

English Farmland Market Review

2014 Round-up



Key facts at a glance

- Average arable land value is £9,796/acre (an increase of 13% on last year)
- Number of acres coming to the market has decreased by 3.5% from this point last year
- 52% of all farm and land sales in 2014 were bought by farmers, up from 44% in 2013
- Premiums are still being paid for largest farms, typically over 800 acres in size

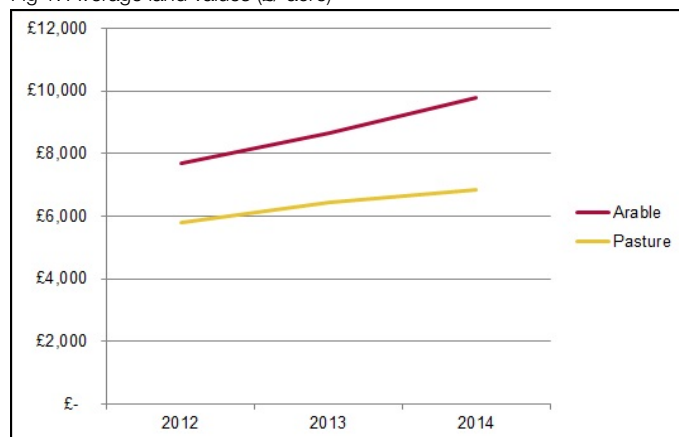
Land Values

Whilst the first half of 2014 experienced a slower rate of growth in land values than in previous years, the latter part of the year caught up, bringing the average for the year to £9,796 per acre. Some notable sales of sizeable blocks of farmland, predominantly in the Eastern, Central

and Southern regions (see Figure 2) assisted in increasing the arable land price by 13% compared with the 2013 figure.

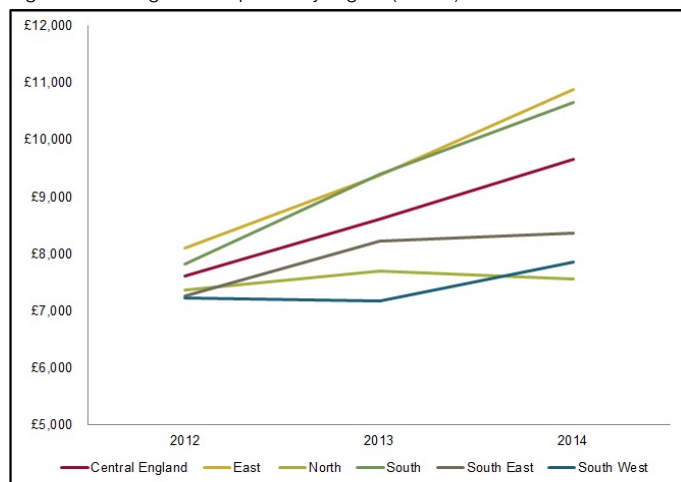
Pasture land values for the year have also increased, albeit by a lesser rate, to £6,839 per acre, up from £6,438 per acre in 2013.

Fig 1. Average land values (£/ acre)



Source: Strutt & Parker Farmland Database

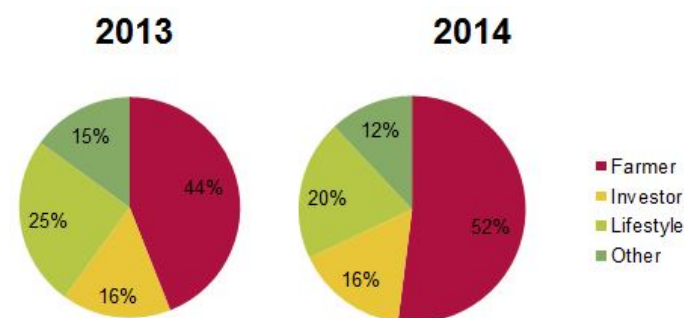
Figure 2. Average arable prices by region (£/acre)



Source: Strutt & Parker Farmland Database

The large commercial arable land sales that have taken place in the last 6 months, some of which were off-market, show a continuation of the demand from investors, both private and institutional, purchasing land to act as a safe, long-term investment and for prudent tax planning.

Figure 3. Buyer type



Source: Strutt & Parker Farmland Database

The number of investors purchasing farmland has kept relatively consistent over the past three years, however the gap between what they are prepared to pay and what a farmer can afford has increased, giving rise to a two tier market and pushing up the overall average prices.

Supply

Another contributor to the continued growth in prices is the recurring decrease in the supply of land to the open market. Supply has fallen every year since 2010 and 2014 has been no exception.

Figure 4. Supply of acres to the market



Source: Strutt & Parker Farmland Database (omits the sale of the Co-op Farms portfolio)

Conclusion

Whilst there have been some record sales as regards to price paid per acre in the latter part of 2014, the big question is whether or not these prices will sustain throughout the coming year. Our view is that values will grow, especially in certain parts of the country, but not at the same rate as in 2014.

This is due to the greater pressure on farm incomes caused by the weakening commodity prices, especially those affected by milk price cuts. Added to this is the inevitable hesitation preceding a General Election, which will affect the property market as a whole.

Figure 5. Average arable prices by region (£/acre)

Region	2013	2014
Central England	£8,610	£9,651
East	£9,372	£10,888
North	£7,700	£7,550
South	£9,384	£10,646
South East	£8,218	£8,350
South West	£7,175	£7,857

Figure 6. Average pasture prices by region (£/acre)

Region	2013	2014
Central England	£6,834	£8,111
East	£5,855	£5,917
North	£4,314	£3,394
South	£7,379	£7,712
South East	£7,550	£7,150
South West	£5,868	£6,786

Source: Strutt & Parker Farmland Database

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