

# Iowa Land Supply and Price Update Q1 2021

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# Iowa Land Supply and Price Update

## Q1 2021

We're proud to be working with Dr. Wendong Zhang and Iowa State University as we bring further visibility to recent trends in the Iowa farmland market. The intent for this quarterly report is to be a frequent source for not only land values and price updates, but also supply trends. Historically, accessing insights about the volume of land available on the market has been difficult. It will be interesting to see what insights can be uncovered by looking at the data from a slightly different angle.



Steven Brockshus  
CEO & Founder, FarmlandFinder, [www.farmlandfinder.com](http://www.farmlandfinder.com)

### Interpretation of the Q1 2021 results

I am excited to join Steven in launching this joint collaboration between Iowa State University Extension and Outreach and FarmlandFinder. I think this quarterly update, built on ISU-FarmlandFinder Research Collaboration Agreement 136585, provides timely and important ground-truth information on the Iowa land market, especially critical land supply information.

The Q1 2021 update reveals several important findings:

- The Iowa land market proved itself again in providing stability and growth in an uncertain agricultural economic environment. High-quality land sold at around \$10,500/acre, and medium and low-quality land sold around \$7,300/acre and \$4,500/acre, respectively, which is 20% higher than 2019 levels. This reflects tremendous surges in commodity prices and farmland sales prices, especially in the latter half of 2020.
- Farmland supply is still tight—only 72,275 acres sold at auction this year, and limited land supply tends to support land values.
- The pandemic has led to a transition of land sale modes, with more acres sold using real estate listings as opposed to land auctions, especially in Q2 and Q3 2020. However, things seem to be returning to normal with much larger shares sold via auctions in Q4 2020.

The March 2021 REALTORS Land Institute survey reported a 7.8% increase in Iowa cropland values since September 2020, which is driven by record-level government payments, commodity price rallies, low interest rates, and very low supply of quality farms. This survey and the 2020 ISU Land Value Survey results can be found at the ISU Farmland Portal at [www.card.iastate.edu/farmland](http://www.card.iastate.edu/farmland). I also welcome collaborations with other companies to better understand the Iowa and Midwest farmland market trends. Please reach out to me at [wdzhang@iastate.edu](mailto:wdzhang@iastate.edu) or 515-294-2536.



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ISU Farmland Portal: [www.card.iastate.edu/farmland](http://www.card.iastate.edu/farmland)

*This partnership does not signify an endorsement with FarmlandFinder by Iowa State University or Wendong Zhang and similar partnerships can be formed if there is interest and availability. For more information, please contact Dr. Zhang at [wdzhang@iastate.edu](mailto:wdzhang@iastate.edu)*

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### Q1 2021 Auction Summary by District

In Q1, 2021 (January–March), 17,206 total farmland acres were sold in Iowa across 172 auctions. Prices in the northern and western districts seem to have grown much stronger at around \$130/CSR2, and prices in southern Iowa are about \$100/CSR2. There is a notable slowdown in sales activity, especially compared to Q4 2020.

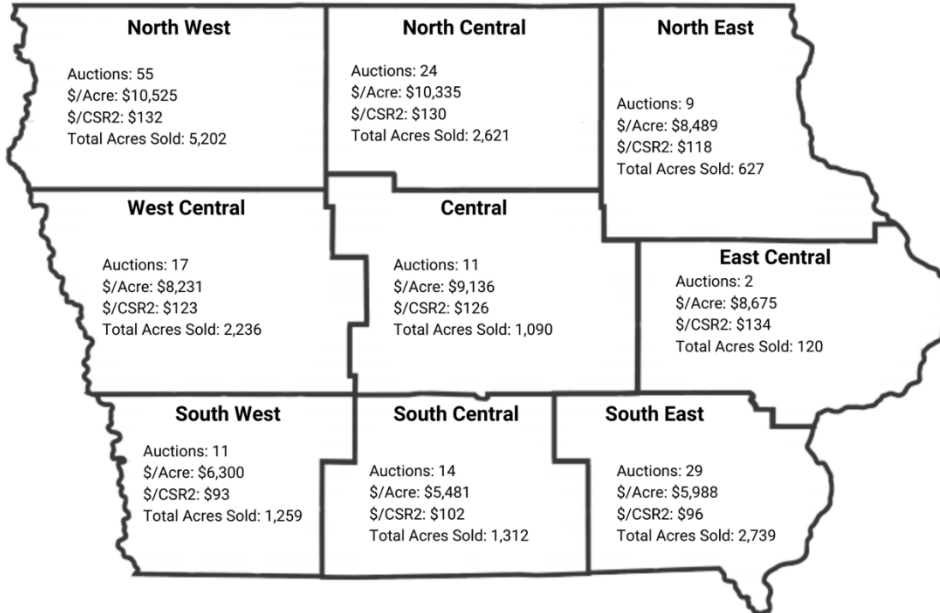


Figure 1. Iowa farmland auctions by crop reporting district, Q1 2021.

### Q1 2021 85% Tillable Auction Summary by District

Out of all auctions, only 117 sold tillable cropland, with the East Central district only having one such sale. The auctions sold 14,726 acres of 85% tillable grounds, with stronger prices in the Northwest, Southeast, and East Central districts. In comparison, the demand was weaker in the Southwest and South-Central districts.

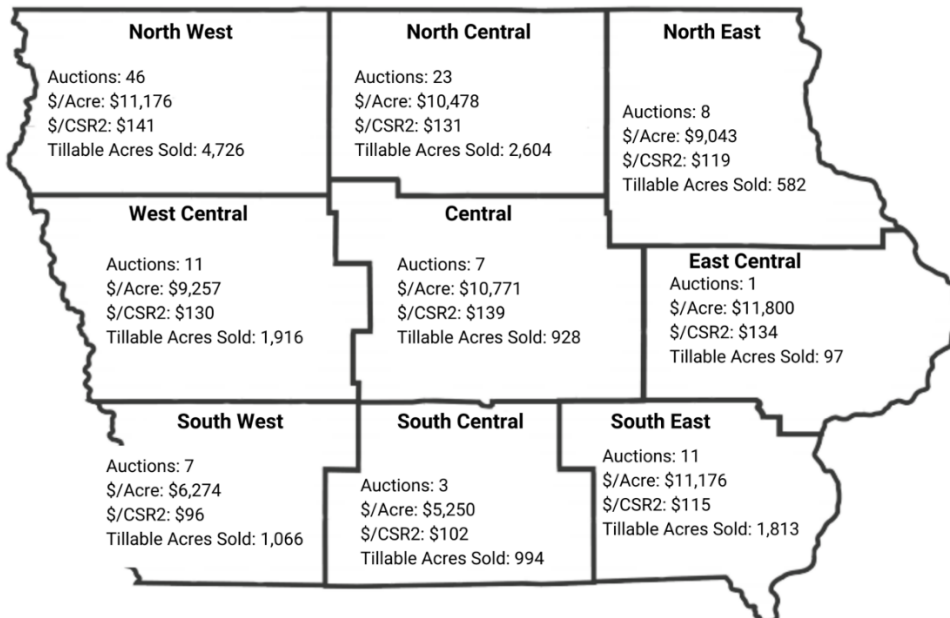


Figure 2. 85% tillable farmland auctions by crop reporting district, Q1 2021.

### Total Auction Sales

In Q1 2021, there were 172 auction land sales in Iowa, which is a much tighter supply compared to Q4 2020. The sharp decline in land auctions in Q2 and Q3 2020 reflects the impacts of the COVID-19 pandemic and a further tightening land supply. The rising land auction activity in Q4 2020 reflects more optimistic outlooks about the agricultural and general economy. The Q1 2021 sales reveal that the land market still has a very tight supply.

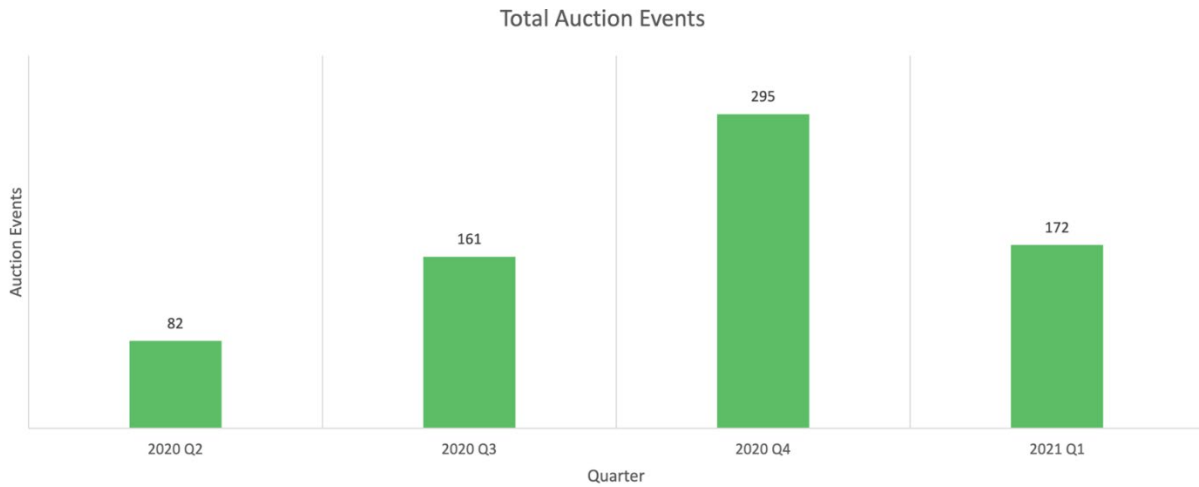


Figure 3. Total number of auctions, Q2 2020–Q1 2021.

### Acres Sold at Auction

In Q4 2020, 31,097 acres of farmland sold at auctions across Iowa, including 25,258 acres of tillable ground. This almost doubles the auction sale acres in Q3 2020 and represents a 52% increase relative to Q4 2019. However, there are marked declines in sales activities in Q1 2021 as worries about estate taxes and future inflation rise.

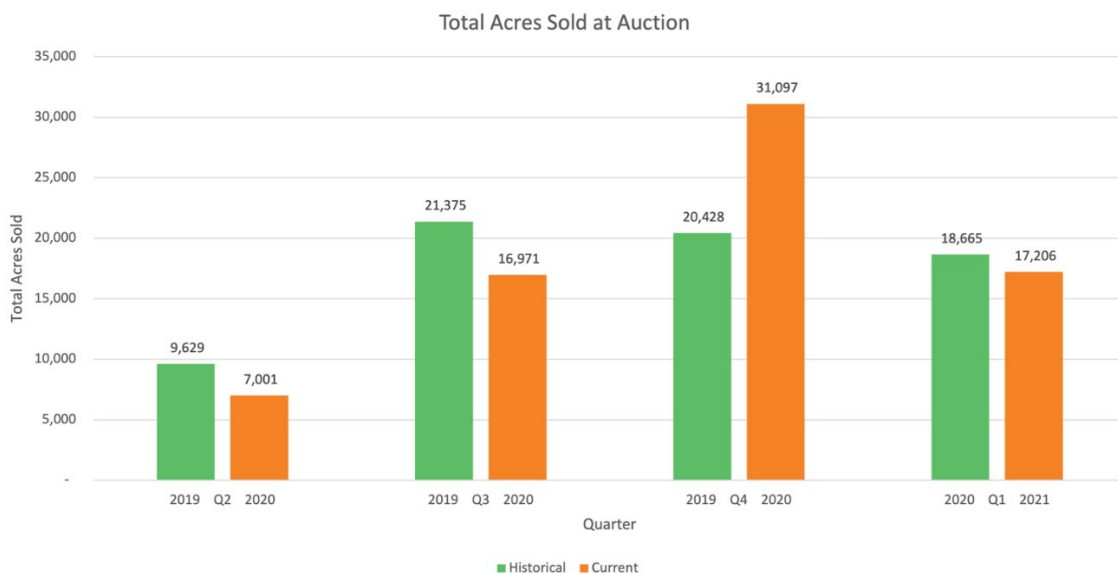


Figure 3. Comparison of total quarterly auction sales.

### Auction Price Trends – Price per Acre

The Q1 2021 farmland auction prices are incredibly strong, leading to an overall robust growth in the auction price trends throughout the past 6 months. This is likely driven by favorable interest rates and record-level government payments. The dip in auction prices in Q2 2020 also reflected the significant impact posed by the COVID-19 pandemic. It is interesting to note that the recent more-than 10% rise in auction prices came after several years of stagnant land market trends.

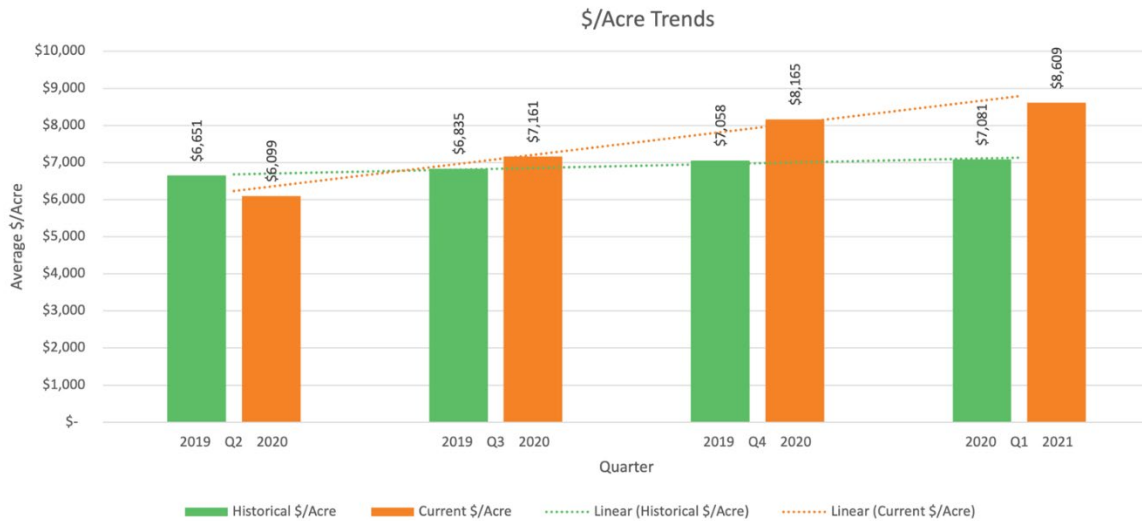


Figure 4. Quarterly comparisons of acre price trends.

### Auction Price Trends – Price Per CSR2

The farmland auction price trends, measured as per-acre sales prices per CSR2 point (price per CSR2), all showed decent growth across the three land quality classes. The Q1 2021 results show that the dollar per CSR2 metric is incredibly strong and experienced significant growth for high quality CSR2 (CSR2: >75) and medium quality (CSR2: 50–75).



Figure 4. Comparison of quarterly CSR2 price trends.

### Auction Price Trends – All Farms vs. 85% Tillable Farms

Farmland that is at least 85% tillable consistently yields a \$1000/acre price premium when compared to average auction prices for all sales. The larger gap in Q2 2020 shows the great impact of COVID-19 on the demand for lower-quality land. Notably, the Q4 2020 auction prices show significant (over 10%) increase relative to Q3 2020, and Q1 2021 revealed even larger premium for tillable grounds, which re-enforces the lack of quality farms.

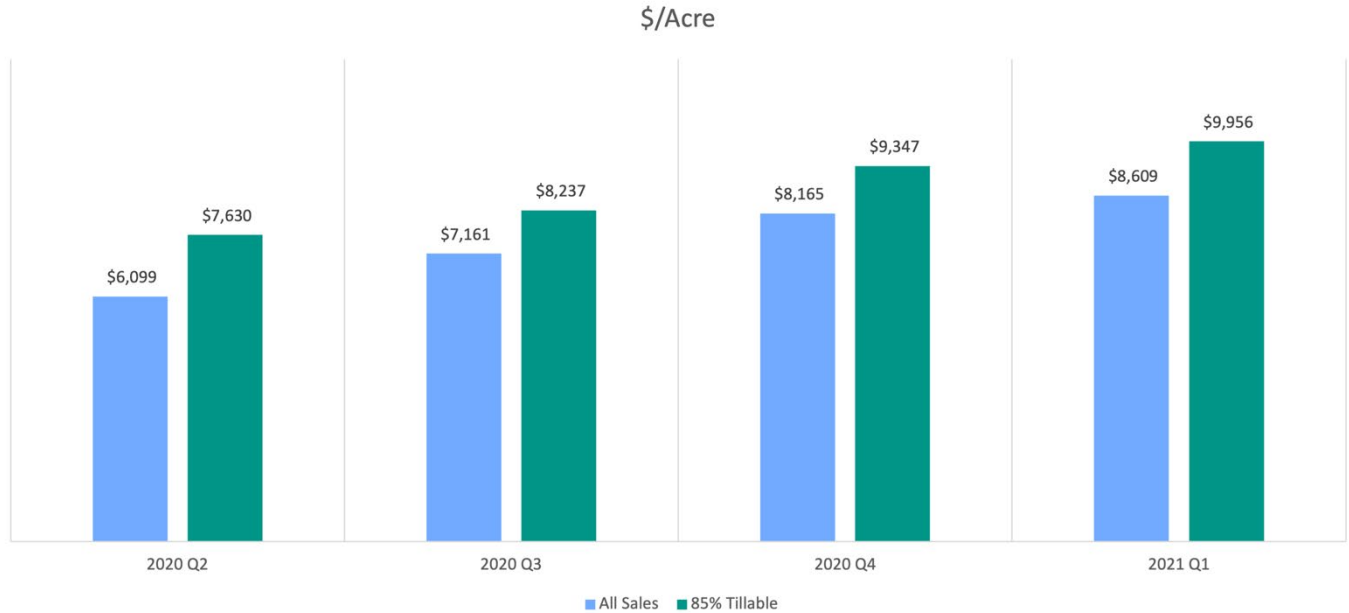


Figure 4. Comparison of quarterly price trends, all sales vs. 85% tillable.

## New Acres Available on Market

Farmland sales have a seasonal pattern with most sales occurring after harvest. However, Q1 2021 farmland supply numbers are substantially lower, which reflects a further tightening of the market that tends to support land prices. It is also worth noting that the temporary shift from auctions to real estate listings due to COVID-19 seems to have shifted back to auctions.



**Figure 5. New acres available on the market, Q2 2019–Q1 2021.**

## Farmland Available for Sale as of March 2021

Across Iowa, more land is available for sale in northern and southern districts, with much tighter supply in central Iowa, especially the East Central district. Interestingly, the South Central, Southwest, East Central, and Central districts use more real estate listings, while farmland auctions remain the dominant sale method in northern Iowa, especially the Northwest and West Central districts.

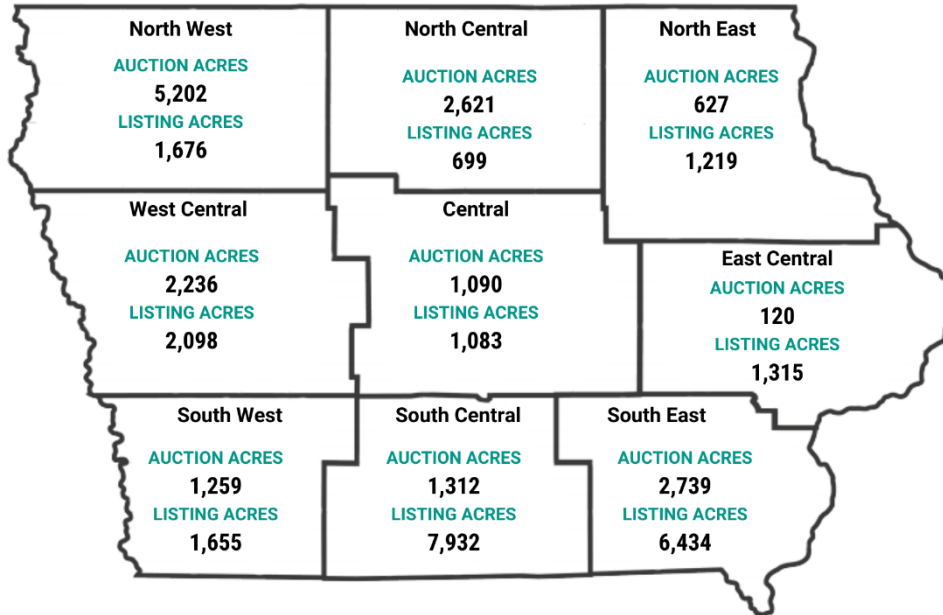


Figure 5. Total number of auctions and listed acres as of March 2021.