three more rate hikes in 2019 and perhaps one more in 2020 depending on factors such as inflation, unemployment, and economic growth. Should yields on relatively safe fixed income investments such as 10 Year T-bills continue to move upward, farm land from an investment perspective will become relatively unattractive at its present 3% rent to value ratio. Also, since commercial farming margins are already thin, it is unlikely an increase in cash rents will be the solution to improving returns to land owners looking for an income stream. The most likely scenario is that land values will decrease improving the projected income to sales price. Especially given that a large share of the current value is speculative.

The key factor however in a decreasing cropland value situation is the rate of decline. A very gradual decline will ensure large supplies of farmland are not dumped onto the market in a short period when farmers may not have the wherewithal to purchase depressing land values rapidly. However, if rising rates entice potential investors, or current investors away from farmland, and rates are prohibitively high for many farmers to make expansive investments in their own operations, the equity drain in agriculture could be substantial putting farmers with what was a decent solvency ratio in jeopardy.