

Iowa Farmland Values: Story and Polk County

Published on Nov 19, 2020 by Doug Bear



Continuing with the Iowa Farmland Values blog series, we will now be highlighting average farmland characteristics and production costs in Story and Polk County. If you are interested in acquiring similar information, contact your local extension office or land grant institution within your state.

STORY COUNTY, IA

2019 AVERAGE FARMLAND VALUE

\$8,836 +5.4% SINCE 2018

Average County CSR2

80.2

CSR2 Price Per Point Average

\$110.17

AVERAGE CASH RENT PER ACRE

\$233



Average Corn Yield (2015-2019)

196

Rent Per Bushel of Corn Yield

\$1.19



Average Soybean Yield (2015-2019)

54

Rent Per Bushel of Soybean Yield

\$4.31



Nevada

CAP RATE

\$233 / \$8,836 → 2.64%

The average cap rate typically ranges from 2-6%, but is often around 3-4%. **FARMLAND** is a low cashflow business, but very high in appreciation. Overall, it's on par with the returns of the S&P 500, with far less volatility.

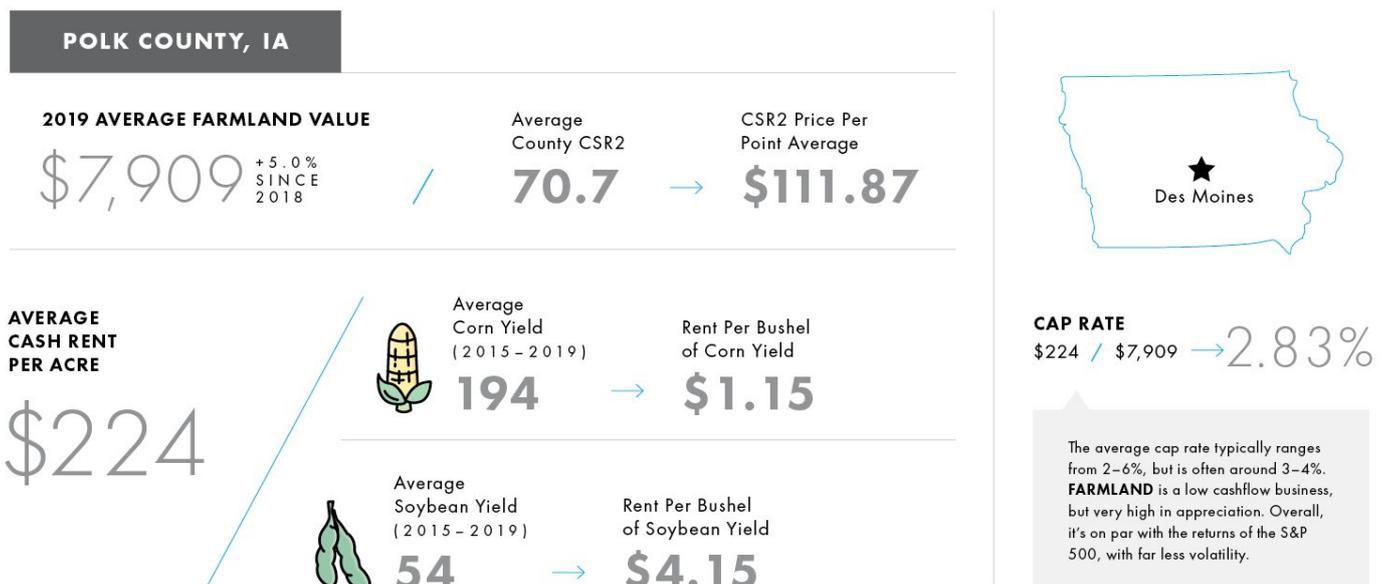
Successful Sales in Story County:

Sale Date	Land Type	Total Sale Price	Gross Acres	\$/Per Acre	CSR2	FSA Tillable Acres	\$/CSR2
11/27/2019	Tillable	\$5,750,000	566.0	\$10,159	86.9	552.28	\$120
12/23/2019	Tillable	\$400,000	40.29	\$9,928	74.9	40.02	\$133
2/24/2020	Tillable	\$750,000	84.94	\$8,830	84.6	86.84	\$102
10/7/2020	Tillable	\$2,255,775	240.0	\$9,400	88.4	236.83	\$108
11/2/2020	Tillable	\$1,023,000	112.0	\$9,133	84.7	106.94	\$113

Of the 367,200 total acres in Story County, the average Corn Suitability Rating 2 (CSR2) for the 304,022 acres of farmland within the county is 80.2 with an average 2019 farmland value of \$8,836 per acre, which is a 5.4% increase from \$8,382 since 2018. To determine the CSR2 price per point average, divide the average farmland value (\$8,836) by the Story County CSR2 average (80.2), which equals \$110.17 per CSR2 point.

The average cash rent per tillable acre across Story County is \$233 (\$203-\$261). The 2015-2019 average corn and soybean yield was 196 and 54 bushels per acre, respectively. The average rent per bushel of crop yield is calculated by cash rent divided by the average crop yield expected, which is \$1.19 for corn and \$4.31 for soybeans. Since beginning this blog series during the middle of September 2020, commodity markets have risen an additional 10-20% and corn and soybean futures are currently over \$4.00 and \$10.50 per bushel, respectively. One may still expect to spend approximately one-third of the per bushel revenue on cash rents.

The capitalization rate, or also commonly referred to as cap rate, is the rate of return on a real estate property based on the income that the property is expected to generate for the landowner. The cap rate can help evaluate and compare the risk of one property or market to another, where it depends on demand, available inventory within the area, and specific type of property. The cap rate for Story County, Iowa farmland is around 2.64%, or an expected return on investment of more than two and a half percent.



1 2019 ISU Land Value Survey conducted by the Center for Agricultural and Rural Development (CARD)

2 Iowa State University Extension and Outreach File C2-10 in Ames, Iowa

Successful Sales in Polk County:

Sale Date	Land Type	Total Sale Price	Gross Acres	\$/Per Acre	CSR2	FSA Tillable Acres	\$/CSR2
1/17/2020	Tillable	\$1,625,000	149.77	\$10,500	86.6	148.07	\$126
1/21/2020	Tillable	\$1,102,800	110.30	\$10,000	84.4	107.43	\$121
3/4/2020	Development	\$1,263,525	100.00	\$12,635	70.2	43.25	*N/A
4/1/2020	Tillable	\$938,810	120.00	\$7,823	83.5	116.20	\$97
6/1/2020	Tillable/Develop.	\$2,294,520	150.46	\$15,250	87.1	149.91	*N/A
10/30/2020	Tillable	\$400,000	41.16	\$9,718	88.5	40.90	\$111

*\$/CSR2 not calculated for transitional land.

Of the 378,800 total acres in Polk County, the average Corn Suitability Rating 2 (CSR2) for the 193,780 acres of farmland within the county is 70.7 with an average 2019 farmland value of \$7,909 per acre, which is a 5.0% increase from \$7,534 since 2018. To determine the CSR2 price per point average, divide the average farmland value (\$7,909) by the Polk County CSR2 average (70.7), which equals \$111.87 per CSR2 point.

The average cash rent per tillable acre across Polk County is \$224 (\$192-\$258). The 2015-2019 average corn and soybean yield was 194 and 54 bushels per acre, respectively. The average rent per bushel of crop yield is calculated by cash rent divided by the average crop yield expected, which is \$1.15 for corn and \$4.15 for soybeans. Since beginning this blog series during the middle of September 2020, commodity markets have risen an additional 10-20% and corn and soybean futures are currently over \$4.00 and \$10.50 per bushel, respectively. One may still expect to spend approximately one-third of the per bushel revenue on cash rents.

The cap rate for Polk County, Iowa farmland is around 2.83%, or an expected return on investment less than three percent.

To get in contact with someone about your Story County or Polk County farm in Iowa, please contact Matt Adams (515.423.9235; matt@peoplescompany.com) or Doug Bear (515.745.3192; doug.bear@peoplescompany.com).

Tillable acres for all the counties can be found [HERE](#).

[DOWNLOAD](#) Story County Handout

[DOWNLOAD](#) Polk County Handout