

# Spring Educational Seminar

Iowa Chapter REALTORS Land Institute

Land Trends & Values

Press Release

RLI Land Trends and Values Committee Chairperson

**Kyle J. Hansen, ALC-A**

Hertz Real Estate Services, Nevada, IA

March 31, 2015



**Farm Credit Services  
of America**

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# Iowa Chapter REALTORS Land Institute

March 2015 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



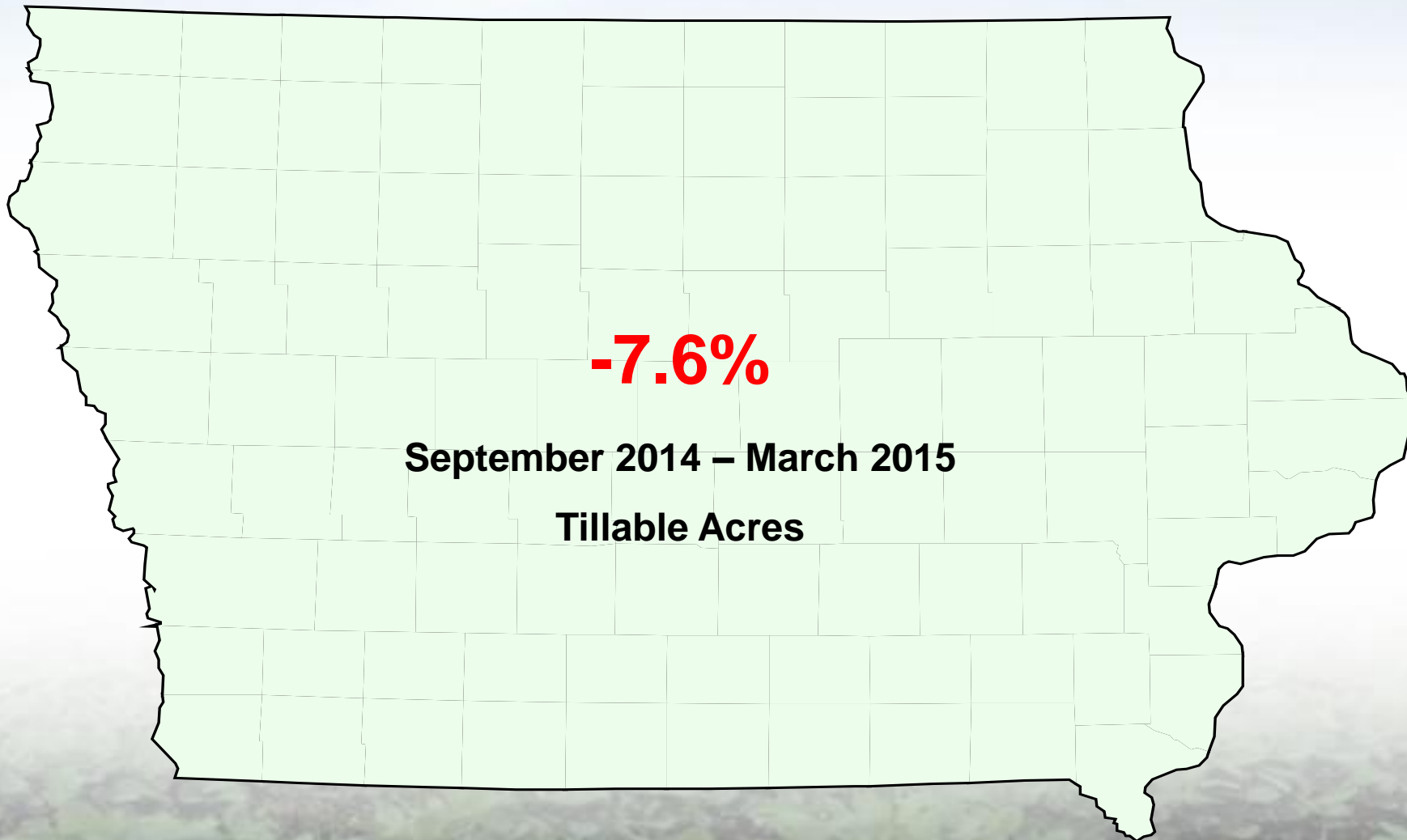
# Iowa Chapter REALTORS Land Institute

## March 2015 Land Value Survey Press Release

- Participants in the Survey
  - Current status of Iowa's farmland market
  - Estimate average value as of March 1<sup>st</sup>
  - Bare, unimproved land
  - Cash basis

# Realtors Land Institute Land Value Survey

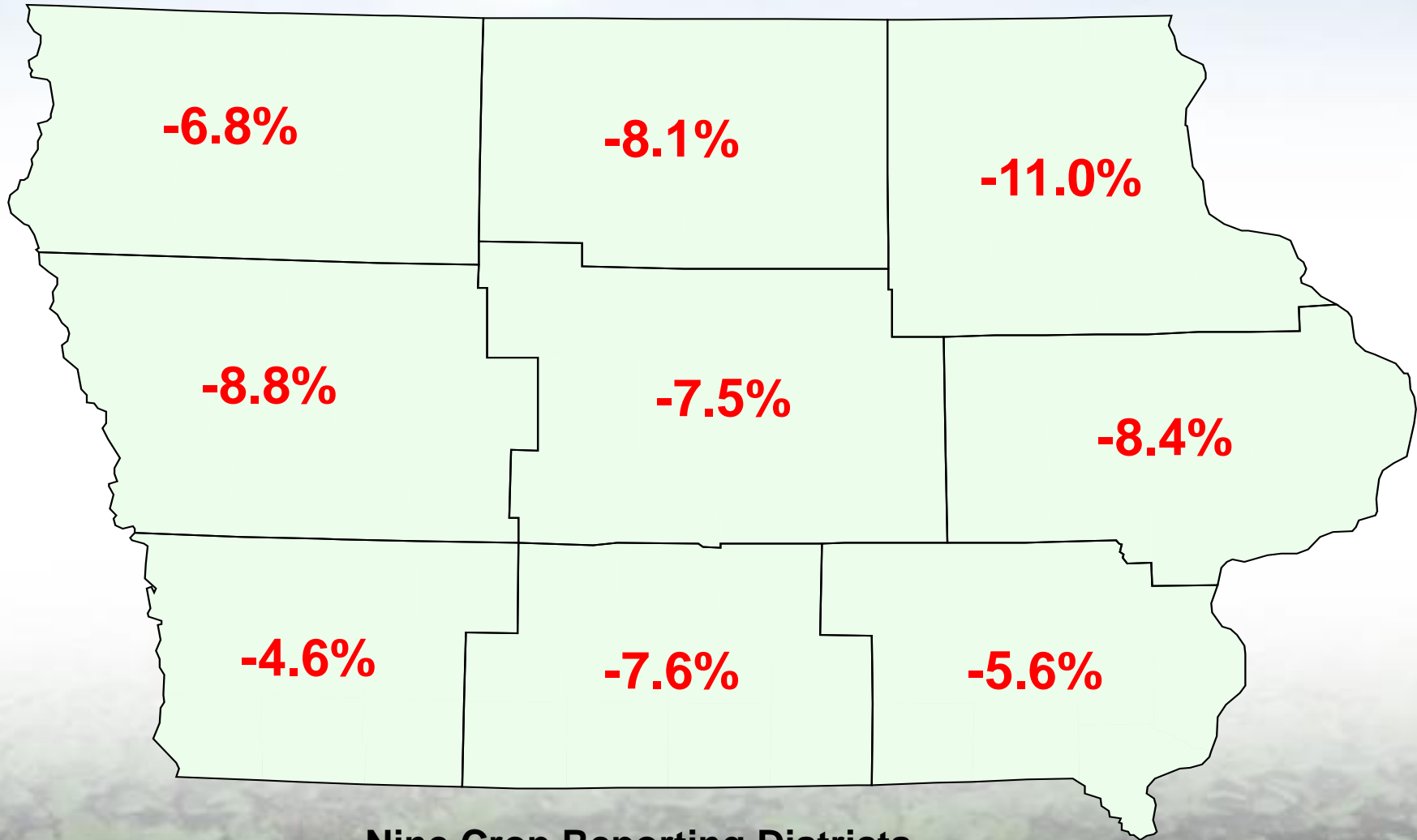
March 1, 2015



# Realtors Land Institute Land Value Survey

March 1, 2015

September 2014– March 2015

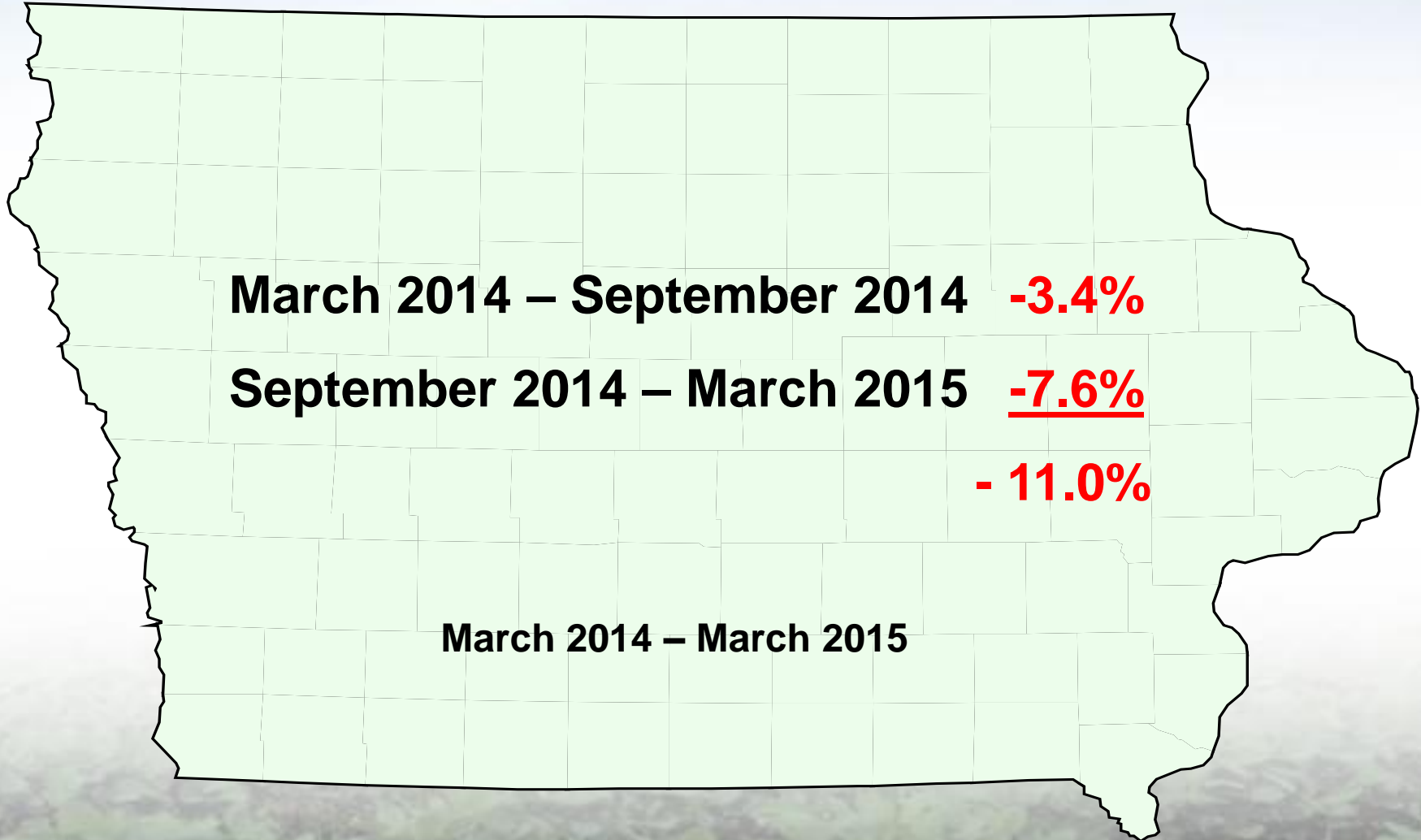


Nine Crop Reporting Districts

Tillable Acres

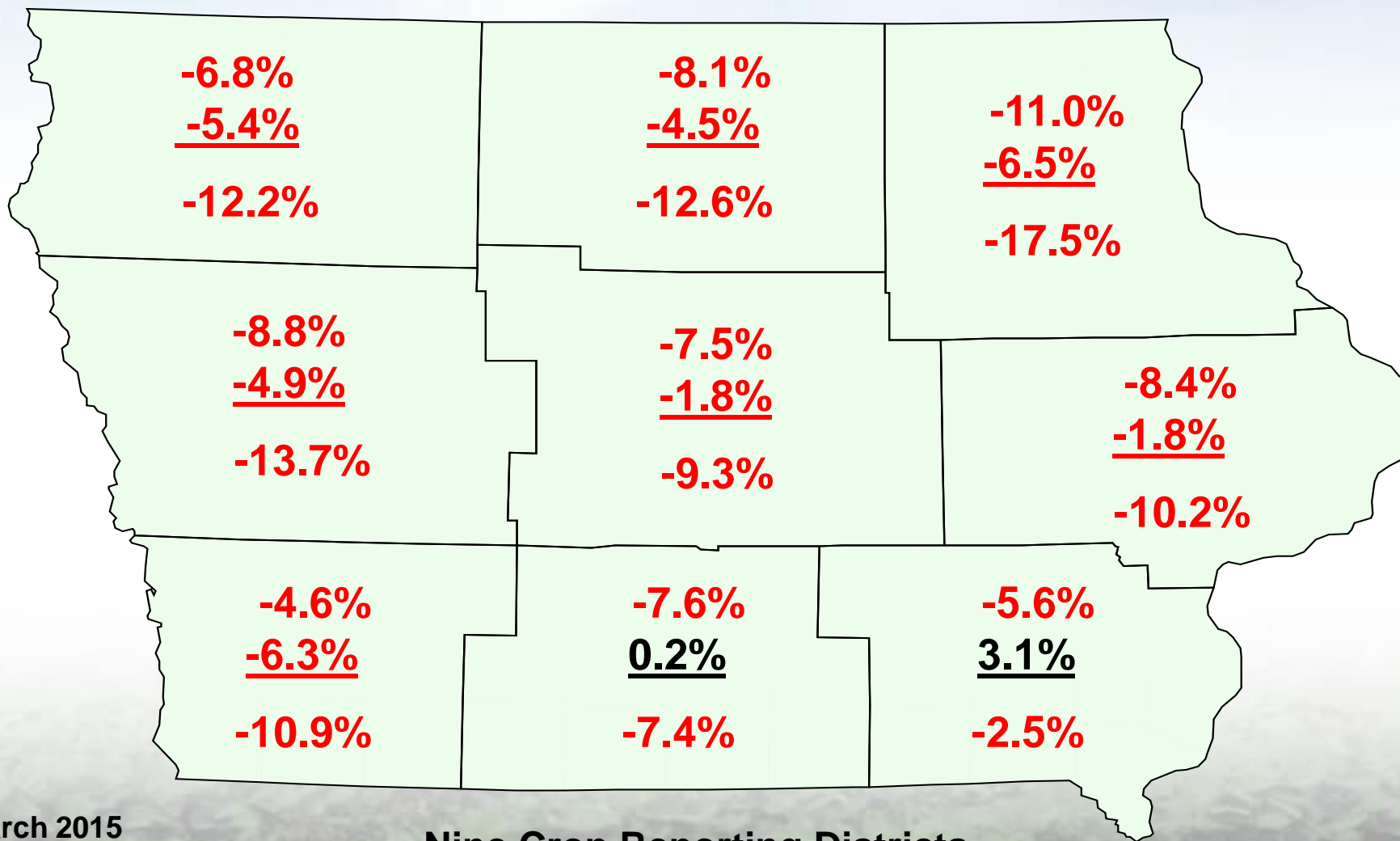
# Realtors Land Institute Land Value Survey

March 1, 2015



# Realtors Land Institute Land Value Survey

March 1, 2015



Top – March 2015

Bottom – September 2014

Nine Crop Reporting Districts

March 2014 – March 2015 Tillable Acres

# Realtors Land Institute Land Value Survey

March 1, 2015

- Iowa State University
  - *November 1, 2013 – November 1, 2014* **-8.9%**
- Federal Reserve
  - *January 1, 2014 – January 1, 2015* **-7.0%**
- University of Nebraska
  - *February 1, 2014– February 1, 2015* **-3.0%**
- Illinois ASFMRA, RLI, Illinois University
  - *January 1, 2014 – December 31, 2014* **- 1% to -3%**



# REALTORS Land Institute

## Land Value Survey

March 1, 2015

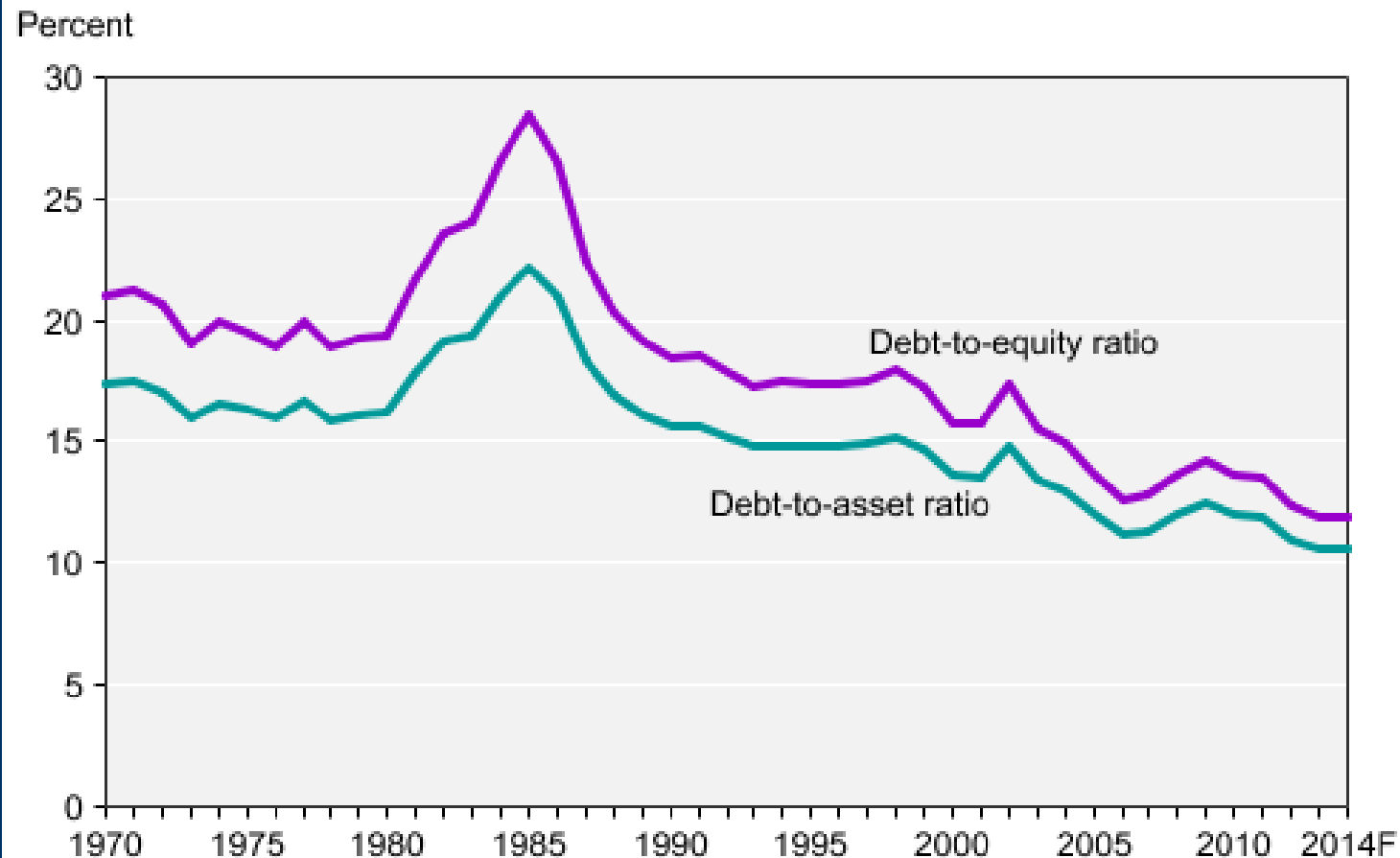
- Average Tillable Cropland Price

- March '15      \$7,372
- March '14      \$8,286
- March '13      \$8,690
- March '12      \$7,132
- March '11      \$5,707
- March '10      \$4,268
- March '09      \$4,231
- March '08      \$4,276



# US Farm Debt to Equity Ratio

Farm sector debt ratios, 1970-2014F

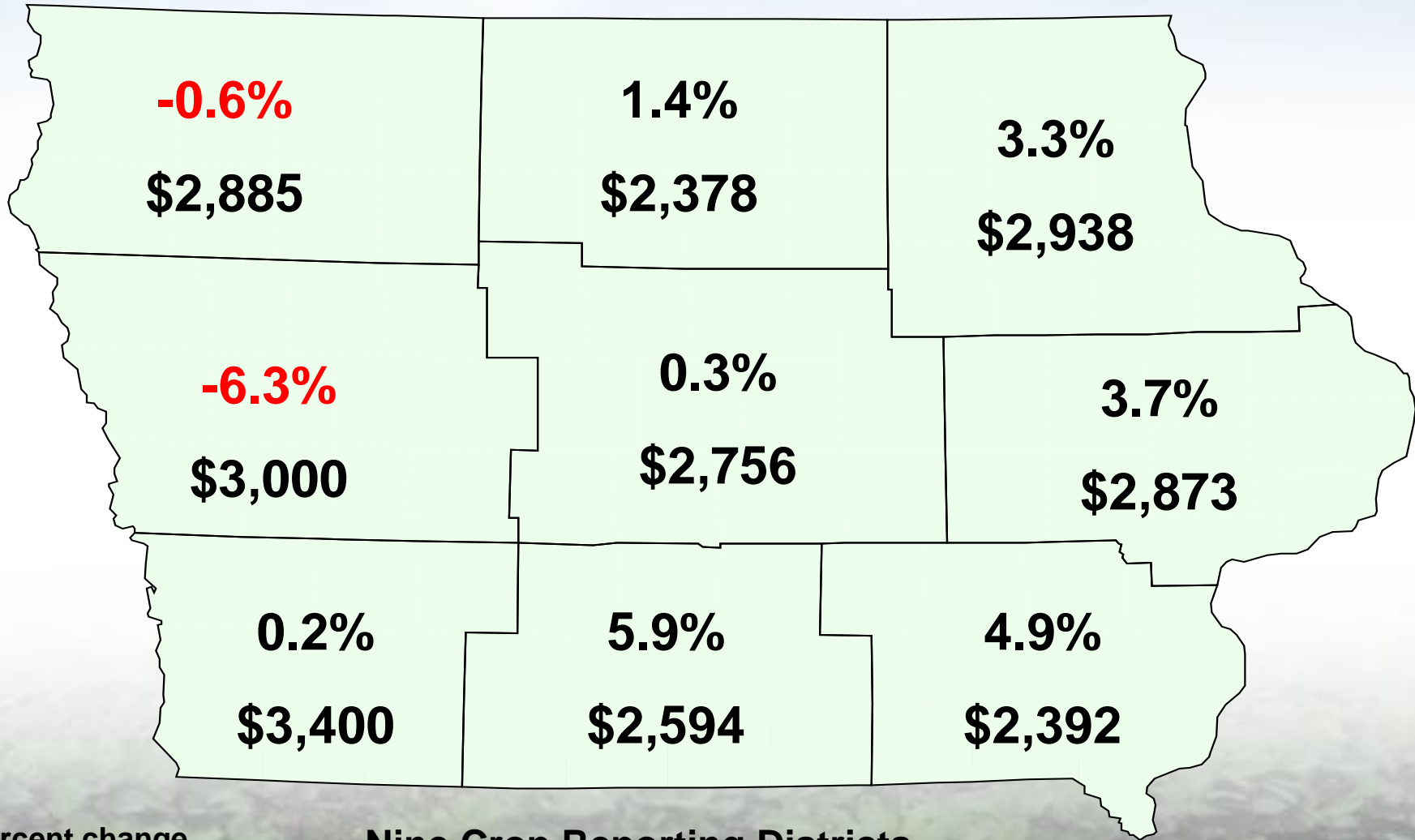


Note: = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of December 12, 2014.

**Realtors Land Institute Land Value Survey**  
**Pasture Acres**  
**March 1, 2015**



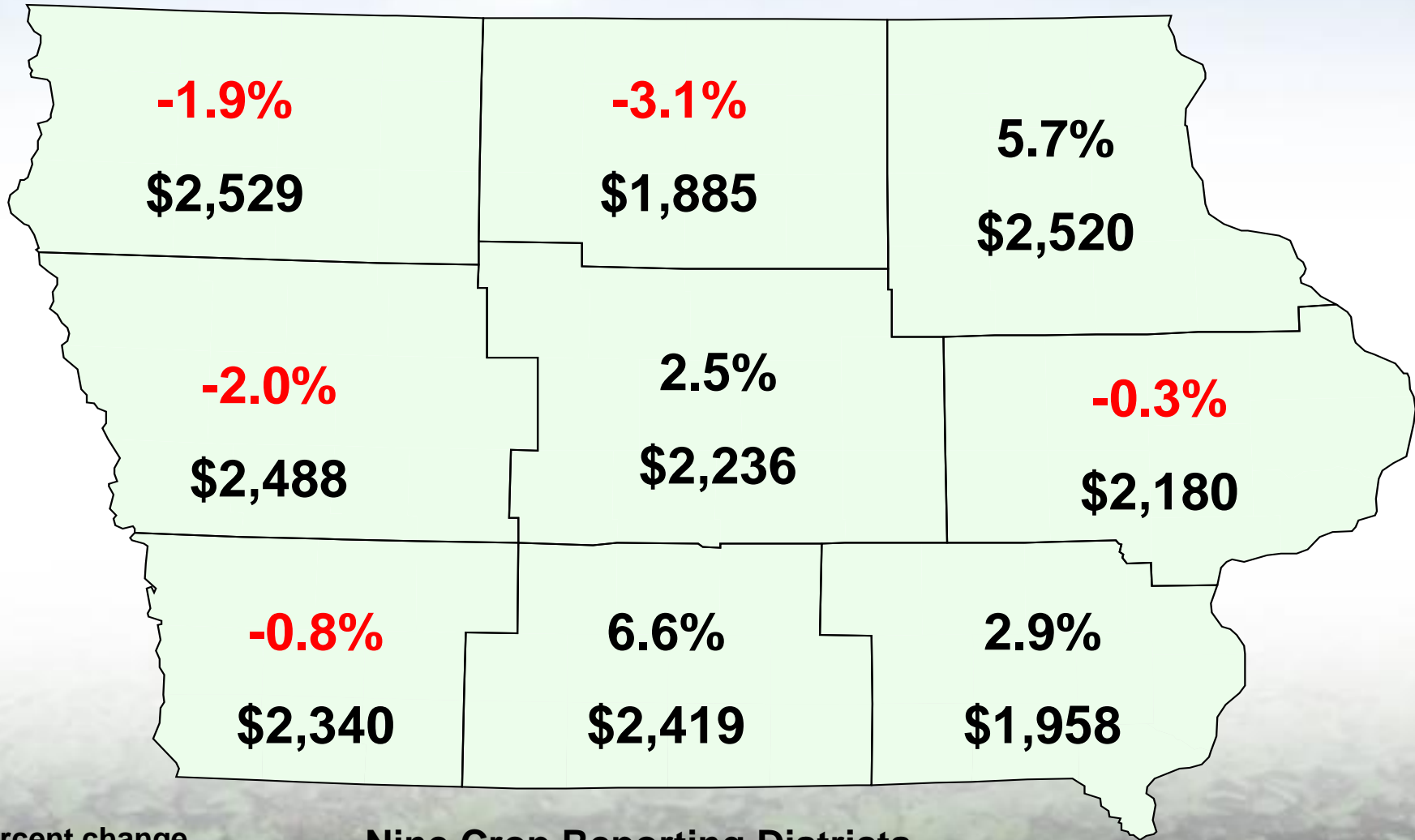
Top – Percent change

Bottom – Price per Ac

**Nine Crop Reporting Districts**

September 2014 – March 2015

**Realtors Land Institute Land Value Survey  
Non-Tillable / Timber Acres  
March 1, 2015**



Top – Percent change

Bottom – Price per Ac

**Nine Crop Reporting Districts**

September 2014 – March 2015

# Positive Factors

- Interest Rates
- Limited Amount of Land for Sale
- Fear of Inflation
- Livestock Markets
- Cash on hand (Excess Liquidity)
- Renewed interest from Investors
- Good Long Term Investment



# Negative Factors

- Commodity Prices
- Interest Rates moving higher
- Input Costs
- Government Uncertainty
  - EPA Regulations
  - Lawsuits
- Lower Net Revenue
- Poor Yields in areas



# Who Is Buying?

- Farmers – 30%-95% (77%)
- Investors – 5%-70% (21%)
- Iowa State University Study – November 1, 2014
  - Farmers – 78%
  - Investors – 18%



- Sales influenced by 1031 Exchanges (<5% - 65%)

# Who Is Selling?

- Estates and/or Heirs – Majority of Sellers
  - Heirs that have inherited the farm
  - Estates with Multiple undivided interests
- Retired Farmers
- Some Farmers - few
- Investors – profit taking





# Recreational Land Buyers (Timber, CRP, Wetlands)

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



# Rate Of Return for Buyers

## Cropland

- 2.5% - 4%

## CRP

- 4%-6%



# Sale Volume Compared to 2014

- All over the board
  - Down 50% to Up 20%
  - Significantly lower
  - Steady
  - Greater



# Listings vs. Auctions

- Auctions still primary method
  - “No Sales”,
    - Most are privately negotiated afterwards
- Increasing Private Sales
- Listings are up

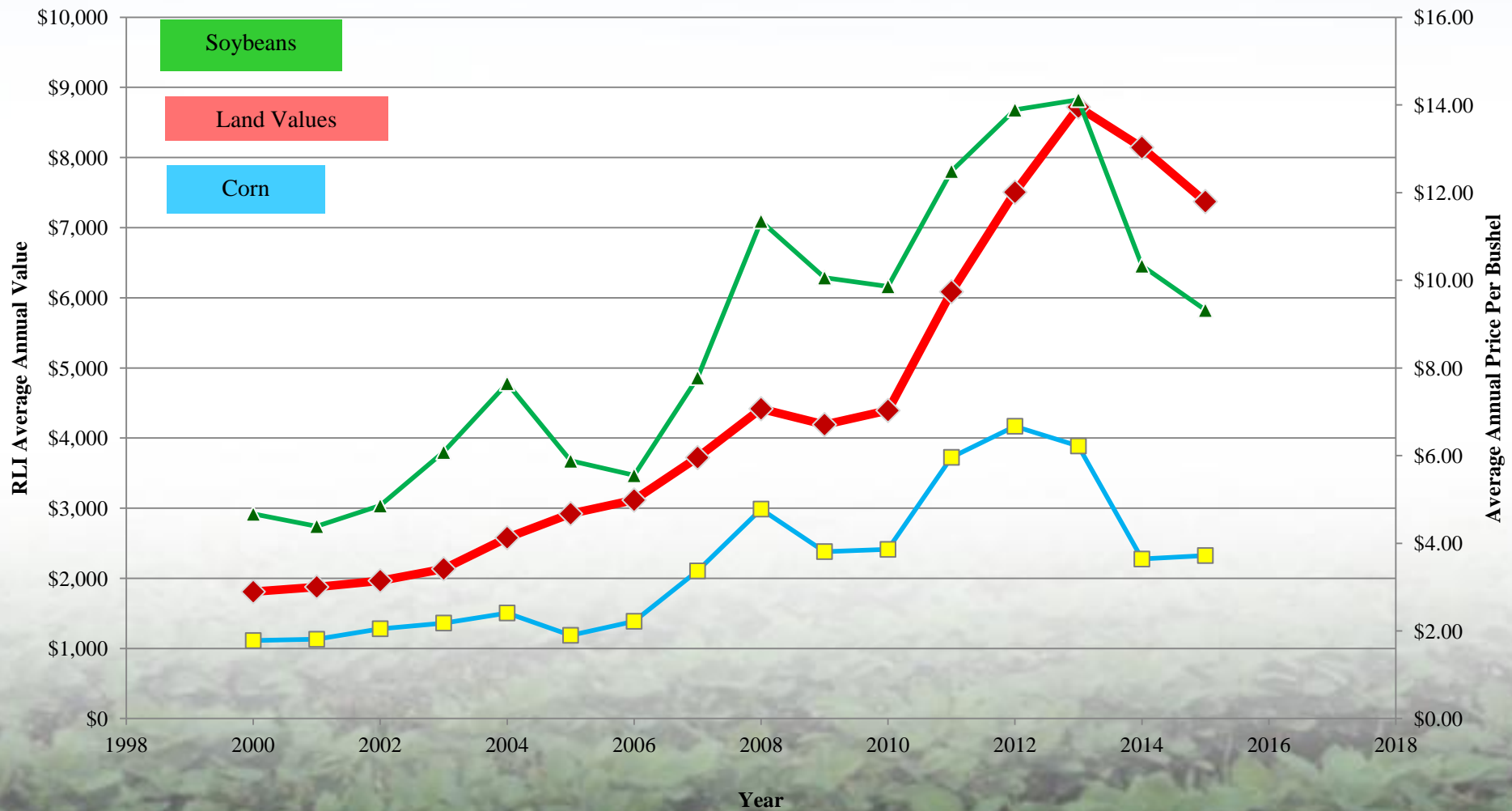


# Farmland Market Next 1-3 Years?

- Dependent on Production in 2015 and Commodity prices (Income)
- Economy (US, World)
- Steady to lower
  - 5% to -20% (over 3 years)
- Sideways



# Land Values vs. Commodity Prices



# Conclusion

- Land values continue to soften
  - Back to roughly 2012
- Farmers still primary buyers
- More investor activity
- Recreational land selling
- Future is uncertain
  - Will follow commodity prices

Questions?





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