

Farmland Index

Q4 2020

knightfrank.co.uk/research

PRICE CHANGE

-1%
3-MONTH CHANGE

-1%
12-MONTH CHANGE

-15%
5-YEAR CHANGE

19%
10-YEAR CHANGE

3,758%
50-YEAR CHANGE



The average price of bare agricultural land in England and Wales dipped back below £7,000/acre during the fourth quarter of 2020 to end the year 1% lower, according to the Knight Frank Farmland Index.

Given the uncertainty regarding a Brexit trade deal, which dragged on until Christmas Eve when agreement was eventually reached between the UK and EU, and the impact of Covid-19 on the market – the amount of land publicly advertised in *Farmers Weekly* dropped 34% during the year to a paltry 64,000 acres – this was a fairly resilient performance.

Low supply generally buoys prices, but the market needs a critical mass of sales to instil confidence into potential vendors and sellers. There were, however, a number of strong prices achieved with values exceeding £10,000/acre.

Prospects for 2021 look relatively strong with wheat prices back over

£200/t for the first time in seven years and the property market permitted to continue through the latest lockdown. Boris Johnson's aforementioned last-minute trade deal with Europe will also have calmed a few nerves.

Despite this, farmers will still be alive to the other significant implication of Brexit – the gradual removal of their Basic Payments, which will be replaced, albeit not in full, with the Environmental Land Management Scheme (Elms). This will make them cautious buyers unless driven by rollover relief and other tax issues.

Talking of tax, all eyes will be on the outcome of Rishi Sunak's delayed Budget, which is finally expected to be delivered on 3 March. With the costs of the Covid-19 pandemic to be covered, some property-based tax reliefs could be under threat.

However, I still believe that there are enough forward-thinking entrepreneurial farmers and estates to ensure that the farmland market remains resilient.

◆◆
**Entrepreneurial farmers
will be looking to a future
outside the Common
Agricultural Policy with
enthusiasm**
◆◆

ANDREW SHIRLEY
HEAD OF RURAL RESEARCH

Historical farmland performance £/acre



Source: Knight Frank Research

KEY AGRICULTURAL INDICATORS*

LATEST PRICE ANNUAL CHANGE

OUTPUTS

FEEDWHEAT (£/T)	201	40%
OILSEED RAPE (£/T)	376	11%
BEEF (P/KG DW)	379	11%
LAMB (P/KG DW)	487	8%
MILK (P/LITRE)	31	4%

INPUTS

RED DIESEL (P/LITRE)	47	-20%
OIL (\$/BRL)	50	-21%

*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 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: The Harston Estate – a mainly let 776-acre estate near Grantham, Leicestershire. Guide price £9 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

Clive Hopkins

+44 20 7861 1064

clive.hopkins@knightfrank.com



Research enquiries

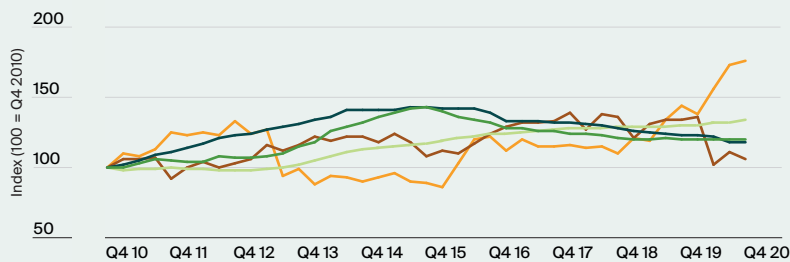
Andrew Shirley

+44 20 7167 2498

andrew.shirley@knightfrank.com

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
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
DEC-20	-1.3%	-1%	£17,080	£6,912

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.

Knight Frank research reports are available at
knightfrank.com/research



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. © Knight Frank LLP 2020. Terms of use: This report is published for general information only and not to be relied upon in any way. All information is for personal use only and should not be used in any part for commercial third party use. By continuing to access the report, it is recognised that a licence is granted only to use the reports and all content therein in this way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written approval from Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.