

ENGLISH ESTATES & FARMLAND MARKET REVIEW

Summer 2022

AVAILABLE:
Carlton House Farm, Suffolk
Guide price: £13.65m

MARKET OVERVIEW

Farmland prices in England climb

We haven't seen a farmland market like this for some time. Competitive bidding and best-and-final offers are becoming common for top-quality properties in desirable locations.

Analysis of our Farmland Database highlights that farms are going under offer more quickly than they have in the recent past, although getting sales to the point of completion is often slow because of the complexity of the conveyancing process. This means that there have not been enough transactions completed in Q2 2022 to give us a meaningful average price for the quarter itself. However, the rolling average for arable land sold in the 12 months to mid-2022 is £9,600/acre – a rise of 2% – while the average price of pasture is 6% up at £7,900/acre. This reinforces what agents are seeing on the ground – the market is lively and prices are buoyant.

Supply is growing, with 43,400 acres publicly marketed in the first half of 2022, which is 12% more than in 2021 and 11% up on the five-year average. However, most of this rise can be attributed to a small number of significant sales in the Eastern counties and the total number of farms available is only the same as the five-year average. Even if we consider the number of farms available privately, the volume of land available is, in most locations, still not high enough to meet demand.

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MARKET AT A GLANCE

Supply



43,400 acres were publicly marketed in the first half of 2022, which is 12% more than in 2021 and 11% higher than the five-year average.



121 farms have been publicly marketed, which is the same as the five-year average.



More farms than usual are available in northern England and slightly fewer than usual in southern England.

Demand



Demand continues to be strong because of the wide range of buyers in the market.



Nearly half the farms marketed during the first half of 2022 are currently either under offer or have exchanged, which is a significantly higher proportion than in a typical year.



There are signs non-farming investors are becoming more interested in farmland as a hedge against inflation.

Pricing



The average price of arable land sold in the 12 months to mid-2022 was £9,600/acre – up 2%.



The average price of pasture sold in the 12 months to mid-2022 rose by 6% to £7,900/acre.



The trend of less land selling in the lowest price bands appears to be continuing.

MARKET OUTLOOK

There are a range of factors at play which are driving the growth in average values.

Demand remains robust because of the broad spectrum of buyer types wanting their own slice of the countryside – from farmers with rollover money, to lifestyle buyers and green investors looking to invest in natural capital. In times of economic uncertainty, there tends to be a flight to land from wealthy individuals and private investors because people see it as a safe haven for their wealth and a hedge against inflation. Farmland may only deliver modest annual returns, but it is an attractive investment vehicle, being a tangible asset that can be enjoyed while also offering tax benefits and potential for capital appreciation.

It is anticipated that supply will continue to steadily increase. We are certainly having a growing number of conversations with farmers with no successor who are currently considering a retirement sale. For those who are already considering a sale, it makes sense to take advantage of the strength of the market, particularly given the backdrop of rising input costs and volatile commodity prices, and the availability of the lump-sum scheme. However, while we expect total supply in 2022 to be up on 2021 levels, in historic terms volumes are likely to remain tight for the rest of the year.

If you are looking to buy farmland or would like advice on whether now may be the right time for you to sell, please get in touch.

SUPPLY

Amount of farmland marketed

The brisk start to 2022 has continued with 43,400 acres publicly marketed, which is 12% more than in 2021 and 11% higher than the five-year average. However, the rise in acreage is mainly down to a handful of large sales rather than a rise in the number of farms being marketed.

In total, 121 farms have been publicly marketed, which is the same as the five-year average. There are more farms than usual available in northern England, although the majority of farms for

sale are in southern England. However, there are slightly fewer farms and estates for sale in the south of the country than on average.

As is usually the case, the majority of farms for sale have been less than 500 acres in size. There have been more farms over 500 acres for sale than last year, with 22 publicly marketed in 2022 so far. However, this is only the same number as in 2018 and 2019.

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

N.B. Figures are rounded to the nearest 100 acres.

Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.

	East Midlands	East of England	North East	North West	South East	South West	West Midlands	Yorkshire and Humber	England
Q1 & Q2 2018	7,800	11,200	3,200	1,200	6,000	5,600	4,100	3,500	42,700
Q1 & Q2 2019	3,900	5,600	6,700	3,000	4,400	12,700	3,500	5,400	45,300
Q1 & Q2 2020	2,800	5,700	600	2,600	3,400	7,500	2,000	1,000	25,500
Q1 & Q2 2021	5,200	5,900	1,700	9,100	5,000	6,200	1,900	4,000	38,900
Q1 & Q2 2022	1,900	14,500	3,400	5,300	5,900	3,600	2,200	6,500	43,400
Five-year ave	4,320	8,580	3,120	4,240	4,940	7,120	2,740	4,080	39,160
% diff from ave	-56%	69%	9%	25%	19%	-49%	-20%	59%	11%

Number of farms marketed

Figure 2 Number of farms marketed

N.B. Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.

	East Midlands	East of England	North East	North West	South East	South West	West Midlands	Yorkshire and Humber	England
Q1 & Q2 2018	18	19	7	7	19	25	15	15	125
Q1 & Q2 2019	14	19	10	7	18	38	15	16	137
Q1 & Q2 2020	9	19	4	12	11	26	11	5	97
Q1 & Q2 2021	18	19	6	12	22	25	9	11	122
Q1 & Q2 2022	8	21	7	19	24	17	12	13	121
Five-year ave	13	19	7	11	19	26	12	12	120
% diff from ave	-40%	8%	3%	67%	28%	-35%	-3%	8%	0%

Type of farm

There have been more hill farms for sale than usual, while the numbers of all other types of farm have been below their five-year averages.

Figure 3 Main type of farms marketed

N.B. Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.

	Arable	Estate	Livestock (Hill)	Livestock (Lowland)	Mixed	Residential	Dairy
Q1 & Q2 2018	40	2	10	13	24	18	8
Q1 & Q2 2019	57	7	6	15	27	12	4
Q1 & Q2 2020	37	1	3	16	20	9	5
Q1 & Q2 2021	47	5	7	20	12	12	5
Q1 & Q2 2022	42	5	13	13	21	10	5

DEMAND

Amount of farmland marketed

A much greater proportion of the farms marketed this year are already under offer or have exchanged than in the past five years.

Figure 4 Speed of land transactions - % of farms sold (exchanged)

N.B. Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.

	1H 2018	1H 2019	1H 2020	1H 2021	1H 2022
Available	76%	77%	73%	65%	54%
Exchanged	6%	4%	5%	7%	15%
Under Offer	15%	19%	21%	26%	31%
Withdrawn	1%	1%	0%	3%	0%

PRICING

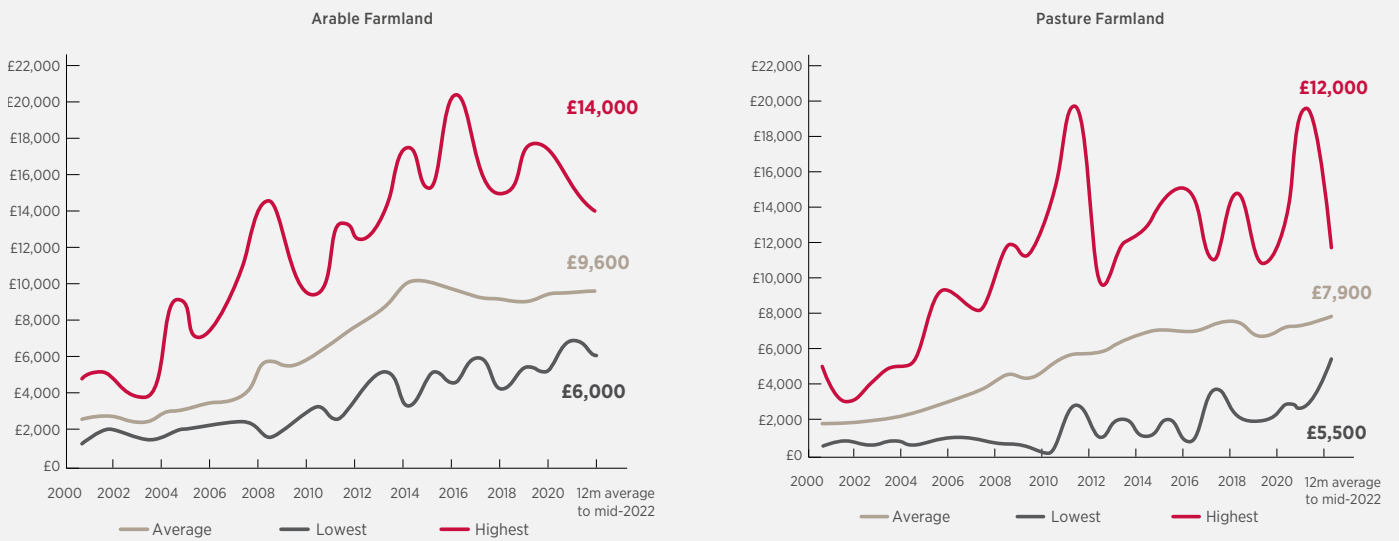
Average sale prices

The average price of arable land sold in the 12 months to mid-2022 is £9,600, up 2% on the 2021 average. The average price of pasture land sold

in same 12 month period has risen by 6% to £7,900/acre. The trend of less land selling in the lowest price bands appears to be continuing.

Figures 5 & 6 Average, lowest and highest sale prices of arable and pasture farmland (£/acre)

N.B. 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.



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Methodology

All data in this market report is from Strutt & Parker's Farmland Database of publicly marketed farmland over 100 acres in Scotland. 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 concluded missives 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 concludes missives, we have assumed it is sold, following HMRC custom. The prices for the regions are based on the opinions of our regional agents as it is not possible to calculate reliable regional figures based on the small number of sales in each region.

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