

Field and Feedlot



What Iowa Farmers are Thinking 1
New Record High for Land Values
1
Iowa Beef Center Webcast 2
Cow-Calf Producers Can Learn to Manage Risk
with Two Day Workshops 3

What Iowa Farmers are Thinking

by: Joel DeJong, ISU Extension Crops Field Specialist

Iowa State University does an annual poll of farmers to learn what they think about different issues relating to agriculture. It is known as the “Iowa Farm and Rural Life Poll,” and was completed by almost 1300 farmers from across Iowa this year. I always like to review their results – it helps me to better understand what is going on in rural Iowa – from a viewpoint other than my own. Copies of this year’s summary report are available at your local extension office (cost is \$2), or on-line from this web page: <http://socserver.soc.iastate.edu/extension/publications.html> which also has links to polls from previous years dating back to 1982. Questions vary among years, and some are questions asked every 4 years to see how the responses have changed over time. I believe it is important information for those of you involved in leadership positions in rural Iowa.

What are some of the highlights from the report for this year? Eighty percent of the respondents believe that the Conservation Reserve Program should be continued, and 61% thought that the basic direction of the 2002 farm program should be continued for the 2007 Farm Bill. Seventy-nine percent reported there should be incentives for alternative energy development, and almost nine out of ten think we should develop renewable energy resources as part of our Iowa economic development work.

In regard to farmland prices, 95% agreed that land prices make it difficult to begin farming, and 86% noted that farmers should be wary of buying farmland at current prices. 77% agree that government subsidies artificially support high farmland prices. On the

question of farm succession, only 34% have identified a potential successor to manage the farm upon retirement. Details on all of these questions are printed in the report.

A final section is a job evaluation of how Extension is doing. Almost three quarters said that Extension is doing a good or very good job supplying assistance or information, and had been beneficial to their family, farm or community. Personally, I think that is a good indicator that Extension is making an impact in our communities, but it also gives us that room for improvement. We will try!

Read the report, and if possible, review some of the past issues. It gives a good snapshot of what Iowa farmers think about a wide range of topics.

New Record High for Land Values

by: Ron Hook, ISU Extension Farm Management Specialist

The average value of an acre of farmland in Iowa increased \$285 to an all-time high of \$2,914 in 2005, according to an annual survey conducted by Iowa State University. This is the third year in a row with a new record high, according to Mike Duffy, ISU Extension farm economist who conducts the survey.

The 2005 average value topped a previous record of \$2,629 reported last year, and it represented a 10.8 percent increase statewide over the 2004 average. Values increased in all 99 counties in Iowa with every county topping \$1,000 per acre for the second time since ISU began conducting the survey in 1941 and only 21 counties reporting an average increase of less than 10 percent.

The highest average values in the state were reported in the Central Iowa crop reporting district at \$3,415 per acre. The South Central district had the lowest average values at \$1,793, but that district also had the

highest percentage of increase at 15.9 percent on average.

The survey showed an increase of 8.8% in the Northwest crop reporting district of \$274 per acre for an average of \$3393 per acre in 2005. For the 20 counties in the Northwest Extension Area, the highest average county value was in O'Brien County with \$3811 followed by Calhoun with \$3626. The highest percentage increase was in Kossuth County with 10.8% followed by Monona County at 10.71%.

The survey of real estate brokers, farm lenders, and others who work directly with the land markets, indicated the increases topped 8 percent in all nine of the state's crop reporting districts, ranging from 8.6 percent in the Southeast district to 15.9 percent in the South Central crop reporting district. Gains of less than 10 percent were reported in only 21 counties. Seven counties had increases of more than 15 percent. The smallest percentage increase was 3.6 percent in Marshall County, and the largest increase was 24.3 percent in Ringgold County.

The average value increased for the sixth year in a row after slight declines in 1998 and 1999. The largest dollar increase was \$540 per acre in Scott County, which also set a state record with an average value of \$4,707 per acre. Other counties with an increase of more than \$400 per acre included Delaware, Marion, Mills and Audubon.

Low interest rates were a major factor in value increases this year and were mentioned by 27 percent of those responding to the survey. Other positive factors were good crop yields, mentioned by 26 percent of the respondents; tax-free treatment of transactions involving land exchanges, mentioned by 20 percent; government programs and payments, mentioned by 16 percent; and strong investment demand, mentioned by 12 percent.

Negative factors that worked against greater increases this year included lower current grain prices, listed by 28 percent of the respondents; the high costs of farm inputs and machinery and low profitability in general, mentioned by 16 percent; and an uptrend in interest rates, also mentioned by 16 percent.

The survey indicated low grade land, which averaged \$1,961 per acre in 2005, increased 14.5 percent over the previous year. Medium grade land averaged \$2,736 per acre, a 11.4 percent increase, and high

grade land averaged \$3,511 per acre, an increase of 10.0 percent.

Forty-eight percent of the survey respondents said the number of sales this year was about the same as last year, while 29 percent said there were more sales in 2005, and 23 percent said there were fewer sales. Existing farmers were the buyers in about 56 percent of the transactions this year, with investors accounting for about 39 percent of the sales, new farmers 3 percent, and other purchasers 2 percent.

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 483 returned this year. Respondents provided 615 individual county estimates, including land values in nearby counties if they had knowledge of values in those counties.

The survey is sponsored by the Iowa Agriculture and Home Economics Experiment Station at ISU, with results reported by ISU Extension. Additional information on the 2005 survey is available on the ISU Extension Web site at www.extension.iastate.edu/emms/land05/

Iowa Beef Center Webcast

by: Dennis DeWitt, ISU Extension Livestock Field Specialist

A statewide Cow-Calf Risk Strategies webcast will be broadcast Monday, January 9 from 7:00 to 9:00 p.m. for a \$5 fee.

Topics to be covered:

- how to qualify for Japanese markets
- cattle market outlook
- risk management and new cattle insurance products

Speakers:

- **Samantha Simon**, USDA – Washington, DC
- **Dermot Hayes**, Iowa State University
- **Tyler Strathe**, AgInfoLink

This webcast is important to beef producers because of the topics and timing. After a two-year ban, Japan importers will be allowed to start buying U.S. beef, making it available to Japanese consumers around the Christmas holidays. Japan, once our largest beef

export market, will only accept beef from cattle 20 months of age or younger. Not all cattle will qualify and there is expected to be a large premium on cattle with proof of age. However, there are specific procedures beef producers must follow to qualify and prove the age of their cattle and these procedures are not well understood. This webcast will explain how producers can be approved to export to Japan.

Counties offering the webcast are: Buena Vista, Calhoun, Carroll, Clay, Emmet, Greene, Hancock, Humboldt, Kossuth, Lyon, O'Brien, Osceola, Sioux, Webster and Woodbury

Workshops

The Cow-Calf Risk Strategies workshops are two-day sessions featuring production, marketing, and financial strategies, for a fee of \$50, or \$60 at the door. For more information or to register, contact Dennis DeWitt, ISU Beef Field Specialist, (712) 336-3488, dewitt@iastate.edu

Cow-Calf Producers Can Learn to Manage Risk with Two Day Workshops

by: Dennis DeWitt, ISU Extension Livestock Field Specialist

Iowa's cattle producers as well as financiers, investors and industry professionals are invited to attend two-day workshops throughout Iowa featuring production, marketing and financial risk management. The workshops are part of a 2006 series called "Cow-Calf Risk Strategies," a year-long effort to educate cow-calf producers and to develop risk management solutions. The series is made possible by a grant from USDA-RMA (United States Department of Agriculture Risk Management Agency).

"Cattle prices have been at record prices in 2003-2004, and the cost of investment in beef cows and stocker cattle has never been higher. However, the cyclical nature of cattle markets tells us that prices are expected to be lower in the future," says John Lawrence, ISU Extension economist and director of the Iowa Beef Center (IBC).

"Additional factors, such as trade disputes and increasing demand for corn for ethanol production make cattle prices more volatile than normal," adds Lawrence. "These workshops are designed to help producers prepare for these risks by understanding the risk management solutions available."

Sponsors and supporters of the workshops include Livestock Plus and Cargill Animal Nutrition. Participants of the workshops will receive a coupon from Cargill Animal Nutrition for their Right Now ® Mineral products.

The Cow-Calf Risk Strategies workshops address production, marketing and financial challenges and strategies and will cost \$50 for those who pre-register or \$60 at the door. For more information or to register, contact Dennis DeWitt, ISU Beef Field Specialist, (712) 336-3488, dewitt@iastate.edu

You may view information on your computer at: <http://www.iowabeefcenter.org/content/CowCalfRiskStrategiesRMA.htm>

Lewis

Jan. 19 and 26, 3 p.m. to 9 p.m.
Wallace Learning Center

Denison

Jan. 23 and 30, 9 a.m. to 3 p.m.
Crawford County Extension Office

Spencer

Jan. 24 and 31, 9 a.m. to 3 p.m.
Iowa Lakes Community College

Specialized Sessions

A series of one-day workshops throughout the state, customized with in-depth information on a specific topic, such as herd expansion, cessation, utilizing software for decision making, and more. Registration is \$25, or \$30 at the door.

New Resource from Iowa Beef Center:

Frequently Asked Questions About Age Verification to Japan. Visit the Trade Issues Page at:

www.iowabeefcenter.org

Visit the Age & Source Verification Page at:

www.iowabeefcenter.org