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2015 Trends in Nebraska Farmland Values and Rental Rates Reflect Changes in Agricultural Commodity Prices

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Market Report	Year Ago	4 Wks Ago	2/27/15
Livestock and Products.			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	151.27	*	157.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	222.50	278.92	278.35
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	176.11	217.73	211.66
Choice Boxed Beef, 600-750 lb. Carcass.	219.60	246.69	245.28
Western Corn Belt Base Hog Price Carcass, Negotiated.	100.63	67.49	66.06
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	100.75	80.32	69.47
Slaughter Lambs, Ch. & Pr., Heavy, Woolled, South Dakota, Direct.	159.25	*	*
National Carcass Lamb Cutout FOB.	366.03	378.87	366.33
Crops.			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	6.36	4.87	4.89
Corn, No. 2, Yellow Nebraska City, bu.	4.41	3.47	3.69
Soybeans, No. 1, Yellow Nebraska City, bu.	13.85	9.16	9.90
Grain Sorghum, No.2, Yellow Dorchester, cwt.	7.73	6.88	7.20
Oats, No. 2, Heavy Minneapolis, Mn, bu.	4.97	3.08	3.13
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	162.50	212.50	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	127.50	75.00	77.50
Grass Hay, Large Rounds, Good Nebraska, ton.	107.50	82.50	95.00
Dried Distillers Grains, 10% Moisture Nebraska Average.	222.50	177.75	177.50
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	66.50	58.00	53.54
* No Market			

Trends in agricultural commodities across Nebraska from 2014 leading into 2015 were marked by record-setting cattle markets along with lower grain and oilseed prices. Movements in the value and rents of the types of land which support these commodities reflect their general price trends. Preliminary findings from the 2015 University of Nebraska–Lincoln Nebraska Farm Real Estate Market Survey indicate as of February 1, 2015 the weighted average farmland value declined by about 3 percent over the prior 12-month period to \$3,210 per acre (Figure 1 and Table 1). The decline in weighted average farmland values in Nebraska denotes the first decline in recent years of the survey.

Surveyed 2015 cash rental rates for dryland cropland in Nebraska on average declined about 10 percent (Table 2). Dryland cropland on average had a stronger rate of decline compared to center pivot and gravity irrigated crop ground. According to survey participants, pasture and cow-calf pair rental rates increased about 15 percent across the state due to higher cattle prices and drought assistance provided by the Livestock Forage Disaster Program (LFP).

Since February 1, 2014 the largest price decline at about 10 percent by land class in Nebraska reported by survey participants occurred in the dryland cropland category. Declines reported in land values for these categories varied across the state with the strongest decline reported for dryland cropland (no irrigation potential) in the Northwest District, with the smallest rates of decline for dryland cropland (irrigation potential) in the North and Southeast Districts at 5 percent each. Bearish comments reported by survey participants indicated lower expected grain and oil-oilseed prices lead to the lower trends in dryland crop- land values in Nebraska.



Figure 1. Average Value of Nebraska Farmland, February 1, 2015 and Percent Change from a Year Earlier. **Preliminary**

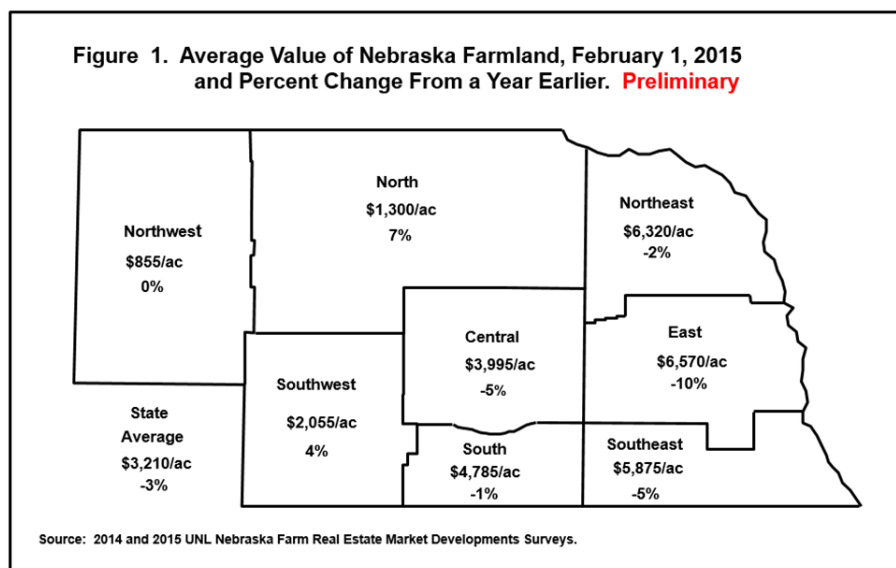


Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub-State Regions, February 1, 2015^a **Preliminary**

Type of Land and Year	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State ^c
----- Dollars Per Acre -----									
Dryland Cropland (No Irrigation Potential)									
\$/acre	665	1,580	5,750	3,185	5,920	1,835	3,540	4,945	3,385
% change	-21	-8	-11	-9	-10	-7	1	-9	-9
Dryland Cropland (Irrigation Potential)									
\$/acre	870	2,270	7,360	3,930	5,940	1,850	4,500	6,720	4,740
% change	-7	-5	2	-20	-21	-9	-12	-5	-10
Grazing Land (Tillable)									
\$/acre	535	1,475	3,265	2,715	4,005	910	2,565	2,900	1,490
% change	-3	28	-20	18	11	2	6	-12	7
Grazing Land (Nontillable)									
\$/acre	465	685	2,610	2,065	3,145	845	1,935	2,315	970
% change	15	10	5	24	26	5	9	7	12
Hayland									
\$/acre	1,085	1,680	4,075	3,250	4,040	1,950	3,175	3,000	2,350
% change	6	1	40	38	23	26	35	19	20
Gravity Irrigated Cropland									
\$/acre	3,335	3,600	7,355	6,870	8,595	5,035	7,195	8,065	7,005
% change	10	-15	-1	-15	-2	12	-1	-3	-4
Center Pivot Irrigated Cropland^b									
\$/acre	3,835	5,070	8,400	7,815	9,425	6,285	8,725	9,430	7,495
% change	2	2	-5	-13	-4	9	3	-3	-2
All Land Average^c									
\$/acre	855	1,300	6,320	3,995	6,570	2,055	4,785	5,875	3,210
% change	0	7	-2	-5	-10	4	-1	-5	-3

Source: ^a UNL Nebraska Farm Real Estate Market Surveys, 2014 and 2015.

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

^c Weighted averages.

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture: 2015 Averages, Percent Change from 2014 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.....	35	65	240	115	190	45	85	155
% Change.....	-13	-7	-2	5	-12	-10	-6	-11
High Third Quality	60	95	310	135	235	55	125	195
Low Third Quality	20	45	190	70	150	30	55	120
Gravity Irrigated Cropland								
Average.....	135	190	285	230	285	185	210	250
% Change.....	-7	-7	-2	-8	-10	-3	-7	-15
High Third Quality	180	250	350	270	320	215	265	305
Low Third Quality	75	175	250	190	250	140	170	215
Center Pivot Irrigated Cropland^b								
Average.....	175	235	375	240	305	205	255	300
% Change.....	-13	-6	1	-8	-14	-18	-6	-10
High Third Quality	295	275	440	290	350	320	330	360
Low Third Quality	150	190	300	210	260	220	240	265
Pasture								
Average.....	11	26	85	40	59	27	38	55
% Change.....	10	4	21	34	8	34	9	9
High Third Quality	18	37	97	51	72	34	44	67
Low Third Quality	5	22	55	31	48	22	35	38
Cow-Calf Pair Rates^c								
----- Dollars Per Pair -----								
Average.....	37.40	55.00	57.50	59.97	52.30	61.25	46.65	60.00
% Change.....	16	13	5	0	7	35	45	40
High Third Quality	53.60	46.65	75.00	66.50	66.55	53.75	56.65	70.00
Low Third Quality	25.60	41.65	43.75	48.25	43.00	51.25	36.65	50.00

Source: ^a Reporters' estimated cash rental rates (both averages and ranges) from the UNL Nebraska Farm Real Estate Market Survey, 2015.

^b Cash rents on center pivot land assumes landowners own total irrigation system.

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

Gravity irrigated and center pivot irrigated cropland reported a decline of about 3 percent across the state. Survey respondents attributed the lower rates of decline for irrigated land classes due to generally higher and more consistent irrigated crop yields compared to the dryland counterparts. The sharpest decline in the two irrigated land classes were reported in the Central District at about 14 percent along with slight decreases reported in the Northeast, East, and Southeast Districts. Major cow-calf producing regions of Nebraska including the Northwest and Southwest Districts reported small increases of about 10 percent. These increases may have been supported by record setting profits in the cow-calf industry from 2014 leading into 2015.

Agricultural land which directly supports the cow-calf industry in Nebraska includes grazing land (tillable), grazing land (nontillable), and hayland witnessed increases ranging from small to moderate in land values. Grazing land across Nebraska increased at a rate of about 10 percent, while hayland rose 20 percent. The hayland class proves to be a critical component of forage production for the state with the strongest increases being recorded in the Northeast and Central Districts.

Survey participants indicated that lower grain prices will likely continue into 2015 leading to lower reported cash rental rates for dryland and irrigated cropland in

Nebraska. Declines in dryland and irrigated cropland rental rates averaged about 10 percent. A few cases may be noted in the Northeast and Central Districts where dryland and irrigated rental rates have increased slightly. For the majority of the districts, cropland rental rates for irrigated and dryland cropland have declined 5 to 15 percent. Survey participants also noted a small uptick in the utilization of flexible cash lease arrangements for cropland in Nebraska, but cash leases in the eastern part of the state and crop share leases in the western part of the state continue to be the preferred method for leasing agricultural property.

Pasture and cow-calf pair rental rates continued to set new records for 2015 which raised concerns regarding ranch cash flows by some land management professionals participating in the survey. Per-acre rental rates reported an average increase of about 15 percent with the Central, Northeast, and Southwest Districts reporting the highest percent increases over 2014. Cow-calf pair rental rates across Nebraska for a 5 month grazing season in 2015 average about \$50 per month or \$250 for the season. A high of \$75 per pair for each month of the grazing season was reported in the Northeast District along with a low of \$25.60 per pair in the Northwest District.

Survey results shown and discussed in this report are preliminary findings from the University of Nebraska–Lincoln 2015 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 the first week of June 2015 and will be available electronically via the Nebraska Farm Real Estate website: <http://agecon.unl.edu/realestate>

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 Department of Agricultural Economics at the University of Nebraska–Lincoln. Interested parties can directly contact Jane Witte by phone: (402) 472-1913 or email: janewitte@unl.edu

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