

Farmland Index

Q2 2023

The Knight Frank Farmland Index tracks the value of bare agricultural land in England and Wales

knightfrank.com/research



PRICE CHANGE

+1%

3-month change

+8%

12-month change

+23%

5-year change

+38%

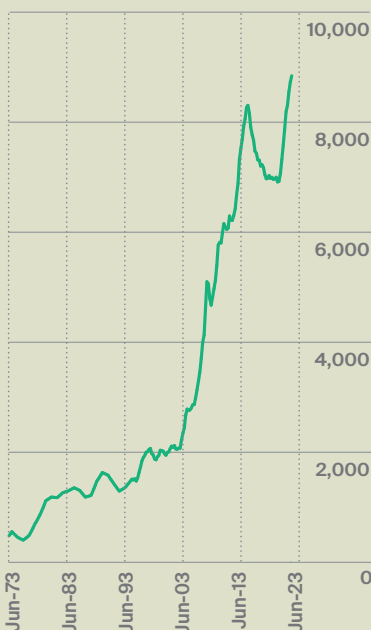
10-year change

+1,750%

50-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research

“After a period of surging growth a passage of more moderate performance was perhaps to be expected.”

Andrew Shirley, Head of Rural Research

The average value of bare agricultural land in England and Wales rose during the second quarter of the year at the slowest rate since March 2021.

According to the Knight Frank Farmland Index, prices increased by just over 1% to £8,845/acre. Annual growth at 8% also slipped into single figures for the first time since the final three months of 2021.

Farmland, however, has outperformed the FTSE 100 equities index, gold, prime central London houses and mainstream house prices over three and 12-month periods. Over five years, only gold has seen stronger capital appreciation.

After a period of surging growth – our farmland index has risen by 28% since the market troughed at the end of 2020 – a passage of more moderate performance was perhaps to be expected. Spiralling interest and inflation rates have also undoubtedly been playing on the minds of prospective buyers.

A rise in the availability of farmland for sale is also contributing. To the end of June almost 20% more land had been publicly advertised compared with the same period in 2022, according to the Farmers Weekly Land Tracker. However, a total of almost 43,000 acres over six months is still very low historically.

Despite the increase in supply, there is still not enough land on the market to match regional demand across the country, especially in areas where residential and infrastructure development has led to a number of landowners with rollover funds to spend.

Environmentally minded potential buyers also remain in the market, although many are yet to actually purchase. The recent launch of the 9,486-acre Rothbury Estate in Northumberland, which has significant potential to deliver nature-based solutions, will be a very interesting test of the market due to the scale it offers potential investors.

KEY AGRICULTURAL INDICATORS*

	Latest price	Annual change
Outputs		
Feed wheat (£/t)	177	-32%
Oilseed rape (£/t)	332	-42%
Beef (p/kg dw)	493	9%
Lamb (p/kg dw)	634	-2%
Milk (p/litre)	39	2%
Inputs		
Red diesel (p/litre)	69	-41%
Oil (\$/bbl)	67	-41%

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

Cover image: The 9,486-acre Rothbury Estate in Northumberland offers a wealth of environmental, sporting and agricultural opportunities. Guided at £35 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.

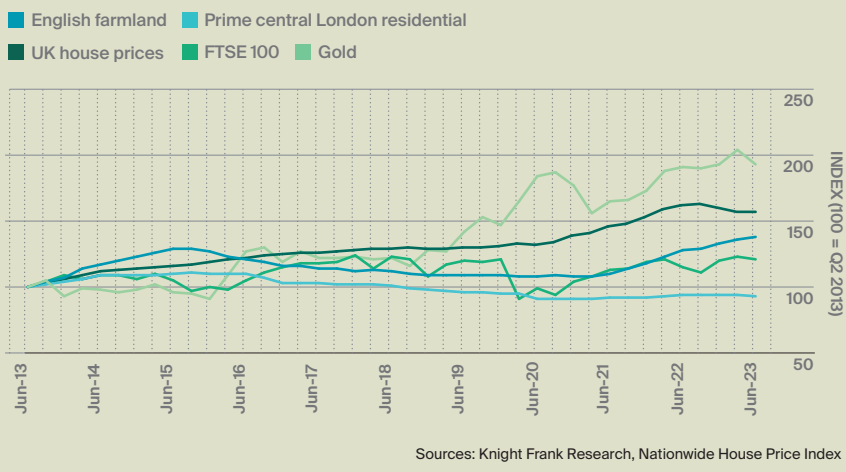


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Farmland 10-year capital growth v other assets



KNIGHT FRANK FARMLAND INDEX

	Quarterly price change	Annual price change	Average value £/Hectare	Average value £/acre
Jun-18	-1%	-2%	£17,729	£7,175
Sep-18	-2%	-4%	£17,408	£7,045
Dec-18	-1%	-3%	£17,223	£6,970
Mar-19	0%	-3%	£17,245	£6,979
Jun-19	1%	-2%	£17,371	£7,030
Sep-19	-1%	-1%	£17,235	£6,975
Dec-19	0%	0%	£17,295	£6,999
Mar-20	-1%	0%	£17,198	£6,960
Jun-20	0%	-1%	£17,211	£6,965
Sep-20	1%	0%	£17,297	£7,000
Dec-20	-1%	-1%	£17,080	£6,912
Mar-21	0%	0%	£17,114	£6,926
Jun-21	2%	1%	£17,458	£7,065
Sep-21	4%	5%	£18,088	£7,320
Dec-21	4%	10%	£18,730	£7,580
Mar-22	4%	14%	£19,459	£7,875
Jun-22	4%	16%	£20,237	£8,190
Sep-22	1%	13%	£20,522	£8,305
Dec-22	3%	13%	£21,127	£8,550
Mar-23	2%	11%	£21,567	£8,728
Jun-23	1%	8%	£21,856	£8,845

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.