

# Iowa Land Values & U.S.-China Ag Trade

IOWA STATE UNIVERSITY  
Extension and Outreach



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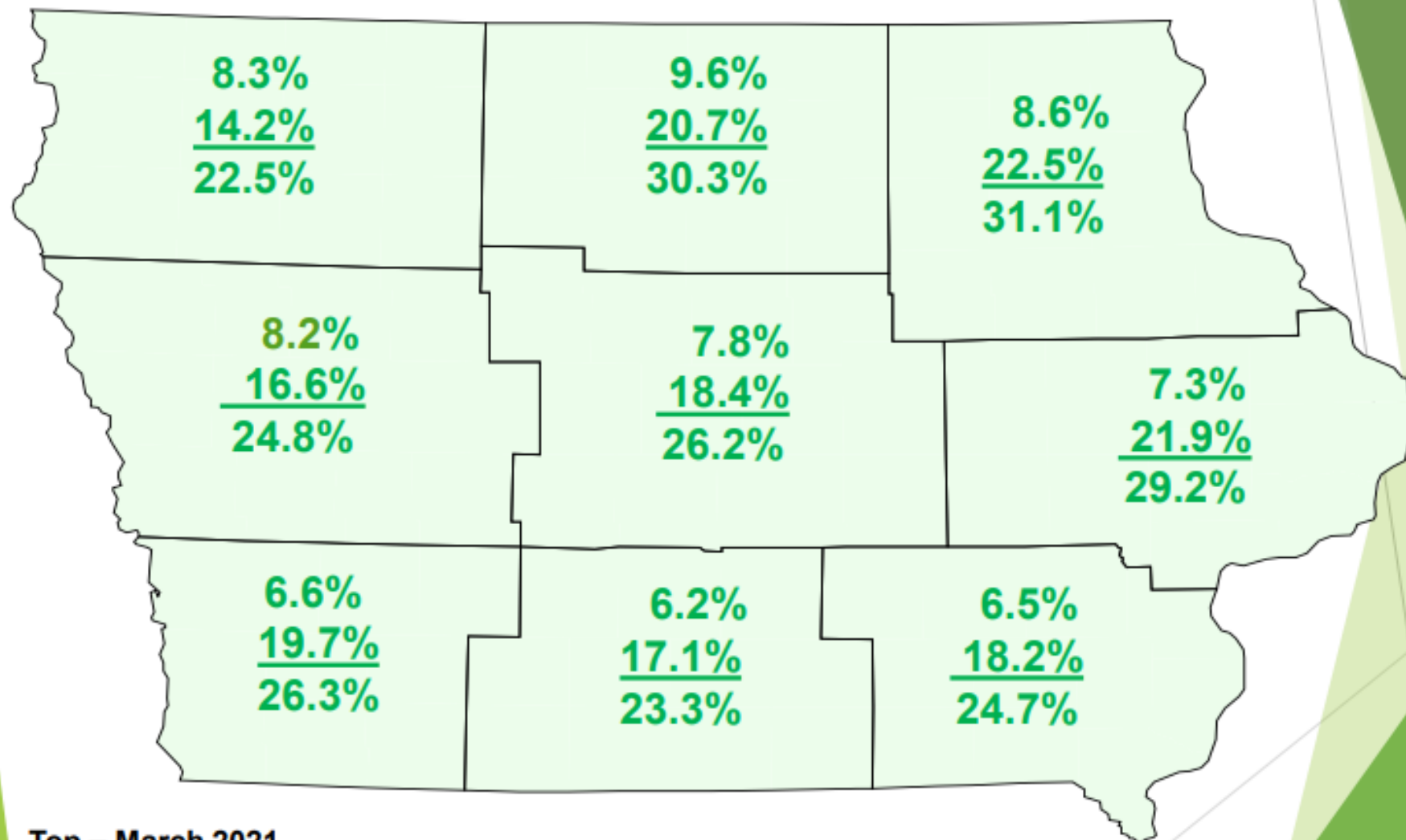
Farmland Owners Workshop, Altoona, IA    October 15, 2021



# REALTORS® Land Institute- Iowa Chapter

## September 1, 2021

September 2020– September 2021



Top – March 2021

Bottom – September 2021

Nine Crop Reporting Districts

## FARMLAND

By **TYNE MORGAN** October 7, 2021

# New Record \$26,000/Acre Iowa Farmland Sale, Record Amount of Land Could Flood Market in Next 60 Days

**SOLD!**

**151.68 Acres, m/l,  
Johnson Co., IA**

**Parcel 1: (75.68 Acres)  
\$21,000/Acre**

**Parcel 2: (76 Acres)  
\$26,000/Acre**



## FARMLAND

# Once, Twice, Sold! 80 Acres in Iowa Sold for \$22,600 Per Acre, Sets New State Record

By **TYNE MORGAN** August 30, 2021



The sale was on 80 acres of ground in Grundy County, Iowa, which is located west of Waterloo. The ground did include a wind turbine, which helped drive up the price as of the record sale.

# Grain Belt Farmland Values Jump 7.5% in 6 Months



By **SARA SCHAFER** August 6, 2021

## Average Change in Farm Values

The number of benchmark farms in each state is in parentheses.

	Six Month	One Year	Five Year	Ten Year
Iowa (21)	▲ 9.9%	▲ 13.9%	▲ 15.3%	▲ 37.3%
Nebraska (18)	▲ 5.6%	▲ 9.5%	▼ 1.8%	▲ 62.9%
South Dakota (22)	▲ 7%	▲ 9.5%	▼ 4.8%	▲ 71.3%
Wyoming (2)	▲ 8%	▲ 10.9%	▲ 29.6%	▲ 75.7%

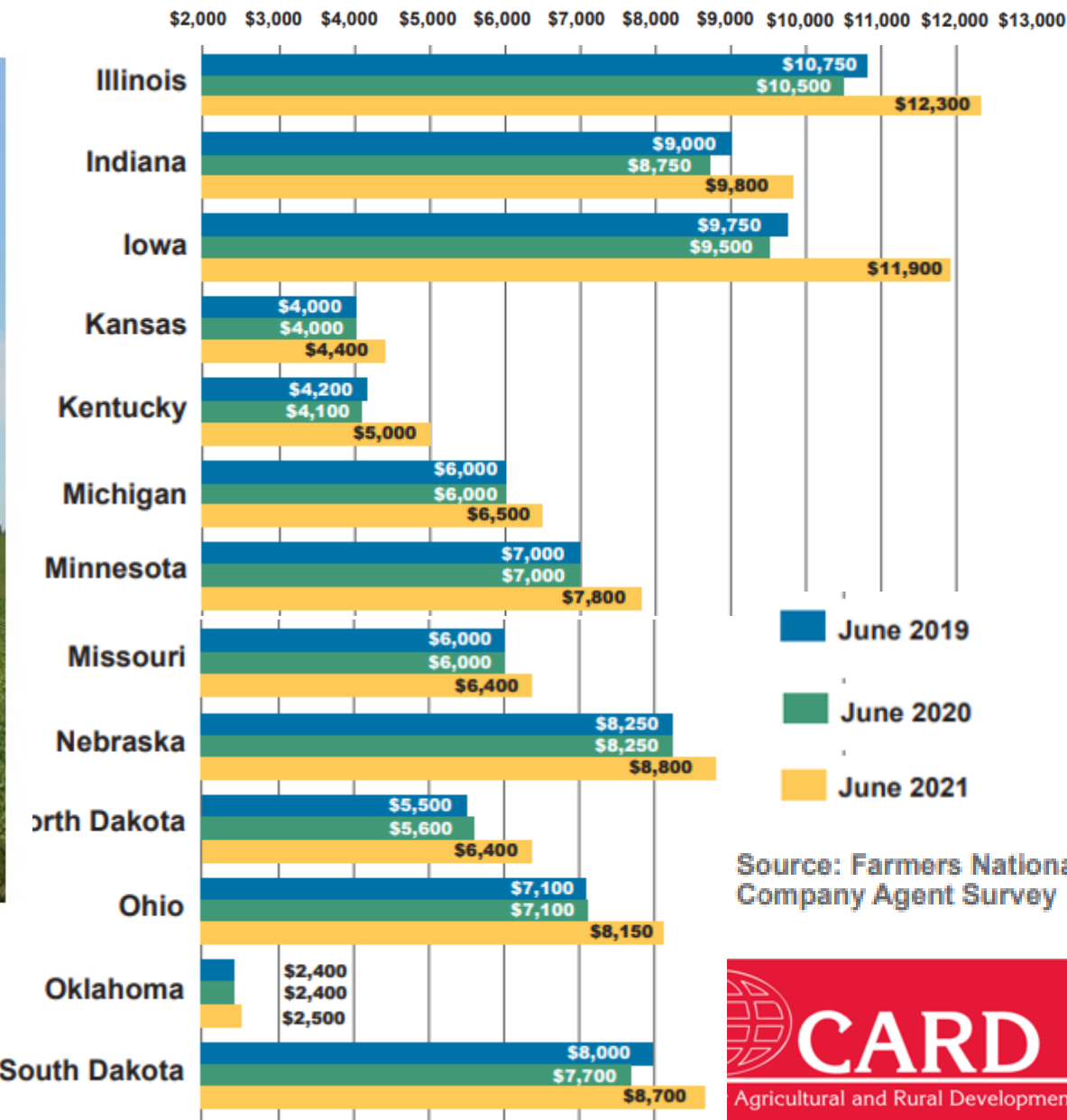
DATA SOURCE: FARM CREDIT SERVICES OF AMERICA; PHOTO & GRAPHIC: LINDSEY POUND

On average, values were up about 7.5% in the first six months of 2021, according to a recent report from Farm Credit Services of America. (Photo: Lindsey Pound, Data: FCSAmerica)

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# HIGH QUALITY LAND VALUES BY STATE

## AVERAGE SALE PRICES PER ACRE



Source: Farmers National Company Agent Survey



# Local Land Supply and Demand Explain Variations in Land Market

**Land Value = localized net  
income / universal interest rate**



[membership](#) [ALC Designation](#) [LANDU Education](#) [Find a Land Consultant](#) [Find A P](#)

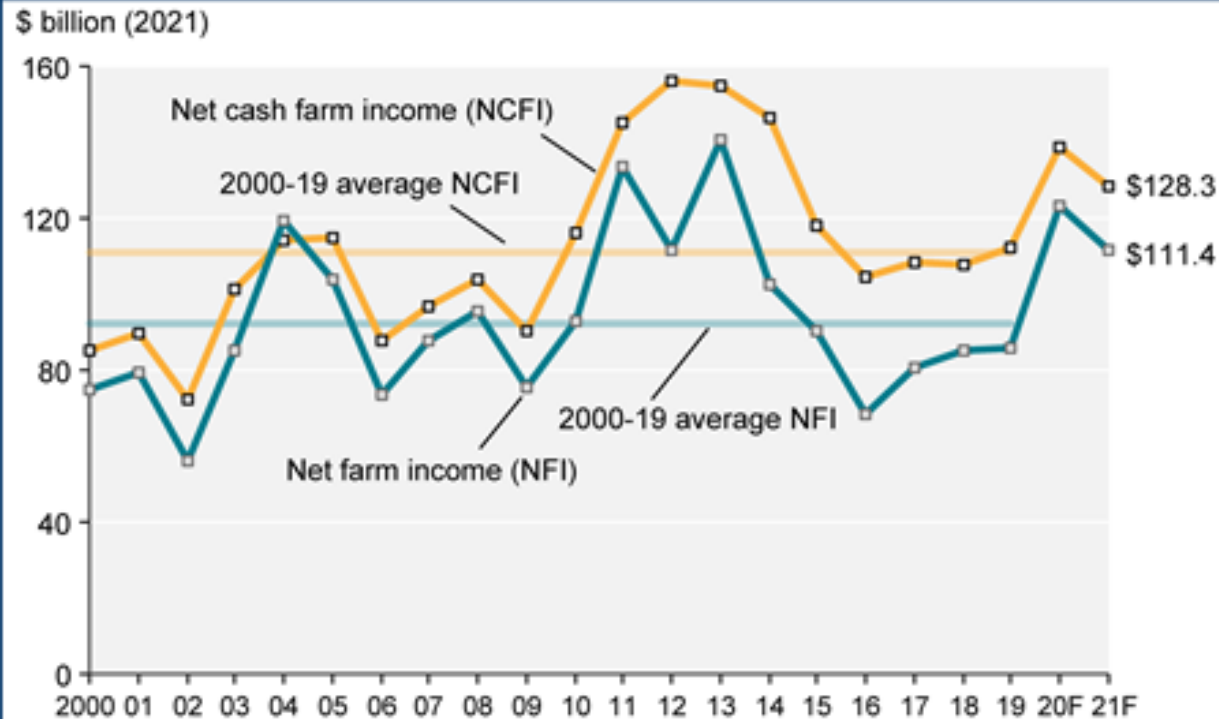
## Are Buyers Moving To Recreational Land In The Age Of COVID-19?

April 23, 2020 / 8 Comments / in [Your] Land Blog



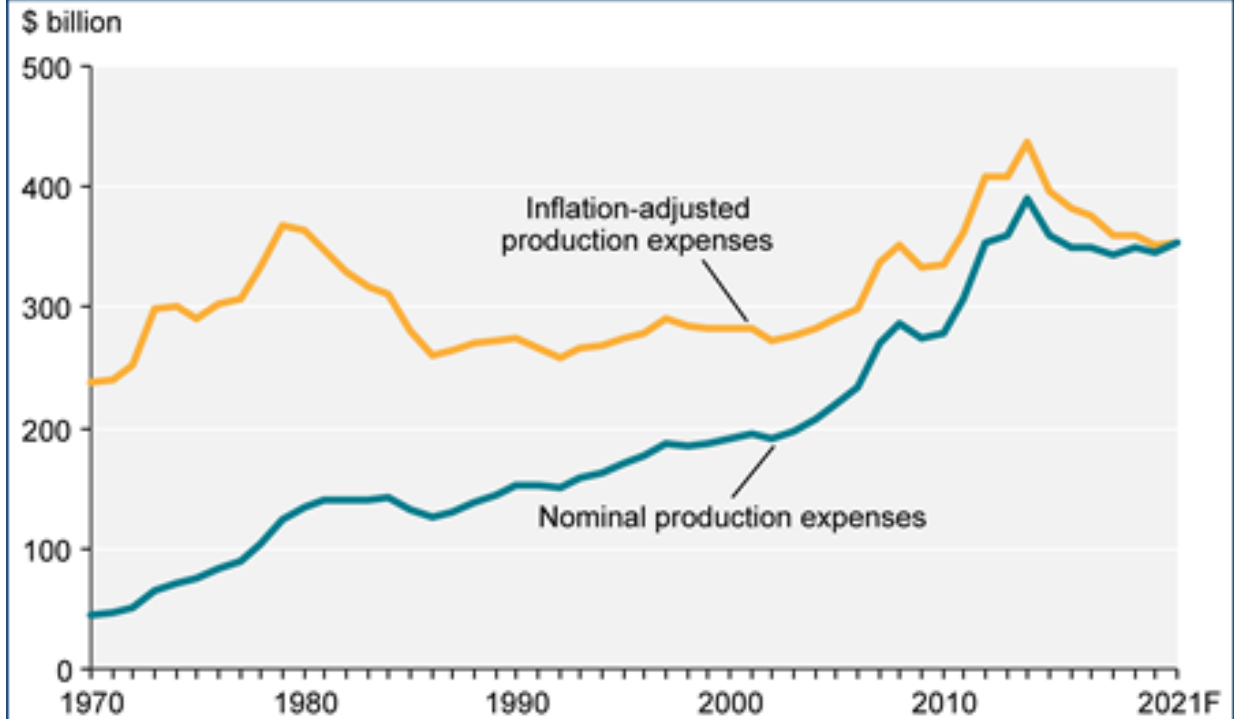
# Record federal ad hoc government payments and lower interest rates provided support for land values

U.S. net farm income and net cash farm income, 2000–21F



Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.  
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
Data as of February 5, 2021.

Nominal and inflation-adjusted farm production expenses, 1970–2021F



Note: Data for 2020 and 2021 are forecasts. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.  
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
Data as of February 5, 2021.



Economic Research Service  
United States Department of Agriculture

# The impacts of interest rate changes on US Midwest farmland values

Albulena Basha  
*Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH,*  
Pristina, Kosovo  
Wendong Zhang

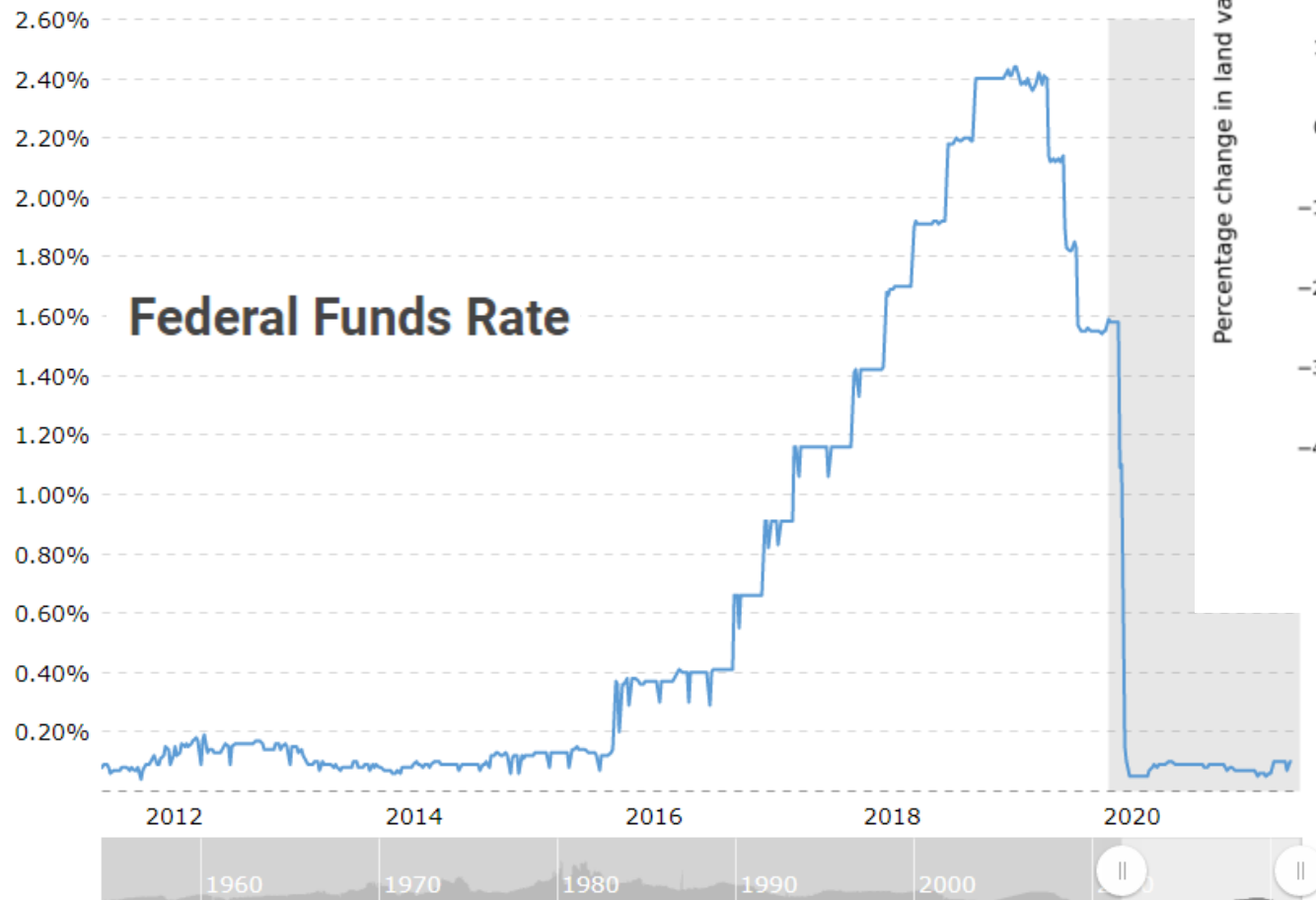
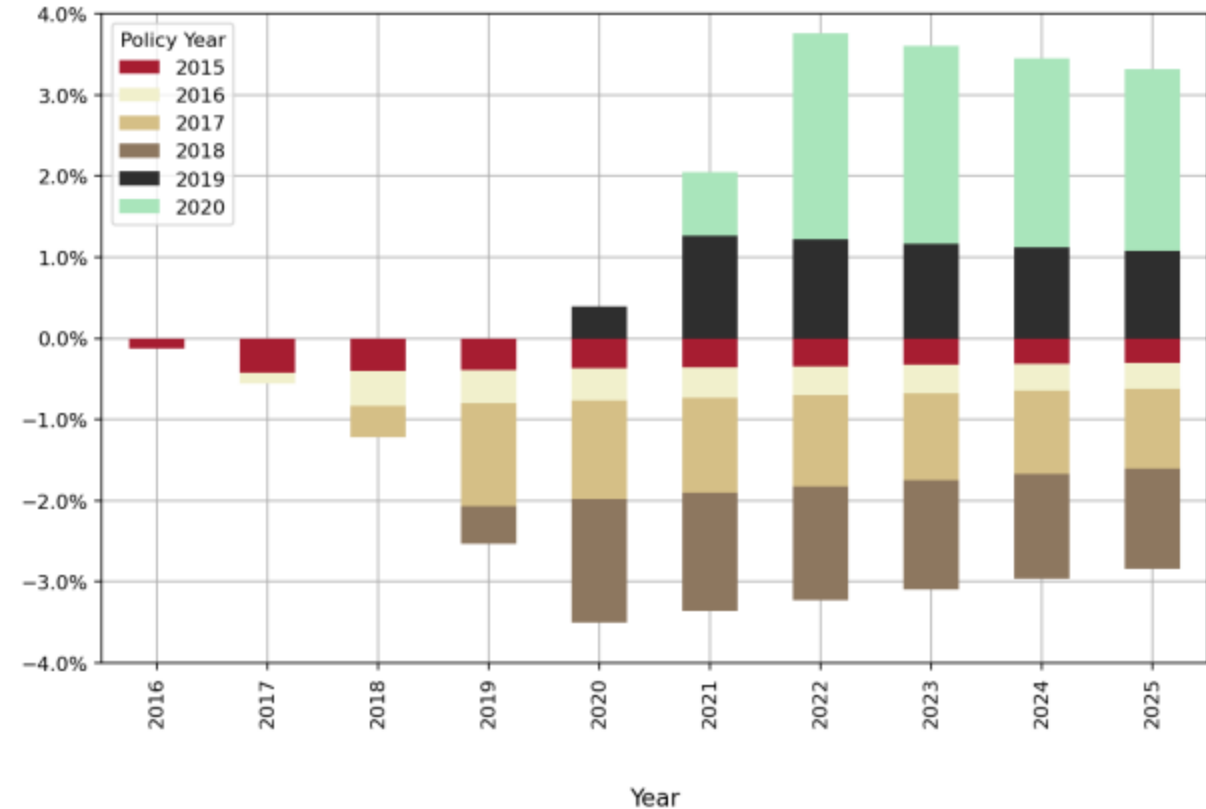


Fig. 3: The short- and long-term impacts of recent Federal Reserve interest rate moves on Great Plains states' farmland values



<https://doi.org/10.1108/AFR-11-2020-0163>

# The impacts of interest rate changes on US Midwest farmland values

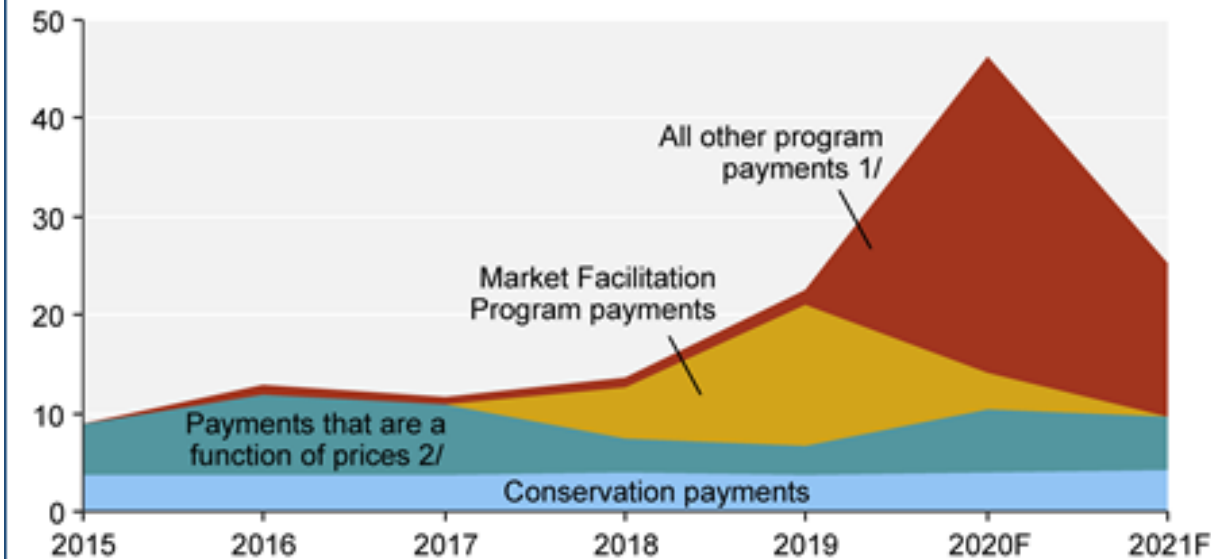
Albulena Basha

Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH,  
Pristina, Kosovo

Wendong Zhang

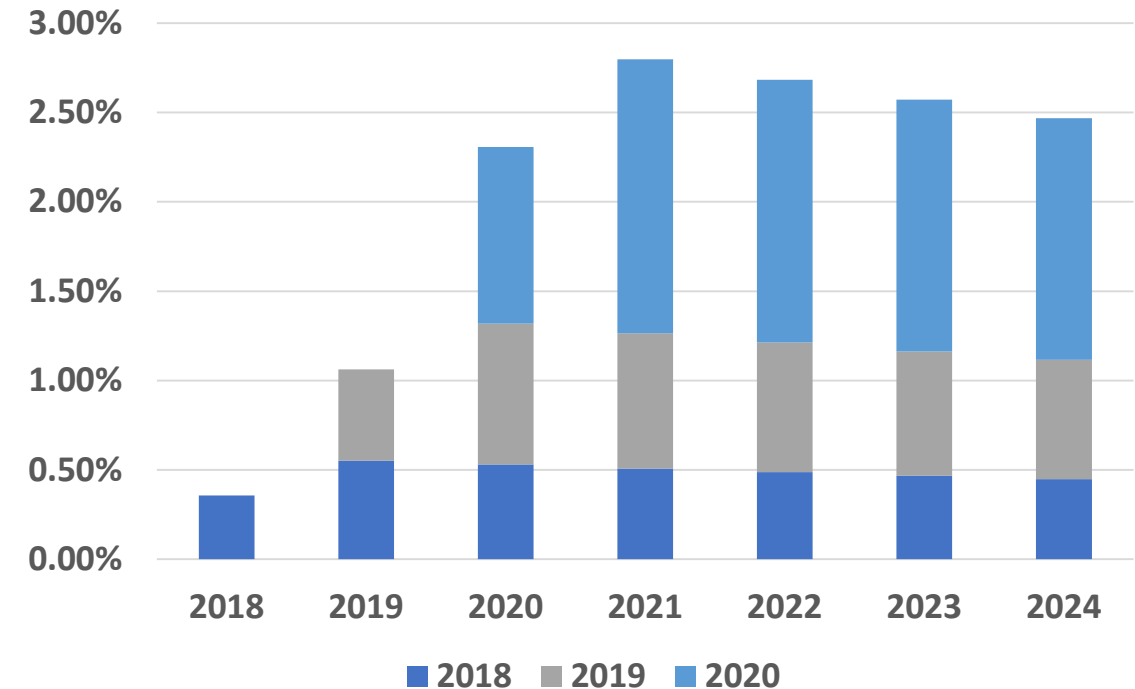
## Direct government payments to farm producers, 2015-21F

\$ billion (nominal)



Note: F = forecast. 1/ "All other program payments" includes supplemental and ad hoc disaster assistance, which in 2020 and 2021 includes payments from the Coronavirus Food Assistance Program and the Paycheck Protection Program, and in 2021 also includes payments under the Consolidated Appropriations Act, 2021. 2/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2021.

## The short- and long-term impacts of recent Government payments on Dakota states' farmland values

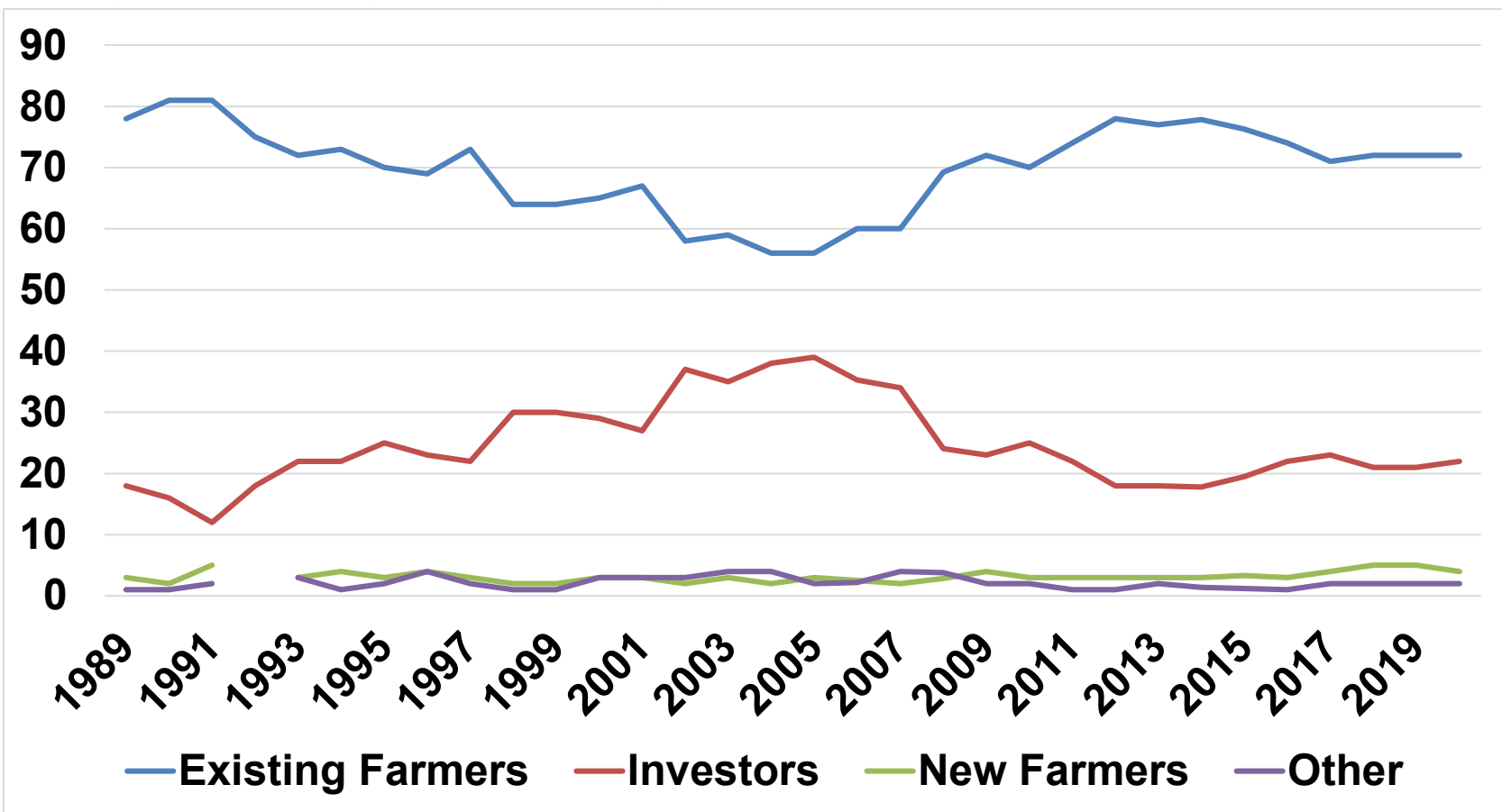


<https://doi.org/10.1108/AFR-11-2020-0163>



# Iowa Farmland Purchases by Buyer Types 1989-2020

Illinois 2021



## Buyers

Local farmers	55%
Local investors	16%
Non-local Investors	12%
Institutions	5%
Recreational interests	3%

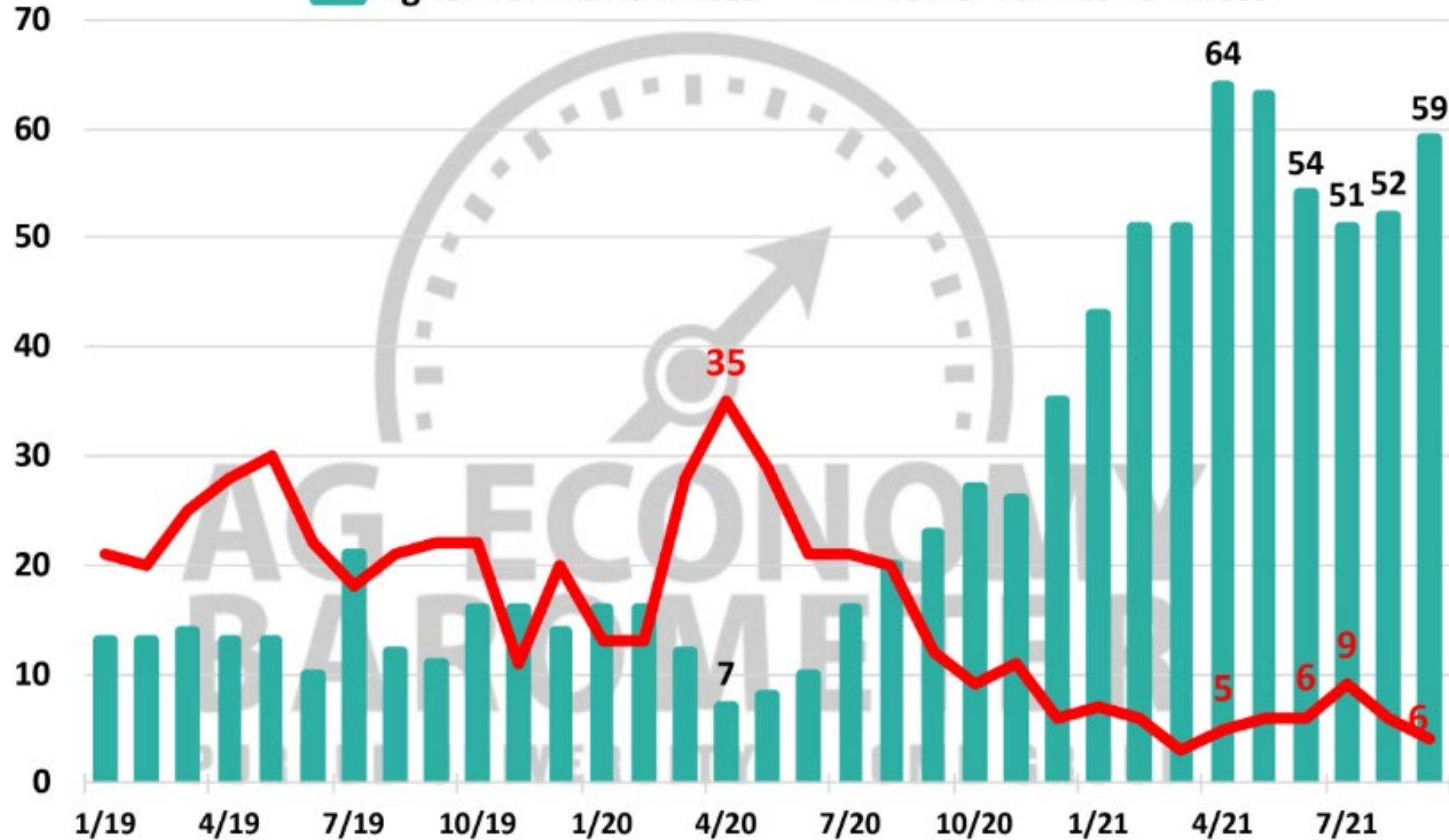
More investor interest?

# Farmland Price Expectations, 12 Months Ahead

% of respondents

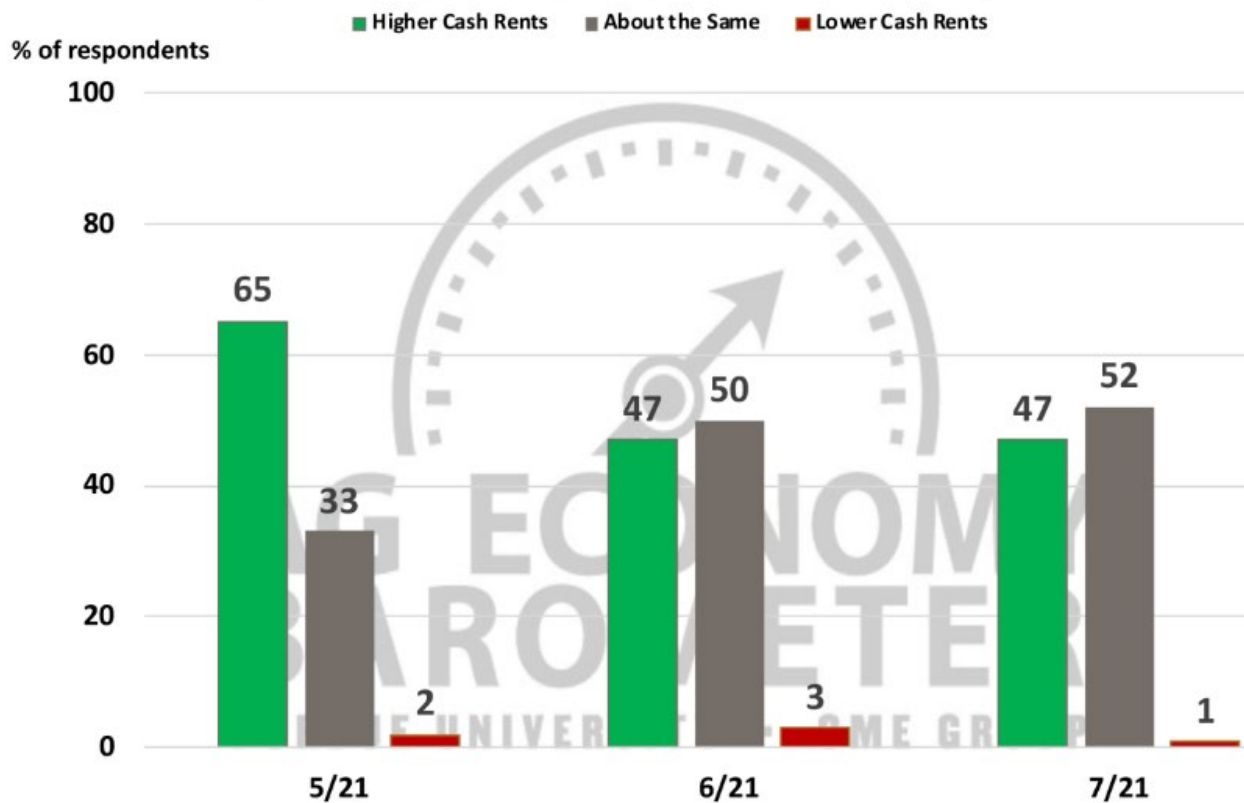
Higher Farmland Prices

Lower Farmland Prices



Source: Purdue Center for Commercial Agriculture, Producer Survey, September 2021

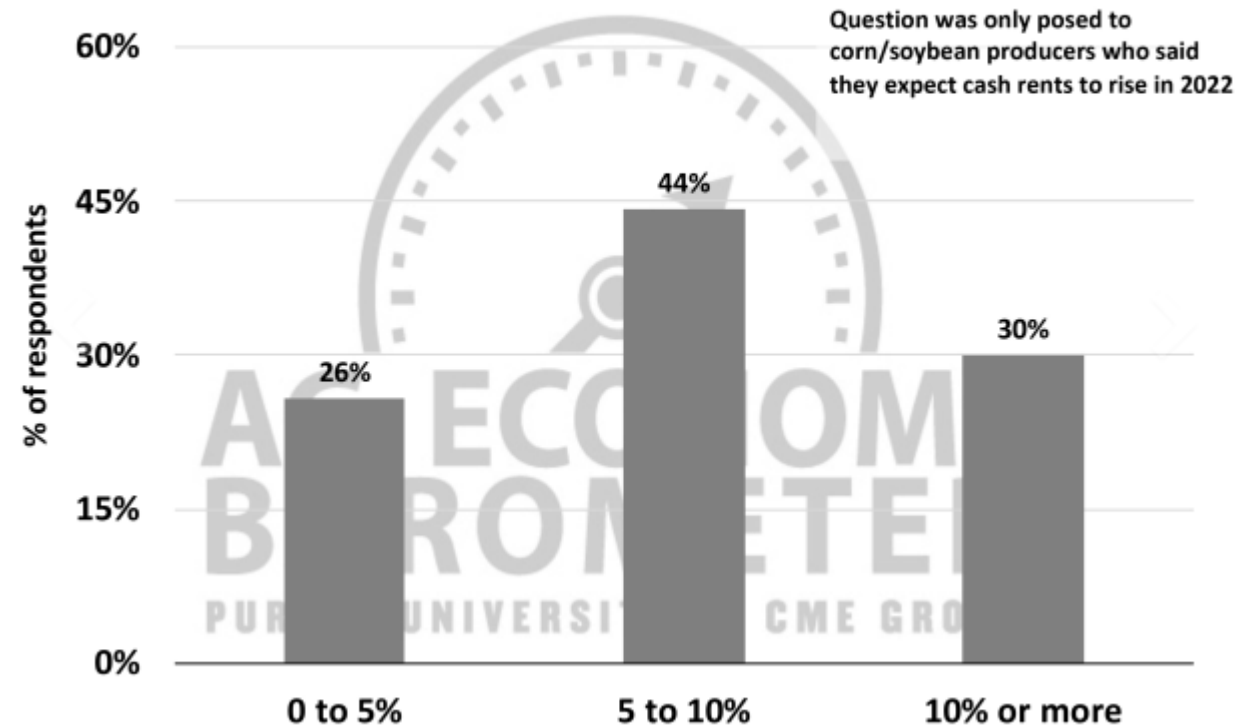
Compared to 2021, what are your expectations for cash rents in your area in 2022?



Source: Purdue Center for Commercial Agriculture, Producer Survey, July 2021



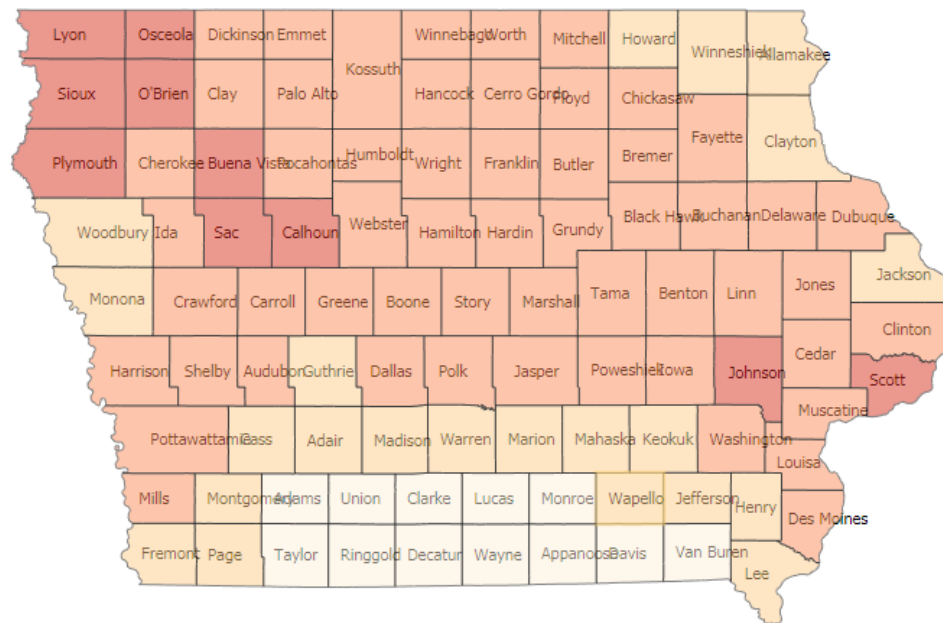
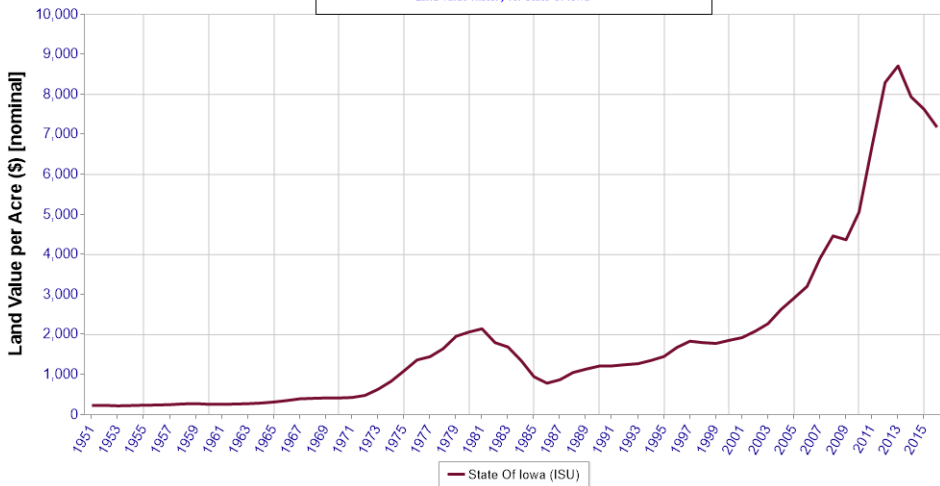
Compared to this year, by how much do you expect 2022 cash rents in your area to increase?



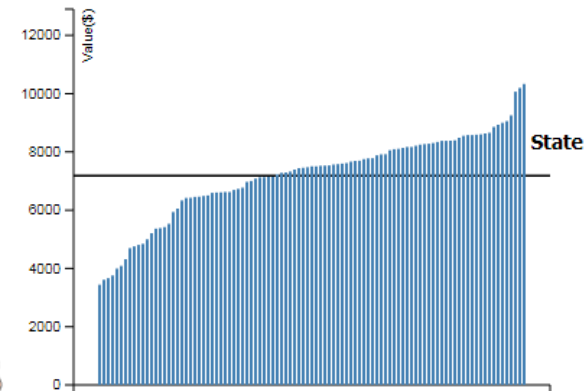
Source: Purdue Center for Commercial Agriculture, Producer Survey, September 2021



<https://www.card.iastate.edu/farmland>

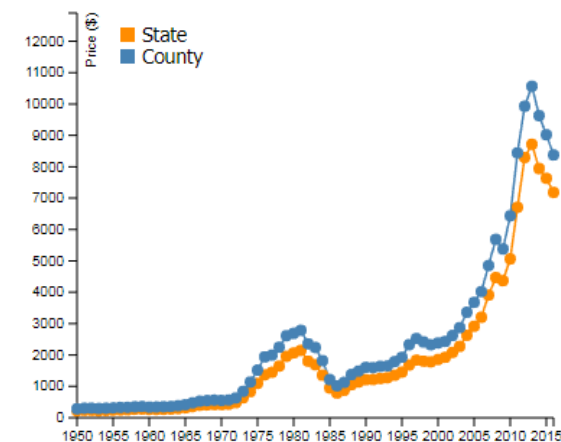


Iowa County Land Value in 2016



Sorted by: Value

Land Value Trend in County: Story



94<sup>th</sup>

ANNUAL SOIL  
MANAGEMENT LAND  
VALUATION  
CONFERENCE



**Wendong Zhang**, associate professor, presented at the American Society of Farm Managers and Rural Appraisers 2021 Leadership Institute Friday, Sept. 17. He presented on Inside Perspectives of China and Trade, along with former governor of Iowa and former U.S. ambassador to China **Terry Branstad**.

Shown in photo at right:

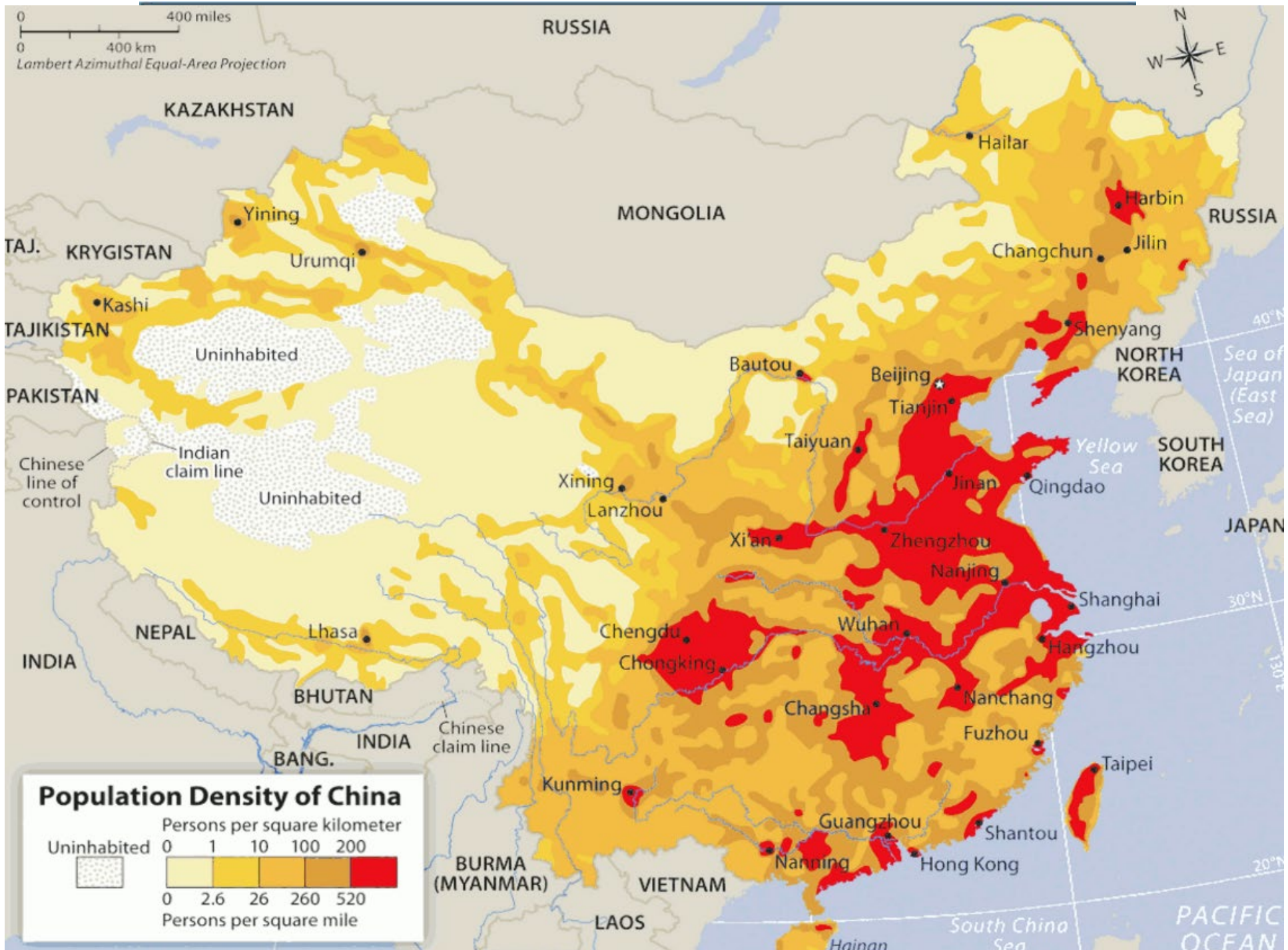
Left to right: **Wendong Zhang**; Dennis Reyman, ASFMRA National President; **Glen Smith**, Chairman and CEO of Farm Credit Administration; Terry Branstad, Governor/Ambassador; **Bill Northey**, former Under-secretary of USDA and former Iowa Ag Secretary

**Smith** and **Northey** are Department of Economics agricultural business alumni.

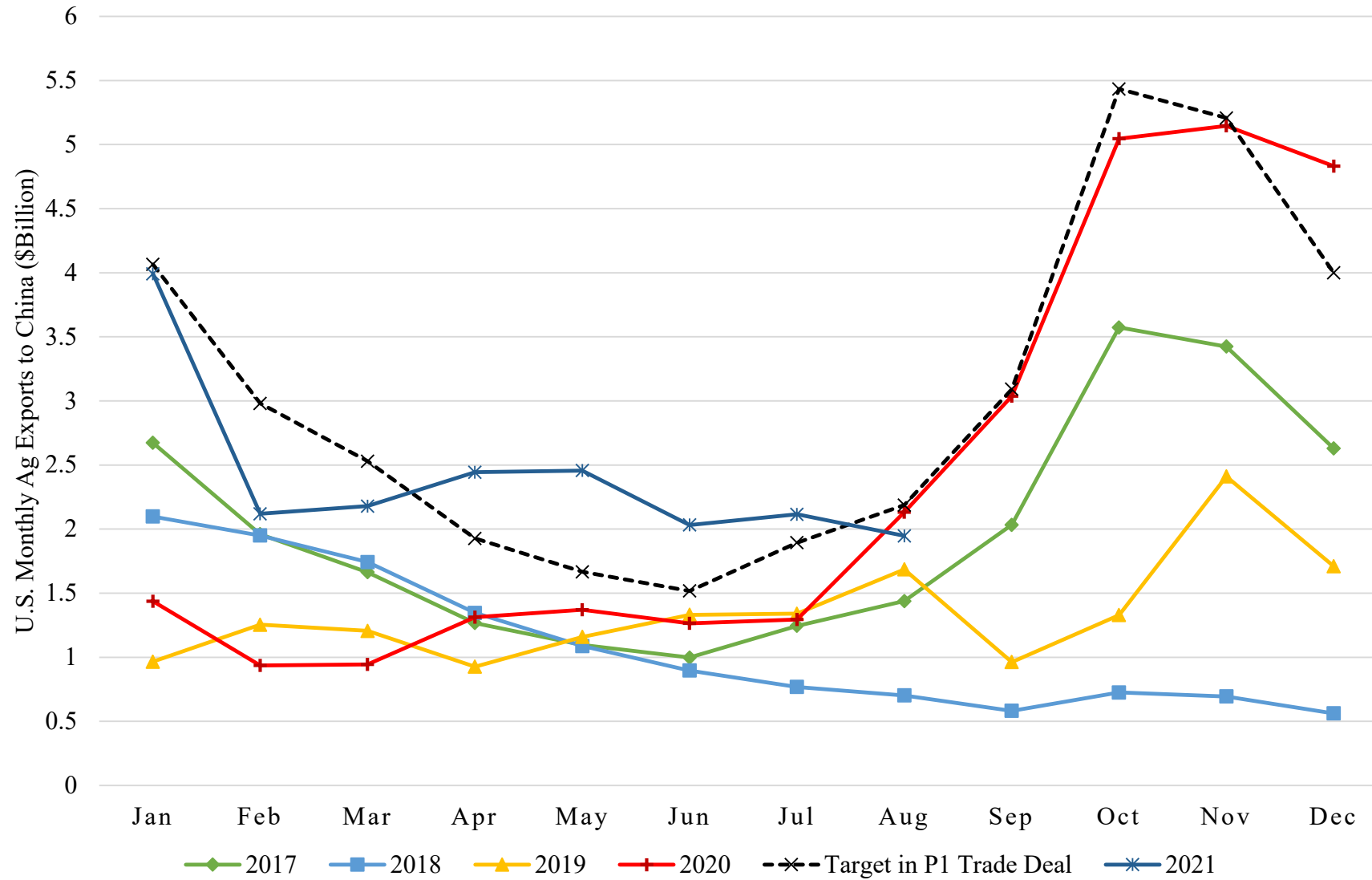
# Commodity Agriculture is Comparative Advantage for U.S., not China







# U.S. Monthly Ag Exports to China 2017 to 2021



# U.S. trade representative Tai vows to enforce 'phase one' trade deal with China

PUBLISHED MON, OCT 4 2021 5:00 AM EDT | UPDATED MON, OCT 4 2021 9:18 PM EDT



Abigail Ng  
@ABIGAILNGWY

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## KEY POINTS

- U.S. Trade Representative Katherine Tai is set to deliver a speech Monday, outlining the Biden administration's China trade strategy. She will be speaking at the Center for Strategic and International Studies, a Washington think tank.
- Washington must enforce the phase one trade deal with China, and will raise broader policy concerns with Beijing, Tai is expected to say.
- "China made commitments intended to benefit certain American industries, including agriculture that we must enforce," according to prepared remarks.
- Tai is also expected to announce a targeted tariff exclusion process for firms to avoid punitive levies, and have "frank conversations" with Chinese counterparts in the coming days.

President Biden's top trade negotiator said China was failing to meet its commitments under an agreement signed last year and was ignoring U.S. objections to its use of state power to dominate global markets at the expense of American workers.

"For too long, China's lack of adherence to global trading norms has undercut the prosperity of Americans and others around the world. In recent years, Beijing has doubled down on its state-centered economic system," Tai said. "It is increasingly clear that China's plans do not include meaningful reforms to address the concerns that have been shared by the U.S. and many other countries."

Her remarks reflect an administration struggling to craft rules for trading with a nonmarket power like China. Tai ruled out the sort of broad "decoupling" that some trade hard-liners have advocated, instead calling for a "recoupling" of the world's two largest economies on unspecified new terms.

**The Washington Post**  
*Democracy Dies in Darkness*





## Biden and Xi Jinping of China Agree to Hold a Virtual Summit

The agreement is a recognition of the dangers of going a year into a presidential term without a formal meeting between the leaders of the world's two largest economies.



By David E. Sanger

Oct. 6, 2021

President Biden will meet President Xi Jinping of China for their first summit by the end of this year — but virtually, not in person, a concession to a pandemic era and a recognition of the dangers of going an entire year into a new presidential term without a formal meeting between the leaders of the world's largest and second-largest economies.

## CHINA LOWERS 2021/22 CORN OUTPUT ESTIMATE ON FALLING YIELD DUE TO RAIN

10/12/2021

BEIJING, Oct 12 (Reuters) - China has lowered estimates of 2021/22 corn output as rains hit the new crop in parts of the northern region, the agriculture ministry said on Tuesday.

China's 2021/22 corn output was seen at 271 million tonnes, down 850,000 tonnes from its previous monthly crop report forecast, the Ministry of Agriculture and Rural Affairs said.

INTERNATIONAL • AFRICAN SWINE FEVER

### China is getting its pig epidemic under control, but it's not out of the woods yet

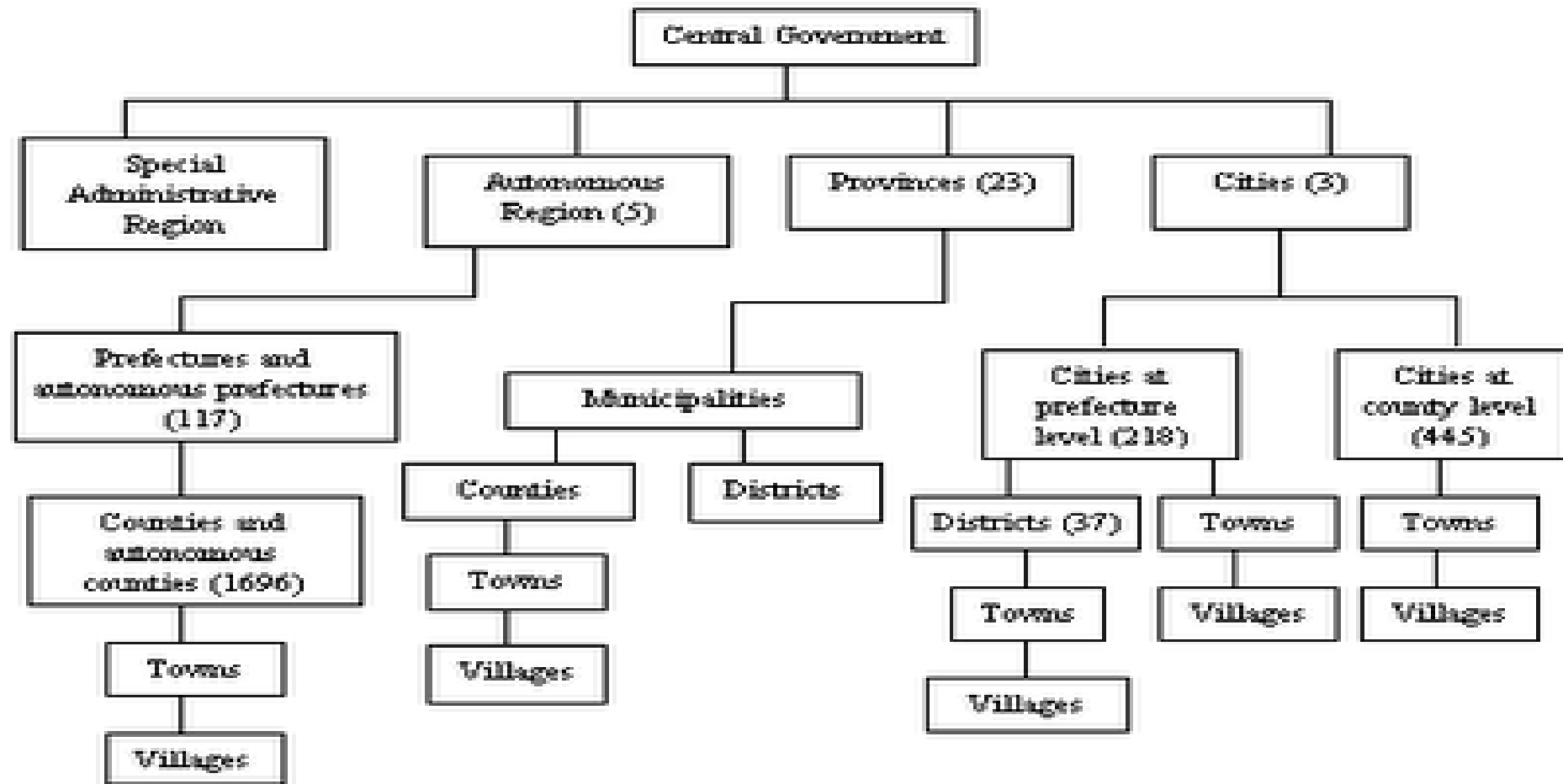
BY GRADY MCGREGOR

July 2, 2021 11:00 PM CDT

**FORTUNE**



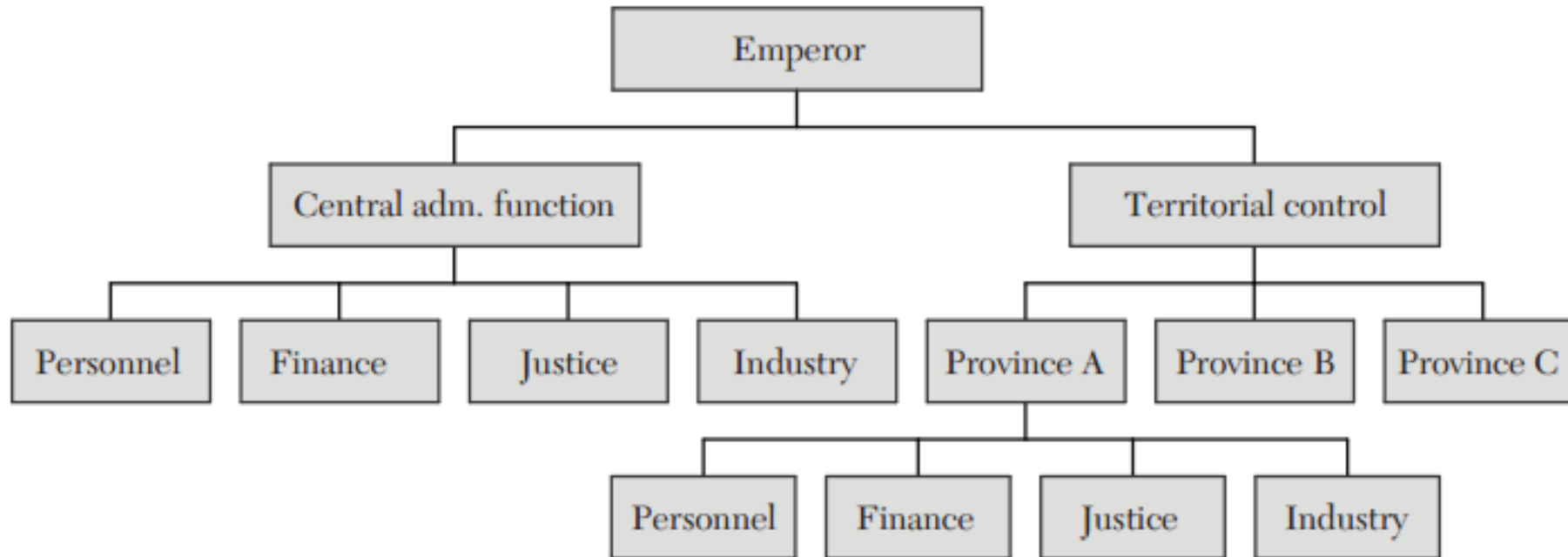
# China's Governance Hierarchy



# 2000 yrs of imperial history

- huge legacies on governance structure

the only exception: emperor replaced by central government



*Figure 3. Stylized Governance Structure of Imperial China*

New additions: VA, ICE (following US governance structure)



# China's Regional Decentralized Authoritarian (RDA) Regime

CHARACTERISTICS OF CHINA'S RDA REGIME COMPARED WITH OTHER REGIMES

	China's RDA regime	Soviet system	Federal State
Composition of national decision-making body	Central, regional and ministerial officials	Central and ministerial officials	Federal legislature representing regional constituencies
Decision-making process	Central-regional bargaining; consensus building; local experiments as a strategy	Top-down; SOE-Ministry bargaining	Voting in legislation; federal-state bargaining
Subnational officials' incentives	Promotion: absolute and relative performance; accountable to superiors; personnel control	Promotion: absolute performance; accountable to superiors; personnel control	To be elected; independent from the federal government; accountable to local constituencies
Regional competition	Tournament-like competition; competition affects governor's promotion	Not important	Fiscal (Tiebout) competition; competition affects governor's re-election
Regional experiment	Local experiments as part of central decision-making; experimental results may become national policy	Not important	States are "laboratories" for policy; voluntary adoption of experiments by states

TABLE 1  
THE EFFECT OF ECONOMIC PERFORMANCE ON THE TURNOVER OF PROVINCIAL LEADERS  
(Ordered probit regressions)

	Dependent variable: turnover (0 = termination, 1 = same level, 2 = promotion)					
	(1)	(2)	(3)	(4)	(5)	(6)
Provincial annual GDP growth rate	1.615** (2.05)	1.581* (1.87)				
Provincial average GDP growth rate			4.727*** (4.34)	4.540*** (3.90)		
Provincial average per capita GDP growth rate (A)					3.001** (2.10)	
Provincial average per capita GDP growth rate of the immediate (B) predecessor (B)					-3.584** (2.36)	
(A)–(B)						3.309*** (3.41)
Age		-0.026* (-1.91)		-0.023* (-1.68)	-0.071*** (6.81)	-0.070*** (6.77)
Age 65		-0.974*** (-5.27)		-0.976*** (-5.25)	-0.303** (2.07)	-0.303** (2.07)
Education		0.154 (0.96)		0.187 (1.17)	0.183 (1.48)	0.184 (1.50)
Central connection		0.384*** (2.79)		0.404*** (2.89)	0.082 (0.74)	0.085 (0.77)

Who get promoted as Governor?

Who get promoted as Governor?

# China is a Country of Rapid Change



## High Speed Rail

South China Morning Post

Tech / Enterprises

### Meet the man behind one of China's biggest agricultural drone makers

- Demand for agricultural drones is rising because of labour shortages in China
- Agricultural drones are used for crop monitoring as well as pesticide spraying

Topic | Drones



Celia Chen

Published: 7:00

<https://youtu.be/8ZbhJT6NinM>



IOWA STATE UNIVERSITY  
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3-min YouTube video about  
China's Pesticide-spraying  
drones



# Chinese agriculture is increasingly market-oriented

To feed its 1.4 billion, China bets big on genome editing of crops

By Jon Cohen | Jul. 29, 2019, 8:00 AM

China's CRISPR push in animals promises better meat, novel therapies, and pig organs for people

By Jon Cohen | Jul. 31, 2019, 8:00 AM

Science



**CHINADAILY** 中国日报网  
CHINADAILY.COM.CN

中文

Home / Business / Industries

Chilean cherries a hit with festive shoppers

By Ouyang Shijia | China Daily | Updated: 2019-02-12 09:45

## China Takes Its Pigs to the Futures Market

New hog futures may smooth out some of the wild swings in Chinese markets

THE WALL STREET JOURNAL.

中国日报 中文网  
CHINADAILY.COM.CN

News of the day > News of the day

Mo

81.5 billion yuan (\$12.7 B) China's agricultural insurance premiums are the largest in the world in 2020

source:CCTV News 2021-06-30 07:14

share



# Changes in my hometown?

Greenhouse – plastic film -  
Shandong Province

The image shows a promotional event for Shenxian Vegetables. At the top is a logo with a basket of vegetables and the text "莘县蔬菜 SHENXIAN VEGETABLES | 中国蔬菜第一县 |". Below the logo is the slogan "莘县蔬菜·健康生态". The main photo shows three people: a man in a suit (identified as the county leader) and two women. One woman is holding a green vegetable. Text overlays include "山东聊城莘县县长 高志国" (Shandong Liaocheng Shenxian County Leader Gao Zhiguo) and "给宝宝们送福利" (Sending benefits to babies). At the bottom, there are promotional codes: "新粉2 1618861693 黄瓜九号链接" and "新粉1 春天816 买买买".

莘县蔬菜  
SHENXIAN VEGETABLES  
| 中国蔬菜第一县 |

莘县蔬菜·健康生态

山东聊城莘县县长  
高志国

给宝宝们送福利

新粉2 1618861693 黄瓜九号链接

新粉1 春天816 买买买

In China, 500+ million consumers shop on  
mobile phones, even before the coronavirus



# FINDING FIRMER GROUND:

## The Role of Agricultural Cooperation in U.S.–China Relations

A Report by the US Heartland China Association and The Carter Center

September 2021

**Dr. Minghao Li**

Assistant Professor

Economics, Applied Statistics, and International Business Department

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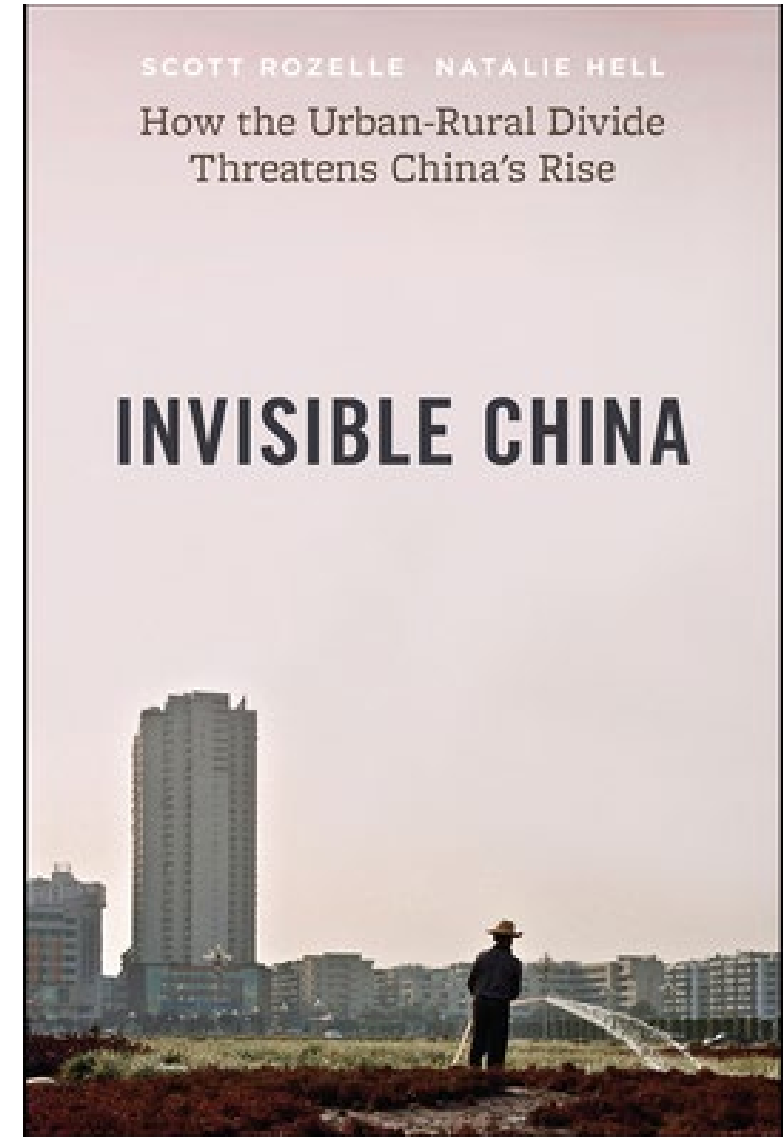
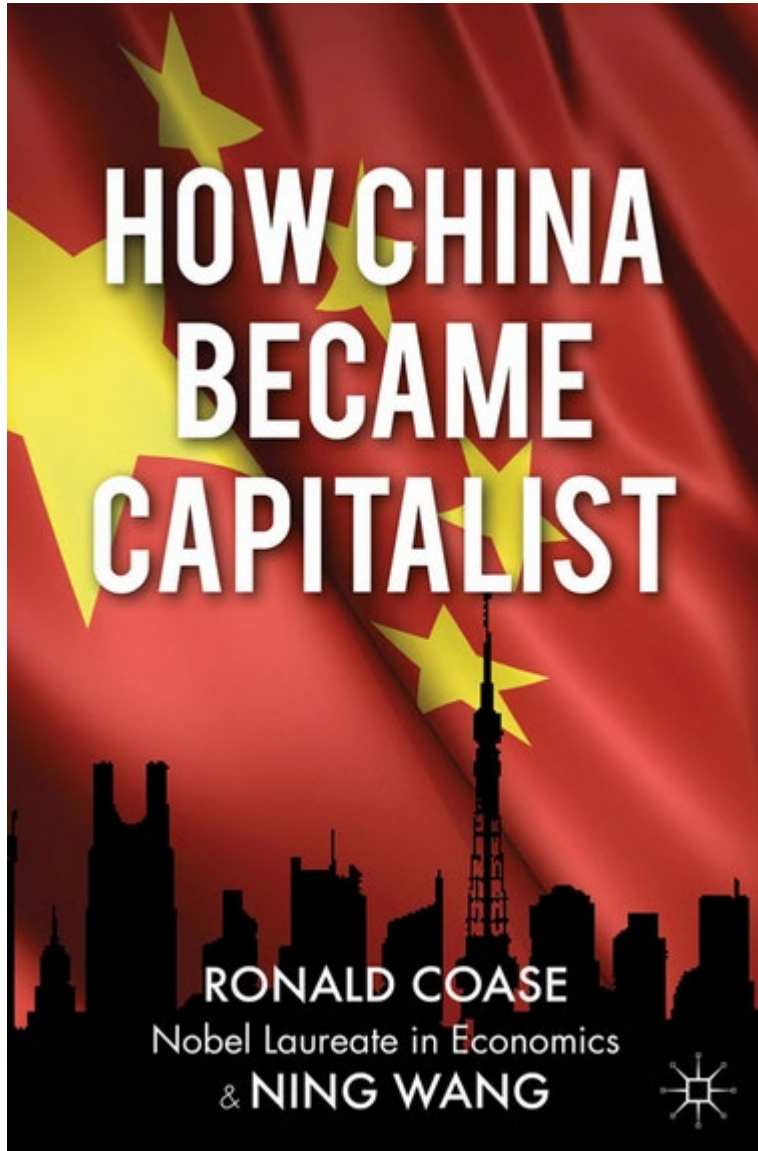
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<https://usheartlandchina.org/wp-content/uploads/2021/09/Finding-Firmer-Ground-The-Role-of-Agricultural-Cooperation-in-US-China-Relations.pdf>



# Learn more about contemporary Chinese economy



# Thank You!



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### 2019 ISU Land Value Survey


**2019 ISU Land Value Survey**


The 2019 ISU Land Value Survey shows a 2.3 percent increase in average Iowa farmland values from November 2018 to November 2019. The average statewide value of an acre of farmland is now estimated at \$7,432. This modest increase, which barely exceeds the pace of inflation, is the second rise over the past six years, but still represents a 15 percent decrease from the 2013 peak in nominal land values, or a 23 percent drop in inflation-adjusted values.

**2017 Iowa Farmland Ownership & Tenure Survey Paper Copy Available for Order (\$5 Only)**

The new, 60-page **2017 Iowa Farmland Ownership and Tenure Survey report is available for order at the Extension Store** for only \$5 each paper copy. This is a unique survey across the nation which provides statistically representative information on many aspects of land ownership, tenure and transitions in Iowa. For example, the survey finds that 60% of Iowa land is owned by people 65 years or older, 82% of Iowa land is owned free of debt, and 29% of all acres is primarily owned for family or sentimental reasons.

1. What are you interested in?

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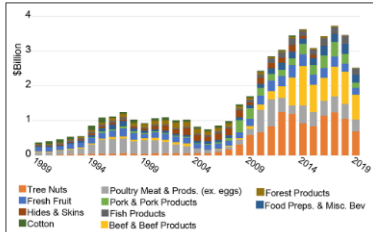
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### China Ag Center · Publications

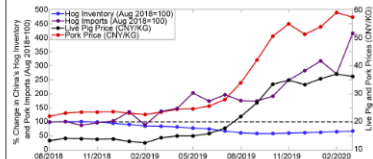
**Xi He and Wendong Zhang, 2020. "Implications of Hong Kong's Special Status Revocation for Agricultural Trade between the United States, Hong Kong, and Mainland China." *Agricultural Policy Review*. Center for Agricultural and Rural Development, Iowa State University.**

In 1992, the United States granted Hong Kong status as a customs territory separate from mainland China. On June 29, 2020, however, the US Department of Commerce withdrew that status due to recent tensions between China and the United States. Hong Kong, as the world's largest re-exporting port, plays a large intermediary role in US-China trade, and the revocation of its special status may provoke China into taking retaliatory economic and/or political actions. He and Zhang examine trends in Hong Kong's import/export of US agricultural products and how that trade may be affected. They find that the revocation itself is not likely to directly affect US-China agricultural trade prospects much if neither China nor the United States responds with further actions.



**Chen-Ti Chen, Tao Xiong, and Wendong Zhang, 2020. "Large Hog Companies Gain from China's Ongoing African Swine Fever." *Agricultural Policy Review*. Center for Agricultural and Rural Development, Iowa State University.**

Since November 2018, China has reduced its hog and sow inventory by almost 32% due to ongoing outbreaks of African Swine Fever.



[www.card.iastate.edu/china](http://www.card.iastate.edu/china)

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