

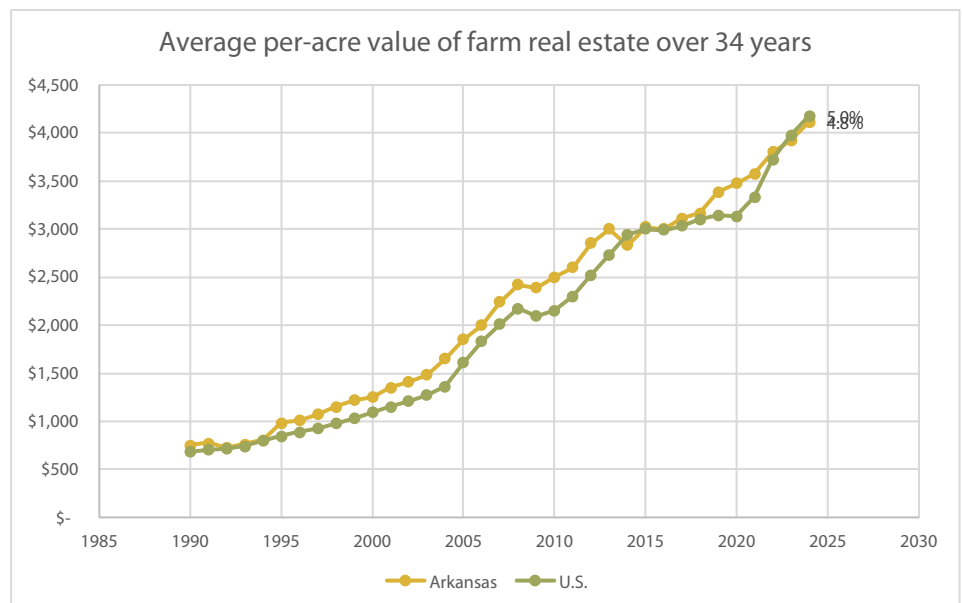
Arkansas Land Values 2024

The USDA's National Agricultural Statistics Service has released its 2024 Land Values summary, shedding light on important shifts in the agricultural sector. The report reveals a continued rise in land values and cash-rent rates, marking new challenges for those working the land. As these figures climb to record levels, the report signals growing financial pressure on farmers and ranchers, raising concerns about profitability and sustainability in the face of increasing production costs. This annual update provides a crucial snapshot of the current state of the agricultural economy and what lies ahead for the industry.

Arkansas Farm Real Estate Value compared to the U.S. Farm Real Estate Value

The average value of farm real estate in the United States and Arkansas, encompassing both land and structures, reached a historic \$4,170 and \$4,110 per acre respectively. This represents a 5% (U.S.) increase and a 4.8% (Ark.) increase from the previous year, although it's lower than the increase observed between 2021 and 2022. As displayed, the U.S. farmland value has overtaken Arkansas in recent years. This can be attributed to the geographical variations, with the highest real estate values concentrated in regions cultivating high-value crops (such as wine grapes and tree nuts in California). Areas near urban zones with limited available land, like the Northeastern states, also experience upward pressure. As a whole, the Midwest predominantly boasted higher real estate values, followed by the South and Pacific Northwest, with the Plains and mountain states following. Part of this surge can be attributed to the robust commodity prices in 2021 and 2022, enhancing the farming value of land in states like Iowa, Illinois, Nebraska, Kansas and Indiana. Heightened investments in tangible assets, such as land, continues to play a factor amidst prolonged inflation.

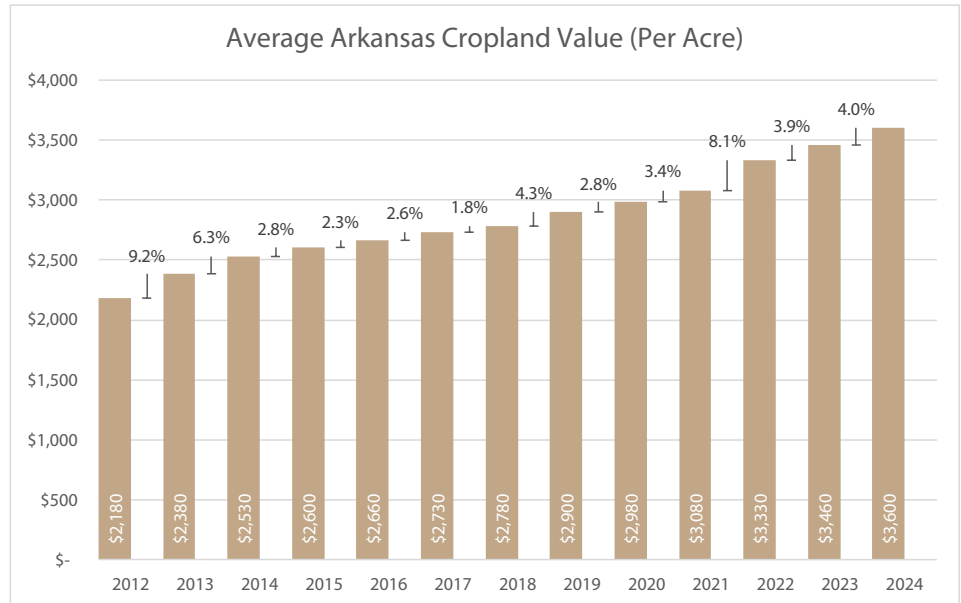
Mirroring the trends in the broader spectrum of agricultural real estate values, the average value of cropland in Arkansas experienced an upward shift in 2024, reaching a valuation of \$3,600 per acre. This increase marked



a 4% ascent compared to the figures from the previous year, which falls below the more substantial 8.1% increase recorded in 2021. In terms of the actual numerical figures, this year-over-year upswing amounted to \$140 per acre, making it the second-highest increase observed since 2013.

These shifts in cropland values in Arkansas can be attributed to a combination of factors, including fluctuating commodity prices, shifts in demand for various agricultural products and local economic conditions. Additionally, weather patterns and environmental considerations can play a significant

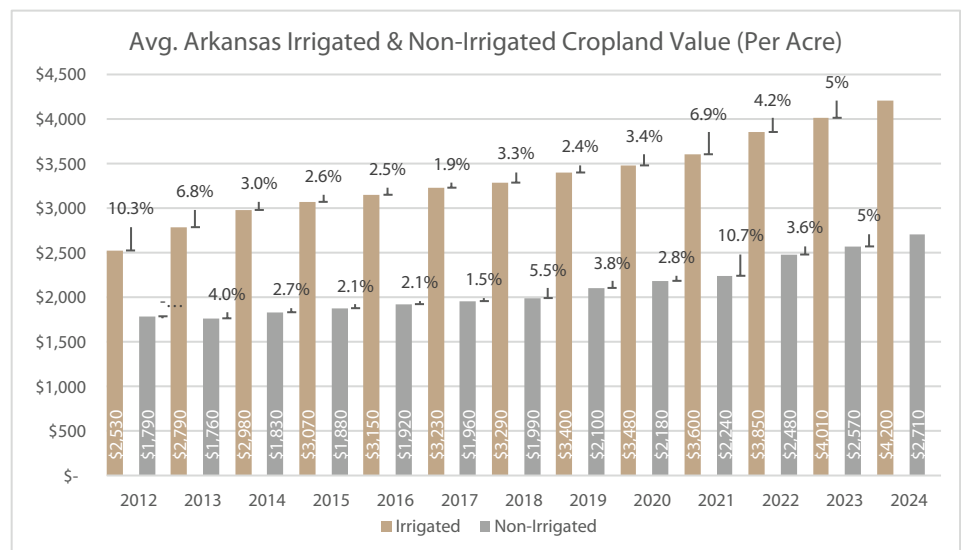
role in influencing crop yields and subsequently impacting land values. The 4% increase in 2024, while not as substantial as some of the previous years, still indicates a positive trend in the state's agricultural sector. It's worth noting that such fluctuations are a crucial aspect of the agricultural economy, impacting the decisions made by farmers, landowners and investors in the region.



Arkansas Irrigated & Non-Irrigated Cropland Value

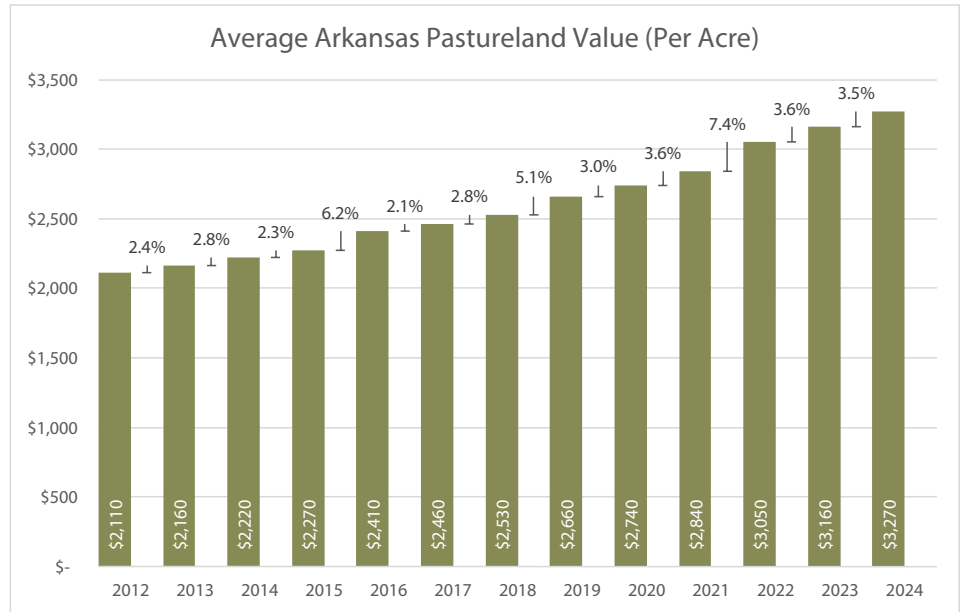
The rising tide of overall cropland values is linked with the changes observed in both irrigated and non-irrigated cropland. In the context of this trend, the value of irrigated cropland for 2024 has shown a 5% year-on-year growth, translating to a \$190 per acre increase from the figures of 2023, reaching a valuation of \$4,200 per acre. This surge stands as the second-most substantial per acre price escalation recorded since 2013. Meanwhile, the trajectory of non-irrigated cropland values follows a relatively similar path. It registered a 5% increase, equating to a \$140 per

acre rise, setting the average value at \$2,710 per acre in 2024. However, this growth is notably lower than the per acre increment seen in 2021, which amounted to a \$240 per acre increase. The contrast between the two years reflects a fluctuating landscape in terms of market dynamics, agricultural trends, and external factors impacting land values.



Arkansas Pastureland Values

Similar to the trends seen in overall agricultural real estate values and cropland values, pastureland values have shown robust growth in comparison to previous years. The average value for pastureland in Arkansas stands at \$3,270 per acre, reflecting a notable 3.5% increase over the figures from 2023. This surge, however, is a decline from the 3.6% upswing observed in 2023. The shifts in pastureland values in Arkansas, much like in other regions, reflect an intricate interplay of factors shaping the agricultural landscape. These include changes in livestock demand, grazing practices, land usage patterns,

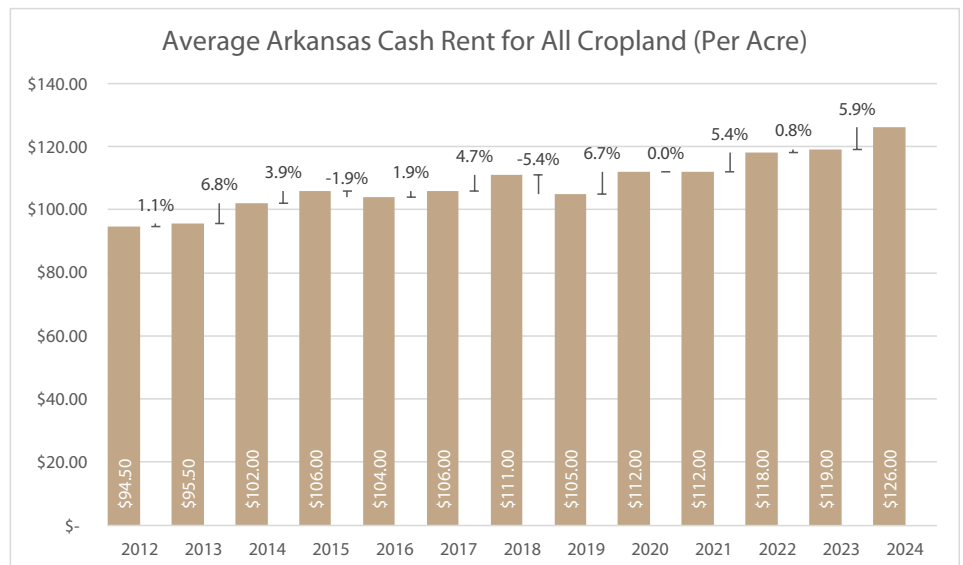


weather conditions and broader economic dynamics. The 3.5% increase in 2024 reflects a continued positive trend in the state’s agricultural sector, albeit at a slightly moderated pace compared to the preceding year.

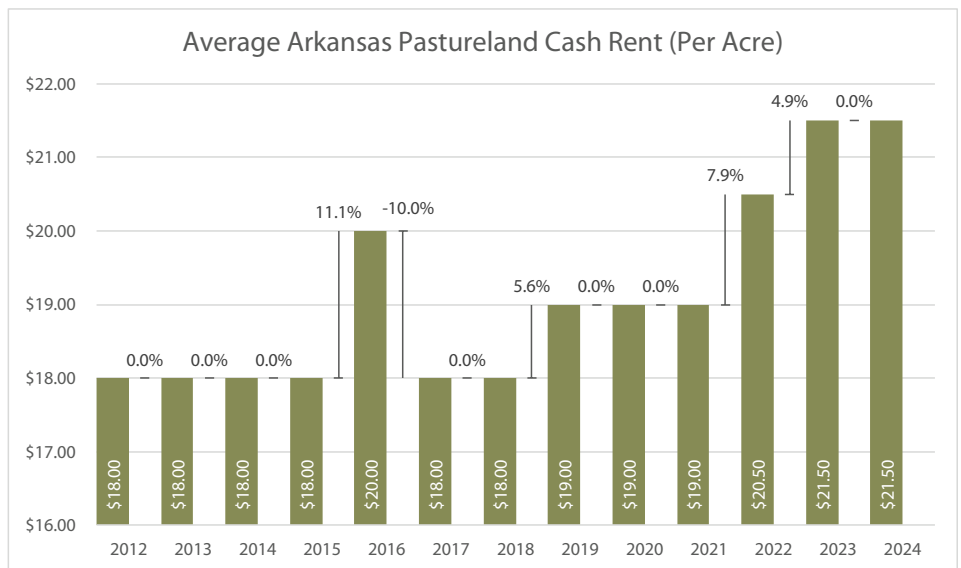
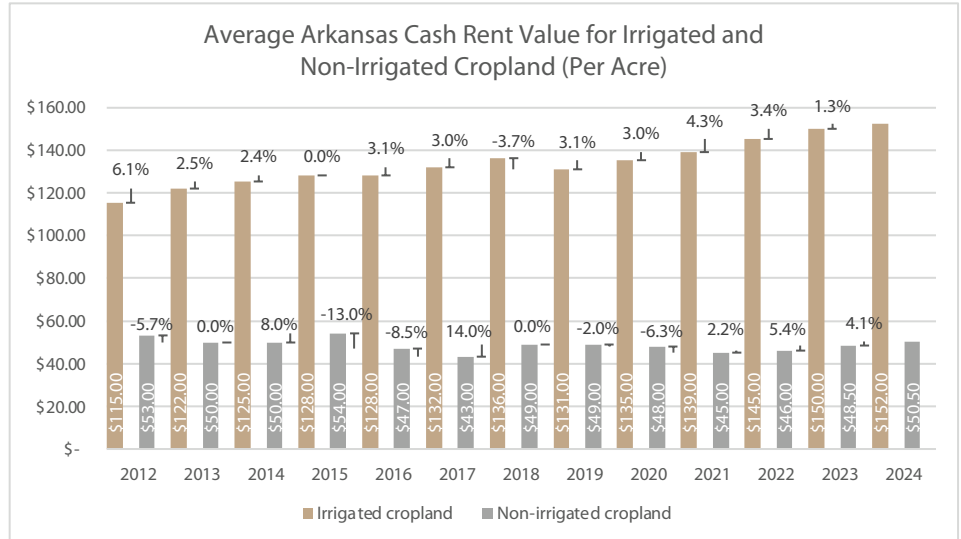
It’s important to note that the trajectory of pastureland values can be influenced by various elements, such as shifts in meat consumption patterns, state and national inventory, and evolving preferences for sustainable and regenerative agricultural practices. Additionally, market conditions for livestock products, such as beef and dairy, play a significant role in determining the economic viability of pastureland. While the growth rate in 2024 might not be as substantial as the previous year, it still signifies a positive outlook for the agricultural community in Arkansas, contributing to the ongoing resilience and adaptability of the sector.

Arkansas Cash Rent

The National Agricultural Statistics Service (NASS) also released data concerning cash rents, which correspondingly echoed the upswings in land values. Cash rent often functions as a lagging indicator, and its implications are likely to be established in forthcoming negotiations between producers and landlords. In this regard, the average Arkansas cropland rent has increased to \$126 per acre this year, indicating a 5.9% increase compared to 2023. Moreover, the rental rates for irrigated cropland saw a 1.3%



increase, reaching \$152 per acre, while non-irrigated cropland rents escalated by 4.1% to \$50.50 per acre. Notably, cash rents for pastureland experienced no increase year over year, remaining at \$21.50 per acre. The mounting pressure on accessible open land throughout the nation has been driven by the demands for residential and energy development practices, making leasing cropland less profitable. While heightened commodity prices frequently lead to escalated leasing rates set forth by landowners. For many producers reliant on rented land, even slight shifts in rental rates can impair margins and jeopardize annual production, especially when prices move lower. This predicament can subsequently impact access to essential operating lines of credit required for annual equipment and input purchases. Rising land prices and rents can erode any advantages of elevated crop prices. In this intricate landscape, many factors underscore the delicate stability between agricultural production, land use, and economic sustainability.



Conclusion

The USDA's comprehensive land value report paints a consistent picture of growth across agricultural real estate, cropland and pastureland values. The average Arkansas farm real estate value has increased by \$190 per acre, marking a notable 4.8% increase over the preceding year. Concurrently, cropland values have risen by 4.0%, while pastureland values have seen a commendable 3.5% uptick. This upward trajectory is mirrored in cash rents. Amidst an enduring era of escalated input costs and interest rates, exacerbated by inflationary pressures and now lower market prices, the elevated rent and land expenses introduce yet another obstacle for farmers and ranchers striving to enhance crop yields and livestock production. Although land-owning producers have reaped the benefits of increased equity, these amplified costs pose formidable barriers for newcomers and those relying on rented acres to sustain their operations.

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