

## 2020 Farmland Values Stable

*COVID-19 shifted the way farms were sold*

**Ames, Iowa (AgPR) August 14 ,2020** — Farmland values held steady in the first half of 2020 in the Corn Belt states of Iowa, Nebraska, South Dakota and Wyoming, says Deb Stanbro, president of the Iowa Chapter of American Society of Farm Manager and Rural Appraisers (ASFMRA) and an appraiser at FCSAmerica. Stable demand for land, decreased sales volume and low interest rates continue to provide support and the market adjusted to pandemic induced social distancing.

Rural Appraisers play a key role in the farmland market with sales and data analysis, timely asset valuation and professional service. The following information is provided by the Appraisers at Farm Credit Services of America (FCSAmerica) in support of the Iowa Chapter of the American Society of Rural Appraisers and Farm Managers.

In Iowa and Wyoming, benchmark farmland values increased 0.3% in the first six months of 2020. Nebraska experienced a decline of -0.4%, while South Dakota saw a larger but still modest drop of -2.0%. Tim Koch, chief credit officer at FCSAmerica, said overall declines in real estate values in Nebraska and South Dakota were at least partially influenced by broader declines in pastureland values of 4.0% and 4.7%, respectively. South Dakota also is seeing residual impact from last year's flooding.

"In the central part of Iowa, the values indicated no change to an increase of 6.3% during this time period," Stanbro said.

The pandemic impacted how farmland was sold with the methods of sale shifting as states issued guidance on social distancing. Public auctions declined 21%, 31% and 35% respectively in Nebraska, South Dakota and Wyoming in the second quarter compared to the same period last year. In Iowa, public auctions were down 8%. More buyers in the region chose to list land privately or through a Farmland Broker or Realtor.

"There still is liquidity in agriculture, and those who can afford it are looking for real estate," Koch said. On the whole, he said, values continue to benefit from many of the same factors that have supported the market for the past few years. The following factors will help determine the direction of the real estate market in the months to come:

- Already attractive interest rates reached historic lows during the early weeks of COVID-19. Indicators point to favorable rates for the foreseeable future, Koch said
- Federal aid to an industry hit hard by the trade war now includes payments to ease financial pain from the pandemic. While producers would prefer an environment in which government support wasn't needed, Koch said, the aid has been critical to farm income. Depressed commodity prices are currently signaling reduced farm income levels for 2020. Absent additional federal support, increased financial stress across a broad segment of agriculture would likely yield increased sales activity and the potential for further softening of real estate values.

- Buying continues in a tight real estate market. Across the region, availability of dry cropland is down. Nebraska also saw fewer listings of irrigated land in the first half of 2020. Those in a position to buy see farmland as a secure, long-term investment, Koch said. So far, it continues to be producers who are the predominant buyers, however continued interest from investors looking to diversify their investment holdings continues to provide further support to farmland values.

### **Background Info on the Iowa Chapter of the American Society of Farm Managers and Rural Appraisers (ASFMRA)**

Members of the Iowa Chapter of the American Society of Farm Managers and Rural Appraisers (ASFMRA) work with close to 2 million acres across Iowa. Our appraisers provided appraisals on over 2.3 million acres of Iowa farmland, valued at over \$17 billion in 2019. Our Farm Manager members are experts in helping landowners and farm operators achieve their objectives while our Appraiser members are equipped with the tools necessary to tackle a wide spectrum of real estate valuation assignments. ASFMRA members are recognized as the most trusted rural property professionals and their accreditation represents the highest level of professionalism in the industry.

Deb Stanbro is the current president of the Iowa Chapter of the ASFMRA and has been an Appraiser with Farm Credit Services of America (FCSAmerica) since 1999. She was also actively involved in launching the ASFMRA Iowa Chapter Young Professionals Network.

For more information and to view current and past newsletters visit [asfmra.org/iowa/home](https://asfmra.org/iowa/home).