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JULY 2020

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South Dakota Agricultural Land Market Trends, 1991-2020:

Results from the 2020 SDSU Extension South Dakota Farm Real Estate Survey

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South Dakota Farmland Market Trends, 1991-2020

Disclaimer

The South Dakota Agricultural Land Market Trends 1991-2020 publication is created for educational purposes to provide insight on recent trends in agricultural land values and rental rates in South Dakota. Agricultural land values and rental rates in the report represent averages for different regions of the state. Actual land values or rental rates for an individual parcel will vary from reported figures dependent on quality attributes and local market forces of the area. Survey responses were examined to eliminate data that was obviously erroneous, no further effort was made to independently verify or corroborate the data.

Physical attributes such as location, soil type, topography, or depth to water may affect the value of given real property causing the value to deviate substantially from what may be considered normal for the area. Also, local market forces such as the competitive nature of an area have the ability to greatly impact agricultural land values or rental rates.

In addition, variations exist within regions and clusters that may cause real estate values and rental rates to differ substantially within the region.

Due to the inherent limitations of surveys, information in this report should not be used to set a specific rental rate or value a particular parcel of real property for sale, security for a loan, and other related legal matters.

Introduction

The 2020 SDSU Extension Farm Real Estate Market Survey is the 30th annual survey of agricultural land values and cash rental rates by land use and quality in different regions of South Dakota. This has been a successful long-term project that may be significantly modified going forward due to low response rates and limitations.

The 2020 estimates are based on information from responses[1] to the 2020 SDSU Extension survey. Responses are from agricultural lenders, Farm Service Agency officials, rural appraisers, assessors, realtors, professional farm managers, and SDSU Extension field

Central South Dakota pasture
Photo credit: Taylor Grussing

Central South Dakota sunflower
Photo credit: Ruth Beck

[1] 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 1

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specialists. All are familiar with farm real estate market trends in their localities.

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 specific details.

South Dakota Agricultural Land Values, 2020

Procedures to estimate and report land values

Respondents to the 2020 SDSU Extension South Dakota Farm Real Estate Survey estimated the per-acre value of non-irrigated cropland and pastureland in their county. 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.

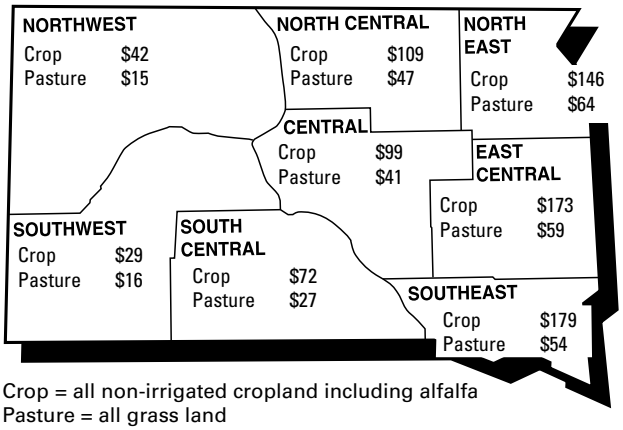
Land values and cash rental rates are reported only for privately owned land and should not be considered as estimated values for tribal lands or federal lands.

The average value per-acre and percent change in value were obtained for each agricultural land use in each region.

Cash Rental Rates of South Dakota's Agricultural Land

Respondents were asked about annual average cash rental rates per-acre in their locality for non-irrigated cropland and pasture/rangeland (all grass acres). Respondents were also asked to report cash rental rates in their locality for high-productivity and low-productivity land for these land uses. Cash rental rates for each region are summarized in Figure 1 and Table 1. The same information is summarized by region and county cluster in Table 2. In some cases, there were too few reports to make cash rental rate estimates at the county cluster level.

The statewide change in average cash rental rates per-acre from 2019 to 2020 decreased $13 for cropland and $3 for pasture/rangeland.



Crop = all non-irrigated cropland including alfalfa
Pasture = all grass land
*** Insufficient number of reports to make regional estimates

Figure 1. Average cash rental rate of South Dakota non-irrigated cropland and pasture/rangeland, by region, February 2020, dollars per acre. *Source: 2019 South Dakota Farm Real Estate Market Survey, SDSU Extension.*

2020 cash rental rates – non-irrigated cropland

Average cash rental rates in 2020 for non-irrigated cropland varied from $29 to $179 per-acre in the Southwest and Southeast regions (Figure 1 and Table 1).

- Rental rates per acre by land use and by county cluster are shown in Table 2.

2020 cash rental rates – irrigated cropland

2020 response were insufficient to update this table. Amounts in this table are from the 2019 survey. (Table 1).

2020 cash rental rates – rangeland and pasture

Average cash rental rates per-acre reflect regional differences in productivity and carrying capacity of pasture and rangeland tracts. Average cash rental rates vary from $15 per-acre in the Northwest region to $64 per-acre in the Northeast region (Figure 1 and Table 1).

East Central South Dakota cropland
Photo credit: Anthony Bly

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Table 1. Reported cash rental rates of South Dakota agricultural land by type of land by region, 2013-2018.

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 2020 rate	$179	$173	$146	$109	$99	$72	$29	$42	$113
High Productivity	$221	$207	$190	$143	$125	$81	$37	$46	---
Low Productivity	$144	$129	$91	$73	$70	$49	$24	$33	---
Average 2019 rate	$188	$172	$155	$111	$102	$73	$33	$45	$126
Average 2018 rate	$204	$193	$166	$126	$118	$89	$33	***	$139
Average 2017 rate	$190	$193	$163	$128	$112	$70	$54	$41	$136
Average 2016 rate	$188	$201	$169	$131	$115	$71	$43	$43	$141
Average 2015 rate	$196	$204	$192	$122	$119	$77	$44	$45	$145
Pasture/Rangeland**									
Average 2020 rate	$54	$59	$64	$47	$41	$30	$16	$15	$24
High Productivity	$72	$95	$89	$63	$56	$40	$20	$19	---
Low Productivity	$41	$57	$44	$36	$29	$21	$13	$12	---
Average 2019 rate	$58	$76	$65	$47	$45	$30	$16	$15	$27
Average 2018 rate	$66	$75	$69	$50	$50	$37	$16	***	$30
Average 2017 rate	$81	$78	$62	$58	$62	$38	$14	$15	$30
Average 2016 rate	$68	$77	$60	$51	$53	$45	$18	$19	$31
Average 2015 rate	$68	$74	$57	$50	$45	$33	$14	$17	$28

Source: South Dakota Farm Real Estate Market Surveys, SDSU Extension, 2019 and earlier year reports. Statewide average rental rates are based on 2017 regional land use weights

** In 2017 pasture land variable was redefined and includes all grass acres. Prior to 2017 this number includes all range, but not tame pasture.

*** Insufficient number of reports to make regional estimates

Irrigated information is 2019. Insufficient response to report 2020

Type of Land	Southeast	East Central	Northeast	North Central	Central	Western
	dollars per acre					
Irrigated land						
Average 2019 rate	$275	$180	$170	***	***	$60
High Productivity	***	$208	$225	***	***	$66
Low Productivity	***	$152	$125	***	***	$53
Average 2018 rate	$228	$219	$223	$178	$138	$100
Average 2016 rate	$299	$195	$216	$192	$188	$105
Average 2015 rate	$261	$216	$228	$193	$167	$89
Average 2014 rate	$299	$218	$226	$203	$222	***
Average 2013 rate	$270	$249	$237	$181	$194	$83

*** Insufficient number of reports to make regional estimates

Source: South Dakota Farm Real Estate Market Surveys, SDSU Extension, 2019 and earlier year reports. Statewide average rental rates are based on 2017 regional land use weights

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Table 2. County Cluster Cash Rental Rates Reported February, 2015-2020 rates.

Type of Land	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 2020 rate	$179	$225	$162	$119	$173	$214	$201	$152
High Productivity	$221	$273	$205	$154	$207	$259	$249	$179
Low Productivity	$144	$179	$132	$93	$129	$147	$132	$120
Average 2019 rate	$188	$236	$170	$125	$172	$213	$200	$151
Average 2018 rate	$204	$231	$176	$133	$193	$231	$181	$173
Average 2017 rate	$190	$227	$176	$160	$193	$210	$205	$170
Average 2016 rate	$188	$233	$176	$155	$201	$288	$183	$161
Average 2015 rate	$196	$240	$171	$156	$204	$244	$203	$167
Pasture/Rangeland**								
Average 2020 rate	$54	$57	$56	$42	$59	$68	$69	$53
High Productivity	$68	$75	$66	$56	$72	$83	$91	$65
Low Productivity	$41	$40	$50	$30	$43	$48	$49	$40
Average 2019 rate	$58	$61	$60	$45	$76	$88	$90	$69
Average 2018 rate	$66	$74	$61	$48	$75	$80	$78	$70
Average 2017 rate	$64	$67	$62	$61	$75	$79	$85	$65
Average 2016 rate	$81	$111	$73	$71	$78	$89	$76	$74
Average 2015 rate	$68	$64	***	$64	$77	$81	$77	$72

Source: South Dakota Farm Real Estate Market Surveys, SDSU Extension, 2019 and earlier reports.

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Table 2. (continued)

Type of Land	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 2020 rate	$146	$154	$164	$140	$109	$153	$98	$83
High Productivity	$190	$201	$188	$182	$143	$215	$124	$103
Low Productivity	$91	$93	$108	$90	$73	$93	$71	$55
Average 2019 rate	$155	$164	$175	$149	$111	$156	$100	$85
Average 2018 rate	$166	$174	$168	$151	$126	$154	$114	$100
Average 2017 rate	$163	$176	$157	$153	$128	$151	$109	$95
Average 2016 rate	$170	$172	$175	$158	$131	$149	$114	$119
Average 2015 rate	$192	$193	***	***	$122	$151	$106	$89
Pasture/Rangeland**								
Average 2020 rate	$64	$74	$60	$55	$47	$55	$45	$32
High Productivity	$89	$90	$94	$80	$63	$80	$60	$45
Low Productivity	$44	$49	$48	$40	$36	$42	$36	$26
Average 2019 rate	$65	$76	$60	$59	$47	$59	$48	$34
Average 2018 rate	$69	$66	$69	$61	$50	$55	$53	$31
Average 2017 rate	$70	$72	$69	$68	$52	$65	$43	$40
Average 2016 rate	$62	$64	$63	$57	$58	$65	$57	$50
Average 2015 rate	$60	$64	***	***	$51	$57	$52	$39

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Table 2. (continued)

Type of Land	Central				South Central	South West	North West
	All	Aurora Beadle Jerauld	Buffalo Brule Hand Hyde	Hughes Sully	All*	All*	All*
	dollars per acre						
Nonirrigated Cropland							
Average 2020 rate	$99	$126	$99	$87	$72	$29	$42
High Productivity	$125	$170	$140	$115	$81	$37	$46
Low Productivity	$70	$79	$71	$65	$49	$24	$33
Average 2019 rate	$102	$130	$102	$90	$73	$33	$45
Average 2018 rate	$118	$139	$115	***	$89	$33	***
Average 2017 rate	$112	$133	$101	***	$70	$54	$41
Average 2016 rate	$115	$122	$115	$103	$71	$43	$43
Average 2015 rate	$119	$126	$125	$99	$77	$44	$45
Pasture/Rangeland**							
Average 2020 rate	$41	$44	$41	$46	$30	$16	$15
High Productivity	$56	$63	$56	$55	$41	$20	$19
Low Productivity	$29	$40	$32	$35	$22	$13	$12
Average 2019 rate	$45	$48	$45	***	$30	$16	$15
Average 2018 rate	$50	$60	$48	***	$37	$16	***
Average 2017 rate	$51	$60	$49	***	$34	$23	$21
Average 2016 rate	$62	$62	$65	$50	$38	$14	$15
Average 2015 rate	$53	$61	$53	$39	$45	$18	$19

*** 2017 pasture/rangeland variable has been redefined and includes all grass acres*

**** 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.

Table 3. Per-pair and Yearling Monthly rental rates for 2020

	Eastern	Central	South Central	Western
	dollars per month			
Per Pair				
Average value, 2020	$43	$43	$48	$40
High	$58	$53	$58	$51
Low	$35	$33	$37	$29
Yearling				
Average value, 2020	$34	$35	$33	$31
High	$40	$43	$43	$39
Low	$28	$27	$27	$21

*** Insufficient number of reports to make regional estimates

Source: South Dakota Farm Real Estate Market Surveys, SDSU Extension, 2019 and earlier year reports. Statewide average rental rates are based on 2002 regional land use weights.

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2020 Per pair and Yearling monthly grazing rates

Average per pair monthly rental rates for 2020 range from $37 to $58 for the grazing season. Average yearling rental rates were between $21 and $43 depending on location (Table 3).

Land Values and Changes

For 2020, the statewide average of non-irrigated cropland values decreased almost 3.0% (Table 4).

Pasture/rangeland (all grass acres)

In 2020, the survey value of South Dakota pasture/ rangeland averaged $1,162 per-acre, a 3.4% decrease compared to values from 2019.

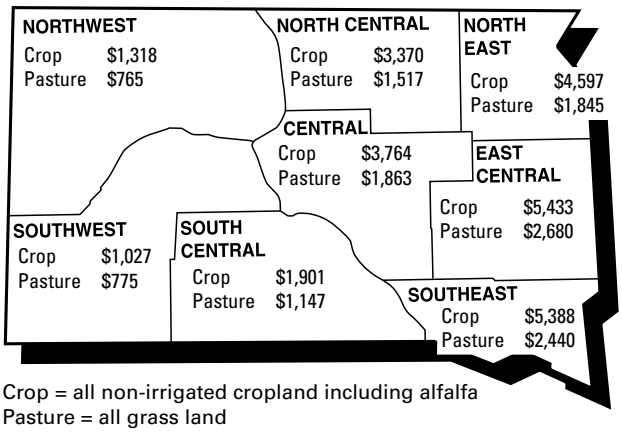

Figure 2. Average value of South Dakota non-irrigated cropland and pasture/ rangeland, by region, February 2019, dollars per acre. *Source: 2019 South Dakota Farm Real Estate Market Survey, SDSU Extension.*

Cropland values

The weighted average value of South Dakota's non-irrigated cropland is $3,638 per- acre. (Table 4).

Variation in Land Values by Land Productivity and County Clusters

In this section we report the per-acre values of average productivity, high-productivity, and low-productivity cropland and pasture by region and by county clusters within several regions (Table 5).

Substantial variation in per-acre land values occurs due to the difference in land productivity in each region as well as other economic factors, such as ease of farming, soil type, etc. (Table 5) Pasture/rangeland values varied greatly throughout the state. The values vary based on productivity, access to roads, water, facilities, etc.

Rates of Return to South Dakota 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 a respondent's reported average cash rental rates and their reported 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 2020 trend in the gross cash rent-to-value ratio is depicted in Graph 1.

In 2020, the statewide average gross rates of return (rent-to-value ratio) fluctuated somewhat across land use categories:

- 2.1% for pasture/rangeland.
- 3.1% for non-irrigated cropland.

This is the ninth year that the gross rates of return for cropland has been 4.0% or lower (Graph 1). The gross rent to value ratio generally follows interest rates.

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. Most (over 85%) of the 2020 respondents provided one or more reasons for the purchase or sale of real estate.

From Graph 2, farm expansion was the top reason for purchasing farmland.

- Of the total responses, 56% indicated farm expansion as a key reason for purchasing land
- Buying land as a form of investment accounted for 7% of responses
- Purchasing land based on the location accounted for 30% of responses
- Other reasons accounted for 7% of responses

There were several different reasons for sellers offering land for sale. In 2020, retirement of farmers and ranchers emerged as the top reason for selling land (Graph 3).

- 29% of the total respondents indicated estate settlement as one of the reasons
- Retirement accounts for 31% of the reasons for selling land
- Increasing liquidity came in at 29% as the third highest reason

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Graph 1. Gross Rent-to-Value Ratio 1991-2020

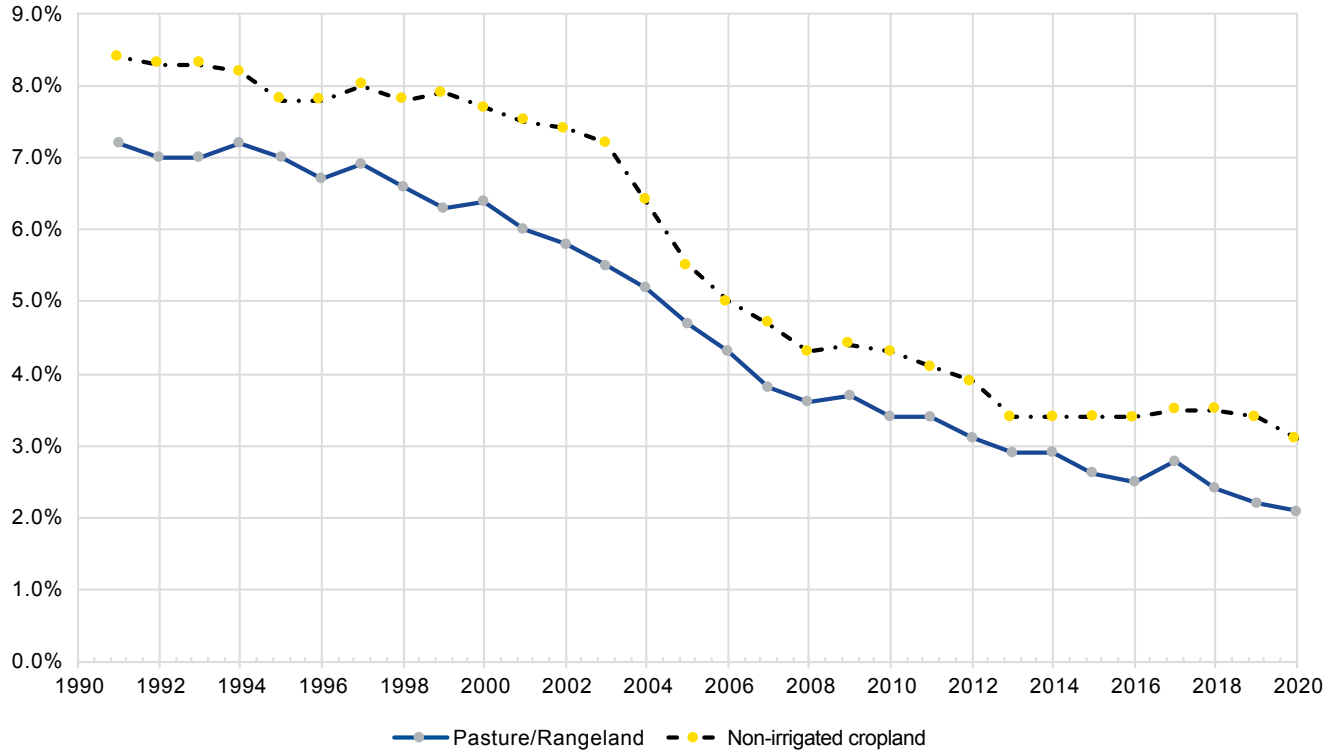

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Table 4. Average reported value and annual percentage change in value of South Dakota agricultural land by type of land by region, February 2014-2019.

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 value, 2020	$5,388	$5,433	$4,597	$3,370	$3,502	$1,901	$1,027	$1,318	$3,638
Average value, 2019	$5,648	$5,400	$4,606	$3,447	$3,764	$1,937	$1,188	$1,408	$3,747
Average value, 2018	$6,361	$6,237	$4,546	$3,534	$3,347	$2,125	$1,207	$1,369	$3,937
Average value, 2017**	$5,569	$6,160	$4,654	$4,030	$3,291	$2,203	$1,427	$1,142	$3,903
Average value, 2016	$5,653	$6,116	$4,613	$4,177	$3,843	$2,168	$1,264	$1,187	$4,094
Annual % change 20/19	-4.6%	0.6%	-0.2%	-2.2%	-7.0%	-1.9%	-13.6%	-6.4%	-2.9%
Pasture/ Rangeland**									
Average value, 2020	$2,440	$2,680	$1,845	$1,517	$1,737	$1,147	$775	$765	$1,162
Average value, 2019	$2,518	$3,159	$1,876	$1,463	$1,863	$1,146	$749	$810	$1,203
Average value, 2018	$2,829	$2,624	$2,178	$1,718	$1,882	$1,241	$839	$781	$1,252
Average value, 2017**	$2,450	$2,546	$2,089	$1,914	$2,011	$1,150	$887	$650	$1,215
Average value, 2016	$2,566	$2,781	$2,028	$1,957	$2,219	$1,330	$715	$760	$1,222
Annual % change 20/19	-3.1%	-15.2%	-1.7%	3.7%	-6.8%	0.1%	3.5%	-5.6%	-3.4%

Source: 2019 and earlier South Dakota Farm Real Estate Market Surveys

*cropland now includes all alfalfa acres

** 2017 pasture land variable has been redefined and includes all grass acres

Type of Land	Southeast	East Central	Northeast	North Central	Central	Western
	dollars per acre					
Irrigated land						
Average Value, 2020	$6,964	$6,037	***	***	$3,696	$2,141
Average value, 2019	$7,300	$6,000	***	***	$3,972	$2,182
Average value, 2018	$6,876	$6,500	$5,417	$4,808	$4,375	$2,035
Average value, 2016	$6,717	$6,350	$6,143	$5,250	$4,314	$2,688
Average value, 2015	$7,330	$6,750	***	$7,000	$4,380	$2,450
Annual % change 20/19	-4.6%	0.6%	***	***	-7.0%	-1.9%
Average value, 2014	$7,940	$7,190	$6,250	$6,340	$4,430	$1,490
Annual % change 19/18	6.2%	-7.7%	***	***	-9.2%	7.2%

Source: 2019 and earlier South Dakota Farm Real Estate Market Surveys Statewide average land values are based on 2002 land use weights

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Table 5. Average reported value per acre of agricultural land by South Dakota region, county clusters, type of land, and land productivity, February 2015 - 2020.

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 2020 rate	$5,388	$6,793	$5,237	$3,800	$5,433	$7,337	$5,973	$4,152
High Productivity	$6,873	$8,975	$6,050	$4,546	$7,025	$9,652	$7,870	$5,137
Low Productivity	$4,097	$4,969	$4,035	$3,023	$4,133	$4,839	$4,837	$3,870
Average 2019 rate	$5,648	$7,120	$4,974	$3,750	$5,400	$7,500	$6,500	$4,343
Average 2018 rate	$6,361	$7,490	$5,359	$3,900	$6,237	$7,575	$6,165	$5,148
Average 2017 rate	$5,570	$6,700	$5,427	$4,425	$6,160	$7,265	$6,715	$5,156
Average 2016 rate	$5,653	$6,684	$5,089	$4,563	$6,116	$8,262	$6,119	$4,788
Average 2015 rate	$5,886	$7,138	$5,326	$4,580	$6,329	$7,837	$6,330	$4,912
Pasture/Rangeland**								
Average 2020 rate	$2,440	$2,876	$2,469	$2,043	$2,680	$3,333	$2,320	$2,670
High Productivity	$2,924	$3,719	$2,765	$2,541	$3,533	$4,186	$3,898	$3,490
Low Productivity	$1,760	$2,118	$1,778	$1,345	$2,011	$2,481	$1,670	$2,014
Average 2019 rate	$2,518	$2,933	$2,500	$2,050	$3,159	$3,583	$2,500	$3,071
Average 2018 rate	$2,829	$3,250	$2,470	$2,100	$2,624	$3,313	$2,318	$2,318
Average 2017 rate	$2,450	$2,688	$2,471	$2,175	$2,546	$2,960	$2,400	$2,518
Average 2016 rate	$2,566	$2,567	$2,573	$2,550	$2,781	$3,253	$2,506	$2,667
Average 2015 rate	$2,720	$3,500	$2,581	$2,264	$2,728	$3,233	$2,376	$2,556

Source: South Dakota Farm Real Estate Market Survey, SDSU Extension, 2019 and earlier.

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

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Table 5. (continued)

Agricultural Land Type and Productivity	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 2020 rate	$4,597	$5,133	$4,633	$4,218	$3,370	$4,575	$2,670	$3,216
High Productivity	$5,879	$6,476	$5,763	$5,438	$4,573	$6,850	$3,460	$3,100
Low Productivity	$3,019	$3,341	$3,375	$2,797	$2,230	$2,630	$1,890	$2,250
Average 2019 rate	$4,606	$5,143	$4,800	$4,200	$3,447	$4,860	$2,733	$3,320
Average 2018 rate	$4,546	$4,862	$4,458	$4,470	$3,534	$4,273	$3,235	$3,314
Average 2017 rate	$4,654	$4,761	$4,708	$4,501	$4,030	$4,950	$3,033	$3,033*
Average 2016 rate	$4,613	$4,673	$4,969	$4,300	$4,177	$4,983	$3,604	$3,273
Average 2015 rate	$5,066	$5,093	***	***	$4,274	$5,548	$3,007	$3,525
Pasture/Rangeland**								
Average 2020 rate	$1,845	$1,843	$1,860	$1,800	$1,517	$1,575	$1,387	$1,530
High Productivity	$2,594	$2,604	$3,328	$2,524	$2,001	$2,161	$1,764	$2,055
Low Productivity	$1,405	$1,396	$1,468	$1,395	$1,154	$1,212	$982	$1,285
Average 2019 rate	$1,877	$1,886	$1,900	$1,878	$1,463	$1,560	$1,389	$1,500
Average 2018 rate	$2,178	$2,150	$2,253	$2,120	$1,718	$1,955	$1,744	$1,060
Average 2017 rate	$2,089	$2,241	$2,080	$1,911	$1,914	$2,519	$1,450	$1,383
Average 2016 rate	$2,028	$2,167	$1,900	$1,944	$1,957	$2,354	$1,893	$1,125
Average 2015 rate	$2,136	$2,270	***	$2,004	$1,758	$2,363	$1,343	$1,283

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Table 5. (continued)

Agricultural Land Type and Productivity	Central				South Central	South West	North West
	All	Aurora Beadle Jerauld	Buffalo Brule Hand Hyde	Hughes Sully	All***	All***	All***
	dollars per acre						
Nonirrigated Cropland							
Average 2020 rate	$3,502	$3,770	$3,205	$2,892	$1,901	$1,027	$1,318
High Productivity	$4,640	$5,202	$4,205	$3,146	$2,291	$1,218	$1,567
Low Productivity	$2,362	$3,016	$2,313	$2,305	$1,557	$875	$1,069
Average 2019 rate	$3,496	$3,764	$3,174	$3,010	$1,937	$1,188	$1,408
Average 2018 rate	$3,347	$3,800	$3,250	$3,100	$2,125	$1,207	$1,369
Average 2017 rate	$3,291	$3,920	$2,823	***	$2,203	$1,428	$1,142
Average 2016 rate	$3,843	$3,512	$4,267	$3,600	$2,168	$1,264	$1,187
Average 2015 rate	$3,895	$4,180	$3,947	$3,545	$2,283	$1,348	$1,193
Pasture/Rangeland**							
Average 2020 rate	$1,737	$1,815	$1,800	$1,433	$1,147	$775	$765
High Productivity	$2,287	$2,460	$2,232	$1,237	$1,341	$914	$926
Low Productivity	$1,293	$1,337	$1,372	$880	$811	$669	$664
Average 2019 rate	$1,863	$1,859	$1,870	***	$1,146	$749	$810
Average 2018 rate	$1,892	$2,400	$1,938	$1,408	$1,241	$839	$781
Average 2017 rate	$2,011	$2,394	$1,771	$1,750	$1,150	$887	$650
Average 2016 rate	$2,219	$2,528	$2,035	$1,750	$1,330	$715	$760
Average 2015 rate	$2,101	$2,230	$2,313	***	$1,338	$852	$630

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

** 2017 pasture land variable has been redefined and includes all grass acres

* Significance of this variable could not be tested due to low response rates

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Southwest South Dakota pasture
Photo credit: Kari O'Neill

Factors Influencing Farmland Markets in South Dakota

Respondents to the 2020 annual survey were asked to list major positive and negative factors affecting the farm real estate market in their localities. These factors play important roles in explaining changes that occurred in the amount of farmland sold in the past year. Also it explains the direction of changes in rental rates and sale prices of farmland. Eighty percent of the survey respondents listed one to three positive or negative reasons (Graph 4).

For positive factors currently impacting the farm real estate market, (Graph 4)

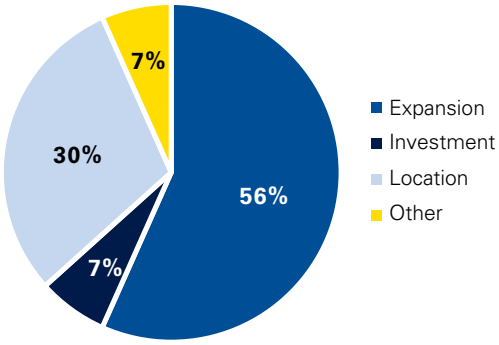
- Thirty four percent of participants indicated low interest rates being a positive factor
- Investment was the second most positive market factor affecting farm market real estate purchases at 24%.

The decline in commodity prices dominated the negative factors in the real estate market. Economic uncertainty and lack of cash flow were also listed (Graph 5).

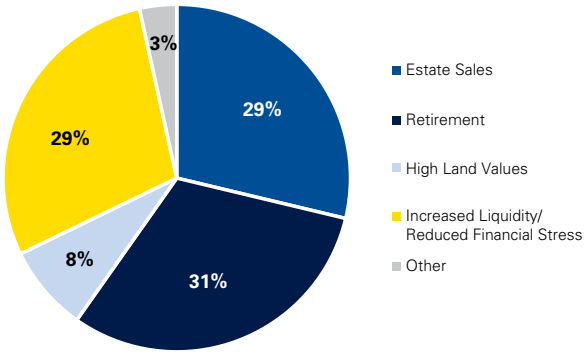
- Fifty eight percent of respondents indicated low margins as the main reason impacting farm real estate in 2020
- Of the respondents 21% indicated economic uncertainty as a negative factor affecting the farm real estate market

These graphs indicate the most frequently listed factors affecting the real estate market according to survey participants. Other factors effecting the real estate market include interest rates, demand, available cash, supply of land for sale, etc.

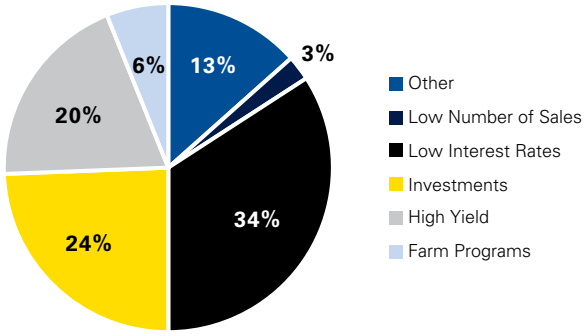
Graph 2. The most important reasons, among BUYERS for purchasing land in 2020



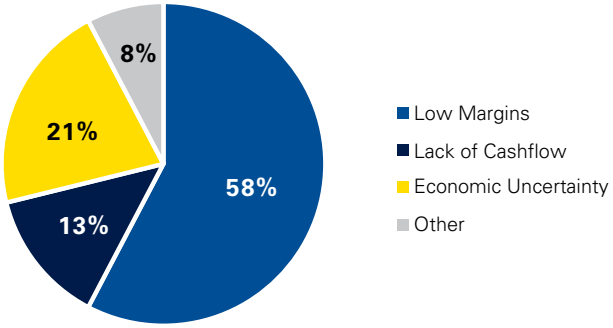
Graph 3. The most important reasons, among SELLERS offering land for sale in 2020



Graph 4. POSITIVE FACTORS impacting the farm real estate market in 2020



Graph 5. NEGATIVE FACTORS impacting the farm real estate



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Longer Term Perspective on Farmland Market Changes, 1991 – 2020

Since the amount of land devoted to production agriculture has changed little during this 30-year period, the supply of land is considered relatively fixed. As a result, changes in demand for land are the main factors driving its value and market price. Many factors influence the demand for agricultural land, and yields of other risk free assets, or returns from risky assets.

There are a few key elements driving changes in farm land values. These include cash rent, working capital, supply of land, interest rates, inflation, and similar investments. These elements can be divide into two groups. First cash rents and working capital are creating a downward force on land values. The second group, supply of land, interest rates, inflation, and investment prospective are creating positive pressure on land values.

Longer-term historical data from annual SDSU Extension surveys of agricultural land values and cash rental rates in South Dakota from 1991 to 2020 are located in Appendix Tables 2 and 3 of this report. Long-term trends in average annual cash rates of return are shown in Graph 1.

Conclusion

Given current agricultural prices and economic conditions, it will be important to understand that a large range of variability exists throughout the state, in regions and at the county level in terms of land values and rental rates. Land owners and producers will need to have a good idea of the productivity level of their land, as well as their budget requirements when determining rental rates and sale values.

These values and rates are regional and should only be used as a guide and are not an indication of values for specific properties.

Crop residue grazing Northeast South Dakota
Photo credit: Jack Davis

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** Reference citations for annual SDSU farm real estate survey reports from 2001 through 2011 are not listed above 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, 276, and 278.

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 from 1991 through 2013.

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Appendix I: Survey Methods and Response Characteristics

The primary purpose of the 2020 South Dakota Farm Real Estate Market Survey was to obtain regional and statewide information on 2020 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.

E-mails were sent to 600 potential respondents. The survey links were also posted in the South Dakota Banker's Association Newsletters and the American Society for Farm Management and Rural Appraisal (ASFMRA).

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, rangeland/pastureland 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 120 respondents provided 140 usable responses (Appendix Table 1).

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. Prior to 2017 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 2017 South Dakota Census of Agriculture and other sources.

Regional average rental rates by land use are simple average (mean) values of usable 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 2017 Census of Agriculture data.

Appendix Table 1. Participants main occupation

Occupation	Percentage
Extension	3%
Bank Loan Officer	26%
Farm Service Agency	8%
Realtor/Broker	3%
Appraiser	36%
Assessor	1%
Insurance Agent	0%
Other	23%

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Appendix II. Historical Data on Agricultural Land Values and Cash Rental Rates by land use by region, SD, 1991-2020 (appendix table 2 and 3)

Appendix Table 2. Average reported value and annual percentage change in value of South Dakota agricultural land by type of land by region, February, 1991-2020.

Type of Land	South-east	East Central	North-east	North Central	Central	South Central	South-west	North-west	STATE
Nonirrigated Cropland*	dollars per acre								
Average value, 2020	$5,388	$5,433	$4,597	$3,370	$3,502	$1,901	$1,027	$1,318	$3,638
Average value, 2019	$5,648	$5,400	$4,606	$3,447	$3,496	$1,937	$1,188	$1,408	$3,747
Average value, 2018	$6,361	$6,237	$4,546	$3,534	$3,347	$2,125	$1,207	$1,369	$3,937
Average value, 2017	$5,569	$6,700	$4,654	$4,030	$3,291	$2,203	$1,427	$1,142	$3,903
Average value, 2016	$5,653	$6,116	$4,613	$4,177	$3,843	$2,168	$1,264	$1,187	$4,094
Average value, 2015	$5,887	$6,329	$5,066	$4,275	$3,895	$2,283	$1,347	$1,193	$4,265
Average value, 2014	$6,331	$7,114	$5,291	$4,614	$3,953	$2,087	$820	$870	$4,478
Average value, 2013	$5,903	$6,828	$4,843	$4,562	$3,580	$1,994	$900	$792	$4,249
Average value, 2012	$4,817	$4,734	$3,369	$3,026	$2,946	$1,348	$677	$496	$3,084
Average value, 2011	$3,402	$4,024	$2,918	$2,301	$1,866	$1,115	$625	$483	$2,389
Average value, 2010	$2,841	$3,291	$2,560	$1,945	$1,644	$967	$560	$474	$2,030
Average value, 2009	$2,741	$3,155	$2,305	$1,673	$1,577	$1,007	$596	$428	$1,900
Average value, 2008	$2,510	$2,894	$2,076	$1,532	$1,450	$904	$502	$399	$1,733
Average value, 2007	$1,999	$2,244	$1,762	$1,187	$1,086	$702	$426	$367	$1,375
Average value, 2006	$1,817	$1,914	$1,448	$1,088	$986	$612	$387	$342	$1,211
Average value, 2005	$1,556	$1,659	$1,255	$967	$871	$568	$383	$316	$1,064
Average value, 2004	$1,315	$1,346	$973	$822	$705	$541	$318	$294	$882
Average value, 2003	$1,156	$1,040	$793	$716	$631	$443	$290	$281	$743
Average value, 2002	$1,057	$1,019	$691	$665	$524	$445	$311	$244	$684
Average value, 2001	$1,023	$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 19/91	7.7%	8.2%	8.3%	8.8%	8.8%	6.9%	6.1%	7.7%	8.1%
Annual % change 20/19	-11.2%	-13.4%	1.3%	-2.5%	4.5%	-8.8%	-1.6%	2.8%	-2.9%

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Appendix Table 2. (continued)

Type of Land	South-east	East Central	North-east	North Central	Central	South Central	South-west	North-west	STATE
Pasture (all grass)**	dollars per acre								
Average value, 2020	$2,440	$2,680	$1,845	$1,517	$1,737	$1,147	$775	$765	$1,162
Average value, 2019	$2,518	$3,159	$1,876	$1,463	$1,863	$1,146	$749	$810	$1,203
Average value, 2018	$2,829	$2,624	$2,178	$1,712	$1,892	$1,240	$839	$781	$1,252
Average value, 2017	$2,450	$2,546	$2,089	$1,914	$2,011	$1,150	$887	$650	$1,215
Average value, 2016	$2,566	$2,781	$2,028	$1,957	$2,219	$1,330	$715	$760	$1,222
Average value, 2015	$2,719	$2,727	$2,136	$1,758	$2,100	$1,338	$851	$630	$1,187
Average value, 2014	$2,698	$2,861	$1,859	$1,600	$1,828	$1,187	$571	$436	$987
Average value, 2013	$2,308	$2,765	$1,759	$1,473	$1,636	$994	$529	$444	$909
Average value, 2012	$1,930	$2,108	$1,345	$1,387	$1,493	$724	$401	$341	$737
Average value, 2011	$1,589	$1,779	$1,217	$950	$1,011	$634	$409	$309	$611
Average value, 2010	$1,339	$1,536	$1,070	$875	$865	$514	$365	$296	$540
Average value, 2009	$1,258	$1,458	$1,125	$755	$898	$570	$358	$277	$530
Average value, 2008	$1,239	$1,539	$1,100	$714	$836	$544	$339	$271	$508
Average value, 2007	$1,073	$1,293	$889	$634	$708	$448	$295	$265	$448
Average value, 2006	$925	$1,055	$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 19/91	8.21%	8.53%	8.16%	8.69%	8.82%	7.88%	8.75%	8.97%	8.71%
Annual % change 19/18	-13.8%	2.1%	-15.3%	-11.4%	-8.2%	-7.5%	-7.6%	-2.0%	-7.2%

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Appendix Table 3. Reported cash rental rates of South Dakota agricultural land by type of land use by region, 1991-2020.

Type of Land	South-east	East Central	North-east	North Central	Central	South Central	South-west	North-west	State
Nonirrigated Cropland	dollars per acre								
Average value, 2020	$179	$173	$146	$109	$99	$72	$29	$42	$113
Average value, 2019	$188	$172	$155	$111	$120	$73	$33	$45	$126
Average value, 2018	$204	$193	$166	$126	$118	$89	$33	***	$139
Average value, 2017	$190	$193	$163	$128	$112	$70	$54	$41	$136
Average value, 2016	$188	$201	$169	$131	$115	$71	$43	$43	$141
Average value, 2015	$196	$204	$192	$122	$119	$77	$44	$45	$145
Average value, 2014	$209	$221	$193	$128	$117	$76	$29	$40	$150
Average value, 2013	$193	$215	$187	$129	$105	$76	$37	$37	$144
Average value, 2012	$166	$185	$137	$110	$96	$64	$34	$31	$122
Average value, 2011	$132	$153	$119	$89	$70	$53	$31	$29	$99
Average value, 2010	$117	$133	$106	$75	$67	$38	$27	$24	$87
Average value, 2009	$115	$129	$97	$73	$67	$43	$28	$24	$84
Average value, 2008	$102	$109	$88	$66	$62	$37	$25	$24	$75
Average value, 2007	$92	$92	$78	$57	$49	$33	$23	$22	$65
Average value, 2006	$89	$83	$71	$54	$46	$34	$25	$21	$61
Average value, 2005	$87	$83	$66	$49	$46	$32	$25	$23	$59
Average value, 2004	$84	$79	$65	$48	$43	$34	$23	$21	$57
Average value, 2003	$79	$75	$60	$45	$41	$29	$22	$21	$53
Average value, 2002	$77	$70	$58	$42	$36	$29	$23	$20	$51
Average value, 2001	$73	$65	$52	$38	$35	$27	$20	$18	$47
Average value, 2000	$68	$56	$49	$36	$32	$30	$19	$19	$44
Average value, 1999	$63	$56	$46	$36	$33	$27	$20	$17	$42
Average value, 1998	$65	$55	$45	$35	$31	$26	$19	$18	$42
Average value, 1997	$57	$49	$45	$33	$29	$24	$19	$19	$39
Average value, 1996	$55	$45	$42	$29	$26	$22	$17	$16	$36
Average value, 1995	$53	$42	$40	$28	$25	$21	$18	$16	$34
Average value, 1994	$52	$45	$40	$30	$25	$22	$18	$15	$35
Average value, 1993	$52	$47	$40	$27	$24	$23	$17	$15	$34
Average value, 1992	$48	$46	$40	$26	$23	$21	$18	$15	$33
Average value, 1991	$49	$43	$39	$25	$23	$22	$16	$14	$32

Source: South Dakota Farm Real Estate Market Surveys, SDSU Extension, 2019 and earlier year reports.
Statewide rental rates based on 2017 land use weights

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Appendix Table 3. (continued)

Type of Land	South-east	East Central	North-east	North Central	Central	South Central	South-west	North-west	State
Pasture/Rangeland	dollars per acre								
Average value, 2020	$54	$59	$64	$47	$41	$30	$16	$15	$24
Average value, 2019	$58	$76	$65	$47	$47	$31	$16	$15	$27
Average value, 2019	$66	$75	$69	$50	$50	$37	$16	***	$30
Average value, 2018	$63	$75	$70	$52	$51	$39	$23	$21	$33
Average value, 2017	$81	$78	$62	$58	$62	$38	$14	$15	$31
Average value, 2016	$68	$77	$63	$51	$53	$45	$18	$19	$31
Average value, 2015	$68	$74	$57	$50	$45	$33	$14	$17	$28
Average value, 2014	$58	$68	$53	$47	$45	$33	$14	$15	$27
Average value, 2013	$58	$62	$47	$42	$40	$22	$12	$13	$23
Average value, 2012	$53	$58	$46	$38	$31	$23	$11	$11	$21
Average value, 2011	$50	$51	$42	$34	$32	$16	$11	$10	$19
Average value, 2010	$46	$50	$40	$33	$33	$21	$14	$10	$20
Average value, 2009	$46	$47	$38	$31	$32	$18	$11	$11	$19
Average value, 2008	$44	$43	$35	$29	$27	$17	$12	$10	$17
Average value, 2007	$42	$40	$31	$26	$26	$20	$11	$9	$17
Average value, 2006	$41	$36	$30	$25	$25	$15	$11	$10	$16
Average value, 2005	$37	$36	$27	$22	$24	$17	$10	$8	$15
Average value, 2004	$35	$32	$25	$20	$23	$16	$9	$8	$14
Average value, 2003	$34	$32	$24	$19	$20	$16	$9	$7	$13
Average value, 2002	$31	$30	$21	$18	$21	$13	$9	$7	$12
Average value, 2001	$31	$27	$21	$17	$19	$15	$8	$7	$12
Average value, 2000	$27	$25	$20	$17	$18	$15	$8	$6	$11
Average value, 1999	$28	$24	$19	$16	$18	$15	$7	$7	$11
Average value, 1998	$26	$24	$20	$15	$17	$13	$7	$7	$11
Average value, 1997	$21	$22	$19	$15	$16	$12	$6	$6	$10
Average value, 1996	$22	$22	$19	$15	$15	$11	$6	$6	$10
Average value, 1995	$20	$21	$19	$13	$16	$11	$5	$6	$9
Average value, 1994	$20	$20	$17	$13	$15	$10	$6	$5	$9
Average value, 1993	$18	$20	$17	$12	$14	$10	$5	$5	$8
Average value, 1992	$19	$19	$16	$13	$14	$10	$5	$4	$8

** As of 2017 Pasture land including all grass acres is what is reported, prior to 2017 this number includes all range, but not tame pasture
*** Insufficient number of reports
Source: South Dakota Farm Real Estate Market Surveys, SDSU Extension, 2017 and earlier year reports.

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P-00117

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