

# Kansas Land Values: Impacts of COVID-19

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## Outline

### State of the farm economy

- NFI and enterprise profitability
- Ability to pay for land

### Land values trends 2015-2019

- Holding steady for now
- Interest rates and the stock market

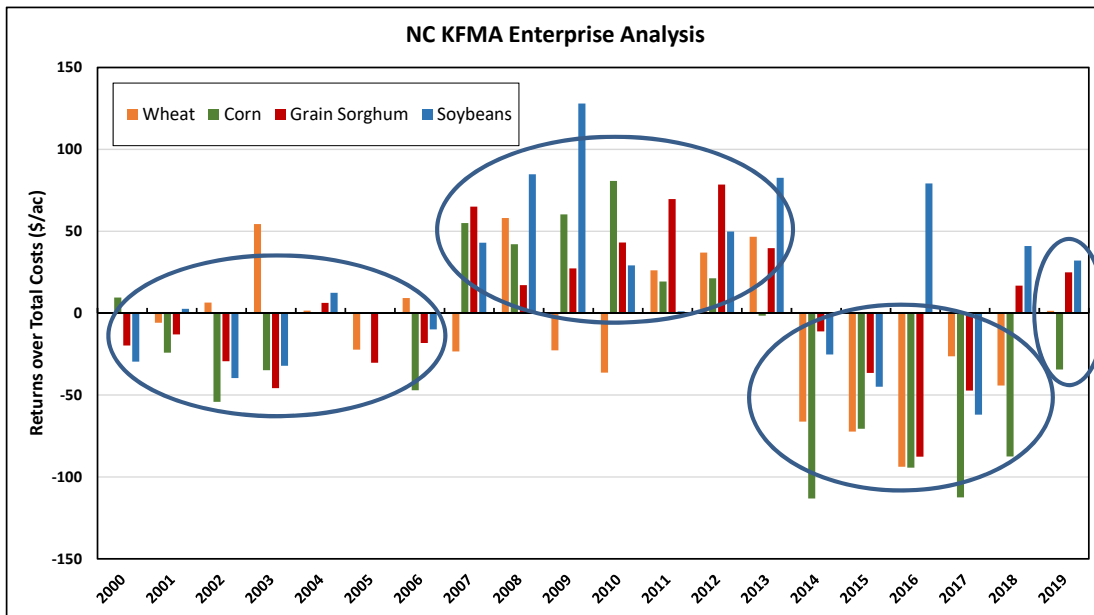
### Going forward with COVID-19

- Who will buy land?
- Will the stimulus help?



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# Kansas Farm Economy



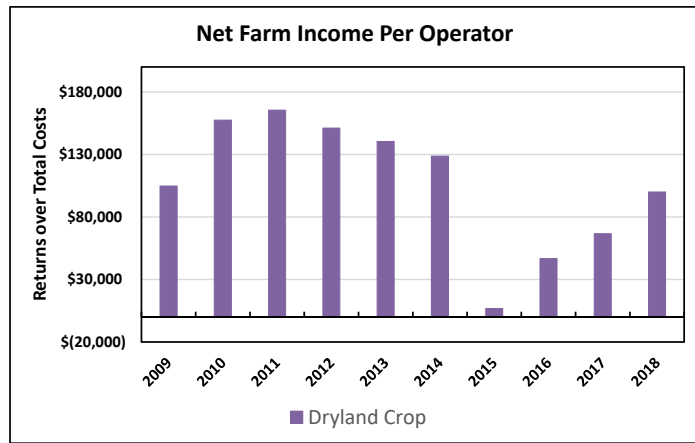
# Sneak Preview of KFMA NFI

## Preliminary estimates

- NFI higher in 2019
- 85% of increase due to government payments

## Government payments as % of NFI

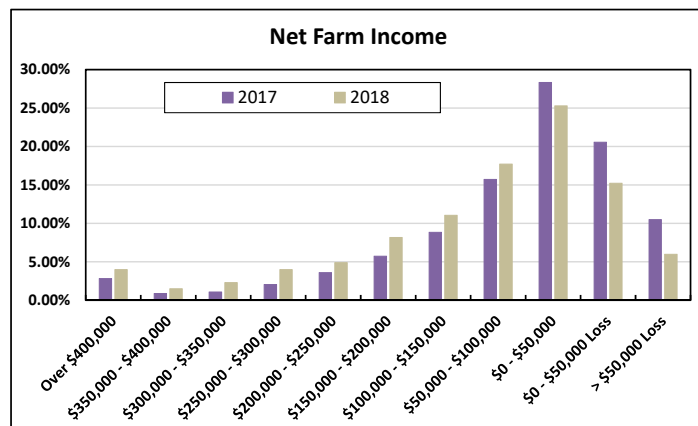
- 55% in 2018
- 60% in 2019 (estimated)



# Demand for Farmland

## Who is able to buy farmland?

- Top 25% of producers
- Will be picky about the parcels they buy
- Needs to fit their operation and be of high quality to invest right now

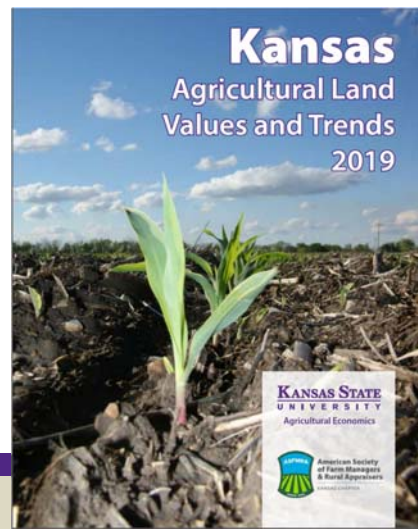


# Kansas Land Values



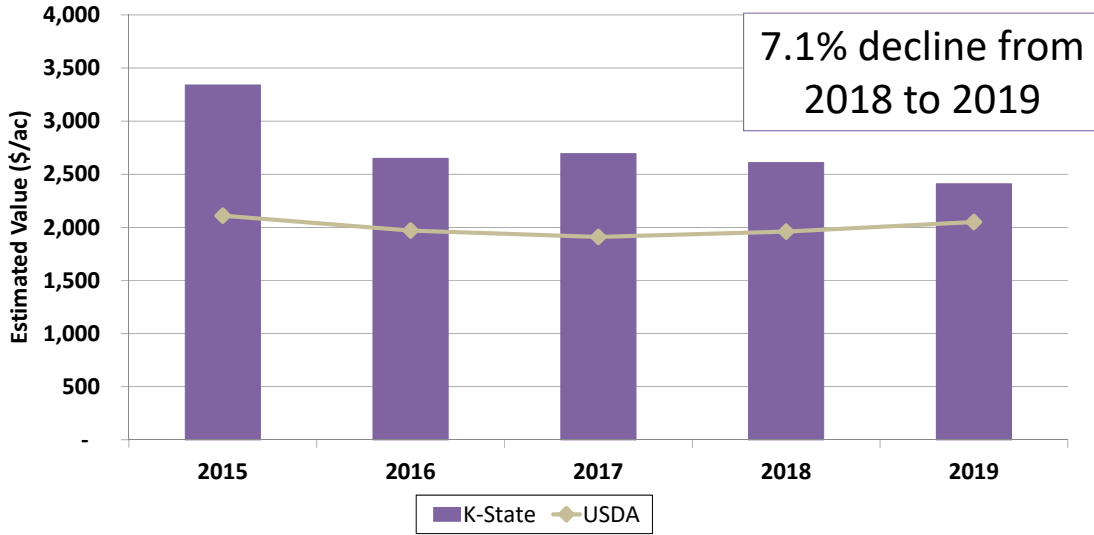
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## Land Value Resources on AgManager

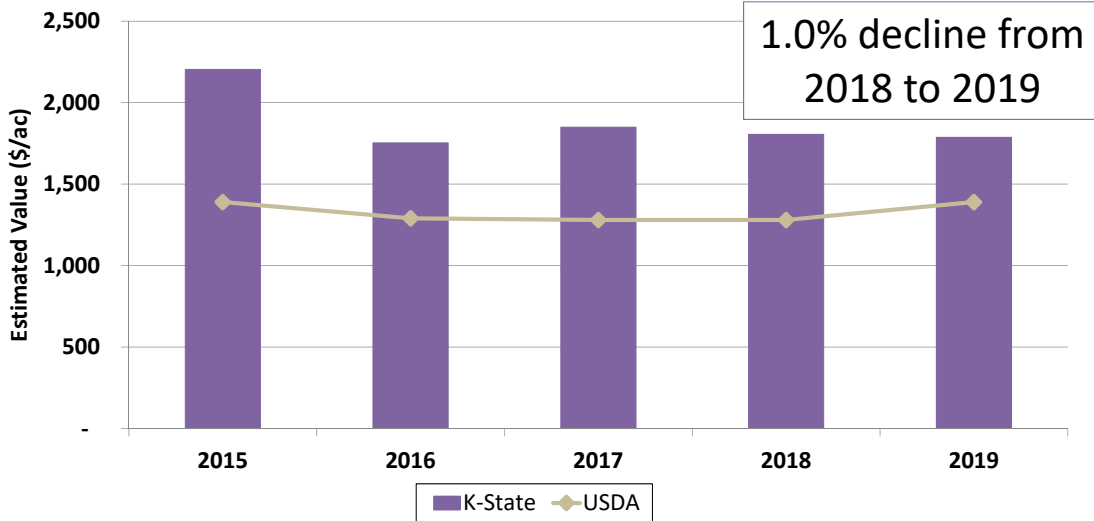


Agricultural Economics

### Non-Irrigated Land



### Pasture Land

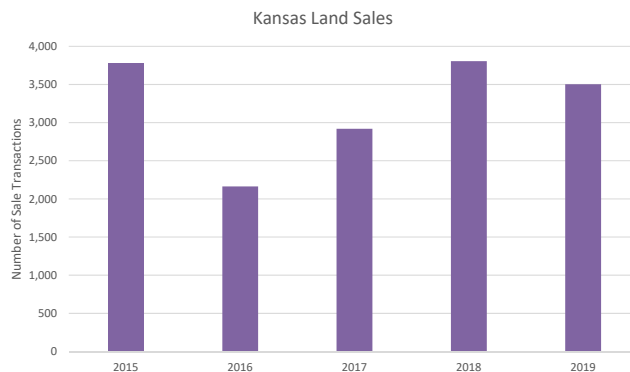


# Supply of Ag Land

Number of transactions is down slightly

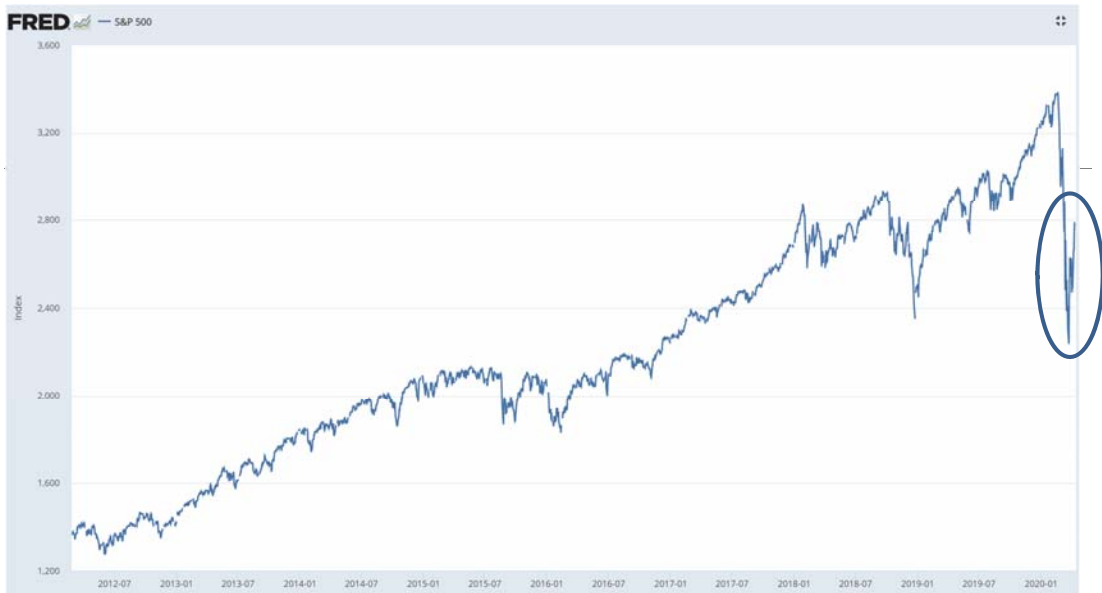
- Could be a lower supply of land on the market
- Could also be a function of soft demand for land that is keeping transactions from occurring

With lower prices, probably a demand issue



# COVID-19 Impacts





# Auctions for Ag Land

Not even donuts will bring out the typical crowds at auctions

- Social distancing has resulted in auctions being cancelled or moved online only
- Online auctions may bring in more out-of-state bidders
- Stories from recent auctions...



# COVID-19 Response

Land markets have the potential to stay steady

- Offsetting impacts for demand and supply

## Demand

- Low interest rates, unappealing stock market, stimulus funds
- All bring some interest and stability to the land market
- Low NFI keeps majority of farmers from being able to afford land though

## Supply

- Need to pay off debt and sell land parcels by many farmers in Kansas
- Stimulus money may help delay some sales

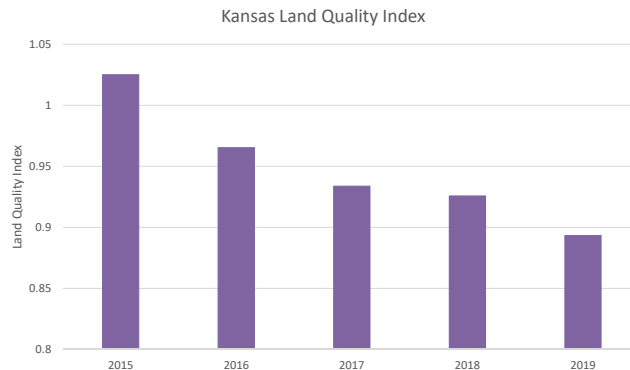




# Supply of Land for Sale

When you need to sell a piece of land to raise funds, which one are you most likely to pick?

- Highest tax basis
- Lowest quality/worst fit for your operation



# What about rents?

Most leases are locked in now for the 2020 season

- If you have the opportunity to renegotiate, lower cropland and pasture land prices could be possible due to lower commodity prices

**BUT...**

What about the stimulus money?

- Will likely keep rents up because people will be able to pay higher rents with a positive cash flow
- Indirect way in which a portion of federal dollars make their way back to landowners



# Agriculture's Response to COVID-19:

Macroeconomics  
Grain Markets  
Livestock Markets  
Land Values

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YOUR QUESTIONS?



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