



U.S. Farmland Market Update

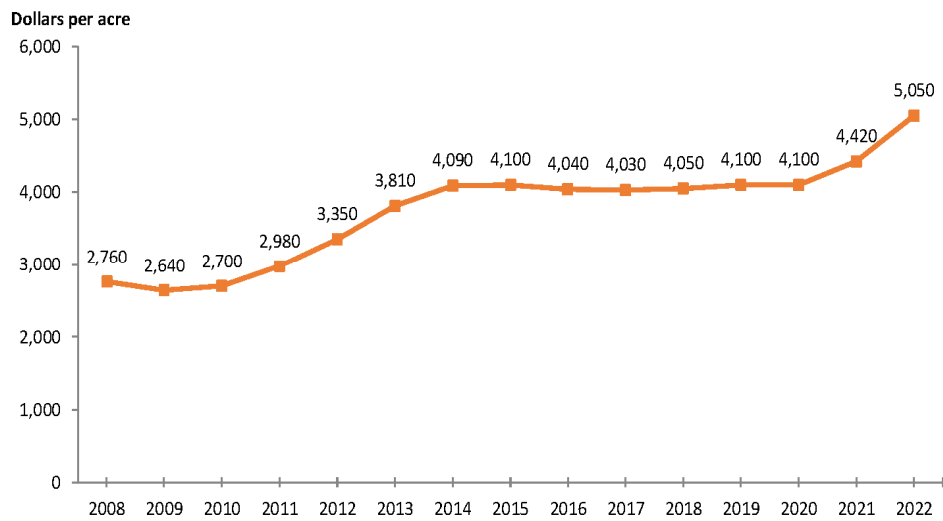
By Mykel Taylor
Auburn University

Presented to the Southern Extension Outlook Conference
September 19, 2022



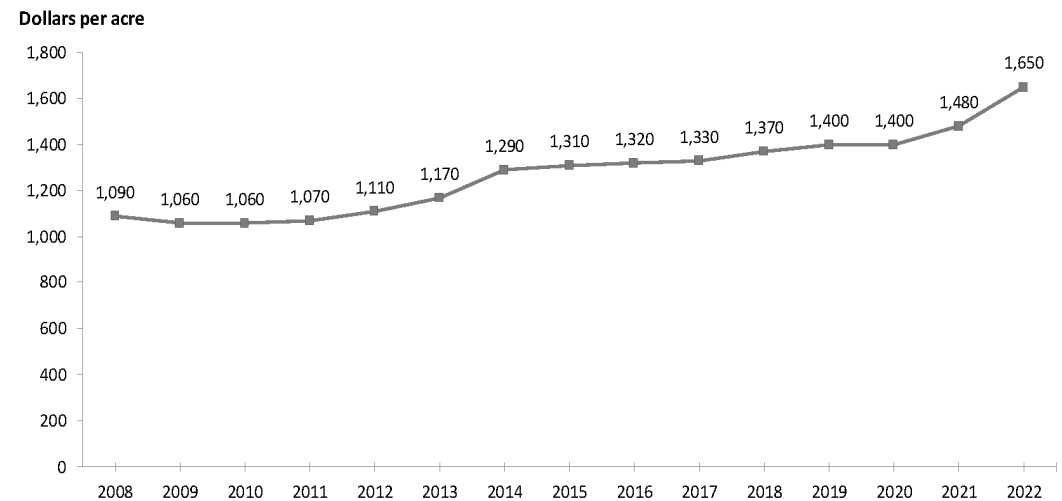
USDA Estimates – Big Adjustments

Average Cropland Value – United States: 2008-2022



USDA - NASS
August 5, 2022

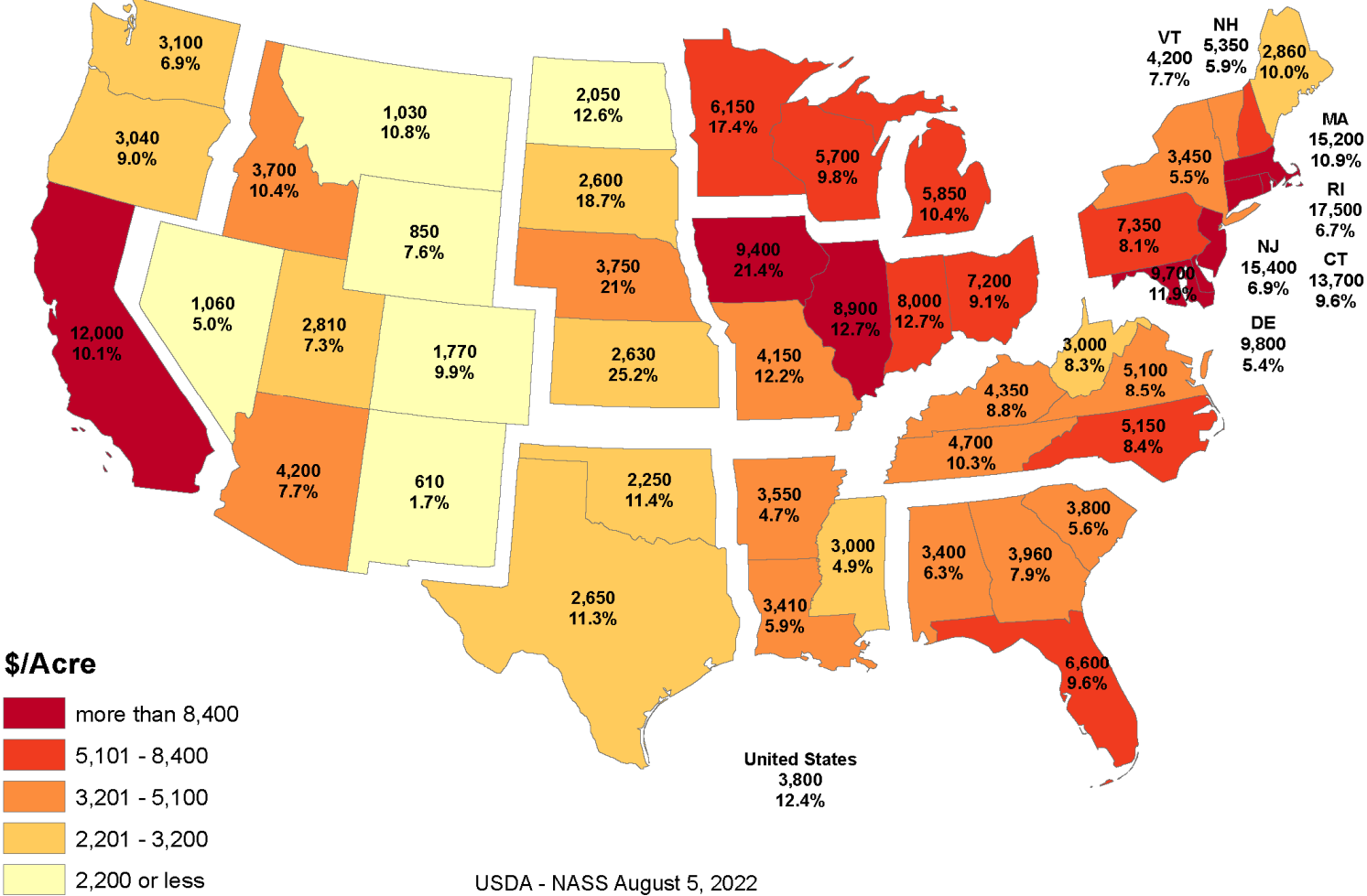
Average Pasture Value – United States: 2008-2022



USDA - NASS
August 5, 2022

2022 Farm Real Estate Value by State

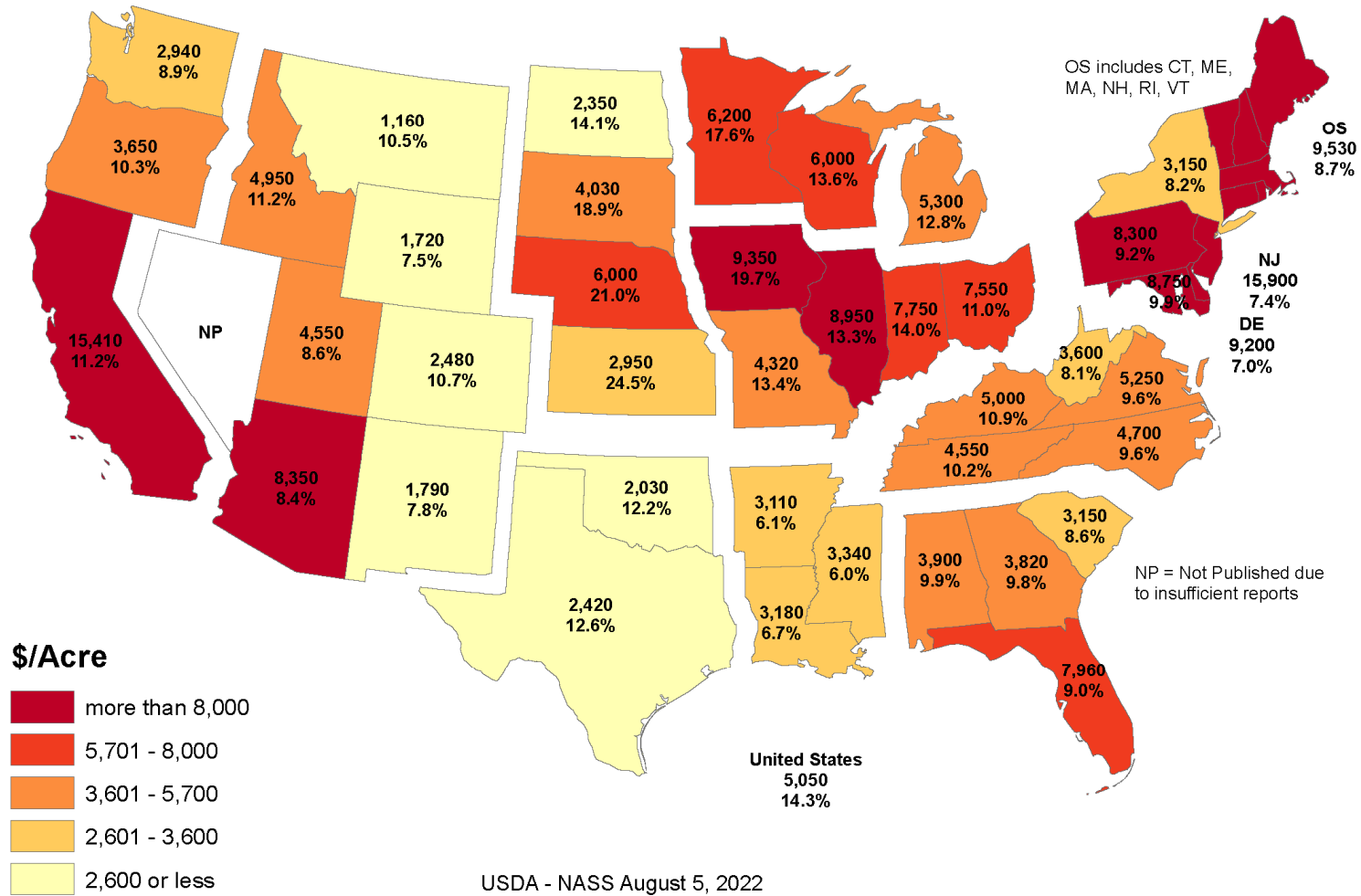
Dollars per Acre and Percent Change from 2021



USDA - NASS August 5, 2022

2022 Cropland Value by State

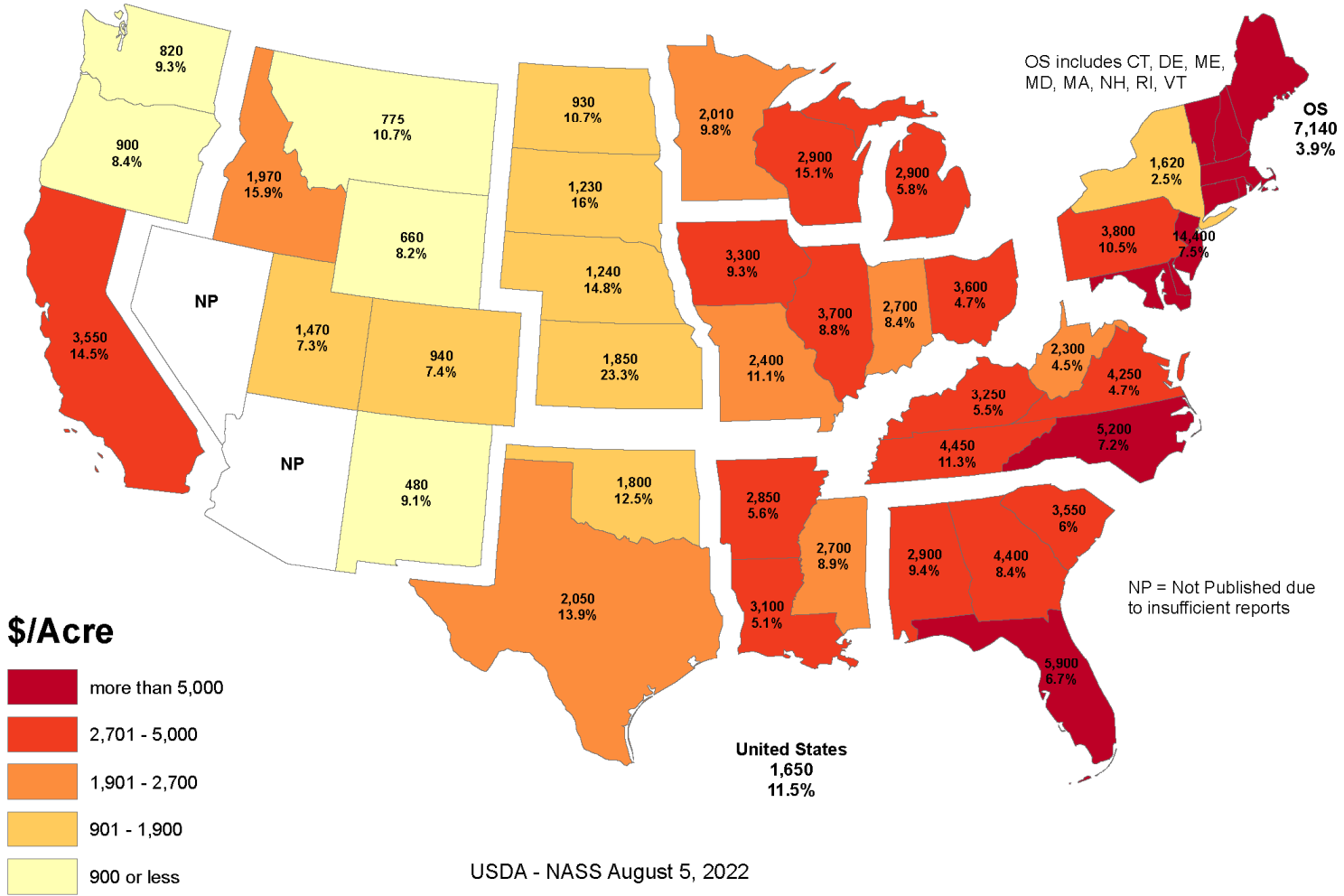
Dollars per Acre and Percent Change from 2021



USDA - NASS August 5, 2022

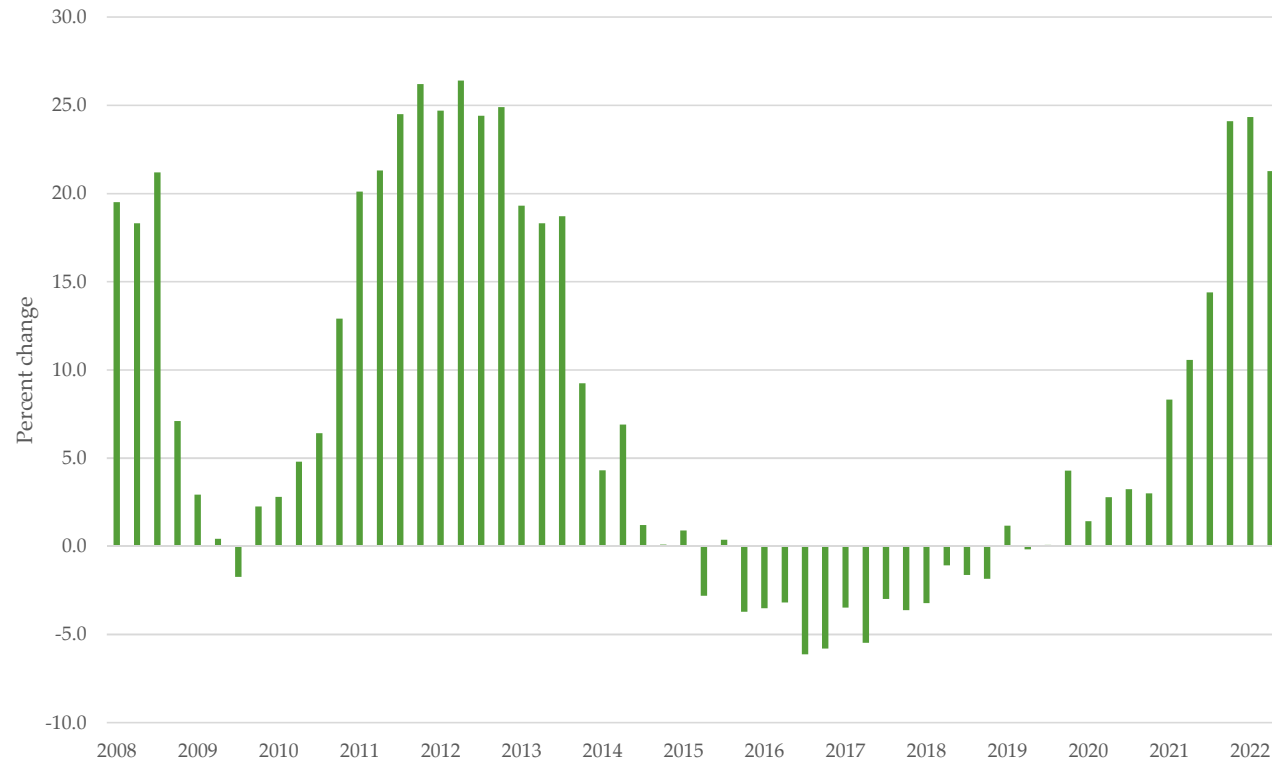
2022 Pasture Value by State

Dollars per Acre and Percent Change from 2021



Land Values – Lender Survey

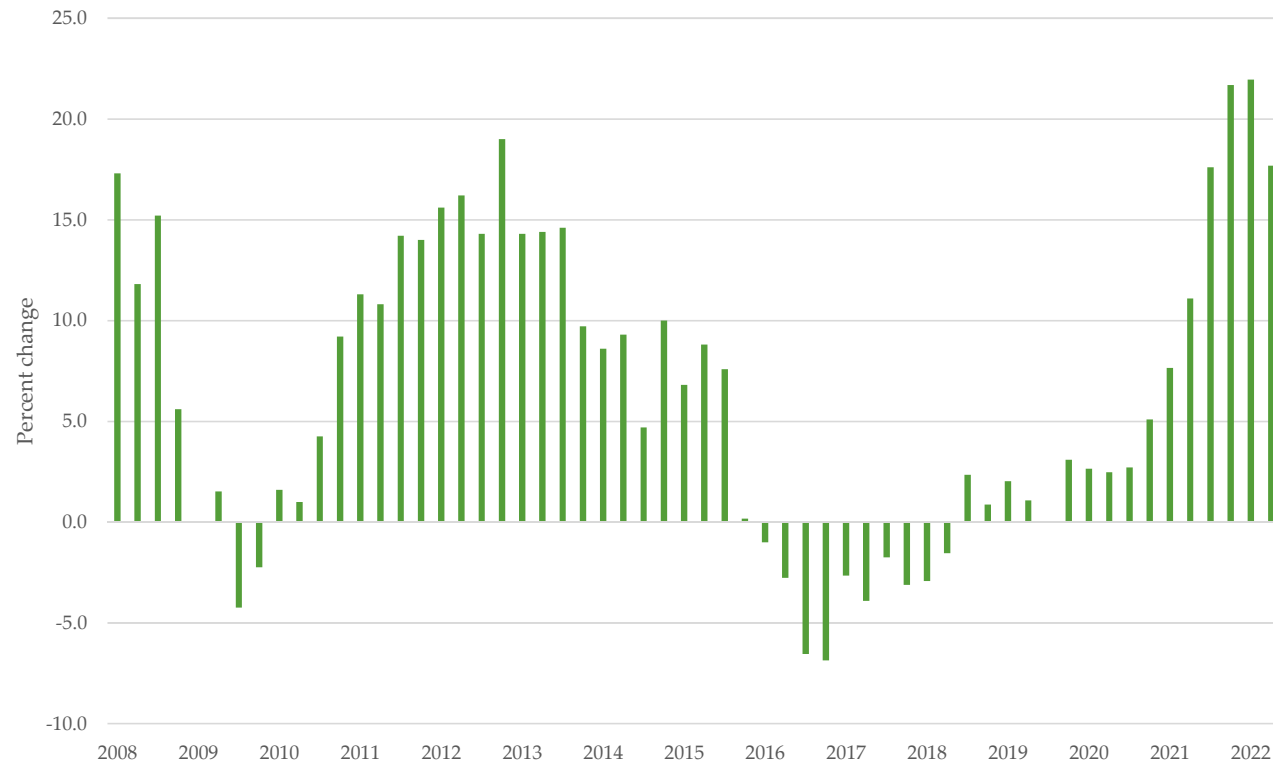
NonIrrigated
(% Change from Previous Year)



Source: Federal Reserve Bank of Kansas City

Land Values – Lender Survey

Ranchland
(% Change from Previous Year)



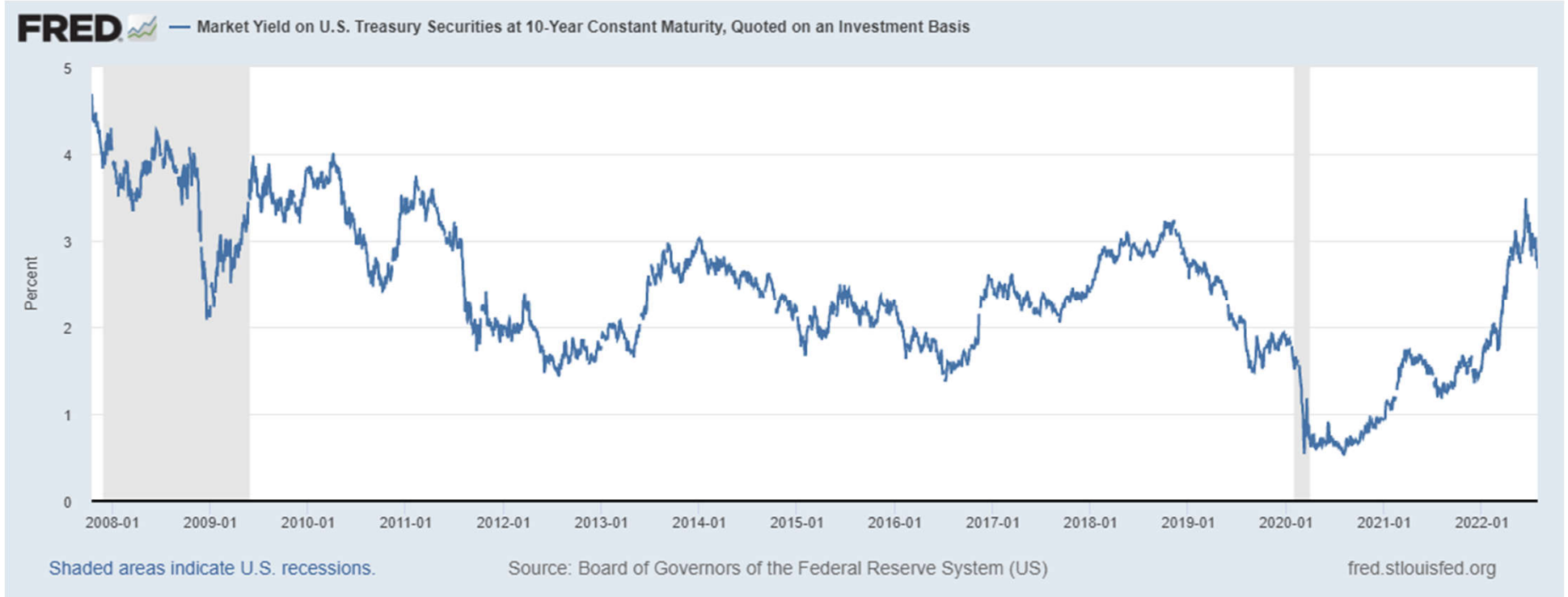
Source: Federal Reserve Bank of Kansas City



Factors Driving the Market

- Interest rates
- Expectations of net farm income
- Supply of (quality) land
- Non-farm income and buyers

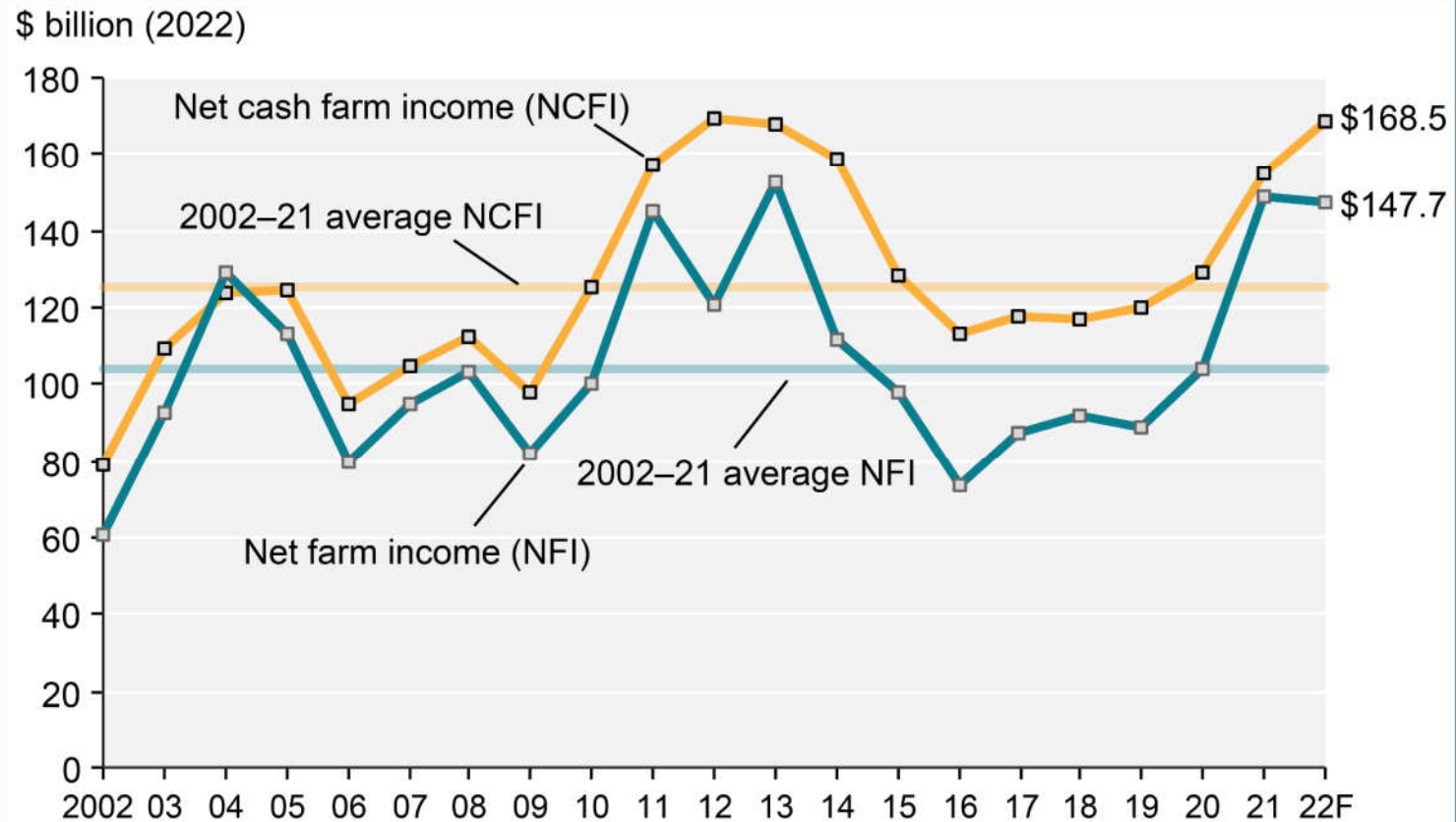
Interest Rates





Expected Returns to Farming

U.S. net farm income and net cash farm income, inflation adjusted, 2002–22F



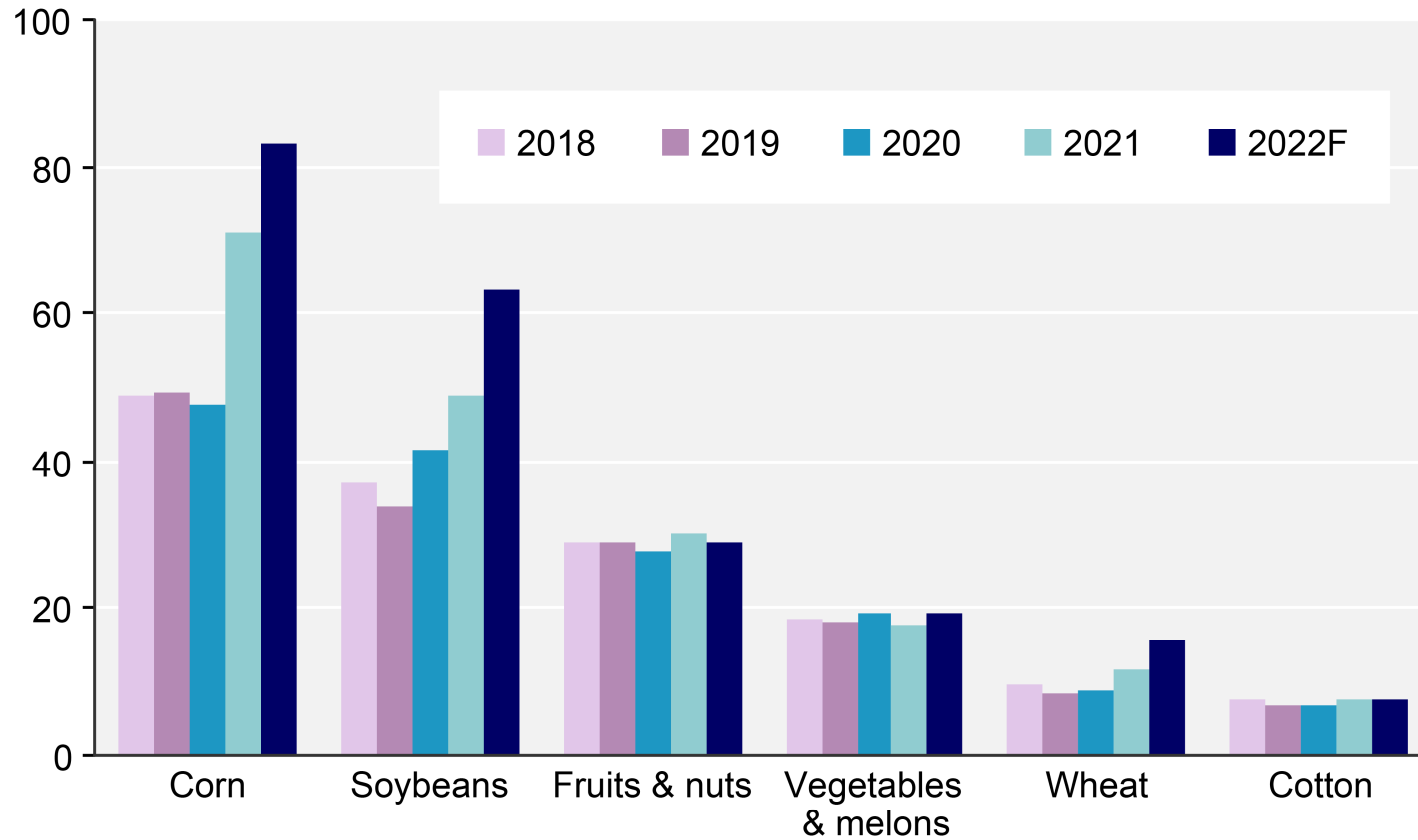
Note: F = forecast. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2022 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of September 1, 2022.

U.S. cash receipts for selected crops, 2018–22F

\$ billion (nominal)



Note: F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

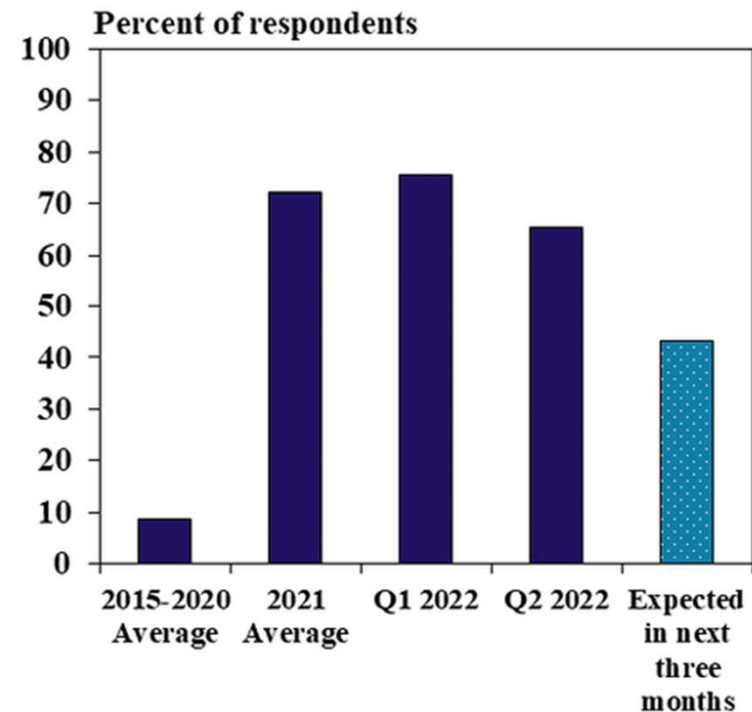
Data as of September 1, 2022.

Expected Returns to Farming

Farm Income

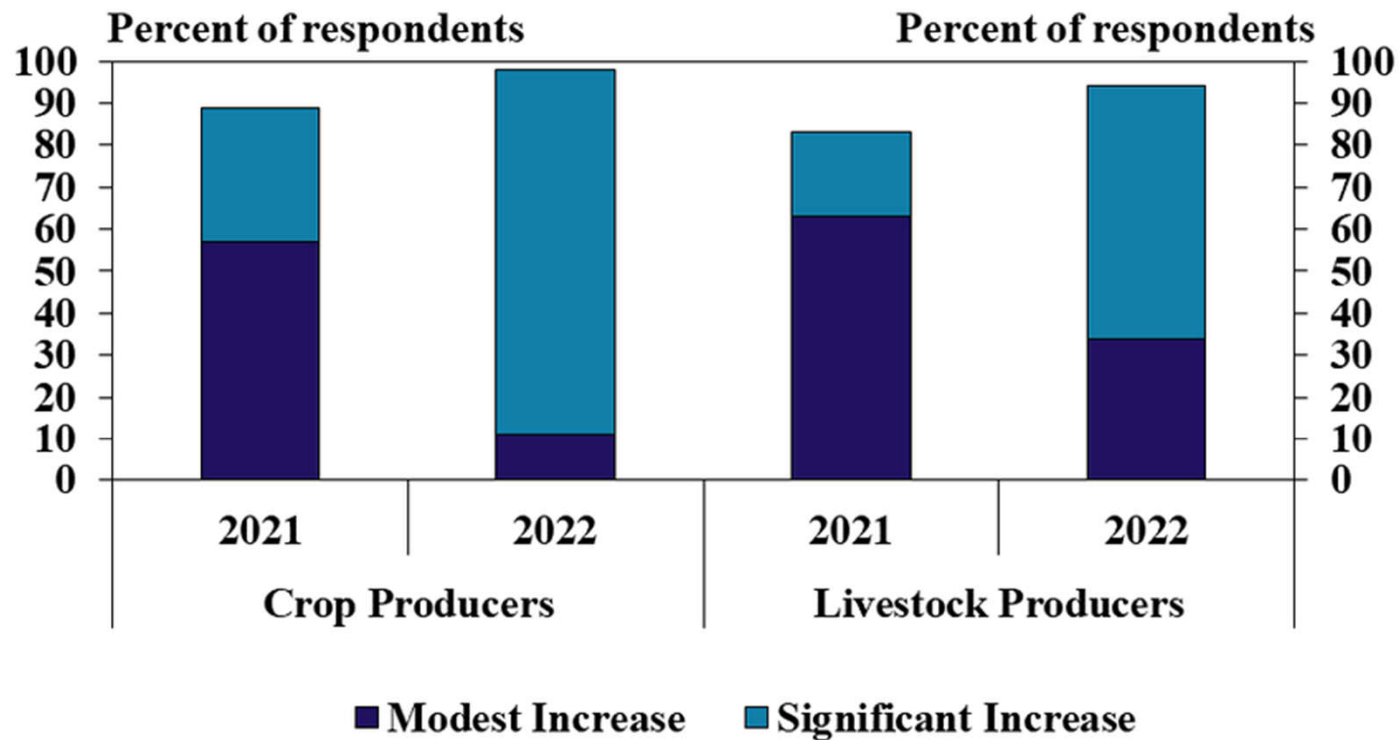


Share of Banks Reporting Higher Farm Income



Source: Federal Reserve Bank of Kansas City

Change in Production Expenses



Note: Bankers responded to the following questions: How have year-to-date and planned production expenses changed for crop producers in your area relative to one year ago? How have year-to-date and planned production expenses changed for livestock and dairy producers in your area relative to one year ago?

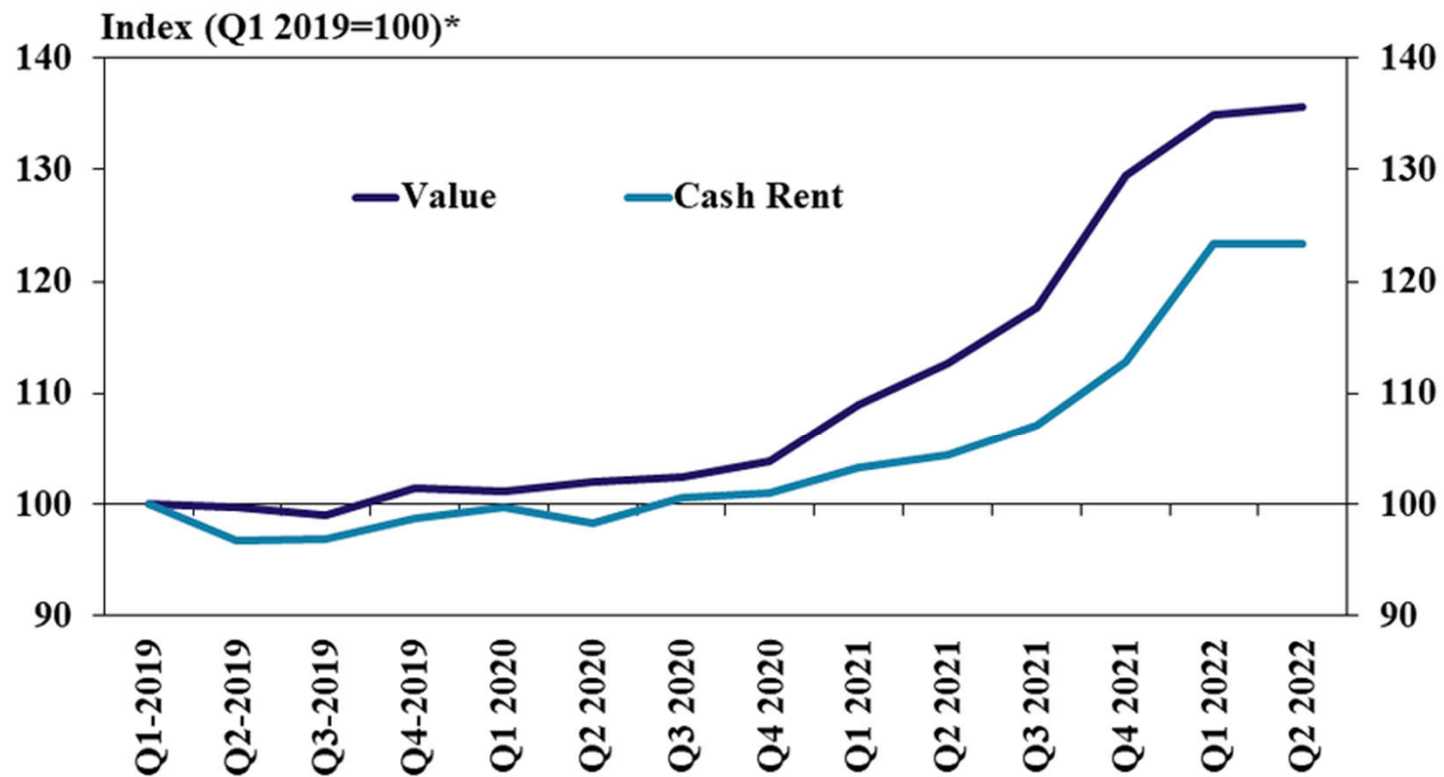
Source: Federal Reserve Bank of Kansas City



Expectations for Farmland

- What is happening to cash rents?
 - Higher production expenses
 - Need to keep land to lower total costs of production

Nonirrigated Land Values & Rents



*Derived from quarterly percent changes calculated using responses only from those banks reporting in both the past and the current quarters.

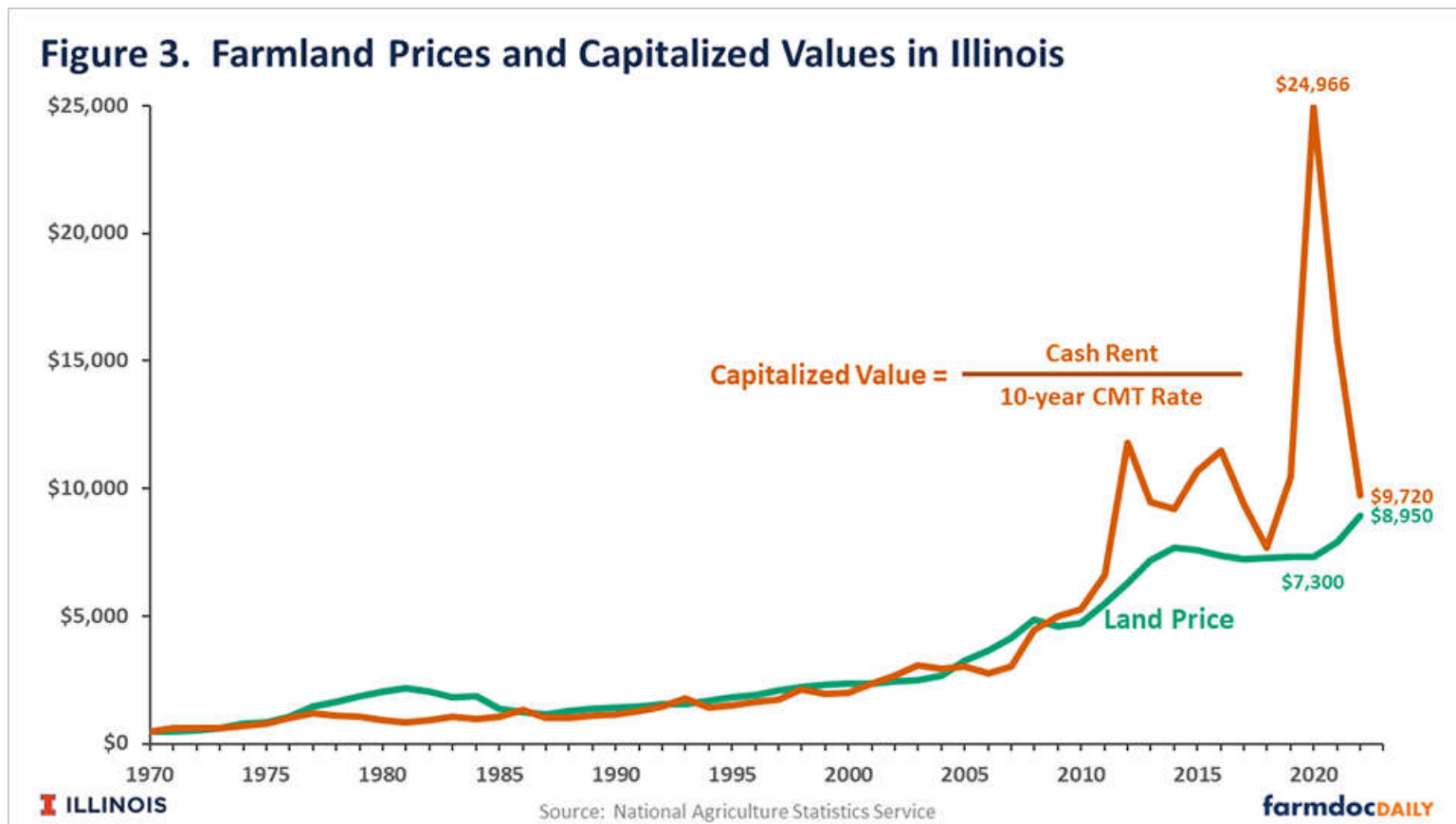
Source: Federal Reserve Bank of Kansas City



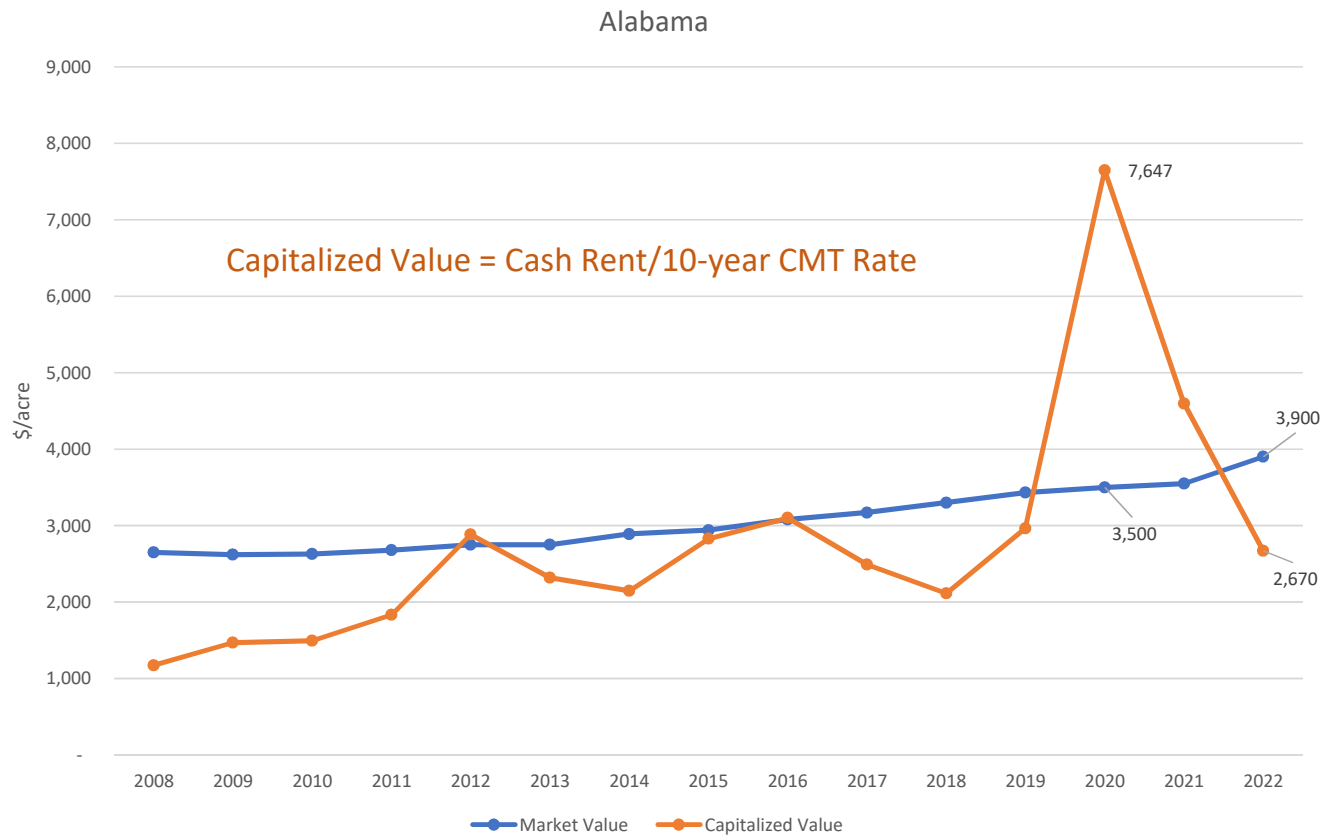
Land Values

- What do these expectations of future income (rents) and interest rates mean for capitalized land values?

Illinois Land Markets

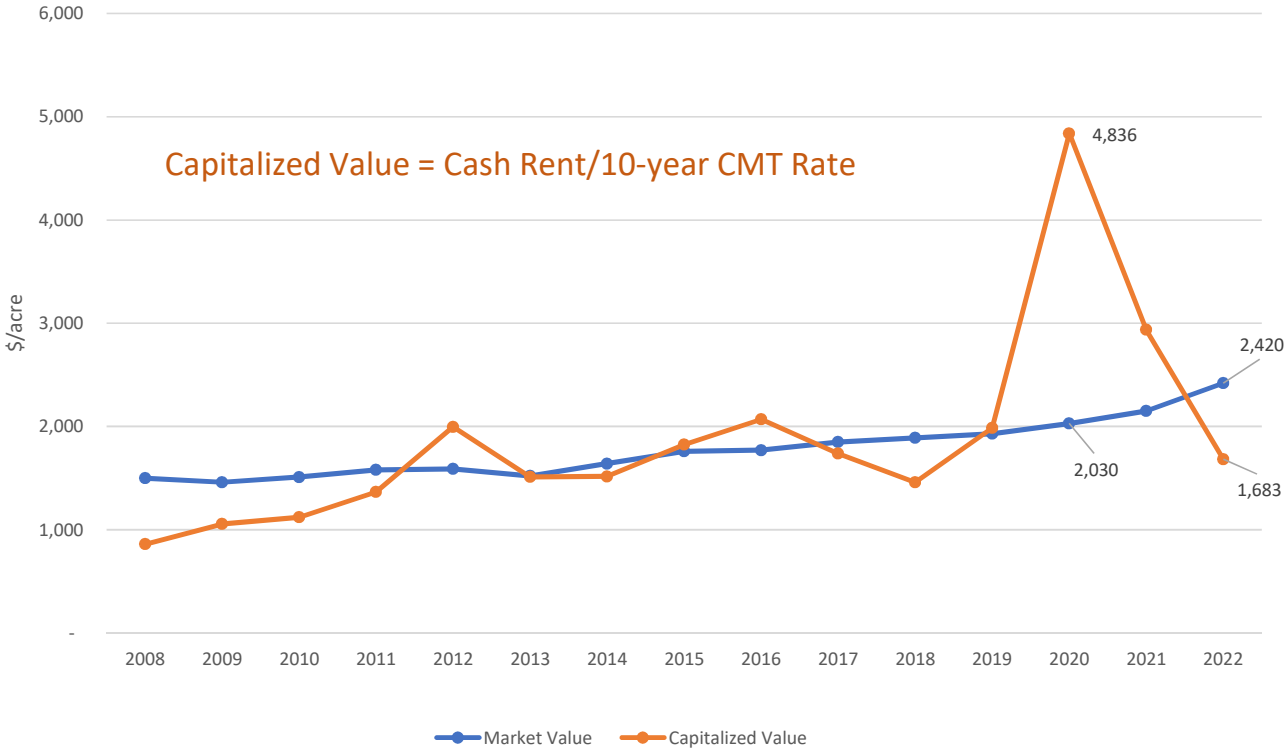


Alabama Land Markets



Texas Land Markets

Texas





Other Factors

- Non-agricultural income and demand
 - Still demand for land outside the city limits
 - Recreation
 - Country living
- Covid and the push/pull of remote workers
 - 9.7% of jobs on LinkedIn are remote as of 2021
 - Up from 2% a year earlier



Foreign Interest in U.S. Agricultural Land

Work with Wendong Zhang and Festus Attah



Current Environment

- Very politically charged topic in many states
- Indiana recently passed legislation that prevents purchase of cropland by foreign entities
 - Went into effect July 1, 2022
 - Doesn't affect livestock operations (dairies, poultry, etc.)



Florida Gov. Ron DeSantis calls out the Chinese Communist Party for buying giant chunks of farmland and property in his state, saying it's a 'huge problem'

By Stephen M. Lepore For Dailymail.Com
15:57 EDT 23 Jul 2022 , updated 21:12 EDT 23 Jul 2022



Background

- Foreign purchases of agricultural land in the U.S.
 - Monitored by the Agricultural Foreign Investment Disclosure Act of 1978
 - Also called AFIDA
 - Doesn't prevent foreign purchases at the federal level, but does require a report of purchases
- Foreign land holdings in the U.S. are relatively small
 - Total amount of farm, ranch, and forest land as of 2020 was 37.6 million acres, which represents about 2.9% of all agricultural land in the U.S.
- Alabama holdings: cropland (0.76%), pasture (0.12%), forest (7.59%)

2020 AFIDA Report

Figure 4 County Concentration of Foreign Holdings of Crop Land as of December 31, 2020

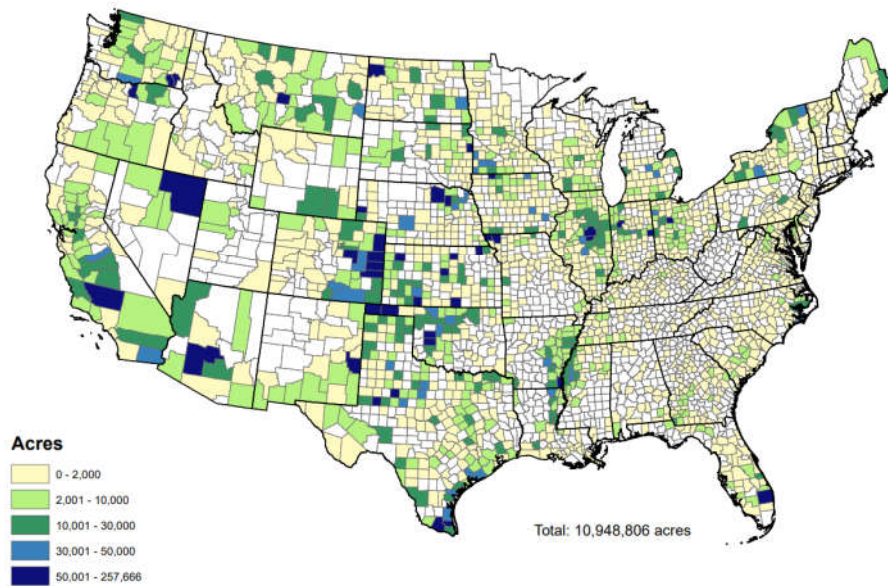
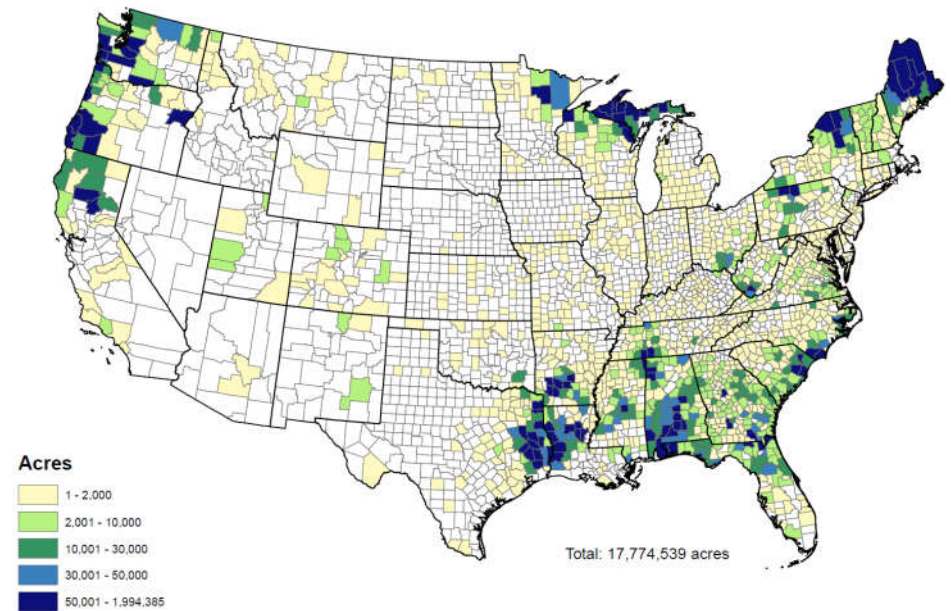
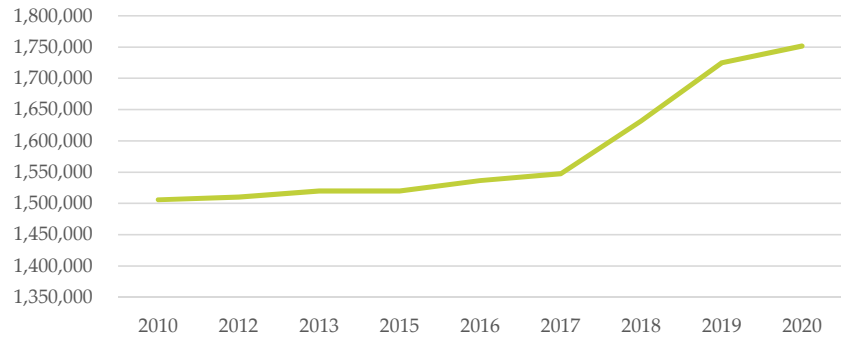


Figure 6 County Concentration of Foreign Holdings of Forest Land as of December 31, 2020



2020 AFIDA Report

AL Forest - Total



AL Cropland - Total

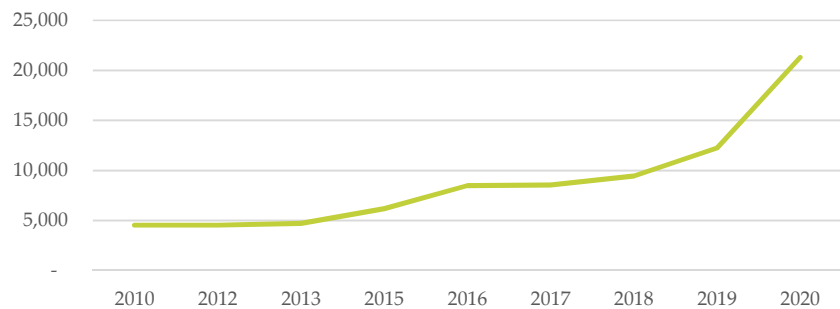
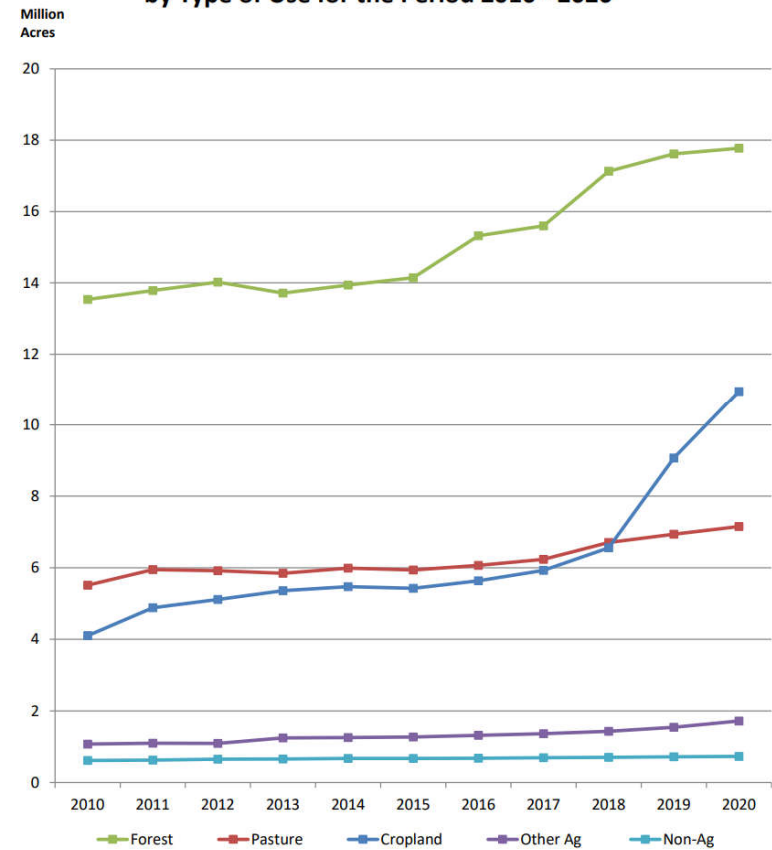


Figure 7

Trends in Foreign Holdings of Agricultural Land by Type of Use for the Period 2010 - 2020



Note: Data for 2010 forward is through December.

2020 AFIDA Report

- Largest U.S. *cropland* holdings by country:

Country	Holdings (acres)
Canada	3,860,595
Italy	1,672,283
Portugal	794,067
Germany	603,871
United Kingdom	601,886

- Largest U.S. *total* holdings by country:

Country	Holdings (acres)
Canada	12,361,087
Netherlands	4,944,700
Italy	2,702,871
United Kingdom	2,329,952
Germany	2,063,406

2020 AFIDA Report

- U.S. land holdings of agricultural and forest land by foreign investors

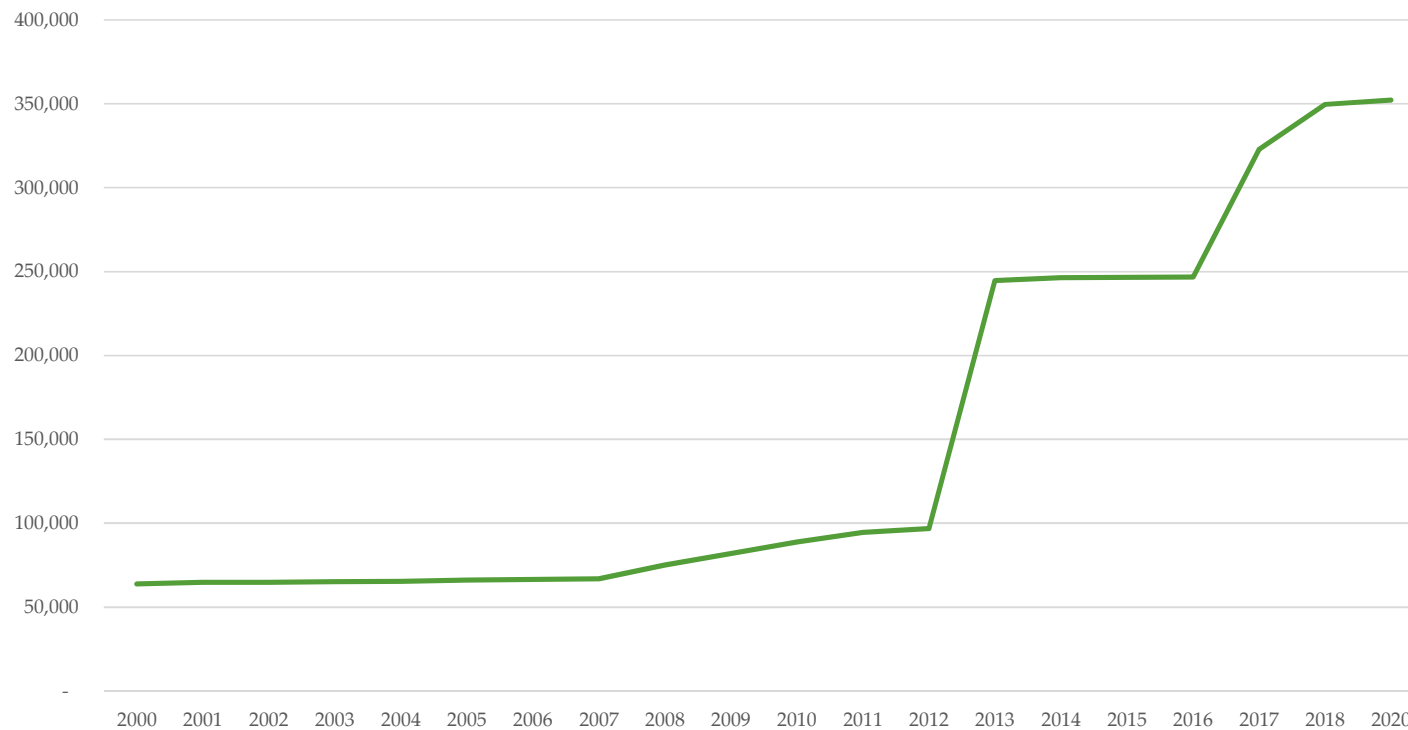
State	Holdings (acres)
Texas	4,806,689
Maine	3,519,099
Alabama	1,809,173
Colorado	1,783,096


- 2020 Agricultural and non-agricultural acquisitions (acres)

State	Acquisitions (acres)
Oklahoma	384,022
Texas	360,047
Colorado	286,036
Kansas	200,046

2020 AFIDA Report

China Holdings in U.S. (acres)





Chinese Holdings in United States (as of 2020)	Total Agricultural Acres
Texas	160,717
North Carolina	49,253
Missouri	42,876
Utah	34,007
Virginia	13,890
Florida	13,848
Arizona	9,892
California	6,931
Washington	6,461
Colorado	3,871
Oklahoma	2,571
Maryland	2,139
Georgia	1,972
Other	3,713
Grand Total	352,140



Questions?

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