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A farmer steers a tractor and planter May 7 across a field near Fisher, Minn.

# Farmland values keep rising

By Jonathan Knutson  
Forum News Service

The 2012 drought that devastated crops and pastures in much of the Upper Midwest didn't stop the price of farmland from shooting higher, especially in North Dakota.

The average per-acre price of cropland in 2013 in North Dakota soared to \$1,910, a whopping 41.5 percent increase from the previous year, according to an annual report issued Aug. 2 by the National Agricultural Statistics Service, an arm of the U.S. Department of Agriculture.

Nationally, the average per-acre price of cropland rose 13 percent, NASS says.

"I think North Dakota had some catching up to do," said Dwight Aakre, farm management specialist with the North Dakota State University Extension Service.

Prices for North Dakota cropland had, in past years, risen more slowly than prices for cropland in many other states, he notes.

He said much of North Dakota enjoyed good yields in 2012, despite the drought.

Aakre said that while

North Dakota cropland values undoubtedly rose sharply in the past year, he was surprised to see the NASS estimate of a 41.5 percent increase.

"That's a lot. But you don't argue with USDA. It has the best numbers," he said.

The report is based on a survey of agricultural producers in the first two weeks of June.

Most other states in the Upper Midwest saw substantial increases in cropland values in the past year, according to NASS.

**South Dakota:** Cropland values shot to an average of \$3,020 per acre, an increase of 30.2 percent.

**Minnesota:** Cropland values rose to an average \$4,850 per acre, 19.8 percent more than a year earlier.

**Montana:** The average value of cropland rose 4 percent to \$888. The state doesn't grow much corn, which experts say has contributed to rising land prices in the Upper Midwest.

Average cropland values rose sharply in 2013 in the drought-hammered Corn Belt. In Iowa, for instance, the average value of crop-

land increased 17.8 percent to \$8,600 per acre, according to the report.

Though drought hurt production, it caused the price of corn to rise, encouraging farmers to pay more for land, Aakre said.

Low interest rates, which reduce the appeal of competing investments, such as certificates of deposit, also have contributed to rising land prices, though to a lesser extent than high crop prices, he said.

Now, crop prices are slumping, and buying land is becoming less attractive, he said.

"I think land prices have peaked," Aakre said.

## Paying more for pasture

NASS found increases in pasture prices. Nationally, the average value of pasture rose 4.3 percent to \$1,200 per acre. North Dakota's average pasture value rose 28.6 percent to \$630 per acre. In Minnesota, the average pasture value rose 16.7 percent to \$1,750 per acre. South Dakota's average pasture value rose 20.3 percent to \$710 per acre.

High crop prices have

encouraged some producers to begin raising crops on land that once was pastured. That reduces the supply of pasture and drives up its price, experts say.

The average value of Montana pasture rose 1.8 percent to \$580.

NASS includes Montana in the report's mountain region, which also consists of Arizona, Colorado, Idaho, Nevada, New Mexico, Utah and Wyoming. All the states in the region had small annual increases, or even small decreases, in their average pasture price.

## Cash rents rise, too

In a separate report Aug. 2, NASS released updated state-level statistics for cash rents. Here are average per-acre cash rents for non-irrigated farmland for 2013:

**Nation:** \$125, up from \$115 a year ago.

**North Dakota:** \$64, up from \$57 a year ago.

**South Dakota:** \$104, up from \$93 last year.

**Minnesota:** \$177, up from \$150 last year.

**Montana:** \$23.50, up from \$23 a year ago.