INDIANA FARMLAND VALUES
2023 UPDATE
AUGUST 2023

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Purdue Farmland Value & Cash Rent Survey Background

- Survey conducted annually in June since 1974
- Respondents: rural appraisers, ag lenders, farm managers, and farmers
- Information collected:
  - Estimated Land values as of December 2022, June 2023 & December 2023 (projection)
  - Top, average, and poor quality land
  - Annual cash rental rate
  - Long-term corn yield (productivity)
## Indiana Farmland Values

### 2023 Survey Results, State Averages by Land Quality

<table>
<thead>
<tr>
<th>Land Quality</th>
<th>Yield (Bu/Ac)</th>
<th>2022 Value ($/A)</th>
<th>2023 Value ($/A)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>221</td>
<td>$12,808</td>
<td>$13,739</td>
<td>7.3%</td>
</tr>
<tr>
<td>Average</td>
<td>193</td>
<td>$10,598</td>
<td>$11,210</td>
<td>5.8%</td>
</tr>
<tr>
<td>Poor</td>
<td>165</td>
<td>$8,631</td>
<td>$8,689</td>
<td>0.7%</td>
</tr>
</tbody>
</table>
Nominal Values for Top, Average, and Poor Quality Farmland, 1978 – 2023

Source: Purdue Land Value and Cash Rent Survey
Indiana Farmland Values

Real vs. Nominal Values for Average Quality Land, 1980 – 2023

Nominal increase of 5.8%
Real increase of 2.1%

“Real” values expressed in 2023 dollars
## Regional Farmland Values

<table>
<thead>
<tr>
<th>Area</th>
<th>Land Class</th>
<th>Land Value</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>Top</td>
<td>$13,000</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>$10,083</td>
<td>5.1</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>$7,468</td>
<td>2.0</td>
</tr>
<tr>
<td>Northeast</td>
<td>Top</td>
<td>$13,793</td>
<td>7.1</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>$11,583</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>$8,692</td>
<td>−7.7</td>
</tr>
<tr>
<td>W. Central</td>
<td>Top</td>
<td>$13,965</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>$11,490</td>
<td>5.3</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>$9,321</td>
<td>3.4</td>
</tr>
<tr>
<td>Central</td>
<td>Top</td>
<td>$14,852</td>
<td>12.9</td>
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<tr>
<td></td>
<td>Average</td>
<td>$12,576</td>
<td>11.5</td>
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<tr>
<td></td>
<td>Poor</td>
<td>$9,657</td>
<td>4.2</td>
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<tr>
<td>Southwest</td>
<td>Top</td>
<td>$12,857</td>
<td>−7.0</td>
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<tr>
<td></td>
<td>Average</td>
<td>$9,450</td>
<td>−7.6</td>
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<tr>
<td></td>
<td>Poor</td>
<td>$7,182</td>
<td>−10.5</td>
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<tr>
<td>Southeast</td>
<td>Top</td>
<td>$12,213</td>
<td>36.8</td>
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<tr>
<td></td>
<td>Average</td>
<td>$10,031</td>
<td>45.4</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>$8,125</td>
<td>55.8</td>
</tr>
</tbody>
</table>
## Actual & Projected Farmland Value Changes

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>2.3%</td>
<td>−0.7%</td>
</tr>
<tr>
<td>Average</td>
<td>1.7%</td>
<td>−2.1%</td>
</tr>
<tr>
<td>Poor</td>
<td>−0.7%</td>
<td>−0.6%</td>
</tr>
</tbody>
</table>
Farmland Value Drivers

1. Net Income
2. Growth Ret.
3. Crop Price
4. Livestock Price
5. Interest
6. Alternative Investments
7. Export
8. Inflation
9. Liquidity
10. Agricultural Policy

2021 2022 2023
Farmland Value Survey Summary

- New record high (again) in 2023
- Key drivers: farm income (+), commodity prices (+), liquidity (+)
- But Interest rates starting to put downward pressure on farmland prices
- Positive drivers more muted compared to 2022
Ten-Year Rate of Return (left axis) and P/rent10 at the Time of Purchase (horizontal axis)
1970 to 2013

P/rent10 = Farmland price / 10-year moving average of cash rent

Rate of return includes cash rent and capital gains

Land Purchase Year
2011
2012
2013
Twenty-Year Rate of Return (left axis) and P/rent10 at the Time of Purchase (horizontal axis)
1970 to 2003

P/rent10 = Farmland price / 10-year moving average of cash rent

Rate of return includes cash rent and capital gains

Land Purchase Year
2003
Current vs. 5 and 10-Year Cyclically Adjusted Price/Rent Ratios for West Central Indiana Farmland
1960-2023
**Cyclically Adjusted S&P 500 P/E vs. West Central Indiana Farmland Price/Rent Ratio**


- **P/rent10** = farmland price / 10-year moving average of cash rent
- **P/E10** = S&P 500 index / 10-year moving average of earnings

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Center for Commercial Agriculture
Long-Term Positive Returns Help Explain Farmer’s Continued Positive Perspective on Farmland Values

Long-Term Farmland Value Expectations Index

Question was only posed periodically prior to January 2019

Source: Purdue University Center for Commercial Agriculture, Producer Survey, July 2023
Full report available on Purdue Center for Commercial Agricultures website Purdue.edu/commercialag
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