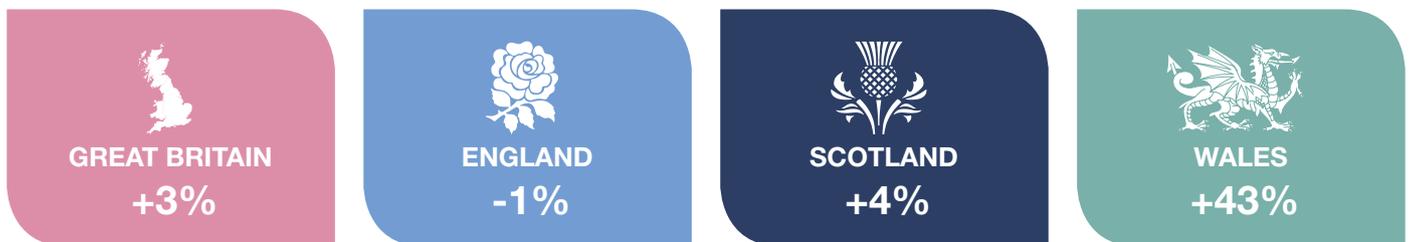


Market in Minutes Farmland Market

Q3 2016

FIGURE 1
Supply 2016 (to end Sept) Change in amount of farmland marketed compared with 2015 (to end Sept)



Source: Savills Research

FIGURE 2
Farmland Values - 2016 (to end Sept) Average value of prime arable land



Source: Savills Research

England Alex Lawson



In a discerning market, still relatively short of supply, pricing remains critical and competition is often the key to achieving the right sale result.

Continuing pressure on commodity prices and profitability has constrained activity in the predominantly arable eastern regions, while the amount of land offered in the south west has increased.

A handful of large farm/estate launches this Autumn have attracted numerous and varied potential buyers; affirming a healthy appetite for the best properties.

Scotland Charles Dudgeon



In contrast with England, supply of farmland has increased in Scotland this year, boosted by increased certainty with regard to CAP, a favourable exchange rate and the opportunity to purchase more acres for less north of the border. Despite Brexit, and the ongoing debate around Scottish independence, commercial reality is continuing to drive demand, and value for money is trumping politics when it comes to buying decisions. Values are stabilising, with strong prices continuing to be paid for best in class.

Wales Daniel Rees



2016 has been an eventful year with the lead up to the referendum and questions following the result. Despite this, we have experienced a successful year in farm and farmland agency in South Wales. Supply and buyer interest picked up after the referendum and, despite challenging farm commodity prices, we still saw plenty of buyers looking to expand their dairy operations. It is clear that there are plenty of active buyers out there for quality Welsh farms and land, and we are well placed to put them in touch with our clients. →

RELATED CONTENT
For more information on UK farmland, please visit savills.co.uk/research

➔ **Supply**

■ Overall there was no rush of land to the market but September recorded a significant increase of activity compared with the two previous years (see Figure 3). However, this increased activity was mainly located across Wales and South West England.

■ Across GB supply in the first 3 quarters of 2016 was just 3% higher than the same period of 2015 at 162,400 acres which is the highest level since 2008 when 170,800 acres were advertised. This is still short of the annual average of 10 years to 2008 of 181,500 acres.

■ Across England supply fell slightly (-1%) to 108,500 acres – across the regions:

- ▶ Reduced activity concentrated down the eastern regions: East Mids (-8% at 16,150 acres), East of England (-12% at 16,800).

■ Savills Research shows that 40,000 acres were publicly marketed in Scotland in the first nine months of 2016, a rise of 4% on the same period of 2015.

■ While supply in Scotland has increased, it remains at historically low levels and this factor, along with the comparatively good value for money, is continuing to support prices.

■ Wales recorded a 43% increase in supply during the first nine months of this year to 14,000 acres.

Values

■ Muted pressure on land value growth continued into Q3 2016 with average values of ‘all types’ of farmland across Great Britain falling -0.8% recording a total fall to date in 2016 of -2.3%. But regional variations in values have never been greater with markets increasingly localised.

■ The fall in values continues to be principally driven by pressure on arable land values with the East of England and South East England recording average falls of around -2.5% to -3% during Q3 and total falls of -3.6% to -7% since last December in this sector.

■ There is now evidence of pressure on grassland values, but it is not as significant as for arable land.

■ Low commodity prices and patchy local demand are the principal factors affecting the land market. The

prospect of a significant increase in farm subsidies this year due to the weak pound and higher commodity prices may help support land values in the short term. The weak pound also benefits diversified income streams such as tourism. In addition overseas buyers can take advantage of the currency play. ■

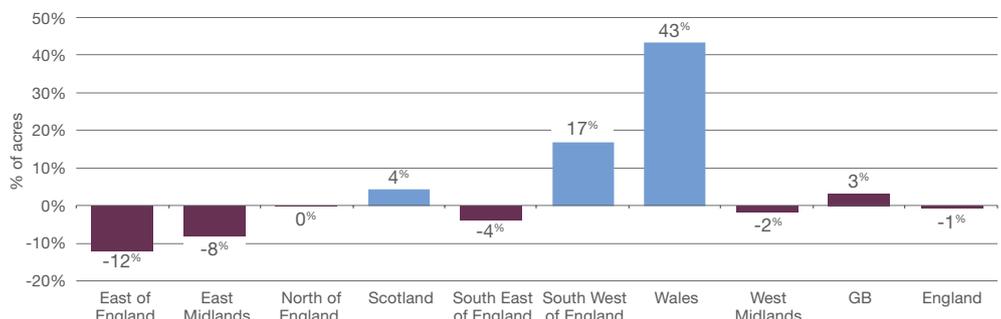


BREXIT

Our forecasts on farmland values

In the short term, there are factors that suggest the additional downside (over and above our current forecasts) of Brexit on farmland values may be muted. Agriculture tends to do well in time of economic uncertainty. In addition, the weak pound creates opportunities for overseas buyers. Both of these factors, along with the anticipated reduced supply, may help support farmland values.

FIGURE 3 **Q3 supply across Great Britain**



Source: Savills Research

Savills Farm Agency team

Please contact us for further information

Ian Bailey
Head of Agricultural Research
020 7299 3099
ibailey@savills.com

Julie Baxter
Research Analyst
01483 203 492
jbaxter@savills.com

NATIONAL
Alex Lawson
020 7409 8882
alawson@savills.com

EAST
Christopher Miles
01603 229 235
cmiles@savills.com

NATIONAL
Giles Wordsworth
020 7075 2823
gwordsworth@savills.com

SCOTLAND
Charles Dudgeon
0131 247 3702
cdudgeon@savills.com

CENTRAL/WEST/WALES
Richard Binning
01865 269 168
rbinning@savills.com

SOUTH
David Cross
01722 426 813
dcross@savills.com

MIDLANDS
Andrew Pearce
01522 508 933
apearce@savills.com

SOUTH WEST
Penny Dart
01392 455 747
pdart@savills.com

NORTH
Andrew Black
01904 617 831
ablack@savills.com

SOUTH EAST
Chris Spofforth
01444 446 064
cspofforth@savills.com

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