Spring Educational Seminar

Iowa Chapter REALTORS Land Institute
Land Trends & Values
Press Release

RLI Land Trends and Values Committee Chairperson

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March 30, 2016
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
Participants in the Survey
– Current status of Iowa’s farmland market
– Estimate average value as of March 1st
– Bare, unimproved land
– Cash basis
Tillable Acres

September 2015 – March 2016

-5.0%
Realtors Land Institute Land Value Survey

March 1, 2016
September 2015– March 2016

Nine Crop Reporting Districts
Tillable Acres

-6.2%
-4.7%
-4.3%

-4.1%

-5.9%
-6.2%

-5.4%
-2.4%
Realtors Land Institute Land Value Survey
March 1, 2016

March 2015 – September 2015  -3.7%
September 2015 – March 2016  -5.0%
- 8.7%

March 2015 – March 2016
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

Nine Crop Reporting Districts
September 2015 – March 2016

Top – Percent change
Bottom – Price per Ac
Realtors Land Institute Land Value Survey
Non-Tillable / Timber Acres
March 1, 2016

Nine Crop Reporting Districts
September 2015 – March 2016

Top – Percent change
Bottom – Price per Ac
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

Hertz Appraisal Services

Data: IA RLI Land Values and ISU Extension 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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• Accredited Land Consultant (ALC)
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