Farm Foundation Forum:  
U.S. Farmland Values: Boom or Bust?

The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Rural economies hold up better in jobless recoveries.

**Metro and Nonmetro Unemployment Rates**
(Including Discouraged Workers)

Source: USDA
Commodity markets are shaping rural economic gains.

U.S. Crude Oil and Corn Prices

Dollars per barrel

Dollars per bushel

- WTI Crude Oil Price (Left Scale)
- Corn Price (Right Scale)

Commodity-Dependent Economies Boom

Job Gains Since 2000
All non-metropolitan counties
Down 1%
Commodity-dependent counties
Up 4%

Note: Job gains based on USDA farming and mining dependent county definitions and BLS county employment.

Source: Commodity Research Bureau
Booming commodity markets are leading income gains.

Top 10 States in Personal Income Growth

<table>
<thead>
<tr>
<th>State</th>
<th>Personal Income Growth 2010 to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) North Dakota</td>
<td>8.1</td>
</tr>
<tr>
<td>(2) Iowa</td>
<td>6.8</td>
</tr>
<tr>
<td>(3) Texas</td>
<td>6.6</td>
</tr>
<tr>
<td>(4) Oklahoma</td>
<td>6.2</td>
</tr>
<tr>
<td>(4) South Dakota</td>
<td>6.2</td>
</tr>
<tr>
<td>(6) Nebraska</td>
<td>5.9</td>
</tr>
<tr>
<td>(6) Wyoming</td>
<td>5.9</td>
</tr>
<tr>
<td>(8) Colorado</td>
<td>5.7</td>
</tr>
<tr>
<td>(9) California</td>
<td>5.6</td>
</tr>
<tr>
<td>(10) Utah</td>
<td>5.5</td>
</tr>
<tr>
<td>U.S. Average</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis

Income gains led by mining, farming, and durable goods manufacturing
Rural mining economies are booming

Rural mining employment
Up 8.4% in 2011
Up 20% since 2009

U.S. Drilling Rig Activity

Source: Baker Hughes
Rising farm incomes boost rural spending and manufacturing.

**Rural manufacturing employment**
- Up 3.8% in 2011
- Up 14% since 2009

**U.S. Tractor and Combine Sales**

- Thousand units per month

Source: Association of Equipment Manufacturers
Rural manufacturing was spurred by stronger exports.

### Rural Manufacturing Jobs and U.S. Exports by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Rural Manufacturing Jobs</th>
<th>U.S. Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood Products</td>
<td>39.9</td>
<td>41.2</td>
</tr>
<tr>
<td>Metal Products</td>
<td>31.8</td>
<td>56.1</td>
</tr>
<tr>
<td>Food Processing</td>
<td>23.2</td>
<td>33.9</td>
</tr>
<tr>
<td>Transport. Equip.</td>
<td>22.5</td>
<td>30.9</td>
</tr>
<tr>
<td>Petrol. &amp; Coal Products</td>
<td>15.5</td>
<td>139.9</td>
</tr>
<tr>
<td>Chemicals</td>
<td>10.6</td>
<td>30.6</td>
</tr>
<tr>
<td>Machinery</td>
<td>9.7</td>
<td>21.5</td>
</tr>
</tbody>
</table>

Percent change from 2009 to 2011

Calculations based on Census Bureau data and WiserTrade data.
Farm incomes quickly translate into capital spending.

Farm Income, Debt Repayment and Farm Capital Spending
(Tenth Federal Reserve District)

Source: Federal Reserve Bank of Kansas City
Farmland values are booming.

Non-irrigated Cropland Values
Fourth Quarter 2011
Percent change from prior year

Source: Agricultural Finance Databook,
Federal Reserve Bank of Kansas City
Strong gains across all types of land.

Tenth District Farmland Value Gains

Percent change from the previous year *

*Percent changes are calculated using responses only from those banks reporting in both the past and the current quarter.

Source: Federal Reserve Bank of Kansas City
Conclusions

- Agriculture is a key cornerstone of the rural economy.
- Booming commodity markets drive many economic engines in rural America.
- Rural communities, however, are not immune to the challenges of the broader economy.
- The longer term question is:

How can rural communities turn a commodity boom into sustainable economic growth?