

Weekly Dirt on Iowa Land Auction Prices - April 8-14, 2016

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Greetings! Land auctions in Iowa were down from last week. There were a total of 1,375 acres offered at auction. Of those acres, 1,074 were tillable acres. I would describe last week's auctions results as "showing some softening."

Some of the highlights: An 80-acre tract in Cedar County sold for \$8,975/acre with a CSR/CSR2 89/91. In Carroll County, 335 acres sold in two tracts for \$9,300/acre with CSR/CSR2 of 75/85. A 80-acre tract sold in Sioux County for a jaw-dropping \$17,100/acre with a CSR/CSR2 68/91.

There were four true "no sales" last week. This is the most "no sales" that I have seen in a long time. With that said, it appears we are seeing some weakening in the market. This is not across the board, and is more locational. The quantity of farm auctions coming the next couple of weeks is down considerably from what it has been the past couple of months.

It is still my opinion that if anyone is thinking of selling farmland, the sooner you bring it to the market the better.

These are very exciting times for the pork industry as five new processing plants will be added in the next two years. Filling this capacity will require an additional 500,000 sows over the next 2.5 years. The industry has grown this fast in the past. Today, however, it is difficult to locate and permit sites to get new farms built may be a tall order. Four of the five plants being built are producer owned. This means that in addition to the growth that needs to occur, producers who today supply hogs to other processors will be shifting supply to these new plants, thereby creating holes in existing plants.

This will fundamentally change the structure of the industry, furthering the evolution to more vertical integration and as existing packers scramble to for new sources of supply. There will be more vertical alignment. These opportunities will represent opportunities for pork producers.

Please check back next week to see what I will be discussing. Please check out our [February auction results](#). Please make sure and hit the [“like” button on Facebook](#).

Talk to you soon!

Thanks.

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