

Land Investment Monthly â€™ July 2015

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The Land Investment Monthly is a round-up of articles and headlines published by the farm press, business media and financial publications with insights into buying, selling or investing in farmland, recreational ground or development ground. Follow Steve Bruere @SBruere on Twitter and find Peoples Company on Facebook for the latest land listings, auction results, upcoming events and real estate news. To subscribe to my monthly updates via email, send a message to Steve@PeoplesCompany.com with “Land Investment Monthly” in the subject line.

Ag Drag

The average sale price of prime Iowa farmland fell 12 percent to \$11,000 in June, compared with the year-earlier period, as low corn and soybean prices contributed to a drag on the state’s manufacturing sector and farming economy. The Iowa Leading Indicators Index, released in July, refers to declining demand for farm equipment and a weakness in stock values of Iowa companies tied to agriculture.

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The Land Report

The Land Report has published the results of its annual of “America’s Best Brokerages” survey and Peoples

Company has been named to the list for the second consecutive year. The editors' placement was based on 2014 sales of \$100 million to \$250 million – a 56 percent increase in sales compared with the year-earlier period. Peoples Company was also named among the nation's "Top Auction Houses" for the third year in a row. More than 100 firms participated nationwide.

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Paradigm Shift

Farm Weekly, in its write up covering Boston Consulting Group's Crop Farming 2030 research report, points to precision ag, automation, consolidation, labor and technology among the most influential trends that will affect farming practices well into the future. The "Reinvention of the Sector" report includes an encouraging outlook for the agriculture industry as producers work with professionals to optimize inputs, bolster productivity and increase yields. Demand for agricultural outputs are expected to increase by 60 percent, compared with the annual average from 2005 through 2007. BCG asserts that labor shortages in Europe – combined with "the drive to consolidate" – could also lead to greater numbers of land sales as farmers retire.

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Opportune Investment

Data from London-based alternative investment research firm Preqin shows that 55 percent of all real estate funds raised this year, through June 23, are opportunistic in nature. That's compared with 32 percent in all of 2014. Pensions & Investments reports that institutions, which may have put off riskier speculations following the financial crisis, are once again on the hunt to enhance returns via land transactions or alternative forms of real estate development. Some buyers have also started to "accept lower returns for the stable, income-producing core real estate holdings."

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New Horizons

Farmland Partners Inc. has completed its largest acquisition to date and entered two new states, including North Carolina and Virginia, with the purchase of eight row crop farms comprising more than 15,000 acres. The transaction was secured with \$49.8 million in cash, 2.8 million shares of common stock, and units of limited partnership interest in Farmland Partners' operating partnership. Colorado-based Farmland Partners entered into a five-year lease agreement with the seller for all eight farms. In related news, the company announced an agreement to purchase a 125-acre blueberry farm in Michigan – for \$1.2 million – while showing an appetite for higher risk, specialty crop properties. Farmland Partners' portfolio now comprises more than 70,000 acres in 11 states.

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Australia Ag

Land values in Australia have soared this year as competition heats up among real estate agents specializing in rural agriculture. The Land reports that while low interest rates fuel the appetites of large-scale family farms looking to expand, there is also interest from private and institutional investors hoping to gain a foothold as farm sales volumes rise. More than \$785 million in sales were attributed to agricultural land as defined in Rural Finance's Farm Land Value 2014 index.

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Analyze This

The University of Nebraska-Lincoln published the results of a study with a majority of respondents indicating that their profits had increased due to the use of precision agriculture equipment. The report concluded that the potential to substantially increase productivity and profitability in farming operations is leading to greater demand for technologies related to global positioning systems. The trend is also increasing the need for land analysis, advisory and management services as massive quantities of big data are collected

from income-producing fields.

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In Practice

Daryll E. Ray and Harwood D. Schaffer of the Agricultural Policy Analysis Center at the Institute of Agriculture, University of Tennessee, shed light on the new standards being set by Wal-Mart and other retailers amid the evolving preferences of consumers and concerns over animal welfare issues. The authors, who say positions on agricultural practices will filter down to the farm level, call attention to consumer demands to know how and where their food is produced. Ray and Schaffer conclude it “is clear that producers will need to begin making changes in their animal husbandry practices.”

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