Land Values, Conservation and the Absentee Landowner

Agricultural Outlook Forum
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Outline

- Background information
- Nature of the study
- Results
- Conclusions and discussion
Percent of Land Owned and Rented by Type of Owner, 2007

- Spouses
  - Owned Acres: 48%
  - Rented Acres: 33%

- SO - Male
  - Owned Acres: 20%
  - Rented Acres: 20%

- SO - Female
  - Owned Acres: 20%
  - Rented Acres: 28%

- Multiple
  - Owned Acres: 20%
  - Rented Acres: 20%
Percent of Farmland in Iowa Based on Primary Reason for Owning the Land, 2007
Percent of Iowa Farmland by Reason for Owning and within Each Age Group, 2007
Percent of Iowa Farmland by Reason for Owning and Residence of the Owner

- **Current income**: Live in Iowa (50%), Not in Iowa (28%)
- **Long-term investment**: Live in Iowa (22%), Not in Iowa (33%)
- **Family or sentimental**: Live in Iowa (20%), Not in Iowa (30%)
- **Other**: Live in Iowa (6%), Not in Iowa (3%)
Erosion costs

• Three groups experience increased costs due to erosion;
  – Farmer; lost fertilizer, seed and other inputs, decrease in water holding capacity, decrease in organic matter, etc.
  – Society; water quality, water treatment, siltation, …
  – Land owner; decreased land value and decreased rental value
External Costs

- Benefit per ton of soil erosion prevented was $6.42
- In the Corn Belt there was 3.9 T/acre water erosion and .2 T/acre wind erosion
- Approximately $26 an acre
- Tegtmeier/Duffy estimates from $14.09 to $45.68 for all external costs
WATER EROSION – WINNESHIEK COUNTY
(LOOKING CENTER)
THE MISSISSIPPI RIVER

ROOT RIVER AFTER 2” RAIN
Impact of Erosion on Land Values

- Study uses Iowa Soil Properties And Interpretations Database; Version 7.3, Sept. 2010
- Use the change in corn yield or the change in the Corn Suitability Rating index when the soil goes from no or slight erosion to moderately eroded or severely eroded
Erosion Class

• None or Slight
  – More than 7 inches of A or A plus E Horizon

• Moderately Eroded
  – 3-7 inches

• Severely Eroded
  – Less than 3 inches

• Overwash
  – 8-18 inches of recently deposited material above A Horizon
Impact of Erosion on Land Values

• The value of a change in CSR rating is determined by the average CSR per county and the ISU county land survey price

• Corn valued at $5.15 per bushel and the costs of production are from the Iowa State University Estimated Costs of Crop Production, FM 1712
Corn and Soybean Yield Difference Based on Erosion Phase

Maximum Minimum Average

Corn Soybeans
Percent Range in the Total Value Loss per County

Chickasaw  Clayton  Clinton  Des Moines  Dubuque  Emmet  Floyd  Fremont  Hardin  Humboldt  Lyon  Mills  Page  Pocahontas  Polk  Pottawattamie  Story  Taylor  Woodbury  Wright
Average Dollar Loss per Acre from Erosion Using Different Estimation Methods

- CSR: $250.00
- Yield: $200.00
- Rent: $300.00
Conclusions

• Percent range in value loss per acre from 2 to 17%
• Average loss per acre was 5%
• Three different methods to estimate loss fairly consistent
• Currently loss in productivity not really factored in price; more factored into rent
Thank-you

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