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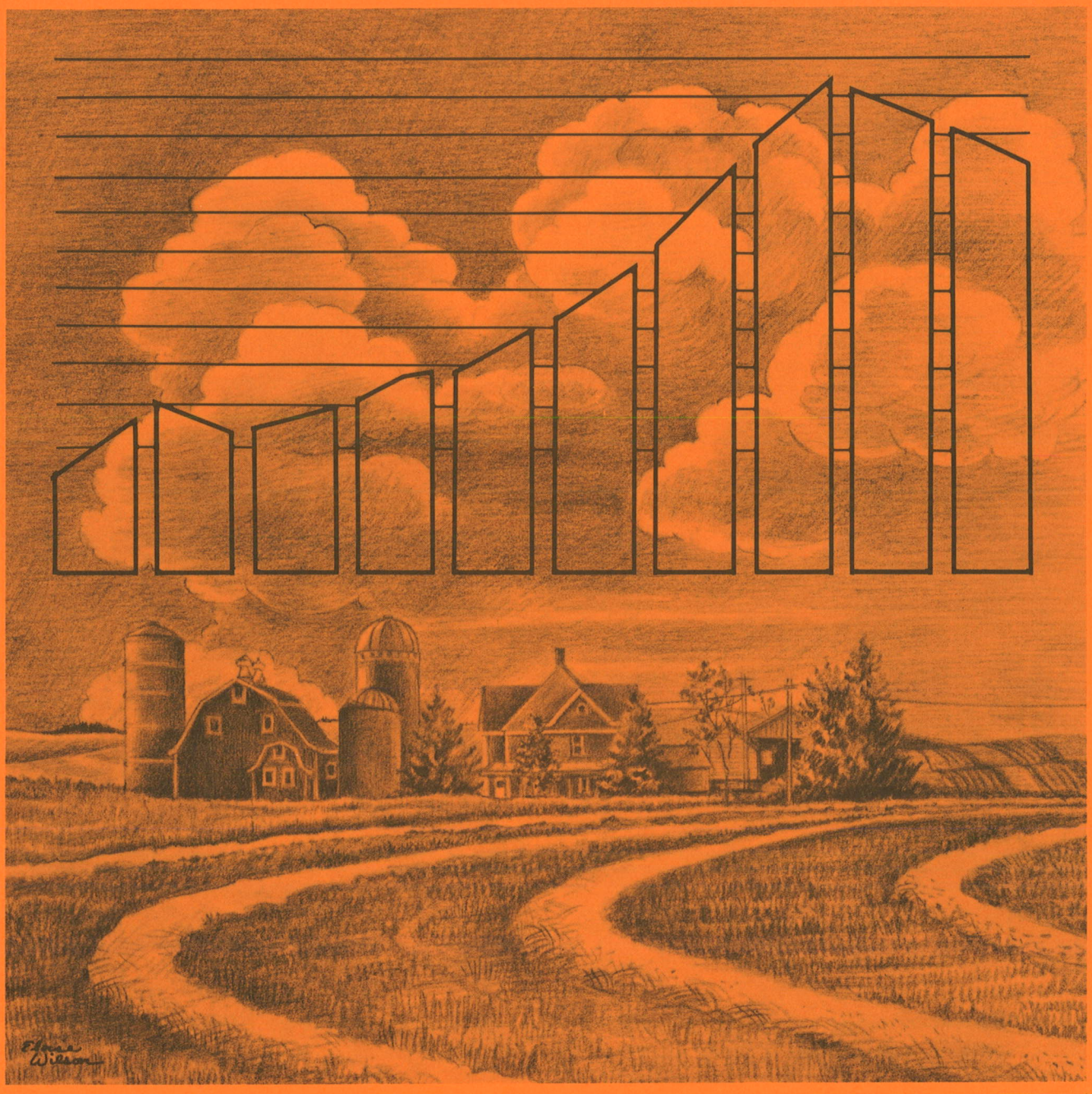

The Agricultural Experiment Station
University of Nebraska-Lincoln
Institute of Agriculture & Natural Resources

NEBRASKA FARM REAL ESTATE MARKET DEVELOPMENTS IN 1983-84

by

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July, 1984

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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.

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SUMMARY

Farm real estate values across Nebraska continued to decline even further during 1983 and into 1984. Nebraska farmland values have now trended downward for more than three and one-half consecutive years. For the year ending February 1, 1984, farmland values decreased more than 8 percent. Moreover, a special mid-year survey for 1984 indicates that the average land values have declined another 8 percent since February 1. Continued financial problems in the farming sector have forced many owners to put their land on the market. Coupled with little demand among potential buyers, this increased number of land tracts offered for sale has contributed greatly to a weaker land market and falling sale prices.

In nominal terms, current land values are comparable to those values reported five to six years ago. However, after adjusting for inflation, the real dollar value (constant dollar or purchasing power) is comparable to land value levels of ten years ago.

Land values in Nebraska peaked in early 1981 after nearly a decade of unparalleled appreciation. From this peak level, farmland values as of mid-May 1984 have declined an average of 28 percent across the State.

During 1983-1984, value declines have occurred in virtually every part of the State and for all types of farm real estate. Between February 1, 1983 and mid-May 1984, the largest percentage declines have occurred in the Central and Southeast Crop Reporting Districts with nearly 20 percent decline. The smallest drop, 11 percent, occurred in the Northeast District. In general, cropland values for both dryland and irrigated land decreased 13 to 15 percent across the State during the 16-month period. Relatively larger declines, however, were reported for rangeland and pasture, dropping 18 to 20 percent in value.

Farm expansion still continues to be the primary reason for buying land, implying that active farm operators remain the major buyer group in the farm real estate market. On the sellers' side of the land market, financial problems ranked as the most frequent reason (51 percent of all responses) for selling land during 1983. The impact of the current financial situation in the farming sector is clearly evident, considering that financial stress accounted for only 14 percent of all responses for selling land just two years ago.

This year's survey contained several questions regarding the impact of "Initiative 300" on farmland values. About one-half of the reporters (52 percent) believed that "Initiative 300" had no apparent impact on land values in their particular areas while 16 percent responded that a considerable impact had been felt. The perceived impact was in the form of limiting a certain class of land buyers from the market; thus creating less total demand for land and adding further to the downward pressures on land values.

While farmland values have declined in recent years, cash rental rates have generally remained stable. The 1984 rates for cropland were comparable to year-earlier levels. Grazing land rates on an animal unit/month basis were off slightly.

The stability of cash rental rates in the face of land value declines has resulted in a dramatic turnaround in the average rent-to-value ratios. Currently, the ratios are higher than any time since the early 1970s. This points out the fact that today's values are more reflective of current earning potential. Thus, the economic basis of current values is stronger, and a more stable market for Nebraska farmland may soon be forthcoming.

NEBRASKA FARM REAL ESTATE MARKET DEVELOPMENTS IN 1983-84

INTRODUCTION

The farm real estate market remains rather volatile as the agricultural economy struggles to recover from an extended period of economic stress. In essence, the farm real estate market and the associated trends in land values can be used as a barometer of economic health within the farm sector. Close attention to this market is therefore merited.

This report is the seventh in a continuing annual series concerning the market for farm real estate in Nebraska. The informational basis for this report is drawn from a number of sources including:

-- the annual Nebraska Farm Real Estate Market Survey conducted by the Department of Agricultural Economics, UNL;

-- a special supplemental 1984 survey conducted by UNL in May 1984;

-- the USDA information and report series on farm real estate;

-- the Bureau of the Census, U.S. Department of Commerce concerning 1982 Census of Agriculture data for Nebraska and its counties; and

-- the farmland sales data bank maintained by the Federal Land Bank of Omaha.

The purpose of this report is provide an informational and analytical benchmark for farmland/ranchland values in Nebraska which is objective and comprehensive. In so doing, the information base by which land market decisions are made can be more complete, and the market can operate more effectively. Nevertheless, the reader should recognize at the outset, that the information and analysis in this report represent very diverse conditions across the State. This diversity of agriculture and its land base across

1974 and again in 1978. As noted by Raup, prospective land buyers were being nurtured for several years on real rates of interest that were ridiculously low or even negative.[3] The turnabout in 1981-1982 was, therefore, extreme and unprecedented. Real interest rates shot to the 8 to 9 percent range and have remained at this plateau ever since.[4]

In summary, much of the market bullishness during the mid-to-late 1970s was fueled by debt capital that was relatively cheap. But in ways somewhat similar to a risky "pyramid game," the benefits have largely flowed to those first in -- and at the expense of the late entrants. Many buyers of farmland within the past five years now face not only high interest charges, but also depreciating values which are now considerably below the purchase price. The debt-leveraging strategy which worked so effectively in the 1970s to magnify returns, now magnifies losses. Equity (net worth) positions erode quickly. Forced liquidation of land and other assets is the only alternative for many, as is well documented by the magnitude and character of sales activity in early 1984.

Obviously, the adjustment of the farmland market to this new financial environment is continuing. Under debt servicing pressure, a larger-than-normal amount of land is showing up on the supply side of the market, while the demand side remains extremely cautious. Negotiated prices for the immediate future will reflect, to varying degrees, this disequilibrium state.

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[3] Raup, Philip, "Land Values Research Approaches and Data Needs", Staff Paper P82-7, Department of Agricultural & Applied Economics, University of Minnesota, July 1982.

[4] In no year from 1935 through 1981 had the annual average real rate of interest on FLB loans ever exceeded 5 percent. This implies that today's land market is faced with a cost of credit that is beyond the range of experience of this generation of farm operators or land buyers.

One final point. The market for farmland is extremely sensitive to interest rate changes. Should interest rate levels, both nominal and real, subside, the agricultural sector should regain some economic vigor. Accordingly, the farmland market would rebound. Conversely, should we enter into a period of even higher interest rate levels, the agricultural sector and its land market would experience further economic woes. Further downward adjustments in land values would be likely. Indeed, these are uncertain times.

NEBRASKA FARMLAND VALUES -- FEBRUARY 1, 1984

A statewide mail survey was conducted in early 1984, concerning farm real estate market conditions. This survey was mailed to over 400 individuals who had been selected on the basis of their working knowledge of the real estate market (i.e., real estate brokers, farm appraisers, farm mortgage lenders, professional farm managers). Survey respondents were asked to provide their best estimate of average per acre values for various types of land in their locality as of February 1, 1984. These estimates were aggregated and analyzed by crop reporting district (See Figure 2).

For the 12-month period ending February 1, 1984, Nebraska farmland values declined an average of 8.4 percent. The survey findings indicated that a very soft market prevailed throughout the State for that period, although the rate of decline did vary (Figure 3 and Table 2). Declines in land values by districts ranged from 6.3 percent in the South Crop Reporting District to nearly 11 percent in the Central District. The Southeast District also experienced a 10 percent drop as the 1983 drouth hit certain counties particularly hard.

In general, cropland values, both dryland and irrigated, decreased 7 to 8 percent during the 12-month period ending February 1, 1984. Although regional differences in magnitude did exist, declining cropland values were reported in virtually every part of the State for that period. This is particularly significant in light of the Payment-in-Kind program which was instituted in 1983. Apparently, the economic impact of the PIK program was not sufficient to completely stabilize cropland values during 1983, let alone turn value trends around.

Statewide, relatively larger percentage decreases were reportedly occuring on grazing land. In several districts the February 1, 1984, values for grazing land (rangeland and pasture) were off more than 10 percent from year-earlier levels. Cattle producers have experienced a chronic condition of low returns in recent years; and this has undoubtedly weakened the real estate market demand for pasture and ranchland.

Table 3 presents some perspective of the ranges in value that exist within particular districts for specific types of land. As has been the case in previous years' surveys, land considered low grade by reporters was valued approximately 75 to 80 percent of average quality land; while land deemed high quality carried a price premium of 15 to 30 percent. Obviously, the spread in values within a particular locality can be substantial -- strictly because of perceived quality differences.

A MID-YEAR UPDATE

To anyone close to the farmland market, it was obvious that early 1984 was a period of rapid adjustment. A higher-than-normal number of financially forced listings and sales have occurred since the first of February. Accordingly, all indications pointed to further weakening of values since that time.

Table 3. Average Reported Value Per Acre of Nebraska Farmland For Different Types of Land and Grade by Crop Reporting District, Feb. 1, 1984.[a/]

Type of Land & Quality	Crop Reporting District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
	Dollars Per Acre							
Dryland Cropland (No Irrigation Potential)								
Average.....	379	300	779	416	1,129	444	653	840
High Grade..	525	390	1,100	545	1,340	530	825	1,040
Low Grade...	290	245	650	355	820	340	490	600
Dryland Cropland (Irrigation Potential)								
Average.....	507	441	911	638	1,349	631	1,050	1,069
High Grade..	605	475	1,165	840	1,555	705	1,195	1,200
Low Grade...	395	380	790	505	1,035	490	775	805
Grazing Land (Tillable)								
Average.....	187	233	500	325	661	285	519	521
High Grade..	245	305	585	385	735	355	580	605
Low Grade...	160	200	405	255	510	225	355	415
Grazing Land (Nontillable)								
Average.....	134	152	350	248	455	168	328	384
High Grade..	150	190	415	290	545	210	390	450
Low Grade...	105	130	305	190	365	140	265	320
Hayland								
Average.....	283	247	497	295	568	329	369	463
High Grade..	310	320	555	395	655	420	450	510
Low Grade...	210	225	325	255	470	275	310	350
Gravity Irrigated Cropland								
Average.....	1,269	1,020	1,429	1,613	1,838	1,250	1,762	1,639
High Grade..	1,525	1,220	1,740	1,870	2,050	1,410	2,010	1,810
Low Grade...	920	900	1,185	1,215	1,455	1,020	1,470	1,335
Center Pivot Irrigated Cropland								
Average.....	800	698	1,130	969	1,655	827	1,350	1,465
High Grade..	1,020	875	1,365	1,155	1,860	950	1,545	1,625
Low Grade...	660	570	895	720	1,290	660	1,030	1,200

[a/] Source: 1984 Nebraska Farm Real Estate Market Survey.

In response to the above, the Department of Agricultural Economics conducted a special mid-year survey in order to ascertain the current situation. Individuals who responded to the February 1, 1984 survey were contacted again and asked for estimated average values for the various types of land as of mid-May 1984. These reported values were compared with those of February 1, 1984 (as appearing in Table 2) to arrive at estimated percentage changes since that time.

As evident in Table 4, a very pronounced decline occurred during the period of February through mid-May. On the basis of this analysis, Nebraska farmland values appear to have dropped an average of 8 percent since February 1, 1984. In other words, the State all-land average value of $588 per acre in Table 2 is probably closer to $540 per acre as of mid-May 1984 ($588 per acre x .92).

The rate of decline appeared accelerated in early 1984 compared with previous months. Throughout much of the State, the percentage declines during this three and one-half month period look comparable to the declines of the previous 12 months. There is no question that worsening financial conditions led to increased forced sale activity and extreme buyer reluctance in early 1984. Average values, in what has definitely been a buyer's market, had to soften further.[5]

All types of land were affected by this market environment. However, the largest declines appeared with rangeland, dropping an average of 11 percent since February 1, 1984. Dryland cropland values generally showed the smallest rate of decline of the various land types.

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[5] These changes in land values reported for the period February 1st through mid-May, 1984 should not be used to project any trends for the remainder of 1984. Conceivably, the bulk of the forced sales market activity for 1984 has already taken place in these earlier months. Hopefully, a more stable market setting can be expected for the remainder of this calendar year.

Table 4. Estimated Percentage Change in Nebraska Farmland Values for the Period February 1, 1984 Through May 15, 1984, For Different Type of Land By Crop Reporting District.[a/]

Type of Land	Crop Reporting District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE
	Estimated Percentage Change February 1, 1984 to May 15, 1984								
DRYLAND CROPLAND:									
No Irrigation Pot...	- 2	- 3	- 4	- 9	- 6	- 9	- 3	-10	- 6
Irrigation Pot.....	- 5	- 6	- 5	- 9	- 6	-12	- 7	-11	- 7
GRAZING LAND:									
Tillable.....	-12	-10	- 8	- 4	- 8	-18	-13	-12	-11
Nontillable.....	-13	-10	- 6	-12	-13	-16	- 9	-13	-11
HAYLAND.....	- 3	- 2	0	0	- 8	- 5	-16	-17	- 4
IRRIGATED LAND:									
Gravity.....	- 6	- 6	- 7	-10	- 3	- 4	- 8	-10	- 9
Center Pivot[b/].....	- 8	- 5	- 5	- 7	- 8	- 8	- 7	- 8	- 7
ALL LAND AVERAGE.....	- 7	- 7	- 5	- 9	- 9	-10	- 8	-11	- 8

[a/] Based upon estimated values reported in a special mid-year survey. Reporters who had responded to the annual February 1st Farm Real Estate Market survey were recontacted and asked to provide average current values as of Mid-May, 1984. These estimates were compared with 2/1/84 values (presented in Table 2) to derive estimates of percentage change.

[b/] Pivot not included in per acre value.

On an area basis, the softest market conditions in early 1984 were in the southeast district where the declines averaged 11 percent. The Southwest also experienced substantial downward adjustments. For the cropland portion, percentage rates of decline appeared to be smallest across the Northern half of the State.

With the rates of adjustment suggested here, Nebraska farmland values as of mid-year 1984 are generally from 20 to 30 percent below peak levels of 1980-81. For the State as a whole, the decline averages 28 percent. Appendix Table 7 shows the total decline (both dollar amount and percentage) in land values from the peak levels reported for both the different areas of the State and the various types of land use.

BUYING AND SELLING CHARACTERISTICS OF NEBRASKA FARMLAND

According to reporters in the February 1984 survey, farm expansion continued to be the primary motive for buying farmland during 1983 (Table 5). For each crop reporting district of the State, expansion accounted for a large majority of the reasons offered by reporters for persons purchasing land in 1983. This supports other studies which indicate that active farm operators are the primary buyer group for farmland offered for sale.[6]

For the Central, East and Southwest Crop Reporting Districts, in particular, lower land prices have helped to spark some additional interest in buying land. This factor may likely continue to grow in significance throughout the State in coming months.

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[6] For example, according to USDA data, about 75 percent of the farm real estate buyers in the 1982-83 period were active farmers. In the Northern Plains states, the percentage was even higher -- more than 80 percent. Source: Farm Real Estate Market Developments, Economic Research Service, USDA, CD-88, August 1983.

Table 5. Reasons Given by Reporters Why Land Was Purchased in 1983 by Crop Reporting District in Nebraska.[a/]

Crop Reporting District	Reasons for Buying					
	Expansion of Operation	Investment or Inflation Hedge	Starting Farming	Lower Land Prices	Other	Total
	Percent					
Northwest.....	59	19	4	4	14	100
North.....	50	33	8	-	9	100
Northeast.....	50	11	19	8	12	100
Central.....	60	7	10	17	6	100
East.....	59	16	4	15	6	100
Southwest.....	58	17	-	21	4	100
South.....	66	21	3	3	7	100
Southeast.....	59	8	10	10	13	100
STATE.....	59	15	7	11	8	100

[a/] Source: 1984 Nebraska Farm Real Estate Market Survey.

Table 6. Reasons Given by Reporters Why Land Was Sold in 1983 By Crop Reporting District in Nebraska.[a/]

Crop Reporting District	Reasons for Selling						
	Estate Settlement	Retirement or Health	Profit Taking	Low Returns	Financial Problems	Other	Total
	Percent						
Northwest...	17	28	-	7	48	-	100
North.....	18	9	-	-	73	-	100
Northeast...	17	13	-	-	70	-	100
Central.....	35	3	3	9	50	-	100
East.....	31	1	2	6	50	-	100
Southwest...	24	20	-	4	52	-	100
South.....	32	1	-	3	47	3	100
Southeast...	29	1	-	8	44	4	100
STATE.....	28	14	1	5	51	1	100

[a/] Source: 1984 Nebraska Farm Real Estate Market Survey.

Table 6 clearly shows that financial problems were the main reason for selling land during 1983. Just over half (51 percent) of the responses given by survey reporters were this reason. This response rate is up sharply from the 38 percent of all reasons reported just last year which cited financial problems. Referring to the 1980-81 report, financial stress among sellers attributed to only 14 percent of the responses for selling land.

Obviously, the extreme financial stress in the farming sector among some farmers has become quite evident in the farm real estate market. Many sellers are forced to accept relatively low prices in order to sell their land and raise the cash necessary to help repay outstanding farm debts. Unfortunately, the outlook for the remainder of 1984 shows little promise that these financial problems will improve for some farmers.

However, while it may seem that there is a continuous wave of farm foreclosures across Nebraska, this is not necessarily the case. As pointed out in previous reports of this series, many land sales that are prompted by financial pressures actually represent a partial liquidation of farm assets and not a total foreclosure of the farming operation. In many instances, the sale of farmland for financial reasons has represented an effective and expedient means to strengthen the farm's financial position and to improve the farm's debt servicing capacity. Hopefully, by restructuring the farm's debts and reducing the stress on the farm's cash flow, the operator will be able to continue farming.

Questions were added to this year's survey questionnaire in an attempt to determine the extent of the impact which "Initiative 300" (1982 Nebraska constitutional amendment prohibiting farmland purchases by non-family

corporations) has had in the Nebraska farm real estate market. Table 7 indicates about half of the survey reporters (52 percent) indicated they believed "Initiative 300" had no apparent impact on land values for their particular area. However, only 29 percent in the Northwest District and 33 percent in the Central District indicated no apparent impact. On the other hand, 16 percent of all reporters felt that "Initiative 300" had a considerable impact on land values for their area. This could certainly be true in areas where larger land tracts are often offered for sale and the financing requirements are beyond the debt servicing capabilities of most individuals. By limiting a certain class of potential land buyers from the market, this can create less total demand for land and further add to the downward pressure on land values at a time when land values have already dropped sharply.

FARMLAND SALES ACTIVITY FOR 1983

Historically, in the Northern Plains region, no more than two to three percent of the farmland changes ownership in any given year. Sales activity for farmland in Nebraska has been particularly sluggish for most areas of the State during the past two years. Results for 1984 indicate very little change in this rate of market activity. Table 8 indicates that 37 percent of all respondents reported no change in the number of land tracts sold in their areas during the past year. Thirty-five percent of the reporters reported an increase in the number of land sales (up an average of 18 percent more sales) for their areas while 28 percent saw less sales in their areas last year (down an average of 25 percent fewer sales). A year ago, 50 percent of all reporters indicated fewer sales in their areas (down an average of 31 percent fewer sales) while 33 percent reported no change in market activity.

Table 7. Reporter Perceptions Concerning the Impact of "Initiative 300" on Market Price Levels Or Sales Activity During 1983.[a/]

Crop Reporting District	Impact of "Initiative 300"				
	No Apparent Impact	Some Impact	Moderate Impact	Considerable Impact	Total
Northwest.....	29	12	35	24	100
North.....	62	25	-	13	100
Northeast.....	50	15	12	13	100
Central.....	33	22	17	28	100
East.....	55	15	11	19	100
Southwest.....	56	25	-	19	100
South.....	56	11	22	11	100
Southeast.....	66	26	4	4	100
STATE....	52	19	13	16	100

[a/] "Initiative 300" refers to the 1982 Nebraska constitutional amendment prohibiting farmland purchases by non-family corporations.

Table 8. Survey Respondents' Estimates of the Percentage Change in the Number of Nebraska Farmland & Ranchland Tracts Sold During the Past Year (Feb. 1, 1983 to Feb. 1, 1984).[a/] [b/]

	The Number Sold:		
	Increased	Decreased	Remained the Same
Proportion of Responses Reported...	35%	28%	37%
Average Percentage Change Reported.....	+18%	-25%	

[a/] Source: 1984 Nebraska Farm Real Estate Market Survey.

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

Table 9. Survey Respondents' Estimate of the Expected Percentage Change in the Number of Nebraska Farmland and Ranchland Tracts Which Will Be Sold During 1984.[a/] [b/]

	The Number To Be Sold Will:		
	Increase	Decrease	Remain the Same
Proportion of Responses Reported....	73%	3%	24%
Average Percentage Change Expected.....	+19%	-15%	

[a/] Source: 1984 Nebraska Farm Real Estate Market Survey.

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

LAND MARKET VALUE EXPECTATIONS FOR 1984

A rather large majority (73 percent) of the survey's reporters anticipated an increase (nearly 20 percent) in the number of land tracts to be sold during 1984 (Table 9). This probably reflects even more owners being forced to put land on the market for sale as severe financial problems continue in the farming sector for another year. Virtually none of the reporters (only 3 percent) expected to see a decrease in the number of land tracts being offered for sale during the next year.

When asked on the February survey questionnaire about their perceptions of land value changes expected for 1984, only 3 percent of all reporters expected to see any increase in farmland market values during 1984. Nearly two-thirds (64 percent), however, looked for land values to drop even further during the next year. This expected decline in value averaged 12.5 percent. The other third of all reporters (33 percent) anticipated no change in land values during 1984.

CHARACTERISTICS OF ACTUAL LAND SALES DURING 1983

The Federal Land Bank of Omaha maintains a data series of bonafide farmland sales which occur each year across their four-state region. Approximately 1,300 land sales were documented for Nebraska during 1983. Table 10 presents the pattern of typical land sales for each crop reporting district in Nebraska.

Reflective of Nebraska's quite diverse land resources, the average size of land tract sold as well as the proportion of cropland to total acreage vary widely among regions of the State. However, when comparing these results to those of earlier years, the array of sale characteristics for 1983 was consistent.

Table 10. Characteristics of Bona Fide Farmland Sales by Crop Reporting Districts in Nebraska, 1983.[a/]

Crop Reporting District	Average Size of Tract Sold	Percent of Acreage:			Average Price		Percent of Sales:	
		Cropland	Pasture	Other	Per Acre	Per Tract	For Cash	Where Debt Was Incurred
	Acres	Percent	Percent	Percent	Dollars	Dollars	Percent	Percent
Northwest.....	461	39	59	2	356	164,100	23	77
North.....	631	15	84	1	251	158,400	19	81
Northeast.....	155	71	23	6	972	150,700	22	78
Central.....	239	38	59	3	737	176,100	26	74
East.....	128	82	11	7	1,503	192,400	16	84
Southwest.....	339	50	47	3	536	181,700	22	78
South.....	179	63	33	4	1,008	180,400	20	80
Southeast.....	142	76	16	8	1,048	148,800	13	87
STATE.....	230	51	45	4	737	169,500	20	80

[a/] Source: Sales data for 1983 collected by the Federal Land Bank Associations in Nebraska for the Federal Land Bank of Omaha. Approximately 1,300 observations were included.

The average sale price per acre for 1983 was $737. This selling price was only 3 percent below the average selling price of $760 reported for 1982. The average selling price per parcel was $169,500 in 1983, ranging from $148,800 in the Southeast District to $192,400 in the East District.

Of the 1,300 bona fide land sales recorded for 1983, 80 percent involved the use of credit financing. This level is down from the findings of previous years. In 1981, for example, debt was incurred in 91 percent of all land sales across Nebraska. This decrease in credit financing is probably reflective of higher interest rate levels the past two years and some changes in the basic mix of real estate buyers in the market; i.e., recent land buyers are probably more established financially and are dealing with a larger equity base.

1984 CASH RENTAL MARKET CONDITIONS

Agricultural land leasing has always been an important structural element of U.S. agriculture. Historically, a sizable portion of the land base has been leased either by full tenants or by part owner operators. As indicated by the 1982 Census of Agriculture, nearly 41 percent of Nebraska's agricultural land base was being rented by the operator (See last two columns of Appendix Table 5). In 23 of the State's 93 counties, the proportion being rented was at least 50 percent.

A higher incidence of rental appears to be associated with the more populated areas of the State. Obviously, around the larger metropolitan areas, a certain amount of land is always being held for eventual transition into a non-agricultural use. During this "ripening" period, the land will often continue to be farmed under lease. Other factors may also be contributing to a relatively higher incidence of rental in the more populated

counties. One is the portion of farmable land associated with rural acreages which tends to be leased out by the owners. Likewise, there appears to be some preference for many nonfarmer landlords to own farmland within reasonable proximity to where they live.

From the standpoint of the active farmer, land rental is often a key component for controlling the necessary input base. Financial limits frequently preclude land purchase with equity capital. Likewise, as previously discussed in this report, the cost of debt capital may be prohibitive. The remaining option is the rental capital route.

With the recent widespread problems associated with cash flow and debt servicing, farmland rental may be of increasing importance to many farmers. It appears that in most localities, competition for rental land remains keen, and cash rental rates relatively stable.

The 1984 cash rental rates reported in the February 1, 1984 survey were generally comparable to year-earlier levels (Table 11 and Appendix Table 6). Dryland cropland rental rates were similar to or slightly above 1983 levels in most areas of the State. The same was true of irrigated cropland, with the exception of center pivot irrigated land in the North District.

On an animal unit basis, 1984 pasture rental rates were down somewhat from last year in all regions. The average rates reportedly ranged from $13.00 to $16.00 per animal unit/month.

The relative stability of cash rental rates for farmland in the face of declining land values is reflected in the rent-to-value ratio series in Tables 12 and 13. The ratios for each type of land have made a very significant turnaround in recent years. In fact, the ratios for 1984 are higher than they have been since the first half of the 1970s, suggesting that current land values are today more "in line" with annual earnings potential than has been the case for several years.

Table 11. Reported Cash Rental Rates For Various Types of Nebraska Farmland — 1984 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 1984 Rate...	b/	b/	63	41	72	29	44	57
Range of 1943 Rates.	b/	b/	30-90	30-60	50-100	20-40	38-50	40-85
Average 1983 Rate...	b/	b/	63	43	66	25	41	57
Gravity Irrigated Cropland:								
Average 1984 Rate...	110	95	100	115	113	89	115	113
Range of 1984 Rates.	100-125	85-115	90-120	100-130	90-130	70-100	90-135	85-135
Average 1983 Rate...	100	95	b	110	111	92	110	112
Center Pivot Irrigated Cropland:								
Average 1984 Rate...	98	81	99	101	118	80	120	114
Range of 1984 Rates.	85-125	60-115	80-120	75-120	90-135	70-100	85-135	90-150
Average 1983 Rate...	98	86	101	100	114	83	117	116
Dryland Alfalfa:								
Average 1984 Rate...	b/	b/	50	46	63	36	44	45
Range of 1984 Rates.	b/	b/	40-70	25-65	45-100	25-50	35-50	30-65
Average 1983 Rate...	b/	b/	56	43	64	32	43	50
Irrigated Alfalfa:								
Average 1984 Rate...	b/	b/	80	83	96	68	84	b/
Range of 1984 Rates.	b/	b/	50-100	50-120	80-125	50-80	60-100	b/
Average 1983 Rate...	b/	b/	78	89	105	70	84	b/
Other Hayland:								
Average 1984 Rate...	b/	b/	b/	32	44	29	b/	36
Range of 1984 Rates.	b/	b/	b/	25-50	25-60	20-40	b/	25-45
Average 1983 Rate...	b/	b/	b/	41	b/	b/	b/	31
Pastureland (Per-Acre):								
Average 1984 Rate...	6	8	23	16	23	9	16	23
Range of 1984 Rates.	4-8	4-14	13-35	15-20	11-35	5-15	13-20	15-30
Average 1983 Rate...	6	9	26	16	21	9	14	24
	Dollars Per Animal Unit/Mo.							
Average 1984 Rate...	13.20	15.90	15.30	16.55	14.10	15.25	14.75	15.60
Range of 1984 Rates.	9-16	15-17	12-20	10-20	11-20	10-18	10-20	10-20
Average 1983 Rate...	13.40	16.60	16.50	16.65	14.50[c/]	15.45	15.21	15.81

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

[b/] Insufficient number of reports.

[c/] Revised.

Table 12. Reported Cash Rents and Ratios of Rent-to-Value For Various Land Types in Nebraska, 3-Year Moving Averages, 1971-1984.[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

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

Table 13. Reported Cash Rents and Ratios of Rent-To-Value For Various Land Types in Nebraska, 1971-1984.[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	105.00	8.2	52.00	7.4	12.20	5.8

[a/] Annual weighted state averages based upon unpublished data collected by the Nebraska Crop and Livestock Reporting Service.

As a follow-up to the above, a financial analysis was made of typical land investment opportunities presently existing in Nebraska. Several representative land acquisition situations for various types of land and areas of the State were developed. Using typical 1984 cash rental rates and current land values, net cash flows and imputed returns to owner equity were estimated. Each investment scenario assumed a conventional 30-year mortgage with a 30 percent downpayment and a 12 percent interest rate. Other owner costs normally incurred by the landowner were also assumed.

Annual net cash flows to owners are estimated for each of the three income tax brackets by subtracting the total tax-adjusted costs from the current annual cash rent. Imputed after-tax percentage returns to owner equity were then estimated by dividing the net cash flow (adjusted for taxes) by 30 percent of the land value, which is the assumed downpayment reflecting owner equity.[7]

In general, this analysis suggests that rents to dryland cropland are currently sufficient to generate a positive cash flow for buyers in the 35 percent tax bracket or above (Table 14). In other words, cash rent returns would cover the mortgage payment and other owner expenses and still provide a modest, yet positive, residual return to the owner's equity.

For irrigated land, not only the rents but also the rent-to-value ratios are typically higher than for dryland cropland. However, owner expenses associated with the irrigation component can be substantial. Fixed costs in

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[7] It is clear from this analysis that investment in agricultural land is similar in character to other types of real estate investment -- relative profitability is greatly influenced by tax considerations. Moreover, the higher one's tax bracket, the greater is the potential rate of return, other things being equal. These facts may carry profound implications regarding agricultural land ownership in the years to come.

Table 14. Estimation of Typical Cash Flows and Imputed Returns to Equity For Selected Land Types in Nebraska, 1984.[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.	Price/Acre	$780.00	$1,200.00	$1,150.00	$1,700.00	$750.00	$1,450.00
2.	Cash Rent (annual)	62.00	100.00	75.00	115.00	60.00	115.00
3.	Rent-To-Value Ratio	8.0%	8.3%	6.5%	6.8%	8.0%	7.9%
	Annual Cash Expenses/Acre						
4.	Mortgage Payment[c]	67.78	104.28	99.93	147.73	65.17	126.00
5.	Real Estate Taxes	4.75	7.20	7.00	10.00	4.50	8.70
6.	Irrigation Costs[d]	-	32.00	-	29.00	-	29.00
7.	Incidental Owner Costs	2.00	3.00	3.00	3.50	2.00	3.50
8.	Total Costs	74.53	146.48	109.93	190.23	71.67	167.20
	Tax Adjustment of Costs:[e]						
	Mortgage Interest						
9.	20% Tax Bracket	13.10	20.16	19.32	28.56	12.60	24.36
10.	35% Tax Bracket	22.93	35.28	33.81	49.98	22.05	42.63
11.	50% Tax Bracket	32.76	50.40	48.30	71.40	31.50	60.90
	Property Tax						
12.	20% Tax Bracket	.95	1.44	1.40	2.00	.90	1.74
13.	35% Tax Bracket	1.66	2.52	2.45	3.50	1.58	3.05
14.	50% Tax Bracket	2.38	3.60	3.50	5.00	2.25	4.35
	Depreciation (Irrigation Equip.)						
15.	20% Tax Bracket	-	4.80	-	4.00	-	4.00
16.	35% Tax Bracket	-	8.40	-	7.00	-	7.00
17.	50% Tax Bracket	-	12.00	-	10.00	-	10.00
	Annual Net Cash Flow/Acre:[f]						
18.	20% Tax Bracket	1.52	(20.08)	(14.21)	(40.67)	1.83	(22.10)
19.	35% Tax Bracket	12.06	(.28)	1.33	(14.75)	11.96	.48
20.	50% Tax Bracket	22.61	19.52	16.87	11.17	22.08	23.05
	Imputed After Tax Percentage Return to Equity:[g]						
21.	20% Tax Bracket	0.5%	(4.5%)	(3.3%)	(6.4%)	0.7%	(4.1%)
22.	35% Tax Bracket	3.4%	(0.1%)	0.3%	(1.9%)	3.5%	0.1%
23.	50% Tax Bracket	4.8%	2.7%	2.4%	1.1%	4.9%	2.7%

See footnotes at end of table.

Table 14 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	Northern NE. Sandhills Rangeland
1.	Price Acre	$450.00	$925.00	$1,200.00	$800.00	$140.00
2.	Cash Rent (annual)	30.00	82.00	105.00	80.00	8.00
3.	Rent-To-Value Ratio	6.7%	8.9%	8.8%	10.0%	5.7%
	Annual Cash Expenses/Acre					
4.	Mortgage Payment[c]	39.10	80.78	104.28	69.52	12.17
5.	Real Estate Taxes	2.75	5.55	7.20	4.80	.56
6.	Irrigation Costs[d]	-	34.00	30.00	32.00	-
7.	Incidental Owner Costs	1.00	2.00	3.00	2.00	.50
8.	Total Costs	42.85	122.33	144.48	108.32	13.23
	Tax Adjustment of Costs:[e]					
	Mortgage Interest					
9.	20% Tax Bracket	7.56	15.54	20.16	13.44	2.35
10.	35% Tax Bracket	13.23	27.20	35.28	23.52	4.11
11.	50% Tax Bracket	18.90	38.85	50.40	33.60	5.88
	Property Tax					
12.	20% Tax Bracket	.55	1.11	1.44	.96	.11
13.	35% Tax Bracket	.96	1.94	2.52	1.68	.20
14.	50% Tax Bracket	1.38	2.78	3.60	2.40	.28
	Depreciation (Irrigation Equip.)					
15.	20% Tax Bracket	-	5.20	4.00	4.80	-
16.	35% Tax Bracket	-	9.10	7.80	8.40	-
17.	50% Tax Bracket	-	13.00	10.00	12.00	-
	Annual Net Cash Flow/Acre:[f]					
18.	20% Tax Bracket	(4.74)	(18.48)	(13.88)	(9.12)	(2.77)
19.	35% Tax Bracket	1.34	(2.09)	6.12	5.28	(.92)
20.	50% Tax Bracket	7.43	14.30	24.52	19.68	.93
	Imputed After Tax Percentage Return to Equity:[g]					
21.	20% Tax Bracket	(2.8%)	(5.2%)	(3.1%)	(3.0%)	(5.3%)
22.	35% Tax Bracket	0.7%	(0.4%)	1.1%	1.4%	(1.4%)
23.	50% Tax Bracket	2.8%	2.6%	3.4%	4.1%	1.1%

[a] Current price and cash rents based upon current estimates from the 1984 Nebraska Farm Real Estate Market Survey.

[b] Value of pivot included.

[c] Assuming a mortgage of 70 percent of price at 12 percent interest for 30 years.

[d] Estimated fixed irrigation costs (depreciation and insurance) plus annual maintenance and repairs on irrigation equipment based upon Estimated Crop & Livestock Production Costs for Nebraska, 1984, Department of Agricultural Economics, UNL, EC 84-872, 1984.

[e] Allowable deduction from federal income tax for mortgage interest, property tax paid, and depreciation. The deductions are calculated for 3 different income tax brackets, 20 percent, 35 percent, and 50 percent.

[f] Cash rent (Row 2) less total costs (Row 8) adjusted for appropriate tax deductions as appearing in Rows 9-17. Negative values appear in parenthesis.

[g] Net cash flow (adjusted for income taxes) as a percent of equity which is 30 percent of current price. Negative values appear in parenthesis.

the form of depreciation and insurance as well as owner-incurred maintenance and repair costs can easily exceed $30 to $35 per acre annually. So, even with the allowable income tax deductions, tax-adjusted owner costs apparently will exceed current cash rents for all but the highest tax-bracket buyers.

Some exception to this is irrigated land in Northwest and Northern Nebraska where average rents are sufficient enough to yield a positive cash flow for even the buyer in the 35 percent tax bracket. As would be expected the associated rent-to-value ratios in these two areas were relatively high -- 8.8 percent and 10.0 percent respectively.

Nebraska Sandhills rangeland represents a land type where rent-to-value ratios have historically been in the 3 to 6 percent range. Obviously, with mortgage interest rates averaging 12 percent or more, the typical buyer using a conventional mortgage package will initially experience negative cash flows from the investment. As illustrated in Table 14, only the buyer in the 50 percent tax bracket would have sufficient tax savings to generate a positive cash flow from this type of land under conventional financing. This could mean further softness for rangeland values.

Summing up, the above analysis suggests that portions of Nebraska's farmland have adjusted downward to a point where cash rent returns may now sufficiently cover typical ownership costs and financing obligations, while yielding a modest but positive return to owner equity. This is particularly evident of dryland cropland and of irrigated land in some areas. If there is a general prevailing expectation of stable or increasing rents into the future, there may soon be some renewed interest among potential farmland buyers.[8]

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[8] This is also assuming no significant change in interest rate levels. Any rise in interest rates would obviously put greater economic stress on the farm sector as well as increase the cost side of a farmland investment -- culminating in further downward adjustments in land values.

The imputed rates of return to owner equity under these 1984 purchase scenarios, even when positive, remain relatively low. Rates of return to alternative investments would almost universally be above the imputed returns calculated here. This would imply that land values may still not be at their "economic floor." However, one must bear in mind that certain potential buyers could invariably expect a higher potential return to equity than the average. For example, certain active farmer buyers may see a land parcel fitting uniquely into their existing operations such that potential returns are expanded. Likewise, an investor may foresee a pronounced economic recovery for the agricultural sector and buy land in anticipation of higher returns and associated asset appreciation; immediate cash flow conditions and low, even negative, returns to equity in the first year or so may be only secondary in their decision framework. And it is these persons who often set the pace of bidding for farmland. Thus, one may conclude that for some types of land, we may well be close to an economic equilibrium position where values reflect a realistic earning potential -- i.e., the land value floor is reached.

Appendix

Appendix Table 1. Farm Real Estate Values In Nebraska, USDA Historical Series, 1860-1984.[a/][b/]

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

cont. on next page

Appendix Table 1 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
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
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	600	440.4	28,623
1981	64.0	47.6	660	484.3	31,482
1982	63.0	47.6	626	473.0	29,798
1983	63.0	47.6	563	425.4	26,799
1984c/	63.0	47.6	495	374.0	23,562

a/ Source: Farm Real Estate Historical Series Data: 1860-1970 and Farm Real Estate Market Developments Series, released by the U.S. Department of Agriculture.

b/ Includes revisions from previously published estimates, based upon 1978 Census of Agriculture data.

c/ Preliminary estimates.

Appendix Table 2. Average Reported Value of Nebraska Farmland For Different Types of Land by Crop Reporting District, 1978-1984.[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	1,061	387	541	808	602
1980...	347	340	920	471	1,296	454	626	971	702
1981...	419	346	1,009	519	1,409	546	754	1,060	778
1982...	411	336	966	502	1,325	522	752	988	742
1983...	387	321	864	450	1,204	469	664	939	681
1984...	377	300	779	416	1,129	444	653	840	632
Dryland Cropland (Irrigation Potential)									
1978...	409	387	741	590	1,128	471	873	953	757
1979...	449	514	930	708	1,411	520	1,102	1,152	926
1980...	533	565	1,132	767	1,733	628	1,282	1,352	1,107
1981...	680	533	1,225	880	1,785	733	1,432	1,402	1,192
1982...	658	535	1,097	833	1,665	685	1,411	1,268	1,108
1983...	563	462	975	680	1,462	654	1,175	1,160	979
1984...	507	441	911	638	1,349	631	1,050	1,069	905
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
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
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
Gravity Irrigated Cropland									
1978...	1,246	796	1,030	1,545	1,624	1,134	1,412	1,404	1,410
1979...	1,300	964	1,289	1,705	1,910	1,197	1,746	1,772	1,638
1980...	1,369	1,020	1,547	1,976	2,317	1,329	2,046	2,026	1,906
1981...	1,555	1,054	1,781	2,088	2,403	1,493	2,230	2,026	2,030
1982...	1,580	1,033	1,771	2,053	2,269	1,598	2,254	1,924	1,994
1983...	1,361	1,000	1,430	1,798	1,969	1,412	1,872	1,854	1,737
1984...	1,269	1,020	1,429[b/]	1,613	1,838	1,250	1,762	1,639	1,601
Center Pivot Irrigated Cropland[b/]									
1978...	771	678	956	877	1,484	813	1,023	1,286	947
1979...	915	770	1,164	1,076	1,690	895	1,291	1,590	1,114
1980...	894	886	1,372	1,223	2,043	971	1,535	1,795	1,272
1981...	973	816	1,456	1,312	2,110	1,105	1,732	1,900	1,341
1982...	989	810	1,332	1,270	2,010	1,123	1,681	1,748	1,293
1983...	847	769	1,217	1,016	1,727	926	1,391	1,643	1,130
1984...	809	698	1,130	969	1,655	827	1,350	1,465	1,049
All Land Average[c/]									
1978...	279	201	674	608	1,125	363	796	844	500[d/]
1979...	307	244	836	699	1,376	405	970	1,044	597[d/]
1980...	333	269	989	800	1,670	472	1,139	1,215	695[d/]
1981...	397	271	1,077	865	1,748	538	1,268	1,260	749[d/]
1982...	396	269	1,004	843	1,643	527	1,272	1,173	720[d/]
1983...	343	248	890	734	1,475	480	1,057	1,099	642[d/]
1984...	318	229	829	654	1,341	442	990	989	588[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 3. Deflated Indexes of Nebraska Farmland Values and Percent Changes, 1960-1984.[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
1960	23	50.0	46.0	-
1961	23	50.4	45.6	- 0.9
1962	24	51.3	46.8	2.6
1963	24	52.2	46.0	- 1.7
1964	26	52.9	49.1	6.7
1965	28	54.0	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	2.1
1969	37	62.1	59.6	1.2
1970	37	65.7	56.3	- 5.5
1971	38	69.0	55.1	- 2.1
1972	41	72.2	56.8	3.1
1973	47	75.3	62.4	9.9
1974	60	80.9	74.2	18.9
1975	70	89.8	78.0	5.1
1976	88	95.1	92.5	18.6
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	138.7	108.9	- 0.1
1982	143	148.7	96.2	-11.7
1983	129	155.6	82.9	-13.8
1984	114[d/]	161.8[d/]	70.5	-15.0

[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 1982-1984.

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

[d/] Preliminary estimate.

[e/] A positive value entry in this column represents a real increase in asset value for the year (i.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. Farm Real Estate: USDA Indexes of Average Value Per Acre of Irrigated Land, Dry Cropland, and Grazing Land, Nebraska, 1960-1984.[a/] [b/]

Year	Index of Average Value Per Acre: Irrigated Land	Dry Cropland	Grazing Land	All Land
	(1977=100)			
1960.....	19	23	23	23
61.....	19	23	23	23
62.....	21	25	27	24
63.....	21	25	26	24
64.....	23	26	30	26
1965.....	24	28	30	28
66.....	27	30	33	30
67.....	29	33	35	33
68.....	32	35	38	35
69.....	34	37	39	37
1970.....	36	37	39	37
71.....	36	38	40	38
72.....	38	42	43	41
73.....	42	47	51	47
74.....	56	60	62	60
1975.....	69	70	72	70
76.....	85	89	89	88
77.....	100	100	100	100
78.....	91	100	87	96
79.....	111	124	114	120
1980.....	126	144	123	137
81.....	136	160	136	151
82.....	135	148	133	143
83.....	120	133	122	129
84[c/]....	104	117	101	114

[a/] Includes improvements. Source: Index series maintained by USDA and reported in the Farm Real Estate Market Developments (Outlook and Situation Report) series, Economic Research Service, USDA, CD-87, July 1982.

[b/] March 1 indexes of value for 1950-1975, February 1 indexes of value for 1976-1981, and April 1 indexes of value for 1982-1984.

[c/] Preliminary.

Appendix Table 5. Selected Farm Real Estate Characteristics in 1982 by County and Crop Reporting District as Reported in the 1982 Census of Agriculture.[a/]

County & Crop Rpt. District	Farm Characteristics in 1982				Percent of Land:	
	Number Of Farms	Average Size of Farm	Average Value of Land & Bldgs. Per Farm	Per Acre	Owned By Operator	Rented By Operator
	(No.)	(Acres)	(Dollars)	(Dollars)	Percent	
Banner	200	2,033	671,200	310	58.3	41.7
Box Butte	543	1,166	547,100	522	59.2	40.8
Cheyenne	701	1,073	494,000	468	53.9	46.1
Dawes	452	1,583	402,700	247	63.7	36.3
Deuel	277	1,109	681,100	580	57.8	42.2
Garden	330	3,150	889,300	284	75.7	24.3
Kimball	344	1,519	677,100	431	53.4	46.6
Morrill	550	1,352	595,200	400	58.0	42.0
Scottsbluff	987	468	443,000	950	50.4	49.6
Sheridan	704	2,054	686,300	347	65.3	34.7
Sioux	365	3,224	1,216,100	360	54.1	45.9
NORTHWEST	5,453	1,505	613,400	408	60.5	39.5
Arthur	81	5,150	1,109,000	210	68.8	31.2
Blaine	141	2,897	717,400	244	71.4	28.6
Boyd	442	640	203,900	320	63.6	36.4
Brown	353	1,712	638,600	354	62.6	37.4
Cherry	708	5,682	2,135,300	373	71.6	28.4
Garfield	268	1,175	457,100	462	66.9	33.1
Grant	80	8,626	2,361,100	274	67.5	32.5
Holt	1,269	1,062	621,600	552	66.5	33.5
Hooker	59	5,456	1,671,500	291	65.7	34.3
Keya Paha	269	1,697	443,800	243	67.7	32.3
Logan	152	2,231	648,200	273	68.0	32.0
Loup	148	1,944	587,500	263	61.7	38.3
McPherson	138	3,676	823,500	210	74.4	25.6
Rock	309	1,936	715,900	345	63.8	36.2
Thomas	87	3,753	1,082,700	282	59.9	40.1
Wheeler	195	1,569	729,600	483	72.9	27.1
NORTH	4,699	2,390	850,400	756	68.5	31.5
Antelope	1,042	483	417,000	881	59.4	40.6
Boone	857	505	466,300	892	55.3	44.7
Burt	733	403	660,100	1,594	46.8	53.2
Cedar	1,144	369	324,100	828	59.4	40.6
Cuming	1,250	276	405,600	1,538	50.2	49.8
Dakota	378	398	470,600	1,107	55.3	44.7
Dixon	731	347	320,600	863	60.3	39.7
Knox	1,280	501	303,300	533	66.3	33.7
Madison	991	339	385,800	1,149	51.1	48.9
Pierce	865	370	404,100	1,022	56.0	44.0
Stanton	712	340	300,000	948	53.0	47.0
Thurston	535	382	409,700	1,038	47.5	52.5
Wayne	810	333	345,900	1,022	49.5	50.5
NORTHEAST	11,328	390	383,200	983	56.0	44.0
Buffalo	1,191	477	442,200	960	56.3	43.7
Custer	1,439	1,044	486,700	441	59.1	40.9
Dawson	959	706	762,300	1,064	56.0	44.0
Greeley	438	687	391,300	559	65.7	34.3
Hall	794	384	610,300	1,442	48.7	51.3
Howard	702	450	327,800	807	64.6	35.4
Sherman	539	533	337,200	611	65.4	34.6
Valley	502	636	472,100	653	66.4	33.6
CENTRAL	6,564	651	483,500	743	59.3	40.7

Appendix Table 5 continued:

County & Crop Rpt. District	Farm Characteristics in 1982				Percent of Land:	
	Number Of Farms (No.)	Average Size of Farm (Acres)	Average Value of Land & Bldgs. Per Farm (Dollars)	Per Acre (Dollars)	Owned By Operator	Rented By Operator
					--- Percent ---	
Butler	976	343	405,400	1,170	50.9	49.1
Cass	915	346	465,600	1,429	44.5	55.5
Colfax	779	298	471,300	1,524	47.4	52.6
Dodge	977	318	528,100	1,664	41.6	58.4
Douglas	482	249	512,800	2,125	40.4	59.6
Hamilton	821	410	714,500	1,756	48.9	51.1
Lancaster	1,547	290	361,300	1,246	44.3	55.7
Merrick	680	408	448,300	1,081	48.9	51.1
Nance	478	514	419,300	872	55.3	44.7
Platte	1,236	313	467,200	1,527	51.6	48.4
Polk	727	362	621,300	1,692	47.4	52.6
Sarpy	459	255	452,600	1,644	38.4	61.6
Saunders	1,444	310	396,100	1,258	50.3	49.7
Seward	988	343	449,900	1,358	44.6	55.4
Washington	812	273	407,200	1,577	49.3	50.7
York	911	388	589,900	1,576	47.8	52.2
EAST	14,232	334	477,700	1,431	47.5	52.5
Chase	433	1,223	846,800	710	61.3	38.7
Dundy	382	1,460	864,600	569	59.6	40.4
Frontier	463	1,094	613,600	536	62.3	37.7
Hayes	328	1,271	580,700	422	57.8	42.2
Hitchcock	443	922	662,100	691	54.0	46.0
Keith	382	1,651	908,000	544	63.9	36.1
Lincoln	1,077	1,421	786,800	526	61.2	38.8
Perkins	547	1,002	679,900	624	52.9	47.1
Red Willow	474	933	614,100	618	57.9	42.1
SOUTHWEST	4,489	1,228	703,000	572	59.6	40.4
Adam	747	469	689,300	1,348	49.1	50.9
Franklin	530	607	662,700	1,015	54.9	45.1
Furnas	520	834	537,300	579	51.6	48.4
Gosper	324	763	591,200	750	56.5	43.5
Harlan	453	712	620,800	843	53.4	46.6
Kearney	581	549	794,500	1,483	41.5	58.5
Phelps	588	655	965,300	1,480	48.8	51.2
Webster	500	595	358,000	608	61.2	38.8
SOUTH	4,243	631	643,500	1,020	51.8	48.2
Clay	664	543	820,300	1,556	54.1	45.9
Fillmore	765	466	661,000	1,400	43.1	56.9
Gage	1,339	386	354,100	927	51.2	48.8
Jefferson	747	440	393,600	1,006	65.6	34.4
Johnson	566	347	235,200	708	58.2	41.8
Nemaha	614	390	469,200	1,190	47.4	52.6
Nuckols	624	558	491,400	834	52.1	47.9
Otoe	957	363	381,900	1,037	45.0	55.0
Pawnee	531	410	287,900	698	62.5	37.5
Richardson	813	358	382,800	1,011	51.2	48.8
Saline	905	366	394,500	1,065	49.9	50.1
Thayer	707	513	591,200	1,112	53.4	46.6
SOUTHEAST	9,232	422	449,000	1,064	52.3	47.7
STATE	60,240	746	533,600	702	59.2	40.8

a/ Source: U.S. Department of Commerce, Bureau of the Census, 1982 Preliminary Report, AC82-A-31-00(P), March 1984.

Appendix Table 6. Estimated Cash Rental Rates of Nebraska Farmland For Different Types of Land by Crop Reporting District, 1981-1984.[a/]

Type of Land & Year	Northwest	North	Crop Reporting District: Northeast	Central	East	Southwest	South	Southeast
			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
Gravity Irrigated Cropland								
1981	b/	b/	107	117	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
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
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
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/
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
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
			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

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

b/ Insufficient number of reports.

Table 7, Average Reported Value of Nebraska Farmland As of May 1984 and Comparison With Peak Values For Different Types of Land by Crop Reporting District.[a/] [b/]

Type of Land & Date	Crop Reporting District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE
	Dollars/Acre								
Dryland Cropland (No Irrigation Potential)									
May 1984.....	371	291	748	379	1,061	404	633	756	594
Peak Yr. Value..	419	346	1,009	519	1,409	546	754	1,060	778
Dollar Decline..	48	55	261	140	348	142	121	304	184
% Decline.....	12%	16%	26%	27%	25%	26%	16%	29%	24%
Dryland Cropland (Irrigation Potential)									
May 1984.....	482	415	866	581	1,268	555	977	951	842
Peak Yr. Value..	680	565	1,132	880	1,785	733	1,432	1,402	1,192
Dollar Decline..	198	150	266	299	517	178	455	451	350
% Declline....	29%	27%	23%	34%	29%	24%	32%	32%	29%
Grazing Land (Tillable)									
May 1984.....	165	210	460	311	608	234	452	458	257
Peak Yr. Value..	251	261	622	435	881	332	710	654	357
Dollar Decline..	86	51	162	124	273	98	258	196	100
% Decline.....	34%	19%	26%	29%	31%	30%	36%	30%	28%
Grazing Land (Nontillable)									
May 1984.....	117	137	329	218	396	141	298	334	164
Peak Yr. Value..	168	183	418	339	620	217	418	474	230
Dollar Decline..	51	46	89	121	224	76	120	140	66
% Decline.....	30%	25%	21%	36%	36%	35%	29%	30%	29%
Hayland									
May 1984.....	275	242	497	295	523	313	310	384	284
Peak Yr. Value..	328	338	558	482	738	368	445	557	375
Dollar Decline..	53	96	61	187	215	55	135	173	91
% Decline.....	16%	28%	11%	39%	29%	15%	30%	31%	24%
Gravity Irrigated Cropland									
May 1984.....	1,193	959	1,329	1,452	1,783	1,200	1,621	1,475	1,457
Peak Yr. Value..	1,580	1,054	1,781	2,088	2,403	1,598	2,254	2,026	2,030
Dollar Decline..	387	95	452	636	620	398	633	551	573
% Decline.....	24%	9%	25%	30%	26%	25%	28%	27%	28%
Center Pivot Irrigated Cropland[c/]									
May 1984.....	736	663	1,074	901	1,523	761	1,256	1,348	976
Peak Yr. Value..	989	886	1,456	1,312	2,110	1,123	1,732	1,900	1,341
Dollar Decline..	253	223	382	411	587	362	476	552	365
% Decline.....	26%	25%	26%	31%	28%	32%	27%	29%	27%
All Land Average[d/]									
May 1984.....	296	213	788	595	1,220	398	911	880	541
Peak Yr. Value..	397	271	1,077	865	1,748	538	1,272	1,260	749
Dollar Decline..	101	58	289	270	528	140	361	380	208
% Decline.....	25%	21%	27%	31%	30%	26%	28%	30%	28%

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