

# LAND INVESTMENT TIPS



Land is an asset that generally holds value and appreciates over time. While your land investment grows, you can enjoy its many unique benefits. In Pennsylvania, land provides investment opportunities, hunting, recreation, farming or perhaps acreage for building a home with a big backyard. If you're ready to invest in land, do you know how to take the next step? Should you pay cash or finance?

Paying cash for raw land is a great way to be competitive with your offer and save money in the long-term. Benefits of an all-cash purchase include a potentially quicker closing, a seller more likely to accept your no financing contingent cash offer and no delays waiting on appraisers, attorneys, lenders, etc. (although you may want to engage a professional to ensure accurate property boundaries, road access rights and that the property is free of liens and easements). When the transaction is complete, you will own your land free and clear. Even if you have cash on hand to make the purchase, is that always the best idea?

Here are three reasons why you should consider financing your land purchase.

## 1. Cash is king – Maintain your liquidity

Purchasing land requires a huge capital investment. Once the cash is spent, you lose your ability to act quickly on future needs and investment opportunities. When financing land purchases, other professionals can help you gain the best value for the investment money. Liquidity is how quickly your assets can be converted to cash. You can sell stocks and bonds quickly to generate cash; land is not as easy to liquidate in a hurry.

## 2. Strike when the iron is hot – Conserve your buying power

What is your goal? If you know you will only ever buy

this one tract of land, then using more cash could be the best option. However, if you are interested in purchasing additional tracts, consider financing to maintain liquidity. Land doesn't sell often, so when it does, you want to be ready to buy. The best way to invest wisely is to have the cash you need to pull the trigger quickly. Without liquidity, you could miss out on a good investment.

## 3. Feather your nest – Save cash for improvements

If your plan is to build a cabin, barn, pond or make other significant improvements to the land after your purchase, be careful not to spend all your cash up front. Developing a long-term capital investment plan could make financing easier for you to do more with your land because you borrowed funds and have cash on hand.

When considering whether to pay cash or finance your land purchase, remember that each person and situation is different. Determine your comfort level and decide what option will allow you to achieve your investment and lifestyle goals.



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