

# Farmland Index

Q2 2022

PRICE CHANGE



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**This is the strongest rate of annual growth since 2014 outperforming other property markets, equity values and matched only by gold**

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ANDREW SHIRLEY  
HEAD OF RURAL RESEARCH

Agricultural land values are almost back to the record highs seen at the end of 2015.

The average value of bare farmland in England and Wales increased by a further 4% to £8,190/acre in the second quarter of 2022, according to the Knight Frank Farmland Index. This is just shy of the previous peak of £8,306/acre.

Prices have risen by 8% so far this year and 16% over the past 12 months. This is the strongest rate of annual growth since 2014, outperforming other property asset classes, equity values and matched only by gold (see chart over page).

A lack of supply and strong demand continue to support values. Only 34,000 acres of land have been advertised so far this year in *Farmers Weekly*, according to the magazine's Land Tracker – an 11% drop on the volumes seen in 2021, which was already a record low.

Competition from a wide range of buyers for this paucity of acres means guide prices are often being exceeded with values reaching as high as £20,000/

acre. Three small blocks of land that recently sold in the Cotswolds went for almost double their estimate, reports a colleague based in the region.

Tax-driven buyers looking to reinvest the proceeds from development or compulsory purchase sales remain significant players, but they are having to increasingly fight off interest from the growing number of environmentally motivated purchasers.

Some of these are looking at farmland with an altruistic eye and hope to boost biodiversity and make more space for nature via rewilding or other wildlife-friendly land management practices. Others are focusing more on alternative revenue streams such as carbon payments derived from tree planting or soil management schemes.

In the short to medium term this imbalance between supply and demand looks unlikely to shift meaning more upwards pressure on prices, especially as new environmental schemes and regulations, such as biodiversity net gain and nutrient neutrality, kick in.

Historical farmland performance £/acre



Source: Knight Frank Research

## KEY AGRICULTURAL INDICATORS\*

LATEST PRICE ANNUAL CHANGE

### OUTPUTS

FEEDWHEAT (£/T)	271	42%
OILSEED RAPE (£/T)	596	20%
BEEF (P/KG DW)	451	12%
LAMB (P/KG DW)	660	4%
MILK (P/LITRE)	37	27%

### INPUTS

RED DIESEL (P/LITRE)	120	107%
OIL (\$/BRL)	105	44%

\*Sources: [www.fwi.co.uk](http://www.fwi.co.uk) [www.dairy.ahdb.org.uk](http://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: Upper House Farm, Bacton, Hereford, is a 178-acre pasture farm priced at £2.5 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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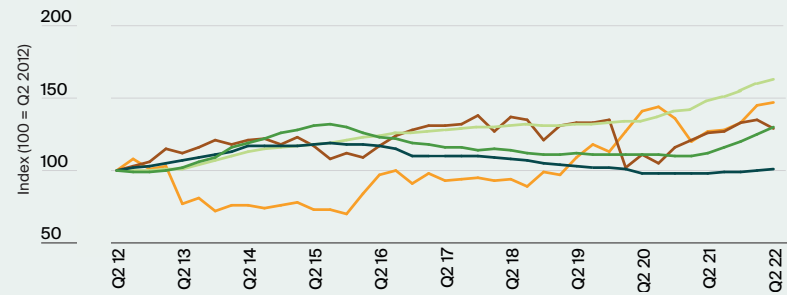
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## Farmland 10-year capital growth v other assets

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
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
JUN-22	4.0%	16%	£20,237	£8,190

## 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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