

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, is positioned within a solid yellow rectangular box at the top center of the page. The background of the entire page is a scenic photograph of a rural landscape with rolling green hills and a flock of sheep in the foreground.

savills


SPOTLIGHT

THE FARMLAND MARKET


RURAL - UK - FEBRUARY 2026

RESEARCH


KEY STATS



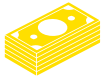
12%
LESS FARMLAND MARKETED THAN IN 2024



33%
OF SELLERS PLANNED TO INVEST ELSEWHERE



45%
OF BUYERS WERE FARMERS



82%
OF PURCHASES WERE FUNDED WITH CASH

TOP TAKEAWAYS

01

Farmland supply in Great Britain remained resilient in 2025, with notable regional differences. The East Midlands led in acreage marketed, driven by sellers motivated by retirement, alternative investments, and probate. Competitive pricing attracted both private individuals and corporate buyers, keeping the market active and diverse.

02

Inheritance tax reforms still present major challenges for larger farming businesses. For an 800-acre arable farm, 73% of post-tax profit over a decade would be needed to pay the tax bill. Effective succession planning and improved business performance are essential to manage this burden and protect family assets.

03

The agricultural transition and policy changes are driving consolidation in the sector, and a shift towards alternative land uses. More change is expected in Scotland and Wales as their transitions intensify. Despite regional differences, land values are expected to remain stable with growth returning in the medium term, supported by demand for development, agriculture, energy, and environmental initiatives.

GB's farmland market in 2025

A resilient market driven by diverse buyer and seller motivations

In 2025, less farmland was marketed in Great Britain than in 2024, yet it was still the second most active year since 2018. The total acreage marketed fell by 12% to 165,000 acres, and the number of properties offered declined by 13% to 882. Several factors drove this reduction:

- Farmers faced a succession of challenging harvests due to adverse weather and economic pressures.
- In England - the country with the largest influence on farmland supply and values - the agricultural transition is well underway, but the rollout of environmental schemes has been delayed and inconsistent. In Scotland and Wales, the transition hasn't progressed materially yet.
- The inheritance tax (IHT) reforms announced in autumn 2024 added further complexity and uncertainty for landowners and farming families. A partial U-turn followed in December 2025.

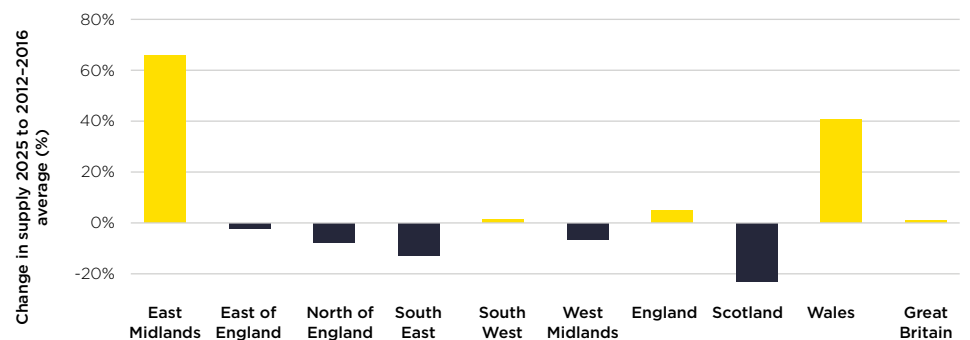
Despite these challenges, some farming sectors, such as livestock and dairy, performed better, with strong competition for dairy farms before milk prices began to drop later in the year.

Beneath the headline figures, the supply picture is more complex. Overall, farmland

supply in Great Britain matched the average for 2012-2016, our pre-Brexit and Covid reference point. Nationally, supply was 5% higher in England, 40% higher in Wales, and 23% lower in Scotland (see Figure 1). Within England, most regions saw reduced activity, except for the East Midlands and the South West. The East Midlands stood out for its exceptional performance over the past two years. In 2025, 26,000 acres were marketed in the region, and its supply was the highest since our records began in 1995. Historically, the East Midlands has been a more liquid market, likely due to its strong arable focus. Nationally, there has been a clear trend towards the sale of arable land over the past six years (see Figure 2).

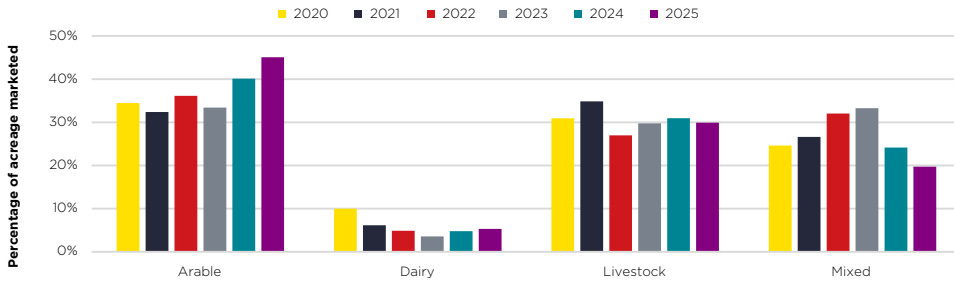
Analysis of transactions in the East Midlands reveals that sellers are motivated by a broad range of factors, including retirement, institutions disposing of non-core assets, and probate. The region offers the best value grade three arable land in England, with an average price of £8,000 per acre. This competitive pricing means both private individuals and corporate entities are active buyers.

FIGURE 1: FARMLAND SUPPLY IN 2025 VS THE 'PRE-BREXIT' FIVE-YEAR AVERAGE



Source: Savills Research

FIGURE 2: ACREAGE MARKETED BY FARM TYPE



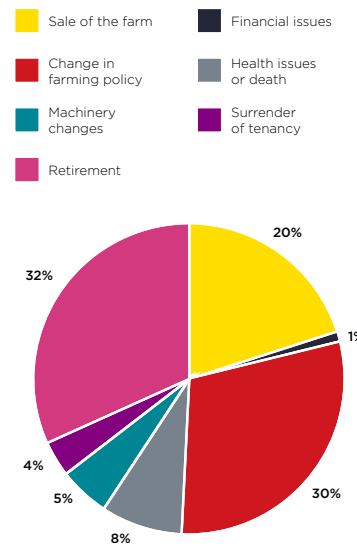
Source: Savills Research

Who is selling and why?

Farm machinery dispersal sales are a strong indicator of change in the farming sector, and in 2025 there were 77% more sales than in 2019. See page six for further analysis of the trend. The main reasons were retirement (32%) and changes in farming policy (30%). While these factors do not always lead to a property sale in the short term, 20% of machinery dispersal sales were directly linked to the farm being sold (see Figure 3).

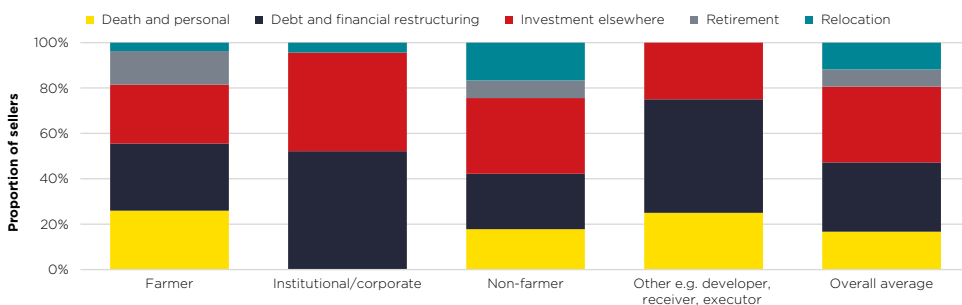
According to our analysis of farmland transactions in 2025, in which Savills acted, 63% of sellers were non-farmers, 19% were farmers, and 16% were institutional or corporate bodies. The motivations for selling varied by group, but the most common was a desire to “invest elsewhere”, accounting for 33% of sellers – an increase from the five-year average of 30% (see Figure 4). Notably, sales driven by “debt and financial restructuring” rose from 26% in 2024 to 31% in 2025, well above the five-year average of 21%. For farmers, the top reason for selling was “debt and financial restructuring” (30%). “Investment elsewhere” and “death or personal reasons” each motivated 26% of sales.

FIGURE 3: REASONS FOR FARM MACHINERY DISPERSAL SALES IN 2025



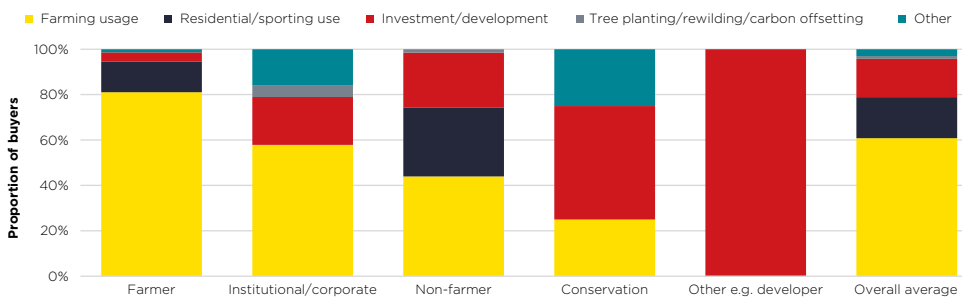
Source: Savills Research

FIGURE 4: FARMLAND SELLER TYPE AND REASON IN 2025



Source: Savills Research

FIGURE 5: FARMLAND BUYER TYPE AND REASON IN 2025



Source: Savills Research

Who is buying and why?

Farmers were the largest group of buyers in 2025, accounting for 45% of purchases. The majority (82%) were buying land to expand their farm, while 8% were relocating. There was especially strong interest from livestock farmers seeking to move to southern Scotland, with several buyers coming from Yorkshire and the Midlands. Their motivation was driven by Scotland's more reliable grass growth, thanks to higher rainfall, and the better availability of ringfenced units offering scale.

Non-farmers were the second-largest group, but their share of purchases declined from 52% in 2016 to 40% in 2025. This drop is likely due to an extended period of elevated base rates, which impacted the amenity market and reduced transaction volumes. Farms with a high proportion of residential value and smaller estates proved more difficult to sell. Using the land for farming was the primary motivation for nearly half of the non-farmer buyers (44%), while for 30% it was to fulfil their residential needs or sporting interests (see Figure 5).

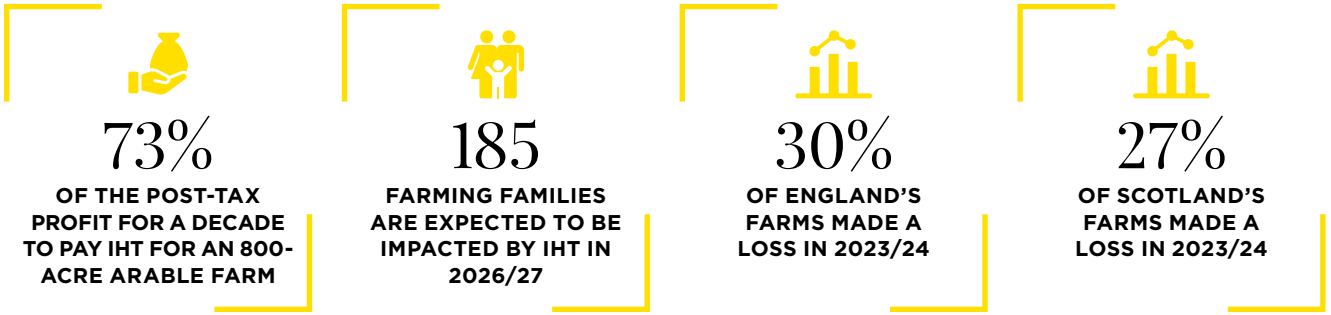
Over the past decade, institutional and corporate buyers have become more active, increasing their share of purchases from 3% in 2016 to 11% in 2025. Most of these buyers (58%) intend to farm the land, while 21% purchase for investment or development, and 5% for afforestation and environmental services. Across all buyer types, just 1% of purchases were for environmental purposes in 2025, down from a peak of 7% in 2023.

Source of finance

Over 80% of farmland purchases in 2025 were funded with cash. This means that the relative returns between farmland, savings and other investments will influence the decision-making of potential buyers. On average over the past five years, 78% of successful buyers used cash, with 9% relying on capital gains rollover funds and 69% using money from other sources.

As development activity has slowed, the role of rollover money has diminished. It funded 15% of sales in 2023, but only 6% in 2025. Bank lending remains an important source of finance, yet its share has declined as cash purchases have risen: 18% of purchases in 2025 depended on bank finance, compared to a five-year average of 22%.

KEY STATS



The reformed tax remains unaffordable for large farms

What's the impact and what action can businesses take?

What changed during 2025?

In December 2025, the Government made a major change to its planned IHT reforms, which take effect in April 2026. The individual allowance for agricultural and business property was raised from £1 million to £2.5 million, so couples will be able to pass on up to £5 million in qualifying assets without paying the tax. For most farm types, this means a couple can transfer a farm of up to 400 acres tax-free, with the main exception being the dairy sector, where investment levels and working capital requirements are typically higher.

If an individual does not use their full IHT allowance for agricultural and business property, the unused portion can be transferred to their surviving spouse or civil partner. This change mirrors the treatment of the nil-rate band and residence nil-rate band, and the Chancellor said it “balanced the taxation of these valuable assets with the realities of family life”. The change has three main impacts:

1. It reduces complexity and gives farming families more flexibility over property ownership and wills, meaning they can pass assets down to the next generation at the point that is right for them and their family. However, the risk that reliefs and allowances could be amended in the future should be kept in mind.
2. It gives the older generation the option to retain more assets until death, meaning they can continue to draw money from the business to cover costs without breaching the retention of benefit rules.
3. The availability of the allowance is being backdated, meaning it will be available to widows and widowers where the first death was before 6 April 2026.

This addresses the unfairness created by the 2024 Budget, which disadvantaged farming businesses where one partner had already died, compared to those where both partners are still alive.

What's the impact?

In 2024, the Government estimated that its reforms to agricultural and business property relief would generate an additional £495–£520 million in tax revenue per year once fully implemented. Although this is a substantial new cost for businesses, it would only increase the overall national tax take by 0.05%. Allowing the relief to be transferred to spouses or civil partners was projected to reduce the tax income by £70 million a year from 2027/28. It has been reported that increasing the individual allowance from £1 million to £2.5 million has reduced the tax take by a further £130 million, suggesting the policy will now raise £295–£300 million per annum from the estates of business owners. The Government now expects that in 2026/27, 1,100 estates will pay more IHT as a result of the reforms, down from the original estimate of 2,000. For estates claiming agricultural property relief, the number affected has dropped from 375 to 185.

These changes protect smaller family farms from IHT, but larger businesses still face major challenges. Because farming typically generates low returns on capital, many larger farms cannot cover their IHT bills from trading profits alone; in some cases, the tax due would consume most or all of their annual profits. Additionally, although there is a 10-year interest-free payment plan for agricultural and business IHT, the first payment must be made within six months of the owner's death. This is



Succession planning and improving business performance are the best defence against inheritance tax.

not enough time for the estate's executors to obtain valuations and sell part of the property to raise the required funds.

In our 2025 Farmland Market Spotlight report, we modelled the IHT implications for an arable and upland livestock farm in individual ownership if no planning is put in place ([see that report for the full methodology](#)). We have updated the models to use a couple's reliefs and explore how the inheritor can fund the IHT liability from their post-tax income, as most are likely to wish to avoid selling land and shrinking the business. The median upland livestock farm is loss-making, so once the business value exceeds the available reliefs, there is no profit to fund the IHT liability, whilst the median arable farm makes a 1% return on capital employed. At this level of performance, over 70% of the post-tax profit from an 800-acre arable farm would be needed to fund the IHT liability for a decade (see Figure 6). And for bigger farms, the annual IHT payments exceed the annual profits by a large margin. On a 2,000-acre arable farm, the IHT payment would require 235% of the profit for a decade. For the inheritor of an incorporated business, paying the inheritance tax from personal post-tax income is just as challenging, as corporation tax and dividend tax would also need to be paid.

FIGURE 6: TAX LIABILITY AND AFFORDABILITY FOR AN ARABLE FARM OWNED BY A COUPLE

| Acreage | IHT liability at 40% (£) | Annual profit (£) | Post self-employed income tax and NI (£) | IHT as a proportion of 10 years post-tax profit |
|---------|--------------------------|-------------------|--|---|
| 400 | 0 | 45,000 | 36,000 | N/A |
| 600 | 39,000 | 65,000 | 49,000 | 8% |
| 800 | 444,000 | 85,000 | 61,000 | 73% |
| 1,000 | 849,000 | 105,000 | 71,000 | 119% |
| 1,600 | 2.06m | 166,000 | 101,000 | 205% |
| 2,000 | 2.87m | 207,000 | 122,000 | 235% |

Note: Farmland value of £8,873 per acre for grade three arable. House value uses the Land Registry detached average for the relevant regions. The modelling reflects a couple's IHT reliefs. The residence nil rate band is tapered out at £1 for every £2 that each individual's estate exceeds £2 million. The annual profit is based on the 10-year average of the farm type's median return on capital employed.
Source: Savills Research

What can businesses do?

1. Develop a succession plan: Farmers and landowners must work with their professional advisers to calculate the future IHT liability for their specific circumstances and have honest conversations with family members about tax mitigation strategies. This might involve restructuring the business, obtaining life insurance, making gifts, and using trusts, partnerships or incorporated structures.
2. Improve the business's performance: For a more profitable business, a smaller proportion of the profit will be required to fund the IHT liability. Incremental improvements will help, however, the challenge remains steep. For the 2,000-acre arable farm, doubling the return on capital employed to 2% would mean 124% of the profit over a decade would be required to pay the IHT liability, rather than 235%.

IMPROVING BUSINESS PERFORMANCE

Increase productivity

- Use precision and variable rate technologies to optimise input use
- Strive to reduce birthing intervals and finishing times
- Review livestock breeds and crop varieties to ensure maximum suitability with your system
- Benchmark performance and adapt

Control costs

- Scrutinise capital investment
- Share or lease equipment
- Contract out unprofitable operations
- Consider buying groups

Diversify income streams

- Add value to products
- Explore tourism opportunities
- Generate renewable energy

Improve marketing

- Consider grain pools
- Explore supply contract opportunities
- Secure supply chain premiums
- Market direct to customers

Improve financial management

- Understand and review costs of production
- Regularly review budgets and forecasts
- Maximise suitable grant funding
- Manage risks

Productivity unleashed: Key insights from the Farming Profitability Review

Productivity is the word on everyone's lips, yet for many UK farmers, improving it remains an elusive goal. The Farming Profitability Review, published in December 2025 and led by Baroness Minette Batters, not only acknowledges the challenge with profitability – it puts it at the heart of its vision for a more resilient, competitive and sustainable agricultural sector. While the review focuses on England, the conclusions drawn are relevant to the industry across the UK.

The review's starting point is blunt. Too many farms, especially those in the middle 50%, are stuck in a cycle of volatility; input costs rise, output prices fluctuate, and the margin for error shrinks – meaning even well-run businesses can find themselves in the red. In 2023/24, 30% of England's farms made a loss, 24% in Wales and 27% in Scotland. The review's analysis is clear: productivity is not just about producing more, but about using resources such as land, labour and capital more efficiently. Performance differences can be significant – for example, the AHDB's Farmbench data for store cattle in 2024 reports an average cost of production for the bottom 25% of producers of £4.08/Kg, which is 92% higher than the £2.12/Kg achieved by the top 25%.

The 57 recommendations call for a new approach to knowledge exchange, centred on a Sustainable FARM Service that provides technical advice, benchmarking and innovation support in one place. This is not just another advisory body – it is recognition that fragmented advice is holding back progress, especially for smaller businesses. It aims to raise performance across the sector and help close the gap between the top performers and the rest.

The review also emphasises the need for better data and market intelligence – farmers cannot improve what they cannot measure. By improving market monitoring and integrating information on prices, costs and supply chains, farmers would gain access to real-time benchmarking – enabling clearer comparisons, identifying inefficiencies, and making better-informed investment and risk decisions.


But there are caveats. Productivity gains will not come from technology alone. The review is explicit: business skills matter. High-performing farms are more likely to set budgets, benchmark, and plan strategically. The review's focus on skills, training and peer-to-peer learning is a reminder that people, not just machines, drive productivity.

There is also a warning, especially relevant for Scotland and Wales, as they begin their transitions to new sustainable agriculture schemes. Policy instability and frequent changes to schemes, funding and regulation undermine confidence and investment. The review's call for a long-term, joined-up strategy is as much about creating the conditions for productivity as it is about specific interventions.


Clearly, some productivity-boosting actions rest within the farmer's sphere of influence, while others depend on enabling action by Defra and other government departments. Defra's full response is expected to be set out in the Farming Roadmap later this year. So far, it has been confirmed that planning rules will be relaxed to support food infrastructure by prioritising projects benefiting food production, animal welfare, and the environment. Meanwhile, a consultation is underway to improve fairness and data sharing in the combinable crops supply chain.

In summary, productivity underpins profitability, resilience and growth. Without action, farms will remain exposed to volatility, and the gap between top and lower performers will widen. Implementing the review's recommendations: improved knowledge exchange, stronger data, better business skills and stable policy, would help create a more competitive and sustainable sector where profitability is achievable.


KEY STATS




110%
INCREASE IN FARM MACHINERY DISPERSAL SALES IN ENGLAND IN 2021



32%
DECREASE IN FARM MACHINERY DISPERSAL SALES IN SCOTLAND IN 2025



40%
DECREASE IN RESIDENTIAL UNITS GRANTED PLANNING CONSENT SINCE 2021



60%
DECREASE IN ROLLOVER BUYERS SINCE 2019

The outlook for GB farmland supply and values

Machinery dispersal sales increase, inferring industry consolidation

What can we expect from the rural sector as we progress through the agricultural transition from a pre-Brexit Common Agricultural Payment system to a “public money for public goods” system? Savills data on farm machinery dispersal sales shows how two nations are responding to the transition.

In England, the transition began in January 2021, and Figure 7 shows a 110% increase in farm machinery dispersal sales between 2020 and 2021. Since 2021, sales have fluctuated but remain considerably higher than in the pre-transition period. The picture is one of consolidation, where business structures and production systems have been reviewed, leading to a sale

or reduction of machinery in favour of contract farming agreements, tenancies or the sale of the farm itself.

This consolidation will likely continue as the impact of the IHT reform and the reality of no further direct payments bite.

In Scotland, the data paints a different picture. The agricultural transition was delayed by a policy of “simplicity and stability”; the transition began in 2025, but the more substantial changes are planned for 2026 and 2027. Machinery dispersal sales, which had been rising steadily since 2020, fell by 32% in 2025. As the transition gathers pace, we can expect more business restructuring and consolidation within the Scottish farming sector, which could lead to

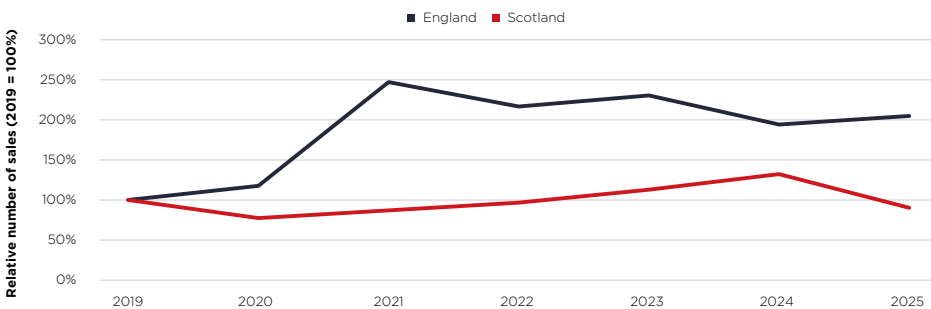
a noticeable rise in machinery dispersal sales over the next few years. These sales may lead to the sale of all or part of the farm, as well as to additional tenancies and contract-farming opportunities. As direct payments are phased out during the agricultural transition, farmers and landowners across the UK are re-evaluating their business strategies. Now, land must generate enough profit to support both income and reinvestment. With less government support focused solely on agricultural production, many farmers and landowners are exploring alternative land uses that can deliver higher returns or benefit from capital appreciation.

Development prospects

Property development is a major opportunity and driver in the farmland market. When the Labour Government took office in 2024, it set an ambitious target to deliver 1.5 million new homes by the end of the parliamentary term – about 300,000 homes per year. While there are doubts about the goal’s feasibility, the Government remains committed, relying on significant reforms to the National Planning Policy Framework (NPPF) currently under consultation, the Planning and Infrastructure Act, and other legislative changes to speed up planning and development.

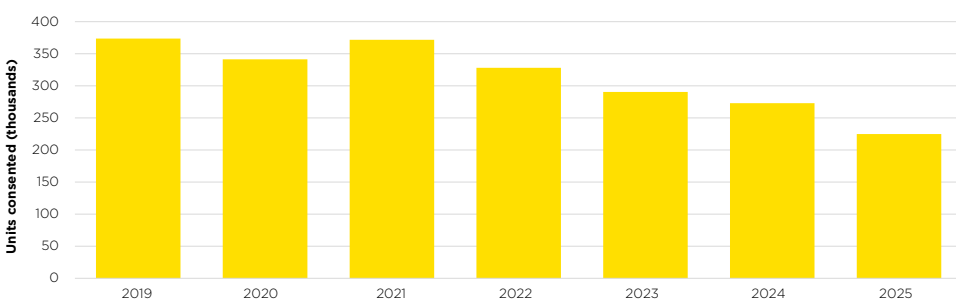
Development consents have been in decline. Since 2021, the number of residential units granted planning consent has dropped by 40%, reaching its lowest level in the last seven years in 2025 (see Figure 8). This sharp decline has led to fewer sales of development land. It has a knock-on impact on the farmland market, as those selling development land often reinvest in agricultural land to defer capital gains tax. Our data shows a 60% reduction in the proportion of farmland buyers motivated by rollover relief since 2019.

FIGURE 7: NATIONAL RATES OF FARM MACHINERY DISPERSAL SALES



Source: Savills Research

FIGURE 8: GB RESIDENTIAL DEVELOPMENT CONSENTS (YEARS TO 30 SEPTEMBER)



Source: House Builders Federation

If the upcoming NPPF reforms are successful, they could reverse this trend, boosting development land sales and increasing capital flows into the farmland market. Typically, demand for farmland is stronger near development hotspots, driving competition and higher prices. But many farmers seeking to replace their lost land and reinvest are willing to consider the right farm further afield as well.

Developing nature markets

Biodiversity Net Gain (BNG) is now an established market with over 1,400 off-site units allocated to development projects. Its remit will expand this year to include Nationally Significant Infrastructure Projects, and exemptions for smaller sites are expected, although the details are still to be confirmed. Nature recovery is clearly moving beyond BNG.

The Planning and Infrastructure Act introduces a Nature Restoration Fund in England, initially focused on reducing nutrient impacts in watercourses through Environmental Delivery Plans. Natural England will lead delivery in partnership with private nature markets, creating new opportunities for landowners.

The revised Environmental Improvement Plan sets ambitious peatland restoration targets for England: 280,000 hectares by 2050, with an interim target of 40,000 hectares by 2030, supported by £85 million for habitat and water infrastructure. In Scotland, £250 million has been committed to restoring 250,000 hectares by 2030. With 80% of Scotland’s two million hectares of peatland degraded, restoration is a national priority, and the recent budget allocated £28 million for 2026/27.

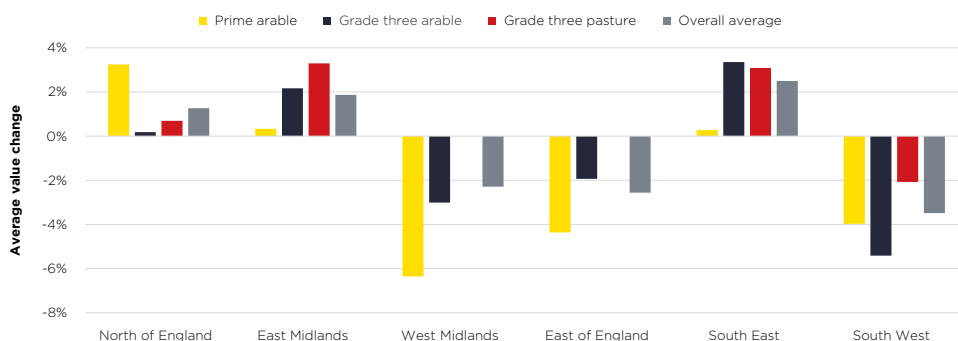
Woodland creation is also a policy goal and backed by strong incentives. England’s interim target is to increase tree canopy and woodland cover by 0.33% by 2030, with the overall target of 16.5% coverage by 2050. This is supported by grants such as the England Woodland Creation Offer, which provides capital grants for establishment and £400 per hectare annually for 15 years. Rising demand for carbon and biodiversity benefits, combined with funding and timber income, makes woodland creation commercially attractive. However, constraints remain. In Scotland, applications require environmental impact assessments, and in England, prime agricultural land, peat soils and sensitive habitats must be avoided, with most planting on grade three or four land, or reclamation sites.

GB Farmland supply and value forecasts

Farmland is a long-term asset class, with less than 1% of the total available agricultural land in Great Britain publicly marketed each year. Individual parcels of land are not transacted regularly, with many farms and estates owned by generations of families, institutions, organisations and either farmed in-hand or tenanted (30% of the sector). Changing land use can be a long-term game too; achieving development opportunities can take up to 15 years, if not longer.

So, what affects land values? In America, land values are influenced by agricultural profitability, and there is often a direct positive correlation. This is not the case in Great Britain, where the correlation with agricultural profitability is weaker because there are more competing uses and amenity interest is stronger. As a result, land values have been and continue to be influenced by the simple principles of market supply and demand. This is why we often see dramatic differences across and within regions of Great Britain. Figure 9 shows the annual percentage change in average farmland values across England’s regions. Prime arable land in the West Midlands decreased by 6.4% in 2025, yet increased in the North of England by 3.2%. Grade three arable land decreased by 5.4% in the South West, while rising by 3.4% in the South East. For grade three pasture land, we saw the largest decrease in the South West (2.1%), compared with the highest increases in the East Midlands (3.3%) and the South East (3.1%). Overall, average land values in Great Britain fell last year but by less than 1%.

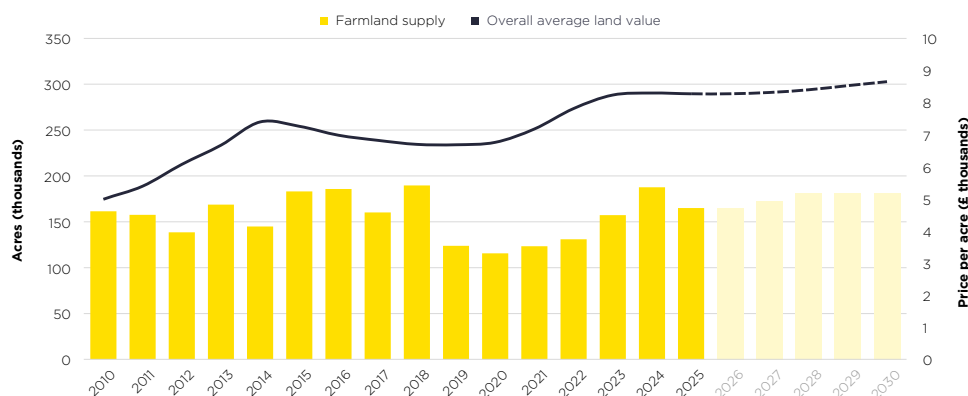
FIGURE 9: CHANGE IN FARMLAND VALUES DURING 2025



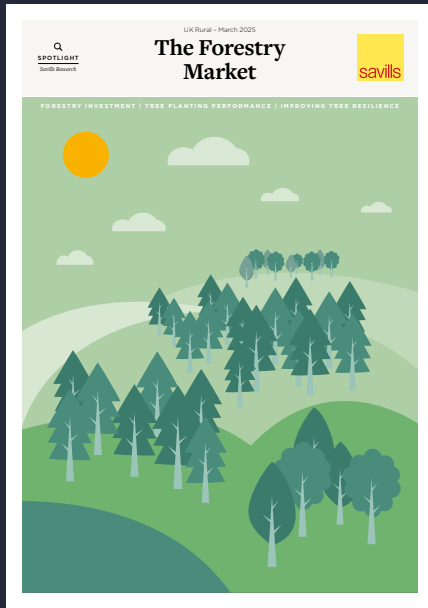
Source: Savills Research

Reviewing land values, Figure 10 shows a slight dip during the “Brexit period” from 2016 to 2020, followed by a steady increase to 2023, before stabilising. A range of buyers have been active, and we expect this will continue. With land being a finite resource and in demand to meet government targets across development, agriculture, energy and environment, values will remain firm. Savills forecasts that the stabilisation from 2023 will continue until 2027, when values will begin a period of steady increase, provided the strategies and plans expected in 2026 improve policy certainty and the outlook for the sector’s profitability, resulting in a confidence uplift. We expect the volume of land marketed will increase from 2027 to fund larger farming businesses’ IHT liabilities.

FIGURE 10: GB FARMLAND SUPPLY AND VALUE FORECASTS 2026–2030 (CURRENT PRICES)



Source: Savills Research



Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view copies of our previous rural Spotlight publications, go to www.savills.co.uk/landing-pages/rural-knowledge-portal.aspx



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