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Farm Rents 2013/14 - England

This release provides estimates of average rents paid under Full Agricultural Tenancies, Farm Business Tenancies and seasonal agreements (those of less than 12 months) for 2012/13 to 2013/14 together with the area of land covered by these agreements. The data are used by tenant farmers and landlords to set rents and by Defra to inform decisions on statutory succession. Throughout this release the results from the 2013/14 Farm Business Survey (FBS) will be referred to as the 2013 results.

In producing the latest figures, we have identified some methodological issues with the published pre-2012 results. We will review the methodology and publish any subsequent revisions over the summer months. Initial indications are that minimal revisions can be expected at a national level but, due to the variability in the data, revisions may be more apparent for some regions and farm types, although well within published confidence intervals.

The key results for each agreement type in 2013 are given below.

Full Agricultural Tenancy (FAT) agreements ([Tables 2 - 5](#))

- In 2013 the average rent for Full Agricultural Tenancy (FAT) agreements was £171 per hectare; 5% higher than 2012.
- The average rent for FAT agreements increased in all regions except for the North West.

Farm Business Tenancy (FBT) agreements ([Tables 6 - 9](#))

- In 2013 the average rent for Farm Business Tenancy (FBT) agreements was £196 per hectare; 11% higher than 2012.
- The average rent for FBT agreements increased for most farm types and in all regions except for the East Midlands.

Seasonal agreements ([Figure 5](#))

- The average rent for seasonal agreements was £127 per hectare in 2013; 9% higher than in 2012, but similar to the average for 2011.

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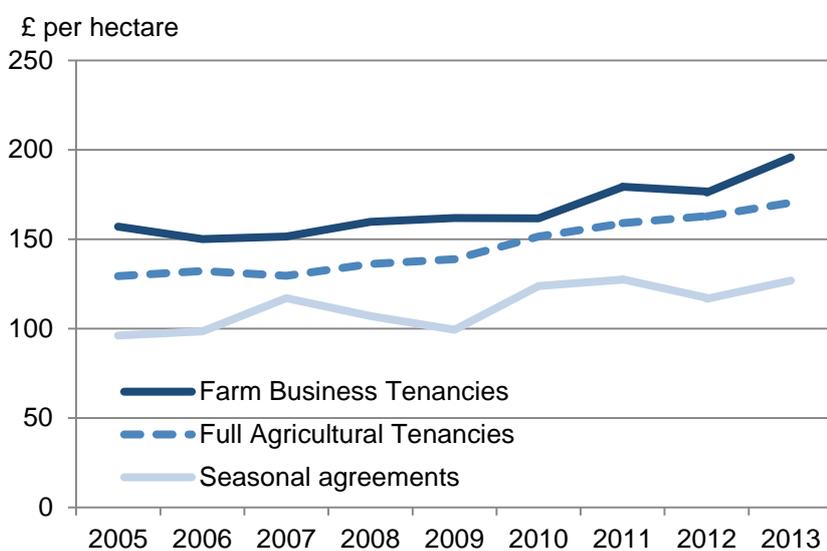
Detailed results

All agreements types

Table 1: Average rents FAT, FBT and seasonal agreements in England

	2012	2013	2013-12 % change	2012 confidence interval	2013 confidence interval
Full Agricultural Tenancies (FATs)	163	171	5%	± 12	± 13
Farm Business Tenancies (FBTs)	176	196	11%	± 11	± 14
Seasonal agreements	117	127	9%	± 20	± 24

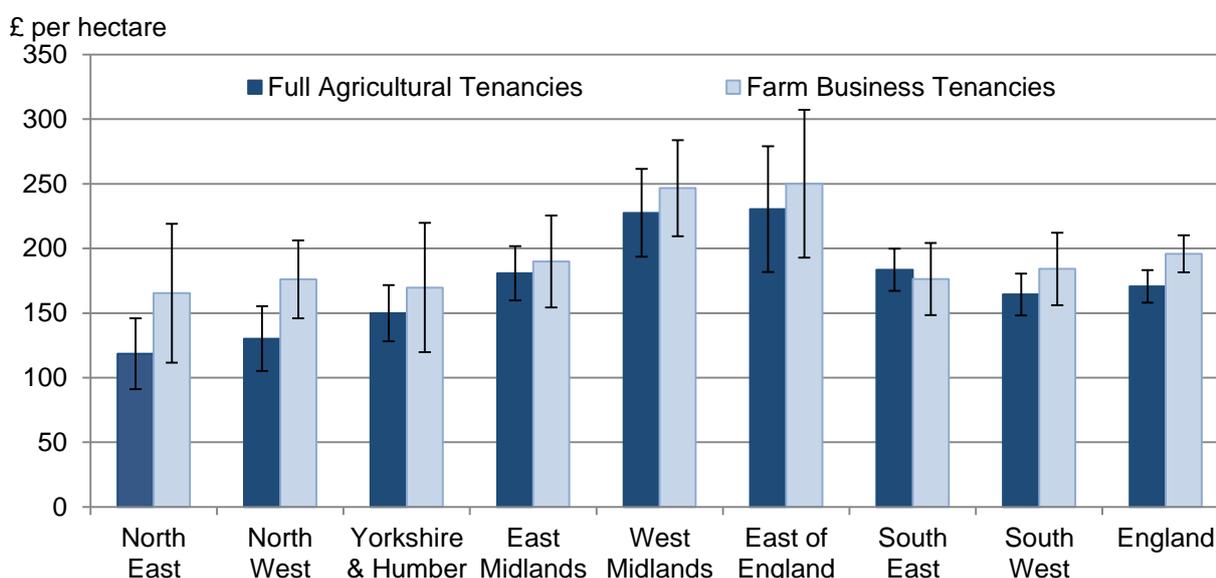
Figure 1: Average rents by agreement type: 2005 - 2013



Between 2012 and 2013, the average rent for Full Agricultural Tenancies (FATs) increased by 5% to £171 per hectare; the average rent for Farm Business Tenancies (FBTs) increased by 11% to £196 per hectare; the average rent for seasonal agreements increased by 9% to £127 per hectare (Figure 1 & Table 1). Average rents tend to be higher for FBTs than for FATs, and to be higher in the East of England and West Midlands than in other regions (Figure 2). There is considerable variation in rents at agreement

level reflecting factors such as the quality of the land and that agreements may only include land or may also include any combination of dwellings, buildings and other assets (see tables 4 and 8).

Figure 2: Regional average rents by agreement type: 2013



Bars indicate 95% confidence intervals

Full Agricultural Tenancies

Key findings

- In 2013 the average rent for Full Agricultural Tenancy (FAT) agreements was £171 per hectare; 5% higher than 2012.
- The average rent for FAT agreements increased in all regions except for the North West.

Those agricultural tenancies agreed before 1 September 1995 are known as 1986 Act tenancies, or Full Agricultural Tenancies (FAT). Generally, tenancies granted under the 1986 Act have lifetime security of tenure. The total area of land under FAT agreements fell by 2% between 2012 and 2013 (Table 2). The average rent per hectare for land under FAT agreements increased by 5% between 2012 and 2013. There were increases for all main farm types (except general cropping) and for all regions except the North West (Figure 3).

Table 2: Total area of rented land under FAT agreements in England by farm type^(a)

Type of farm	Thousand hectares				
	2009	2010	2011	2012	2013
Cereals	623	492	513	520	503
General Cropping	238	230	222	224	220
Dairy	167	163	157	149	147
Grazing Livestock (LFA) ^(b)	293	311	312	309	298
Grazing Livestock (lowland)	111	162	156	160	165
All farms^(c)	1 637	1 590	1 592	1 592	1565

Source: June Survey of Agriculture

(a) Figures relate to commercial holdings only. Commercial holdings are those with significant levels of farming activities defined by the thresholds used in the June 2010 Census. For further details please see section 3.3 of the June Survey methodology at: <https://www.gov.uk/government/collections/structure-of-the-agricultural-industry/>.

(b) LFA = Less Favoured Area.

(c) Figures for 'All farms' include values for other farm types (pigs, poultry, horticulture and mixed farms).

For those agreements with a recorded rent review, the average rent per hectare increased by 14% from £145 to £165 per hectare (Table 3). For those agreements with a recorded change to terms and conditions, the average rent per hectare increased by 21% from £124 to £150 per hectare.

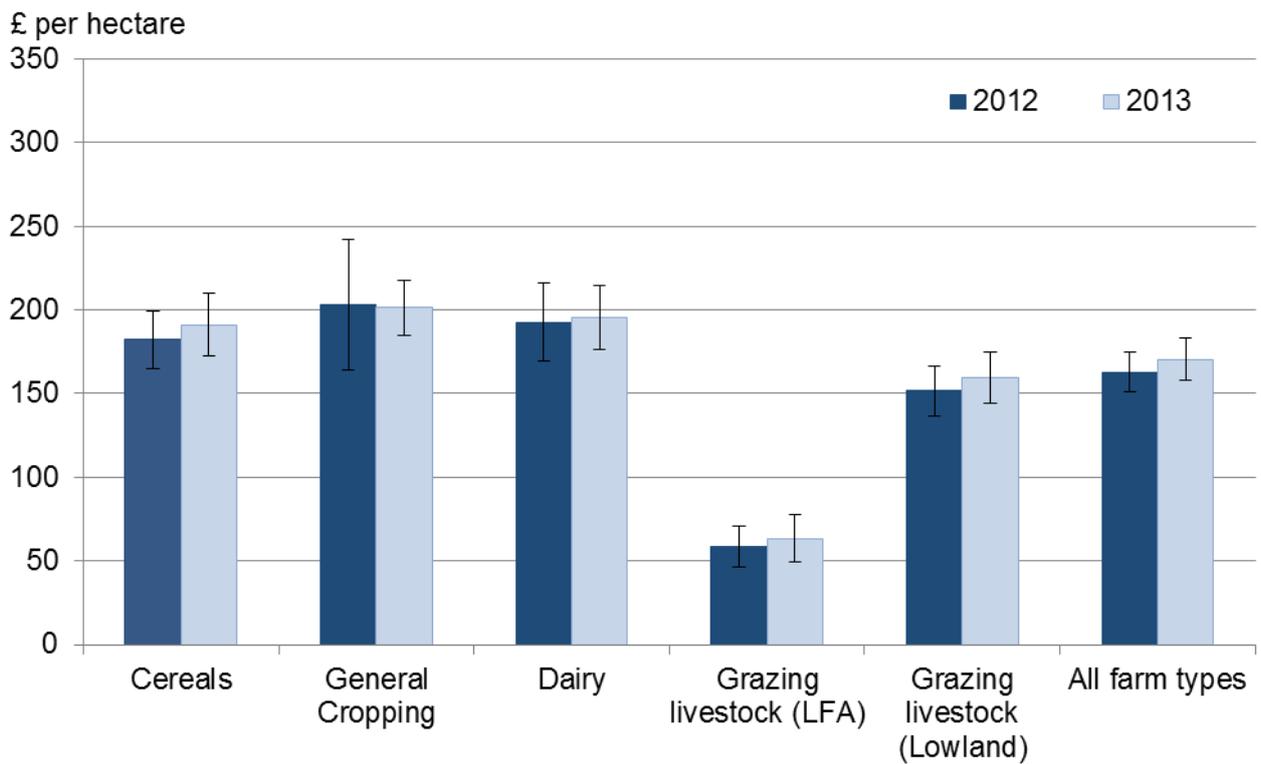
Table 3: Average rents for FATS with rent reviews and changes to terms and conditions

£ per hectare

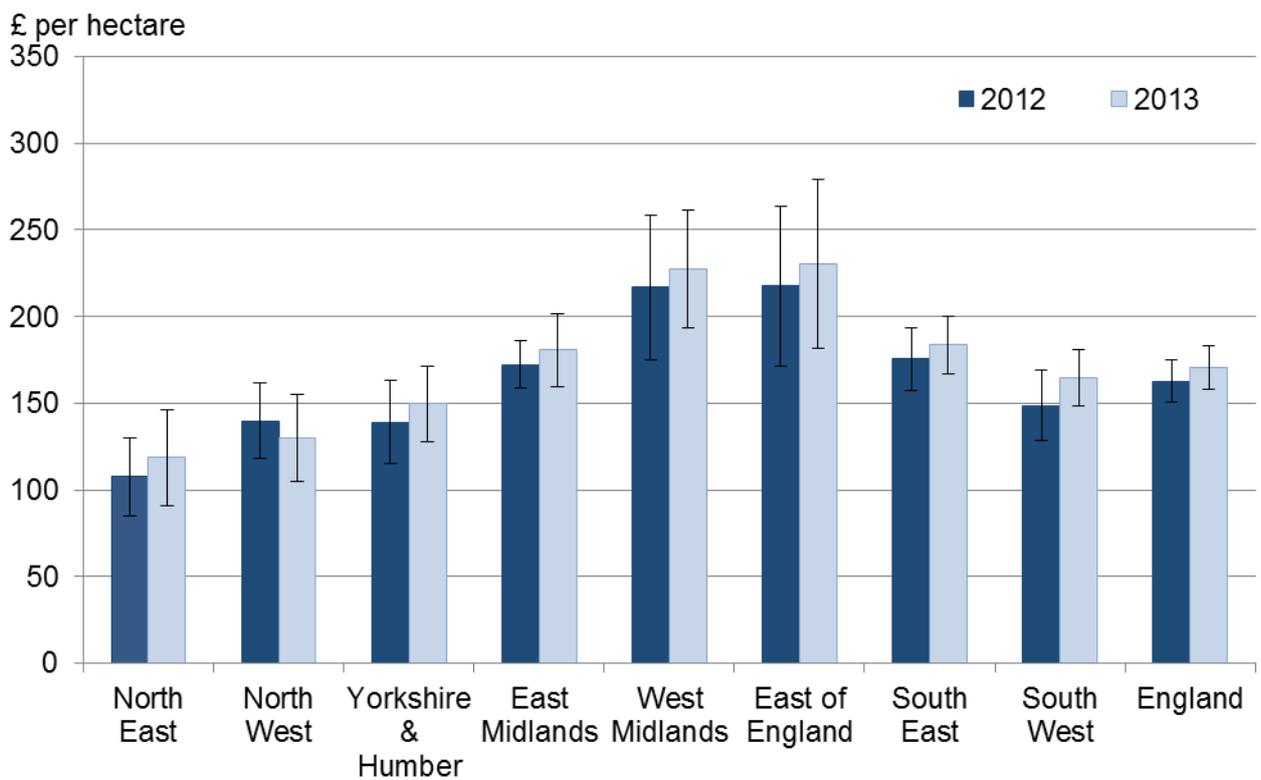
	Average Rent in 2012	Average Rent in 2013	% Change in Rent
Agreements with a recorded rent review	145	165	14%
	(+/-19)	(+/-21)	
Agreements with recorded change to terms and conditions	124	150	21%
	(+/-34)	(+/-43)	

Figures in brackets are the 95% confidence intervals.

Figure 3: Average rents for FATs (England) 2012 and 2013 by farm type (top) and region (bottom)



Note: Averages for “All farm types” include other farm types (pigs, poultry, horticulture and mixed farms).



Tenancy agreements may relate only to land or include any combination of dwellings, buildings and other assets. The average rent for those FAT agreements relating only to land¹ increased by 2% in 2013 to £187 per hectare (Table 4). The average rent for all other FAT agreements increased by 5% to £166 per hectare.

Table 4: Average rents for land only and other FAT agreements in England

	£ per hectare				
	2012	2013	2013-12 % change	2012 confidence interval	2013 confidence interval
Land only FAT agreements	187	191	2%	± 33	± 29
All other FAT agreements ^(a)	157	166	5%	± 12	± 14
All FAT agreements	163	171	5%	± 12	± 13

(a) All other FAT agreements here include those agreements covering land and/or any combination of dwellings, buildings and other assets.

Tenancy agreements may include Single Payment Scheme (SPS) entitlements. There are very few FAT agreements within the sample that do not include entitlements. The data are shown in Table 5 for completeness, but the difference in average rents between the two groups is not statistically significant.

Table 5: Average rents for FAT agreements in England by Single Payment Scheme (SPS) entitlement

	£ per hectare				
	2012	2013	2013-12 % change	2012 confidence interval	2013 confidence interval
FAT agreements excluding SPS entitlements (a)	203	152	-25%	± 91	±80
FAT agreements including SPS entitlements	162	171	5%	± 12	± 13
All FAT agreements	163	171	5%	± 12	± 13

(a) Based on a small number of observations. In 2013 there were 27 FAT agreements within the sample that did not include SPS entitlements.

¹ In 2013, 45% of sample agreements were land only.

Farm Business Tenancies

Key findings

- In 2013 the average rent for Farm Business Tenancy (FBT) agreements was £196 per hectare; 11% higher than 2012.
- The average rent for FBT agreements increased for most farm types and in all regions except for the East Midlands.

Agricultural tenancies agreed since 1 September 1995 under the Agricultural Tenancies Act 1995, are known as Farm Business Tenancies. The total area of land under FBT agreements increased by 4% between 2012 and 2013 (Table 6) to 1,123 thousand hectares.

Table 6: Total area of rented land under FBT agreements in England by farm type^(a)

Type of farm	Thousand hectares				
	2009	2010	2011	2012	2013
Cereals	377	314	328	334	334
General Cropping	150	153	154	152	160
Dairy	118	122	120	118	122
Grazing Livestock (LFA) ^(b)	152	171	172	178	188
Grazing Livestock (lowland)	106	151	152	152	158
All farms^(c)	1 056	1 063	1 075	1 084	1 123

Source: June Survey of Agriculture

(a) Figures relate to commercial holdings only. Commercial holdings are those with significant levels of farming activities defined by the thresholds used in the June 2010 Census. For further details please see section 3.3 of the June Survey methodology at: <https://www.gov.uk/government/collections/structure-of-the-agricultural-industry/>.

(b) LFA = Less Favoured Area.

(c) Figures for 'All farms' include values for other farm types (pigs, poultry, horticulture and mixed farms).

The average rent per hectare for land under FBT² agreements increased by 11% between 2012 and 2013. There were increases for most farm types and across all regions except the East Midlands (Figure 4).

For those agreements with a recorded rent review (Table 7), the average rent per hectare increased by 20% from £160 to £192 per hectare. For those agreements with a recorded change to terms and conditions, the average rent per hectare increased by 22% from £179 to £218 per hectare. The average length of term for FBT agreements was 3.9 years.

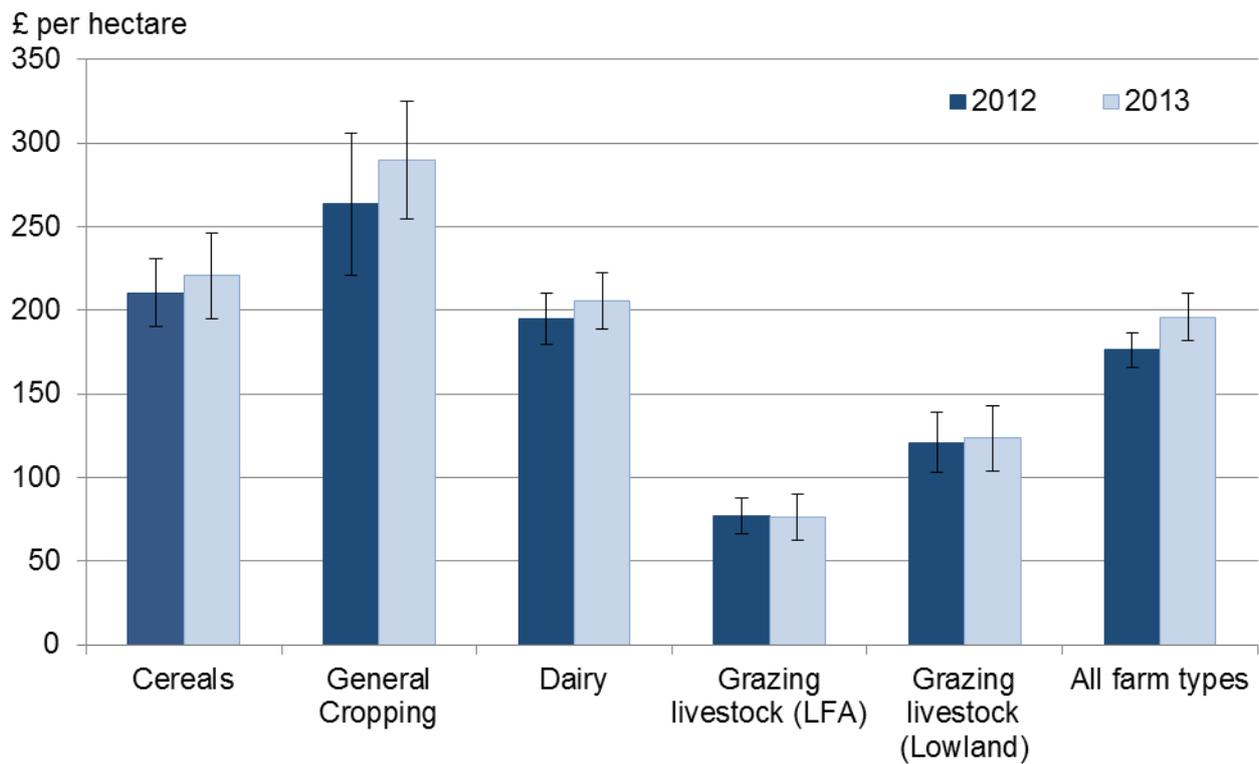
Table 7: Average rents for FBTs with rent reviews and changes to terms and conditions

	£ per hectare		
	Average Rent in 2012	Average Rent in 2013	% Change in Rent
Agreements with a recorded rent review	160	192	20%
	(±26)	(±32)	
Agreements with recorded change to terms and conditions	179	218	22%
	(±43)	(±54)	

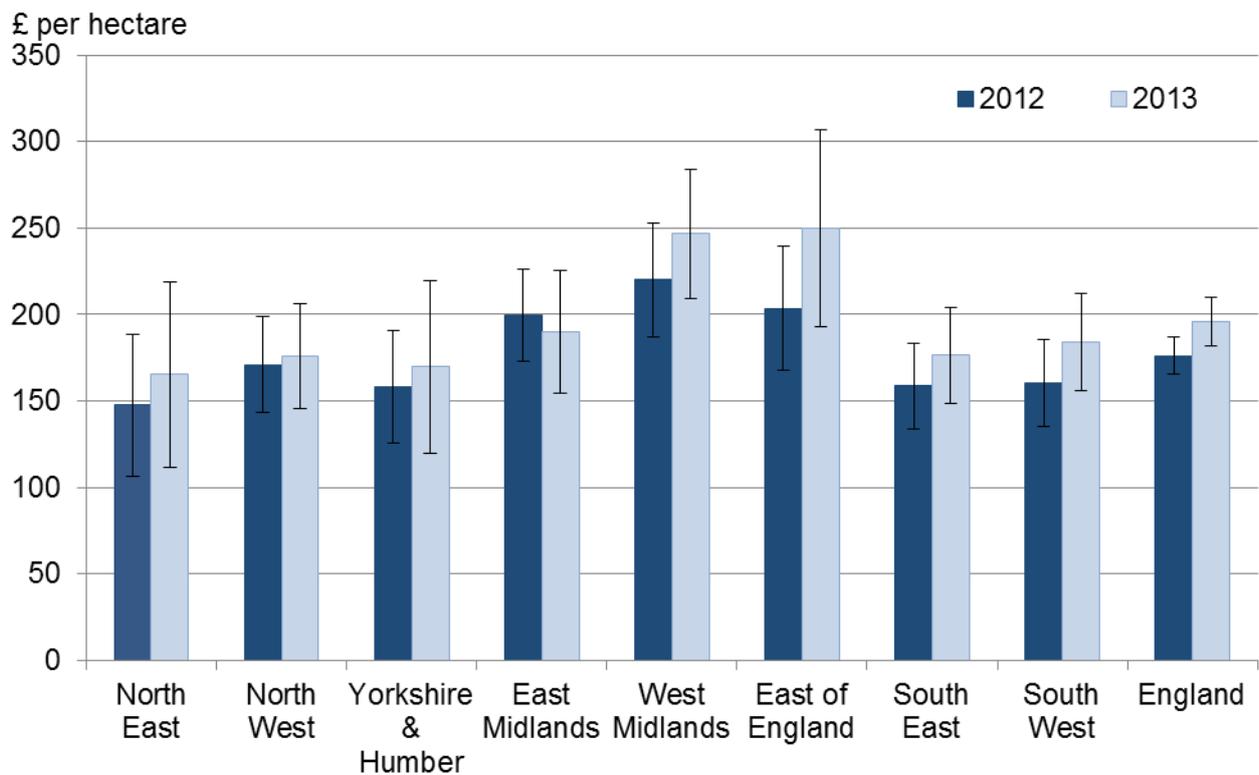
Figures in brackets are the 95% confidence intervals.

² Includes Farm Business Tenancies and similar informal agreements. Informal agreements in this context are those that are based on the same principles as an FBT but without the accompanying legal documentation.

Figure 4: Average rents for FBTs (England) 2012 and 2013 by farm type (top) and region (bottom)



Note: Averages for “All farm types” include other farm types (pigs, poultry, horticulture and mixed farms).



Tenancy agreements may relate only to land or include any combination of dwellings, buildings and other assets. The average rent for those FBT agreements relating only to land³ increased by 10% in 2013 to £190 per hectare (Table 8). The average rent for all other FAT agreements increased by 12% to £203 per hectare.

Table 8: Average rents for land only and other FBT agreements in England

	£ per hectare				
	2012	2013	2013-12 % change	2012 confidence interval	2013 confidence interval
Land only FBT agreements	173	190	10%	± 12	± 17
All other FBT agreements ^(a)	181	203	12%	± 18	± 22
All FBT agreements	176	196	11%	± 11	± 14

(a) All other FBT agreements here include those agreements covering land and/or any combination of dwellings, buildings and other assets.

Tenancy agreements may include Single Payment Scheme (SPS) entitlements. The average rent for those FBT agreements including SPS entitlements⁴ increased by 9% in 2013 to £190 per hectare (Table 9). The average rent for those FBT agreements excluding SPS entitlements increased by 20% to £222 per hectare.

Table 9: Average rents for FBT agreements in England by Single Payment Scheme (SPS) entitlements

	£ per hectare				
	2012	2013	2013-12 % change	2012 confidence interval	2013 confidence interval
FBT agreements excluding SPS entitlements	185	222	20%	± 23	± 50
FBT agreements including SPS entitlements	174	190	9%	± 12	± 14
All FBT agreements	176	196	11%	± 11	± 14

³ In 2013, 83% of FBT agreements within the sample were land only.

⁴ In 2013, 70% of FBT agreements within the sample included SPS entitlements.

Seasonal agreements

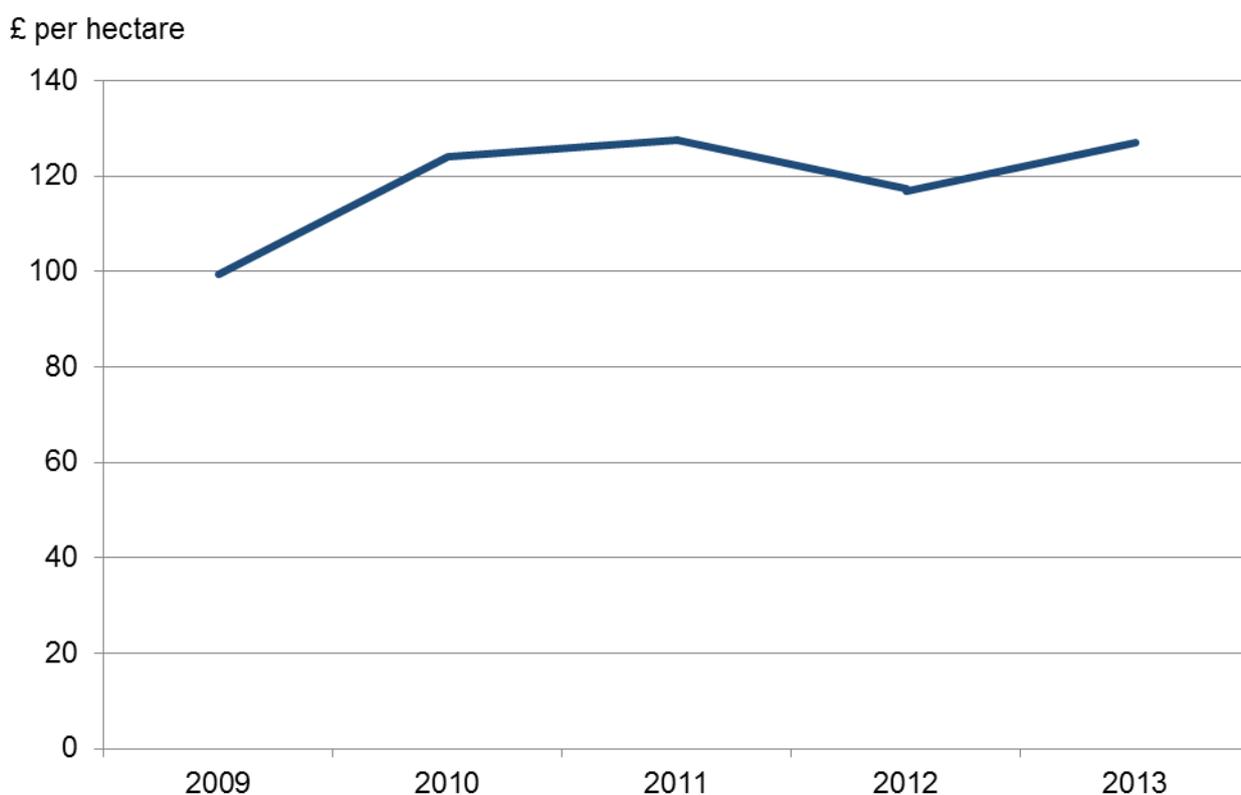
Key findings

- The average rent for seasonal agreements was £127 per hectare in 2013; 9% higher than in 2012, but similar to the average for 2011.

Seasonal agreements are for less than 12 months. These include licences for grazing and/or mowing only and may include SPS entitlements.

The average rent per hectare for seasonal agreements increased by 9% between 2012 and 2013 to £127 per hectare, similar to the average for 2011. Seasonal agreements may cover any length of term less than 1 year.

Figure 5: Average rents seasonal agreements (England) 2005 to 2013



Survey methodology

Results show the average amount of rent paid per hectare per year (excluding VAT). They cover a wide range of rental agreements including those that are land only and those that include dwellings, farm buildings and other assets. To give an indication of the difference in rents, results have also been produced to show average values for land only agreements (see tables 4 and 8).

In 2009 a Defra review concluded that the Farm Business Survey (FBS) data should become the main data source for farm rents and that the previous Tenanted Land Survey should be discontinued. Further information about the review can be found here:

<https://www.gov.uk/government/collections/farm-business-survey/>.

The FBS is an annual survey conducted by experienced data collectors via interview and access to farmers' documents. The FBS collects data at a business level for all rental agreements, with a sample of around 1,900 farm businesses in England. The sample covers all types of farming in all regions of the country, and includes owner-occupied, tenanted and mixed tenure farms.

The FBS has a threshold which removes the smallest farm businesses (those with less than 25,000 euros of Standard Output) from the survey. More detailed information about the Farm Business Survey and the data collected can be found at:

<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance/>.

Data analysis

The data are subject to rigorous validation checks which identify inconsistencies within the data or large year-on-year changes.

The survey data are weighted so that the results reflect the population of farms represented by the survey. Initial weights are applied to the FBS records based on the inverse sampling fraction for each design stratum (farm type by farm size). These weights are then adjusted (calibration weighting) so that they can produce unbiased estimators of a number of different target variables. Further information on calibration weighting can be found in the 'Statistical Issues' document here:

<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance/>.

Changes to methodology

The weighting methodology was changed for 2012/13 to improve the reliability of the results for farms with poultry. The change was two-staged. Poultry farms were split into two groups (egg and poultry meat producers) at the inverse sampling fraction stage. In addition, the FBS estimates of total number of laying birds and total number of table birds are now calibrated to match those from the previous June Survey of Agriculture and Horticulture. This practice is already in place for other livestock counts (as well as crop areas and farm counts) to draw strength from the increased robustness of the much larger sample of the June Survey. Results for 2011 are shown using this and the previous methodology for comparability.

The results in this release for 2011 have been reproduced under the new weighting methodology to provide a fair comparison to this year's results. The change to the weighting procedure impacts heavily on the specialist poultry and mixed farm types. Results are not included in this release for these two farm types as we are unable to produce robust estimates due to the limited data available.

Where appropriate, results are published by farm type and region. More information about farm type classification can be found in section 5.2 of the June Survey methodology via the following link:

<https://www.gov.uk/government/collections/structure-of-the-agricultural-industry/>.

Accuracy and reliability

As a guide to the accuracy of the results, we have included the 95% confidence intervals for all the latest rents shown in the tables. For example, the survey results show that the average annual rent for all land under Full Agricultural Tenancies is £171 per hectare for 2013 with a 95% confidence interval of \pm £13 per hectare. This means that we can be 95% confident that the range £158 - £183 per hectare contains the actual population average rent for all land under FATs.

Confidence limits are based on the standard errors multiplied by 1.96 to give the 95% confidence interval. The standard errors only give an indication of the sampling error. They do not reflect any other sources of survey errors, such as non-response bias and interviewer errors.

It should be noted that the confidence intervals are higher for the regional estimates compared to those for the published farm types. This is because the regional estimates include all farm types including pig, poultry and horticultural farms for which rents tend to be more variable.

Percentage changes shown within this release are based on unrounded figures. Totals may not necessarily agree with the sum of their components due to rounding.

Revisions

In compiling this release, we have identified some methodological issues with the published pre-2012 results. We will review the results and methodology and publish any subsequent revisions over the summer months. Initial indications are that minimal revisions can be expected at a national level but, due to the variability in the data, revisions may be more apparent for some regions and farm types, although well within published confidence intervals.

Definitions

Results within this release are shown for three main types of rental agreements; Full Agricultural Tenancies, Farm Business Tenancies and Seasonal agreements. Unless otherwise stated results for each of the three agreement types are defined as below:

- FATs include Full Agricultural Tenancies with and without Single Payment Scheme (SPS) entitlements.
- FBTs include Farm Business Tenancies and similar informal agreements with and without SPS entitlements. Informal agreements in this context are those that are based on the same principles as an FBT but without the accompanying legal documentation.
- Seasonal agreements include licences for grazing and/or mowing only with and without SPS entitlements.

Detailed results have been included to show the difference in rental prices for those agreements with and without SPS entitlements. These results are shown in tables 5 and 9.

Other survey results and next publications due

Farm rent estimates from the Farm Business Survey for England are published annually with the next publication due in March 2016 for the results from the 2014/15 survey.

There is also a time series available containing results from the Farm Business Survey from 2004 onwards. Estimates are also included for the FBS backdated to 2001. This can be found at: <https://www.gov.uk/government/publications/farm-rents/>.

Historical results from the now discontinued Annual Rent Enquiry (1968 to 1995) and Tenanted Land Survey (1996 to 2006) can also be found via the same web link.

Results from all the Defra farming surveys can be viewed on the Defra website at:

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/statistics/>.

Data uses

Defra uses the rent data in the calculation of net incomes in the annual Units of Production Order (UPO), which the Minister is required to make annually under the Agricultural Holdings Act 1986. This is to determine eligibility for statutory succession to an agricultural tenancy order.

Tenant farmers and landlords use the data when setting rental prices on tenant farms. According to industry comments, many tenant farms underwent rent reviews in early 2009, following the large increase in commodity prices in late 2007. Tenants and landlords looked to Defra figures to advise on current rental prices.

User engagement

As part of our ongoing commitment to compliance with the Code of Practice for Official Statistics (<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>), we wish to strengthen our engagement with users of these statistics and better understand the use made of them and the types of decisions that they inform. Consequently, we invite users to make themselves known, to advise us of the use they do, or might, make of these statistics, and what their wishes are in terms of engagement. Feedback on this notice and enquiries about these statistics are also welcome.

Please contact Charles Mbakwe at fbs.queries@defra.gsi.gov.uk.