



# News Release

Date: 31 March 2010

## **English farmland continues upbeat performance in 2010 as investors and overseas buyers return to market.**

### Key highlights:

- English farmland values rose by 5.4% in the first quarter of 2010. This takes growth over the past 12 months to 15.5%, according to the latest results of the Knight Frank Farmland Index.
- The average price of farmland is now £5,397/acre, the highest level recorded by the index.
- Prices are being driven up by a continuing shortage of supply and increased interest from overseas buyers and investors.
- The amount of farmland publicly advertised for sale so far this year has fallen by almost 20%.
- Values are predicted to rise further during 2010.

### **Andrew Shirley, head of rural land research at Knight Frank, commented:**

"The strong performance of the English farmland market that we saw at the end of the last decade has continued this year. Average prices have risen by 5.4% to £5,397/acre so far this year and we predict they could rise by a further 10% during the rest of 2010.

"A shortage of farmland for sale, combined with demand from investors and overseas buyers, has helped to ensure values continue to rise. According to the Knight Frank Farmland index, demand over the past 12 months has increased by 10%, while supply has fallen by 13%. The volume of farmland advertised in Farmers Weekly magazine has already dropped by 18% so far this year, compared with the same period in 2009.

"Investors, including those from overseas, are becoming more active in the market and, along with lifestyle buyers, accounted for virtually all of Knight Frank's farmland sales so far this year. Despite its

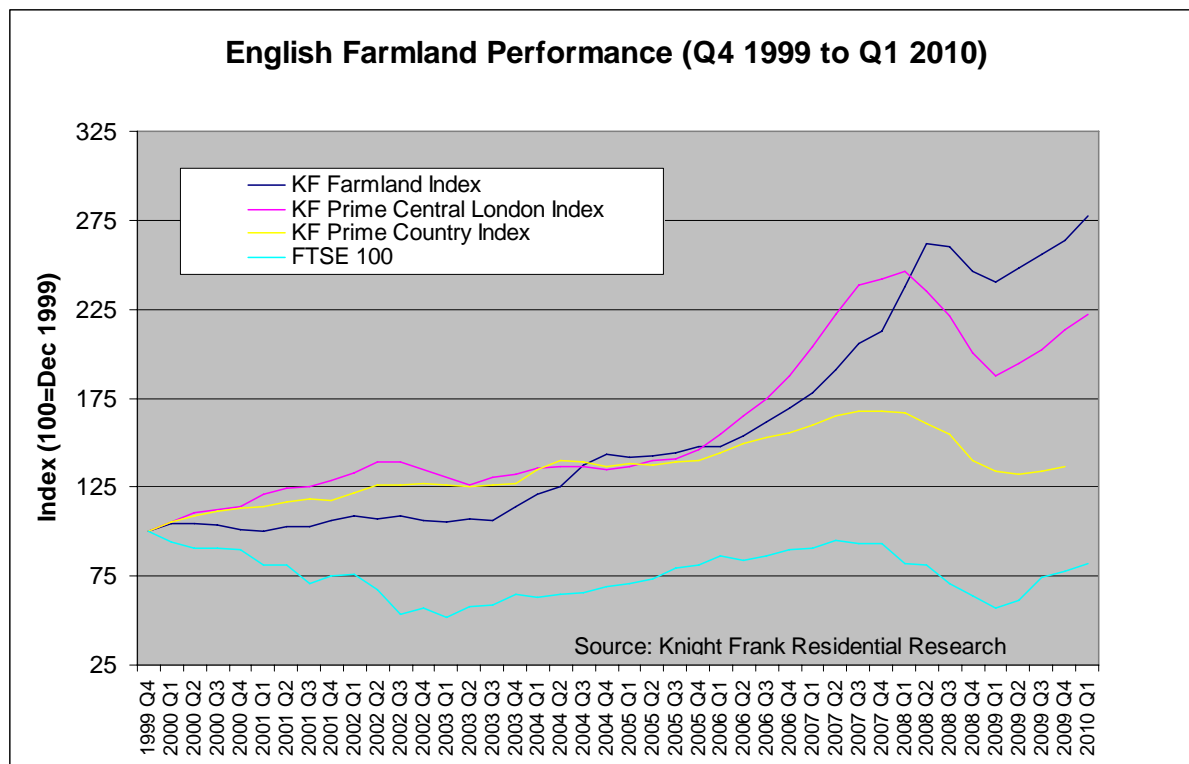


recent price growth, the ongoing weakness of Sterling means property assets in the UK look very good value to those buying in other currencies.

“Interestingly, there appears to be no pattern in the location of overseas buyers, unlike the last decade when we saw large numbers of investors and farmers from Ireland and Scandinavia in the market. Buyers this year have, so far, come from countries covering three different continents.

“A forthcoming General Election can add an element of uncertainty to the farmland market as buyers wait to see if there is likely to be any change to the tax reliefs associated with farmland ownership. Alastair Darling, however, left Agricultural Property Relief unchanged in last week’s budget and it would seem unlikely that the Conservative Party would treat APR differently if it was elected.

“It is generally acknowledged that economic confidence in the UK will take a hit if we end up with a hung parliament. If this, however, leads to a further weakening of Sterling it could make investing in English farmland even more attractive to buyers from overseas.”





### Knight Frank Farmland Index

Quarter	%age quarterly price change	£/acre
Q1 08	11.9	4,621
Q2 08	10.4	5,100
Q3 08	-0.8	5,060
Q4 08	-5.2	4,796
Q1 09	-2.6	4,673
Q2 09	3.1	4,820
Q3 09	3.2	4,973
Q4 09	3.0	5,123
Q1 10	5.4	5,397

**For further information and more detailed UK land values, please contact:**

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### Notes to Editors

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**The Knight Frank Farmland Market Index** is an opinion-based index, compiled quarterly by professional staff in Knight Frank's Farms & Estates and Valuations offices in the UK.

Farmland is defined as bare agricultural land with neither dwellings or buildings on it.

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