Scottish Land Commission
Coimisean Fearainn na h-Alba

RURAL LAND MARKET

INSIGHTS 2025

POLICY BRIEFING

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Land Market Insights Report 2025 Summary

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The Land Market Insights Report 2025 is the fourth report in our ongoing Rural Land Market series which aims to improve the understanding of the activity in the Scottish land market each year. It draws on qualitative insights from interviews with a range of Land Agents operating across Scotland to report on recent and emerging trends in all sectors of the rural land market during 2024.

Overview of findings

Overall, the market continues to vary significantly by sector and region, land agents described the market as ranging from "steady" to "challenging". Uncertainty across a range of factors affected both supply and demand in the market. The main driver of lower market activity was weak demand in commercial forestry and natural capital sectors.

Multiple external "disruptors" in the market made buyers and sellers more cautious. These included the UK General Election and subsequent Budget, as well as continuing higher interest rates and inflation.

Forestry: Demand from the commercial forestry sector continued to fall, in part due to low timber prices, which had ripple effects on the market overall.

Natural capital: Interest in land for natural capital schemes remained low and continued to fall. There was more growing scepticism over the finances and practical realities of carbon projects, and land already in such schemes coming onto the market was seen to be overvalued.

Farmland: Arable land continued to sell reliably, with strong demand. Some dairy farmers had been able to expand due to less competition from forestry buyers for mid-grade ground.

Estates: Two distinct sub-markets appeared to be emerging, largescale holdings suitable for environmental projects, and smaller amenity estates, with the latter considerably more in demand. For both, buyers were increasingly motivated by non-financial aspirations.

Renewable energy: Developers have been increasingly active in seeking sites for wind, solar, and battery storage, as well as land for compensatory environmental schemes.

This year's report again shows how sensitive Scotland's rural land market is to fluctuations in the global and national economy, the uncertainty caused by political change, and how land is being used for a growing mix of purposes, some of which are rising in importance whilst others are fading.

Land Market Insights 2025

This briefing picks out the key themes and trends emerging from the Land Market Insights Report 2025, as well as findings from previous years, and digs a bit deeper into what these mean and what the implications for policy could be.

Influence of macroeconomic factors

Macroeconomic factors continue to play a significant role in shaping Scotland's rural land market. While market participants have become more used to recent inflationary and interest rate pressures in particular, these external and global influences are having a noticeable effect in the market and on decision making.

Although interest rates continued to fall slowly through the year, the cost of debt for some potential buyers was still seen to be too high, giving cash buyers a clear advantage.

Commodity prices are a key driver of activity for productive land use. The continued drop in the timber price led to reduced demand for plantable land in particular. This retreat of forestry buyers from the market combined with rising milk prices saw a number of dairy farmers re-enter the market seeking land for expansion.

These shifts reinforce how exposed the largely unregulated Scottish land market is to fluctuations in the wider global economy. This matters if Scotland is genuinely concerned about meeting land use change ambitions – particularly for climate and nature, but also for food and fibre production. Land that just three years before would have been snapped up at a premium for tree planting is now being acquired for dairy production – a clear sign of how quickly demand can shift in response to economic conditions.

While economic responsiveness is important, short-term volatility poses a risk to long-term land use strategy, especially in the context of competing demands on land.

The provision for Land Management Plans within the current Land Reform Bill has helped focus more minds on long term land use planning, but there remains a role for more public sector leadership in this space. In particular, there is a clear need for more regional and local decision making – which could be facilitated through sufficiently resourced Regional Land Use Partnerships. Clearer land use planning, with appropriate support and regulation, should help land managers make long term decisions with confidence, and reduce market volatility for all participants.

Impact of fiscal policy

Fiscal policy remains a significant influence in the market. The rapidly closing Capital Gains Tax (CGT) rollover window through 2024 (which arose as a result of land sales in 2021 at the previous market peak) was seen as partly responsible for supporting good agricultural land values, in the face of wider falling values.

Upcoming changes to inheritance tax (IHT), while not due to take effect until 2026/27, are likely to begin shaping behaviour, even if their full impact is yet to be seen. What is already apparent is a renewed focus on succession planning and in some cases potential land (and property) disposals ahead of retirement, and/or sales where there are no business successors.

While the renewed focus on succession planning is a welcome, if perhaps unintended, consequence of the IHT changes, the medium to long term effects on the land market are unclear.

This highlights the impact of taxation within the land market and should bring the question of how land is taxed into sharper focus. Tax is one of the most powerful levers available to government, but the currently disjointed ways land value is taxed across reserved and devolved mechanisms is a significant barrier to effective use of tax levers. While there are some changes the Scottish Government can make within the current framework, an effective approach would also need to consider the heritable property elements of both CGT and IHT, currently reserved.

Farmers relocating from England

Last year we noted a small but significant trend in English farmers, particularly from the South East and East of England, moving to Scotland having sold up as a result of water scarcity and urban expansion. Many of these farmers took advantage of CGT rollover relief to acquire cheaper and bigger farms in Scotland – a trend that has continued and expanded to include farmers from the Midlands and Yorkshire.

Adding an extra boost to this trend in the past year has been the retention of area-based payments within the Scottish agricultural support system, whereas the English equivalent has moved to a strongly environmental basis.

This sets up an evolving dynamic for future consideration, in which the effects of climate change in parts of England, and the difference in farm support policy may be playing into demand for Scottish farmland.

Credits versus compliance for nature restoration

Scepticism of carbon markets continued to grow, with little interest in land acquisition for natural capital schemes reported. This was also the first year that land that had been acquired in previous years and entered into natural capital schemes came back on to the market – these holdings performed especially poorly, often struggling to sell, with agents citing overinflated price expectations and underwhelming demand.

Meanwhile, renewables developers were noticeably more active in seeking sites for projects, primarily for wind, but also increasingly for solar and battery storage projects. Aligned to this is the need for new grid infrastructure, and there was a small but growing demand noted for sites for biodiversity enhancement as well as forestry replanting as a condition of felling arising from infrastructure planning and development.

Interestingly, as one agent reports a single developer client seeking around 5,000ha for infrastructure related environmental compliance activity. If this becomes a wider trend, compliance-led land use change could become a major route to meet biodiversity targets and deliver nature restoration.

While it is too early to tell, if this is the beginning of a compliance trend as a route to delivering land use change and nature restoration quickly, effectively, and at scale, it has significant implications for the voluntary credit market as a route to delivery. Even though the outcomes could ultimately look similar, the compliance motivation for land acquisition and use change is very different, bringing a different set of behaviours, risks, and opportunities to the land market.

From a community perspective the compliance approach may bring more opportunities if well-constructed – potentially providing clarity and certainty for all involved and helping to realise multiple benefits.

The pattern of ownership

As noted in previous years, the pattern of land ownership is becoming more concentrated. While large single acquisitions often grab the headlines, there continues to be portfolio building of multiple smaller holdings in forestry, while the farmland market is dominated by existing farmers and agribusinesses expanding their holdings.

Combined with the prevalence of off-market private sales, which account for one third to half of all transactions, the indications are the participation in the land market is becoming more exclusive.

The measures outlined the current Land Reform Bill could help address these issues at the larger end of the scale, however, a different approach will be necessary to improve transparency and support diverse ownership at a modest scale – where most of the farmland and forestry transactions take place.

What's missing?

While the Insights Report clearly outlines where the action has been, and the key drivers behind activity, by omission it also indicates where gaps and missed opportunities may be.

Communities and potential new entrant farmers are two key groups who are largely absent from the reporting and have been in preceding years. While Scottish Government has ambitions to increase both community ownership and the number of new entrants to agriculture, the prevailing land market conditions makes these ambitions difficult to realise. Land prices are still at historic highs, and the prevalence of private off-market sales limits participation in the market.

The Prior Notification provisions in the Land Reform Bill will help in some circumstances to give both those groups the opportunity to get organised and raise funding – and at least have the opening to negotiate with the seller. Little land is being sought for rural housing, and while from this research it is not possible to say why that is, the Commissions separate work on land for rural housing does point to there being significant issues blocking delivery – and makes recommendations on how progress could be made.

Looking ahead

There are many implications for land reform policy going forward: Scotland's rural land market remains highly sensitive to fluctuations in the global and national economy; the strong influence of fiscal policy poses both opportunity and risk for government to achieving land reform and land use ambitions; and how land is being used for a growing mix of purposes, some of which are rising in importance whilst others are fading, requires constant consideration.

These implications highlight the continuing need to develop land reform thinking and actions. While the provisions in the Land Reform Bill will help address some of these issues, others will likely require a different approach that spans several areas of public policy.


Image credit: James MacKessack-Leitch

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