

Q3 2025

The Knight Frank Farmland Index tracks the average price of bare agricultural land (arable and pasture) across England and Wales. The index is based on the opinions of Knight Frank's expert valuers and negotiators, taking into account recent sales evidence, local market knowledge, and client and industry sentiment.

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Budget concerns bring more uncertainty

- Few farmland deals are being struck as potential vendors and purchasers ponder the future

Around this time last year, Chancellor Rachel Reeves sent shockwaves through the agricultural and business community when she announced that she was reforming Agricultural and Business Property Relief.

Unless the government makes an unexpected U-turn, the changes mean that, from April 2026, many of those inheriting farms and estates will have to pay multi-million-pound Inheritance Tax (IHT) bills they can ill afford, given the current paucity of farming profitability.

With the UK's fiscal deficit growing and with little more than six weeks to go until Labour's second budget on 26 November, property owners are bracing themselves for more bad news. As a result, most are not in a rush to commit to any high-value transactions, with some even considering a move overseas.

Consequently, the predicted surge in farmland availability has so far failed to materialise. By the end of the third quarter of the year, barely 90,000 acres of agricultural property had been publicly advertised, an increase of only 10% on the same period in 2024.

This period of market stagnation hasn't, however, dragged down farmland values significantly yet.

According to the Knight Frank Farmland Index, which tracks the value of bare agricultural land in England and Wales, the average price of land fell by just 1.6% to £8,719/acre over the third quarter of the year. That equates to an annual fall of 6.8%.

As ever, the market remains highly localised, and where there is competitive bidding, prices have even been going up in some locations.

The medium-term direction of the market won't be determined until the New Year, when the consequences of the budget and the IHT reforms start to take effect. If more vendors do make up their minds to sell, values will likely weaken further.

However, farmland has historically followed a pattern of sharp price rises followed by more gradual downturns. There is a strong possibility that the IHT changes could be reversed after the next General Election, by which time farmers may well be feeling more confident again.

Any downturn in prices is unlikely to last long.

PRICE CHANGE

-1.6%

3-month change

-6.8%

12-month change

+24.5%

5-year change

+4.9%

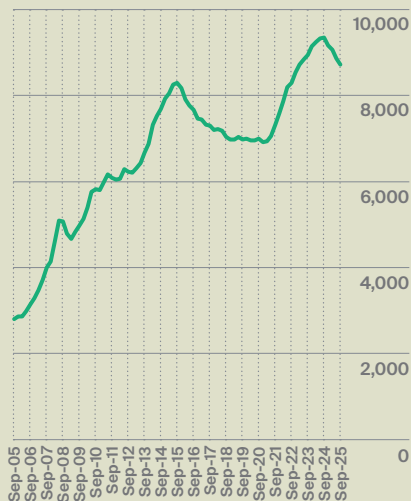
10-year change

+210.6%

20-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research



On the market

Venthams Farm, Froxfield, Petersfield, Hampshire.

A beautiful mixed farm in the heart of Hampshire with an unlisted 10-bed house, a range of commercial and agricultural buildings and natural capital and sporting potential.

Price: £12,500,000

EXPERT COMMENT



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We largely find ourselves pretty much in the same place as this time last year, waiting for a budget, with everyone hoping things can't get any worse than last year, but a growing number worrying that they possibly could.

I know that land agents and lawyers are all pretty busy trying to get their clients' ownership structures improved or passed on, ready for when the new Inheritance Tax (IHT) reforms kick in next April. But I've still not had one phone call from somebody who even wants us to value their farm because of IHT.

Given that the polls suggest there is a very real chance Labour might not win the next General Election, and some of the other political parties have already pledged to reverse the IHT changes if they win power, I think a lot of farmers and estate owners will be hoping they can outlast the new tax.

The bigger question may well be what their potential successors decide to do. If they decide a future in farming, or indeed the UK, is not for them, there could start to be more sales next year, which will have an impact on average values.

FARMLAND CAPITAL GROWTH VS ALTERNATIVE ASSETS

Rate of change over:

	1 year	5 years	10 years
Farmland (England & Wales)	-6.8%	24.5%	4.9%
Prime central London residential	-3.6%	-4.0%	-20.8%
UK residential	2.2%	20.3%	39.1%
Gold	52.8%	108.2%	247.6%
Global equities (S&P Global 100)	19.0%	105.5%	223.1%
UK equities (FTSE 100)	14.4%	56.7%	46.9%

Source: Knight Frank, Macrobond

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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KNIGHT FRANK FARMLAND INDEX

	Average value £/acre	Average value £/Hectare	Annual price change	Quarterly price change
2020 Q3	£7,000	£17,297	0.4%	0.5%
2020 Q4	£6,912	£17,080	-1.2%	-1.3%
2021 Q1	£6,933	£17,132	-0.4%	0.3%
2021 Q2	£7,065	£17,458	1.4%	1.9%
2021 Q3	£7,320	£18,088	4.6%	3.6%
2021 Q4	£7,580	£18,731	9.7%	3.6%
2022 Q1	£7,875	£19,460	13.6%	3.9%
2022 Q2	£8,190	£20,238	15.9%	4.0%
2022 Q3	£8,305	£20,522	13.5%	1.4%
2022 Q4	£8,550	£21,128	12.8%	3.0%
2023 Q1	£8,728	£21,567	10.8%	2.1%
2023 Q2	£8,845	£21,856	8.0%	1.3%
2023 Q3	£8,951	£22,118	7.8%	1.2%
2023 Q4	£9,152	£22,615	7.0%	2.2%
2024 Q1	£9,250	£22,857	6.0%	1.1%
2024 Q2	£9,335	£23,067	5.5%	0.9%
2024 Q3	£9,351	£23,107	4.5%	0.2%
2024 Q4	£9,164	£22,644	0.1%	-2.0%
2025 Q1	£9,072	£22,418	-1.9%	-1.0%
2025 Q2	£8,861	£21,895	-5.1%	-2.3%
2025 Q3	£8,716	£21,537	-6.8%	-1.6%