

# THE FOREST MARKET REVIEW 2023 GREAT BRITAIN PUBLISHED MARCH 2024

**SOLD:**  
Peel Forest, Scottish Borders  
Offers over £4,000,000

## MARKET AT A GLANCE

### Supply



20 forests were sold in Great Britain during the 2023 calendar year. This is much fewer than in 2022 (59) and below half of the five-year average (54).



Only 2,200 stocked or plantable hectares were traded, almost 80% less than in 2022 and 76% below the five-year average.



75% of the land sold was in Scotland.

### Demand



60% of the forests sold within six months of being marketed, which is slightly below the five-year average.



A lower proportion sold for above their asking price (55% compared with 77% in 2022 and the five-year average of 71%), so a sign of weaker demand. Also, 20% sold for less than asked for.



The average selling price was 104% of the asking price, which is below 2022's 118% and the five-year average of 124%. The cumulative asking price of all the forests sold was £45 million (m), and they sold for £45.5m.

### Pricing



Due to the small number of sales each year, average prices can be affected by changes in the type of forests that were available. This means caution needs to be applied when comparing figures year-on-year.

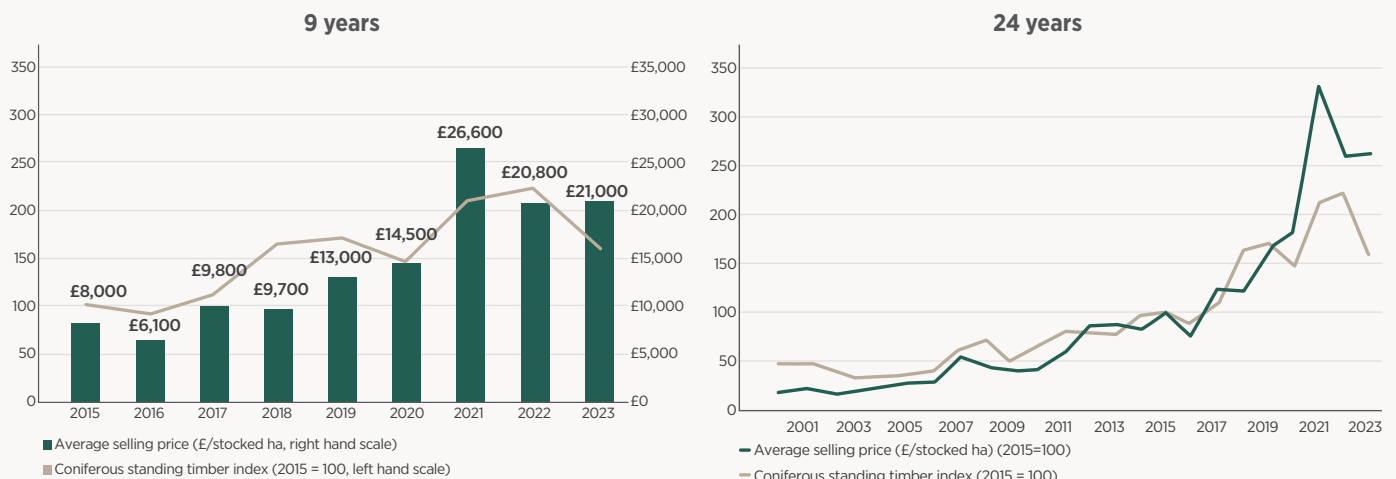


The average asking price was £16,500/hectare or £19,700/stocked hectare, which are both records.



The forests sold for an average of £21,000/stocked hectare, 1% higher than in 2022. Half (50%) sold for over £20,000, compared with 40% in 2022 and 51% in 2021. Fewer sold below £15,000/stocked hectare.

**Figure 1 Average selling price of commercial forests per stocked hectare in Great Britain and Forestry Commission coniferous standing timber index**



# MARKET OVERVIEW

## The forestry market remains strong despite economic headwinds.

Interest rates continued to rise during 2023 and timber prices remained largely flat. However, demand for good quality commercial forests remains strong and plantation values are broadly similar to 2022.

With rising inflation and interest rates one might have expected to see a fall in forest values. This has not been the case and backs up our suggestion in last year's report that many see forestry as a useful hedge against inflation, and therefore it remains an attractive asset.

However, buyers remain cautious and we have seen a marked downturn in activity levels with total transactions, by number, area and value all substantially down on recent levels. As ever, we stress this is only a snapshot of the market and a relatively small number of properties can skew the data. For example, two substantial properties were put to the market in Scotland in 2023 and while they are now under offer, they did not conclude before the year end. These two properties had a combined asking price of £159 million with a gross area of some 7,600 hectares. Had they concluded before the year end, the 2023 activity levels would have broadly been on trend.

Comparing year-to-year data is always dangerous, but what we can say with confidence is that values are down by 10 to 15% from their peak, which was probably in the latter half of 2021 and early 2022.

One characteristic of a cooling market is shown in the gap between final sale price and the asking price. There was just a 4% premium over the asking price in 2023. This compares to the rapidly rising market of the previous four years where asking prices were regularly exceeded by 20 to 40%.

Most properties that came to the market found a buyer or are now under offer. While the speed of transactions slowed slightly compared to the five-year trend, some 60% of woods sold within six months of first being marketed.

Woodland values are influenced by a number of factors including location, access, species, age and growth rates. As ever, the highest prices were paid for well-roaded second rotation woodlands, with examples in south Scotland fetching £30,000/hectare and more.

Interest in natural capital and carbon continues to grow in the wider market. However, existing woodlands are specifically excluded from the Woodland Carbon Code and, as yet, it is difficult to monetise natural capital within established forests. For them, it is timber price that drives the economics.

The demand for planting land remains reasonably strong, although prices are lower than their peak two years ago when there was more optimism in the marketplace and the opportunity to secure carbon credits on commercial schemes (now effectively removed). While demand is down, prices in the region of £10,000 per plantable hectare are still being paid; and in the uplands of northern Britain this is considerably above the underlying agricultural value.

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**UNDER OFFER:**  
The Great Glen Woodlands, Scottish Highlands  
Offers over £1,075,000



# MARKET OUTLOOK

Our outlook of cautious optimism this time last year proved to be accurate, and we remain broadly positive for the year ahead.

Globally, demand for timber is forecast to increase substantially and timber usage needs to expand to decarbonise the built environment. Over the past few months, we have seen some upward movement in timber prices domestically. Interest rates have stopped going up and most analysts, including our BNP Paribas economists, are forecasting falls during 2024. Inflation is also on a downward trajectory.

The UK governments all have expansionist forestry policies, although all UK nations are falling short of domestic planting targets (combined, we only plant half the 30,000 hectare annual target). This will be exacerbated in Scotland where budget cuts have reduced the funding available for planting grants in 2024, ensuring targets cannot be met.

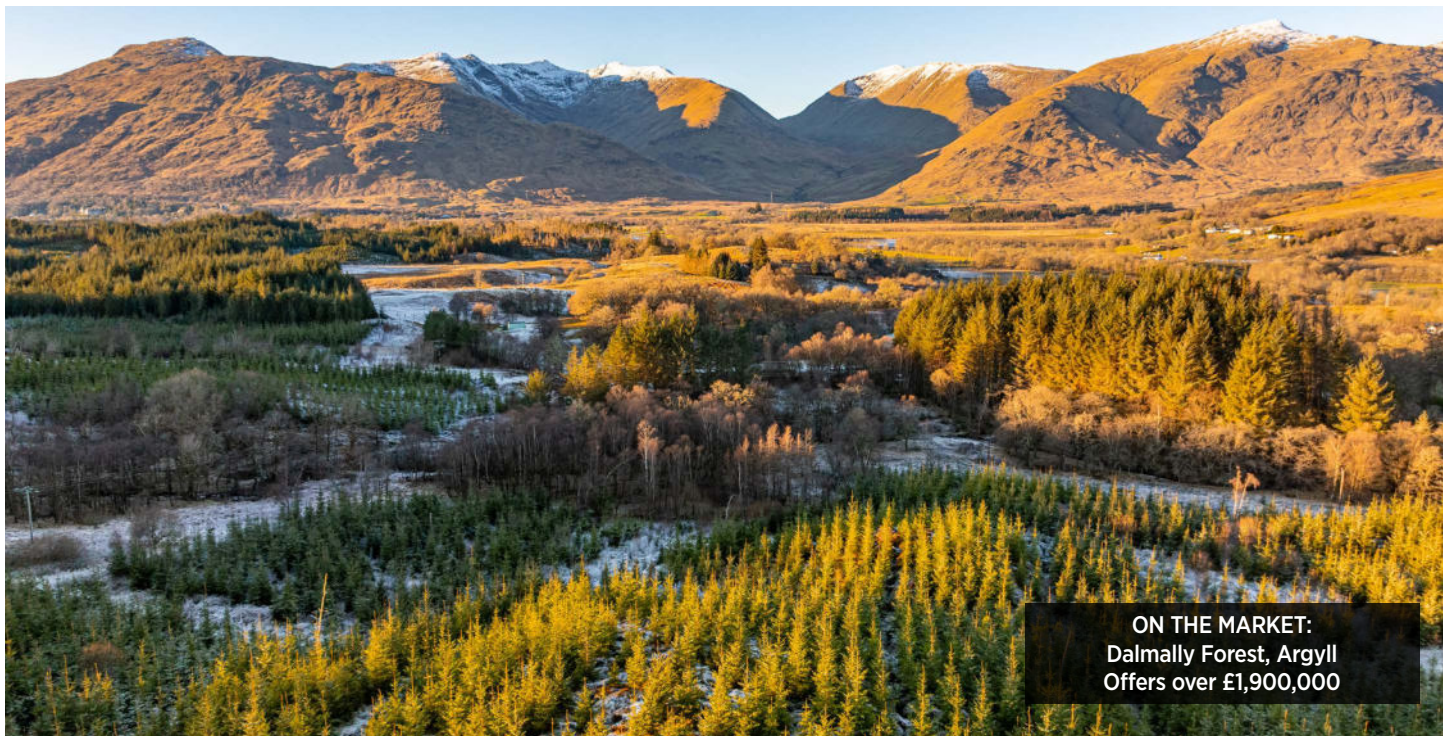
We see no reason for the anticipated general election to impact on values; as politicians argue, the trees keep growing, and support for tree planting and woodland management is consistent across all parties.

A few young properties are coming onto the market with carbon credits, and it will be interesting to see how this develops over forthcoming years, as it will increasingly play a significant part in the market. To date most properties have included the credits. However, in time we will see properties coming to the market without credits, but with the obligation to deliver on them, and it will be very interesting to see how this impacts on price.

At present, there is good demand for commercial forests from a wide range of investors including private individuals, pension funds and forestry funds, from both home and abroad.

In summary, we see slightly more upward pressure on prices as we enter 2024, but while interest rates remain relatively high an element of caution will naturally persist.

*If you are contemplating either a sale or a purchase of forestry in 2024, please contact us for a confidential discussion.*



**ON THE MARKET:  
Dalmally Forest, Argyll  
Offers over £1,900,000**

# ABOUT THIS REPORT

Please see the back page for the methodology used to compile this report.

Every year a different population of forests is sold and, given the wide range of forest types and relatively small number of sales, caution should be taken in comparing data from year-to-year and it should be considered as indicative only.

The 2023 population of forests sold were younger than those in 2022 and 2021, had a higher yield class and were smaller. There were fewer sales at over £30,000/stocked hectare than in the previous two years.

	2021	2022	2023	Five-year average
<b>Average age (years)</b>	31	33	27	31
<b>Average yield class</b>	18.3	18.1	19.1	17.6
<b>Average size (stocked hectares)</b>	156	179	108	160
<b>% of selling prices over £30,000 / stocked hectare</b>	30%	18%	15%	14%

## SUPPLY

### Area of stocked or plantable commercial forest land sold

Only 2,200 stocked or plantable hectares were sold in 2023, almost 80% less than in 2022 and 76% below the five-year average. As usual, the majority was in Scotland. NB This includes private or off-market sales that we are aware of.

With a small sample size, a few large properties can influence the data. For example, two large woods came to the market in Scotland in 2023 but did not sell although both are under offer at the time of writing. These two woods had a combined asking price of £159 million and a gross area of 7,600 hectares. If they had concluded in 2023, they would have pushed the total area close to the five-year trend.

There is also some off-market sales activity that is not recorded in this report. It is almost certainly in the many tens of millions of pounds.

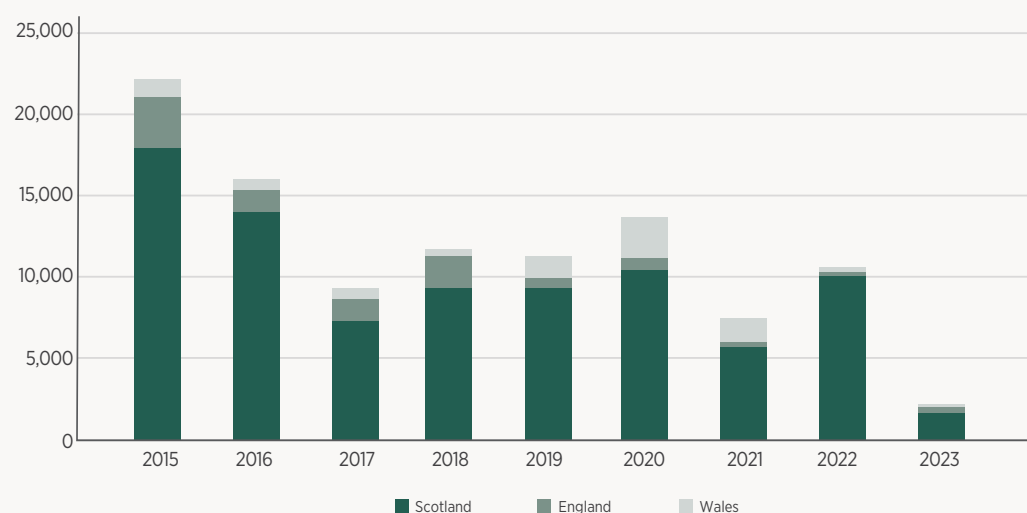
### Number of commercial forests sold

20 forests sold in 2023, well below recent levels.

**Figure 2** Area of commercial forest land sold (stocked hectares)

	Scotland	England	Wales	Great Britain
2019	9,400	500	1,300	11,200
2020	10,400	700	2,500	13,600
2021	5,900	200	1,500	7,500
2022	10,100	300	100	10,500
2023	1,600	400	100	2,200
Five-year ave	7,800	420	1,100	9,000
2023 % diff from ave	-79%	-5%	-91%	-76%

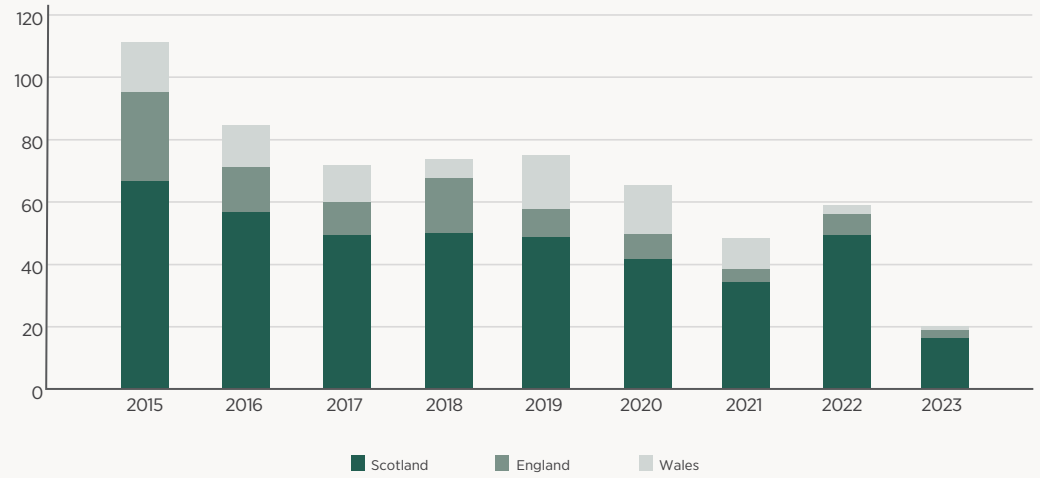
**Figure 3** Area of commercial forest land sold in Great Britain (stocked hectares)



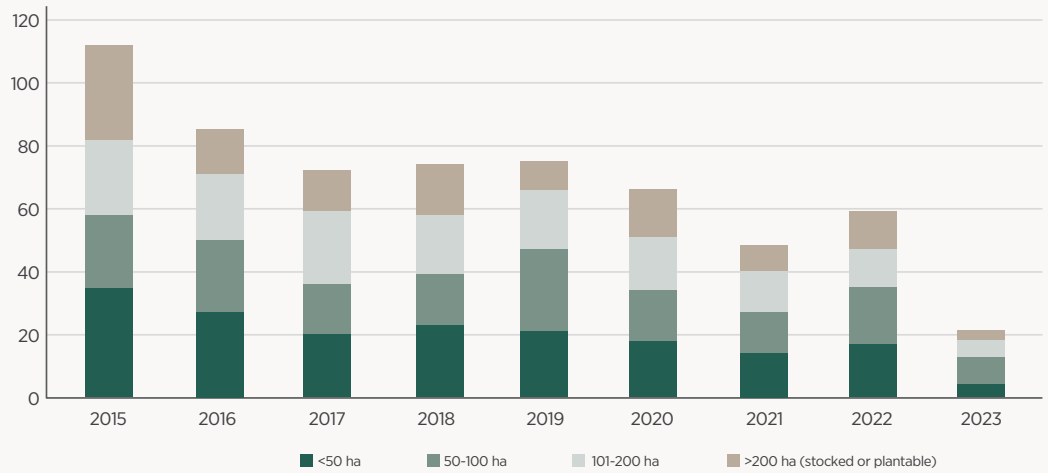
**Figure 4** Number of commercial forests sold

	Scotland	England	Wales	Great Britain
2019	49	9	17	75
2020	42	8	16	66
2021	34	5	9	48
2022	50	6	3	59
2023	16	3	1	20
Five-year ave	38	6	9	54
2023 % diff from ave	-58%	-52%	-89%	-63%

**Figure 5 Number of commercial forests sold in Great Britain**



**Figure 6 Number of commercial forests sold in Great Britain by size band**



### Total price of commercial forests sold

The asking price of the forests sold in 2023 totalled £45 million, well below 2022’s record £190 million. However, as stated above, the two large woods that came to the market but did not sell by 31 December would have pushed the total asking price above the five-year average.

The forests sold for £45.5 million, which is 79% lower than the total invested in 2022 and 72% below the five-year average. However, more was available and more sold in England than in the past two years.

**Figure 7 Total selling price of commercial forests sold (£m)**

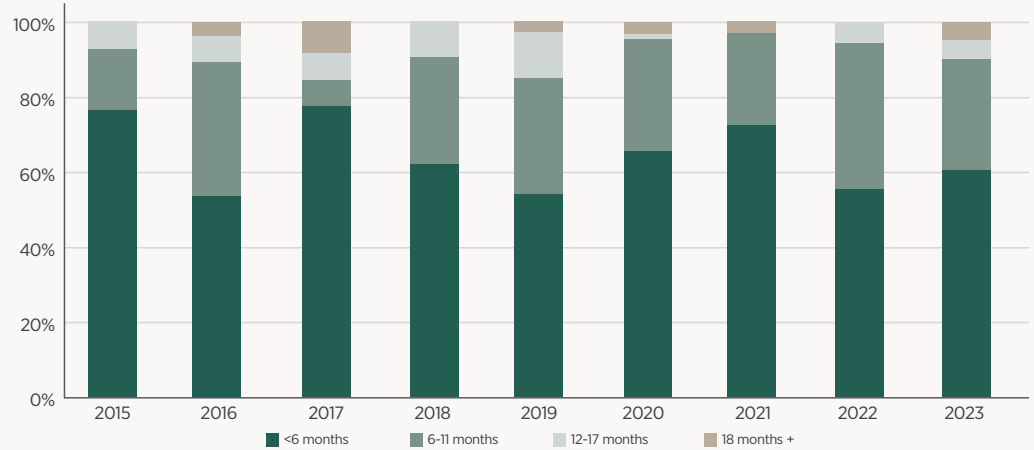
	Scotland	England	Wales	Great Britain
<b>2019</b>	£121	£6	£18	£146
<b>2020</b>	£136	£13	£49	£198
<b>2021</b>	£153	£4	£42	£199
<b>2022</b>	£213	£5	£1	£219
<b>2023</b>	£30	£11	£4	£45
<b>Five-year ave</b>	£131	£8	£23	£161
<b>2023 % diff from ave</b>	-77%	43%	-81%	-72%

# DEMAND

## Speed of transactions

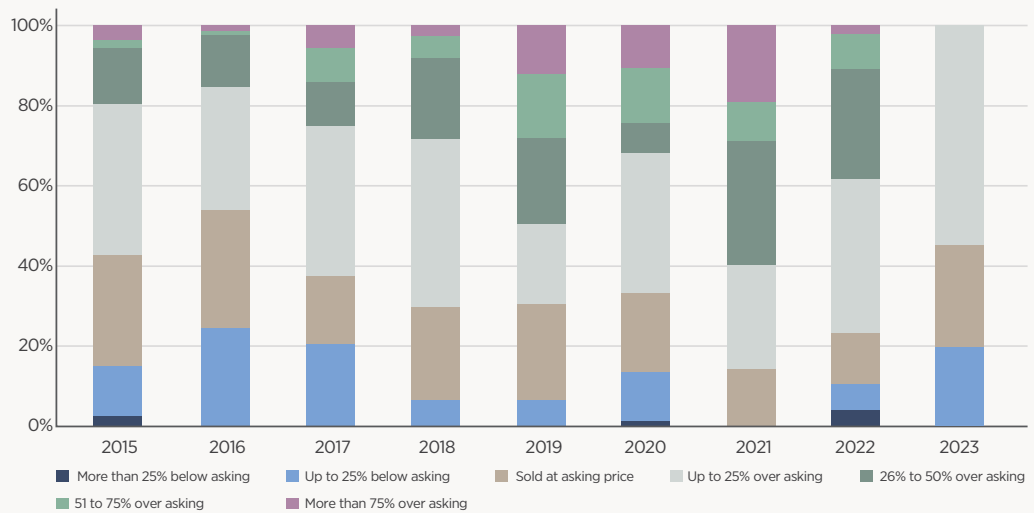
60% of the forests sold within six months of being marketed, slightly below the five-year average.

**Figure 8 Percentage of commercial forests sold in Great Britain, by time from date on market to date of sale**



A lower proportion sold for above their asking price (55%), well below the 77% in 2022 and the five-year average (71%), so a sign of weaker demand. Also, 20% sold for less than their asking price, which is above the five-year average (10%).

**Figure 9 Percentage of forests sold below, at or over asking price in Great Britain**



The change in strength of demand that we first reported on in 2022 continued. The average selling price was 104% of the asking price, which is below 2022's 118% and the five-year average of 124%. NB This statistic is affected by asking prices, which are at record levels.

**Figure 10 Selling price as % of asking price**

	Scotland	England	Wales	Great Britain
<b>2019</b>	142%	120%	109%	132%
<b>2020</b>	138%	114%	104%	127%
<b>2021</b>	138%	110%	153%	138%
<b>2022</b>	119%	112%	116%	118%
<b>2023</b>	106%	101%	77%	104%



# PRICING

Average prices between years can be affected by changes in the age, size and type of forests sold due to the small number of sales. We therefore suggest that they are considered along with the data on the proportion of forests sold in each price band (see Figure 12).

The average asking price broke the record that was set in 2022 (£15,100/hectare) and reached £16,500/hectare or £19,700/stocked hectare.

As previously stated, over half of the forests sold for above their asking price which pushed the average selling price to £21,000/stocked hectare in Great Britain, 1% higher than in 2022.

Fewer forests are selling at £30,000 or more per stocked hectare than in 2021 and 2022. However, a similar proportion sold for over £20,000 (50% in 2023 compared with 40% in 2022 and 51% in 2021).

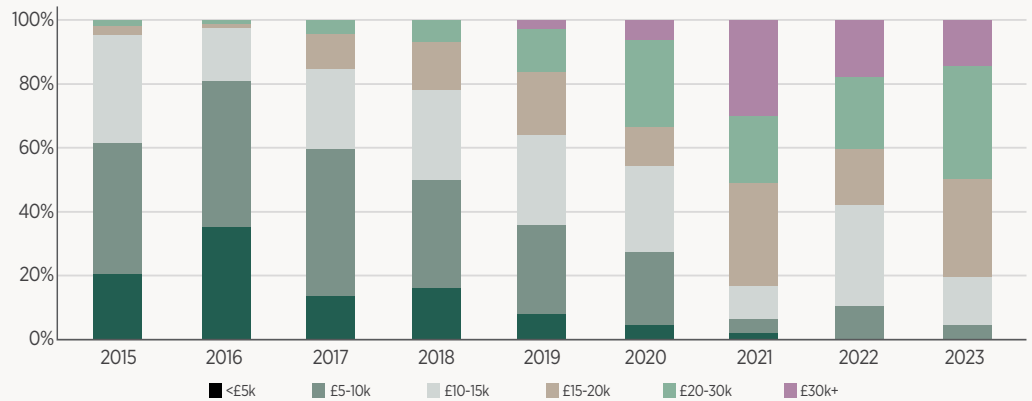
At lower price bands, fewer forests sold below £15,000 per stocked hectare (20% compared with 42% in 2022 and 17% in 2021).

Demand exists for woodlands of all ages and also for planting land. Many woods are now into their second rotation of crops and larger woods also have a wide range of ages. The even-aged woodlands of the first rotation are now becoming a thing of the past as crops are felled and replanted over many years.

**Figure 11 Average selling price of commercial forests per stocked hectare**

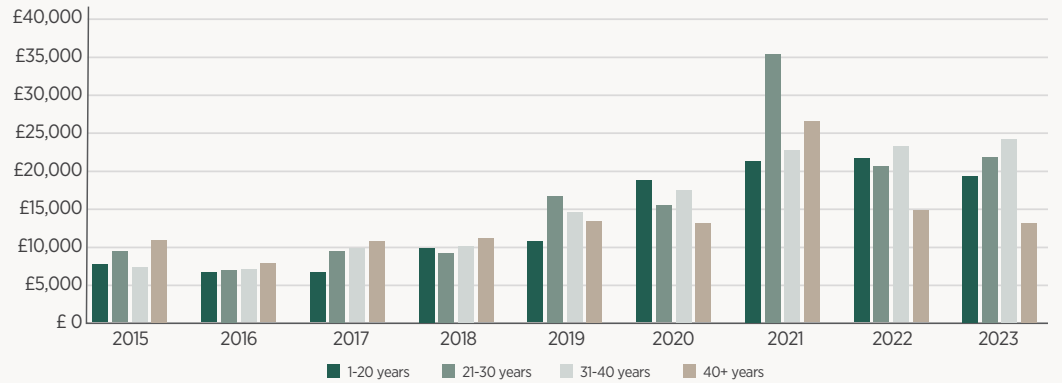
	Scotland		England		Wales		Great Britain	
	Average	Annual % change	Average	Annual % change	Average	Annual % change	Average	Annual % change
<b>2019</b>	£12,900	51%	£12,100	-20%	£13,800	39%	£13,000	34%
<b>2020</b>	£13,100	2%	£17,700	46%	£19,400	40%	£14,500	12%
<b>2021</b>	£26,100	100%	£22,600	28%	£28,700	48%	£26,600	83%
<b>2022</b>	£21,000	-20%	£19,800	-13%	£8,200	-71%	£20,800	-22%
<b>2023</b>	£18,500	-12%	£27,700	40%	£30,100	265%	£21,000	1%

**Figure 12 Selling price of commercial forests per stocked hectare by price band in Great Britain**

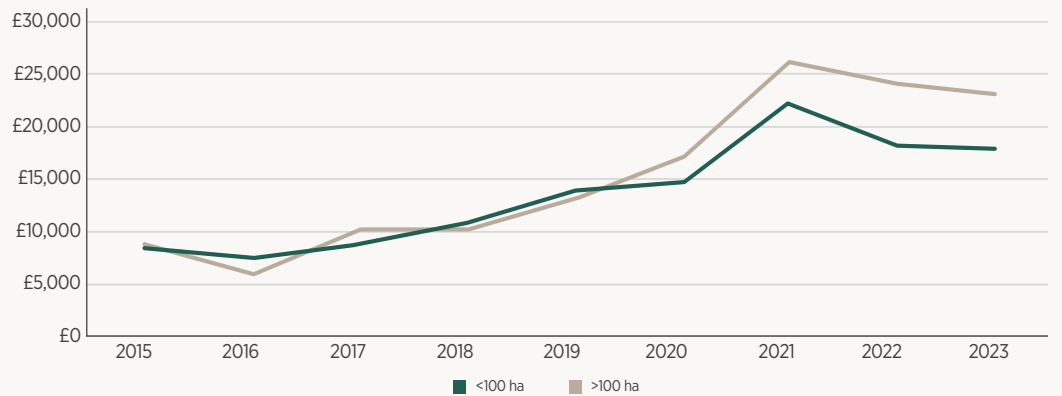


Bigger forests (>100 hectares) continue to sell for higher prices than smaller ones, across all age categories.

**Figure 13** Average selling price of commercial forests in Great Britain per stocked hectare by age band



**Figure 14** Average selling price of commercial forests in Great Britain per stocked hectare by forest size



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### Methodology

All data in this market report is from John Clegg & Co and Strutt & Parker's Forestry Database of privately and publicly marketed forests in Great Britain. It records selling prices (i.e. what the forest exchanged contracts for) as well as asking prices, and so is a more accurate reflection of actual market conditions as asking prices can overstate or understate the prices that buyers are willing to pay. Once a forest is exchanged, we have assumed it is sold, following HMRC custom.

This report is based on data on completed sales of commercial forestry properties, so predominantly conifer, of 20 hectares or more in Great Britain. The data includes forests that were publicly marketed and also the privately marketed ones we are aware of. Stocked area includes all land carrying a tree crop and felled areas capable of growing trees. Year refers to the calendar year in which the forests sold. The area of forests sold is rounded to the nearest 100 hectares. Total asking and sold prices are rounded to the nearest £1m. Data on selling price as % of asking price is calculated by number of sales, not area. Average selling price per stocked hectare is based on simple averages of the total selling price of all forests sold divided by total stocked hectares sold and rounded to the nearest £100.

Every year a different population of forests is sold and, given the wide range of forest types and relatively small number of sales, caution should be taken in comparing data from year-to-year and it should be considered as indicative only.

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