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CORNHUSKER ECONOMICS

Cropland Values Rise While Rangeland Values Fall

Preliminary findings from the 2010 University of Nebraska-Lincoln Nebraska Farm Real Estate Survey show cropland values rising across the entire state over the past 12 months. This follows on the heels of a year of little to no value change for most of the state. For the year ending February 1, 2010, dryland cropland with no irrigation potential rose an average of 6.4 percent, while state-wide averages for gravity irrigated cropland and center pivot irrigated cropland climbed 5.2 and 6.1 percent, respectively (Table 1 on next page). Statewide, dryland cropland with potential to be developed for irrigation rose 7.3 percent in value, but varied considerably across the state depending on development restrictions and opportunities. At the same time that cropland classes experienced value gains, the nontillable grazing land class fell 5.6 percent for the year, with even greater percentage declines recorded in the major range areas of the state. The combination of upward value movement for cropland and downward pressure for rangeland led to an overall statewide increase for all land of 4.4 percent (Figure 1).

Market Report	Yr Ago	4 Wks Ago	3/5/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$81.44	\$84.58	\$89.44
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	112.22	115.22	124.54
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	94.57	98.21	102.00
Choice Boxed Beef, 600-750 lb. Carcass.	134.87	139.34	150.34
Western Corn Belt Base Hog Price Carcass, Negotiated.	62.50	64.08	72.26
Feeder Pigs, National Direct 50 lbs, FOB.....	60.00	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.....	56.00	68.59	74.93
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.....	93.25	*	*
National Carcass Lamb Cutout, FOB.	248.44	243.26	266.78
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	4.97	3.72	3.84
Corn, No. 2, Yellow Omaha, bu.	3.51	3.36	3.54
Soybeans, No. 1, Yellow Omaha, bu.	8.65	9.01	9.12
Grain Sorghum, No. 2, Yellow Dorchester, cwt.....	5.18	5.21	5.64
Oats, No. 2, Heavy Minneapolis, MN, bu.	1.87	2.26	2.26
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	190.00	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton.....	77.50	87.50	87.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	140.00	82.50	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	127.50	104.00	101.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	45.62	33.75	38.00
*No Market			

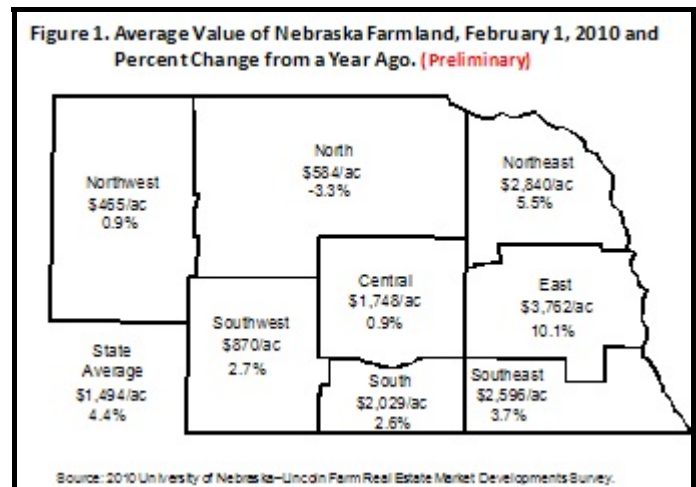


Table 1. Average Reported Value of Nebraska Farmland for Different Types of Land by Agricultural Statistics District, Feb. 1, 2009 - Feb. 1, 2010.^a PRELIMINARY

Type of Land and Year	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State ^c
----- Dollars Per Acre -----									
Dryland Cropland (No Irrigation Potential)									
Rptd. in 2010	490	715	2735	1365	3330	735	1380	2410	1533
Rptd. in 2009	464	692	2498	1300	3101	696	1318	2297	1441
% Change	5.6	3.3	9.5	5.0	7.4	5.6	4.7	4.9	6.4
Dryland Cropland (Irrigation Potential)									
Rptd. in 2010	515	1095	3185	1910	3995	775	1535	2995	2587
Rptd. in 2009	500	1008	3000	1818	3558	750	1415	2985	2411
% Change	3.0	8.6	6.2	5.1	12.3	3.3	8.5	0.3	7.3
Grazing Land (Tillable)									
Rptd. in 2010	320	525	1630	990	1965	435	960	1430	647
Rptd. in 2009	330	565	1525	996	1876	416	936	1358	649
% Change	-3.0	-7.1	6.9	-0.6	4.7	4.6	2.6	5.3	-0.3
Grazing Land (Nontillable)									
Rptd. in 2010	260	340	1045	685	1265	350	710	975	424
Rptd. in 2009	281	378	1000	733	1202	370	707	945	449
% Change	-7.5	-10.1	4.5	-6.5	5.2	-5.4	0.4	3.2	-5.6
Hayland									
Rptd. in 2010	525	625	1205	880	1465	660	880	1015	801
Rptd. in 2009	550	660	1250	904	1440	700	870	991	827
% Change	-4.5	-5.3	-3.6	-2.7	1.7	-5.7	1.1	2.4	-3.1
Gravity Irrigated Cropland									
Rptd. in 2010	1625	1800	3715	3155	4510	1785	3095	3560	3271
Rptd. in 2009	1495	1715	3580	3030	4096	1690	3075	3545	3109
% Change	8.7	5.0	3.8	4.1	10.1	5.6	0.7	0.4	5.2
Center Pivot Irrigated Cropland^b									
Rptd. in 2010	1660	2485	4055	3470	4890	2475	3575	4125	3507
Rptd. in 2009	1535	2378	3912	3277	4422	2391	3474	3850	3304
% Change	8.1	4.5	3.7	5.9	10.6	3.5	2.9	7.1	6.1
All Land Average^c									
Rptd. in 2010	465	584	2840	1748	3762	870	2029	2596	1494
Rptd. in 2009	461	604	2692	1698	3418	847	1977	2503	1431
% Change	0.9	-3.3	5.5	2.9	10.1	2.7	2.6	3.7	4.4

^a SOURCE: 2009 and 2010 UNL Nebraska Farm Real Estate Market Developments surveys.

^b Value of pivot not included in per acre value.

^c Weighted averages.

Survey reporters remarked frequently on the relatively strong income years as of late for the crop sector, while the livestock economy has struggled over the past few years to break even. These economic conditions get factored into virtually every local agricultural real estate market. It was also noted that the number of cropland offerings on the market (the supply side) have tended to be very limited relative to demand - thus creating some upward bidding pressure on cropland tracts that do come up for sale.

For the 12-month period ending February 1, 2010, the percentage changes show considerable variation by sub-state region as well as by land class. The all-land average value in the East District was up more than 10 percent, while the North District, which is heavily weighted towards grazing land acreage, recorded a decline of 3.3 percent to its all-land

average. The Northwest District experienced cropland value advances which were essentially negated by grazing land value declines, leading to the all-land value increase of less than 1 percent for the year.

Preliminary cash rental rates for 2010 are showing rather similar patterns of change to the value trends discussed above – 2010 cropland rental rates tend to be up across the state, while pasture rates are steady to slightly below 2009 levels (Tables 2 and 3).

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland: 2010 Averages and Ranges by Agricultural Statistics District.^a PRELIMINARY

Type of Land	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
----- Dollars Per Acre -----								
Dryland Cropland:								
Average Range:	31	b	144	83	146	41	74	116
High.....	39	b	180	104	181	54	.94	152
Low.....	22	b	110	59	116	31	54	86
Gravity Irrigated Cropland:								
Average Range:	115	b	207	174	208	130	183	197
High.....	154	b	247	208	248	165	224	232
Low.....	82	b	170	145	172	113	145	165
Center Pivot Irrigated Cropland								
Average Range:	140	167	232	193	234	162	198	214
High.....	175	190	281	229	283	201	237	256
Low.....	114	125	181	157	198	137	156	178
Pasture:								
Average Range:	11	14	40	27	35	13	29	32
High.....	14	20	51	31	46	19	34	40
Low.....	8	11	29	21	25	10	22	23

^a SOURCE: Reporters' estimated cash rental rates (both averages and ranges) from the 2010 UNL Nebraska Farm Real Estate Market Developments Survey.

^b Insufficient number of reports.

DISCLAIMER: Cash rental rates provided in this table and in the Historical Cash Rent Series in Appendix Table 6 should be used as indicators of general patterns and trends for the sub-state regions, and not necessarily as appropriate levels to be assigned to any specific land parcel.

Table 3. Reported Cash Rental Rates for Pasture on a Monthly Rate Basis for 2010: Averages and Ranges by Agricultural Statistics District.^a PRELIMINARY

Type	Agricultural Statistic District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
----- Dollars Per Month -----								
Cow-Calf Pair Rates^c								
Average Range:	26.40	33.00	33.60	32.90	31.25	29.50	28.50	30.80
High	32.50	38.35	39.10	37.15	38.65	35.00	30.00	37.50
Low	21.85	28.00	31.50	26.15	26.35	25.60	21.50	25.75
Stocker (500-600 lb.) Rates:								
Average Range:	18.00	19.35	b	19.00	b	18.20	b	b
High	20.85	22.65	b	22.00	b	23.00	b	b
Low	14.50	17.00	b	15.35	b	15.80	b	b

^a SOURCE: Reporters' estimated cash rental rates (both averages and ranges) from the 2010 UNL Nebraska Farm Real Estate Market Developments Survey.

^b Insufficient number of reports.

^c A cow-calf pair is typically considered to be 1.25 to 1.30 animal units (animal unit being 1,000 lb. animal). However, this can vary depending on weight of cow and age of calf.

Relative to year-earlier levels, average dryland cropland rents generally show a three to seven percent increase, with the better quality dryland cropland showing somewhat stronger increases. (For time-series comparisons see the complete historical rent series in the latest 2008-2009 Nebraska Farm Real Estate Market Developments at: www.agecon.unl.edu.) Largest percentage gains rents are in the East District. As for the irrigated cropland classes, the regional increases were mostly in the four to eight percent range, again with the higher quality land in the respective irrigated classes showing somewhat higher percentage increases over year-earlier levels. In both the Northeast and East Districts 2010 rents on the irrigated land classes are up by seven to eight percent from a year ago. It is in these regions where the state's highest cash rents are occurring - in fact, high-quality center pivot cropland is reportedly renting this year upwards of \$280 per acre.

Average per acre pasture rental rates for 2010 are reportedly down slightly in five of the eight sub-state districts, while remaining stable in the other three regions - no doubt a reflection of the stressful cattle economy. Likewise, reported 2010 pasture rates on a monthly basis are generally below last year's levels.

A final note: Overall, the market for agricultural land across the state has remained relatively strong over the course of the national and global economic recession. While economic impacts have been felt in the farm economy, agricultural real estate assets have basically held both value and earnings potential up to this point in time. Unlike residential and commercial real estate markets in numerous parts of the nation, agricultural land here in the U.S. heartland remains a relatively solid investment for its owners.

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