  
[robert.blake@knightfrank.com](mailto:robert.blake@knightfrank.com)



## FORESTRY

We work with existing and aspiring landowners on the sale and acquisition of forestry and woodland. We offer consultancy services to help maximise the benefits of ownership.

### Edward Holloway

+44 1179 452 638  
[edward.holloway@knightfrank.com](mailto:edward.holloway@knightfrank.com)



## INFRASTRUCTURE, WASTE, ENERGY AND MINERALS

We provide a one-stop-shop for all property advice within the IWEM sectors. This includes a full agency offering, and valuations for lenders and accounting purposes.

### Chris Monkhouse

+44 203 871 3858  
[chris.monkhouse@knightfrank.com](mailto:chris.monkhouse@knightfrank.com)



## ESG CONSULTANCY

Our client advisory areas include strategy, net zero carbon, reporting, transactions, social value, renewables & battery storage, biodiversity, climate risk, utilities procurement, certification and regulatory compliance.

### Jonathan Hale

+44 207 861 1181  
[jonathan.hale@knightfrank.com](mailto:jonathan.hale@knightfrank.com)



## MARINE CONSULTANCY

We undertake a complete management service of coastal portfolios including valuation, rent reviews and renewals. We provide a professional service for marine-related property.

### Rachel Wylde

+44 1489 667 841  
[rachel.wylde@knightfrank.com](mailto:rachel.wylde@knightfrank.com)



## RESTRUCTURING & RECOVERY

We provide professional solutions to farms and rural businesses looking to restructure their debt liabilities and maximise asset values.

### Harry Dunger

+44 1179 174 556  
[harry.dunger@knightfrank.com](mailto:harry.dunger@knightfrank.com)



## PROPERTY ACQUISITION

The Buying Solution specialises in the purchase of high-value residential and rural estates.

### Mark Lawson, The Buying Solution

+44 1488 607 444  
[mark.lawson@thebuyingsolution.co.uk](mailto:mark.lawson@thebuyingsolution.co.uk)



## DEVELOPMENT PARTNERSHIPS

If you own land with development potential we can help create long-term, sustainable, asset-enhancing schemes, harnessing the positive influence landowners can have on development.

### Charlie Dugdale

+44 20 7861 5411  
[charles.dugdale@knightfrank.com](mailto:charles.dugdale@knightfrank.com)



## RURAL VALUATIONS & ADVISORY

We provide RICS Red Book valuations of country estates, commercial farms, agricultural land, amenity land, equestrian, forestry and rural commercial.

### Tom Barrow

+44 1285 886 684  
[tom.barrow@knightfrank.com](mailto:tom.barrow@knightfrank.com)



## PLANNING

We can assist with all matters of planning and development for applications or planning strategy.

### Tom Stanley

+44 1179 452 642  
[tom.stanley@knightfrank.com](mailto:tom.stanley@knightfrank.com)

### Roland Brass

+44 20 7861 1186  
[roland.brass@knightfrank.com](mailto:roland.brass@knightfrank.com)

## LEARN MORE

For more regular insights and intelligence, please sign up to receive our weekly Rural Update email





Giving clients the winning edge and total market coverage – The Buying Solution is a specialist property buying agency with over 200 years of collective experience.

Our teams source exceptional properties in the most sought-after areas of London, the Home Counties and the English countryside. Over 60% of our acquisitions are off-market.

If you are looking to purchase a rural property, contact Mark Lawson who has specialised in the prime country market since 1994, dealing with the acquisitions of some of the finest country houses, farms and estates in England.



**Mark Lawson MRICS**  
Partner, High Value Residential & Rural Estates

T +44 1488 498973  
[mark.lawson@thebuyingsolution.co.uk](mailto:mark.lawson@thebuyingsolution.co.uk)

[thebuyingsolution.co.uk](http://thebuyingsolution.co.uk)

