

## 2018 ISU Land Value Survey\*

The 2018 Iowa State University Land Value Survey showed an increase in land values for the first time since 2013. The estimated \$7,326 per acre statewide average for all qualities of land represents a 2.0 percent increase from November 2016. This increase is largely driven by limited land supply, favorable interest rates, and strong crop yields.

A web-portal, <https://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. Users can examine land value trends over time and across space at the county, district, and state level.

The 2017 ISU survey found existing farmers are the primary purchasers of farmland, accounting for 71 percent of sales. The percent of sales to investors rose slightly from 22 percent in 2016 to 23 percent in 2017. Sales to new farmers also grew slightly to 4 percent.

Seven of nine crop reporting districts reported an increase in values, ranging from 0.3 percent in the West Central district to 3.8 percent increase in the East Central district. The Southwest district reported no change in values, and the South Central district reported a loss of 1.6 percent. Additionally, 43 percent of respondents reported lower sales in 2017 relative to 2016. Favorable interest rates and limited land availability were the most commonly noted positive factor influencing the land market.

### **Analysis by county**

The 2017 state average for all qualities of land, estimated at \$7,326 per acre, is an increase of \$143 per acre (2.0 percent) from 2016. Only four of 99 counties in Iowa reported a drop in land value. Scott County again reported the highest value at \$10,497 per acre. The largest percentage increase, 4.7 percent, was reported in both Allamakee and Clayton Counties.

The lowest value per acre in the state was again reported by Decatur County, \$3,480 per acre. The largest dollar decrease was reported Mills County, \$25 per acre. The highest percentage decrease (0.3 percent) was reported in Fremont, Mills, Montgomery, and Page Counties.

### **Analysis by quality of land**

Low-quality land in the state averaged \$4,689 per acre, a 0.5 percent (\$25) increase compared to 2016 values. Medium-quality land averaged \$6,849 per acre, a 2.2 percent (\$144) increase. High-quality land averaged \$8,933 per acre, an increase of 2.0 percent (\$175) per acre when compared to 2016 values.

### **Analysis by crop reporting district**

Seven of nine crop reporting districts reported an increase in land values: the largest percentage increase was in East Central Iowa, 3.8 percent, only the South Central district reported a loss, 1.6 percent lower than 2016. The Southwest district reported no notable changes in value.

### **Land buyers and sellers**

The majority of farmland sales, 71 percent, were to existing farmers, with existing local farmers making up 70 percent of sales. Investors and new farmers represented 23 and 4 percent of sales, respectively; the remaining 2 percent was sold to uncategorized buyers.

Estate sales accounted for 54 percent of farmland sales, and retired farmers accounted for 23 percent of sales.

Forty-three percent of survey respondents reported lower sales in 2017 relative to 2016, compared to 20 percent reporting more sales, and 37 percent reporting similar/no change in sales.

### **Future land values**

The 2.0 percent increase in Iowa land values was largely driven by a limited land supply; and this recent increase boosted confidence in the strength of farmland market despite growing farm financial stress. 58 percent of respondents forecasted increase in their local land market a year later, and 83 percent expect a higher land value than current level five years later. This is consistent with their expectation of gradual increase in cash corn and soybean prices in the future

Farm income and commodity prices are both still stagnant, and with rising interest rates the Iowa farmland market appears to be seeing small reprieve in 2017 instead of an actual turn of the land market. A continued downward adjustment trajectory in the coming years is still likely.

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