

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
November 15, 2011

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

CROPLAND VALUES REACH RECORD HIGHS ACCORDING TO AGRICULTURAL CREDIT SURVEY

Tenth District farmland values surged to a record high in the third quarter, with stronger gains in the northern Plains, according to the Federal Reserve Bank of Kansas City's quarterly Survey of Agricultural Credit Conditions.

District cropland values rose more than 25 percent over the past year, and rangeland values increased 14 percent. A quarter of the 243 survey respondents felt that cropland values had yet to peak.

Nebraska posted the strongest gains with irrigated and nonirrigated land values rising approximately 40 percent above year-ago levels. Record gains in the northern Plains were fueled by another bumper crop this harvest season that raised farm income expectations despite the recent slide in crop prices.

In the southern Plains, weaker farm income limited farmland values gains. Severe drought struck Oklahoma and areas of Kansas, Missouri and Colorado, stressing crops and drying out pastures. Reduced yields cut farm incomes and drove an increase in crop insurance claims. In addition, poor grazing prompted livestock operators to relocate herds or liquidate.

Despite variable farm income, Tenth District agricultural credit conditions held relatively steady in the third quarter. Loan repayment rates remained strong with fewer requests for loan renewals and extensions. Interest rates for farm operating and real estate loans reached new survey lows.

The complete survey is available at www.KansasCityFed.org/agcrsurv/agcrmain.htm.

As the regional headquarters of the nation's central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

###

