

## GUEST ARTICLES (cont.)

# The Merits of Investing in Organic Farmland

Chris Zuehlsdorff, CEO, Iroquois Valley Farmland REIT

In 2007, two former college roommates from Loyola University Chicago recognized the urgent need for a healthier and more regenerative food system. They sought a solution for both environmental challenges and the growing public health crisis arising from conventional, consolidated agricultural practices. With a doctor's understanding of the human body and a commercial banker's expertise in real estate finance, Mr. Miller and Dr. Rivard established Iroquois Valley Farmland REIT to prove that cultivating healthy food is not only morally imperative, but also a rewarding investment.

Today, farmland as an asset class is valued at \$3.2 trillion, and as reported by American Farmland Trust, 40% of that land is expected to change hands within the next 15 years. Yet, farmland remains underrepresented in institutional investment portfolios, with less than 5% currently allocated to this asset class and a mere 2% of farmland certified as organic.

This dynamic presents a significant and compelling investment opportunity, particularly in U.S. Certified Organic farmland. The potential for growth is both economically attractive and aligned with the demand for food produced with stronger environmental and human health outcomes. According to the Organic Trade Association, organic grocery sales outpaced non-organic by more than a 2-to-1 margin. Consistent organic price premiums lead to higher farm profitability. Research by Purdue University supports higher per acre returns to organic farming operations with average 10-year returns of \$479 per acre for organic relative to \$249 per acre for conventional farms.

According to Dr. Bruce Sherrick, Director of the TIAA Center for Farmland Research, interest in real estate and alternative investments has surged in recent years. Forbes recently reported that the number of financial advisors recommending alternative investments to clients has grown from 25% in 2020 to 55% in 2024.



“

...agricultural real estate stands out for its robust historical performance, offering investors a hedge against inflation, a low correlation with equity markets, and a relatively low risk of capital loss with consistent income generation.

Chris Zuehlsdorff, Iroquois Valley Farmland REIT

**GUEST ARTICLES** (cont.)

“

Through a unique REIT structure where farmland can be held indefinitely, the impact-driven investment company is supporting farmers by expanding their current operations, raising more organic food and ensuring their farmland stays organic for generations...

Chris Zuehlsdorff, Iroquois Valley Farmland REIT

(Fred Hubler, 9/10/2024). Among these alternatives, agricultural real estate stands out for its robust historical performance, offering investors a hedge against inflation, a low correlation with equity markets, and a relatively low risk of capital loss with consistent income generation. Over the 33-year history of the National Council of Real Estate Investment Fiduciaries' (NCREIF), farmland has delivered an average annual return of 10.29%, with a relatively low standard deviation of 6.74%. By comparison, the Dow Jones index has averaged just over 8% with a standard deviation of 14%. Importantly, the minimum return for farmland during this period was +2%, while the Dow Jones index recorded a significant loss of -41.3%. This risk-return profile positions farmland, particularly organic farmland, as an increasingly attractive asset class.

We have one generation left to transform America's farmland and rebuild its depleted soil. By growing the footprint of organic, regenerative farming across the country at scale, Iroquois Valley supports farmers with a vision for healthy soil, healthy food

and healthy people. Through a unique REIT structure where farmland can be held indefinitely, the impact-driven investment company is supporting farmers by expanding their current operations, raising more organic food and ensuring their farmland stays organic for generations to come. In a shifting landscape, the opportunity to align investments with impact will generate long-term agricultural and financial success.

**Chris Zuehlsdorff, CEO, Iroquois Valley Farmland REIT**

*Iroquois Valley Farmland REIT, PBC, is a pioneering farmland investment company focused on organic, regenerative agriculture. The company provides long-term leases and financing to organic farmers and works to build a more resilient food system by preserving farmland for organic production.*

