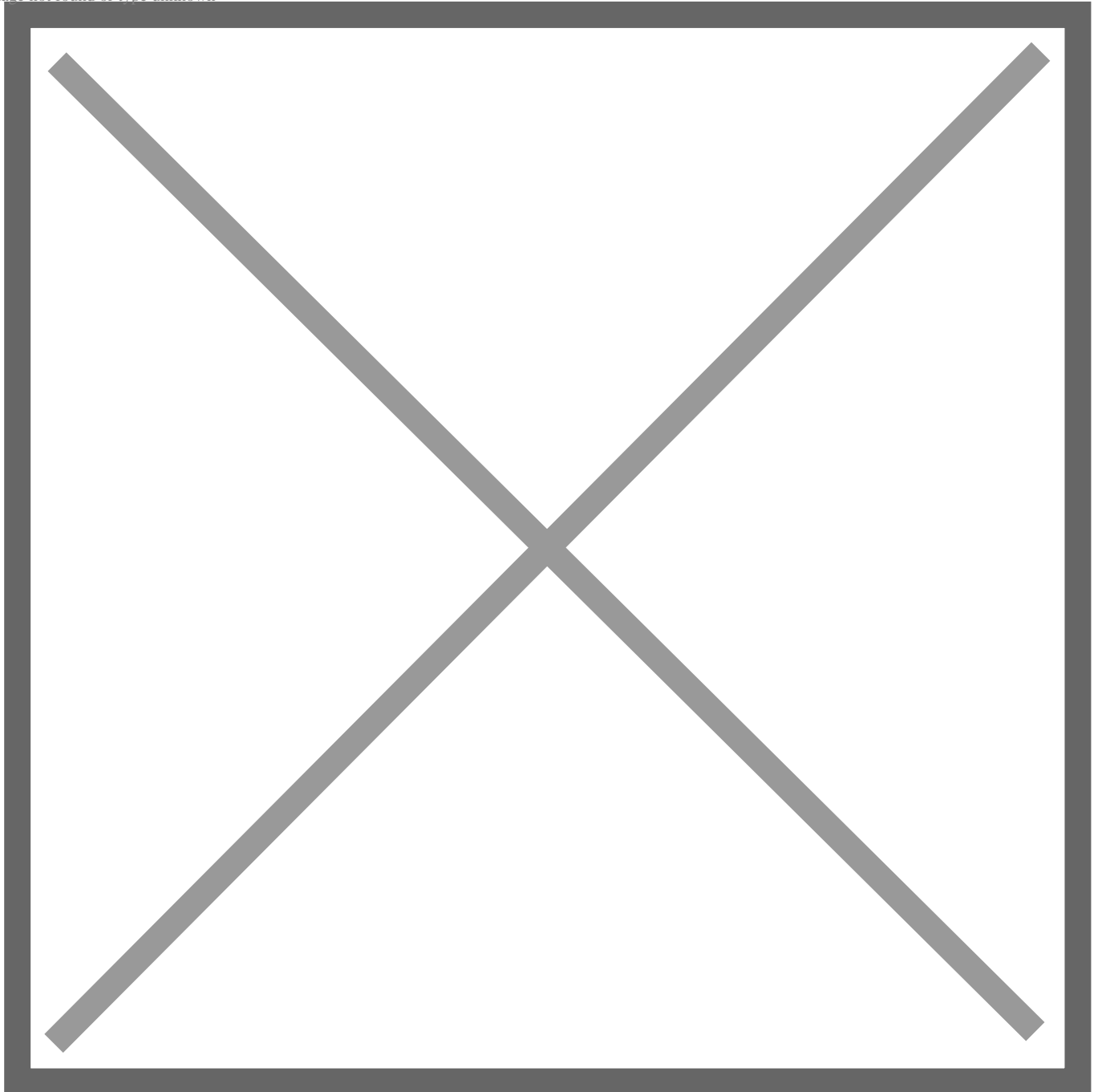


# The Dirt Talk Weekly Iowa Land Auction prices, May 13-19th, 2016

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Greetings! Land auctions in Iowa were up from last week. There were a total of 676 acres offered at auction, of those acres, there were 394 tillable acres. I would describe last week's auctions results as "fairly stable".

There were several tracts that were auctioned in Appanoose County. These tracts were combination pasture and cropland. There was a total of 440 acres sold with the sale prices ranging from \$1,850/acre to \$2,850/acre. Another combination pasture/cropland farm sold in Montgomery County, total of 76 acres sold for \$3,125/acre. There were no “no sales” last week.

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, in my opinion, this is keeping the land market up despite low grain prices. It is still my opinion if anyone is thinking of selling farmland, the sooner you bring it to the market the better.

Here is an excerpt from the LandOwner Newsletter on May 19th, 2016:

Iowa Cash Rents declined 6.5% to an average of \$230/acre for the 2016 crop year, according to an annual survey conducted by Iowa State University (ISU). The decline marks the third consecutive year average cash rents have declined. Average cash rent topped at \$270 an acre in 2013. This year's average represents a \$40, or 15% decline from 2013. This year's survey finding reflect stark the economic reality of negative profit margins that rule row-crop production. But they also highlight the “sticky” nature of cash rents, which tend to lag rising profits/rising farmland values as well as lag tightening profits/lower farmland prices. According to the Iowa Chapter of REALTORS Land Institute land surveys, land prices are down 20% from their high in 2013. But cash rents are only down 15%, five points less. That suggests additional pressure on cash rents for 2017 unless row-crop profit margins improve. This year's survey not only highlights the disappearance of sky-high cash rents, it also underscores the compression that's occurring in rents. The compression is apparent as low-end, under-market rents disappear along with high-end rents. For example, last year's survey listed a wide range of cash rents for high-third quality cropland- from \$110 to \$500 per acre. This year's range is \$140 to \$400- \$130 tighter. These low-end rents are rising despite poor profit margins as those landowners attempt to make up for lost rent opportunities in past years. Meanwhile, those sky-high rents of recent years are gone- for obvious economic reasons.

The highest cash rent reported this year is \$400. That high-water mark is reported by only three counties- Bremer, Dubuque, & Clayton. Last year two counties registered a high-end rent of \$500 per acre- Plymouth and Grundy Counties. Their highs this year are \$375 and \$380, respectively. For perspective, five counties listed a top-end cash rent of \$500 or more in 2014, with 16 counties doing the same, some exceeding \$600/acre in 2013. (LandOwner Newsletter, Vol.37-Iss 10, May 19th, 2016)

Please check back next week to see what I will be discussing. Please check out our April auction results which we recently posted. Finally, please make sure to “Like” us on Facebook and follow us on Twitter to stay up-to-date on the latest sale results and industry news.

Talk to you soon! Thanks, Jim “the Land Talker”