



WHY FARMLAND IS A GREAT INVESTMENT

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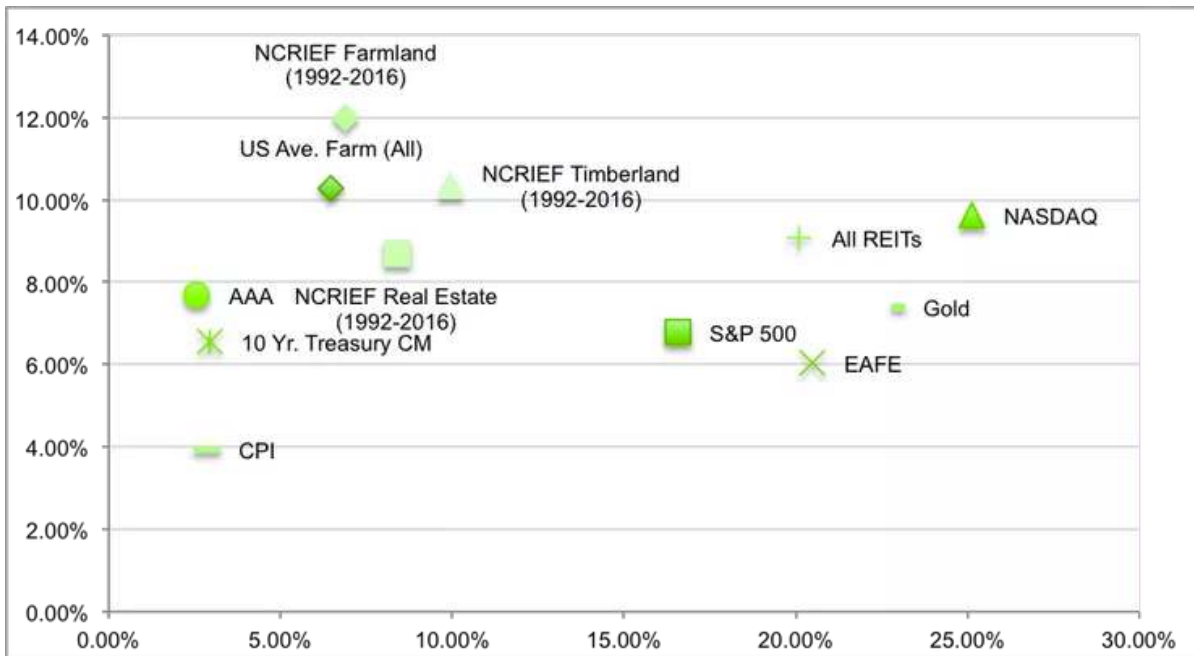
Warren Buffet famously said that given the opportunity, he'd invest in farmland over gold. Here's why.

Do you own farmland? If so, congratulations! We outline below why farmland is so valuable and why if you own some, you should hang onto it. However, if you want your farmland to perform like an investment, you need to manage it like an investment. Fortunately, Tillable makes it easier than ever to earn fair rent for your farmland and ensure your asset is being well taken care of.

Farmland's Historical Performance

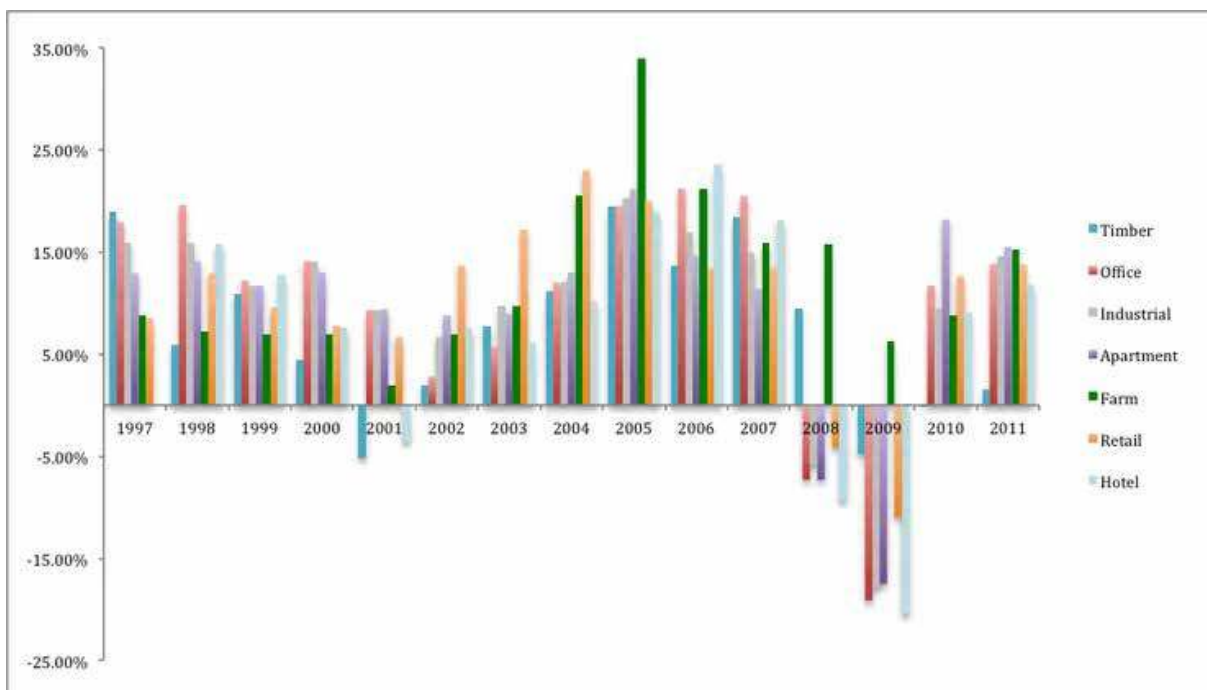
Farmland isn't the sexiest investment out there, but historically it has outperformed the S&P 500, Nasdaq, Gold, Real Estate and Timber.

Just look at the chart below.



Not only has farmland outperformed these other investments, but the standard deviation is also much lower. What does that mean? It means that the booms and the busts are smaller, making it a lower risk investment. That makes it a great investment for those who don't like riding the ups and downs of the stock market roller coaster. It also makes it a great store of value, which is recognized by many large financial institutions—farmland is their version of money under the mattress, a low risk investment that will provide nice stable return.

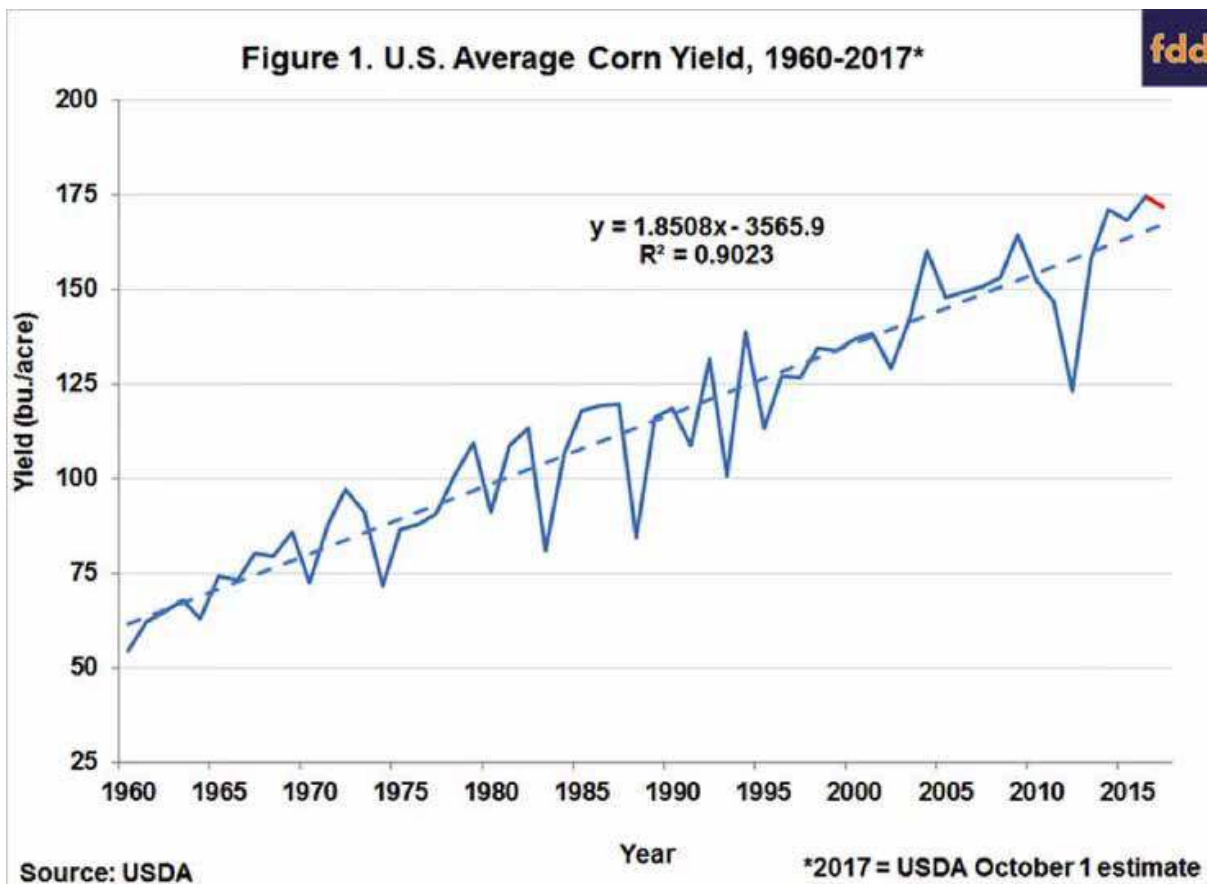
The next chart outlines how farmland has performed compared to other real estate investments from 1992-2016. Farmland rarely leads the pack with the exception of 2005, when ethanol drove a boom in appreciation—but it also doesn't crash in 2008 and 2009 like other real estate. It's the investment version of the tortoise and the hare, providing steady returns that eventually win the race.



	Average ('97 - '11)	Standard Deviation
Farmland	12.41%	8.16%
Retail	10.51%	8.63%
Office	10.26%	11.15%
Industrial	9.86%	9.76%
Apartment	9.86%	9.82%
Timber	7.57%	8.04%
Hotel	7.21%	11.56%

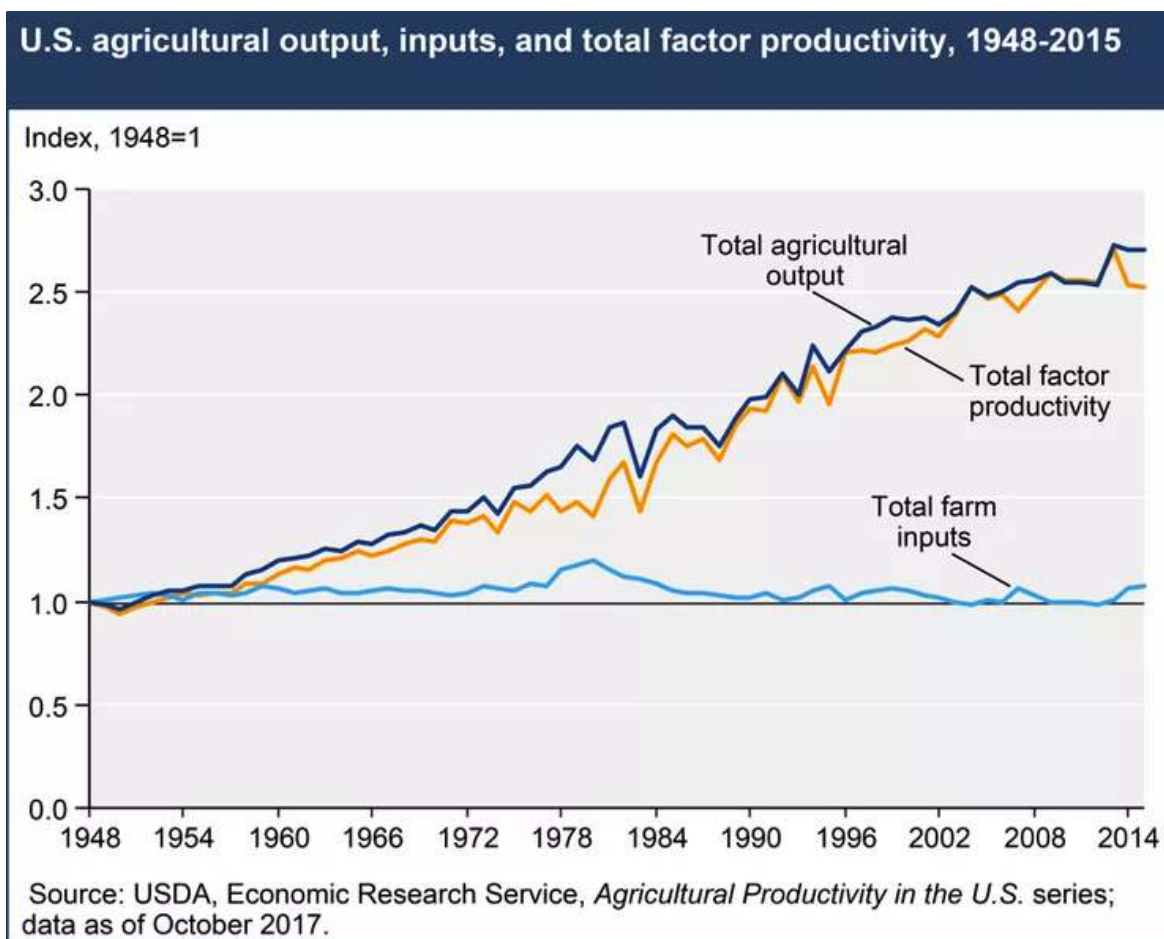
But there is one characteristic that makes farmland unique among asset classes. These last two charts help outline the real secret as to why farmland is valuable, and why if you own some, you should think very carefully about ever selling it.

The Secret is Productivity



Since the 1960s, farmland productivity has nearly tripled. That means that the same acre of land produces three times as much corn as it did in 1960. If corn prices stayed the same and never changed, the production value of your land would increase by roughly 2% a year. Those increases in productivity are the results of research and investment from seed companies, equipment manufacturers and universities, and as a landowner, you benefit from those gains in productivity without having to spend a dime. That's like owning a multi-unit building that grows a new unit every year without any additional investment. That's a pretty good deal.

But what about costs? Even though productivity is going up, costs must be going up too, right? It is true that tractors, seed, fertilizer and fuel are more than they used to be, however, as the next chart illustrates, the overall costs have remained stable largely because cost increases have been offset by reductions in labor, keeping inputs stable over time.



So farmland is producing more with roughly the same investment as 60 years ago. This is one reason why food prices (and corn prices) have remained so low overtime. The land produces more, ensuring that supply keeps up with demand, keeping prices low. However, should farmland productivity stop going up, that means that supply will no longer be able to keep up with demand, and food prices will rise. This, in turn, will cause the value of farmland to rise as well. No matter what happens, farmland's value goes up.

Farmland is a long-term asset

Historical returns from farmland have outpaced many other more popular investments like the S&P 500, Nasdaq, Gold, and multi-unit real estate. Gains in productivity play a role in driving the value of farmland, as well as higher rents. However, for your farmland to perform, you need to treat it like an investment. This means making sure you are receiving fair rent and that the nutrients that are removed from the soil are put back in, maintaining the asset for the future. Fortunately, Tillable makes it easier than ever to manage your farmland and get the returns you deserve

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