



Foreign Interest in U.S. Agricultural Land

By

Mykel Taylor

Auburn University

Wendong Zhang

Cornell University

Festus Attah

Auburn University

2020 AFIDA REPORT

Figure 4 County Concentration of Foreign Holdings of Crop Land
as of December 31, 2020

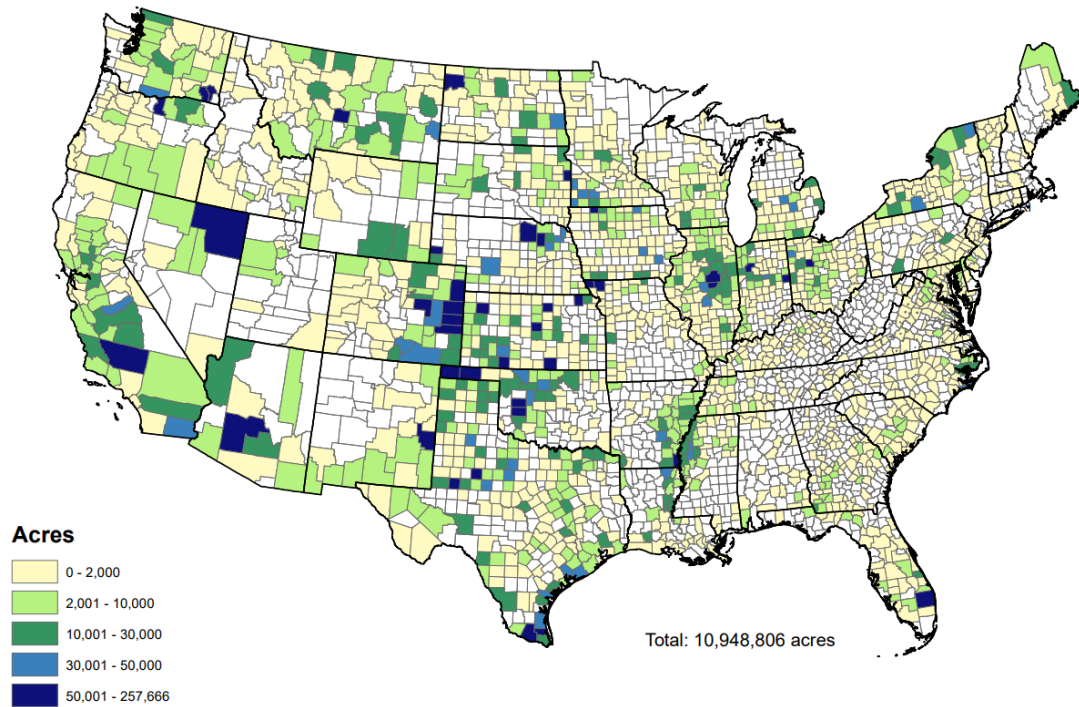
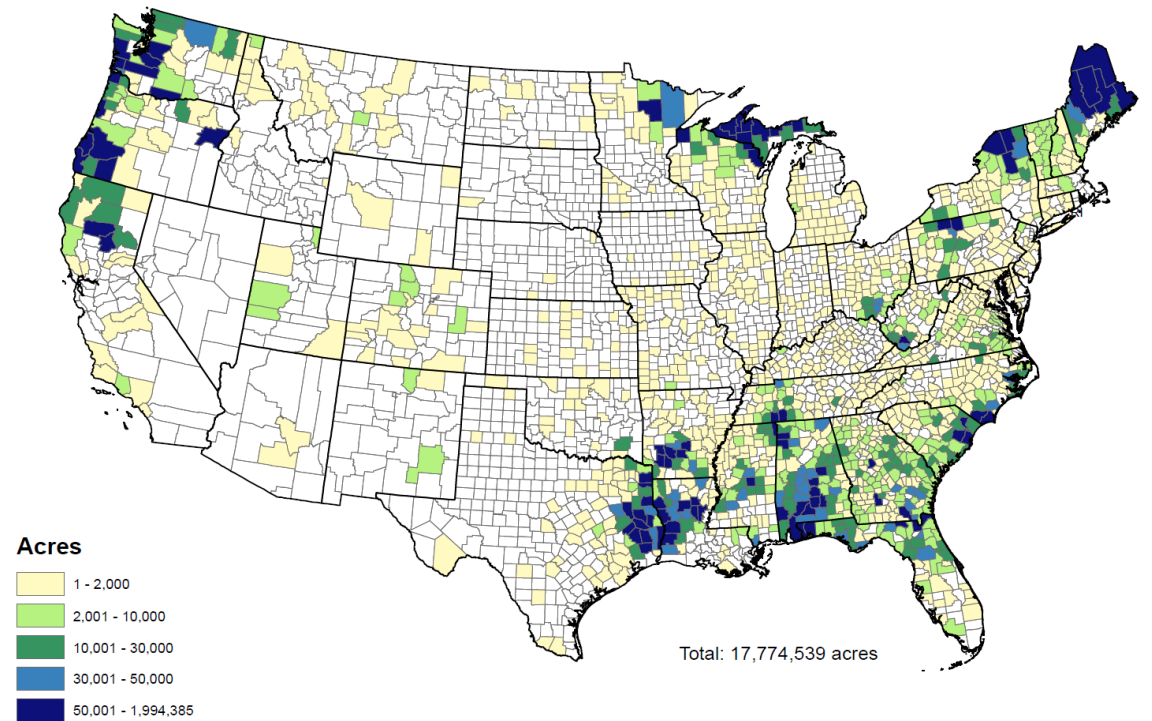


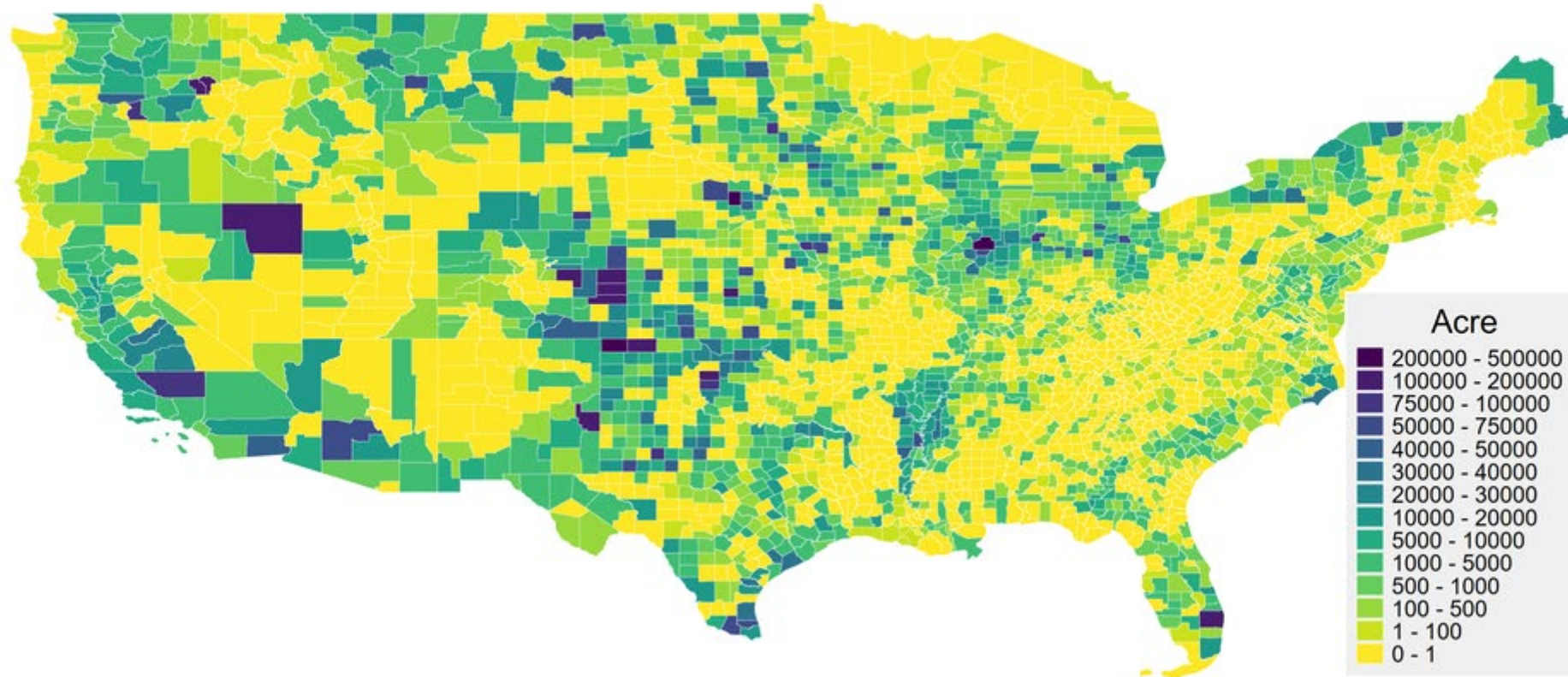
Figure 6 County Concentration of Foreign Holdings of Forest Land
as of December 31, 2020



2020 AFIDA REPORT

Foreign ownership of U.S. cropland by all countries as of 2020

Total cropland owned by all foreign countries: 10.9 million acres; 2.8% of all U.S. cropland.

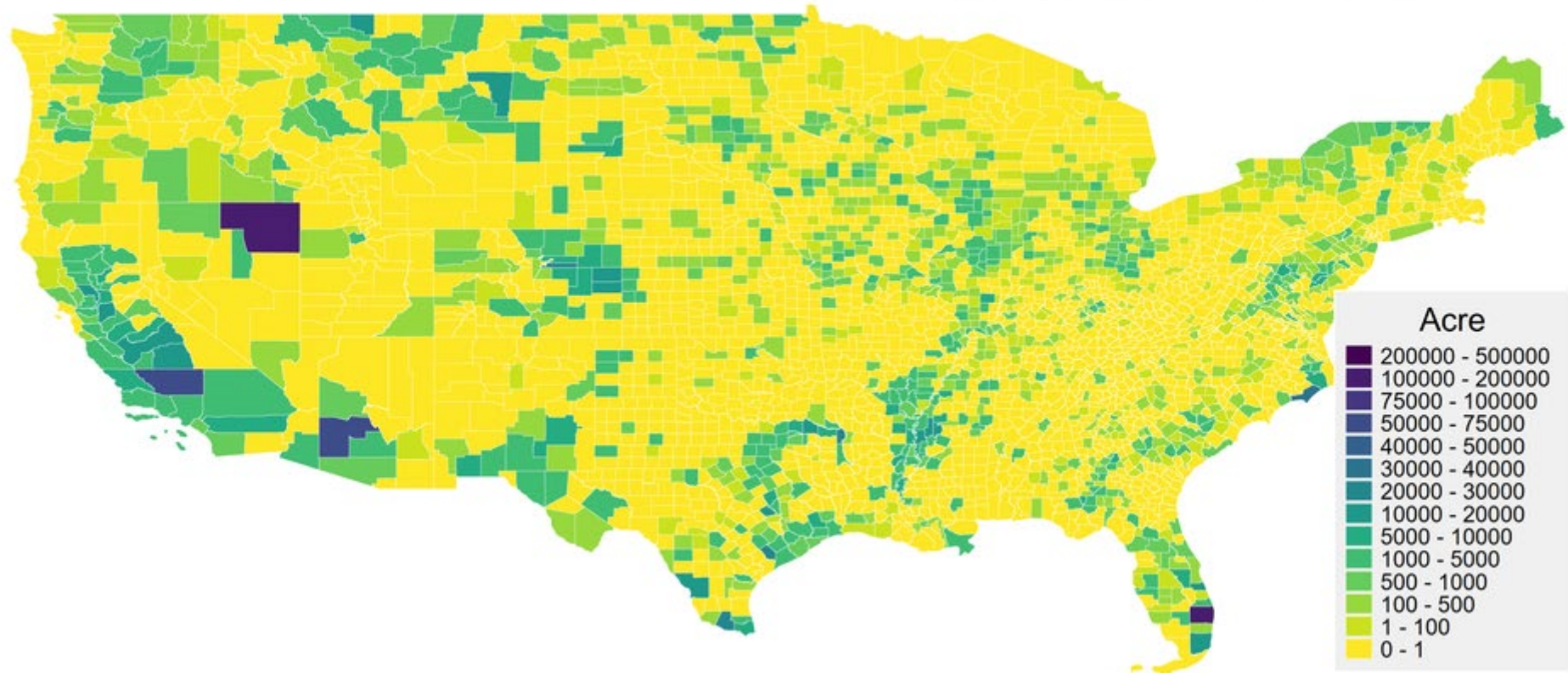


Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)

2020 AFIDA REPORT

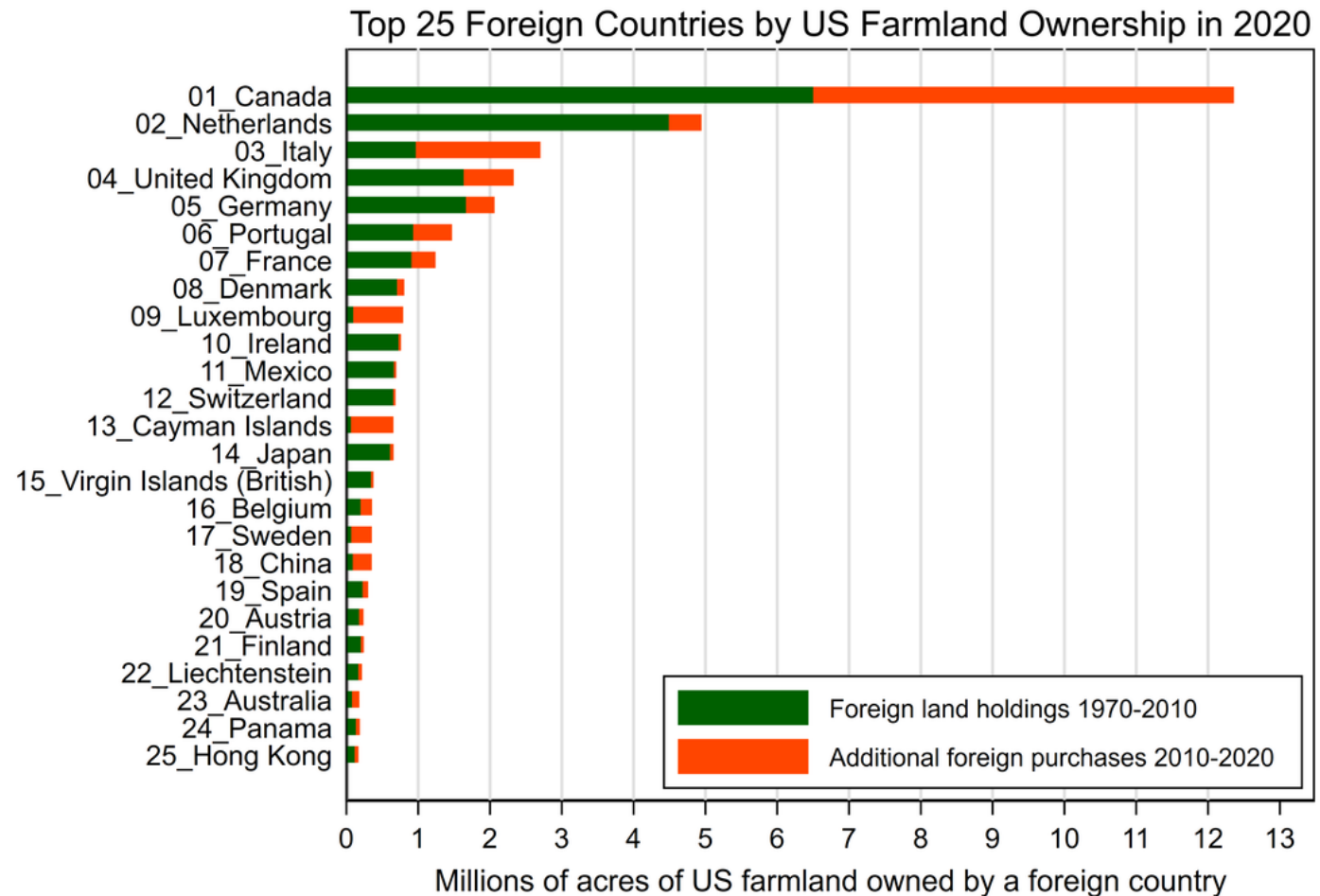
Foreign ownership of U.S. cropland by all countries as of 1990

Total cropland owned by all foreign countries: 1.7 million acres; 0.4% of all U.S. cropland.



Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)

2020 AFIDA REPORT



Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)

2020 AFIDA REPORT

- Largest U.S. *cropland* holdings by country:

Country	Holdings (acres)
Canada	3,860,595
Italy	1,672,283
Portugal	794,067
Germany	603,871
United Kingdom	601,886

- Largest U.S. *total* holdings by country:

Country	Holdings (acres)
Canada	12,361,087
Netherlands	4,944,700
Italy	2,702,871
United Kingdom	2,329,952
Germany	2,063,406

2020 AFIDA REPORT

- U.S. land holdings of agricultural and forest land by foreign investors

State	Holdings (acres)
Texas	4,806,689
Maine	3,519,099
Alabama	1,809,173
Colorado	1,783,096

- 2020 Agricultural and non-agricultural acquisitions

State	Acquisitions (acres)
Oklahoma	384,022
Texas	360,047
Colorado	286,036
Kansas	200,046

2020 AFIDA REPORT

Figure 4 County Concentration of Foreign Holdings of Crop Land
as of December 31, 2020

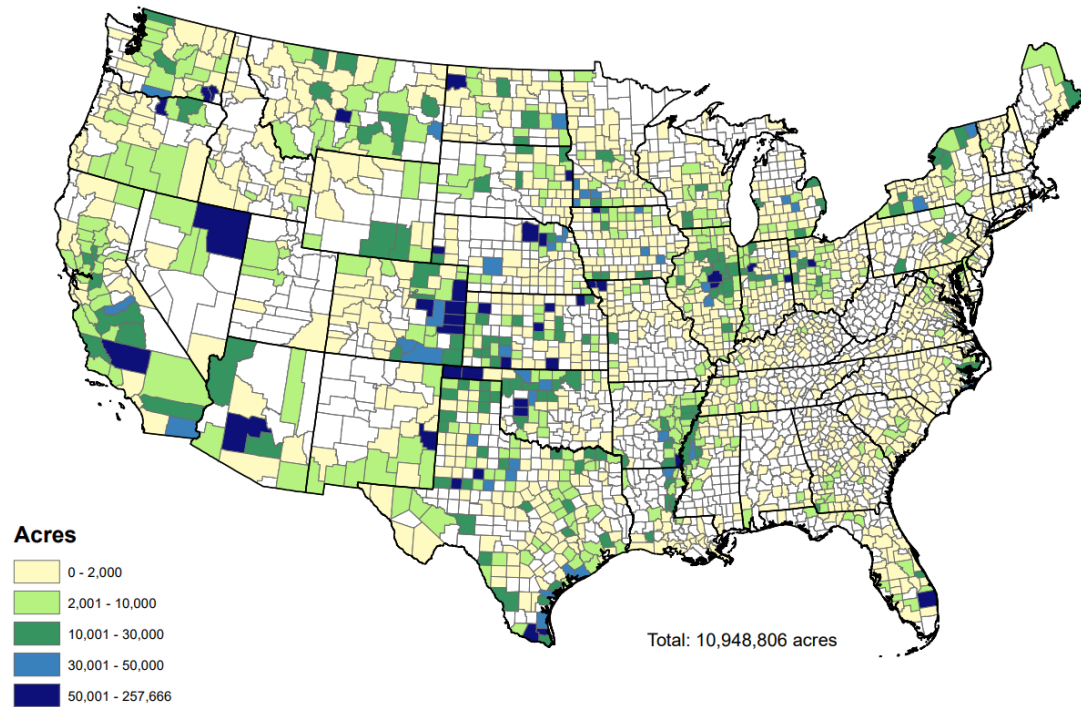
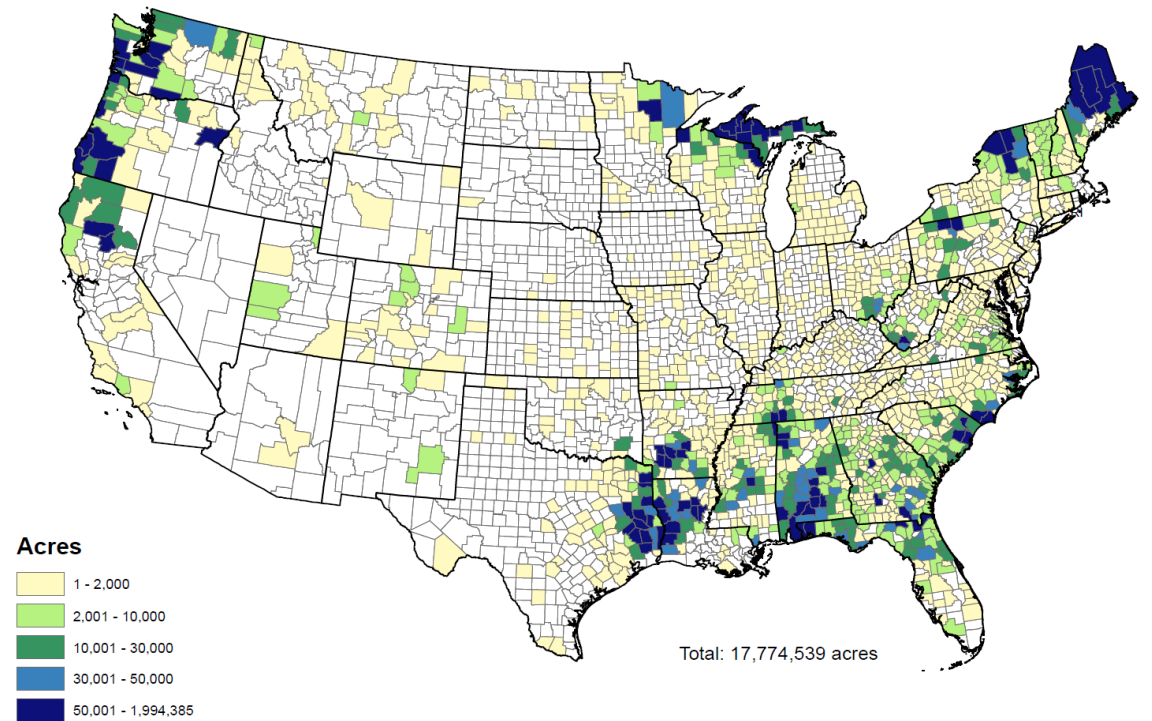
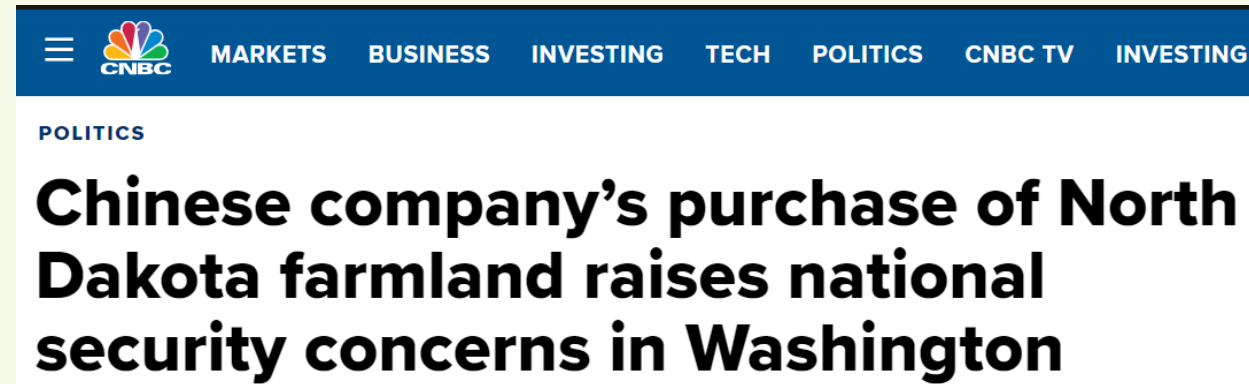


Figure 6 County Concentration of Foreign Holdings of Forest Land
as of December 31, 2020

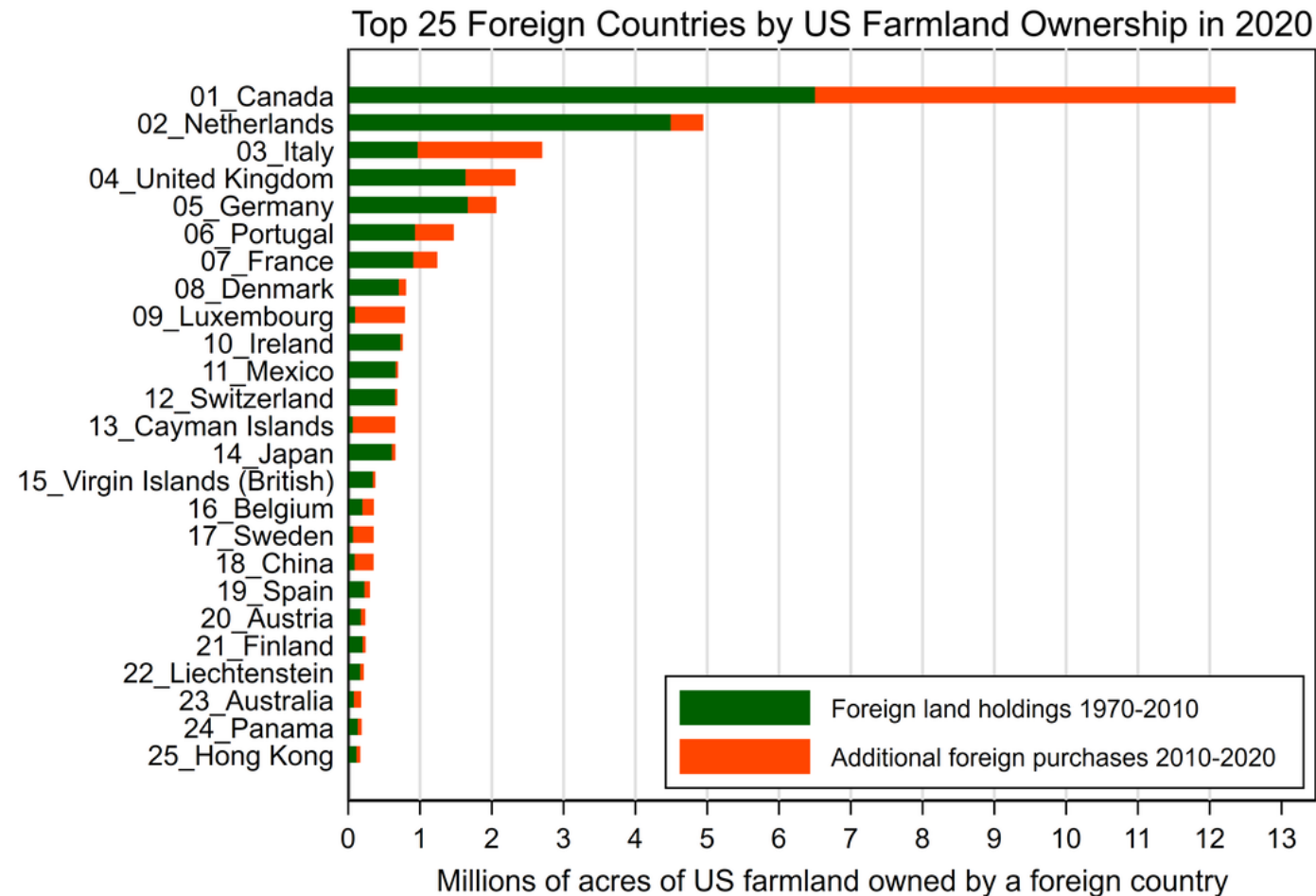


CURRENT ENVIRONMENT

- Very politically charged topic in many states
- Many states are proposing/passing legislation to restrict foreign ownership of farmland
- Some federal legislative proposals are also coming forward
- Great deal of focus on Chinese purchases



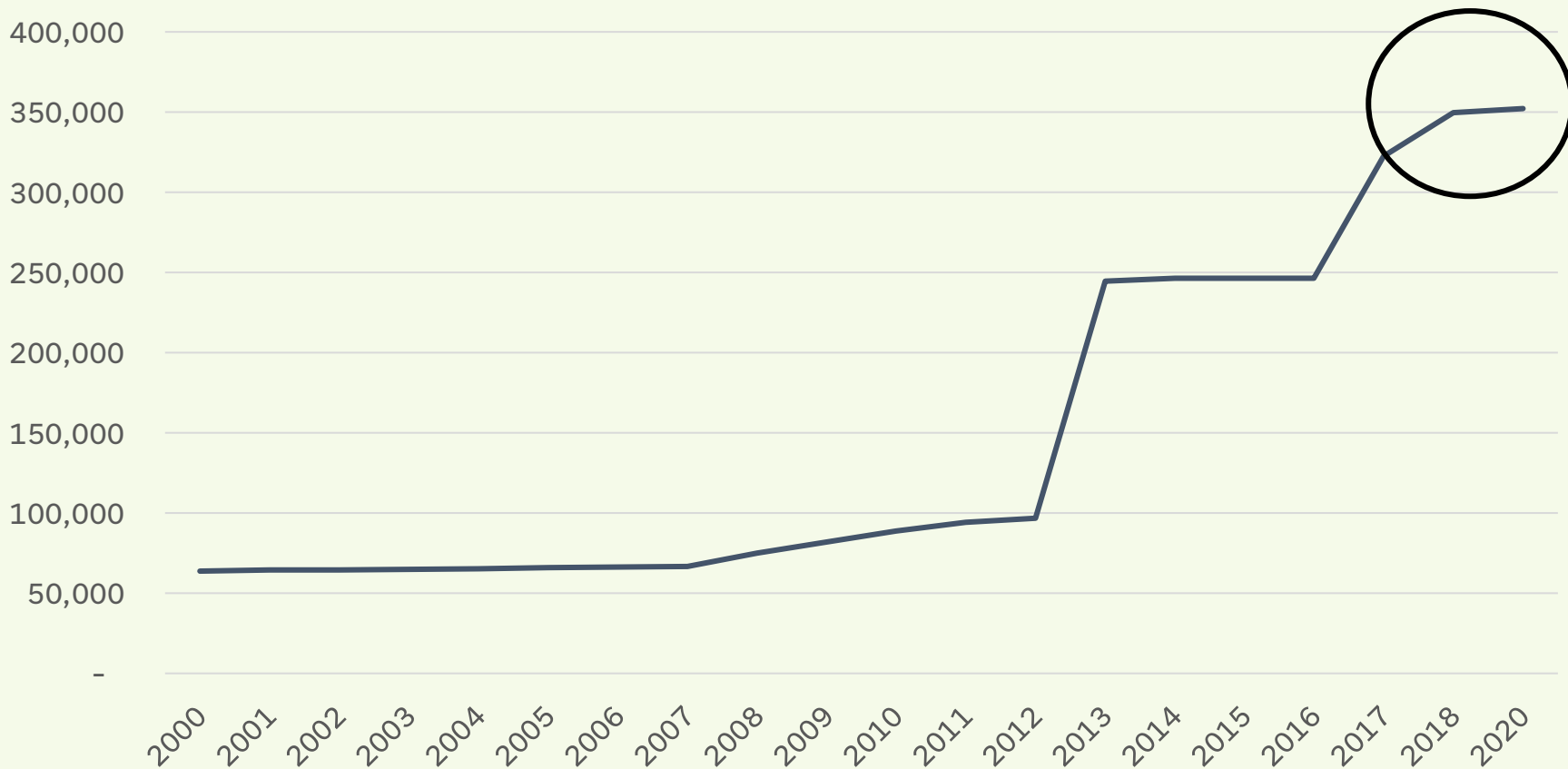
2020 AFIDA REPORT



Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)

2020 AFIDA REPORT

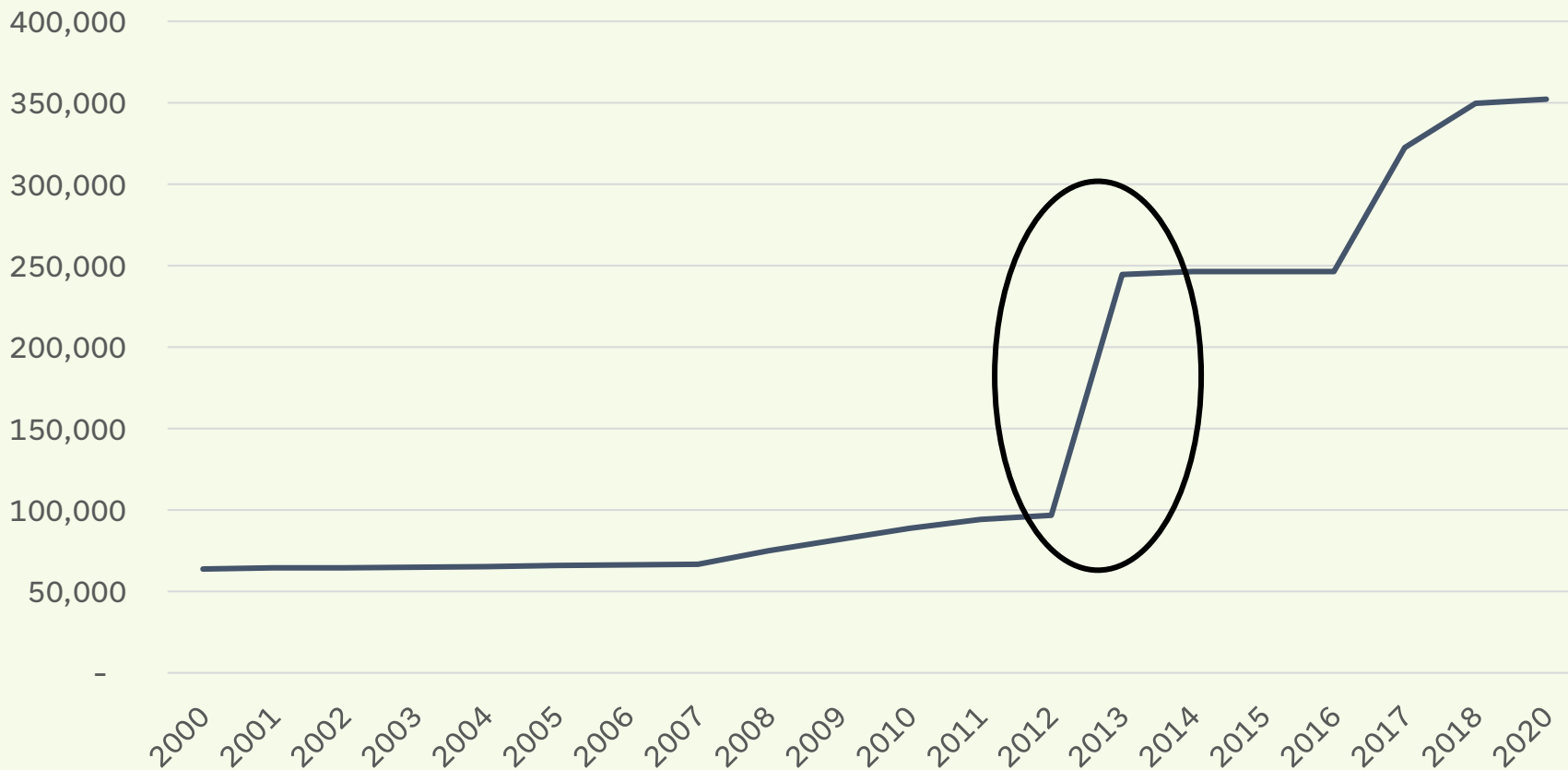
China Holdings in U.S. (acres)



- Total holdings of 352,140 acres
- Slightly less than 1% of foreign held acres

2020 AFIDA REPORT

China Holdings in U.S. (acres)



- 2013 Purchase of Smithfield Foods by Chinese company
- Acquired subsidiary Murphy Brown and all their land holdings



Foreign Interest in U.S. Agricultural Land: Empirical Research

Research Question

- Are purchases made by foreign entities systematically different from those made by others in the farmland market?
- Do they differ by per acre price paid?

Data Sources

- AFIDA sales transactions
 - FOIA request to Farm Service Agency
 - 1900 to 2020
 - Includes ownership, buyer, sale prices, county/state, and land-use details
- Focused on foreign sales for 11 states

Illinois

Indiana

Iowa

Kansas

Michigan

Minnesota

Missouri

Nebraska

North Dakota

South Dakota

Wisconsin

Data Sources

- Domestic sales data for those 11 states
 - Collected from two sources: individual county assessor offices and private company
 - 2015 to 2020

Data Methods

- Data on domestic sales is 50-100 times more than the number of corresponding foreign land sales recorded by AFIDA
- Foreign buyers are likely to be systematically different than domestic buyers
 - Target different types of farmland, different geographical regions or pay different prices due to transaction costs of buying in the U.S.
 - Would result in selection bias if we did a simple comparison
- Used a coarsened covariate matching method to construct a matched sample that contains comparable foreign and domestic sales
 - Mimics the process used by appraisers to find comparable sales

Data Comparisons

Variable	Mean (\$)	Standard Deviation
Foreign Price Per Acre	6,536	4,302
Domestic Price Per Acre	5,745	3,652

Variable	Mean (acres)	Standard Deviation
Foreign Total Acres	461	650
Domestic Total Acres	158	139

Model

- Hedonic model of land prices using matched sales

$$\text{Log(price per acre)} = f(\text{acres, acres}^2, \text{tillable\%, AFIDA DV, county FE, year FE})$$

- OLS regression

Results

Variable	OLS
<i>Acres</i>	-0.0001
<i>Acres</i> ²	2.62E-08
<i>Tillable%</i>	0.456***
<i>AFIDA DV</i>	0.137**
R ²	84.84
Observations	925
Note: Rank = 10, County FE's and Year FE's included, ***p-value 0.01, **p-value 0.05, *p-value 0.10	

Results

- Foreign buyers in the Midwest pay a 13.7% premium for agricultural land over domestic buyers
- This is similar to the results of Seifert et al. (2021) who use data from eastern Germany
 - They show that farmers have better knowledge of local market conditions and can secure land at lower prices than non-local buyers
- Curtiss et al. (2021) find that local agricultural buyers in the Czech farmland market pay relatively low prices
 - Non-agricultural buyers bid relatively high prices in an attempt to break down local relationships between agricultural buyers and local sellers

Further Work

- Many of the acquisitions made by foreign entities are long-term leases (i.e. greater than 10 years)
 - A majority of wind and solar companies are acquiring agricultural land this way
 - Parcels are larger than average domestic purchase
 - Information on value of property acquired is only an estimate and tends to be below the market value observed with domestic transactions
- Further work to determine the impact across states and within states that enact foreign purchase restrictions

Foreign Interest in U.S. Agricultural Land

By

Mykel Taylor

mrt0055@auburn.edu

Wendong Zhang

wendongz@cornell.edu

Festus Attah

fsa0005@auburn.edu

