

The Dirt on Iowa Land Auction Prices â€™“ December 25-31, 2015

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Greetings! Land auctions last week were significantly down due to year-end and the holidays.

There were a total of 388 gross acres offered at auction with a total sale price of \$2,340,000. Of those acres, there were 330 tillable acres. A few of the highlights from last week: two strong sales in Monona County. One tract brought \$6,750/acre. With a CSR of 46.3, that calculates to \$156/CSR point. The other tract sold for \$5,700/acre. That had a CSR of 46.7, calculating to \$133/CSR point. Both very strong sales.

A wooded tract sold in Johnson County for \$2,750/acre. I consider this a strong sale for recreational property. We continue to see strong prices for recreational tracts. I would describe last week's auctions as "stable." All of the farms sold. There were no "no sales."

According to [Rural Mainstreet Index](#), which is provided by Creighton University's Dr. Ernie Goss, rural bankers are very negative on farmland prices for 2016. Rural Bankers were asked to predict the change in farmland prices in their area over the next year. On average, bank CEOs expect farmland prices to drop by another 5.9 percent over the next year. These rural bankers are from 10 Midwestern states. I am of the opinion in Iowa land prices are currently "stable," and think they will still be that up until this spring.

A few of the concerns I see going into the spring are: flooding and cannot get crop planted timely, interest rates, and corn and soybean prices. There is some potential for some "readjusting" this spring, yet I think the market will be fairly stable until then.

I realize there is some pessimism out in the country about land prices. I just want everyone reading this article to know that there is a **LOT** (hundreds of millions of dollars) of institutions outside of Iowa and local

investment dollars sitting on the sidelines waiting for a buying opportunity.

With farmers running up land prices the past couple of years, these investors have been very limited in buying farmland for their investment portfolio. They are disciplined buyers and have return on investment criteria that is needed before they purchase a farm. Institutions outside of Iowa and local investors will **NOT** let the land market fall out of bed, and will keep a floor under land prices.

This way I am so optimistic about land prices. So, while I do realize there is concern on the horizon, the land investor, who has been waiting for a good buying opportunity, will keep the Iowa land market propped up. Please keep this in mind when reading negative press about farmland prices.

Please check out our [November auction results](#). Please make sure and hit the “like” button [on Facebook](#).

Talk to you soon! Thanks, Jim

[Jim Rothermich](#)

Certified General Appraiser

Peoples Company Appraisal Team