

Farmland Index

Q3 2023

The Knight Frank Farmland Index tracks the value of bare agricultural land in England and Wales

knightfrank.com/research



PRICE CHANGE

+1%

3-month change

+8%

12-month change

+27%

5-year change

+34%

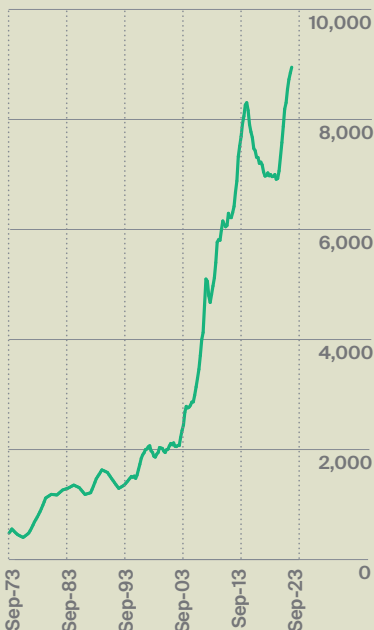
10-year change

+1,630%

50-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research

“It does appear as if the farmland market is at, or very close, to its near-term peak.”

Andrew Shirley, Head of Rural Research

The price of bare agricultural land in England and Wales rose by 1% to hit another record high in the third quarter of 2023, according to the latest instalment of the Knight Frank Farmland Index.

On average, an acre of land is now worth £8,951. This represents an 8% rise on the year, just ahead of the latest inflation figures of 6.7%. Of the other asset classes we track, only the FTSE 100 index (+10%) has outperformed farmland over the past 12 months. Looking back five years, farmland values have risen by 27%, bested only by gold (+67%).

It does, however, appear as if the farmland market is at, or very close,

to its near-term peak. Average values may hit £9,000/acre by the end of the year, but after that 2024 looks set to be a period of consolidation as supply and demand become more balanced. Property markets also generally tread water in a General Election year.

The volume of publicly advertised farmland is up by a quarter so far this year to around 80,000 acres, but this is still well below historical levels and there are few signs of a vast increase over the next 12 months, despite ongoing reductions in the amount of direct support payments that farmers are receiving from the government.

Demand remains strong, particularly from farmers who have sold land or had it compulsorily purchased for housing developments and infrastructure projects like HS2 and need to “rollover” any capital gains into new investments. In localised cases, this has driven prices over £15,000/acre.

Environmental buyers are still in the market but are reportedly becoming slightly less active due to a lack of clarity around the development of nature-based finance frameworks in the UK.

KEY AGRICULTURAL INDICATORS*

	Latest price	Annual change
Outputs		
Feed wheat (£/t)	184	-33%
Oilseed rape (£/t)	347	-32%
Beef (p/kg dw)	492	9%
Lamb (p/kg dw)	533	1%
Milk (p/litre)	36	-26%
Inputs		
Red diesel (p/litre)	88	-14%
Oil (\$/bbl)	91	17%

*Sources: www.fwi.co.uk, www.ahdb.org.uk

Cover image: Stockwell Farm, near Cowley, Gloucestershire runs to almost 900 acres and includes a six-bed house and 150,000sq ft of modern buildings. It is guided at £18.5 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.



Farm & Estate sales enquiries

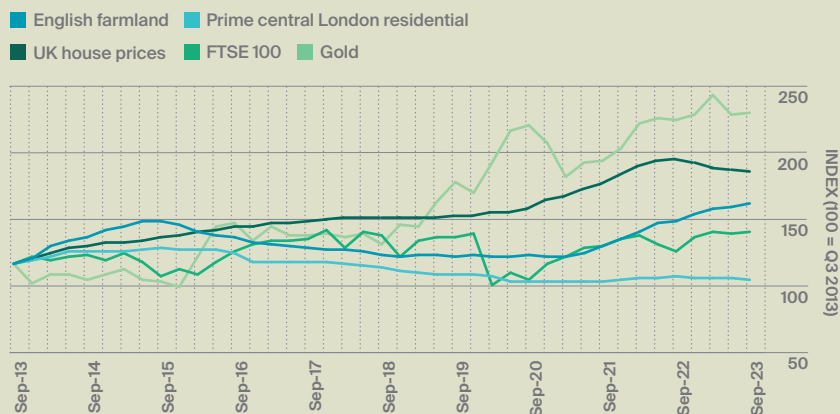
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Farmland 10-year capital growth v other assets



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-18	-2%	-4%	£17,408	£7,045
Dec-18	-1%	-3%	£17,223	£6,970
Mar-19	0%	-3%	£17,245	£6,979
Jun-19	1%	-2%	£17,371	£7,030
Sep-19	-1%	-1%	£17,235	£6,975
Dec-19	0%	0%	£17,295	£6,999
Mar-20	-1%	0%	£17,198	£6,960
Jun-20	0%	-1%	£17,211	£6,965
Sep-20	1%	0%	£17,297	£7,000
Dec-20	-1%	-1%	£17,080	£6,912
Mar-21	0%	0%	£17,114	£6,926
Jun-21	2%	1%	£17,458	£7,065
Sep-21	4%	5%	£18,088	£7,320
Dec-21	4%	10%	£18,730	£7,580
Mar-22	4%	14%	£19,459	£7,875
Jun-22	4%	16%	£20,237	£8,190
Sep-22	1%	13%	£20,522	£8,305
Dec-22	3%	13%	£21,127	£8,550
Mar-23	2%	11%	£21,567	£8,728
Jun-23	1%	8%	£21,856	£8,845
Sep-23	1%	8%	£22,118	£8,951

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 and Wales. 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.