

1994 Land Value Survey News Release

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IOWA FARMLAND VALUES SHOW BIG GAINS IN 1994

AMES, Iowa--The value of Iowa farmland increased an average of \$81 an acre during 1994, according to the annual survey of land values conducted by Iowa State University. The average value of all grades of agricultural land was \$1,356 an acre, up 6.4 percent from last year.

"The change marked the eighth consecutive year that land values have increased in Iowa," said ISU Extension economist Michael D. Duffy who directed the annual survey of farm real estate brokers. The 1994 survey indicated that values increased in 96 counties and declined in three counties -- Decatur, Lucas and Wayne in South Central Iowa.

Is the increase good news or bad news? It depends, Duffy said, particularly as higher land values translate into higher rents, making it harder for new farmers to get started.

It's the highest percentage increase since 1990, when values increased 6.6 percent. The 1994 increase was not at all uniform throughout the state, from one half of 1 percent in Carroll and Sac counties to 16.1 percent in Clayton County.

Higher yields or ideal weather was mentioned as a positive influence on land value in 1994 by 52 percent of those who answered the poll, Duffy said. Other positive factors were interest rates (34 percent), investment or development demand (24 percent), farm expansion (17 percent) and few listings (12 percent).

Low grain prices was the most frequently mentioned negative influence, mentioned by 49 percent. Other negative factors included low livestock prices (34 percent) and carryover problems from 1993 (15 percent).

Average values increased in all of the state's nine crop reporting districts. The Northwest district at \$1,663 was highest, but the increase there was only 2.8 percent. West Central Iowa had the greatest increase, up 9.6 percent to an average of \$1,453 per acre. The smallest dollar increase was in the south central district, from \$643 to \$673 per acre, although this was a 4.7 percent increase. High, medium and low grade land increased in value in all nine crop reporting districts.

Following Clayton County with the highest percentage increases were Plymouth County with 11.4 percent, Allamakee with 11.1 percent and Guthrie County with 10.1 percent. The largest dollar increase was in Plymouth County, rising \$161 per acre to an average of \$1,576.

Scott County had the highest value, at \$2,119 per acre. Hamilton County was second at \$1,892 followed by Wright, O'Brien, Webster, Humboldt, Story, Kossuth, Pocahontas and Grundy counties.

At the other end of the scale, farmland sold for the least in Decatur County, at \$538 an acre, followed by Appanoose, Wayne, Lucas, Ringgold, Clarke, Taylor, Davis, Monroe and Union counties.

Duffy said the 1994 survey indicates that in real terms, land values are back to the level they were at in 1970.

The survey also asked questions about who is buying farmland in Iowa. Sales of land to existing farmers ranged from 87.8 percent in West Central Iowa, down to 55.8 percent in Central Iowa. Respondents also were asked to compare number of sales with number of acres sold. On a statewide basis, there was virtually no difference between the two categories with existing farmers buying 73 percent of the acres in 72 percent of the transactions,

investors buying 22 percent of acres in 23 percent of transactions, new farmers buying 4 percent of acres in 5 percent of the sales and others 1 percent of acres and sales.

High-grade land averaged \$1,760 per acre statewide, an increase of 5.6 percent or \$94 over 1993. Medium-grade land increased 7.7 percent, or \$88 per acre, to \$1,223. Low-grade land increased \$58 per acre to \$714, an increase of 8.8 percent.

The 1994 average value is 72 percent higher than the 1986 average of \$787 per acre when the market bottomed out as a result of the farm crisis. This year's average is 37 percent below the peak level reached in 1981 when the statewide average was \$2,147 per acre.

The Iowa land value survey has been conducted annually by Iowa State University since 1941 and is co-sponsored by the Iowa Agriculture and Home Economics Experiment Station and ISU Extension. Surveys are mailed to 1,100 licensed real estate brokers and selected individuals with a knowledge of land values. The 1994 survey is based on 538 usable responses.

Duffy said only the state average and district averages are based directly on the survey data. The county estimates are derived by using a procedure that combines survey results with data from the U.S. Census of Agriculture. Survey results compare closely with similar surveys conducted by other agencies in slightly different time frames, Duffy said.

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Attachments

Notes on Trends

County and District Table

County Map

District Map

NOTES ON TRENDS:

- The 1994 state average for all grades of land was estimated to be \$1,356 per acre.
- The increase in the state value was \$81 per acre from 1993.
- The percentage increase was 6.4 percent from 1993.
- The highest land values were reported for Northwest Iowa, \$1,663 per acre.
- The lowest land values were estimated for South Central Iowa, \$673 per acre.
- The greatest percentage increase was in West Central Iowa at 9.6 percent.
- The highest value was estimated for Scott County, \$2,119 per acre. Scott County also had the highest value in 1993.
- The lowest value was in Decatur County, \$538 per acre.
- The greatest dollar increase was \$161 in Plymouth County.
- The greatest dollar decrease was -\$10 in Wayne County.
- The greatest percentage increase was in Clayton County, 16.1 percent, with a dollar increase of \$149 per acre. In 1993, Clayton was one of two counties showing the greatest dollar decrease.
- The greatest percentage decrease was in Wayne County, -1.6 percent.
- Low grade land in the state averaged \$714 per acre and showed an 8.8 percent increase or \$58 per acre.
- Medium grade land averaged \$1,223 per acre and showed a 7.7 percent increase or \$88 per acre.
- High grade land averaged \$1,760 per acre and showed an increase of 5.6 percent or \$94 per acre.