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What the CEA Shakeout Actually Means for Growers

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On August 3, 80 Acres Farms announced it was shutting down. Eleven years, eight farms, product in more than 18,000 retail locations. Mike Zelkind's statement was plain: They could not secure the capital required to keep going.

The story going around right now is that CEA is dying. That is lazy. Consolidation was supposed to be the fix and it wasn't: last August, 80 Acres and Soli Organic announced they were merging and the coverage called it the start of a new era. Twelve months later, both halves went down together.

The failures were never a technology story

I've hosted my "CropTalk" podcast since 2019, talking with growers, operators and executives across CEA, and the same handful of themes keep surfacing in those conversations, especially over the past 18 months as the shakeout accelerated. A lot of us saw the models that never quite closed and watched financiers get colder feet every quarter. From 2017 to 2023 alone, indoor farming companies raised close to $8 billion against outcomes like these. Anton Bellot of ATB Financial put it plainly: If your cost structure is broken at one facility, it'll be worse at 10.

Curt Meltzer, a CEA consultant and former CEO of Kentucky Fresh Harvest, put it harder: We backed concepts, not businesses. Energy and labor decide this, and they get the least airtime. Marco de Bruin of De Bruin Greenhouse Consulting puts labor costs in key CEA regions at 50% to 75% higher over five to seven years and that's before accounting for lighting systems that go obsolete within two years of installation.

Fifth Season in Pittsburgh was an early casualty of exactly that math, shutting down in October 2022 with about a hundred people out of work. What happens after is the part nobody covers: the assets don't move cleanly to a new operator. Equipment gets scattered, purpose-built systems get parted out to salvage buyers or resold piecemeal, and most of it has nowhere useful to go. When a buyer does turn up, it moves at pennies on the dollar. Closures like these cost the industry infrastructure, not just a company.

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> **Kyle Barnett about the CEA industry.**

The people who are actually winning

Greenswell Growers in Virginia is the one worth pointing at. Carl Gupton and Gus Brennan run 80,000 sq. ft. in Goochland County and expect to move more than 900,000 pounds of lettuce this year, on roughly $20 million raised total. They landed at number 858 on the Inc. 5000 with 404% three-year growth, a fraction of what the failures burned through.

Little Leaf Farms is the leader on scale. Little Leaf has raised north of $390 million, the same order of magnitude as 80 Acres, so money alone was never the variable. What Paul Sellew did with it was one crop, regional density built around demand instead of ahead of it, and expansion in steps that each had to work before the next started.

GoodLeaf Farms is running the same playbook from the vertical farming side. The company announced in August that all three of its facilities across Quebec, Ontario and Alberta had reached profitability for the first time, with revenue climbing from $6.4 million in 2023 to $34 million in 2025. It's one data point, not a verdict on the format, but it complicates the idea that vertical farming itself was the failed bet.

Insulation has to be earned

The demand for what CEA sells hasn't moved. People still want food grown close to them, picked at the right time and delivered fresh. But that protection isn't automatic and this summer proved it in both directions.

Earlier this year, a Cyclospora outbreak traced to field-grown iceberg sickened tens of thousands of people, the largest on record, and it actually cut the other way. Little Leaf Farms saw store-locator traffic jump 600% and search interest spike nearly twenty-fold as shoppers went looking for a controlled-environment alternative. Paul Sellew has been direct about why: 10 years, millions of packages and no pathogen outbreak to answer for. That's a real advantage and it's one Little Leaf earned with a specific setup: closed water systems, minimal human contact, product on shelves within a day or two of harvest. It's not an advantage every CEA operator gets to claim just for growing indoors.

A controlled environment isn't an automatic guarantee. FDA traced a 2021 Salmonella outbreak to a hydroponic greenhouse, matched to a stormwater pond outside the building. Controlled environments close certain contamination pathways. They don't close all of them and the operators who cannot back up the food-safety pitch with their own track record are exposed the moment something goes wrong.

What has to change

What has to change is growers. Chris Higgins of Hort Americas put it best: Monotony leads to consistency, and the best farms are the ones doing the same thing every day and doing it slightly better. That's the least-fundable sentence in this industry and the truest one anybody has said on my show.

The capital that left was built for a software timeline, chasing something that actually runs on steel, biology and payroll. It was never going to stay and its exit doesn't change what growers still need to solve: energy costs,

labor costs and a thinning supply chain.

This next phase belongs to the operators who adapt fastest, who know what they won't do and who are willing to be boring on purpose. CEA isn't dying. The version built to raise money instead of grow food already did. **IG**

Kyle Barnett is the founder of KB CEA Consulting (kbcea.com), host of the "CropTalk" podcast and has developed conference programming for Indoor Ag-Con since 2021. He has spent 12 years in controlled environment agriculture in growing and corporate roles at BrightFarms, Hort Americas and Signify/Philips.