

What do you want for Christmas?

Few would deny that 2010 has been anything but eventful.

The year started with a nation excited by the prospect of a new government and even more had hoped that "1966 style" euphoria would return with the help of Italian supremo Fabio Capello and his team of footballing gods! That excitement soon faded as the first contest resulted in an unlikely (and still to be proven) partnership while nothing more needs to be said about the humiliating defeat handed out by our Germanic nemesis – no doubt to be repeated every four years until football is no longer played.

From a business perspective the year has been a mixed bag. Positively, the Bank of England has maintained base rates at 0.5% first introduced in March 2009. Anyone borrowing at variable rates has benefitted and even significant debt has seemed "affordable". The second half of the year has been overshadowed by the constant threat of the austerity measures we have been told are necessary to get the country "back on track". The announcements made on the 20 October are still being interpreted and it will be months, if not years, before the impact of the cuts is really understood.

Linked to these events the housing market has been turbulent and certainly those not needing large mortgages have been in a strong position to purchase. The difficulty for first time buyers to secure mortgages continues to hamper the housing sector and will do so until the banks make more funds available. Following recent news from across the Irish Sea this might be some distance into the future, to be sure.

The agricultural sector has fared reasonably well. Wheat is at £168/tonne (com-



pared with £98/t in November 2009), fat lambs at £70/hd are worth about £5 more than a year ago while beef is slightly lower at £1.47/kgdwt compared with £1.52 last year. The dairy sector, on the other hand, has continued to struggle – milk prices have stayed about the same at 26 ppl as feed prices have escalated driving margins down. While these figures tell their own story high land prices continue to surprise many. It is now almost impossible to buy



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land under £5,500 per acre and some say that £7,000 is the starting point. These prices continue to be driven by: (1) shortage of supply, (2) confidence that land prices can only go up as competition for food from an increasing world population intensifies, and (3) from non farmers looking for alternative investments. At some point we might see a reconnection between the price of land and what it

can produce. In the meantime those selling are enjoying a good time.

As you read this and your indigestion worsens you might just start to think about Christmas. Most of us will battle with that problem usually resolved at 4pm on Christmas Eve – what can I buy my wife

that she hasn't already got? You, on the other hand, have already decided what you want – a nice new shiny solar electricity installation! Whether roof mounted or perhaps field scale you don't really mind as Santa's cousin, the fairy godmother, has promised you that untold riches await!

It is ironic that after the hot sunny summer we did not get, there is so much excitement surrounding an income opportunity derived directly from the sun. Nevertheless based on current government policy there is a significant opportunity available to those generating electricity by 31 March 2012. After that date the guaranteed Feed In Tariff rates (the 25 year subsidy paid by government on electricity produced) start to fall. If solar interests you then now is not the time to procrastinate. March 2012 is only 16 months away which leaves very little time to get planning consent (where necessary), install the equipment and persuade the distribution network operator – such as EDF – to connect it to the National Grid. But if you have a suitable site and act quickly 2011 could be brighter – not least because you will have secured your own source of electricity and, more importantly, you could have locked into a really useful guaranteed income for the next 25 years. So, get sparky and don't miss out because that really would be quite shocking! Ho. Ho.

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