

Who's buying Oregon's farmland?

Researchers have identified several sources

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Madeleine Fairbairn, a University of California, Santa Cruz professor and author of the 2020 book, "Fields of Gold: Financing the Global Land Rush," recalls attending a conference in a stately hotel with men in suits at tables shrouded in white tablecloths under a crystal chandelier discussing investment opportunities.

"The subject being discussed among all this finery was not the future of international banking or the latest in high-frequency trading," writes Fairbairn. "It was farming. These well-heeled men were in the market for dirt."

In recent years, more and more domestic investors have set their sights on farmland. Some have been high-net-worth individuals like Warren Buffett and Bill Gates. Corporations, as well as institutional investors — including university endowments, private foundations and pension funds — are also increasingly adding farmland to their investment portfolios.

Oregon, known for its high-value cropland, has been a hot commodity.

Some farmers have benefited, but critics say the financialization of farmland is moving high-value soil out of agriculture, raising land prices and delocalizing rural communities.

So, who is buying farmland in Oregon?

Researchers have identified several actors: family-based farm operations scaling up, wealthy individuals, institutions, corporations and real estate developers and amenity owners who buy farmland to live in the country and perhaps run a hobby farm but not a commercial operation.

Urban growth

Historically, experts say, the majority of outside investment in farmland came from developers.

According to the American Farmland Trust, between 1992 and 2012, 62% of development occurred on farmland. Nationwide, almost 31 million acres of agricultural land was lost.

This is the story for Lyle Spiesschaert, 74, a fourth-generation Forest Grove farmer.

On a recent December morning, Spiesschaert climbed out of his UTV on a hillside and looked down on the valley.

Straight ahead lay cropland that had been farmed by his family for more than 100 years.

To the southeast, bordering his property, stands Forest Grove High School and scores of homes surrounding it.

"When I was a kid in FFA, I used to grow wheat right there," Spiesschaert said.

Spiesschaert's family lost 20 acres under eminent domain to a school construction project. It was too difficult to farm next to the school, so the family sold the surrounding 47 acres to a developer and retained about 300 farm acres.

In 2014, a new state law, dubbed a land use "grand bargain," expanded urban growth boundaries in Washington County, pulling Spiesschaert's property into Forest Grove. The developable label raised his land value about 20 times higher per acre: unaffordable for beginning farmers, and a disappointment to Spiesschaert since he had hoped to pass on the land.

Locals say the region is now crawling with developers and speculators.

Spiesschaert, whose farm is under intense development pressure, said he's searching for a way to preserve as much land as possible, such as through a conservation easement.

"Urban growth isn't bad. Change will happen," Spiesschaert said. "The question is: Where's the balance? Oregon has generally good laws that protect farmland, but at what point do we say: 'Stop. We have our carrying capacity of people in an area and shouldn't grab more farmland?'"

Conversion of farmland into housing development isn't the only kind of investment.

Investment comes of age

According to Fairbairn, the researcher, farmland investment has slowly been building since the 1980s, but the sector really came of age in 2008.

According to U.S. Department of Agriculture economists, between 2006 to 2008, crop prices were high, foreign demand for U.S. agricultural products was on the rise and food security was a growing concern, factors making farmland attractive.

Then the Great Recession hit.

As stock prices plummeted and financial institutions teetered toward collapse, Fairbairn said, "farmland, along with other 'real assets,' took on a new luster in the eyes of



Photos by Sierra Dawn McClain/Capital Press

A hill overlooking Lyle Spiesschaert's farm, which has been in his family for more than a century.

investors."

The financial sector's appetite for farmland took off and hasn't slowed since. Land use experts say other factors, including concerns about climate change and dwindling water supplies, have intensified the land rush.

Uncovering who's investing isn't easy. That's because, according to Andrew Gunnoe, a professor of rural sociology at Maryville College in Tennessee, in the U.S., "no comprehensive database of landownership exists at the federal level."

USDA tracks purchases by foreign investors but not domestic buyers.

States, too, rarely track farmland ownership, so tax parcel data are scattered across counties.

Jim Johnson, the land use and water planning coordinator at the Oregon Department of Agriculture, said capturing a true picture of investment would demand data from every county in the West. Experts say no one has undertaken that mammoth project in its entirety, but individual organizations and researchers have compiled pieces.

Megan Horst, a Portland State University professor who studies food systems, is a leader in this field. Stringing together data from Oregon's 36 counties, she recently analyzed farmland sales from 2010 to 2015 in an effort to uncover investment patterns.

"I think it's important for people to know who owns our land," she said.

Building on Horst's work, the Capital Press requested data from county assessors' offices on farmland sales from 2015 through 2021, focusing on three major regions: the Columbia Gorge, central Oregon and the Willamette Valley.

Big picture

The datasets reveal that while the majority of farmland sales are still associated with family farming, more properties are being sold to investors and corporations.

Between 2010 and 2015, there were, on average, 1,656 sales of Oregon farmland each year.

Seventy-nine percent of these properties were sold to individuals or similar entities, accounting for 54% of the acreage.

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In contrast, 12% of farms were bought by corporations, but they accounted for more than 40% of the acreage purchased. In other words, corporations bought larger properties.

Of the 1,853 corporate buyers, less than half had clear connections to agriculture and instead were involved with real estate and property development, investing, manufacturing, renewable energy and other industries.

Only 10% of the farms were purchased by out-of-state buyers, but they bought 26% of the total acreage.

Who is buying farmland is only half the story — some would say the less important half.

"Who owns the property is not really relevant," said Greg Holmes, food systems program director and southern Oregon advocate at 1000 Friends of Oregon, a land use watchdog nonprofit. "What's relevant is: What are they going to do with it?"

Columbia Gorge

From 2010 to 2015, the Columbia Gorge region had the highest percentage of properties purchased by out-of-state buyers, at 14%, and one-quarter of all buyers were corporations.

The region has continued to be a popular investment location. From January 2015 to November, in Hood River County, 413 farm

properties representing 9,760 acres were sold.

The database, cross-referenced with business filings, reveals that top areas of investment were in tourism, real estate and high-value perennial crops.

"The biggest threat to farming in the Hood River area is mostly tourism-related," said Mike McCarthy, whose family grows pears in the area.

McCarthy is a board member of Thrive Hood River, a land use organization. He became interested in protecting farmland after, in the 1970s, a resort developer offered to convert his parents' land into a golf course.

According to an agricultural lender who spoke on condition of anonymity, there's also "huge institutional interest" in land near the Columbia River because of the valuable water rights.

In some pockets along the Gorge, growers have banded together to hold out against corporate investment pressure, leasing properties to one another or forming partnerships.

Central Oregon

From 2015 to 2021, the number of farmland transfers in Deschutes County was 568, representing 35,196 acres.

In central Oregon as a whole, one-quarter of investors from 2010 to 2015 were corporations that bought a whopping 59% of the total acreage sold.

Horst, of Portland State, said the big trend in central Oregon has been conversion of farmland into development, in part because Bend is a fast-growing population center.

"Things are changing rapidly in central Oregon," Horst said.

Experts say the population upswing has put pressure on land and water supplies.

"We're seeing inch-by-inch erosion of farmland," said Nellie McAdams, the executive director of the Oregon Agricultural Trust.

Deschutes County data from 2015 to 2021 show a few major themes. Top buyers included real estate and land development companies, investment firms and companies, including water utilities, buying land for the water rights.

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Farther east, in Grant County, investments have taken on a different flavor. Here, said Shaun Robertson, the president of Grant County Farm Bureau, two big themes have emerged: wealthy individuals or families moving to the country for its amenities, and people or companies buying land for hunting purposes.

Willamette Valley

According to Horst, the Willamette Valley remains popular for investments due to its high-quality soil, beautiful vistas, water rights and proximity to urban centers and transportation corridors.

Parcels across the valley tend to be smaller than those in other parts of the state.

In Washington County, near Portland, many farmland sales have been to amenity owners who want to live in the country.

In the mid-Willamette Valley, increasing numbers of investors are buying farmland and either leasing it to locals or managing it in a semi-absentee manner.

From 2015 to 2021, Polk County — in the heart of the Willamette Valley — had 616 farmland sales representing 34,776 acres. Major investors included family farms scaling up, investment firms, out-of-state grass seed companies buying cropland,

real estate groups and California wine companies buying vineyards.

From January 2015 through October, 2,726 farm properties were sold in adjacent Marion County, many to outside investors. According to USDA, Marion County is the largest agricultural-producing county in the state.

Barb Iverson, the owner of Wooden Shoe Tulip Farm in Woodburn, said it's unfortunate there are now so many absentee landowners in her area with little local connection.

"It keeps the land in agriculture, but then again, it takes that local aspect out," she said.

McAdams, of the Oregon Agricultural Trust, agreed that absentee landownership can be problematic. She said an outside investor is less likely to buy from the local feed store or be an involved community member.

Searching for solutions

Experts say there isn't one easy solution to solving investment-related challenges.

Horst said a good place to start would be with better tracking of farmland sales.

"More transparent reporting would be good," she said.

McAdams said farmers who don't want to see their land turn into subdivisions or other types of development can consider donating or selling it for working land easements — voluntary agreements between a land trust and landowner that removes development rights.

Addie Candib, the Pacific Northwest director of the American Farmland Trust, said that although Oregon ranks among the top 12 states with the best farmland protection laws, the state could do better.

Holmes, of 1000 Friends of Oregon, agreed.

In 1973, Oregon lawmakers passed a law to protect exclusive farm use land. But over the past 48 years, Holmes said, legislators have incrementally refined the law to allow more than 60 uses on the land, ranging from destination resorts to renewable energy facilities.

"People are driving through bigger and bigger loopholes," Holmes said.

Experts say the industry also needs better generational land transfer tax laws.

Beyond policy, there are also personal solutions.

Rusty Inglis, the president of Harney County Farm Bureau and longtime cattle rancher, paints a picture of what it means to preserve farmland for the next generation.

Inglis, 65, has no familial heirs, but he is determined to keep his land in farming. He could sell to developers or lease to neighbors, but his dream is to pass the land on to young farmers.

"With today's land prices, a young couple's never going to get into the ranching business," he said. "It's my intention to help them get something that's normally hard to get."

The past few years, Inglis has been working with a young family passionate about cattle ranching. The couple couldn't afford to buy Inglis' property or herd outright, so he is starting by leasing land to them and selling off a portion of his breeding stock annually. Working with an attorney, he has set up a tentative succession plan.

"I can't write into a will that the family will have to continue ranching. Maybe they'll sell to a developer someday, and when I'm dead, I might look down from the afterlife and say, 'You knuckleheads,'" he said, and laughed. "But I don't think I'll care at that point. The point is just that I tried to keep this land in farming, and to give them a chance to farm it."

The global land rush continues, with investors talking over white tablecloths under glittering chandeliers.

But for Inglis and the young family he's helping, the land rush stops here.



ABOVE: Lyle Spiesschaert looks at a development — a neighborhood and school — where he used to farm wheat. RIGHT: A road in Forest Grove that used to be part of the Spiesschaert farm.

