

Farmland Index

Q3 2020

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PRICE CHANGE

0.5%

3-MONTH CHANGE

0%

12-MONTH CHANGE

-16%

5-YEAR CHANGE

20%

10-YEAR CHANGE

3,762%

50-YEAR CHANGE



The average price of bare agricultural land in England and Wales hit £7,000/acre for the first time in over a year during the third quarter of 2020, according to the Knight Frank Farmland Index.

Values rose by 0.5% between June and the September, but due to a small dip at the beginning of the year are only slightly up on year-ago levels. Over a five-year period the index has slipped by 16%, but it is still 20% higher than it was a decade ago.

A shortage of availability due to the Covid-19 pandemic – according to the Farmers Weekly Land Tracker the amount of land launched is down 41% so far year on year – and pent-up demand has helped to keep values steady, despite the prevailing Brexit uncertainty.

Farmers, often backed up by rollover funds, are still the main purchasing group, accounting for 41% of buyers, with lifestyle purchasers

making up 36% of the market. Investors were involved in almost 20% of deals.

A number of deals are still comfortably breaking the £10,000/acre barrier as buyers bid competitively for the few large blocks of quality land, that have been put up for sale. There has, for example, been strong interest in recently launched 1,408-acre Ogbourne Down in Wiltshire.

The outlook for the next 12 months will depend on whether the UK eventually makes a trade deal with the EU and also on the outcome of Chancellor Rishi Sunak's delayed budget, which is now not due to be presented until the spring.

However, with potential vendors still reticent about bringing their farms to market, average values should hold their own in the short term. A no-deal Brexit could even make UK land more attractive to overseas investors if the pound continues to lose ground against the euro.

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ANDREW SHIRLEY
HEAD OF RURAL RESEARCH

Historical farmland performance £/acre



Source: Knight Frank Research

KEY AGRICULTURAL INDICATORS*

LATEST PRICE ANNUAL CHANGE

OUTPUTS

FEEDWHEAT (£/T)	175	38%
OILSEED RAPE (£/T)	346	5%
BEEF (P/KG DW)	383	14%
LAMB (P/KG DW)	464	24%
MILK (P/LITRE)	28	-6%

INPUTS

RED DIESEL (P/LITRE)	41	-31%
OIL (\$/BRL)	40	-30%

*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 commodity and input markets, please request a copy of *The Rural Report*, our magazine for rural property owners.

Cover image: 1,408-acre Ogbourne Down, Wiltshire. Guided at £15 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.



Farms & Estate enquiries

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Research enquiries

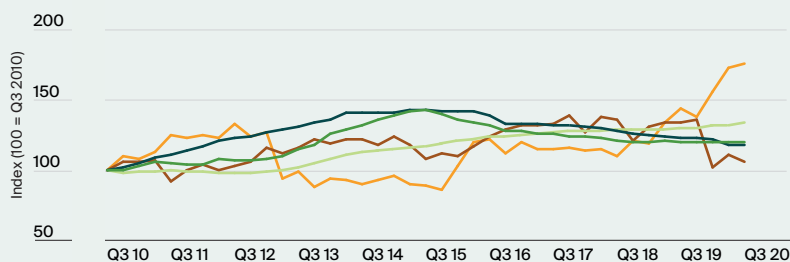
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Farmland 10-year capital growth v other assets

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
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
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

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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