

THE TREND REPORT

LAND: THE UNSUNG RESOURCE 2025



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LETTER FROM THE MANAGING DIRECTOR

Commercial real estate comprises many different categories: office, industrial, retail, multifamily and more, all serving different needs and aspects of everyday life. What they all have in common is land underneath the buildings. Often neglected as an investment in CRE, land — be raw land, vacant land or a vacant lot — poses one of the greatest wealth-building opportunities today.

The United States has a total of some of 2.26 billion acres of land, with 1.2 billion in agricultural uses. Undeveloped properties are located in rural and even urban areas — and not much more is being made. More than ever before, undeveloped land is available for sale because of two major sellers: Baby Boomers and the federal government.

Now entering or well into their Golden Years, many Boomers are looking toward comfortable retirements and estate planning. They may be looking to monetize their property, avoid family disputes during their lifetimes or after, or give up the time and effort of maintaining the land, made ever more difficult due to climate change. The result is the greatest transfer of wealth in history, expected to be ongoing until 2045.

Their holdings, however pale in comparison to those of the U.S. Government, the largest owner of undeveloped land in the country. While legislation has mandated that many parcels can never be developed, and others are impractical for building, the government does hold periodic sales of developed and undeveloped land, especially in the West. And pending legislation may increase the acreage available for sale.

Regardless of the source, undeveloped land can be a wise investment for developers, homeowners, preservationists or those looking for long-term appreciation. Taking advantage of these opportunities requires knowledge, persistence and patience, but these empty acres can be the beginning of new cities, resorts, campgrounds or more. After all, many new developments start with empty land.



DANIEL SPIEGEL
*Senior Vice President &
Managing Director*



DEFINING LAND

Merriam-Webster may define land as “the solid part of the surface of the earth” but there’s much more to it than that for investors.

There are several categories of undeveloped property:

- **Raw Land** — Also called undeveloped land, this is pristine, untouched ground without any utilities, infrastructure or improvements. Typically, it is more affordable to purchase, but more challenging to finance because of the regulations, environmental reviews, and infrastructure that must be built to develop it.

Then why bother? Because of its potential. Raw land can be used for many different uses, depending on factors such as its location, accessibility, use regulations, availability of utilities and infrastructure, and geography/topography. (There’s a reason much of the Mojave Desert remains undeveloped — for now.)

Possible uses can include:

- **Agriculture and farming** — Farmland can remain just that, or raw land can be properly irrigated to become farmland.
- **Residential development** — Zoning is key, but many new master-planned communities or housing complexes are being built on undeveloped land near major urban areas.
- **Commercial development** — The “Malling of America” began in Midwest cornfields. Today, raw land can be used for build warehouses, data centers, or retail, as zoning permits.
- **Recreation** — Land can remain lightly developed to support ranching, timber cultivation, wilderness preserves, or parks.
- **Infill** — Depending on the location and zoning, small parcels can be developed to complement their surroundings — needed parking in a downtown, self-storage in a city or suburb, etc.

- **Vacant Land** — These properties lack physical structures but may have utilities and other infrastructure in place. It might even have had buildings at one time, but they were later torn down.
- **Vacant Lots** — These generally are empty smaller parcels within a larger developed area.

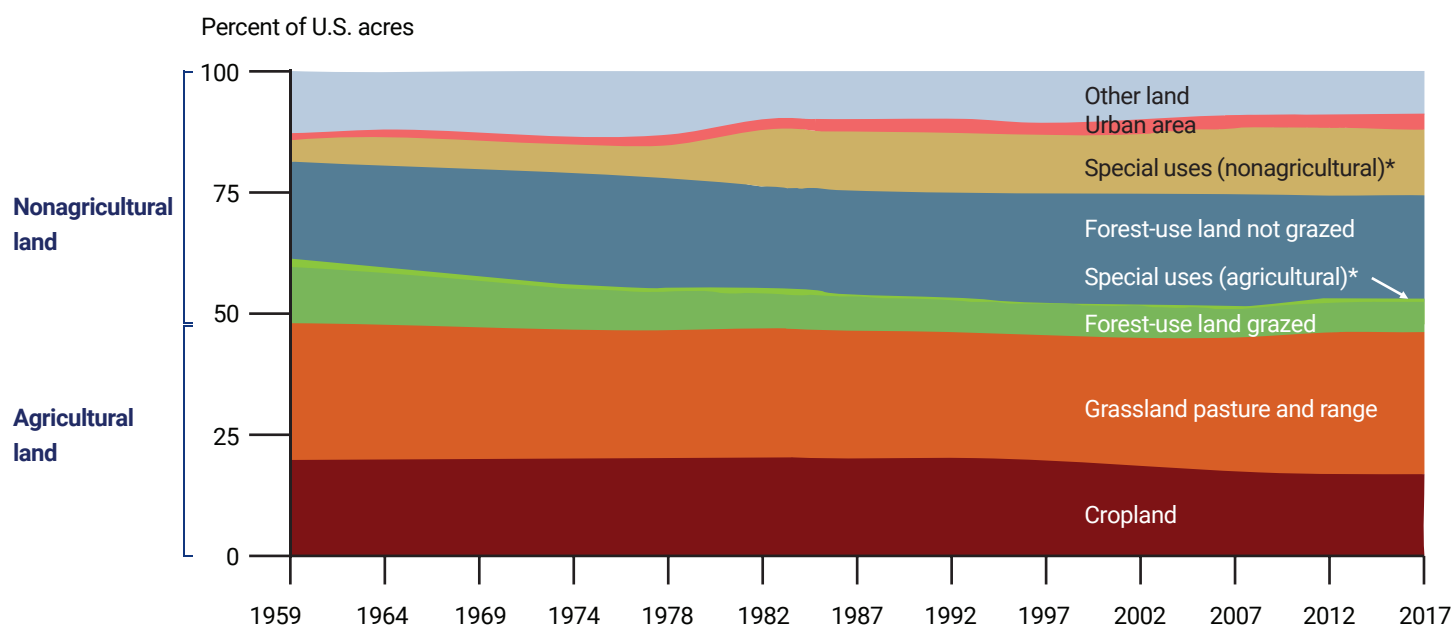
According to the U.S. Department of Agriculture (USDA), U.S. land area totals 2.26 billion acres, with nearly 1.2 billion acres being used for agricultural purposes. But development has resulted in agricultural land declining, from 59% of the total land base in 1959 to 53% in 2017, the latest year for which national data exists.

“Gradual declines have occurred in cropland, while grazed forestland has decreased more rapidly. In 2017, 390 million acres of agricultural land were in cropland (a 15% decline from 1959); 659 million acres were in grassland pasture and range (4% more than in 1949); 132 million acres were in grazed forestland (46% less than in 1959); and 6 million acres were in farmsteads and farm roads (47% less than in 1959). Urban land, while it represents a relatively small share of the U.S. land base, has nearly tripled in area since 1959 to 74 million acres.¹

¹[U.S. Department of Agriculture, “Agricultural land uses account for over half of the U.S. database”](#)



MAJOR LAND USES IN THE UNITED STATES, 1959-2017



*Special uses include rural parks and wilderness areas, rural transportation areas, defense/industrial lands (all nonagricultural uses), and farmsteads/farm roads (agricultural uses).

Source: USDA, Economic Research Service using data from the Major Land Uses series.

TRENDS IN SALES AND VALUES

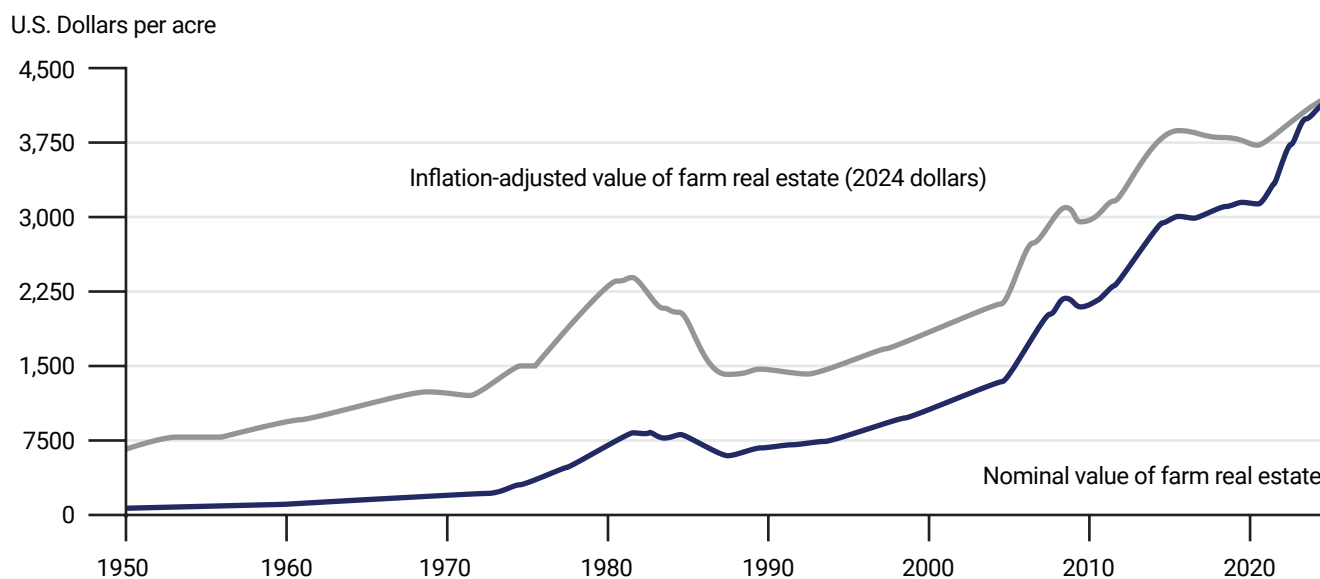
As of 2022, there were 1.9 million farms in the U.S., with 880.1 million acres, down from 2.042 million farms totaling 900.2 million acres in 2017, according to the U.S. Census Bureau. Perhaps not surprisingly, the average size of a farm has increased, from 441 acres in 2017 to 463 acres one year later. The value of these only increased in 2022, as commodity prices for corn and soybeans skyrocketed and demand was intense among buyers seeking hedges for inflation.

"Farm real estate (land and structures) accounted for a forecasted 3.52 trillion dollars (83.5%) of the total value of U.S. farm assets in 2024. Following a period of stabilization in farmland values from 2014 to 2020, farmland values began to appreciate in 2021, even after adjusting for inflation. The trend has continued into 2024. The value of U.S. farmland averaged \$4,170 per acre, an increase of 5.0% over 2023 values, or 2.5% when adjusted for inflation. Over the previous five-year period (2018 to 2023), the compound annualized growth rate (CAGR) was 5.1%, or 1.4% after adjusting for inflation," reported the USDA's Economic Research Service in May 2025.²

²USDA Economic Research Service, "Land Use, Land Value & Tenure – Farmland Value"



AVERAGE U.S. FARM REAL ESTATE VALUE, NOMINAL AND REAL (INFLATION ADJUSTED), 1950-2024



Note: Farm real estate includes land and buildings. Data reflect values as of June 1 of each year (values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis Gross Domestic Product Price Index, BEA API series code A191RG, rebased to 2024 by USDA, Economic Research Service). U.S. estimates exclude Alaska and Hawaii.

Source: USDA, Economic Research Service using annual national agricultural land value estimates from USDA, National Agricultural Statistics Service, Quickstats.



Urban areas are a completely different situation because of one factor: zoning. Whether a project is zoned for residential, commercial, industrial, or mixed-use can have a dramatic effect on its income and profitability potential, and therefore its value.

A parcel zoned for multifamily, for example, is likely to be more valuable because more income-producing units can be built. It could boost the value of existing commercial properties in the area, as they anticipate more business. But the interplay between property types is complex — concerned about the impact of multifamily housing on schools, infrastructure, and their own home values, many a suburban community has fought apartment development.

Similarly, “rezoning a parcel of land for industrial use could negatively impact the property values of surrounding residential areas due to increased noise, traffic, or pollution. On the other hand, rezoning an area to permit higher-density residential development can lead to increased demand for nearby commercial services and amenities, potentially boosting the

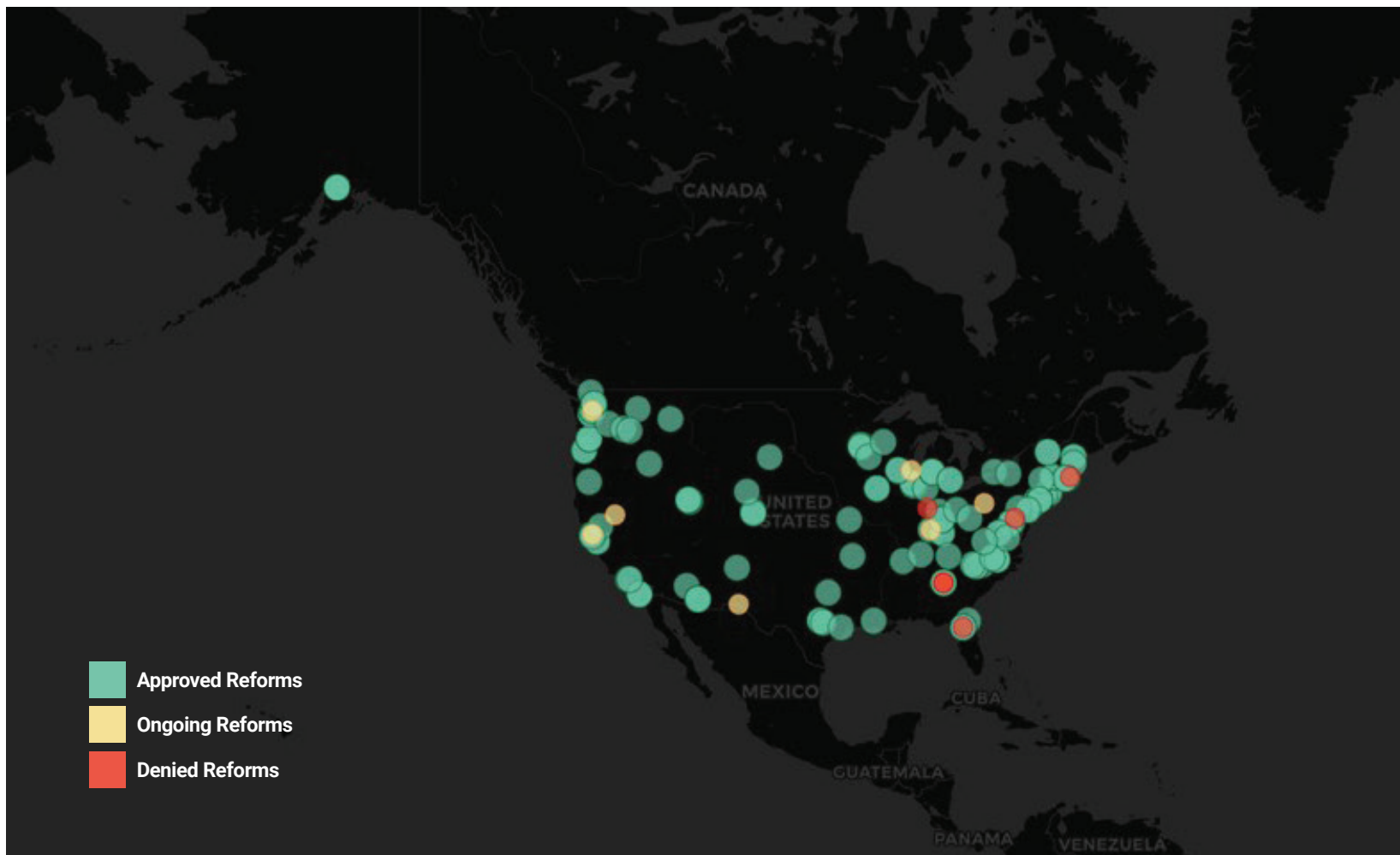
value of commercial properties in the vicinity,” observed title research firm Majr Resources.³

However, the past decade has seen many municipalities relaxing regulations to enable the development of housing, especially in urban areas desperately trying to remain affordable after home prices and rents skyrocketed during the COVID-19 pandemic. Minneapolis eliminated the use of single-family exclusive zoning in 2018 and now permits greater residential development near transit stops as well as accessory dwelling units (ADUs) built adjacent to existing homes. Transit-oriented developments are becoming increasingly popular.

Rezoning has become so important around the U.S. that the University of California Berkeley has launched a database of zoning reform efforts. As of April 2025, more than 160 municipalities nationwide are in the process of some kind of zoning reform to ease development and increase property values.⁴

³Majr Resources, “[How Does Land Use Zoning Affect Property Values?](#)”

⁴Othring & Belonging Institute, University of California Berkely, “[Zoning Reform Tracker](#)”



THE SELLER

With land ever-increasing in price, it makes sense that owners would look to monetizing sometimes long-held investments. Sellers are tending to fall into two major categories.

But who is selling and who is buying? And why?

PRIVATE INDIVIDUALS AND FAMILIES

The Baby Boom generation and their predecessor Silent Generation now are 61 years old and older and control the majority of wealth in the U.S. — estimated at 65%, despite being just 25% of the population.

This sets the stage for the largest transfer of wealth in history, estimated at more than \$84.4 trillion over 20 years through 2045, according to Cerulli Associates.⁵

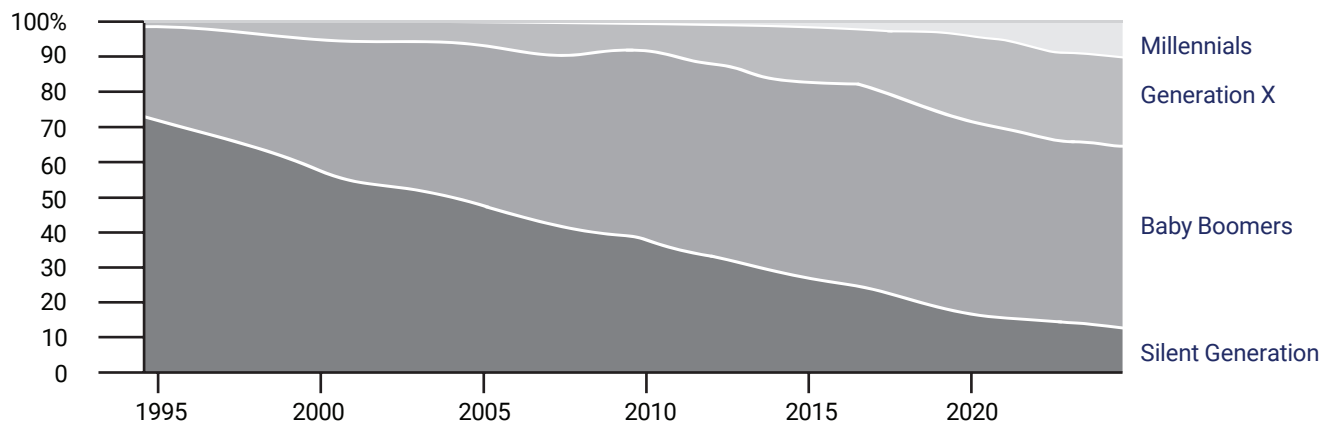
Land is a significant portion of that wealth, with the two generations combined controlling more than \$24 trillion in real estate assets as of the fourth quarter of 2024, according to the Federal Reserve Board.

⁵Cerulli Associates, January 2, 2022, "[Cerulli Anticipates \\$84 Trillion in Wealth Transfers through 2045](#)"



BABY BOOMERS HOLD THE MAJORITY OF WEALTH IN THE US

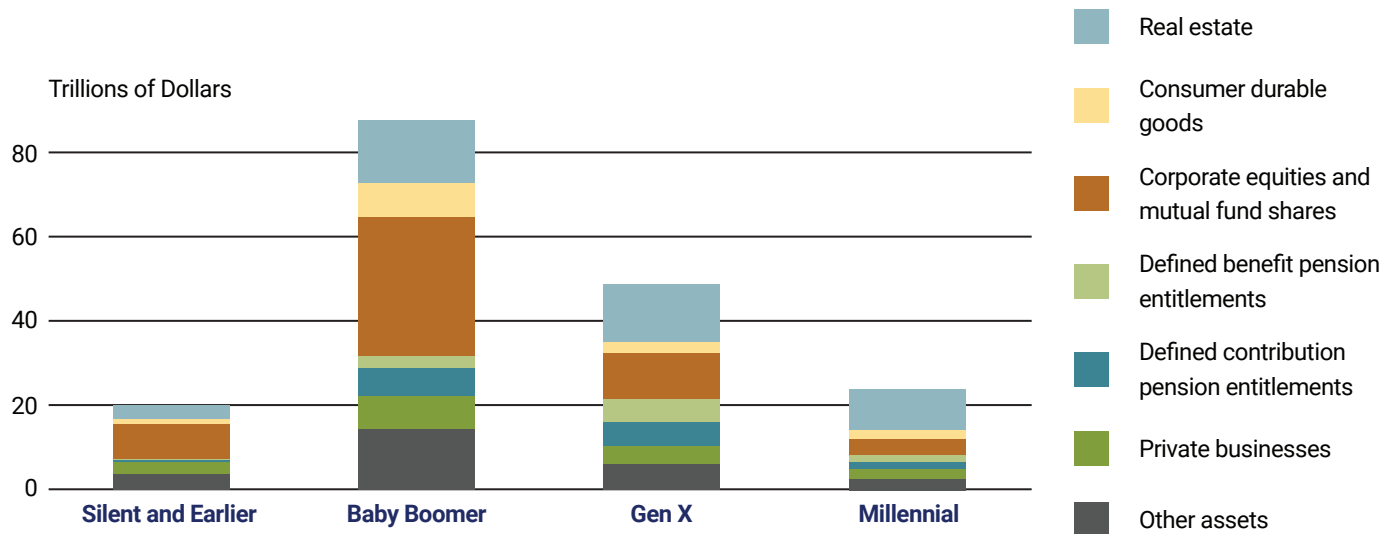
The Silent Generation and baby boomers represent 25% of the population and hold 65% of all wealth in 2024.



Note: Wealth data from the Federal Reserve is representative of all assets and liabilities.

Source: Federal Reserve
By Dom DiFurio

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WEALTH COMPONENT	Silent and Earlier (US\$ Trillions)	Baby Boomer (US\$ Trillions)	GenX (US\$ Trillions)	Millennial (US\$ Trillions)
Real estate	4.47	19.68	14.17	7.17
Consumer durable goods	0.79	3.02	2.33	2.04
Corporate equities and mutual fund shares	2.98	26.20	10.47	3.81
Defined benefit pension entitlements	1.12	9.62	5.35	1.35
Defined contribution pension entitlements	0.82	6.89	6.68	3.05
Private businesses	1.12	9.02	5.58	2.91
Other assets	4.08	14.74	6.42	1.91

Note: Distributions by generation are defined by birth year as follows: Silent and Earlier = born before 1946, Baby Boomer = born 1946–1964, Gen X = born 1965–1980, and Millennial = born 1981 or later.

Source: *Survey of Consumer Finances and Financial Accounts of the United States*

Much of that, of course, is residential real estate, purchased when home prices were far lower and relative incomes higher. But undeveloped land also is a factor, whether it's the family farm, the acreage surrounding a vacation home, or investment property. As owners age, they may be looking to sell for a variety of reasons. Individual owners may no longer wish to handle the day-to-day management and operating costs of a parcel — or to pay taxes on it. Climate change and the resulting increases in insurance rates may also play a role. A younger generation may not be interested in operating the family farm or can't find a profitable way to do so.

Families may want to fund a more comfortable retirement by selling property or avoid disputes among multiple inheritors if land is passed down intact — it's much easier to divide proceeds than a parcel.

Money is also a motivator. According to the USDA, the United States farm real estate value averaged \$3,800 per acre for 2022, up \$420 per acre (12.4%) from 2021. Cropland value averaged \$5,050 per acre, an increase of \$630 per acre (14.3%) from the previous year. The United States pasture value averaged \$1,650 per acre, an increase of \$170 per acre (11.5%) from 2021.⁶

⁶U.S. Department of Agriculture, "Land Values 2022 Summary"

Taxes, too, are a factor. Federal estate taxes on the transfer of property at the time of death were established in 1916. In 2024, the transfer taxes were amended to apply only to estates with assets of \$13.61 million, with an exemption limit for married couples of \$27.22 million. But if all assets (land, equipment, other investments) are added together and the sum exceeds that exemption, heirs can be required to pay a 40% tax on the excess amount, in cash, within nine months of a death.

That may not be easy if the primary asset is ground, leaving heirs cash-poor.⁷ That situation is not unlikely — the value of farm real estate (comprising the property and its structures) comprises over 80% of the total value of U.S. farm land.⁸ Nor has recent federal legislation addressed the issue.

⁷Farm Bureau Financial Services, January 2, 2024, ["Farmers: How to Avoid Inheritance Taxes"](#)

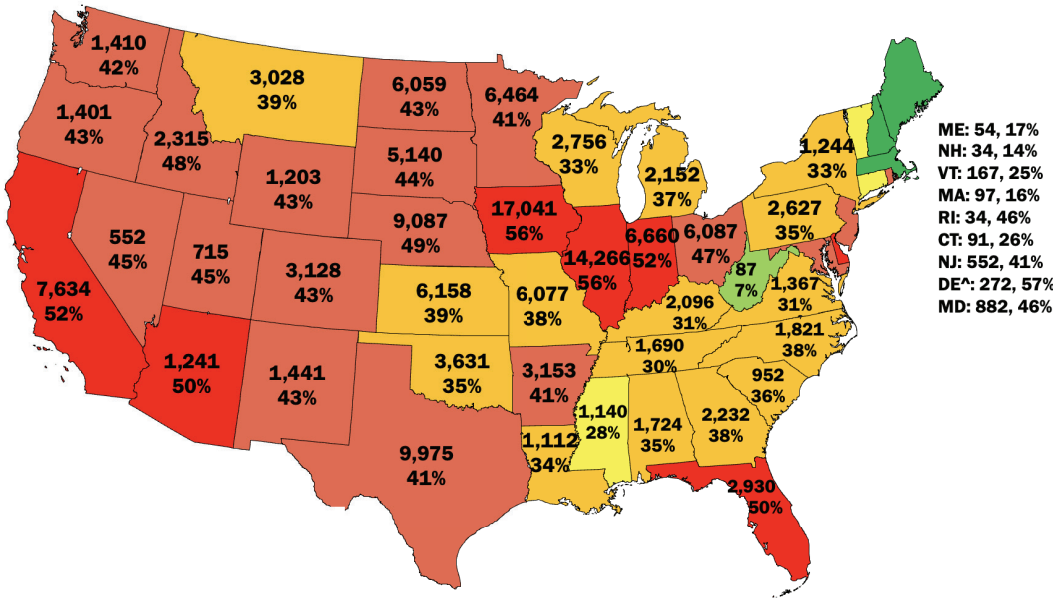
⁸U.S. Economic Research Service, May 8, 2025 ["Land Use, Land Value & Tenure"](#)





MAXIMUM NUMBER OF FARMS AND PERCENT OF AGRICULTURAL LAND ABOVE PERMANENT ESTATE TAX EXEMPTION

Based on 2024 Average Land
including Buildings Value and 2022
Census of Agriculture

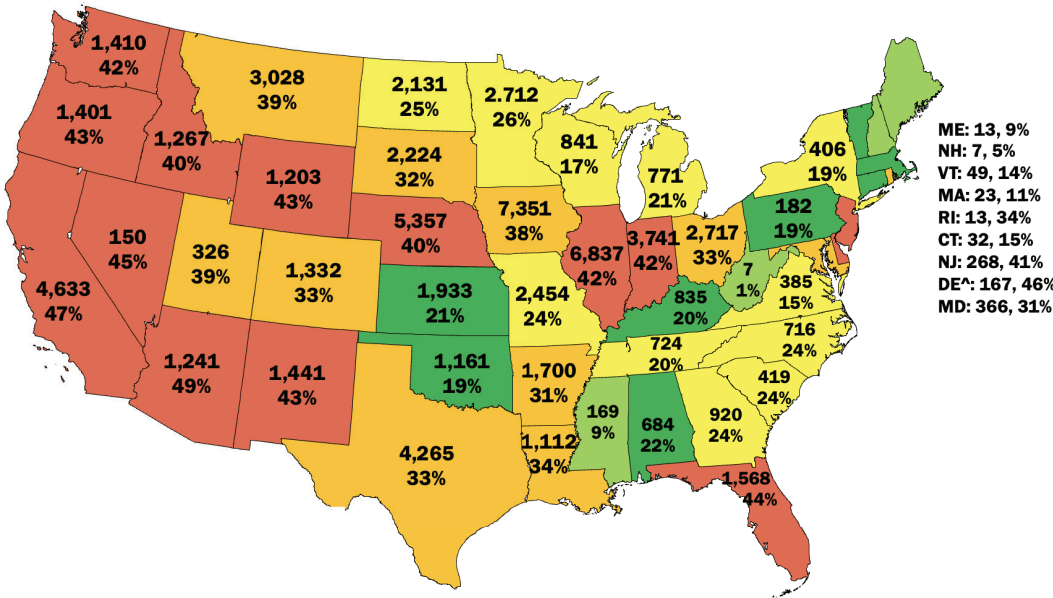


*Does NOT consider the value of other farm assets like machinery
or livestock



MAXIMUM NUMBER OF FARMS AND PERCENT OF AGRICULTURAL LAND ABOVE DOUBLED ESTATE TAX EXEMPTION

Based on 2024 Average Land
including Buildings Value and 2022
Census of Agriculture



Source: USDA NASS; AFBF Calculations
^Based off 2023 land values

Note, also, that profits from the sale of farmland are subject to capital gains taxes, with the rate determined by how long the land had been owned before the sale.



U.S. GOVERNMENT

The U.S. government owns an estimated 27% to 28% of the nation's total land mass, some of it developed (military installations, federal prisons, office buildings and more), others less so or not at all, such as national parks, wildlife refuges or property simply not feasible to be built out.⁹

The General Services Administration conducts sales of property including undeveloped land, as well as commercial and residential buildings. The U.S. Bureau of Land Management (BLM), which manages approximately 245 million surface acres (located primarily in 12 western states and approximately 700 million acres of subsurface mineral estate)¹⁰, sells public lands — undeveloped parcels with no improvements. Sales information can be found at each BLM state office.

But this process is not straightforward. BLM sales are subject to a complex review process, including environmental analyses, with public involvement. For sales of parcels of more than 2,500 acres, Congress must be notified and has 90 days to disapprove a transaction.

"This means that the process can be slow because of all of the various boxes that must be checked before a parcel is sold. However, that process exists for good reason. It ensures that land isn't sold off just to meet a short-term political or budgetary goal and that local voices are heard before public land changes hands. Remember, public lands can only be sold once. Once sold for development, they are gone from the federal estate forever," wrote Tanner Saul for the National Wildlife Federation.¹¹

New legislation could affect the amount of government land that could become available for sale in coming months. A proposed amendment to the Federal Land Policy and Management Act (FLPMA), originally passed in 1976 to govern the management of public lands, would force the BLM to sell more than 500,000 acres of land in Nevada and Utah, mostly to permit construction of affordable housing. As of May 2025, the amendment is in committee.

⁹Study.com, ["How Much Land Does the U.S. Government Own?"](#)

¹⁰[U.S. Department of the Interior, Pending Legislation](#)

¹¹National Wildlife Foundation, David Williams, May 8, 2025, ["A Quiet Push to Sell Public Lands"](#)



WHO IS BUYING, WHY NOW?

Just as there are all kinds of sellers, land parcels attract all kinds of buyers.

Domestic development companies, with vision, large sums of money, knowledge of zoning and construction, and access to data that can inform their decision, are purchasing tracts to build residences to serve an ever-growing population, especially in the South. High-tech manufacturing plants and data centers also are being planned for large parcels, with the latter especially appealing for more rural areas because of their size, water needs for cooling and aesthetics. Depending on a tract's proximity to urban areas, other possibilities are mixed-use complexes that combine the live/work/dine/play lifestyle that has emerged post-pandemic. Entertainment parks are a growing option.

Some family farms could become corporate farms, as these companies, too, look to diversify crops and grow more or earn rental income. Farmland is especially appealing to other small farmers looking to expand their holdings, planning to either till or sell the land.

Private individuals seeking space and privacy, dedicated to conservation or looking for long-term appreciation and asset diversification can find this relatively stable investment appealing. Famously, Amazon founder Jeff Bezos has amassed some 420,000 acres of farmland in West Texas, while Microsoft's Bill Gates has acquired more than 269,000 acres of operating farms across 18 states. Media mogul Ted Turner owns some 2 million acres, much of it focused on bison ranching.

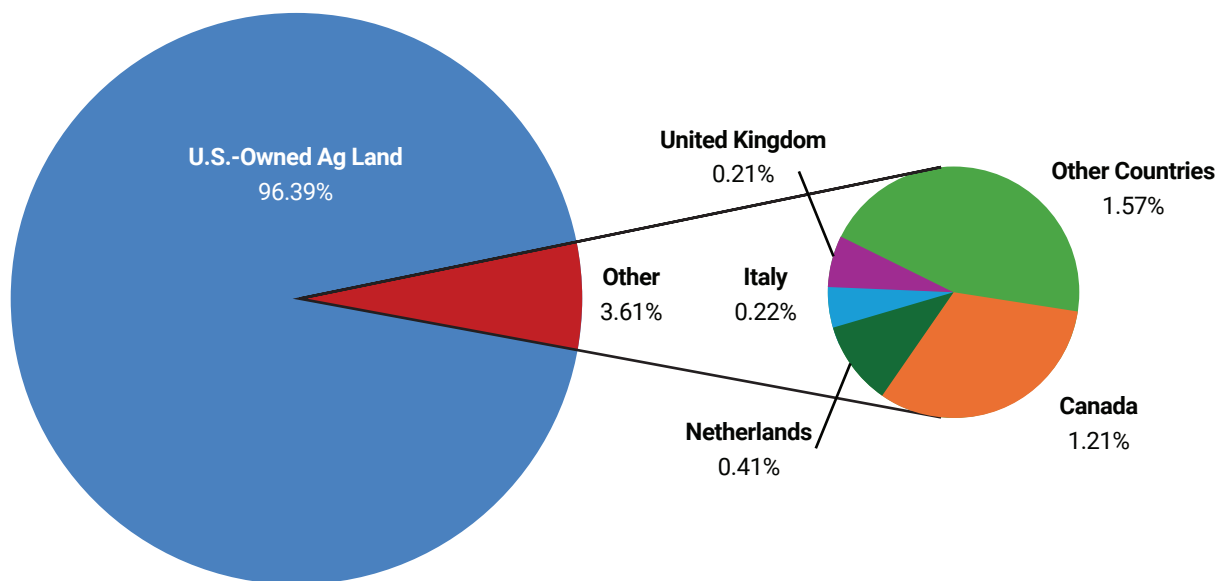
Foreign investors increasingly are interested in acquiring agricultural land. The USDA reports that as of December 31, 2025, foreign investors held an interest in nearly 45 million acres of U.S. agricultural land across all 50 states and Puerto Rico, constituting 3.5% of all privately held agricultural land in the country, largely concentrated in the South and West.¹²

¹²U.S. Department of Agriculture Farm Service Agency, [AFIDA 2023 Annual Report](#)



FIGURE 1: U.S. AGRICULTURAL LAND BY ORIGIN OF OWNER | 2023

3.61% of U.S. ag land is foreign owned as of 2023 (45.85 million acres)



Source: Farm Bureau Calculations, USDA FSA

WIDE OPEN SPACES?

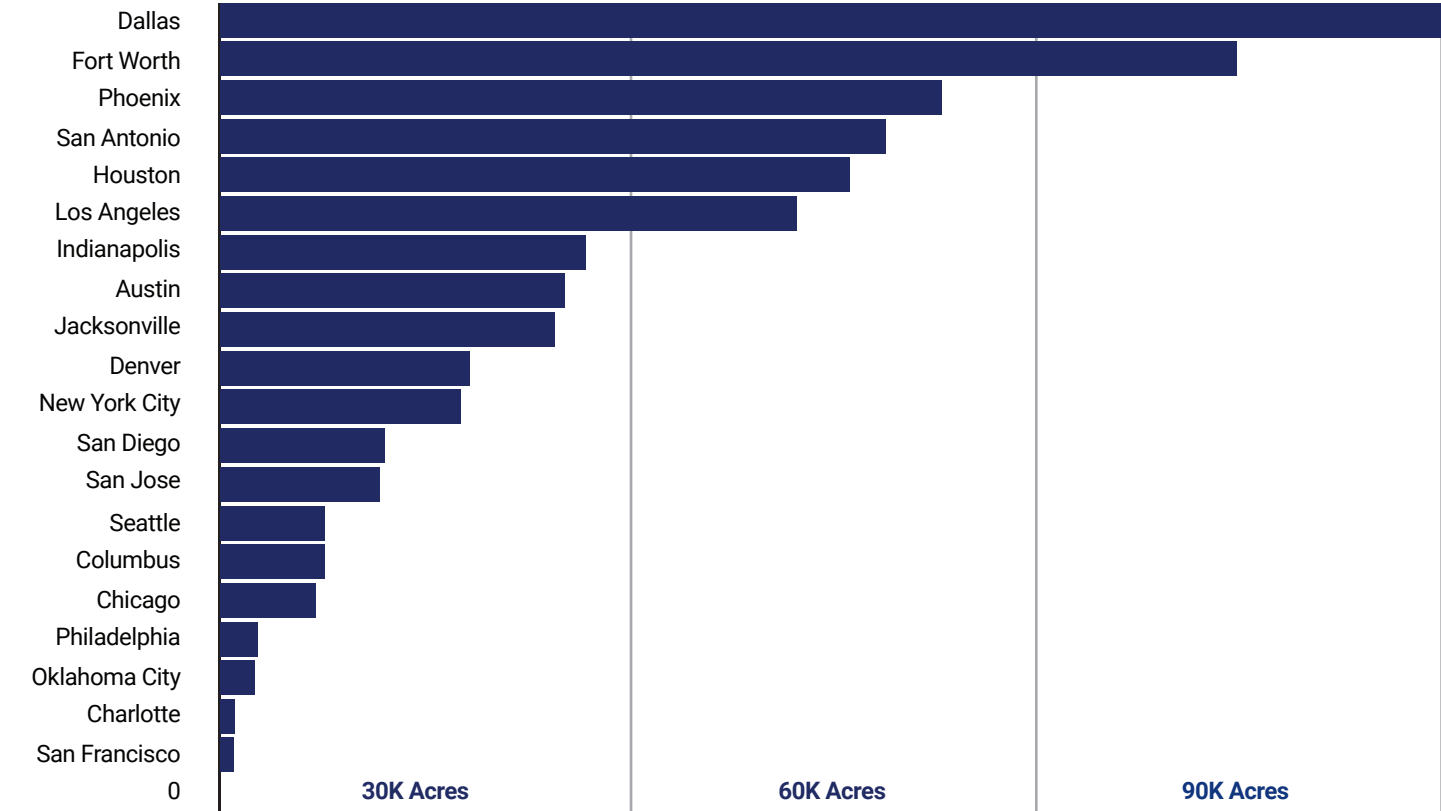
Rural areas aren't home to all land opportunities — urban locations also have plenty of vacant property, though most parcels tend to be smaller. Not surprisingly, Texas was home to four of top five cities in terms of vacant land in 2023 in a CommercialCafe survey, with more than 90,000 acres in Dallas, nearly 75,000 acres in Fort Worth, San Antonio with nearly 49,000 acres and Houston with 46,000 acres. (Phoenix placed third with 53,000 acres.)

Los Angeles placed sixth with 42,228 acres available, followed by Indianapolis (25,604 acres), Austin (25,117 acres), Jacksonville (24,396 acres) and Denver (17,962 acres).¹³

"Despite a decade of intense commercial and residential construction (which saw the addition of 68.5 million square feet of new office space and 80,142 units of housing to the city's stock), there's plenty of room for development in New York City [which placed 11th]. Specifically, there are 17,393 acres of vacant land with an average lot size of 0.62 acres," the report said.

¹³CommercialCafe, March 23, 2023, ["Texas Triangle Dominates List of U.S. Cities with Most Vacant Land Available"](#)

TOTAL VACANT LAND AVAILABLE



Data Source: PropertyShark & CommercialEdge. For further detail





DEVELOPMENT OPPORTUNITIES

The opportunities to develop land are endless, depending on the type of property and its location.

In more developed areas, an already paved lot could be home to a new business or even multiple businesses including retail, storage, vending machines, food trucks, parking lots and more. A grassy area could also be home to some of those possibilities, or can be used for a dog run, storage shed, advertising billboards, community garden, or farmer's market.

Rural areas offer a different set of possibilities including farming, orchards, hunting, campgrounds or a private park if the buyer wishes to leave it undeveloped. For those looking to build, solar or wind farms, data centers, recreational development, mixed-use projects, entertainment or performing arts facilities. Or even an entirely new community, if the vision, the entitlements and the financing are there. Every city was once an open field.

FUTURE TRENDS

On average, it is said, approximately 2% of U.S. agricultural land is sold annually, about half of that because of the generational reasons discussed above.

However, this could increase dramatically quite soon as federal legislation aims to require that some 2 million to 3 million acres of lands managed by the BLM across the western U.S. be sold within the next five years. Up to 250 million acres of public lands, including wilderness areas, wildlife habitats and recreational facilities could be made available for sale. All of this requires close attention to individual markets and current politics.

These opportunities, however, come at a time of significant challenges, when development and construction material costs continue to rise and skilled labor remains in short supply. Recent cutbacks in U.S. foreign food assistance have left some farmers scrambling and could affect land values if some need to sell.

On the positive side, interest rates have remained stable, albeit higher than during the pandemic, allowing potential buyers to plan.

Now is a time to analyze and choose wisely, with the market expected to be stable in 2025 as these trends converge. But for those with long-term thinking, investment in land now could be a once-in-a-century opportunity.

A close-up photograph of two men shaking hands in a green field. The man on the left is wearing a plaid shirt over a white t-shirt and a black watch. The man on the right is wearing a grey long-sleeved shirt. They are both holding rolled-up documents. The background is a bright, sunny field with a yellow horizon.

Buying land — whether a couple of acres to spread out and build a new home or hundreds of acres to build an entirely new community — is a complex process, entailing local knowledge, tax issues and more. CBC affiliated professionals and vast network of outside consultants can help you find the best possible solution for your property — or help you find the property you wish to own.

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