**Our Speakers Today**

**Featured Guest:**

Dr. Wendong Zhang, Iowa State University
- Assistant Professor of Economics
- Leading Researcher of Iowa Land Value & Ownership Surveys
- ISU Center for Agricultural & Rural Development affiliation
- Co-founder of new ISU China Ag center
- Ph.D., Ag Econ, Ohio State

Dr. LeeAnn Moss, AcreValue
- Director of Industry Marketing
- Joined Granular in 2017
- Former farm real estate broker, auctioneer and Appraiser
- Ph.D., Ag Econ, University of Illinois
Today’s Agenda

1 / Quick Poll
2 / Farmland Ownership
3 / Farmland Leasing Relationships
4 / Landowner Characteristics
5 / The Future: What Could Change?
6 / Parcel-level Data with AcreValue
7 / Q&A
Survey sources

**US-based survey 2014 (USDA)**
- Tenure, Ownership and Transition of Ag Land (TOTAL)
- Jointly done with USDA/NASS and ERS
- Only nationally representative data since 1999

**Iowa-based survey 2017 (ISU)**
- Iowa Statue University Farmland Ownership and Tenure Survey
- Statistically representative of all owners and all land
- Conducted every 5 years since 1982
Introduction

States the US TOTAL survey covers
Trends in Farmland Ownership

Who owns it

How it’s acquired
Ownership

US farm assets: Land is > 80%
40% of land in farms is rented from others
Over time, more land in trusts & corporations

Ownership

All Operators

- Owner-operated: 61%
- Rented from an operator: 8%

Non-operator Landlords

- Corporation, trusts, or other owner: 10% of all farmland
- Individuals/Partnerships: 21% of all farmland
- Owned by non-operator Landlords: 31%
Non-operators more likely to inherit land
70% of land owned by operator landowners is purchased

How Acquired
- Purchased from a non-relative
- Purchased from relative
- Purchased in an auction
- Inherited or gifted
- Other (non-operator landlord survey version only)
Ownership

Existing farmers are primary buyers of Iowa farmland
Investor share increased when farm income dropped
Ownership

Primary reason for Iowa owners to own land

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>&lt;35</td>
</tr>
<tr>
<td>Current income</td>
<td>56%</td>
<td>49%</td>
</tr>
<tr>
<td>Long-term investment</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Family or sentimental</td>
<td>22%</td>
<td><strong>29%</strong></td>
</tr>
<tr>
<td>Home</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Recreation</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>None given</td>
<td>1%</td>
<td>1%</td>
</tr>
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</table>

Ownership
Farmland ownership is a long-term commitment

<table>
<thead>
<tr>
<th>Years Owned</th>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 50 Years</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>40-50 Years</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>30-40 Years</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>20-30 Years</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>10-20 Years</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>&lt; 10 Years</td>
<td>24%</td>
<td>24%</td>
</tr>
</tbody>
</table>
82% of Iowa land is owned free of debt
Trends in Farmland Leasing Relationships

Who are the landlords

Who are the tenants

Lease types
Pastureland more likely to be owner-operated than cropland

Leasing

- Pastureland: 72% owner-operated, 28% rented
- Cropland: 46% owner-operated, 54% rented
Most rented farmland concentrated in cash grain production regions. The percentage of rented land is higher in areas with higher quality soils.
A shift toward cash rent
Crop share less popular in current low margin times
Tenants: who they are & their leasing relationships

Non-operators offer longer term leases

- 48% relative
- 30% close friend
- 22% someone else
Trends in Landowner Characteristics

What’s changing

What’s not

Implications
US land ownership concentrated among older operators & landlords

Concentration > 65 years old greater for non-operator landlords
Average age of both growers & labor force trending older

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Age Farmers</th>
<th>Median Age Labor Force</th>
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<tbody>
<tr>
<td>1982/80</td>
<td>50.5</td>
<td>34.6</td>
</tr>
<tr>
<td>1992/90</td>
<td>53.3</td>
<td>36.4</td>
</tr>
<tr>
<td>2002/00</td>
<td>55.3</td>
<td>39.3</td>
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<tr>
<td>2012</td>
<td>58.3</td>
<td>42.3</td>
</tr>
</tbody>
</table>
Half of leased land is owned by women

Percentage of Acres Rented

- Male
- Female

Non-operator landlord
- Under 44 years
- 45 to 54 years
- 55 to 64 years
- Over 65 years

Operator landlord
- Under 44 years
- 45 to 54 years
- 55 to 64 years
- Over 65 years
Landowners increasingly educated

Landowner Characteristics

Percentage of Farmland

- < High school
- High school
- Some post high school
- BS, BA, etc.
- Graduate degree

57% of Iowa land is owned by those who do not currently farm. Of those, 34% are owners with no farming experience.
The Future –
What Could Change?
The land market remains tight

4% of land expected to go on open market in a 5 year period

Plans to Sell in 2015 - 2019

- Operator landlord
- Non-operator landlord
- All owned land

Sell to a nonrelative
Sell to a relative
Landowners: not planning to sell outside family or put land on market

Dominant land transfer methods: will, gift to family, or trusts

The Future
The Future

69% of Iowa land will not be sold: reasons are unknown
Retirement from farming encourages sales

- Retirement from farming (7%)
- Higher selling price per acre (3%)
- Elimination of step-up basis tax benefits for heirs (3%)
- Personal reasons (3%)
- Decision will be made by heirs (2%)
- Lower capital gains tax rate (2%)
- Sale is in process (1%)
- Not planning to sell (69%)
- Don’t know (9%)

2017
### Land

- Farmland is a long-term investment
- Farmland market will remain tight, with land transfers mostly within family
- 82% of Iowa land is owned debt-free
- 29% of Iowa land owned primarily for sentimental reasons

### Owners & Ownership

- 60% of land is owned by owners 65+, a third by 75+
- 13% of Iowa land owned by women 80+
- Ownership shifting to trust and corporations
- More land owned by owners with no farming experience

### Trends & Looking Ahead

- Cash rent is increasingly popular and dominant
- Land values under double downward pressures (interest rate hikes + trade uncertainty)
- Lower land prices may present opportunities for investors as return (rent/land price) might increase
- Trade disputes will impact younger farmers more, especially those with financial stress
How to Find Parcel and Ownership Details in AcreValue
AcreValue provides valuation, soil survey, and crop history reports for individual fields of farmland. Our valuation model utilizes over 20 field-level and macroeconomic data variables to estimate the value of an individual plot of farmland in Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, Ohio, and Wisconsin. Soil information is sourced from the SSURGO database developed by the National Cooperative Soil Survey. Crop history information is sourced from the NASS Cropland Data Layer (CDL).
### AcreValue

#### LAND SALES

**Enter a county, township, city, or address**

<table>
<thead>
<tr>
<th>ACRE</th>
<th>COUNTY</th>
<th>DIVISION</th>
<th>TOWNSHIP</th>
<th>APN</th>
<th>OWNER NAME</th>
<th>OWNER ADDRESS</th>
<th>ESTIMATED VALUE</th>
<th>TKG PR</th>
<th>2012 CRPS</th>
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<tbody>
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<td>40.71</td>
<td>Macon</td>
<td>Long Creek</td>
<td>16N 40 – 40</td>
<td>09340303000004</td>
<td>B &amp; M BOYS HOME 2</td>
<td>PO BOX 2548, DECATUR, IL 62525</td>
<td>$8,376</td>
<td>161</td>
<td>100% Soybeans, 0% Other</td>
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<td>55.98</td>
<td>Macon</td>
<td>Long Creek</td>
<td>16N 30 – 40</td>
<td>09330603000002</td>
<td>B &amp; M BOYS HOME 2</td>
<td>PO BOX 2548, DECATUR, IL 62525</td>
<td>$7,635</td>
<td>164</td>
<td>62% Soybeans, 10% Non-Trad, 8% Other</td>
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<td>60.72</td>
<td>Macon</td>
<td>Hickory Point</td>
<td>17N 30 – 42</td>
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<td>D &amp; M BOYS HOME 1</td>
<td>PO BOX 2548, DECATUR, IL 62525</td>
<td>$14,263</td>
<td>141</td>
<td>95% Corn, 5% Other</td>
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<td>75.33</td>
<td>Macon</td>
<td>Mount Zion</td>
<td>15N 30 – 20</td>
<td>12172030000005</td>
<td>D &amp; M BOYS HOME 3</td>
<td>PO BOX 2548, DECATUR, IL 62525</td>
<td>$9,721</td>
<td>143</td>
<td>100% Soybeans, 0% Other</td>
</tr>
</tbody>
</table>

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**Granular**

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Final Polling Questions

Q & A
Thank you

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