

Discussion Points for the Iowa Ideas Panel

Wendong Zhang

09-21-2017

- Land Value
 - Farmland accounts for 85% of US farm assets, and is the single most important asset for an individual producer household
 - The average land value in Iowa is about \$7,000 per acre, which is about 18% off from the 2013 peak
 - Recently, multiple surveys, including Realtor Land Institute and Chicago Fed, reported a 3% increase in Iowa farmland market
 - This increase is mainly due to limited land supply, but could not be viewed as the turnaround of farmland market
 - The farm income is still expected to decline, and the current increase could be a “temporary break” in the continued decline
- Farmland ownership trends
 - Iowa landowners tend to hold on to their owned land: according to the 2012 Iowa Farmland Ownership and Tenure survey, 20% of farmland has been owned by the same owner, and half of the land is owned for more than 20 years
 - Half of Iowa’s 30 million acres are rented out, among acres rented out, only 20% of rented out land is rented from non-operator landlords
 - Over time, more land is cash rented out – 50% - as opposed to crop share
- Farmland Succession Trends
 - Every year, only about 1-2% of all farmland is available for sale. Within this ag thin market, only 3% were bought by beginning farmers. About 70% are bought by more established local farmers
 - Iowa has the anti-corporate ownership laws
 - USDA 2014 TOTAL survey estimated that 9% of farmland is slated for transfer over the next five years. However, most of the land will be transferred within family, including will to family, give to family - only a tiny portion – 1% might be available for sale to others
 - Half of Iowa’s farmland is owned by owners over 65 years or older, 30% - 75 or older
 - Half of beginning farmers (<10 years of experience) are between 35-54, or 54-64
 - Off farm income is important especially for beginning farmers
 - It takes about 5 million dollars to start a farm to be profitable, with the majority of the capital devoted to purchase land: own 500 acres, about 700,000 machinery, \$100,000 ag degree
- Currently, 2017 Iowa farmland ownership and tenure survey is under way