

Farmland Index



Q4 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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Farmland remains resilient

► The market for agricultural land in England and Wales held its ground during 2024, despite numerous challenges

The farmland market edged up slightly during 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 started the year at £9,152/acre and, heading into 2025, stood at £9,164/acre, a slight rise of 0.1%.

Given some of the challenges that have faced the farming industry over the past 12 months, this shows the inherent resilience of agricultural land as a multi-functional asset class.

Wet weather, the slow rollout of the government's new environmental schemes, sharper-than-expected cuts to what remains of the Basic Payment Scheme, and an Autumn Budget that, it's fair to say, included some concerns for rural property owners, have all put pressure on the countryside.

Despite this, availability has remained at historically low levels, with fewer than 90,000 acres finding their way onto the public market during 2024. With plenty of buyers, including environmental NGOs, institutions still looking to buy, demand continues to outstrip supply.

Price growth, however, peaked at the end of September, with values falling back by 2% in the final quarter of the year. This followed the removal of 100% relief on Inheritance Tax (IHT) for agricultural property by Chancellor Rachel Reeves in Labour's first budget in over 14 years.

It's worth pointing out, though, that this slight dip in values is largely an echo of wider industry anger in the immediate aftermath of Ms Reeve's announcement rather than a reflection of actual deals being done.

Just a year earlier, Labour had pledged it would not remove farming's IHT reliefs if it won power. The increase to employers' National Insurance contributions, which will hit farm and estate wage bills, was also badly received.

But, so far, there is little evidence that, in the short term, the changes will drastically alter the current supply-and-demand dynamics of the farmland market.

As Alice Keith, of our Farms & Estate sales team, points out, deals are still being done with strong values being achieved.

PRICE CHANGE

-2.0%

3-month change

+0.1%

12-month change

+30.9%

5-year change

+15.6%

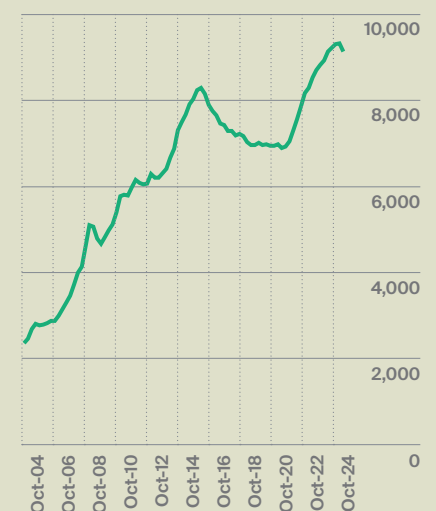
10-year change

+229.0%

20-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research



On the market

A well-equipped 1,095-acre Northumberland livestock farm and moorland with a principal listed farmhouse, one further farmhouse, two cottages and a bungalow. The farms offer significant agricultural, sporting, natural capital and carbon opportunities. They are located in a sought-after area of Northumberland just six miles to the north of the historic market town of Alnwick which provides everyday conveniences with supermarkets and an array of shops, delicatessen, cafes and pubs. The guide price for Lot 1 is £9.5 million.

EXPERT COMMENT



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We've had a very busy December with plenty of active buyers still in the market looking for a wide variety of rural properties, from large commercial farms to land with environmental potential. The knee-jerk reaction in the wake of the Autumn Budget was to worry that farmland values would slide significantly, but so far there have been no transactions that back that up. The changes to Inheritance Tax are, of course, extremely unwelcome and ill-considered, but with careful succession planning it will be possible for many farmers and estate owners to mitigate them. I don't foresee that they will deter a significant proportion of our potential buyers, who include environmental NGOs and funds. We are not seeing any signs that a significant volume of extra land will be coming to the market in 2025. Without that kind of surge, I don't expect to see land values weaken significantly over the next 12 months. Post-Brexit and in the net-zero era, farming in the UK is certainly at a crossroads. But while this is bringing significant challenges, there are also many opportunities for those looking to use their land to create new and more diverse income streams.

FARMLAND CAPITAL GROWTH VS ALTERNATIVE ASSETS

Rate of change over:

	1 year	5 years	10 years
Farmland (England & Wales)	0.1%	30.9%	15.6%
Prime central London residential	-1.4%	-4.6%	-16.6%
UK residential	3.7%	24.3%	41.6%
Gold	31.0%	79.3%	122.5%
Global equities (S&P Global 100)	29.5%	93.1%	175.9%
UK equities (FTSE 100)	8.2%	8.9%	29.3%

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 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%
2024 Q4	£9,164	£22,644	0.1%	-2.0%