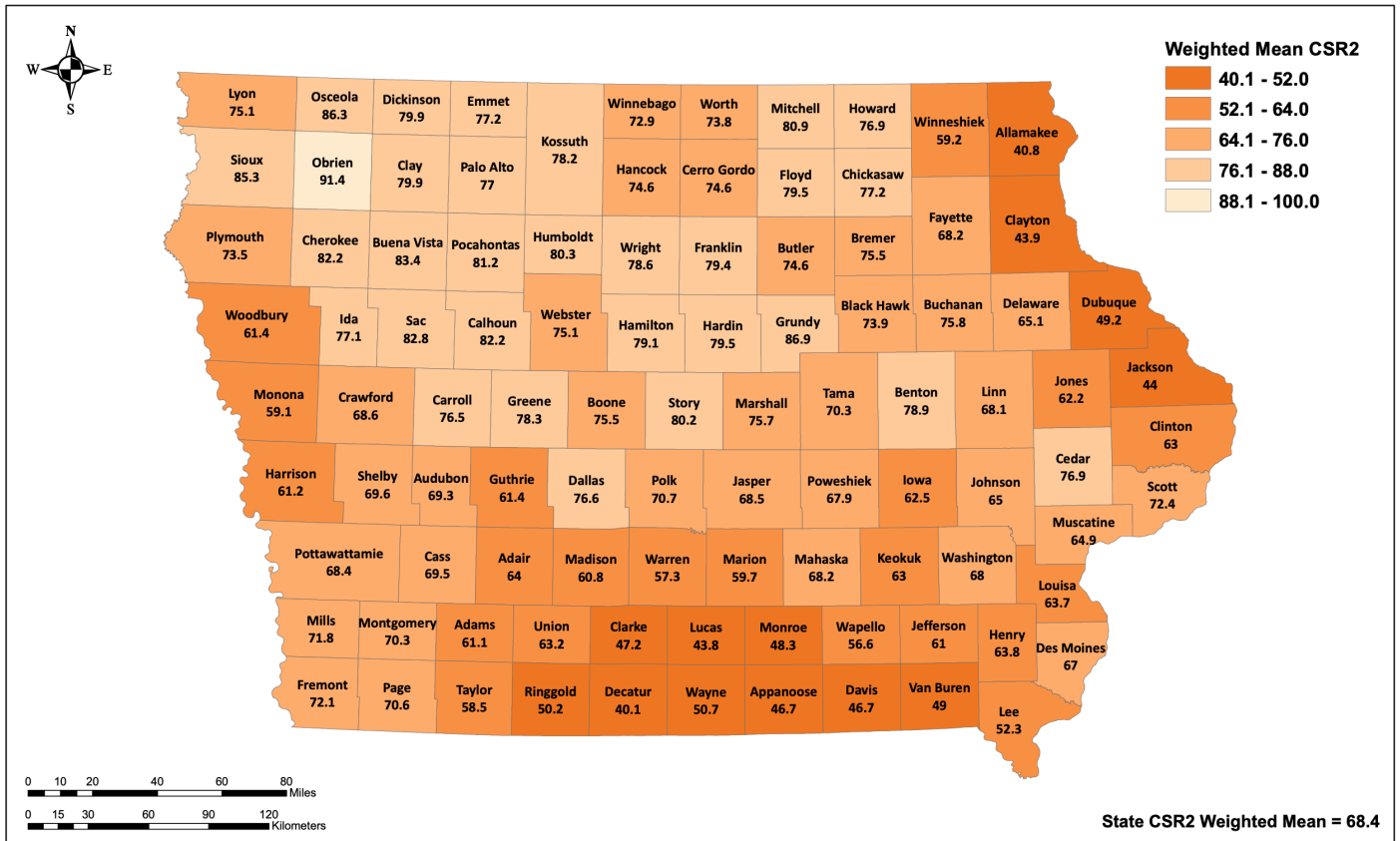


Iowa Farmland Values

Published on Sep 9, 2020 by Doug Bear

Iowa CSR2 Weighted Means by County:



Peoples Company is focused on being resourceful and influential in the global land business. One example is by providing information to assess long-term economic viability and investment opportunities. We will be highlighting Iowa's average farmland characteristics and production cost from the most recent 2019 Land Value Survey and 2020 Cash Rental Rate Survey from Iowa State University. If you are interested in acquiring similar information for another state or county, contact your local extension office or land grant institution within your state.

STATE OF IOWA

2019 AVERAGE FARMLAND VALUE

\$7,432 + 2.3%
SINCE
2018

Average
County CSR2

68.4

CSR2 Price Per
Point Average

\$108.65



CAP RATE

\$232 / \$7,928 → 2.98%

The average cap rate typically ranges from 2-6%, but is often around 3-4%. **FARMLAND** is a low cashflow business, but very high in appreciation. Overall, it's on par with the returns of the S&P 500, with far less volatility.

AVERAGE CASH RENT PER TILLABLE ACRE

\$222



Average
Corn Yield
(2015-2019)

198

Rent Per Bushel
of Corn Yield

\$1.14



Average
Soybean Yield
(2015-2019)

57

Rent Per Bushel
of Soybean Yield

\$3.93

**Data compiled from 2019 ISU Land Value Survey conducted by the Center for Agricultural and Rural Development (CARD) and Iowa State University Extension and Outreach File C2-10 in Ames, Iowa.*

Iowa's average Corn Suitability Rating 2 (CSR2) is 68.4 with an average 2019 farmland value of \$7,432 per acre, which is a 2.3% increase since 2018. To determine the CSR2 price per point average, divide the average farmland value (\$7,432) by the state CSR2 average (68.4), which equals \$108.65 per CSR2 point.

The average cash rent per tillable acre across the state is \$222 (\$187-\$256). The 2015-2019 average corn and soybean yield was 198 and 57 bushel per acre, respectively. The average rent per bushel of crop yield is calculated by cash rent divided by average crop yield expected, which is \$1.14 for corn and \$3.93 for soybeans. With current corn and soybeans futures projected at \$3.50 and \$9.50, one may expect anywhere from 35-45% of expenses are associated with cash rent.

Lastly, the capitalization rate, or also commonly referred to as cap rate, is the rate of economic return on a real estate property based on the income that the property is expected to generate for the landowner. The cap rate can help evaluate and compare the risk of one property or market to another, where it depends on demand, available inventory within the area, and specific type of property. The cap rate for farmland across the state of Iowa is around 2.98%, or an expected return on investment just shy of three percent.

[Download PDF Handout](#)

Peoples Company is an all-inclusive land company that offers farm auctions and traditional listings, farm management, certified appraisals and valuation services, and access to investor capital for sale leasebacks. To speak with someone about your farm in Iowa, please contact Matt Adams (515.423.9235 or matt@peoplescompany.com) or Doug Bear (515.745.3192 or doug.bear@peoplescompany.com).