Presentation Objectives

• Highlight Surveys related to Iowa Farmland Values & Leasing
  – 2013 Farmland Values
  – Cash Rental Rates for Iowa - 2014
  – 2012 Iowa Land Ownership and Tenure

• Provide Comparison of Risk vs. Reward for Various Farmland Rental Methods

• Highlight 2015 Crop Cost Forecasts

• Discuss 2014 Farm Bill & New Programs

• ISU Extension Farmland Leasing Websites
Who Purchased Iowa Farmland?

- Investors: 18%
- Existing Farmers: 78%
- New Farmers: 3%
- Others: 1%

Positive Factors affecting Land Values

- Interest rates: 56%
- Commodity prices: 37%
- Good farm economy: 24%
- Land availability: 15%
- Cash available: 14%
- Yields: 13%
- Strong demand: 11%
Negative Factors affecting Land Values

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low commodity prices</td>
<td>76%</td>
</tr>
<tr>
<td>Weather</td>
<td>21%</td>
</tr>
<tr>
<td>Poor yields</td>
<td>13%</td>
</tr>
<tr>
<td>Govt programs</td>
<td>11%</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>10%</td>
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<tr>
<td>Long term interest rates</td>
<td>10%</td>
</tr>
</tbody>
</table>

Iowa Land Value & Cash Rental Rate Trends

Averages

- 2013 Land Value: $8,716/A
- 2014 Cash Rent: $260/A
Comparing Crop Share, Cash and Flex Rents

$ per acre

Crop Share  
Cash  
Flex Rent


$250/A Base Rent + Bonus (33% of Net)

$310  $295  $263  $259
Average  Average  Average  Average

$250  $250  $250  $250  $250  $250
2009 2010 2011 2012 2013 2014*

Cash Rent $/A

Base Rent  Corn Acres Flexible Payment  Soybean Acres Flexible Payment

*Estimate
What is the Best Type of Farm Lease?

Early 2015 Crop Cost Forecasts

<table>
<thead>
<tr>
<th></th>
<th>Total Cost</th>
<th>Expected Yield bu/A</th>
<th>Cost Per Bushel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybeans after Corn</td>
<td>$546</td>
<td>50</td>
<td>$10.92</td>
</tr>
<tr>
<td>Corn after Soybeans</td>
<td>$770</td>
<td>180</td>
<td>$4.28</td>
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<tr>
<td>Corn after Corn</td>
<td>$823</td>
<td>165</td>
<td>$4.99</td>
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</tbody>
</table>

Source: Plastina, ISU Extension Economics, July 2014
New 5-Year Farm Program (2014-2018)

Marketing Loan National Rates:
- $1.95/bu Corn
- $5.00/bu Soybeans


5 ISU Extension Web Sites

• Ag Decision Maker
  www.extension.iastate.edu/agdm/wdleasing.html

• Farm Management Specialists
  www.extension.iastate.edu/ag/farm-management-0

• Calendar of Events
  www.extension.iastate.edu/calendar

• Center for Agricultural Law and Taxation
  www.calt.iastate.edu

• 2014 Farm Bill Information
  www.extension.iastate.edu/agdm/info/farmbill.html