

# FARMLAND MARKET UPDATE

0.1% Q-ON-Q  
CHANGE0.0% Q-ON-Q  
CHANGE-2.6% Y-ON-Y  
CHANGE-0.7% Y-ON-Y  
CHANGE
**£8,439**  
per acre

**AVERAGE  
ARABLE LAND  
VALUE IN Q2 2020**
**£6,728**  
per acre

**AVERAGE  
PASTURE LAND  
VALUE IN Q2 2020**

## MARKET OVERVIEW

The UK's government-imposed lockdown, as a result of the COVID-19 pandemic, resulted in a shutdown of the farmland market across the country. Prior to this, the market was showing some signs of recovery, with the clear general election result in December and the Brexit Bill finally passing through parliament encouraging vendors to prepare to market their assets in the spring.

During the lockdown, while face-to-face viewing were not permitted, the rise in virtual viewings did keep the market moving. Furthermore, deals that were already in progress continued during this period, albeit at a slower pace due to reduced personnel at banks and law firms as a result of the furlough scheme, as well as capacity being diverted to more immediate issues such as business interruption loans. However, as was expected, transactions levels were down across the market, leaving average arable and pasture land values in England and Wales unchanged during Q2, at £8,439 and £6,728 per acre respectively.

Prior to the lockdown, supply levels were steadily increasing, although still low in the historical context. According to the Farmers Weekly, 1,650 acres were marketed during the first two months of 2020, however the pace has since slowed. Throughout March 1,340 acres were publicly marketed, followed by 1,640 acres in April and 2,560 acres in May, when lockdown measures were

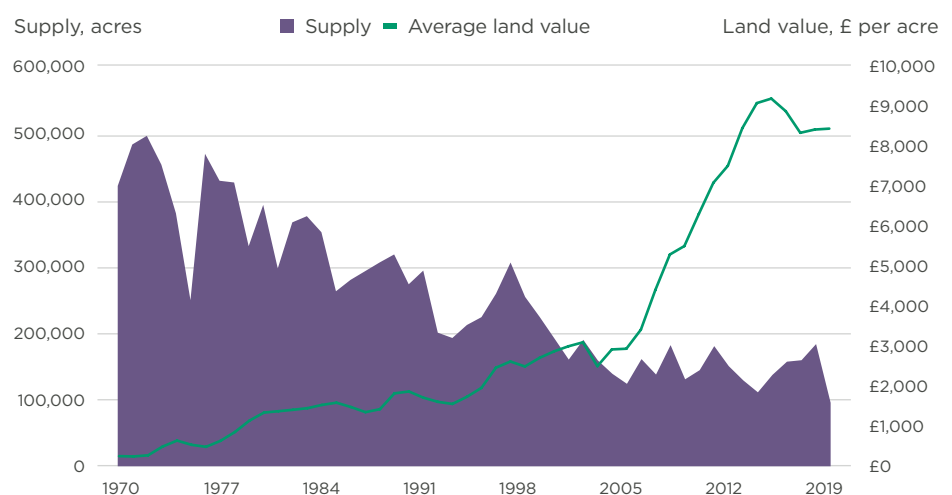
eased. June's supply figure of close to 15,000 acres provides a strong indication of the market resuming.

The spike in supply levels has been met with an equally strong volume of enquiries and requests for viewings across England as buyers begin to pick up where they left off in March. As the lockdown rules were different in Wales, this market restart remains about a fortnight behind that of England.

The market is now showing signs of strengthening, and anecdotal evidence shows that new launches since lockdown measures were eased have had very strong interest with many going under offer quickly after multiple viewings. However, there

are still many factors which may affect the supply and demand dynamics. This includes the current Brexit transitional period which will be used to negotiate trade agreements, of which no extension to the 31 December deadline has been announced; changes to Entrepreneur's Relief announced in the Spring budget; the impact of the temporary change in Stamp Duty Land Tax announced in the Chancellor's Summer Statement; and the financial and physical impact of Covid-19 on the UK and global economy. However, with more confidence now in the market, demand and land values are expected to remain at keen levels.

**Figure 1** UK average land values and supply volumes



Source: RICS, Farmers Weekly

RURAL DATA DASHBOARD

KEY AGRICULTURAL DATA

NORTH WEST



ROBERT BOWYER

There is strong demand for lifestyle farms in the market, and low supply is keeping pricing keen. Since lockdown measures were eased, the allowance of people back into the Lakes and Dales has made facilitating viewings possible. The holiday-let element of the market has however put increased pressure on infrastructure owing to the high visitor numbers, a figure which has the potential to rise further owing to the strong staycation market.

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WALES



HUGH O'DONNELL

As Wales moves out of lockdown we expect the farmland market to return with confidence as demand continues to outstrip supply, particularly for well equipped commercial units and productive grassland blocks. We have continued to see enquiries throughout lockdown from farmers and a range of investors seeking to buy land which bodes well as the market starts to open up again. There is a growing interest for lifestyle holdings as we may see a flight to the country attitude from buyers, both in terms of second homes and those looking to relocate permanently.

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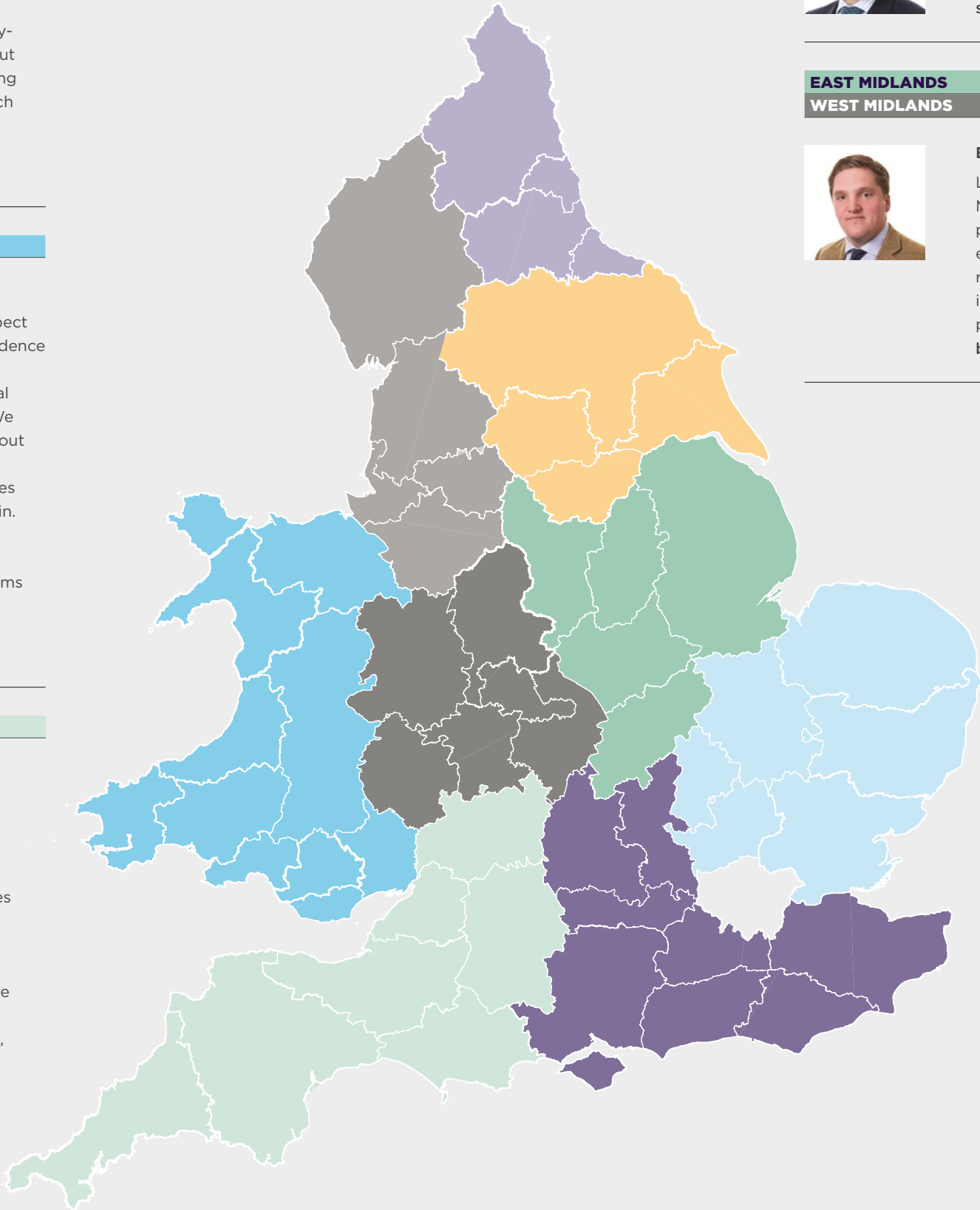
SOUTH WEST



DAVID HEBDITCH AND KIT HARDING

Confidence in the market has returned and resulted in an increase in enquiries after lockdown measure were eased, particularly for assets which remained unsold in 2019. Most of the asset launches which were delayed as a result of the COVID-19 pandemic have now come to market, providing a much-needed boost for vendors and buyers, particularly those looking to relocate from urban to rural locations. Despite the slow start to 2020, supply levels for the rest of the year are now looking very positive.

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NORTH EAST  
YORKSHIRE & HUMBER



ANDREW FALLOWS AND SAM JOHNSON

Land values continue to be underpinned by limited supply in the market and pent-up demand as a result of the lockdown. During this period, despite the slower buying process, no deals have fallen through and since the market opened up, enquiry levels are as strong as ever, reinforcing the strong demand and desirability for land. Over the next few months, we anticipate a rising interest for lifestyle properties due to people addressing their way of life and where to live in a post-COVID world. In light of the Agriculture Bill and falling support payments, we also expect to see an increase in interest for properties that offer diversified income streams and also assets that offer natural capital opportunities.

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EAST MIDLANDS  
WEST MIDLANDS



BEN AINSCOUGH

Land values at the top and bottom of the market are continuing to diverge across the Midlands. Prior to the lockdown, demand was very robust while supply levels, both existing and prospective, remained at low levels – a trend that is unchanged since lockdown measures were eased. Infrastructure and development will continue to impact the market, leading to additional rollover buyers which will ultimately drive competition. We expect buyers to show keen interest in lifestyle purchases in the coming months, particularly for neighbouring lots, however such parcels of land remain in low supply.

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EAST OF ENGLAND



MARK RUSSELL AND JACK COOK

Limited stock and increased buyer sentiment since the General Election resulted in a rise in enquiry levels at the start of the year. Since the lockdown, there are fewer buyers in the market, but most have funding in place, ready to act quickly for the right asset. Rollover funds are also very prominent in the region as a result of the increased level of infrastructure projects.

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SOUTH EAST



ANDREW CHANDLER

Market sentiment for land and rural property in the South East remains very positive, with enquiry levels having increased during and after the lockdown period. Virtual viewings kept the market moving, and this shows no sign of abating now that face-to-face viewings are permitted. London centric buyers are more focussed on acquiring rural property and are pursuing with more enthusiasm. With cheap borrowing still available to some buyers and the newly announced SDLT changes, the market looks set to perform well in the medium term. The talk is of current sentiment being a ‘bubble’ at present so the longer term view still requires a health check every now and again to coincide with key changes in the economy.

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# RURAL DATA DASHBOARD

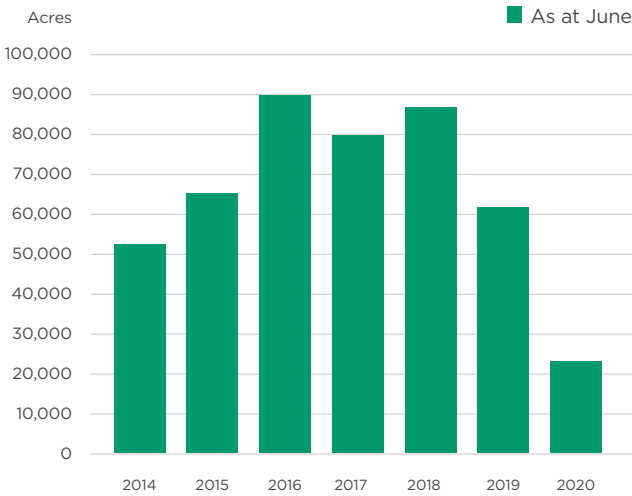
## KEY AGRICULTURAL DATA

Figure 2 Commodity price trends

	Commodity	Unit	Latest data	Date	Quarterly Change	Annual Change
INPUTS	Crude Oil	£/barrel	29.6	Jun '20	8.0%	-40.1%
	Fertiliser	£/tonne	225.7	May '20	-2.2%	-14.2%
	Red Diesel	pence/litre	47.0	Jun '20	-17.0%	-27.0%
OUTPUTS	Feed Wheat	£/tonne	167.7	Jun '20	1.8%	-7.6%
	Rapeseed Oil	£/tonne	333.3	Jun '20	2.5%	2.8%
	Milk	pence/litre	26.8	May '20	-6.5%	-3.6%
	Beef	pence/kg dw	355.9	May '20	6.0%	1.9%
	Pork	pence/kg dw	166.6	May '20	1.4%	12.5%

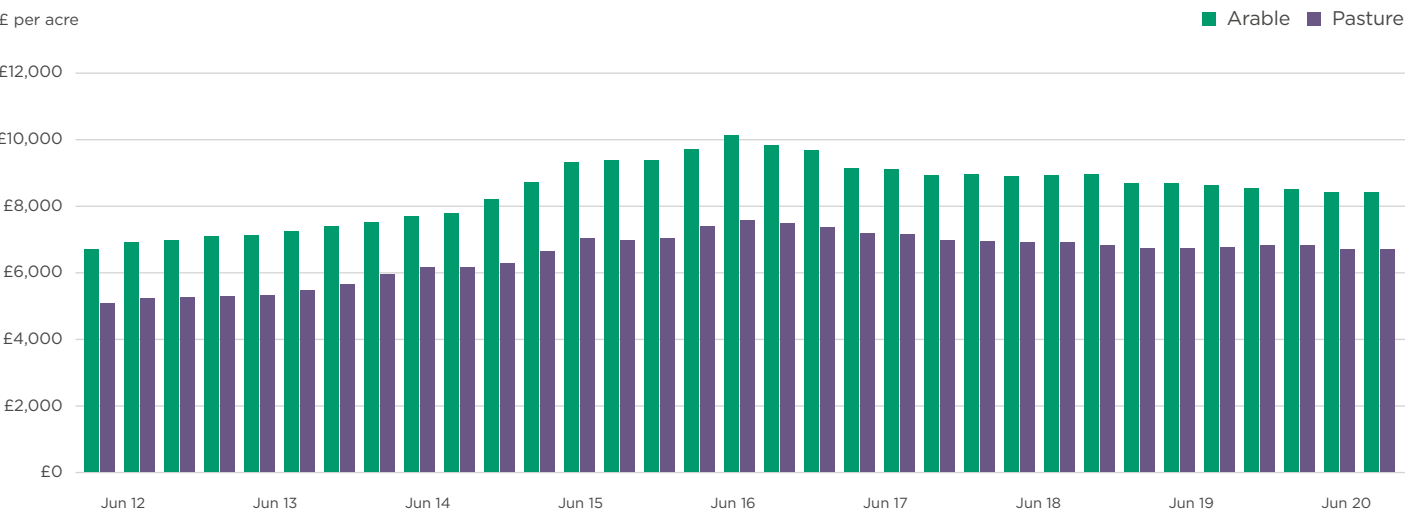
Source: Carter Jonas, AHDB, Farmers Weekly, DEFRA

Figure 3 Publicly marketed farmland supply



Source: Farmers Weekly

Figure 4 Average UK land values



Source: Carter Jonas

## ABOUT CARTER JONAS

With over 1.3 million acres of UK countryside under our stewardship, our experience enables us to offer **simply better advice** in a wide variety of areas. Our specialist teams cover Farm & Estate Management, Agency, Energy & Marine, Minerals & Waste Management, Infrastructures, Mapping and Valuations. We have experts in every field who, day in day out, deliver long term advice that enhances our clients' future prosperity.

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