Land Prices Round-up

THE LATEST SET of figures from the Agricultural Economics Research Institute, Oxford, shows how land prices have steadily increased since 1957. Taking all farms with vacant possession, average farmland prices have risen from £73 per acre in 1957 to £243 in 1967.

The *Farmer and Stock Breeder*, in reviewing these figures, says: "That land values will go on rising seems indubitable as inflation is still continuing (at about three per cent per annum), while agricultural productivity goes on rising. There is also the possibility of higher guaranteed prices at future annual reviews, which will mean more money available for agriculture."

Confirmation of the figures given by the Agricultural Research Institute, Oxford, was given in *The Daily Telegraph*, of September 12. Nearly £150,000 was realised in a private deal for Lower Aynho Grounds, a farming property of 480 acres near Banbury, Oxfordshire. The figure represents over £300 per acre.

Land Prices Still Rising

The upward trend of land prices continues in spite of the Land Commission or any other factor. Building land at Bear Cross, Bournemouth, was sold last month for more than £13,000 per acre, reports *The Daily Telegraph*, September 9. This represents an increase of nearly 50 per cent—roughly equivalent to the Land Commission's 40 per cent levy—for this type of residential building land in the area. A local building group paid £200,500 for fifteen acres. The land is close to the Bournemouth borough boundary and has planning approval in principle for 143 dwellings. The site cost per house works out at £1,400.

In Hampstead, London, a plot of land for a 4-bedroomed house was going for around £12,000, reports the *London Property Letter*, August 26.

A house in Church Row sold for around £4,000 a short while after the war. Now, say the *Property Letter*, you might get away with £30,000.

"In the early 60s houses in Flask Walk, Hampstead, which to the horror of some residents were being tarted up and sold for the disgusting price of £8,000, are now going for around £12,000—and leasehold at that."

House Prices (Reflecting Land Prices)

House prices and mortgage repayments have outstripped incomes since 1960 to such an extent that the repayments on a 90 per cent loan over twenty years have almost doubled since 1956, reports the *Building Societies Gazette*, August.

"In 1956 the average price of a new house was taken at £2,233. A 90 per cent loan worked out at £2,010; the interest rate was six per cent, and monthly repayments totalled £14 13s. By way of contrast figures for 1966 show the average price of a new house at £4,067. A 90 per cent loan is £3,660, and with an interest rate of $7\frac{1}{8}$ per cent, monthly repayments add up to £28 3s.

"Average salaries and wages in 1956 are given as £15 8s. and £11 18s. respectively, while ten years later salaries stood at £26 12s. and wages at £20 6s."

The London Borough of Haringey is faced with a claim equivalent to £3 million per acre for land the Council needs for development and is acquiring by compulsory purchase. The land is owned by a garage in Hornsey. The planning officer, reports *The Daily Telegraph*, September 6, said: "The claim for compensation is quite unreasonable. For the 700 square feet involved it is the equivalent of £3 million an acre. We have had to take (compulsory) action because of the failure to reach agreement."

Truth Behind Farmland Prices

"More money comes from the land than from the farming of it," says Daniel Green in his Farmers' Diary in *The Daily Telegraph*, September 18.

In the past ten years inflation has probably not exceeded 4 per cent per annum, but over the same period agricultural land prices have been rising at the average annual rate of 30 per cent. Most of this has little actually to do with agriculture. Apart from this, he says, there is not and has not been for several years, any agricultural logic behind present land prices.

"Present levels have already discounted any increases in farming profitability that may reasonably be expected to arise from improvements in productivity, from higher food prices, from entering Europe, or even from a lasting change in the terms of trade resulting from the pressure of world populations on world food supplies. Meanwhile, at the present relationship of land and food prices, almost all the land of England has become too expensive for agricultural uses."

Among special advantages to be found in investing in agricultural land, says Mr. Green, are estate duty remission; perquisites and amenity values; the gamble of possible development values; and what looks very much like an unusual political stability. "There are no proposals to nationalise or rationalise, or muncipalise farmland. Its rents are not controlled. Its tenants are not offered enfranchisement."

Mr. Green estimates the actual return on a farmer's land owning at a mere $1\frac{1}{2}$ per cent after essential sinking funds have been established, but he adds that his redemption yield continues to increase by anything up to 30 per cent a year.

"Against such a record of growth the most reputable of bankers are eager to lend. The farmer, then, can continue to live, irrespective of the profitability of his farming, by mortgaging, at suitable intervals, the top slice off his steadily increasing capital gains."

He concludes: "No one can yet hope to demonstrate to a lay audience that farming is now basically unprofitable and has become unable to capitalise itself when it is common knowledge that land prices go up from month to month and the industry, presumably, is booming."