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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Solid Traction Continues In Nebraska's Agricultural Land Markets

Market Report	Yr Ago	4 Wks Ago	3/8/02
Livestock and Products, Average Prices for Week Ending			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	$82.01	$70.97	$73.07
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	98.69	90.78	90.67
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	99.45	93.91	95.85
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	125.06	110.66	112.41
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	45.50	38.37	*
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	45.00	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	131.70	107.80	101.92
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	82.50	*	*
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	171.00	134.90	141.72
Crops, Cash Truck Prices for Date Shown			
Wheat, No. 1, H.W. Omaha, bu	3.27	3.01	2.94
Corn, No. 2, Yellow Omaha, bu	1.97	1.87	1.87
Soybeans, No. 1, Yellow Omaha, bu	4.42	4.14	4.37
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.66	3.50	3.61
Oats, No. 2, Heavy Minneapolis, MN , bu	1.30	2.29	2.44
Hay, First Day of Week Pile Prices			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	115.00	105.00	60.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	70.00	65.00	65.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	117.50	105.00	92.50

* No market.

Despite lackluster crop prices and below-normal income levels for the farm sector as a whole, Nebraska's agricultural land markets have maintained their solid footing over the past twelve months. Both values and cash rental rates generally remain at, or even above, year-earlier levels. Preliminary results from UNL's 2002 Nebraska Farm Real Estate Market Survey indicate agricultural land values are up over 4 percent overall, with some areas of the state even stronger (Figure 1 and Table 1). Survey reporters were almost universal in their observations that no land value declines have been evident; but rather the market has been one of stable to upward moving values.

What appears to be giving the markets traction? Very limited amounts of land offered for sale with strong demand from expansion farmer buyers and non-farmer investors seem to be the major factors. Indirectly, the large dollar infusions of government price support programs over the past few years as well as 1031 Tax Exchange Provisions, also are contributing. In addition, UNL survey reporters from across the state are pointing out the growing demand by non-farmers for rural land for outdoor recreational and other non-agricultural purposes – in short, access to "space" and open areas seems to be taking on increasing importance on the buying side of the market.

By region of the state, the Northeast has experienced the most robust value changes for the year ending February 1, 2002, with the preliminary all-land average up more than 8 percent. Dryland cropland in that area registered an 11 percent increase. In addition to the factors noted above, this region has generally experienced above-average crop seasons recently, as well as gaining additional dollar returns from expanding acres in soybean production. These factors, coupled with the area's integrated crop and livestock economy, have tended to enhance economic returns to land over the past few years, and in turn, land values.

The Southeast District also recorded relatively strong value changes for the year – particularly for the non-irrigated land classes. Being in close proximity to the state's major metropolitan centers, this area may be getting more of the non-farmer demand influence than elsewhere.

The East District, which comprises the state's highest-valued agricultural land, shows essentially a stable market over the past year. Irrigated values in the East have remained basically unchanged. This area's nontillable grazing (pasture) land was the exception, taking a 7 percent jump – again perhaps a reflection of more non-farmer demand for recreational space.

Despite moisture deficit conditions throughout much of the year, Southwest Nebraska experienced some upward movement in values for most of the land classes. To some extent, these recent changes may be more of a "catching up" from earlier years when value changes in the Southwest District were tending to lag behind those of other regions of the state.

Preliminary survey results for 2002 cash rental rates show some upward market traction as well (Table 2). Almost without exception, the 2002 reported rates are at or above those of a year ago. Per-acre crop land rates are generally higher across the state, particularly for dryland crop land. In many cases, these 2002 cash rent levels are new historic highs for those land classes and areas. Reporters are quick to point out that even though farm program payments will be down-sized in 2002, the demand for crop land to cash rent is strong in most local markets; thus keeping cash rental rates on a stable-to-upward pattern. Farm size expansion and consolidation continues at a rapid rate; and with it a robust cash rent market.

Pasture rental rates for 2002 are also reportedly higher across all areas. Whether quoted on a per-acre basis or a per animal unit month (AUM) basis, pasture rates are higher than a year ago; and in some cases, by more than 5 percent.

The complete report, ***Nebraska Farm Real Estate Market Developments: 2001-2002,*** will be available in early June from the Department of Agricultural Economics.

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Figure 1. Average Value of Nebraska Farmland, February 1, 2002 and Percent Change From a Year Earlier (Preliminary).

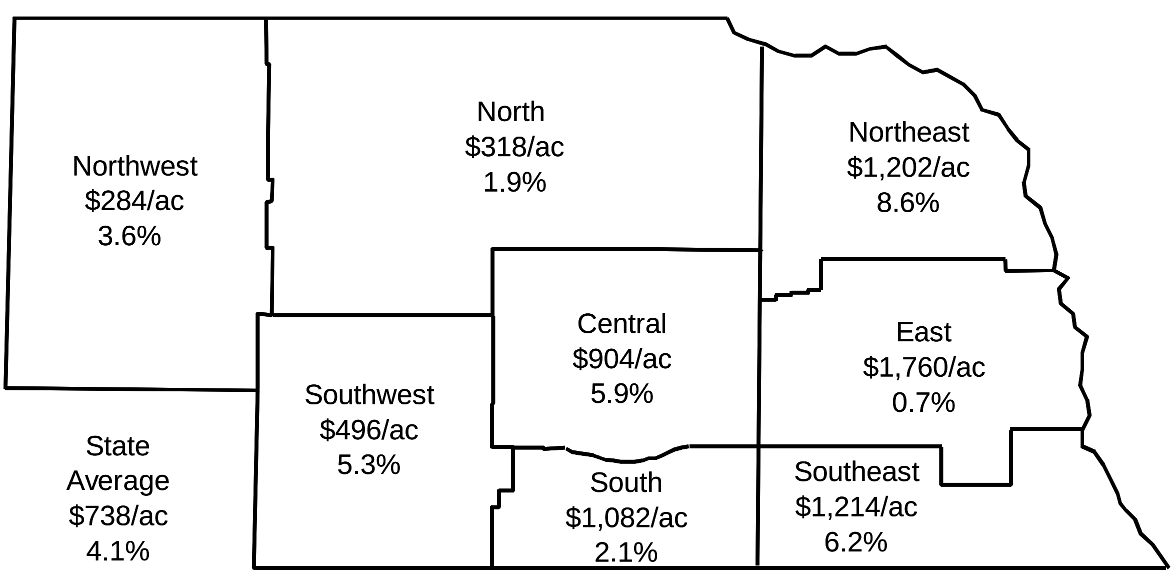

Table 1. Average Reported Value of Nebraska Farmland for Different Types of Land by Agricultural Statistics District, Feb. 1, 2001 - Feb. 1, 2002.[a] (Preliminary)

Type of Land and Year	Agricultural Statistics District								
	North-west	North	North-east	Central	East	South-west	South	South-east	State[c]
	Dollars Per Acre								
Dryland Cropland (No Irrigation Potential)									
Rptd. in 2002	325	408	1,106	685	1,527	461	743	1,033	803
Rptd. in 2001	319	403	996	645	1,493	433	725	954	760
% Change	1.9	1.2	11.0	6.2	2.3	6.5	2.5	8.3	5.7
Dryland Cropland (Irrigation Potential)									
Rptd. in 2002	418	517	1,365	1,030	1,810	585	1,145	1,318	1,144
Rptd. in 2001	409	500	1,256	981	1,807	572	1,126	1,234	1,100
% Change	2.2	3.4	8.7	5.0	0.2	2.3	1.7	6.8	4.0
Grazing Land (Tillable)									
Rptd. in 2002	182	304	714	523	787	325	537	632	356
Rptd. in 2001	171	288	670	505	750	291	524	578	335
% Change	6.4	5.6	6.6	3.6	4.9	11.7	2.5	9.3	6.3
Grazing Land (Nontillable)									
Rptd. in 2002	151	218	529	419	578	214	377	506	254
Rptd. in 2001	142	220	475	386	532	200	353	479	243
% Change	6.3	-0.9	11.4	8.5	8.6	7.0	6.8	5.6	4.5
Hayland									
Rptd in 2002	313	385	613	505	679	373	483	529	409
Rptd. in 2001	306	381	563	458	677	364	450	502	398
% Change	2.3	1.0	8.9	10.3	0.3	2.5	7.3	5.4	2.8
Gravity Irrigated Cropland									
Rptd. in 2002	914	1,100	1,785	1,825	2,283	1,350	1,827	1,918	1,797
Rptd. in 2001	900	1,033	1,715	1,729	2,273	1,279	1,810	1,843	1,750
% Change	1.6	6.5	4.1	5.6	0.4	5.6	0.9	4.1	2.7
Center Pivot Irrigated Cropland[b]									
Rptd. in 2002	775	1,033	1,778	1,710	2,388	1,169	1,830	1,952	1,511
Rptd. in 2001	742	965	1,653	1,602	2,420	1,152	1,778	1,898	1,459
% Change	4.4	7.0	7.6	6.7	-1.3	1.5	2.9	2.8	3.6
All Land Average[c]									
Rptd. in 2002	284	318	1,202	904	1,760	496	1,082	1,214	738
Rptd. in 2001	274	312	1,107	854	1,747	471	1,060	1,143	709
% Change	3.6	1.9	8.6	5.9	0.7	5.3	2.1	6.2	4.1

[a] SOURCE: 2001 and 2002 UNL Nebraska Farm Real Estate Market Developments surveys.
[b] Value of pivot not included in per acre value.
[c] Weighted averages.

Table 2. Reported Cash Rental Rates for 2002 and Comparison with Year-Earlier Levels[a] (Preliminary)

Type of Land and Year	Agricultural Statistics District							
	North-west	North	North-east	Central	East	South-west	South	South-east
	- Dollars Per Acre -							
Dryland Cropland								
2002	21	38	84	54	87	32	53	69
2001	20	37	78	53	87	29	51	64
% Change	5.0	2.7	7.7	1.9	0.0	10.3	3.9	7.8
Gravity Irrigated Cropland								
2002	84	102	124	128	135	104	128	131
2001	8	98	122	128	133	106	127	126
% Change	0.0	4.1	1.6	0.0	1.5	-1.9	0.8	4.0
Center Pivot Irrigated Cropland								
2002	96	108	132	131	148	116	133	135
2001	94	106	130	129	144	113	132	134
% Change	2.1	1.9	1.5	1.6	2.8	2.7	0.8	0.7
Dryland Alfalfa								
2002	b	b	86	56	81	b	b	b
2001	b	b	79	53	79	b	b	b
% Change			8.9	5.7	2.5			
Irrigated Alfalfa								
2002	b	b	124	111	125	b	b	b
2001	b	b	118	107	118	b	b	b
% Change			5.1	3.7	5.9			
Other Hayland								
2002	b	b	50	38	48	b	b	b
2001	b	b	50	37	47	b	b	b
% Change			0.0	2.7	2.1			
Pasture								
2002	8	13	33	25	31	12	21	24
2001	7	12	32	23	30	11	20	22
% Change	14.3	8.3	3.1	8.7	3.3	9.1	5.0	9.1
	- Dollars Per Animal Unit Month [c] -							
2002	20.25	26.80	23.75	25.50	25.00	25.10	23.00	24.50
2001	19.65	25.10	23.40	24.45	24.00	25.00	22.20	22.75
% Change	3.1	6.8	1.5	4.3	4.2	0.4	3.6	7.7

[a] SOURCE: Reporters' estimated average cash rental rates from the 2001 and 2002 UNL Nebraska Farm Real Estate Market Developments Surveys.

[b] Insufficient number of reports.

[c] Animal Unit Month (AUM) refers to sufficient forage capacity to sustain an animal unit (1,000 lb. cow with calf at side or equivalent) for one month during the normal range season.