

# SCOTTISH ESTATE MARKET REVIEW

Spring 2024

TAYVALLICH ESTATE, ARGYLL  
Sold in 2023

## MARKET OVERVIEW

### Supply consistent, off-market activity still dominant but beware of statistics

This time last year we had adjusted to the 'new normal' of Scottish estates – particularly upland estates – being coveted by institutional investors, corporate purchasers and philanthropic individuals as 'natural capital investments'. The corresponding prices being paid by such buyers were unprecedented relative to the 'old normal' of a market where upland estates were coveted as sporting estates, with prices correspondent to their productivity for red deer, grouse or salmon.

This change in dynamics in the sector had seen the cumulative total price spent on the purchase of estates escalate from under £70m in 2019 to nearly £250m in 2021 (a 257% increase), whilst the number of estates sold went from 24 to 28 (a 16% increase), with the average estate sale price going from £2.8m to £8.8m (a 214% increase) in the same period.

In 2022, the cumulative total sum spent on the purchase of estates had come back to c.£188m from 23 sales at an average of over £8m per estate, which led us to ponder whether the market bubble had burst or was gently deflating, and the evidence of the past year of trade in this sector suggests the latter.

Our analysis of the market – which includes publicly and privately marketed transactions in which this firm was directly involved, together with those where we were not – shows that the volume of sales that took place in 2023 was exactly the same as in 2022, with 23 estates being sold during the year or under offer at the year end.

The combined total spend on purchasing these estates has slipped back by 8% from £188m to around £173m, with the average estate sale price coming down from £8.2m to £7.5m but this is affected by the type and size of estate available in different years. Off-market activity continues to dominate with 56% of transactions in 2023 occurring on an off-market basis, compared with 39% in 2022 and 61% in 2021 and therefore remarkably high compared with most other property market sectors in the UK.

A further interesting indicator of current market sentiment is that the supply of estates offered for sale increased to

41 in 2023, compared with 29 the previous year, a 41% increase, with the 18 estates that were not sold representing an increase of 200% compared to the six estates which went unsold in 2022.

As ever with statistics, some appreciation of the nuances behind them is revealing. In this regard, it is important to take account of the fact that a small number of off-market sales of large estates at very high prices can skew the average statistics, which means they should be interpreted with caution. For example, whilst the average estate sale price in 2023 was £7.5m, only six out of 23 estates (i.e. 26% of them) were actually sold at or above that price. Similarly, whilst the statistical average size of estate sold was 4,100 acres – in fact only five of the 23 estates sold (22%) were actually this size or larger.

Whilst market sentiment can be seen to have softened over the course of 2023 – global economic factors and a pause for breath from some of the carbon-investing funds being amongst the key reasons – the global interest in, and demand for ownership of, Scottish estates remains as firm as ever in our experience. Added to that, the climate emergency is internationally acknowledged, with Scotland's land and climate offering a variety of nature-based solutions which are increasingly attractive to corporate investors.

In 2024 and beyond, one of the key questions is what will the primary use of estates be and therefore what is the motivation of their purchasers, and what is the basis of calculating the price of Scottish estates, in both the short and long term. Both time and transactional evidence will tell!

**If you are thinking of buying or selling now or in the future, please get in touch with us to see how we can help you.**

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## MARKET AT A GLANCE

### Supply



41 estates were offered for sale during 2023, a 41% increase on 2022.



23 of the 41 estates available for sale were offered privately (56%).



The largest estate for sale was over 25,000 acres, the smallest was below 150 acres, and the average was 4,100 acres.

### Demand



23 of the 41 estates for sale (56%) found buyers in 2023, compared with a five-year average of 69%.



57% of the successful transactions were handled privately, an increase on 2022 when 39% of sales were off-market.



84% of purchasers were UK-based and 16% were based overseas. 70% of buyers were individuals / families, whilst 30% were entities (funds, charities, corporate bodies, etc).

### Pricing



£173m was the gross cumulative sum spent on the purchase of Scottish estates in 2023 – a decrease of 8% on 2022.



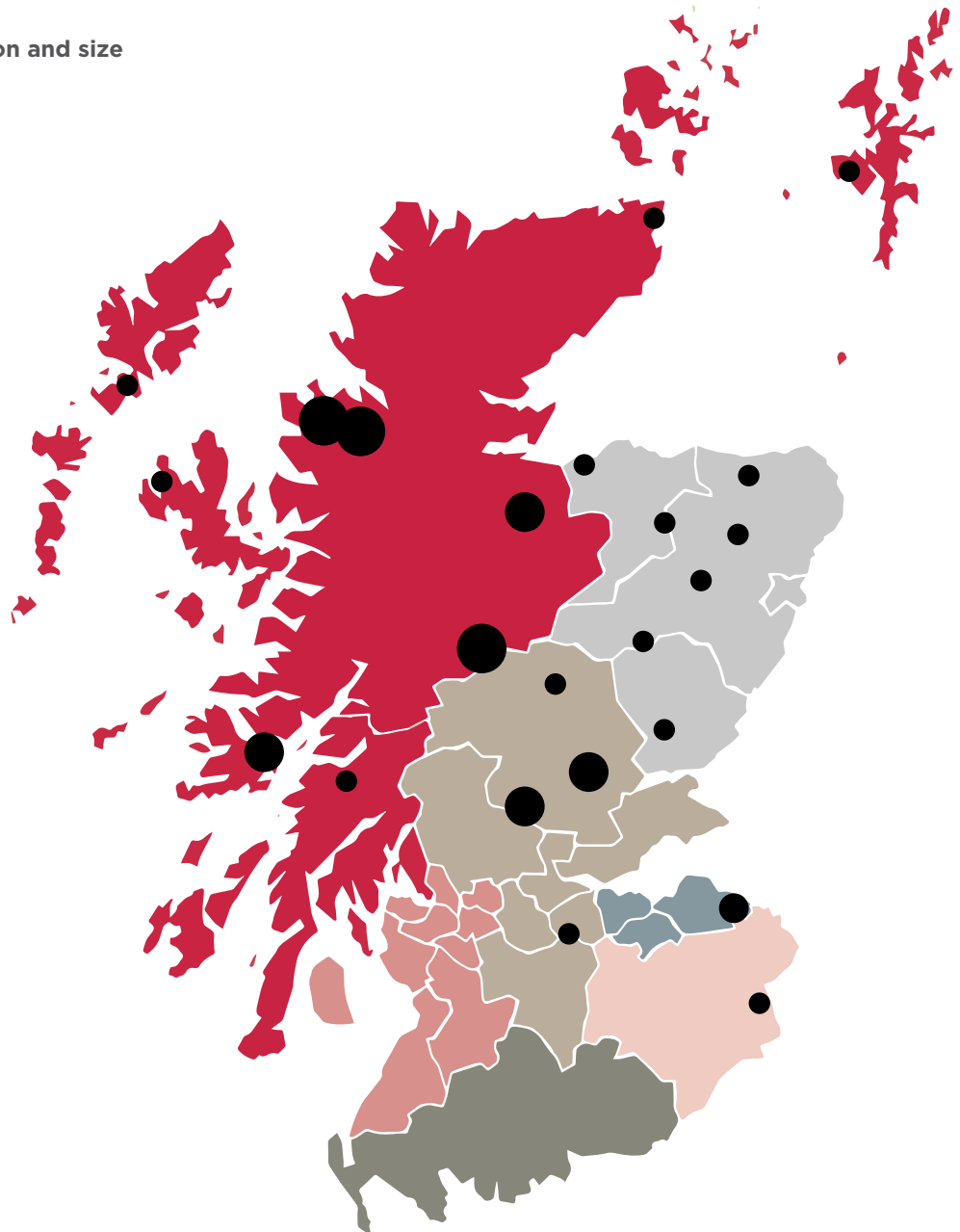
The average sale price was £7.5m – 17% higher than the five-year average of £6.4m.



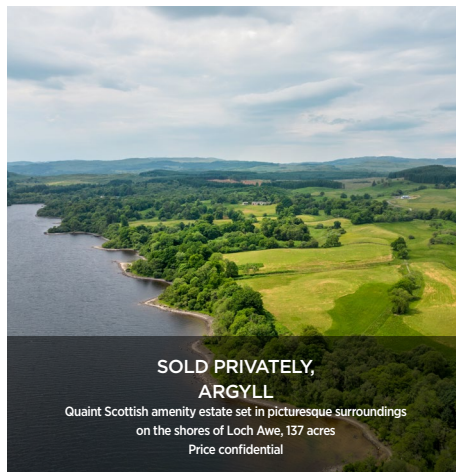
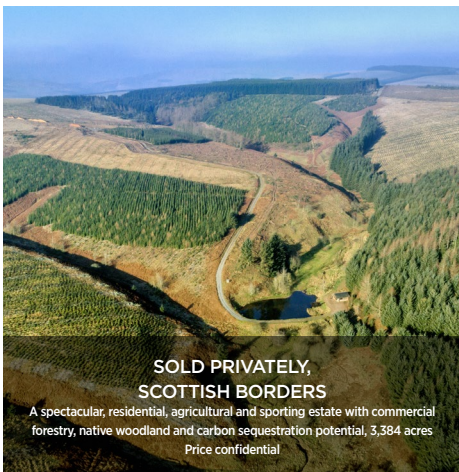
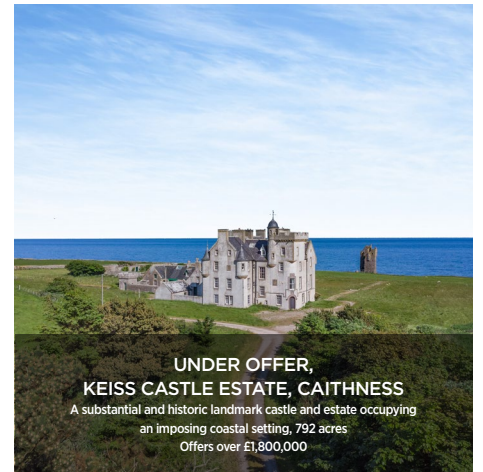
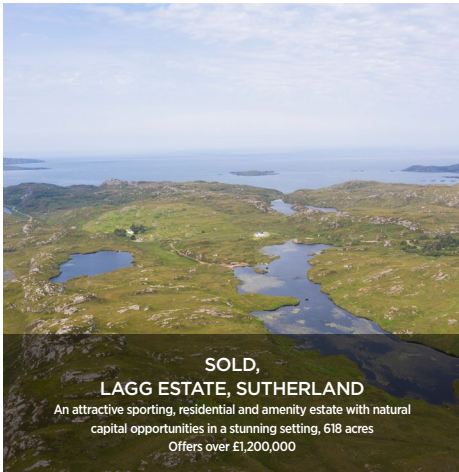
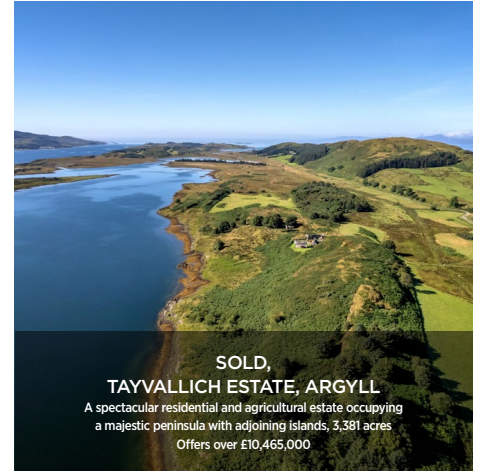
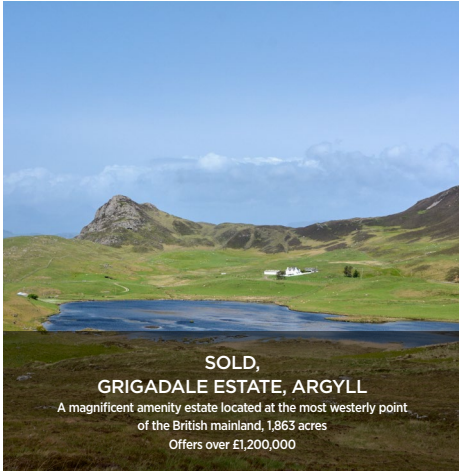
Three estates in excess of £20m and two estates between £10m and £20m were sold in 2023. Natural capital investment was the motivating factor in each case.

Figure 1 Estates sold by location and size

- <2,500 acres
- 2,500 – 4,999 acres
- 5,000 – 10,000 acres
- >10,000 acres



## HIGHLIGHTS OF ESTATES SOLD BY STRUTT & PARKER IN 2023



## COMING TO THE MARKET IN 2024

At the time of publishing this review, we have instructions to prepare the sale of several estates – both on a private and open-market basis. This includes a selection of upland and low-ground estates, with a variety of land use potential including carbon and natural capital investment,

commercial forestry, agriculture, renewable energy, leisure, sporting and residential. If you are an active investor, please contact us to ensure that you receive particulars of sale for any purchasing opportunities that may be of interest to you.

## THE MARKET IN NUMBERS

### Supply

	2019	2020	2021	2022	2023	Five-year average
Number of estates offered for sale	36	36	36	29	41	36
Average size of estate (acres)	4,200	2,400	3,900	6,000	4,100	4,120
Total area offered for sale (acres)	150,000	85,000	124,000	174,000	167,000	140,000

### Pricing

	2019	2020	2021	2022	2023	Five-year average
Average sale price	£2.8m	£4.7m	£8.8m	£8.2m	£7.5m	£6.4m
Total spent	£67m	£113m	£247m	£188m	£173m	£158m

### Demand

	2019	2020	2021	2022	2023	Five-year average
Number of estates sold (including under offer)	24	24	28	23	23	24
Proportion sold versus those available for sale (Conversion Rate)	67%	64%	77%	79%	56%	69%
Ratio of UK-based to international buyers	63:37	67:33	68:32	83:17	84:16	73:27
Total area sold (acres)	120,000	72,000	108,000	118,000	93,400	78,680

### Price Banding - Estates Sold/Offered for Sale in 2023

	<£1m	£1m - £2.5m	£2.5m - £5m	£5m to £10m	£10m - £20m	>£20m
Sold/Under offer	0	8	6	4	2	3
Unsold / Withdrawn	0	1	4	8	3	2

## MARKET OUTLOOK

With the supply of estates for sale having increased last year, there are more estates for sale in the early part of 2024 than in recent years and there will be a fresh selection of properties introduced to the market during the traditional 'selling season' of the summer months.

On that basis - and from the perspective of estate vendors - we believe that an honest appraisal of the strengths and weaknesses of their estate, together with appropriately reflective pricing is going to be more critical than ever in avoiding the frustration of a long sale process on the back foot.

For buyers, the dominance of natural capital purchasers of various types has priced many out of the market in the past four years. We have begun to see this change over the past year or so, which means that individual discretionary purchasers who are motivated by the time-honoured and conventional attractions of Scottish estates, with purchasing budgets below rather than above £10m, can once again expect opportunities to consider and anticipate being successful within their budget.

**If you are contemplating either the sale or purchase of a Scottish estate in 2024, please get in touch for a confidential introductory discussion.**

## CONTACT US



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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. We have also included privately-marketed estates that we are aware of. 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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