The Financialization of Farmland: A Threat to Family Farming, Rural Economies, and Climate Action

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Introduction

Financial companies are spending billions to buy up millions of acres of farmland in the United States and around the world **in order to speculate with the price of farmland**. These largely unregulated and unaccountable speculative business deals are marginalizing the family farming sector, hollowing out rural communities, and undermining real investments in ecological food and agriculture.

In the United States, family farmers and farmers of color cannot compete with the vast financial resources of large, institutional investors for farmland access, and rural communities stand to lose good jobs and livelihoods from small businesses as corporate absentee landlords acquire local farmland. In other countries, financial companies are buying land from notorious "land grabbers," leading to repeated and well-documented acts of violence and intimidation, human rights violations, and systemic deforestation in critical ecosystems. Financial companies that treat farmland as a speculative asset also promote a chemical-based model of agriculture that is a major cause of climate change.

In the next 10-15 years, half of all U.S. farmland - around 400 million acres - is expected to change hands as the aging population of farmers retires.[1] It is critical that we protect and support family farms now to ensure vibrant rural communities, diverse rural economies, and ecological and sustainable agriculture.

Without intervention, this process of financializing farmland could **lock out the next generation of family farmers** and further **deepen inequality in agriculture in the U.S.**, **exacerbate climate change globally**, and **endanger the stability and security of local, national, and global food systems.**

What is the Financialization of Farmland?

The financialization of farmland is a broad term that refers to:

1. the financial sector's growing control over farmland as a financial asset;
2. farmers' increasing loss of autonomy and farming revenue flowing to financial companies;
3. the process by which agriculture is re-organized to benefit the financial sector, not the public good or the environment.[2]

Which Corporations are Buying Farmland, and How Much are They Buying?

Farmland is being bought by individual financiers, as well as hedge funds and private equity funds, but **the biggest companies buying farmland are pension funds and university endowments based in the United States.** These companies acquire land in multiple countries. It is estimated that financial companies and professional investors own around 5 percent of the U.S. cropland, about 17 million acres, and this amount is expected to grow as the current generation of farmers retires.[3]

It is difficult to obtain information about farmland owned by financial companies, as the United States Department of Agriculture (USDA) does not track that category of ownership, and there are few if any reporting requirements for farmland investors. However, some of the largest corporate owners of farmland, based on publicly available information, are in this next table.

The Largest U.S. Financial and Corporate Owners of Farmland *(based on publicly available information as of 2022, excluding timberland when differentiated)*

Company	Value of Farmland (USD)	Total Land Holdings in Acres	
		U.S.	Global
TIAA/Nuveen/Westchester (formerly TIAA-CREF)	$8 billion	336,603	2.3 million
Manulife Investment Management Timberland and Agriculture (formerly Hancock Natural Resource Group)	$3.7 billion	308,000	400,000
UBS Farmland Investors	$2 billion	280,000	--
PGIM (Prudential Group Investment Management) Real Estate	$2 billion	164,000	--
Gladstone Land Corporation	$1.5 billion	113,000	--
Farmland Partners	$1.1 billion	160,000	--
Ceres Partners	$1 billion	150,000	--
Harvard Management Company (manages the endowment of Harvard University)	$930 million	10,181	2 million
Bill Gates (Cascade Investments)	$690 million	242,000	--
Totals	**$20.9 billion**	**2.1 million**	**4.7 million**

Farmland Speculation Contributes to Rising Land Prices, Preventing Family Farmers from Accessing Land

The trend in farmland acquisitions by financial companies has caused a sharp increase in farmland prices. According to the USDA, the real estate value of U.S. cropland increased by almost 75% from 2007 to 2021,[4] and *The New York Times* reports that farmland prices have increased by as much as 12% in the last year alone, making it near impossible for family farmers to access land.[5]

Even if large financial companies own a small fraction of farmland in the U.S., they can exert outsized influence on the price of farmland because only a small portion of available farmland is put up for sale every year. This means that financial companies bid on much of the land that comes to the market. And because they primarily target farmland in the regions with the best soil and best water access – such as California's Central Valley, the Midwest, and the Mississippi Delta – the intense competition in those markets can drive up prices very high.[6]

Increasing farmland prices prevent new and beginning farmers from being able to access land, which is the biggest barrier for beginning farmers, according to the National Young Farmers Coalition.[7] Land speculation also makes it harder for farmers to rent land, as financial firms pass along the increased price of the land as increased rent to their tenants.

> **"Consider institutional investors – pension funds, endowments and other organizations – are diversifying portfolios with farmland. This is driving up the cost of food production and land prices. If deep-pocketed investors come in, foreign or not, it drives up prices and makes it harder for new and beginning farmers to get started."**
>
> **— Iowa Senator Chuck Grassley[8]**

Farmland Speculation Contributes to Land Grabs and Human Rights Violations against Rural Communities

Global farmland speculation has contributed to an increase in land theft and displacement of Indigenous and small farming communities. In Brazil, a major target for farmland speculation, prominent institutions such us Harvard University are embroiled in multiple lawsuits for violating land laws. **Harvard's endowment is accused of buying farmland whose titles were fraudulent, ultimately losing $1 billion on its natural resources portfolio** because of issues of fraud and corruption.[9] Another key player in Brazilian land markets is the retirement fund manager TIAA, which is accused of deforestation and of buying farmland from a known land grabber. The Brazilian government has opened an investigation into TIAA and found that it had violated a federal law that limits foreign ownership of farmland, which could entail a loss of $500 million of their clients' retirement savings.[10]

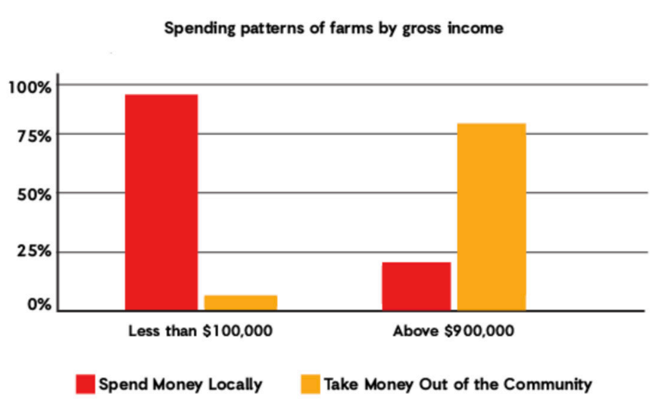
These companies have also been linked to human rights violations and environmental destruction in the United States. Harvard was accused of "water grabbing" in California's Cuyama Valley by local farmers,[11] and TIAA was accused of buying land in areas of Mississippi where land was stolen from Black farmers due to corruption, racial discrimination, and fraud committed by local USDA offices and local banks.[12]

Racial discrimination against Black farmers continues, and farmland speculation is creating new dangers for the next generation of Black farmers, particularly those who own their land without a clear title. Many Black farmers did not have fair access to the formal legal system and passed down their land without a will. **This land is called "heirs' property,"** where all eligible heirs own the land, but it is not eligible for some USDA programs, making it very difficult to farm successfully.[13] This means that Black families who have held onto land for generations are often coerced into selling it, particularly when minority farmers face natural disasters, unfair contracts for their agricultural production, or discriminatory access to farm credit, all of which are systemic challenges causing financial crisis and farm foreclosure.

Corporate Farms and Absentee Landlords Hurt Rural Economies

Over the past 50 years, U.S. farm policy has increasingly incentivized farms to get bigger and for agribusiness corporations to gain greater control over markets. Today, 4 corporations own over 50% of most agricultural sectors, ranging from seeds to chemicals to meatpacking, dairy processing, grains, and other key sectors.[14] **Meanwhile, family farms and small businesses have closed and small towns have suffered.** Farmland speculation will increase this harmful trend.[15]

Research has shown that small and medium-scale family farms are better for local economies and communities. Small farms keep money in the local economy, but large farms (and their absentee landlords) extract money from local communities. In fact, **smaller farms with gross income below $100,000 are likely to make 95% of expenditures locally,** while very large farms with gross income above $900,000 spent less than 20% locally.[16]



Farms acquired by financial companies are often grouped together into massive tracts of land and are increasingly farmed and managed by corporate farming companies, some of which farm tens of thousands of acres across multiple states. These corporate farms mean the loss of multiple small farm businesses, which will lead to the loss of other small businesses and good jobs and will further hurt rural economies.

The Financialization of Farmland Raises Concerns about Climate Action and Environmental Sustainability

Studies from the Intergovernmental Panel on Climate Change[17] and the World Bank[18] have identified that **the model of fossil fuel-based chemical agriculture is both a major driver of, and is extremely vulnerable to, climate change.** These studies have called for a shift to smaller-scale ecological agricultural production that protects biodiversity and polyculture, as well as an increased reliance on local and regional food systems instead of global supply chains. The current climate crisis requires urgent action to protect land and ecological food production.

Financial corporations that control farmland are promoting the expansion of large-scale, monocrop plantations based on chemicals and petroleum inputs[19] that emit large amounts of carbon, despite claiming to farm sustainably. The role of these companies in other countries, such as Brazil, promotes deforestation, fires, and pollution of water sources.[20] These firms lack the motivation or flexibility of independent family farms to adapt, innovate, and adopt sustainable practices.[21] **Increased corporate control over farmland raises serious concerns about environmental protection for future generations.**

Policy Solutions to this Growing Problem of Farmland Speculation

1. **Strengthen Oversight of Corporate Ownership of Farmland and Increase Data Availability and Research into the Impacts of the Financialization of Farmland.**
   - **Strengthen the Agriculture Foreign Investment Disclosure Act** to ensure that the federal government has better data and information about the scale and scope of foreign investment in US farmland, including a clear mandate to monitor U.S. companies buying land with foreign money.
   - **Fund the USDA TOTAL (Tenure, Ownership, and Transition of Agricultural Land) Study**, conducted every four years, and hold public hearings on its findings, and require the USDA to track corporate land ownership more closely and make this data publicly available.
   - **Strengthen and expand local, state, and federal laws limiting corporate ownership of farmland.** Nearly 20 states have laws limiting corporate or foreign ownership of farmland, and these laws should be strengthened and replicated in other states. Federal efforts to limit corporate ownership of farmland and to protect family farmers and rural workers should be championed and supported.
2. **Support Land Policies that Increase and Protect Access to Farmland for Family Farmers, Especially Young Farmers, Immigrant Farmers, and Farmers from Historically Underserved Communities.**
   - **Increase resources for "Heirs Property"** programs and services.
   - **Allocate public resources to support land trusts and agrarian commons** that provide long-term land rights for young and minority farmers and guarantee that land remains in community-based farming; and ensure that all land owned and managed through community-based or communal tenure arrangements are eligible for all USDA services and programs.

- **Create a USDA land access program** to support the acquisition of land to be granted to aspiring farmers and ranchers from historically underserved communities, **as called for in the Justice for Black Farmers Act.**

3. **Implement Agricultural Policies that Support Farmers to Transition to Ecological Farming, fair prices for independent producers, and bolster local food systems.**

    - **Scale up the USDA Local Agriculture Marketing Program (LAMP)** and the **Farming Opportunities Training and Outreach (FOTO) Grant program.**
    - **Support fair prices for farmers that reflect Parity Pricing** to ensure that farmers and workers are paid fair prices and living wages.

4. **Implement Trade Policies that Discourage Deforestation and Human Rights Violations**

    - **Reinstate mandatory Country of Origin Labeling (MCOOL) for meat, seafood, and dairy** to promote market competition and transparency for consumers, producers, and processors.
    - **Support policies that limit trade of agricultural commodities produced** and/or processed in regions **linked to deforestation and/or human rights violations.**
    - **Monitor and sanction U.S. corporations,** and their subsidiaries, **engaged in deforestation and human rights violations abroad,** in line with international human rights law.

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