

OUR VIEW ON SCOTLAND

FEATURES

Rural refresh – planning rules open up development potential

In the pink – selling the best west coast properties

Proceed with caution – weighing up an off-market forestry sale

Welcome to Bidwells' summer newsletter

Welcome to our 2021 Summer Newsletter. As Covid-19 moves slowly from pandemic to endemic we see many changes in the world around us.

From a business perspective, and I refer mainly to the rural economies here, I have never witnessed such focussed and driven interest in our sector in my professional career. The interest in natural capital, renewable energy and forestry is phenomenal. There are new players in the marketplace driven by a desire to acquire a stake in the natural capital and carbon world and looking to secure the ability to offset carbon emissions in the future. The quoted £50 billion per annum to deliver net zero carbon emissions by 2045 or 2050, depending on whether you are Nicola or Boris, is very unlikely to be met by the public purse. Big industry, big business and the financial sector are looking to protect themselves against climate change levy costs and are getting skin in the game.

Capital values within certain asset classes have moved at a speed and to a level which could not have been dreamt of. If you are thinking of selling anything, please ensure you read our article on page 9. Do not be tempted by what looks like a great deal. Unless you are active in some of these markets on a daily basis, you risk selling yourself way short.

I believe those of us in the rural and land business can look forward to a very exciting future with great opportunity. There are many things we can do to mitigate climate change. Stopping doing certain things or changing habits gets you so far but in terms of positive, tangible actions, many are intrinsically linked to how land is managed or how we utilise land and water.

As a business, Bidwells is looking to recruit into our growing teams and we are very excited about the opportunities that are opening up to our clients to make

a positive contribution to the climate emergency. If you want to play a part, please do get in touch.

I would normally close by saying we look forward to bumping into clients, colleagues and friends at the various events over the summer. It looks like the Scottish Game Fair will be the biggest event to go ahead (at the time of writing). As sponsors of the education area, I hope it does go ahead and we see you there.

Have a great and safe summer.

Finlay



Finlay Clark
Managing Partner, Scotland
01738 630 666
finlay.clark@bidwells.co.uk

GOING UNDERGROUND

A SSEN Transmission project to improve the visual amenity within the Cairngorms National Park provided us with the opportunity to represent one of the main landowners and two other affected parties who were impacted by this major infrastructure initiative. Writes Rod Andean, Senior Rural Surveyor.

SSEN Transmission and their principal contractor Morgan Sindall recently completed the £319m VISTA project which encompassed the removal of 46 towers and 12km of overhead line from one of Scotland's most precious landscapes reaching from Boat of Garten to Nethy Bridge.

Our role was to ensure our clients were properly compensated for undergrounding the high voltage cable which impacted on



woodland, productive agricultural land as well as horizontal directional drilling under the River Nethy and the River Spey.

In addition, a refurbishment project of an adjoining section of the overhead 132kV line was undertaken. This programme

of works crossed through sensitive and designated areas including pinewoods which are essential habitats for rare biodiversity. This segment of the project also included the creation of new bridges and upgrading kilometres of tracks.

In representing our clients, we ensured their best interests were met while the extensive works and reinstatement programme were completed.



Rod Andean
Senior Rural Surveyor
rod.andean@bidwells.co.uk



OPPORTUNITY FOR RURAL DEVELOPMENT

The Scottish Government is progressing with wide reforms of Scotland's planning system - the way planning works, collaborates and makes decisions. Writes Mark Myles, Head of Planning, Scotland

In terms of transforming planning in practice and implementation of the Planning (Scotland) Act 2019, one key priority of the work programme has been the Town and Country Planning (General Permitted Development and Use Classes) (Scotland) Amendment Order 2020 which came into force on 1 April 2021.

A key objective of the Order is to grant planning permission for certain classes of development including digital telecommunications infrastructure, agricultural and forestry developments, peatland restoration, active travel and aquaculture.

For existing agriculture and forestry buildings, the Order introduces new Permitted Development Rights (PDR) for the conversion of such buildings to residential use and flexible commercial uses.

Over the last few months we have seen a steady increase in the number of new enquiries and instructions related to the proposed conversion and redevelopment

of rural farm buildings. We have also enjoyed increased collaboration between our planning and agency teams as we look to enhance value arising from the changes to allow the development of more residential properties in all rural areas of Scotland.

Bidwells' planning team has produced an informative briefing note providing a more detailed explanation of the various changes and the limitations set out by the new PDR.

[Click here to view this document](#)

Another key reform that came into force on 1 April 2021 is Short Term Let Control Areas whereby a planning authority can now designate a control area to help manage high concentrations or secondary letting where it affects the availability of residential housing or the character of a neighbourhood - ensuring that homes are used to best effect in their areas. It is therefore anticipated that, together with the new PDR opportunities, this will help to address the lack of affordable and appropriate housing for local residents in many rural areas.

In addition, the Coronavirus (Extension and Expiry) (Scotland) Bill was passed by the Scottish Parliament on 24 June. Following Royal Assent, this will extend the two Scottish Coronavirus Acts beyond their expiry date of 30 September 2021 to 31 March 2022. Planning-related provisions in the Acts which enable the automatic extension of duration of planning permissions and listed building and conservation area consents are to be continued. However, the provision which has allowed for members of the public to be excluded from local authority meetings due to risk to public health is being expired with effect from 30 September 2021.



Mark Myles

Head of Planning, Scotland
mark.myles@bidwells.co.uk

INTEGRATING MODERN LAND AND DEER MANAGEMENT

As we glimpse the hopeful final stages for the UK in this terrible global pandemic, a growing commitment towards climate change reversal and managing natural capital and biodiversity is gathering speed in a way which has made the last five years look like a warm up. Writes Finlay Clark, Managing Partner, Scotland.

Society (in the widest sense) demands change, and business and industry are also grasping the nettle - driven by investor demand and public feeling.

In the last 12 months we have seen values of woodlands and land suitable for woodland expansion - native and commercial - achieve sale prices which have never been seen before. The speed of increase has been quite phenomenal and there is now a huge gap between values being achieved and "the valuation" in the traditional sense. I refer to that uplift as the "natural capital premium". We see numerous new players coming into the rural land market, but they are driven by natural capital rather than by commercial potential. There is no doubt that the face of land management will alter and be driven by the climate change emergency.

Woodland, water, peat, biodiversity and nature will be key, and we will need to



manage herbivores and human interaction in balance with nature - and manage them in a way which delivers for the greater good. I have been a lover of deer and deer stalking all my life and indeed worked for a number of years as a stalker on Atholl Estates in Highland Perthshire. I cherish all that is great about this industry. We have a world-class product in a world-class environment with exceptional people committed to welfare and excellence.

The move towards 'managing land for nature and climate' is accelerating and we need to find a way that protects all that we value highly. Deer and sheep numbers have been reducing for many years now and we will see that continue. What we do as managers of deer and land, and how

we do it, will change. We must plan that change and embrace the future knowing that in the grand scheme of things we will have 'done the right thing'.

There will always be a place for deer in our woods and on our hills; they are a key part of the balance and a part of what and who we are. As we move forward out of Covid-19 and beyond we must remember that, as stewards of all those places and habitats we hold dear, we should be in front and leading the way.



Finlay Clark
Managing Partner, Scotland
01397 707641
finlay.clark@bidwells.co.uk

THE NEW NORMAL

We have all embraced technology over the past 18 months in a way we may not have thought possible with great strides being made in efficiency and connectivity through digital means. Writes Katrina Candy, Head of Communications, Scotland.

Webinars, podcasts and blogs are the norm for gleaning information and Teams catch-ups have replaced that water cooler moment. There is no doubt that digital interaction will continue as we maintain streamlined (and environmentally friendly) communication channels and hybrid working situations will be the new normal. But we are all keen to resume those face to

face opportunities within our own business communities and wider contacts.

We are therefore looking forward to sponsoring those live events which are taking place this year including the Land Rover Blair Castle Horse Trials (26-29 August) and the Scottish Game Fair (24-26 September) at Scone Palace where we will be supporting the Game & Wildlife Conservation Trust education zone and delivering 'planet positive' workshops. Two events which bring together friends, colleagues and clients to celebrate Scotland and the great outdoors.

Following a very successful Royal Highland Showcase breakfast briefing in partnership with Shepherd & Wedderburn, with

panellists from Scottish Land & Estates (SLE) and National Farmer's Union Scotland (NFUS), we will be delivering a number of events with SLE this autumn focussing on sustainable investment, strategic development and planning. You can view the RHS briefing on [catch up here](#).

We are also excited to see clients and contacts later in the year at the Scottish Green Energy Awards (2 December) in Edinburgh.



Katrina Candy
Head of Communications,
Scotland
katrina.candy@bidwells.co.uk

LANDOWNERS FORECASTED TO BENEFIT FROM FRESH ONSHORE WIND

The push to tackle climate change continues to encourage governments across the globe to commit to ever more challenging emissions reduction targets. Writes Fraser Smith, Senior Energy & Renewables Consultant.

The Climate Change Act, passed into law in the UK in November 2008, detailed the first legally binding climate mitigation target to be set by any country. At the time it committed the UK to reducing greenhouse gas emissions by 80% by 2050 against 1990 levels. A subsequent revision in 2019 toughened the commitment to achieve "net zero" emissions by the same target date of 2050 ("net zero" meaning that any residual emissions remaining after that date must be balanced against offsetting and carbon extraction measures to result in zero emissions overall).

With the eyes of the world soon to be fixed on Glasgow for the 26th UN Climate Change Conference (COP26) in November, the UK government has used the opportunity to commit to a new, world-leading target of reducing overall emissions by 78% by 2035, against 1990 levels.

Scotland has also legislated to achieve "net zero" emissions of all greenhouse gases by 2045.

Challenging targets are absolutely required to arrest the trend of increasing global temperatures. While it remains to be seen if the pace of change will be sufficient, the transformation of our power sector from carbon intensive coal-fired power plants towards an increasing range of renewable sources will play a major role in the UK's contribution. In 2020, renewable energy generation in the UK increased by 11% to a record 134.3TWh, outperforming fossil fuel generators for the first time.

Thanks to a raft of European and domestic legislation supporting the renewable energy sector while imposing carbon taxes on the heaviest polluters, over the past decade



we have seen the installed capacity of renewable electricity generation in Scotland increase from 3.8GW to almost 12GW. The majority of this capacity, almost 8.5GW, is in the form of onshore wind. And while the potential of expansive new offshore wind farms has been grabbing the headlines of late, competition for the best remaining onshore sites has been increasing thanks to larger, more efficient turbines, the possibility of more favourable planning policy and growing public acceptance of the need to transition to a green economy. Developers are keen to ensure a pipeline of investable projects to be built in the years to come to satisfy the growing demand for green electricity. For prospective landlords, the result has been a strong and competitive rental market for the right sites in the right locations.

A significant driver for current interest is the re-introduction of onshore wind to the government's Contract for Difference (CfD) support scheme. Due to open to applications in December 2021, Round 4 of the scheme will see onshore wind once again competing against a range of other green technologies to secure government-backed contracts guaranteeing a price to the successful developer for the electricity they produce. The certainty of income provided by winning such a contract makes

a planned project more financially secure, and so more likely to be built.

In addition, some developers are considering how best to maximise the efficiency of their project by incorporating other technologies such as battery storage facilities or ground mounted solar panels. The requirement for land of all types to support the energy transition will continue to offer income opportunities to landowners for years to come.

Bidwells is currently assisting landowners across the country to maximise their income from a broad range of renewable energy projects. If you would like to discuss the potential of your property, or have been approached by an interested developer, we would like to hear from you.



Fraser Smith
Senior Energy &
Renewables Consultant
fraser.smith@bidwells.co.uk

STRATEGIC DEVELOPMENT PROJECTS

WINDOW OF OPPORTUNITY FOR DEVELOPMENT LAND

The Scottish Government introduced the new Planning Act in 2019 and the framework this delivers to planning will result in a very different approach to how landowners should consider development opportunities. Writes Andrew Wood, Head of Strategic Development, Scotland

Land identified for development (whether residential or commercial) will need to be promoted with local authorities this autumn to ensure it is considered for the next round of Local Development Plans.

The old development plans were intended to work on a five-year cycle although, in practice, many have dragged on (often unadopted) for several years after their forecasted adoption date. Thus, when we move into the new planning framework - which uses a 10-year plan - there is now a real risk that the interval between these plans will, in practice, be significantly longer. Therefore, it is more important than ever for land to be promoted successfully and included in the next round of Local Development Plans.

We believe there is a window of opportunity whilst we wait for Scottish Government to publish its National Planning Framework 4 (anticipated autumn 2021) to inform the structure of the next round of Local Development Plans and set targets for local authorities to deliver on housing and business space over the next decade.

Many of our clients promote land through the Local Development Plan process themselves, however, others choose to work alongside housebuilders and promoters and enter into an option agreement or promotion agreement. Our team of planning and development experts are well equipped to support either option.

These images are of a development that has just commenced in Carnoustie for a new business park and 250 houses. The business and infrastructure elements have been provided by DJ Laing and the housing site has been sold to Persimmon.

One of the key issues to address with this project was that, even with a five-year plan period, the early promotion of this site into the Angus Local Development Plan commenced almost 10 years ago. The site was successfully included in the Angus Local Development Plan in 2016. This materialised from initial discussions with the local authority and early consultation during 2013/14 with formal Angus Local Development Plan representations being lodged in spring 2015. Following the adoption of the Local Development Plan there was significant work undertaken to

deliver all of the supporting information to a planning application. This involved negotiating terms with Scottish Water relating to complex off-site drainage issues and a substantial archaeological dig that first commenced with sample plots and thereafter resulted in the whole site being stripped and investigated for remnants of Iron Age settlements. It was only after these complex issues were resolved to a satisfactory position that a Proposal of Application Notice could be lodged and then, after three months, a planning application could be lodged in 2019, resulting in a successful planning approval in 2020. These timescales may seem extremely long to those who are not involved in the planning and promotion process but are not uncommon and, indeed, in many cases this could be viewed as a relatively quick result.

The Bidwells' strategic development team negotiated the terms of the promotion and option agreement, including all of the commercial terms, and worked alongside the promoter and housebuilder to ensure a successful outcome for the clients.



Andrew Wood
Head of Strategic
Development, Scotland
andrew.wood@bidwells.co.uk

LONGEVITY AND POSITIVITY KEY TO SUCCESSFUL PARTNERSHIP

Bidwells' involvement in the management of the marine and coastal assets forming part of the Scottish Crown Estate has lasted over 20 years, and throughout that time the partnership and one-team approach has continued to evolve and adapt to meet the needs of our tenants and the wider communities who rely on the successful management of the Scottish Crown Estate. Writes Paul Bancks, Asset Manager, Crown Estate Scotland.

The positivity of the relationship can be evidenced through the tenant surveys carried out each year which consistently show a high level of satisfaction and engagement. The fact that this has been maintained through a period of change and transformation, most notably the devolution of the Scottish Crown

Estate from The Crown Estate and the establishment of Crown Estate Scotland, is testament to the positive partnership between the two organisations.

With this change in management has come a renewed focus on how the marine assets under Crown Estate Scotland's responsibility are managed and Bidwells has been integral in helping to enact the goals and visions of Crown Estate Scotland by supporting new investments and the implementation of a new corporate plan.

In addition to this increased community focus, Bidwells has also been at the forefront of delivering nationally significant infrastructure projects, such as the seabed used for the Queensferry Crossing and the development of the new Nigg Bay harbour in Aberdeen. Equally important is the work undertaken to ensure environmental protection, such as combined efforts to support the Forvie Sands National Nature Reserve.

The largest tenant base for Crown Estate Scotland are those people holding mooring licences, and Bidwells has operated the licensing scheme for many years, helping individuals and communities come together to form Associations. The scheme has widespread support amongst the sailing community and at a time when the pandemic has hit the tourism and hospitality sector hard, and limited the number of people who are able to come and enjoy Scotland's coastline, steps like this which can help people to get onto the water and attract visitors to coastal communities are vitally important.

Bidwells was recently reappointed as the managing agents for the coastal assets under Crown Estate Scotland's management, and the next few years will provide an opportunity to build on the long standing positive partnership between the two organisations and continue delivering positive change and support for Scotland's coastal communities.



HAVING A WHALE OF A TIME ON THE WEST COAST

It's not often that you are invited to market a unique property for an adventurer legend.

It's even more unusual to potentially include a 65ft-long boat shaped like a whale in the sale. But that is exactly what our agency team is doing for veteran Tom McClean who is putting his Highland home and outdoor centre on the market as he embarks on the next chapter of his amazing life.

The 78-year-old world record holder, former Paratrooper and SAS serviceman is selling Ardintigh Bay on the North Morar peninsula – his family home and business for more than 50 years.

Together with his wife Jill, he intends to retire from the Highland Outdoor Centre where they have hosted scores of army, corporate and family groups, each one keen to immerse themselves in the rugged, remote and spectacular terrain on the shores of Loch Nevis.

Included in the sale is a two-bedroomed, one-and-a-half storey cottage; five wooden bunkhouses (accommodating up to 24 people); a two-storey lodge; private slipway, pier and mooring; eight acres of land encompassing amenity woodland and stacks of development potential.

Also available by separate negotiation is 'Moby – Prince of Whales' – the 65ft long boat in the shape of a whale that Tom built and in which he completed a circumnavigation of Britain in 1997.

The property, which can only be accessed by boat or on foot, presents a rare lifestyle or business opportunity in an outstanding location. Offers over £700,000 are being invited.

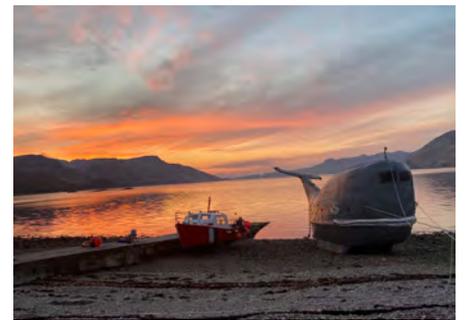
Tom found Ardintigh in 1969 after an extensive search and soon after being the first man in history to dare to row across the North Atlantic Ocean from Canada to Ireland. He completed his epic voyage, in a boat he built himself, after passing through icebergs, encountering whales and surviving several storms with 50ft high



seas to finally make landfall. Tom also holds the record for being the first person in history to row across any ocean 'alone and unassisted'.

Since those early days in the West Highlands, the survival expert and father of two has achieved five single-handed crossings of the Atlantic – rowing it twice, sailing it in the world's smallest yacht (twice) and finally crossing it again in his unique 37-ft bottle-shaped boat from New York to Falmouth.

Having not quite sated his taste for adventure on the high seas, in 1985 Tom resided on the stormy crag of Rockall, 220 miles west of the Outer Hebrides for 40 days to reaffirm Britain's rights over the land, its mineral and oil rights.





IN THE PINK

The stunning and spectacularly positioned Dunbeg House has just been launched to the market by our Fort William team.

This unique country house is being sold together with Bishop's Bay Cottage and is set within beautiful gardens wrapped around the shores of Bishop's Bay on the northern shores of Loch Leven.

With panoramic aspects of Beinn a' Bheithir across the sheltered anchorage of the Bay and, from Dunbeg House, wonderful

uninterrupted views to the Pap of Glencoe and mountains to the south are enjoyed.

Designed by prolific Inverness architects Ross & Macbeth, Dunbeg House is constructed in the Arts and Crafts style and was commissioned by Bishop Chinnery-Haldane (the Episcopal Bishop of Argyll and the Isles in 1902). Bishops Bay was named after him and the house was a wedding gift on the occasion of his son's marriage. The neighbouring home, Alltshellach House, the bishop's own residence, later became a commando hospital for patients from the Second World War, while Dunbeg House was utilised as the nurses' residence.

Due to the retention of its many unique external and internal architectural features, Dunbeg House was listed at category B by Historic Scotland in 2007. Over the past 15 years Dunbeg House has undergone extensive renovations throughout that include the replacement of the ground and first floors. The ground floor, which is now integrated as part of the main house, would originally have been staff accommodation.

A first-floor balcony, wood panelling, art studio, wine cellar, barbecue deck and private mooring are just some of the incredible features of this very special property.

The appearance of Dunbeg House is truly stunning in its lochside location yet Dunbeg enjoys a relatively secluded location sitting off the B836. A 360° pod takes full advantage of the incredible loch and mountain views as well as the carefully designed garden grounds.

Offers over £2m are being sought for this unique residence.

For more information on both properties, contact:



Angus Kelly
Head of Fort William
angus.kelly@bidwells.co.uk

CARBON AND BIODIVERSITY MARKETS EVOLVING AT PACE

The trajectory of the carbon offset market looks set, with the launch sequence initiated. Writes Andy Turnbull, Head of Natural Capital & Sustainable Investment.

The global voluntary carbon market doubled between 2017 and 2019 and with the likes of visionary Microsoft founder Bill Gates and ex-Bank of England Governor Mark Carney collaborating on a taskforce aiming to scale this market, some estimates put the value of this market growing from around \$300 million today to \$50 billion by 2030. When you combine this with general market sentiment (barely a day goes by without another corporate or financial institution announcing their net-zero strategy) the outlook for those able to help produce these in-demand carbon credits is positive.

And therein lies the rub, the market aspirations for carbon credits cannot be realised without access to the land to produce this in-demand commodity. According to some estimates, rethinking our approach to land management (land use currently accounts for 12% of all UK greenhouse gas emissions) and taking a 'planet-positive' approach has the potential to soak up 25-30% of global annual emissions by 2030. But to achieve this, change needs to happen today. Implementing more sustainable agricultural (both crops and livestock) and forestry practices, as well as protecting intact natural habitats and restoring degraded ones are nature-based solutions or natural-climate solutions to two of society's most pressing problems: climate change and biodiversity loss.

This presents a huge opportunity for landowners and managers who have the potential to undertake carbon sequestering and biodiversity enhancing projects. Interest in carbon and natural capital projects has exploded over the past 12 months and, while we welcome this short-term surge of activity, we are working with our clients – landowners, investors

and business – to take a long-term view. Our aim is to work in partnership with our clients to make a positive impact in terms of climate, biodiversity and economics – all of which benefit society at large.

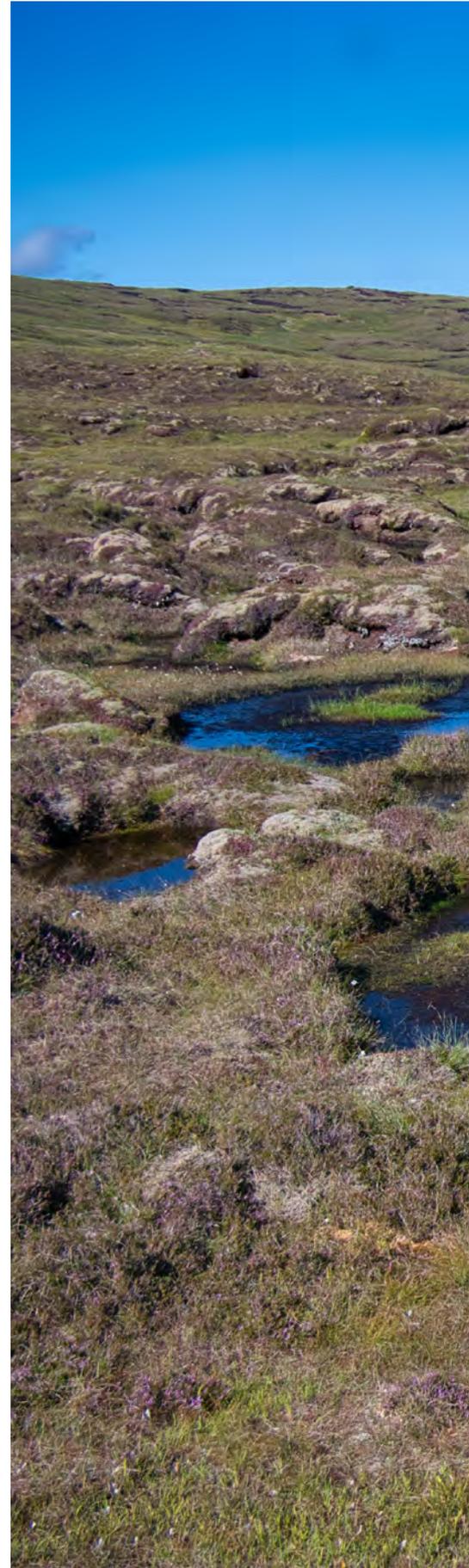
The planting of new woodlands and the restoration of degraded peatlands are the two options currently most viable in the UK for generating recognised carbon credits. Both of these activities are being actively supported by politicians across all parties and UK and national governments via rhetoric, policy and grant aid incentives. On the horizon are protocols to calculate, monitor and track soil carbon which should provide opportunities for regenerative farming practices to tap into the carbon market. This should be seen as a positive diversification of produce and revenue streams. The market for biodiversity enhancement, as something separate to carbon credits, is even more "early stage" than carbon and it is yet to be seen how this market will evolve. If I had to place my bets now, I would lean more towards a regional biodiversity market place, where landowners and developers/investors can work in partnership to deliver biodiversity enhancements required through a planning process, also known as biodiversity net gain. Again, this should provide an interesting option for landowners looking to diversify their income streams and for investors looking to access the growing natural capital markets.

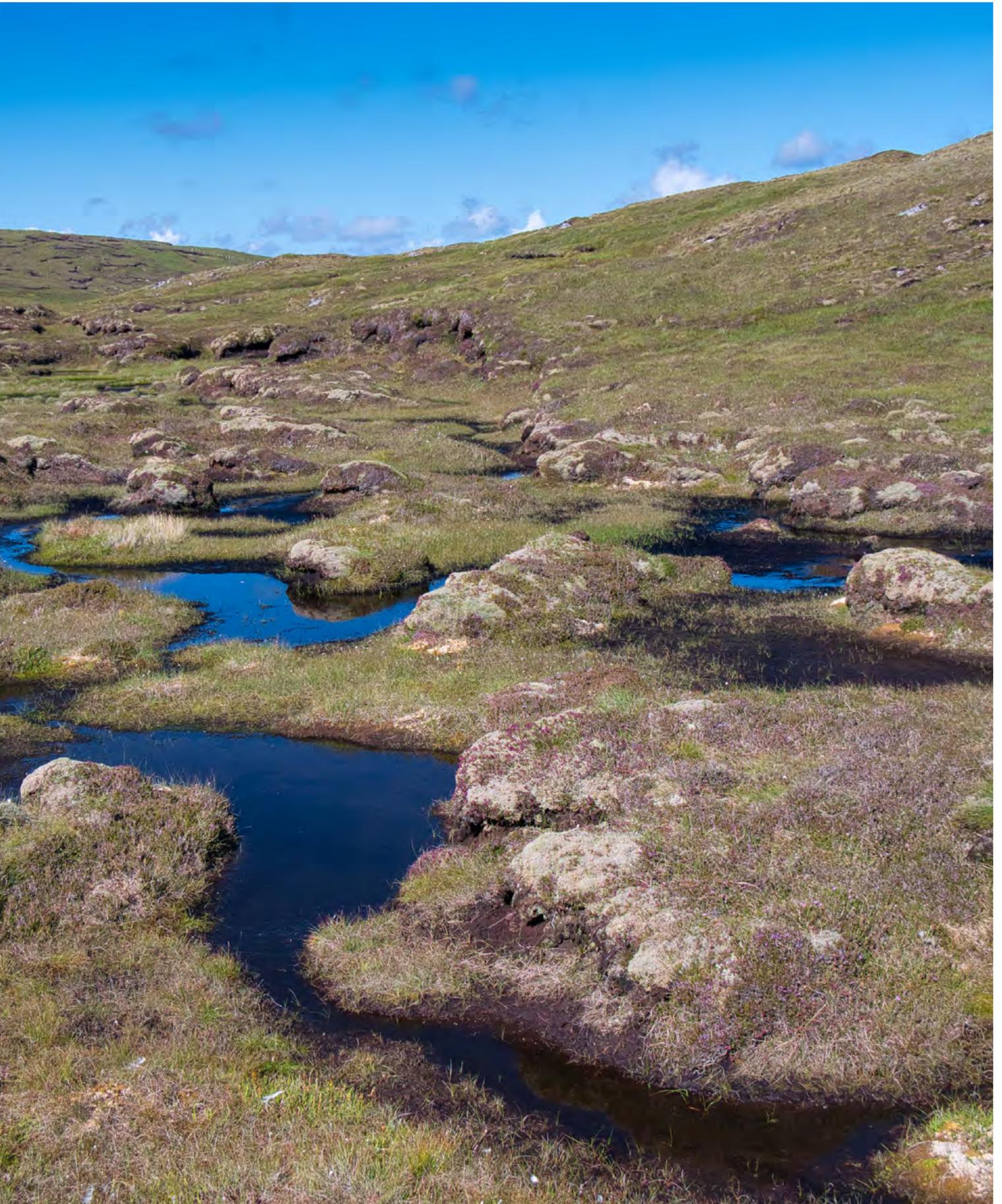
As the market continues to evolve, often at a heady pace, it is important to be aware of the potential risks and rewards that the nascent carbon and biodiversity markets can offer. Making sure you are well informed and working with trusted partners will help you navigate this market place. Our Natural Capital and Sustainable Investment team will be happy to discuss these opportunities with you.



Andy Turnbull

Head of Natural Capital and Sustainable Investment
andy.turnbull@bidwells.co.uk





STRONG GROWTH IN FORESTRY TEAM

In the ten years since I joined Bidwells, the Forestry Team has grown organically, having doubled in size as we have grown both the volume and range of services we offer clients. Writes Tim Barratt, Head of Forestry.

This growth has arisen from delivering work for existing and new clients, reflecting the wider forestry marketplace; the forests planted in the 1970s and '80s are reaching maturity and need to be harvested and replanted, while interest in woodland creation has grown as society embraces the many benefits modern forestry delivers.

Since taking over the leadership of the forestry team from Raymond Henderson in January this year (Raymond remains working with us on a part-time basis), I am pleased to say the sustainable expansion of the team has continued, with Sam Booth joining us at the start of May. Sam joins Bidwells with 10 years' experience in forest management and acquisitions and will lead our forestry purchasing work, supporting our clients through this progressively complex process. Interest in forestry purchasing for both existing forestry and bare land suitable for planting, has become an increasingly important area of work, with many clients keen to expand their existing forestry investments.

In such a strong and competitive market, it is critical clients know they are receiving timely and fully impartial purchasing advice. I was therefore delighted when Sam agreed to join us, as he has both the ability and integrity we demand of all our team and our clients expect. If you would like to speak to Sam about forestry investment, please contact him to arrange a discussion.



Tim Barratt
Head of Forestry
tim.barratt@bidwells.co.uk

CAUTION AGAINST OFF-MARKET FORESTRY AND LAND SALES

In a sector used to reporting strong annual growth figures, 2020 was another extremely positive year, with 2021 shaping up to be no less buoyant. Writes Sam Booth, Associate, Forestry

Throughout 2018 and 2019 Brexit, volatile currency markets and the US-China trade war all introduced uncertainty to investment markets, with many institutional investor and pension funds sitting on funds unsure where to place them.

In early 2020 it became clear that Covid-19 was going to have a significant impact on lives and livelihoods around the world, introducing more uncertainty and delaying Brexit further. Traditional stalwarts of the investment sector such as oil, commercial property and the retail sector reported notable market contractions. The response to this was to seek historically secure, asset-backed investments such as forestry.

The emerging climate change and biodiversity emergencies and the UK governments' grow back better, grow back greener post-Covid recovery agenda meant many saw forestry - with its strong ethical and green credentials - as the perfect choice. All this meant that factors driving forestry investor demand over recent years became ever more relevant in the Covid economy.

This has seen private investors, but increasingly institutional and pension fund investors, seeking out forestry. As returns in the wider investment marketplace reduced, the sustained demand for forestry saw increased competition (and prices being paid) for a relatively small number of available properties leading to sustained rises in capital value over the course of 2020 and 2021.

Demand has grown both for existing commercial forests and bare land suitable for afforestation. Bare land has become of increasing interest to many investors seeking long-term investments, in the expectation of long-term above inflation rises in timber prices.

The demand for forestry and planting land has increased dramatically, for what is a relatively limited commodity, and many investors are aggressively seeking off-market opportunities.

If approached to sell, or if considering selling, owners of forestry or land potentially suitable for planting should think very carefully before making a decision and seek independent advice. In such a strong and rapidly rising forestry marketplace, off-market deals have rarely (if ever) seen owners get the best deal and have often provided handsome and short-term reward to those buying. Even with the greater volume of transactions seen, good quality properties exposed to the open market are generally selling quickly, at high values, and with numerous underbidders close to the top bid.



The dramatic growth in demand for forestry investment has also highlighted the significant benefits to forestry owners associated with good management. Notable premiums in value are evident in the marketplace for properties which have been well managed and for which good management records are maintained. In an industry that has seen significant consolidation, driven by timber processors seeking vertical integration, it is all the more important that owners are confident that the advice they are given, and management being delivered, is fully in their best interest.



Sam Booth
Associate, Forestry
sam.booth@bidwells.co.uk

FORESTRY

DEMAND TO OUTSTRIP TIMBER SUPPLY BY 2030

Timber is a globally-traded commodity. Factors including Brexit, the perceived weakening of the European Union, wider volatility within the geo-political climate, and most recently Covid-19, have all combined to make forecasting global markets and, importantly for domestic timber prices, global exchange rates, extremely challenging. Writes Tom Drewett, Senior Forestry Consultant.

The effects of the Covid pandemic on long-term timber markets are unknown but have undoubtedly added to uncertainty and, if anything, led to an increase in both timber and forest property values.

China has emerged as a global leader in imports, amidst a complex picture of supply, demand and geo-political positioning with the United States. In 2017 China banned logging from its native forest and in 2018 the U.S. (a major supplier of wood to China) imposed a 25% tariff on timber exports to China. This led to log supply issues and rising prices in China, in response to which

it increased interests in Russian and East African timber markets amidst reports of aggressive expansion of both legal and illegal logging operations. In response, Russia has now slowed exports to China, which is now looking to European markets to meet its demand for timber.

At the same time, the US has seen new housing starts hit the 1m mark, driving up timber demand and prices. This trend of sustained demand for timber was broadly mirrored in Europe, where fears Covid might result in reductions in timber demand have not been realised. A short-lived market slowdown was experienced at the mid-year point associated with the first lockdown, followed by marked increases in demand and timber prices across Europe in the second half of 2020 and into 2021, driven in part by strong demand especially within the UK and German housebuilding sectors.

So, what does the future hold for UK timber prices? The UK imports approximately 75% of its timber requirements and has ambitious plans to expand housebuilding programmes and include a higher proportion of timber to displace more

carbon-intensive materials such as concrete and steel. The UN's long-term forecast is for global timber demand to outstrip global timber supply over the next decade, with market expectations that scarcity will drive up values, resulting in sustained strength and growth of timber receipts for forest owners. While there may be short-term fluctuations in domestic timber prices, the medium to long-term prospects look good for forest owners



Tom Drewett
Senior Forestry Consultant
tom.drewett@bidwells.co.uk



Aberdeen

01224 974130

Perth

Broxden House
Lamberkine Drive
Perth PH1 1RA
01738 630666

Inverness

Elm House, Cradlehall Business Park
Inverness IV2 5GH
01463 796050

Fort William

Carn Dearg House
North Road
Fort William PH33 6PP
01397 702433

Bidwells is a trading name of Bidwells LLP, a limited liability partnership, registered in England and Wales with number OC344553. Registered office: Bidwell House Trumpington Road Cambridge CB2 9LD.

[bidwells.co.uk](https://www.bidwells.co.uk)