

# Who owns and controls Danish agricultural land?

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Investments are not just about money, and they don't just impact the agricultural economy but also the dynamics of the agricultural sector itself. In Denmark, external investments have played an increasingly

influential role in shaping the sector. Rising land prices, expensive production facilities, and structural changes have increased the need for financial support from external sources.

These changes, combined with the emergence of larger agricultural enterprises, have challenged established norms of land ownership. At the same time, external investors have shown a strong interest in agricultural land as an attractive investment opportunity.

Within [agricultural research](#), financing has become a central theme. Researchers from Aarhus University and the University of Southern Denmark have examined how changing financial conditions also alter the dynamics of agriculture, especially for individual farmers. The paper is [published](#) in the *Journal of Rural Studies*.

"We have looked at how financial motivations, markets, actors, and institutions' economic influence have contributed to changing power dynamics in our food systems. Our study provides insights into how increased financial influence is evolving in the Danish agricultural and food sector. This has been done by analyzing the new ways investors think and act after restrictions on agricultural land ownership has been removed," says researcher Martin Hvarregaard Thorsøe from the Department of Agroecology at Aarhus University.

## **Financing Danish agriculture: A historical perspective**

In the 18th century, credit institutions were established to assist the transition to private ownership in Danish agriculture. Over time, the focus shifted towards intensive livestock farming with export as the goal, strengthening the agricultural sector's position in shaping policies. Financial conditions for farmers have changed significantly since the

early 1990s. The liberalization of the Danish mortgage credit system and the introduction of various financial options led to increased investments, mergers, and rising land prices.

"The global financial crisis in 2007–08 brought about a paradigm shift. Land prices plummeted, leaving many farmers with assets worth less than their mortgage bonds. To revive the sector, the Danish agricultural law was liberalized, allowing external investors to own and manage farms while actively participating in operational decisions," says Hvarregaard Thorsøe, pointing out that this marked the beginning of a significant shift in agriculture towards a more corporate ownership structure.

## **How investment ideals impact agricultural systems**

Agriculture is complex, consisting of a blend of social and material elements, including internal factors like farmers, employees, animals, and machinery, as well as external factors like regulations, markets, and processing. Traditionally, these factors have been the basis for decision-making in agriculture. However, as more investors enter the scene, their expectations of profitability and performance also become a factor influencing decisions.

"We have examined how the new economic conditions affect the way farmers think, and the agriculture business itself. We have looked at the different stakeholders' perceptions of the changing financial conditions in Danish agriculture," says Hvarregaard Thorsøe.

It's clear that the changes in financial conditions have not gone unnoticed. Retired farmers struggle to sell their properties, while young farmers find it challenging to secure sufficient capital for investments.

"Banks and mortgage credit institutions have changed their approach,

especially after the financial crisis in 2007. They now use benchmarking tools and risk management as crucial factors when assessing farmers based on their financial data. These assessments affect farmers' loan opportunities, interest rates, and ease of access to capital.

"Additionally, banks now also consider 'soft personal attributes' such as leadership skills and reliability when deciding whether to lend money. This has particularly impacted young farmers who often have limited equity," he explains.

According to the researchers, this has led to farmers focusing on achieving financial stability rather than merely increasing production.

"However, our study also shows that many farmers see new opportunities alongside external investors," says Hvarregaard Thorsøe.

## **Emerging investment opportunities in Danish agriculture**

As a result of the changing financing conditions in agriculture, researchers identify four different investment opportunities:

1. **Family business:** In a [family business](#), most resources are owned by the farmer's family, and management rights are passed on to the next generations. Independence and continuity are emphasized.
2. **Investment object:** In this scenario, external investors own all or part of the agricultural operation and hire a manager for its operation.
3. **Social and environmental finance:** Initiatives have arisen where consumers collectively invest in agricultural land to promote sustainable farming. Investors prioritize non-economic benefits

such as local sustainable food production, clean groundwater, and job creation.

4. Value chain collaboration: Value chain collaboration occurs when companies further down the value chain invest in primary production and share ownership with a [farmer](#). The goal is to strengthen coordination in the value chain to ensure quality, timing, and specific product standards.

These investment conditions have brought about several changes in Danish agriculture, including changes in how farmers act and how the relationship between investors and managers functions.

## **Changing Danish agriculture**

The question of who owns and controls Danish [agricultural land](#) has become increasingly complex. Investments in agriculture are not just about economics; they touch the heart of the agricultural sector itself. External investors play an increasingly important role in shaping the sector, and this development has led to rising land prices, expensive production facilities, and structural changes. It has challenged the existing norms of land ownership.

Research in this field has shown that the new financial conditions have changed the dynamics of agriculture, especially for individual farmers. It's no longer just the traditional factors like crops, animals, and machinery that influence decision-making; it's also the investors' expectations of profitability and performance.

"Therefore, it's clear that investments in agriculture bring more than just capital. They introduce expectations, values, and a vision for the future of Danish agriculture. This development presents both challenges and opportunities for the sector and will ultimately shape the future of Danish agriculture," concludes Hvarregaard Thorsøe.

With the emergence of new investment opportunities in agriculture, including family businesses, [investment](#) objects, social and environmental finance, and [value chain](#) collaboration, we see the potential for a transformation in the Danish agricultural sector. It's evident that Danish agriculture is in a transitional phase where new ideas and financing strategies are at play.

"Regardless of how complex this topic may be, it's crucial to understand that investments in agriculture have a profound impact on how the sector evolves. As economic conditions change, it's up to farmers, investors, researchers, and decision-makers to collaborate in creating a sustainable future for Danish [agriculture](#)," he concludes.

**More information:** Martin Hvarregaard Thorsøe et al, Investments are more than money: Emerging investment rationales and farmers in the Danish agri-food system, *Journal of Rural Studies* (2023). [DOI: 10.1016/j.jrurstud.2023.103062](#)

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