

Land Business Update

Week commencing 25 November 2024

Rural economy and property

Environment Secretary makes significant announcements

Steve Reed spoke at the CLA Rural Business Conference on 21 November. He said that he had heard the anguish of the countryside about the changes in the Budget and wanted to understand how the Government could make the changes easier to bear, while restating the Government's position that the changes were needed to raise money to help fix the public services that rural and farming communities rely on.

He also said that he had heard that the Budget changes were the 'final straw'; he responded that the 'straws had been piling up for many decades now'. To start addressing this, he made two significant announcements. Firstly, he announced that a farmer-led 25-year farming road map will be produced to help the sector to move to more environmentally and financially sustainable models of land use.

Secondly, he said that the government will advance work on supply chain fairness by using the fair dealing powers in the Agriculture Act 2020. This could be significant as the recent protests have highlighted again the rates of return from farming and fairness in supply chains. Most farmers do not supply supermarkets directly and so are not covered by the Groceries Code Adjudicator. Reed plans to introduce regulations – sector-by-sector - which apply to businesses purchasing agricultural products directly from farmers. This has already started with Richard Thompson being appointed as the Agricultural Supply Chain Adjudicator for the dairy supply chain. Similar action is planned for the pig sector (early 2025), followed by eggs and fresh produce regulations.

Home rents continue to rise strongly

Average UK private rents increased by 8.7% in the 12 months to October 2024, according to the latest provisional estimate from the ONS's Price Index of Private Rents. The average rose to £1,348 in England (+8.8%), £766 in Wales (+7.9%) and £976 in Scotland (+6.6%). Rents are increasing much faster than house prices, which rose by 2.9% across the UK in the same period. The RICS has reported an increase in tenant demand in the three months to October and a fall in supply. Please contact [Sarah Roberts](#) if you would like to discuss residential lettings.

Ban on use of snares in Scotland – from 25 November

The ban, which was introduced as part of the Wildlife Management and Muirburn (Scotland) Act 2024, makes it an offence to set a snare to restrain or kill a wild animal. Any snares currently 'on site' must be removed immediately.

Environment & natural capital

Wild bird numbers continue to decline

The numbers of wild birds are continuing to decline, with a 2% fall across the UK and 7% fall in England in recent years (since 2018). Farmland birds have fared worst, declining by 9% in the short-term (2018-2023) and by 61% in the long-term (since 1970). Woodland birds have fallen by 10% in the short-term and 35% in the long-term. The reasons for the farmland bird falls are habitat loss, with fewer hedgerows, trees and other vegetation for them to nest in, and the linked issue of reduced food availability, due to the use of pesticides and fertilisers. The Wildlife Trusts described the losses as tragic and said that without concerted action to restore nature at scale, there is a significant risk that many bird species could be reclassified from endangered to extinct from Britain. See articles below for similar news.

Frightening news on plant and animal species facing extinction...

The number of tree species facing extinction globally – it is 16,000 or 38% of them – is now greater than the number of bird and animal species at threat, according to the latest update of the IUCN Red List of Threatened Species. The loss of trees is a major threat to thousands of other plants, fungi and animals. Trees are fundamental to life on Earth through their role in carbon, water



and nutrient cycles, soil formation and climate regulation. Also, people depend on trees, for all of the above 'services', as well as over 5,000 of the species on the Red List used for timber in construction, and over 2,000 species for medicines, food and fuels.

Even the nation's beloved Hedgehog has moved from a status of Least Concern to Near Threatened. This is due to increasing human pressures, particularly the degradation of rural habitats by agricultural intensification, roads and urban development. Reinforcing the threat that nature is facing, the slender-billed curlew has become the first species that was found in mainland Europe, north Africa and west Asia to become extinct globally. Sad days and a call to action for us all if ever there was one!

...but some uplifting news on what can be done

A programme originally intended for 200 communities to take action for nature exceeded that eight times over, reaching more than 1,600. The Wildlife Trust's Nextdoor Nature programme, which received £5m of funding from the National Lottery Heritage Fund, massively exceeded expectations. 95% of participants said that there is now greater collaborative working between residents, local organisations and groups, and 82% feel there is now greater decision-making about wildlife in the hands of local people. The one-page summary evaluation of the programme is [here](#). It is a positive, uplifting read and Wildlife Trusts across the UK want to work with land managers to improve conditions for wildlife.

Consultation coming on the integrity and use of voluntary carbon and nature markets

The Government has announced that it will consult on:

- (i) The standards that need to be met to ensure high integrity markets. The standards for the markets will be based on include:
 - i. A code for voluntary carbon credit quality (which will be the ICVCM's Core Carbon Principles and Assessment Framework) and
 - ii. Another code on what corporate buyers can say about credits they buy (which will be the VCM's Claims Code of Practice).
- (ii) How the Government's newly released [UK Principles](#) for Carbon and Nature Market Integrity should be implemented.

This is an important consultation as it helps create the framework that underpins this market, which will (hopefully) give investors more confidence to develop projects and trade credits. The consultation is expected in early 2025.

Christmas tree trading within the Ips typographus demarcated area

Felling and moving of spruce Christmas trees which are 3 metres in height or more must be [authorised by the Forestry Commission](#) at least seven days before they are harvested and dispatched. The trees will be assessed and may be inspected. The [demarcated area \(DMA\)](#) covers large parts of the South East England and East Anglia. Outside the DMA, Christmas trees over 3m height (spruce and non-spruce varieties and including foliage) need a plant passport to be moved. This applies across Great Britain. The restrictions mainly apply to trees over 3m height as the *Ips* beetle prefers to infest tall(ish) dying and stressed spruce trees. However there are also restrictions on trees smaller than this; for example, a supplier needs a plant passport if moving rooted Christmas trees of any size.

Farming

Farm profits in 2023 revert to lower end of typical levels

Farm Business Income, which is a measure of the profitability of farms favoured by the Government, was lower for all farm types in England except for specialist pig and poultry farms.

FBI, £/farm	2022/23	2023/24	2019/20 – 23/24 five-year average	% difference 2023/24 to five-year average
Cereals	£155,400	£39,400	£97,440	-60%
General cropping	£133,800	£95,300	£114,140	-17%
Mixed	£73,100	£22,700	£51,980	-56%
Horticulture	£100,800	£59,100	£67,820	-13%
Dairy	£238,100	£70,900	£134,800	-47%
Grazing livestock (lowland)	£24,200	£17,300	£22,420	-23%
Grazing livestock (LFAs)	£28,400	£23,500	£33,120	-29%
Specialist pigs	£76,900	£135,800	£65,080	109%
Specialist poultry	£124,000	£143,600	£123,420	16%
All farm types	£103,100	£45,300	£71,940	-37%



However, this followed exceptionally high profits for some farm types in 2021/22 and 2022/23. If we remove them from our five-year average and base that average on more typical years (2017, 18, 19, 20 and 23), the all farm types profit is £57,480. The 2023 average is 21% below this and, looking at the longer-term data, 2023 appears to be at the lower end of typical profit levels.

One of the most telling statistics in the data is that four of the nine types of farm made losses from their farming activities in 2023. Agri-environment payments made up 23% of profits (across all farm types). The importance of diversification is shown by it making up 42% of profits (across all farm types), and over 50% of profits on cereals, lowland grazing and mixed farms. Please contact [Jonty Armitage](#) if you would like to discuss farm profitability.

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