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Michael Duffy  
*Iowa State University*

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### **Abstract**

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### Average Value of Iowa Farmland Nears \$4,500 an Acre in 2008 Survey

By Mike Duffy, Department of Economics

The average value of an acre of farmland in Iowa reached \$4,468 in 2008, continuing to increase for the ninth year in a row, according to an annual survey conducted by Iowa State University Extension. Mike Duffy, ISU Extension farm economist who conducts the survey, said the indicators toward the end of the year imply the upward trend may be slowing as the national economy battles recessionary pressures.

The 2008 average was an increase of \$560 over last year, the second-highest dollar increase ever recorded in the 67 years that ISU has conducted the survey. The 2007 survey reported a \$704 increase over the previous year. The 2008 figure was an increase of 14 percent over 2007, compared with a 22 percent increase last year. Over the past 40 years, the survey has found annual changes ranging from an increase in value of 31.9 percent in 1973 to a loss of 30.2 percent in 1985.

Duffy said the timing of the ISU survey is especially important this year because of the trends in the national economy this fall. The survey is conducted in November each year and the current numbers are based on estimated values as of Nov. 1, 2008, compared to one year earlier. "There have been considerable changes in the situation in Iowa over the past few months.

"Monthly average corn and soybean prices in Iowa had been continually rising until July 2008. Corn averaged \$5.41 per bushel in July and current prices are below \$3.00. Soybeans averaged \$13.10 in July and the current prices are below \$8.00 per bushel. This change in revenue has been accompanied by substantial increases in the costs of production, especially for fertilizers and seed," Duffy noted.

He said the lower grain prices in recent months and the higher costs of production mean lower net revenue per acre, which is an indicator that land values will be moderating. Other surveys conducted earlier in the year indicated higher increases, including a 17.6 percent increase for two six-month periods ending in September, reported by the Realtors Land Institute, and a 17 percent increase for the year ending in October, reported by the Seventh District Federal Reserve Board.

Despite the indicators that rapid increases may be coming to an end, Duffy said the ISU survey did show considerable strength in Iowa farmland. Land values have almost doubled since 2003, going from \$2,275 to \$4,468 in just five years. In 2008, three counties averaged more than \$6,000 per acre. This is the first time any county has averaged over that amount. Similarly, 2008 marked the first time that no county has averaged below \$2,000 per acre.

There also were some notable changes in other categories from the 2008

survey. East Central Iowa reported a significant decrease in the amount of sales activity. Almost half, 44 percent, of the respondents from the East Central crop reporting district reported less sales relative to the same time period from a year ago. Duffy said this is a reflection of the flooding and other hardships suffered in this area over the past year. South Central Iowa also reported a significant decline in sales, with 43 percent reporting less sales, perhaps reflecting the relatively soft demand for recreational land.

Of the nine crop reporting districts in the state, Northwest Iowa reported the highest average value at \$5,395 per acre. The lowest average in the state was in South Central Iowa at \$2,573 per acre. West Central Iowa was the leader in percentage increase at 19.6 percent, while South Central Iowa had the lowest percentage increase at 10.7 percent.

The highest county average in the state was Scott County at \$6,310 per acre, while Decatur County was lowest at \$2,002 per acre. Sioux County led the state with the largest dollar increase at \$891 per acre, while Monona County had the largest percentage increase at 19.9 percent.

Low grade land in the state averaged \$2,967 per acre, an increase of \$311 or 11.7 percent over the 2007 survey. Medium grade land averaged \$4,195 per acre, a \$528 increase or 14.4 percent. High grade land averaged \$5,381 per acre, an increase of \$695 or 14.8 percent.

Summarizing the results of the survey, Duffy said he views 2008 as “a return to more normal conditions in the land market where the unbridled exuberance we witnessed the past 24 months has been curtailed. I think the land values will retreat some from the highs, but not go into the free-fall we witnessed in the 1980s. Where land values will go in the next year or so is really anyone’s guess, but, overall, Iowa farmland should remain a good investment for the long run.”

Data on farmland sales have 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. This year, 479 usable surveys were returned, providing 625 individual county estimates, including land values in nearby counties if they had knowledge of values in those counties.

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The following chart indicates 2008 values by crop reporting district and county, 2007 values, dollar change from 2007 to 2008 and percentage change from 2007 to 2008.

<b>Crop District</b>	<b>2008</b>	<b>2007</b>	<b>\$ change</b>	<b>% change</b>
Northwest	5,395	4,699	696	14.8%
North Central	4,950	4,356	594	13.6%
Northeast	4,590	4,055	535	13.2%
West Central	4,823	4,033	790	19.6%
Central	5,280	4,529	751	16.6%
East Central	4,743	4,272	471	11.0%
Southwest	3,626	3,209	416	13.0%
South Central	2,573	2,325	248	10.7%
Southeast	3,913	3,463	449	13.0%
<b>State Average</b>	<b>4,468</b>	<b>3,908</b>	<b>560</b>	<b>14.3%</b>
<b>County</b>	<b>2008</b>	<b>2007</b>	<b>\$ change</b>	<b>% change</b>
Adair	3,081	2,742	339	12.4%
Adams	3,094	2,688	406	15.1%
Allamakee	2,931	2,640	291	11.0%
Appanoose	2,089	1,908	181	9.5%

Audubon	4,720	3,991	729	18.3%
Benton	5,192	4,485	707	15.8%
Black Hawk	5,818	5,083	735	14.5%
Boone	5,497	4,680	817	17.4%
Bremer	5,180	4,603	577	12.5%
Buchanan	5,096	4,518	578	12.8%
Buena Vista	5,582	4,846	736	15.2%
Butler	5,016	4,398	618	14.1%
Calhoun	5,691	4,878	813	16.7%
Carroll	5,179	4,434	745	16.8%
Cass	4,174	3,598	576	16.0%
Cedar	4,934	4,429	505	11.4%
Cerro Gordo	5,029	4,439	590	13.3%
Cherokee	5,234	4,466	768	17.2%
Chickasaw	4,236	3,767	469	12.5%
Clarke	2,444	2,213	231	10.4%
Clay	5,189	4,506	684	15.2%
Clayton	4,008	3,610	398	11.0%
Clinton	4,208	3,798	410	10.8%
Crawford	4,750	4,013	737	18.4%
Dallas	5,077	4,327	750	17.3%
Davis	2,675	2,406	269	11.2%
Decatur	2,002	1,828	173	9.5%
Delaware	5,152	4,628	524	11.3%
Des Moines	4,380	3,899	481	12.3%
Dickinson	4,879	4,210	669	15.9%
Dubuque	4,705	4,239	466	11.0%
Emmet	5,199	4,515	684	15.2%
Fayette	4,633	4,144	489	11.8%
Floyd	4,893	4,325	568	13.1%
Franklin	4,934	4,329	605	14.0%
Fremont	3,954	3,478	476	13.7%
Greene	4,973	4,235	738	17.4%
Grundy	5,787	4,985	802	16.1%
Guthrie	4,362	3,675	687	18.7%
Hamilton	5,735	4,934	801	16.2%
Hancock	4,971	4,381	590	13.5%
Hardin	5,210	4,482	728	16.2%
Harrison	4,437	3,773	664	17.6%
Henry	4,121	3,668	453	12.3%
Howard	3,823	3,400	423	12.4%
Humboldt	5,390	4,689	701	15.0%
Ida	5,244	4,426	818	18.5%
Iowa	4,356	3,785	571	15.1%
Jackson	3,882	3,501	382	10.9%
Jasper	4,487	3,929	558	14.2%
Jefferson	3,159	2,811	348	12.4%
Johnson	5,155	4,579	577	12.6%
Jones	4,121	3,719	402	10.8%
Keokuk	3,703	3,262	440	13.5%
Kossuth	5,164	4,537	627	13.8%
Lee	3,998	3,602	395	11.0%
Linn	5,196	4,638	557	12.0%
Louisa	4,498	3,997	501	12.5%
Lucas	2,297	2,098	199	9.5%
Lyon	5,167	4,458	709	15.9%
Madison	3,763	3,316	447	13.5%
Mahaska	3,987	3,547	440	12.4%
Marion	3,943	3,555	388	10.9%
Marshall	4,768	4,103	665	16.2%
Mills	4,351	3,827	524	13.7%
Mitchell	4,791	4,235	556	13.1%
Monona	4,140	3,452	688	19.9%
Monroe	2,732	2,454	278	11.3%

Montgomery	3,600	3,167	433	13.7%
Muscatine	4,671	4,183	488	11.7%
O'Brien	6,149	5,306	843	15.9%
Osceola	5,432	4,687	745	15.9%
Page	3,209	2,823	386	13.7%
Palo Alto	5,025	4,392	633	14.4%
Plymouth	5,691	4,802	890	18.5%
Pocahontas	5,350	4,663	688	14.7%
Polk	4,902	4,234	668	15.8%
Pottawattamie	4,707	4,072	635	15.6%
Poweshiek	4,340	3,776	564	14.9%
Ringgold	2,361	2,126	235	11.0%
Sac	5,542	4,745	797	16.8%
Scott	6,310	5,699	610	10.7%
Shelby	4,783	4,057	725	17.9%
Sioux	6,095	5,204	891	17.1%
Story	5,686	4,852	834	17.2%
Tama	4,786	4,123	663	16.1%
Taylor	2,733	2,435	298	12.2%
Union	2,909	2,622	287	11.0%
Van Buren	2,936	2,642	293	11.1%
Wapello	3,058	2,719	339	12.5%
Warren	4,011	3,588	423	11.8%
Washington	4,867	4,289	579	13.5%
Wayne	2,132	1,947	185	9.5%
Webster	5,555	4,779	776	16.2%
Winnebago	4,600	4,054	546	13.5%
Winneshiek	3,814	3,413	401	11.8%
Woodbury	4,270	3,570	700	19.6%
Worth	4,715	4,162	553	13.3%
Wright	5,526	4,807	719	15.0%

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