NATIONAL FAMILY FARM COALITION

Tracking Speculative Farmland Ownership: Good Data Is Hard to Find

US Farmland in Transition

A major transition is underway in the farm sector right now, as the current generation of farmers and landowners retires and passes on their land.[1] Four hundred million acres of U.S. farmland will change hands in the next decade. The trends of this land transition are already cause for concern: wealthy buyers are purchasing large tracts of land in high-value transactions that are unattainable for small-scale independent farmers. This means that for independent farmers, especially young and beginning farmers and farmers of color who do not have the opportunity to inherit land, land access will increasingly be a major barrier to starting or continuing to farm as land markets become increasingly competitive and dominated by corporate actors. **According to U.S. Department of Agriculture (USDA) statistics, farmland prices have nearly doubled from 2005 to 2019, with even greater increases in some states.** Without secure land tenure, these farmers are economically vulnerable, unable to make long-term business plans, and less able to access USDA programs for support.

400 million acres of US farmland will change hands in the next decade — farmers have an immediate need for secure land tenure before losing it to predatory investors

A troubling development has arisen in the same period. Since the 2008 financial crisis, a new kind of buyer has entered the farmland market: Wall Street investors, pension funds, and other financiers looking for a safe place to park their money. These entities are buying large tracts of land in the U.S. and abroad in transactions that effectively amount to land grabs.

With domestic and international allies, NFFC has launched the Stop Land Grabs campaign - a coalition of organizations, unions, and individuals that are placing pressure on institutions and

[1] The majority of farmland in transition of ownership is projected to be bequeathed or sold within families to build generational wealth, but this is dependent on family farmers being able to stay in business and pay down debts without putting their land on the market.

investment funds to cease buying - grabbing - farm and forest lands from local, indigenous, and peasant families. This campaign has a particular focus on pension funds, namely Teachers Insurance and Annuity Association of America (TIAA), that hold trillions of dollars in assets, including immense holdings of farmland globally.

Lack of Data and Transparency

Understanding the true extent of these land grabs in the U.S. is a challenge due to a lack of basic land ownership data. USDA does not regularly track and disclose trends in farmland ownership, such as purchases by multinational corporations. In recent years, the agency has also not released congressionally mandated reports on land or followed through on recommendations from public advisory committees on the issue.

USDA has been known as "the people's agency," but this must include transparency and the opportunity for meaningful participation.

Land ownership in the U.S. has always aligned with and exacerbated social inequities: wealthier entities have long had more ability to buy land than others, which then further increases their wealth. Today's lack of transparency on ownership trends and access further benefits large-scale buyers and disadvantages independent farmers.

Corporate and Offshore Buyers

The buyers that raise concern are large, highly capitalized entities, including multinational corporations, whose high-value purchases make land inaccessible to independent, community-based farmers. However, data on these buyers is difficult to pin down: USDA surveys of farmland ownership include data on "corporations," but with no way to distinguish between a multinational corporation and a limited liability corporation (LLC), which is a common way for a family to incorporate its farm business.

Laws governing land transactions by multinational corporations are not black and white. Some states have laws prohibiting "foreign" ownership of land, but even these can be complicated by the structure of a multinational corporation. U.S. companies have investors from other countries and still be regulated as domestic companies, just as companies based abroad have

U.S. interests and investors. The lack of clear rules and transparency around these transactions ultimately benefit those with capital.

Available Data on Farmland Ownership Trends

The clearest USDA numbers on farmland ownership structure are from a special 2014 review, the Tenure, Ownership, and Transitions of Agricultural Land (TOTAL) survey, examining farmland tenure, ownership, and sales. The survey found that corporations accounted for 4.3% of all landlords and rented 8.9% of total rented acres, or 3.5% of total farmland acres. **Another 2019 survey found that this percentage had nearly doubled by 2019, to 7.9% of all farmland acres.**

From 2008 to 2018, offshore entities increased their farmland ownership from 20.9 million acres to 31.8 million acres - a 52% increase.

Data on farmland rental prices (known as "cropland cash rent") also provide broad indications of ownership trends. A high degree of volatility in cash rents could indicate speculative ownership, as speculation tends to cause market swings both up and down. Indeed, some states show a great deal of fluctuation in cash rent prices – for example, California rent per acre in 2019, 2020, and 2021 was $423, $439, and $331, respectively, with similar levels of variation seen in Arizona, Nevada, and others. These fluctuations could be due to a variety of factors, including pandemic pressures, but the variability is worth looking at more closely. On a national basis, both cash rents and land values have remained relatively consistent and aligned in the last 15 years (with the exception of an increase of about 7% in land values in 2021). The overall consistency indicates that speculative farmland ownership has not yet driven land prices up on average – although national averages can obscure regional and state-level price spikes.

For information on land purchases by companies based outside of the U.S., limited data is collected under the Agricultural Foreign Investment Disclosure Act (AFIDA) of 1978. The act requires non-U.S. individuals and corporations to report any acquisition of U.S. farmland to the USDA within three months. USDA reports the transactions to the states every six months and the Farm Service Agency publishes the findings annually.

These reports clearly show that non-U.S. (or offshore) ownership of domestic farmland has increased:

- In 2008, offshore entities held interest in 20.9 million acres, or 1.6% of all privately-held agricultural land and .92% of all land
- In 2018, offshore entities held an interest in 31.8 million acres, or 2.5% of all privately-held agricultural land and 1% of all land

This is an increase of more than ten million acres over ten years, and double the acreage held by offshore entities in 2004.

Due to high land prices in many regions of the U.S., only highly capitalized entities have access to buy it; therefore, the offshore entities accounted for in these numbers are likely to be wealthy and/or companies.

More Data Mandated But Not Released

Unfortunately, rather than tracking and releasing more data on farmland ownership, USDA has recently done the opposite. The 2018 Farm Bill mandated that the agency conduct several surveys on farmland to be completed and accessible within a year of farm bill enactment. As of early 2022, they have not been published.

One of these – mandated to be released every three years – is intended to collect and report on data showing the accessibility of farmland ownership, tenure, and transition for beginning farmers and ranchers and socially disadvantaged farmers and ranchers; another surveys the barriers these farmers face in acquiring land and ways that government programs could help.

An advisory committee also recommended that USDA conduct the TOTAL survey regularly, and include questions about land purchased as a real estate investment. The recommendation indicates a broad public interest in this information, but they have not been followed.

Finally, a survey assessing the impact of absent landlords on land values, soil health, and economic stability in rural communities ordered by the 2018 Farm Bill was released in March 2021. However, while the survey included information about land investment entities, it was done in a way that was unclear, confirming that USDA is not tracking the role of corporate actors in US farmland ownership. Additionally, this report did not include the policy recommendations as directed by legislative statute.

The research underlying these issues briefs was supported by the Center for Agriculture and Food Systems at Vermont Law School with funding from the National Agricultural Library, an entity within the Agricultural Research Service of the US Department of Agriculture.

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