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CORNHUSKER ECONOMICS

University of Nebraska–Lincoln Extension

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Institute of Agriculture & Natural Resources
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Nebraska Agricultural Land Markets Showing Strong Gains

Market Report	Yr Ago	4 Wks Ago	3/11/11
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	$92.54	$106.21	$119.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	124.07	148.25	152.46
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	102.33	126.00	130.05
Choice Boxed Beef, 600-750 lb. Carcass	149.40	169.24	177.34
Western Corn Belt Base Hog Price Carcass, Negotiated	70.33	81.64	79.98
Feeder Pigs, National Direct 50 lbs, FOB	71.26	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	74.25	88.80	91.06
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct	*	157.50	180.50
National Carcass Lamb Cutout, FOB	271.51	352.06	377.76
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	3.80	8.20	6.69
Corn, No. 2, Yellow Omaha, bu.	3.43	6.82	6.29
Soybeans, No. 1, Yellow Omaha, bu.	9.06	13.84	13.09
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	5.43	11.45	10.52
Oats, No. 2, Heavy Minneapolis, MN , bu.	2.18	4.22	3.41
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	135.00	140.00	140.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	87.50	72.50	72.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	*	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	104.00	203.50	191.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	40.00	69.75	70.50

*No Market

Riding the wave of high commodity prices and farm income levels, Nebraska's agricultural land values rose 22 percent in the 12-month period ending February 1, 2011. According to preliminary results from the annual University of Nebraska-Lincoln Nebraska Farm Real Estate Market Developments Survey, the state's all-land average value is at a historic high of $1,833 per acre (Figure 1 on next page, and Table 1 on page 3). That level is double the state's all-land average just six years previously in 2005.

While all classes of farmland posted large percentage gains, the cropland categories showed the strongest gains - a clear reflection of high income conditions for the state's crop sector over the past few years. For the center pivot cropland class the annual value advances have been particularly strong for some time, with a doubling of average value in just the last five years. For the grazing land classes the advances of the past 12 months follow more moderate historical value advances, as the state's livestock industry, up until recently, has struggled through difficult economic times. In fact, the recent gains in the North District on nontillable grazing land follows on the heels of a ten percent decline the previous year.

Sub-state regional differences in value advances are noteworthy for the year ending February 1, 2011. The Northeast, Central and South Districts all saw overall gains of 25 percent, with some of the cropland classes in those districts even exceeding the 25 percent rate. For the Central and South Districts, advances of previous years were somewhat below the state trends; so this recent gain may be indicative of a more lagged market effect encompassing more than the previous 12 months.

Preliminary values for the Northwest and Southwest Districts indicate more moderate value

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movements, with all-land value gains of 12.3 and 13.9 percent, respectively. This may be partially explained by the fact that both of these districts have relatively large grazing land components in their land inventory. Consequently, their regional agricultural economies have not been as strong as the more cash-grain based districts to the east.

As for value levels, 2011 marked the first time ever a land class in a district moved into the $6,000 value range - center pivot land in the East District was estimated to average $6,175 per acre, increasing nearly 27 percent from a year ago (value of pivot not included in that per-acre value).

Our UNL annual survey panel members commented that 2011 is a very unique time in agricultural land markets. They see higher income flows contributing greatly in the short-run to dramatic upward advances. They also note that while buyer demand is high, the availability of land for sale (supply side) is very limited. Moreover, market participants, both current buyers and existing owners, are financially strong and not vulnerable at this point in time. Still, a general tone set by our reporters is that risk levels are moving upward, and it is a time to be very cautious.

As expected, cash rental rates for farmland surged upward with the strong agricultural economy. Preliminary estimates for the 2011 season show dramatic increases over 2010 levels (Table 2 on next page). For cropland, the percentage gains generally fall in the 15 to 25 percent range. Given current commodity price levels and the likelihood of record-shattering income levels for the crop sector this year, these significant cash rental rate increases look to be not only economically justified, but even conservative. For the pasture rental rates, both on a per-acre and a dollar per month basis, the rates are generally stable to slightly upward across most of the state for 2011 (Table 3 on next page).

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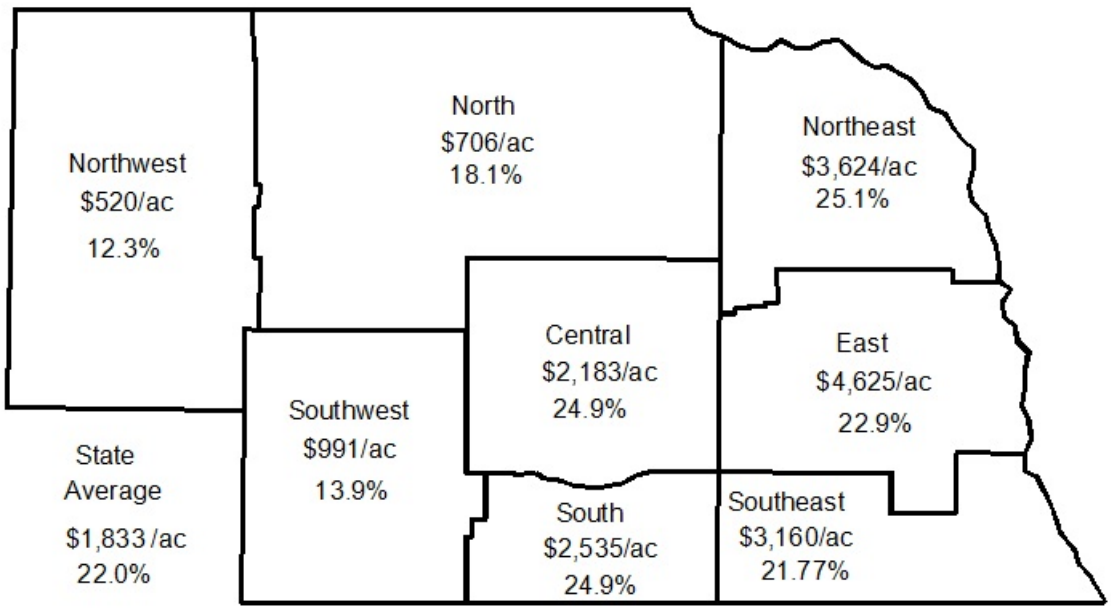
Figure 1. Average Value of Nebraska Farmland, February 1, 2011 and Percent Change from a Year Ago (Preliminary)



Source: UNL Nebraska Farm Real Estate Market Developments Survey.

Table 1. Average Reported Value of Nebraska Farmland for Different Types of Land by Agricultural Statistics District, Feb. 1, 2010 – Feb. 1, 2011[a] PRELIMINARY

Type of Land & Year	Agricultural Statistics District								
	NW	N	NE	Central	E	SW	S	SE	State[c]
	Dollars per acre								
Dryland Cropland (No Irrigation Potential)									
Reported In 2011	545	800	3450	1605	3995	875	1738	2925	1850
Reported In 2010	475	715	2740	1365	3330	735	1380	2410	1530
% Change	14.7	11.9	25.9	17.6	20.0	19.0	25.9	21.4	20.9
Dryland Cropland (Irrigation Potential)									
Reported In 2011	550	1200	4200	2355	4765	905	2090	3640	3192
Reported In 2010	515	1095	3280	1910	3995	775	1535	2995	2611
% Change	6.8	9.6	28.0	23.3	19.3	16.8	36.2	21.5	22.3
Grazing Land (Tillable)									
Reported In 2011	340	740	2090	1145	2365	490	1100	1795	797
Reported In 2010	320	595	1640	990	1965	435	960	1430	669
% Change	6.3	24.4	27.4	15.7	20.4	12.6	14.6	25.5	19.1
Grazing Land (Nontillable)									
Reported In 2011	280	390	1210	810	1530	415	805	1195	490
Reported In 2010	260	340	1060	685	1265	350	710	975	425
% Change	7.7	14.7	14.2	18.2	20.9	18.6	13.4	22.6	15.3
Hayland									
Reported In 2011	550	785	1485	1100	1840	700	1085	1250	978
Reported In 2010	525	625	1275	880	1465	660	880	1015	810
% Change	4.8	25.6	16.5	25.0	25.6	6.1	23.3	23.2	20.7
Gravity Irrigated Cropland									
Reported In 2011	1980	2050	4500	3940	5725	1975	3940	4300	4074
Reported In 2010	1625	1800	3715	3155	4510	1785	3095	3560	3271
% Change	21.8	13.9	21.1	24.9	26.9	10.6	27.3	20.8	24.5
Center Pivot Irrigated Cropland[b]									
Reported In 2011	1975	2955	5100	4530	6175	2760	4470	5020	4343
Reported In 2010	1650	2485	4140	3470	4890	2475	3575	4125	3520
% Change	19.7	18.9	23.2	30.5	26.3	11.5	25.0	21.7	23.4
All Land Average [c]									
Reported In 2011	520	706	3624	2183	4625	991	2535	3160	1833
Reported In 2010	463	598	2898	1748	3762	870	2029	2596	1503
% Change	12.3	18.1	25.1	24.9	22.9	13.9	24.9	21.7	22.0

[a] SOURCE: 2010-2011 UNL Nebraska Farm Real Estate Market Developments surveys.

[b] Value of pivot not included in per acre value.

[c] Weighted averages.

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland: 2011 Averages, Percent Change in Averages from 2010 and Ranges by Agricultural Statistics District.[a] PRELIMINARY

	Agricultural Statistics District							
Type of Land & Year	NW	N	NE	Central	E	SW	S	SE
	Dollars per acre							
Dryland Cropland								
Average	35	45	180	94	178	48	96	142
% Change	12.9	b	25.0	13.3	21.9	17.1	25.7	22.4
High Third Quality	45	58	226	116	221	60	115	180
Low Third Quality	25	32	142	68	139	35	70	110
Gravity Irrigated Cropland								
Average	b	b	248	197	259	b	211	236
% Change	b	b	19.8	13.2	24.5	b	15.3	19.8
High Third Quality	b	b	287	231	299	b	264	281
Low Third Quality	b	b	216	172	212	b	174	200
Center Pivot Irrigated Cropland[c]								
Average	171	195	279	221	273	193	233	257
% Change	22.1	16.8	20.3	14.5	16.7	19.1	17.7	20.1
High Third Quality	200	220	326	252	318	241	288	299
Low Third Quality	137	158	221	181	220	158	185	221
Pasture:								
Average	11	14	47	30	37	14	32	34
% Change	0.0	0.0	17.5	11.1	5.7	7.7	10.3	6.3
High Third Quality	14	18	61	36	47	20	38	41
Low Third Quality	8	11	34	24	26	12	25	24

[a] Source: Reporters' estimated cash rental rates (both averages and ranges) from the 2011 UNL Nebraska Farm Real Estate Market Developments Survey.

[b] Insufficient number of reports.

[c] Cash rents on center pivot land assumes landowner owns total irrigation system.

Table 3. Reported Cash Rental Rates for Pasture on a Monthly Rate Basis for 2011: Averages and Ranges by Agricultural Statistics District.[a] PRELIMINARY

	Agricultural Statistics District							
Type of Land & Year	NW	N	NE	Central	E	SW	S	SE
	Dollars per month							
Cow-Calf Pair Rates[c]								
Average	28.00	34.00	35.70	33.30	35.80	33.85	b	32.90
High Third Quality	33.20	39.85	43.85	39.00	45.00	38.35	b	39.65
Low Third Quality	21.80	27.00	27.75	27.00	25.00	28.30	b	25.75
Stocker (500-600 lb) Rates								
Average	19.25	20.35	b	20.00	b	21.00	b	b
High Third Quality	24.25	23.65	b	22.75	b	24.65	b	b
Low Third Quality	16.00	17.10	b	16.0	b	17.35	b	b

[a] Source: Reporters' estimated cash rental rates (both averages and ranges) from the 2011 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.