

LAND MARKET UPDATE 2016



Land prices eased in 2015 ending the upward trend over the last eight years or so. Farm margins started tightening as we saw commodity prices fall and almost immediately this had an effect on the land market as farmer buyers were reluctant to continue paying the prices seen in 2014 i.e. £10,000 per acre plus. At these levels they were generally out of the market unless they were buying with receipts from non-farming sources.

Brown&Co were involved in agricultural property transactions totalling over £83 million in 2015 involving nearly 7,000 acres. Although trading a similar acreage to the previous year we have seen the average price of bare land fall from circa £11,000 per acre to £9,500 per acre.

Should farm margins remain tight in 2016 one might assume land prices will ease further but farming profitability is not the only factor in the land market. Inheritance Tax investors still play a part and there are also likely to be significant rollover funds re-invested following the sales of large areas of land currently allocated for housing.

Another key factor is supply and how much land comes on the market in the next few months. At the moment we can see no evidence of an increase in supply coming through although it is early in the year. If this remains the case and commodity prices/margins do not change from current levels, then we expect land prices to stay at, or close to, current prices. However, any downward change in any of the variables mentioned above could alter sentiment quickly.

The one concern that may start to overhang the market as the year progresses is Brexit. As the negotiations in Europe continue every farmer will be wondering whether they are going to continue to be supported by the CAP or another, yet to be decided, policy from the UK government.

We believe 2016 will still give vendors the chance to sell out at what are historically very high prices and buyers may have an easier time trying to acquire/invest than they have had in the last 2/3 years with potentially less competition.

Robert Fairey MRICS
Head of Brown&Co Farm Agency

SECRETS TO SUCCESS

Thinking of selling in 2016? Plan ahead and assemble a team

Whether retiring, consolidating or restructuring, the decision to sell is a major one and is unlikely to be taken lightly. There is a huge amount to consider from implications for future income, impact on retained land or business, tax planning or succession. The right professional advice can make a real difference at these critical times and these discussions are best had at the earliest possible stage. Assemble a trusted team to work with, ensuring the decision to sell is the right one and if it is, the transaction is done efficiently and in line with your wider objectives.

Maximise value

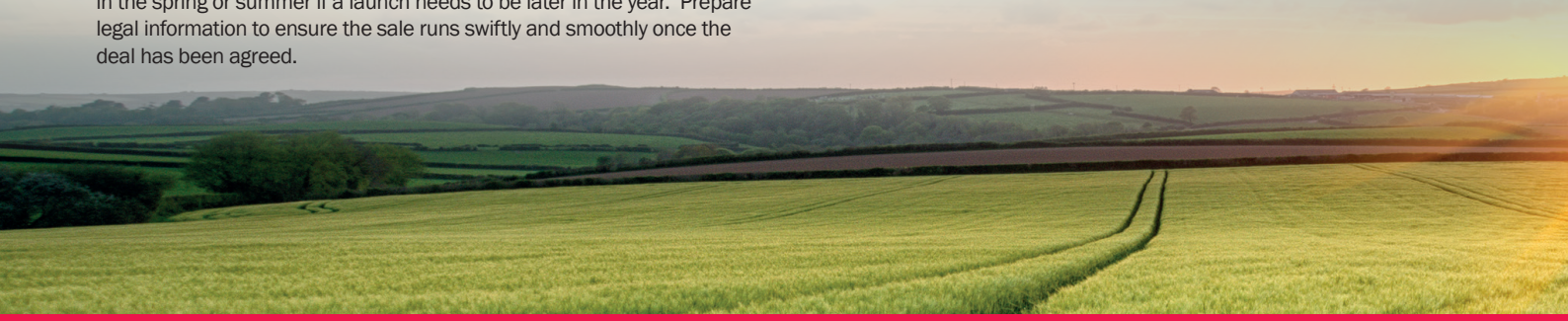
You will only sell the property once and it is important you get the best possible price. Consider ways to maximise value. Is there planning potential on a range of buildings or a parcel of land that should be explored before any sale? Is there a tenancy or licence that should be terminated so vacant possession is available? Have photographs taken in the spring or summer if a launch needs to be later in the year. Prepare legal information to ensure the sale runs swiftly and smoothly once the deal has been agreed.

Taxing times

With land values having increased so dramatically, so has the impact of Capital Gains Tax on sale proceeds. Entrepreneurs relief can apply where a disposal is as a result of the cessation of a business, reducing the rate of tax from 28% to 10%. This cannot be left to chance and the sale needs to be planned and structured accordingly. For the sale of a typical parcel of land acquired for £3,000 / acre and sold for £10,000 / acre the tax saving could be in excess of £1,200 / acre. Take advice and plan ahead to ensure any disposal is as tax efficient as possible.


Secret dealing – avoid temptation

In this fast paced market, with such a wide range of prices being paid, it is hard to keep track of values. Whilst the possibility of a hassle free sale to a neighbour may have appeal, to do so may risk under selling your land. In a market with such huge variations, involve an agent to ensure full exposure to the market, whether in a public or private transaction.



SOLD 2015

Horsecroft Hall Estate, Bury St Edmunds, Suffolk
147.56 hectares (364.62 acres) Rural Estate with Grade II Listed Hall, farmhouse, two cottages, parkland, farmland and amenity woodland
Guide £6,000,000



Architects concept

SOLD 2015

Oxborough Broad, Stoke Ferry, Norfolk
19.22 acre (47.48 acres) Wildlife & Conservation Site with Permitted Development Rights for Conversion into a single dwelling.
Guide Price £400,000



SOLD 2015

Laddus Farm, Upwell, Norfolk
126.02 hectares (311.40 acres)
Highly productive silt farm with two bungalows and modern farm buildings
Guide £4,500,000



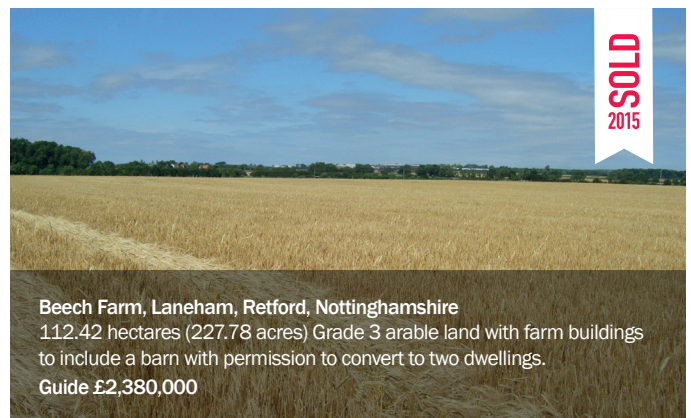
SOLD 2015

Land at Arlesey Bedfordshire,
41.74 hectares (103.14 acres)
A single block predominantly Grade 2 arable land
Guide Price £845,000 (SSTC)

WHY BROWN&CO?

- We treat every sale, whatever size, with the same dedication and professionalism
- We have a wide network of offices and agents each with expert local knowledge
- Working with our specialist farm consultancy team, we have the expertise to cover every factor
- We have residential and commercial departments as well as planning and architectural experts to assess every aspect of your property and ensure value is maximised
- Our active international offices in Poland combined with our other operations in Europe & South America mean we have access to and understand international buyers

Brown&Co were involved in agricultural property transactions totalling over £83 million in 2015 involving nearly 7,000 acres. We can provide unrivalled advice to help you buy, sell or rent your farm for the best price in 2016.

The logo for Brown & Co, featuring the company name in white serif font on a dark red background.

KEY CONTACTS

For personalised, professional advice and guidance during any transaction contact our experienced agency team.



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