

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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FARMLAND VALUES SURGE TO RECORD LEVELS, SURVEY FINDS

Fueled by high crop prices, farmland values surged at a pace not seen since the 1980s, according to the Federal Reserve Bank of Kansas City's quarterly Survey of Agricultural Credit Conditions.

Farmland values increased throughout the Tenth Federal Reserve District, but gains varied widely by state, dependent on the primary agricultural activity in the region. Nebraska, a major corn-producing state, posted the district's strongest gains in farmland values, jumping more than 17 percent above year ago levels.

While the 276 bankers who responded to the survey expect the upward trend to continue, some question whether this rapid growth is sustainable.

Farm credit conditions also remained healthy in the first quarter of 2007. Bankers continued to report high loan repayment rates with slightly fewer requests for loan renewals and extensions. The demand for farm loans edged up slightly, and respondents reported capital spending increased and is expected to rise further as producers upgrade equipment to boost yields.

A complete summary of the fourth quarter survey is available at www.KansasCityFed.org/agcrsurv/agcrmain.htm.

The Tenth Federal Reserve District encompasses Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

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