

Farmland Index

Q4 2022

PRICE CHANGE

3%

3-MONTH CHANGE

13%

12-MONTH CHANGE

19%

5-YEAR CHANGE

38%

10-YEAR CHANGE

1,959%

50-YEAR CHANGE



Farmland values cruised to new highs in 2022 and even managed to outpace double-digit inflation, according to the Knight Frank Farmland Index, which tracks the performance of bare agricultural land.

Following a 3% increase during the final quarter of the year, the average price of farmland rose by 13% in 2022 to a record high of £8,550/acre. This 12-month hike outperformed all the other asset classes that our index benchmarks agricultural land against, such as gold, equities and residential property.

This strong growth was driven by a continued lack of supply – fewer than 80,000 acres were advertised publicly during the year – and strong demand from a wide range of buyers. Farmland currently straddles a number of the key geo-political issues that defined 2022, in particular food security and climate change.

Higher commodity prices have helped boost margins for arable farmers this year, albeit against a background of similarly rising input costs such as fertiliser, fuel and energy, while environmentally

focused buyers are becoming ever more active in the market, whether from an altruistic or investment perspective.

Natural capital and nature-based solutions are the buzzwords of the moment and farmland is often the key ingredient, be it for tree planting, the generation of carbon credits or boosting biodiversity through regenerative agriculture or rewilding. This has helped boost the value of lower quality land especially, a trend that looks set to continue into 2023.

There are, however, potential headwinds for the market. Although supply remains low, we are seeing more land sold privately (60% by acreage for Knight Frank in 2022).

The imminent sharp cuts to the Basic Payment Scheme (BPS) could start to focus more farmers' minds on their future, especially as commodity prices are now well off the peaks caused by Russia's invasion of Ukraine and the replacement for BPS (the Environmental Land Management Scheme) is unlikely to make up the shortfall.

That said, I believe the farmland market has enough momentum to remain firm throughout 2023.

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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)	225	1%
OILSEED RAPE (£/T)	467	-23%
BEEF (P/KG DW)	453	8%
LAMB (P/KG DW)	544	-13%
MILK (P/LITRE)	50	46%

INPUTS

RED DIESEL (P/LITRE)	94	34%
OIL (\$/BRL)	77	5%

*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 commodities 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: Coming soon: A 350-acre Carmarthenshire farm with significant environmental and eco-tourism opportunities.

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

Will Matthews

+44 20 7861 1440

will.matthews@knightfrank.com



Research enquiries

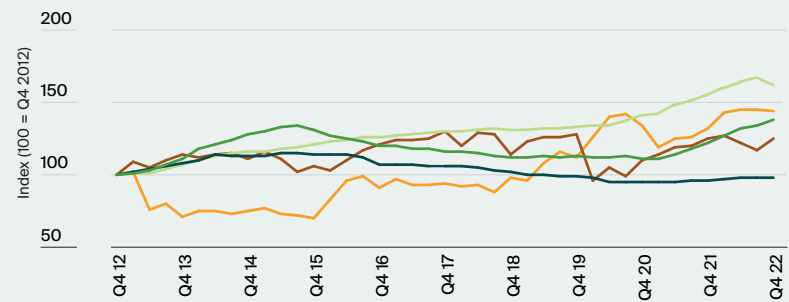
Andrew Shirley

+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-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
MAR-21	0.2%	0%	£17,114	£6,926
JUN-21	2.0%	1%	£17,458	£7,065
SEP-21	3.6%	5%	£18,088	£7,320
DEC-21	3.6%	10%	£18,730	£7,580
MAR-22	3.9%	14%	£19,459	£7,875
JUN-22	4.0%	16%	£20,237	£8,190
SEP-22	1.4%	13%	£20,522	£8,305
DEC-22	3.0%	13%	£21,127	£8,550

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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