

Dirt Talk Weekly- Iowa Land Auction prices, October 7 - October 13, 2016

Published on Oct 17, 2016 by Peoples Company



Greetings! Land auctions were down considerably from the previous week. There was a total of 475 acres offered at auction, of those acres, there were 433 tillable acres. I would describe the auction results as “steady”. There were no “no sales” last week. On \$/tillable CSR2 point, there were 4 sales that were above \$100/tillable CSR2 point. The range was from \$87/tillable CSR2 point to \$139/tillable CSR2 point. A few of the highlights from last week:

- 145 acres sold in Wright County, “the dirt dealer” for \$6,300/acre - CSR/CSR2 70/75
- 244 acres sold in Johnson County in 6 tracts
 - Tract 1 - 38 acres sold \$8,600/acre - CSR/CSR2 84/80
 - Tract 2 - 44 acres sold \$7,350/acre - CSR/CSR2 72/70
 - Tract 3 - 19 acres sold \$6,625/acre - CSR/CSR2 72/77
 - Tract 4 - 54 acres sold \$7,450/acre - CSR/CSR2 76/76
 - Tract 5 - 58 acres sold \$5,750/acre - CSR/CSR2 61/65
 - Tract 6 - 31 acres sold \$3,400/acre (100% woods)
- 117 acres sold in Keokuk County for \$7,050/acre - CSR/CSR2 46/54

The auction activity is really picking up between now and December 1st with approximately 50 land auctions on the calendar. The realtors I visit with continue to comment on how strong the market is at this time.

If you have not heard yet, the Internal Revenue Service (IRS) is proposing doing away with certain valuation discounts for calculating the federal estate tax. How does this effect landowners? The IRS provides for special valuation rules for purposes of valuing “intra-family transfers of interests” in corporations and partnerships that are subject to certain voting restrictions or liquidation restrictions. Simply put, if the interest transferred is a minority, non-controlling interest with restrictions on the transfer of that interest transferred can be discounted. Typically, the greater the restrictions on the transfer of the interest, the greater the discount. These restrictions are commonly used in an effort to apply for the minority interest valuation discount for the calculation of federal estate and gift tax. The IRS has proposed regulations that would make the valuation discounting available only if the restriction is required by state or federal law. Under the proposed regulations, while a family farm corporation can still limit the liquidation of an owner’s interest, those restrictions will no longer be considered when valuing the corporate interest. Additionally, IRS is proposing certain disregarded restrictions that must be ignored for valuation of corporate or partnership interests, including things like limiting the liquidation price to less than a specified value, deferring payment for liquidation of the corporate interest for an extended period of time, or limiting owners’ rights and ability to liquidate their corporate interest. These are commonly used estate planning techniques in this area, so doing away with them is significant. (Wallace Farm, October 2016 by Erin Herbold-Swalwell). I will keep you posted on this developing situation.

Check back next week for continued conversation on the auctions we’re seeing from around the state, and be sure to take a look at our [September auction](#) results that we just release last week. Please make sure and hit the “like” button on Facebook and follow us on Twitter [@PeoplesCompany](#) and [@TheLandTalker](#).

“That is my story & I’m sticking to it”.

Thanks, Jim “the Land Talker”

