



PRESS RELEASE

16 April 2014

NEW RESEARCH REVEALS SIGNIFICANT ANNUAL INVESTMENT ON TENANTED FARMS AND CROFTS BY ESTATES

Rural estate owners are investing an average of £69,000 per year on their tenanted farms and crofts, new research has revealed.

The figures, which demonstrate the commitment of estate owners to the tenanted sector, are included in a study undertaken by Rural Solutions and Scotland's Rural College (SRUC). The full results of the survey, which looks at the economic contribution of estates, will be published next week.

The responses from 277 estates of all sizes across Scotland, of which 143 were involved in let farming, produced data on 1538 farm tenancies, 23% of all farm tenancies in Scotland, covering a total area of 339,728ha. In addition, data was collected on 1,223 croft tenancies with a total leased area of 45,292 hectares.

These 143 have an average of 11 tenants per estate and the average tenanted holding is 221 hectares.

Total annual expenditure on agricultural and crofting tenancies on 148 estates amounted to £10.2million, primarily on repairs and capital costs – equating to £26.58 per hectare and an average total annual expenditure per estate of £69,145. Average income amounted to £101,422.

The tenancies generate average rental income of £38.99 per hectare with expenditure running at £26.58 per hectare. Repairs, improvements and capital works account for £6.65million of expenditure with staff costs amounting to £3.5million.

The study found that while tenant farming is profitable for the majority of estates, the exception is very large estates (20,000ha and above) where earnings per hectare on tenanted farms are £25 per hectare compared with £39 for other estates. These earnings are insufficient to cover average expenditure of £27 per hectare.

Douglas McAdam, chief executive of Scottish Land & Estates, said: "The research findings involve many of what would be regarded as the main letting estates in Scotland, but also many more smaller estates which are involved in the letting of land.

"The figures clearly demonstrate that there is significant investment by estates and our members are willing to invest further if we can create a stable climate that encourages investment. These are averages and investment does of course vary and whilst lower investment exists on some holdings – and the reasons for this need to be studied - it is clear from the survey that it is normal practice amongst many landowners to invest a very substantial proportion of their rental income back into farms.

“However, we are being told by members who do invest substantially that their continuing commitment is being jeopardised by the re-emergence of a potential absolute right to buy for tenants.

"It must be recognised that the issue is not one dimensional and that tenants can invest too. Many farms are let on a full repairing basis with the responsibility for renewing fixed equipment falling to the tenant and where the rent is set accordingly.

"A key factor that needs to be addressed with regard to investment is the sustainability of Scottish agriculture. That has become increasingly challenging, particularly for young farmers, working on smaller scale farms. That is why so many young farmers are crying out for flexibility and the opportunity to diversify.

"What is of paramount importance for all those involved in the tenanted sector is to be able to operate in a climate that encourages stability and confidence."

ENDS

Ramsay Smith

Media House

**t: 0141 220 6040 / 07788
414 856**

e

[ramsay@mediahouse.co.](mailto:ramsay@mediahouse.co.uk)

uk

Gary McQueen

Media House

t: 0141 220 6040

e: gary@mediahouse.co.uk

:

Notes to editors

About SRUC

Scotland's Rural College provides comprehensive skills, education and business support for Scotland's land-based industries, founded on world class and sector-leading research, education and consultancy. For more information, visit www.sruc.ac.uk.

About Rural Solutions

Rural Solutions is a nationwide planning, development and advisory company, which specialises in rural development across all sectors. For more information, visit www.ruralsolutions.co.uk

About Scottish Land & Estates

Scottish Land & Estates has members across Scotland. Membership is made up mainly of private landowners and estates with a wide range of landholdings. Organisations, general rural businesses and professional firms with rural interests are trade and professional members.