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Preliminary findings from a University of Nebraska-Lincoln study show agricultural land markets across the state have stayed relatively steady in the past year, even with the strong increases over the past several years and lower commodity prices seen in 2013.

Overall, the average statewide farmland value rose by about 5 percent, as of Feb. 1, to \$3,195 per acre, said Jim Jansen, research analyst with UNL's Department of Agricultural Economics, which conducts the Nebraska Farm Real Estate Market Developments survey annually.

The findings show an overall increase in agland values of 9 percent in the southwest Nebraska region.

Page Johnston with Johnston Real Estate in Wauneta was one of those who were asked to complete the UNL survey. He said, "My personal experience in southwest Nebraska as a real estate broker and appraiser reflects the findings of the study."

Survey reporters across the state reported percentage gains for all the farmland classes for the period from Feb. 1, 2013 to Feb. 1, 2014. Current figures are preliminary; a final report will be available this summer.

Farmland values in recent years have increased sharply. The overall increase of 25 percent in 2013 followed increases of 22 and 32 percent in the two previous years, leaving the 2013 all-land value more than double the value in early 2010.

However, with commodity prices falling below the record levels experienced several years ago, the peak may have already been hit in this region. That's the opinion of Mike Moreland, Moreland Realty in Imperial.

He said the prices being paid for land right now are tied closer to the quality of the land. He said purchasers are being more selective about the quality of land they're buying right now.

Land prices aren't going straight up like they were, he noted.

He also indicated there's not the investor interest there was several years ago. In fact, he said some investors who got in early are taking their profits and moving into investments other than land.

Buyers are certainly more cautious than they were, Moreland said.

Dryland prices

Increases in dryland cropland values also varied across the state depending upon the location and potential for irrigation.

The western two-thirds of the state had the strongest increases in dryland cropland values, with increases averaging around 20 percent.

The preliminary report indicated a 39 percent increase (\$2,120 per acre) in dryland cropland values in southwest Nebraska.

Johnston provided some insights into the steady agland values in southwest Nebraska. He felt the prices remained steady even in light of diminishing commodity prices and the fact that alternative investments such as the stock market and CDs are still less attractive to potential investors.

Johnston said he felt the combination of low interest rates and a volatile stock market made land purchases an attractive investment to buyers.

He added that most land purchasers are those who currently live in the area and already own and operate land. He explained, "Farmers have had good years, as well as operators, they are investors."

Generally, changes of less than 10 percent occurred in the eastern third of Nebraska for dryland cropland with or without irrigation potential.

The Eastern District had a decline of 5 percent in the value of dryland cropland with no irrigation potential, but this should be noted as more of a negligible change given the strong increase in this district over the prior several years, Jansen said.

Increases in the value of dryland cropland of the western two-thirds of Nebraska are comparable to those of the eastern third of Nebraska reported by survey participants during the past several years.

Irrigated land prices

Observed changes in the value of center pivot irrigated cropland and gravity irrigated land ranged from 2 percent decreases to almost 20 percent increases. The preliminary report shows an 18 percent increase for gravity irrigated land in the southwest region with values listed at \$4,560 per acre.

The value of center pivot irrigated croplands in the region increased by 7 percent to \$5,545 per acre. The preliminary findings showed weighting these ranges across the districts equated to an overall increase of about 4 percent for each of the two irrigation land classes.

For the prior two survey years in 2012 and 2013 the land value averages had an annual increase of about 30 percent. The smaller increases in the value of irrigated cropland in 2014 suggest the market is holding steady given current expectations and commodity prices.

Those who completed the survey were asked to speculate what they saw in the future for agland prices. Johnston said, "There are too many variables that are unpredictable to predict with any accuracy where prices will go."

Cash rent values

Surveyed 2014 cash rental rates for cropland on average declined with lower commodity prices while pasture and cow-calf pair rental rates significantly increased due to higher beef cattle prices, the lingering effects of the drought, and the conversion of some marginal land to crop production.

Lower anticipated grain prices in 2014 have led to lower average cash rental rates for dryland, gravity irrigated and center pivot irrigated cropland as profit margins begin to tighten, Jansen said.

Moreland said that trend has held true in the Chase County area as well. He estimated 2014 cash rents have decreased by around 25 percent compared to 2013.

Grazing land prices

In the last year, the largest increase in Nebraska by land class occurred for non-tillable grazing land, at 7 percent.

Record high livestock prices translated into strong increases seen throughout the state for pasture and rangeland.

The increases in non-tillable grazing land varied greatly among the districts, with a low of 4 percent reported in the Northwest District to a high of 32 percent in the South District, but the Northeast, Central, East and Southeast districts all averaged around 15 percent.

Statistics for the southwest Nebraska region were not calculated due to an insufficient number of reports to release the value in the preliminary findings.

Survey results are preliminary findings from the University of Nebraska-Lincoln 2014 Nebraska

Farm Real Estate Market Survey. Land values and rental rates presented in this report are averages of survey participants' responses by district.

The preliminary report can be found at agecon.unl.edu/cornhuskereconomics. The full report will be released later this summer.

Reports from IANR news service contributed to this story.