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## Nebraska Farm Real Estate Values Continue Gradual Declines in 2019

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# Cornhusker Economics

## Nebraska Farm Real Estate Values Continue Gradual Declines in 2019

Market Report	Year Ago	4 Wks Ago	3-8-19
<b>Livestock and Products.</b>			
<b>Weekly Average</b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	*	125.50	*
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	185.34	179.94	179.33
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	153.15	148.63	151.36
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	223.63	216.86	224.94
Western Corn Belt Base Hog Price Carcass, Negotiated . . . . .	60.50	48.91	48.42
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .	74.23	64.31	62.87
Slaughter Lambs, woolled and shorn, 135-165 lb. National. . . . .	138.15	132.63	141.07
National Carcass Lamb Cutout FOB. . . . .	NA	373.85	372.16
<b>Crops.</b>			
<b>Daily Spot Prices</b>			
Wheat, No. 1, H.W. Imperial, bu. . . . .	4.43	4.44	3.83
Corn, No. 2, Yellow Columbus, bu. . . . .	3.59	3.47	3.41
Soybeans, No. 1, Yellow Columbus, bu. . . . .	9.45	8.01	7.84
Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .	5.91	5.59	5.29
Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .	2.92	3.23	3.11
<b>Feed</b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	150.00	*	175.00
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	97.50	105.00	105.00
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	*	85.00	92.50
Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .	151.00	141.00	145.50
Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .	51.00	55.50	50.00
<b>* No Market</b>			

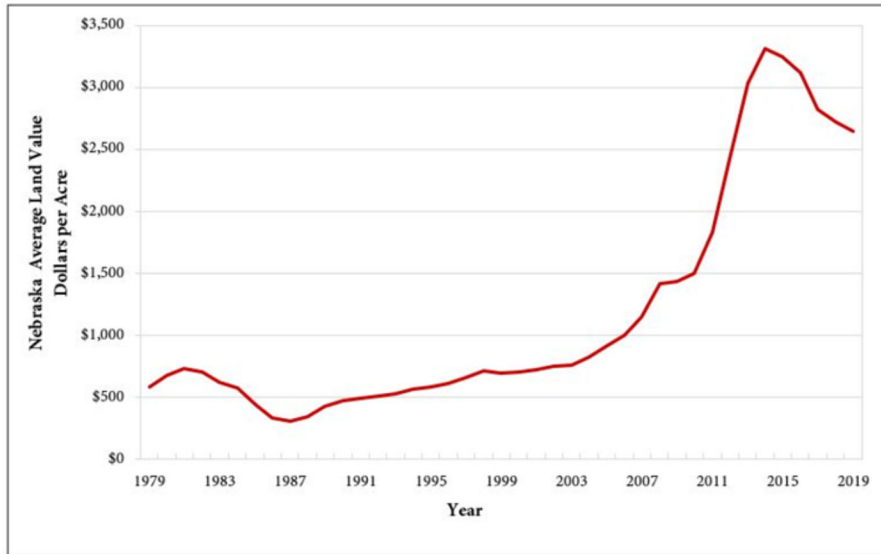
The market value of agricultural land in Nebraska declined by three percent over the prior year to an average of \$2,650 per acre according to the 2019 Nebraska Farm Real Estate Market Survey (Figure 1 and Table 1). This marks the fifth consecutive year of downward pressure as market values have dropped approximately 20 percent since reaching a high of \$3,315 in 2014.

The University of Nebraska-Lincoln Department of Agricultural Economics annually surveys Nebraska land professionals including appraisers, farm and ranch managers, and agricultural bankers. Results from the survey are divided by land class and summarized by the eight Agricultural Statistic Districts of Nebraska (Figure 2).

Land industry professionals participating in the annual survey reported current trade and property tax policies as two of the most negative forces influencing agricultural real estate in Nebraska. Concerns among many land owners across Nebraska relate to current commodity prices and property ownership expenses. Many farmers and ranchers in the state look to policy changes in 2019 for better operator margins and long-term stability.

Grazing land and hayland in Nebraska continued gradual declines at four and three percent respectively when compared to the prior year (Table 1). The estimated market value for grazing land in Nebraska noted the highest drop ranging between eight to ten percent for the

**Figure 1. Historic Nebraska Average Land Value 1978-2019<sup>a</sup>**



Source: <sup>a</sup> UNL Nebraska Farm Real Estate Market Surveys, 1978 - 2019.

Central, East, and South Districts. Major cow-calf production regions such as the Northwest, North, and Southwest Districts indicated more modest changes by losing only a few percent on average.

Cropland across Nebraska reported only gradual declines at two and three percent for dryland cropland without and with irrigation potential. The Central and East Districts reported slight increases at one and two percent each. Future prospects on markets for corn used in ethanol, feed, and industrial uses in eastern Nebraska may be positive in terms of demand for the commodity according to survey participants. Corn basis in these areas might also strengthen with improved demand at the local markets.

Trends in center pivot and gravity irrigated cropland paralleled those seen in dryland cropland with marginal declines of two and one percent being reported. Higher reductions in market prices were noted in the Northwest, Southwest, and South Districts ranging between five to eight percent. Survey participants indicated policies guiding the use of water as a key driver in the value of irrigated properties across these three regions.

Rental rates for cropland and grazing land in 2019 reflected gradual declines across the majority of Nebraska (Table 2). Many challenges exist between landlords and tenants when negotiating equitable land rental rates in 2019. As reported, many absentee or retired landowners appear to have rising

**Figure 2. Nebraska Agricultural Statistics Districts**



**Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub State Regions, February 1, 2019<sup>a</sup> Preliminary**

Type of Land	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State <sup>c</sup>
----- Dollars Per Acre -----									
<b>Dryland Cropland (No Irrigation Potential)</b>									
\$/acre	650	1,505	5,300	2,750	5,775	1,460	2,920	4,115	3,045
% change	-3	-1	-4	1	2	-8	-2	-2	-2
<b>Dryland Cropland (Irrigation Potential)</b>									
\$/acre	695	1,905	5,645	3,050	6,140	1,535	3,470	5,255	4,005
% change	-5	-4	-3	-1	-2	-6	-4	-2	-3
<b>Grazing Land (Tillable)</b>									
\$/acre	500	1,040	3,165	1,745	3,085	910	1,895	2,825	1,195
% change	-2	-3	-5	-10	-7	-4	-3	-1	-4
<b>Grazing Land (Nontillable)</b>									
\$/acre	415	630	2,000	1,410	2,190	745	1,340	1,990	800
% change	-5	-2	-6	-9	-7	-5	-8	-3	-4
<b>Hayland</b>									
\$/acre	755	1,190	3,020	1,880	3,175	1,260	2,000	2,650	1,665
% change	-1	-6	-4	-5	6	-8	-3	1	-3
<b>Gravity Irrigated Cropland</b>									
\$/acre	2,150	3,500	6,575	5,840	7,600	3,715	5,520	5,910	5,710
% change	-8	-4	-2	1	2	-5	-5	-6	-1
<b>Center Pivot Irrigated Cropland<sup>b</sup></b>									
\$/acre	2,575	3,900	7,270	6,410	8,445	4,030	6,320	7,525	5,980
% change	-5	-3	-1	-2	-2	-6	-3	-3	-2
<b>All Land Averages<sup>c</sup></b>									
\$/acre	685	1,060	5,250	3,090	6,185	1,555	3,600	4,705	2,650
% change	-4	-3	-3	-2	-1	-6	-4	-2	-3

Source: <sup>a</sup> UNL Nebraska Farm Real Estate Market Surveys, 2018 and 2019.

<sup>b</sup> Value of pivot not included in per acre value.

<sup>c</sup> Weighted averages.

property tax liabilities while trying to achieve a positive return on their assets. Agricultural operators seeking to produce commodities above break-even prices face tight margins with low prices.

Cropland rental rates for irrigated and dryland production reported declines ranging from about one to five percent on average across the state. Several Districts reported small increases in cropland rental rates along with a decline exceeding six percent in the North District. Irrigated rental rates reported as part of the annual survey assume the landlord owns the entire irrigation system. In cases where the tenant provides the pivot or power unit, the irrigated rental rate would more than likely be

adjusted downward to account for the tenant providing the upkeep or depreciation along with insurance on the system.

Pasture and cow-calf pair rental rates were mixed to steady depending upon the District of Nebraska. Most Districts experienced declines of two to seven percent, while others reported increases from one to five percent. The spread between the high and low third grade rental averages for pasture and cow-calf pairs widened in 2019.

Survey participants indicated the high third grade rental rates for cow-calf pairs might reflect cases where the landlord provides partial to full care as

**Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture: 2019 Averages, Percent Change from 2018 and Quality Ranges by Agricultural Statistics District<sup>a</sup>**  
**Preliminary**

Type of Land	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
----- Dollars Per Acre -----								
<b>Dryland Cropland</b>								
Average .....	27	50	205	85	200	39	75	155
% Change .....	-4	-6	-2	-4	5	-5	-2	-3
High Third Quality .....	38	88	245	110	230	59	100	190
Low Third Quality.....	21	38	165	69	165	33	48	130
<b>Gravity Irrigated Cropland</b>								
Average .....	110	165	255	200	245	155	190	230
% Change .....	-4	-3	2	-2	-4	-6	-5	2
High Third Quality .....	130	190	280	250	285	200	240	260
Low Third Quality.....	92	115	220	165	210	120	170	190
<b>Center Pivot Irrigated Cropland<sup>b</sup></b>								
Average .....	145	180	280	215	285	185	205	250
% Change .....	-3	-10	-3	-2	2	-3	-5	-4
High Third Quality .....	185	220	325	265	330	220	255	300
Low Third Quality.....	110	140	265	185	240	155	185	210
<b>Pasture</b>								
Average .....	11	24	59	31	47	20	34	46
% Change .....	1	-6	-4	-5	-3	-2	-4	-1
High Third Quality .....	18	38	78	45	68	26	43	61
Low Third Quality.....	8	14	42	25	37	17	25	39
----- Dollars Per Month -----								
<b>Cow-Calf Pair Monthly Rates<sup>c</sup></b>								
Average .....	36.35	57.35	54.95	50.80	49.25	45.80	44.35	44.65
% Change .....	2	-3	5	-3	2	-7	-5	-1
High Third Quality .....	46.30	70.85	72.00	62.85	63.25	59.30	57.50	55.35
Low Third Quality.....	28.80	45.95	42.15	42.85	43.75	40.70	38.10	34.35

Source: <sup>a</sup> Reporters' estimated cash rental rates (both averages and ranges) from the UNL Nebraska Farm Real Estate Market Survey, 2018 and 2019.

<sup>b</sup> Cash rents on center pivot land assumes landowners own total irrigation system.

<sup>c</sup> 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.

part of the lease arrangement. Care may include upkeep on grazing land fencing, control of noxious weeds or shrubbery, and ensuring water sources for cattle. These considerations would be major provisions to evaluate as part of grazing land leases.

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 June 2019 and will be available online via the Nebraska Farm Real Estate website: <http://agecon.unl.edu/realestate>

Please address questions regarding preliminary estimates from the 2019 Nebraska Farm Real Estate Survey to Jim Jansen at (402) 261-7572 or [jjansen4@unl.edu](mailto:jjansen4@unl.edu).

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