

ENGLISH ESTATES & FARMLAND MARKET REVIEW

SPRING 2024

FOR SALE:
Glemham Hall Estate, Suffolk.
Guide price: £19m

MARKET AT A GLANCE

Supply



7,400 acres have been publicly marketed in 2024 so far, more than in Q1 2023 and above the five-year average. This is across 21 farms, which is fewer than in Q1 2023.



Our updated figures for 2023 show that an estimated 81,600 acres were publicly marketed in 2023, the most in the past five years.



It is not clear yet whether the increase in land for sale is still the recovery from the small COVID-affected markets or a wider trend. More vendors are stating profit-taking and retirement as reasons for sale.

Demand



Demand remains firm with almost 75% of farms marketed in 2023 sold or under offer, which is typical for the past five years, although lower than in 2021 and 2022.



There are some signs of demand levelling. Although almost 70% of farms sold for their asking price or more, this is below 2021's and 2022's levels.



Demand is stronger for mixed, arable and residential farms, which is a reflection of the increase in activity of private and institutional investors.

Pricing



Average arable prices remain at record levels, at £11,200/acre, which is up 3% on 2022 and up 22% in five years. NB We have revised our average down from the £11,300/acre reported in January 2024 as more data has become available.



A record 70% of arable land sold for £10,000/acre or more in 2023 and over a quarter sold for £12,000/acre or more.

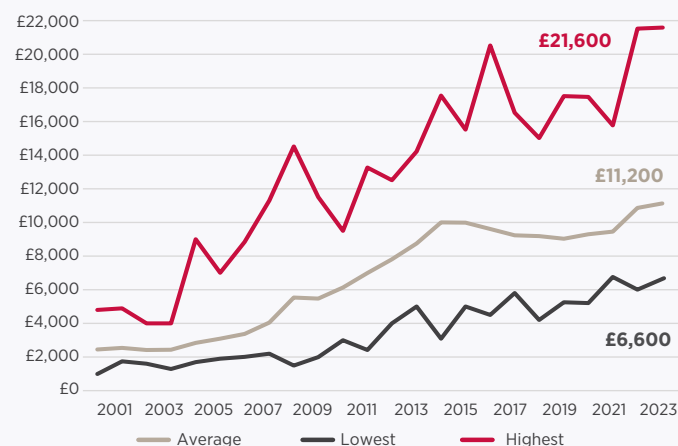


Pasture prices remain high at £8,500/acre, which is up 13% in five years. This is 8% below the peak in 2022 but this average can be affected by changes in the quality and location of pasture that is sold.

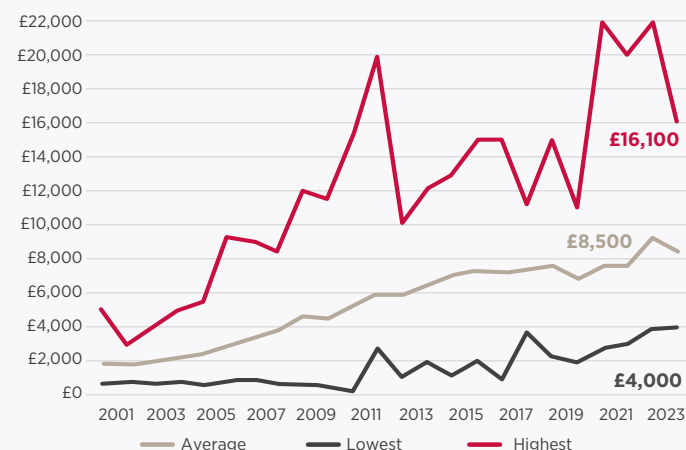
Figures 1 & 2 Average, lowest and highest sale prices of arable and pasture farmland (£/acre)

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.

Arable



Pasture



MARKET OVERVIEW

Supply creeping up in English farmland market

We said at the end of last year that it was possible supply would increase in 2024 and there are some early signs that this is happening. In total, 7,400 acres have been publicly marketed in England so far this year – 6% up on last year – and we know of a few thousand more which have been launched privately.

However, if we look at the total number of farms and estates being sold on the open market in Q1, we are still running behind 2023 and the five-year average. This means the increase in acreage publicly available is largely down to the launch of a handful of sizeable farms and estates – including, for example, the 1,763-acre Glemham Hall Estate in Suffolk, which we brought to the market in March.

It is a mix of reasons driving sales. It is often said that it is the three Ds – death, divorce and debt – which drive the land market and we are seeing that the need to reduce debt, as interest rates have risen,

is a factor for some. However, we are probably seeing more examples where farmers are choosing to retire because their children have no desire to take the farm on. Other vendors are in ‘profit-taking’ mode, reflecting the fact that farmland values are at record levels.

There have not yet been enough deals concluded in 2024 to produce reliable average prices for Q1, but our revised average prices for the whole of 2023 are £11,200/acre for arable land and £8,500/acre for pasture. However, as we often point out, averages do mask what can be a very variable market. There can be stark differences in the prices people are willing to pay depending on location. In some instances, land is selling for around £20,000/acre because it happens to be in the right place for a very motivated buyer, but equally it can be possible to secure arable land for around £8,000/acre in other parts of the country.

MARKET OUTLOOK

The poor weather has delayed the launch of some properties, so we do expect supply to keep creeping up as we head into Q2 and Q3. This could be just the market returning to some normality after the COVID-affected years or a sign that more people are choosing to exit the market. Either way, buyers should have a bit more choice than they did 18 months ago.

Demand is slightly softer than it was back in 2021 and 2022 but there is still an active pool of buyers in evidence. Confirmation in the Spring Budget that land in certain environmental agreements will qualify for Agricultural Property Relief (APR) has helped to inject confidence in the market for buyers looking to use land for environmental purposes. Flooding, declining Basic Payments and lower commodity prices mean farmers are undoubtedly facing a tough year, and there

may be some who decide, or are forced, to sell up. However, there are still farming businesses looking to expand who will see these sales as an opportunity.

As we look further into 2024, values are likely to continue to be highly variable. We expect premium prices to continue to be paid for prime properties located in hotspot areas, but elsewhere there may be some downward pressure. It could be a busy summer for new launches, but then things are likely to slow down closer to the general election, which at the time of writing is expected to take place in the second half of the year.

If you would like to discuss buying or selling land – publicly or privately – then please get in touch.

METHODOLOGY

All data in this report is produced on the following basis:

- Data is for whole years unless otherwise stated.
- Area of farmland publicly marketed is rounded to the nearest 100 acres.

- Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.
- Please also see the methodology section on the back page.

SUPPLY

Area of farmland and number of farms marketed

7,400 acres have been publicly marketed in 2024 so far, more than in Q1 2023 and above the five-year average. However fewer farms were for sale, with only 21 farms marketed in Q1 compared with 28 in Q1 2023.

We have updated our figures for 2023, as we collect more data on sales, and now estimate that 81,600 acres were publicly marketed, the most in the past five years and above both the five- and ten-year averages. This was spread over 248 farms, the most since 2018 and this is also above both the five- and ten-year averages.

This demonstrates there was an increase in the area for sale in 2022 and 2023 compared with 2020 and 2021. We will monitor this as it may be the market recovering after the COVID-affected years, when the farmland market shrank, or the start of a wider trend, with more land for sale as the reduction in Basic Payments, switch to subsidies being paid mainly for ‘public goods’ and volatility of profits affects farmers’ decision making about their businesses and land. More vendors are stating profit-taking and retirement as reasons for sale than in the past five years, although these have historically been the most common reasons for sale.

DEMAND

Asking prices, proportion of farms selling and buyer types

Almost 75% of the farms marketed in 2023 have sold or are under offer, which is typical for the past five years although lower than in 2021 and 2022. There are also more farms under offer, rather than exchanged. This is a sign of sales taking longer to get to the point of exchange than they were a couple of years ago, when competition was at its most frenzied and there were more cash buyers in evidence.

There are also other signs of demand levelling. Of the farms that have sold, almost 70% of them sold for their asking price or more; while this is a high proportion, it is below 2021’s and 2022’s levels.

There is also a clear split in the market; mixed, arable and residential farms are more likely to have sold (79-86% of them) compared with the lowland grazing, hill grazing and dairy farms (52-60%).

This pattern reflects in what is happening in the regions, with the highest proportion of farms sold in the East Midlands, East of England, North East and Yorkshire & Humber, and the lowest proportion sold

in the North West, South West and West Midlands.

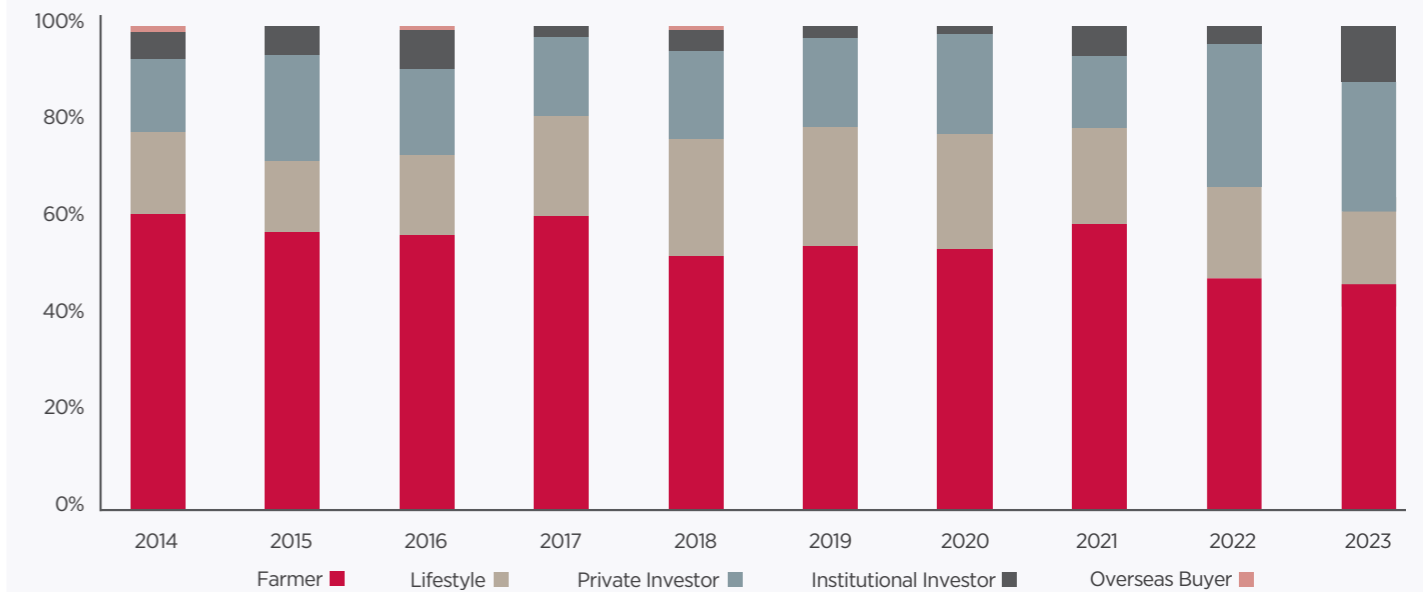
As we noted in our previous review, farmers bought less than half of the farms for sale last year, while private and institutional investors have been more active.

2023 was the most active year for purchases by institutional investors since our database began in 1996, and they mainly bought arable farms (which was also the case for lifestyle and private investors). This trend seems to be continuing with an announcement made in late March 2024 by two pension companies of their joint purchase of 21,000 acres spread across Cambridgeshire and Lincolnshire for £260m.

As we reported previously, the investors (of all types) tend to buy larger, high-quality farms with high average prices per acre. Collectively, they spent at least 60% more in total on purchases in 2023 than farmers did.

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



PRICING

Average sale prices and price bands

There have not been enough sales concluded in 2024 to produce reliable average prices yet.

Our revised average prices for 2023 are £11,200/acre for arable land (up 3% on 2022 and up 22% in five years) and £8,500/acre for pasture (down 8% on 2022 and up 13% in five years).

As ever, averages can be affected by changes in the quality and location of the land sold, and as there is a wide range in prices paid above and below the average, we suggest that they are used as a broad indicator of changes in prices and considered with the data on sale price bands (see over).

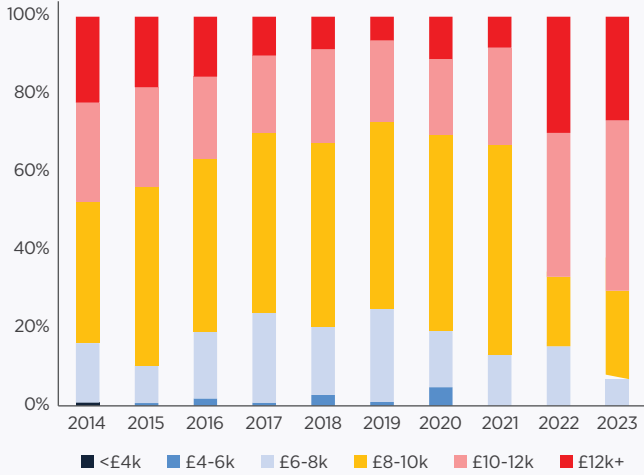
70% of arable land sold for £10,000/acre or more in 2023, which is a record, and over a quarter sold for £12,000/acre or more.

For pasture, more land sold for £6,000-8,000/acre and less sold above £8,000/acre, and we will monitor this closely to assess whether it is a change in market dynamics.

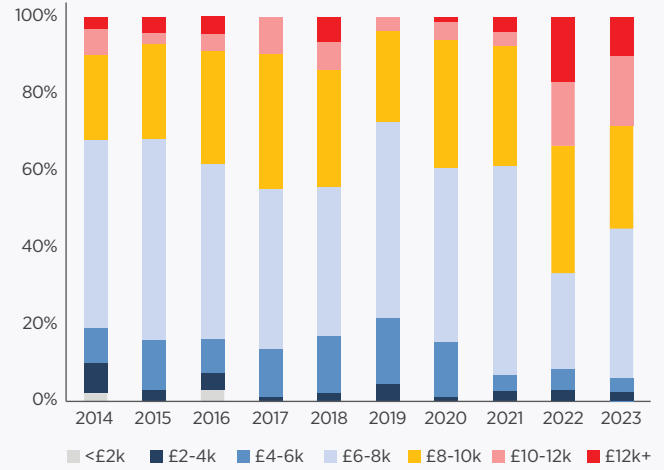
Figures 4 & 5 Agreed sale price of arable and pasture farmland, by price band (£/acre)

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Arable



Pasture



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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.

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