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**Special points of interest:**

- Australia signs Free Trade Agreements with Japan and South Korea and continues trade negotiations with China.
- 2014 corn & soybean planting is underway in the United States.

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# Miell Agri-Business Agricultural Insights

Miell Agri-Business vision is to provide investors seeking to better understand opportunities in the global agricultural sector with high quality management and operational advice .

Miell Agri-Business works to ensure that the advice you receive is timely, tailored to your specific circumstances and actionable.

Our business focus is primarily Australia and North America. However, we are well-positioned to assist agricultural investors in other global markets.

At Miell Agri-Business we look forward to assisting you to incorporate agricultural assets into your global investment portfolio.

*Doug Miell*  
*Director & Founder*

## Agricultural Insights

Miell Agri-Business is pleased to present this first edition of *Agricultural Insights*.

We will periodically publish this newsletter to provide our clients with a range of informative articles that highlight key influences on the global agricultural sector. Our primary objective is to deliver specialized agricultural advisory services to support your global agricultural investment strategies.

We believe presenting information to you in a timely, concise manner will help you to better understand market signals and industry developments.

*Agricultural Insights* will illustrate the long-term value of a well-balanced agricultural investment portfolio.

Miell Agri-Business will help you make sense of competing and complementary options in the global agricultural marketplace and deliver real value to your agricultural investment portfolio.

We seek to build a mutually beneficial partnership with each of our clients and believe that the provision of high quality targeted information will help us to achieve this goal.

We welcome your feedback on issues presented in this publication and also comments on topics you would like to see addressed in future editions.

So let's start the discussion on these important issues.

*Doug Miell*  
*Director*  
*Miell Agri-Business*

*Miell Agri-Business — your partner in profitability and long-term wealth creation generated through investment in agricultural properties*



“Global population is forecast to reach 9 billion by the year 2050.”

## What are the key global megatrends underpinning agriculture in 2014 and beyond?

Without question, a number of global megatrends are now and will continue to exert pressure on global agricultural production and demand for high quality, productive farmland.

Looking to the future, these megatrends will become a major influence on the values of and demand for high quality, productive farmland in all major global markets.

### *Population Growth*

Long-term, population growth is projected to reach 9 billion people by 2050.

This growth is expected to occur mainly in developing countries where food production is currently less efficient and associated infrastructure unable to support significant expansion of the existing food production base.

### *Rising Living Standards*

In addition to the demand for food supplies to adequately nourish the expanding global population, there is now a rapid increase in the standard of living of millions of people throughout Asia, the sub-continent, Africa and the Middle East that is further driving demand for quality food supplies today.

Consumers can now afford and are demanding alternative forms of protein and a wider variety of processed foods. Increasing consumption of fresh meat and dairy products is already evident in many markets and this is a direct response to this rising consumer demand.

In turn, this is creating additional demand for grain feedstock to support expanding beef feeding operations, pork and poultry production and dairy herd expansions.

### *Water Scarcity*

Agriculture uses approximately 75 percent of all freshwater supplies. For many farmers, a loss of water completely closes down their farm production.

One of the most pressing challenges confronting farmers is maintaining access to and the management of high quality water resources to support their cropping and livestock operations.

Over-allocation of rivers and groundwater aquifers, pollution and competition from other industries, urban communities, climate change and climate variability and water to protect the environment are examples of the water-related pressures being faced by farmers.

### *Food Security*

The issue of food security goes hand-in-hand with population increases and rising living standards.

As populations grow and consumer demand for food increases, pressure is exerted on the availability of productive land, water supplies and other resources in relevant countries

In turn, this is reflected in consumer sentiment and political concerns of a country's ability to adequately provide high quality food supplies to meet growing demand.

### *Scarcity of quality, productive agricultural land*

Overall, there is a global shortage of high quality arable farmland. Urban expansion, competition from other land uses such as forestry and community anxiety relating to environmental degradation are some of the issues impacting on arable land availability for the production of food and fiber.

### *Summary*

Each of these megatrends are expected to drive farm productivity improvements, build demand for new technologies, stimulate innovative management practices and underpin investment values of high quality, productive farmland properties in the short, medium and long-term.

## So Who Owns U.S. Farmland?

According to the U.S. Census definition, there are just over 2.2 million farms in the United States. The vast majority of these farms (87%) are owned and operated by individuals or families.

The next largest category of ownership is partnerships (8%). ‘Corporate’ farms account for only 4% of U.S. farms and 1 percent are owned by other-cooperative, estates or trusts etc. Based on these definitions of farm types, the number of farms within each ownership type is shown in Table 1.

**Table 1. Private Ownership of U.S. Farmland**

Farm Type	Number of Farms	Percent of Farms
Non-Family Farms	91,177	4.1
Very Large Family Farms	101,265	4.6
Large Family Farms	86,551	4.0
Limited Resources	308,837	14.0
Farming Occupation/ Higher Sales	100,126	4.5
Retirement	456,093	20.7
Farming Occupation/ Lower Sales	258,899	11.7
Residential/Lifestyle	801,844	36.4
<b>TOTAL</b>	<b>2,204,792</b>	<b>100</b>

Source: U.S. Census

Many of the country's largest agricultural enterprises are family owned.

The term ‘family’ farm does not necessarily equate with ‘small’ farm; nor does a ‘corporate’ farm necessarily mean a large-scale operation owned and operated by a multi-national corporation.

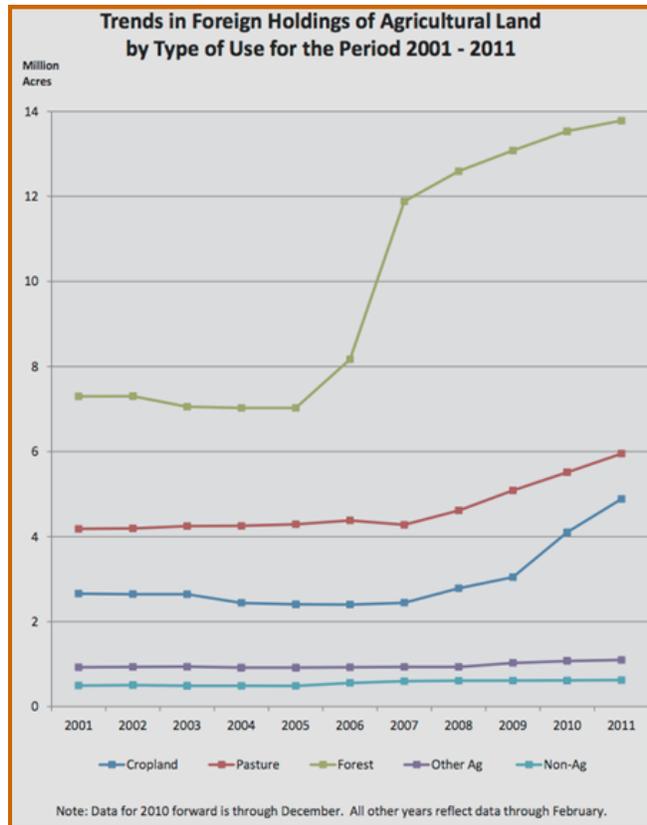
Many farm families have formed modest-sized corporations to take advantage of legal and accounting benefits of that type of business structure.

## How Much U.S. Farmland is Foreign Owned?

Foreign investors held an interest in 25.7 million acres of U.S. agricultural land (forest land and farmland) as of December 31, 2011. This represents nearly 2.0 percent of the approximately 1.3 billion acres of privately held agricultural land in the United States.

Forest land accounted for 13.9 million acres (54 percent) of all foreign held agricultural acreage, cropland for 4.9 million acres (19 percent), and pasture and other agricultural land for 7 million acres (27 percent).

The graph below illustrates the different classes of foreign agricultural holdings in the United States.



Source: USDA Data

### Further Discussion:

- ◆ Understanding land ownership and land usage trends and different operations and management options are important indicators and issues for investors to consider when analyzing agricultural investment options.
- ◆ We will revisit these topics in future editions of *Agricultural Insights* to explore, in-depth, the nuances of each of these issues.
- ◆ Also look-out for our ongoing analysis of investment opportunities in different global markets and the merits of a diversified portfolio containing various livestock, grain, fiber, horticultural and other commodity options.

## This Month's Featured Agricultural Property

### MISSISSIPPI DELTA

#### USA

9,035 acres of high quality cereal cropping country located in the highly productive Mississippi Delta.

This farmland has an excellent and well diversified production history that includes:

- ◆ Rice
- ◆ Cotton
- ◆ Corn
- ◆ Soybeans
- ◆ Grain sorghum
- ◆ Wheat

The farm's irrigated cropping activities are supported by high quality and reliable groundwater supplies, as well as being located in an annual 55 inch rainfall, making this a very secure and highly productive cropping operation.



Soils on this farmland are a mixture of rich Class III Sharkey clays and Newellton and Goldman silty loams. These soils are ideally suited to the production of high yielding food and fiber crops.

Quality infrastructure that supports both production and marketing of commodities is a feature of this investment property.

Grain storage capacity of approximately 490,000 bushels provides harvest efficiency and a wide range of commodity marketing options.

Approximately 90 percent of the farm has been precision levelled for greater irrigation efficiency. The irrigation water access and distribution system comprises more than 40 groundwater wells and associated pumps and pipes that deliver water to the farm's irrigation operations.

This is a first-class farmland investment property.

If you would like further details on this investment opportunity please contact Doug Miell, Director, Miell Agri-Business.



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