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REGIONAL LAND VALUE REPORT

Overall, across all regions of Farmers National Company's trade area, staff saw land values hold steady over the past six months. There were a few exceptional sales above the market along with a few lower quality offerings that sold slightly below the market. But in every region, sales managers report that the land market is currently holding strong at values levels set during the past year.

East Region: Indiana, Ohio, Michigan, Kentucky

Jay Van Gorden, Area Sales Manager for Farmers National Company's Eastern Region, said he continues to see strength in overall land sale values in the second half of 2023 although with a reduced volume of properties for sale for across much of the area compared to the previous two years.

"Most areas of the region have held strong for high quality land with some slight weakening of properties with lower tillable acres or soil quality. Location and competition often drive sales as was the case at a Farmers National Company auction in August in St. Clair County, Illinois, which brought \$18,000 per acre on 120.49 acres of quality soils located on the edge of Bellville, Illinois. An early summer auction of 80 acres in Gibson County, Indiana, of a medium quality farm brought a strong sales price of \$13,400 per acre," Van Gorden said.

East Central Region: Illinois and Wisconsin

Land sale values have reached a plateau since late last summer 2023, according to Nick Westgerdes, Farmers National Company Area Vice President for the East-Central Region.

"Many farms are still being sold at historically strong levels; however, record breaking sales are now few and far between. We've seen several auction 'no-sales' over the past few months, which is a sign that seller and buyer expectations are not aligning quite as well as they were previously," Westgerdes said. "The number of land sales as a whole in Illinois for 2023 was down roughly 35 percent compared to that of 2022. The sentiment of most brokers in our area at the moment is that 2024 will bring about a continued trend of prices leveling off and stabilizing. We do not anticipate either a large drop off or a dramatic increase in land values over the course of 2024."

Central Region: Iowa

This area again saw heavy volume in the second half of 2023, said Tom Shutter, Farmers National Company Area Sales Manager. After lighter volume in the beginning of the year, Farmers National Company has seen a cyclical pickup in farm sales pre- and post-harvest, with the majority of those sales occurring in November and December.

"Values have been relatively flat across the state, but fluctuate based on the locale and the quality of the farm. Lower quality properties, or farms with improvement needs, continue to struggle at public auction, often met with a smaller buyer pool and even a few no-sale scenarios. Conversely, higher quality properties continue to see strong demand from farmers and local investors, with sale prices exceeding agent and seller expectations. Even with the unseasonably dry weather, our yields overall were better than expected in many areas (excluding east-central and northeast Iowa.) which helped to boost the optimism in the local market before year end," Shutter said.

Buyers are anxious as they head into 2024, Shutter added.

“Many land investors are looking at a stock market that continues to break new records, strong returns in money markets and with cash grain prices down nearly \$2 per bushel, buyers are cautious about overspending on a particular piece of property. Despite all of this, there is still a fair amount of land that will hit the market before spring planting and we do expect the demand for the high-quality land to remain strong into the foreseeable future,” Shutter said.

Southern Region: Texas, Oklahoma and Arkansas

Demand for quality cropland, ranchland and forestry acreage remains strong in the southern region of Farmers National Company which includes all of Texas, Oklahoma and Arkansas. However, listings are limited, noted Tyler Ambrose, Farmers National Company Assistant Area Vice President for the Southern Region.

“Highlights over the past six months include the sale of a dryland farm in Baily County, Texas, that sold for \$1,000 per acre. Another 253-acre irrigated cropland farm in Monroe County, Arkansas, sold for \$5,344 per acre. In the eastern Texas county of Cherokee our team sold a pine forestry tract for \$4,005 per acre,” Ambrose said. “We are excited to continue our real estate expansion across Texas with new agents in southeastern Texas, Abilene and Midland, Texas.”

South Central Region: Kansas, Eastern Colorado and Western Missouri

Farmers National Company closed 2023 strong with large sales in September, October and November throughout the south-central region.

“Overall, we continued to see real estate prices flattening across Kansas, western Missouri, eastern Colorado and south-central Nebraska. High quality crop land was still selling for a premium and our simulcast, live and online auctions continued to be very successful,” said Steve Morgan, Farmers National Company Area Sales Manager for the South-Central Region. “Average to below average crop land has experienced price softening, which we anticipated back in July. South-central Kansas, mainly around and north of Wichita, has been a very strong market as shown in our September auction of 1437+- acres that had a total sales price of \$7,903,309. During that auction, an individual 80-acre farm sold for a sale day high of \$7,400 per acre. Other notable sales include 873 acres in Saline and Lafayette County, Missouri, totaling more than \$12 million. Gentry, Nodaway and Andrew counties in Missouri saw 3,317 acres sold totaling more than \$22 million.”

Western Region: Western Nebraska, Northwest Kansas and Northeastern Colorado

In western Nebraska, northwest Kansas and northeast Colorado over the past six months, the agricultural land market has shown mixed trends. High-quality farmland sales remain strong, maintaining high prices. However, lower quality land or land with inherent issues has been slightly discounted, said Farmers National Company Area Sales Manager Cole Nickerson.

“Pastureland sales are strong, buoyed by higher cattle prices. Despite this, the market has faced challenges due to rising interest rates and reduced profitability for farmers. These factors have slowed down the market's growth compared to the record increases seen in recent years. In essence, while prime farmland continues to fetch top dollar, the overall land market in Nebraska is grappling with economic factors that are dampening the pace of growth witnessed in the preceding years,” Nickerson said.

A few recent sale highlights include:

- 159.36+- acres of irrigated cropland in Custer County, Nebraska, sold at simulcast auction on 11/29/2023 for \$10,100 per acre.

- 308.51+/- acres of dryland cropland and recreational land in Boyd County, Nebraska, sold at simulcast auction on 11/8/2023 for \$10,000 and \$10,100 per acre.
- 160+/- acres of irrigated cropland in Hitchcock County, Nebraska, sold at simulcast auction on 10/23/2023 for \$6000 per acre.

West Central Region: Eastern Nebraska and Western Iowa

Land values in eastern Nebraska and western Iowa for the most part have stayed steady, according to Chanda Scheuring, Farmers National Company Area Sales Manager.

“There has been plenty of conversations in the agriculture community surrounding the rise of interest rates over the past year and how this may soften the market. But there still seems to be plenty of cash buyers willing and able to add to their land portfolios at current values, especially when it has been in a desired location close to their current operations. This was seen at a recent sale in Cedar County when a quarter section of dryland went for \$14,800 per acre and another recent sale of 73 acres of irrigated ground in Dodge County that was put under contract at \$17,500 per acre,” Scheuring said.

Northern Regions: Dakotas and Western Minnesota

Considering the reduced amount of land available for sale, Troy Swee, Farmers National Company Area Sales Manager for the Dakotas expects land values to hold steady as the industry moves into the spring of 2024.

“Farmland is still selling extremely well considering the current agriculture economy, but buyers are a little more selective than they were in 2022 and 2023. Land may have peaked in the fall of 2022; however, it is still a great time to sell your property and our auctions are still very well attended by both local farmers and investors,” Swee said.

Sale highlights include 1,270 acres in Walworth and Potter counties, South Dakota. This listing of high quality farmland sold in six tracts at an average of \$5,550 per acre. Another sale in Turner County, South Dakota, saw 313 acres of highly tillable cropland sell for \$8,418 per acre.