

Farmland Index

Q1 2021

PRICE CHANGE

0% 3-MONTH CHANGE	0% 12-MONTH CHANGE	-12% 5-YEAR CHANGE	16% 10-YEAR CHANGE	3,641% 50-YEAR CHANGE
-----------------------------	------------------------------	------------------------------	------------------------------	---------------------------------



Agricultural land values in England and Wales have weathered Brexit and the Covid-19 pandemic and look set to rise during the rest of 2021, according to the latest results from the Knight Frank Farmland Index.

During the first quarter of 2021, the average price of bare farmland remained static, hovering just below £7,000/acre – only £34/acre less than it was 12 months earlier. Looking forward, our index predicts that values will rise by around 3% over the next year.

Although there is still work to be done by politicians to help smooth the flow of certain agricultural products across the border with the EU following the recent Brexit trade deal, commodity prices have been performing well, resulting in a renewed confidence to the farming industry.

However, it is the rise of the ESG agenda that we believe will really underpin values over the coming years. A surge in tree-planting to help

sequester carbon in the battle against climate change has already significantly boosted the demand for suitable upland ground, and other new environmental opportunities are emerging.

Rewilding, for example, is a rapidly growing driver for many of the potential purchasers – both private individuals and funds – getting in touch with our Farms & Estates team, and we have already sold a number of properties on this basis.

The pricing gap between productive arable soil and land traditionally considered more marginal, including moorland and marsh, is set to narrow substantially as new schemes emerge that reward owners for sequestering carbon, increasing biodiversity levels and delivering other public goods.

Challenges do remain, such as the long-term economic effect of Covid-19 and the impact of the phasing out of the Basic Payment Scheme on farm profitability, but we remain confident that the UK's farming industry will adapt over the coming years.

◆◆
Rewilding is a rapidly growing driver for many potential purchasers – both private individuals and funds
◆◆

ANDREW SHIRLEY
HEAD OF RURAL RESEARCH



KEY AGRICULTURAL INDICATORS*

LATEST PRICE ANNUAL CHANGE

OUTPUTS

FEEDWHEAT (£/T)	185	22%
OILSEED RAPE (£/T)	417	35%
BEEF (P/KG DW)	407	17%
LAMB (P/KG DW)	625	42%
MILK (P/LITRE)	30	4%

INPUTS

RED DIESEL (P/LITRE)	52	23%
OIL (\$/BRL)	60	143%

*Sources: www.fwi.co.uk www.dairy.ahdb.org.uk

For more detailed information on the issues affecting UK landowners and farmers, including the latest on agricultural commodity and markets, please request a copy of *The Rural Report*, our magazine for rural property owners, or sign up to our weekly Rural Update.

Cover image: Great Campston – A 276-acre Monmouthshire livestock farm with Georgian Manor house and stunning views. Guide price £4.5 million

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Farms & Estate enquiries

Clive Hopkins

+44 20 7861 1064

clive.hopkins@knightfrank.com



Research enquiries

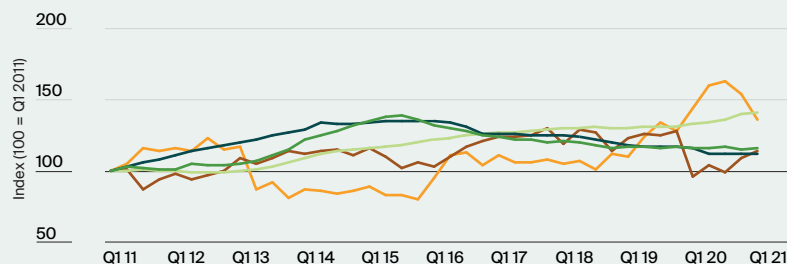
Andrew Shirley

+44 20 7167 2498

andrew.shirley@knightfrank.com

Farmland 10-year capital growth v other assets

English farmland Prime central London residential
UK house prices FTSE 100 Gold



Sources: Knight Frank Research, Nationwide House Price Index

KNIGHT FRANK FARMLAND INDEX

	QUARTERLY PRICE CHANGE	ANNUAL PRICE CHANGE	AVERAGE VALUE £/HECTARE	AVERAGE VALUE £/ACRE
MAR-16	-3.2%	-2%	£19,538	£7,907
JUN-16	-1.7%	-6%	£19,207	£7,773
SEP-16	-1.3%	-8%	£18,957	£7,672
DEC-16	-2.6%	-8%	£18,464	£7,472
MAR-17	-0.5%	-6%	£18,372	£7,435
JUN-17	-1.6%	-6%	£18,069	£7,313
SEP-17	0.0%	-5%	£18,064	£7,311
DEC-17	-1.5%	-4%	£17,794	£7,201
MAR-18	0.4%	-3%	£17,856	£7,226
JUN-18	-0.7%	-2%	£17,729	£7,175
SEP-18	-1.8%	-4%	£17,408	£7,045
DEC-18	-1.1%	-3%	£17,223	£6,970
MAR-19	0.1%	-3%	£17,245	£6,979
JUN-19	0.7%	-2%	£17,371	£7,030
SEP-19	-0.8%	-1%	£17,235	£6,975
DEC-19	0.3%	0%	£17,295	£6,999
MAR-20	-0.6%	0%	£17,198	£6,960
JUN-20	0.1%	-1%	£17,211	£6,965
SEP-20	0.5%	0%	£17,297	£7,000
DEC-20	-1.3%	-1%	£17,080	£6,912
MAR-21	0.2%	0%	£17,114	£6,926

DATA DIGEST

The Knight Frank Farmland Index tracks the average price of bare (no residential property or buildings) commercial (productive arable and pasture) agricultural land in England. The quarterly index is based on the opinions of Knight Frank's expert valuers and negotiators across the country, which take into account the results of actual sales conducted by both the firm and its competitors, local market knowledge and client and industry sentiment. When combined with UK government statistics, the index shows the performance of farmland since 1944.

Knight Frank research reports are available at knightfrank.com/research



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. © Knight Frank LLP 2021. Terms of use: This report is published for general information only and not to be relied upon in any way. All information is for personal use only and should not be used in any part for commercial third party use. By continuing to access the report, it is recognised that a licence is granted only to use the reports and all content therein in this way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written approval from Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.