

# Land Investment Monthly - August 2022

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*Photo Credit: Todd Fitchette, Western Farm Press*

## **Profits, Buyer Demand Push Farmland Values to All-Time Highs**

Farmland values in the first half of 2022 benefited from continued profitability in agriculture. Benchmark farmland values increased in each of the four states served by Farm Credit Services of America (FCSAmerica), extending gains in the real estate market that began with the 2020 harvest and rising grain prices. [Read more](#)

## **Higher Interest Rates Could Force Farmland Values, Cash Rents to Shift**

For farmers, higher interest rates make borrowing money more expensive, but compared to the rising prices of fertilizer, fuel and other inputs, the added interest expense on its own is a comparative drop in the bucket. The real question comes at the intersection with land values and cash rents.

David Widmar, a co-founder and managing partner of Agricultural Economic Insights, took a deeper look at the relationship in a recent blog post.

Widmar said small changes in interest rates or capitalization rates wouldn't require big changes in rents or land values; but large changes -- over 100 basis points -- would.

"Given rates are very low, the effect on valuations could be significant. An additional consideration would be how quickly a change in rates might unfold," he wrote. [Read More](#)

## **U.S. Continues to Lose Critical Farmland**

Some of the most productive farmland in the U.S. is being paved over and compromised at an alarming rate. Nowhere in the nation is this happening faster than in central Arizona. [Read more](#)

## **Extreme Heat And High Nighttime Temps Now Hitting At A Crucial Time For A U.S. Corn Crop Planted Late**

Extreme heat is painting the worst-case scenario for the Western Corn Belt this week. USDA meteorologist Brad Rippey is concerned about not only the duration of the relentless heat in the most recent weather forecast, but the impact it could have at a key time for late planted corn currently pollinating. [Read more](#)