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REGIONAL LAND VALUE REPORT

East Central Region: North and West-Central Illinois

Assistant Vice President - Eastern Region Linda Brier reports that the fall of 2022 proved to be just as busy as the fall of 2021 for land auctions, if not busier.

“We had more auctions in this area, as well as private treaty sales,” Brier said.

Land values were up as much as 17 percent in some areas for the farms with Class A soils.

“While we still anticipate auctions being used to sell land in 2023, this area may see more traditional private treaty sales than it has in the past two years,” Brier said.

East Region: Indiana, Ohio, Michigan, Kentucky

Land prices across the eastern Corn Belt have remained at historically high levels throughout 2022 and the trend has continued through the post-harvest fall selling season.

According to Jay VanGordon, area sales manager - Eastern Region, top end selling prices for highly productive land with a large percentage of tillable acres remains strong across all states. Quality remains the No. 1 factor in potential selling price in all states within this region along with competition for land in any given local market.

“Despite higher crop input prices over the past 12 months and rising interest rates, continued strength in the corn and soybean markets has driven profitability in 2022 and as a result, kept land sale values at higher levels,” VanGordon said. “Looking forward into 2023, we are seeing a smaller amount of land for sale in the east for the first quarter of 2023 as many landowners who have been considering selling or were motivated to sell by high prices have done so. We are also seeing some softening of farms with medium quality soils and lower tillable percentages as well.”

Southern Region: Texas and Oklahoma

In the southern area or this region, the demand for quality irrigated land has remained steady through the fall months for irrigated land with quality water production. The irrigation water production is the main factor for value in the area, noted Tyler Ambrose, area sales manager - Southern Region.

“The demand for dryland and pasture became stale with little to no increase in value for these land classes. The ongoing drought in Oklahoma and Texas slowed demand in late summer and into the fall months. In the recent weeks, we have seen an increase in interest for all land classes with potential sales being favorable into the coming months,” Ambrose said. “With a lack of inventory on the market, buyer interest will increase and could push sales. However, market values do not appear to be increasing.”

South Central Region: Kansas and Missouri

The south-central region held a number of strong land auctions throughout Kansas and western Missouri during the late fall and early winter.

“Across these states, we’ve seen high participation in our crowds and online bidding with new market highs being established,” said Steve Morgan, area sales manager - South Central Region. “Over 8,500 acres traded hands through simulcast land auctions in the final months of 2022. Sales continued to show high demand for good to excellent cropland and strong demand for hunting properties. We’ve seen another 10 percent increase in quality dry cropland across Kansas and Missouri since mid-year numbers. Irrigated land continues to have a very strong values in the marketplace, when it comes available.”

Morgan said the area continue to see strong demand with cooperative input pricing, crop prices, weather conditions and world headlines. Investors are participating; however, many of the farms are still being purchased by local producers.

Western Region: Western Nebraska and Colorado

Farmland values in western Nebraska and northeast Colorado remain strong for high quality, productive cropland.

“We are still experiencing near all-time highs for quality irrigated and dry land farms. Continued drought and economic pressure are causing less desirable tracts of land to see some discount from the highs experienced in 2021 and most of 2022,” observed Cole Nickerson, area sales manager - Western Region. “Going forward, weather and macroeconomic factors such as interest rates and commodity prices are going to decide whether higher quality farmland values stay near their current high or if they also start to slip.”

Land inventory could be a supporting factor for strength of sales in the area, Nickerson said. Lower numbers of farms are for sale now compared to the previous two years.

“Much like other markets, farmland values in western Nebraska and Colorado can be classified as strong but volatile as we look into 2023,” Nickerson said.

West Central Region: Eastern Nebraska and Western Iowa

In eastern Nebraska and western Iowa, we've seen outstanding prices for high quality ag land in areas of good grain markets and local competition.

Currently, farmers and investors with cash and/or 1031 money available are the biggest drivers in the market and the reason why Chanda Scheuring, area sales manager - West Central Region, foresees prices staying strong into the new year.

“If things begin to change more with commodity markets, inflation or world events, I believe we could see a softening in the real estate market,” Scheuring said.

Central Region: Iowa and Southern Minnesota

According to Area Sales Manager - Central Region Tom Schutter, the north-central region experienced another strong quarter to round out the calendar year 2022.

“While the volume was down slightly from a year ago, we continued to see strong prices and record sales in many areas,” Schutter said. “The latest Iowa State University Land Values Survey showed average land in Iowa increasing 17 percent over the past 12 months. Our sales coincide with those estimates, with much of the gains coming the first three quarters of the year.”

Looking ahead, Schutter anticipate the higher interest rates and input prices to eventually soften up demand.

“But before we see a drop in value, we will have to burn through a couple years’ worth of liquidity, which may take more time than originally anticipated,” Schutter said. “All in all, we continue holding prices up near record highs while continuing to see a strong demand to own farmland in Iowa and southern Minnesota.”

Northern Regions: Dakotas and Northern Minnesota

In 2022, the northern territory, which consists of the Dakotas and northern Minnesota, witnessed record farmland prices. A 25 percent increase over 2021 was the average common denominator, noted Brian Mohr, area sales manager - Northern Region.

“The highest prices were achieved for farmland within 10 miles of a major city with a \$15,000 per acre sale recorded east of Sioux Falls. And this is for non-development land, as commercial prices were off the charts,” Mohr said. “The majority of the rest of the top sales were seen in the narrow band along and east of Interstate 29. We anticipate the strong prices to continue into early 2023, or until we see a drop in commodity prices.”