

# Midwest Farmland Values and U.S.-China Agricultural Trade

IOWA STATE UNIVERSITY  
Extension and Outreach



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December 3, 2021




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November 22, 2021

Ames, IA – A news conference will be held at 10:00 a.m. on Tuesday, December 14 to announce the results of the 2021 Iowa Land Value Survey conducted by the Center for Agricultural and Rural Development at Iowa State University and Iowa State University Extension and Outreach. Please note the change in location from previous years—the conference will take place in room 0009 of Curtiss Hall on the ISU campus in Ames.

For those who can't attend the conference, a livestream will be available on YouTube at <http://bit.ly/LandResults2021> .

- **To participate the 2021 ISU land value survey** <http://bit.ly/landvalue2021>
- Northwest: **Emmet**, Palo Alto  
North Central: Humboldt, Wright  
Northeast: **Howard**, Allamakee, Buchanan, Dubuque, Black Hawk  
West Central: **Crawford**, **Greene**, Ida, **Sac**  
Central: Dallas, Boone, Polk  
Southwest: Adams, **Fremont**, Taylor, Mills, Adair  
South Central: Clarke, **Decatur**, Union, Davis  
Southeast: **Lee**, **Mahaska**, **Van Buren**, **Wapello**, Davis, Louisa

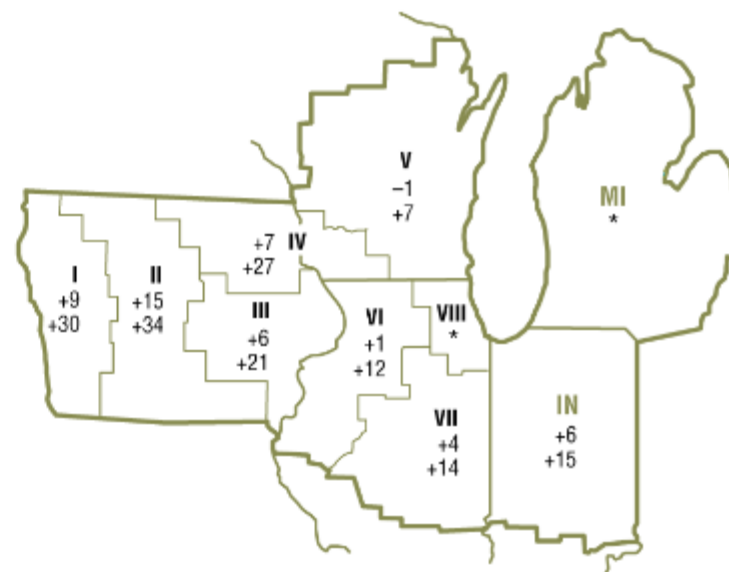
## Midwest Farmland Values Surged in the Third Quarter

According to the most recent *AgLetter*, Seventh District farmland values in the third quarter of 2021 were 18 percent higher than a year ago—the largest year-over-year gain in nine and a half years. Values for “good” agricultural land in the third quarter of 2021 were 6 percent higher than in the second quarter.

### Percent change in dollar value of “good” farmland

	July 1, 2021 to October 1, 2021	October 1, 2020 to October 1, 2021
Illinois	+3	+13
Indiana	+6	+15
Iowa	+10	+28
Michigan	*	*
Wisconsin	+1	+10
Sevent District	+6	+18

\*Insufficient response.



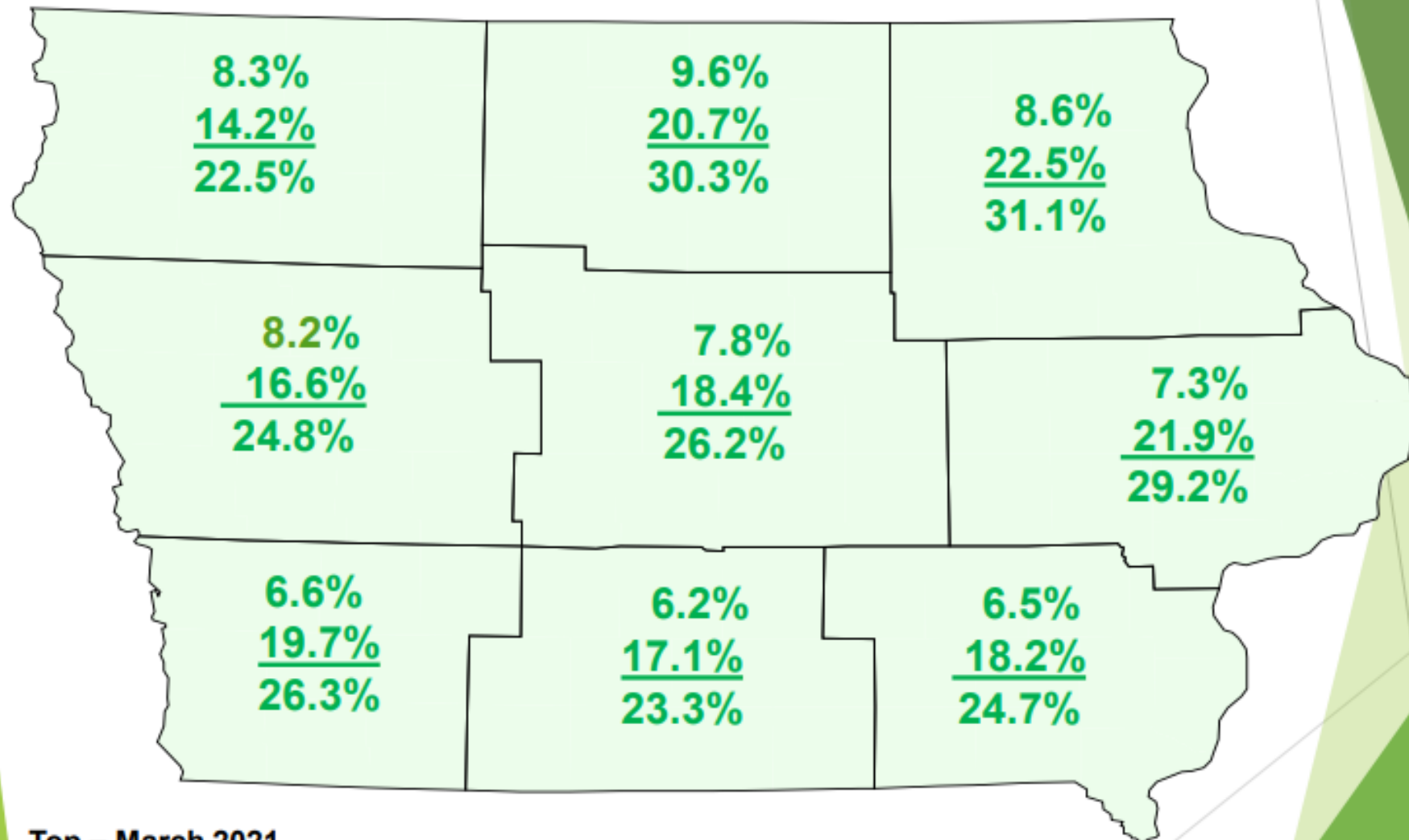
Top: July 1, 2021 to October 1, 2021

Bottom: October 1, 2020 to October 1, 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.

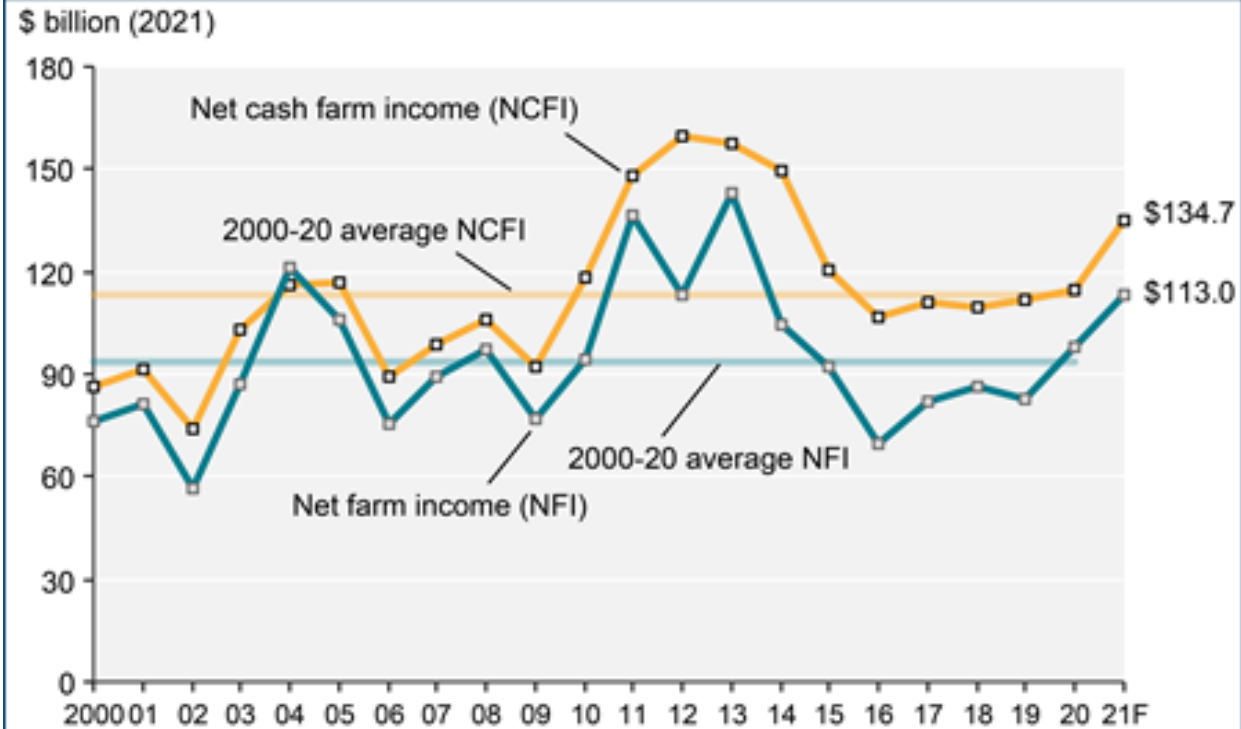
# Local Land Supply and Demand

## Explain Variations in Land Market

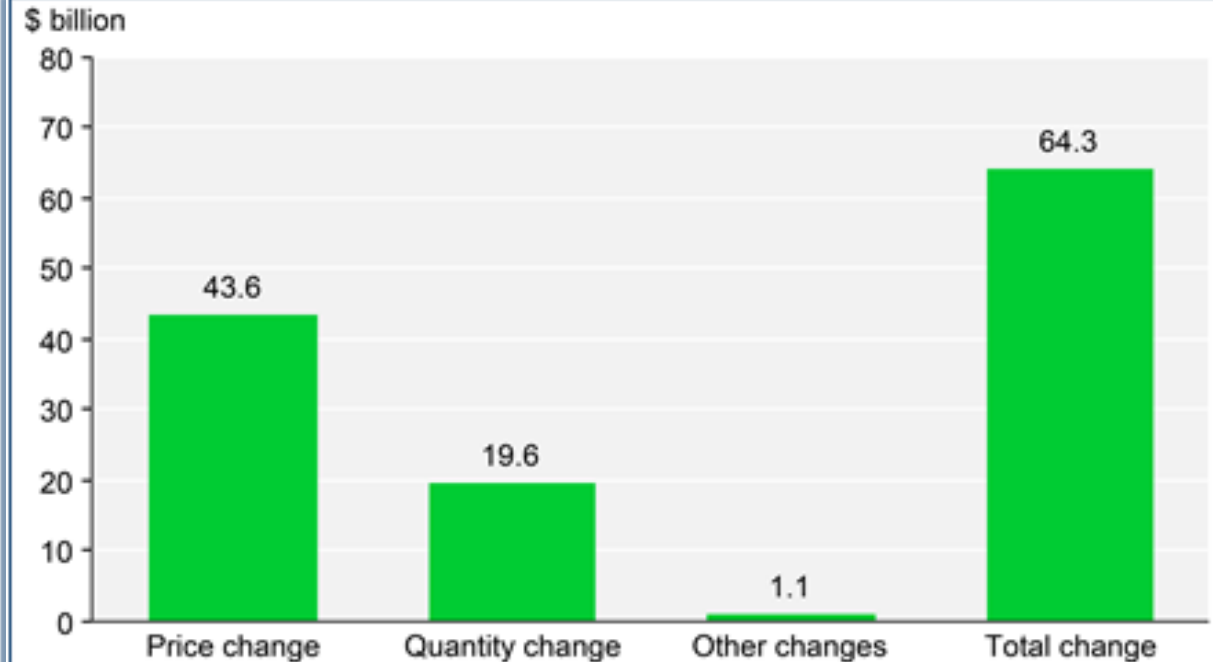
**Land Value = localized net  
income / universal interest rate**

# 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



Change in U.S. farm cash receipts, 2020–21F, by component of change



Economic Research Service  
United States Department of Agriculture



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

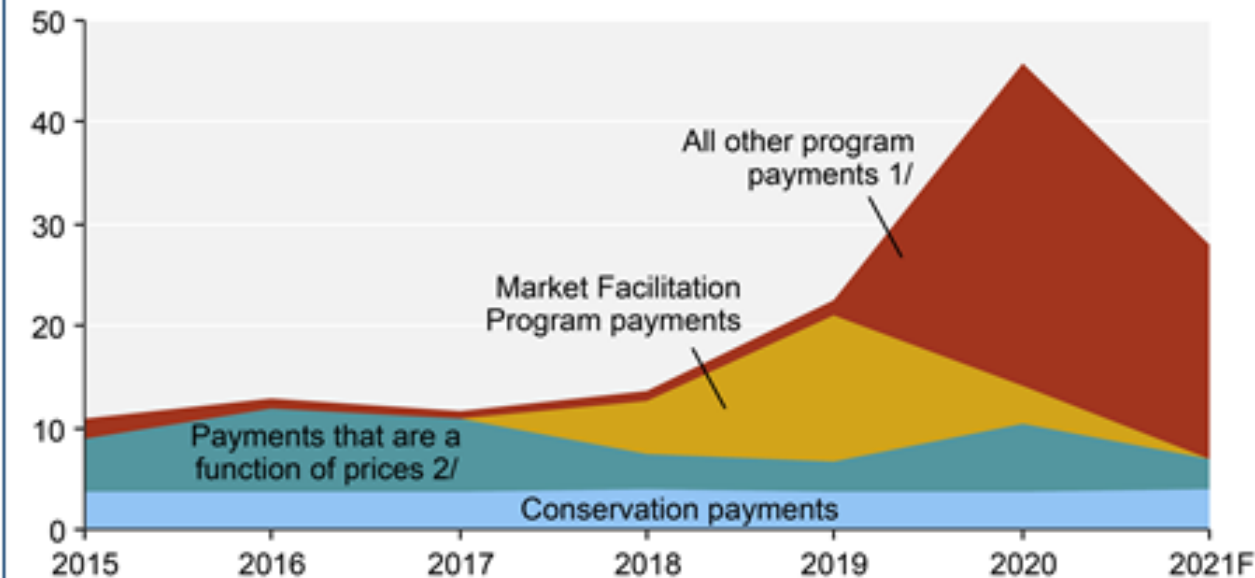
Albulena Basha

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

Wendong Zhang

## Direct government payments to U.S. farm producers, 2015–21F

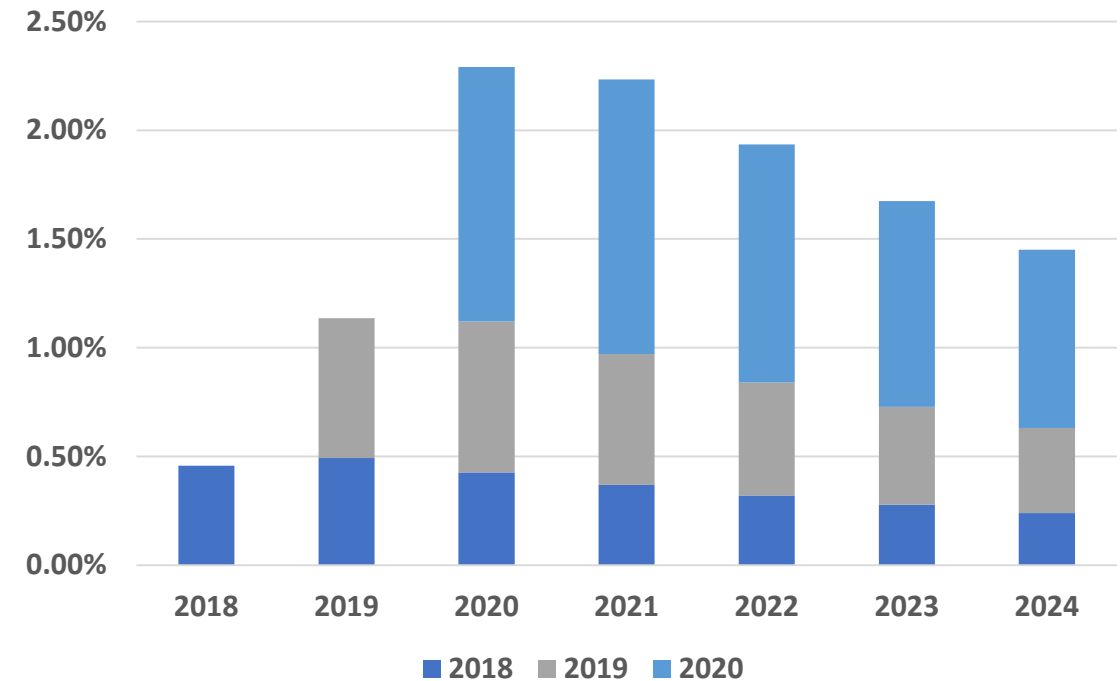
\$ billion (nominal)



Notes: 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 Programs and other USDA Pandemic Assistance for Producers plus loans from the Paycheck Protection program. 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 September 2, 2021.

## The short- and long-term impacts of recent Government payments on I-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

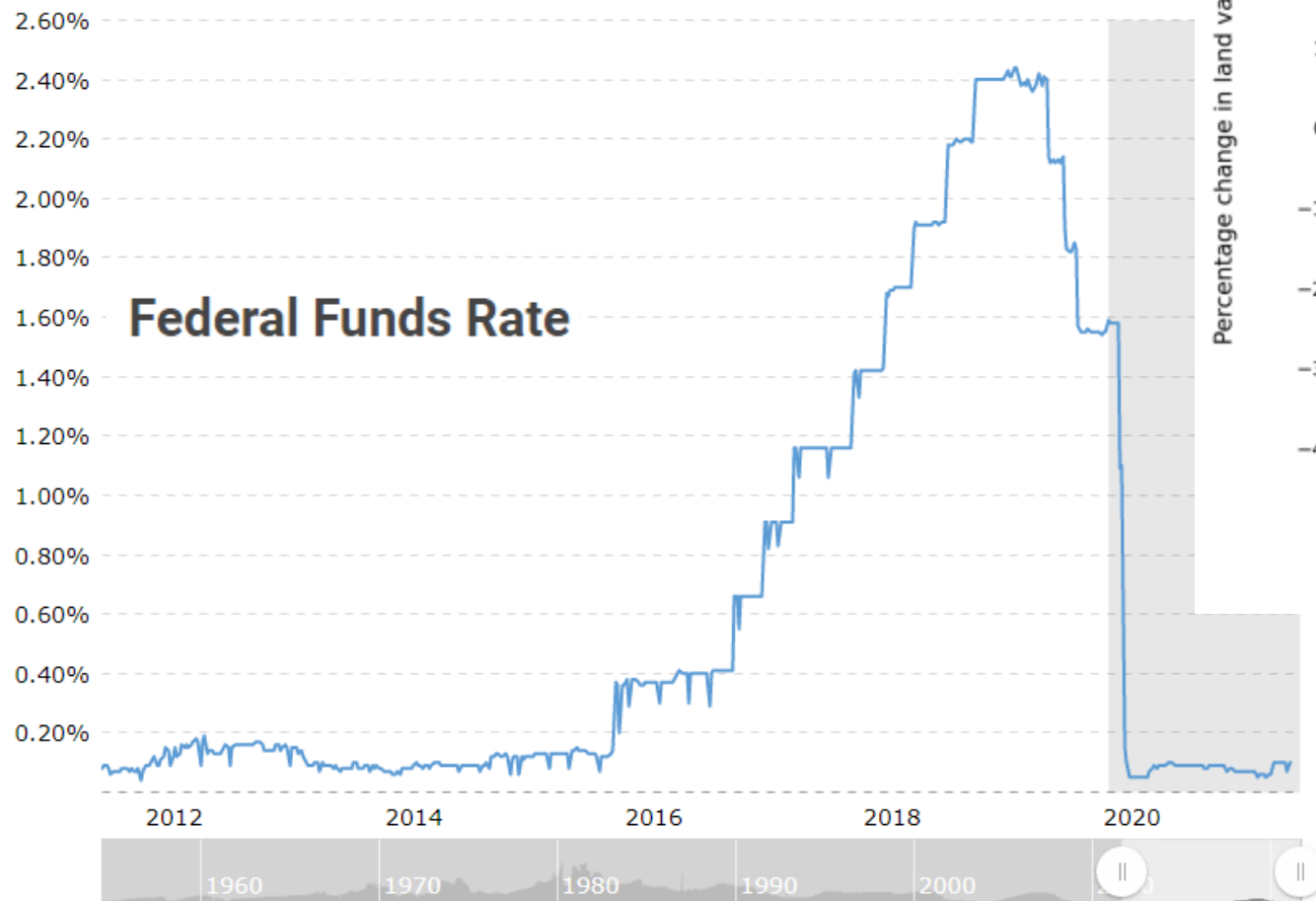
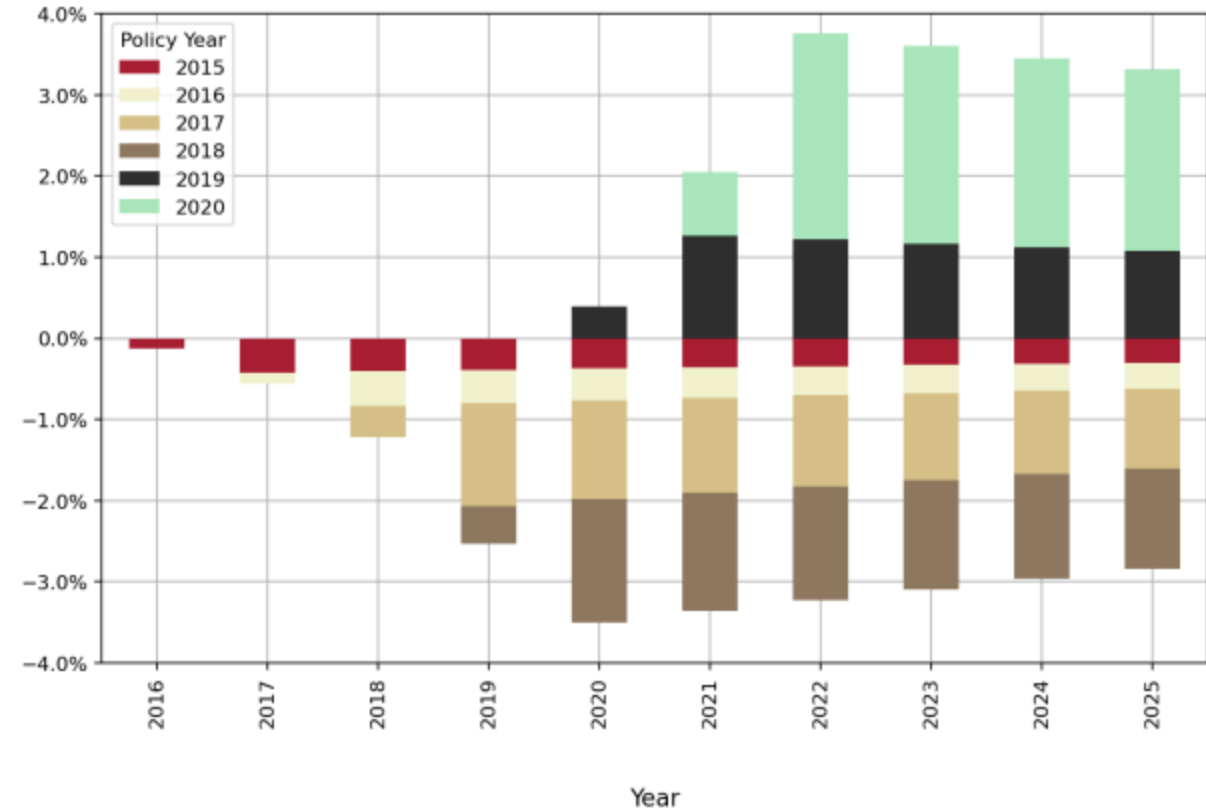
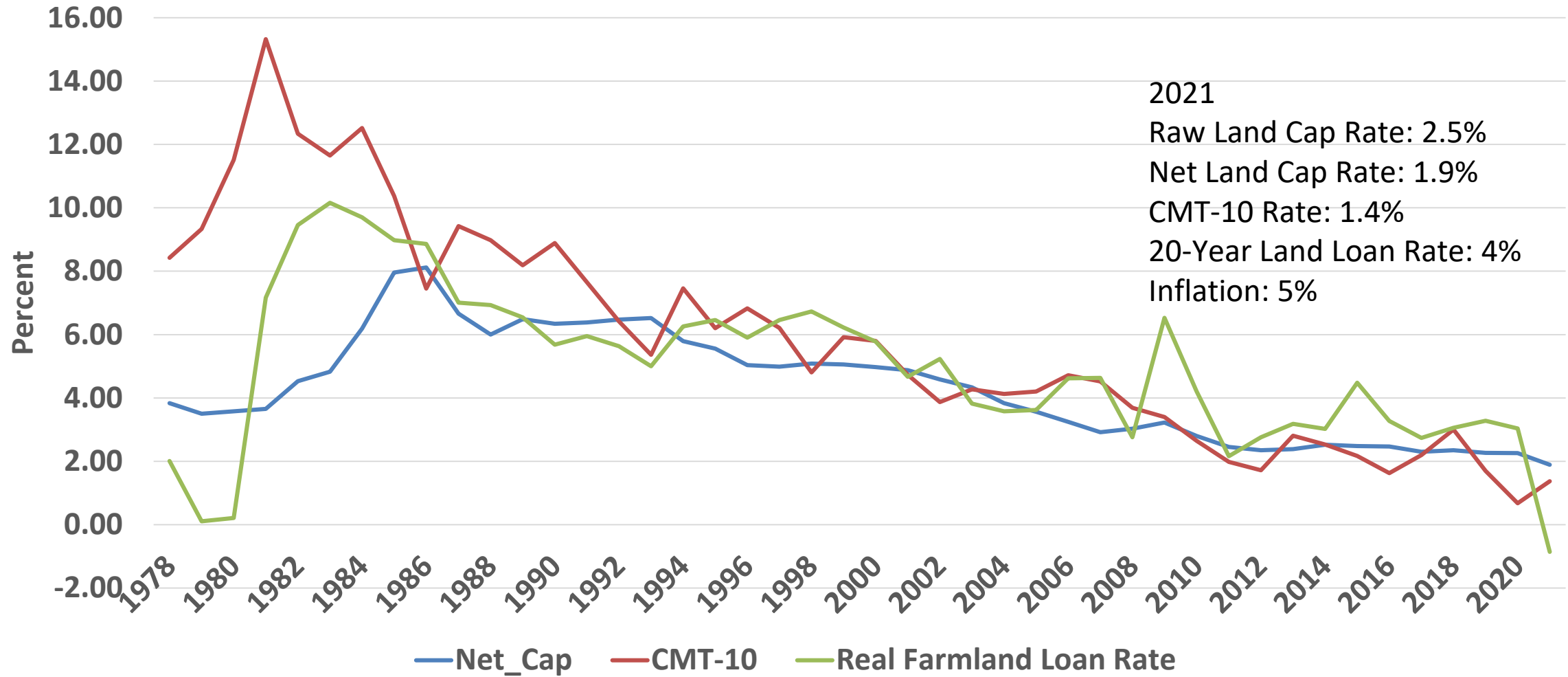


Fig. 3: The short- and long-term impacts of recent Federal Reserve interest rate moves on Great Plains states' farmland values



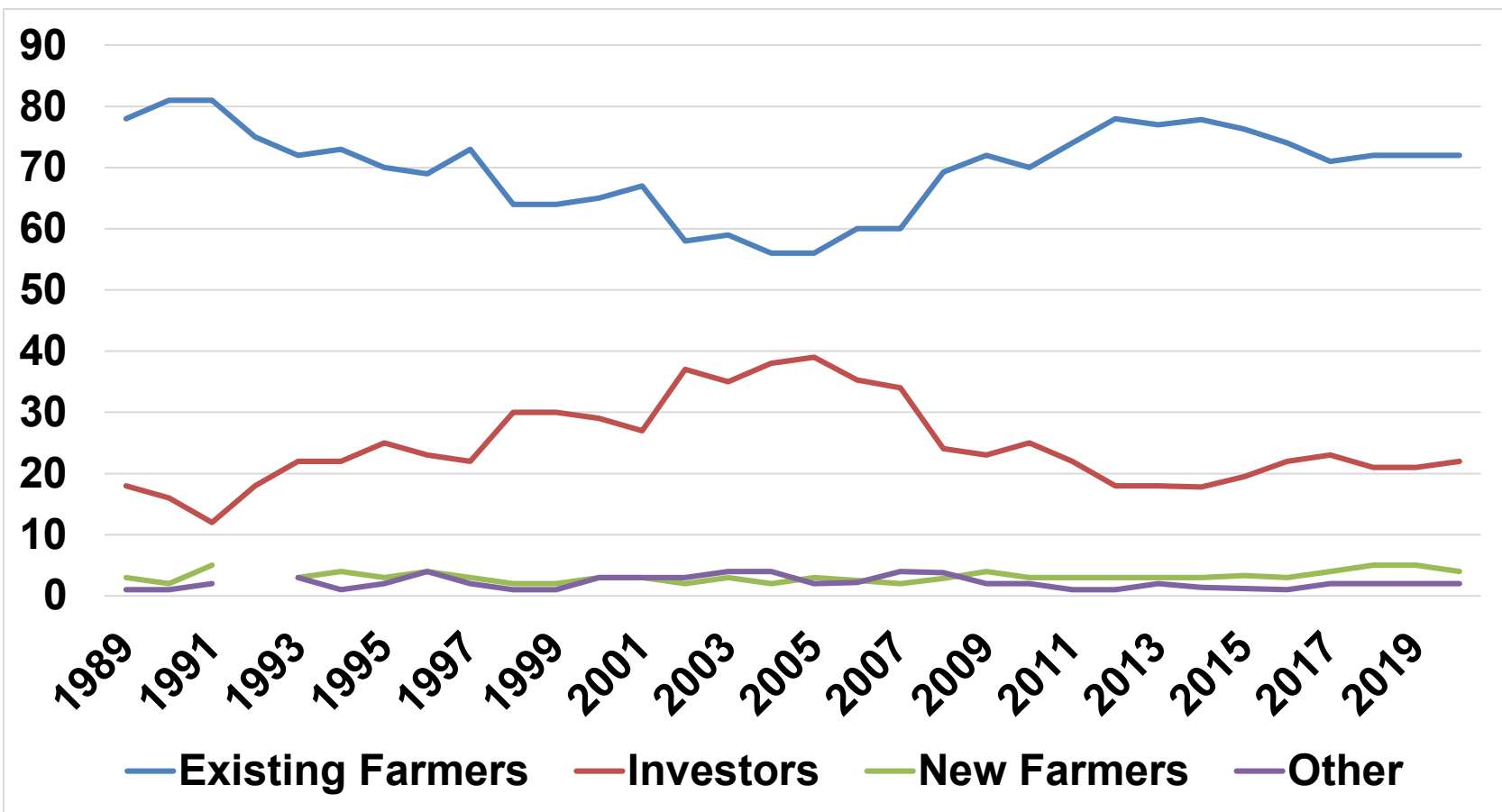
<https://doi.org/10.1108/AFR-11-2020-0163>

## Net Rent to Land Value Ratio vs. 10-Year CMT Interest Rates vs. Inflation-adjusted Chicago Fed Farmland Loan Rate



# Iowa Farmland Purchases by Buyer Types 1989-2020

Illinois 2021



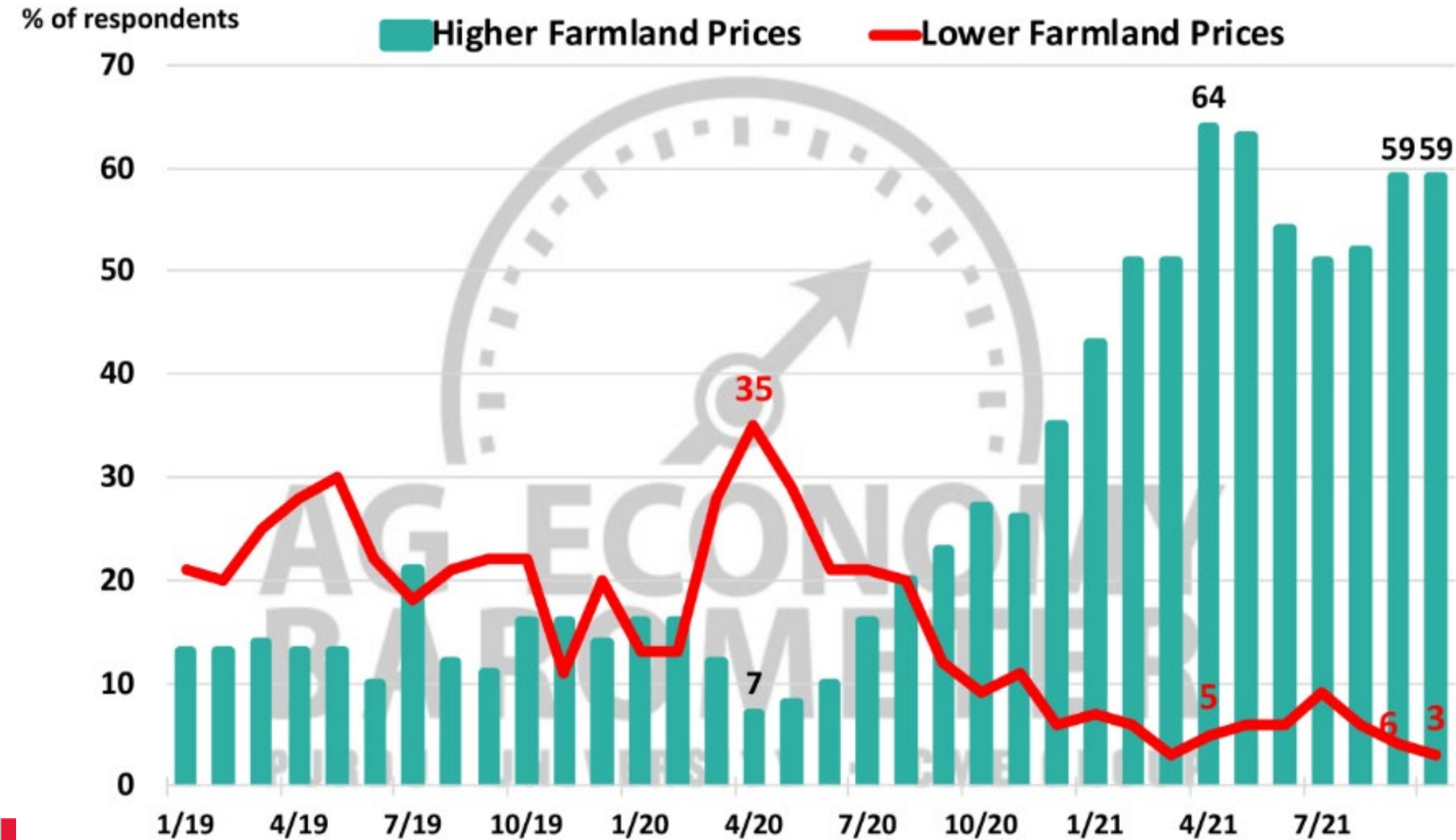
## Buyers

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

More investor interest?

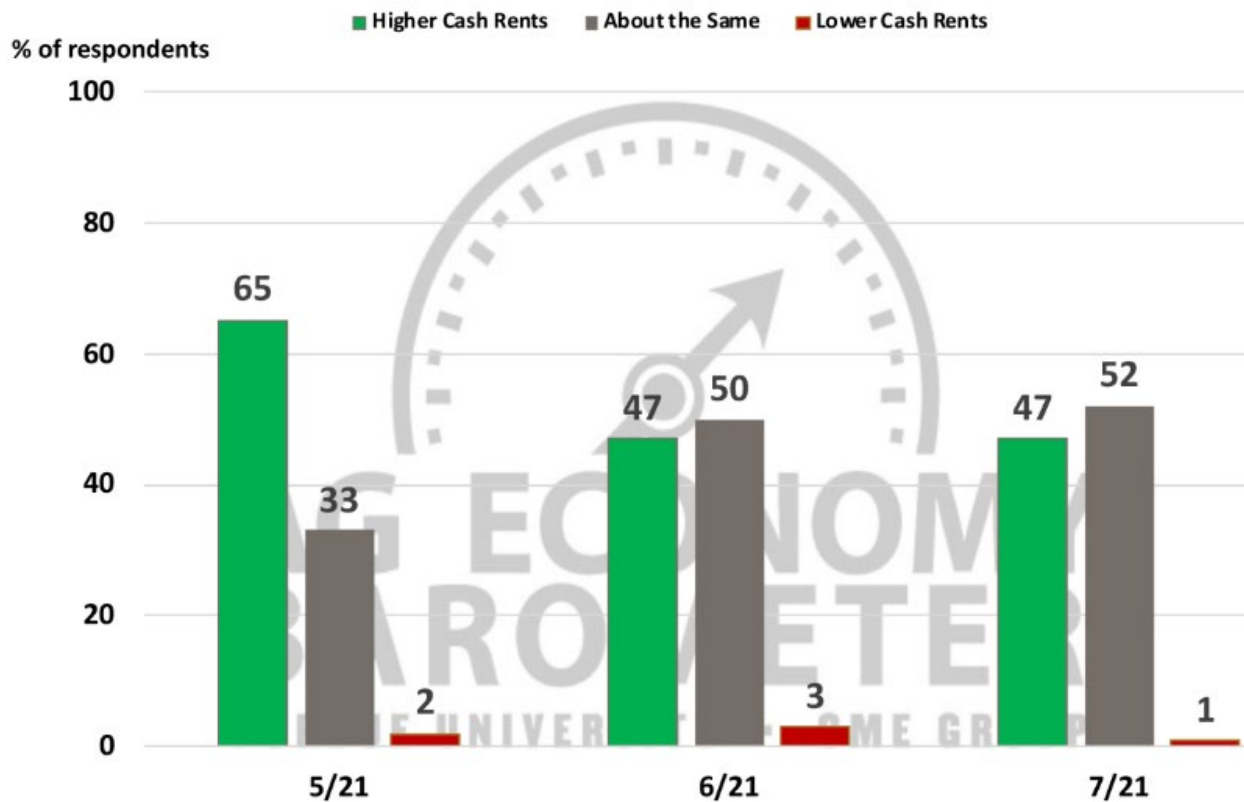


# Farmland Price Expectations, 12 Months Ahead



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

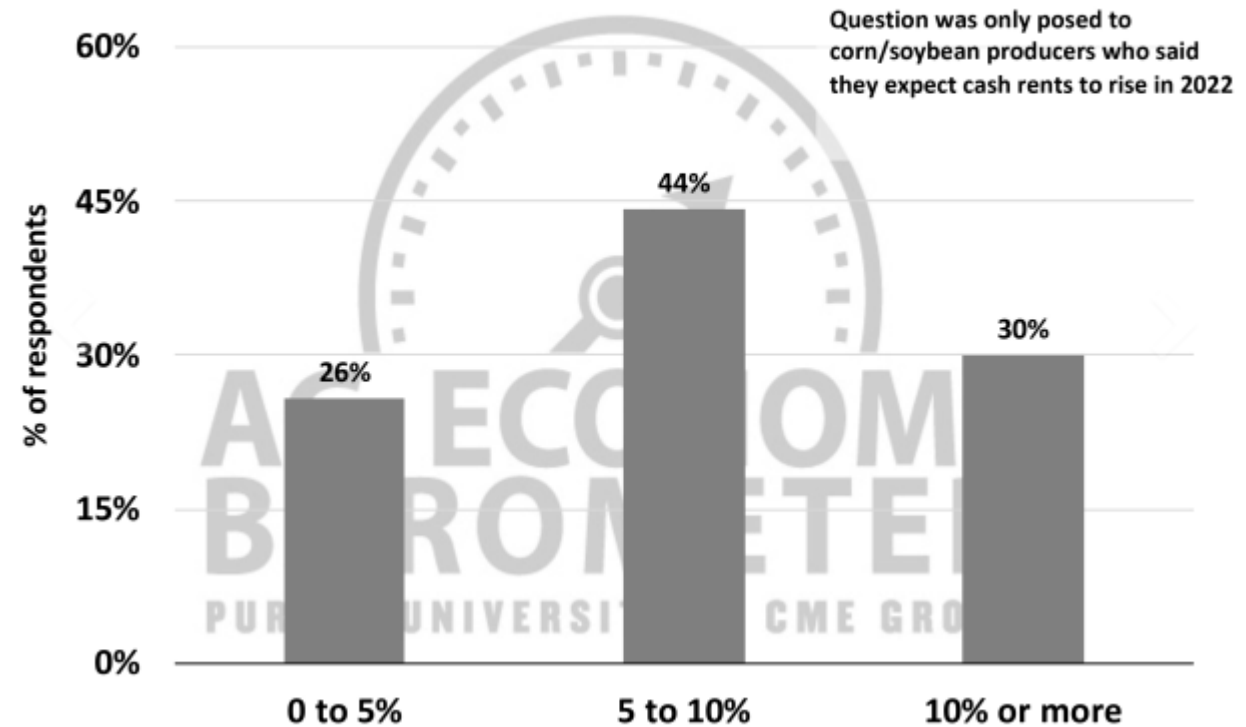
Compared to 2021, what are your expectations for cash rents in your area in 2022?



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

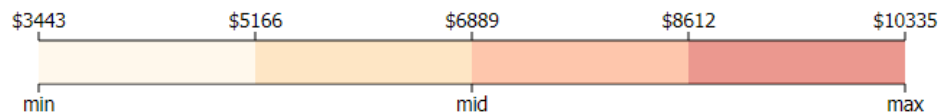
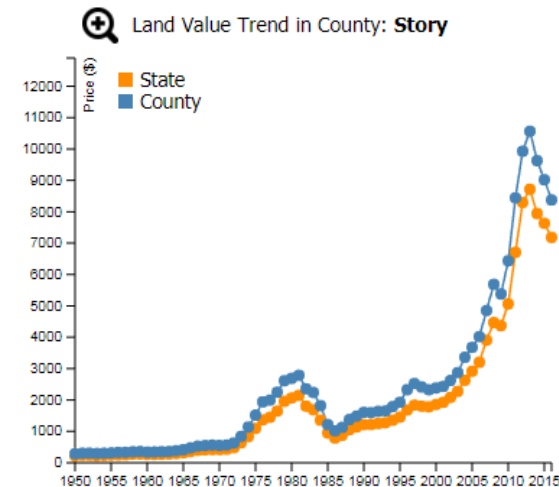
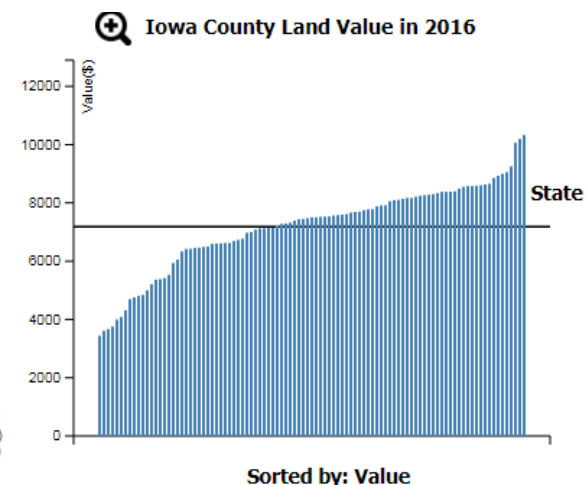
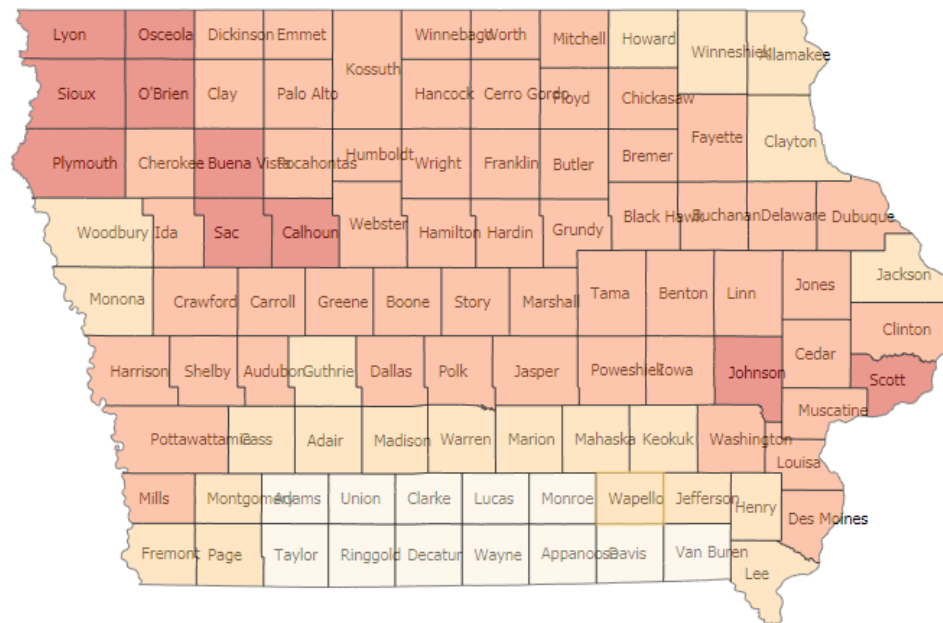
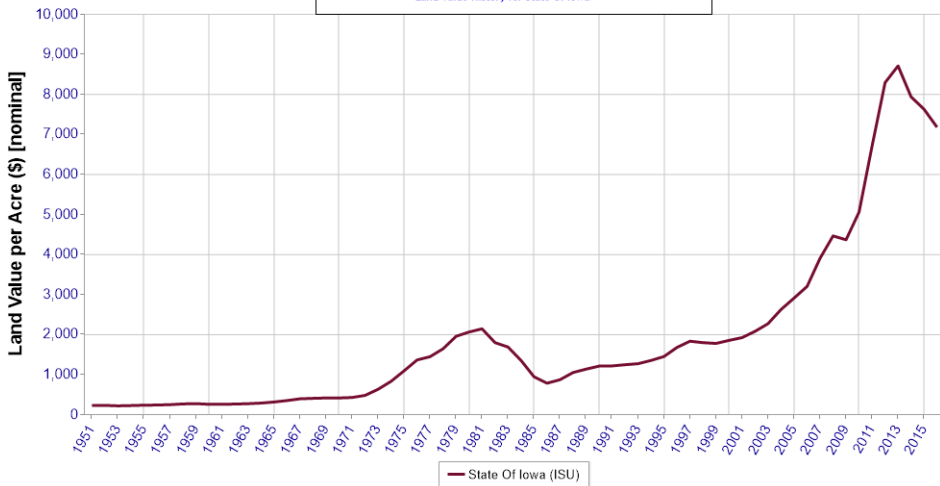


Compared to this year, by how much do you expect 2022 cash rents in your area to increase?



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

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



# 94<sup>th</sup> ANNUAL SOIL MANAGEMENT LAND VALUATION CONFERENCE



# Biden, Xi Open Talks on Friendly Note, With Tough Topics Ahead

Chinese leader says he wants nations to 'coexist in peace'; Biden says their responsibility is to avoid conflict

**“China and the United States should respect each other, coexist peacefully, and cooperate for a win-win situation. I would like to work with Mr. President to form a consensus and take positive actions to lead the positive development of China-US relations. This is the need for the benefit of the people of the two countries and the expectation of the international community.”**

President Xi Jinping, November 15<sup>th</sup>



★ ★ ★

U.S.-China Joint Glasgow Declaration on Enhancing Climate Action in the 2020s

U.S. DEPARTMENT of STATE

NOVEMBER 10, 2021

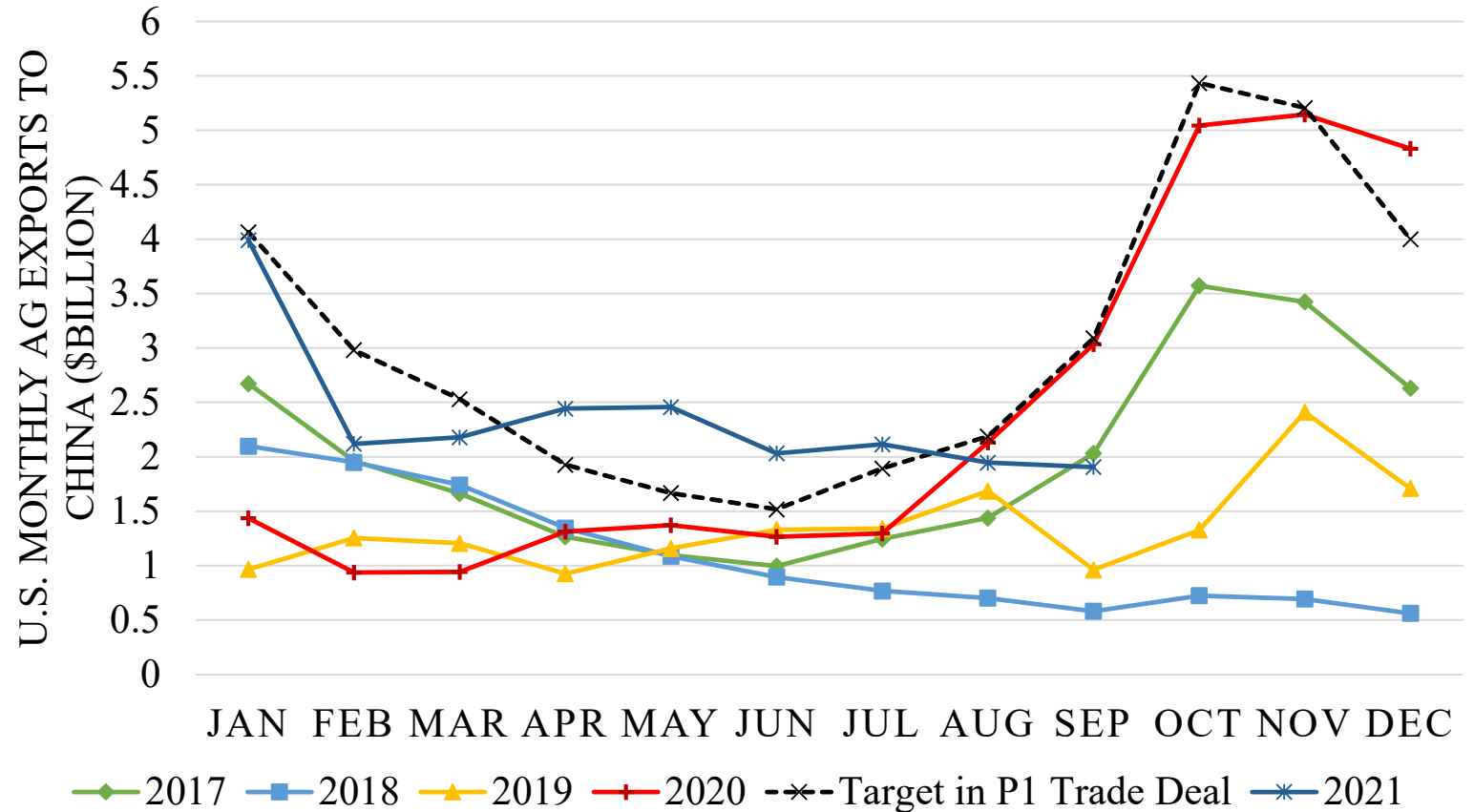
Featured Article

## The Case for Healthy U.S.-China Agricultural Trade Relations Despite Deglobalization Pressures†

Wendong Zhang✉

First published: 13 October 2020 | <https://doi.org/10.1002/aepp.13115>

<https://www.card.iastate.edu/products/publications/synopsis/?p=1313>



## CARD Policy Briefs

IOWA STATE UNIVERSITY

**Xi He**  
**Dermot Hayes**  
**Wendong Zhang**

February 2021 20-PB 29

# China's Agricultural Imports under the Phase One Deal: Is Success Possible?

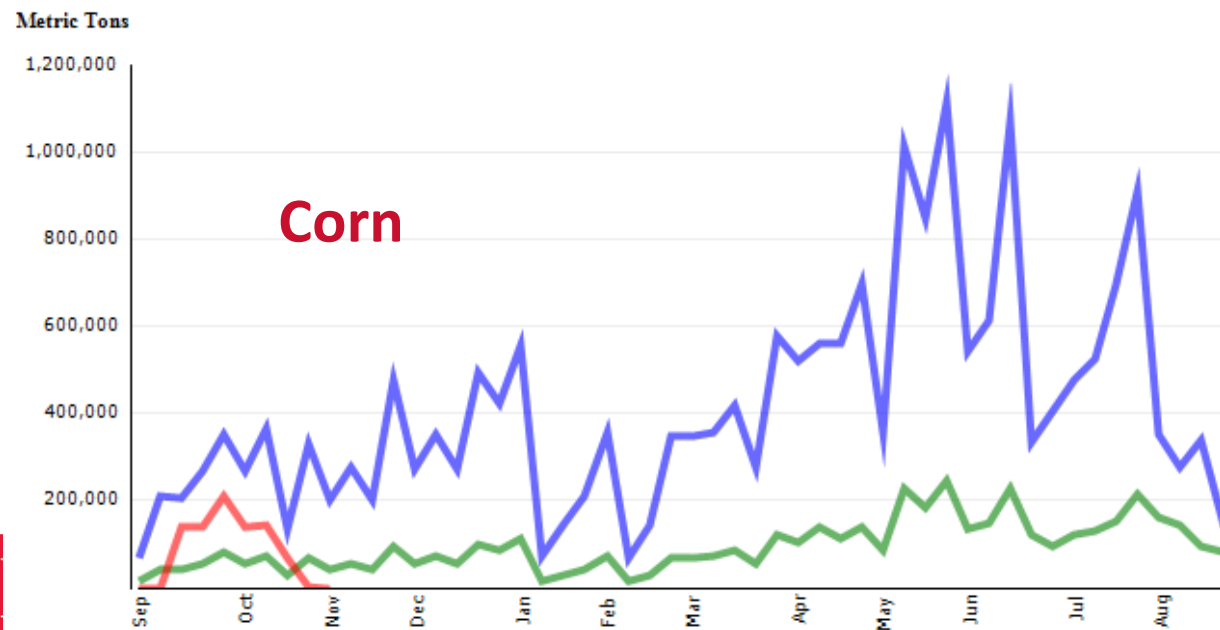
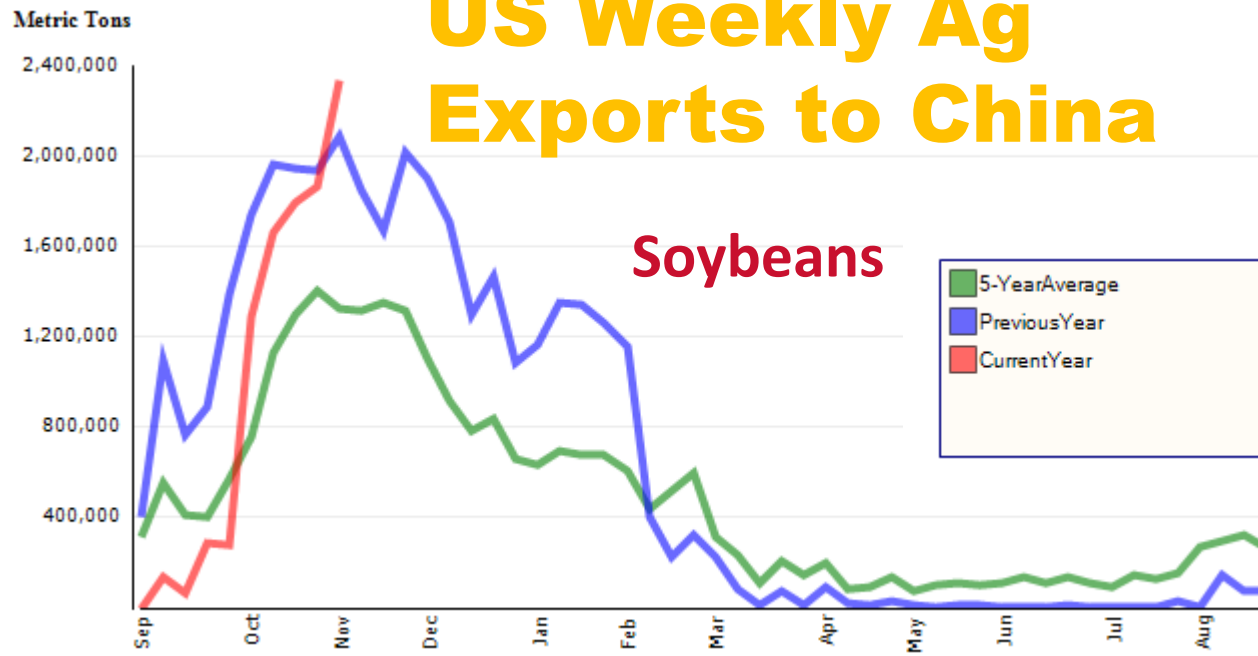
Table 1. China's Imports of Key Commodities 2017 and 2020

	2017 Jan-Dec			2020 Jan-Dec		
	US	Non-US countries	US share	US	Non-US countries	US share
<i>China's total import value (\$Million)</i>						
Corn	160	442	26.55%	959	1532	38.50%
Soybeans	13940	25698	35.17%	10634	28904	26.90%
Cotton	983	1207	44.88%	1466	1869	43.96%
Sorghum	957	69	93.26%	978	135	87.90%
Peanuts	62	268	18.74%	203	941	17.77%
Pork	1162	3217	26.53%	1695	17198	8.97%
Beef	25	3116	0.80%	228	10000	2.23%
Poultry	0	1032	0.00%	750	2748	21.44%
Dairy	1087	8203	11.71%	479	9659	4.73%
Ethanol	1	29	3.09%	15	21	41.18%
Total agricultural and related products	24,000	101,860	19.07%	27,300	143,501	15.98%

Source: General Administration of Customs of China data (GACC 2020)

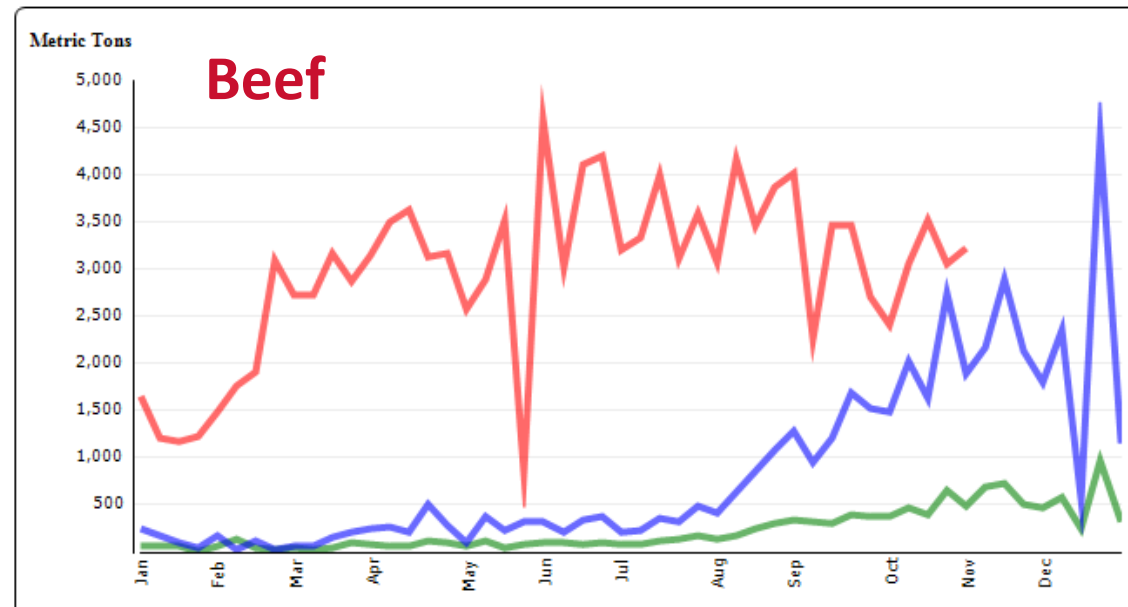


# US Weekly Ag Exports to China



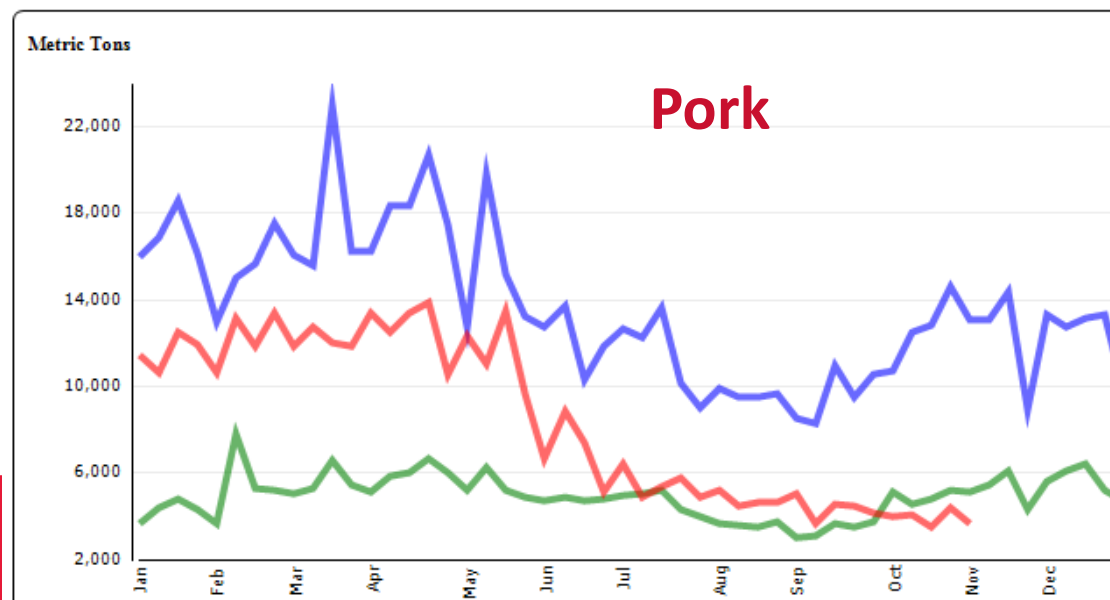
## Fresh, Chilled, or Frozen Muscle Cuts of Beef

Selected Year: 2021 as of 11/04/2021



## Fresh, Chilled, or Frozen Muscle Cuts of Pork

Selected Year: 2021 as of 11/04/2021

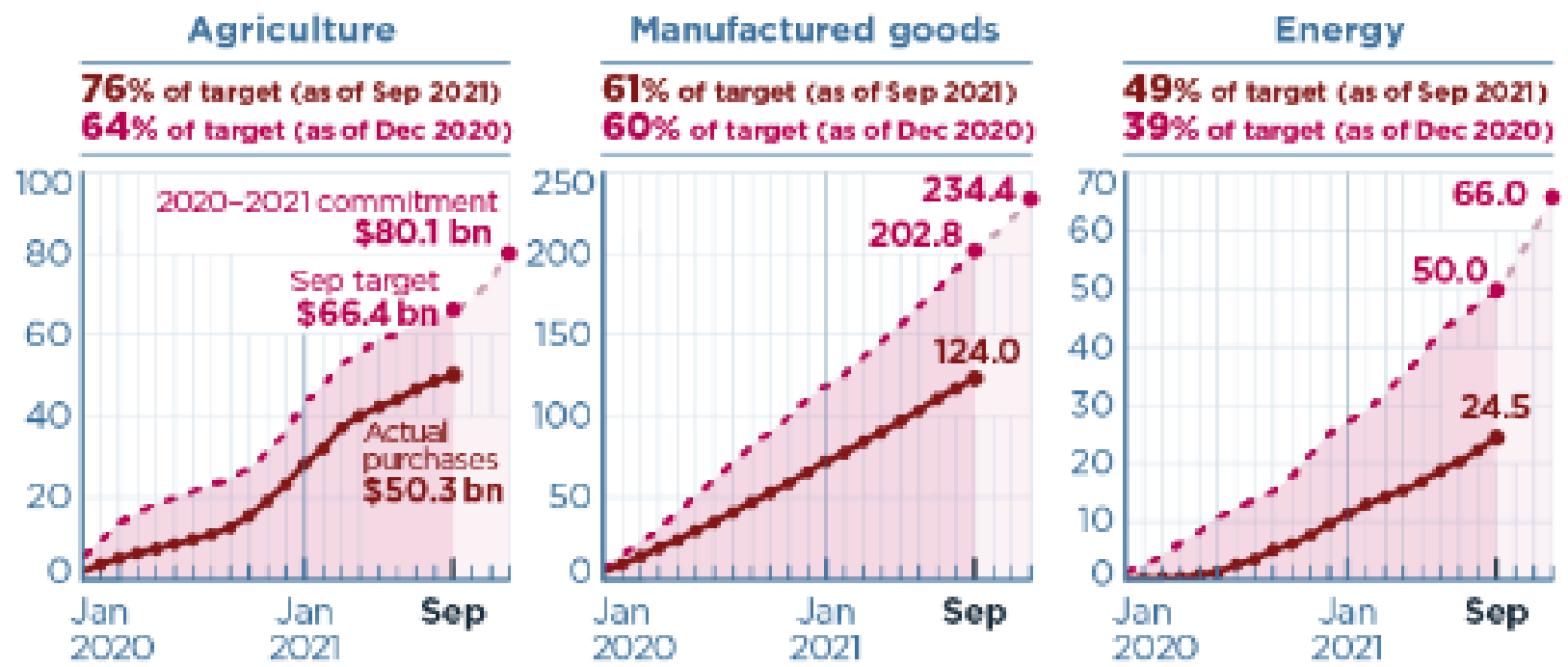


# US-China phase one tracker: China's purchases of US goods

Chad P. Bown (PIIE)  
October 27, 2021

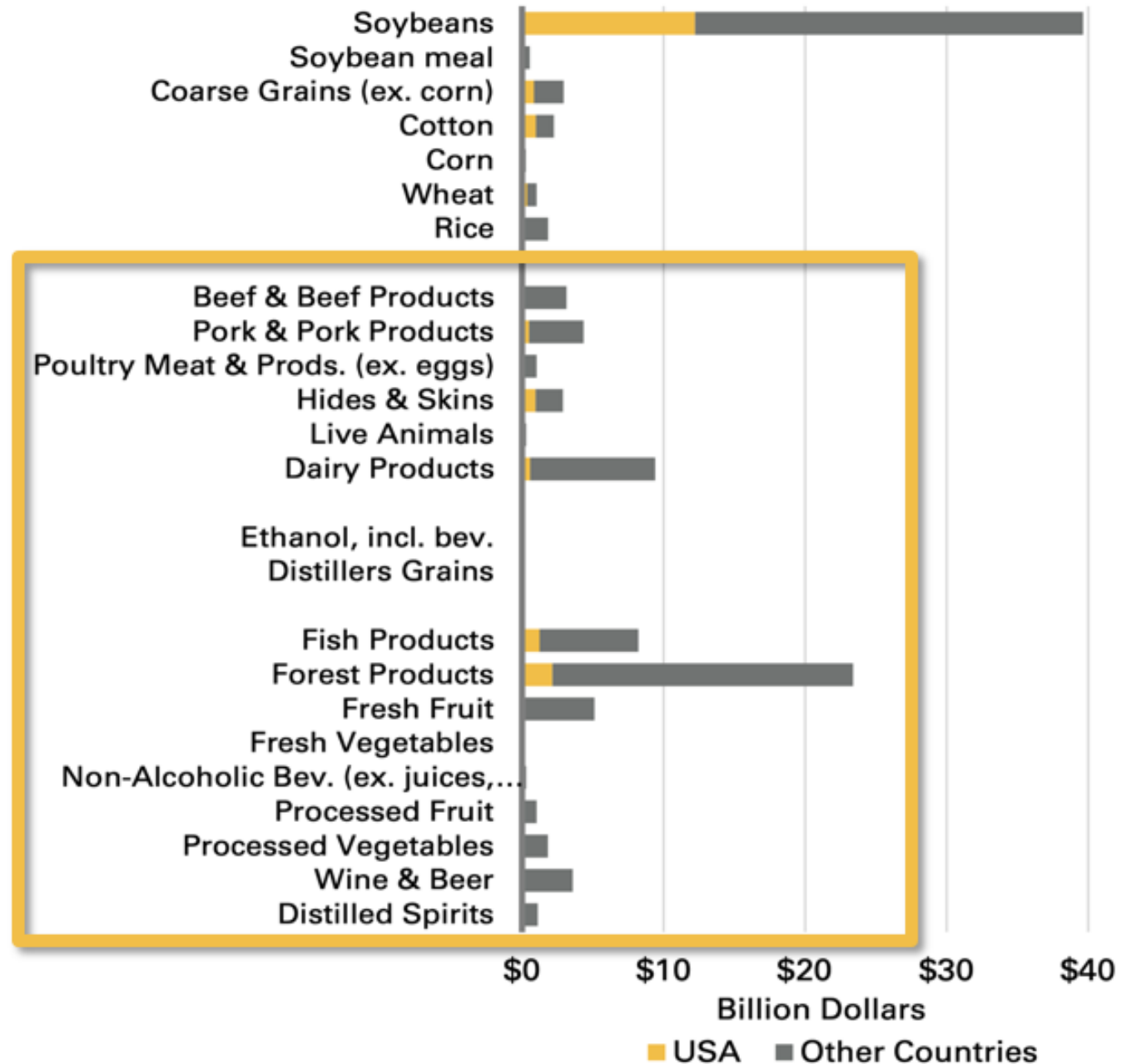
As of September 2021

b. China's imports by product type, billions USD



# A possible & more balanced pathway for China's ag import surge?

Key Chinese agricultural imports by commodity and country in 2017





China

# China to make protein for livestock from carbon monoxide



The Feed Research Institute of the Chinese Academy of Agricultural Sciences (CAAS) says it has worked with Beijing Shoulang Biological Technology to speed up a gas fermentation process to create a single cell protein that could be fed to animals, according to a report on Sunday on a website run by the Ministry of Agriculture and Rural Affairs.

The team has started operating a facility in northern Hebei province to turn steel-making tail gas into 5,000 tonnes of protein a year, according to state media People's Daily.

The protein produced has been approved by the agriculture ministry for feeding to animals, the report said. No details were provided on the cost of production.

## Predicting China's Corn Acreage and Production in 2021/22 and 2022/23

[Xi He](#), [Miguel Carriquiry](#), [Wendong Zhang](#), and [Dermot Hayes](#)

We use the predicted corn production and the assumption that China's corn feed consumption to be used in swine feeding will increase by 10% in the next two years to predict China's corn imports. We predict that China's corn imports will be 23.4 MMT in 2021/22 and 34.9 in 2022/23. <sup>3</sup> The large import increase in 2022/23 is partially caused by China's lower predicted production in 2022/23.

As the time of writing, China has experienced heavy rain in its major corn-producing region in the north (Reuters 2021). Using the estimated corn harvested area and yield elasticity, with respect to rain and temperature, and the rainfall and temperature data as of September 2021, we predict that China's 2021/22 corn production will decrease by 0.141%, which translates into 395,017 metric tons—around half of the 850,000 metric ton reduction predicted by China's Ministry of Agriculture and Rural Affairs. The weather-induced corn production reduction would likely increase China's corn imports in 2021/22.

**CARD Agricultural Policy Review**

# China will likely fail in its CPTPP bid — but it's a 'smart' move against the U.S., say analysts

PUBLISHED SUN, SEP 26 2021 10:48 PM EDT | UPDATED MON, SEP 27 2021 8:26 PM EDT



**Yen Nee Lee**  
@YENNEE\_LEE

SHARE    

## KEY POINTS

- China said it applied to join CPTPP, an 11-nation trade pact formed in 2018 after the U.S. withdrew from the Trans-Pacific Partnership a year earlier.
- Beijing needs the approval from all 11 CPTPP signatories to join CPTPP, and it may not succeed given its strained relationships with some member countries, said analysts.



**Sha**

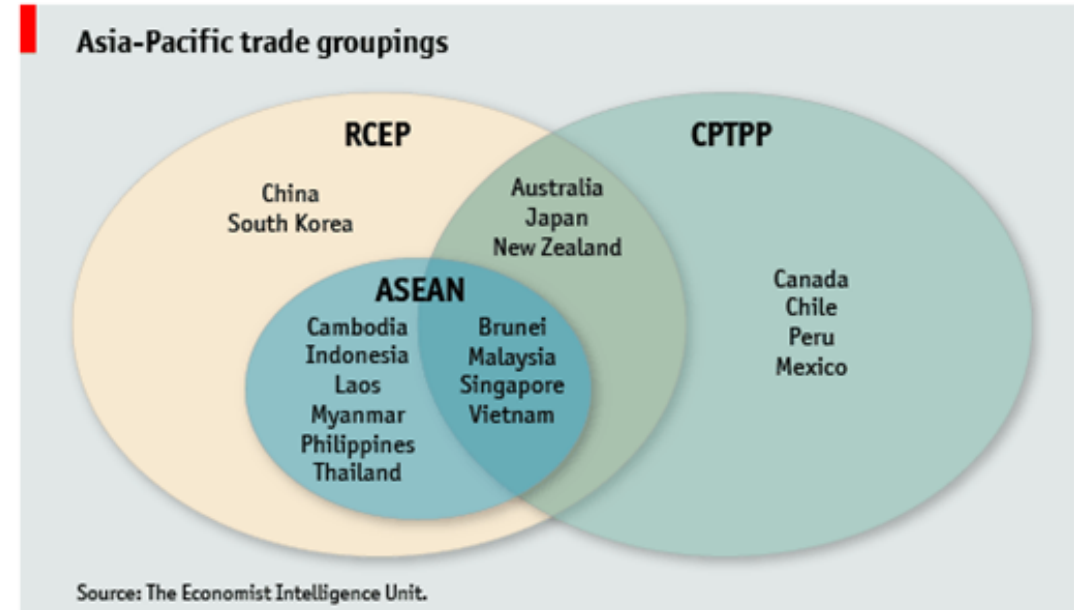
UP NEXT  
ET

Table 2. Asia-Pacific trade groupings

From: <https://www.eiu.com/industry/article/608652844/all-set-for-rcep/2019-11-06>

## BELT AND ROAD

# China-Laos high-speed railway set to roll through COVID cloud

Southeast Asian country's rising infections reduce pomp of Friday's launch



The China-Laos bullet train will compress what is normally a two-day road trek through rugged mountain terrain into a brisk three hours or so. © CCTV/Reuters

MARWAAN MACAN-MARKAR, Asia regional correspondent

November 30, 2021 18:11 JST

the \$6 billion project in the land-locked country.



The track from Vientiane to Boten, a northern frontier town along the Laos-China border, will compress what is normally a two-day road trek through rugged mountain terrain into a brisk three hours or so. The Lane Xang, as the bullet train has been named after an ancient Laotian kingdom, will travel through 75 tunnels and across 167 bridges at a speed of up to 160 kph.







# 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

New Mexico State University

**Dr. Wendong Zhang**

Associate Professor

Department of Economics and Center for Agricultural and Rural Development (CARD)

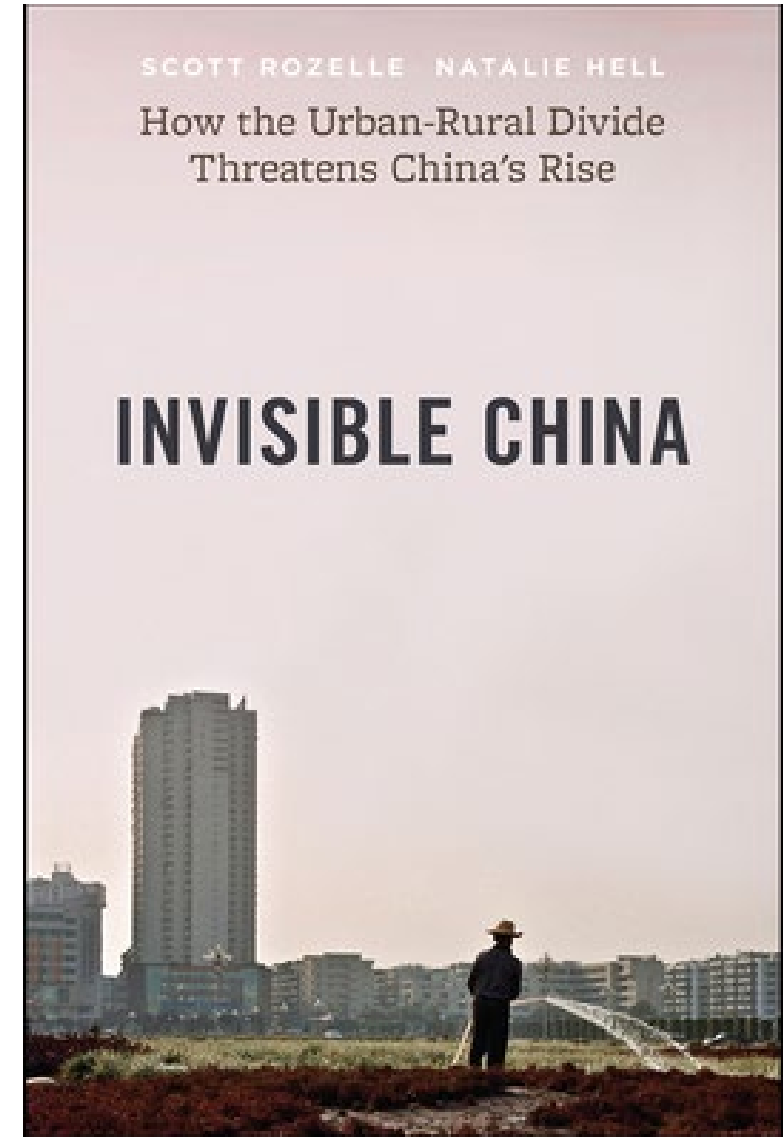
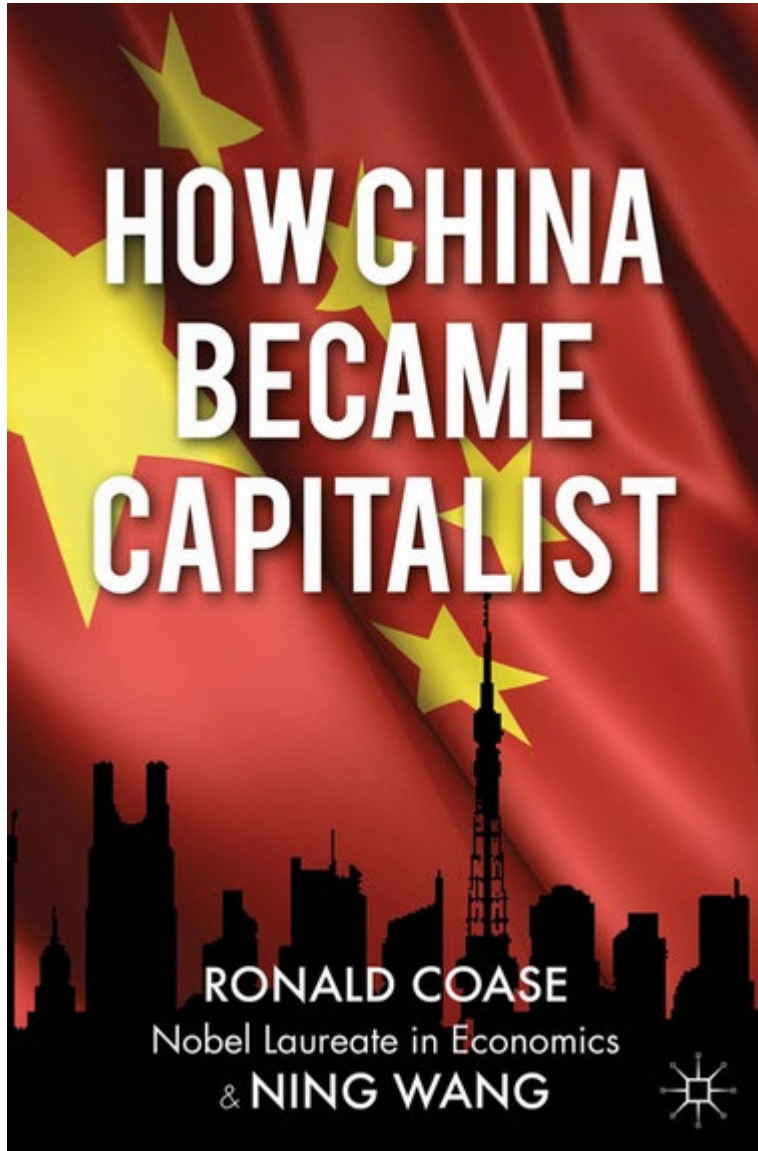
Iowa State University

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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?

-  find more land value data
-  recent analysis & contact

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

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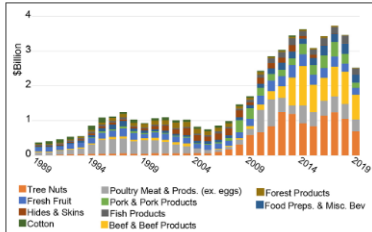
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### China Ag Center · Publications

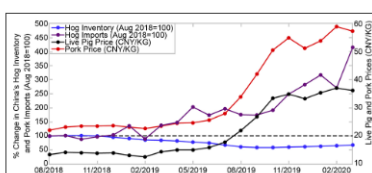
**Xi He and Wendong Zhang, 2020. "Implications of Hong Kong's Special Status Revocation for Agricultural Trade between the United States, Hong Kong, and Mainland China." *Agricultural Policy Review*. Center for Agricultural and Rural Development, Iowa State University.**

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)

To participate the 2021 land value survey  
<http://bit.ly/landvalue2021>

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