

Land Investment Monthly - June 2021

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Photo credit: Michael M. Santiago/Getty Images

Farmland values continue to rise

Interest in purchasing agricultural land has grown since a coronavirus pandemic-induced slowdown blanketed the land market last spring. Farmers are feeling more financially secure as very strong commodity prices arrived on top of large government payments in 2020. This is propelling farmers to bid more aggressively for additional land than has been the case during the past six years. [Read More](#)

Minneapolis Fed: Land Values, Cash Rents Make Largest Quarterly Jump Since the Ethanol Boom

Agricultural bankers in Minnesota, Montana, North Dakota, South Dakota and Wisconsin see higher incomes, high loan repayment rates, higher land values and higher cash rents, according to a survey by the Federal Reserve Bank of Minneapolis.

For the first three months of 2021, ag bankers said farm incomes improved from the year before, which in turn lead to a steady increase in loan repayment rates as well as lower demand for new loans and renewals. The survey included 67 respondents, all bankers that regularly respond to the survey.

"The reasons mostly focused on the sustained increase and improvement in crop prices for the core agricultural commodities produced in our region, as well as good yields and production from 2020, leading to bountiful harvests to continue marketing," said Joe Mahon, a regional research director for the Minneapolis Fed. "And, of course, continued government aid that persisted through 2020. That's bolstered farm balance sheets during those last few difficult years." [Read More](#)

Rising Kentucky land prices make renting attractive to producers

Land prices have steadily risen across the Bluegrass state for much of the past decade. As a result, renting farmland has become a more attractive option than buying to many Kentucky producers.

Each year, the U.S Department of Agriculture releases a Land Values Summary that includes cropland values for land used to grow grain crops, vegetables and hay. According to the U.S. Department of Agriculture's Land Values 2020 Summary, average Kentucky cropland prices were \$4,400 per acre. This is an increase of \$1,220 per acre from 2010, when cropland prices across the state averaged \$3,180 per acre. [Read More](#)

Drought Imperils Economy in California's Farm Country

California is gripped in severe drought [just four years after emerging from the last one](#), forcing many farmers to scramble to find enough water. The U.S. Bureau of Reclamation has cut the water allocations for many to zero this year. Last year, when the latest dry spell began, the same farmers were allocated 20% of what they are contracted to receive annually.

Some are responding by letting fields go fallow. "We need 39 days and 39 nights of rain," said Steve Danley, water manager of the Zumwalt Mutual Water Co., whose 20 rice-grower customers are leaving all but 500 of their 6,000 acres unplanted after the provider lost its federal water.

Others are turning to the private market, where they pay as much as \$400 per acre foot of water—325,851 gallons, or enough to cover an acre of land one foot deep—compared to the \$100 typically charged by the federal government. [Read More](#)

Banks Fight \$4 Billion Debt Relief Plan for Black Farmers

The Biden administration's efforts to provide \$4 billion in [debt relief to minority farmers](#) is encountering stiff resistance from banks, which are complaining that the government initiative to pay off the loans of borrowers who have faced decades of financial discrimination will cut into their profits and hurt investors. [Read More](#)

Carbon storage offers hope for climate, cash for farmers

The rye and rapeseed that Rick Clifton cultivated in central Ohio were coming along nicely — until his tractor rumbled over the flat, fertile landscape, spraying it with herbicides.

These crops weren't meant to be eaten, but to occupy the ground between Clifton's soybean harvest last fall and this spring's planting. Yet thanks to their environmental value, he'll still make money from them.

Farmers increasingly have been growing offseason cereals and grasses to prevent erosion and improve soil. Now, they're gaining currency as weapons against climate change. [Read More](#)

Agriculture emits a 'forgotten greenhouse gas.' Scientists are looking for solutions in the soil

As nations and industries try to cut greenhouse gas emissions to tackle climate change, agricultural practices are in the spotlight. There's good reason for that: Agriculture accounts for 16 to 27 percent of human-caused climate-warming emissions, [according to the Intergovernmental Panel on Climate Change](#) (IPCC). But much of these emissions are not from carbon dioxide, that familiar climate change villain. They're from another gas altogether: nitrous oxide. [Read More](#)

NYC indoor farming startup raises \$300M from high-profile investors

A New York City-based startup is growing leafy salad greens indoors — and it just raised a bunch of cabbage from investors including Natalie Portman and Justin Timberlake.

Bowery Farming said Tuesday it had raised \$300 million in a funding round that values its business at \$2.3 billion. Alongside traditional venture capital backers, other notable investors include celebrity chef José Andrés, basketball player Chris Paul of the Phoenix Suns and Formula One driver Lewis Hamilton.

The Manhattan-based company converts industrial buildings like warehouses into “vertical farms” tended by automated equipment, a technique it says allows all its crops to be grown year-round regardless of weather conditions, outdoor pests and pollution. [Read More](#)