



News Release

Date: January 2010

English farmland outperforms equities and other property assets in 2010 as values increase by 13%, according to the Knight Frank Farmland Index

Key highlights:

- English farmland remained virtually flat in the fourth quarter of 2010, but prices still ended the year 13% higher following strong growth in the first half
- Over the same period the FTSE and prime residential property in central London grew in value by about 10%. Prime country houses prices rose by just 3.3%
- The average price of farmland is now £5,803/acre, fractionally down from its peak
- Values are predicted to climb by almost 7% in 2011 as confidence returns to the market

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

"The average value of English farmland rose by just over 13% last year, outperforming even prime London residential property and the recovering FTSE. This was a particularly strong performance given that there was virtually no price change in the second half of 2010 and reinforces farmland as one of the top performing assets of this century so far.

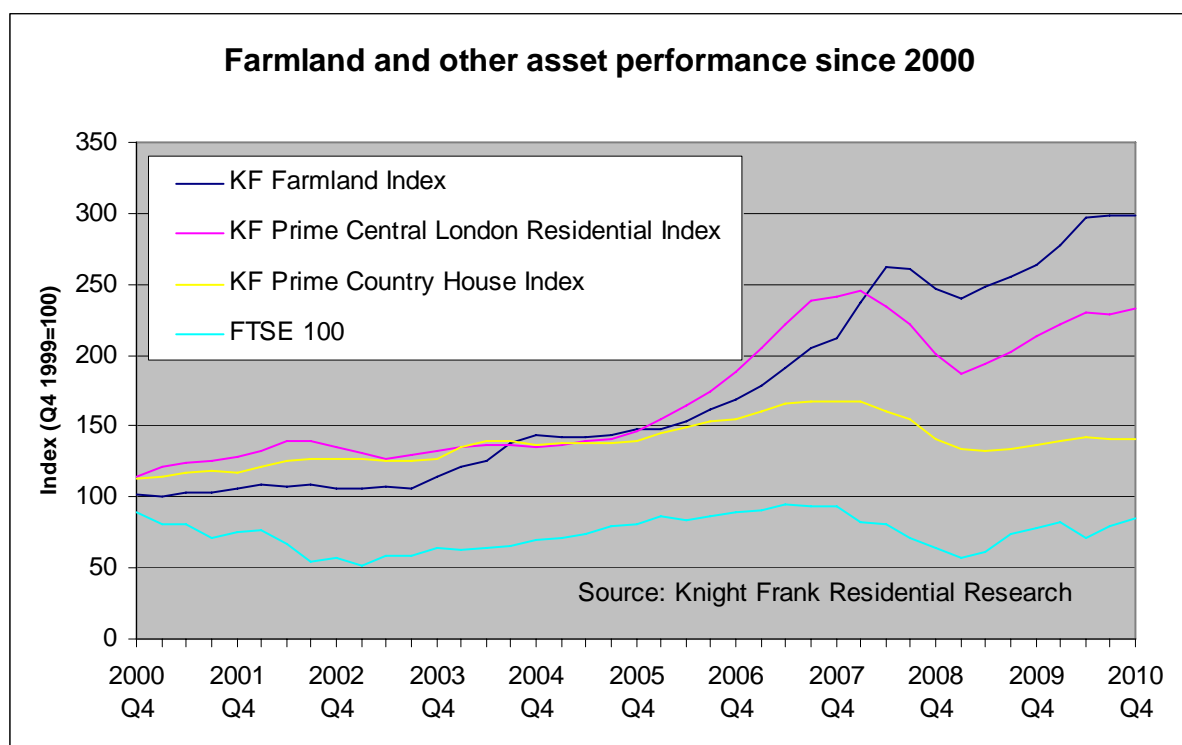
"There was a lot of uncertainty after the General Election as people slowly got used to coalition government, sat through an emergency budget and witnessed the harsh cuts of the comprehensive spending review. It was therefore hardly surprising that the farmland market remained flat, in fact it was rather encouraging that it managed to retain all of its value during this time.

"In the meantime commodity prices have continued to strengthen, with feed wheat approaching £200/t and oilseed rape hitting record contract highs. This should help push land values up in 2011 with demand increasing from both farmers and investors for the limited acreage of quality land for sale."



Tom Raynham, head of farm sales at Knight Frank, said:

“Farmland prices are being driven by lack of supply and lack of quality. When good quality farms come on to the market they sell well, whether that be lifestyle quality or quality of land. There are some good properties coming to the market in spring 2011 and due to the lack of supply these will hopefully provide some good activity at the beginning of the year to drive the market forward.”



Knight Frank Farmland Index

Quarter ending	%age quarterly price change	£/acre
Mar-09	-2.6%	£4,673
Jun-09	3.1%	£4,820
Sep-09	3.2%	£4,973
Dec-09	3.0%	£5,123
Mar-10	5.4%	£5,397
Jun-10	6.9%	£5,769
Sep-10	0.8%	£5,816
Dec-10	-0.2%	£5,803



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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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