How to Invest in *Farmland*

Even during times of economic volatility or downturn, investing in farmland is still typically full of opportunity. Since 1988, farmland values have almost exclusively increased. But investing in farms can also be a complicated, expensive process if you don't know where to start.

How do I invest in farmland?

Investing in farms happens several different ways — each with their own benefits and pitfalls.

Some of the typical ways people invest in farmland involve:

01. Buying land directly

This is the most straightforward answer for how to buy a farm. You find one, you sign the check, you own it. But buying farmland directly isn't always that simple. You have to go through the process of actually finding the land itself (available farmland continues to decline, so this isn't always an easy process, especially if you're starting from scratch or don't know where to look).

But let's say you do find farmland you want to purchase. Then you have to negotiate with a bank to get a loan (unless you just have several million in cash ready to use). This process can take a long time, and doesn't always end with favorable financial terms. After all that, you have to either a) farm the land yourself, or b) go through yet another search process to find a farmer who will work the land for you.

Buying farmland directly might seem like the simplest way to invest in farmland — but it's along process, full of potential pitfalls and tiresome logistics.

02. Investing through an REIT (Real Estate Investment Trust)

An REIT is a publicly traded company created in order to hold real estate (in this case, farmland). Once the company is started, it raises capital from investors (that's you). Farmers then rent parcels of land from an REIT, and investors receive dividend payments from whatever is produced on that land.

Investing in farmland through an REIT helps you avoid all the logistics of buying farmland directly. It also produces passive income for you, and allows you to get started for smaller costs than purchasing an entire farm outright. However, this method of investment can be volatile. A publicly traded REIT is at the mercy of the stock market's ups and downs, and it's not always the safest option for investing in farmland.

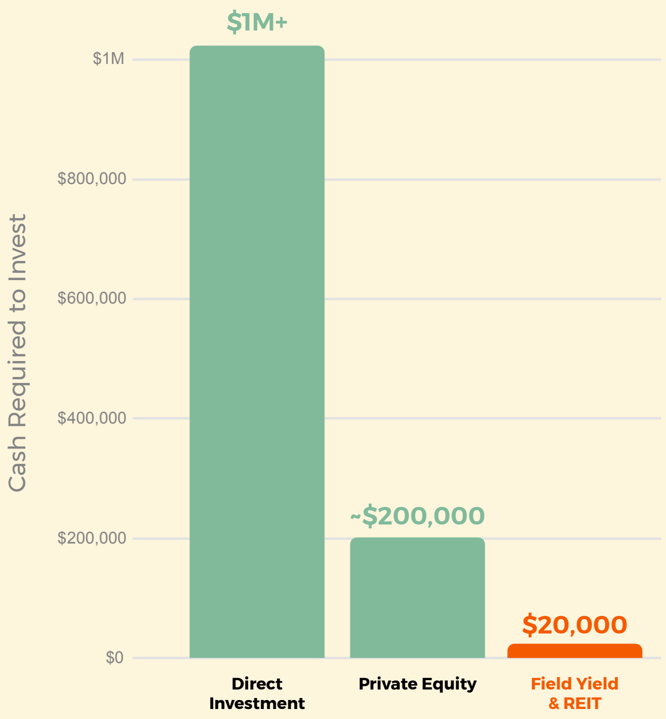
If you're looking for more true diversification, however, direct investment into a farm is the way to go.

03. Investing through private equity

Private equity funds are investment management companies that financially back startups and companies (and in this case, farms) that aren't publicly listed on the stock exchange.

According to Preqin, an alternative investment intelligence group, there are more than 300 private equity funds specifically helping those wanting to invest in farmland or food production. (Compare that to the seven there were in 2004). Clearly, the demand for investing in farmland through private equity has skyrocketed over the past decade and a half.

The downside to private equity, of course, is that you often have to have much more money up front (many want initial investments in the 7-figure range). This isn't realistic for most people. At Field Yield, we wanted to create an option for investing in farmland at a much lower, more accessible starting point...



Why invest in farmland through Field Yield?

Investing through Field Yield takes out all the messy, complicated logistics outlined above. You don't have to search for your own farmland (or farmer), you don't have to negotiate with banks for a loan, and you don't have to write a check for millions to get started.

On top of that, with Field Yield land, you get a diversified investment. Much of the farmland normally available for investment only produces single row crops. It can be risky to put all your eggs in one basket, and for your dividends to rely on the success of a single crop. But with Field Yield land, we specifically invest in acres that produce both row crops and timber. That diversification ensures less volatility. Our land also uses regenerative practices to increase soil health and maximize carbon markets, so you can ensure you (and your land) are at the forefront of agriculture technology and sustainability.

How do I invest in farmland through Field Yield?

We make the process for investing as simple as possible:

1. Become a Field Yield registered investor. Enter some basic information about yourself and your finances, and get approved to participate in farm investments from Field Yield.

2. See upcoming offerings. We regularly select new farms and present them to our investors based on our strict financial, operational, and ESG criteria. Once you're signed up you'll be notified before a new investment goes live and provided with the property's details and expected performance.

3. Make your first investment. Once you decide which offering best fits your investing profile, you can review due diligence materials, sign legal documents, make your investment, and gain ownership of your holdings right from Field Yield's secure, private investment platform.

4. Follow your portfolio's performance. See quarterly reports on your properties and receive a record of your returns from your Field Yield dashboard. These include updated data on land valuation, crop output, cash flows, and more.

After reading this article, you should have a good idea how to invest in farmland. If you're ready to take the next step for a farm investment, you can register as a Field Yield investor to browse available investment opportunities.

Still have questions?
Contact us at FieldYield.io