

## **“Transforming Strawberries into Securities:” Investing in Farmland**

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A new real estate investment trust called the [American Farmland Company](#) has popped up. American Farmland is run by a group of investors that includes Thomas S.T. Gimbel, who once headed the hedge fund division of Credit Suisse. As food prices have been on the rise, hedge funds have developed a history of buying up cheap farm land. However, American Farmland is looking to do something that very few have done before: allow ordinary investors to purchase stock in American Farmland. Currently, two other real estate investment trusts—Farmland Partners and Gladstone Land Corporation—are trading on the Nasdaq stock exchange. American Farmland would join them to become the third real estate investment trust that owns and leases farmland to trade on a U.S. stock exchange.

To date, American Farmland has [spent](#) \$131 million on 16 farms and more than 11,000 acres of land and they have grand ambitions to expand. They are competing for land with big companies such as BlackRock, who has \$180 million of client money invested in an agricultural fund. Following the 2008 financial crisis, as food prices soared, many groups like BlackRock invested in agricultural land.

What is the problem with investing in farmland? Farmland is difficult to sell quickly. Furthermore, shares in Farmland Partners and Gladstone Land, who are already trading on Nasdaq, have been volatile. It is unclear, therefore, whether such securities will be appealing to investors. So far, however, the future for farmland investments is looking bright. According to Todd Kueth, a professor of land economics at the University of Illinois, agricultural conferences are not bustling with institutional investors, venture capitalists and hedge fund managers. “There are more folks sitting around with money to buy than there is farmland,” said Kueth. Furthermore, the value of farmland has appreciated by 8.4 % over the last year.