

# Foreign Land Ownership in New York State and the United States

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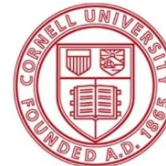
<https://wendongzhang.weebly.com/>

Joint work with Mykel Taylor (Auburn) and Fangyao Wang (Cornell Dyson GRA)

2024 Dyson Agricultural and Food Business Outlook Conference, January 19, 2024



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# Research & Extension Program Themes

- Theme I: Agriculture & the Environment
- Theme II: Land Value, Land Ownership, Land Tenure, Land Use
- Theme III: Chinese Agriculture & its Global Trade Implications

- Other Useful information:

Appointment: 50% Research & 50% Extension

Joined Cornell Dyson School & CCE in July 2022

Faculty Affiliate, Cornell Institute for China Economic Research (CICER)

Faculty Fellow, Cornell Atkinson Center for a Sustainable Future

Assistant and Associate Professor at Iowa State 2015-2022

**Working with ASFMRA Northeast Chapter on annual Land Trends Report**

**Worked with Justin Li (Dyson undergrad) on NY Solar web maps:**

<https://tinyurl.com/NYSsolar>

# Current Environment

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- Very politically charged topic in many states
- Many states are proposing/passing legislation to restrict foreign ownership of farmland
- Some federal legislative proposals are also coming forward
- Great deal of focus on Chinese purchases

AUGUST 02, 2022

## COTTON, TUBERVILLE INTRODUCE BILL TO PROHIBIT THE CHINESE COMMUNIST PARTY FROM PURCHASING AMERICAN LAND



POLITICS

### Chinese company's purchase of North Dakota farmland raises national security concerns in Washington

Forbes

BILLIONAIRES • DAILY COVER

### Why A Secretive Chinese Billionaire Bought 140,000 Acres Of Land In Texas



# Background on AFIDA

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- American Foreign Investment Disclosure Act of 1978 (AFIDA)
- AFIDA grants the USDA authority to monitor land acquisitions and record transaction information
  - Name of foreign entity or person
  - Country of residence
  - Parcel acreage
  - Land use (cropland, pasture, forest, other ag land)
  - Purchase price
  - Date of transfer
- Acquisitions can be purchases or leases that are 10 years or more





# Background on AFIDA

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- Failure to comply with AFIDA results in a civil penalty of up to 25% of fair market value of the land
- USDA publishes an annual report of foreign ownership or leasing of U.S. land and the state where the land was acquired
- AFIDA doesn't track commercial or residential acquisitions

## Foreign Holdings of U.S. Agricultural Land

Through December 31, 2022

- Foreign investors held an interest in over **43.4 million acres** of U.S. agricultural land (forest land and farmland) as of December 31, 2022.
- This is an increase of over 3.4 million acres from the 2021 report and represents **3.4 percent of all privately held agricultural land** in the United States or nearly 2 percent of all land in the United States
- Since 2017, foreign holdings have increased an average of nearly 2.9 million acres annually

Source: 2023 AFIDA report  
USDA, Farm Service Agency

<https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/index>



# Current Legislative Activities

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- National Agricultural Law Center at the University of Arkansas
- No federal law prohibits the ownership of private land by foreign persons or entities
  - There is proposals to mandate reporting for leases 5 yrs+ rather than 10 yrs+
- Approximately 24 states have laws that seek to restrict to some degree foreign ownership or investments in private ag land
  - The laws vary widely by state in definitions of “agricultural land” and “farming”, who can buy land, and amount of land that can be bought
- As of 2023, the majority of states have proposed, or have plans to propose, at least one piece of legislation that will prohibit or limit private land ownership by foreign entities in their state

# Example Legislative Proposal

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- the bipartisan **Farmland Security Act of 2023**, a bill to increase transparency and oversight of foreign ownership of American farmland.
- In announcing the bill, Rep. Gluesenkamp Perez (D-Wash.), along with Reps. John Moolenaar (R-Mich.) and Dusty Johnson (R-S.D.), cited the fact that foreign-owned agricultural acreage has nearly doubled in the past ten years and that 37.6 million acres of U.S. agricultural land, valued at over \$60 billion, have been reported to the USDA as foreign investor-owned.
- Specifically, this legislation would:
  - Impose new financial penalties on foreign owners or shell companies who fail to report or misreport their acreage.
  - Require research into foreign ownership of agricultural production capacity and foreign participation in agricultural economic activity in the United States.
  - Direct the USDA to conduct an annual compliance audit to ensure accuracy and provide annual training to state and county level USDA staff on identifying non-reporting foreign-owned agricultural land.



# NY Assembly bill would ban farmland purchases by 'adversaries' like China, Russia

By [Zach Williams](#)

Published April 7, 2023

Updated April 7, 2023, 6:38 p.m. ET

"In the midst of national security **concerns related to spying**, it is important that the United States not allow foreign adversaries like the Chinese government to continue purchasing large amounts of agricultural land," Assemblyman Angelo Santabarbara (D-Schenectady) said in a statement Friday.

The proposal would "ban entities owned by foreign adversaries," — including China, Cuba, Iran, North Korea, Russia, and Venezuela.

The spy balloon spotted over Montana wasn't the first recent incident to spark fears about national security and espionage in the U.S. Only a few years ago, a Chinese billionaire named Sun Guangxin [planned to build a wind farm](#) on part of 140,000 acres his company had amassed in southwest Texas, near Laughlin Air Force Base. But after the proposed project sparked national attention, Gov. Greg Abbott signed a law to stop the wind farm from being built.

And just last year, [a Chinese company bought 300 acres in North Dakota](#) near the Grand Forks Air Force Base, planning to build a corn milling plant. The Grand Forks City Council [voted to stop that project](#) earlier this month.

**FiveThirtyEight**

**Bloomberg**

## Chinese Billionaire Is Second-Biggest Foreign Owner of US Land

- Chen Tianqiao owns 198,000 acres of timberland in Oregon
- He's the founder of online gaming company Shanda Interactive

# Research Question

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- Can we characterize the nature of foreign investment in U.S. & NYS agricultural land using the AFIDA data?



# Data on Foreign Ownership

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- Obtained a copy of the AFIDA database through 2020 used by USDA Farm Service Agency via a Freedom of Information Act request
  - Contains over 40,000 voluntarily reported ownership or long-term leases by foreign owners
- Created tables and maps to help visualize what is going on with foreign acquisitions across space and time

# Results: Top 5 foreign owners of US farmland

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- Largest U.S. *cropland* holdings by country:

Country	Holdings (acres)
Canada	3,860,595
Italy	1,672,283
Portugal	794,067
Germany	603,871
United Kingdom	601,886

- Largest U.S. *total* holdings by country:

Country	Holdings (acres)
Canada	12,361,087
Netherlands	4,944,700
Italy	2,702,871
United Kingdom	2,329,952
Germany	2,063,406



# Top States with Foreign Ownership

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- U.S. land holdings of agricultural and forest land by foreign investors

State	Holdings (acres)
Texas	4,806,689
Maine	3,519,099
Alabama	1,809,173
Colorado	1,783,096

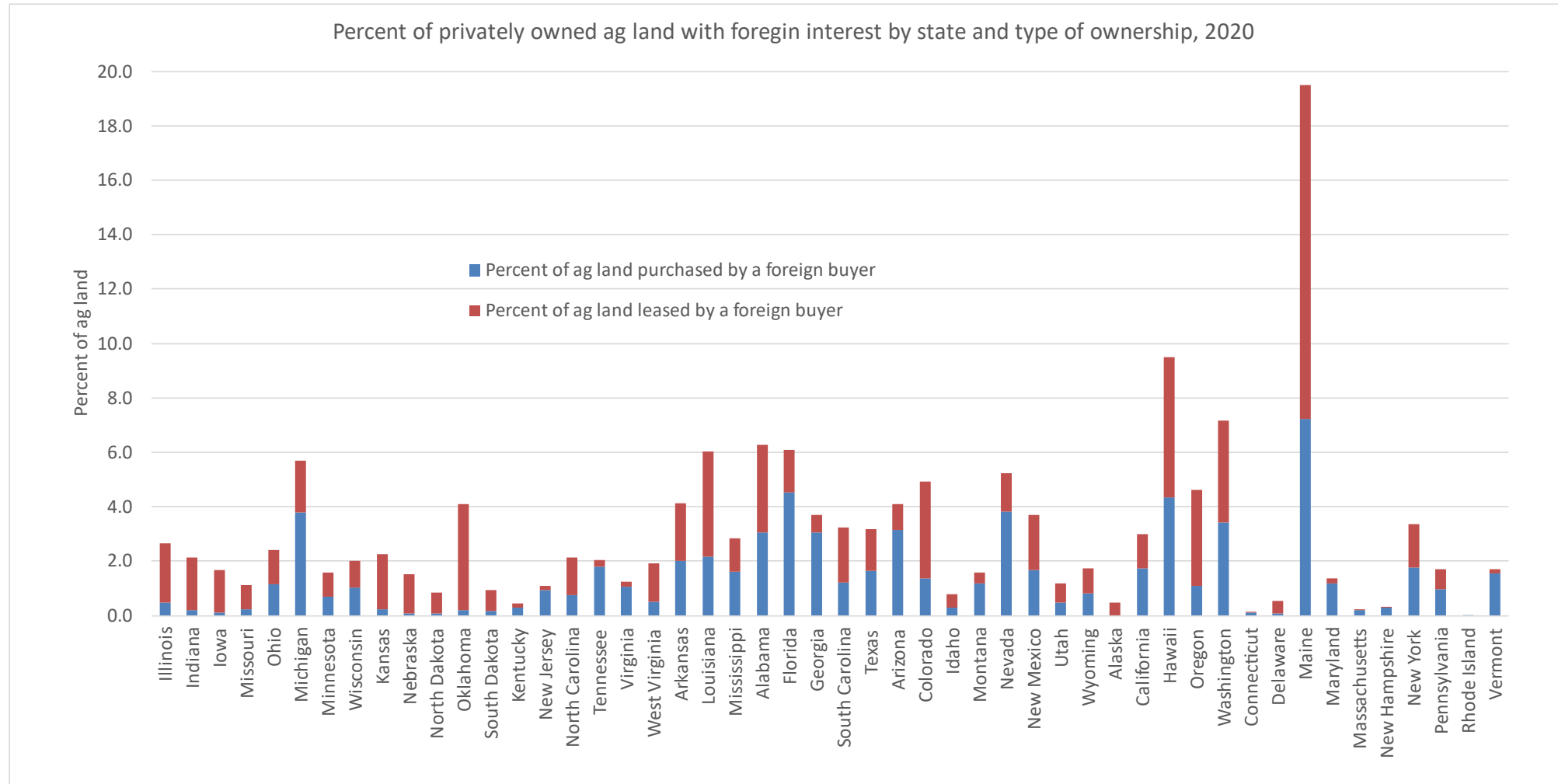
- 2020 Agricultural and non-agricultural acquisitions

State	Acquisitions (acres)
Oklahoma	384,022
Texas	360,047
Colorado	286,036
Kansas	200,046



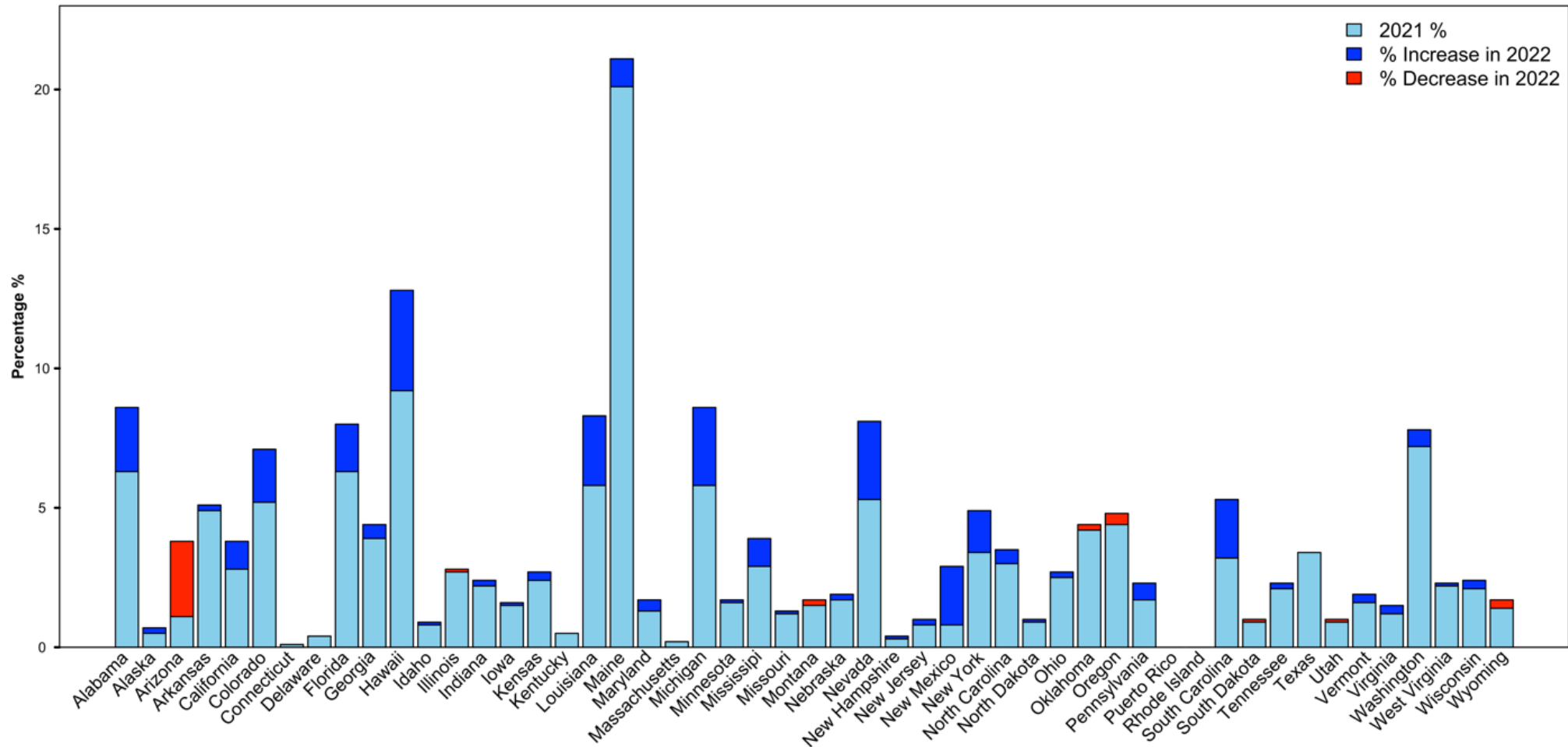


# % of Ag Land Owned or Leased by Foreign Owner



# Significant increase for AL, HI, NY, NM, NV from 2021 to 2022

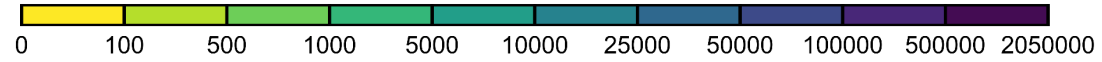
Percentage Change of Foreign-Held Ag land over All Privately Held Ag Land From 2021 to 2022



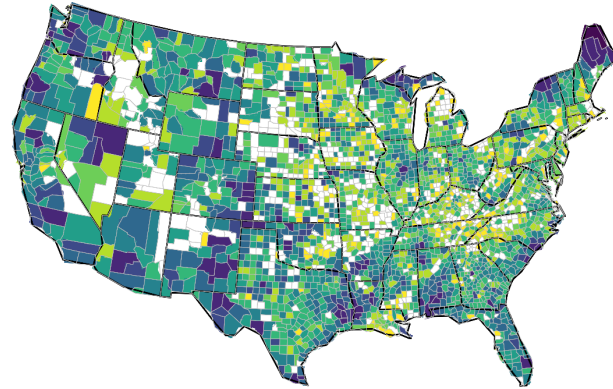
# Foreign-Held U.S. Farmland as of 2021

Total foreign interests in US farmland: 40 million acres (3.1% of all private US farmland)

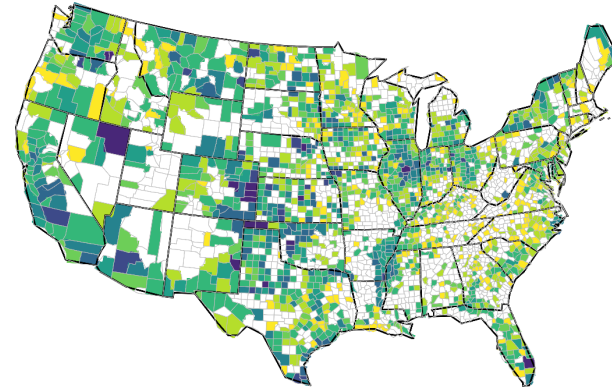
Acres



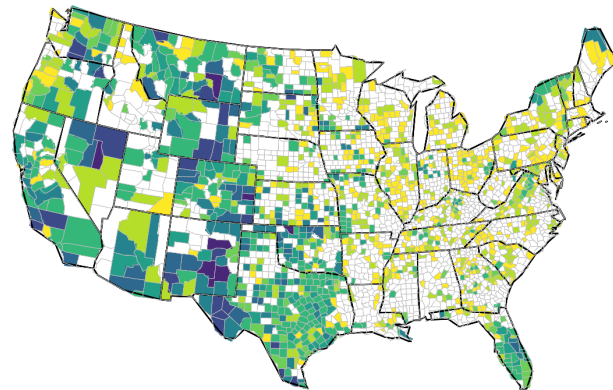
All



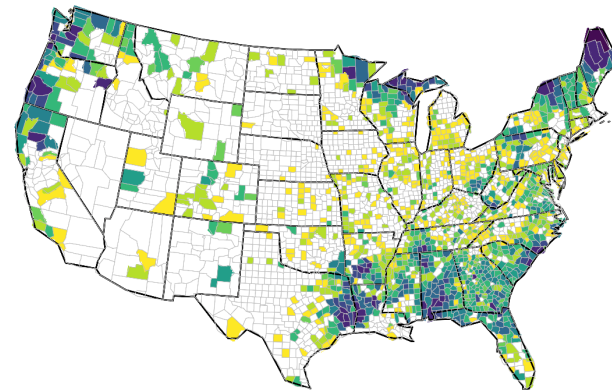
Crop



Pasture



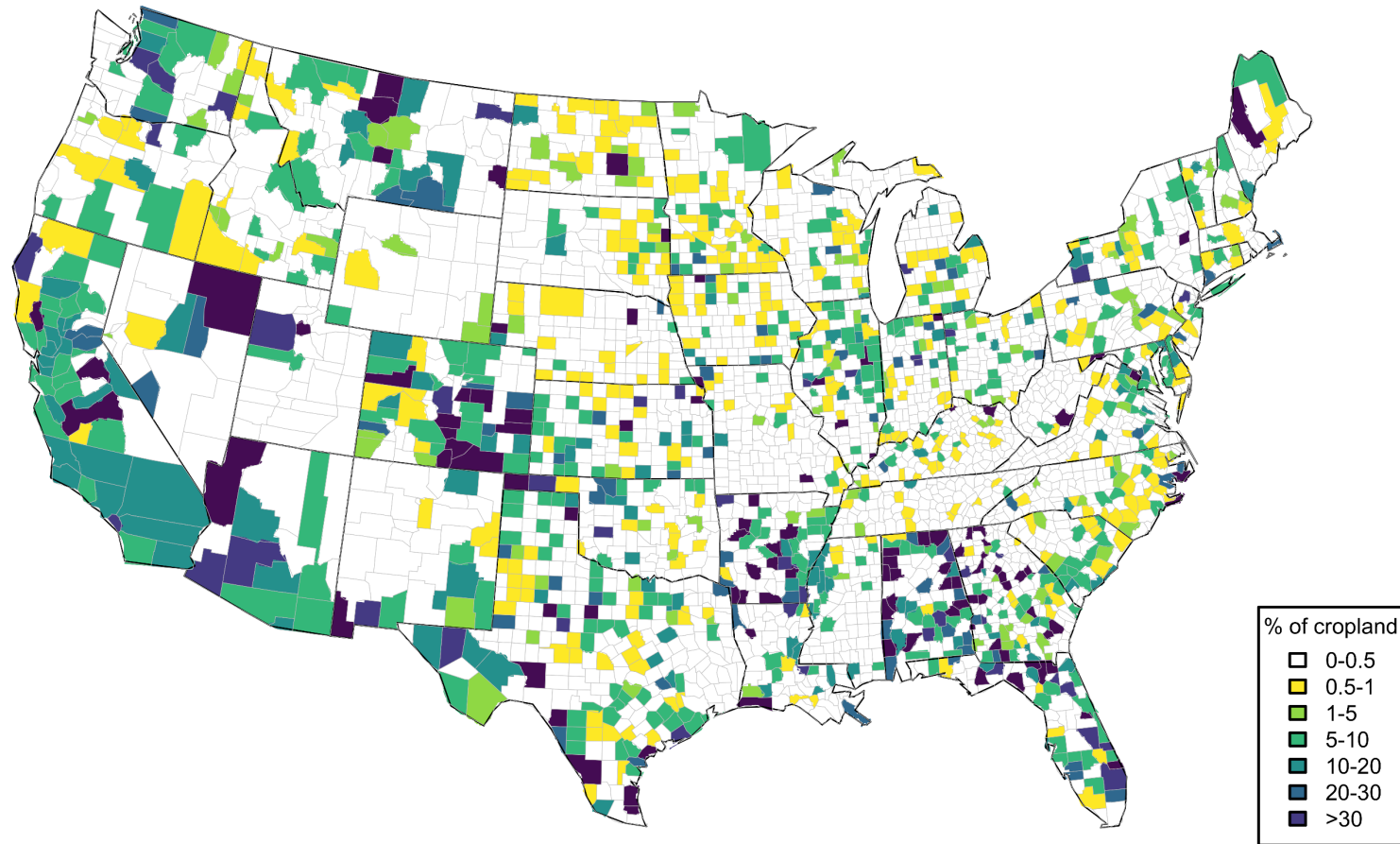
Forest



# % of Cropland Owned or Leased by Foreign Owner

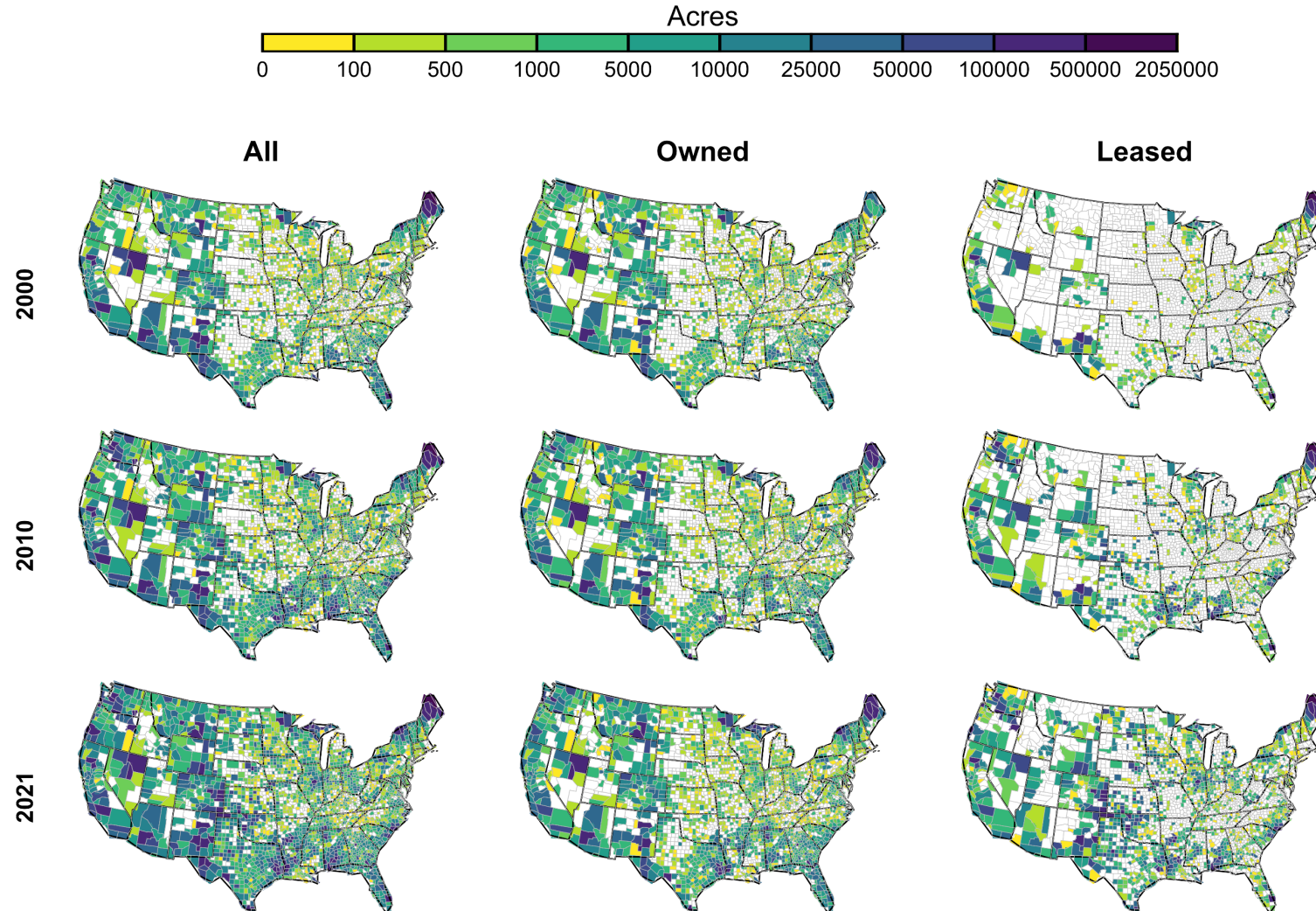
## Percentage of Foreign-Held Cropland over All Cropland as of 2021

Total Cropland is from US Agricultural Census as of July 2017, AFIDA Cropland acres are as of Dec 2021



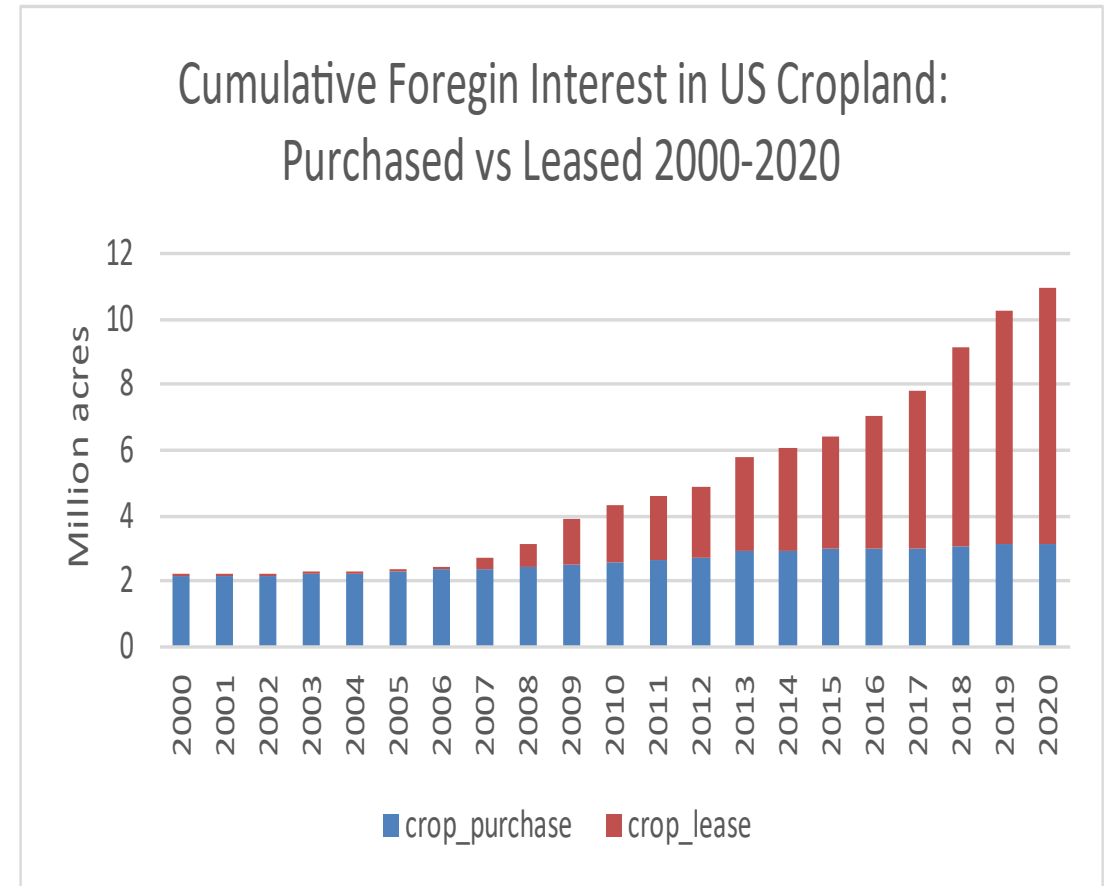
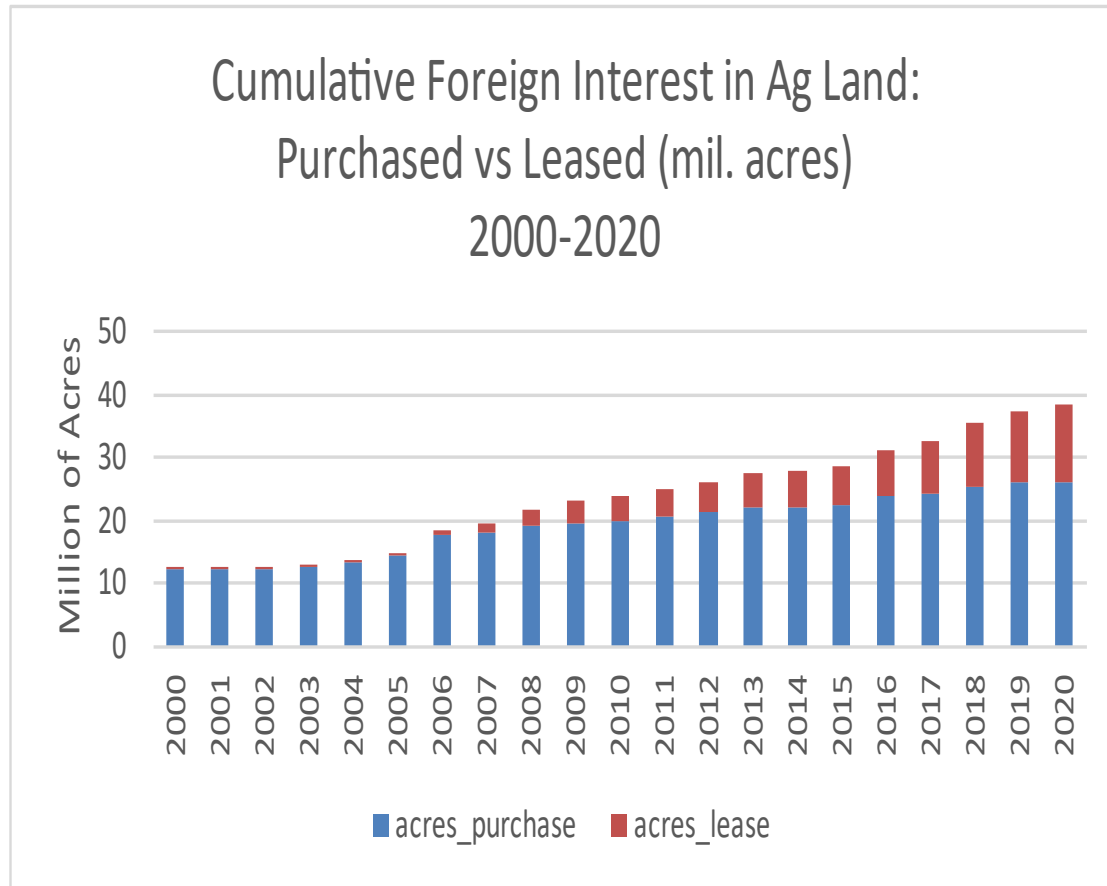
# Foreign owned or leased land in the US 2000-2021

Foreign Interests in U.S. Farmland by All Countries as by 2000, 2010, and 2021

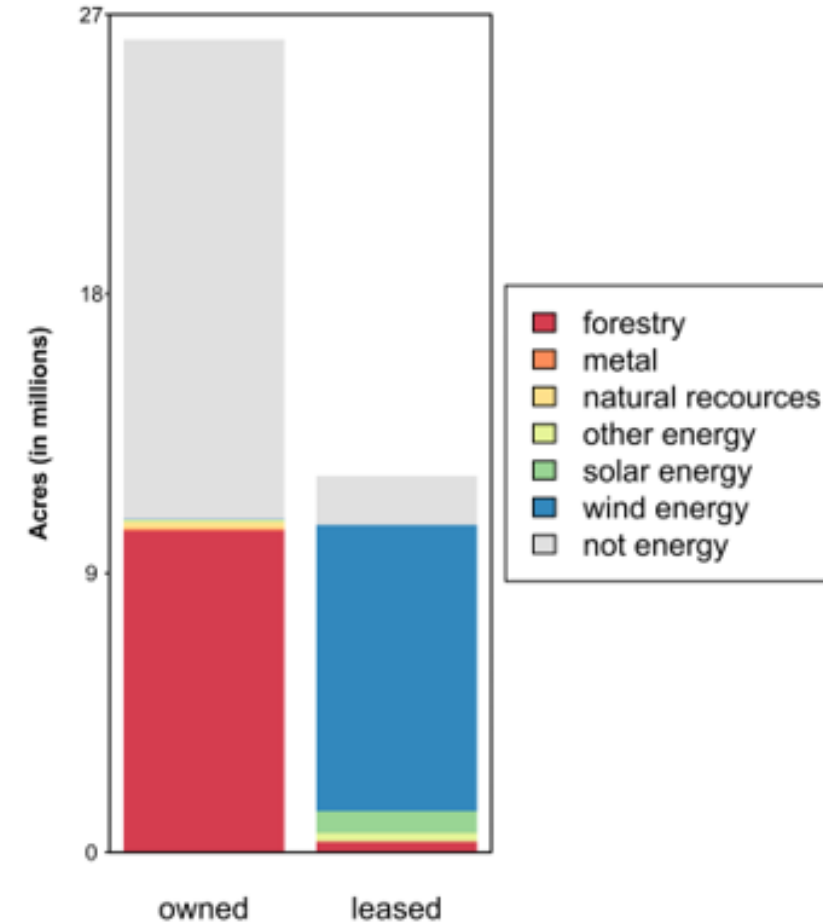
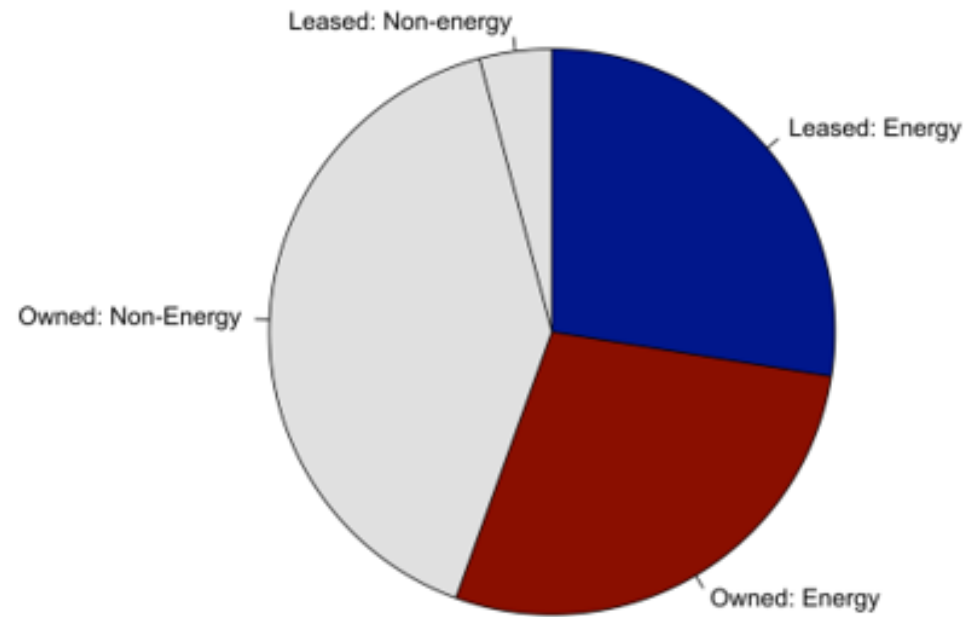




# Foreign owned or leased land 2000-2020

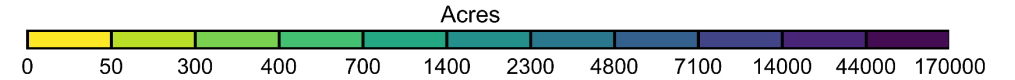


# Foreign Ownership – Importance of Energy

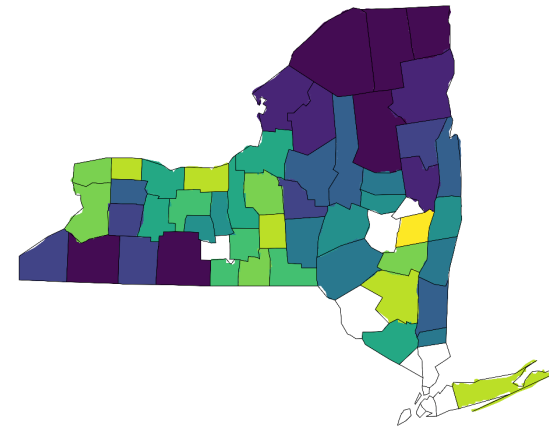


# Forest land in Adirondacks: Owned by Canada Cropland in Southern Tier & Western NY: Leased by Foreign Energy Companies

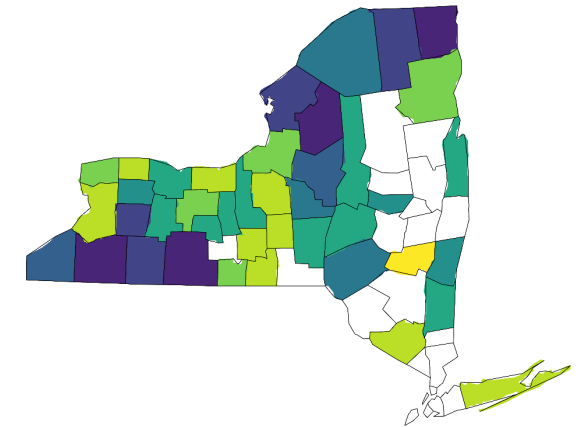
**Foreign-held Agricultural Land in New York as of 2021**



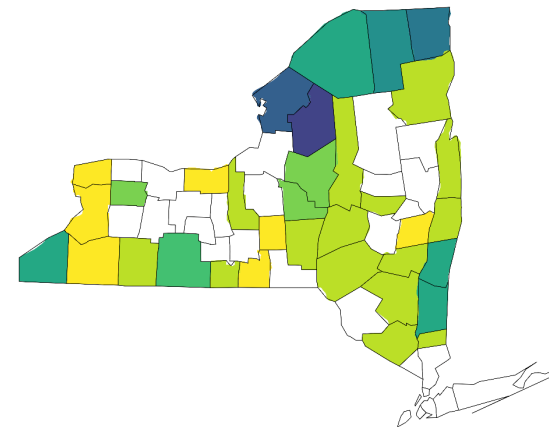
**All**



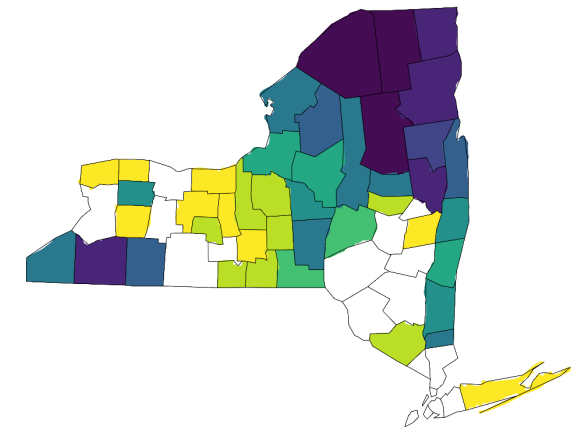
**Crop**



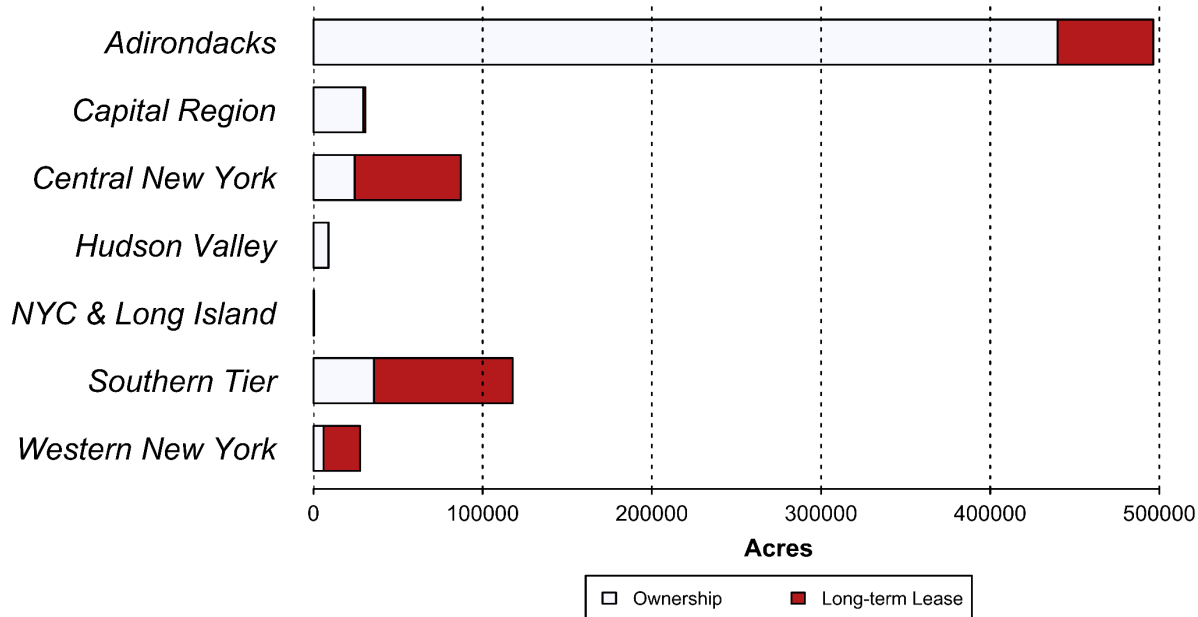
**Pasture**



**Forest**



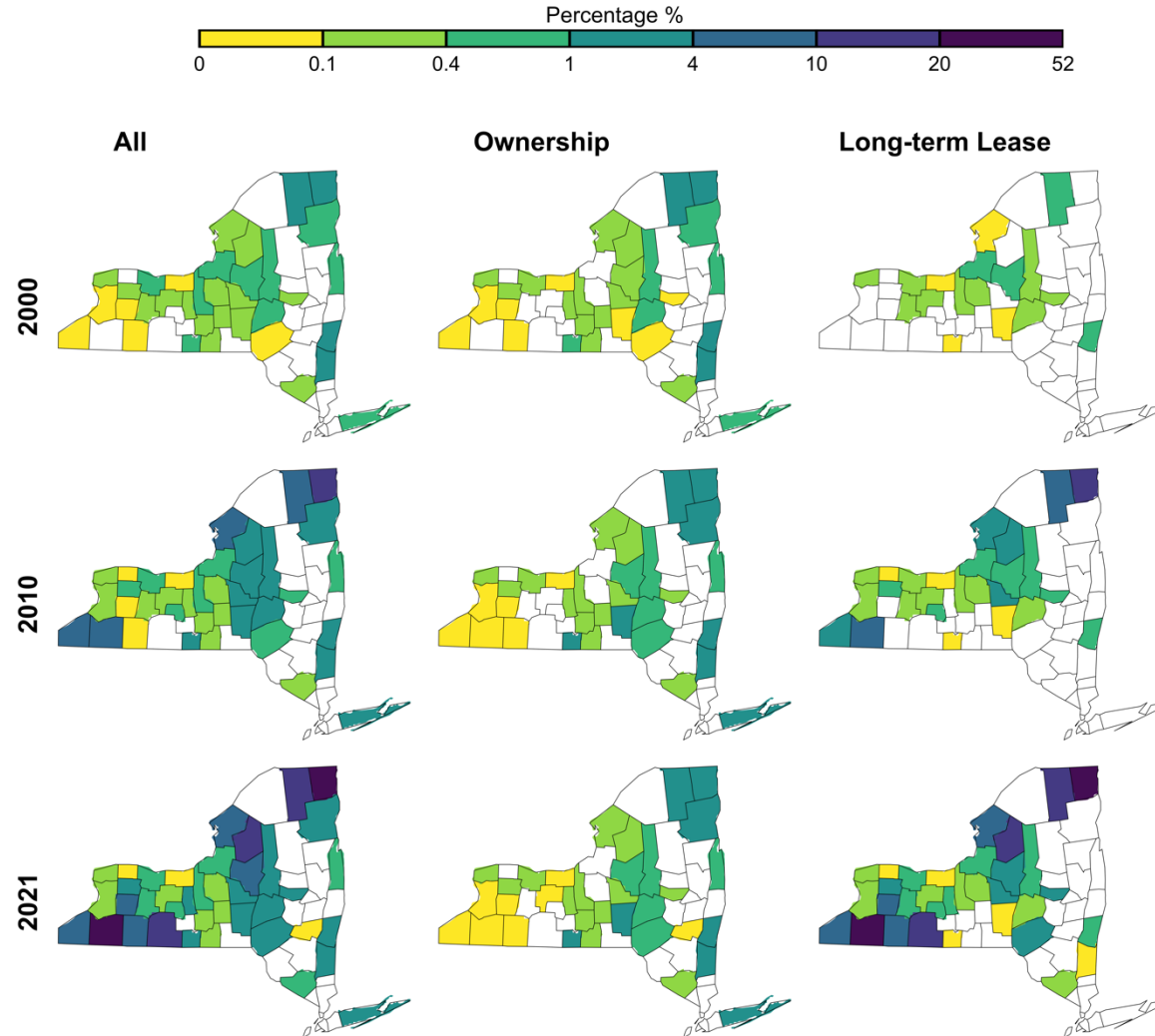
**Foreign-Held Ag Land in NY: Owned vs. Leased**





The rise of cropland leased to foreign companies for renewable energy developments 2010-2021

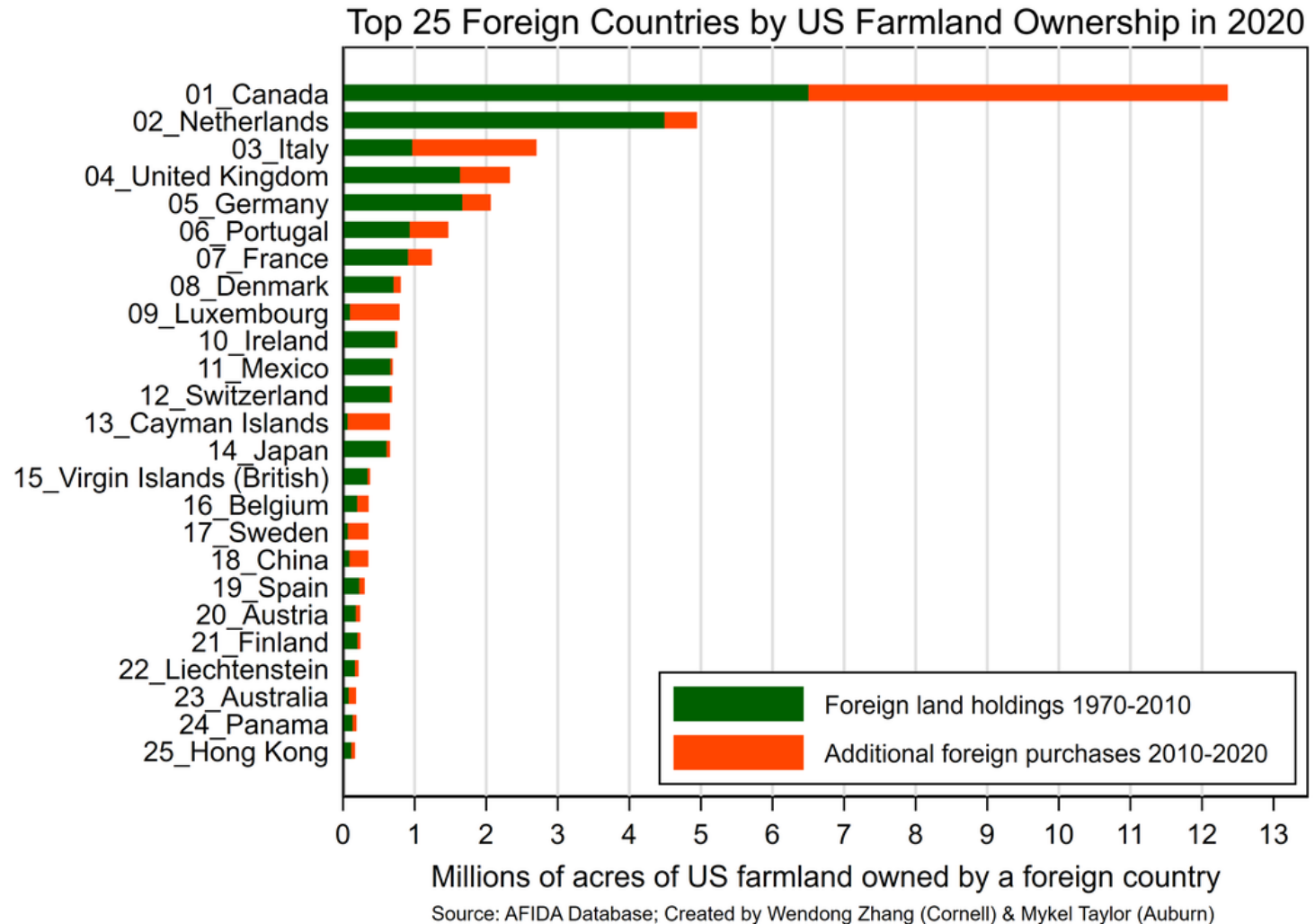
Percentage of Foreign-Held Cropland over All Cropland in NY Overtime  
Ownership vs. Long-term Lease



Source: AFIDA Database & USDA Quick Stats; Created by Wendong Zhang and Fangyao Wang (Cornell)

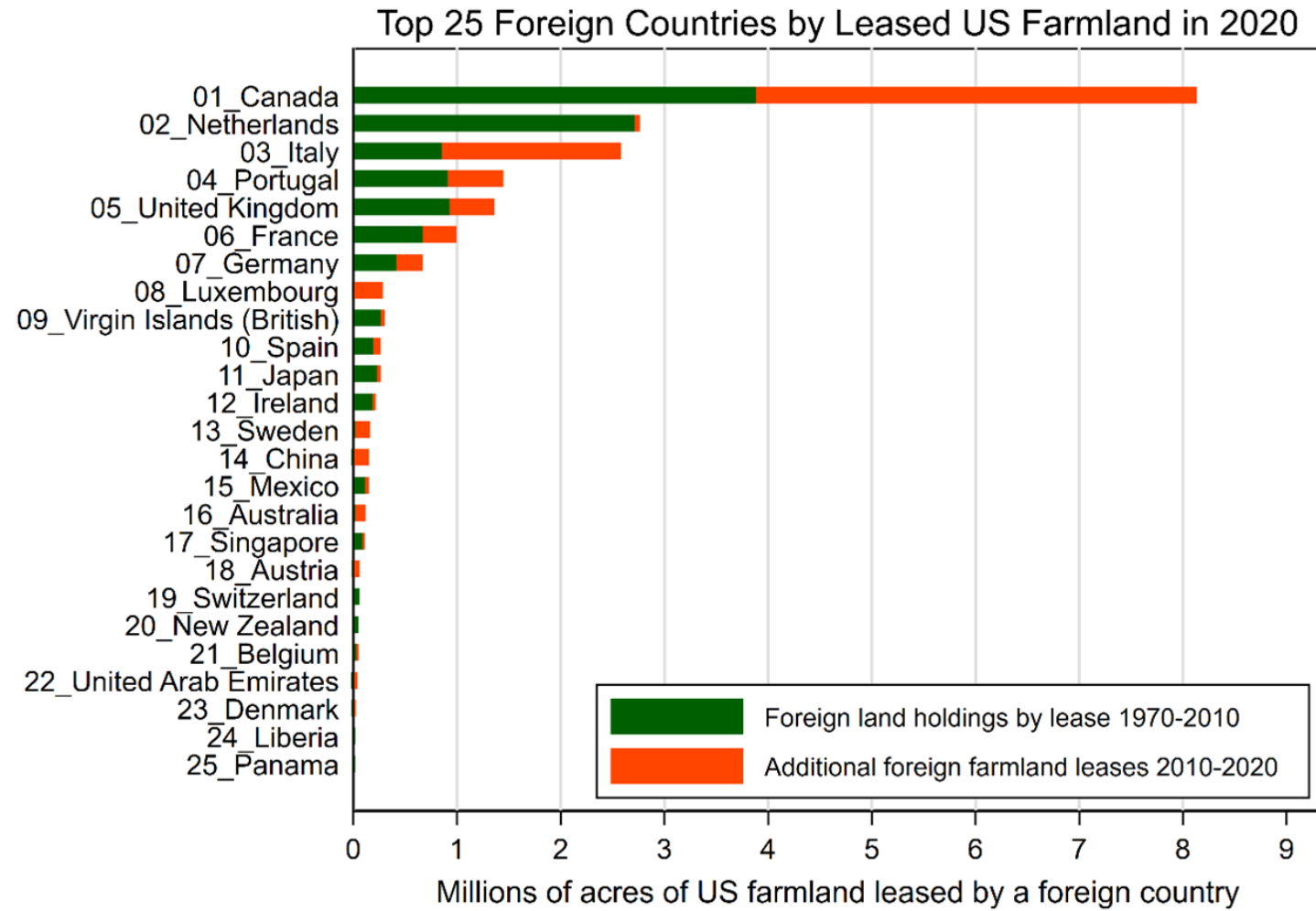
# Top 25 foreign countries by owned or leased US land

- Canada is the largest owner of U.S. farmland, which includes cropland, pasture, and forest land
- Some countries have bought more recently, while others are long-standing owners
- China is #18
- China bought more since 2010



# Top 25 foreign countries by leased US land

- Canada is also the largest leaseholder of U.S. farmland



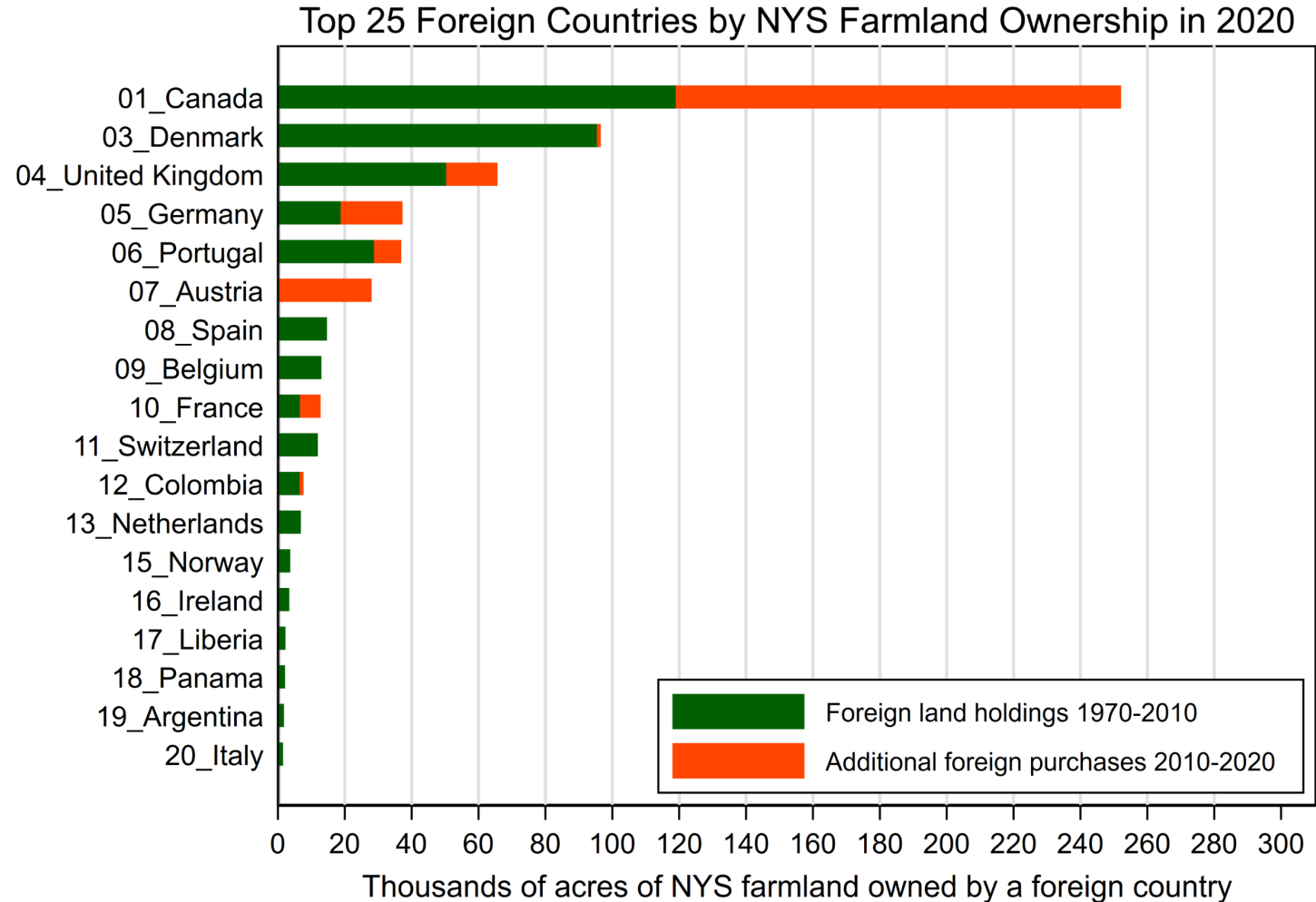
Millions of acres of US farmland leased by a foreign country

Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)



# Canada also plays a big role in NYS

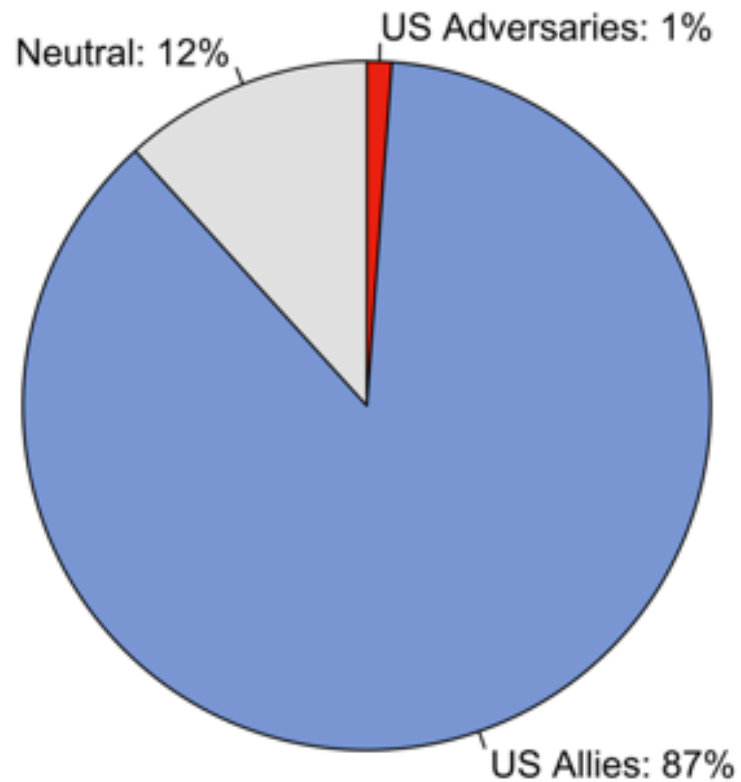
- The dominant foreign individuals & companies are from European countries



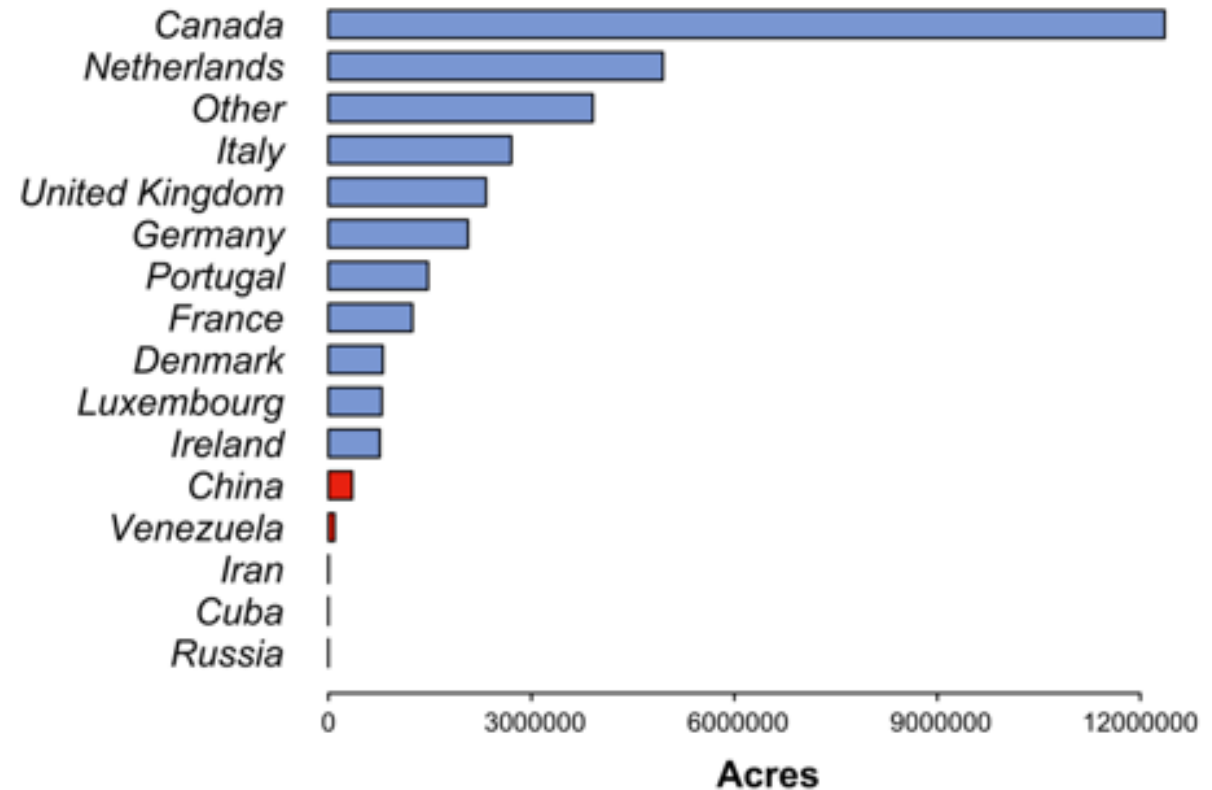
Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)



# Foreign ownership: US allies vs. adversaries

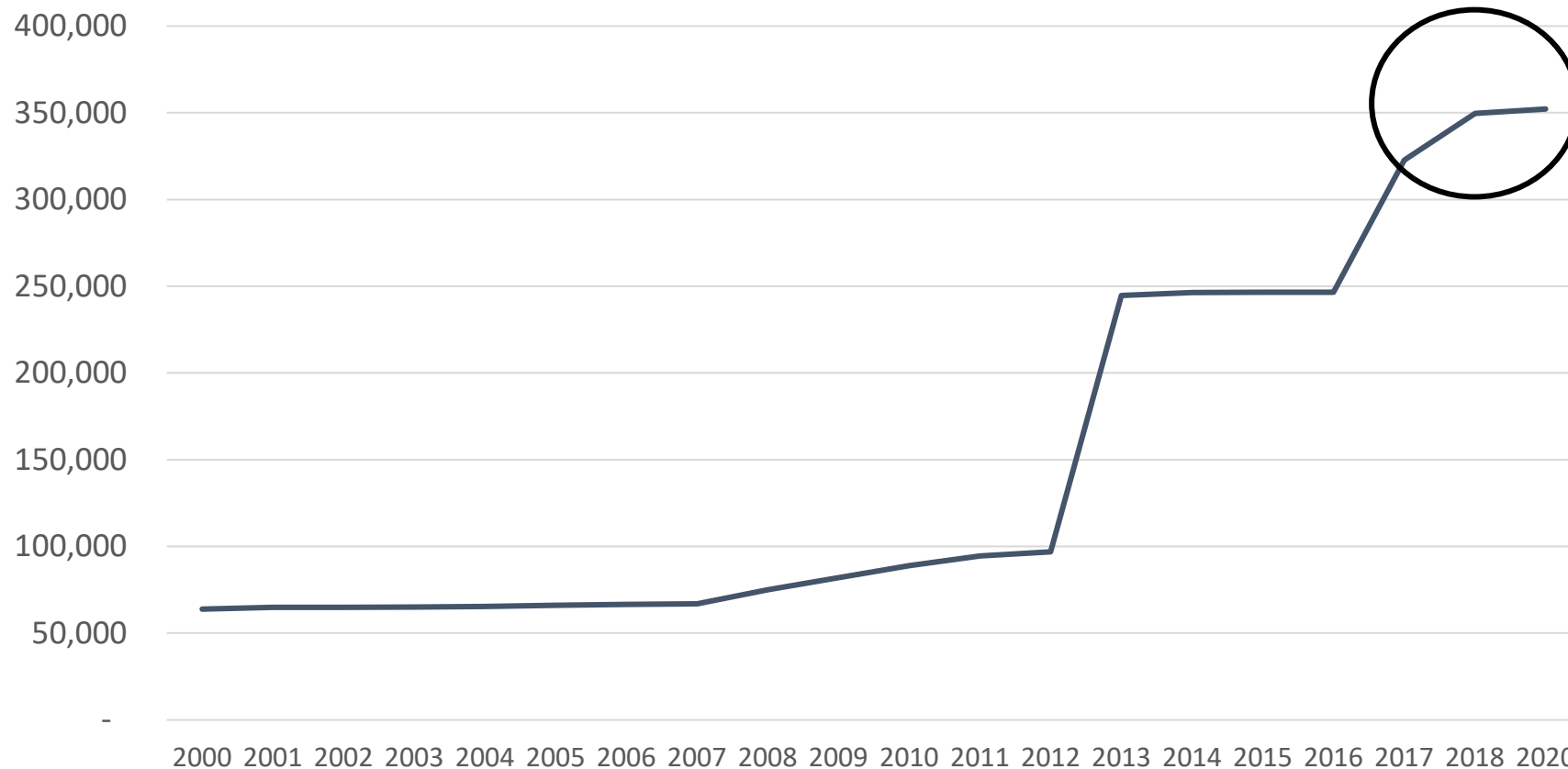


Ag Land Owned by US Allies vs. Adversaries



# Chinese Investment in U.S. Ag Land

China Holdings in U.S. (acres)

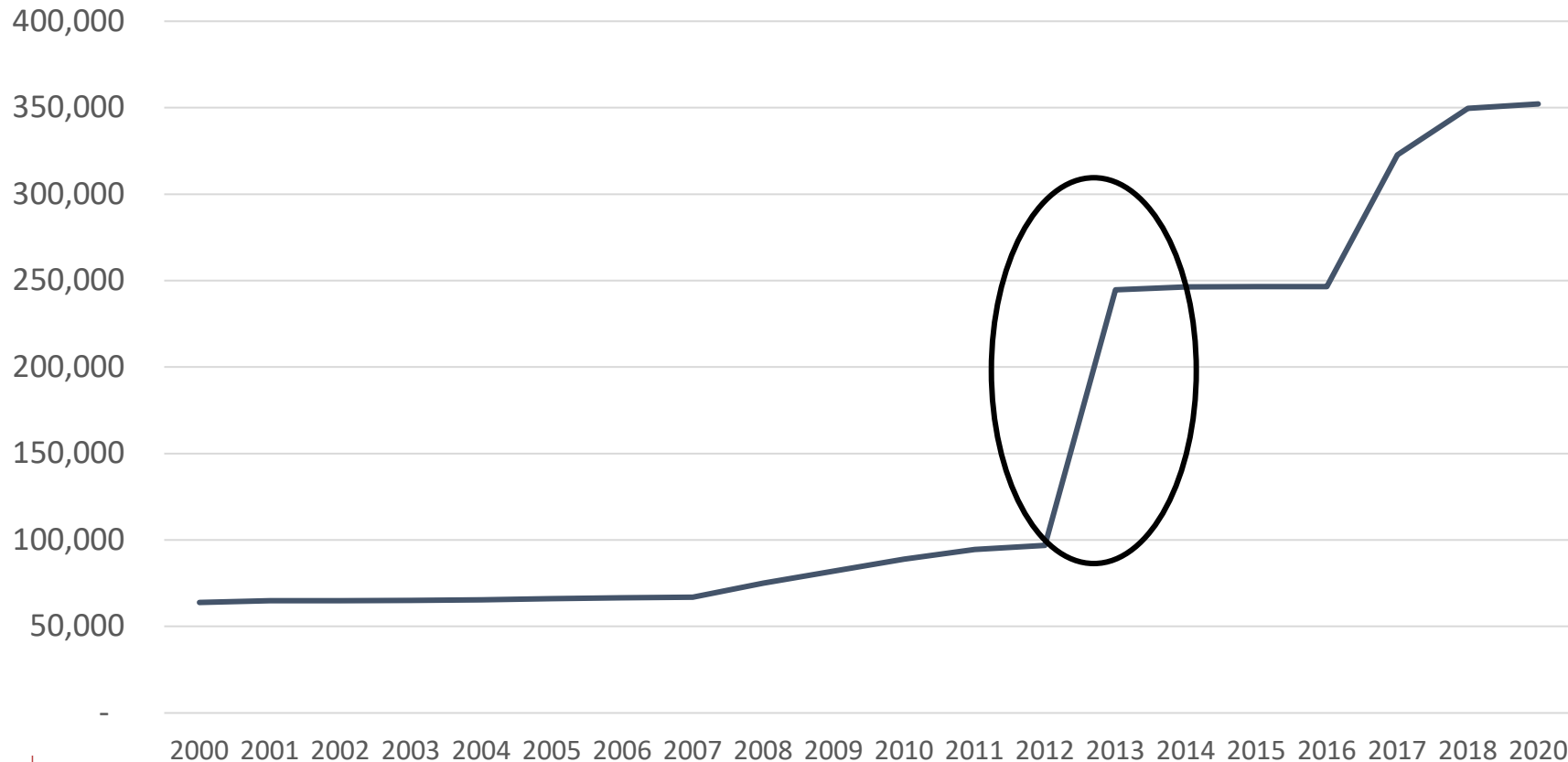


- Total holdings of 352,140 acres
- Slightly less than 1% of foreign held acres
- ~140,000 acres in Texas by Xinjiang-based billionaire SUN Guangxin



# Chinese Investment in U.S. Ag Land

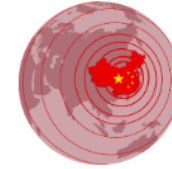
China Holdings in U.S. (acres)



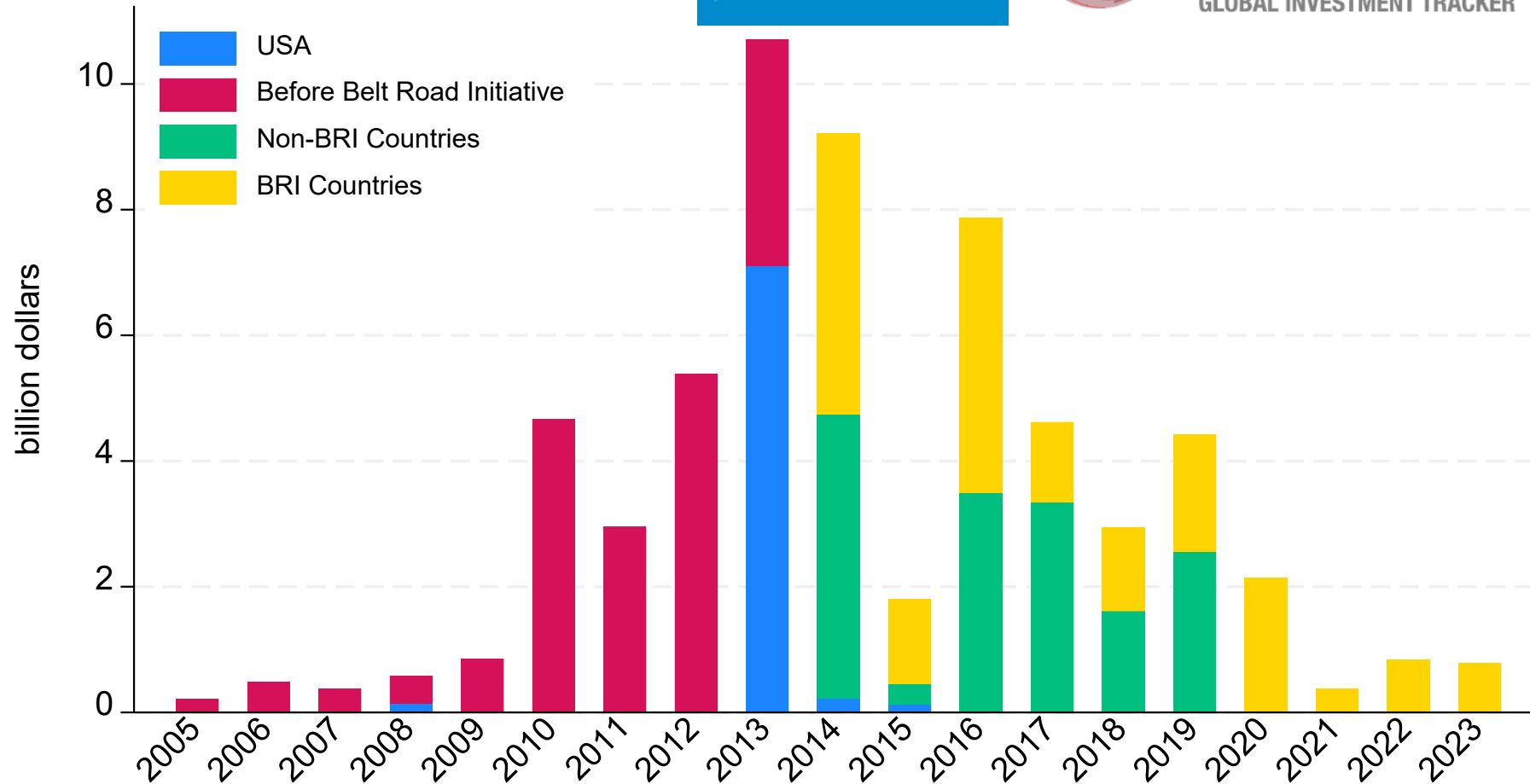
- 2013 Purchase of Smithfield Foods by Chinese company
- Acquired subsidiary Murphy Brown and all their land holdings



# China's Overseas Investments in Agriculture



**CHINA**  
GLOBAL INVESTMENT TRACKER



BRI countries include South Sudan, Israel, Zambia, Argentina, Uganda, Uzbekistan, New Zealand, Angola, Sri Lanka, Ethiopia, Russia, Oman, Mozambique, Nepal, Saudi Arabia, Singapore, Cambodia, Belarus, Thailand, Malaysia, Egypt, Nigeria, Bangladesh, Chile, Vietnam, Kazakhstan, Indonesia, Italy, Slovakia.  
This graph does not contain the Syngenta (headquartered in Switzerland) acquisition by ChinaChem in 2017.



- GAO is making six recommendations, including that USDA share detailed and timely AFIDA data with CFIUS agencies, improve the reliability of AFIDA data, and assess its ability to adopt an online submission system and public database. USDA generally agreed with our recommendations.
- “USDA processes to collect, track, and report key information are flawed...errors, such as the largest land holding associated with the People’s Republic of China being counted twice.”
- “But without improving its internal processes, USDA cannot report reliable information to Congress or the public about where and how much U.S. agricultural land is held by foreign persons.”
- <https://www.gao.gov/products/gao-24-106337>

# USDA Requesting Comments on New AFIDA Regulations that Could Impact Renewable Energy Developers

Alan Claus Anderson, Anne Callenbach

Polsinelli

JD SUPRA®

On December 18, 2023, the Farm Service Agency of the United States Department of Agriculture published Notice in the Federal Register that it is considering changes to its FSA-153 Form required to report foreign interests in agricultural land pursuant to the Agricultural Foreign Investment Disclosure Act (“AFIDA”), 7 U.S.C.A. § 3501 *et seq.*

Interested stakeholders are invited to provide comments regarding the proposed changes no later than February 16, 2024. The Federal Register Notice is available in its entirety via the following link: <https://www.federalregister.gov/documents/2023/12/18/2023-27683/request-for-information-on-agricultural-foreign-investment-disclosure-act-afida-fsa-153-form>.

# Conclusions

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- Leasing is a common way to acquire access to land in U.S., especially cropland
- Many foreign investors are motivated to develop wind and solar rights
- China is a small piece of the puzzle with less than 1% of the foreign owned land in the United States
- Canada is the most significant & dominant foreign country with owned or leased interests in agricultural land in U.S. and in New York State

Mykel R. Taylor, Wendong Zhang, and Festus Attah. 2023. "[Foreign Interests in U.S. Agricultural Lands: The Missing Conversations about Leasing](https://www.choicesmagazine.org/choices-magazine/submitted-articles/foreign-interests-in-us-agricultural-lands-the-missing-conversations-about-leasing)." **Choices** Magazine published by Agricultural and Applied Economics Association (AAEA), <https://www.choicesmagazine.org/choices-magazine/submitted-articles/foreign-interests-in-us-agricultural-lands-the-missing-conversations-about-leasing>



# References

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- Mykel R. Taylor, Wendong Zhang, and Festus Attah. 2023. "Foreign Interests in U.S. Agricultural Lands: The Missing Conversations about Leasing." Choices Magazine <https://www.choicesmagazine.org/choices-magazine/submitted-articles/foreign-interests-in-us-agricultural-lands-the-missing-conversations-about-leasing>
- Wang, Fangyao, Wendong Zhang, and Mykel Taylor. 2023. Mapping and Contextualizing Foreign Ownership and Leasing of US Farmland. Revise and Resubmit at Journal of the ASFMRA, [https://wendongzhang.weebly.com/uploads/1/4/2/2/142249534/jasfmra\\_foreign\\_ag\\_ownership.pdf](https://wendongzhang.weebly.com/uploads/1/4/2/2/142249534/jasfmra_foreign_ag_ownership.pdf)
- Wang, Fangyao, and Wendong Zhang. 2024. Foreign Ownership and Leasehold of Agricultural Land in New York. Forthcoming, Cornell Dyson School Extension Bulletin, <https://dyson.cornell.edu/outreach/extension-bulletins/>



# Questions?

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# Research Question

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- Are purchases made by foreign entities systematically different from those made by others in the farmland market?
- Do they differ by per acre price paid?

# Data Sources

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- AFIDA sales transactions
  - FOIA request to Farm Service Agency
  - 1978 to 2020
  - Includes ownership, buyer, sale prices, county/state, and land-use details
- Focused on foreign sales for 11 states
  - Illinois
  - Indiana
  - Iowa
  - Kansas
  - Michigan
  - Minnesota
  - Missouri
  - Nebraska
  - North Dakota
  - South Dakota
  - Wisconsin

# Data Sources

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- Domestic sales data for those 11 states
  - Collected from two sources: individual county assessor offices and private company
  - 2015 to 2020



# Data Methods

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- Data on domestic sales is 50-100 times more than the number of corresponding foreign land sales recorded by AFIDA
- Foreign buyers are likely to be systematically different than domestic buyers
  - Target different types of farmland, different geographical regions or pay different prices due to transaction costs of buying in the U.S.
  - Would result in selection bias if we did a simple comparison
- Used a coarsened covariate matching method to construct a matched sample that contains comparable foreign and domestic sales
  - Mimics the process used by appraisers to find comparable sales

# Data Comparisons

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Variable	Mean (\$)	Standard Deviation
Foreign Price Per Acre	6,536	4,302
Domestic Price Per Acre	5,745	3,652

Variable	Mean (acres)	Standard Deviation
Foreign Total Acres	461	650
Domestic Total Acres	158	139

# Model

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- Hedonic model of land prices using matched sales

$$\text{Log}(\text{price per acre}) = f(\text{acres}, \text{acres}^2, \text{tillable}\%, \text{AFIDA DV}, \text{county FE}, \text{year FE})$$

- OLS regression

# Results

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Variable	OLS
Acres	-0.0001
Acres <sup>2</sup>	2.62E-08
Tillable%	0.456***
AFIDA DV	<b>0.137**</b>
R <sup>2</sup>	84.84
Observations	925

Note: Rank = 10, County FE's and Year FE's included, \*\*\*p-value 0.01, \*\*p-value 0.05, \*p-value 0.10

Foreign buyers in the Midwest pay a 13.7% premium for agricultural land over domestic buyers