



Kansas Land Values and Rental Rates

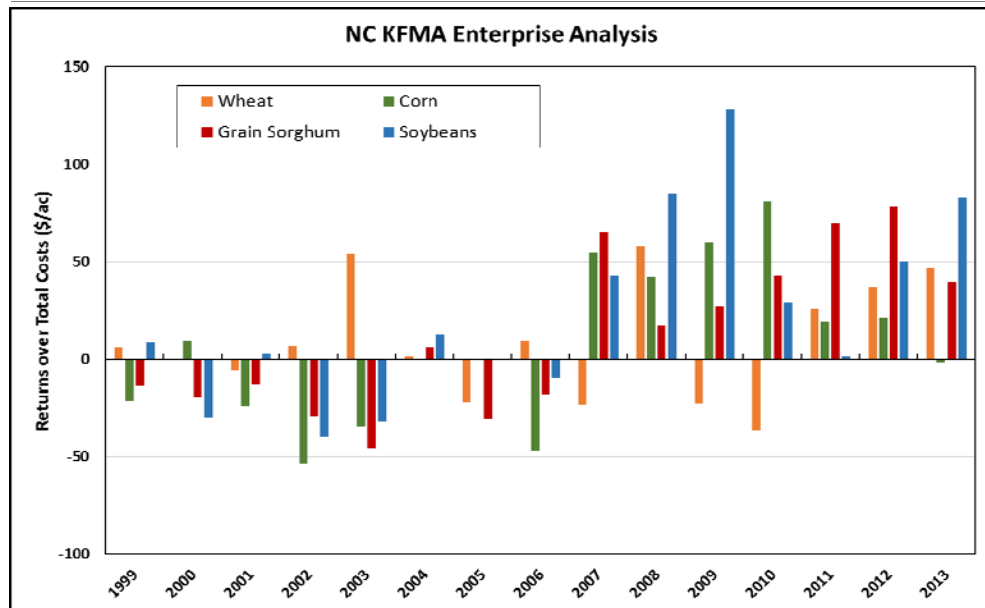
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Current Economic Conditions

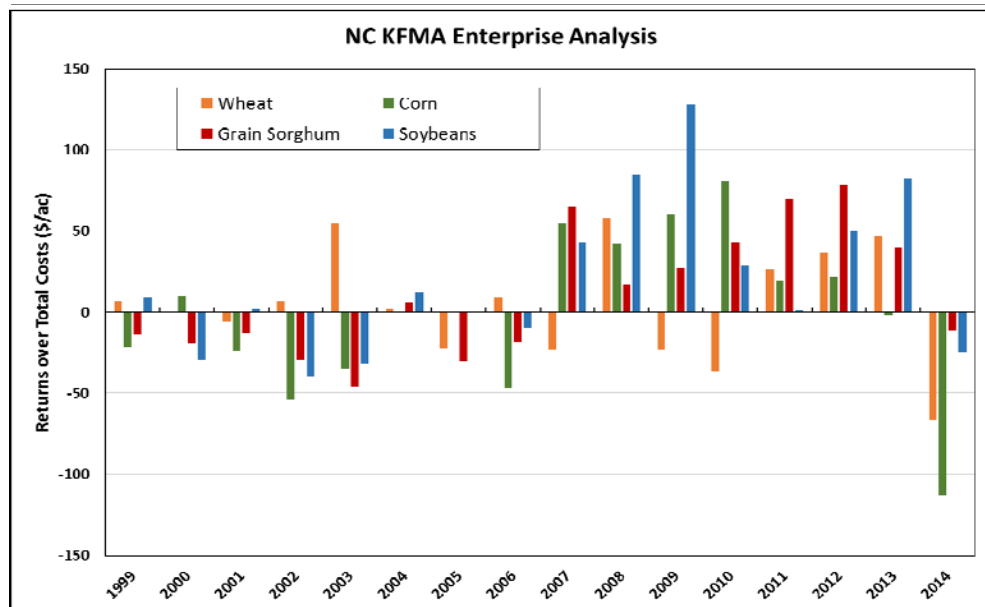


Returns to Farming



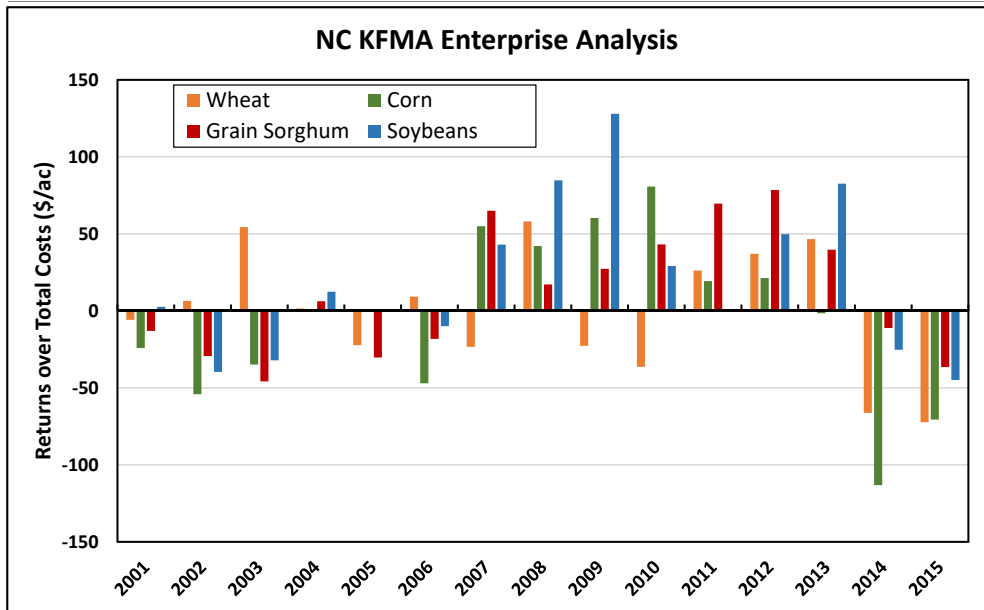
Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)

Returns to Farming



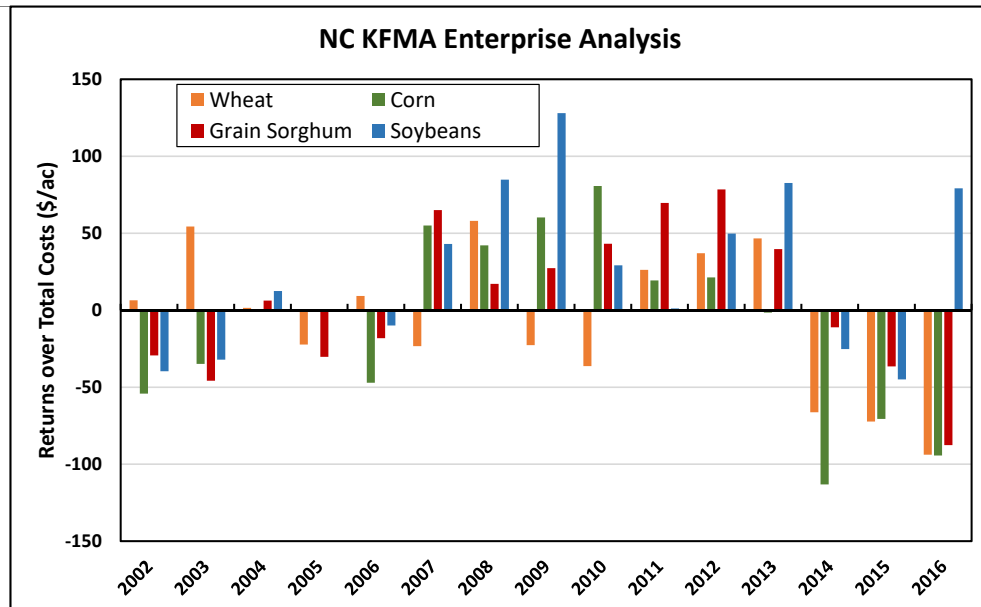
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Returns to Farming



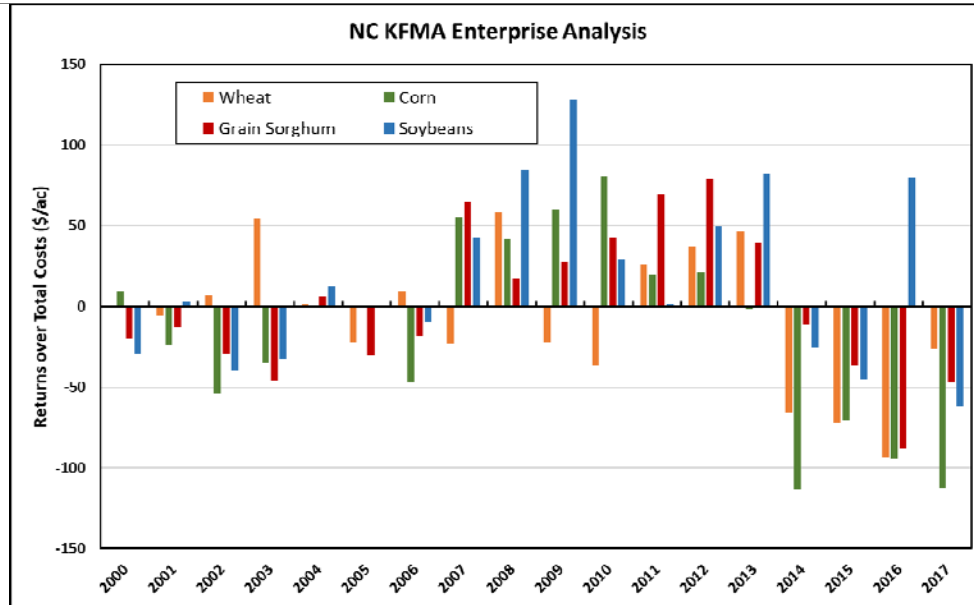
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Returns to Farming



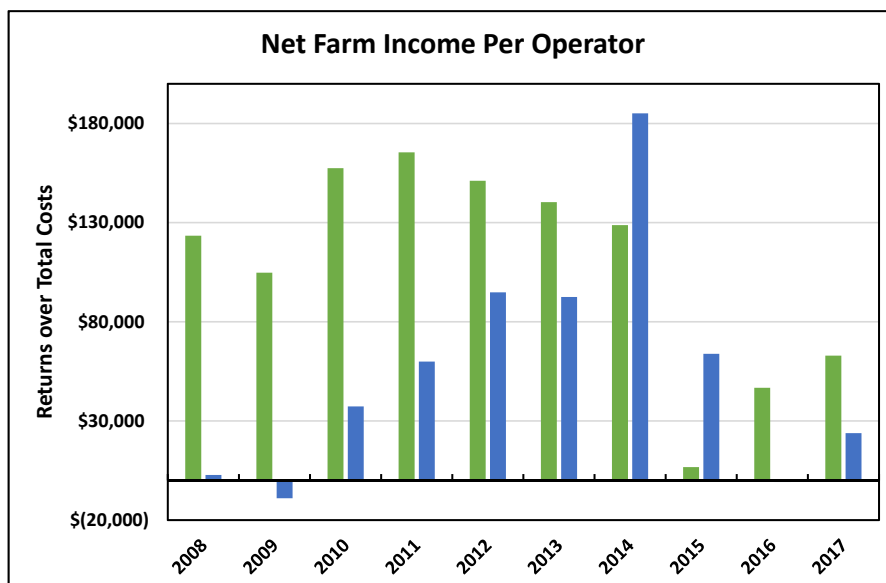
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Returns to Farming

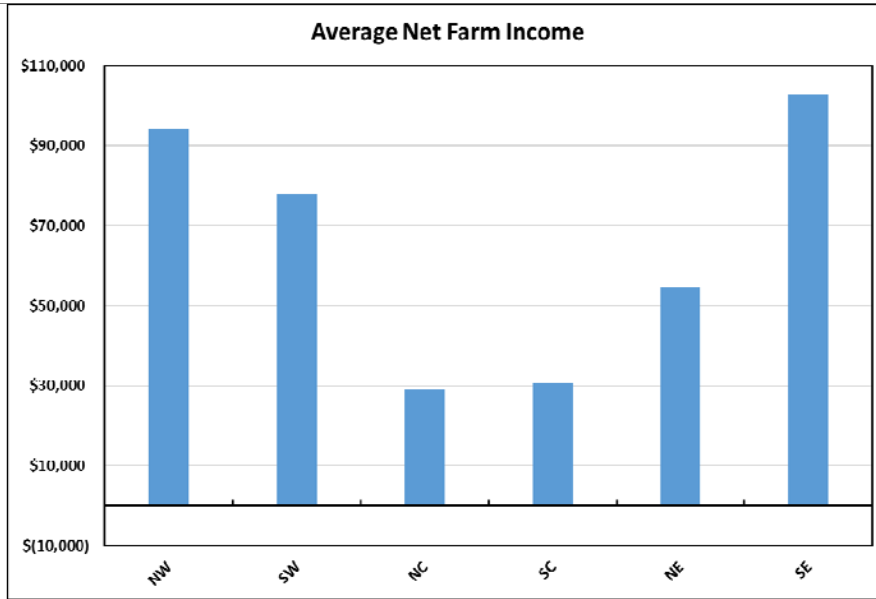


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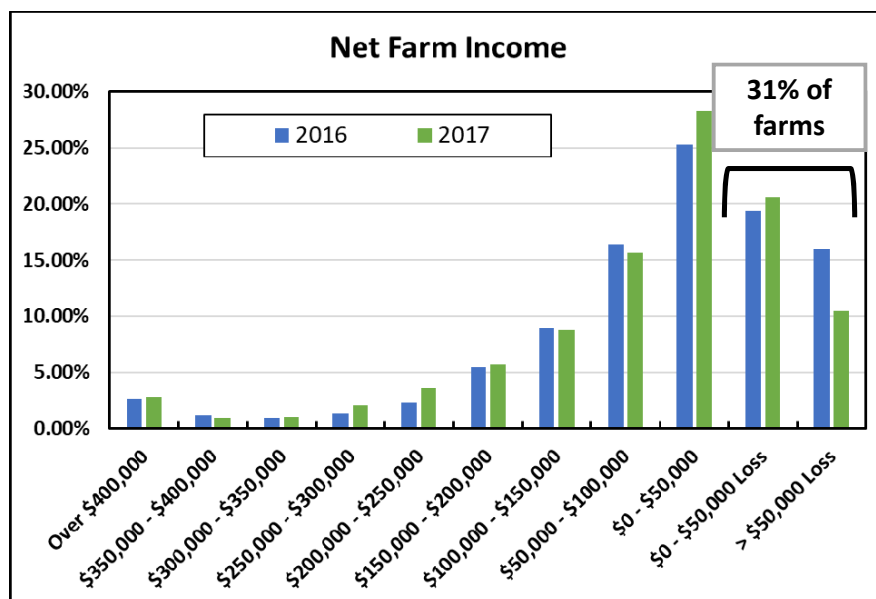
Net Farm and Ranch Income



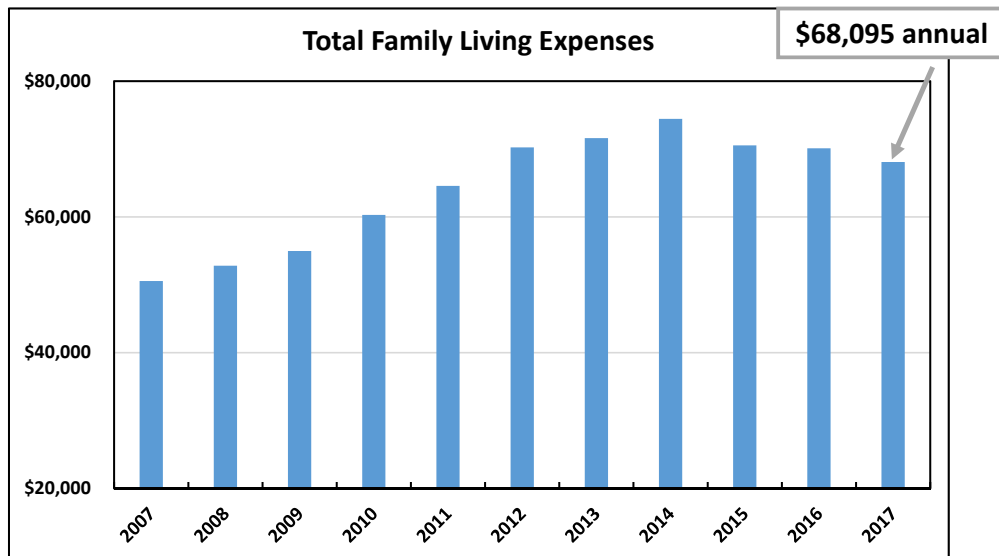
Average Net Farm Income



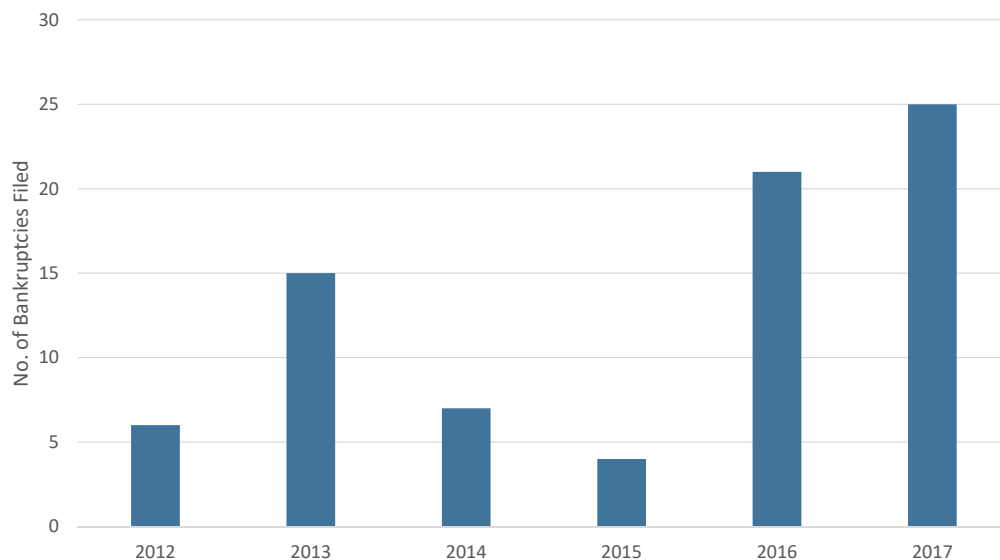
Distribution of NFI



Farm Family Living Expenses

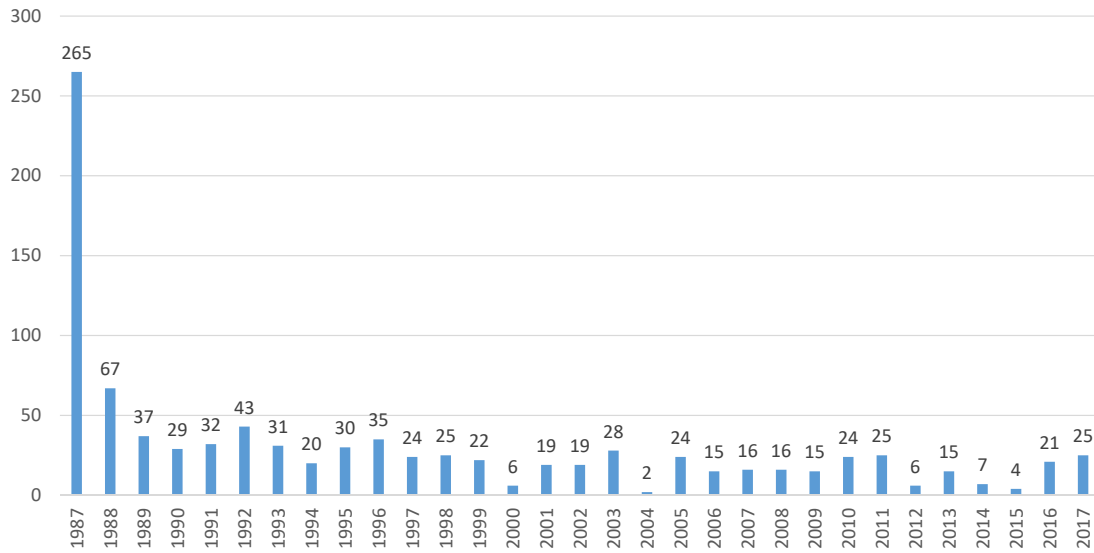


Bankruptcies Filed by KS Farms



Bankruptcies Filed by KS Farms

KS Chapter 12 Bankruptcies



Land Value Trends



Land Values

Affected by profitability in ag sector

But land values do not adjust as quickly as profitability to changes in commodity prices

Adjustment period due to

- Long-run reasons for buying and holding land
- Expectations of buyers/sellers



Land Values

Where do we get information on land values?

KS Ag Stats Service

- Annual survey series
- Dropped CRD-level estimates in 2013
- Only have a state value for irrigated, non-irrigated, and pasture land in Kansas



United States Department of Agriculture
National Agricultural Statistics Service



News Release

632 SW Van Buren, Room 200, Topeka, Kansas 66603
Media Contact: Jason Lamprecht (785) 233-2250

KANSAS FARM REAL ESTATE VALUE AND CROPLAND RENT HIGHER

TOPEKA, KS, August 2, 2013 -- Kansas's farm real estate value, a measurement of the value of all land and buildings on farms, increased from 2012, according to USDA's National Agricultural Statistics Service. Farm real estate value for 2013 averaged \$1,900 per acre. This is up \$290 per acre or 18 percent higher than last year's revised level.

Cropland value increased 19 percent from last year to \$2,100 per acre. Dryland cropland value averaged \$2,000 per acre, up \$300 from last year. Irrigated cropland value averaged \$3,000 per acre, up \$600 from a year ago. Pastureland, at \$1,250 per acre, increased \$250 from a year ago.

Cash rent paid to landholders in 2013 for cropland also increased from last year. Irrigated cropland rent averaged \$137 per acre, an increase of \$18. Dryland cropland rent averaged \$53 per acre, up slightly from a year earlier. Pasture rented for cash, which averaged \$17.50 per acre, is up \$1.00 from the previous year.

County level averages of 2013 cash rents paid to landholders will be released on September 6 and will be available through NASS Quick Stats. Quick Stats is located at <http://quickstats.nass.usda.gov>.

Access the National publication for this release at:
<http://nd401.library.cornell.edu/usda/current/Agril-andVa/Agril-andVa-08-02-2013.pdf>

Find agricultural statistics for your county, State, and the Nation at www.nass.usda.gov

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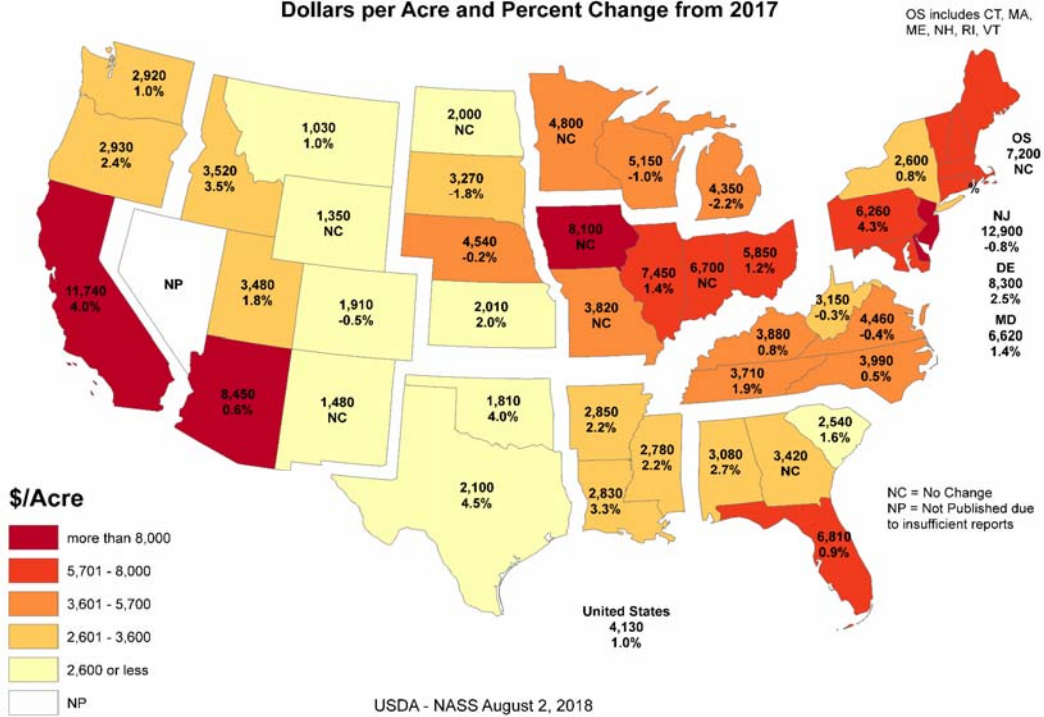
NASS provides accurate, timely, useful and objective statistics in service to U.S. agriculture. The Agency invites you to express your thoughts and provide occasional feedback on our products and services by joining a data user community. To join, sign in at <http://usda.nassinfo.cornell.edu/yourgroups> and look for "NASS Data User Community".

USDA is an equal opportunity provider and employer.



2018 Cropland Value by State

Dollars per Acre and Percent Change from 2017

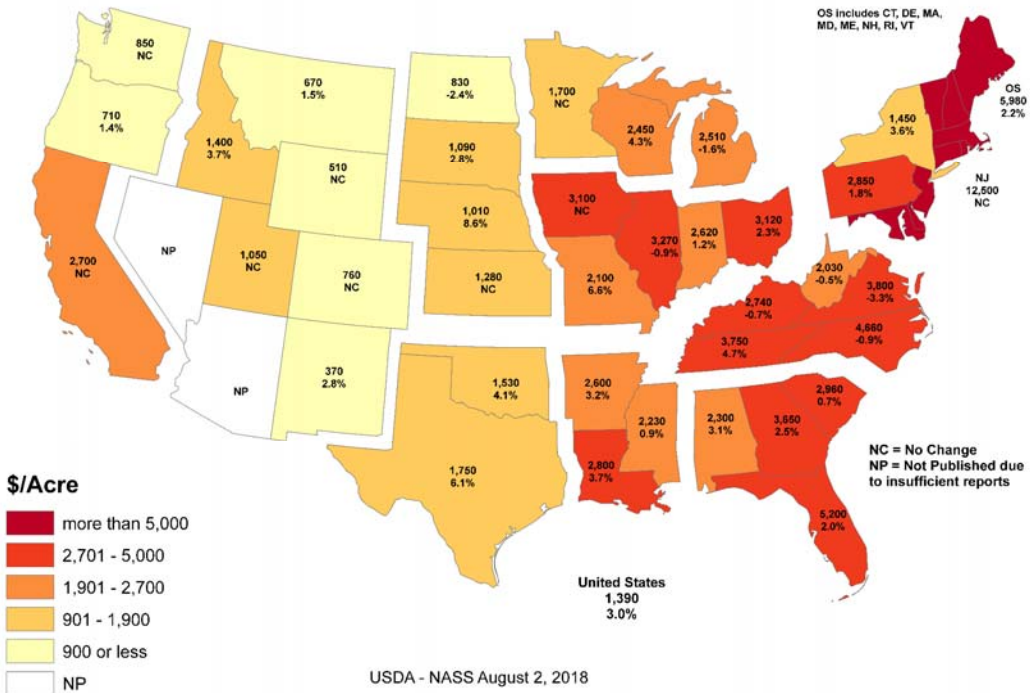


USDA - NASS August 2, 2018



2018 Pasture Value by State

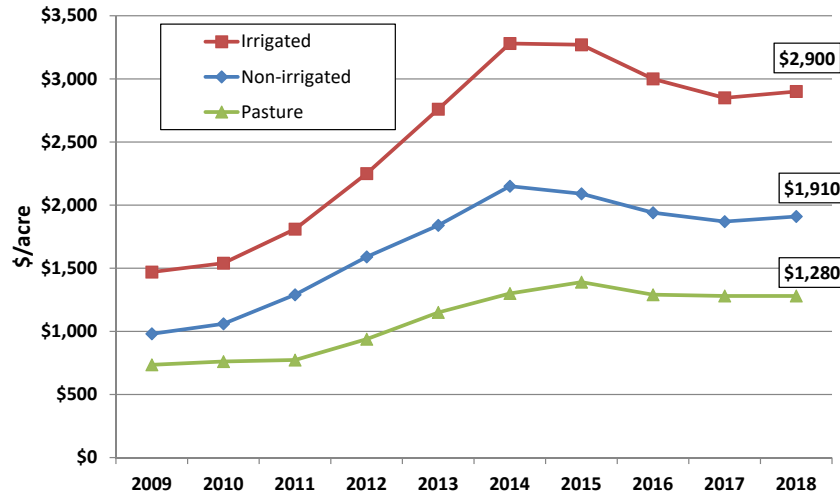
Dollars per Acre and Percent Change from 2017



USDA - NASS August 2, 2018



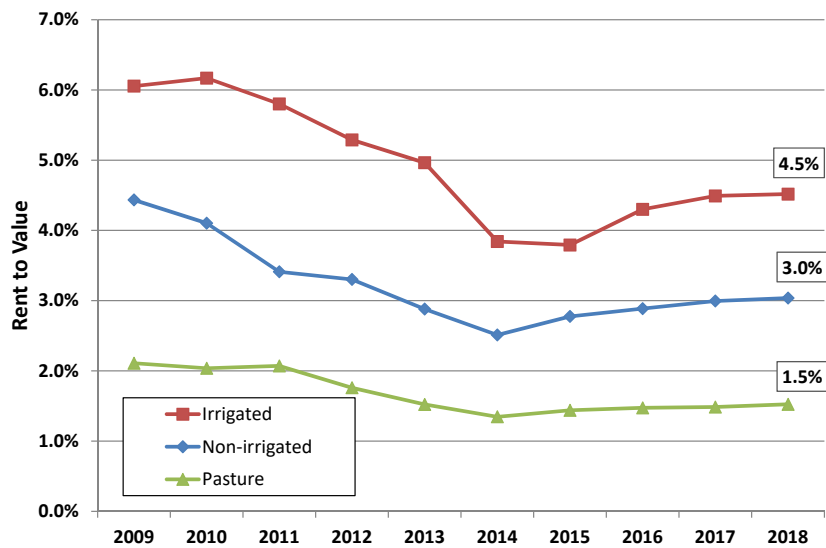
Kansas Land Values



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

2014-17 sales data

- County location, population density
- Acres in sale
- Mixture of irrigated, non-irrigated and pasture in parcel
- 20-year average rainfall and water-holding capacity
- Enrollment in CRP
- Value of improvements is removed for bare land value
- Parcels under 40 acres are omitted
- Johnson and Wyandotte County parcels removed



PVD Sales Data 2014-2017

2017	Average
Acres in Sale	150.6
CRP Contracts	4.3%
Sales Per County	25.1
All Years	
Total Sales Transactions:	
2017	2,625
2016	2,145
2015	3,775
2014	3,789

31% drop in sales over past 4 years



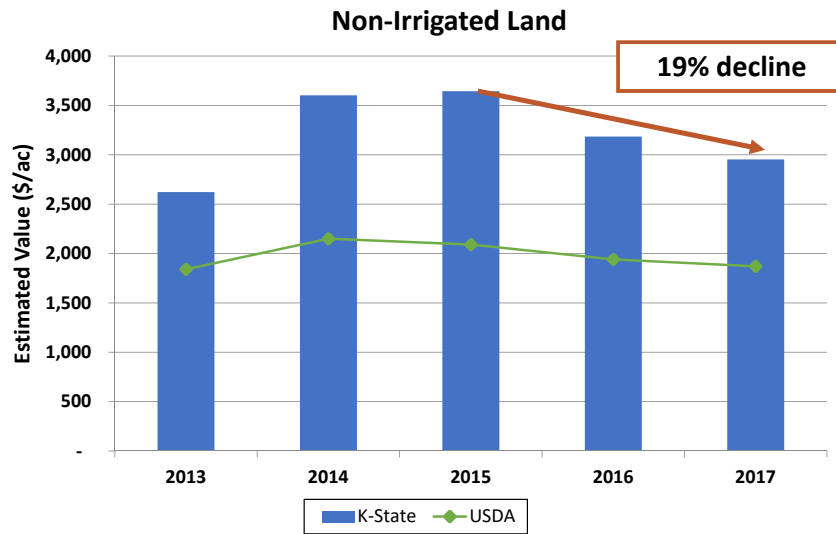
Model-Predicted Sales Price (\$/ac)

Land Type	2017	2016
Non-Irrigated	2,777	2,994
Irrigated	5,232	5,012
Pasture	1,923	1,945
All Cropland and Pasture	\$3,311	\$3,317

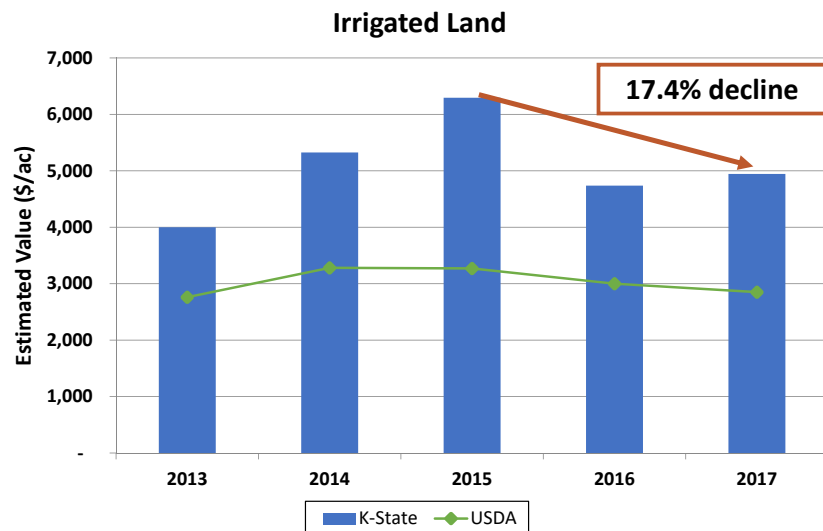
1.9% decline from 2016



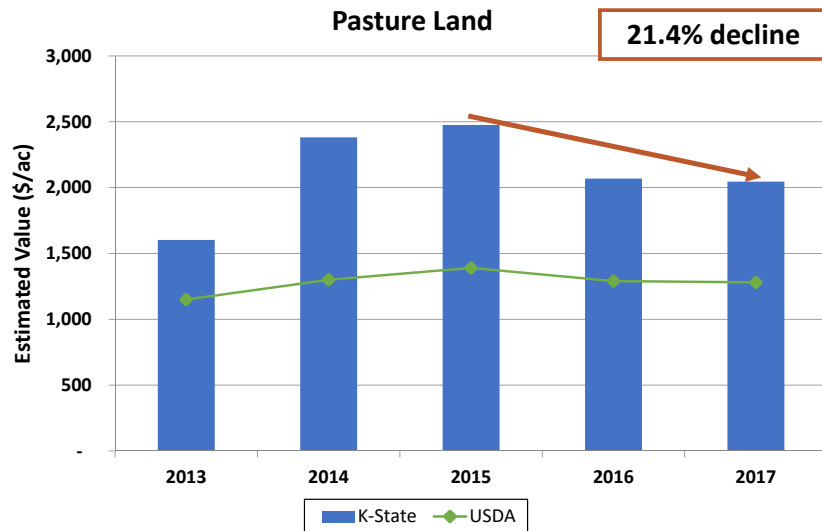
Land Model Results



Land Model Results



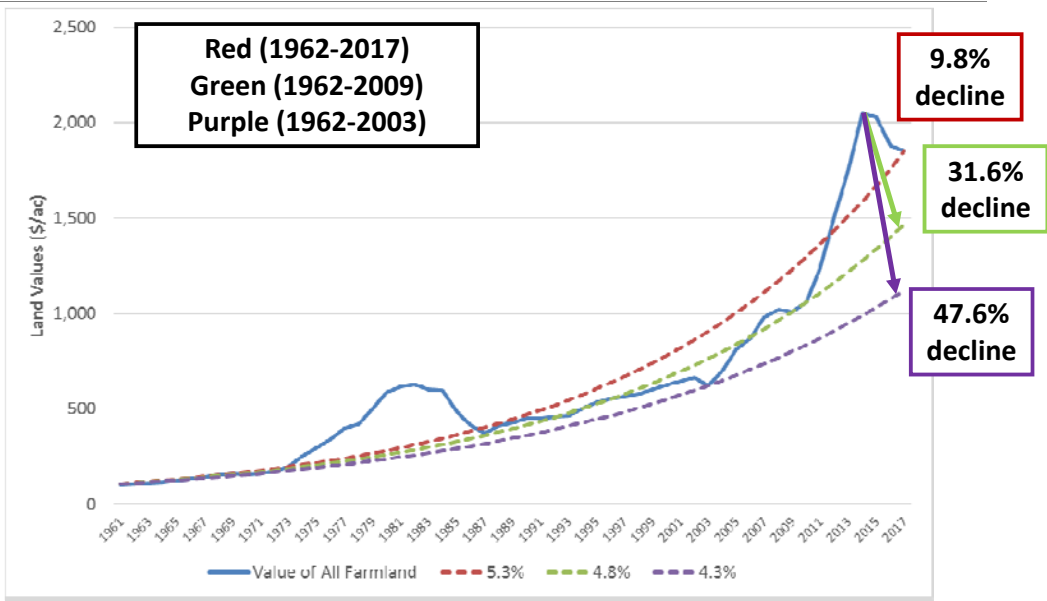
Land Model Results



Long-Run Growth



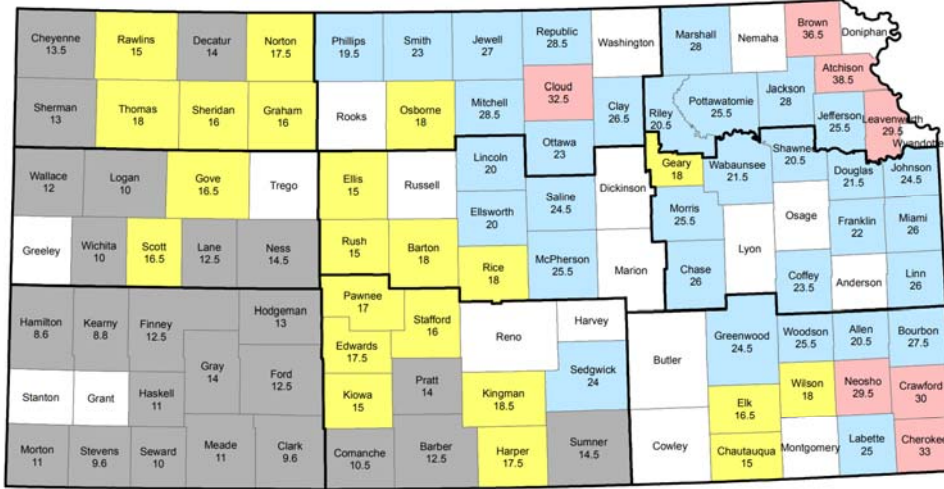
Kansas Land Values



Rental Rates



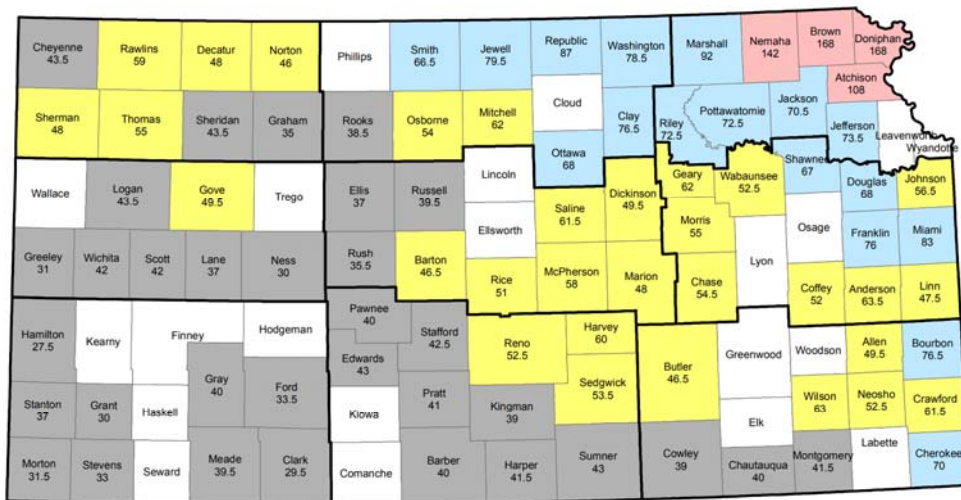
2017 USDA Pasture Rents



Source: USDA National Agricultural Statistics Service - Sept 8, 2017



2017 USDA Non-Irrigated Rents



Source: USDA National Agricultural Statistics Service - Sept 8, 2017



Public Information

Limited public information on rental rates

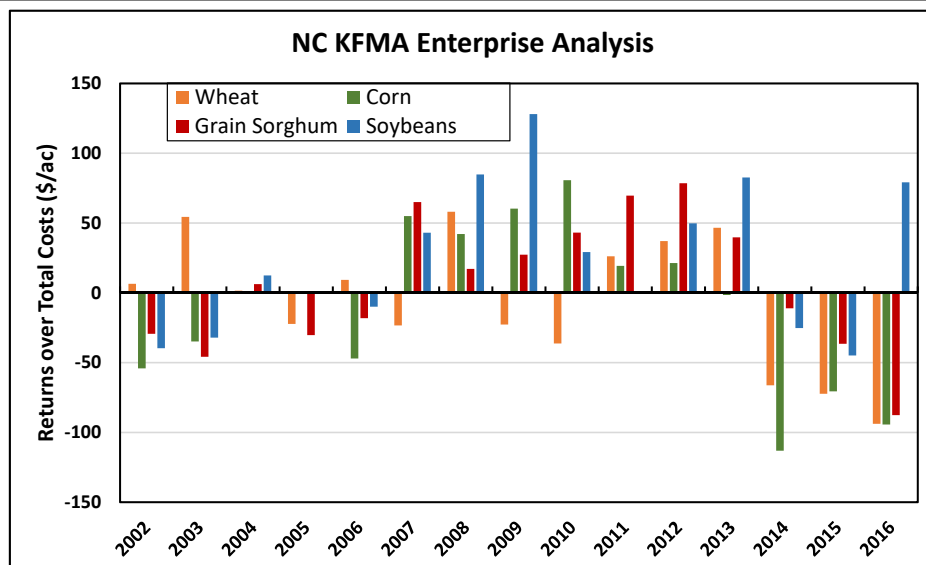
- Surveys (USDA, some KS Counties)
- K-State budgeting approach: what a representative farmer could afford to pay

Comparisons need to be done carefully

- One measures what is actually being paid
- One measures what we expect could be paid



Returns to Farming



Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)



KSU Non-Irrigated Rental Rates

SW District	2013	2014	2015	2016	2017	2018
Clark	54.10	38.50	23.60	14.00	0.90	2.50
Finney	70.50	40.40	24.90	15.10	0.90	2.80
Ford	72.20	44.00	27.00	16.30	1.00	2.90
Grant	48.60	29.30	18.00	10.90	0.70	2.50
Gray	73.00	46.10	28.40	17.20	1.10	3.40
Hamilton	51.70	31.10	19.10	11.50	0.70	1.90
Haskell	57.00	37.90	23.30	14.10	0.90	3.10
Hodgeman	65.00	35.70	21.90	13.10	0.80	2.40
Kearny	61.60	34.60	21.30	12.80	0.80	2.20
Meade	56.60	30.90	19.00	11.40	0.70	2.40
Morton	46.90	28.20	17.40	10.60	0.70	2.00
Seward	56.50	34.60	21.30	12.90	0.80	2.80
Stanton	59.30	36.90	22.70	13.70	0.90	2.60
Stevens	53.50	33.20	20.50	12.50	0.80	2.70
Average:	59.04	35.81	22.03	13.29	0.84	2.59

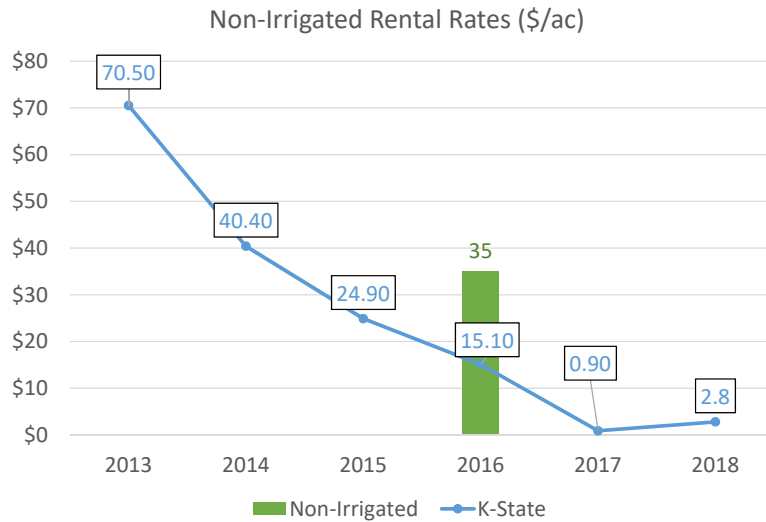


KSU Non-Irrigated Rental Rates

NE District	2015	2016	2017	2018
Atchison	125.80	109.30	99.80	110.60
Brown	148.50	129.30	117.90	135.20
Doniphan	166.70	145.90	132.20	137.70
Jackson	109.80	94.90	86.70	97.30
Jefferson	118.60	102.90	93.80	108.10
Leavenworth	109.80	94.50	87.50	99.70
Marshall	106.60	91.80	81.90	88.60
Nemaha	120.00	104.10	94.10	106.00
Pottawatomie	108.80	94.00	85.20	99.60
Riley	94.20	80.90	71.22	81.70
Wyandotte	105.70	90.70	84.90	103.80
Average:	\$119.50	\$103.48	\$94.11	\$106.21



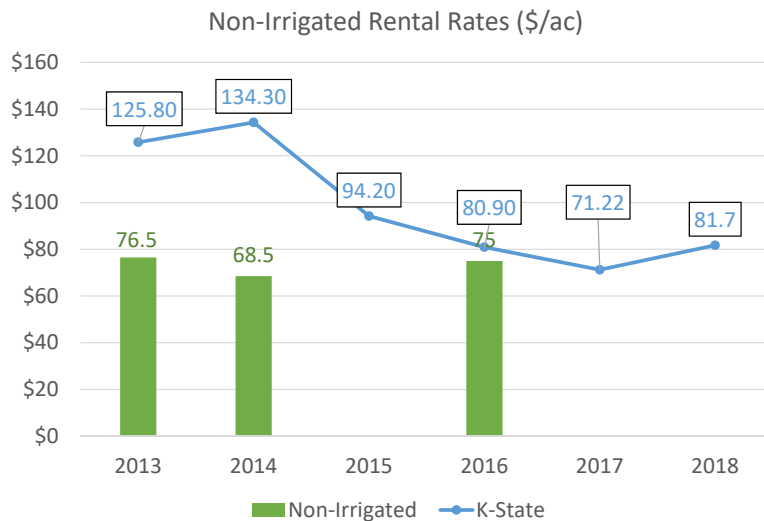
USDA vs. KSU - Finney



Source: USDA-NASS and www.AgManager.info/land-leasing



USDA vs. KSU - Riley



Source: USDA-NASS and www.AgManager.info/land-leasing



Why are rents staying high?

Multi-year leases

- Consider signing 3-5 year leases but renegotiate rate annually

Good yields in 2016-17 in some areas

- Kept some profitability in sector to pay rents that wouldn't be affordable with average or below average yields

People are willing to pay more than they can afford in the short run

- Length of the short run is going to vary by producer



Summary



Other Comments

“Land prices are still based on quality land having the highest demand and poor land having few buyers and lower prices.”

- Appraiser in Central Kansas, September 2017

Farmers are the biggest buyers of farmland

- When farmers are reluctant to buy, demand falls and isn't likely to be sufficiently supported by outside investment
- Turnaround will happen when projections for net farm income rebound



Online Resources

2017 Kansas County-Level Ag Land Values

- www.agmanager.info/land-leasing/land-buying-valuing

2018 Rent Estimates: Non-Irr. & Irrigated Cropland

- www.agmanager.info/land-leasing/land-rental-rates

Pasture Rental Rate Tool

- www.agmanager.info/land-leasing/land-rental-rates/pasture-rental-rate-decision-tool





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