

REGIONAL LAND VALUE REPORTS

Kansas and Texas Panhandle

The land market across the Kansas and Texas Panhandle farm belt remains very stable with prices of land rising or holding strong. Investors are buying land as a tool to protect their net worth and income. Farmers and ranchers that have had positive cash flow years are also investing money into land based on the current strong commodity prices coupled with a positive outlook.

Farmers and ranchers are still acquiring most of the land in this area, bidding for land adjacent to their properties. However, investors are pushing prices up, according to Monty Meusch, area sales manager for Farmers National Company in Kansas, Oklahoma and Texas. Sales prices in Kansas of top quality cropland will range from \$3,000 to \$4,000 per acre depending on location, while the price for irrigated cropland with good water in the Texas Panhandle may range from \$2,400 to \$3,000 per acre.

“We continue to see strong interest for average or better farms and ranches with prices stable to still increasing in some areas,” said Meusch. “However, the highest demand is for the best farmland, as quality is the key word in all areas.”

Another trend in this region is an upturn in the sales of hunting and recreational tracts, as compared to three years ago. While sales are happening, our prices are still off in most cases from the highs of a few years ago, said Meusch.

Iowa and Minnesota

The land market continues to be very strong in the North Central Region including Iowa, Missouri, Minnesota, South Dakota and North Dakota, according to Sam Kain, area sales manager for Farmers National Company in Iowa and Minnesota. Buyers are looking for quality land, with the majority of sales going to farmers.

“There are fewer properties for sale and the spread between low quality land prices and high quality prices continues to widen,” said Kain. “I would say land values in some areas have increased as much as 20 percent in the last six months, and as much as 25 percent compared to a year ago.

In Iowa, top quality land is selling at over \$8,000 per acre, with Minnesota values bringing in \$7,000 plus per acre. While sales of medium quality land and recreational land in this area have been slow, the pace for high quality keeps rising.

Not only is demand for top land still rising, the availability of property for sale remains limited. Buyers are looking for land with high productivity levels, which is a challenge.

“In my more than 25 years in the business, I have never seen more demand than now,” said Kain. “This is not only from farmers but from individual investors and investor groups.”

Colorado, Kansas, South Dakota, Central/Western Nebraska and Wyoming

Prices are still up and supply down for farmland and ranchland in the western region of the farm belt, according to JD Maxson, area sales manager for Farmers National Company in Colorado, Kansas, South Dakota, central/western Nebraska and Wyoming. Farmland values have seen increases over the past year of over 10 percent in some parts of this area. Buyers see land as a safe investment and it's holding its value.

“Appreciation in land values, coupled with strong grain prices, has shielded farmers and ranchers from the economic downturn,” said Maxson. “Landowners are experiencing positive cash flow and are in a strong financial position. Many farmers and ranchers are paying cash for land, reducing their debt to asset ratio.”

Activity in the auction arena is a good indicator of land demand, according to Maxson. Land auctions held in the past six months have had very active bidding from farmers and investors. Prices in this region are ranging from \$3,500 to \$6,500 per acre for high quality tillable acres.

“Appreciation of land values and high cash rents contribute to a positive return on investment compared to other financial vehicles,” said Maxson.

While some economists predict possible market corrections, Maxson sees it remaining strong for the coming future. “I look for the land market to remain strong throughout the balance of 2011 due to the short supply of land on the market, coupled with higher than ever demand for accumulated acres,” he said.

Illinois, Indiana and Ohio

Farmland trends have been interesting in the East Central region, according to Roger Hayworth, area sales manager for Farmers National Company in Illinois, Indiana, Ohio, Michigan, eastern Kentucky, and eastern Missouri. Values continue to move upward and farmers and investors are paying cash for land, taking out smaller loans.

“The land market values were fueled by increased commodity prices, very limited supply of land availability on the market, and expectations and signs of potential inflation,” said Hayworth. “I foresee strong agricultural land values for the next 18 to 24 months.”

Prices in Illinois are bringing in \$9,000 per acre on average for high quality land. Values in Indiana are up to \$7,600 per acre, while those in Ohio have reached \$6,500 per acre. There have been some spikes in pricing, particularly for land in certain locations with specific soil qualities. According to Hayworth, some sales prices in Indiana jumped to over \$9,000 per acre.

“Ag land is being viewed as a strong investment within one’s portfolio,” said Hayworth. “There is a prosperous agricultural atmosphere, creating stability and continued strong demand.”

Arkansas, Mississippi and Tennessee

Flooding and weather issues may impact future land values in this part of the country, even though prices for farmland continue to rise, according to Keith Morris, area sales manager for Farmers National Company in Tennessee, Mississippi, Arkansas, Alabama, western Kentucky, Louisiana, and southern Missouri.

“Currently demand is only high for farmland,” said Morris. “In the Delta area prices are still at a level that provides a good return on investment. We are seeing many investors buying land.”

Prices continue to move higher with increases over the last year of six to 10 percent. All other land is still decreasing in value (recreational, timber, transitional, development, commercial). Prices for top farmland are averaging \$3,500 per acre in Arkansas, \$3,000 per acre in Tennessee and \$3,500 per acre in Mississippi.

“Farmland sales are still stable to strong, with good demand for high quality crop land,” said Morris. “High commodity prices offer very good returns on productive land. This has drawn the interest of investors and they have become a significant part of the market. It appears almost 50% of the sales involve investors in the Mid South.”