

NEWS RELEASE
Scottish Tenant Farmers Association
Culmaily Farm
Golspie
Sutherland
stfa@tfa.org.uk
angusmccall@aol.com

12th August 2008

TENANTS SAY NO TO GREEDY LAND AGENTS

Tenants must not bow to coercion from aggressive land agents trying to drive farm rents upwards is the message the Scottish Tenant Farmers Association. From the summer round of shows and phone calls from members, STFA has evidence that tenants are under mounting pressure to agree to massive rent rises in the face of declining profitability.

Some ambitious land agents, in a drive to further their reputation and profits, are attempting to force rents up to unsustainable levels. STFA Chairman, Angus McCall is staggered by the increases being demanded by some large, well-known estates. "Whilst landlords have every right to expect a decent rent, tenants are also entitled to a fair return, a living and some small profit for inward investment. There is simply not enough income from tenanted farms to pay these land agent's generous commissions.

"I have been contacted by several tenants who are being pressured into paying big rent rises despite the considerable tenant investment into the fixed equipment of the farm. These rises being demanded (often 60% plus) and frequently on livestock units, just don't stack up. Any new rent will be set for three years and given the unpredictability of agriculture and the general uncertainty of the economy, any rise could be a source of ongoing regret for a tenant. Given the parlous state of the sector, a rent reduction might often be more appropriate. Both tenants and landlords should reflect on this.

"The fragility of farming's fortunes is becoming all too clear. The publication of the SAC report on "Retreat from the Hills" has under-lined the dire state of hill farming; the average true loss of hill ewes is estimated at £25/head and hill cows at £284 each. Last autumn's euphoria over cereal prices has been short-lived with feed barley trading at £110 or less ex-farm and seed-bed fertiliser in the high £500's, - if you can get it. High fertiliser and fuel costs are hitting all sectors. Fertiliser for grass hard is now hard to justify. Tractor diesel has doubled from last year at 70p/litre. Inflation at a 10% increase over the year is eating into the cost of living in rural areas making this hardly a time for tenants to be paying more rent."

Whilst land agencies may be experiencing a downturn in company profits with residential sales grinding to a standstill, farm rents should not be looked upon as easy pickings. Any land agent will find it extremely hard to win an economic argument for rent increases in the current climate. The scarcity of open market rents creates a distortion that renders them useless as valid comparables. To date, these same

ambitious land agents have been reluctant to let the Land Court make any decisions on rent levels because of a fear that the rent set will establish a benchmark below their expectations.

STFA again urges all tenants to challenge any rent demands from land agents. Tenants must stand together, resist greedy land agents and refuse rent rises.

For further information contact:

Angus McCall Tel: 01408 633275 / 07767 756840