



AGRICULTURE LANDSCAPE

August 2025

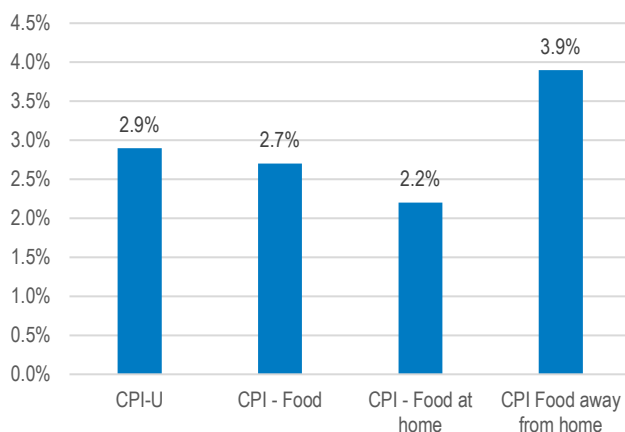
The Consumer Price Index (CPI) for food remains stable for now. The impact of potential reciprocal tariffs on some US agricultural products remains in flux as new trade agreements are being finalized. The One Big Beautiful Bill (OBBB), signed into law this past July, is expected to provide additional safety net funds—a win for the farming sector. Some operations have reported that deportation fears are driving workers away. Asset Management Firms without a platform to invest in the farmland sector may be inclined to buy more agricultural investment managers. This commentary explores the latest developments in the sector.

Food Sector

The Bureau of Labor Statistics reported in its August 2025 publication that the **CPI** reflected an increase of 2.7% for the past 12 months through July. The CPI for food was slightly higher than the CPI for All Urban Consumers (CPI - U), at 2.9%. Food at home was at 2.2%, with the major price increases still observed in the meats, poultry, fish and eggs category, at 5.2%, followed by nonalcoholic beverages at 3.6%, dairy and related products at 1.5%, other food at home at 1.2%, cereals and bakery at 1.0%, and fruits and vegetables at 0.2%. Food away from home continues to trend higher, at 3.9%.¹

Consumers continue being pinched by higher costs of food products. Major food companies like PepsiCo, Mondelez and Campbell's have indicated shifts in consumer preferences and trading down on various product offerings. In addition, the foodservice industry has begun experiencing a slowdown in sales due to consumer pricing fatigue.

Graph. CPI for Food, July 2025



Trade and Legislation

As of the beginning of August, **US tariffs** became effective against many countries and ranged from 10% to 50%. During the past months, new impositions of tariffs have caused a wide range of confusion and many surprises along the way among importers of agricultural products as well as food retailers. And even though many fresh agricultural imports are exempt from tariffs, especially imports from major trading partners such as Mexico and Canada, there remain a handful of countries whose tariffs will result in consumers' having to pay higher prices in the near future for vegetables, coffee, seafood, chocolate, tree nuts and tropical fruits, such as bananas, coconuts and pineapples. In the latest round of tariffs, the United States threatened to include a tariff of up to 50% on orange juice by-products from Brazil, which are used not only in the beverage industry but also in cosmetics industries, ingredients industries and cleaning industries. South Africa faces a 30% tariff, which could affect shipments of citrus, grapes, pears and wine, among many other products. US seafood imports from Vietnam and Chile face a 20% and 10% tariff, respectively.

OBBB,² which was signed into law on July 4, is projected to add close to \$65.6 billion in safety net funds and other funds for agriculture during the next decade as outlined below:

Farm Program	FY2025–FY 2034 (in \$ billions)
Safety net funds and crop insurance	\$59,040
Disaster assistance programs	\$2,778
Trade programs	\$2,191
Research programs	\$1,608
Total	\$65,617



- **Safety net programs:** An estimated 89% of safety net funds is expected to provide safety net support through various agricultural programs such as Price Loss Coverage, Agricultural Risk Coverage, Marketing Assistance Loans and Dairy Margin Coverage, which will have higher reference commodity prices. The changes are expected to increase revenue guarantees so that farmers can recover from price drops or yield declines. Crop insurance, which accounts for \$5.9 billion, is projected to increase the US government's share of this program by a range of 3 to 5%.

Commodity	2018 Farm Bill Reference Price	OBBB Reference Price	Variance (%)
Soybeans	\$8.40	\$10.00	+19
Wheat	\$5.50	\$6.35	+15
Corn	\$3.70	\$4.10	+11
Sorghum	\$3.95	\$4.40	+11
Barley	\$4.95	\$5.45	+10
Oats	\$2.40	\$2.65	+10

- **Disaster assistance:** Disaster assistance improves payments and eligibility criteria for livestock and specialty operations.
- **Trade promotion:** This program is expected to support US Department of Agriculture (USDA) efforts in the development of international markets and will allocate permanent funding in the amount of \$285 million beginning in 2027.
- **Research and innovation:** The \$1.6-billion allocation to this initiative seeks to provide funding that will enhance research on crop breeding, pest controls and automation of high-value commodities; will modernize aging research infrastructures; and will promote public-private innovation partnerships.

During recent months, the USDA's secretary of agriculture has focused on multiple initiatives such as the **National Farm Security Action Plan**³ to promote agricultural and economic prosperity, defend foundations of agriculture and food, and strengthen domestic agricultural productivity. The USDA action plan outlines a series of actions, as follows:

- Increase transparency of land owned by foreign nationals, with focus on countries of concern. The department's plan includes release of a foreign-farmland-purchases map as well as the establishment of a portal for reporting violations related to purchases of farmland by foreign adversaries as per the Agricultural Foreign Investment Disclosure Act—especially farmland near military facilities.

- Control, in coordination with the US Department of Treasury, reviews of foreign transactions that involve farmland, agricultural businesses, agricultural biotechnology and the agriculture industry.
- Review with other federal agencies a list of critical agricultural inputs such as fertilizers, chemicals and minerals as well as other materials and components for military use.
- Identify risks and security issues that could affect the food and agricultural infrastructure sector, including prevention and spread of biochemicals, biological agents and animal and plant diseases and pests.
- Increase the Supplemental Nutrition Assistance Program's controls to combat fraud and use of the program by illegal aliens.
- Enhance research security against international influence to avoid theft of intellectual property, agroterrorism and forced technology transfers.
- Strengthen and safeguard plant and animal health through the development of vaccines and other methods to mitigate and eradicate diseases such as citrus greening, avian influenza and New World screwworm.
- Protect critical infrastructure from cyber technology threats and other security concerns that could affect food production and the rest of the supply chain.

The current Administration's recent crackdown on **illegal immigration** has threatened labor availability for various kinds of agricultural producers that rely on workers to plant and harvest annual crops across the United States. Some operations have reported that deportation fears are driving workers away. In addition, the costs of applications for guest workers—known as the H-2A Temporary Agricultural Workers visa program—continue to increase. In the past two years, H-2A application fees have increased 198%, according to the American Farm Bureau Federation, which has served to raise more and more challenges to farm producers at a time that margins remain tight.⁴

Mergers and Acquisitions

The acquisition of **new ag technologies** focused on data management continues to evolve. During the second quarter of this year, Deere & Company acquired Sentera, an aerial field-scouting company that provides agronomical data for farmers, ag retailers, crop insurance companies and other producers.



The acquisition enhances Deere's precision agricultural capabilities and data integration that the company seeks to continue growing in the future.

In early August, WisdomTree, an **institutional investor** with a reported \$129 billion in assets under management, announced its acquisition of Ceres Partners, LLC, a farmland investment manager headquartered in Indiana, with an estimated 174,000 acres located in 12 states and more than \$1.85 billion in assets under management. The acquisition includes a \$275-million up-front cash payment and a reported earnout provision of up to \$230 million, payable in 2030 subject to meeting certain financial metrics. Institutional investors seeking to expand their alternative investment capabilities could be pursuing additional acquisitions in the farmland space.⁵

Proterra Investment Partners, a **private-equity** firm headquartered in Minneapolis, announced in August 2025 its acquisition of AcreTrader, a technology company focused on farmland investments that provides access to investors seeking to make farmland investments through a proprietary platform.

Miscellaneous

According to the Association of Equipment Manufacturers, annual **sales of farm tractors** through July 2025 were down 10%; sales of four-wheel-drive tractors were down 39%; sales of smaller tractors were down 27% for 100 or more horsepower (hp), down 6% for 40 to 99 hp and down 8% for less than 40 hp; and sales of combine harvesting machines were down 43% compared with the same period in 2024.⁶

REFERENCES

1. [CPI Home: US Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov/).
2. [One Big Beautiful Bill Act: Final Agricultural Provisions | Market Intel | American Farm Bureau Federation](#)
3. [National Farm Security Plan](#)
(<https://www.usda.gov/sites/default/files/documents/farm-security-nat-sec.pdf>)
4. [Snail Mail and Government Bills: H-2A Application Costs | Market Intel | American Farm Bureau Federation](#)
5. [WisdomTree to Acquire Ceres Partners, Premier US Farmland Investment Manager and Family Farmer Partner: WisdomTree, Inc. \(WT\)](#)
6. [Ag Tractor and Combine Report](#)
(<https://www.aem.org/getattachment/0a57af5c-46c7-4e35-8cac-82c318079bf1/US-Month-Ag-Report-7-2025.pdf>)

LEARN MORE | pgimrealestate.com



JAMIE SHEN

Head of Agriculture
jamie.shen@pgim.com



JUAN DAVID CASTRO-ANZOLA

Director of Agriculture Underwriting,
Research and Agricultural Technology
juan.castroanzola@pgim.com



© 2025 PGIM Real Estate is the real estate investment management business of PGIM, the principal asset management business of Prudential Financial, Inc. ("PFI"), a company incorporated and with its principal place of business in the United States. PGIM is a trading name of PGIM, Inc. and its global subsidiaries. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). Registration with the SEC does not imply a certain level of skill or training. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide. In the United Kingdom, information is issued by PGIM Real Estate (UK) Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Real Estate (UK) Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 181389). These materials are issued by PGIM Real Estate (UK) Limited to persons who are professional clients as defined under the rules of the FCA. In the European Economic Area ("EEA"), information is issued by PGIM Luxembourg S.A. with registered office: 2, boulevard de la Foire, L1528 Luxembourg. PGIM Luxembourg S.A. is authorized and regulated by the Commission de Surveillance du Secteur Financier in Luxembourg (registration number A00001218) and operating on the basis of a European passport. In certain EEA countries, this information, where permitted, is presented by PGIM Limited in reliance of provisions, exemptions, or licenses available to PGIM Limited under the temporary permission arrangements following the exit of the United Kingdom from the European Union. PGIM Limited has its registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. PGIM Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number: 193418). These materials are issued by PGIM Luxembourg S.A. and/or PGIM Limited to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II) and/or to persons who are professional clients as defined under the rules of the FCA. PGIM operates in various jurisdictions worldwide and distributes materials and/or products to qualified professional investors through its registered affiliates including, but not limited to: PGIM Real Estate (Japan) Ltd. in Japan; PGIM (Hong Kong) Limited in Hong Kong; PGIM (Singapore) Pte. Ltd. in Singapore; PGIM (Australia) Pty Ltd in Australia; PGIM Luxembourg S.A., and PGIM Real Estate Germany AG in Germany. For more information, please visit pgimrealestate.com.

GENERAL/CONFLICTS OF INTEREST

These materials represent the views, opinions and recommendations of the author(s) regarding the economic conditions, asset classes, securities, issuers or financial instruments referenced herein. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without prior consent of PGIM Real Estate is prohibited. Certain information contained herein has been obtained from sources that PGIM Real Estate believes to be reliable as of the date presented; however, PGIM Real Estate cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM Real Estate has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. Past performance is no guarantee or reliable indicator of future results. No liability whatsoever is accepted for any loss (whether direct, indirect, or consequential) that may arise from any use of the information contained in or derived from this report. PGIM Real Estate and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM Real Estate or its affiliates.

The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients or prospects. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. For any securities or financial instruments mentioned herein, the recipient(s) of this report must make its own independent decisions.

Conflicts of Interest: Key research team staff may be participating voting members of certain PGIM Real Estate fund and/or product investment committees with respect to decisions made on underlying investments or transactions. In addition, research personnel may receive incentive compensation based upon the overall performance of the organization itself and certain investment funds or products. At the date of issue, PGIM Real Estate and/or affiliates may be buying, selling, or holding significant positions in real estate, including publicly traded real estate securities. PGIM Real Estate affiliates may develop and publish research that is independent of, and different than, the recommendations contained herein. PGIM Real Estate personnel other than the author(s), such as sales, marketing and trading personnel, may provide oral or written market commentary or ideas to PGIM Real Estate's clients or prospects or proprietary investment ideas that differ from the views expressed herein. Additional information regarding actual and potential conflicts of interest is available in Part 2 of PGIM's Form ADV.

INFORMATIONAL PURPOSES

These materials are for informational or educational purposes. In providing these materials, PGIM (i) is not acting as your fiduciary and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as PGIM will receive compensation for its investment management services.

These materials do not take into account the investment objectives or financial situation of any client or prospective clients. Clients seeking information regarding their particular investment needs should contact their financial professional.

The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PGIM Real Estate's efforts to monitor and manage risk but does not imply low risk.

These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.