



Land Sales Report™

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October 19, 2004

Land Value Trends

Iowa land values increased 7% during the first nine months of 2004 compared to the same period a year ago. The largest increase of 12.6 percent is in Northwest Iowa and the smallest increase of 3.1 percent is in the West Central district. There continue to be a number of high priced sales across the state as evidenced by the table at the bottom of the page.

Energy and Land Prices

In the past, agriculture was principally a producer of food, feed and fiber, but with higher fuel costs and new technology, farms are becoming a significant source of renewable energy. The most prominent farm energy sources – wind, ethanol and soy diesel all have potential for considerable growth.

With wind energy costs dropping from about 20 cents/kwh to 3-6 cents/kwh we will be seeing more wind turbines in the future. The turbines occupy a small amount of land so farming can continue around them relatively uninterrupted and one turbine can supply enough power for 300 homes. Landowners in return can expect \$2,000 to \$4,000 per year per turbine in land lease payments, which represents 2 to 4% of the annual gross revenue of the turbine. Wind projects also bring new tax revenue ranging from 1 to 3 percent of the project's value. In Iowa, 250 megawatts of wind development provide \$2 million dollar per year in property tax revenues. Additional benefits include: no air or water emissions, reduced dependence on foreign energy, preservation of family farms and even tourism!

The growing use of ethanol is estimated to increase the price of corn 5 cents to as much as 19 cents per bushel. The increasing use of ethanol also has the potential to reduce federal farm program expenditures by about one billion dollars a year. Soy diesel also holds a great deal of promise and is becoming more price competitive as crude oil prices escalate.

An article in the October 2004 issue of Farm Industry News reveals an unusual source for domestic crude oil – pig manure! “The manure from one pig during the production cycle could produce up to 21 gal. of crude oil. A swine farm producing 10,000 market hogs per year could produce 5,000 barrels of crude oil per year.” With the price of a barrel of oil above the \$50 mark and with Iowa having an estimated 13,600,000 hogs, this is a potential source not to be taken lightly. University of Illinois researchers are seeking ways to increase pig oil production and develop alternative applications.

Of course, there are too many variables involved in determining the future of these energy possibilities, but agricultural land values may already be reflecting some of the potential for these sources of farm revenue.

Here are some recent top sales from around the state during the last few months. These sales are essentially bare ground or sales with buildings having minimal value.

<u>Crop District</u>	<u>County</u>	<u>Township</u>	<u>Acres</u>	<u>CSR</u>	<u>\$/Acre</u>	<u>\$/Point</u>	<u>Date</u>
Northwest	Sioux	Capel	72.4	69*	4,144	60.06	8/20/04
North Central	Floyd	St. Charles	63.7	70	3,500	50	8/5/04 Adjoining land
Northeast	Dubuque	Dodge/New Wine	102.7	62*	3,700	59.68	8/6/04
West Central	Sac	Levey	76.3	64	3,909	61.08	8/6/04
Central	Webster	Newark	153.5	82	3,694	45.05	8/26/04
East Central	Cedar	Farmington	75.5	94	4,967	52.84	9/20/04 Contract
Southwest	Pottawattamie	Minden	117	62*	2,730	44.03	7/9/04 Split
South Central	Marion	Lake Prairie	55.7	80	2,765	34.56	6/16/04 Split
Southeast	Henry	Scott	116.3	87*	5,075	58.33	6/26/04 Auction; Adj. land
* = CSR estimated							

Average Price Per Acre

<u>District</u>	<u>Jan-Sep '03</u>	<u>Jan-Sep '04</u>	<u>Increase</u>
NW	\$2,367	\$2,666	12.6 %
NC	2,386	2,539	6.4
NE	2,092	2,232	6.7
WC	2,215	2,284	3.1
CT	2,445	2,619	7.1
EC	2,407	2,522	4.8
SW	1,495	1,676	12.1
SC	989	1,113	12.5
SE	<u>1,619</u>	<u>1,699</u>	<u>4.9</u>
State	1,910	2,044	7.0