

# 1999 IOWA LAND VALUE SURVEY: OVERVIEW

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## 1.0 History and Purpose of the Land Value Survey.

1.1 The survey was initiated in 1941 and is sponsored annually by the Iowa Agriculture and Home Economics Experiment Station, Iowa State University. Only the state average and the district averages are based directly on the ISU survey data. The county estimates are derived by using a procedure that combines the ISU survey results with data from the U.S. Census of Agriculture. The survey was conducted by Michael Duffy with assistance from Jay Lillywhite and Matt Ernst.

1.2 The survey is intended to provide information on general land value trends, geographical land price relationships and factors influencing the Iowa land market.

1.3 The survey is based on reports by licensed real estate brokers and selected individuals considered to be knowledgeable of land market conditions. Approximately 1100 surveys are mailed each year. Normally 500-600 completed surveys are returned. The 1999 survey is based on 631 usable responses.

1.4 Participants in the survey are asked to estimate the value of high, medium and low grade land in their county. Comparative sales and other factors are taken into account by the respondents in making these value estimates.

## 2.0 Analysis by State.

2.1 The 1999 state average for all grades of land was estimated to be \$1781 per acre.

2.2 The decrease in the state value was \$20 per acre from 1998.

2.3 The percentage decrease was 1.1 percent from 1998.

## 3.0 Analysis by Crop Reporting District.

3.1 The highest land values were reported for Central Iowa, \$2128 per acre.

3.2 The lowest land values were estimated for South Central Iowa, \$981 per acre.

3.3 The greatest percentage increase was in South Central Iowa, 3.5 percent.

3.4 The greatest percentage decrease was in Northwest Iowa, 5.3 percent.

## 4.0 Analysis by Counties.

4.1 The highest value was estimated for Scott county, \$2970 per acre.

4.2 The lowest value was in Decatur county, \$752 per acre.

4.3 The greatest dollar increase was \$137 in Clayton county.

4.4 The greatest dollar decrease was \$135 in Hardin county.

4.5 The greatest percentage increase was in Clayton county, 9.2 percent.

4.6 The greatest percentage decrease was in Hardin county, 5.9 percent.

## **5.0 Analysis by Quality of Land.**

5.1 Low grade land in the state averaged \$1045 per acre and showed a 1.4 percent increase or \$15 per acre.

5.2 Medium grade land averaged \$1629 per acre and showed a .5 percent decrease or \$9 per acre.

5.3 High grade land averaged \$2249 per acre and showed a decrease of 1.6 percent or \$35 per acre.

## **6.0 Major Factors Influencing the Real Estate Market.**

Survey respondents listed both positive and negative factors influencing the land market. The respondents listed multiple factors in most cases.

6.1 There were 5 positive factors listed by over 10 percent of the respondents.

6.2 Government payments were the most frequently listed positive factor identified by 26 percent of the respondents.

6.3 Other positive factors were: interest rates (23 percent), crop yields (21 percent), land supply (17 percent), and investment demand (17 percent).

6.4 There were 4 negative factors listed by over 10 percent of the respondents and they are all variations of low prices: low grain prices (42 percent), low commodity prices (39 percent), low livestock prices (20 percent), and overall poor ag economy and outlook (12 percent).

## **7.0 Number of Sales Compared to Previous Year.**

When asked to compare the number of sales in 1999 relative to 1998, 13 percent reported more, 43 percent the same, and 44 percent reported less.

## **8.0 Land Sales by Buyer Category.**

The 1999 survey asked respondents what percent of the land sales were sold to four categories of buyers.

8.1 The majority of farmland sales: 64 percent were to existing farmers. Investors represented 30 percent of the sales. New farmers represented 2 percent of the sales and, other purchases were 4 percent of sales.

8.2 Sales to existing farmers by Crop Reporting Districts ranged from 81 percent in North Central to 29 percent in South Central.

8.3 Sales to investors were highest in South Central (60 percent). North Central reported the lowest investor activity (15 percent).

## **9.0 Interpretation of Survey Results.**

The average 1.1 percent drop in land values is in line with other surveys of Iowa land values. It is important to remember the different time periods covered when comparing surveys. The Iowa State University survey reported here is an annual survey as of November 1, 1999.

9.1 This survey showed the continuation of the conditions in Iowa land values first noted last year, namely, there are some counties and Crop Reporting Districts with increased values while others show decreasing values. The 1999 survey showed a drop in average land values for the second straight year. The 1999 drop of 1.1 percent is slightly less than the average drop of 1.9 percent reported last year.

9.2 The 1999 survey shows an interesting pattern of changes in land values. Values were lower in the Northwest, North Central, Central and East Central parts of the state. These areas are generally considered to have the best soils in the state. Counties in the South Central and Northeast showed an increase in value. Also, Iowa has 19 counties that border on a major river. Slightly over two-thirds of these counties showed an increase in value.

9.3 Strong farm income, comprised mainly of government payments held land values in Iowa in 1999. In addition, investor interest played a supporting role in many areas of the state. The 1999 survey showed a decreasing amount of sales activity around

**Table 1. Recent Changes in Iowa Farmland Values**

<b>Year</b>	<b>Value per acre</b>	<b>Dollar change</b>	<b>Percent change</b>
1966	354	36	11.4
1967	397	42	12.0
1968	409	12	3.0
1969	419	10	2.5
1970	419	0	0.0
1971	430	11	2.6
1972	482	52	12.0
1973	635	154	31.9
1974	834	199	31.3
1975	1095	261	31.3
1976	1368	273	24.9
1977	1450	82	6.0
1978	1646	196	13.5
1979	1958	312	19.0
1980	2066	108	5.5
1981	2147	82	3.9
1982	1801	-346	-16.1
1983	1691	-110	-6.1
1984	1357	-334	-19.8
1985	948	-409	-30.2
1986	787	-161	-17.0
1987	875	88	11.2
1988	1054	179	20.4
1989	1139	85	8.1
1990	1214	75	6.6
1991	1219	5	.4
1992	1249	30	2.5
1993	1275	26	2.1
1994	1356	81	6.4
1995	1455	99	7.3
1996	1682	227	15.6
1997	1837	155	9.2

1998 1801 -36 -1.9  
 1999 1781 -20 -1.1

**Table 2. Average Value Per Acre of Iowa Farmland Listed by Crop Reporting Districts and Grades of Land**

Year	State Average	Northwest	North Central	Northeast	West Central	Central	East Central	Southwest	South Central	Southeast
	<b>All Grades</b>									
1980	2066	2560	2624	2066	2038	2490	2323	1599	1079	1670
1986	787	937	912	786	768	930	1000	607	403	705
1987	875	1084	1055	835	871	1044	1053	676	421	782
1990	1214	1590	1447	1183	1263	1479	1339	870	588	1058
1991	1219	1576	1437	1144	1279	1476	1373	891	596	1093
1992	1249	1603	1449	1162	1324	1508	1395	905	646	1138
1993	1275	1618	1507	1176	1326	1542	1433	961	643	1166
1994	1356	1663	1610	1249	1453	1653	1546	1009	673	1241
1995	1455	1755	1724	1330	1528	1766	1676	1102	742	1367
1996	1682	2071	1997	1559	1758	2090	1965	1206	851	1502
1997	1837	2263	2194	1721	1894	2295	2110	1369	957	1580
1998	1801	2174	2119	1757	1820	2192	2123	1373	948	1585
1999	1781	2059	2073	1807	1837	2128	2118	1346	981	1570
	<b>High Grade</b>									
1980	2646	3037	3053	2682	2545	3044	2986	2095	1721	2522
1986	1048	1131	1094	1048	1000	1154	1343	832	682	1120
1987	1150	1306	1260	1102	1125	1288	1399	912	688	1229
1990	1581	1907	1705	1595	1619	1816	1744	1175	935	1622
1991	1589	1898	1676	1522	1647	1812	1784	1198	949	1709
1992	1628	1920	1696	1557	1702	1846	1800	1212	1039	1764
1993	1666	1941	1764	1558	1707	1914	1851	1284	1041	1834
1994	1760	1972	1871	1651	1859	2010	1995	1347	1092	1938
1995	1869	2058	1968	1729	1939	2159	2131	1483	1163	2091
1996	2151	2431	2300	2015	2210	2558	2518	1586	1316	2291
1997	2328	2647	2531	2210	2350	2790	2673	1786	1443	2383
1998	2284	2534	2449	2238	2268	2659	2683	1798	1455	2369
1999	2249	2401	2362	2275	2288	2589	2685	1773	1499	2271
	<b>Medium Grade</b>									
1980	1846	2227	2287	1876	1839	2194	2074	1482	1039	1489
1986	699	830	777	709	684	813	866	561	396	622
1987	780	957	903	754	776	928	925	630	413	696
1990	1085	1405	1257	1053	1120	1318	1199	797	578	946

1991	1089	1379	1266	1035	1136	1313	1229	820	581	952
1992	1113	1420	1275	1038	1175	1346	1238	835	622	975
1993	1135	1434	1317	1054	1174	1363	1268	888	618	1015
1994	1223	1511	1420	1127	1316	1478	1387	936	652	1085
1995	1322	1598	1558	1216	1394	1580	1510	1009	726	1210
1996	1514	1873	1769	1423	1585	1843	1752	1111	829	1321
1997	1668	2033	1945	1577	1742	2050	1910	1280	945	1404
1998	1638	1970	1885	1604	1670	1968	1930	1274	924	1414
1999	1629	1876	1869	1665	1692	1898	1945	1241	949	1433
	<b>Low Grade</b>									
1980	1126	1475	1490	1138	1123	1303	1273	965	579	725
1986	377	488	468	405	350	475	460	290	176	257
1987	432	571	553	444	419	535	495	341	207	289
1990	608	835	787	589	619	750	635	456	301	445
1991	623	828	801	588	632	763	691	479	321	449
1992	648	866	813	592	668	784	712	511	346	486
1993	656	856	834	626	669	781	742	531	342	478
1994	714	882	935	668	752	914	808	555	348	503
1996	936	1213	1207	878	981	1146	1073	688	479	674
1997	1042	1354	1337	992	1083	1279	1186	787	544	730
1998	1030	1299	1286	1059	1021	1258	1205	792	542	739
1999	1045	1216	1314	1110	1040	1296	1188	798	582	790

### Level of Sales Activity, 1999

Crop Reporting District	More	Same	Less
	Percentage		
Northwest	12	49	39
North Central	6	33	61
Northeast	11	43	46
West Central	16	57	27
Central	15	35	50
East Central	18	38	44
Southwest	8	38	54
South Central	16	54	30
Southeast	16	44	40
State	13	43	44

### Iowa Land Purchases, 1999

Crop Reporting District	Existing Farmers	Investors	New Farmers	Other
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	<b>Percentage</b>			
Northwest	71	27	1	1
North Central	81	14	3	2
Northeast	65	29	3	3
West Central	57	39	1	3
Central	69	27	1	3
East Central	68	29	1	2
Southwest	64	31	2	3
South Central	29	60	4	7
Southeast	72	17	3	8
State	64	30	2	4