

Farmland Index

Q2 2024

The Knight Frank Farmland Index tracks the average price of bare agricultural land (arable and pasture) across England and Wales. The index is based on the opinions of Knight Frank's expert valuers and negotiators, taking into account recent sales evidence, local market knowledge, and client and industry sentiment.

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General election fails to dent farmland allure

- The market for farmland may have slowed in the run up to the general election, but prices remain robust

The market for bare farmland remained stable in the second quarter of the year, according to the latest results from the Knight Frank Farmland Index, which tracks the value of bare agricultural land in England and Wales.

Average values edged up by almost 1% to hit another record high of £9,335/acre. Over the past 12 months prices have risen by over 5.5%, comfortably outperforming other property classes such as prime central London residential (-2.4%) and the wider UK housing market (+2.3%). Although the FTSE 100 equities index has had a better year (+9.6%) than farmland, over the longer-term its growth has been less impressive: +10.5% compared with a rise of 33% for agricultural land.

Although, as discussed below by Will Matthews our Head of Farms & Estates, the UK general election unsurprisingly caused a lot of people to put their property plans on hold for a while, the farmland market remains robust from a supply and demand perspective.

The volume of land put up for sale so far this year has increased

compared with 2023 but is still at historically low levels. According to the Farmers Weekly Land Tracker, which keeps tabs on publicly advertised farmland sales, under 50,000 acres had come to the market by the end of June.

Regardless of the concerns that some wealthy individuals have over the intentions of a Labour government when it comes to taxation, many of the factors supporting the farmland market are unlikely to disappear. The introduction earlier this year of biodiversity net gain requirements for all property developments is already encouraging yet more interest from green investors in farmland that could potentially be used to create valuable BNG credits.

And with Sir Kier Starmer publicly stating that he wants to turbocharge housebuilding in the UK with the delivery of 1.5 million new homes in his first term of office, not to mention a significant uplift in the construction of new onshore wind and solar projects, as well as ambitious tree-planting targets, the hunger for farmland should quickly resume.

PRICE CHANGE

+0.9%
3-month change

+5.5%
12-month change

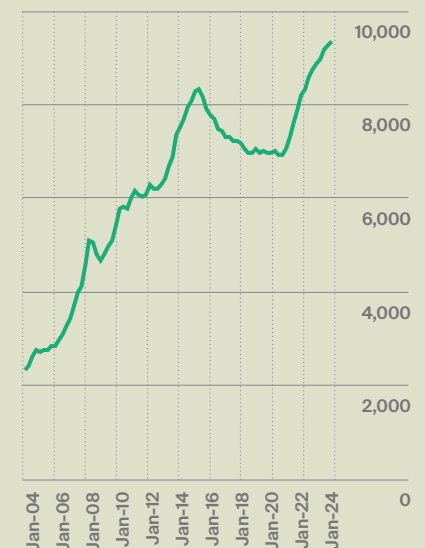
+32.8%
5-year change

+24.2%
10-year change

+282.0%
20-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research



On the market: Bowland Estate, Stow, Scottish Borders – one of the finest estates in the Scottish Borders with a large residential portfolio and over 8,000 acres of in hand land with significant agricultural and natural capital opportunities.

EXPERT COMMENT



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It is becoming increasingly hard to say how much farmland will sell for because the prices we are achieving vary so widely. There are so many factors influencing the market, from tax planning to environmental aspirations, that every parcel of land or farm that comes up for sale exists in its own microclimate that will determine its value to the eventual purchaser. For example, we have recently sold a very large block of land for over £20,000/acre and a smaller, but still sizeable, holding for around £45,000/acre. Conversely, some blocks have sold for closer to £10,000. It's generally a given that property markets tend to slow down in the run up to big political events and this general election has proved to be no different with potential buyers and vendors sitting on their hands. What impact the change of government might have on the farmland market remains to be seen.

FARMLAND CAPITAL GROWTH VS ALTERNATIVE ASSETS

Rate of change over:

	1 year	5 years	10 years
Farmland (England & Wales)	5.5%	32.8%	24.2%
Prime central London residential	-2.4%	-4.9%	-15.6%
UK residential	1.3%	22.9%	41.7%
Gold	21.7%	65.4%	77.0%
Global equities (S&P Global 100)	29.6%	99.5%	148.1%
UK equities (FTSE 100)	9.6%	10.5%	21.0%

Source: Knight Frank, Macrobond

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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KNIGHT FRANK FARMLAND INDEX

	Average value £/acre	Average value £/Hectare	Annual price change	Quarterly price change
2019 Q2	£7,030	£17,372	-2.0%	0.7%
2019 Q3	£6,975	£17,236	-1.0%	-0.8%
2019 Q4	£6,999	£17,295	0.4%	0.3%
2020 Q1	£6,960	£17,199	-0.3%	-0.6%
2020 Q2	£6,965	£17,211	-0.9%	0.1%
2020 Q3	£7,000	£17,297	0.4%	0.5%
2020 Q4	£6,912	£17,080	-1.2%	-1.3%
2021 Q1	£6,933	£17,132	-0.4%	0.3%
2021 Q2	£7,065	£17,458	1.4%	1.9%
2021 Q3	£7,320	£18,088	4.6%	3.6%
2021 Q4	£7,580	£18,731	9.7%	3.6%
2022 Q1	£7,875	£19,460	13.6%	3.9%
2022 Q2	£8,190	£20,238	15.9%	4.0%
2022 Q3	£8,305	£20,522	13.5%	1.4%
2022 Q4	£8,550	£21,128	12.8%	3.0%
2023 Q1	£8,728	£21,567	10.8%	2.1%
2023 Q2	£8,845	£21,856	8.0%	1.3%
2023 Q3	£8,951	£22,118	7.8%	1.2%
2023 Q4	£9,152	£22,615	7.0%	2.2%
2024 Q1	£9,250	£22,857	6.0%	1.1%
2024 Q2	£9,335	£23,067	5.5%	0.9%