The NCREIF Farmland Index (“NFI”) market value continues to set record highs despite mixed results across the ten reported regions. The index ended the second quarter 2019 with 899 properties and a market value of $10.49 Billion, up from the prior quarter value of $10.35 Billion. Property type diversification remains heavily weighted to annual crops, which comprise approximately 63% of the index market value, while permanent crops account for the remaining 37% of index value. Overall the NFI posted modest returns for the second quarter, with an appreciation return of 0.13% and an income return of 0.60%, for a total return of 0.73%. This is slightly higher than the total return of 0.70% for the first quarter 2019. The NFI posted a one-year annualized return of 5.67%, comprised of 1.18% in appreciation and 4.45% in income.

Regionally, five of the ten reported regions experienced negative appreciation, with returns ranging from -0.05% in the Southeast to -1.45% in the Mountain region. The Corn Belt, Delta States, and Lake States all experienced modest negative appreciation returns within this range. The Pacific Northwest and Northern Plains lead the way with strong appreciation returns of 1.40% and 1.42% respectively, while the Pacific West, Southern Plains, and Appalachian experienced appreciation returns of 0.41%, 0.84%, and 0.39%. Income returns were positive across all regions, ranging from a low of 0.19% in the Pacific West to a high of 2.23% in the Southeast. Relying on a strong income return, the Southeast's total return of 2.18% was the highest among all regions for the quarter, while the Mountain region generated the lowest total return at -0.55%.

Permanent crops rebounded from their negative returns in the first quarter of 2019 to generate a total return of 0.93% for the second quarter, which was comprised of 0.65% in appreciation and 0.27% in income. Lower commodity prices continue to put pressure on annual crop returns, as the annual crop sub-index posted a total return of 0.62%, comprised of -0.18% in appreciation and 0.79% in income. This total return represents the second lowest quarterly return since the index was first introduced in the first quarter of 1991, while the quarterly income return of 0.79% is the lowest on record for the annual crop sub-index. One-year annualized total returns for permanent and annual crops came in at 7.01% and 4.82% respectively.

Quarterly returns were positive for all reported permanent crop commodities, with Citrus posting the highest quarterly total return of 3.93%. Wine Grapes posted the lowest quarterly total return of 0.26%, as some softening in grape prices is occurring within the marketplace. One-year annualized returns ranged from a low of -6.12% for Apples to a high of 13.68% for Pistachios.

Overall, the NFI continues to post stable, yet modest returns despite various headwinds related to international trade.

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