

# ***REGIONAL LAND VALUE REPORTS***

## **Kansas, Eastern Nebraska, Missouri, Eastern South Dakota, Western Iowa**

The land market throughout eastern Nebraska, Iowa, Kansas, Missouri and South Dakota continues to hold steady, with no drop in either demand or price seen over the last few months, according to Monty Meusch AFM, ALC, CAI, CES, area sales manager for Farmers National Company in Kansas, eastern Nebraska and western Iowa.

“It appears that the demand for top quality land in this area shows no let up,” said Meusch. “We are seeing a renewed interest from an increasing number of investors seeking to acquire larger tracts of investment quality farmland to add to their long-term holdings. The only downturn has been in hunting and recreational land.”

Meusch said buyers are paying top dollar for high quality farmland, bypassing properties with potential production concerns. Recent sales activity in Kansas has resulted in record prices for top quality land, with some properties reaching \$3,500 an acre. Meusch said he’s also seeing a strong increase in the price for pasture land and attributes that to a more active and stronger cattle market.

## **Iowa and Minnesota**

A huge divergence in prices exists in the Iowa and Minnesota area. According to Sam Kain ALC, GRI, ABRM, area sales manager for Farmers National Company in Iowa and Minnesota, high quality land is bringing up to \$7,000 an acre or more in Iowa and nearing \$6,000 in Minnesota, while lower quality parcels are drawing minimal interest and coming in at much lower prices.

“Buyers are willing to pay top dollar for quality land,” said Kain. “However, there seems to be little interest in lower quality and recreational properties.”

Kain added that average land is moving, as long as the price is right. However, he said bidding wars are a thing of the past for these types of properties. High quality land, on the other hand, is drawing interest from more aggressive investor and farmer buyers; but Kain said. “One of the problems we have right now is that there is not a lot of land for sale of any quality.”

## **Western Nebraska and Western South Dakota**

Farmers looking to add row crop acres to their property kept buyer demand high in western Nebraska and western South Dakota through the first quarter of 2010, reported JD

Maxson, area sales manager for Farmers National Company in western Nebraska, Kansas and South Dakota. As farmers began planting, however, activity has dropped off.

“We saw a 6.3 percent increase in the price of ground throughout 2009, which isn’t at the double digit pace we saw from 2006 to 2008,” said Maxson. “People remember the financial meltdown in 2008, which makes for a lot of uncertainty. People are looking for the safest possible investment, which is high quality property.”

Prices are wide-ranging within the same market area, according to Maxson. Land is selling for \$4,500 in southeast Nebraska, while the price might nearly double for properties just to the east.

The pool of buyers continues to grow in this geographic area, as more investors are finding land an attractive investment in this economic environment. Grassland, which normally garners prices of \$385 to \$450 an acre, is bringing even higher prices in some parts of the same region. For example, some grassland near O’Neil, Neb., recently sold for \$580 per acre.

Since mid-April, north central South Dakota land auctions have resulted in the sale of three non-irrigated quarters in Faulkton. The price reached \$2,300 per acre based on land access and high soil quality.

“The soil and location is what drove the price,” said Maxson.

### **Illinois, Indiana and Ohio**

According to Roger Hayworth, area sales manager for Farmers National Company in Illinois, Indiana, Ohio, Michigan, eastern Kentucky, and eastern Missouri, average land prices overall are rising minimally in his region.

“The price gap is narrowing between the highest quality land and the level just below it,” said Hayworth. “We are seeing some price increases in high quality land with slightly lower soil quality.”

Prices in Illinois, for example, are coming in at \$6,500 per acre for high quality on the average, and as high as \$8,000 in certain parts of the state, and \$5,800 per acre for average to below average property.

While sales activity in the area was strong at the end of 2009 and the beginning of 2010, Hayworth said he is now seeing a lull and property listings have dropped. However, buyers have been responsive to the limited listings, which is keeping inventory consistently low.

“We still are seeing strong investor interest, but they are being cautious,” said Hayworth. “Outside investors still want to put money into farm ground because it holds its value.”

Current crop activity also has impacted land sales. While farmers are busy planting and working fields, it tends to minimize sales, Hayworth added.

### **Arkansas, Mississippi and Tennessee**

Demand for Class A farmland continues to increase in the Mid-South, and that’s driving prices up said Keith Morris ABR, ALC, CRB, GRI, area sales manager for Farmers National Company in Arkansas, Mississippi and Tennessee. However, sales activity has slowed, because owners are holding onto their properties.

Farmers are improving their current properties to help increase value. Some farmers are using federal programs to increase their property value and yield, such as projects to maximize water usage.

Morris added that sales of development tracts and recreational properties have come to a halt, unless property is distressed or priced for cash investors to hold.

“Due to timber prices, mills have shut down and buyers have receded from buying timber land at this time,” said Morris. “Since the majority of the south is timber ground, those buyers will return to timber properties once the demand and market return for lumber and veneer. A lot of timber land has dropped from the high \$2,000 per acre values, to well below that mark. It’s the first such decline we’ve seen in years.”