

Land Investment Monthly - December 2021

Published on Dec 1, 2021 by Steve Bruere



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Farmland Sales Skyrocket

Farmland Values Eclipse Records as Sellers Turn to Auctions

Describing today's farmland market as "hot" would be an understatement this fall, especially in Iowa. Farmland values are posting record highs and land auctioneers have never been busier.

One example of the shocking jump in prices came at a northeast Iowa auction: 79.6 acres sold privately in the summer of 2020 for \$8,464 per acre. The same farm then sold at auction in late October 2021 for \$13,100 per acre, a 54% jump in value.

"It was a nice farm, but not a perfect farm," noted Doug Hensley, president, Hertz Real Estate Services, based in Nevada, Iowa. "Keep in mind that in July of 2020, when this farm was purchased, the world looked very different. COVID-19 lockdowns were still widespread, it was pre-derecho and pre-rally in the grain markets." [Read More](#)

A soil conservation easement that betters the land while bettering farms' bottom line

At a live auction on August 17 at the Raccoon River Social Club, local farmers bid against one another as they vied for eight tracts of the Garst family farmland totaling 1,998 acres outside Coon Rapids, a small town where the Garsts have been raising corn and soybeans for nearly a century. Altogether, the parcels

fetched \$19.3 million, or \$11,461 per tillable acre.

The Des Moines Register described the final sales totals as “hefty.” The listing agent called it “exceptional.” The Garsts said simply: “We’re grateful.”

But here’s the catch: Despite a scorching hot market for farmland across the Midwest, nobody knew how the sale of those prized plots would go.

“Going into the sale, that was the million-dollar question,” says Steve Bruere, president of Peoples Company, which marketed and auctioned the farms in conjunction with Community Insurance Agency of Coon Rapids.

That’s because all 1,998 acres that belonged to the Garsts were protected by a soil conservation easement, a first-of-its-kind stipulation that permanently governs how the land must be farmed – and how it cannot. [Read more on page 86 of The Land Report.](#)

US farmland values rise the most in nearly a decade on crop prices

High crop prices are trickling down to agriculture real estate, which have risen by the most in nearly a decade.

Farmland values jumped 18% from a year ago during the third quarter of 2021 in the Seventh Federal Reserve District, a five-state region including all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin, according to the Chicago Fed.

The gains come as farmers were bolstered by high incomes and low interest rates, and after corn and soybean futures climbed to multiyear peaks in Chicago amid adverse weather for crops. [Read More](#)

A giant investment firm paid a university to study one of its biggest assets – farmland

In 2013, mammoth U.S. investment company TIAA-CREF gave \$5 million to the University of Illinois — to study an area of investment where the company has made a sometimes controversial name for itself.

The money aimed to fund a research center, branded with the company’s name, that would explore the financial niche of farmland investment.

It’s the fourth largest donation given to the university’s agriculture school in the last 10 years, according to data obtained by Harvest Public Media and Investigate Midwest through the Freedom of Information Act.

A letter submitted to the university called for the center to research “agricultural asset valuation and financial performance with emphases on farmland markets (and) factors influencing farmland values.” [Read More](#)

2022 Land Investment Expo speakers announced

Sam Zell, the founder and chairman of Equity Group Investments, and Larry Kudlow, former director of the National Economic Council, are scheduled to be the featured speakers at the 15th annual Land Investment Expo, sponsored by Peoples Co. The expo will be held Jan. 11 at the Iowa Events Center in Des Moines.

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The Latest Farm Product: Carbon Credits

Global cropland has the potential to sequester as much as 570 million metric tons of carbon per year. New projects that pay farmers to adopt climate-friendly practices could help

Eight years ago, Kevin Prevo started making changes to the land in southern Iowa that his family has farmed for five generations. Mr. Prevo stopped tilling the fields between crop cycles and started planting cover crops he does not harvest — a mix including rye, turnips, radishes and sunflowers — between rotations of his cash crops, corn, soybeans and rye.

The changes were intended to help the soil hold additional water and to prevent erosion, leading to more abundant yields, but have the added benefit of drawing more carbon dioxide into the ground and keeping it there. [Read More](#)

Small farms battle speculators over centuries-old water rights in drought-stricken Colorado

A small farming community is racing to secure rights that will protect the centuries-old irrigation system they need to survive

On a sage-infused summer morning in the San Luis Valley, Robert Quintana steps from his worn silver pickup truck to check the *acequia*. Quintana relies on the historic ditch to irrigate his alfalfa fields—but it's empty, only a trickle of water smudging the dirt along its cracked concrete base.

He's certain someone has stolen his water, which the fourth-generation rancher needs to soak the 1,700 acres of hay and alfalfa he sells and feeds to 200 cattle. "This is a daily thing ... when we are in a drought," Quintana says. "Most people on these ditches are friends and family, but there's no love when it comes to water." [Read More](#)

Cow Feed That Cleans Potent Methane Burps Nears Europe Rollout

A feed additive that cuts methane burped out by cows -- a major contributor to agricultural emissions -- moved a step closer to being sold in Europe.

The European Union's food watchdog said Dutch nutrition company [Royal DSM NV](#)'s Bovaer product is safe and effective for dairy cattle. It wasn't asked to decide on safe levels for other categories such as beef. Europe is the world's second-largest milk producer, and Bovaer has already been [approved](#) for beef and dairy cows as well as sheep and goats in Chile and beef giant Brazil.

The farming sector is facing more pressure to become greener as governments and investors focus on curbing global warming, and tackling methane emissions is one of the most critical climate challenges for the agriculture industry. Solutions also being pursued by companies and researchers include other [supplements](#), [cow masks](#) and breeding "climate-smart" cattle. [Read More](#)