

Federal Reserve: Rise in Farm Real Estate Values Accelerates

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Farmland values continued to increase at a rapid pace through the end of 2021. Alongside sustained strength in farm income and credit conditions, the value of all types of farmland in the Tenth District was more than 20 percent higher than a year ago. The recent strength in agricultural real estate markets has been supported by strong demand, historically low interest rates and vastly improved conditions in the farm economy.

Lenders reported a mostly favorable outlook for agriculture in the District but cited the rise in input costs as a risk to the sector. Even with uncertainty around input costs, lenders expected favorable conditions in the economy to support farm finances and lead to further gains in farmland values in 2022.

The possibility of weaker agricultural income and higher interest rates in the economy remain as risks for farmland markets. Despite the risks, the agricultural sector appears to be well positioned for the year ahead, supported by strong balance sheets, high agricultural commodity prices and sharp gains in farmland values.



Chart 3: Tenth District Average Interest Rates

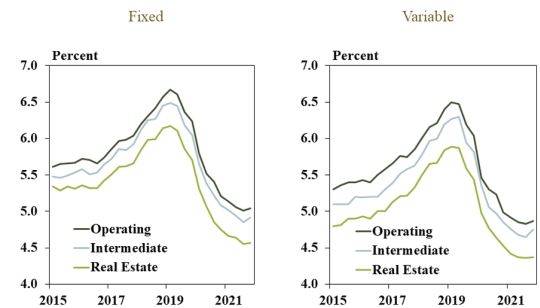
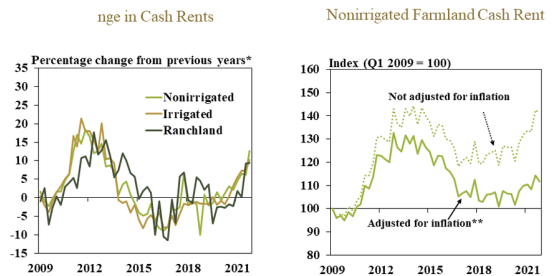
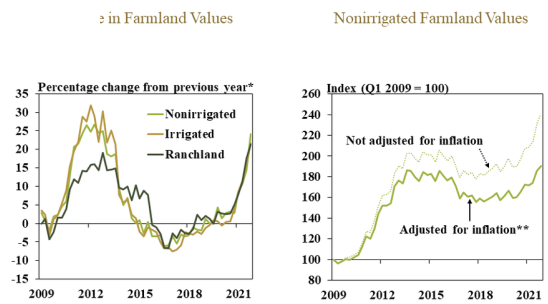


Chart 5: Tenth District Cash Rents



*Percent changes are calculated using responses only from those banks reporting in both the past and the current quarters.
**Values were adjusted for inflation using the Personal Consumption Expenditures Price Index (PCE) from the Bureau of Economic Analysis.

Chart 4: Tenth District Farmland Values



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For more information:

For more information from the Kansas City Federal Reserve, to view Agricultural Credit Survey results, or access this article, see: <https://www.kansascityfed.org/agriculture/ag-credit-survey/rise-in-farm-real-estate-values-accelerates>.

How Much Risk is Right for You?