

Kansas Agricultural Land Values: 2015 Update

Mykel Taylor
Department of Agricultural Economics
mtaylor@ksu.edu

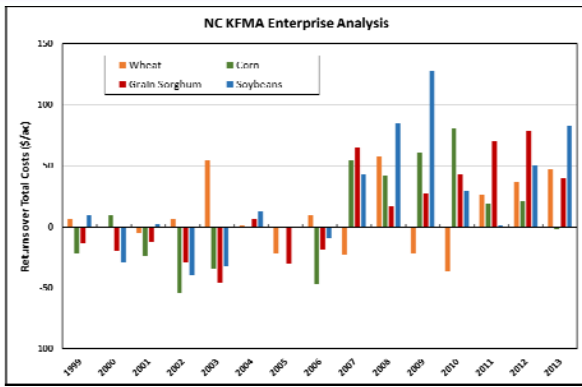
Farm Financial Series Webinar
April 6, 2016
Sponsored by Porter Cattle Co.



NET FARM INCOME



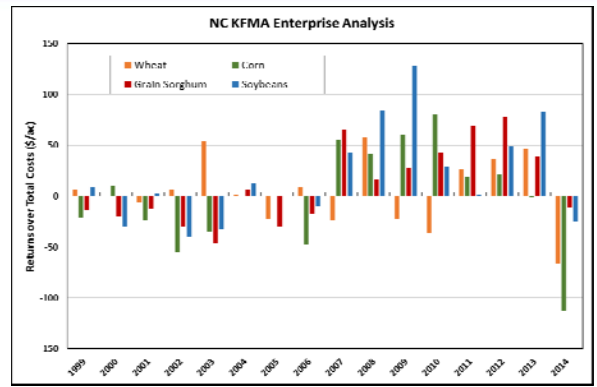
Returns to Farming



Source: KS Farm Management Association



Updated: Returns to Farming



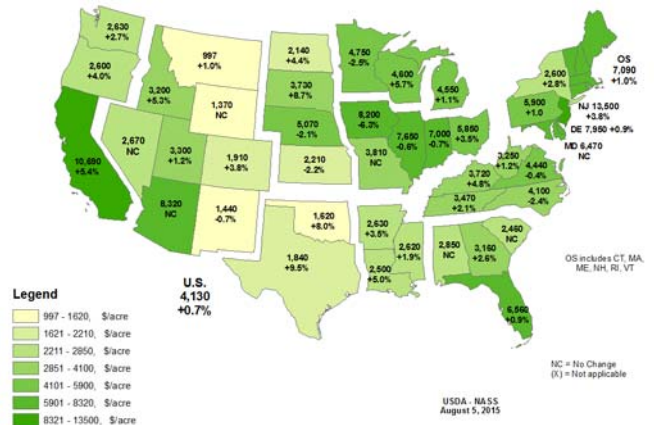
Source: KS Farm Management Association



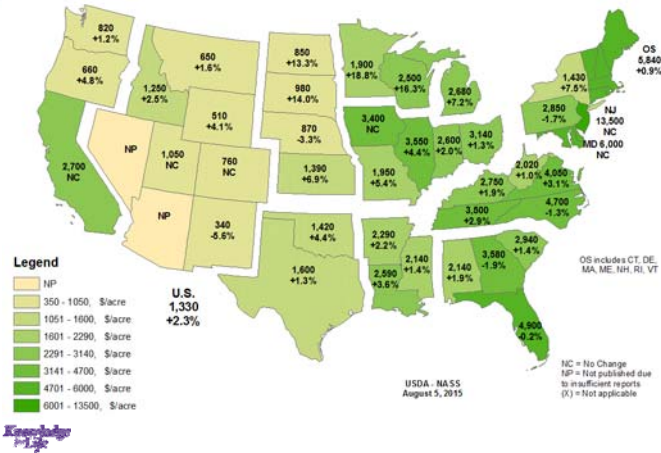
KANSAS AG LAND VALUES



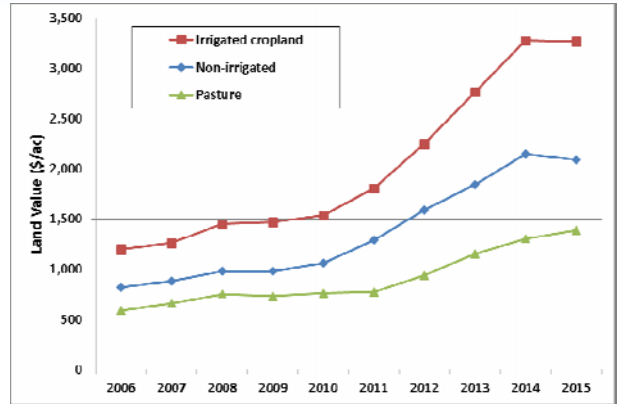
2015 Cropland Values



2015 Pasture Values

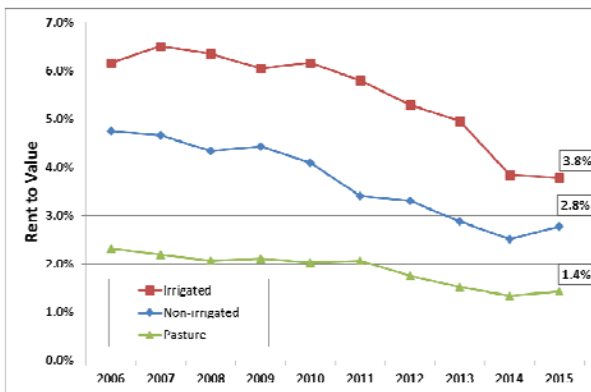


Kansas Land Values



Source: USDA-NASS

Rent-to-Land Value Ratio



Source: USDA-NASS

MARKET-BASED LAND VALUES

Kansas Land Values

- Source for market transaction data
 - Property Valuation Department, Topeka
- 2010-2015 sales data
 - STR location
 - Acres in sale
 - Mixture of irrigated, non-irrigated and pasture
 - Soil types found on parcel
 - 20-year average rainfall by section **NEW!**
 - Enrollment in government set-asides
 - Value of improvements

PVD Sales Data 2010-15

2015	Average	
Acres in Sale	156.4	
CRP Contracts	1.51%	
Sales Per County	23.7	
Total Sales Transactions:	2,468	
All Years	% of Total	Total Acres
2015	16.0%	384,659
2014	14.7%	354,356
2013	15.1%	362,948
2012	15.9%	383,119
2011	16.7%	401,975
2010	22.5%	518,322

Sale Data Averages

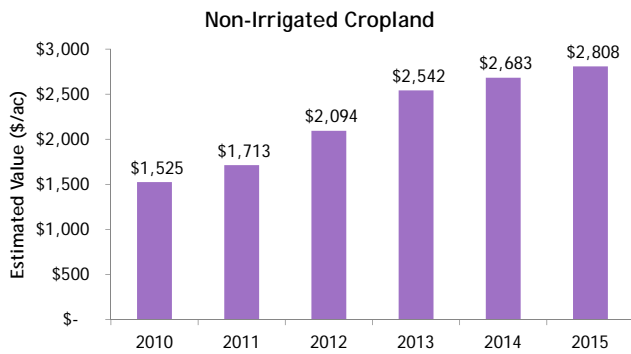
Sale Year	Non-Irrigated (\$/ac)	Irrigated (\$/ac)	Pasture (\$/ac)
2010	1,558	1,696	1,108
2011	1,728	2,605	1,553
2012	2,003	3,023	1,641
2013	2,467	3,516	1,675
2014	2,730	3,464	2,035
2015	2,445	3,363	1,894



LAND MODEL RESULTS



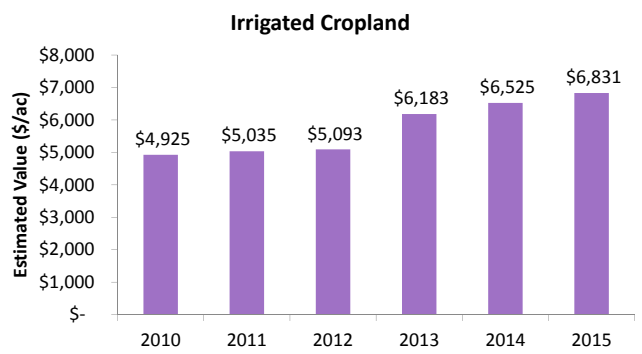
Land Model Results



Source: Taylor, 2015



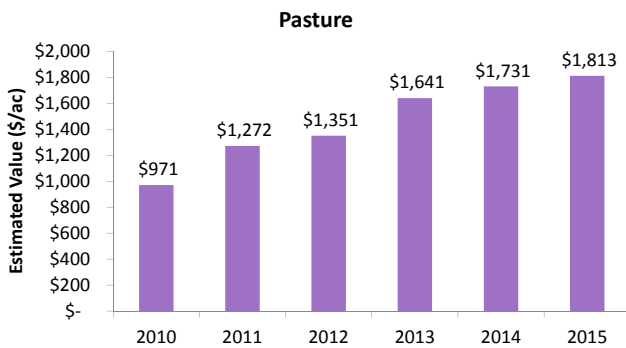
Land Model Results



Source: Taylor, 2015



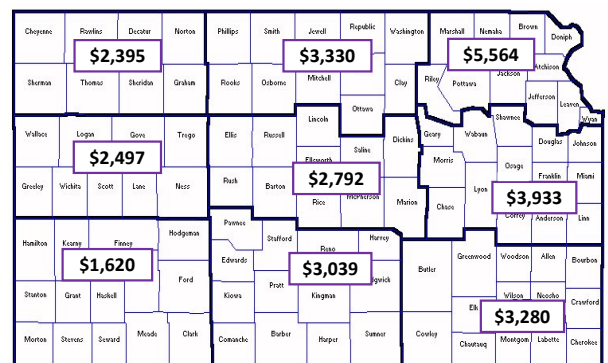
Land Model Results



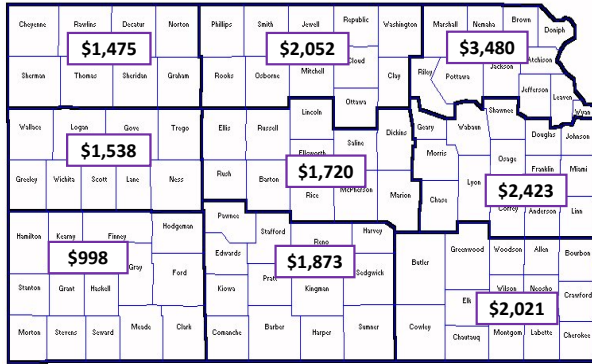
Source: Taylor, 2015



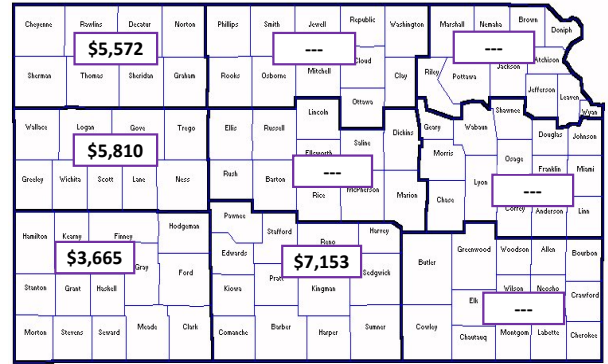
2015 Non-Irrigated Land Values



2015 Pasture Land Values



2015 Irrigated Land Values



Land Price Expectations

- Actual land sales are not falling off as quickly or dramatically as we expected
- Lender's surveys and USDA surveys indicated an expectations of lower land values
- Net farm income indicates a fall off in land values is likely



Land Price Expectations

- Not showing up in the data non-irrigated cropland sales. Why?
 - I can't measure no-sales
 - Reports of higher quality ground still holding value
 - Residual cash from high profitability years
- But this can't go on indefinitely...



Returns to Farming

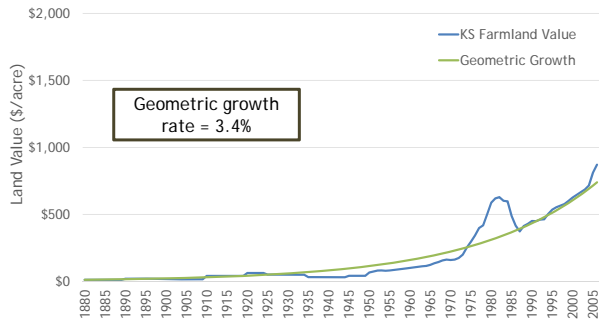


Forecasting Land Values

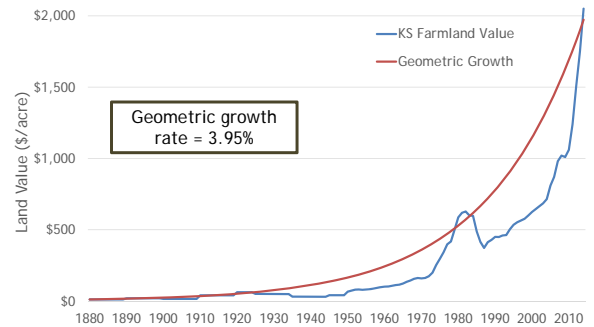
- Based on an estimated model for Kansas land values, the one-year multiplier for net farm income for acre was 1.50
 - The long-run multiplier is 21.71 or an implied capitalization rate of 4.61%
- At the projected net farm income per acre of \$53...
 - Projected long-run Kansas land price is \$1,151 a decline of 43.3%



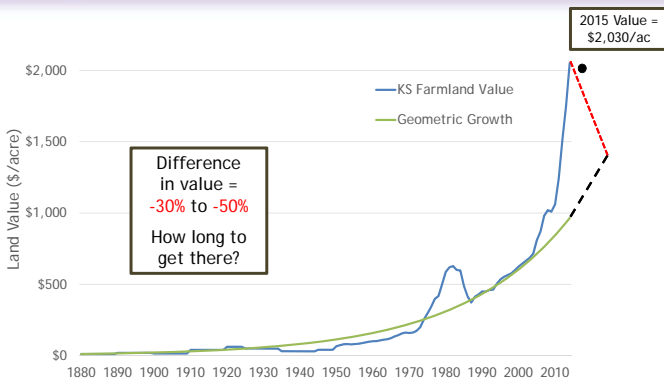
Forecasting Land Values



Forecasting Land Values



Forecasting Land Values



Online Resources

- 2015 Kansas Agricultural Land Values
Soon to be published on AgManagerinfo
- 2016 Rental Rates for Non-Irrigated Cropland
http://www.agmanager.info/farmmgmt/land/county/NI_CountyRents_2016.pdf
- 2016 Rental Rates for Irrigated Cropland
http://www.agmanager.info/farmmgmt/land/county/IRR_CountyRents_2016.pdf



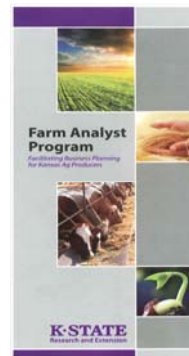
Kansas Agricultural Land Values: 2015 Update

Mykel Taylor
mtaylor@ksu.edu
www.AgManager.info

Farm Financial Series Webinar
April 6, 2016
Sponsored by Porter Cattle Co.



- Analysts travel to the producer's home, providing private and confidential business advice
- Uses nationally recognized financial analysis software, FINPACK, to develop a balance sheet, enterprise budgets, and a base long-range business plan.
- Can explore business changes such as alternative enterprises, debt re-structure, farm transitions, etc.
- Will show projected impact on Net Farm Income and Cash Flow
- Assistance when working with creditors
- Facilitates discussion among family members and sets goals for the farm business
- \$450 base fee



Were 5 Farm Analysts across the state...Now 30!!!
Call 1-800-321-FARM to set up an appointment with a Farm Analyst
<http://www.k-state.edu/kams/services/financial-counseling/index.html>



Kansas Agricultural Mediation Services

Connect you to helpful resources

- Farm analysts
- Attorneys
- Mediators
- Referrals

Discuss appeal options for adverse decisions

- Farm loan delinquency or denial
- USDA Farm Programs

Provide resources for farm families

- Successions
- Transitions
- Communication
- Disputes

1-800-321-FARM
www.k-state.edu/kams