



Farmland is Not Just for Farmers

Should we take more interest in the land around us?

Insight

To many the countryside is a mystery. Whether driving through country lanes, walking the South Downs or exercising

the dog most of us use it in one way or another. We all recognise what the countryside is but is there a good reason why we should take more interest in the land around us?

All sectors continue to work hard recovering from the pain of recession; house values are rising and the commercial property sector is faring better. Quite a relief. Investors have been ploughing cash back into bricks and mortar but could farmland present an interesting alternative with some added benefits hard to match? If part of the rationale driving the investment includes a strategy to transfer assets from one generation to the next, whilst simultaneously keeping clear

of the Chancellors sticky fingers, then agricultural land could present a very interesting prospect.

In short, land that is let on an agricultural tenancy created after 1995 can usually be transferred from one generation to the next 100% free of inheritance tax. This is also the case if the land is farmed by the owners. Thus, for someone wishing to invest £1 million, which at today's price would buy about 100 acres of good arable land, then the entire investment will be free of inheritance tax.

But what if tax is a secondary consideration compared to the return and expected capital growth? Agricultural land values have more than doubled in the last ten years with prices now ranging from around £7,000 per acre for commercial blocks of grass land rising to above £10,000 per acre for good quality arable land. Land suitable for vineyards and other specialist crops could be worth

considerably more than that. There are a number of reasons why land values have risen sharply; lack of supply, strong demand for a "safe" investment, a brighter outlook for agricultural profitability and attractive tax benefits. These factors all apply today.

So, the next time you are in the countryside you might ask yourself "Should I have some of that?"



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Rent £/acre	Purchase price £/acre (Excl. SDLT)					
	Grassland Grade 3/4		Arable Grade 3/4		Arable Grade 1/2	
	6,500	7,500	7,500	8,500	8,500	11,000
100	1.54	1.33				
120	1.85	1.60				
130			1.73	1.53		
160			2.13	1.88		
180					2.12	1.64
240					2.82	2.18
	% annual yields					