



11516 Nicholas Street, Suite 100
Omaha, NE 68154-8016
Phone: (402) 496-FARM (3276)
www.FarmersNational.com

June 1, 2021

For More Information Contact:

Kristin Danley-Greiner
On behalf of Farmers National Company
888-296-2411 ext. 4968
kristin@pappasmarketing.com

Competitive Bidding Pushes Land Prices Higher

Interest in purchasing agricultural land has grown since a coronavirus pandemic-induced slowdown blanketed the land market last spring. Farmers are feeling more financially secure as very strong commodity prices arrived on top of large government payments in 2020. This is propelling farmers to bid more aggressively for additional land than has been the case during the past six years.

“Farmland sales prices are up 5 to 15 percent in the past six months with most of the increase coming since the first of the year,” said Randy Dickhut, senior vice president of real estate operations at Farmers National Company. “Competitive bidding among interested buyers is really pushing land prices right now.”

Individual investors, both first-time, and experienced buyers, are stepping into the land market as they search for a safe, long-term real estate investment in a low interest rate environment. Investor buyers seldom outbid farmer-buyers for a good farm unless they have 1031 tax-deferred exchange funds to spend in a short time period.

The increase in ag land prices is happening in most areas of the Grain Belt and with most types of land.

“At Farmers National Company auctions, we are seeing competitive bidding push prices for good cropland to levels approaching 2014 values,” Dickhut said. “Average to lower quality farms are experiencing stronger sales prices, too, while pastureland increases are more modest.”

Currently, the demand for good farmland is outstripping the supply of farms for sale. During the previous few years, the number of farms for sale has been lower but there remained enough demand in the farmland market to balance the lower supply resulting in steady land prices. At this time, the strong demand to own farmland is one of the main factors pushing prices higher.

“In order for the seller to get top dollar in the current land market, they have to ensure there is true competitive bidding,” said Dickhut. “Farmers National Company and its agents employ the most comprehensive platform of competitive bidding systems available in order to get the best price for sellers including public outcry auctions, a full array of online and simultaneous live auctions, various written bidding mechanisms, and other bidding or listing platforms.”

Higher land values will bring more sellers into the market as estates, trusts, recent inheritors and family groups will decide to sell the farm or ranch and capture the higher prices. Also, uncertainty surrounding future tax policies will trigger a sale sooner than later for some.

Landowners who are thinking of selling their farm are now factoring in both the higher proceeds they would get from the sale and what potential tax obligations might be due.

The land market will be balancing increased demand for good cropland against what might be an increasing supply of farms for sale.

“Our agents are fielding an increased number of calls from landowners who want to sell because of the aforementioned reasons. Our pipeline of sales activity for summer and fall is filling up.” Dickhut said.

Farmers National Company’s land sales activity has already been very brisk and above the market the past seven months with dollar volume of land sold up 60 percent over last year and up 67 percent over the average of the past three years. The number of acres sold in this time period is up 64 percent from last year.

In a rising land market, it becomes more difficult to predict what a farm will actually sell for on any given day especially when there is demand from both farmers and investors, Dickhut said.

“The best way to sell cropland in the current market is to take it to auction or some form of competitive bidding that brings together the potential buyers and lets them push the price,” he said.

###

Editor’s Note: Regional information can be inserted here from media center reports at:

<https://www.pappasmarketing.com/media-center/farmers-national-company/june-2021-land-values/>

Farmers National Company, an employee-owned company, is the nation’s leading agricultural landowner services company. Over the last five years, Farmers National Company has sold 3,938 properties (1,404 at auction) and more than \$5.02 billion of real estate during the last 10 years. The company manages more than 5,000 farms and ranches in 29 states comprising more than 2 million acres. Additional services provided by the company include auctions, appraisals and valuation services, insurance, consultation, oil and gas management, a national hunting lease program, forest resource management, and FNC Ag Stock. For more information on our company and the services provided, visit the Farmers National Company website at www.FarmersNational.com.