

# English Estates & Farmland Market Review

Autumn 2021 | Q3

# Market Overview



# Market Overview

**Historically low levels of supply and strong demand pushed the average value of arable farmland to £9,700/acre in Q3 2021 – the highest quarterly average since early 2018. The rise, which we predicted in our previous review, appears to confirm market sentiment that the farmland market is buoyant at present. However, the average in any one quarter is inevitably based on a relatively small number of transactions and the average for the whole of 2021, which is based on a larger dataset, is slightly lower at £9,200/acre.**

Our Farmland Database, which records the details of all farms, estates and blocks of publicly marketed farmland in England over 100 acres in size, shows fewer than 10,000 acres came to the market in Q3 2021, which is about half the level we might typically expect.

This does initially feel surprising, as the market has certainly felt much busier than it did this time a year ago. However, this is probably because the

private market is also active. We estimate private sales currently account for about 25% of the market nationally, and up to 40% in some regions.

Demand remains strong and from a wide range of prospective buyers. There has been no let-up in interest from lifestyle buyers, while farmers with rollover money to invest continue to be very important in some regions. The number of green investors, buying for rewilding or carbon-offsetting purposes, is growing, although remains a small proportion of the market at present. They are more prevalent in Scotland and Wales. Such is the strength of demand, every farm over 500 acres marketed in the first half of 2021 has already sold or is under offer. Indeed, the sale of an impressive 1,045-acre commercial estate in Lancashire – which we only launched to the market in June – has already completed. The speed of this transaction is unusual, but does highlight that the journey to completion can be smooth and quick when a sale is well-prepared for.

Looking forward, we do anticipate the amount of land being marketed to remain low for the remainder of the year. The farming industry may be facing some pressing challenges – including rising input costs, labour shortages and the impact of the phasing out of Basic Payments to name a few – but this is unlikely to have any impact on supply in the short term.



A handwritten signature in red ink, appearing to read 'M. Sudlow', written in a cursive style.

**Matthew Sudlow**

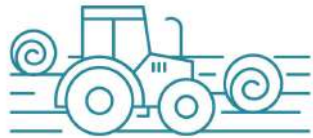
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# At a glance

## Supply



The amount of land for sale remains low.

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157 farms have been marketed publicly so far in 2021 - 40 fewer than usual.

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Fewer than 10,000 acres have been marketed publicly in Q3.

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## Demand



Demand remains strong, and is being supported by the lack of supply.

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All farms over 500 acres marketed in the first half of 2021 are already sold or under offer.

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Almost 70% of farms sold in 2021 achieved their guide price or more.

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## Pricing



Average prices remain very stable.

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Arable land has sold for an average of £9,700/acre in Q3 2021.

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Pasture land has sold for an average of £6,900/acre in Q3 and for £7,100 across whole of 2021.

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# Supply and demand



# Supply

The amount of land for sale publicly remains low. The volume marketed in Q3 was only 9,800 acres, which is less than half the five- and ten-year averages for this normally busy time of the year for the market. The total acreage brought forward in the year to the end of September is also 27% below the five-year average.

However, a significant acreage has also been marketed privately, which is not included in our figures because of the difficulty in collecting comprehensive information. Private sales – which can involve smaller blocks of land, farms or estates – are estimated to account for around 25% of the market nationally, but as much as 40% of the market in some regions.

Supply is particularly low in the North East and the West Midlands, and for mixed, residential and dairy farms. There are some areas where there are virtually no farms left unsold because demand continues to outstrip supply.

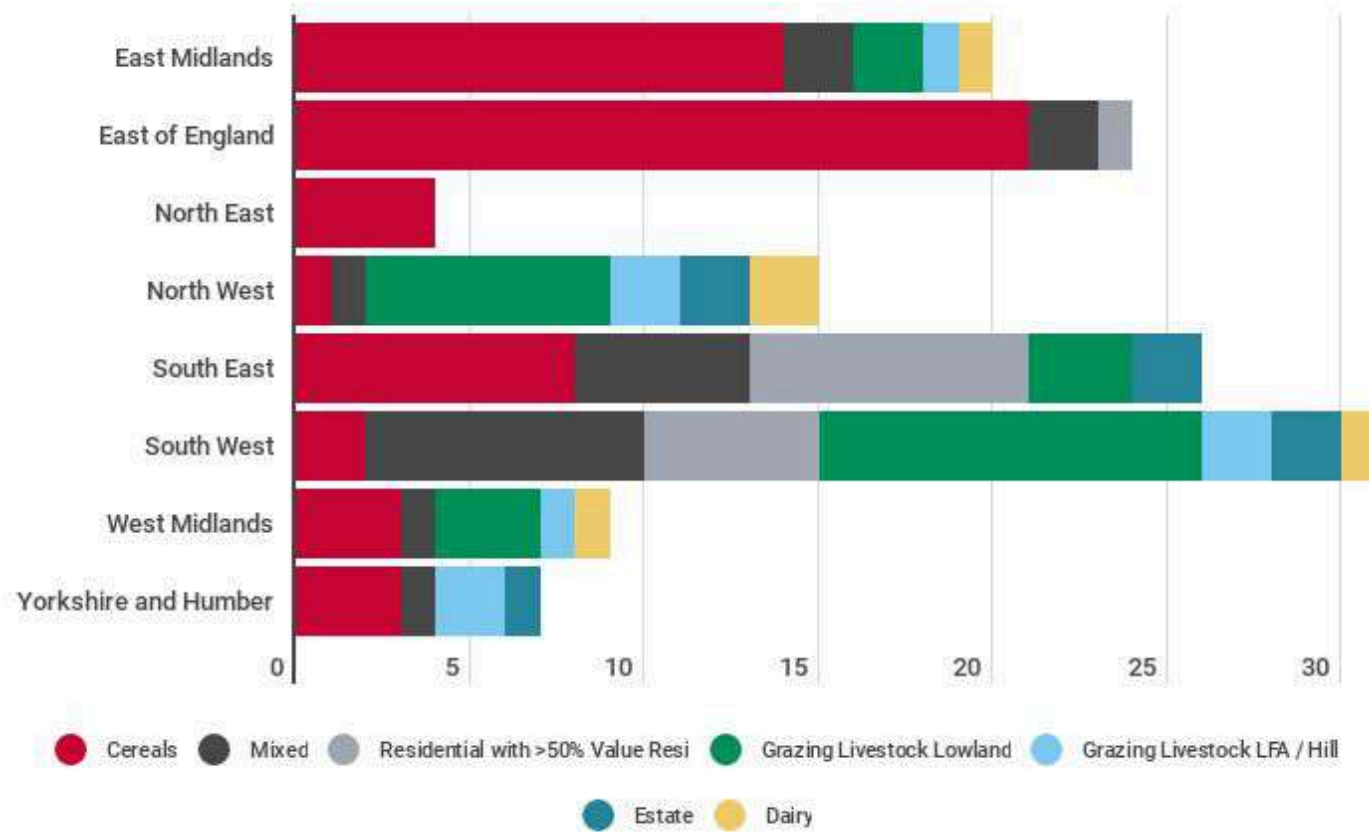


Figure 1: Amount of farmland publicly marketed in England (acres)

	East Midlands	East of England	North East	North West	South East	South West	West Midlands	Yorkshire/Humber	England
<b>2017</b>	11,800	12,700	2,500	5,900	10,400	13,300	11,600	11,300	<b>79,500</b>
<b>2018</b>	14,000	30,200	8,100	3,300	11,500	18,800	11,100	8,800	<b>105,700</b>
<b>2019</b>	7,900	8,600	7,200	4,800	8,100	17,500	7,200	8,600	<b>69,900</b>
<b>2020</b>	6,800	11,300	3,000	4,200	7,300	15,400	4,700	2,400	<b>55,000</b>
<b>Q1, 2 &amp; 3 2019</b>	7,700	8,200	6,900	4,700	7,500	16,500	6,200	7,400	<b>65,200</b>
<b>Q1, 2 &amp; 3 2020</b>	5,800	9,700	3,000	3,600	5,900	14,400	3,900	2,000	<b>48,200</b>
<b>Q1, 2 &amp; 3 2021</b>	6,500	7,700	1,400	11,000	7,800	7,600	2,000	4,100	<b>48,100</b>
<b>Five-year ave</b>	8,480	13,280	4,180	5,480	8,120	13,160	6,760	6,560	<b>66,000</b>
<b>% diff from ave</b>	-23%	-42%	-67%	101%	-4%	-42%	-70%	-38%	<b>-27%</b>

NB Figures are for whole years unless otherwise stated and are rounded to the nearest 100 acres. Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.

Figure 2: Number of farms for sale in England to end of Q3 2021, by type and region





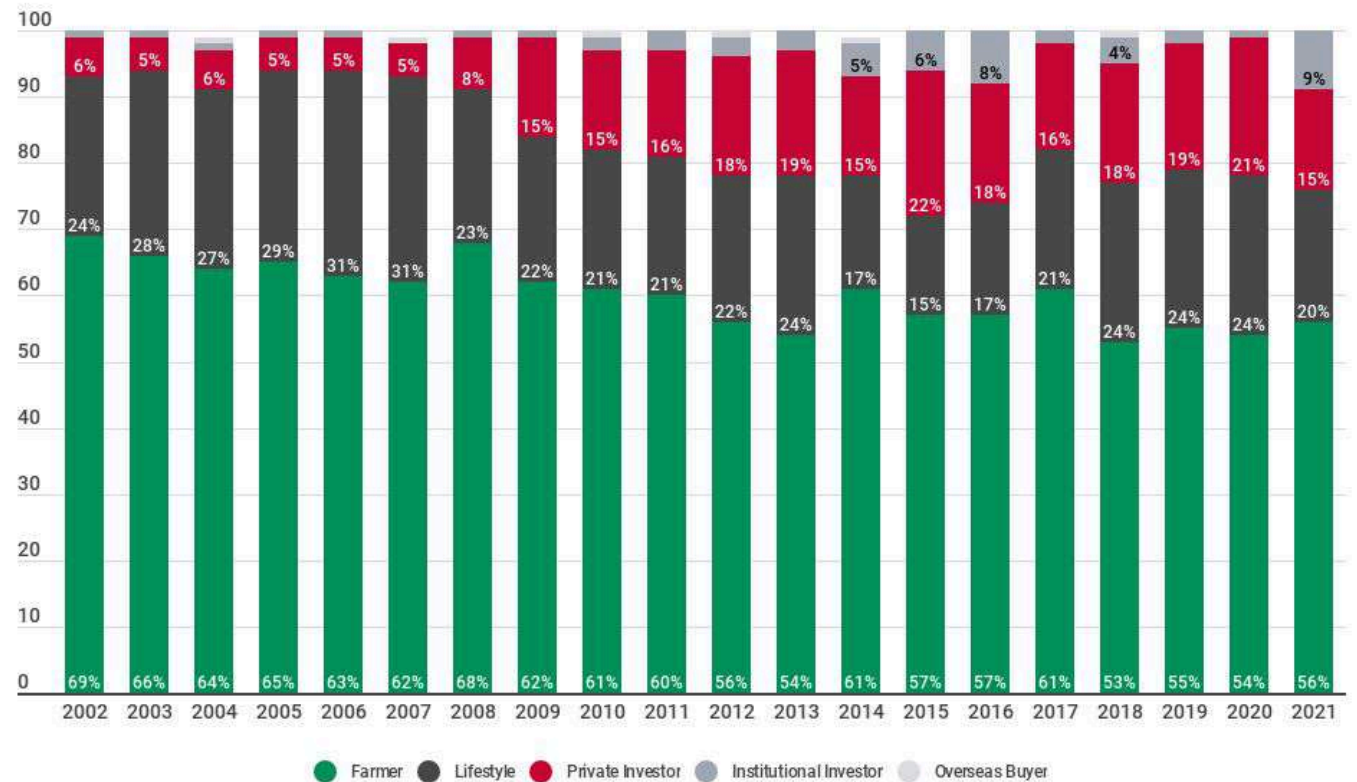
# Demand

Demand remains strong and is being supported by the lack of supply. Every farm over 500 acres marketed in the first half of 2021 has already sold or is under offer and almost 70% of farms sold in 2021 have achieved their guide price or more. This is a return to the levels last seen in 2014, when the market was near its peak.

If we look backwards into 2020, the proportion of farms still available after a year of marketing is at a five-year low. This shows that land and farms which are being marketed are tending to sell.

There is a good spread of active buyers, with people prepared to travel to view farms and estates because of the shortage in supply. The proportion of farms bought by farmers is continuing its long-term downward trend, and there has been more trading – both buying and selling – by institutional investors in 2021.

Figure 3: Buyer type



N.B. Data is by number of sales, not acres. The year is when the farmland was sold (exchanged) and is for whole years unless otherwise stated. 2021 figures cover Q1 to Q3 only.

# Pricing



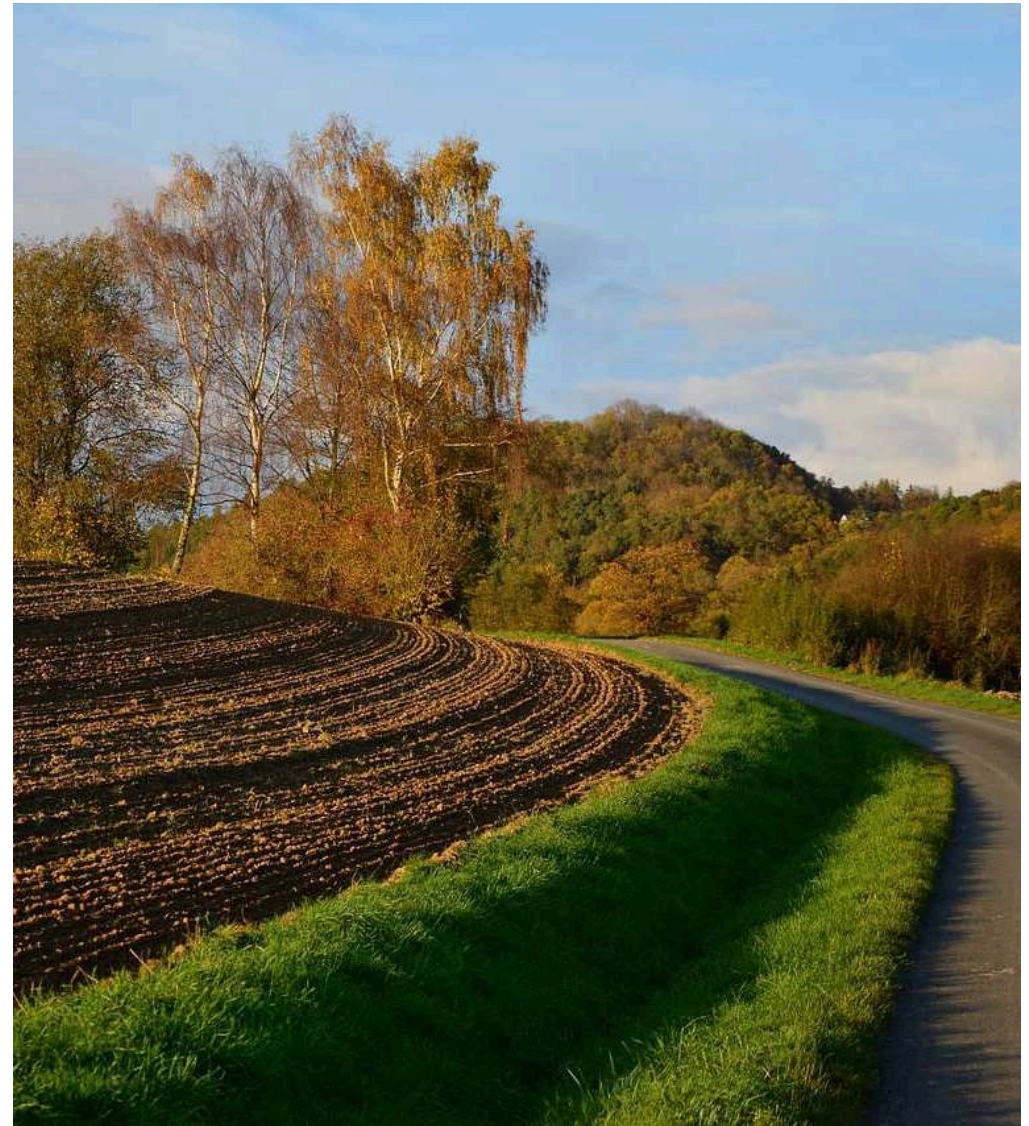
# Pricing

The average value of arable farmland sold in Q3 2021 was £9,700/acre, up from £9,000/acre in Q2.

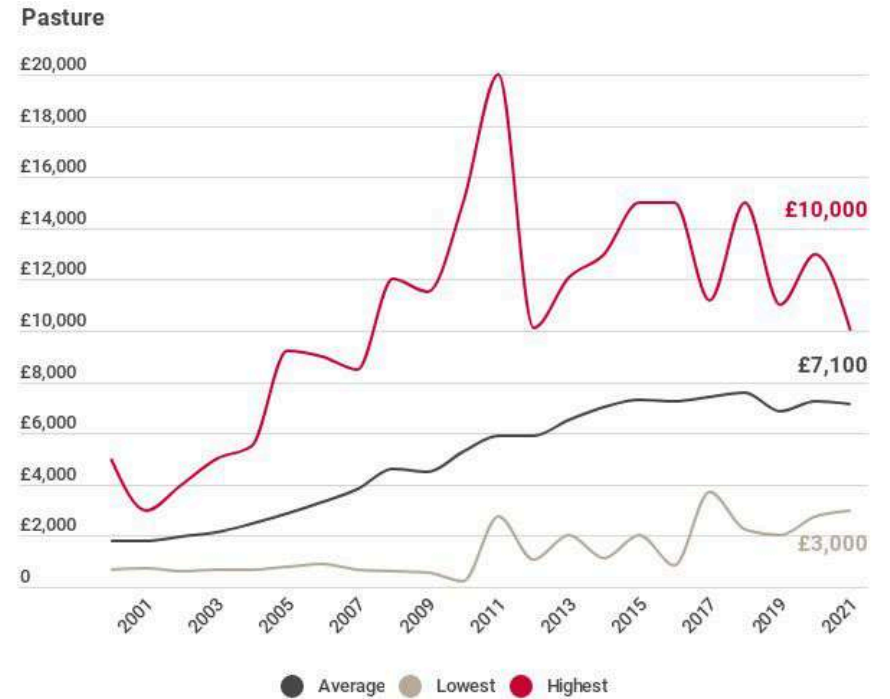
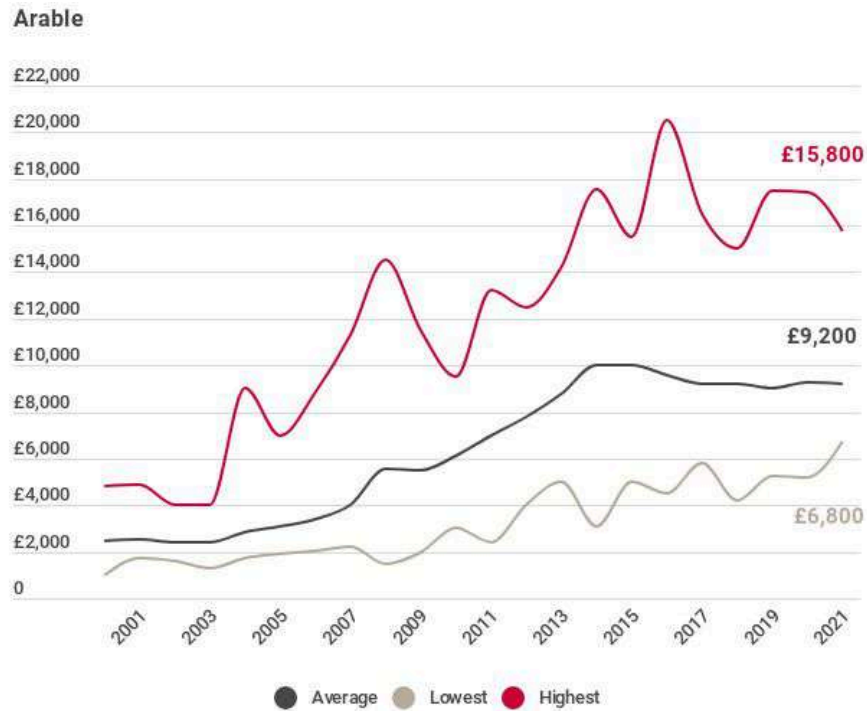
However, given there is a relatively small number of transactions each quarter, the average for the whole of 2021 may be a more reliable measure.

The arable average for the whole of 2021 is £9,200/acre, which has been the average since 2017. Almost 60% of sales agreed during 2021 have been at £8,000-10,000/acre, and a shrinking proportion is selling for over £10,000 – although there were several sales at this level during Q3 2021.

The average price paid for pasture land during 2021 has been £7,100/acre, and it has been at this level since 2019. As with arable land, a shrinking proportion is selling for over £10,000.



Figures 4 & 5: Average, lowest and highest sale prices of arable and pasture farmland (£/acre)



N.B. Data is based on sold (exchanged) prices for vacant arable and pasture land only (i.e., it excludes the value of houses or buildings). The year is when the farmland was sold (exchanged) and is for whole years unless otherwise stated. Although we have stripped out the value of buildings and houses, the data can still be affected by differences in the quality and location of the land sold. Therefore, they should only be used as a broad indicator of changes in prices. 2021 figures cover Q1-Q3 only.

# Prices around the regions

Figure 6. Estimates of bottom 25% and top 25% prices for arable and pasture farmland by region

	Arable				Pasture			
	Bottom 25%	Top 25%	Bottom 25% (% change)	Top 25% (% change)	Bottom 25%	Top 25%	Bottom 25% (% change)	Top 25% (% change)
South East	£7,500	£11,300	1%	3%	£5,800	£8,750	0%	2%
South West	£7,800	£11,000	-3%	0%	£5,900	£9,000	-2%	0%
East of England	£7,500	£10,250	3%	2%	n/a	n/a	n/a	n/a
East Midlands	£6,100	£10,000	2%	-11%	£6,000	£8,500	4%	-6%
West Midlands	£8,000	£10,000	3%	-7%	£6,500	£8,500	-5%	0%
North	£6,750	£11,500	8%	5%	£4,800	£8,300	13%	4%

N.B. The prices are based on the opinions of our regional agents, as it is not possible to calculate reliable regional values based on the small number of sales in each region. Prices are for vacant arable and pasture land only (i.e. it excludes the value of houses or buildings). Bottom 25% means if 100 farms were valued, the price of the 25th farm from the bottom. Percentage annual change is the change from the same quarter in the previous year.

**Contact your local agent for a regional view on the market**

## Methodology

All data in this market report is from Strutt & Parker's Farmland Database of privately and publicly marketed farmland over 100 acres in England. It has recorded detailed information on the farmland, buildings and soils as well as buyer and seller profiles since 1996, and so is one of the most comprehensive databases available. What makes it different to other databases is that it records sold prices (i.e. what the farm exchanged contracts for) as well as guide prices, and so is a more accurate reflection of actual market conditions as guide prices can overstate or understate the prices that buyers are willing to pay. The national prices stated in this report are based on sold prices. Once a farm is exchanged, we have assumed it is sold, following HMRC custom.

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