REALTORS® Land Institute – Iowa Chapter

March 2018 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
- Asked for their opinions about the current status of Iowa’s farmland market.
- Asked to estimate the average value of farmland as of September 1, 2017.
- Estimates are for bare, unimproved land with a sale price on a cash basis.
2.9%

September 2017 – March 2018
REALTORS® Land Institute - Iowa Chapter
March 1, 2018

September 2017 – March 2018

Nine Crop Reporting Districts

- 2.1%
- 4.0%
- 3.7%
- 1.7%
- 2.9%
- 4.3%
- 3.3%
- 1.6%
- 2.6%
September 2017 – March 2018 2.9%

March 2017 – September 2017 2.0%

March 2017 – March 2018 4.9%
REALTORS® Land Institute- Iowa Chapter
Pasture Values
March 1, 2018

Nine Crop Reporting Districts

Top – Percent change
Bottom – Price per Ac

September 2017 – March 2018
<table>
<thead>
<tr>
<th>District</th>
<th>Percent Change</th>
<th>Price per Ac</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nine Crop</td>
<td>9.6%</td>
<td>$1,878</td>
</tr>
<tr>
<td>Reporting District</td>
<td>2.4%</td>
<td>$2,734</td>
</tr>
<tr>
<td>-1.1%</td>
<td>$2,538</td>
<td></td>
</tr>
<tr>
<td>1.2%</td>
<td>$2,329</td>
<td></td>
</tr>
<tr>
<td>4.6%</td>
<td>$2,432</td>
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</tr>
<tr>
<td>1.9%</td>
<td>$2,338</td>
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<tr>
<td>5.5%</td>
<td>$3,012</td>
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</tr>
<tr>
<td>8.0%</td>
<td>$2,207</td>
<td></td>
</tr>
</tbody>
</table>

Top – Percent change
Bottom – Price per Ac

Nine Crop Reporting Districts
September 2017 – March 2018
REALTORS® Land Institute – Iowa Chapter
Land Value Survey
March 1, 2018

► Iowa State University
  ► November 1, 2016 – November 1, 2017  2.0%

► Federal Reserve
  ► January 1, 2017 – January 1, 2018  3.0%

► Illinois ASFMRA, RLI, Illinois University
  ► 2017 Survey  (Jan. ‘16 – Dec ‘16)  -5 to -12%
    ► 2017 Survey 3/22
Average Tillable Cropland Price

- March ‘18: $6,951
- March ‘17: $6,545
- March ‘16: $6,732
- March ‘15: $7,372
- March ‘14: $8,286
- March ‘13: $8,690
- March ‘08: $4,276
Positive Factors

- Cheap Interest Rates
- Low Supply of land available
- Higher than anticipated yields
- Improved commodity prices
- Money - Stock Market to Land
Negative Factors

- Low commodity prices
- Tight Operating Capital
- Lower Rents
- Interest Rates Increasing
- Farm Bill Uncertainty
- Trade Uncertainty
Who is Buying

- Farmers - 83%
- Investors - 13%

Iowa State University Study
- November 1, 2017
  - Farmers - 72%
  - Investors - 22%

- Sales influenced by 1031 Exchanges - 15%
Who is Selling?

- Estates and Trusts
- Current Operators
  - Generating Operating Capital
Rate of Return for Buyers

- Cropland  3.2% average response
- CRP       4.6% average response
Recreational Land
(Timber, CRP, Wetlands)

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

- Steady
- Same
- Slightly less
Listings vs. Auctions

- Auctions still primary method
  - 60% Auction
  - 40% Private Listings
- Movement towards 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 stabilize/increase
  - 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
  - Slight increase in Commodity Prices

- Farmers are primary buyers
  - Recreational buyers are active

- Future is uncertain but currently steady
  - Will depend on commodity prices and yield
  - Volume of land on the Market
Questions?