

Livestock Facilities

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Value can be added to farmland in various ways. Some will look at placing system tile in heavier soils for better drainage or adding irrigation units to sandy soils. Some will put marginal acres into waterways and enroll in CRP or other government programs to mitigate erosion. Others will look at raising unique crops with greater returns such as wine grapes, sugar beets, nut trees, and other specialty crops. The fact is that simply raising corn and soybeans can lead to the mercy of China, the commodity brokers, and USDA announcements.

Added value can also be obtained through investing in large animal facilities. Even though the risk is greater, the reward can be greater as well. Well managed large livestock facilities are often lucrative for an investor. Further value can be added if it is an organically certified operation. Most managers of dairy, beef, and sow units look to apply manure as close to the facility as possible to limit the cost of agronomically applying animal nutrient waste. However, finishing swine unit nutrients can be trucked several miles from a facility and still remain economically viable.

Paired analysis indicates that cropland located within two miles of a large animal facility can demand a premium due to high competition from the facility owners for manure application acres. The close proximity to the site helps to control the cost of applying animal waste, along with the benefit of increased fertility and productivity of the soils.

When I was a kid, as we would pass by a dairy or hog farm with our windows rolled down due to the lack of air conditioning in our old Pontiac, my mother used to say "that's the smell of money!" She always had a lead foot, and the smell would pass in and out of the car very quickly. Now 50 years later, every time I get a whiff of an animal facility, it seems to linger much longer as I drive by in my GMC air-conditioned truck, but I have to smile and say, "It's still the smell of money!"

