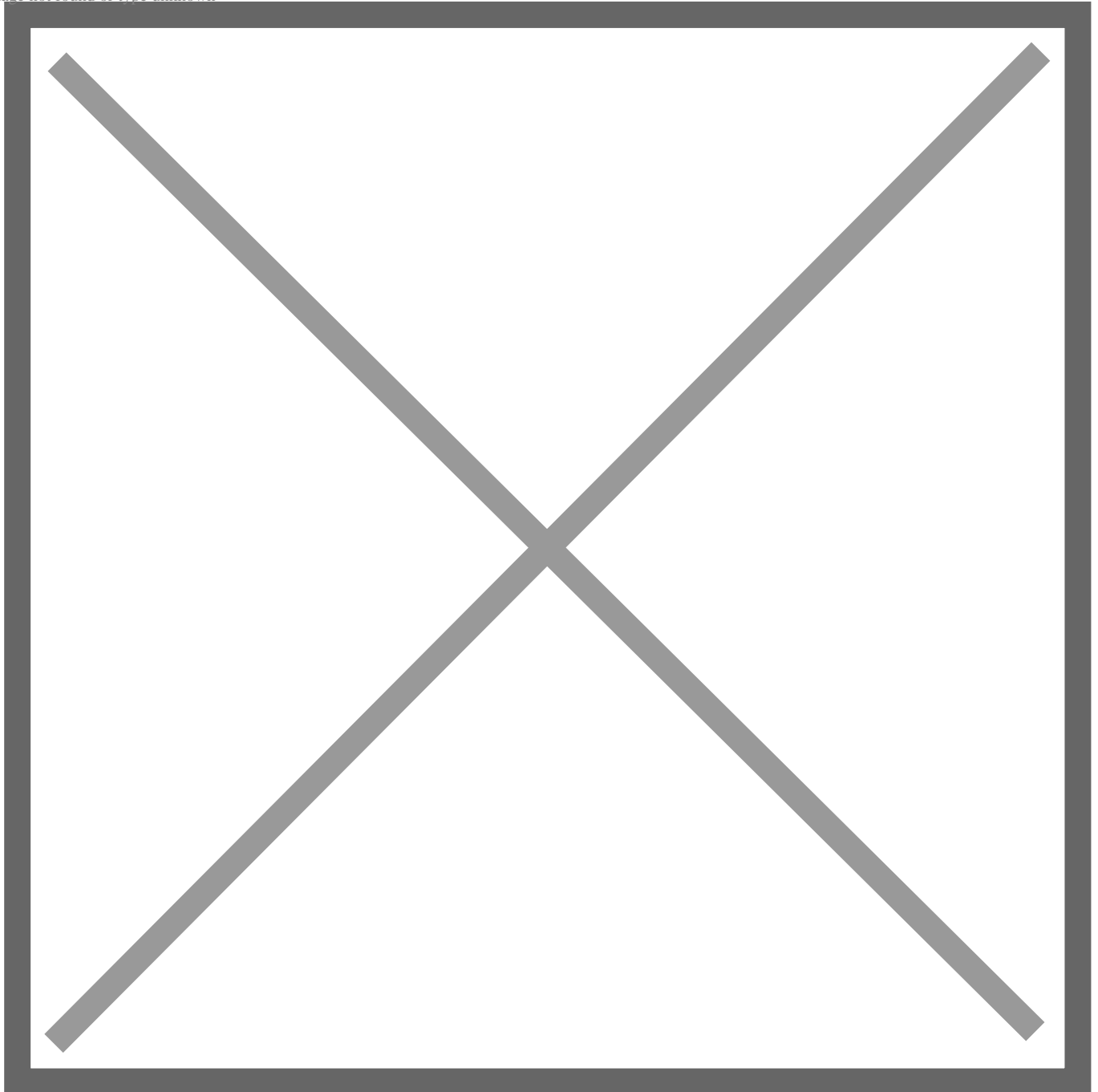


The Weekly Dirt on Iowa Land Auction Prices â€“Â April 29-May 5, 2016

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Greetings! Land auctions in Iowa were up from last week. There were a total of 538 acres offered at auction. Of those, 482 acres were tillable. I would describe last week's auctions results as "fairly stable."

Some of the highlights:

- A 77-acre tract sold in Crawford county for \$7,150/acre with a CSR/CSR2 of 57/67

- Jeff Obrecht, aka "The Dirt Dealer," sold 174 acres in Hardin County for \$8,200/acre with a CSR/CSR2 of 81/85
- 160 acres sold in two tracts in Jefferson County for \$10,000/acre with a CSR/CSR2 of 81/82 and \$8,000/acre with a CSR/CSR2 of CSR/CSR2 70/76
- A 40-acre tract sold in Wayne County for \$2,350/acre with a CSR/CSR2 of 33/42
- There was one true "no sale" in Wayne County with the tracts still being for sale

The number of [land auctions across Iowa](#) are down considerably for the next 30 days. There is limited inventory of tillable land for sale and this is keeping the land market up despite low grain prices. It is still my opinion that if you are thinking of selling farmland, the sooner you bring it to the market the better.

I would like to briefly talk about Capitalization Rates (Cap Rates). Several farms have recently sold with leases in place. The Cap Rates I have tracked range from 1 percent to 5.5 percent. Most of the data I have collected in the past couple of months indicate cap rates are ranging from 2.5 percent to upper 3 percent. Generally speaking, pasture tracts are on the lower end of this range, CRP tracts are on the upper end, and high quality Iowa tillable falls in around 3 percent +/- . Cap Rates above 4 percent or 5 percent do occur, but not very often. We still have a very strong demand for farmland with very limited supply. I will be curious to see what happens to Cap Rates moving into this summer and fall.

With the low number of land auctions in the next month, I am going to take the opportunity to talk about trends we are seeing in agriculture. Last week, I talked about the amount of farmland going into Trusts. The reason for this is Trusts allow for flexible planning. [Trusts](#) are the method most-often used for estates valued in the multiple millions (the average Iowa farmer is a multimillionaire).

Many people believe estate plans are only for the wealthy. But even if you fall below the federal estate tax exemption amount (\$5.43 million for 2015; \$5.45 million in 2016) you cannot ignore the financial consequences of your death. Iowa farmland owners need to have a basic estate plan or at least know what will happen if you do not have one. The average Iowa farm is 300+ acres with the average land value in Iowa at \$7,633/acre. This means the average Iowa farmer has over \$2.2 million in land assets and an average age of 57 years. This is why a good estate plan is essential and a trust is a very good tool to keep a farm from going to probate court.

Please check back next week to see what I will be discussing. Also view our [March auction results](#) and make sure and hit the ["like" button on Facebook](#).

Talk to you soon!

Thanks.

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