

Spring Educational Seminar

Iowa Chapter REALTORS® Land Institute

Land Trends & Values

Press Release

RLI Land Trends and Values Committee Chairperson

Kyle J. Hansen, ALC

Hertz Real Estate Services, Nevada, IA

March 22, 2017



**Farm Credit Services
of America**

AGRICULTURE WORKS HERE...



Iowa Chapter REALTORS® Land Institute

March 2017 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



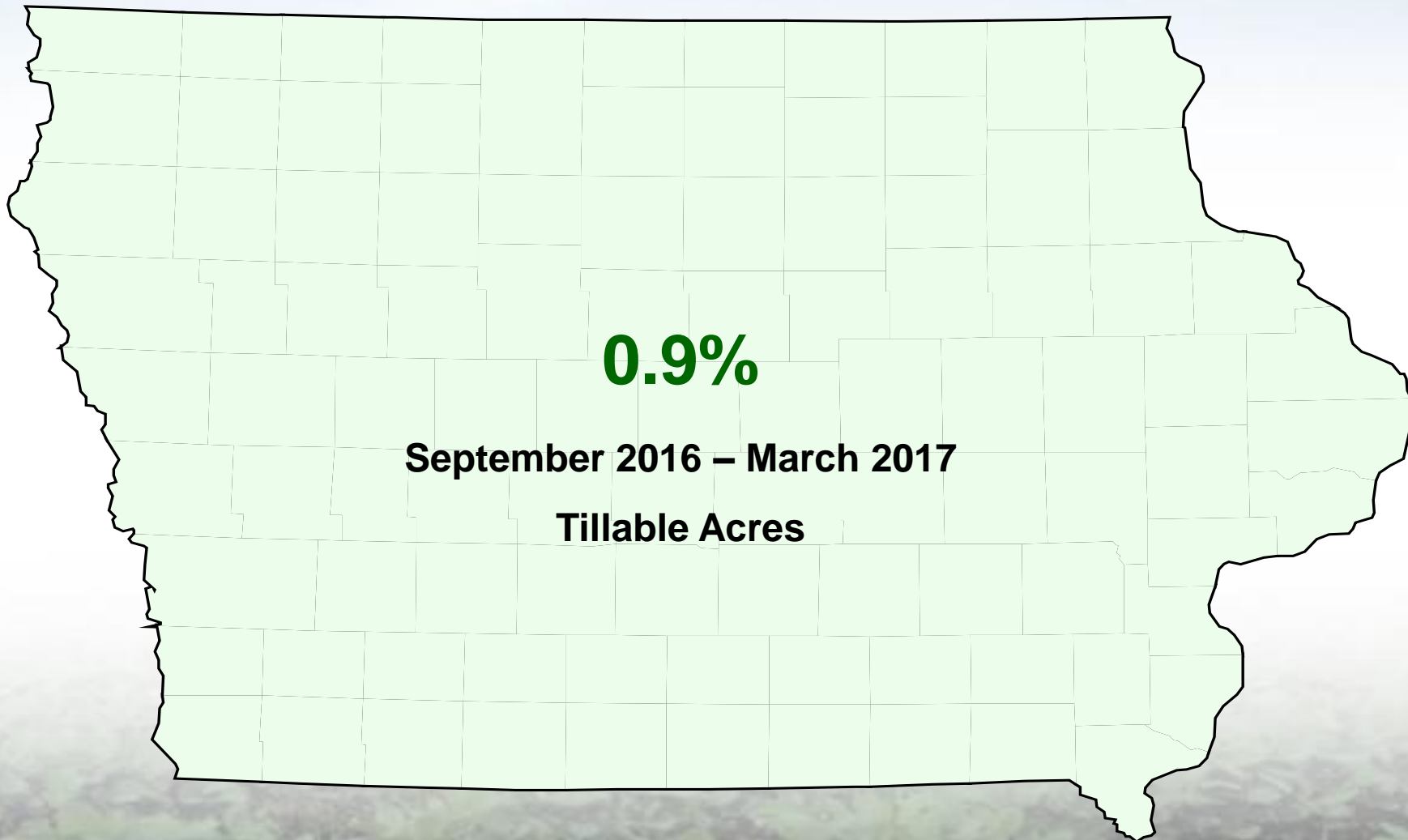
Iowa Chapter REALTORS® Land Institute

March 2017 Land Value Survey Press Release

- Participants in the Survey
 - Current status of Iowa's farmland market
 - Estimate average value as of March 1st
 - Bare, unimproved land
 - Cash basis

REALTORS® Land Institute Land Value Survey

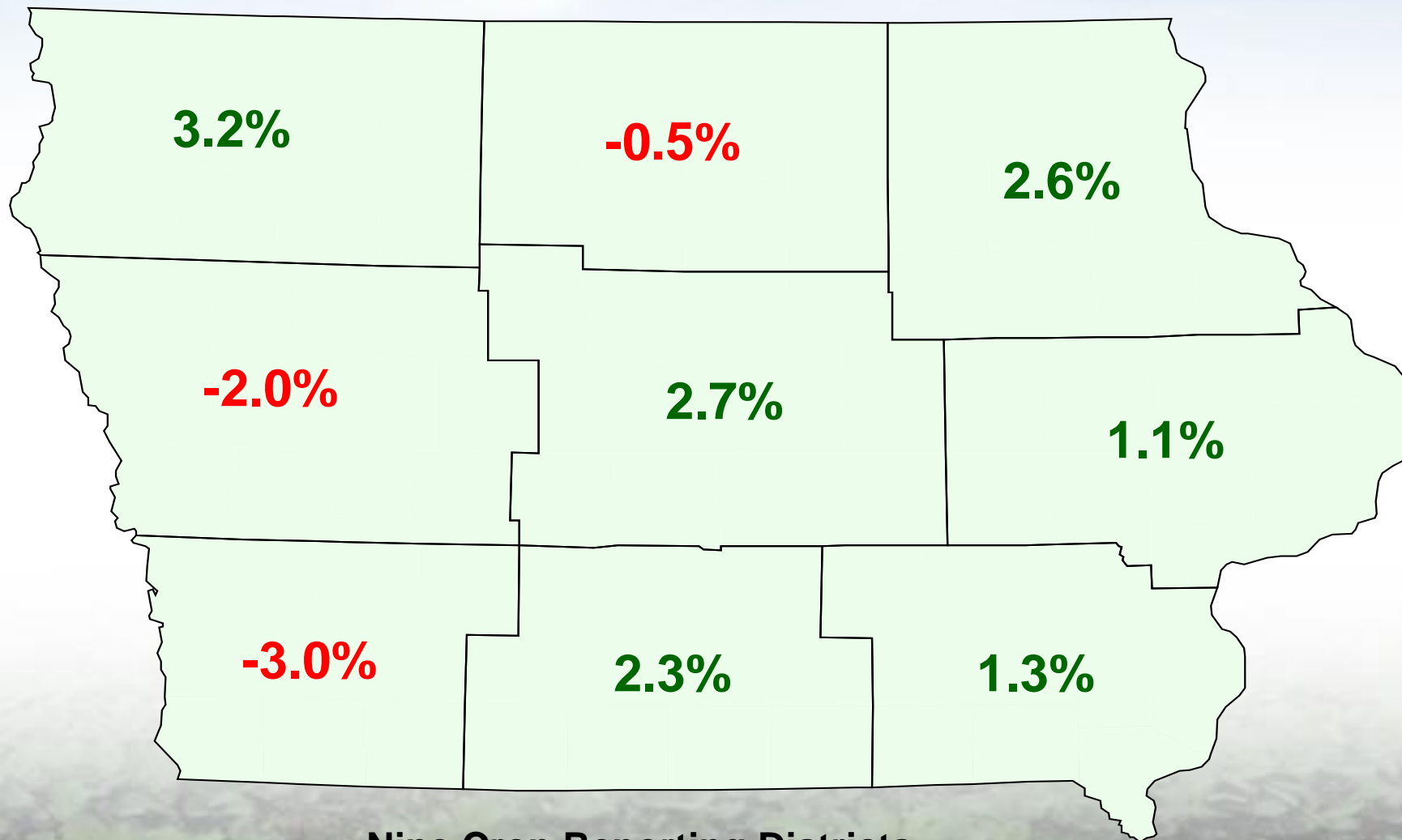
March 1, 2017



REALTORS® Land Institute Land Value Survey

March 1, 2017

September 2016– March 2017

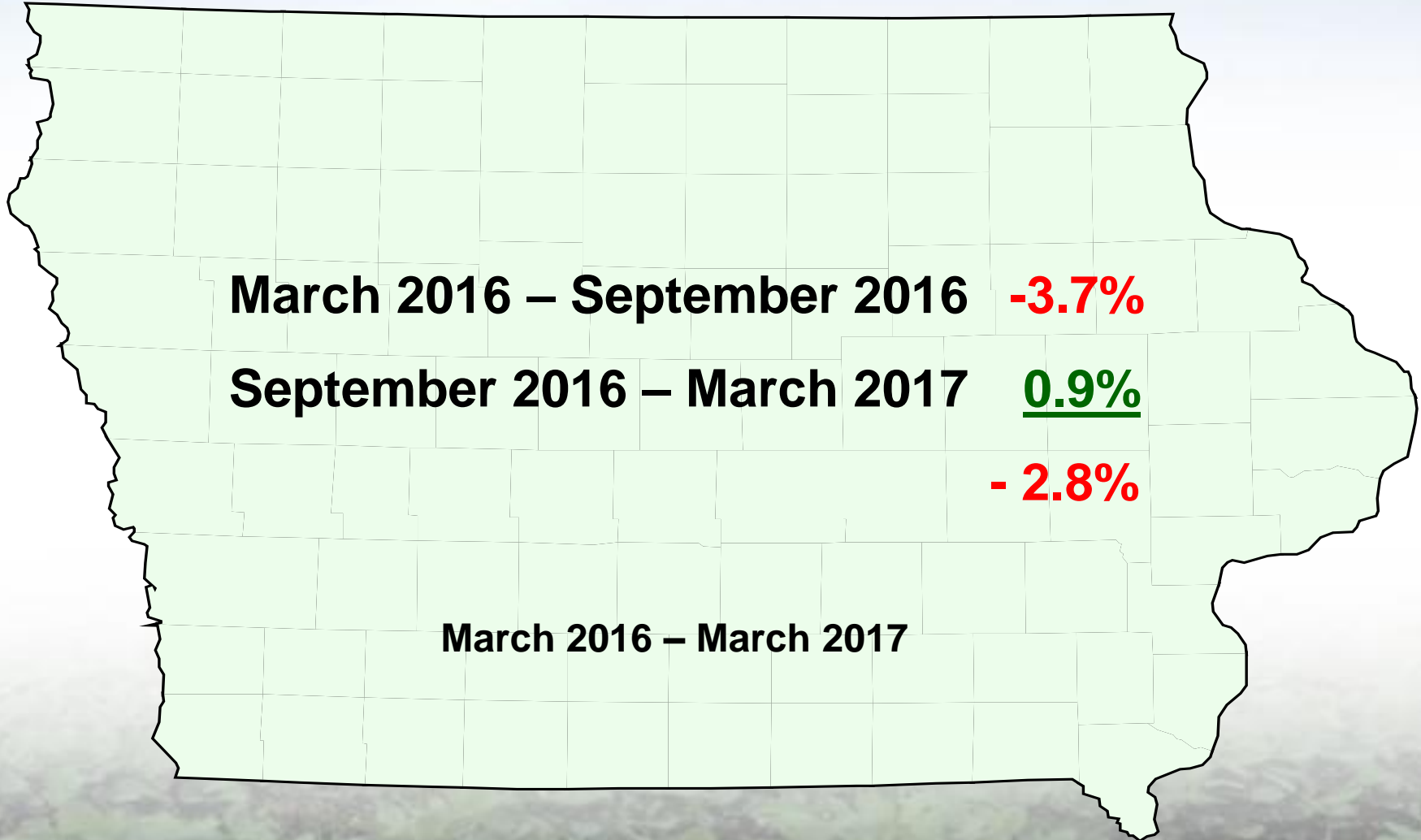


Nine Crop Reporting Districts

Tillable Acres

REALTORS® Land Institute Land Value Survey

March 1, 2017



March 2016 – September 2016 **-3.7%**

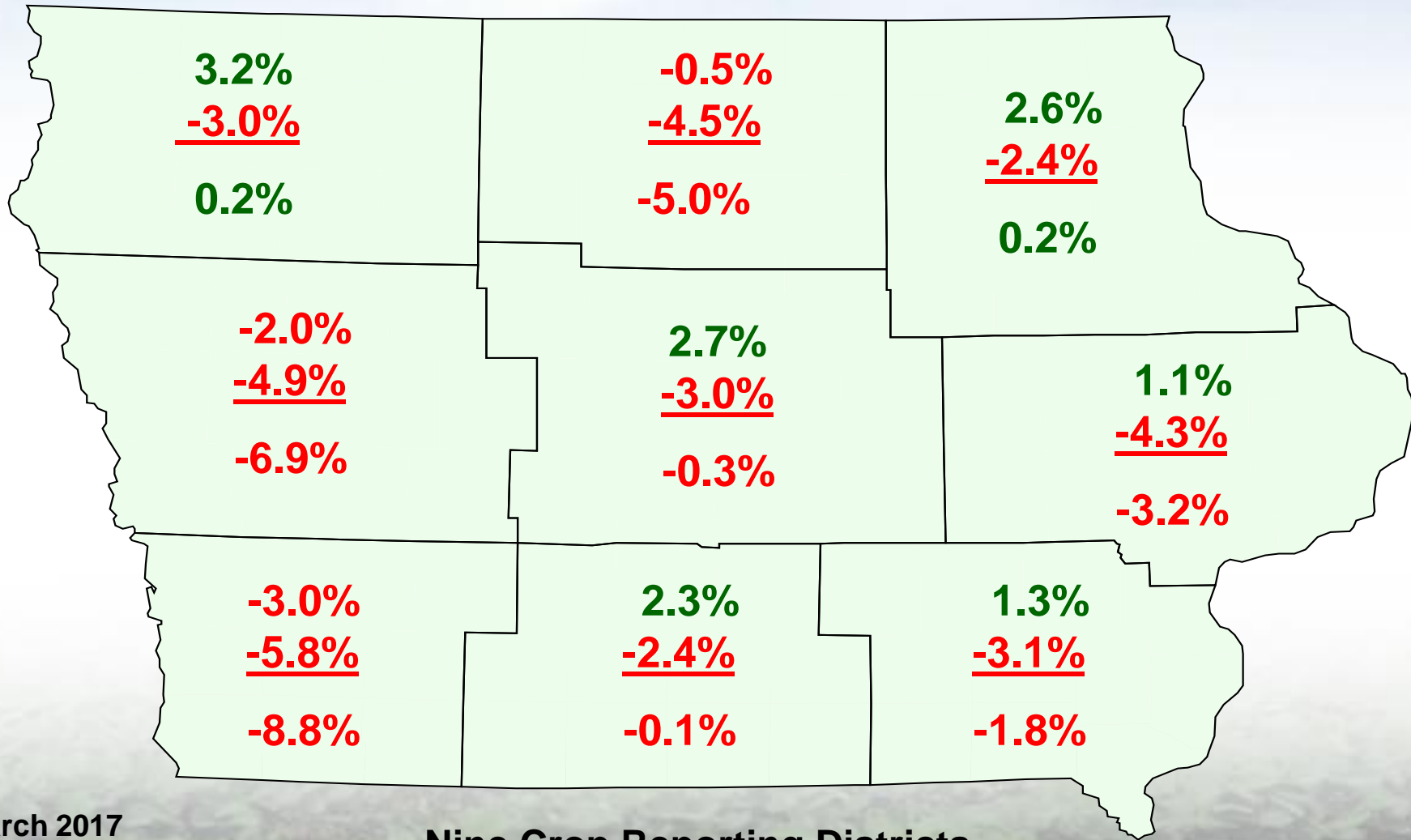
September 2016 – March 2017 **0.9%**

- 2.8%

March 2016 – March 2017

REALTORS® Land Institute Land Value Survey

March 1, 2017



Top – March 2017

Bottom – September 2016

Nine Crop Reporting Districts

March 2016 – March 2017 Tillable Acres

REALTORS® Land Institute Land Value Survey

March 1, 2017

- Iowa State University
 - *November 1, 2015 – November 1, 2016* **-5.9%**
- Federal Reserve
 - *January 1, 2016 – January 1, 2017* **-2.0%**
- University of Nebraska
 - *February 1, 2016– February 1, 2017* **-10.0%**
- Illinois ASFMRA, RLI, Illinois University
 - January 1, 2016 – December 31, 2016 3/23/17
 - January 1, 2015 – December 31, 2015 **-8% - 9%**

REALTORS® Land Institute

Land Value Survey

March 1, 2017

- Average Tillable Cropland Price

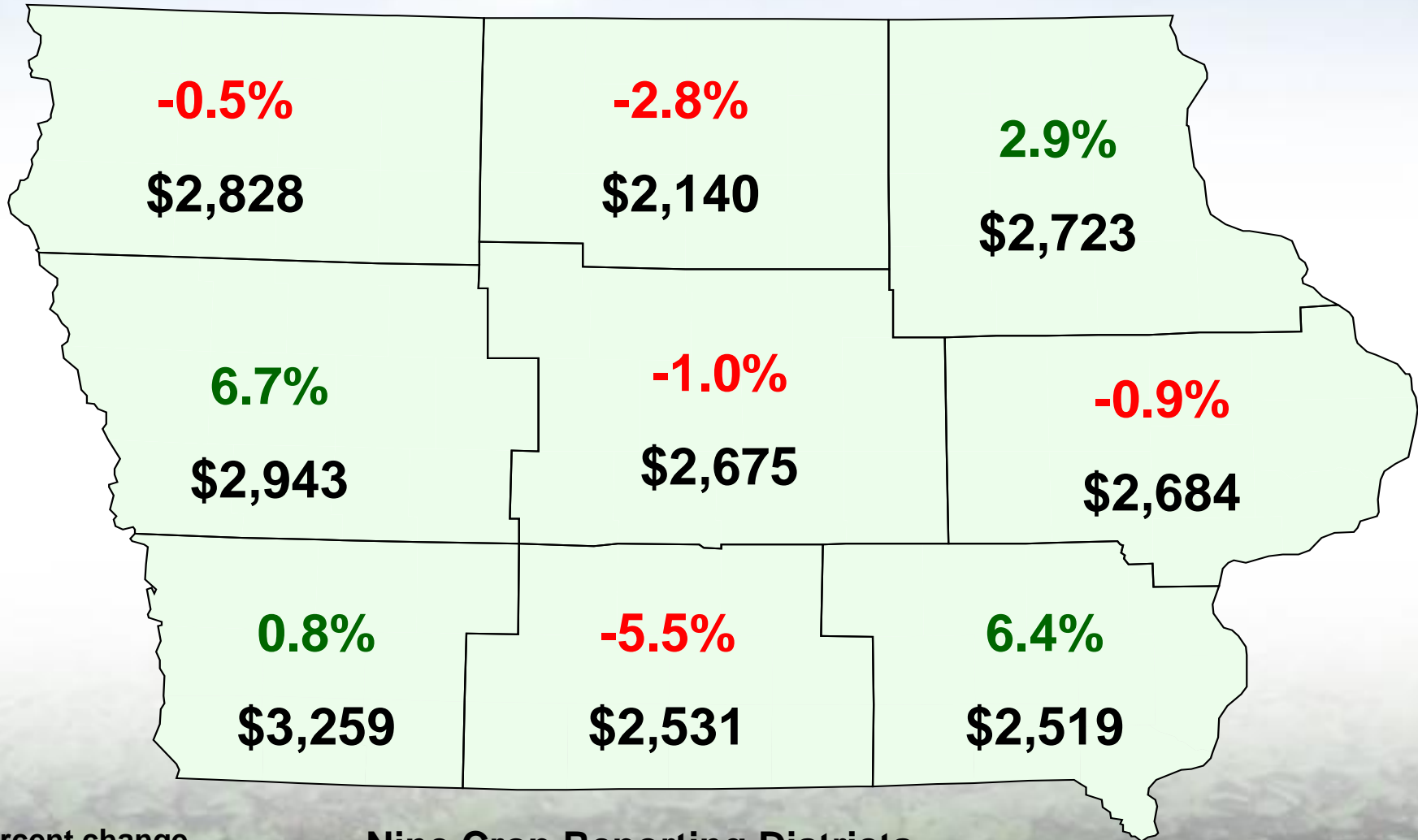
- March '17 \$6,545
- March '16 \$6,732
- March '15 \$7,372
- March '14 \$8,286
- March '13 \$8,690
- March '12 \$7,132
- March '11 \$5,707
- March '10 \$4,268
- March '09 \$4,231
- March '08 \$4,276



REALTORS® Land Institute Land Value Survey

Pasture Acres

March 1, 2017



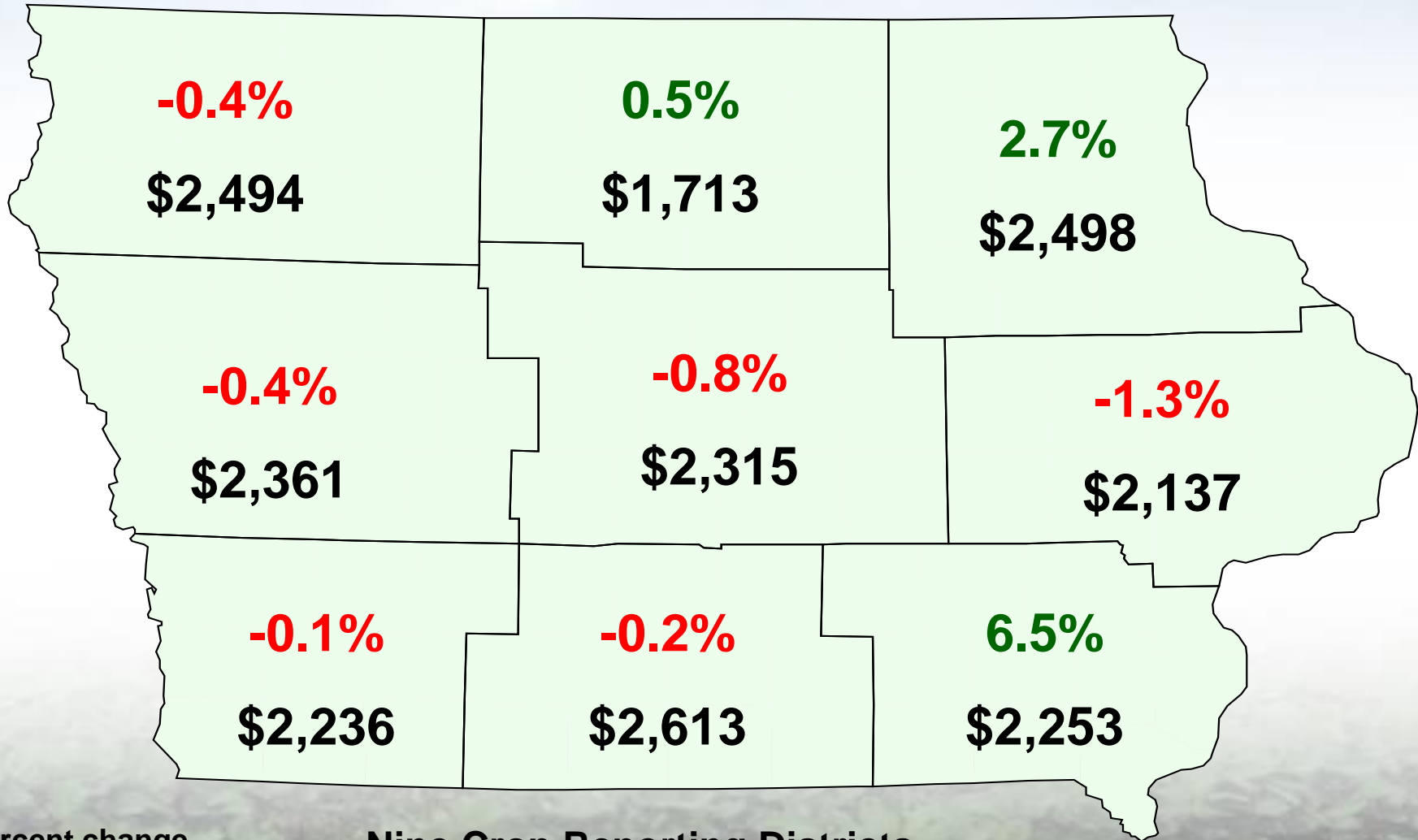
Top – Percent change

Bottom – Price per Ac

Nine Crop Reporting Districts

September 2016 – March 2017

REALTORS® Land Institute Land Value Survey
Non-Tillable / Timber Acres
March 1, 2017



Top – Percent change

Bottom – Price per Ac

Nine Crop Reporting Districts

September 2016 – March 2017

Positive Factors

- Limited Amount of Land for Sale
- Interest Rates (still near all time lows)
- Cash on hand (Excess Liquidity)
- Strong Investor Interest
- Good Long Term Investment
- Above Average Yields



Negative Factors

- Commodity Prices
- Interest Rates moving higher
- Input Costs Remain High
- Lower Net Revenue
- Lower Livestock Prices
- Ending Stock of Grain
- Government Uncertainty
 - EPA Regulations
 - Lawsuits
 - Trade Policy



Who Is Buying?

- Farmers – 25%-98% (72%)
- Investors – 2%-75% (26%)
- Iowa State University Study – November 1, 2016
 - Farmers – 74%
 - Investors – 22%
- Sales influenced by 1031 Exchanges
 - Ranges from <5% - 70% (28%)



Who Is Selling?

- Estates and/or Heirs – Majority of Sellers
 - Heirs that have inherited the farm
 - Estates with multiple undivided interests
- Retired Farmers
- Some Active Farmers
 - Few forced sales
 - Sales to increase quality or location
- Investors – profit taking



Recreational Land Buyers (Timber, CRP, Wetlands)

- Avid Outdoors/Hunting People
- Out of Area Investors
- Activity is steady to increasing
- County Conservation Boards



Rate Of Return for Buyers

Cropland

- 2.5%-3.5%
 - Range 1.8% - 5%

CRP

- 4%-5%
 - Range 2%-8%



Sale Volume Compared to 2016

- Steady to Down
 - Same
 - Significantly lower
 - 30-45% down
 - Down 50%



Listings vs. Auctions

- Auctions still primary method
 - “No Sales”,
 - Most are privately negotiated afterwards
- Increasing Private Sales
- More Listings than 1 year ago
 - Some areas 50% listing, 50% auctions



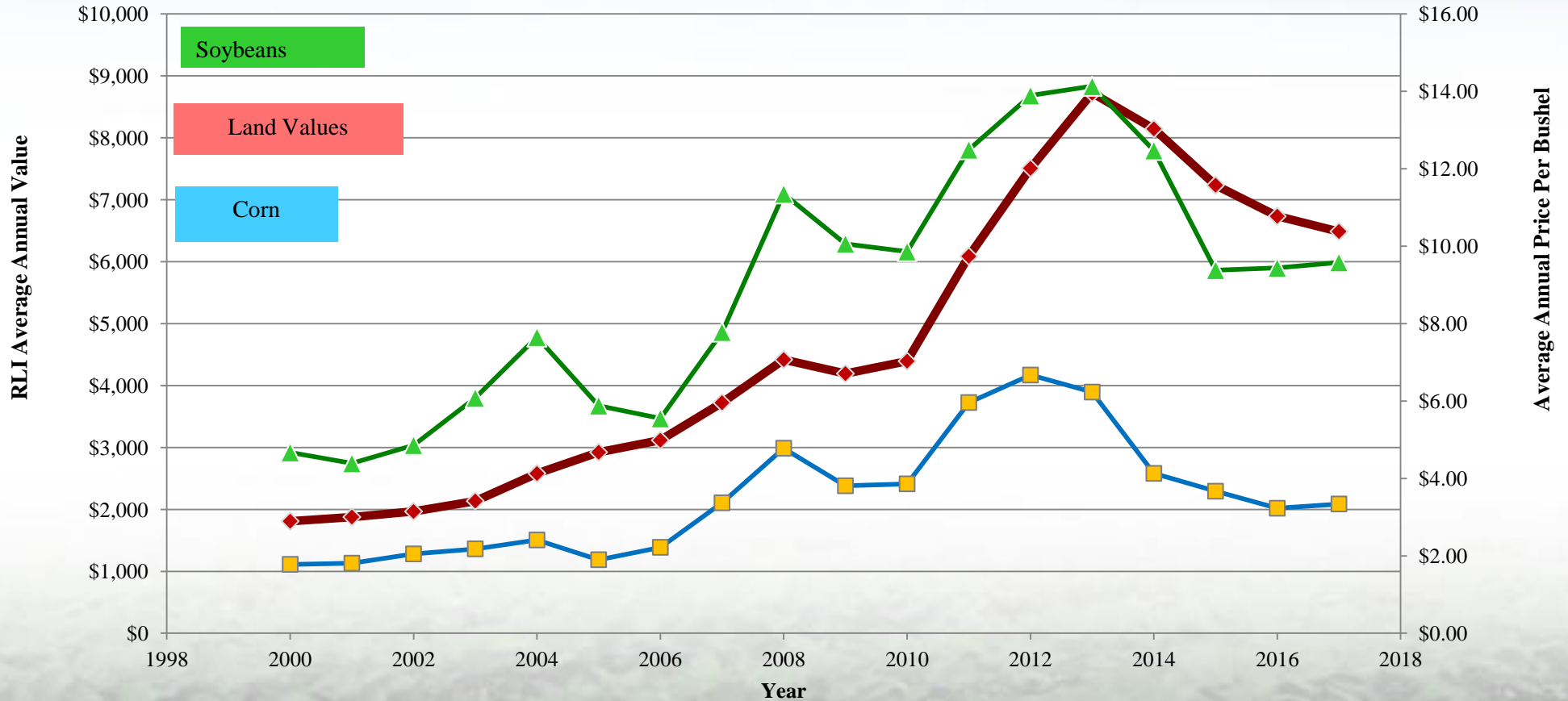
Farmland Market Next 1-3 Years?

- Dependent on Production and Crop Prices (Income)
- Economy (US, World)
 - Interest Rates
 - Trade policy
- Sideways
 - Down 10% to Up 10%
- Volatile market
 - Up and Down in similar areas



Land Values vs. Commodity Prices

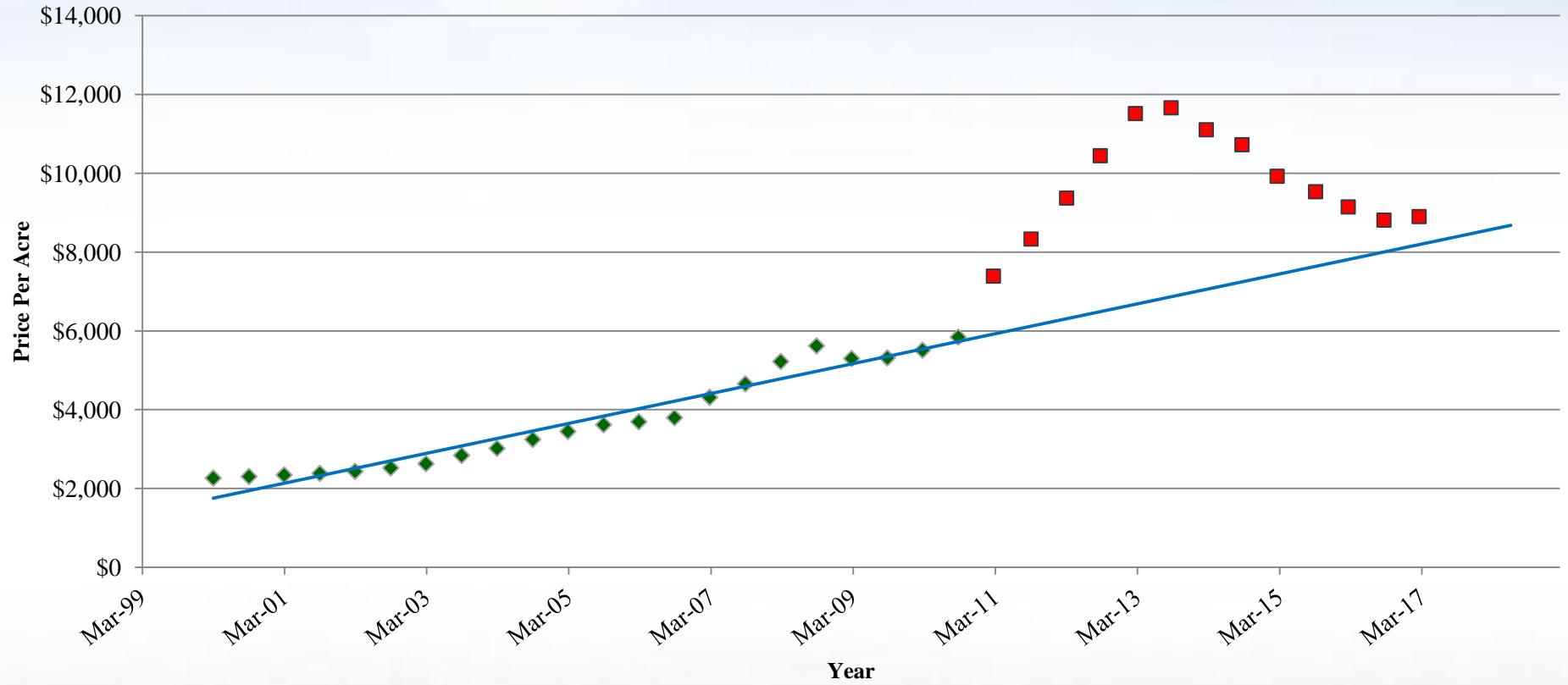
Land Values vs. Commodity Prices



Hertz Appraisal Services

Data: IA RLI Land Values and
ISU Extension commodity prices

High Quality Iowa Cropland Values



Data is from Iowa Realtors Land Institute surveys

Analysis by Hertz Appraisal Services

Conclusion

- Land values appear to be taking a breath to identify future direction
- Farmers still primary buyers
- Future is uncertain
 - Dependent on yields, world grain surplus, and grain prices
- Good competition for high quality farms (demand)
- More investor activity
- Recreational land selling

Questions?



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- Auctioneer
- Member REALTORS® Land Institute (RLI)
- Accredited Land Consultant (ALC)
- 2012-2013 President – Iowa Chapter of REALTORS® Land Institute
- Current Land Values and Trends Chairman - IA RLI
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