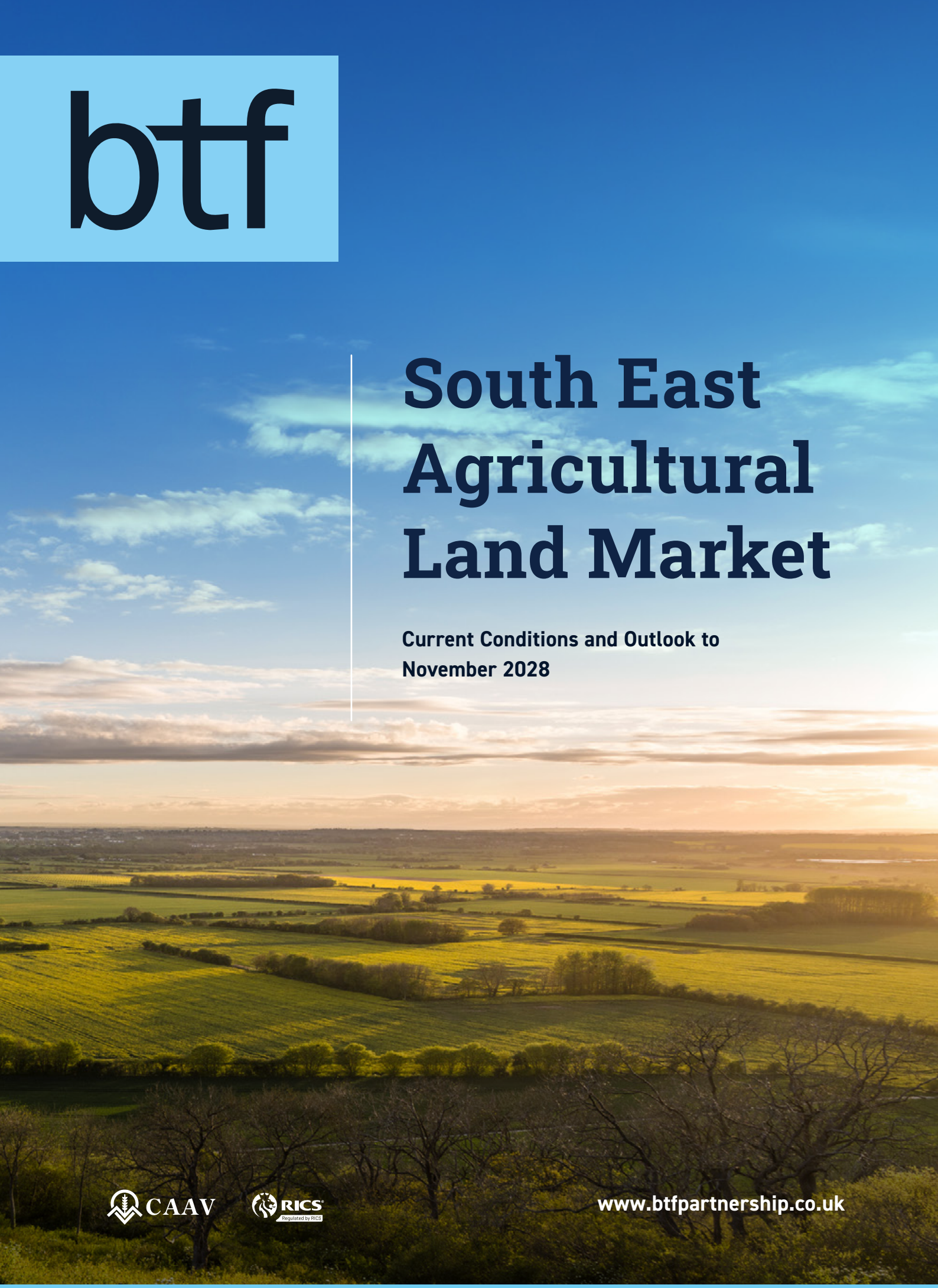
btf

South East Agricultural Land Market

Current Conditions and Outlook to November 2028



CAAV RICS Regulated by RICS

www.btfpartnership.co.uk

Contents

1.	**Market overview**		3
	1.1.	Market analysis	3
2.	**Transaction activity and market momentum**		4
	2.1.	Guide prices and competition	4
	2.2.	Activity compared with last year	4
3.	**Buyer profile and sector differences**		5
	3.1.	Buyer composition and motivations	5
	3.2.	Arable	5
	3.3.	Dairy and livestock	6
	3.4.	Horticulture and mixed farming	6
4.	**Factors affecting the next two years**		7
	4.1.	Borrowing costs and farm margins	7
	4.2.	Succession and inheritance tax	8
	4.3.	Farm support and environmental income	8
	4.4.	Water and climate	9
	4.5.	Development, renewables and nature markets	9
5.	**Market outlook**		10
	5.1.	Expected market direction	10
	5.2.	Potential for a stronger market	10
	5.3.	Downside risks	10
6.	**References**		11

1. Market Overview

1.1 Market analysis

1.1.1. The South East farmland market remains selective, with competition concentrated on the most attractive holdings. The available evidence points to broadly stable or modestly softer values over the next 12–24 months, with considerable variation between properties. Quality, location and adjoining ownership are likely to remain more influential than a uniform regional trend.

1.1.2. Various reports show a 3.9% fall in average South East farmland values in the first nine months of 2026, alongside weaker arable values and a continued preference for quality. This survey-based measure indicates an easing market, although individual sales may perform quite differently.



2. Transaction activity and market momentum

TRANSACTION INDICATOR	PERIOD & GEOGRAPHY	SUMMARY
Land marketed	South East, Q1–Q3 2026 / 2025	8,600 acres / 8,600 acres
Farms launched	South East, Q1–Q3 2026 / 2025	28 / 29
Sales at or above guide	England, autumn 2026 report	51%
Average exchanged prices	England, Q1–Q3 2026	Arable £10,600/acre; pasture £8,700/acre

2.1. Guide prices and competition

2.1.1. The national evidence shows mixed results: 51% of sales achieved or exceeded guide, the lowest proportion for six years, while 49% sold below guide. An equivalent South East figure is not available in the data reviewed, so neither a regional success rate nor a typical discount can be stated.

2.1.2. Reports suggest continued competitive bidding for the best properties in England. The market is therefore better described as selective than uniformly weak: a holding with strong agricultural appeal and competing neighbouring interests can perform well, while a less attractive property may require greater negotiation.

2.2. Activity compared with last year

2.2.1. Publicly marketed acreage in the South East was unchanged year on year in the first three quarters, with one fewer farm launched. This points to stable supply, rather than an increase in market activity. The published regional figures do not establish whether exchanges or completions have risen or fallen over the same period.

3. Buyer profile and sector differences

3.1. Buyer composition and motivations

3.1.1. Farmers accounted for 62% of purchases by number across England in Q1–Q3 2026, with non-farmers accounting for 38%. This is a buyer split, rather than a farmer-to-farmer transaction measure, and no equivalent South East percentage can be established with the data available. Over the preceding three years, the South East was the exception to the wider pattern of farmers purchasing more farms than investors.

3.1.2. Expansion and adjoining ownership continue to underpin farmer demand. Investors and purchasers reinvesting development-sale proceeds also remain active in the wider market. The evidence supports continued selective acquisition by farmers but does not establish a recent strengthening in their demand across the South East or a measurable change in the regional buyer mix.

3.1.3. South East agent commentary on 2025 to Farmers Weekly highlighted interest in manageable blocks of bare land and weaker demand for farms with a substantial residential element and significant investment requirements. This is useful background to buyer preferences, rather than a measure of current bidding activity.

3.2. Arable

3.2.1. Pressure on arable profitability continues to constrain farm self-funded expansion. Defra's England forecast for 2025/26 put cereal Farm Business Income per farm at £17,000, down 66%, and general cropping income at £54,000, down 50%. These forecasts used information available in early February 2026 and relate to the 2025 harvest, rather than current 2026/27 budgets.

3.2.2. From a land market perspective, productive soils, efficient field layouts and good access strengthen a holding's appeal. Adjoining blocks may attract stronger bids where they offer operating efficiencies. The pressure on earnings is consistent with Savills' report of weaker arable values, although it does not imply an equivalent percentage reduction in land prices.

3.3. Dairy and livestock

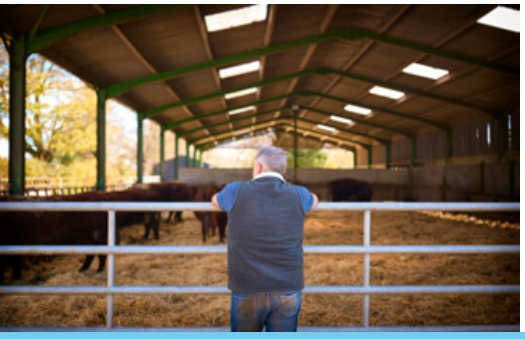
3.3.1. The Defra forecast also showed dairy farm business income increasing by 45% to £224,000, but the more recent trading picture is less settled. AHDB's latest review reports weaker butter and cream markets and uncertainty over the durability of some autumn milk-price increases. Additional grazing near an established unit may retain appeal, while a whole dairy holding faces a more specialist market shaped by its facilities and investment requirements.

3.3.2. AHDB expects tight cattle supplies to support beef prices, with subdued consumer demand limiting price increases. Productive grassland with good access and water can appeal to neighbouring livestock businesses. However, the beef outlook does not establish a wider premium for pasture or indicate the position of sheep enterprises. The sources reviewed do not provide a reliable South East land-prices for dairy or livestock holdings.

3.4. Horticulture and mixed farming

3.4.1. Water availability is a particular constraint in horticulture. Reliable irrigation, suitable soils and serviceable specialist facilities are likely to support buyer interest, while obsolete infrastructure and uncertain water supplies can narrow the market. Vineyard potential remains site-specific.

3.4.2. Mixed holdings offer flexibility, although Defra forecast a 32% fall in mixed-farm income for 2025/26. Established diversification and the balance of agricultural, residential and commercial assets can broaden their appeal. Lotting may bring individual parcels within reach of more purchasers, subject to access and servicing arrangements.





4. Factors affecting the next two years

4.1. Borrowing costs and farm margins

4.1.1. The Bank of England increased Bank Rate to 4% on 5 November 2026, highlighting energy-driven inflation and continued uncertainty. Higher finance costs restrict the purchasing capacity of borrowers and therefore may favour buyers with cash or substantial equity. Combined with pressure on farm margins, this is likely to limit the depth of competition for some holdings, even where supply remains low.

4.1.2. The commodity outlook remains difficult to predict. Weak cropping returns, changing milk markets and relatively supportive beef supply conditions imply different expansion prospects between businesses. Energy, fertiliser and feed costs remain additional influences on the funds available for land purchases.



4.2. Succession and inheritance tax

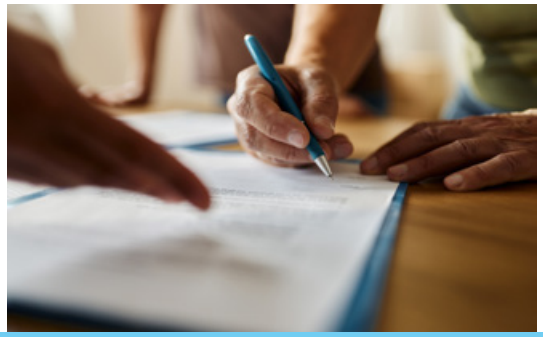
4.2.1. For deaths on or after 6 April 2026, the allowance for 100% relief on combined qualifying agricultural and business property is £2.5 million, with qualifying value above that allowance receiving 50% relief. Unused allowance may transfer from a spouse or civil partner. The relief available depends on whether the property qualifies and the individual circumstances of the estate.

4.2.2. The market implications are likely to emerge through succession decisions, restructuring and selective disposals, alongside changes in investment appetite. Family transfers will not necessarily create open-market supply. The evidence does not support a prediction of widespread forced sales within the next two years, although individual estates may bring land forward for sale.

4.3. Farm support and environmental income

4.3.1. English delinked payments for 2026 and 2027 are reduced by 98% on the first £30,000 of the reference amount and 100% above that band, leaving a maximum annual payment of £600. The withdrawal of this income adds to pressure on farming income and may influence decisions to expand, let or dispose of land.

4.3.2. Existing environmental agreements can contribute to the appeal of a holding, but their market effect depends on the income remaining after delivery costs, the agreement's duration, its obligations and transfer terms. Uncertainty over future environmental scheme funding and access to support may weigh on confidence among purchasers whose plans depend on it.


4.4. Water and climate

4.4.1. Water security is likely to become a greater point of differentiation, particularly for specialist cropping. Defra's horticulture evidence highlights the operational consequences of restricted irrigation. Reliable supplies and effective drainage may support demand, while flood exposure, drought vulnerability and the cost of remedial works may reduce a property's appeal. These effects are likely to be localised rather than across the region as a whole.

4.5. Development, renewables and nature markets

4.5.1. England's Land Use Framework and the revised National Planning Policy Framework provide the policy context for competing land uses. Development and renewable energy prospects may support individual prices, but their influence depends on location, consent prospects, access, grid capacity and delivery costs.

4.5.2. Biodiversity Net Gain (BNG) offers another potential source of demand and income, although this would be alongside off-site habitat obligations lasting at least 30 years and ongoing management costs. Nature markets may support individual sites, but the evidence reviewed does not establish a general uplift in South East agricultural land values.





5. Market outlook

5.1. Expected market direction

5.1.1. The most likely direction on the evidence reviewed is a selective market with broadly stable to modestly softer nominal values over the next 12–24 months. This is an analytical view, rather than a published regional forecast. The recent easing in South East values and pressure on agricultural earnings are balanced by limited supply and continuing competition for the most attractive properties.

5.1.2. Productive, accessible land with reliable water and neighbouring demand is likely to prove more resilient. Holdings with substantial investment needs, restrictive occupation or a narrow specialist market may take longer to sell and face greater negotiation. Differences between individual properties are likely to remain pronounced, with headline regional averages concealing a wide range of outcomes.

5.2. Potential for a stronger market

5.2.1. Improved farm margins, lower financing costs and renewed confidence could strengthen farmer demand. Continued reinvestment of development proceeds and competition from neighbouring owners could also support prices for selected holdings. These influences would be most effective where several well-funded purchasers compete for a limited supply of suitable land.

5.3. Downside risks

5.3.1. Sustained margin pressure, expensive refinancing and an increase in succession-related or business-driven disposals could weaken demand relative to supply. The likely market response would be longer selling periods and more negotiation, particularly for properties requiring significant expenditure. Stable nominal prices would also represent a reduction in real value if inflation persists.

5.3.2. Overall, the outlook is for continued differentiation rather than a broad recovery or a uniform decline. Land quality, location, practical farming utility and the depth of local demand remain central to market performance. The available evidence does not support a precise percentage forecast for the region.

6. References

Agriculture and Horticulture Development Board (AHDB) (2026a) Beef market outlook. October 2026. https://ahdb.org.uk/beef-market-outlook

Agriculture and Horticulture Development Board (AHDB) (2026b) October 2026 dairy market review. 13 November 2026. https://ahdb.org.uk/news/october-2026-dairy-market-review

Bank of England (2026) November 2026 Monetary Policy Summary and Minutes. 5 November 2026. https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2026/november-2026

Department for Environment, Food and Rural Affairs (Defra) (2026a) Forecasts of Farm Business Income by type of farm England 2025/26. Page updated 8 September 2026. https://www.gov.uk/government/statistics/farm-business-income/forecasts-of-farm-business-income-by-type-of-farm-england-202526

Department for Environment, Food and Rural Affairs (Defra) (2026b) Horticulture statistics 2025. 2025 statistics; released June 2026. https://www.gov.uk/government/statistics/latest-horticulture-statistics/horticulture-statistics-2025

Department for Environment, Food and Rural Affairs (Defra) (2026c) The Land Use Framework for England. Published 18 March; updated 6 May 2026. https://www.gov.uk/government/publications/land-use-framework/the-land-use-framework-for-england-accessible

Department for Environment, Food and Rural Affairs (Defra) and Natural England (2025) Sell biodiversity units as a land manager. Updated 18 June 2025. https://www.gov.uk/guidance/sell-biodiversity-units-as-a-land-manager

HM Revenue and Customs (HMRC) (2026) Work out how to apportion Agricultural and Business Relief for Inheritance Tax. 6 April 2026. https://www.gov.uk/guidance/work-out-how-to-apportion-agricultural-and-business-relief-for-inheritance-tax

James, D. (2026) Farmland in your area 2025 South east England, Farmers Weekly. 14 January 2026. https://www.fwi.co.uk/business/markets-and-trends/land-markets/farmland-in-your-area-2025-south-east-england

Ministry of Housing, Communities and Local Government (MHCLG) (2026) National Planning Policy Framework. Published 17 August; updated 29 September 2026. https://www.gov.uk/guidance/national-planning-policy-framework

Rural Payments Agency (RPA) and Department for Environment, Food and Rural Affairs (Defra) (n.d.) Delinked payments replacing the Basic Payment Scheme. Current guidance at access date. https://www.gov.uk/guidance/delinked-payments-replacing-the-basic-payment-scheme

Savills (2026a) Average farmland values record small falls in 2026 as buyers prioritise quality. 2 November 2026. https://www.savills.com/blog/article/396155/rural-property/average-farmland-values-record-small-falls-in-2026-as-buyers-prioritise-quality.aspx

Savills (2026b) Market in Minutes GB Farmland Summer 2026. 30 July 2026. https://www.savills.co.uk/research_articles/229130/393254-0

Strutt and Parker (2026) English Estates and Farmland Market Review Autumn 2026. October 2026; Q1–Q3 data. https://www.struttandparker.com/strapi-uploads/uploads/2026_10_12_UK_EFAD_Q3_2026_1_9_51087d11f1.pdf

Prepared by Alex Cornwallis & Owen Knight

Evidence cut off 18 November 2026



Alex Cornwallis MRICS
Director
alex.cornwallis@btfpartnership.co.uk

BTF Partnership
Clockhouse Barn,
Canterbury Road,
Challock,
Ashford, Kent
TN25 4BJ

Telephone: 01233 740077



Owen Knight
Graduate Surveyor
owen.knight@btfpartnership.co.uk

BTF Partnership
Euston House,
82 High Street,
Heathfield,
East Sussex,
TN21 8JD

Telephone: 01435 864455

btfpartnership.co.uk