

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY
DENVER • OKLAHOMA CITY • OMAHA

One Memorial Drive • Kansas City, MO 64198 • Phone: 816.881.2683

For Immediate Release
February 15, 2011

Contact: Erin Redemske
402-221-5608
erin.redemske@kc.frb.org

FARMLAND VALUES AND FARM INCOME SOAR ACCORDING TO FOURTH QUARTER AGRICULTURAL CREDIT SURVEY

With booming farm income and robust demand for farmland, Tenth District farmland values soared in the fourth quarter of 2010, according to the Federal Reserve Bank of Kansas City's Survey of Agricultural Credit Conditions.

Agricultural commodity prices surged in late 2010, boosting farm income, especially for crop and cattle producers. Burgeoning farm profits accelerated cropland and ranchland value gains in the seven-state District, particularly in Kansas and Nebraska. Cropland values posted double-digit gains from year-ago levels, and ranchland values recorded their sharpest increase in two years.

Cash rental rates rose more modestly, and some District bankers expressed concern that current rental income may not sustain lofty land values. Still, many of the 253 survey respondents felt that farm income and farmland values would rise further in the coming months.

Higher farmland values were fueled by strong demand from both farmers and nonfarm investors, despite a slight increase in the number of farms for sale. District bankers reported that farmers remained the primary buyers of farmland, but many contacts noted an uptick in investor purchases compared to last year. Farmland values also strengthened with higher land lease revenues from expanded oil and gas activity, especially in Oklahoma and Wyoming.

Farm credit conditions improved and loan demand softened with higher farm income. More bankers reported lower operating loan demand and commented that many farmers used cash or vendor credit to pay for crop inputs and farm equipment.

The complete 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.

###

