2009 IOWA LAND VALUE SURVEY: OVERVIEW

1.0 History and Purpose of the Land Value Survey.

1.1 The survey was initiated in 1941 and is sponsored annually by the Iowa Agriculture and Home Economics Experiment Station, Iowa State University. Only the state average and the district averages are based directly on the ISU survey data. The county estimates are derived using a procedure that combines the ISU survey results with data from the U.S. Census of Agriculture. The survey was conducted by Michael Duffy.

1.2 The survey is intended to provide information on general land value trends, geographical land price relationships and factors influencing the Iowa land market. The survey is not intended to provide an estimate for any particular piece of property.

1.3 The survey is based on reports by licensed real estate brokers and selected individuals considered to be knowledgeable of land market conditions. Approximately 1,100 surveys are mailed each year. Typically 500-600 completed surveys are returned.

1.4 Respondents were asked to report on more than one county if they were knowledgeable about the land markets. The 2009 survey is based on 457 usable responses providing 571 county land values estimates.

1.5 Participants in the survey are asked to estimate the value of high, medium and low grade land in their county. Comparative sales and other factors are taken into account by the respondents in making these value estimates.

2.0 Analysis by State.

2.1 The 2009 state average for all grades of land was estimated to be $4,371 per acre.

2.2 The decrease in the state value was $97 per acre from 2008.

2.3 The percentage decrease was 2.2 percent from 2008.

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3.0 Analysis by Crop Reporting District.

3.1 The highest land values were reported for Northwest Iowa, $5,364 per acre.

3.2 The lowest land values were estimated for South Central Iowa, $2,537 per acre.

3.3 The only percentage increase was in East Central Iowa, 1.1 percent.

3.4 The largest percentage decrease was in Central Iowa, 4.8 percent.

4.0 Analysis by Counties.

4.1 The highest value was estimated for Scott county, $6,361 per acre.

4.2 The lowest value was in Decatur county, $1,957 per acre.

4.3 The greatest dollar increase was $237 in Lyon county. The highest percentage increase was in Allamakee county, 5.7 percent.

4.4 The greatest percentage and dollar decrease was 6.6 percent and $384 reported in Black Hawk county.

5.0 Analysis by Quality of Land.

5.1 Low grade land in the state averaged $2,884 per acre and showed a 2.8 percent decrease or ($83) per acre.

5.2 Medium grade land averaged $4,076 per acre and showed a 2.8 percent decrease or ($119) per acre.

5.3 High grade land averaged $5,321 per acre and showed a decrease of 1.1 percent or ($60) per acre.

6.0 Major Factors Influencing the Real Estate Market.

Survey respondents listed both positive and negative factors influencing the land market. The respondents listed multiple factors in most cases.

6.1 There were 4 positive factors listed by over 10 percent of the respondents.

6.2 Low interest rates were the most frequently mentioned positive factor, being mentioned by 45 percent of the respondents. The second most frequently mentioned factor was high commodity prices, mentioned by 30 percent of the respondents. High yields were mentioned by 24 percent of the respondents, and a limited supply of land available for sale was mentioned by 20 percent of the respondents as having a positive impact on land values.

6.3 There were 5 negative factors listed by more than 10 percent of the respondents. The first three factors were identical to the top negative factors from a year ago. Declining grain prices, high input costs and the poor general economy were listed by 42, 35, and 34 percent of the respondents, respectively. The livestock losses of the past year were listed by 23 percent of the respondents and the weather was listed by 10 percent of the respondents as having a negative impact on land values in 2009.

7.0 Number of Sales Compared to Previous Year.

When asked to compare the number of sales in 2009 relative to 2008, 9 percent reported more, 29 percent the same, and 62 percent reported less.

8.0 Land Sales by Buyer Category.

The 2009 survey asked respondents what percent of the land sales were sold to four categories of buyers.

8.1 The majority of farmland sales, 72 percent, were to existing farmers. Investors represented 23 percent of the sales. New farmers represented 4 percent of the sales, and other purchasers were 2 percent of sales.

8.2 Sales to existing farmers by Crop Reporting Districts ranged from 81 percent in West Central to 62 percent in South Central.

8.3 Sales to investors were highest in South Central (32 percent). West Central reported the lowest investor activity (15 percent).

9.0 Interpretation of the Survey Results.

It is important to remember the time period when interpreting the 2009 survey results. The Iowa State University survey covers the time period from November 2008 to November 2009. Commodity prices have shown considerable swings over the past few years and the costs of production have shown wider ranges than is normal. When there is such a high degree of volatility, land value changes can vary depending on the period covered.

The Realtors Land Institute, which does a semi-annual survey, reported a 7.6 percent decrease in values from September 2008 to March 2009. However, they reported only a 1.9 percent decrease from March 2009 to September 2009. The 7th District of the Federal Reserve Board reported a 4 percent quarterly increase from July to October but a 7 percent decrease in Iowa land values from October 2008 to October 2009.

The decrease reported in the 2009 ISU survey is the first reported decline in land values since 1999. The 2009 results also mark the first time since 2004 that Iowa land values have not increased by double digits.

Not all Iowa counties experienced a decrease in value during 2009. There were 14 counties who were either unchanged or up slightly.

The change in Iowa land values is not surprising given the relative changes in crop values Iowa has experienced. The value of corn production in Iowa increased 64 percent from 2006 to 2007, but decreased 15 percent from 2007 to 2008 based on the year-end summaries by the USDA. Soybeans had a 40 percent increase in the crop value from 2006 to 2007 but a 9 percent decrease in value from 2007 to 2008. We don't know for certain the revenue for 2009 but based on prices and the difficult harvest it will probably be lower than 2008.

The percentage of respondents who reported fewer sales in 2009 relative to 2008 was the highest recorded. This was remarkable not only because of the relative value but also because of the amount of increase. In 2008, 24 percent of the respondents reported fewer sales than in 2007, but in 2009, 62 percent of the respondents reported fewer sales than in 2008. One of the respondents noted that they had one-half the number of sales.

It is difficult to say which is the cause and which is the effect when considering lower returns and fewer sales and the impact on land values. There are correlations and during 2009 the Iowa land market was impacted by both of these factors.

There appears to be a demand for the higher quality land but less so for the lower quality land. Last year was the first time we had any counties average over $6,000 per acre and the same 3 counties did so again in 2009. All counties averaged over $2,000 per acre in 2008 but in 2009 there was one county below this level. The high quality land was down only 1.1 percent whereas the medium and low quality land was down 2.8 percent.

The East Central crop reporting district was the main area showing a positive increase relative to last year. This could be due to the recovery from the flood. Other counties with a positive increase were along the Mississippi River. It should be noted that the 2008 values for four counties were revised. Adams, Adair, Clarke and Taylor counties had a slight adjustment.

There was a slight increase in the amount of land purchases by existing farmers and a corresponding decrease in purchases by the investor category. These trends started a few years ago and reflect the relative strength of the farm economy and farmers tendency to convert profits into farmland. How long this trend continues remains to be seen.

The Iowa farmland market this past year can be summarized as one in which there was a marked decrease in sales activity. The demand for the higher quality land was greater than the demand for lower quality land. It was interesting this year because some people said the demand for recreational land was still very strong, others said that it was almost non-existent and others said there just wasn't any recreational type land available.

The decrease in land values appears to have stopped. There is some indication that the values are starting to increase but it is doubtful there will be any major changes without significant changes in the overall situation. The condition of the U.S. and world economies, the returns to livestock producers, interest rates, oil prices and a myriad of other factors could come into play with respect to the change in land values. The situation has stabilized but for how long is unknown. In another survey a Nebraska lender commented, "Market is considered steady until we see an indication of change." That sounds like a pretty obvious statement but it pretty much characterizes the Iowa land market situation today.

Table 1. Recent Changes in Iowa Farmland Values

	Value Per Acre	Dollar Change	Percentage Change
1968	409	12	3.0
1969	419	10	2.5
1970	419	0	0.0
1971	430	11	2.6
1972	482	52	12.0
1973	635	154	31.9
1974	834	199	31.3
1975	1095	261	31.3
1976	1368	273	24.9
1977	1450	82	6.0
1978	1646	196	13.5
1979	1958	312	19.0
1980	2066	108	5.5
1981	2147	82	3.9
1982	1801	-346	-16.1
1983	1691	-110	- 6.1
1984	1357	-334	-19.8
1985	948	-409	-30.2
1986	787	-161	-17.0
1987	875	88	11.2
1988	1054	179	20.4
1989	1139	85	8.1
1990	1214	75	6.6
1991	1219	5	.4
1992	1249	30	2.5
1993	1275	26	2.1
1994	1356	81	6.4
1995	1455	99	7.3
1996	1682	227	15.6
1997	1837	155	9.2
1998	1801	-36	-1.9
1999	1781	-20	-1.1
2000	1857	76	4.3
2001	1926	69	3.7
2002	2083	157	8.2
2003	2275	192	9.2
2004	2629	354	15.1
2005	2914	285	10.8
2006	3204	290	10.0
2007	3908	704	22.0
2008	4468	560	14.3
2009	4371	-97	-2.2

Table 2. Average Value Per Acre of Iowa Farmland Listed by Crop Reporting Districts and Grades of Land

Year	State Average	North-west	North Central	North-east	West Central	Central	East Central	South-west	South Central	South-east
					All Grades					
1981	2147	2562	2721	2227	2056	2538	2530	1586	1184	1790
1986	787	937	912	786	768	930	1000	607	403	705
1987	875	1084	1055	835	871	1044	1053	676	421	782
1998	1801	2174	2119	1757	1820	2192	2123	1373	948	1585
1999	1781	2059	2073	1807	1837	2128	2118	1346	981	1570
2000	1857	2198	2169	1868	1924	2195	2190	1412	992	1655
2001	1926	2240	2240	1950	1969	2246	2324	1511	1039	1705
2002	2083	2434	2367	2149	2101	2392	2547	1632	1211	1808
2003	2275	2683	2514	2347	2329	2652	2715	1774	1354	1979
2004	2629	3118	2913	2665	2728	3101	3054	2088	1547	2286
2005	2914	3393	3222	2963	3048	3415	3396	2350	1793	2483
2006	3204	3783	3478	3187	3410	3716	3725	2580	1927	2849
2007	3908	4699	4356	4055	4033	4529	4272	3209	2325	3463
2008	4468	5395	4950	4590	4823	5280	4743	3626	2573	3913
2009	4371	5364	4827	4464	4652	5026	4796	3559	2537	3832
					High Grade					
1981	2759	3035	3209	2885	2576	3061	3293	2050	1880	2726
1986	1048	1131	1094	1048	1000	1154	1343	832	682	1120
1987	1150	1306	1260	1102	1125	1288	1399	912	688	1229
1998	2284	2534	2449	2238	2268	2659	2683	1798	1455	2369
1999	2249	2401	2362	2275	2288	2589	2685	1773	1499	2271
2000	2324	2547	2462	2329	2375	2660	2743	1825	1509	2353
2001	2407	2588	2546	2439	2437	2685	2907	1947	1582	2447
2002	2576	2776	2676	2625	2583	2848	3105	2117	1931	2539
2003	2790	3040	2817	2857	2820	3121	3263	2285	2121	2783
2004	3193	3537	3265	3189	3264	3621	3659	2657	2358	3174
2005	3511	3813	3588	3522	3691	3935	4069	2925	2659	3385
2006	3835	4261	3834	3816	4072	4263	4443	3209	2663	3793
2007	4686	5313	4807	4859	4804	5261	5073	3989	3231	4625
2008	5381	6150	5514	5415	5752	6076	5674	4642	3586	5346
2009	5321	6129	5371	5349	5552	5939	5738	4539	3710	5306
					Medium Grade					
1981	1931	2252	2334	2052	1866	2279	2258	1472	1149	1604
1986	699	830	777	709	684	813	866	561	396	622
1987	780	957	903	754	776	928	925	630	413	696
1998	1638	1970	1885	1604	1670	1968	1930	1274	924	1414
1999	1629	1876	1869	1665	1692	1898	1945	1241	949	1433
2000	1701	2001	1972	1728	1772	1956	1996	1320	955	1511
2001	1768	2057	2040	1800	1807	2013	2125	1410	1004	1571
2002	1924	2278	2142	2010	1930	2175	2358	1522	1152	1659
2003	2123	2507	2309	2221	2167	2438	2543	1659	1307	1834
2004	2457	2930	2669	2515	2564	2858	2863	1956	1492	2118
2005	2736	3199	2982	2834	2833	3165	3172	2217	1725	2347
2006	3011	3561	3223	2987	3213	3458	3501	2442	1866	2679
2007	3667	4385	4026	3777	3796	4194	4005	3047	2296	3270
2008	4195	5023	4568	4339	4537	4919	4405	3425	2527	3721
2009	4076	4977	4450	4193	4371	4615	4465	3386	2443	3535
					Low Grade					
1981	1157	1460	1517	1220	1125	1336	1366	959	624	752
1986	377	488	468	405	350	475	460	290	176	257
1987	432	571	553	444	419	535	495	341	207	289
1998	1030	1299	1286	1059	1021	1258	1205	792	542	739
1999	1045	1216	1314	1110	1040	1296	1188	798	582	790
2000	1117	1370	1387	1167	1126	1299	1288	862	597	875
2001	1170	1388	1423	1208	1202	1416	1404	918	623	871
2002	1322	1571	1568	1448	1332	1516	1628	996	760	997
2003	1463	1808	1682	1512	1500	1707	1811	1130	858	1063
2004	1713	2087	1976	1816	1746	2028	1998	1354	1029	1272
2005	1961	2382	2252	2032	1970	2353	2237	1614	1252	1438
2006	2195	2566	2500	2248	2293	2615	2505	1729	1373	1786
2007	2656	3210	3125	2853	2738	3004	2928	2175	1583	2131
2008	2967	3580	3408	3296	3187	3469	3214	2298	1757	2271
2009	2884	3490	3281	3177	3134	3203	3240	2286	1685	2281

Level of Sales Activity, 2009

	More	Same	Less
		Percent	
Northwest	8	43	49
North Central	14	22	64
Northeast	9	31	60
West Central	6	30	65
Central	5	18	77
East Central	17	28	55
Southwest	5	30	65
South Central	4	29	67
Southeast	11	30	59
STATE	**9**	**29**	**62**

Iowa Land Purchases, 2009

	Existing Farmers	Investors	New Farmers	Others
		Percent		
Northwest	77	19	2	1
North Central	66	29	3	1
Northeast	71	21	5	4
West Central	81	15	5	1
Central	72	23	4	1
East Central	71	22	4	2
Southwest	67	27	4	2
South Central	62	32	3	5
Southeast	78	16	3	4
STATE	**72**	**23**	**4**	**2**

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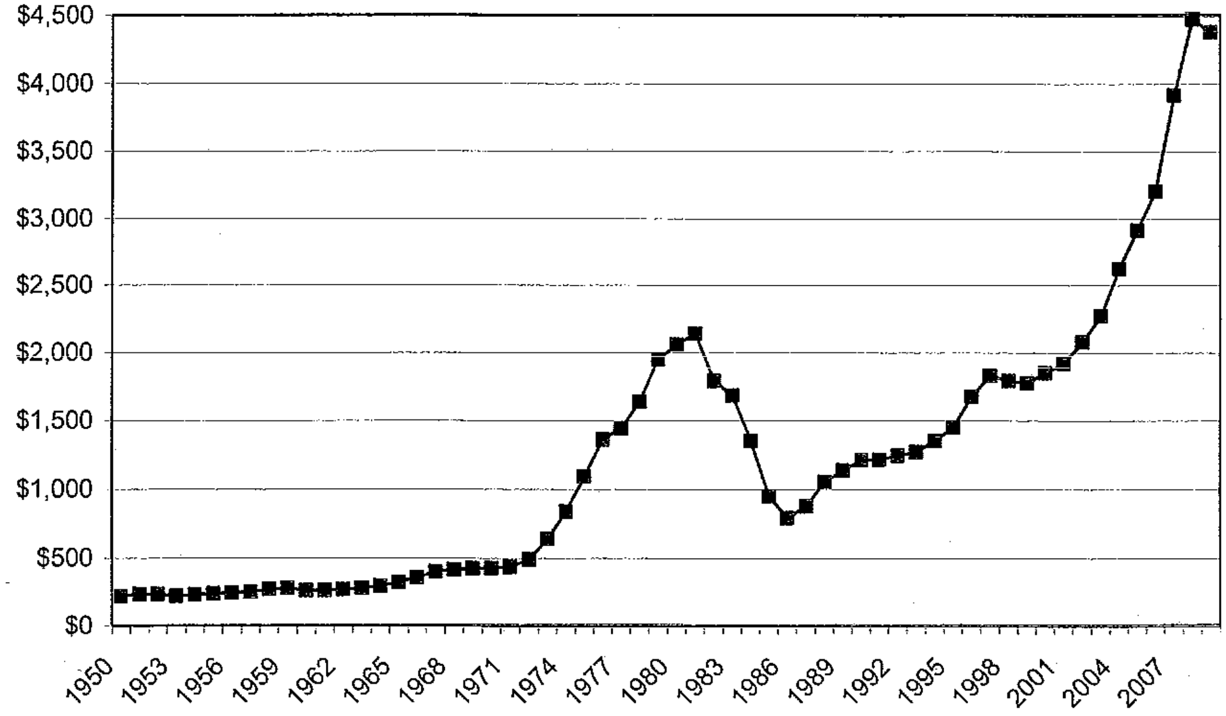
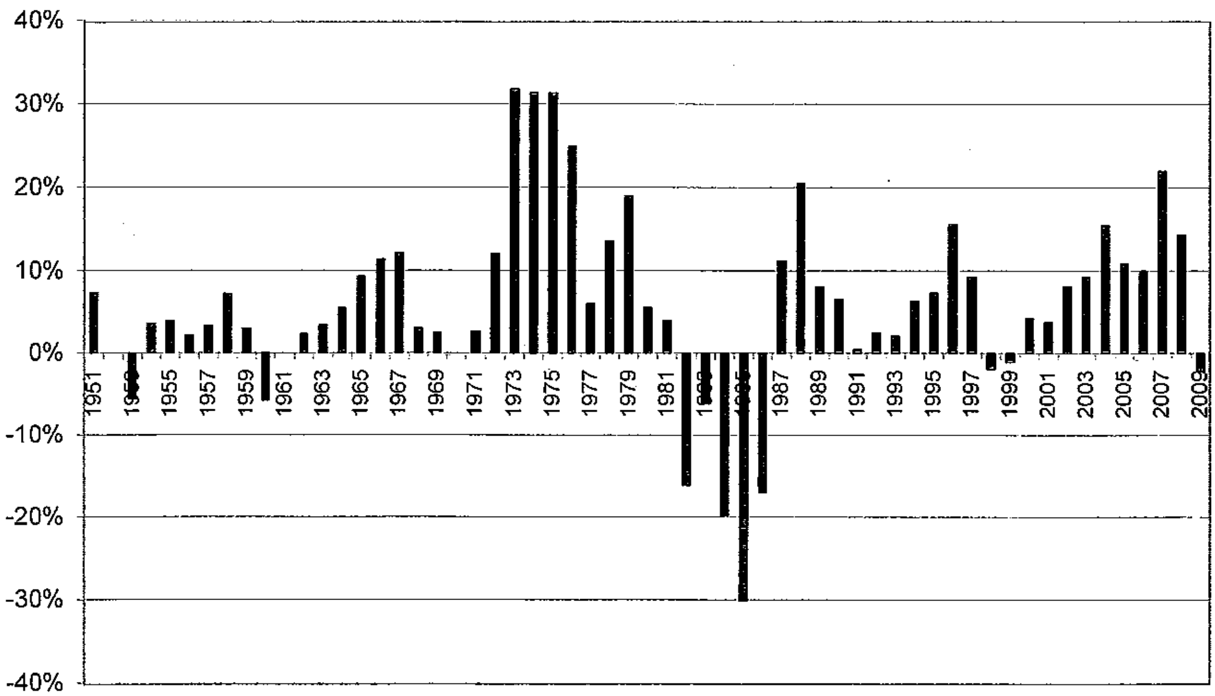
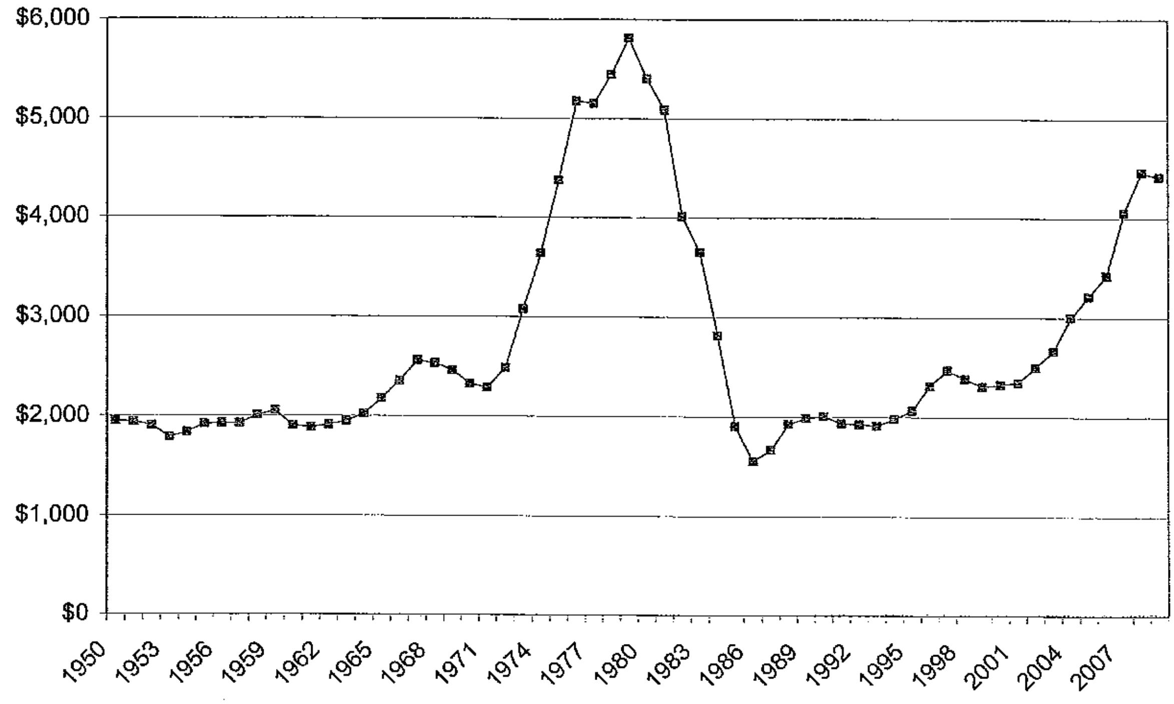
Iowa Average Land Values



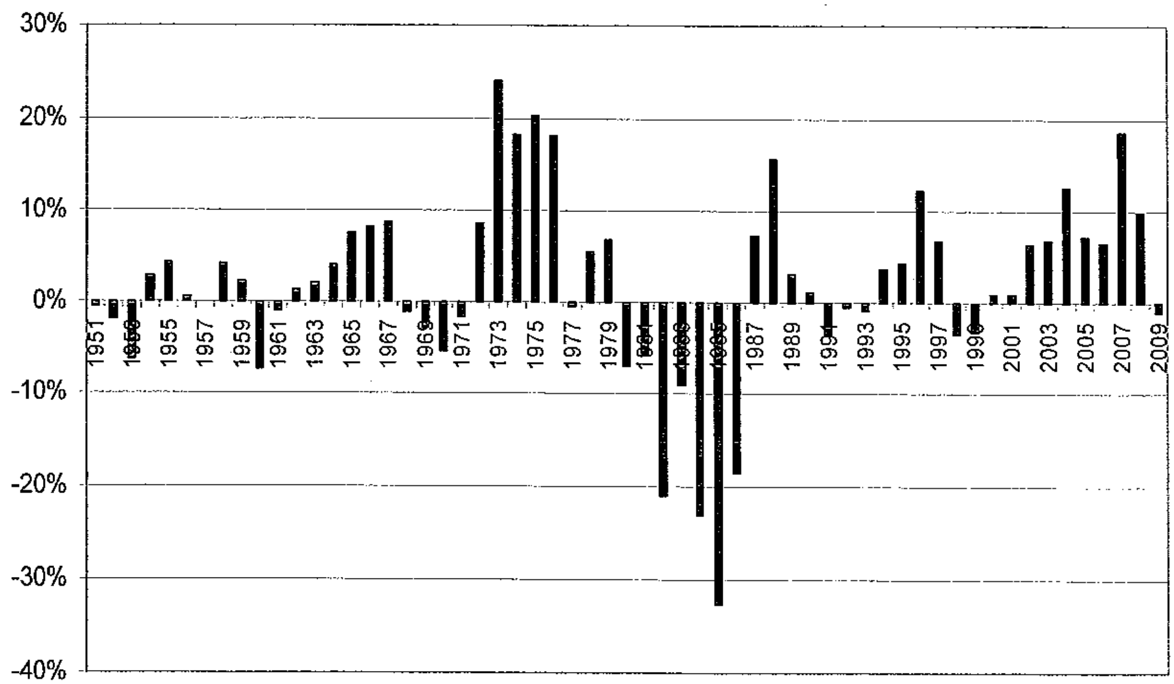
Percentage Change in Iowa Average Land Values



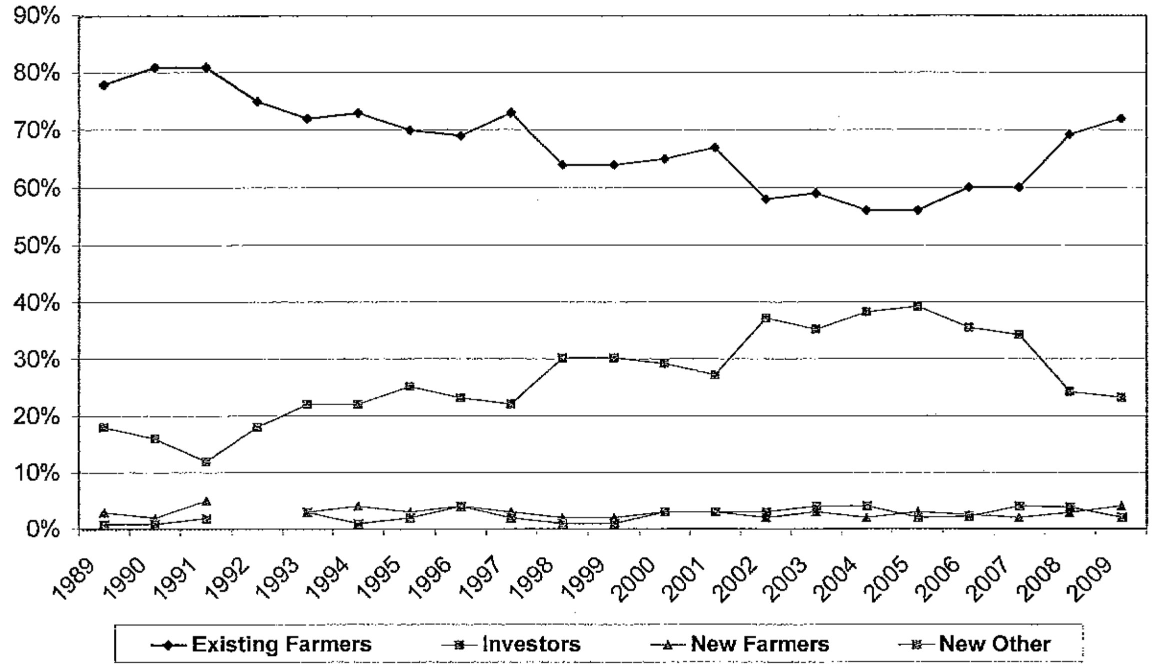
Inflation Adjusted Iowa Average Land Values in 2009 Dollars



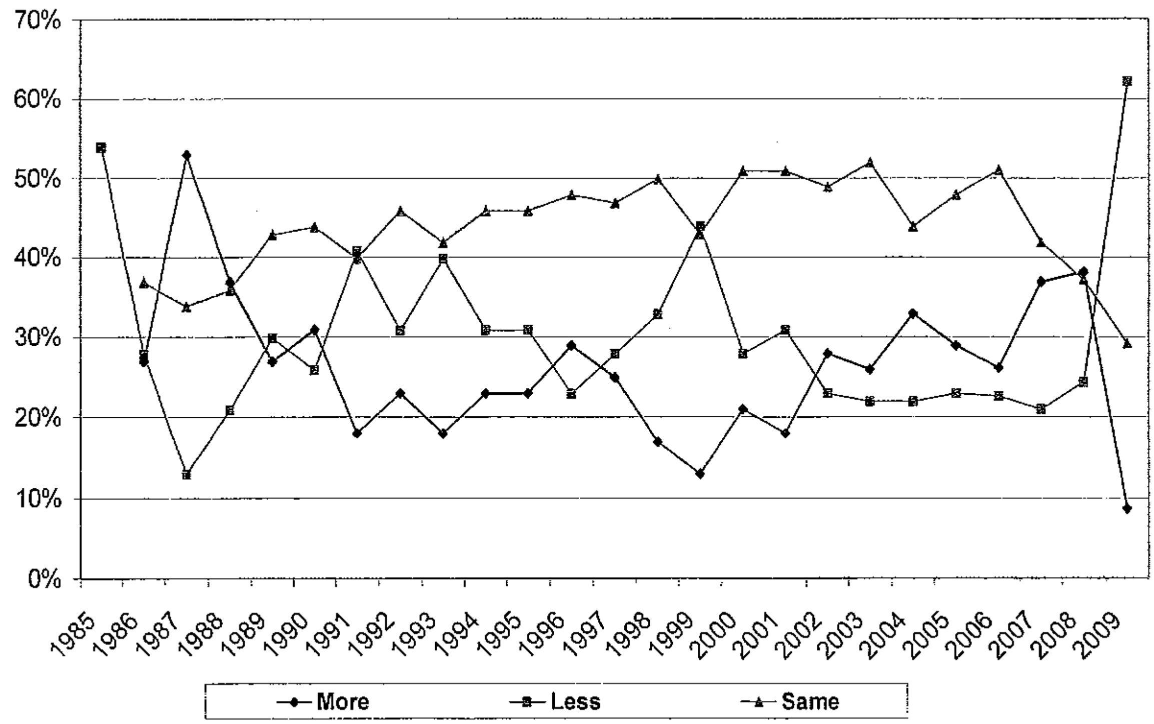
Percentage Change in Inflation Adjusted Iowa Average Land Values



Purchasers of Iowa Farmland by Year



Level of Sales Activity Relative to Previous Year



Comparative Iowa Land Values

2008–2009

By Crop Reporting District:

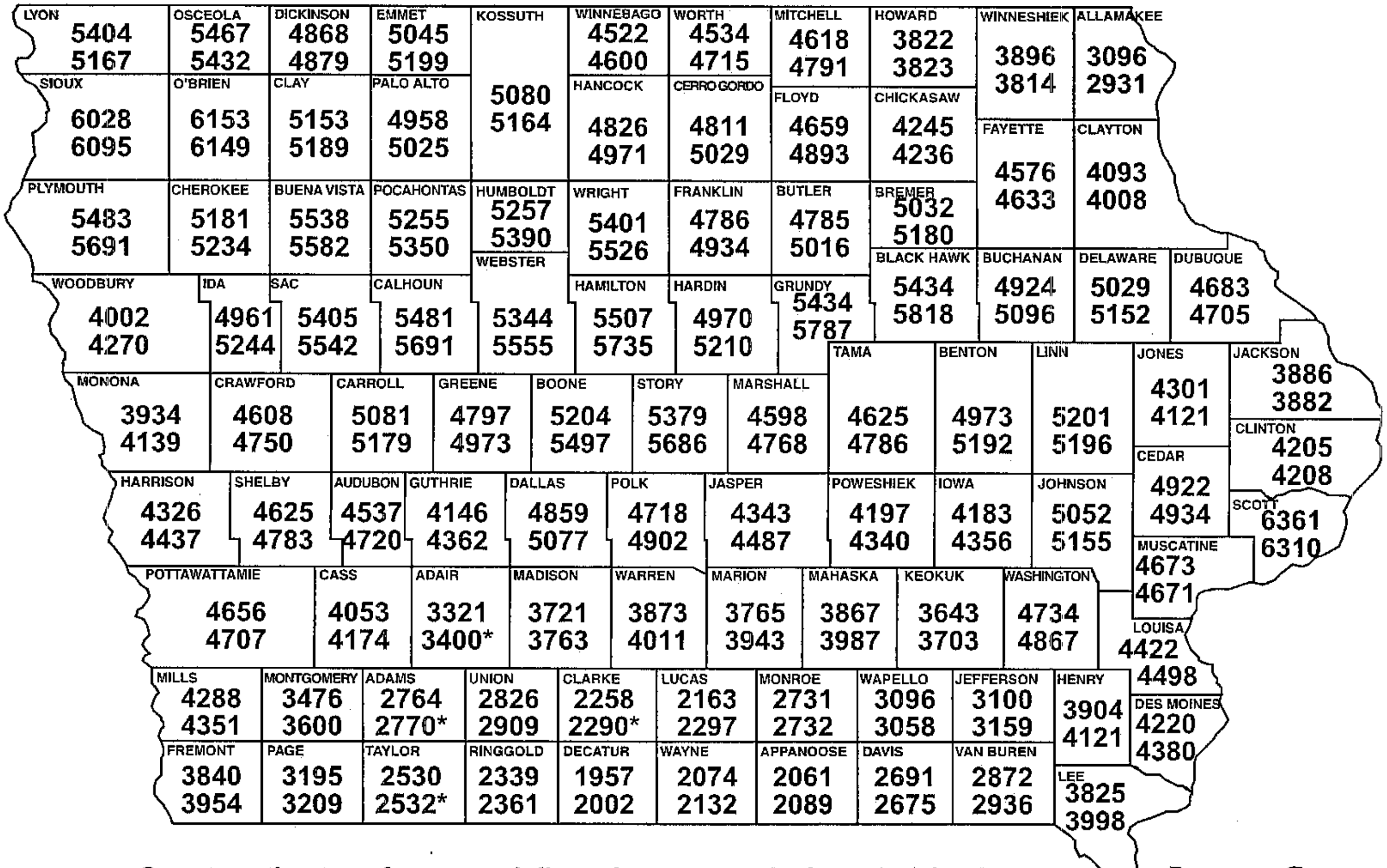
District	2009 $/acre	2008 $/acre	2008-2009 Change $	%
Northwest	5,364	5,395	– 31	– 0.6%
North Central	4,827	4,950	– 123	– 2.5%
Northeast	4,464	4,590	– 126	– 2.8%
West Central	4,652	4,823	– 171	– 3.6%
Central	5,026	5,280	– 253	– 4.8%
East Central	4,796	4,743	+ 53	+ 1.1%
Southwest	3,559	3,626	– 67	– 1.8%
South Central	2,537	2,573	– 36	– 1.4%
Southeast	3,832	3,913	– 81	– 2.1%
State Average	4,371	4,468	– 97	– 2.2%

By County:

County Name	2009 $/acre	2008 $/acre	2008–2009 $ Change	2008–2009 % Change
Adair	3,321	3,400*	– 79	– 2.33%
Adams	2,764	2,770*	– 6	– 0.23%
Allamakee	3,096	2,931	+ 166	+ 5.65%
Appanoose	2,061	2,089	– 28	– 1.36%
Audubon	4,537	4,720	– 183	– 3.87%
Benton	4,973	5,192	– 219	– 4.22%
Black Hawk	5,434	5,818	– 384	– 6.60%
Boone	5,204	5,497	– 293	– 5.33%
Bremer	5,032	5,180	– 148	– 2.87%
Buchanan	4,924	5,096	– 172	– 3.38%
Buena Vista	5,538	5,582	– 44	– 0.80%
Butler	4,785	5,016	– 231	– 4.61%
Calhoun	5,481	5,691	– 210	– 3.69%
Carroll	5,081	5,179	– 98	– 1.90%
Cass	4,053	4,174	– 121	– 2.90%
Cedar	4,922	4,934	– 12	– 0.24%
Cerro Gordo	4,811	5,029	– 218	– 4.34%
Cherokee	5,181	5,234	– 53	– 1.02%
Chickasaw	4,245	4,236	+ 8	+ 0.20%
Clarke	2,258	2,290*	– 32	– 1.42%
Clay	5,153	5,189	– 37	– 0.71%
Clayton	4,093	4,008	+ 85	+ 2.12%
Clinton	4,205	4,208	– 3	– 0.08%
Crawford	4,608	4,750	– 142	– 3.00%
Dallas	4,859	5,077	– 219	– 4.30%
Davis	2,691	2,675	+ 16	+ 0.59%
Decatur	1,957	2,002	– 45	– 2.23%
Delaware	5,029	5,152	– 123	– 2.39%
Des Moines	4,220	4,380	– 160	– 3.65%
Dickinson	4,868	4,879	– 11	– 0.22%
Dubuque	4,683	4,705	– 22	– 0.47%
Emmet	5,045	5,199	– 155	– 2.97%
Fayette	4,576	4,633	– 56	– 1.22%
Floyd	4,659	4,893	– 234	– 4.78%
Franklin	4,786	4,934	– 148	– 3.01%
Fremont	3,840	3,954	– 114	– 2.88%
Greene	4,797	4,973	– 176	– 3.54%
Grundy	5,434	5,787	– 353	– 6.10%
Guthrie	4,146	4,362	– 216	– 4.95%
Hamilton	5,507	5,735	– 228	– 3.98%
Hancock	4,826	4,971	– 145	– 2.92%
Hardin	4,970	5,210	– 240	– 4.61%
Harrison	4,326	4,437	– 111	– 2.49%
Henry	3,904	4,121	– 217	– 5.28%
Howard	3,822	3,823	– 1	– 0.02%
Humboldt	5,257	5,390	– 133	– 2.46%
Ida	4,961	5,244	– 282	– 5.38%
Iowa	4,183	4,356	– 173	– 3.96%
Jackson	3,886	3,882	+ 4	+ 0.10%
Jasper	4,343	4,487	– 144	– 3.21%
Jefferson	3,100	3,159	– 59	– 1.86%
Johnson	5,052	5,155	– 103	– 2.01%
Jones	4,301	4,121	+ 180	+ 4.38%
Keokuk	3,643	3,703	– 60	– 1.61%
Kossuth	5,080	5,164	– 84	– 1.63%
Lee	3,825	3,998	– 173	– 4.34%
Linn	5,201	5,196	+ 6	+ 0.11%
Louisa	4,422	4,498	– 76	– 1.68%
Lucas	2,163	2,297	– 134	– 5.82%
Lyon	5,404	5,167	+ 237	+ 4.59%
Madison	3,721	3,763	– 41	– 1.10%
Mahaska	3,867	3,987	– 120	– 3.00%
Marion	3,765	3,943	– 178	– 4.51%
Marshall	4,598	4,768	– 170	– 3.57%
Mills	4,288	4,351	– 63	– 1.45%
Mitchell	4,618	4,791	– 173	– 3.61%
Monona	3,934	4,139	– 205	– 4.95%
Monroe	2,731	2,732	– 1	– 0.05%
Montgomery	3,476	3,600	– 124	– 3.45%
Muscatine	4,673	4,671	+ 1	+ 0.03%
O'Brien	6,153	6,149	+ 4	+ 0.07%
Osceola	5,467	5,432	+ 35	+ 0.64%
Page	3,195	3,209	– 14	– 0.43%
Palo Alto	4,958	5,025	– 68	– 1.35%
Plymouth	5,483	5,691	– 209	– 3.67%
Pocahontas	5,255	5,350	– 95	– 1.78%
Polk	4,718	4,902	– 184	– 3.75%
Pottawattamie	4,656	4,707	– 51	– 1.08%
Poweshiek	4,197	4,340	– 142	– 3.28%
Ringgold	2,339	2,361	– 22	– 0.94%
Sac	5,405	5,542	– 137	– 2.47%
Scott	6,361	6,310	+ 52	+ 0.82%
Shelby	4,625	4,783	– 157	– 3.29%
Sioux	6,028	6,095	– 67	– 1.10%
Story	5,379	5,686	– 308	– 5.41%
Tama	4,625	4,786	– 160	– 3.35%
Taylor	2,530	2,532*	– 2	– 0.09%
Union	2,826	2,909	– 83	– 2.84%
Van Buren	2,872	2,936	– 64	– 2.17%
Wapello	3,096	3,058	+ 38	+ 1.24%
Warren	3,873	4,011	– 138	– 3.44%
Washington	4,734	4,867	– 133	– 2.74%
Wayne	2,074	2,132	– 58	– 2.72%
Webster	5,344	5,555	– 211	– 3.79%
Winnebago	4,522	4,600	– 78	– 1.69%
Winneshiek	3,896	3,814	+ 81	+ 2.13%
Woodbury	4,002	4,270	– 268	– 6.28%
Worth	4,534	4,715	– 181	– 3.84%
Wright	5,401	5,526	– 125	– 2.26%

* Revised

2009 and 2008 Iowa Land Values



County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2009, Iowa Land Value Survey conducted by ISU Extension. The top figure is the estimated Nov. 1, 2009, value; the bottom figure is the estimated Nov. 1, 2008, value.
(* Data for four counties have been revised for 2008.)

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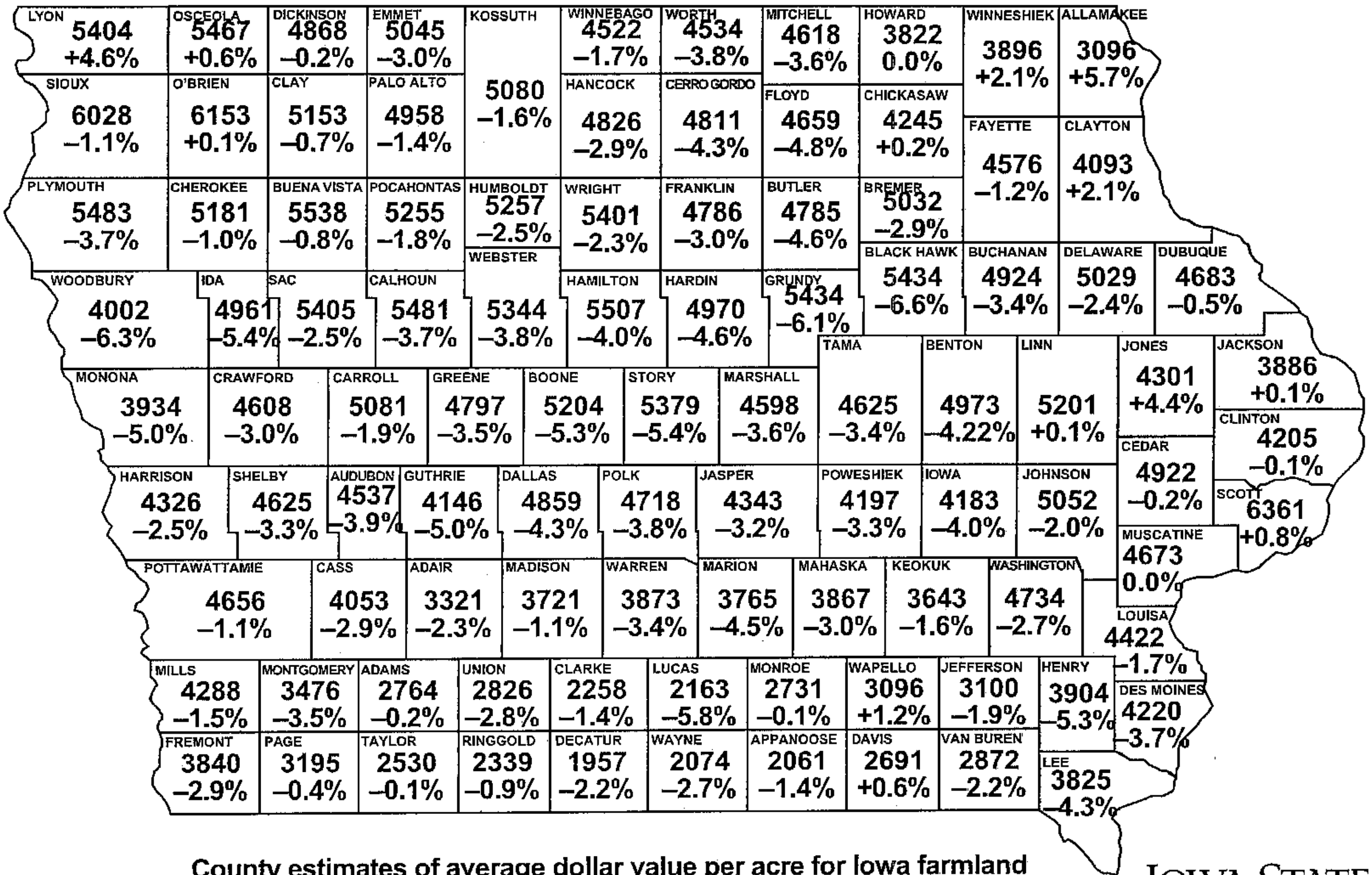
Percentage Change in Iowa Land Values 2008 to 2009



County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2009, Iowa Land Value Survey conducted by ISU Extension. The top figure is the estimated Nov. 1, 2009, value; the bottom figure is the percentage of change from the estimated Nov. 1, 2008, value.

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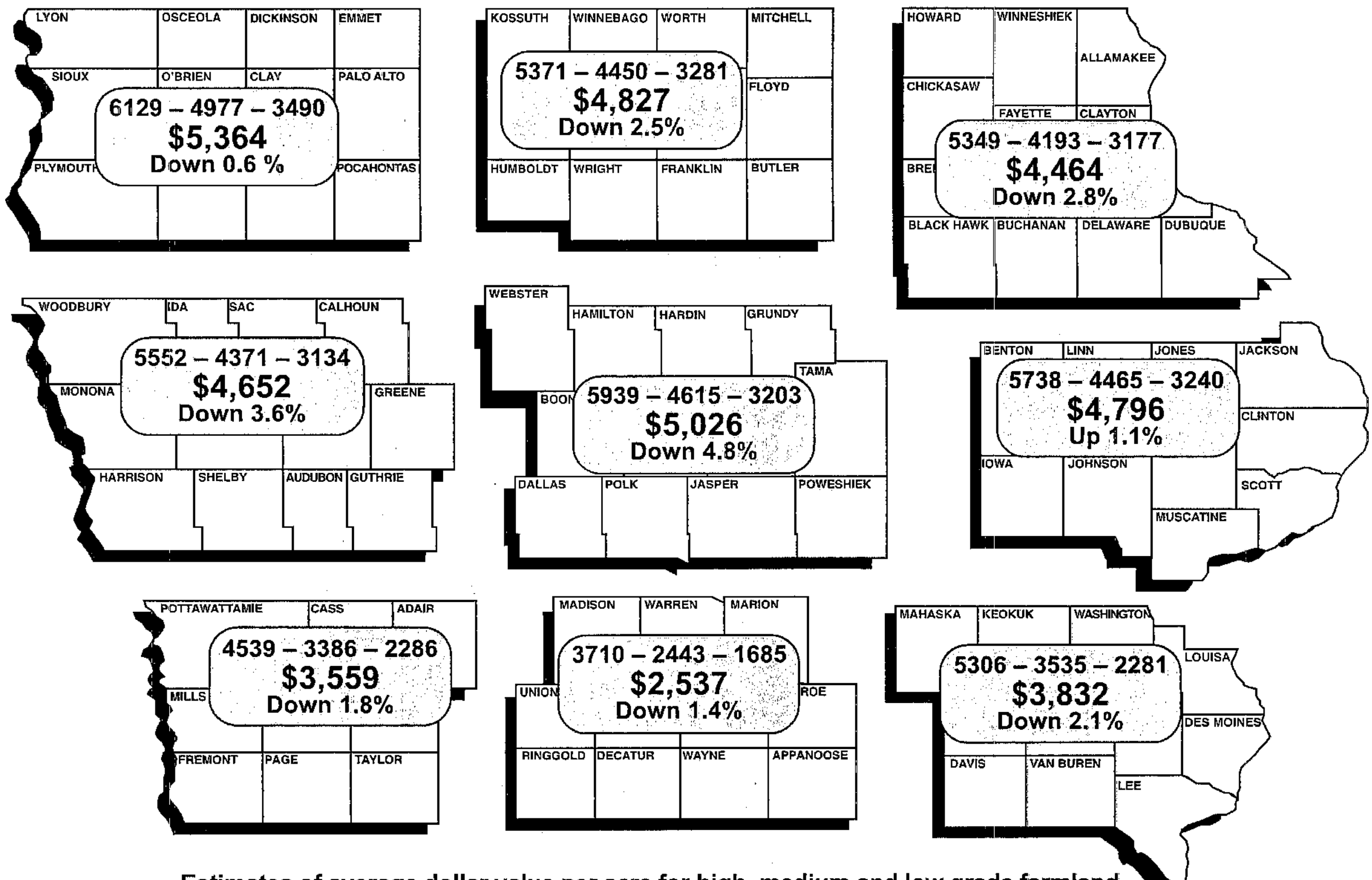
2009 Iowa Land Values by Crop Reporting District



Estimates of average dollar value per acre for high, medium and low grade farmland on Nov. 1, 2009, by Iowa Crop Reporting District, and the Crop Reporting District average and the average percentage change from Nov. 1, 2008. The estimates are based on a survey conducted by Iowa State University Extension.

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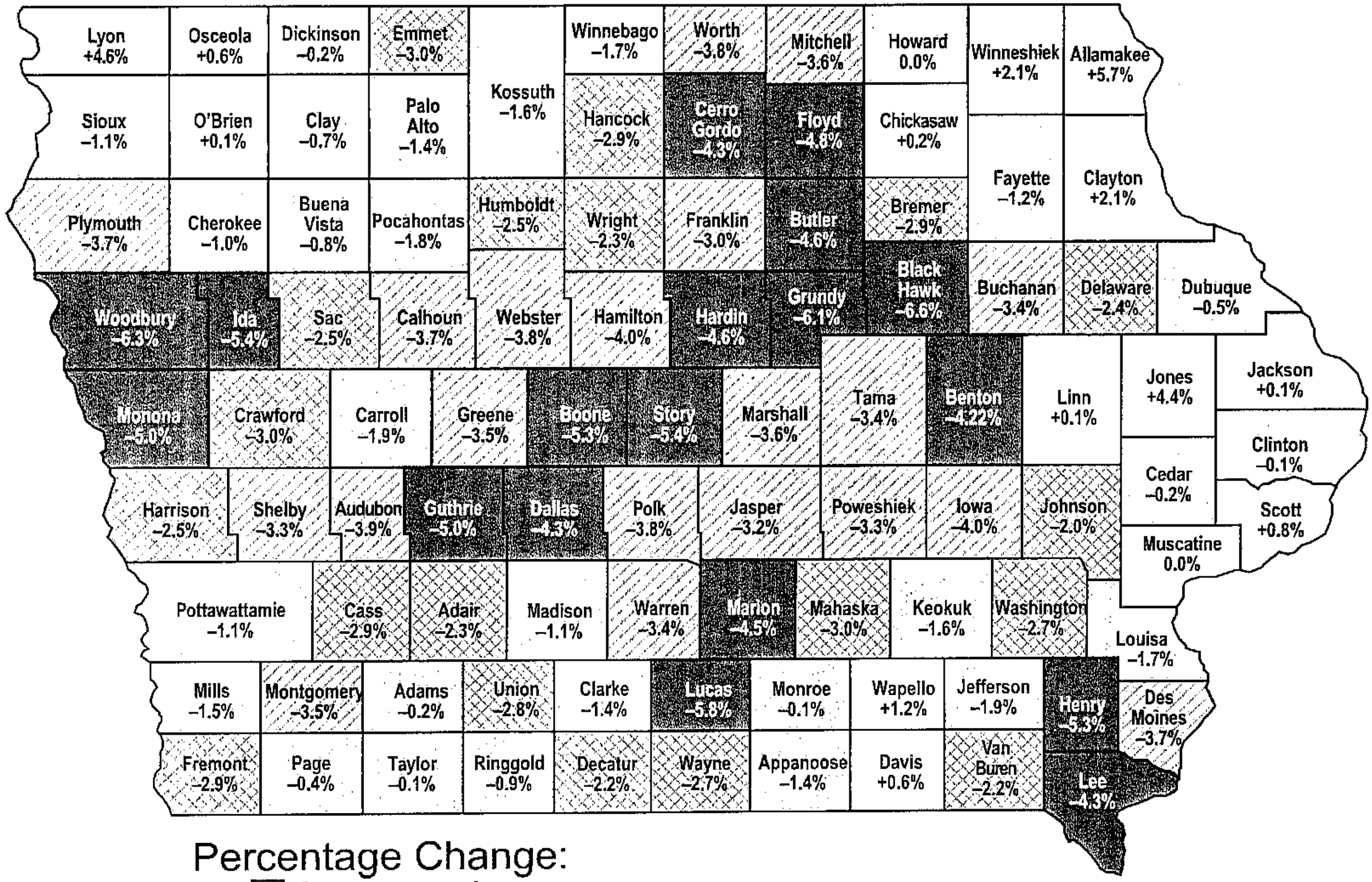
Percentage Change in Iowa Land Values
2008 to 2009



Percentage Change:
- Increased
- Decreased less than 2.0%
- Decreased 2.0 to 3.0%
- Decreased 3.1 to 4.0%
- Decreased 4.1% or more

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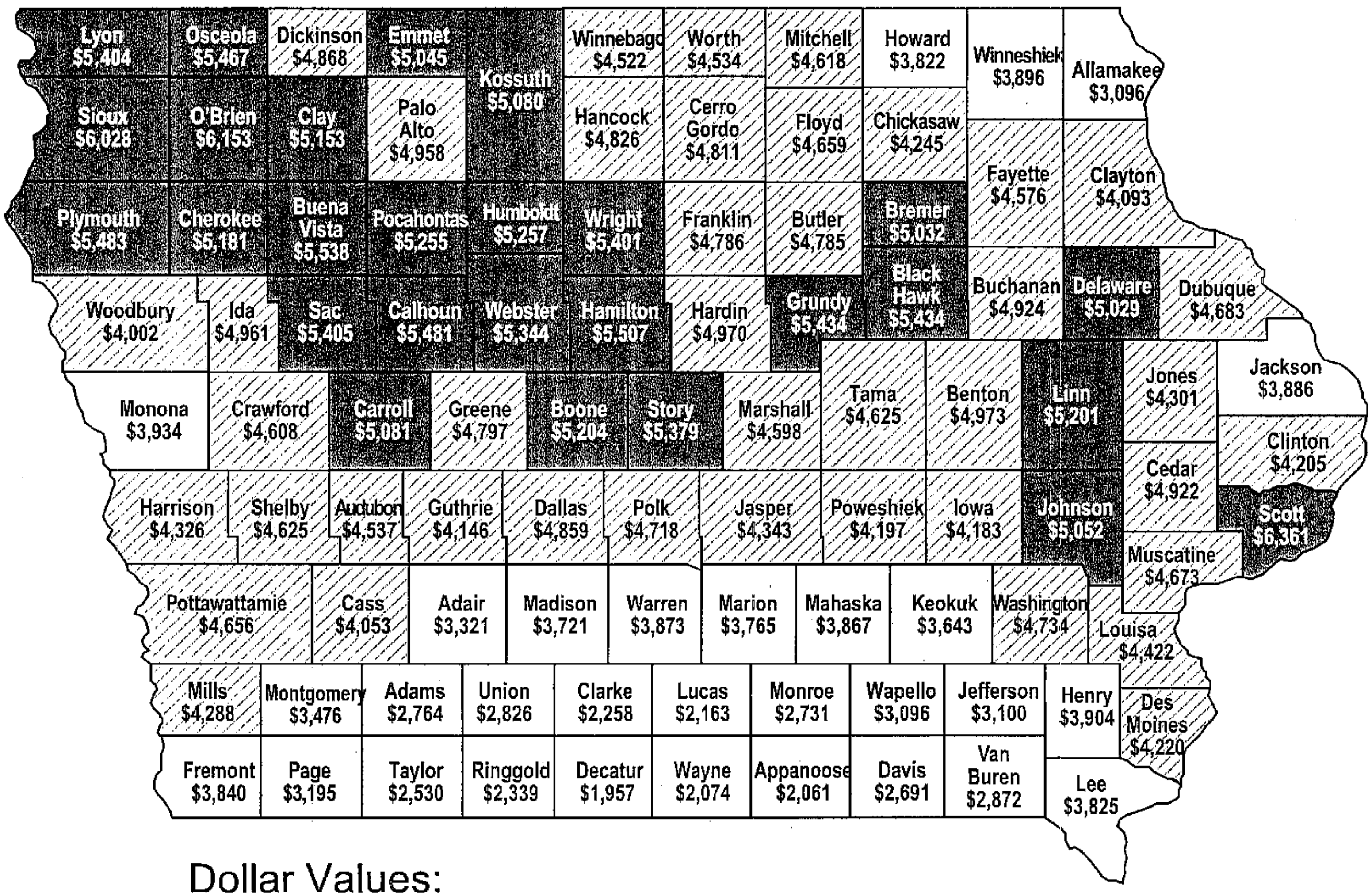
2009 Iowa Land Values



Dollar Values:

- Less than $4,000
- $4,000 – $5,000
- More than $5,000

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