

ENGLISH ESTATES & FARMLAND MARKET REVIEW

Autumn 2022

FOR SALE:
Bowden Pillars Farm, Devon
Guide Price £3,225,000

MARKET OVERVIEW

Farmland values are climbing

Strong demand has pushed the average price of arable land in England up 4% to £9,800/acre since the start of the year – the highest it has been since 2015. The average price of pasture has risen by 6% over the same period, to a record-breaking £8,000/acre.

We expect that the arable average price will have increased by about 6% as well by the end of the year, as it is being pulled down by a number of unusually low-value sales which will be outweighed by a large number of farms currently under offer at prices well above £10,000/acre.

We can already see that more than 50% of arable land has sold for more than £10,000/acre in 2022 – the first time this has happened. In 2021, just over 30% sold at that level.

Our Farmland Database, which records the details of all farms, estates and blocks of publicly marketed farmland in England over 100 acres in size, does show that supply of land has bounced back to pre-Covid levels. 66,200 acres were publicly marketed during the first three quarters of the year, more than came to the market during the whole of 2020 or 2021. However, most of this increase can be attributed to a small number of significant sales in terms of acreage, rather than a notable rise in the number of farms and estates being marketed. Although the volume of land has increased compared with the past couple of years, demand continues to outstrip supply.



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MARKET AT A GLANCE

Supply



66,200 acres were marketed in the first nine months of 2022 – more than was for sale in each of the past two years.



24% more land has been publicly available than during the equivalent period of 2021.



However, supply remains at historically low levels.

Demand



Demand remains strong, with land going under offer or exchanging at the fastest rate for at least five years.



Farmland may look increasingly attractive to investors because of global economic challenges.



Farmers are active in the market, but many are using rollover money to fund their purchases rather than income generated from farming.

Pricing



The average price of arable land has risen by 4% to £9,800/acre.



The average price of pasture land sold so far this year is up 6% – to £8,000/acre.



More than half of arable land sold for more than £10,000/acre. This is the first time this has happened.

MARKET OUTLOOK

As we have pointed out in previous updates, at times of economic uncertainty there tends to be renewed interest in farmland as it is viewed as a safe investment and good hedge against inflation. Investors have good reason to think this way - the value of arable farmland has risen by 33% over the past 10 years and by 298% over the last 20 years, outperforming other property assets.

The financial crisis of 2008 was certainly followed by a surge in demand for farms and estates and we may see a repeat of this pattern. If this happens, given there is already a level of unmet demand for farmland from those with rollover money, lifestyle buyers and green investors wanting land on which to generate carbon credits or for rewilding, then competition can only intensify. Unless there is a significant rise in supply - which is not

looking likely at present - then we anticipate further growth in values.

Given the level of the competition in the marketplace, it is not surprising that our team is finding growing demand for our services to help people to purchase land. A high-profile example is the recent acquisition of the 1,100-acre Alington Estate in Bedfordshire. For anyone currently looking to buy a farm or estate, taking professional advice can be invaluable in helping you to identify off-market opportunities and put you in the best possible position when making an offer.

If you would like to know more about how we can help with any purchase - or sale - please get in touch with a member of the team.

SUPPLY

Amount of farmland marketed

2022 has already had more land marketed to date than in each of the past two years. In total, 66,200 acres were publicly marketed to the end of Q3, which is 24% more than the equivalent period in 2021, although still only the same as the five-year average and supply is still low compared with historical levels.

There have been 186 farms for sale so far this year, compared with 179 last year. As is usual, the majority of farms for sale were less than 500 acres. However, there have been more farms over 500 acres for sale than in the past three years, with 31 publicly marketed in 2022 so far. A high proportion of them have been in the East of England.

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, 2 & 3 2018	11,500	29,100	7,300	2,700	10,600	16,200	10,400	8,400	96,200
Q1, 2 & 3 2019	7,700	8,200	6,900	4,700	7,400	16,500	6,200	7,400	65,100
Q1, 2 & 3 2020	5,800	9,700	3,500	3,600	5,900	14,400	4,000	2,100	49,100
Q1, 2 & 3 2021	6,500	9,100	2,600	11,500	8,800	7,700	2,400	4,600	53,300
Q1, 2 & 3 2022	3,500	17,300	4,200	9,200	12,000	8,200	4,900	7,100	66,200
Five-year ave	7,000	14,680	4,900	6,340	8,940	12,600	5,580	5,920	65,980
% diff from ave	-50%	18%	-14%	45%	34%	-35%	-12%	20%	0%

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, 2 & 3 2018	32	37	15	13	35	48	26	23	229
Q1, 2 & 3 2019	22	27	12	14	29	52	27	24	207
Q1, 2 & 3 2020	19	32	11	17	21	41	22	7	170
Q1, 2 & 3 2021	23	28	12	20	35	33	12	16	179
Q1, 2 & 3 2022	16	27	10	27	34	31	26	15	186
Five-year ave	22	30	12	18	31	41	23	17	194
% diff from ave	-29%	-11%	-17%	48%	10%	-24%	15%	-12%	-4%

DEMAND

Farms sold

Land is going under offer faster than in the past five years, showing the strength of demand in the market.

Over 80% of sales are being agreed at or above their guide price, which is the highest proportion in our records.

Figure 3 Speed of land transactions - % of farms sold (exchanged)

N.B. Data shows the sale status by number of sales, not acres. Data captures the sales status on 31 September of land marketed during the first six months of that year. 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	39%	39%	49%	20%	24%
Exchanged	24%	20%	18%	25%	32%
Under Offer	32%	36%	31%	50%	45%
Withdrawn	4%	4%	2%	5%	0%

PRICING

Average sale prices

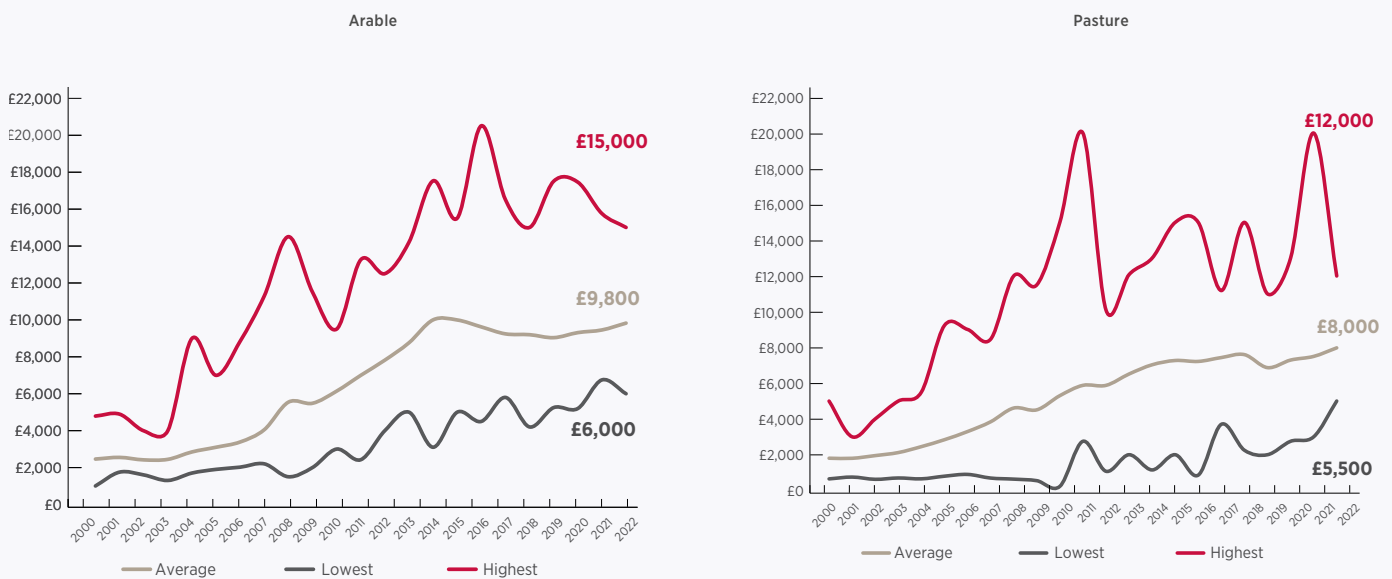
The average price of arable land has risen by 4% to £9,800/acre. However, this average is being pulled down by a number of sales of poorer quality land which had taken time to sell at low values. Over half of the arable land sold for more than £10,000/acre – more than

at the peak of the market in 2014/15 – and a growing proportion sold for more than £12,000/acre.

The average price of pasture land has risen by 6% to £8,000/acre for the first time. The trend of less land selling in the lowest price bands is continuing.

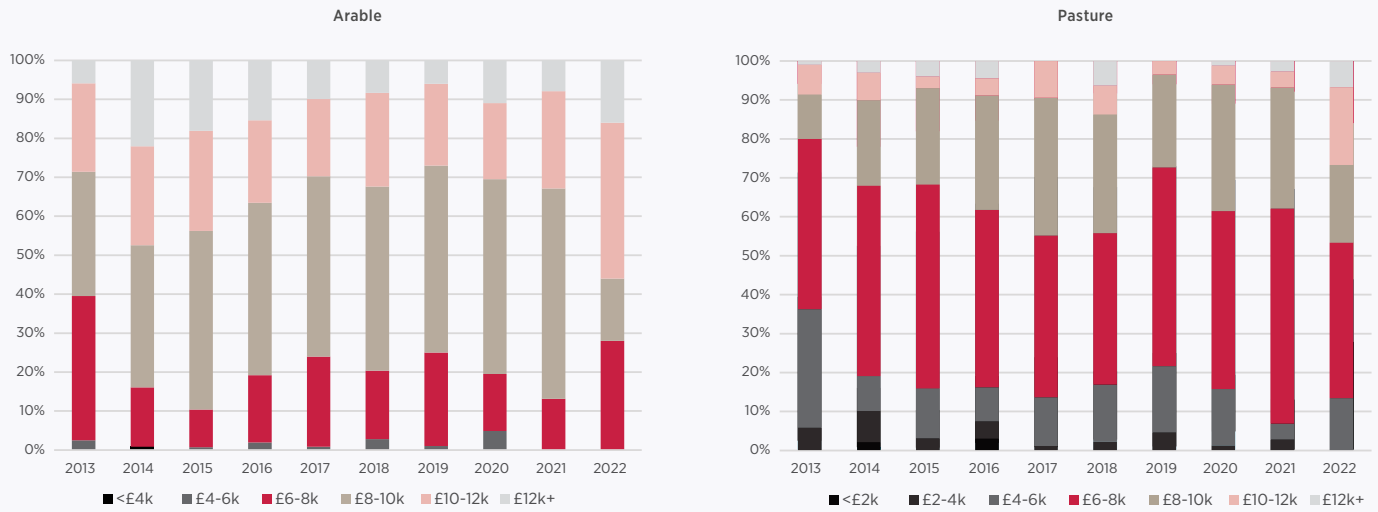
Figures 4 & 5 Average, lowest and highest sale prices of arable and pasture farmland (£/acre)

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.



Figures 6 & 7 Agreed sale price of arable and pasture farmland, by price band (£/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).



CONTACT YOUR LOCAL AGENT FOR A REGIONAL VIEW ON THE MARKET



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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. 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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