

Peoples Company is focused on being resourceful and influential in the global land business. One example is by providing information to access long-term economic viability and investment opportunities. We will be highlighting some county average farmland characteristics and production costs from the most recent 2019 Land Value Survey and 2020 Cash Rental Rate Survey from Iowa State University. If you are interested in acquiring similar information for another state or county, contact your local extension office or land grant institution within your state.

## POLK COUNTY, IA

### 2019 AVERAGE FARMLAND VALUE

**\$7,909** + 5.0% SINCE 2018

Average County CSR2

**70.7**

CSR2 Price Per Point Average

**\$111.87**



### AVERAGE CASH RENT PER ACRE

**\$224**



Average Corn Yield (2015 - 2019)

**194**

Rent Per Bushel of Corn Yield

**\$1.15**



Average Soybean Yield (2015 - 2019)

**54**

Rent Per Bushel of Soybean Yield

**\$4.15**

### CAP RATE

**\$224 / \$7,909 → 2.83%**

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.

Data compiled from 2019 ISU Land Value Survey conducted by the Center for Agricultural and Rural Development (CARD) and Iowa State University Extension and Outreach File C2-10 in Ames, Iowa.

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.

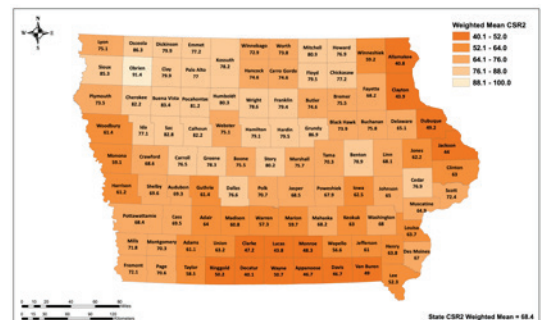
The average cash rent per tillable acre across Polk County is \$224 (\$192-\$258). The 2015-2019 average corn and soybean yield was 194 and 54 bushels per acre, respectively. The average rent per bushel of crop yield is calculated by cash rent divided by the average crop yield expected, which is \$1.15 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.

### 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.



Calculated from NRCS acreages and CSR2 values contained in ISPAID (Iowa Soil Properties and Interpretations Database) version 8.1 as of May 2017.



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