



REGIONAL LAND VALUE REPORTS

Based on Reports Provided by Farmers National Company Area Sales Managers
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Kansas, Eastern Nebraska, Western Iowa

Monty Meusch, area sales manager for Farmers National Company in Kansas, eastern Nebraska and western Iowa, said he doesn't believe the talk about the sagging land market in the Midwest. From his experience, the land market is still booming in most areas and demand for the really good farms is as strong as last summer when there was \$6 per bushel corn and \$12 per bushel beans.

In recent weeks, Meusch said, the better farms in western Iowa and the eastern half of Nebraska are selling in the range of \$4,500 to \$6,000 an acre. In northern and central Kansas, the better productive farms are trading in the range of \$1,500 to \$3,000 an acre for creek bottom or center pivot irrigated farms.

Meusch said the demand for pasture remains strong, but a dip in grass land sales is likely the result of a tough cattle market and lower herd counts in general.

“For the most part, the market is still being fueled by active farmers and ranchers seeking to add land to their operations,” Meusch said. “However, with most other investment options being on the downside we are seeing renewed interest from investors who believe that farm land may be their best investment for the long term.”

Western Nebraska, North Central Kansas and South Dakota

According to J.D. Maxson, area sales manager for Farmers National Company in western Nebraska, Kansas and South Dakota, auction activity in recent months has resulted in strong sales for local owner operators. Recent auctions in western Nebraska have seen sales range from \$385 per acre for ranch land to as high as \$925 per acre for dry land and pasture. In other recent auction activity, 480 acres of CRP (Conservation Reserve Program) ground in northwest Kansas went for \$775 an acre.

“The demand for ground in central and northwest Kansas remains strong, with local owner/operators looking to add additional acres to their operations,” Maxson said.

Land values in south central and western South Dakota have remained strong due to the renewed interest investors are showing in purchasing land.

A recent private treaty sale in South Dakota, in which land was bought for \$615 per acre, resulted in a \$1.1 million sale. Maxson reported that private treaty sales in western Nebraska have ranged from \$525 per acre to \$2,000 per acre. These per acre amounts resulted in gross sales of \$168,000 to \$320,000, respectively.

“Buyers and sellers continue to be optimistic and keep moving forward,” Maxson said. “They are refusing to look in the rearview mirror at the struggling commodity, financial and livestock markets. In recent weeks, we have received numerous phone calls requesting grass land to accommodate 300-500 cow/calf pairs. This explains why pasture ground remains strong.”

Maxson said that crop land is still in demand, as local operators want to add additional tillable acres to their operations.

Iowa and Minnesota

According to Sam Kain, areas sales manager for Farmers National Company in Iowa and Minnesota, the higher quality farm land in Iowa is holding its own, while the medium to lower quality farms have gone down in value.

“We have had a few high quality farms top the \$7,000 per acre mark,” Kain said. “The medium to lower quality land has retreated in some cases as much as 15 percent.”

In Minnesota, the higher quality land is in the \$4,000 to \$5,000 an acre range, with very few sales over the \$5,000 mark. Mid-quality land in Minnesota is bringing in around \$3,000 per acre.

“In Minnesota we haven’t seen the decrease in prices that we are seeing in Iowa,” Kain said.

“Land values in Minnesota didn’t increase as rapidly as those in Iowa, so land owners in Minnesota haven’t seen the decline we are experiencing in some areas in Iowa.”

Market and economic uncertainty has led some Iowa and Minnesota land owners to sit tight with their properties, resulting in fewer properties for sale at this time.

“People are confused and a little gun shy,” Kain said. “Those with land to sell aren’t sure what to do with the money if they do sell. As the economy improves we will start getting more calls from those who are ready to put their land on the market. Investors seem to be coming back into the market. After the recent turmoil in the stock market, they are seeing that land can be a safe investment.”

Illinois, Indiana and Ohio

Not unlike other sections of the country, Illinois, Indiana and Ohio also saw a slow down in the land market toward the end of 2008. Slowly, but surely, land sales have rebounded with quality ground being purchased by existing land owners in those regions.

“We saw the slow down because land holders were hesitant to sell,” said Roger Hayworth, area sales manager for Farmers National Company in Illinois, Indiana and Ohio. “If they did sell, they weren’t sure what they should do with the money they gained.”

Grade A soil types in mid to north central Illinois are selling for \$6,500 to \$7,000 an acre, according to Hayworth. In central Illinois the figures drop to \$5,000 to \$6,200 an acre, while southern Illinois acres are selling in the \$4,000 to \$5,000 range.

Indiana land owners aren’t seeing the prices being paid in Illinois, with Type A soils bringing \$4,500 to \$6,000. Moving in to Ohio, Hayworth reports that land in the northwestern part of the state is in the \$5,500 range, while in west central Ohio, ranges of \$4,000 to \$5,000 an acre can be expected.

Hayworth has seen an influx of investor interest in recent months, with some of that interest coming from buyers outside of the United States.

“Investors did pull out in the fall, but now they are getting back in the game,” Hayworth said.

“They want to get back in to the land buying business in an effort to hedge inflation. Current land owners view their properties as safe havens and will not be selling unless they have to. I think this could result in it being a real seller’s market. I can see this becoming a cat and mouse game between sellers and buyers.”

Arkansas, Mississippi and Tennessee

The Mid-South region is one area of the country that is currently experiencing a slow down in land sales, with prices down 10 percent from last summer’s high marks, according to Bill

Shannon, area sales manager for Farmers National Company in Arkansas, Mississippi and Tennessee. He said the sellers in his region are seeking mid-2008 sale prices, but buyers have backed off.

“There is still financing available for farm land,” Shannon said. “It has tightened up a little bit, but not as much as some financial markets.”

When looking at land values in this region, Shannon said irrigated land in Arkansas is sitting at the \$2,500 to \$3,000 per acre range. Dry land values in the state are reported to be slightly lower, at \$2,000 to \$2,500 per acre.

Dry land acres in Tennessee, a strong land market, are selling for \$3,500 to \$4,000 per acre, compared to Mississippi’s irrigated land, which is topping out at \$2,800 per acre. Those looking to purchase dry land acres in Mississippi can expect to pay between \$1,800 and \$2,400 per acre.

Shannon said strong commodity prices in the Mid-South region are supportive of the prices being paid for tillable acres.

“We are seeing excellent commodity prices right now, so farmers are realizing where they can get decent returns,” Shannon said. “Cotton prices remain low, and the continued decrease in cotton acres is putting a significant strain on the cotton industry and infrastructure. However, producers are turning those cotton acres into soybeans and corn, which are holding steady in this area. The price of rice also remains strong, holding rice acres steady.”

While dry land acres still exist in the Mid-South, many operators are making the switch to irrigation, which results in better crop production and takes the fate of the crop out of Mother Nature’s hands, according to Shannon.

“We have acres throughout the region that continue to move toward irrigation,” Shannon said. “In years past, you could make decent yields with dry land, but since the margins have tightened, irrigation has become a key component to risk management.”

For interviews with any of the above sources, please contact Claudia Bohn at 888-296-2411, ext. 4 or claudia@alberscommunications.com

For more information on land listings in your region, visit the Farmers National Company website at www.farmers-national.com