

The Andersons Centre – Latest News Update

March 2009

Land Prices Start to Fall

Land prices are starting to fall according to the latest figures from the RICS Rural Land Market Survey of Great Britain. According to the survey, the weighted average price (opinion based) of bare arable and pasture land fell from £12,965 per Ha in the first half of 2008 to £12,336 per Ha in the second half of the year, this represents a 5% decrease compared to a 24% increase in the first half of 2008. Arable land prices fell from £14,453 per Ha to £13,182 per Ha. Pasture land, on the other hand, actually rose, albeit fractionally, from £11,477 per Ha in the first half of 2008 to £11,490 per Ha in the second half of the year. The rise is probably due to an increase in confidence in the livestock sector following better prices being achieved.

Over recent years demand, particularly for residential land, has largely been driven by 'lifestyle' purchasers, but this has almost disappeared because of the current economic climate. But, availability also fell significantly, indicating that there weren't too many forced sales. Demand for commercial farmland has remained pretty robust. The UK banks have continued to lend to agriculture with the result that individual farmers have increased their share of purchases from 56% to 60% whilst non-farmers share of purchases have continued to fall from 27% to 26%. Interestingly, there is evidence that interest from Irish and Danish purchasers is starting to wane.

Looking forward, it appears that prices may have peaked. The opinions of surveyors are that demand in the residential land sector will continue to be low due to the continued problems in the wider economy. Confidence in prices in this sector has fallen to its lowest since the series was introduced in 1997. The fall in commodity prices is expected to depress commercial land prices as well. According to the opinions of surveyors, confidence has also fallen in this sector, although not by as much as in the residential sector, reaching the lowest level since the first half of 2003.

The ANDERSONS Centre

Old Bell House
2 Nottingham Street
Melton Mowbray
Leicestershire
LE13 1NW

01664 503 200

enquiries@theandersonscentre.co.uk

www.theandersonscentre.co.uk