

Farmland Index

Q1 2024

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

knightfrank.com/research



PRICE CHANGE

+1%

3-month change

+6%

12-month change

+33%

5-year change

+26%

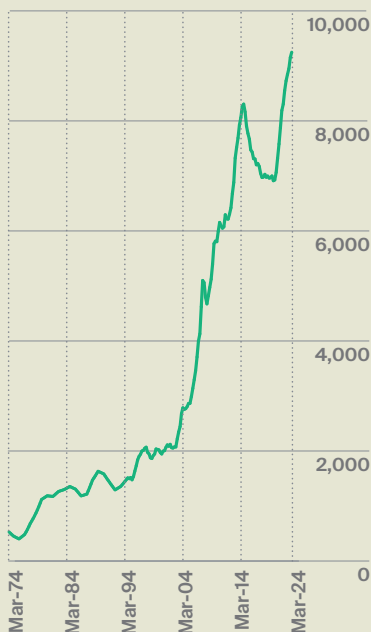
10-year change

+1,647%

50-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research

“The recent announcement by HMRC that farmland allocated to environmental schemes will still qualify for Agricultural Property Relief (APR) on inheritance has provided some reassurance”

Andrew Shirley, Head of Rural Research

Agricultural land values have continued to nudge up in 2024. According to the latest results of the Knight Frank Farmland Index, which tracks the average value of bare land in England and Wales, prices rose by 1% in the first quarter of the year to hit another record high of £9,250/acre.

On an annual basis values are up 6%, outperforming the FTSE 100 (+4%), UK house prices (+1%) and luxury London residential (-2%). Only gold (+11%), which has enjoyed a New Year surge of 9%, did better.

The outlook for the rest of the year will be driven by a number of competing factors.

On the positive side, the recent announcement by HMRC that farmland allocated to environmental schemes will still qualify for Agricultural Property Relief (APR) on inheritance has provided some reassurance for the market and could encourage more “green” purchases, especially as the government has boosted the value of its new environmental schemes.

Buyers with rollover tax liabilities to mitigate also remain active players and, despite a spring uptick in the volume of publicly available land, we don’t predict a huge overall increase during the year.

More bearish drivers include the sharp tapering of the EU-era Basic

Payment Scheme (BPS) subsidy system, which propped up the bottom line of many farm businesses, not to mention the impact of the wet weather and generally declining agricultural commodity prices. The forthcoming general election could also dampen the enthusiasm of both vendors and purchasers.

Overall, however, we feel that the imbalance between supply and demand that has supported agricultural land values over the past few years will not shift significantly in 2024. Prices will therefore remain in a fairly narrow channel for the rest of the year.

KEY AGRICULTURAL INDICATORS*

	Latest price	Annual change
Outputs		
Feed wheat (£/t)	168	-11%
Oilseed rape (£/t)	360	-6%
Beef (p/kg dw)	497	0%
Lamb (p/kg dw)	822	40%
Milk (p/litre)	37	-14%
Inputs		
Red diesel (p/litre)	80	5%
Oil (\$/bbl)	85	6%

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

Cover image: Cutlers Farm, Warwickshire - a 326-acre mixed farm with commercial property income. Guide price of £6.5 million.

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

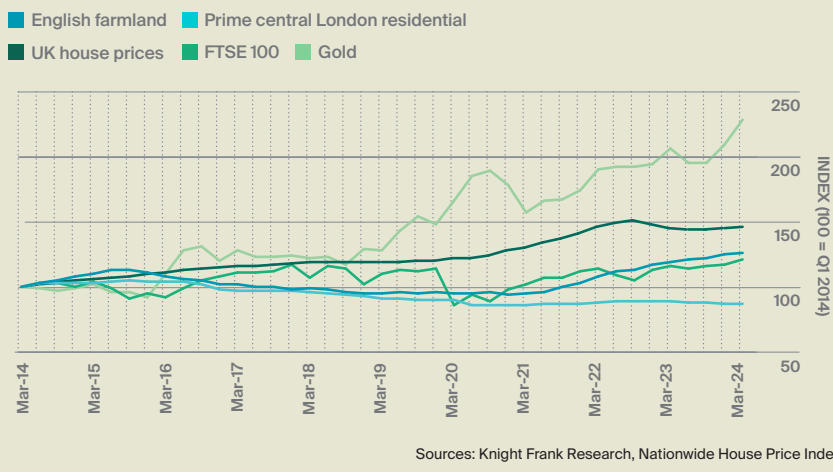


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Farmland 10-year capital growth v other assets



KNIGHT FRANK FARMLAND INDEX

	Quarterly price change	Annual price change	Average value £/Hectare	Average value £/acre
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
Jun-23	1%	8%	£21,856	£8,845
Sep-23	1%	8%	£22,118	£8,951
Dec-23	2%	7%	£22,615	£9,152
Mar-24	1%	6%	£22,857	£9,250

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 and Wales. 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.