

# AGENCY REVIEW

2019/2020



# INTRODUCTION

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We are in unprecedented times and in the short term the Covid 19 “lockdown” will inevitably shut down the markets, however, the length of this enforced shutdown remains to be seen. The question is therefore, what will happen to the various land and residential markets when the country returns from self-isolation?

One market factor which is generally accepted is that the United Kingdom’s population will continue to increase and this simple fact leads many commentators to predict that both agricultural land and development land values will, in the medium term, remain firm.

Of course, in reality there are many competing factors that will influence both the agricultural and development land markets over the coming months ranging from diminishing support payments to farmers to national planning policy. Overall, the result of last year’s General Election in providing a majority Government, the continuing lack of supply and the return of confidence to the economy as a whole in the early part of 2020, indicated that markets were going to remain firm.

Those indicators have now been thrown into turmoil by the Covid 19 pandemic and it will ultimately be the length and severity of the economic repercussions that will determine the strength of the markets in 2020 and beyond.

Whatever the market conditions, we at Adkin will be here to support our clients over the coming months and provide completely independent, straight forward and honest advice.



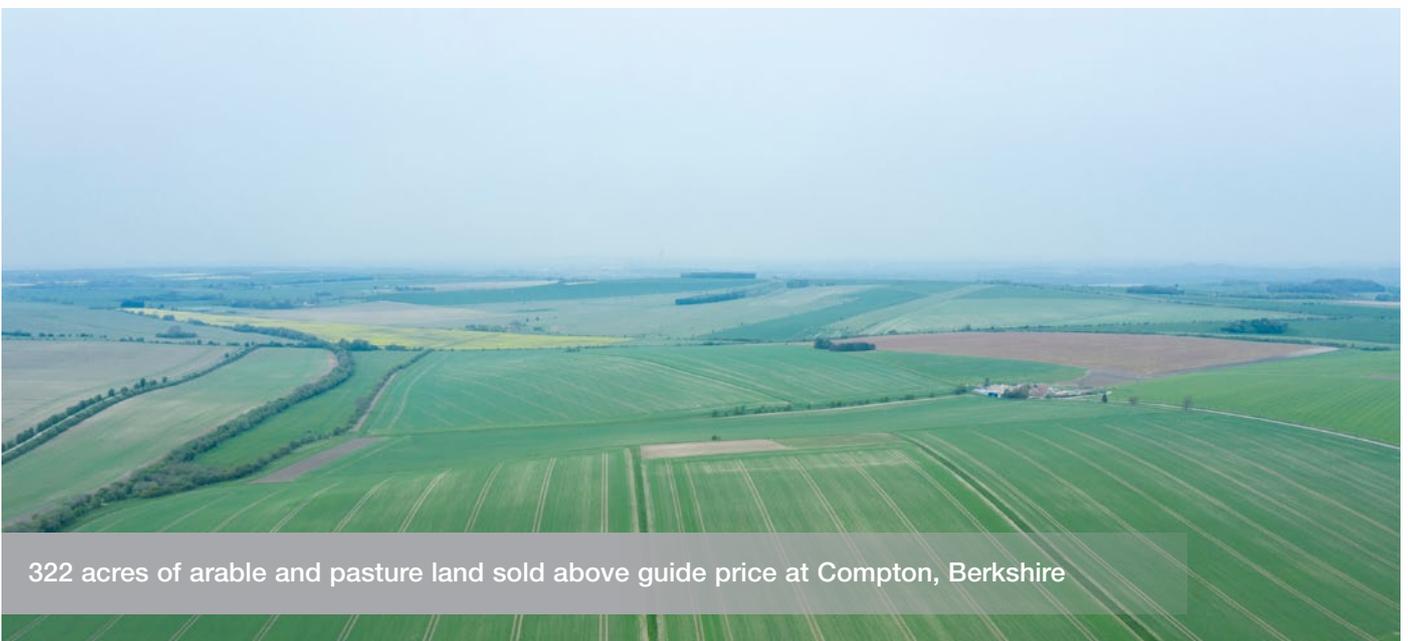
## AGRICULTURAL LAND MARKET

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2019 will be remembered as the year in which the farmland market stood still with most analysts agreeing that the year saw the fewest acres publicly marketed for over a decade. The fact that market analysts are agreeing is in itself very unusual because of the difficulty in defining a farm and farmland. There are always wildly varying opinions on just how much land was marketed and also on the average price per farmland acre.

However, largely as a result of the reduced volume, there is for once consensus amongst commentators that the reduction in volume of land offered for sale was broadly matched by the reduced appetite of purchasers. This equilibrium resulted in prices remaining stable and consistent with 2018 levels.

For reasonable quality arable land in central southern England the price bracket remains generally between £9,000 and £12,000 per acre. Larger blocks of pastureland are experiencing more divergence in the range of values with so much dependent upon the acquisitiveness of neighbours. The range now appears to be between £6,000 and £9,000 depending upon localised factors. Historically, volatile times in the economy have seen a flight to the safe haven of land as an investment and, whilst the Covid 19 pandemic is likely to have a negative effect on the residential and commercial markets, there is every chance that the perceived safety of agricultural land will result in this market actually strengthening.



322 acres of arable and pasture land sold above guide price at Compton, Berkshire

## PONY PADDOCKS AND AMENITY LAND

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In contrast to the wider commercial market, 2019 saw demand and therefore prices, strengthen for small parcels of amenity and paddock land. In part this is a symptom of the continuing small supply of such land, but it is also clear that demand has increased with many new potential buyers registering their interest in small parcels of land. This is a trend we expect to see continue. Pony paddock land is now regularly achieving in excess of £30,000 per acre where there is competition



## RESIDENTIAL MARKET

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Just as “Brexit” was becoming less of a concern to buyers and the first quarter of 2020 saw a long-awaited increase in activity, the market was shut down by Covid 19 restrictions. There is still a large pent up demand, particularly at the higher end of the market, however, clearly until the full economic consequences of the pandemic are known any market predictions for the rest of 2020 have an enormous element of guesswork. Restrictions are now in place and the length of these will determine the strength of the economy and job security. This in turn is likely to be the determining factor in how the residential market performs in the latter part of 2020.



# DEVELOPMENT LAND AND PROMOTION AGREEMENTS

As can be expected because of the relationship with the residential end product market, the first quarter of 2020 saw an increase in confidence amongst house builders which was filtering down into development land sales.

On larger sites, the length of time from acquisition to completion of a build will, to a certain extent, mitigate the effects of a recession upon the market. The effect upon demand for smaller sites from regional builders will again, as with the retail residential market, largely depend upon how long the economy is shut down and how deep the economic scars are.

Adkin are currently advising on over 3,000 acres of development land either in agreements or with terms agreed. We are almost unique amongst agents acting in this field in that we do not pursue the resale of the completed homes and so act solely in the best interests of landowners. In volatile times such as these, this means that we are uniquely placed to give absolutely honest and independent advice as to the best route to market and critically, the best time to market.



# CONTACTS

Estate and Farm Business Management | Planning and Development | Grants and Environment | Property Agency | Valuation



Julian Sayers FRICS FAAV  
*Director*  
Estate Management

*All aspects of estate management, strategic estate, planning, property acquisitions, promotion and sales of development land, agricultural tenancies, landlord and tenant negotiations.*



Simon Alden MRICS FAAV  
*Director*  
Planning and Development

*Advice in relation to the change of use of rural buildings, barn conversions, strategic development, building plots and residential development, options and promotion agreements.*



Sarah Payne BSc (Hons) MRICS FAAV  
*Director*  
Grants and Environment

*Up to date advice and consultation in connection with all rural grant schemes including Basic Payment and other farm and countryside support schemes, contract farming agreements and accounts.*



Kerry Holbrook-Bull BSc (Hons) MRICS FAAV  
*Director*  
Estate Management

*Comprehensive advice to landowners and occupiers on a wide range of matters specialising in rural, residential, agricultural and commercial management and all landlord and tenant matters.*



Emily Ham BSc (Hons) MRICS FAAV  
*Director*  
Valuation

*Provision of valuations of all types of rural property for both private and corporate clients to include probate, secured lending, tax planning, transfer, marketing, stocktaking and expert witness.*



Kevin Prince BSc (Hons) MRICS FAAV  
*Director*  
Agency

*Kevin's specialist areas of work are Property Agency and Property Acquisition together with provision of Valuations for a variety of purposes as an RICS Registered Valuer.*

For more information about our services please speak to one of our contacts:

Adkin, Orpwood House, Ardington,  
Wantage, Oxfordshire OX12 8PQ

T | 01235 862 888

E | [mail@adkin.co.uk](mailto:mail@adkin.co.uk)

W | [www.adkin.co.uk](http://www.adkin.co.uk)

