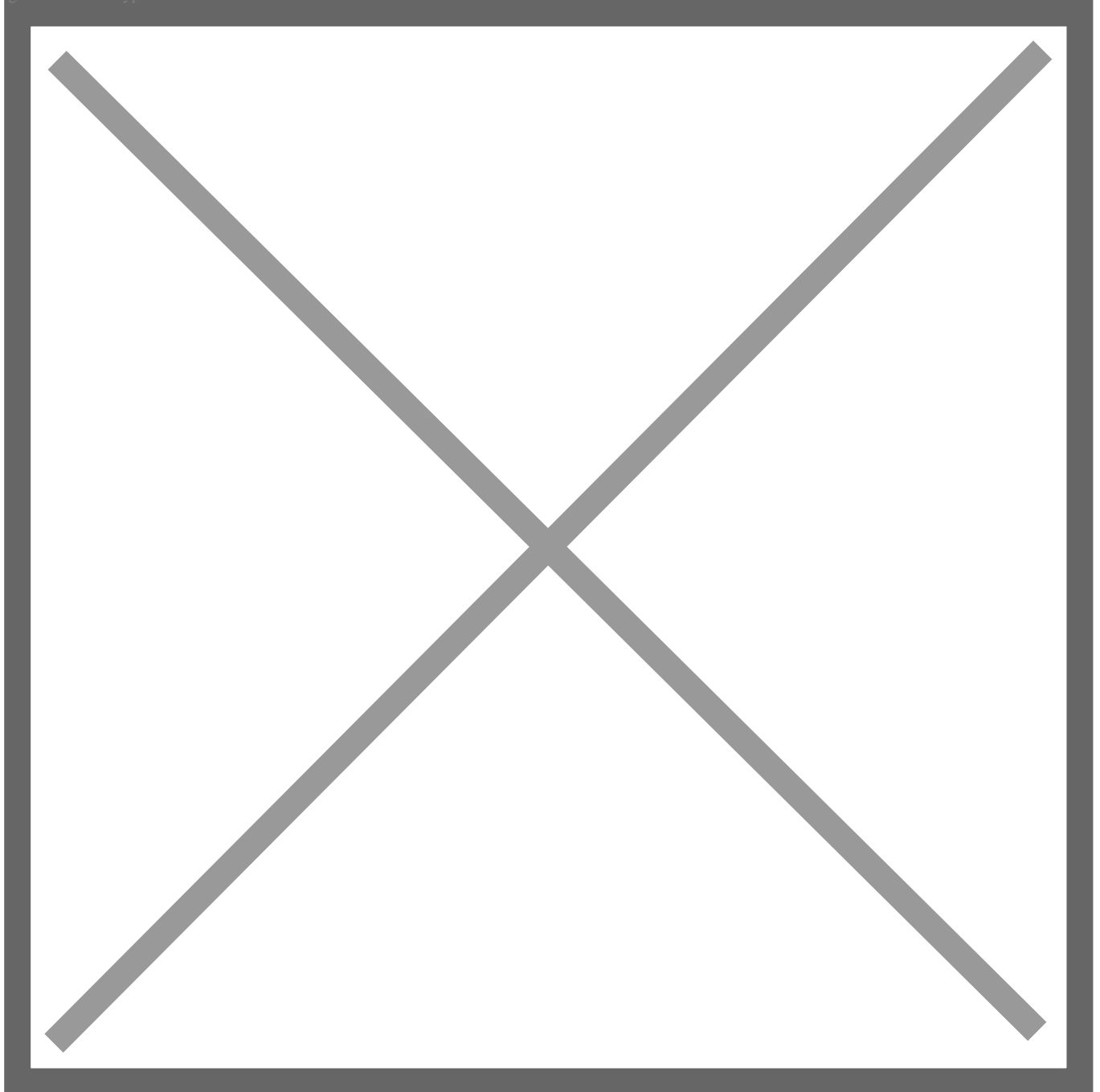


Iowa Farm Values Downward Trend Slowing

Published on Sep 25, 2015 by Travis Smock

Image not found or type unknown



Following the recent fall in commodity prices it would be easy to predict a decline in farmland values on the most recent survey done by the Iowa Chapter of REALTORS® Land Institute. According to the latest results, Iowa land values are still in a downward trend however the decline appears to be slowing. The survey, which asks farmland specialists from across the state to give their opinion on current land values, shows a six month change of -3.7 percent from March 1, 2015 to September 1, 2015. This is down from a 7.6 percent decrease in values over the previous six month period from September to March.

The RLI survey splits the state into nine districts and breaks cropland acres down into three categories depending on their productivity: high, low, and medium quality. Also included on the survey are pasture and timber acres, although they are not factored into the cropland averages. The northwest district reported the highest land values with high quality farms averaging \$11,339 per acre and fell only 2.5 percent. The largest drop recognized in this survey was in south central Iowa, where values fell 5.4 percent. Pasture and timber land values remained essentially unchanged.

Although average cropland values in Iowa have fallen approximately 23 percent from what is believed to be the peak of the market in 2013, today's values are still nearly 184 percent higher than they were on the same survey done in the fall of 2007, when commodity prices were very similar to the current market. This fact has proven that farmland value contributing factors go well beyond the obvious bearish influences such as the decrease in commodity prices and farm income decline. The bullish influences on the market include record low interest rates creating buying power, increasing world population and food demand, a lack of safe alternative investments, and a low supply.

With the addition of our [Appraisal team at Peoples Company](#), which tracks every listing and sale across the state, we are observing that the low supply coupled with a large demand and ability to purchase is having a strong impact on current land values. As of today there are only 126 farms for sale in Iowa that are at least 85 percent tillable, which equates to less than 1.3 cropland farms available per county. Even though cropland values are declining, the overall market is still strong due to the amount of capital chasing a limited supply.