

Land Investment Monthly - November 2021

Published on Nov 1, 2021 by Steve Bruere



Photo credit: Trent Nelson / The Salt Lake Tribune

REPORT: Some Midwest Land Prices Are Up 20% In The Last Year

Farmland prices across the Midwest have soared 20% or more in some areas, and that will continue for at least the next year, and possibly two, according to Steve Bruere, president of Clive, Iowa-based Peoples Company.

Bruere's comments are reflected in Peoples Company's "National Land Values" report, available October 28.

There are a number of factors that influence the strong, steady pace of farmland values:

1. Rising farm incomes due to increased commodity prices.
2. Historically low interest rates.
3. Limited supply of available farmland.

Buying farmland is a competitive endeavor, with farmers competing against investors for land. It's easy to see why.

According to the National Council of Real Estate Investment Fiduciaries (NCREIF), the annual average return for farmland in the Corn Belt (Iowa, Illinois, Indiana, Ohio, and Missouri) averages 9.9% (including 4.198% income and 5.361% capital gain) from 1991 to 2021, a “remarkably steady track record with almost boring returns,” the report states. “On the other hand, Corn Belt returns offer far greater stability when compared with financial investments, including equities, where the annual drawdown has exceeded 20% at least once per decade.” [Read More](#)

U.S. Farmers Reap Bigger Crop Profits and Boost Stockpiles

It turns out that 2021 was a pretty good year to be an American farmer.

After struggling through extreme weather, a trade war and tepid demand in recent years, things started to turn around this season as Chinese buying roared back.

[...]

Still, it's unclear how long the good times will last. Energy and fertilizer costs are going up, signaling thinner margins ahead. And meanwhile, corn and soybean prices are both down about 25% from this year's peak in May. But for those farmers that managed to lock in sales at the start of the summer, this season is a welcome turnaround. U.S. farm income from crops is expected to jump 20% to \$230.1 billion in 2021, the second-highest ever, trailing the record set in 2012, according to USDA estimates. [Read More](#)

Peoples Company Achieves Sustainability Certification

Peoples Company, a national firm specializing in land brokerage, land management, land investment and appraisal services, today announced it has achieved sustainability certification for its entire managed lands portfolio through Leading Harvest's Farmland Management Standard.

“Today's consumer is demanding the supply chain to reduce the environmental impact of the food we eat. At the same time, socially responsible investment is pushing the agriculture industry to address broader environmental, social, and governance factors in the business model,” Mollie Aronowitz, Peoples Company's Director of Sustainability says. “Together with our clients and their tenant farmers, Peoples Company has honed our management system to focus critical sustainability metrics that we know improve environmental outcomes. On each farm, Peoples Company land managers work to maximize yields on the most productive acres while protecting the environmentally sensitive areas. Importantly, experience has taught us that we can often solve economic problems through an environmental solution.” [Read More](#)

Southwest states facing tough choices about water as Colorado River diminishes

This past week, California declared a statewide drought emergency. It follows the first-ever federal shortage declaration on the Colorado River, triggering cuts to water supplies in the Southwest. The Colorado is the lifeblood of the region. It waters some of the country's fastest-growing cities, nourishes some of our most fertile fields and powers \$1.4 trillion in annual economic activity. The river runs more than 1,400 miles, from headwaters in the Rockies to its delta in northern Mexico where it ends in a trickle. Seven states and 30 Native American tribes lie in the Colorado River Basin. Lately, the river has been running dry due to the historically severe drought. [Read More](#)

In Sonoma County, ‘Regenerative Agriculture’ Is the Next Big Thing

To Lauren and Alex Benward, sixth-generation owners of the [Beltane Ranch](#) vineyard in Glen Ellen, Calif., the word “sustainability” does not adequately convey the agricultural measures that they and many of their fellow vineyard owners have adopted in recent years. Steering clear of pesticides and industrial tillage is a no-brainer. They also use roving chickens to forage for pests, maximize soil fertility by planting cover crops like ryegrass and employ a herd of sheep — referred to as “woolly weeders” — to help fertilize the fields. Even the vineyard’s wine shipments reflect land stewardship: Bottles — recycled, with natural corks — are transported with carbon-neutral shipping.

This holistic approach to land management is called regenerative agriculture. It eschews conventional farming techniques and taps into composting, pollinator habitat restoration and other measures to encourage nutrient-dense soil. These practices also curb skyrocketing carbon emissions by coaxing carbon from the atmosphere and into plant roots, a process known as carbon sequestration. Nitrogen, supplied by cover crops, helps the process. [Read More](#)

Unhappy with prices, ranchers look to build own meat plants

Like other ranchers across the country, Rusty Kemp for years grumbled about rock-bottom prices paid for the cattle he raised in central Nebraska, even as the cost of beef at grocery stores kept climbing.

He and his neighbors blamed it on [consolidation in the beef industry](#) stretching back to the 1970s that resulted in four companies slaughtering over 80% of the nation’s cattle, giving the processors more power to set prices while ranchers struggled to make a living. Federal data show that for every dollar spent on food, the share that went to ranchers and farmers dropped from 35 cents in the 1970s to 14 cents recently.

It led Kemp to launch an audacious plan: Raise more than \$300 million from ranchers to build a plant themselves, putting their future in their own hands.

“We’ve been complaining about it for 30 years,” Kemp said. “It’s probably time somebody does something about it.” [Read More](#)

Technology is the Future: Why Technology of Tomorrow May Already be Operating in Some Fields Today

Robots swarming and taking over farm fields. Autonomous tractors planting crops with no humans in sight. These futuristic views of [technology](#) that surfaced a decade ago may actually be a glimpse of what’s already reality today.

John Deere’s purchase of Blue River [unlocked a step toward autonomy](#). While the sprayer still requires a human to operate the system, the “see and spray technology” is just that; using artificial intelligence to only spray when weeds are present.

“We’re seeing on average a 77% reduction in chemical use on those fallow ground acres,” says Joel Basinger, Marketing Manager with John Deere. [Read More](#)

As More People Eat Plant-Based Meats, Midwest Farmers Give Peas A Chance

Fueled by the rise of meat alternatives, consumers have been eating more and more dry peas, chickpeas, lentils and beans.

Bags of lentils or canned chickpeas aren't a surprising sight in a grocery store, but a closer look may reveal some surprising bean and pea products on the shelves.

There are bags of PeaTos, which are similar to Cheetos but made from peas. Their tagline is "Junk food taste, made from peas."

In the freezer aisle, there are alternative meats, like Beyond Meat's "ground beef." The two top ingredients are water and pea protein.

The United States Department of Agriculture estimates that people consume about two more pounds of legumes per year than in 2000, and experts see that climb continuing. [Read More](#)

Drought takes personal toll as Utah farmers lose money, land and cattle

Rows of farmers and ranchers in rural Sanpete County are familiar with the late J. Golden Kimball, the "swearin' elder," who said "always marry a woman from Sanpete County. No matter what hard times you experience together, she has seen worse." But Wade and Tina Eliason, who are from Sanpete and have been married for 27 years, said they've never seen a drought as severe as the one that's parched their 700-acre farm in Moroni this year.

"We received about 20% of the water we normally get and produced about 20% of the alfalfa and other feed we normally harvest," said Wade Eliason, who estimates the monetary value of his crop loss at \$300,000 or more.

Eliason can find small consolation that he is not alone. Based on anecdotal evidence, state agriculture officials estimate crop yields are down 20% in much of Utah. [Read More](#)