**barbersRURAL**
rural surveyors & property agents

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# What impact has the milk price had on land values?

Jonty Cliffe, Rural Surveyor and Livestock Auctioneer, gives us the stats.

**As with many businesses, the dairy farming sector has experienced an extraordinary transformation during the past 12 months.**

Nobody predicted that the milk price would rise from just over 30p/litre in October 2021 to 50p/litre in October 2022. Nor, five months later, did anybody see the price edging back down towards 40p/litre. When 2022 costings were derived, I don't think even the best consultants expected to see agricultural input inflation running at well over 30%, with feed, fertiliser, energy and labour costs experiencing the most significant shifts.

The farming press are reporting that this year's accounts will see most profits doubled, however there will be a marked difference between the top and bottom 10% of producers. This has created opportunities, with some deciding or having little option other than to steady the ship and reduce debt, whilst others have looked to expand which has impacted on both sale and rental land values locally.

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**We are not making any more land and there is only so much to go round.**

Although non-agricultural investors and tax driven roll-over buyers continue to underpin high sale prices, there have been more dairy farmers willing to pay £12,000-£15,000 per acre to secure the right plot of land and prevent a non-agricultural buyer taking the land out of production. In the rental sector, landlords have looked to capitalise on increased profits by pressuring tenants into increasing the rent. Many tenants have agreed without challenge and we have seen between 10% and 30% increases which have varied depending on the assertion of the landlord. The demand for rented land has intensified with ruthless tactics utilised wherever necessary to ensure land does not end up on the open market.

Several local dairy farms, who saw 2022 as the perfect opportunity to step away from the industry, witnessed their land snapped up even before the last cow had been sold - much to the disappointment of those who were late to the party. With the combination of increased interest rates, reduced subsidies, a recent drop in milk price (with further hits rumoured to be on the horizon) and no sign of reduced costs, the land market in spring 2023 may not be quite as buoyant as 2022. However, even with all these considerations, there is a strong possibility that nothing will change. After all, we are not making any more land and there is only so much to go round.

## Secrets to Success - What I have learnt over 40 years in business

Mike Taylor
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- Focus on your core competency whilst keeping an open mind about new ideas and practices
- Make a business plan and review it regularly, ensuring you share it with your key personnel
- Understand the figures and don't just rely on your Accountant or Bookkeeper
- Where it is possible, be a 'price maker' not a 'price taker'
- Plan for succession even if you intend to work for another 50 years
- Develop a strong relationship with your professional advisors - they can be your eyes and ears

Rach McDermott
Professional Services Support

"It gives me the opportunity to get out of the office to assist with site visits on farm which, as a country girl, I absolutely love!"

Rach gives us a taste of her role as Professional Services Support.

A typical day for me involves a broad range of tasks - from drafting grazing licences to assisting with valuations and an awful lot more in between. I provide professional administrative support to the team of Rural Surveyors at Barbers Rural and their diverse workload ensures that my role is wonderfully versatile and varied. It gives me the opportunity to get out of the office to assist with site visits on farm which, as a country girl, I absolutely love!

Rach with her beloved Buzz

Today, for example, I spent the morning in Cheshire assisting Dan on a very chilly farm valuation, before heading back to the office to thaw out and draft some tenancy agreements. I learn so much by accompanying the surveyors on site visits; the things that they are able to explain to me first hand constantly expands my knowledge of the industry and allows me to be far more effective in my role. Assisting a busy team of surveyors does come with challenges, in particular managing the wide variety of tasks and meeting everyone's different expectations (both colleagues and clients).

Luckily, this is a challenge I am more than happy to take on as I have a genuine passion for organising and will jump at any opportunity to create a spreadsheet or arrange things into colour coded folders! Thursdays and Fridays can be a little different for me as these are the days that Jonty Cliffe is in the office. As Jonty splits his time between Barbers Rural and Market Drayton Market, I work closely with him to ensure he has the support required to fulfil his many responsibilities.

During the spring months, a large amount of my day is focussed on assisting with the administration of BPS submissions. The BPS window then closes just in time for summer where I look forward to seeing many of you at the shows we attend!

YOUR LOCAL
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AGENT

## AMC - Committed to the Agricultural sector

The past twelve months have seen unprecedented volatility in the financial sector. The gradual rise in base rates and inflation were certainly not predicted in early 2022 and this, in turn, has put pressure on the agricultural industry, with both input and output prices climbing. Despite all these pressures, the Agricultural Mortgage Corporation (AMC) has been fully committed to supporting the rural sector. As with all financial organisations, the lending criteria may change from time to time, but AMC's resolute support of the sector remains unaltered.

When base rates started to rise last year, there was a rush of AMC borrowers looking to either fix or fully complete on existing variable loans. This trend has now changed slightly, with many applicants considering a combination of variable and fixed rate borrowing on new lending which helps to mitigate against base rate unpredictability. It also highlights to AMC that applicants are considering their borrowing in the long-term by carefully assessing risk.

Dan Bowden
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### Base Rate Changes in 2022

| | | | |
|---|---|---|---|
| February 2022 | 0.50% | August 2022 | 1.75% |
| March 2022 | 0.75% | September 2022 | 2.25% |
| May 2022 | 1.00% | November 2022 | 3.00% |
| June 2022 | 1.25% | December 2022 | 3.50% |

With the costs of funds at current high levels, the benefits of AMC's long-term lending and flexible loan set-up (variable, fixed and/or interest only) means it has never been more important to carefully assess your borrowing. AMC has worked alongside applicants to ensure that borrowing is both sustainable and competitive.

For more advice about how AMC can help your business, speak to AMC Agents Dan Bowden or Mike Taylor.

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# Farming Equipment and Technology Fund Livestock Handling and Weighing Items

HAYWOOD FARM VETS

As farm Vets we come across a wide variety of handling systems during our day-to-day work and it is very apparent how much of a difference a well-designed and implemented handling system can make. Fortunately the days of a few old hurdles tied together with baling twine and an ancient cattle crush are (more or less) behind us, but many of the handling systems currently in place on farm could still benefit from an upgrade. With routine husbandry procedures taking place more regularly now than in the past, alongside the ever-present TB testing, having a handling system that is fit for purpose is now more important than it has ever been.

There are many advantages to improving your cattle handling system, the foremost of which is safety to farm personnel. The dangers of working with livestock are well documented so anything that can be done to reduce the risk is vital and competent handling systems play a massive role in doing this. Systems that have, for example, integrated semi-circular backing-gates and sliding doors between compartments are very good at reducing the need for people to be in confined spaces with cattle and therefore reducing the risk of injury. Portable systems offer the capability to safely handle groups of cattle away from the main farm (heifers at summer grazing for example) making routine tasks, such as vaccinations and TB testing, more time-efficient and far less stressful.

It is also worth considering the health and welfare of your livestock. Well designed handling systems which promote calm cow flow both decrease the stress that animals experience and help reduce the likelihood of slips and falls. An efficient movement of cattle through the handling procedure will help to get your cows back to the feed and beds sooner (and you to your breakfast!). Add-ons such as head scoops offer additional versatility and value to a handling system, allowing the ability to safely administer boluses and drenches with less risk of injury to man or beast. Some of the most important concepts in farming are safety, animal welfare and efficiency. Improving your handling system will help all three.

haywoodfarmvets.com

# DEFRA announce further support with payment increases

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2023 is the last year farmers will have to submit an application for the Basic Payment Scheme (BPS). From 2024 to 2027 the payments will be delinked from the land, and they will gradually reduce over this period. Farmers can also apply for a Countryside Stewardship (CS) agreement which provides financial incentives for looking after and improving the environment. CS is made up of both revenue options and capital grants.

Entering a CS agreement whilst BPS payment rates are reducing will put farmers in a good position to join future schemes and also have a source of income for providing environmental benefits. DEFRA are encouraging farmers to get on board by trying to make the schemes as attractive as possible to help with the reduction in BPS payments. DEFRA have recently announced payment rates for both revenue options and capital items have increased.

**Current options and payment rates include:**

## Revenue Options

Winter bird food £732/Ha
Permanent grassland with low inputs £151/Ha
Enhanced overwintered stubble £522/Ha
4-6m buffer strip on intensive grassland £235/Ha

## Capital Items

Sheep netting £7.47/m
Cattle grid £2,878.80
Concrete yard renewal £33.64m2
Hedgerow gapping up £17.22 m

Once farmers start to explore the options available, they may be surprised that they could be getting paid for what they are already doing. They may only need to make small management changes to receive quite a substantial payment. In these uncertain times, it is crucial farmers know the funding options available to them. We would recommend contacting us to review the current schemes so we can help you through the transition period. For more information speak to myself, Dan or Jonty on 01630 692500.

Our agency team specialises in the sale of all types of rural property.

To be part of their 2023 success story, get in touch with the office.

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## Annabel reviews the property market and looks ahead for 2023

2022 was a year of highs and lows.

The year started at an absolute high with property selling at breakneck speed and at sky high prices on the back of the covid wave, with an average price increase of 5.6% over 2021.

However, this unprecedented demand caused an imbalance of supply and demand and, whilst the market was exceptional for those looking to sell, it did cause issues for many who struggled to secure an onward purchase.



Over the summer the market calmed a little and as demand dropped it led to a less furious marketplace which was more in keeping with pre-pandemic activity. Later in the year several factors, including increased interest and mortgage rates, started to impact on the housing market.

Some buyers reported that their mortgage offers were withdrawn as late as twenty-four hours before proposed exchange, whilst others found that lenders raised their rates so far they became unaffordable and had to pull out of deals.

Property portal Rightmove reports that 'In December 2022 views of homes for sale on Rightmove were up 11% when compared to the same period in 2021, suggesting that much of the population are considering a move in 2023. Whilst we don't expect prices to rise again, we are hopeful that the market will not drop dramatically further with the national prediction being an average decrease of 2%.'

It seems that 2023 may be a period of rebalance. With the frenetic covid marketplace slowing, now is the time for equilibrium to be restored, prices to level and borrowing to calm. Whilst this may seem a boring approach to the marketplace, the rises of 2022 are unsustainable, and the balance needs to be redressed to allow the property market to stabilise.

## Exciting farm enterprises coming to the market this spring!

## An impressive country estate and a dairy farm

Be one of the first to know about these properties, get in touch to register your interest or SCAN HERE

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