



PRESS RELEASE

January 2024

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FOR IMMEDIATE RELEASE

2024 Brings Resilient Ag Land Market

Despite increasing pressure from declining commodity markets, rising interest rates and inflation, the land market seems to be moving into 2024 maintaining the value increases it has built during the past three years.

The sharp increase in land values from a year ago that was primarily driven by strong commodity markets has slowed, but those values are being maintained, which is evidenced in Farmers National Company sale results logged in the past six months. Buyer demand remains strong for good quality cropland across the Midwest, while the supply of land for sale remains limited.

“These factors further play into the dynamics of the supply/demand scenario and remain a large factor in supporting current values in early 2024,” said Paul Schadeegg, senior vice president of real estate operations, Farmers National Company.

Who are the buyers? Successful farmland buyers continue to be local farmer/operators in nearly 80 percent of transactions. Available cash has played a significant role in how aggressive buyers are able to bid at land sales within the past several years.

“Current market operator’s equity positions have narrowed over the past year and lending has increased as outlined in the most recent Ag Credit Survey from the Federal Reserve Bank of Kansas City,” Schadeegg said.

Along with the increase in lending comes the expense from interest, which will cut into potential net farm income in the coming year for farm operators.

What continues to motivate land buyers? Buyer motivation varies between a farm operator and a land investor in that a farm operator is typically interested in land that will fit well into their operation, is adjacent to other owned land, or has historical ties. The land investor typically looks for return on investment, a diversification to their investment portfolio, or potential hedge against inflation.

“One common motivation between these two types of buyers is that land has proven to be a valuable asset due to the historic appreciation in ag land values. Over the past 25 years, average land values have experienced steady growth following the 1980s farm crisis. Under a strong ag economy, Farmers National Company expects that trend to continue,” Schadegg said.

What dynamics will affect land values? Commodity markets and input costs will impact land values in the short term. As farm operators make cropping plans for 2024 and buying decisions for expansion of their operations, the key word will be profitability. Easing interest rates and reduced inflation across the country will bring some positive light to balance sheets.

However, the current world conflicts, geopolitical events, and U.S. political processes have the opportunity to create both positive and negative impacts on the ag economy and subsequent land values.

Company statistics remain above 5-year averages. Operationally, Farmers National Company completed nearly 700 transactions across the Midwest in 2023 accounting for \$600 million dollars of sales volume.

“More than 55 percent of these transactions were conducted through the company’s auctions, providing true market exposure. While this is off the extraordinary pace set in 2021 and 2022, it remains above the five-year company averages. These strong sale results are a true testament to our professional agents and managers in the field and their commitment to achieving our client’s goals in marketing agriculture properties,” said Schadegg.

Moving into 2024. Farmers National Company’s pipeline has been filling up with both land auctions and listings at a volume very typical for the start of a new year. Many landowners are making the decision to take advantage of the current land value strength and sell into a market with a large pool of motivated buyers.

At the same time, other landowners have contemplated the current appreciated value of their land assets and determined there is no better investment outside of land. These landowners are making the decision to retain ownership and further limit the available properties coming into the market.

“Farmers National Company, our agents, and managers market agricultural real estate assets across 29 states in the U.S. Real estate activity, values, and expectations vary across these regions but overall are experiencing stable land values that are expected to continue into 2024,” Schadegg said.

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Employee-owned Farmers National Company is the nation’s leading landowner services provider. Farmers National Company manages more than 5,000 farms and ranches in 30 states comprising more than 2 million acres. Over the last five years, Farmers National Company has sold 4,650 properties (1,640 at auction) and more than \$3.25 billion of real estate. Additional services provided by the company include energy management, appraisals, insurance, hunting lease management, forest management, FNC Ag Stock, consultations, and collateral inspections. For more information about our company and the services provided, visit www.FarmersNational.com.