

FARMLAND INDEX

MAY YOU LIVE IN INTERESTING TIMES

FARMLAND TOTAL RETURNS								
	Total NPI	Total Farmland Index	Pacific West	Regional Farmland			Delta	Southeast
				Pacific Northwest	Corn Belt			
4th Qtr 2019	1.55	2.34	3.53	2.57	1.89	0.99	1.46	
3rd Qtr 2019	1.41	0.97	1.44	(2.50)	0.84	0.97	1.33	
One Year	6.42	4.81	5.48	2.42	3.78	3.67	8.95	
Three Year	6.70	5.91	7.38	7.85	2.85	4.92	7.62	
Five Year	8.25	7.02	10.23	6.47	0.79	4.14	8.17	
Seven Year	9.14	9.70	14.89	8.42	2.74	5.93	8.67	
Ten Year	10.18	11.00	14.93	8.00	7.97	8.79	7.78	
Inception	9.10	11.06	13.37	7.03	9.97	9.61	8.77	

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
4th Qtr 2019	2.23	0.11	2.34	1,152	11,440,034,163
3rd Qtr 2019	0.98	(0.01)	0.97	1,139	10,988,261,157
One Year	4.41	0.39	4.81		
Three Year	4.50	1.37	5.91		
Five Year	4.87	2.08	7.02		
Seven Year	5.84	3.72	9.70		
Ten Year	6.32	4.51	11.00		
Inception	6.72	4.19	11.06		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	897	7,186
Permanent Cropland	255	4,254
Total	1,152	11,440
Pacific West	229	4,449
Pacific Northwest	83	747
Corn Belt	373	1,288
Delta States	138	2,233
Southeast	67	690
Mountain	85	1,041
Southern Plains	21	247
Lake States	116	440
Appalachian	6	71
Northern Plains	34	234
Other	40	305
Total	1,192	11,745

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 12/31/2019		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	705	4036	2.88%	1.46%	4.37%
Annual-Fresh Produce	45	849	3.66%	-0.21%	3.45%
Annual-All Other	148	2300	3.91%	0.81%	4.74%
Annual-Total	897	7186	3.31%	1.06%	4.4%
Permanent-Apples	22	237	-1.95%	1.65%	-0.32%
Permanent-Almonds	62	992	8.61%	1.23%	9.97%
Permanent-Citrus	15	254	6.38%	1.24%	7.69%
Permanent-Pistachios	24	736	9.54%	1.14%	10.77%
Permanent-Wine Grapes	79	1624	5.05%	-2.87%	2.15%
Permanent-All Others	54	410	4.65%	-3.56%	0.96%
Permanent-Total	255	4254	6.27%	-0.77%	5.48%
TOTAL	1152	11440	4.41%	0.39%	4.81%

Pretty much everyone has heard some variant of the phrase “may you live in interesting times”. It is often described as a Chinese curse. The truth is, there is no evidence that it was intended as a curse or that its origins are in China. But why let the truth get in the way of an interesting story, especially when we are in fact living in interesting times.

Over the past few years US agricultural markets have been faced with tariffs, trade uncertainty, and biblical weather events. Interesting times indeed, and somehow China appears in the mix again. No doubt, many farmers and investors feel that these interesting times have been a curse. The US Government has tried to ease the pain of retaliatory tariffs with \$28 billion in Market Facilitation Program payments over the past two years. Persistent rain during what

should have been 2019’s planting season in the Midwest brought Prevented Planting into the public consciousness while adding to an already long list of problems facing farmers. The net result of all this, as well as other headwinds that were already facing the industry, was that farmland, as portrayed by the NCREIF Farmland Index, has now reached six consecutive years of steadily declining, albeit still positive, returns.

The NCREIF Farmland Index (NFI) has released its fourth quarter 2019 results, posting a total return of 2.34% for the quarter, comprised of appreciation and income returns of 0.11% and 2.23%, respectively. The trailing 4-quarter total farmland return was 4.81%, of which 0.39% was appreciation and 4.41% was income. This is the lowest trailing 4-quarter total return for the NFI since Q3 2002, when the return was 3.19%.

The NFI ended 2019 with a total market value of \$11.4 billion and 1,152 properties located across the US. This is an increase of \$1.27 billion in market value over the past year, with 252 new properties and one new data contributor added to the index over that time. Increased visibility of the asset class will likely lead to the NFI continuing to grow in both dollar value and number of assets, for the foreseeable future. Perhaps, if we’re lucky, the next year will be just a little bit less interesting than the last few.

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