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FM1825_2015 Iowa Land Value Survey

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Figures and Tables presented in this brochure are based on the 2015 Iowa Land Value Survey.

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2015 Iowa Land Value Survey*

The 2015 Iowa Land Value Survey showed a drop in land values for the second consecutive year—the first time it has happened since 2000. The estimated $7,633 per acre state average for all qualities of land represents a loss of value of 3.9 percent from 2014. Farmland values have now fallen almost 13 percent from the historically high 2013 values but still more than twice the reported values from 10 years ago.

New this year, the Iowa land value survey can be taken online in addition to the traditional paper format, and 55 percent of all participants completed the survey online. Furthermore, a new web portal, http://www.card.iastate.edu/farmland, has been developed to pool various sources of Iowa farmland values and offers visualization tools like charts over time and interactive county maps.

The 2015 survey found existing farmers are the primary purchasers of farmland, accounting for 76 percent of sales. The percent of sales to investors rose slightly to 20 percent, while sales to new farmers remained at 3 percent.

Conditions differed within the state and by land quality, with the northwest crop reporting district reporting a 0.7 percent increase in values. Additionally, 60 percent of the respondents reported lower sales in 2015 relative to 2014, and lower commodity prices were the most commonly noted negative factor influencing the land market.

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*The Iowa Land Value Survey is based on reports by agricultural professionals knowledgeable of land market conditions such as appraisers, farm managers, agricultural lenders, and sales. It is intended to provide information on general land value trends, geographical land price relationships, and factors influencing the Iowa land market.
Analysis by county
The 2015 state average for all qualities of land, estimated at $7,633 per acre, was a decrease of $310 per acre (3.9 percent) from 2014. Scott County again reported the highest value at $10,918 per acre. Clayton and Allamakee Counties had the highest percentage increase (2.9 percent), and Clayton County had the highest dollar increase ($203 per acre).

The lowest value per acre in the state was again reported by Decatur County, at $3,514 per acre. The largest dollar decrease ($784 per acre) was reported by Black Hawk County. The highest percentage decrease (8.6 percent) was reported by Mitchell and Floyd Counties.

Analysis by quality of land
Low-quality land in the state averaged $4,834 per acre and showed a 0.9 percent ($44) decrease compared to 2014 values. Medium-quality land averaged $7,127 per acre and showed a 3.2 percent ($232) decrease. High-quality land averaged $9,364 per acre and showed a decrease of 5 percent ($490) per acre when compared to 2014 values.

New this year, the respondents were asked to provide estimated average CSR1 and CSR2 for high, medium and low quality land in their county, which is 83, 71, and 59 points for the state average CSR2 for each land quality class.

Analysis by crop reporting district
The northwest district again reported the highest land value average, $9,683 per acre, an increase of 0.7 percent from 2014 values. The north central district reported the largest percentage decrease in values, down 6.7 percent. Low-quality farmland in the southwestern district showed a gain of 5.4 percent from last year.
Land buyers
The majority of farmland sales, 76 percent, were to existing farmers, individual and institutional investors each represented 16 and 4 percent of sales, and new farmers represented 3 percent of sales. Over half (60 percent) of the respondents reported lower sales in 2015 relative to 2014. On the other end of the spectrum, just 10 percent reported more sales and 30 percent reported the same level of sales in 2014 relative to 2013.

Future land values
The results of the 2015 survey are not surprising. The 3.9 percent decline may seem less than what many people speculated, but it does not seem to be out of line due to a mix of factors, including substantial cash accumulated by farmers over the past few years, the expectation of the decline in crop and land markets, robust livestock returns, and strong recreational demand.

With stagnant commodity prices, declining farm income forecast, a slowing Chinese economy, and a potential increase in interest rates, the Iowa farmland market appears to have peaked for the foreseeable future and seems to be continuing drifting sideways to slightly lower; however, it most likely will be an orderly adjustment as opposed to a sudden bubble burst. Over 75 percent of respondents thought land values in their territory would continue to decline next year, but the decline would be less than 10 percent.

For additional information on the survey and on surveys from prior years, visit the newly developed Iowa Farmland Value Portal at http://www.card.iastate.edu/farmland.