

# 2020 Iowa State University Farmland Value Survey

The **Iowa State University Land Value Survey** was initiated in 1941 and is sponsored annually by Iowa State University. Only the state average and the district averages are based directly on ISU survey data. County estimates are derived using a procedure that combines ISU survey results with data from the US Census of Agriculture. Since 2014, the survey has been conducted by the Center for Agricultural and Rural Development in the Department of Economics at Iowa State University and Iowa State University Extension and Outreach.

The survey is intended to provide information on general land value trends, geographical land price relationships, and factors influencing the Iowa land market. The survey is not intended to provide a direct estimate for any particular piece of property.

The survey is an expert opinion survey based on reports by licensed real estate brokers, farm managers, appraisers, agricultural lenders, county assessors, and selected individuals considered to be knowledgeable of land market conditions. Respondents were asked to report for more than one county if they were knowledgeable about the land markets. The 2020 ISU Land Value Survey is based on 707 usable county-level land value estimates provided by 484 agricultural professionals.

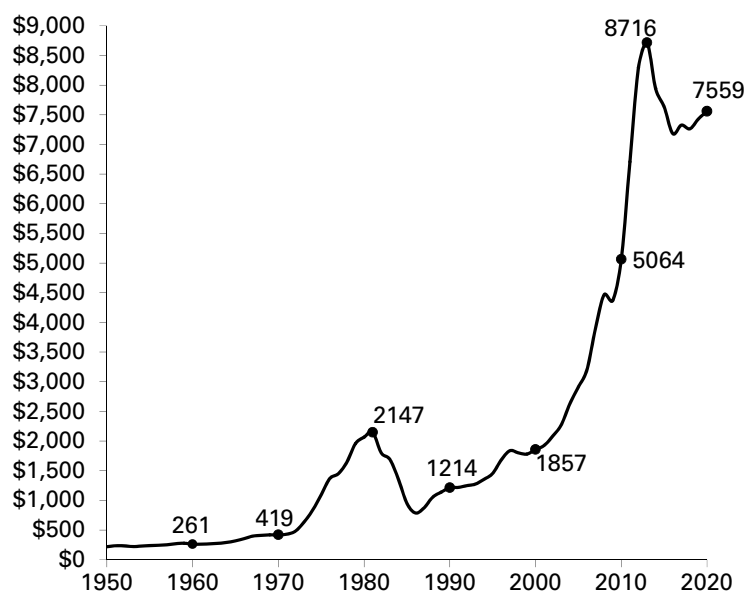
Of the 484 respondents, 67% completed the survey online. Online responses allow participants to provide estimates for up to 13 counties. A web portal has been developed to facilitate the visualization and analysis of Iowa farmland values by pooling data from ISU, USDA, Federal Reserve Bank of Chicago, and the REALTORS® Land

Institute, as well as by making use of charts over time and interactive county maps. [The portal](#) can be accessed at [www.card.iastate.edu/farmland](http://www.card.iastate.edu/farmland).

Participants in the survey are asked to estimate the value of high-, medium-, and low-quality land in their county. Comparative sales and other factors are taken into account by the respondents in making these value estimates. This survey is the only data source that provides an annual land value estimate at the county level for each of the 99 counties in Iowa. In addition, this survey provides estimates of high-, medium-, and low-quality land at the crop reporting district and state level.

The 2020 state average for all quality of land was estimated to be \$7,559 per acre as of November 1, 2020. This is an increase of \$127 per acre from Nov. 2019, and a 1.7% increase.

**Figure 1. Average value per acre of Iowa farmland**



Source: Iowa State University Land Value Survey

**Table 1. Recent changes in Iowa farmland values**

Year	Value per acre	Dollar change	Percentage change
1981	\$2,147	\$81	3.9%
1982	\$1,801	-\$346	-16.1%
1983	\$1,691	-\$110	-6.1%
1984	\$1,357	-\$334	-19.8%
1985	\$948	-\$409	-30.1%
1986	\$787	-\$161	-17.0%
1987	\$875	\$88	11.2%
1988	\$1,054	\$179	20.5%
1989	\$1,139	\$85	8.1%
1990	\$1,214	\$75	6.6%
1991	\$1,219	\$5	0.4%
1992	\$1,249	\$30	2.5%
1993	\$1,275	\$26	2.1%
1994	\$1,356	\$81	6.4%
1995	\$1,455	\$99	7.3%
1996	\$1,682	\$227	15.6%
1997	\$1,837	\$155	9.2%
1998	\$1,801	-\$36	-2.0%
1999	\$1,781	-\$20	-1.1%
2000	\$1,857	\$76	4.3%
2001	\$1,926	\$69	3.7%
2002	\$2,083	\$157	8.2%
2003	\$2,275	\$192	9.2%
2004	\$2,629	\$354	15.6%
2005	\$2,914	\$285	10.8%
2006	\$3,204	\$290	10.0%
2007	\$3,908	\$704	22.0%
2008	\$4,468	\$560	14.3%
2009	\$4,371	-\$97	-2.2%
2010	\$5,064	\$693	15.9%
2011	\$6,708	\$1,644	32.5%
2012	\$8,296	\$1,588	23.7%
2013	\$8,716	\$420	5.1%
2014	\$7,943	-\$773	-8.9%
2015	\$7,633	-\$310	-3.9%
2016	\$7,183	-\$450	-5.9%
2017	\$7,326	\$143	2.0%
2018	\$7,264	-\$62	-0.8%
2019	\$7,432	\$168	2.3%
2020	\$7,559	\$127	1.7%

### Major Factors Influencing the Farmland Market

Most survey respondents listed positive and negative factors influencing the land market. Of all respondents, 73% listed at least one positive factor, and 70% listed at least one negative factor. In most cases, respondents listed multiple factors.

There were three positive factors listed by over 10% of respondents who provided at least one

positive factor. The most frequently mentioned factor was favorable interest rates, mentioned by 26% of respondents. Limited land supply and recent commodity price rallies were the second- and third-most frequently mentioned positive factors, mentioned by 17% and 13% of respondents, respectively. Other frequently mentioned positive factors included COVID-related payments (8%), government payments (7%), and strong demand, especially by farmers (7%).

There were also three negative factors listed by more than 10% of respondents who identified at least one negative factor. The most frequently mentioned negative factor affecting land values was lower commodity prices, mentioned by 25% of respondents. Uncertainty due to the COVID-19 pandemic and weather uncertainty, such as the derecho, were the second- and third-most frequently mentioned negative factors, mentioned by 12% and 10% of respondents, respectively. Political uncertainty related to the 2020 election, poor yields, and general economic uncertainty were each mentioned by 4–7% of respondents.

### Number of Sales Compared to Previous Year

Thirty-eight percent of respondents reported more sales in 2020 relative to 2019. On the other end of the spectrum, just 19% reported fewer sales, and 43% reported the same level of sales in 2020 relative to 2019.

### Land Sales by Buyer Category

The 2020 survey asked respondents what percent of the land was sold to five categories of buyers: existing local farmers, existing relocating farmers, new farmers, investors, or other.

The majority of farmland sales, 72%, were to existing farmers, of which existing local farmers capture 69% of land sales. Only 3% of sales were to existing relocating farmers. Investors represented 22% of land sales. New farmers represented 4% of sales, and other purchasers were 2% of sales.

Sales to existing local farmers by crop reporting district ranged from 78% in the Northwest district to 51% in the South Central district.

Sales to investors were highest in the South Central district (34%). The Northwest and Southeast districts reported the lowest investor activity (14%).

### Land Sales by Seller Category

The 2020 survey asked respondents what percent of land was bought from five categories of sellers: active farmers, retired farmers, estate sales, investors, or other.

The majority of farmland sales, 51%, were from estate sales, followed by retired farmers at 23%. Active farmers account for 16% of sales, while investors accounted for 9%.

Estate sales by crop reporting district ranged from 64% in the Northwest district to 33% in the South Central district.

Sales by investors were highest in the South Central district (20%). The Southeast district reported the lowest investor sale activity (4%).

### Respondents by Occupation and by Mode of Survey

The 2020 survey asked the main occupation of the respondent: farm managers, appraisers, agricultural lenders, brokers/realtors, government, farmers/landowners, and other. This year's survey also asked about the number of years' experience of respondents and number of counties where they offer services.

In total, 484 agricultural professionals completed the survey, providing 707 county land value estimates. Of these 484, agricultural lenders represented the largest group, accounting for 38% of all respondents. Brokers/realtors, farm managers, and county auditors or USDA FSA lenders were the next three largest groups, representing 18%, 14%, and 11% of respondents, respectively.

Of all respondents, the percentage of agricultural lenders ranged from 19% in the Central district to more than 45% in the Northwest, West Central, and Southwest districts.

Our respondents, on average, have 27 years of experience in their current profession and offer professional services to an average of eight counties. While government officials typically only serve three counties at most, realtors/brokers, appraisers, farm managers, and agricultural lenders offer services to 17, 15, 10, and 5 counties, respectively.

The survey was completed online by 67% of the 484 respondents. Seventy-one percent of the respondents only provided land value estimates for their primary county and 20% and 9% of the 484 respondents provided estimates for two and three counties, respectively.

### Farmland Value and Cash Crop Price Predictions by Respondents

This year's survey asked respondents to predict land values and cash crop prices one and five years from now, as well as the prevailing interest rates for a 20-year farmland mortgage and a one-year operating loan.

Respondents had mixed views regarding the strength of the farmland market one year from now, but in general expect higher land values five years from now. Forty-four percent of respondents forecasted an increase in their local land market in one year, while 23% expected a lower land value and 33% forecasted no change. Looking five years ahead, a vast majority of the respondents (83%) expect a higher land value than current levels, with only 6% forecasting a decline.

Respondents expect a slow-but-steady improvement in both the corn and soybean cash crop markets. In particular, the predicted state average cash corn prices for November 2021 and 2025 (five years from now) are \$3.92 per bushel and \$4.24 per bushel, respectively. The statewide average soybean price predictions are \$9.97 per bushel in one year and \$10.59 per bushel five years from now.

Respondents reported typical interest rates for 20-year farmland mortgages and one-year operating loans are 3.94% and 4.60%, respectively. These are significantly lower than one-year-ago levels due to drastic interest rate cuts by the Federal Reserve to combat the COVID-19 pandemic.

### Land Quality and Corn Suitability Rating 2

To gauge how each respondent defined high-, medium-, and low-quality land for their county, we asked for estimated average CSR2 (Corn Suitability Rating 2) for high-, medium-, and low-quality land. We also asked for estimates of the percent of land area for each land quality class.

Results in Table 2 show that agricultural professionals have adapted to CSR2.

Approximately 89% of participants provided at least one CSR2 estimate for the corresponding land quality classes. The estimated average CSR2 statewide for high-, medium-, and low-quality land is 83, 69, and 54 points respectively. The estimated percent of land area for high-, medium-, and low-quality land is 35%, 40%, and 25%, respectively.

In addition, respondents ranked high-, medium-, and low-quality land based on relative conditions in their region. For example, the average CSR2 for high-quality land in the South Central district is 72, which is only slightly larger than the CSR2 for low-quality land in the Northwest district (65).

### Interpretation of the 2020 Survey Results

The 2020 ISU Land Value Survey shows a 1.7% increase in average Iowa farmland values from November 2019 to November 2020. The average statewide value of an acre of farmland is now estimated at \$7,559. This modest rise is the third increase in Iowa farmland values over the past six years, and a second consecutive rise. The 2020 land value still represents a 13% decline from the 2013 peak in nominal land values, or a 22% drop in inflation-adjusted values.

The recent increase is largely attributable to record-level federal ad hoc payments, drastic cuts in interest rates by the Federal Reserve, recent surges in agricultural exports and commodity prices, and limited land supply. At the same time, the magnitude of this rise is still modest and represents an overall stable land market as opposed to one in rapid rebound. Many respondents still cited the uncertainty resulting from the COVID-19 pandemic, weather shocks such as the devastating derecho, and political and election uncertainty as negative factors influencing the land market. In general, survey respondents are optimistic about the strength of the future land market.

The 2020 ISU Land Value Survey revealed an overall positive, yet mixed, land value pattern across crop reporting districts, counties, and land quality classes.

**Table 2. Estimated average CSR2 and percent of land area by land quality, 2020**

	Reported Average CSR2			Reported Percent of Land Area		
	High Quality	Medium Quality	Low Quality	High Quality	Medium Quality	Low Quality
Northwest	89	80	65	44	35	21
North Central	86	75	60	40	40	20
Northeast	83	69	51	35	39	26
West Central	80	68	54	36	39	25
Central	86	74	60	42	39	19
East Central	86	72	55	35	38	27
Southwest	76	62	48	26	47	27
South Central	72	56	40	24	42	34
Southeast	82	66	47	28	41	30
<b>STATE</b>	<b>83</b>	<b>69</b>	<b>54</b>	<b>35</b>	<b>40</b>	<b>25</b>

Local land supply and demand, as well as the local fluctuations in farm income, largely explain the variations across the state. All crop reporting districts, except for the Southwest district, reported an increase in land values—the largest percentage increases were in the West Central and South Central districts, 3.9% and 3.8%, respectively. The Northeast and Northwest districts also reported an increase of 2% or higher. Seventy-eight of 99 counties in Iowa reported a rise in land value, while the remaining 21 counties saw a decline. The largest percentage increase, 7.7%, was reported in Wayne County, while the highest percentage decrease (3.4%) was reported in Henry County.

In general, the results from the 2020 ISU Land Value Survey echo results from other surveys, which all showed relatively stable farmland market trends with recent signs of growth due to recent surging commodity prices and agricultural exports. In November 2020, the [Federal Reserve Bank of Chicago](http://www.chicagofed.org/publications/agletter/2020-2024/november-2020) (www.chicagofed.org/publications/agletter/2020-2024/november-2020) reported a 1% increase in Iowa's "good" farmland values from October 2019 to October 2020. In September, the [REALTORS® Land Institute](http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-75.pdf) (www.extension.iastate.edu/agdm/wholefarm/pdf/c2-75.pdf) reported an overall 0.1% increase in Iowa cropland values from September 2018 to September 2019. In contrast, [US Department of Agriculture June Area Survey](http://www.nass.usda.gov/Publications/Todays_Reports/reports/land0820.pdf) (www.nass.usda.gov/Publications/Todays\_Reports/reports/land0820.pdf) reported a 1.7% decline in Iowa's agricultural real estate values (land and building) from June 2019 to June 2020, reflecting uncertainty due to the pandemic.

The 2020 ISU Land Value Survey shows that the majority of farmland sales, 72%, were to existing farmers. Investors represented 22% of land sales. Thirty-eight percent of respondents reported more sales in 2020 relative to 2019, compared to only 19% reporting fewer sales.

The farmland value estimates from the ISU survey are average estimates for all farmland in a county, which includes cropland as well as pasture, CRP,

and timberland. Specifically, we asked respondents to estimate "farmland value for average-sized farms in your county as of November 1, 2020."

An opinion survey is just that—it represents the collective opinion of the survey respondents. Most of the respondents will use actual sales to formulate their opinions but each person can choose to weigh or discount particular sales as they deem necessary. The ISU Land Value Survey is an opinion survey, as are the surveys conducted by Federal Reserve Bank, USDA, and the Realtor Land Institute. It is important to consider the survey respondents, the questions asked, the time period covered, and other factors relating to a particular survey. As a result, it is important to note that when comparing results across surveys for Iowa and neighboring states, it is better to compare percentage change over time as opposed to dollar amount per acre.

The ISU Land Value Survey is intended to provide information on general land value trends and factors influencing the Iowa land market, it is not intended to provide a direct estimate for any particular piece of property. We recommend interested buyers or sellers hire an appraiser to conduct a formal appraisal of particular parcel, go to county assessor websites, or examine recent auction results for comparable parcels in their region.

Farmland has historically been a fairly robust investment that generates relatively stable returns, especially when [compared with other investments, such as stocks](http://www.extension.iastate.edu/agdm/articles/zhang/ZhaJul19.html) (www.extension.iastate.edu/agdm/articles/zhang/ZhaJul19.html). This stability becomes even more appealing in 2020, as the stock and bulk commodity markets exhibited substantial volatility with the unfolding of the COVID-19 pandemic. Since 1941, the nominal and inflation-adjusted Iowa farmland values have averaged a 6.4% and 2.5% increase per year, respectively. Farmland values have increased 72% of years, decreased 26% of years, and remained unchanged for three years between

1910 and 2020. While 29% of farmland in Iowa is primarily owned for family or sentimental reasons, the strong robust returns for farmland have, and will continue to, attract interested farmers and investors to invest in the farmland market.

There are several new uncertainties worth watching over the next year or two. First, several of our respondents mentioned the political uncertainty due to the 2020 Presidential and Senate races, and more broadly, what the agricultural, trade, and conservation policy priorities will be under a Biden administration. Key issues include environmental regulations, possible new trade agreements, and policies related to renewable energies and agricultural-climate policies. Second, even with the availability of vaccines, the pandemic's duration and trajectory are not entirely clear, and the same can be said for the speed of the US and global economic recoveries. Third, China has once again proved itself to be an indispensable trading partner of US agriculture, however, their record level purchases are still projected to fall below the phase one trade deal target. Trying bilateral relations, negative news about the trade deals, and the possible cancellation of commodity shipments will have significant impacts on farm income and land values. Fourth, it is interesting to see whether the farm policy continues on the

path of massive federal ad hoc payments, such as trade aid through the Market Facilitation Program or COVID-19 relief through the CFAP program. Arguably, these represent a major redirection of farm policy away from Congress's decoupling efforts that started with the 1996 Farm Bill. Finally, it is critical to watch for whether the uncertainty posed by the pandemic lead to landowners' growing interest in selling land, or more stressed sales from financially stressed producers.

This recent modest increase in the Iowa farmland market is a result of lower interest rates, substantial government payments, strong demand, and limited land supply. The increase is modest, but indicates the stability of the farmland market. The interest rate cuts and agricultural export surges will have significant implications on commodity prices, farm incomes, and farmland values. While no one can predict the future, it seems that Iowa farmland values have proved resilient during the pandemic.

More details on the survey can be found on the [CARD website](http://www.card.iastate.edu/farmland), [www.card.iastate.edu/farmland](http://www.card.iastate.edu/farmland) and historical data can be downloaded in the AgDM Decision Tool [Historical Farmland Values Data](http://www.extension.iastate.edu/agdm/wholefarm/xls/c2-70landvalues.xlsx) ([www.extension.iastate.edu/agdm/wholefarm/xls/c2-70landvalues.xlsx](http://www.extension.iastate.edu/agdm/wholefarm/xls/c2-70landvalues.xlsx)) or in AgDM File C2-72, [Historical Farmland Values](http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-72.pdf) ([www.extension.iastate.edu/agdm/wholefarm/pdf/c2-72.pdf](http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-72.pdf)).

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**Table 3. Average value per acre of Iowa farmland listed by crop reporting districts and quality of land**

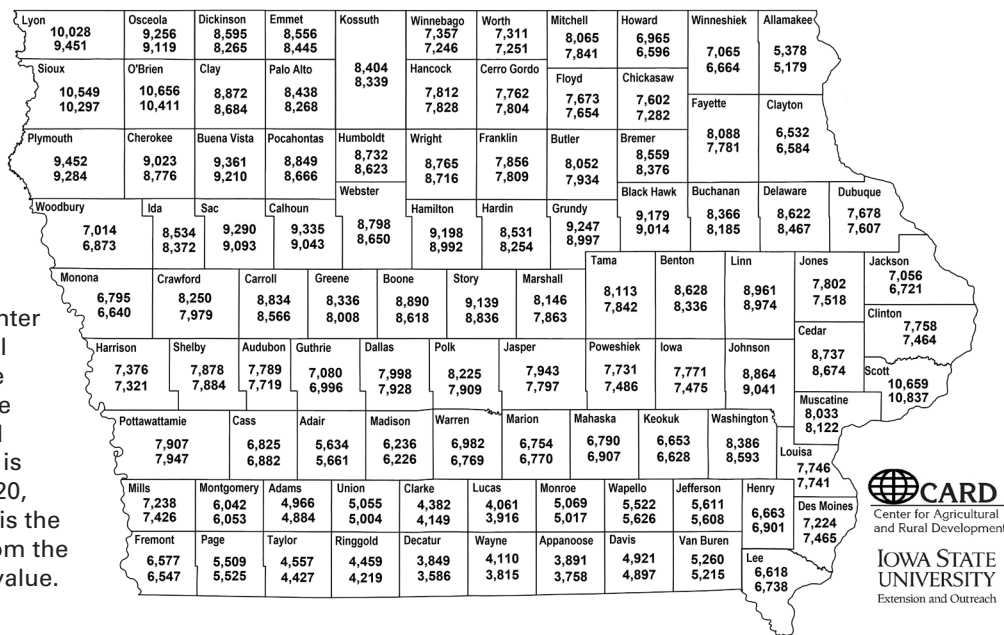
Year	State Avg	North-west	North Central	North-east	West Central	Central	East Central	South-west	South Central	South-east
<b>All farmland</b>										
2006	3204	3783	3478	3187	3410	3716	3725	2580	1927	2849
2007	3908	4699	4356	4055	4033	4529	4272	3209	2325	3463
2008	4468	5395	4950	4590	4823	5280	4743	3626	2573	3913
2009	4371	5364	4827	4464	4652	5026	4796	3559	2537	3832
2010	5064	6356	5746	5022	5466	5901	5447	4325	2690	4296
2011	6708	8338	7356	6602	7419	7781	7110	5905	3407	5705
2012	8296	11404	9560	8523	9216	9365	8420	7015	4308	6172
2013	8716	10960	9818	9161	9449	9877	9327	7531	4791	6994
2014	7943	9615	8536	8151	8424	9087	9008	6513	4475	7215
2015	7633	9685	7962	7861	8061	8505	8506	6372	4397	6892
2016	7183	9243	7562	7313	7358	7841	7917	6060	4241	6716
2017	7326	9388	7802	7543	7377	8097	8218	6058	4172	6864
2018	7264	9311	7789	7543	7413	7899	8004	6060	4329	6619
2019	7432	9352	7912	7325	7564	8336	8475	6166	4487	6868
2020	7559	9536	7927	7525	7859	8485	8524	6112	4658	6935
<b>High quality</b>										
2006	3835	4261	3834	3816	4072	4263	4443	3209	2663	3793
2007	4686	5313	4807	4859	4804	5261	5073	3989	3231	4625
2008	5381	6150	5514	5415	5752	6076	5674	4642	3586	5346
2009	5321	6129	5371	5349	5552	5939	5738	4539	3710	5306
2010	6109	7283	6397	6076	6585	7026	6152	5335	3892	5862
2011	8198	9649	8601	7994	8889	9332	8675	7418	5109	7721
2012	10181	12890	10765	10708	11128	11139	10201	8818	6437	8879
2013	10828	12824	11159	11423	11591	11803	11631	9591	7150	9785
2014	9854	11201	9630	10083	10275	10780	11034	8482	6663	10150
2015	9364	11229	8976	9575	9684	10087	10289	8031	6445	9536
2016	8758	10650	8442	8892	8874	9299	9502	7527	5980	9265
2017	8933	10829	8730	9151	8881	9568	9900	7571	5908	9471
2018	8863	10767	8699	9198	8834	9313	9768	7738	6055	9063
2019	9078	10757	8858	9050	9017	9749	10421	7768	6416	9341
2020	9068	10780	8889	9182	9159	9800	10199	7484	6408	9299
<b>Medium quality</b>										
2006	3011	3561	3223	2987	3213	3458	3501	2442	1866	2679
2007	3667	4385	4026	3777	3796	4194	4005	3047	2296	3270
2008	4195	5023	4568	4339	4537	4919	4405	3425	2527	3721
2009	4076	4977	4450	4193	4371	4615	4465	3386	2443	3535
2010	4758	5883	5300	4664	5111	5386	5445	4140	2596	4053
2011	6256	7708	6713	6290	6981	7029	6510	5553	3353	5468
2012	7773	11011	8691	7815	8619	8466	8128	6732	4219	5685
2013	8047	9918	8824	8573	8725	8930	8567	7137	4715	6605
2014	7359	8698	7874	7591	7827	8327	8388	6108	4318	6715
2015	7127	8834	7352	7460	7581	7758	7934	6038	4282	6525
2016	6705	8468	6992	6994	6870	7186	7396	5683	4128	6283
2017	6849	8555	7218	7236	6824	7426	7674	5756	4079	6548
2018	6805	8548	7214	7116	6935	7341	7452	5671	4244	6353
2019	6938	8633	7248	6833	7076	7649	7823	5841	4371	6616
2020	7119	8993	7350	6980	7433	7883	7959	5843	4563	6639
<b>Low quality</b>										
2006	2195	2566	2500	2248	2293	2615	2505	1729	1373	1786
2007	2656	3210	3125	2853	2738	3004	2928	2175	1583	2131
2008	2967	3580	3408	3296	3187	3469	3214	2298	1757	2271
2009	2884	3490	3281	3177	3134	3203	3240	2286	1685	2281
2010	3357	4161	3976	3517	3542	3724	3840	2868	1794	2620
2011	4257	5196	4900	4352	4766	4848	4671	3824	1984	3335
2012	5119	7162	6303	5288	5877	5718	5013	4484	2562	3226
2013	5298	6845	6421	5670	5926	5918	5449	4592	2843	3651
2014	4878	6091	5428	5256	5173	5582	5479	3860	2808	3891
2015	4834	6252	5372	5242	5082	5292	5366	4070	2750	3797
2016	4665	6019	5164	4847	4577	5158	5153	4189	2892	3783
2017	4689	6216	5265	4965	4684	4993	5305	3935	2824	3768
2018	4609	6018	5161	5056	4720	4932	4911	3790	2953	3656
2019	4759	6099	5325	4803	4950	5467	5279	3844	2955	3790
2020	5078	6486	5297	5213	5492	5793	5599	4055	3262	4134

**Figure 2. 2020 and 2019 Iowa land values by county**

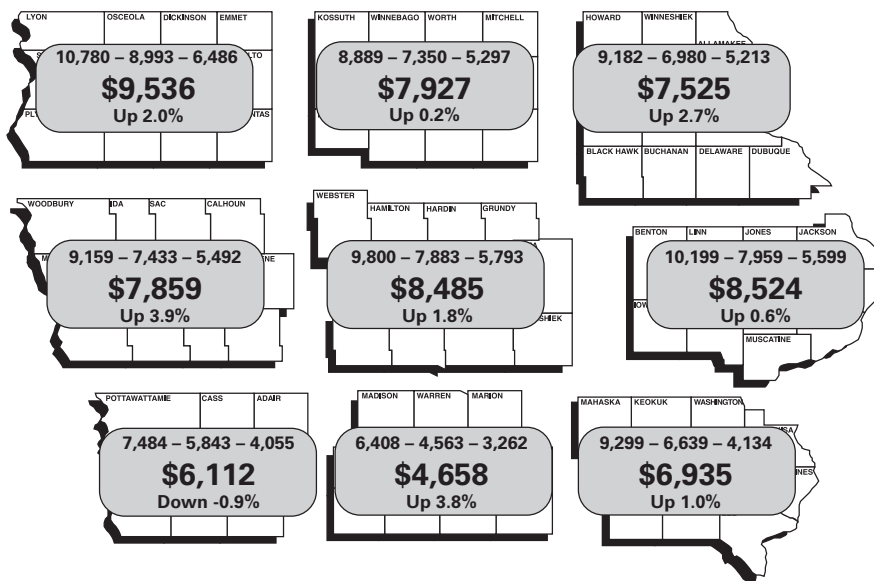
**State Average Values**

Nov 2020: \$7,559  
Nov 2019: \$7,432

County estimates of average dollar value per acre for Iowa farmland based on US Census of Agriculture estimates and the Nov. 1, 2020, Iowa Land Value Survey conducted by Center for Agricultural and Rural Development, Iowa State University and Iowa State University Extension and Outreach. The top figure is the estimated Nov. 1, 2020, value; the bottom figure is the percentage of change from the estimated Nov. 1, 2019, value.



**Figure 3. 2020 Iowa land values by crop reporting district**



Estimates of average dollar value per acre for high, medium, and low grade farmland (top row) on Nov. 1, 2020, by Iowa Crop Reporting District; the Crop Reporting District average (middle row); and the average percentage change from Nov. 1, 2019 (bottom row). The estimates are based on a survey conducted by Iowa State University, Center for Agricultural and Rural Development, and Iowa State University Extension and Outreach.

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