

OUTLOOK FOR FARM REAL ESTATE IN 2024

The quintessential enduring asset, farmland is one of the world's oldest asset classes. It is a tangible, appreciating, and productive investment that offers an inflationary hedge, price stability, and a low correlation to other investments.

INSIGHTS AND PREDICTIONS

A wave of land ownership transfer is coming.

When combined with the holdings of non-operator landlords, half the farmland in the U.S. is owned by individuals who are at least 65 years old. If U.S. farmland is a \$3.42 trillion market as research suggests, then that means nearly \$1.5 trillion in farmland could exchange ownership in the next two decades.

The farm economy is approaching a decline—but land values remain strong.

A 22 percent decline in net farm income is expected in 2023, with a 4.3 percent drop in total farm cash receipts. At the same time, the USDA predicts a six percent increase in U.S. farmland values. Higher cash rents make owning your land even more appealing to offset anticipated commodity price declines.

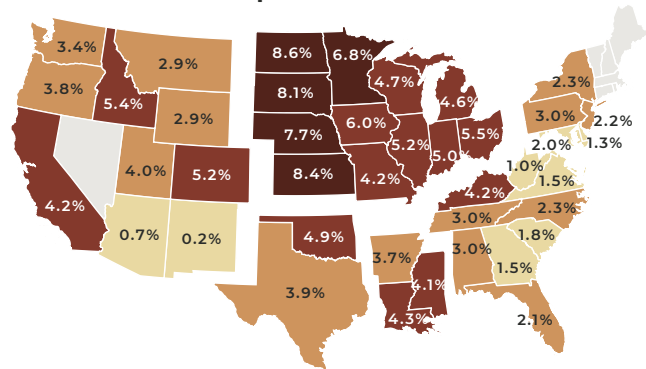
Equity is a top risk management strategy landowners can leverage.

For a farmer that owns their land, that land makes up over 80 percent of their assets. With more competitive rates and flexible terms than crop and equipment loans, land loans can be used as collateral to provide you with capital to increase operational profitability. However, this should be done with a trusted financial expert who understands the industry's unique needs and can help you develop a long-term financial strategy to avoid becoming overleveraged.

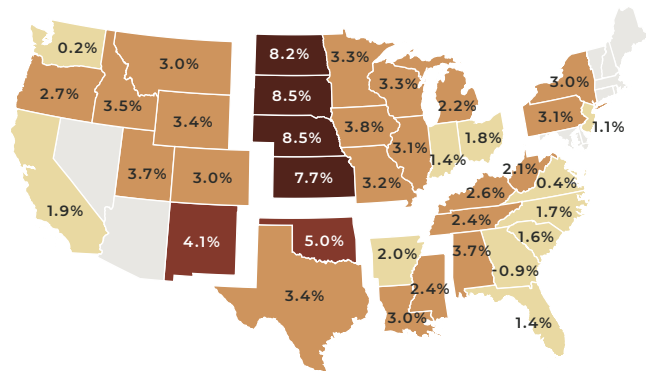
AVERAGE ANNUALIZED CHANGE IN U.S. LAND VALUES, 2023 VS 2010

6.0% >
 4.1 to 6.0%
 2.1 to 4.0%
 < 2.0%

Cropland Values



Pastureland Values



Source: USDA, NASS



WANT TO LEARN MORE?

Download the full report to unlock more information about U.S. farmland market data and trends from AgAmerica's economic research team.