The 2018 Iowa State University Land Value Survey showed a modest decrease in farmland values. The estimated $7,264 per acre statewide average for all qualities of land represents a 0.8% decrease from November 2017. This decrease is largely driven by lower commodity prices, higher interest rates, and to some extent, trade disruptions.

A web-portal, http://www.card.iastate.edu/farmland, has been developed to pool various sources of Iowa farmland values and offers visualization tools like charts over time and interactive county maps. Users can examine land value trends over time and across space at the county, district, and state level.

The 2018 ISU survey found existing farmers are the primary purchasers of farmland, accounting for 72% of sales. The percent of sales to investors fell slightly from 23% in 2017 to 21% in 2018. Sales to new farmers also grew slightly to 5%.

Five of nine crop reporting districts reported an increase in values, with the South Central district reporting a 3.8% increase. The Central and Southeast districts reported a 2.4% and 3.6% loss, respectively. Additionally, 34% of respondents reported lower sales in 2018 relative to 2017. Limited land supply was the most commonly noted positive factor influencing the land market and lower commodity prices was the most commonly noted negative factor.

Table 1. Average value per acre of Iowa farmland listed by crop reporting districts and quality of land 1977-2018

Table 2. Recent changes in Iowa farmland values 1977-2018

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Figures and Tables presented in this brochure are based on the 2018 Iowa Land Value Survey.

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Analysis by county
The 2018 statewide average for all qualities of land, estimated at $7,264 per acre, is a decrease of $62 per acre (0.8%) from 2017. Seventy of 99 counties in Iowa reported a drop in land value. Scott County again reported the highest value at $10,537 per acre. The largest percentage increase, 3.1%, was in both Floyd and Mitchell Counties. The lowest value per acre in the state was again reported by Decatur County, $3,488 per acre. The largest dollar decrease was reported in Hamilton County, $285 per acre. The largest percentage decrease, 3.3%, was reported in Humboldt and Wright Counties.

Analysis by quality of land
Low-quality land in the state averaged $4,609 per acre, a 1.7% ($61) decrease compared to 2017 values. Medium-quality land averaged $6,805 per acre, a 0.7% ($45) decrease. High-quality land averaged $8,863 per acre, a decrease of 0.8% ($70) per acre when compared to 2017 values.

Respondents were asked to provide estimated average CSR2 for high-, medium-, and low-quality land in their county, which were reported as 82, 69, and 54 points, respectively, for statewide averages.

Analysis by crop reporting district
Five of nine crop reporting districts reported an increase in land values: the largest percentage increase was in South Central Iowa, 3.8%. The Central and Southeast districts reported losses of 2.4% and 3.6%, respectively, while the Northeast and Southwest district reported no notable changes in value.

Land buyers and sellers
The majority of farmland sales, 72%, were to existing farmers, with existing local farmers making up 69% of sales. Investors and new farmers represented 21% and 5% percent of sales, respectively; the remaining 2% was sold to uncategorized buyers. Estate sales accounted for 52% of farmland sales, and retired farmers accounted for 23% of sales.

Thirty-four percent of survey respondents reported lower sales in 2018 relative to 2017, 28% reported more sales, and 38% reported similar/no change in sales.

Future land values
The 0.8% decrease in Iowa land values was largely driven by lower commodity prices, higher interest rates, and trade disruptions. Despite modest losses, the likelihood of seeing a replay of the 1980s farm crisis or a sudden collapse of the US farm sector is small. Significant farm income accumulation during 2003–2013, historically low interest rates, and more prudent agricultural lending practices should fuel a gradual downturn as opposed to sudden collapse.

Across the Midwest, there are signs of deteriorating agricultural credit conditions and a continued, prolonged downturn in the agricultural economy, although with a much slower pace. Given the rising interest rates and still-high uncertainty regarding U.S. agricultural trade, the land market in Iowa might see another modest decline next year despite an overall stabilizing trend.