

The low-hanging fruit has been picked

For generations, the mantra of a certain class of investor has been simple and absolute: "They are not making any more of it." This phrase, applied to land, has justified a near-religious belief in the perpetual, high-growth appreciation of raw acreage. From the family farmer eyeing retirement to the urban speculator buying plots on the city's edge, land has been viewed not just as a stable asset, but as a guaranteed path to wealth. However, a confluence of economic shifts and market maturity suggests that this golden age of automatic speculation is over.

We are witnessing the maturation of the land market. The days when one could buy a plot on the outskirts of town, bank on population growth, and double their money in a handful of years are fading. Land banking remains viable, but success now requires "patient capital," meticulous due diligence, and a focus on government-backed infrastructure corridors rather than pure speculation. The principle applies globally; the low-hanging fruit has been picked.

Why gamble on the hope that a vacant plot appreciates by an uncertain three to five percent over the next year, while tying up capital that cannot be easily accessed? In this environment, "risk-free" returns have made a comeback. Money market funds, once dismissed as parking lots for idle cash, are now offering yields that compete with the historical total returns of land speculation. Investors can currently lock in annualised returns of four to five percent with complete liquidity, no property taxes, no title risk, and no waiting for a buyer. Similarly, government bonds have regained their status as a viable alternative. In a "higher-for-longer" rate environment, treasury bills and bonds provide a predictable income stream backed by the full faith of the issuing government. These instruments offer something that raw land cannot; a guaranteed coupon.

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