

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY
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FARMLAND VALUES RISE, SURVEY FINDS

Farmland values in the seven-state Tenth Federal Reserve District rose in the first quarter of 2010 with strong demand for farmland and improved livestock incomes, according to the Federal Reserve Bank of Kansas City's quarterly Survey of Agricultural Credit Conditions.

Cropland values were above year-ago levels, driven primarily by farmer demand, as well as nonfarm investors seeking higher rates of return. Ranchland values also rose with improved profitability in the livestock sector. Most of the 262 bankers surveyed expect farmland values to hold steady in the coming months.

District bankers reported that farm incomes fell slightly in the first quarter. Lower crop prices due to the prospect of additional corn and soybean supplies and an improved winter wheat outlook trimmed banker expectations for crop incomes. In contrast, declining feed costs and rising livestock prices spurred profits in the livestock sector. District bankers expect farm incomes to improve slightly in the second quarter but remain below year-ago levels.

With rising farmland values and a slight dip in farm incomes, farm credit conditions generally held steady. Collateral required on non-real estate loans held steady, and district bankers stated that loan-to-value ratios for farm real estate purchases were at year-ago levels. District lenders reported ample funds were available to satisfy rising farm loan demand, and farm interest rates remained historically low.

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.

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