

ENGLISH ESTATES & FARMLAND MARKET REVIEW

SUMMER 2024

FOR SALE
Sand Villa Farm, Lancashire
Guide Price: £5,850,000

MARKET AT A GLANCE

Supply



More farmland has been marketed in the first half of the year (H1) than in any year since 2012.



Almost 150 farms and estates have been publicly marketed, which is the highest number in H1 for 10 years.



There has been a large increase in the number of estates for sale publicly.

Demand



The signs of demand levelling are becoming more evident – the proportion of farms sold or under offer is continuing to fall.



The proportion selling at, or above, their asking price has also fallen back from the peak levels of 2021 and 2022.



Farmers remain the more common type of buyer for most types of farm, but institutional buyers have increased the range of farm types they are buying.

Pricing



The average arable price remains near record levels at £11,000/acre. Less is selling at over £12,000/acre but over 70% is selling for £10,000/acre or more.



The average price of pasture has reached a record level and 40% of sales were for £10,000/acre or more, which is also a record.

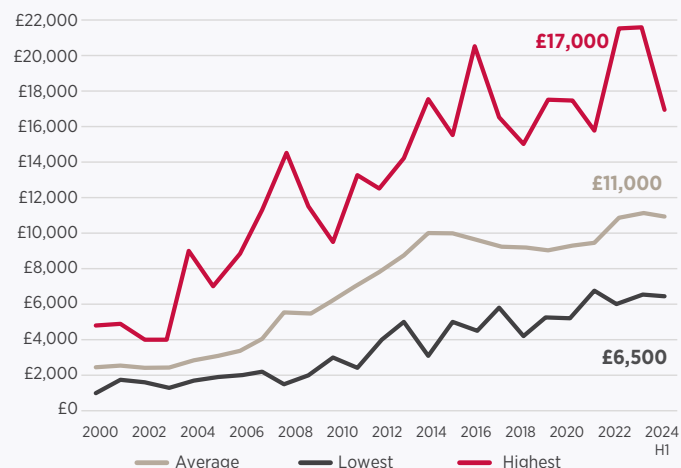


The levelling off in demand is leading to some farms remaining available.

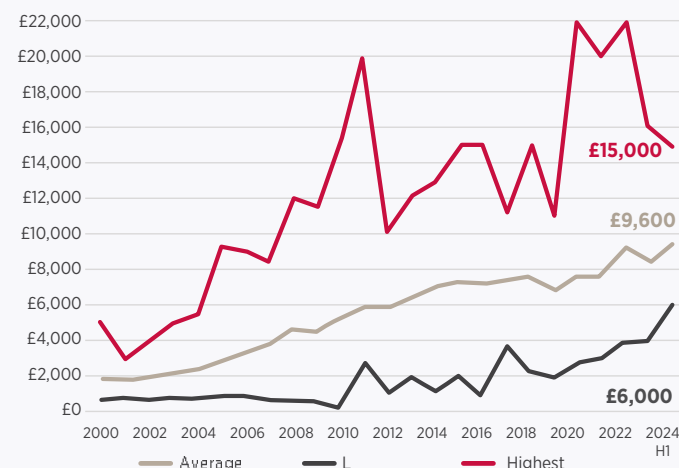
Figures 1 & 2 Strutt & Parker English arable and pasture sold price series (£/acre)

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

Wide variability in prices as supply rises to more 'normal' levels

Anyone who keeps an eye on the property advertisements in the back of Farmers Weekly will know there has been a noticeable rise in the number of farms and estates coming to the open market in recent weeks. Our Farmland Database confirms that more farmland has been publicly marketed in England during the first half of the year than in any year since 2012. We estimate that 59,800 acres have been launched so far in 2024, which is 35% higher than the five-year average and 23% higher than during the equivalent period in 2023.

However, while this sounds like a dramatic increase, this is a year where lots of launches have been concentrated into a relatively short window – a number were delayed because of the bad weather in the spring, while others were brought forward in anticipation of a general election in the second half of the year. Our expectation is that supply may well ease back slightly over the next few months.

The national picture is that the average sale price of arable land remains near record levels. The average price paid so far in 2024 is £11,000/acre which is slightly down on our 2023 figure of £11,200/acre, although at this point in the year it is inevitably based on relatively few transactions so it may change. In contrast, the average pasture price has risen by 12% to reach a record high of £9,600/acre. However, this comes with our usual caveat about the price of pasture land being highly variable from year-to-year, because the quality differs and location remains key.

If we look more closely at some of the key performance indicators we use to monitor demand, there are signs that it is levelling out. In 2021 and 2022, almost everything that was launched sold quickly, but over recent months the proportion of farms sold or under offer has started to fall. Fewer farms are also selling for at, or above, their guide price.

It is a fascinating time to take up the reins as the new head of the Estates & Farm Agency team. The market remains active but is becoming more location-driven than it has been recently. While we are still seeing some properties flying out of the door for premium prices, others are taking longer to sell. The price of arable land sold in the first half of the year ranged from a low of £6,500/acre to a high of £17,000/acre (we only track sales of parcels of 100 acres or more to avoid averages being skewed by smaller blocks of land which often sell for much higher prices). For anyone considering either a sale or purchase, we would strongly recommend that you seek professional advice early in the process, so you fully understand the particular nuances of your local market.



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MARKET OUTLOOK

There is inevitably lots of discussion about why more land has come to the market and its likely impact. After a turbulent couple of years because of difficult weather conditions and higher interest rates, some farmers are looking to sell land to reduce levels of debt. The squeeze on farm profitability has also prompted some to bring forward their retirement plans.

The number of estates currently for sale is higher than it has been for some time, with some institutional investors selling to capitalise on the strong capital growth seen in agricultural land prices over recent years. The good news is that this increased supply on the institutional side is fairly evenly matched by demand, with a number of other institutional buyers seeking out new opportunities.

Overall, our view is that while the volume of land for sale has risen, there is a risk that this becomes overstated because supply has been so low over the past five years. Rather than indicating a significant exit from the sector, it feels like a return to more 'normal' volumes of land coming forward.

Given the continued pressures on the farming industry, demand from farmer buyers is likely to continue to be variable, but there remain enough other buyers in the marketplace to avoid any significant downward pressure on values.

We now have a new Government in place, and everyone will be watching closely to see if there are any reforms in the tax regime. Any increase in capital gains tax (CGT), to align rates with income tax, may mean sellers reconsider selling property assets. Any changes to the inheritance tax (IHT) regime would also have a significant impact on the agricultural land market, although the messaging on this from the party before the election was that no changes to agricultural property relief (APR) are planned.

If you would like to discuss any aspect of this report, or for advice on selling or buying farmland in your region, please do 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.
- Main type of farm does not include minor ones, like horticulture and equestrian, and so the total in Figure 6 does not equal the total number of farms marketed.
- Please also see the methodology section on the back page.

SUPPLY

Area of farmland marketed

More farmland has been marketed than in any year since 2012, with more land for sale in most regions.

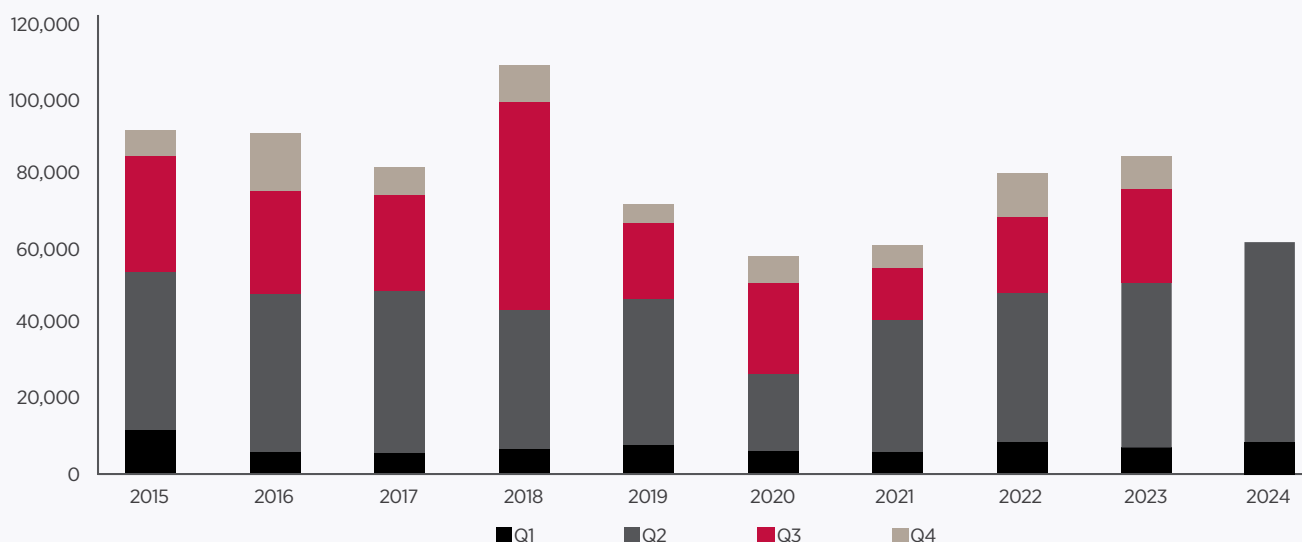
There has been an increase in the proportion of sellers retiring or taking profits from the increase in land prices.

Figure 3 Area of farmland publicly marketed in England (acres)

N.B. 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.

	East Mids	East of England	North East	North West	South East	South West	West Mids	Yorks & Humber	England
2020	6,800	11,300	3,600	4,200	7,700	15,400	5,000	2,500	56,500
2021	7,300	10,700	3,100	11,600	9,600	9,300	2,600	4,900	59,100
2022	4,900	18,700	4,100	13,900	13,200	11,000	5,100	7,300	78,200
2023	13,800	14,200	14,200	4,800	11,600	12,100	8,200	3,400	82,400
H1 2020	2,800	5,700	600	2,600	3,400	7,500	2,300	1,000	25,800
H1 2021	5,500	5,800	1,700	9,100	5,400	6,200	1,900	4,000	39,700
H1 2022	2,200	14,000	2,900	5,500	10,000	3,800	2,200	6,600	47,100
H1 2023	7,900	9,000	11,200	3,200	4,100	6,500	4,100	2,700	48,700
H1 2024	11,100	12,900	2,400	3,900	7,400	15,900	1,700	4,500	59,800
Five-year ave	5,900	9,480	3,760	4,860	6,060	7,980	2,440	3,760	44,220
% diff from ave	88%	36%	-36%	-20%	22%	99%	-30%	20%	35%

Figure 4 Area of farmland publicly marketed in England (acres) by quarter



Number of farms marketed

Almost 150 farms and estates have been publicly marketed, which is the highest number for over 10 years.

Figure 5 Number of farms publicly marketed

	East Mids	East of England	North East	North West	South East	South West	West Mids	Yorks & Humber	England
2020	23	37	12	20	27	47	30	9	205
2021	26	32	13	22	39	40	13	18	203
2022	23	32	10	33	41	44	24	16	223
2023	37	47	12	17	37	55	32	12	249
H1 2020	9	19	4	12	11	26	13	5	99
H1 2021	19	19	6	12	23	25	9	11	124
H1 2022	10	20	6	20	25	19	11	13	124
H1 2023	21	29	8	8	13	26	15	8	128
H1 2024	22	30	6	12	24	34	7	14	149
Five-year ave	16	23	6	13	19	26	11	10	125
% diff from ave	36%	28%	0%	-6%	25%	31%	-36%	37%	19%

Types of farm marketed

There are more farms of all types for sale, apart from arable farms although they remain the largest farm type.

There has been a large increase in the number of estates for sale publicly, with the 13 for sale being almost double the number in the

next most active year. The estates cover over 18,000 acres, about a third of the total land for sale, and range in price from £4.5m to over £50m. There has been increased interest in estates from institutional buyers, who are attracted by the diverse sources of income and, often, opportunities for development or change of use.

Figure 6 Main type of farms publicly marketed

N.B. Main type of farm does not include minor ones like horticulture and equestrian and so the sum of this data does not necessarily equal the total number of farms in figure 5.

	Arable	Estate	Livestock (Hill)	Livestock (Lowland)	Mixed	Residential	Dairy
2020	77	7	7	32	34	20	17
2021	74	11	12	34	25	16	8
2022	70	11	19	28	30	17	11
2023	113	6	12	40	34	15	10
H1 2020	37	1	3	17	20	10	5
H1 2021	48	5	7	20	13	12	5
H1 2022	46	5	12	12	17	12	5
H1 2023	63	3	4	17	20	8	4
H1 2024	54	13	6	26	25	10	4
Five-year ave	50	5	6	18	19	10	5
% diff from ave	9%	141%	-6%	41%	32%	-4%	-13%

DEMAND

Proportion of farms selling

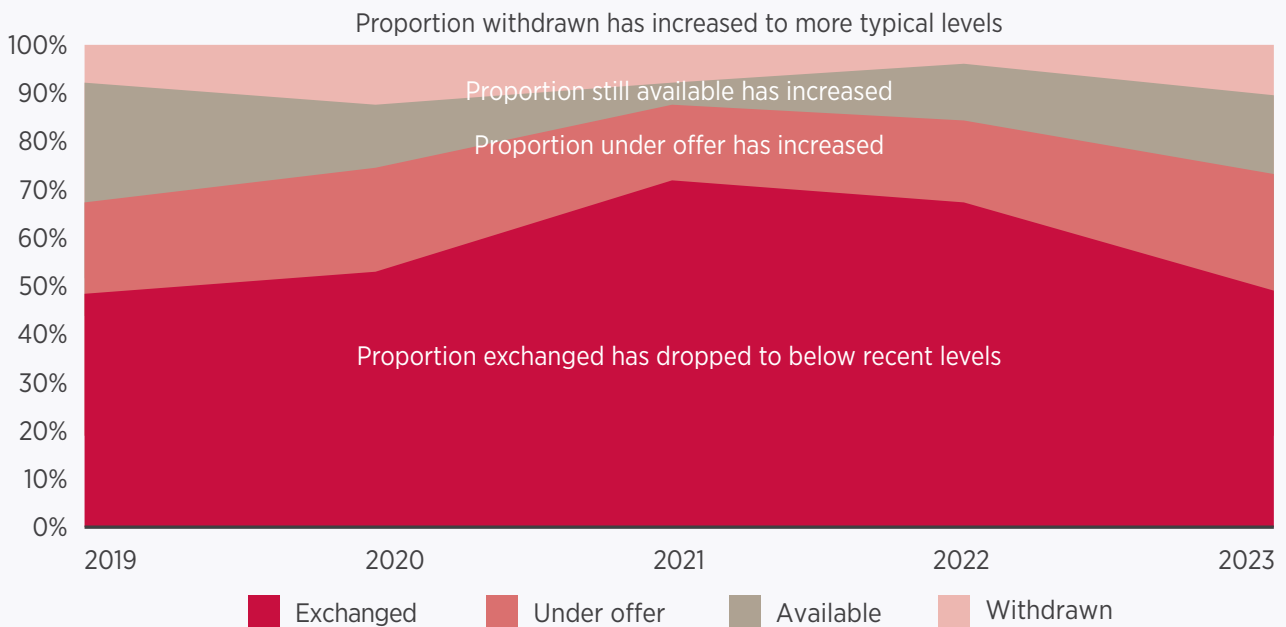
The signs of demand levelling off are becoming more evident. The proportion of farms sold or under offer has fallen back to more usual levels after the exceptional demand of 2021 and 2022. The proportion of farms selling at, or above, their asking price has also fallen back from the 2021 and 2022 peaks.

Demand remains strongest for arable cropping and mixed farms and there is a noticeable ‘sales rate’ gap for the different types of livestock farm.

Demand appears to have weakened slightly for farms with £3m or more asking prices compared with smaller ones, and it is also weaker for land with an asking price of more than £12,000/acre, which has not been the case in the past.

Figure 7 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 30 June of land marketed during the whole of the previous year, to give the farms time to sell. Privately marketed farmland has been excluded due to the difficulty of collecting comprehensive information.



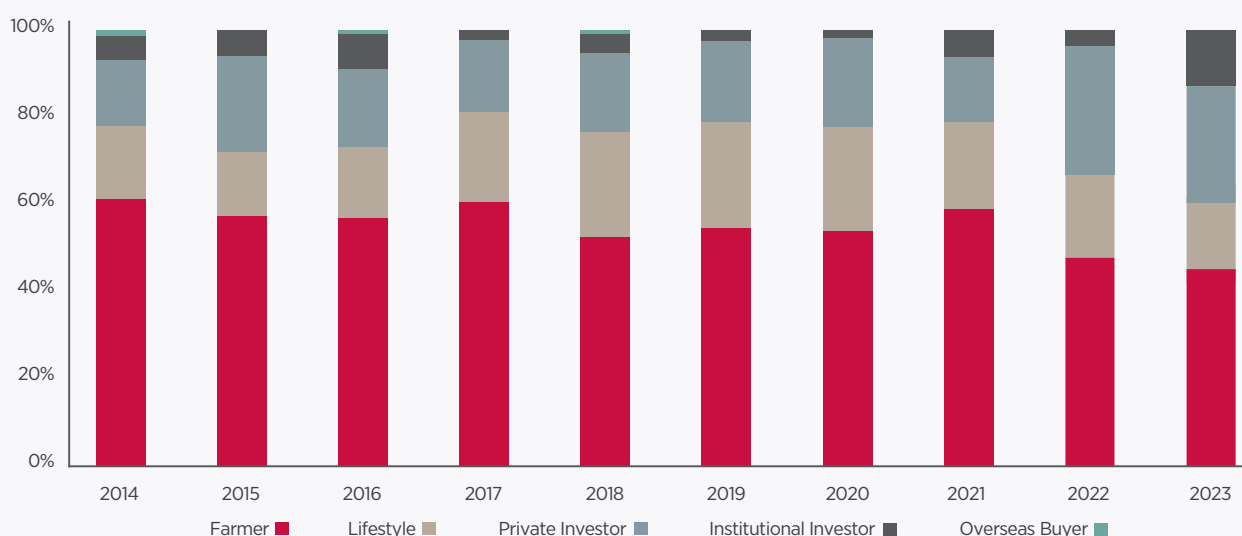
Buyer types

The proportion of farms bought by farmers is continuing to fall and has been below half in the past two years. Many purchases by farmers rely on debt, which is now more expensive, and farming profits are much lower this year, and we expect them to remain below average in 2025 (based on our Arable Profitability Model).

While farmers remain the predominant buyers of all types of farm, apart from lifestyle/residential farms, institutional buyers have broadened their buying from mainly cereals farms to livestock and general cropping farms too, although the focus on their buying remains in the East of England and the East Midlands. As well as buying, a number of institutions are selling as they restructure their portfolios.

Figure 8 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, lowest and highest sale prices

Arable prices remain near record levels. While there are slightly fewer sales at over £12,000/acre, there has been a significant transformation in the market over the past three years, so that over 70% of land is selling at over £10,000/acre (see figure 10).

The average price of pasture has reached a record level and 40% of sales were for £10,000/acre or more, which is also a record. As with arable land, prices have increased significantly over the past three years (see figure 11).

Figure 9 Average sale price 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	% change during year	Pasture	% change during year
2015	£10,000	0%	£7,300	0%
2016	£9,600	-4%	£7,200	-1%
2017	£9,200	-4%	£7,400	3%
2018	£9,200	-1%	£7,600	2%
2019	£9,000	-2%	£6,900	-9%
2020	£9,300	3%	£7,500	9%
2021	£9,500	2%	£7,600	1%
2022	£10,900	15%	£9,300	22%
2023	£11,200	3%	£8,500	-8%
H1 2024	£11,000	-2%	£9,600	12%

Figures 10 & 11 Agreed sale price of arable and pasture farmland, by price band (£/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.

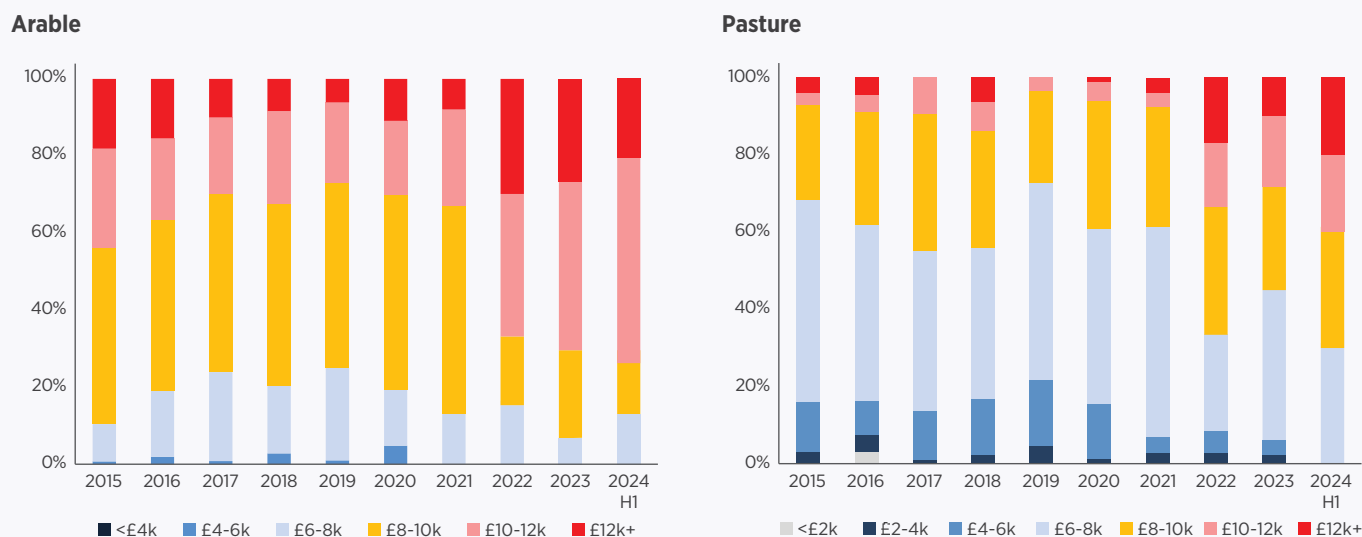


Figure 12 Estimates of bottom 25% and top 25% prices for arable and pasture farmland by region (£/acre and % annual change)

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.

	Arable		Pasture	
	Bottom 25%	Top 25%	Bottom 25%	Top 25%
South East	£7,500 (-4%)	£11,500 (-3%)	£6,000 (-2%)	£8,750 (-3%)
South West	£7,800 (0%)	£11,750 (0%)	£6,000 (0%)	£9,250 (0%)
East of England	£8,000 (-6%)	£11,000 (-8%)	n/a	n/a
East Midlands	£7,750 (1%)	£12,100 (-2%)	£6,600 (-1%)	£9,300 (1%)
West Midlands	£9,500 (-5%)	£12,000 (-8%)	£7,500 (-9%)	£9,000 (-5%)
North	£7,750 (0%)	£13,000 (-7%)	£6,000 (0%)	£9,000 (0%)

CONTACT YOUR LOCAL AGENT FOR A REGIONAL VIEW ON THE MARKET



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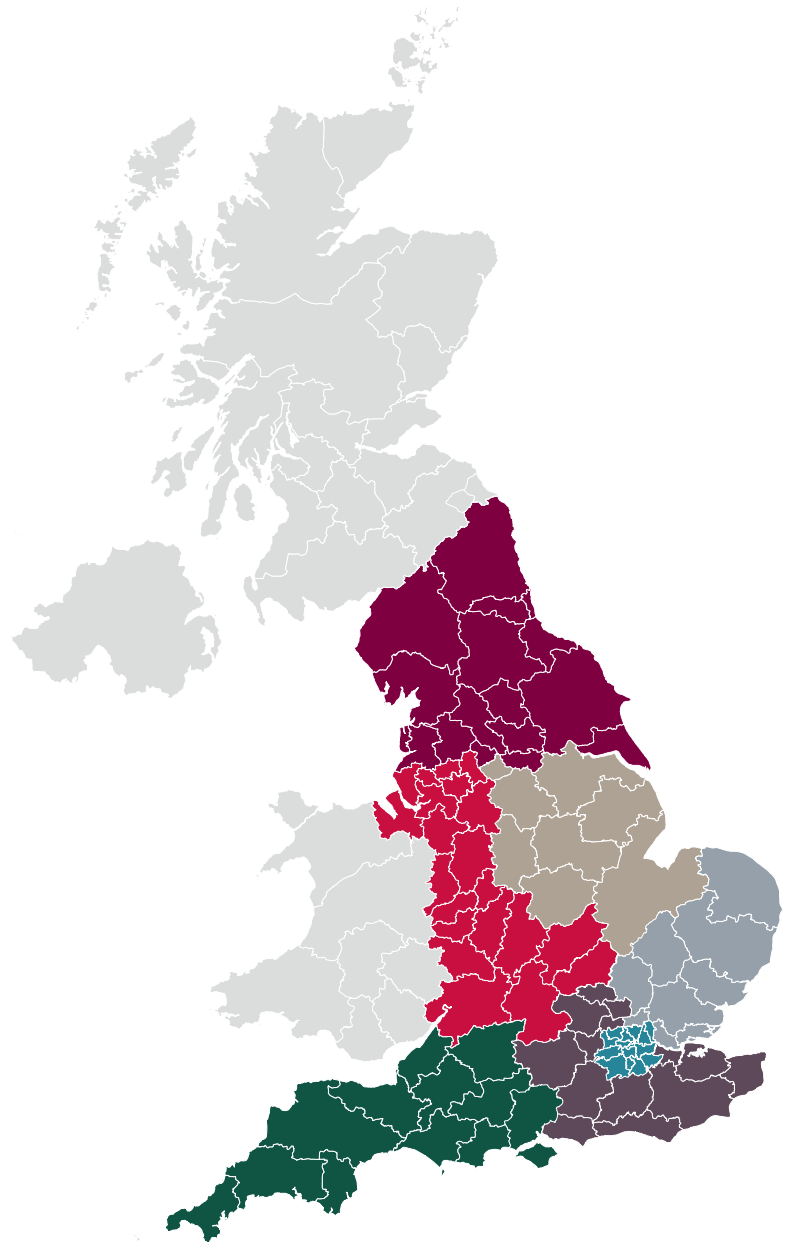
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Methodology

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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