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- Professional Farm Management
- Farm Real Estate Specialists
- Farm Appraisals
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LANDOWNER NEWS

SPRING 2019



Land Values Decrease Slightly

*by Roger Williams, Accredited
Farm Manager, IFA President*

Farmland values in Iowa decreased in 2018 by 0.8 percent over the previous year and the average Iowa farmland value is now estimated at \$7,264 per acre statewide according to the most recent Iowa State University Land Value Survey. This is the fourth decline in Iowa farmland values over the past five years and represents a 17 percent decline from the 2013 peak in nominal land values, or a 24 percent drop in inflation adjusted values. The recent decline is largely attributable to lower commodity prices, higher interest rates, and to some extent the trade disruptions. On the other hand, the magnitude of this decline is still very modest and overall the land market is largely stable. Iowa State University has been collecting data on farmland sales since 1941. The crop reporting districts where nearly all of the land **Iowa Farms** management properties are located showed a

decrease and most counties are now averaging between \$8,000 and \$9,000 per acre. The most frequently mentioned negative factor affecting land values was lower commodity prices, mentioned by 36 percent of respondents. Higher long-term interest rates were the second-most frequently mentioned negative factor, mentioned by 18 percent of respondents. Nine percent of respondents cited recent tariffs on U.S. soybeans and pork and other agricultural products, making it the third-most frequently mentioned negative factor. Cash/credit availability, higher input costs, an uncertain agricultural future, and weather were each mentioned in the survey as well for negative factors. The most frequently mentioned positive factor was limited land supply, mentioned by 23 percent of respondents. Strong yields and low interest rates were the second- and third-most frequently mentioned positive factors, mentioned by 13 and 12 percent of respondents, respectively. Other frequently mentioned positive factors included cash/credit availability (nine percent), strong demand (seven percent), and investor demand (six percent). The majority of farmland sales, 72 percent in 2018, were to existing farmers, of which existing local farmers capture 69 percent of land sales and

only three percent were to existing relocating farmers. Investors represented 21 percent of land sales. New farmers represented five percent of sales, and other purchasers were two percent of sales. The majority of farmland sales, 52 percent, were from estate sales, followed by retired farmers at 23 percent. Active farmers account for 15 percent of sales, while investors accounted for eight percent.

More recently the Realtors Land Institute survey was completed for the period of September 2018 to March 2019 which showed a statewide decrease in land values of 1.0 percent. The State of Iowa is divided into nine crop reporting districts and seven of the nine crop reporting districts reported a decrease in land values since September 2018.

Land values seemed to keep slipping a bit the last couple months of 2018 and the early months of 2019 in the heart of **Iowa Farms** territory.

Iowa Farms believes that land values will be steady for the time being as long as commodity prices don't decline much farther, reducing farm income even farther than they already have. Weather, tariff talks and the upcoming growing season will also have an influence on the 2019 land market.



Another Planting Season Upon Us

*by Mike Callon,
IFA Vice President*

The winter months are slowly leaving us, but they surely have not been forgotten. This winter was one of the coldest and wettest on record. Talled together Iowa had its 3rd wettest winter on record while also enduring a top 15 on the list of coldest on record. The wet conditions from last fall added with the above normal winter precipitation have soils that are very saturated. The combination has caused major flooding along rivers and creeks as snow melt and ice jams have been the major contributing factor for these conditions.

As we continue to deal with the winter aftermath we can hope and pray for better weather in the coming months as another crop season is approaching fast. The recent March 29th planting intention and stocks report from the USDA also reminds us that spring is near. The report itself reminds us of the change in

seasons, but it also reminded us of the current challenges we have in front of us for the coming year.

The report did not produce many positive price influencing factors, as higher than anticipated corn acres along with an increase in corn and soybean stocks put immediate pressure on the commodity prices. The USDA estimated corn acres to be planted at 92.8 million acres which is 3.66 million acres more than one year ago or up 4% year over year. Even though corn stocks were seen as down from one year ago they were 269 million bushels higher than the trade expected. Soybean acres were seen at 84.6 million acres which is down 5% from one year ago but the stocks as of March 1st 2019 are up 29% from one year ago. For Iowa they estimated that we will plant an additional 400,000 acres of corn from one year ago and plant 600,000 less acres of soybeans.

Agricultural products and trade have had tremendous uncertainty in the last year. Some of this has created some of the excess supply we are enduring, but as a whole we have done what we the American farmer is good at doing. The American farm has produced a large crop for many years

in a row with very little problems except for isolated areas which were too small to be a factor in the end. Add in the current trade issues with China and our supply is ample.

With the current supplies a trade agreement with China, additional export business with current trading partners, and/or a weather event will be needed to help alleviate the current supplies. All three are possible as current conditions are wet and are the same for the current forecasts which could cause planting delays. Trade negotiations continue with China in the hopes of coming to a long term agreement. And the U.S. continues to increase export business to trading partners that have not been so prevalent in the past. Better days are ahead.

Syngenta Litigation

Last fall was the deadline for those that wished to participate in the claims brought against Syngenta. There have been some claimants that have objected and/or are appealing the approval of the settlement. The next step is the appeal process will now take place and the objections and appeals will be heard.



Renee Jeanblanc

When you are a farmer you have a love/hate relationship with the weather. Weather can make or break your crop and livestock so when mother nature does what you need, she's great, but when she decides to bring your state record flooding she's not so great. Iowa had 22.5 inches of snowfall in February, a new record, then we had warm weather that created rapid melting, which we thought was great at the time. Then shortly after that we were hit with what's called a "bomb cyclone" which sent warm rain down on frozen ground resulting in catastrophic flooding throughout the Midwest displacing thousands of already struggling American farmers. Midwest farmers had very little time to move themselves from the floodwaters that rushed over their farmland and had to leave their livestock behind. Ice chunks the size of small cars ripped through barns and farmhouses and whatever else was in their path. Farm fields were lakes and livestock was swept into freezing floodwaters. Some farmers had been cut off from their animals behind walls of water, while others could not get to town for food and sup-

plies for their livestock because the roads are totally washed away and these small towns forced thousands to evacuate. Grain bins full with the 2018 crop have broken open and washed away. If that crop was borrowed against or under contract crop insurance doesn't cover that grain once its in the bin. This is a complete loss to our farmers.

You just don't want disasters like this to happen to anyone let alone to the farmer that has been through enough.

Hopefully they can cherish all the good times of being a farmer because they will get through the bad.

I think back on my childhood growing up on a farm and what a special part of my life it was. You learn the true meaning of family. There aren't many jobs that teach as much about your family and the value of them as farming does. You respect the land and protect the environment by making the best use of the land as possible. You learn where your food comes from. You get to first hand raise and grow the food that you and many other people will be eating or will benefit from. You learn to appreciate where you come from. There are wide open spaces as far as the eye can see. You learn there is no such thing as an excuse. Don't say "but I don't want to do that?" Those words just don't matter you are still going to have to do it because a job is a job, so you better get it done. It brings me such happiness when I think

back of all the discipline and hard work there is growing up on a farm and to me it was great way to grow up.

It is hard for me to believe that Sheila Eldredge has worked with **Iowa Farms** for almost 10 years. She worked on Tuesday and Thursday, while I worked on Monday, Wednesday and Fridays, so we didn't get to see each other often, but she did a great job for those 10 years and I am going to miss her. **Iowa Farms** is always proud of people who can make their dreams come true and Sheila's going to retire, which I believe is everybody's dream. **Iowa Farms** would like to extend best wishes to Sheila and her husband Mark.



Sheila Eldredge

It is true – I plan on retiring in August, so this will be my last newsletter. I appreciate Renee's kind words and it has been a pleasure to work with everyone at **Iowa Farms** for all these years. I will miss everyone.

Facts and Figures

	March '03	March '11	March '14	March '19
Prime rate	4.25%	3.25%	3.25%	5.50%
CCC loan rate	2.375%	1.25%	1.125%	3.50%
Corn futures (avg.)	\$2.35	\$6.83	\$5.04	\$3.670
Corn local (avg.)	\$2.16	\$6.45	\$4.5995	\$3.4353
Bean futures (avg.)	\$5.70	\$12.98	\$14.18	\$8.976
Beans local (avg.)	\$5.41	\$12.96	\$13.7767	\$8.1253

2018 FARM BILL UPDATE

The Agriculture Improvement Act of 2018 or 2018 farm bill was passed by the Senate and the House in late December and was signed into law on December 20, 2018 by President Trump. The new farm bill largely continues current farm policy of the 2014 farm bill. The new bill does strengthen the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) options that producers elect as a safety net. The new farm bill allows producers to make a new choice between the two options that will then remain in effect for the 2019 and 2020 crop years with an annual choice between the two in 2021 and beyond the remaining farm bill years. The new bill will also allow for possible yield updating for those producers that may have experienced large yield losses in 2008-2012 which were the last periods of yields that could be updated. The 2018 farm bill still maintains the current administrative provisions with those being payment limitations, adjusted gross income means testing, and regulations used to establish actively engaged in farming. The payment limitation will stay at \$125,000 in assistance per person or entity, however this participation is still limited to those persons or entities with less than \$900,000 in average adjusted gross income and who maintain all needed regulations to be considered to be actively engaged in farming.



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