

Just before Christmas I met a farmer who said: "I must have a project to get on with. If I don't I get bored very quickly. Sitting on a tractor is OK but after a short time I think about what else I could be doing." I am sure that this sentiment is shared by many.

In 2011 there were plenty of 'projects' to think about; improved farming profitability and record land prices inspired confidence to invest and with unbelievably low interest rates it has been relatively easy to believe that significant expenditure has been affordable.

Agricultural building contractors have reported a phenomenal year with many farmers investing in new facilities for milk production, grain storage and, for some, somewhere to put the 'must have' item of 2011 – the solar panel!

Others have got stuck into purchasing machinery. Among others, John Deere have reported sales up 20% on 2010 to a mind blowing \$32 billion although this looks positively feeble compared to Apple's annual revenue of \$108 billion! What a pity the buying public don't value food as much as they do the next pointless gadget. Humbug!

Land purchase has been the dominant project for some. While it is true that fewer acres have been available than in the previous year those parcels which have come to the market have been hotly contested resulting in a large number of disappointed, would be, purchasers. On this particular subject non-farmers have played a significant part in the land price bonanza as they have desperately hunted down safe havens to put their "at risk" cash – will that continue into 2012?

The entire industry has been affected by strong land prices. The most significant project for many tenant farmers has been to try and contain the landlord's (agent's) unrealistic expectations on rents. While it is true that farm profitability has improved leading to justifiable rent increases, in some cases agents have pushed rents to



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Don't get bored?



levels which are simply not sustainable. I find it hard to understand that some simply do not wish to understand the concept: "if it does not work for both sides then it will not work at all." Of course some landlords are enlightened and realise that good profitable tenants are much preferred to those that simply cannot afford to maintain the property in the way that they would wish. Perhaps some landlords should consider radical action in 2012 – there is another way to manage their property!

The CAP Reform proposals announced in October could have been another project that would have absorbed time, effort and money. However, in the event, there hasn't really been much to get excited about. Two months after

their announcement most commentators have largely dismissed the importance of the proposals save for one or two significant points likely to survive – namely the '2011 claim qualification' and also the risk that grassland with arable potential could have to remain as pasture throughout the life of SPS-2 unless it is ploughed before 2014. For large claimants even the fear of capping has subsided because fewer will be affected and for 'sofa farmers' the active farmer test will

be almost impossible to implement. Having reflected on last year, what projects do you have in mind for 2012? I have already mentioned solar. Many, as it turned out, wasted a good deal of time and money nearly getting involved in this entry to the renewable sector. However thanks to a government seemingly unable to make up its mind this sector was dealt an almost fatal blow in November. Despite this, the industry is already re-inventing itself and there can be little doubt that lower capital costs will again make this an interesting project quite soon.

On the farming front the grain trade is doing its best to persuade us that 2012 will be less profitable than 2011 thanks to significant, and so far, healthy wheat and maize plantings around the globe. Wheat costs £120-£130 per tonne to produce. A very useful project could be to find ways to significantly reduce this; business expansion, contract farming, the adoption of precision farming techniques, a more scientific approach – all could play a part.

Finally, political and economic journalists seem convinced that 2012 will be a very difficult year for many. If you have made sure that your farming business is functioning soundly you could be in a very strong position to take advantage of cheaper residential and commercial property to add to your portfolio. After all we still do have a capitalist economy... Just. Happy new year!

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