

2008 IOWA LAND VALUE SURVEY

The average value of an acre of farmland in Iowa reached \$4,468 in 2008, continuing to increase for the ninth year in a row. Mike Duffy, ISU Extension farm economist, conducts an annual survey and uses the results of that survey to make an estimate of land values in all 99 Iowa counties. Duffy said the indicators toward the end of the year in the 2008 survey imply the upward trend may be slowing as the national economy battles recessionary pressures.

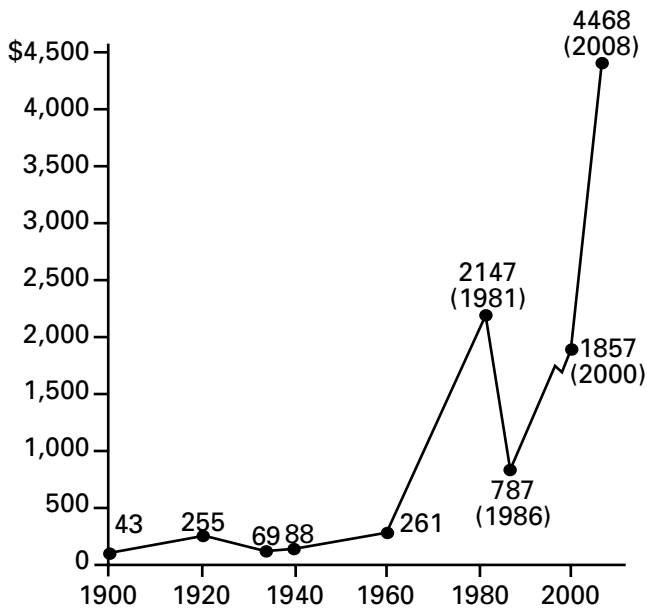
The 2008 average was an increase of \$560 over last year, the second-highest dollar increase ever recorded in the 67 years that ISU has conducted the survey. The 2007 survey reported a \$704 increase over the previous year. The 2008 figure was an increase of 14 percent over 2007, compared with a 22 percent increase last year. Over the past 40 years, the survey has found annual changes ranging from an increase in value of 31.9 percent in 1973 to a loss of 30.2 percent in 1985.

The survey is conducted in November each year and the current numbers are based on estimated values as of Nov. 1, 2008, compared to one year earlier. There have been considerable changes in the situation in Iowa over the past few months. Monthly average corn and soybean prices in Iowa had been rising continually until July of 2008. Corn averaged \$5.41 per bushel in July and current prices are below \$3.00. Soybeans averaged \$13.10 in July and the current prices are below \$8.00 per bushel. This change in revenue has been accompanied by substantial increases in the costs of production, especially for fertilizers and seed.

Lower grain prices toward the end of 2008 and the higher costs of production meant lower net revenue per acre, which is an indicator that

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Figure 1. Average value per acre of Iowa farmland.



land values will be moderating. Other surveys conducted earlier in the year indicated higher increases, including a 17.6 percent increase for two six-month periods ending in September, reported by the Realtors Land Institute, and a 17 percent increase for the year ending in October, reported by the Seventh District Federal Reserve Board.

Land values have almost doubled since 2003, going from \$2,275 to \$4,468 in just five years. In 2008, three counties averaged more than \$6,000 per acre. This is the first time any county has averaged over that amount. Similarly, 2008 marked the first time that no county has averaged below \$2,000 per acre.

There also were some notable changes in other categories from the 2007 survey. East Central Iowa reported a significant decrease in the amount of sales activity. Almost half, 44 percent, of the respondents from the East Central crop reporting district reported less sales relative to the same time period from a year ago. Duffy said this is a reflection of the flooding and other hardships suffered in this area over the past year. South Central Iowa also reported a significant decline in sales, with 43 percent reporting less sales, perhaps reflecting the relatively soft demand for recreational land.

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Table 1. Recent changes in Iowa farmland values.

Year	Value per acre	Dollar change	Percentage change
1971	430	11	2.6
1972	482	52	12.0
1973	635	154	31.9
1974	834	199	31.3
1975	1,095	261	31.3
1976	1,368	273	24.9
1977	1,450	82	6.0
1978	1,646	196	13.5
1979	1,958	312	19.0
1980	2,066	108	5.5
1981	2,147	82	3.9
1982	1,801	-346	-16.1
1983	1,691	-110	-6.1
1984	1,357	-334	-19.8
1985	948	-409	-30.2
1986	787	-161	-17.0
1987	875	88	11.2
1988	1,054	179	20.4
1989	1,139	85	8.1
1990	1,214	75	6.6
1991	1,219	5	.4
1992	1,249	30	2.5
1993	1,275	26	2.1
1994	1,356	81	6.4
1995	1,455	99	7.3
1996	1,682	227	15.6
1997	1,837	155	9.2
1998	1,801	-36	-1.9
1999	1,781	-20	-1.1
2000	1,857	76	4.3
2001	1,926	69	3.7
2002	2,083	157	8.2
2003	2,275	192	9.2
2004	2,629	354	15.1
2005	2,914	285	10.8
2006	3,204	290	10.0
2007	3,908	704	22.0
2008	4,468	560	14.3

Figure 2. County estimates of average dollar value per acre for Iowa farmland based on U.S. Census of Agriculture estimates and the Nov. 1, 2008, Iowa Land Value Survey conducted by ISU Extension. The top figure is the estimated Nov. 1, 2008, value; the bottom figure is the estimated Nov. 1, 2007, value.

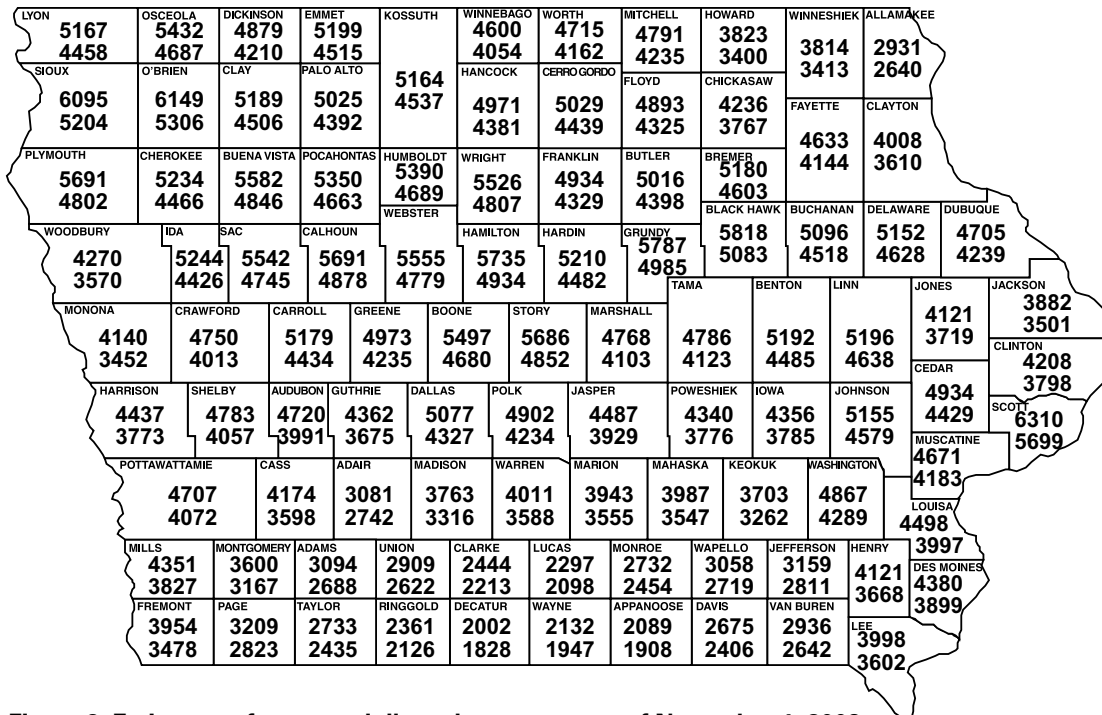


Figure 3. Estimates of average dollar value per acre as of November 1, 2008, by Iowa Crop Reporting District. First line: high-, medium-, and low-grade farmland values. Second line: district average. Third line: average percentage change since November 1, 2007.

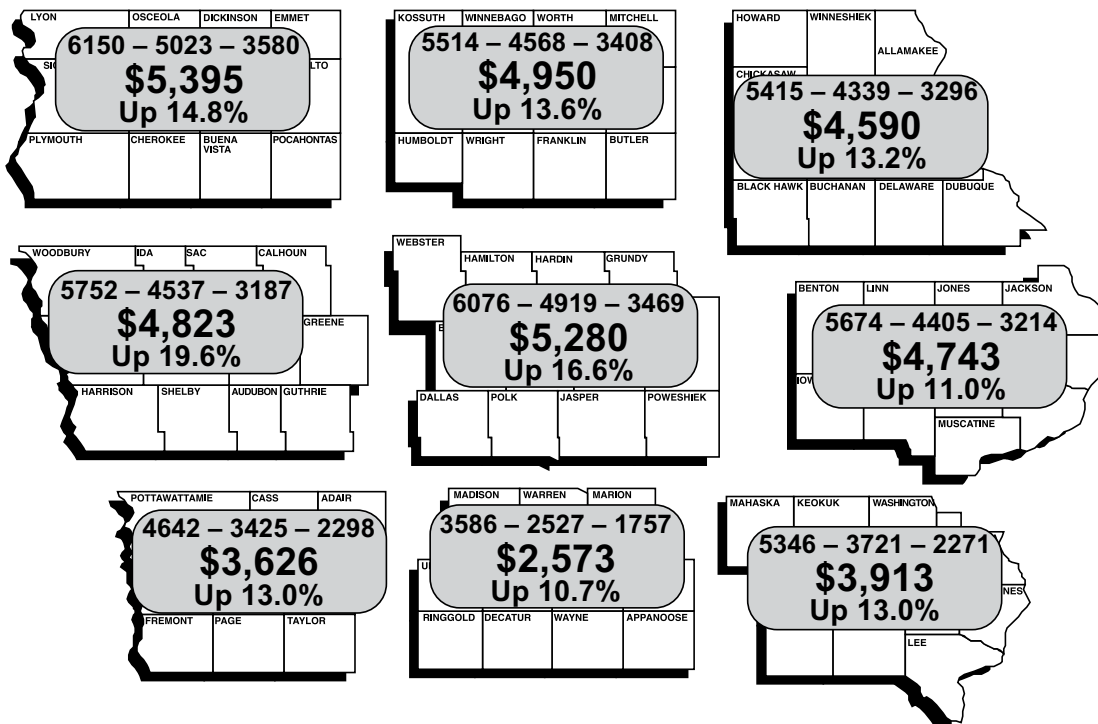


Table 2. Average value per acre of Iowa farmland listed by crop reporting districts and grades of land.

Year	State	North			West		East	South		
	Average	Northwest	Central	Northeast	Central	Central	Central	Southwest	Central	Southeast
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
2000	1857	2198	2169	1868	1924	2195	2190	1412	992	1655
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
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
2000	2324	2547	2462	2329	2375	2660	2743	1825	1509	2353
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
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
2000	1701	2001	1972	1728	1772	1956	1996	1320	955	1511
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
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
2000	1117	1370	1387	1167	1126	1299	1288	862	597	875
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

Of the nine crop reporting districts in the state, Northwest Iowa reported the highest average value at \$5,395 per acre. The lowest average in the state was in South Central Iowa at \$2,573 per acre. West Central Iowa was the leader in percentage increase at 19.6 percent, while South Central Iowa had the lowest percentage increase at 10.7 percent.

The highest county average in the state was Scott County at \$6,310 per acre, while Decatur County was lowest at \$2,002 per acre. Sioux County led the state with the largest dollar increase at \$891 per acre, while Monona County had the largest percentage increase at 19.9 percent.

Low grade land in the state averaged \$2,967 per acre, an increase of \$311 or 11.7 percent over the 2007 survey. Medium grade land averaged \$4,195 per acre, a \$528 increase or 14.4 percent. High grade land averaged \$5,381 per acre, an increase of \$695 or 14.8 percent.

Data on farmland sales have been collected by Iowa State University annually since 1941. About 1,100 copies of the survey are mailed each year to licensed real estate brokers, ag lenders, and others knowledgeable of Iowa land values. Respondents are asked to report values as of November 1. This year, 479 usable surveys were returned, providing 625 individual county estimates, including land values in nearby counties if they had knowledge of values in those counties.

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