2000 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 and Darnell Smith.

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 2000 survey is based on 603 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 2000 state average for all grades of land was estimated to be $1857 per acre.

2.2 The increase in the state value was $76 per acre from 1999.

2.3 The percentage increase was 4.3 percent from 1999.

3.0 Analysis by Crop Reporting District.

3.1 The highest land values were reported for Northwest Iowa, $2198 per acre.

3.2 The lowest land values were estimated for South Central Iowa, $992 per acre.

3.3 The greatest percentage increase was in Northwest Iowa, 6.8 percent.

3.4 The least percentage increase was in South Central Iowa, 1.1 percent.

4.0 Analysis by Counties.

4.1 The highest value was estimated for Scott county, $3018 per acre.

4.2 The lowest value was in Decatur county, $765 per acre.

4.3 The greatest dollar increase was $150 in O'Brien county.

4.4 The least dollar increase was $13 in Decatur county.

4.5 The greatest percentage increase was 6.5 percent reported in Dickinson, Lyon, O'Brien, and Osceola counties.

4.6 The least percentage increase was in Scott county, 1.6 percent.

5.0 Analysis by Quality of Land.

5.1 Low grade land in the state averaged $1117 per acre and showed a 6.9 percent increase or $72 per acre.

5.2 Medium grade land averaged $1701 per acre and showed a 4.4 percent increase or $72 per acre.

5.3 High grade land averaged $2324 per acre and showed an increase of 3.3 percent or $75 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 6 positive factors listed by over 10 percent of the respondents.

6.2 Government programs or payments were the most frequently listed positive factor identified by 47 percent of the respondents.

6.3 Other positive factors were: investment demand (23 percent), crop yields (23 percent), land supply (19 percent), farm expansion/consolidation (15 percent), and interest rates (13 percent).

6.4 There were 3 negative factors listed by over 10 percent of the respondents. Poor markets or prices or some variation of that theme were listed by 70 percent of the respondents. The other factors were: interest rates (16 percent) and poor agricultural economy or outlook (10 percent).

7.0 Number of Sales Compared to Previous Year.

When asked to compare the number of sales in 2000 relative to 1999, 21 percent reported more, 51 percent the same, and 28 percent reported less.

8.0 Land Sales by Buyer Category.

The 2000 survey asked respondents what percent of the land sales were sold to four categories of buyers.

8.1 The majority of farmland sales: 65 percent were to existing farmers. Investors represented 29 percent of the sales. New farmers represented 3 percent of the sales and, other purchases were 3 percent of sales.

8.2 Sales to existing farmers by Crop Reporting Districts ranged from 71 percent in Northwest to 51 percent in Southwest.

8.3 Sales to investors were highest in Southwest (43 percent). Southeast reported the lowest investor activity (20 percent).

9.0 Interpretation of Survey Results.

The average 4.2 percent increase 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, 2000.

9.1 The survey shows the first increase in average land values in three years. The survey showed an increase in values in all counties and Crop Reporting Districts.

9.2 The survey respondents show that in 2000 the level of investor interest in Iowa farmland remained strong. (The survey also showed an increase in those reporting more sales activity relative to 1999).

9.3 The positive and negative factors clearly summarize the current situation with respect to the Iowa farmland market. Low commodity prices are exerting considerable downward pressure on prices but offsetting this are the government payments, the good yields and strong demand for land. All of these factors show the relative instability that the land market could experience over the next few years. The current government program is set to expire in 2002, yields are always variable, and the demand for land is a function of many things including the stock market.

Table 1. Recent Changes in Iowa Farmland Values

Year	Value Per Acre	Dollar Change	Percentage Change
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
2000	1857	76	4.3

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

Year	State Average	North west	North Central	North east	West Central	Central	East Central	South west	South Central	South east
	All Grades									
1981	2147	2562	2721	2227	2056	2538	2530	1586	1184	1790
1986	787	937	912	786	768	930	1000	607	403	705
1987	875	1084	1055	835	871	1044	1053	676	421	782
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
2000	1857	2198	2169	1868	1924	2195	2190	1412	992	1655
	High Grade									
1981	2759	3035	3209	2885	2576	3061	3293	2050	1880	2726
1986	1048	1131	1094	1048	1000	1154	1343	832	682	1120
1987	1150	1306	1260	1102	1125	1288	1399	912	688	1229
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
2000	2324	2547	2462	2329	2375	2660	2743	1825	1509	2353
	Medium Grade									
1981	1931	2252	2334	2052	1866	2279	2258	1472	1149	1604
1986	699	830	777	709	684	813	866	561	396	622
1987	780	957	903	754	776	928	925	630	413	696
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
2000	1701	2001	1972	1728	1772	1956	1996	1320	955	1511
	Low Grade									

1981	1157	1460	1517	1220	1125	1336	1366	959	624	752
1986	377	488	468	405	350	475	460	290	176	257
1987	432	571	553	444	419	535	495	341	207	289
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
1995	792	992	1049	737	812	967	925	614	400	574
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
2000	1117	1370	1387	1167	1126	1299	1288	862	597	875

Level of Sales Activity, 2000

Crop Reporting District	**More**	**Same**	**Less**
	Percent		
Northwest	20	53	27
North Central	28	38	34
Northeast	14	60	26
West Central	25	53	21
Central	15	51	34
East Central	28	54	18
Southwest	16	44	40
South Central	14	54	32
Southeast	28	49	23
State	21	51	28

Iowa Land Purchases, 2000

Crop Reporting District	**Existing Farmers**	**Investors**	**New Farmers**	**Other**
	Percent			

Northwest	71	27	1	1
North Central	70	26	3	1
Northeast	67	25	4	4
West Central	67	29	2	1
Central	65	30	2	4
East Central	65	28	3	4
Southwest	51	43	3	3
South Central	49	41	4	6
Southeast	65	20	4	11
State	65	29	3	3