

# Farmland Index

Q3 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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## Budget concerns slow farmland gains

- The market for agricultural land in England and Wales has stalled in the run-up to Labour's first budget at the end of October

The market for farmland virtually flatlined in the third quarter of 2024, 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 a fraction of a percent – the equivalent of just £16/acre – to hit £9,351/acre. Although this represents another record high for the index it also appears to mark the end of a bull run that started at the beginning of 2021 and has seen farmland rise in value by over a third.

Price growth peaked at the end of the second quarter in 2022 when the annual increase hit 16% and the three-month figure alone was 4%. Since then, however, the market has slowly been losing its exuberance.

July's earlier-than-expected general election put a damper on the peak summer selling season, which was just getting into gear after the extremely wet spring delayed the sale of some farms and estates.

While it might have been expected that some sense of normality would return following the election and

August's much-needed drop in interest rates, the spectre of Labour's first budget, due to be delivered by Chancellor Rachel Reeves on 30th October, is hanging over the market.

Prior to the general election senior Labour ministers had proclaimed that some of the tax-planning measures, such as Agricultural Property Relief, that enable farms to be passed on to the next generation without incurring a huge tax bill, were not under threat. But there are worries this might not be the case given the infamous £22 billion fiscal blackhole Ms Reeves says she has to fill.

As a result, relatively few vendors seem inclined to test the market. The amount of land publicly advertised so far this year is down on 2023, which saw a relatively low supply itself.

However, as Will Matthews, our Head of Farms & Estate sales, points out deals are still being done with some very strong values being achieved. On an annual basis, agricultural land has also outperformed the mainstream and luxury housing markets.

### PRICE CHANGE

**+0.2%**  
3-month change

**+4.5%**  
12-month change

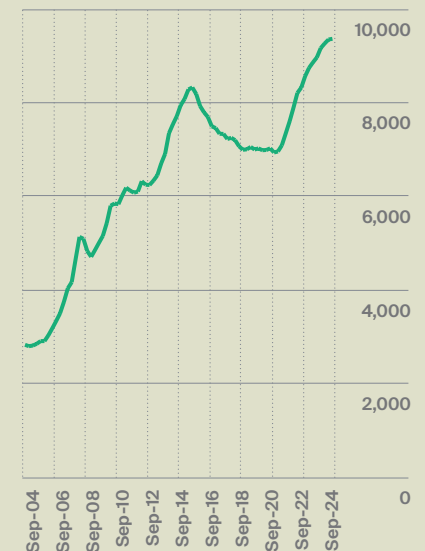
**+34.1%**  
5-year change

**+21.6%**  
10-year change

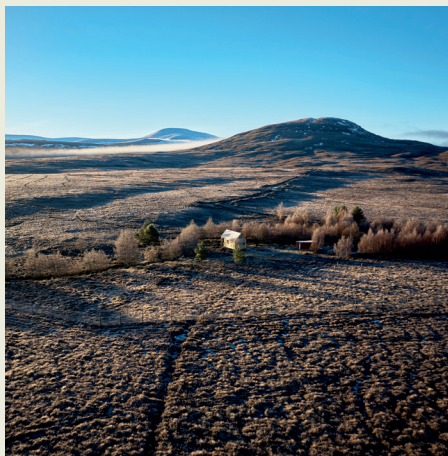
**+249.2%**  
20-year change

### Historical farmland performance

Price (£/acre)



Source: Knight Frank Research



**On the market:** Far Ralia offers one of the largest quantified carbon sequestration opportunities in the UK, with a tree planting programme opportunity of close to 1.5 million trees. There is an unparalleled reforestation and decarbonisation project fully funded and approved, with planting underway, with 75% of the trees now planted with 4 of the 5 planting compartments completed.

## EXPERT COMMENT



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It is so tough to talk about the market as a whole because at the moment there are such huge regional disparities it almost seems as if every acre across the country exists in its own microclimate. Land is trading where it trades.

People definitely have an eye on the budget later this month and the market for residentially driven sales above £5 million has noticeably slowed as people worry about a potential hike in Capital Gains Tax.

Because there are very few people who have to sell, relatively little land has come up for sale publicly. Vendors are reluctant to test the market if they don't have to, often assuming there is limited demand.

However, large blocks of land unencumbered with houses are selling for strong prices, often to non-UK buyers. I have had interest at almost £30,000/acre for a parcel of several hundred acres in the south of England, and know of land selling for even more to a purchaser looking to plant vines.

Hopefully, the budget won't deliver some of the tax hikes that are being predicted, but even then, I don't expect things to resume with any sense of urgency until next spring.

## FARMLAND CAPITAL GROWTH VS ALTERNATIVE ASSETS

Rate of change over:

	1 year	5 years	10 years
<b>Farmland (England &amp; Wales)</b>	4.5%	34.1%	21.6%
<b>Prime central London residential</b>	-2.1%	-4.9%	-16.8%
<b>UK residential</b>	3.2%	23.6%	41.3%
<b>Gold</b>	41.8%	77.6%	118.1%
<b>Global equities (S&amp;P Global 100)</b>	35.7%	101.3%	155.4%
<b>UK equities (FTSE 100)</b>	9.6%	12.0%	25.1%

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 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%
2024 Q3	£9,351	£23,107	4.5%	0.2%