

Land Investment Monthly - August 2023

Published on Jul 31, 2023 by Peoples Company



Photo Credit: Joshua A. Bickel, Associated Press

Lawmakers Seek to Limit Corporate and Foreign Ownership of U.S. Farmland

U.S. lawmakers from both parties are pushing legislation that would limit who can own American farmland, with a latest effort from Democratic Senator Cory Booker aimed at curbing corporate ownership.

Farm groups and lawmakers are concerned that land buys by investors and foreign countries are driving up farmland prices and threatening national security.

Booker's Farmland for Farmers Act, introduced on Thursday, would ban most corporations, pension funds and investment funds from buying or leasing farmland. [Read More.](#)

Widespread Drought Creates Winners and Losers in U.S. Agriculture

The most [widespread drought](#) in a decade is dividing the U.S. farm sector into winners and losers.

With more than half of U.S. corn and soybean acreage facing drought conditions, some farmers are calculating whether insurance payments will cover the cost of the crops they have sown this year.

Farmers whose fields remain green, however, are set to pad their incomes. Farmers outside of drought territory could get another year of solid income just as corn prices were on the decline, said Scott Irwin, an agricultural economist at the University of Illinois Urbana-Champaign.

“My grandmother always told me to pray for drought in Illinois,” said Irwin, who comes from a family of Iowa farmers.

Higher prices for crops also improve prospects for global crop shippers such as Cargill, [Archer Daniels Midland](#) and [Bunge](#) as concerns over supplies prompt grain buyers to make advance purchases.

ADM is estimated to earn more than \$3.7 billion in profit in its 2023 fiscal year, while Bunge is expected to make \$1.8 billion for the year, according to FactSet. ADM and Bunge had no comment.

“We don’t see weather volatility getting any better,” said Bunge Chief Financial Officer John Neppi at a May investor conference. “When you have a global platform like we do and you have all the origin-destination combinations that we can put together, that really bodes well for a business like ours.” [Read More](#)

Farmland Values Show Signs of Stabilizing

While cropland continued to gain value in the first half of 2023, Farm Credit Services of America (FCSAmerica) reports signs that the real estate market is stabilizing.

Values on pasture and rangeland were supported by high demand and limited supply. Since July 2022, South Dakota has seen pasture values rise 12.2%, much of the increase happening in the past six months. Wyoming values are up 15.5% year-over-year. Nebraska pasture, by comparison, is down slightly.

For all agricultural land types, values remain at record highs. The steepest gains occurred in the last half of 2020 through 2021. The market has remained resilient in the past year despite successive interest rate hikes and drought in much of the region. [Read More](#)

Farm Fields Don't Just Feed Us. They Store Carbon. But a Big Question is How Much

It's an area getting more attention from lawmakers, researchers and industry professionals. The U.S. Department of Agriculture recently announced a \$300 million investment to monitor agricultural emissions, including by creating a research network to monitor carbon in soil. U.S. Sens. Tina Smith, D-Minn., and Todd Young, R-Ind., introduced a bill that Smith said would support the research needed to "properly credit soil carbon storage."

The USDA announcement and legislation are aimed at the difficult question of how to quantify carbon stored in soil. It's an obstacle to overcome if the young and booming soil carbon market is to avoid the scrutiny — and skepticism — directed at carbon credit markets. [Read more](#)