

FARMLAND INDEX

NCREIF TOTAL FARMLAND INDEX POSTS SEVENTH CONSECUTIVE QUARTER OF RECORD VALUE

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
4th Qtr 2022	(3.50)	3.26	0.45	4.24	9.51	3.89	0.46
3rd Qtr 2022	0.57	1.98	1.44	0.83	3.80	2.47	3.25
One Year	5.53	9.64	2.78	6.84	27.99	13.13	8.21
Three Year	8.06	6.82	2.99	4.48	16.63	9.08	5.57
Five Year	7.46	6.40	4.60	4.92	11.07	7.56	6.61
Seven Year	7.46	6.47	5.97	6.53	7.39	6.37	6.77
Ten Year	8.82	8.83	11.19	7.23	6.72	6.87	7.73
Inception	9.03	10.65	12.35	6.79	10.58	9.56	8.46

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
4th Qtr 2022	1.17	2.09	3.26	1,315	15,282,423,829
3rd Qtr 2022	0.81	1.17	1.98	1,306	14,859,663,577
One Year	3.29	6.20	9.64		
Three Year	3.51	3.23	6.82		
Five Year	3.88	2.45	6.40		
Seven Year	4.16	2.23	6.47		
Ten Year	5.14	3.57	8.83		
Inception	6.42	4.10	10.65		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	992	9,406
Permanent Cropland	323	5,877
Total	1,315	15,282
Pacific West	286	5,945
Pacific Northwest	104	1,073
Corn Belt	412	1,961
Delta States	141	2,898
Southeast	68	821
Mountain	91	1,154
Southern Plains	17	285
Lake States	138	631
Northeast	8	36
Appalachian	7	103
Northern Plains	47	394
Other	58	515
Total	1,377	15,815

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 12/31/2022		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	801	5690	3.65%	14.5%	18.52%
Annual-Fresh Produce	46	1069	3.94%	1.34%	5.32%
Annual-All Other	150	2649	3.86%	5.83%	9.86%
Annual-Total	992	9406	3.75%	10.4%	14.43%
Permanent-Apples	21	346	3.69%	8.46%	12.3%
Permanent-Almonds	65	1046	-0.64%	-1.68%	-2.33%
Permanent-Citrus	25	394	0.91%	1.71%	2.64%
Permanent-Pistachios	32	1084	2.96%	1.22%	4.2%
Permanent-Wine Grapes	98	2142	3.62%	-0.99%	2.62%
Permanent-All Others	82	866	4.08%	-0.63%	3.44%
Permanent-Total	323	5877	2.61%	0%	2.61%
TOTAL	1315	15282	3.29%	6.2%	9.64%

The number of properties in the NFI increased by 9 in Q4 2022 bringing the total property count to 1,315, and the NFI's market value reached a new record of \$15.3 billion. At the end of Q4 2022, the NFI was comprised of \$9.4 billion (62%) of annual cropland and \$5.9 billion (38%) of permanent cropland. Directly operated permanent crop properties represented \$4.3 billion (28%) of the NFI, while leased cropland properties accounted for \$1.6 billion (10%).

Regionally, the Pacific West (39%), Delta States (19%), and Corn Belt (13%) comprised over 70% of the NFI, collectively. The other 29% is represented by the Mountain (8%), Pacific Northwest (7%), Southeast (5%), Lake States (4%), Northern Plains (3%), Southern Plains (2%), Appalachian (1%), and Other (<1%).

In Q4 2022, the NFI reported strong quarterly performance, surpassing the Q4 results experienced in 2021. Over the prior four quarters, the NFI's cumulative total return was 9.64%, resulting from an income return of 3.29% and appreciation of 6.20%. Annual cropland's rolling 4-quarter return was 14.43%, even with the Q3 2022 rolling 4-quarter return. Permanent cropland weakened, posting another positive quarter of total return, reporting a rolling 4-quarter total return of 2.61%.

Over the past four quarters, the annual cropland sub-index generated an income return of 3.75% and appreciation of 10.40%, resulting in a total return of 14.43%. This result was even with previous quarter's rolling 4-quarter return (14.43%). From a regional standpoint, total returns over the past four quarters ranged from 27.99% in the Corn Belt to 4.84% in the Pacific Northwest. The Corn Belt, Lake States, Delta States, and Southeast all reported rolling 4-quarter total returns exceeding 10%.

As of Q4 2022, the permanent cropland sub-index reported a rolling 4-quarter income return of 2.61% and appreciation of 0.0%, resulting in a total return of 2.61%. Recent returns produced by the permanent cropland sub-index are near 20-year lows. It is noteworthy that since 2000, almonds and wine grapes have comprised over 50% of the permanent cropland sub-index on average. Permanent crop returns have experienced periods of significantly higher and lower returns as compared to the annual cropland sub-index.

Among permanent cropland properties, apples accounted for the highest return over the prior 4 quarters at 12.3% while almonds accounted for the lowest return, -2.3%. The rolling 4-quarter returns for most major permanent crop categories continue to lag their 5-year and 10-year returns. Apples (13.07%) and pistachios (2.07%) produced the strongest permanent crop returns in Q4 2022. On the other hand, almonds (-2.90%) and citrus (-0.10%) represented the lowest permanent crop returns during the quarter. The rolling 4-quarter performance of leased permanent cropland exceeded the performance of directly operated permanent crops by 615 basis points, outperforming in terms of income and appreciation.

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