



PRESS RELEASE

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For more information contact:

Kristin with Pappas Marketing
515-979-8119

kristin@pappasmarketing.com

FOR IMMEDIATE RELEASE

Ag Land Market Showing Signs Of Settling

According to Farmers National Company, the agricultural land market has been “nothing short of exceptional during the past five years.” Gains in value are prevalent across all classes of land in every region of the country. Strong commodity markets, moderate interest rates, buyer demand, and an overall healthy agricultural economy have also supported the growth of land values during this time.

“But a lot has changed in the past 12 months, and even more has changed within the past five years,” said Paul Schadegg, senior vice president of real estate operations at Farmers National Company. “Moving into the second half of 2023 and the first half of 2024, we’ve experienced significant increases in interest rates, declining grain markets, and inflation. Despite these negative pressures, the land market has remained relatively resilient but shows signs of settling in general, including single-digit decreases in specific areas.”

One aspect of the agricultural land market is the long-term appreciation of land value. Over the past 25 years, land values have experienced a stair-stepping trend following the ups and downs of the agricultural economy. As grain markets and farm profitability rose, the land markets followed while leveling off as markets and profitability did the same. Schadegg said each plateau has set a new value standard sustained through production, demand, and profitability.

“A significant factor in maintaining the level of land values has been investor interest in the market. While these bidders are not always successful buyers of land, they are certainly involved in setting the floor on values as they bid up to the levels of their investment criteria. This segment of buyers also considers the long-term appreciation in value we have experienced in the past 25 years, the potential for future appreciation, and land’s value as a diversified asset,” Schadegg said.

As buyers consider land purchases during the second half of 2024, the additional expenses for interest and lower commodity markets will be at the forefront of their decisions. Schadegg said that the market value of land will adjust according to the level of demand and profitability potential.

“We anticipate variations in land value changes across our regions in the U.S. Areas with strong supply/demand scenarios, an expansion of alternative land use projects and irrigation water concerns may experience more dramatic increases or decreases in values,” Schadegg said. “There remains a strong appetite for land as an investment from outside investors and ag producers. The investor is looking for an asset that will produce an annual return, while the ag producer may look for expansion opportunities. Emotion comes into play

when the ag producer is motivated by adjoining land, operation expansion, or land that has potentially never been offered for sale in the area.”

With farm operators being the largest segment of land buyers, the biggest impact on land values moving forward will be profitability in agriculture. If profit opportunities are limited, motivation to buy will decrease and, subsequently, pressure land values into a downward trend.

“Farmers National Company and our agents continue to see strong demand for real estate services across our marketing regions. Listing volume and closed transactions at the company match the pace we saw in 2023, with activity and interest building into the fall selling season. The listing volume and transaction results remain well ahead of the company’s 5-year average,” Schadegg said.

Many upcoming sales have transitioned back to standard listings as sellers reserve the option to negotiate values in a changing land market.

“This is an exciting time for agriculture land owners across the US. Your land asset has never been more valuable than it is today. The strong demand for ag land and its historical appreciation in value will continue to support the current values as we progress into the second half of 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.