

MIDWEST AGRICULTURE

2021 Data and Trends Report



AGAMERICA[®]
LENDING



REGIONAL OVERVIEW

MIDWEST AGRICULTURE

The Midwest is home to a prominent agricultural landscape. Within its borders, three subregions exist: The Corn Belt, Lake States, and Northern Plains. Collectively, this ag powerhouse region contributes more than \$152 billion to the U.S. agricultural economy—the largest portion of ag production among all six USDA regions. From a national perspective, the Midwest accounts for 45.1 percent of total U.S. crop cash receipts and 42.3 percent of total U.S. animal and animal product cash receipts. Although the Midwest is often known for its tracts of corn and soybean fields, animal production is a prominent part of its regional landscape with six out of the twelve Midwestern states contributing higher rates of animal output than crops. Midwest farmers are most impacted by fluctuation in the export trade market and are the biggest regional recipients of direct farm program payments at more than \$13 billion in 2020 alone.

Keep reading to learn more about the key trends of Midwest farm demographics, financials, and land values with fine-grained, statistical insights and state-level data.

STRENGTHS

- Federal program subsidies
- Flat, manageable land
- Stable land values
- High productivity

CHALLENGES

- Reliance on export trade
- Adverse weather events
- Costs and availability of inputs
- Economies of size

IMPORTANT TO NOTE

All data shown is sourced from the United States Department of Agriculture's Economic Research Service and the National Agricultural Statistics Service. Data has been rounded to the nearest decimal point. National refers to the mainland U.S. and excludes the non-contiguous states of Alaska and Hawaii.

AT-A-GLANCE

FARM DEMOGRAPHICS

Midwest agriculture has the most farm operations than any other U.S region. The Midwest carries the lowest percentage of small-scale farm operations (1-99 acres), accounting for less than 46 percent of total Midwest farms. Scale economies are likely a factor. For example, smaller dairy operations in Wisconsin are pressured to increase herd size to improve profitability, leading to growing consolidation trends in the industry year after year. In fact, all Midwestern states except for Ohio saw a decline in the number of farm operations from 2007 to 2017. While the Midwest has the lowest distribution of small farm operations, 46 percent of the 722,200 farm operations in this region means it is currently still home to more small farms than any other region.



TOP COMMODITIES (IN RANKING ORDER BY REVENUE)

CORN BELT

- Corn
- Soybeans
- Hogs
- Cattle and Calves
- Dairy and Milk
- Broilers
- Chicken Eggs

LAKE STATES

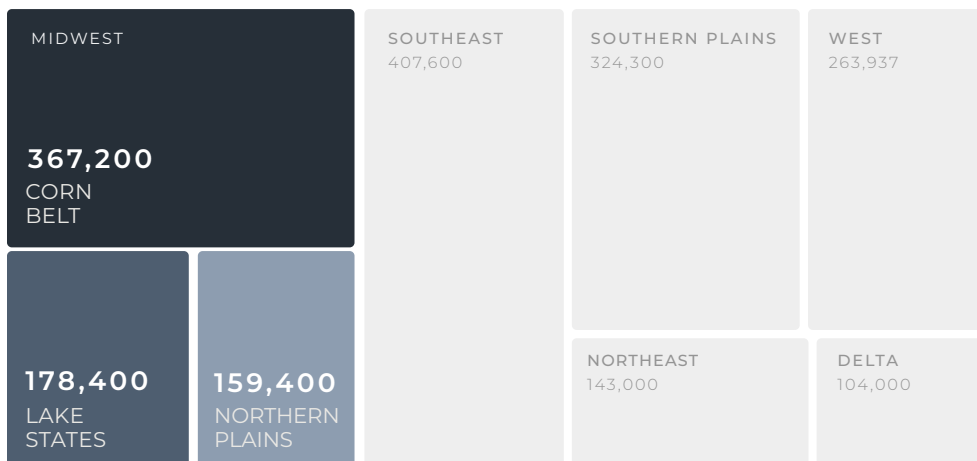
- Dairy and Milk
- Corn
- Soybeans
- Cattle and Calves
- Hogs

NORTHERN PLAINS

- Cattle and Calves
- Corn
- Soybeans
- Wheat
- Hogs
- Dairy and Milk
- Sorghum



NUMBER OF PRIMARY FARM OPERATORS

**705K**

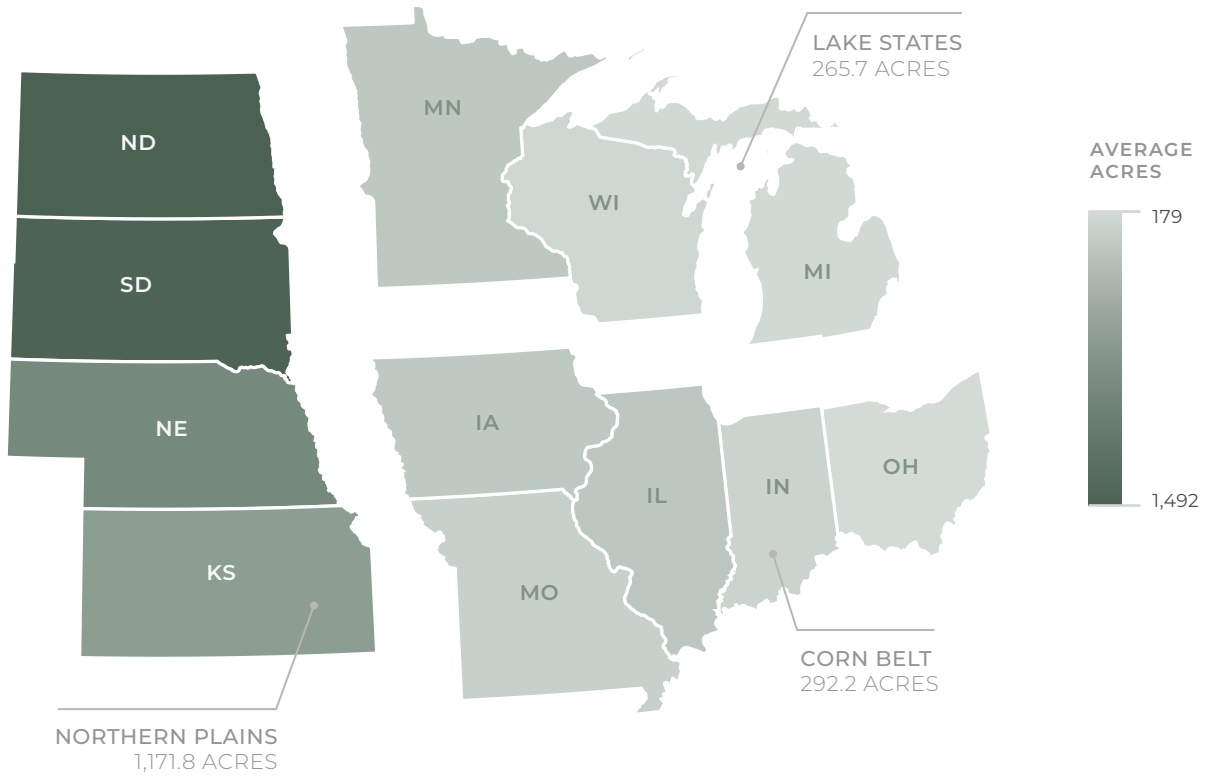
Total number of primary farm operators in the Midwest.

36.2%

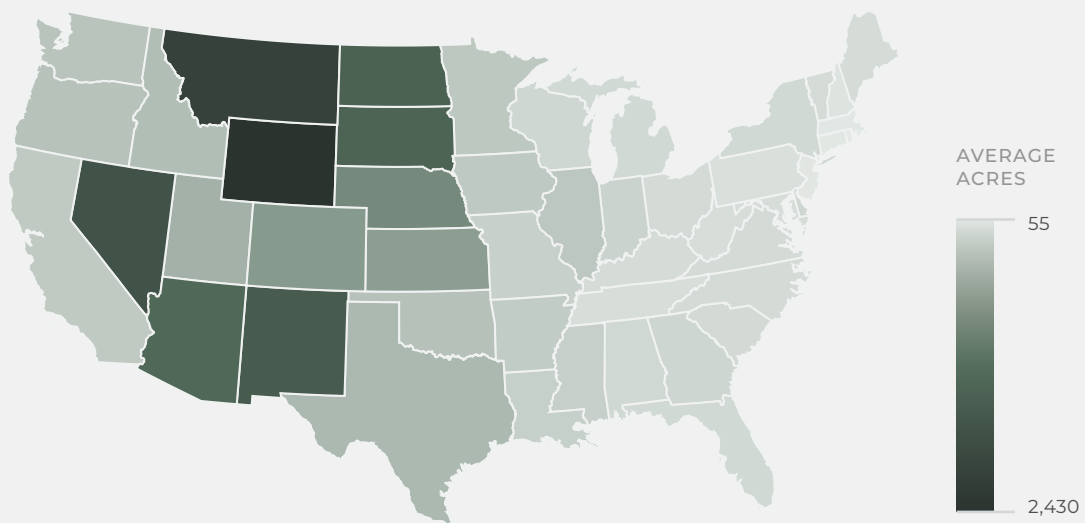
Percentage of total primary farm operators in the nation that are located in the Midwest.



AVERAGE FARM SIZE BY STATE



NATIONWIDE AVERAGE FARM SIZE

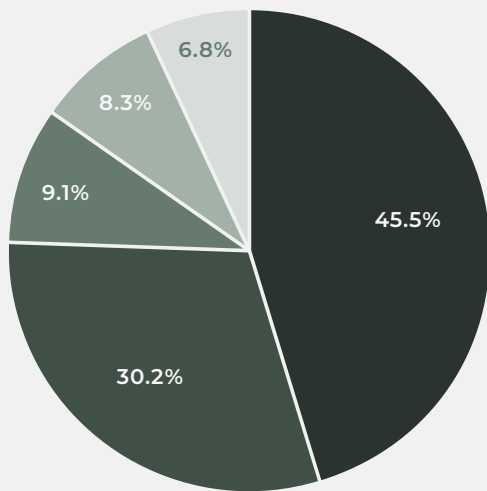




FARM DISTRIBUTION BY SIZE

1-99 ACRES
 100-499 ACRES
 500-999 ACRES
 1,000-1,999 ACRES
 2K+ ACRES

REGIONAL AVERAGE DISTRIBUTION BY SIZE



329K Farms

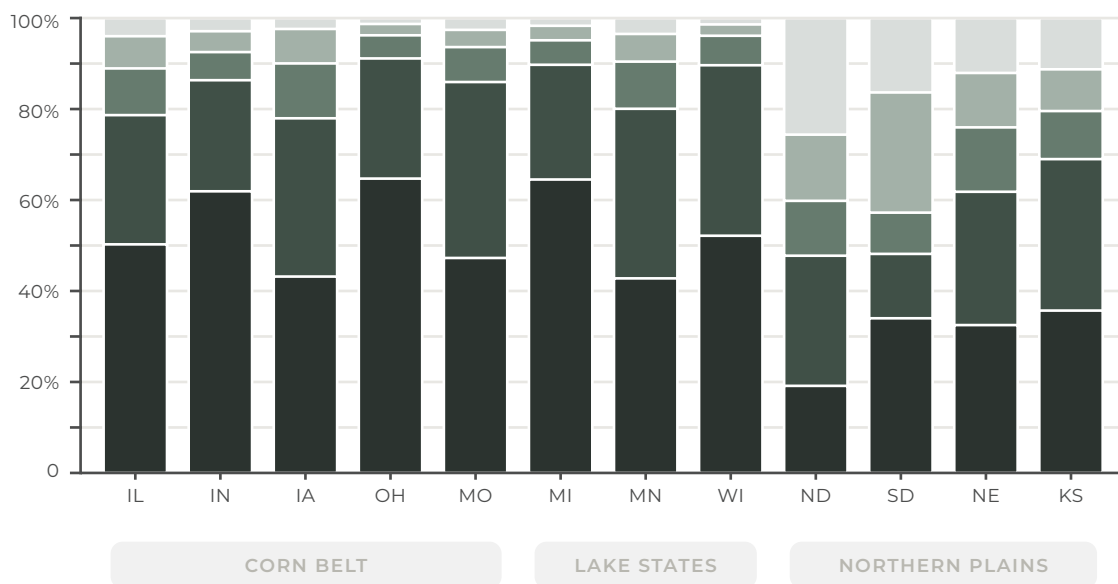
The estimated number of farms in the Midwest region with less than 100 acres. This is also the highest total number of farms per region and distribution by size acreage range in the nation.

North Dakota

The state with the lowest percentage of farms under 100 acres and highest percentage of farms with at least 2,000 acres in the nation.

STATE AVERAGE DISTRIBUTION BY SIZE

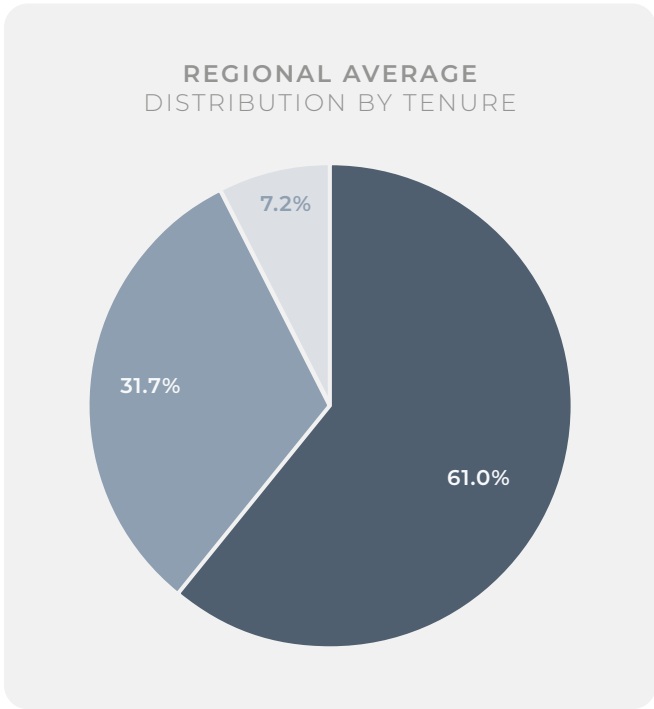
(each bar shows the percentage distribution of farm size in each Midwestern state)





TENURE OF FARMS

FULL OWNERS
 PART OWNERS
 TENANT FARMS



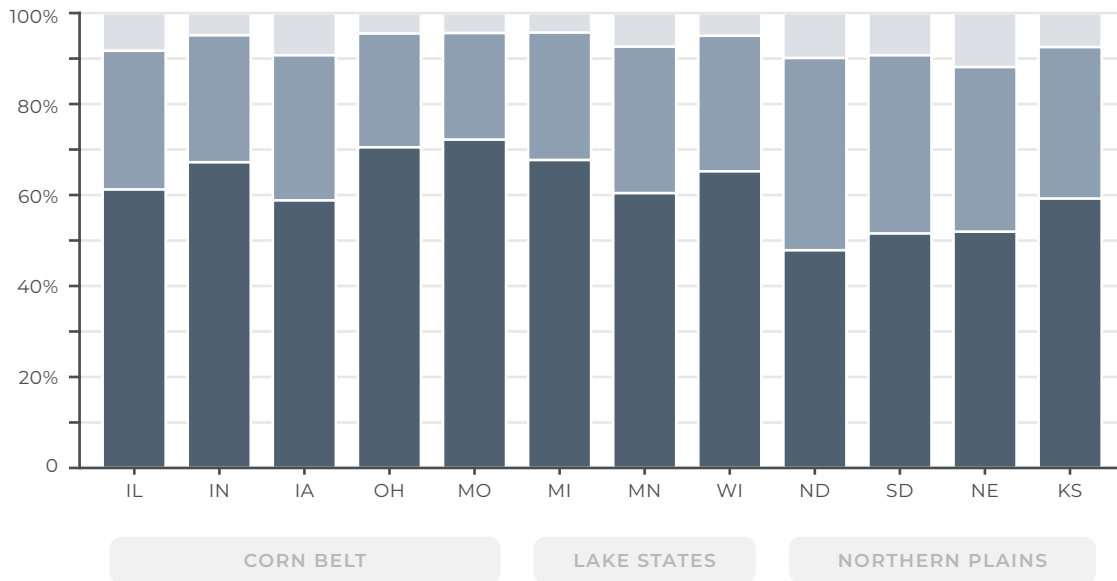
430K Farmers

The highest regional number of primary farm operators that are Full Owners. Full Owners in the Midwest account for 23.3% of total primary operators in the nation.

37.9%

Northern Plains has the highest subregional average for Part Owners than any other subregion in the nation.

STATE AVERAGE DISTRIBUTION BY TENURE
(each bar shows the percentage distribution of tenure in each Midwestern state)

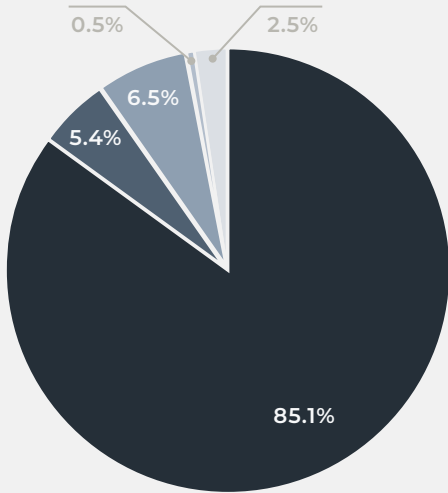




FARM ORGANIZATION

- SOLE PROPRIETORSHIP
- FAMILY-HELD CORPORATIONS
- PARTNERSHIPS
- NON-FAMILY CORPORATIONS
- OTHER

REGIONAL AVERAGE DISTRIBUTION BY FARM ORGANIZATION



615K Farms

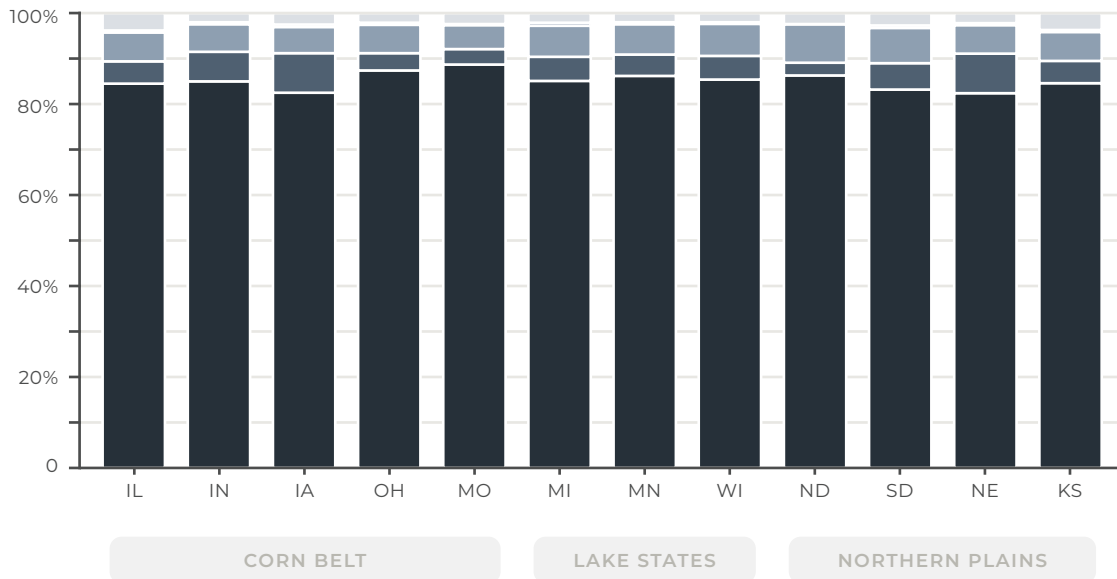
Approximate number of farms in the Midwest with Sole Proprietorship, the highest amount of any region and farm organization in the nation.

0.5%

The Midwest has the second-lowest percentage of farms owned by Non-Family Corporations, but still has the highest number of these farms at 3,431.

STATE AVERAGE DISTRIBUTION BY FARM ORGANIZATION

(each bar shows the percentage distribution of farm organization in each Midwestern state)



REGIONAL FINANCES

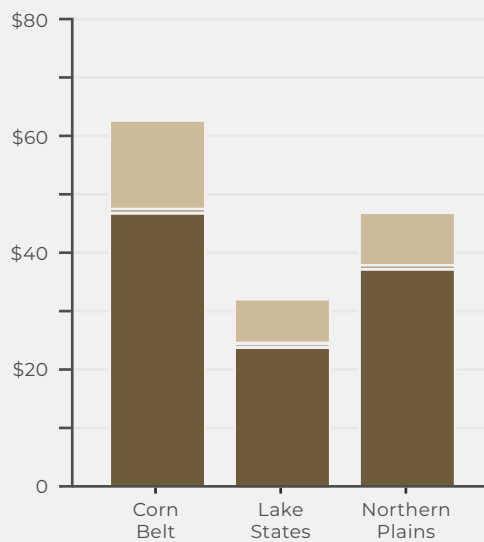
INPUT COSTS AND REVENUE

As the largest regional ag producer in the country, the Midwest reaps the highest net farm income which totals nearly \$27 billion per year. Midwest farmers are also the largest recipient of direct federal payments to farms, accounting for more than half of total direct payments in 2019. Yet, with high income and rates of production come higher input costs, which total to nearly \$140 billion per year in the Midwest region. Due to restricted availability and higher commodity prices this year, manufacturers and suppliers are raising prices for supplies like fertilizer which inevitably impacts the Midwest farmer's bottom line. Midwest agriculture ranks third in contract labor costs at nearly \$533 million each year, despite accounting for more than 40 percent of total ag production in the nation. The automation of large-scale operations is a likely contributor to easing the need for farm labor, as is the high number of nonpaid family workers that often work on these operations.



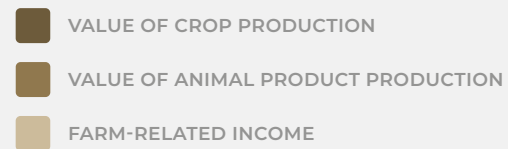
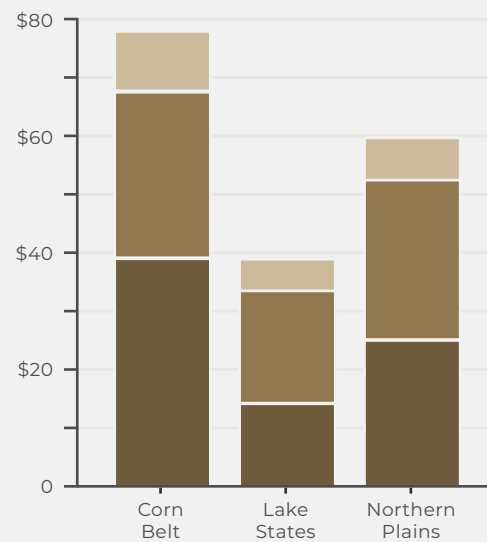
INPUT COSTS

(in billion dollars)



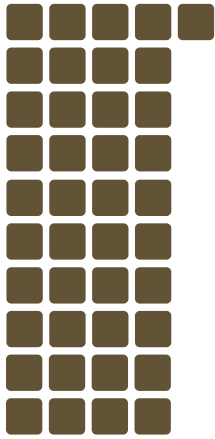
GROSS REVENUE

(in billion dollars)





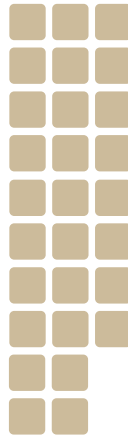
DIRECT FARM PROGRAM PAYMENTS



\$6.5B
CORN BELT



\$2.2B
LAKE STATES



\$4.5B
NORTHERN PLAINS

\$13.3B

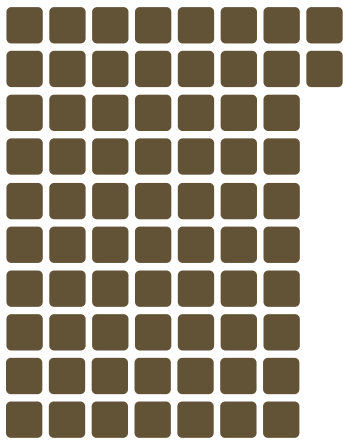
Total approximate direct farm program payments for Midwest region in 2019.

61%

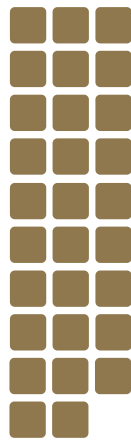
Percentage of total direct federal payments that were distributed to the Midwest region.



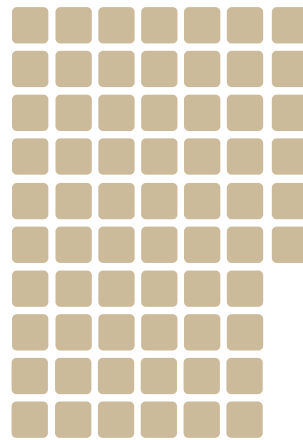
NET FARM INCOME



\$11.5B
CORN BELT



\$4.6B
LAKE STATES




\$10.6B
NORTHERN PLAINS

\$26.7B

Total approximate net farm income for Midwest region in 2019.

32%

Percentage of national net farm income that comes from the Midwest.

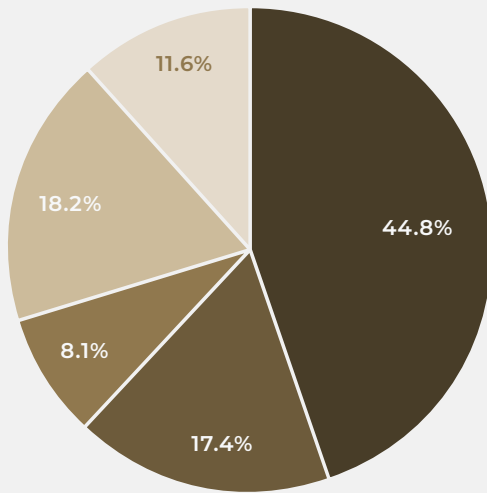
 = \$160MM



FARM DISTRIBUTION BY SALES

< \$9,999
 \$10,000-\$49,999
 \$50,000-\$99,999
 \$100,000-\$499,999
 \$500,000+

REGIONAL AVERAGE DISTRIBUTION BY FARM SALES



324K Farms

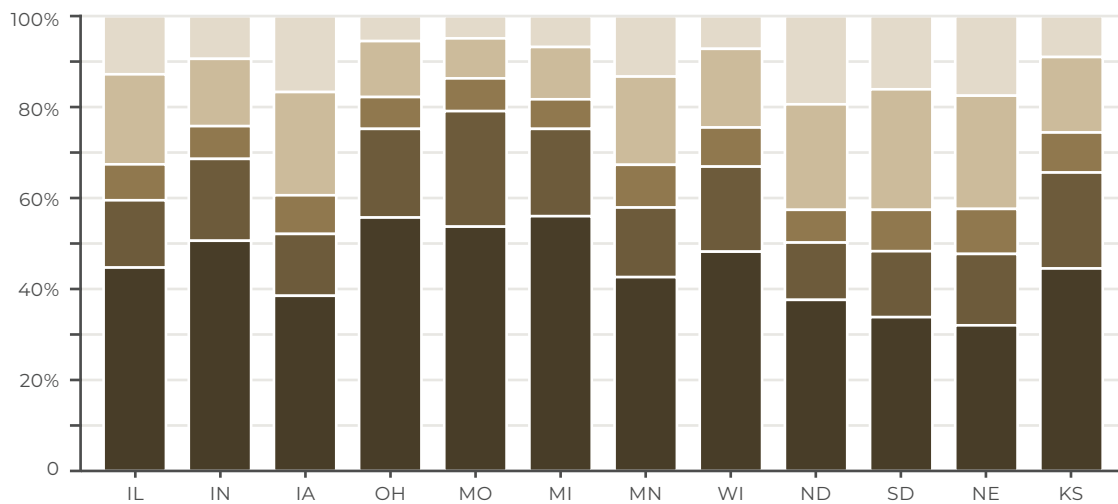
Estimated Midwest farms that make less than \$9,999, the highest amount of any region and distribution of sales range in the nation.

\$139.7B

The Midwest has the highest total input costs of any region, making up 45.8% of the national total.

STATE AVERAGE DISTRIBUTION BY FARM SALES

(each bar shows the percentage distribution of farm sales in each Midwestern state)



CORN BELT

LAKE STATES

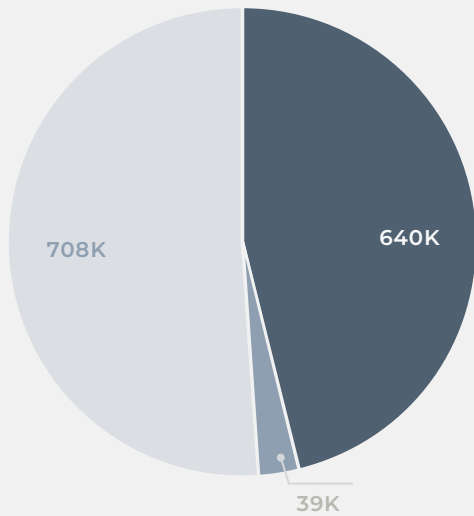
NORTHERN PLAINS



FARM LABOR

HIRED WORKERS
 MIGRANT WORKERS
 UNPAID FAMILY WORKERS

REGIONAL TOTAL
DISTRIBUTION BY FARM LABOR



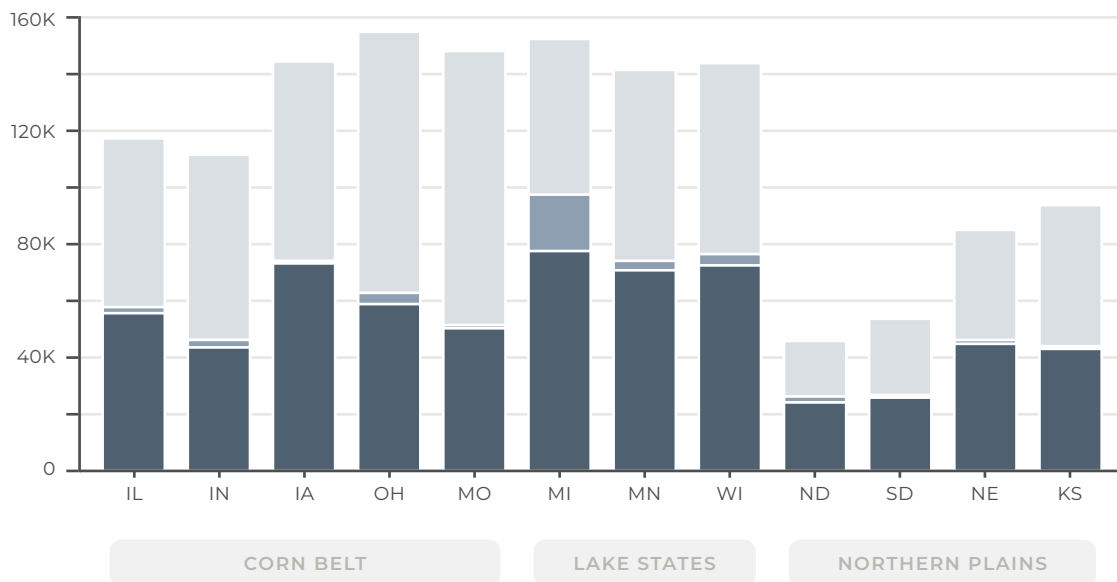
1.4MM Workers

Total number of workers in the Midwest region, the second-highest region in the nation and only 34,000 less than the West worker total.

Ohio

With about 154,000 workers, this state has the highest total amount of workers in the Midwest, accounting for 3.12% of the national total.

STATE TOTAL DISTRIBUTION BY FARM LABOR
(each bar shows the amount distribution of farm labor in each Midwestern state)

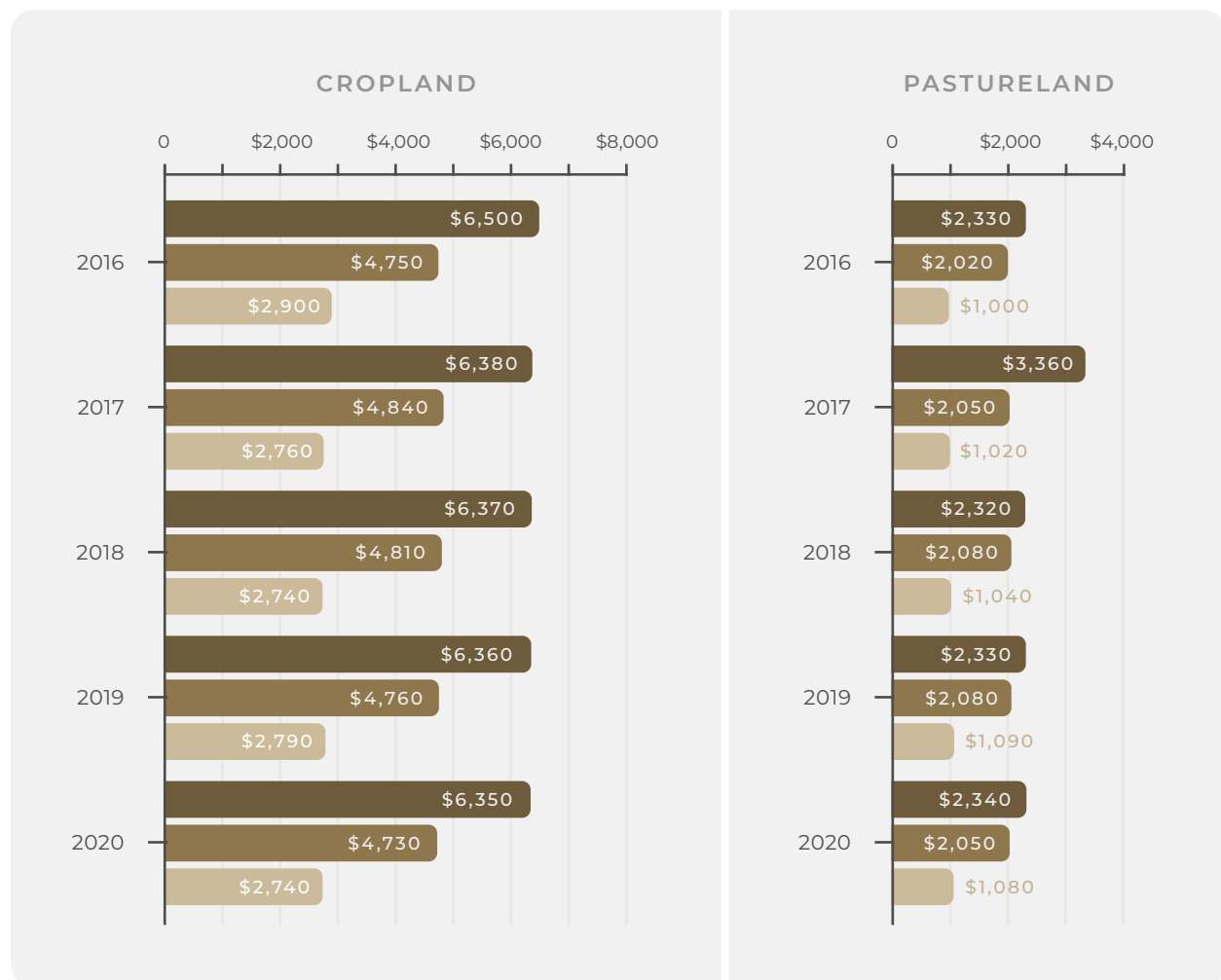


REGIONAL FARMLAND LAND VALUES AND TRENDS

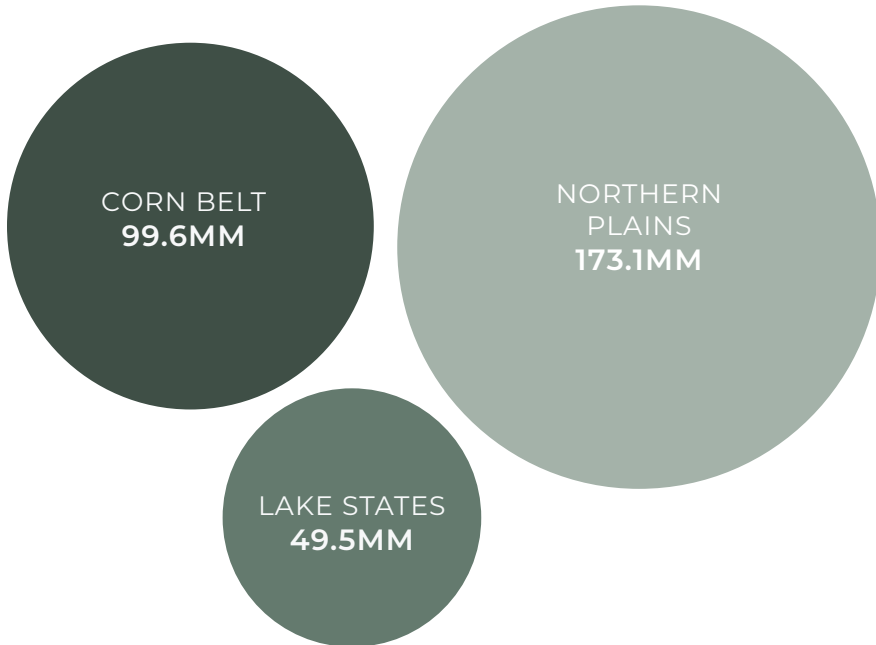
Cropland values in the Midwest average highest within the Corn Belt. This region has seen small amounts of land depreciation from 2016 to 2020. However, it has shown remarkable stability over the years, even during this time when global trade wars and overproduction suppressed corn and soybean prices. With stronger corn prices that have not been seen since 2012, Midwest land values will likely strengthen along with it. In fact, the Midwest holds the highest recorded average rate of return among all U.S. regions.

REGIONAL FARMLAND VALUES (AVERAGE PER ACRE)

 CORN BELT  LAKE STATES  NORTHERN PLAINS



 NUMBER OF ACRES OPERATED



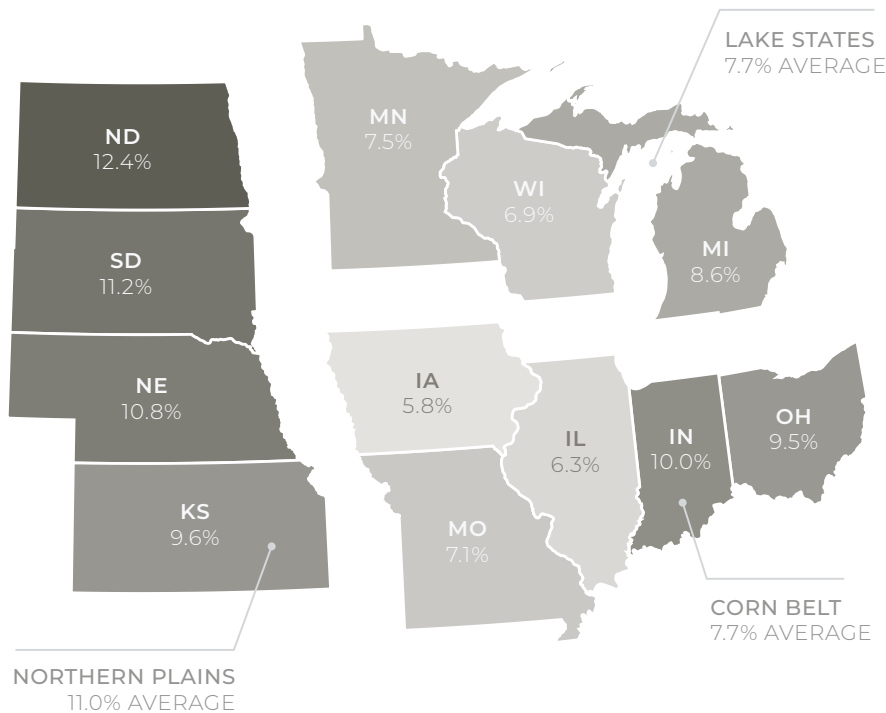
322MM

Total number of acres operated in the Midwest region.

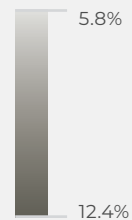
36.6%

Percentage of total national farmland acreage located in the Midwest region.

 5-YEAR CAPITALIZATION RATES FOR CROPLAND



RATE OF RETURN TO OWNERSHIP



Cap Rate

The 5-year capitalization rate is the average annual rate of return on appreciating property values over the course of five years.

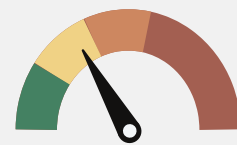


CONCLUSION

AGAMERICA IS HERE TO SUPPORT YOU

Whether you're looking to expand your farm, secure capital for operational upgrades, or lower payments on existing debt, AgAmerica's spectrum of loan products can pivot and adapt to meet your changing needs. We take our partnerships with Midwest farmers a step further by providing valuable tools, resources, and services that surpass the experiences farmers have with standard lending institutions. As the first nationwide commercial mortgage REIT in the agricultural industry, AgAmerica can provide competitive rates for the financially secure farmers and ranchers along with those who would otherwise be turned away by traditional banks. Once you join the AgAmerica family you gain a partner who is dedicated to setting you up for long-term success.

Are you interested in improving your operational finances but not sure how? **Explore AgAmerica's Financial Health Check Tool to gain a better sense of where to start.**



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