

Extension shopper article for 8-16-16

U.S. Farmland Prices Fall \$10 an Acre in First Drop Since 2009

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U.S. farmland values in 2016 dropped for just the second time in almost three decades after grain and soybean prices extended a slump, eroding grower profit and capping a decade-long boom when land costs jumped 65%.

Farmland values in the lower 48 states, including land used for crops and for livestock, declined \$10 to \$3,010 an acre, the first drop since 2009, the U.S. Department of Agriculture said Friday in a report. Cropland declined 1 percent to \$4,090 an acre, while pastureland was unchanged at \$1,330 an acre.

Farm income has slumped for three straight years, and the trend in land prices is similar to the 1980s, when values fell for the same number of years amid record foreclosures, said Brent Gloy, an agricultural economist at Purdue University in West Lafayette, Indiana, and a farmer in southwest Nebraska. While the current skid may not match the magnitude of that slump, the decline probably will continue, he said.

“It’s going to be soft for another year, at least,” he said in a telephone interview. “We haven’t worked through the magnitude of the drop in commodity prices.”

Corn Belt

Losses were highest in the Northern Plains. The biggest drop was in Kansas, down 7.4 percent to \$1,880 an acre. The Corn Belt remained the most-expensive region, even as prices fell 0.9 percent to \$6,290 an acre. Rhode Island is the costliest state to own farmland, at \$13,800 an acre, while New Mexico is cheapest, at \$520 an acre.

Corn and soybeans, the two most-valuable U.S. crops, have dropped from records in 2012. As of Friday, the grain fell 61 percent to \$3.3425 a bushel from the all-time high of \$8.49, while the oilseed declined 45 percent.

In February, the USDA said declining commodity prices will push farm income down 2.8 percent to \$54.8 billion this year, less than half the 2013 record.

The next forecast on income is set for Aug. 30.