Just back from a fast-paced trip to Des Moines for the 2020 Land Investment Expo. Talk about timing: The Expo took place the very same day as the Democratic debate at Drake University. Numerous candidate sightings were reported, but my focus was on innovations such as the farmland sector’s first Delaware statutory trust (DST). DST Farms takes the traditional Section 1031 opportunity of deferring capital gains taxes and enhances it by offering shares in high-quality farmland assets that the trust owns. It’s a much more streamlined process than identifying a replacement property within the 45-day window required by the IRS, and it’s just one of the many advantages of this new investment vehicle. Others include the possibility of above-market returns, high annual income, and long-term appreciation. Federal crop insurance programs guarantee minimum revenue levels.

Keynote speakers at the Expo ranged from Anthony Scaramucci, who gamely challenged attendees to identify the most important financial event of 1971. (Answer? When Richard Nixon took the dollar off the gold standard.) It was my privilege to introduce presidential historian Jon Meacham (pictured above). Trevor Holbrook at Successful Farming pieced together a scintillating overview of Jon’s speech on presidential leadership, which I encourage you to read. Something for everyone in it.

National and regional news stories follow.
TIMBERLAND
JOHN MALONE REMAINS ATOP LAND REPORT 100 LEADERBOARD; CALIFORNIA’S EMMERSON FAMILY NEW NO. 2. Thanks to more than 2.2 million acres of timberland and ranchland, Liberty Media chairman John Malone remains the country’s leading landowner per the Land Report 100 sponsored by Hayden Outdoors. A new No. 2 has emerged: California’s Emmerson family, owners of Sierra Pacific Industries. In 2019, Sierra Pacific acquired over 126,000 acres of California forestland from Fruit Growers Supply Company. Coupled with other acquisitions and sales, the company’s total reached 2,078,032 acres, which eclipses Ted Turner’s 2 million acres. Read more HERE.

LEGALIZATION OF HEMP LEADS TO LEGAL NIGHTMARES. In Georgia, consumption of hemp and hemp products is legal, but the consumption of cannabidoil (CBD oil) is not. In North Carolina, hemp flower can be sold — except in smokable form. South Carolina allows consumption of CBD oil, but all hemp farmers must be licensed and have their fields approved. In addition, their crops must be tested for THC, the psychoactive compound found in marijuana. Thanks to the legalization of hemp in the 2018 farm bill, things have gotten very confusing very fast. Consider, for instance, the story of this South Carolina farmer, whose farm was raided by dozens of lawmen after he got a thumbs up from the state agriculture department. Read more HERE.

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TIMBERLAND

PETER BUCK ACQUIRES 311,000 ACRES OF MAINE TIMBERLAND. Subway cofounder Peter Buck increased his family’s substantial timber holdings in the Pine Tree State from 925,000 acres to 1,236,000 acres by acquiring 311,000 acres from Birmingham’s McDonald family. The acquisition elevates the former nuclear physicist from No. 9 to No. 7 on the Land Report 100 sponsored by Hayden Outdoors. By liquidating their Maine portfolio, the McDonalds dropped from No. 24 to No. 92. Their 163,000 acres are concentrated primarily in their home state of Alabama, where they own more than 123,079 acres, as well as in Oklahoma (32,313 acres), Texas (3,400 acres), and Florida (2,100 acres). Read more HERE.
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TEXAS RANCHLAND

BRAD KELLEY LISTS 420,000 ACRES
IN TRANS-PECOS WITH KING LAND & WATER. Pieced together over a span of decades, this massive single block of ranchland, which spans 57 miles from east to west, is an assemblage of 22 historic ranches, many of which date back to the settlement of the Texas frontier in the late 19th century. In addition to being marketed as a single mega ranch for $319 million, the five principal components of Brewster Ranches are available individually: 196,000-acre Dove Mountain Ranch for $149,940,000; 117,000-acre Rio Texico Ranch for $85,995,000; 52,022-acre Y.E. Mesa Ranch for $40,317,050; 34,123-acre Horse Mountain Ranch for $28,151,475; and 19,814-acre Tesnus Ranch for $15,554,171. Read more HERE.
LandReport VOICES

BY EDDIE LEE RIDER JR.

acretrader

The Land Report goes one-on-one with Carter Malloy of AcreTrader.

Q: With an annualized return of 11.5%, why is farmland such a strong investment?
A: The global population and demand for food is increasing — but our land supply is dwindling with development consuming roughly three acres a minute in the US. Those dynamics have helped drive consistent, long-term appreciation of the asset class. In addition to value growth for farmland, it is worth remembering that farmland owners also make money from farmers who rent their land. Perhaps more interesting is that the stability of investment returns has also been much better than most major asset classes, and farmland is mostly non-correlated to other assets. This means that farm investors have seen consistent, recession-resistant returns over the long-term.

Q: Tell us about the AcreTrader business model: Do you acquire and manage farmland? Do you take positions in existing properties? Do you invest in funds?
A: While some of our management team often invest at the same time as website users, we are not a fund. Each farm goes into a unique LLC, and individuals can invest directly in shares of farmland in a matter of minutes online with low minimum purchase requirements. Investors collect rent in the form of cash distributions while benefiting from any property appreciation. AcreTrader takes care of all aspects of administration and property management so that investors can earn truly passive income from having farmland in their portfolio.

Q: What’s the AcreTrader advantage?
A: The AcreTrader team has experience in the form of billions of dollars in transactions and hundreds of millions of dollars in farmland management. Our platform, which features advanced software and scalable technology, is designed to allow full financial transparency with the ability to easily view historical data and investment activity. We offer low management fees and the ability to diversify farmland holdings nationwide.

Q: Does AcreTrader have a geographic focus?
Midwestern farmland, Delta farmland, etc.
A: We have primarily maintained a focus in the Midwest, the Mississippi Delta, and the West Coast. Our farmland valuation team has focused on these areas given attractive farmland economics and favorable local market dynamics. That said, we look at hundreds of farms each week. Only a few will meet our rigorous investment grade criteria. We may further expand operations where we see attractive opportunities for our investors.

Q: Does AcreTrader focus on specific crops?
A: When dealing with row crops, we tend to be crop agnostic and, instead, focus our attention on soil suitability and water quality to ensure the ability to grow a variety of crops. When dealing with permanent crops, we do have some crops we view in a more favorable light and a few others we tend to avoid. What is most important for us, though, is the long-term sustainability of soil nutrition and water access for a particular farm.