IA *Land Sales Report* ™

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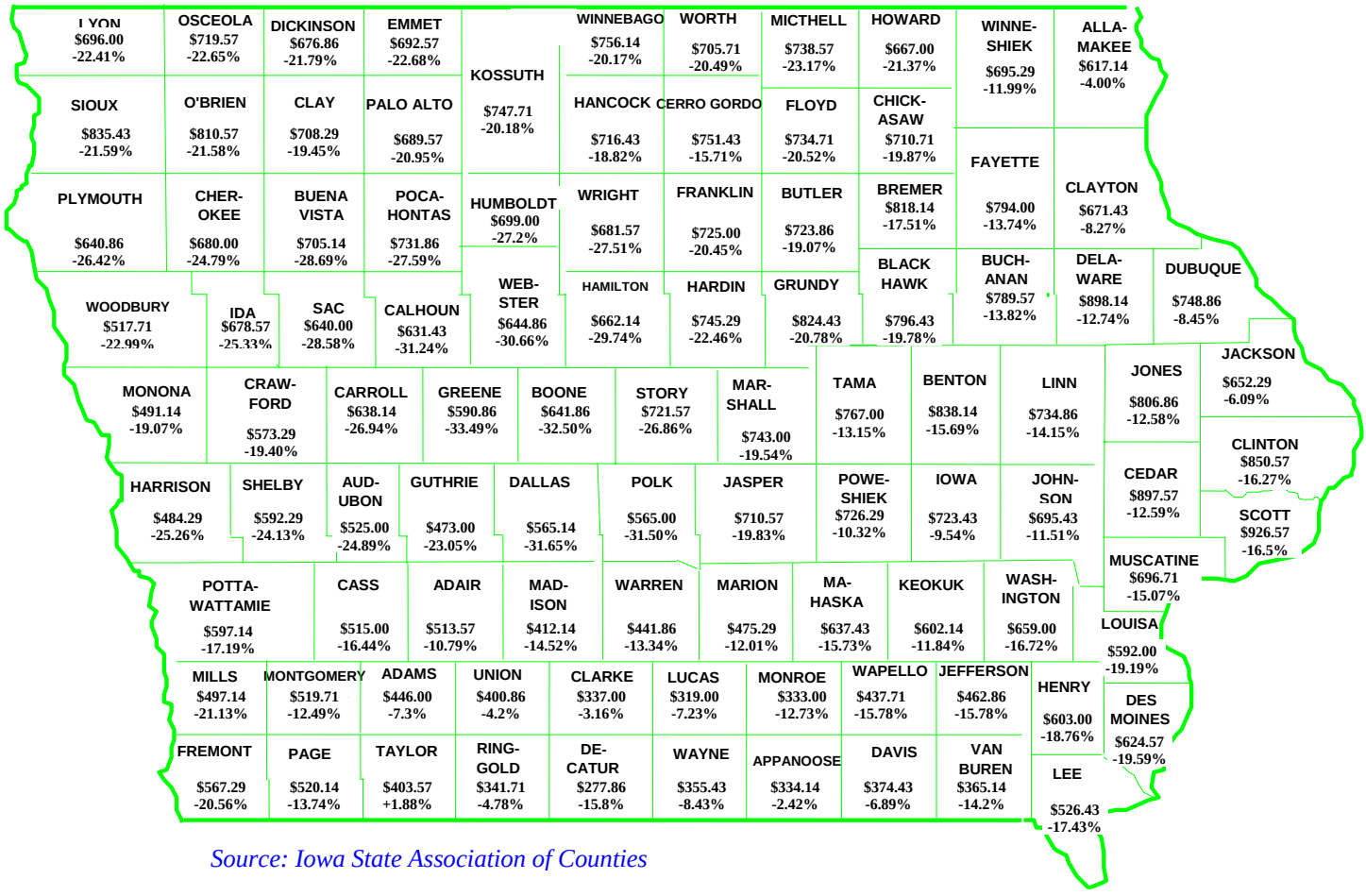
As we travel across the state visiting county courthouses we note that many offices of county recorders and assessors have a backlog of paperwork. This has resulted from the record amount of real estate activity in the form of sales and refinancing due to lower interest rates. An all-time high of 889,369 documents were recorded statewide in 2002, a 27% increase over the previous record of 697,575 documents in 2000 according to The Iowa County magazine. Further complicating the matter has been the recent revaluation of the assessed value of Iowa farmland. In some instances, this has made it more difficult to obtain recent land sale information.

The assessment of Iowa farmland for tax purposes is based on a productivity formula. The formula is very complicated, but in simple terms it is a determination of farm income based on the crop yields, crop prices and expenses for each county. A decline in this farm income during the last five years is resulting in a 19% decrease in the average taxable value of Iowa agricultural land - from $776.99 per acre in 2001 to $628.70 per acre in 2003. Changes in taxable value will range from a 33.49 percent decrease in Greene County to a 1.88 percent increase in Taylor County (the only county with an increase). The map below shows the 2003 average taxable value in each county and the percentage change from the previous value. If the decline in the agricultural productivity formula translates into lower farm income, some question why demand for farmland is so strong. The best answer is that farmland still appears to be a good investment compared to other alternatives. The average price of Iowa farmland for the first three months of this year is up 11.3 percent from the same period a year ago. The number of sales is only slightly higher than a year ago.



Source: Iowa State Association of Counties