FARMLAND VALUES SURGE DESPITE FALLING INCOME
ACCORDING TO AGRICULTURAL CREDIT SURVEY

Tenth District farm income fell in the second quarter and bankers expected a further drop in coming months, according to the Federal Reserve Bank of Kansas City’s quarterly Survey of Agricultural Credit Conditions.

A poor winter wheat harvest in the seven-state District and a decline in wheat prices brought on by strong global production pushed farm income lower. Ongoing weakness in the livestock sector also limited farm income growth as operators continued to endure high feed and forage costs combined with falling cattle prices.

Despite lower farm income and expectations of additional declines, farmland values surged further during the quarter. Irrigated cropland values jumped 25 percent from a year ago. Nonirrigated cropland values advanced 18 percent from the previous year, a slightly slower pace of growth than in the first quarter. Ranchland values also rose, gaining 14 percent year-over-year.

Bankers surveyed indicated that expected farm income was not the main factor contributing to the value of farmland. Instead, bankers cited the overall wealth level of the farm sector, supported by several years of strong income, as the primary driver of farmland values. Low interest rates and a lack of alternative investment options were also noted as significant factors, ahead of farm income expectations.


As the regional headquarters of the nation’s central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

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