McKinsey Survey: Large farms are leading in sustainable farming practices

CALGARY, ALBERTA, CANADA, December 23, 2022 / EINPresswire.com/ -- In an article entitled “Voice of the US farmer in 2022: Innovating through uncertainty,” management consulting firm McKinsey & Company released the results of a survey conducted in May 2022 of more than 1,300 US row- and specialty-crop farmers. The results of the survey show that “While many farmers are aware of sustainable farming practices, holistic adoption across practices is less than 50 percent” and that “Large farms are leading in practice adoption vs smaller farms.” (Source: McKinsey US Farmer Insights 2022–23)

Across every sustainable farming practice measured in the survey, large farms saw greater practice adoptions. The sustainable farming practices measured in the survey include:

No till
Low till
Cover crops
Variable-rate fertilizer
Controlled-release and stabilized fertilizer
Riparian buffers
Stormwater management
Biocontrols

According to the survey, the no-till practice has a 58% adoption rate on small US farms, 61% on medium-sized farms and 61% on large farms. Additionally, the low-till practice has a 57% adoption rate on small US farms, 62% on medium-sized farms and 70% on large farms. For comparison, the Veripath Farmland Funds have adopted no-till and low-till practices on 90% of the Canadian farmland in its portfolio.

Stephen Johnston, managing director with Veripath Partners, responded to the survey with the following comment:

"As a growing number of investors move to ESG driven mandates there is a pressing requirement to find assets and strategies which contribute to ESG compliance while still providing suitable risk adjusted return prospects. One such strategy to consider is Canadian farmland, where zero-till farming is a common practice. Western Canadian zero-till farmland portfolios capture material amounts of carbon and are suitable for investment firms with ESG mandates looking for inflation hedging strategies."

To learn more about zero-till farmland investing, read the Veripath report "Capturing Carbon and Returns with Canadian Farmland Investment Mandates".

For the complete survey results, visit McKinsey US Farmer Insights 2022–23.

Who is Veripath?

Veripath is a Canadian alternative investment firm focusing on farmland. Veripath believes that there are a number of factors that are supportive of the Canadian farmland investment premise, a few of which are highlighted below.

• Value: Canada has some of the most competitively priced farmland in the developed world – particularly on a productivity adjusted pricing basis.
• Diversification: Farmland exhibits low correlation to traditional stock/bond investments so can improve portfolio risk diversification.
• ESG: Western Canadian zero-till portfolios capture material amounts of carbon.
• Inflation Hedging: Farmland has historically had strong inflation/stagflation hedging capabilities and outperformed in real terms during periods of low real rates/high inflation.
• Demand: Farmland is a non-volatile way to capture the anticipated incremental demand coming from population growth and growing demands for food, feed, fuel and water globally.
• Veripath divides the Canadian market into two separate geographies of ~84M acres each in order to streamline and simplify farmland ownership regulatory compliance. Veripath Farmland (UR) LP invests in all of Canada (excluding SK and MB) and Veripath Farmland LP invests just in SK and MB. The two sister Funds have the same terms and fee structures.

make any representation not contained in such formal offering documents. No securities regulatory authority or regulator has assessed the merits of the proposed offering or reviewed any of the offering documents. This investment opportunity is speculative and involves a high degree of risk. There is a risk that any investment made will be lost entirely or in part. Only prospective investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider this investment. This document may contain forward-looking information and statements (collectively, “forward-looking information“) within the meaning of applicable securities laws.

Veripath Farmland Funds
Veripath Farmland LP
email us here
