

# The Dirt on Iowa Land Auction Prices â€™“ December 12-24, 2015

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Greetings! Land Auctions last week were fairly active. There were a total of 2,599 gross acres offered at auction. Of those acres, 2,382 acres were tillable. Of the acres auctioned last week, one auction was in Crawford County, with over 1,200 acres, and another auction in Wright County, with 475 acres.

I would describe last week auctions as stable. A few of the highlights from last week: 200 acres sold in Woodbury County, with a CSR of 41.2, for \$5,150/acre. The farm in Wright County was a farm with 475.8 acres that was divided into seven tracts. The farm was sold “buyers choice.” The successful bidder took six tracts for a total of 472 acres at \$9,650/acre. The total purchase price was \$4,591,470

Wow! The buyer was an investor buyer. The 1,200 acres auctioned in Crawford County was purchased by family members. There was one “no sale” in Johnson County. The farm is still for sale.

As 2015 comes to an end, I would like to make a few comments for 2016 and beyond. I think the future is extremely bright, despite the apparent potholes we’re currently negotiating. Yes, I am well aware of the obstacles we face, but I think they are more “bumps in the road” than permanent change in long-term outlook. I acknowledge that one man’s “short term” can seem lengthy to another, but I remain truly optimistic long term.

Why?

Key circumstances remain in place that provide momentum to move U.S. agriculture through the current situation and on to a bright future. One example is global growth trends in household incomes and resultant demand for improved diets. Such growing demand in Asia alone will be an important driver going forward. To amplify this point, let's take a look at the demand for farmland and resultant impact on values.

We continue to see strong prices generated at auction sales (there have been a few no-sales, but they are exceptions). The spur behind these results is the infusion of new buyers. For the past several years, demand from operating farms has driven land values. However, in today's market, we are seeing great interest from institutional investors, high net-worth individuals and even foreign nationals aggressively seeking new and safe havens for capital. In just the past couple of years, several newly formed publicly traded companies have entered the market with a great deal of capital to invest.

These are sophisticated, judicious investors who see opportunity in farmland and they are having an impact.

Going forward, current commodity prices may lead to something of a tough two- or even three-year period for operators, but am confident [Peoples Company](#) has the resources to work with sellers and/or buyers to obtain their unique objective that is tailored to achieve their goals. Recent auctions prices and the influx of new and well capitalized investors who recognize that sort of opportunity in farmland seem to be proving my point.

Our future is bright!

Check back next week for new dirt on Iowa land auction prices. Meanwhile, check out our [November auction results](#). Please make sure and hit the "like" button [on Facebook](#).

Talk to you soon! Thanks.

[Jim Rothermich](#)

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