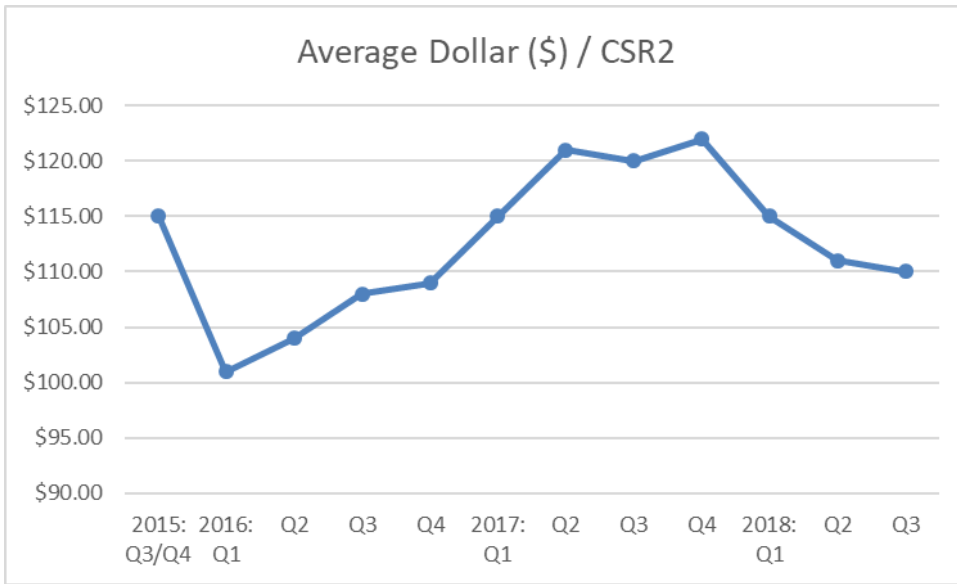


# Iowa Land Values - November 2018

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The appraisal team at Peoples Company monitors land sale prices, as well as the number of farms that are publicly for sale in Iowa. Progressing through the fourth quarter of 2018, Peoples Company's appraisal team has documented a change in the direction of land value trends. From the first quarter of 2016 through the fourth quarter of 2017, land values across the State of Iowa were trending upwards due to a low inventory of farms for sale and an abundance of capital in the market, among other things. Although the low inventory and abundance of capital still exists, the land value trend has shifted and begun to move downwards. As illustrated in the chart below, the average \$/CSR2 was \$122 in the fourth quarter of 2017 and \$110 in the third quarter of 2018. This dataset includes tillable farms that sold at public auction and are 85%+ tillable row crop acres.



\*\$/CSR2 is calculated as follows: Sale Price / Tillable Acres / CSR2 Rating

These trends are heavily influenced by farmer attitudes. Given that this will be the fourth consecutive year that some farmers will have negative profit margins, along with the increased volatility of the global tariff situation and rising interest rates, it makes economic sense that values are on the downhill slide. That said, current average land values still defy economics. Per the Land Value Tenure Survey provided by Iowa State University, 82% of farmland in Iowa is owned debt-free. This continues to play a role in the overall strength of the land market. The appraisal team has been actively monitoring and gauging the activity at public auctions. The inventory of farms being marketed for auction was seasonally low in July but has increased significantly through October. There were 166 tracts across the State of Iowa that were actively being marketed for auction in mid-October. Statewide, there were 252 tracts for sale that were 85%+ tillable (private treaty and public auction) which equates to 2.55 highly tillable farms per county in Iowa. For the most part, farmers have been the primary buyers at auction, but investors are actively participating and on occasion, are the successful bidder. Land values for recreational tracts have shown a slight increase in specific regions while other regions have remained stable. Pasture tracts continue to be stable and have had little fluctuation in recent years.