

Land Investment Monthly - May 2022

Published on May 4, 2022 by Steve Bruere



Photo Credit: AgWeb

Survey Shows Increasing Land Values

The REALTORS® Land Institute - Iowa Chapter is pleased to announce the results of our March 2022 Land Trends and Values Survey. REALTORS® Land Institute is an affiliate of the National Association of REALTORS® and is organized for REALTORS® who specialize in farm and land sales, management, development and appraisal. Participants in the survey are specialists in farmland and are asked for their opinions about the current status of the Iowa farmland market.

The current status of the Iowa farmland market. Participants were asked to estimate the average value of farmland as of March 1, 2022. These estimates are for bare, unimproved land with a sale price on a cash basis. Pasture and timberland values were also requested as supplemental information. The results of the March survey show a 14.1% increase on a statewide average for the September 2021 to March 2022 time period. This is following the March 2021 to September 2021 time period that showed an 18.8% increase, giving us a 12-month increase of 32.9% for the State of Iowa. These results will come as no surprise, as

record auction prices continue to be reported throughout many counties in Iowa. Pastureland (up 12.3%) and Timberland (up 11.2%) followed the same trend as Cropland acres with consistent gains across the state the last 6 months. [Read More](#)

Land Values Notch Records

Both farmers and investors are being aggressive bidders in public auctions.

"Anything that can be bullish on farmland is happening now," explained Steve Bruere, president of People's Company, in Clive, Iowa. Even though prices are high, those looking to buy would rather potentially overpay for farmland than overpay for other investments.

"Farmland has several advantages," Bruere told DTN. "It has less management issues than other real estate. Traditionally, it's a good inflation hedge. It may have valuable externalities such as carbon credits and solar or wind energy and some land has non-financial benefits such as hunting and hiking."

Bruere said it feels similar to the 1970s. "We're certainly paying prices beyond the economic value," he said. [Read More](#)

Jackson Family Expands to Walla Walla Valley, Entering Washington State Winemaking

California's Jackson Family Wines announced today that it has purchased 61 acres of an existing 117-acre property in Walla Walla Valley. The site, which was previously owned by Abeja and is located in the Upper Mill Creek area of the valley, is the organization's first venture into Washington.

"We know Walla Walla Valley is an exceptional region in North America for growing Cabernet Sauvignon and Syrah, and this particular site in Mill Creek possesses ideal conditions in terms of soils, elevation and climate," says Christopher Jackson, second-generation proprietor of Jackson Family Wines. [Read More](#)

Farming Families in the Box Seats as Funds Sell Down Portfolios

Cashed-up local farming families enjoying the benefits of a bumper harvest and record high commodity prices are reclaiming possession of some of Australia's best rural properties, as institutional investors sell down their prized portfolios.

Highlighting his trend, according to agribusiness specialist LAWD, was US-based Proterra Investment Partners' divestment of its Corinella portfolio of 49 grain farms in Victoria and South Australia in December for \$370 million to 27 local buyers.

Other examples include fund manager Laguna Bay Pastoral Company selling its Woorndoo Aggregation in Victoria's Western Districts in January for \$70 million to two local farming families and the \$70 million Gippsland dairy portfolio being offered by Duxton Asset Management's Ace Dairy. Mr Medway said three out of the seven properties in the portfolio have so far been sold to local farming families. [Read More](#)

Rural Mainstreet Index: Farmland Prices Grow at Rapid Pace

For 17 straight months, the rural economy has posted healthy and consistent growth. That's according to the April [Rural Mainstreet Index](#) (RMI) from Creighton University.

For April 2021, the RMI sits at 62. That is a small drop from March's 65.4. The index ranges between 0 and 100 with a reading of 50 representing growth neutral and is generated by a monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

"The region recorded a 34% gain in farm commodity prices over the past 12 months, but low short-term interest rates and healthy farm income have underpinned the Rural Mainstreet Economy," says Ernie Goss, who chairs Creighton's Heider College of Business and leads the RMI.

The region's farmland price index for April climbed to a strong 80 from 78 in March. That marks the 19th straight month that the index has moved above growth neutral. Over the past several months, the RMI has registered the most consistent and strongest growth in farmland prices since the survey was launched in 2006.

Here are the state-by-state April farmland price indexes:

Colorado: 81.5, up from 76.2

Illinois: 85.7, up from 79.1

Iowa: 78.5, down from 80.3

Kansas: 77, up from 73.6

Minnesota: 78.3, up from 77.4

Missouri: 81.1, up from 80.1

Nebraska: 62.2, down from 78.2

North Dakota: 82.6, up from 79.3

South Dakota: 78, up from 75

Wyoming: 81.9, up from 79

[Read More](#)

Fed's Interest Rate Strategy Could Backfire on Farmers

It's still early in the spring planting season, but farmers are already behind the 8-ball after a slow start compounded by cool forecasts for May. And growers aren't the only ones stymied these days. Producers who lived through the 1980s may not have much sympathy for the Federal Reserve, but the central bank's battle to steer the economy is between a rock and a hard place – and farmers could eventually get crushed if the ship of state runs aground. [Read More](#)

MAP Fertilizer Price Index Ties All-Time Record

Retail fertilizer prices continued to be slightly higher again the third week of April 2022, according to sellers surveyed by DTN. The prices of two fertilizers were higher by a significant amount compared to last month, which DTN designates as 5% or more. [Read More](#)

Record-breaking Drought is Reordering American Agriculture

Third-generation San Joaquin Valley farmer Gary Beene will plant only half his 1,200 acres this year. He doesn't have enough water for the other half.

"We're working on survival more than anything else and on getting through this year," said Beene, who farms tomato, almond, cotton and garlic with his sons and grandson on the land his grandfather settled in California in the 1930s after sharecropping in Oklahoma. "It's pretty discouraging. I'm hoping to steer my grandchildren away from agriculture. It's sad." [Read More](#)