

# FARMLAND INDEX

## Q1 2019

## MARKET FLAT, BUT BREXIT BOUNCE MOOTED

Potential buyers and vendors tread water awaiting clarity

The average value of bare agricultural land in England and Wales remained virtually unchanged in the first three months of 2019, according to the Knight Frank Farmland Index.

Values continue to hover just below £7,000/acre – 3% lower than they were 12 months ago and down 5% over five years – but still almost 50% higher than they were a decade ago.

At the time of writing we should have spent the past week outside the EU, but deadlock at Westminster to back Theresa May's Brexit deal or agree on an alternative plan means our departure date remains uncertain.

This lack of clarity means potential vendors and purchasers continue to sit on their hands unless there is an urgent reason to strike a deal. Speaking to a number of my colleagues, there is a feeling that any political decision that could unlock this pent-up demand may lead to a rebound in prices.

That isn't to say values would hit the record heights seen in 2015 when average prices broke the £8,000/acre barrier, but they could easily erase the slide of the past 12 months.

However, land markets across England and Wales will remain highly variable regardless of which way average prices head.

While cereal and milk prices are generally higher than they were 12 months ago, beef and sheep values have fallen.

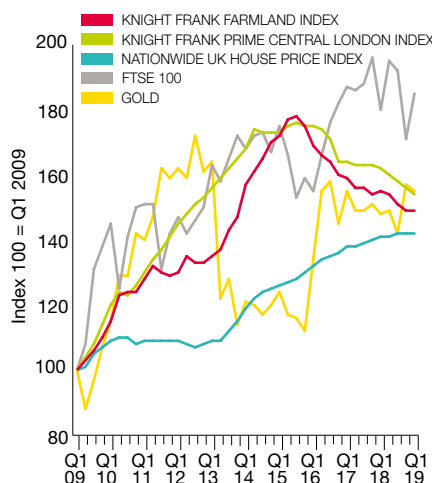
Coupled with the perception that the livestock sector, particularly in upland areas, has

the most to lose from leaving the Common Agricultural Policy, this could further exacerbate the difference between arable and grassland values.

Having said that, rollover relief remains a powerful market driver in certain parts of the country, helping to underpin values for all types of farmland. Where this leads to competition among buyers historically strong prices are still being achieved.

By the time you read this we may have at last, after all the dithering and political infighting, left the EU with or without a deal, but I'm not holding my breath. Land markets will remain in a state of flux without a clear direction for the future.

### FARMLAND 10-YEAR PERFORMANCE VERSUS OTHER ASSETS



Source: Knight Frank Research

## FARMLAND PERFORMANCE

**0.1%**

3-MONTH CHANGE

**-3%**

12-MONTH CHANGE

**-5%**

5-YEAR CHANGE

**49%**

10-YEAR CHANGE

**3,660%**

50-YEAR CHANGE

**“BY THE TIME YOU READ THIS WE MAY HAVE AT LAST, AFTER ALL THE DITHERING AND POLITICAL INFIGHTING, LEFT THE EU WITH OR WITHOUT A DEAL, BUT I’M NOT HOLDING MY BREATH.”**

**Andrew Shirley**, Head of Rural Research  
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*If you would like further insight into rural property markets please do get in touch.*

## KEY AGRICULTURAL INDICATORS\*

Commodity prices	Latest	12-month change
<b>Outputs</b>		
Feedwheat (£/t)	162	12%
Oilseed rape (£/t)	299	6%
Beef (p/kg dw)	347	-7%
Lamb (p/kg dw)	443	-18%
Milk (p/litre)	29.3	3%
<b>Input prices</b>		
Red diesel (p/litre)	62	12%
Oil (£/bbl)	50	10%

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.

\*Sources: [www.fwi.co.uk](http://www.fwi.co.uk) [www.dairy.ahdb.org.uk](http://www.dairy.ahdb.org.uk)



The Patshull Estate, Shropshire/South Staffordshire – three equipped farms, woodland, five farm houses and eight cottages, potential development and sporting potential. In all about 3,583 acres. Guide £32.5m.

## 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.

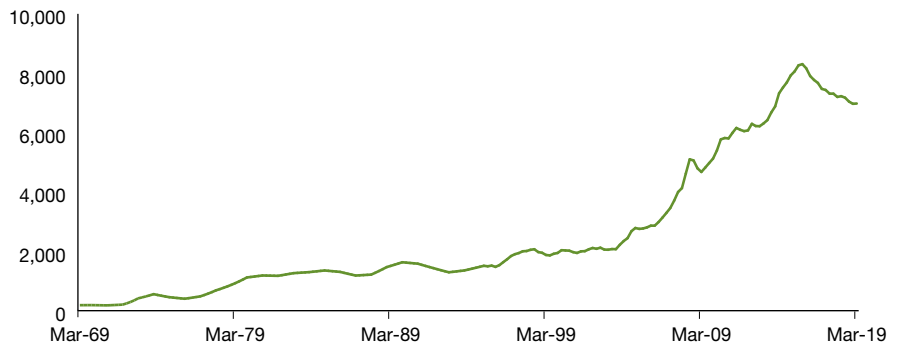
### Please contact us for further information

If you're thinking of selling or buying a farm, estate, or agricultural land we'd love to help

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## LONG-TERM FARMLAND CAPITAL VALUE TRENDS

Average £/acre



Source: Knight Frank Research

## KNIGHT FRANK FARMLAND INDEX

	Quarterly price change	Annual price change	Average value £/hectare	Average value £/acre
Mar-14	6.4%	16.1%	£18,098	£7,324
Jun-14	2.6%	17%	£18,574	£7,517
Sep-14	2.3%	15%	£19,000	£7,689
Dec-14	3.1%	15%	£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

Source: Knight Frank Research

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