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Average value of Iowa farmland tops \$3,900 an acre in 2007 survey

By Mike Duffy, extension economist, 515-294-6160, mduffy@iastate.edu

The average value of an acre of farmland in Iowa increased by just over \$700 during the past year, to an all-time high of \$3,908, according to an annual survey conducted by Iowa State University (ISU) Extension. The land boom is being driven by the developing biofuel economy.

The 22 percent increase recorded this year is the greatest one-year increase since 1976, and marks a new record for the fifth year in a row. Since the year 2000, Iowa land values have increased an average of \$2,051 per acre, more than a 100 percent increase over the 2000 average value of \$1,857.

The increases in values were reported statewide, with the survey recording averages above \$5,000 an acre in five counties, and between \$4,000 and \$5,000 an acre in 51 counties. Nineteen counties reported increases of more than 25 percent, and 59 counties had increases between 20 and 25 percent.

Some of the smaller percentage increases occurred in the counties and crop reporting districts along Iowa's eastern and western borders. This reflects the impact of local demand for corn from ethanol plants. Counties along the border rivers previously received the best prices for crops due to low transportation costs to gulf port markets, but now those crops are being used locally by the ethanol plants, which is driving up prices in interior counties.

I am frequently asked whether the land market will crash, and how high it might go before it tops out. I am also questioned about the impact of the weakening dollar, the new farm bill, and the current subprime mortgage crisis. My general feeling is that the land market will remain strong for at least the next five years. We have seen a fundamental shift in demand for corn due to ethanol production. I don't think this demand will diminish in the near future.

The world of agriculture as we know it here in Iowa has changed. Where the changes will settle out and when is not known.

Of the nine crop reporting districts in the state, northwest Iowa reported the highest average value at \$4,699 per acre. The lowest average in the state was in south central Iowa at \$2,325 per acre. north central Iowa was the leader

in percentage increase at 25.3 percent, while east central Iowa had the lowest percentage increase at 14.7 percent.

The highest county average in the state was Scott County at \$5,699 per acre, while Decatur County was lowest at \$1,828 per acre. Sioux County led the state with the largest dollar increase at \$1,142 per acre, while Floyd County had the largest percentage increase at 30.3 percent.

Low grade land in the state averaged \$2,655 per acre, an increase of \$460 or 21 percent over the 2006 survey. Medium grade land averaged \$3,666 per acre, a \$655 increase or 21.8 percent. High grade land averaged \$4,686 per acre, an increase of \$851 or 22.2 percent.

Survey participants were asked to indicate positive and negative factors that affected land prices during 2007. Good grain prices was by far the most frequently mentioned positive factor, listed by 35 percent of the respondents. Another 10 percent mentioned low interest rates as a major factor.

Three negative factors impacting land values were listed by more than 10 percent of the respondents. They included high costs for the inputs needed to grow crops, listed by 25 percent; high land prices in general, listed by 12 percent; and a concern over how long the market would remain at high levels, listed by 11 percent.

Thirty-seven percent of the respondents to this year's survey reported more land sales in 2007 than in the previous year. That was the highest percentage since 1988. Buyers were existing farmers in 60 percent of the sales, and investors in 34 percent of the sales, essentially unchanged from the previous year, but down considerably from a decade ago when existing farmers represented nearly 75 percent of the buyers.

Data on farmland sales has been collected by Iowa State University annually since 1941. About 1,100 copies of the survey are mailed each year to licensed real estate brokers, ag lenders, and others knowledgeable of Iowa land values. Respondents are asked to report values as of Nov. 1. Average response is 500 to 600 completed surveys, with 499 usable surveys returned this year. Respondents provided 668 individual county estimates, including land values in nearby counties if they had knowledge of values in those counties.

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Additional detail on the 2007 survey is available on the ISU Extension web site at www.extension.iastate.edu/land-value/

The following chart indicates 2007 values by crop reporting district and county, 2006 values, dollar change from 2006 to 2007, and percentage change from 2006 to 2007.

By Crop Reporting District:

District	2007	2006	2006-2007 Change	
	\$/acre	\$/acre	\$	%
Northwest	4,699	3,783	916	24.2%
North Central	4,356	3,478	879	25.3%
Northeast	4,055	3,187	868	27.2%
West Central	4,033	3,410	623	18.3%
Central	4,529	3,716	812	21.9%
East Central	4,272	3,725	547	14.7%
Southwest	3,209	2,580	629	24.4%
South Central	2,325	1,927	399	20.7%
Southeast	3,463	2,849	614	21.6%
State Average	3,908	3,204	704	22.0%

By County:

County Name	2007	2006	2006-2007	
	\$/acre	\$/acre	\$ Change	% Change
Adair	\$2,742	\$2,198	\$544	24.7%
Adams	2,688	2,203	485	22.0%
Allamakee	2,640	2,126	514	24.2%
Appanoose	1,908	1,564	344	22.0%
Audubon	3,991	3,311	680	20.5%
Benton	4,485	3,619	866	23.9%
Black Hawk	5,083	3,952	1,131	28.6%
Boone	4,680	3,917	763	19.5%
Bremer	4,603	3,621	983	27.1%
Buchanan	4,518	3,562	956	26.8%
Buena Vista	4,846	3,914	932	23.8%
Butler	4,398	3,458	940	27.2%
Calhoun	4,878	3,958	920	23.2%
Carroll	4,434	3,581	854	23.8%
Cass	3,598	2,950	648	22.0%
Cedar	4,429	4,012	417	10.4%
Cerro Gordo	4,439	3,567	872	24.5%
Cherokee	4,466	3,581	885	24.7%
Chickasaw	3,767	2,909	858	29.5%
Clarke	2,213	1,811	402	22.2%
Clay	4,506	3,612	894	24.7%
Clayton	3,610	2,919	691	23.7%
Clinton	3,798	3,285	513	15.6%
Crawford	4,013	3,254	759	23.3%
Dallas	4,327	3,385	942	27.8%
Davis	2,406	1,956	450	23.0%
Decatur	1,828	1,465	364	24.8%
Delaware	4,628	3,866	762	19.7%
Des Moines	3,899	3,179	720	22.7%
Dickinson	4,210	3,404	805	23.7%
Dubuque	4,239	3,513	726	20.7%
Emmet	4,515	3,721	794	21.3%
Fayette	4,144	3,337	807	24.2%
Floyd	4,325	3,320	1,005	30.3%
Franklin	4,329	3,518	811	23.1%
Fremont	3,478	2,832	646	22.8%
Greene	4,235	3,470	765	22.0%

County Name	2007 \$/acre	2006 \$/acre	2006-2007 \$ Change	% Change
Grundy	4,985	3,996	988	24.7%
Guthrie	3,675	2,963	711	24.0%
Hamilton	4,934	4,097	836	20.4%
Hancock	4,381	3,592	789	22.0%
Hardin	4,482	3,667	816	22.2%
Harrison	3,773	3,093	680	22.0%
Henry	3,668	3,073	596	19.4%
Howard	3,400	2,621	780	29.7%
Humboldt	4,689	3,873	816	21.1%
Ida	4,426	3,668	757	20.6%
Iowa	3,785	3,131	654	20.9%
Jackson	3,501	2,931	569	19.4%
Jasper	3,929	3,301	629	19.1%
Jefferson	2,811	2,375	436	18.3%
Johnson	4,579	3,911	668	17.1%
Jones	3,719	3,147	572	18.2%
Keokuk	3,262	2,836	427	15.0%
Kossuth	4,537	3,707	830	22.4%
Lee	3,602	2,893	709	24.5%
Linn	4,638	3,983	656	16.5%
Louisa	3,997	3,413	584	17.1%
Lucas	2,098	1,672	426	25.5%
Lyon	4,458	3,447	1,011	29.3%
Madison	3,316	2,644	672	25.4%
Mahaska	3,547	2,963	584	19.7%
Marion	3,555	2,925	629	21.5%
Marshall	4,103	3,433	670	19.5%
Mills	3,827	3,095	732	23.6%
Mitchell	4,235	3,252	983	30.2%
Monona	3,452	2,838	613	21.6%
Monroe	2,454	1,981	473	23.9%
Montgomery	3,167	2,630	536	20.4%
Muscatine	4,183	3,647	536	14.7%
O'Brien	5,306	4,255	1,051	24.7%
Osceola	4,687	3,640	1,046	28.7%
Page	2,823	2,372	451	19.0%
Palo Alto	4,392	3,525	867	24.6%
Plymouth	4,802	3,830	972	25.4%
Pocahontas	4,663	3,830	832	21.7%
Polk	4,234	3,487	747	21.4%
Pottawattamie	4,072	3,294	778	23.6%
Poweshiek	3,776	3,124	651	20.8%
Ringgold	2,126	1,726	400	23.2%
Sac	4,745	3,824	921	24.1%
Scott	5,699	5,073	626	12.3%
Shelby	4,057	3,287	770	23.4%
Sioux	5,204	4,063	1,142	28.1%
Story	4,852	4,021	831	20.7%
Tama	4,123	3,320	802	24.2%
Taylor	2,435	1,948	487	25.0%
Union	2,622	2,085	537	25.8%
Van Buren	2,642	2,159	484	22.4%
Wapello	2,719	2,237	482	21.5%
Warren	3,588	2,935	653	22.2%
Washington	4,289	3,624	665	18.4%
Wayne	1,947	1,596	351	22.0%
Webster	4,779	4,040	739	18.3%
Winnebago	4,054	3,238	816	25.2%
Winneshiak	3,413	2,720	693	25.5%
Woodbury	3,570	3,014	557	18.5%
Worth	4,162	3,268	895	27.4%
Wright	4,807	3,988	819	20.5%