2018 IOWA STATE UNIVERSITY LAND VALUE SURVEY: OVERVIEW

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Abstract: Farmland represents over 80 percent of all U.S. farm assets, and is arguably often a farmer's single largest investment item, a major source of collateral, and a key component of the farmer's debt portfolio. Since 1950, the Iowa State University Land Value Survey has been the only data source that provides a county-level land value estimate for each of the 99 counties in Iowa. The 2018 Iowa State University Land Value Survey reported a 0.8 percent decrease to $7,264 per acre in average Iowa farmland values from November 2017 to November 2018. This modest drop is the fourth decline in Iowa farmland values over the past five years and represents a 17 percent decline from the 2013 peak in nominal land values, or a 24 percent drop in inflation-adjusted values. The recent decline is largely attributable to lower commodity prices, higher interest rates, and to some extent the trade disruptions. On the other hand, the magnitude of this decline is still very modest and overall the land market is largely stable. In general, the results from the 2018 Iowa State University Land Value Survey echo results from other surveys, which all showed relatively stable farmland market trends.

Key Words: Land Values, Iowa, Land Ownership, Interest Rate, Farm Income, Ag Credit, Commodity Prices, Expert Opinion Survey

JEL Codes: Q15, Q13, Q14, Q18

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History and Purpose of the ISU Land Value Survey

The survey was initiated in 1941 and is sponsored annually by Iowa State University. Only the state average and the district averages are based directly on ISU survey data. County estimates are derived using a procedure that combines ISU survey results with data from the U.S. Census of Agriculture. Since 2014, the survey has been conducted by the Center for Agricultural and Rural Development in the Department of Economics at Iowa State University and Iowa State University Extension and Outreach.

The survey is intended to provide information on general land value trends, geographical land price relationships, and factors influencing the Iowa land market. The survey is not intended to provide a direct estimate for any particular piece of property.

The survey is an expert opinion survey based on reports by licensed real estate brokers, farm managers, appraisers, agricultural lenders, county assessors, and selected individuals considered to be knowledgeable of land market conditions. Respondents were asked to report for more than one county if they were knowledgeable about the land markets. The 2018 ISU Land Value Survey is based on 792 usable county-level land value estimates provided by 605 agricultural professionals.

Of the 605 respondents, 62 percent completed the survey online. Online responses allow participants to provide estimates for up to 15 counties. A new web portal has been developed this year to facilitate the visualization and analysis of Iowa farmland values by pooling data from ISU, USDA, Chicago Fed, and the Realtor Land Institute, as well as by making use of charts over time and interactive county maps. The portal can be accessed at https://www.card.iastate.edu/farmland.

Participants in the survey are asked to estimate the value of high-, medium-, and low-quality land in their county. Comparative sales and other factors are taken into account by the respondents in making these value estimates. This survey is the only data source that provides an annual land value estimate at the county level for each of the 99 counties in Iowa. In addition, this survey provides estimates of high-, medium-, and low-quality land at the crop reporting district and state level.

Analysis by State

The 2018 state average for all quality of land was estimated to be $7,264 per acre as of November 1, 2018.

The state value declined $62 per acre from November 2017.

The state value declined 0.8 percent from November 2017.

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Analysis by Crop Reporting District

The highest average land values were reported in Northwest Iowa, $9,311 per acre.

The lowest average land values were reported in South Central Iowa, $4,329 per acre.

Land values across crop reporting districts saw mixed results, with five of nine crop reporting districts showing an increase in land values. The largest percentage increase was in South Central Iowa, 3.8 percent, while Central Iowa and Southeast Iowa reported a 2.4 percent and 3.6 percent loss, respectively. The Northeast and Southwest districts reported no notable changes in value.

Low-quality land in Northeast, West Central, and South Central Iowa saw increases, while low-quality land in Central, East Central, and Southwest Iowa experienced declines.

Analysis by Counties

The highest value was estimated for Scott County, $10,537 per acre.

The lowest value was in Decatur County, $3,488 per acre.

Seventy of 99 counties in Iowa reported a drop in land value, while the remaining 29 counties saw an increase.

The largest percentage increase, 3.1 percent, was reported in both Floyd and Mitchell Counties. The largest dollar decrease was reported Hamilton County, $285 per acre. The highest percentage decrease (3.3 percent) was reported in Humboldt and Wright Counties.

Analysis by Quality of Land

Low-quality land statewide averaged $4,609 per acre, a 1.7 percent, or $61 per acre, decrease. Low-quality land in the Northeast, South Central, and West Central districts all saw increases, despite declines in other districts.

Medium-quality land averaged $6,805 per acre, a decrease of 0.7 percent or $45 per acre.

High-quality land averaged $8,863 per acre, a decrease of 0.8 percent or $70 per acre.

Major Factors Influencing the Farmland Market

Most survey respondents listed positive and/or negative factors influencing the land market. Of these respondents, 82 percent listed at least one positive factor, and 84 percent listed at least one negative factor. In most cases, respondents listed multiple factors.

There were three positive factors listed by over 10 percent of respondents who provided at least one positive factor. The most frequently mentioned factor was limited land supply, mentioned by 23 percent of respondents. Strong yields and low interest rates were the second- and third-most frequently mentioned positive factors, mentioned by 13 and 12 percent of respondents, respectively. Other frequently mentioned positive factors included cash/credit availability (nine percent), strong demand (seven percent), and investor demand (six percent).

There were two negative factors listed by more than 10 percent of respondents who identified at least one negative factor. The most frequently mentioned negative factor affecting land values was lower commodity prices, mentioned by 36 percent of respondents. Higher long-term interest rates were the second-most frequently mentioned negative factor, mentioned by 18 percent of respondents. Nine percent of respondents cited recent tariffs on U.S. soybeans and pork and other agricultural products, making it the third-most frequently mentioned negative factor. Cash/credit availability, higher input costs, an uncertain agricultural future, and weather were each mentioned by four to six percent of the respondents.

Number of Sales Compared to Previous Year

Thirty-four percent of respondents reported lower sales in 2018 relative to one year ago. On the other end of the spectrum, just 28 percent reported more sales, and 38 percent reported the same level of sales in 2018 relative to 2017.

Northwest Iowa has the lowest percentage of respondents who reported lower sales, 17 percent, while the Southwest, North Central, and West Central districts have the highest percentage of respondents who reported lower sales, with more than 40 percent each.

Land Sales by Buyer Category

The 2018 survey asked respondents what percent of the land was sold to five categories of buyers: existing local farmers, existing relocating farmers, new farmers, investors, or other.

The majority of farmland sales, 72 percent, were to existing farmers, of which existing local farmers capture 69 percent of land sales and only three percent were to existing relocating farmers. Investors represented 21 percent of land sales. New farmers represented five percent of sales, and other purchasers were two percent of sales.

Sales to existing local farmers by crop reporting district ranged from 75 percent in Northwest Iowa to 50 percent in South Central Iowa.

Sales to investors were highest in South Central Iowa (30 percent). Northeast and East Central Iowa reported the lowest investor activity (15 percent).

Land Sales by Seller Category

The 2018 survey asked respondents what percent of land was bought from five categories of sellers: active farmers, retired farmers, estate sales, investors, or other.

The majority of farmland sales, 52 percent, were from estate sales, followed by retired farmers at 23 percent. Active farmers account for 15 percent of sales, while investors accounted for eight percent.

Estate sales by crop reporting district ranged from 64 percent in Northwest Iowa to 34 percent in South Central Iowa.

Sales by investors were highest in South Central Iowa (19 percent). West Central Iowa reported the lowest investor sale activity (five percent).

Respondents by Occupation and by Mode of Survey

The 2018 survey asked the main occupation of the respondent: farm managers, appraisers, agricultural lenders, brokers/realtors, government, farmers/landowners, and other. This year's survey also asked about the number of years' experience of respondents and number of counties they offer services in.

In total, 624 agricultural professional completed the survey, providing 793 county land value estimates. Of these 624 respondents, agricultural lenders represented the largest group, accounting for 42 percent of all respondents. Realtors/brokers, farm managers, and appraisers were the next three largest groups, representing 17, 11, and 11 percent of respondents, respectively.

Of all respondents, the percentage of agricultural lenders ranged from 34 percent in South Central to 54 percent in the Northeast district.

Agricultural professionals on average have 25 years of experience in their current profession and offer professional services to an average of nine counties. While government officials typically only serve two counties at most, farm managers, appraisers, ag lenders, and realtors/brokers offer services to 9, 16, 4, and 15 counties, respectively.

The survey was completed online by 64 percent of the 624 respondents. Eighty percent of the respondents only provided land value estimates for their primary county. Eleven and four percent of the 624 respondents provided estimates for two and three counties, respectively.

Farmland Value and Cash Crop Price Predictions by Respondents

This year's survey asked respondents to predict land values and cash crop prices one and five years from now, as well as the prevailing interest rates for a 20-year farmland mortgage and a one-year operating loan.

Respondents had mixed views regarding the strength of the farmland market one year from now, but in general expect higher land values five years from now. About half of respondents forecasted an increase in their local land market in one year, while 35 percent expected a lower land value, and 15 percent forecasted no change. Looking five years ahead, a vast majority of the respondents (81 percent) expect a higher land value than current levels, with only 11 percent forecasting a decline.

Respondents expect a slow-but-steady improvement in both the corn and soybean cash crop markets. In particular, the predicted state average cash corn prices for November 2019 and 2023 (five years from now) are $3.51/bu and $4.10/bu, respectively. The statewide average soybean price predictions are $8.50/bu in one year and $9.79/bu five years from now.

Respondents reported typical interest rates for 20-year farmland mortgages and one-year operating loans are 5.68 percent and 5.99 percent, respectively.

Land Quality and Corn Suitability Rating 2

To gauge how each respondent defined high-, medium-, and low-quality land for their county, we asked for estimated average CSR2 (Corn Suitability Rating 2) for high-, medium-, and low-quality land. We also asked for estimates of the percent of land area for each land quality class.

Results show that agricultural professionals have adapted to CSR2. Approximately 90 percent of participants provided at least one CSR2 estimate for the corresponding land quality classes. The estimated average CSR2 statewide for high-, medium-, and low-quality land is 82, 69, and 54 points respectively. The estimated percent of land area for high-, medium-, and low-quality land is 36, 40, and 24 percent, respectively.

In addition, respondents ranked high-, medium-, and low-quality land based on relative conditions in their region. For example, the average CSR2 for high-quality land in the South Central district is 70, which is comparable to the CSR2 for low-quality land in the Northwest district (65).

Interpretation of the 2018 Survey Results

The 2018 ISU Land Value Survey shows a 0.8 percent decrease in average Iowa farmland values from November 2017 to November 2018. The average statewide value of an acre of farmland is now estimated at $7,264. This modest drop is the fourth decline over the past five years and represents a 17 percent decrease from the 2013 peak in nominal land values, or a 24 percent drop in inflation-adjusted values.

The recent decline is largely attributable to lower commodity prices, higher interest rates, and to some extent the trade disruptions. The magnitude of the decline is still very modest and overall the land market is largely stable. Many respondents cited limited land supply, strong yields, and low interest rates as positive factors influencing the land market. Two-thirds of the respondents reported no change or less sales compared to a year ago. In general, the survey respondents have an optimistic view regarding the strength of the future land market both one and five years from now.

The 2018 ISU Land Value Survey revealed a mixed land value pattern across crop reporting districts, counties and land quality classes. Local land supply and demand, as well as the local fluctuations in farm income largely explain the variation across the state. Five of nine crop reporting districts reported an increase in land values: the largest percentage increase was in South Central Iowa, 3.8 percent, while Central Iowa and Southeast Iowa reported a 2.4 percent and 3.6 percent loss, respectively. Seventy of 99 counties in Iowa reported a drop in land value, while the other 29 counties saw an increase. The largest percentage increase, 3.1 percent, was reported in both Floyd and Mitchell Counties, while the highest percentage decrease (3.3 percent) was reported in Humboldt and Wright Counties.

In general, the results from the 2018 ISU Land Value Survey echo results from other surveys, which all showed relatively stable farmland market trends. In November 2017, the Federal Reserve Bank of Chicago reported a one percent decline in Iowa‘s “good” farmland values from July 1, 2018 to October 1, 2018. U.S. Department of Agriculture June Area Survey reported a 1.0 percent increase in Iowa‘s agricultural real estate values (land and building) from June 2017 to June 2018. In September, the Realtors Land Institute reported a 1.7 percent drop in Iowa cropland values from March 2018 to September 2018, which constitutes an overall 1.2 percent decline from September 2017 to September 2018.

The 2018 ISU Land Value Survey shows that the majority of farmland sales, 72 percent, were to existing farmers. Investors represented 21 percent of land sales. Estate sales were still the main source of sales, followed by sales by retired farmers.

The farmland value estimates from the ISU Land Value Survey are average land value estimates for all farmland in the county, which not only includes cropland, but also pasture, CRP, and timberland. Specifically, we asked respondents to estimate “farmland value for average-sized farms in your county as of November 1, 2018.”

An opinion survey is just that. It represents the collective opinion of the survey respondents. Most of the respondents will use actual sales to formulate their opinions but each person can choose to weigh or discount particular sales as they deem necessary. The ISU Land Value Survey is an opinion survey, as are the surveys conducted by Federal Reserve Bank, USDA, and the Realtor Land Institute. It is important to consider the survey respondents, the questions asked, the time period covered, and other factors relating to a particular survey. As a result, it is important to note that when comparing results across surveys for Iowa and neighboring states, it is better to compare percentage change over time as opposed to dollar amount per acre.

The ISU Land Value Survey is intended to provide information on general land value trends and geographical land price relationships and factors influencing the Iowa land market. The survey is not intended to provide a direct estimate for any particular piece of property. We recommend interested buyers or sellers hire an appraiser to conduct formal appraisal of particular parcel, go to county assessor websites, or examine recent auction results for comparable parcels in their region.

Outlook for Land Values in 2019 and Beyond

The Iowa farmland market saw its fourth decline over the past five years. The estimated $7,264 per acre statewide average for all qualities of land in Iowa represents a 0.8 percent decrease in nominal land values from November 2017. If we examine the inflation-adjusted land values, this would represent a 3.3 percent decline from a year ago. This decline is likely a result of lower commodity prices, higher interest rates, and to some extent the trade disruptions. Considering the rising interest rates and declining commodity prices, the farmland market is holding up fairly remarkably, and overall, the land market across the state is relatively stable.

According to USDA Economic Research Service's farm income forecast, U.S. net farm income is forecast to decrease $9.1 billion (12.1 percent) from 2017 levels to $66.3 billion in 2018, which will be about half off the 2013 peak level. In nominal terms, the $7,264 per acre value in 2018 represents a 17 percent loss off the peak land value of $8,716 in 2013. After adjusting for inflation with the Consumer Price Index (CPI), this represents a 24 percent loss off the 2013 peak. In other words, the inflation-adjusted farmland values have seen more erosion since 2014.

Put simply, land value is the net present value of all discounted future income flows. With certain assumptions imposed, one could think of land value being net income divided by interest (discount) rate. To understand the changes in land value over time and across space, it is useful to examine how net income and interest rates will change over the next few years. Declining commodity prices, eroding farm income, and rising interest rates tend to exert downward pressures on land values.

From this perspective, the recent decline is consistent with the reports on deteriorating farm income and agricultural conditions across the U.S. Midwest: one-third of the respondents to the 2018 ISU Land Value Survey cited lower commodity prices as the main negative factor impacting Iowa's farmland market over the past year. According to the November AgLetter report by the Federal Reserve Bank of Chicago, soybean prices were six percent lower than one year earlier, corn prices were two percent higher, and cattle, hog, and milk prices were down 3, 17, and 10 percent, respectively, across the seventh district in the third quarter of 2018. A unique stress this year on the agricultural economy is the recent disruptions in U.S. agricultural trade, especially the multiple rounds of tariff increases between the United States and China. A CARD policy brief examined the impacts of the trade disruptions on the Iowa economy, and revealed that the overall losses in Iowa's Gross State Product were between $1 and $2 billion. Iowa's Gross State Product is $190 billion. This mainly results from retaliatory tariffs from China on soybeans, pork, and other commodity products. In addition, the Federal Reserve continued to raise interest rates, putting more downward pressure on the farmland market. Most respondents reported the prevailing farmland loan rates to be around six percent as of November 2018, which is 0.75 to 1 percent higher than two years ago. Higher interest rates could put some upward pressure on producers' financing costs and impact farm profitability, especially producers' working capital. The Federal Reserve Bank of Kansas City reported that, according to bankers across the tenth district, a majority of crop producers in 2018 had a modest deterioration in their working capital.

To put this recent, modest drop in Iowa land values into perspective, the current value of $7,264 per acre is still eight percent higher than 2011 values, and 63 percent higher than 10 years ago. Considering the downward pressures from both the declining farm income and rising interest rates, the farmland values in Iowa and across the Midwest are still remarkably stable.

There are still multiple supply and demand factors that support the overall stabilization of the farmland market. First, the farmland market has always been a thin market with few farmland sales, but the past five years the farmland market has been extremely tight—for five consecutive years, more respondents to the ISU Land Value Survey reported less sales in their county compared to the previous year. In this year's survey, only 28 percent of the respondents reported more sales activity, while 34 and 38 percent reported less or similar sales activities, respectively. The limited farmland supply helped buoy market prices in many areas across the state. Second, the new 2017 Iowa Farmland Ownership and Tenure Survey shows that 82 percent of all farmland in Iowa is fully paid for and 29 percent is owned primarily for family or sentimental reasons. This explains in part

the limited land sales offered by existing landowners and the strong demand noted as one of the positive factors in the 2018 ISU Land Value Survey. Third, the exceptional crop yields in 2018 helped reduce production costs on a per-bushel basis and alleviate the downward pressures on farm profits and land values. In November 2018, USDA forecasted corn yields of 198 bushels per acre and soybean yields of 58 bushels per acre. Even though this is revised lower compared to one month ago, the last six corn crops are still the largest the United States has ever produced, and a projected record national soybean yield will boost soybean production above 4.5 billion bushels for the first time (Schulz and Hart 2018). Fourth, despite recent hikes, interest rates remain below the recent historical average and well below pre-recession levels. From 2006 to 2014, farm real estate loan rates fell nearly 300 basis points. The recent hikes were only about 100 basis points since 2014. Lower interest rates kept the increase in interest expenses at modest levels and supported farm profitability. Finally, the 2018 ISU Cost of Production estimates reveal that estimated average cost for corn and soybean production in Iowa dipped further to $3.60/bu and $9.46/bu, respectively. Despite continued declines in commodity prices, the corresponding drop in production costs have resulted in breakeven or positive production margins for many producers this year, which has a positive impact on farm income and asset values.

Across the nine crop reporting districts and 99 counties, land value patterns were localized and mixed, driven by changes in local land supply and demand. While land values could be thought of as net income divided by interest rates, net income tends to be localized while interest rates are more universal. Five of nine crop reporting districts reported an increase in land values, and seventy of 99 counties in Iowa reported a drop in land value. For example, the strong demand by livestock producers for top quality grounds is behind the continued increases in counties like Sioux and O'Brien, and the stronger recreational demand due to improved general economy help explain the hikes in low-quality land in South Central and Northeast Iowa. The favorable weather conditions and much stronger crop yields compared to last year also drove up the farmland values in South Central Iowa in general. The 2018 ISU Land Value Survey shows that 69 percent of farmland sales were to existing local farmers, and they typically only look for land sales near their farm or at least in the same county. Due to the limited land supply, this suggests that local conditions of the land market, especially the availability of land sales in a certain quality class or the competitiveness of the land market in general, explain the variations in land value patterns across districts, counties, and land quality classes.

Across the Corn Belt and Great Plains, the land market saw mixed signals yet remained relatively stable in general. Many neighboring states also experienced declines in land values recently, but the magnitude was almost all fairly modest. The Illinois Society of Professional Farm Managers and Rural Appraisers and University of Illinois reported in March 2018 that there were persistent land value declines in all land qualities from January 2017 to January 2018. In particular, there was a two percent decline in excellent quality land, a one percent decline in good quality land, a five percent decrease in average quality land, and a six percent decrease in fair quality land in Illinois. The March 2018 Nebraska report indicated the average market value of farmland declined by three percent compared to one year earlier. The February 2018 Minnesota report showed statewide farmland sales prices declined by eight percent. The land value survey conducted by Purdue University reported a 1.6 percent, 2.1 percent, and 2.4 percent increase for Indiana's statewide top-, medium-, and low-quality farmland values from June 2017 to June 2018; however, their report also showed minor declines from January to June 2018. The quarterly AgLetter report by the Chicago Federal Reserve Bank issued in November 2018 indicated a one percent decline in Illinois for the period of October 1, 2017 to October 1, 2018, and a one percent increase in Iowa and Indiana and a four percent increase in Wisconsin. The quarterly Ag Credit survey conducted by the Kansas City Federal Reserve Bank published in November 2018 revealed that non-irrigated farmland values across the seventh district, which includes Nebraska, Kansas, and western Missouri, decreased two percent from one year ago.

The fourth decline over the past five years in the land market might trigger panic and memories of the 1980s farm crisis. Stress on farm finances also contributed to an increase in the expected sale of mid- to long-term assets in 2018. The number of bankers expecting farm borrowers to sell assets to improve available working capital or make loan payments increased sharply from a year ago. In fact,

the Federal Reserve Bank of Kansas City reported that nearly 85 percent of bankers reported farm borrowers plan to sell mid- to long-term assets before year's end, up from about 75 percent a year ago.

However, I would argue that despite the growing financial stress across the Midwest over the past few years, we are unlikely to see a replay of the 1980s farm crisis marked by the sudden, precipitous collapse of the U.S. agricultural land market and mounting delinquent farm loans and foreclosures. This somewhat optimistic outlook mainly stems from the strong farm income growth from 2003 to 2013, the historically low interest rate environment, and more prudent agricultural lending practices (Zhang and Tidgren 2018). In addition, our analysis suggests that the trajectory of the current farm downturn will likely be gradual like that of the 1920s farm crisis, as opposed to the sudden collapse of the 1980s farm crisis.

The stabilization in the land market offered our respondents optimism and confidence in the future farmland market, especially in the medium term, despite growing farm financial stress. Half of the respondents to the 2018 ISU Land Value Survey forecasted an increase in their local land market in one year, while 35 percent expect a lower land value, and 15 percent forecast no change in one year. Looking at the land market five years from now, a vast majority of respondents (81 percent) expect a higher land value than current levels, with only 11 percent forecasting a decline. This is consistent with their corn and soybean price forecast, which is a slow-but-steady improvement in both the corn and soybean cash crop markets. The Ag Economy Barometer led by Purdue University, a nationwide monthly agricultural producer survey, showed that compared to one year ago and even one quarter ago, farmers' pessimism about farmland values subsided, with only 22 percent of respondents from the November survey expecting to see lower farmland values in the upcoming year and half of farmers expecting farmland values to move higher over the next five years.

Farmland sale activities tend to be correlated with changes in land values—with the current farm downturn, landowners tend to continue to hold land parcels and postpone sales, which results in a continuation of less farmland sales. With the continued decline in farm income and profitability, some existing landowners may reconsider retirement and sell their land eventually. The heightening farm financial stress is already putting pressure on some vulnerable producers to liquidate some of their assets. To the extent that this will lead to more land parcels on the market, which is not much given the current tight market, there could be additional downward pressure on the farmland market. Many agricultural professionals have noticed an uptick in the number of land auctions across the state this year. According to the 2017 Iowa Farmland Ownership and Tenure Survey, half of Iowa's farmland has been held by the same owner for more than 20 years. As a result, a large influx of farmland supply is not likely, but this potential rise in farmland sale activity and continued decline in farmland values might present opportunities for beginning farmers and ranchers to enter the market.

Farmland has historically been a fairly robust investment that generates relatively stable returns. Since 1941, the nominal and inflation-adjusted Iowa farmland values have averaged a 6.4 percent and 2.6 percent increase per year, respectively. Farmland values have increased 72 percent of years, decreased 27 percent of years, and remained unchanged for three years between 1910 and 2018. While 29 percent of farmland in Iowa is primarily owned for family or sentimental reasons, the strong robust returns for farmland have and will continue to attract interested farmers and investors to invest in the farmland market.

There are several unique uncertainties worth watching over the next year or two. First, it remains unclear how quickly and by how much the Federal Reserve will raise interest rates. Higher interest rates tend to put further downward pressures on producers' working capital, farm income, and land values. Second, it is still highly uncertain how the trade negotiations and disputes with China will turn out, and because China was one of the most important buyers for key agricultural commodities such as soybeans, the impacts of trade disruptions on farm income and land values will likely be significant. It is worth noting that it takes time for the land market to fully capitalize the income shocks resulting from the trade disruptions. The 2019 land values will reflect more of the trade disruptions impacts than current market values. Third, the agricultural sector is closely watching

possible policy changes, especially whether and when we will have a new Farm Bill and details on commodity and conservation programs. Fourth, it is critical to watch whether the improved farm income and land market lead to landowners' growing interest in selling land, or more stressed sales from financially stressed producers.

Across the Midwest, there are signs of deteriorating agricultural credit conditions and a continued, prolonged downturn in the agricultural economy, although with a much slower pace. This recent decline in the Iowa farmland market is a result of lower commodity prices and higher interest expenses. Given the rising interest rates and still-high uncertainty regarding U.S. agricultural trade, the land market in Iowa might see another modest decline next year despite an overall stabilizing trend.

Table 1. Recent Changes in Iowa Farmland Values, 1971–2018

	Value Per Acre	Dollar Change	% Change		Value Per Acre	Dollar Change	% Change
1971	430	11	2.6	1995	1455	99	7.3
1972	482	52	12.1	1996	1682	227	15.6
1973	635	153	31.7	1997	1837	155	9.2
1974	834	199	31.3	1998	1801	-36	-2.0
1975	1095	261	31.3	1999	1781	-20	-1.1
1976	1368	273	24.9	2000	1857	76	4.3
1977	1450	82	6.0	2001	1926	69	3.7
1978	1646	196	13.5	2002	2083	157	8.2
1979	1958	312	19.0	2003	2275	192	9.2
1980	2066	108	5.5	2004	2629	354	15.6
1981	2147	81	3.9	2005	2914	285	10.8
1982	1801	-346	-16.1	2006	3204	290	10.0
1983	1691	-110	- 6.1	2007	3908	704	22.0
1984	1357	-334	-19.8	2008	4468	560	14.3
1985	948	-409	-30.1	2009	4371	-97	-2.2
1986	787	-161	-17.0	2010	5064	693	15.9
1987	875	88	11.2	2011	6708	1644	32.5
1988	1054	179	20.5	2012	8296	1588	23.7
1989	1139	85	8.1	2013	8716	420	5.1
1990	1214	75	6.6	2014	7943	-773	-8.9
1991	1219	5	.4	2015	7633	-310	-3.9
1992	1249	30	2.5	2016	7183	-450	-5.9
1993	1275	26	2.1	2017	7326	143	2.0
1994	1356	81	6.4	2018	7264	-61	-0.8

Table 2. Iowa Farmland Values and Percentage Change by District and Land Quality as of November 2018

District	Average Value	% Change	High Quality	% Change	Medium Quality	% Change	Low Quality	% Change
Northwest	$9,311	-0.8%	$10,767	-0.6%	$8,548	-0.1%	$6,018	-3.2%
North Central	$7,789	-0.2%	$8,699	-0.4%	$7,214	-0.1%	$5,161	-2.0%
Northeast	$7,543	0.0%	$9,198	0.5%	$7,116	-1.7%	$5,056	1.8%
West Central	$7,413	0.5%	$8,834	-0.5%	$6,935	1.6%	$4,720	0.8%
Central	$7,899	-2.4%	$9,313	-2.7%	$7,341	-1.1%	$4,932	-1.2%
East Central	$8,004	-2.6%	$9,768	-1.3%	$7,452	-2.9%	$4,911	-7.4%
Southwest	$6,060	0.0%	$7,738	2.2%	$5,671	-1.5%	$3,790	-3.7%
South Central	$4,329	3.8%	$6,055	2.5%	$4,244	4.0%	$2,953	4.6%
Southeast	$6,619	-3.6%	$9,063	-4.3%	$6,353	-3.0%	$3,656	-3.0%
STATE (avg)	$7,264	-0.8%	$8,863	-0.8%	$6,805	-0.7%	$4,609	-1.7%

Table 3. Iowa Farmland Values by Crop Reporting District and Quality of Land, 2007–2018

Year	State Avg	Northwest	North Central	Northeast	West Central	Central	East Central	Southwest	South Central	Southeast
					All Quality					
2007	3908	4699	4356	4055	4033	4529	4272	3209	2325	3463
2008	4468	5395	4950	4590	4823	5280	4743	3626	2573	3913
2009	4371	5364	4827	4464	4652	5026	4796	3559	2537	3832
2010	5064	6356	5746	5022	5466	5901	5447	4325	2690	4296
2011	6708	8338	7356	6602	7419	7781	7110	5905	3407	5705
2012	8296	11404	9560	8523	9216	9365	8420	7015	4308	6172
2013	8716	10960	9818	9161	9449	9877	9327	7531	4791	6994
2014	7943	9615	8536	8151	8424	9087	9008	6513	4475	7215
2015	7633	9685	7962	7861	8061	8505	8506	6372	4397	6892
2016	7183	9243	7562	7313	7358	7841	7917	6060	4241	6716
2017	7326	9388	7802	7543	7377	8097	8218	6058	4172	6864
2018	7264	9311	7789	7543	7413	7899	8004	6060	4329	6619
					High Quality					
2007	4686	5313	4807	4859	4804	5261	5073	3989	3231	4625
2008	5381	6150	5514	5415	5752	6076	5674	4642	3586	5346
2009	5321	6129	5371	5349	5552	5939	5738	4539	3710	5306
2010	6109	7283	6397	6076	6585	7026	6152	5335	3892	5862
2011	8198	9649	8601	7994	8889	9332	8675	7418	5109	7721
2012	10181	12890	10765	10708	11128	11139	10201	8818	6437	8879
2013	10828	12824	11159	11423	11591	11803	11631	9591	7150	9785
2014	9854	11201	9630	10083	10275	10780	11034	8482	6663	10150
2015	9364	11229	8976	9575	9684	10087	10289	8031	6445	9536
2016	8758	10650	8442	8892	8874	9299	9502	7527	5980	9265
2017	8933	10829	8730	9151	8881	9568	9900	7571	5908	9471
2018	8863	10767	8699	9198	8834	9313	9768	7738	6055	9063
					Medium Quality					
2007	3667	4385	4026	3777	3796	4194	4005	3047	2296	3270
2008	4195	5023	4568	4339	4537	4919	4405	3425	2527	3721
2009	4076	4977	4450	4193	4371	4615	4465	3386	2443	3535
2010	4758	5883	5300	4664	5111	5386	5445	4140	2596	4053
2011	6256	7708	6713	6290	6981	7029	6510	5553	3353	5468
2012	7773	11011	8691	7815	8619	8466	8128	6732	4219	5685
2013	8047	9918	8824	8573	8725	8930	8567	7137	4715	6605
2014	7359	8698	7874	7591	7827	8327	8388	6108	4318	6715
2015	7127	8834	7352	7460	7581	7758	7934	6038	4282	6525
2016	6705	8468	6992	6994	6870	7186	7396	5683	4128	6283
2017	6849	8555	7218	7236	6824	7426	7674	5756	4079	6548
2018	6805	8548	7214	7116	6935	7341	7452	5671	4244	6353
					Low Quality					
2007	2656	3210	3125	2853	2738	3004	2928	2175	1583	2131
2008	2967	3580	3408	3296	3187	3469	3214	2298	1757	2271
2009	2884	3490	3281	3177	3134	3203	3240	2286	1685	2281
2010	3357	4161	3976	3517	3542	3724	3840	2868	1794	2620
2011	4257	5196	4900	4352	4766	4848	4671	3824	1984	3335
2012	5119	7162	6303	5288	5877	5718	5013	4484	2562	3226
2013	5298	6845	6421	5670	5926	5918	5449	4592	2843	3651
2014	4878	6091	5428	5256	5173	5582	5479	3860	2808	3891
2015	4834	6252	5372	5242	5082	5292	5366	4070	2750	3797
2016	4665	6019	5164	4847	4577	5158	5153	4189	2892	3783
2017	4689	6216	5265	4965	4684	4993	5305	3935	2824	3768
2018	4609	6018	5161	5056	4720	4932	4911	3790	2953	3656

Table 4. Level of Sales Activity, 2018

	More	Less	Same
		(Percent)	
Northwest	37	17	46
North Central	23	41	36
Northeast	17	26	57
West Central	25	42	33
Central	34	39	27
East Central	28	29	43
Southwest	21	45	34
South Central	28	38	34
Southeast	36	33	31
STATE	**28**	**34**	**38**

Table 5. Iowa Land Purchases by Buyer Type, 2018

	Existing Local Farmers	Existing Relocating Farmers	New Farmers	Investors	Other
			(Percent)		
Northwest	75	2	3	19	1
North Central	68	2	3	26	1
Northeast	72	3	7	15	3
West Central	70	2	5	21	2
Central	69	3	2	22	4
East Central	74	2	5	15	4
Southwest	66	4	5	23	2
South Central	50	6	7	30	7
Southeast	74	2	5	16	3
STATE	**69**	**3**	**5**	**21**	**2**

Table 6. Iowa Land Purchases by Seller Type, 2018

	Active Farmers	Retired Farmers	Estate Sales	Investors	Other
			(Percent)		
Northwest	11	15	64	8	2
North Central	12	15	60	11	2
Northeast	15	28	45	9	3
West Central	11	25	56	5	3
Central	13	19	59	8	2
East Central	15	25	50	7	3
Southwest	13	21	48	16	2
South Central	20	25	34	19	2
Southeast	14	28	51	5	2
STATE	**15**	**23**	**52**	**8**	**2**

Table 7. Survey Respondents and Responses by Mode, 2018

(Some respondents report on more than one county)

	Paper	Online	Responses	Paper	Online	Respondents
	(Percent)			(Percent)		
Northwest	35	65	103	34	66	80
North Central	43	57	98	41	59	76
Northeast	29	71	103	34	66	85
West Central	33	67	82	36	64	70
Central	35	65	96	36	64	75
East Central	39	61	88	42	58	72
Southwest	39	61	64	44	56	52
South Central	27	73	86	33	67	63
Southeast	33	67	73	25	75	51
STATE	**35**	**65**	**793**	**36**	**64**	**624**

Table 8. Survey Respondents by Occupation, 2018

	Farm manager	Appraiser	Ag lender	Broker/ Realtor	Farmer/ Landowner	Government	Other
			(Percent)				
Northwest	14	8	44	18	6	5	5
North Central	12	9	41	19	12	1	5
Northeast	9	10	54	11	5	4	8
West Central	13	15	40	15	3	0	15
Central	14	14	37	18	7	1	10
East Central	10	9	40	19	10	1	10
Southwest	13	10	46	12	10	4	6
South Central	7	10	34	28	11	3	7
Southeast	8	14	43	10	10	0	14
STATE	**11**	**11**	**42**	**17**	**8**	**2**	**9**

Table 9. Experience and Service Area by District and Respondent Occupation, 2018

Crop reporting district	Years of experience	Number of counties served	Occupation	Years of experience	Number of counties served
Northwest	27	6	Farm manager	23	9
North Central	29	7	Appraiser	25	16
Northeast	21	7	Ag lender	22	4
West Central	21	10	Brokers/Realtor	27	15
Central	27	15	Farmer/Landowner	42	5
East Central	24	6	Government	21	2
Southwest	26	5	Other	26	4
South Central	25	11			
Southeast	25	8			
STATE	**25**	**9**	**STATE**	**25**	**9**

Table 10. Predicted Percent Change in Local Land Value One Year Later

	decrease 10 percent or more	decrease 5-10 percent	decrease 3-5 percent	decrease less than 3 percent	no change	increase 5 percent or less	increase 5-10 percent	increase more than 10 percent
				(Percent)				
Northwest	2	16	13	5	16	6	10	34
North Central	1	13	16	8	15	8	8	30
Northeast	0	8	17	5	14	10	9	38
West Central	1	6	18	6	16	17	5	30
Central	4	5	16	9	20	15	5	26
East Central	1	6	14	22	11	11	3	32
Southwest	0	17	9	6	19	6	8	34
South Central	6	13	15	6	7	7	3	43
Southeast	3	5	12	7	16	7	7	42
STATE	**2**	**10**	**15**	**8**	**15**	**10**	**7**	**34**

Table 11. Predicted Percent Change in Local Land Value Five Years Later

	decrease 10 percent or more	decrease 5-10 percent	decrease less than 5 percent	no change	increase 5 percent or less	increase 5-10 percent	increase 10-20 percent	increase more than 20 percent
				(Percent)				
Northwest	9	6	3	8	2	13	18	42
North Central	4	4	1	9	4	15	23	39
Northeast	3	8	0	8	4	13	19	46
West Central	4	1	0	6	6	16	28	39
Central	4	4	2	6	3	15	31	34
East Central	5	2	7	9	5	18	18	36
Southwest	6	3	2	9	6	8	22	44
South Central	6	3	1	6	3	13	19	49
Southeast	7	4	4	10	7	4	19	45
STATE	**5**	**4**	**2**	**8**	**4**	**13**	**22**	**41**

Table 12. Iowa Cash Crop Price Predictions for November 2018 and 2023

	Cash Corn Prices		Cash Soybean Prices	
	One Year Later	Five Years Later	One Year Later	Five Years Later
Northwest	$3.44	$4.00	$8.36	$9.55
North Central	$3.49	$4.11	$8.58	$9.94
Northeast	$3.46	$4.16	$8.57	$9.92
West Central	$3.44	$4.00	$8.36	$9.55
Central	$3.45	$4.05	$8.55	$9.90
East Central	$3.61	$4.11	$8.79	$10.04
Southwest	$3.55	$4.05	$8.44	$9.64
South Central	$3.64	$4.17	$8.29	$9.65
Southeast	$3.47	$4.25	$8.43	$9.79
STATE	**$3.51**	**$4.10**	**$8.50**	**$9.79**

Table 13. Estimated Average CSR2 and Percent of Land Area by Land Quality, 2018

	Reported Average CSR2			Reported Percent of Land Area		
	High Quality	Medium Quality	Low Quality	High Quality	Medium Quality	Low Quality
Northwest	88	78	65	45	38	17
North Central	85	74	61	40	40	20
Northeast	82	69	52	34	41	25
West Central	81	67	53	37	40	23
Central	85	74	59	41	34	15
East Central	84	69	52	34	41	25
Southwest	79	64	49	27	46	27
South Central	70	54	40	24	42	34
Southeast	82	64	55	31	40	29
STATE	**82**	**69**	**54**	**36**	**40**	**24**

Table 14. Estimated Average Mortgage and Operating Loan Rate

	Interest Rates	
	20-Year Farmland Mortgage	1-Year Operating Loan
	(Percent)	
Northwest	5.60	6.05
North Central	5.40	6.00
Northeast	5.60	6.01
West Central	5.50	5.91
Central	5.57	5.97
East Central	5.48	5.97
Southwest	5.79	6.08
South Central	5.54	5.95
Southeast	5.63	6.00
STATE	**5.68**	**5.99**

Comparative Iowa Land Values
2017-2018

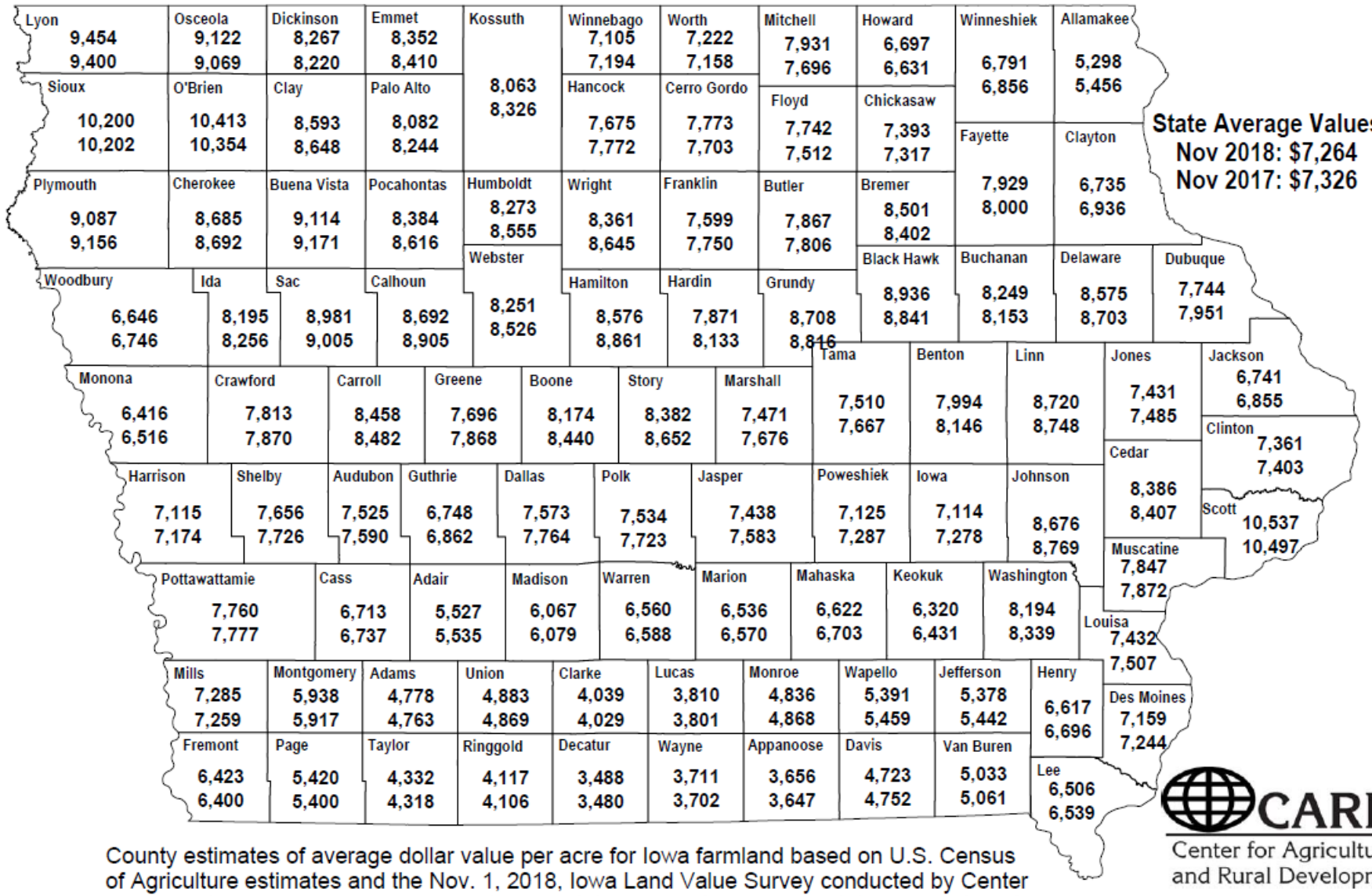
By Crop Reporting District:

District Name	2018 $/acre	2017 $/acre	2017-2018 $ change	2017-2018 % change
Northwest	$ 9,311	$ 9,388	-$77	-0.8%
North Central	$ 7,789	$ 7,802	-$13	-0.2%
Northeast	$ 7,543	$ 7,543	$0	0.0%
West Central	$ 7,413	$ 7,377	$36	0.5%
Central	$ 7,899	$ 8,097	-$198	-2.4%
East Central	$ 8,004	$ 8,218	-$214	-2.6%
Southwest	$ 6,060	$ 6,058	$3	0.0%
South Central	$ 4,329	$ 4,172	$158	3.8%
Southeast	$ 6,619	$ 6,864	-$245	-3.6%
State Average	**$ 7,264**	**$ 7,326**	**-$62**	**-0.8%**

By County:

County Name	2018 $/acre	2017 $/acre	2017-2018 $ change	2017-2018 % change
Adair	$ 5,527	$ 5,535	-$9	-0.16%
Adams	$ 4,778	$ 4,763	$15	0.32%
Allamakee	$ 5,298	$ 5,456	-$158	-2.90%
Appanoose	$ 3,656	$ 3,647	$9	0.24%
Audubon	$ 7,525	$ 7,590	-$65	-0.86%
Benton	$ 7,994	$ 8,146	-$152	-1.87%
Black Hawk	$ 8,936	$ 8,841	$96	1.08%
Boone	$ 8,174	$ 8,440	-$266	-3.15%
Bremer	$ 8,501	$ 8,402	$99	1.18%
Buchanan	$ 8,249	$ 8,153	$96	1.18%
Buena Vista	$ 9,114	$ 9,171	-$57	-0.62%
Butler	$ 7,867	$ 7,806	$62	0.79%
Calhoun	$ 8,692	$ 8,905	-$214	-2.40%
Carroll	$ 8,458	$ 8,482	-$24	-0.28%
Cass	$ 6,713	$ 6,737	-$24	-0.35%
Cedar	$ 8,386	$ 8,407	-$20	-0.24%
Cerro Gordo	$ 7,773	$ 7,703	$69	0.90%
Cherokee	$ 8,685	$ 8,692	-$6	-0.07%
Chickasaw	$ 7,393	$ 7,317	$76	1.04%
Clarke	$ 4,039	$ 4,029	$10	0.25%
Clay	$ 8,593	$ 8,648	-$55	-0.64%
Clayton	$ 6,735	$ 6,936	-$201	-2.90%
Clinton	$ 7,361	$ 7,403	-$42	-0.57%
Crawford	$ 7,813	$ 7,870	-$57	-0.72%
Dallas	$ 7,573	$ 7,764	-$192	-2.47%
Davis	$ 4,723	$ 4,752	-$29	-0.61%
Decatur	$ 3,488	$ 3,480	$8	0.24%
Delaware	$ 8,575	$ 8,703	-$128	-1.47%
Des Moines	$ 7,159	$ 7,244	-$85	-1.18%
Dickinson	$ 8,267	$ 8,220	$47	0.58%
Dubuque	$ 7,744	$ 7,951	-$207	-2.60%
Emmet	$ 8,352	$ 8,410	-$58	-0.69%
Fayette	$ 7,929	$ 8,000	-$71	-0.89%
Floyd	$ 7,742	$ 7,512	$230	3.06%
Franklin	$ 7,599	$ 7,750	-$151	-1.95%
Fremont	$ 6,423	$ 6,400	$23	0.36%
Greene	$ 7,696	$ 7,868	-$172	-2.19%
Grundy	$ 8,708	$ 8,816	-$108	-1.23%
Guthrie	$ 6,748	$ 6,862	-$114	-1.67%
Hamilton	$ 8,576	$ 8,861	-$285	-3.22%
Hancock	$ 7,675	$ 7,772	-$97	-1.25%
Hardin	$ 7,871	$ 8,133	-$262	-3.22%
Harrison	$ 7,115	$ 7,174	-$59	-0.82%
Henry	$ 6,617	$ 6,696	-$79	-1.18%
Howard	$ 6,697	$ 6,631	$66	0.99%
Humboldt	$ 8,273	$ 8,555	-$282	-3.29%
Ida	$ 8,195	$ 8,256	-$61	-0.74%
Iowa	$ 7,114	$ 7,278	-$164	-2.26%
Jackson	$ 6,741	$ 6,855	-$114	-1.66%
Jasper	$ 7,438	$ 7,583	-$145	-1.91%
Jefferson	$ 5,378	$ 5,442	-$64	-1.19%
Johnson	$ 8,676	$ 8,769	-$92	-1.05%
Jones	$ 7,431	$ 7,485	-$54	-0.72%
Keokuk	$ 6,320	$ 6,431	-$111	-1.73%
Kossuth	$ 8,063	$ 8,326	-$263	-3.16%
Lee	$ 6,506	$ 6,539	-$34	-0.51%
Linn	$ 8,720	$ 8,748	-$28	-0.32%
Louisa	$ 7,432	$ 7,507	-$75	-0.99%
Lucas	$ 3,810	$ 3,801	$9	0.24%
Lyon	$ 9,454	$ 9,400	$54	0.58%
Madison	$ 6,067	$ 6,079	-$12	-0.20%
Mahaska	$ 6,622	$ 6,703	-$80	-1.20%
Marion	$ 6,536	$ 6,570	-$33	-0.51%
Marshall	$ 7,471	$ 7,676	-$205	-2.68%
Mills	$ 7,285	$ 7,259	$26	0.36%
Mitchell	$ 7,931	$ 7,696	$235	3.06%
Monona	$ 6,416	$ 6,516	-$99	-1.53%
Monroe	$ 4,836	$ 4,868	-$32	-0.65%
Montgomery	$ 5,938	$ 5,917	$21	0.36%
Muscatine	$ 7,847	$ 7,872	-$26	-0.33%
O'Brien	$10,413	$10,354	$60	0.58%
Osceola	$ 9,122	$ 9,069	$52	0.58%
Page	$ 5,420	$ 5,400	$20	0.36%
Palo Alto	$ 8,082	$ 8,244	-$162	-1.97%
Plymouth	$ 9,087	$ 9,156	-$68	-0.75%
Pocahontas	$ 8,384	$ 8,616	-$232	-2.69%
Polk	$ 7,534	$ 7,723	-$189	-2.45%
Pottawattamie	$ 7,760	$ 7,777	-$17	-0.22%
Poweshiek	$ 7,125	$ 7,287	-$162	-2.22%
Ringgold	$ 4,117	$ 4,106	$12	0.29%
Sac	$ 8,981	$ 9,005	-$24	-0.26%
Scott	$10,537	$10,497	$40	0.38%
Shelby	$ 7,656	$ 7,726	-$69	-0.90%
Sioux	$10,200	$10,202	-$2	-0.02%
Story	$ 8,382	$ 8,652	-$271	-3.13%
Tama	$ 7,510	$ 7,667	-$157	-2.05%
Taylor	$ 4,332	$ 4,318	$14	0.33%
Union	$ 4,883	$ 4,869	$14	0.29%
Van Buren	$ 5,033	$ 5,061	-$28	-0.56%
Wapello	$ 5,391	$ 5,459	-$68	-1.25%
Warren	$ 6,560	$ 6,588	-$28	-0.43%
Washington	$ 8,194	$ 8,339	-$144	-1.73%
Wayne	$ 3,711	$ 3,702	$9	0.24%
Webster	$ 8,251	$ 8,526	-$275	-3.22%
Winnebago	$ 7,105	$ 7,194	-$90	-1.24%
Winneshiek	$ 6,791	$ 6,856	-$65	-0.94%
Woodbury	$ 6,646	$ 6,746	-$100	-1.48%
Worth	$ 7,222	$ 7,158	$64	0.89%
Wright	$ 8,361	$ 8,645	-$284	-3.29%

2018 and 2017 Iowa Average Land Values, by County



County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2018, Iowa Land Value Survey conducted by Center for Agricultural and Rural Development, Iowa State University and Iowa State University Extension and Outreach. The top figure is the estimated Nov. 1, 2018, value; the bottom figure is the estimated Nov. 1, 2017, value.

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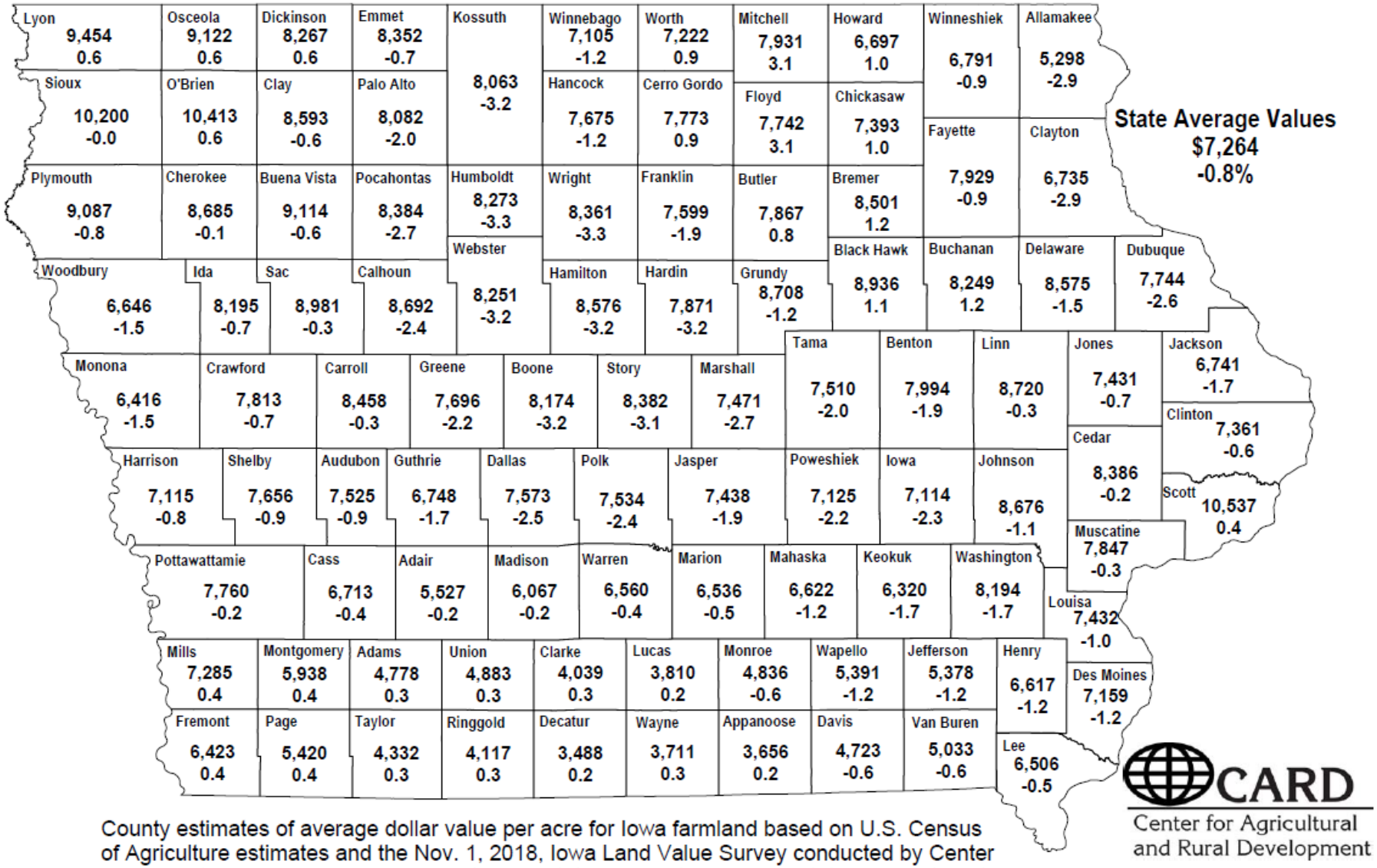
Percentage Change in Iowa Land Values 2017 to 2018



County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2018, Iowa Land Value Survey conducted by Center for Agricultural and Rural Development, Iowa State University and Iowa State University Extension and Outreach. The top figure is the estimated Nov. 1, 2018, value; the bottom figure is the percentage of change from the estimated Nov. 1, 2017, value.

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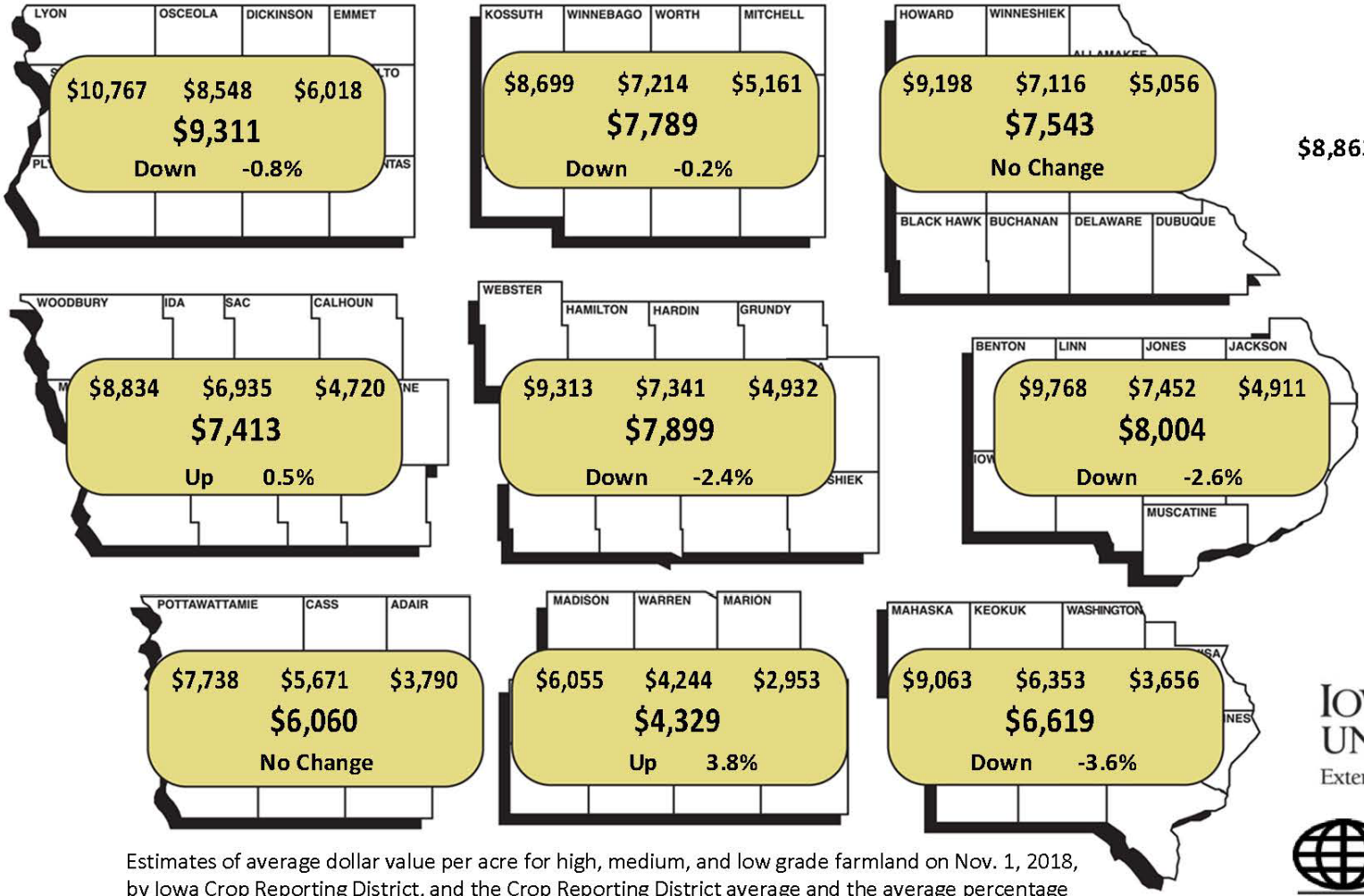
2018 Iowa Land Values by Crop Reporting District



Iowa

$8,863 $6,805 $4,609

$7,264

Down -0.8%

Estimates of average dollar value per acre for high, medium, and low grade farmland on Nov. 1, 2018, by Iowa Crop Reporting District, and the Crop Reporting District average and the average percentage change from Nov. 1, 2017. The estimates are based on a survey conducted by Iowa State University, Center for Agricultural and Rural Development and Iowa State University Extension and Outreach.

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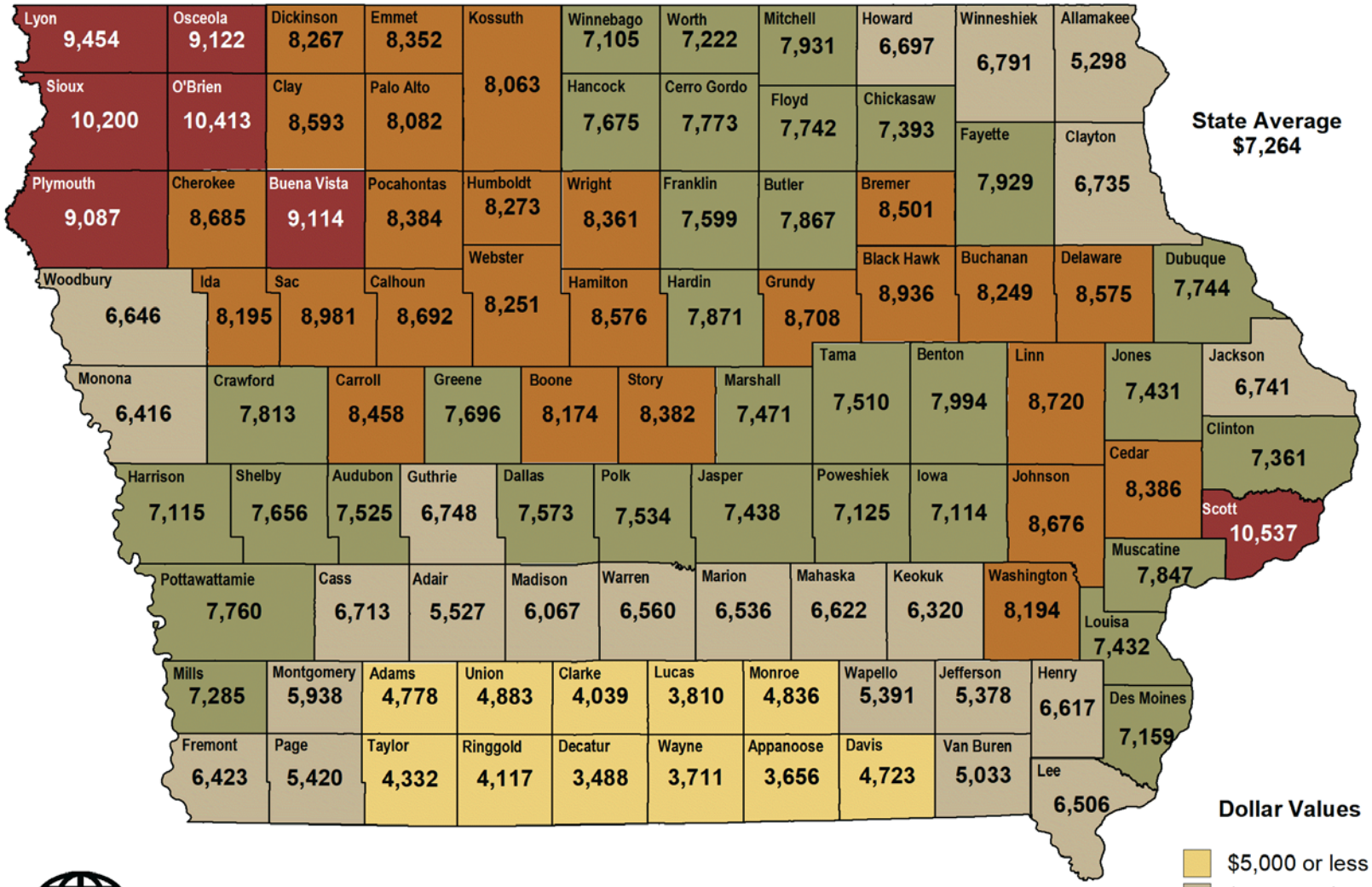
2018 Iowa Land Values



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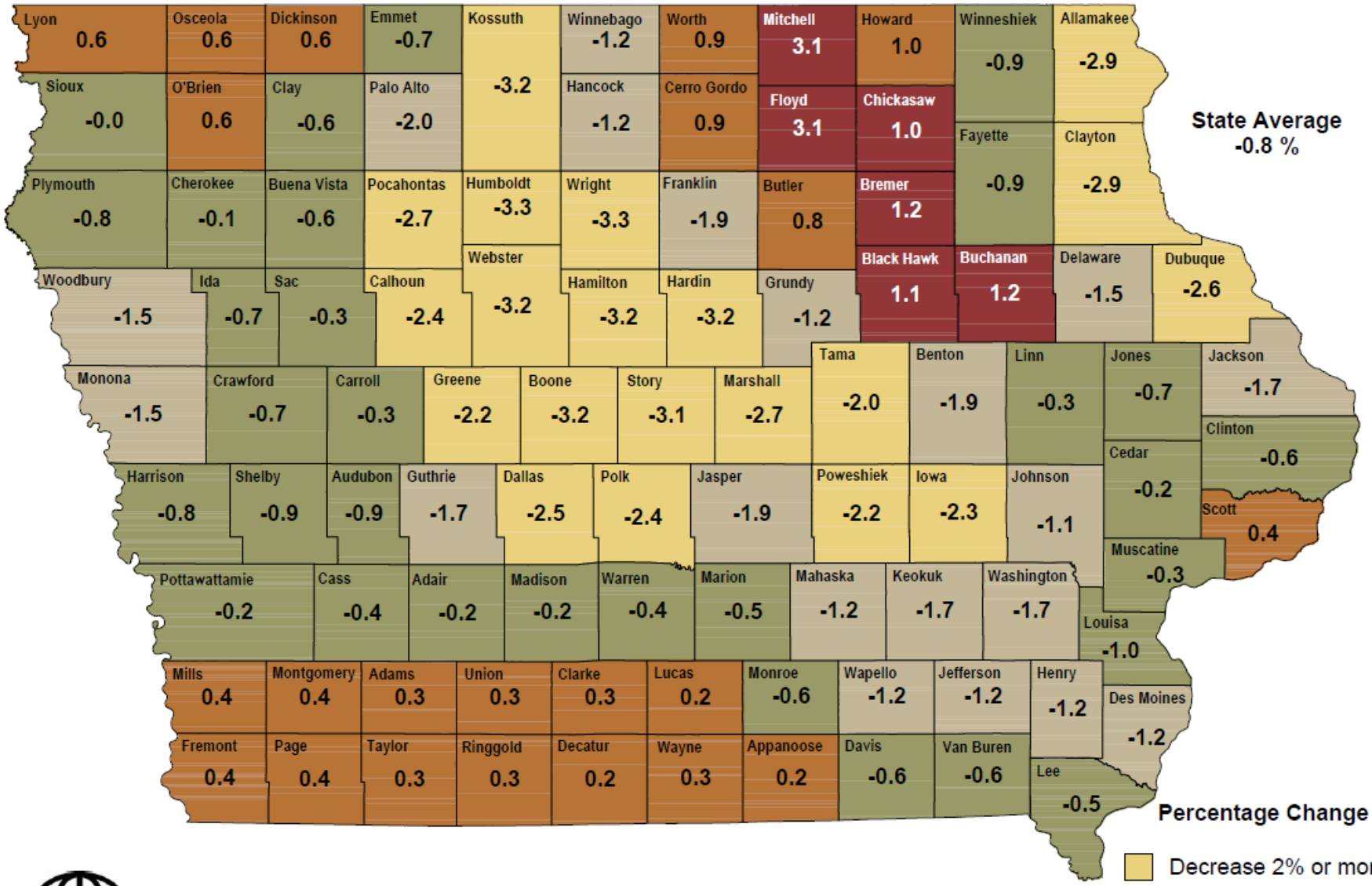
Percentage Change in Iowa Land Values 2017 to 2018



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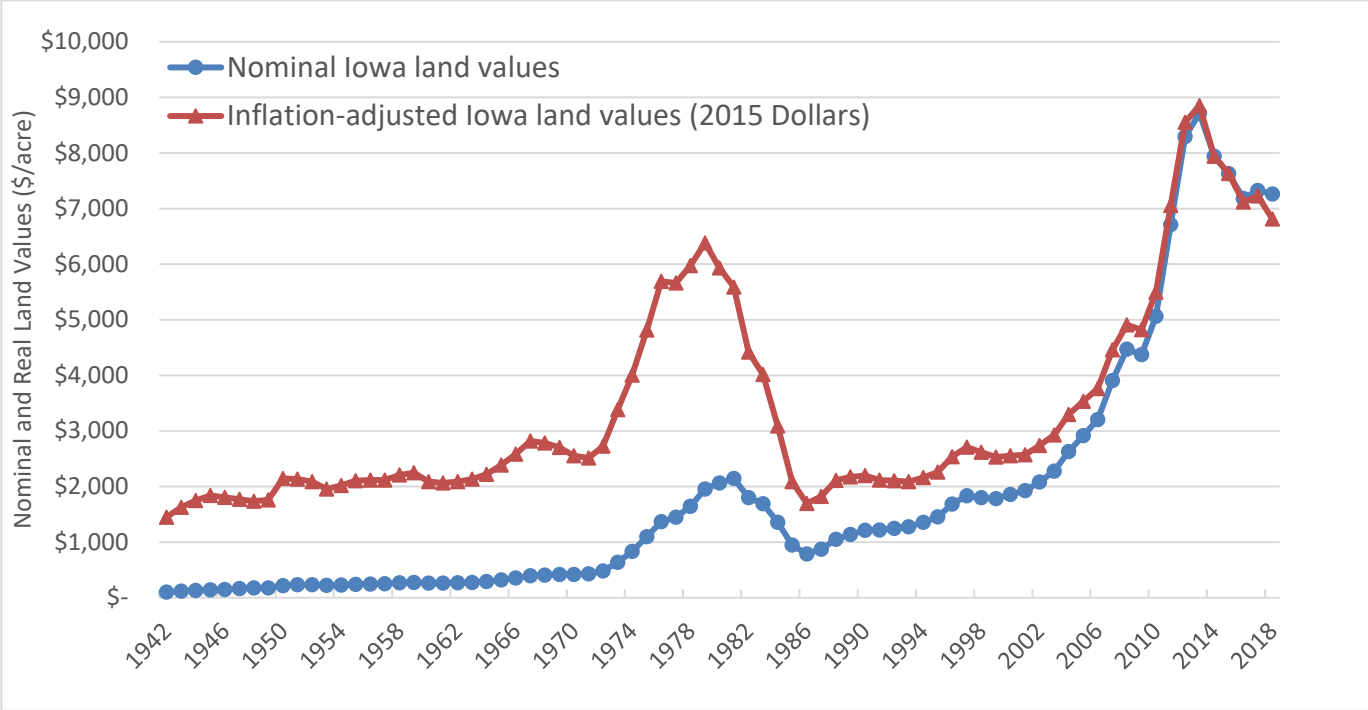
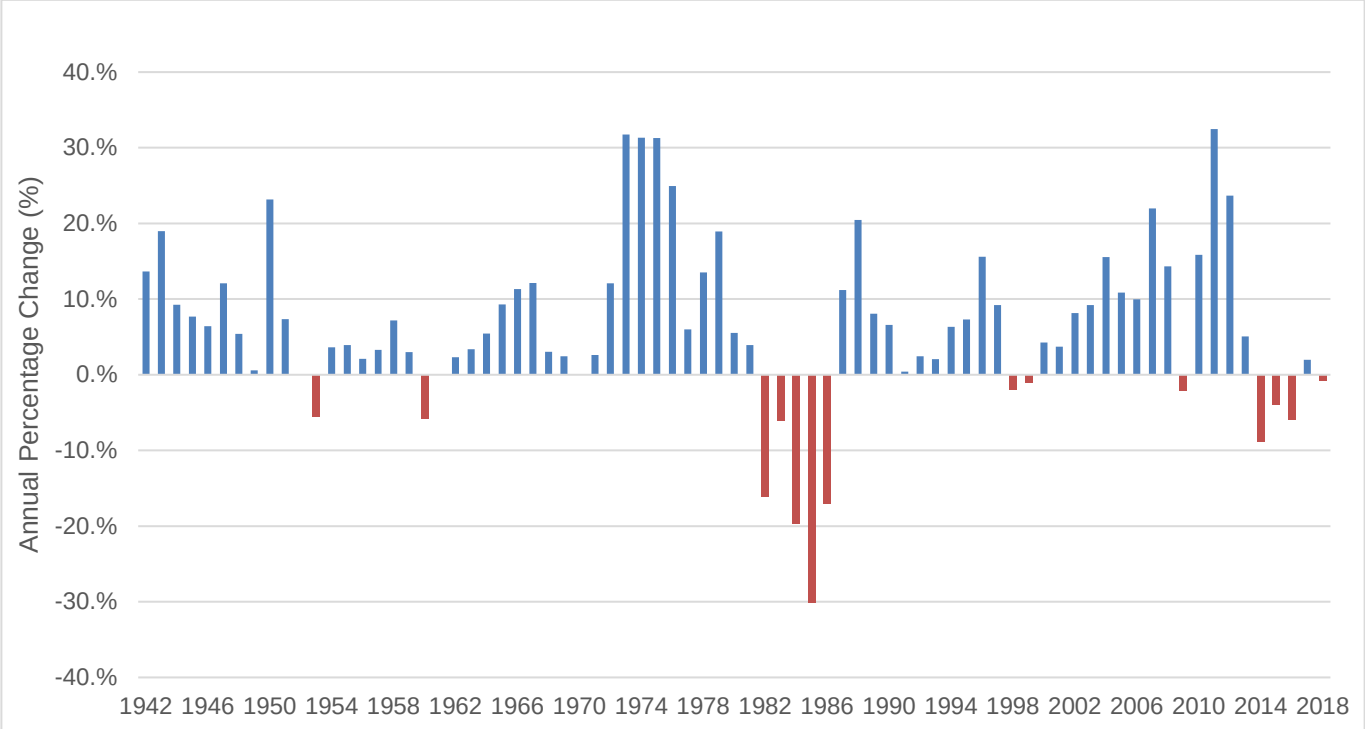
Extension and Outreach

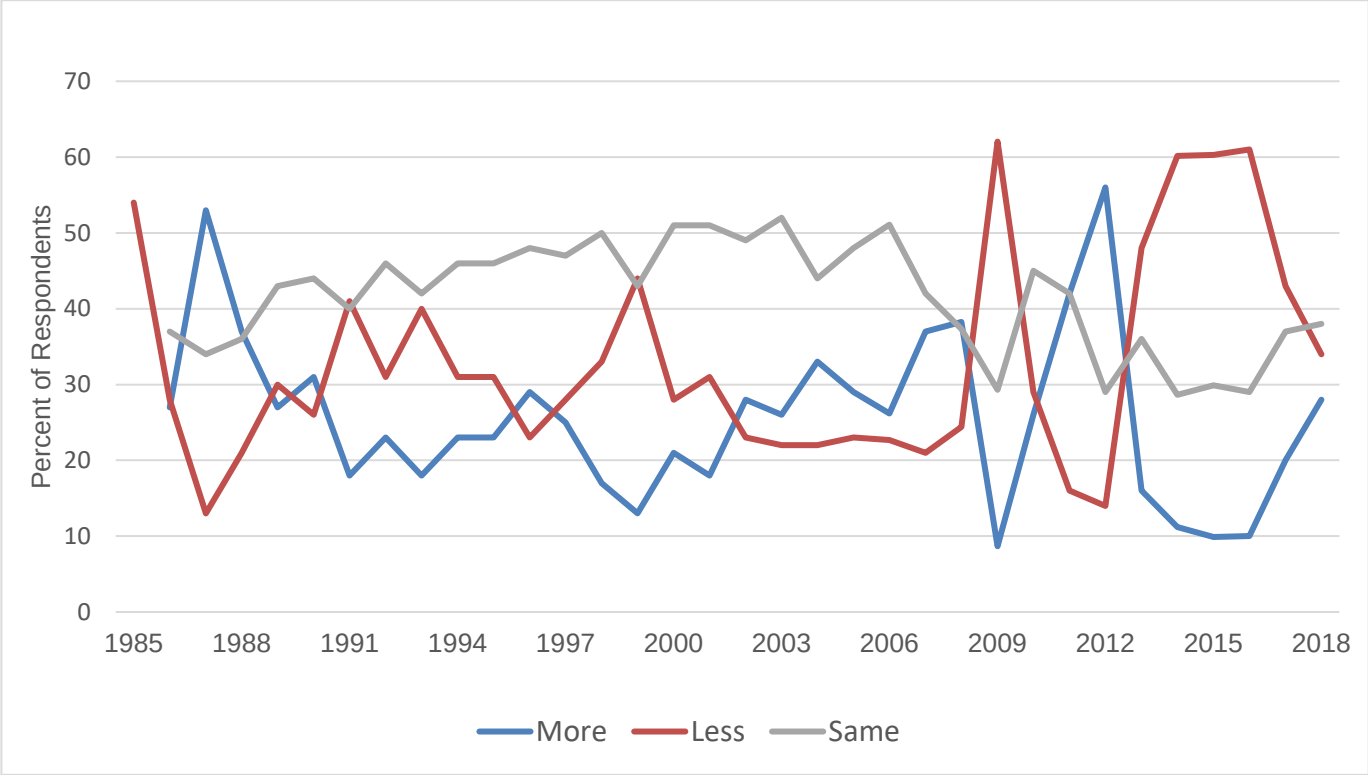
Iowa Nominal and Inflation-adjusted Average Value per Acre of Iowa Farmland, 1942–2018



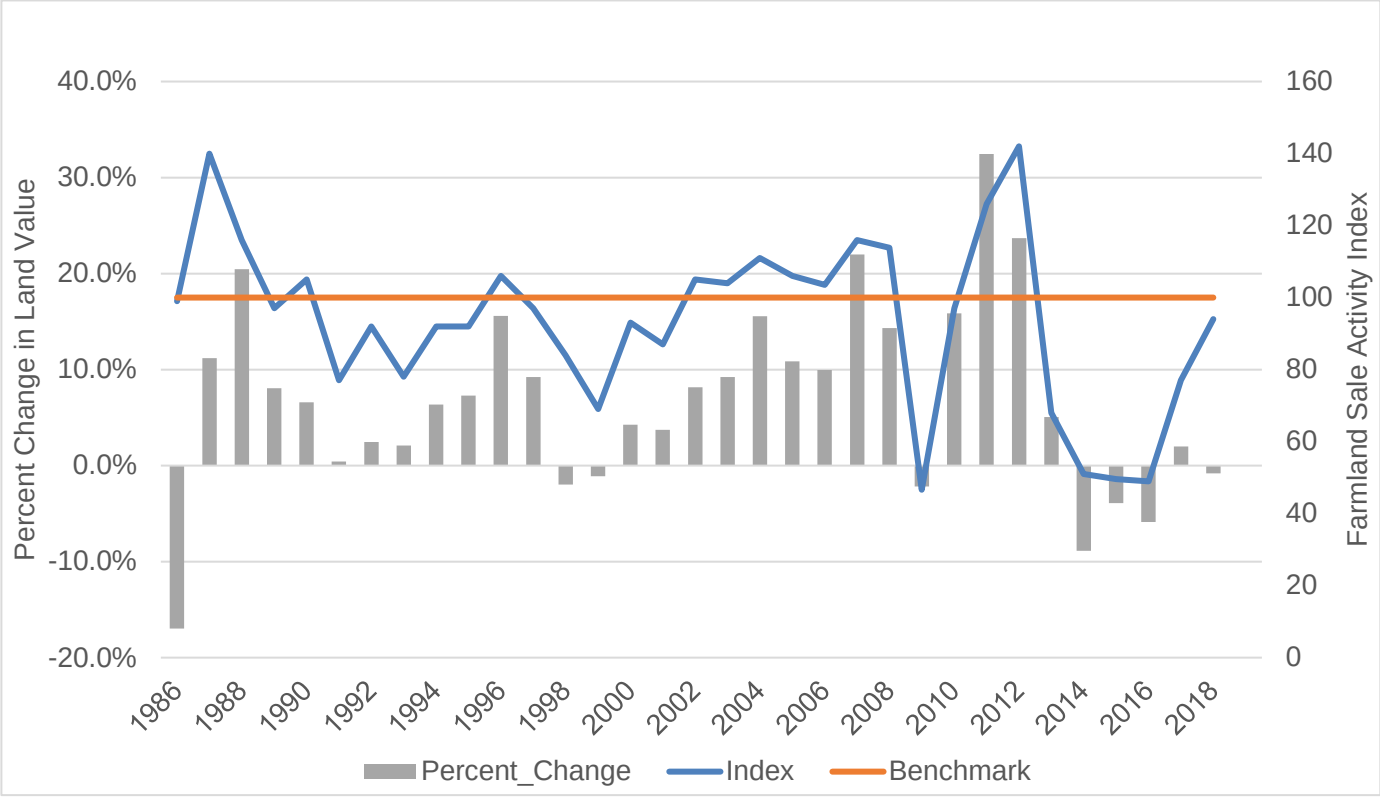
Annual Percentage Change in Nominal Iowa Farmland Values, 1942–2018



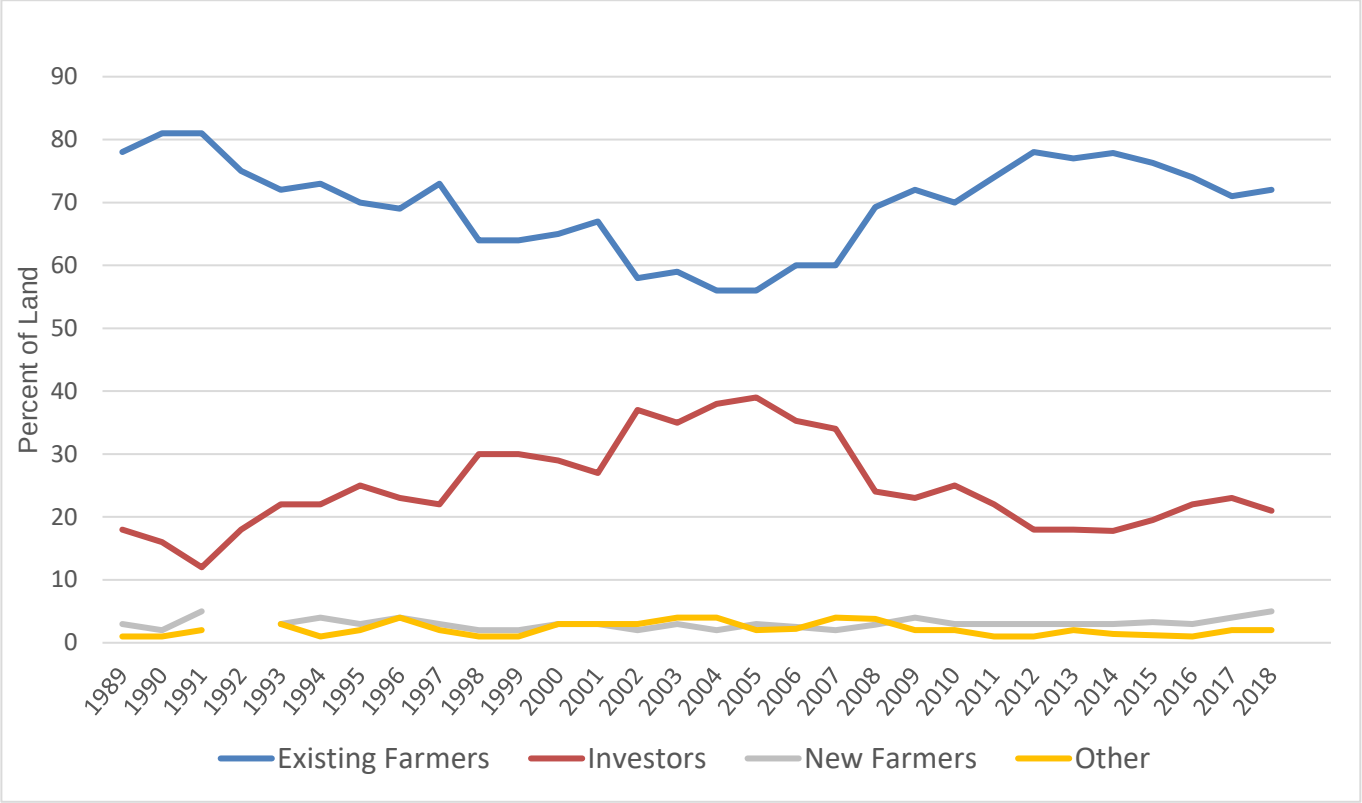
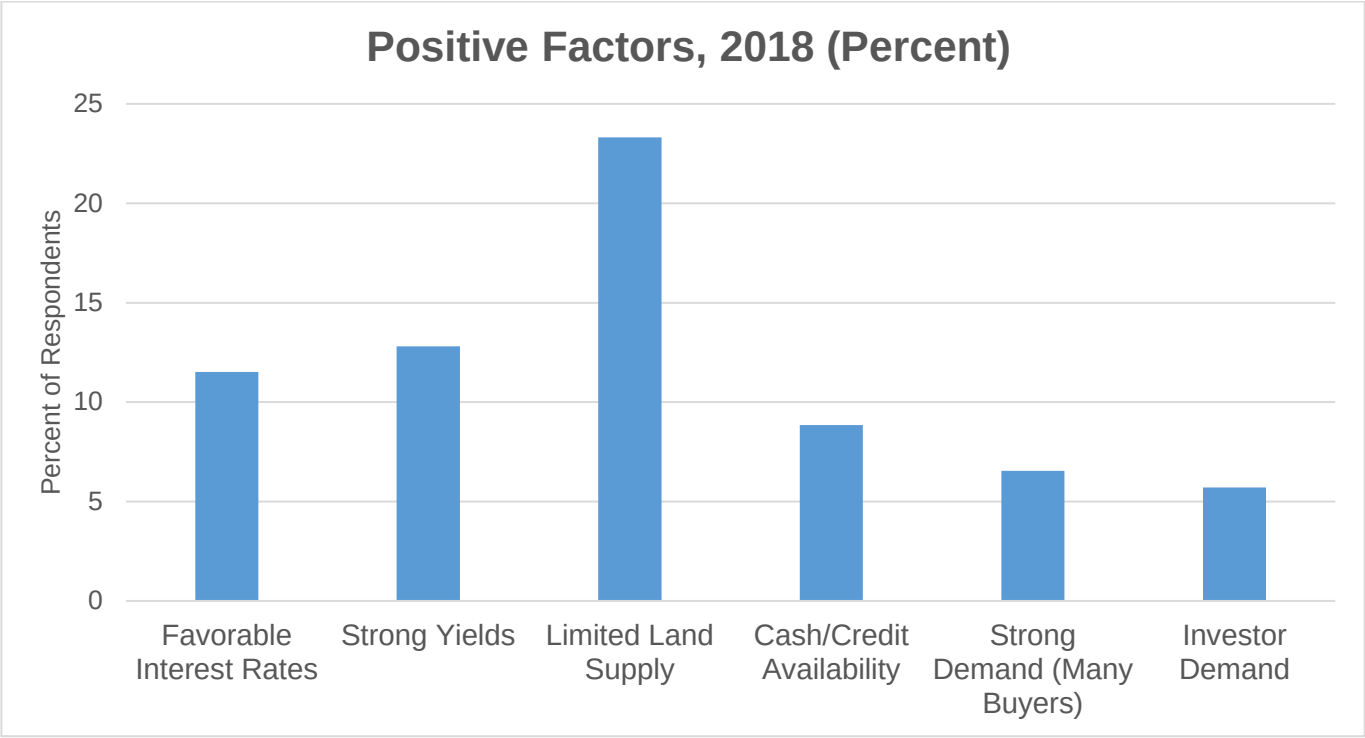
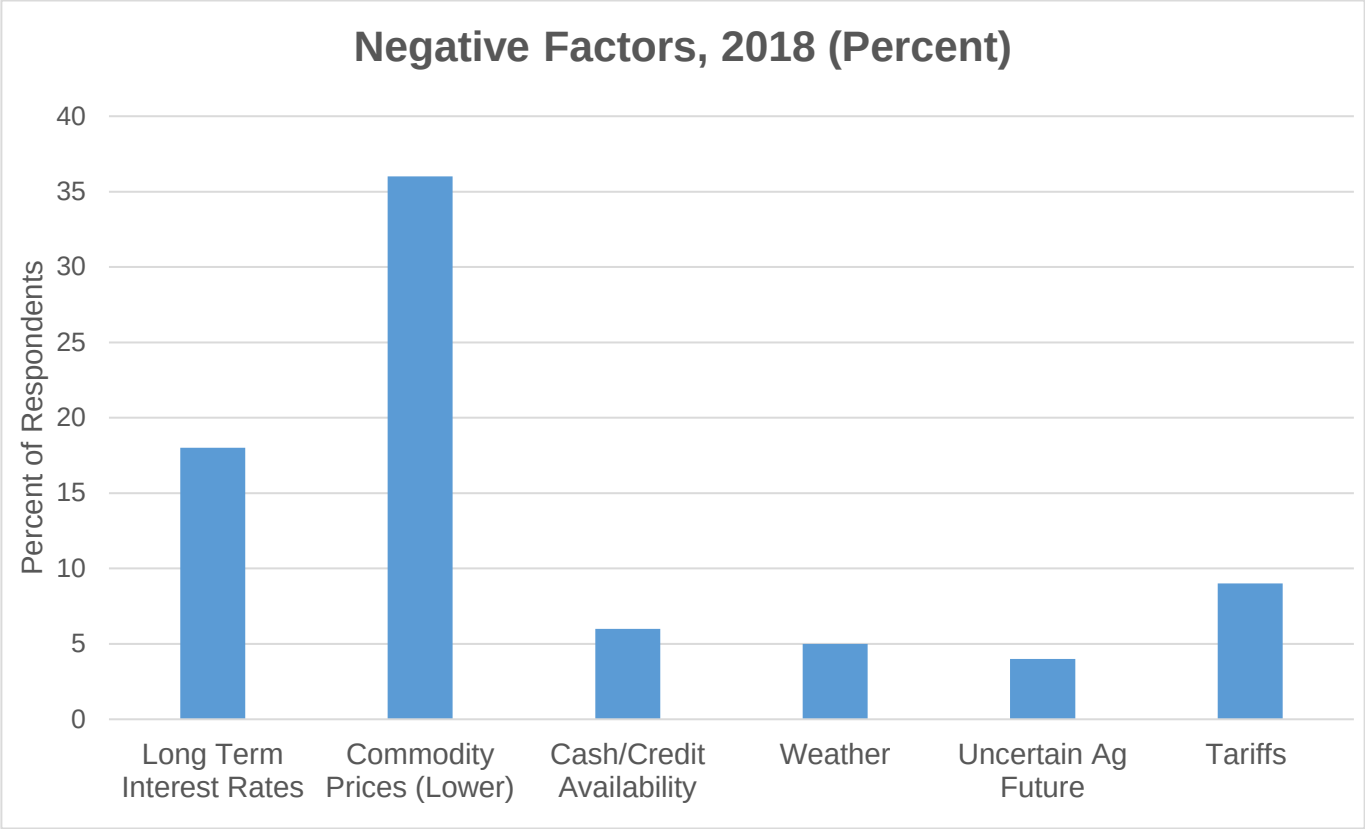
Iowa Farmland Sale Activity, 1985–2018



Iowa farmland sale activity index, 1986–2018



Buyers of Iowa Farmland, 1989–2018



Positive and Negative Factors of the Iowa Farmland Market, November 2017–November 2018