Commodity Prices and Higher Interest Rates Drive Modest Farmland Value Loss

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After a reprieve in 2017, commodity prices, interest rates and trade disruptions drove Iowa farmland values down for the fourth time in five years. The average statewide value of an acre of farmland is now estimated to be $7,264. This represents a decrease of 0.8 percent, or $62 per acre, from the 2017 estimate.

Land values were determined by the 2018 Iowa State University Land Value Survey, which was conducted in November by the Center for Agricultural and Rural Development at Iowa State University and Iowa State University Extension and Outreach. Results from the survey are consistent with results by the Federal Reserve Bank of Chicago, the Realtors Land Institute and the U.S. Department of Agriculture. Wendong Zhang, assistant professor and extension economist at Iowa State University, led the annual survey.

The $7,264 per acre estimate, and 0.8 percent decrease in value, represents a statewide average of low-, medium- and high-quality farmland. The survey also reports values for each land quality type, crop reporting district (district hereafter) and all 99 counties individually.

Farmland values hit a historic peak of $8,716 per acre in 2013; however, they immediately declined by 8.9 percent, 3.9 percent and 5.9 percent, respectively, the following three years. Farmland owners received a small reprieve in 2017 when the statewide average increased 2.0 percent. While modest when compared to 2014, 2015 and 2016, 2018 marks the fourth time in five years that statewide average farmland values have declined. In nominal value, the statewide average for an acre of farmland has fallen 17 percent since 2013.

Commodity prices were one of the biggest factors driving down farmland values this year, according to Zhang.

“Lower commodity prices, in part due to the recent trade disruptions, were cited as the most significant negative factor driving down land values,” Zhang said. He also noted that despite the downturns, farmers don’t need to worry about a sudden collapse of the U.S. agricultural sector similar to the 1980s farm crisis.

“Limited land supply and strong demand by farmers still seems to hold up the land market,” Zhang said. “For five consecutive years, survey respondents have reported fewer sales than the year before, and the ag economy is still robust with 82 percent of the land in Iowa fully paid for.”

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Farmland Values continued...

Land Values by County — Seventy of Iowa’s 99 counties reported lower land values; the remaining 29 reported higher values. For the sixth year in a row, Scott and Decatur counties reported the highest and lowest farmland values, respectively. Decatur County reported a value per acre of $3,488, a gain of $8, or about 0.2 percent, from last year’s report. Scott County reported a value of $10,537, an increase of $40 per acre, or about 0.4 percent. Hamilton County reported the largest dollar decrease in value, $285 per acre, and Humboldt and Wright counties reported the largest percentage decrease, 3.3 percent. Floyd and Mitchell counties reported the largest percent increase in values, 3.1 percent.

Land Values by District — Five of nine crop reporting districts showed an increase in land values. The South Central district reported the largest percentage increase, 3.8 percent. The Central and Southeast districts reported decreases of 2.4 percent and 3.6 percent, respectively. The Northeast and Southwest districts reported no notable change in value. The Northwest and South Central districts reported the highest and lowest averages at $9,311 and $4,329 per acre, respectively.

Land Value by Quality — Statewide, high-, medium- and low-quality farmland values decreased 0.8 percent, 0.7 percent and 1.7 percent, respectively. Despite decreases across all other types of land in all districts, low-quality land in the Northeast, South Central and West Central districts increased in value. Low-, medium- and high-quality farmland values statewide are $4,609, $6,805 and $8,863 per acre, respectively. “Land value equals farm income divided by interest rates. Local market competitiveness, local land availability and local income shocks tend to drive variations in land market changes across districts, counties and land quality classes,” Zhang said.

Factors Influencing Land Values — The most common positive factors influencing land prices noted by survey respondents were limited land supply, strong yields and low interest rates. The most commonly cited negative influences were lower commodity prices, higher long-term interest rates and recent tariffs on U.S. soybeans, pork and other agricultural products.

The ISU Land Value Survey was initiated in 1941 and is based on reports by agricultural professionals knowledgeable of land market conditions such as appraisers, farm managers and agricultural lenders, and actual land sales. It is intended to provide information on general land value trends, geographical land price relationships and factors influencing the Iowa land market. The 2018 survey is based on 792 usable responses from 605 agricultural professionals. Sixty-two percent of the 605 respondents answered the survey online.

CARD offers a web page at www.card.iastate.edu/farmland that includes visualization tools, such as charts and interactive county maps, allowing users to examine land value trends over time at the county, district and state level. Results of the 2018 ISU Land Value Survey can also be found on the ISU Extension Store at https://store.extension.iastate.edu/product/1828

Farm Bill Implications for Dairy Producers is Topic of Webinar

Contact: Fred Hall, Dairy Specialist, 712-737-4230, fredhall@iastate.edu

A webinar discussing changes dairy producers should be aware of in the new farm bill will be held on Thursday, December 27 at noon. The free webinar will be held by Marin Bozic, assistant professor in applied economics at the University of Minnesota.

The webinar is free but registration is required at http://bit.ly/DMC-2019-FarmBill. The program will highlight and discuss the economic implications of five points:
1. The discontinuation of the Margin Protection program for dairy producers.
2. The introduction of a Dairy Margin Coverage program.
3. Low premiums and coverage levels up to $9.50, as well as discounts for consistent use.
5. Removing restrictions on combining crop insurance and Title I programs (LGM and DMC).

There will be time for questions at the end of the presentation. The webinar is sponsored by I-29 Moo University and Minnesota Milk. I-29 Moo University is a collaboration of extension dairy specialists and dairy industry personnel from North Dakota, South Dakota, Minnesota, Iowa and Nebraska working to grow the dairy industry via outreach education.

Driftless Region Beef Conference to Feature Burke Teichert

Contact: Denise Schwab, Extension Beef Specialist, 319-472-4739, dschwab@iastate.edu

One of the most respected consultants in the cattle business, Burke Teichert, will be the featured speaker at the 2019 Driftless Region Beef Conference, January 24-25 at the Grand River Conference Center in Dubuque, Iowa. Teichert will be focusing on keys to profitability in the beef industry with additional presentations on managing depreciation and the value of reproductive efficiency.

Teichert draws from his long background in the cattle industry as a university professor, cattle reproduction specialist, and General Manager and Vice President of AgReserves, Inc, better known as the Deseret Ranches, at the time the largest beef cow/calf operation in the United States. Many beef producers will also recognize Teichert for his insightful columns in Beef magazine.

Early registration is $85 until midnight, January 11. Late or on-site registration is $115. Online registration as well as additional details on topics, speakers and lodging is available at www.aep.iastate.edu/beef. The Driftless Region Beef Conference is an annual event presented by ISU Extension and Outreach, University of Illinois Extension, and University of Wisconsin Extension and provides an opportunity for producers in the three-state region to hear from experts from across the country.
Iowa Food Hub is Reorganizing

Commercial Applicator Training Scheduled for January 3

Contact: Daniel Andersen, Extension Ag & BioSystems Engineering, 515-294-4210, dsa@iastate.edu

Iowa State University Extension and Outreach and the Iowa Department of Natural Resources will conduct a Commercial Manure Applicator training on Thursday, January 3, 2019. Commercial manure applicators can attend the annual training to meet commercial manure applicator certification requirements.

The training will be held from 9 a.m. to noon at the Fayette County Extension Office. There is no fee for the workshop, but applicators must register by Dec. 26 by calling the Extension Office at 563-425-3331 or emailing dkahler@iastate.edu. A complete list of workshop locations can be found at http://www.agronext.iastate.edu/immag/.

Commercial manure applicators needing to recertify and those wanting to certify for the first time should attend. All currently certified commercial manure applicator licenses will expire on March 1, 2019. Those wanting to renew must complete training requirements and submit forms and fees to the DNR prior to March 1 in order to avoid paying late fees. The law requires all commercial manure applicators to attend three hours of training annually to meet certification requirements. Businesses that primarily truck or haul manure of any type or from any source are also required to meet certification requirements.

For questions about the commercial manure applicator certification program, contact your ISU Extension and Outreach county office or visit http://www.agronext.iastate.edu/immag/mac.html.

Fayette County Extension Will Host 2019 Dairy Days on January 22

Iowa dairy producers have the opportunity to learn about emerging dairy industry issues at the 2019 Dairy Days hosted by Iowa State University Extension and Outreach specialists. The program will be held on Tuesday, January 22 at the Fayette County Extension Office at 218 South Main Street in Fayette.

At this year’s program, producers will learn about early crop scouting, silage inoculants, robotic milking, calf hygiene, heifer economics, research updates, and more.

Registration begins at 9:30 a.m. and the program will conclude by 2:30 p.m. A $15 registration fee covers the noon meal and proceedings costs. Pre-registration is requested by Friday, January 18 to reserve a meal. Vouchers for the event may be available from your local agri-service providers or veterinarians. For more information or to register, call the Extension Office at 563-425-3331. To register online click on the following link…. Online registration https://iastate.qualtrics.com/jfe/form/SV_1hOMyn2F0BaLFpb.

Confined Site Manure Applicator Workshop to be Held January 29

Contact: Daniel Andersen, Extension Ag & BioSystems Engineering, 515-294-4210, dsa@iastate.edu

Confined site manure applicators and anyone interested in learning about manure issues should plan to attend a two-hour workshop at the Fayette County Extension and Outreach Office on January 29 at 1:30 pm. These workshops are offered in cooperation with the Iowa Department of Natural Resources. There is no fee to attend the workshops, but applicators will need to pay certification fees to complete certification requirements.

“Iowa law requires confinement site manure applicators to attend two hours of continuing education each year of their three-year certification period or take and pass an exam once every three years,” said Dan Andersen, associate professor and extension agricultural engineering specialist at Iowa State.

The workshops serve as initial certification for those applicators who are not currently certified, recertification for those renewing licenses and continuing education for those applicators in their second or third year of their license.

Due to uniform certification deadlines, applicators are encouraged to attend workshops prior to March 1 to avoid being assessed a late fee of $12.50 for those who are re-certifying.

Applicators also have an online certification option. Training is available online at the DNR MAC eLearning site at https://elearning-dnr.iowa.gov. The applicant will need to sign-in and get an A&A account.

Iowa Food Hub is Reorganizing

What does it take to provide fresh, healthy, local food to school children and Iowans, while providing a sustainable income for local farmers? The folks at Iowa Food Hub think they are on to something. In their seven years of operation, they’ve brought $250,000 worth of fresh food to local schools. And they’ve helped generate $2.37 million worth of income for regional farmers.

Unfortunately, it has been a less than stellar year at the hub. A depressed rural economy, poor growing season, and a super competitive marketplace has them rethinking their business model. As a result, the board paused regular hub operations on December 15, 2018. They are raising funds to launch the next phase. You’re invited to join them in building the next era of the Food Hub and northeast Iowa’s local food system. If you would like to contribute click on the following website https://www.paypal.com/fundraiser/110230052184687338/charity/1293330
Dougherty New Ag Engineering Specialist

Contact: Brian Dougherty, Agriculture Engineering Specialist, 563-239-7070, brian1@iastate.edu

Brian Dougherty has joined Iowa State University Extension and Outreach as an agricultural engineering specialist. Dougherty, who holds a Master’s degree in agricultural and biosystems engineering from Iowa State, will work with farmers and producers in the northeast portion of the state.

“I am excited to return to northeast Iowa and I look forward to helping producers with the many engineering and environmental challenges they face on their farming operations,” Dougherty said. “ISU Extension and Outreach staff were a tremendous resource for me when I was farming, and I hope to carry that tradition forward and be a resource for others.”

Dougherty joins a team of five agricultural engineering specialists who provide science-based information to conserve land, air and water resources; promote efficient livestock and poultry systems that incorporate a high degree of animal well-being; illustrate the latest techniques in precision agriculture; keep Iowans safe; teach responsible manure management and improve water quality in the state.

“Brian’s experience as a dairy producer is extremely relevant to the environmental issues that are pertinent in northeast Iowa,” said Jay Harmon, interim director of Agriculture and Natural Resources Extension at Iowa State University. “Brian will be a tremendous asset to ISU Extension and Outreach and will be a valuable resource for the producers and communities he serves.”

Before joining the ISU Extension and Outreach staff, Dougherty spent 18 months as a graduate research assistant at Iowa State, investigating the effects of cropping management practices on soil health and nutrient losses to subsurface drainage water. He was chosen as a Nuffield International Farming Scholar, traveling internationally to study soil health, nutrient management and regenerative agricultural practices worldwide.

He also spent time as a research assistant in Oregon State’s Department of Crop and Soil Science while receiving his bachelor’s degree in ecological engineering.

In addition to his academic experience, Dougherty spent 17 years working as the co-owner of Dougherty Family Farms in Waukon, Iowa.

Private Pesticide Training

Feb 13 — 1:30 pm & 7 pm, Fayette County Extension Office

Apr 11 — 1:30 pm, Fayette County Extension Office

Upcoming Events

Jan 1—Holiday—office closed

Jan 3 — Commercial Manure Applicators Certification, 9-Noon, Fayette County Extension Office

Jan 15—Extension Council, 7:30 pm, Extension Office

Jan 21—Holiday—office closed

Jan 22 — Dairy Days, 9:30-2:30, Extension Office

Jan 29—Confinement Site Applicators, 1:30-3:30 pm, Extension Office

Resources for Farm Management

Farmers face difficult management decisions every day. These decisions directly affect the profitability and viability of their operation and are made from planting to harvest, and every step in-between.

Iowa State University Extension and Outreach has the resources and tools to help farmers make informed decisions when it comes to the economic management of their farm business.

Ag Decision Maker https://www.extension.iastate.edu/agdm/ has been providing analysis and insight into many of the issues facing modern agriculture since 1996. Today more than 15,000 users receive monthly updates from ISU Extension and Outreach faculty and farm management specialists through information sheets and decision tools.

These tools had over 1.2 million downloads in 2018, with more than 240 information files, decision tools, voiced media and teaching activity files either posted to or updated on the Ag Decision Maker website during that time.

ISU Extension and Outreach farm management specialists also provide programming throughout the year to help farmers improve the management of their operations.

Additional support is available to farmers through the Farm Financial Planning program, a farm analysis program available through ISU Extension and Outreach at https://www.extension.iastate.edu/farmanalysis/ This confidential, free service provides: one-on-one financial counseling, a computerized analysis of the farm business and referral to other extension programs or outside services that may be useful.

Iowa Concern is a 24-hour a day, 7-day a week free hotline that provides access to stress counselors and an attorney for legal education. Information and referral services for a wide variety of topics are also available. Iowa Concern website: https://www.extension.iastate.edu/iowaconcern/