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2011 Farmland value survey shows historic \$6,708 statewide average

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Evaluating Your Estate Plan – A workshop for farm families, continued from page 1

you should attend this workshop. “We’re really excited about this workshop because it doesn’t just stop at providing valuable information for anyone concerned about estate and transition plans,” says O’Rourke. “Everyone will participate in a hands-on analysis and discussion of case studies that will help folks apply the information to their own situations.”

ISU Extension and Outreach is offering the workshop at five locations in February. Registration at each site starts at 9 a.m. with adjournment at 4 p.m. Advance registration is required as space is limited. Cost of the Evaluating Your Estate Plan workshop is \$50 per person and includes lunch. To pre-register call the county extension office of the preferred site listed on this page. For more information, visit the Ag Decision Maker website, <http://www.extension.iastate.edu/agdm/info/meetings.html>.

Date	Location/Registration
February 7	Iowa Falls Hardin County Extension Office To register call – 641-648-4850
February 15	Le Mars Plymouth County Extension Office To register call – 712-546-7835
February 16	Fayette Upper Iowa University, Student Center, Ballroom To register call – 563-425-3331
February 22	Greenfield Adair County Extension Office To register call – 641-743-8412
February 23	Marion Linn County Extension Office To register call – 319-377-9839



2011 Farmland value survey shows historic \$6,708 statewide average

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

Average Iowa farmland value is estimated to be \$6,708 per acre, an increase of 32.5 percent from 2010, according to results of the Iowa Land Value Survey conducted in November. This is the highest percentage increase ever recorded by the Iowa State University annual survey. The increase matches results of other recent surveys of Iowa farmland value – the Chicago Federal Reserve Bank’s estimated 31 percent increase in Iowa land values and the Iowa Chapter of the Realtors Land Institute’s 12.9 percent increase estimated for six months of 2011. The 2011 values are historical peaks.

The 2011 land value survey covers one of the most remarkable years in Iowa land value history. This is

the highest percentage increase recorded by the survey, and the average land value of \$6,708 per acre, when adjusted for inflation, is at an all-time high. The previous inflation adjusted high was in 1979.

Scott County, with an estimated \$9,223 average value for all farmland, saw the highest percentage increase and highest increase in value, 37.7 percent and \$2,524 respectively, of the 99 Iowa counties. However, O’Brien County farmland estimates of \$9,513 were the highest average county values recorded by the Iowa Land Value Survey. The northwest crop reporting district, which includes O’Brien County, reported the highest land values at \$8,338, an increase of \$1,983 (31.2 percent) from 2010.

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This rate of increase in 2011 has led to concerns that farmland may be the next speculative bubble. Some people feel farmers are setting themselves up for a fall similar to the 1980s. Without a doubt, it's an interesting time and something to watch, but it isn't a time to panic.

Some of the causes for the current increase in farmland values and the reactions is helpful in assessing the situation. Farmland values are highly correlated with gross farm income. As gross farm income increases, so will land values. In 2005, corn prices averaged \$1.94 per bushel in Iowa. The preliminary estimated price for November 2011 is \$6.05. Soybean prices changed from \$5.54 to \$11.40 over the same period.

There has been considerable variation in commodity prices over the past few years, but net farm income has increased substantially and is projected to increase even more for 2011. This increase in income has been the primary cause for the increase in farmland values, but not the only one.

There are other causes for the increase. Interest rates are at the lowest level in recent memory. Farmland purchased by investors went from 18 percent in 1989 to 39 percent of purchases in 2005, but investor purchases decreased this year to 22 percent.

Farmland values should remain strong for the next several months at least. Beyond that there is a fair degree of uncertainty with respect to whether land values can maintain their current levels.

Overview of 2011 Iowa land values

While the highest county land values were reported in O'Brien County, Decatur County had the distinction for the second year in a row as having the lowest reported land value, \$2,721 per acre, and the lowest dollar increase, \$636. Washington

County had the lowest percentage increase, 28.2 percent, with a reported \$7,166 average value.

Low grade land in the state averaged \$4,257 per acre and showed a 26.8 percent increase or \$900 per acre, while medium grade land averaged \$6,256 per acre; high grade land averaged \$8,198 per acre. The lowest land value and smallest percentage increase were estimated in the south central crop reporting district, \$3,407 and 26.7 percent respectively. The southwest crop reporting district reported a 36.5 percent increase, the highest district percentage reported.

Maps showing 2011 values, percentage change and comparisons to 2010 data and additional information are available at www.extension.iastate.edu/topic/landvalue. A Decision Tool showing historical state, district and county survey results is available on Ag Decision Maker with *Information File C2-70, Farmland Value Survey*.

The Iowa Land Value Survey was initiated in 1941 and is sponsored by the Iowa Agriculture and Home Economics Experiment Station, Iowa State University. Only the state average and the district averages are based directly on the Iowa State survey data. The county estimates are derived using a procedure that combines survey results with data from the U.S. Census of Agriculture.

The survey is based on reports by licensed real estate brokers and selected individuals considered knowledgeable of land market conditions. The 2011 survey is based on 487 usable responses providing 642 county land value estimates. The survey is intended to provide information on general land value trends, geographical land price relationships and factors influencing the Iowa land market. It is not intended to provide an estimate for any particular piece of property.