

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 30, 2016



**Farm Credit Services
of America**

AGRICULTURE WORKS HERE...



Iowa Chapter REALTORS Land Institute

March 2016 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



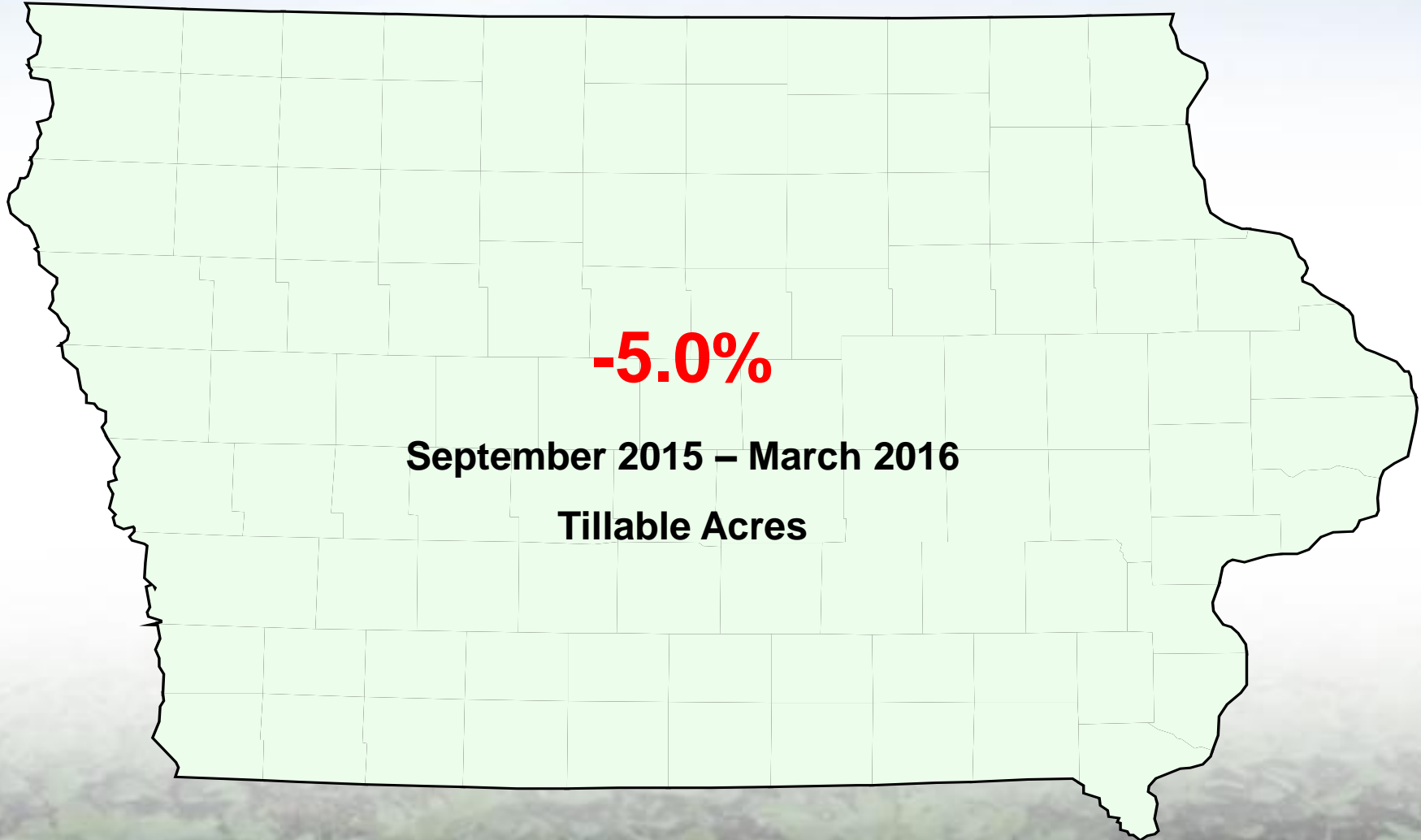
Iowa Chapter REALTORS Land Institute

March 2016 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

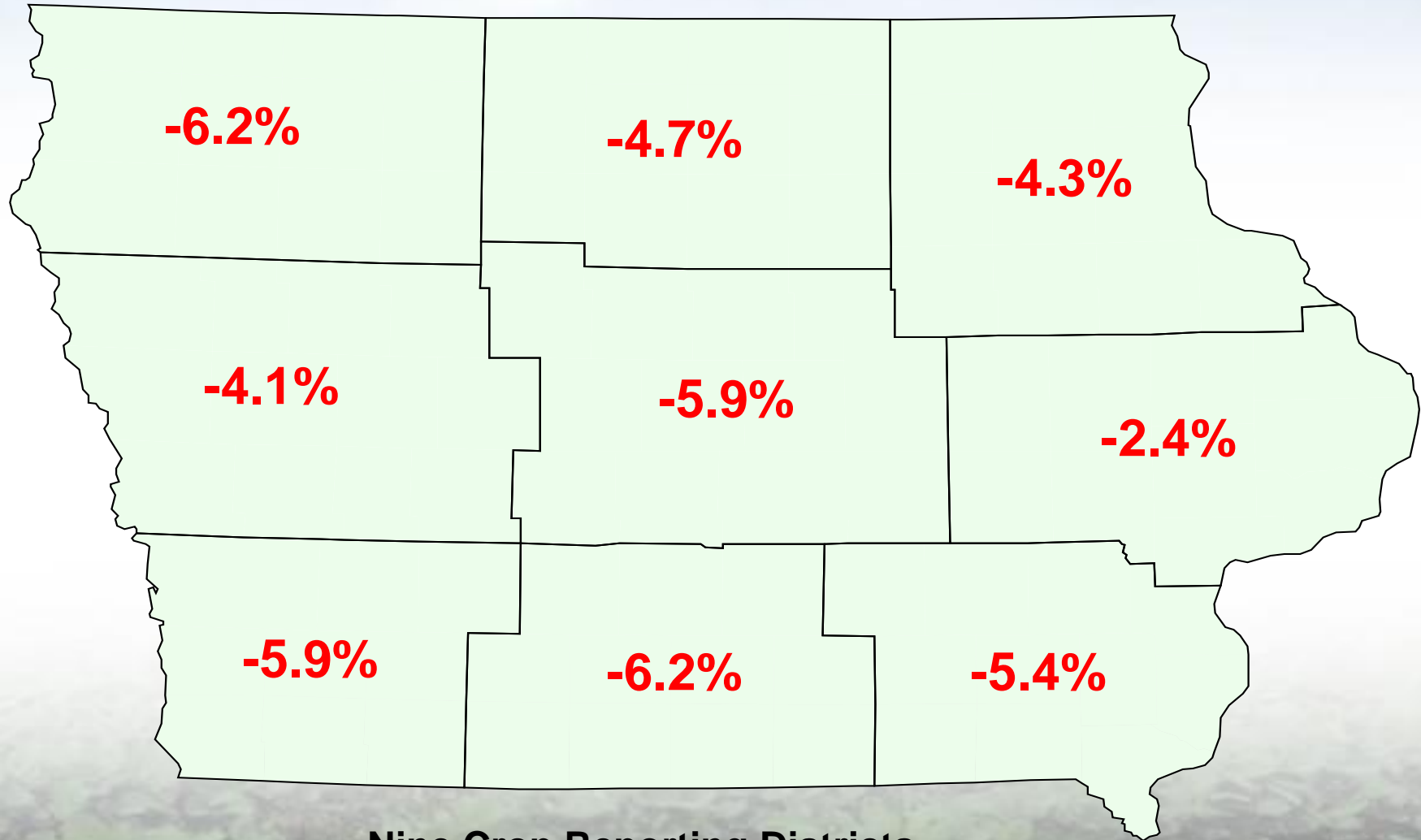
March 1, 2016



Realtors Land Institute Land Value Survey

March 1, 2016

September 2015– March 2016

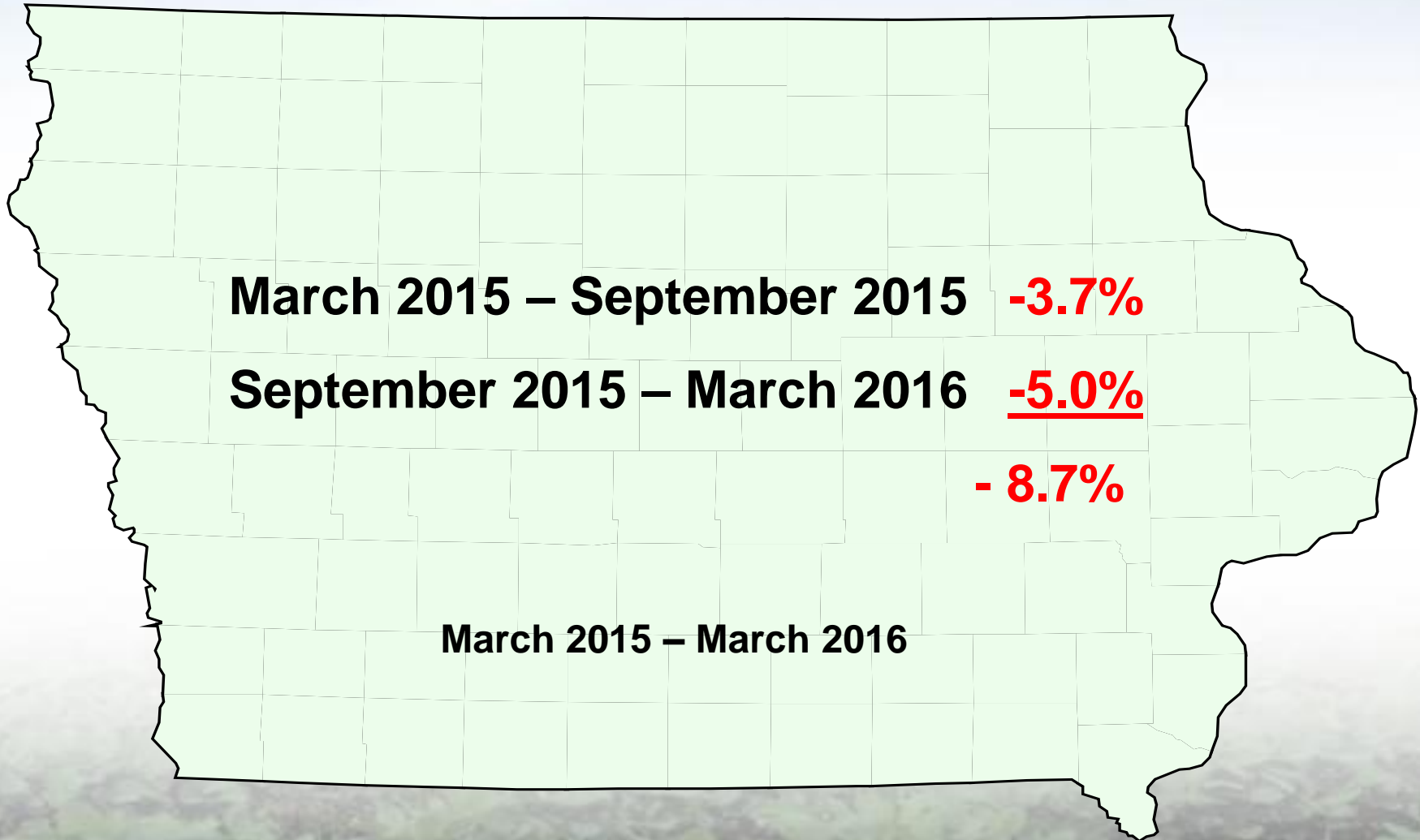


Nine Crop Reporting Districts

Tillable Acres

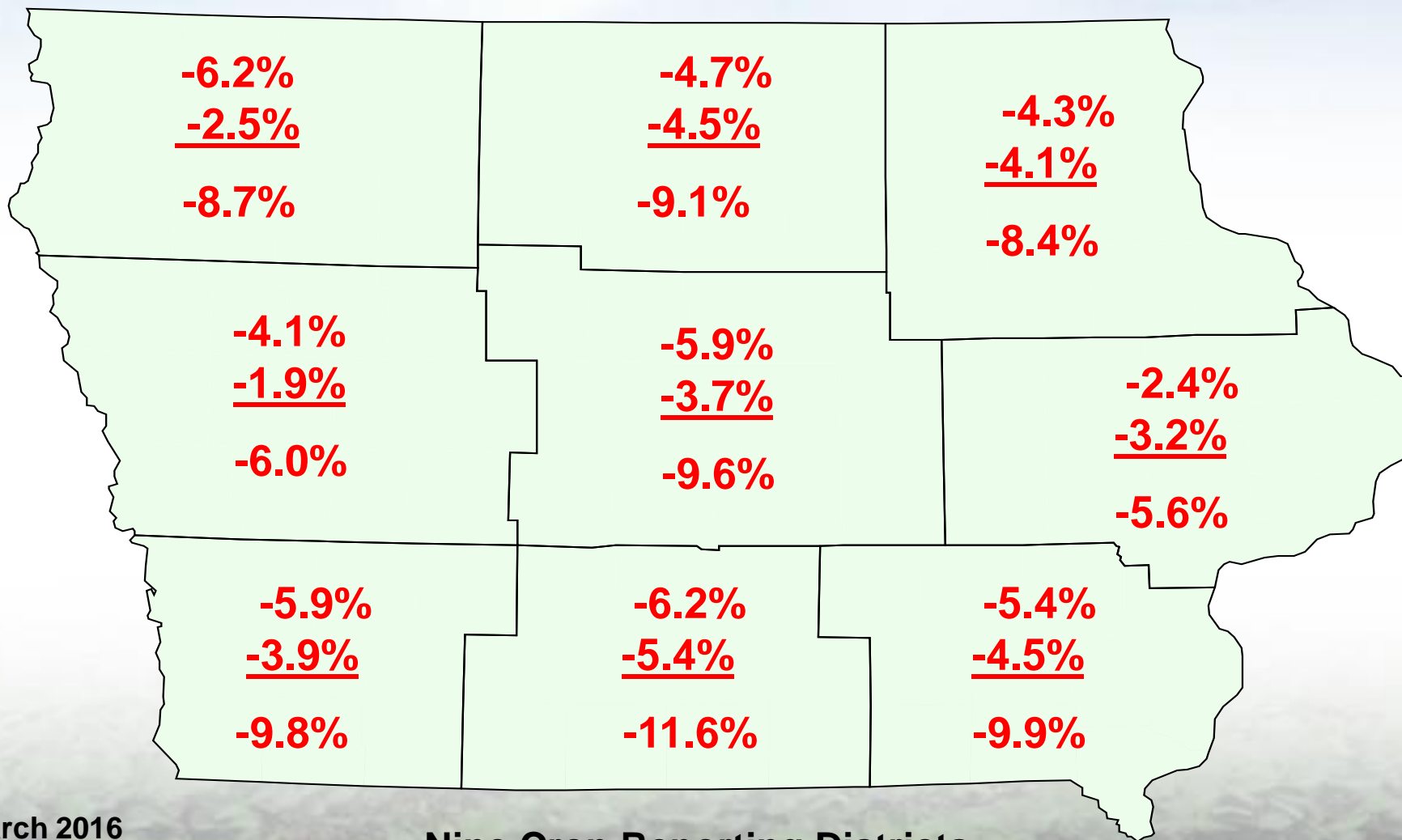
Realtors Land Institute Land Value Survey

March 1, 2016



Realtors Land Institute Land Value Survey

March 1, 2016



Top – March 2016

Bottom – September 2015

Nine Crop Reporting Districts

March 2015 – March 2016 Tillable Acres

Realtors Land Institute Land Value Survey

March 1, 2016

- Iowa State University
 - *November 1, 2014 – November 1, 2015* **-3.9%**
- Federal Reserve
 - *January 1, 2015 – January 1, 2016* **-5.0%**
- University of Nebraska
 - *February 1, 2015– February 1, 2016* **-4.0%**
- Illinois ASFMRA, RLI, Illinois University
 - *January 1, 2015 – December 31, 2015* **-8% to -9%**

REALTORS Land Institute

Land Value Survey

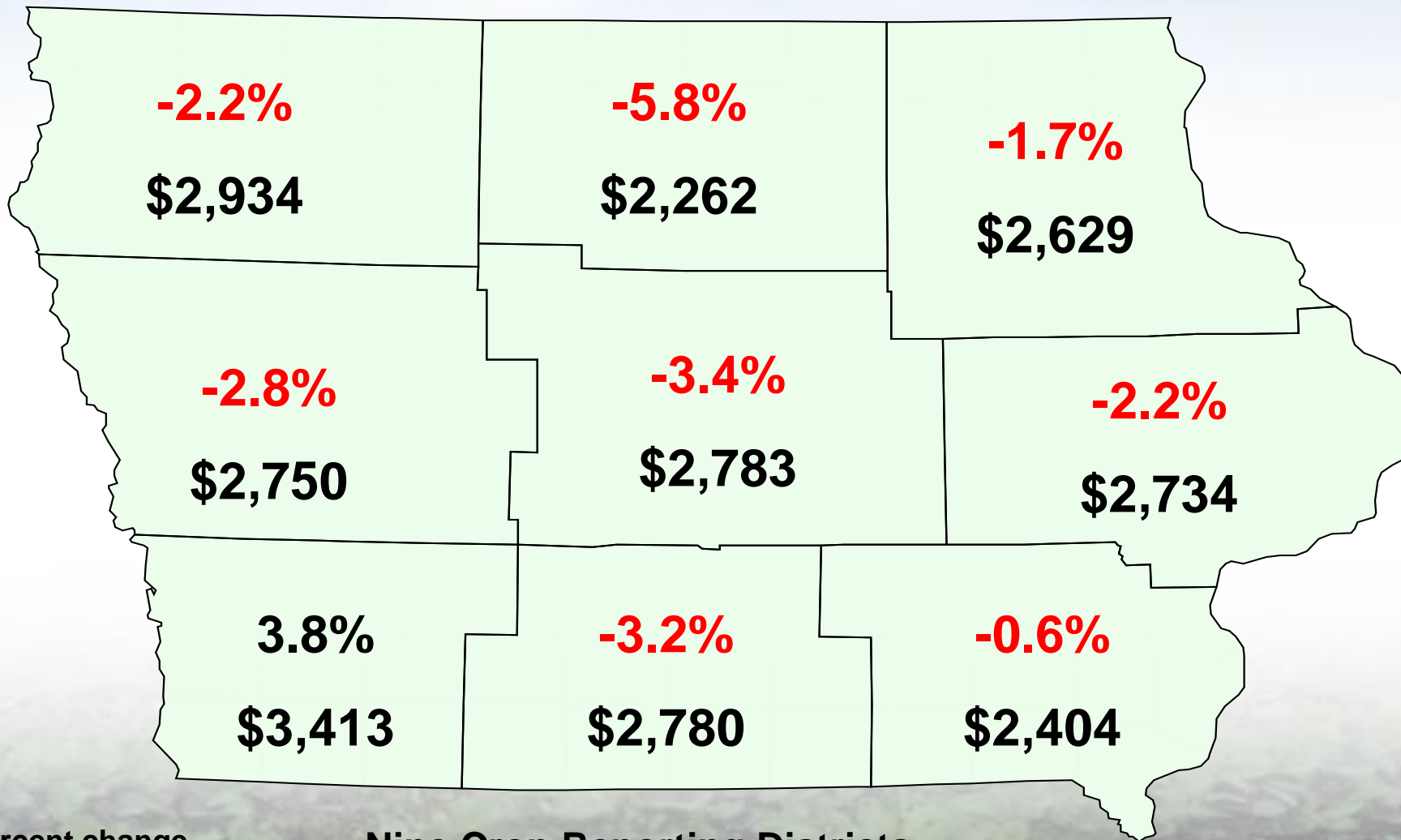
March 1, 2016

- Average Tillable Cropland Price

| | |
|-------------|---------|
| • 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, 2016



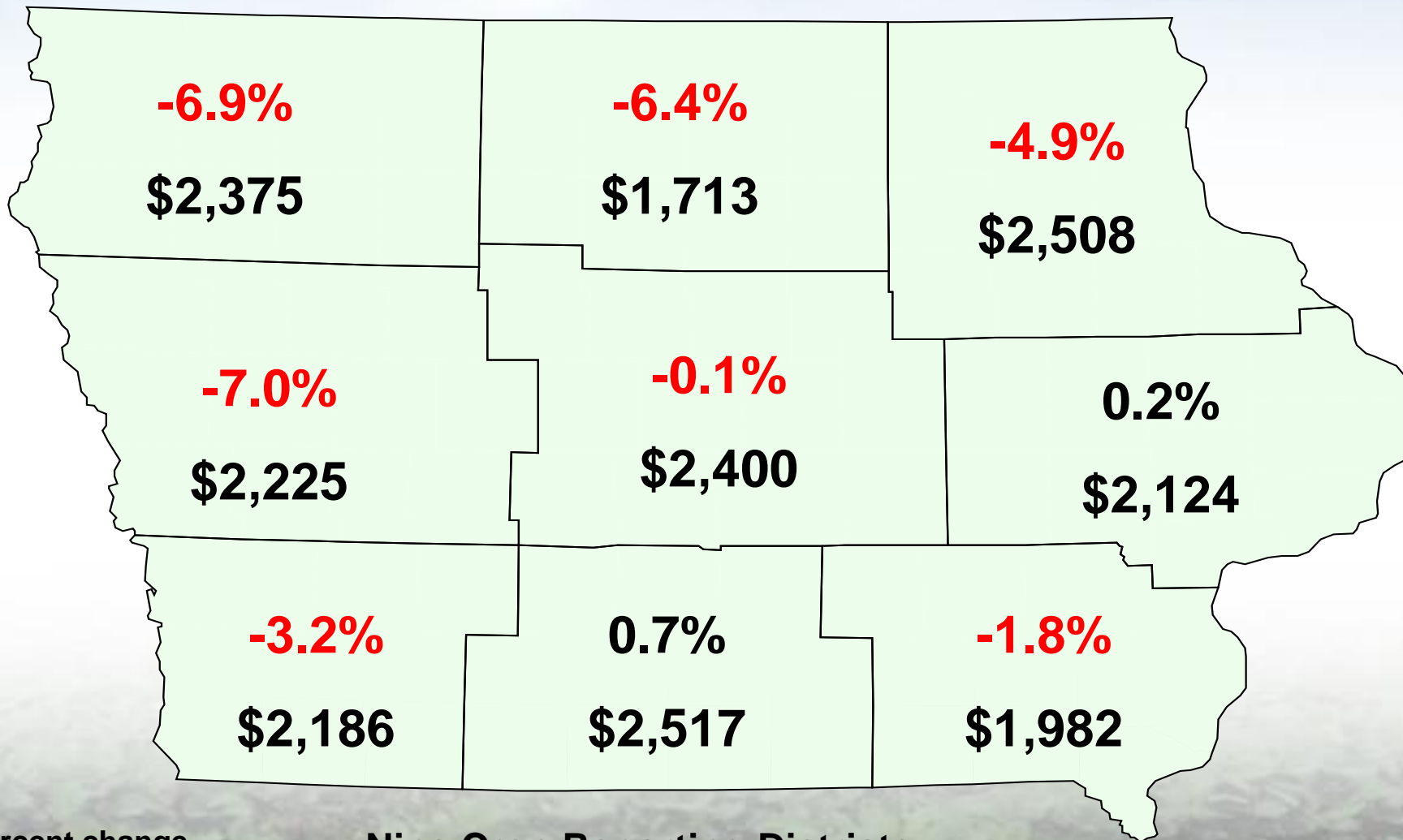
Top – Percent change

Bottom – Price per Ac

Nine Crop Reporting Districts

September 2015 – March 2016

Realtors Land Institute Land Value Survey
Non-Tillable / Timber Acres
March 1, 2016



Top – Percent change

Bottom – Price per Ac

Nine Crop Reporting Districts

September 2015 – March 2016

Positive Factors

- Limited Amount of Land for Sale
- Interest Rates (still near all time lows)
- Cash on hand (Excess Liquidity)
- Renewed interest from Investors
- Good Long Term Investment
- Above Average Yields in 2015



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



Who Is Buying?

- Farmers – 40%-100% (74%)
- Investors – 0%-80% (24%)
- Iowa State University Study – November 1, 2015
 - Farmers – 76%
 - Investors – 20%
- Sales influenced by 1031 Exchanges
 - Ranges from <5% - 70% (20%)



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
- Investors – profit taking



Recreational Land Buyers (Timber, CRP, Wetlands)

- Avid Outdoors/Hunting People
- Out of Area Investors
- Activity is Steady
- County Conservation Boards



Rate Of Return for Buyers

Cropland

- 2.5% - 5%

CRP

- 4%-6%



Sale Volume Compared to 2015

- 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

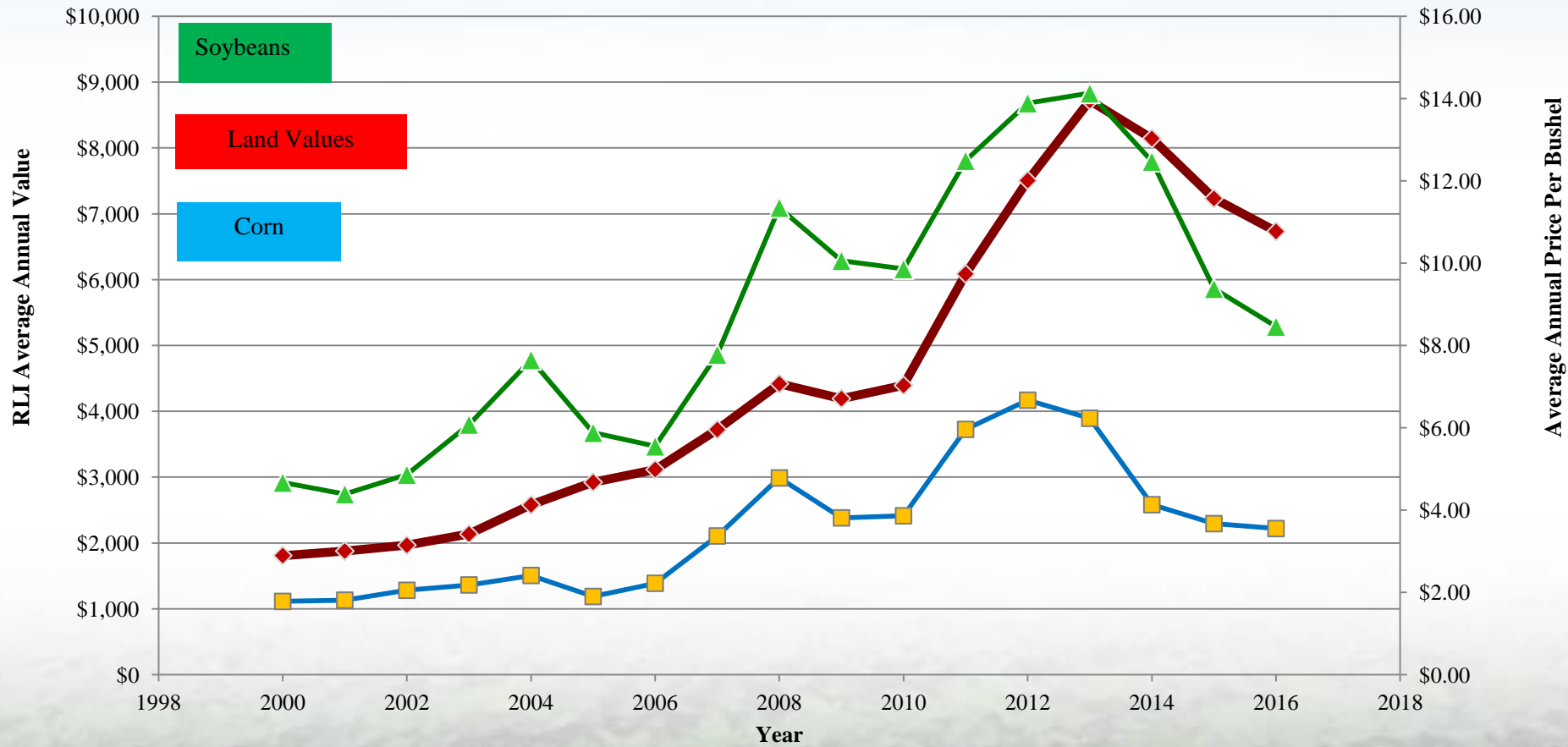


Farmland Market Next 1-3 Years?

- Dependent on Production and Crop Prices (Income)
- Economy (US, World)
 - Interest Rates
 - RFS
- Steady to lower
 - 5% to -20% (over 3 years)
- Sideways



Land Values vs. Commodity Prices



Conclusion

- Land values continue to soften
- Farmers still primary buyers
- More investor activity
- Good competition for high quality farms (demand)
- Recreational land selling
- Future is uncertain
 - Will follow commodity prices

Questions?



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