AGRICULTURAL ECONOMICS

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Cornhusker Economics

2016 Nebraska Farmland Values and Rental Rates

Market Report	Year Ago	4 Wks Ago	7/29/16
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	145.76	116.11	117.50
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	268.16	177.63	167.07
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	243.94	152.51	152.52
Choice Boxed Beef, 600-750 lb. Carcass	232.67	216.82	198.79
Western Corn Belt Base Hog Price Carcass, Negotiated	75.24	81.88	66.74
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean	83.52	88.00	82.65
Slaughter Lambs, wooled and shorn, 135-165 lb. National	155.80	149.07	167.15
National Carcass Lamb Cutout FOB	355.32	338.48	346.84
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	4.50	3.34	2.96
Corn, No. 2, Yellow Nebraska City, bu.	3.70	3.47	3.08
Soybeans, No. 1, Yellow Nebraska City, bu.	9.71	10.31	9.68
Grain Sorghum, No.2, Yellow Dorchester, cwt.	6.57	5.62	4.63
Oats, No. 2, Heavy Minneapolis, Mn, bu.	2.66	2.57	2.55
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	195.00	165.00	165.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	85.00	75.00	70.00
Grass Hay, Large Rounds, Good Nebraska, ton.	95.00	80.00	*
Dried Distillers Grains, 10% Moisture Nebraska Average.	136.50	159.00	120.00
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	42.50	51.00	34.00

*** No Market**

Landlords in Nebraska rent out nearly 20.1 million acres or nearly 45 percent of the 45 million acres of farmland across the state (USDA NASS, 2015). The Nebraska Farm Real Estate Market Highlights Report 2015-2016 provides recent trends on land values and rental rates for landlords, tenants, and stakeholders in the state. Findings from the survey summarize current market values and rental rates for agricultural land across the eight Nebraska Agricultural Statistic Districts.

Recent findings from the University of Nebraska –Lincoln Nebraska Farm Real Estate Market Survey for 2016 indicate that as of February 1, 2016 the weighted average farmland value declined by about 4 percent over the prior 12-month period to $3,115 per acre (Figure 1 and Table 1). This decline marks the second consecutive year of lower weighted average farmland values in Nebraska. The weighted average farmland value set the all-time record high in 2014.

Declines in cropland prices generally trended lower across the state. Gravity and center pivot irrigated cropland trended lower at $6,480 and $6,940 per acre for declines of 6 and 5 percent respectively. Dryland cropland with irrigation potential also fell 5 percent to an average of $4,785 per acre, but dryland cropland without irrigation potential recorded a slight uptick of 2 percent to $3,470 per acre.

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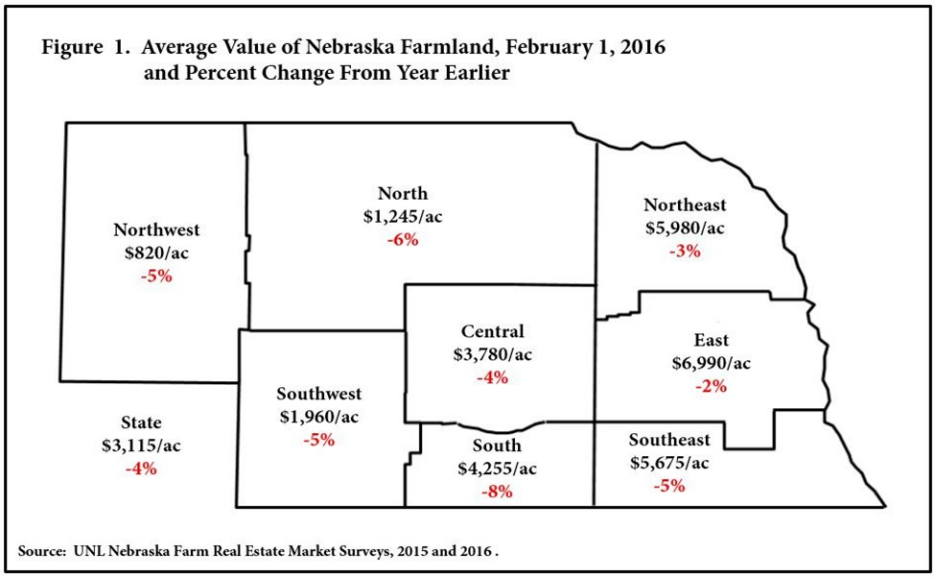

Current crop and livestock prices rank among the top factors weighing down agricultural land values in Nebraska for 2016. Purchasing land for farm expansion and 1031 tax exchanges were listed as two of the highest positive impacts on regional land values. Property tax levels and future property tax policies once again were ranked very negatively by panel members on the potential impact this landownership expense might have on agricultural ground.

Declining commodity prices in 2016 translated to lower cash rental rates for cropland and pasture rental rates across Nebraska (Table 2). Depending upon the region of the state, cash rental rates trended from 2 to 17 percent lower. Irrigated and dryland cropland in the Northeast, East, and Southeast Districts of Nebraska followed similar trends as the rate of decline for these districts were on average less than those of western regions. Rental rates for cow-calf pairs along with stockers in 2016 declined from record rental rates set in 2015. On average, cow-calf pairs and stockers fell about 10 percent compared to the prior year.

Survey results shown and discussed in this report are findings from the University of Nebraska–Lincoln 2016 Nebraska Farm Real Estate Market Survey. Land values and rental rates presented in this report are averages of survey panel members' responses by district. Actual land values and rental rates may vary depending upon the quality of the parcel and local market for an area.

Complete results from the survey may be found at the Nebraska Farm Real Estate website: http://agecon.unl.edu/realestate.

Land appraisers, farm managers, or agricultural finance professionals from Nebraska interested in participating in future Nebraska Farm Real Estate Market Surveys are invited to contact the Department of Agricultural Economics at the University of Nebraska–Lincoln. Interested parties can directly contact Jane Witte by phone: (402) 472-1913 or email: janewitte@unl.edu.

References

Jansen, J. A., & R. Wilson. (2016, June). Nebraska Farm Real Estate Market Highlights Survey and Report. *Nebraska Farm Real Estate Market Highlights 2015-2016, 196, 1-56*. Department of Agricultural Economics, University of Nebraska–Lincoln.

USDA National Agricultural Statistics Service. (2015, September). *Farmland Ownership and Tenure: Results from the 2014 Tenure, Ownership, and Transition of Agricultural Land Survey*. Retrieved July 29, 2016, from United States Department of Agriculture National Agricultural Statistics Service: https://www.agcensus.usda.gov/Publications/2012/Online_Resources/Highlights/TOTAL/TOTAL_Highlights.pdf.

Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub-State Regions, February 1, 2016[a]

Type of Land and Year	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State[c]
	Dollars Per Acre								
Dryland Cropland (No Irrigation Potential)									
$/acre	745	1,650	5,760	3,235	6,360	1,955	3,575	4,845	3,470
% change	2	4	2	4	6	5	7	-4	2
Dryland Cropland (Irrigation Potential)									
$/acre	790	2,150	6,715	3,850	7,165	1,815	4,315	6,450	4,785
% change	6	-6	-5	-6	-2	-7	-4	-7	-5
Grazing Land (Tillable)									
$/acre	565	1,325	3,955	2,460	4,370	1,070	2,240	3,200	1,495
% change	6	-5	7	-6	4	-6	-5	5	-1
Grazing Land (Nontillable)									
$/acre	480	740	2,475	1,925	2,795	915	1,690	2,205	975
% change	-2	-1	-4	-5	-7	-3	-7	-3	-3
Hayland									
$/acre	890	1,460	3,430	2,585	3,200	1,700	2,340	2,780	1,965
% change	-20	-23	-6	-11	-22	-13	-21	-10	-17
Gravity Irrigated Cropland									
$/acre	2,970	3,970	7,220	6,560	8,115	4,390	6,265	7,375	6,480
% change	-8	-4	-2	-5	-4	-1	-12	-8	-6
Center Pivot Irrigated Cropland[b]									
$/acre	3,290	4,350	7,880	7,530	9,410	5,330	7,240	9,185	6,940
% change	-9	-10	-3	-4	-2	-8	-12	-3	-5
All Land Average[c]									
$/acre	820	1,245	5,980	3,780	6,990	1,960	4,255	5,675	3,115
% change	-5	-6	-3	-4	-2	-5	-8	-5	-4

Source: [a] UNL Nebraska Farm Real Estate Market Surveys, 2015 and 2016.

[b] Value of pivot not included in per acre value.

[c] Weighted averages.

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture: 2016 Averages, Percent Change from 2015 and Quality Ranges by Agricultural Statistics District[a]

Type of Land	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
	Dollars Per Acre							
Dryland Cropland								
Average	32	60	225	96	200	42	80	165
% Change	-9	-8	-4	-8	-2	-7	-6	-3
High Third Quality	45	70	290	125	250	57	110	225
Low Third Quality	23	43	180	75	160	29	64	125
Gravity Irrigated Cropland								
Average	125	175	275	230	285	180	215	250
% Change	-7	-10	-4	-2	-5	-3	-2	-2
High Third Quality	175	195	325	265	340	220	260	305
Low Third Quality	100	135	260	195	245	145	180	220
Center Pivot Irrigated Cropland[b]								
Average	170	220	345	240	320	225	240	290
% Change	-3	-6	-5	-2	-3	-10	-6	-3
High Third Quality	250	260	405	290	375	255	280	355
Low Third Quality	145	195	275	205	270	210	195	255
Pasture								
Average	12	26	75	36	61	24	37	54
% Change	-11	-13	-17	-10	-5	-4	-8	-2
High Third Quality	21	38	98	52	76	34	48	69
Low Third Quality	9	20	48	32	45	21	27	37
	Dollars Per Pair							
Cow-Calf Pair Rates[c]								
Average	36.15	63.80	59.70	58.10	56.40	57.20	49.10	52.00
% Change	-12	-3	-4	-9	-13	-6	-15	-12
High Third Quality	48.35	77.20	75.50	69.30	71.20	67.85	57.50	66.00
Low Third Quality	26.55	51.10	48.00	44.80	45.00	47.85	35.00	38.35

Source: [a] Reporters' estimated cash rental rates (both averages and ranges) from the UNL Nebraska Farm Real Estate Market Survey, 2015 and 2016.

[b] Cash rents on center pivot land assumes landowners own total irrigation system.

[c] A cow-calf pair is typically considered to be 1.25 to 1.30 animal units (animal unit being 1,000 lb. animal) for a five month grazing season. However, this can vary depending on weight of cow and age of calf.

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