

Farmland Index



Q4 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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IHT concessions calm market

- The farmland market remains becalmed, but the government's IHT U-turn could boost confidence

The price of bare agricultural land remained virtually flat in the final quarter of 2025, taking the annual fall in average values across England and Wales to just over 5%. An acre of farmland is now worth slightly less than £8,700.

Not since 2016, when values dropped by 8%, have prices fallen by over 5% in a calendar year. However, given the state of grain markets, residential property markets and falling confidence in the government's agricultural policies, it could be argued that this relatively limited drop highlights farmland's resilience.

Over the past five years, agricultural land's 26% increase in value has outperformed other property classes, including prime central London residential (-5%) and the wider UK housing market (+19%).

Farmers have been up in arms since Labour's first Budget in 2024, when it announced plans to drastically reform the Inheritance Tax (IHT) regime for agricultural and commercial property.

With even relatively small farms due to become liable for IHT from

6 April 2026, there was a real fear that there would be a spate of forced sales as successors sold off all or part of their family farms to cover their potentially substantial IHT bills.

The government's partial U-turn just before Christmas means only farms worth over £2.5 million, and doubled to £5 million if owned by a married couple or those in a civil partnership, will now be liable for IHT.

Although this still leaves larger farms that don't mitigate their tax liabilities vulnerable to sizeable IHT bills, it will protect a large slice of the industry and help calm already frayed nerves across the sector.

As a result, there is now less chance of a significant increase in the amount of farmland coming up for sale this year. A further cut in the Bank of England's base rate in December will also bring down borrowing costs.

There are still plenty of challenges for farmers to overcome, but more are now likely to wait and see what 2026 holds in store for them, and average farmland values are likely to remain relatively stable.

PRICE CHANGE

-0.2%

3-month change

-5.1%

12-month change

+25.8%

5-year change

+6.5%

10-year change

+203.6%

20-year change

Historical farmland performance

Price (£/acre)



Source: Knight Frank Research

On the market



A mixed 946-acre organic farm in prime Hampshire with beautiful rolling countryside, mature woodlands, cottages and extensive farm buildings.

Price: £14,000,000



A 518-acre organic farm in Overton, Hampshire with undulating mixed land, seven residential properties and significant potential development opportunities.

Price: £8,000,000

EXPERT COMMENT



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The market remained fairly stagnant at the end of 2025 in line with the rest of the year. While economic and political uncertainty around the world is driving up the price of gold to record highs, farmland seems to have lost some of its traditional safe-haven shine that caused prices to jump during previous periods of financial upheaval. This is mainly down to the widely held perception that the current government sees greater taxes on the wealthy as a solution to its fiscal worries. Potential buyers, particularly those from overseas, are unsurprisingly reluctant to spend multiple millions on high-value properties, including farmland. I do sense, however, that confidence may have hit its nadir. The government's change of heart over its Inheritance Tax reforms shows at least some understanding of the challenges facing rural property owners, and there are few early signs that more properties will come to the market in 2026. There is still plenty of wealth around and deals are still being done, often at levels well over £10,000/acre, but vendors need to set guide prices at realistic levels and be prepared to wait for the right buyer to come along.

FARMLAND CAPITAL GROWTH VS ALTERNATIVE ASSETS

Rate of change over:

	1 year	5 years	10 years
Farmland (England & Wales)	-5.1%	25.8%	6.5%
Prime central London residential	-4.3%	-4.7%	-21.0%
UK residential	1.8%	18.8%	39.1%
Gold	62.2%	130.8%	301.4%
Global equities (S&P Global 100)	21.0%	100.7%	239.9%
UK equities (FTSE 100)	17.2%	47.4%	59.8%

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 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%
2025 Q4	£8,696	£21,489	-5.1%	-0.2%