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Coimisean Fearainn na h-Alba

SRUC 

RURAL LAND MARKET

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Executive summary

This is the fifth report in the annual Rural Land Market Insights Report series. Based on semi-structured interviews with 15 land agents operating across farmland, forestry, estates, and natural capital sectors, the report analyses the performance of the Scottish rural land market during 2025.

Overall market performance

The 2025 land market was widely described as slow, static, and subdued. Activity levels declined across most sectors, with fewer active buyers and longer transaction times. While supply and demand were broadly balanced, this equilibrium has been reached at a lower level of activity, resulting in a “thin” market with limited competition. Buyers are increasingly cautious and selective, reflecting reduced confidence compared to the high-activity period of 2020–2022.

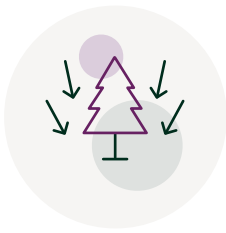
Macroeconomic factors – including high interest rates, inflation, and wider economic uncertainty – have been central to this shift. Policy changes, particularly around taxation following recent the UK Budgets, have further dampened confidence and slowed transactions, while rising input costs have reduced the attractiveness of land-based investments.





Forestry

The forestry sector experienced a significant downturn in 2025. Underlying activity levels were very low, with demand for both commercial forests and planting land falling sharply once a small number of large transactions are excluded. Investor confidence has been weakened by low timber prices, rising costs, and delays in approvals, particularly for planting schemes. As a result, transactions are taking longer and values—especially for marginal land—have declined.



Natural capital

The natural capital market has also cooled considerably following several years of rapid growth. Demand for land linked to carbon and environmental schemes has fallen, reflecting uncertainty around carbon pricing, lower-than-expected returns, and increasing complexity in delivering viable projects. Buyers are now more cautious and require clearer evidence of income potential, marking a shift away from speculative investment towards more evidence-based decision-making.



Farmland

In contrast, the farmland sector demonstrated relative resilience. Although overall activity levels were lower, performance was stronger than anticipated, supported by demand from expanding farming businesses. Arable land remained particularly robust, while marginal land values declined due to reduced demand from forestry and natural capital buyers. Strong livestock prices supported some farm incomes, helping to sustain confidence in parts of the sector despite broader market pressures.



Estates and amenity markets

The estates market remained subdued, particularly for larger holdings, where both supply and demand have weakened. Smaller amenity estates have performed more steadily, supported by lifestyle buyers and those seeking diversified land use. The amenity and lifestyle sector continues to show underlying demand, although this has softened compared to the peak seen during the COVID-19 period.



1 Background and context

1.1 Introduction

This research was commissioned by the Scottish Land Commission ('the Commission') to provide continued insights into the Scottish rural land market. This is the fifth report in the 'Rural Land Market Insights' series, following previous reporting by McMorran et al (2022) covering the 2021 calendar year, Merrell et al (2023) covering the 2022 calendar year, Merrell et al (2024) covering the 2023 calendar year and Merrell et al (2025) covering the 2024 calendar year.

The aim of this series is to report on and understand activity in the Scottish land market in each calendar year (with this report focusing on Jan – Dec 2025). Each year, the expert opinions of land agents operating across Scotland are gathered, as these are the people closest to the market with deep knowledge of the sector. Interviews were conducted with 15 agents, some of whom specialised in different sectors of the land market (specialists in farmland, forestry, estates, woodlands, natural capital), and others who viewed themselves as generalists.

The interviews were concerned with the agents' perceptions of: (i) current motivators for buying and selling land (including farms, forests and estates); (ii) performance of the market (including discussion around values, on-/off-market transactions, lotting and supply/demand); (iii) the impact of natural capital payments, agricultural support and grants on land prices, and (iv) predictions of future trends.

The Commission recognises the need to regularly monitor activity within Scotland's rural land market to maintain an accurate picture of landowner, buyer, and seller motivations. This study provides qualitative context to the rural land price and sales data analysis undertaken by the Commission – previous analysis of 2020-2023 available [here](#), and 2020-2024 available [here](#).

Comparing results from this study with previous years helps to begin to form a long-term narrative of rural land market activity in Scotland, making it easier to identify trends that can inform policy decisions (discussed in Section 1.2). Key insights from industry updates are then presented (Section 2). The methodology is presented in Section 3, including how analysis was conducted. Following this, the main thematic analysis derived from the interviews with land agents is presented in the findings section (Section 4). Section 5 draws conclusions and makes comments on emerging trends in the land market.

The rural land market in Scotland is relatively small, with very little land transacted every year. For example, the Commission's analysis of transactions between 2020-2024 showed that in 2024 "there were 203 land market transactions covering a total of 43,168 hectares of land", which accounts to approximately 0.6% of Scotland's total land mass.



1.2 Previous Rural Land Markets Insights Report findings

Now in its fifth year, this series of reports has built a qualitative understanding of the Scottish land market for the calendar years of 2020–2025. Over this time, some trends have emerged and each year of the report found interesting dynamics within the different sectors of the land market. This section provides a brief overview of these.

During 2020 and 2021 (as covered by McMorran et al, 2022), the land market was characterised by a lack of supply and significant demand. A ‘perfect storm’ of demand was created and values across sectors rose, although most dramatically in marginal or hill farmland and the rural property market.

The Covid-19 outbreak caused out-migration from urban to rural areas, forcing the supply of rural houses, smallholdings and crofts to fall and prices to rise. Global supply chains were disturbed (reducing supplies of commodities) and demand for timber increased. Coupled with favourable grants available for tree planting, the commercial forestry sector became a key driver in the market. Backed by institutional investment, they were able to outcompete the farming sector for marginal land suitable for planting and drove prices to historic highs.

Additionally, the natural capital market began to emerge, driven by the anticipation of generating carbon credits. Scotland has significant amounts of degraded peatland and land suitable for establishing new woodland. Due to Scotland’s somewhat unique landownership pattern of landscape-scale Highland estates, there were opportunities in the market for natural capital investors to acquire landholdings large enough to generate economies of scale in sequestering carbon and generating credits. The Woodland Carbon Code and the Peatland Carbon Code were the first government approved standards which provided legitimacy for this new form of investment into land. Levels of off-market activity in the estate sector reached record highs and values also followed.

This was a particularly dynamic period in the land market, with prices rising across all sectors. To some extent, the effects of this period are still being felt in the present.

Following the initial report, Merrell et al (2023) carried forward the analysis into the 2022 market. During this time, caution had begun to enter the market; land values had begun to stagnate, times taken to close sales had increased, off-market activity had begun to slow down, and supply was starting to steadily increase. There were multiple external macro-economic factors that contributed to this pattern, including the economic after-effects on the Covid-19 pandemic (higher inflation and higher interest on borrowing), the invasion of Ukraine and the cost-of-living crisis. In times of high inflation land is seen as a ‘safe haven’ asset, and some larger

corporate and institutional buyers acquired large Scottish estates in 2022 as a means of hedging against inflation. However, for most sectors in the market these factors caused more hesitancy.

Changes to the Woodland Carbon Code's additionality rules meant that commercially grown timber was not able to be counted towards carbon schemes, and rising inflation began to make the Forestry Grant Scheme (FGS) to become less economically attractive (rising costs in fencing and labour were not seen to be matched by the level of grant funding). A backlog for processing planting permissions was emerging which further slowed demand.

The farmland sector was perceived as continuing 'business-as-usual', with the main buyers in the market being other (often neighbouring) farmers, those looking to expand or make use of capital gains tax rollover relief. Arable land was seen as particularly strong, whereas marginal land sales began to slow.

In the third report of the series, covering the calendar year 2023, Merrell et al (2024) reported how the market was beginning to become "sluggish". Supply remained sparse, but demand continued to increasingly waver, with the exception of prime arable land which continued to trade consistently.

Regarding marginal land suitable for planting and/or natural capital potential, two distinct buyer groups continued to emerge: commercial forestry investors and natural capital investors. Commercial forestry investors focused on long-term timber price outlook and domestic timber scarcity, with long-term predictable cash flows remaining appealing. Natural capital investors were interested in different land, which had the potential for native tree planting and peatland restoration. Despite this, marginal land values dropped (although remained higher than in 2020).

The fourth report in the series, covering the calendar year of 2024 (Merrell et al, 2025), saw trends from the previous year continuing, with the market being described as "steady", "challenging", "static" and "subdued". Demand from the commercial forestry and natural capital sectors continued to slow with previously identified negative factors extending into further cautiousness.

The key external events influencing the land market were the 2024 UK General Election followed by the October 2024 Budget which caused significant hesitancy. Changes to Inheritance Tax (IHT), particularly Agricultural Property Relief and Business Property Relief, were first announced, but the full effects of these changes were not apparent.

Buying motivations within the forestry sector were replaced with a range of disincentives, including changes to Inheritance tax (using forestry as an inter-generational investment), lengthy tree planting approvals, reduced grants and no guarantees around species mix. Similar sentiments were

felt in the natural capital market, with the additional concern that the poor economics of such projects were starting to emerge – the price of carbon credits were not rising as projected, and the economies of scale required to make a carbon capture scheme possible were meaning only large parcels of land were being considered. The day-to-day practicalities of owning and managing land were also becoming reality to new and inexperienced landowners.

The farmland market provided a mixed picture, with arable land still showing strong demand and rising values. However, proposed changes to IHT made farmers consider their future plans, with selling motivations being reframed from ‘Death, Debt, Divorce’ to ‘Retirement, Debt, Divorce’. There were early signs of some farmers deciding to sell before IHT changes were implemented, but overall it was still too early to see the full extent of farmer behaviour around these changes.

It is within this context that the analysis for this year’s report, covering the 2025 calendar, begins.





2 Methodology

The methodology for this research has remained the same since the second report (see Merrell et al, 2023 for a full explanation). This is qualitative research which complements the quantitative research the Commission conducts in-house on the Scottish land market (the 2020-2023 report available here, the 2020-2024 report available here).

The research involves conducting semi-structured interviews with land agents or valuers. This year, 15 land agents were interviewed between November 2025 and February 2026. One goal is to have a good balance of agencies that cover national or regional markets, as well as agents who have a range of expertise, some of whom specialise in different sectors (farm, forestry, estate, residential or natural capital) whilst others consider themselves generalists. Retention of participants from previous years is sought to provide a longitudinal perspective. This is a useful strategy as rapport and trust is built between researcher and agent and the conversation can be returned to without agents having to explain trends or factors from previous years. It is also important to introduce new perspectives, so each year new agents (or who have participated previously, but not every year) are also recruited. For some of the larger agencies, a different agent to previous years participated.

All interviews were conducted online using Microsoft Teams. The interviews lasted roughly 45 minutes to 1 hour. The semi-structured interviews (see Appendix 3) followed key questions but provided flexibility to explore different or unexpected avenues of enquiry as they emerged – these remained largely the same as previous years, but with slight amendments.

For the analysis, interview transcripts were anonymised and analysed thematically. A NVivo¹ coding framework (see Appendix 2) was developed to enhance the qualitative analysis. This framework has remained the same for three years. This enabled results to be analysed thematically (mainly by land sector, but also themes such as ‘future trends’, ‘natural capital’ or ‘types of buyers’) all of which have sections dedicated to them in the findings.

As in previous years, a desk-based analysis of industry reports from the largest agencies in Scotland was conducted, complementing the interviews and providing a means of triangulating findings.

¹ A qualitative data analysis software package (<https://support.qsrinternational.com/>)



3 Industry reports

Each year, industry reports from larger agencies are analysed as an additional source of gauging market sentiment. This year fewer industry reports were published than in previous years and in some cases the reports covered the UK land market as a whole rather than providing detail on Scotland.

Each year industry reports and updates from the larger agencies operating in Scotland are collected and analysed for key insights. This year fewer of these were published during the time of research, but five articles were included. No reports on Estates were published (Savills did publish a report on residential properties over £1m, but it contained no insights into Estate sales trends), therefore the analysis focuses on farmland (two reports) and forestry (three reports).

3.1 Farmland

Strutt & Parker were the only Agency to produce a farmland report specific to Scotland (2026). Demand for farmland was perceived to be lower “than in 2024 and below the five year average.” (p.1) and that “supply dropped below the five-year average in all regions, apart from the Lothians and West.” (p.1). Regarding buyers, “farmers remain the predominant buyer of farmland, with reduced levels of demand from forestry and natural capital investors.” (p.1).

External factors were seen to be affecting the market, particularly “the cumulative impact of a number of policy changes” (p.2). Motivations to sell farmland were primarily “retirement [which] remains the most common ... and is often combined with succession planning considerations. Concerns around taxation and agricultural policy continue to influence decision-making” (p.4)

In Savills’ UK-wide analysis (2026) an additional interesting insight was that “there was especially strong interest from livestock farmers seeking to move to southern Scotland, with several buyers coming from Yorkshire and the Midlands” (p.3).

3.2 Forestry

Three forestry reports were published – John Clegg and Strutt & Parker’s ‘Forest Market Review’ (2026), Goldcrest and Tilhill’s ‘The UK Forestry Market Report 2025’ (2026), and Savill’s ‘Spotlight: The Forestry Market’ (2026).

All three publications recognise that two largescale purchases have skewed the entire market and made statistical analysis difficult – Goldcrest and Tilhill suggested that “excluding both, the market is virtually flat, up by just

3%” and continued to suggest that the largest of these two sales may “never be equalled [again], given Scotland’s new Land Reform [Act]”, which may result in the “break up the sale of large estates.” (p.4).

A strong theme across all the reports was that “investors were being cautious at best, seriously worried at worst” (John Clegg and Strutt & Parker, 2026. p.3) whilst they were “looking for a trigger that never materialised.” (Savills, 2026. p.2)

Scotland continued to dominate the market, with “95% of the commercial forestry hectares sold across the UK” (Savills, 2026. p.4). However, overall supply was seen to be “below the five- and ten-year averages” (John Clegg and Strutt & Parker, 2026. p.1) with “continuing signs of demand weakening” (ibid, p.1). Savills’ suggest that 21% of UK sales occurred off-market, “below the 10-year average of 25%, and the lowest proportion since 2019.” (2026, p.4)

Regarding bare land suitable for planting:

“Transactions are scarce relative to recent years but are now constrained more by demand than supply” (Goldcrest and Tilhill, 2026. p.5)

“Planting land is still changing hands, but at lower prices and lower volumes than when the market peaked in 2021/2022. The ever-increasing challenges in getting approval, combined with mixed signals from the national governments on their commitment to climate change targets, have hit investor confidence.” (John Clegg and Strutt & Parker, 2026. p.3)

One interesting and emerging theme is that there was “a shift in the age of forests coming to the market” (Goldcrest and Tilhill, 2026. p.6), with younger forests or those recently restocked being more common than previously.

John Clegg and Strutt & Parker made a comment on woodland coming to the market with carbon credits associated to the land:

“A few woods are coming to the market with carbon credits, but too few to discern many trends. What we can see is that where there is a productive conifer driver behind the carbon claim, prices are much higher than a native broadleaves scheme with little value beyond the carbon.” (p.3)

Thoughts were also provided about the current and future prices of Pending Issuance Units which “rose 10.8% year-on-year in 2024 to £26.85 and, when the Woodland Carbon Code (WCC) releases its pricing data for 2025 early next year, we expect prices to have remained firm” (Goldcrest and Tilhill, 2026. p.10)



4 Findings

4.1 Overall impressions of the market

This year agents almost unanimously agreed that the market in 2025 was “pretty slow” (P8), “flat” (P3), “static” (P13) and “sluggish” (P4). Some went further, suggesting:

“It’s probably the slowest I can remember since around the crash [in] 2008” (P15)

“The market just seems to have frozen” (P12)

Others were less extreme in their wording, suggesting the market was “recalibrating” (P1) or that it had “plateaued and stabilised” (P15). Overall buyers were seen to be driven by “caution and selectiveness” (P2), with low levels of buyer interest dominating, indicating a “thin market” (P7).

One agent however, appeared to have a good year, suggesting at least some regional or sectoral variation:

“We’ve done a lot of sales this year for us ... and they’ve actually been relatively straightforward ... there’s there seems to be plenty of demand at the moment, which I think is a bit surprising,” (P6)

4.1.1 Impressions vs previous years

When asked to compare the current market to previous years, agents agreed that “there was a continuation of the softening of the market” (P8). Some agents’ sentiment was more pessimistic or extreme (particularly those in the forestry sector, discussed later):

“We’ve seen significantly less activity in the market this year than in previous years” (P3)

Enough time has passed for agents to identify longer-term trends in the market, often highlighting 2020–2022 as a key moment in time:

“We were seeing stuff, you know, 2020 through to 2022, you could almost put any land on the market, and it would sell at a ridiculous price and people were just willing to take the risk. And they’re now not.” (P13)

“If you take the height of the market as spring 2022, certainly where we saw some very, very strong hill land prices for example, the market then came back at the back end of ‘22. Back again in ‘23, I think sort of levelled off in ‘24. And 25 has been similar pricing wise to ‘24 but getting deals over the line can be quite time consuming and it’s always the case in a tougher market.” (P2)

One interesting and emerging trend is that, compared to previous years, properties are being marketed and coming on to the market at different times of the year:

“Traditionally we [see properties coming to market in] May, June when Scotland’s looking at its best. This year, actually quite a lot of instructions came through in August, September.” (P1)

Agents thought this changing trend was due to the timing of announcements around Inheritance Tax and when the proposed changes were due to commence.

4.1.2 Supply vs demand

This year agents were more unified in their opinions around supply and demand than in the previous reporting period. Last year’s report noted mixed perceptions around supply and demand dynamics, however, now it appears that these two factors are more “balanced” (P1) and reaching an “equilibrium” (P6).

Many of the agents agreed on this balanced dynamic between supply and demand, and several of them attributed this to an overall lower level of demand, with supply remaining similar to previous years:

“I think 2025 is probably on an even keel with 2024, but just at lower numbers, as it were, less farms, demand slightly lower, but still in line with supply.” (P12)

“I think it’s reasonably balanced, but both have fallen away and I think probably similar to ... the year before, but possibly a little bit quieter.” (P13)

“I think that supply has constricted or diminished, but actually I think that the demand has diminished to a greater extent than the than the supply” (P8)

One agent expanded further on this sentiment, suggesting that not only was demand limited (in this case referring to estate purchases), but that agency approaches were changing due to this:

“So in almost all, if not all of those examples, we’ve been negotiating a sale to one key buyer rather than setting a closing date and selecting an offer.” (P5)

Another agent thought demand was sufficient for the current levels of supply, however worried that supply could outstrip demand in the coming years and thus affect the market:

“There’s been enough buyers for everything, but I wouldn’t say there’s a massive deep trench of unfilled expectations. ... So yeah, once they get filled up, you need new buyers to come along. And I don’t know where they’re going to come from. ... So at the moment there’s plenty demand for what’s out there. It wouldn’t take a lot of extra land parcels coming in the market to give people too much choice and bring the market down a bit” (P6)

This was reiterated by another agent (in this case discussing farmland sales), who suggested there was only a small group of people who were actively buying:

“It has been surprising. But I’m nervous that even some of those [currently active buyers] might fall away, or indeed, if more acres come onto the market, that demand will be spread over more opportunities.” (P1)

Some agents (particularly those with a national remit) commented on regional variation, however there were no clear trends this year. Two agents thought that East Scotland had a more active year than West Scotland in the farmland market, however others thought the opposite. There was some discussion of the dairy sector, particularly in the South West, seeing more supply come to the market than in previous years, however with demand was limited.

4.1.3 Macro-economics and other wider factors

Macro-economics and other wider factors affect land markets. These have been a prominent factor in previous reports – in recent years these have included changes to Inheritance Tax (discussed in a later section), inflation, interest rates, the Cost-of-Living crisis, the invasion of Ukraine and others. Overall, the economy was seen to be in a poor state:

“The whole economy is in a fairly cautious, stodgy position, lack of investment, people leaving the country” (P2)

One agent suggested that, whilst macro-economic factors were certainly a cause of the recent plateauing on the land market, it has only been in the 2025 when these really started to affect confidence in the market:

“Up until the back end of 2022, we’d had 15 years of interest rates with sort of 1% or nonsense like that, it almost feels hard to believe now. And inflation, no inflation, and then suddenly the interest rates get up to let’s call it sort of 5%. That’s a very, very different world and I think it’s taken a couple of years for the UK to come to grips with that” (P2)

The same agent went on to discuss how inflation appears (in their mind) to be affecting landowners and land management practices more so than other industries or sectors, which is causing some people who already have

land to question their decision to expand further:

“Whether they’re buying fencing or new vehicles or the cost of employment ... [it’s] gone through the roof. Land ownership inflation feels to me to be 10% plus, not 3.6%” (P2)

Inflation was also affecting planting new forests or woodlands, as the grants have remained static whilst input costs (tree saplings, fencing etc.) have risen:

“If you’re buying land to plant it, then, you know, the grant is worth far less than it was seven years ago.” (P15)

The UK Government’s budget was seen as a key event which affected the market in 2025:

“We began to see, thanks to [the Chancellor] we saw all sorts of issues that disturbed the land market. We felt the banks ... were very reluctant to advance very much at all ... Consequently, we did see the market slow down quite markedly. Very interestingly, just an aside, since the tax issue has been partially resolved, we are seeing a little more interest.” (P12)

Regarding commodity prices and inputs, multiple agents suggested that, due to high sheep and beef prices, livestock farmers have had a successful year:

“Livestock farmers at the moment are making a fortune [for the] first time in a very long time because sheep and beef prices through the roof because it’s demand and supply. So a lot of people came out of livestock farming. There’s less sheep and cattle on the hills and the price goes up. And that’s how markets work.” (P2)

Forestry markets are “really heavily correlated with price of timber” (P7), and this year timber prices remained low:

“At the moment there’s just far too much timber in the system. There’s an awful lot of timber that’s been bought that’s lying on roadsides and forests, not getting to the mills.” (P2)

“Timber prices are actually quite low. And if you run your economics of current low timber prices, commercial forestry is actually a debatable activity to be involved in. ... The margins on felling are not that great, so you’ve only got to have a bit of a jump in haulage or working costs or a bit of a dip in timber prices and suddenly you go from making a reasonable amount money to not making very much money at all. But the flip side of that is if timber prices suddenly go to £100 a tonne delivered for logs rather than £80, it goes straight onto the bottom line.” (P7)

There continues to be sentiment amongst the agents that increasing amounts of legislation and regulations are affecting the land market in direct and indirect means:

“We’ve had so much legislation that has been proposed and is continuing to come down the line and none of it I would perceive as being something which is going to produce any upside to rural property, whether it be short term letting licences [or] the ban on lead shot. ... Even employment legislation, increase in National Insurance ... sporting rates. The list goes on really.” (P8)

4.1.4 Land reform

The latest Land Reform legislation was passed in 2025, and agents were asked specifically about the impact of this legislation on the land market this year. Overall, there were mixed opinions. Some agents suggested it has had minimal impact to date:

“I haven’t seen it, and perhaps I’m not in that sort of sector myself where we’re selling big 1000 hectare plus properties, but I think... From what I hear in conversations I’ve had is it’s not... It’s not making demand go down. You know, there’s still demand.” (P11)

It is predicted that the estate market will be the sector of the market most affected by the Land Reform (Scotland) Act 2025 due to the prevalence of sales over 1,000 hectares. One agent broke down the motivations for each estate sale in 2025 over 1,000 hectares (that they were aware of, which was estimated to be 8), and afterwards concluded:

“I think it would be wrong to say that there is a number of those sales have been motivated specifically by the [Act]. I think you could argue that the decision to commit to the sale in some cases was hastened by the [Act]. But I don’t think you know, we’re not yet seeing a glut of places for sale purely because of concern about the impact of the Land Reform Act.” (P5)

There was a feeling that the recent legislation might make some estate owners bring forwards their plans to sell, but not necessarily directly drive the decision:

“I don’t think it’s affected it much yet, but if you’re thinking of selling, you’re going to bring it forward if you’re thinking of selling in the next five years.” (P14)

“I think it would have been a reason to bring things forward for those who are thinking of selling anyway. But for those who were not and are not thinking of selling it’s not something that would mean that they would rush to a sale. The reality is that they look at it amongst

a package of other measures, which are largely viewed relatively negatively by land owners.” (P8)

Agents expanded this logic specifically to Natural Capital Investors and estate ownership, suggesting that it is affecting confidence in short-term and speculative investments into Scottish land:

“Land reform has definitely had an impact on people’s perceptions of whether to continue to own estates or see how it develops ... We know of people who are currently reviewing whether it’s logical to be investing in estates for natural capital, for example, on a large scale, because if they have to exit as an investment at the end of the period ... they can actually sell.” (P15)

“As far as slowdowns on the natural capital front, land reform clearly is an issue there. ... If I buy something larger than 1000 hectare, somebody else may at some point in the future have a say and a very strong say in what I do with it. And you know, that turns people off. There’s absolutely no doubt.” (P3)

Agencies who mainly deal with farms have seen no effect on the farmland market:

“Have I really seen it affect the land market or our client base? Categorically not to date. ... which is quite surprising, isn’t it?” (P12)

There were other concerns raised by the Agents around Land Management Plans, lotting of land at point of sale, and Community buy-outs, however none of these were seen to be affecting the land market to date.

4.1.5 Lotting

This year there was very little discussion about the degree of lotting occurring on the market. As Agents were asked about how the Land Reform (Scotland) Act 2025 may be affecting the market, most of the discussion around lotting was how this may occur in practice when secondary legislation is implemented. There was however still some discussion about lotting in 2025.

The main theme was that the farmland market was the only sector that was seeing a slight increase in lotting. Bare farmland is appealing to farming buyers, and therefore lotting cottages separately is a popular strategy. If the farmhouse is appropriately positioned on the farm, the main farmhouse is sometimes kept by the seller (e.g. to live in during retirement) or lotted separately:

“[Sales where it is] just land, or a bit of a farm - the farmer is keeping the farmhouse for retirement or whatever. That’s been extremely popular, we’ve had multiple bids at closing dates for those, because

people don't really want cottages ... And so buying land is great. And if it's lotted, it's more affordable. ... We've seen that demand for bare land in Aberdeenshire... down the southwest and in the Borders" (P1)

One agent tried to quantify this growing trend:

"Not quite half and half, I'd say 70-30, 70% selling everything and 30% retaining some sort of asset." (P11)

One Agent gave an example where a clear feature divided the farm (in this case a road) and that they suspected two neighbouring farms would be interested:

"There was a public road splitting a farm in half and we knew who was on either side. We lotted the farm in two chunks because we knew that the two neighbours were both active buyers. ... But lotting into smaller areas, we're not really doing that at all." (P4)

4.1.6 Off-market vs on-market

Each year agents are asked to comment on the levels of off-market and on-market activity. In previous years (especially during 2021-22) there were significant levels of off-market activity in the estate and commercial forestry sectors. Over time this trend appears to have reversed for estates:

"Buyers would prefer to see a property exposed to the open market before they make a decision to buy it because they want to feel that they're paying the right price ... The message there is that off market activity has significantly reduced." (P5)

Agents dealing specifically with estate sales suggested reduced numbers from previous years, with one agent suggesting that the vast majority of estates were conducted on-market.

The forestry sector, with its focus on institutional clientele, has historically been a significant user of off-market transactions. However, as discussed later in the forestry section, overall activity in this sector has dramatically reduced, and therefore so have off-market sales driven by forestry interests:

"For the forestry market, that [off-market sales] was very active, but that's obviously died away now" (P14)

"Yeah, significantly less. You know, we ... have been at the forefront of that off market sort of activity and transactions it's just much harder to find" (P3)

However, in the farmland market the trend of fewer off-market sales has also appeared to reverse, with agents suggesting increased off-market activity for agricultural land than in previous years. This has occurred due to

increased levels of neighbour-to-neighbour sales (discussed further in the farmland section):

“There’s a good bit more off market activity than I’ve seen for years.” (P12)

“There have been one or two, you know, private sales. Just somebody going to a neighbour and saying “I’m thinking of selling” ... There was a wee bit of a premium probably about, I would say between 5 and 10% premium on what we would value it at.” (P4)

“Probably 60 or 70% of our sales have been private sales ... between a pre-arranged buyer and seller or getting land introduced to us and doing that” (P6)

One agent suggested this may in part be due to changes in Inheritance tax (also discussed further in the farmland section):

“Off market sales ... they were people essentially retiring and wanting to get out, dare I say it, before this change to IHT comes into force in April [2026]. So, there’s been quite a few of those who have either sold to neighbours [or] sold to local sort of progressive farming businesses, I would say.” (P11)



4.2 Forestry

One of the emerging trends from last year's report was that forestry sales (either established forests or bare land suitable for planting) were starting to slow, and were no longer the primary driving force in the market. This trend continued into 2025:

"The forestry market still is nowhere near what it was sort of 23-24. So that's died right down." (P14)

"We've had some marketing of planting land and it hasn't been easy to sell." (P13)

"I think like for like it's probably down. Either bare land for afforestation or existing woodlands" (P7)

In 2025, two very large sales occurred in the forestry sector, however:

"If you take those out, the activity has been really minimal ... Basically these two sales accounted for more than 50% of all the sales that happened in Scotland. ... So again, we've seen significantly less activity in the market this year than in previous years." (P3)

For forests that are established or mature and ready for harvest, agents perceived a general lack of supply and quality of that supply:

"The quality of what was available was not what we've seen in previous years. So probably smaller properties, poorer properties." (P13)

Bare upland land suitable for planting has not seen the levels of interest that were being attracted in previous years and consequentially values have fallen:

"That Upland market for, generally speaking, sheep, there is less competitive interest. A couple of years ago we were talking about tree planters to buy these upland areas. That seems to be falling not by the wayside completely, but it's certainly that demand isn't there from the tree buyers." (P11)

"It would certainly apply to bare land for planting. I mean, I think that you could argue has really dropped off a cliff in terms of demand." (P13)

In addition to limited supply, the closing stages of transactions are taking longer:

"So it all takes a lot longer and the legal element to a transaction takes longer because ... the purchaser is wanting to make sure that there are no blemishes, and they're all ironed out and sorted out before purchase." (P2)

4.2.1 Investor confidence in forestry and buyer motivations

The main clientele for the commercial forestry sector is investors (e.g. pension funds, family offices, private wealthy individuals), many of which are institutional investors. Some forestry companies manage forests and woodlands on behalf of these investors. Therefore, considering the current confidence these buyers have is essential for understanding the forestry land market. This is also a similar dynamic in the emerging natural capital market, therefore, some of these issues will be discussed here as well to avoid repetition across the report. It could be argued that some (but certainly not all) estate purchasers also fall into this category.

This year the agents described multiple factors that were negatively affecting investor confidence. Firstly, some of this lowered confidence is due to wider macroeconomic factors and the overall state of the UK economy:

“There’s this lack of confidence, lack of confidence in the general economy and lack of confidence in the current political scene. As a result, people are slower to purchase because the confidence isn’t there and I think it has probably reflected the economy pretty accurately in that the whole economy is in a fairly cautious, stodgy position,” (P2)

Secondly, other investments outside of owning forestry are seen as providing better (potentially less risky) returns:

“I’ve got a client ... who’s looking to do investment, and I’ve taken a number of properties to them and we sit down and do the rate of return and they’re better buying another office block in [City Centre] and they’re scared of investing in land in Scotland a bit” (P10)

“The stock market’s been fairly volatile, but pretty strong. And I think that’s attracted quite a lot of investors away from traditional investments like forestry and land, which give a fairly modest return on investment.” (P15)

Factors internal to Scotland also persist, with agents focusing their attention on the time taken over planting permission decisions and grant decisions being made. This sentiment went beyond the forestry agents into the agents specialising in estate and farmland sales. During analysis, ‘issues surrounding forestry’ was the most referenced theme this year within forestry:

“The confidence of the forestry buyer has been absolutely kicked pretty hard because of Scottish Forestry’s slowness and basically getting grant applications through and approved.” (P2)

“You feel [Scottish Forestry] are not moving with great speed on some

of these bigger schemes. We've seen several of these over towards [Town] just sitting and nothing's going forward - they've just not been approved. And that's not aiding confidence in the marketplace" (P12)

"Uncertainty around the ability to gain meaningful approvals. I think that has on its own had a cooling effect on demand." (P13)

"Scotland just seems to be grinding to a halt with its systems and its processes. The way that the regulator Scottish Forestry are dealing with those system and processes has changed and I can't really put my finger on what that fundamental change is - it could be staffing, it could be resources" (P3)

Other factors discussed by the agents were climate change, invasive species and diseases, community consultation and amounts of grant funding available. These were seen as affecting investor confidence, although more as a suite of additional factors rather than driving forces. Timber prices (discussed earlier) are a key commodity that affects the market and are currently quite low which affects profitability projections. One agent suggested that "nobody's talking about a rapid recovery in timber prices" (P13).

Some agents were less inclined to name specific factors, instead suggesting investors were reprofiling their portfolios and investment strategies:

"Those people that are in that market have done nothing and they are probably just readdressing their portfolios and also some of them are reconfiguring." (P1)

The same sentiment was expressed for natural capital investors:

"We're seeing some interest from some of the large family offices or organisations who are coming into the sector who are maybe restructuring away from more commercial assets into natural capital. And that's just a balancing of a portfolio to an extent" (P3)

One agent suggested that this was having such an effect on investor confidence that they are choosing to invest elsewhere:

"And if you look at investors who are trying to buy land to plant with trees to meet government targets. They're saying, well, if it's a like for like property, I'd prefer to be in England or Wales rather than Scotland." (P2)

One agent suggested that the mix of investors has become slightly more diverse, with slightly more private investors coming back into forestry investments. Perhaps ironically, the changes to Inheritance Tax have brought forestry investment into the spotlight:

"It still remains institutional investors funds and we are seeing more

activity coming back into the market now with private individual investors. And that's because we've seen a bit of a change in bond yields, interest rates are coming back a bit - there's a little bit more stability in that. ... The IHT side of things has interestingly raised the profile to an extent of forestry as an asset where you can shelter up to £1million ... There's certainly a few more people coming to the market with an appetite for sub £1,000,000 purchases because they now know [that] will get sheltered from IHT" (P3)

This was a trend that began to emerge in last year's report for buyers motivated by natural capital, rewilding or biodiversity increases, and now is starting to slowly spread to forestry investments.

However, this sentiment was not shared across agents. In counterpoint to the quote above:

"I think probably the days of the relatively small forestry investor who was going to put quite a lot of their investment wealth into one particular project. I don't see many of those people." (P7)

Buying motivations for forestry were not seen to have changed - most agents still discussed buyer motivations being led with an investor logic of projected return on investment over 30-60 years. Perhaps the only emerging trend was the previously discussed changes to IHT.

In previous reports, agents suggested that commercial forestry and natural capital investors were diverging into two distinct markets (in some cases competing against each other for similar marginal ground). This was identified in the 2023 report, when changes to the Additionality rule in the Woodland Carbon Code meant that carbon credits were less likely to be granted to new commercial timber growing forests. However, one agent this year suggested that the two motivations are beginning to merge again:

"Commercial forestry and natural capital have started to merge a little bit. We've started to see people come into even very commercial forests to say biodiversity net gain, biodiversity benefit. ... it's more of a sort of a merging of objectives which is quite important, quite interesting." (P3)

4.3 Natural capital

The natural capital sector has been “much flatter this year” (P10), and this has affected the land market, especially marginal land suitable for planting and land with degraded peat which have seen values drop back to broadly similar prices before the rush into land for natural capital motivations.

“There’s been a massive drop off in the environmental greening kind of market ... I think there’s been one or two quite big sales. We haven’t been involved in them. And certainly we would suggest the prices have dropped back and the heat has gone out of it.” (P10)

“There was the natural capital surge that we saw probably for the last maybe five years or so, that appears to have dissipated, and I think it’s partly because perhaps some of the low hanging fruit has been hard, but also this this issue with getting approvals, it really puts people off ... I think there are, you know, parties out there who were pretty bullish about buying things previously are now very cautious. But yeah, I think the kind of surge for natural capital particularly has gone away.” (P13)

Similarly to commercial forestry, an investment logic is applied to potential purchases, with the key underlying commodity being carbon credits. However, the price of carbon credits is still fairly unknown, and price appreciation has not matched initial expectations:

“Carbon values haven’t risen that much, if any at all. If anything, I think they’ve come back a bit. So the incentive for new investment and investment in land has eroded” (P15)

“I’ve heard people ... talk about high rates of return. I said to them how have you arrived at that? They go “oh, we’ve plugged in £100 a tonne for carbon. I go “right, well good luck with that one, because I can’t sell that to an investor”. They [the investor] go “What’s the price of carbon?” I go “Well, somebody offered me £25 a tonne for PIU’s last week”, so where’s £100 come from? That’s just pure speculation about future growth.” (P7)

“A small number of extremely well funded investment investors who entered this market for a period, most of them seem to have withdrawn from it, not necessarily from their ownership within it, but withdrawn from trying to participate in acquiring places. I guess whilst they see if what they bought is actually going to produce a return for their investors.” (P5)

Agents are now realising that to sell a piece of land with natural capital potential, that potential has to be somehow quantified during the sale to entice a buyer:

“There was a lot of land put on the market on the basis that you could

do something [natural capital] with it. “We’re not quite sure what you could do with it” and that was really how it was marketed. Whereas now I think if you wanted to market land for planting, you probably need to go through a much more, almost a due diligence process yourself in order to bring it to the market.” (P13)

Potential buyers of land with carbon credits associated to it are also acting with caution and uncertainty due to liabilities attached to these schemes:

“We put it on [the market] with the PIUs for sale and we got virtually no interest in it.” (ID removed)

“Uncertainty brings lack of confidence, so I know people who will not buy Woodlands that have carbon attached to it. If the if the woodland didn’t have carbon, they’d buy it.” (P2)

An emerging opinion was starting to form amongst some agents (involved in natural capital) around appropriate timeframes for new carbon schemes. The UK’s 2050 Net Zero target (rather than the Scottish target of 2045) was referred to as a key date, and that new schemes would not produce enough credits to sell leading up to this time:

“Specifically relating to carbon, there is now a realisation that woodland that is planted now, if it’s native woodland, it’s actually not going to provide a significant amount of carbon between now and 2050, which is the sweet spot for value that everybody thinks exists. ... If you’re buying land now, on any large scale, if you look at the current systems and processes that we have in place, you might not be planting trees until 2030.” (P3)

“The other issue that’s quoted to me several times is that they said “well by 2050, we’re all going to be carbon neutral”. Maybe. And so “what will my carbon credits be worth then?”.” (P2)

There was little mention of Developers looking for land to build new renewable energy infrastructure, which is different to the previous year where they were seen to be active in the market.

4.4 Farmland

The narrative around the farmland sector differs from the commercial forestry and natural capital sectors (which share a similar narrative of decline/stagnation). Agents were somewhat “surprised” (P11) that the farmland sector “performed better than anticipated or expected” (P1). Agents did agree that overall levels of supply and demand were lower than in previous years, but were still surprised, mainly because changes to IHT have not caused the degree of selling they had predicted last year.

“The majority of our stuff has gone. There’s a couple of farms that haven’t sold, which is unusual. Normally we get everything away.” (P1)

In the second half of the year activity rose, and agents partially attested this to greater clarity around the IHT changes:

“Since the [inheritance] tax issue has been partially resolved, we are seeing a little more interest. We have never done this much valuation work in that time. Never in my career have we done so much valuation work, and at least it’s got farmers thinking.” (P12)

“We had envisaged or we had expected there to be potentially quite a lot of activity in the first six months ... with people going “right, if that’s going to be the case, let’s just let’s just pack up and move on”, which didn’t seem to happen.” (P11)

These changes to IHT are further evidence of the resilience of the farmland market. The changes did however cause many farmers to have conversations around succession and to get their farms valued:

“I have never seen in my whole career anything as dynamic to get farmers talking about doing things. ... I think it’s a stupid idea but I’ve never seen anything that stimulated the agricultural mindset” (P12)

As discussed earlier, selling parcels of land, as opposed to the entire farm unit, was a growing trend from previous years.

Another growing trend from previous years is the increasing popularity of contract farming. This trend restricts supply of land entering the market as a retiring farmer retains their land and works with a contract farmer, rather than selling.

“More going into contracting arrangements because the family don’t want to take [the farm] on.” (P7)

Agents are asked to consider different sectors within agriculture (arable, stock units, dairy units, stock/arable mix, upland/marginal). Overall, most thought that arable land continued to perform well:

“I would say the strongest part of the market from our observation is for commercial quality, agricultural land, particularly arable land” (P5)

“Certainly, the values of good arable land have held up well and increased” (P4)

This sentiment was not unanimous however, with one agent stating:

“Funny enough, I think the arable one is maybe one that is more problematic at the moment because the prices [of harvests] have been so bad ... parts of Scotland had an OK harvest, but generally across the board, bad harvest, bad prices,” (P1)

Due to reduced demand from the forestry and natural capital sectors, hill land and marginal land values have decreased. This was seen as one reason that supply was low this year:

“I think the quantity of farmland coming up for sale has been pretty low in comparison to previous years, simply because the land value is dropping” (P15)

“The only market that’s completely changed is the one for carbon and environmental sales” (P6)

However, 2025 appeared to have been one of the most successful years for livestock farmers in quite some time, with both cattle and sheep achieving good prices.

“Livestock farmers at the moment are making a fortune [for the] first time in a very long time because sheep and beef prices through the roof because it’s demand and supply. So a lot of people came out of livestock farming. There’s less sheep and cattle on the hills and the price goes up. And that’s how markets work.” (P2)

4.4.1 Buyer motivations

There was a clear trend this year that farms were being bought by expanding farming businesses. Some agents thought the majority of these were “very well-funded, forward thinking, big Agri businesses” (P5) are buying land from those exiting farming:

“Big ones, economies of scale. Existing business looking to enlarge have more efficiencies on the back of that and to reinvest into the in their business.” (P14)

“The main arable growers, especially with potatoes and veg, they are still very active and always looking to add.” (P4)

Some of these expanders are family farms who are committed to farming into the future and are also looking for economies of scale:

“I think those farmers that are buying, are the brave ones that [have]

decided they're staying in farming, are I think the view would be that "if we have an IHT bill, we will have to sell something to pay for that. ... We've been growing our assets so we could do that". Those are the style of buyer ... who [are not] frightened to borrow." (P1)

"I think the majority of purchasers are frightened that if they don't get bigger, they'll not survive. ... Some of them are considering using contractors to allow them to accommodate this larger acreage." (P12)

Some thought that the pool of potential buyers was reducing, potentially only really leaving the above two categories:

"From 2024 when we saw in the market only those that had money to spend, or, you know, the farm next door - "I've always wanted it to come up. I'll do anything I can to try and buy it." We've already lost those slightly discretionary buyers; we lost a lot of buyers in 2024." (P1)

Similarly, smaller farmers are finding it difficult to buy more land, even when the neighbouring farm enters the market, due to high interest rates, high land values and low returns on farming:

"I've got one client, [the farm] next door came up for sale and they would ... have to borrow. But just summing up what returns they were going to get, it just didn't make any sense to do it, so that turned them [off]. Because again, the interest rate would be more than the return on the investment." (P14)

There were opposing opinions (or regional variation) in people moving from England to Scotland, with some agents seeing this happening, whilst others did not:

"I am seeing... a bit of an increase in inquiries from down south where they have lost the majority of their subsidies who are looking up here and going "well, actually, look, you've certainly got another subsidy for another couple of years at least, so that's, you know, it's worthwhile"."

"People from down South tend not to buy in Scotland when maybe 15 plus years ago they could get double their value in Scotland compared to down South. So it justifies selling an 800 acre farm down South to then get 800 in Scotland. But that market is completely gone now because values in Scotland are actually higher in some parts, particularly for prime primary arable land." (P14)

"I think the sustainable farming initiative was so attractive last year that that made people just stay put. You know, we know what we're getting down here. We don't really know what's going on up there. And now this year they've reigned back on the sustainable farming initiative in England. That perhaps has just made people think wider again." (P1)

One agent hinted at a potentially emerging trend of more European farmers wanting to move to Scotland - particularly Dutch dairy farmers who are looking to move due to recent Nitrogen emissions policies in their country. However, these farmers are struggling with the UK visa system:

“We’ve had a few instances of Europeans looking to farm here and can’t do it. You can’t get the necessary visa ... as an individual. I think if you’re employed by a trading body or something, you could do it, but it’s complicated and not straightforward. So you know, the Dutch who are stopping dairy farming - that will prohibit those guys coming to farm in the UK.” (P1)

Another challenge for new dairy entrants looking to buy land was an issue around having to have secured a milk contract:

“Dairy is really challenging because you cannot buy a dairy farm unless you have a milk contract. ... You have to go to [dairy processor] or whoever and say will you give me a contract? And the answer generally, at the moment, is no.” (P1)

4.4.2 Selling motivations

Retirement is still the main driver of farmland sales. The agents had predicted more farms coming to the market due to changes in IHT, however this did not appear to occur to the same extent that was predicted.

“Retirement is one - lack of succession. You know, people who have got no one to take it on. And I think that might become a more important driver in the next few years.” (P6)

However, this year more than one agent suggested that more farmers are contemplating exiting farming all together, mainly due to low returns.

“What I am seeing or hearing or feeling for the first time is a lot of farmers actually questioning “why are we doing this? Why are we farming” because they’re not making money” (P1)

4.4.3 Rollover

Rollover relief is a tax break whereby farmers who sell land can reinvest back into land without paying Capital Gains Tax within a limited time period. In previous years, farmers selling to the forestry or natural capital sectors then had money to reinvest back into more farmland, however, due to the reduced interest from both of these types of buyers, less of this is occurring. Typically, selling land for housing development or renewable energy schemes would result in cash-rich buyers in the market looking for farmland. However, agents thought that the property developers were also acting cautiously when purchasing more land:

“It’s pretty slow. The developers are not buying speculatively, they’ve been very coy in what they’re buying. I don’t think we’ve been approached by any of the accountants to say they’ve got a client with rollover money” (P4)

“I also think that probably the value of residential land has maybe come back a bit and therefore there’s not so much money for rollover” (P10)

Unlike the investor mentality discussed in the forestry and natural capital sections of this report, farmers are often more driven to reinvest into land rather than look at alternative investments:

“But farmers, even if they’ve got a pot of money to spend, they’ve been lucky enough to get rollover, they’re inherently wired to invest it in land. That’s what they understand. They can use it, it’s tangible. They want to use it. They rarely put it in stocks and shares or whatever. Land is their first port of call and still is” (P1)

However, although not a dominant theme, one agent suggested that people are becoming less likely to take advantage of rollover relief, instead deciding to look at other forms of investment:

“That rollover relief, people, I would say that there are less buyers wanting to do it. A lot of people will have gone, look, we haven’t found what we want to buy at this stage. Let’s just take the hit, we’ll pay the tax and then we’ll put the money into something else rather than another farm we’ll go and invest it in the stock market, or we’ll go and do something different.” (P11)



4.5 Estates

This year the estate market has performed similarly or slightly slower to previous years. Continuing a trend from the previous year, agents suggested that larger estates have had less supply and demand than smaller amenity estates:

“There was certainly... less large-scale land sales last year in 2025. So by that, I’m talking probably 1000 hectare plus, so more sporting estates in the Highlands. ... But still a fair bit of activity [for] smaller than 500 hectares.” (P11)

The main factors influencing the lack of demand for the larger estates were the slowing of the forestry and natural capital sector and land reform:

“Consequently, as a result of the carbon market softening, values of land have come back and estates have come back” (P15)

However, when zooming out to longer timeframes, and including smaller amenity estates, one agent suggested that numbers of transactions were broadly similar:

“So in terms of the number of transactions that have occurred, it looks pretty much on a par with recent years in the market over 25 years” (P5)

Some agents thought that people were merely waiting to see where the market corrected to before committing to selling an asset:

“In a falling market, people always sit a bit tighter, don’t they, and wait until things bottom out and hope it’ll get better again” (P10)

One agent suggested that this slower estates market was correlated with, or comparable to, the high-value London residential market, which in 2025 also saw a reduction of supply, demand and transactions.

There were some suggestions of buyer motivations changing, with some buyers attracted to the mixed land use of an estate:

“I would think the attitude of most purchasers is to have an integrated estate where they have a bit-of-this and a bit-of-that. There are very few out-and-out pure sporting buyers left.” (P1)

Lifestyle buyers are continuing to return to the market, as estates are again starting to be seen as “not only investments. A lot of people are buying estates as a lifestyle purchase. ... they might be wealthy individuals who can afford to have a larger estate with a house. It’s a project, it’s a lifestyle.” (P15)

4.6 Amenity and lifestyle land

As discussed in the estate section above, buyers with lifestyle motivations are still present in the market. This sentiment extended into smallholdings and houses with a small acreage suitable for equine activities:

“There seems to be quite good demand from, and albeit it’s for small farms and for small holdings, but certainly the lifestyle buyers and the amenity buyers are still very much there.” (P11)

“A reasonable country house with a couple of fields for horses. That demand is never going to go away, and it’s still it’s still good, good demand” (P4)

For the first time in this series of reports, an agent specialising in amenity woodlands participated in the research. They explained the situation with selling amenity woodlands since 2020:

“COVID strikes and we all think ... nobody’s going to be buying any woods because they can’t go anywhere. ... But bizarrely, it was exactly the opposite. The kind of the people that we sell woods to, ... all of a sudden, instead of being able to have fancy holidays somewhere abroad ... the answer was to buy a wood and then it just went crazy and we couldn’t sell them fast enough. ... It happened at the same time the commercial forestry land prices started rising, so it then became more difficult for us to buy woodland. ... You know, in some places I sold a wood to somebody for like seven or eight grand an acre, and then three months later I sold them the bit next to it was identical for another 20 grand [an acre] - it was that much of an increase. ... Things like [the cost-of-living crisis and Ukraine war] did start to affect us and also uncertainty over mortgage rates. ... So then our sales started declining. But our offering prices didn’t come down and still haven’t.” (P9)

This year, sales have slowed down further, which more than one agent agreeing:

“This year there’s a lot less demand for smaller amenity scale Woodlands. ... previously there was clearly an element of disposable income in a strata of the population. And I think that has gone away quite significantly. I think the interest now, and you always get it with smaller properties, and the interest appears to be more where people think that they can bring a business element to it, as I see it, rather than just somebody wanted to buy a woodland because they want to have it.” (P13)

There were a range of buyer motivations. Perhaps the strongest of these were related to people who are already living comfortably and receive some inheritance from a relative:

“Quite often the trigger to be able to enable people to buy one is in inheritance, so they’ve got their life set up, they’ve [already] got the wages and the lifestyle [to] match.” (P9)

Other buying motivations were explained as: Access to nature for their children, environmental stewardship, personal well-being, an ‘ownership’ mentality (that is different to other European countries), “occasionally investment”, “one or two where they’re buying it in memory of somebody” (P9), forest schools, dog walking businesses. Biodiversity Net Gain style payments were currently not a motivation.

However, Scotland also poses its own dynamics, as one agent perceived the Right of Responsible Access and a lack of major urban hubs reducing the overall demand for amenity woodland, compared to England for example.

“Plus you’ve got in Scotland [the Right of Responsible Access]. So why do you want to own something when you can walk over it anyway? Very different to the Southwest of England, for example.” (P9)



4.7 Forecasting

Each year the agents are asked to predict how the market will perform in the following year (2026), and identify any potential trends or barriers in the market. Most of the agents thought that the land market in 2026 would perform broadly similarly to in 2025:

“2026 I suspect feels like it may not be that dissimilar to 2025” (P13)

“I think probably pretty much more of the same, fairly stodgy.” (P2)

A range of factors were perceived to contribute to the caution that has entered the market in the previous years, with agents citing the Scottish election, escalating geo-political events and macro-economic factors:

“I think with the Scottish election coming up, with the uncertainty that we’ve still got with Ukraine and with Trump and so on, I think it’ll be very static.” (P10)

“Well, interest rates look like they’re going to drop, which obviously will help, but the interest rate will still be higher than the rate [of] return. So from an investment point of view, it still doesn’t make much logical sense.” (P14)

Some thought that supply may continue to be constrained, as people navigate these factors playing out:

“I think there’s going to be a slightly tighter supply. I think people are still potentially finding their feet and getting their heads around inheritance tax and therefore people will just not make any big decisions.” (P11)

On the other hand, some agents thought the recent downward trends may start to reverse and the market will start to recover:

“So next 12 months, I see stabilisation. You know, we’ve been a downward trend [with] less people in the market. We are seeing a lot more interest in the market now.” (P3)

“I think farm sales in small part will be busy. I’m sure there’s going to be more farms in the market than last year” (P4)

One agent thought that performance will be regional and sectoral:

“It’ll be more regionalised. There’d be different parts of the marketplace which will have more difficulty than others, such as, you know, big estates look like they could be under pressure.” (P6)



Land reform was raised by one agent as changing the dynamics of the land market going forwards:

“Yeah, it’s probably going to create a two-tier market in the future. where larger assets are lower value and smaller assets, smaller parts of the land probably increase in value.” (P15)

Another agent predicted an increase in off-market activity in the estate sector over the coming years in response to the passing of the bill, but before secondary legislation was put in place to enact the bill:

“I think there might be a bit of a flurry on private sales because this will be the last chance and I think there still is a window probably quite a large window until we get all the secondary legislation. ... But the challenge of course will be selling it because the next person is going to, you know, most people are relatively savvy. And even if they don’t think they’re ever going to move, you should be thinking about an exit route.” (P1)



5 Conclusion

This report has documented land agent and valuer perspectives of how the Scottish land market performed in the calendar year of 2025. It is now the fifth report in the series which has tracked these markets since 2021.

The 2025 land market can be characterised as subdued, cautious, and undergoing a period of adjustment following previous highs. Across sectors, agents consistently described a slower and more selective market, with reduced transaction volumes and longer deal timelines. While supply and demand appear broadly balanced, this equilibrium has been reached at lower levels of activity, reflecting weakened buyer confidence and a more constrained pool of participants. Macro-economic pressures, including higher interest rates, inflation, and wider political uncertainty, have played a significant role in shaping this more cautious market environment.

The forestry and natural capital markets have experienced the most pronounced slowdown, driven by declining investor confidence, lower timber prices, uncertainty around carbon values, and challenges in regulatory and approval processes. In contrast, the farmland sector has demonstrated relative resilience, with demand from expanding farming businesses underpinning activity despite lower overall volumes. Lifestyle and amenity markets also continue to show pockets of steady demand, although these too have softened.

Policy and regulatory changes—particularly around land reform and taxation—have added further caution. The impact of the Land Reform (Scotland) Act 2025 appears limited to date, but it has influenced sentiment, timing of sales, and longer-term investment decisions, especially for larger estates and institutional buyers. Similarly, changes to Inheritance Tax have prompted increased valuation activity and strategic thinking among landowners, even if they have not yet translated into significantly higher levels of market supply.



6 Appendix 1: Participant list

Participant number	Main expertise	References to different themes / codes	Individual statements coded during analysis
Participant 1	Estates, Farmland	47	142
Participant 2	Forestry	40	143
Participant 3	Forestry	42	121
Participant 4	Farmland	52	118
Participant 5	Estates	37	102
Participant 6	Generalist	45	125
Participant 7	Forestry	31	143
Participant 8	Generalist	41	110
Participant 9	Forestry	23	100
Participant 10	Generalist	43	103
Participant 11	Farmland	35	83
Participant 12	Generalist	28	80
Participant 13	Farmland, Generalist	32	144
Participant 14	Farmland	29	71
Participant 15	Forestry	40	188



7 Appendix 2: Coding framework for analysis

Name	Files	References
Buyers		
Big Commercial Farmers	2	6
Commercial Forestry Companies	5	20
Community groups buy out	2	2
Farmers (Neighbours)	2	12
House Builders	3	4
Institutional Buyers	1	6
Companies (for insetting)	2	2
Companies (for offsetting)	4	10
Funds (pension or investment)	4	15
Private individuals	6	16
Lifestyle Amenity	5	17
New entrants	2	3
Renewable Developers	3	3
Community (general)	6	15
Disincentives (general)	8	41
Estates		
Buying Motivations and Factors (Estates)	7	35
Overall impression of Estates	9	30
Selling Motivations and Factors (Estates)	6	17
Sporting	7	17
Farm land		
Buying Motivations and Factors (Farms)	9	36
Issues surrounding farmland	10	53
Mixed	4	5

Overall impressions of farmland market	11	45
Prime arable	6	9
Selling Motivations and Factors (Farm)	8	35
Upland Marginal	10	17
Financial Mechanisms		
Agricultural Support and Subsidies	8	16
Grants (mainly planting grants)	6	10
Inheritance tax	14	46
Natural Capital Payments	12	23
Aforestation	4	5
Biodiversity	1	3
Issues around natural capital	14	47
Peatland	3	5
Rewilding	1	1
Roll Over Relief	4	5
Tax (other)	6	8
Wind and Solar Farms	3	6
Forecasting		
Future Trends	15	64
Opportunities	9	11
Threats	13	27
Forestry		
Bare Land for Planting	11	34
Buying Motivations and Factors (Forest)	5	21
Buyer Motivations - Primary Investment Strategy	7	18
Wider Factors Affecting Demand for Forestry	10	70
Commercial Forestry	6	30
Issues surrounding Forestry	10	73

Natural Capital Woodland	12	26
Selling Motivations and Factors (Forest)	6	27
Housing Market	5	11
Market Factors (Generic or external)	7	11
Commodity prices (e.g. timber)	11	36
Inflation and interest rates	5	8
Input costs	5	8
Politics election budget	9	19
Overall impression of market performance	15	75
Compared to previous years	15	65
Lotted sales	8	13
Off Market vs On Market Activity	12	27
Regional Variation	11	31
Supply vs Demand	13	36
Values	7	17
Public Organisations		
Forest and Land Scotland	5	5
Scottish Forestry	2	10
Scottish Government	9	26
Land Reform Agenda	13	63
SLC Scottish Land Commission	4	4
UK Government	6	14
October 24 Budget	2	3
Substantial Land Use Change	5	10



8 Appendix 3: Semi-structured interview schedule

Current trends in the market

How is the land market performing since last year? Is it largely up or down?

What does the supply against demand look like?

What is the amount of off market activity compared to on market?

Are there particular types of land (farm/estate/forestry) that you have noticed a significant change in?

Are current subsidies and/or agricultural support affecting the market?

How much of a driver or barrier are current government policies and grants around natural capital?

Has the Land Reform Bill already influenced sellers/buyers?

Valuing Land (optional, if appropriate to role)

What current factors are of greatest importance in influencing values? (Size, location, topography, amenity value, access, sporting, natural capital values, asset base/income potential, land use and land use potential (including increased focus on food security), running costs, development controls)

Are these factors changing over time? Which are more relevant and which are less relevant?

How useful are (traditional) comparables in this new market? Are you developing new comparables relating to natural capital?

Current primary motivations/drivers for selling rural land

Are there any new patterns arising in terms of motivations?

Are you noticing an increase or decrease in lotting this year? If so, what are the motivations for this?

Current primary motivations/drivers for purchasing rural land

What are the main types of buyers you have seen this year? Where is demand coming from?

Have you noticed land going to development/infrastructure/housing buyers?

Are natural capital buyers active in the market?

What are the motivations of buyers?

To what extent are new acquisitions/changes in ownership resulting in a substantive change in land use (e.g. farm-forestry conversion etc.)

Forecasting

How do you see the market changing in the future? What are your reasons for this?

How do you see values changing in the future? What are your reasons for this?

Are there any future threats or challenges you foresee?

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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