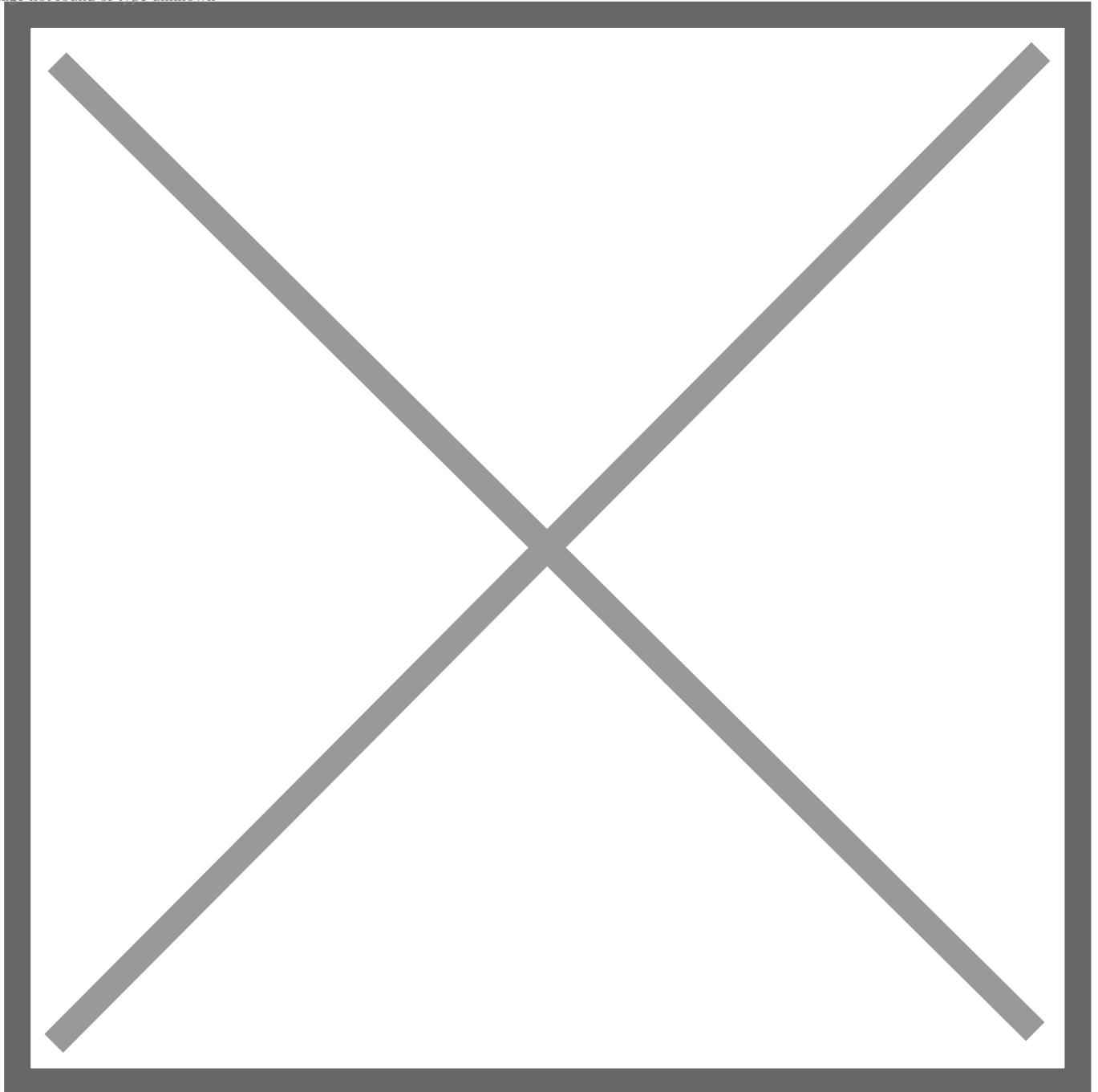


The Dirt Talk Weekly Iowa Land Auction prices, June 17th to June 23rd, 2016

Published on Jun 28, 2016 by Peoples Company

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Greetings! Very few land auctions are occurring in Iowa at this time. There were a total of 1,158 acres offered at auction, of those acres, there were 701 tillable acres. I would describe last week's auctions results as "good".

A few of the highlights from last week:

- 347 acres sold in Jefferson County in five tracts
 - Tract 1 sold for \$3,400/acre with a CSR/CSR2 of 63/67
 - Tract 2 sold for \$2,400/acre partial crop/woods
 - Tract 3 sold for \$6,600/acre with a CSR/CSR2 of 73/76
 - Tract 4 sold for \$5,000/acre with CSR/CSR2 of 52/64
 - Tract 5 sold for \$4,600/acre being ½ cropland ½ woods
- Company auction in Cass County, 160 acres, sold for \$6,250/acre with a CSR/CSR2 of 61/67
- Another Peoples Company Auction in Taylor County, 280 acres sold in two tracts
 - Tract 1 sold for \$5,200/acre with a CSR/CSR2 of 58.2/62.7
 - Tract 2 sold for \$5,200/acre with a CSR/CSR2 of 62.2/68
 - Tract 3 sold for \$4,700/acre with a CSR/CSR2 of 54.6/60
- 180 acres in Kossuth County sold for \$6,650/acre with CSR/CSR2 of 66/70

There were no "no sales" last week. Several tracts of CRP/pasture/partial woods were sold. It appears pasture farms are selling very well. There is a very limited amount of good clean pasture and competition for a good grass farm is pretty aggressive. I am getting feedback from realtors, when calling to get auction results, that the sale prices exceeded their expectations. Another comment I have been hearing is the recent run up in corn and soybean prices have given more optimism to buyers than existed 30 days ago.

Several of the farms auctioned last week had leases in place. To gauge how the market is doing, I like to calculate a Capitalization Rate from the sale. A Capitalization Rate is simply one year of net operating income divided by sale price. The range of Capitalization Rates from last week's auction ranged from 2.19% to 3.6%. This tells me the farms sold very well. Investment fund buyers typically expect a 4-5% Capitalization Rate when making a buying decision.

Keep an eye on the grain market. We are seeing lots of volatility due to Brexit. What is Brexit? It means simply the people of Britain voted for a British exit, or Brexit, from the EU in a historic referendum on Thursday June 23. What is causing all the volatility? The uncertainty over what will happen when Britain leaves the EU because it has to make new trade agreements with the rest of the world.

The number of land auctions are down considerably all across Iowa for the next 30 days. There is a very limited amount of tillable land for sale and it's keeping the land market up despite low grain prices. It is still my opinion if you are thinking of selling farmland, the sooner you bring it to the market the better.

Please check back next week to see what I will be discussing. Please check out our May auction results. Please make sure and hit the "like" button on Facebook.

Talk to you soon! Thanks, Jim "the Land Talker"