

NEWS RELEASE
Scottish Tenant Farmers Association
Culmailly Farm
Golspie
Sutherland
stfa@tenant-farmers.org.uk
angusmccall@aol.com

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STFA calls for prudence in rental settlements

Landlords may well come to regret the flurry of rent review notices served by their factors on tenants over the last few months is the message the Scottish Tenant Farmers Association (STFA) is giving out to its members. Rising cereal and milk prices in the back end of 2007, increased returns from fat cattle and the recovery of the lamb market following last year's foot and mouth debacle have all contributed to the sense of optimism which has led land agents to expect rental increases from their tenants.

However, any justification for rent increases has now evaporated with the reality of the rapidly escalating costs of production now kicking in. "The volatility of the market place, which makes forward planning virtually impossible, coupled with crippling feed, fuel and fertiliser costs makes any thoughts of rent rises inconceivable," said STFA vice chairman Brian Shaw, from Dryfeholm Farm, Lockerbie, who is himself undergoing a rent review. "I would advise any tenant who is faced with a demand for a rent rise to insist that his factor produces facts and figures to substantiate his argument. It is up to him to put his case and I would be surprised if he could justify his demands in the current economic climate"

In common with its sister organisation the TFA in England, STFA is reminding its members that a rent review notice served by a landlord can still be acted upon by a tenant even if the landlord decides not to act upon it. "Once served, a rent review notices allows either party to call for a review of the rent and the review remains live until either the 12 month notice period is exhausted or the rent review notice withdrawn, which requires the consent of both parties," commented STFA chairman Angus McCall. "A tenant is able to use a notice served by a landlord to pursue a reduction in rent even if the landlord decides not to act. This may well present tenants with an opportunity to get a high rent down to a more realistic level. Increased costs of production have made farming a high-risk business requiring tenants to forward plan and manage their risks. Rent is another cost which needs to be kept under control"

The Scottish Land Court has not yet had to make a decision on farm rents but STFA is confident that when it has the opportunity to do so it will take a pragmatic view and dispel much of the hype propagated by land agents and arrive at sensible rent levels. Any rent agreement must take first of all take account of the tenant's ability to farm the land profitably before looking at the extravagant rents achieved on the open market where the scarcity of land for let has distorted the market out of proportion. A

recent SAAVA field day acknowledged the large difference between rents expected on the open market compared with the rent a responsible landlord would expect a prudent sitting tenant to pay and this should be taken account of during negotiations. Furthermore, before accepting a rent rise a tenant must bear in mind that he will have to live with the that rent for the next three years before he can renegotiate.

Notes for editors:

For further information please call Angus McCall on 07767 756840