

The Highest and Best Use of agricultural land in a multifunctional land market – evidence from South Africa

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Abstract

Agricultural land has conventionally been perceived primarily as a production factor. For this reason the highest and best use (HBU) of such land was considered to be agricultural production for income purposes. The transition towards a multifunctional agricultural land market, where alternative uses - such as for lifestyle purposes - is evident, has challenged this view. Lifestyle buyers of farms often focus on a variety of characteristics of agricultural land which are not necessarily related to income but usually more intangible and subjective, which pose a measurement problem for valuers. The continued use of familiar traditional farming characteristics when valuing agricultural properties where lifestyle motivations are present, and the exclusion of less measurable characteristics, means that the market sales comparison method cannot be executed accurately.

This study used a mixed methods research strategy to determine whether valuers use characteristics mainly related to agricultural production as HBU in valuations of agricultural properties bought for lifestyle purposes, and to identify the value attributes of farms that attract lifestyle buyers (and whether these differ from production oriented buyers). This was done in an intensive and extensive agricultural area within the Western Cape Province of South Africa. Results indicate that valuers use familiar production related characteristics when valuing farms bought for lifestyle purposes, while lifestyle and production oriented buyers also interpret the value attributes of agricultural properties differently. For this reason a multiple perspective approach to agricultural land valuations where the HBU is uncertain is proposed.

Key words: Lifestyle buyers, multifunctionality

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1. INTRODUCTION

Traditionally, agricultural land was regarded mainly as a production factor. Accordingly, in their application of the market sales comparison approach to agricultural land, valuers relied on a set of attributes related to agricultural production as the primary determinants of an agricultural property's highest and best use (HBU) and market value.

The emergence of a multifunctional rural land market with alternative uses of agricultural land, such as for lifestyle purposes, has transformed this concept (Brandt and Vejre, 2004:11, Holmes, 2006:142, Roberson, 1997:114, Mundy and Kinnard, 1998:207, Maybery *et al.*, 2005:59, Green *et al.*, 2005:1). Lifestyle inspired buyers often focus on a wider range of attributes not necessarily

related to income, but associated more with the satisfaction derived from the property. This creates a measurement problem for agricultural land valuers, as the characteristics valued by lifestyle buyers are more intangible, subjective, and open to multiple interpretations, which leave valuers without a base from which to value such properties. The presence of lifestyle inspired buyers makes agricultural land valuations more demanding as it implies different interpretations of the same farm and complicates the choice of a single HBU.

It is suspected that valuers of agricultural properties bought for lifestyle considerations still rely predominantly on conventional productive characteristics in their valuations of agricultural properties, with farmers as typical buyers, due to their familiarity with this land use, while the preferences of lifestyle buyers are unexplored and not well understood. The continued use of familiar conventional farming attributes by valuers when valuing farms where lifestyle motivations are present, and the omission of less measurable characteristics, implies that the market sales comparison method cannot be executed accurately.

A study was undertaken in South Africa with two objectives in mind: to reveal the dominance of value attributes applicable to farming as HBU when valuing farms bought primarily for lifestyle purposes, and to identify the characteristics of land important to lifestyle inspired farm buyers.

To this end two hypotheses were investigated:

- The choice of a HBU without in-depth analysis of different types of buyers and the attributes of the property associated with each type of buyer causes substantial differences in the attributes perceived as important by valuers and buyers.
- The applicable value attributes of lifestyle motivated buyers diverge from the buyer that is primarily production oriented and this can be confirmed statistically.

2. LITERATURE OVERVIEW

Agricultural landscapes provide many types of values, which can be economic, where a direct monetary benefit can be derived from income on the property, and non-economic, where a property provides a non-monetary benefit such as enjoyment (Palang *et al.*, 2004:221). Worldwide there has been a transition from utilising agricultural land primarily for agricultural production and income opportunities, towards a multifunctional environment where alternative non-agricultural uses are apparent (Brandt and Vejre, 2004:11, Holmes, 2006:142, Roberson, 1997:114, Prag, 1995b:1, 12, Prag, 1995a:1, Pope, 1985:81, Adams and Mundy, 1991:48, 52, Mundy and Kinnard, 1998:207, Maybery *et al.*, 2005:59, Green *et al.*, 2005:1). Non-agricultural considerations, such as proximity

to natural amenities and access to open space, together with recreation and conservation opportunities manifest themselves as new drivers of agricultural land prices (Roberson, 1997:114, Barron and Dickinson, 1975:147-148, Wittenberg *et al.*, 2005:1-2, Adams and Mundy, 1991:48-49, Pope and Goodwin, 1984a:750-751).

This rural transition is not a new occurrence, but manifests differently in different countries (Archer, 1979:422-423, Hendy, 1998:145, Painter, 2004:112, Hardie *et al.*, 2001:120, Holmes, 2006:142, 158, Maybery *et al.*, 2005:59-60, Pope, 1985:81-85, Prag, 1995a:5, 12, Agra Europe, 1991:2, Leonard and Cobham, 1977:210-213, Prag, 1995b:1, Inman *et al.*, 2002:73). However, the consequence is the same: rising agricultural land prices that are not always related to the production potential of the land (Hendy, 1998:144-149). Buyers are willing to pay a premium for agricultural land and while primary production is not the decisive factor in their purchase decisions, non-agricultural factors play a role in buyers' motivations (Bastian *et al.*, 2002:337, Maybery *et al.*, 2005:59, Holmes, 2006:142, Mundy and Kinnard, 1998:210).

Different types of buyers with different uses in mind complicate the valuation process as more uses become relevant, while a piece of land could have multiple values and functions for different people at the same time (Maybery *et al.*, 2005:61, Healy and Short, 1978:186, Holmes, 2006:145, Drozd and Johnson, 2004:295, Palang *et al.*, 2004:230). These values are formed within the minds of people and vary depending on each person's own value system. They are related to the satisfaction derived from the property and for this reason cannot be measured directly, but remains vague and intangible (Healy and Short, 1978:198, Shields *et al.*, 2005:83). This multifunctional transition results in increased uncertainty and complexity in performing agricultural land valuations, as motivations are diverse and not well understood (Prag, 1995a:1-12, Healy and Short, 1978:185, 198, Deller *et al.*, 2005:131).

The market sales comparison method is the preferred method to determine the value of agricultural properties (American Institute of Real Estate Appraisers, 1987:70, Grissom and Crocker, 1994:95, Ellenberger, 2007:7-1). According to this method the property to be valued (subject property) is compared with properties recently sold in the surrounding area, selected on the basis of a similar use as that of the subject property. Valuers base their valuations on the HBU they envisage for a property. The HBU is defined as the use that generates the highest profit or satisfaction for the "typical" buyer at that moment in time (Ellenberger, 2007:7-1). For this reason the choice of a specific use as highest and best is a critical step in the valuation process as it guides the valuer through the valuation process by identifying a specific use for a property. In order to determine the

subject property's market value, valuers use agricultural properties with a similar HBU as that of the subject property in their comparative analysis. Applicable adjustments are then made to allow for physical or other differences in properties. The mental construct of a "typical buyer" for certain types of properties also guides the valuation process.

The comparative sales method maintains that a property can have only one value (market value) at a specific point in time. Farm valuers are guided by the value attributes of a property in their decision of a HBU (Lennhoff and Elgie, 1995:276-277, Ratcliff, 1975:485-490, Albritton, 1979:406, Lennhoff and Parli, 2004:48, Thair, 1988:193, Vandell, 1982:257). The choice of the HBU of a property then implies the acceptance of a set of relevant value attributes. The transition towards a multifunctional landscape where a myriad of alternative uses are present complicates the valuation process as uncertainty regarding the motives of buyers (and hence the use) for specific properties increase: the presence of both farming oriented and lifestyle inspired buyers in the agricultural land market suggests different interpretations of the same property, emphasising different attributes of the property and priorities of buyers.

3. METHOD

A mixed methods research strategy that consisted of a qualitative phase, followed by a quantitative phase, was pursued to investigate the hypotheses. The purpose of the qualitative phase was to determine whether the value attributes considered by lifestyle buyers differed from those used by valuers in valuation reports, and if this was the case, to identify 'new' attributes associated with lifestyle buyers (Hypothesis 1). This took the form of a case study that consisted of sixteen farms bought for lifestyle reasons within South Africa: eleven were in the Western Cape Province, with the rest situated in the Limpopo, KwaZulu-Natal and Mpumalanga provinces. Semi-structured personal interviews were performed with all parties involved in agricultural property transactions where lifestyle considerations were evident (i.e. valuer, buyer, seller, estate agent), where respondents were asked which characteristics of the property appealed to them most. Valuation reports and interviews were transcribed, analysed and compared with assistance from computer assisted qualitative data analysis software (ATLAS/ti) to identify different perspectives. The software assisted with the organisation of qualitative data, but analysis still relied on the researcher's own judgment and interpretation. All procedures followed and evidence collected was documented in a case study protocol and data base.

These 'new' characteristics were then included in a questionnaire which was sent to buyers of agricultural properties in both an intensive and extensive area within the Western Cape Province,

South Africa. The objective of this survey was to test the second hypothesis by statistically determining whether the considerations of lifestyle and production oriented buyers differed. Buyers were identified from the national Deeds Office data base of agricultural properties transferred from January 2005 to October 2007. Only arms' length transactions of properties greater than 5ha in the intensive area and greater than 100ha in the extensive area were targeted to avoid the inclusion of properties for which the determination of the HBU was more obvious (e.g. the HBU of a smallholding was most likely for lifestyle reasons). STATISTICA software was used to analyse the data.

The intensive area consisted of the Registration Divisions of Stellenbosch and Paarl (Cape Winelands District municipality). This region is characterised by a good infrastructural network, and is in close proximity to the City of Cape Town with its International Airport. The main agricultural enterprise is viticulture. The mountains attract buyers for their aesthetic beauty and views, coupled with the prestige of owning a wine farm (Elsenburg Landbou-ontwikkelingsinstituut vir Winterreëng gebied, 1990:35-36).

The extensive area included the Registration Divisions of Beaufort West, Laingsburg and Ceres (Central Karoo District municipality). It is classified as semi-arid and minimal crops can be planted (Wiid and Le Roux, 1999:5). The main agricultural enterprises are small stock farming with sheep for both wool (angora) and meat ("karoo lamb") purposes. Game farming has increased substantially over the past ten years and tourism (guest houses/farms, farm stalls, hiking and 4x4 trails) are becoming popular. The area is known for its wide open spaces, unique vegetation and old houses with a specific building style on some farms.

The complexity of agricultural property valuations where lifestyle considerations were present and the exploratory nature of the research made it well-suited to a mixed methods design. The strengths of both qualitative (open-ended nature of questions allowing for identification of new considerations) and quantitative methods (confirmation of statistical significance of newly identified considerations) were combined to support results and make it more comprehensive.

4. RESULTS

4.1 *Qualitative phase: is there a difference between value attributes emphasised by valuers and lifestyle buyers?*

The hypothesis that valuers apply mostly farming related characteristics when valuing farms bought primarily for lifestyle purposes was explored in the qualitative phase. Analyses of valuation reports as well as interviews with valuers and buyers indicated that valuers continued to emphasise mainly traditional agricultural characteristics associated with production in the valuation of farms bought for lifestyle purposes. They concentrated on measurable characteristics and valuation reports were dominated by attributes associated with the agricultural potential of farms. This avoidance of lifestyle attributes or vague descriptions left valuers in a vulnerable position, as they struggled to balance agricultural and market value based on market sales comparisons. Most comparable sales used were those of agriculturally productive farms and focused on value attributes such as the extent of permanent crops, number of arable hectares, topography and improvements such as irrigation infrastructure. Valuers concentrated on measurable characteristics that could be expressed in monetary terms (Rand per hectare) and assumed the typical buyers of these properties to be farmers.

In valuation reports differences between market value and agricultural value were ascribed to lifestyle considerations, but no detail was provided as to the specific characteristics of properties that appealed to lifestyle buyers. The market value was then determined by adding a percentage or a lump sum to the estimated agricultural value and contributing that to lifestyle considerations. In selected cases the subject property was compared with farms where alternative uses were pursued, such as a guest house, game lodge or development of smaller exclusive units. Attributes such as river frontage and mountain views were mentioned, but these considerations were dealt with superficially. In other cases valuers included sales of smallholdings or smaller properties as comparative sales in order to justify high market values (even if the subject property was substantially bigger).

Interviews with valuers, however, revealed that they were aware of lifestyle considerations as the possible HBU for agricultural properties, but that the use of market sales comparisons with similar lifestyle properties was difficult, due to diverse and subjective lifestyle attributes unique to each property. Attributes associated with lifestyle considerations were also difficult to quantify in monetary terms.

Buyers on the other hand emphasised the aesthetic beauty of the property in terms of the presence of natural scenery, trees and views as well as serenity and space. Factors such as the historic character and style of the main residence, its location, as well as its suitability for outdoor recreation and leisure activities and accommodation capacity for entertaining friends, family or tourists (for income purposes) were important. For this reason Hypothesis 1 was not rejected.

4.2 Quantitative phase: is there a difference between the value attributes emphasised by lifestyle and production oriented buyers?

The attributes that appealed to lifestyle buyers identified during the qualitative phase were included in a questionnaire used in a survey of land owners in an intensive and extensive area within the Western Cape. The hypothesis that the applicable value attributes of agricultural properties as interpreted by lifestyle motivated buyers diverge from those considered important by buyers who are primarily production oriented was then explored quantitatively. Respondents were asked to rank the importance of specific characteristics of farms on a scale of one to ten, in terms of what they were looking for when viewing farms to purchase. Respondents were also required to classify themselves as either lifestyle oriented or production oriented in order to investigate the value attributes related to each buyer category. The survey data was analysed statistically using analyses of variance and regression analyses.

4.2.1 Characteristics important to both types of buyers

The statistical results indicated that the influence of lifestyle buyers on the agricultural land market was substantial: more than half of the buyers surveyed indicated that they were motivated by lifestyle considerations (65 percent in the intensive and 52 percent in the extensive area).

Several variables were important to both lifestyle and production motivated buyers in both intensive and extensive areas, as indicated by high median scores given to these characteristics by respondents (scores of 8 and above out of a possible 10). These include: location of the property in terms of traveling time, the position of the property in terms of being private, property size, water availability and the presence of trees. The secluded location of the property was alluring for lifestyle buyers because of the peace and quiet offered, while additional security was guaranteed because of limited thoroughfare and exposure to small stock theft. Production oriented buyers preferred privacy for the same reasons.

In the intensive area in particular, both types of buyers indicated the importance of proximity of the property in terms of location to the nearest city (Cape Town) and roads for easy access to markets or businesses and to cut down on traveling time. The presence of irrigation and associated infrastructure, power supply, natural scenery, mountains and a beautiful view were also important to both types of buyers. Some characteristics associated with agricultural production such as the meso climate, topography and soil quality were important to both lifestyle and production oriented buyers, mostly for the production of wine. In a study determining the priorities of buyers regarding the value contributing characteristics of agricultural land in the Stellenbosch district, it was confirmed that buyers (including lifestyle buyers) were cognisant of *terroir* (Kleynhans and Opperman, 2005:496). The ‘address’ of a property was also important, because of the premium it places on farmers’ produce (e.g. wine label), while lifestyle buyers enjoyed the status associated with a specific address.

The characteristics that appealed to both types of buyers in the intensive area were in general not far removed from each other, possibly because most buyers in this area have a strong lifestyle orientation. The area’s standing as an exclusive and internationally acclaimed wine producing region, with spectacular views, scenery and position close to Cape Town attracts these buyers.

As with the intensive area, there were selected variables that were important to both lifestyle and production oriented buyers in the extensive area. Water availability is always a major concern in arid and semi-arid areas, and for this reason the median score of 10 (out of a maximum of 10) allocated by both types of buyers was expected. Privacy was another important consideration for both types of buyers, possibly because a secluded farm is more secure from negative elements such as small stock thieves from a production perspective, while it provides tranquility to lifestyle buyers escaping the rat race.

Soil quality, size of the farm, indigenous vegetation and grazing capacity were important considerations from an agricultural production perspective. These variables were also important to lifestyle buyers, even though they scored them slightly lower than production oriented respondents, with the exception of grazing capacity of indigenous vegetation, which was especially important to lifestyle buyers who wanted to keep game on their farms.

The meso climate was important from an agricultural point of view, but also played a role in the decisions of lifestyle buyers, as it affected the outdoor recreation potential of properties (this area gets extremely hot during summer months). The accessibility of the property in terms of traveling

time was an important consideration for both types of buyers. Lifestyle buyers traveling from Cape Town or neighbouring towns do not want to spend more than three hours on the road, while traveling time also impacts on farmers' transport costs and thus profits. Interestingly, buyers with production motives expressed a preference for aesthetic attributes such as natural scenery, indigenous vegetation (although this is suspected to be related to its grazing capacity), trees and views. These were matched by lifestyle buyers, who wanted properties suitable for outdoor recreation activities such as hiking, quad biking and game viewing.

4.2.2 Characteristics that differed between buyers (ANOVA)

Characteristics where there were statistically significant differences between the importance of these variables as ranked by lifestyle and production motivated buyers were identified with analyses of variance (ANOVA). Tests for the homogeneity of variance and normality of the residuals were done. The Mann-Whitney U test was done as for non-parametric data. These results provided in Table 1.

Analyses indicated that production oriented and lifestyle buyers in both areas could be separated on the grounds of value attributes related to production and aesthetic appeal. The aesthetic appeal of a farm in terms of a setting against a mountain and in a valley, the presence of views and natural scenery, as well as its outdoor recreation potential was more important to lifestyle buyers than its agricultural production potential. To the contrary, production oriented buyers focused on attributes such as the agricultural potential and soil quality.

Most lifestyle buyers in the intensive area need to be within reasonable distance to towns and cities, as well as have easy access to an airport for work/business purposes, while easy access are also attractive to tourists, family, friends or buyers themselves living abroad. This could account for the high priority given to the accommodation capacity of other residential units by lifestyle buyers, while not being important to production oriented buyers.

In the extensive area these differences were more pronounced, with buyers with commercial agriculture in mind concentrating on the property's production potential (including soil quality, availability of water and infrastructure for irrigation purposes and electricity supply), while lifestyle buyers were interested in the aesthetic appeal, the potential to keep game and the size of the main residence. For these reasons the hypothesis that applicable value attributes of lifestyle motivated buyers diverge from the buyer that is primarily production oriented was not rejected.

Table 1: Variables with statistically significant differences between lifestyle and production oriented buyers (ANOVA): intensive and extensive areas

INTENSIVE AREA			
Variable	Z	p-value*	Z adjusted`
Location: distance to nearest town	3.21	0.00	3.31
Location: distance to nearest airport	2.48	0.01	2.52
Location: setting (in valley, against mountain)	3.14	0.00	3.21
Agricultural production potential in general	-3.01	0.00	-3.03
Agricultural production potential: soil quality	-2.97	0.00	-3.01
Accommodation capacity of other residential units	2.06	0.04	2.08
Aesthetics: presence of natural scenery	1.98	0.04	2.06
Aesthetics: view from the property	3.43	0.00	3.57
Aesthetics: presence of established trees	2.15	0.03	2.19
Outdoor recreation activities	2.28	0.02	2.30
Availability of water for recreation	2.61	0.01	2.65
n = 59 (39 lifestyle, 20 production)			
EXTENSIVE AREA			
Variable	Z	p-value*	Z adjusted`
Agricultural production potential in general	-4.54	0.00	-4.67
Agricultural production potential: soil quality	-3.06	0.00	-3.10
Condition of existing cultivated areas	-2.59	0.01	-2.64
Potential to keep game	2.81	0.00	2.85
Topography: varied terrain	2.06	0.04	2.10
Topography: aspect	-2.20	0.03	-2.22
Water availability for irrigation	-2.48	0.01	-2.54
Size of the main residence	2.65	0.01	2.67
Electricity supply	-2.49	0.01	-2.54
Condition of irrigation infrastructure	-4.31	0.00	-4.38
Capacity of irrigation infrastructure	-3.94	0.00	-4.00
Game proof fencing	2.51	0.01	2.54
Aesthetics: presence of natural scenery	3.39	0.00	3.49
Aesthetics: presence of river or stream	2.33	0.02	2.37
Aesthetics: presence of mountain	3.34	0.04	3.48
Aesthetics: View from the property	3.01	0.00	3.07
Aesthetics: presence of indigenous vegetation	1.45	0.15	1.49
Outdoor recreation activities	3.65	0.00	3.72
n = 59 (30 lifestyle, 29 production)			

` The Z-test determines whether the difference between the means of two groups is large enough to be statistically significant (in this case Z-adjusted scores above |2| were indicative of statistically significant differences between the importance of these variables for lifestyle and production motivated buyers.

* Marked effects are significant at $p < 0.05$.

4.2.3 Logistic regression analysis

The statistical analysis was taken one step further with the use of logistic regression analyses. The purpose of the regression analyses was to determine statistically which characteristics as presented in the survey were *most* likely to be associated with each type of buyer. The dependent variable was

respondents' reason for buying the property, which was regressed against the independent variables that consisted of the characteristics sought by respondents. These results are presented in Table 2.

In the intensive area variables with odds ratios of less than one (an indication of a variable being important to production motivated buyers) were measured for soil quality and permanent living rights for workers, meaning that as the quality of the soil and the importance of living rights for workers increase, the likelihood of the farm being bought for productive reasons improved. At the same time an odds ratio of more than one (indication of a variable being important to lifestyle motivated buyers) was measured for the view from the property for aesthetic reasons, indicating that the presence of a beautiful view from the property improved the likelihood of such a property being bought by a buyer with lifestyle motivations. This was expected, as the intensive area is known for its spectacular views.

Lifestyle buyers were not dependent on the farm for their main income, which presented one reason why they were not interested in enhanced production potential through better soil quality. The inclusion of permanent living rights for labourers in the results was unexpected and is difficult to clarify. This variable's likelihood to be associated with production oriented buyers could possibly be explained by two diverging reasons: farmers either did not want to buy a farm where permanent living rights could give rise to social problems, or they wanted to buy a property with labourers on it to assist with production. Lifestyle buyers possibly did not want the burden of acquiring farms which had permanent living rights for labourers, or they did not need a substantial amount of labour for production purposes.

In the extensive area variables with odds ratios above one were indicators of the farm being purchased for agricultural production purposes, while variables with odds ratios below one indicated the probability of the farm being attractive to lifestyle buyers. Odds ratios indicated that the likelihood of a farm being purchased by lifestyle buyers increased if a main residence of appropriate size and natural scenery were present. Time spent with friends and family and participation in outdoor recreation activities was important to lifestyle buyers and they needed accommodation facilities and a residence of appropriate size. The natural scenery of the Karoo also attracted buyers who appreciate its peace and quiet, indigenous vegetation and wildlife.

The odds ratio estimate for irrigation infrastructure in a good condition was highly significant, indicating the strong likelihood that farms in the extensive area with irrigation infrastructure in a good condition would attract buyers with agricultural production motives.

Table 2: Results of the logistic regression: intensive and extensive areas

INTENSIVE AREA			
Parameter	Odds ratio estimate*	95% Confidence limits	
Productive potential: soil quality	0.47	0.23	0.97
Permanent living rights for labourers	0.61	0.38	0.92
Aesthetics: view from the property	3.65	1.56	8.50
n = 49			
EXTENSIVE AREA			
Parameter	Odds ratio estimate*	95% Confidence limits	
Size of the main residence	0.05	0.01	0.76
Presence of irrigation infrastructure	33.73	1.34	844.68
Aesthetics: presence of natural scenery	0.26	0.08	0.88
n = 51			

* The Wald Confidence Interval for Adjusted Odds Ratios was used.

It is interesting to note that an exploratory factor analysis done on all the variables in the survey confirmed these regression results (for both the intensive and extensive areas). The variables identified in the logistic regressions were classified under different factors in the factor analyses, which imply that they are not correlated to each other and signify different aspects/ features of farms.

5. CONCLUSION AND RECOMMENDATIONS

This study identified the need to determine the value attributes considered by buyers purchasing agricultural properties for lifestyle purposes, as the continued use of familiar conventional farming attributes by valuers when valuing farms where lifestyle motivations are present, and the omission of less measurable characteristics imply that the market sales comparison method cannot be executed accurately.

This research set out to resolve two hypotheses with the use of a mixed methods strategy. Results from the qualitative phase indicated that the value attributes considered by lifestyle buyers differed from those used in valuation reports: valuers continued to emphasise familiar and measurable attributes associated with agricultural production as HBU. In contrast, lifestyle buyers emphasised the aesthetic attractiveness of farms. These findings were supported statistically in an extensive and intensive area within the Western Cape Province in South Africa, where results from analyses of variance and regression analyses indicated that lifestyle buyers think differently about the value attributes of agricultural properties and that they are indeed a different type of buyer with different motivations, interpretations and priorities than production oriented buyers. Lifestyle buyers are not dependent on farming income and thus are less concerned about the productive characteristics of

agricultural properties and can focus on aesthetic considerations. Farming oriented buyers and valuers, however, emphasise characteristics related to agricultural production.

A summary of the value attributes associated with lifestyle buyers are provided in Table 3. These attributes are intended to act as a guideline for valuers by providing a check list of lifestyle considerations to be used in the valuation of agricultural properties to assist them by directing their thought processes. It is not possible to rank attributes according to their importance. The effect of emergence, where the interaction of attributes creates a different product that attracts buyers, means that attributes cannot be isolated. Similarly, it must be stressed that there is no ultimate solution for the measurement problem because there are limits to the levels to which attributes associated with aesthetic beauty can be made more concrete. These attributes can be identified, but their subjective nature makes measurement of intensities impossible. At the same time aesthetic beauty is localised.

Valuation practices require an early choice of the HBU for a property in order to guide the valuation process. The complexity surrounding HBU decisions with properties where alternative uses are probable and the HBU is not clear-cut suggest that the opposite *modus operandi* might be more appropriate, where the valuer postpone the choice of the HBU until the property has been viewed from all applicable perspectives. The choice of an applicable HBU thus follows after it has been viewed through different 'lenses'. For this reason a multiple perspective approach to valuation is proposed.

This study was subject to a number of limitations. The survey was conducted with a small number of respondents and was exploratory in nature. The statistical results need to be explored in further studies where bigger sample sizes are used, by either expanding the study area or going further back in time (this could not be done with this survey due to its detailed nature which could have led to possible respondent recall problems). Conversely, this study focused on the characteristics associated with lifestyle buyers, but did not look at agricultural land prices, which would also be of assistance to valuers.

Table 3: Summary of characteristics associated with lifestyle buyers: intensive and extensive areas

Characteristic	Intensive area	Extensive area
Location: proximity to nearest city	√	√
Location: proximity to nearest town	√	
Location: proximity to nearest airport	√	
Location: proximity to nearest major road	√	
Location: travelling time	√	√
Access: for tourists	√	
Position: setting (in valley, against mountain)	√	√
Position: private	√	√
Production potential: soil quality	√	√
Production potential: meso climate	√	√
Production potential: size of property	√	√
Production potential: grazing capacity		√
Production potential: game production		√
Topography: varied		√
Water availability: human and animal consumption	√	√
Water availability: irrigation	√	
Residential infrastructure: style of main residence	√	
Residential infrastructure: size of main residence	√	√
Residential infrastructure: condition of main residence		√
Residential infrastructure: accommodation capacity of other residential units	√	
Residential infrastructure: condition of other residential units		√
Permanent living rights for labourers	√	
Non-residential infrastructure: capacity	√	
Non-residential infrastructure: power supply	√	
Non-residential infrastructure: condition	√	√
Non-residential infrastructure: condition and capacity of irrigation infrastructure	√	
Non-residential infrastructure: game fencing		√
Aesthetics - presence of natural scenery including:	√	√
Mountains	√	√
Peace and quiet (tranquillity)	√	√
Clean, fresh air	√	√
Wildlife		√
Openness and space	√	√
Streams and waterfalls	√	√
Valleys, gorges and ravines		√
Rock formations and rock faces		√
Big trees, forests and bush	√	
Pristine environment with vegetation typical of the area	√	√
Birdlife	√	√
Rivers, river frontage and riparian areas	√	√
No sign of civilisation (such as roads and buildings)		√

Table 3: (continued)

Characteristic	Intensive area	Extensive area
Aesthetics: presence of river, stream, river frontage	√	√
Aesthetics: presence of mountain	√	√
Aesthetics - presence of beautiful view, including:	√	√
View of vineyards	√	
View of natural veld		√
View of indigenous vegetation (such as fynbos, karoo bush)		√
View of trees	√	
View of mountains and mountain ranges	√	√
View of valleys, gorges and ravines	√	√
View of water such as a river, stream or dam	√	√
360 degrees uninterrupted views (i.e. no obstructions in terms of human-made structures or anything else that could obstruct the view)		√
View of natural scenery	√	√
No Eskom power lines in sight	√	√
No sign of civilisation (e.g. roads, buildings)		√
View that stretches to the horizon, such as never-ending karoo plains		√
View of a well-kept garden	√	
Aesthetics: presence of indigenous vegetation	√	√
Aesthetics: presence of trees	√	√
Aesthetics: presence of dam or dams	√	√
Aesthetics: presence of rural surroundings	√	√
Possibility for outdoor recreation activities	√	√
Possibility of water recreation activities	√	
Status	√	

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