The 2014 Iowa Land Value Survey showed a drop in land values for the first time since 2009. The estimated $7,943 per acre state average for all grades of land represents a loss of value of 8.9 percent from 2013. The 8.9 percent decrease marks the largest decrease in land values since 1986.

In spite of the decrease in 2014, Iowa farmland values are more than double what they were 10 years ago, 81 percent higher than 2009 values, and 18 percent higher than they were in 2011. Conditions differed within the state, with the southeast crop reporting district reporting a 3.2 percent increase in values. Additionally, seven counties reported higher land values relative to 2013.

Over half (60 percent) of the respondents reported lower sales in 2014 relative to 2013. On the other end of the spectrum, just 11 percent reported more sales and 29 percent reported the same level of sales in 2014 relative to 2013. While the most frequently indicated factor positively influencing the land market was lower commodity prices as a major negative factor. This is the highest percentage ever recorded where respondents listed a parve factor.

This report was prepared by Michael D. Duffy, Professor of Economics Emeritus and the Center for Agricultural and Rural Development, Iowa State University.

Figures and Tables presented in this brochure are based on the 2014 Land Value Survey.

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Analysis by county
The 2014 state average for all grades of land, estimated at $7,943 per acre, was a decrease of $773 per acre (8.9 percent) from 2013. Scott County again reported the highest value at $11,618 per acre. Keokuk County had the highest percentage increase (2.4 percent), and Washington County had the highest dollar increase ($199 per acre).

The lowest value per acre in the state was again reported by Decatur County, at $3,587 per acre. The largest dollar decrease ($1,684 per acre) was reported by O'Brien County. O'Brien County also showed the highest dollar decrease in 2013. The highest percentage decrease (15.2 percent) was reported by Worth County.

Analysis by quality of land
Low grade land in the state averaged $4,878 per acre and showed a 7.9 percent ($420) decrease compared to 2013 values. Medium grade land averaged $7,359 per acre and showed an 8.5 percent ($688) decrease. High grade land averaged $9,854 per acre and showed a decrease of 9 percent ($974) per acre when compared to 2013 values.

Analysis by crop reporting district
The northwest district again reported the highest land value average, $9,615 per acre, a decrease of 12 percent from 2013 values. The southwest district reported the largest percentage decrease (13.2 percent) and the southeast district had the largest dollar decrease ($1,684 per acre).

The lowest value per acre in the state for each district was shown by the southwest district, at $3,341 per acre. The highest percentage decrease (14 percent) was reported by the southeast district. The highest dollar decrease ($1,684 per acre) was reported by the northwest district in 2013. The highest percentage decrease (15.2 percent) was reported by the northwest district.

Land buyers
The 2014 survey asked respondents what percent of the land was sold to four categories of buyers: existing farmers, investors, new farmers, or other. The majority of farm sales, 73 percent, were to existing farmers. Investors represented 18 percent of the sales. New farmers represented 3 percent of the sales. Other purchasers represented 1 percent of the sales.

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Future land values
The results of the 2014 survey are not surprising. Land values are determined by the income and the interest rate used. Net farm income has been at record high levels the past few years and interest rates have been at record low levels, combining to produce record high farm values.

The Iowa farmland market appears to have peaked for the foreseeable future, and commodity prices appear to have moved to a new plateau. Iowa farmland values increased rapidly as net farm income increased and interest rates remained low. It appears the level of net farm income was over estimated and farmland values are adjusting to these new expectations.

For additional information on the survey and on surveys from prior years, visit the Center for Agricultural and Rural Development website at www.card.iastate.edu

Figure 1. Average value per acre of Iowa farmland

Figure 2. 2014 and 2013 Land values by county

Figure 3. 2014 land values by crop reporting district

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Figure 2. 2014 and 2013 Land values by county

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