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Kansas, Oklahoma and Texas Panhandle

Land values throughout Kansas, Oklahoma and Texas continue to rise despite extreme drought conditions plaguing these states. Many areas in this region have experienced increased sales activity, as landowners raced to sell land and close deals prior to the pending 2013 capital gains taxes increase.

Prices in the area continued to increase as buyers were fighting for high quality farms and ranches across the Plains. According to Farmers National Company, while they anticipated some drop in land prices due to the increased supply coming to market in the last half of 2012, this wasn't the case.

It is very likely that there will be a reduction of inventory available for sale during 2013, as many sellers already completed their business in 2012. If land availability shrinks, it will prompt even stronger land auction performance this year, experts with Farmers National Company anticipate.

Farmers National Company projects fewer new listings coming on the market in this area based on recent activity levels, but prices should still remain relatively strong, unless dry weather has a negative impact.

Sales prices in Kansas of top quality land are up to \$4,000 to \$6,000 per acre depending on location. Prices for irrigated high quality cropland in the Texas Panhandle are at \$3,200 per acre.

Iowa and Minnesota

Demand for quality land continues to be very strong in the North Central Region including Iowa, Missouri, Minnesota and South Dakota, according to Sam Kain, area sales manager for Farmers National Company in Iowa and Minnesota. Auction numbers in this region were up in 2012, prompting sellers to net top sales prices.

“Farmers National Company completed more than 175 auctions in this region during 2012, which is up 35 percent over the prior year,” said Kain. “Demand is still outpacing the number of properties available, and quality is definitely king.”

Despite higher cash rents and input costs narrowing farmer profits, the majority of buyers in the North Central Region continue to be farmers.

In Iowa, top quality land is selling at more than \$12,500 per acre, Minnesota values are reaching \$9,500 per acre, and values in eastern South Dakota have reached \$8,000 plus in many areas.

North Dakota and Northwest Minnesota

The land market remains strong with values increasing through last quarter in the Upper Midwest Region, which includes North Dakota and Northwest Minnesota, according to Terry Longtin, area sales manager for Farmers National Company in this region.

“This past fall, buyers have been focusing on average to high quality land to purchase,” said Longtin.

The number of properties for sale increased substantially in the past few months. According to Longtin, increased land values and the potential increase in capital gains taxes in 2013 have fueled the rise in sales numbers.

“Most land is being sold to farm owner-operators, however, we have seen more investors purchasing land than in prior years,” said Longtin.

In North Dakota and Northwest Minnesota, land values are up 20 to 30 percent from last year. Top quality land values are currently in the \$7,000 to \$9,000 per acre range, according to Longtin. One sale in November set a new high for North Dakota, with a sale price in Walsh County of \$10,000 per acre.

“Average land values are in the range of \$3,500 to \$6,000, with marginal land values in the \$1,500 to \$3,500 range,” said Longtin.

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

The western region of the Farm Belt has experienced record volume land sales in the past year, with the number of transactions up 75 percent during the last quarter, according to JD Maxson, area sales manager for Farmers National Company in Colorado, Kansas, South Dakota, central/western Nebraska and Wyoming. Record land auction activity in the region continues to

set the bar high on prices as farm owners and investors look to add additional acres to their operations/portfolios.

“The strong commodity market continues to be the number one driver of sales levels, as farmers and investors continue to add to acres they own.” said Maxson. “We have seen a 15 to 35 percent increase in high quality land values with location, soils, and topography commanding respect.”

Continued low interest rates are also contributing to demand in the land market. Increased profits prompted by strong commodity prices have allowed farmers to purchase land and leverage owned acres, keeping overall operating costs at a minimum. This has prompted strong returns on investments, according to Maxson.

Extreme drought conditions throughout the central/western Corn Belt in the past year have not stifled demand for cropland. Since inventory of high quality farmland is tight, dry land and underdeveloped farms have sparked the interest of farmers and investors.

“Adding pivot irrigation, where possible, and removing old building sites has increased land values, production, and yields on these particular properties,” said Maxson. “Such improvements are adding profit to the bottom line for such owners.”

Prices in these regions are ranging from \$4,000 to \$12,000 per acre for high quality tillable acres, with location, soils and topography dictating price.

Illinois, Indiana and Ohio

The East Central region has seen steadily rising land prices during 2012 caused by consistently strong demand for farmland, according to Roger Hayworth, area sales manager for Farmers National Company in Illinois, Indiana, Ohio, Michigan, eastern Kentucky, and eastern Missouri.

“Record demand for land continues, along with record income, cash rents, and land values,” said Hayworth. “This trend will likely continue into 2013. However, if the agricultural economy shifts, some leveling will take place.”

A final rush of sales activity in 2012 for this region was prompted by uncertainty of the pending capital gains tax changes, said Hayworth. Values for quality land in this area have increased as much as 20 percent in 2012 for some locations.

“Supply constraints will likely keep values steady or rising slightly into the New Year,” said Hayworth.

Top prices in the region can be seen in Illinois at \$12,000 per acre on average for high quality land. These levels are followed by Indiana showing values up to \$10,000 per acre, and Ohio, which has reached \$8,000 per acre.

Arkansas, Mississippi and Tennessee

Activity in the Mid-South Region remains brisk, fueled by low supply and continued high demand. Once properties hit the market, they are selling briskly.

“Prices are still going up and inventory continues to be tight,” said Keith Morris, area sales manager for Farmers National Company in Tennessee, Mississippi, Arkansas, Alabama, western Kentucky and Louisiana. “Buyers, both investors and farmers, are looking for good farms and don't mind paying a little more for quality farmland.”

Despite the impact of this year's drought, certain areas in the Mid-South Region produced high crop yields. Tennessee had a new dry land corn record of 336 bushels set in West Tennessee.

“Farmers had an early harvest with minimal weather damage,” said Morris. “Landowners are already prepping for next year's season. I have seen numerous fields being leveled, disked and limed in December, which is ahead of schedule.”

Prices for top farmland are averaging \$4,000 per acre in Arkansas, \$3,600 per acre in Tennessee and \$4,000 per acre in Mississippi.

Washington

Land Values in the Columbia Basin and Eastern Washington have escalated to the highest on record, according to Flo Sayre, real estate broker for Farmers National Company in Pasco, Washington. Dryland prices reached all-time high prices at the end of 2012.

“Irrigated land has increased approximately ten to twelve percent in the past year,” said Sayre. “Sellers held tight to the land as an income stream, while buyers clamored for more land, driving up prices.”

According to Sayre, the average cash rents have increased 35 percent in the region.

Rental rates have escalated to reflect forage crops in the range of \$435-500 per acre with water, power and maintenance added by the tenant. Potatoes and other root crops are seeing rental rates as high as \$1,000 per acre plus water and power provided by the tenant. Corn rents are between \$500 and 600 per acre. Prices for farmland are reaching \$8,500 per acre, with isolated sales nearing \$10,000 per acre.

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