

Farmland Index

Q1 2022

PRICE CHANGE

4% 3-MONTH CHANGE	14% 12-MONTH CHANGE	6% 5-YEAR CHANGE	30% 10-YEAR CHANGE	3,130% 50-YEAR CHANGE
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Farmland values spiked by almost 500% during the '70s, so could we see something similar happen now?
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ANDREW SHIRLEY
 HEAD OF RURAL RESEARCH

The average value of farmland is rising at the fastest rate since 2014. According to the latest results from the Knight Frank Farmland Index, the price of bare land rose by almost 4% in the first quarter of this year, while annual growth hit 14%.

This compares favourably with the basket of other investment classes that we track (see page 2). Only gold, which has seen a typical “safe-haven” bounce off the back of the Russian invasion of Ukraine, has performed more strongly over the past 12 months.

A lack of supply and strong demand from a wide range of purchasers, particularly rollover and conservation-motivated buyers, continue to support prices. The volume of publicly advertised land for sale so far this year is about 50% below the levels seen in 2021, itself an historically sparse year.

Several additional dynamics that could lend momentum to the market have also emerged. Following the surge in commodity and energy prices (see page 2) created by

the war in Ukraine – around a third of the world’s grain exports are shipped from Black Sea ports – inflation is spiralling and food security has risen to the top of the political agenda.

As many economic commentators are pointing out, we are now in a situation some claim is reminiscent of the 1970s when inflation also soared. During such periods, investors often seek out assets classes that act as inflationary hedges. Gold is one, but farmland, which generates a steady income stream and is subject to less price volatility, is arguably a better option.

Values spiked by almost 500% during the ‘70s, so could we see something similar happen now? Probably not to that extent as farmland prices already carry a substantial premium above their productive capacity. However, there is certainly the potential for investors to start looking at agricultural land in a new light as both an insurance against inflation and as a source of environmental and carbon credits.



KEY AGRICULTURAL INDICATORS*

LATEST PRICE ANNUAL CHANGE

OUTPUTS

FEEDWHEAT (£/T)	301	54%
OILSEED RAPE (£/T)	823	88%
BEEF (P/KG DW)	424	7%
LAMB (P/KG DW)	570	-11%
MILK (P/LITRE)	36	21%

INPUTS

RED DIESEL (P/LITRE)	109	110%
OIL (\$/BRL)	111	85%

*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 commodities and markets, please request a copy of *The Rural Report*, our magazine for rural property owners, or sign up to our weekly Rural Update.

Cover image: The Roundtown Estate, Hackwood Park, Hampshire. A 1,011-acre farming sold under competition for over its £13.8m guide price.

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



Farms & Estate enquiries

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Research enquiries

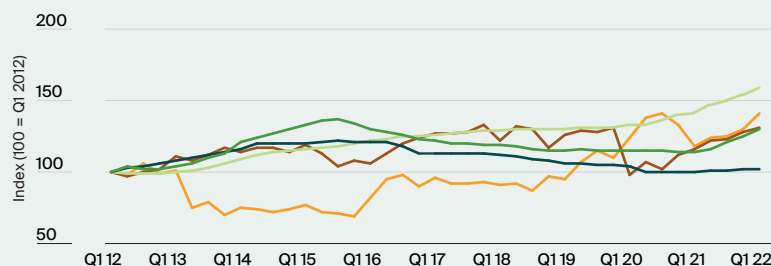
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Farmland 10-year capital growth v other assets

English farmland Prime central London residential
UK house prices FTSE 100 Gold



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-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
JUN-20	0.1%	-1%	£17,211	£6,965
SEP-20	0.5%	0%	£17,297	£7,000
DEC-20	-1.3%	-1%	£17,080	£6,912
MAR-21	0.2%	0%	£17,114	£6,926
JUN-21	2.0%	1%	£17,458	£7,065
SEP-21	3.6%	5%	£18,088	£7,320
DEC-21	3.6%	10%	£18,730	£7,580
MAR-22	3.9%	14%	£19,459	£7,875

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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