FARMLAND VALUES RISE WITH CROP PRICES ACCORDING TO AGRICULTURAL CREDIT SURVEY

Strong farm incomes continued to fuel demand for Tenth District farmland, according to the Federal Reserve Bank of Kansas City’s quarterly Survey of Agricultural Credit Conditions.

The value of nonirrigated cropland in the seven-state District rose more than 25 percent above year ago levels in the first quarter of 2012, on top of the more than 20 percent gain posted in 2011. This marked the first time in the history of the survey that the annual value of District cropland rose more than 20 percent for two consecutive years.

With dry conditions still prevalent in much of the District, the value of irrigated acreage vaulted more than 30 percent higher than a year ago, and annual ranchland values surged 16 percent as high feed costs boosted demand for pasture ground. Looking forward, about a third of the 235 survey respondents expected the upward trend in farmland values would continue through the next few months.

District farm income rose sharply in the first quarter as crop prices rebounded and drought conditions eased. Higher crop prices improved marketing opportunities for farmers still holding some of the 2011 harvest in storage. Timely rains and a mild winter bolstered winter wheat crop conditions, brightening farm income prospects in Oklahoma and Kansas.

Farm credit conditions strengthened further in the first quarter while demand for farm loans dwindled. Agricultural producers continued to pay down debt and used more cash for operating expenses, capital spending and farmland purchases.


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.

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