



Market Musings 04/26

For Professional Investors only

The shift in how the world sees farmland

An asset that sits between categories

Investment categories tend to last longer than the conditions that created them. Real estate, infrastructure and private markets were shaped in a period when natural systems felt predictable and globalisation appeared steady. Those assumptions carried portfolios for decades.

The world is different now. Investors are seeing that more clearly in assets where physical conditions and financial outcomes are tightly linked. Pressures that once sat in the background have moved forward, and some familiar classifications no longer explain as much as they used to. Farmland sits in that space, rather than fitting neatly into existing categories.

A changing backdrop

For years, portfolio design focused on growth, liquidity and diversification across markets. These remain important, but they no longer describe the full picture. A run of environmental shocks, disrupted supply chains and resource constraints has reminded investors that real economic systems have a direct bearing on long-term value. These forces are no longer peripheral considerations for asset allocators.

Farmland sits close to these forces. A dry season, a flooded field or a shift in local water rules may not move financial markets immediately, but they shape the conditions that underpin economic output. This proximity makes farmland an interesting reference point for understanding how risk is changing.

Why the old buckets struggle

Most debates about farmland circle around the same question: where does it sit? Real asset. Operating asset. Natural capital. None of the labels are wrong, yet none are complete.

The problem is not farmland. It is that the categories were built for a world that assumed steady natural systems and consistent global flows. When those assumptions weaken, the boundaries drawn around assets begin to blur.

Farmland has not changed its character. The context around it has. That is why it resists easy placement.

What farmland quietly shows

What makes farmland useful right now is not its classification, but what it reveals about how risk and value are changing. It highlights a set of conditions that are becoming harder to ignore:

- Real economic activity is shaped by natural systems
- Physical pressures can influence outcomes even when markets look calm
- Value can depend on decisions made far from trading screens
- Long-term stability has a practical, grounded side

These observations stretch beyond agriculture. They are showing up across infrastructure, energy, insurance and parts of the private market universe that now face similar real world constraints.

A signal rather than a solution

Farmland is not trying to claim a new spot on allocation charts. It is simply a reminder that some of the assumptions behind those charts have shifted.

What farmland brings is a clearer view of emerging pressures. It shows how structural risks move from theory to reality. It connects financial outcomes back to the physical systems that support them. It gives a sense of where long term thinking is heading, rather than where it has been.

The takeaway

The fact that farmland does not fit neatly into old buckets is not the interesting part. The interesting part is what that discomfort reveals. It tells us the investment world is adjusting to conditions it did not have to account for before. Farmland is one of the places where that adjustment is easiest to see.

Its fit may still be unclear, but the message it carries about the direction of long term value is not. That is a conversation investors are only just beginning to have.

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