

FARMLAND INDEX

SOUTHEAST LEADS THE REGIONS IN Q3 OF 2018; WINE GRAPES & APPLES POST THE LOWEST RETURNS BY CROP TYPE

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
3rd Qtr 2018	1.67	1.29	1.41	0.65	0.70	1.40	3.22
2nd Qtr 2018	1.81	1.13	0.43	7.01	0.71	1.31	2.06
One Year	7.16	6.82	8.48	12.32	2.44	6.46	7.98
Three Year	7.75	7.17	10.25	9.98	(0.27)	3.94	8.31
Five Year	9.57	9.89	16.20	9.22	1.66	5.45	8.50
Seven Year	9.98	12.54	17.52	10.97	7.37	9.24	9.61
Ten Year	6.42	11.64	15.24	9.12	9.07	9.87	6.89
Inception	9.19	11.28	13.58	7.28	10.28	9.84	8.80

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
3rd Qtr 2018	1.06	0.22	1.29	851	9,443,358,973
2nd Qtr 2018	0.65	0.48	1.13	796	9,161,596,359
One Year	4.41	2.34	6.82		
Three Year	4.90	2.20	7.17		
Five Year	5.98	3.78	9.89		
Seven Year	6.57	5.73	12.54		
Ten Year	6.59	4.85	11.64		
Inception	6.78	4.34	11.28		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	609	5,646
Permanent Cropland	242	3,798
Total	851	9,443
Pacific West	229	4,065
Pacific Northwest	57	450
Corn Belt	229	1,001
Delta States	124	1,890
Southeast	48	591
Mountain	72	738
Southern Plains	21	239
Lake States	42	270
Other	29	200
Total	851	9,443

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 9/30/2018		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	436	3218	3.11%	0.94%	4.08%
Annual-Fresh Produce	32	535	3.67%	-9.37%	-5.96%
Annual-All Other	149	1925	4.09%	3.8%	8.01%
Annual-Total	609	5646	3.53%	2.02%	5.61%
Permanent-Apples	21	167	-1.85%	0.16%	-1.57%
Permanent-Almonds	68	982	7.43%	-5.6%	1.55%
Permanent-Citrus	12	175	9.12%	0.65%	9.82%
Permanent-Pistachios	20	552	7.92%	-2.28%	5.63%
Permanent-Wine Grapes	78	1516	4.28%	11.06%	15.6%
Permanent-All Others	43	405	4.63%	3.34%	8.03%
Permanent-Total	242	3798	5.6%	2.68%	8.38%
TOTAL	851	9443	4.41%	2.34%	6.82%

* Includes Corn, Soybean, Cotton, Wheat, Rice

** Includes ground primarily used to produce fresh vegetables or fresh fruit

*** Includes All varieties of Oranges (Fresh and Juice), Lemons, and Avocados

The NCREIF Farmland Index (NFI) has released its third quarter 2018 results from its Farmland Index, which is currently comprised of more than 850 properties and \$9.4 billion in market value. The NFI posted a slightly better Q3 than the previous year with a total return of 1.29%, comprised of appreciation and income returns of 0.22% and 1.06%, respectively.

On a trailing twelve month basis, the NFI returned 6.82% overall, of which 2.34% was appreciation and 4.41% was income, also slightly better than a year ago.

Permanent Cropland, which accounts for approx. 40% of the value of the NFI, had a slightly higher total return than Annual Cropland, 1.32% versus 1.26% in Q3. However, Annual Cropland had greater appreciation than Permanent Cropland for a second quarter in a row, 0.43% versus -0.09%. On a twelve month basis, Permanent Cropland had a total return of 8.38% and Annual Cropland had a total return of 5.61%. Permanent Cropland has earned a higher total return on an annualized basis since 2010.

Regionally, the Southeast saw the greatest total return with 3.22% in Q3, primarily caused by an appreciation of 2.43%, higher than any other region by almost two percent. The Pacific Northwest experienced its first depreciation in recent years, but still had the strongest total returns and appreciation than any other Region over the past twelve months at 12.32% and 10.94%. The Lakes States had the smallest overall return with 0.06% in Q3 due to experiencing depreciation of -0.98% in the quarter. The Lake States have depreciated -6.35% over the past twelve months, and have actually experienced depreciation in every quarter since Q2 of 2016.

By Crop Type, Almonds returned the highest total return with 2.42% in Q3, but Almonds actually experienced depreciation of -0.36% in the quarter. Pistachios also experienced some slight depreciation as both crop types have continued some decline since record highs in 2016. Wine Grape farmland saw the first quarter of depreciation, -0.15%, since NCREIF began reporting specific crop type breakouts, but Wine Grapes also have the highest total appreciation during the past 12 months of 11.06%. Fresh Produce, Commodity and other Annual Crops all experienced similar stable returns of 0.35% to 0.59% of appreciation and 0.71% to 0.99% of income.

Overall, the NFI is relatively stable with higher total returns than a year ago, but below historical averages.

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