Spring ASFMRA/RLI Iowa Meeting

REALTORS® Land Institute – Iowa Chapter

Land Trends & Values Press Release

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Land Trends and Values Committee Chairman
REALTORS® Land Institute – Iowa Chapter

March 2019 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
REALTORS® Land Institute – Iowa Chapter

March 2019 Land Value Survey
Press Release

- Participants in the Survey
  - Asked for their opinions about the current status of Iowa’s farmland market.
  - Asked to estimate the average value of farmland as of March 1, 2019.
  - Estimates are for bare, unimproved land with a sale price on a cash basis.
-1.0%  
September 2018 – March 2019
REALTORS® Land Institute- Iowa Chapter
March 1, 2019

September 2018 – March 2019

Nine Crop Reporting Districts

-0.5%
-2.8%
-2.7%
0.4%
-1.9%
-1.3%
-1.6%
-1.0%
3.0%
REALTORS® Land Institute - Iowa Chapter
March 1, 2018

March 2018 – March 2019

Top – March 2019
Bottom – September 2018

Nine Crop Reporting Districts
September 2018 – March 2019  -1.0%
March 2018 – September 2018  -1.7%
-2.7%
March 2018 – March 2019
REALTORS® Land Institute - Iowa Chapter
Pasture Values
March 1, 2019

Nine Crop Reporting Districts
September 2018 – March 2019

Top – Percent change
Bottom – Price per Ac
REALTORS® Land Institute- Iowa Chapter
Non-Tillable / Timber Acres
March 1, 2019

<table>
<thead>
<tr>
<th>District</th>
<th>Percent Change</th>
<th>Price per Ac</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>-1.1%</td>
<td>$2,550</td>
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<tr>
<td></td>
<td>-2.9%</td>
<td>$2,054</td>
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<tr>
<td></td>
<td>0.3%</td>
<td>$2,814</td>
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<tr>
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<td>3.4%</td>
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<td>3.3%</td>
<td>$2,581</td>
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<td></td>
<td>-0.9%</td>
<td>$2,267</td>
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<tr>
<td>Bottom</td>
<td>-3.3%</td>
<td>$2,489</td>
</tr>
<tr>
<td></td>
<td>0.6%</td>
<td>$2,953</td>
</tr>
<tr>
<td></td>
<td>1.6%</td>
<td>$2,489</td>
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</tbody>
</table>

Top – Percent change
Bottom – Price per Ac

Nine Crop Reporting Districts
September 2018 – March 2019
REALTORS® Land Institute – Iowa Chapter
Land Value Survey
March 1, 2018

► Iowa State University
  ► November 1, 2017 – November 1, 2018 - 0.8%

► Federal Reserve
  ► January 1, 2018 – January 1, 2019 -1.0%

► Illinois Chapters of ASFMRA, RLI, & University of Illinois
  ► 2017 Survey (Jan. ‘17 – Dec ‘17) -1 to -5%
  ► 2018 Survey Out Next Week
# Average Tillable Cropland Price

<table>
<thead>
<tr>
<th>Month</th>
<th>Price</th>
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<tbody>
<tr>
<td>March ’19</td>
<td>$6,794</td>
</tr>
<tr>
<td>March ‘18</td>
<td>$6,951</td>
</tr>
<tr>
<td>March ’17</td>
<td>$6,545</td>
</tr>
<tr>
<td>March ’16</td>
<td>$6,732</td>
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<tr>
<td>March ’15</td>
<td>$7,372</td>
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<td>March ’14</td>
<td>$8,286</td>
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<tr>
<td>March ’13</td>
<td>$8,690</td>
</tr>
<tr>
<td>March ’08</td>
<td>$4,276</td>
</tr>
</tbody>
</table>
Positive Factors

- Low Supply of Land Available
- Historically Low Interest Rates
- Higher than Anticipated Yields
- 1031 Exchange Activity
- Stock Market Uncertainty
Negative Factors

- Low Commodity Prices
- Trade Uncertainty/Tariffs
- Interest Rates Increasing
- Tight Operating Capital
- Slight Trend to Lower Rents
Who is Buying?

- Farmers - 77%
- Investors - 18%
- Others - 5%

- Iowa State University Study
  - November 1, 2018
    - Farmers - 72%
    - Investors - 21%

- Sales influenced by 1031 Exchanges - 20%
Who is Selling?

- Estates and Trusts
- Farmers
  - Increase in Leasebacks
- Investors Trading Assets
- Current Operators
  - Generating Operating Capital
Rate of Return for Buyers

- **Cropland:** 2%-4%
  - 2.9% average response

- **CRP:** 3%-6%
  - 4.3% average response
Recreational Land
(Timber, CRP, Wetlands)

- Avid Outdoors/Hunting People
- Out of the Area Investors
- County Conservation Boards/DNR
- Activity is Steady
Sales Volume Compared to 2017

- Steady
- Same
- Slightly less
Listings vs. Auctions

- Auctions still Primary Method
  - 60% Auctions
    - High Quality
  - 40% Private Listings
    - Lower Quality
- Increase in Private Listings
Farmland Market Next 1-3 Years

- Very Dependent on Production and Crop Prices
- Mixed Results
  - Steady to Higher
  - Flat
  - Steady to Lower
- Volatile Market
Trendline Cropland Prices

High Quality Iowa Cropland Values

Price Per Acre

- $14,000
- $12,000
- $10,000
- $8,000
- $6,000
- $4,000
- $2,000
- $-

Year


Data is from Iowa Realtors Land Institute surveys

Analysis by Hertz Appraisal Services
Conclusion

- **Land Values Mixed - Stable to Softer**
  - Sales have been volatile

- **Negatives for Land Market**
  - Commodity Prices/ Tight Margins
  - Uncertainty in Government - Farm Bill/ Trade
  - Potential Long term interest rates increasing - still favorable

- **Positives for Land Market**
  - Farmers still have some cash on hand/equity
    - Must be perfect farm for their operation to spend available cash
  - Still limited amount of land for sale
  - Uncertainty of Alternative Investments

- **Farmers are Primary Buyers**
  - Recreational buyers are active as well as investors

- **Future is Uncertain but Currently Steady**
  - Will depend on commodity prices and yield
  - Volume of land on the Market
Questions?