

By Russ Pankonin
The Imperial Republican

Land values in Chase and surrounding counties have followed the statewide trend of higher prices.

Local appraiser Tom Luhrs of Imperial said values for irrigated have risen in Chase, Dundy and Perkins County to levels never seen before.

In Chase County, an irrigated pivot ranges from \$800,000 to \$1.2 million depending on the quality of the ground and water supply.

Just a year ago, the top prices being paid ranged from \$800,000 to \$850,000, he said.

In Dundy County, current prices for an irrigated pivot range from \$650,000 to \$800,000, again varying on soil type and water supply.

Luhrs said an irrigated pivot in Perkins County, recently sold for \$800,000.

There's no doubt that land values are on a bull run, just like wheat, corn and soybeans, Luhrs said. It's a seller's market, he added.

But commodity prices will play a major role in dictating land values. At some point reality sets in, Luhrs said.

If corn goes to \$5/bushel, that will be reflected in land values, he predicted.

Historians say history always repeats itself. In the late 1970s and early 1980s, the appreciation of land made farmers wealthy on paper.

However, during the farm crisis in the mid 80s, land values crashed and took a number of farmers down with it.

Lenders switched from lending on a balance sheet to cash flows.

Luhrs remembers those days, returning home to farm with his father in 1982. Living through that experience makes Luhrs more bearish on the escalating land values of today.

No one knows when the cycle will turn, or how hard it will turn when it does, Luhrs said.

There are several x-factors in the mix, Luhrs said. These include Mother Nature, continued drought conditions, water allocations and worldwide commodity markets.

Luhrs noted there's lot of cash in the ag sector with the boom in commodity prices the last several years.

As a result, farmers are weighing the low interest rates they can get on that money, versus investing it back into land.

While a 0.5 percent of interest at the bank is guaranteed, there's no guarantee that land values will continue to increase like it has in the past five years, Luhrs noted.