

Land Investment Monthly - December 2019

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Farmland Auctions: A Wild Day in Southeast South Dakota

Prospective landowners in southeast South Dakota had a terrific opportunity to buy farmland on November 14.

[Peoples Company](#), a Des Moines-based auction firm, offered more than 5,000 acres of farmland at auction near Centerville in Clay County. Meanwhile, 41 miles away in Hutchinson County, [Wieman Land and Auction](#) offered an 80-acre tract of land at auction.

The odds of both auctions reaching the same buyers is minimal. But it's an interesting contrast to the type of land for sale, and the type of sale conducted.

[...]

Here are some highlights:

One buyer bought nine tracts, totaling 1,182.47 acres, for \$2.955 million (\$2,499.01 per acre.)

Another buyer bought eight tracts totaling 1,722.23 acres, for \$5.915 million (\$4,434.50 per acre). This tract included the grain handling facility.

The high bid per tillable acre was \$7,880.86 on three tracts totaling 845.72 acres. That buyer spent \$6.665 million.

In all, there were 90 registered bidders. Buyers were a combination of investors, local farmers, and landowners using the 1031 Exchange to acquire this land. In addition, there was a 3% Buyer's Premium on each tract. [Read More](#)

Successful Farming: Land Values Hold; Investors See Farmland As Less Risky

Investors and consumers are feeling the effects of tariffs, and the buzz of a recession looms. Despite the uncertainty, investors can unearth opportunities below the surface, says Steve Bruere, president of the land brokerage and management firm, Peoples Company, Clive, Iowa. "Smart money in the investment market is shifting to American farmland," he says.

As the U.S. economy has become unsettled by the trade war with China, investors have begun to move money from the stock market into the less risky bond market, specifically into long-term bonds. Over the past 20 years, long-term (10-year) government bonds have yielded returns from 1.5% to 6.66%, averaging 3.5%.

Typically, longer maturity bonds have higher yields; investors require more compensation to hold a note or bond for a longer period of time due to inflation risk and other market uncertainties. However, with the increasing demand for safer investment options, long-term bond yields have dropped. In August, the 10-year Treasury note yield fell below the two-year yield for the first time since June 2007. A similar inversion of the two-year/10-year yield curve has preceded each of the U.S.'s last seven economic recessions. Understandably, the current inverted yield curve, combined with the trade war, is deepening investor concerns over a potential recession. [Read More](#)

The Washington Post: Indoor farming looks like it could be the answer to feeding a hot and hungry planet. It's not that easy.

BALTIMORE — The next big thing is here, all girders and concrete pads, glass roofing and gravelly dirt. Viraj Puri, co-founder of one of the nation's largest indoor farm companies, walks through the construction site, and even without the luminous frills of thousands of butter lettuces, it's easy to see that the building going up where Bethlehem Steel once stood is something ambitious in the world of food.

The Sparrows Point steelworks in Baltimore, once the largest steel-producing facility in the world, was shuttered in 2012, leaving no trace of what once supported 30,000 families with Bethlehem Steel wages. Now the vacated land is dominated by a FedEx distribution center, an Amazon fulfillment center, an Under Armour warehouse.

And by the beginning of December, Puri's Gotham Greens farm will join them, part of a global craze for decentralized indoor food production.

Food and agriculture innovation have sucked up remarkable amounts of investor capital in recent years and could become a \$700 billion market by 2030, according to a Union Bank of Switzerland [report](#).

Millions are being invested globally in indoor urban farms because of their promise to produce more food with less impact, with two dozen large-scale projects launching in Dubai, Israel, the Netherlands and other countries. [Read More](#)

NBC News: Introducing the Cosmic Crisp, the big apple growers are banking on

A new type of apple is hitting shelves next month and the industry is hoping everyone will want to take a bite. The Cosmic Crisp took decades to develop and — with a multimillion dollar marketing campaign behind it — growers hope you'll think it's out of this world. [See Video](#)

Politico: Farm credit chief sees shadow of 1980s farm crisis

FARM CREDIT CHIEF SEES SHADOW OF EIGHTIES' AG CRISIS: Farm Credit Administration Chairman Glen Smith told the House Agriculture Committee on Tuesday that the farm lending system is currently “safe and sound” — but officials are “very concerned and closely monitoring some weakening in credit quality.” At a subcommittee hearing, Smith also drew parallels between the current downturn and the run-up to the 1980s farm crisis.

“I think we're at a level that's comparable to the early '80s,” he said, citing economic trends like falling farm income, rising debt-to-asset ratios and concerns about the value of farmland. “At that time in the Midwest, we'd lost 15-20 percent of our land values. Guess what? Today we've lost 15-20 percent of our land values in the Midwest.”

Farmland values remain largely stable across the country. But that could change, [Smith warned in his written remarks to the committee](#), if larger amounts of farmland go up for sale — like if farm bankruptcy rates continue ticking upward.

“With declining land prices, farm balance sheets could deteriorate more quickly, and a farm borrower's ability to restructure debt or obtain additional financing could weaken,” Smith said. He also said the FCA is monitoring an increase in [producers turning to non-traditional lenders for financing](#), which often carry higher interest rates and can prove treacherous for farmers that fall behind. [Read More](#)

The Good Fruit Grower: The local niche offers opportunities during downturn

While so many Northwest wine grape growers are cutting back, a Columbia Gorge viticulturist is expanding.

Alan Busacca has plans to nearly double the acreage of his Windhorse Vineyard perched high on the hills southwest of The Dalles, Oregon.

“We have a different set of circumstances here, I'm convinced, that will allow us to ride out this time of oversupply,” he said.

Those circumstances involve a local niche market with the wineries in the Columbia Gorge American Viticultural Area, a relatively small wine region established in 2004 along the Columbia River straddling the Oregon-Washington border. Those wineries want more local wine grapes.

He may be onto something.

Small, boutique wineries with higher price points are faring relatively well in this period of oversupply. For that matter, Oregon wineries in general are doing better than Washington or California, said Chris Bitter, a wine market analyst and consultant with Vintage Economics, based in Seattle, Washington.

Nielsen statistics based on retail stores show Oregon wine sales by volume rose nearly 13 percent between July 2018 and June 2019, Bitter said. Washington grew only 0.7 percent and California fell by 1.7 percent. [Read More](#)

Kenosha News: Study finds rising ozone a hidden threat to corn

Like atmospheric methane and carbon dioxide, ground-level ozone is on the rise. But ozone, a noxious chemical byproduct of fossil fuel combustion, has received relatively little attention as a potential threat to corn crops.

A new study begins to address this lapse by exposing a genetically diverse group of corn plants in the field to future ozone levels.

The study, reported in the journal *Global Change Biology*, found that some members of the corn family tree are more susceptible than others to yield losses under high ozone air pollution. Discovering the genetic underpinnings of those differences could help plant scientists develop ozone-resistant corn, the researchers said.

“Ozone enters plants the same way carbon dioxide does: It diffuses from the atmosphere into the leaf,” Lisa Ainsworth, a U.S. Department of Agriculture scientist who led the research, said in a University of Illinois news release.

The research team included University of Illinois plant biology professor Andrew Leakey, University of Florida molecular genetics and microbiology professor Lauren McIntyre and University of California-Davis plant sciences professor Patrick Brown. Ainsworth and Leakey are affiliates of the Carl R. Woese Institute for Genomic Biology and the department of crop sciences at Illinois.

Carbon dioxide is a nutrient for plants, Ainsworth said. [Read More](#)