

# Spring ASFMRA/RLI Iowa Meeting

REALTORS® Land Institute – Iowa Chapter

Land Trends & Values Press Release

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Land Trends and Values Committee Chairman

March 1, 2018



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of America**

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# REALTORS® Land Institute – Iowa Chapter

## March 2018 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



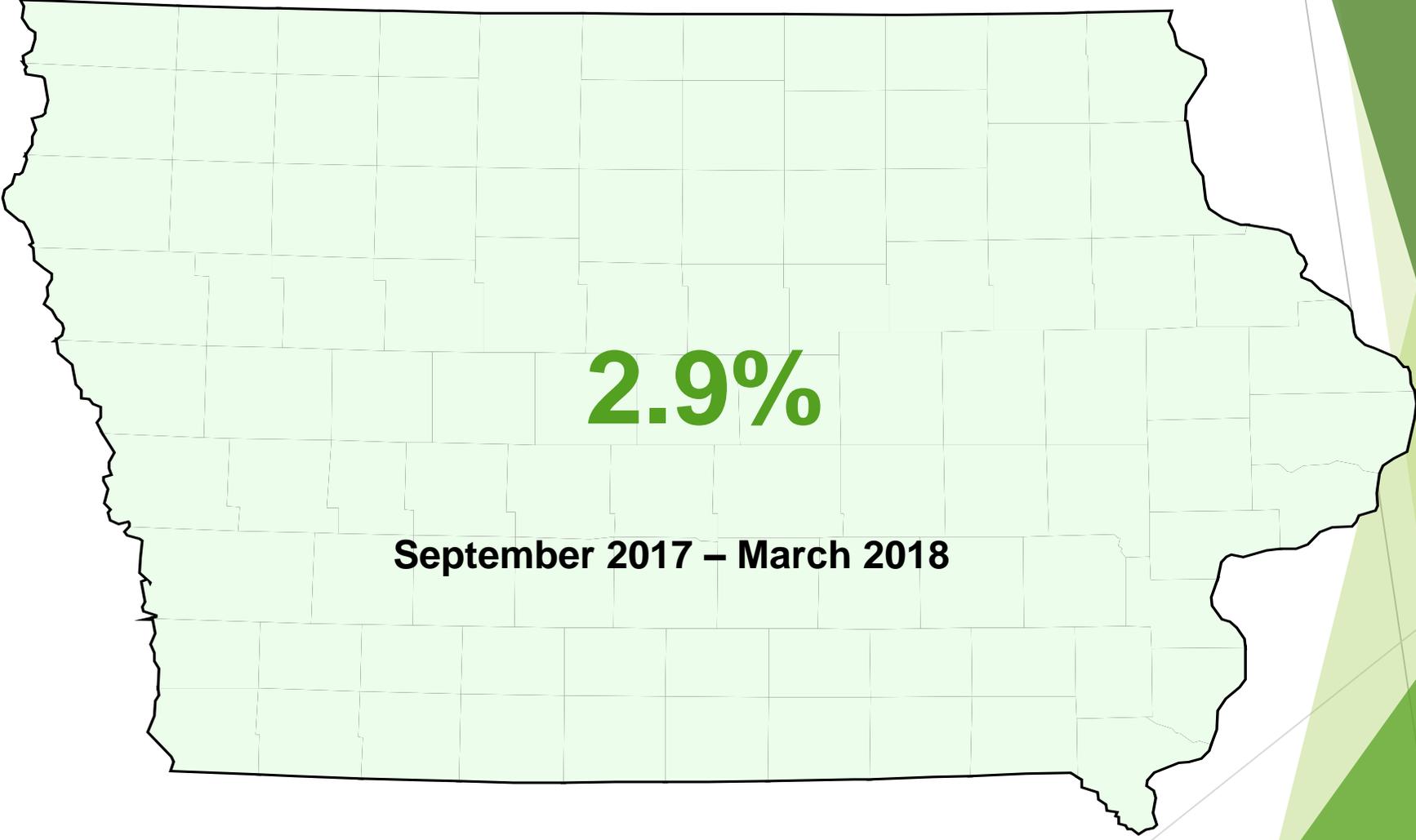
# REALTORS® Land Institute – Iowa Chapter

## March 2018 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 September 1, 2017.
  - ▶ Estimates are for bare, unimproved land with a sale price on a cash basis.



**REALTORS® Land Institute- Iowa Chapter**  
**March 1, 2018**



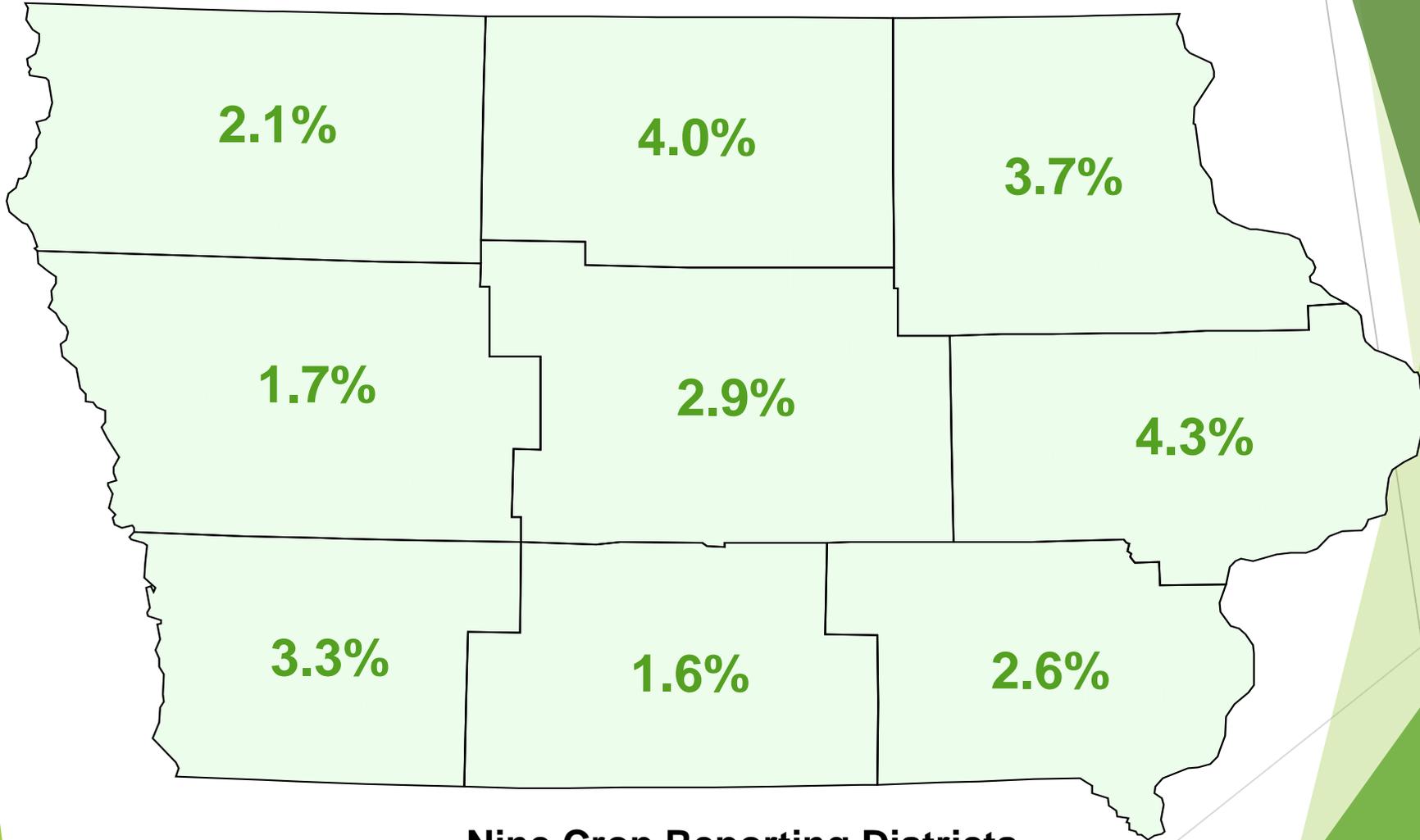
**2.9%**

**September 2017 – March 2018**

# REALTORS® Land Institute- Iowa Chapter

## March 1, 2018

September 2017 – March 2018

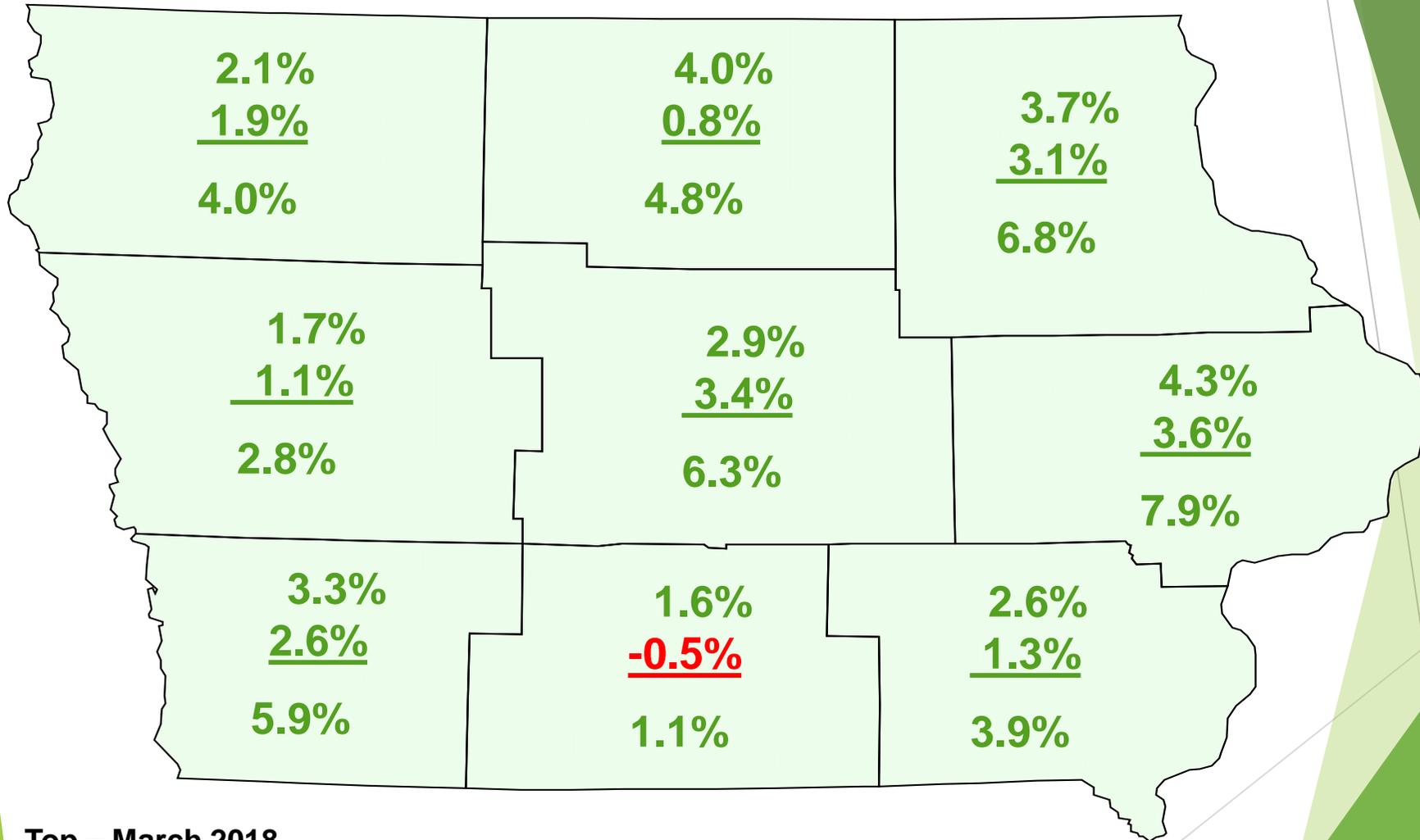


**Nine Crop Reporting Districts**

# REALTORS® Land Institute- Iowa Chapter

## March 1, 2018

March 2017 – March 2018

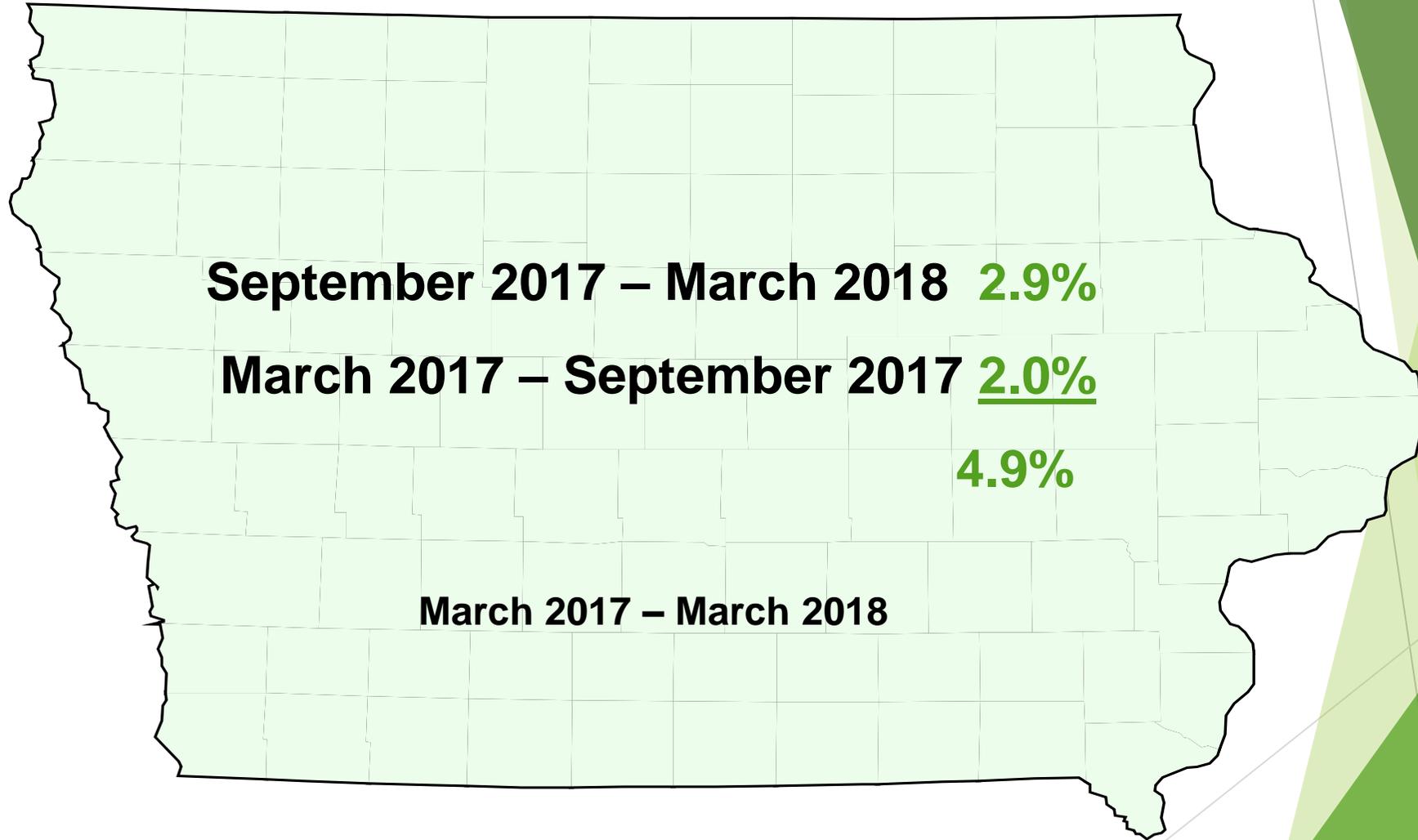


Top – March 2018

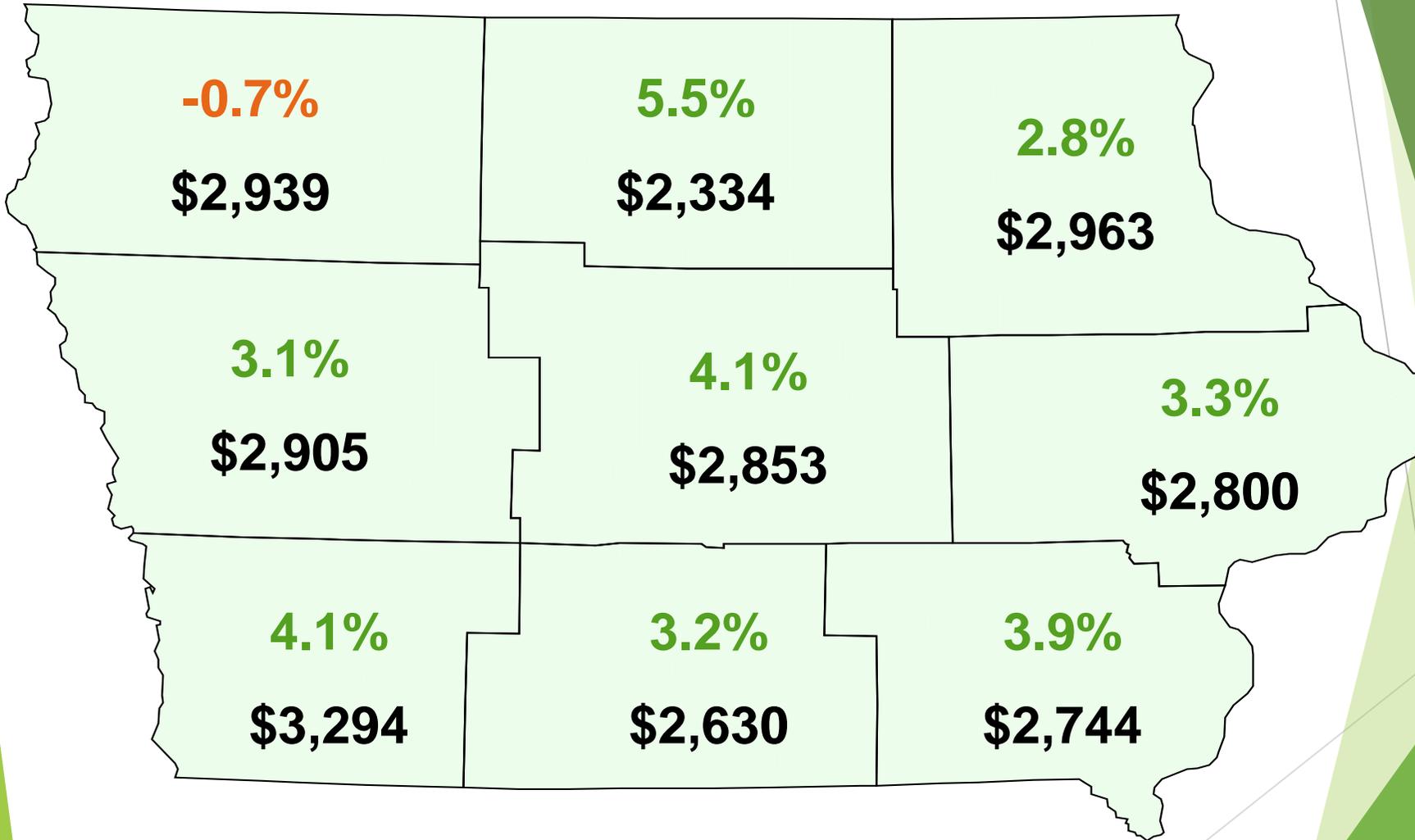
Bottom – September 2017

Nine Crop Reporting Districts

**REALTORS® Land Institute- Iowa Chapter**  
**March 1, 2018**



**REALTORS® Land Institute- Iowa Chapter  
Pasture Values  
March 1, 2018**



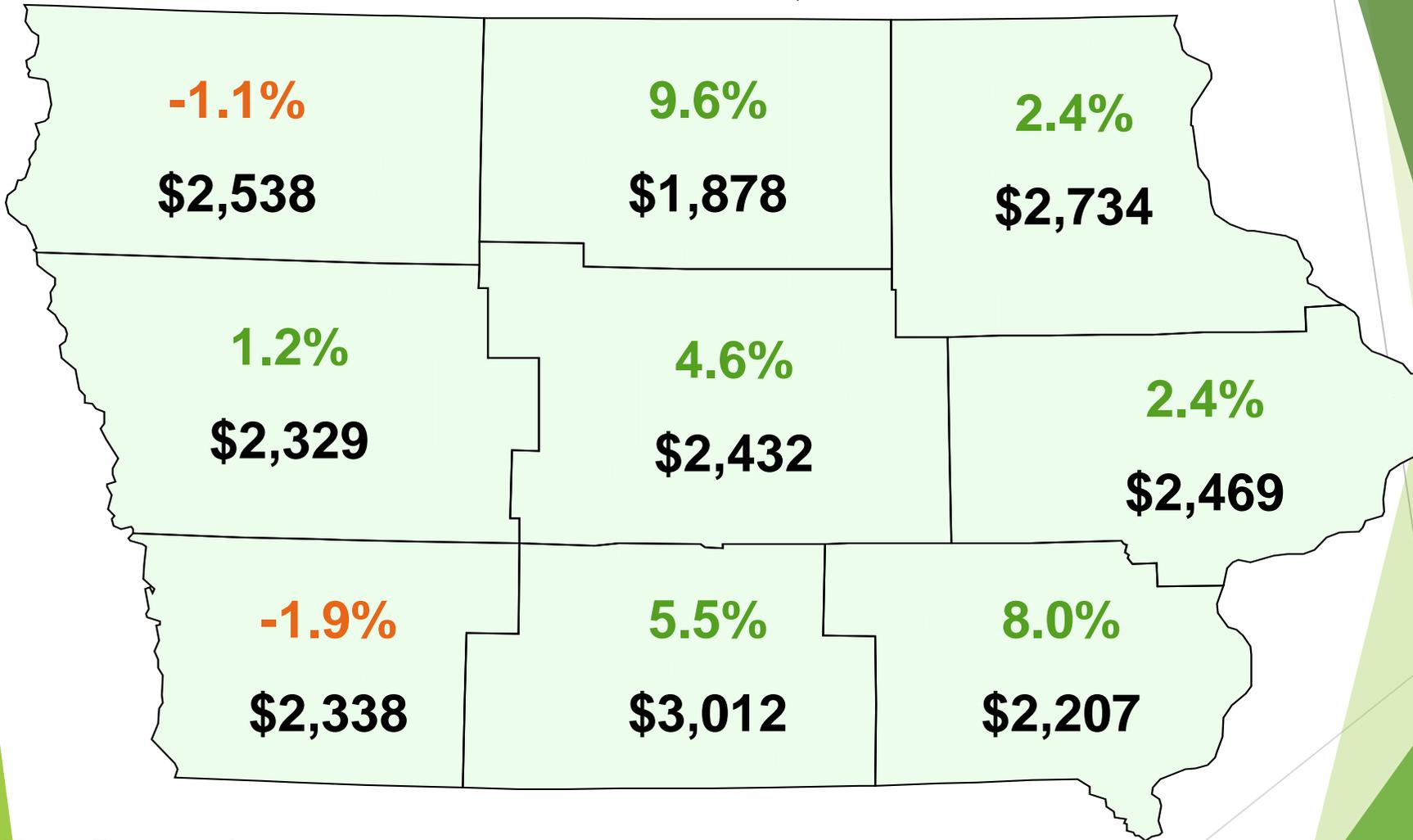
**Nine Crop Reporting Districts**

September 2017 – March 2018

Top – Percent change

Bottom – Price per Ac

**REALTORS® Land Institute- Iowa Chapter**  
**Non-Tillable / Timber Acres**  
**March 1, 2018**



Top – Percent change

Bottom – Price per Ac

**Nine Crop Reporting Districts**

September 2017 – March 2018

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

- ▶ Iowa State University
  - ▶ *November 1, 2016 – November 1, 2017* 2.0%
  
- ▶ Federal Reserve
  - ▶ *January 1, 2017 – January 1, 2018* 3.0%
  
- ▶ Illinois ASFMRA, RLI, Illinois University
  - ▶ 2017 Survey (Jan. '16 – Dec '16) -5 to -12%
  - ▶ 2017 Survey 3/22

# REALTORS® Land Institute- Iowa Chapter

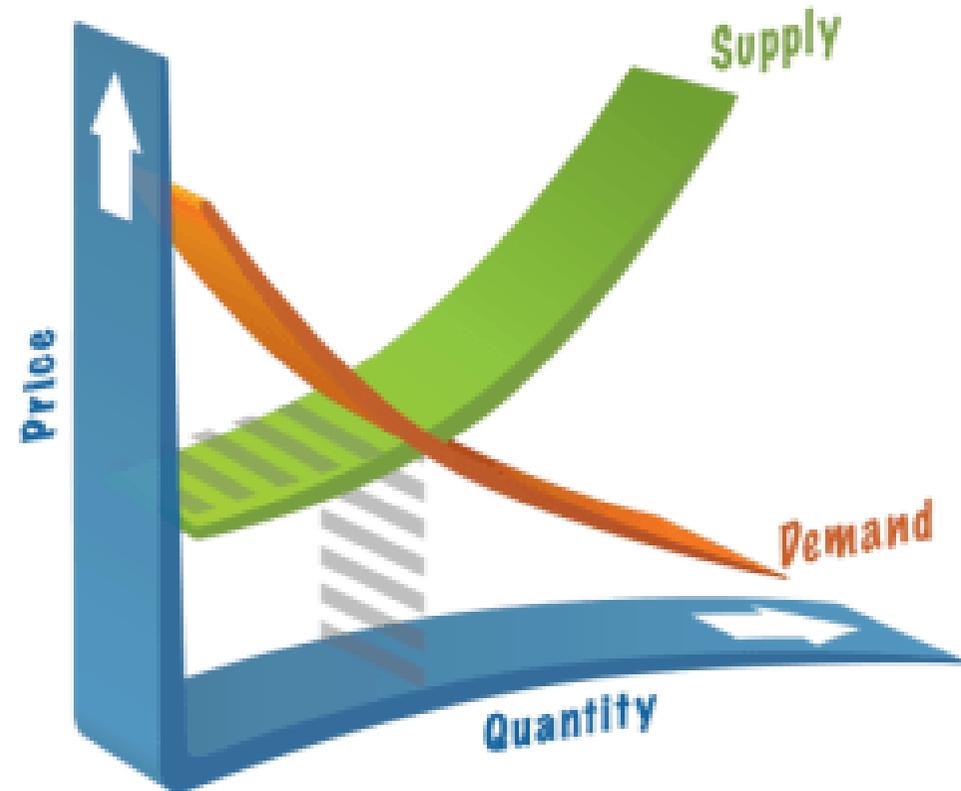
## March 1, 2018

### ▶ Average Tillable Cropland Price

▶ 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

- ▶ Cheap Interest Rates
- ▶ Low Supply of land available
- ▶ Higher than anticipated yields
- ▶ Improved commodity prices
- ▶ Money - Stock Market to Land



# Negative Factors

- ▶ Low commodity prices
- ▶ Tight Operating Capital
- ▶ Lower Rents
- ▶ Interest Rates Increasing
- ▶ Farm Bill Uncertainty
- ▶ Trade Uncertainty

# Who is Buying

- ▶ Farmers - 83%
- ▶ Investors - 13%
- ▶ Iowa State University Study
  - ▶ November 1, 2017
    - ▶ Farmers - 72%
    - ▶ Investors - 22%
- ▶ Sales influenced by 1031 Exchanges - 15%





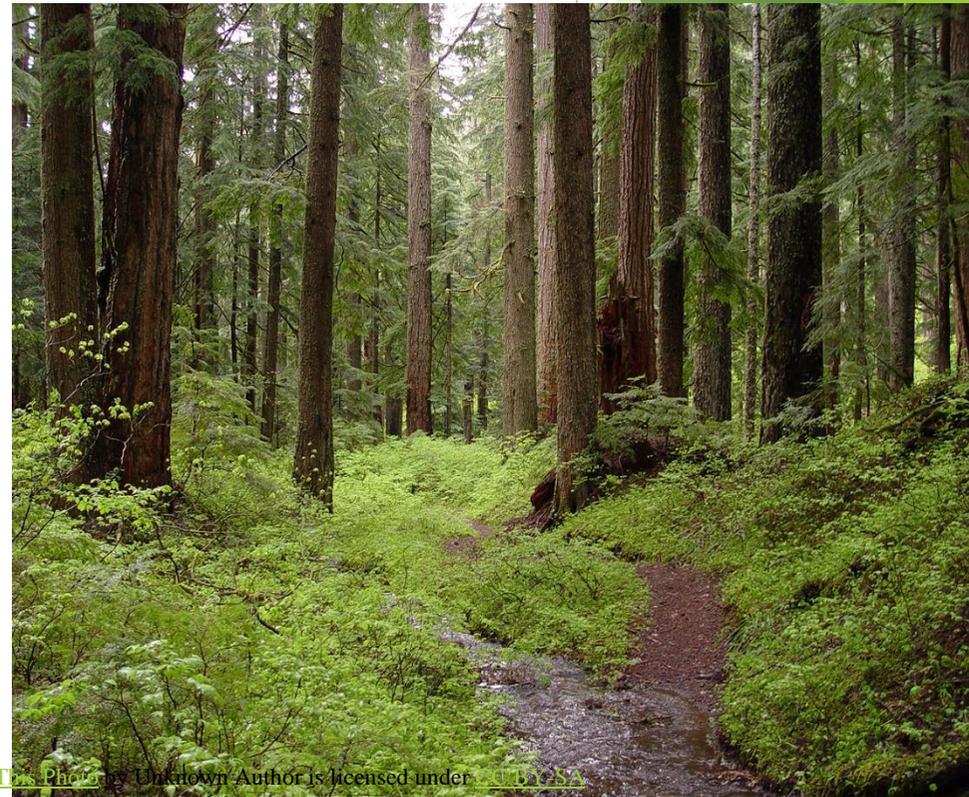
# Rate of Return for Buyers

- ▶ Cropland 3.2% average response
- ▶ CRP 4.6% average response



# Recreational Land (Timber, CRP, Wetlands)

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



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# Sales Volume Compared to 2017

- ▶ Steady
- ▶ Same
- ▶ Slightly less



# Listings vs. Auctions

- ▶ Auctions still primary method
  - ▶ 60% Auction
  - ▶ 40% Private Listings
- ▶ Movement towards Private Listings

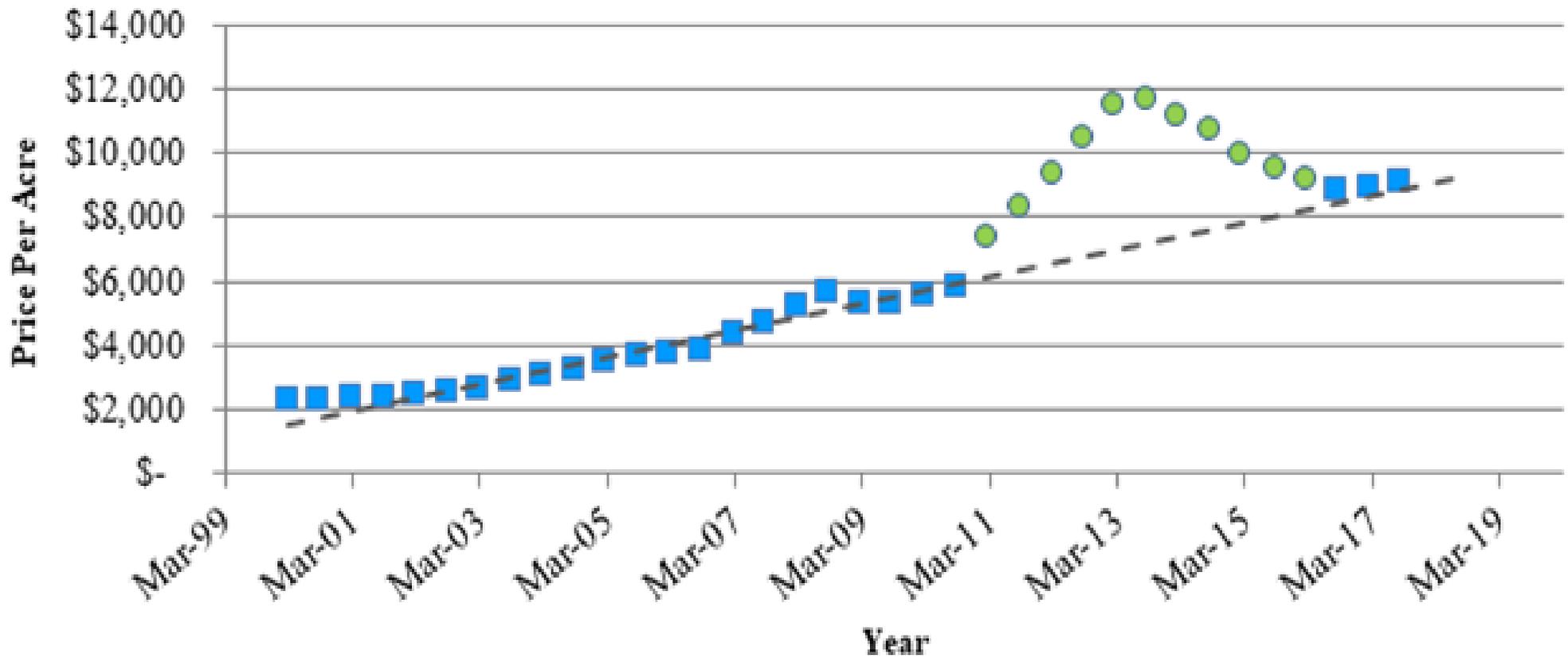


# Farmland Market Next 1-3 Years

- ▶ 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 stabilize/increase
  - ▶ 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
  - ▶ Slight increase in Commodity Prices
- ▶ Farmers are primary buyers
  - ▶ Recreational buyers are active
- ▶ Future is uncertain but currently steady
  - ▶ Will depend on commodity prices and yield
  - ▶ Volume of land on the Market

Questions?

