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**For Immediate Release**

Jan. 9, 2014

***REGIONAL LAND VALUE REPORTS***

**Kansas and Oklahoma**

The land market for high quality cropland remains strong throughout the High Plains, however values have tapered off slightly with reductions of 8 to 10 percent in some cases, according to Brock Thurman, AFM, Farmers National Company area vice president, Kiowa, Kan.

"Drought challenges have subsided, which is helping to stabilize any further reduction in values," said Thurman. "Trends in the south central region are mirroring national trends overall, with comparable activity."

Looking into 2014 for this region, Thurman predicts cropland will remain steady or see potential reductions of 10 percent in value. Current auction levels remain extremely strong and are forecast to stay at a similar level into early 2014.

Prices for irrigated high quality cropland in the area are variable but range between \$4,000 and \$6,000 per acre, while the range for non-irrigated land is \$3,000 to \$6,000.

**Iowa and Minnesota**

Demand for high quality farmland continues but prices have leveled somewhat in the North Central Region including Iowa, Missouri, Minnesota and South Dakota, according to Sam Kain, national sales manager for Farmers National Company, Des Moines, Iowa.

"Cautious and selective buyers are still on the lookout for quality land, and willing to pay top dollar when they find it," said Kain.

Land prices moving into 2014 will likely be impacted by the looming ethanol mandate, which could drop values based on commodity prices and the demand for land to support livestock in this area which could boost values.

“It’s a real balancing act as we move forward,” said Kain. “Values are still relatively strong, but market factors could pull them either way.”

Auction activity in 2013 was extremely high in this region, according to Farmers National Company numbers. The company’s national auction transactions reached 337 in the 2012-2013 fiscal year, while the Iowa market alone saw 120 auctions in 2013. The majority of purchases are going to farmers, but investors seem to be stepping back into the marketplace.

In Iowa, top quality land is selling at more than \$12,000 per acre, Minnesota values are reaching \$10,000 per acre, and values in eastern South Dakota have reached more than \$9,000 in many areas.

### **North Dakota, Northern South Dakota and Western Minnesota**

Buyers in the area covering North Dakota, northern South Dakota and western Minnesota continue to seek out average to high quality land for purchase, according to Terry Longtin, Farmers National Company area vice president and area sales manager, Grand Forks, N.D. Sales levels remain fairly steady and have leveled slightly as compared to last year at this time.

While demand in this area remains fairly strong, there are pockets of decline close to 10 percent, according to Longtin. Overall sellers are still happy with price levels which remain historically high.

Decline in profitability for sugar beet operations is fueling some reduction in cash flow for farmers in this area. While this is taking some potential buyers out of the market, Longtin forecasts land values will hold in the region.

“Sugar beets income is down about 40 percent and growers lost quite a bit of money last year, which is putting some pressure on the market,” said Longtin.

Transaction levels should maintain near or at current levels into 2014, according to Longtin. However, the auction transaction numbers are projected to slide downward as privately negotiated sales are beginning to make a strong comeback.

Average to good quality land in the area is selling in the \$4,000 to \$7,000 range per acre, while excellent land is in the \$8,000 to \$9,000 per acre range. Top land in South Dakota is pulling up to \$9,000 per acre, while North Dakota is coming in at \$8,000 and Minnesota at \$10,000.

### **Colorado, South Dakota, Nebraska and Wyoming**

High quality land is still in strong demand for the wide region covering Colorado, South Dakota, Nebraska and Wyoming. While values have not increased significantly, they are still at a steady high level says JD Maxson, area sales manager for Farmers National Company, North Platte, Neb.

While demand from both investors and farmer owner/operators is high, farmers are the ones paying top prices and targeting premium pieces of land. Auction numbers in this region continue to be strong, prompting sellers to net top sales prices, according to Maxson.

“Farmers are buying land while we are seeing a trend here of investors going elsewhere,” said Maxson. “Some investors are just reluctant to pay the higher prices they had in the past. Continued lower interest rates are still helping to keep sales activity high. However, commodity prices and the stock market’s positive performance are impacting land activity.”

Maxson reports that prices overall are plateauing for high quality land, and average to medium ground is not peaking investor interest.

The recent drought in Texas has been a major factor in driving grazing land prices up in Nebraska/South Dakota, as ranchers were relocating herds to these regions. As herds are being moved back south, grassland prices will likely adjust.

Prices in these regions are ranging from \$4,500 to \$12,000 per acre for high quality tillable acres, with location, soils and topography dictating price. The range varies from west to east as well as by water availability and type of irrigation.

Farmland in Eastern Nebraska is quite varied ranging from top quality cropland, to mixed use properties to pasture farms. Buyers are being more cautious when purchasing farmland as they look for good quality land at a good price. Average to below type farms are not being sought out by buyers and prices have slipped off the recent highs that have been occurred in the marketplace. Good quality farms have also seen a decline from the recent strong escalation in prices that has been happening over the past seven years. Therefore, there is a wide range of land values from \$4,500 per acre to \$10,000 per acre depending on quality and if irrigated.

### **Illinois, Indiana, Ohio, Southern Michigan, Eastern Kentucky and Eastern Missouri**

Quality farmland in the East Central region continues to see moderate to steady land values, as supplies are still limited and demand strong, according to Roger Hayworth, area sales manager for Farmers National Company, Lafayette, Ind. This region has seen a recent flurry of

activity heading into 2014, tempered by some conservative trends as buyers feel a softening of the market.

“As we move into mid-year i feel we will see activity being stable to slightly lower,” said Hayworth. “The first quarter will be very active based on our year-end interest. This could subside later this year if interest rates rise and commodity prices weaken.”

With commodity market prices dropping, there has been some resistance at auctions. However, sales still remain steady with active auction buyers, said Hayworth.“There is still pent-up demand for quality land within the cash-rich farming community.”

Larger parcels/tracts of land are coming on the market, with sizes in the East Central region ranging from 350 to 900 acres or more. Owner operators are seeking out these sections to expand farms.

Top prices in the region can be seen in Illinois at \$13,000 per acre on average for high quality land. These levels are followed by Indiana showing values up to \$11,100 per acre, and Ohio, which has reached \$8,400 per acre.

### **Arkansas, Mississippi, Missouri and Texas**

Activity in the Southern region overall remains brisk, fueled by low supply and continued high demand that was seen in 2013. Quality land for sale is moving quickly says Mike Lansford, Farmers National Company area vice president for the southern region, Fort Worth, Texas. However, some areas within the region, such as central/southern Arkansas and central Mississippi have seen more stable activity and values.

Overall, Texas has seen an increase in land sale activity and a slight increase in land values over the past year, said Lansford. The wide variety of geographic regions in the state has led to some variance. Recovery from the drought has minimized the negative impact on values in the state to some extent

“We anticipate land values to increase 5 to 7 percent on average across the state in 2014,” said Lansford. “Quality is still king no matter what the land classification.”

Buyers for productive farms are still available. Prices for top farmland are averaging \$5,000 per acre in Arkansas, \$3,600 per acre in Tennessee, \$3,500 per acre in Texas and \$5,000 per acre in Mississippi.

## **Washington**

Land buyers in the state of Washington continue to outnumber those who are willing to sell, creating continued strong demand with increased prices for top quality properties, according to Flo Sayre, real estate broker for Farmers National Company in Pasco, Wash.

“The market is good for all land classes,” said Sayre.

Farm operators adding to their holdings and investors still make up the buy side of the land market. Sales overall are still strong and auctions are driving prices.

Irrigated land in the area was about \$6,850 per acre a year ago, compared to \$7,850 per acre currently. Non-irrigated cropland was near \$850 per acre last year, and current prices are averaging near \$1,300 per acre average for all types of farms, according to Sayre. She noted that land affected by higher rainfall in the eastern Palouse area was demanding prices as high as \$3,500/acre this fall at auction. Prime farmlands in the Columbia Basin region are bringing prices at or above \$10,000 per acre.

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