

Kansas Land Values

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Farm Economy Update

Rental rates and net farm income

- Indicator of short-run profitability in the ag sector

Land values

- Indicator of long-run profitability in ag sector and some other factors

Wider economic factors

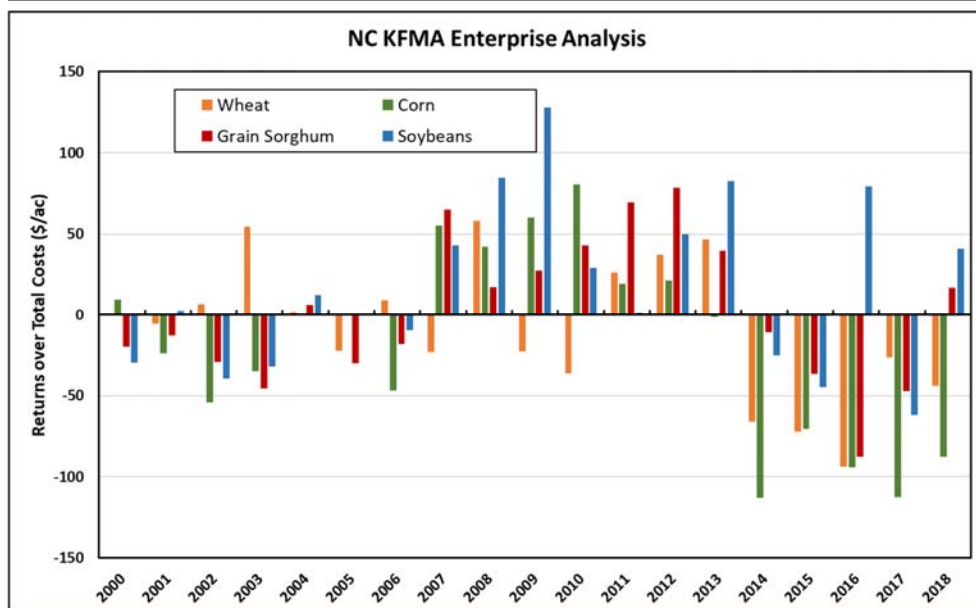
- Interest rates and access to credit
- Strength of the dollar and trade



Current Economic Conditions

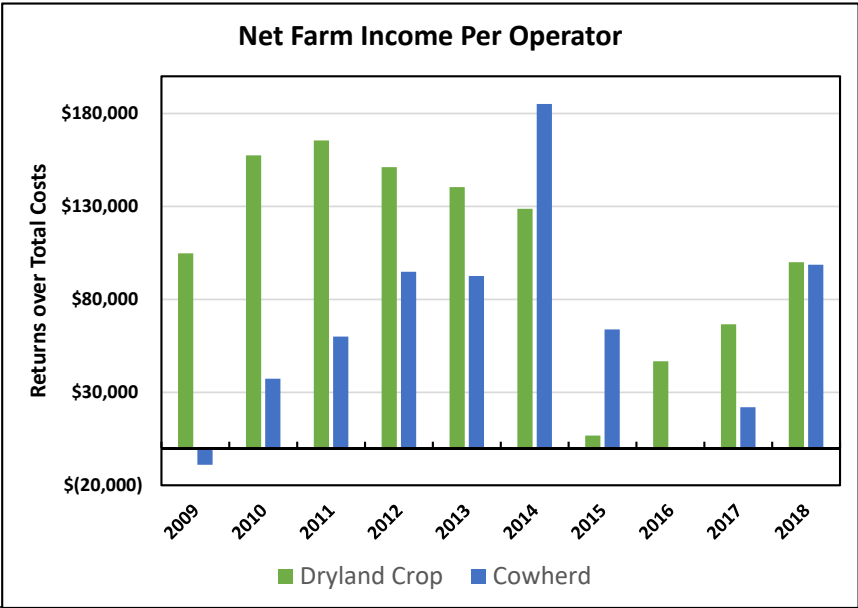


Returns to Farming

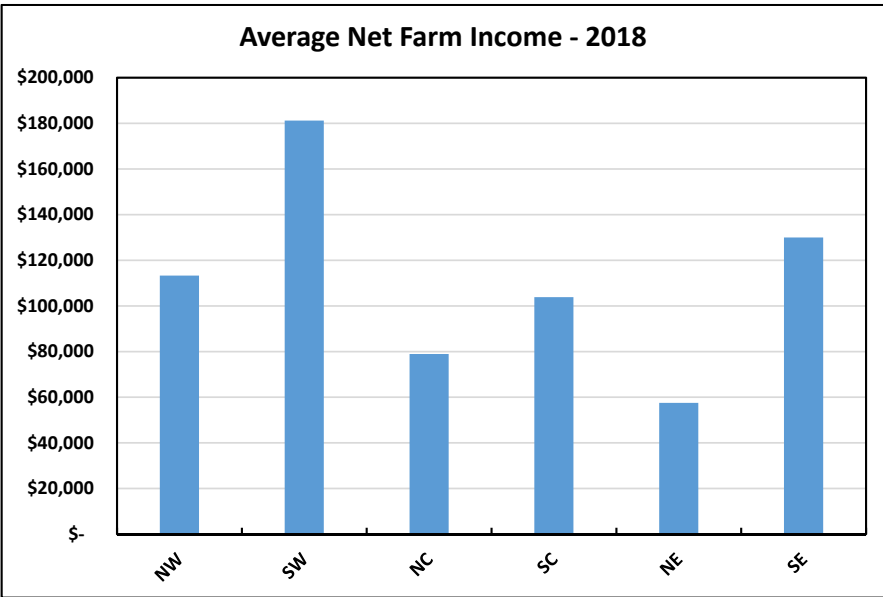


Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)

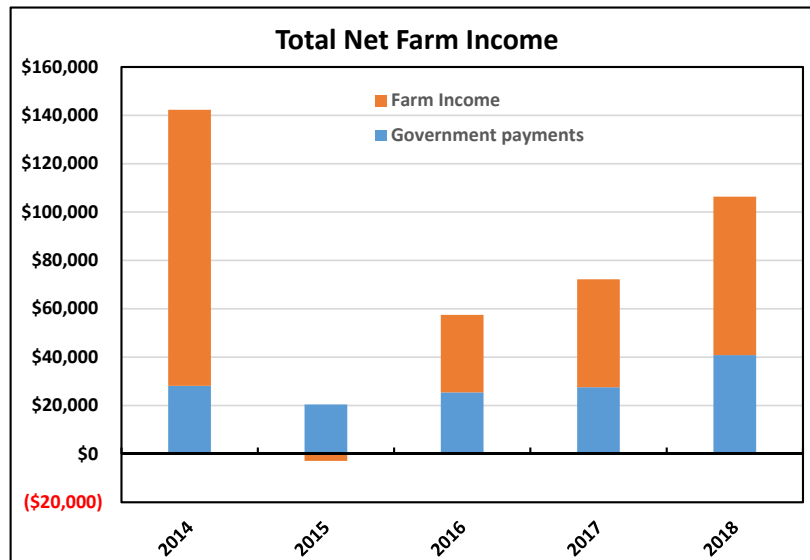
Net Farm and Ranch Income



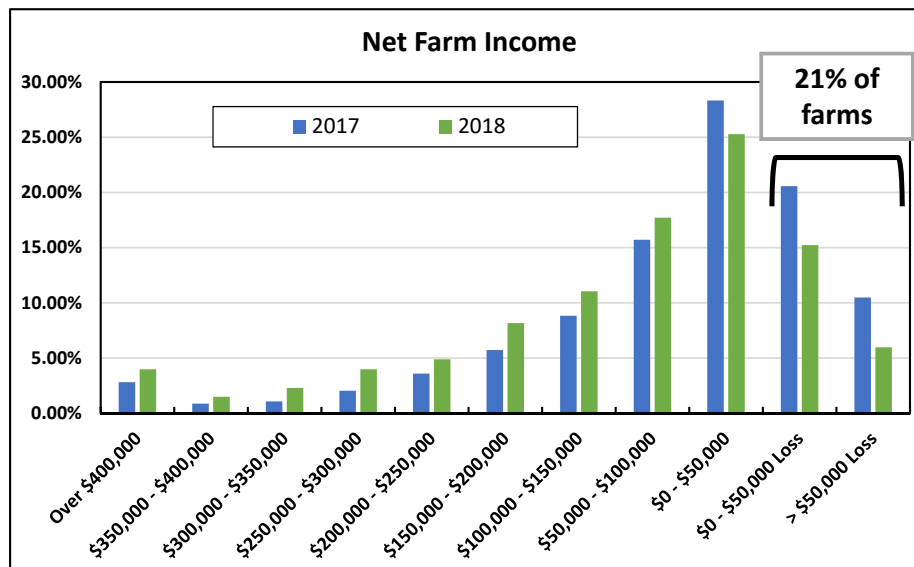
Average Net Farm Income 2018



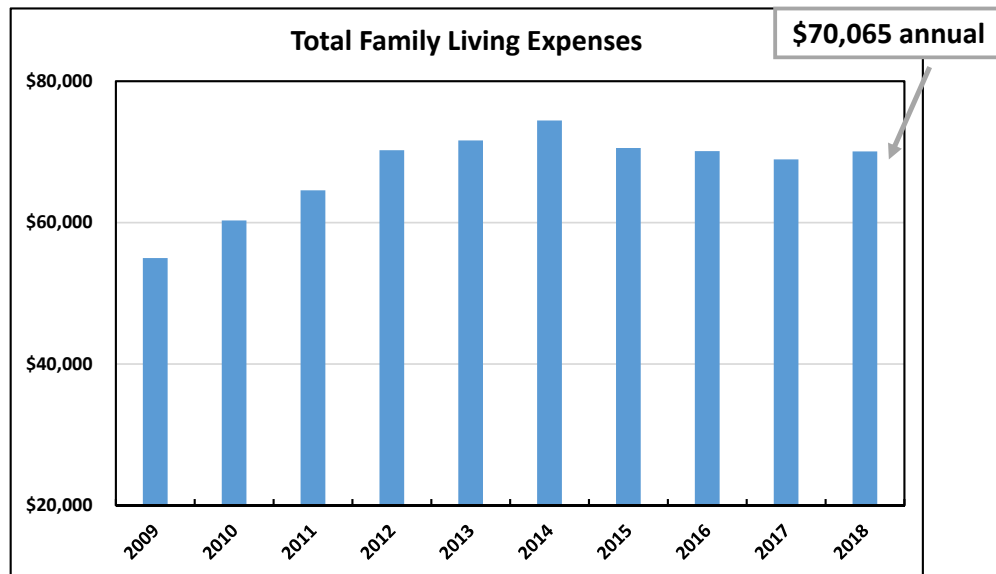
Government Payments



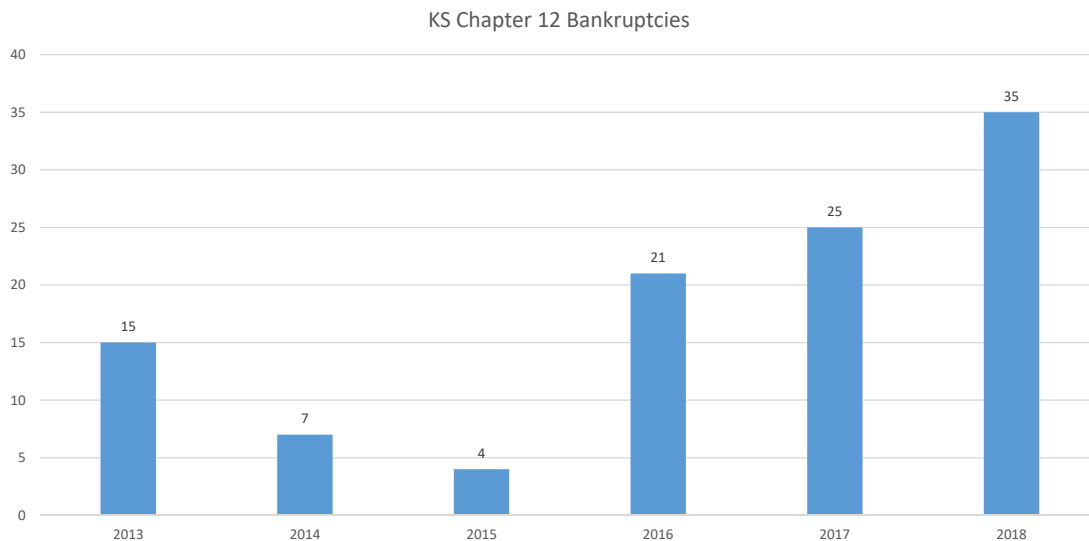
Distribution of NFI



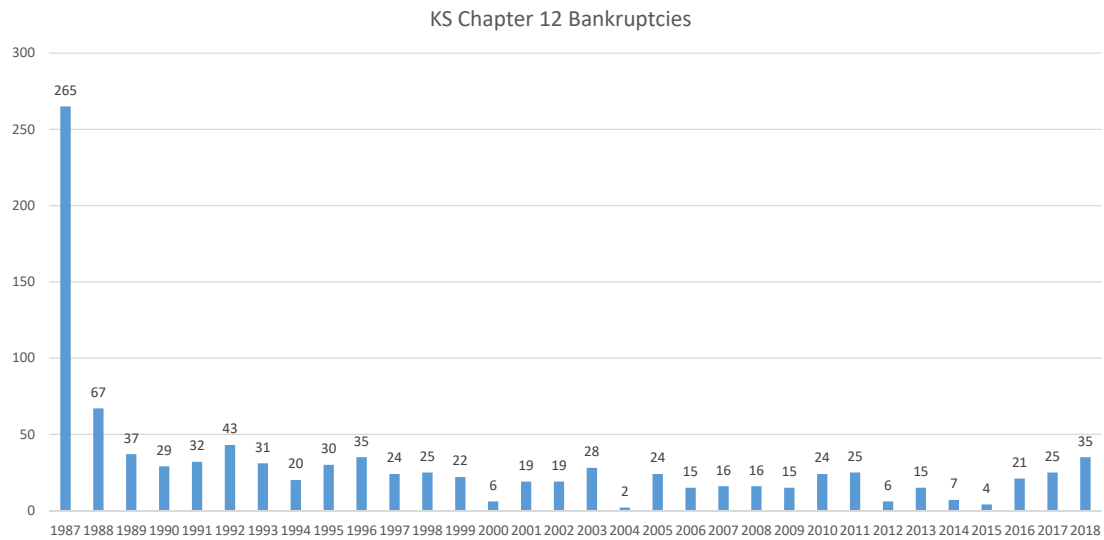
Farm Family Living Expenses



Bankruptcies Filed by KS Farms

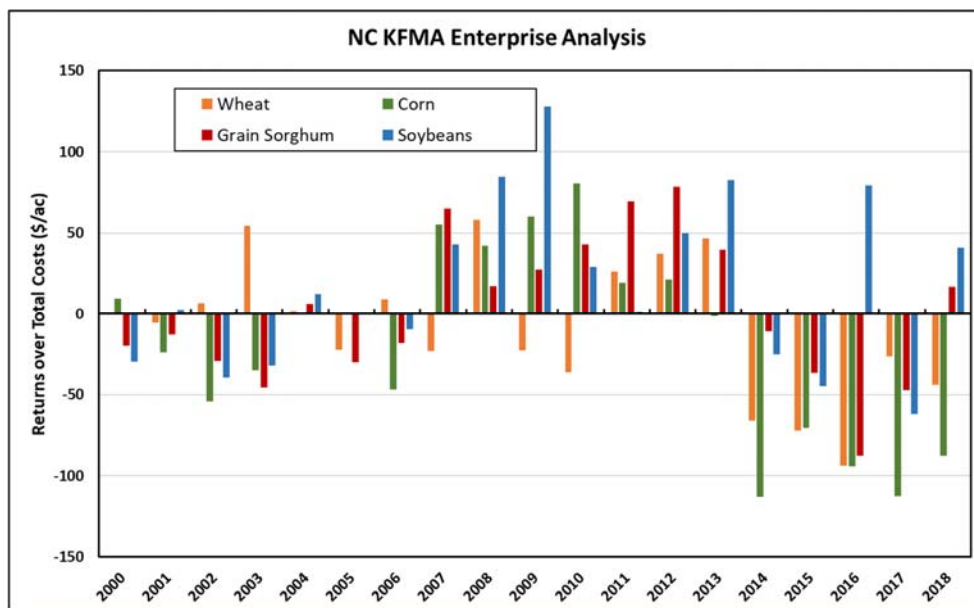


Bankruptcies Filed by KS Farms



Rental Rates

Returns to Farming



Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)

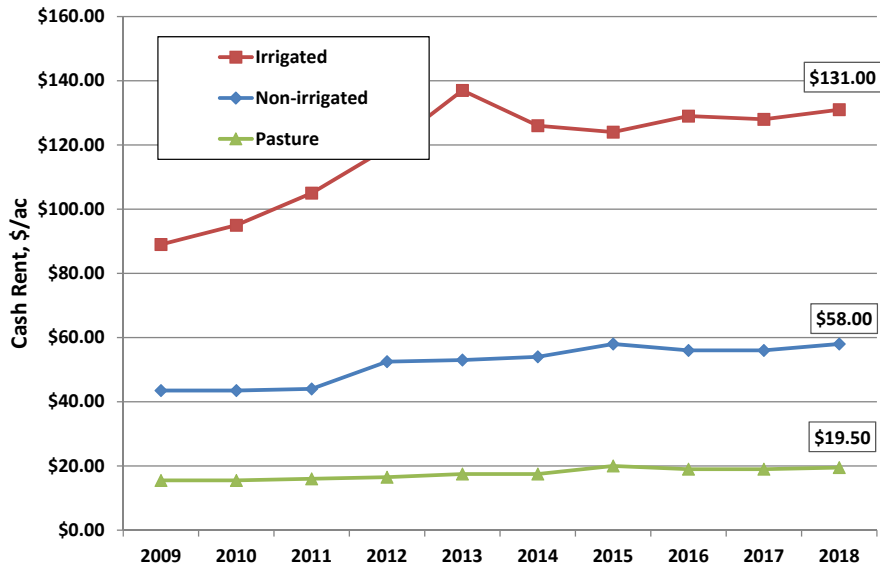
Returns to Farming

How have we adjusted to this new level of profitability?

- Reduced machinery turnover?
- Reduced use of inputs?
- Negotiated for lower rents?

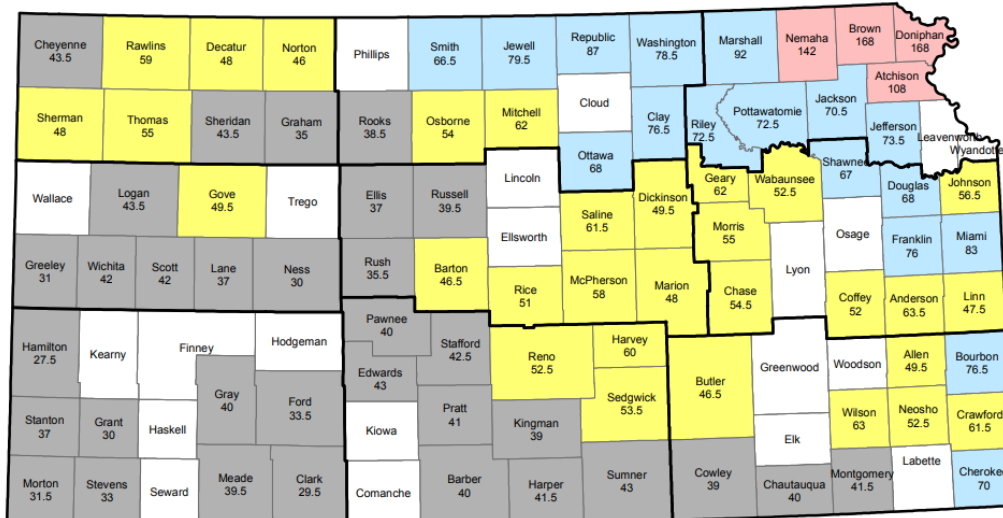


Kansas Cash Rents



Source: USDA-NASS

2017 Non-Irrigated Cash Rents



Dollars / Acre
 100+ (Red)
 65 - 99 (Blue)
 45 - 64 (Yellow)
 < 45 (Grey)
 Unpublished (White)

Source: USDA National Agricultural Statistics Service - Sept 8, 2017



Rents Estimated from Budgets

Use a budgeting approach that reflects *expected* returns to farming

- County average yields
- Futures prices with basis adjustments

Production practices based on information from KSRE agronomists

- Custom rates for machinery costs

Calculate shares based on contributions of operator and landowner

- Use equitable shares to estimate a cash rent



Projected Rental Rates

Year	Harvest Futures Prices (\$/bu)			
	Wheat	Corn	Soybeans	Grain Sorghum
2019 avg. cash	\$4.93	\$3.56	\$8.25	\$3.35
3-yr avg. basis	-0.78	-0.55	-1.34	-0.76

Note: Prices reflect the average price of harvest futures contracts in preceding November



Projected Rental Rates

What do they represent?

Budgeting approach with expected prices and county yields gives an estimate of

- What a representative farmer could afford to pay

Ignores

- Working capital (carry over from previous years)
- Debt obligations and other cash outlays
- Alternative rental arrangements (subsidization)



Non-Irrigated Rental Rates

NE District	2013	2014	2015	2016	2017	2018	2019
Atchison	172.50	180.50	125.80	109.30	99.80	118.80	92.70
Brown	202.90	213.20	148.50	129.30	117.90	145.40	113.30
Doniphan	229.60	239.60	166.70	145.90	132.20	148.30	115.40
Jackson	150.20	157.30	109.80	94.90	86.70	104.30	82.30
Jefferson	161.80	170.10	118.60	102.90	93.80	116.10	91.00
Leavenworth	149.20	157.20	109.80	94.50	87.50	106.90	83.30
Marshall	143.20	152.20	106.60	91.80	81.90	94.50	76.70
Nemaha	164.00	172.00	120.00	104.10	94.10	113.70	90.00
Pottawatomie	147.40	155.70	108.80	94.00	85.20	106.60	84.80
Riley	125.80	134.30	94.20	80.90	71.22	86.80	71.80

Source: www.AgManager.info



Returns to Land

Has every farmer dropped their cash rents?

Answer: No, but they are starting to...

What is keeping the adjustment from occurring quickly?



Returns to Land

Residual cash from better revenue years will allow farmers to be competitive a little longer

- Neighbors with more carry-over cash will keep bids high
- But adjustments will occur if commodity prices remain low

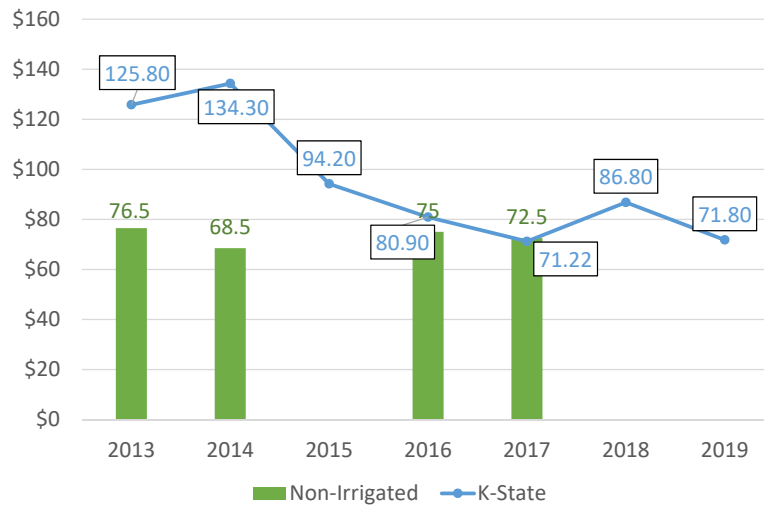
Contracts length in Kansas averages 3 to 5 years

- Farmers are locked in for the short run
- Adjustments will be made as the contracts are renewed



Rents and Net Farm Income

USDA and K-State non-irrigated rents for Riley County



Land Value Trends

Land Values

Affected by profitability in ag sector

But land values do not adjust as quickly as profitability to changes in commodity prices

Adjustment period due to

- Long-run reasons for buying and holding land
- Expectations of buyers/sellers



Land Values

Where do we get information on land values?

KS Ag Stats Service

- Annual survey series
- Dropped CRD-level estimates in 2013
- Only have a state value for irrigated, non-irrigated, and pasture land in Kansas



KANSAS FARM REAL ESTATE VALUE AND CROPLAND RENT HIGHER

TOPEKA, KS, August 2, 2013 -- Kansas's farm real estate value, a measurement of the value of all land and buildings on farms, increased from 2012, according to USDA's National Agricultural Statistics Service. Farm real estate value for 2013 averaged \$1,900 per acre. This is up \$290 per acre or 18 percent higher than last year's revised level.

Cropland value increased 19 percent from last year to \$2,100 per acre. Dryland cropland value averaged \$2,000 per acre, up \$300 from last year. Irrigated cropland value averaged \$3,000 per acre, up \$600 from a year ago. Pastureland, at \$1,250 per acre, increased \$250 from a year ago.

Cash rent paid to landlords in 2013 for cropland also increased from last year. Irrigated cropland rent averaged \$137 per acre, an increase of \$18. Dryland cropland rent averaged \$53 per acre, up slightly from a year earlier. Pasture rented for cash, which averaged \$17.50 per acre, is up \$1.00 from the previous year.

County level averages of 2013 cash rents paid to landlords will be released on September 6 and will be available through NASS Quick Stats. Quick Stats is located at <http://quickstats.nass.usda.gov>.

Access the National publication for this release at: <http://nd401.library.cornell.edu/usda/current/Agril-andVa/Agril-andVa-08-02-2013.pdf>

Find agricultural statistics for your county, State, and the Nation at www.nass.usda.gov

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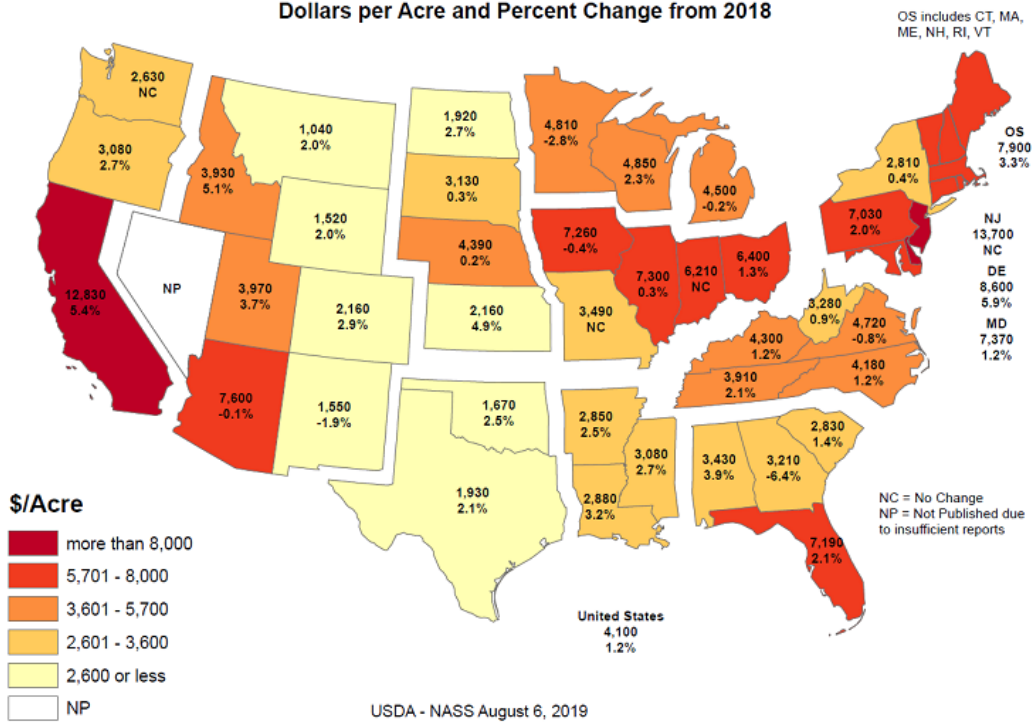
NASS provides accurate, timely, useful and objective statistics in service to U.S. agriculture. The Agency invites you to express your thoughts and provide occasional feedback on our products and services by joining a data user community. To join, sign in at <http://usda.manitoba.cornell.edu/yourgroups> and look for "NASS Data User Community".

USDA is an equal opportunity provider and employer.



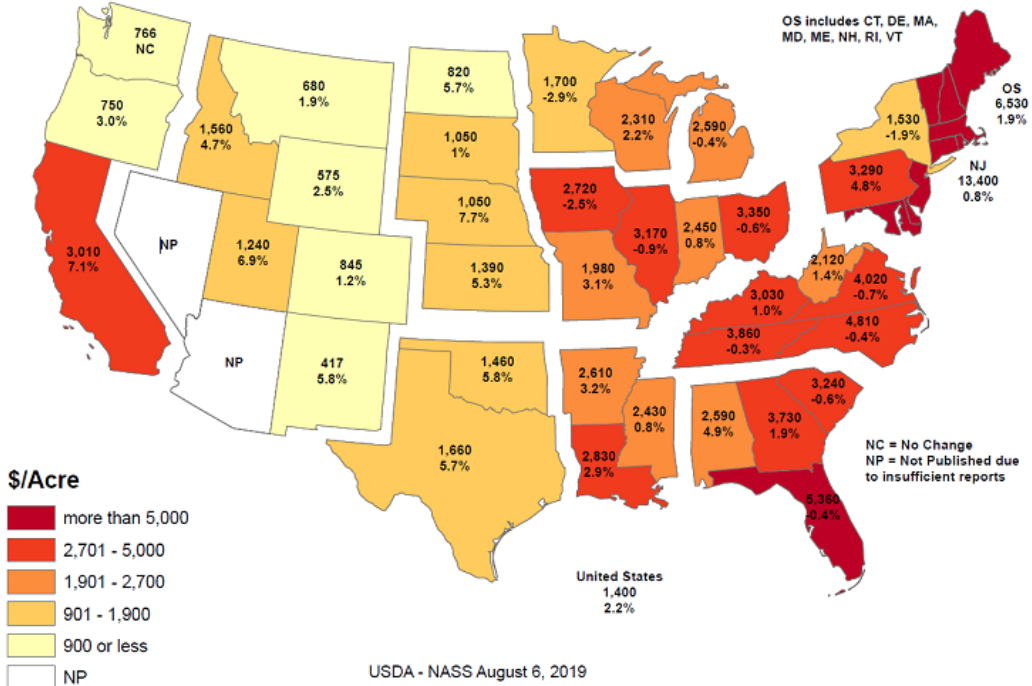
2019 Cropland Value by State

Dollars per Acre and Percent Change from 2018

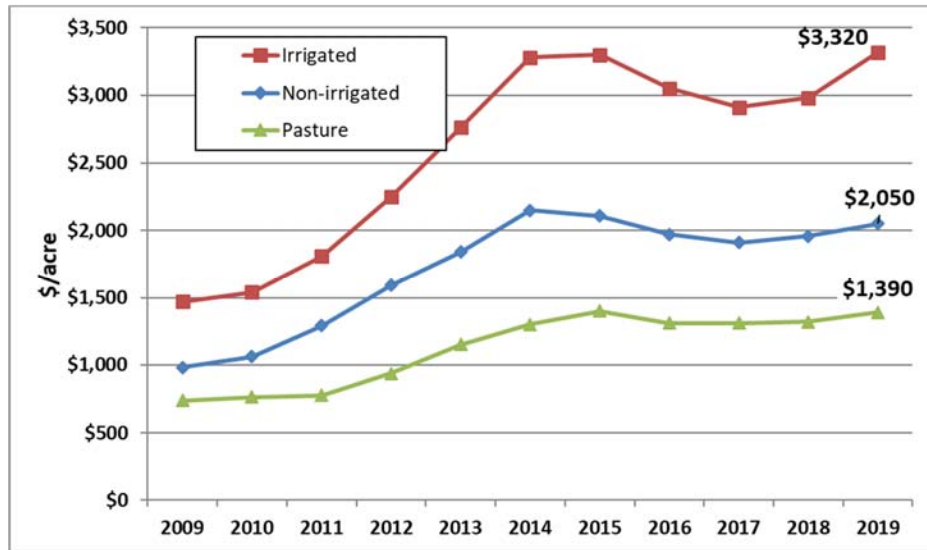


2019 Pasture Value by State

Dollars per Acre and Percent Change from 2018



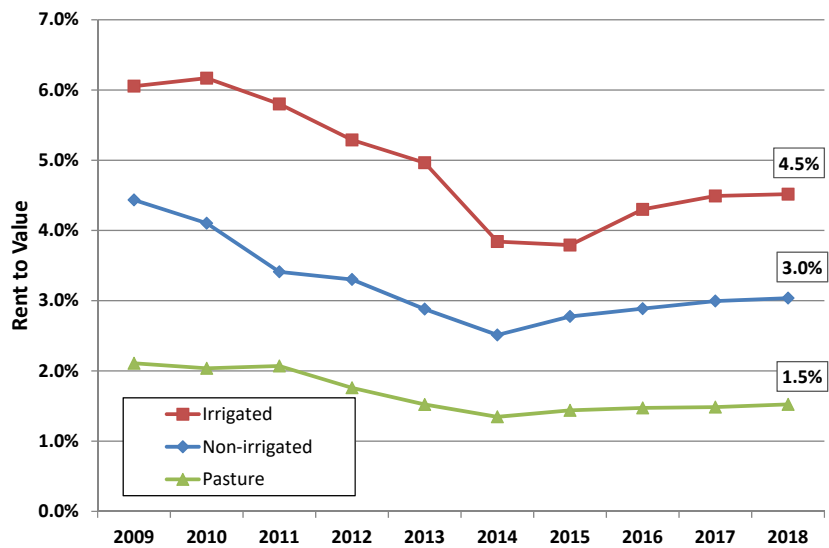
Kansas Land Values



Source: USDA-NASS



Rent-to-Land Value Ratio



Source: USDA-NASS



Market-Based Land Values



Kansas Land Values

Source for market transaction data

- Property Valuation Department, Topeka

2015-18 sales data

- County location, population density
- Acres in sale
- Mixture of irrigated, non-irrigated and pasture in parcel
- 20-year average rainfall
- Enrollment in CRP
- Value of improvements is removed for bare land value
- Parcels under 40 acres are omitted

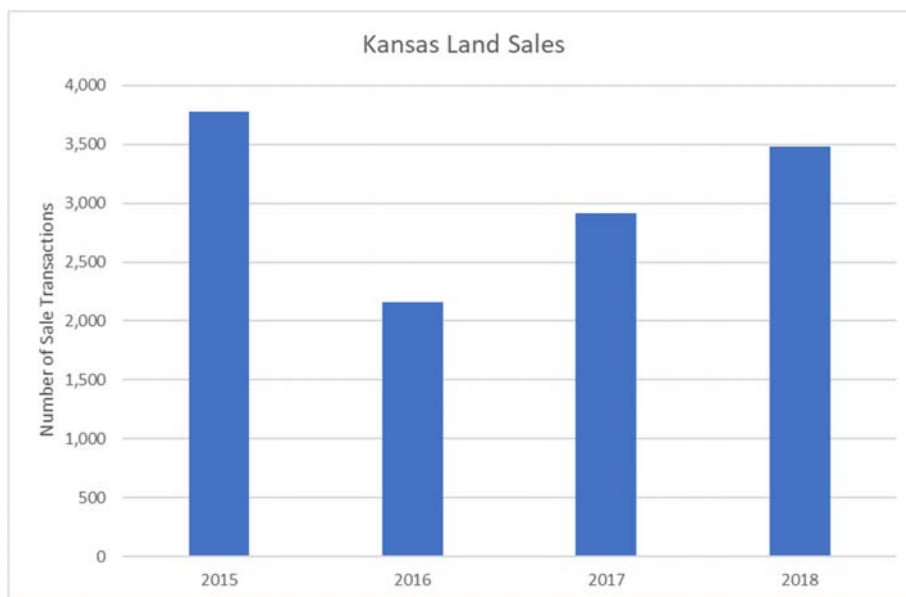


PVD Sales Data 2015-2018

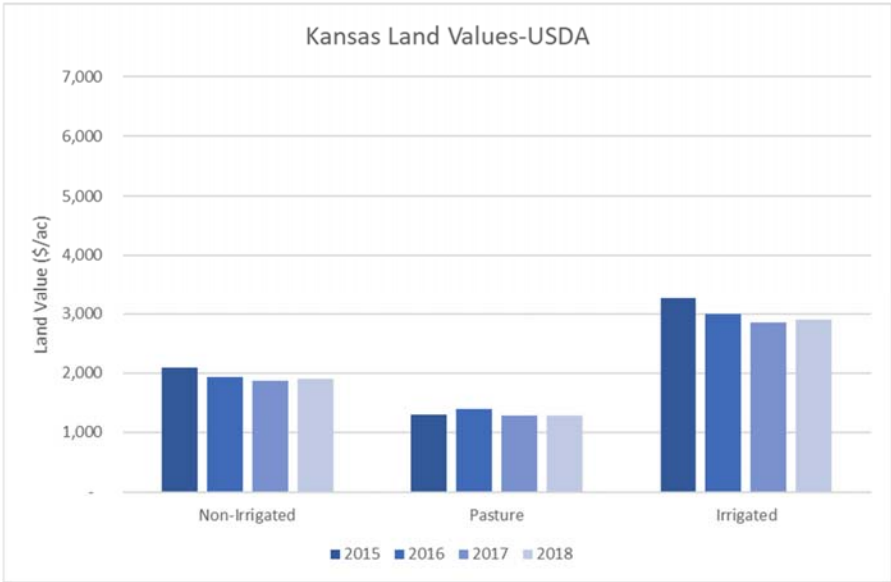
2018	Average
Acres in Sale	155.2
CRP Contracts	2.9%
Sales Per County	33.1
All Years	
Total Sales Transactions:	
2018	3,480
2017	2,625
2016	2,145
2015	3,775



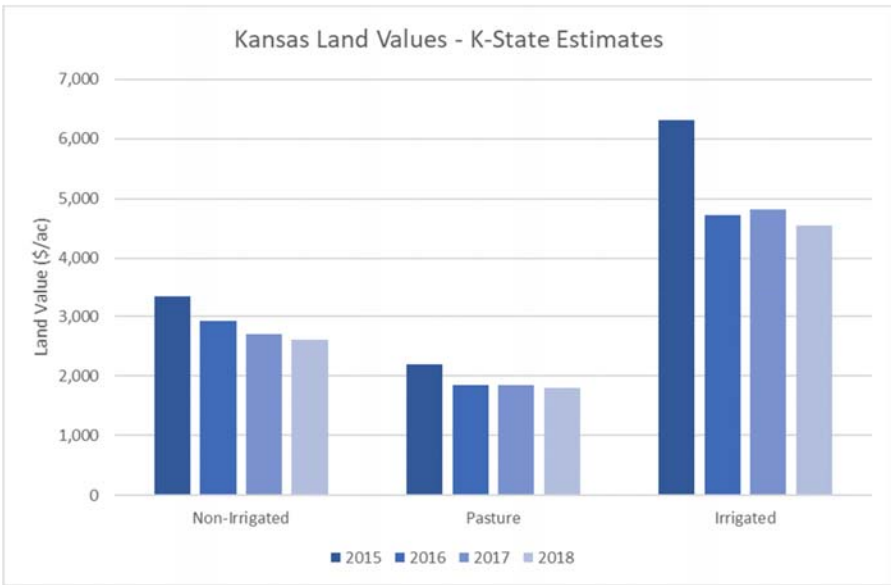
PVD Sales Data 2015-2018



USDA Land Value Estimates



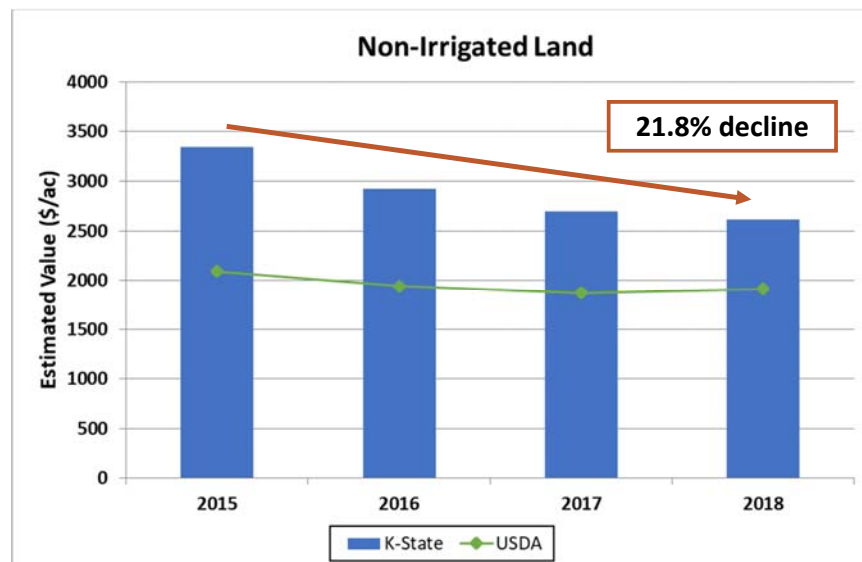
K-State Land Value Estimates



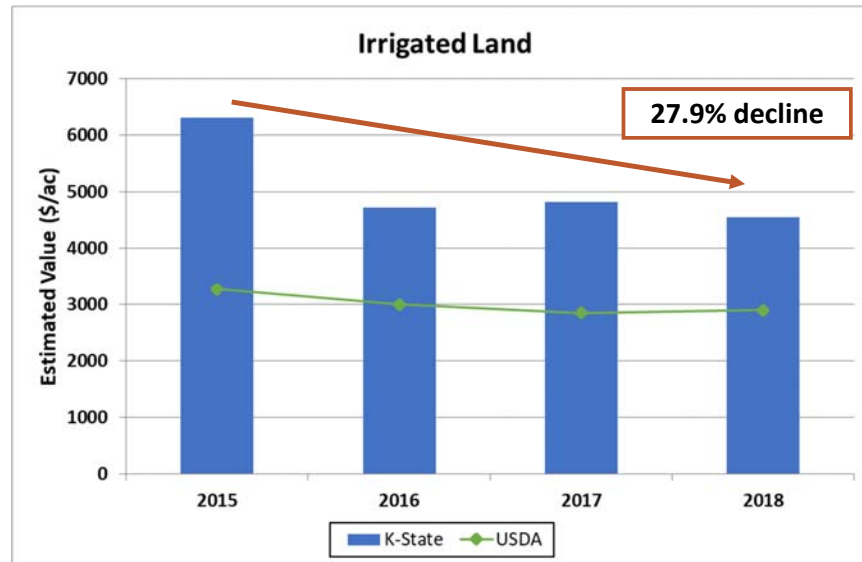
Land Model Results



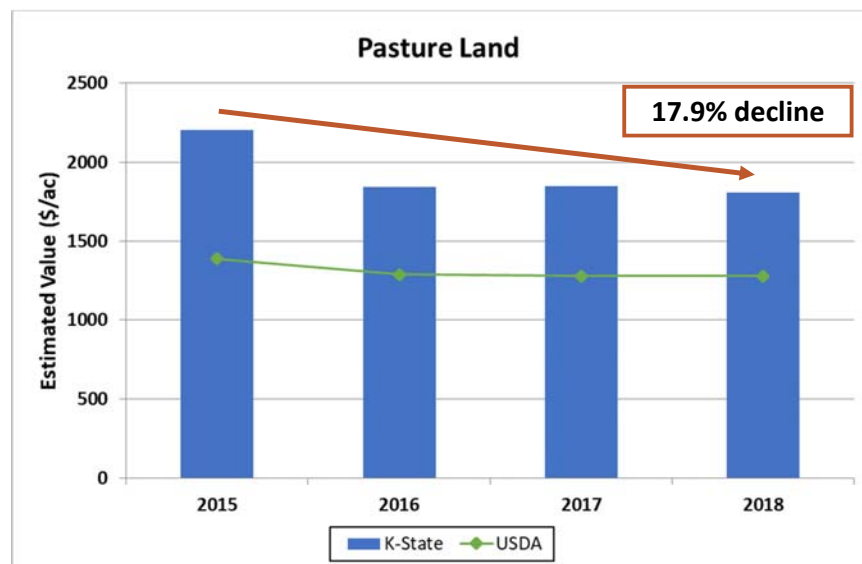
Land Model Results



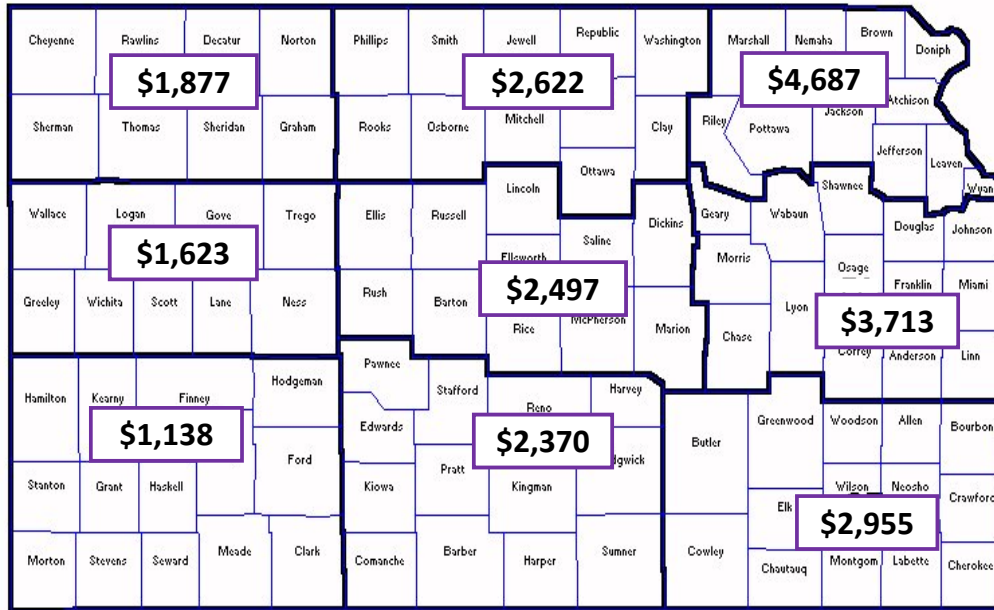
Land Model Results



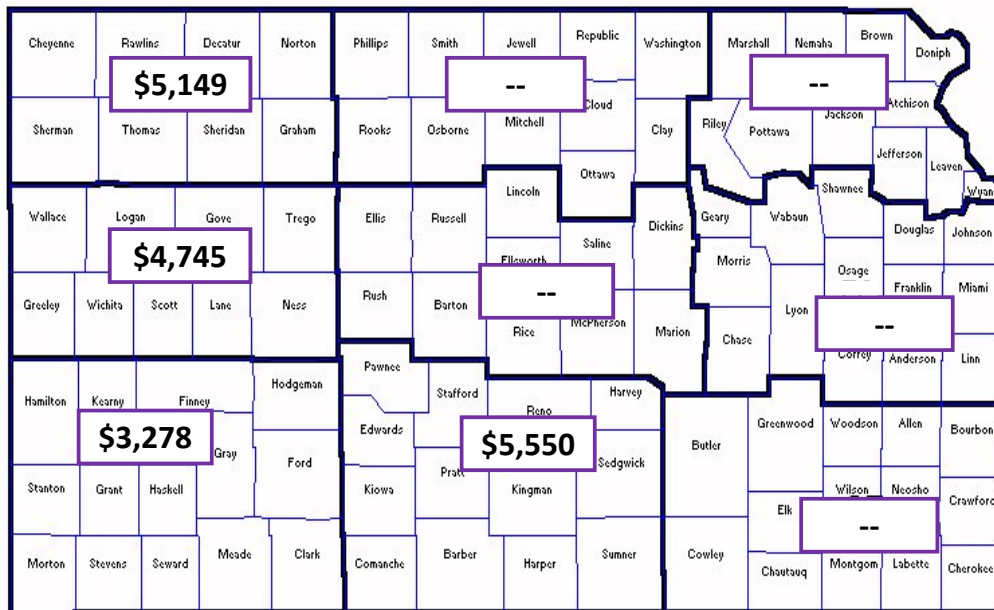
Land Model Results



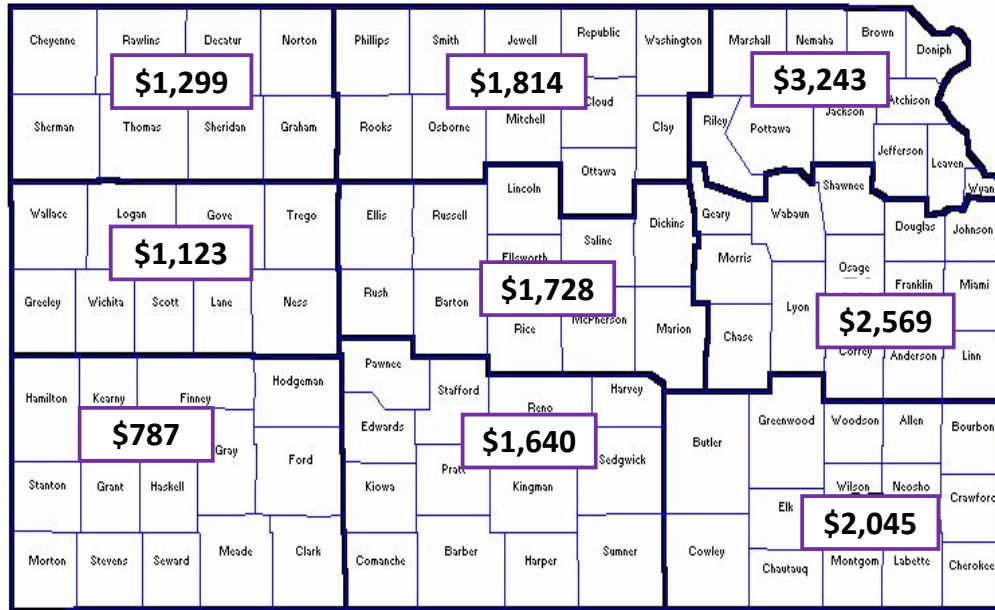
2018 Non-Irrigated Land Values



2018 Irrigated Land Values



2018 Pasture Land Values



NE Kansas Land Values

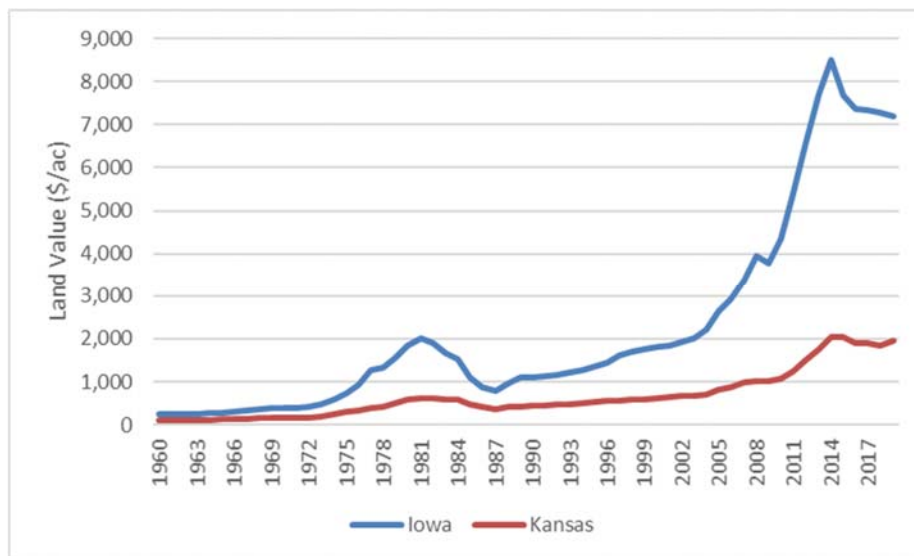
County	Non-Irrigated, \$/ac	Pasture, \$/ac
Atchison	4,810	3,328
Brown	4,289	2,968
Doniphan	4,523	3,129
Jackson	4,689	3,245
Jefferson	5,250	3,632
Leavenworth	6,442	4,458
Marshall	3,924	2,715
Nemaha	4,145	2,868
Pottawatomie	4,269	2,954
Riley	4,532	3,136
Average:	4,687	3,243



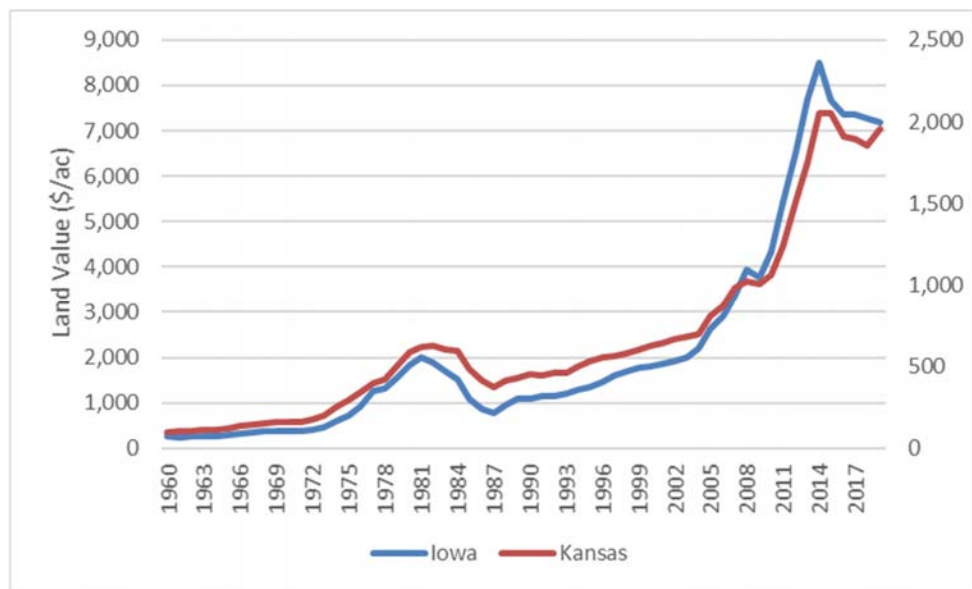
Long-Run Values



USDA Land Values 1960-2019



USDA Land Values 1960-2019



Market Going Forward

Resiliency in the land market, given commodity prices and economic/trade uncertainty

Interest rates remain low

2018 Farm Bill increased loan limits on direct and guaranteed loans

MFP made a big difference in 2018 profitability for soybeans, but isn't likely to factor into long-run expectations for land values

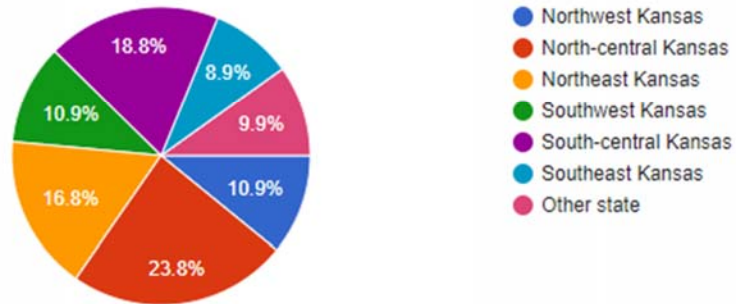
Values in the coming year...



Viewer Poll Data

Where are you from?

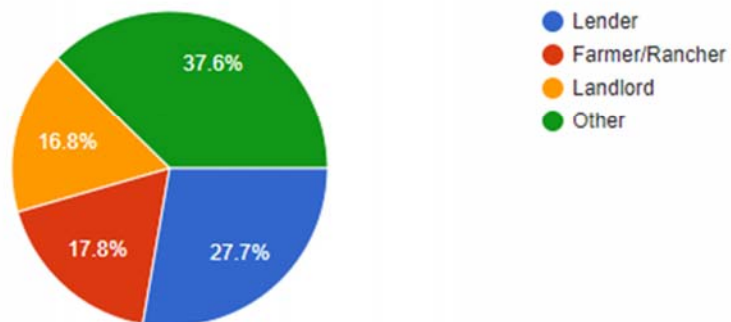
101 responses



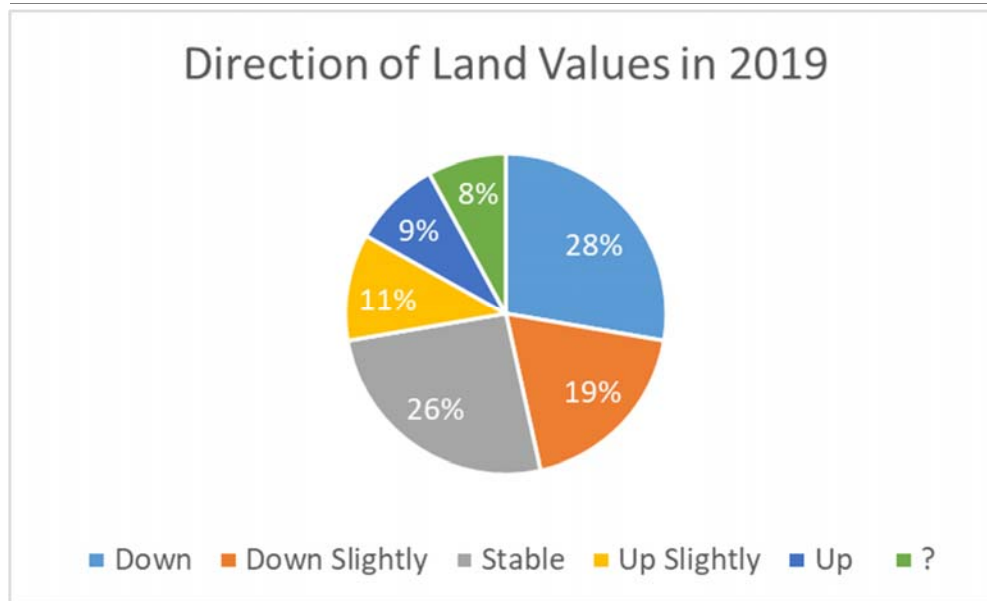
Viewer Poll Data

What is your primary occupation?

101 responses



Viewer Poll Data



Online Resources

2018 Kansas County-Level Ag Land Values

- www.agmanager.info/land-leasing/land-buying-valuing

2019 Rent Estimates: Non-Irrigated Cropland

- www.agmanager.info/land-leasing/land-rental-rates

Pasture Rental Rate Tool

- www.agmanager.info/land-leasing/land-rental-rates/pasture-rental-rate-decision-tool

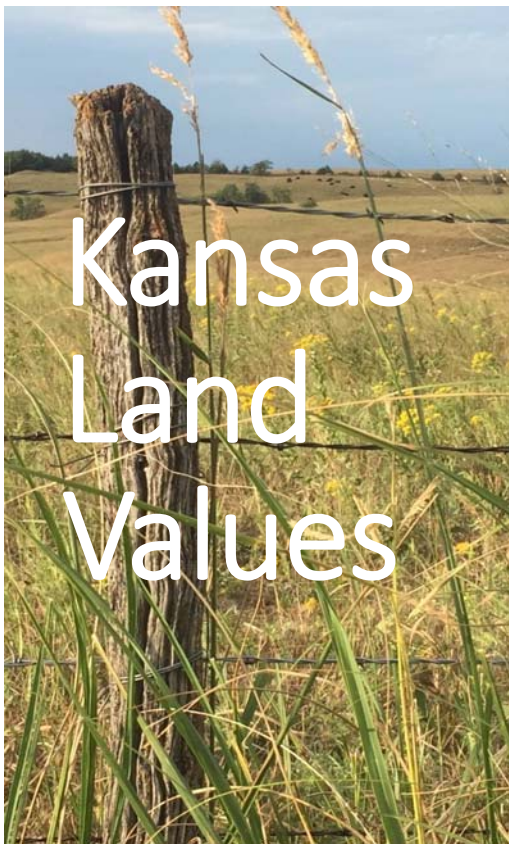
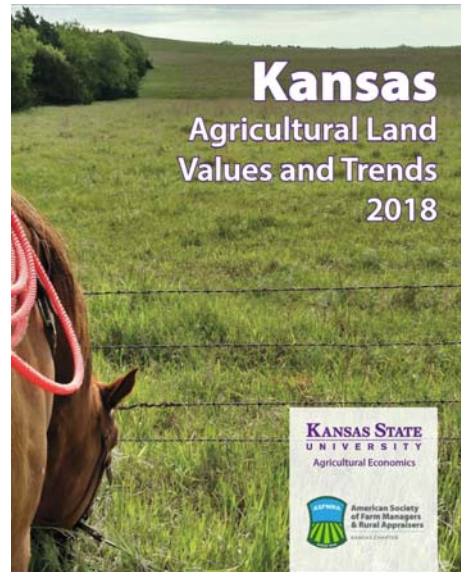
Land Value Information



2018 Kansas County-Level Land Values for Cropland and Pasture

April 2019 (available at www.AgManager.info)

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