

FARMLAND INDEX

TOTAL FARMLAND RETURNS REBOUND AFTER A NEGATIVE FIRST QUARTER

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
2nd Qtr 2020	(0.99)	0.61	(0.04)	1.07	0.97	1.00	2.65
1st Qtr 2020	0.71	(0.10)	(1.24)	(0.60)	0.14	1.47	1.04
One Year	2.69	3.85	3.67	0.47	3.88	4.50	6.64
Three Year	5.44	5.35	6.47	4.94	2.92	5.12	7.48
Five Year	6.77	6.44	8.81	6.64	0.90	4.25	8.37
Seven Year	8.26	8.65	13.62	7.13	2.22	5.29	8.19
Ten Year	9.70	10.86	14.67	8.67	7.63	8.59	7.82
Inception	8.98	10.88	13.08	6.92	9.84	9.53	8.75

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
2nd Qtr 2020	0.58	0.02	0.61	1,175	11,949,245,757
1st Qtr 2020	0.38	(0.49)	(0.10)	1,163	11,725,475,678
One Year	4.23	(0.37)	3.85		
Three Year	4.46	0.86	5.35		
Five Year	4.76	1.63	6.44		
Seven Year	5.66	2.89	8.65		
Ten Year	6.25	4.45	10.86		
Inception	6.64	4.10	10.88		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	910	7,426
Permanent Cropland	265	4,523
Total	1,175	11,949
Pacific West	230	4,559
Pacific Northwest	91	841
Corn Belt	378	1,303
Delta States	141	2,370
Southeast	66	745
Mountain	87	1,086
Southern Plains	21	251
Lake States	118	448
Appalachian	7	97
Northern Plains	36	249
Other	43	347
Total	1,218	12,296

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 6/30/2020		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	723	4220	3.01%	1.08%	4.12%
Annual-Fresh Produce	42	891	3.7%	0.38%	4.09%
Annual-All Other	145	2316	3.94%	-0.54%	3.39%
Annual-Total	910	7426	3.39%	0.49%	3.89%
Permanent-Apples	27	317	-0.77%	1.28%	0.52%
Permanent-Almonds	59	980	8.38%	-1.65%	6.6%
Permanent-Citrus	16	298	4.53%	2.05%	6.64%
Permanent-Pistachios	24	737	10.01%	-0.01%	9.99%
Permanent-Wine Grapes	82	1743	3.42%	-3.98%	-0.61%
Permanent-All Others	57	448	5.27%	-1.25%	3.98%
Permanent-Total	265	4523	5.69%	-1.81%	3.82%
TOTAL	1175	11949	4.23%	-0.37%	3.85%

The NCREIF Farmland Index (NFI) has released its second quarter 2020 results, posting a total return for the quarter of 0.61%, comprised of appreciation and income returns of 0.02% and 0.58%, respectively. This is marginally below the total return in Q2 of the previous year, but an improvement from the negative return in the prior quarter, which was the first time

since the fourth quarter of 2001 that the NFI posted a negative total return. On a trailing twelve-month basis, the NFI returned 3.85% overall, of which -0.37% was appreciation and 4.23% was income, which is also down slightly from the prior year. The NFI currently includes 1,175 properties and \$11.9 billion in market value.

Annual Cropland, which accounts for over 60% of the value of the NFI, outperformed Permanent Cropland for the second straight quarter with a total return of 0.82% versus 0.26% in Q2. Neither property type saw any significant appreciation for the quarter. On a trailing twelve-month basis, Annual Cropland had a total return of 3.89% and Permanent Cropland had a total return of 3.82%. Permanent Cropland returns are recovering after a negative quarter in Q1.

Regionally, the Southeast saw the greatest total return of 2.65% in Q2, consisting of appreciation returns of 0.77% and income returns of 1.88%, both of which were the highest of any region for the quarter. The Pacific West experienced its second straight quarter of negative return and was the only region to post a negative total return for the quarter at -0.04%. The Northern Plains showed the largest quarter over quarter improvement from -3.10% total return in Q1 to 0.07% in Q2.

By Crop Type, Citrus delivered the best total return of 2.75% in Q2. On a trailing twelve-month basis, Pistachios have produced the highest total return of 9.99%, even after a slightly negative quarter of -0.22% total return in Q2. Wine Grapes have continued to decline, posting a second straight quarter of negative total return and the only tracked crop type with a negative return for the trailing twelve-month period at -0.61%, primarily adversely affected by negative appreciation of -3.98%.

Overall, the NFI has returned to positive territory this quarter after posting its first negative total return in nearly two decades, showing the resiliency and stability of farmland as an asset class even amid economic uncertainty from COVID-19.

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