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South Dakota Agricultural Land Market Trends 1991–2014

The 2014 SDSU South Dakota Farm Real Estate Survey

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FOREWORD

Agricultural land values and cash rental rates in South Dakota, by region and by state, are the primary topics of this report. The target audiences for this report are farmers and ranchers, landowners, agricultural professionals (lenders, rural appraisers, professional farm managers), and policy makers interested in agricultural land market trends. This report contains the results of the 2014 SDSU South Dakota Farm Real Estate Market Survey, the 24th annual SDSU survey developed to estimate agricultural land values and cash rental rates by land use in different regions of South Dakota.

We wish to thank our reviewers for their constructive comments on an earlier draft of this report. The reviewers are Dr. Lisa Elliott, Assistant Professor of Economics, and Mr. Jack Davis, SDSU Extension farm management specialist, and Michelle Cartney, University Marketing and Communications, SDSU.

We also wish to thank Penny Stover for developing and maintaining the mailing lists and for assistance with various survey and publication related tasks. Penny Stover is a secretary in the Economics Department. Also, thanks to Mr. Bronc McMurtry, Economics graduate research assistant and co-author, for conducting many daily tasks related to the survey, drafting updated charts and tables, and writing some sections of this report. This is the second year that Bronc has conducted various survey duties and also co-authored this annual report.

Dr. Kim Dillivan, Extension agricultural specialist, has joined this land market project as a co-author and plans to develop educational outreach programs related to land markets and land management.

We wish to thank all of the respondents who participated in the 2014 South Dakota Farm Real Estate Market Survey. Many have also participated in one or more past annual land market surveys. Without their responses, this report would not be possible.

General funding for this project is from the SDSU Agricultural Experiment Station project H-207: Economic analysis of agricultural land conservation, land use, and land market changes in South Dakota. Additional funds were provided from the SDSU Extension - Dept. of Economics and from the SDSU Foundation - Farm Credit Services of America Fund for Excellence.

Dr. Burton Pflueger served as co-author and participant in this land market project for 23 years, 1991 – 2013. Dr. Pflueger and Dr. Janssen started this project as an education response to numerous inquiries for land value, cash rental rates, and other land market information in South Dakota. From its beginning, this education research project has been a combined effort of the South Dakota Agricultural Experiment Station and SDSU Extension. Thank you, Burton, for your many contributions to this land market project.

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SUMMARY

The 2014 SDSU Farm Real Estate Market Survey report contains information on current agricultural land values and cash rental rates by land use in different regions of South Dakota, with comparisons to values from earlier years. Key findings are highlighted below.

- **Agricultural land value changes have moderated compared to the boom conditions of the previous three years. The primary reason is declining prices (since June 2013) for major crops, especially corn, and prospects for reduced farm sector incomes compared to recent years.**

During the past year (from 2013 to 2014), all-agricultural land values increased 6.1%, compared to annual percentage increases varying from 16.5% to 33.6% in the three previous years. From 2000 to 2010, statewide annual increases in all-agricultural land values varied from 5.2% to 22.5%, with two years of annual increases exceeding 20%. Overall, agricultural land values in South Dakota have more than doubled since 2010 and have increased seven-fold from 2000.

- **Cash rental rates also increased during the past year, but at a slower rate than during the previous three years. Increasing cash rents continue to provide underlying support for increased land values.**

Statewide, from 2013 to 2014, average cash rental rates per-acre increased \$5.80 for cropland, \$5.10 for hay land, and \$1.75 for rangeland. Cash rental rates were steady to increasing in most regions for all land uses, with considerable regional variation in the amount and percentage change.

- **Current average rates of cash return on agricultural land in South Dakota remain very low.**

For 2014 the average ratio of gross cash rent to current land value was 3.2% for all-agricultural land and cropland, and 3.3% for rangeland. During the 1990s, the same ratios were 7.4% for all agricultural land, 8.0% for cropland, and 6.8% for rangeland.

- **Agricultural land values and average cash rental rates differ greatly by region and land use.**

In each region per-acre values and cash rental rates are highest for irrigated land, followed in descending order by non-irrigated cropland, hay land, tame pasture, and native rangeland. For each land use, per-acre land values and cash rental rates are highest in the east-central or southeast region and lowest in the western regions of South Dakota.

The average value of non-irrigated agricultural land (as of Feb. 2014) in South Dakota is \$2,470 per-acre. Non-irrigated agricultural land varies from \$5,763 per-acre in the east-central to \$512 per-acre in the northwest region. Average non-irrigated cropland values vary from \$7,114 per-acre in the east-central to \$3,953 per-acre in the central region and \$820 per-acre in the southwest region.

Average rangeland values vary from \$2,861 per-acre in the east-central to \$436 per-acre in the northwest. Within each region, differences in land productivity and land use account for substantial differences in per-acre values.

The highest non-irrigated cropland values and cash rental rates continue to occur in the Minnehaha-Moody county cluster where the average value of cropland in 2014 is \$8,592 per-acre and average cash rental rate for cropland is \$265 per-acre. Cropland values average \$7,470 per-acre and cropland cash rental rates average \$245 per-acre in the Clay-Lincoln-Turner-Union county cluster. These are the highest average land values and cash rental rates reported during the past 24 years of the SDSU Farm Real Estate Market Survey.

At the regional level, average cash rental rates per-acre for non-irrigated cropland in 2014 vary from \$221 in the east-central region to \$28.60 in the southwest region. Average rangeland and pasture rental rates vary from \$73.80 per-acre in the east-central region to \$14.00 per-acre in the southwest region.

- **The longer-term trends in land values, cash rental rates, and cash rates of return are closely related to**

key economic factors affecting demand for agricultural land. These demand factors include economies of size, net farm income, agricultural productivity, and land as an investment. Specific factors important in South Dakota include:

- (1) Technology changes in agriculture that expanded the geographic range of corn and soybean production, along with rapid development of ethanol production in South Dakota.
- (2) Sharp declines in farm mortgage interest rates from early 2001 to late 2004 and continued relatively low mortgage interest rates.
- (3) General economic conditions of low inflation rates in most years.
- (4) Persistence of farm expansion, via land purchase or leasing, as the major response to pervasive economies of size in production agriculture.
- (5) Substantial increase in use of crop insurance for yield or revenue protection along with other federal farm program provisions.

From 1991 to 2014, agricultural land values increased more rapidly than the rate of general price inflation in all regions of South Dakota. Also, continued increases in cash rental rates provided underlying support for increases in land values. These basic economic factors, along with relatively low mortgage interest rates, attract interest in farmland purchases by investors and by farmers expanding operations.

• Farm expansion and investment potential continue to be cited as the major reasons for purchasing farmland. The major reasons for selling farmland are realizing gains from high sale prices, settling estates, and retirement from farming.

High livestock prices, relatively good crop prices, and low mortgage interest rates, followed by high farm profits were the three most cited positive factors in the farmland market. Declining crop prices, especially for corn, dominated the negative factors influencing the farm real estate market.

• The booming market psychology of recent years has changed to greater caution and the need to adjust to changing commodity market conditions. Most respondents remain cautiously optimistic about future land market prospects, but also express considerable uncertainty concerning future federal policies that directly or indirectly affect production agriculture.

Nearly half of respondents forecast no changes in land values or cash rental rates in the following years. Among respondents forecasting changes, the ratio of positive to negative forecasts is 4 to 1 for rangeland values, but only 1.25 to 1 for cropland values. There is a lot more concern that cropland values and cash rental rates may decline compared to declines in rangeland values and rents.

South Dakota Agricultural Land Market Trends 1991–2014

Dr. Larry Janssen, Dr. Kim Dillivan and Mr. Bronc McMurtry¹

The 2014 SDSU Farm Real Estate Market Survey is the 24th annual survey of agricultural land values and cash rental rates by land use and quality in different regions of South Dakota. We report on the results of the survey and also include a discussion of factors influencing buyer/seller decisions and positive/negative factors impacting farmland markets. Publication of survey findings is a response to numerous requests by farmland owners, renters, appraisers, lenders, buyers, and others for detailed information on South Dakota farmland markets.

The 2014 estimates are based on reports from 224 responses² to the 2014 SDSU survey. Responses are from agricultural lenders, Farm Service Agency officials, rural appraisers, assessors, realtors, professional farm managers, and Extension field specialists. All are familiar with farm real estate market trends in their localities.

Copies of the SDSU survey were mailed in February and March 2014. The surveys requested information

on cash rental rates and agricultural land values as of February 2014. Response characteristics and estimation procedures are discussed in Appendix I.

Results are presented in a format similar to farmland market reports published by Janssen and Pflueger from 1991 through 2013. Regional information on land values and cash rents by land use (crop, hay, range, and pasture)³ is emphasized in each of these SDSU reports. Current-year findings are compared to those of earlier years. This report contains an overview and may or may not reflect actual land values or cash rental rates unique to specific localities or properties. Readers should use this report as a general reference and rely on local sources for more specific details.

Most renters, buyers, and sellers of farmland continue to be local area residents, although there is considerable outside interest in recent years. Land market trends are influenced by changing conditions in agriculture and in the general economy and

¹ Janssen is a professor of economics, South Dakota State University with teaching and research responsibilities in farmland markets and appraisal, economic development, and research methodology. Dillivan is an Extension agricultural specialist located in Aberdeen, SD. Mr. McMurtry is a graduate research assistant working for a second year on this project.

² Responses are the number of survey schedules completed for one or two counties. A growing number of respondents completed separate survey schedules for different counties. Each completed survey schedule was treated as a survey response. More details are provided in Appendix I.

³ A major purpose of this survey is to report land values and cash rental rates by major uses of privately owned agricultural land, excluding farm building sites. The major nonirrigated land uses reported are crops, hay, tame pasture, and rangeland. Rangeland is native grass pasture while tame pasture is seeded to introduced grasses. Agricultural land typically used for production of alfalfa hay, other tame hay, or native hay is considered hayland in this report. Cropland is agricultural land typically used for crop production other than hay production. Irrigated crop / hay land values and cash rental rates are also reported in selected regions. These major land uses comprise nearly 98% of privately owned land in farms in South Dakota (Janssen, 1999).

strongly influenced by land market participants' expectations of future trends and availability of debt or equity financing.

SOUTH DAKOTA AGRICULTURAL ECONOMIC CONDITIONS

The agricultural commodity price boom is the major economic factor influencing South Dakota agricultural land market conditions in recent years. From June 2010 to July 2013 cash prices received for corn approximately doubled, while farm-level soybean and wheat prices each increased more than 60%, and the price for calves was up about 30%. During this period input costs also trended higher (especially fossil fuel dependent items such as fertilizer and fuel), but the rates at which input costs increased were less than the increases in commodity prices. As a result, South Dakota farmers and ranchers experienced several years of historically high net farm incomes. In 2011, for example, South Dakota net farm income exceeded \$4.5 billion, compared to about \$1.9 billion in 2007 and \$400 million in 2006 (USDA-NASS, 2013).

A return to favorable weather conditions and encouraging crop yields in 2013 caused commodity prices to retreat from recent highs. From July 2013 to February 2014, farm-level corn prices decreased more than 30%, soybeans fell approximately 14%, and wheat was off more than 6%. Cattle prices, however, continued to make gains throughout 2013 and into early 2014. Should the appreciation of cropland values moderate into 2014 and beyond, one reason might be a return to pre-2011 farm-level grain and oilseed prices. However, if feeder cattle prices remain high, strong demand for pasture, hay and rangeland may continue which will positively influence land values and cash rents for these land uses.

Another factor affecting growth in farmland and cash rent values has been recent agricultural credit conditions. According to the Minneapolis Federal Reserve (Agricultural Credit Conditions Survey, February 2014), farm mortgage interest rates remain low – generally less than 5.1% for fixed term loans and 4.7% for variable rate loans. Surveyed lenders expect renewals and collateral requirements to increase in 2014, and farm incomes and capital spending decreased in 2013.

Drought conditions in much of South Dakota in 2012 and early 2013 increased forage prices and influenced cash rents for hay land, pasture, and rangeland. Reduced U.S. corn and soybean production from widespread drought conditions across the Cornbelt also led to upward pressure on crop prices. Widespread producer use of crop revenue or yield insurance reduces downside risk and has a positive impact on cropland cash rental rates for cropland (USDA-NASS, 2013).

South Dakota's economy has continued to recover from the national recession with unemployment rates declining from 5.2% in January 2010 to 3.7% in March 2014.

Personal income in the state continues to increase at rates faster than the U.S. average. Gains in employment and personal income in South Dakota are linked to the economic strength of the agricultural sector. Further information about the South Dakota general economy can be obtained from the U.S. Dept. of Commerce – Bureau of Economic Analysis and U.S. Dept. of Labor – Bureau of Labor Statistics.

SOUTH DAKOTA AGRICULTURAL LAND VALUES, 2014

Procedures to estimate and report land values

Respondents to the 2014 South Dakota Farm Real Estate Market Survey estimated the per-acre value of non-irrigated cropland, hay land, rangeland, tame pastureland, and irrigated land in their county and the percent change in value from the previous year. Responses for non-irrigated land uses are grouped into eight agricultural regions (figure 1). The six regions in eastern and central South Dakota correspond with USDA Agricultural Statistics Districts. In western South Dakota, farmland values and cash rental rates are reported for the northwest and southwest regions. Land values and cash rental rates are reported only for privately owned land and should not be considered as estimated values for tribal lands or federal lands.

Irrigated land is only one percent of farmland acres in South Dakota. Responses for irrigated land values and rental rates are only reported in regions where a sufficient number of reports are available. Irri-

gated land values and cash rents from the south-central, southwest, and northwest regions are reported as the “western” region.

The average value per-acre and percent change in value was obtained for each agricultural land use in each region. Regional and statewide all-land (non-irrigated land) value estimates are weighted averages based on the relative acreage and value of each non-irrigated agricultural land use in each region of South Dakota. In this report, land use acreage weights for each region and statewide were developed from data reported in the 2002 Census of Agriculture and related sources (Appendix I). These land-use acreage weights have considerable impact on regional and statewide estimates of all non-irrigated land values.

Regional differences in all-agricultural land values are primarily related to major differences in 1) agricultural land productivity among regions, 2) per-acre values of cropland and rangeland in each region, and 3) the proportion of cropland and rangeland in each region. More than 80% of farmland acreage in each region is cropland or rangeland and most of the remainder is tame pasture or hay. Native rangeland is the dominant land use in western South Dakota, while most agricultural land in eastern South Dakota is non-irrigated cropland or hay (figure 1).

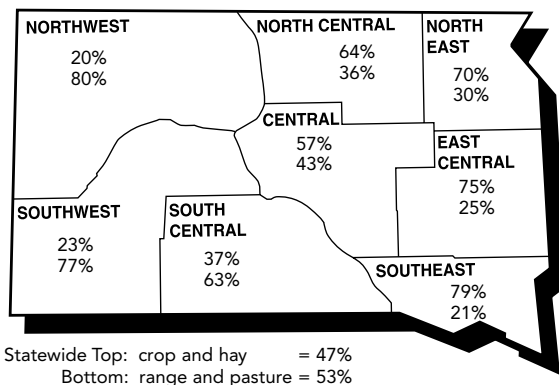


Figure 1. Nonirrigated agricultural land use patterns in South Dakota, statewide and regional.

Source: Compiled from land use data in 2002 Census of Agriculture and related surveys

Statewide, an estimated 47% of privately owned farmland acres are cropland or hay land and 53% is rangeland or tame pasture (figure 1). In summary, statewide cropland values are greatly influenced by values estimated in the north-central and three eastern regions, while statewide rangeland values are heavily influenced by values reported in regions west of the Missouri River. The reduced number of responses in the three regions west of the Missouri River (south-central, southwest and northwest) has made it difficult to provide land value and cash rental rate estimates in these regions.⁴

All-agricultural land value estimates, 2014

The recent boom (from 2010 to 2013) in agricultural land values in South Dakota appears to be over primarily due to the impacts of lower grain and oilseed prices. This past year, land values continued to increase by single digit rates in most regions and for most land uses. Depending on land use, the statewide estimated annual percentage change from Feb. 2013 to 2014 varied from 4.0% to 8.6% (table 1). During the three year boom period, land values

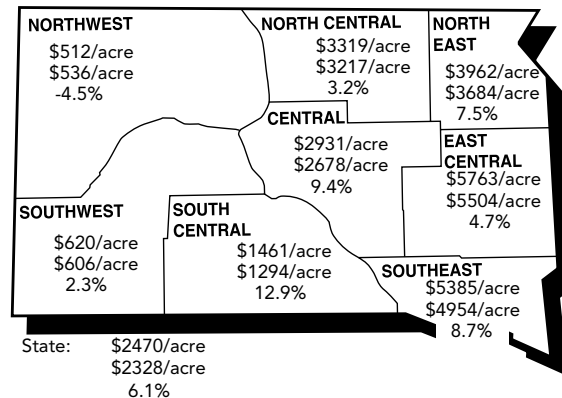


Figure 2. Average value of South Dakota agricultural land, February, 2013 and 2014, and percent change from one year ago.

Regional and statewide average values of agricultural land are the weighted averages of dollar value per acre and percent change by proportion of acres of each non-irrigated land use by region.

Top: Average per-acre value – February 1, 2014
 Middle: Average per-acre value – February 1, 2013
 Bottom: Annual percent change in per-acre land value

Source: 2014 South Dakota Farm Real Estate Market Survey, SDSU.

⁴ In 2014, there were no land market reports from six counties including five counties in western and south-central South Dakota. These counties are Corson, Lawrence, Todd, Mellette, and Stanley along with Buffalo in central South Dakota.

Table 1. Average reported value and annual percentage change in value of South Dakota agricultural land by type of land by region, February 2009-2014.

Type of Land	South-east	East-Central	North-east	North-Central	Central	South-Central	South-west	North-west	STATE
dollars per acre									
All Agricultural Land (nonirrigated)									
Average value, 2014	5385	5763	3962	3319	2931	1461	620	512	2470
Average value, 2013	4954	5504	3684	3217	2678	1294	606	536	2328
Average value, 2012	4014	3890	2587	2325	2257	917	461	369	1742
Average value, 2011	2900	3332	2274	1720	1450	781	459	342	1374
Average value, 2010	2447	2712	2006	1487	1268	648	411	329	1179
Average value, 2009	2355	2634	1863	1270	1246	690	413	307	1121
Annual % change 14/13	8.7%	4.7%	7.5%	3.2%	9.4%	12.9%	2.3%	-4.5%	6.1%
Nonirrigated Cropland									
Average value, 2014	6331	7114	5291	4614	3953	2087	820	870	4478
Average value, 2013	5903	6828	4843	4562	3580	1994	900	792	4249
Average value, 2012	4817	4734	3369	3026	2946	1348	677	496	3084
Average value, 2011	3402	4024	2918	2301	1866	1115	625	483	2389
Average value, 2010	2841	3291	2560	1945	1644	967	560	474	2030
Average value, 2009	2741	3155	2305	1673	1577	1007	596	428	1900
Annual % change 14/13	7.3%	4.2%	9.3%	1.1%	10.4%	4.7%	-8.9%	9.8%	5.4%
Rangeland (native)									
Average value, 2014	2698	2861	1859	1600	1828	1187	571	436	987
Average value, 2013	2308	2765	1759	1473	1636	994	529	444	909
Average value, 2012	1930	2108	1345	1387	1493	724	401	341	737
Average value, 2011	1589	1779	1217	950	1011	634	409	309	611
Average value, 2010	1339	1536	1070	875	865	514	365	296	540
Average value, 2009	1258	1458	1125	755	898	570	358	277	530
Annual % change 14/13	16.9%	3.5%	5.7%	8.6%	11.7%	19.4%	7.9%	-1.8%	8.6%
Pasture (tame, improved)									
Average value, 2014	2968	3098	2244	1958	2220	1309	596	483	1603
Average value, 2013	2721	3176	2074	1778	2222	1129	571	523	1542
Average value, 2012	2275	2371	1678	1550	1772	844	431	373	1218
Average value, 2011	1726	2082	1494	1161	1179	762	465	344	1011
Average value, 2010	1480	1629	1178	991	1061	650	429	320	854
Average value, 2009	1378	1802	1373	827	1042	571	429	314	857
Annual % change 14/13	9.1%	-2.5%	8.2%	10.1%	-0.1%	15.9%	4.4%	-7.6%	4.0%
Hayland									
Average value, 2014	4762	4598	2466	2458	2525	1630	640	590	2458
Average value, 2013	4196	4003	2639	2223	2552	1453	678	610	2285
Average value, 2012	3337	3008	1638	1905	2143	1039	559	407	1758
Average value, 2011	2401	2742	1590	1301	1300	854	552	400	1377
Average value, 2010	2158	2074	1581	1202	1121	681	473	391	1195
Average value, 2009	2098	2116	1387	962	1109	720	488	373	1142
Annual % change 14/13	13.5%	14.9%	-6.6%	10.6%	-1.1%	12.2%	-5.6%	-3.3%	7.6%

Type of Land	South-east	East-Central	North-east	North-Central	Central	Western
dollars per acre						
Irrigated land						
Average value, 2014"	7940	7190	6250	6340	4430	1490
High Productivity	9780	9940	7795	7795	7090	2000
Low Productivity	6440	5120	5010	5010	4620	1133
Average value, 2013	7514	7589	6200	6753	4469	1875
Average value, 2012	6341	4239	4140	4372	***	1483
Average value, 2011	4212	3952	***	2895	2711	***
Average value, 2010	3611	3632	3142	2986	2468	1533
Average value, 2009	3373	3429	3085	2083	2095	1162
Annual % change 14/13	5.7%	-5.3%	0.8%	-6.1%	-0.9%	-20.5%

Source: 2014 and earlier South Dakota Farm Real Estate Market Surveys
 Statewide average land values are based on 2002 land use weights

were often increasing more than 20% per year!

As of February 2014, the average value of all-agricultural land in South Dakota was \$2,470 per-acre, a 6.1% increase in value from the previous year (figure 2 and table 1). The five regions east of the Missouri River had percentage increases varying from 3.2% in the north-central to 8.7% in the south-east region. The greatest percentage increase in land values of 12.9% occurred in the south-central region. The northwest region, which had very few reports, showed a decline of -4.5%.

Since 2000, there were only two other years where the percentage change in all-land values has been less than 9%: 2008 to 2009 and 2009 to 2010. Overall, agricultural land values in South Dakota have more than doubled since 2010 and increased seven-fold from 2000 (appendix table 2).

The all-land average values are highest in the east-central and southeast regions with per-acre values of \$5,763 and \$5,385, respectively (table 1 and figure 2). This is the first year that all-land values are above \$5000 per-acre in two regions. In the other regions east of the Missouri River, per-acre values of all-agricultural land varied from \$3,962 in the northeast to \$2,931 in the central region. Per-acre increases in these five regions varied from \$102 in the north central to \$431 in the southeast region

Agricultural land values are much lower in regions west of the Missouri River than in the eastern and central regions of South Dakota. The average value per-acre varies from \$1,461 in the south-central

region to \$512 per-acre in the northwest region, respectively. The per-acre change in land values varied from \$167 in the south-central to -\$24 in the northwest region (table 1).

The southeast and east-central regions contain the most productive land in South Dakota, with 75% or more of farmland acres used as cropland or hay land. In the other regions east of the Missouri River, the proportion of cropland and hay land varies from 57% in the central region to 70% in the northeast region. Rangeland and pasture are the dominant agricultural land uses in all regions west of the Missouri River.

LAND VALUES AND VALUE CHANGES BY TYPE OF LAND AND REGION

In each region, per-acre values are highest for irrigated land, followed by non-irrigated cropland, hay land, tame pasture, and native rangeland. For each non-irrigated land use, per-acre land values are highest in the three eastern regions and lowest in the three regions west of the Missouri River - northwest, southwest, and south-central regions (figures 3 and 4; table 1). These regional differences in land values by land use have remained consistent over time and are closely related to climate patterns, soil productivity differences, and crop/forage yield differences across the state.

Cropland values

The weighted average value of South Dakota's non-

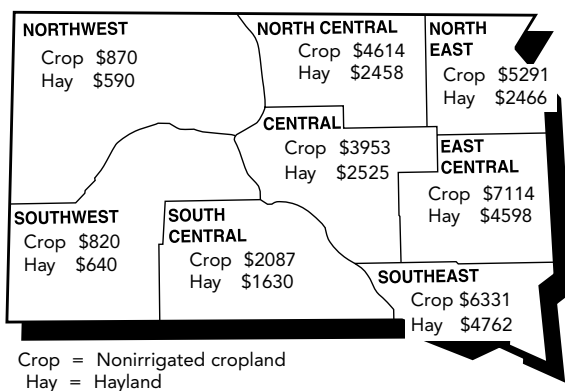


Figure 3. Average value of South Dakota cropland and hayland, by region, February 2014, dollars per acre.

Source: 2014 South Dakota Farm Real Estate Market Survey, SDSU.

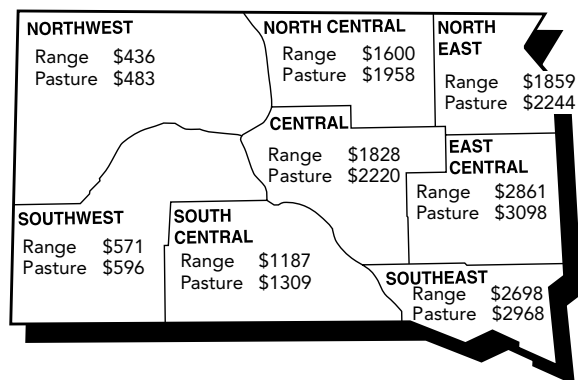


Figure 4. Average value of South Dakota rangeland and tame pasture, by region, February 2014, dollars per acre.

Source: 2014 South Dakota Farm Real Estate Market Survey, SDSU.

irrigated cropland (as of February 2014) is \$4,478 per-acre, a 5.4% increase from 2013 (table 1). This is only the second time since 2000 that cropland values have increased less than 9% annually.

Statewide cropland values per-acre have more than doubled since 2010 and have increased nearly eight-fold since 2000. At the beginning of the 21st century, cropland values (in 2000) were less than \$1000 per-acre in all regions of South Dakota (appendix table 2)!

Regional cropland values tend to cluster in three groups. The highest cropland values are found in the east-central and southeast regions with average values of \$7,114 and \$6,331 per-acre, respectively. The second cropland value cluster consists of the northeast, north-central, and central regions with average cropland values varying from \$5,291 to \$3,953 per-acre. Cropland values are considerably lower in the third cluster which contains the three regions west of the Missouri River. As of February 2014, per-acre cropland values averaged \$2,087 in the south-central region, \$870 in the northwest and \$820 in the southwest region (table 1 and figure 3).

Cropland values from 2013 to 2014 increased between \$428 and \$448 per-acre in the southeast and northeast region compared to changes of less than \$100 per-acre in the north-central, south-central and western regions (table 1).

Regional differences in cropland values reflect differences in cropland intensity and crop mix. The three eastern regions contain 45% of South Dakota's cropland, while the north-central and central regions contain 33% of South Dakota's cropland acres. Corn and soybeans are the major crops in most counties in the eastern regions compared to corn, soybeans, sunflowers, and wheat in most counties of the north-central and central regions. The three regions west of the Missouri River contain 22% of the state's cropland acres. Wheat, corn, and grain sorghum are important crops in the south-central region, while wheat is the dominant crop in the two western regions.

Hay land values

South Dakota hay land values averaged \$2,458 per-acre as of February 2014, a 7.6% increase from the previous year (table 1). The strongest annual

percentage increases, above the statewide average and between 10% and 15%, were reported in the east-central, southeast, north-central, and south-central regions. Slight to modest declines from -1.1% to -6.6% in hay land values were reported in the other four regions. Statewide, hay land values have doubled since 2010 and increased 6.7 times since 2000 (appendix table 2).

Average hay land values also cluster into three regional groups. The highest average values are in the southeast and east-central regions, with per-acre values of \$4,762 and \$4,598, respectively. Hay land values are considerably lower in the other regions east of the Missouri River, varying from \$2,525 in the central to \$2,458 per-acre in the north-central region.

Substantially lower values of hay land are found in all regions west of the Missouri River, varying from \$1,630 in the south-central, to \$640 in the southwest, and \$590 per-acre in the northwest region (figure 3 and table 1). Alfalfa hay is the most common hay in the eastern regions, while native hay is more common in the central and western regions.

Pasture and rangeland values

In February 2014, the value of South Dakota native rangeland averaged \$987 per-acre, while the average value of tame pasture was \$1,603 per-acre (table 1). The major difference in statewide values is due to changing proportions of rangeland and tame pasture across the state. Native rangeland is heavily concentrated in the western and central regions of South Dakota, while tame pasture is not concentrated in any particular region.

During the past year (Feb. 2013 to Feb. 2014), the statewide average rangeland values per-acre increased 8.6%, compared to a 4.0% increase in the values of tame pasture. Rangeland and pasture values have increased more than 10% annually for nine of the past 12 years! Both tame pasture and rangeland values per-acre have nearly doubled since 2008 and increased over five-fold since 2000 (appendix table 2)

Rangeland and pasture values also cluster into three regional groups. Average rangeland values are highest in the east-central and southeast regions (\$2,861 and \$2,698 per-acre, respectively). Rangeland

values in the next regional cluster (northeast, north central and central) are considerably lower and relatively close to each other with per-acre values varying from \$1,859 in the northeast to \$1,600 per-acre in the north-central region. The lowest rangeland values per-acre occur west of the Missouri River varying from \$1187 in the south-central, \$571 in the southwest, and \$436 in the northwest region (figure 4 and table 1).

Tame pasture values followed a similar regional pattern as rangeland values. Across the eight regions, average values of tame pasture varied from 5% to 22% higher than the average value of rangeland. In the northeast, north-central and central regions the value of tame pasture was 20% to 22% higher than rangeland, compared to 5% to 11% higher in all other regions. However, due to differences in regional concentration of tame pasture compared to rangeland, the statewide average value of tame pasture was 62% higher than the statewide average value of rangeland. Three-fourths of rangeland acres are located west of the Missouri River, compared to less than half of tame pasture acres.

In the crop intensive regions of eastern South Dakota and in the north-central region, the ratio of cropland to rangeland average per-acre value varies from 2.4 to 2.9, compared to a cropland to rangeland value ratio of 1.5 to 2.0 in the rangeland intensive regions west of the Missouri River. The statewide average ratio of cropland to rangeland value is currently 4.5 and has been above 4.0 during the land boom period since 2010. From 2000 to 2009, this ratio varied from 3.0 to 3.6.

Irrigated land values

Irrigated land values for 2014 are estimated for six regions, including a combined western region (table 1). We continue to caution readers that irrigated land value data are less reliable than data on land values reported for other agricultural land uses. Irrigated land is not common (less than 1% of total acres) in most regions, and there are few sales of irrigated land tracts. Consequently, only 30% of all respondents were familiar with and able to provide information on irrigated land values.

Average irrigated land values exceed \$7,000 per-acre in the southeast and east-central region, compared to about \$6,340 per-acre in the north-central and

\$6,250 per-acre in the northeast region. Irrigated land values are much lower in the central region averaging \$4,430 per-acre and in western South Dakota where the average value is \$1,490 per-acre. In the eastern and north-central region, the value for irrigated land was reported for center pivot irrigation systems, excluding the value of the center pivot.

VARIATION IN LAND VALUES BY LAND PRODUCTIVITY AND COUNTY CLUSTERS

Within each region and for each non-irrigated agricultural land use, there is considerable variation in land values. In this section we report the February 2014 per-acre values of average productivity, high-productivity, and low-productivity cropland, hay land and rangeland by region and by county clusters within several regions (table 2). In some cases, there were too few reports to make land values estimates for hay land.

A county cluster is a group of counties within the same region that have similar agricultural land use and value characteristics. Three county clusters are identified in each of the following regions: southeast, east-central, northeast, north-central and central regions. Land values (and cash rental rates) are not reported for county clusters in the south-central, southwest and northwest regions because there are too few reports. This survey is not designed to reflect the substantially higher land values in or near the Black Hills.

Substantial variation in per-acre land value occurs by degree of land productivity for each land use in each region. For example, 2014 cropland values in the east-central region vary from an average of \$5,094 per-acre for low-productivity cropland to \$9,286 per-acre for high-productivity cropland. At the other extreme, the average value of low productivity cropland in the southwest region is \$648 compared to \$1,148 per-acre for high-productivity cropland. Across most regions, average values of low-productivity cropland were 52% to 60% of the average values of high-productivity cropland. However, in the northeast and north-central regions, average values of low-productivity compared to high-productivity cropland were only 42% and 45%, respectively (table 2).

Table 2. Average reported value per acre of agricultural land by South Dakota region, county clusters, type of land, and land productivity, February 2009 - 2014.

Agricultural Land Type and Productivity	Southeast					East Central		
	All	Clay Lincoln Turner Union	Bon Homme Hutchinson Yankton	Charles Mix Douglas	All	Minnehaha Moody	Brookings Lake McCook	Sanborn Davison Hanson Kingsbury Miner
dollars per acre								
Nonirrigated Cropland								
Average 2014	6331	7470	5800	4800	7114	8592	6823	5793
High Productivity	8436	10363	7325	6314	9286	10980	8980	7753
Low Productivity	4759	5546	4409	3643	5094	6236	4776	4146
Average 2013	5903	7248	4794	3893	6828	8347	6666	5204
Average 2012	4817	5844	4068	3254	4734	6116	4717	3621
Average 2011	3402	4567	3106	2487	4024	5197	3672	3007
Average 2010	2841	3577	2547	1994	3291	4298	3419	2536
Average 2009	2741	3337	2651	1807	3155	4064	3099	2295
Rangeland (native)								
Average 2014	2698	2873	2640	2500	2861	3135	2652	2719
High Productivity	3595	4105	3359	3290	3821	4077	3578	3731
Low Productivity	2066	2060	2113	1954	2037	2277	1776	1981
Average 2013	2308	2713	2057	1950	2765	3093	2395	2748
Average 2012	1930	2252	1765	1677	2108	2344	1950	2105
Average 2011	1589	1993	1458	1388	1779	2084	1651	1632
Average 2010	1339	1454	1314	1154	1536	1925	1467	1402
Average 2009	1258	1325	1244	1184	1458	1903	1379	1204
Hayland								
Average 2014	4762	5647	4448	3536	4598	6200	3829	3811
High Productivity	5961	7611	5458	4255	5756	8100	4546	4651
Low Productivity	3353	4042	3120	2691	3389	4400	2839	2925
Average 2013	4196	5343	3299	2829	4003	4935	3364	3380
Average 2012	3337	4046	2888	2445	3008	4117	2680	2472
Average 2011	2401	3531	2125	1717	2742	3633	2561	2078
Average 2010	2158	2665	2002	1779	2074	3064	2067	1609
Average 2009	2098	2377	2111	1569	2116	2952	1977	1382

Source: *South Dakota Farm Real Estate Market Survey, SDSU, 2014 and earlier.*

Irrigation land values are not reported in this table, due to insufficient number of reports in most county clusters

** Insufficient number of reports to make estimates by county cluster.

Table 2. (continued)

Agricultural Land Type and Productivity	All	Northeast				North Central		
		Codington	Grant	Clark	Brown	Edmund	Campbell	
		Deuel Hamlin	Roberts	Day Marshall	All	Spink	Faulk McPherson	Potter Walworth
dollars per acre								
Nonirrigated Cropland								
Average 2014	5291	5466	5467	4914	4614	5593	3303	3736
High Productivity	7651	7707	8180	7158	6503	8149	4684	4586
Low Productivity	3208	3358	3167	3037	2991	3432	2013	3036
Average 2013	4843	5217	5000	4250	4562	5846	3068	**
Average 2012	3369	3793	3629	2867	3026	3479	2320	**
Average 2011	2918	3250	2721	2570	2301	2980	1467	1831
Average 2010	2560	3007	2536	2234	1945	2573	1435	1541
Average 2009	2305	2608	2294	2024	1673	2350	1187	998
Rangeland (native)								
Average 2014	1859	2033	1746	1723	1600	1972	1197	1236
High Productivity	2360	2650	2108	2179	2205	2750	1766	1500
Low Productivity	1351	1535	1167	1254	1134	1379	853	914
Average 2013	1759	1823	1761	1671	1473	1824	1079	**
Average 2012	1345	1356	1383	1168	1387	1575	1190	**
Average 2011	1217	1389	1136	1038	950	1116	815	792
Average 2010	1070	1242	1107	929	875	1143	744	662
Average 2009	1125	1230	1063	1045	755	976	702	478
Hayland								
Average 2014	2466	3036	2258	2044	2458	3007	1725	2200
High Productivity	3281	4273	2983	2467	3354	4204	2363	2767
Low Productivity	1575	1955	1416	1322	1718	2007	1131	1850
Average 2013	2639	2994	2600	2127	2223	2623	1632	**
Average 2012	1638	1883	1633	1456	1905	2311	1357	**
Average 2011	1590	1679	1725	1333	1301	1755	900	991
Average 2010	1581	2005	1330	1346	1202	1733	900	762
Average 2009	1387	1600	1192	1282	962	1295	744	643

Table 2. (continued)

Agricultural Land Type and Productivity	All	Central			South Central	South West	North West
		Aurora	Brule	Hughes			
		Beadle Jerauld	Hand Hyde	Sully			
dollars per acre							
Nonirrigated Cropland							
Average 2014	3953	4286	4133	3379	2087	820	870
High Productivity	5236	6057	5279	4357	2713	1148	***
Low Productivity	2723	2936	2652	2607	1556	648	***
Average 2013	3580	3833	**	3519	1994	900	792
Average 2012	2946	**	2742	**	1348	677	496
Average 2011	1866	2010	1744	1830	1115	625	483
Average 2010	1644	1709	1624	1599	967	560	474
Average 2009	1577	1768	1379	1440	1007	597	428
Rangeland (native)							
Average 2014	1828	1914	2079	1438	1187	571	436
High Productivity	2328	2450	2600	1867	1568	761	565
Low Productivity	1325	1407	1529	992	908	457	321
Average 2013	1636	2050	**	1128	994	529	444
Average 2012	1493	**	1400	**	724	401	341
Average 2011	1011	1120	1100	822	634	409	309
Average 2010	865	1067	839	631	514	365	296
Average 2009	898	1030	797	788	570	358	277
Hayland							
Average 2014	2525	3135	2632	**	1630	640	590
High Productivity	3344	4110	3364	**	2063	963	767
Low Productivity	1870	2310	1904	**	1240	537	438
Average 2013	2552	2975	**	2060	1453	678	610
Average 2012	2142	**	1870	**	1039	559	407
Average 2011	1300	1470	1378	**	854	552	400
Average 2010	1121	1313	1156	723	681	455	391
Average 2009	1109	1244	1022	833	720	489	373

*** No county clusters are reported for the south-central, southwest, and northwest region.

Rangeland values in the east-central region varied from an average of \$2,037 per-acre for low-productivity rangeland to \$3,821 per-acre for high productivity rangeland. In the northwest region, at the other extreme, the average value of low-productivity rangeland is \$321 per-acre, compared to \$565 per-acre for high-productivity rangeland. Across all regions and county clusters, the average value of low-productivity rangeland varies from 48% to 62% of high-productivity rangeland (table 2).

In 2014, average non-irrigated cropland values were \$8,592 per-acre in the Minnehaha-Moody county cluster compared to \$7,470 per-acre in the Clay-Lincoln-Turner-Union (CLTU) county cluster and \$6,823 per-acre in the Brookings-Lake-McCook county cluster. Average cropland values in the remaining county clusters varied from \$3,303 per-acre in the Edmund-Faulk-McPherson cluster to \$5,593 per-acre in the Brown-Spink county cluster (table 2).

Similar patterns, but much lower values, also occur for rangeland across county clusters in the same regions. For example, rangeland values are highest in the Minnehaha-Moody cluster averaging \$3,135 per-acre. The lowest average rangeland values of \$1,196 and \$1,236 per-acre, respectively, were reported for the Edmund-Faulk-McPherson and Campbell-Potter-Walworth county clusters.

Average hay land values are also highest in the Minnehaha-Moody cluster at \$6,200 per-acre and in the CLTU cluster at \$5,647 per-acre. For the remaining four county clusters in the southeast and east-central

regions, average hay land values vary between \$3,536 and \$4,448 per-acre. Across the other county clusters located in the northeast, north-central and central regions, average hay land values vary from \$1,725 to \$3,135 per-acre (table 2).

For regions west of the Missouri River, average land values for each land use are highest in the south-central region and lowest in the northwest or southwest region. Average land values vary from \$436 per-acre for rangeland in the northwest region to \$2,087 per-acre for non-irrigated cropland in the south-central region (table 2). In all cases, average land values in these regions are lower than corresponding average land values in any region east of the Missouri River.

MAJOR REASONS FOR PURCHASE AND SALE OF FARMLAND

Survey respondents were asked to provide a list of major reasons for buying and selling agricultural real estate in their localities. Almost ninety-two percent of the 2014 respondents provided one or more reasons for the purchase or sale of real estate.

Farm expansion was the top reason for purchasing farmland. Of total responses, 38% of the responses indicated farm expansion as a key reason for purchasing the land. Buying land as a form of investment accounted for 20% of responses to purchase land. Strong commodity prices and agriculture profit in recent years accounted for 19% of responses. Other reasons for purchasing land that are worth

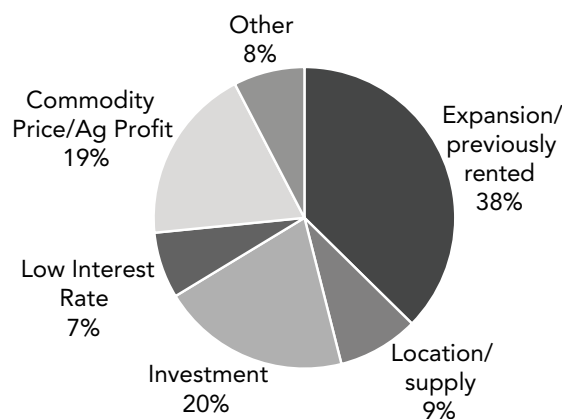


Figure 5. Reasons for buying farmland

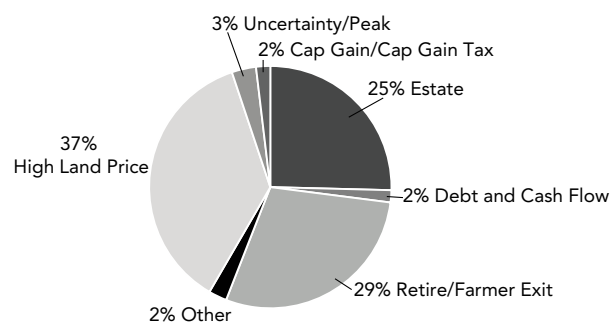


Figure 6. Reasons for selling farmland

noting are location of the land, limited availability/supply, and low mortgage interest rates (figure 5).

Profitability in production agriculture remains relatively good and has been a key driver for producers, who buy land in order to expand their operations. Farm expansion has been one of the top reasons for buying land in most years.

The high price of land was the top reason (36% of responses) for selling land. Estate settlement and farmer retire/exit were other key reasons for selling land. These two reasons for land sales accounted for 25% and 29% of responses, respectively. Other reasons for selling agriculture land was debt and cash flow pressure, concerns related to capital gains taxes and other tax situations, and seller assumption that land prices have peaked (figure 6). Reasons for selling land were very similar to responses in the previous (2013) annual survey.

CASH RENTAL RATES OF SOUTH DAKOTA'S AGRICULTURAL LAND

Nearly two-fifths of South Dakota's agricultural land acres are in cash, share, or other lease arrangements (SD Census of Agriculture, 2007). The cash rental market provides important information on returns to agricultural land. Three-fourths of South Dakota's farmland renters are involved in one or more cash leases for agricultural land. The majority of farmland leases (57%) were fixed cash rate leases and five-eighths of cash leases were annual renewable agreements (Janssen and Xu, 2003).

Respondents were asked about average cash rental rates per-acre for non-irrigated cropland, irrigated land, hay land and pasture/rangeland in their locality. Respondents were also asked to report cash rental rates for high-productivity and low-productivity land for these different land uses in their locality. Cash rental rates by land use by region are summarized in figure 7 and table 3. The same information for cropland, hay land, and pasture/rangeland is summarized by region and county cluster in table 4. In some cases, there were too few reports to make

cash rental rate estimates at the county cluster level. Also, there were too few reports to make regional estimates of rangeland rental rates per AUM (Animal Unit Month).⁵

Cash rental rates differ greatly by region and by land use. For non-irrigated land uses, cash rental rates per-acre are highest in the southeast and east-central regions and lowest in northwest and southwest South Dakota. In every region, cash rental rates are highest for cropland and lowest for rangeland and pasture (figure 7 and table 3). Changes in cash rental rates for all land uses during the past year, 2013 to 2014, were much lower than annually reported in the previous three years!

The statewide change in cash rental rates per-acre from 2013 to 2014 was \$5.80 for cropland, \$5.10 for hay land and \$1.75 for pasture/rangeland. The corresponding percentage change in statewide cash rental rates was 4.0% for cropland and 6.5% for hay land and pasture/rangeland (table 3).

Cash rental rates increased for all land uses in the three eastern regions and exhibited mixed changes (positive or negative, depending on land use) in all other regions of the state.

Cropland cash rental rates increased an average of \$16 per-acre in the southeast and \$12 per-acre in the central region, compared to about \$6 per-acre

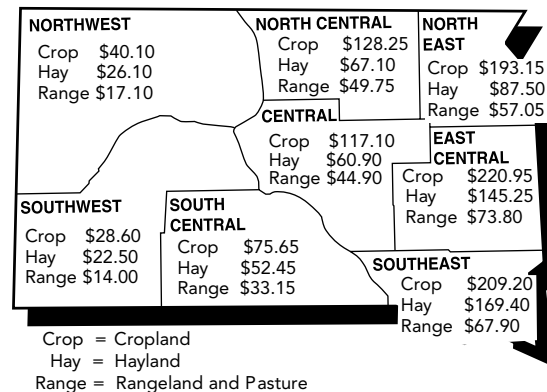


Fig. 7. Average cash rental rate of South Dakota non-irrigated cropland, hayland, and rangeland, by region, February 2014, dollars per acre.

Source: 2014 South Dakota Farm Real Estate Market Survey, SDSU.

⁴ Animal Unit Month (AUM) is defined as the amount of forage required to maintain a mature cow with calf for 30 days. An AUM is somewhat of a generic value and should be about equal across regions. Therefore, private cash lease rates quoted on a per AUM basis should be roughly equivalent in different geographic areas of the state unless there are major differences in forage availability, forage quality, and demand for leased land. The 23 reports on AUM rates for 2014 were mostly from the southwest, south-central and central regions. Most of the reports indicated average rates between \$30 and \$45 per AUM.

Table 3. Reported cash rental rates of South Dakota agricultural land by type of land by region, 2009-2014.

Type of Land	South-east	East Central	North-east	North-Central	Central	South-Central	South-west	North-west	State
dollars per acre									
Nonirrigated Cropland									
Average 2014 rate	209.20	220.95	193.15	128.25	117.10	75.65	28.60	40.10	150.10
High Productivity	317.80	329.10	300.50	205.50	183.00	103.80	42.30	52.65	
Low Productivity	135.70	138.95	110.15	80.60	70.65	44.55	21.20	26.45	
Average 2013 rate	193.20	214.75	187.00	128.65	105.10	76.15	37.05	37.35	144.30
Average 2012 rate	166.10	184.60	137.25	109.55	95.55	64.10	34.05	31.15	121.50
Average 2011 rate	131.60	152.70	119.40	89.20	69.80	53.05	30.80	28.70	98.90
Average 2010 rate	116.95	133.20	106.40	75.40	66.55	38.10	26.60	24.30	86.65
Average 2009 rate	114.50	128.85	97.00	72.50	66.50	42.60	27.50	24.25	83.90
Hayland									
Average 2014 rate	169.40	145.25	87.50	67.10	60.90	52.45	22.50	26.10	84.40
High Productivity	245.35	195.40	133.75	93.75	83.70	66.70	34.50	32.20	
Low Productivity	107.40	101.85	48.75	42.65	38.15	34.10	16.70	17.30	
Average 2013 rate	143.20	119.40	100.85	64.40	66.55	49.30	28.40	29.50	79.30
Average 2012 rate	123.00	105.35	56.30	61.15	57.80	42.65	25.45	23.10	65.85
Average 2011 rate	91.30	102.45	69.25	48.40	47.70	32.70	22.90	21.10	57.10
Average 2010 rate	92.40	83.50	64.60	43.40	43.30	26.00	21.00	18.60	51.50
Average 2009 rate	87.50	88.70	58.50	40.60	39.80	27.50	21.00	18.70	50.15
Pasture/Rangeland									
Average 2014 rate	67.90	73.80	57.05	49.75	44.90	33.15	14.00	17.10	28.40
High Productivity	88.50	98.30	81.75	68.85	69.45	43.15	21.30	24.90	
Low Productivity	46.30	46.50	37.10	22.00	28.30	21.45	9.30	10.45	
Average 2013 rate	58.15	67.70	52.65	46.65	45.20	32.50	14.35	15.00	26.65
Average 2012 rate	57.95	61.95	46.95	42.25	40.40	22.30	11.65	12.55	22.60
Average 2011 rate	52.50	57.65	45.65	38.35	31.25	23.30	10.95	11.35	20.70
Average 2010 rate	50.40	50.70	41.95	34.05	31.60	16.10	11.00	10.45	18.60
Average 2009 rate	46.60	49.60	39.60	33.40	33.20	21.40	13.30	10.40	19.80
Type of Land	South-east	East-Central	North-east	North-Central	Central	Western			
dollars per acre									
Irrigated land									
Average 2014 rate	298.90	217.60	225.70	202.75	222.00	***			
High Productivity	412.10	313.35	353.55	274.50	296.00	***			
Low Productivity	222.20	157.15	170.70	160.25	183.00	***			
Average 2013 rate	269.75	248.60	237.05	180.90	194.20	82.80			
Average 2012 rate	229.00	177.85	***	180.90	***	91.25			
Average 2011 rate	197.30	160.60	***	138.30	144.40	***			
Average 2010 rate	171.20	141.90	127.10	121.90	131.70	90.70			
Average 2009 rate	178.15	158.50	143.10	108.65	120.15	67.50			

*** Insufficient number of reports to make regional estimates

Source: South Dakota Farm Real Estate Market Surveys, SDSU, 2014 and earlier year reports.

Statewide average rental rates are based on 2002 regional land use weights

Table 4. Reported cash rental rates of South Dakota agricultural land use by region and county clusters, February, 2009 - 2014 rates.

	Southeast				East Central			
	All	Clay Lincoln Turner Union	Bon Homme Hutchinson Yankton	Charles Mix Douglas	All	Minnehaha Moody	Brookings Lake McCook	Sanborn Davison Hanson Kingsbury Miner
	dollars per acre							
Nonirrigated Cropland								
Average 2014 rate	209.20	245.30	188.90	157.90	220.95	264.90	211.60	185.95
High Productivity	315.75	354.30	298.45	249.65	329.10	388.15	314.20	283.95
Low Productivity	135.70	163.15	120.65	95.85	138.95	173.75	133.55	109.75
Average 2013 rate	193.20	231.90	170.40	125.00	214.75	249.20	221.05	167.40
Average 2012 rate	166.10	190.50	152.20	111.35	184.60	220.90	197.15	136.45
Average 2011 rate	131.60	170.85	122.50	90.30	152.70	180.05	153.90	119.70
Average 2010 rate	116.95	147.00	106.20	81.55	133.20	163.20	137.30	106.50
Average 2009 rate	114.50	138.90	109.10	75.90	128.85	155.10	135.60	95.70
Hayland								
Average 2014 rate	169.40	218.55	157.05	100.45	145.25	205.85	102.50	104.20
High Productivity	245.35	316.20	233.20	134.55	195.40	295.85	125.00	127.20
Low Productivity	107.40	142.40	90.70	74.10	101.85	137.90	77.00	77.20
Average 2013 rate	143.20	191.90	134.00	80.00	119.40	173.50	85.40	87.40
Average 2012 rate	123.00	144.60	121.85	66.25	105.35	149.70	99.25	78.65
Average 2011 rate	91.30	128.60	90.75	54.65	102.45	139.30	102.95	73.50
Average 2010 rate	92.40	115.00	92.10	53.25	83.50	115.40	85.85	62.60
Average 2009 rate	87.50	105.20	92.65	52.25	88.70	117.60	98.70	56.00
Pasture/Rangeland								
Average 2014 rate	67.90	72.25	65.35	64.45	73.80	76.95	71.45	72.50
High Productivity	88.55	94.10	86.20	81.65	98.30	103.95	93.90	95.65
Low Productivity	46.45	46.35	46.20	47.20	46.50	48.80	42.60	46.90
Average 2013 rate	58.15	69.40	52.85	45.00	67.70	73.75	60.60	68.25
Average 2012 rate	57.95	66.25	53.20	47.00	61.95	65.25	63.15	58.85
Average 2011 rate	52.50	61.90	47.05	45.70	57.65	60.80	60.20	52.10
Average 2010 rate	50.40	59.50	47.45	37.65	50.70	54.25	53.70	45.90
Average 2009 rate	46.60	53.20	43.20	41.00	49.60	57.50	50.00	44.20

Irrigated cropland rental rates per acre and rangeland rental rates per AUM are not reported in this table, due to insufficient number of reports in most county clusters.

Source: *South Dakota Farm Real Estate Market Surveys, SDSU, 2014 and earlier reports.*

Table 4. (continued)

	Northeast				North Central			
	All	Codington Deuel Hamlin	Grant Roberts	Clark Day Marshall	All	Brown Spink	Edmund Faulk McPherson	Campbell Potter Walworth
	dollars per acre							
Nonirrigated Cropland								
Average 2014 rate	193.15	199.45	203.00	174.10	128.25	151.25	104.40	96.45
High Productivity	300.50	321.45	271.35	291.75	205.50	255.55	150.65	139.45
Low Productivity	110.15	199.30	108.35	96.75	80.60	91.65	69.70	65.00
Average 2013 rate	187.00	202.05	190.00	164.80	128.65	150.60	109.35	**
Average 2012 rate	137.25	161.65	142.15	114.00	109.55	122.60	92.25	**
Average 2011 rate	119.40	130.25	108.65	109.55	89.20	106.50	71.35	68.40
Average 2010 rate	106.40	115.30	117.50	94.60	75.40	97.70	63.95	56.80
Average 2009 rate	97.00	112.00	100.70	82.20	72.50	93.70	58.10	49.60
Hayland								
Average 2014 rate	87.50	**	**	**	67.10	78.60	54.05	**
High Productivity	133.75	**	**	**	93.75	110.70	76.90	**
Low Productivity	48.75	**	**	**	42.65	48.85	34.95	**
Average 2013 rate	100.85	114.20	**	79.00	64.40	77.25	53.00	**
Average 2012 rate	56.30	71.65	**	50.55	61.15	69.50	48.75	**
Average 2011 rate	69.25	84.05	**	57.75	48.40	54.10	43.80	43.25
Average 2010 rate	64.60	77.25	61.70	55.90	43.40	55.00	35.90	35.45
Average 2009 rate	58.50	72.20	**	46.40	40.60	49.20	37.00	31.40
Pasture/Rangeland								
Average 2014 rate	57.05	57.40	58.35	55.05	49.75	55.00	47.20	38.35
High Productivity	81.75	84.35	77.35	82.15	68.85	75.90	64.40	55.00
Low Productivity	37.10	39.55	36.00	34.30	33.00	35.05	33.55	26.35
Average 2013 rate	52.65	56.45	46.45	51.25	46.65	51.80	44.35	**
Average 2012 rate	46.95	52.40	42.10	44.55	42.25	44.90	41.85	**
Average 2011 rate	45.65	51.15	36.50	44.65	38.35	42.65	38.10	31.00
Average 2010 rate	41.95	47.75	38.60	39.10	34.05	41.95	33.05	23.40
Average 2009 rate	39.60	45.15	37.90	34.60	33.40	39.25	34.30	22.60

Table 4. (continued)

	Central						
	All	Aurora Beadle Jerauld	Buffalo Brule Hand Hyde	Hughes Sully	South Central All **	South West All**	North West All**
Nonirrigated Cropland							
Average 2014 rate	117.10	129.30	116.05	102.10	75.65	28.60	40.10
High Productivity	183.00	217.50	179.45	142.50	103.80	42.30	52.65
Low Productivity	70.65	80.65	64.20	67.50	44.55	21.15	26.45
Average 2013 rate	105.15	116.75	**	97.80	76.15	37.05	37.35
Average 2012 rate	95.55	106.10	91.55	**	64.10	34.05	31.15
Average 2011 rate	69.80	81.90	68.35	61.40	53.05	30.80	28.70
Average 2010 rate	66.55	74.30	65.90	60.35	38.10	26.60	24.30
Average 2009 rate	66.50	74.10	60.20	57.50	42.60	27.50	24.25
Hayland							
Average 2014 rate	60.90	72.00	57.60	**	52.45	22.50	26.10
High Productivity	83.70	96.00	78.45	**	66.70	34.50	32.20
Low Productivity	38.15	51.00	34.60	**	34.10	16.70	17.35
Average 2013 rate	66.55	72.50	**	**	49.30	28.40	29.50
Average 2012 rate	57.80	60.70	55.90	**	42.65	25.45	23.10
Average 2011 rate	47.70	60.00	**	35.25	32.70	22.95	21.10
Average 2010 rate	43.30	49.00	42.65	33.60	26.00	21.00	18.60
Average 2009 rate	39.80	43.55	34.60	**	27.50	21.00	18.70
Pasture/Rangeland							
Average 2014 rate	44.90	53.50	40.35	**	33.15	14.00	17.10
High Productivity	69.45	78.15	65.00	**	43.15	21.35	24.00
Low Productivity	28.30	33.45	25.55	**	21.45	9.35	10.45
Average 2013 rate	45.20	52.50	50.00	30.15	32.50	14.35	15.00
Average 2012 rate	40.40	48.90	40.90	**	22.30	11.65	12.55
Average 2011 rate	31.20	45.00	29.90	21.40	23.30	10.90	11.35
Average 2010 rate	31.60	38.85	30.40	23.85	16.15	11.00	10.45
Average 2009 rate	33.20	37.90	29.70	25.00	21.40	13.30	10.40

** insufficient number of reports to make estimates at the county cluster level
 No county clusters are reported for the south-central, southwest, and northwest regions.

in the east-central and northeast regions. Slight reductions of less than \$1 per-acre were shown in the north-central and south-central region. The two western regions show mixed results which is partly due to a low number of reports and high variability of cash rental rates reported.

In the three eastern regions and the north-central region, rangeland rental rates increases varied \$9.75 per-acre in the southeast to \$3.10 per-acre in the north-central. In the other four regions, cash rental rate changes varied from -\$0.35 to \$2.10 per-acre.

Substantial regional variation occurred in the amount of change in hay land cash rental rates from 2013 to 2014. Hay land cash rental rates increased

an average of nearly \$26 per-acre in the south-east and east-central regions to reductions of \$13 per-acre in the northeast region. The amount of hay land cash rental rate changes in other regions varied from \$3.15 to -\$5.90 per-acre.

2014 cash rental rates – non-irrigated cropland

Average cash rental rates in 2014 for non-irrigated cropland varied from nearly \$29 per-acre in the southwest region to \$117.10 in the central region, and \$220.95 per-acre in the east-central region (figure 7 and table 3). For the second consecutive year, average cash rental rates for cropland exceeded \$100 per-acre in all five regions east of the Missouri

River and exceeded \$200 per-acre in the east-central region. For the first time, average cash rental rates for cropland exceed \$200 per-acre in the southeast region.

Average cash rental rates for cropland are highest at \$264.90 per-acre in the Minnehaha-Moody county cluster (table 4). The next two highest cash rental rates average \$245.30 per-acre in the Clay-Lincoln-Turner-Union county cluster and \$211.60 per-acre in the Brookings-Lake-McCook county cluster. Cash rental rates per-acre for high-productivity cropland in these same three county clusters vary from \$314 to \$388.

In 2014, average cropland cash rental rates vary from \$174 to \$203 per-acre across five of the other six county clusters in eastern South Dakota, excluding the Charles Mix-Douglas county cluster. Within the same five clusters, average cash rental rates for high-productivity cropland vary from an average of \$271 to \$321 per-acre.

Cash rental rates are generally lower across county clusters in the north-central and central regions and for the Charles Mix-Douglas cluster in the southeast region. Average cash rental rates for cropland in these county clusters vary from \$96.45 per-acre in the Campbell-Potter-Walworth county cluster to \$129.30 per-acre in the Aurora-Beadle-Jerauld cluster to \$157.90 per-acre in the Charles Mix-Douglas county cluster (table 4). Cash rental rates for high-productivity cropland vary from \$139 to \$255 across these same county clusters.

Average cash rental rates are much lower in all regions west of the Missouri River, varying from \$28.60 per-acre in the southwest to \$40.10 per-acre in the northwest, and about \$75 per-acre in the south-central region (table 4). Average cash rental rates for high productivity cropland vary from \$42.30 and \$52.65 per-acre in the southwest and northwest region respectively, to \$103.80 per-acre in the south-central region.

Within each region and county cluster, cash rental rate averages for low-productivity cropland are usually much lower than those reported for high-productivity cropland. For example, reported average cash rent for non-irrigated cropland in the east-central region is \$138.95 per-acre for low-productivity

cropland and \$329.10 per-acre for high-productivity cropland (table 3). In the southwest region, the average cash rent for low-productivity cropland is \$21.20 per-acre compared to \$42.30 per-acre for high-productivity cropland.

2014 cash rental rates – hay land and irrigated land

Cash rental rates for hay land are highest in the south-east and east-central regions, with average cash rents of \$169.40 and \$145.25 per-acre, respectively. The northeast region was third highest with an average rate of \$87.50 per-acre. Cash rental rates were similar in the north-central and central region, with average per-acre rates of \$67.10 and \$60.90, respectively. West of the Missouri River, hay land cash rental rates in 2014 vary from an average of \$22.50 per-acre in the southwest to \$52.45 per-acre in the south-central region (figure 7 and table 3).

Within each region there are considerable differences in average cash rental rates for low-productivity and high-productivity hay land. For example, the average rental rates for low and high productivity hay land in the southeast region are \$107.40 and \$245.35 per-acre, respectively, compared to \$16.70 and \$34.50 per-acre in the southwest region (table 3). In many regions, lower cash rental rates are reported for native hay land, while the higher rates are quoted for alfalfa.

In 2014, hay land cash rental estimates were only made for 10 of 15 county clusters, due to inadequate number of reports in five county clusters (table 4). Estimates are made for all county clusters in the southeast and east-central regions. Within these regions, two county clusters (Clay-Lincoln-Turner-Union and Minnehaha-Moody) have average cash rental rates above \$200 per-acre, while an average rate of \$157 was reported in the Bon Homme-Hutchinson-Yankton county cluster. Cash rental rates were slightly above \$100 per-acre in the other three clusters of these two regions (table 4).

Average cash rental rates between \$54 and \$78 per-acre are reported for hay land across four other county clusters in the central and north-central region (table 4). Cash rental rates are generally higher for hay land located in the James River valley counties than in other counties within the central

and north-central region.

Cash rental rates for irrigated land averaged above \$200 in all regions east of the Missouri River. Average per-acre rates varied from \$298.90 in the south-east region to \$202.75 in the north-central region (table 3). Due to few irrigated rental rate reports from western regions, no rental rate estimates were made.

2014 cash rental rates - rangeland and pasture

Nearly three-eighths of South Dakota's 26.2 million acres of rangeland and pasture acres are leased to farmers and ranchers. Several million acres of rangeland in western and central South Dakota are controlled by federal, state, or tribal agencies and are leased to ranchers using cash leases or grazing permits. A majority of leased rangeland and almost all leased pasture are cash rented from private landlords (Janssen and Xu, 2003). Respondents were asked to report 2014 cash rental rates per-acre and per AUM on privately owned rangeland and pastureland in their locality. However, cash rental rates per AUM on privately owned rangeland and pastureland are not reported in this document due to insufficient number of reports in most county clusters.

Average cash rental rates per-acre reflect regional differences in productivity and carrying capacity of pasture and rangeland tracts. In some cases, cash rental rates are also affected by shortage of forage due to drought conditions in much of South Dakota since the summer of 2012. Average cash rental rates vary from \$14.00 to \$17.10 per-acre in western South Dakota to \$73.80 per-acre in the east central region (figure 7 and table 3). Typical cash rental rates for low-productivity and high-productivity pasture and rangeland vary from \$9.30 to \$21.30 per-acre in the southwest region, and from \$46.50 to \$98.30 per-acre in the east central region (table 3).

At the county cluster level, cash rental rate averages for rangeland and pasture vary from \$64 to \$77 per-acre across county clusters in the southeast and east-central region. Average cash rental rates varied from \$53.50 to \$58.35 per-acre across county clusters in the northeast region and the two county clusters (Aurora-Beadle-Jerauld and Brown-Spink) primarily

located in the James River valley of the central and north-central region. Cash rental rates were lower in the remaining county clusters of the central and north-central region, with the lowest average rate of \$38.35 per-acre in the Campbell-Potter-Walworth cluster (table 4).

Publications on agricultural land rental arrangements in South Dakota

There are several recent publications on agricultural land leasing available from SDSU Extension Economics. These publications address issues for landlords and tenants and summarize some issues that should be considered when entering into lease agreements. Also available through these publications are worksheets that can be used to assist in the determination of equitable lease rates. These Extension publications by Dr. Burton Pflueger are in the reference list and are a few of the resources available from the Economics Department at South Dakota State University.

RATES OF RETURN TO SOUTH DAKOTA'S AGRICULTURAL LAND

The gross rate of return (gross cash rent as a percent of land value) is used to estimate current rates of return to land. It is calculated from respondent's reported average cash rental rates and their estimated values of leased land. This is a measure of the gross rate of return obtained by landlords, before deduction of property taxes and other landlord expenses. The 1991 to 2014 trend of the gross cash rent-to-value ratio is depicted in figure 8.

In 2014, the statewide average gross rates of return (rent-to-value ratio) were similar for all land use categories: 3.3% for rangeland, 3.2% for non-irrigated cropland and all-agricultural land, and 3.1% hay land. The annual average cash rates of return for cropland and hay land are the lowest calculated over the past 24 years! The rent-to-value ratio for rangeland is the second lowest rate in past 24 years. This is the fifth consecutive year that gross rates of return for all-agricultural land has been 4.0% or lower, compared to an average of 5.5% from 2000 – 2009 and 7.4% during the 1990's (table 5).

The practical range of gross rate of return is obtained for the middle 90% of the distribution of

Table 5. Estimated rates of return to South Dakota agricultural land by type of land and by region, 1991 - 2014

Type of land-statewide	2014	2013	2012	2011	2010	Average 2000-2009	Average 1991-1999
	GROSS rate of return (%) ^a						
All agricultural land	3.2	3.3	3.8	3.9	4.0	5.5	7.4
Nonirrigated cropland	3.2	3.5	4.2	4.3	4.4	6.2	8.0
Rangeland & pasture	3.3	3.0	3.4	3.6	3.6	5.0	6.8
Hayland	3.1	3.5	3.7	4.1	4.3	6.0	8.0
Region ^d	GROSS rate of return						
Southeast	3.1	3.2	3.4	3.7	4.2	5.8	7.4
East-Central	2.9	3.0	3.6	3.7	3.8	5.4	7.6
Northeast	2.8	3.6	4.0	3.9	4.2	6.0	8.1
North-Central	3.0	3.2	3.6	4.0	4.2	5.9	7.9
Central	2.7	2.8	2.9	3.7	3.9	5.5	7.7
South-Central	2.8	3.4	3.6	3.6	3.3	5.4	6.9
Southwest	3.0	3.2	3.4	3.8	3.3	5.0	6.7
Northwest	4.1	3.6	4.7	4.4	4.4	5.4	7.1

^aGROSS rate of return (percent) is calculated by dividing the average gross cash rental rate by reported value of rental land.

^dRegional level GROSS rate of return estimates are calculated by weighting the rate of return estimates for each land use by proportion of the region agricultural acres in each land use.

^cStatewide estimates are calculated by weighting the rate of return estimates for each land use by proportion of the region agricultural acres in each land use.

Source: South Dakota Farm Real Estate Survey, SDSU, 2014 and earlier reports.

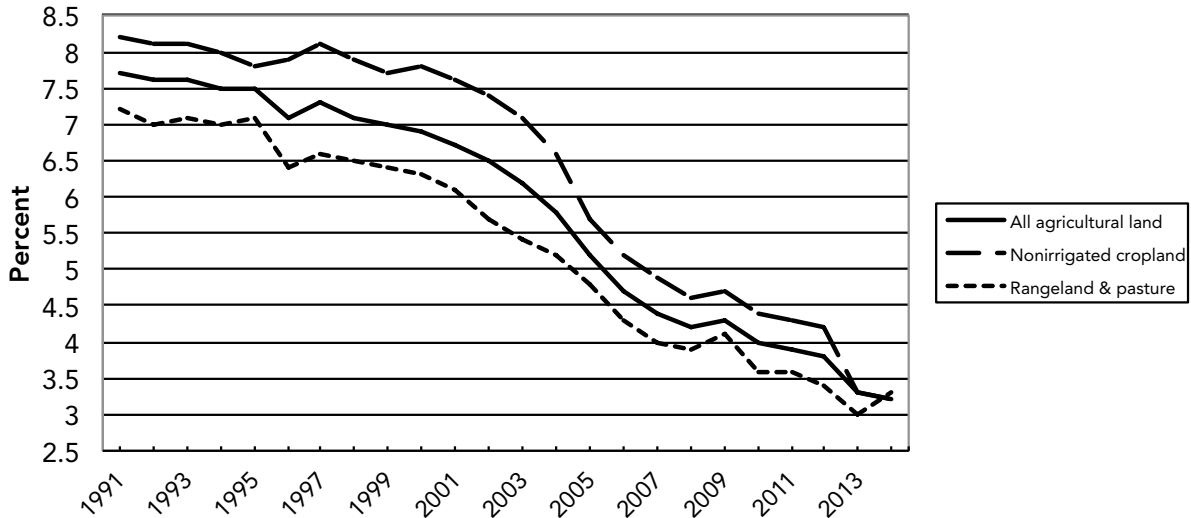


Figure 8. Gross rent-to-value ratio by land use, 1991–2014

Source: 2014 SDSU Farm Real Estate Market Survey and earlier publications.

responses for each land use. For most respondents, the estimated cash rent-to-value ratio (gross rate of return) for 2014 varies from 2.5% to 4.1% for cropland, from 1.9% to 4.4% for hay land, and 1.65% to 3.75% for rangeland. The median rent-to-value ratio is 3.2% for cropland, 3.0% for hay land, and 2.5% for rangeland.

Respondents were also asked to estimate the current net rate of return (percent) that landowners in their locality could expect given current land values. Appraisers refer to this measure as the market-derived capitalization rate, which is widely used in the income approach to farmland appraisal. The net rate of return is a return to agricultural landownership after deducting property taxes, real estate maintenance, and other ownership expenses from gross cash rent (or other gross rental income measures). In recent years, respondent estimates of percent net rate of return have been very close to the calculated rent-to-value ratio reported in table 5.

LONGER TERM PERSPECTIVE ON FARMLAND MARKET CHANGES, 1991 – 2014

Longer-term historical data from annual SDSU surveys of agricultural land values and cash rental rates in South Dakota from 1991 to 2014 are located in Appendix tables 2 and 3 of this report. Long-term trends in average annual cash rates of return are shown in figure 8. Recent annual reports have emphasized similarities and differences that have occurred across different regions, land uses, and specific time periods. In this report we focus on the major economic supply and demand factors that led to the patterns of changes over time in land values and cash rental rates.

From 1991 to 2014, agricultural land values in South Dakota, and in most other major agricultural production states, have generally appreciated each year. Not unlike prices of other goods and services, land prices increase when demand for land increases, supply decreases, or both. Two factors that influence the supply of land are land use and availability.

Although the quantity of land in a given area remains constant over time, land use varies as market conditions change. A change in land use essentially represents a change in the supply of land. For

example, favorable commodity prices in recent years have resulted in the conversion of some CRP acres and pasture into crop production - an increase in the supply of land devoted to crop production. Also, the number of farm or ranch parcels that are offered for sale - land availability - impacts land market prices. Should fewer properties become available for sale, this reduction in land availability will increase land price, holding demand for land constant.

In addition to these supply forces, changes in demand for land are main factors driving its value and market price. Many factors influence the demand for agricultural land in states such as South Dakota, and the next several sections of this bulletin address these relationships.

Factors Affecting Demand for Farmland

According to MacDonald, Korb, and Hoppe (2013), cropland in the U.S. has been shifting from medium-sized farms to larger operations. The reasons for this structural change are complex but some relate to economic efficiencies that are captured from size and scale increases. These authors report that the estimated midpoint acreage for U.S. cropland was 589 acres in 1982 and 1,105 acres in 2007. This midpoint is the size at which half of all cropland is on farms with more acres than the midpoint, and half are on farms having less acres than the midpoint. However, they also report a recent growth in the number of small-sized farms. As a result, average farm size in the United States has changed little over the past few decades.

However, according to MacDonald, Korb, and Hoppe, little variance in average farm size masks important structural shifts that have occurred in U.S. production agriculture. For example, while the number of very small farms and very large farms has grown, the number of medium-sized farms has contracted. Also, the majority of cropland has shifted to much larger farms. In 2011 for example, farms with more than 2,000 acres represented more than 34% of cropland acres.

Similar changes have also affected the average size, distribution, and number of South Dakota farms and ranches. While many unique factors influence a decision to farm or ranch, other variables influence

operation size. One factor influencing the latter is called economies of size.

Economies of Size

Economies of size are achieved when a farm or ranch manager reduces cost per unit of production by expanding operation size. For example, buying or renting more land, holding other fixed costs constant, achieves economies of size because the fixed costs held constant are now spread over more acres. This expansion increases profit per-acre because total costs per-acre are decreased. Even if an increase in farm or ranch size results in an increase in fixed costs (such as increased depreciation expense from use of larger equipment and machinery), economies of size are still achieved if an acreage expansion is proportionally greater than the increase in fixed costs per-acre.

Economies of size clearly affect farm expansion decisions for both purchase and rental of additional land. Farm expansion has been the first or second leading reason listed by respondents for purchasing South Dakota farmland in all 24 years of this annual survey.

Thus, economies of size reflect powerful forces that influence operation size in agriculture as well as in other industries. Another factor that affects the demand for agricultural land is net income.

Net Farm Income

The value of a capital asset – such as real estate – is positively correlated with the asset's earning potential. For agricultural land, net farm income is one measure of returns and recent strength in crop and livestock prices has pushed net farm income to historically high levels. According to USDA, net farm income in 2010, 2011, 2012, and 2013 equaled \$78, \$118, \$113.8, and \$130.5 billion respectively. One year ago (2012 – 2013) the increase in U.S. net farm income equaled 14.7 percent. In real dollars, net farm income in 2013 (\$100 billion) was at its highest level since 1973 (Schnepf, 2014).

Net farm income has also increased in South Dakota. According to USDA, NASS, South Dakota farmers and ranchers earned net farm income of \$1 billion in 1990 and approximately \$4.5 billion in 2011. (USDA, NASS). This increase occurred while the number of South Dakota farms and ranches

decreased. Clearly, gains in commodity prices have increased farm and ranch income which in turn affected demand for agriculture land, both rental and purchase demand. Major spikes in commodity prices during the past 24 years have led to increases in net farm incomes and demand for farmland. In addition to increases in net farm income, productivity gains also affect land values and cash rents.

Agricultural Productivity

As U.S. agricultural productivity has grown, so has the value of land. An increase in productivity makes an input – such as land – more valuable because more units of output are produced per unit of input. For cropland, rangeland, and pastureland higher productivity means increased livestock and crop production per-acre of land. To measure agriculture productivity, USDA uses total factor productivity (TFP), which accounts for changes in output with respect to all inputs used in the production process. TFP has grown consistently in U.S. production agriculture. For example, from 1948 to 2011 the U.S. average annual growth rate of TFP was 1.42 percent. In other words, annual output growth increased 1.42 percent on average during this period, holding input levels constant.

The primary source of productivity increases in U.S. and South Dakota agriculture has been technological advances. Farmers and ranchers have benefited from greater mechanization and from technological advances that have occurred in many fields of science such as chemistry, biology, genetics, engineering, and management.

Since the mid-1990s, genetically modified crops have become extremely popular with U.S. farmers. According to USDA, these types of crops – called GMOs – are planted on approximately half of the land in the U.S. devoted to crops. Although GMO seed is more expensive than conventional seed, their use can simplify the management of weeds and insects. GMOs can lower production costs as fewer pesticides are needed, and can result in increases in production as pests are suppressed more effectively.

South Dakota is one of the top states in terms of adoption of GMO seeds for corn and soybeans. South Dakota farmers, and many other investors, were involved in financing the development of the ethanol industry and soybean meal processing

industry in the state. This combination of factors has further contributed to expansion of corn and soybean acres and production in the state which further increased net returns and cash rental rates.

Land as an Investment

When investors consider whether to include a particular asset class in their investment portfolio, they compare the potential returns from each class. For example, an investment in land offers returns such as net farm income or economic rent. The appreciating value of land also represents an investment gain. Other investment classes such as equities (stocks) and bonds offer returns that can be compared to returns from owning land. When various investments are ranked, those with the highest expected returns are preferred. Analysts will also compare potential returns of an investment to expected inflation – essentially comparing the investment to cash. Ignoring risk, investments that outperform inflation are preferred to holding cash.

For much of the U.S. and in South Dakota, the value of agriculture land has been growing faster than inflation. In fact, land prices in South Dakota have increased faster than the rate of general price inflation in almost all of the past 24 years. For example, South Dakota agricultural land values have increased 11.0% annually (on average) between 1991 and 2014. During the same time period, the U.S. annual inflation rate has seldom exceeded four percent and has often been less than two percent. Clearly, farmers and other investors purchasing agricultural land as a hedge against inflation have benefited from that decision.

The rapidly growing use of subsidized revenue crop insurance along with increased availability of yield-increasing and more drought-tolerant crop varieties has likely reduced perceived risk of producing selected crops in South Dakota. This combination of (modest) risk reduction and increased profit potential has also contributed to increased cash rents and values.

Furthermore, sharp declines in farm mortgage interest rates from early 2001 to late 2004 and continued relatively low mortgage interest rates (and low general price inflation rates) has also affected land investment decisions. It has helped to lower the investment “hurdle rate” for cost of capital.

However, lower interest rates have also led to reductions in the ratio gross (and net) cash return as a percent of land price (figure 8). During the 1990’s, cash rental rates and land values increased at similar rates. However, since the major reductions in long-term interest rates (starting in 2001) cash rental rates have increased at a slower rate than land values, which has reduced the rent-to-value ratio for all agricultural land from an average of 7.4% in the 1990’s to less than 4% since 2010!

Proximity to Delivery Points

Another factor that affects net returns and value of agricultural land – especially cropland - is the proximity of land to delivery points (Nickerson, Morehart, Kuethe, Beckman, Ifft, and Williams, 2012). Because transportation costs increase with distance, parcels of land adjacent to grain elevators and ethanol plants benefit from lower delivery costs. To the extent that grain and oilseed transportation costs are incorporated into land values, close proximity to delivery points increases the value of agricultural land. This is especially true in locations such as the Great Plains, where delivery points are generally fewer in number.

RESPONDENTS’ ASSESSMENT OF FACTORS INFLUENCING FARMLAND MARKETS IN SOUTH DAKOTA

Respondents were asked to list major positive and negative factors affecting the farm real estate markets in their localities. These factors help explain changes in the amount of farmland for sale, sale prices, and rental rates. Eighty percent of the survey respondents listed one to three positive reasons. Eighty-five percent of respondents listed one or more negative factors affecting the real estate market. This year is one of the few times when more respondents listed negative factors than positive factors.

High livestock prices and good crop prices, 26% of responses, were the most frequently listed positive factor affecting agriculture real estate values. Low interest rate, 23% of responses, was the next major reason cited. Crop yields and farm profit were the third major reason indicated as positive factors in the survey. Other reasons given by respondents were supply/demand, government programs/crop insurance, and lack of other investment (figure 9).

The negative factors affecting the real estate market has seen the biggest change from last year. The decline in crop prices, more specifically corn, dominated the negative factors in the real estate market at 51% of responses. Land price being too high, 12% of responses, was another major negative factor. Drought/ expected drought conditions, which were a major concern in 2012, accounted for only three percent of responses this year. Other major negative factors in market were farm structure (fewer beginning farmers), input cost, and uncertainty about future interest rates (figure10).

AGRICULTURAL LAND MARKET EXPECTATIONS: PAST AND PROSPECTIVE

In each survey, respondents were asked to estimate the percentage change in land values during the previous year and to forecast percentage changes in land values for the forthcoming year. Nearly 82% of respondents provided their perception of previous year cropland value changes, compared to 67% for rangeland and 61% for hay land. Almost the same proportion of respondents, in each land use category, projected land value changes for next year.

During the past year, respondents' estimated percentage increases in land values averaged 13% for cropland and 11% for hay land and rangeland. The median rate of increase in land values was 10% for all land uses. Overall, nearly 80% of responses reported increases in crop, hay, range or pasture values in the past year, while 15% reported no change in land values, and nearly 5% reported declining land values. During the previous two years (2012

and 2013) more than 94% reported increases in per-acre values for each land use and the remainder reported no change.

Forecasts of future land price changes are substantially lower than forecasts made in recent years. During the previous two years between 80% and 90% of reports projected land values to increase in the next 12 months and the remainder projected no change. This year only 30% of cropland responses, 37% of hay land responses, and 48% of rangeland responses projected increases in land values over the next 12 months. Nearly one-fourth of reports project declines in cropland values compared to 17% of hay land reports and 11% of rangeland reports. Nearly half of reports project no changes in land values for next year. Overall, the median forecast in per-acre values is zero (0%) for cropland, hay land, pasture, and rangeland. The average (mean) forecast percentages are zero to one percent for cropland and hay land and 2.5% for rangeland and pasture.

Compared to the past three survey reports, respondents to the 2014 survey are much less optimistic about farmland market conditions for the following year. The prevailing view is substantially lower crop prices are providing a necessary correction to the very optimistic outlook of recent years. Nearly half of respondents forecast no change in land values or cash rents in the following year. Among respondents forecasting changes, the ratio of positive to negative forecasts is 4:1 for rangeland as compared to 1.25:1 for cropland. In other words, there is a lot more concern that cropland cash rental rates and cropland values may decline, albeit modestly, compared to rangeland.

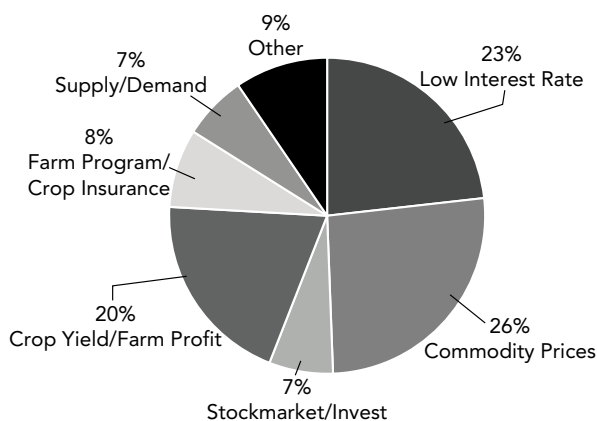


Figure 9. Positive factors in the farm real estate market

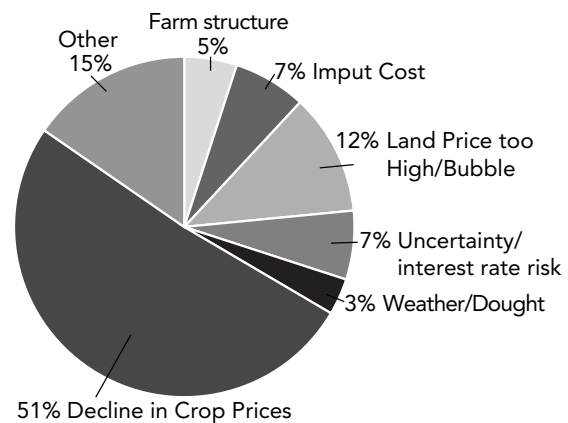


Figure 10. Negative factors in the farm real estate market

Respondents' confidence in the future ability of South Dakota's farm sector to withstand the impacts of projected reductions in commodity prices and farm revenues is closely related to the strong balance sheet and cash flow positions of most farm operators, historically low interest rates, passage of a new farm bill, and continued improvement in general economic conditions. However, there remains considerable uncertainty concerning future federal policies for deficit reduction, taxation, credit/finance, environment, and renewable energy impacts on agriculture.

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** Reference citations for annual SDSU farm real estate survey reports from 2001 through 2010 are not listed above but can be found in the following reports but were published in print and electronic format. These reports were published as SDSU Agricultural Experiment Station (AES) Circulars 266, 267, 268 269, 270, 271, 272, 273, 275 and 276. Annual reports from 1991 through 2000 were only published in print format. Dr. Janssen and Dr. Pflueger, often in collaboration with an SDSU Economics student, were the co-authors of each annual report.

APPENDIX I: SURVEY METHODS AND RESPONDENT CHARACTERISTICS

The primary purpose of the 2014 South Dakota Farm Real Estate Market Survey was to obtain regional and statewide information on 2014 per-acre agricultural land values and cash rental rates by land use and land productivity. In addition, we obtained respondents' assessments of positive and negative factors influencing their local farm real estate market and motivations for buyer/seller decisions.

Copies of this survey were mailed to 585 potential respondents on February 12, with a follow-up mailing on March 6. Potential respondents were persons employed in one of the following occupations: 1) agricultural lenders (senior agricultural loan officers of commercial banks or Farm Credit Service), 2) loan officers or county directors of the USDA Farm Service Agency (FSA), 3) Extension Service agricultural field specialists, and 4) licensed appraisers and assessors. Some appraisers were also realtors or professional farm managers, while some lenders were also appraisers.

Respondents were asked to report land values and cash rental rate information for non-irrigated cropland, hay land, rangeland, improved pasture, and irrigated land in their locality. Nearly one-third of respondents reported land market information for at least two counties. The number of responses exceeded the number of respondents as some persons (primarily appraisers and lenders) completed multiple survey schedules providing different land value and cash rental data for different counties in their trade territory. Overall, a total of 188 respondents provided 224 useable responses.

The distribution of 224 responses is summarized by location and reported occupation in appendix table 1. Fifty-nine percent of responses are from the three eastern regions of South Dakota, 27% were from the central and north-central region, and 14% were from the south-central and western regions. The low number of responses from the central, south-central and western regions is a major concern in continuing to provide land value and rental rate estimates for regions west of the Missouri River.

Five-eighths (62.5%) of responses are from agricultural lenders or FSA officials, and 28% of responses

are from appraisers. The remaining responses are from Extension field specialist and assessors. Over the past several years, the proportion of responses from agricultural lenders and appraisers has increased relative to other respondent categories.

Most responses provided land value and cash rental rate information for non-irrigated cropland in their locality. Nearly three-fourths of responses provided land value and cash rental rate information for rangeland, while only 58% provided land value information for improved pasture land (appendix table 1). Response rates for hay land were considerably lower than past year response rates, with only 62% providing hay land values and 57% providing cash rental rate information for hay land. Nearly three-tenths provided data on irrigated land values and cash rental rates, which are similar response rates to those in prior years. However, only 10% provided data on AUM (animal unit months) rental rates, which is a much lower response rate than recorded for any previous survey. Thus, regional reports for AUM rental rates were dropped. Lower response rates for hay land and tame pasture reduced the ability to report county cluster results, although regional averages were maintained.

Regional average land values by land use are simple average (mean) values of usable responses. Statewide average land values by land use are weighted by the relative number of acres in each region in the same land use. All-agricultural land values, regional and statewide, are weighted by the proportion of acres in each agricultural land use. Thus all-agricultural land values in this report are weighted average values by region and land use. This weighted average approach is analogous to the cost (inventory) approach of estimating farmland values in rural land appraisal.

This approach has important implications in the derivation of statewide average land values and regional all-land values. For example, the two western regions of South Dakota with the lowest average land values have nearly 61% of the state's rangeland acres, 39% of all-agricultural land acres, and only 16% of cropland acres. Our approach increases the relative importance of western South Dakota land values in the final computations and results in lower statewide average land values.

The weighting factors used to develop statewide average land values are based on estimates of non-irrigated agricultural land use for privately owned farmland in South Dakota. It excludes agricultural land (mostly rangeland) leased from tribal or federal agencies, which is mostly located in the western and central regions of the state. Irrigated land is also excluded from regional and statewide all-land values. The land-use weighting factors were developed from county-level data in the 2002 South Dakota Census of Agriculture and other sources.

Regional average rental rates by land use are simple average (mean) values of useable responses. Statewide average cash rental rates for each land use are weighted by 1) the relative number of acres in each land use and 2) the proportion of farmland acres leased in each region based on 2002 Census of Agriculture data.

**Appendix Table 1. Selected characteristics of responses, 2014.
Number of responses = 224**

Responses:					
<u>Reporting location</u>			<u>Primary Occupation</u>		
	<u>N</u>	<u>%</u>		<u>N</u>	<u>%</u>
Southeast	42	18.8%	Banker/loan officer	103	46.0%
East-Central	58	25.9%	Farm Service Agency	37	16.5%
Northeast	32	14.3%	Assessor	16	7.1%
North-Central	34	15.2%	Appraiser/realtor	62	27.7%
Central	26	11.6%	Extension educators	6	2.7%
South-Central	10	4.5%		224	100.0%
Southwest	13	5.8%			
Northwest	9	4.0%			
	224	100.0%			
Response rates:					
<u>Land values</u>			<u>Cash Rental Rates</u>		
	<u>N</u>	<u>%</u>		<u>N</u>	<u>%</u>
Nonirrigated cropland	217	96.9%	Nonirrigated cropland	209	93.3%
Irrigated cropland	68	30.4%	Irrigated cropland	64	28.6%
Hayland	139	62.1%	Hayland	129	57.6%
Rangeland (native)	171	76.3%	Rangeland (acre)	167	74.6%
Pastureland (tame)	130	58.0%	Rangeland (AUM)	23	10.3%

Source: 2014 South Dakota Farm Real Estate Market Survey

Appendix II. Historical data on agricultural land values and cash rental rates by land use by region, South Dakota, 1991–2014

Appendix Table 2. Average reported value and annual percentage change in value of South Dakota agricultural land by type of land by region, February, 1991-2014.

Type of Land	South-east	East-Central	North-east	North-Central	Central	South-Central	South-west	North-west	STATE
All Agricultural Land (nonirrigated)	dollars per acre								
Average value, 2014	5385	5763	3962	3319	2931	1461	620	512	2470
Average value, 2013	4954	5504	3684	3217	2678	1294	606	536	2328
Average value, 2012	4014	3890	2587	2325	2257	917	461	369	1742
Average value, 2011	2900	3332	2274	1720	1450	781	459	342	1374
Average value, 2010	2447	2712	2006	1487	1268	648	411	329	1179
Average value, 2009	2355	2634	1863	1270	1246	690	413	307	1121
Average value, 2008	2168	2473	1714	1179	1152	642	378	295	1041
Average value, 2007	1768	1946	1422	945	899	521	322	285	850
Average value, 2006	1583	1643	1174	849	803	462	286	256	743
Average value, 2005	1372	1427	1029	736	711	414	275	211	650
Average Value, 2004	1147	1162	779	629	594	377	223	192	541
Average value, 2003	1017	903	641	549	522	309	200	177	461
Average value, 2002	930	875	560	501	424	313	202	150	421
Average value, 2001	893	785	519	450	373	284	167	143	384
Average value, 2000	794	673	492	404	352	286	167	131	352
Average value, 1999	740	644	452	378	345	273	166	122	331
Average value, 1998	772	610	452	353	346	280	155	117	328
Average value, 1997	665	591	432	323	302	241	139	111	298
Average value, 1996	643	522	414	294	296	217	126	115	280
Average value, 1995	633	473	419	279	264	222	130	103	268
Average value, 1994	567	497	393	293	255	191	112	94	250
Average value, 1993	548	498	399	254	233	199	111	90	241
Average value, 1992	519	474	368	259	223	186	104	89	231
Average value, 1991	526	466	362	227	225	177	97	84	223
Av annual % change 14/91	10.6%	11.6%	11.0%	12.4%	11.8%	9.6%	8.4%	8.2%	11.0%
Annual % change 14/13	8.7%	4.7%	7.5%	3.2%	9.4%	12.9%	2.3%	-4.5%	6.1%
Nonirrigated Cropland	dollars per acre								
Average value, 2014	6331	7114	5291	4614	3953	2087	820	870	4478
Average value, 2013	5903	6828	4843	4562	3580	1994	900	792	4249
Average value, 2012	4817	4734	3369	3026	2946	1348	677	496	3084
Average value, 2011	3402	4024	2918	2301	1866	1115	625	483	2389
Average value, 2010	2841	3291	2560	1945	1644	967	560	474	2030
Average value, 2009	2741	3155	2305	1673	1577	1007	596	428	1900
Average value, 2008	2510	2894	2076	1532	1450	904	502	399	1733
Average value, 2007	1999	2244	1762	1187	1086	702	426	367	1375
Average value, 2006	1817	1914	1448	1088	986	612	387	342	1211
Average Value, 2005	1556	1659	1255	967	871	568	383	316	1064
Average Value, 2004	1315	1346	973	822	705	541	318	294	882
Average value, 2003	1156	1040	793	716	631	443	290	281	743
Average value, 2002	1057	1019	691	665	524	445	311	244	684
Average value, 2001	1023	911	652	592	456	423	245	223	626
Average value, 2000	910	785	620	520	436	417	248	208	567
Average value, 1999	866	756	565	488	435	402	246	202	534
Average value, 1998	903	728	564	452	434	399	241	200	534
Average value, 1997	777	699	535	412	386	348	217	188	486
Average value, 1996	751	613	514	372	371	317	214	191	455
Average value, 1995	732	555	522	353	332	326	237	185	437
Average value, 1994	661	590	488	382	331	289	218	169	426
Average value, 1993	655	595	497	326	305	302	197	163	412
Average value, 1992	616	574	460	342	300	287	196	167	400
Average value, 1991	623	554	450	294	300	272	185	153	384
Av annual % change 14/91	10.6%	11.7%	11.3%	12.7%	11.9%	9.3%	6.7%	7.8%	11.3%
Annual % change 14/13	7.3%	4.2%	9.3%	1.1%	10.4%	4.7%	-8.9%	9.8%	5.4%

Source: *South Dakota Farm Real Estate Market Surveys, SDSU, 2014 and earlier.*
Statewide values by land use are based on 2002 regional land use weights

Appendix Table 2. (continued)

Type of Land	South-east	East-Central	North-east	North-Central	Central	South-Central	South-west	North west	STATE
Rangeland (native)	dollars per acre								
Average value, 2014	2698	2861	1859	1600	1828	1187	571	436	987
Average value, 2013	2308	2765	1759	1473	1636	994	529	444	909
Average value, 2012	1930	2108	1345	1387	1493	724	401	341	737
Average value, 2011	1589	1779	1217	950	1011	634	409	309	611
Average value, 2010	1339	1536	1070	875	865	514	365	296	540
Average value, 2009	1258	1458	1125	755	898	570	358	277	530
Average value, 2008	1239	1539	1100	714	836	544	339	271	508
Average value, 2007	1073	1293	889	634	708	448	295	265	448
Average value, 2006	925	1055	751	548	599	397	255	234	386
Average value, 2005	781	844	667	458	552	346	241	185	332
Average value, 2004	684	764	465	396	456	312	196	167	283
Average value, 2003	609	580	389	345	397	257	176	153	246
Average value, 2002	538	543	353	297	325	260	172	127	221
Average value, 2001	488	478	315	270	284	232	143	124	198
Average value, 2000	456	417	297	253	265	235	143	111	187
Average value, 1999	405	386	276	241	255	220	143	102	177
Average value, 1998	408	346	274	226	256	231	130	98	172
Average value, 1997	364	354	268	204	214	197	116	92	155
Average value, 1996	336	311	250	194	214	177	100	97	147
Average value, 1995	354	303	247	184	197	180	101	83	140
Average value, 1994	319	283	228	184	190	149	85	80	128
Average value, 1993	283	276	232	169	175	157	89	76	125
Average value, 1992	271	267	209	163	159	145	80	74	117
Average value, 1991	268	271	205	147	163	137	74	69	112
Av annual % change 14/91	10.6%	10.8%	10.1%	10.9%	11.1%	9.8%	9.3%	8.3%	9.9%
Annual % change 14/13	16.9%	3.5%	5.7%	8.6%	11.7%	19.4%	7.9%	-1.8%	8.6%
Pasture (tame, improved)	dollars per acre								
Average value, 2014	2968	3098	2244	1958	2220	1309	596	483	1603
Average value, 2013	2721	3176	2074	1778	2222	1129	571	523	1542
Average value, 2012	2275	2371	1678	1550	1772	844	431	373	1218
Average value, 2011	1726	2082	1494	1161	1179	762	465	344	1011
Average value, 2010	1480	1629	1178	991	1061	650	429	320	854
Average value, 2009	1378	1802	1373	827	1042	571	429	314	857
Average value, 2008	1365	1675	1304	795	943	571	384	307	809
Average value, 2007	1167	1461	987	698	760	524	303	297	684
Average value, 2006	1085	1166	843	598	711	425	283	282	596
Average Value, 2005	937	1018	730	465	610	397	291	227	519
Average Value, 2004	754	818	517	424	518	337	217	198	420
Average value, 2003	683	710	448	389	493	294	191	163	372
Average value, 2002	639	607	391	327	345	287	193	156	327
Average value, 2001	564	522	342	301	332	258	176	153	297
Average value, 2000	516	481	334	289	303	268	167	144	279
Average value, 1999	453	437	314	266	290	240	161	125	256
Average value, 1998	461	406	297	264	302	272	161	120	254
Average value, 1997	416	373	299	236	265	222	138	114	230
Average value, 1996	379	358	279	231	258	188	127	115	217
Average value, 1995	385	346	262	218	214	214	117	102	206
Average value, 1994	371	335	251	200	224	194	109	93	196
Average value, 1993	326	333	249	194	194	193	104	98	188
Average value, 1992	328	306	257	194	190	176	100	88	182
Average value, 1991	315	325	252	170	199	163	92	94	179
Av annual % change 14/91	10.2%	10.3%	10.0%	11.2%	11.1%	9.5%	8.5%	7.4%	10.0%
Annual % change 14/13	9.1%	-2.5%	8.2%	10.1%	-0.1%	15.9%	4.4%	-7.6%	4.0%

Appendix Table 2. (continued)

Type of Land	South-east	East Central	North-east	North Central	Central	South-Central	South-west	North-west	STATE
Hayland	dollars per acre								
Average value, 2014	4762	4598	2466	2458	2525	1630	640	590	2458
Average value, 2013	4196	4003	2639	2223	2552	1453	678	610	2285
Average value, 2012	3337	3008	1638	1905	2143	1039	559	407	1758
Average value, 2011	2401	2742	1590	1301	1300	854	552	400	1377
Average value, 2010	2158	2074	1581	1202	1121	681	473	391	1195
Average value, 2009	2098	2116	1387	962	1109	720	488	373	1142
Average value, 2008	1871	2127	1347	939	1050	649	450	334	1079
Average value, 2007	1659	1637	1028	750	815	525	356	327	875
Average value, 2006	1383	1371	831	640	758	499	346	300	758
Average value, 2005	1312	1203	780	515	612	451	324	270	675
Average value, 2004	1008	992	586	432	516	391	265	245	549
Average value, 2003	932	770	488	379	486	310	228	227	474
Average value, 2002	863	770	412	352	375	325	238	204	439
Average value, 2001	844	735	359	332	337	281	201	181	406
Average value, 2000	722	577	330	317	310	293	203	175	365
Average value, 1999	619	562	317	278	293	294	194	163	340
Average value, 1998	668	504	330	265	295	291	178	149	335
Average value, 1997	553	507	316	262	253	258	169	150	307
Average value, 1996	568	451	314	219	273	232	156	146	293
Average value, 1995	562	365	336	213	229	230	164	145	279
Average value, 1994	489	409	279	235	237	204	137	124	263
Average value, 1993	435	398	275	188	205	204	140	121	244
Average value, 1992	416	336	237	179	197	193	135	119	226
Average value, 1991	461	358	252	169	190	197	126	122	233
Av annual % change 14/91	10.7%	11.7%	10.4%	12.3%	11.9%	9.6%	7.3%	7.1%	10.8%
Annual % change 14/13	13.5%	14.9%	-6.6%	10.6%	-1.1%	12.2%	-5.6%	-3.3%	7.6%

Appendix Table 3. Reported cash rental rates of South Dakota agricultural land by type of land use by region, 1991-2014.

Type of Land	South-east	East Central	North-east	North-Central	Central	South-Central	South-west	North-west	State
	dollars per acre								
Nonirrigated Cropland									
Average 2014 rate	209.20	220.95	193.15	128.25	117.10	75.65	28.60	40.10	150.10
Average 2013 rate	193.20	214.75	187.00	128.65	105.10	76.15	37.05	37.35	144.30
Average 2012 rate	166.10	184.60	137.25	109.55	95.55	64.10	34.05	31.15	121.50
Average 2011 rate	131.60	152.70	119.40	89.20	69.80	53.05	30.80	28.70	98.90
Average 2010 rate	116.95	133.20	106.40	75.40	66.55	38.10	26.60	24.30	86.65
Average 2009 rate	114.50	129.00	97.00	72.60	66.50	42.60	27.50	24.25	83.90
Average 2008 rate	101.90	109.00	87.80	65.70	62.10	37.05	24.50	24.20	74.70
Average 2007 rate	92.30	91.65	77.85	56.75	48.95	32.70	23.35	21.80	64.80
Average 2006 rate	89.25	82.60	70.50	53.85	46.35	34.00	24.70	21.45	60.95
Average 2005 rate	87.20	82.60	65.70	49.40	45.80	31.50	24.90	22.90	58.90
Average 2004 rate	83.70	78.80	64.50	47.60	43.40	34.10	23.10	21.40	56.80
Average 2003 rate	78.80	74.70	59.50	44.90	40.60	29.20	22.00	21.00	53.25
Average 2002 rate	76.50	69.80	57.50	42.20	35.95	29.40	22.60	20.40	50.65
Average 2001 rate	72.95	64.60	52.20	37.80	35.30	27.20	20.10	17.50	47.00
Average 2000 rate	67.50	56.40	49.30	36.20	31.90	30.00	18.70	18.70	43.70
Average 1999 rate	63.20	56.00	46.20	36.00	33.20	27.00	19.50	16.90	42.30
Average 1998 rate	65.20	55.00	45.30	34.70	30.90	25.90	19.00	17.90	41.75
Average 1997 rate	57.40	49.20	44.70	32.70	29.30	23.60	19.10	19.30	38.70
Average 1996 rate	54.70	45.30	41.50	28.70	26.30	21.60	17.00	16.00	35.50
Average 1995 rate	52.50	42.10	40.40	27.60	25.10	21.00	17.60	15.90	34.05
Average 1994 rate	51.90	45.10	40.30	29.80	25.00	22.10	17.60	14.90	34.85
Average 1993 rate	51.80	47.10	40.30	26.60	24.20	22.80	16.60	14.60	34.40
Average 1992 rate	48.00	45.70	39.70	25.50	22.70	21.40	17.70	15.10	33.00
Average 1991 rate	49.30	43.20	38.50	24.50	23.20	22.20	15.90	13.50	32.40
Hayland									
Average 2014 rate	169.40	145.25	87.50	67.10	60.90	52.45	22.50	26.10	84.40
Average 2013 rate	143.20	119.40	100.85	64.40	66.55	49.30	28.40	29.50	79.30
Average 2012 rate	123.00	105.35	56.30	61.15	57.80	42.65	25.45	23.10	65.85
Average 2011 rate	91.30	102.45	69.25	48.40	47.70	32.70	22.95	21.10	57.10
Average 2010 rate	92.40	83.50	64.60	43.40	43.30	26.00	21.00	18.60	51.50
Average 2009 rate	87.50	88.70	58.50	40.60	39.80	27.50	21.00	18.70	50.15
Average 2008 rate	81.70	80.90	58.50	42.60	38.40	28.00	17.75	20.00	47.40
Average 2007 rate	74.00	67.55	47.40	34.25	31.35	25.70	18.80	18.40	41.60
Average 2006 rate	72.90	60.50	40.20	30.20	34.60	27.30	19.55	18.15	39.80
Average 2005 rate	71.60	56.40	38.70	28.90	29.80	22.20	17.60	18.80	37.20
Average 2004 rate	68.50	53.40	36.80	27.10	28.40	24.80	18.50	17.70	36.05
Average 2003 rate	67.20	49.40	34.60	26.20	27.50	19.80	17.80	19.80	34.15
Average 2002 rate	63.70	49.20	31.00	23.40	21.10	20.40	15.50	17.50	31.70
Average 2001 rate	61.20	47.60	28.90	21.00	23.30	18.10	15.90	14.70	30.20
Average 2000 rate	57.80	40.10	28.80	20.30	21.10	19.40	15.10	14.30	28.45
Average 1999 rate	48.50	40.10	22.80	20.40	20.60	19.60	14.80	15.40	26.40
Average 1998 rate	51.40	40.50	24.60	19.40	20.90	18.90	14.20	13.60	27.10
Average 1997 rate	46.10	36.80	28.20	18.70	19.90	16.70	14.90	14.60	25.40
Average 1996 rate	41.50	32.30	26.00	17.00	18.60	15.20	12.60	11.20	22.70
Average 1995 rate	43.80	28.20	25.30	16.70	16.10	14.90	11.10	11.10	21.90
Average 1994 rate	39.50	31.40	23.60	17.00	17.80	15.50	11.90	11.30	21.90
Average 1993 rate	35.60	32.10	22.00	14.70	16.40	16.00	11.30	9.50	20.60
Average 1992 rate	33.30	25.90	20.00	14.20	15.60	15.60	11.40	12.10	19.20
Average 1991 rate	38.50	30.90	22.30	14.20	15.70	14.80	12.10	10.40	20.70

Source: South Dakota Farm Real Estate Market Surveys, SDSU, 2014 and earlier year reports. Statewide rental rates based on 2002 land use weights

Appendix Table 3. (continued)

Type of Land	South-east	East Central	North-east	North-Central	Central	South-Central	South-west	North-west	State
	dollars per acre								
Pasture/Rangeland									
Average 2014 rate	67.90	73.80	57.05	49.75	44.90	33.15	14.00	17.10	28.40
Average 2013 rate	58.15	67.70	52.65	46.65	45.20	32.50	14.35	15.00	26.65
Average 2012 rate	57.95	61.95	46.95	42.25	40.40	22.30	11.65	12.55	22.60
Average 2011 rate	52.50	57.65	45.65	38.35	31.20	23.30	10.90	11.35	20.70
Average 2010 rate	50.40	50.70	41.95	34.05	31.60	16.10	11.00	10.45	18.60
Average 2009 rate	45.60	49.60	39.60	33.40	33.20	21.40	14.30	10.40	19.80
Average 2008 rate	45.60	47.15	38.30	31.30	32.25	17.90	10.75	11.00	18.50
Average 2007 rate	44.00	42.80	34.95	28.50	26.85	16.90	11.60	9.95	17.10
Average 2006 rate	42.10	40.00	31.35	25.90	26.30	19.60	10.70	9.25	16.50
Average 2005 rate	40.55	36.05	29.80	24.60	24.95	14.85	10.70	9.75	15.60
Average 2004 rate	37.40	35.90	27.20	22.20	23.90	17.30	10.00	7.90	14.60
Average 2003 rate	35.20	32.40	25.30	20.30	23.00	16.40	8.60	7.70	13.65
Average 2002 rate	33.70	32.00	23.70	18.70	19.70	15.60	8.90	7.20	12.90
Average 2001 rate	30.90	30.40	21.00	17.50	20.80	12.90	8.60	6.60	11.95
Average 2000 rate	31.00	26.80	20.60	17.40	18.50	15.40	8.00	6.80	11.95
Average 1999 rate	26.80	24.80	19.70	16.60	17.80	14.70	7.70	6.20	11.20
Average 1998 rate	28.10	24.40	19.40	16.40	17.50	14.90	7.30	6.70	11.30
Average 1997 rate	25.70	23.60	19.50	15.20	16.80	13.00	6.60	6.80	10.70
Average 1996 rate	21.20	22.10	18.80	14.70	16.30	12.00	5.60	6.10	9.80
Average 1995 rate	21.90	21.60	18.60	14.90	14.80	11.20	6.10	6.30	9.75
Average 1994 rate	20.30	20.90	18.60	13.40	16.30	11.20	5.40	5.60	9.25
Average 1993 rate	20.30	20.10	17.00	12.70	15.20	10.10	5.60	5.10	8.70
Average 1992 rate	18.00	19.60	16.50	12.00	13.50	9.50	5.30	4.90	8.20
Average 1991 rate	19.20	18.60	16.30	12.50	13.80	9.90	5.30	4.40	8.10

*** Insufficient number of reports

Source: South Dakota Farm Real Estate Market Surveys, SDSU, 2014 and earlier year reports.