

Title:

A Guide To Land Banking

Word Count:

357

Summary:

Land banking is a relatively new investment concept that allows smaller investors to own a piece of valuable land.

How does land banking work?

When large parcels of land are put up for sale, they are usually far too expensive for a single small investor. Land that's in a good place for residential or business development is usually either bought by a land investment company or by a property developer. The owner then "banks" or holds onto the land until they are ready to...

Keywords:

land, land investment, land banking

Article Body:

Land banking is a relatively new investment concept that allows smaller investors to own a piece of valuable land.

How does land banking work?

When large parcels of land are put up for sale, they are usually far too expensive for a single small investor. Land that's in a good place for residential or business development is usually either bought by a land investment company or by a property developer. The owner then "banks" or holds onto the land until they are ready to sell it or develop it. During this time, they can parcel the land up into smaller, much more affordable section and sell these sections to private investors. Each investor holds the freehold to their land, and can sell at any time, although the best profits are usually realised when planning permission is granted for the site.

How much does it cost?

The cost of the land to small investors will depend upon the type of land, the potential for development and the size of the land. For as little as £5,000,

investors can buy a good-sized piece of land in a prestigious location. You can, of course, choose to spend much more, and the land parcels are often graduated in size to accommodate a range of investors.

Is it complicated to buy?

Land is easier to buy than property. It is still a legal contract, though, so it's worth getting it checked by your solicitor. The straightforward nature of the purchase means that it can often be completed within 28 days.

Can I sell it?

In most, if not all cases, when you buy the land, you also acquire the freehold. This means that you can sell the land on at any time. Most people hold on to their property for between 2-8 years, to realise profits from the development of the site, but you can sell whenever you want or need to.

Where do I start?

If you're interested in land investment, then talk to a land agent. They will have a variety of sites on their books and have the experience and expertise to guide and advise you throughout the process.