

## AVERAGE FARMLAND VALUES BREAK £8,000/ACRE AT THE BEGINNING OF 2015

**Even the impending General Election has failed to pull back the farmland market, with prices continuing to rise in the first quarter of the year. Andrew Shirley explains why**

### Farmland performance

<b>3 months</b>	<b>+2%</b>
<b>12 months</b>	<b>+10%</b>
<b>5 years</b>	<b>+49%</b>
<b>10 years</b>	<b>+192%</b>
<b>50 years</b>	<b>+5,042%</b>

The farmland market in England has gained further ground this year with the average price of bare agricultural land rising by almost 2% between January and March to break the £8,000/acre barrier for the first time. An acre is now worth £8,059, according to the Knight Frank Farmland Index.

Values have risen by 10% over the past 12 months and by 192% over the past 10 years. This compares with 10-year capital growth of 138% for the prime central London residential market, 40% for the FTSE 100 (despite the index hitting its own record high earlier this year) and 250% for gold.

An imminent General Election, particularly one with so many possible outcomes, might have been expected to cause the market to pause for breath, but it appears the appeal of farmland is overriding the uncertainty.

The market, however, continues to separate into two clear sub-markets, each with their own distinct performance trends.

Leading from the front are large blocks – ideally over 1,000 acres – of arable land that are being eagerly sought after by

investors. Demand is so strong that prices upwards of £12,000/acre are regularly being paid and even £15,000/acre has been achieved on a number of occasions.

Although East Anglia has traditionally been the main source of investment farmland, buyers are now looking across the country and exceptionally strong results have also been recorded in counties such as Hampshire.

The ability to invest a significant amount of cash into an asset that will not disappear and has good long-term potential for capital growth seems to be the main driver for investors, and the colour of the UK's government is not a major consideration.

For the farmer buyer, low commodity prices are probably of more concern than the General Election. Although they are still prepared to bid strongly to secure extra land, farmers are becoming slightly more cautious above the £10,000/acre mark.

Looking forward, we expect prices to rise on average by a further 6% over the next 12 months.



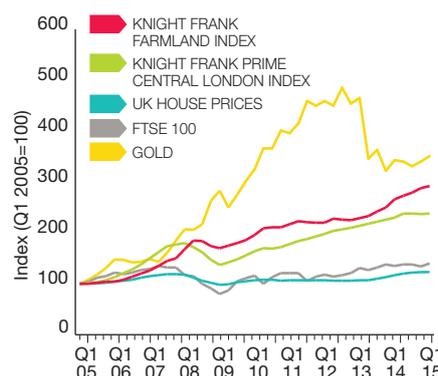
**ANDREW SHIRLEY**  
Head of Rural Research

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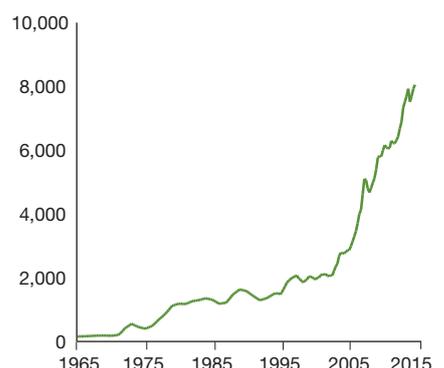
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FIGURE 1  
**Change in capital values**



Source: Knight Frank Rural Research

FIGURE 2  
**50-year farmland performance**  
£/acre



Source: Knight Frank Rural Research

## 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 Farmland Index

	Quarterly price change	Annual price change	Average value £/hectare	Average value £/acre
Mar-10	5.4%	15.5%	£13,336	£5,397
Jun-10	6.9%	19.7%	£14,257	£5,769
Sep-10	0.8%	17.0%	£14,373	£5,816
Dec-10	-0.2%	13.3%	£14,339	£5,803
Mar-11	3.2%	11.0%	£14,803	£5,991
Jun-11	2.8%	6.7%	£15,212	£6,156
Sep-11	-1.0%	4.8%	£15,060	£6,094
Dec-11	-0.8%	4.2%	£14,947	£6,049
Mar-12	0.4%	1.4%	£15,007	£6,073
Jun-12	3.7%	2.3%	£15,556	£6,295
Sep-12	-1.2%	2.1%	£15,369	£6,220
Dec-12	-0.1%	2.7%	£15,354	£6,214
Mar-13	1.5%	3.9%	£15,585	£6,307
Jun-13	1.8%	2.0%	£15,866	£6,421
Sep-13	4.0%	7.4%	£16,501	£6,678
Dec-13	3.1%	10.7%	£17,005	£6,882
Mar-14	6.4%	16.1%	£18,098	£7,324
Jun-14	2.6%	17.1%	£18,574	£7,517
Sep-14	2.3%	15.1%	£19,000	£7,689
Dec-14	3.1%	15.2%	£19,583	£7,925
Mar-15	1.7%	10.0%	£19,914	£8,059

Source: Knight Frank Rural Research

### Key agricultural indicators\*

Commodity prices	Latest	12-month change
<b>Outputs</b>		
Feedwheat (£/t)	118	-30%
Oilseed rape (£/t)	254	-22%
Beef (p/kg dw)	363	-2%
Lamb (p/kg dw)	455	-4%
Milk (p/litre)	27	-20%
<b>Input prices</b>		
Fertiliser (£/t)	289	-3%
Red diesel (p/litre)	49	-27%
Oil (£/bbl)	35	-45%

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 Knight Frank Rural Bulletin or go to [www.knightfrankblog.com/ruralbulletin](http://www.knightfrankblog.com/ruralbulletin)

\*Sources: [www.fwi.co.uk](http://www.fwi.co.uk) [www.dairyco.net](http://www.dairyco.net)



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