

2019 Iowa State University Farmland Value Survey

The **Iowa State University Farmland 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 U.S. 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 2019 ISU Land Value Survey is based on 679 usable county-level land value estimates provided by 553 agricultural professionals.

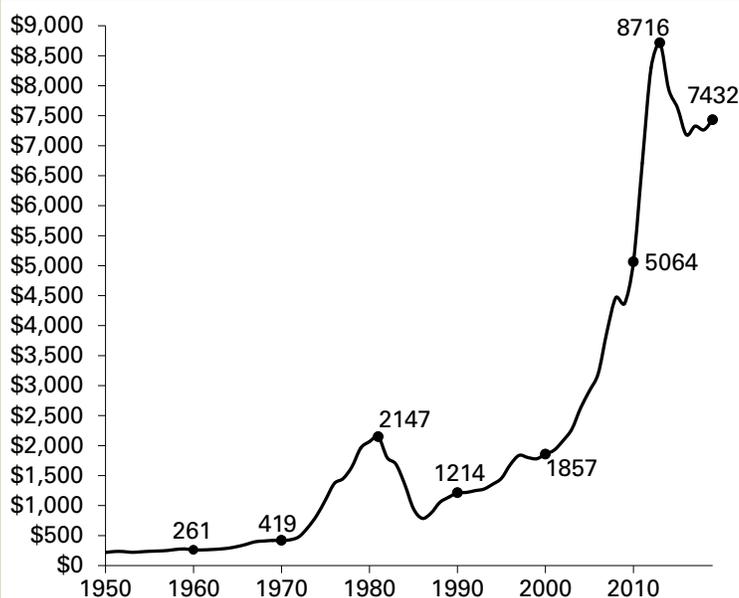
Of the 553 respondents, 61% completed the survey online. Online responses allow participants to provide estimates for up to 15 counties. A web portal has been developed to facilitate the visualization and analysis of Iowa farmland values by pooling data from ISU, USDA, Chicago Fed, and the Realtor

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.

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 2019 state average for all quality of land was estimated to be \$7,432 per acre as of November 1, 2019. This is an increase of \$168 per acre from Nov. 2018, and a 2.3% increase.

Figure 1. Average value per acre of Iowa farmland



Source: Iowa State University Land Value Survey

Major Factors Influencing the Farmland Market

Most survey respondents listed positive and/or negative factors influencing the land market. Of all respondents, 75% listed at least one positive factor, and 77% 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 23% of respondents. Limited land supply and strong yields were the second- and third-most frequently mentioned positive factors, mentioned by 18% and 11% of respondents, respectively. Other frequently mentioned positive factors included strong demand, especially by farmers (7%), government payments such as the trade aid payments (6%), and investor demand (5%).

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 32% of respondents. Weather and tariffs on agricultural commodities such as US soybeans were the second- and third-most frequently mentioned negative factor, mentioned by 12% of respondents. Cash/credit availability, higher input costs, and an uncertain agricultural future were each mentioned by 3-7% of respondents.

Number of Sales Compared to Previous Year

Twenty-five percent of respondents reported lower sales in 2019 relative to one year ago. On the other end of the spectrum, just 27% reported more sales, and 48% reported the same level of sales in 2019 relative to 2018.

Land Sales by Buyer Category

The 2019 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.

Table 1. Recent changes in Iowa farmland values

Year	Value per acre	Dollar change	Percentage change
1981	\$ 2147	\$ 81	3.9
1982	1801	-346	-16.1
1983	1691	-110	-6.1
1984	1357	-334	-19.8
1985	948	-409	-30.1
1986	787	-161	-17.0
1987	875	88	11.2
1988	1054	179	20.5
1989	1139	85	8.1
1990	1214	75	6.6
1991	1219	5	0.4
1992	1249	30	2.5
1993	1275	26	2.1
1994	1356	81	6.4
1995	1455	99	7.3
1996	1682	227	15.6
1997	1837	155	9.2
1998	1801	-36	-2.0
1999	1781	-20	-1.1
2000	1857	76	4.3
2001	1926	69	3.7
2002	2083	157	8.2
2003	2275	192	9.2
2004	2629	354	15.6
2005	2914	285	10.8
2006	3204	290	10.0
2007	3908	704	22.0
2008	4468	560	14.3
2009	4371	-97	-2.2
2010	5064	693	15.9
2011	6708	1644	32.5
2012	8296	1588	23.7
2013	8716	420	5.1
2014	7943	-773	-8.9
2015	7633	-310	-3.9
2016	7183	-450	-5.9
2017	7326	143	2.0
2018	7264	-62	-0.8
2019	7432	168	2.3

The majority of farmland sales, 72%, were to existing farmers, of which existing local farmers capture 70% of land sales. Only 2% of sales were to existing relocating farmers. Investors represented 21% of land sales. New farmers represented 5% of sales, and other purchasers were 2% of sales.

Sales to existing local farmers by crop reporting district ranged from 80% in the Northwest district to 49% in the South Central district.

Sales to investors were highest in the South Central district (30%). The Northwest district reported the lowest investor activity (15%).

Land Sales by Seller Category

The 2019 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, 52%, were from estate sales, followed by retired farmers at 24%. Active farmers account for 16% of sales, while investors accounted for 7%.

Estate sales by crop reporting district ranged from 65% in the Northwest district to 35% in the South Central district.

Sales by investors were highest in the South Central district (17%). The West Central district reported the lowest investor sale activity (5%).

Respondents by Occupation and by Mode of Survey

The 2019 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 they offer services in.

In total, 553 agricultural professional completed the survey, providing 679 county land value estimates. Of these 553 respondents, agricultural lenders represented the largest group, accounting for 37% of all respondents. Realtors/brokers, farm managers, and appraisers were the next three largest groups, representing 16%, 12% and 7% of respondents, respectively.

Of all respondents, the percentage of agricultural lenders ranged from 23% in the South Central

district to 44% in the Northeast and West Central districts.

Agricultural professionals on average have 26 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, farm managers, appraisers, ag lenders, and realtors/brokers offer services to 10, 15, 4, and 13 counties, respectively.

The survey was completed online by 61% of the 553 respondents. Eighty-two percent of the respondents only provided land value estimates for their primary county. Eleven and 3% of the 553 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-three percent of respondents forecasted an increase in their local land market in one year, while 26% expected a lower land value, and 31% forecasted no change. Looking five years ahead, a vast majority of the respondents (78%) expect a higher land value than current levels, with only 11% 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 2020 and 2024 (five years from now) are \$3.76 per bushel and \$4.19 per bushel, respectively. The statewide average soybean price predictions are \$8.91 per bushel in one year and \$9.82 per bushel five years from now.

Respondents reported typical interest rates for 20-year farmland mortgages and one-year operating loans at 4.87% and 5.66% respectively.

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 91% 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 36%, 40%, and 24% 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 70, which is comparable to the CSR2 for low-quality land in the Northwest district (65).

Interpretation of the 2019 Survey Results

The 2019 ISU Land Value Survey shows a 2.3% increase in average Iowa farmland values from November 2018 to November 2019. The average statewide value of an acre of farmland is now estimated at \$7,432. This modest increase, which barely exceeds the pace of inflation, is the second rise over the past six years, but still represents a 15% decrease from the 2013 peak in nominal land values, or a 23% drop in inflation-adjusted values.

The recent increase is largely attributable to lower interest rates, limited land supply, strong yields, and to some extent the trade aid payments. At the same time, the magnitude of this rise is still very modest and represents an overall stable land market as opposed to one in rapid rebound. Many respondents still cited low commodity prices, weather, and trade uncertainty as negative factors influencing the land market. Two-thirds of the respondents reported no change or less sales compared to a year ago. In general, the survey respondents have an optimistic view regarding the strength of the future land market both one and five years from now.

The 2019 ISU Land Value Survey revealed an overall positive, yet mixed, land value pattern across crop reporting districts, counties, and land quality classes. Local land supply and demand, as well as the local fluctuations in farm income,

Table 2. Estimated average CSR2 and percent of land area by land quality, 2019

	Reported Average CSR2			Reported Percent of Land Area		
	High Quality	Medium Quality	Low Quality	High Quality	Medium Quality	Low Quality
Northwest	89	79	66	44	38	18
North Central	86	74	61	40	40	20
Northeast	82	68	52	34	41	25
West Central	81	68	53	33	44	23
Central	85	74	60	46	37	17
East Central	86	71	54	39	37	24
Southwest	79	64	49	27	47	26
South Central	72	54	38	22	42	36
Southeast	81	65	46	30	43	27
STATE	83	69	54	36	40	24

largely explain the variations across the state. All crop reporting districts, except for the Northeast district, reported an increase in land values: the largest percentage increase was in the East Central district, 5.9%, while the Northeast district reported a 2.9% loss, mainly due to financial stress in the dairy sector. Eighty-two of 99 counties in Iowa reported a rise in land value, while the remaining 17 counties saw a decline. The largest percentage increase, 5.4%, was reported in both Boone and Story Counties, while the highest percentage decrease (2.2%) was reported in Clayton and Allamakee Counties.

In general, the results from the 2019 ISU Land Value Survey echo results from other surveys, which all showed relatively stable farmland market trends with recent signs of growth. In November 2019, the Federal Reserve Bank of Chicago reported a 2% increase in Iowa's "good" farmland values from July 1, 2019 to Oct.1, 2019. In September, the Realtors Land Institute reported a 0.8% hike in Iowa cropland values from March 2019 to September 2019, which constitutes an overall 0.2% decline from September 2018 to September 2019. In contrast, US Department of Agriculture June Area Survey reported a 1.1% decline in Iowa's agricultural real estate values (land and building) from June 2018 to June 2019.

The 2019 ISU Land Value Survey shows that the majority of farmland sales, 72%, were to existing farmers. Investors represented 21% of land sales. Estate sales were still the main source of sales, followed by sales by retired farmers.

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 Nov.1, 2019."

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 the 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 formal appraisal of a particular parcel, go to county assessor websites, or examine recent auction results for comparable parcels in their region.

Farmland sale activities tend to be correlated with changes in land values — with the current farm downturn, landowners tend to continue to hold land parcels and postpone sales, which results in a continuation of less farmland sales. With the continued decline in farm income and profitability, some existing landowners may reconsider retirement and eventually sell their land. The heightening farm financial stress is already putting pressure on some vulnerable producers to liquidate some of their assets. To the extent that this will lead to more land parcels on the market, which is not much given the currently tight market, there could be additional downward pressure on the farmland market. Many agricultural professionals have noticed an uptick in the number of land auctions across the state this year. According to the [2017 Iowa Farmland Ownership and Tenure Survey](https://store.extension.iastate.edu/product/6492), <https://store.extension.iastate.edu/product/6492>, half of Iowa's farmland has been held by the same owner for more than 20 years.

As a result, a large influx of farmland supply is not likely, but this potential rise in farmland sale activity and continued decline in farmland values might present opportunities for beginning farmers and ranchers to enter the market.

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. Since 1941, the nominal and inflation-adjusted Iowa farmland values have averaged a 6.4% and 2.6% increase per year, respectively. Farmland values have increased 72% of years, decreased 27% of years, and remained unchanged for three years between 1910 and 2019. 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 unique uncertainties worth watching over the next year or two. First, it remains unclear whether and how quickly the Federal Reserve will continue to cut interest rates. Lower interest rates tend to reduce interest expenses for producers, incentivize more farmland investment, and support farm income and land values. Second, it is still highly uncertain how the trade negotiations and disputes with China will turn out, and a key milestone

is whether both countries carry out the threats to further escalate the trade disruption on Dec. 15. Over time, China has grown to become an indispensable trading partner for US agriculture, and the details of the trade deals, or the lack thereof, will have significant impacts on farm income and land values. It is also worth noting that it takes time for the land market to fully capitalize the income shocks resulting from the trade disruptions. Finally, it is critical to watch whether the improved farm income and land market 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, strong demand, and limited land supply. This increase is still modest, but indicates the stability of the farmland market. The interest rate changes and progress in trade talks will have significant implications on commodity prices, farm incomes, and farmland values. That said, Iowa's farmland market looks to remain stable in the year ahead.

More details on the survey can be found on the [CARD website](http://www.card.iastate.edu/farmland), 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, 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.

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
All farmland										
2005	2914	3393	3222	2963	3048	3415	3396	2350	1793	2483
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
High quality										
2005	3511	3813	3588	3522	3691	3935	4069	2925	2659	3385
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
Medium quality										
2005	2736	3199	2982	2834	2833	3165	3172	2217	1725	2347
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
Low quality										
2005	1961	2382	2252	2032	1970	2353	2237	1614	1252	1438
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

