2014

Nebraska Farmland Values Remain Steady

Jim Jansen
University of Nebraska-Lincoln, jjansen4@unl.edu

Roger K. Wilson
University of Nebraska-Lincoln, rwilson6@unl.edu

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Institute of Agriculture & Natural Resources
Department of Agricultural Economics
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Market Report	Yr Ago	4 Wks Ago	3/14/14
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	$128.00	$142.19	$150.88
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	162.57	213.01	227.17
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	142.09	173.81	179.62
Choice Boxed Beef, 600-750 lb. Carcass	195.02	208.83	240.72
Western Corn Belt Base Hog Price Carcass, Negotiated	71.95	85.18	113.58
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	79.04	92.69	118.75
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct	105.00	155.00	153.75
National Carcass Lamb Cutout, FOB	289.23	369.68	374.82
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	6.87	6.44	7.07
Corn, No. 2, Yellow Nebraska City, bu.	7.39	4.28	4.46
Soybeans, No. 1, Yellow Nebraska City, bu.	14.96	13.06	13.59
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	12.25	7.50	8.02
Oats, No. 2, Heavy Minneapolis, MN , bu.	4.28	4.41	4.66
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	+	+	182.50
Alfalfa, Large Rounds, Good Platte Valley, ton.	227.50	125.00	127.50
Grass Hay, Large Rounds, Good Nebraska, ton.	212.50	107.50	107.50
Dried Distillers Grains, 10% Moisture, Nebraska Average.	268.00	196.00	232.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	103.50	61.50	66.00

+ No Market

Even with the strong increases in farmland values over the past several years and the reduction in commodity prices experienced during 2013, agricultural land markets in Nebraska remained steady early in 2014. Preliminary findings from the University of Nebraska–Lincoln 2014 Nebraska Farm Real Estate Market Survey indicate as of February 1, 2014, the weighted average farmland value rose by about five percent over the prior 12-month period, to $3,195 per acre (Figure 1 on next page and Table 1 on page 3). Surveyed 2014 cash rental rates for cropland, on average declined with lower commodity prices, while pasture and cow-calf pair rental rates significantly increased. This was due to higher beef cattle prices, the lingering effects of the drought and the conversion of some marginal land to crop production (Table 2 on page 4).

Since February 1, 2013 the largest price increase by land class for Nebraska, reported by survey participants, occurred in non-tillable grazing land at seven percent. Non-tillable grazing land includes pasture and rangeland that does not have the current potential to be converted into cropland for small grain or row crop production. Record high livestock prices seen throughout the state translated into strong increases for pasture and rangeland. The increases in non-tillable grazing land varied greatly among the districts, with a low of four percent reported in the Northwest District to a high of 32 percent in the South District; but the Northeast, Central, East and Southeast Districts all averaged around 15 percent. Expectations among survey participants also indicated high future cattle prices to be a strong factor fueling the increase in non-tillable grazing land.

Increases in dryland cropland values also varied across the state, depending upon the location and potential for irrigation. Generally, changes of less than ten percent occurred in the eastern third of Nebraska for dryland cropland, with or without irrigation potential. The Eastern District had a small decline of five percent in the value of dryland cropland with no irrigation potential, but this should be noted as more of a negligible change, given the strong increase in this district over the prior several years. The western two-thirds of the state had the strongest increases in dryland cropland values, with increases commonly ranging around 20 percent. Increases in the value of

dryland cropland in the western two-thirds of Nebraska are comparable to those of the eastern third of Nebraska, as reported by survey participants during the past several years.

Trends observed for the value of tillable grazing land are comparable to those of dryland cropland for the western two-thirds and eastern third of Nebraska. The hayland class proves to be a critical component of forage production in the state for cattle producers. Increases in the value of hayland generally averaged around ten percent across the districts in 2014, whereas in 2013 the increases ranged from 25 to 30 percent, spurred by the devastating effects of the drought. Future changes in the value of this land class will likely be tied to the value of forages and cattle production in Nebraska.

Observed changes in the value of gravity irrigated and center pivot irrigated cropland ranged from minus two percent to almost 20 percent. Weighting these ranges across the districts equated to an increase of about four percent for each of the two irrigation land classes. For the prior two survey years of 2012 and 2013 the land value averages had an annual increase of about 30 percent. The smaller increases in the value of irrigated cropland in 2014 suggests the market is holding steady, given current expectations and commodity prices.

Lower anticipated grain prices in 2014 have led to lower average cash rental rates for dryland, gravity irrigated and center pivot irrigated cropland, as profit margins begin to tighten. Across these three cropland rental categories cases exist where rental rates have increased, but for the majority of the districts the rental rates have declined from five to 15 percent from the highs of 2013. In 2012 and 2013, survey respondents commonly reported annual increases in rental rates of around ten percent for the different cropland classes. Preliminary results from the land survey also indicate the majority of land rental contracts are fixed cash leases, with shares remaining the second most popular alternative in Nebraska. Cash leases with provisions allowing the base rent to flex around actual crop yields and prices (flexible cash leases), have low utilization rates according to survey participants.

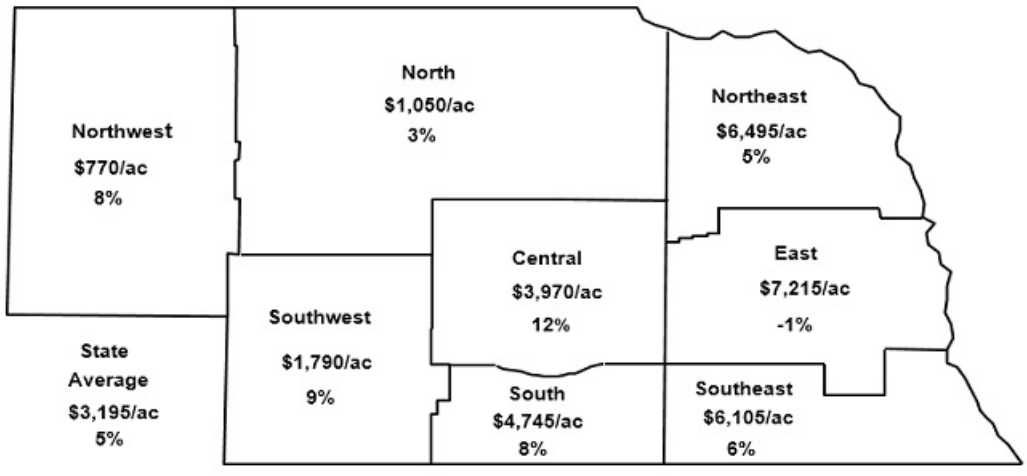
Survey results shown and discussed in this report are preliminary findings from the UNL 2014 Nebraska Farm Real Estate Market Survey. Land values and rental rates presented in this report are averages of survey participants' responses by district. Actual land values and rental rates may vary depending upon the quality of the parcel and local market for an area. Also, preliminary land values and rental rates are subject to change, as additional surveys are returned. Final results from the survey will be published in early June 2014, and will be available electronically via the Nebraska Farm Real Estate website: http://agecon.unl.edu/realestate.html.

Land appraisers, farm managers or agricultural finance professionals from Nebraska interested in participating in future Nebraska Farm Real Estate Market Surveys are invited to contact the UNL Department of Agricultural Economics. Interested parties can directly contact the Agricultural Economics Department by phone: (402) 472-3401 or email: agecon@unl.edu.

Jim Jansen, (402) 472-3401
Research Analyst
Dept. of Agricultural Economics
University of Nebraska-Lincoln
jjansen4@unl.edu

Roger Wilson, (402) 472-1771
Budget Analyst Farm Management
Dept. of Agricultural Economics
University of Nebraska-Lincoln
rwilson6@unl.edu

Figure 1. Average Value of Nebraska Farmland, February 1, 2014 and Percent Change From a Year Earlier. Preliminary



Source: 2013 and 2014 UNL Nebraska Farm Real Estate Market Developments Surveys.

Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub-State Regions, February 1, 2014[a] Preliminary

Type of Land and Year	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State[d]
Dryland Cropland (No Irrigation Potential)									
$/acre	900	1,155	6,650	2,625	6,380	2,120	3,520	5,355	3,600
% Change	29	b	11	b	-5	39	9	9	7
Dryland Cropland (Irrigation Potential)									
$/acre	730	2,060	7,390	4,910	7,465	1,655	5,090	6,965	5,140
% Change	b	7	5	24	1	b	22	6	5
Grazing Land (Tillable)									
$/acre	425	1,000	3,335	2,300	3,725	665	2,575	3,235	1,250
% Change	b	-5	-7	11	10	b	24	1	2
Grazing Land (Nontillable)									
$/acre	385	500	2,100	1,490	2,580	570	1,815	2,210	750
% Change	4	b	14	15	16	b	32	18	8
Hayland									
$/acre	780	1,150	2,925	2,125	3,140	1,160	1,990	2,250	1,635
% Change	b	b	11	15	-6	b	11	9	4
Gravity Irrigated Cropland									
$/acre	2,835	3,100	7,333	7,785	8,655	4,560	7,050	8,280	7,155
% Change	-1	b	-7	13	-1	18	0	7	4
Center Pivot Irrigated Cropland[c]									
$/acre	3,700	5,900	8,890	8,785	9,840	5,545	8,165	9,745	7,705
% Change	19	13	2	8	-2	7	-2	4	4
All Land Average[d]									
$/acre	770	1,050	6,495	3,970	7,215	1,790	4,745	6,105	3,195
% Change	8	3	5	12	-1	9	8	6	5

SOURCE: [a] UNL 2013 and 2014 Nebraska Farm Real Estate Market Developments Surveys.

[b] Insufficient number of reports to release preliminary value. Final 2013 survey value used as estimate until sufficient 2014 results collected.

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

[d] Weighted averages.

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture: 2014 Averages, Percent Change from 2013 and Quality Ranges by Agricultural Statistics District.[a] Preliminary

Type of Land	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
	---------- Dollars Per Acre ----------							
Dryland Cropland								
Average.	40	70	245	110	210	55	105	175
% Change	0	23	5	-7	-4	-7	-16	1
High Third Quality. . .	60	90	305	145	265	70	140	220
Low Third Quality. . .	30	45	180	75	160	40	80	135
Gravity Irrigated Cropland								
Average.	145	200	280	240	310	180	225	290
% Change.	b	b	-12	-8	-3	-14	-18	-3
High Third Quality. .	190	245	350	325	370	225	280	340
Low Third Quality. . .	90	170	225	185	260	145	180	240
Center Pivot Irrigated Cropland[d]								
Average.	200	222	369	262	347	300	296	331
% Change.	-11	-16	-3	-32	-2	12	-5	-4
High Third Quality. . .	240	310	435	310	410	325	370	395
Low Third Quality. . .	150	185	315	195	285	260	250	270
Pasture								
Average.	10	20	70	35	55	20	35	50
% Change.	c	25	32	c	12	18	c	19
High Third Quality. . .	15	25	105	45	65	30	50	65
Low Third Quality. . ..	5	15	50	25	40	15	30	40
	---------- Dollars Per Month ----------							
Cow-Calf Pair Rates[e]								
Average.	30.50	49.00	52.50	40.75	48.00	48.75	39.00	43.00
% Change.	c	26	24	c	16	24	c	9
High Third Quality[f].. .	36.85	66.00	65.50	49.95	61.15	61.25	44.75	56.10
Low Third Quality[f]. . .	24.65	42.00	39.15	30.15	37.55	42.50	31.00	38.60

SOURCE: [a] Reporters' estimated cash rental rates (both averages and ranges) from the UNL 2014 Nebraska Farm Real Estate Market Developments Survey.

[b] Insufficient number of reports in 2013 to calculate percent change to 2014 rental values.

[c] Insufficient number of reports to release preliminary value. Final 2013 survey rental value used as an estimate until sufficient 2014 results collected.

[d] Cash rents on center pivot land assumes landowners own total irrigation system.

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

[f] Cow-calf pair rates will vary by services provided by the landowner.