

Christmas is a distant memory with only that extra notch on the belt to remind us of seasonal excesses. As for those New Year resolutions, already forgotten or still fresh and sticking to them? Assuming "must loose weight and be healthier" features on every list what else might we include for 2010?

- Submit the Single Farm Payment application earlier and look at fixing the exchange rate;
- Find out if the ten year old will is still relevant and how it might be effected by forthcoming changes to the taxation regime;
- Try to keep up with the world grain market with the hope of making a better job of sales in 2010;
- Have a look at the business' finance whilst interest rates remain low;
- Remember the wife's birthday and the wedding anniversary!

This is a time of year when we all contemplate the year ahead – after all what else is there to do! But what about the year that has just passed – has it been successful and have any great lessons been learned? At CLM we go through the same process. There are now 21 people within the organisation all of whom are involved in providing different types of rural business management advice or who sell and let houses. It is interesting for us to reflect on what we have been doing which in turn might give you an idea of what your contemporaries have been up to.

Farming

For many, 2009 has been a difficult year. Grain production has not been profitable, the dairy sector remains in the doldrums and beef and sheep prices are at about the same level as they were at the end of 2008. On a brighter note however the Single Farm Payment is higher and, for many, it has even arrived early.

Output prices and subsidy payments now appear to be influencing many more

What do you know?



farming systems than they did even two years ago. When the Single Payment Scheme launched in 2005 commentators suggested that the prudent approach was to treat these income streams entirely separately and not to use subsidy to support loss making farming enterprises. After five years many are now adopting this policy with intensive systems giving way to extensive techniques or Contract Farming Agreements. In 2009 CLM were involved in the establishment of a number of collaborative farming ventures, some formal and some informal. There will be many more in 2010.

The cost of owning and using land has also exercised many minds. Land prices have remained strong buoyed up by very little coming to the market, the lowest interest rates on record and investors looking for opportunities. As for prices nothing has sold for less than £5,000 per acre and some of that land has not been great. On the other side of the coin tenants have sought rent

reductions for understandable reasons but some renting under FBT's have ended up paying more because of the skewed review process and also the fact that the Single Farm Payment and ELS schemes put a significant floor in the market.

Stewardship

In 2009 we submitted 32 HLS applications covering 21,446 acres, an average of 670. More than 50% have been for those switching from existing ESA and CSS agreements with the objective of securing 10 more years of money – this must be the right approach. An interesting fact is that every new agreement holder is receiving more than they did under the old CSS and

ESA schemes – overturning the perception that a change to HLS is coupled with a cut in income. We expect to do even more in 2010 – a change of government and ongoing global pressures on finance will continue to bring uncertainty to a system that is, only in theory, guaranteed until 2013.

House sales and lettings

It was a surprising twelve months. It started badly with hardly any activity but as the year progressed the number of buyers rose steadily. Most were back in the market because they believed that prices would not go any lower. Because the number of sellers remained low prices rose. What happens in 2010 is anyone's guess. A general election will have an impact but perhaps of greater importance is lenders criteria for making funds available. If more cash comes forward and if the deposit percentage required is reduced then 2010 might be a much busier year.

As for lettings, the market was strong throughout the year although rental prices came under some pressure as the supply of property increased. Quite alot of property that was due to be sold was let instead. There may be more of this in 2010 but if the sales market gets going we might see the supply of rental property fall and prices rise.

Finally we would like to take this opportunity to thank all of our clients for the continued support throughout 2009 and very much look forward to a brighter 2010.



Matthew Berryman
Complete Land Management
01892 770339



Call us on
01892 770 339
or email
info@c-l-m.co.uk

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