UK Rural – March 2025

SPOTLIGHT
*Savills Research*

# The Forestry Market

savills

FORESTRY INVESTMENT | TREE PLANTING PERFORMANCE | IMPROVING TREE RESILIENCE

**£103.8m**
invested into UK commercial forestry

**8,100**
hectares of commercial forest traded (gross)

**82%**
of the total commercial forest hectares traded across the UK were in Scotland

> While the 2024 forestry market was subdued, interest from potential investors grew throughout the year – which is likely to translate into a rise in activity during 2025.

## TOP THREE TAKEAWAYS

**01**

The commercial forestry market saw an increase in the number of marketed properties last year, but completed sales remained well below the 10-year average.

**02**

Interest in tree planting led to the highest area of new planting since the mid-1990s. However, the complex interaction of changing targets, competing land uses, pests and diseases, funding and regulation continue to present barriers to solving the woodland creation issue.

**03**

Technology is advancing, allowing foresters to make faster and more accurate assessments of tree and forest health to improve outcomes.

**In this Spotlight, we report on the performance of the UK forestry investment market during the 2024 forest year (1 October 2023 – 30 September 2024). We review the targets and incentivisation for tree planting and focus on the impacts and mitigation of risk from pests and diseases threatening the UK's forests and woodlands. In addition, we look at technology for future forestry management.**

# The forestry investment market 2024

**Following a decade of exceptional growth to 2022, the commercial forestry market was quieter during 2023 and 2024 – leading to a softening in average values.**

Over the 10 years to 2022, commercial forest returns saw exceptional growth. The traditional benefits of forestry ownership – such as the increased demand for timber, the wider advantages of diversifying into a tangible asset and the long-term resilience of the asset – continued to attract investment.

Since 2019, the growing interest in sustainable investing and the pressure on forestry to provide climate and biodiversity outcomes also significantly influenced and increased prices paid. Due to strong competition, values increased at an unparalleled rate during 2021, and peaked in 2022. Since then, there has been a fall in the average value of timber properties due to weaker demand during 2023 and 2024.

## Total market – area and value

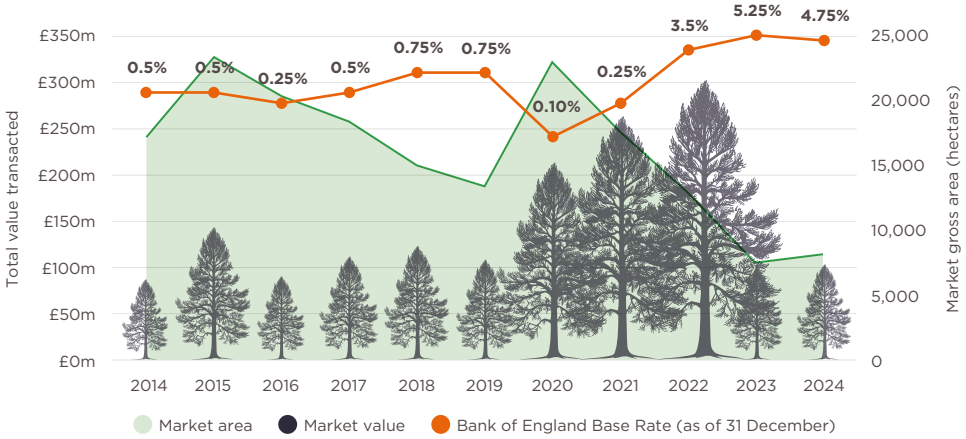
Our research into the UK commercial forestry market is based on our database of all forest sales over 50 hectares – including, where we are aware, off-market transactions.

During the 2024 forest year, the total value of UK forestry transactions rose by 3% to just under £103.8 million. This compares favourably to £100.7 million traded during the 2023 forest year, but is still lower than the 10-year average of £157 million (Figure 1).

Just over 8,100 hectares of commercial forestry were sold across the UK during the 2024 forest year. This compares to 7,500 hectares traded during 2023 and represents a rise of 9%, but is still significantly lower than the 10-year average of 16,000 hectares.

The fall in 2024's overall market value, compared to the 10-year average, correlates to the smaller area traded and the softening in the average value. Triggers for the fall stem from the September 2022 mini-budget and the sudden rise in interest rates affecting the cost of capital and subsequently the return expectations in forestry and other investment markets.

FIGURE 1: TOTAL MARKET AREA AND TOTAL MARKET VALUE



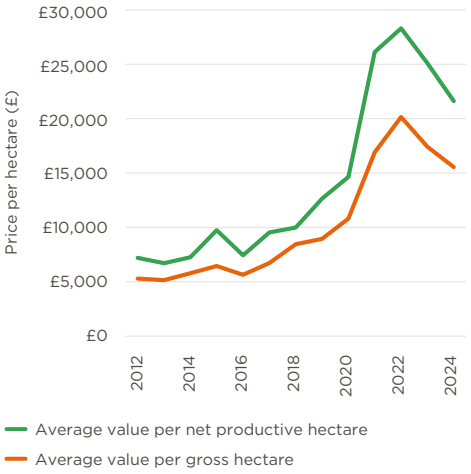

**Source:** Savills Research and Bank of England

## Values

All forests have unproductive areas – such as tracks, rivers and lochs. It is, therefore, important to consider the value of the net productive area. During the 10 years prior to 2022, the market witnessed a gradual widening in the value of a net productive hectare compared to the value of a gross hectare – with the largest difference in 2021 (Figure 2). Interestingly, although values peaked in 2022, the average gross value per hectare rose at a faster pace than the net productive values during that time. This pattern continued throughout 2023 and while our research indicated a fall in average values, gross values fell at a slower rate. It is possible that due to certification requirements, and the design of modern plantations, net areas are falling on average – leading to adjustments in the average gross/net ratio (see Figure 3).

The 2024 forest year saw a further fall in prices paid, with the average gross value decreasing by -11% to £15,500 per hectare, equating to a reduction of -14% to £21,600 per net productive hectare.

FIGURE 2: AVERAGE VALUE ACHIEVED PER HECTARE




**Source:** Savills Research

FIGURE 3

| Forest age | Average productive proportion of the site |
|---|---|
| 0-19 years | 75% |
| 20-39 years | 79% |
| 40-59 years | 81% |
| 60-80 years | 81% |

**Source:** Savills Research

Our analysis illustrates, on average, the older the forest, the larger the productive area (Figure 3).

## Regional performance

Average values per hectare provide a useful basis for trend and comparable analysis – but due to the smaller number of properties sold during 2024, caution must be taken when interpreting and comparing this year's average values with other forests' values. Characteristics such as location, size, access, species and age all have an impact on the value of the property and, in a falling market, it is important to consider the influence of the attributes of the properties sold before applying trends to the wider forest resource.

## Scotland

During the 2024 forest year, 82% of the total area sold across the UK was in Scotland. This is consistent with the 10-year average of 88%.

In line with the previous three years, market activity was strongest in Central Scotland, accounting for 64% of the total area sold across Scotland. In contrast, the average value of commercial forestry traded in Central Scotland fell furthest by -19% to £19,600 per net productive hectare.

The area sold in South Scotland during 2024 dropped to 1,000 hectares and the average value of a net productive hectare fell by -13%. It is the lowest area traded in this region for over 10 years, which is significant given it is considered a prime area for forestry investment.

Historically, lower prices are paid in North Scotland compared to more southerly parts of the country. This is mostly due to the terrain, the location and often difficult access reducing opportunities for marketing timber. Due to the small number and variable nature of properties sold in this region during 2024, it is impractical to analyse and report averages for this period.

## England

Typically, little commercial forestry is sold across England – and the 2024 forest year was no exception, with less than 700 hectares traded. However, this represents 8% of the total area sold across the UK and is marginally higher than the 10-year average of 6%. The average price paid for commercial forestry in England fell by -15% to £23,700 per net productive hectare.

## Wales

The area of commercial forestry traded in Wales doubled during 2024 compared to the 2023 forest year – at just under 1,000 hectares sold, which represents 10% of all sales across the UK. Average values in Wales fell to £25,000 per net productive hectare.

## Highest marketed area since 2019

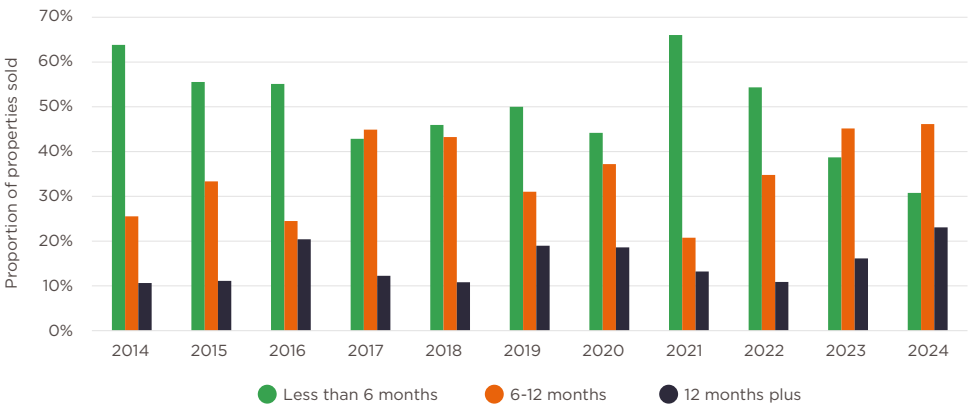
Just over a quarter (28%) of all commercial forest properties were sold off-market during 2024. This is in line with the 10-year average of 25%.

During 2024, the total area of publicly marketed commercial forestry (13,000 hectares) was the highest since 2019 and considerably higher than the area of completed sales. Properties were also taking longer to sell during 2024 (Figure 4).

**£21,600**

**average value of a net productive hectare during 2024**

FIGURE 4: TIME TAKEN TO SELL PUBLICLY MARKETED PROPERTIES




**Source:** Savills Research

### The year ahead

**While the 2024 forestry market remained subdued, interest from potential investors grew as the year progressed. With the prospect of falling interest rates influencing decisions on the allocation of capital, along with more positive news around timber pricing, we expect some recovery in buyer interest in 2025, potentially reversing the negative pricing trends of the last 24 months.**

**59%**
year-on-year increase in new tree planting

**20,700**
hectares of new tree planting in the 2023/24 planting year

**12%**
increase in the number of new projects registered with the Woodland Carbon Code

# Planting dynamics

## Significant tree planting progress was made during the 2023/2024 planting year, but land availability brings new challenges.


For the first time since the mid-1990s, new tree planting in the UK reached 20,700 hectares in the planting year to 31 March 2024 (Figure 5) – with a year-on-year increase of 59%. During the previous four years, planting of new trees was comparatively steady, with an average of 13,500 hectares planted per year.

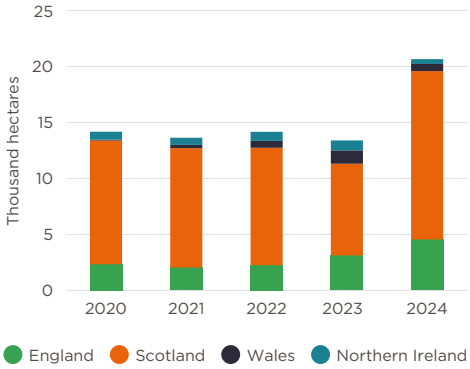
Performance against new planting targets in 2023/24 improved in Scotland and England. However, performance in Northern Ireland stalled – and in Wales, there was a significant downturn (Figure 6).

Planting in Scotland and England drove the overall UK performance, with year-on-year increases in new planting of 84% and 45% respectively. However, revised tree planting figures for England were published in the September 2024 release of the Forestry Commission's headline Key Performance Indicators, and show an additional 945 hectares of new planting, bringing the total area of new planting for England to 5,500 hectares. This increases the year-on-year change for England to 76% and the overall increase in planting for the UK to 67%.

Although the proposal to set aside 10% of agricultural land in Wales for tree cover was axed at the end of 2024, the backlash and rise in anti-tree planting sentiment led to a 46% reduction in the new planting area year-on- year in Wales. Northern Ireland saw a 5% reduction in the new planting area.

**44%**
increase in the number of validated woodland carbon projects since 2020

FIGURE 5: NEW TREE PLANTING BY DEVOLVED NATIONS 2020-2024




**Source:** Forest Research, Savills Research

## Moving targets

The formation of the Tree Planting Taskforce (TPTF) in the second half of 2024 had a significant impact on targets for tree planting. The aim is to increase woodland cover to 16.5% of the UK land area by 2050 which will see a new tree planting target of nearly 0.6 million hectares over 25 years – or 22,527 hectares per annum, an almost 25% decrease from the previous target of 30,000 hectares per annum. However, a reduction in land availability and diminishing engagement due to increasing bureaucracy means it is unlikely we will see annual growth in the planting figures achieved. Specifically, productive woodland planting is under threat, with many new plantations failing to deliver optimised timber forests due to unclear objectives and overregulation reducing net plantable areas.

## Carbon update

The September 2024 Forestry Statistics report comments on the reduction in carbon sequestration capacity across the national forest stock, which is predicted to continue through to the 2040s. This is caused by large areas of the UK's woodlands being harvested as they reach commercial maturity – and is compounded by the annual shortfall of new planting since the mid-1990s, resulting in an unbalanced age distribution of trees.

The Woodland Carbon Code (WCC), at first glance, shows strong progress with a 12% rise in the number of projects on the registry – providing increases in land area of 16% and projected sequestration rising by 18% to 26.9 million $tCO_2e$ from 2023 to 2024. In contrast, when looking at year-on-year changes in the number of validated projects, there is only a 2% increase in projects with a 3% increase in validated project sequestration. As of 31 March 2024, only 6% of the total number of registered projects have been validated, forecasting delivery of just under 2.1 million $tCO_2e$. Concerns remain over the pace at which projects are being registered, but is this an issue of capacity within the system or are a large number of projects failing validation?

There also continues to be a concern around how funding sources for woodland creation can negatively impact applications for WCC registration, as schemes can potentially fail the additionality test due to the positive funding profile. This may not prevent the woodland from being planted – but would result in those carbon credits not being registered and therefore not available to trade through the scheme.

FIGURE 6: NEW PLANTING PERFORMANCE AGAINST TARGETS

| | 2023 (2022/23 planting year) | | 2024 (2023/24 planting year) | | Status |
|---|---|---|---|---|---|
| | New planting (ha) | % of target | New planting (ha) | % of target | |
| UK | 12,960 | 43% | 20,660 | 69% | |
| England | 3,130 | 42% | 4,550 | 61% | |
| Scotland | 8,190 | 55% | 15,040 | 100%+ | |
| Wales | 1,190 | 24% | 640 | 13% | |
| Northern Ireland | 450 | 18% | 430 | 17% | |

**Source:** Forest Research, Savills Research

CASE STUDY

## Growing environmental, social and governance goals through woodland creation

Harworth Group PLC is a land and property regeneration company based in the UK. Its aim is to create long-term social and economic value by acquiring large, complex and often former industrial sites to establish sustainable residential, industrial and logistics developments.

As part of a wider woodland creation approach, incorporating the planting of 260,000 trees by the end of 2025, Harworth recently planted over 108,000 trees on its Chevington North site in Northumberland. The aim is to transform a large area of low-quality arable land with heavy, silty clay soils into a thriving woodland ecosystem.

This new woodland is designed to sequester carbon dioxide and expected to offset 2,176 $tCO_2e$ by 2040 with a lifetime sequestration target of around 22,000 $tCO_2e$. This strategic planting will contribute to Harworth's environmental, social and governance (ESG) targets as well as forming an integral part of Harworth meeting its net zero carbon pathway commitments by 2030.


## Site design and species selection

Harworth was keen to get a balance between native species to benefit the local environment, carbon sequestration and suitability to the site's heavy clay soils. In addition to native species, tree selection focused on species known for their high carbon sequestration rates – with conifers including Norway spruce, Scots pine, western hemlock, grand fir and redwood as well as broadleaf oak, sycamore and birch.

The native planting to the western side features an oak and birch planting mix, linking to existing woodland. Riparian-style planting with wider spacing was planted next to a stream – while the eastern half, with better highway access for commercial woodland management, hosts mixed conifers. The centre of the site blends conifer and broadleaf species, with pine and oak to the north.

## Social engagement and environmental aims

In total, 108,831 trees were planted – with community planting events held to engage local residents in the woodland's design and management. A total of 5.5km of public access routes were established through the woodland, linking to existing footpaths and local roads. These routes are signposted, with information boards to highlight environmental features and works within the woodland. The design made use of an old railway line, serving as a key access route.

To promote and protect biodiversity, key operations included grass and wildflower seeding to reduce soil erosion and mounding to improve drainage and root development. Block planting with deer and rabbit fencing to protect young trees was used to minimise the need for plastic tree guards.

Within the structure of an old military pillbox, an active barn owl nesting site was protected from disturbance with fencing and information signs.


## Funding and carbon offset

The project secured grant funding which allowed it to be cost neutral during the establishment phase. Much of this funding has come from the England Woodland Creation Offer (EWCO) which also allows schemes to claim for maintenance payments for a period of 10 years. A decision was made to claim reduced maintenance payments in order to meet the Woodland Carbon Code (WCC) additionality requirements. These are currently calculated using a rigid set of costs and assumptions comparing the long-term financial value against that of the existing agricultural land use. The drawback is that if initial grant funding is too high, it can cause the scheme not to meet the criteria and therefore be ineligible for carbon credits.

> **By integrating diverse species, engaging the community and securing funding, the project not only contributes to carbon offset goals but also enhances local biodiversity and provides recreational opportunities for the local community.**

**Mark Gordon, Savills**
Director – Forestry Team

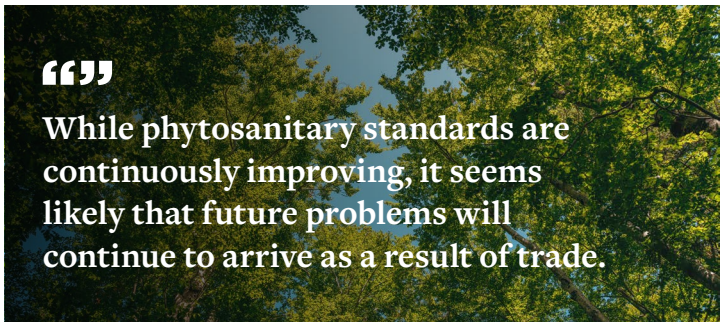
**36%**
potential decrease in risk from eight-toothed spruce bark beetle with mitigation measures

**24**
new pests and diseases introduced to the UK since 1971

**30m**
trees killed by Dutch elm disease in the UK

# Healthy trees make thriving forests

**To achieve tree cover targets, equal weight must be given to preserving existing stock as planting new.**




Much of the commentary around achieving a target of 16.5% of woodland cover across the UK by 2050 focuses on new planting – but preserving existing stock is equally important.

Since 1971, no less than 24 new disease and pest outbreaks have occurred across the UK (Figure 7). Some have passed with little impact, while others, like Dutch elm disease and ash dieback, have inflicted severe damage on tree populations. The rate of new appearances of outbreaks seems to be increasing. Before the new millennium, a maximum of two new outbreaks were reported each decade. In contrast, during the 2000s there were seven and in the 2010s there were 11.

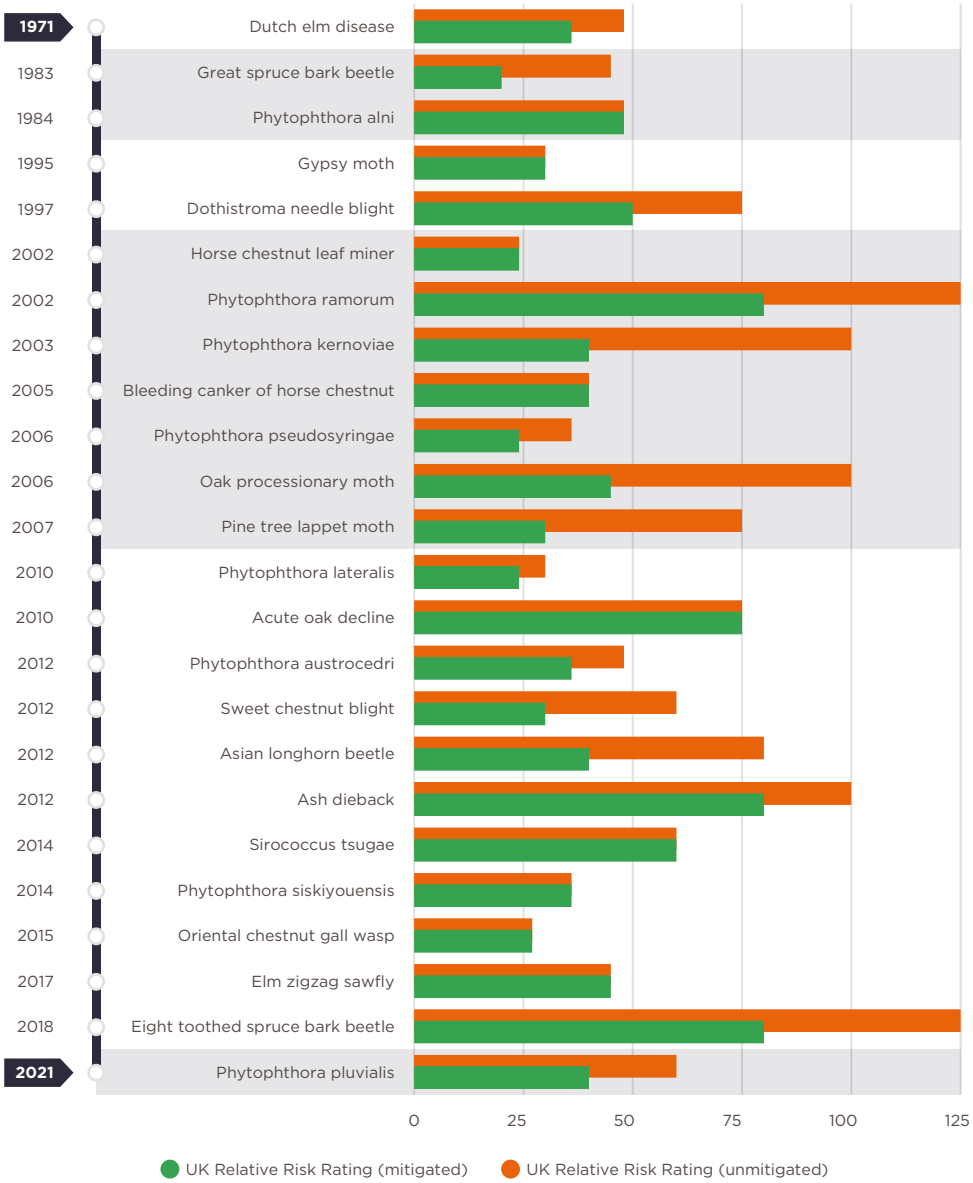
## The butterfly effect

Since the 1970s, the average global temperature on Earth has increased by 0.15 to 0.20°C per decade. The decade to 2023 saw warming of 0.26°C. The number seems miniscule; few would notice a 0.2°C increase in the temperature on any given day. However, an average change of less than 2°C plunged the Earth into the Little Ice Age for centuries. A small change delivers potentially greater consequences over time.

One consequence of the warming is the greater prevalence of pests and disease and their impacts:

- More pathogens and pests not previously seen in the UK are now able to survive here.
- Some pests, particularly insects, can reproduce more frequently in warmer weather. This results in longer periods of pest activity and a wider spread and greater population of these pests.
- More generations also increases the ability of pathogens to adapt and evolve to chemical treatments or resistant tree species, rendering mitigation measures less useful.
- Milder winters and wetter springs can see some species survive throughout the year and thrive in spring.
- Other climate impacts, such as storms and drought, leave trees more susceptible to pests and disease.

FIGURE 7: TREE DISEASE AND PEST OUTBREAKS ACROSS THE UK, 1971 - 2021




**Source:** Defra and Forestry Commission

## Provenance of pests

Climate change cannot be solely blamed for the propagation of tree pests and diseases. Equal blame can be attributed to the increase in demand for timber. Higher demand also leads to increased trade to provide sufficient supplies.

According to HMRC, the UK imported significant quantities of rough or simply-worked wood (at least 1,000 tonnes) from 36 nations in 2023. Some of the most destructive diseases listed in the timeline (Figure 7) are believed to have originated within imported rough timber. Dutch elm disease, which killed 30 million trees, is believed to have arrived in the UK in the late 1960s as a result of imported shipments of elm logs from Canada. Phytophthora ramorum likely arrived on infected garden plants from Europe. While phytosanitary standards are continuously improving, it seems likely that future problems could arrive as a result of trade.

## Changing practices

Increased demand also brought changes in woodland management. Certain forestry practices, such as monoculture plantations, can create environments where pests and diseases spread more easily. However, practices such as selecting disease-resistant species can reduce the likelihood of spread – and when used together with other measures, such as regular monitoring and enhanced biosecurity measures, can help to mitigate the impact of pests and diseases.

Consider the eight-toothed spruce bark beetle, how it came to the UK is unknown and without mitigation it has received the maximum possible score on Defra's UK Relative Risk Rating. The Relative Risk Rating considers how likely an outbreak is, how much value is threatened and what the impact on that value is likely to be. With mitigation, the risk remains significant but is substantially decreased by 36% due to the reduced likelihood of establishment and economic impact. According to Defra's Rapid Pest Risk Analysis, mitigation in this case consists of the "careful management of spruce forests in high-risk areas, through sanitation felling and the removal of susceptible material before any dispersal flights in spring."

**36**

**different nations from which the UK imported significant quantities of rough or simply-worked wood in 2023**

## Endangered trees in the UK

### Whitebeam species

36 species of whitebeam are listed by the International Union for the Conservation of Nature (IUCN) as anywhere from vulnerable to critically endangered. Of those, five are critically endangered, with still-decreasing populations.

### Horse chestnut

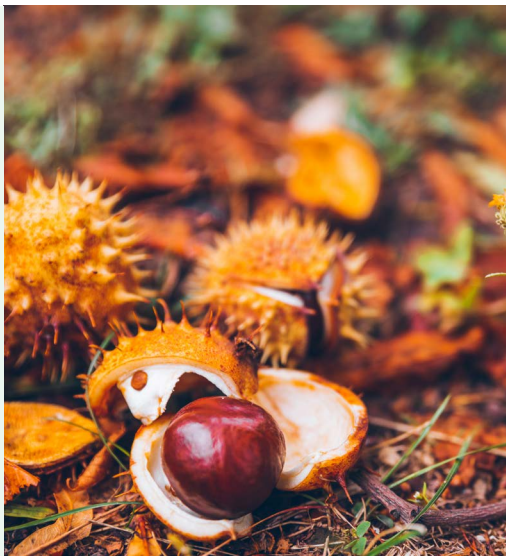
Internationally, the horse chestnut is considered vulnerable by the IUCN, with populations decreasing. It is facing particular pressures since bleeding canker and the leaf miner moth arrived in the UK.

### Juniper

Juniper is one of the few native conifers in the UK but is nonetheless in decline. It may become extinct in lowland England without intervention. Its aromatic leaves and black berries are iconic and provide habitat for a number of bird species. It is vulnerable to both disease and overgrazing.

### Black poplar

Now found mainly in Shropshire, Cheshire, Somerset and East Anglia – the black poplar used to be common along rivers and in the accompanying floodplains. However, land use change has seen those uses retreat. There are believed to be around 7,000 of this native tree across the UK with numbers declining.



## Technology for trees

Globally, technological development is booming, with artificial intelligence (AI) now at our fingertips, drones available in supermarkets and fleets of interconnected sensors within our homes. How is this technology going to impact the forestry sector in the coming years?

### Images

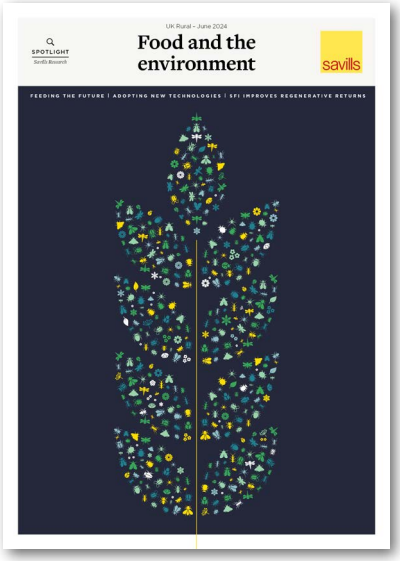
Forestry management is heavily reliant upon seeing the situation, but inspecting hundreds to thousands of trees on foot is inefficient. Imagery, whether taken from hundreds of miles above by satellites or up close by drones, reduces the level of compromise by allowing larger areas to be inspected. Satellite imagery data can be used for detailed forest inventories, including tree stocking and health analysis. Drones can quickly cover difficult-to-access areas, capturing detailed images and videos to detect disease, pest infestations, wind damage and other stress factors – allowing for timely interventions.

### Sensors

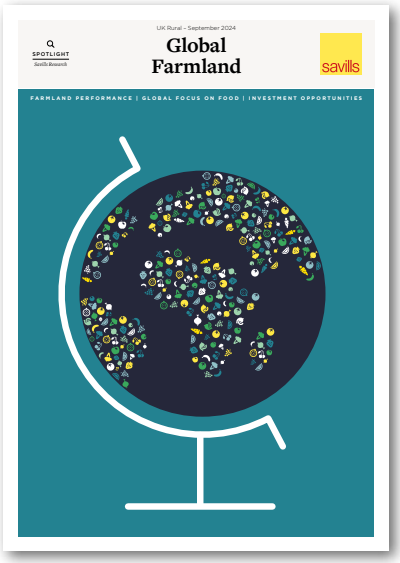
Sensors can monitor greenhouse gas emissions, soil health and tree growth. While useful individually, connecting these sensors as part of a network can provide more comprehensive and higher-quality results. For instance, sensors can detect changes in soil moisture, temperature and nutrient levels, providing real-time data that helps in making informed decisions about forest management. Additionally, sensors can monitor tree health by detecting early signs of disease or pest infestations, allowing for timely intervention. The Internet of Things will facilitate this connectivity, while AI will enhance the analysis of the collected data.

### AI

Images and sensors alone are not enough. Human assessment or basic digital analysis is required to interpret the data gathered. The advent of AI promises to enhance the quality and speed of this analysis, freeing up resources for other tasks and delivering improved outcomes. By analysing vast quantities of data from all these various sources, AI can deliver insights about the forest. For example, AI algorithms can identify tree species, assess biomass and predict forest growth patterns – enabling more precise and efficient forest management.



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**James Adamson**
Head of Forestry
+44 (0) 7807 999 751
james.adamson@savills.com

**Nicola Buckingham**
Associate Director – Rural Research
+44 (0) 7807 999 011
nbuckingham@savills.com

**Joe Lloyd**
Associate – Rural Research
+44 (0) 7790 824 970
joe.lloyd@savills.com

**Patricia Singleton**
Research Analyst – Rural Research
+44 (0) 7866 063 247
patricia.singleton@savills.com

**Analysis methodology:** Forest sales database: Our research on forest sales analyses our transactional database of all mainstream forestry transactions over 50 hectares in area – and, where we are aware, off-market or private sales. While every effort is taken to ensure all transactions are included within the information presented within this publication, it is very likely that further sales are reported after our publishing. Therefore, this Spotlight on the UK Forestry Market takes into account all new available information. Advertised forest property database: Our research on the supply of forest properties analyses data from our advertised forest property database. This database collates data from publicly marketed forest properties across the UK and utilises asking prices in place of sold prices.