7-1986

Nebraska Farm Real Estate Market Developments 1985-86

Bruce B. Johnson
University of Nebraska-Lincoln, bjohnson2@unl.edu

Ronald J. Hanson
University of Nebraska-Lincoln, rhanson1@unl.edu

Department of
Agricultural Economics
Report No. 148 July, 1986

Nebraska Farm Real Estate Market Developments

1985-86

By Bruce B. Johnson
& Ronald J. Hanson

The Agricultural Research Division
University of Nebraska-Lincoln
Institute of Agriculture & Natural Resources

NEBRASKA FARM REAL ESTATE

MARKET DEVELOPMENTS IN 1985-86

by

Bruce B. Johnson & Ronald J. Hanson*
July, 1986

---

* Associate Professor and Professor, Department of Agricultural Economics, University of Nebraska-Lincoln.

* * * * * * *

The authors express their appreciation to the survey reporters for their participation in completing and returning the Nebraska farm real estate market survey questionnaire. Without their efforts and interest, the availability and publication of the data within this report would not be possible. Special thanks is also extended to the Federal Land Bank of Omaha for providing the farmland sales data for Nebraska.

* * * * * * *

TABLE OF CONTENTS

LIST OF TABLES

FIGURES

APPENDIX TABLES

NEBRASKA FARM REAL ESTATE MARKET DEVELOPMENTS IN 1985-86

SUMMARY

Results of the 1986 Nebraska farm real estate market survey indicate that farmland values continued to fall sharply during the past year as the current farm financial crisis persists. For the state, the average percentage decline from February 1, 1985 to February 1, 1986 was 24.7 percent. This drop in Nebraska land values of nearly 25 percent was even larger than the 23.5 percent decline reported a year ago. These percentage declines of the past two years now represent the largest decreases ever recorded in USDA's statistical series for Nebraska which dates back to 1912.

This downward trend in Nebraska land values has now continued for five consecutive years as the farm real estate market adjusts to current economic conditions and the financial stress in agriculture. The accumulated decline from the peak land values of 1981 now totals a drop of 55 percent for Nebraska.

In nominal terms, current land values are comparable to those values reported in 1974-75, prior to the boom period during the last half of that decade. In real terms (inflation adjusted), the declines in farmland values are even more dramatic. Current farm real estate values in Nebraska are equivalent to those values of 1950 when measured in real (purchasing power) terms. The gains or increased wealth to land owners in land appreciation during the past quarter century have been entirely wiped out by the losses reported during the past five years.

Large percentage declines in farmland values occurred in virtually every area of the state and for all types of land use. The largest regional declines were reported in the Central crop reporting district where land values dropped over 28 percent last year. Of the various types of land use,

grazing land values (both tillable and nontillable) declined the highest percentages, down 29.4 and 27.4 percent respectively, last year.

Results of the 1986 farm real estate market survey indicated that farm expansion remained the most frequent reason or motive for purchasing farmland last year. The second most frequent reason stated was taking advantage of lower land prices. On the sellers' side of the market, financial stress was the dominant factor in selling land last year. This was evident in every district across the state, thus providing evidence of the severe financial troubles being experienced throughout all of Nebraska. The impact of the continued financial crisis on the farm real estate market cannot be overestimated.

Although there were fewer land sales last year, the most interesting finding that emerged from this year's survey was the fact that nearly half of these sales were strictly cash transactions (no debt incurred). In contrast, only 10 percent of all sales in 1981 were for cash. Consequently, the financial profile of land buyers in the state appears to have changed.

In responding to a series of statements regarding Initiative 300, more than half of the survey reporters felt that Initiative 300 had contributed to the recent declines in Nebraska farmland values. Nearly three-fourths of the reporters disagreed with the statement that Initiative 300 would accomplish its objective of preserving the family farm.

Cash rental rates in Nebraska declined even further for 1986. Estimates from the 1986 farm real estate survey indicate that current cash rents for cropland are 10 to 15 percent below 1985 rates. For pasture/rangeland, cash rental rates on an AUM (animal-unit-month) basis dropped nearly 15 percent the past year. Current cash rental rates for cropland are 20 to 30 percent below 1982 rent levels, while pasture/rangeland cash rents have declined more than 30 percent in the past four years.

INTRODUCTION

Farm real estate market conditions in Nebraska continue to remain in a very uncertain and depressed state. Continued financial stress in the farming sector since 1982 has resulted in substantial changes in market participation and sales activity, as well as substantial declines in land values.

This report marks the ninth in an annual series regarding Nebraska farm real estate values and market conditions. Using a variety of data sources, including an annual farm real estate market survey conducted each February, an attempt is made to provide a comprehensive and current analysis of land values and market conditions in Nebraska.

Any person somewhat knowledgeable of land market conditions, particularly for a specific land tract, is fully aware of its very localized character and individual uniqueness. Therefore this effort is not an investigation of a single, well-defined market; rather it is a more general, composite overview of thousands of local markets across the state. Thus, we caution the reader to use this information and analysis in that fashion, and not draw specific implications to their unique situations.

GENERAL TRENDS IN FARMLAND VALUES

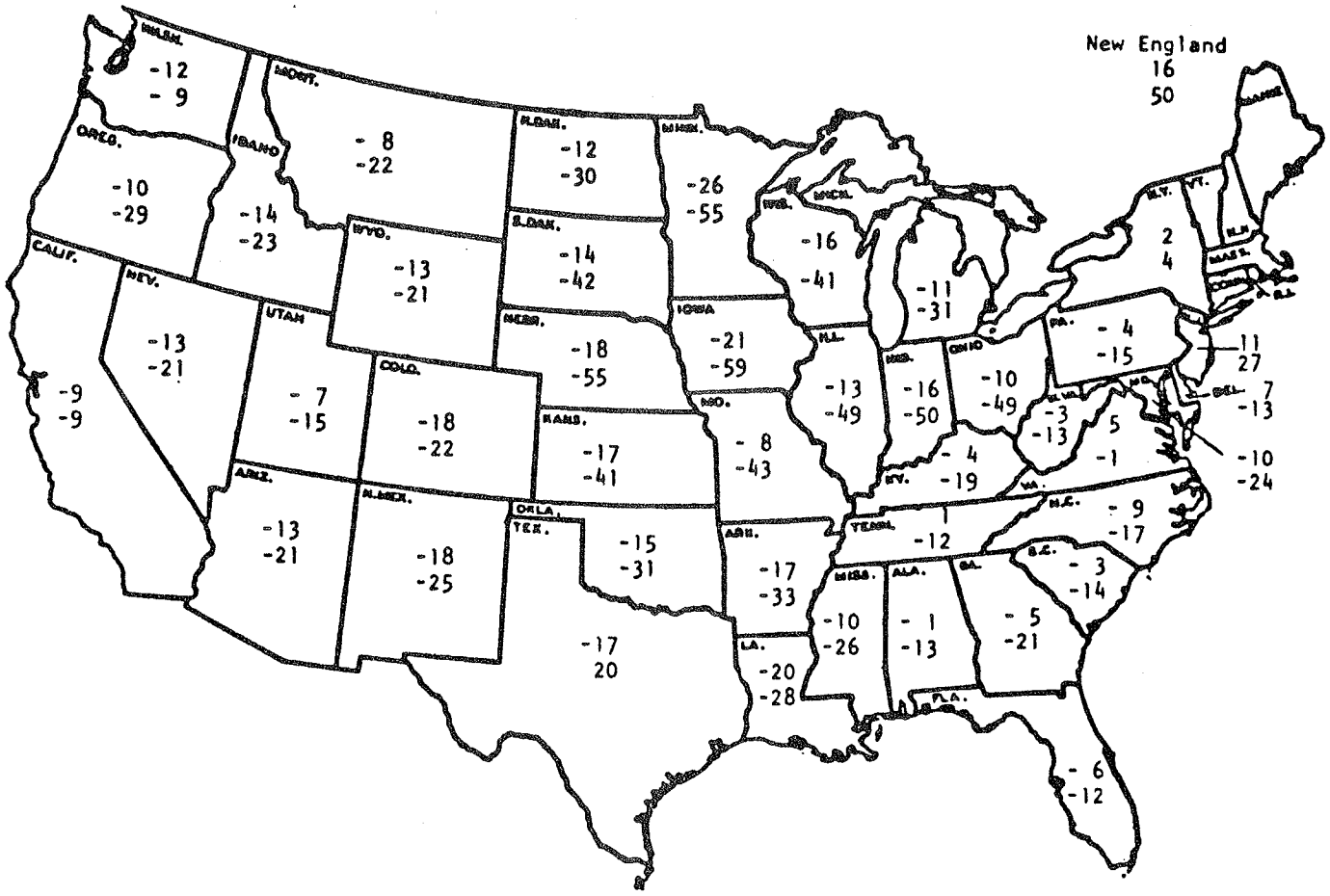
Substantial depreciation of farmland values has occurred in recent years. Here in Nebraska, the value decline from February 1, 1985 to February 1, 1986 was nearly 25 percent according to the Department of Agricultural Economics-UNL 1986 Farm Real Estate Market Survey. The USDA index series of average land values registered an 18 percent decline for Nebraska farmland between April 1, 1985 and February 1, 1986 (Table 1).

Continued declines in land values have occurred throughout much of the country in recent months (Figure 1). With the exception of some coastal

Table 1. Farm Real Estate: USDA Indexes Of Value Per Acre Of Irrigated Land, Dry Cropland, And Grazing Land, Nebraska, 1980-1986.[a/]

Period	Index of Average Value			
	Irrigated Land	Dry Cropland	Grazing Land	All Land
	Index (1977=100)			
Feb. 1980.....	126	144	123	137
Feb. 1981.....	136	160	136	151
Apr. 1982.....	135	148	133	143
Apr. 1983.....	120	133	122	129
Apr. 1984.....	104	117	101	114
Apr. 1985.....	75	86	65	82
Feb. 1986.....	62	72	46	67
	Percent Change			
Feb.1979-Feb.1980..	14	16	8	14
Feb.1980-Feb.1981..	8	11	11	10
Feb.1981-Apr.1982..	- 1	- 7	-2	-5
Apr.1982-Apr.1983..	-11	-10	-8	-10
Apr.1983-Apr.1984..	-13	-12	-17	-12
Apr.1984-Apr.1985..	-28	-26	-36	-28
Apr.1985-Feb.1986..	-17	-16	-29	-18

[a/] Includes Improvements. Source: Index Series maintained by USDA and Reported in Farm Real Estate Market Developments Outlook & Situation Report Series.



Top No.: Change from 1985 to 1986
Bottom No.: Change from 1981 to 1986

Figure 1. Percent Change In Average Value Of Farm Real Estate Per Acre, United States, April 1, 1985 to April 1, 1986 and February 1, 1981 to February 1, 1986.

states in the Northeast, the downward trend has been pervasive. However, the magnitude of percentage drops has clearly been greatest in the central region of the country. As noted in Figure 1, Minnesota and Iowa have registered the largest percentage declines. As would be expected, these states represent areas of extreme financial stress in farming.[1/]

The recent patterns of land value declines across the country shown in Figure 1 are largely a continuation of a multiyear adjustment. As of February 1, 1986, the average value of Iowa farmland had dropped 59 percent from peak levels of 1981 - the largest accumulated rate of decline in the nation. Declines in both Nebraska and Minnesota have been nearly as extreme - 55 percent on average. In other words, Nebraska farmland which would have sold for $1,000 per acre in 1980-81 would be valued at $450 in 1986.

In nominal terms, today's land values are comparable to those of 1974-75, a time representing the start of the dramatic land boom period of the 1970's (see Figure 2 and Appendix Table 1). However, when adjusted for general inflation and expressed in real (purchasing power) dollars, Nebraska's land value levels are currently lower than any time in the past quarter century (see deflated index of average value in Appendix Table 3). In fact, in real terms the current land value level is now comparable to that of 1950.

The implications of these continued land value declines are extreme. For land owners who have purchased and/or held land over this recent period, the value deflation has meant a major loss of wealth (net worth). For some owners, land represents a major portion of their estate, and often

---

1/ Economic Indicators of the Farming Sector--State Financial Summary, 1984, Economic Research Service, U.S. Department of Agriculture, ECIFS4-5, March, 1986.

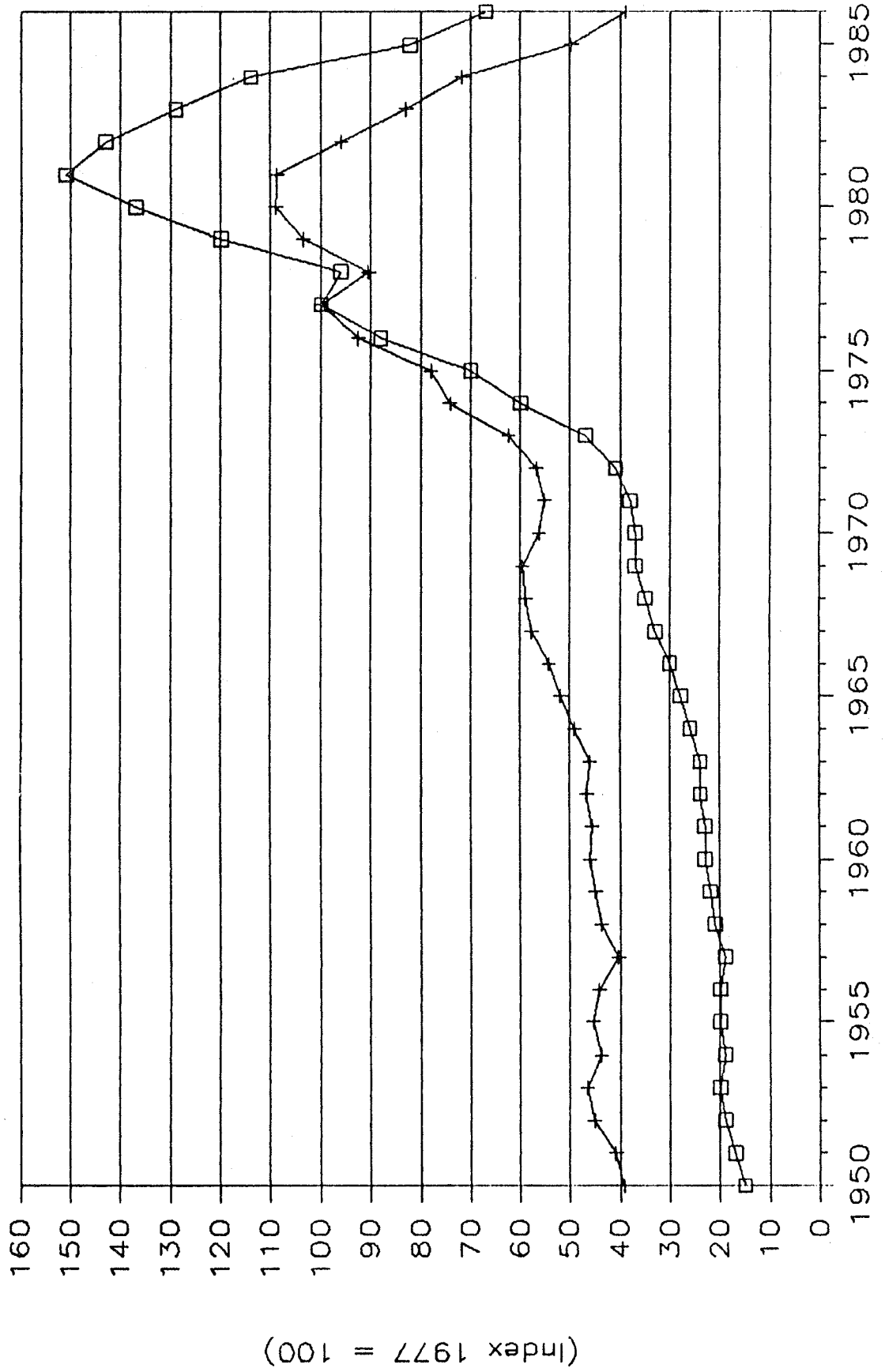


Figure 2. Index of Nebraska Farmland Values, 1950 to 1986: Nominal and Deflated Index of Average Farmland Values.

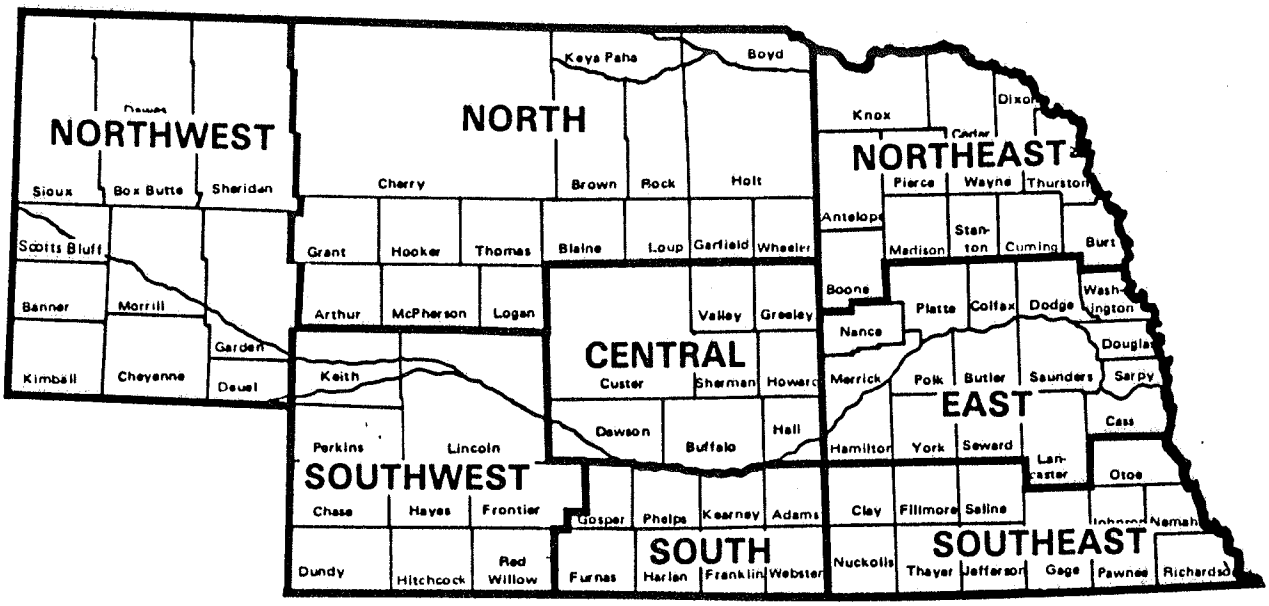


Figure 3. Nebraska Crop Reporting Districts.

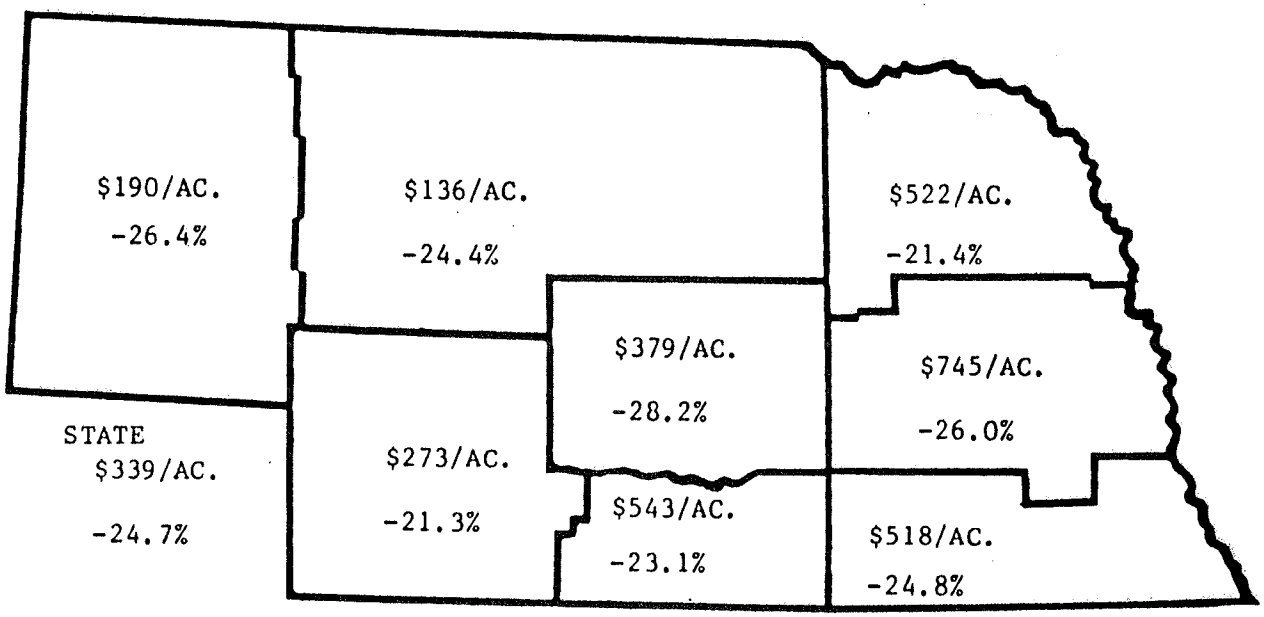


Figure 4. Average Value Of Nebraska Farmland, February 1, 1986 And Percent Change From A Year Ago.

Table 2. Average Reported Value Of Nebraska Farmland For Different Types Of Land By Crop Reporting District, Feb. 1, 1985 And Feb. 1, 1986.[a/]

Type of Land & Year	Crop Reporting District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE[c/]
	Dollars Per Acre								
Dryland Cropland (No Irrigation Potential)									
Rptd. in 1986...	259	198	499	263	669	308	412	423	384
Rptd. in 1985...	325	237	643	340	905	365	474	612	501
% Change.....	-20.3	-16.5	-22.4	-22.6	-26.1	-15.6	-13.1	-30.9	-23.3
Dryland Cropland (Irrigation Potential)									
Rptd. in 1986...	312	300	598	367	746	377	573	545	524
Rptd. in 1985...	425	340	746	486	1013	504	705	723	684
% Change.....	-26.6	-11.8	-19.8	-24.5	-26.4	-25.2	-18.7	-24.6	-23.4
Grazing Land (Tillable)									
Rptd. in 1986...	101	135	275	166	366	146	250	241	154
Rptd. in 1985...	146	180	392	259	510	205	339	357	218
% Change.....	-30.8	-25.0	-29.8	-35.9	-28.2	-28.8	-26.2	-32.5	-29.4
Grazing Land (Nontillable)									
Rptd. in 1986...	71	85	179	131	262	84	158	178	98
Rptd. in 1985...	94	115	258	192	341	118	236	243	135
% Change.....	-24.5	-26.1	-30.6	-31.8	-23.2	-28.8	-33.0	-26.7	-27.4
Hayland									
Rptd. in 1986...	190	154	233	230	335	182	190	219	179
Rptd. in 1985...	261	206	332	273	470	250	258	311	241
% Change.....	-27.2	-25.2	-29.8	-15.7	-28.7	-27.2	-26.4	-29.6	-25.7
Gravity Irrigated Cropland									
Rptd. in 1986...	754	612	900	940	975	867	963	957	920
Rptd. in 1985...	1042	817	1102	1304	1329	1010	1283	1171	1214
% Change.....	-27.6	-25.1	-18.3	-27.9	-26.6	-14.2	-24.9	-18.3	-24.2
Center Pivot Irrigated Cropland[b/]									
Rptd. in 1986...	496	400	700	628	970	558	788	788	634
Rptd. in 1985...	691	581	875	850	1243	691	1055	1020	833
% Change.....	-28.2	-31.2	-20.0	-26.1	-22.0	-19.2	-25.3	-22.7	-23.9
All Land Average[c/]									
Rptd. in 1986...	190	136	522	379	745	273	543	518	339
Rptd. in 1985...	258	180	664	528	1007	347	706	689	450
% Change.....	-26.4	-24.4	-21.4	-28.2	-26.0	-21.3	-23.1	-24.8	-24.7

a/ Source: 1985 and 1986 Nebraska Farm Real Estate Market Surveys.
b/ Value of pivot not included in per acre value.
c/ Weighted averages.

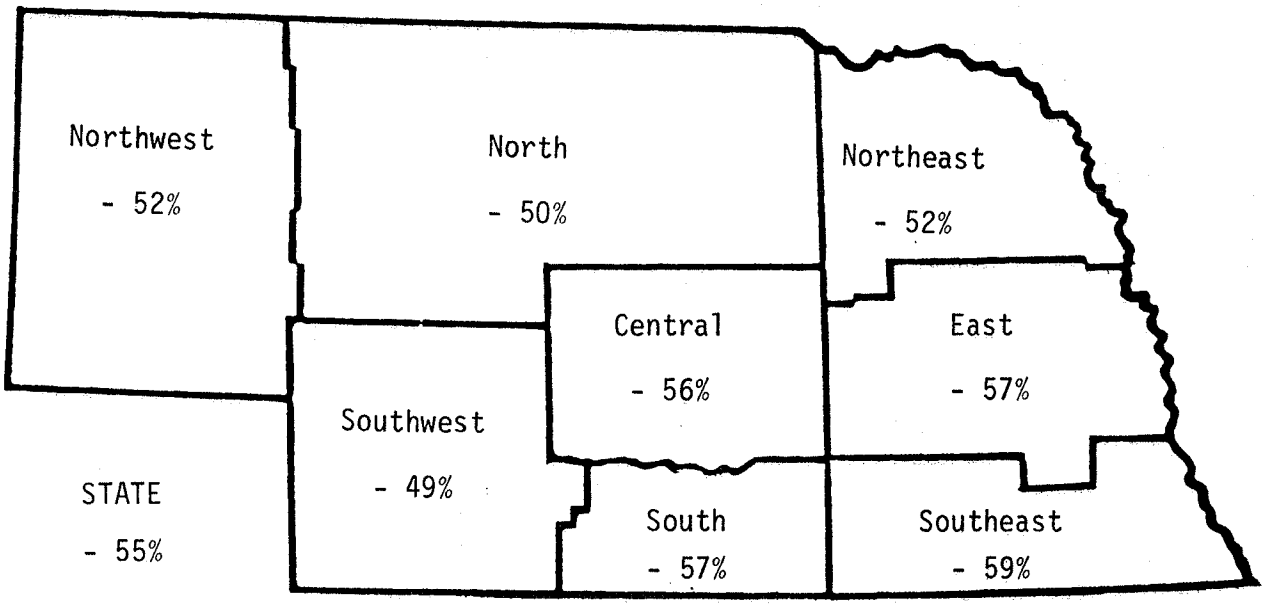


Figure 5. Average Percentage Decline From Peak Values Of 1981 For Nebraska Farmland (All Land Classification) By Crop Reporting Districts As Of February 1, 1986.

would infer that farmer buyers still are an important part of the demand side in the market. Second in importance was lower land prices--an indication that the demand side of the market, to some extent, is responding to economic signals. Obviously, for most buyers the motive is multifaceted; the land purchase may be an add-on unit but is considered a good investment in large part because the price was right.

As for the supply side of the 1985 market, financial stress was reportedly the primary reason (53% of all responses) for selling farmland (Table 5). This reason was clearly the dominant factor in each district. The more typical factors, estate settlement and retirement or health, ranked second and third respectively for the state. Compared with a year earlier, this pattern of response remained similar. Financial stress only accounted for 17 percent of responses or reasons for selling farmland in 1981.

Farmland Sales During 1985

The farmland sales which did transpire during 1985 tended to be somewhat similar to, as reported by the Federal Land Bank of Omaha, those of earlier years in terms of size and relative proportions of cropland and pasture (Table 6). However, the financial characteristics of 1985 land sales were substantially different from 1984 conditions. Average price levels, both per acre and per tract, were down considerably from 1984. Overall, the average price per tract in 1985 fell into the $80,000 to $120,000 price range as compared to the $130,000 to $170,000 range reported in 1984. But perhaps even more significant is the fact that nearly half of the sales in 1985 were for cash (no debt incurred). This compares to about one fourth of the 1984 sales and less than one tenth of the transactions which occurred in the 1980-81 period. In other words, the financial

profile of land buyers today appears to be quite different from their early-decade counterparts. Equity or wealth capital is now playing a major role while the use of debt capital has moderated. Moreover, even in those transactions where debt is incurred, all indications point to relatively larger down payments being required than just a few years ago. Obviously, lenders are now operating with much greater financial caution.

FARMLAND SALES ACTIVITY

Ownership transfer of farmland remained in a near dormant state through 1985. Sales activity was reportedly down even further from the sluggish market in 1984 (Table 7). More than four out of every ten reporters indicated less sales activity compared with year-earlier levels. Only one-fourth of the reporters saw some increase in the number of sales.

In looking ahead to 1986, the majority were expecting some increase in the volume of sale transactions (Table 8). Their expectations were largely a reflection of their perception of two factors: (1) a pent-up supply of farmland which will need to come onto the market and be sold; and (2) increased interest among potential buyers as land prices, interest rates, and potential returns in alternative investments have fallen.

The pattern of abbreviated sales activity in recent months points out a very important characteristic of the agricultural land market. During periods of appreciating values and general optimism, the liquidity of land ownership runs high; a seller can consummate a sale with relative ease. However, on the downward side of the market, the owner can find his/her land asset becoming increasingly illiquid. Within the seller's range of reasonable price concessions, the transaction will not take place. For the land owner who is financially capable of holding the land, a decision to sell is usually postponed. But in those instances where a land sale is

Table 7. Survey Respondents' Estimates Of The Percent Change In The Number Of Nebraska Farmland And Ranchland Tracts Sold During The Past Year (Feb. 1, 1985 To Feb. 1, 1986).[a/]

	The Number Sold:		
	Increased	Decreased	Remained the Same
Proportion of Responses Reported...	25%	42%	33%
Average Percentage Change Reported[b/]	+13%	-38%	

[a/] Source: 1986 Nebraska Farm Real Estate Market Survey.

[b/] Percentage change relative to sales during previous 12-month period.

Table 8. Survey Respondents' Estimate Of The Expected Percentage Change In The Number Of Nebraska Farmland And Ranchland Tracts Which Will Be Sold During 1986.[a/]

	The Number To Be Sold Will:		
	Increase	Decrease	Remain the Same
Proportion of Responses Reported...	64%	5%	31%
Average Percentage Change Expected[b/]	+22%	-25%	

[a/] Source: 1986 Nebraska Farm Real Estate Market Survey.

[b/] Percentage change relative to sales during previous 12-month period.

required or forced, for financial reasons or otherwise, a farm real estate market in an illiquid phase can be economically devastating to the seller.

1986 CASH RENTAL MARKET IN NEBRASKA

Cash rental rates reported for cropland in 1986 were down from year-earlier levels in all of the crop reporting districts (Table 9). Several factors contributing to this decline were: (1) greater availability of land to rent; (2) an increasing preference among tenants to reduce risk by leasing for shares instead of cash; and (3) a somewhat leaner farm income support program for 1986. Sharp declines in cash rents were particularly evident in the Central District for both dryland and irrigated cropland. However, decreases of 10 percent or more from 1985 levels were common in several other areas of the state as well.

Due to the nature of this year's farm program with lower loan rates and greater emphasis on deficiency payments, the official program base acreage and established yield levels for a particular land parcel becomes critical to profitability. The higher the proportion of a land parcel's acreage eligible for program sign-up and the higher its established yield, the more profitable the return. Tenants have been keenly aware of these conditions when bidding cash rents for cropland. Consequently, in any given area, cropland of comparable productivity may exhibit rather extreme differences in negotiated cash rental rates.

For pasture/rangeland, the cash rental rates on a Animal Unit/Month (AUM) basis showed a very marked downward movement across all districts. Average 1986 rates fall into the $10 to $11 range per AUM, which was generally 15 percent below year-earlier levels. As previously noted, substantial beef cow herd liquidations have occurred which has reduced the rental demand for pasture/rangeland.

Table 9. Reported Cash Rental Rates For Various Types Of Nebraska Farmland - 1986 Rates And Comparison With Year Earlier Levels.[a/]

Type of Land	Crop Reporting District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
	Dollars Per Acre							
Dryland Cropland:								
Average 1986 Rate...	[b/]	[b/]	52	29	58	25	35	45
Range of 1986 Rates.	[b/]	[b/]	35-65	20-45	40-75	20-30	25-50	30-60
Average 1985 Rate...	[b/]	[b/]	55	38	65	26	40	50
Gravity Irrigated Cropland:								
Average 1986 Rate...	78	73	80	90	97	77	93	88
Range of 1986 Rates.	60-100	60-80	60-100	70-115	75-115	60-90	75-120	75-105
Average 1985 Rate...	91	90	89	105	99	80	103	98
Center Pivot Irrigated Cropland:								
Average 1986 Rate...	[b/]	60	86	75	99	69	91	86
Range of 1986 Rates.	[b/]	40-80	75-100	50-100	80-120	50-90	75-100	65-100
Average 1985 Rate...	[b/]	69	93	90	104	81	111	96
Dryland Alfalfa:								
Average 1986 Rate...	[b/]	[b/]	47	32	52	25	44	40
Range of 1986 Rates.	[b/]	[b/]	30-65	25-40	30-70	20-30	25-60	30-50
Average 1985 Rate...	[b/]	[b/]	50	44	59	28	42	40
Irrigated Alfalfa:								
Average 1986 Rate...	[b/]	[b/]	68	58	69	[b/]	68	[b/]
Range of 1986 Rates.	[b/]	[b/]	40-80	45-75	45-95	[b/]	60-85	[b/]
Average 1985 Rate...	[b/]	[b/]	74	80	87	[b/]	69	[b/]
Other Hayland:								
Average 1986 Rate...	[b/]	[b/]	[b/]	26	29	[b/]	[b/]	26
Range of 1986 Rates.	[b/]	[b/]	[b/]	20-35	25-35	[b/]	[b/]	15-40
Average 1985 Rate...	[b/]	[b/]	[b/]	38	38	[b/]	[b/]	28
Pastureland (Per-Acre):								
Average 1986 Rate...	5	[b/]	16	10	22	6	10	16
Range of 1986 Rates.	4-6	[b/]	10-25	8-12	15-30	5-8	8-15	15-30
Average 1985 Rate...	5	6	20	13	23	7	14	20
	Dollars Per Animal Unit/Mo.							
Average 1986 Rate...	10.70	10.50	11.00	10.60	10.10	10.40	10.70	11.30
Range of 1986 Rates.	10-11	9-13	10-12	7-12	9-13	7-13	10-12	7-15
Average 1985 Rate...	12.20	12.70	12.90	13.00	12.80	13.60	13.80	13.60

[a/] Reporters estimated cash rental rates from the annual Nebraska Farm Real Estate Market Survey.

[b/] Insufficient number of reports.

Over the past several years, cash rental rates have gradually adjusted downward. Yet, the decline in cash rents has been less than the downward adjustments to land values (Appendix Table 6). Current rates for cropland are typically 20 to 30 percent below peak cash rent levels of 1981 and 1982. The smallest decreases have been observed in the East while some of the largest multiyear declines are evident in the Central District. With the exception of the Northwest District pasture AUM, cash rental rates for pasture/rangeland have fallen 30 percent or more in the past three to four years.

In a separate data series on cash rental rates maintained by USDA and the Nebraska Crop and Livestock Reporting Service, similar state level patterns for the three major land classes can be observed (Tables 10 and 11). What is interesting to note in this series is the relation of rental rates to the associated market value of the land. In the 16-year history of this series, never have the rent-to-value ratios been as high as those for 1986. For both dryland and irrigated cropland, the ratio is now higher than 10 percent.[2/] In contrast, this ratio was in the 6 percent range for 1980.

The rent to value ratio is a critical indicator from an investment perspective. In essence, the higher the ratio, the greater the asset value reflections of short run (annual) earnings and the lower the impact of anticipated future growth in earnings. The change reflected for farmland in these data series is no less than profound. The market for farmland has moved very decisively from a more speculative, "growth stock" mentality to

---

2/ These ratios of rent-to-value for Nebraska are now the highest state-level averages reported by USDA. See Outlook and Situation Summary: Agriculture Resources, Economic Research Service, USDA, April 9, 1986.

Table 10. Reported Cash Rents And Ratios Of Rent-To-Value For Various Land Types In Nebraska, 3-Year Moving Averages, 1971-1986.[a/]

Time Period (3-Yr. Moving Average)	Irrigated Land		Dry Cropland		Grazing Land	
	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio
	Dollars	Percent	Dollars	Percent	Dollars	Percent
1971-73.....	42.70	8.7	19.30	7.4	5.00	5.6
1972-74.....	49.30	8.9	22.20	7.5	5.30	5.2
1973-75.....	58.30	8.8	25.10	7.3	6.30	5.4
1974-76.....	69.30	8.2	28.80	6.8	7.30	5.3
1975-77.....	79.30	7.7	32.40	6.5	8.30	5.1
1976-78.....	85.30	7.4	35.70	6.3	9.10	5.1
1977-79.....	89.70	7.3	40.60	6.2	9.70	5.0
1978-80.....	93.70	6.8	43.80	6.0	10.00	4.8
1979-81.....	100.70	6.6	47.20	5.8	10.40	4.5
1980-82.....	106.00	6.5	47.40	5.6	11.20	4.5
1981-83.....	108.50	6.8	51.20	6.0	12.00	4.7
1982-84.....	107.10	7.3	52.50	6.5	12.60	5.2
1983-85[b/]...	104.30	8.4	52.80	7.7	12.80	6.6
1984-86.....	98.00	9.3	50.60	8.7	10.90	6.8

a/ Source: Based upon unpublished data collected annually by the Nebraska Crop and Livestock Reporting Service.
b/ Revised.

Table 11. Reported Cash Rents And Ratios Of Rent-To-Value For Various Land Types In Nebraska, 1971-1986.[a/]

Year	Irrigated Land		Dry Cropland		Grazing Land	
	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio
	Dollars	Percent	Dollars	Percent	Dollars	Percent
1971	38.00	8.3	17.10	7.1	4.40	5.4
1972	43.00	9.0	19.30	7.4	5.10	5.7
1973	47.00	8.8	21.60	7.7	5.40	5.6
1974	58.00	8.9	25.70	7.3	6.30	5.4
1975	70.00	8.6	28.00	7.0	7.20	5.3
1976	80.00	7.4	32.60	6.3	8.40	5.2
1977	88.00	7.2	36.60	6.4	9.20	4.9
1978	88.00	7.5	37.90	6.3	9.60	5.2
1979	93.00	6.9	47.20	6.0	10.20	5.0
1980	100.00	6.3	46.30	5.8	10.20	4.4
1981	109.00	6.5	48.20	5.7	10.70	4.2
1982	111.00	6.8	52.10	5.9	12.60	4.7
1983	106.00	7.1	53.40	6.6	12.90	5.1
1984	114.00	8.4	57.90	8.0	13.00	6.1
1985[b/]	94.00	9.8	47.00	8.4	10.80	7.2
1986[c/]	86.00	10.5	46.90	10.3	8.98	7.5

a/ Annual weighted state averages based upon unpublished data collected by the Nebraska Crop and Livestock Reporting Service.
b/ Revised.
c/ Preliminary.

one in which the land asset is valued more heavily on the basis of its current earnings potential. The speculation component which surged during the optimistic 1970's has essentially been removed from the land market. What remains is a farmland value structure that is more reflective of annual earnings and less on the growth expectations of the future.

PROJECTED RETURNS TO FARMLAND AT CURRENT VALUES

As a follow-up to the previous discussion regarding rent-to-value ratios, a simple analysis of net returns was made for a variety of different farmland situations across Nebraska (Table 12). Typical 1986 cash rental rates were used as a starting point for estimating net returns to agricultural land. Various costs associated with ownership under a cash rental arrangement were then subtracted to arrive at an estimated per acre net return.

For dryland cropland, estimated net returns averaged 8 to 9 percent of the current market land value in the eastern third of Nebraska. For many potential buyers, this rate of return is very competitive with other investment opportunities. At these net return levels, the land itself would service annual debt payments on a typical mortgage of up to 75 percent or more of purchase price. Of course, various tax allowances will alter somewhat the specific net return levels for each individual.

Because of higher ownership costs, substantially lower rates of net return were estimated for irrigated land. The range was from less than 3 percent for center pivot cropland in northern Nebraska to nearly 6 percent for eastern Nebraska gravity irrigated cropland. Correspondingly, these net returns for irrigated land would service a much smaller level of indebtedness. While these levels of net returns may not be as economically attractive, it should be noted that certain federal tax provisions may be

Table 12. Estimation Of Typical Net Returns For Selected Land Types In Nebraska[a/]

Row	Item	Northeast NE Dryland Cropland	Northeast NE Center Pivot Irrigated Cropland[b/]	Eastern NE Dryland Cropland	Eastern NE Gravity Irrigated Cropland (from well)	Southeast NE Dryland Cropland	South Central NE Gravity Irrigated Cropland (from well)
1.	Purchase price per acre.....	$535.00	$850.00	$625.00	$950.00	$475.00	$925.00
2.	Annual cash rent (gross).....	$ 55.00	$ 90.00	$ 60.00	$100.00	$ 50.00	$ 95.00
3.	Gross Rent-to-value ratio.....	10.3%	10.4%	9.6%	10.5%	10.5%	10.3%
	Annual owner expenses						
4.	Real Estate Taxes[c/]....	$ 6.70	$ 8.75	$ 7.80	$ 12.00	$ 5.95	$ 11.50
5.	Irrigation costs[d/].....	—	$ 35.00	—	$ 30.00	—	$ 30.00
6.	Incidential costs.....	$ 2.00	$ 3.00	$ 2.50	$ 3.25	$ 2.00	$ 3.25
7.	Total owner costs.....	$ 8.70	$ 46.75	$ 10.30	$ 45.25	$ 7.95	$ 44.75
8.	Annual net returns per acre (before income taxes).....	$ 46.30	$ 43.25	$ 49.70	$ 54.75	$ 42.05	$ 50.25
9.	Percentage rate of return to assets (before income taxes).....	8.7%	5.1%	8.0%	5.8%	8.9%	5.4%
10.	Mortgage amount per acre which could be serviced by net returns assuming a 30-year amortized loan at 11 percent interest:	$403.80	$376.00	$432.00	$476.00	$365.00	$437.00
11.	% of purchase price....	75%	44%	69%	50%	77%	47%

(See footnotes at end of table.)

Table 12. Estimation Of Typical Net Returns For Selected Land Types In Nebraska[a/] (continued)

Row	Item	Southwest NE Dryland Cropland	Southwest NE Center Pivot Irrigated Cropland[b/]	Northwest NE Gravity Irrigated Cropland (from well)	Northern NE Center Pivot Irrigated Cropland[b/]	Northern NE Sandhills Rangeland
1.	Purchase price per acre.....	$325.00	$700.00	$750.00	$550.00	$ 85.00
2.	Annual cash rent (gross).....	$ 27.50	$ 70.00	$ 80.00	$ 60.00	$ 4.50
3.	Gross Rent-to-value ratio.....	8.5%	10.0%	10.7%	10.9%	5.3%
	Annual owner expenses					
4.	Real Estate Taxes[c/]....	$ 4.05	$ 8.75	$ 9.40	$ 6.90	$ .55
5.	Irrigation costs[d/].....	—	$ 35.00	$ 30.00	$ 35.00	—
6.	Incidential costs.....	$ 2.00	$ 2.75	$ 2.75	$ 2.00	$ .50
7.	Total owner costs.....	$ 6.05	$ 46.50	$ 42.15	$ 43.90	$ 1.05
8.	Annual net returns per acre (before income taxes).....	$ 21.45	$ 23.50	$ 37.85	$ 16.10	$ 3.45
9.	Percentage rate of return to assets (before income taxes).....	6.6%	3.4%	5.1%	2.9%	4.1%
10.	Mortgage amount per acre which could be serviced by net returns assuming a 30-year amortized loan at 11 percent interest:	$186.00	$204.00	$329.00	$140.00	$ 30.00
11.	% of purchase price....	57%	29%	44%	25%	35%

---

a/ Current purchase prices & cash rents based upon the 1986 Nebraska Farm Real Estate Market Survey.
b/ Value of pivot of approximately $150.00 per acre included in purchase price.
c/ Real estate taxes assumed to be 1.25 percent of purchase price for all cropland, & .625 percent of purchase price for all rangeland.
d/ Estimated fixed irrigation costs of depreciation & insurance plus annual maintenance & repairs on irrigation equipment, based upon Estimated Crop & Livestock Production Cost For Nebraska, 1986, Department of Agricultural Economics, UNL, EC86-872, 1986.

more applicable for certain buyers where an irrigation investment is involved. Thus, after-tax earnings may be higher than implied here.

In summary, general improvements in the relationship of earnings to value should create some renewed buyer interest in the market for farmland. For cropland, particularly, the continuation of the farm income support program has helped to maintain land returns. However, uncertainty as to the longer-run picture of farm profitability still clouds the buyer's view of the market. It appears that many potential buyers are not convinced that income flows associated with land ownership have yet to plateau at a level that is sustainable over a number of years. As a result, a discount factor for income uncertainty, to varying degrees, seems to be entering into the current price levels being bid.

PERCEPTIONS OF THE IMPACT OF INITIATIVE 300 ON THE FARM REAL ESTATE MARKET

Authors' Note: Reporters to the 1986 farm real estate market survey were asked to respond to a series of questions regarding the impact of Initiative 300 on the farm real estate market in Nebraska. While not representative of the population at large, these survey reporters do constitute a group of individuals who are closely affiliated with the farm real estate market conditions in Nebraska. Even though this group may have a vested interest (or even a biased opinion) in certain issues, their perceptions and views regarding the impact of Initiative 300 are important and deserve consideration.

The survey results reported in this section of the publication represent only the responses and opinions of the survey reporters. These results do not represent the opinions of the University of Nebraska-Lincoln, the Institute of Agriculture and Natural Resources, the Department of Agricultural Economics or the authors themselves.

In November 1982, Initiative 300 was submitted to the voters of Nebraska. The voters approved this amendment to the Nebraska Constitution, and it became effective January 1, 1983.

The basic prohibition contained in Initiative 300 is that:

> No corporation or syndicate shall acquire or otherwise obtain an interest whether legal, beneficial, or otherwise, in any title to real estate used for farming or ranching in this state, or engage in farming or ranching.

Various exemptions exist for specific kinds of agricultural operations, for lands acquired in the collection of debts, and for specific kinds of corporations--i.e., nonprofit corporations and family farm and ranch corporations.

Since its enactment, this constitutional amendment has stirred heated debate among proponents and opponents. Legislative resolutions were introduced in the 1986 legislative session to place a repeal vote on the November 1986 ballot and to allow the creation of alternative business entities. No definite legislative action was taken, and the controversy

still continues.

In responding to a series of statements, concerning Initiative 300, the reporters represented the entire range from strong agreement to strong disagreement (Table 13). When asked if they perceived Initiative 300 contributing to recent declines in land values, more than half agreed while a fourth disagreed. To a corollary statement, noting that if it had been in effect 10 years previously the rate of increase in farmland values during the 1970s would have been smaller, nearly half did agree to this statement as well. (This argument is sometimes raised by proponents who claim that recent value declines are not caused by Initiative 300 but rather because it was not in place during the boom years of the 1970's.)

Another statement concerning reporter perceptions of past influence pertained to buyer participation. The majority (60 percent) disagreed with the statement that it had had no impact. However, when asked about any instance where a farming purchase would have occurred if not for Initiative 300, less than half of the total number of reporters said they were aware of any specific case (Table 14).

As to perceptions of the future, more than six out of ten reporters had the opinion that Initiative 300 could force farmland held by financial institutions onto the market in a manner which would cause further declines in land prices. An even larger majority felt it would reduce the flow of investment capital into Nebraska agriculture. Nearly three out of every four respondents disagreed with the statement that Initiative 300 will accomplish its intent of preserving the family farm.

Given the above responses, it was not unexpected to find that the vast majority of the reporters preferred repeal or modification of Initiative 300.

Table 13. Reporter Response To Statements Concerning The Impact Of Initiative 300 In Nebraska.*

Statements Concerning Initiative 300	Percentage Distribution of Respondents Who:					Average Response (on numerical scale)
	Strongly Agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)	
	Percent					
1. Initiative 300 has contributed to the recent declines in farmland values.....	18	40	16	15	11	2.603
2. Had it been in effect 10 years previously, Initiative 300 would have reduced the rate of increase in farmland values during the 1970's.....	15	32	16	29	8	2.830
3. Initiative 300 has had virtually no impact on participation by buyers in the farm real estate market.....	6	24	10	37	23	3.460
4. Initiative 300 will force farmland that has been acquired by financial institutions through foreclosure onto the market, causing further declines in land prices.....	16	46	14	19	5	2.493
5. Initiative 300 will accomplish its intent of preserving the family farm.....	6	8	11	32	43	3.964
6. Initiative 300 will reduce the flow of investment capital into Nebraska agriculture....	38	39	11	7	5	2.014
7. Initiative 300 will reduce livestock production in Nebraska..	30	32	16	16	6	2.340

Source: 1986 Nebraska Farm Real Estate Market Survey.
* (Represents opinions expressed by survey reporters only.)

Table 14. Reporter Awareness of Specific Impacts of Initiative 300 On The Agricultural Land Market And Their Preferences Regarding Its Future.*

Crop Reporting District	Percentage of respondents aware of a specific instance where a farmland purchase would have occurred if not for Initiative 300	Percentage Distribution Of Respondent Preferences Regarding The Future Of Initiative 300			
		Leave As Is	Repeal	Modify	Total
		- - - - - - Percent - - - - - -			
Northwest	69	0	100	0	100
North	50	33	17	50	100
Northeast	40	13	67	20	100
Central	67	8	39	54	100
East	22	16	51	33	100
Southwest	56	25	56	19	100
South	53	16	79	5	100
Southeast	30	23	54	23	100
STATE	43	16	60	24	100

Source: 1986 Nebraska Farm Real Estate Market Survey.
* (Represents opinions expressed by survey reporters only.)

APPENDIX TABLES

Appendix Table 1. Farm Real Estate: USDA Indexes Of Average Value Per Acre Of Nebraska Farmland, 1912-1986.

Year[a]	Index Of Ave. Value (1977=100)	Year[a]	Index Of Ave. Value (1977=100)
1912	11.2	1950	15.0
1913	11.5	1951	17.3
1914	11.7	1952	19.1
		1953	20.0
1915	11.6	1954	19.0
1916	11.9		
1917	12.7	1955	20.0
1918	14.6	1956	19.6
1919	16.6	1957	19.1
		1958	20.6
1920	20.6	1959	21.9
1921	19.1		
1922	16.5	1960	22.6
1923	16.0	1961	22.7
1924	14.7	1962	24.4
		1963	24.4
1925	14.2	1964	26.4
1926	14.1		
1927	13.6	1965	28.0
1928	13.5	1966	30.0
1929	13.4	1967	32.5
		1968	35.2
1930	13.0	1969	36.8
1931	12.1		
1932	10.3	1970	37.4
1933	8.0	1971	38.1
1934	8.3	1972	41.4
		1973	47.3
1935	8.3	1974	59.6
1936	8.4		
1937	8.3	1975	70.1
1938	7.9	1976	88.2
1939	7.5	1977	100.0
		1978	96.1
1940	6.7	1979	119.8
1941	6.2		
1942	6.7	1980	137.0
1943	7.3	1981	151.0
1944	8.9	1982	143.0
		1983	129.0
1945	9.8	1984	114.0
1946	11.0		
1947	12.5	1985	82.0
1948	14.6	1986	67.0
1949	16.0		

Source: Farm Real Estate Market Developments (Outlook & Situation Report) series, Economic Research Service USDA.

a/ Prior to 1976 the indexes are as of March 1; for 1976-1981 they center on February 1; for 1982-1985, they are April 1 indexes of Ave. Value; and for 1986, they are February 1.

Appendix Table 2. Farm Real Estate Values In Nebraska, USDA Historical Series, 1860-1986.[a/b/c/]

Year	Number of Farms	Land in Farms	Value of Land & Buildings		
			Per Acre	Per Farm	Total Value
	Thousand	Million Acres	Dollars	Thousand Dollars	Million Dollars
1860	2.8	1.0	6	1.4	6
1870	12.3	2.1	12	2.0	24
1880	63.4	9.9	11	1.7	106
1890	113.6	21.6	19	3.5	402
1900	121.5	29.9	19	4.8	578
1910	129.7	38.6	47	14.0	1,813
1911	129.2	39.0	48	14.4	1,864
1912	128.8	39.2	49	14.9	1,919
1913	128.2	39.5	50	15.4	1,974
1914	127.5	39.8	51	15.9	2,027
1915	126.9	40.3	50	15.9	2,017
1916	126.3	40.9	51	16.5	2,084
1917	125.8	41.5	54	17.8	2,240
1918	125.2	41.8	62	20.7	2,591
1919	123.1	41.9	71	23.8	2,978
1920	124.6	42.2	88	29.8	3,712
1921	125.1	41.9	82	27.5	3,439
1922	137.1	41.9	71	21.7	2,974
1923	126.6	42.1	68	22.6	2,860
1924	127.3	41.8	63	20.7	2,635
1925	127.5	42.1	60	19.8	2,524
1926	128.2	42.5	60	19.9	2,552
1927	128.5	43.2	58	19.5	2,505
1928	128.6	44.0	57	19.5	2,508
1929	128.9	44.3	57	19.6	2,526
1930	129.3	44.6	56	19.3	2,495
1931	129.9	45.0	52	18.0	2,338
1932	130.8	45.8	44	15.4	2,015
1933	132.0	46.0	35	12.2	1,609
1934	133.2	46.4	35	12.2	1,625
1935	134.0	46.9	34	11.9	1,594
1936	131.2	46.7	34	12.1	1,587
1937	128.5	47.4	32	11.8	1,516
1938	125.8	47.4	30	11.3	1,421
1939	123.6	46.8	28	10.6	1,310
1940	121.1	47.4	24	9.4	1,138
1941	119.2	48.2	22	8.9	1,061
1942	116.9	48.2	24	9.9	1,157
1943	115.6	47.5	27	11.1	1,283
1944	113.7	47.9	33	13.9	1,580
1945	111.4	47.6	37	15.8	1,760
1946	111.3	47.4	42	17.9	1,992
1947	110.1	48.0	47	20.5	2,257
1948	109.0	47.3	56	24.3	2,649
1949	108.0	47.2	62	27.1	2,927
1950	107.3	47.2	58	25.5	2,735

Appendix Table 2 (continued)

Year	Number of Farms	Land in Farms	Value of Land & Buildings		
			Per Acre	Per Farm	Total Value
	Thousand	Million Acres	Dollars	Thousand Dollars	Million Dollars
1951	105.4	47.4	66	29.7	3,131
1952	103.9	47.5	72	32.9	3,417
1953	102.5	47.3	75	34.6	3,548
1954	100.8	47.6	70	33.0	3,329
1955	95.8	47.5	73	35.1	3,469
1956	96.7	47.6	73	35.9	3,472
1957	94.6	48.0	72	36.5	3,454
1958	92.5	48.0	79	41.0	3,791
1959	90.6	47.5	86	45.1	4,084
1960	88.4	48.0	89	48.3	4,269
1961	86.4	47.8	90	49.8	4,302
1962	84.3	48.0	95	54.1	4,558
1963	82.2	47.6	97	56.2	4,617
1964	80.1	47.7	105	62.5	5,009
1965	78.9	47.8	111	67.2	5,301
1966	77.5	47.5	120	73.6	5,704
1967	76.2	47.0	132	81.2	6,188
1968	74.9	46.5	143	88.8	6,653
1969	73.6	46.3	150	94.3	6,940
1970	72.3	46.0	154	97.9	7,076
1971	70.3	45.9	157	102.6	7,210
1972	69.4	45.8	171	113.0	7,838
1973	68.3	46.3	193	130.7	8,935
1974	67.4	45.8	246	167.0	11,258
1975	67.0	47.9	282	201.6	13,508
1976	67.0	47.9	363	259.2	17,366
1977	66.0	47.8	420	304.1	20,070
1978	66.0	47.8	412	298.5	19,702
1979	65.0	47.7	525	385.3	25,043
1980	65.0	47.7	635	466.0	30,290
1981	65.0	47.7	729	534.9	34,773
1982	63.0	47.5	730	550.4	34,675
1983	62.0	47.4	701	535.9	33,227
1984	60.0	47.2	617	485.3	29,117
1985	60.0	47.2	444	349.4	20,964
1986[c/]	60.0	47.2	364	284.8	17,190

[a/] Source: Farm Real Estate Historical Series Data: 1960-1970 and Farm Real Estate Market Developments Series, issued by the U.S. Department of agriculture.

[b/] Per acre values in recent years are based upon 1982 Census of Agriculture benchmark data with annual changes from that point based upon USDA indexes of change.

[c/] Preliminary estimates.

Appendix Table 3. Deflated Indexes Of Nebraska Farmland Values And Percent Changes, 1930-1985.[a/] [b/]

Year	Index of Average Value/Ac. (1977=100)	GNP Price Deflator (1977=100)	Deflated Index of Average Value/Ac. (1977=100)[c/]	Year-to-Year Change in Index of Deflated Farmland Values[e/]
				Percent
1930	13	23.2	55.9	-
1931	12	21.1	56.8	1.6
1932	10	18.8	53.2	- 6.3
1933	8	18.3	43.6	- 8.0
1934	8	20.0	40.1	- 8.0
1935	8	20.3	39.4	- 1.7
1936	8	20.4	39.2	- 0.5
1937	8	21.4	37.4	- 4.6
1938	8	20.9	38.3	2.4
1939	8	20.8	38.5	0.5
1940	7	21.3	32.9	-14.5
1941	6	23.0	26.1	-20.7
1942	7	25.4	27.5	5.4
1943	7	26.6	26.3	- 4.4
1944	9	27.1	33.2	26.2
1945	10	27.8	36.0	8.4
1946	11	32.1	34.3	- 4.8
1947	13	36.3	35.8	4.4
1948	15	38.8	38.6	7.8
1949	16	38.5	41.6	7.8
1950	15	38.2	39.3	- 5.5
1951	17	41.5	40.9	4.1
1952	19	42.1	45.1	10.3
1953	20	43.0	46.5	3.1
1954	19	43.4	43.8	- 5.8
1955	20	44.1	45.4	3.7
1956	20	45.2	44.2	- 2.6
1957	19	47.1	40.0	- 9.5
1958	21	48.0	43.8	9.5
1959	22	49.0	44.9	2.5
1960	23	50.0	46.0	4.2
1961	23	50.4	45.7	- 0.9
1962	24	51.3	46.8	2.4
1963	24	52.2	46.0	- 1.7
1964	26	52.9	49.1	6.7

Appendix Table 3 (continued)

Year	Index of Average Value/Ac. (1977=100)	GNP Price Deflator (1977=100)	Deflated Index of Average Value/Ac. (1977=100)[c/]	Year-to-Year Change in Index of Deflated Farmland Values[e/]
				Percent
1965	28	53.9	51.9	5.7
1966	30	55.3	54.2	4.4
1967	33	57.2	57.7	6.5
1968	35	59.4	58.9	2.2
1969	37	62.1	59.5	0.9
1970	37	65.7	56.3	- 5.4
1971	38	69.0	55.1	- 2.1
1972	41	72.1	56.8	3.1
1973	47	75.3	62.4	9.9
1974	60	80.9	74.1	18.8
1975	70	89.8	77.9	5.1
1976	88	95.1	92.5	18.7
1977	100	100.0	100.0	8.1
1978	96	106.1	90.5	- 9.5
1979	120	115.9	103.5	14.4
1980	137	125.7	109.0	5.3
1981	151	138.9	108.7	- 0.3
1982	143	149.1	95.9	-11.8
1983	129	155.6	82.9	-13.6
1984	114	161.6	70.5	-15.0
1985	82	167.4	49.0	-30.5
1986[d/]	67	172.6	38.8	-20.8

[a/] Revised from series reported in earlier reports.

[b/] Refers to year ending March 1 for years prior to 1976; year ending February 1 for years 1976-1981; and year ending April 1 for years 1982-1985, and year ending February 1 for 1986.

[c/] Computed by dividing the index of average value per acre by the 1st Quarter GNP Price Deflator.

[d/] Preliminary estimate.

[e/] A positive value entry in this column represents a real increase in asset value for the year (e.e., the rate of land value appreciation exceeded the rate of inflation). Conversely, a negative value entry represents a real decrease in asset value.

Appendix Table 4. Average Reported Value Of Nebraska Farmland For Different Types Of Land By Crop Reporting District, 1978-1986.[a/]

Type of Land & Year	Crop Reporting District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE[c/]
	Dollars Per Acre								
Dryland Cropland (No Irrigation Potential)									
1978...	289	253	648	319	817	360	468	660	492
1979...	317	319	813	397	1061	387	541	808	602
1980...	347	340	920	471	1296	454	626	971	702
1981...	419	346	1009	519	1409	546	754	1060	778
1982...	411	336	966	502	1325	522	752	988	742
1983...	387	321	864	450	1204	469	664	939	681
1984...	379	300	779	416	1129	444	653	840	632
1985...	325	237	643	340	905	365	474	612	501
1986...	259	198	499	263	669	308	412	423	384
Dryland Cropland (Irrigation Potential)									
1978...	409	387	741	590	1128	471	873	953	757
1979...	449	514	930	708	1411	520	1102	1152	926
1980...	533	565	1132	767	1733	628	1282	1352	1107
1981...	680	533	1225	880	1785	733	1432	1402	1192
1982...	658	535	1097	833	1665	685	1411	1268	1108
1983...	563	462	975	680	1462	654	1175	1160	979
1984...	507	441	911	638	1349	631	1050	1069	905
1985...	425	340	746	486	1013	504	705	723	684
1986...	312	300	598	367	746	377	573	545	524
Grazing Land (Tillable)									
1978...	177	191	433	299	549	215	465	433	248
1979...	186	229	521	347	701	259	479	574	288
1980...	200	261	583	395	760	307	621	643	328
1981...	251	257	622	435	881	332	697	636	357
1982...	248	248	605	422	824	317	710	654	348
1983...	198	234	571	405	739	315	555	589	315
1984...	187	233	500	325	661	285	519	521	289
1985...	146	180	392	259	510	205	339	357	218
1986...	101	135	275	166	366	146	250	241	154
Grazing Land (Nontillable)									
1978...	115	126	308	216	384	119	268	315	153
1979...	134	156	340	267	486	148	309	417	186
1980...	143	169	394	304	549	190	346	473	209
1981...	164	182	418	339	620	217	398	474	230
1982...	168	183	412	329	584	195	418	472	227
1983...	151	169	375	283	511	181	339	460	205
1984...	134	152	350	248	455	168	328	384	184
1985...	94	115	258	192	341	118	236	243	135
1986...	71	85	179	131	262	84	158	178	98

Appendix Table 4 (continued)

Type of Land & Year	Crop Reporting District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE[c]
	Dollars Per Acre								
Hayland									
1978...	232	266	370	372	477	231	298	371	281
1979...	287	308	436	397	593	281	345	509	332
1980...	301	338	506	441	699	349	402	554	369
1981...	323	331	558	482	738	368	417	532	375
1982...	328	334	544	472	714	344	445	557	375
1983...	290	286	509	408	658	344	375	496	331
1984...	283	247	497	295	568	329	369	463	296
1985...	261	206	332	273	470	250	258	311	241
1986...	190	154	233	230	335	182	190	219	179
Gravity Irrigated Cropland									
1978...	1246	796	1030	1545	1624	1134	1412	1404	1410
1979...	1300	964	1289	1705	1910	1197	1746	1772	1638
1980...	1369	1020	1547	1976	2317	1329	2046	2026	1906
1981...	1555	1054	1781	2088	2403	1493	2230	2026	2030
1982...	1580	1033	1771	2053	2269	1598	2254	1924	1994
1983...	1361	1000	1430	1798	1969	1412	1872	1854	1737
1984...	1269	1020	1429	1613	1838	1250	1762	1639	1601
1985...	1042	817	1102	1304	1329	1010	1283	1171	1214
1986...	754	612	900[b]	940	975	867	963	957	920
Center Pivot Irrigated Cropland[b]									
1978...	771	678	956	877	1484	813	1023	1286	947
1979...	915	770	1164	1076	1690	895	1291	1590	1114
1980...	894	886	1372	1223	2043	971	1535	1795	1272
1981...	973	816	1456	1312	2110	1105	1732	1900	1341
1982...	989	810	1332	1270	2010	1123	1681	1748	1293
1983...	847	769	1217	1016	1727	926	1391	1643	1130
1984...	809	698	1130	969	1655	827	1350	1465	1049
1985...	691	581	875	850	1243	691	1055	1020	833
1986...	496	400	700	628	970	558	788	788	634
All Land Average[c]									
1978...	279	201	674	608	1125	363	796	844	500[d]
1979...	307	244	836	699	1376	405	970	1044	597[d]
1980...	333	269	989	800	1670	472	1139	1215	695[d]
1981...	397	271	1077	865	1748	538	1268	1260	749[d]
1982...	396	269	1004	843	1643	527	1272	1173	720[d]
1983...	343	248	890	734	1475	480	1057	1099	642[d]
1984...	318	229	829	654	1341	442	990	989	588[d]
1985...	258	180	664	528	1007	347	706	689	450[d]
1986...	190	136	522	379	745	273	543	518	339[d]

[a] February 1st estimates reported in the annual Nebraska Farm Real Estate Market Surveys.
[b] Pivot not included in per acre value.
[c] Weighted average.
[d] All land average for State may not conform to USDA series due to different acreage weighting.

Appendix Table 5. Average Reported Value Of Nebraska Farmland As Of February 1986 And Comparison With Peak Values For Different Types Of Land By Crop Reporting District.[a/b]

Type of Land & Date	Crop Reporting District								
	North-west	North	North-east	Central	East	South-west	South	South-east	STATE[c/]
	-Dollars Per Acre-								
Dryland Cropland (No Irrigation Potential)									
Feb. 1986.....	259	198	499	263	669	308	412	423	384
Peak Yr. Value..	419	346	1009	519	1409	546	754	1060	778
% Decline.....	38%	43%	51%	49%	53%	44%	45%	68%	51%
Dryland Cropland (Irrigation Potential)									
Feb. 1986.....	312	300	598	367	746	377	573	545	524
Peak Yr. Value..	680	565	1132	880	1785	733	1432	1402	1192
% Decline.....	54%	47%	47%	58%	58%	49%	60%	61%	56%
Grazing Land (Tillable)									
Feb. 1986.....	101	135	275	166	366	146	250	241	154
Peak Yr. Value..	251	261	622	435	881	332	710	654	357
% Decline.....	60%	48%	56%	62%	58%	56%	65%	63%	57%
Grazing Land (Nontillable)									
Feb. 1986.....	71	85	179	131	262	84	158	178	98
Peak Yr. Value..	168	183	418	339	620	217	418	474	230
% Decline.....	58%	54%	57%	61%	58%	61%	62%	62%	57%
Hayland									
Feb. 1986.....	190	154	233	230	335	182	190	219	179
Peak Yr. Value..	328	338	558	482	738	368	445	557	375
% Decline.....	42%	54%	58%	52%	55%	51%	57%	61%	52%
Gravity Irrigated Cropland									
Feb. 1986.....	754	612	900	940	975	867	963	957	920
Peak Yr. Value..	1580	1054	1781	2088	2403	1598	2254	2026	2030
% Decline.....	52%	42%	49%	55%	59%	46%	57%	53%	55%
Center Pivot Irrigated Cropland[c/]									
Feb. 1986.....	496	400	700	628	970	558	788	788	634
Peak Yr. Value..	989	886	1456	1312	2110	1123	1732	1900	1341
% Decline.....	50%	55%	52%	52%	54%	50%	55%	59%	53%
All Land Average[d/]									
Feb. 1986.....	190	136	522	379	745	273	543	518	339
Peak Yr. Value..	397	271	1077	865	1748	538	1272	1260	749
% Decline.....	52%	50%	52%	56%	57%	49%	57%	59%	55%

a/ Estimated values as reported in Farm Real Estate Market surveys conducted by Department of Agricultural Economics - UNL.
b/ In most instances, peak values occured in the 1980-81 period.
c/ Pivot not included in per acre value.
d/ Weighted average.

Appendix Table 6. Estimated Cash Rental Rates Of Nebraska Farmland For Different Types Of Land By Crop Reporting District, 1981-1986[a/]

Type of Land & Year	Crop Reporting District							
	North-west	North	North-east	Central	East	South-west	South	South-east
	Dollars Per Acre							
Dryland Cropland								
1981	b	b	60	43	68	35	38	55
1982	b	b	67	38	71	34	38	60
1983	b	b	63	43	66	25	41	57
1984	b	b	63	41	72	29	44	57
1985	b	b	55	38	65	26	40	50
1986	b	b	52	29	58	25	35	45
Gravity Irrigated Cropland								
1981	b	b	107	114	114	97	117	115
1982	100	96	b	119	116	97	115	115
1983	93	95	b	110	111	92	110	112
1984	110	95	100	115	113	89	115	113
1985	91	90	89	105	99	80	103	98
1986	78	73	80	90	97	77	93	88
Center Pivot Irrigated Cropland								
1981	b	71	117	102	118	91	126	119
1982	98	82	116	108	120	93	127	119
1983	90	86	101	100	114	83	117	116
1984	98	81	99	101	118	80	120	114
1985	b	69	93	90	104	81	111	96
1986	b	60	86	75	99	69	91	86
Dryland Alfalfa								
1981	b	b	53	47	56	31	45	45
1982	b	b	57	47	64	31	43	47
1983	b	b	56	43	64	32	43	50
1984	b	b	50	46	63	36	44	45
1985	b	b	50	44	59	28	42	40
1986	b	b	47	32	52	25	44	40
Irrigated Alfalfa								
1981	b	b	88	92	96	b	90	b
1982	b	b	75	87	100	56	90	b
1983	b	b	78	89	105	70	84	b
1984	b	b	80	83	96	68	84	b
1985	b	b	74	80	87	b	69	b
1986	b	b	68	58	69	b	68	b
Other Hayland								
1981	b	21	b	37	39	34	b	35
1982	b	18	b	30	b	b	b	34
1983	b	b	b	41	b	b	b	31
1984	b	b	b	32	44	29	b	36
1985	b	b	b	38	38	b	b	28
1986	b	b	b	26	29	b	b	26
Pasture (Per Acre)								
1981	6	8	33	16	28	10	14	26
1982	5	9	31	15	22	9	16	24
1983	6	9	26	16	21	9	14	24
1984	6	8	25	16	23	9	16	23
1985	5	6	20	13	23	7	14	20
1986	5	b	16	10	22	6	10	16
	Dollars Per Animal Unit/Mo.							
Pasture (Per Animal Unit/Mo.)								
1981	13.00	13.30	12.85	15.80	12.65	14.40	13.75	12.90
1982	13.00	12.50	15.25	15.95	13.85	16.00	15.00	14.95
1983	13.40	16.60	16.50	16.65	14.50	15.45	15.21	15.81
1984	13.20	15.90	15.30	16.55	14.10	15.25	14.75	15.60
1985	12.20	12.70	12.90	13.00	12.80	13.60	12.80	13.60
1986	10.70	10.50	11.00	10.60	10.10	10.40	10.70	11.30

a/ Estimates of average rates as printed in the Nebraska Farm Real Estate Market Survey series.
b/ Insufficient number of reports.