Farmland Market Update

Q4 2025

Key data and expert commentary outlining trends in the farmland market

Carter Jonas

Land values: the national view

Average **arable land** value in Q4

£9,494 per acre

Q-on-Q change: **-0.6%**

Y-on-Y change: **-2.3%**

Average **pasture land** value in Q4

£7,778 per acre

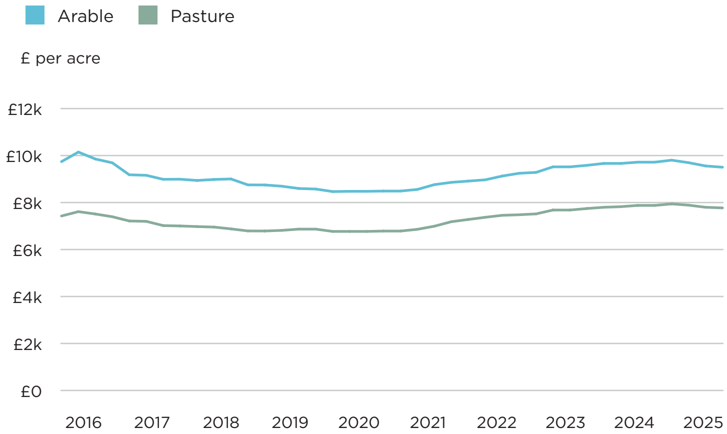
Q-on-Q change: **-0.4%**

Y-on-Y change: **-1.4%**

> **"Structural factors continue to define much of the market, namely commodity price volatility and eroding profit margins."**

Figure 1:

Average Land Values in England and Wales



Source: Carter Jonas Research

Farmland values across England and Wales maintained their downward trend in the final quarter of the year. Average arable land values fell by 0.6% in the three months to December, easing from the sharper 1.5% decline recorded in the previous quarter. Similarly, the fall in average pasture land values moderated, down 0.4% compared with a 1.2% drop last quarter. Average arable land values ended the year at £9,494/acre, and average pasture land values stood at £7,778/acre.

The farmland market has undergone a period of adjustment over the past year, with economic and political pressures taking hold. A steady start to 2025 gave way to a softening of values from the second quarter, reversing a five-year upward trend. Year-on-year, average arable land values have fallen by 2.3% and average pasture by 1.4%, reflecting cooling demand and increased price sensitivity in some market segments.

Speculation ahead of the Autumn Budget kept the market cautious for several months, and some regions reported limited new supply and transactional evidence in Q4, resulting in minimal movement in land values Yet, the measures announced ultimately did little to alter the broader outlook.

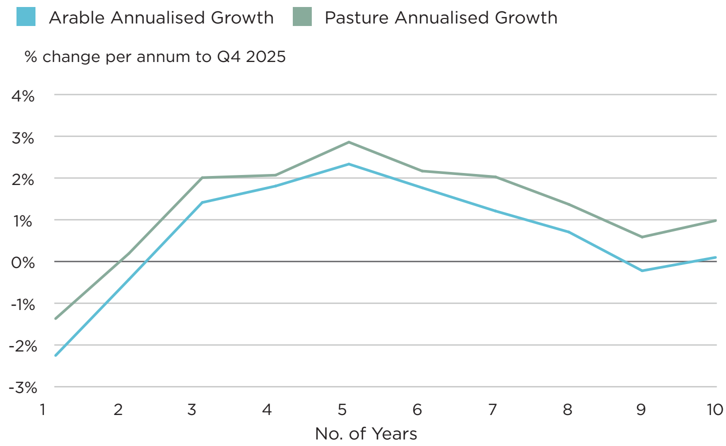
In an unexpected announcement in late December, the government increased the proposed Inheritance Tax (IHT) threshold for Agricultural Property Relief (APR) and Business Property Relief (BPR) from £1m to £2.5 million, offering breathing space and much-needed stability for many family farms and rural businesses. Though only a partial policy reversal, it should help improve market confidence by offering greater clarity and supporting longer-term planning.

Despite this, structural factors continue to define much of the market, namely commodity price volatility and eroding profit margins. Cash flow challenges are expected to persist into 2026, driven by the burden of elevated borrowing costs, rising labour costs and the delayed launch of the Sustainable Farming Incentive (SFI). SFI 2026 is set to open in June to farmers with small farms or without existing agreements, and September to all farmers. While this offers some certainty, key details are outstanding.

The cost of finance continues to affect both new borrowing and the servicing of existing debt. While interest rates have started to ease, they are still high by recent standards, weighing on affordability and sentiment. Looking ahead, Oxford Economics

Figure 2:

Annualised Change in Average Land Values in England and Wales



Source: Carter Jonas Research

forecasts two Bank Rate cuts in 2026, bringing it down to 3.25% by year-end. Although this marks a positive shift, financing is likely to remain a barrier to investment by many small- to medium-scale farmers, many of whom may still struggle to access affordable credit.

Looking ahead, we expect a selective yet active market in 2026, with quality assets maintaining premiums and environmental opportunities continuing to attract institutional buyers. Carter Jonas continues to monitor the changing nature of the farmland market and the influences on land values in England and Wales.

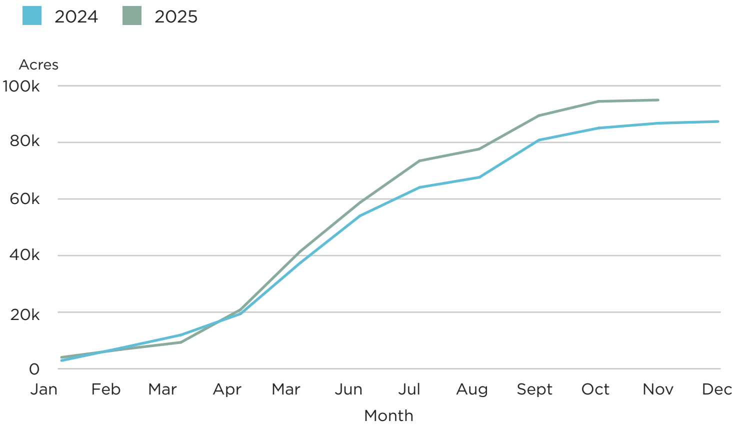
Please note that values vary depending on the quality of the land and local dynamics, among many other factors. Speak to your regional expert (listed on page four) for location-specific advice.

Supply and demand

Policy rollback offers relief amid market challenges

Figure 3:

Year-to-Date Publicly Marketed Farmland Supply



Source: Farmers Weekly

By the end of November, publicly marketed farmland supply reached 93,903 acres, 9.4% higher than the 85,843 acres recorded at the same point in 2024. Most of this uplift came during the summer months. However, November saw a marked slowdown in launches compared to recent years. The late autumn budget tempered market activity in some areas and encouraged a 'wait-and-see' approach, leaving November's three-month rolling supply figure down 9.5% year-on-year.

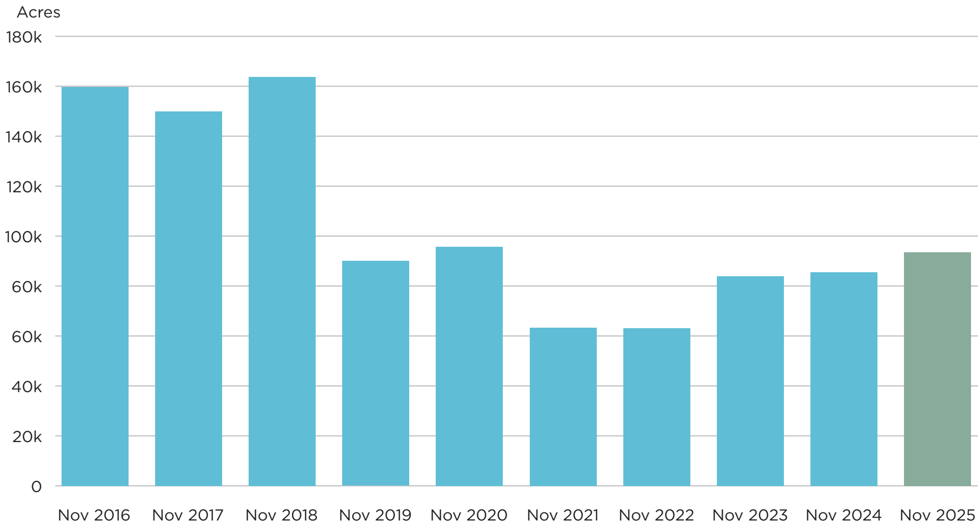
As supply is typically very limited in December and lower than average through the first quarter, the market will now be looking to the spring launch season to gauge the depth of new supply and the impact on land values.

We are not predicting a widespread sale of assets ahead of the implementation of IHT reforms in April – nor did we see evidence of this at the previous proposed £1m threshold. The increase to the threshold announced in December should instead boost confidence in holding or investing in assets, particularly for smaller holdings which are more likely to remain protected from increased tax liabilities.

Instead, market dynamics are more driven by ongoing structural challenges, including commodity price volatility and tightening profit margins, which continue to shape sentiment and investment decisions. Poorer-quality or isolated units are facing thinning demand and price corrections where local interest is limited. As profit margins tighten for some producers, their purchasing power is eroding, further deepening market polarisation.

Figure 4:

Cumulative Publicly Marketed Farmland Supply



Source: Farmers Weekly

Yet, well-located commercial farms, particularly those offering scale, are still often achieving premium values and benefit from a regional, or sometimes national, market. Silts and fen land in the East have been particularly resilient, with values rising by 11.5% annually. This underscores the strong demand for land capable of delivering optimal yields.

Selectivity has increased, but underlying fundamentals remain robust and point to broadly balanced conditions heading into 2026. While commercial farming buyers and those with rollover funds are active in some regions, non-agricultural buyers – particularly institutional and environmental purchasers – are playing an increasingly prominent role. Their limited exposure to farming challenges gives them an advantage and so they may look to capitalise on a period of a lower land values.

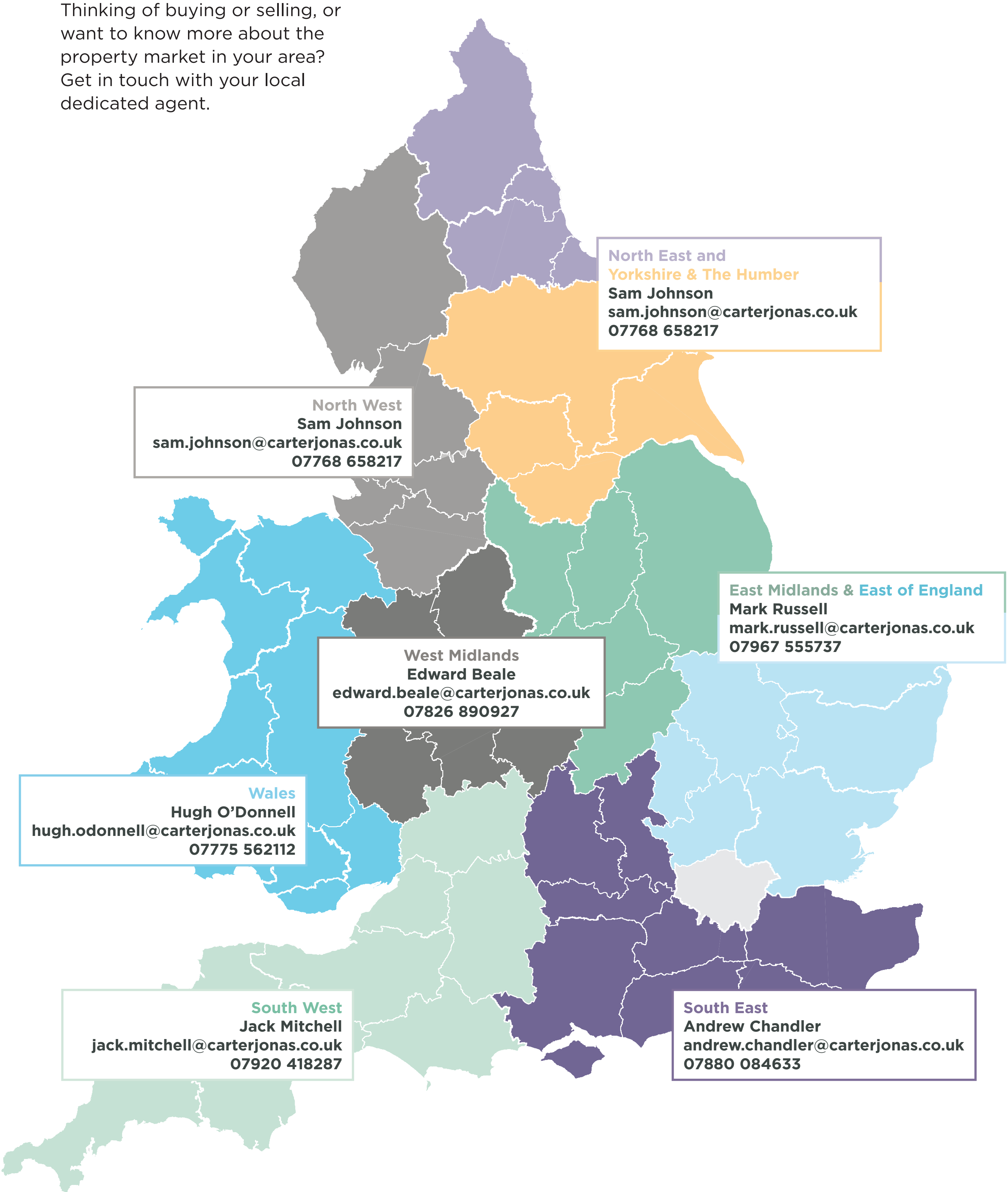
> **“Silts and fen land in the East have been particularly resilient, with values rising by 11.5% annually.”**

This is further supported by growing interest in natural capital opportunities, such as carbon credits and biodiversity net gain (BNG). The government reiterated its plans to bring Nationally Significant Infrastructure Projects into the scope of BNG from May 2026, which is expected to create significant opportunities for landowners nationwide, driven by large-scale requirements for habitat enhancement and creation.

Baroness Batters’ long-awaited Farming Profitability Review, published in December, highlights the economic challenge of reconciling food production with growing environmental obligations and sets out 57 recommendations. Whether farmers and landowners will adopt and support the ideas Baroness Batters has put forward will hinge on whether the government intends to release a budget for agriculture which enables schemes to be viable and commits to them for the medium- to long-term. Greater clarity would provide the certainty needed for effective planning, creating a more positive outlook for the market.

Land Values: the regional view

Thinking of buying or selling, or want to know more about the property market in your area? Get in touch with your local dedicated agent.



NORTH WEST

	Low £/acre	Prime £/acre	Average £/acre
Arable	£8,000	£12,000	£10,000
Pasture	£6,500	£10,000	£8,000
Hill	£1,000	£2,300	£1,700

WALES

	Low £/acre	Prime £/acre	Average £/acre
Arable	£8,250	£10,000	£8,500
Pasture	£4,250	£10,000	£6,500
Hill	£500	£1,500	£1,000

SOUTH WEST

	Low £/acre	Prime £/acre	Average £/acre
Arable	£9,500	£12,000	£10,750
Pasture	£6,500	£11,000	£8,750

NORTH EAST

	Low £/acre	Prime £/acre	Average £/acre
Arable	£6,500	£8,750	£7,500
Pasture	£4,250	£6,500	£5,750
Hill	£1,800	£2,900	£2,250
Lifestyle	£11,000	£14,000	£12,500

YORKSHIRE & THE HUMBER

	Low £/acre	Prime £/acre	Average £/acre
Arable	£8,000	£11,000	£9,000
Pasture	£5,500	£7,250	£7,000
Hill	£1,800	£3,850	£2,750
Lifestyle	£10,750	£15,750	£13,250
Yorkshire Wolds	£11,250	£13,250	£12,300

EAST MIDLANDS

	Low £/acre	Prime £/acre	Average £/acre
Arable	£8,000	£11,250	£9,000
Pasture	£7,250	£9,000	£8,000
Lifestyle	£13,000	£25,000	£16,500
Silts and Fen	£9,500	£17,000	£13,000

WEST MIDLANDS

	Low £/acre	Prime £/acre	Average £/acre
Arable	£9,250	£14,000	£11,500
Pasture	£7,000	£12,000	£9,500
Lifestyle	£12,250	£25,000	£15,750

EAST OF ENGLAND

	Low £/acre	Prime £/acre	Average £/acre
Arable	£8,000	£11,000	£9,000
Pasture	£7,500	£9,250	£8,000
Lifestyle	£13,250	£24,000	£16,500
Silts and Fen	£9,500	£16,500	£13,750

SOUTH EAST

	Low £/acre	Prime £/acre	Average £/acre
Arable	£9,000	£12,250	£10,200
Pasture	£7,750	£9,250	£8,500
Lifestyle	£15,000	£33,000	£23,000

Commodity prices

Challenges persist for the arable sector and livestock markets show mixed trends

INPUT

Crude Oil

Unit	£/barrel
Latest data	46.1
Date	Dec 25
Quarterly change	-11.6%
Annual change	-20.2%

Fertiliser

Unit	£/tonne
Latest data	396.1
Date	Dec 25
Quarterly change	1.6%
Annual change	18.7%

Red Diesel

Unit	pence/litres
Latest data	78.8
Date	Dec 25
Quarterly change	4.8%
Annual change	3.7%

OUTPUT

Feed wheat

Unit	£/tonne
Latest data	174.7
Date	Dec 25
Quarterly change	0.2%
Annual change	-8.6%

Oilseed rape

Unit	£/tonne
Latest data	418.5
Date	Dec 25
Quarterly change	0.9%
Annual change	-2.3%

Milk

Unit	pence/litres
Latest data	46.6
Date	Oct 25
Quarterly change	6.9%
Annual change	2.3%

Beef

Unit	pence/kg dw
Latest data	653.2
Date	Dec 25
Quarterly change	1.9%
Annual change	19.3%

Pork

Unit	pence/kg dw
Latest data	194.4
Date	Dec 25
Quarterly change	-4.3%
Annual change	-4.1%

Sheep

Unit	pence/kg dw
Latest data	705.5
Date	Dec 25
Quarterly change	5.1%
Annual change	2.2%

Source: Carter Jonas, AHDB, Farmers Weekly, DEFRA, ONS, OPEC

The arable sector faces mounting pressure, with rising fertiliser and red diesel costs eroding margins against weaker farmgate prices, signalling lower returns. Some livestock markets offer better news, supported by reduced feed costs and falling populations. Yet, across all markets, upside risks remain, driven by global supply dynamics and geopolitical uncertainty.

Inputs

After a modest rise in the third quarter, energy costs (crude oil prices in GBP) declined by 11.6% in the fourth quarter. By the end of December, prices were 20.2% lower than a year earlier, marking their lowest level since April 2021. This is largely attributed to forecasts of an oversupplied market in 2026. For energy-intensive operations, this could help lower production costs. However, this decline has not been reflected in the cost of red diesel, the primary fuel for farm businesses. Prices rose by 4.8% over the quarter and 3.7% year-on-year, reflecting stronger demand relative to supply.

Imported fertiliser has seen prices rise too, recording a 1.6% increase over the three months to December and accelerating to a sharp 18.7% rise on an annual basis. The UK relies on imported fertilisers and so remains vulnerable to global price shifts.

Outputs

Feed wheat prices were broadly flat over the quarter but have fallen by 8.6% year-on-year. High levels of global supplies are likely to continue to put downward pressure on domestic pricing. While this benefits livestock farmers using wheat for feed, it squeezes wheat producers' margins, who are also under pressure from rising fuel and fertiliser prices.

The oilseed rape market fell back in December but still ended the quarter up a modest 0.9%. Annually, prices have fallen by 2.3%. AHDB projects global production to outpace demand in the 2025/26 season, exerting downward pressure on prices.

Sheep prices saw the strongest quarterly performance of the livestock markets, increasing by 5.1% to regain the losses seen in the previous quarter. Annually, prices are 2.2% higher. The UK sheep flock has continued to decline, falling by 3.8% in the 12 months to June 2025, with further reductions expected. Strong export demand, particularly from Europe, is helping to support a positive market outlook.

Beef prices continued to strengthen, though at a slower pace than earlier in the year, rising 1.9% on a quarterly basis. After reaching a record high in April 2025, prices have eased by 6.5% but remain significantly elevated, up 19.3% compared to a year ago. Domestic prices are supported by a continued contraction in the beef herd, with Defra reporting a 4.3% decline in the 12 months to June 2025.

Pork prices, however, have continued to decline, ending the quarter 4.3% lower than the previous quarter, and 4.1% lower than the end of 2024. Rising output in Europe has heightened competitive pressure on British producers.

Milk prices continued to push upwards in the three months to October, with consecutive monthly increases culminating in a total rise of 6.9%. Growth has eased from the rates recorded a year ago but prices were still 2.3% higher year-on-year. However, farmgate prices are expected to come under pressure as increased supply (AHDB estimates a 6.8% increase in milk deliveries from the previous year) has prompted some milk processors to cut prices.

In the months ahead, farmers will be watching policy announcements closely, including the government's response to the Farming Profitability Review and further details on SFI 2026. Farmers are looking for signals that the government will take decisive steps to restore confidence and ensure British farming remains profitable and resilient.

Get in touch

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