

Farmland Index



Q1 2023

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

knightfrank.com/research



PRICE CHANGE

+2%

3-month change

+11%

12-month change

+21%

5-year change

+38%

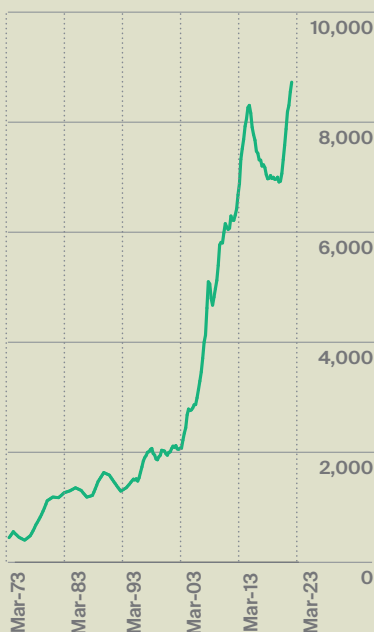
10-year change

+1,854%

50-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research

“Agricultural land, often regarded as a safe haven during uncertain economic times and a good hedge against inflation, remained resilient.”

Andrew Shirley, Head of Rural Research

While residential property markets in London and the countryside started to show some signs of stress in the first three months of 2023, agricultural land, often regarded as a safe haven during uncertain economic times and a good hedge against inflation, remained resilient. Gold, an asset with the same attractions also performed strongly.

According to the Knight Frank Farmland Index, the average value of bare land in England and Wales rose 2% on the quarter and 11% on the year to hit another record high of £8,728/acre. Prices continue to vary significantly, even at a local level, and

farms and blocks of land are regularly selling for over £12,000/acre.

Although supply is up on the year, the volume of land for sale is still at historically low levels while demand remains very firm. Much of the interest is coming from environmentally focussed buyers, including natural capital investors and funds. However, despite much attention from the media, they are far from dominating the market and, more often than not, are being outbid by more ‘traditional’ tax-driven, farmer or amenity buyers.

So far, the imbalance between supply and demand has meant that the increase in the cost of borrowing,

falling agricultural support payments and sliding grain prices appear to have had little impact on the market. However, we do expect the volume of land for sale to continue rising as more farmers approaching retirement take advantage of current market conditions to exit the industry before the next general election and a potential change of government.

There are few signs though that the supply/demand equation will reverse drastically as the nascent environmental markets discussed above continue to build momentum and the tax treatment of land put into 'green' schemes is clarified.

KEY AGRICULTURAL INDICATORS*

	Latest price	Annual change
Outputs		
Feed wheat (£/t)	199	-33%
Oilseed rape (£/t)	385	-51%
Beef (p/kg dw)	496	16%
Lamb (p/kg dw)	551	-3%
Milk (p/litre)	49	39%
Inputs		
Red diesel (p/litre)	77	-27%
Oil (\$/bbl)	74	-30%

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

Cover image: Environmental potential – Llandilo Abercowin, a 283-acre dairy farm on the Taf Estuary with saltmarsh and two farmhouses. Guided at £3.85m.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Farm & Estate sales enquiries

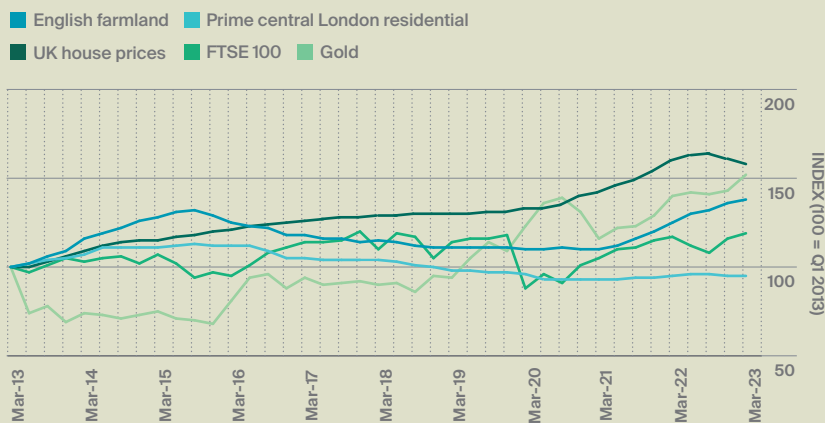
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Farmland 10-year capital growth v other assets



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-18	0%	-3%	£17,856	£7,226
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

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.