

Land Business Update

Week commencing 8 December 2025

Farming & food

Heat and drought lead to UK farmers losing £800m after one of the worst harvests on record

Three of the five worst harvests on record have now occurred since 2020 and 2025's was the second worst in records going back over 40 years. Analysis by the Energy and Climate Intelligence Unit (ECIU) estimates that production of the main five arable crops – wheat, oats, spring barley, winter barley and oilseed rape – was 20% below the 10-year average. The ECIU attributes this to the more extreme rainfall, extreme heat and drought that we are now experiencing, more than policy changes. It calls for more support for growers to adapt to (and mitigate) the climate change, including through options available in agri-environment schemes. The think tank said, "Without reaching net zero emissions, there is no way to limit the impacts making food production in the UK ever more difficult." The evidence on climate change is clear. 2025's summer was the hottest in more than a century of records and was made 70 times more probable because of the climate crisis, according to the Met Office.

S&P has built a model that produces estimates of likely farm profitability for all farm types in England, taking into account the phasing out of Basic Payments and likely inheritance tax liabilities. We can also factor in the effect of climate change. Please contact your local office if you would like to see the model's outputs or discuss the profitability of your farm.

European Commission's Bioeconomy strategy criticised

Responding to climate change and the biodiversity crisis are not just challenging in the UK. The EC's Bioeconomy Strategy has been strongly criticised by the European Environmental Bureau as not aligning with the ecological limits of the planet and focusing on 'scattered' innovation efforts. The EEB calls for policies that 'confront Europe's excessive demand for resources', and show a clear strategy on ecologically sound land management practices, protein for animal feed, forestry and biomass. Many environmental bodies are raising the same issues in the UK, which is not surprising.

Natural capital & environment

Revised Environment Improvement Plan published

The plan (EIP25), which had to be revised following legal challenges on the adequacy of the ones produced by the previous government, sets out a five-year roadmap to 2030 for delivering the nation's environmental targets (under the Environment Act and others). Many of the targets have not changed from the previous versions but what has changed is the level of detail on how the government intends to deliver the 10 long-term goals for the natural environment, covering restored nature, air, water, chemicals and pesticides, waste, resources, climate change, environmental hazards, biosecurity and access to nature. There are also, for the first time, 13 delivery plans for many of the individual targets, which should allow better tracking of progress.

The plan has received a broadly positive welcome. Most of the concern has been about whether it is deliverable and so can switch the curve from downwards to upwards on most environmental measures. 90% of its commitments fall to Defra and its agencies. Positively, a board of officials from across the government will co-ordinate and drive forward cross departmental delivery.

One of the targets that may have changed is the one for farm wildlife. The wording in the previous EIP of, '65-80% of landowners and farmers will adopt nature friendly farming on at least 10-15% of their land by 2030', has been amended to, 'by December 2030, double the number of farms providing sufficient year-round resources for farm wildlife, compared with 2025'. It is unclear yet whether this is a positive change but it feels like it could be if 'sufficient year-round resources' is cleared understood, communicated and applied.

In addition, a number of other commitments and funding announcements have been made, including some that are relevant to land managers:

- £500m for Landscape Recovery projects. This is the first time (as far as we are aware) that a figure for how much will be spent has been published. This will be spent over 20 years, so £40m per year, which is a tiny proportion of the total budget for a gri-



environment schemes. There have been two rounds of project calls, which have resulted in ~ 40 projects. It is unclear whether there will be further calls / projects but many environmental bodies would like more.

- £85m to improve and restore peatlands.
- First-ever plan to reduce risks from 'forever chemicals' (PFAS).
- A review of sewage sludge spreading rules to ensure sustainable practices.
- New Trees Action Plan.
- Measures to reduce methane emissions, particularly from agriculture. There is also a proposal to consult on extending environmental permitting to dairy and intensive beef farms.

Total UK energy costs expected to fall significantly between now and 2050

The total cost of energy used in the UK is expected to halve by 2050, according to new analysis by the National Energy System Operator (Neso), the independent body that plans the country's energy networks. The analysis has fuelled the debate about the cost of net zero policies as it shows that the cost of a net zero by 2050 type policy is higher than the cost of a more gradual approach that relies more on fossil fuels but would still halve emissions by 2050. Under both scenarios, total energy costs are expected to fall from their current level of ~ 10% of GDP to ~ 5-6% by 2050, despite energy demand increasing. The figures have already been picked up by political parties to justify their policies. However, Neso has said that its analysis does not represent the cheapest way of achieving net zero, includes other factors such as more data centres in the net zero scenario, and does not include the benefits of domestic investment in home-grown energy. It also excludes carbon costs, which, if they were included, would make the net zero scenario cheaper. Supporters of net zero policies have said that it shows the benefit of net zero in increasing the UK's energy independence. Neso also said that this type of modelling is highly dependent on the assumptions used and warned that the differences between the scenarios were less significant than the uncertainties surrounding future technologies and commodity prices.

First-of-its-kind national emergency briefing

A group of eminent scientists have warned politicians, businesses and communities that the UK risks severe climate-related risks to its economy, health, food systems and national security. Key points from the briefing include:

- The choice is between deep, rapid and fair decarbonisation of society, or rhetoric and delay as temperatures rise, which could lead to revolutionary style change that will be both chaotic and violent.
- The living systems that protect the climate are breaking down and recognising that the [economic] health of the nation depends on the living systems that sustain us.
- We have got to do everything in our power to limit the amount of time we spend above 1.5C above preindustrial temperatures.

Consultation on Environmental Permits

Defra is going to consult on extending the Environmental Permit Regulations to the dairy and intensive beef sectors. The purpose is to try to reduce ammonia emissions and water pollution. Defra says that Environmental Permits are proven to work, saying that more than 90% of pig and poultry farms achieve good compliance.

Natural capital accounting for organizations

Many readers will be familiar with ISO 9001, which is a globally recognised standard for quality management. ISO, which is the International Organization for Standardization, has now published standard 14054:2025, which provides a framework for organizations to measure, value and account for their interactions with nature, helping them integrate nature's value into business decision-making. It can be used by all types of organizations, regardless of size or sector, and aims to enhance sustainability reporting and accountability. S&P comment: in the same way that ISO 9001 became the main standard for quality, we expect this new standard to become the same for valuing nature. Ece Ozdemiroglu of eftec lead the international working group that produced it and we are proud to have worked with her since 2019.

Rural economy & property

Residential lettings markets are cooling

There have been a number of surveys published, most of which point to tenant demand weakening, supply of new lettings falling and rents rising by a smaller amount. The RICS's survey of the UK market shows tenant demand to be falling and at the lowest reading since April 2020. It also says more surveyors are reporting that there are fewer properties available to rent and this is before the any effects from the Budget have happened. Given this, the fewest surveyors expect rents to rise in the short-term than since the early stages of the COVID-19 pandemic. This seems to match the latest data from Zoopla, which estimates that rents in the UK rose by 2.2% over the last 12 months, the slowest rate for four years, although rent rises are highly variable geographically.



Changes in the past 12 months range from 1.6-1.7% in London, the west midlands and Scotland, to 3.2% in the north-west and 4.5% in the north-east.

Scottish housing 'matchmaker portal' launches

The Scottish Government has launched a new national [portal](#), following successful local pilot schemes, to connect owners of empty homes with potential buyers. It is part of an initiative to address the housing shortage by making better use of existing housing.

Making Tax Digital – starting in April 2026

The Making Tax Digital for Income Tax (MTD) initiative starts in April 2026 for sole traders and landlords with qualifying income over £50,000. Instead of submitting an annual tax return, people will be expected to make quarterly updates of income and expenditure to HMRC and then a final 'end-of-period' declaration. It is a change that adds complexity to reporting procedures and professional support may be needed. Partnerships, companies, trusts and certain special cases are currently excluded from the first phase of the rollout of the scheme, although HMRC expects to review this later. It will apply to those with qualifying income above £30,000 from April 2027, and for those above £20,000 from April 2028. Our Rural Client Finance team can assist with making MTD submissions to HMRC. Please contact [Dan Smith](#) if you would like to discuss this.

Budget Reaction - High Value Council Tax Surcharge (HVCTS)

Concerns have been raised about whether the Valuation Office Agency will have the capacity to carry out valuations on the @ 1% of homes worth £2m or more. The Agency already has a backlog of English council tax challenges (over 13,000 of them, according to the latest data from 2023/24), as well as having to carry out revaluations by 2028 for the Welsh government's council tax reforms. The Agency has said that it will be receiving additional funding and that it was accustomed to large-scale valuation exercises.

Research into the experiences of private rented sector tenants

The government has published this interesting research, which is based on an online survey of 1,517 renters. The results have been weighted to be representative of the private rental population. Some of the key findings are below and they illustrate some of the logic that may lie behind changes in rental policy in the Renters' Reform Act:

- Most private renters (57%) reported positive experiences in the rental sector, with 18% reporting negative experiences.
- Most were satisfied with their property's condition (61%), though half (51%) noted issues beyond normal wear and tear.
- A large majority of renters (77%) reported at least one issue with their current property, with damp or mould being most common (44%).
- Despite high reporting rates to landlords and agents of issues, satisfaction with resolutions was typically low.
- Nearly half (47%) of renters with property issues had not made a complaint, with many stating they would be more likely to do so if they knew they couldn't be evicted as a result.
- Fear of repercussions was the primary barrier to raising complaints, with 27% concerned about rent increases and 22% worried about eviction.

Contacts



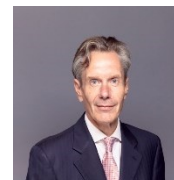
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