



Rural Land Markets insights and international examples of land financialisation

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RESAS

Rural & Environmental Science
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SCOTTISH LAND COMMISSION
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The Financialisation of Scottish Land: Natural Capital and Forestry Investment in Scottish Land

SRUC: Ian Merrell, Lorna Pate, James Glendinning, Simon Gibson-Poole, Bryony Nelson

SLC: James MacKessack-Leitch, Hanna Wheatley, Julie Rostan

Context

- **Scotland attractive for Natural Capital**

- Largescale degraded peatland
- Lots of land with planting potential
- Strong incentives (grants and carbon credits)
- National Standards – Woodland Carbon Code, Peatland Carbon Code

- **Scotland attractive for Forestry**

- 18.5% land coverage with regional hubs
- Targets for 21% coverage
- Incentives for tree planting

- **Appealing for institutional investors**

- 60-100-year time frames (forestry/carbon), steady income, low management demands), tax breaks



Context (2)

- Land market relatively small – 0.5% of Scotland transacted in 2023
- Scotland has large estates with marginal land suitable for natural capital and forestry

Table 1 Number of rural land sales by category 2020-2023

Category	2020	2021	2022	2023	Total
Estate	25	23	25	22	95
Farmland	126	154	156	140	576
Forestry	92	82	54	37	265
Total	243	259	235	199	936

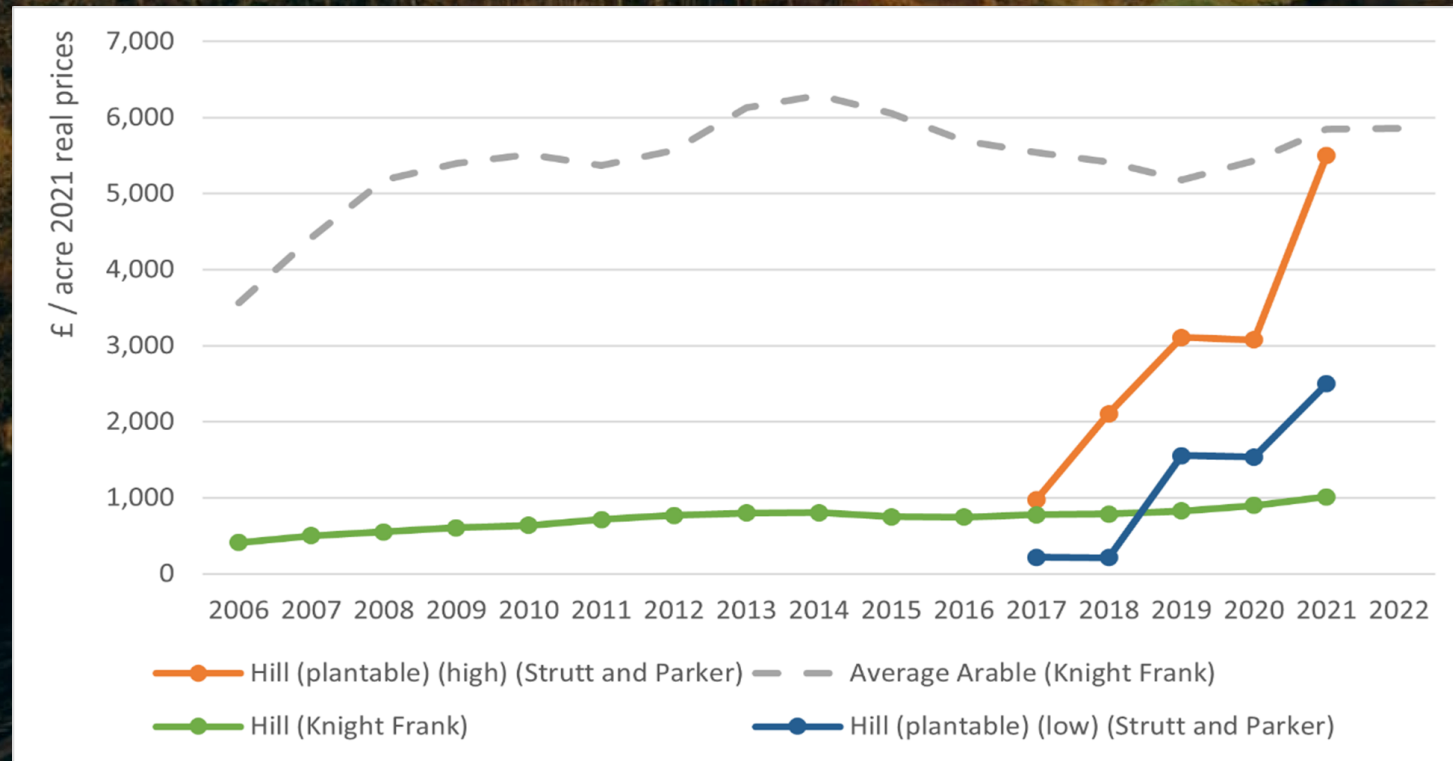
16 estates sold
in 2024
(Scottish Land
Commission,
forthcoming)

Wheatley, H., Gibson-Poole, S., Geelhoed, M., and MacKessack-Leitch, J. (2024)
Rural Land Market Data Report. Scottish Land Commission.



2021 Findings

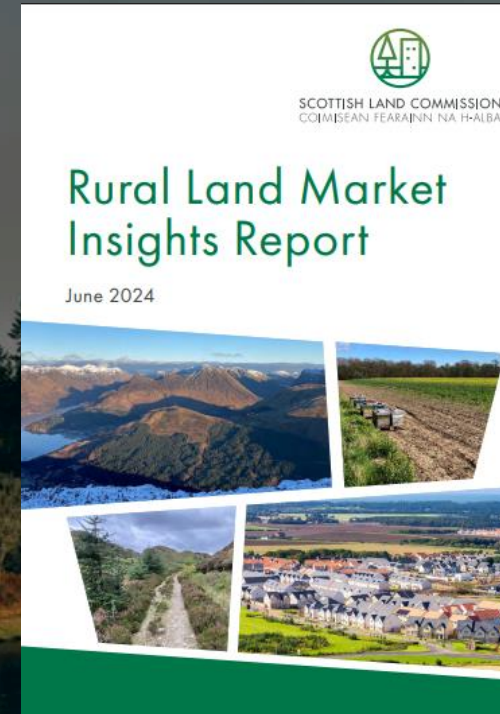
- **Increased demand for land, Constrained supply**
- Land Values up drastically at “either end of the market” i.e. prime arable (top) and marginal (bottom)
 - Cases of marginal land (grade 5 and 6) out-performing higher grades (4-3)



Glendinning, J., Merrell, I (2024). Rural Land Values, Sales and Investment Trends (Research Briefing). Scotland's Rural College (SRUC). Report. <https://doi.org/10.58073/SRUC.24773286.v3>

2022

- A more **'cautious'** market - slightly weakened demand, increased supply
- More **Due Diligence** from Natural Capital Buyers
 - Changes to the Woodland Carbon Code's **'Additionality'** rule
- Forestry buyers coming "down the hill" and able to outbid farmers

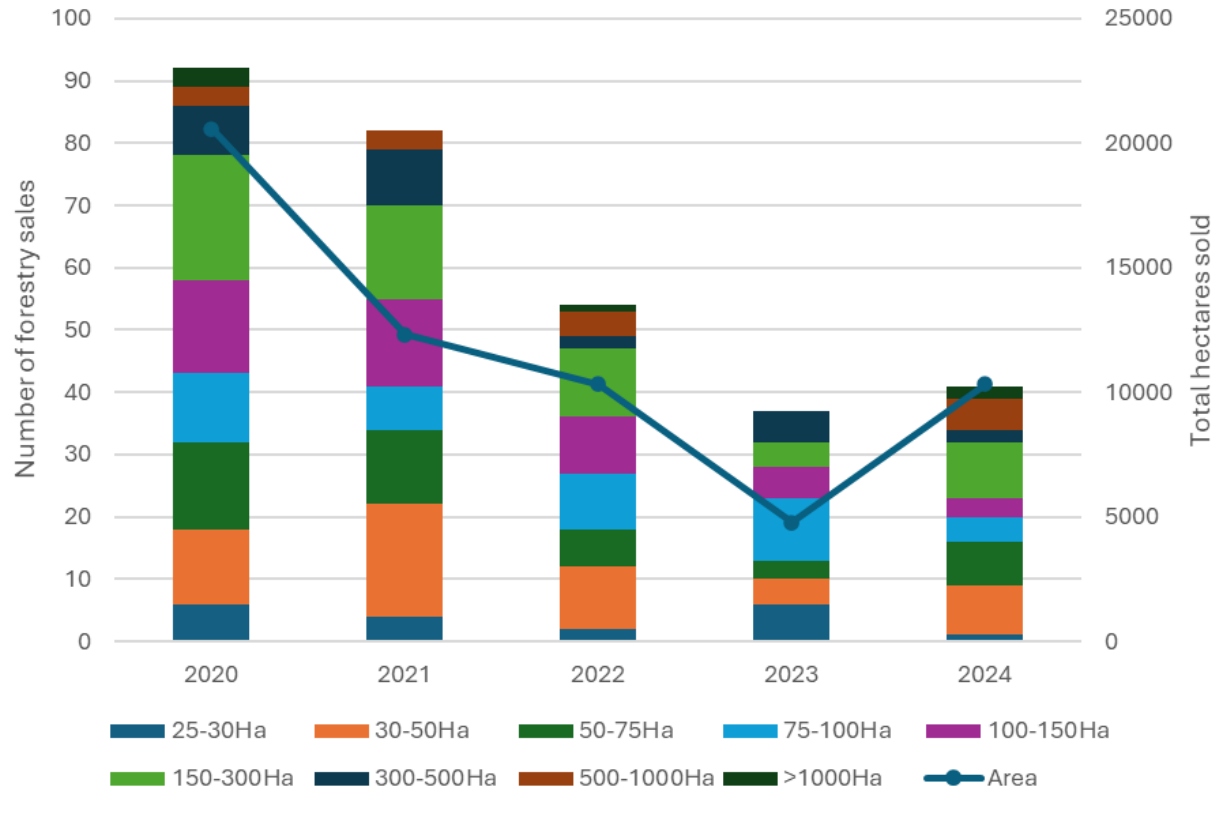


2023

- Market becoming 'sluggish'
 - Natural capital purchases **slowing down**
 - Forestry companies taking stock of situation
- **Land values steady**, except marked **decrease in marginal hill land**

2024

- Drop in forestry sales and demand
 - Scotland looking unattractive to investors?
- Natural Capital sales almost halted entirely
 - Carbon market not developing as anticipated
 - First land came on market in carbon scheme (no demand)
- Demand for large Estates almost gone



Figures taken from Scottish Land Commission's forthcoming Rural Land Market Data Report (due Dec 2025)

