

FARMLAND MARKET UPDATE

£8,983
per acre

AVERAGE
ARABLE LAND
VALUE IN Q3 2018

0.2% Q-ON-Q
CHANGE

0.2% Y-ON-Y
CHANGE

KEY POINTS

- Arable land values across England and Wales remain relatively flat, averaging £8,983 per acre during Q3 2018.
- Premium prices for good quality soils are being recorded in some locations, as the market continues to become increasingly polarised.
- The introduction of the government's Agricultural Bill in September provides some clarity on the expected changes to the UK's current subsidy system.

MARKET OVERVIEW

The summer heatwave in England and Wales ensured the harvest was relatively straightforward and, in general, good yields were reported across some sectors. However this extreme weather, involving a very dry and warm summer after a very wet spring, negatively affected others. Livestock and vegetable farmers in particular struggled with very dry soils, which affected their ability to grow and harvest crops for feed and vegetables.

While the weather impacted on the market during recent months, supply and demand levels have broadly remained the same across the country. There has been evidence of the market becoming increasingly polarised, with strong

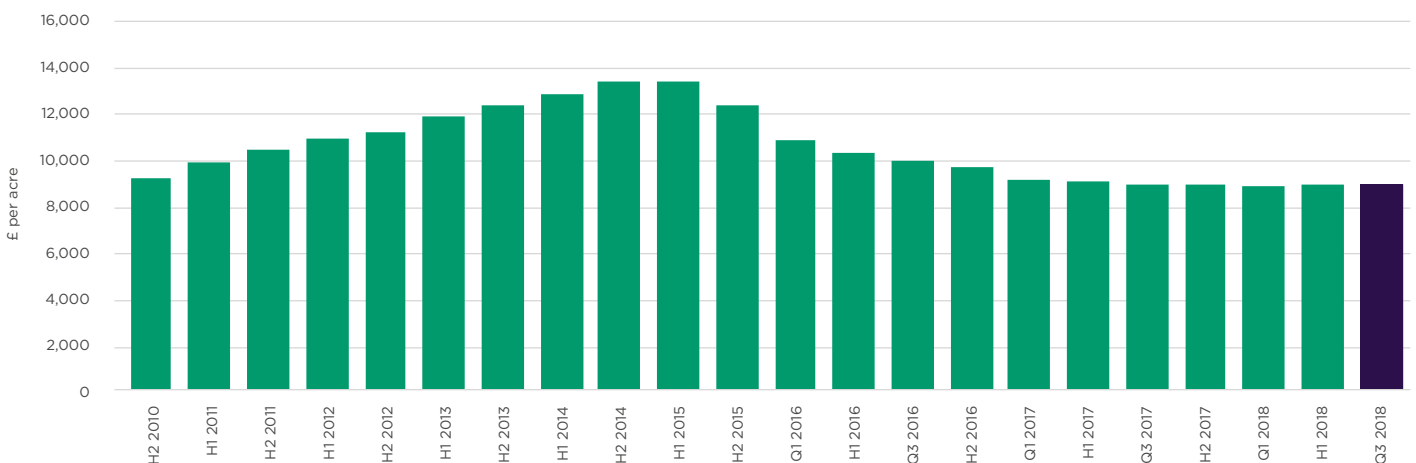
demand generated for good quality, well equipped farms, and premium prices being recorded in some areas.

In contrast, there has been evidence of an increase in the volume of unsold property in localised markets, where guide prices have not been met and the asset consequently withdrawn. The market remains highly priced and location sensitive with a number of discerning buyers closely monitoring activity.

Demand generated as a result of rollover funds continues to make a significant contribution, although dividends entrepreneurs' relief, which has no time restriction on further investment, is becoming more prevalent.

In terms of forecast, supply is expected to match demand and prices are likely to remain level for the remainder of 2018.

Figure 1 Average UK Land Values



Source: Carter Jonas Research

RURAL DATA DASHBOARD

KEY AGRICULTURAL DATA

Figure 2 Commodity Price Trends, Q3 2018

	Commodity	Unit	Price	Quarterly Change	Annual Change
INPUTS	Crude Oil	£/barrel	59.2	6.7%	48.6%
	Red Diesel	pence/litre	65.1	3.2%	21.4%
OUTPUTS	Feed Wheat	£/tonne	178.5	8.3%	23.9%
	Rapeseed Oil	£/tonne	327.6	7.5%	-0.7%
	Milk	pence/litre	29.7	11.0%	2.3%
	Beef	pence/kg dw	369.0	-0.2%	-0.9%
	Pork	pence/kg dw	152.2	1.2%	-9.3%

Source: Carter Jonas Research, AHDB, Farmers Weekly

COMMODITY PRICE TRENDS

- Feed wheat prices increased by 8.3% during the quarter as a consequence of the dry and warm summer, which affected soils used for growing crops.
- Oil prices continued on their upward trajectory, and are forecast to increase further by the end of the year, largely due to concerns surrounding the impact of US agreements on exports from the Middle East.

AGRICULTURE BILL

The government's Agriculture Bill, which was introduced into Parliament on 12th September 2018, represents the biggest change of the UK's farm policy for over seven decades.

The 62-page document sets out a series of new plans that will see direct payments to farmers in England reduced from 2021 and replaced by the Environmental Land Management Scheme (ELMS), which will reward landowners and farmers with money for public goods. The ELMS has been proposed and will go to consultation over the next six months, where clarification on the

scope and rates of payment will be agreed. This will benefit farmers who are proactive in protecting the environment and improving productivity. The existing BPS will be phased out and the claimants in England will see the greatest fall in payment.

The Bill also refers to the delinking of support payment, whereby a claimant may be able to receive support without actually farming the land. Further consultation on this subject will follow. This may provide a retirement income for some and allow restructuring within the industry.

The new system will be phased in over a seven year period, with the last direct payments to farmers made in 2027.

Source: ONS

ABOUT CARTER JONAS

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