

Farmland Index

Q2 2020

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PRICE CHANGE

0%

3-MONTH CHANGE

-1%

12-MONTH CHANGE

-16%

5-YEAR CHANGE

21%

10-YEAR CHANGE

3,698%

50-YEAR CHANGE



The average price of bare agricultural land in England and Wales held its ground in the second quarter of the year, according to the Knight Frank Farmland Index.

Values remained stable at just under £7,000/acre, despite the ongoing uncertainty of Covid-19 and Brexit.

Over the past 12 months prices have dipped, on average, by just £65/acre – a decline of less than 1%, which highlights the relative stability of farmland compared with other asset classes like equities.

There was, however, very little sales activity in the second three months of 2020 due to the Covid-19 lockdown making it very difficult to gauge where values are currently sitting.

The amount of land advertised so far this year is down almost 80% compared with 2019, according to the Farmers Weekly Land Tracker. More properties are now being brought to the market so the index results for the third quarter

will offer a more definitive guide to where values will settle post-Covid.

Our Farms and Estates team remains optimistic that prices will continue to hold up or even increase over the summer. The pent-up demand that was ready to be released following Brexit and the general election remains, with very few potential buyers withdrawing their interest. There is also no expectation that there will be a flood of farms to swing the supply-and-demand equilibrium back in favour of buyers.

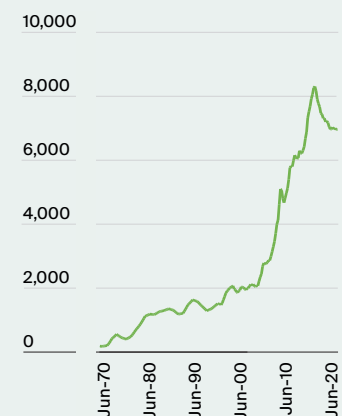
Boris Johnson's announcement this week (30 June) that the country needs to build, build, build suggests the number of "rollover" buyers – those whose land has been acquired for infrastructure or housing developments – will only increase. This could add further momentum to the market.

More positive noises emerging from the Brexit trade negotiations could also increase confidence levels within the farming sector.

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ANDREW SHIRLEY
HEAD OF RURAL RESEARCH

Historical farmland performance £/acre



Source: Knight Frank Research

KEY AGRICULTURAL INDICATORS*

LATEST PRICE ANNUAL CHANGE

OUTPUTS

FEEDWHEAT (£/T)	156	6%
OILSEED RAPE (£/T)	320	5%
BEEF (P/KG DW)	373	7%
LAMB (P/KG DW)	468	4%
MILK (P/LITRE)	28	4%

INPUTS

RED DIESEL (P/LITRE)	45	-21%
OIL (\$/BRL)	39	-34%

*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 input markets, please request a copy of *The Rural Report*, our magazine for rural property owners.

Cover image: Manor Farm, Meeth, Devon. A 260-acre unit guided at £5 million and available in two lots

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

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Research enquiries

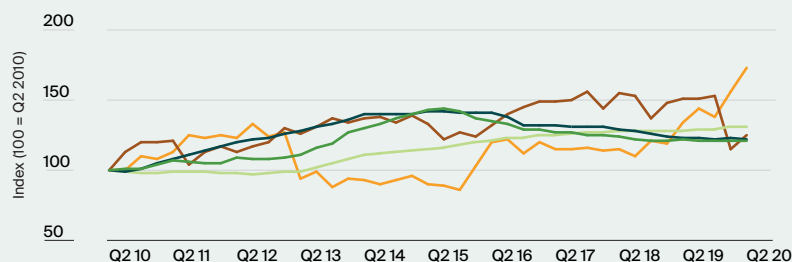
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Farmland 10-year capital growth v other assets

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
JUN-15	2.6%	10%	£20,423	£8,265
SEP-15	0.5%	8%	£20,524	£8,306
DEC-15	-1.7%	3%	£20,176	£8,165
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

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.

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