2003 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. The survey is not intended to provide an estimate for any particular piece of property.
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.
1.4 The 2003 survey was the first time respondents were asked to report on more than one county if they were knowledgeable about the land markets. The 2003 survey is based on 541 usable responses providing estimates on 676 county land values.
1.5 Participants in the survey are asked to estimate the value of high, medium and low grade land in the 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 2003 state average for all grades of land was estimated to be $2,275 per acre.
2.2 The increase in the state value was $192 per acre from 2002.
2.3 The percentage increase was 9.2 percent from 2002. December 11, 2003

3.0 Analysis by Crop Reporting District.

3.1 The highest land values were reported for East Central Iowa, $2,715 per acre.
3.2 The lowest land values were estimated for South Central Iowa, $1,354 per acre.
3.3 The greatest percentage increase was in South Central Iowa, 11.8 percent.
3.4 The smallest percentage increase was in North Central Iowa, 6.2 percent.

4.0 Analysis by Counties.

4.1 The highest value was estimated for Scott County, $3,697 per acre.
4.2 The lowest value was in Decatur County, $936 per acre.
4.3 The greatest dollar increase was $354 in Webster County.
4.4 The greatest percentage increase was 15.2 percent reported in Appanoose County.

5.0 Analysis by Quality of Land.

5.1 Low grade land in the state averaged $1,463 per acre and showed a 10.7 percent increase or $141 per acre.
5.2 Medium grade land averaged $2,123 per acre and showed a 10.3 percent increase or $199 per acre.
5.3 High grade land averaged $2,790 per acre and showed an increase of 8.3 percent or $214 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 Lower interest rates were the most frequently listed positive factor identified by 48 percent of the respondents.

6.3 Other positive factors were: strong investment demand (17 percent), scarcity of listings (15 percent), government payments (12 percent), improving commodity prices (11 percent), and better than expected corn yields (11 percent).
6.4 There were two negative factors listed by more than 10 percent of the respondents. Weather and uncertainty in general were listed by 13 percent of the respondents. Poor soybean yields were specifically listed by 12 percent of the respondents.

7.0 Number of Sales Compared to Previous Year.

When asked to compare the number of sales in 2003 relative to 2002, 26 percent reported more, 52 percent the same, and 22 percent reported less.

8.0 Land Sales by Buyer Category.

The 2003 survey asked respondents what percent of the land sales were sold to four categories of buyers.

8.1 The majority of farmland sales: 59 percent were to existing farmers. Investors represented 34 percent of the sales. New farmers represented 3 percent of the sales and, other purchases were 4 percent of sales.
8.2 Sales to existing farmers by Crop Reporting Districts ranged from 79 percent in North Central to 39 percent in South Central.
8.3 Sales to investors were highest in South Central (46 percent). North Central reported the lowest investor activity (21 percent).

9.0 Interpretation of Survey Results.

The results of this year's survey show that the interest in Iowa farmland remains high. This year's average value of $2,275 is the highest ever recorded in Iowa, beating the previous 1981 high of $2,147. When the land values are adjusted for inflation, using 1982 – 1984 time period, land values in Iowa peaked in 1979. The value reported in this year's survey, when adjusted for inflation, is roughly the same as the value reported in 1973, the first year of the rapid run up of land values in the 1970s.

The survey also showed that the strength in the land market was apparent throughout the state. Four of the nine crop reporting districts showed increases greater than 10 percent in the average value of farmland. The 2003 survey shows investor interest in purchasing farmland remained high. There are many reasons for this including the low interest rates and the poor performance in the stock market.

It is also interesting to note that there was no real dominant negative factors as in years past. The respondents talked about factors that were more local in nature. The factors influencing the land market both positive and negative were very similar to the factors reported in last year's survey.

The average 9.2 percent increase in land values appears slightly higher than 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, 2003. It is also interesting to note that the land market did appear to be strengthening throughout the year and this may explain why these results are slightly higher.

In our effort to make the survey as accurate as possible we asked the respondents to report on more than one county if they felt knowledgeable about more than one county. This approach helped increase the total number of observations and will hopefully improve the estimates provided here. Overall we continue to have a high percentage of repeat respondents which helps to improve the continuity from year to year. This year 82 percent of the respondents had provided estimates in previous years.

Table 1. Recent Changes in Iowa Farmland Values

	Value Per Acre	Dollar Change	Percentage Change
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	1,095	261	31.3
1976	1,368	273	24.9
1977	1,450	82	6.0
1978	1,646	196	13.5
1979	1,958	312	19.0
1980	2,066	108	5.5
1981	2,147	82	3.9
1982	1,801	-346	-16.1
1983	1,691	-110	- 6.1
1984	1,357	-334	-19.8
1985	948	-409	-30.2
1986	787	-161	-17.0
1987	875	88	11.2
1988	1,054	179	20.4
1989	1,139	85	8.1
1990	1,214	75	6.6
1991	1,219	5	.4
1992	1,249	30	2.5
1993	1,275	26	2.1
1994	1,356	81	6.4
1995	1,455	99	7.3
1996	1,682	227	15.6
1997	1,837	155	9.2
1998	1,801	-36	-1.9
1999	1,781	-20	-1.1
2000	1,857	76	4.3
2001	1,926	69	3.7
2002	2,083	157	8.2
2003	2,275	192	9.2

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
	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
1994	1356	1663	1610	1249	1453	1653	1546	1009	673	1241
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
2001	1926	2240	2240	1950	1969	2246	2324	1511	1039	1705
2002	2083	2434	2367	2149	2101	2392	2547	1632	1211	1808
2003	2275	2683	2514	2347	2329	2652	2715	1774	1354	1979
	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

1994	1760	1972	1871	1651	1859	2010	1995	1347	1092	1938
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
2001	2407	2588	2546	2439	2437	2685	2907	1947	1582	2447
2002	2576	2776	2676	2625	2583	2848	3105	2117	1931	2539
2003	2790	3040	2817	2857	2820	3121	3263	2285	2121	2783
	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
1994	1223	1511	1420	1127	1316	1478	1387	936	652	1085
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
2001	1768	2057	2040	1800	1807	2013	2125	1410	1004	1571
2002	1924	2278	2142	2010	1930	2175	2358	1522	1152	1659
2003	2123	2507	2309	2221	2167	2438	2543	1659	1307	1834
	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
1994	714	882	935	668	752	914	808	555	348	503
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
2001	1170	1388	1423	1208	1202	1416	1404	918	623	871
2002	1322	1571	1568	1448	1332	1516	1628	996	760	997
2003	1463	1808	1682	1512	1500	1707	1811	1130	858	1063

Level of Sales Activity, 2003

Crop Reporting District	More	Same	Less
	Percent		
Northwest	26	57	17
North Central	32	41	27
Northeast	25	58	16
West Central	33	48	19
Central	22	47	31
East Central	26	53	21
Southwest	24	58	18
South Central	31	51	18
Southeast	14	58	28
State	26	52	22

Iowa Land Purchases, 2003

	Existing Farmers	Investors	New Farmers	Other
	Percent			
Northwest	70	23	5	2
North Central	79	21	0	0
Northeast	59	32	4	5

West Central	68	28	3	1
Central	54	44	1	1
East Central	68	28	3	1
Southwest	59	35	2	4
South Central	39	46	7	8
Southeast	56	35	1	9
State	59	34	3	4