

Farmland Index

Q2 2021

PRICE CHANGE

2%
3-MONTH CHANGE

1%
12-MONTH CHANGE

-9%
5-YEAR CHANGE

15%
10-YEAR CHANGE

3,594%
50-YEAR CHANGE



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A number of Hollywood film stars have even been in touch with our Farms & Estates team regarding buying land for rewilding



ANDREW SHIRLEY
HEAD OF RURAL RESEARCH

The average value of farmland in England and Wales has broken the £7,000/acre barrier for the first time since June 2019, according to the latest results of the Knight Frank Farmland Index.

Prices for bare land rose 2% in the second quarter of 2021 to £7,065/acre, helping boost annual growth to 1% – the first positive 12-month movement recorded by the index over the past five years.

Strong demand and historically low levels of supply are helping to support values. Environmentally minded buyers are becoming particularly active at the moment. A number of Hollywood film stars have even been in touch with our Farms & Estates team regarding the potential to buy land for rewilding, while those interested in regenerative agriculture are also active.

The potential to earn carbon credits from farmland, not to mention attractive returns from renewable energy schemes like solar PV, is also peaking the interest of institutional buyers. However, with no significant carbon trading schemes

in place yet in the UK, this market remains embryonic.

In addition, tax-driven buyers looking to rollover their capital gains from land sales for development or compulsory purchase remain keen market players at the moment.

Strong arable and livestock commodity prices have also helped to offset some of the uncertainty surrounding the impact of Brexit, although the longer-term implications of replacing the area-based Basic Payment Scheme (BPS) with the Environmental Land Management Scheme (Elms) are still to play out.

Much will depend on how quickly farm businesses can adapt to losing their BPS cash by becoming more efficient or substituting it with Elms or other environmental payments.

Markets will continue to remain extremely localised, and beneath the headlines the value of farms attracting little neighbourly interest or with limited appeal to eco-conscious buyers may not keep pace with the broader market.

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Historical farmland performance £/acre



Source: Knight Frank Research

KEY AGRICULTURAL INDICATORS*

LATEST PRICE ANNUAL CHANGE

OUTPUTS

FEEDWHEAT (£/T)	196	24%
OILSEED RAPE (£/T)	423	29%
BEEF (P/KG DW)	409	9%
LAMB (P/KG DW)	516	6%
MILK (P/LITRE)	30	11%

INPUTS

RED DIESEL (P/LITRE)	58	29%
OIL (\$/BRL)	74	80%

*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: The 477-acre Burrow Farm Estate, near Henley-on-Thames. Guided at £30 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

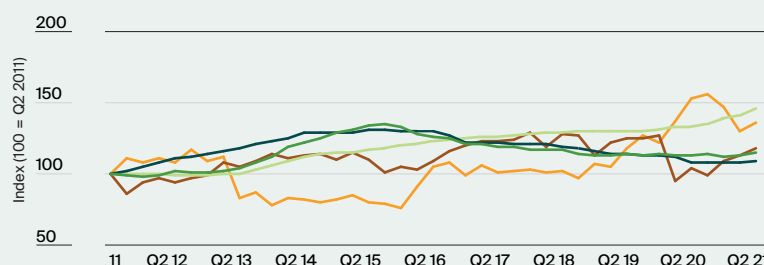
Andrew Shirley

+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
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
JUN-21	2.0%	1%	£17,458	£7,065

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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