

Agricultural land values in Nebraska increased about 4.4 percent in the last year, with rises in cropland values offsetting declines in rangeland, according to preliminary findings from the 2010 Nebraska Farm Real Estate Survey.

Overall, agricultural land values statewide increased from \$1,431 per acre to \$1,494 in the year ending Feb. 1, said Bruce Johnson, the University of Nebraska-Lincoln agricultural economist who conducts the annual survey.

The increase follows on the heels of a year of little to no value change across most of the state.

Dryland cropland with no irrigation potential increased an average of 6.4 percent, while statewide averages for gravity-irrigated cropland and center-pivot irrigated cropland climbed 5.2 and 6.1 percent, respectively.

Meantime, dryland cropland with potential to be developed for irrigation increased about 7.3 percent in value, though values varied considerably across the state depending on development restrictions and opportunities.

While average cropland values saw increases, the value of nontillable grazing land fell 5.6 percent statewide, with even larger declines recorded in major range areas of the state. For example, the North region, which comprises much of the Sandhills, saw a 10.1 percent decline.

“Survey reporters remarked frequently of the relatively strong income years as of late for the crop sector, while the livestock economy has struggled over the last few years to break even,” Johnson said. “These economic conditions get factored into virtually every local agricultural real estate market.

“It was also noted that the number of cropland offerings on the market have tended to be very limited relative to demand thus creating some upward bidding pressure on cropland tracts that do come up for sale,” Johnson added.

Overall, the average all-land value changes ranged from a 3.3 percent decrease in the North, which is heavily weighted toward grazing land acreage, to a 10.1 percent increase in the East.

Similar patterns are reflected in preliminary cash rental rates for 2010 compiled for the survey. Cropland rental rates tend to be up across the state, while pasture rates are holding steady or dropping slightly below 2009 levels, a reflection of the cattle economy.

Average dryland cropland rental rates are up 3 percent to 7 percent, while regional increases in the irrigated cropland classes are largely in the 4-to-8-percent range. The state's highest cash rents are occurring in the Northeast and East, where high-quality center-pivot land is renting at about \$280 per acre.

“Overall, the market for agricultural land across the state has remained relatively strong over the course of the national and global economic recession,” Johnson said. “While economic impacts have been felt in the farm economy, agricultural real estate assets have basically held both value and earnings potential to this point in time.

“Unlike residential and commercial real estate markets in numerous parts of the nation, agricultural land here in the U.S. heartland remains a relatively solid investment for its owners.”

Reports from a panel of agricultural land experts were compiled for this survey, which is conducted in cooperation with the Institute of Agriculture and Natural Resources' Agricultural Research Division. Final estimates will be available in a report this summer.

The report is available in the Department of Agricultural Economics' publication *Cornhusker Economics* (<http://www.agecon.unl.edu/Cornhuskereconomics.html>)