

FARMLAND INDEX

Q2 2019



VALUE EDGES UP AS SUPPLY REMAINS FLAT

Market moves on despite uncertainty

The average price of bare agricultural land in England and Wales has nudged back above £7,000/acre, according to the Knight Frank Farmland Index.

Values rose by 0.7% in the second quarter of the year to £7,030, reducing the decline over the past 12 months to just 2%. Prices have fallen 14% since the peak of the market in Q3 2015, but are still almost 50% higher than they were a decade ago.

A limited amount of land and farms for sale – the acreage advertised publically so far this year in Farmers Weekly is slightly down on 2018 – and continued demand from a range of buyers, including farm businesses, those with rollover relief and lifestyle purchasers, have combined to offset the lack of clarity around Brexit.

The majority of farms that Knight Frank has launched this year are attracting good levels of interest, but Brexit and uncertainty over the UK’s wider political future mean potential buyers are often sitting on the fence. However, an offer from one interested party can often be the catalyst for others to make a move.

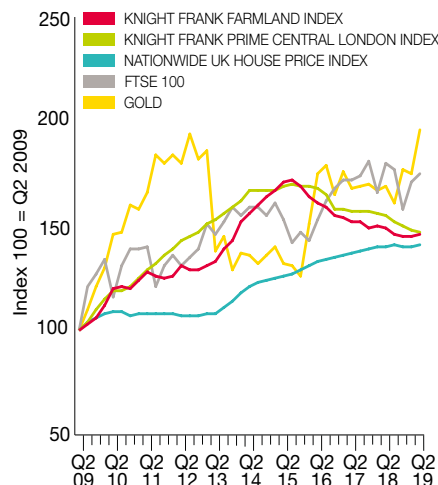
For example, competitive bidding meant the guide price was exceeded recently on a good-sized farm in the south west.

The market remains unpredictable and highly polarised, however. But large blocks of quality agricultural land and out-and-out farms are attracting most interest due to their scarcity. When priced according to

market conditions, these are selling well as many forward-thinking and innovative farming businesses are looking beyond Brexit in terms of strategic planning.

However, it would be overly optimistic to claim that the Q2 jump in average prices is the beginning of a more significant period of price growth. Much will still depend on if and how Brexit is delivered later this year and how the UK’s next governments decide to target the support for agriculture and the environment.

FARMLAND 10-YEAR PERFORMANCE V OTHER ASSETS



Source: Knight Frank Research

FARMLAND PERFORMANCE

0.7%

3-MONTH CHANGE

-2%

12-MONTH CHANGE

-6%

5-YEAR CHANGE

46%

10-YEAR CHANGE

3,673%

50-YEAR CHANGE

“MANY FORWARD-THINKING AND INNOVATIVE FARMING BUSINESSES ARE LOOKING BEYOND BREXIT IN TERMS OF STRATEGIC PLANNING.”

Andrew Shirley, Head of Rural Research
andrew.shirley@knightfrank.com

If you would like further insight into rural property markets please do get in touch.

KEY AGRICULTURAL INDICATORS*

Commodity prices	Latest	12-month change
Outputs		
Feedwheat (£/t)	147	-9%
Oilseed rape (£/t)	306	7%
Beef (p/kg dw)	347	-9%
Lamb (p/kg dw)	452	-13%
Milk (p/litre)	27.0	-2%
Input prices		
Red diesel (p/litre)	65	2%
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 www.dairy.ahdb.org.uk



Dinmore Manor, Herefordshire. A 1,468-acre estate with extensive residential and agricultural opportunities. Guided at £28m.

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.

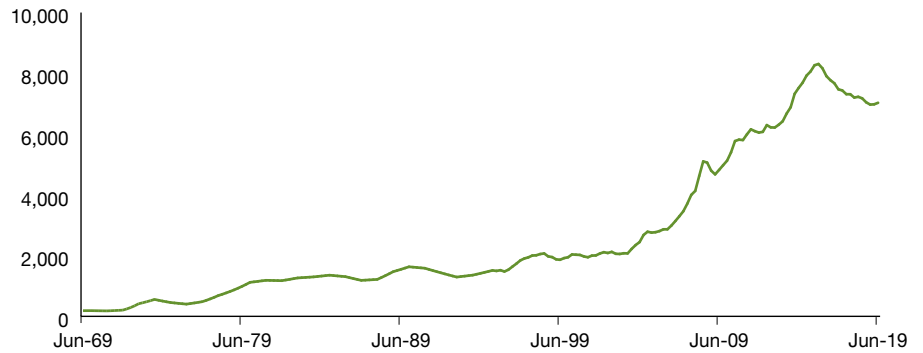
Please contact us for further information

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

Clive Hopkins
+44 20 7861 1064
clive.hopkins@knightfrank.com

HISTORIC FARMLAND PERFORMANCE

Average £/acre



Source: Knight Frank Research

KNIGHT FRANK FARMLAND INDEX

	Quarterly price change	Annual price change	Average value £/hectare	Average value £/acre
Jun-14	2.6%	17.1%	£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
Jun-19	0.7%	-2%	£17,371	£7,030

Source: Knight Frank Research

Important Notice. © Knight Frank LLP 2019 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.