The Farm Real Estate Lending Landscape

Jennifer Ifft (jifft@ksu.edu) – K-State Department of Agricultural Economics
Alice Roach (aliceroach@ksu.edu) – K-State Department of Agricultural Economics

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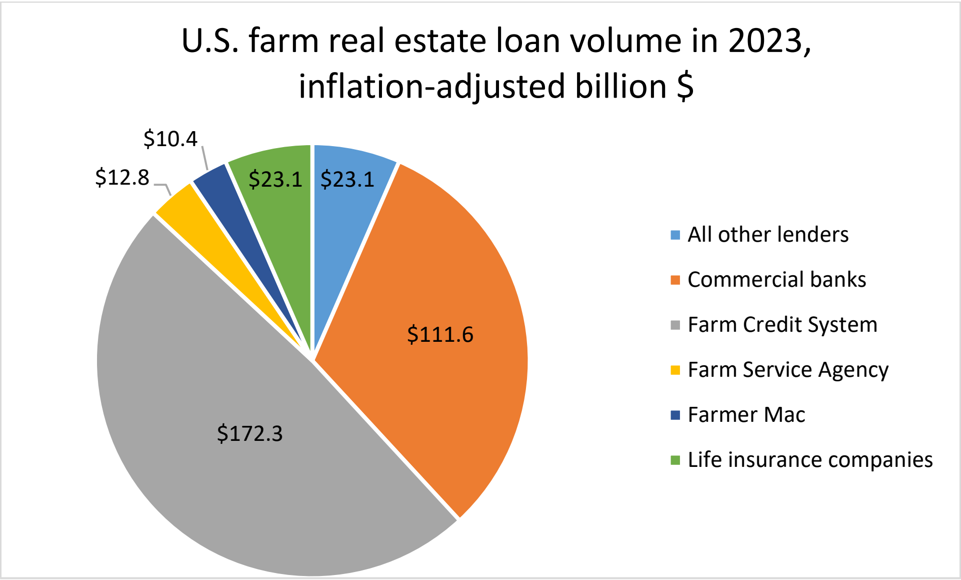
Agricultural producers have access to farmland mortgages from a diverse set of lending institutions, including Farm Credit System lenders, commercial banks, and life insurance companies. The USDA Economic Research Service estimates the inflation-adjusted volume of all farm loans secured by real estate exceeded $353 billion in 2023. Those volumes are expected to increase to nearly $360 billion in 2024. This brief explores the different farmland lenders and their relative role in the market.

Figure 1 details the farmland loan market shares held by major lender types in 2023. Farm Credit System (FCS) lenders and commercial banks captured the largest shares. Part of USDA, the Farm Service Agency (FSA) provides short-term credit and farmland mortgages. FSA characterizes its role as a "lender of first opportunity" or credit provider for producers who may face difficulty obtaining credit elsewhere. The "all other lenders" category includes storage facility loans and all loans from entities or individuals not subject to public reporting of loan volumes. Farmer Mac is a secondary lender regulated by the Farm Credit Administration. It holds loans originated by commercial banks and various nontraditional lenders. Life insurance companies are one of the oldest farm mortgage lenders on record. These companies were active in this market before commercial banks were allowed to finance farmland (around 1913) and the Farm Credit System formed (Ifft et al., 2024). Note, the totals in Figure 1 reflect adjustments made by the USDA to account for some share of publicly reported debt volumes not being held by farm operators (Briggeman et al., 2012).

Figure 1. Many lenders provide farm real estate loans.



Note: Data are from the USDA Economic Research Service Farm Income and Wealth Statistics. Debt is reported in billion dollars and inflation-adjusted based on 2024. "All other lenders" include storage facility loans.

Farm Credit System Lenders

As of December 2023, the Farm Credit System had 60 banks and associations. For some of the largest Farm Credit institutions, Table 1 summarizes their farm real estate lending volumes during third quarter 2024. The listed institutions have territories that span multiple states or areas known for extensive agricultural production. Jointly, these seven Farm Credit institutions had approximately $93 billion in farmland loans — more than half of the reported 2023 Farm Credit System total. The third quarter 2024 volumes are based on quarterly reports publicly released by each lender.

Table 1. Farm mortgage loan volume of select Farm Credit System lenders, third quarter 2024.

	FARMLAND LOAN VOLUME
FARM CREDIT SERVICES OF AMERICA	$21.7 billion
MID-AMERICA	$20.6 billion
COMPEER	$15.1 billion
AGWEST	$14.4 billion
AMERICAN AGCREDIT	$10.9 billion
AGCOUNTRY	$5.4 billion
FARM CREDIT EAST	$4.7 billion

Commercial Banks

Commercial banks jointly made up nearly one-third of total estimated farm real estate lending in 2023; therefore, they collectively held a smaller share of total farm real estate loans than FCS institutions. Relative to FCS institutions, individual banks tend to be smaller and more geographically dispersed. Although most producers likely have a nearby bank branch that offers farm loans, the size of individual banks is relatively small. Table 2 reports the five largest commercial banks by farm mortgage loan volume during second quarter 2024. Bank of America was the largest at $1.9 billion. Only two banks — the other being Pinnacle Bank — reported more than $1 billion in farm real estate loans.

Table 2. Top 5 commercial banks by farm mortgage loan volume, second quarter 2024

	FARMLAND LOAN VOLUME
BANK OF AMERICA	$1.9 billion
PINNACLE BANK	$1.2 billion
BMO BANK	$0.94 billion
NICOLET NATIONAL BANK	$0.82 billion
FIRST FINANCIAL BANK	$0.82 billion

Source: Reported by the American Bankers Association (ABA)

Life Insurance Companies

The role of life insurance companies in providing agricultural mortgages dates back to the 1800s (Stam et al., 1995). According to the Federal Reserve Bank, life insurance companies jointly held $24.8 billion of mortgages on farmland during second quarter 2024. Several companies are active in this space. The largest is MetLife, which recently reported an agricultural mortgage portfolio of $21.9 billion. Of this total, approximately $16 billion was for farmland mortgages — about a 65% share of total agricultural lending conducted by life insurance companies.[1] Other major life insurance companies involved in agricultural lending include Equitable AgriFinance and PGIM Real Estate.

Other Lenders

USDA reports the FSA held nearly $12.8 billion in farm mortgage lending during 2023, which reflects the agency's direct lending business. As a "public lender," FSA not only focuses on serving producers who have difficulty obtaining loans elsewhere but also producers classified as underserved, including beginning farmers and ranchers.

The USDA estimates suggest Farmer Mac held about 3% of all farm mortgages in 2023. Farmer Mac reported a total business volume of $28.5 billion at the end of 2023, which reflects lines of credit and loans to agribusinesses and other non-farm entities. Farmer Mac serves multiple commercial banks and other institutions. Lyons and Takach (2022) reported that nontraditional agricultural real estate lenders (NARELS) make up about 35% of Farmer Mac's farm and ranch loan business (a subset of the Farmer Mac farm real estate loan volume reported above) — equivalent to $2 billion sold to the secondary market from 2011 to 2020.

[1] The $16 billion figure for agricultural mortgages is comparable to FCS- and commercial bank-reported farm real estate loan volumes.

NARELS represents multiple lenders with diverse classifications, including mortgage brokers, captive finance providers, and agricultural portfolio lenders.

USDA estimates that “individuals and others” made up 6% of farm mortgage lending in 2023. This category is diverse. It features any entity, including individuals and larger private lenders, that does not publicly report. Pension companies, farm real estate investment firms, and other private investors may also offer agricultural mortgages to farm-clients as well as others. Brewer et al. (2022) and Fiechter and Ifft (2020) detail many of the lenders operating in this category. The largest are likely Rabo AgriFinance and Conterra, though others such as AgAmerica report strong growth. Individuals and others are likely underreported by USDA, due to use of survey data (Briggeman et al., 2024). It is unlikely that farm mortgage loan volumes, which many non-reporting lenders likely often sell to Farmer Mac or other secondary lenders, for any individual lender in this category are larger than $10 billion; most are likely much smaller.

Summary

Agricultural producers have many options to finance loans backed by farm real estate. This market has grown nearly continuously from $133.7 billion in 1993 to $353.4 billion today — an inflation-adjusted increase of 264%. Providers of agricultural mortgages range from individuals to local bank branches to large FCS institutions. The loan volume currently held by the five largest farm real estate lenders is equivalent to about 24% of USDA’s forecasted estimate of farm real estate loan volume in 2024. These top five lenders are four FCS institutions (Farm Credit Services of America, Mid-America Farm Credit, Compeer, and AgWest) and MetLife. Beyond these large players, the market is highly disaggregated. Recent analysis of farm real estate loan interest rates (Miller, Ifft and Mashange, 2024) suggests that this market is, at least on average, quite competitive.

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