




**THE  
RURAL  
REPORT**  
23/24



EXPLORING CURRENT AND  
FUTURE OPPORTUNITIES  
FOR BUSINESSES, PEOPLE  
AND THE PLANET

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## The Rural Report

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## How we chose our cover

The design of this year's cover reflects our theme, "Planet". We were looking for something that alluded to that, but not too literally – we didn't want a globe floating on the front of the report. Building on last year's conceptual cover, our design team created a circular illustrative route that encapsulates not only the earth but also the big themes discussed in the report such as natural capital, soil and resilience. Fluid elements of the design flow throughout the pages of the report.



View *The Rural Report* and stay up to date with our latest global properties and rural matters on your device: [knightfrank.com/rural-matters](https://knightfrank.com/rural-matters)

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# Welcome to *The Rural Report* 23/24

Last year's edition of *The Rural Report* introduced the concept of the three Ps – People, Planet and Prosperity – a trio of words that we felt summed up the key opportunities and challenges facing our clients. In this year's report, we set out to explore one of those Ps in more detail: Planet.

Why Planet? There is no escaping the fact that, like it or not, government policy is increasingly being driven by an environmental agenda anchored to ambitious targets to decarbonise the food chain, boost biodiversity and cut pollution.

This has led to the creation of markets for natural capital and nature-based solutions in the guise of carbon credits, biodiversity net gain and nutrient neutrality, to name but three. These markets could deliver valuable new income streams and are already helping to boost the value of farmland (see page 38), but they can be confusing and are often unregulated.

Most of the UK's natural capital is under the stewardship of farmers and estate owners so the potential opportunities for the countryside are

huge – if they can be shared equitably. Producers are already all too often price-takers when it comes to the food they grow. We want to help ensure the same doesn't happen to the natural capital or nature-based solutions they supply.

Over the following pages we explore these issues in detail using expert insight, analysis and client case studies that we hope will help you make the most of the new opportunities on offer, as well as making your business more sustainable and resilient.

At Knight Frank, our team of rural and agri-consultants is continuing to expand across the country (see page 76 for more details) to help the increasing number of clients who are taking an interest in our strategic, purpose-led approach to estate management and food production.

If you need help with any rural matters, from setting up a vineyard to creating a new cloud-based accounts system, please do get in touch. And, of course, if you are thinking of selling an agricultural or country property, we have access to a long list of potential buyers looking across the UK. We look forward to hearing from you.

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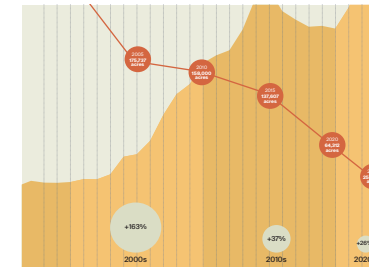
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Using data, client case studies and insights from Knight Frank’s property experts, *The Rural Report* takes you on a unique journey exploring how rural businesses can deliver for People, Planet and Prosperity



Big issues – Estate owner and food poverty campaigner Jane Byam Shaw (see page 58) in discussion with Knight Frank's Andrew Shirley

# Talking points

Andrew Shirley, Editor of *The Rural Report* and Knight Frank's Head of Rural Research, shares his key takeaways from this year's edition

The theme of *The Rural Report* this year is "Planet". All of our articles touch on this concept in one way or another, whether that's looking at the potential of natural capital to generate new income streams or how demand from environmentally minded potential buyers is pushing up the value of farmland. There is a lot of insight, data and advice contained in the articles on the following pages. To give you a head start on what to read I've distilled down some of the themes that I found most thought-provoking. I'd love to hear which interested you most.

## HEALING POWER

P12 & P58

I don't often feel sentimental when writing *The Rural Report*, but the powerful testimonies of Ben Goldsmith and Jane Byam Shaw about how nature helped them heal in some way following the death of a child were intensely moving. It's one example of how natural capital can be beyond value.

## BRIDGE URBAN VS. RURAL

P14 & P61

As Anna Jones points out in her book *Divided*, urbanites and country dwellers don't always understand each other or communicate very well. But The Felix Project, started by one of our clients, is a wonderful example of how farming can help solve some of our cities' most pressing problems.

## PERSISTENCE PAYS OFF

P16

Against all the odds, and with no help from either the banks or government, a new entrant from southern Africa finds a farm for his family in Cambridgeshire. Be inspired by David Mwanaka's 20-year entrepreneurial journey, which shows that anything is possible if you put your mind to it.

## DON'T BE HASTY

P20

Natural capital is the asset class of the moment, but in an emerging market it pays to do your research before deciding what to do with any of your own that you have identified. Not every buyer's interests will necessarily be aligned with your aspirations for the future of your estate.

## NEW FACES

P24 & P68

Our Rural and Agri-Consultancy teams are growing rapidly, with new offices opening the length and breadth of England. From the north, Simon Britton explains the habits of successful farmers. And in the south east, our Horsham team is helping match up natural capital and credit-hungry purchasers.

## BUILD RELATIONSHIPS

P30

Around a third of England's farmland is tenanted, but in many cases the relationship between landlord and tenant is strained. This could undermine the productivity of the countryside when it is being asked to deliver many things. Knight Frank's Alastair Paul has some thought-provoking ideas to address the problem.

## A RARE ASSET

P38

Farmland values continue to rise despite the headwinds facing farming businesses. Part of the reason is a lack of supply of farms coupled with strong demand from environmental buyers. If you are thinking of selling land, now could be a good time to take advantage of the mismatch.

## INVEST IN SYSTEMS

P64

It was good to return to Guy Ritchie's Ashcombe Estate, which continues to diversify. They may not be as glamorous as new kit, but efficient client finance and accounting tools are vital. App-based cloud technology makes it easier than ever to join all the dots, even on the move. Don't hesitate to invest.

## BE REGEN RESILIENT

P70

Visiting a client's Kentish arable business it was rewarding to see large-scale regenerative farming in action. Proving it's not just a system suitable for smaller mixed units, input costs were down but yields were still impressively high. If you haven't considered the regen route, it's worth getting in touch.

Share your thoughts with me at [andrew.shirley@knightfrank.com](mailto:andrew.shirley@knightfrank.com) or get in touch with my colleagues (see page 76 for contact details)



# Issues and insights

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# Making nature pay

Green finance minister Lord Benyon shares the government's plans for nature-based markets and his wider thoughts on food and farming with *The Rural Report* Editor Andrew Shirley

**Natural capital and nature-based solutions are creating a huge buzz at the moment. Which opportunities have the potential to deliver the biggest benefits, which excite you the most – and how much difference do you think they can make?**

Nature-based solutions are a real opportunity to build resilience to climate change, while creating rich and diverse havens for wildlife. Many of the solutions to climate change are all around us, from trees which absorb carbon from the air, to dense, peat-rich soils which hold it in the ground. We need to keep doing more to help nature work to our advantage. Nature-based solutions are both effective and cost-effective and lead to improved food and water security, public health and greater prosperity. We've already seen the benefits of investing in natural solutions, including in Doncaster, for example, where re-wetting lowland peat has been used to grow plant fibre material to use as padding for clothes. This will generate real cash value from the sale of carbon units while compensating for biodiversity loss and creating sustainable textiles, so it's a



**Nature-based solutions are a real opportunity to build resilience to climate change, while creating rich and diverse havens for wildlife**

win-win. As part of our ongoing work to increase the use of nature-based solutions, we have invested over £750 million into our new Nature for Climate Fund. This will increase woodland cover and restore our peatlands to good health and ensure that these natural resources can make a difference to our climate resilience for future generations.

**There have been huge volumes of capital lined up to invest in nature-based solutions for quite some time, but the government only launched its Nature Markets Framework in March and is still working on the rollout of its environmental land management schemes. Why did it take so long, when the loss of the Basic Payment Scheme is already starting to have an impact on farmers?**

There are huge opportunities for farmers and land managers from new nature-based finance initiatives – such as rewards from tree planting and peatland restoration – which provide for farmers who deliver public goods. We've set a target to raise £500 million in private finance to support nature's recovery by 2027 which will support greater biodiversity and support our farmers to access new revenue streams. We are pleased to be moving away from inefficient and unfair EU subsidies (around half of which went to just the largest 10% of farmers), but it is right that we take the time to get the new scheme right and we have been working with farmers to make sure that what we develop works in the field. As direct payments are phased out, we are reinvesting the full £2.4 billion

into the farming sector each year throughout this parliament, through the Sustainable Farming Incentive, our other Environmental Land Management schemes, and one-off grants.

**Nature-based investments have already come in for a bad press with allegations of greenwashing and a lack of genuine additionality being commonplace. How will you ensure the markets you hope to encourage in the UK avoid being similarly tainted as there is already a sense that the voluntary carbon market is becoming a bit of a Wild West?**

It's incredibly important that we get this right and have a market that is trusted and has integrity. We are encouraging fund managers and the City of London to support the transition to net zero and get finance moving in the right direction to protect nature.

The Nature Markets Framework sets out principles for how we expect new and developing nature markets to grow, so that they are fair, effective and accessible. This will form the basis of a more robustly managed market, so that farmers and land managers can engage confidently with green finance opportunities and know that they will stand the test of time. Land managers can see the framework on gov.uk

**One of the biggest criticisms of the markets for offsets, whether that is for carbon, biodiversity or nutrient neutrality, is that they continue to allow the pollution of our air and water, as well as habitat destruction. Wouldn't it be better to just force polluters to stop polluting?**

Alongside our work to scale up private investment into nature recovery, we are clear that comprehensive action is needed from all sectors to achieve the cleaner rivers we all want. We are taking robust action including setting strict targets on water companies to protect people and the environment. Delivering this will require the largest infrastructure programme in water company history – £56 billion capital investment over 25 years.

**The government has set itself some very ambitious targets when it comes to climate change, nature recovery and tree planting. However, a number of reports from parliament's own select committees indicate they are unlikely to be achieved. Is that fair and will you need to scale back your ambitions? If not, how will you get things back on track?**

We have full confidence in our Environment Act targets, which were established through intensive consultation with businesses, land managers and environmental organisations. Planting more trees is critical to achieving net zero, providing more habitat and growing our future domestic timber resource. In the 25 Year Environment Plan we recognised this and committed to increasing woodland cover in England to 12% by 2060. We have since gone further than this and under the Environmental Improvement Plan, we have set a target of 16.5% of England to be trees and woodland by 2050. The final suite of targets – including our commitment to restore or create more than 500,000 hectares of wildlife-rich habitats by 2042 – are stretching. This is a big societal challenge. My sense is that farmers and land managers are up for it. Through the Environment Act we have ensured a robust legal framework to hold current and future governments to account on these targets, protecting nature for generations to come. ▶



**We are taking robust action which includes setting strict targets on water companies to protect people and the environment**



**This government is committed to delivering for rural communities, which is why we have set new measures to grow the economy and see more skilled and better paid jobs – bringing new opportunities for even the most remote communities**

**The war in Ukraine has hiked the cost of living and focused attention on food security with many saying we should be increasing food production not encouraging rewilding or less intensive farming practices. Does the government have its land use priorities right?**

There's always going to be a debate about how we use land which is a creative tension between what's set aside for nature recovery and food production – but we are very clear that sustainable food production and caring for the environment not only can, but must, go hand in hand. Our farmers are at the heart of our vision to improve the state of nature in our country, and we are putting new farming schemes and resources in place to ensure that farmers can produce the food we need while protecting our environment and delivering for public good. Later this year, we will also be producing a Land Use Framework which will set out clearly how working with farmers and land managers we can have healthy soil, abundant wildlife and produce the food we need.

**Government energy policy also seems a bit contradictory. On the one hand politicians say the country needs to be less reliant on fossil fuels, especially imported Russian oil and gas, but planning policy, not to mention a lack of infrastructure, makes it very hard to bring new onshore solar and wind schemes online. Why can't government departments be more joined up?**

We work across government to ensure that our policies – whether that's bus services, schools or internet connectivity – really work for those in our most remote areas, as well as towns and cities. This work is known as rural proofing and is part of the cross-government commitment to not only “level up” but “level out” – out of the towns to the villages and even to the remotest of places up a valley. You should be able to run a financial services business in remote North Yorkshire as well as in central York. We have just published a new delivery document for rural areas called *Unleashing rural opportunity* which includes our new cross-government ambition for rural areas, and confirms the ongoing work we are doing across government to scale up investment and innovation to improve digital connectivity and transport links, secure energy supplies and increase the availability of affordable housing. On energy, the government has provided help for rural low-income households to move to cheaper heating. Up to £378 million is being made available in grants, ringfenced for rural areas, to fund energy efficiency and clean heating upgrades for low-income households living off the gas grid in England.

**The Dimpleby National Food Strategy was widely recognised as offering some innovative solutions that would help make the British public, gorged on a diet of processed food, healthier, but its findings seem to have been largely ignored allegedly because the then prime minister was afraid of accusations of nanny state-ism. Would you have liked to see it taken more seriously?**

In the UK we are spoiled for choice when it comes to fresh, locally sourced produce – from seafood to strawberries. We want everyone to be able to access healthy and delicious foods which are produced in an environmentally sustainable way. The Government Food Strategy is our blueprint for this, setting out how we will maintain

domestic food production to get everyone the food they need, while meeting our net zero target and other commitments. These include scaling up research and innovation for the food sector, supported by a £120 million investment into research aimed at improving the resilience of our food security.

**Finally, the countryside has traditionally voted Conservative, but surveys suggest that rural communities and food producers no longer feel valued by this government. With a general election on the horizon, what plans do you have to reassure them that you care?**

This government is committed to delivering for rural communities, which is why we have set new measures to grow the economy and see more skilled and better paid jobs – bringing new opportunities for even the most remote communities. This includes government plans to make it easier for farmers to change agricultural buildings into family homes or business units. We want to see planning rules changed to provide a more supportive system for farmers to diversify their businesses, while providing local authorities with new powers to safeguard against second homes and holiday lets. In addition, a new £7 million fund will test out new ways to bring together satellite, wireless and fixed line internet connectivity, helping support farmers and tourism businesses to access lightning fast, reliable connectivity in remote areas for the first time. I'm pleased that this will help rural businesses in trial areas make the most of agricultural technologies and improve connectivity on their land to monitor crops and livestock in real time.

To read the full Q&A head to [knightfrank.com/rural-matters](https://knightfrank.com/rural-matters)

Richard Benyon last appeared in *The Rural Report* in 2012 when he was an MP and Defra Minister for the Natural Environment and Fisheries. He left the Commons during Boris Johnson's tenure as prime minister but was subsequently elevated to the House of Lords by Mr Johnson in 2020. As Lord Benyon, he was brought back into Defra in 2021 and is currently Minister for Biosecurity, Marine and Rural Affairs. He lives on the 20,000-acre Englefield Estate in Berkshire.

# Points of view

*The Rural Report* brings together a thought-provoking range of contributors with an interest in food, farming and natural capital to share their thoughts on the concept of “Planet”



THE FARMERS, NEIL AND SUSANNA HARLEY



**Changes to our food and farming system with the integration of well-managed livestock back on to our farms reflecting nature at work, a reduction in carbon-intensive inputs and a focus on arable crops for human consumption will be key to helping restore our environment**

Unless stated all images courtesy of The Alladale Wilderness Reserve

I came across the term “regenerative” in relation to agriculture about eight or nine years ago and for the first time what we were doing started to make sense. I have for a long time worried that we are taking a short-term approach to our environment and we have, as a species, been far too confident that we know it all. We are totally dependent on this planet and the environments that have evolved here over millions of years with a complexity that we will never truly be able to understand. The book that brought this into crystal clarity for me was *The Serengeti Rules* – read it! It made it clear to me that we are riding roughshod over natural systems and continually degrading them, then re-baselining and thinking of our already degraded environment as normal.

We simply have to change the way we farm to be more in line with the systems that have developed naturally. Government policy needs to reflect this through simple but effective measures and for the first time they may actually be starting to move in the right direction, provided it is not ludicrously bureaucratic and off-putting (good luck with that!)

or deprived of the funds required to have a genuine impact.

Changes to our food and farming system with the integration of well-managed livestock back on to our farms reflecting nature at work, a reduction in carbon-intensive inputs and a focus on arable crops for human consumption will be key to helping restore our environment while keeping us all fed on a healthy, nutritious diet. I aim to produce healthy, nutrient-dense food that replicates the attributes of the wild food our ancestors ate at the same time as attempting to replicate the natural pasture, scrub and wooded environments that once dominated our landscape, returning carbon to the soil and rebuilding our depleted biodiversity quite literally from the ground up while still farming profitably.

We need healthy soil, producing healthy food and a healthy ecosystem.

Neil and Susanna manage approximately 8,650 acres of land in Wiltshire and Shropshire, including 2,500 acres of SSSI chalk grassland, semi-natural pasture and reverted arable land producing organic pasture-fed beef from suckler through to finish.



THE ENVIRONMENTALIST, BEN GOLDSMITH

Our planet has always been close to my heart. Cannwood, where I live, is part of a growing cluster of farms in Somerset's Brewham Valley working to restore a once-great wood pasture known as Selwood Forest. We have ripped out our fencing and replaced our sheep with free-roaming Longhorns, equipped with Nofence collars. We're doing this because wood pasture, now so rare, is one of the most vibrant ecosystems we have.

The loss of my daughter Iris in an accident on the farm in 2019, which I write about in my book *God is an Octopus*, has brought the natural world even closer to me. I've found solace in nature and rewilding Cannwood has become a vital source of meaning and hope. But Britain ranks among the most nature-depleted nations on earth. Natural processes no longer play out almost anywhere. We can barely conceive of the magic and natural abundance that was known by previous generations. Public demands are growing for the restoration of nature, on which we depend for everything. Our National Parks

and other less agriculturally productive landscapes, which contribute a minuscule proportion of our national food production, are the obvious areas in which to centre these efforts.

Families that have farmed these landscapes for generations are best placed to lead them. In contrast to sheep, native horned cattle are a keystone species whose grazing, browsing, trampling and dung create mosaics of sun-dappled wood pastures that are rich in scrub and wildflowers. These landscapes, now so few and far between in Britain, play host to an extraordinary array and abundance of wildlife. Once you've visited one and have experienced for yourself birdsong so intense that it can be overwhelming, everywhere else seems colourless and silent by comparison. And the genius of it is that food production continues hand-in-hand with the renewal of nature.

Ben is CEO of Menhaden Capital Management and a former non-executive director at Defra. He also chairs the UK Conservative Environment Network.



THE SCOTTISH LANDOWNER, PAUL LISTER

This year marks the twentieth anniversary of my purchase of what was then the Alladale Estate, a fairly typical family-owned Scottish Highland sporting estate where deer stalking and fishing were central activities. Over the past two decades, on my small patch of the planet, I've tried to reverse mankind's malign influence on the landscape by reducing deer numbers and planting hundreds of thousands of native species of trees to create the Alladale Wilderness Reserve, a nature restoration location where nature can once again flourish.

My vision has always been to see the release of wolves into a controlled reserve managing the red deer numbers and creating a new rural nature-based economy in the process. Wolves are now present in every mainland European country, but being an island nation they will never make their way back to the UK naturally. So far, we haven't managed to get the 50,000 acres



84%\*

Rural businesses who say government emphasis on food security is too weak

25%\*

Rural businesses who say natural capital income will be very important

Recent reviews carried out by our Agri-Consultancy team have resulted on average, in a 75% increase in annual management payments for environmental schemes on clients' current schemes, as well as helping them to access millions of pounds of capital grants to improve business infrastructure, adopt diversification opportunities and enhance business efficiency.

Now is the time to act if you want to access agri-environmental schemes and capital grant funding. Ultimately the result is a balance between enhancing our lived environment and improving business profitability. More importantly, it's about sustainability.

Sally has just joined Knight Frank's Rural Consultancy team and is based in our northern region.



THE BENCHMARKER, ANNA COLLINS

needed for the project to move ahead – but I am still very hopeful! We have, however, been part of the Scottish wildcat breeding programme to help save the species from extinction and released red squirrels to inhabit the woods.

Although most of my work focuses on countering the damage people have done to the environment, and overpopulation has surely played a huge role in that, I strongly believe nature and local communities can work together to create a "living landscape" and ultimately a better planet – the Alladale of today, for example, employs many more staff than when it was a sporting estate and we host over 1,000 visitors each year, including teenagers on our outdoor learning programme HOWL, who are hopefully inspired by the reserve's recovery and are ultimately motivated to play their part in making the planet a better place.

Paul is the owner of the 23,000-acre Alladale Wilderness Reserve and also founded the European Nature Trust [alladale.com](http://alladale.com), [theeuropennaturetrust.com](http://theeuropennaturetrust.com)



THE RURAL CONSULTANT, SALLY BRITTON

The vast majority of farmers and estate owners that I've met want to make the planet a better place, but many aren't taking advantage of the financial incentives available to help them. The landscape of UK agriculture is significantly changing, moving away from direct subsidy payments to more environmentally focused schemes and capital grants, directed towards improving business profitability and efficiency.

We are consistently finding, when speaking to farm and estate businesses, that they are not making the most of the current opportunities to access such schemes. This may be through lack of understanding of the potential, or a simple reluctance to participate.

There has never been a better time for holistic analysis of the resources available to and assets held within land-based businesses.

Ecology and biodiversity, food production, forestry, health and wellbeing all require action at a landscape scale and the recent launch of the second round of the Landscape Recovery Fund brings into focus the benefits of collaboration for farmers, landowners and land managers to deliver environmental and climate goods at local and regional level.

Benchmarking will be a valuable tool; critical to measure improvement in an individual business's own performance, it is also important for communicating with, and demonstrating accountability to, external stakeholders. Through consultation with peer groups or local estate clusters, discussion groups can be formed, enabling performance to be improved through new ideas and shared knowledge, with consideration of differences and opportunities to question the data.

There is a need for consistency, something RICS is looking to establish through the second phase of the Rural Benchmarking study and proposed

\*Responses taken from the Knight Frank Rural Sentiment Survey 2023



development of future benchmarking standards. KPIs should include a range of metrics from physical and financial performance, to quantifying habitats and biodiversity together with more subjective criteria to measure customer satisfaction or the delivery of public goods.

Anna has recently joined Knight Frank as partner in our Midlands Rural Consultancy office based in Melton Mowbray.



THE JOURNALIST, ANNA JONES

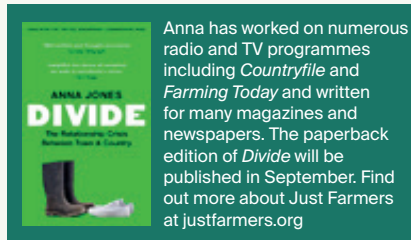
As a farmer's daughter who has spent my journalistic career creating content about the countryside, rural affairs and agriculture, I've used the word "planet" frequently. Increasingly, though, when I think about our planet I think about division – the division between the urban and rural worlds. Both care passionately about the environment, but they don't really understand each other.

We've seen encouraging progress by farmers working with conservation groups to create a healthier food system and restore nature, but this is being hindered and hamstrung by simplistic debates that stoke conflict between conservative

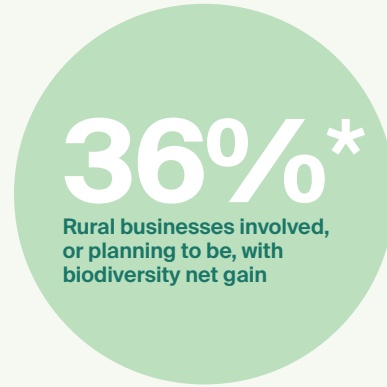
rural communities and the liberal green movement. Without learning to accept and respect our social, cultural and political differences as town or country people, we will never solve the chronic problems in our food system and the environment. I was so concerned about this that I undertook a Nuffield Scholarship in 2016 to study the problem in more detail.

Out of this came a book titled, perhaps unsurprisingly, *Divide: The Relationship Crisis Between Town & Country*. Its main message is that we should respect our differences, recognise each other's strengths and work together to heal the land. To help this happen I also set up a not-for-profit organisation called Just Farmers to try to break down barriers between mistrustful farmers and a largely urban media they often perceive to have an anti-farming agenda.

We give farmers and growers the confidence to tell their stories with pride through free media education workshops, while helping members of the media to find independent and authentic farmers who are willing to share their stories. We already have 86 farmers on our free-to-use database and the number is ever growing.



Anna has worked on numerous radio and TV programmes including *Countryfile* and *Farming Today* and written for many magazines and newspapers. The paperback edition of *Divide* will be published in September. Find out more about Just Farmers at justfarmers.org



THE HOME BUILDER, NEIL SHERREARD

As a family-owned construction company with a proud 130-year history, legacy is important to Beard. One of our fundamental principles is to minimise the impact of our buildings on the environment – not just in terms of our construction processes but also for the life of the buildings we create. That commitment to sustainability has matured into a pledge, mandated by the board, to achieve net zero by 2050, in line with the UN's Net Zero Coalition. In fact, we are likely to achieve that target much sooner.

As part of our carbon neutrality programme, we have made a significant investment in UK forestry and bought 194 acres of stunning woodland near Bristol. Wrington Warren is an undulating expanse of trees and pastureland that rubs shoulders with the foothills of the Mendips. Maintaining and developing this landscape will allow us to use carbon sequestration to help offset our residual emissions as we move towards net zero. Biological carbon sequestration takes place when carbon is stored in natural environments. Woodland like ours is considered one of the best forms of sequestration as it stores twice as much carbon as it emits.

"Nature has music for those who listen," wrote Shakespeare and – as part of our ongoing commitment to corporate social responsibility – we'd also like to see our woodland playing a key role in the wellbeing of our people and the local community.

Neil is Deputy Chairman of Bristol-based construction firm Beard.



THE LAND STEWARD, MATTHEW MORRIS

The Duchy of Cornwall has a clear vision of sustainable stewardship – for communities, enterprise and nature. Across our rural estate, we are working with our farmers to ensure that we manage land in a sustainable and nature-friendly way. Through our Future Farming initiative, we are encouraging regenerative farming and helping our farmers improve soil health so together we can accelerate our journey to net zero.

As well as minimising the impact of our business on the planet, we are also modelling the impact of climate change across the Duchy, including the impact of temperature on our farmed estate through to sea level rise.

The Isles of Scilly (above) is England's only archipelago, 30 miles off the tip of Cornwall. It is a beautiful and fragile place and has some of the most amazing habitats both above and below water as well as one of the highest concentrations of ancient monuments anywhere in the UK.

Most important, however, are the communities who call Scilly "home" – just over 2,000 residents across five inhabited islands. Sea level rise will impact everything from transport links to critical infrastructure such as water. We are working with partner agencies to look at what measures we take and when.

Matthew is Rural Director for the Duchy of Cornwall, a private estate which provides an income to HRH The Prince of Wales, Duke of Cornwall.



© Natalie Geen/Duchy of Cornwall



THE INVESTOR, CARL ATKIN-HOUSE

The last century has been a success for humanity in many ways – we have never lived such long, healthy and prosperous lives as we do today. This economic prosperity entirely relies on the nature that surrounds us and of which we are a part – from the food we eat, the air we breathe and the decomposition of waste right through to recreation and our enjoyment of the natural world. Yet the biosphere has diminished rapidly during this time.

Current species extinction rates are between 100 and 1,000 times higher than the background rate – the normal process of species loss – over the past several million years. And they are accelerating, often due to the negative effects of agriculture and land use change. Globally, food systems are the primary user of land, the largest driver of nature loss and the largest single user of fresh water, and are

responsible for 80% of deforestation and one-fifth of global greenhouse gas emissions. The legacy of industrial land management is one of increasing production efficiency coupled with increasing degradation of biodiversity and soil fertility, challenging our ability to continue to produce food for a rapidly growing population, particularly in the face of increasing climate and weather volatility.

At Climate Asset Management, we believe that a restorative and regenerative approach to agricultural production is fundamental to ensure the economic and environmental resilience of future food systems. Being "sustainable" is no longer enough – 38% of global agricultural land is already affected by degradation, thus we need to improve agricultural practices to reverse the damage caused by what has been done in the past rather than simply making current practices sustainable. Delivering resilient agrifood systems that are net zero and contribute to a nature-positive transition is at the heart of our investment philosophy.

Carl is Senior Investment Manager at Climate Asset Management.





# One step at a time

Getting a foot on the UK's farming ladder isn't easy for any new entrant, let alone one from a different continent. Zimbabwean David Mwanaka shares his inspirational journey up the food chain with Andrew Shirley

“I will never forget where we were when we heard the news,” Brenda Mwanaka tells me. “It was, oh my goodness, we’ve got a farm at last.”

Brenda and her husband David, both originally from Zimbabwe in southern Africa, are proudly showing me around the farm in question, a 365-acre arable unit at Landbeach, part of Cambridgeshire County Council’s 33,000-acre agricultural estate, which is home to 160 tenanted businesses.

They moved in earlier this year on a 10-year farm business tenancy after 20 years of searching for a permanent base for their entrepreneurial food and farming business.

The Mwanakas’ story is both inspiring and concerning. Inspiring because through sheer determination they have beaten the odds; and concerning because those odds are so heavily stacked against new entrants – entrepreneurial new entrants that the UK’s farming sector desperately needs to become more productive, more diverse and better able to adapt to the many challenges it currently faces.

## Accidental farmer

Their journey started in 1991 when David found life as a journalist in Robert Mugabe’s Zimbabwe was becoming too uncomfortable. “I just had to get out.

I didn’t know where to go but I had a brother in the UK so ended up here.”

Was becoming a farmer on the opposite side of the world on his mind back then, I wonder. “Absolutely not,” he laughs. Like many new businesses set up by people far from home it was, in fact, a longing for a favourite food that sowed the seeds of an ambitious idea. “I don’t come from a farming family, but when I found I couldn’t find white maize to buy anywhere here I thought maybe I could grow it myself,” explains David.

Easier said than done. Although it’s impossible in the field to tell white maize, which is either traditionally milled into a polenta-like flour or roasted whole, apart from the yellow maize usually grown in the UK, agronomically it is quite different with a shorter growing season. “It took six years of trial and error to get it right,”



**I don’t come from a farming family, but when I found I couldn’t find white maize to buy anywhere here I thought maybe I could grow it myself**

says David. "I phoned up the Maize Growers Association to ask for advice, but they said it couldn't be done."

Meanwhile, the Mwanakas were struggling to find anywhere to grow the white maize. Ever resourceful, a small ad David placed in a national newspaper led to a short article in *The Guardian* that produced an offer of nine acres of land near Enfield owned by a charitable trust.

"I think people just wanted to find out more about this farmer with the strange name who wanted to grow a strange crop," he recounts. "After a while the land was sold to Tottenham Hotspur for a new training ground so we had to keep moving from small plot to small plot, which were often then sold for development."

All the time David and Brenda were applying for county council tenancies but, as they quickly discovered, demand far outstrips supply.

### Taking a risk

Finance was also an issue. Lenders, says David, weren't keen to provide funds to a business growing crops they'd never heard of, and farming grants didn't seem targeted at small-scale growers like him. "I've never taken a penny from the government and my own bank hasn't helped much either. If you are a farmer growing wheat or barley the banks are comfortable, but they aren't so happy to take a risk on something they don't understand."

Marketing his white maize which, unlike corn on the cob, needs to be eaten on the day of harvest if not dried and milled, was another hurdle to overcome for David. "I was so excited when I had my first crop, I put the maize in the back of my car and drove to London where there was a Congolese wedding going on. I assumed everyone would want to buy it. I didn't sell much," he says ruefully.

Through lots of hard work, including letting shops only pay for any maize they actually sold, David eventually created a marketing network that has grown to include two shops of his own and some surprising customers. "At one time I was growing white sweet corn for Harrods and Sainsbury's. I think it's a lot harder now – supermarket buyers don't return your calls – but 10 years ago you could phone up and if you had something new they might try it."

Despite adding more exotic crops from southern Africa and other parts of the world to his repertoire and becoming



Crop inspection – David checks the progress of his white maize

a successful food entrepreneur in his own right, the lack of a farm still rankled. But all that changed last year when their persistence paid off and Brenda and David beat off competition from 40 other applicants vying for just seven Cambridgeshire County Council tenancies.

"We applied for the two biggest farms and got one of them, so we were very happy," says Brenda. "If I ever write a book it will be called 'We got a farm!'"

### Food miles

When I ask what part of their application she thinks appealed to the council, Brenda says it was the whole package. "We have a unique project, we are a growing business with a proven track record and we want to farm sustainably. We use hardly any chemicals and, by growing crops that are usually shipped to the UK from different continents, we are saving a lot of food miles."

Although they only moved in this January, the farm's fields and several large polytunnels that David has built

are already bursting with exotic crops including sweet sorghum, melons, gourds, pumpkins, kale and, of course, plenty of the crop that started it all, white maize.

"We are growing about 15 different crops this year, but I always want to try new things," says David. "Climate change is actually helping us as it is making it easier to grow things that you find in places such as Africa."

And what does the future hold, I ask. "More land and more different crops," is the unhesitating answer from the man who just won't take no for an answer and who has shown his doubters that with enough persistence you can achieve your dreams, even when the deck isn't stacked in your favour.



Find out more about the Mwanakas' business



Pumpkin patch – The farm produces many types of squash and melons



New chapter – Part of David and Brenda's farm



**We have a unique project, we are a growing business with a proven track record and we want to farm sustainably. We use hardly any chemicals and, by growing crops that are usually shipped to the UK from different continents, we are saving a lot of food miles**

## Don't waste new farming talent and diversity

County councils usually hit the headlines for selling off their farming estates, not encouraging new entrants, but Cambridgeshire County Council still believes firmly that its agricultural portfolio has a role to play.

"We are enormously proud of our farms estate here in Cambridgeshire," says Lucy Nethsingha, the council's chair of strategy and resources.

"It has been a wonderful asset over many years, providing opportunities for new entrants into farming, but also providing a steady income for the county council through good years and bad, and helping to support our core work.

"Councils have had to deal with an extraordinary level of cuts over the past 10 years, and the income from the farms has helped residents across Cambridgeshire, not just the tenants."

Tom Heathcote, Knight Frank's Head of Agri-Consultancy, believes more estates, including those that are privately owned, should be giving new entrants a chance.

"Some estates such as Tregothnan and Kingsclere are providing starter farms, and Oxbury Bank has a special scheme to support new entrants, but the industry could be doing much more," says Tom.

"For a start, it's just the right and moral thing to do from a social and corporate responsibility point of view, but it also makes business sense. By not doing more to help young entrepreneurs and encourage more diversity, estates could be missing out on a lot of opportunities. Some of these new entrants' ideas could be a lot more profitable than conventional farming."

There are lots of ways to encourage new entrants beyond granting tenancies, points out Tom. "Share-farming agreement can be

really beneficial for both parties and if the landowner takes a stake in the new business the extra level of commitment and engagement is a real incentive to make the business work. I know of farmers such as Ben Taylor-Davies, aka Regenben, who hold *Dragons' Den*-style selection panels to find innovative new businesses to work with."



**Cambridgeshire County Council still believes firmly that its agricultural portfolio has a role to play**

# Green gold or false dawn?

Will nature-based markets really be as profitable as their proponents are promising? Flora Harley, Knight Frank's Head of ESG Research, takes an objective look at the opportunities and risks



FLORA HARLEY, HEAD OF ESG RESEARCH

From landowners looking for more secure income to corporate institutions moving to offset their emissions and enhance their environmental credentials, there is a groundswell of interest in natural capital markets happening right now. Although investing in natural capital to offset emissions or create new ecosystems is seemingly becoming all the rage, it's actually nothing new. Markets for carbon trading have their roots in the 1990s, namely the 1997 Kyoto Protocol – an international treaty that committed its signatories to reducing greenhouse gas emissions to certain levels by 2012.

The protocol also provided a mechanism by which nations could trade carbon credits and led the UK to set up a pilot Emissions Trading Scheme

before joining the EU Emissions Trading Scheme in 2005. The UK's first formal nature-based market was the Woodland Carbon Code (WCC), launched in 2011. It was followed in 2013 by the similarly designed Peatland Carbon Code (PCC), used to support the development of peatland restoration projects.

The creation of the Environment Act 2021 then accelerated the market for biodiversity net gain (BNG) – the requirement for most English building developments to replace any biodiversity lost due to the development, plus 10%. This becomes mandatory for larger developments from November 2023, and on smaller sites from April 2024.

Biodiversity was also the theme of COP 15 in 2022. This produced the

Kunming Declaration, which set 50 targets for 2030, known as the Post-2020 Global Biodiversity Framework, that could pave the way for the mandatory recording of biodiversity metrics. The Taskforce for Nature-Related Financial Disclosures (TNFD), of which the final version is due in September 2023, will also play an instrumental role in the framework.

The impact of doing nothing could be catastrophic, according to some. If we take PwC's estimates, around 47% of companies listed on the London Stock Exchange depend on nature in some shape or form. Research by global risk management and insurance broker Gallagher suggests nearly half of all UK businesses are already impacted by the physical effects of climate change. ▶

Land bank – Natural capital offers new income streams

## Natural capital opportunities

Outlined below are the main schemes and opportunities open to UK farms and estates. If you have sufficient scale it is also possible to negotiate directly with organisations that need nature-based solutions to create bespoke biodiversity packages tailored to their specific objectives.

### CARBON CREDITS

Despite lobbying from farming organisations, there are still only two government-backed nature-based carbon markets, the WCC and the PCC, covering woodland and peatland respectively. These provide the mechanism for landowners to attract carbon funding to support woodland creation and peat restoration projects on their land. Companies are paying between £7 and £20 per tonne of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) under the WCC and £15 to £25/tCO<sub>2</sub>e under the PCC. Soil- and hedgerow-based carbon codes are being developed, but release dates are yet to be confirmed. The private soil carbon market is quoted

as currently paying around £20 to £40/tCO<sub>2</sub>e, and there are several private companies operating in this marketplace.

### BIODIVERSITY NET GAIN

The BNG market is still in its early stages, but it has the potential to be a major tool for biodiversity conservation. The market is expected to grow rapidly in the coming years as more and more developers are required to demonstrate a measurable increase in biodiversity – on and/or offsite. Landowners can provide the necessary gains for developers by committing their land for 30 years and either leasing it to a third party or managing it themselves on behalf of developers. The price of the biodiversity units is reported to be between £10,000 and £40,000 each.

### NUTRIENT NEUTRALITY

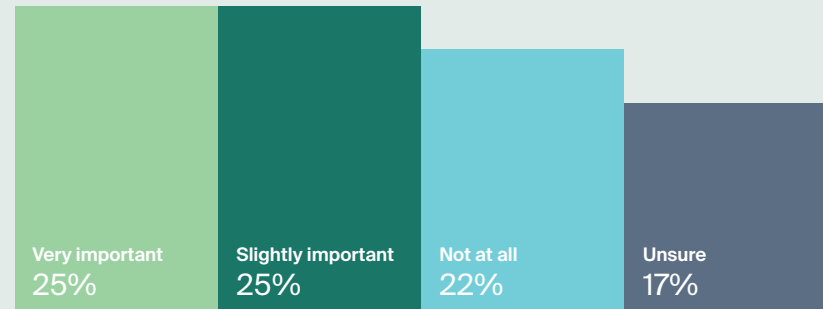
Nutrient neutrality affects sensitive water catchment areas that are deemed to be at risk from excess nutrient pollution. New residential developments need to show how the added "nutrient load" from wastewater generated by the increase in population will be mitigated. Farms and estates can provide a solution for developers looking for mitigation options

by providing nitrogen or phosphate credits. Options may include changing agricultural practices or a wholesale shift to a business, such as ceasing operation altogether. Phosphate credits in the private market can fetch between £50,000 and £70,000 per kg, while nitrogen credits are typically less than £10,000 per kg.

### WATER NEUTRALITY

Water neutrality is a concept that aims to ensure that the amount of water used does not exceed existing supply levels in an area. Developments in parts of southern England must demonstrate how increased water use will be mitigated. A variety of methods can achieve this, one being offsetting water use. This involves developers entering into agreements with farmers with high water usage, such as dairy farmers, and agreeing to pay for works undertaken to catch and store water to be used on farm, instead of using water from the mains. Developers have been paying around £10,000 to £15,000 per new dwelling on a development to fund offsite water offsetting.

**Capital planning – How important rural businesses think income from natural capital will become to them**



Source: The Rural Sentiment Survey 2023

**The right choice?**

The numbers can look attractive: thousands of pounds per hectare over several decades, often with minimum management required. It's tempting to see nature-based markets as the antidote to the volatility of other income sources. But can these markets really provide that profitable solution with minimal risk that many land managers are looking for?

"Nature-based markets have the real opportunity to start a regeneration and prosperity in the countryside that we haven't seen for some time," reckons James Farrell, who heads up our Rural Consultancy team. "But landowners who are creating the value and opportunities should receive a fair share of the investment coming into these markets. Farmers

have too often been price-takers when it comes to the food they produce. We need to avoid the same thing happening with their natural capital," he stresses.

Tom Heathcote, Head of our Agri-Consultancy team, also warns against becoming over-reliant on such schemes. "You still need to remember to focus on the basics to create resilient and profitable farming systems (see page 70). Income from natural capital is a bonus."

But what are those opportunities, and what are the risks associated with them?

The carbon market is a plethora of government-backed but mostly private schemes (see panel on previous page). The carbon codes for woodland and peat are long established and good schemes to enter if you have the right type of location. Although the income from these isn't

huge, the established codes provide measurable and verifiable additionality to demonstrate change.

For those willing to negotiate the so-called "Wild West" of private carbon markets, easy rewards are available. Payments can be made for processes that you would have done anyway, such as changing to direct drilling, providing additional revenue on top of your agricultural output. And carbon values are forecast to increase in the next decade. But each voluntary carbon credit market platform requires varying degrees of data, and different calculation methods make it difficult to compare. The robustness of the verification of carbon sequestration is also questionable on some platforms, which may prove risky for the land manager in the future.

With a growing market there is an increased risk of greenwashing. Verra, a US-based provider of carbon credits, for example, was found to have sold rainforest carbon credits to several large international corporations that had no real impact on climate change. They subsequently withdrew their investments.

"You do need to think about reputational risk," says Andrew Shirley, Head of Rural Research. "Even planting trees can be surprisingly controversial. It has to be the right tree in the right place. Rural communities don't always appreciate large blocks of conifers being planted next door to them."

**Succession** – Nature-based markets could help Generation Y, but plans must be future-proofed



**Greater rewards may also be gained through more direct opportunities, such as collaborations and partnerships with companies and institutions looking to directly fund biodiversity**

**Opportunities**

To profit from the opportunities, landowners should be clear on what they wish to achieve from their involvement in natural capital markets. They should also undertake careful research into the markets they wish to enter and consider all the costs, risks and responsibilities.

"BNG is the other immediate opportunity that a lot of people are talking about," says Rachel Patch, a partner within our Rural Consultancy team based in Horsham. Accessing this market can be done via three routes. "One is direct sales to a developer or company. Another is to use an agent offering a matchmaking service between landowners and developers or a broker who deals with the developer on your behalf. The size of your BNG income will depend on which route is taken. The greater the responsibility of delivering the BNG plan, the higher the reward."

Greater rewards may also be gained through more direct opportunities, such as collaborations and partnerships with companies and institutions looking to directly fund biodiversity, carbon sequestration or water-related projects. A fairer share of the investment could be had through these routes, but there's added responsibility and a risk of greenwashing accusations if not done right. So do your homework.

The key takeaway is, don't sign up for any nature-based market agreement without giving every aspect thorough consideration. That includes thinking about succession. "Entering into a 30-year agreement shouldn't be done lightly. It's crucial to involve the next generation in any discussions," says Alastair Paul, who heads up our Rural Consultancy team in the Eastern Region, and works with a number of private estates.

Rural consultant Edward Holloway adds: "A lot of people just assume through small changes in management practice that they will have certain types of natural capital in abundance. But you still have to prove the additionality of all that."

Additionality is a defining concept of carbon and other offset projects. To qualify as a genuine offset, the reductions achieved by a project need to be "additional" to what would have happened if the project had not been carried out. "Everyone should be aiming to have a really good baseline of data. You should be able to understand and really know what natural assets you



**If you are ready to take the plunge, now is the opportunity for farms and estates to prosper**

have. From this starting point, you can then understand what you can improve and provide evidence of additionality," says Jamie Evans-Freke who advises clients on nature-capital solutions.

**Now or never?**

Are these markets here for the long term? Some forecast that the size and value of carbon markets will grow, although use of carbon credits, other than as a last resort, to offset emissions is coming under closer scrutiny. Other currently lucrative markets, such as nutrient neutrality, will likely be superseded by technological advances, for example better water treatment, so the opportunities may not be available for long.

BNG is likely to expand as mandatory requirements in England may increase over time. However, the value of BNG units will depend on local supply and demand as well as the type of habitats that BNG sites can provide.

Nonetheless, the pressure to address the climate emergency and biodiversity decline is building, from government, NGOs and intergovernmental bodies. There is an increasing focus on tackling environmental challenges – with nature-based markets as part of the solution.

"If you are ready to take the plunge, now is the time for farms and estates to contribute solutions to some of the big issues of the day," says James. "As a society we live with the existential threat of climate change, habitat degradation is severe and we have growing obesity and mental health problems. There are nature-based solutions to all of these challenges, and potential for redefining the countryside to find new purpose, fulfilment and prosperity. Being at the forefront of this new era of environmental focus and pioneering new ways of working in the countryside is incredibly exciting. The opportunity to do well by doing good has never been greater."

**Knight Frank's guide to making the most of your natural capital**

1.

Understand what habitats and other natural assets you currently have – conduct baseline surveys or natural capital assessments.

2.

Spend time thinking about your purpose, your business aims and goals. Be clear about what you hope to gain from being involved in natural capital opportunities and what will bring you happiness and fulfilment.

3.

Involve experts and the next generation. Make sure you understand the implications of signing up to a natural capital management agreement on tax, succession and business strategy.

4.

Do your research. There are lots of companies out there offering natural capital investments. Investigate which has the highest integrity and aligns with your values.

5.

Take your time. Explore the options and opportunities, and remember you don't necessarily have to take the first deal you are offered. Work out if you are able to "stack" different schemes on the same piece of land.

# Black equals green

Profitable businesses are best placed to help the planet. Simon Britton and Andrew Martin of our Agri-Consultancy team discuss with Mark Topliff the five standout traits of the most successful farmers they have worked with

Farming businesses that perform at the top 25% level financially are more capable of riding out volatile markets and more likely to invest in environmental schemes. Net margins for farms in the top quartile average around 25% to 30%, regardless of farm size, according to Defra's Farm Business Survey. They also receive more in agri-environmental payments. By contrast, the bottom 25% of farms typically make a loss and take a lower income from environmental schemes.

Commodity market volatility, as illustrated in the graph opposite, will test the resilience of any farm. But successful businesses show characteristics that enable them to keep performing, remain profitable and continue to invest in their infrastructure and the local environment.

## Knight Frank's top five traits of high-performing farming businesses



### ATTENTION TO DETAIL

Farms in the top 25% know that focusing on the details of the business drives so many other facets of farm management. They challenge everything they do and do not take anything for granted.



### PEOPLE MANAGEMENT

A proactive, inclusive and communitive approach will achieve a highly motivated and focused workforce. High-performing farms have better retention, recruitment and staff performance.



### OPEN MINDED

Top-performing businesses have a mindset to try or research new things. This goes hand in hand with a willingness and desire to continue to adapt and evolve. Communicating with peers who challenge and expand their thinking is also common.



### FINANCIAL AWARENESS

High-performing businesses know where they are financially and where they aim to be. They will benchmark internally and externally, keep management accounts and budgets, and know their cost of production.



### MARKET UNDERSTANDING

Top quartile farms understand the markets they produce for but, just as important, how those markets affects their business – helping drive better marketing decisions.



Another key attribute of the top 25% of farms is their knowledge of the markets they are selling into. This includes why prices move and how to get the best price for what they produce

### Expert view

According to Simon Britton, high-flying farming businesses “understand their business at every level and are able to focus on details. This means that they can change 100 things by 1% and not just one thing by 100%.”

However, that doesn't necessarily mean pushing for higher yields is the most successful long-term business strategy, as Andrew Martin knows from personal experience. “It was hard trying to take an arable farm producing good yields to one achieving excellent yields,” he says.

Going for high input and high output didn't always work – so he decided to change tack. “This came down to the financial awareness and knowledge of my own business and understanding how the margin was structured,” he says. “Reducing inputs and using a different wheat variety on some fields proved to be better for margins and the local environment.”

It can be challenging to make this journey alone. “Surround yourself with the best people,” is the advice from Andrew, who made changes with his

own farm in order to do just that. “Whether that's the people you employ or trusted advisers. High-performing farms will help employees upskill themselves, involve them in decision-making and communicate with advisers regularly.”

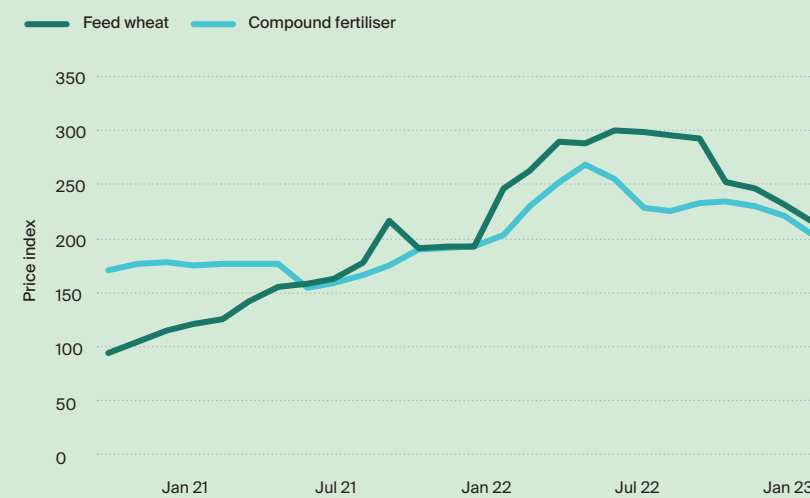
“Non-traditional communication channels, such as social media and messaging apps, are being used by top-flight farms, but it's also about regular communication and open-mindedness,” says Simon.

For Andrew, it's also important to take a proactive approach to learning, for example, through a Worshipful Company of Farmers course or a Nuffield Scholarship. “If you're fortunate enough to get the opportunity to go and study other businesses in the UK or around the world, it's invaluable,” he says. “And all those people generally make a good success of their businesses afterwards.”

Another key attribute of the top 25% of farms is their knowledge of the markets they are selling into. This includes why prices move and how to get the best price for what they produce. “It's about knowing how these markets will affect margins and then the impact on your marketing decisions,” stresses Andrew.

Don't rest on your laurels, advises Simon. “You have to regularly challenge what you're doing because it may have to change if the market has changed, whether you're a cereal grower or a red meat producer. Rural Britain is changing, and doing what you have always done will not be an option for those aiming to be in the top 25%.”

Market volatility – Tracking commodity prices 2021–2023



Source: Defra Agricultural Price Index; 2015=100

### Get in touch



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# Value added

James Shepherd and Phoebe Hingston share their top tips on how institutional, corporate and public bodies that own rural property can make more of their natural capital

**M**uch of Britain's countryside is owned by what people would refer to as non-traditional property owners, that is to say not farmers or landed estates.

This group of rural custodians includes pension funds, utility companies, local authorities and other public bodies, institutions such as the Church, Oxbridge colleges, charities and many others.

Each will have different ownership objectives and varying levels of engagement with the land that they own, but one thing they generally have in common is that they don't often farm the land in-hand, instead relying on tenants to look after it.

From our experience, this arms-length relationship can sometimes mean that opportunities to maximise the value – or realise the potential – of the land are overlooked or inhibited. Natural capital, the new up-and-coming ESG asset class, is a good example of this.

Below we share some thoughts on how to make the most of it. Not all the ideas will apply to every institutional or corporate rural property owner, but we hope that you find something thought-provoking in our list.

## 1.

### Baseline and value your natural capital opportunity – don't undersell

It sounds obvious, but it is impossible to create a natural capital strategy without knowing what you have at your disposal and how much it might be worth. There are a number of providers who can provide a baseline natural capital survey and most of the work will be done remotely using satellite and other existing data so it needn't involve extensive negotiations with tenants – although to be really accurate, a certain amount of ground-truthing will ideally be utilised. Once you have your baseline results you are in a better position to work out what to do with the natural capital, whether that be to create tradable carbon, biodiversity or nutrient neutrality credits, helping you to hit your wider organisation's own net zero ambitions,

incorporating it into your CSR/ESG activities or using it as an opportunity to restructure the relationship with your tenants (see point 3).

A large number of organisations, with varying degrees of credibility, offering to pay you for your natural capital have sprung up over recent years. Using them to broker your newly identified natural capital may sound like the most convenient approach, but it may not maximise value. Also, consider how much of your natural capital you will need to retain to satisfy your own requirements such as net zero and CSR ambitions.

Larger corporate or institutional landowners with a strong reputation, or an emerging brand, may be in a position to do something more creative with any natural capital that is surplus to their own requirements. This could involve selling a bespoke package of nature-based solutions to an organisation needing to satisfy its corporate ESG strategy.

## 2.

### Take note of policy direction

If only we had a working crystal ball; then we would know for certain what was going to happen in the increasingly intertwined world of agricultural and environmental policy and forthcoming legislation. However, we need to recognise some overarching themes that seem to have prevailed and be supported by the major political parties in the UK and globally. It appears unlikely that we will witness a complete change from a trajectory that appears set and is being reinforced through internationally endorsed bodies such as the Taskforce on Nature-related Financial Disclosure (TNFD). According to the TNFD, more than half the world's economic output – some US\$44 trillion – is either moderately or highly dependent on nature.

Financial institutions and corporations don't have the information they need to

understand how nature impacts their immediate financial performance, or the longer-term financial risks arising from how the organisation impacts nature. The idea is that better information will allow organisations to incorporate nature-related risks and opportunities into their strategic planning, risk management and asset allocation decisions.

Assessing and reviewing your core objectives, duties, purpose and/or business model will be a requirement in the face of change. Few may realise but since 1 January 2023 all public authorities (in the course of delivering their functions) must have regard to conserving and enhancing biodiversity. Measuring impact and harnessing data and new metrics will be key. The enhanced biodiversity duty is a step change and should be interpreted as a signal of intent by government. The private sector should take note.

## 3.

### Build relationships – internal and external

As mentioned before, much of the farmland owned by institutions and corporates is farmed by tenants. The temptation can be to manage these relationships fairly passively, or via an agent who handles rent reviews and the like in isolation. But the growing awareness of the opportunities presented by natural capital and the grave consequences of continuing with the status quo in the face of the climate and biodiversity crises requires a higher level of engagement, in our view.

Unsurprisingly, given that it didn't exist as a concept when the legislation behind them was created, tenancy agreements are pretty inconclusive when it comes to the treatment of natural capital. Aligning the aspirations of landlord and tenant may require difficult conversations (see page 30), but the benefits to both parties could be worth the effort.

Similarly, large organisations can be highly compartmentalised and perhaps not realise the synergies in front of them by relying on their existing teams. All too often, whether by accident or design, different parts of the entity can become siloed, and opportunities accruing in one part of the organisation, that could benefit other parts of it, can be overlooked.

## 4.

### Make more of third-party funding opportunities

There is a plethora of grant opportunities available for rural property-owning businesses that want to help the planet, but generally they are claimed by individual farmers. However, many of them are just as applicable to institutional or corporate landowners. Indeed, organisational scale will be an advantage when it comes to certain funding streams such as the Landscape Recovery Scheme. Some of the grants available are well known, but there are a surprising number that aren't widely publicised. A number of farming NGOs, particularly those focused around research, are also looking to work with partners at scale. We are also finding more corporates and financial institutions are investing in bespoke projects with positive impact, rather than traditional grant-funded landowner projects. Knight Frank is uniquely positioned to help facilitate these investments.

Natural capital – James Shepherd and Phoebe Hingston check tree establishment on a corporate client's estate



### Get in touch



James is a partner in our Rural Consultancy team specialising in rural consultancy and natural capital advice to corporate and institutional clients.



Phoebe is a graduate rural surveyor on Knight Frank's graduate scheme working alongside James within the Rural Consultancy team.

# A helping hand

Farming with the environment in mind doesn't have to be old-fashioned. From DNA analysis to methane capture, Andrew Shirley and Mark Topliff of Knight Frank's Rural Research team examine a selection of agri-tech solutions with the potential to help the planet

## Gene editing and eDNA

I'm in two minds about gene editing. On the one hand, as a student of crop technology and resource management, its potential, if used responsibly, to solve some of the world's biggest problems really appeals to the scientist in me. Being able to precisely edit strands of DNA to shortcut the traditional plant breeding process and produce varieties of crops that are more tolerant of drought, pests and diseases seems a fantastic opportunity during a period of climatic instability and food insecurity. Until Brexit, gene editing wasn't even on the cards as it is currently banned in the EU, but parliament has this year passed a bill allowing the development and marketing of gene-edited crops in England (Scotland and Wales have yet to follow suit).

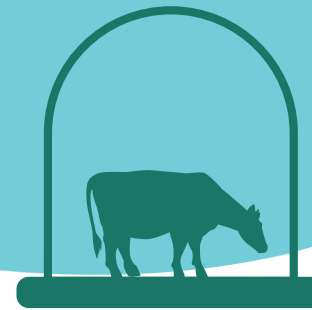
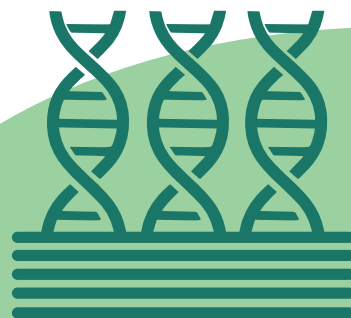
So why the hesitation? First, there is always the concern that it will be "Big Ag" that is the main beneficiary, not farmers. Second, the scientists say it is safe, but can we be 100% sure there won't be unintended consequences once gene-edited crops are growing in the countryside? And third, could it discourage people from focusing on techniques such as regenerative farming that might deliver the same benefits while doing more for the environment? We'll find out soon enough as studies predict strong take up of gene-edited seed once available.

Sticking with genetics, another technology that looks really topical at the moment is environmental DNA or eDNA. Companies such as NatureMetrics can now use highly sensitive analytical techniques



ANDREW HAS BEEN HEAD OF RURAL RESEARCH AT KNIGHT FRANK FOR THE PAST 15 YEARS

to cost-effectively assess what biodiversity, from large animals to soil microorganisms, is present in a given location by simply taking soil or water samples and analysing all the different types of DNA that are contained within the sample. This can be helpful if you need to ascertain whether a single species, say a great crested newt, is present, but the more exciting application is to assess the benefits of environmental practices such as regenerative agriculture or rewilding. "Before-and-after" samples can be compared to see how much additionality has been delivered. This is particularly important when that additionality is going to be rewarded financially. **AS**



## Methane capture and intelligent ear tags

It has probably not escaped most people's notice that livestock such as cows and sheep are being blamed for contributing to climate change due to the amount of methane they produce and that, as result, we are being urged to eat fewer of them. But what if a proportion of that methane could not only be captured, but also put to good use? Bennamann is a Cornish company doing just that by capturing the gas emitted from slurry lagoons, then cleaning and storing it so it can be used to generate on-farm heat energy or even to power specially adapted New Holland tractors. Larger units can process their own gas, while Bennamann will visit those that are too small to justify the investment in specialist kit and extract and process the gas for them. Defra's Slurry Investment Fund grant can help cover the costs of the membranes needed to trap and harvest the methane.

Another potentially game-changing livestock/methane solution that caught my eye is cattle tags that measure an individual animal's pasture intake. What does this have to do with methane? Well, feed intake strongly correlates not only with methane but also carbon dioxide output. Some Australian boffins spent several years researching the link between an individual animal's activity and behaviour and feed intake. The resulting clever algorithms built into the smart technology by Ceres Tags are then able to estimate the volume of methane emitted. This has the potential to be a game changer on different levels. Identifying those animals with the highest feed efficiency means that they can be prioritised for breeding, ultimately reducing the amount of feed a herd requires, while also creating a herd that emits lower levels of greenhouse gases. With food supply chains increasingly looking to reduce their indirect scope 3 emissions, this smart tag technology could provide the data and information required by beef producers to demonstrate sustainable improvement. **MT**



MARK JOINED THE TEAM EARLIER THIS YEAR AND WAS FORMERLY A SENIOR ANALYST AT AHDB

## AI and machine learning

With natural capital the asset class of the moment, an increasing amount of computing power is being used to work out how farmers and landowners can identify and make best use of what they already own or could potentially create. Measuring nature is by definition a complicated, and sometimes inexact, business, but I'm fascinated by the increasingly sophisticated models being developed to achieve that goal. Sandy, the supercharged carbon and biodiversity calculator created by Trinity Agtech, appears to be the most powerful that we've seen so far. One probably shouldn't be too overawed by claims that things are powered by AI technology as that covers a multitude of applications – there's no danger of Sandy taking over the farm, Terminator-style – but by using semantic web technology and machine learning to create a digital twin of your farm it does allow for some very high level and field-by-field scenario planning that goes beyond the suggestion to plant a few trees here or there.

Once Sandy has crunched all the numbers fed into it – don't forget, rubbish in, rubbish out – it not only tells you how much carbon you are producing and how many carbon credits you might have to trade, but makes suggestions, based on your personal preferences and aspirations, for how to trim your emissions by adopting new cropping systems, along with detailed costings. It can also measure how many biodiversity credits you might be able to generate. It feels to me that we are on the cusp of a data revolution for agriculture. Systems like Sandy help the current generation of farmers make better decisions, but it might not be too long before they are taking those decisions themselves in conjunction with a fleet of automated machinery. **AS**



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# Partnership matters

The role of natural capital has shone a new spotlight on the landlord-tenant relationship. More innovative and equitable partnerships are needed, argues Knight Frank's Alastair Paul

**M**y work with large estates, institutions and local authorities means I have spent more of my career dealing with Agricultural Holdings Act (AHA) tenancies than most land agents of my age. My experience has been one of highs and lows. It was very rewarding to rescue a landlord and tenant from the courts and guide them to a positive place, but heart-breaking to be involved with a situation where a tenant took their own life at the end of very protracted negotiations.

These experiences have profoundly affected me, and while many people may label me as a "landlord's agent" my approach is very different from the norm. My focus has always been – and will remain – on the relationship.

My own family has some land that has been rented to the same family for 100 years this year. Written agreements – four different types at the last count

– have come and gone, but the successful ingredient is the relationship that has existed through four generations of both families.

It may surprise some, but around a third of England's 9 million farmable hectares is still rented out under some kind of tenancy agreement. These are split roughly equally between traditional AHA tenancies (48%), which generally provide for succession and are governed by numerous rules, and farm business tenancies (FBTs), which were introduced in 1995 and can be entirely bespoke in terms of length – the average duration of new tenancies is just over three years – and the responsibilities of the parties.

## Time for change

All farming businesses are having to grapple with the post-Brexit removal of the Basic Payment Scheme (BPS) and its

replacement with various environmental schemes and potential new natural capital-based income streams, but the issue is particularly complex for holdings let under AHA agreements that were created long before carbon credits or natural capital became talking points.

I have long thought that the relationship between landlords and tenants needs to be reimagined from something that is often quite frankly feudal to a genuine partnership that rewards both parties equitably. The emergence of natural capital as an asset class could be the catalyst. Indeed, the government has recognised this by commissioning Baroness Kate Rock to look at how its new environmental support schemes can be made accessible, open and flexible for tenant farmers.

To me, the fundamental issue with AHAs is that there is no realistic way of obliging a tenant to adopt regenerative and



## The relationship between landlords and tenants needs to be reimagined

sustainable farming practices, even where these could be beneficial to the farm, aid profitability or the environment or unlock potential new environmental income streams that could be shared between them.

This has come to the fore on one large estate that I help. It has always taken a very progressive and pioneering view towards farming and the environment. It would now like to see its land farmed regeneratively. Some tenants subscribe to the idea, but others have no interest in anything other than conventional farming. For an estate that sees an urgent need to regenerate its land, watching others continue to degrade its natural capital is painful.

In my view – and I know this will be considered controversial by many – an existing AHA tenancy is no longer fit for

purpose given how much farming and food production has changed since the passing of the Agriculture Act 1947, on which key parts of the current legislation are still based. Having said that, I am a huge advocate for long-term agreements. I have advised clients to offer many agreement types over 20 years and one over 40 years. But my feelings toward AHAs remain after decades of working with them. So, what's the solution?

The Rock Review offers some ideas on how the tenanted sector could be fine tuned to make it more equitable, particularly when it comes to natural capital and environmental funding, and it is good that the government has accepted its recommendations, including the development of a code of practice on expected standards of socially responsible behaviour for all parties involved in agricultural tenancy agreements. But fundamentally it maintains the status quo. Making suggestions for a wholesale shake up of tenancy legislation is beyond the scope of this article. And I completely understand that the security offered by an AHA tenancy means very few tenants who plan to continue farming would ever want to swap their succession tenancy for

something less regulated without being offered a very significant incentive.

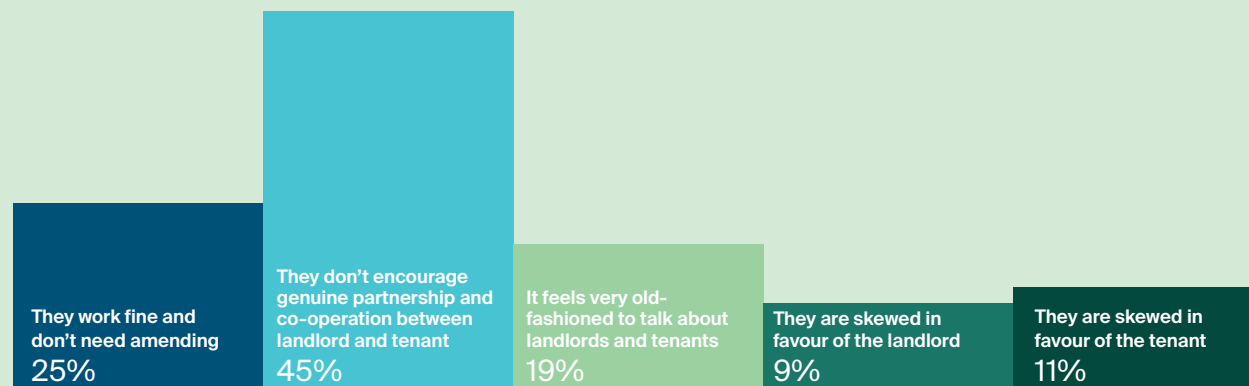
I have, however, been involved in some situations where an AHA has been replaced by a share-farming agreement because it made sense for both parties. The aforementioned incentive doesn't necessarily have to be financial: it could, for example, mean providing opportunities for a tenant who wants to expand. One discussion I heard recently even touched on rent-free tenancies, where the landlord has the opportunity to use the natural capital generated from the land, but in return the tenant does not have to pay rent.

What really bothers me, though, is that for far too many landlords and their tenants the state of their relationship means that even instigating such a discussion about alternative tenancy arrangements would be virtually impossible. You can't have a conversation without talking. ▶

## Get in touch

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### Rent review – What rural businesses think about current landlord-tenant relationships



Source: The Knight Frank Rural Sentiment Survey 2023. Respondents were asked to choose which statements best reflected their opinions



# Building better relationships

As touched on in the previous pages, relationships between landlords and tenants are often multi-generational, making it all the more disheartening when communication breaks down. The attitude of one generation will generally pass to the next, perpetuating the cycle of mistrust and poor communication. I would like to share my advice on how to get to a point where difficult discussions can be had in a non-adversarial environment. Who knows, there may be a lot more common ground than expected.



## Investment

People will automatically think of investment as a financial process, but the one investment that is rarely made, and which actually has the potential to change things, is time – on the part of owners and estate managers or agents, or both. There is an erroneous view that most tenants like their owners and estates – they are traditionally conditioned to be this way – but the truth is, most don't. That needs changing and that requires time.



## Relationships

To build up a relationship you need to know somebody, and to know somebody you need to actually talk to them. The problem with so many AHA

relationships is that they are conducted through agents – not just the rent review process, or consents for an improvement, but the whole relationship. Landlords will say they don't have the time, but what they really mean is that they don't consider building a relationship as a priority. And that's a shame. I also treat the relationship with a tenant's agent with exactly the same care and mindset as I do the landlord-tenant relationship. I am an advocate for "no agenda" meetings not just between landlords and tenants, but between agents, too.



## Respect

On an estate recently I described the feeling of respect that I had for their AHA community. I know they found it unusual but I firmly believe it is important. Respect is the first building block of trust and trust is a vital component needed to achieve a deal.



## Self-awareness

I had an intriguing conversation recently about this. It surrounds the normal landlord agent's defence regarding their actions, which is essentially that they are hiding behind their client's instructions. We were debating whether a large institutional client that is focused on rent not relationships in what is arguably an unbalanced way came to that view itself, or via osmosis from decades of advice from traditional landlords' agents. My view was that it was very much the latter. Land agents are trained by other land agents, so traditional and long-held views tend to hang around and become embedded as unconscious bias in exactly

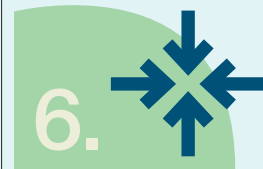
the same way as other biases like racism and sexism. Without intervention these can take generations to fall away.



## Language

When it comes to language it surprises me that I have never met anyone else that finds the terms "landlord" and "tenant" strange and outdated in this day and age.

The balance of power and subservience suggested by these terms is not in any way conducive to a balanced relationship. The terms come from a medieval world. Imagine using terms connected with race, faith and sex that are 500 years old. It's time to rethink our language – it's doing more harm to the goal of collaboration than we realise.



## Alignment

More often than not when I arrive at a situation with AHA tenants I get told, oh, we tried that x years ago but we couldn't reach an agreement. When I ask why they weren't able to get it over the line, the answer is often long but it always boils down to the fact the parties fail to align themselves. Good examples of alignment include providing long-term tenant security in return for clear prescriptions to protect natural capital, greater security for a tenant's family for a more flexible agreement, or the landlord taking on financial risk to allow the tenant to run a leaner, more resilient business.

# Feedback

I certainly don't feel I have all the answers regarding the landlord-tenant relationship, and my article is designed to provoke debate. Do get in touch if you'd like to share your views. In the meantime, I've asked some industry stakeholders for their opinions.



**GEORGE DUNN**

Chief Executive, Tenant Farmers Association

I disagree with the premise that AHA agreements are not fit for purpose for the modern context. Not only do they offer security and rent protection to the tenant, they provide a fair basis for splitting risk and responsibilities between the owner of the land and the entrepreneur using that land.

FBT agreements, on the other hand, while a more modern invention, are often used in ways that are characterised by inflated rents, very restrictive terms, short-term security and repressive covenants on the tenant. These characteristics are driven by the comparatively short supply of land available to let against strong demand. However, intrinsically, the concept of natural capital has been part and parcel of agricultural tenancies for generations. For example, most tenancy agreements will have provisions requiring tenants to maintain hedgerows, retain pastures, protect trees and avoid polluting ponds, rivers and other surface water. However, the concept of monetising these natural capital benefits is a more recent phenomenon.

To date, most of that monetisation has come via government schemes such as Countryside Stewardship which rightly should be rewarding the person managing and maintaining the natural capital assets. In the landlord-tenant context that will be the tenant. Private markets are beginning to emerge in areas such as carbon, nutrient neutrality and biodiversity net gain but these are uncertain and unregulated. Where I do agree is that a collaborative or collegiate approach between landlord and tenant will bring the best results both for the natural capital and for any potential returns that might be available for managing, maintaining or enhancing that natural capital in the context of the wider holding.

To that end, I would endorse Alastair's six-point plan for improving relationships between landlords and tenants. It is also vital to ensure that social and food security goals are not forgotten. The production of natural capital must not be at the expense of our ability to feed ourselves, nor should it allow tenants to be either removed from holdings or excluded from participation in favour of landlords and landowners.



## The production of natural capital must not be at the expense of our ability to feed ourselves



**BARONESS KATE ROCK**

Chair of the Tenancy Working Group

The article echoes what the Rock Review found from speaking to tenant farmers, landowners and agents up and down the country. The overwhelming sentiment from all parties was for a more collaborative approach and it is heartening to see Alastair embodying that in his work. However, we know from those same conversations that all too often, absent landowners and agents brought in from outside the estate can lead to acrimonious relationships and entrenched positions. As AHA agreements come to their natural end, we will see more FBTs in the tenanted sector.

If the status quo arrangement persists and as BPS is removed, we may see more

short-term arrangements, more tenants incentivised to chase short-term profits, less resilient rural land-based businesses, and less stable rural communities and economies. The six points of guidance are spot on and it is the job of the agents, as the brokers of landlord-tenant relationships, to get that relationship into a positive, collaborative and mutually beneficial space.

If we are to see the tenanted farming sector achieve its potential through new nature markets, food production and environmental improvement, we need a paradigm shift in the landlord-tenant relationship. The review made several recommendations for how government could support this, including a Tenant Farming Commissioner with responsibility for cracking down on poor landlord, agent and tenant behaviour. There will also be a new Code of Practice led by RICS which has formed a working group that I am joining. It is important that these changes come about swiftly and I look forward to working with government and industry to make real and necessary change happen at pace.



**ANDREW SHIRLEY**

Property and Business Lead, CLA

Relationships have always been key in agriculture, and legal agreements should reflect that. Even by the time the ink was dry on the Agricultural Holdings Act 1986 many were looking at more flexible solutions. We are now starting to see a lot of different models of collaboration in various forms between tenants and landowners and between tenants and other farmers within clusters.

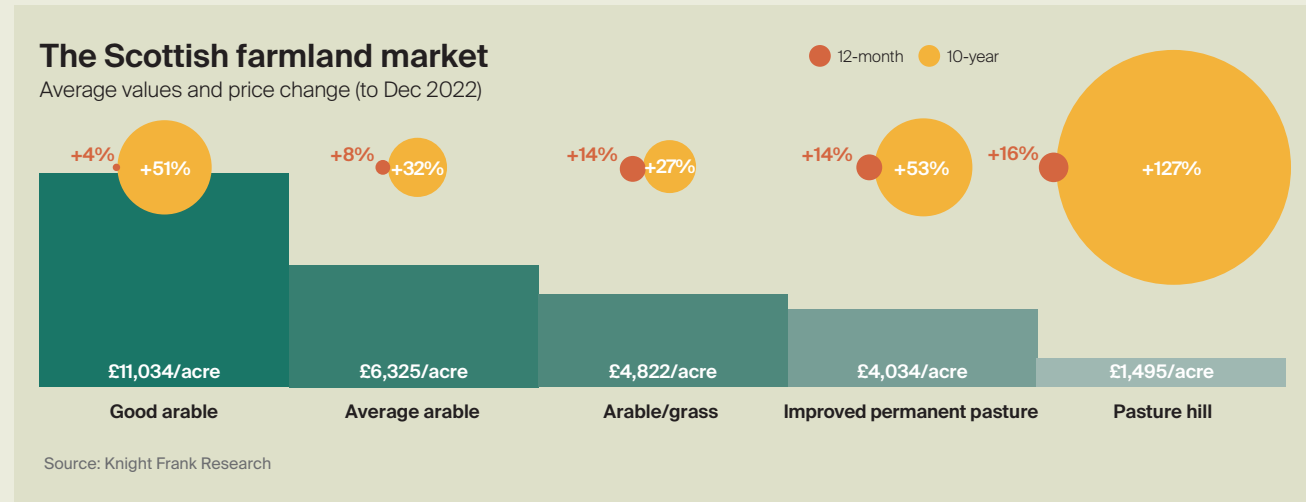
FBTs must be one of the ways ahead. New agreements should enable both landlords and tenants to achieve their ambitions in the new world in which we operate. But they should not be shackled by further controls. Tenancy is *not* the only model but sits alongside in-hand farming, contract farming and an array of joint ventures to ensure that we can meet the needs of land management over the next 50 years. We all need to work together, and build new and better relationships if we are to meet the challenges of the future.



# Property focus

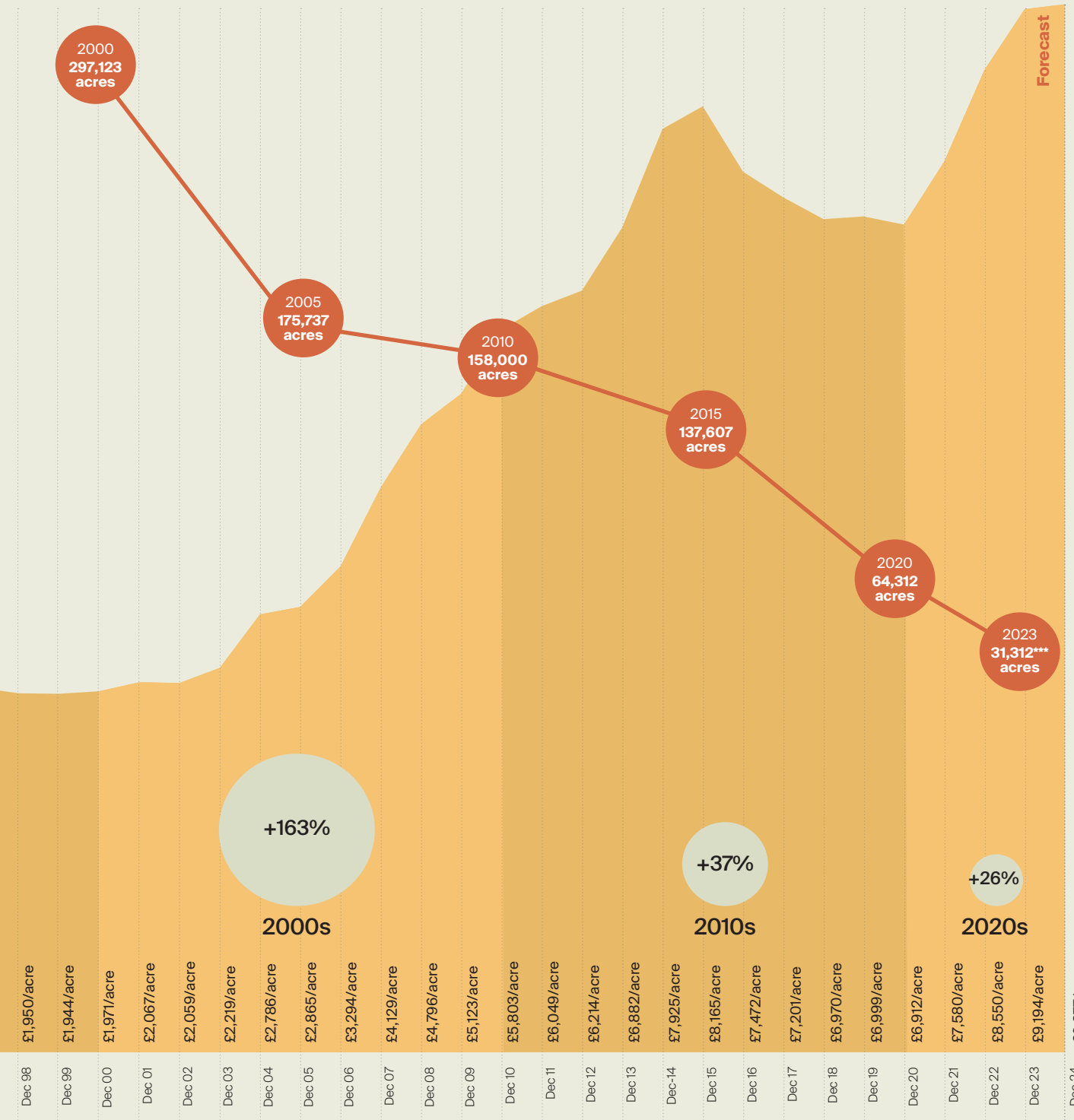
DISCOVER OUR LATEST FARMLAND MARKET INSIGHTS AND EXPLORE OUR GLOBAL PROPERTY PORTFOLIO

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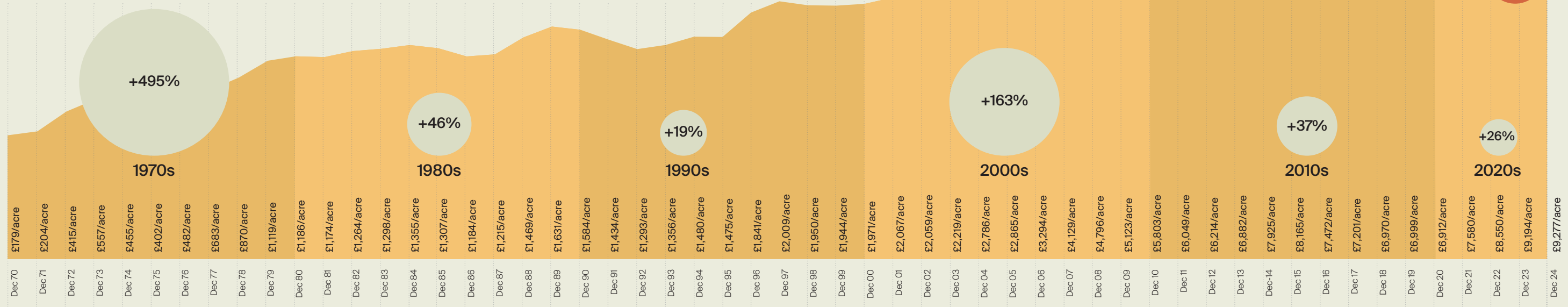
### Farmland supply\*\*



# Inflation busting

Low supply helped the value of farmland keep pace with double-digit inflation in 2022 and prices are set to continue rising for the rest of 2023, but the forthcoming general election could well cause the market to flatten out in 2024

### Farmland prices\*



Source: The Knight Frank Farmland Index \*The index tracks the average value of bare farmland without dwellings or buildings in England & Wales  
\*\*Publicly advertised farmland (source: *Farmers Weekly*) \*\*\* To 16 June



Green gold – The Rothbury Estate, currently for sale with Knight Frank, boasts an abundance of natural capital

# Fields of green

Natural capital is the current buzzword, but how much is it influencing farmland values? *The Rural Report* asks some of Knight Frank's experts

“I remember it well,” says Knight Frank's Andrew Shirley. The firm's Head of Rural Research is reminiscing about the first significant newspaper article he was quoted in after joining the business 15 years ago.

“It was the lead article on the front page of *The Independent* and the headline they'd chosen was 'Fields of Gold'. Agricultural land prices were rising sharply and the implication was that farmland could be as good an investment as the shiny stuff,” explains Andrew.

Skip forward a decade and a half, and the value of agricultural land is once again on the march, up by an impressive – and inflation-busting – 13% last year. But now the fields are lined with a new asset class, natural capital, that was hardly on the radar in 2008.

“Everybody is talking about it,” agrees Will Matthews, Head of Farm & Estate Sales. Will says there are broadly two sorts of environmentally-minded buyer who get in touch with him looking to buy

farmland. “On the one hand you have the lifestyle altruists who have always been on the lookout for a beautiful place to live in the countryside, but now they are talking about things like rewilding and carbon credits from planting trees.

“On the other you have the green investors who want to use natural capital to offset their own carbon



**At the moment there is this focus on environmental buyers and their impact on the farmland market, but they aren't actually buying a huge number of the properties we are selling**

emissions or package it up in a way that can be sold to other people. Some are still acting altruistically, but others are more commercially driven. Even the business-minded farmers who enquire about properties will be talking about regenerative agriculture these days.”

It's certainly changed the way property agents like Will look at what they are selling and who the potential purchasers could be, as he explains. “The Rothbury Estate in Northumberland (page 44) that we've just launched is a great example. Previously the emphasis would have been on its amazing sporting opportunities, but now we're talking a lot about its potential to sequester carbon and boost biodiversity. And I'm certain that will be reflected in those who are interested in buying it.”

But that's not to say it will be definitely be bought by a carbon fund or similar new owner, stresses Will. “Traditional high-net-worth buyers are still very active in the market and have deep pockets, so it could well go to a private individual.”

And there lies the rub, points out Will. “At the moment there is this focus on environmental buyers and their impact on the farmland market, but they aren't actually buying a huge number of the properties we are selling. While they certainly generate a lot of the enquiries we get, they still face competition from tax-driven buyers who have sold land for development, existing farming businesses and lifestyle buyers. Green investors can only afford to pay so much before their sums don't add up.”

However, when the supply of farmland is so low (see chart on page 37), just the presence of a new sort of buyer is enough to create upwards pressure on prices, explains Andrew. “We've seen the volume of land on the market steadily declining over the years, so having an extra party fighting over what is available really does support prices.

“We saw the same pattern in the early 2000s when a number of Danish and Dutch farmers started acquiring arable land

in East Anglia. There weren't huge numbers of them, but it gave the market that had been kicking around at £2,500/acre for a number of years a real boost.”

The pattern, however, looks slightly different when you head over the Scottish and Welsh borders, points out Tom Stewart-Moore, Knight Frank's Head of Farm Sales in Scotland. “When it comes to hill ground suitable for planting trees, farmers are often losing out to funds looking to create woodland carbon credits. At the levels being paid now livestock producers who would typically have acquired this type of relatively unproductive land just can't compete, so much so it's become a real political issue.”

So what of the future? “I don't think the environmental buyer is a passing fad,” reckons Will. “As the income generated from natural capital becomes a more important part of farm incomes, I think the line between traditional and so-called green buyers will become more blurred. Instead of asking about soil types and

crop yields, potential farmer buyers will be expecting to see baseline natural capital surveys.”

Andrew agrees. “As the post-Brexit impact of removing area-based subsidies like the Basic Payment Scheme becomes more apparent and commodity markets become more volatile, you would have expected farmland values to come under a bit of downward pressure, but at the moment we aren't seeing that. Whether the headlines will still be talking about this green gold in 15 years remains to be seen, but if more farms do eventually come to the market it will certainly help support prices.”

## 66%

Rural businesses that think land values will continue rising over the next two years  
The Rural Sentiment Survey 2023

## Happy returns

Preparation is the key to getting the best price when selling a farm or rural estate. Will Matthews shares his eight top pre-sale tips to maximise returns



### 1. YOUR TEAM

It really is a team effort between your agents, legal advisers and accountants, so it's essential to identify and involve everybody from an early stage. Early preparation of the sales pack will give clarity and assist with a quicker exchange.



### 2. THE OWNERSHIP

If there are multiple parties, all will need to satisfy the proverbial client due diligence, and it's vital to ensure the division of the proceeds is agreed upon early to avoid delays further on in the process.



### 3. THE PROPERTY

It sounds obvious, but check what it is you are actually selling. Is it a registered title, does the title plan match the boundaries, and what are the access provisions? Are there any restrictions or charges on the title that need notifying or releasing prior to the sale?



### 4. RETAINED LAND

Remember also to consider the impact of the sale on any retained land. Do you wish to apply positive or restrictive covenants placed on the land to be sold? These must all be agreed upon early on so they can be clearly identified to potential purchasers.



### 5. STATUTORY CONSENT

Make sure all necessary permissions for buildings and uses are in place or, if not, consider a timely application for a Certificate of Lawfulness.



### 6. HOPE VALUE

Where there is potential for further development or redevelopment of the property, an artist's impression or architect's drawings can help purchasers visualise the property's potential. Additionally, you could consider whether a relatively inexpensive planning application for a new facility may add value.



### 7. THE FUNDAMENTALS

These are the elements that one may take for granted, but if they are not present, they affect the functionality of the property. This may not necessarily deter purchasers but may encourage people to try and negotiate on price. For an equestrian property, for example, these would include having working field troughs in every paddock, ensuring careful stocking to avoid poaching, and having safe, secure fencing and good drainage to enable year-round turnout.

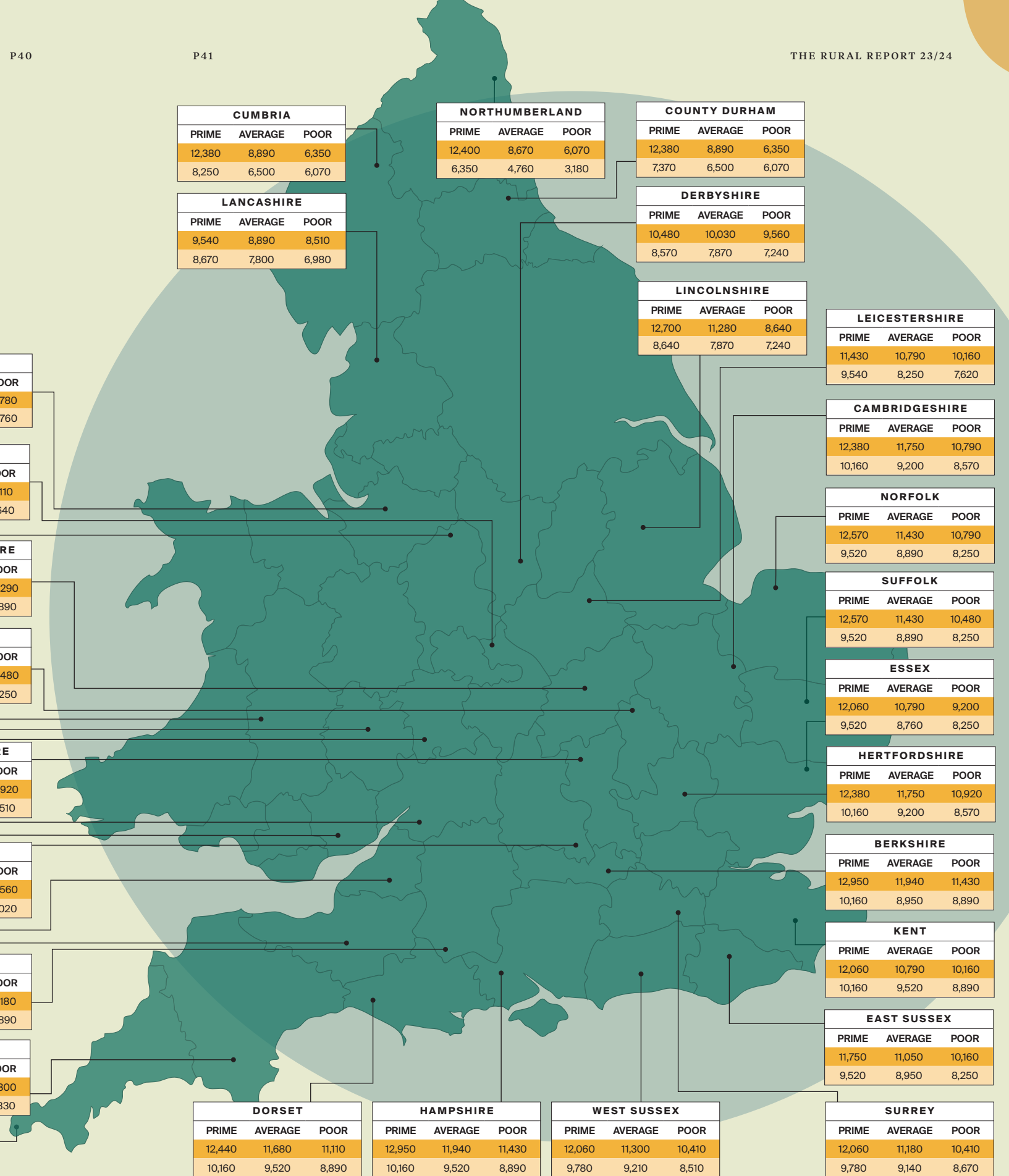


### 8. PRESENTATION

This is the easiest way to create a good impression. Even the basics of a tidy and organised yard with freshly mown lawns will be received far more positively than an unkept set-up. Caution, however, against over-capitalising – costs do not necessarily create enhanced value.

# County-by-county farmland values in England and Wales

A unique guide to the indicative value of arable soils and pastureland of prime, average and poor quality (Q1 2023)



CUMBRIA		
PRIME	AVERAGE	POOR
12,380	8,890	6,350
8,250	6,500	6,070

NORTHUMBERLAND		
PRIME	AVERAGE	POOR
12,400	8,670	6,070
6,350	4,760	3,180

COUNTY DURHAM		
PRIME	AVERAGE	POOR
12,380	8,890	6,350
7,370	6,500	6,070

LANCASHIRE		
PRIME	AVERAGE	POOR
9,540	8,890	8,510
8,670	7,800	6,980

DERBYSHIRE		
PRIME	AVERAGE	POOR
10,480	10,030	9,560
8,570	7,870	7,240

LINCOLNSHIRE		
PRIME	AVERAGE	POOR
12,700	11,280	8,640
8,640	7,870	7,240

LEICESTERSHIRE		
PRIME	AVERAGE	POOR
11,430	10,790	10,160
9,540	8,250	7,620

CAMBRIDGESHIRE		
PRIME	AVERAGE	POOR
12,380	11,750	10,790
10,160	9,200	8,570

NORFOLK		
PRIME	AVERAGE	POOR
12,570	11,430	10,790
9,520	8,890	8,250

SUFFOLK		
PRIME	AVERAGE	POOR
12,570	11,430	10,480
9,520	8,890	8,250

ESSEX		
PRIME	AVERAGE	POOR
12,060	10,790	9,200
9,520	8,760	8,250

HERTFORDSHIRE		
PRIME	AVERAGE	POOR
12,380	11,750	10,920
10,160	9,200	8,570

BERKSHIRE		
PRIME	AVERAGE	POOR
12,950	11,940	11,430
10,160	8,950	8,890

KENT		
PRIME	AVERAGE	POOR
12,060	10,790	10,160
10,160	9,520	8,890

EAST SUSSEX		
PRIME	AVERAGE	POOR
11,750	11,050	10,160
9,520	8,950	8,250

SURREY		
PRIME	AVERAGE	POOR
12,060	11,180	10,410
9,780	9,140	8,670

CHESHIRE		
PRIME	AVERAGE	POOR
11,430	10,160	9,780
9,780	9,270	8,760

WARWICKSHIRE		
PRIME	AVERAGE	POOR
12,320	11,750	11,110
9,650	9,140	8,640

STAFFORDSHIRE		
PRIME	AVERAGE	POOR
12,190	11,430	10,920
9,080	8,890	8,000

NORTHAMPTONSHIRE		
PRIME	AVERAGE	POOR
11,430	10,790	10,290
10,030	9,540	8,890

SHROPSHIRE		
PRIME	AVERAGE	POOR
12,320	11,430	11,050
9,020	8,510	7,750

BEDFORDSHIRE		
PRIME	AVERAGE	POOR
12,380	11,430	10,480
9,520	8,890	8,250

GLOUCESTERSHIRE		
PRIME	AVERAGE	POOR
13,020	12,060	11,430
11,180	10,480	10,030

BUCKINGHAMSHIRE		
PRIME	AVERAGE	POOR
12,440	11,560	10,920
9,900	9,020	8,510

OXFORDSHIRE		
PRIME	AVERAGE	POOR
13,080	12,060	11,560
10,290	9,650	9,020

SOUTH GLOUCESTERSHIRE		
PRIME	AVERAGE	POOR
13,020	12,060	11,430
11,180	10,480	8,890

SOMERSET		
PRIME	AVERAGE	POOR
12,440	11,680	11,110
10,160	9,520	8,890

WILTSHIRE		
PRIME	AVERAGE	POOR
12,700	11,940	11,180
9,900	9,270	8,890

DEVON		
PRIME	AVERAGE	POOR
12,700	12,140	11,300
10,160	9,400	8,830

CORNWALL		
PRIME	AVERAGE	POOR
11,430	10,790	10,160
10,160	9,520	8,890

DORSET		
PRIME	AVERAGE	POOR
12,440	11,680	11,110
10,160	9,520	8,890

HAMPSHIRE		
PRIME	AVERAGE	POOR
12,950	11,940	11,430
10,160	9,520	8,890

WEST SUSSEX		
PRIME	AVERAGE	POOR
12,060	11,300	10,410
9,780	9,210	8,510

POWYS		
PRIME	AVERAGE	POOR
9,020	8,270	6,010
8,270	5,500	3,850

WORCESTERSHIRE		
PRIME	AVERAGE	POOR
12,440	11,560	11,180
9,140	8,380	7,870

HEREFORDSHIRE		
PRIME	AVERAGE	POOR
12,320	11,430	11,050
8,890	8,250	7,750

MONMOUTHSHIRE		
PRIME	AVERAGE	POOR
11,280	10,410	8,670
9,540	6,350	4,440

ARABLE LAND (£/ACRE)

PASTURE\* (£/ACRE)

## AVERAGE LAND VALUES BY REGION Q1 2023

	ARABLE LAND (£/ACRE)			PASTURE* (£/ACRE)		
	PRIME	AVG	POOR	PRIME	AVG	POOR
<b>EASTERN</b>	12,390	11,430	10,443	9,733	8,972	8,357
<b>SOUTH EAST</b>	12,419	11,535	10,900	9,969	9,245	8,704
<b>WEST MIDLANDS</b>	12,318	11,520	11,062	9,156	8,634	8,002
<b>EAST MIDLANDS</b>	11,510	10,723	9,663	9,195	8,383	7,748
<b>YORKSHIRE</b>	9,630	9,130	8,690	8,250	7,700	7,260
<b>SOUTH WEST</b>	12,536	11,764	11,103	10,414	9,741	9,044
<b>NORTH WEST</b>	11,117	9,313	8,213	8,900	7,857	7,270
<b>NORTH EAST</b>	12,390	8,780	6,210	6,860	5,630	4,625
<b>WALES</b>	10,150	9,340	7,340	8,905	5,925	4,145

\*Note: Pasture covers fenceable land, not fell or upland grazing. Values are indicative only. The value of specific parcels of land can vary widely

# Global in nature

Demand for nature-based solutions is driving interest in agricultural land around the world. Will Matthews, Head of Farm & Estate Sales, talks to a selection of Knight Frank's global farmland experts about their local markets



WILL MATTHEWS, HEAD OF FARMS & ESTATES

I get a steady flow of phone calls from private individuals, funds and other investors looking for land to help them satisfy their environmental aspirations, whether that's generating carbon credits through the creation of new forests and peatland restoration, or boosting biodiversity via regenerative agriculture or rewilding.

But the issue we have in the UK is a general lack of supply and the properties that do come to the market often lack sufficient scale for bigger investors. A few hundred acres may be enough for a private individual looking to rewild, but funds are used to assembling portfolios worth hundreds of millions, if not billions, of dollars.

The Rothbury Estate in Northumberland that we have just launched (see page 44) is an exception, but natural capital opportunities of that size are few and far between. However, Knight Frank's global network of farmland experts has access to markets where bigger blocks of land are more common.

Rob Dixon, for example, who heads up our Agri-Sales team in Tasmania, is about to launch a 10,000-acre estate in the

island's Highland region that could well appeal to environmental buyers, especially those interested in renewable energy.

"The environmental market is very big and getting bigger over here," he says. "It's certainly a key factor in supporting farmland values. As well as renewables and forestry, funds are also starting to look at buying land for soil carbon sequestration and offsets."

Jason Oster, Head of Agri-Business and Valuations for Knight Frank Australia, highlights the scale of the opportunities. "I'm just valuing a 1.7 million-acre sheep station in Western Australia. It takes four hours to fly around it."

The nearby and even larger Rawlinna Station has just been sold for an undisclosed sum to Fortescue Metals Group for future green energy and carbon reduction projects, points out Jason. "It's hard to say if the environmental opportunities pushed up the value, but I'd imagine there was some sort of premium."

In terms of the wider farmland market in Australia, values have been rising strongly, reports Jason. "According to various recent reports average values were up by around 20% in 2022, but I've seen some examples of land doubling in value over 12 months." Rising interest rates and falling commodity markets may curb growth in 2023, he reckons, though the market is unlikely to weaken.

"The demand for high-value agricultural assets remains steady, and grain markets show resilience despite



## The demand for high-value agricultural assets remains steady, and grain markets show resilience despite global instability and disrupted distribution channels

global instability and disrupted distribution channels. There is also a growing interest in carbon-related income for agricultural investments as sustainable practices gain prominence," says New South Wales-based farm agent Andrew Blake.

In New Zealand, Nick Hawken, National Director of Rural at our associate Bayleys, whose team transacted 144,000 acres of dairy and livestock units last year, is selling a number of large farms, including Makopua Station (see page 49), that could appeal to international investors with environmental aspirations.

P42

P43

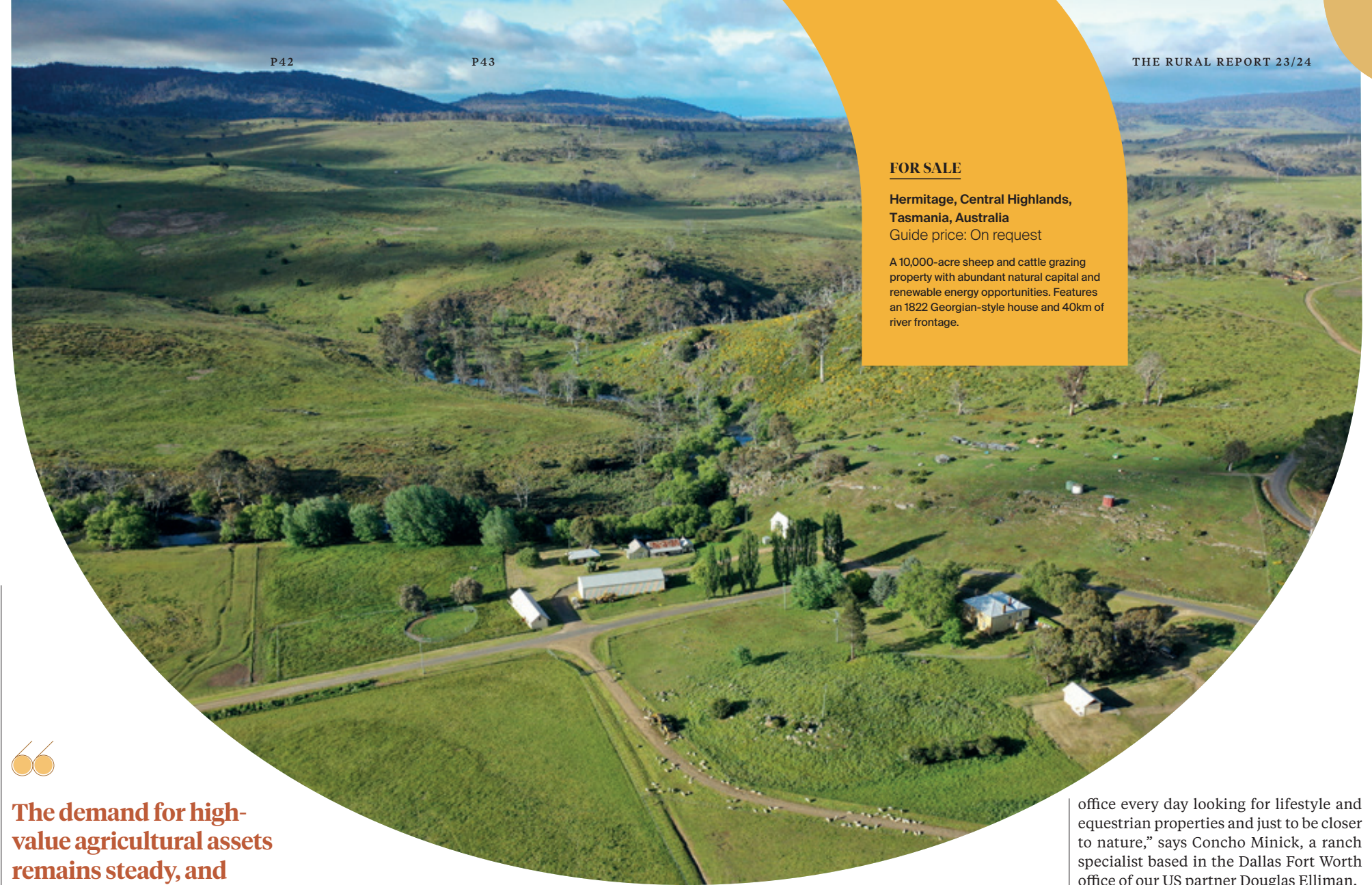
THE RURAL REPORT 23/24

2

### FOR SALE

**Hermitage, Central Highlands, Tasmania, Australia**  
Guide price: On request

A 10,000-acre sheep and cattle grazing property with abundant natural capital and renewable energy opportunities. Features an 1822 Georgian-style house and 40km of river frontage.



"Natural capital is a fundamental feature of our assets, but we are relatively unsophisticated when it comes to isolating it as a key driver of a transaction or value. In saying this, environmental considerations and access to water are central to decision-making now, so I'd suggest that natural capital is part of our ecosystem without parties necessarily knowing this."

Zambia is another country that offers investors scale. Tanya Ware, our Head of Farm Sales there, currently has around 150,000 acres of commercial farmland for sale, more than is publicly sold in the UK in a year.

While the carbon market is developing, most buyers are more interested in food security than natural capital, and farmers are looking to farm in a more environmentally friendly way to reflect

the requirements of their European customers. "Nothing can go on a plane these days – things like avocados and nuts all have to be trucked to a port and on to a ship," says Tanya.

Aside from existing commercial properties, the government is opening up large blocks of new farmland that could offer tree-planting opportunities, adds Tanya. "If you wanted 10,000 hectares of land to develop and have a good business and employment plan, the government will sell it to you very cheaply."

Of course, not everybody needs thousands of acres to go green and the race-for-space trend that kicked off during the Covid-19 pandemic is still driving markets around the world. "It's maybe slowed down a little, but we are still seeing lots of buyers who don't need to be in the

office every day looking for lifestyle and equestrian properties and just to be closer to nature," says Concho Minick, a ranch specialist based in the Dallas Fort Worth office of our US partner Douglas Elliman.

Max Edgar, a wineries expert in our Italian property team, is seeing a similar pattern. "Being able to produce your own wine from your own grapes, press your own virgin olive, plant trees to grow your own nuts and maybe even dig your own truffles, is a very powerful draw for people who would like to live a lifestyle that has less of carbon footprint."

So if you can't find what you are looking for in the UK do give me a ring. There's a good chance that we can help find you something else in another part of the world.

To see a small selection of the international property we have on the market please turn to page 49

# On the market

Will Matthews curates a selection of some of the farms, estates, vineyards and equestrian properties that Knight Frank is selling around the world

For more details of any of the properties featured please get in touch with Will at [will.matthews@knightfrank.com](mailto:will.matthews@knightfrank.com)

## FOR SALE

**The Rothbury Estate,  
Northumberland**  
Guide price: £35 million

This stunning 9,487-acre estate is one of the largest ringfenced blocks of land to be sold in England for over 30 years. There is huge potential to generate significant new natural capital-based income streams, such as the creation of carbon credits from peatland restoration and tree planting, and biodiversity offsets. It also offers numerous sporting options, including grouse and pheasant shooting and salmon fishing on the River Coquet.





UK



**FOR SALE**

**The Ewelme Park Estate,  
Henley-on-Thames, South Oxfordshire**  
Guide price: £18.7 million

The estate's non-listed 15-bedroom Lutyens-style manor house was built in 1913 and is surrounded by beautiful gardens and grounds plus equestrian facilities, a listed farmhouse, five cottages and a 25-box stable yard. Ewelme Park Farm comes with 395 acres of grade 3 farmland and 179 acres of woodland laid out for a shoot.



**FOR SALE**

**Hazelbury Manor, Wadswick,  
Wiltshire**  
Guide price: £9.75 million

The Grade I listed 10-bedroom manor house dates back to the 14th century and is surrounded by glorious formal gardens. Includes 182 acres of organic pasture and woodland and a courtyard of 17th-century and modern farm buildings, as well as secondary accommodation.



**FOR SALE**

**The Poston Court Estate,  
Vowchurch, Herefordshire**  
Guide price: £9.55 million

A Grade II\* listed classical country house with stunning views over its 266 acres of grounds and parkland. Includes a lodge, cottage, buildings and an orangery leisure pavilion with pool, tennis court and walled garden.



**FOR SALE**

**Saddlewood Manor,  
Leighterton, Gloucestershire**  
Guide price: £8.75 million

A ringfenced residential and equestrian estate. The Grade II listed six-bedroom house dates from the 17th century and there are also two cottages. The 172 acres of grade 3 arable land has currently been seeded to grass, but previously included a polo field with irrigation.

# UK



**FOR SALE**

**Drumbain, Fisherton, South Ayrshire, Scotland**  
 Guide price: Offers over £2.3 million

Extensively modernised, Drumbain's traditional six-bedroom south Ayrshire farmhouse has stunning views over the Firth of Clyde. The 52-acre farm has a range of outbuildings, some with conversion potential, extensive gardens and grounds and pastureland.

# Australasia



**FOR SALE**

**Karakin Farms, Lancellin, Perth, Australia**  
 Guide price: On application

At 8,544 hectares this is one of the largest landholdings close to Perth. Over 5,000 hectares are suitable for arable cropping and there is some infrastructure in place for centre-pivot irrigation. The proximity to the coast means regular winter rainfall and the main farmstead has sea views.



**FOR SALE**

**Llandilo Abercowin, St Clears, Carmarthen, Wales**  
 Guide price: £5.1 million

A 335-acre productive dairy farm with significant eco-tourism and environmental potential. Overlooking the estuary of the rivers Taft and Cywyn, the farm includes two houses, an extensive range of buildings, saltmarshes and woodland.



**FOR SALE**

**Makopua Station, Taihape, North Island, New Zealand**  
 Guide price: By negotiation

This 1,657-hectare former cattle and sheep property is an ideal ESG investment. It has been replanted with four million mānuka plants that will not only produce an estimated 60,000 kg of high-value mānuka honey on maturity, but a significant number of tradable carbon credits.

# Europe



**FOR SALE**

**The Cuskinny House Estate, County Cork, Ireland**

Guide price: €3.75 million

A 163-acre coastal estate with a late Georgian house and extensive gardens, beech wood and grounds overlooking Cork Harbour with 800 metres of sea frontage. Two blocks of arable and pasture.



**FOR SALE**

**Farmstead in Castellina in Chianti, Tuscany, Italy**

Guide price: €2.95 million

This traditional podere or farmstead dates back to the 14th century and includes 20 en suite bedrooms with tourism potential. There are stunning views over 57 hectares of vineyards and olive groves towards San Gimignano and Barberino. The farm produces its own heating and electricity.

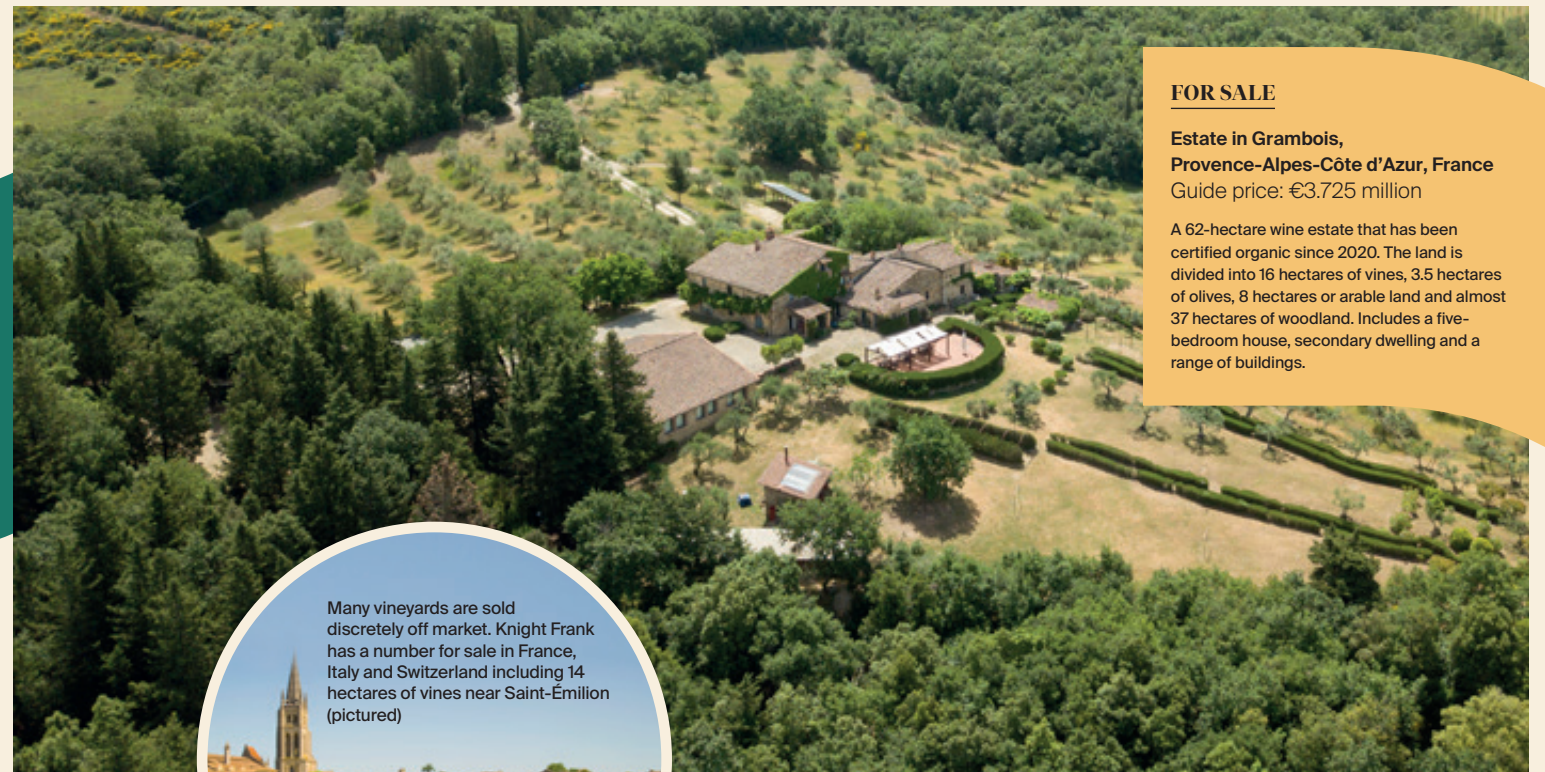


**FOR SALE**

**Borgo Lesolana, Tuscany, Italy**

Guide price: €8.2 million

A 93-hectare agri-turismo in the heart of Tuscany, equidistant from Florence, Siena and Arezzo, that produces its own wine, olive, chestnut and walnut oils. Includes 12 apartments, 11 hectares of vines, a 2-hectare olive grove and 28 hectares of coppiced woodland.

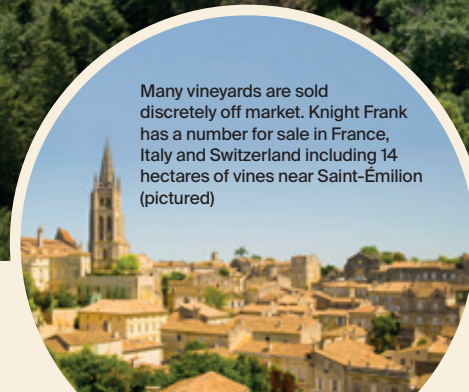


**FOR SALE**

**Estate in Grambois, Provence-Alpes-Côte d'Azur, France**

Guide price: €3.725 million

A 62-hectare wine estate that has been certified organic since 2020. The land is divided into 16 hectares of vines, 3.5 hectares of olives, 8 hectares of arable land and almost 37 hectares of woodland. Includes a five-bedroom house, secondary dwelling and a range of buildings.



Many vineyards are sold discretely off market. Knight Frank has a number for sale in France, Italy and Switzerland including 14 hectares of vines near Saint-Émilion (pictured)

# US

**FOR SALE**

**Smith Rd, Belleville, Texas**  
 Guide price: US\$5.9 million

Complete with its original, but sensitively modernised, 1915 farmhouse, the rolling fields of this 140-acre equestrian property are dotted with mature trees and ponds. It includes a five-stall horse barn, implement shed and outdoor arena.



**FOR SALE**

**Pierson Road, Wellington, Florida**  
 Guide price: US\$18.9 million

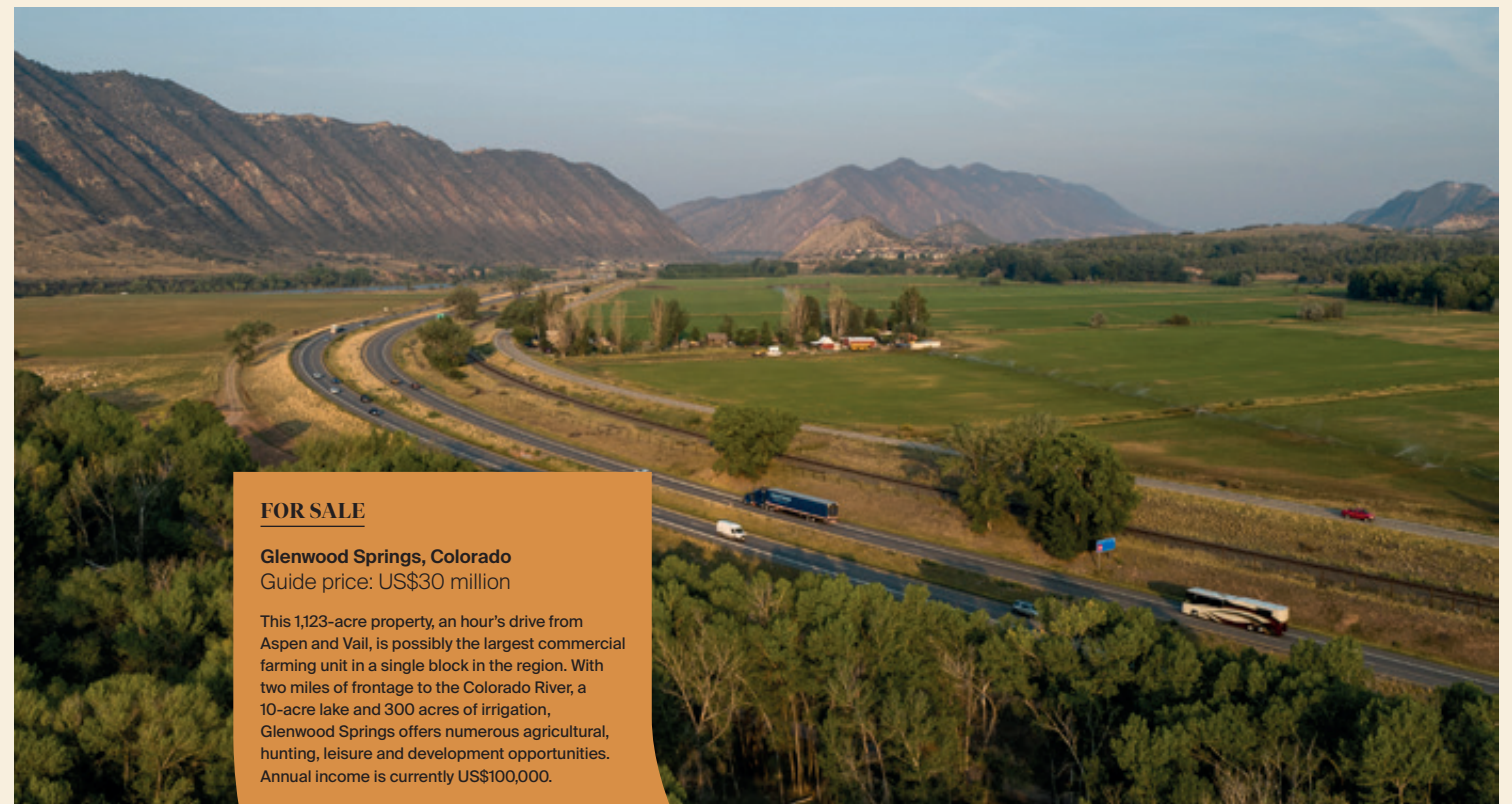
A rare opportunity to purchase a state-of-the-art equestrian facility adjoining Wellington International Showground. The 5-acre property includes 24 stalls, an all-weather arena, paddocks and horse walker plus ample luxury staff accommodation and office space.



**FOR SALE**

**Khalily Stables, Bridgehampton, Long Island, New York**  
 Guide price: US\$15.9 million

A state-of-the-art 19-acre equestrian facility close to the beaches of the Hamptons. Includes 27 stalls, 15 grass paddocks, indoor and outdoor arenas, a covered KRAFT horse walker and staff accommodation.



**FOR SALE**

**Glenwood Springs, Colorado**  
 Guide price: US\$30 million

This 1,123-acre property, an hour's drive from Aspen and Vail, is possibly the largest commercial farming unit in a single block in the region. With two miles of frontage to the Colorado River, a 10-acre lake and 300 acres of irrigation, Glenwood Springs offers numerous agricultural, hunting, leisure and development opportunities. Annual income is currently US\$100,000.

# Africa

## FOR SALE

**Land near Mulot Town,  
Narok County, Kenya**  
Guide price: US\$4.25 million

A 1,091-acre commercial farming opportunity with extensive irrigation infrastructure and water access via the Amala River. The fertile loam soils grow high-value crops such as French beans, avocados and potatoes.



## FOR SALE

**Wheatland Ltd,  
Central Province, Zambia**  
Guide price: US\$5.55 million

A 689-hectare commercial opportunity in the Mkushi farming block, Zambia's agricultural heartland. Over 500 hectares of centre pivot irrigated land deliver high yields of both wheat and soybeans. The farm has a 3.6 million cubic-litre irrigation permit.

# Innovating to offset the interest rate squeeze

Rural businesses, farmers and landowners are grappling with a new era of higher interest rates that shows few signs of abating. That means finding innovative ways to work with lenders to offset pressure on incomes

**W**hen David Sheringham\* and his siblings inherited their family's rural estate in 2017, the Bank of England base rate sat at just 0.25%. To address a significant inheritance tax bill at the time, the family opted for a variable rate loan of £4 million.

The Bank of England has since raised the base rate on several occasions and it is now at its highest level since 2008. The family's interest payments ballooned from £91,000 a year to more than £250,000.

It's a specific example of a much broader problem.

"For many landowners, the cost of debt is their biggest challenge," says Bradley Smith, an agricultural finance specialist at Knight Frank Finance. "However, lenders are doing less business than they would like, so are eager to work with rural businesses to remain competitive. That includes finding new angles for raising finance, whether through new income streams or by harnessing the sustainable potential of farms and estates. This presents real opportunities for farmers and landowners if they can make an attractive case to a lender."

David Sheringham identified a development opportunity that, subject to planning, would triple the value of the estate, but could take as many as five years to realise. Meanwhile, the rapid rise in interest costs had become a constraint on the estate's ability to undertake any significant changes.

The solution was a new loan with a private lender that offered delayed interest payments for three years.

"The loan structure came with great advantages," David says. "It replaced the

previous loan that was raised purely to pay tax and enabled us to grow the estate income through residential refurbishments and greater agricultural investment. It also meant we could start actively working with the local council to progress our housing development plans."

The loan type, known as an interest roll-up, isn't a new product, but is typical of the sort of solution banks are increasingly willing to provide to bridge a difficult period, says Bradley.

Lenders are also eager to finance green initiatives and will offer favourable rates or fee-free lending for qualifying estates. A lack of data and suitable opportunities have left many unable to meet ambitious lending targets, and most have now loosened the definition of what qualifies for green tranches of funding.

"Whether it's buying land and moving it to regenerative schemes, or capturing rainwater, renewables or even financing direct drills that are kinder to the soil,

banks are keen to lend in this space and will generally work with you to find a solution," says Bradley.

Fee-free loans or slightly better rates might not be a silver bullet to solve the myriad of challenges rural landowners currently face, but they can be the marginal difference that facilitates the ability to adapt to an industry in flux. That was certainly the case for David Sheringham.

"This loan gives us greater flexibility on the estate's management and development, it provides sufficient working capital that will facilitate income growth and it enables us to be free of the past tax burden," he says. "We now have space to breathe."



## Get in touch

Please scan the QR code to find out more about our Agri-Finance Services

Fieldwork – Matthew Clapp and Bradley Smith, agricultural finance specialists at Knight Frank Finance



\*The name has been altered to protect the privacy of the borrower, but all details match a 2023 case with Knight Frank Finance



# Working for you

INSIGHTS AND ADVICE TO HELP LANDOWNERS ADD VALUE TO THEIR PROPERTIES AND BUSINESSES

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# Giving back

Andrew Shirley meets the owners of an estate that is delivering a multitude of environmental and social benefits



**T**he enthusiasm for nature is palpable as I talk to Jane Byam Shaw on the veranda of her house where we are surrounded by 280 acres of gorgeous Dorset countryside, bursting with birdsong, water and wildlife.

Her eyes light up as she describes an osprey that has recently been spotted on CCTV visiting a nesting platform installed by local charity Birds of Poole Harbour to attract the birds, which are part of a reintroduction programme centred around the nearby harbour.

“It was the first time we’ve seen proof that ospreys visit the estate,” Jane explains excitedly to me and my Rural Consultancy colleague John Williams

who, with Bertie Gilliat-Smith, manages the estate for Jane and Justin Byam Shaw with the help of our Agri-Consultancy and Client Finance teams. “They are such amazing birds, every year they migrate to Africa and return to the same place in the UK. Eventually we’re hoping a pair will choose to nest here.”

Justin spent 20 years on and off searching for a country home, but it was only after the sudden death of their 14-year-old son Felix from meningitis that he took the plunge. “I’d looked at the estate before and the price wasn’t right, but The Buying Solution let us know it was back on the market with a separate house removed from the package and we were able to proceed.”

“Felix loved wildlife and had talked about working in conservation as a career. Justin, Dan, his brother, and I are inspired by his deep love of nature and, with our plans for this wonderful place, we believe we will be able to fulfil some of his ambitions,” adds Jane.

Four years on and the estate is actively participating in a number of environmental schemes (see page 60) of various scales. “We are now able to help nature not only on our own property but also in the surrounding area,” says Jane. ▶



**Improving the water quality of the River Piddle, which runs through the middle of the estate and is surrounded by numerous pools and lakes created by earlier gravel workings, is a priority**

**Food bank** – Jane Byam Shaw and Bertie with a potato crop destined for London’s hungry

“It proves that you don’t have to have a huge estate to make a real difference,” agrees John. “I suggested the owners got to know the estate for the first year and worked out their aspirations. Since then we’ve been working to help deliver their vision to create somewhere where the family can relax, but at the same time boost biodiversity in the local area.”

Improving the water quality of the River Piddle, which runs through the middle of the estate and is surrounded by numerous pools and lakes created by earlier gravel workings, is a priority. “It looks clean and there used to be salmon jumping up the weir, but sadly the Piddle is one of the country’s poorest quality chalk streams and that is having a big impact on Poole Harbour and all the wildlife that lives there,” explains Jane.

**The Felix Project**

It’s not just nature restoration that Jane and Justin are passionate about. When the conversation turns to the Felix Project, which they founded in 2016, and which aims to tackle food insecurity and food waste in London (see page 61), Jane becomes even more animated. “Felix told us one weekend that his football team had played in a tournament and he was shocked that

**Maximising the value of natural capital**

Size isn’t everything when it comes to taking advantage of opportunities that reward efforts to improve the environment. Knight Frank’s Bertie Gilliat-Smith, who helps manage Jane and Justin’s estate, runs through some of the schemes they are involved with.

**Nitrate leaching tool** – The Poole Harbour catchment area has been significantly affected by nitrate and phosphate leaching since the 1960s. Around 75% of this has been blamed on agriculture. In conjunction with the Environment Agency, the Poole Harbour Agricultural Group has developed a nitrate leaching tool that calculates nitrate losses and sets maximum farm leaching targets. Estates, like Jane and Justin’s, that come in below target earn credits that will be tradeable within the membership of the Poole Harbour Nutrient Management Scheme.

**The Wareham Arc Landscape Recovery Scheme** – Covering three river systems – the Piddle, Frome and Sherford – and involving 26 partners, including landowners, tenants, public and government bodies, this ambitious project aims to connect high-nature-

value pockets of land – Purbeck is the most bio-diverse 10 sq km in the UK – and reduce the environmental impacts on Poole Harbour. £900,000 of funding has been allocated to a two-year development stage.

**Countryside Stewardship Mid-Tier Scheme** – We explored all options available to the owners as part of their drive to maximise biodiversity and natural capital across the estate. This scheme has allowed us to positively manage the environment/grassland across the estate, providing food and shelter for a range of species that are in residence. Capital funding helps maintain existing boundaries and protecting areas that are nature rich.

**Countryside Stewardship Higher-Tier Scheme** – Building on the above, Higher-Tier funding has helped us create a woodland management plan. The funding will allow us to manage invasive species such as rhododendron that are prevalent across the estate. Along with thinning, this will encourage other species, ultimately regenerating and enhancing vast amounts of biodiversity.

The future looks bright – Bertie Gilliat-Smith, Jane Byam Shaw and John Williams discuss environmental projects



**We are already working with around 1,000 charities in London, but another 500 have asked for our help and are on the waiting list**

some of the boys in a team from London had not had breakfast or anything else to eat before playing. After his death we just felt we had to do something.”

The numbers are shocking and it’s no wonder Jane and Justin have taken their son’s concern and empathy to heart. It’s bad enough that millions of people, in particular children, have to go hungry, but what really rankles after talking to Jane are the millions of tonnes of perfectly edible food that are going to waste in the UK every year.

“And the situation is only getting worse due to the cost-of-living crisis,” says Jane. “We are already working with around 1,000 charities in London, but another 500 have asked for our help and are on the waiting list.”

Such is her determination to help solve the problem, I wonder if she and Justin get involved in political lobbying to persuade government to do more. Jane demurs, but says Justin is involved in the debate about using farmland to grow crops to feed anaerobic digestors instead of producing food.

Justin is actively involved in food production himself and has renovated the estate’s walled garden and added a well-hidden polytunnel to produce an impressive array of fruit and vegetables that can be used by The Felix Project.

It’s just one more example of how the owners are helping people and planet. “We really want to leave something that’s in better condition than when we found it,” says Jane. Given the millions of people helped by The Felix Project and all the environmental work they are doing, that’s a given. And I’m pretty sure the osprey will be back to nest soon.



Almost five million adults in the UK struggle to afford to eat every day, while two million children are at risk of missing their next meal. Meanwhile, our food industry generates three million tonnes of good, edible surplus food each year.

The Felix Project is a London-based food redistribution charity set up in 2016 by Jane and Justin Byam Shaw to tackle both issues in memory of their son, Felix, who died suddenly of a highly virulent strain of meningitis just a few months before the ACWY vaccine for teenagers was introduced in the UK as an emergency measure. The Felix Project is not a food bank, but rescues good, surplus food



from the food industry that cannot be sold and would otherwise go to waste. This is high-quality and nutritious, including a high proportion of fresh fruit and vegetables, baked goods, salads, meat and fish.

The project collects or receives food from more than 500 suppliers, including supermarkets, wholesalers, farms, restaurants and delis. That food is then sorted and distributed to 1,000 frontline charities, primary schools and holiday programmes in London. Food that would have gone to waste reaches vulnerable people including homeless people, those with mental health issues and those who simply cannot afford to buy healthy food regularly.

In addition, the Felix Kitchen also creates and cooks fresh, healthy meals that are distributed to those in need across London. In 2021 it provided 30 million meals. The Felix Project also delivers advice on healthy eating and cooking to school children in some of London’s most deprived areas. The Felix Project believes in a vision of London where no one goes hungry and good food is never wasted.



Find out more about The Felix Project



# Ask George

George Jewell of Knight Frank's Rural Valuation team answers some of the increasingly common tax and valuation questions relating to natural capital that he and his colleagues receive

## Will investing in the natural capital of my farm or estate increase its value?

This is a very difficult question to answer at this early stage with markets just emerging. My instinctive answer is yes, but be careful when, where, why – and for how long – you enter into any agreement or carry out any works. An example of a pitfall might be entering into an agreement for a 30 year-plus term where the obligations suit you and your current objectives – but might not suit potential purchasers.

In almost all cases it is currently too early to accurately value natural capital assets beyond their basic land use value and their potential.

## How is natural capital valued?

As alluded to above, these markets are only just starting to emerge, which makes assessment of a spot figure on such assets very difficult in the absence of key information such as robust comparable evidence. Before the emergence of



## Increasingly natural capital will have a role to play in a farm delivering its best value on sale as an existing business

natural capital and environmentally driven buyers, such value would have been considered as part of the overall amenity of a farm.

In the future I expect an increase in our database of comparable transactions of land and properties subject to relevant agreements. Analysis of this evidence, in part on the basis of income and obligations, will allow a firm value to be arrived at.

Increasingly, natural capital will have a role to play in a farm delivering its best value on sale as an existing business. Here natural capital assets have a key role in supporting the agricultural business by allowing it to meet current or future obligations associated with supply contracts and perhaps loan agreements. It should be borne in mind that the agricultural sector is subject to natural capital targets, such as net zero aspirations, and therefore farms will be too. The premature disposal of natural capital assets could therefore be counter-productive.

## If I start to receive an income from undertaking environmental land management and/or the provision of ecosystem services, how might my tax position change?

In 2022 the government commissioned Baroness Kate Rock to carry out a review of the tenanted farm sector (which, according to the report, occupies about a third of farmed land in England) and how it “can be properly integrated into future farming policy”. There is an emphasis on access to environmental schemes and markets.

The report made several recommendations relevant to potential changes to the taxation of agricultural property, chiefly around incentives to offer to landlords to promote lettings under farm business tenancies (FBTs) for at least eight years, including:

- restricting 100% Agricultural Property Relief (APR) from Inheritance Tax (IHT) to FBTs of eight years or more
- allowing FBTs of more than eight years to claim Business Property Relief (BPR) on land value that falls outside APR, and
- allowing landlords who let for at least eight years to declare income as trading.

While the government published its response to this wide-ranging review in late May it has already acted on the tax recommendations by asking His Majesty's Treasury to consult on the treatment of income from biodiversity net gain (BNG), nutrient neutrality and carbon sequestration either in the public or private domain. The consultation, entitled *Taxation of environmental land management and ecosystem markets*, also considered the position with regard to capital taxes. The consultation ended on 9 June and the results are awaited.

Further relevant matters forming part of the consultation included the fundamental point as to how land put to an environmental use will be classified for IHT and Capital Gains Tax (CGT) purposes.

First, will environmental land be classed as a trade for the purposes of BPR from IHT and CGT? This CGT point is relevant as it links directly to rollover relief. Buyers with rollover funds to invest are an active category of farm purchasers who can pay premium prices.

Second, will an environmental land use be agricultural for the purposes of IHT? As matters stand, if an agricultural use ceases APR would no longer apply, but that would not be the case if say, with a BNG agreement, grazing were to continue as there would remain an agricultural use. The potential loss of APR in such a situation would not preclude

a successful BPR claim subject to the usual requirement for trading activities to dominate investment activities over the wider property under consideration.

The results of the consultation and therefore the potential for change in the future cannot be pre-judged. In my view it would seem counter-productive to allow environmental land to become exposed to IHT or disadvantaged in the case of CGT.

Similarly, a radical incentivisation of eight-year-plus FBTs could be counter-productive as there would be fewer incentives to let land. In such circumstances, landlords may explore other farming structures or perhaps short-term agreements, both of which would be to the detriment of new entrants to the industry.

The government must find a balance to encourage new entrants, scheme take up and environmental market participation in order to make progress towards its high-level environmental goals and targets.

In short, your tax position may change but we await the outcome of the consultation.



**It should be borne in mind that the agricultural sector is subject to natural capital targets, such as net zero aspirations, and therefore farms will be too**

## Get in touch



Please scan the QR code or email [george.jewell@knightfrank.com](mailto:george.jewell@knightfrank.com) to find out more about our Rural Valuations team



**W**hat a difference a couple of decades makes. I last visited the glorious Ashcombe Estate at Tollard Royal, Wiltshire, in 2001. Back then, the 1,134-acre estate was up for sale and I was the Land & Farms Editor at *Farmers Weekly* despatched to write about the charms of the property, which was once the home of society photographer Cecil Beaton.

The estate was sold, with much media fanfare, to the filmmaker Guy Ritchie and his then wife, the pop singer Madonna. Fast forward to 2023 and it's clear Guy's love affair with Ashcombe, originally bought for its stunning shoot, continues unabated.

Ashcombe's steep valleys and rolling fields – now farmed regeneratively with the assistance of Knight Frank's Head of Agri-Consultancy Tom Heathcote – are as beautiful as ever but the estate is also a hive of industry, home to the lauded Gritchie Brewery, guest accommodation and various enterprises crafting artisan fire tables and ingenious mobile cabins.

And just a few miles away sits the latest addition to the estate, the spectacularly scenic Compton Abbas airfield set atop

hills with panoramic views of Shaftesbury and the surrounding countryside below.

This time around, I've been joined on my visit by Elin Jones, Knight Frank's Head of Rural Client Finance, who has played a pivotal role in helping the estate develop its range of diversified enterprises and integrate each one seamlessly into the wider business.

All of the numbers and information collected by Elin and her team follow a similar trajectory to the planes taking off from the sunbathed airfield where we are being shown around by airfield manager Andrew Wood, who is sharing Guy's exciting plans for the redevelopment of the business.

"Everything is held in the cloud," Elin explains. "This makes it easy for anybody to access all the numbers, wherever they are in the world." ▶



# Head in the clouds

Accounting guru Elin Jones deploys the latest technology to help rural businesses become more efficient and sustainable. Andrew Shirley visits one of the clients she's helped to reach new heights

Taking off – Knight Frank's Elin Jones and Guy Ritchie's airfield manager Andrew Wood discuss future plans



Bright ideas brewing – Elin Jones and Estate Manager Brendan Reisbeck tour the brewery, while workers Kane and Barney organise the stock



Invoices and the like are scanned straight into the system via an app on a mobile phone. With no paperwork to shuffle around, the accounting process is much more efficient, not to mention less labour intensive, meaning performance reporting data is available in real time.

“When Knight Frank first took over the estate it could take up to three months to really get an accurate picture of where we were,” says Estate Manager Brendan Raisbeck. “Now it just takes a swipe or two on my phone to see exactly what’s going on and approve invoices. It saves a huge amount of time.”

And the similarities with an airfield don’t end with the clouds. Just as planes awaiting their landing slot neatly stack, so too do the accounting and financial management tools that Elin uses to help her clients. “These days we don’t need to rely on one package because we can select from a range of programmes that all talk seamlessly to each other. We just layer up what the client needs, whether it’s payroll, till systems, stock management systems or

even rental property management systems into what we call an ‘appstack’.”

This is much more cost efficient and offers a great deal of flexibility, adds Elin. “It helps us create bespoke solutions for our clients as they develop, whether they are a traditional farming estate or a highly diversified business like Ashcombe.”

Given the increasingly volatile world we live in, such flexibility is vital for businesses that need to make quick decisions. The Covid-19 pandemic, for example, struck not long after the Gritchie Brewery was set up meaning the business needed to switch rapidly from mainly supplying casks of ale to local pubs to offering bottles of beer online to individual consumers locked down at home.

“We were able to integrate the order system with the website and accounts system which meant the switch could be made really quickly,” says Elin. “The new e-commerce business that Elin helped facilitate enabled us to keep the brewery running and kept people employed,” adds Brendan.

Elin is quick to emphasise that using cloud-based systems doesn’t replace hands-on client relationships. “Having so much data at our fingertips has helped us build a close relationship with the estate so we understand their needs and what’s happening on the ground. That relationship means Andrew and Brendan come to us when they have these new ideas so we can help from the outset.”

So what are Guy’s latest plans? “We are shortly going to be opening a new bar and restaurant at the airfield that will help make it more of a destination for visitors and bring together different elements of the Ashcombe Estate like the brewery,” reveals Andrew.

I’m sure next time I visit Ashcombe, there will be more exciting developments in the offing, all facilitated by Elin’s innovative cloud-based accounting and finance management systems.

### Get in touch

Elin is Head of Rural Client Finance  
elin.jones@knightfrank.com



Find out more about  
Compton Abbas Airfield

## Profitable placemaking

Using experience gained in the English wine sector, James Osborn shares some placemaking best practice

Placemaking is about more than creating a destination; it is ultimately about people and communities. Profitable placemaking is predicated on building a must-visit destination with a thriving community at its heart. Outlined below are some of the ways I’ve helped clients to create that thriving community.

**Create a brand with a purpose** – In a crowded English wine market, the need to create a distinct and strong brand has never been more important. Strong brands help shortcut a conversation to a sale (people think less about purchase and need less incentive to buy), reduce price sensitivity and justify a more premium price point. Don’t think that creating a logo and label is enough: a brand needs to delight people and have genuine meaning in their lives. Brands should be distinct and different in their market to help drive value, and a purpose-led brand will drive it even further by building a community around the reasons why the brand exists, not just what it does.

**From subscription to a membership model** – One way to build a valuable community is through membership of your brand and business. The English wine industry is dominated by subscription-based models. Buying direct from the vineyard saves the consumer money and gives the business a reliable sales rate, improving gross margin on their profit and loss. It’s also very transactional and a wasted opportunity to create a valued connection with customers. A membership model, on the other hand, creates experiences, not just transactions, allowing people to get a step closer to the brand and the people behind it. Share your vision, be clear about your purpose and people will become your greatest ambassadors, helping to lower your customer acquisition cost. Being interested in people, not just interesting to them, will create opportunities to form a highly effective hive for new product innovation.

**Piggy-backing** – For new and less familiar experiences, such as visiting a winery, you can create greater community engagement by piggy-backing on existing activities such as food- or recreation-led events.

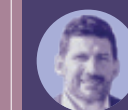
behavioural economics and I have used it to build more profitable businesses through a better understanding of human behaviour. Mastering it means that brands can connect more meaningfully and effectively with their customers, trigger habitual behaviour and ritual, and in turn create thriving communities. In practice it can be as simple as reframing an existing product in a different way in order to get a different response. It is sometimes more about eliminating things that cause barriers to purchase than creating something new. Equally, small investments or changes can have a very big effect.

**Authority bias** – Where a person overvalues the opinion of a person with perceived authority and tends to comply with what they say. Brand ambassadors recruited from your own customer base are one such example. Whether leading winery experiences or simply hosting your events, their passion for the brand will be infectious, and their opinion valued highly for its authenticity.

**Social norms and proof** – Day-to-day behaviour is influenced by what we perceive to be the prevailing norm. People buy products and experiences that enhance their standing amongst their peers, through online reviews and mass social acceptance. Creating opportunities to capture those moments (what’s often called being “instagrammable”) is one thing, making it easy to share those moments is another.

**Piggy-backing** – For new and less familiar experiences, such as visiting a winery, you can create greater community engagement by piggy-backing on existing activities such as food- or recreation-led events.

### Get in touch



James has recently joined our Viticulture team and is a placemaking specialist  
james.osborn@knightfrank.com

**Using behavioural economics to create thriving communities** – I am a big fan of

# Matchmaking

Knight Frank's new Horsham team is bringing together developers and custodians of natural capital to help deliver much-needed housing in the south of England. Mark Topliff finds out more



Discussing the options - Isabel Swift, Jamie Freke-Evans and Rachel Patch on a site with BNG potential

The government has estimated that 300,000 new homes are needed each year to meet demand. But research suggests that at least 100,000 homes are being held up in the planning system by environmental constraints such as nutrient neutrality rules. Together with water neutrality and biodiversity net gain (BNG) rules, developers are increasingly turning to the countryside for solutions to unblock the housing pipeline. Here are some examples that show how we can help.

## Nutrient offsetting

Jamie Evans-Freke helps clients to create and trade nutrient credits. Demand for these credits primarily arises from developers who have set their sights on constructing residential properties that will discharge into a river. River catchments designated as a special area of conservation can serve as a sanctuary for crucial species like spawning salmon and red shank. Faced with the need to minimise their environmental footprint, developers must offset the nutrients released through sewage outlets.

Jamie says that they are approached by a growing number of developers seeking credits to trade with. Steph Small, who works alongside Jamie, explains that “this is achieved by partnering with polluters upstream in the same water catchment area and offsetting an equivalent amount of nutrients.” She adds that “through collaborative efforts with statutory authorities, we assist our clients in devising a comprehensive management plan.”

Knight Frank's Horsham team navigates the intricacies of obtaining statutory accreditation, setting up a robust legal mechanism and facilitating registration with the relevant planning authority. Jamie ensures all parties involved understand and comply with the pathways and legal mechanisms required to deliver nutrient credits to neighbouring planning authorities. Once accredited, and with all necessary legal mechanisms in place, credits can then be traded to developers who are required to invest in environmental improvement opportunities.



**The team diligently prepares a comprehensive management plan, outlining precise guidelines for land stewardship**

## Biodiversity net gain

Rachel Patch is continually identifying and delivering BNG opportunities for land-owning businesses in the south east.

“We work with developers and our clients to maximise opportunities for BNG solutions on the client's land,” she explains. “The crux of our approach lies in delivering biodiversity improvements that surpass a minimum threshold of 10% enhancement.” In effect, this means that the negative impact of development is counterbalanced by an even greater biodiversity gain elsewhere.

Rachel cites a prime example where a developer was seeking to mitigate their impact by reverting five acres of low-grade arable ground into a thriving habitat of species-rich grasslands and wildflower meadows. What may sound like a straightforward transformation in fact requires careful planning and management, as Rachel explains.

“The team diligently prepares a comprehensive management plan, outlining precise guidelines for land stewardship,” she says. “It can be likened to a private stewardship scheme. This plan then ensures that the land is managed in a manner that maximises biodiversity and conservation efforts.”

## Water offsetting

“Water offsetting may seem like a distant concern for many, but for a handful of local authorities in the Sussex North Water Resource Zone, including Horsham, parts of the South Downs National Park, West Sussex, Crawley and Chichester, it has become an urgent issue,” says Isabel Swift. The Environment Agency has identified these areas as being under significant water stress. In 2021, Natural England issued a position statement to the authorities, highlighting the detrimental impact of water abstraction on wildlife sites. Consequently, any new development within the catchment must not worsen the situation. As a result, a large number of units have become “stuck” in the planning system.

While some solutions are emerging, including improving water-saving measures in housing stock, for example by introducing greywater facilities to reduce demand, these measures alone are insufficient. Isabel says that they “explore additional options, including collaborations between developers and high-water-usage farmers, such as dairy farmers.” Under these agreements, water catchment and storage systems would be implemented on farms, allowing for on-farm water usage instead of relying solely on mains water. “We are facilitating the negotiation of such agreements between developers and farmers,” adds Isabel.



**Water offsetting may seem like a distant concern for many, but for a handful of local authorities it has become an urgent issue**

### Get in touch

Turn to page 76 for details of all our new offices



# Farming resilience

Working with nature doesn't mean sacrificing returns. Mark Topliff visits an award-winning Kentish farm working with Knight Frank's Agri-Consultancy team to find out more

**R**esilience is a word on many people's lips at the moment. Volatile costs and output prices, more frequent extreme weather and changing subsidy policies mean farmers are looking for production systems that can ride out these external pressures and still deliver a sustainable income.

On a trip to the Kent countryside, I met one farming couple who have discovered a way that works for them. They have reduced costs, maintained yields but, most importantly, remained profitable. James and Emma Loder-Symonds, who run Nonington Farms near Canterbury, have employed regenerative agriculture principles since 2017.

Regen ag, as it is affectionately known by its advocates, is built on the foundations of soil health. Melissa Walker of our Agri-Consultancy team explains: "Regen ag is driven by five principles to develop more resilient soils, systems and diversity so that you have a higher functioning ecosystem within the farm."

At Nonington, James shares his approach with me: "We have moved towards more direct drilling, growing cover crops and including livestock in the rotation as part of adopting a more resilient, lower input system," he says.

It's vital when changing systems to have the right information and data at your fingertips. At Nonington Farms, they keep detailed management accounts



**We have moved towards more direct drilling, growing cover crops and including livestock in the rotation as part of adopting a more resilient, lower input system**

## Nonington Farms facts



**AREA:**  
395 acres owned;  
2,693 acres share farmed



**SOIL TYPE:**  
Mainly chalky loam



**CROPPING:**  
Includes winter wheat, beans and oats, spring barley, oilseed rape and cover crops



**DIVERSIFICATION:**  
Mill own flour for local bakery and restaurant



**ACCREDITATION:**  
LEAF Marque since 2012

Shared passions – Tom Heathcote, the author and the Loder-Symonds

and calculate cost of production figures. Crucial when you are running a farm plus five share-farming agreements. James also says they undertook yield mapping across the farm to help identify those less productive areas, which were subsequently entered into the Countryside Stewardship Scheme.

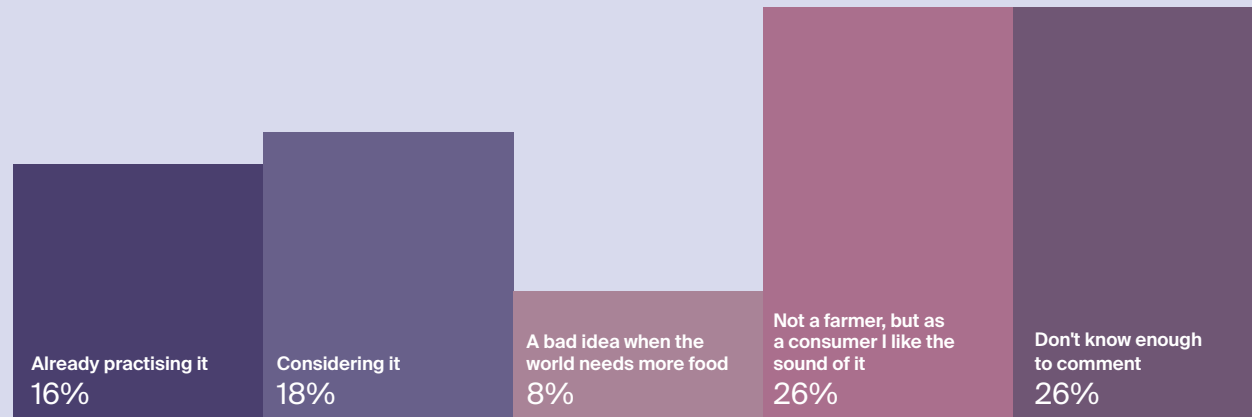
A resilient farming system also needs good cost control, cutting out unnecessary inputs where possible. Nonington Farms has seen significant savings in costs since moving from a high input, high output system to a regen ag approach. Seeds, sprays and fertiliser costs have fallen by nearly £80/acre. A key part of this has been a 50% reduction in nitrogen fertiliser

due to cutting out less productive areas, a focus on soil health and the integration of livestock into the rotation.

There is also a significant impact on overheads with less metal required to be dragged through the soil. James showed me his total diesel bills for 2019 and 2021, which had fallen by 25% between the two years. This was coupled with a reduction in the farm's tractor horsepower. A helpful cost reduction to have in the bag when diesel prices spiked following Russia's invasion of Ukraine.

But lower costs don't necessarily mean lower productivity. The experience at Nonington Farms has been little change in average crop yields – a very creditable 4t/acre for their winter wheat.

Generation games – views on regenerative agriculture



Source: The Rural Sentiment Survey 2023. \*Respondents were asked to choose the option that best matched their views on regenerative agriculture

Tom Heathcote, who heads up our Agri-Consultancy team and works closely with the Loder-Symonds, says it is a mistake to assume that adopting regen ag will automatically mean an impact on crop yields. “It isn’t always the case. If you employ regen ag principles carefully, it is possible to avoid yield drops. But every farm and system is unique, and even if you do experience a reduction in yield, it might not matter as cost savings should outweigh falls in output.”

Resilient farming is not just about lower costs, it’s about a whole farm system methodology. It requires a mindset change to think about how every

aspect of the farm contributes to it – from the type of crops grown and livestock reared to the abundance and diversity of flora and fauna, to sourcing inputs and labour locally, to educating the community on how and why sustainable farming systems are good for food and the environment.

It’s clear talking to James and Emma that resilience for them is not just about the farming system. “We have developed three strategic pillars – grow, learn, protect – to keep our attention on what we are trying to achieve with the business,” explains Emma. “This helps us keep on track with being economically, socially,

and environmentally sustainable with an emphasis on profit per hectare,” she adds.

Changing your farming system can be nerve-racking, especially if you have been farming a particular way for some time. In our Rural Sentiment Survey, just over a quarter of respondents said they didn’t know much about regen ag and about a sixth are looking to practise it in the future. It can be the step into the unknown that puts people off trying a different approach. But this can be overcome if you take it carefully, adopt any changes in bite-sized chunks and are prepared to accept that not every change will work.



Changing your farming system can be nerve-racking, especially if you have been farming a particular way for some time

Get in touch

Find out more about our Agri-Consultancy services: [tom.heathcote@knightfrank.com](mailto:tom.heathcote@knightfrank.com)

Food chain – Nonington mills its own flour



Today’s pressures on farming and land use are more significant than they have been for decades. Everyone is looking for ways of achieving a profitable business while still being able to meet the demands of the environment and society. It was inspiring to talk to James and Emma about how resilient farming systems such as regen ag can tick these boxes. As more farmers seeking a sustainable agricultural model choose this route, Tom believes, it will eventually become the predominant and necessary approach to farming in the future.



Up close – Knight Frank’s Melissa Walker inspects the crop

Encouraging regen resilience in Kenya



JAPHETH MULI  
Programmes Manager,  
Hand in Hand Eastern Africa

Through our programmes we are aiming to improve the quality of life for half a million Kenyan farmers, their families and wider communities by helping them to adopt more sustainable farming practices focused on regenerative agriculture and other nature-friendly practices such as multi-cropping, water conservation, planting trees and integrated pest management. Over the next five years we hope to have transformed over 4,000 sq km of farmland.

Due to conventional agriculture we have lost a lot of biodiversity here in Kenya. People thought they could clear everything, cut down every tree, remove every shrub and just focus on their crop. But that crop cannot depend on itself. The ecosystem

must be balanced with all the species that were meant to be on the land. If you practice monoculture you are disadvantaging the land, you are disadvantaging the soil. When you let your soil go bare during dry periods of the year it will be losing nutrients, it will be losing carbon to the atmosphere.

Climate change is making things worse. The seasons that used to come with enough rainfall are fewer than they used to be and farmers are skipping seasons. There used to be a drought every three years, but now we are enjoying bumper harvests once every five or six years. With this in mind we are having to change the way that we farm so that even with reduced rainfall we still have a harvest. To do that we are combining technology with regenerative agriculture to make our soils more resilient to drought.

The technology doesn’t have to be complicated. Just digging what we call Zai pits helps conserve every drop of water. You create a pit one foot deep and two feet square

and fill it with half the top soil you’ve dug out mixed with manure. And then repeat. That not only creates fertility but when it rains water runs into the pit so you have no run off. No water leaves my farm.

Encouraging circularity is also very important so that your farm produces no waste. Everything is useful. What you produce as the residue of one process is the input in another. For example, if you introduce the eggs of the black soldier fly to where you dump your vegetable waste you get a lot of very nutritious maggots that you can feed to your livestock. Whatever remains from the maize harvest is fed to the livestock which create dung. What they can’t eat can go into the compost pit with the dung. When watered this creates maggots that chickens will feed on and create yet more dung. At the end you get a very rich manure to put back on your crops.

The reason more people aren’t doing these things is down to a mindset, which is what needs to change. They think that they will require a lot of labour, but actually they end up spending a lot of money buying the things that they have not preserved. Farmers won’t work during the dry periods but that is the time you should be preparing for when the rains come.



Farming future – A member of the Hand in Hand regenerative farming programme

Hand in Hand International is an NGO fighting poverty in Africa and Asia through job and business creation, in particular by encouraging female entrepreneurs.

# Need to know

Legislation, climate change and tourism are all creating planet-related challenges and opportunities for rural property owners. *The Rural Report* shares some of the hottest current talking points



## Wildfire management – Have a plan

**T**he risk of wildfires is rising. The dry summer of 2022 saw four times more wildfires in England and Wales than the summer of 2021. Climate change and more people seeking countryside escapism can potentially increase the prevalence of these devastating events. Landowners and land managers are seeing significant benefits in having wildfire management plans. Such plans provide vital information that can help firefighters prior to arrival on the scene, maximising the effectiveness of the emergency service response.

An essential action should be to conduct a wildfire risk assessment, identifying factors that increase the chances of a fire starting and its scale. Having an open conversation with your local fire service about what to do in the case of a wildfire is also an important action to consider. Knight Frank works with estates in implementing wildfire management plans containing the information needed in the event of a wildfire.



KATHARINE BESWICK –  
RURAL CONSULTANCY



JAMES OSBORN –  
VITICULTURE



**Vineyards that develop their businesses to enhance their natural environments and support local people will be well placed to tap into the growing eco-tourist market**



## Vineyard eco-tourism – An income opportunity

**E**nglish vineyards offer prime opportunities for creating eco-tourism destinations. According to Aviva's *How we live* report, one traveller in eight is choosing a tour operator with a focus on eco-tourism, and a fifth of UK adults are seeking environmentally friendly destinations. These tourists like destinations that actively conserve the environment while minimising impact on it. They also enjoy destinations that celebrate place, for example through a tradition of making with a connection to the area alongside supporting local communities.

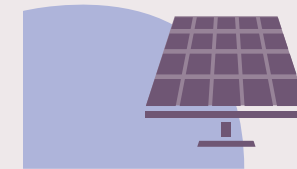
Vineyards that develop their businesses to enhance their natural environments and support local people will be well placed to tap into the growing eco-tourism market – and those visitors don't need to be wine lovers, either. Knight Frank's Viticulture team can help businesses along that journey, from finding land to building a winery, grant and funding advice, renewables and conservation to developing income potential.



## Development planning – Know your options

**L**andowners looking to develop land or buildings should consider all options sooner rather than later. Achieving planning permission or a Local Plan allocation can be challenging, so we recommend getting ahead of the curve. Seeking early advice on planning can help minimise risk and maximise the returns from a development opportunity. We work on sites for residential, seniors, affordable housing, commercial and solar, and more recently biodiversity net gain. This can support development proposals for a site or be used to offset the impact of development at another location.

From November 2023, larger developments will need to include a minimum 10% biodiversity gain. Knight Frank is able to provide a view of what landowners could do on their land and, through our range of specialists, support whichever option or options they would like to pursue.



## Renewable energy – Consider solar

**R**eports of National Grid capacity problems shouldn't prevent farm and estate landowners from venturing into renewables such as solar. Given the right situation, solar panels for rooftops should be considered a serious investment that will still pay for itself within a few years and should be largely unaffected by grid connection issues.

But solar parks can also be viable, offering much greater rents than agricultural values. Landowners approached by solar park developers need to



ROLAND BRASS –  
PLANNING



JESS WADDINGTON –  
RURAL CONSULTANCY



DAVID GOATMAN –  
ENERGY AND NATURAL  
RESOURCES

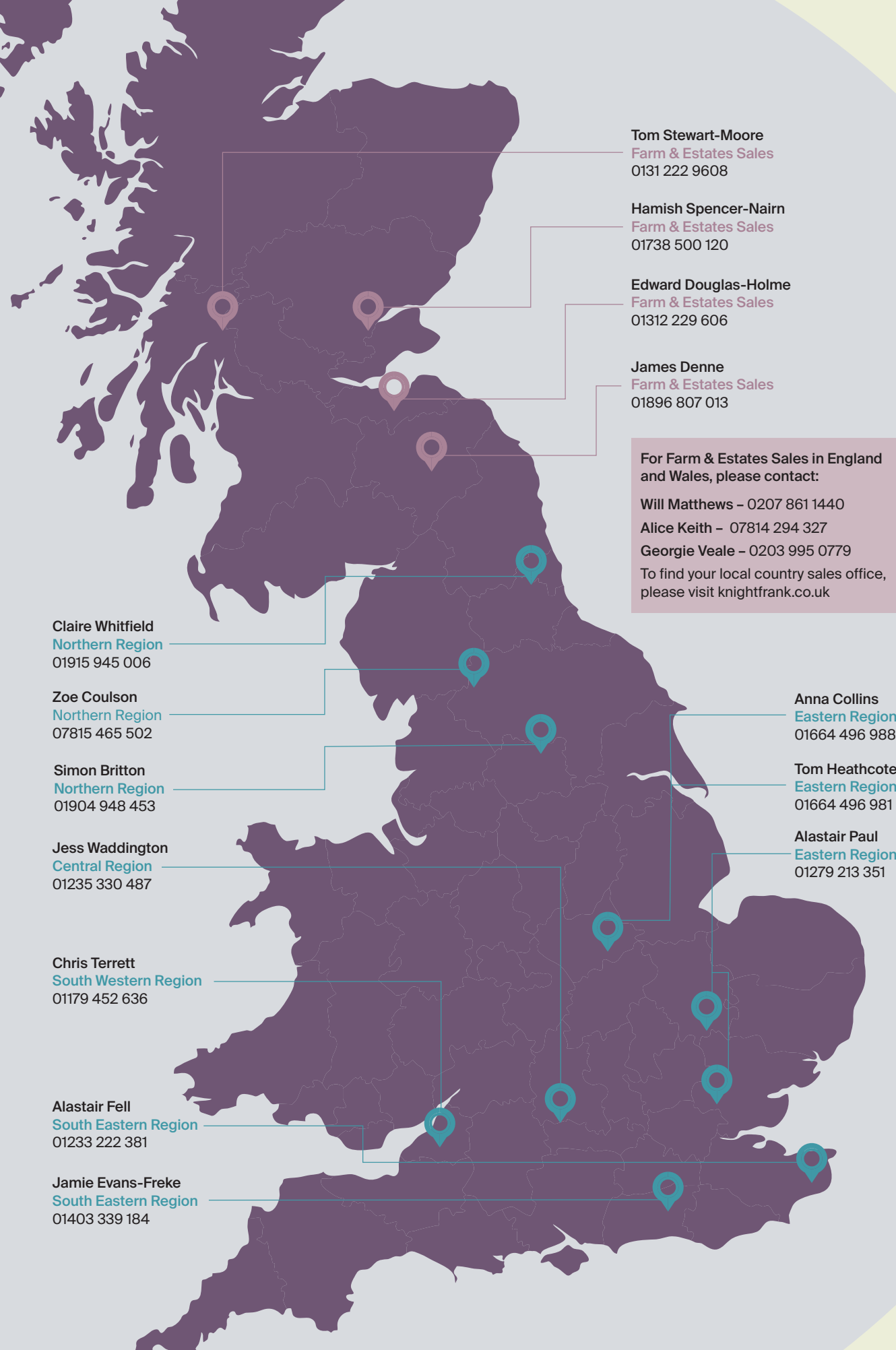


## Landlords – Review your energy performance

**W**ith non-domestic EPCs adopting the same restrictions as domestic properties on 1 April 2023, our thoughts are increasingly turning to what more is coming down the road for residential EPCs. The government's long-term aim is to remove properties achieving below a C band from the rental market by 2030, although the timescales for implementation remain unknown. Initially scheduled for 2025, I suspect we will see this pushed back. Surveys suggest that almost 60% of homes in the UK have an EPC rating of D or lower. However, given the UK's net zero ambitions, we cannot see either a Labour or a Conservative government failing to implement this. Therefore every landlord should review their portfolio. Undertake low-cost fabric-first improvements such as loft insulation, draught-proofing and low-energy lighting. Consider efficiency in your property improvements. Replacing a window? Go double-glazed. Replacing an LPG boiler? Consider how renewables such as solar and air source heat pumps can be utilised instead. Although future exemptions will be available, the thresholds for meeting them will continue to get harder.

review proposals carefully. Check for details, such as when the developer has secured a connection to the National Grid. If the connection timing is within a few years, developers will be keen to complete projects so as not to lose that timetable, and a good landowner/developer deal can be struck to ensure it isn't lost.

Knight Frank's Energy and Natural Resources team can provide all the advice and guidance for landowners considering solar or other renewable energy generation projects and proposals.



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# Get in touch

We can advise on all aspects of rural property and management ownership. Our principal service lines and the relevant contacts are listed here

Find out more at [knightfrank.co.uk/rural](https://www.knightfrank.co.uk/rural)

## Rural Services

Our rural team offers expertise across the rural sector, from viticulture and regenerative agriculture to solar farming and forestry. We work in partnership with landowners and farmers to create thriving, connected communities and profitable, sustainable estates where people want to live, work, visit and stay.

### Our team can support your business with:

- Estate management and strategy
- Landlord and tenant relationships
- Agricultural consultancy
- Regenerative agriculture
- Natural capital and nature-based solutions
- Nutrient neutrality and water systems
- Biodiversity net gain and development
- Viticulture and English wine
- Rural client finance and accountancy services
- Forestry services
- Grant funding
- Solar farms and renewables
- Rural research and data analytics for rural estates
- Agri-finance
- Rural valuations
- Compulsory purchase and compensation

## Farm & Estates Sales

Our professional sales team has a wealth of relevant experience and covers the entirety of the UK. This ensures we're able to service the rural industry proficiently, with a principal focus on farms and estates. We offer a distinctive insight into values, knowledge of the asset class, and a deep understanding of the current market and the process of selling and buying rural property.

### Our expertise covers:

- Farms and rural estates
- Sporting estates
- Traditional and commercial agriculture
- Property and mixed-use portfolios
- Diversified holdings
- Properties with equestrian facilities and those with a range of amenities for the lifestyle purchaser
- Environmental investors – we work closely with our ESG advisory team to connect these parties with suitable properties



For more information visit our website





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