

# Rises and falls in 2016 entitlements trade update

**HUGH TOWNSEND**



## English Non-SDA

The market started last August at £190 per hectare but rapidly rose through October and the beginning of November to £250 per hectare.

Buyers at this time felt there would be a lack of supply as entitlements that were unused in 2015 were confiscated in the first year of the Basic Payment Scheme.

The new usage rules of BPS after 2015 however are not the same as under SPS with the claimant having to make sure they claim on all the entitlements they have registered in their name one in every two years. Under the SPS it was the entitlements themselves that had to be used one in two years irrespective of whether the claimant had claimed on all their entitlements or not. Thus rotating entitlements is no longer possible. After 2015 the most common question we are asked is - "if we don't use our entitlements will we lose them in 2016?" As long as the claimant successfully claimed on all their entitlements in 2015 then they will not lose them in 2016, but will in 2017 unless they claim on them in 2017.

Whilst there were plenty of purchasers looking in December and January they held back and prices today (22nd February) have come down to between £205 and £215 per hectare.

If prices hit £200 there could well be a "bounce back" especially with claim forms now, we are told, being available in only a matter of weeks.

## Sales - Non-VAT registered

There is an active market for vendors, who are not registered for VAT selling to non-registered purchasers who are prepared to pay more for these entitlements and avoid having to pay VAT. These currently are changing hands at between £235 and £240 per hectare.

## Leasing

There is plenty of supply especially from those wanting to retain excess entitlements in the hope of having further

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land in future. As yet there is little demand which is not expected until the end of trading when people who do not have the funds available to buy entitlements are more likely to be in the market. Whilst the RPA, following the pressure from naked acre letting and hosting, have introduced the new leasing scheme, which automatically returns the entitlements to the lessor, it does not eradicate all the risk of a lessee not complying with the two-year usage rule and the entitlements being lost to the



Trading for moorland is expected to increase towards the deadline, Townsend Chartered Surveyors predict

National Reserve.

## SDA and Moorland

Whilst non-SDA trading has been as busy as in previous years SDA and Moorland remain less active. SDA is available at £240 per hectare and whilst Moorland has traded at only £75 per hectare but this is expected to increase towards the deadline as historically there never appears to be enough supply to meet demand each year.

Hugh Townsend, FRICS, FAAV, FCIArb. is the land agent/surveyor expert of the WMN Farming supplement and he may be contacted on 01392 823935 or [htownsend@townsendcharteredurveyors.co.uk](mailto:htownsend@townsendcharteredurveyors.co.uk).