



# Kansas Land Values



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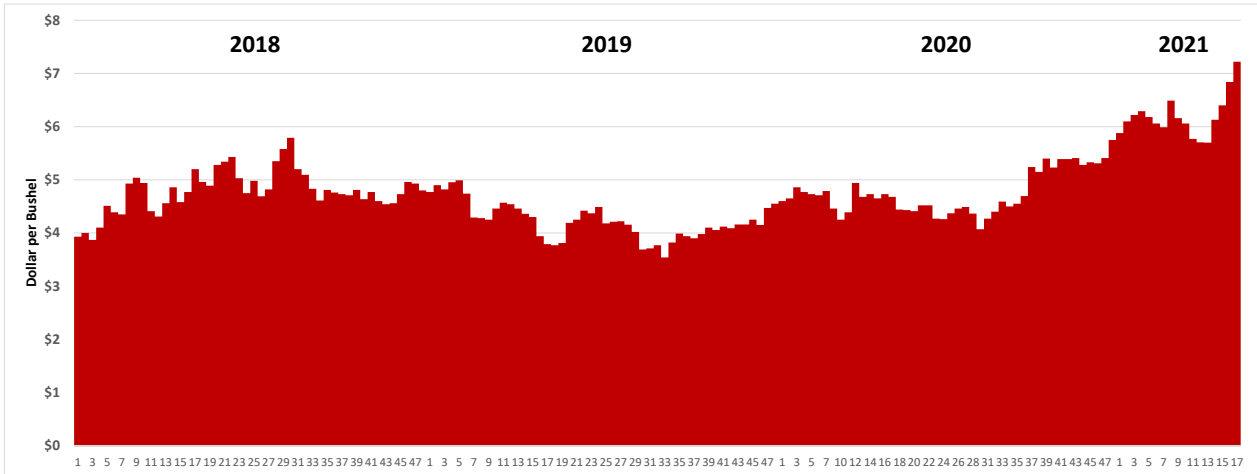
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## Introduction

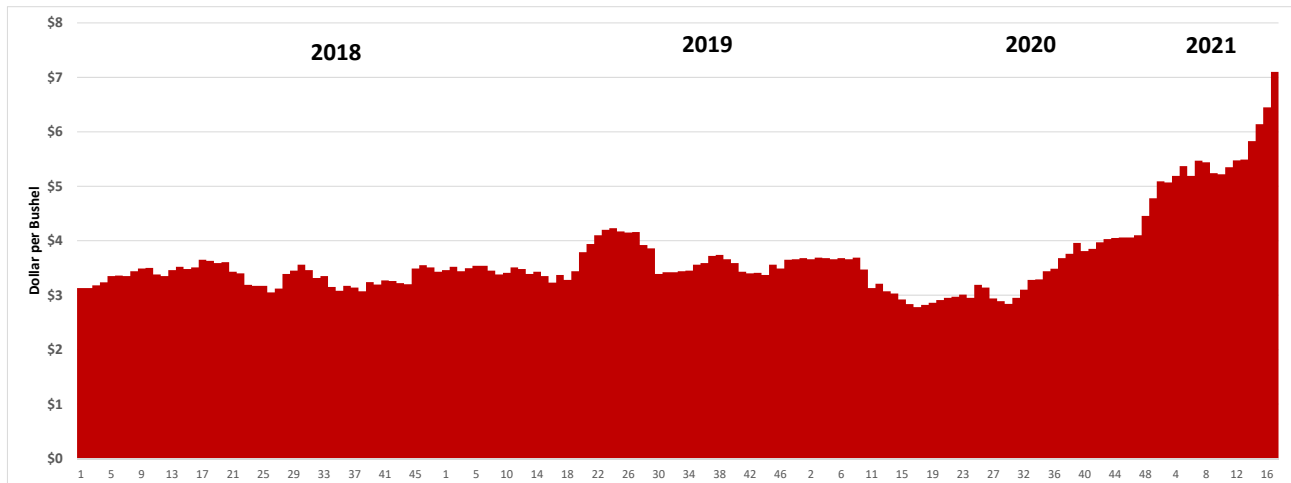
- ❖ A Paradigm Shift
- ❖ USDA Kansas Agricultural Cash Rents
- ❖ USDA Kansas Agricultural Land Values
- ❖ Kansas Agricultural Land Values Sales Data
- ❖ Future Ahead
- ❖ Concluding Thoughts

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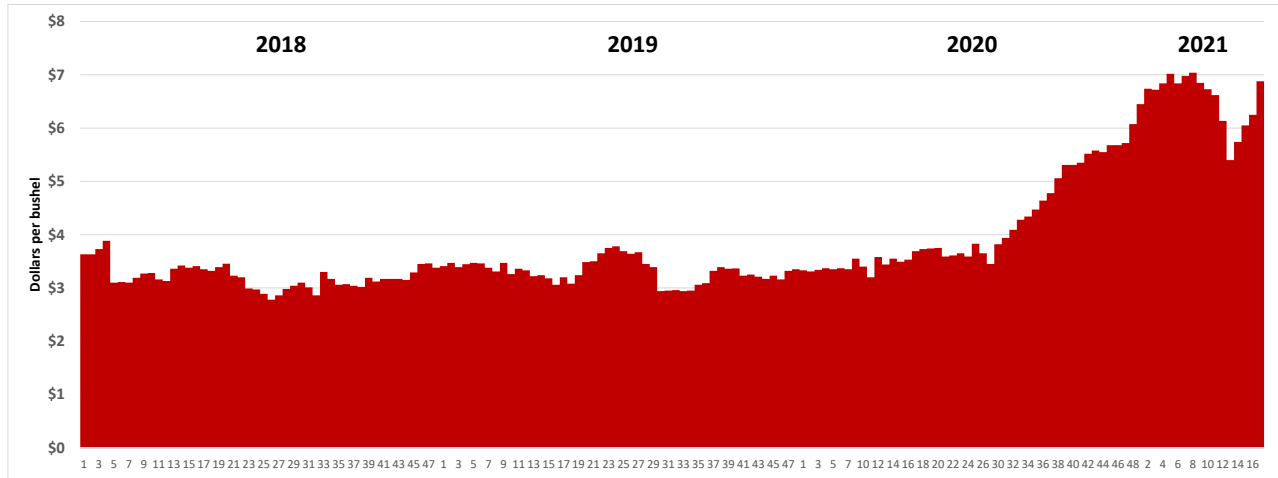
# Salina Cash Wheat Price



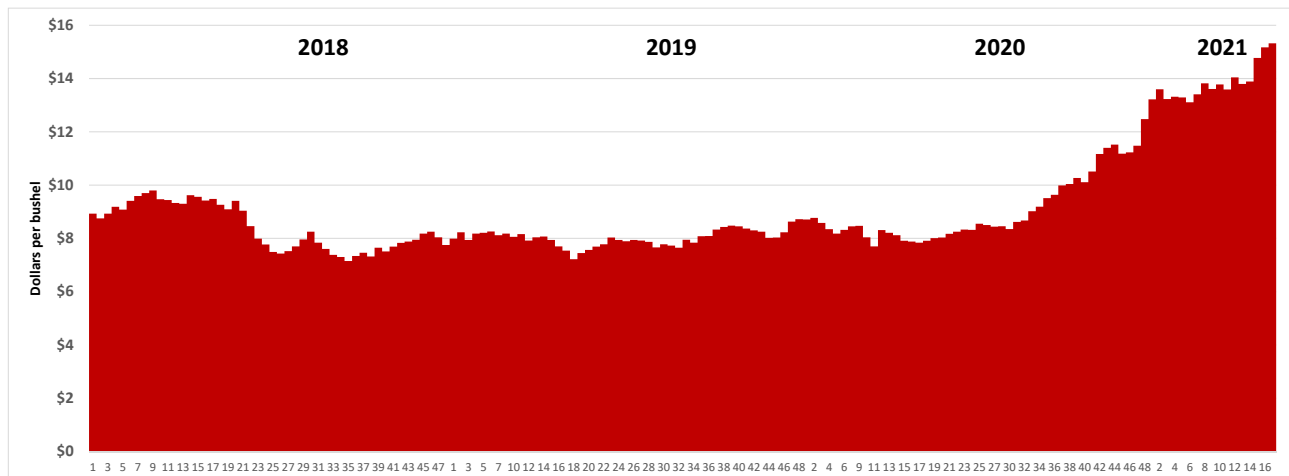
# Salina Cash Corn Price



## Salina Cash Sorghum Price



## Salina Cash Soybean Price



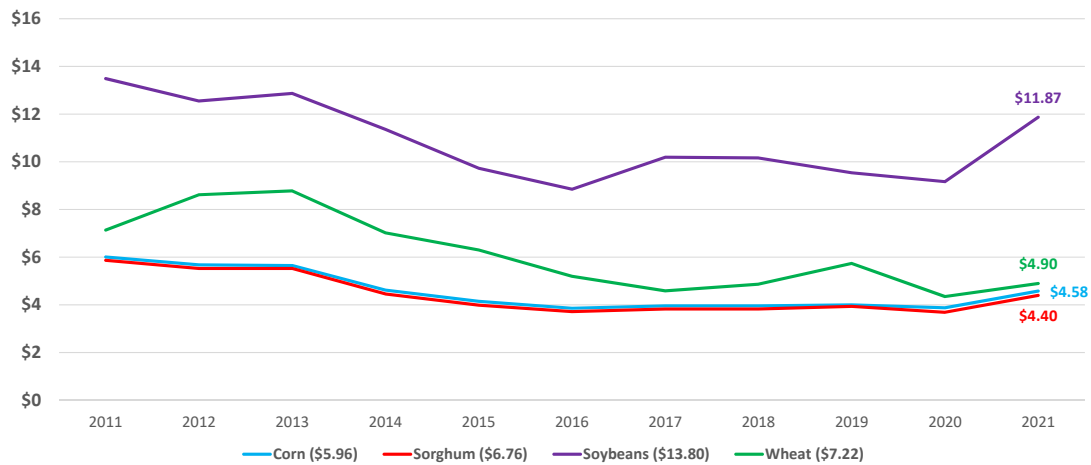
## 2021 Price Outlook

Commodity	Cash Bid (5/11)	Forward Bid (2021 Crop)	Difference
Wheat	\$7.22	\$7.22	\$0.00
Corn	\$7.29	\$5.96	\$1.33
Sorghum	\$7.07	\$6.76	\$0.31
Soybean	\$16.08	\$13.80	\$2.28

## A Paradigm Shift

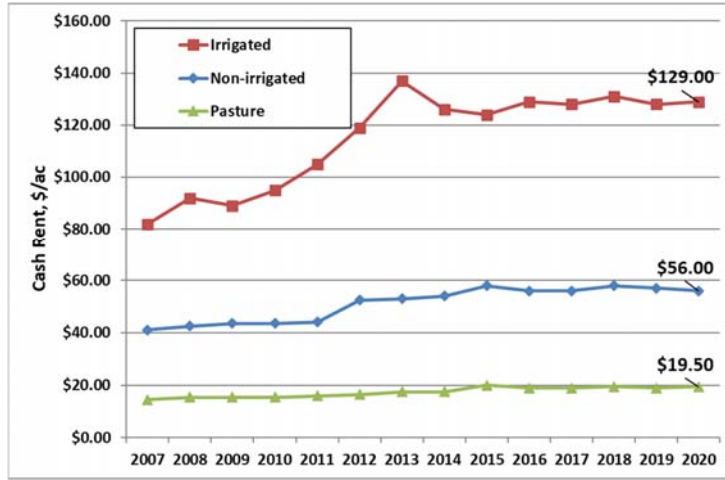
- Prices have changed substantially from the lows at the beginning of COVID
  - ❖ Wheat prices as of 5/7/21 are \$2.97 per bushel higher than the 2020 low
    - ❖ Increase of 69.9%
  - ❖ Corn prices as of 5/7/21 are \$4.32 per bushel higher than the 2020 low
    - ❖ Increase of 155.4%
  - ❖ Sorghum prices as of 5/7/21 are \$3.68 per bushel higher than the 2020 low
    - ❖ Increase of 115.0%
  - ❖ Soybean prices as of 5/7/21 are \$7.62 per bushel higher than the 2020 low
    - ❖ Increase of 99.0%

# Yield and Revenue Protection Base Price



# Rental Rates

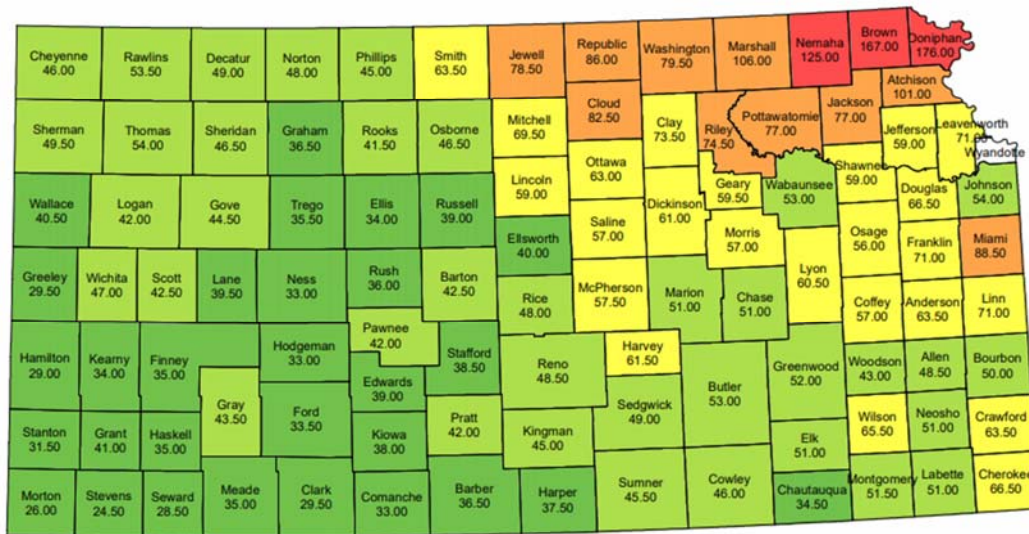
# Kansas Cash Rents



Source: USDA-NASS

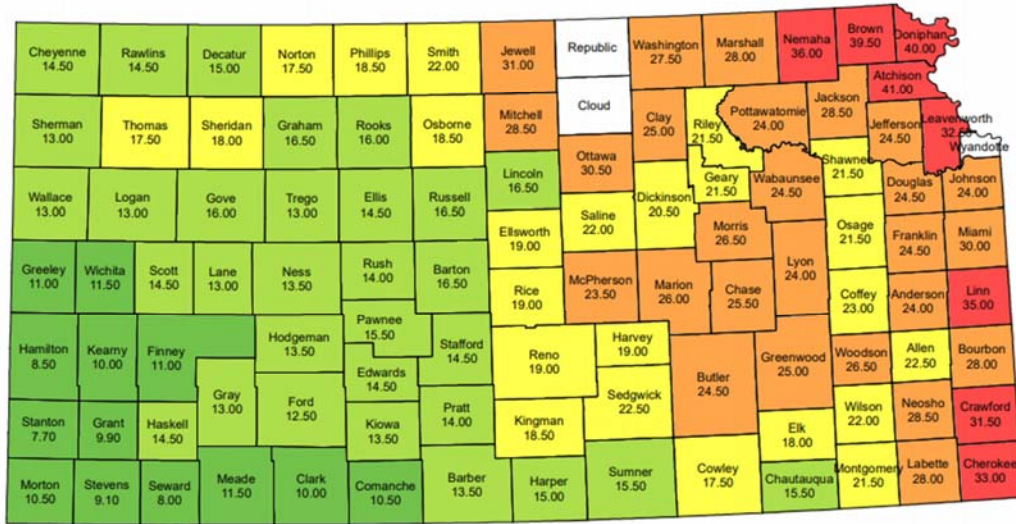


2020 Non-Irrigated Cropland Cash Rent Paid Per Acre  
Kansas





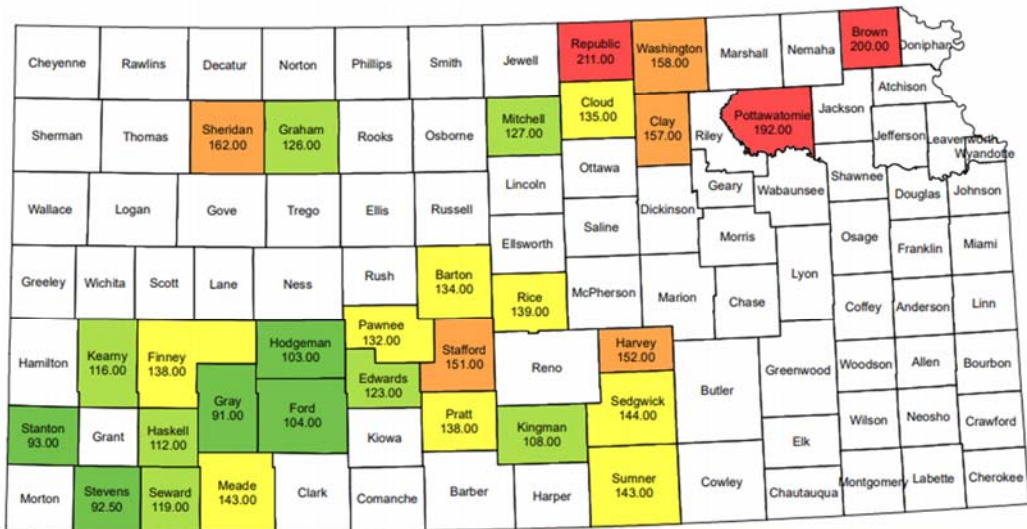
2020 Pasture Cash Rent Paid Per Acre  
Kansas



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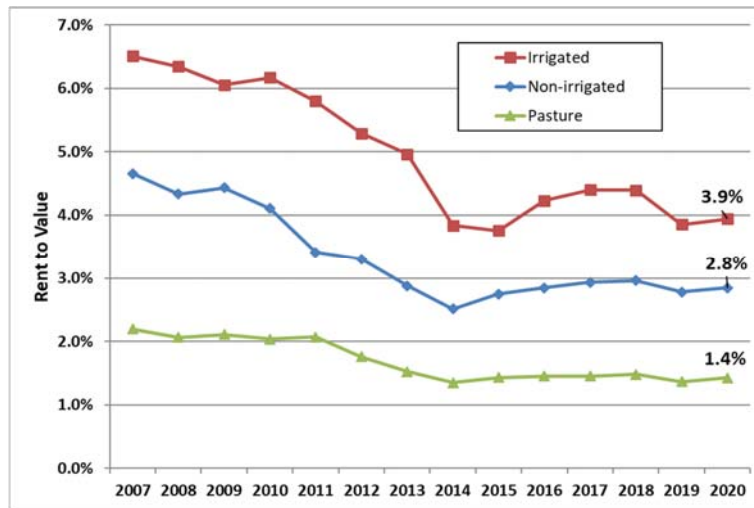


2020 Irrigated Cropland Cash Rent Paid Per Acre  
Kansas



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## Rent-to-Land Value Ratio

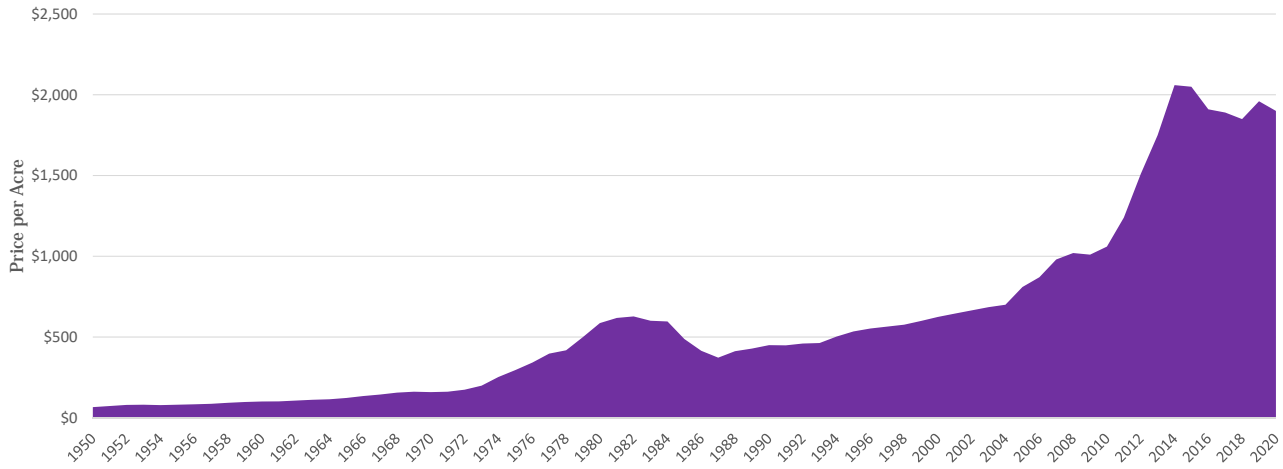


Source: USDA-NASS

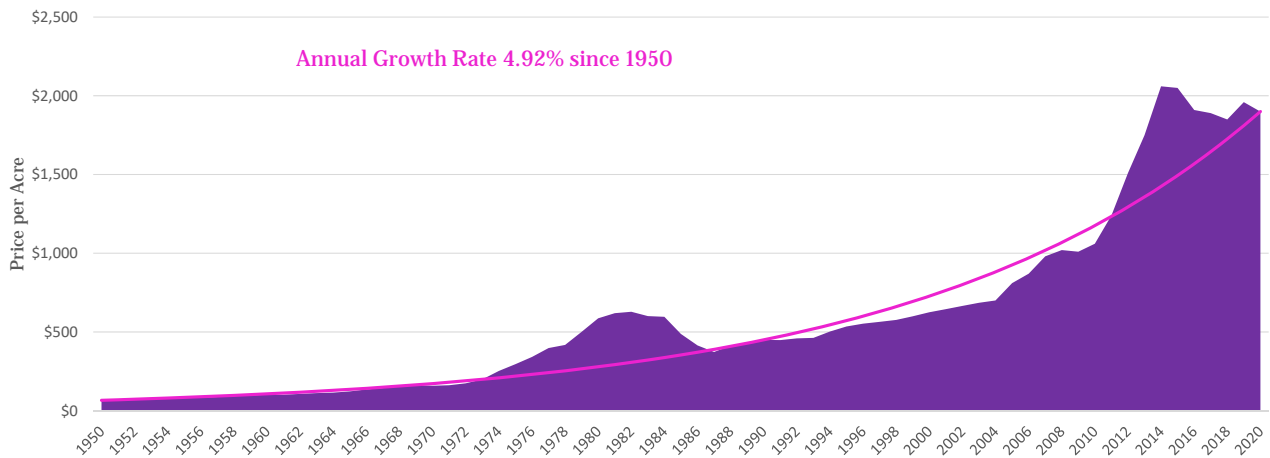
## Land Values



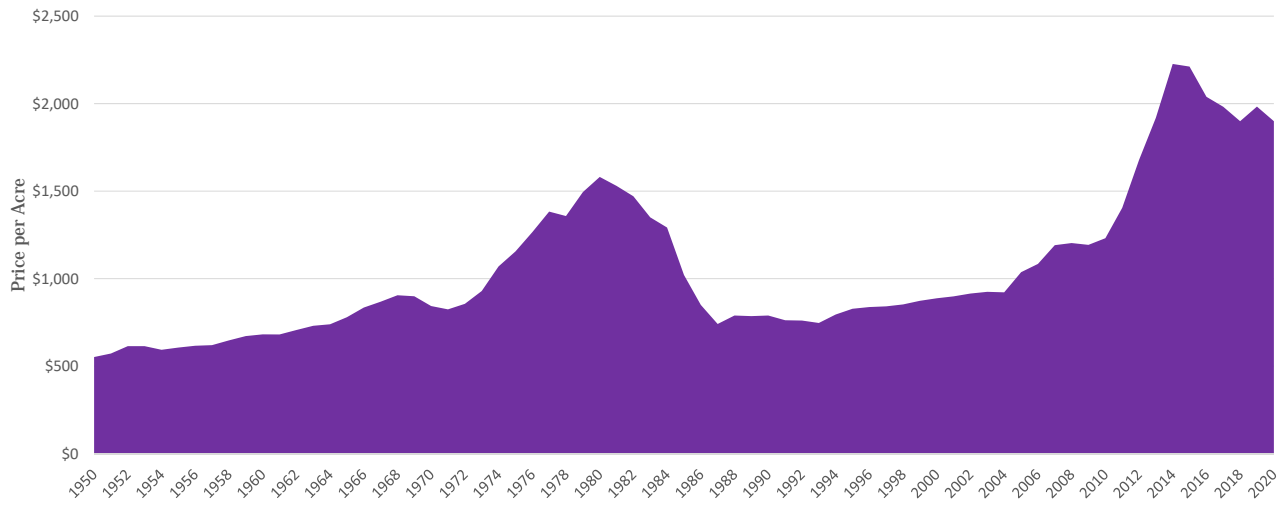
# Kansas Land Values from 1950



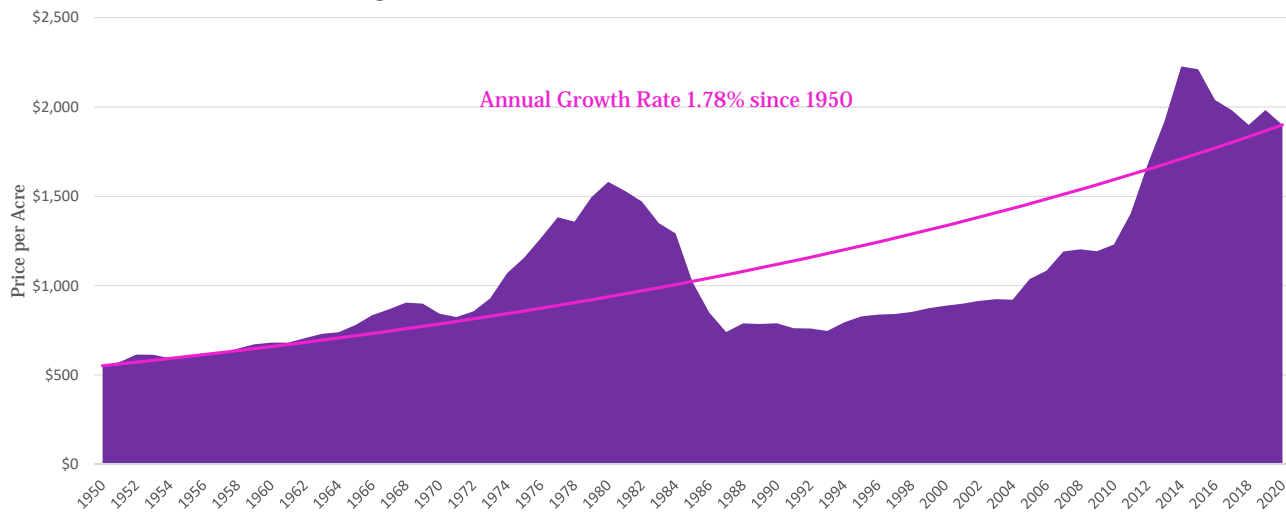
# Kansas Land Values from 1950



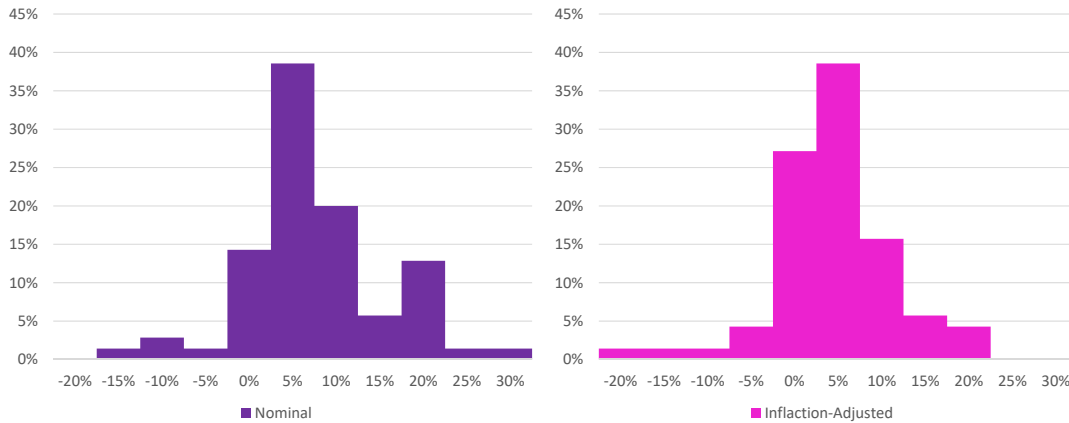
# Inflation-Adjusted Kansas Land Values



# Inflation-Adjusted Kansas Land Values



## Distribution of Land Price Changes

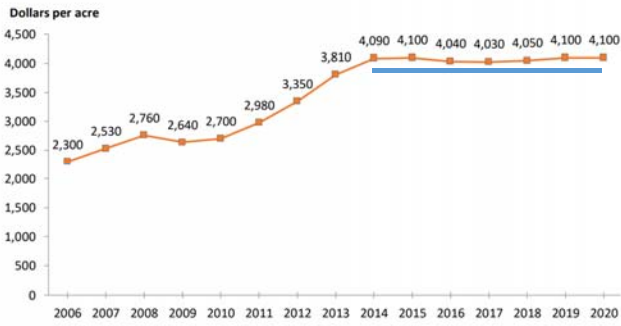


## State-Level Land Value Summary

- ❖ Kansas Agricultural Land Values fell by 3.1% in 2020 according to USDA
- ❖ Kansas Inflation-Adjusted Agricultural Land Values fell by 4.2% in 2020 according to USDA
- ❖ The annual increase in Kansas Agricultural Land Values has been 4.92% since 1950
- ❖ The annual inflation-adjusted increase in Kansas Agricultural Land Values has been 1.78% since 1950
- ❖ Kansas Land Values have fallen 20% of the time since 1950
- ❖ Kansas Inflation-Adjusted Land Values have fallen 36% of the time since 1950
- ❖ 73% of the time Kansas Land Values have been between -5% and 10%
- ❖ 81% of the time Inflation-Adjusted Kansas Land Values have been between -5% and 10%

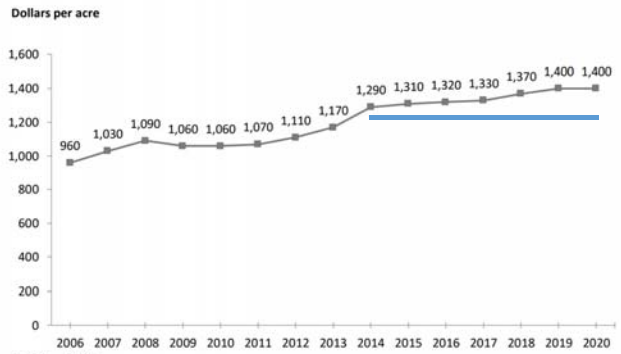
# National Ag. Values

**Average Cropland Value – United States: 2006-2020**



USDA - NASS  
August 6, 2020

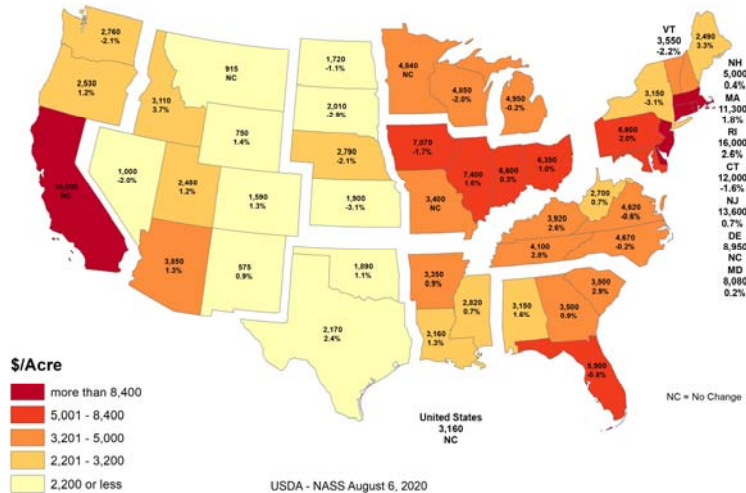
**Average Pasture Value – United States: 2006-2020**



USDA - NASS  
August 6, 2020

## 2020 Farm Real Estate Value by State

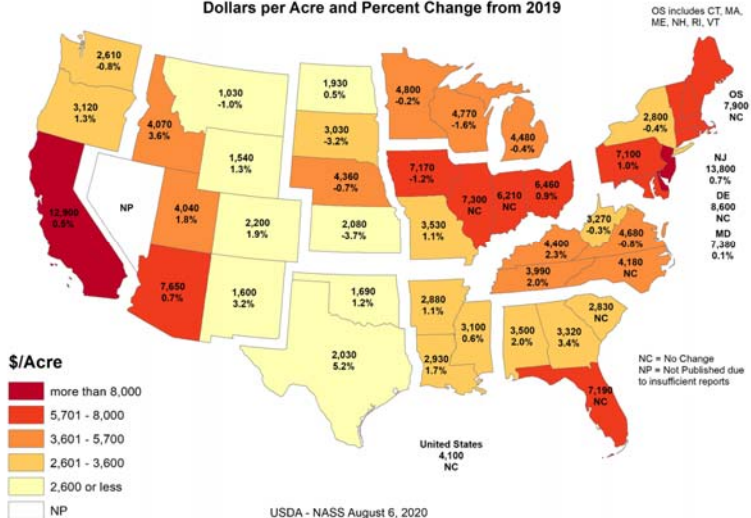
Dollars per Acre and Percent Change from 2019



USDA - NASS August 6, 2020

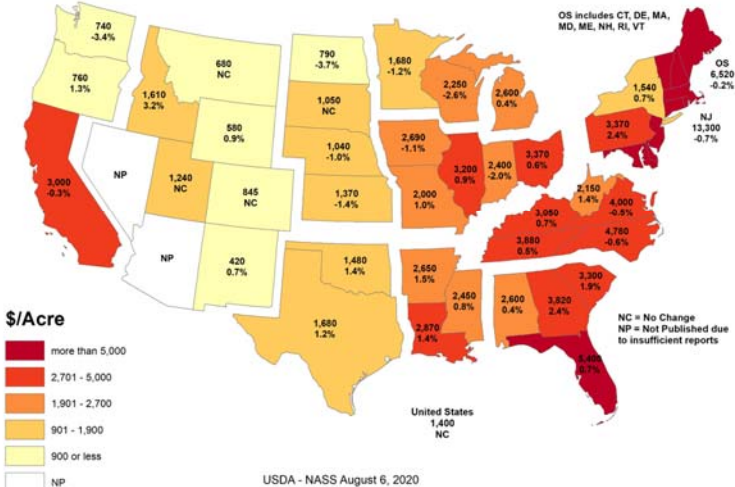
### 2020 Cropland Value by State

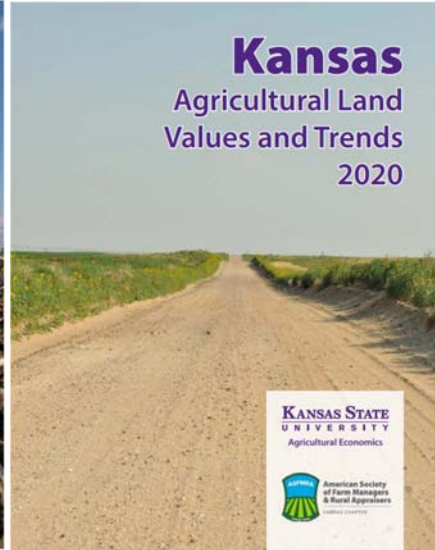
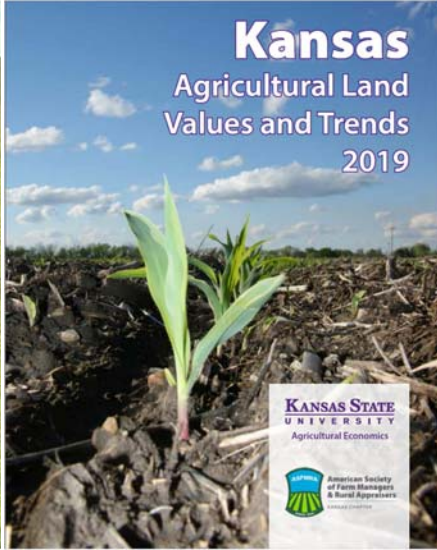
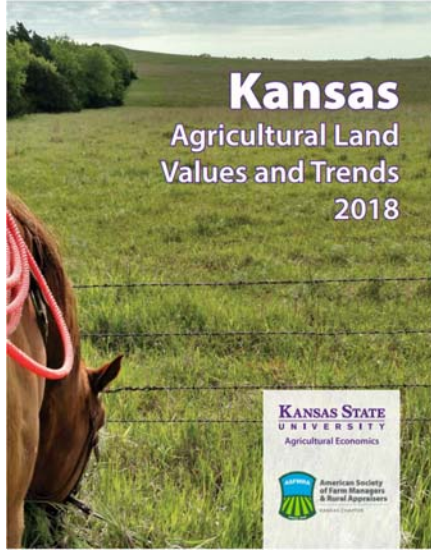
Dollars per Acre and Percent Change from 2019



### 2020 Pasture Value by State

Dollars per Acre and Percent Change from 2019





## 2020 Q1 vs. 2021 Q1

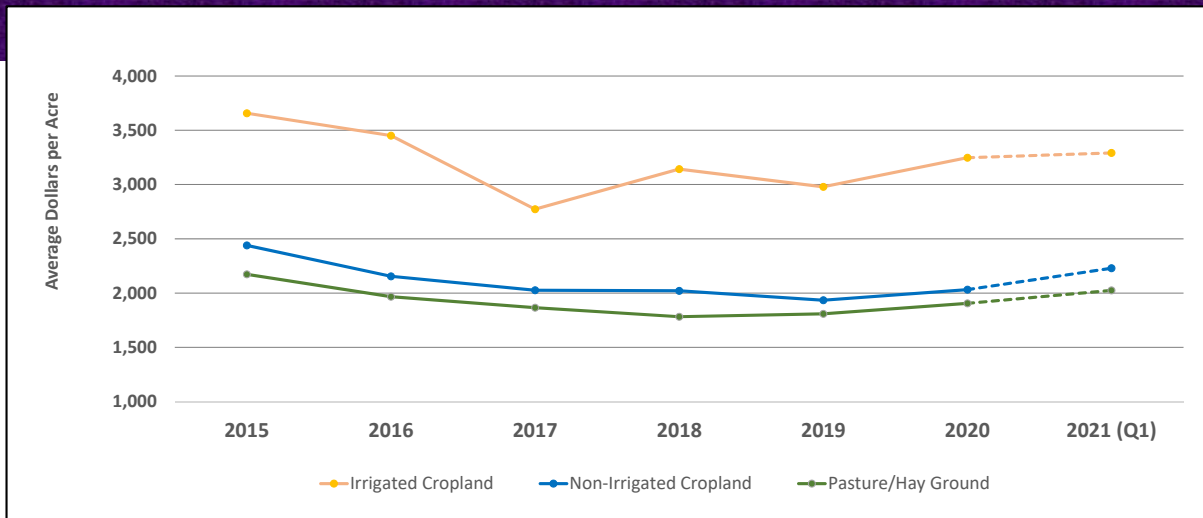
Land Sales Volume					
	Q1	Q2	Q3	Q4	Total
2015	143,861	150,590	98,686	138,317	531,455
2016	93,638	111,981	63,330	101,831	370,780
2017	106,295	102,104	62,598	60,357	331,355
2018	111,483	138,941	92,600	85,111	428,135
2019	115,704	114,613	70,582	64,731	365,629
2020	121,062	114,903	68,469	116,145	420,578
2021	130,125				130,125

Price Per Acre			
	2020 Q1	2021 Q1	% Change
Non-Irrigated	2,038	2,229	9.4%
Pasture/Hay	1,843	2,025	9.8%
Irrigated	2,540	3,291	29.6%

Price Per Acre			
	All of 2020	2021 Q1	% Change
Non-Irrigated	2,032	2,229	9.7%
Pasture/Hay	1,906	2,025	6.3%
Irrigated	3,247	3,291	1.4%

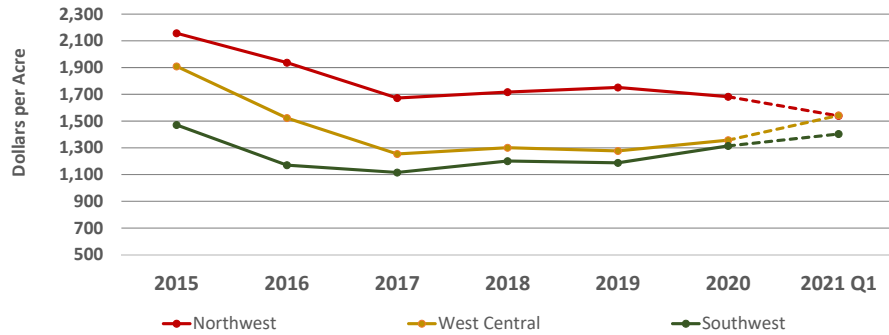
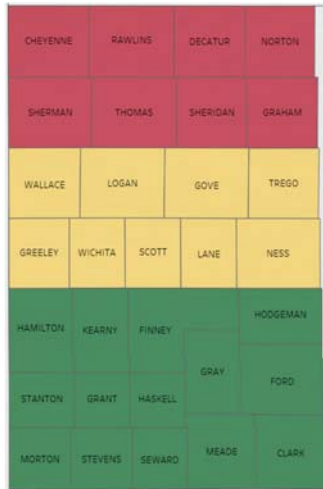
# Agricultural Acres sold

	2015	2016	2017	2018	2019	2020	Percentage	2021 Q1
Northwest	44,720	30,889	21,626	39,235	39,081	39,034	8.8%	10,558
West Central	43,250	33,706	28,613	37,207	32,436	44,237	9.0%	18,207
Southwest	98,163	79,681	78,566	91,031	87,427	108,868	22.2%	23,527
North Central	44,457	29,316	35,447	49,634	31,346	35,053	9.2%	7,987
Central	60,195	34,256	31,107	33,172	30,391	37,882	9.3%	15,494
South Central	83,794	54,209	49,935	57,182	49,478	49,798	14.1%	15,033
Northeast	25,667	24,176	16,960	24,418	19,592	21,871	5.4%	6,378
East Central	59,230	27,539	28,398	37,487	31,739	34,160	8.9%	13,585
Southeast	71,977	57,007	40,703	58,768	44,139	49,675	13.2%	19,356
State	531,455	370,780	331,355	428,135	365,629	420,578		130,125



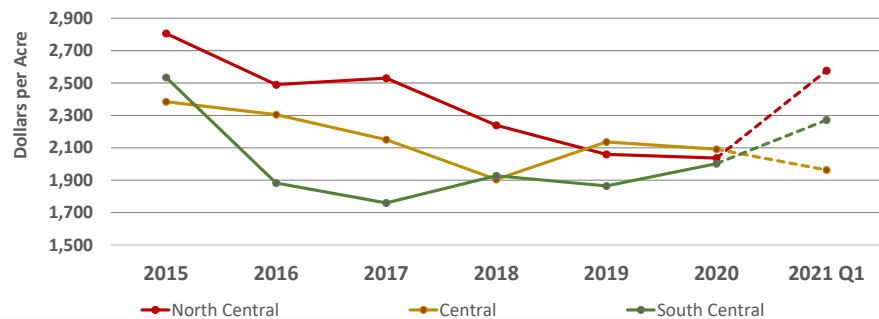
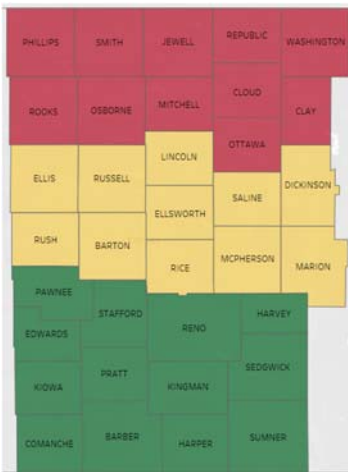
Type	2015	2016	2017	2018	2019	2020	2021 Q1	Change
Non-Irrigated Cropland	2,440	2,155	2,027	2,021	1,935	2,032	2,229	9.7%
Irrigated Cropland	3,657	3,451	2,773	3,143	2,979	3,247	3,291	1.4%
Pasture/Hay Ground	2,173	1,967	1,865	1,783	1,809	1,906	2,025	6.3%

# Western Regions Non-Irrigated Cropland



Region	Average Dollars per Acre						2021 Q1	Change
	2015	2016	2017	2018	2019	2020		
Northwest	2,157	1,937	1,673	1,717	1,751	1,682	1,538	-8.5%
West Central	1,909	1,523	1,254	1,301	1,276	1,357	1,542	13.6%
Southwest	1,471	1,170	1,116	1,201	1,188	1,314	1,403	6.8%

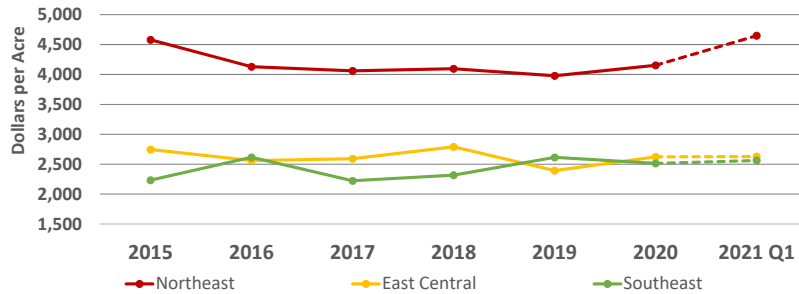
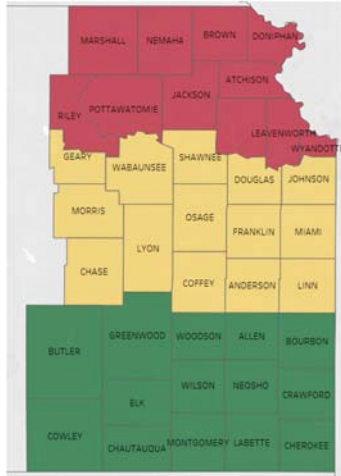
# Central Regions Non-Irrigated Cropland



Region	Average Dollars per Acre						2021 Q1	Change
	2015	2016	2017	2018	2019	2020		
North Central	2,806	2,490	2,530	2,239	2,060	2,037	2,576	26.5%
Central	2,385	2,305	2,151	1,905	2,136	2,091	1,963	-6.1%
South Central	2,535	1,883	1,760	1,928	1,865	2,002	2,272	13.4%

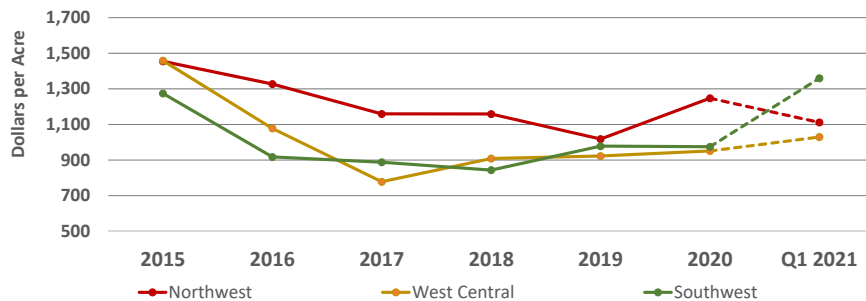
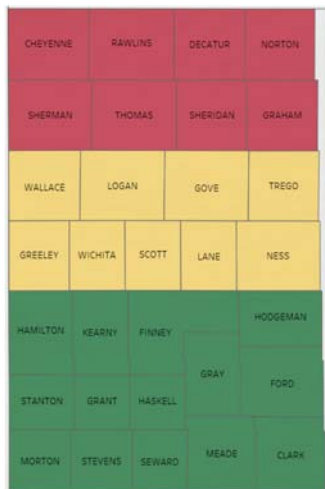


# Eastern Regions Non-Irrigated Cropland



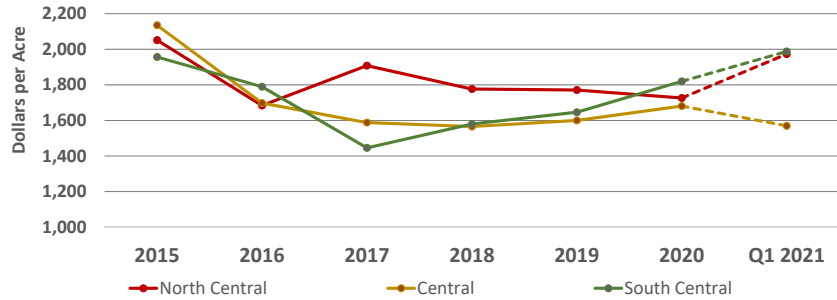
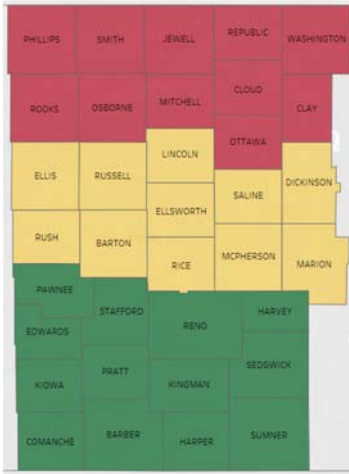
Region	Average Dollars per Acre						2021 Q1	Change
	2015	2016	2017	2018	2019	2020		
Northeast	4,581	4,130	4,060	4,096	3,978	4,154	4,648	11.9%
East Central	2,745	2,559	2,591	2,791	2,393	2,623	2,627	0.2%
Southeast	2,233	2,615	2,223	2,316	2,614	2,513	2,561	1.9%

# Western Regions Pasture/Hay Ground



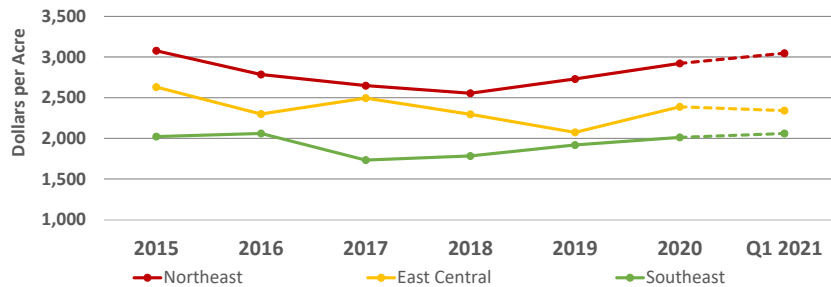
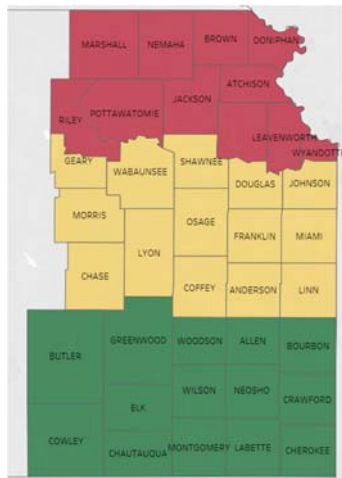
Region	Average Dollars per Acre						2021 Q1	Change
	2015	2016	2017	2018	2019	2020		
Northwest	1,455	1,327	1,159	1,159	1,018	1,247	1,111	-10.9%
West Central	1,459	1,078	778	909	922	951	1,029	8.2%
Southwest	1,275	917	888	843	978	974	1,359	39.5%

# Central Regions Pasture/Hay Ground



Region	Average Dollars per Acre						2021 Q1	Change
	2015	2016	2017	2018	2019	2020		
North Central	2,052	1,684	1,908	1,777	1,771	1,726	1,973	14.3%
Central	2,136	1,698	1,588	1,566	1,600	1,681	1,570	-6.6%
South Central	1,957	1,790	1,446	1,580	1,646	1,819	1,988	9.2%

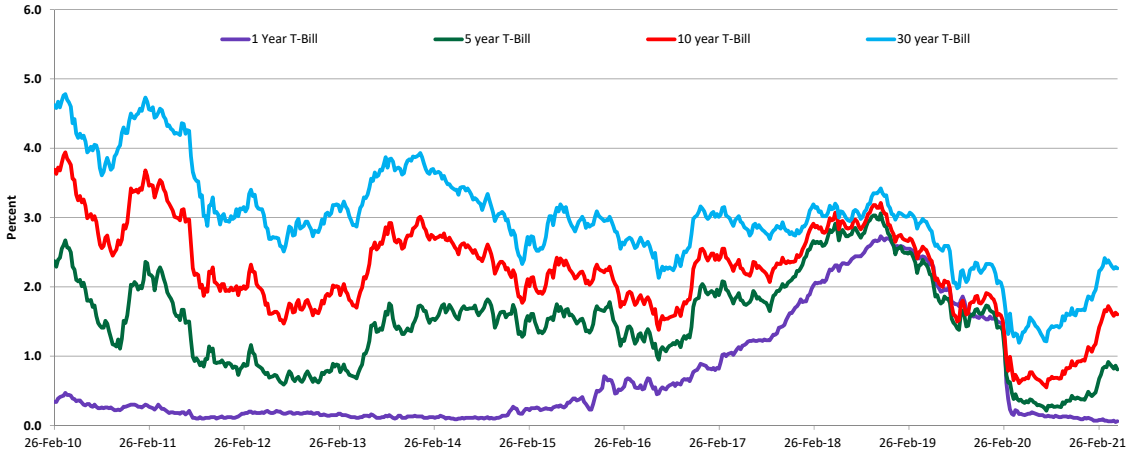
# Eastern Regions Pasture/Hay Ground



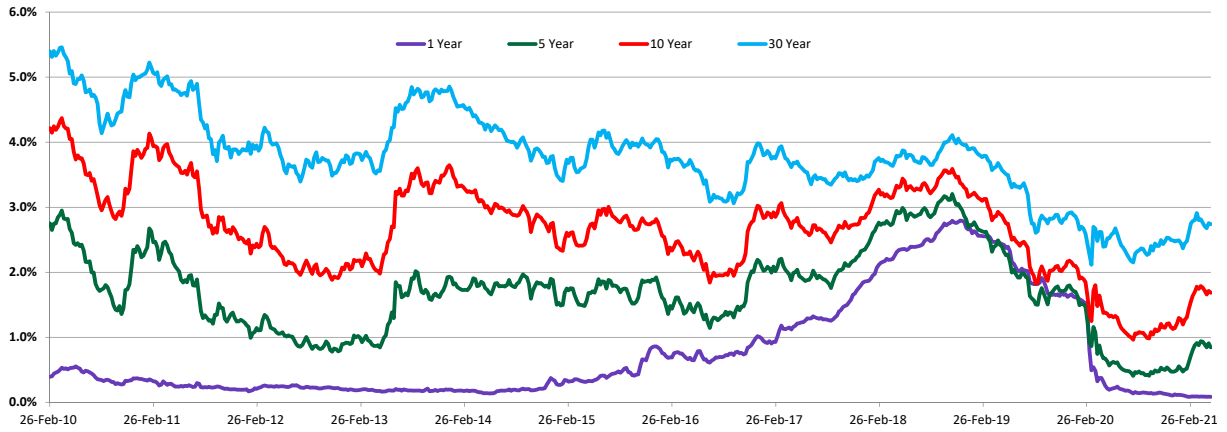
Region	Average Dollars per Acre						2021 Q1	Change
	2015	2016	2017	2018	2019	2020		
Northeast	3,077	2,785	2,648	2,554	2,730	2,921	3,046	4.3%
East Central	2,630	2,299	2,494	2,295	2,073	2,387	2,341	-2.0%
Southeast	2,021	2,060	1,732	1,782	1,918	2,011	2,059	2.4%

# Interest Rates, Inflation, and Risk

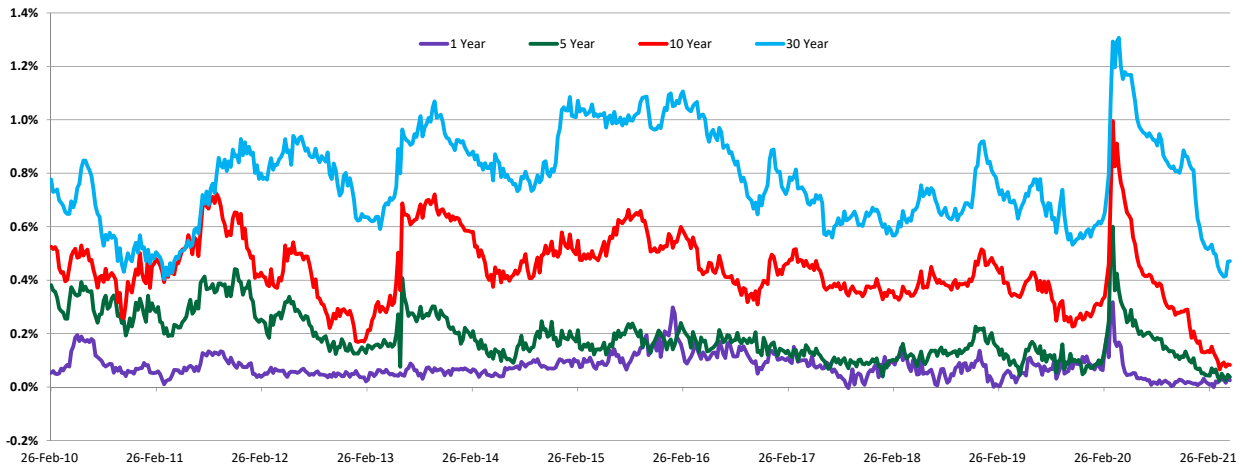
## Weekly Treasury Rates



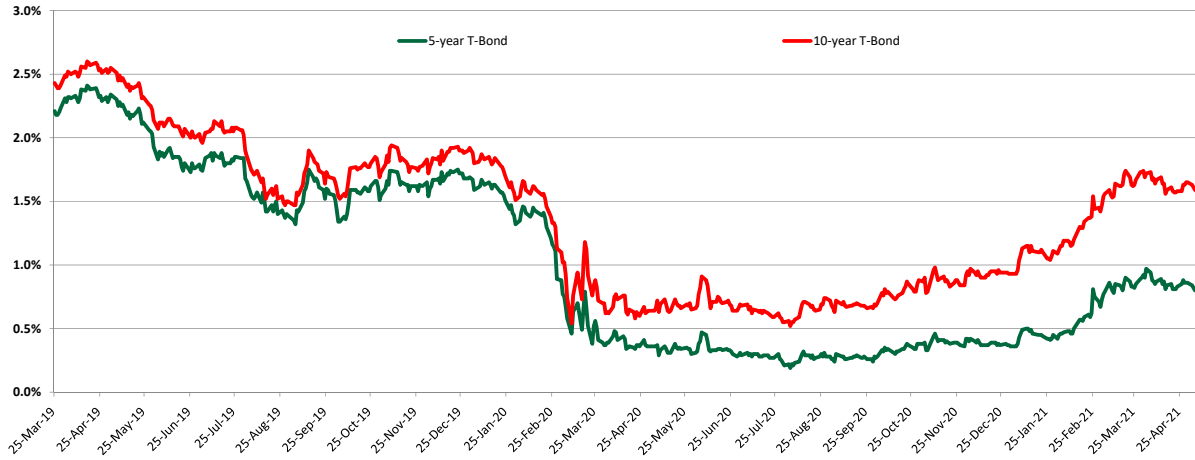
# Weekly Farm Credit Cost of Money



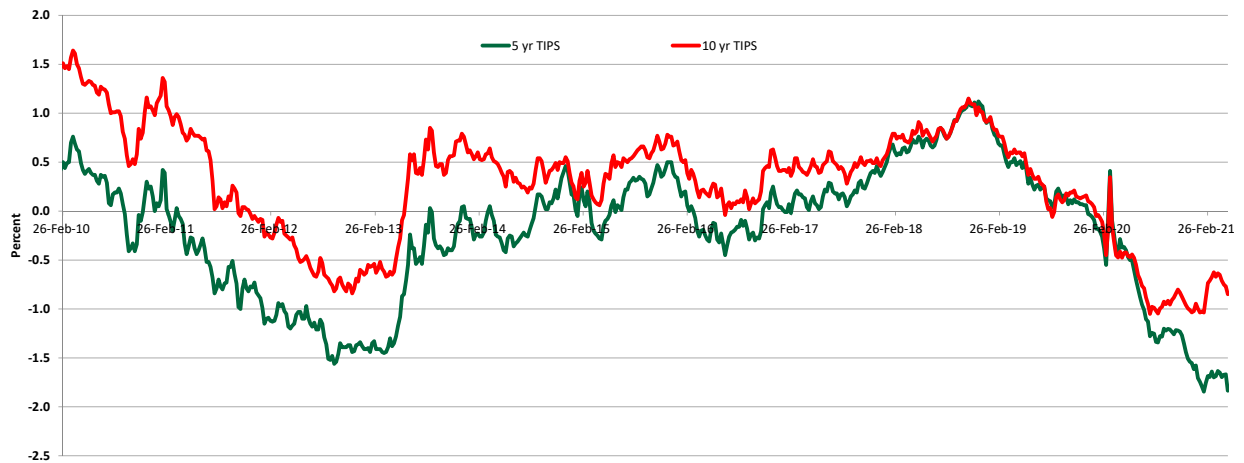
# Weekly Farm Credit Treasury Spreads



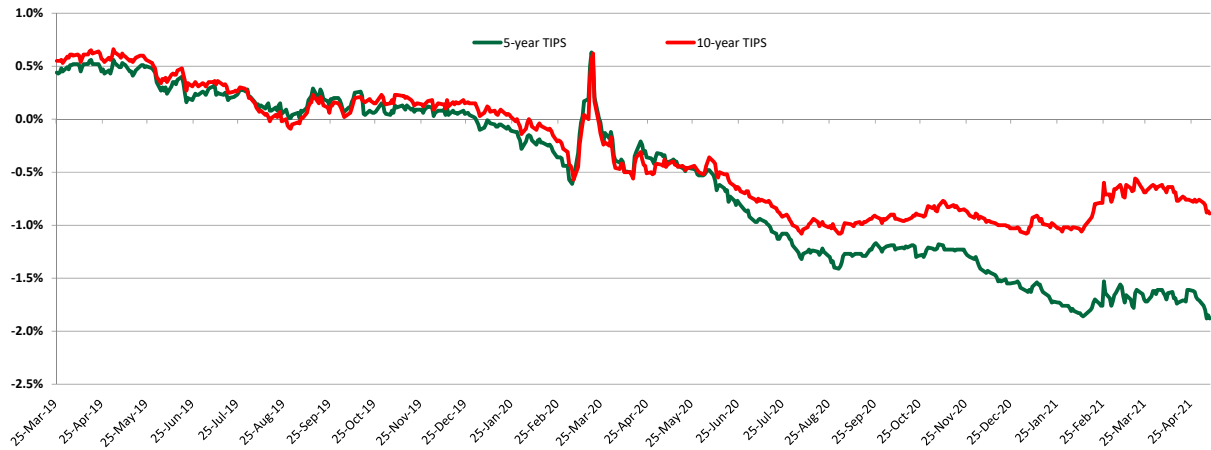
# Daily Treasury Rates



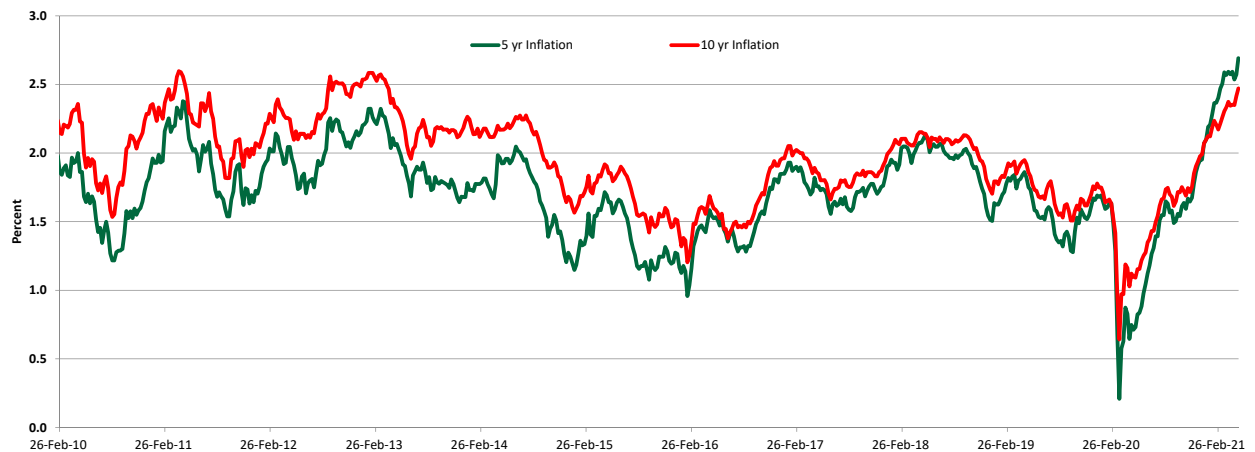
# Weekly TIPS Rates (Real Interest Rate)



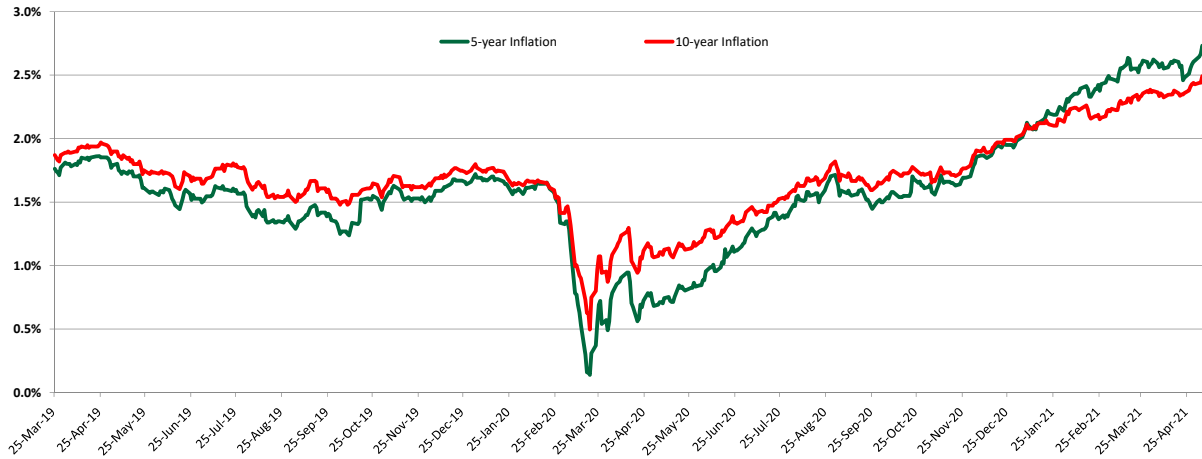
## Daily TIPS Rates (Real Interest Rate)



## Weekly Inflation Expectations



## Daily Inflation Expectations



## Summary

- Treasury rates are starting to increase except for 1 year rates
- Farm Credit cost of money is increasing except for 1 year rates
  - But the perceived risk for agricultural lending is decreasing
  - On 30-year money decreased by about 0.8%
  - On 1-year, 5-year, and 10-year money the spread is 0.3%, 0.4%, and 0.8%
- The market views agricultural lending to be very safe over the next 10 years
- The real interest rates are historically low
- Inflation expectations are increasing
  - During the last year, the 5-year inflation expectation increased from 0.71% to 2.69%
  - During the last year, the 10-year inflation expectation increased from 1.10% to 2.47%
  - Inversion has occurred in inflation expectations indicating short-term inflation

## Increasing land values in 2021 and 2022?

- Interest Rates
- Inflation Rates
- Improved farm economy
- Government payments in 2020 (CFAP 1&2) and \$20/acre in 2021
- Increased outside investment interest

## Questions?

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