

Farmland Index

Q4 2019

PRICE CHANGE

0.3%

3-MONTH CHANGE

0%

12-MONTH CHANGE

-12%

5-YEAR CHANGE

37%

10-YEAR CHANGE

3,628%

50-YEAR CHANGE



Dewlish House

The average price of bare agricultural land in England and Wales rose by 37% in the past 10 years, the slowest rate of growth since 2001, according to the Knight Frank Farmland Index.

Values nudged up very slightly in the final quarter of 2019 to finish the decade just short of the £7,000/acre mark, compared with £5,100/acre at the end of 2009.

To borrow the football pundit's favourite cliché, it has been a decade of two halves. Over the first five years our index recorded growth of 55%, but then in the second period values slid back by 12%, despite hitting a record high of £8,306/acre in Q3 2015.

Farmland initially benefitted from the search for alternative tangible assets by investors in the wake of the global financial crisis, and booming commodity prices. But a slide in cereal and livestock values coupled with economic uncertainty, plus the uncertainty surrounding Brexit led to more muted demand.

So what does the current decade hold?

Again, we could be looking at a mixed bag. The fact we have now left the EU, not to mention the removal of the spectre of a Corbyn-led government, will bring confidence to the market, and we are seeing a bit more enthusiasm to get deals done.

However, until a new trade deal is struck with Europe – hopefully by the end of this year – the farming industry will remain in wait-and-see mode and we are unlikely to see prices move much in either direction.

The big question is how will the new focus on “public money for public goods” in terms of farm support payments affect values? If the government manages to create a genuine market for “natural capital” the impact could be profound and significantly boost the demand for certain types of land.

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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)	143	-16%
OILSEED RAPE (£/T)	335	4%
BEEF (P/KG DW)	340	-7%
LAMB (P/KG DW)	434	5%
MILK (P/LITRE)	28.8	-5%
INPUTS		
RED DIESEL (P/LITRE)	61	-2%
OIL (£/BRL)	51	13%

*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.

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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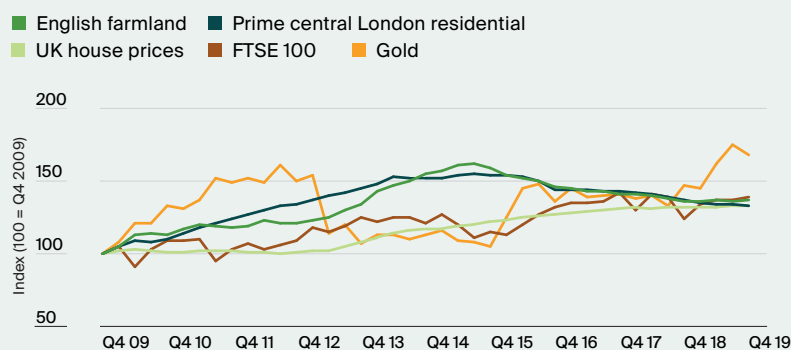
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Farmland 10-year capital growth v other assets



Sources: Knight Frank Research, Nationwide House Price Index

KNIGHT FRANK FARMLAND INDEX

	QUARTERLY PRICE CHANGE	ANNUAL PRICE CHANGE	AVERAGE VALUE £/HECTARE	AVERAGE VALUE £/ACRE
DEC-14	3.1%	15.2%	£19,583	£7,925
MAR-15	1.7%	10%	£19,914	£8,059
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

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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