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

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Farmland Index

Q1 2020

PRICE CHANGE

-0.6%	0%	-14%	29%	3,651%
3-MONTH CHANGE	12-MONTH CHANGE	5-YEAR CHANGE	10-YEAR CHANGE	50-YEAR CHANGE

Despite the farmland market looking set for a confident start to the decade, the average value of bare agricultural land in England and Wales fell by 0.6% in the first quarter of the year, according to the latest result of the Knight Frank Farmland Index, which now stands at £6,960/acre.

Both buyers and vendors seemed in a more positive frame of mind following the results of the general election with a number of new farms and estates set to be launched.

However, the movement restrictions put in place to combat the Covid-19 outbreak mean the market is now effectively on hold until the summer at the earliest and very little market evidence exists to support a significant move in average values either way.

Assuming farms can be launched by July, we expect values to increase in the third quarter of the year as the pent-up buyer demand rewards those who bring their properties, particularly bare land, to the market quickly.

Over the longer term, values could be supported if investors move towards tangible asset classes, which is what we saw after the 2008 financial crisis. The growing realisation that global supply chains are extremely vulnerable to "black swan" type events may also encourage the government to focus more on food security.

Overall though, I still feel the key driver for the farmland market remains Brexit, both in terms of the shape of the trade deal negotiated with the EU and the impact of exchanging the area-based support provided by the Common Agricultural Policy for environmental payments revolving around the concept of public money for public goods.

But however this pans out, values are likely to become more disparate and localised as soil quality, location, cropping options and the ability to deliver the aforementioned public goods become increasingly important.

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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)	156	-4%
OILSEEED RAPE (£/T)	306	3%
BEEF (P/KG DW)	347	0%
LAMB (P/KG DW)	555	29%
MILK (P/LITRE)	28.8	-1%
INPUTS		
RED DIESEL (P/LITRE)	47	-21%
OIL ($/BRL)	24	-59%

*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.

Cover image: A 1,675-acre block of land in the West Midlands recently sold by Knight Frank.

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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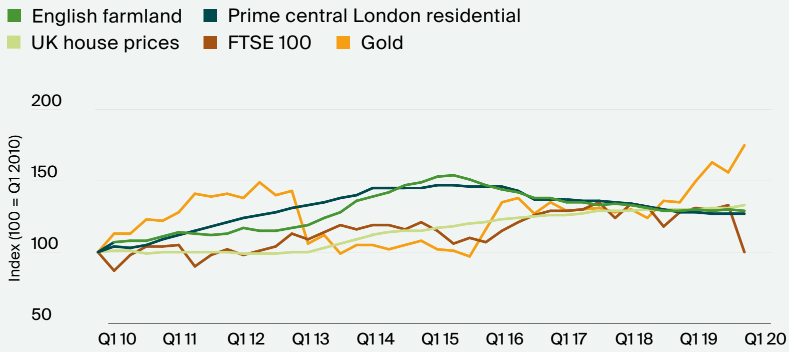
Farmland 10-year capital growth v other assets



Sources: Knight Frank Research, Nationwide House Price Index

KNIGHT FRANK FARMLAND INDEX

	QUARTERLY PRICE CHANGE	ANNUAL PRICE CHANGE	AVERAGE VALUE £/HECTARE	AVERAGE VALUE £/ACRE
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
MAR-20	-0.6%	0%	£17,198	£6,960

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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