



Farm Lending and Interest Rates Tick Up

by: Ty Kreitman and Cortney Cowley

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Larger sized loans continued to boost lending activity in the second quarter while farm loan interest rates edged higher. The volume of non-real estate agricultural loans grew at a steady pace alongside an increase in the number and average size of loans. Interest rates remained historically low but continued to increase from recent quarters on nearly all types of farm loans, as benchmark rates rose further. The average maturity of some types of loans, particularly real estate loans, also increased during the quarter and were above recent historic averages.

Farm lending activity showed signs of rebounding from the pullback in recent years and could grow further in the coming months as the higher costs of many major inputs become more fully realized. Despite recent declines, agricultural commodity prices remained elevated through the first half of 2022 and continued to support revenue and income prospects across the farm sector. However, persistent pressure from higher production expenses could squeeze profit margins going forward and drive higher demand for credit.

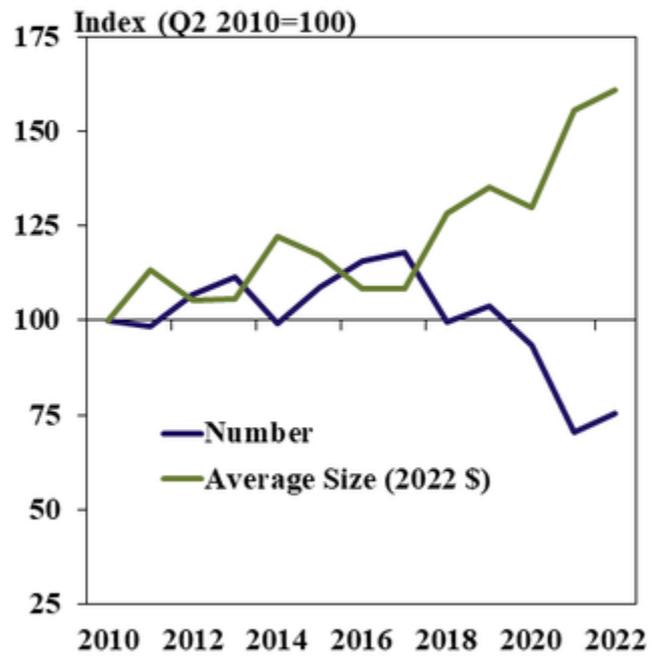
Second Quarter National Survey of Terms of Lending to Farmers

Farm lending activity at commercial banks continued to expand in the second quarter. Data from the second quarter National Survey of Terms of Lending to Farmers show that total non-real estate farm loan volumes increased by about 17% for the second consecutive quarter (Chart 1, left panel). The increase in lending was driven by growth in both average loan size and the number of new loans (Chart 1, right panel). According to the survey, the average size of non-real estate farm loans at commercial banks has increased nearly 50% over the past 10 years alongside significant increases in costs and, in some cases, an increase in the size and scale of farm operations.

Chart 1: Non-Real Estate Farm Loans

Loan Volume

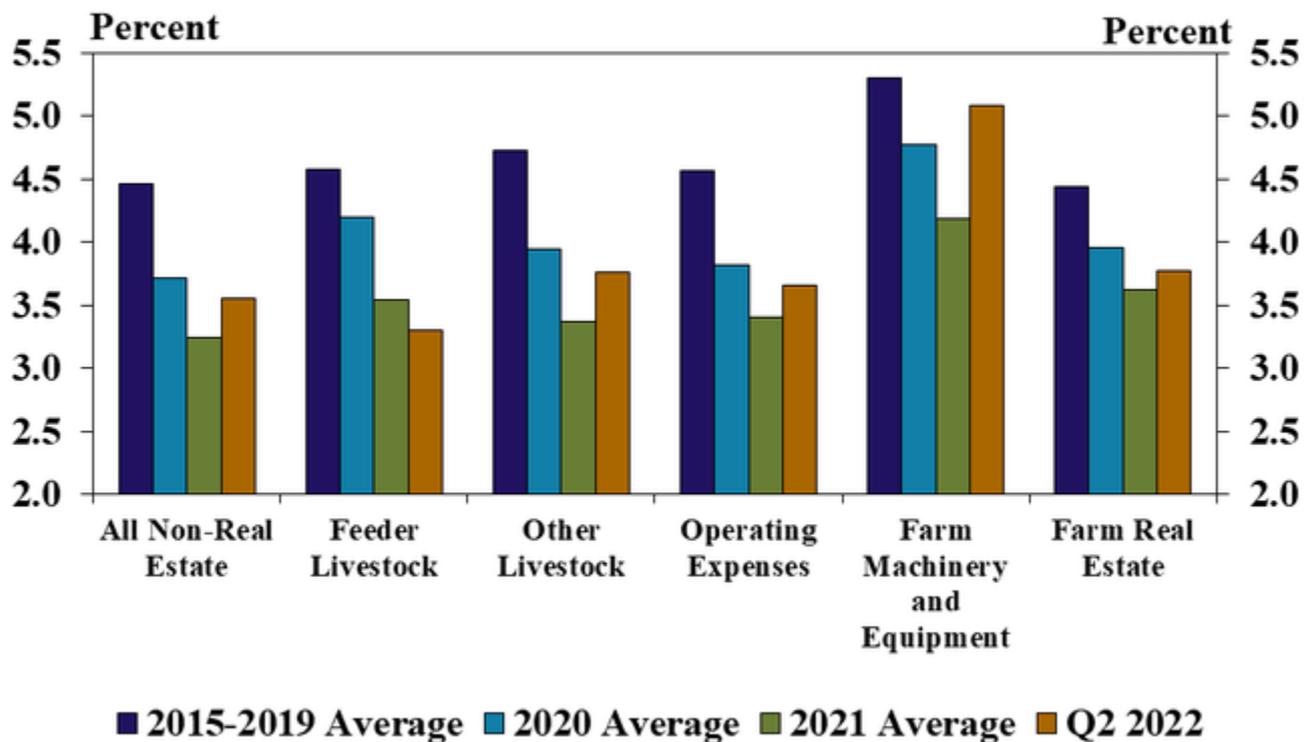
Number and Average Loan Size, Q2



Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City.

Lending activity rose despite modest increases in interest rates on farm loans. The average rate on nearly all types of loans grew during the survey period in early May, prior to an increase in benchmark rates in June 2022 (Chart 2). Despite the recent increase, interest rates on farm loans remained historically low and were still, on average, about 75 basis points less than the 5 years preceding the pandemic.

Chart 2: Average Interest Rates by Loan Type



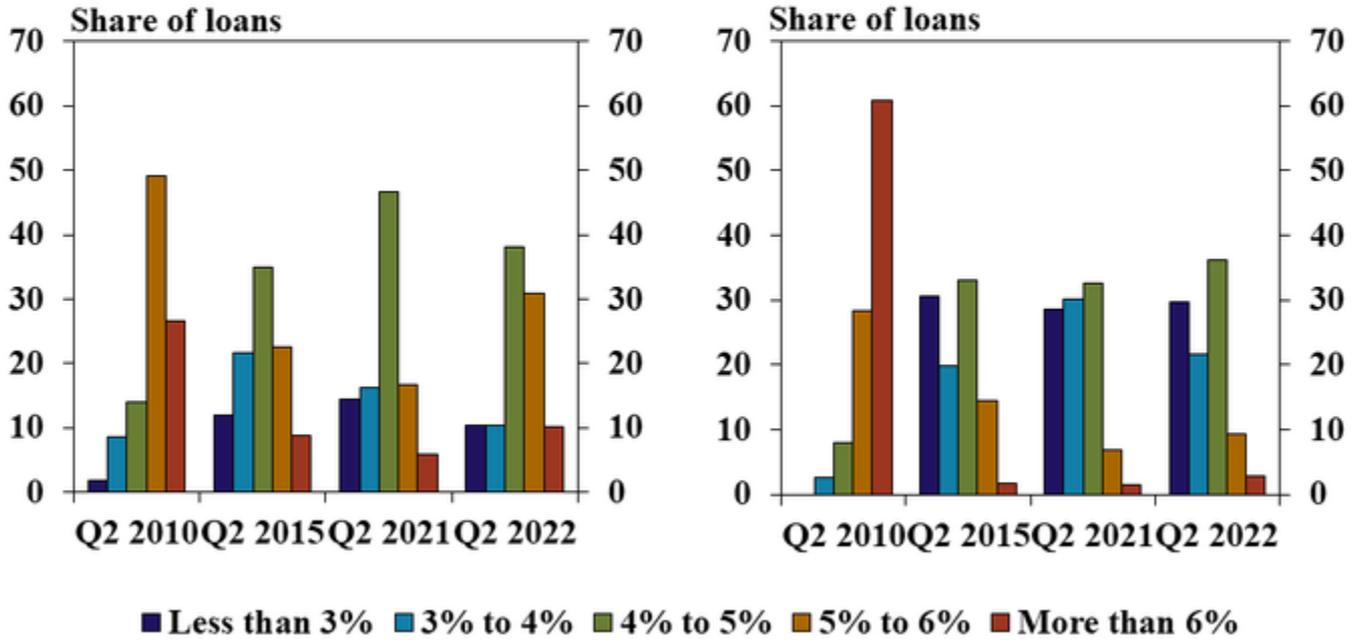
Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City.

The range of rates charged to borrowers also shifted upward as benchmark rates increased. The share of operating loans with a rate above 5% nearly doubled from the same time a year ago and was higher than the same time in 2015 (Chart 3, left panel). Similarly, only 20% of new operating loans were originated with an interest rate of less than 4%, in contrast to about 30% a year ago. The share of farm real estate loans carrying a higher interest rate also grew considerably from a year ago, but remained less than 2015 (Chart 3, right panel).

Chart 3: Distribution of Interest Rates on Farm Loans

Operating Loans

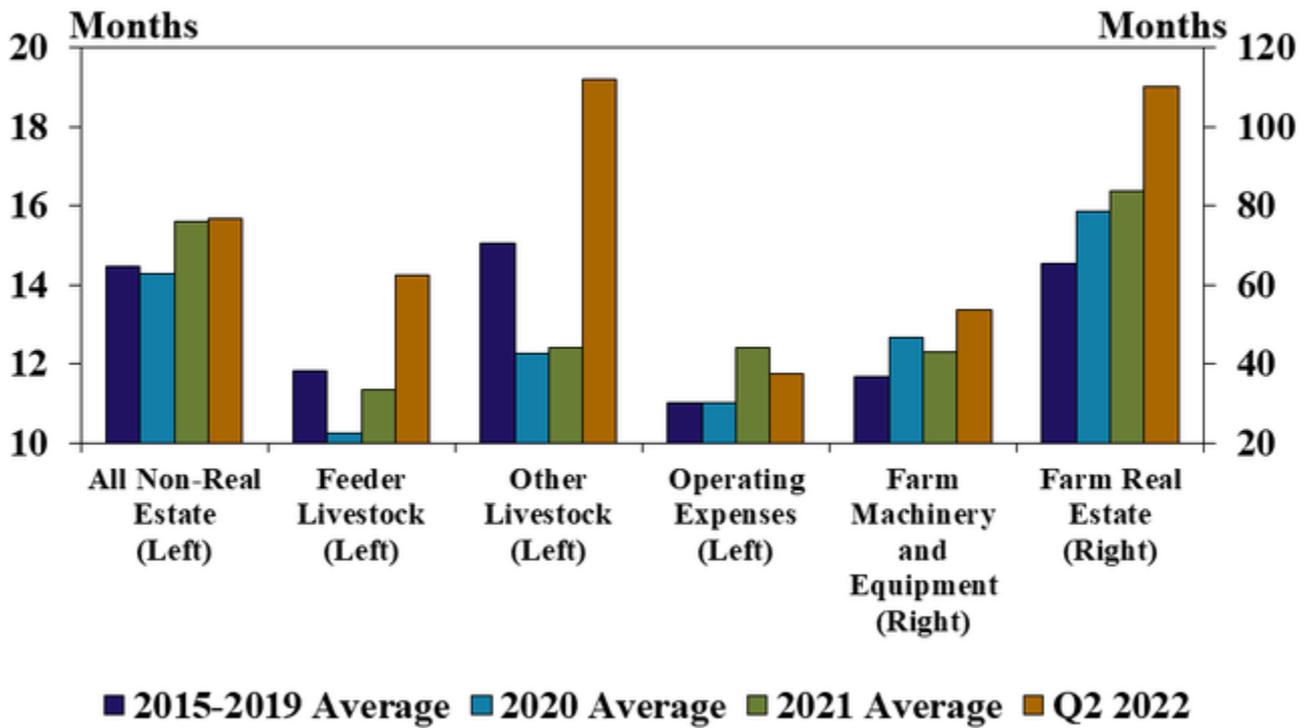
Farm Real Estate Loans



Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City.

The maturity of most types of loans, particularly those for farm real estate, increased alongside higher interest rates and larger-sized loans. The average duration of farm real estate loans was nearly two years longer than in 2021 and was well above the average from 2015-2019 (Chart 4). Average maturities on livestock and farm equipment loans also increased notably from last year and were above the recent historical average, while maturities on operating loans remained steady.

Chart 4: Average Maturity by Loan Type



Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City.

Data and Information

[National Survey of Terms of Lending to Farmers Historical Data](#)

[National Survey of Terms of Lending to Farmers Tables](#)

[About the National Survey of Terms of Lending to Farmers](#)

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Ty Kreitman is an associate economist in the Regional Affairs Department at the Omaha Branch of the Federal Reserve Bank of Kansas City. In this role, he primarily supports the Federal Reserve Bank of Kansas City and the Federal Reserve System efforts surrounding agricultural economics research, analysis and outreach. His responsibilities include co-authoring the *Tenth District Survey of Agricultural Credit Conditions and Agricultural Finance Updates*. Ty joined the Bank in 2015 as an assistant bank examiner in the Examinations & Inspections Department at the Omaha Branch and transferred to his current position in 2018. He holds a B.A. degree in Economics and Finance from the University of Nebraska-Lincoln and a M.A. degree in Financial Economics from Youngstown State University.



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Cortney Cowley serves as **Oklahoma City** Branch Executive and Assistant Vice President for the Federal Reserve Bank of Kansas City. Cowley joined the Bank in 2015 as an economist and was promoted to senior economist in 2021. In 2025, Cowley began her role as Branch Executive. As Oklahoma City Branch Executive, Cowley is the Bank's lead officer and economist in Oklahoma. She recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing Kansas City Fed President Jeff Schmid, a member of the Federal Open Market Committee, on economic trends in the state. She also serves as a special advisor on agriculture to Vice Chair for Supervision Miki Bowman at the Federal Reserve Board of Governors. Cowley's team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Cowley holds a Ph.D. in Agricultural Economics from Oklahoma State University, as well as a master's degree in Civil Engineering from Colorado State University and a bachelor's degree in Biosystems Engineering from Oklahoma State University, where she was named a Harry S. Truman Scholar. She is a member of the Economic Club of Oklahoma, Downtown Club of Oklahoma City, the Agricultural and Applied Economics Association and serves as an economic advisor on the campaign cabinet of the United Way of Central Oklahoma. Cowley, along with her husband and eight-year-old twins, lives on a small farm northwest of Oklahoma City.