

# Kansas Land Values

Mykel Taylor  
Associate Professor  
K-State Dept. of  
Agricultural Economics  
[mtaylor@ksu.edu](mailto:mtaylor@ksu.edu)

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## Farm Economy Update

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### 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

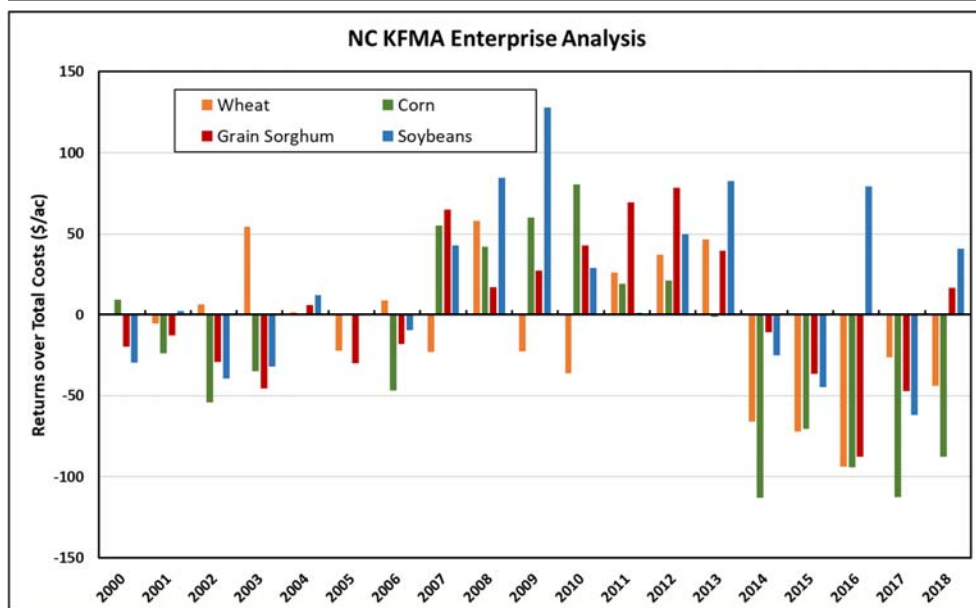
- Interest rates and access to credit
- Strength of the dollar and trade



# Current Economic Conditions

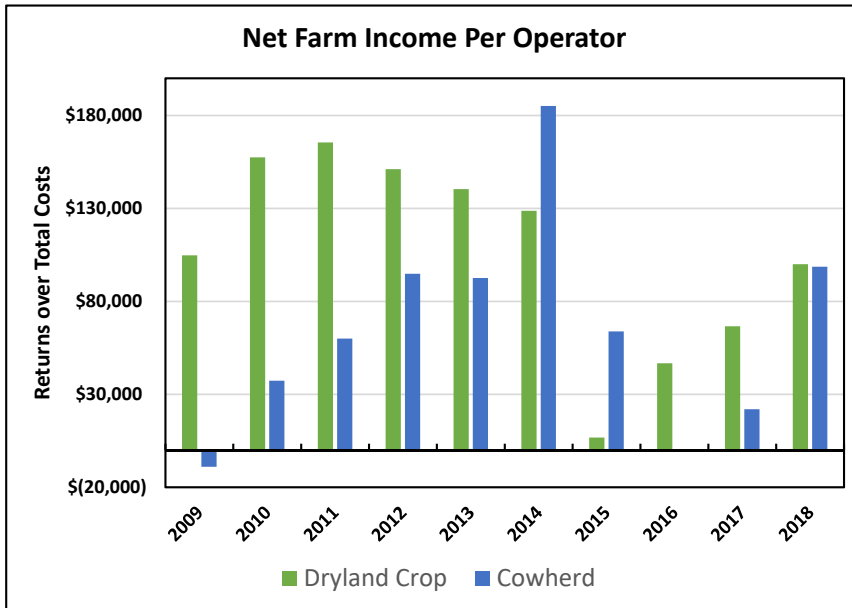


## Returns to Farming

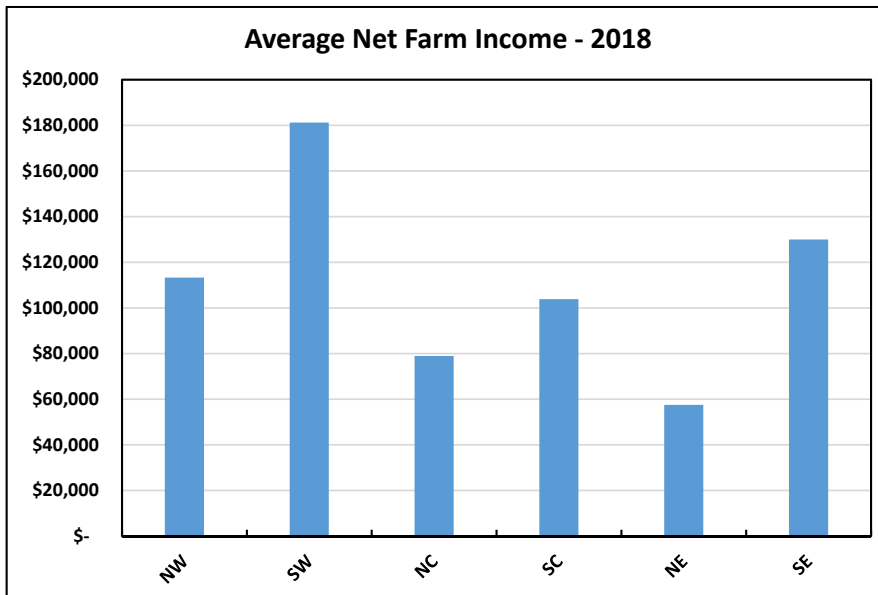


Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)

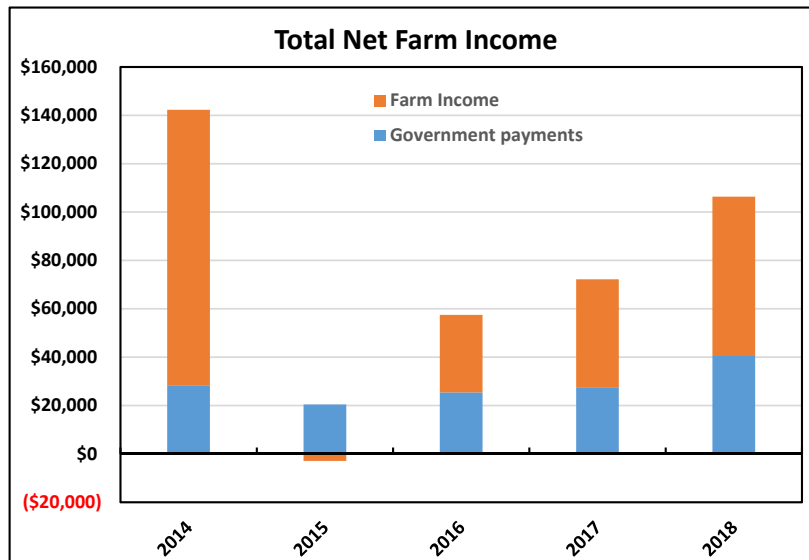
# Net Farm and Ranch Income



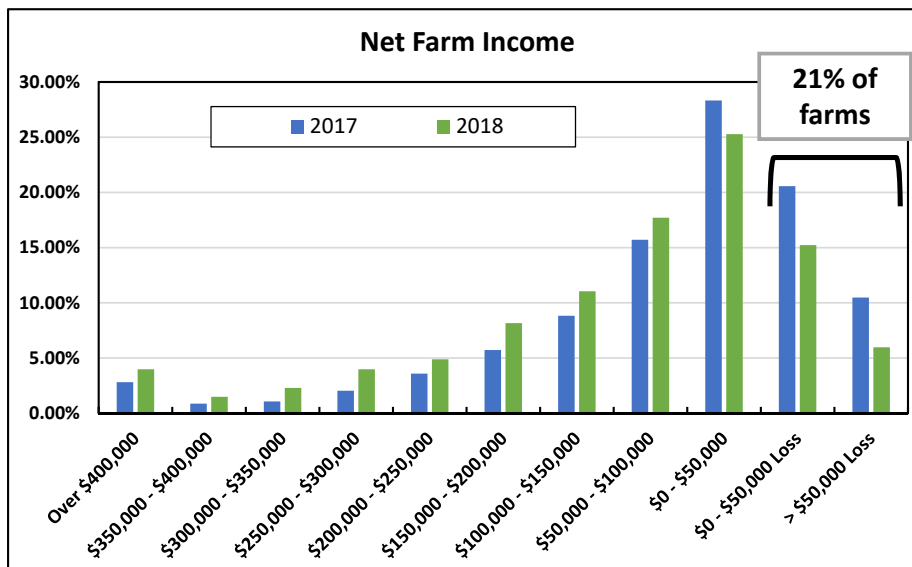
# Average Net Farm Income 2018



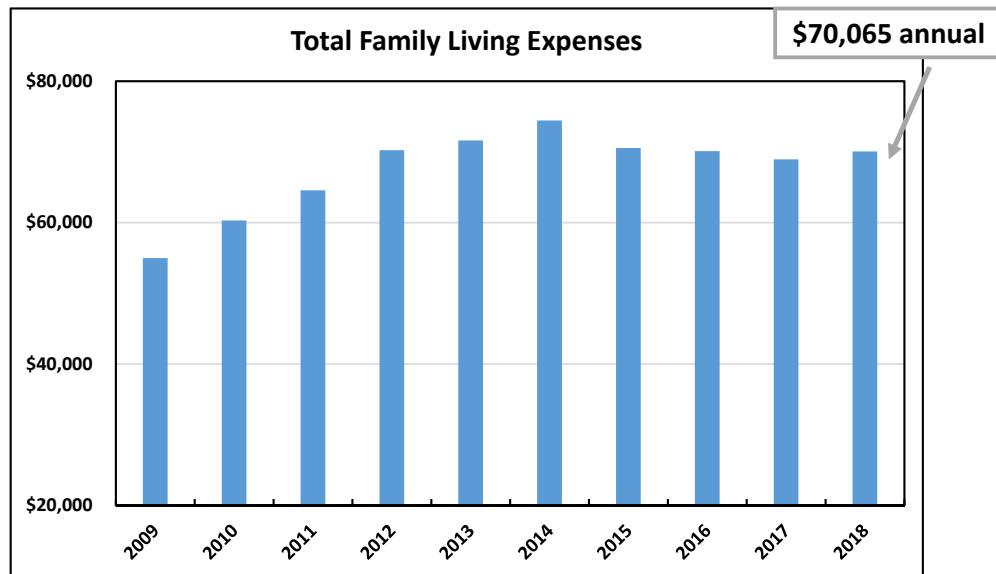
# Government Payments



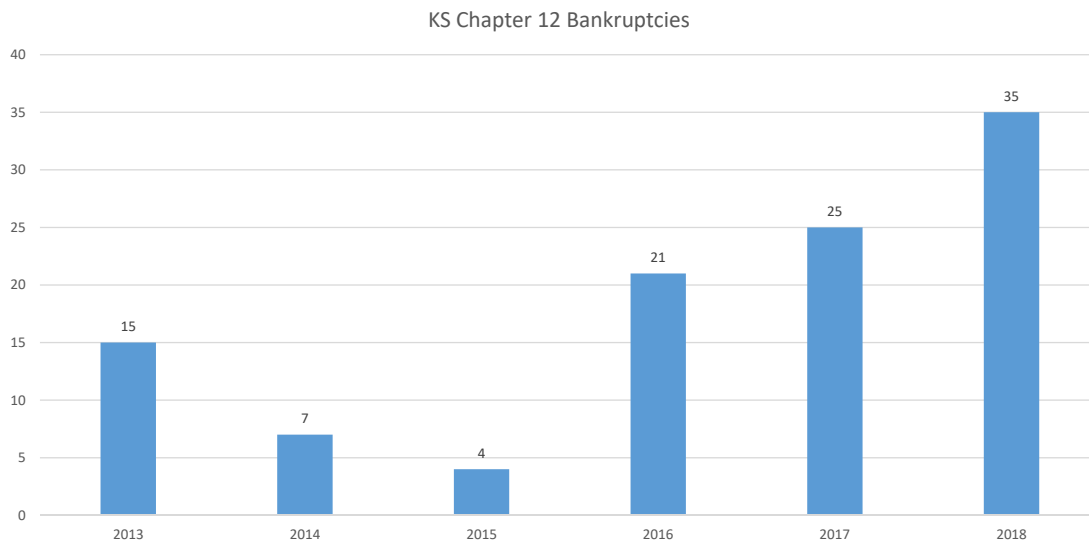
# Distribution of NFI



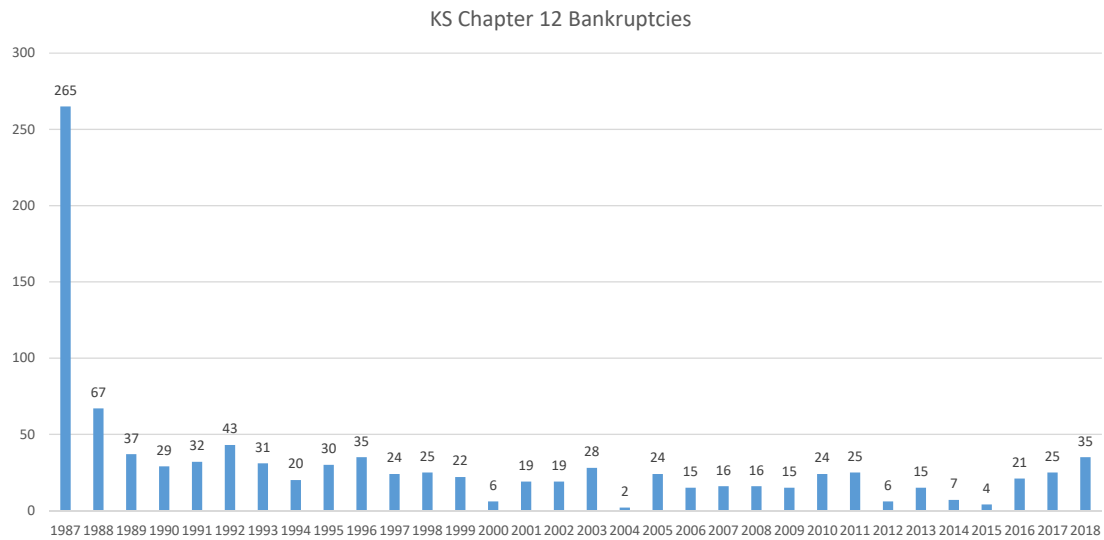
# Farm Family Living Expenses



# Bankruptcies Filed by KS Farms

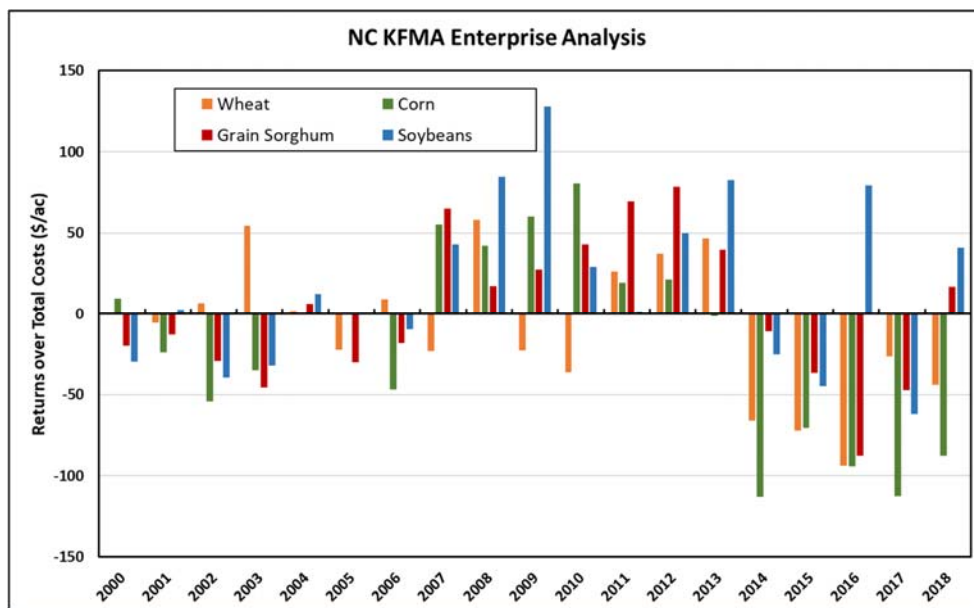


# Bankruptcies Filed by KS Farms



# Rental Rates

# Returns to Farming



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

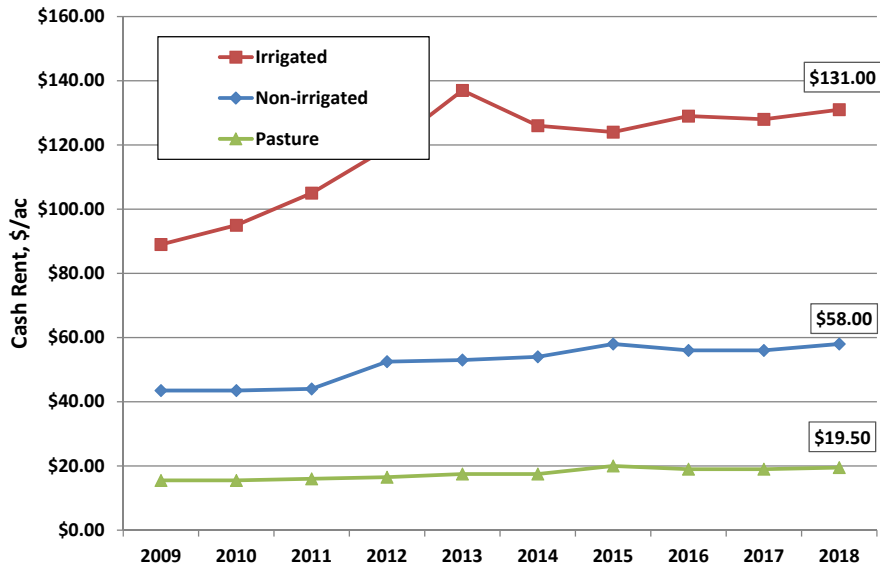
# Returns to Farming

How have we adjusted to this new level of profitability?

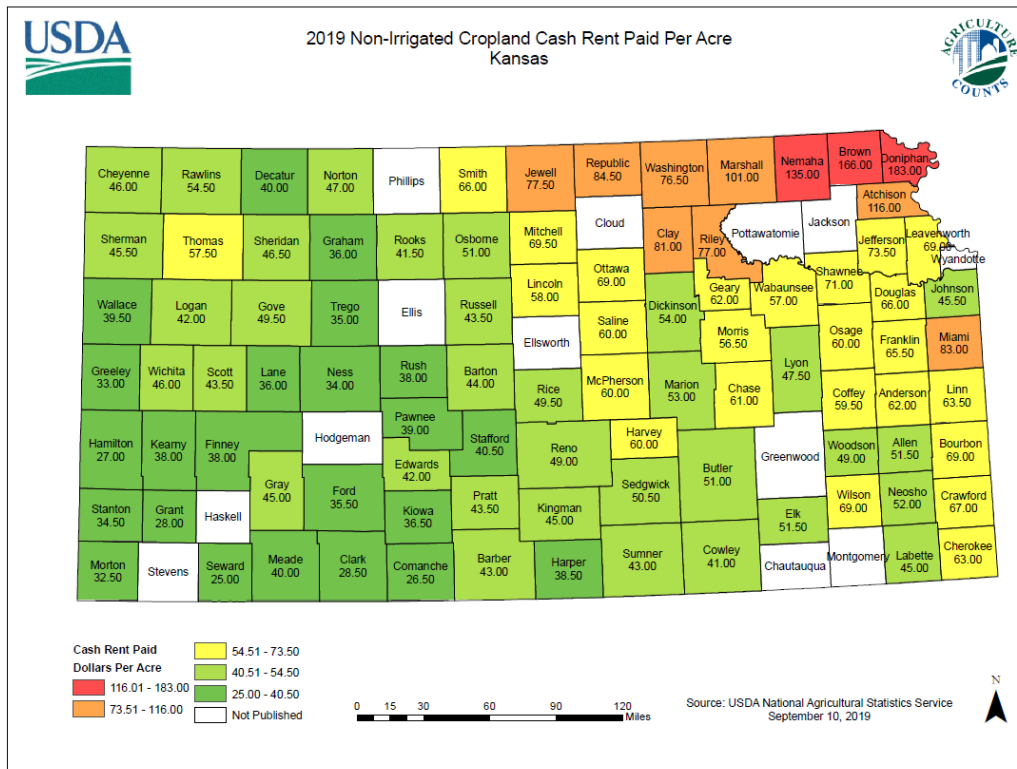
- Reduced machinery turnover?
- Reduced use of inputs?
- Negotiated for lower rents?



# Kansas Cash Rents



Source: USDA-NASS





# Rents Estimated from Budgets

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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

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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)
- Above average yields



# Non-Irrigated Rental Rates

SW District	2013	2014	2015	2016	2017	2018	2019
Clark	54.10	38.50	23.60	14.00	0.90	2.50	7.50
Finney	70.50	40.40	24.90	15.10	0.90	2.80	8.70
Ford	72.20	44.00	27.00	16.30	1.00	2.90	9.00
Grant	48.60	29.30	18.00	10.90	0.70	2.50	7.80
Gray	73.00	46.10	28.40	17.20	1.10	3.40	10.50
Hamilton	51.70	31.10	19.10	11.50	0.70	1.90	5.90
Haskell	57.00	37.90	23.30	14.10	0.90	3.10	9.70
Hodgeman	65.00	35.70	21.90	13.10	0.80	2.40	7.30
Kearny	61.60	34.60	21.30	12.80	0.80	2.20	6.80
Meade	56.60	30.90	19.00	11.40	0.70	2.40	7.40
Morton	46.90	28.20	17.40	10.60	0.70	2.00	6.30
Seward	56.50	34.60	21.30	12.90	0.80	2.80	8.60
Stanton	59.30	36.90	22.70	13.70	0.90	2.60	7.90
Stevens	53.50	33.20	20.50	12.50	0.80	2.70	8.20
Average:	59.04	35.81	22.03	13.29	0.84	2.59	7.97

Source: [www.AgManager.info](http://www.AgManager.info)



# 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](http://www.AgManager.info)



## Returns to Land

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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

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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

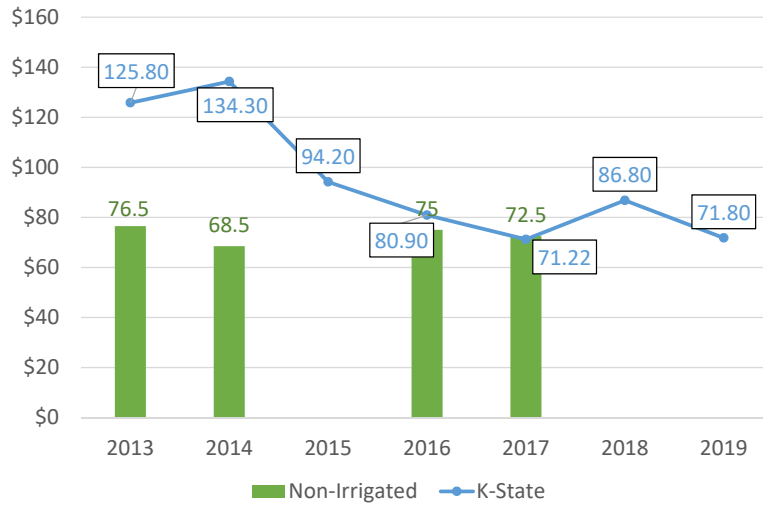
Contracts length in Kansas averages 3 to 5 years

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



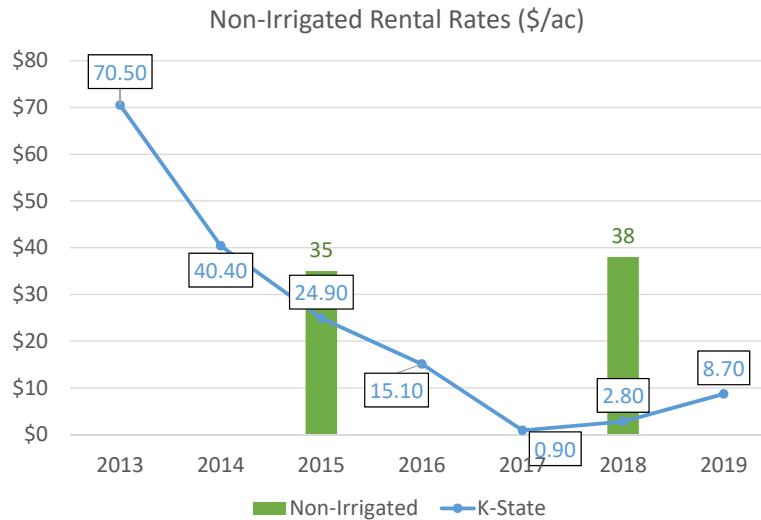
# Rents and Net Farm Income

## USDA and K-State Rents for Riley County



# Rents and Net Farm Income

## USDA and K-State Rents for Finney County



# Land Value Trends

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## Land Values

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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



United States Department of Agriculture  
National Agricultural Statistics Service  
**News Release**



612 8th Van Buren, Room 202, Topeka, Kansas 66603  
Media Contact: Jason Lamproff (785) 233-2230

## 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://usd401.library.cornell.edu/usda/current/AgRI-andVa/AgRI-andVa-08-02-2013.pdf>

Find agricultural statistics for your county, State, and the Nation at [www.nass.usda.gov](http://www.nass.usda.gov)

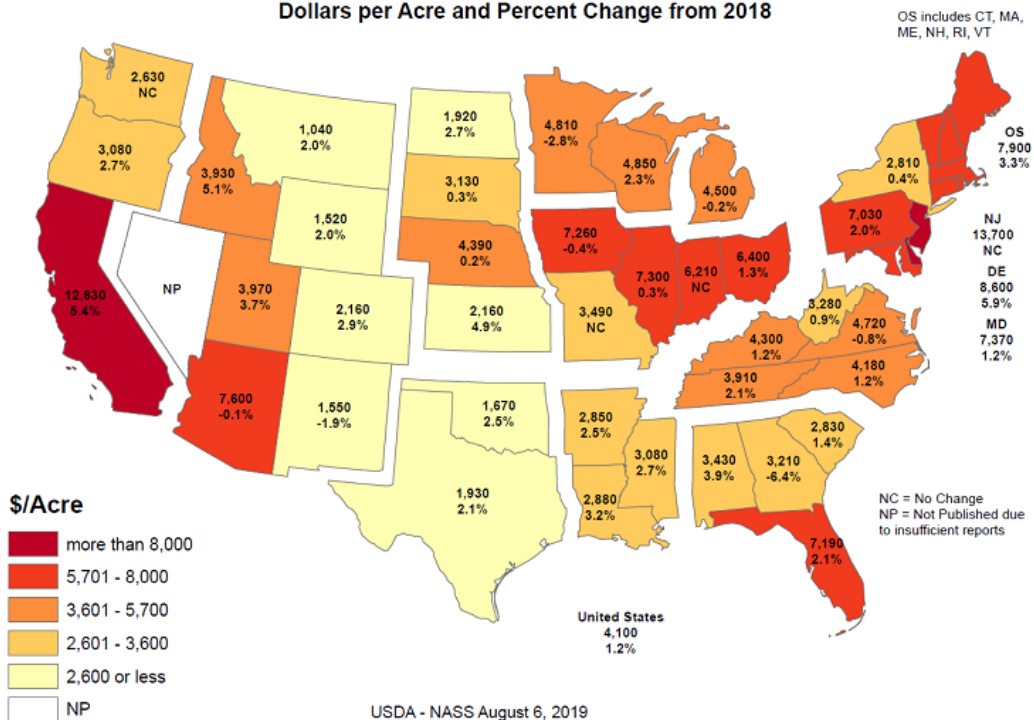
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NASS provides accurate, timely, useful and objective statistics in service to U.S. agriculture. The Agency invites you to express your thoughts and provide occasional feedback on our products and services by joining a data user community. To join,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

USDA is an equal opportunity provider and employer.

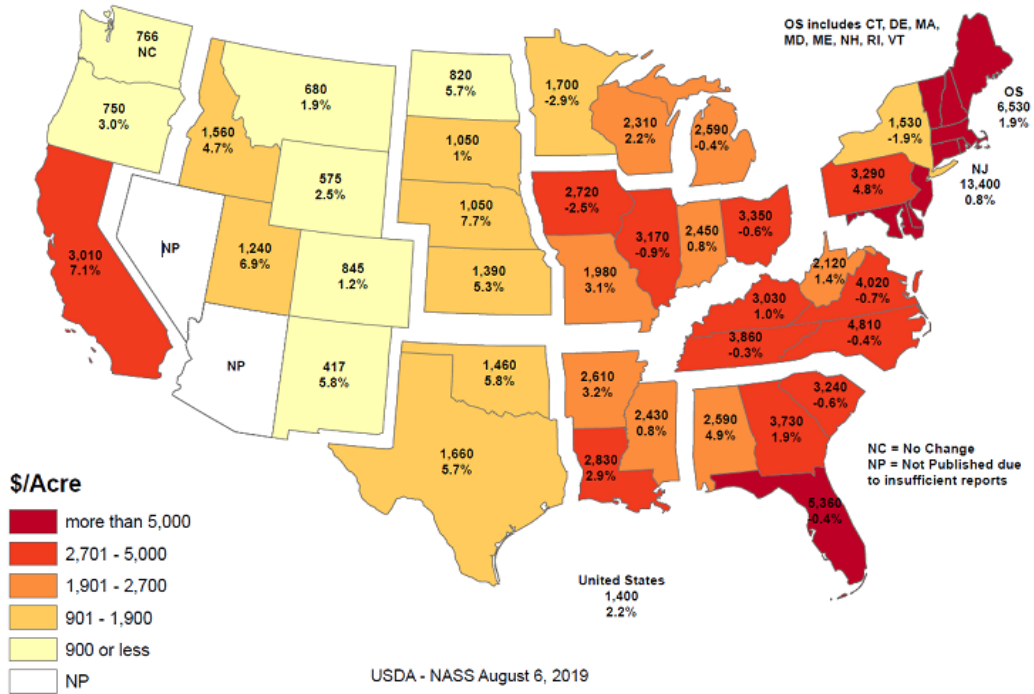


## 2019 Cropland Value by State Dollars per Acre and Percent Change from 2018

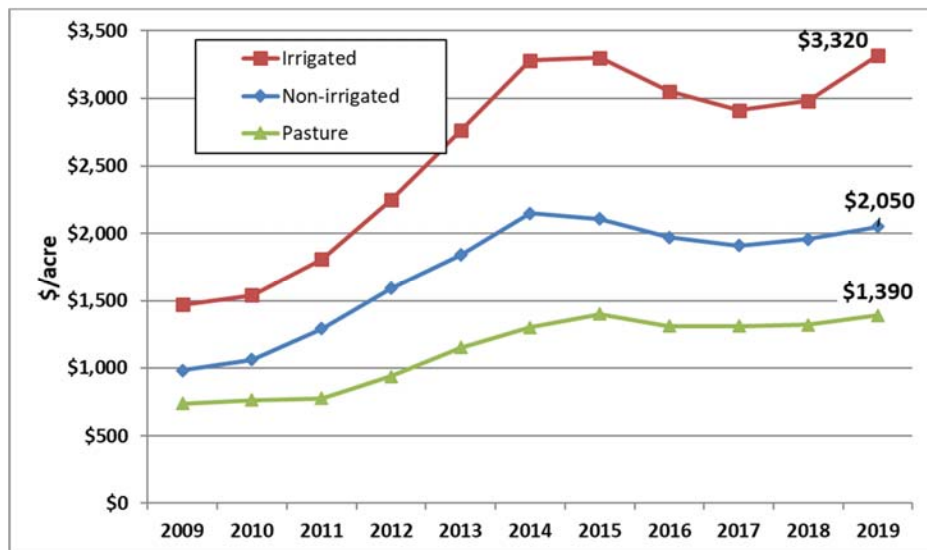


## 2019 Pasture Value by State

Dollars per Acre and Percent Change from 2018



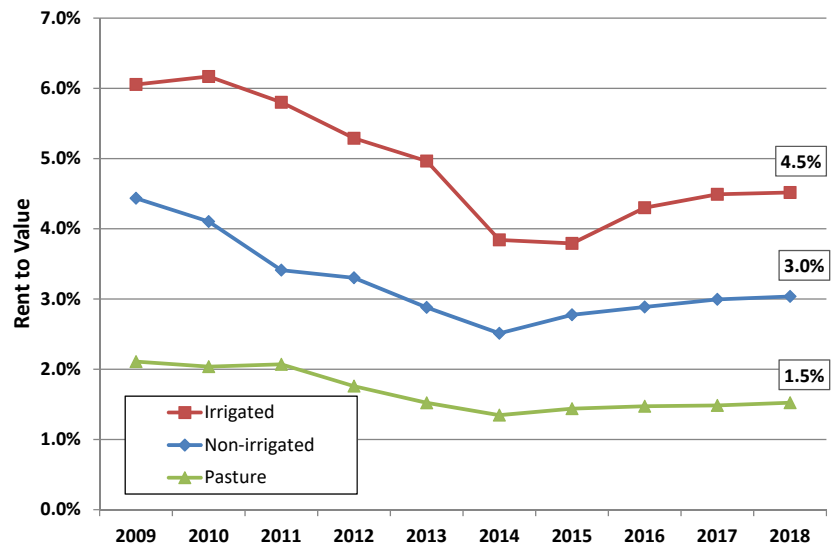
## Kansas Land Values



Source: USDA-NASS



# Rent-to-Land Value Ratio



Source: USDA-NASS



# Market-Based Land Values





# Kansas Land Values

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## 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

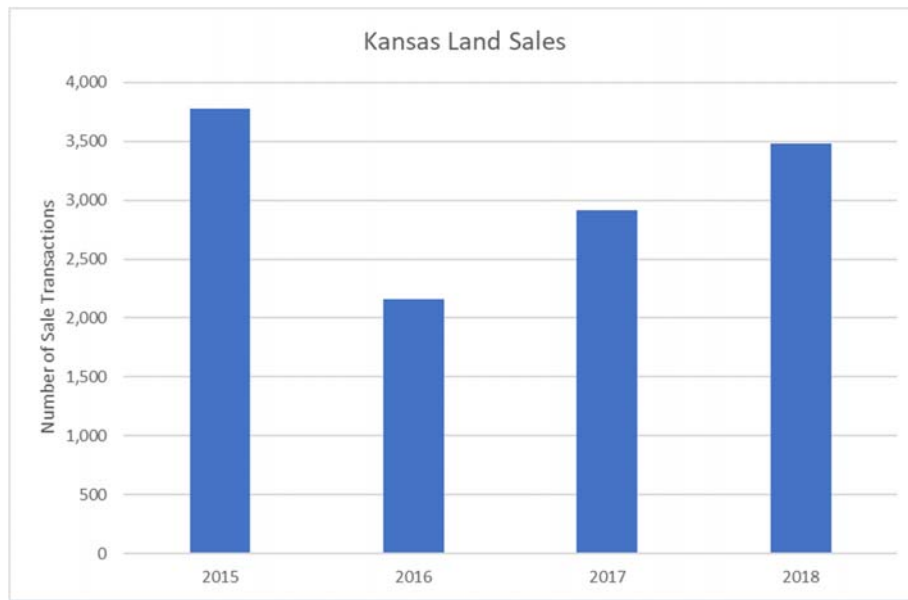
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2018	Average
Acres in Sale	155.2
CRP Contracts	2.9%
Sales Per County	33.1
All Years	
Total Sales Transactions:	
2018	3,480
2017	2,625
2016	2,145
2015	3,775



# PVD Sales Data 2015-2018

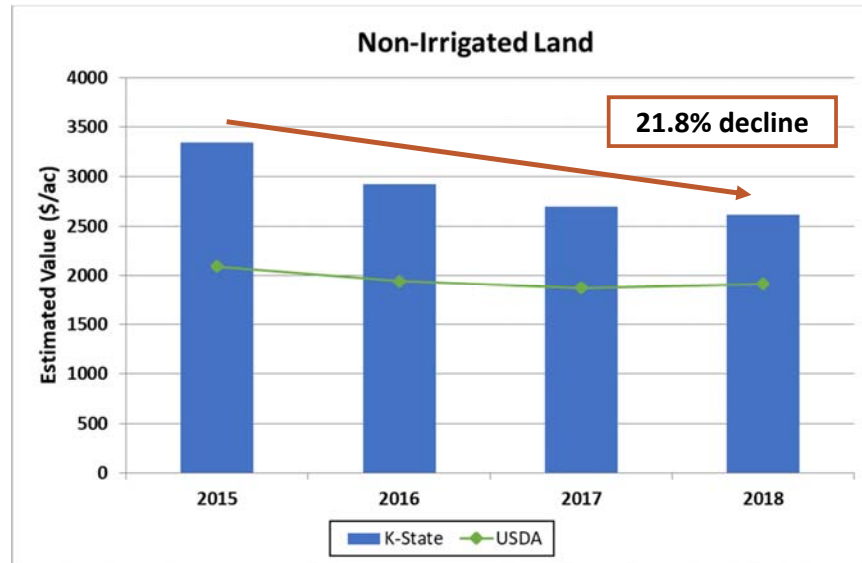
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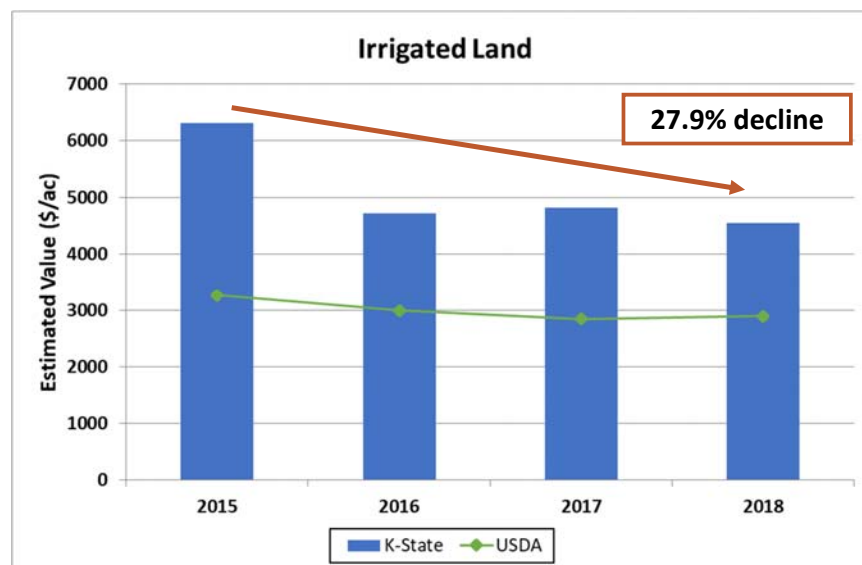
# Land Model Results

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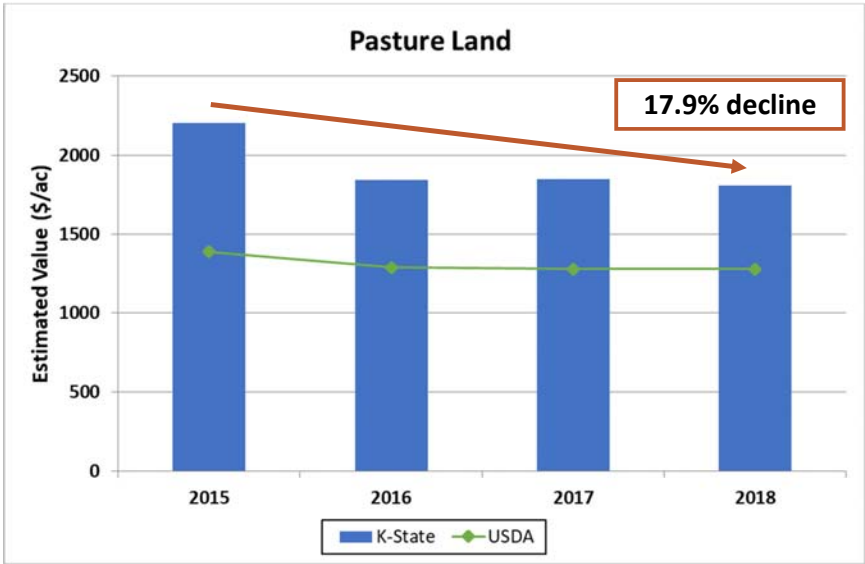
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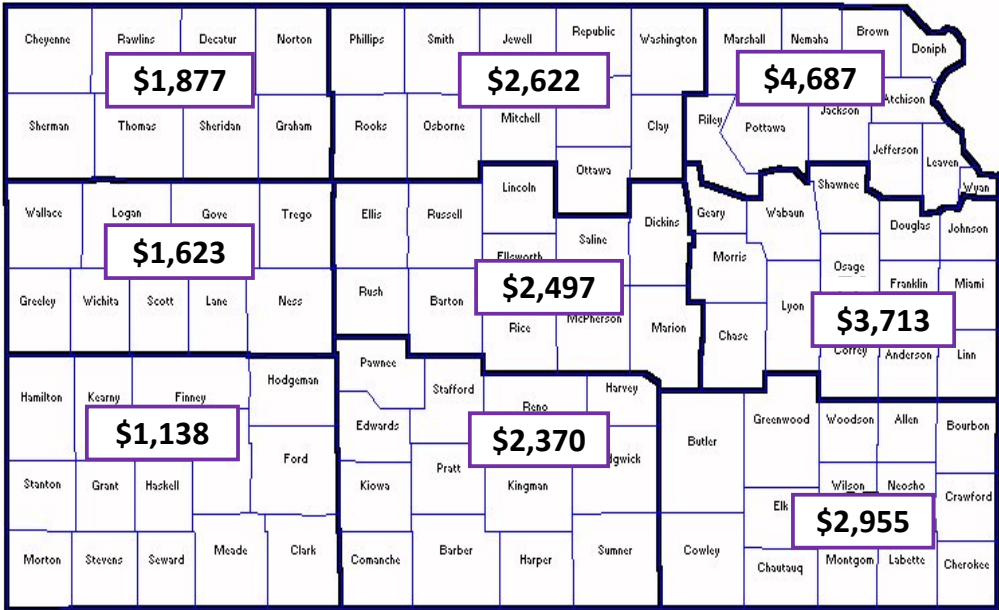
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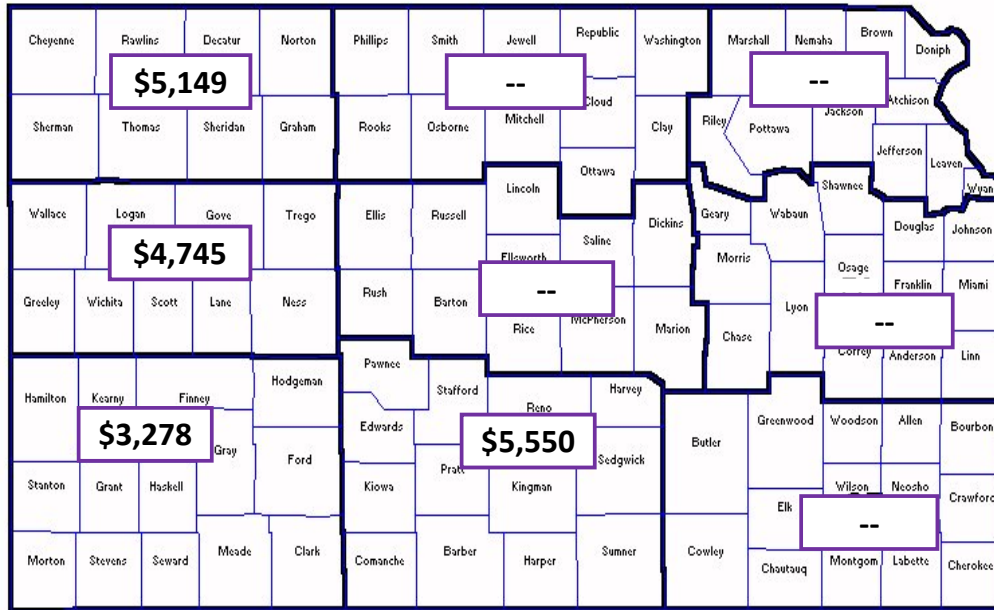
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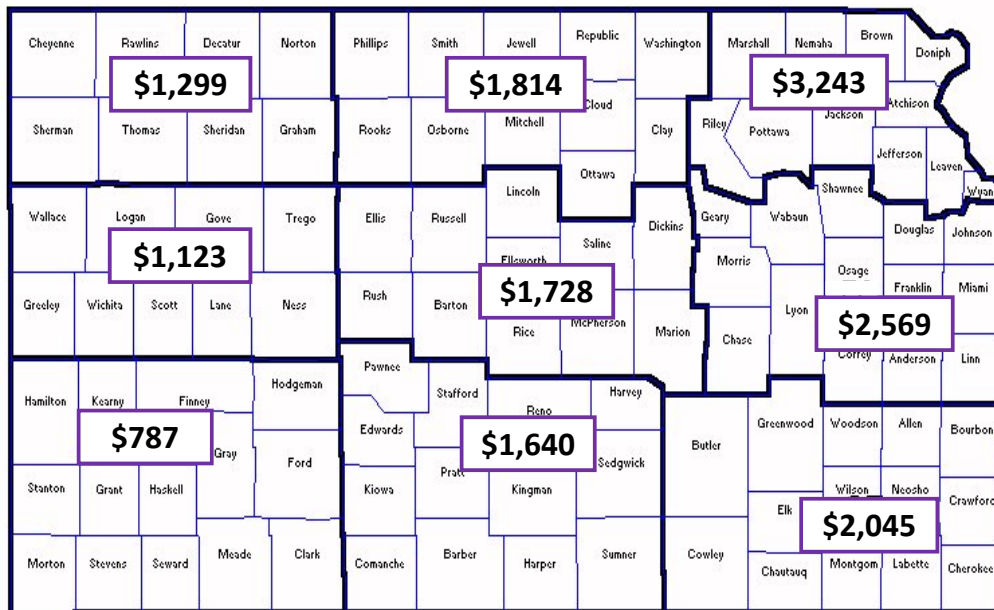
# 2018 Non-Irrigated Land Values



# 2018 Irrigated Land Values



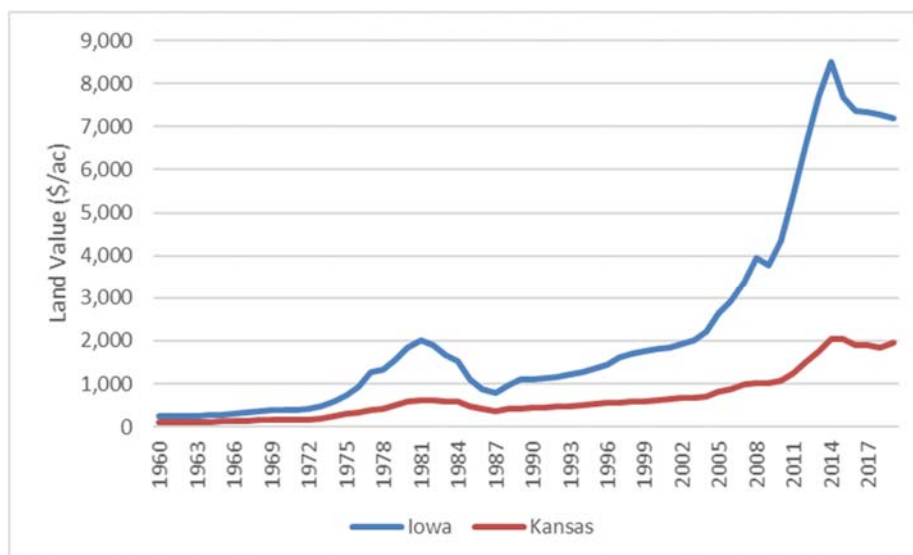
# 2018 Pasture Land Values



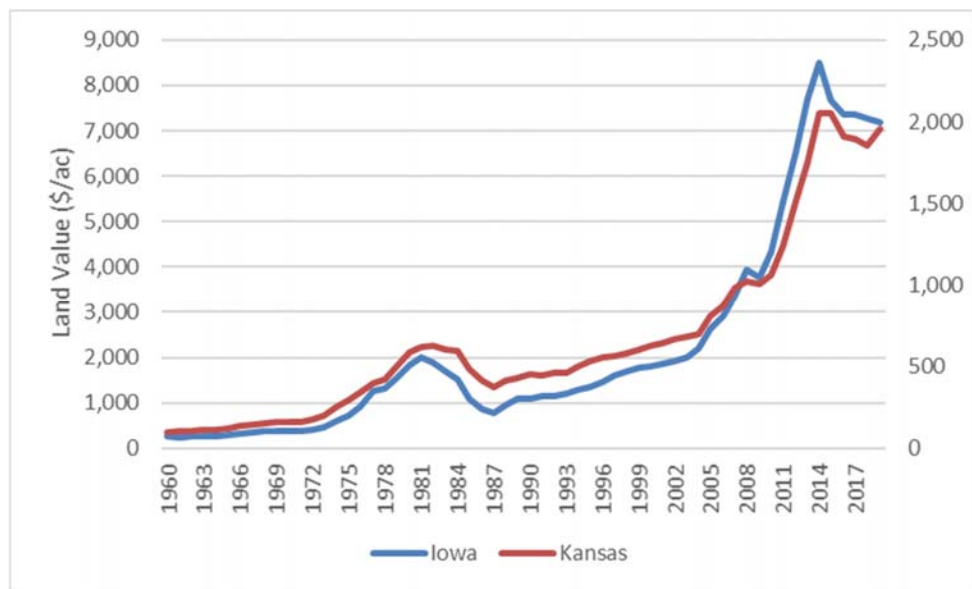
# Long-Run Values



## 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...

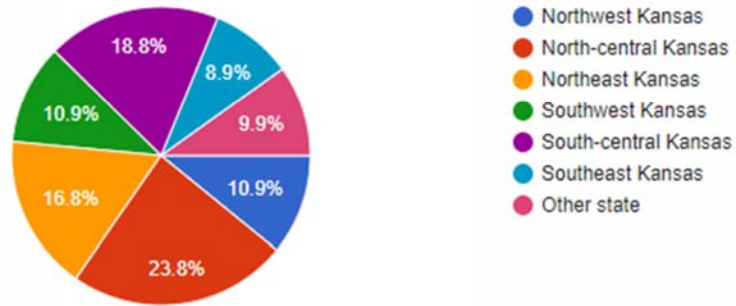


# Viewer Poll Data

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Where are you from?

101 responses

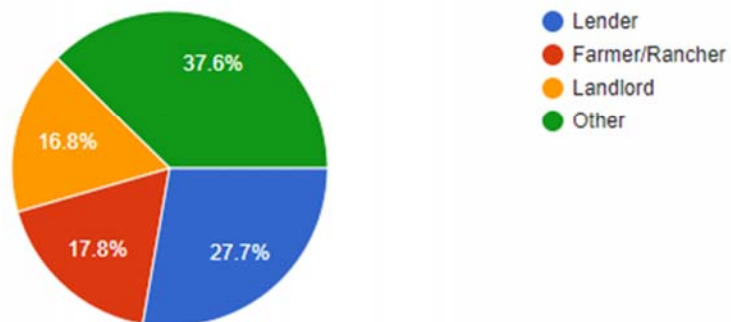


# Viewer Poll Data

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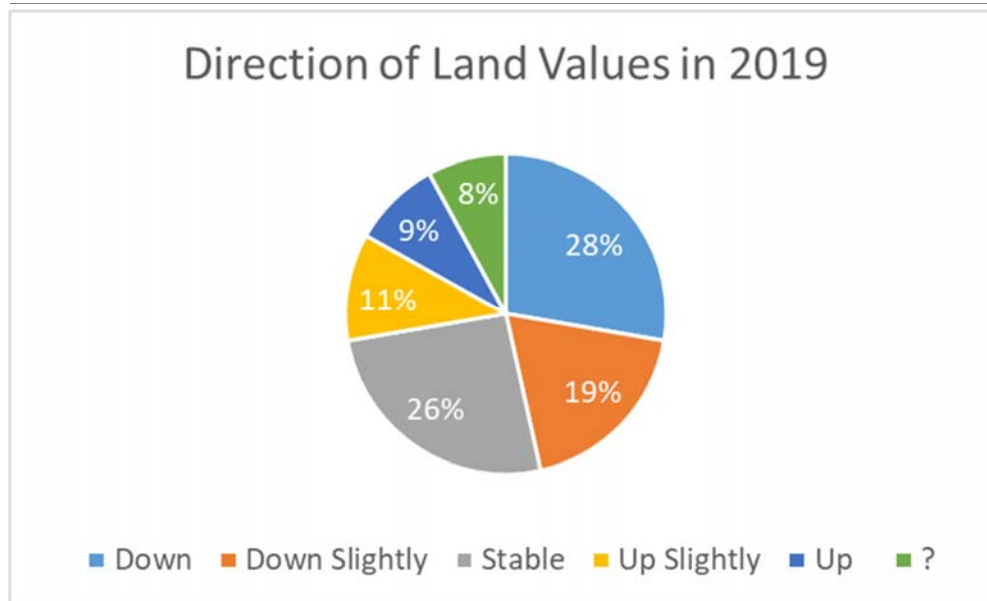
What is your primary occupation?

101 responses





# Viewer Poll Data



## Online Resources

### 2018 Kansas County-Level Ag Land Values

- [www.agmanager.info/land-leasing/land-buying-valuing](http://www.agmanager.info/land-leasing/land-buying-valuing)

### 2019 Rent Estimates: Non-Irrigated Cropland

- [www.agmanager.info/land-leasing/land-rental-rates](http://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](http://www.agmanager.info/land-leasing/land-rental-rates/pasture-rental-rate-decision-tool)

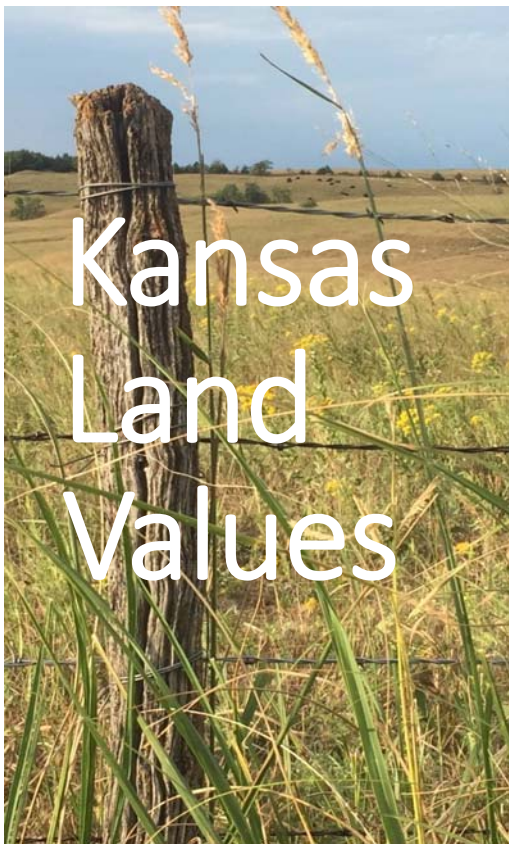
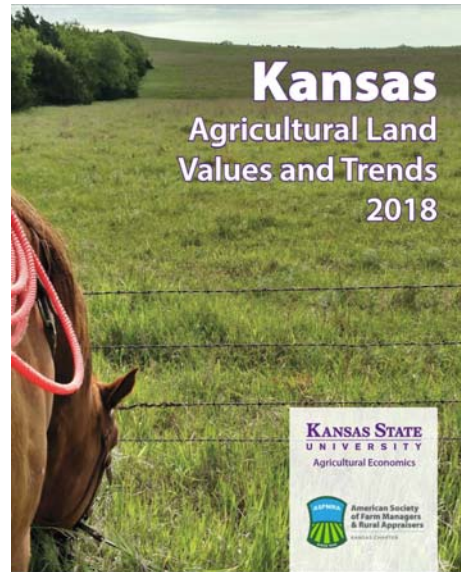
# Land Value Information



## 2018 Kansas County-Level Land Values for Cropland and Pasture

April 2019 (available at [www.AgManager.info](http://www.AgManager.info))

Mykel Taylor, K-State Ag Economics, (785) 532-3033, [mtaylor@ksu.edu](mailto:mtaylor@ksu.edu)  
Department of Agricultural Economics, Kansas State University



Mykel Taylor  
Associate Professor  
K-State Dept. of  
Agricultural Economics  
[mtaylor@ksu.edu](mailto:mtaylor@ksu.edu)

