



REGIONAL LAND VALUE REPORTS

Based on Reports Provided by Farmers National Company Area Sales Managers
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Kansas, Eastern Nebraska, Missouri, South Dakota, Western Iowa

As 2009 drew to a close, the land market in Iowa, Kansas, Missouri, Nebraska and South Dakota continued in a positive direction according to Monty Meusch, area sales manager for Farmers National Company in Kansas, eastern Nebraska and western Iowa.

“What drove prices in these areas were the number of bidders on hand when a property became available,” Meusch said. “With active bidders in place, land sales often topped expectations. Buyers or investors were and are willing to pay a premium for top farms, while lower quality or hard to farm land is being discounted in the current market.”

In his auctioneer role, Meusch is witness to land sales throughout the region where he sees high quality land going for top dollar. A recent land auction in Northwest Missouri saw a top quality 80-acre farm sell for \$8,100 per acre - \$2,000 more than predicted. The final two bidders on the property were local producers looking to expand their operations.

Meusch said active producers are those seeking land, however, as CD rates fell under 2 percent at the close of 2009, farmland is again gaining investor attention.

“Investors are looking to farmland and hoping for a return of 3 to 5 percent as a hedge against the weakened U.S. dollar and inflation,” Meusch noted.

According to Meusch, quality farmland in western Iowa is selling at \$4,000 to \$6,000 per acre, while similar farms in Eastern Nebraska are selling between \$3,500 and \$6,500 per acre. Turning

toward Kansas, farms in the “good quality” sector are selling for \$2,000 to \$4,000 per acre in Northeastern Kansas and \$800 to \$1,200 per acre in Western Kansas for dryland. Irrigated land in this same region goes for \$2,500 per acre. Southeastern South Dakota’s best farmland is selling in a range of \$3,000 to \$6,000 per acre.

“The demand for pasture and rangeland in many areas of the country has softened recently as cattle producers are pulling back due to the struggling cattle market the past 12 to 18 months,” Meusch said. “However, most auctions of smaller tracts - 160 to 640 acres - still draw a number of active bidders with the final selling price well over historic prices of the past 20 years.”

Iowa, South Dakota and Minnesota

Sam Kain, area sales manager for Farmers National Company in Iowa and Minnesota, described 2008 as the perfect storm of land sales and 2009 as partly-cloudy. He said while higher quality farms continued to sell well, there just weren’t enough available. The financial crisis in November 2008 put many would be sellers in a holding pattern and investors at a standstill regarding their investment dollars.

“We simply don’t have a lot of properties for sale, but there are plenty of interested buyers, which is why the supply and demand philosophy kicks in,” Kain said. “In Iowa we sold 240 farms in 2008. In 2009, that figure fell to 140. So you can see the demand is there, but there simply aren’t properties available. Our land prices have held stable because of that.”

Land prices in Iowa in 2009 were as good as 2008 and better in some regions, according to Kain. Better quality land in Iowa is selling for \$5,500 to \$7,000 an acre, while medium quality land is bringing \$3,500 to \$4,000 an acre. Lower quality land drops to \$2,000 to \$2,200.

Minnesota saw a stable land market in 2009 which was a repeat of 2008. Kain said there has been an increase in recreational buyers in the region. High quality Minnesota land will cost a buyer \$5,000 to \$5,500 an acre, with medium quality land falling in the \$3,500 to \$4,000 range.

In South Dakota, middle to higher quality land is running on average \$3,000 an acre, but further south, those same acres will be \$4,000 an acre.

Nebraska and South Dakota

J.D. Maxson, area sales manager for Farmers National Company in western Nebraska, Kansas and South Dakota, says that land prices throughout these regions held very strong as 2009 drew to a close. He says a resilient ag industry prevailed, despite high unemployment rates, drops in commodity prices and a struggling global economy.

“The past year presented some interesting challenges, but the majority of local owner/operators remained optimistic and continued to purchase additional acres,” Maxson said. “The demand for all ground types - tillable, dryland, irrigated and grassland - remained strong throughout 2009. Our auctions have been well attended and bidder activity has been robust, especially for high quality farm/ranchland, which has sold at or above market value.”

According to Maxson, a cross-section of ranchland/pasture/grass from north central to south central Nebraska averaged \$385 to \$435 per acre with meadow/hay/good bottom land averaging \$625 to \$700 per acre.

Prices for irrigated cropland throughout central Nebraska vary greatly depending on location. In the Buffalo County area the average price is \$3,500 to \$4,200 an acre. Similar land in Lincoln, Holt and Knox counties is bringing \$3,200 to \$3,500 an acre. Red Willow, Chase and Box Butte counties are seeing land in the \$2,000 per acre range. However, northwest Dawes County and

southwest Kimball County are averaging \$1,400 to \$1,500 per irrigated acre. As is the case in most land sales, location of the property is essential.

“At a recent sale in southwest Holt County, 160 irrigated acres sold for \$1,350 per acre,” Maxson said. “In comparison, irrigated land in north/northeast Holt County is consistently generating prices between \$3,200 and \$3,500 per acre. We even had a recent sale where the land went for \$5,300 per acre.”

Looking at land in South Dakota, medium to average cropland is selling at \$400 to \$500 per acre. Good farm ground in the state is selling at \$650 to \$750 per acre. Moving across the state, to land east of the Missouri River, per acre prices are reported at \$1,000 an acre and more in some cases. Grassland in South Dakota is averaging between \$350 and \$450 per acre, with those prices higher in the eastern part of the state.

“The past year I’d say that good ground not only held its own, but in several situations, we saw increases in values,” Maxson said. “Quality of ground and location were the major factors that drove prices in our region.”

Illinois, Indiana and Ohio

Roger Hayworth, area sales manager for Farmers National Company in Illinois, Indiana and Ohio reports strong sales in his region the last quarter of 2009, while available land was still limited throughout the area.

“Some sellers saw the demand for property as the time to test the market,” Hayworth said. “We saw aggressive buyers at auctions and with private treaty listings when land did become available. In contrast, we are seeing a lack of interest in lower quality soils and very little interest in recreational properties that are available.”

Aggressive buyers pushed per acre values above levels that were reported earlier in 2009. At the close of 2009, high quality land in Illinois ranged between \$5,800 and \$7,500 per acre. Mid to lower quality land in the state still brought a solid \$4,000 to \$5,800 per acre. Indiana's high quality land was reported to be in the \$5,500 to \$6,900 per acre range, while mid to lower quality land averaged \$3,800 to \$5,000 an acre. In Ohio, high quality land sold for \$4,500 to \$5,000 an acre and mid to lower quality land was reported at \$3,000 to \$4,500 an acre.

"Pending the overall economy and how commodity prices in our region fluctuate, I'm predicting that land values will remain steady and there will be some spurts in land auctions and sales throughout the first half of 2010," said Hayworth.

Arkansas, Mississippi and Tennessee

Land in the Mid-South held true to values that were established in 2009, with high quality cropland going for around \$3,000 an acre. On the other hand, non-productive and recreational land has fallen dramatically, according to Keith Morris, area sales manager for Farmers National Company in Arkansas, Mississippi and Tennessee.

"Other than irrigated land, others types of farmland aren't very attractive to potential buyers," Morris said. "Land that isn't row crop has dropped 30 to 35 percent. We are seeing some pasture land going for \$2,000 to \$2,500 per acre, but recreational land has really fallen off. Any recreational land that has sold has gone for well below \$2,000 an acre. Two years ago that same property would have brought over \$3,000 per acre."

Land availability is not an issue in the Mid-South, according to Morris, but the prices being asked are turning would-be local buyers away. However, the lack of local buyer interest has opened the door for investors and investor groups looking to purchase land in the region.

A trend Morris said is sweeping through the region is the addition of irrigation systems by local producers. Farmers see irrigation as a means of making their land as productive as possible – increasing their return.

“There are irrigation pivots everywhere you look – even in those areas with the rolling hills,” Morris said. “Those who own the land are splitting the installation costs with renters, with the hope of creating a bigger return on everyone’s investment. No one really knows how this turn to irrigation will impact the region, but there is certainly a big push toward the concept.”

For interviews with any of the above sources, please contact Claudia Bohn at 888-296-2411, ext. 4 or claudia@alberscommunications.com

For more information on land listings in your region, visit the Farmers National Company website at www.farmersnational.com