FARM REAL ESTATE VALUES

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AVERAGE US FARM REAL ESTATE VALUE

Source: NASS
FARM REAL ESTATE VALUES
(2005 $/ACRE)

Source: NASS
## AVERAGE ANNUAL PERCENT GROWTH RATES IN FARM REAL ESTATE VALUES

<table>
<thead>
<tr>
<th>State</th>
<th>1975-80</th>
<th>2005-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>11.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Indiana</td>
<td>12.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Iowa</td>
<td>12.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Kansas</td>
<td>6.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Nebraska</td>
<td>9.6</td>
<td>7.7</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>7.4</td>
<td>3.5</td>
</tr>
<tr>
<td>US</td>
<td>8.8</td>
<td>3.8</td>
</tr>
</tbody>
</table>
REAL INTEREST RATES AND REAL ESTATE
BILLION 2005$

Source: 10 Year Treasury Securities less percentage change in GDP IMP.
FARM REAL ESTATE POSITIVELY RELATED TO NET CASH INCOME

[Graph showing the relationship between Farm real estate value and Discounted stream of net cash income.]
REAL 10-YEAR INTEREST RATES WITH PROJECTIONS TO 2020

Source: CBO, Budget and Economic Outlook, Jan 2011
NET CASH INCOME
BILLION 2005$

Source: USDA Agricultural Projections to 2020, Feb 2011
REAL CORN, WHEAT AND SOYBEAN PRICES
2005$/BUSHEL

Deflated by GDP implicit price deflator, 2005 = 100 (BEA 2010)
FARM PRODUCTIVITY

Source: ERS
WORLD WHEAT AND COARSE GRAIN DEMAND
MILLION MT

1.1% annual growth rate

2.0% annual growth rate since 2001/02

Source: FAS
WORLD SOYBEAN DEMAND
MILLION MT

Source: FAS

4.4% annual growth rate
FARM DEBT RISING BUT STILL LOW RELATIVE TO 1980S (2005$)

Source: ERS
FARM DEBT AS PERCENT OF ASSETS

Source: ERS
DEBT AS A PERCENT OF ASSETS BY TYPE OF FARM OPERATION

Source: ERS
Farmland values have risen sharply over past 5 years though comparisons to the late 1970s seem unfounded. Increases appear to be generally consistent with rise in farm income and low interest rates.

Net income has been volatile which could lead to volatility in farmland values.

Real interest rates are expected to rise though remain below levels of the 1980s and 90s.

Long term factors for farm income remain positive: strong foreign and domestic demand.

Budget cuts could affect land values but payments are small portion of net cash income.

Ag sector in better financial shape than in early 1980s.