

## Foreign Investments in Ohio Farmland

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February 14, 2024

### Highlights

- In recent years, Ohio has experienced a significant increase in foreign investments in farmland resulting in 529,269 acres being held by foreign investors in 2022, contributing to the national trend of increasing foreign ownership of US farmland with 43,418,141 acres held by foreign investors in 2022.
- The proportion of foreign held to privately held farmland was 2.7% in Ohio, 2.2% in the Midwest, and 3.4% in the US in 2022.
- The Agricultural Foreign Investment Disclosure Act (AFIDA) is a federal law that requires foreign investors to disclose transactions of US farmland. Ohio's legislation, named "Save our Farmland and Protect our National Security Act," additionally maintains a registry of individuals and organizations prohibited from acquiring farmland in the state of Ohio.
- In Ohio, Canada (14.9%) and Germany (14.6%) lead foreign investments in farmland. The largest proportion of foreign held farmland is by Canadian investors at 32.1% of the total foreign held farmland in the US, and at 26.5% of the total foreign held farmland in the Midwest.

### Introduction

In 2022, 529,269 acres of Ohio farmland were under foreign ownership, resulting in a ratio of 2.7% of foreign held to privately held farmland in Ohio (USDA-FSA, 2023). This trend in Ohio mirrors the general trends in foreign held farmland in the US. Under the USDA's Agricultural Foreign Investment Disclosure Act (AFIDA) of 1978, farmland or agricultural land refers to any US land over 10 acres used for forestry, farming, ranching, or timber production, with a requirement for reporting foreign ownership. The term "foreign" applies to individuals who are not US citizens and are subject to these reporting requirements as well as foreign governments, entities

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established under foreign laws, or those primarily engaged in business activities in foreign countries.

Between 2012 and 2017, foreign investors acquired approximately additional 600,000 acres of US farmland annually. Since 2017, foreign held farmland in the US has more than doubled, with nearly 2.9 million acres being acquired annually by foreign investors. Foreign investments in farmland have received significant media and political attention due to their potential implications for the farm sector. This report seeks to better understand the trends in foreign held farmland in Ohio, the Midwest, and the US.

### Data from the USDA's 2022 Annual Report

AFIDA mandates the reporting of any transactions involving foreign ownership or rights to US farmland, excluding loans or debts. This report utilizes data from the 2022 AFIDA disclosure, as reported by the USDA. The 2022 AFIDA dataset offers a comprehensive insight into foreign ownership of US farmland (USDA-FSA, 2023). The dataset outlines the acreage acquired or disposed of by foreign entities across various regions, including Ohio and the Midwest.

### Foreign Held Farmland Trends

Foreign held farmland in Ohio and the US has increased significantly in recent years (Figure 1a). In the Midwest—which includes the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin—this trend highlights the significant presence of foreign investments in farmland. This trend can vary across different regions of the country due to differences in land use and state policies influencing foreign investment and ownership.

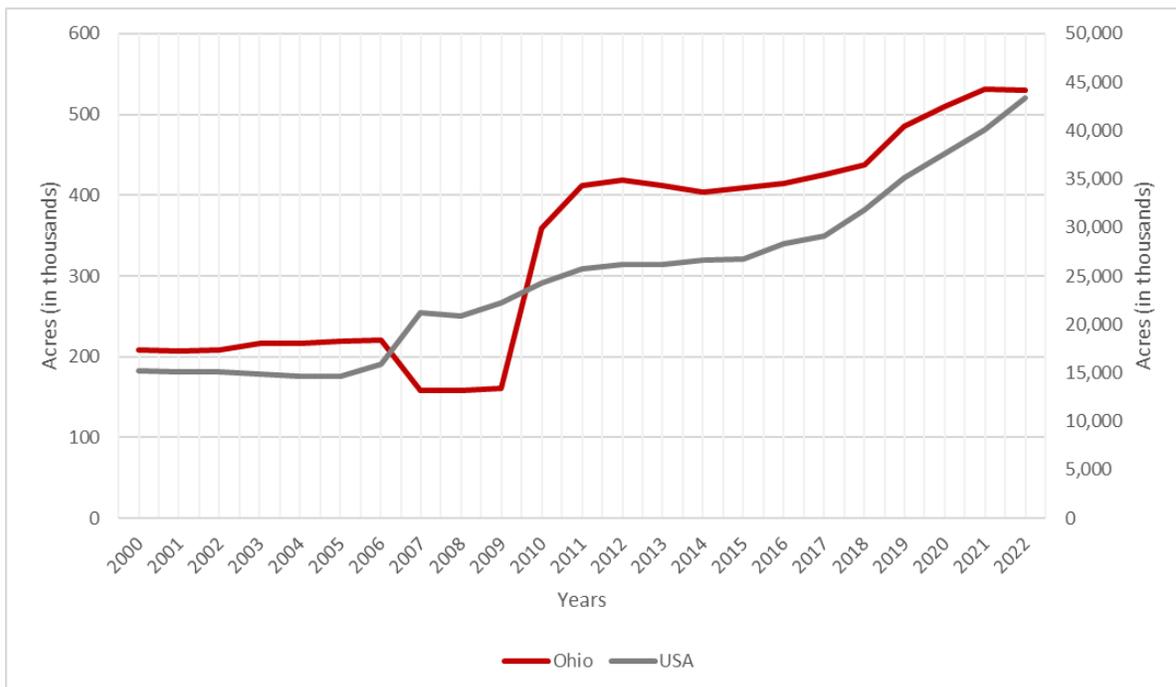


Figure 1a: Acres of Foreign Held Farmland

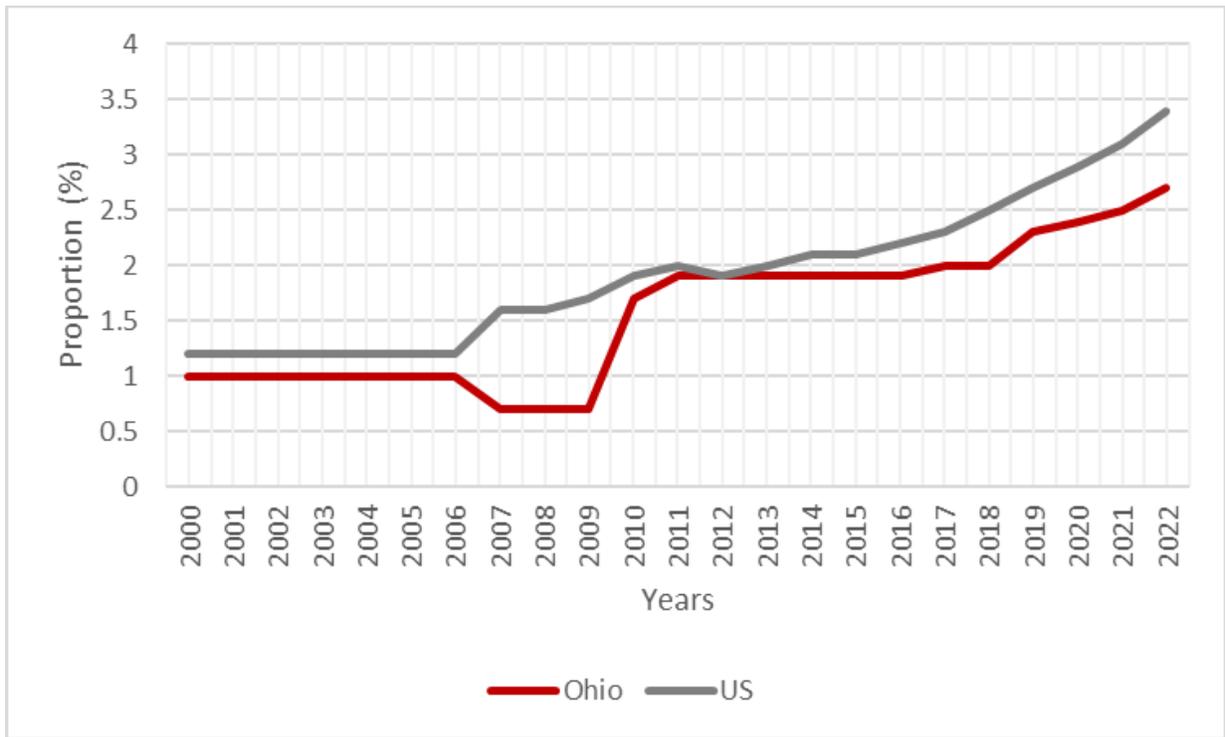


Figure 1b: Proportion of Foreign Held to Privately Held Farmland (Percent)

Foreign held to privately held farmland has increased over time, with a noticeable acceleration in the last decade, indicating increased foreign investment activity. In Ohio, there has been a gradual increase in foreign held farmland ownership over the past five years. The foreign held to privately held farmland in the US shows a larger increase during the same period, suggesting a higher rate of foreign acquisition nationally compared to Ohio (Figure 1b).

### Foreign Held Farmland

Foreign ownership of farmland in the US reached 43.4 million acres in 2022, indicating a significant presence of foreign investment in US agriculture (USDA-FSA, 2023). This foreign ownership includes various land types such as timber, cropland, and pasture.

The proportion of foreign held farmland in Ohio is 2.7%, modestly trailing the US average of 3.4% but above the Midwest average of 2.2% (Figure 2). This suggests that while Ohio has considerable foreign investments in farmland, the proportion is smaller than for the US, where foreign entities possess a larger share of agricultural assets. The Midwest, while having the lowest percentage of foreign held relative to privately held land, also has a considerable number of acres as foreign holdings.

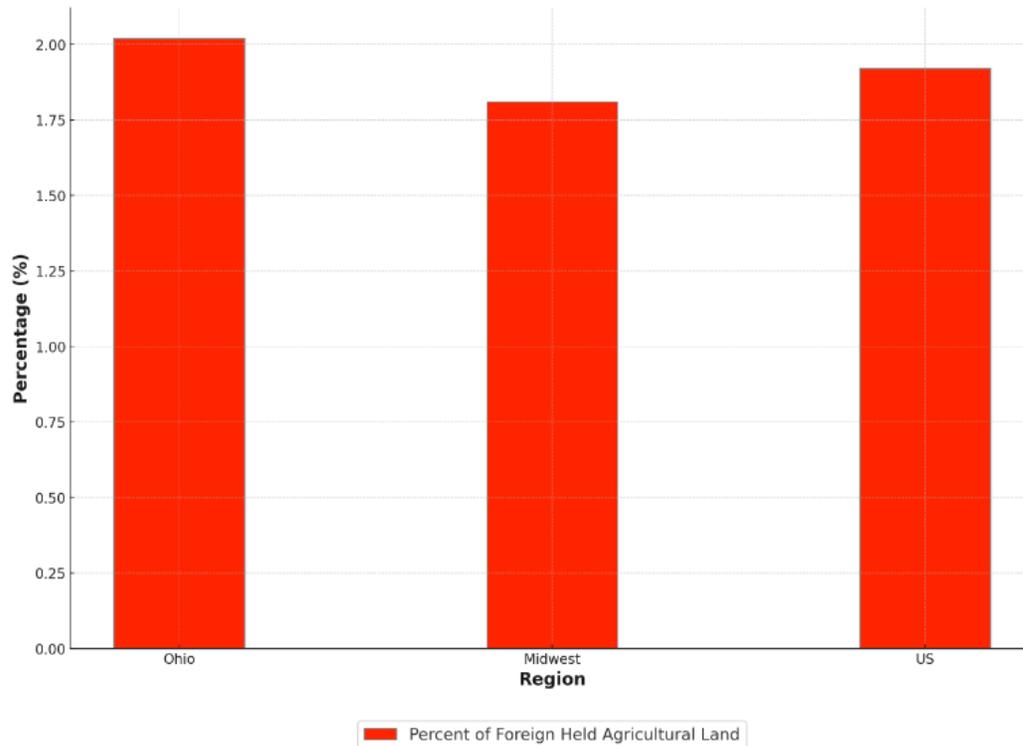


Figure 2: Percent of Foreign Held Farmland to Privately Held Farmland in 2022

### Ohio's Legislation on Foreign Held Farmland

While the USDA has no authority over private land transactions, various states have enacted their own regulations regarding who can purchase farmland and how much they can possess. In 2021 and 2022, twelve states—Alabama, Arizona, Arkansas, California, Indiana, Iowa, Mississippi, Missouri, Oklahoma, South Carolina, Tennessee, and Texas—have proposed legislation limiting or outright prohibiting foreign ownership of farmland (Taylor et al., 2023). In Ohio, the "Save our Farmland and Protect our National Security Act," took effect in October 2023. This legislation imposes a restriction on who is eligible to own farmland. In cases where ineligible entities acquire farmland, they must forfeit ownership which is then sold to qualified buyers. According to the regulations outlined in 15 CFR §7.4 (Electronic Code of Federal Regulations), some countries, such as China, Cuba, Iran, North Korea, Russia, and the Maduro Regime of Venezuela, are prohibited from owning farmland in Ohio.

The Ohio Secretary of State maintains a registry of entities that are deemed a risk to Ohio agriculture. Any listed entity that acquires land must sell it. This law aims to ensure Ohio's farmland remains primarily in the hands of those committed to local farming and the state's

agricultural goals, reflecting efforts to maintain control over its crucial agricultural resources (Hall, 2023).

### Top Foreign Investors in Farmland

In Ohio, the largest portion of foreign held farmland is owned by Canadian entities, accounting for 14.90%, closely followed by German entities at 14.64%, and other foreign investors (Figure 3). In the Midwest, Canada is the dominant foreign investor with a 26.54% share, followed by Italy holding 16.42% of the farmland. Across the US, Canadian investments also have the largest share of 32.09% of the total foreign held farmland (Taylor et al., 2023).

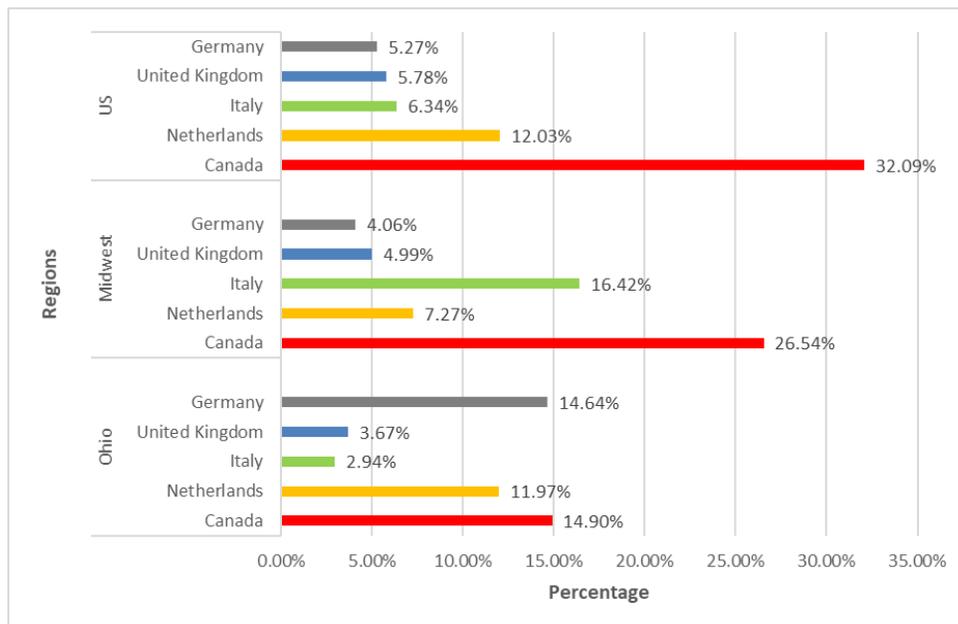


Figure 3: Distribution of Foreign Held Farmland Holdings by Country

### Farmland Holdings by Type of Land Use

There are significant foreign investments in cropland and forest land, accounting for 52.54% and 29.86% respectively, of the total foreign held land in Ohio (Figure 4). In contrast, 48.34% of foreign investments in the US are in forest land. There is significantly less foreign investment in pastureland, with 10.47% of foreign held land in the Midwest, and 17% of the foreign held land in the US. The proportion of foreign held land in the categories of 'Acres in Other Ag' is at 13.19% and 'Acres in Non-Ag' is at 1.9% of the total foreign held land in Ohio.

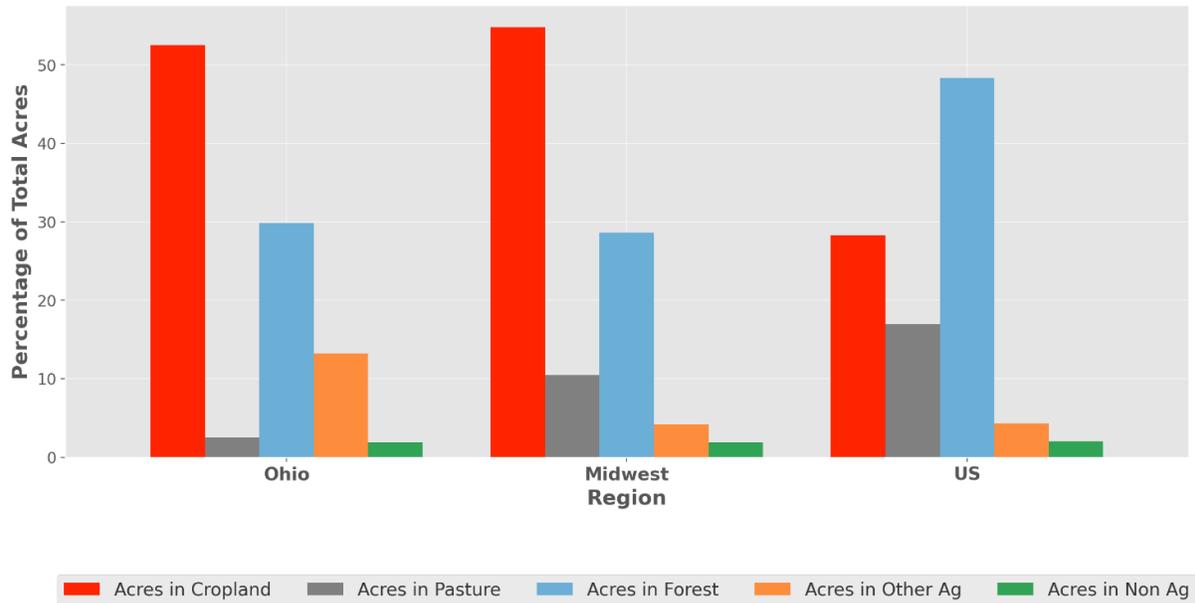


Figure 4: Proportion of Foreign Held Farmland Holdings by Type of Land Use

### Farmland Acquisitions and Dispositions by Foreign Investors

There were more acquisitions than dispositions of farmland by foreign investors across the Midwest (83.56%) and the US (83.60%) during the calendar year 2022 (Figure 5). In Ohio, acquisitions accounted for 44% as opposed to 56% dispositions of acres of farmland. This trend suggests an overall decrease in foreign-held farmland acres in Ohio in 2022, contrasting with an increase in foreign held farmland acres in the Midwest and the US in 2022.

Ohio’s higher rate of dispositions suggests a reduction in the acres under foreign ownership in 2022. Meanwhile, the Midwest experienced substantial land acquisitions by foreign entities, indicating growing foreign interest in its farmland and the high number of acquisitions in the US highlights its broad appeal. These variations in acquisition and disposition activities across these regions highlight the unique economic conditions, investment opportunities, and strategic shifts in investor behavior.

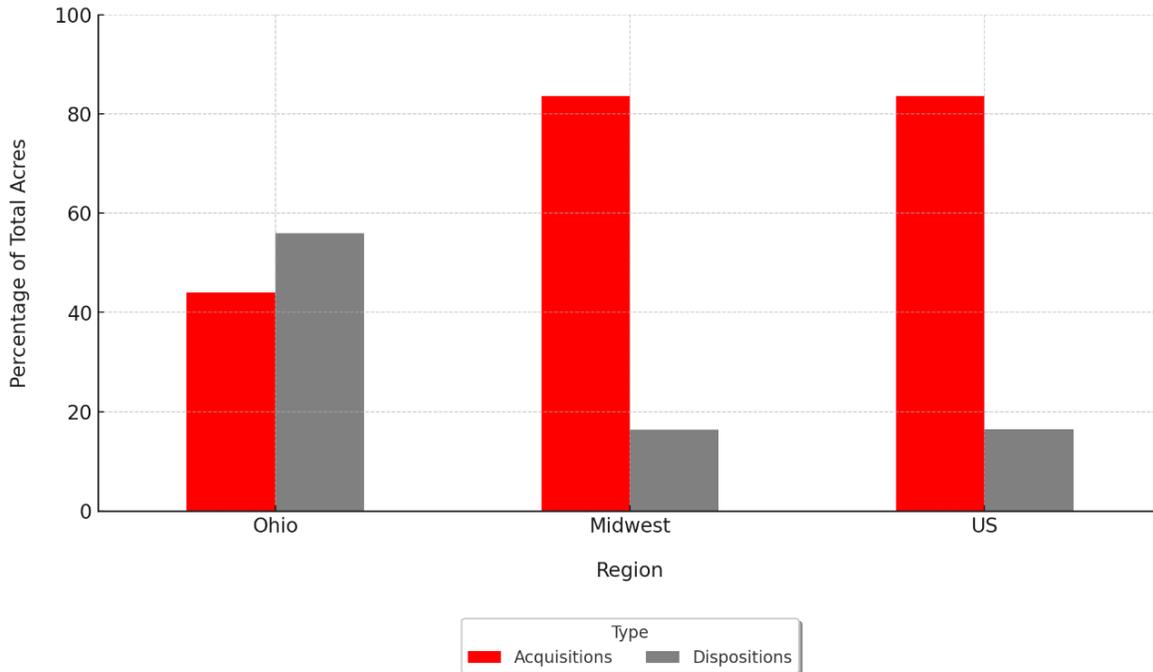


Figure 5: Percent of Foreign Held Acres Acquisitions and Dispositions in 2022

**Conclusion**

The surge in foreign investment in US farmland can have important consequences (Attah et al., 2022). The increased acquisition of farmland by foreign entities can have profound effects on local farmers and the agricultural economy. A primary concern is about the potential impact of foreign investments on land prices. Another concern pertains to the stewardship and control of Ohio's agricultural resources. With substantial farmland holdings by foreign investors, concerns arise regarding the sustainability of farming practices and their long-term implications for land health and food supply. It is important to consider how foreign investments influence farm policies, land use, and their impact on local communities.

In response to these issues, Ohio has implemented legislation, named "Save our farmland and protect our national security act." This law focuses on monitoring farmland ownership and ensuring that foreign investments are not detrimental to the Ohio agricultural sector. It is important that foreign investments in farmland promote the growth and modernization of Ohio's farming sector, while balancing economic development with the preservation of Ohio farmlands.

## References

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