

# SCOTTISH ESTATE MARKET REVIEW

Spring 2021

GLEDFIELD ESTATE, SUTHERLAND  
Sold privately in 2020

## QUEST FOR CARBON NEUTRALITY AND COVID CONSEQUENCES DRIVE DEMAND FOR SCOTTISH ESTATES

The Scottish estate market is a niche sector that has performed with remarkable consistency over the last 20 years.

The general rule of thumb established over the course of this century is that around 30 estates are offered for sale each year with 20 of them being sold. Two thirds of buyers are UK-based with the one third from overseas and predominantly western European. About 75% of sales are achieved via the open market with the remainder being transacted privately. An 'estate' is an subjective concept which can vary in extent from as few as 150 acres to as many as 40,000 acres (and occasionally bigger); is distinguishable from a commercial farm, forest or country house with some surrounding land; and is often subject to the 'elephant test' (i.e tricky to describe but you recognise one when you see one).

The only year which significantly bucked this trend was 2014 when, as a result of the Scottish Independence Referendum, only six estates were sold.

Given the Covid-19 global pandemic and its associated lockdowns, travel restrictions and realigning of priorities for everyone, it would be fair to assume that transactional activity in the Scottish estate market - one dominated by discretionary cash purchasers with significant participation from overseas buyers - would be much

reduced in 2020. The reality however is that the performance of this sector has shown remarkable resilience.

Our analysis shows that, during the course of 2020, 24 estates were sold or under offer at the year end with a further 12 estates unsold during the year. Of the successful purchasers, 16 were UK-based and eight were from overseas. These statistics are consistent with those of the last five years in this sector, which comes as a surprise to us given three months of total lockdown last spring and much restricted travel throughout the rest of the year.

There are some key differences in the performance of last year's market compared with previous years however. Notably, there were four estates sold at prices in excess of £10m with a further three in the £5m to £10m price range and the aggregate total investment in the purchase of Scottish estates exceeded £112m (a record sum in this market). By comparison, estate trade in 2019 saw just one estate each in the £10m plus and £5m to £10m brackets sold and total aggregate purchasing investment of around £67m, which is 40% lower than in 2020. A further feature of the market last year was a marked increase in off-market transactions with eight estates and 33% of all transactions being achieved privately.

**Continued overleaf...**

### THE MARKET AT A GLANCE

#### Supply



36 estates were offered for sale in 2020 of which 24 were sold or under offer at the year end.



17 estates, or 45% of the market, were offered for sale privately.



The largest estate for sale was 10,199 acres and the smallest was 127 acres.

#### Demand



Green investors are competing with sporting or lifestyle purchasers to drive an increase in prices.



'Covid-flight' has increased demand from residential and lifestyle buyers.



Demand is worldwide with a notable increase in interest from the USA, with four estates sold to American buyers in 2020.

#### Pricing



A total of £112m was invested in the purchase of Scottish Estates in 2020 - a record sum.



The highest sale price was in excess of £12m and the average sale price was £4.7m - an increase of 18% on the previous year.



Three estates in excess of £10m and four estates between £5m and £10m were sold in 2020.

The rise of green investors – those with carbon capture, afforestation and carbon accreditation, ecological restoration (or so called ‘re-wilding’) and renewable energy as the drivers of their interest rather than traditional field sports – has intensified competitive interest. Both estates that featured grouse moors were sold to such purchasers.

For smaller, more residentially focused estates, demand has noticeably increased with ‘Covid-flight’ from the more heavily populated parts of the UK and Europe being consistently cited by purchasers as the reason for their entrance into this market.

A further development of note is an increase in participation from purchasers based in the USA. There has long been an attraction to Scotland from American buyers but this has rarely translated to more than one or two estates actually being purchased by them on

a year-to-year basis. In 2020, four Scottish estates were purchased by American buyers who cite the natural history, heritage, relative accessibility, mild maritime climate and political stability as reasons for their interest.

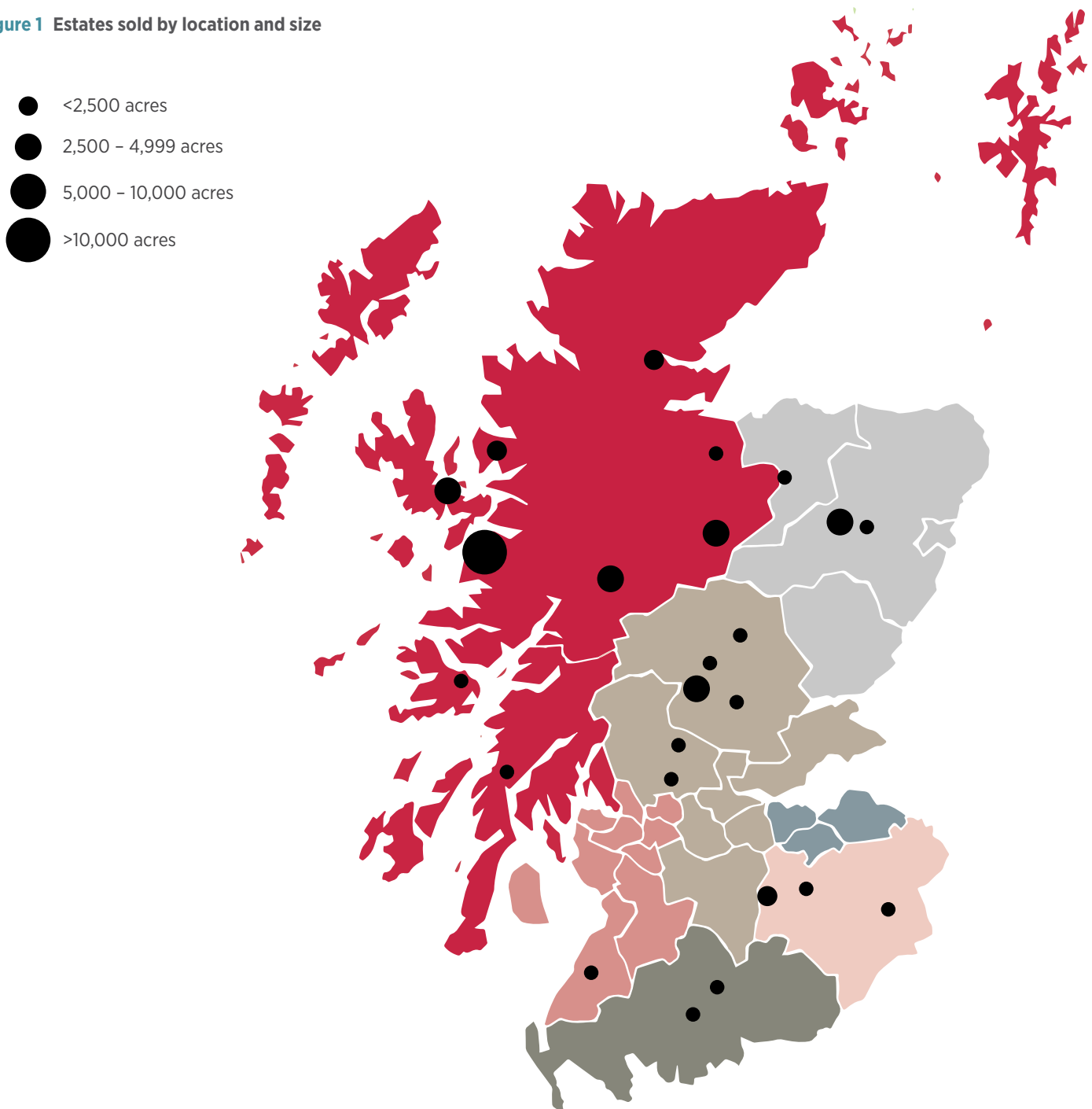
With regard to sales handled, Strutt & Parker led this sector as selling agent for eight of the estates sold and purchasing agent for a further two.



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**Figure 1 Estates sold by location and size**



## ESTATES SOLD BY STRUTT & PARKER IN 2020

OFFERS OVER £1,100,000



### Craig Castle Estate, Aberdeenshire

**1,562 acres** A residential and sporting estate in the foothills of the Grampian mountains.

GUIDE PRICE £5,000,000



### Gledfield Estate, Sutherland

**4,981 acres** An outstanding mixed-use estate with a variety of mixed sport and amenity.

OFFERS OVER £1,100,000



### Bolfracks House Estate, Perthshire

**141 acres** A magnificent residential estate in the heart of Highland Perthshire.

OFFERS OVER £3,750,000



### North Cassochie Estate, Perthshire

**172 acres** A residential estate of superb quality and privacy on the Highland fringe of Perthshire.

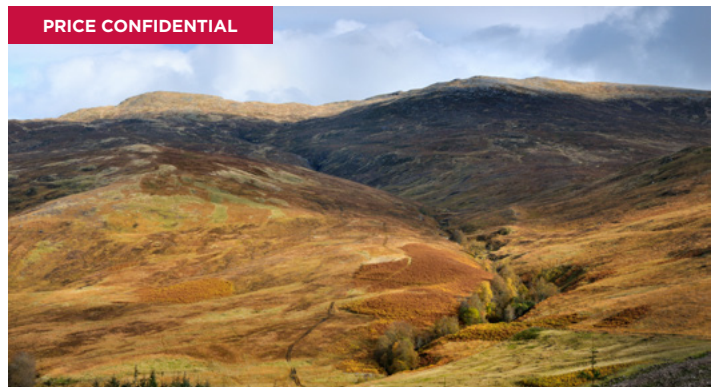
OFFERS OVER £1,275,000



### Muir Estate, Stirlingshire

**188 acres** A woodland and amenity estate in the Loch Lomond and Trossachs National Park.

PRICE CONFIDENTIAL



### Glen Spean Estate, Inverness-shire

**6,983 acres** An upland West Highland estate with mixed sporting and ecological restoration opportunities.

## COMING TO THE MARKET AND PRIVATELY AVAILABLE IN 2021

- A 300-acre residential and agricultural estate in Angus.
- A 1,600-acre residential, agricultural and sporting estate in Aberdeenshire.
- A 740-acre residential estate in Tayside.
- A 300-acre residential and agricultural estate with development opportunities in Perthshire.

## THE MARKET IN NUMBERS

### Supply

|   | 2016    | 2017    | 2018    | 2019    | 2020          | 5-year average |
|---|---------|---------|---------|---------|---------------|----------------|
| Number of estates offered for sale      | 36      | 28      | 36      | 36      | <b>36</b>     | <b>34</b>      |
| Average size of estate for sale (acres) | 5,100   | 4,400   | 3,400   | 4,200   | <b>2,400</b>  | <b>3,900</b>   |
| Total area offered for sale (acres)     | 182,000 | 124,400 | 121,700 | 150,200 | <b>84,600</b> | <b>132,600</b> |

### Pricing

|                    | 2016   | 2017   | 2018   | 2019   | 2020           | 5-year average |
|--------------------|--------|--------|--------|--------|----------------|----------------|
| Average sale price | £4.0m  | £4.5m  | £2.7m  | £2.8m  | <b>£4.7m</b>   | <b>£3.7m</b>   |
| Total spent        | £98.7m | £71.2m | £57.3m | £67.1m | <b>£112.7m</b> | <b>£81.4m</b>  |

### Demand

|  | 2016    | 2017   | 2018   | 2019    | 2020          | 5-year average |
|--|---------|--------|--------|---------|---------------|----------------|
| Number of estates sold (including under offer)           | 25      | 16     | 21     | 24      | <b>24</b>     | <b>22</b>      |
| % sold versus those available for sale (Conversion Rate) | 69%     | 57%    | 58%    | 67%     | <b>64%</b>    | <b>63%</b>     |
| Ratio of UK-based to international buyers                | 73:27   | 62:36  | 68:32  | 63:37   | <b>67:33</b>  | <b>67:33</b>   |
| Total area sold (acres)                                  | 137,900 | 75,200 | 63,100 | 120,400 | <b>71,600</b> | <b>93,700</b>  |

### Prices of estates sold / offered for sale in 2020

|                    | <£1m     | £1m-2.5m | £2.5m-5m  | £5m-10m  | >£10m    |
|--------------------|----------|----------|-----------|----------|----------|
| Sold / Under Offer | 1        | 7        | 9         | 4        | <b>3</b> |
| Unsold / Withdrawn | 1        | 1        | 8         | 1        | <b>1</b> |
| <b>Total</b>       | <b>2</b> | <b>8</b> | <b>17</b> | <b>5</b> | <b>4</b> |

## OUTLOOK

It is evident from both market analysis and prevailing sentiment that demand in the Scottish estate sector is at a record high, whilst supply of estates for sale – consistent with long-term trends – remains restricted.

This strength of demand has increased off-market activity and inflated prices – particularly for large Highland Estates which are most popular and least available.

The continuation of lockdown restrictions has prevented any new estates coming to the market to date in 2021 but notwithstanding, several sales of estates that were unsold last year have been agreed in the first three months of this year, with Strutt & Parker acting as selling agent in two

off-market deals and purchasing agent in a further two open market transactions.

At the time of publishing this review, we are preparing to launch four open market sales this summer with further potential sales instructions pending.

We anticipate that the combination of appetite for environmental investment, Covid-flight and value-for-money relative to many other property asset classes will continue to drive demand, against a supply that will remain at or around 30 estates for sale during the year.

## CONTACT



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#### Methodology

All data in this market report is from Strutt & Parker's Farmland Database of publicly marketed farmland over 100 acres in Scotland. It has recorded detailed information on the farmland, buildings and soils as well as buyer and seller profiles since 1996, and so is one of the most comprehensive databases available. What makes it different to other databases is that it records sold prices (i.e. what the farm exchanged contracts for) as well as guide prices, and so is a more accurate reflection of actual market conditions as guide prices can overstate or understate the prices that buyers are willing to pay. The prices stated in this report are based on sold prices. Once an estate is exchanged, we have assumed it is sold, following HMRC custom.

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