

## Iowa, Illinois, and Contiguous 48 States: Decreasing Land Values

*Preston Lyman, Decision Innovation Solutions (DIS). DIS is an Iowa-based economic research firm which provides regular ag-economic research and analysis to Iowa Farm Bureau staff and members.*

In the 1980's we all know that a bubble formed in agricultural land values which resulted in plummeting land values, which in turn did not reach back to peak levels for 10-15 years. Since 2004 land values have been skyrocketing to levels 5-6 times that of the highest peaks of the bubble from the late 1970's. This has bred increased concern for a similar following bursting bubble response. As land value prices have recently begun to decrease, apprehensions have increased. See Figure 1.

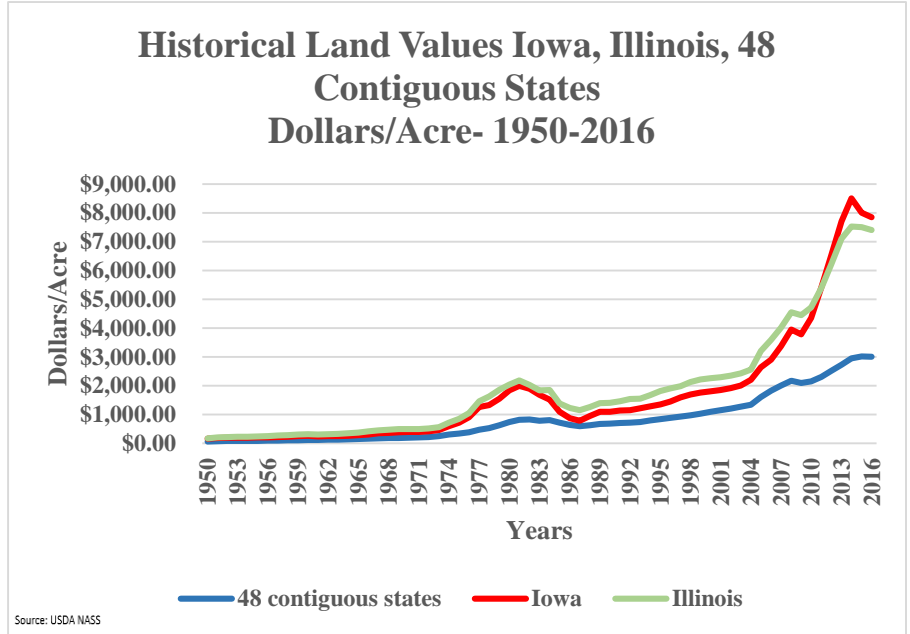


Figure 1

## Historical Land Value Iowa, Illinois, 48 Contiguous States % Change YoY - 1980-2016

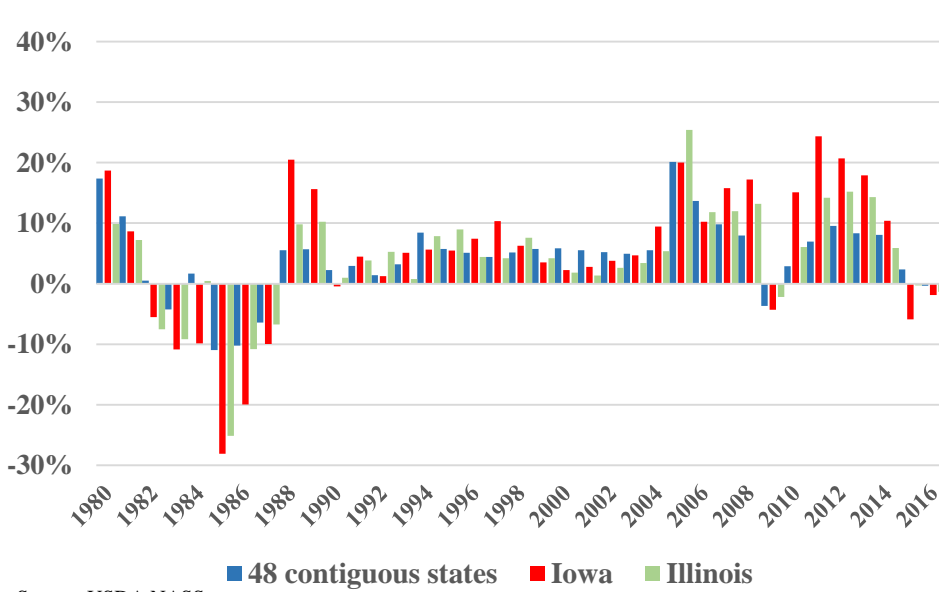


Figure 2

However, to put the recent land value decreases in perspective we can look at the 2007-2009 recession, and the declines of the 1980's. See Figure 2. Additionally, in 2015 decreases in land values were 8% and in 2016 they were just 1%. In the coming years increased data will provide a more complete picture of whether land values will continue to decrease, or if increases are pending.

Based on historical data, the decreases in land values have occurred, but are not showing similar trends (continuous decrease) to past recessionary trends. However, it is important to be aware of, and to consider when making purchasing decisions during times of unclear future land values.