A buyers Guide

Buying agricultural land offers more than just a financial investment. Whether you're looking to add to your existing holding, create a smallholding, establish an equestrian business or simply enjoying open countryside, farmland offers space, privacy and the chance to reconnect with nature.

Before purchasing, it is essential to carry out thorough due diligence. Buyers should investigate legal boundaries, access rights, planning restrictions, soil quality, water supply, environmental designations and existing tenancies.

Professional advice from an agricultural lawyer, rural surveyor and tax adviser is invaluable to ensure there are no costly surprises.

Farmland can also offer attractive tax advantages and opportunities to generate income through environmental schemes, renewable energy or diversification projects, although these should always be assessed carefully.

For many, the greatest reward is the lifestyle. Owning land allows you to enjoy cleaner air, peaceful surroundings and the freedom to shape your own piece of the countryside. While it comes with ongoing responsibilities, buying agricultural land remains one of the most rewarding ways to invest in both your future and your quality of life.

Buying agricultural land

Owning land can be a good investment, whether you are planning to farm, diversify your assets, establish a rural business, or you simply want to live the 'good life'. Buying farmland comes with its own legal complexities such as restrictions, planning, environmental responsibilities, tax considerations, and financial implications. Understanding these factors before committing to a purchase can help you avoid costly mistakes and ensure the land meets your long-term objectives. It is therefore important to engage agricultural law specialists to advise you with your purchase.

Why Buy Agricultural Land?

Agricultural land appeals to a diverse range of buyers whether you're a farmer looking to expand an existing operation, or an investor looking for a long term investment. Others are attracted by the opportunity to create an equestrian enterprise, establish a conservation project, generate income through environmental schemes, or simply enjoy the privacy and lifestyle that rural land offers. Some purchasers also hope that land may one day receive planning permission for development, although this should never be assumed.

Why is Agricultural Land Different?

Agricultural land isn't just about land in the countryside, it is a classification that affects occupation, lending, planning, tax reliefs and what can be carried out on the land without the need for change of use.

Before buying land you should consider what you wish to do on the land. This can include farming, growing crops, breeding and keeping livestock, horticulture to name but a few.

Land is classified into grades according to its ability to produce crops. Grade 1 is the best land down to grade 5 which is considered poor quality. If you are looking to buy land to become a vegetable grower then there is no point in buying grade 4 / 5 land.

Designations

When buying rural land, it is important to identify any countryside designations because they can affect how the land may be used, developed, or managed. Designations may restrict building works, changes in agricultural practices, drainage, tree felling, mineral extraction, or other operations, and may require additional planning permission or consent from the relevant authority. However, they can also bring benefits, such as eligibility for environmental stewardship schemes or grants to support conservation and sustainable land management.

If land falls within one of these designations, the owner can still use the land, but certain activities may be restricted or require additional consent.

For example, Dartmoor National Park is designated to conserve and enhance natural beauty, wildlife, and cultural heritage. Farming can continue, but new buildings, housing developments, mineral extraction, and major infrastructure are subject to stricter planning controls. Development is only permitted where it is compatible with the purposes of the National Park.

National Landscapes protect areas of outstanding scenic beauty. Agricultural use is generally unaffected, but planning authorities carefully control development that could harm the landscape, including new agricultural buildings in some cases.

SSSI protects important wildlife habitats, geological features, or landforms. Owners must obtain consent before carrying out certain activities, known as "operations requiring consent," such as drainage, ploughing permanent grassland, removing hedgerows, changing grazing practices, or carrying out engineering works.

SACs protect habitats and species of European importance. Development or land management that could damage the protected habitats is strictly controlled and often requires an environmental assessment before consent is granted.

SPAs protect rare and migratory bird species. Activities that disturb birds or damage their habitats, including certain developments or changes in land management, may be restricted.

Ramsar sites protect wetlands of international importance. Drainage, construction, pollution, or other activities affecting the wetland ecosystem are carefully regulated.

Green Belt land is designated to prevent urban sprawl. Agriculture is encouraged, but new housing and inappropriate development are generally prohibited unless very special circumstances exist.

Where farmland includes historic villages or buildings within a Conservation Area, alterations, demolition, and development are more tightly controlled to preserve the area's character. If a scheduled monument is located on farmland, works such as ploughing, excavation, fencing, drainage, or construction that could affect the monument require Scheduled Monument Consent. Unauthorised works are a criminal offence.

Ancient woodland is afforded strong protection through planning policy. Clearance, development, or activities likely to damage the woodland are heavily restricted.

Planning Permission

One of the biggest misconceptions surrounding agricultural land is that it can easily be used for other purposes. In reality, agricultural land cannot simply be converted into residential, commercial or equestrian use without the requirement for planning permission. Even relatively minor works, such as creating a new access road or installing hardstanding, may require planning consent. Buyers should therefore never purchase farmland based solely on the hope that planning permission may be granted in the future without obtaining professional planning advice.

One misconception is that you can keep horses on agricultural land without the need for change of use. If the horse is simply grazing the land then this is classed as agriculture. As soon as you rug, feed or ride your horse on the land then this crosses over into equestrian use.

What is Permitted Development?

Permitted development for agricultural buildings is a right granted under planning law that allows certain building works and changes of use to be carried out without applying for full planning permission, provided specific conditions and limitations are met.

For agricultural holdings, permitted development rights commonly allow the erection or alteration of agricultural buildings, the construction of structures needed for farming operations, and the carrying out of engineering works such as tracks, hard standings, and certain excavations. In some circumstances, they also allow the change of use of agricultural buildings to other uses, such as residential (Class Q), commercial, or flexible business uses (Class R), subject to the relevant provisions of the GPDO and, in many cases, a prior approval process with the local planning authority.

These rights are subject to several conditions and restrictions. For example, they generally apply only to land used for agriculture, may depend on the size of the agricultural unit, and do not permit development that would significantly affect the landscape or involve listed buildings or designated protected areas without additional approvals. Some developments require the farmer to notify the local planning authority and obtain prior approval for matters such as the building's design, siting, or transport impacts before work can begin.

When buying agricultural land, it is important to establish whether existing buildings were lawfully constructed under permitted development rights or with planning permission, whether any conditions have been complied with, and whether the property is likely to benefit from these rights in the future. This can have a significant impact on the value of the holding and the owner's ability to develop or diversify the farm.

Agricultural Tied Property

It is common in the countryside to find an agricultural tied property subject to an agricultural occupancy condition. This is a dwelling that can only be occupied by someone employed, or last employed, in agriculture, or by certain qualifying dependants such as a surviving spouse. The restriction is usually imposed as a planning condition when planning permission is granted for a house in the countryside, to ensure that the dwelling remains available for people who need to live close to their place of agricultural work.

When purchasing an agricultural tied property, it is important to check the wording of the agricultural occupancy condition, as it will specify who may occupy the dwelling and under what circumstances. A buyer should also consider whether the property is still required for agricultural purposes, whether the condition has been complied with, and whether there is any possibility of having the restriction removed through the planning system. Purchasing a property without understanding the agricultural tie could result in difficulties occupying, selling, or financing the property in the future

Access Rights

Access is one of the most important factors affecting both the value and practicality of agricultural land. Buyers should confirm whether the property benefits from direct access to the public highway or whether access relies on neighbouring land.

It is equally important to establish whether legal rights of access exist for agricultural machinery and whether any public rights of way cross the property. Poor or uncertain access arrangements can reduce both usability and future resale value.

Public Rights of Way

Many rural properties are crossed by public footpaths, bridleways or byways. These rights generally remain in place regardless of ownership and cannot usually be removed simply because the land changes hands. Buyers should understand how public access may affect farming operations, privacy and future plans for the property.

Buyers should also be aware that there had been a push to ensure that all historic rights of way were recorded by 2031. The Government has now moved to reverse that decision meaning that any historic paths will no longer be lost to the public. It may be that there was a historic path running through the property that has not been recorded on the definitive map. Further investigation should be undertaken to ascertain whether, or not, there were any historic paths crossing the property.

Easements

When buying land, it is important to know what easements benefit or burden the property because they can significantly affect its value, use, and future development. Easements that benefit the land give the owner legal rights over neighbouring land, such as the right to connect into and use pipes and drainage systems. In contrast, easements that burden the land give other people rights over the property, which may restrict what the owner can do. For example, an internet provider may have the right to access underground cables which could limit what you wish to do with the land. An Agricultural Lawyer will investigate these easements during the conveyancing process to ensure the property has the legal rights needed for its intended use and to identify any restrictions that could either benefit or burden the land. Understanding these rights and obligations allows a buyer to make an informed decision and avoid unexpected legal or practical problems after the purchase.

Water Supply

Water availability is a critical factor in agricultural land purchases, yet it is frequently overlooked during the buying process. Prospective buyers should determine whether the property is connected to mains water, supplied by a private borehole, or dependent on natural watercourses. It is important to verify ownership of water rights together with the cost of the supply of water. A secure and reliable water supply can have a significant impact on the land's suitability for livestock production and growing crops.

Private Drainage

Private drainage refers to a drainage system that **is** not maintained by local water authority and instead is the responsibility of the property owner. This may include septic tanks, cesspits, sewage treatment plants, private drains, or private sewer systems that serve one or more properties. When buying land, it is important to establish whether the property is connected to the public sewer or relies on private drainage, as the owner will usually be responsible for maintaining, repairing, and, where necessary, replacing the system. A buyer should also check that the drainage system complies with current environmental regulations, has any required permits or exemptions, and has been properly maintained. It is equally important to confirm the location of the drainage system, whether there are legal rights to discharge wastewater or access neighbouring land for maintenance, and whether there are any shared maintenance responsibilities with neighbouring properties. Failing to investigate private drainage can result in unexpected costs, legal disputes, or environmental enforcement action after the purchase.

Utilities and Infrastructure

Unlike residential property, agricultural land often lacks essential services. Electricity, mains water, broadband, mains drainage may not be available, and extending these services can be expensive. Before purchasing, buyers should assess the availability of utilities and obtain estimates for any infrastructure improvements that may be required.

Existing Buildings

Many agricultural properties include barns, livestock buildings or storage facilities. Buyers should carefully assess the condition, age and structural integrity of these buildings while also confirming their planning status and whether they contain asbestos or require significant repairs.

Boundaries

Clearly defined boundaries are essential when purchasing farmland. Buyers should ensure that title plans accurately reflect the physical boundaries on the ground and establish responsibility for maintaining fences, hedgerows and ditches.

Determining the legal boundary of a property is not always straightforward because the boundary shown on the title plan held by HM Land Registry is usually only a general boundary rather than the exact legal boundary. Commissioning a professional boundary survey can help avoid future disputes with neighbouring landowners.

Furthermore, you should consider who owns the boundary fences and what state of repair they are in. Fences play an important part in securing livestock, protecting crops and preventing trespass. Poorly maintained or damaged fences can allow animals to escape or stray onto neighbouring land or public highways, potentially resulting in legal liability for any damage or accidents caused. The condition of boundary fences may also indicate whether costly repairs or replacement will be required after purchase, affecting the overall value of the holding. In addition, a buyer should establish who is legally responsible for maintaining each boundary fence, as responsibility is not always shared equally between neighbouring landowners and may be set out in the title deeds or other legal agreements. Assessing the condition and ownership of fences before purchasing farmland helps avoid unexpected expense, neighbour disputes, and practical management problems once the land has been acquired.

Mineral Rights

Ownership of agricultural land does not always include ownership of the minerals beneath it. In some cases, mineral rights have been retained or sold separately by previous owners. This can affect future activities such as quarrying, mineral extraction or certain types of development. Your solicitor should investigate whether mineral rights form part of the purchase.

Sporting Rights

Sporting rights are the legal rights to hunt, shoot, fish, or otherwise take game and certain wild animals on land. In England, these rights are a form of property right and can be owned separately from the ownership of the land itself.

The owner of the freehold land will usually own the sporting rights unless they have been sold, leased, reserved, or granted to someone else. For example, when farmland is sold, the seller may retain the sporting rights, allowing them to continue shooting game over the land even though they no longer own it.

Alternatively, the sporting rights may be leased to a shooting syndicate or another individual for a fixed period. Sporting rights can therefore be separate from ownership of the land and may appear in the title deeds as an exception or reservation.

When buying rural land or farmland, it is important to establish who owns the sporting rights because they can affect how the land is used and who has the right to enter it. If the rights are owned by another person, they may have permission to access the land for shooting or fishing, subject to the terms of the agreement. A buyer's solicitor should examine the title deeds and any leases or licences to determine whether the sporting rights are included in the sale or have been reserved by a previous owner. Understanding who owns these rights helps avoid disputes and ensures the buyer knows exactly what rights are being acquired with the land.

Environmental Schemes

Modern farming increasingly includes participation in environmental land management schemes. Landowners may be able to generate additional income by creating wildlife habitats, planting woodland, improving water quality or delivering biodiversity gains. These schemes can complement traditional farming income and are becoming an increasingly important consideration when assessing the long-term value of agricultural land.

Biosecurity and Environmental Risks

The previous use of agricultural land can create ongoing responsibilities for new owners. Buyers should investigate whether the land has experienced livestock disease outbreaks, invasive plant species, contamination, fly tipping or historical waste disposal. Environmental liabilities can become expensive if they are not identified before purchase.

When buying farmland, it is important to investigate whether there are any facilities for the storage of oil, clamped silage, or slurry lagoons, as these can create significant environmental and legal responsibilities for the new owner. Oil storage tanks must comply with pollution prevention requirements to reduce the risk of leaks contaminating land or watercourses.

Silage clamps and slurry lagoons must also meet construction and environmental standards because silage effluent and slurry are highly polluting substances that can cause serious environmental damage if they escape into rivers, streams, or groundwater. A buyer should establish the location and condition of these facilities, whether they comply with current environmental regulations, whether any permits or consents are required, and whether there is any history of pollution incidents or enforcement action. It is also important to consider whether the facilities are adequate for the intended farming operation and whether any repairs, upgrades, or replacement will be needed. Failure to investigate these issues could result in costly maintenance, regulatory enforcement, environmental liability, and restrictions on the future use of the land

Freehold and Tenanted Land

It is essential to determine whether the land is being sold with vacant possession or whether it is subject to an existing agricultural tenancy. Land occupied under an Agricultural Holdings Act tenancy or a Farm Business Tenancy may restrict your ability to immediately occupy or use the land as intended. Existing tenants have legal rights of occupancy which can significantly affect both the value of the property and your future plans for it. As specialist agricultural lawyers we would carefully investigate any tenancy agreements before contracts are exchanged.

Insurance

Depending on the nature of the property, this may include public liability insurance, farm insurance, insurance for agricultural buildings and environmental liability cover. Insurance needs become particularly important where members of the public have access to the land through public rights of way.

Overage Agreements

Agricultural land is frequently sold subject to overage, sometimes referred to as clawback provisions. These agreements require the buyer to pay the previous owner a percentage of any increase in value if planning permission is obtained within a specified period, often lasting between twenty and forty years. Overage clauses can significantly affect future development potential and should always be reviewed carefully before purchase.

Tax Considerations

Tax considerations should form an important part of the due diligence process when purchasing agricultural land. Buyers should consider not only the immediate costs of acquisition, such as Stamp Duty Land Tax (SDLT), but also the longer-term tax implications associated with ownership, succession and any future disposal of the land. Early tax planning can help maximise available reliefs and avoid unexpected liabilities.

Agricultural land may qualify for valuable inheritance tax reliefs, including Agricultural Property Relief and, in some circumstances, Business Property Relief, provided the relevant ownership and use conditions are met. Buyers should also consider the availability of Capital Gains Tax reliefs, such as Rollover Relief and Gift Hold-over Relief, which may be relevant if the land is sold, transferred or forms part of a wider farming business. In addition, capital allowances may be available on qualifying expenditure relating to farm buildings, machinery and equipment.

Given the complexity of the tax rules and the significant financial implications involved, prospective purchasers should obtain specialist legal and tax advice. Proper planning at the outset can help ensure the most tax-efficient ownership structure and maximise the reliefs available throughout the period of ownership.

Finance

Financing agricultural land differs significantly from purchasing residential property. Agricultural lenders assess factors such as land quality, intended use, income potential and the size of the holding before offering finance. Deposits are often higher than those required for residential mortgages, and buyers should discuss their plans with lenders who specialise in rural property.

Costs

The purchase price represents only part of the overall investment. Buyers should also budget for legal fees, survey costs, Land Registry fees, Stamp Duty Land Tax, mortgage fees, insurance, fencing, utility connections, repairs and ongoing maintenance. Understanding these additional costs will provide a more realistic picture of the total financial commitment.

Conclusion

Buying agricultural land is a significant investment that requires careful planning and thorough due diligence. Before committing to a purchase, buyers should ensure the land is suitable for its intended purpose by investigating issues such as access, boundaries, planning restrictions, environmental designations, water supply, existing buildings, utilities, tenancies and any legal rights or restrictions affecting the property. Understanding these matters at an early stage can help avoid costly surprises and ensure the land supports your long-term objectives.

Financial considerations are equally important. In addition to the purchase price, buyers should budget for legal and survey fees, taxes, insurance, ongoing maintenance and any infrastructure improvements that may be required. Consideration should also be given to the availability of agricultural tax reliefs, financing options and opportunities to diversify income through environmental schemes or other rural enterprises where appropriate.

Ultimately, purchasing agricultural land offers considerable opportunities, whether for farming, investment or lifestyle purposes, but success depends on making an informed decision. By seeking advice from experienced agricultural lawyers, rural surveyors and tax advisers, buyers can proceed with confidence, protect their investment and maximise the long-term value and potential of their land.

If you are considering buying a farm or agricultural land please be in touch with Tracy Neal – Partner & Head of Agriculture and Rural Land at Mogers Drewett Solicitors and Financial Planners. (01935) 811 635 / 07394 872 404. E: tracy.Neal@mogersdrewett.com

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