



# Kansas Land Values and Rental Rates

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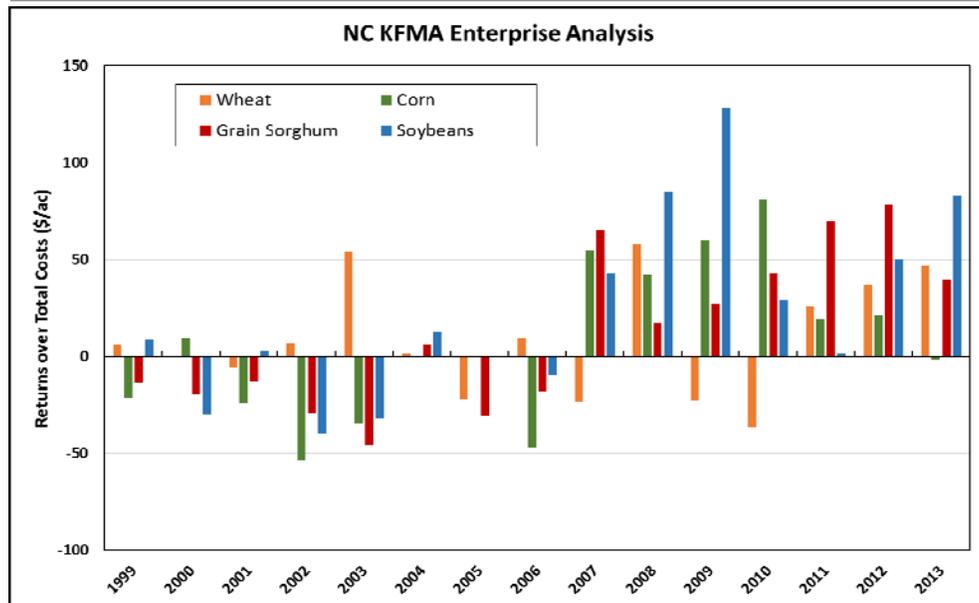


## Current Economic Conditions

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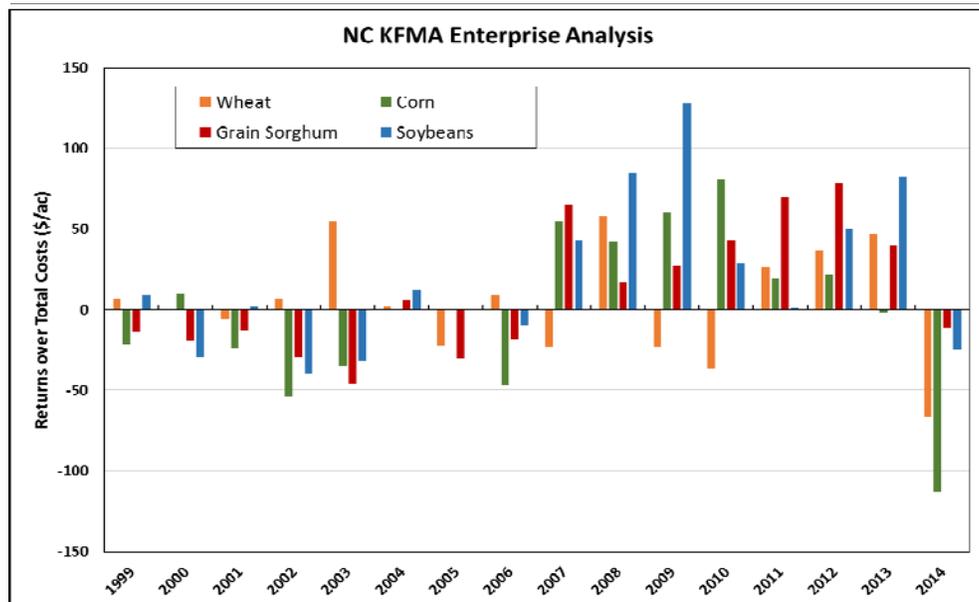


# Returns to Farming



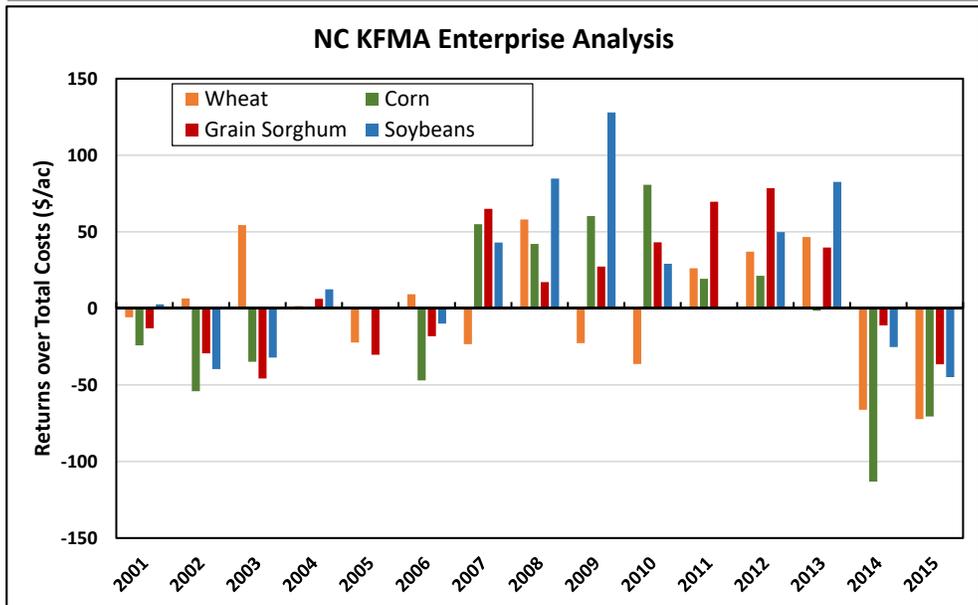
Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)

# Returns to Farming



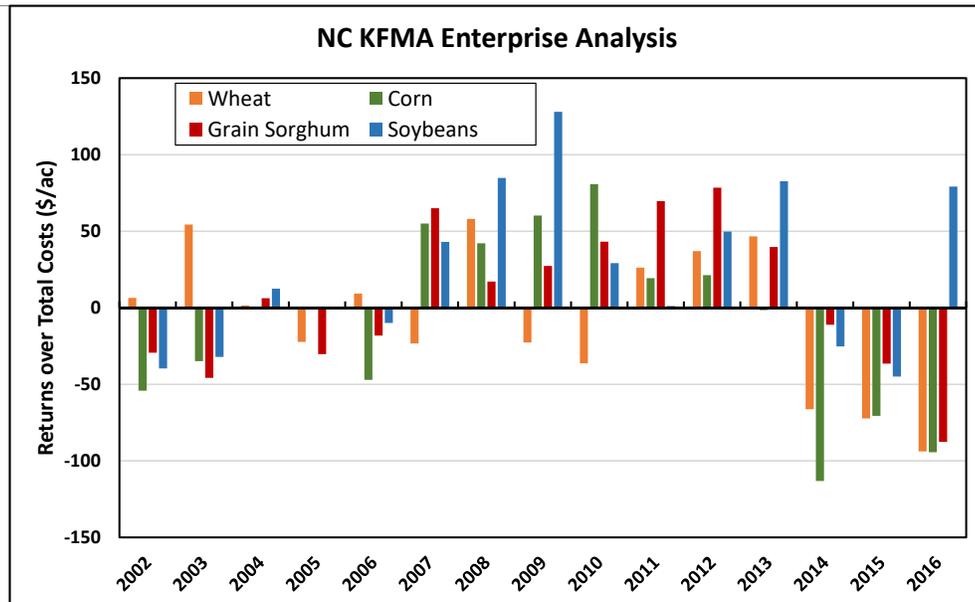
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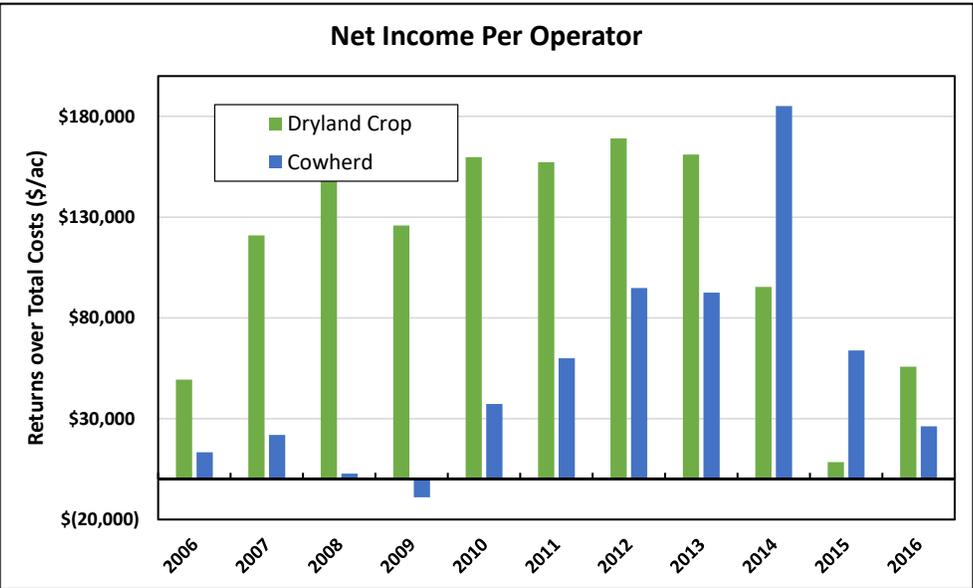
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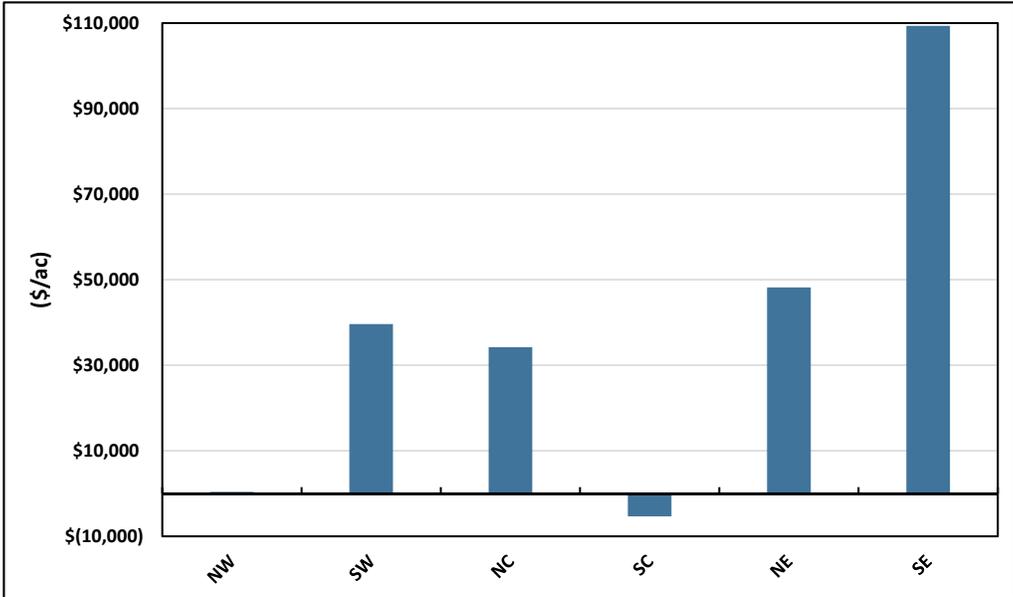


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# Net Farm and Ranch Income

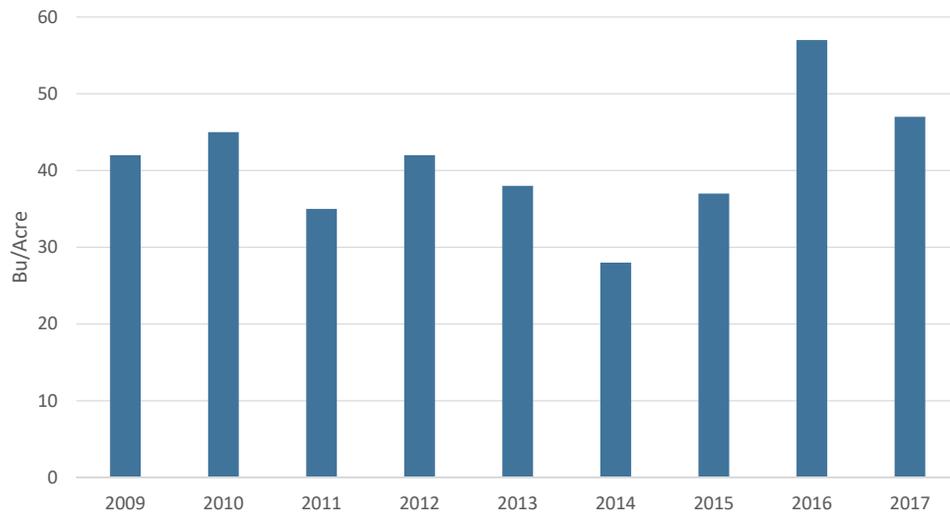


# Average Net Farm Income



# Kansas Wheat Yield

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# Land Value Trends

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# 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



United States Department of Agriculture  
National Agricultural Statistics Service



## News Release

632 SW Van Buren, Room 200, Topeka, Kansas 66603  
Media Contact: Jason Lamprecht (785) 233-2250

### 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](http://www.nass.usda.gov)

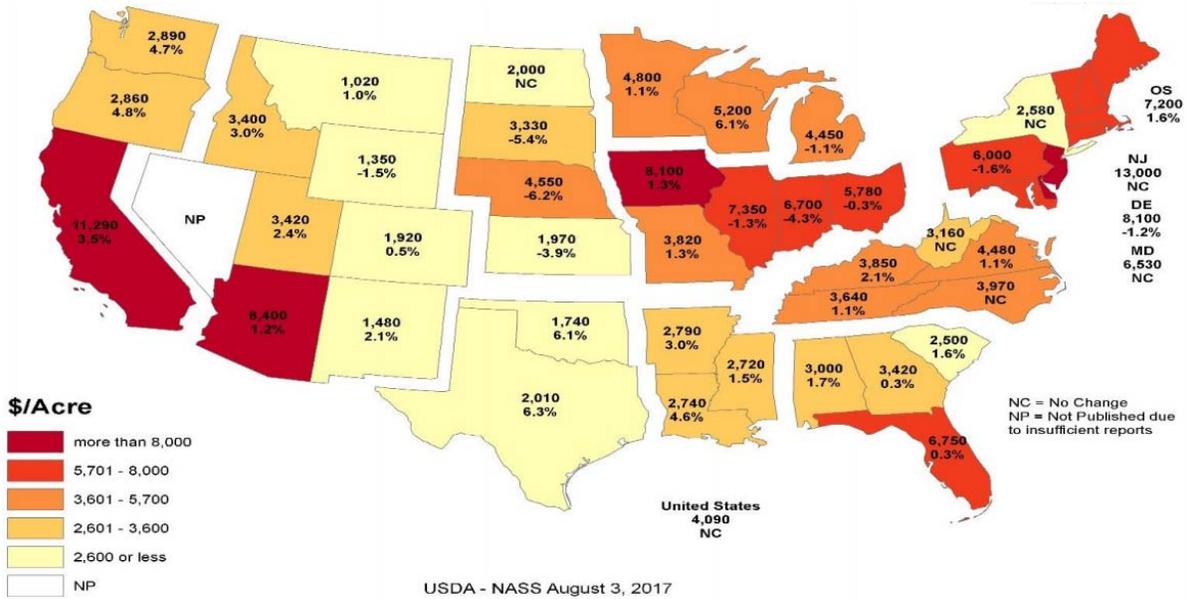
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NASS provides accurate, timely, useful and objective statistics in service to U.S. agriculture. The Agency invites you to express your thoughts and provide occasional feedback on our products and services by joining a data user community. To join,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

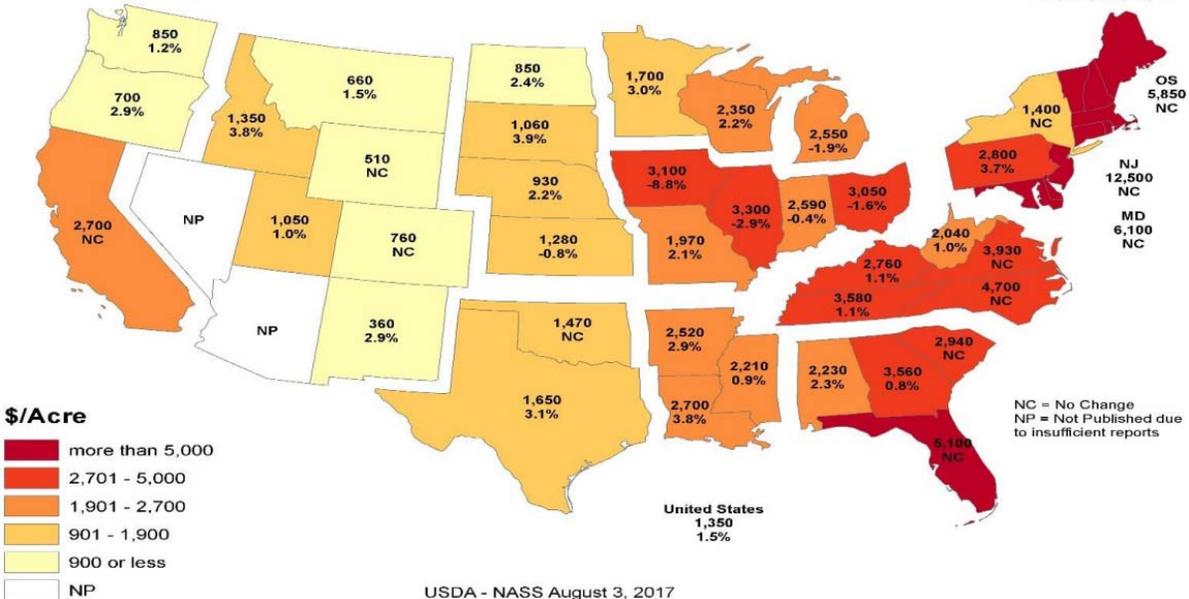
USDA is an equal opportunity provider and employer.



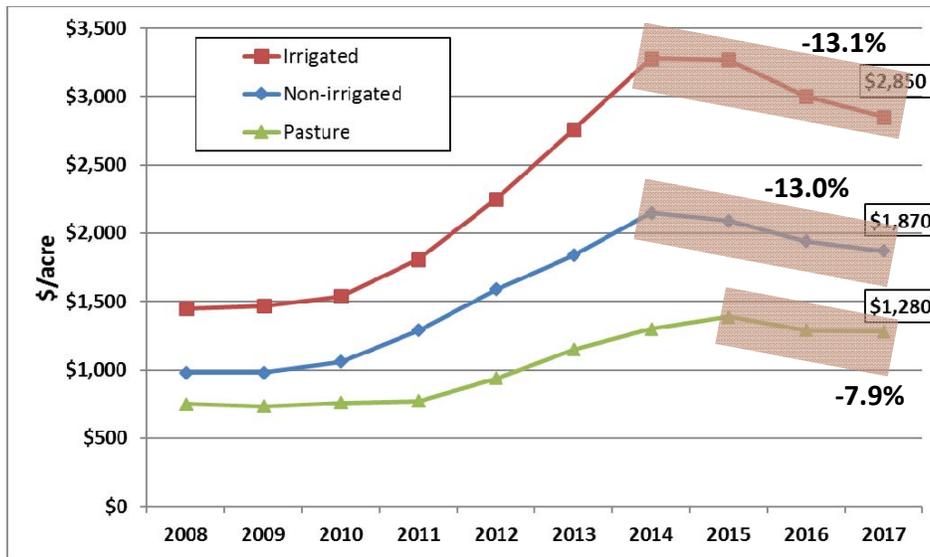
# 2016 Cropland Values



# 2016 Pasture Land Values



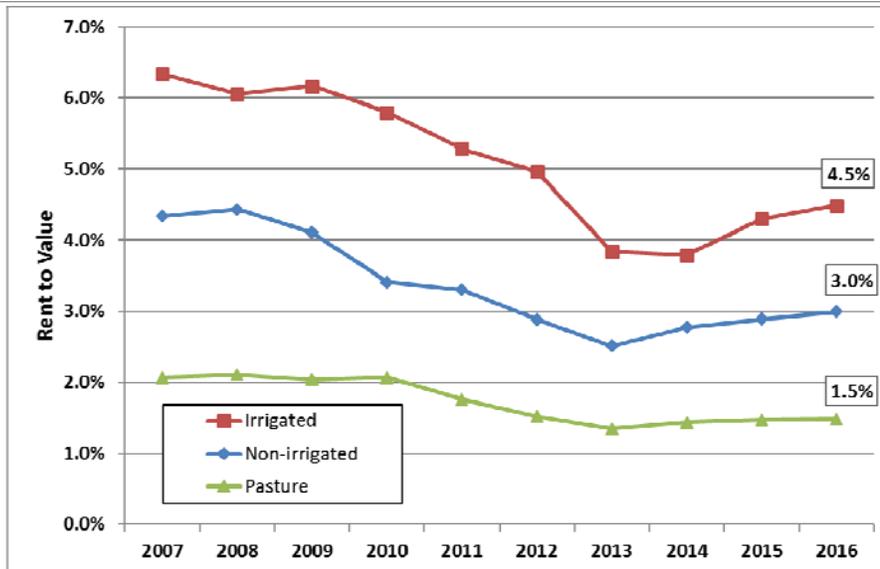
# Kansas Land Values



Source: USDA-NASS



# Rent-to-Land Value Ratio



Source: USDA-NASS



# Market-Based Land Values

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## Kansas Land Values

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Source for market transaction data

- Property Valuation Department, Topeka

2014-16 sales data

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



## PVD Sales Data 2014-2016

2016	Average
Acres in Sale	155.8
CRP Contracts	4.5%
Sales Per County	24.7
All Years	
Total Sales Transactions:	6,845
2016	2,117
2015	2,502
2014	2,333

18% drop in sales



## Model-Predicted Sales Price (\$/ac)

Land Type	2016	2015	2014
Non-Irrigated	2,398	2,897	2,835
Irrigated	4,896	5,540	5,444
Pasture	1,726	1,871	1,684
All Cropland and Pasture	\$3,027	\$3,378	\$3,321

10.4% decline from 2015

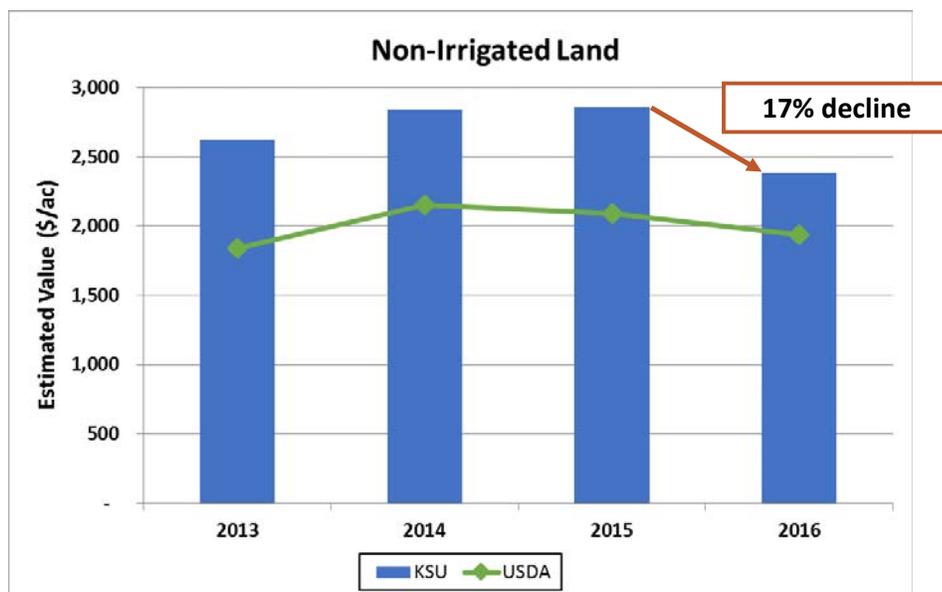


# Land Model Results

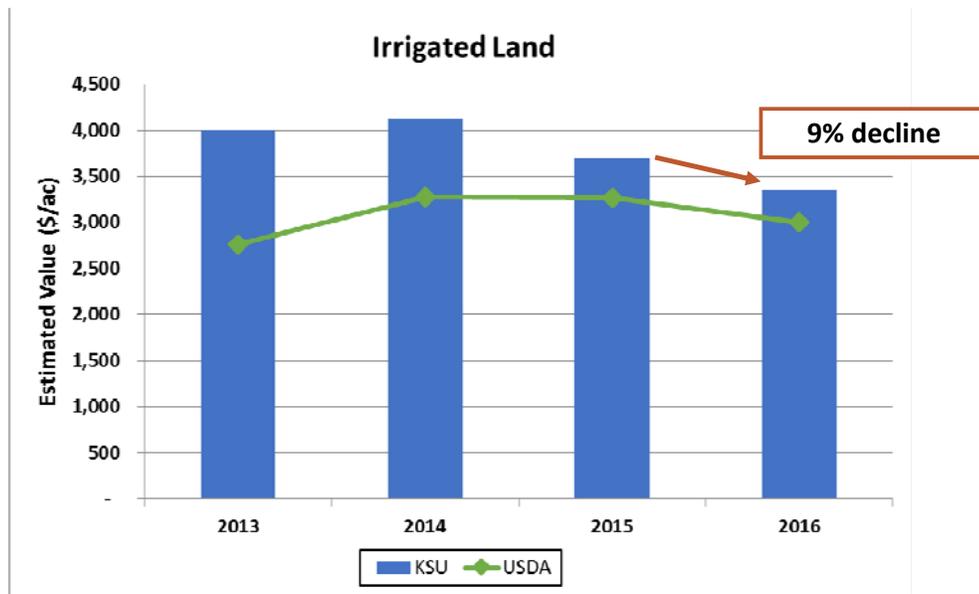
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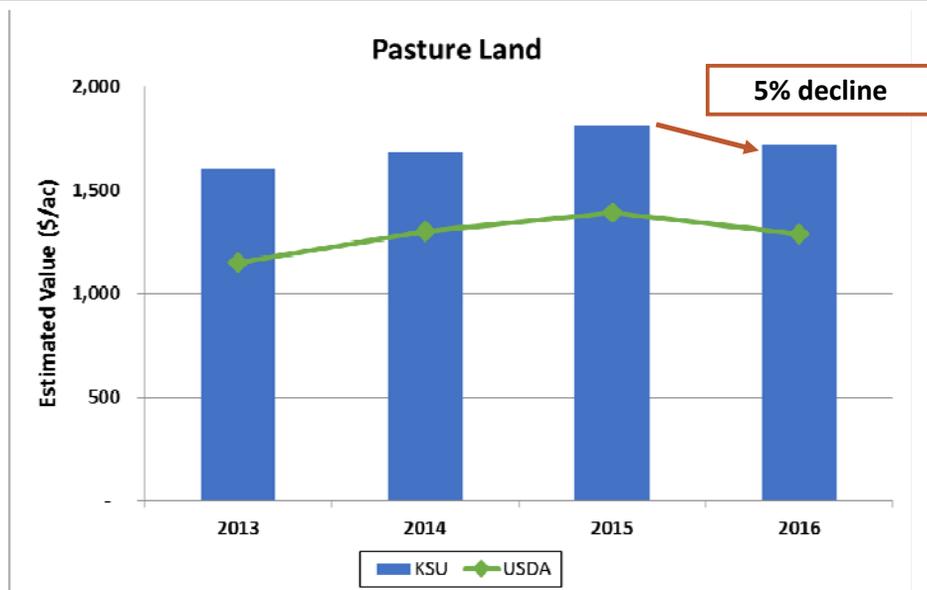
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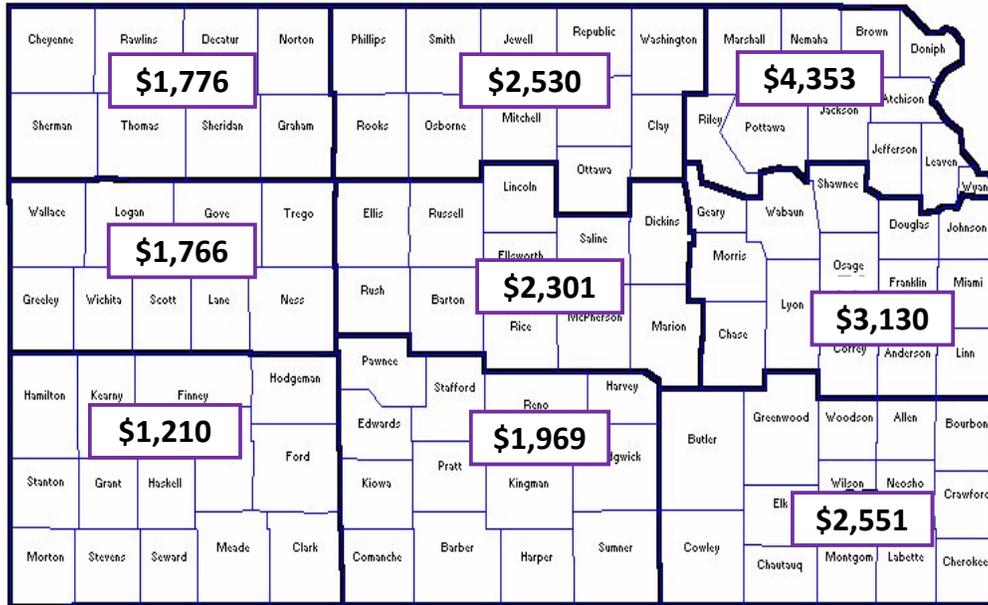
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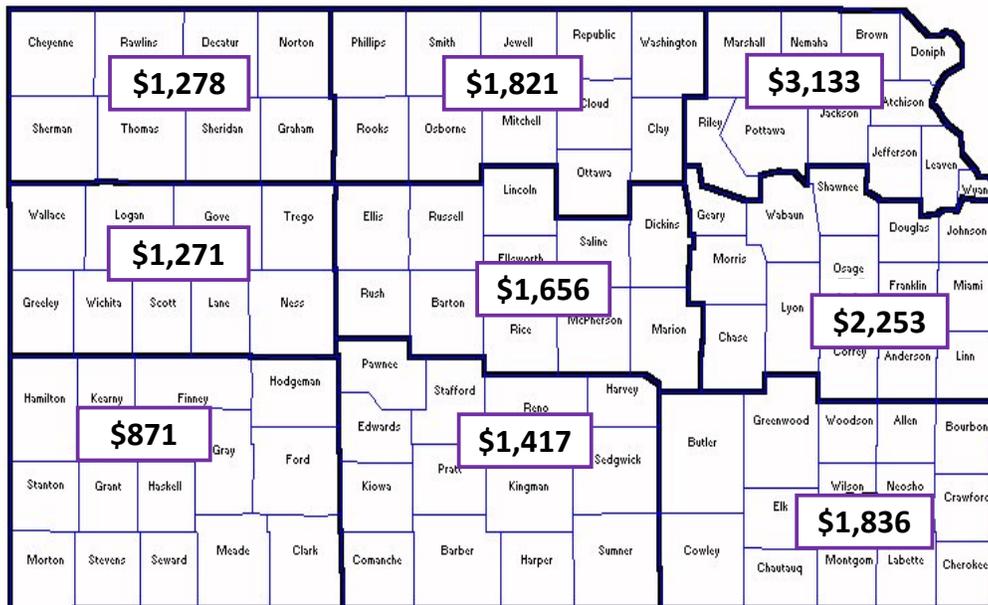
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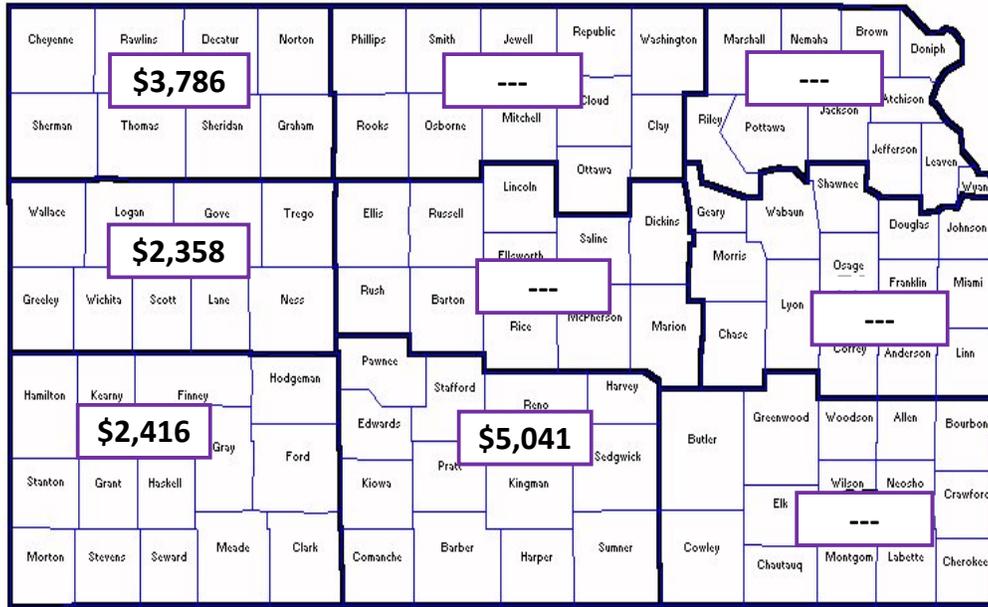
# 2016 Non-Irrigated Land Values



# 2016 Pasture Land Values



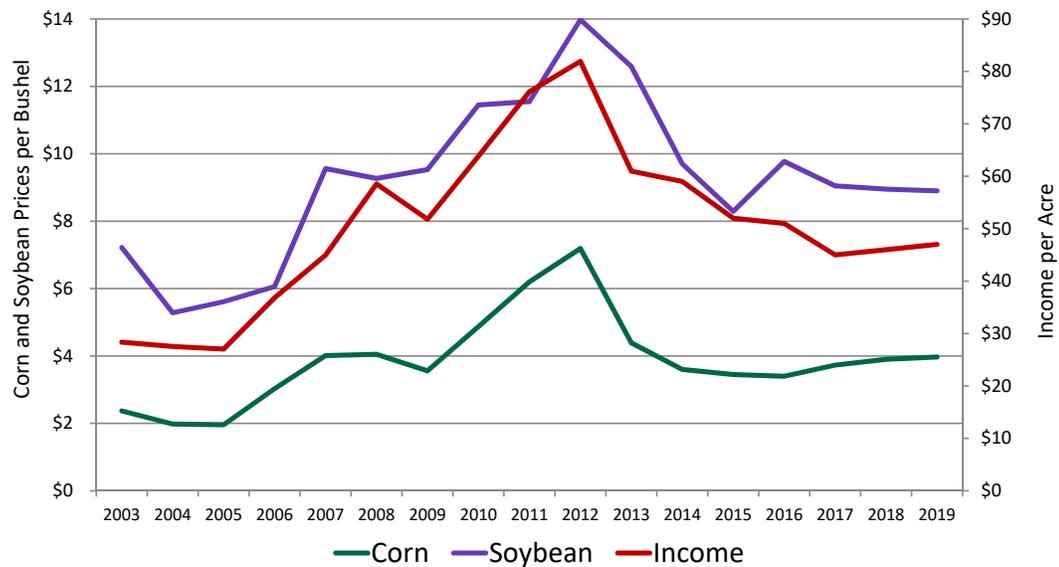
# 2016 Irrigated Land Values



# Long-Run Growth



# Projected Income Per Crop Acre



## Land Value Impacts

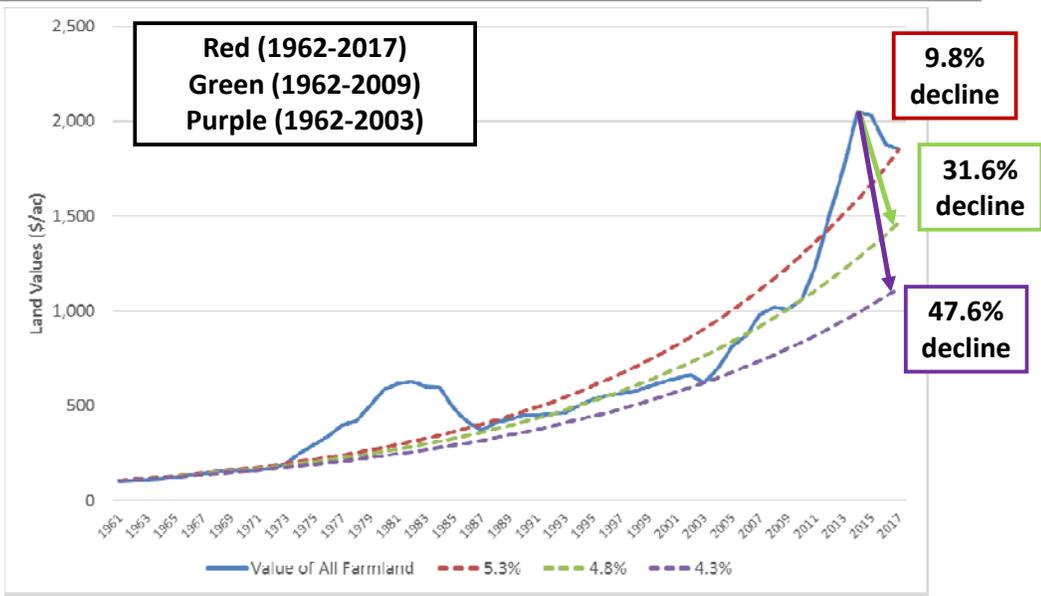
The long-run multiplier is 21.71 or an implied capitalization rate of 4.61%

- Long-run elasticity is 96.9%

At a net farm income per acre of \$46, the projected long-run Kansas (real) land price is \$999, a decline of about 50%



# Kansas Land Values



Others' Observations...



# Others' Observations

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## Responses to the survey from April webinar

- 114 people responded
- Majority of values for Kansas (other states: 6)

## Responses by occupation

- Lender: 34%
- Farmer/Rancher: 32%
- Other: 33%



# Your Observations

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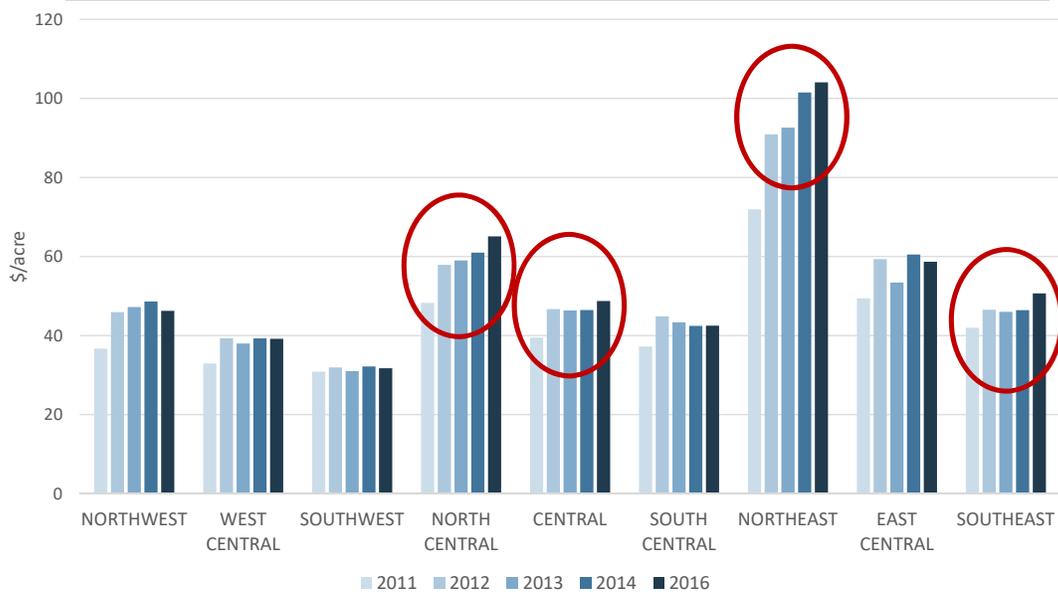
KS Region	Lender	Farmer/Rancher	Other
NE	-11%	-7%	-4%
SE	-5%	0%	0%
NC	-10%	-6%	-5%
SC	-9%	-3%	-7%
NW	-20%	-6%	-16%
SW	-13%	-9%	-14%
<b>Average</b>	<b>-11.3%</b>	<b>-5.2%</b>	<b>-7.7%</b>



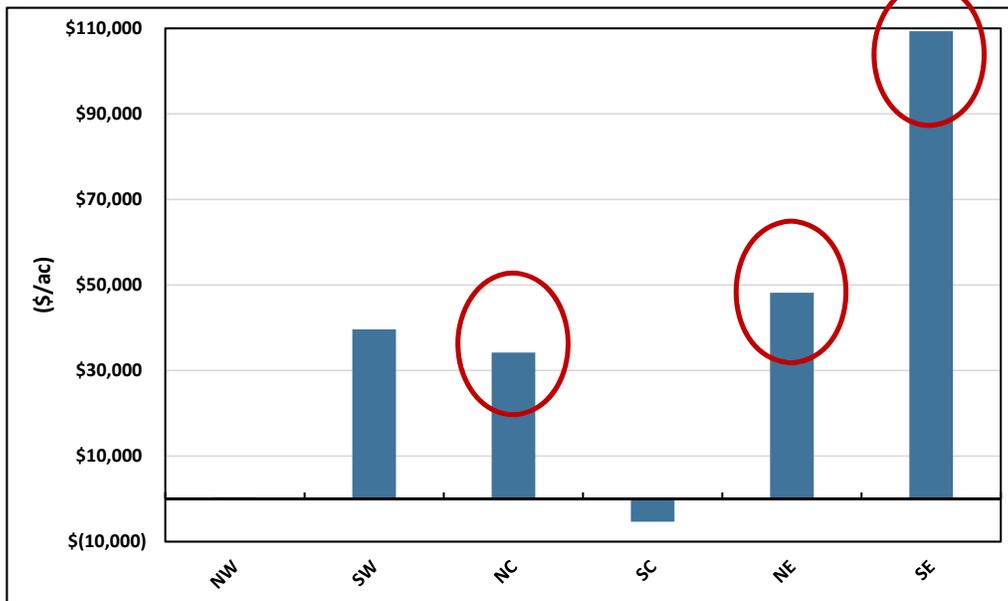
# Rental Rates



## Rental Rates



# Average Net Farm Income



# Summary



# Summary

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Land values have decreased since market high in 2015

- Non-irrigated cropland: -17%
- Irrigated cropland: -9%
- Pasture: -5%

Long-run trends indicate downward movement will continue into 2017 and possibly beyond

- Up to a 50% decline from highest value



# Other Comments

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Appraiser in Central Kansas

- “Attended 3 auctions in past 5 weeks. There only 12 people at one of them. At another, there were over 100 people, but only 3 bidders.”

Farmers are the biggest buyers of farmland

- When farmers are reluctant to buy, demand falls and isn't likely to be sufficiently supported by outside investment
- Turnaround will happen when projections for net farm income rebound



# Online Resources

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## 2016 Kansas County-Level Ag Land Values

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

## 2017 Rent Estimates: Non-Irr. & 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)

