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One Sale Makes A Difference!

Just one land sale can have a big impact on Iowa land price trends – if it’s big enough. Both of the state price charts (printed on the reverse) show an upward trend with a definite spike up in July 2000. Although the July prices are based on few sales, the acreage at 2,635 is significant.

One large sale accounts for much of the July increase and this sale has an interesting background. Originally a land auction was scheduled for July 12 to sell 1,287 acres of land near Dike in Grundy County. The sale involved 13 tracts in a five-mile radius with an average CSR of 84. However, before the auction a buyer offered to purchase all of the land for \$4 million or \$3,108 per acre. The auction was cancelled and the sale was finalized and recorded.

The price trends across the state reflect some consistency with the state chart trend. Land prices are steady or higher in eight of the nine crop districts – only North Central is trending down slightly. It also appears that land sales activity has picked up as we predicted in last month’s report based on broker listings and auctions. The following tabulation compares the number of sales this year with the same period a year ago.

<u>CSR</u>	<u>75 or more</u>	<u>55 to 74</u>	<u>54 or less</u>	<u>Non-CSR</u>	<u>Total</u>
Jan.-May’99	359	544	406	450	1,759
Jan.-May’00	377	559	419	417	1,772
Percent change	+5.0%	+2.8%	+3.2%	-7.3%	+0.7%

Market Summary

Based on information we hear from Midwest land brokers the land market is firm, sale activity is improving and cash rental rates are still going higher. This is occurring despite depressed grain prices as far as the eye can see. There is also agreement on the reasons for this unusual happening: 1) farm income is being supported by increased government LDP payments and 2) investors are becoming more interested in land as an investment – partly because of an uncertain stock market.

New Map Detail

As promised earlier we will be making periodic improvements in the *Land Sales Report*™ maps. In this issue, the primary highway shields and numbers have been added around the perimeter of each county map. Limiting the shields to the outer portions of the maps leaves the interior part as uncluttered as possible for inserting sales information.