

August 5, 2008

FEFO 08-14

FOURTH YEAR IN A ROW OF DOUBLE DIGIT INCREASES FOR ILLINOIS FARM REAL ESTATE VALUES

Each year the National Agricultural Statistics Service of the USDA releases estimated average farm real estate values and cash rents by state. The estimates are based on surveys of farmers from selected geographical areas. The surveys follow strict statistical guidelines. Estimated values maybe revised the following year based on additional information. Revisions may also be made based on data from the 5-year Census of Agriculture. The methodology and timing of the study has changed over time but the statistical information provides some insight as to the changes in farm real estate values from year to year.

AVERAGE ILLINOIS FARM REAL ESTATE VALUE

The average Illinois farm real estate values from 1970 through 2008 are listed in Table 1 and graphically in Figure 1. The average farm real estate value for Illinois in 2008 was \$5,000 per acre, the highest on record. This includes the value of all land and buildings. The figure was 15.5 percent higher than the 2007 average of \$4,330 per acre. The 2008 increase marked the fourth year in a row of double digit increases. The 2005 value increased 27.6 percent, the 2006 value increased 14.1 percent and the 2007 value increased 13.9 percent. The 2008 percent increase was the second highest since 1977. Farm real estate values have shown a year over year increase every year since 1988, or twenty one consecutive years. Since 2000, Illinois farm real estate values have increased 121 percent.

Since 1970, average farm real estate values have declined only five times as compared to the previous year. Those years were 1982, 1983, 1985, 1986 and 1987. There have been four years when farm real estate values increased over 20 percent, in 1974, 1976, 1977 and 2005. The largest increase was in 1977 when values rose 37.3 percent.

From 1994 through 1999, average farm real estate values increased between 4.2 % and 9% annually. From 2000 to 2004, farm real estate increased between 1.3% and 7.4%. Since 2004, the increase in farmland values has averaged 17.8%. The current strength in farmland values seems to be driven by higher corn and soybean prices and expectation that these prices will remain high due to strong demand.

The farm real estate value data is used to construct index numbers of Illinois farmland values. The index can be found at the *farmdoc* website. http://www.farmdoc.uiuc.edu/manage/land_value.asp

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Table 1. Illinois Farm Real Estate Values, 1970 through 2008, and Percent Change from the Previous Year.

Year	Value per acre	Percent change	Year	Value per acre	Percent change	Year	Value per acre	Percent change
1970	\$490	na	1985	\$1,381	-25.1%	2000	\$2,260	1.8%
1971	491	0.2%	1986	1,232	-10.8%	2001	2,290	1.3%
1972	527	7.3%	1987	1,149	-6.7%	2002	2,350	2.6%
1973	590	12.0%	1988	1,262	9.8%	2003	2,430	3.4%
1974	788	33.6%	1989	1,391	10.2%	2004	2,610	7.4%
1975	846	7.4%	1990	1,405	1.0%	2005	3,330	27.6%
1976	1,062	25.5%	1991	1,459	3.8%	2006	3,800	14.1%
1977	1,458	37.3%	1992	1,536	5.3%	2007	4,330	13.9%
1978	1,625	11.5%	1993	1,548	0.8%	2008	5,000	15.5%
1979	1,858	14.3%	1994	1,670	7.9%			
1980	2,041	9.8%	1995	1,820	9.0%			
1981	2,188	7.2%	1996	1,900	4.4%			
1982	2,023	-7.5%	1997	1,980	4.2%			
1983	1,837	-9.2%	1998	2,130	7.6%			
1984	1,845	0.4%	1999	2,220	4.2%			

Source: USDA Agricultural Land Values and Cash Rents Statistical Bulletin

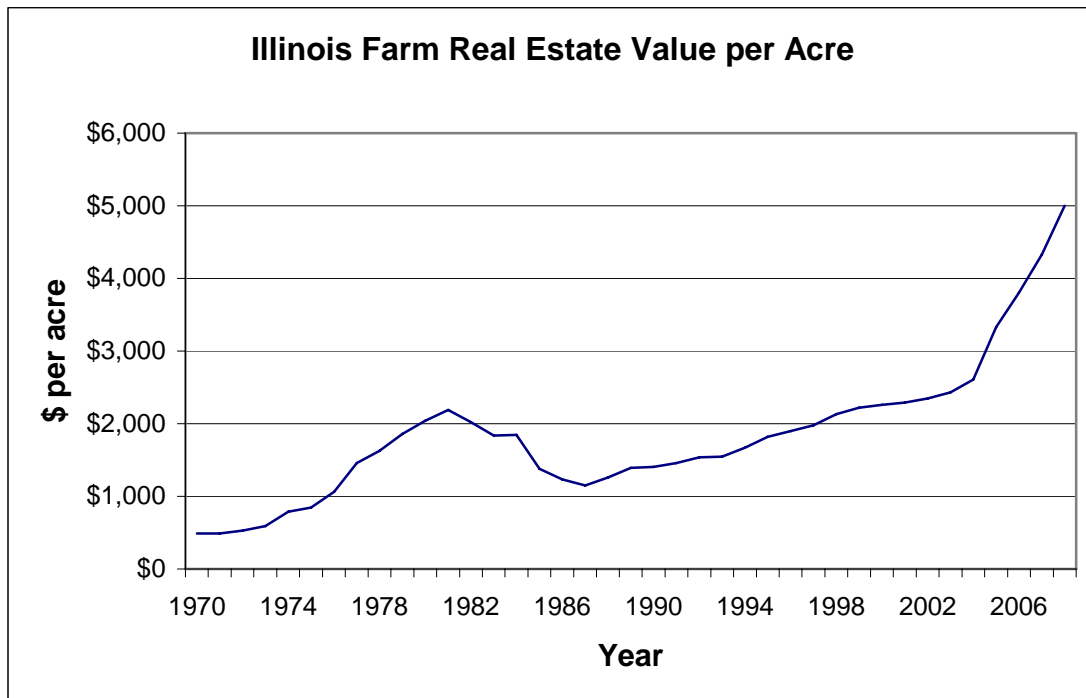


Figure 1. Average Illinois Farm Real Estate Values per Acre, 1970 through 2008.