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Buying farmland is as good as gold

Investing in agricultural land is proving a valuable defence strategy for many looking to protect their assets.

New research from estate agent Knight Frank shows that UK farmland has outperformed the FTSE 100, prime country house prices and prime London property.

Farmland has more than doubled in value since 1995 and is expected to nearly double again between 2010 and 2012, according to the agent. Availability of farmland remains limited, and global cereal stocks remain historically depressed, which will continue to push prices in future, said the research.

This year UK farmland has grown on average 11% in value. Next year price growth is expected ease to 9%, while in 2012 it is predicted to hit growth of 16.2%.

Andrew Shirley, head of rural property at agent Knight Frank, said as a long-term investment farmland provided a return akin to gold.

He said: "The farmland market has now regained much of the ground it lost after the credit crunch when sales virtually ground to a halt. Prices have now risen by over 3% in each of the past two quarters and are now just 2.5% below their June 2008 peak. Over the past 15 years farmland has performed significantly better than residential property and the FTSE 100 index."

The popularity of buying farmland is also being bolstered in the UK by the fact that local farmers receive subsidies from the European Union paid in Euros. As a result, since the sharp depreciation of Sterling, farmers have enjoyed a substantial windfall from currency movements.

Tags: farmland , FTSE 100
