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Cornhusker Economics

Nebraska Farm Real Estate Values Improve Despite Uncertainty in 2020

| Market Report | Year Ago | 4 Wks Ago | 3-6-20 |
|-------------------------------------------------------------------|----------|-----------|--------|
| Livestock and Products, | | | |
| Weekly Average | | | |
| Nebraska Slaughter Steers, 35-65% Choice, Live Weight. | * | * | * |
| Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. | 179.33 | 172.68 | 172.87 |
| Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. | 151.36 | 145.00 | 141.38 |
| Choice Boxed Beef, 600-750 lb. Carcass. | 224.94 | 210.85 | 206.94 |
| Western Corn Belt Base Hog Price Carcass, Negotiated | 48.42 | * | * |
| Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. | 62.87 | 64.46 | 65.60 |
| Slaughter Lambs, woolled and shorn, 135-165 lb. National. | 141.07 | 156.02 | 164.40 |
| National Carcass Lamb Cutout FOB. | 372.16 | 425.74 | 432.61 |
| Crops, | | | |
| Daily Spot Prices | | | |
| Wheat, No. 1, H.W. | | | |
| Imperial, bu. | 3.83 | 4.28 | 3.93 |
| Corn, No. 2, Yellow | | | |
| Columbus , bu. | 3.41 | 3.72 | 3.61 |
| Soybeans, No. 1, Yellow | | | |
| Columbus , bu. | 7.84 | 8.24 | 8.07 |
| Grain Sorghum, No.2, Yellow | | | |
| Dorchester, cwt. | 5.29 | 5.93 | 5.95 |
| Oats, No. 2, Heavy | | | |
| Minneapolis, Mn, bu. | 3.11 | 3.39 | 3.33 |
| Feed | | | |
| Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 | | | |
| Northeast Nebraska, ton. | 175.00 | * | * |
| Alfalfa, Large Rounds, Good | | | |
| Platte Valley, ton. | 105.00 | 105.00 | 90.00 |
| Grass Hay, Large Rounds, Good | | | |
| Nebraska, ton. | 92.50 | 97.50 | 95.00 |
| Dried Distillers Grains, 10% Moisture | | | |
| Nebraska Average. | 145.50 | 144.83 | 139.25 |
| Wet Distillers Grains, 65-70% Moisture | | | |
| Nebraska Average. | 50.00 | 51.67 | 49.71 |
| * No Market | | | |

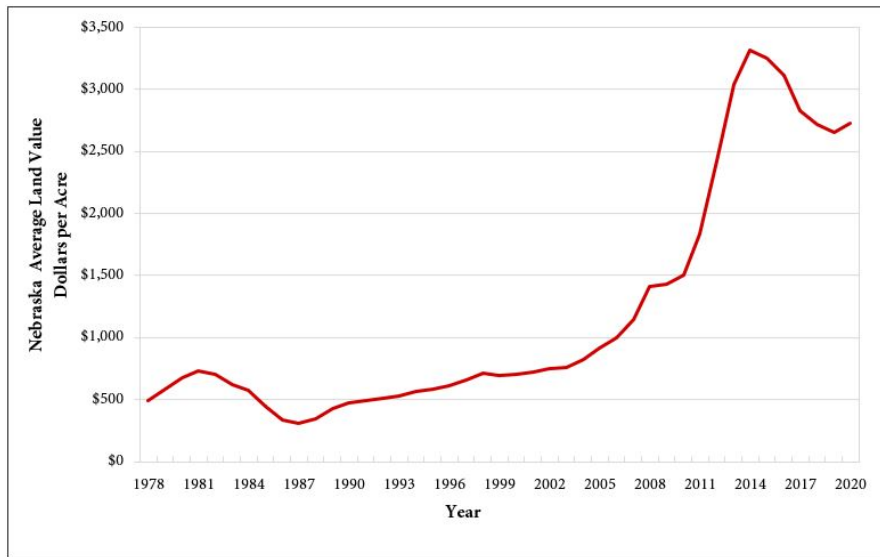
The market value of agricultural land in Nebraska increased by three percent over the prior year to an average of \$2,730 per acre according to the 2020 Nebraska Farm Real Estate Market Survey (Figure 1 and Table 1). This improvement provides the first increase in the market value of agricultural land in Nebraska since peaking in 2014 at \$3,315 per acre followed by a 20 percent decline extending to 2019.

The University of Nebraska-Lincoln, Department of Agricultural Economics annually surveys land industry professionals across Nebraska 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).

Professionals from the land industry participating in the annual survey reported the limited supply of land for sale, strong demand for purchases, and disaster assistance payments made to operators as driving forces providing stability to the market values. Due to the flooding of 2019, producers in Nebraska suffered around 421 thousand acres of prevented plant cropland with crop insurance covering a portion of these losses (USDA-FSA 2020). Also, depressed agricultural commodity prices in 2019 for farmers and ranchers due to global trade disruptions resulted in about \$961 million of Marketing Facilitation Payments (MFP) across the state to offset undue trade retaliations (USDA-FSA 2020).

Crop and grazing land market values gradually increased in Nebraska for 2020 when compared to the prior year (Table 1). The estimated market value of dry-land cropland rose approximately three to four percent with the Central, East, and Southeast Districts reporting increases exceeding five percent. Declines were noted in

Figure 1. Historic Nebraska Average Land Value 1978-2020^a



Source: ^a UNL Nebraska Farm Real Estate Market Surveys, 1978 - 2020.

the Northwest and Southwest Districts where unpredictable rainfall and regulations have placed moratoriums on the development of additional irrigated acres by producers.

Gravity and center pivot irrigated cropland improved in the market value at two and three percent each with the East and Southeast reporting the highest increase range from five to six percent. The North and Northeast Districts noted higher values from one to three percent. Values of center pivot irrigated cropland were reported to be up four percent in the Central District, but down one percent for gravity irrigated cropland. The Northwest and Southwest Districts noted declines ranging from two to five percent for the two land classes. In addition to the availability of water for the regions, survey participants noted uncertainty in sugar beet production in the North-

west District weighing down on the irrigated cropland values.

Improvements in the estimated market value of grazing land and hayland ranged from two to five percent on average with two regions reporting slight declines. The extent of flooding and impact on grazing or hayland greatly varied across the state. Major cow-calf pair regions such as the Northwest, North, and Central Districts led the increase in market values ranging from six to eight percent.

Rental rates for cropland and grazing land in 2020 reported gradual increases over those reported in the prior year (Table 2). Reports by survey participants indicated a high degree of pressure existing between landlords and tenants when determining an equitable rental rate. Retired or absentee landlords try to achieve a cer-

Figure 2. Nebraska Agricultural Statistics Districts



Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub-State Regions, February 1, 2020^a Preliminary

| Type of Land | Agricultural Statistics District | | | | | | | | |
|----------------------------------------------------|----------------------------------|-------|-----------|---------|-------|-----------|-------|-----------|--------------------|
| | Northwest | North | Northeast | Central | East | Southwest | South | Southeast | State ^c |
| ----- Dollars Per Acre ----- | | | | | | | | | |
| Dryland Cropland (No Irrigation Potential) | | | | | | | | | |
| \$/acre | 610 | 1,520 | 5,535 | 2,850 | 6,130 | 1,365 | 2,960 | 4,425 | 3,165 |
| % change | -5 | 2 | 4 | 3 | 6 | -6 | 3 | 7 | 4 |
| Dryland Cropland (Irrigation Potential) | | | | | | | | | |
| \$/acre | 700 | 1,975 | 5,740 | 3,200 | 6,560 | 1,560 | 3,480 | 5,335 | 4,140 |
| % change | 3 | 3 | 2 | 5 | 7 | -2 | 1 | 1 | 3 |
| Grazing Land (Tillable) | | | | | | | | | |
| \$/acre | 540 | 1,100 | 3,210 | 1,870 | 3,310 | 920 | 1,855 | 2,930 | 1,250 |
| % change | 8 | 6 | 3 | 7 | 8 | 5 | -1 | 6 | 5 |
| Grazing Land (Nontillable) | | | | | | | | | |
| \$/acre | 440 | 655 | 2,120 | 1,460 | 2,375 | 750 | 1,385 | 2,125 | 830 |
| % change | 7 | 5 | 6 | 4 | 5 | 2 | 4 | 8 | 4 |
| Hayland | | | | | | | | | |
| \$/acre | 715 | 1,175 | 3,070 | 1,915 | 2,965 | 1,340 | 1,940 | 2,735 | 1,645 |
| % change | 1 | 3 | 2 | 2 | -2 | 7 | -3 | 3 | 2 |
| Gravity Irrigated Cropland | | | | | | | | | |
| \$/acre | 2,180 | 3,650 | 6,680 | 5,825 | 7,765 | 3,630 | 5,485 | 6,230 | 5,780 |
| % change | -3 | 2 | 3 | -1 | 2 | -2 | 2 | 6 | 2 |
| Center Pivot Irrigated Cropland^b | | | | | | | | | |
| \$/acre | 2,435 | 3,940 | 7,395 | 6,660 | 8,905 | 3,985 | 6,425 | 7,700 | 6,120 |
| % change | -5 | 1 | 3 | 4 | 5 | -3 | 4 | 3 | 3 |
| All Land Average^c | | | | | | | | | |
| \$/acre | 690 | 1,090 | 5,375 | 3,180 | 6,510 | 1,545 | 3,620 | 4,875 | 2,730 |
| % change | 1 | 4 | 3 | 3 | 5 | -1 | 2 | 4 | 3 |

Source: ^a UNL Nebraska Farm Real Estate Market Surveys, 2019 and 2020.

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

^c Weighted averages.

tain degree of return on their asset while facing high property taxes. Producers seeking to return a positive return on rented properties face tight margins due to low commodity prices caused by trade challenges.

Overall, dryland and irrigated cropland reported steady to slightly higher averages across the state. The rise in dryland rental rates ranged from two percent in the Northwest to ten percent in the South except for a three percent decline in the Southwest District. Irrigated rental rates were more mixed as rental rates trended up on average from about five to eight percent. Rates reported as part of the survey assume the landlord owns the entire systems and may be adjusted down when a tenant provides a component to the system. Notable declines of three to five percent were attributed to the Northwest District. Uncertainty with sugar beet production in cropland rotations served as a negative force weighing down on this market.

Pasture and cow-calf pair rental rates trended up across Nebraska in 2020 ranging anywhere from one to twelve percent. The Northwest, Northeast, Central, and East Districts led the increases in rental rates. The extent of flooding or damages from 2019 will still have impacts on stocking rates and grazing practices in certain areas for 2020 according to survey participants. Also, survey participants noted the degree of service provided by the landlord or tenant may greatly impact the cow-calf pair rate. Elements for these include the responsible party upkeep on fencing, control of noxious weeds or brush, and payment of utility bills (used for livestock well). As shown in Table 2, the high third quality for cash rent may reflect cases where the landlord provides some of these services

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

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture: 2020 Averages, Percent Change from 2019 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 | 28 | 51 | 220 | 92 | 205 | 37 | 80 | 165 |
| % Change | 2 | 3 | 7 | 9 | 2 | -3 | 10 | 6 |
| High Third Quality | 38 | 86 | 250 | 105 | 235 | 56 | 115 | 195 |
| Low Third Quality | 23 | 42 | 170 | 72 | 165 | 30 | 58 | 130 |
| Gravity Irrigated Cropland | | | | | | | | |
| Average | 105 | 175 | 250 | 205 | 250 | 160 | 205 | 230 |
| % Change | -5 | 6 | -2 | 5 | 2 | 3 | 8 | 5 |
| High Third Quality | 145 | 210 | 290 | 240 | 285 | 200 | 235 | 270 |
| Low Third Quality | 80 | 145 | 215 | 170 | 210 | 130 | 170 | 195 |
| Center Pivot Irrigated Cropland^b | | | | | | | | |
| Average | 140 | 195 | 290 | 230 | 280 | 185 | 220 | 260 |
| % Change | -3 | 5 | 4 | 7 | -2 | 5 | 9 | 4 |
| High Third Quality | 185 | 235 | 330 | 265 | 320 | 210 | 255 | 300 |
| Low Third Quality | 100 | 175 | 245 | 185 | 245 | 160 | 180 | 220 |
| Pasture | | | | | | | | |
| Average | 12 | 26 | 63 | 35 | 51 | 20 | 37 | 48 |
| % Change | 9 | 6 | 8 | 12 | 9 | 5 | 10 | 4 |
| High Third Quality | 18 | 42 | 79 | 46 | 67 | 28 | 45 | 62 |
| Low Third Quality | 9 | 15 | 47 | 31 | 38 | 17 | 26 | 36 |
| ----- Dollars Per Month ----- | | | | | | | | |
| Cow-Calf Pair Monthly Rates^c | | | | | | | | |
| Average | 37.45 | 60.55 | 57.70 | 54.95 | 51.30 | 49.90 | 49.55 | 51.40 |
| % Change | 5 | 3 | 10 | 5 | 6 | 1 | 7 | 9 |
| High Third Quality | 44.85 | 69.30 | 72.15 | 64.90 | 63.00 | 59.50 | 56.25 | 58.80 |
| Low Third Quality | 30.90 | 50.75 | 45.50 | 39.65 | 44.10 | 42.85 | 38.40 | 36.20 |

Source: ^a Reporters' estimated cash rental rates (both averages and ranges) from the UNL Nebraska Farm Real Estate Market Survey, 2019 and 2020.

^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.

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 2020 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 2020 Nebraska Farm Real Estate Survey to Jim Jansen at (402) 261-7572 or jjansen4@unl.edu.

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