

Iowa Farmland Values Up 29%

Annual Iowa State University survey finds average nominal value of Iowa farmland per acre reached historic high, but still lower than 2012 and 2013 values in inflation-adjusted terms

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Ames, Iowa – After several years of modest gains and losses, the average value of an acre of Iowa farmland skyrocketed 29% in 2021. The nominal value of an acre of farmland is now higher than at any point since Iowa State University began surveying values in 1941, and is 12% higher than the previous peak in 2013; although the current value in inflation-adjusted terms is still lower than that for 2012 and 2013.

The last time farmland values increased more than 25% was in 2011, when values rose 32.5%. “Surging ethanol demand and high commodity prices were two of the significant factors driving the increase in 2011,” said Wendong Zhang, an associate professor of economics at Iowa State’s [Center for Agricultural and Rural Development](#). “The increase this year is in part due to much stronger commodity prices thanks to higher exports, stronger than expected crop yields, and strong ad hoc COVID-19 related government payments,” Zhang said.

Zhang leads Iowa State’s annual Land Value Survey, which found that the average statewide value of an acre of farmland is \$9,751, an increase of 29%, or \$2,192, since 2020. The \$9,751 per acre estimate, and 29% increase in value, represents a statewide average of low-, medium-, and high-quality farmland.

Zhang said that favorable interest rates also contributed to the increases in 2011 and this year; however, he noted that inflation was a very important factor behind the value increase this year as well. Last week, the U.S. Bureau of Labor Statistics [reported](#) that the U.S. inflation rate rose 6.8% over the last year, which was the largest increase since 1982.

“Inflation is driving some investors to consider farmland as an alternative investment asset because farmland value tends to rise with higher inflation. The inflation-adjusted average value only rose 21% but the nominal value rose 29%, which shows the effect of inflation,” Zhang said.

As for U.S. net farm income, Zhang said it is forecasted to grow \$22.0 billion (23.2%) from 2020 levels to \$116.8 billion in 2021, which is the highest level since 2013. “The increase in 2021 farm income is largely driven by the rises in commodity prices and the resulting crop and livestock receipts, as opposed to almost solely ad hoc federal government payments as in 2020,” he said.

After the large increase in 2011, farmland prices jumped another 23.7% in 2012, though Zhang said that while 80% of respondents had optimistic views about what the farmland market would look like one year from now, most reported that they expect values to increase less than 10% in 2022.

Looking five years ahead, Zhang said that the number of respondents expecting a decline in farmland values nearly doubled, but over 80% of respondents predicted that farmland values would rise another 10% to 20% over 2021 values.

Land Values by County

All 99 of Iowa's counties showed an increase in land values. For the ninth consecutive year, Scott and Decatur Counties reported the highest and lowest values, respectively. Land values in Scott County increased 30%, or \$3,193 per acre, to \$13,852. Land values in Decatur County increased 31.5%, or \$1,213 per acre, to \$5,062.

Clayton and Allamakee Counties reported the largest percentage increase, 36.4%, while Scott County saw the largest dollar increase, \$3,193 per acre. The smallest percentage increase, 23.2%, was reported in Keokuk County, while Taylor County saw the smallest dollar increase, \$1,199 per acre.

Land Values by District

Land values across all crop reporting districts increased. The Northwest district reported the highest overall value, \$12,164 per acre, while the North Central district reported the largest percentage increase, 34.5%, and the largest dollar increase, \$2,737 per acre.

The South Central district reported the lowest values, \$6,035 per acre, and the lowest dollar change, \$1,377 per acre, while the Southeast district saw the smallest percentage increase, 21.9%.

Land Values by Quality

Statewide, low-quality land now averages \$6,397 per acre, an increase of 26% or \$1,319 per acre. Medium-quality land now averages \$9,071 per acre, an increase of 27.4% or \$1,953 per acre. High-quality land now averages \$11,834 per acre, an increase of 30.5% or \$2,766 per acre.

The Northwest district reported the highest values for low-, medium-, and high-quality land at \$8,088, \$11,042, and \$13,997 per acre, respectively. The South Central district reported the lowest values for low-, medium-, and high-quality land at \$4,058, \$6,094, and \$8,194 per acre, respectively.

Low-quality land in all crop reporting districts, less the Southeast district, saw increases of more than 23%. The North Central district saw the largest percentage increase, 32%, and the largest dollar increase, \$1,695 per acre. The Southeast district showed the smallest percentage increase, 14.5%, and the smallest dollar increase, \$600 per acre.

Medium-quality land saw increases of more than 30% in the North Central, Northeast, West Central, and South Central districts. The South Central district saw the largest percentage increase, 33.6%, while the North Central district showed the largest dollar increase, \$2,291 per acre. The Southwest district reported both the smallest percentage increase, 22.3%, and the smallest dollar increase, \$1,302 per acre, in medium-quality land.

High-quality land in the North Central, Northeast, West Central, and East Central districts all saw increases of more than 30%, with the North Central district reporting the highest percentage increase, 35.7%. The East Central district reported the largest dollar increase in high-quality land at \$3,304 per acre. The Southeast district reported the smallest percent

change in high-quality land, 25%, and the South Central district reported the smallest dollar increase, \$1,786 per acre.

Factors Influencing the Land Market

The most frequently mentioned positive factor influencing the land market was higher commodity prices. Favorable interest rates and strong yields were the second- and third-most frequently mentioned factors. Other frequently mentioned factors included limited land supply, strong demand, COVID-related government payments, and a good farm economy.

The most frequently mentioned negative factor affecting land values was higher input costs. Other noted factors included concerns about the sustainability of high land prices, possible changes in interest rates, political uncertainty related to policies, such as tax law changes, and uncertainty related to COVID-19.

Land values were determined by the 2021 Iowa State University Land Value Survey, conducted in November by the Center for Agricultural and Rural Development at Iowa State and Iowa State University Extension and Outreach. Results from the survey are consistent with results by the Federal Reserve Bank of Chicago, the Realtors Land Institute, and the U.S. Department of Agriculture.

The Iowa State Land Value Survey is based on reports by agricultural professionals knowledgeable of land market conditions, such as appraisers, farm managers, agricultural lenders, and actual land sales, and is intended to provide information on general land value trends, geographical land price relationships, and factors influencing the Iowa land market. The 2021 survey is based on 645 usable responses from 455 agricultural professionals. Seventy-five percent of the 455 respondents answered the survey online.

The Iowa State Land Value Survey was initiated in 1941, the first in the nation, and is sponsored annually by Iowa State. The survey is typically conducted every November and the results are released mid-December. Only the state average and the district averages are based directly on the Iowa State survey data. County estimates are derived using a procedure that combines the Iowa State survey results with data from the U.S. Census of Agriculture.

CARD offers a web portal at <https://www.card.iastate.edu/farmland/> that includes visualization tools, such as charts and interactive county maps, allowing users to examine land value trends over time at the county, district, and state level.

For over 60 years, the [Center for Agricultural and Rural Development](#) at [Iowa State University](#) has conducted innovative public policy and economic research on local, regional, and global agricultural issues, combining academic excellence with engagement and anticipatory thinking to inform and benefit society.

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Resources

Iowa Farmland Portal: www.card.iastate.edu/farmland

Attached figure: Nominal and inflation-adjusted Iowa farmland values 1941–2021.

