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REGIONAL LAND VALUE REPORTS

Kansas, Oklahoma and Texas Panhandle

The land market across the Kansas and Texas Panhandle farm belt continues to be strong for all classes of land. Values and activity are up over 2010.

“Even areas of the plains that were hit by extreme drought in 2011 are seeing strong price increases,” said Monty Meusch, area sales manager for Farmers National Company in Kansas, Oklahoma and Texas.

Strong activity over the past three years is shrinking availability of property based on the sheer number of transactions that have taken place.

“A record level of farms and ranches has changed hands in recent years,” said Meusch. “This is leading to a reduction of properties being offered. Demand is robust for any quality land that makes it into the marketplace.”

Investors are still in the game, but the bulk of purchases are going to growing farm operations within 20 miles of an available property.

Sales prices in Kansas of top quality cropland are selling for up to \$4,500 per acre depending on location, while prices for irrigated cropland with good water in the Texas Panhandle have reached \$3,000 per acre.

Iowa and Minnesota

Demand for quality land 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. Auction numbers in this region are up over 2010, leading to top sales prices for sellers.

“Farmers National Company has had over 130 land auctions during 2011 in my area,” said Kain. “Iowa values are up 32 percent from a year ago. An Iowa State University survey shows we are at an all-time high level here.”

In Iowa, top quality land is selling at over \$9,500 per acre, with Minnesota values bringing in \$7,500 plus per acre.

The combination of high commodity prices and low interest rates has provided farmers with surplus cash. These profits are being used to purchase additional land and expand operations. “The bulk of buyers in our area are the farmers,” said Kain. “While land is still a good investment for investors, farmers have been very aggressive in picking up additional acres to increase profits.”

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

Land prices in the western region of the farm belt are up 15 to 25 percent across the board in the past six months, according to JD Maxson, area sales manager for Farmers National Company in Colorado, Kansas, South Dakota, central/western Nebraska and Wyoming. A shortage of irrigated land is pushing up demand for dry land acres.

Price in this region is ranging from \$5,500 to \$9,500 per acre for high quality tillable acres, with location, soils and topography dictating price.

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

According to Maxson, a lack of investment alternatives and the volatility of the stock market are driving even more non-traditional buyers into the market. However, 75 percent of buyers in this region are still farmer owner-operators.

“A year ago investors were buying more,” said Maxson. “Farmers have been much more competitive in the market today, adding land to their own personal portfolios and operations.”

In addition to farmer and investor activity, inherited farmland is being sold. According to Maxson these owners are taking advantage of the current market dynamics to generate cash.

Illinois, Indiana and Ohio

Illinois is leading farmland sales trends 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. Land values, as well as sales prices, are highest in Illinois, followed by Indiana and Ohio.

Prices in Illinois are bringing in \$9,500 per acre on average for high quality land. Values in Indiana are up to \$8,000 per acre, while those in Ohio have reached \$6,500 per acre.

According to Hayworth, the number of land buyers in the market continues to increase as large farm owners, combined with investors, are looking to increase land holdings. Values continue to move upward and farmers and investors are paying cash for land.

“More land transactions are taking place today as compared to a year ago,” said Hayworth. “There has been a definite continued uptick in the number of listings and auctions within this area, as availability of land has loosened a little because of more active sellers.”

Arkansas, Mississippi and Tennessee

Activity in the Mid South remains strong, as farmers are buying up land in cash transactions. Low supply and demand for quality land continues to drive prices up and is increasing sales of lower quality properties, as well. Activity is brisk, leading to fast sales.

“We have seen prices increase up to 30 percent on top land in some areas with no sign of a slow-down,” said Keith Morris, area sales manager for Farmers National Company in Tennessee, Mississippi, Arkansas, Alabama, western Kentucky, Louisiana, and southern Missouri. “Product is getting harder to find, driving some buyers to look at poorer quality farms, with plans of upgrading them.”

Prices for top farmland are averaging \$3,800 per acre in Arkansas, \$3,500 per acre in Tennessee and \$3,800 per acre in Mississippi.

“The market in the Mid South is hot,” said Morris. “Buyers have less time to make up their mind on purchases. When they find land they want, they need to act quickly.”

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