

English Estates & Farmland Market Review

Spring 2018



Market overview

Robust demand and prices

It is always difficult to draw firm conclusions about the farmland market based on Q1 data because we are inevitably dealing with a small number of sales.

The signs point to the market remaining robust. Over recent months we have seen an increase in new applicants registering to buy farms and our data shows average prices are higher than they were at this time last year.

As we have been saying for some time, average prices only tell half the story because we continue to see a wide range in the prices being paid. There is also the greater number of off-market or private sales to factor in, which include many involving our regional agents.

But the year has started in much the way the last one ended – which signals we are at least enjoying a period of stability.



Michael Fiddes

Head of Estates & Farm Agency

T: 01223 459 505

E: michael.fiddes@struttandparker.com

The market at a glance

Supply

- 21 farms were marketed nationally during Q1 2018, which is average for the past five years.
- In total 8,800 acres were publicly marketed during Q1, which is more than in Q1 2017 and 2016.
- The trend for farms to be sold off-market/privately continues.

Demand

- Farmers remain the most common type of buyer, acquiring just under 60% of the land sold in 2018 to date.
- In 2017, farmer demand was strongest for cereal farms and keenest in the East of England and East Midlands.
- Lifestyle buyer demand was strongest in the South East while demand from investors was much more evenly spread across the regions.

Pricing

- £9,800/acre was the average price of arable land sold in Q1 2018, similar to Q4 2017 prices and the same as 2016 levels when demand was stronger.
- Pasture prices continue to rise gently, with an average of £8,400/acre paid in Q1 2018.
- Care should be taken in drawing any conclusions on the market from these figures alone, due to the small number of sales this early in the year.

Supply

Amount of farmland marketed

The total acreage of land put up for sale during Q1 2018 (8,800 acres) is above the five-year average and more than in Q1 2016 and 2017, but one farm accounts for 3,200 acres of the area. Additional land is also known to have been marketed privately during Q1, but has been excluded from the figures below because of the difficulty of collecting comprehensive data on all private sales.

To give the context, in total, around 80,000 acres of farmland have been publicly marketed each year in England over the past five years with the majority marketed in the middle six months of the year.

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

NB Figures are for whole years unless otherwise stated and 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 & Humberside	England
2013	11,500	9,600	9,100	2,600	12,800	17,500	9,600	6,600	79,200
2014	6,500	14,000	4,600	2,400	11,400	14,400	12,200	5,300	70,800
2015	17,900	16,600	4,900	7,700	18,800	13,400	6,100	4,500	89,800
2016	12,900	17,100	4,100	4,000	18,800	13,200	4,700	13,000	87,800
2017	12,400	11,800	2,300	5,800	9,800	12,700	10,800	12,200	77,600
Q1 2016	800	1,100	1,000	600	300	900	700	500	5,900
Q1 2017	1,000	700	0	300	1,700	400	600	700	5,500
Q1 2018	4,100	1,100	0	0	1,800	1,100	700	0	8,800

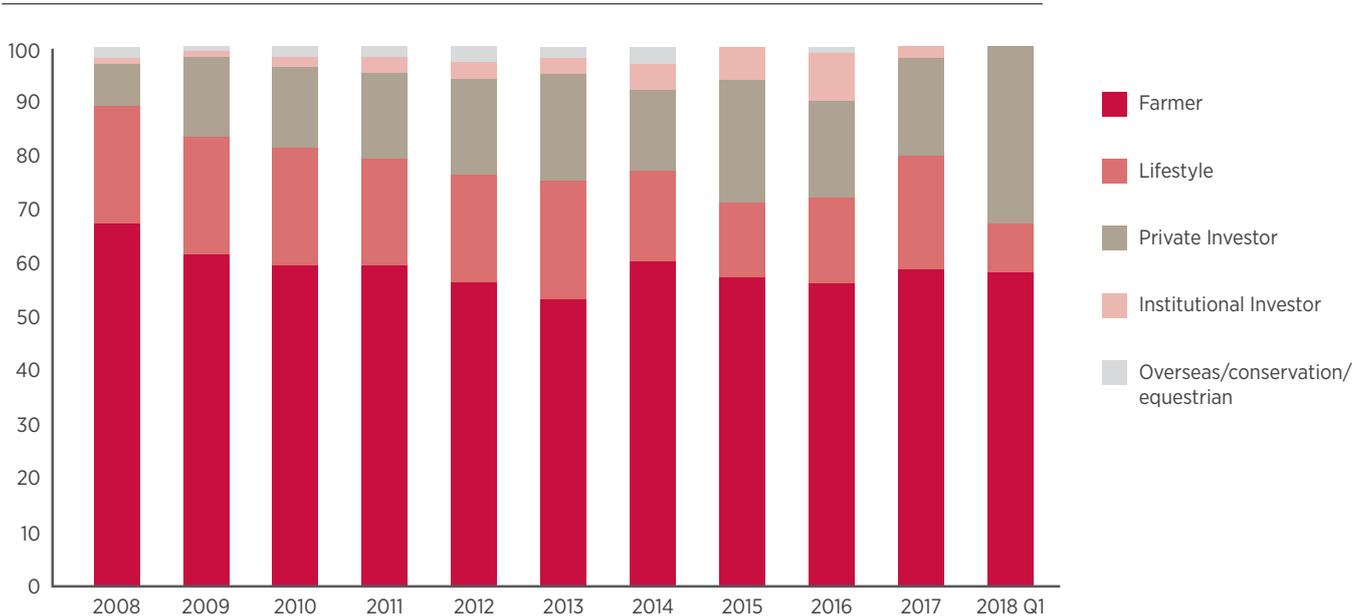
Demand

Farmers have bought over half of the land sold in 2018 so far which is a similar proportion as in 2017 (59%).

Looking back at 2017, farmer demand was strongest for cereals farms, and it was keenest in the East of England and East Midlands, which are areas that are attractive for production and less popular with lifestyle buyers. Lifestyle buyer demand was strongest in the South East while demand from investors was much more evenly spread across the regions.

Figure 2 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 apart from 2018 which is Q1 only.



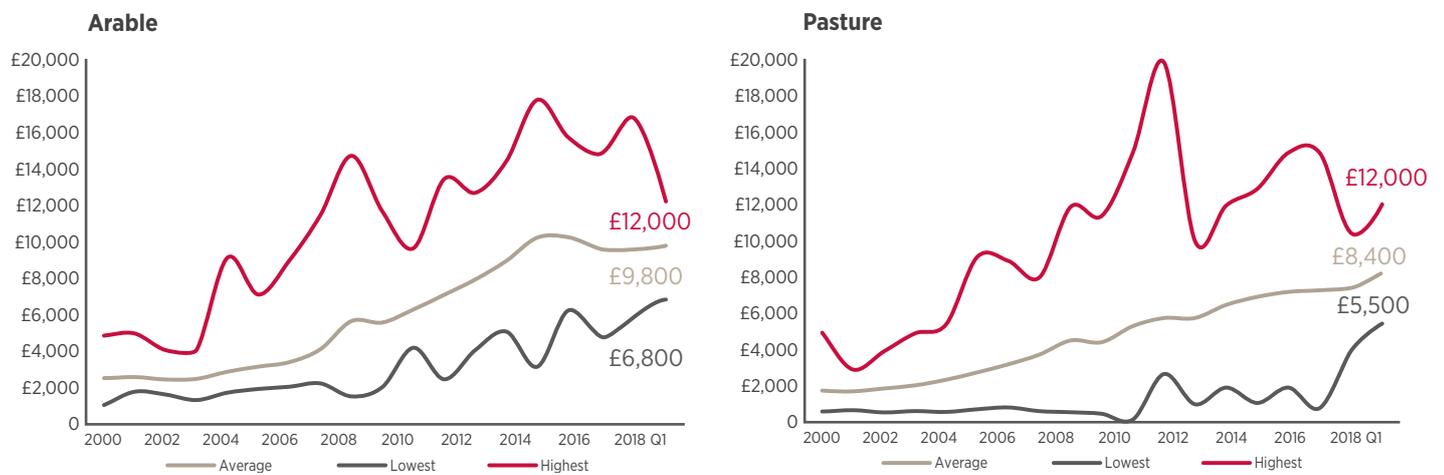
Pricing

Average sale prices

The average price of arable land sold in Q1 2018 was £9,800/acre, the same as in Q4 2017 and similar to the averages that we last saw in early 2016, when demand for land was stronger. The range in prices paid seems to have narrowed. Pasture prices continue to rise gently, with an average of £8,400/acre paid in Q1 2018. However, these averages are based on only the small number of transactions completed during Q1 so care should be taken in drawing conclusions from these figures alone.

Figures 3 & 4 Average, lowest and highest sale prices of arable and pasture farmland (£/acre)

NB. The year is when the farmland was sold (exchanged) and is for whole years apart from 2018 which is Q1 only. 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 data can 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. Given the significant regional variation in prices and range of prices within regions, we recommend using the prices for farmland by region, which are on the following page.

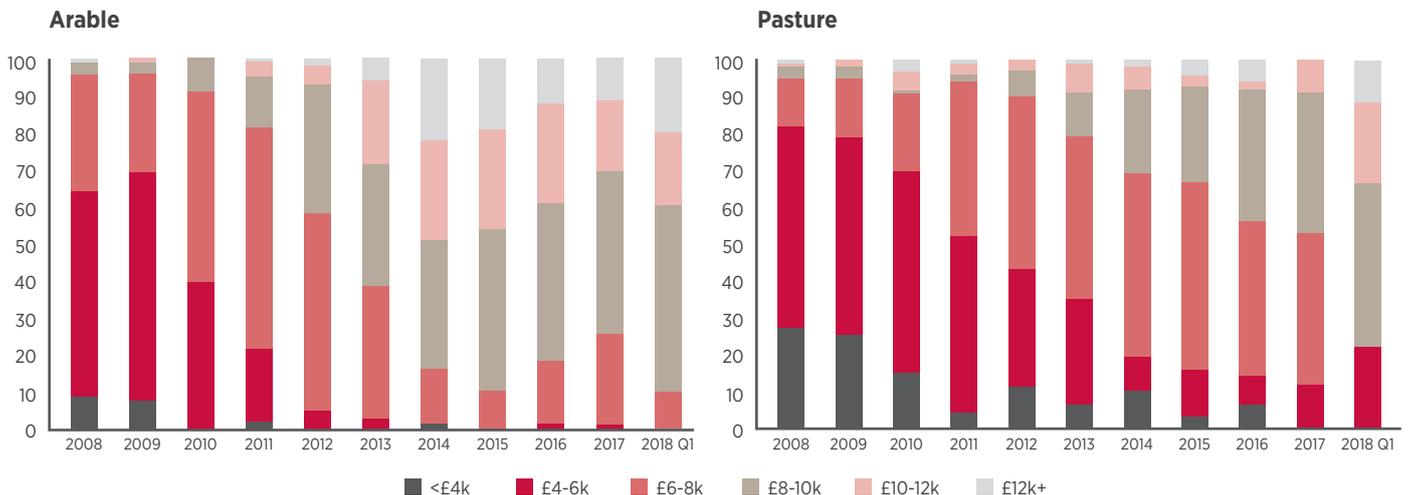


Sale price bands

These figures show a greater proportion of arable farmland sold for £10,000/acre or more in Q1 2018 than in 2017. Similarly, more pasture land sold for £12,000/acre or more in Q1 2018 than in 2017. However, as stated above, these figures are based on a small number of transactions.

Figures 5 & 6 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 apart from 2018 which is Q1 only. Data is based on sold (exchanged) prices for vacant arable and pasture land only (i.e., it excludes the value of houses or buildings).



Average, bottom 25% and top 25% prices from our regional agents*

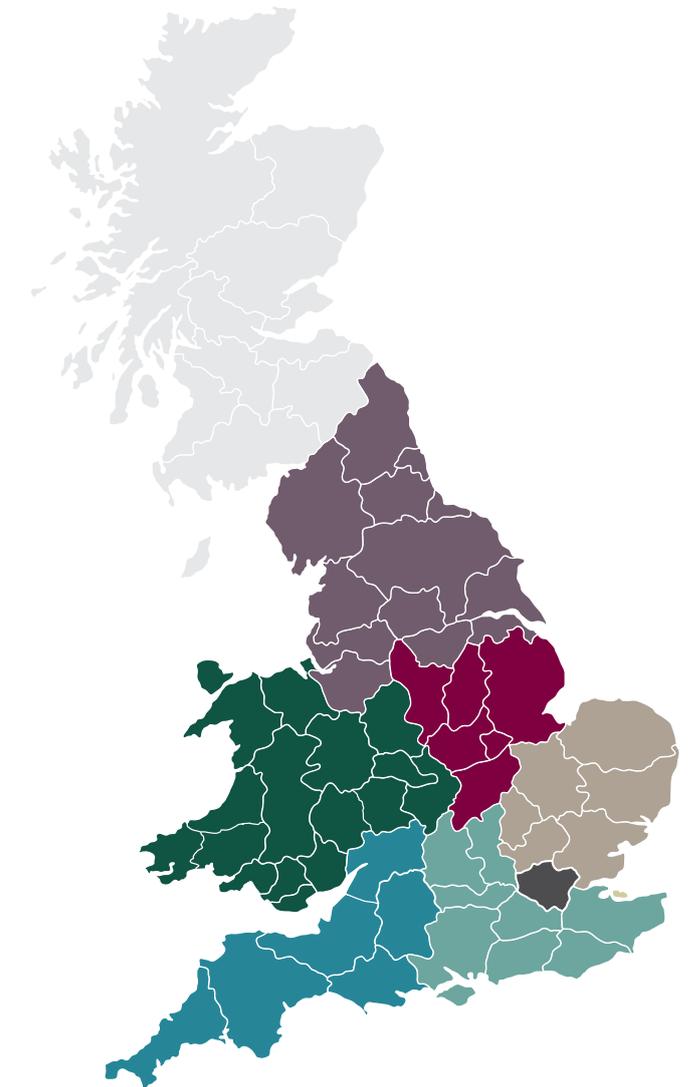
 NORTH WILL PARRY 01423 706761 will.parry@struttandparker.com	ARABLE	£6,250 (-7%)	£7,250 (-9%)	£10,000 (+3%)
	PASTURE	£4,000 (-7%)	£5,500 (-10%)	£8,000 (+10%)

 EAST MIDLANDS SAM HOLT 01780 484042 sam.holt@struttandparker.com	ARABLE	£7,000 (-13%)	£8,200 (-4%)	£8,900 (-1%)
	PASTURE	£6,250 (-4%)	£7,200 (+3%)	£7,800 (-5%)

 EAST OF ENGLAND GILES ALLEN 01473 220422 giles.allen@struttandparker.com	ARABLE	£7,500 (+7%)	£8,500 (0%)	£9,750 (+3%)
	PASTURE	£N/A	£N/A	£N/A

 WEST MIDLANDS MATTHEW SUDLOW 01865 366640 matthew.sudlow@struttandparker.com	ARABLE	£8,000 (0%)	£9,000 (+1%)	£10,500 (+8%)
	PASTURE	£6,000 (-9%)	£7,000 (0%)	£8,250 (0%)

 SOUTH WEST CHARLIE EVANS 01722 344042 charlie.evans@struttandparker.com	ARABLE	£7,500 (+15%)	£9,000 (+6%)	£12,500 (+14%)
	PASTURE	£5,500 (0%)	£6,500 (-10%)	£8,500 (-6%)



 SOUTH EAST MATTHEW GIBSON 020 7318 4715 matthew.gibson@struttandparker.com	ARABLE	£7,500 (0%)	£8,800 (-9%)	£10,600 (-5%)
	PASTURE	£5,300 (+2%)	£7,000 (-7%)	£8,300 (-6%)

For a national overview of the Estates & Farmland market please contact Mark McAndrew. Telephone 020 7318 5171 or email mark.mcandrew@struttandparker.com

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 and 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. 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. The average is the 50th from the bottom (and 50th from the top). Percentage annual change is the change from the same quarter in the previous year.

© BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT UK LTD. ALL RIGHTS RESERVED No part of this publication may be reproduced or transmitted in any form without prior written consent by BNP PRE. The information contained herein is general in nature and is not intended, and should not be construed, as professional advice or opinion provided to the user, nor as a recommendation of any particular approach. It is based on material that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. Strutt & Parker is a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales (registered number 4176965) and whose registered office address is at Aldermanbury Square, London EC2V 7BP.