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REGIONAL LAND VALUE REPORT

Iowa, North Dakota, South Dakota, Minnesota

Buyers are aggressively pushing land prices to record highs in the Northern Plains.

“Year to year, we are seeing land prices up 15 to 35 percent for good cropland,” said Brian Mohr, northern area sales manager for Farmers National Company.

Prices for ranchland and pasture are up as well, but are not experiencing the same increases as good cropland in the region. Ranchers and investor buyers are active in the West River region of South Dakota. Drought conditions have somewhat tempered interest in the hardest hit areas though.

Having come through the COVID pandemic and an early summer drought, the current agricultural land market still has more buyers than sellers. The inventory of farms for sale is presently at a low point for all land brokers, since buyers have been aggressively purchasing what has been listed for sale.

“Higher commodity prices drive the demand for good cropland. It is making farmers even more bullish to buy farmland,” Mohr said.

Competitive bidding among potential buyers is delivering the best sales prices to sellers in most areas.

“If you want top dollar in my area, some type of open bidding auction such as a public or simulcast online, or written bid sale brings out the most buyers,” Mohr said.

The expectation is for more farms and ranches to come up for sale in the new year due to the higher prices received and potential changes in tax policy.

“We are seeing increased selling interest by some landowners as we field calls daily,” Mohr said. “Our agents are busy booking winter and early spring auctions and sales.”

Illinois, Indiana, Ohio, Michigan, Kentucky

Land prices this fall have remained strong for high quality cropland in the eastern Corn Belt.

“Illinois has seen land prices move up by as much as 20 percent and Indiana up by 14 percent for Class A farms,” reports Linda Brier, eastern area sales manager for Farmers National Company.

Likewise, western Ohio cropland values are up 5 to 6 percent or more with a recent land sale of \$13,000 per acre. A farm in southwestern Kentucky sold for more than \$13,000 an acre in October.

“Public and online auctions remain the best way to sell high quality farmland in the area and local farmers and investors remain the biggest buyers of cropland,” Brier said.

Supply also has increased from six months ago as sellers flooded the market in a rush to capture high prices and to avoid potential changes in tax policy.

“The demand for good quality farmland more than offset the increase in the number of farms for sale to boost prices higher,” Brier said. “One change from a year ago that we are seeing is the decline in demand for recreational land. Wooded ground that is not income-producing is sitting on the market longer and doesn’t have the interest that it did during the first year of the pandemic. This doesn’t include the forest industry in Kentucky, as Kentucky hardwood is in high demand and continues to rise.”

Brier expects to see land values continue to be strong into 2022 for top quality cropland.

“We are actively booking auctions in January and February. With rates on the rise for long-term borrowing costs, sellers who didn’t get their land on the market in 2021 are anxious to get their property sold in the first quarter of 2022,” he said.

Nebraska, Kansas, Oklahoma, Texas, Arkansas

Buying interest in farmland has accelerated the past year, moving land values to new highs.

“Year to year, we are seeing land prices up 10 to 20 percent for good cropland,” said Paul Schadegg, western area sales manager for Farmers National Company. “Farmers and investors are most interested in higher quality farmland, which is seeing the biggest year-to-year price increase, but the value of all types of land has strengthened. Investors are looking for a safe, long-term inflation hedging asset and farmland is known for that.”

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