

## Farmland prices hit new heights

**The value of English farmland continued to strengthen at the beginning of 2014**

### Farmland performance

<b>3 months</b>	<b>+6%</b>
<b>12 months</b>	<b>+16%</b>
<b>5 years</b>	<b>+57%</b>
<b>10 years</b>	<b>+212%</b>
<b>50 years</b>	<b>+5,699%</b>

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The average value of English farmland rose by almost 6.5% in the first three months of 2014 to £7,324/acre – the first time prices have broken the £7,000/acre barrier.

Over the past 12 months values have increased on average by 16% and over the past 10 years by 212%. This compares with 133% for prime residential property in central London, 51% for the FTSE 100, and just 27% for average UK house prices.

Although it looked like farmland's 10-year performance would even overtake gold (+235%) at the beginning of the year following a dramatic slide in the precious metal's value during 2013, bullion has rallied by 7% this year on the back of the Ukrainian crisis and worries over China's economy.

Farmers have been particularly active so far this year at all levels of the market. For example, a farming family from Devon has just bought the 1,324-acre Shakenhurst Estate on the Shropshire/Worcestershire border, which was guided at £16m.

A farmer buyer exceeded the guide price when they bid almost £10,500/acre for 96 acres of arable land in Herefordshire at an auction held by Knight Frank. A 63-acre grass farm in Buckinghamshire has also just made £8,730/acre.

James Prewett, Head of Knight Frank's Regional Farms team, says the sales show

the strength of demand across the country. "Where there is competition we are seeing very good prices being paid.

"I am just about to launch a 500-acre arable farm near Banbury, Oxfordshire, and we have already had enquiries from expanding dairy farmers looking for more pasture.

"With some milk processors paying over 35p/litre there is the opportunity to make good money at the moment if you can keep your costs under control.

It is, however, the sale of large blocks of investment grade land that have really helped to drive up average values over the past 12 months, says Tom Raynham, Head of Agricultural Investments at Knight Frank.

A recent sale in East Anglia on behalf of Black Rock made almost £15,000/acre and Tom says the newly launched 39,533-acre and highly diverse Co-operative Farms Portfolio, of which 17,808 acres are owned freehold across seven units, will be a good test of the investment market.

"I have a number of private investors and funds actively looking for more land in the UK and this could be an interesting option for them. Despite the size of the sale, I think it is more of an opportunity for the market than a threat."

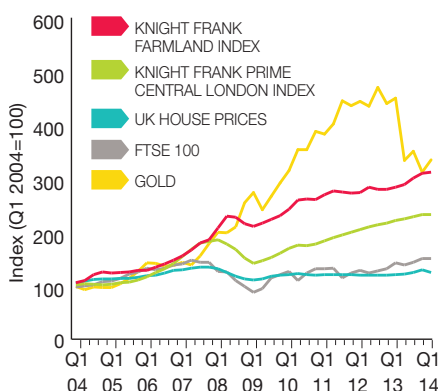


**ANDREW SHIRLEY**  
 Head of Rural Research

*"The average value of English farmland rose by almost 6.5% in the first three months of 2014 to £7,324/acre."*

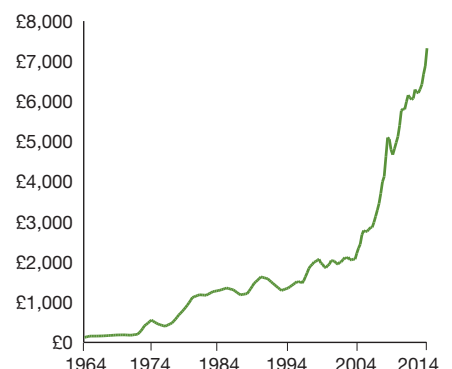
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**FIGURE 1**  
**Change in capital values**



Source: Knight Frank Residential Research

**FIGURE 2**  
**50-year farmland performance**  
 £/acre



Source: Knight Frank Residential Research

## 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.

### Knight Frank Farmland Index

	Quarterly price change	Annual price change	Average value £/Hectare	Average value £/acre
Mar-08	11.9%	33.6%	£11,419	£4,621
Jun-08	10.4%	37.5%	£12,603	£5,100
Sep-08	-0.8%	26.6%	£12,505	£5,060
Dec-08	-5.2%	16.2%	£11,852	£4,796
Mar-09	-2.6%	1.1%	£11,548	£4,673
Jun-09	3.1%	-5.5%	£11,911	£4,820
Sep-09	3.2%	-1.7%	£12,290	£4,973
Dec-09	3.0%	6.8%	£12,658	£5,123
Mar-10	5.4%	15.5%	£13,336	£5,397
Jun-10	6.9%	19.7%	£14,257	£5,769
Sep-10	0.8%	17.0%	£14,373	£5,816
Dec-10	-0.2%	13.3%	£14,339	£5,803
Mar-11	3.2%	11.0%	£14,803	£5,991
Jun-11	2.8%	6.7%	£15,212	£6,156
Sep-11	-1.0%	4.8%	£15,060	£6,094
Dec-11	-0.8%	4.2%	£14,947	£6,049
Mar-12	0.4%	1.4%	£15,007	£6,073
Jun-12	3.7%	2.3%	£15,556	£6,295
Sep-12	-1.2%	2.1%	£15,369	£6,220
Dec-12	-0.1%	2.7%	£15,354	£6,214
Mar-13	1.5%	3.9%	£15,585	£6,307
Jun-13	1.8%	2.0%	£15,866	£6,421
Sep-13	4.0%	7%	£16,501	£6,678
Dec-13	3.1%	11%	£17,005	£6,882
Mar-14	6.4%	16%	£18,098	£7,324

Source: Knight Frank Residential Research

## Key agricultural indicators\*

Commodity prices	Latest	12-month change
<b>Outputs</b>		
Feedwheat (£/t)	168	-14%
Oilseed rape (£/t)	325	-15%
Beef (p/kg dw)	373	-5%
Lamb (p/kg dw)	473	2%
Milk (p/litre)	33.8	12%
<b>Input prices</b>		
Fertiliser (£/t)	299	-2%
Red diesel (p/litre)	67	-9%
Oil (\$/bbl)	105	-1%

For more detailed information on the issues affecting UK landowners and farmers, including the latest on agricultural commodity and input markets, please request a copy of the quarterly Knight Frank Rural Bulletin or go to [www.knightfrankblog.com/ruralbulletin](http://www.knightfrankblog.com/ruralbulletin)

\*Sources: [www.fwi.co.uk](http://www.fwi.co.uk) [www.dairyco.net](http://www.dairyco.net)



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