

# When summer becomes the stress test

For Professional Investors only  
July 2026



## What extreme weather is revealing about regenerative farming

This year, the signal arrived early. Across Europe, extreme heat and dry conditions accelerated crop development, bringing harvest activity forward in several regions and increasing concerns around water stress. Summer had arrived early in the farming calendar<sup>1</sup>.

Heat changes the test. It brings harvest forward. It lifts irrigation demand. It exposes light soils. Recent warnings from the World Meteorological Organization and the European Commission's Joint Research Centre highlight the growing risks of heat and crop-water stress<sup>23</sup>. This is not just weather. Research from Wageningen University makes that point sharper: heat, drought, salinity and flooding are now increasingly interacting stresses that affect crop growth, yield and survival. Farms no longer face one problem at a time. The soil has to buffer several.

### What the data shows under drought and heat

Recent field-level research has added a new dimension to that debate. In June 2026, Soil Capital published analysis based on independently verified field-level data from 1,262 farms covering 331,600 hectares across France between 2021 and 2024. The study examined how farms with differing levels of regenerative practice performed during the 2023 droughts<sup>4</sup>.

That is why this data matters. While yields fell across all farms during the 2023 drought, the decline was materially smaller on farms with higher levels of regenerative adoption. The table below shows the difference:

| Metric                                                     | Higher regenerative adoption | Lower regenerative adoption |
|------------------------------------------------------------|------------------------------|-----------------------------|
| Yield decline (2023 drought)                               | 8%                           | 22%                         |
| Farms analysed                                             | 1,262                        | Same dataset                |
| Area covered                                               | 331,600 hectares             | Same dataset                |
| Reduction in drought-related yield losses (cereal regions) | ≥10% in ~85% of cases        | Higher losses               |

Source: Soil Capital analysis of 1,262 French farms across 331,600 hectares, published June 2026.

The findings do not suggest regenerative farms were immune to drought. Yields still fell across all farms. Hence, it does not prove that regenerative farming guarantees better outcomes. Farming remains highly local, with results influenced by crop choice, soil type, climate and management quality. The study suggests that results are increasingly shaped by the interaction of crop diversity, rotations and soil management, rather than by any single input or technique.

<sup>1</sup>Farmers Weekly, Hot spell drives early barley harvest in eastern England, 29 June 2026.

<sup>23</sup>World Meteorological Organization, Record-breaking heat spreads through Europe, 29 June 2026

<sup>3</sup>European Commission JRC MARS Bulletin, Crop monitoring in Europe – June 2026, 22 June 2026.

<sup>4</sup>Soil Capital, analysis of 1,262 French farms, June 2026.

## **That distinction is useful. Regeneration should not be presented as a guarantee. It is better understood as a reduction in downside risk.**

The question is no longer whether a farming approach aims to improve soil health, biodiversity or water management, but whether those improvements can be measured and linked to long-term asset quality and performance.

Wageningen University's 2025 Regenomics report<sup>5</sup>, which reviewed European arable farms, also identified soil cover, crop choice and water availability as important variables in regenerative systems.

### **What changes on the ground?**

One reason regenerative farming can be difficult to discuss is that it is not a single technique. It is an approach that combines a range of techniques designed to improve how land functions over time.

Three themes appear repeatedly:

#### **1. Soil as the foundation**

**Healthy soil is more than a growing medium. Soil structure, biological activity and organic matter influence how effectively water and nutrients move through a farming system.**

Heat begins at the soil surface. A 2025 review<sup>6</sup> of soil management and soil thermal properties found that conservation tillage improves aggregation and moisture conservation, while crop rotation and mulching regulate soil microclimates and temperature fluctuations. Residue is not just waste. In summer, it is shade.

Practices such as cover crops, reduced tillage and longer crop rotations are often used to improve soil condition. Over time, healthier soils may support deeper rooting systems, improved water retention and greater stability during periods of stress.

This makes surface cover an adaptation tool, not only a soil-health measure. A covered soil loses less water to direct evaporation. It also protects roots from the worst heat. Small differences can matter when several hot days arrive together.

Wageningen Environmental Research makes the water link explicit. Its 2025 report on regenerative agriculture and the water cycle says cover crops generally increase soil organic matter, aggregate stability and macro-porosity. Those changes can support infiltration and water retention. That is one route by which a field can cope with heat.

Recent review evidence points in the same direction. A 2026 review in *Frontiers in Sustainable Food Systems* found that long-term cover crops and mulches consistently improve soil organic matter, aggregate stability and water infiltration. The mechanism is simple. Cover the soil and keep water available for longer<sup>7</sup>.

#### **2. Managing water differently**

**As rainfall becomes less predictable, the ability of land to absorb, store and release water plays a larger role in farm performance.**

Regenerative farming is often discussed through the lens of drought, but the underlying issue is how effectively water moves through the system. Land that can retain moisture during dry periods and absorb rainfall during wet periods may be better equipped to cope with more volatile conditions.

Cover crops help build that function. Cover crop roots and organic matter can improve soil aggregation, infiltration and water-holding capacity in drier conditions. In practical terms, the farm has more time before stress becomes damage.

<sup>5</sup>Wageningen Social & Economic Research, *Regenomics: Evaluating the economic and environmental impacts of regenerative agriculture*, 2025.

<sup>6</sup>A comprehensive review of impacts of soil management practices and climate adaptation strategies on soil thermal conductivity in agricultural soils, 2025.

<sup>7</sup>Effects of soil cover practices on soil health and agroecological functions, 2026.

### 3. System design matters

Recent research on pesticide-free agriculture found that systems built around crop diversification, longer rotations and soil-focused management could, under certain conditions, match or even exceed conventional yields, while also highlighting drought and weed management as important challenges.

More broadly, the findings point to the importance of crop diversity, rotations and soil management working together, rather than any single intervention.

A further theme is microclimate. Trees can do something annual crops cannot. They change the temperature around the crop and the soil.

Hedgerows, shelterbelts and silvoarable systems (the combination of forestry and farming) therefore belong in the heat discussion. Not only in the biodiversity discussion. This is not decorative planting. It is local climate management.

These approaches are being translated into measurable objectives, whether improving water efficiency, reducing chemical dependency or expanding the use of minimum tillage. Adopting a particular label matters less than demonstrating progress over time.

#### Why this matters for investors

For investors, the issue is not whether a farm can produce the highest yield in a favourable year. It is whether the underlying quality of the land is being maintained and strengthened over time.

This is where regenerative farming becomes relevant beyond sustainability discussions. Many of the practices associated with regenerative agriculture are directly linked to factors that influence long-term asset quality:

- Soil condition
- Water availability and retention
- Input dependency
- Long-term productivity
- Exposure to climate-related risks

**For investors, the key question is not whether a farm can avoid every stress event. It cannot. The question is whether management reduces the size of the loss when stress arrives.**

A farm with deteriorating soil health or increasing sensitivity to water stress may continue to perform well during favourable seasons. However, those vulnerabilities are more likely to be exposed when conditions become difficult.

This is one reason the discussion is shifting beyond single-season outcomes. The focus is on whether management decisions are strengthening the productive capacity of the land over time and improving its ability to withstand future pressures.

Seen through this lens, stewardship becomes less about environmental positioning and more about protecting the productive capacity of the asset.

#### Stewardship beyond the label

Within the **Kempen SDG Farmland strategy**, more than **250 indicators are monitored at asset level** across soil health, water resources, crop management, biodiversity and stewardship. The objective is not simply to collect sustainability data, but to understand whether land condition is improving over time and whether management decisions are strengthening the long-term productive capacity of the asset.

The focus is shifting from intent to evidence. Investors want to understand not only whether sustainability outcomes are being delivered, but whether factors such as soil health, biodiversity and water management are contributing to long-term asset quality and performance.

## What should investors look for?

Rather than focusing solely on whether a farm follows a particular label or framework, investors may be better served by asking three practical questions:

### How does the land behave under stress?

Average yields tell only part of the story. Understanding how assets perform during droughts and other difficult periods may provide a clearer view of risk. Averages can hide fragility. Investors should separate performance in normal years from performance in stress years. The second figure may say more about future risk.

### Is land condition improving or deteriorating?

Soil health, water management and productivity trends can help indicate whether the underlying quality of the asset is strengthening or weakening over time. Useful indicators could include cover-crop days, soil organic carbon, aggregate stability, infiltration rate, rotation diversity, summer ground cover, irrigation requirement and yield variability in stress years.

### How is progress measured?

Stewardship is most meaningful when supported by evidence. Monitoring, reporting and management decisions should show how information is being used to support long-term land condition and productivity.

## Beyond the good years

As drought, water stress and extreme heat become more common, differences in soil health, water management and farming systems become easier to see. For investors, that changes the way farmland is assessed, from what it produces in a favourable year to how it behaves when conditions become difficult.

The significance of regenerative farming is not that it guarantees higher yields. It is that periods of stress may reveal differences in how land is managed. When summer becomes the test, those differences become easier to observe. The best farmland is not necessarily the land that shouts in a good year. It is land that keeps functioning in a bad one.





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