

Land Investment Monthly - June 2022

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Farmland Values Setting Records

As commodity prices continued their upward trajectory over the last 18 months, land prices have followed suit.

In the East Central Iowa area, which includes Clinton and Jackson counties, values rose 10.2% from September to March, according to the annual Land Trends and Values Survey report recently released by the Iowa Chapter of Realtor's Land Institute.

And while farm ground auctions in Clinton and Jackson counties have brought some of the highest prices per acre in years, local real estate professionals said rising interest rates will put the brakes on slightly.

“Things are up, but if you look at the state as a whole, values are starting to level off a little bit. Interest rates are starting to creep up,” said Alan McNeil, a sales representative with the DeWitt office of Peoples Company, a national brokerage. [Read More](#)

Chicago Fed: Midwest Farm Values Jump 23% Year-Over-Year to Start 2022

Farmland values across the Midwest continued a recent streak of sharp year-over-year gains, jumping 23% in the first quarter of 2022 compared to last year in the Federal Reserve Bank's Seventh District.

"Even after being adjusted for inflation with the Personal Consumption Expenditures Price Index (PCEPI), the year-over-year gain in District farmland values for the first quarter of 2022 was higher than that for any quarter since the first one of 2012," the report stated.

Annual cash rental rates have also risen in 2022, up about 4% after being adjusted for inflation. According to the report, this was just the second increase in cash rents since 2013. Despite the increase, the index of real cash rental rates was still 35% lower than in 2013. [Read More](#)

Diesel's 100% Surge and Scarcity Deny Farmers Their 'Lifblood'

Farmers from Iowa to Ukraine are grappling with surging diesel prices and an unsteady supply, forcing them to spend unprecedented sums on fuel in a chaotic market and raising concerns about the autumn harvest.

In the US, where corn and soybean producers are rushing to sow after rains and cold temperatures forced delays, filling a tractor tank daily now costs some farmers \$1,000, twice what it was a year ago. And the most intensive part of the farming season is still ahead.

"We've never experienced this level of price increase for farm diesel fuel," said Iowa farmer Chris Edgington, president of the National Corn Growers Association. Cost per gallon has climbed to \$4.70 from \$2.20 a year ago, he said. [Read More](#)

Farm Income Remains Strong Despite Inflation, Says Minneapolis Fed

[An April survey of 54 banks](#) found that 87% have seen an increase in farm incomes during the first quarter, said the Minneapolis Fed's regional outreach director, Joe Mahon, on Tuesday. The survey measured credit conditions in the January-March period across five states, including Minnesota, the Dakotas, Montana and northwest Wisconsin.

The news continues a strong financial streak, with Minnesota farmers [posting near-record profits last year](#) with median income of \$166,000, according to the University of Minnesota Extension.

Farmers often temper enthusiasm about recent soaring corn and soybeans prices by noting any benefit is partly offset by the cost to get those crops in the ground.

"We did get a lot of comments about the increasing cost of business, of fertilizer, of fuel," said Mahon.

But, the analyst said, the high prices farmers can fetch for their row crops are "outpacing those input costs a bit, and that's leading to those higher incomes." [Read More](#)