

# Spring ASFMRA/RLI Iowa Meeting

REALTORS® Land Institute – Iowa Chapter

Land Trends & Values Press Release

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**Farm Credit Services  
of America**

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SERVICES**

# REALTORS® Land Institute – Iowa Chapter

## March 2019 Land Value Survey Press Release

- ▶ REALTORS® Land Institute is an affiliate of the National Association of REALTORS®
- ▶ Organized for REALTORS® who specialize in farm and land sales, management, development and appraisal



# REALTORS® Land Institute – Iowa Chapter

## March 2019 Land Value Survey Press Release

- ▶ Participants in the Survey
  - ▶ Asked for their opinions about the current status of Iowa's farmland market.
  - ▶ Asked to estimate the average value of farmland as of March 1, 2019.
  - ▶ Estimates are for bare, unimproved land with a sale price on a cash basis.



**REALTORS® Land Institute- Iowa Chapter**  
**March 1, 2019**



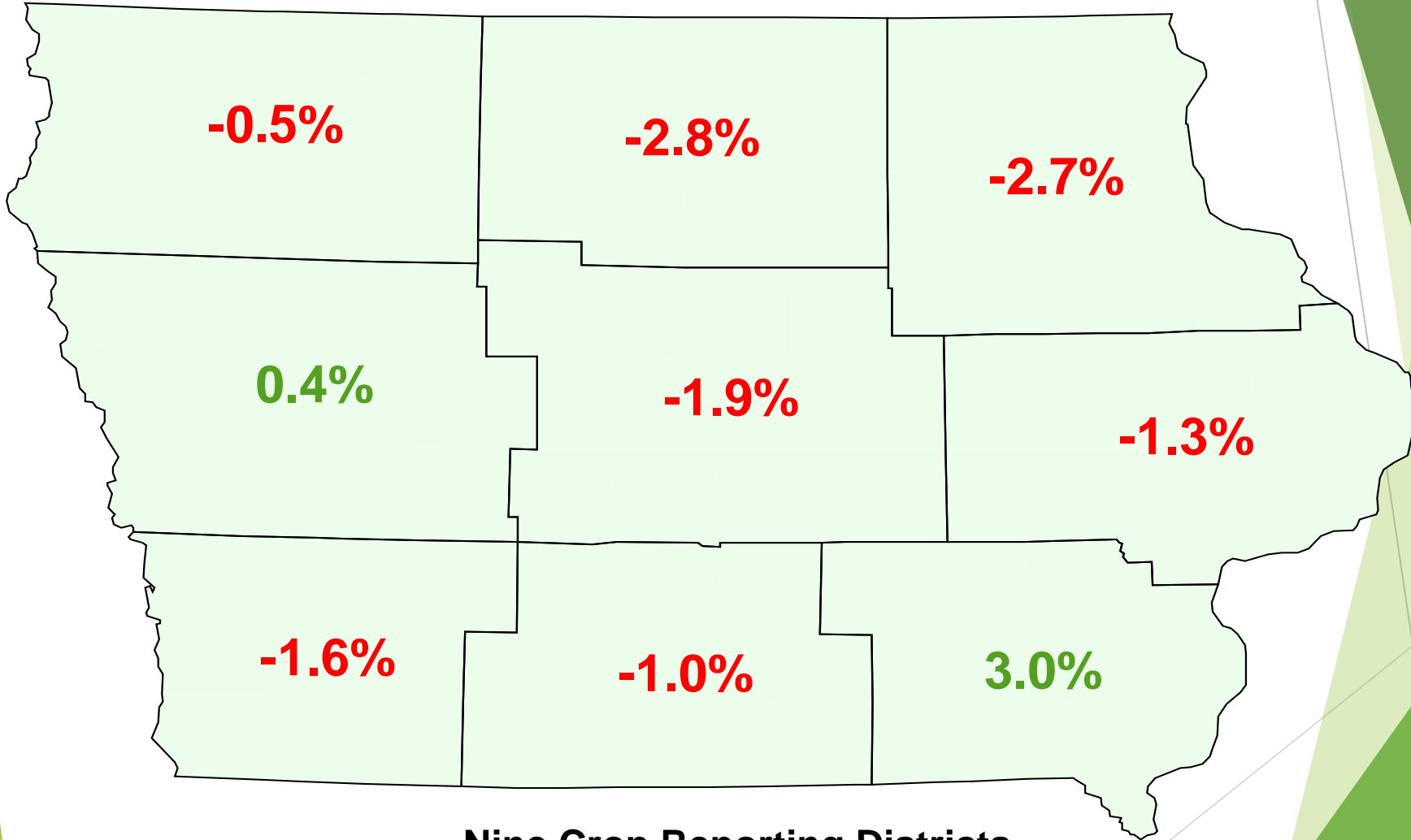
**-1.0%**

The image features a map of the state of Iowa, outlined in black and filled with a light green color. The map is overlaid with a grid of thin, light green lines representing county boundaries. In the center of the map, the text '-1.0%' is displayed in a large, bold, red font. Below this, the text 'September 2018 – March 2019' is written in a smaller, bold, black font. The background of the slide is white, with a decorative green geometric pattern on the right side consisting of overlapping triangles and polygons in various shades of green.

**September 2018 – March 2019**

# REALTORS® Land Institute- Iowa Chapter March 1, 2019

September 2018 – March 2019

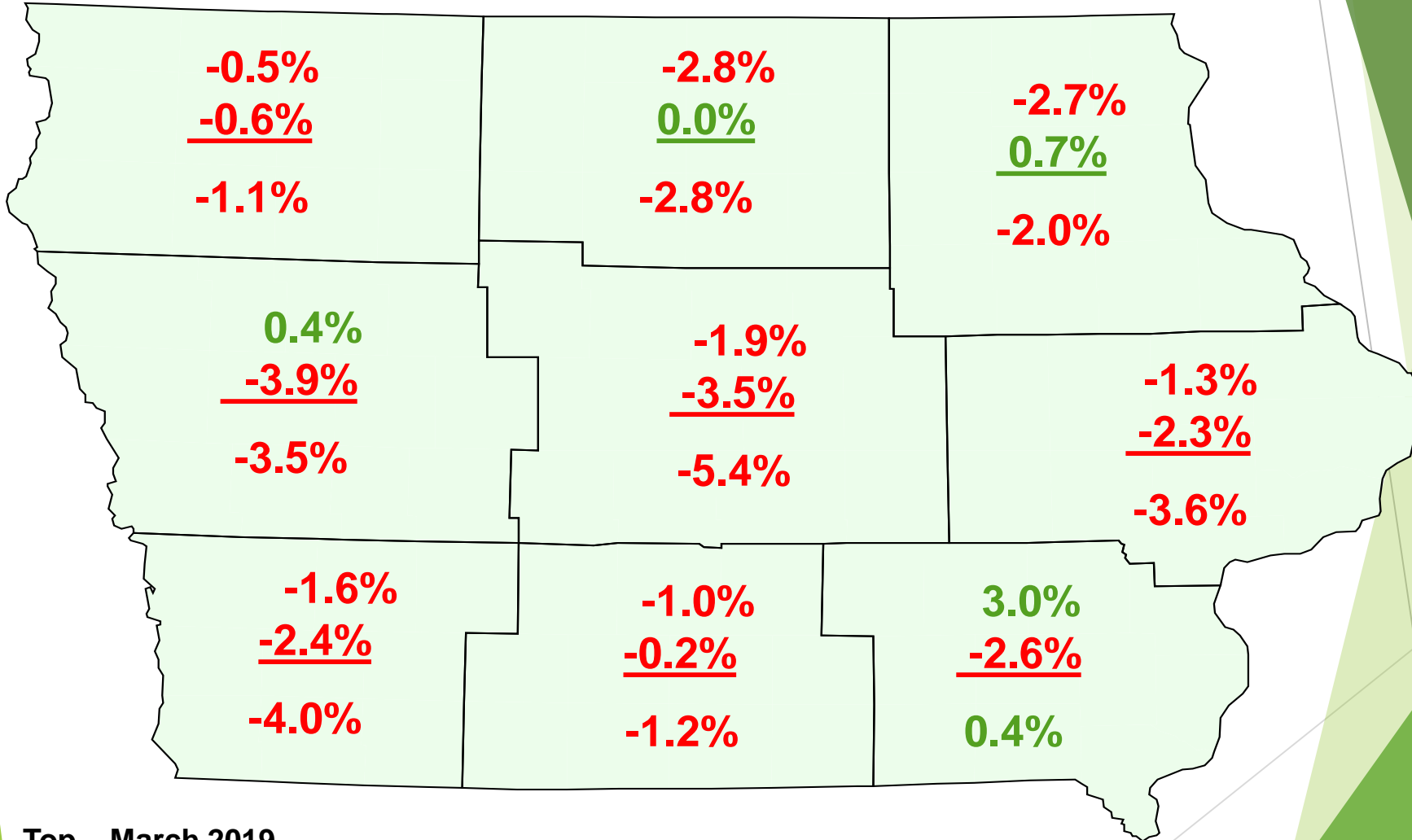


**Nine Crop Reporting Districts**

# REALTORS® Land Institute- Iowa Chapter

## March 1, 2018

March 2018 – March 2019

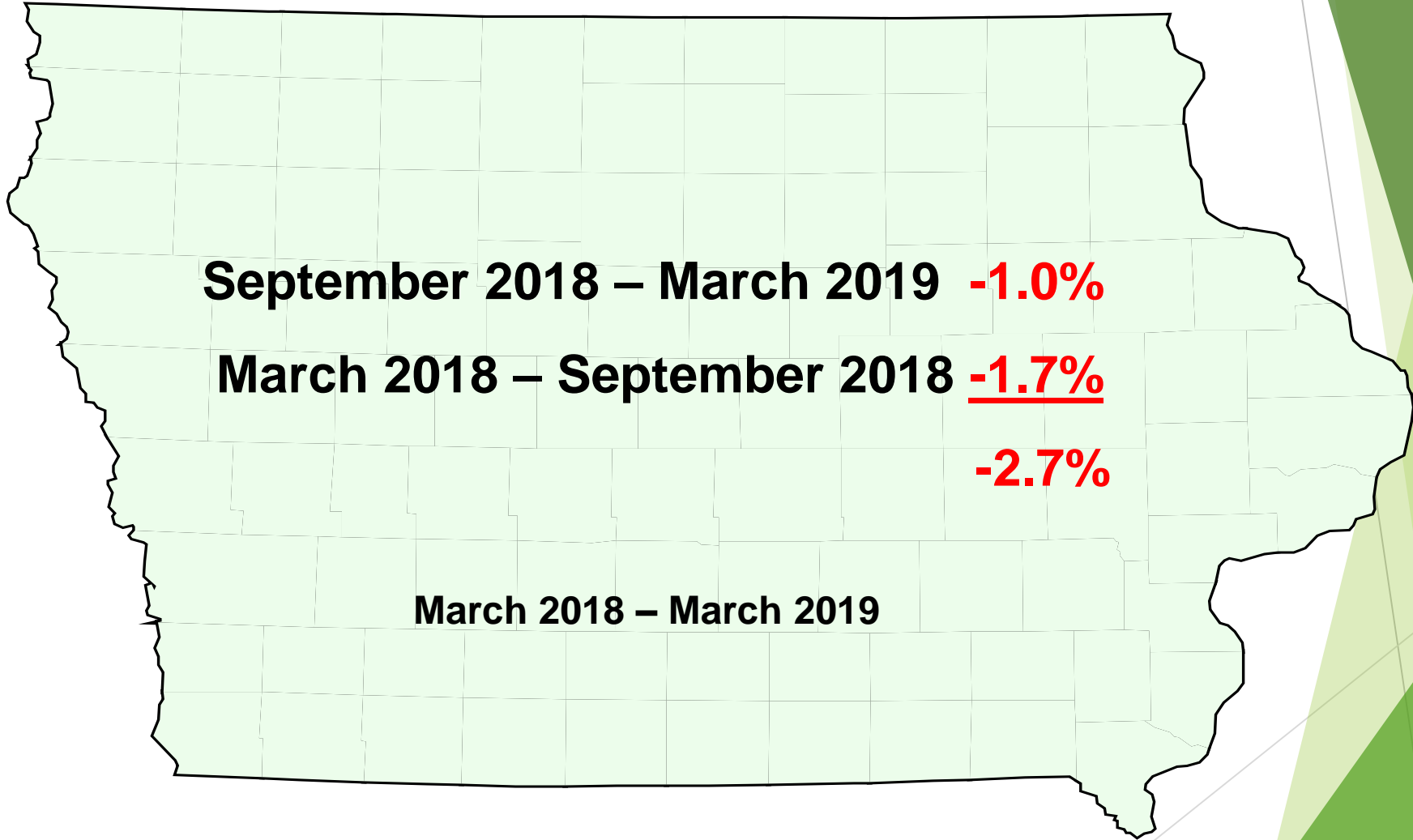


Top – March 2019

Bottom – September 2018

Nine Crop Reporting Districts

**REALTORS® Land Institute- Iowa Chapter**  
**March 1, 2019**



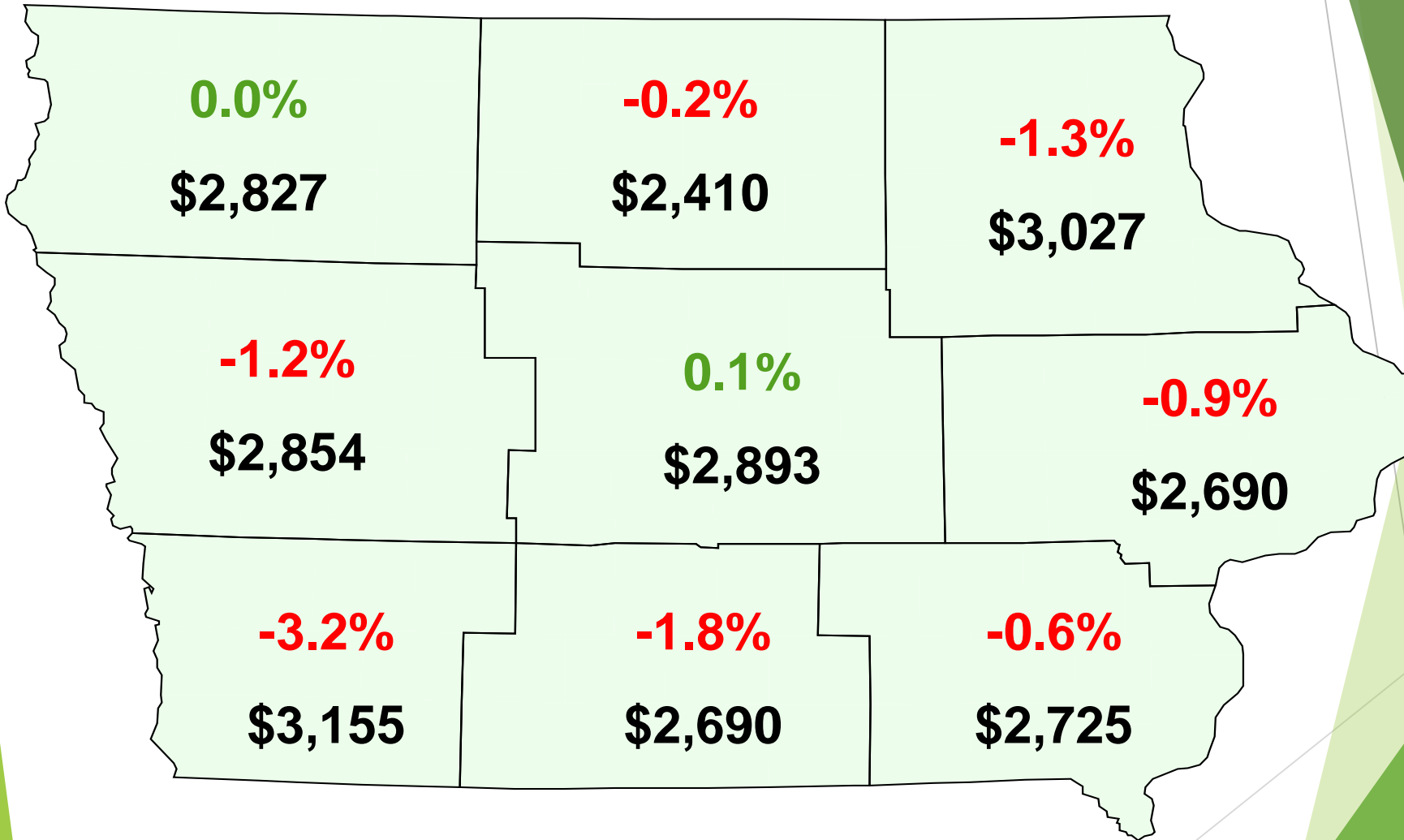
**September 2018 – March 2019 -1.0%**

**March 2018 – September 2018 -1.7%**

**-2.7%**

**March 2018 – March 2019**

**REALTORS® Land Institute- Iowa Chapter**  
**Pasture Values**  
**March 1, 2019**



**Nine Crop Reporting Districts**

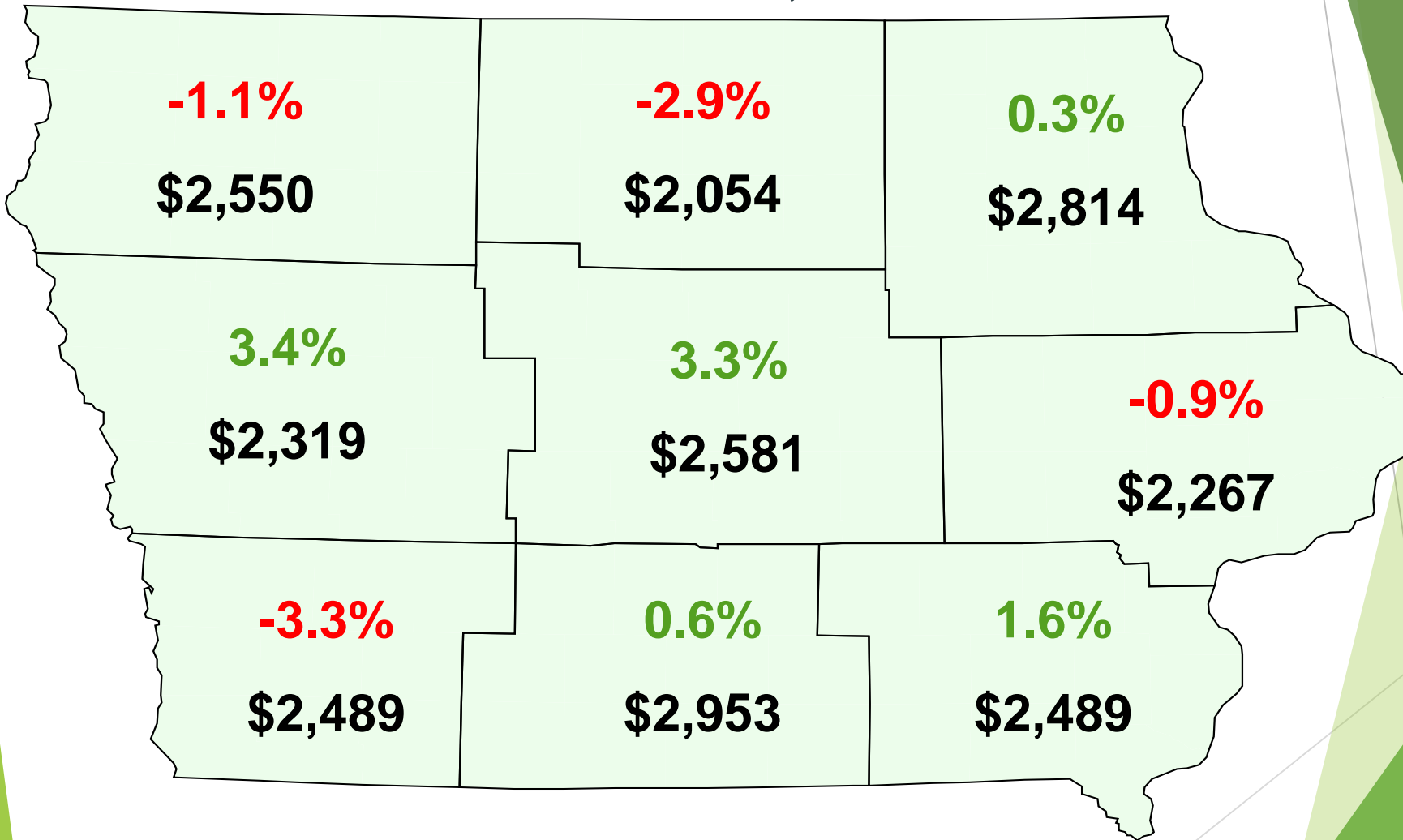
September 2018 – March 2019

Top – Percent change

Bottom – Price per Ac



**REALTORS® Land Institute- Iowa Chapter**  
**Non-Tillable / Timber Acres**  
**March 1, 2019**



Top – Percent change

Bottom – Price per Ac

**Nine Crop Reporting Districts**

September 2018 – March 2019

# REALTORS® Land Institute – Iowa Chapter Land Value Survey March 1, 2018

- ▶ Iowa State University
  - ▶ *November 1, 2017 – November 1, 2018* -0.8%
  
- ▶ Federal Reserve
  - ▶ *January 1, 2018 – January 1, 2019* -1.0%
  
- ▶ Illinois Chapters of ASFMRA, RLI,  
& University of Illinois
  - ▶ 2017 Survey (Jan. '17 – Dec '17) -1 to -5%
  - ▶ **2018 Survey Out Next Week**

# REALTORS® Land Institute- Iowa Chapter

## March 1, 2019

### ▶ Average Tillable Cropland Price

- ▶ March '19      \$6,794
- ▶ March '18      \$6,951
- ▶ March '17      \$6,545
- ▶ March '16      \$6,732
- ▶ March '15      \$7,372
- ▶ March '14      \$8,286
- ▶ March '13      \$8,690
  
- ▶ March '08      \$4,276

# Positive Factors

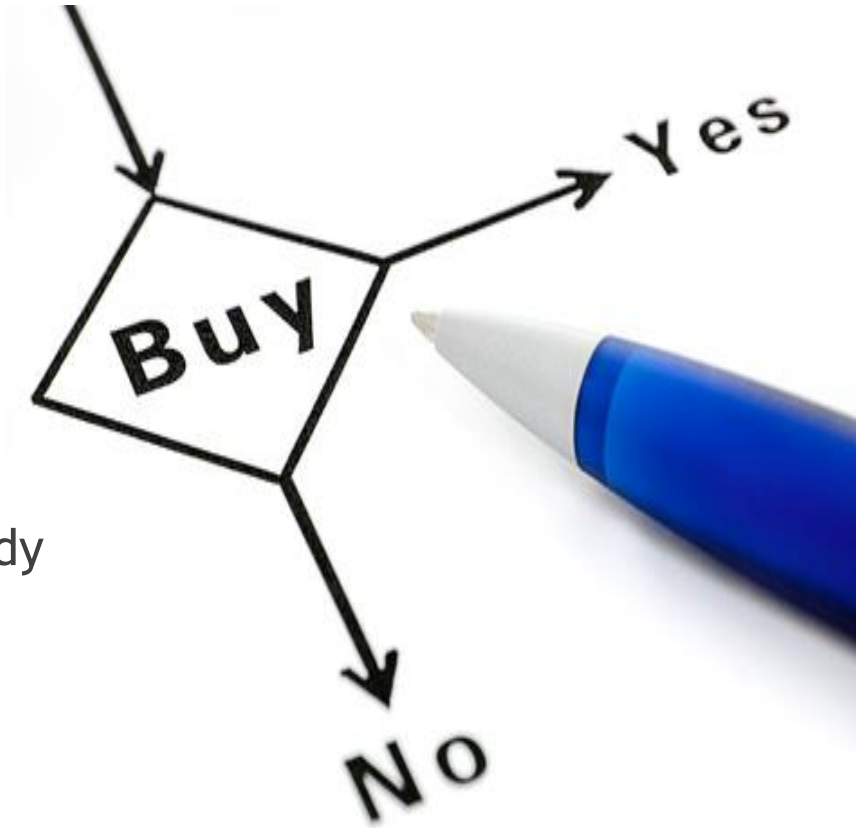
- ▶ Low Supply of Land Available
- ▶ Historically Low Interest Rates
- ▶ Higher than Anticipated Yields
- ▶ 1031 Exchange Activity
- ▶ Stock Market Uncertainty

# Negative Factors

- ▶ Low Commodity Prices
- ▶ Trade Uncertainty/Tarrifs
- ▶ Interest Rates Increasing
- ▶ Tight Operating Capital
- ▶ Slight Trend to Lower Rents

# Who is Buying?

- ▶ Farmers - 77%
- ▶ Investors - 18%
- ▶ Others - 5%
  
- ▶ Iowa State University Study
  - ▶ November 1, 2018
    - ▶ Farmers - 72%
    - ▶ Investors - 21%
  
- ▶ Sales influenced by 1031 Exchanges - 20%



# Who is Selling?

- ▶ Estates and Trusts
- ▶ Farmers
  - ▶ Increase in Leasebacks
- ▶ Investors Trading Assets
- ▶ Current Operators
  - ▶ Generating Operating Capital



# Rate of Return for Buyers

- ▶ Cropland: 2%-4%
  - ▶ 2.9% average response
- ▶ CRP: 3%-6%
  - ▶ 4.3% average response





# Recreational Land (Timber, CRP, Wetlands)

- ▶ Avid Outdoors/Hunting People
- ▶ Out of the Area Investors
- ▶ County Conservation Boards/DNR
- ▶ Activity is Steady



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# Sales Volume Compared to 2017

- ▶ Steady
- ▶ Same
- ▶ Slightly less



# Listings vs. Auctions

- ▶ Auctions still Primary Method
  - ▶ 60% Auctions
    - ▶ High Quality
  - ▶ 40% Private Listings
    - ▶ Lower Quality
- ▶ Increase in Private Listings

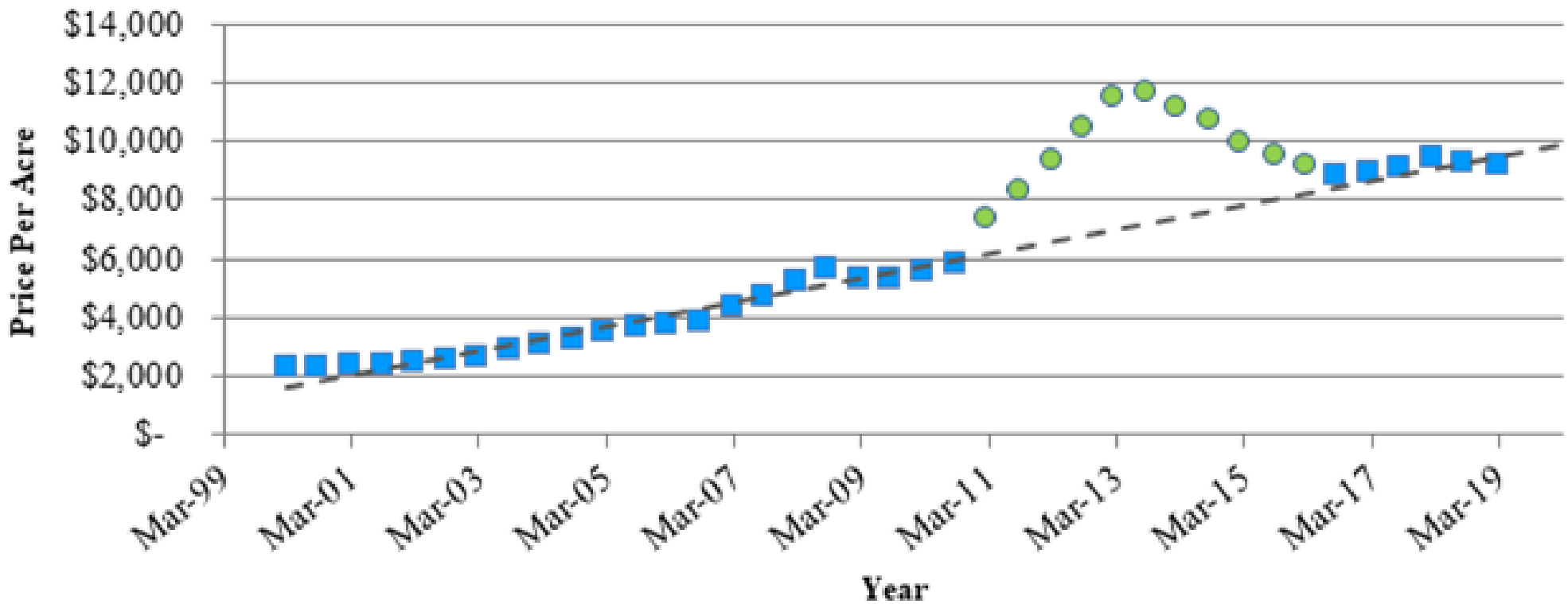


# Farmland Market Next 1-3 Years

- ▶ Very Dependent on Production and Crop Prices
- ▶ Mixed Results
  - ▶ Steady to Higher
  - ▶ **Flat**
  - ▶ Steady to Lower
- ▶ Volatile Market

# Trendline Cropland Prices

## High Quality Iowa Cropland Values



Data is from Iowa Realtors Land Institute surveys

Analysis by Hertz Appraisal Services

# Conclusion

- ▶ **Land Values Mixed - Stable to Softer**
  - ▶ Sales have been volatile
- ▶ **Negatives for Land Market**
  - ▶ Commodity Prices/ Tight Margins
  - ▶ Uncertainty in Government - Farm Bill/ Trade
  - ▶ Potential Long term interest rates increasing - still favorable
- ▶ **Positives for Land Market**
  - ▶ Farmers still have some cash on hand/equity
    - ▶ Must be perfect farm for their operation to spend available cash
  - ▶ Still limited amount of land for sale
  - ▶ Uncertainty of Alternative Investments
- ▶ **Farmers are Primary Buyers**
  - ▶ Recreational buyers are active as well as investors
- ▶ **Future is Uncertain but Currently Steady**
  - ▶ Will depend on commodity prices and yield
  - ▶ Volume of land on the Market

Questions?

