



News from offices across Scotland & Northern England



Be prepared to plan properly for the future and be wary of knee jerk reactions

It has never more been essential to have a holistic view of your business, to plan properly for the future - be that to make your farmland more profitable, making your diversifications and environmental best practices work harder for you, or by looking at your plans for succession.

Clients are aware that there is a lot of chatter around 'carbon and natural capital', but there is still lack of clarity on the way forward. Planting trees is not the only solution, and it is important to avoid a knee jerk reaction, and really important to understand where you are with your business in its entirety first.

As rural surveyors and consultants, we work across a wide range of sectors, not isolated work streams, and we have external consultants on hand. That means we have specialists with the right breadth of skills to help you add more value to your business. More and more frequently, we are helping clients review their property assets, and looking longer term at how they can generate income whilst securing a bright future for the land and the people who manage it.

“Once you know what you have, and understand its potential, you can work on opportunities in a more strategic way, creating a realistic and achievable plan that will deliver best value for you.”

Looking longer term and involving your Agent at an early planning stage can help you shape your business for the future. Our Agents often act as the linchpin with our Clients and work alongside their other Advisors.

Read on to find out more...



Save the date:

It's back - See you at the Tug of War Final 25th June at the RHS 175th Anniversary Show

Top tips for buyers & sellers



Carbon & forestry market opportunities



Developing a greener infrastructure



A stake in the ground - planning succession



2021 Sales at a glance



George Hipwell

33%
the average
premium over
asking

£25+ Million
the combined
value of sales



2021 was a year where the rural market was dominated by a huge demand which outstripped a restricted supply of properties available on the market. D&R's dedicated Rural & Agency team handled 40 transactions with a combined value of over £25m during 2021. These ranged from 1 bedroom derelict cottages to large prime arable farms and just about everything in between. The average premium over asking paid was 33% which goes to show quite how much demand there was out there during the year.

Land for planting: There has been a marked increase in the number of investors in the marketplace looking to buy land for tree planting and peatland restoration. You can read more on this later.

D&R sales last year were predominately handled on an on-market basis with a small number of private off market deals being agreed. Acting on behalf of clients our Sales Team sold properties from South

West to North East of Scotland and North West of England.

Should you be considering a farm sale or purchase, our dedicated sales team is on hand to provide the expert advice that will help you achieve your objectives.

For a confidential, no obligation discussion please contact George Hipwell, Lewis Anderson or William Dalrymple on 0131 449 1155, or Joe Bell on 01900 268 633.

Top tips for buying & selling:

In a highly competitive market where property is in short supply and there is high demand, there are some key factors which stand you in good stead and speed up the process:

Top tips for Buyers:

- Have your funds secured before submitting an offer- mortgage in place/principal or cash
- Instruct a solicitor familiar with your type of property
- Keep open communication with your selling agent
- Clean offers with as few conditions as possible are the most attractive – e.g., surveys ahead of offers.



George Hipwell



Joe Bell



William Dalrymple



Lewis Anderson

Top tips for sellers:

- Instruct a good firm of agents with breadth of knowledge and a dedicated sales team
- Instruct a solicitor at the outset to sort any early issues
- Talk to an accountant about tax liabilities

- Are there grazing rights or occupiers? Formalise agreements to help guarantee vacant possession
- Before marketing, residential properties in Scotland need a Scottish Home Report, in England, you need an EPC - Energy Performance Certificate.

A market of opportunity for Carbon & Forestry



Niall Milner



The last 12 months has seen the further evolution of the market for forestry land and the emergence of a new sub-sector of the land market driven by carbon and environmental factors.

D&R has been involved in the purchase and sale of planting land for a number of years, we've seen activity in the last 24 months significantly increase and prices rise quickly. So, whether you are planning a sale or looking to maximise your land potential, this overview of the market will be useful:

During 2020 the emergence of 'Natural Capital' and increasing awareness of the environmental targets set by Governments meant a broader spectrum of land became appealing to a more diverse portfolio of buyers. This meant constrained sites, subject to reduced plantable areas, increased acreage of deep peat or environmental designations were in higher demand and prices rose.

In 2021 the demand for land which could be planted with commercial forestry or native broadleaf species, and which had areas of deep peat requiring restoration saw a marked increase. Classified as the Environmental Social Governance (ESG) market, it developed rapidly

and by the end of the year, planting land attracted prices from £3,000 to over £5,000 per acre, depending on site-specific factors. Peatland could achieve £1,500 - £2,000 per acre. Often the land in question was extensive areas of upland farms which just a few years ago, could have been valued just a tenth of these prices. Early 2022 market activity suggests prices in excess of the 2021 levels.

Government targets are driving this. The Scottish Government targeted planting 13,000 hectares of new woodland in 2021, rising to 18,000 ha in 2024/25. Their target to achieve net-zero carbon emissions by 2045, (5 years ahead of the UK Government), has seen the development of the Peatland Carbon Code and Woodland Carbon Code, putting an economic value on sequestered carbon.

"There is more than ever at stake for landowners and the value of good professional advice can be significant. D&R has assisted clients in a number of sales which have realised significantly increased values for sellers than they were initially offered – up to £1million.

"Our off-market sales process tenders the land to identified, active purchasers and the process is very streamlined. In some cases, the results have delivered increased sales receipts for clients of between 50% and, in one case, 260%." One recent off-market sale returned an increase on a direct approach to the sellers by 58%. The Argyll & Bute site extended to just over 2,000 acres and was marketed to a select group of buyers one month with a deadline for offers the following month."

Is your land suitable for planting, peatland, or land with environmental characteristics? We have specialists who can help you make the most of your property: If you want to develop your land to its fullest potential, contact the right team for the job.

To develop your natural assets call Chris Edmunds on 01900 268 633.

For planting and forestry management, call Rob Cleaver on 0131 449 6212. If you are interested in sales/valuation, call George Hipwell on 0131 449 1155.

Understanding your 'Natural Capital' – how can it add value for you?

Before embarking on a natural capital project, it is important to understand what you already have - be that peatland, forestry, special grasses, or environmentally designated areas.

We're making our clients aware of natural capital – and it's not just advising on how to sell carbon units – as they may be needed for yourself or your farm in the future.

An external eye can help when it comes to assessing what you have. We can sit down with you to work out a strategic plan – which land can be lost to environmental gain, which will be suitable for diversification and, key to the farm viability, which land will work harder from an agricultural point of

view. Making farming viable and benefitting from the right schemes or grants that fit your longer term, bigger picture is key.

Rob Cleaver, our Forestry manager has had a busy year working on planting and felling schemes for clients. Our team also has a network of links with forestry and peatland companies right across the UK, which means we can tap into extended knowledge and opportunities in the sector.



Residential letting market changes – policy update

NEW DEAL FOR TENANTS

In December 2021 the Scottish Government published their draft Rented Sector Strategy, 'A New Deal for Tenants'. It sets out how the Government will work with private and social landlords and tenants to deliver their ambitious vision: 'By 2040 everyone living in Scotland would have access to a safe, warm, affordable, high quality and energy efficient home that meets their needs in the place they want to be, in a community they feel

part of, and proud of, no matter their circumstances or where they live.'

Consultation closes in April with a confirmed strategy earmarked for the end of 2022 and legislation put before the Scottish Parliament in 2023.

The key issues in the consultation include rent control, aligning private tenancies with social tenancies and creating a private tenancy regulator. D&R is responding to the consultation directly and also through contributions to professional organisations. We will keep you informed.

NOTICE TO LEAVE – Scottish changes to timescales

The residential letting notice periods for 'notices to leave' have been reinstated to pre-covid timescales. From 7th April 2020 - 30th March 2022 tenants required 3 or 6 months' notice, dependent on the grounds cited. These have reverted to 28 days or 84 days (dependent on whether the tenant has resided for more than 6 months).

All grounds remain discretionary and must be considered by the First Tier Tribunal before an eviction order can be granted.

LOOKING TO YOUR FUTURE

Business succession – planning your stake in the ground

Whether you want to safeguard the future of your business with a smooth transition to family, are planning for retirement or updating your will, it makes sense to understand your worth. Land and property values have increased significantly, so your assets are likely to be worth more too.

Succession planning is not just about working towards your retirement, it's about protecting and making the most of your assets for the future. This is applicable to owner occupiers and tenants equally, and in both cases, it is not just something to consider if you have family to pass the farm/ business on to.



So, is it time to consider some key points?:

Timing: It's critical to act early. With so much at stake, you can not leave it until your 60s – especially as land and property values have increased.

Advice: Seeking professional advice at the start of the process means you have pragmatic external support to navigate the complexities and help you communicate effectively with family/heirs.

Value: Know your worth – a valuation is a good starting point. You can then gather your thoughts and sit down with family to discuss plans.

Options – Early conversation can allow for 'younger' ideas to be incorporated – especially if you need to share your estate amongst siblings who do not all wish to farm. How will the land be split: Farming? Diversification? Development? Sale?

Impact – Consider the tax implications for everyone - IHT/ agricultural property relief.

Plan – Once options have been identified, we can help you build a plan to manage that going forward.

To discuss business and succession planning contact Martin Hall or George Hipwell on 0131 449 6212.

Developing a green infrastructure as the UK transitions to a decarbonised grid



ScotWind - Powering the East coast: Advanced warning

Scotland's most ambitious offshore energy generation project is in the pipeline on the east coast and developers are currently tendering for the work. It will have an impact on landowners and occupiers. If you think you could be affected, seek advice early. **Contact your local D&R Office.**

Europe's largest battery storage facility

Following the recent ScotWind offshore wind announcement for the planned addition of 25 GW of new renewable generation capacity, the requirement for large-scale energy storage that can shift power and provide grid stability services is critical.

The Hunterston and Kincardine battery Installation project has been given planning permission following detailed consultation with Amp Energy on behalf of our client.

Amp Energy, a global Energy Transition Platform, and renewable energy developer can now progress Europe's two biggest battery storage facilities with its 800 MW battery portfolio in central Scotland (the "Scottish Green Battery Complex"). Due to be operational in April 2024 with two 400 MW battery facilities, each providing 800 MWhrs of energy storage capacity.

Solar Parks are Hot Property

We are seeing significant demand from Renewable Energy developers for land to develop solar parks. Annual rentals vary from £500-900/ac, with additional payments for battery storage, etc. Once developed, the farmer can often continue to use the land for sheep or poultry enterprises. It may be worth considering if you have approximately 100+ acres with the following criteria:

- A southerly aspect, good irradiance (sunlight levels) - usually close to the coast
- Close to an electricity grid connection or large user of electricity

An alternative market exists adjacent to trunk roads and large centres of population where developers are looking to create electric forecourts, to charge electric vehicles and provide other services, ideally situated next to 15ac or more of solar panels to provide green electricity.

If you think you have suitable land we can promote it to credible developers.

Contact Derek Bathgate on 01292 265 851 and Ian Austin on 0131 449 6212.

Diversify & development

The changing landscape for agriculture has led to an increasing demand for clients looking for diversification and development opportunities. As a result, D&R has seen the growth of land coming to market with development potential and an increasing number of clients looking for guidance on diversification and grant led projects for the future.

We are currently involved in 100+ sites across Scotland in the North East, the Central Belt, and South West and over the border in Cumbria. There are also opportunities to have a developer/promoter on board to best unlock potential and add value.

D&R Director Chris Edmunds heads our Planning and Development projects, Chris said "Land and property owners are certainly more willing to review their options, asking us for an experienced outside view to help develop a strategy that will work best for the longer term.

"We are finding landowners are keen to explore adding value to their land for housing and other development uses including renewables. It is a different income stream, and with the changing agricultural landscape and grant support, we are able to provide strategic advice to clients by using our skill sets across a range of workstreams including assessing development opportunities, land management, utilities, valuations & sales."

Supporting Chris in this area are Associate Director Stuart Lobb and Associate Paul Robinson, both of whom have experience in planning regulations and property legal systems.

For more information contact Chris Edmunds or Paul Robinson on 01900 268 633 and Ian Austin or Stuart Lobb on 0131 449 6212.

New appointments



Paul Robinson, Associate

Joining the team in November last year, Paul is a Chartered Surveyor (RICS), a RICS Registered Valuer and also a Fellow of the Central Association of Agricultural Valuers (CAAV).

Paul spent a large part of his career managing rural estates in England and Scotland, but more recently, working in strategic property management, valuation and disposal for the public sector.

Growing up on the family dairy farm in Cumbria, he enjoyed being hands-on before taking a degree in Agriculture & Land Management and a Masters in Rural Estate Management from the Royal Agricultural College.

Paul's move to D&R enables him to return to his agricultural roots, working more closely with the farming community. Commenting he said, "There are a lot of changes in farming right now, making it a very interesting time to focus on rural businesses as they look to maximise their potential. I'm involved in a range of utilities and infrastructure projects – like the HS2 stabling facilities near Gretna, as well as supporting clients who have small scale development opportunities on land near towns and villages."

Paul is also utilising his experience in delivering Property Management and Renewables work for our retained clients.



Andrew Hamilton, Consultant

Born and brought up on a farm at Glenmanna, Thornhill, Andrew studied at Oatridge College, obtaining a Diploma in Agriculture. Andrew successfully farmed Marr Farm from 1987 – 2020, expanding over the years, more than doubling it in size to 900 acres. He joined D&R at the start of the year, working from the Castle Douglas office as a member of the Rural and Agency Department. Andrew will play an instrumental role in business development within the South West.

Recognising achievements:



Chris Edmunds – CAAV Chair – Northumberland & Cumbria

D&R Director Chris Edmunds became the new Chair of the Northumbria and Cumbria branch of the Central Association of Agricultural Valuers (CAAV) at their 104th AGM. A Chartered Surveyor and Fellow of CAAV, Chris began his career as a placement student with D&R in 2009, joining the company after.

Chris said "We all have a role to play, encouraging new talent into the industry and developing them through the profession – from placement to Chartered Surveyors and Fellows of the CAAV. It is an honour to chair what is one of the most proactive and largest of the 29 associations in the UK.



Alasdair Allan - Land Agent

In recognition of his continued development, Alasdair Allan has been promoted to Land Agent. Alasdair joined D&R in October 2020 after completing his degree in Agriculture from SRUC. He is currently working towards his CAAV qualification.

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Dick Harrison Trust

The Dick Harrison Trust has appointed Martin Hall as a Trustee. The Trust makes small financial awards to students who are keen to develop a career in livestock auctioneering or rural estate management. It focuses on young people who were born in (or they/their parents now live in) Northumbria, Cumbria, or Scotland.

Contact Martin Hall if you know someone who could benefit on 0131 449 6212 or email MH@drrural.co.uk