



News Release

Date: 12 October 2010

English farmland values start to flatten out as concerns grow over government austerity measures, according to Knight Frank Farmland Index

Key highlights:

- English farmland values rose just 0.8% in the third quarter of 2010. This takes growth over the past 12 months to 17%, according to the latest results of the Knight Frank Farmland Index
- The average price of farmland is now £5,816/acre, the highest level recorded by the index
- Prices have flattened despite a leap in the value of cereal prices, but values are not forecast to fall significantly
- The amount of farmland publicly advertised for sale has increased, but the picture has been distorted by the launch of one very large estate by Knight Frank

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

"Average English farmland values increased only fractionally in the third quarter of 2010, bringing to an end the surge in values that saw prices rise by 24% between the beginning of 2009 and the middle of this year. Even though agricultural commodity values are currently performing extremely strongly, this slowdown is hardly surprising. No sector of the economy is likely to escape the impact of the coalition government's spending review later this month and the UK's economic recovery is still uncertain.

"The fact that farmland prices still remain at record highs shows how resilient the market is and we believe that the flattening seen in the past three months is a slowdown rather than the beginning of any significant decline. Prices are likely to start picking up again more quickly after spring 2011 when farmers actually begin to see the impact of higher cereal prices on the bottom line.

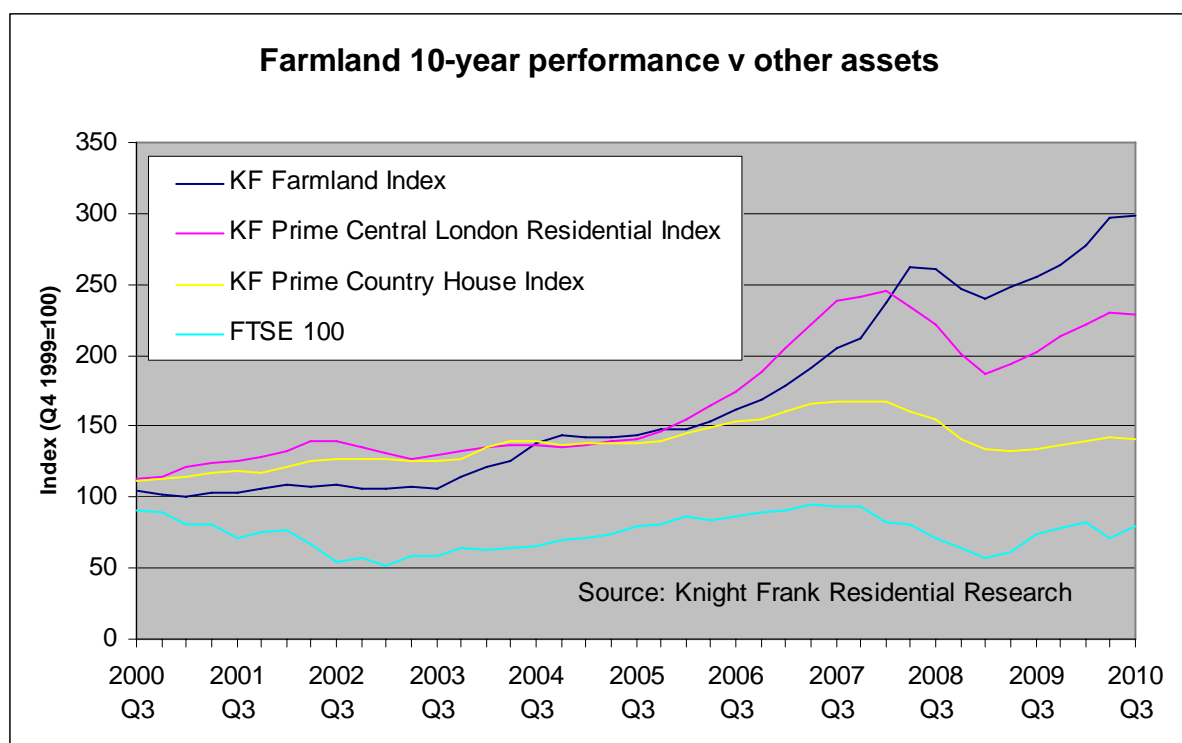


"In terms of buyer activity, farmers remain the most active purchasers, accounting for 52% of acquisitions, followed by 'lifestyle' buyers (27%) and then investors (11%)."

Clive Hopkins, head of farm and estate sales at Knight Frank, said:

"The amount of farmland advertised in the UK has gone up this year, but much of that was accounted for by several large estates in Scotland, in particular the 23,000-acre Lake Vyrnwy Estate in Wales, which Knight Frank is selling. In England, the volume of land for sale has actually decreased so far in 2010; this will help prevent farmland values from following other property sectors downwards.

"The huge amount of interest in the Lake Vyrnwy Estate from investors, conservation organisations, community groups and private individuals also highlights the current strength of demand for farmland. As the graph below shows farmland continues to outperform other property sectors and investment classes and I expect that trend to continue."





Knight Frank Farmland Index

Quarter	%age quarterly price change	£/acre
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
Q2 10	6.9	5,769
Q3 10	0.8	5,816

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Notes to Editors

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 nor buildings on it. To see all Knight Frank's rural research please go to www.knightfrank.co.uk/rural or follow us at www.twitter.com/kfruralproperty

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