ANNUAL CROPLAND ROLLING 4-QUARTER TOTAL RETURNS IMPROVE FOR 5TH CONSECUTIVE QUARTER

FARMLAND INDEX

For the 5th consecutive quarter, the Annual Cropland rolling 4-Quarter returns have increased and also exceeded similar returns for Permanent Cropland. As a result, Q2 2021 NCREIF® Total Farmland Index (NFI) rolling 4-quarter total returns attained their highest level in 1/2 years at 4.97%.

In Q2 2021, the NFI generated a total return of 1.47% in Q2 2021. These second quarter results outpaced both Q1 2021 and Q2 2020 by 0.1 and 86 basis points respectively.

At the end of Q2, the NFI represented 1,224 properties with a combined market value of $13.2 billion, comprised of 61% in Annual Cropland and 39% in Permanent Cropland. Annual Cropland Q2 2021 total returns were 2.20%, up 64 basis points from Q1 2021 driven primarily by capital appreciation of 1.42% with the remaining 0.78% coming from income.

Permanent Cropland Q2 2021 returns were 0.36%, up 10 basis points from Q2 2020, with 0.34% coming from income and 0.03% coming from capital appreciation. Permanent crop performance tends to be lower during the first half of the calendar year as this time period represents “non-harvest” quarters. Over the trailing four quarters, Annual Cropland returned 6.37% driven by large increases in soft commodity pricing while Permanent Cropland generated a 2.56% total return.

From a regional standpoint, the Northern Plains region outpaced all regions in Q2 2021, with a 4.90% total return. In addition, the Pacific Northwest and Corn Belt both had impressive results with total returns above 3.0% for the quarter. Farms in the Pacific West, Mountain, and Appalachian regions had the highest performance in the quarter, however, total returns remained positive at 0.21%, 0.86% and 0.90%, respectively. The Lake States had the highest total returns over the trailing four quarters at 9.93%, while the Pacific Northwest had the lowest performance, albeit still positive, at 1.70%.

Among Crop Type Subindices, Annual – Fresh Produce, outpaced all crop types during Q2 2021 producing a total return of 3.26%. Additionally Annual – Commodity, Annual – All Others, Apples, Pistachios, and Permanent – All Others all produced positive total returns above 1.0%. The weakest Q2 2021 total returns among crop types were Almonds at -0.42%.

Looking at total returns by Management Type, Leased - Permanent Cropland outperformed Directly Operated - Permanent Cropland by 1.42% in Q2 2021 and 5.21% over the trailing four quarters. Leased Permanent Cropland has generated total returns of 1.43% in Q2 2021 and 6.57% over the past four quarters.

The Q2 2021 quarterly results highlights the variance in return performance across different sub-sectors of the U.S. farmland investment universe. Annual crops paced by rising commodity prices should continue to drive investment demand resulting in strong return performance. On permanent crop farmland, the post-pandemic economic recovery, a growing global middle class, and healthier lifestyle trends are expected to continue to facilitate strong demand for permanent crop produce.

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