

AGENCY REVIEW

2022/2023



INTRODUCTION

A war in Europe, domestic interest rates rising by a factor of 14 (yes 14!) and a cost of living crisis where inflation threatened to run at over 10% should, by conventional wisdom, surely mean we are reporting that the property markets crashed, or at least slowed considerably, last year and predicting a gloomy forecast for 2023/2024?

In fact, 2022 proved to be one of our busiest and most successful agency years ever. During the 12 months from January to December 2022 we completed on £140 million of property sales and already have a healthy pipeline under offer in the first quarter of 2023.

As you will see from our individual market reports below, the continuing theme is lack of quality stock across all sectors and, whilst there may well be more challenging times ahead for the end user residential market, we are predicting stability in the agricultural and strategic land markets as the traditional “flight to safety” of investors in turbulent times seems set to continue. Land, and increasingly land with longer term speculative hope value, continues to be seen as a safe investment and this appeal only seems to increase when other markets begin to falter.

In contrast, mortgage affordability and the increasingly protracted application and approval process are the current number one enemies of the residential market. If the cost of living crisis continues deep into 2023, it seems inevitable that a correction of the residential market will follow. However, the financial effects of the chaotic political and economic landscape of the last four months of 2022 have yet to work through the system completely and therefore any predictions at this stage seem premature. What we can say is that the market evidence has yet to suggest anything other than ‘steady as she goes’.



Commercial arable land near Didcot, Oxfordshire, marketed Autumn 2022.

AGRICULTURAL LAND MARKET

As we predicted in our last market review, 2022 saw a greater volume of farmland come to the market than in the previous 24 months. Of course, this increase was from an incredibly low base line and was not as dramatic as some analysts had predicted. Additionally, we saw some larger acreage sales take place and these fewer, larger, transactions inevitably skew the statistics produced.

We completed on the sale of the 1,120acre Alington Estate in Bedfordshire in 2022 which, with its 18 houses, was one of the largest sales of last year. The Estate generated enormous interest both as an investment and for its longer-term strategic potential.

In Oxfordshire we marketed a 600-acre block of commercial arable land to the south of Oxford, which clearly demonstrated that there is still a good appetite for good solid bare dirt.

We reported arable values last year in the range of £10,000 to £12,000 for commercial sized blocks in central southern England. However, the market has strengthened yet again, and we would now suggest the range is £11,000 to £13,000 per acre.

There is very little comparable evidence for true commercial sized blocks of pastureland in central southern England as there almost always seems a reason for there to be an amenity premium to be paid. The evidence that there is would suggest that grassland is following the same pattern as arable land and an average range for large blocks would be £8,000 to £9,000 per acre.

Buyers are doing their best to highlight the removal of Basic Payment, the dramatic rise in the cost of financing debt over the last 12 months and concerns over the longer-term future of field sports, as reasons why the land market is going to soften over the next 12-24 months. These are, on paper at least, all very logical and sound reasons why the land market should weaken. In reality, logic does not always play a part in markets and sitting at the coal face today we find it difficult to see any significant softening of land prices this year. Supply is too tight and demand too strong in the short to medium term for there to be any significant change. Looking further ahead it may well be that the rate of increase slows, and we see prices levelling off, but there is some way to go to satisfy existing surplus demand.

PONY PADDOCKS AND AMENITY LAND

Not since the immediate Post War period has there been so much interest in individuals owning their own piece of land. The “good life” trend that was predicted to be a short-lived post-pandemic fad, shows no signs of abating. Owning land, whether it be for children’s ponies, vegetable production, carbon off-setting, picnicking, tree planting or as an investment because ‘they are not making it anymore’, has never been so popular. Typically, these buyers have been re-connecting with family traditions or childhood memories in wanting to own land. However, the continuing trend is for the market place to be filled with people who have had no previous connection with land and who are attracted to land ownership for some of the above, and many other, reasons.

As a result, prices continue to rise. Demand can be very localised and so the range of possible sale values is quite wide. However, we are now regularly seeing £40,000 per acre and above being paid for pony paddocks and amenity type land. Interest and demand for small acreages of woodland also continues to increase and this is an area where we predict further price rises over the coming 12-24 months.



40 acres of permanent grassland and woodland near Abingdon, Oxfordshire sold considerably in excess of the guide Autumn 2022.

RESIDENTIAL MARKET

It was noticeable in the last quarter of 2022, (for the first time since the market returned from its Covid enforced hibernation) that a significant number of houses were facing the ignominy of a price reduction before achieving a sale. However, it is apparent that the over ambition of some Agents was a major contributing factor and the first months of 2023 have shown renewed vigour in the market. Quality will be the key word for 2023. There continues to be a lack of supply of certain types of house and these houses are likely to continue to attract premium prices, but we do expect to see a market shift for those houses that have issues or are not in such desirable areas as buyers become more and more selective.

We anticipate that there could be a clear division in the market between primary and secondary property types, the lack of supply of the former going some way to mask the softening of the market for the latter.



The Manor House at Little Barford was one of 18 residential properties that we sold as part of the larger Estate in 2022.



Smallholding with planning consent for replacement dwelling sold summer 2022 after fierce competition, Berkshire.

DEVELOPMENT LAND AND PROMOTION AGREEMENTS

Adkin has continued to strengthen its reputation as one of the leading agents in providing advice to landowners in relation to long term potential development land. We are currently advising on over 4,500 acres which has the potential to create over 20,000 new dwellings. Our unique selling point is that, as a matter of principle, we never act for developers or get involved in the sale of the completed development and so we are therefore acting solely in our clients' best interests as the vendor, with no conflict of interest.

2022 saw us complete on a significant site for 4,250 houses in Oxfordshire, a 10ha site for residential development on Merseyside and a consented scheme of 150 units near Didcot in Oxfordshire. We successfully marketed the remaining residential parcels, care home site, local centre, retirement units and public house site on the 900 unit North Abingdon development. We also managed to shoehorn in the sale of a former farmyard site for 5 units and saw one of our sales included within a draft allocation for 4,000 homes.

The market for both large strategic sites and smaller land parcels remained very strong during 2022 and, whilst we may not see some of the super premiums achieved over the last 24 months, there is still strong demand for potential development sites.



CONTACTS

Estate and Farm Business Management | Planning and Development | Grants and Environment | Property Agency | Valuation



Kevin Prince BSc (Hons) MRICS FAAV
Director
Agency

Kevin's specialist areas of work are Property Agency and Property Acquisition together with provision of Valuations for a variety of purposes as an RICS Registered Valuer.



Julian Sayers FRICS FAAV
Director
Estate Management

All aspects of estate management, strategic estate, planning, property acquisitions, promotion and sales of development land, agricultural tenancies, landlord and tenant negotiations.



Simon Alden MRICS FAAV
Director
Planning and Development

Advice in relation to the change of use of rural buildings, barn conversions, strategic development, building plots and residential development, options and promotion agreements.



Sarah Payne BSc (Hons) MRICS FAAV
Director
Grants and Environment

Up to date advice and consultation in connection with all rural grant schemes including Basic Payment and other farm and countryside support schemes, contract farming agreements and accounts.



Kerry Holbrook-Bull BSc (Hons)
MRICS FAAV
Director
Estate Management

Comprehensive advice to landowners and occupiers on a wide range of matters specialising in rural, residential, agricultural and commercial management and all landlord and tenant matters.



Emily Ham BSc (Hons) MRICS FAAV
Director
Valuation

Provision of valuations of all types of rural property for both private and corporate clients to include probate, secured lending, tax planning, transfer, marketing, stocktaking and expert witness.

For more information about our services please speak to one of our contacts:

Adkin, Orpwood House, Ardington,
Wantage, Oxfordshire OX12 8PQ

T | 01235 862 888

E | mail@adkin.co.uk

W | www.adkin.co.uk

