

Farm Rents in Wales 2009-10 to 2011-12 ¹

This statistical article presents some initial estimates of average farm rents in Wales paid under Full Agricultural Tenancies (FATs), Farm Business Tenancies (FBTs) and seasonal agreements (those of less than 12 months), and the area of land covered by these agreements, for the period 2009-10 to 2011-12.

The purpose of this article is to provide an overview of on-going work to examine the feasibility of producing reliable statistics on farm rents and rent agreements in Wales using information from the annual Farm Business Survey (FBS) in Wales. Further information about the FBS and its coverage are provided in the Key Quality Information section at the end of this article.

The statistics presented in the article are currently under development, and are presented as part of understanding the statistical uses and limitations of the Farm Business Survey dataset in respect of farm rent information for Wales. Some further analysis of the data and its statistical properties remains to be conducted, and so **the figures provided should be seen only as preliminary outputs, and may be subject to amendment.**

The size of the available sample necessitates a focus on average farm rents across types of rental agreements for Wales as a whole, and enables only a limited disaggregation by farm type. Such information constraints would appear to provide a significant limitation on the immediate direct relevance for informing specific rent agreements. However, given that such information on farm rents in Wales using the Farm Business Survey has not been previously made available, we would welcome any feedback from potential users regarding both the usefulness of the presented figures and the potential uses of the information (contact details for feedback are provided below).

In producing these figures, to the extent feasible, the methodology employed has tried to remain consistent with that used in the production of farm rent statistics in England. The Department for Environment, Food and Rural Affairs (DEFRA) publish statistics on farm rents in England using the Farm Business Survey for England, most recently publishing figures for 2011-12 in March 2013, available at: <https://www.gov.uk/government/publications/farm-rents>

DEFRA (and the previous responsible government departments) has been collecting information on farm rents since 1959 through the Annual Rent Enquiry and then the Annual Tenanted Land Survey (ATLS). This latter survey was conducted annually until 2002 when it became biennial and was renamed the Tenanted Land Survey (TLS). The last TLS covering Wales was in 2000 and those results were published in SDR 71/2001 on the 16th January 2002.

A review was carried out by DEFRA in 2009 to determine the best source of farm rents data. That review concluded that the Farm Business Survey should become the main source of such data for England and

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¹ Notes on the use of statistical articles can be found at the very end of this document.

that the Tenanted Land Survey should be discontinued. Full details of the DEFRA review can be found via the link below:

<http://archive.defra.gov.uk/evidence/statistics/foodfarm/farmmanage/fbs/published-data/farmrents/>

Whilst a similar formal statistical review has not been conducted for Wales, this statistical article aims to cover a number of relevant data issues in considering the use of the FBS in Wales for the potential reporting of farm rent figures for Wales.

The farm rents figures for England, are based on a sample of around 1,900 farm businesses in England, publishing information for 5 farm types (cereal, general cropping, dairy, cattle & sheep in less favoured areas, and cattle and sheep in lowlands), and for 8 English regions. Figures on the confidence intervals for the presented figures are also provided in the DEFRA publications, and this work has yet to be conducted in assessing the statistical properties of the data for Wales.

The FBS in Wales has a sample of around 550 farm businesses. However, not all farm businesses within the FBS have rental agreements and some farm business have multiple agreements. There were around 380 rental agreements in the FBS for Wales in each of the years between 2009-10 and 2011-12.

Given the overall sample size of the FBS in Wales, the focus of the work to this point has been on assessing the available sample sizes and the extent of disaggregation feasible for particular groups (for example, by farm type, and agreement types) to enable initial figures to be produced, whilst being in compliance with confidentiality requirements. For a number of the disaggregated farm types the sample sizes are very small and as such further work would be required to further understand the statistical quality of the estimates, specifically around confidence intervals to examine the significance of the presented changes. Further information on sample sizes can be found in Tables 9, 10 and 11 in the Key Quality Information at the end of this article.

Only information at the Wales-level is provided within this article. In order to ensure that there are 15 or more representative holdings in each sample, information on only two specific farm types is presented (Dairy and LFA Grazing Livestock farms), with a combined group referred to as 'Other' which includes the following farm types: cereals, general cropping, lowland grazing livestock and mixed farms.

The figures within this article are shown for three main types of farm rent agreements; full agricultural tenancies, farm business tenancies and seasonal agreements, with the figures showing the average amount of rent paid per hectare per year (excluding VAT). It is worth noting that average values can conceal the extent of variation across observations and, as such, it would be preferable to also consider the distribution of rental values. However, this is not generally feasible for disaggregated groups due to the frequent small sample sizes.

The analysis to this point has suggested the following provisional results by farm rent agreement types:

Full Agricultural Tenancy (FAT) agreements

- The average farm rent for FAT agreements in Wales increased from around £72 per hectare in 2010-11 to £78 per hectare in 2011-12, an increase of around 8 percent;
- The highest average farm rents for FAT agreements were on Dairy farms, though these decreased from around £161 per hectare in 2010-11 to £157 per hectare in 2011-12, a decrease of 3 percent.

Farm Business Tenancy (FBT) agreements

- The average farm rent for FBT agreements in Wales in 2011-12 remained very similar to that of 2010-11, decreasing slightly from around £146 per hectare in 2010-11 to £145 per hectare in 2011-12, a fall of around 1 percent;
- The highest average farm rents for FBT agreements in Wales during 2011-12 were for Dairy farms which increased from around £179 per hectare in 2010-11 to £195 per hectare in 2011-12, a rise of 9 percent, and 'Other' farms which increased from £184 per hectare to £194 per hectare over the same period.

Seasonal agreements

- The estimated average farm rent for seasonal agreements in Wales was around £161 per hectare in 2010-11 and £219 per hectare in 2011-12, representing an increase of around 35 percent during this period.
- This figure for average rents for seasonal agreements in Wales for All Farm Types is significantly higher than the corresponding figure published for England. The reason for the observed difference requires further investigation. As such, further caution should be exercised in interpreting these particular figures.

All Agreement Types

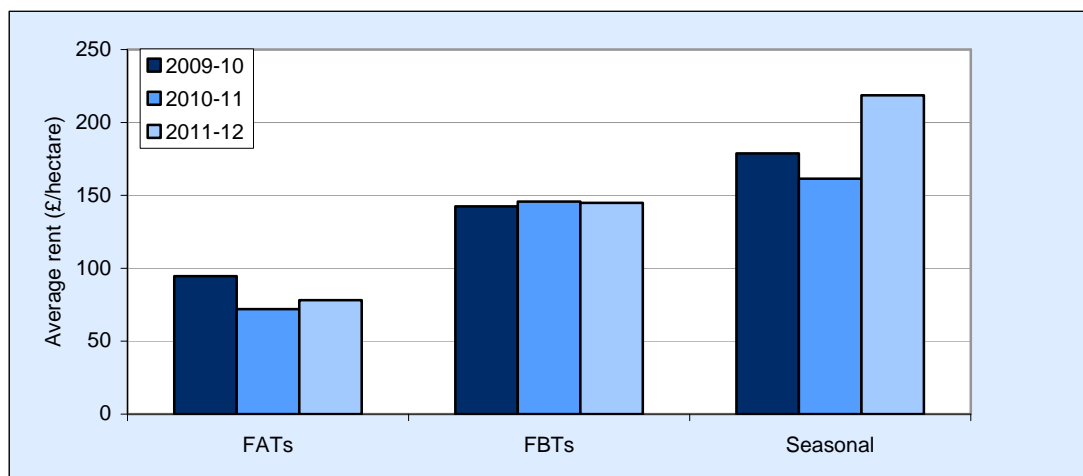
This section provides further information on the preliminary estimates of average farm rents in Wales using the FBS, and also on changes to terms and conditions and rent reviews for all agreement types during the period 2009-10 to 2011-12.

As shown in Figure 1 below, the average farm rent for Full Agricultural Tenancies (FATs) in Wales in 2011-12 increased to around £78 per hectare, compared to the corresponding figure of £72 per hectare in 2010-11. However, average rent per hectare for FAT agreements remained below the £95 per hectare estimated for 2009-10.

The average farm rent for Farm Business Tenancies (FBTs) in Wales in 2011-12 remained very similar to that of 2009-2010 and 2010-11, decreasing slightly to around £145 per hectare from a corresponding figure of £146 per hectare in 2010-11, with the corresponding figure for 2009-10 being around £142 per hectare.

The average rent for seasonal agreements in Wales increased from around £161 per hectare in 2010-11 to around £219 per hectare in 2011-12, an increase of around 35 percent, and being around 22 percent higher than the corresponding figure for 2009-10. As noted above, caution is required in interpreting these particular figures given the extent of observed differences compared to those published for England. Further assessment of the potential reasons for these differences will be required.

Figure 1: Average rent by agreement type: 2009-10 to 2011-12

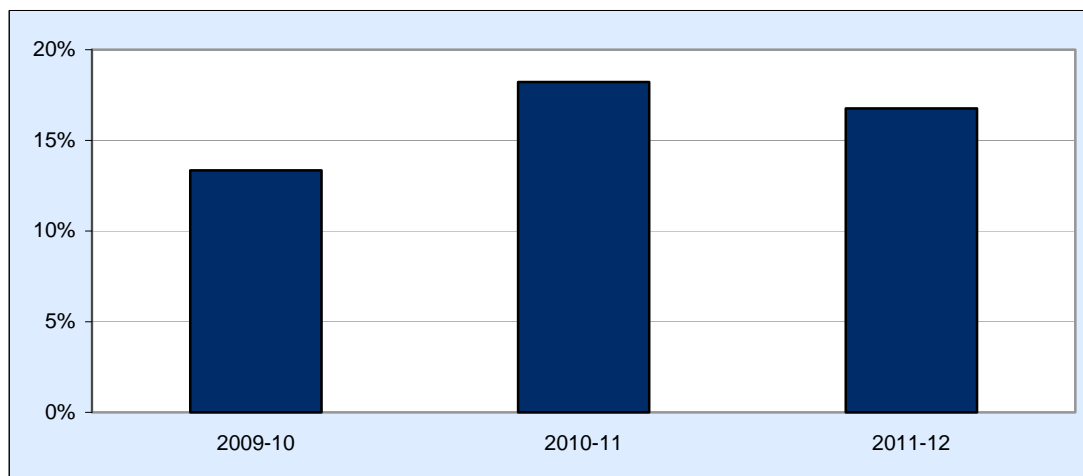


Changes to terms and conditions

There were an estimated 1,130 farm rent agreements in Wales with changes in terms and conditions in 2011-12. This compares to 870 agreements with changes to terms and conditions in 2009-10 and around 1,200 in 2010-11. (This information is provided in Table 8 with total numbers of agreements in Tables 5-7).

Figure 2 shows the proportion of farm rent agreements (FATs, FBTs and seasonal agreements) in Wales with recorded changes to terms and conditions over the period 2009-10 to 2011-12. In 2011-12 around 17 percent of all farm rent agreements are estimated to have had changes made to their terms and conditions. Around 13 percent and 18 percent of farm rent agreements in Wales were subject to terms and condition changes in 2009-10 and 2010-11, respectively.

Figure 2: Proportion of agreements with changes to terms and conditions: 2009-10 to 2011-12

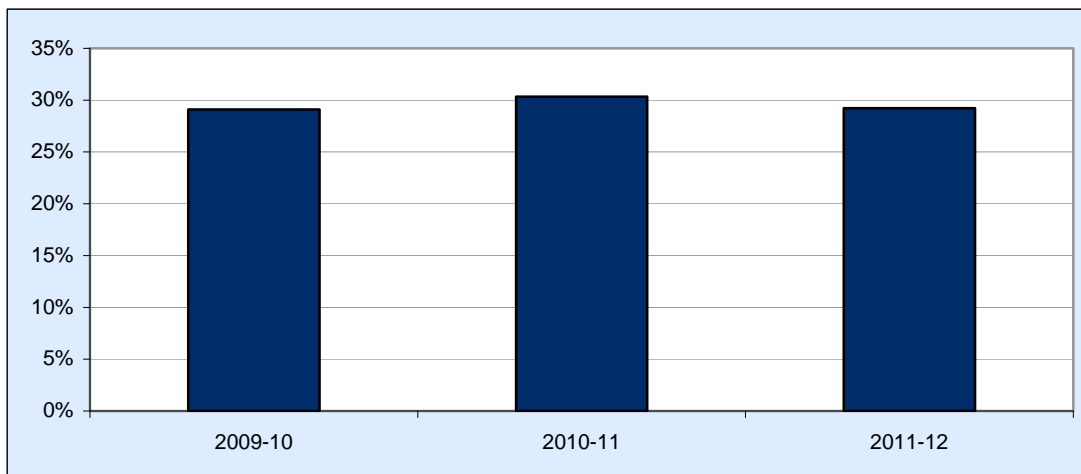


Rent reviews

There were an estimated 1,970 agreements subject to rent review in 2011-12, compared to 1,900 and 2,000 in 2009-10 and 2010-11, respectively (shown in Table 8).

As shown in Figure 3, the proportion of all agreements having a rent review has been broadly similar in each year over the period between 2009-10 and 2011-12, ranging between 29 and 30 percent.

Figure 3: Proportion of agreements with a rent review: 2009-10 to 2011-12

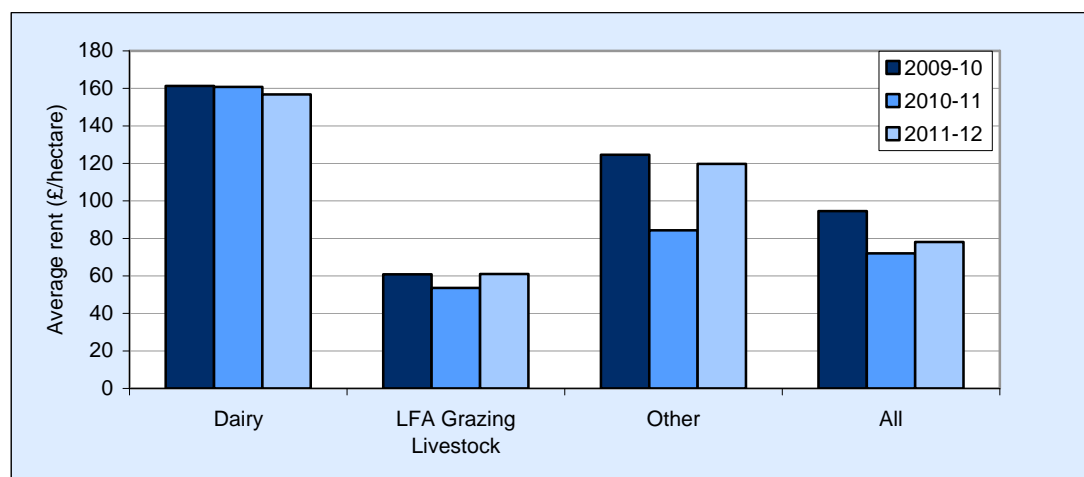


Full Agricultural Tenancies

The estimated average rent for all farms under Full Agricultural Tenancies increased by around 8 percent between 2010-11 and 2011-12 to £78 per hectare. Initial analysis suggests that the composition of farm types in Wales appears to explain part of the observed differences in average rent per hectare under FATs when compared to the corresponding figure for the aggregation of all farm types in England.

As Figure 4 shows, there was some variation in average rent per hectare between reported farm types, with the average rent for Dairy farms being around £157 per hectare, and for LFA Grazing Livestock farms being, on average, around £61 per hectare.

Figure 4: FAT average rent by farm type: 2009-10 to 2011-12



The average rent for FAT agreements in respect of Dairy farms decreased slightly between 2010-11 and 2011-12, declining by around 3 percent, representing a fall of around £4 per hectare. Average rent per hectare for FAT agreements increased by around 14 percent for LFA Grazing Livestock during 2011-12, increasing to £61 per hectare, the same level as estimated for the average rent per hectare in 2009-10. It should be noted however that the samples used to produce these estimates are very small. Further information on the sample sizes is available in Table 9.

Similarly, although the average rent for FAT agreements for 'Other' farms increased by 42 percent between 2010-11 and 2011-12, the average rent per hectare in Wales remained below that estimated for 2009-10.

Table 1: Average rent of FAT agreements in Wales by farm type

Farm Type	£ per hectare			% Change
	2009-10	2010-11	2011-12	2010-11 to 2011-12
Dairy	161	161	157	-3
LFA Grazing Livestock	61	54	61	14
Other	125	84	120	42
All Farm Types	95	72	78	8

The estimated total area of land rented under Full Agricultural Tenancy agreements in Wales for All Farm Types fell slightly between 2010-11 and 2011-12 from 126,000 hectares to 123,000 hectares. This follows a decline from an estimated 147,000 hectares covered by such agreements in 2009-10.

Table 2: Total area of land rented under FAT agreements in Wales by farm type

Farm Type	Thousand hectares		
	2009-10	2010-11	2011-12
Dairy	18	16	14
LFA Grazing Livestock	80	90	96
Other	49	20	13
All Farm Types	147	126	123

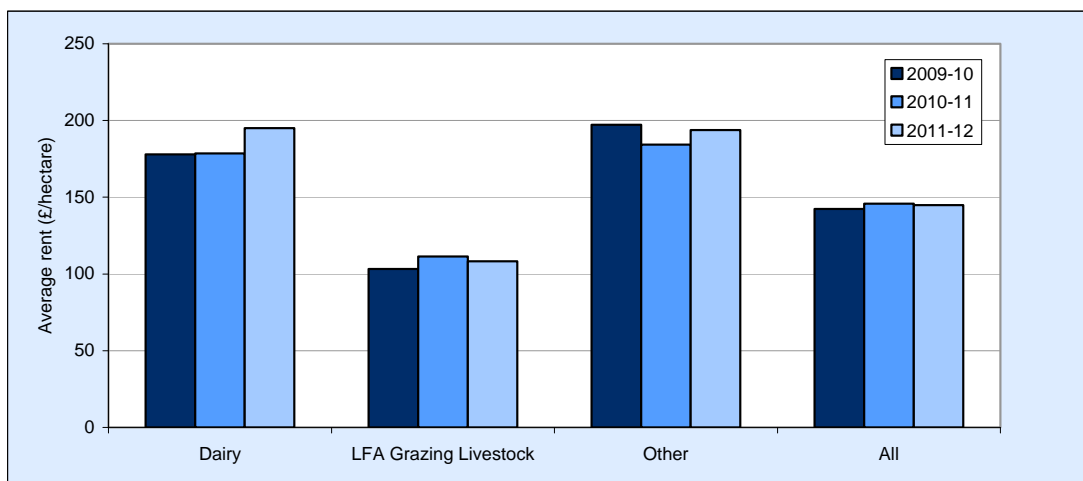
Around 78 percent of the area of land under FAT agreements in Wales is accounted for by LFA Grazing Livestock farms, with Dairy farms accounting for a further 11 percent in 2011-12. The total area of land covered under such agreements by LFA Grazing Livestock farms has increased from around 80,000 hectares in 2009-10 to 96,000 hectares in 2011-12, with figures represented by 'Other' farms declining significantly from around 49,000 hectares to around 13,000 hectares, a fall of 73 percent.

Farm Business Tenancies

The average rent per hectare associated with Farm Business Tenancy agreements in Wales has been broadly stable over the 2009-10 to 2011-12 period, being estimated to have decreased by around 1 percent in 2011-12 from the previous year to £145 per hectare. This compares to a corresponding figure of £142 per hectare in 2009-10.

Figure 5 and Table 3 provide information on the average rent per hectare for FBT agreements by farm type. In 2011-12 the average rents for such agreements in Wales were £195 and £108 per hectare, respectively, for Dairy and LFA Grazing Livestock farms. The corresponding figure for the combined 'Other' farm types was £194 per hectare. The figure for LFA Grazing Livestock is somewhat higher than that reported for England and the reasons for this initial observation will need to be investigated further. However, it should be noted that the samples used to produce these estimates for Wales are very small. Further information on the sample sizes is available in Table 10.

Figure 5: FBT average rent by farm type: 2009-10 to 2011-12



The average rent under FBT agreements for LFA Grazing Livestock farms in Wales decreased by around 3 percent between 2010-11 and 2011-12 (though representing a change of around £3 per hectare per year), while the average rent on Dairy and 'Other' farm types increased, by 9 percent and 5 percent respectively.

Table 3: Average rent of FBT agreements in Wales by farm type

Farm Type	£ per hectare			% Change 2010-11 to 2011-12
	2009-10	2010-11	2011-12	
Dairy	178	179	195	9
LFA Grazing Livestock	103	111	108	-3
Other	197	184	194	5
All Farm Types	142	146	145	-1

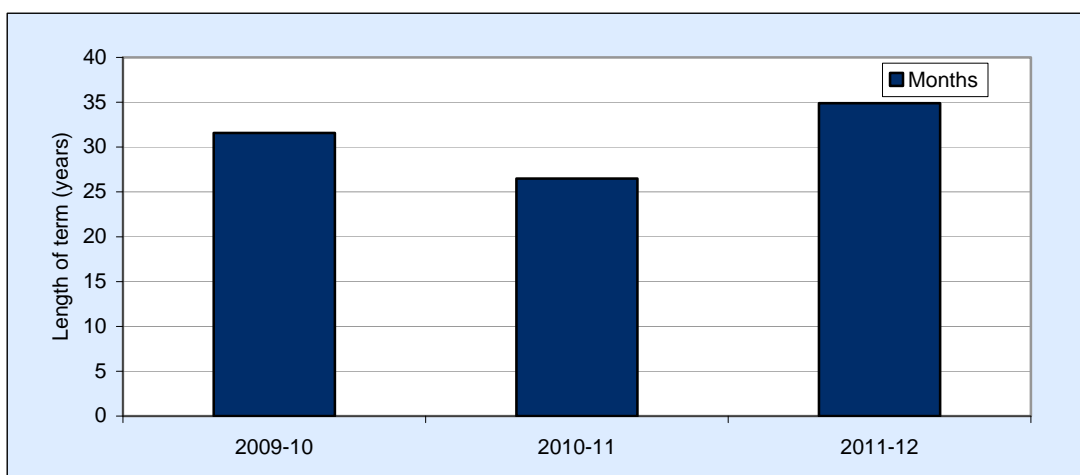
Table 4 provides information on the land areas covered by FBT agreements. The largest proportion of land under Farm Business Tenancies is represented by LFA Grazing Livestock farms, covering an estimated 21,000 hectares in Wales in 2011-12, and representing around 58 percent of the total land under these agreements, increasing from 17,000 hectares in 2010-11.

FBT agreements for Dairy farms covered around 8,000 hectares in Wales during 2011-12, increasing from 6,000 hectares in both 2009-10 and 2010-11.

Table 4: Total area of land rented under FBT agreements in Wales by farm type

Farm Type	Thousand hectares		
	2009-10	2010-11	2011-12
Dairy	6	6	8
LFA Grazing Livestock	16	17	21
Other	8	10	7
All Farm Types	30	33	37

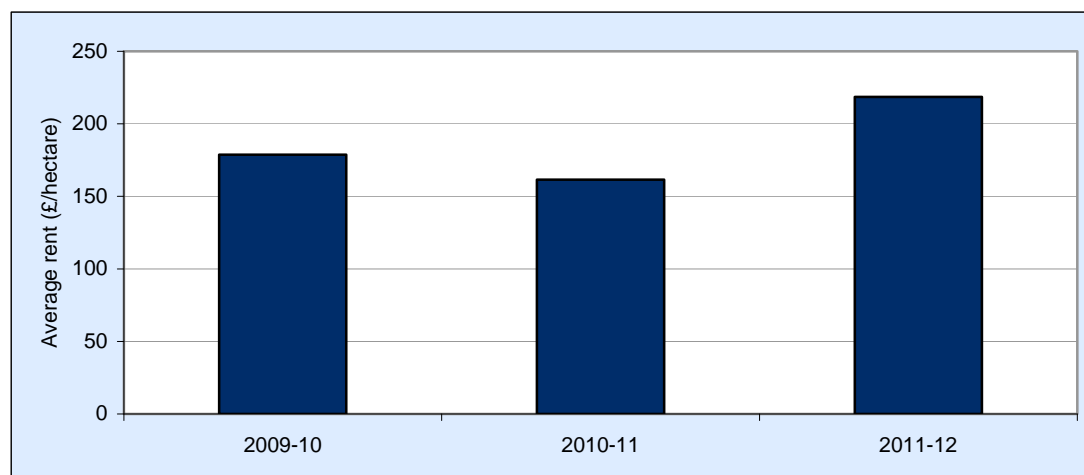
Figure 6 shows that the estimated average length of term of Farm Business Tenancy agreements in Wales was around 35 months in 2011-12. This compares to 32 months in 2009-10 and 26 months in 2010-11, respectively. However, in considering these particular figures, it should be noted that a proportion of FBS returns did not provide information about the length of term of FBT agreements. The estimates provided here for the average rental period are based on those observations only where a rental period is reported.

Figure 6: Average length of term of FBT agreements: 2009-10 to 2011-12

Seasonal agreements

As shown in Figure 7, the estimated annual average rent for seasonal agreements in Wales is estimated to have fallen between 2009-10 and 2010-11, from around £179 per hectare in 2009-10 to £161 per hectare in 2010-11, but to have increased to around £219 per hectare in 2011-12. As noted previously, the reasons for the observed differences in the annual average rent for seasonal agreements when compared to England will need to be investigated further.

Figure 7: Average rent of seasonal agreements: 2009-10 to 2011-12



Further information on the estimated number of farm rent agreements, rounded to the nearest ten, by agreement type and farm type (for FAT and FBT agreements) for the years covering the period 2009-10 to 2011-12 are provided in Tables 5, 6 and 7 below. Table 8 also summarises the estimates of the number of such agreements subject to rent review or changes in terms and conditions, as reported in the above sections.

Number of agreements

FATs

Table 5: Number of FAT agreements

	2009-10	2010-11	2011-12
Farm Type			
Dairy	440	340	280
LFA Grazing Livestock	1,120	1,020	1,170
Other	660	360	270
All Farm Types	2,220	1,720	1,720

FBTs

Table 6: Number of FBT agreements

	2009-10	2010-11	2011-12
Farm Type			
Dairy	400	310	480
LFA Grazing Livestock	690	810	650
Other	380	450	270
All Farm Types	1,470	1,570	1,400

Seasonal agreements

Table 7: Number of seasonal agreements

Farm Type	2009-10	2010-11	2011-12
All Farm Types	2810	3270	3620

Rent reviews and terms and conditions changes

Table 8: Number of agreements with rent review or changes in terms and conditions

Farm Type	2009-10	2010-11	2011-12
Rent review	1,900	2,000	1,970
Change in terms and conditions	870	1,200	1,130

Key Quality Information

The data used in this article originates from the annual Farm Business Survey (FBS). The FBS collects detailed physical and financial information from approximately 550 farm businesses across Wales and covers all types of Welsh livestock farms. Not all farm businesses included in the FBS in Wales have rental agreements and some businesses have multiple agreements. For each year considered during the period 2009-10 to 2011-12 the sample of farm rental agreements was around 380. Data from these farms was then scaled up using FBS weights to estimate the population values presented in this article.

The FBS in Wales is conducted on behalf of the Welsh Government by the Institute of Biological, Environmental and Rural Sciences at Aberystwyth University (IBERS). Statistics produced from the same data by IBERS may differ in some respects from those in this publication. The differences arise largely from differing definitions of inter-year identical samples.

The sample for the Farm Business Survey is predominantly drawn from those farm businesses in Wales with a standard output of at least €25,000 (as recorded in the June Survey of Agriculture and Horticulture). Survey weights are derived from this data to enable representative estimates for the population of farm businesses with a standard output of at least €25,000 to be produced. The results reported here will therefore not be representative of farms with a standard output below this threshold.

The use of the standard output typology of farm businesses is consistent with the guidelines published by Eurostat.

Only those farm types for which there are 15 or more representative holdings in the survey sample are reported in this Article.

The standard notation is used in this article where: LFA = Less Favoured Area.

The FBS sample sizes by agreement type, farm type and year are presented in the tables below:

Table 9: Number of FAT agreements in sample

	2009-10	2010-11	2011-12
Farm Type			
Dairy	25	20	18
LFA Grazing Livestock	74	68	64
Other	17	19	17
All Farm Types	116	107	99

Table 10: Number of FBT agreements in sample

	2009-10	2010-11	2011-12
Farm Type			
Dairy	19	16	22
LFA Grazing Livestock	43	39	37
Other	16	17	15
All Farm Types	78	72	74

Table 11: Number of seasonal agreements in sample

	2009-10	2010-11	2011-12
Farm Type			
All Farm Types	190	202	205

Presentational averages

In this article, the average is taken to be the mean. In contrast to general Farm Business Survey publications, the mean is taken over the population which engage in a certain activity, rather than the population as a whole.

Notes on the use of statistical articles

Statistical articles generally relate to one-off analyses for which there are no updates planned, at least in the short-term, and serve to make such analyses available to a wider audience than might otherwise be the case. They are mainly used to publish analyses that are exploratory in some way, for example:

- Introducing a new experimental series of data;
- A partial analysis of an issue which provides a useful starting point for further research but that nevertheless is a useful analysis in its own right;
- Drawing attention to research undertaken by other organisations, either commissioned by the Welsh Government or otherwise, where it is useful to highlight the conclusions, or to build further upon the research;
- An analysis where the results may not be of as high quality as those in our routine statistical releases and bulletins, but where meaningful conclusions can still be drawn from the results.

Where quality is an issue, this may arise in one or more of the following ways:

- being unable to accurately specify the timeframe used (as can be the case when using an administrative source);
- the quality of the data source or data used; or
- other specified reasons.

However, the level of quality will be such that it does not significantly impact upon the conclusions. For example, the exact timeframe may not be central to the conclusions that can be drawn, or it is the order of magnitude of the results, rather than the exact results, that are of interest to the audience.

The analysis presented does not constitute a National Statistic, but may be based on National Statistics outputs and will nevertheless have been subject to careful consideration and detailed checking before publication. An assessment of the strengths and weaknesses in the analysis will be included in the article, for example comparisons with other sources, along with guidance on how the analysis might be used, and a description of the methodology applied.

Articles are subject to the release practices as defined by the [release practices protocol](#), and so, for example, are published on a pre-announced date in the same way as other statistical outputs. Missing value symbols used in the article follow the standards used in other statistical outputs, as outlined below.

- .. The data item is not available
- . The data item is not applicable
- The data item is not exactly zero, but estimated as zero or less than half the final digit shown
- * The data item is disclosive or not sufficiently robust for publication