Scottish Land Commission
Coimisean Fearainn na h-Alba

SRUC

RURAL LAND MARKET

POLICY BRIEFING 2026

June 2026

Policy Briefing

This policy briefing focuses on the key themes and trends emerging from the Land Market Insights Report 2026, as well as findings from previous years, highlighting what the policy implications could be.

A lack of confidence

Confidence is key to a well-functioning market, for both buyers and sellers. The evidence for 2025 indicates a significant reduction in confidence across the board, with notably lower supply and demand in the rural land market.

For the past few years, the Scottish rural land market has been navigating an uncertain and changeable economic landscape where the cumulative impacts of recent high interest rates and persistent inflation have eroded buyer confidence, while motivating potential sellers to sit tight. This year, land agents also report significant "land management inflation" for labour and materials making costs prohibitive, especially in the context of woodland planting.

Commodity prices vary widely, move in different directions, and continue to have a significant impact on confidence. While, for example, forestry activity remains stifled by a combination of factors including low timber values, on the other hand, livestock farmers received their highest prices in years. However, for livestock farmers this price boost does not seem to have translated into greater land acquisitions – unlike the uptick in acquisitions for dairy farming following high milk prices in previous years – and is perhaps another indication that even where business is doing better, confidence remains low.

While such macro-economic factors are hard to predict, let alone control, the significant impact on sales volume, and on buyer and seller confidence, shows just how exposed the largely unregulated Scottish rural land market is to global forces, and how such forces affect behaviour.

Cumulative impacts of fiscal and public policy

Factors that are within government control are also clearly contributing to uncertainty and low confidence. In particular, recent UK Budgets and the perception of a tightening regulatory environment have introduced significant additional uncertainty. These combined pressures have supported a market slowdown, where the practical costs of land management and legislative compliance are now additional drivers of caution.

Changes to Inheritance Tax (IHT) are much talked about and have prompted increased valuation activity and strategic thinking among landowners, even if it has not yet translated into higher levels of land coming to market. There appears to be a growing sense that the IHT changes, while perhaps unwelcome, have been positive as many more farmers and landowners are seriously engaged in succession planning. In turn, this may indicate that the IHT changes are unlikely to raise much extra revenue and may only catch the estates of the unlucky and unprepared in future years.

Alongside IHT changes, adjustments to Employers National Insurance and Sporting Rates are also cited as fiscal policy measures that are hurting market confidence.

Meanwhile, a range of other public policy interventions across environment, agriculture, land reform, and housing – from both Scottish and UK Governments – are also reducing market confidence. Agents do not seem to be particularly worried about any single public policy measure, it's more the sense of there being a near constant stream of different things to consider and act upon that hinders planning, delays investment, and dampens market activity.

Better coordination of policy across and between Scottish and UK Governments would go some way to help alleviate concerns and facilitate joined up planning that supports investment. It is also hard to escape noting that this top-down approach itself may be problematic, and that greater regional or local control of land use and related policy – as seen in European peer countries – may be more productive and effective in delivering positive outcomes.

Land acquisition for natural capital stalls

While 2024 saw demand for land for natural capital investment fall off a cliff, 2025 saw residual demand dissipate to almost nothing. While the factors noted above were influential on these investors, agents also confirmed that the extreme optimism seen in previous years – and the significant speculation in land purchases that followed – has been shattered by reality.

Agents report that potential investors are far more sceptical about the investment case, have been watching early adopters struggle with the realities of land ownership and management, and note that some of those investors have struggled, or been unable, to exit their projects – let alone with any profit. Land with natural capital projects (e.g. woodland with attached carbon units) that has come on to the market has been unattractive to buyers who would otherwise have been interested in acquiring such land.

Agents further noted that large-scale natural capital investors are increasingly wary of the future value of carbon credits, further potential interventions in land management, and what their exit strategies would be.

The focus in the evidence base this year on “exit strategies” is particularly interesting as it indicates that many of these natural capital investors – acting rationally from a financial perspective – never intend to be long term landowners or environmental stewards. Instead, these investments appear to be seen much like any other investment opportunity – to be held for a relatively short period time before being sold for a profit. This behaviour does not align well with the long-term nature of environmental regeneration and adds further weight to arguments that reliance on private investment motivations to support natural capital enhancement should be reevaluated.

Further, concerns on the future price of carbon credits poses another interesting policy question. If the UK meets its net-zero target by 2050, who will be buying credits to offset remaining emissions, and in what volume? For example, trees would need to be planted in the next couple of years to start delivering verified carbon credits in volume by the late 2040s, but if the main contributors to current emissions – energy, transport, agriculture, industry – have all been successfully decarbonised by 2050, will these new forests look more like stranded assets than a prescient investment?

Whilst action to restore nature is of course a good thing, it’s not one that investors currently seem to think is profitable in the short or long term, which again suggests the need for a different policy approach.

Farming sector long term trends

Looking back over the five years this reporting has been conducted, one remarkable trend is the steady nature of the arable land market. While there have been minor fluctuations in sales volumes, the trend of steadily rising values continues, seemingly impervious to wider market sentiment. Agents relay that good farmland will always find buyers, and ongoing consolidation within the agriculture sector means neighbours are often willing to pay a premium to expand their holdings next door. This does mean that quality agricultural land ownership is concentrating, and that there are fewer opportunities for new entrants or smaller farmers to acquire land.

At the other end of the spectrum, grazing land has seen wild spikes in value, largely due to forestry and speculative natural capital investment in recent years. What might be being seen now is how this past behaviour is beginning to affect food prices. After several years of taking such land out of agricultural production it possibly isn't a surprise that livestock prices have jumped and remain around recent highs as supply has fallen.

This highlights the real-world impact of how changes in the rural land market around land use motivations can manifest in the cost of the weekly shop. In this light, rising food prices could be seen another unintended consequence of the open and unregulated land market, where the interests and motivations of landowners take precedence over wider public interest.

Rural lifestyle and residential buyers

While not as high as during the COVID-19 pandemic, interest in small or amenity estates was steady through 2025. These buyers are typically not looking for business or investment opportunities, but rather seeking to meet particular lifestyle expectations. What is less clear is whether or how many such buyers are actually making a move to live in rural Scotland, or whether these acquisitions are second homes.

Similarly, the previously reported trend of farmhouses and cottages being split from the land upon sale has continued. Again, it's not clear whether those acquiring these properties are moving to the country, or seeking a rural second home.

Aside from the often discussed issues around rural second home ownership, it is also worth considering that once a farmhouse is split from its holding it's unlikely to be recombined in the future. This means that even for new entrants who could afford to buy land there is a real issue as to whether they would be able to live within a reasonable distance of the holding.

Amenity woodland sales have also been steady, and provided a different route to meet lifestyle ambitions. As with amenity estates, such purchases are not strictly motivated by business opportunities, although agents note that buyers are aware that qualifying woodland up to the value of £1 million can be exempt from Inheritance Tax.

What's missing?

Although discussed by agents, the passage of the Land Reform (Scotland) Act 2025 seems to have had a minimal impact on the market. Agents report that the Act is not driving a "rush" of new sales, but may instead hasten disposals by owners who were already planning to exit within the next few years. The vast majority of land sales are below 1,000ha and would not be affected by the measures in the Act.

In 2024 land acquisition by renewable energy developers was a significant and unexpected theme, one which is largely missing in the reporting for 2025. It is unclear why this is the case.

Agents noted that housing developers were again largely absent from the market. Given the nature of housebuilding, this suggest that house builders currently have enough land banked for the future. The lack of new land acquisitions also implies that existing land is not being used up and therefore that houses are not being built at the same pace and volume as seen in previous years.

What's next?

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 cumulative impact of changing fiscal and public policy is affecting market confidence which points to the need for Scottish and UK Governments improve collaboration; and how land use change following acquisitions is beginning to impact other areas of the economy and society, requires constant consideration.

The ScotLand Futures: Next Steps for Land Reform publication highlights further evidence on land market activity and makes a range of policy recommendations that would address the issues seen in this research.

About this research

The Rural Land Market Insights Report series is built on a qualitative evidence base drawing on interviews with land agents and valuers as well as industry reports. Alongside the Rural Land Market Data Report series – which analyses land transactions data from Registers of Scotland – this work has enabled the Scottish Land Commission to develop a robust methodology for the ongoing monitoring of Scotland's rural land market, creating a strong baseline for future work. This baseline is essential for examining the effects of land reform policy interventions to date and will be invaluable in evaluating the impact of future policies, specifically the implementation of the Land Reform (Scotland) Act 2025.

The Rural Land Market Data Report 2026 will be published in the coming months.

Ma tha sibh ag iarraidh lethbhreac den sgrìobhainn seo sa Ghàidhlig, cuiribh post-d gu **commsteam@landcommission.gov.scot** no cuiribh fòn gu **01463 423 300**.

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Scottish Land Commission
Coimisean Fearainn na h-Alba

Scottish Land Commission
An Lòchran
10 Inverness Campus
Inverness
IV2 5NA
info@landcommission.gov.scot
01463 423 300
www.landcommission.gov.scot

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