

Midwest Farmland Values and U.S.-China Agricultural Trade

IOWA STATE UNIVERSITY
Extension and Outreach



Wendong Zhang

Associate Professor and Extension Economist at ISU
wdzhang@iastate.edu, 515-294-2536

Farmer Mac Webinar
November 29, 2021


ISU Land Value Survey News Conference to be held December 14

Contacts:

Wendong Zhang, 515-294-2536; wdzhang@iastate.edu

November 22, 2021

Ames, IA – A news conference will be held at 10:00 a.m. on Tuesday, December 14 to announce the results of the 2021 Iowa Land Value Survey conducted by the Center for Agricultural and Rural Development at Iowa State University and Iowa State University Extension and Outreach. Please note the change in location from previous years—the conference will take place in room 0009 of Curtiss Hall on the ISU campus in Ames.

For those who can't attend the conference, a livestream will be available on YouTube at <http://bit.ly/LandResults2021> .

- To participate the 2021 ISU land value survey <http://bit.ly/landvalue2021>
- Northwest: **Emmet**, Palo Alto
North Central: Humboldt, Wright
Northeast: **Howard**, Allamakee, Buchanan, Dubuque, Black Hawk
West Central: **Crawford**, **Greene**, Ida, **Sac**
Central: Dallas, Boone, Polk
Southwest: Adams, **Fremont**, Taylor, Mills, Adair
South Central: Clarke, **Decatur**, Union, Davis
Southeast: **Lee**, **Mahaska**, **Van Buren**, **Wapello**, Davis, Louisa

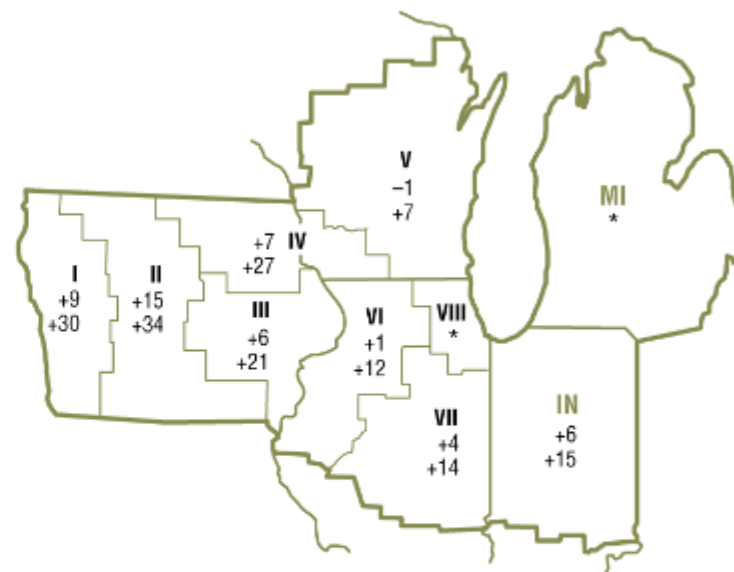
Midwest Farmland Values Surged in the Third Quarter

According to the most recent *AgLetter*, Seventh District farmland values in the third quarter of 2021 were 18 percent higher than a year ago—the largest year-over-year gain in nine and a half years. Values for “good” agricultural land in the third quarter of 2021 were 6 percent higher than in the second quarter.

Percent change in dollar value of “good” farmland

	July 1, 2021 to October 1, 2021	October 1, 2020 to October 1, 2021
Illinois	+3	+13
Indiana	+6	+15
Iowa	+10	+28
Michigan	*	*
Wisconsin	+1	+10
Sevent District	+6	+18

*Insufficient response.



Top: July 1, 2021 to October 1, 2021

Bottom: October 1, 2020 to October 1, 2021

Farmland Values Surge Alongside Strength in Agriculture

Agricultural credit conditions in the Tenth District remained strong in the third quarter and farm real estate values increased sharply.

November 15, 2021 | Agriculture | Ag Credit Survey



Federal Reserve Bank of Kansas City

DENVER / OKLAHOMA CITY / OMAHA

Percent change from previous year *

	Nonirrigated	Irrigated	Ranchland
Kansas	9	20	14
Western Missouri	18	n/a **	25
Mountain States***	9	9	9
Nebraska	16	19	21
Oklahoma	9	n/a **	9
Tenth District	14	16	17

* Percent changes are calculated using responses only from those banks reporting in both the past and the current quarters.

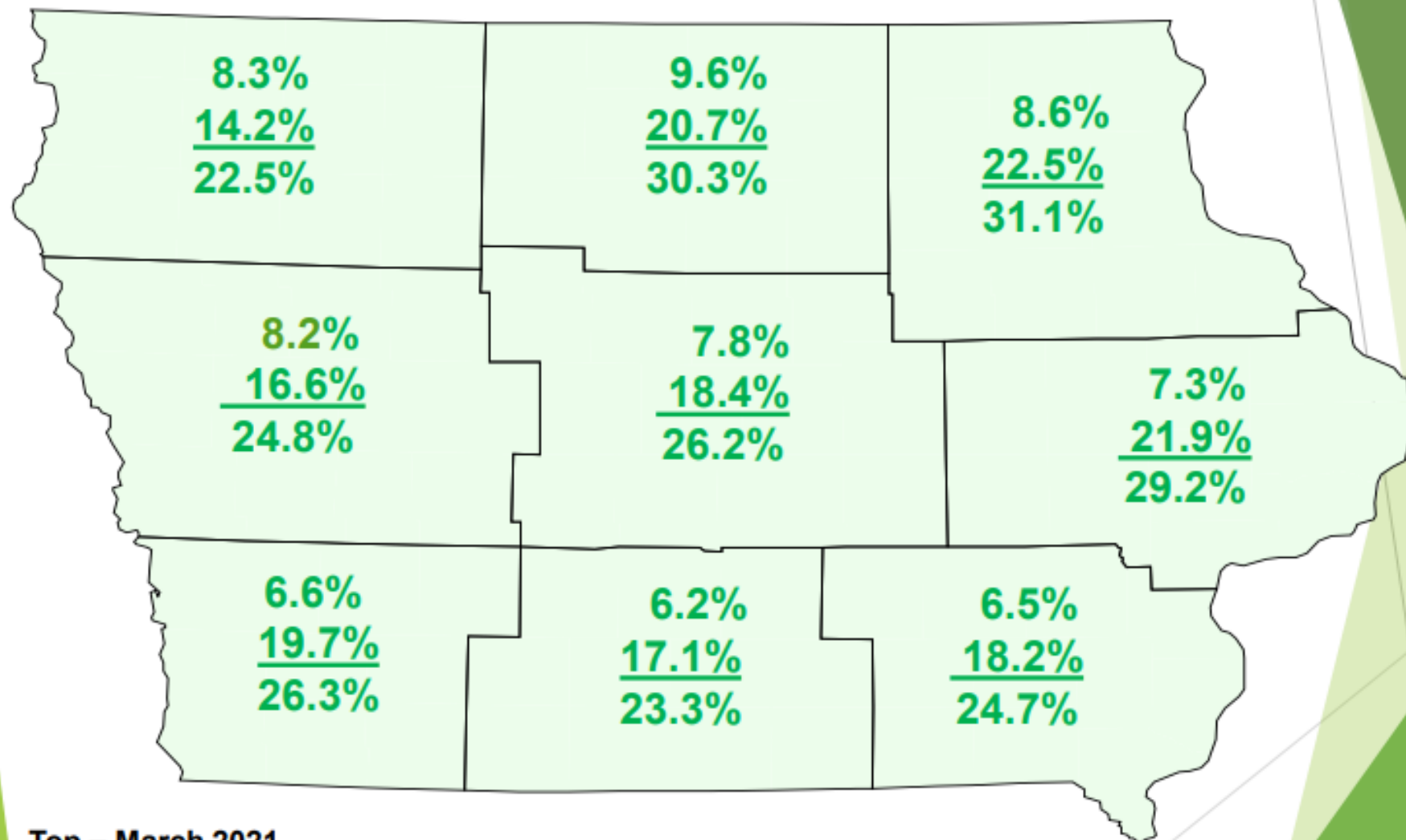
** Not reported due to small sample size.

*** Mountain States include Colorado, northern New Mexico and Wyoming, which are grouped because of limited survey responses from each state.

REALTORS® Land Institute- Iowa Chapter

September 1, 2021

September 2020– September 2021



Top – March 2021

Bottom – September 2021

Nine Crop Reporting Districts

FARMLAND

By **TYNE MORGAN** October 7, 2021

New Record \$26,000/Acre Iowa Farmland Sale, Record Amount of Land Could Flood Market in Next 60 Days

FARMLAND

Once, Twice, Sold! 80 Acres in Iowa Sold for \$22,600 Per Acre, Sets New State Record

By **TYNE MORGAN** August 30, 2021



SOLD!

**151.68 Acres, m/l,
Johnson Co., IA**

**Parcel 1: (75.68 Acres)
\$21,000/Acre**

**Parcel 2: (76 Acres)
\$26,000/Acre**



The sale was on 80 acres of ground in Grundy County, Iowa, which is located west of Waterloo. The ground did include a wind turbine, which helped drive up the price as of the record sale.

Local Land Supply and Demand Explain Variations in Land Market

**Land Value = localized net
income / universal interest rate**



[membership](#) [ALC Designation](#) [LANDU Education](#) [Find a Land Consultant](#) [Find A P](#)

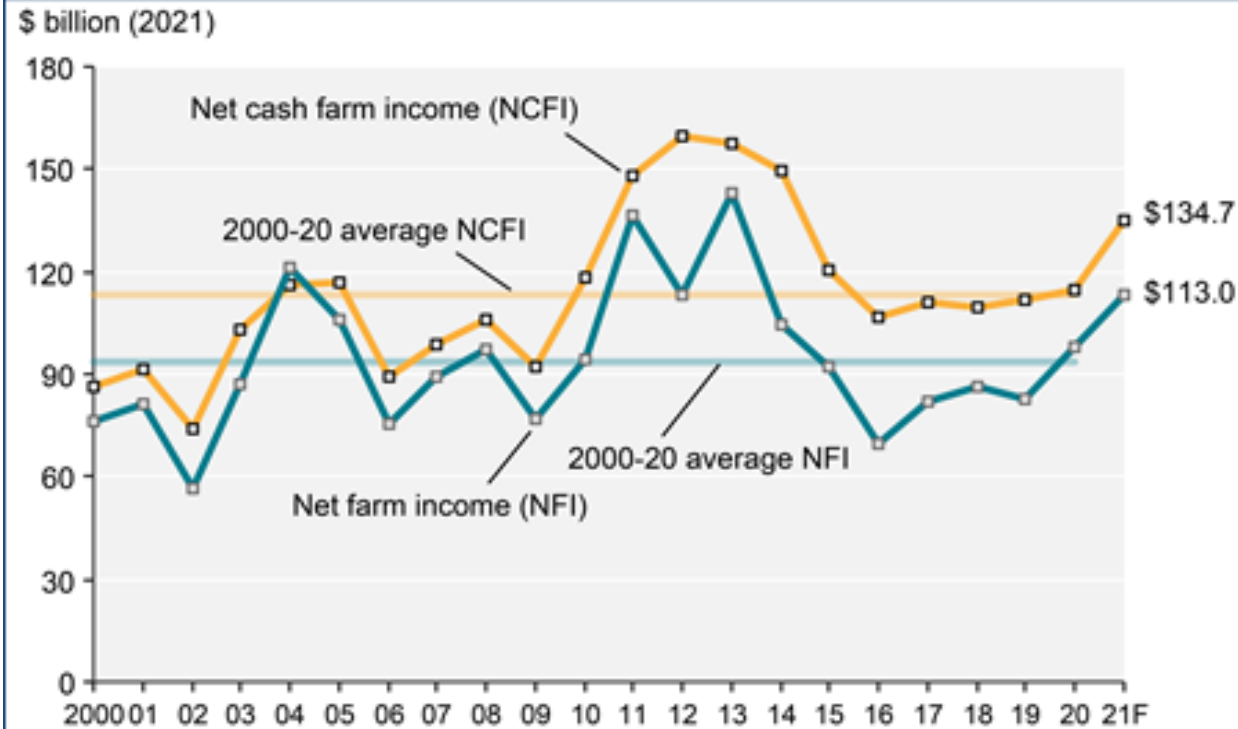
Are Buyers Moving To Recreational Land In The Age Of COVID-19?

Opportunities

April 23, 2020 / 8 Comments / in [Your] Land Blog

Record federal ad hoc government payments and lower interest rates provided support for land values

U.S. net farm income and net cash farm income, 2000–21F

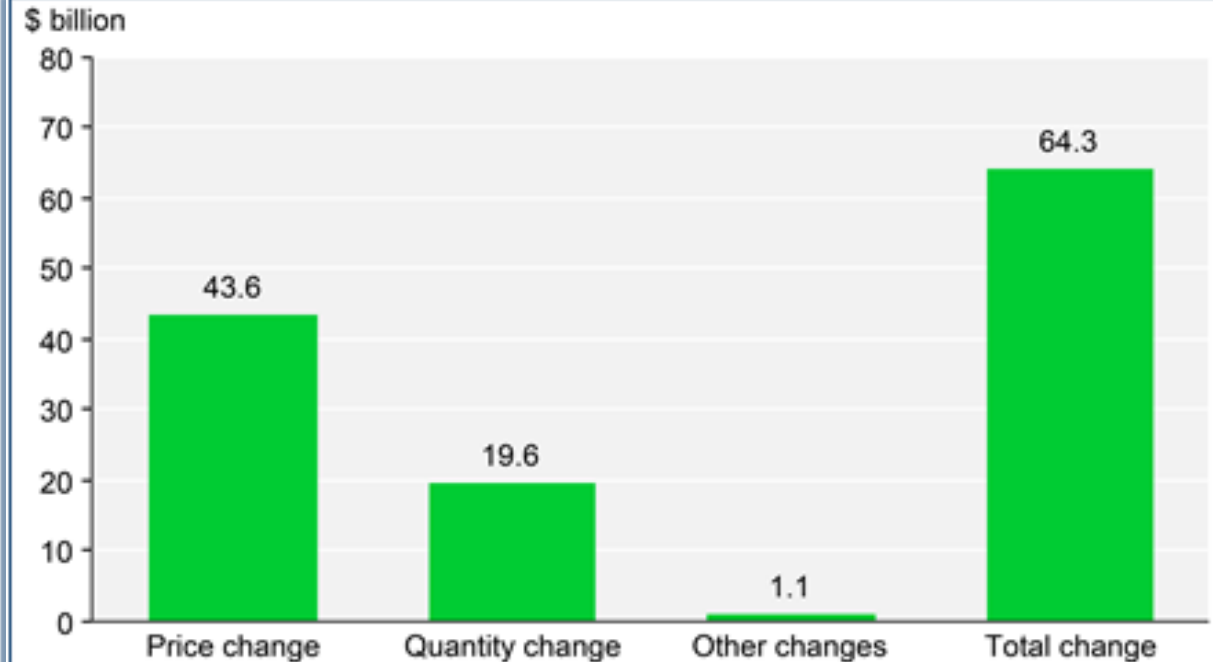


Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of September 2, 2021.

Change in U.S. farm cash receipts, 2020–21F, by component of change



Note: F = forecast. Other changes include price/quantity changes in "all other crops" (excluding sugarcane and sugarbeets), proso millet, and miscellaneous animals/products for which data are not available. Price, quantity, and other changes may not sum to total because of rounding.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of September 2, 2021.



Economic Research Service
United States Department of Agriculture

The impacts of interest rate changes on US Midwest farmland values

Albulena Basha
Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH,
Pristina, Kosovo
Wendong Zhang

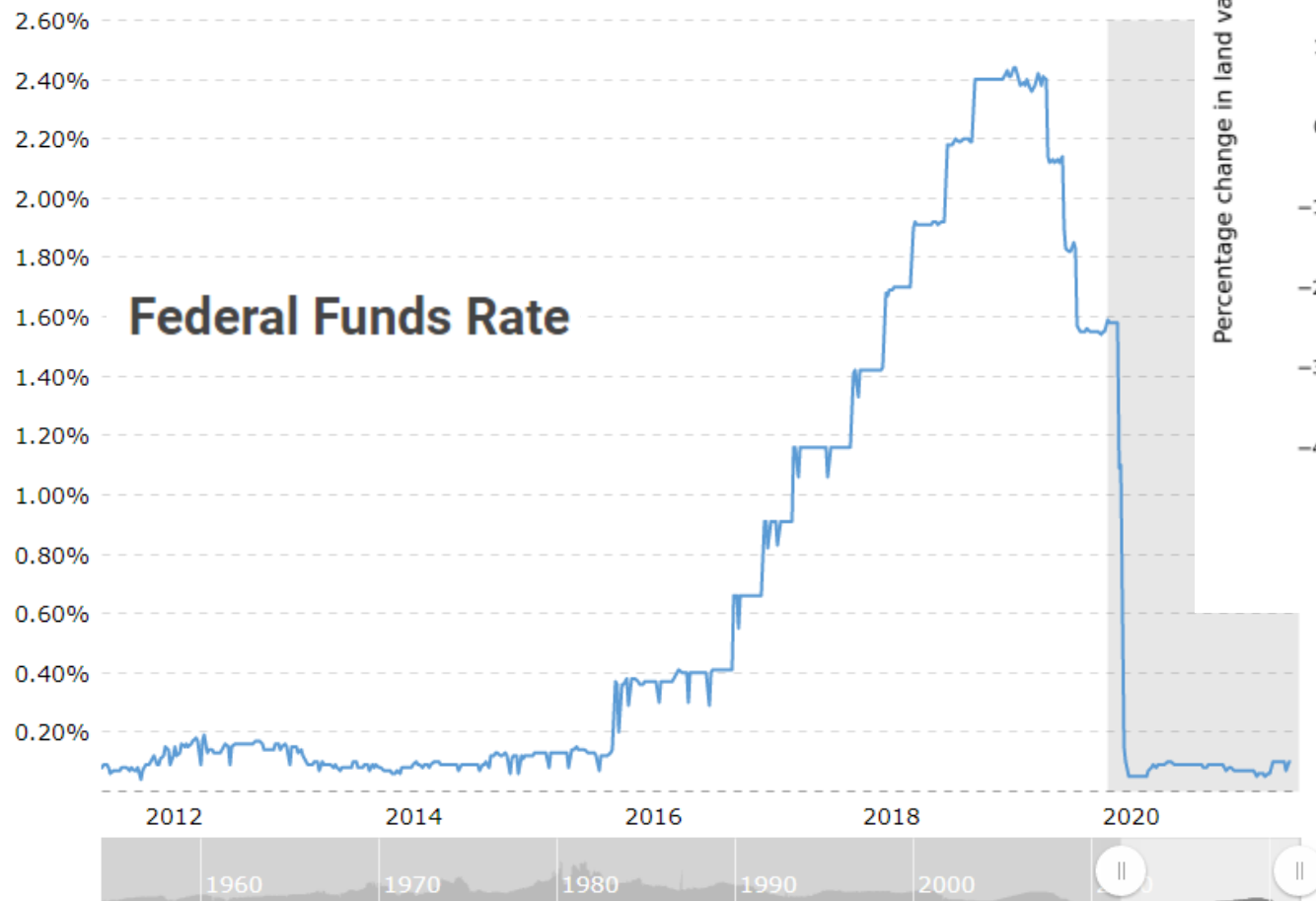
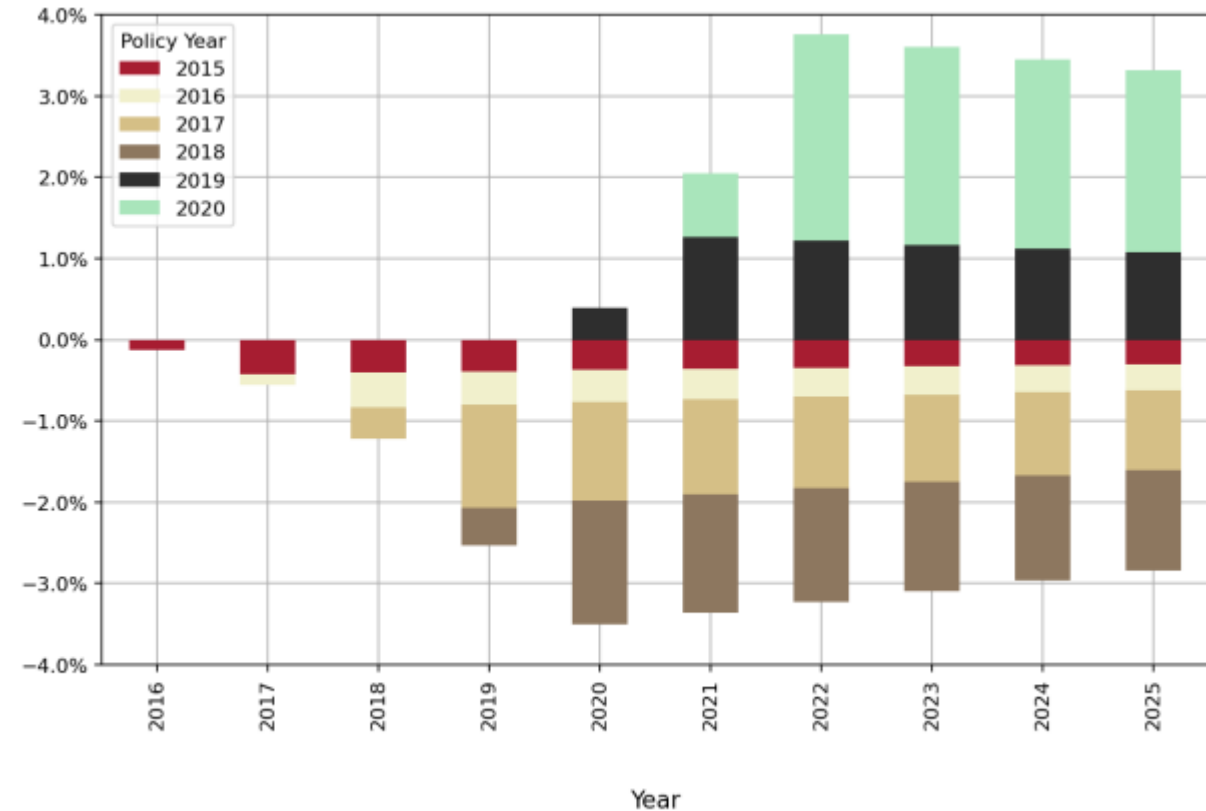
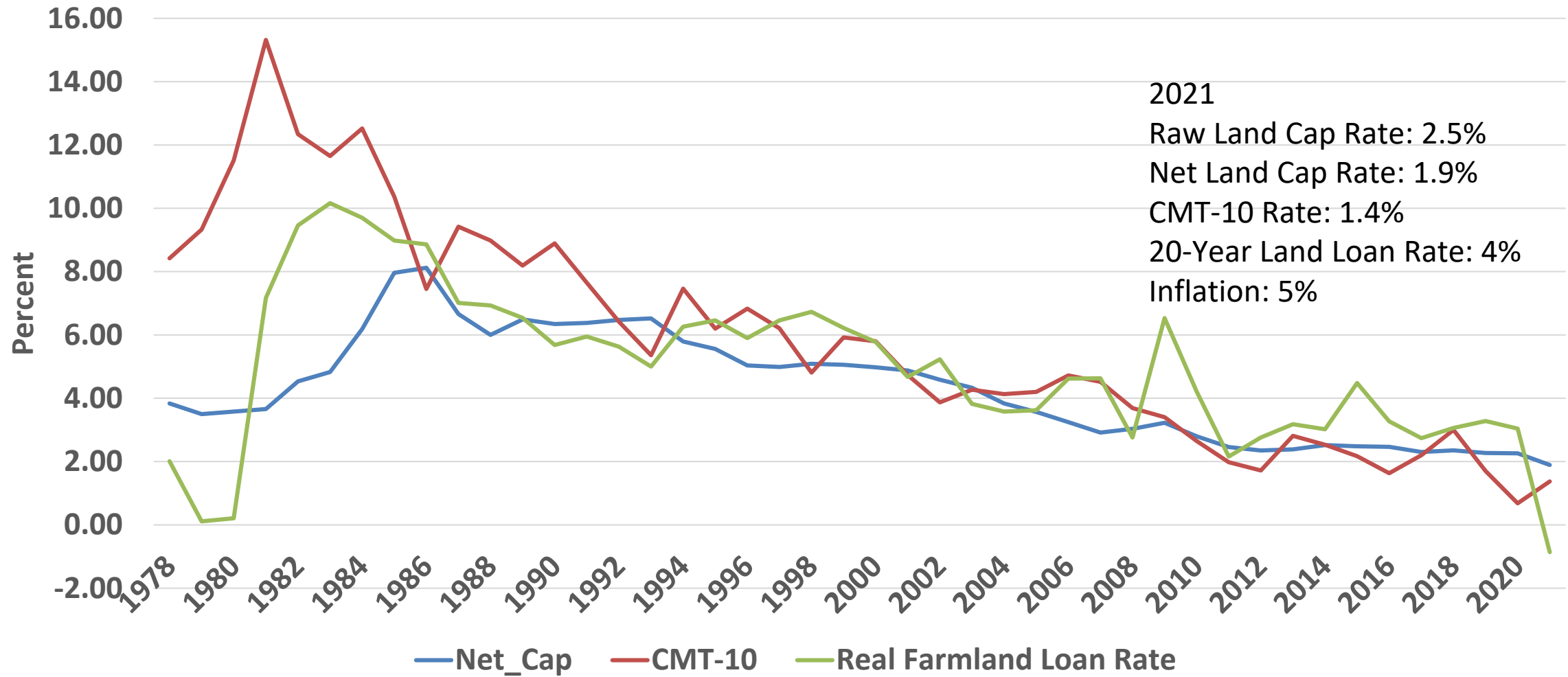


Fig. 3: The short- and long-term impacts of recent Federal Reserve interest rate moves on Great Plains states' farmland values

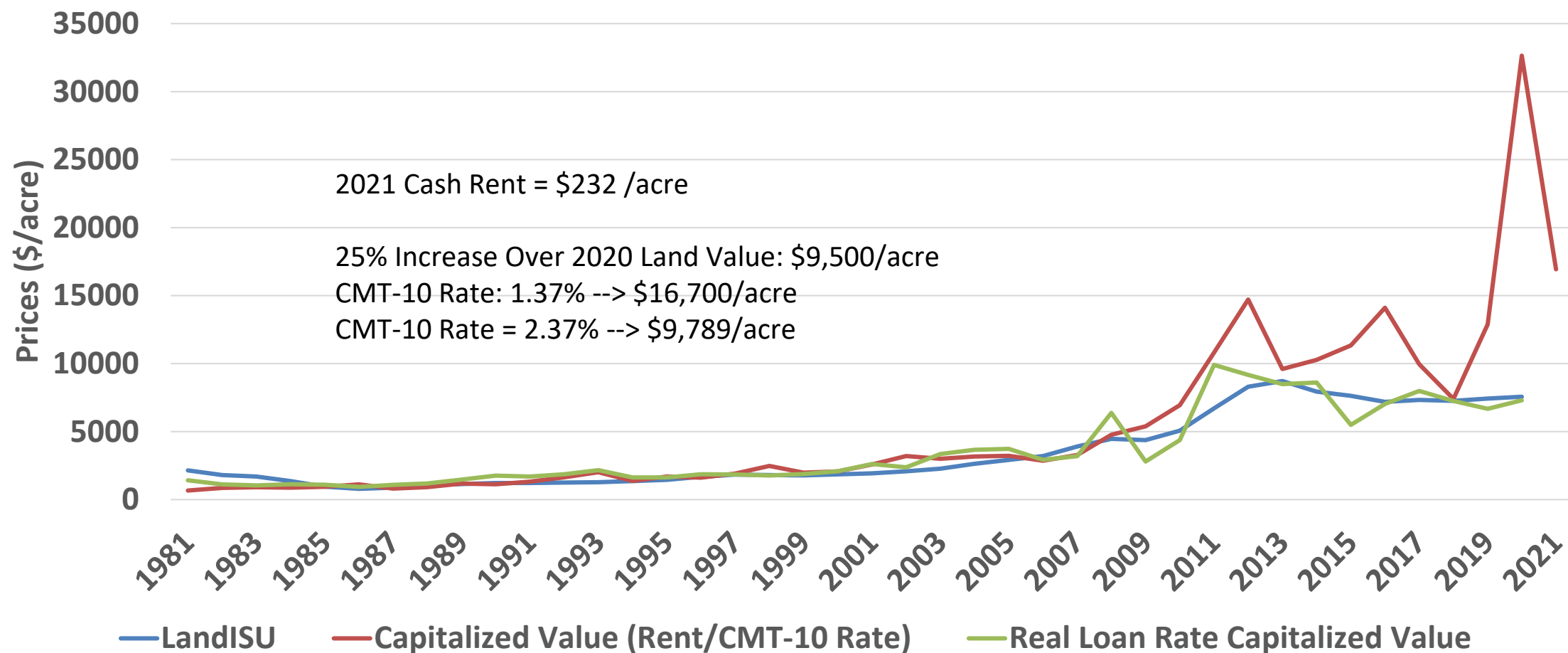


<https://doi.org/10.1108/AFR-11-2020-0163>

Net Rent to Land Value Ratio vs. 10-Year CMT Interest Rates vs. Inflation-adjusted Chicago Fed Farmland Loan Rate



ISU Land Values vs. CMT-10 Capitalized Value vs. Real Loan Rate Capitalized Value



The impacts of interest rate changes on US Midwest farmland values

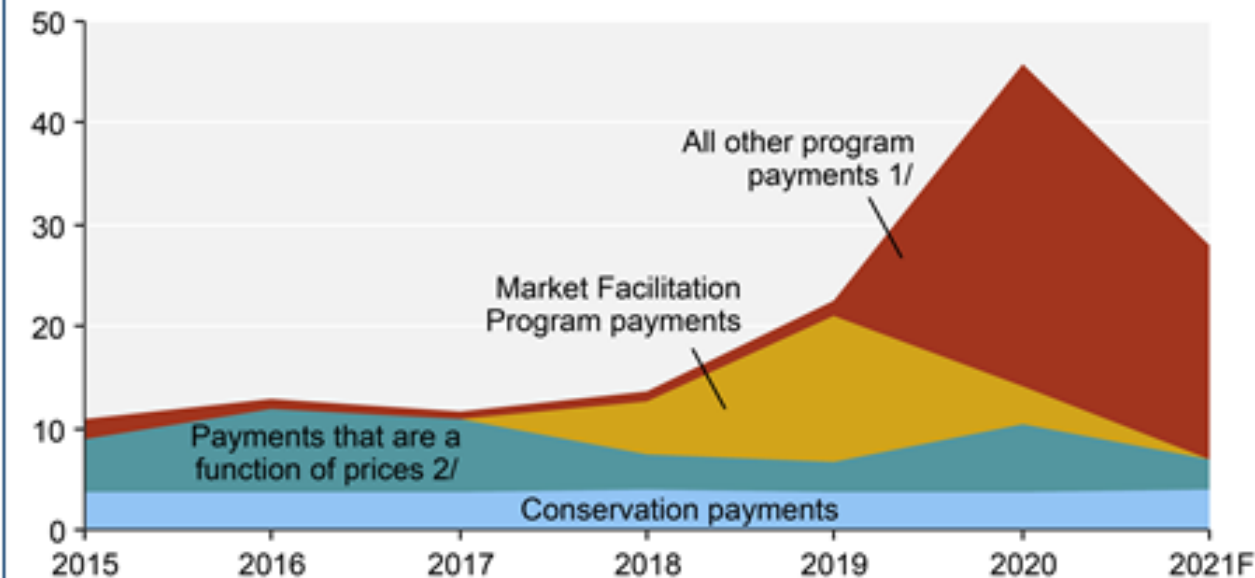
Albulena Basha

Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH,
Pristina, Kosovo

Wendong Zhang

Direct government payments to U.S. farm producers, 2015–21F

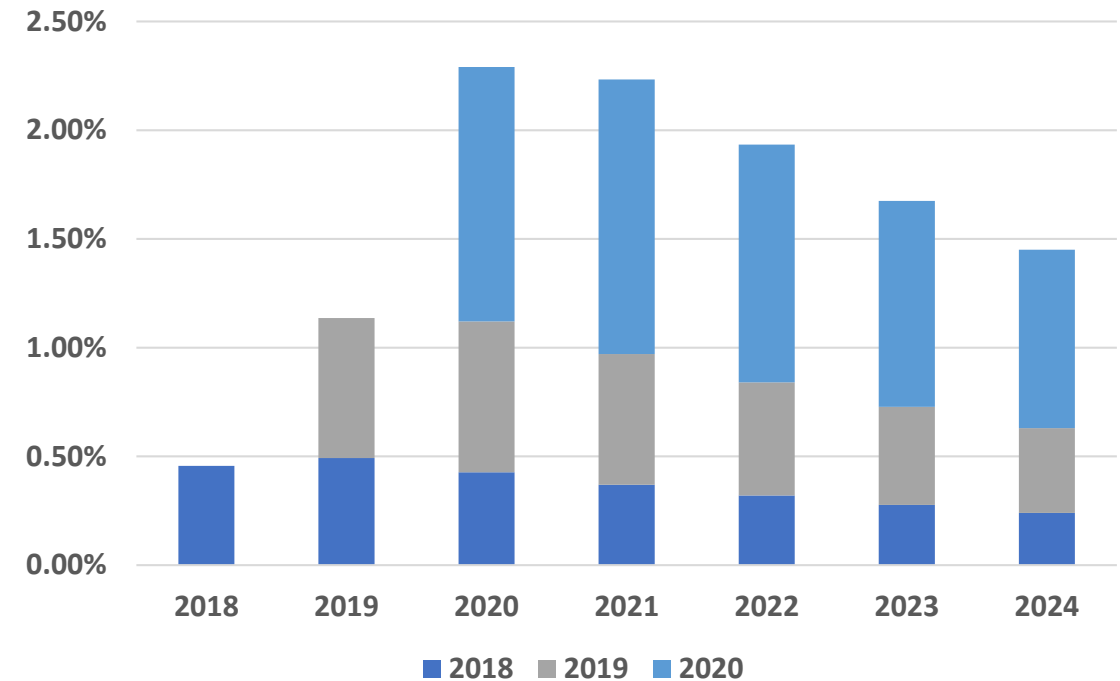
\$ billion (nominal)



Notes: F = forecast. 1/ "All other program payments" includes supplemental and ad hoc disaster assistance, which in 2020 and 2021 includes payments from the Coronavirus Food Assistance Programs and other USDA Pandemic Assistance for Producers plus loans from the Paycheck Protection program. 2/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of September 2, 2021.

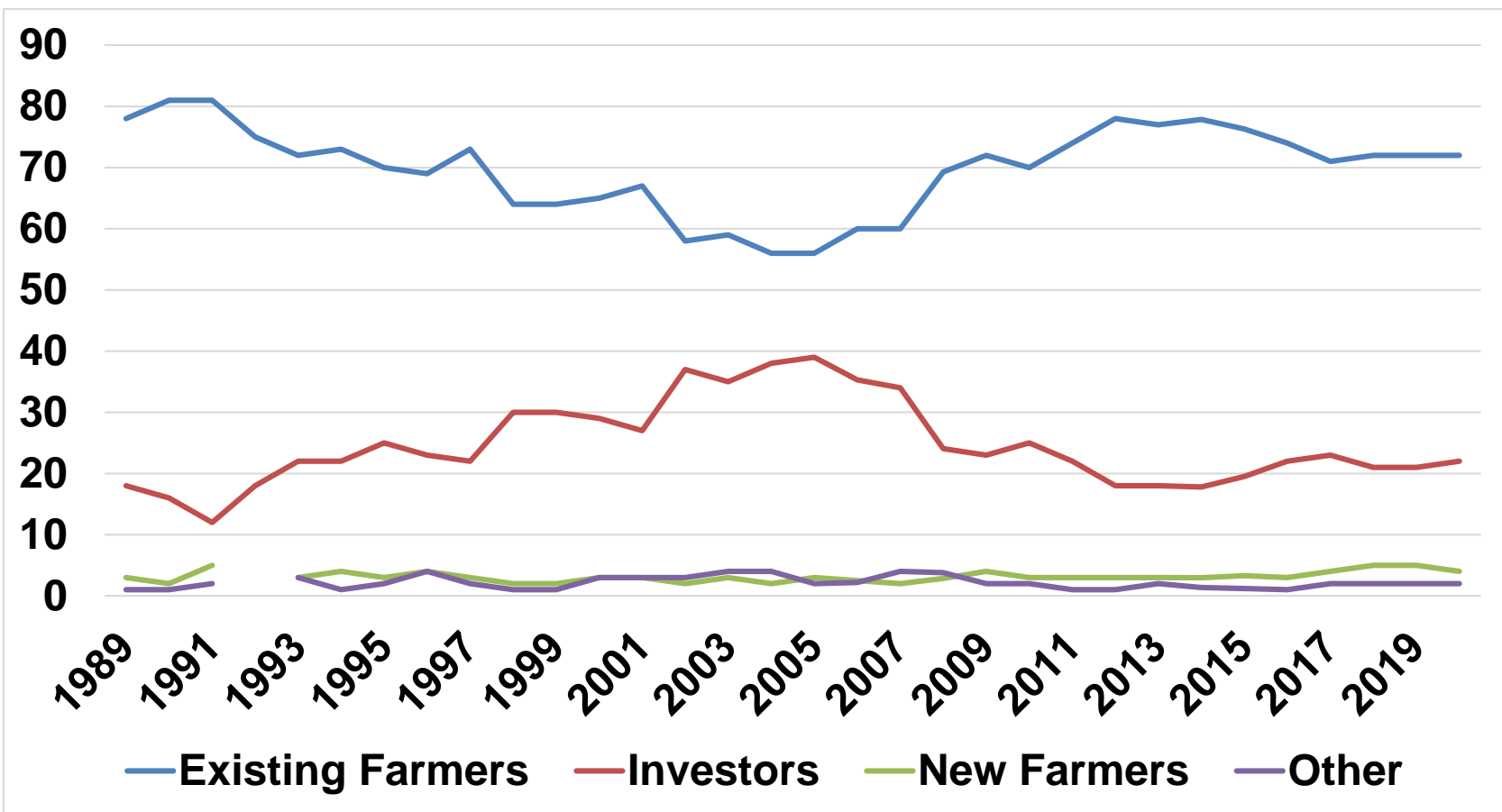
The short- and long-term impacts of recent Government payments on I-states' farmland values



<https://doi.org/10.1108/AFR-11-2020-0163>

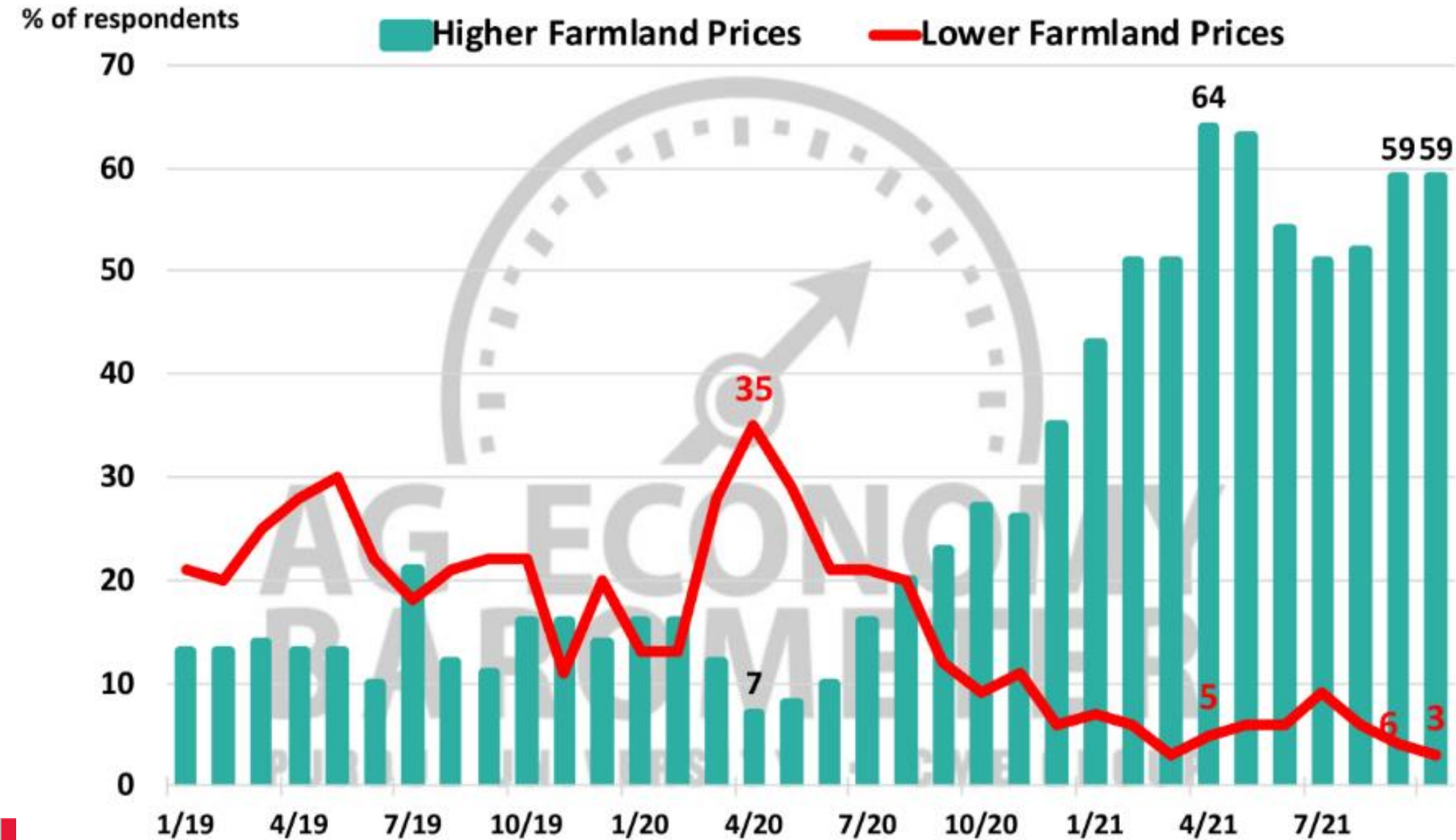
Iowa Farmland Purchases by Buyer Types 1989-2020

Illinois 2021



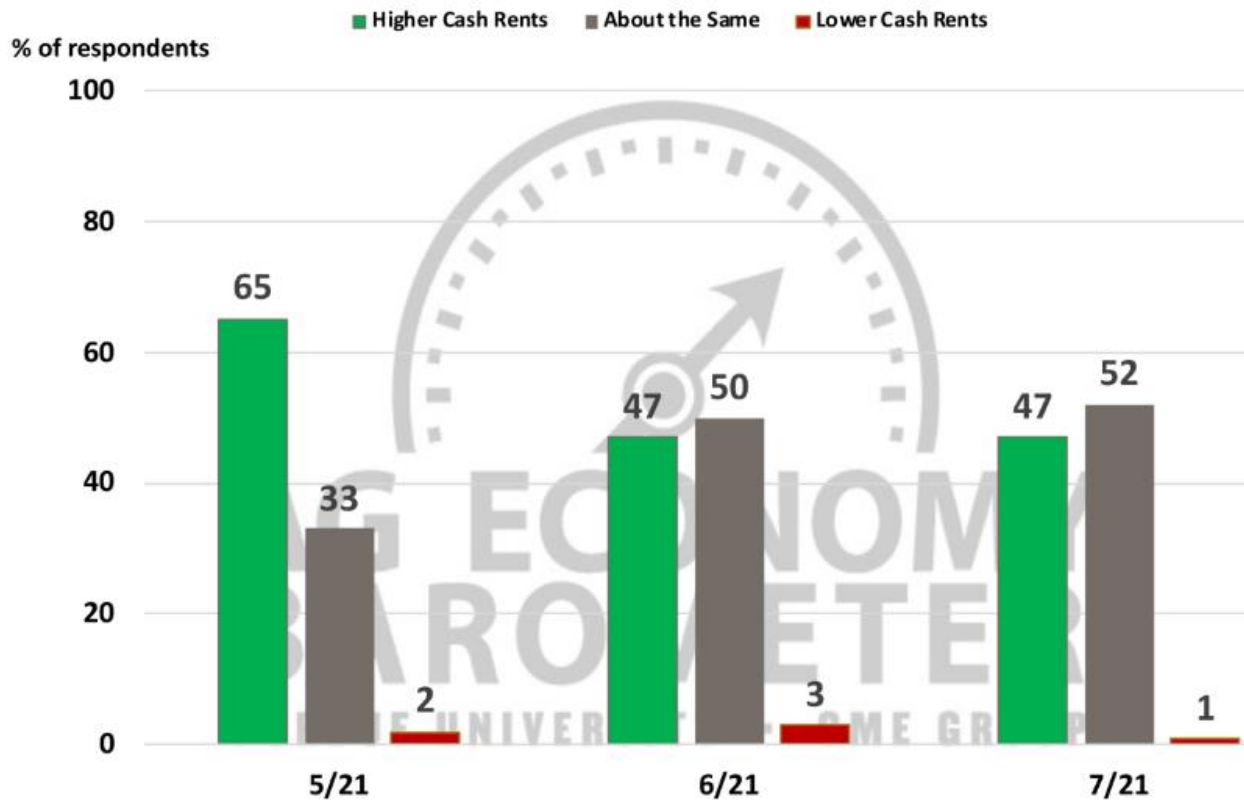
Buyers	
Local farmers	55%
Local investors	16%
Non-local Investors	12%
Institutions	5%
Recreational interests	3%
More investor interest?	

Farmland Price Expectations, 12 Months Ahead



Source: Purdue Center for Commercial Agriculture, Producer Survey, October 2021

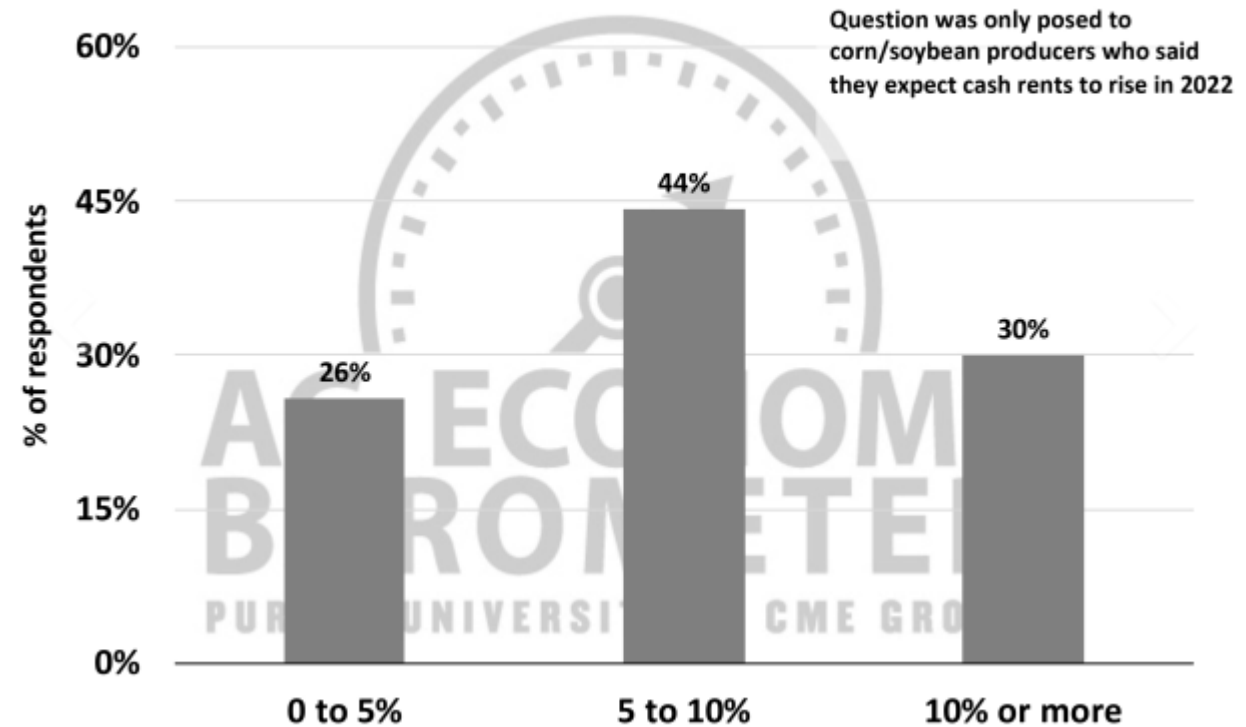
Compared to 2021, what are your expectations for cash rents in your area in 2022?



Source: Purdue Center for Commercial Agriculture, Producer Survey, July 2021

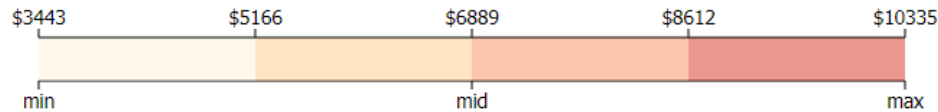
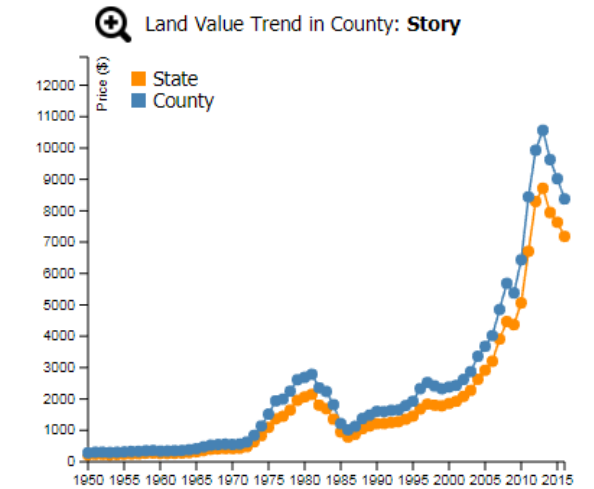
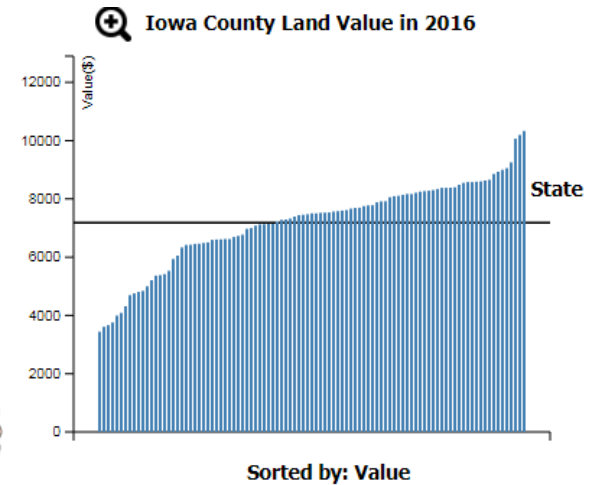
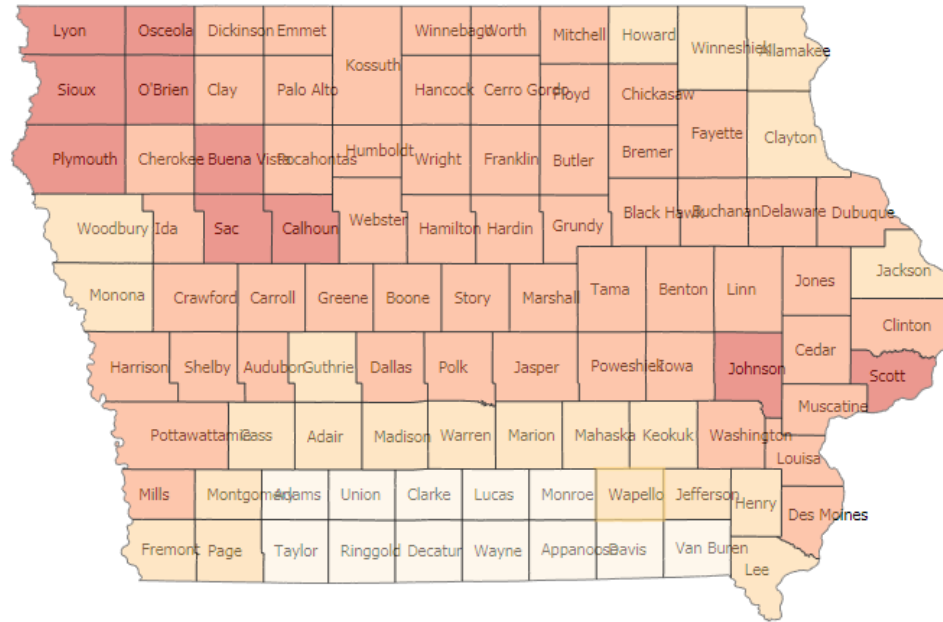
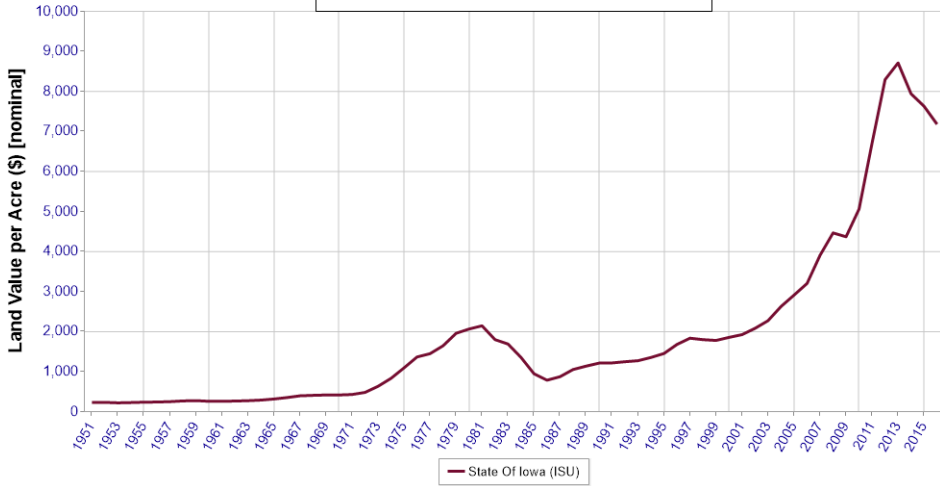


Compared to this year, by how much do you expect 2022 cash rents in your area to increase?



Source: Purdue Center for Commercial Agriculture, Producer Survey, September 2021

<https://www.card.iastate.edu/farmland>



94th ANNUAL SOIL MANAGEMENT LAND VALUATION CONFERENCE



Wendong Zhang, associate professor, presented at the American Society of Farm Managers and Rural Appraisers 2021 Leadership Institute Friday, Sept. 17. He presented on Inside Perspectives of China and Trade, along with former governor of Iowa and former U.S. ambassador to China **Terry Branstad**.

Shown in photo at right:

Left to right: **Wendong Zhang**; Dennis Reyman, ASFMRA National President; **Glen Smith**, Chairman and CEO of Farm Credit Administration; Terry Branstad, Governor/Ambassador; **Bill Northey**, former Under-secretary of USDA and former Iowa Ag Secretary

Smith and **Northey** are Department of Economics agricultural business alumni.

Biden, Xi Open Talks on Friendly Note, With Tough Topics Ahead

Chinese leader says he wants nations to 'coexist in peace'; Biden says their responsibility is to avoid conflict

“China and the United States should respect each other, coexist peacefully, and cooperate for a win-win situation. I would like to work with Mr. President to form a consensus and take positive actions to lead the positive development of China-US relations. This is the need for the benefit of the people of the two countries and the expectation of the international community.”

President Xi Jinping, November 15th



★ ★ ★

U.S.-China Joint Glasgow Declaration on Enhancing Climate Action in the 2020s

U.S. DEPARTMENT of STATE

NOVEMBER 10, 2021

U.S. trade representative Tai vows to enforce 'phase one' trade deal with China

PUBLISHED MON, OCT 4 2021 5:00 AM EDT | UPDATED MON, OCT 4 2021 9:18 PM EDT



Abigail Ng
@ABIGAILNGWY

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KEY POINTS

- U.S. Trade Representative Katherine Tai is set to deliver a speech Monday, outlining the Biden administration's China trade strategy. She will be speaking at the Center for Strategic and International Studies, a Washington think tank.
- Washington must enforce the phase one trade deal with China, and will raise broader policy concerns with Beijing, Tai is expected to say.
- "China made commitments intended to benefit certain American industries, including agriculture that we must enforce," according to prepared remarks.
- Tai is also expected to announce a targeted tariff exclusion process for firms to avoid punitive levies, and have "frank conversations" with Chinese counterparts in the coming days.

President Biden's top trade negotiator said China was failing to meet its commitments under an agreement signed last year and was ignoring U.S. objections to its use of state power to dominate global markets at the expense of American workers.

"For too long, China's lack of adherence to global trading norms has undercut the prosperity of Americans and others around the world. In recent years, Beijing has doubled down on its state-centered economic system," Tai said. "It is increasingly clear that China's plans do not include meaningful reforms to address the concerns that have been shared by the U.S. and many other countries."

Her remarks reflect an administration struggling to craft rules for trading with a nonmarket power like China. Tai ruled out the sort of broad "decoupling" that some trade hard-liners have advocated, instead calling for a "recoupling" of the world's two largest economies on unspecified new terms.

The Washington Post
Democracy Dies in Darkness

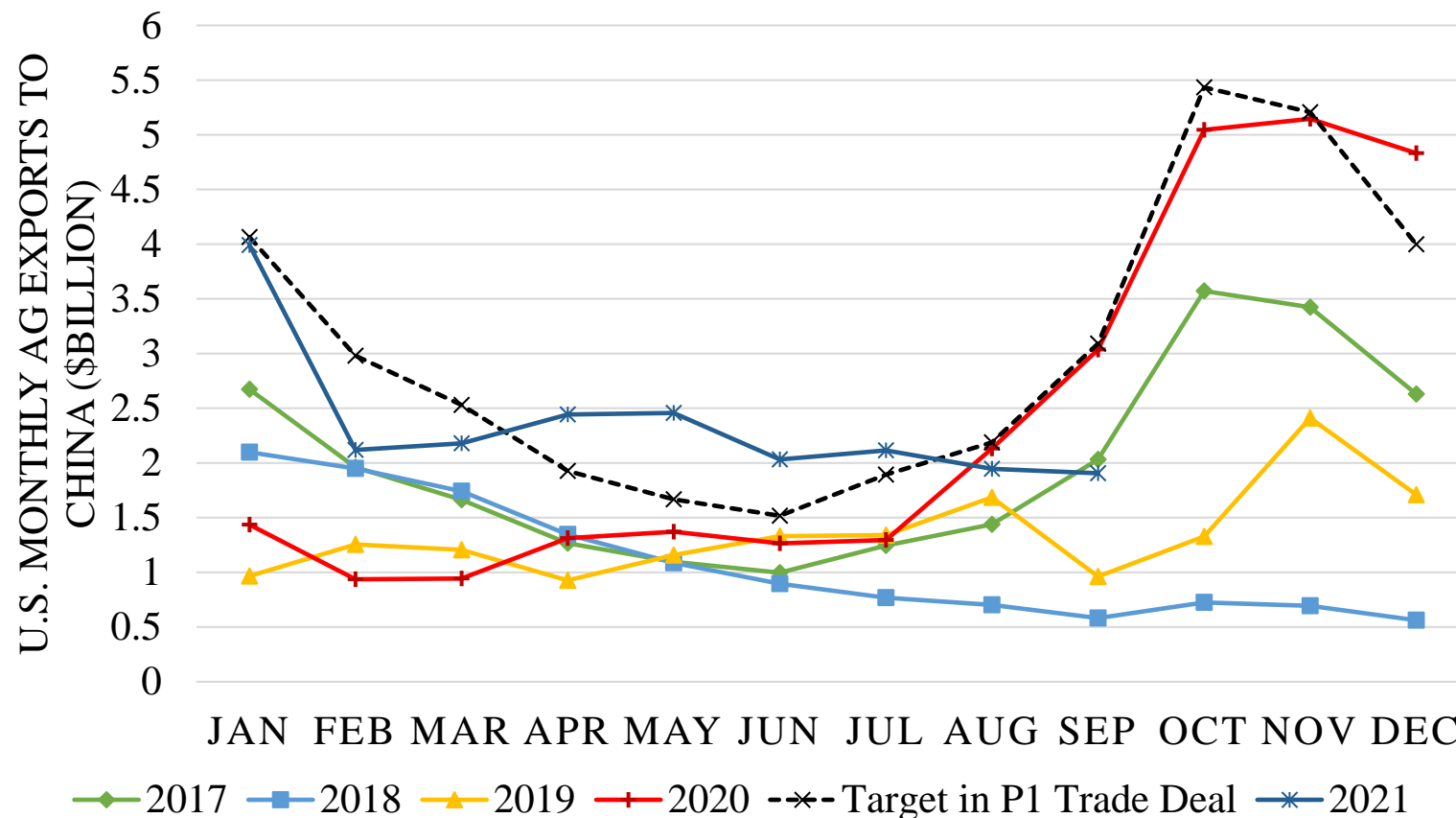
Featured Article

The Case for Healthy U.S.-China Agricultural Trade Relations Despite Deglobalization Pressures†

Wendong Zhang✉

First published: 13 October 2020 | <https://doi.org/10.1002/aepp.13115>

<https://www.card.iastate.edu/products/publications/synopsis/?p=1313>

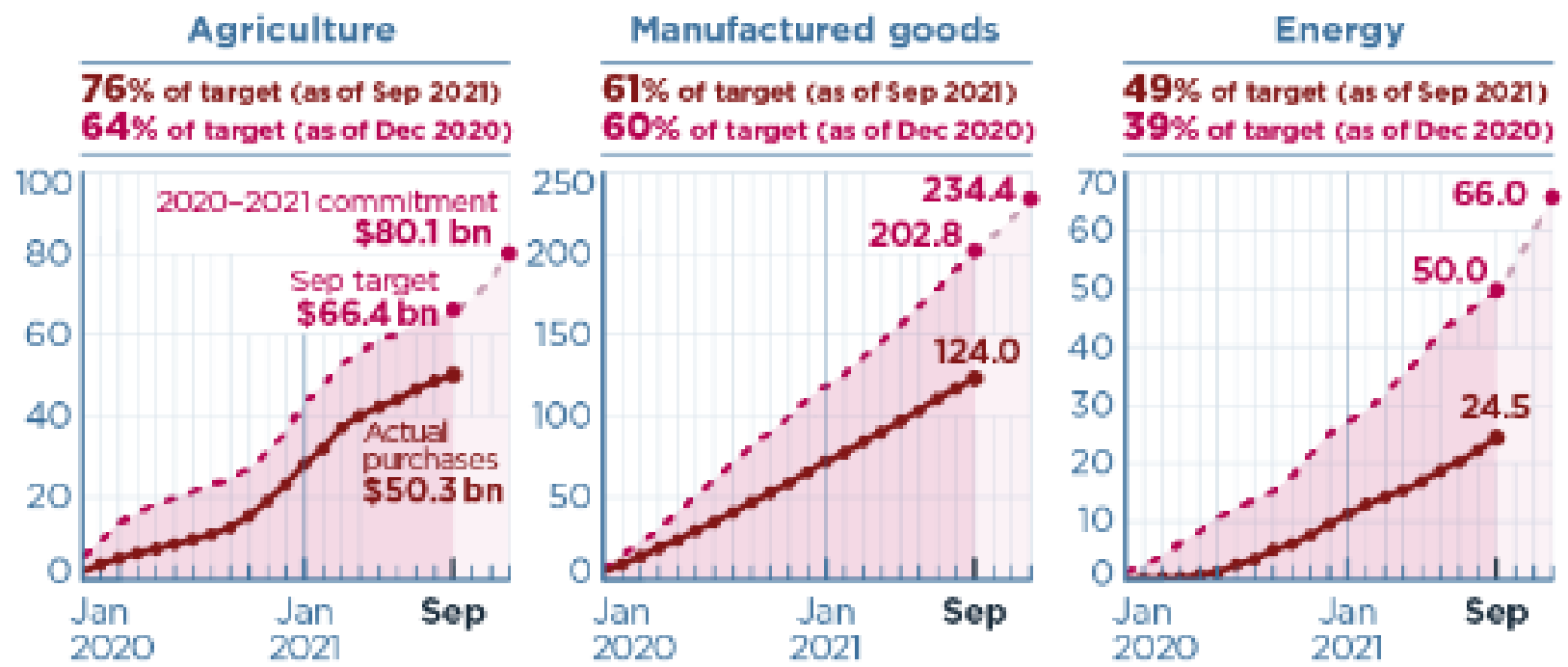


US-China phase one tracker: China's purchases of US goods

Chad P. Bown (PIIE)
October 27, 2021

As of September 2021

b. China's imports by product type, billions USD



CARD Policy Briefs

IOWA STATE UNIVERSITY

Xi He
Dermot Hayes
Wendong Zhang

February 2021 20-PB 29

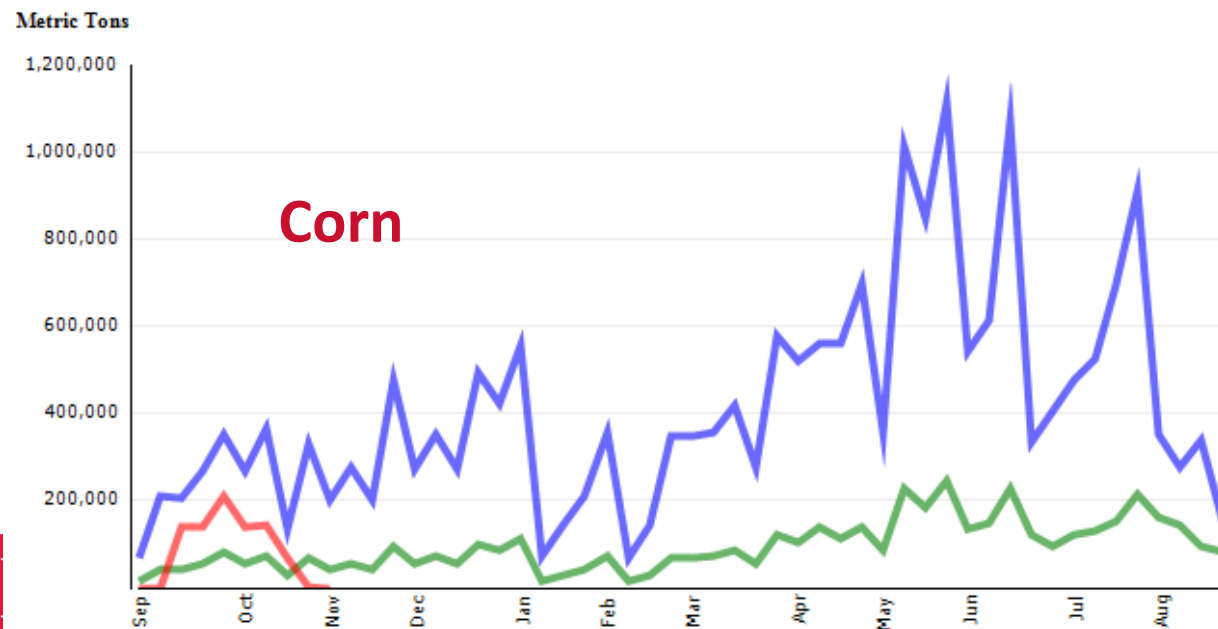
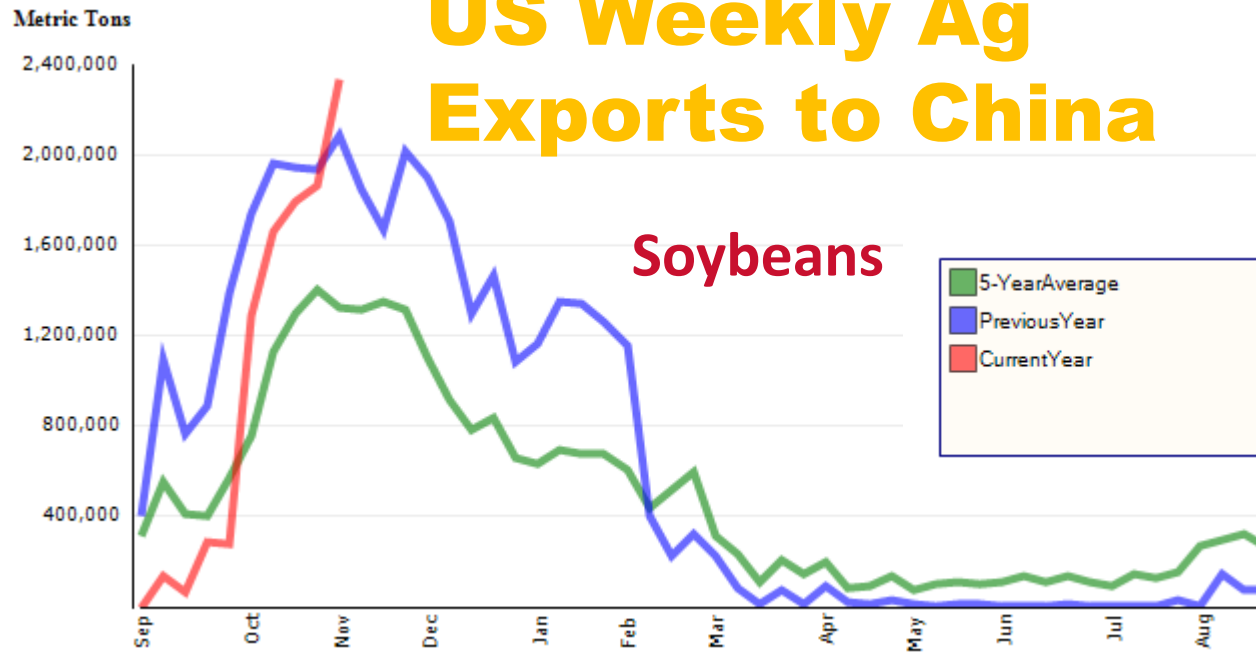
China's Agricultural Imports under the Phase One Deal: Is Success Possible?

Table 1. China's Imports of Key Commodities 2017 and 2020

	2017 Jan-Dec			2020 Jan-Dec		
	US	Non-US countries	US share	US	Non-US countries	US share
<i>China's total import value (\$Million)</i>						
Corn	160	442	26.55%	959	1532	38.50%
Soybeans	13940	25698	35.17%	10634	28904	26.90%
Cotton	983	1207	44.88%	1466	1869	43.96%
Sorghum	957	69	93.26%	978	135	87.90%
Peanuts	62	268	18.74%	203	941	17.77%
Pork	1162	3217	26.53%	1695	17198	8.97%
Beef	25	3116	0.80%	228	10000	2.23%
Poultry	0	1032	0.00%	750	2748	21.44%
Dairy	1087	8203	11.71%	479	9659	4.73%
Ethanol	1	29	3.09%	15	21	41.18%
Total agricultural and related products	24,000	101,860	19.07%	27,300	143,501	15.98%

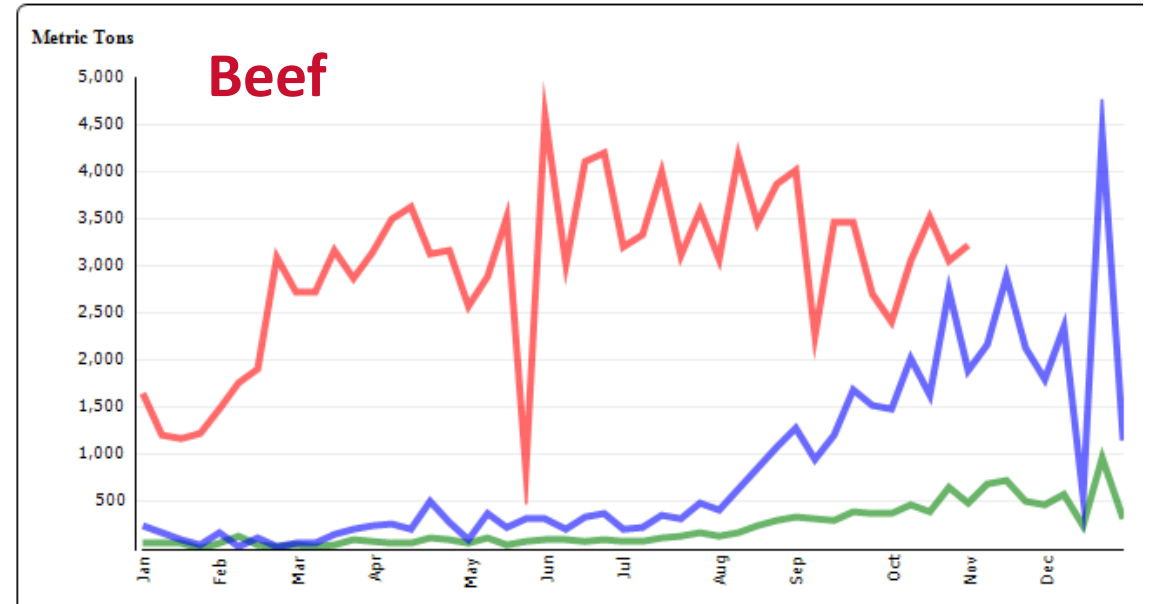
Source: General Administration of Customs of China data (GACC 2020)

US Weekly Ag Exports to China



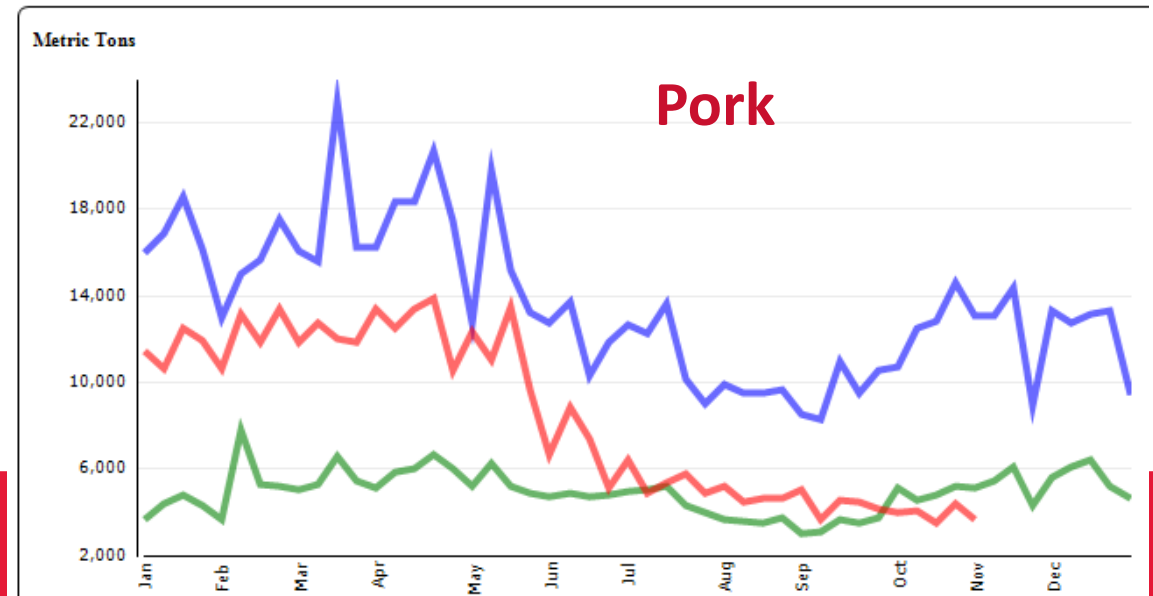
Fresh, Chilled, or Frozen Muscle Cuts of Beef

Selected Year: 2021 as of 11/04/2021



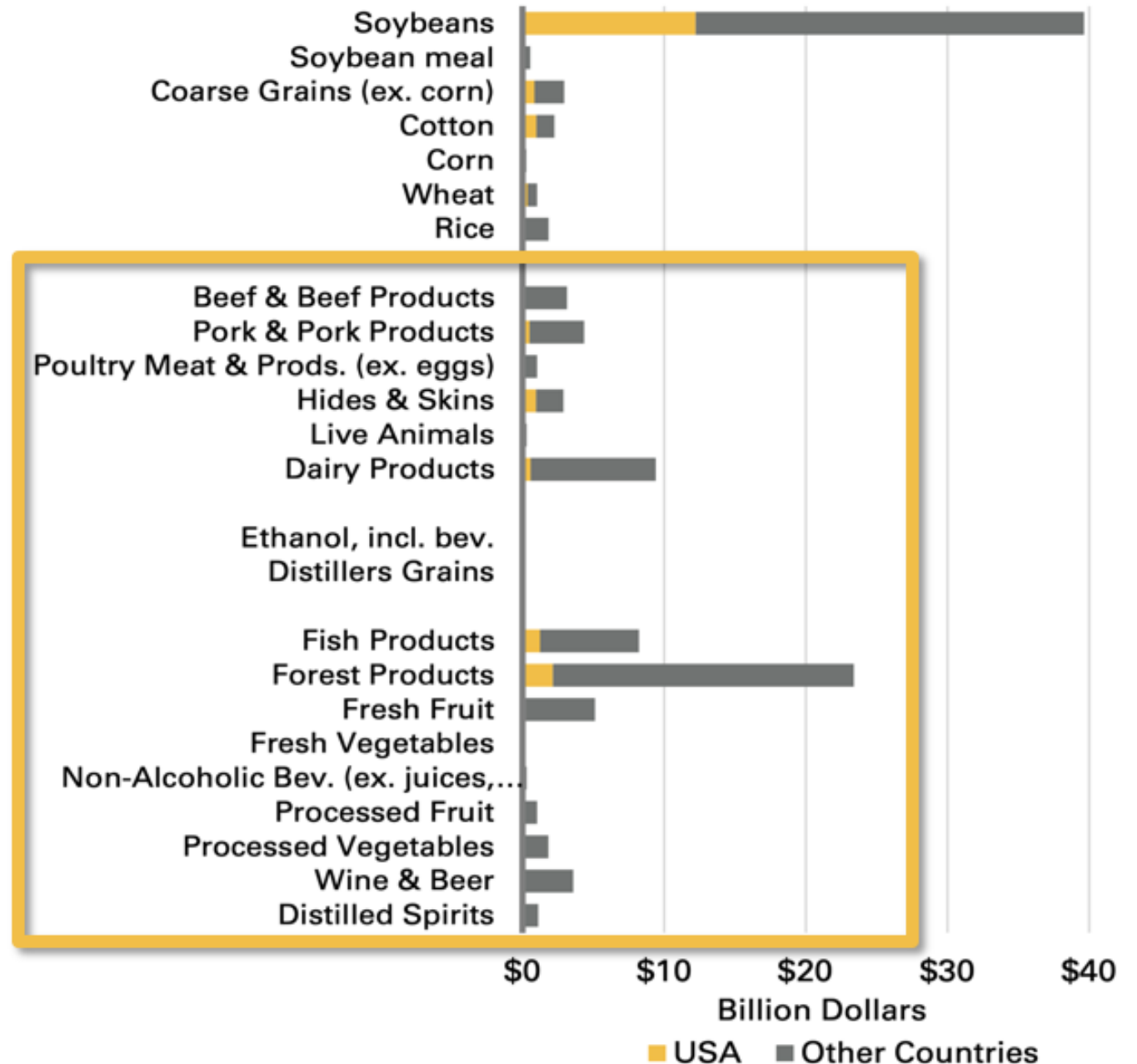
Fresh, Chilled, or Frozen Muscle Cuts of Pork

Selected Year: 2021 as of 11/04/2021

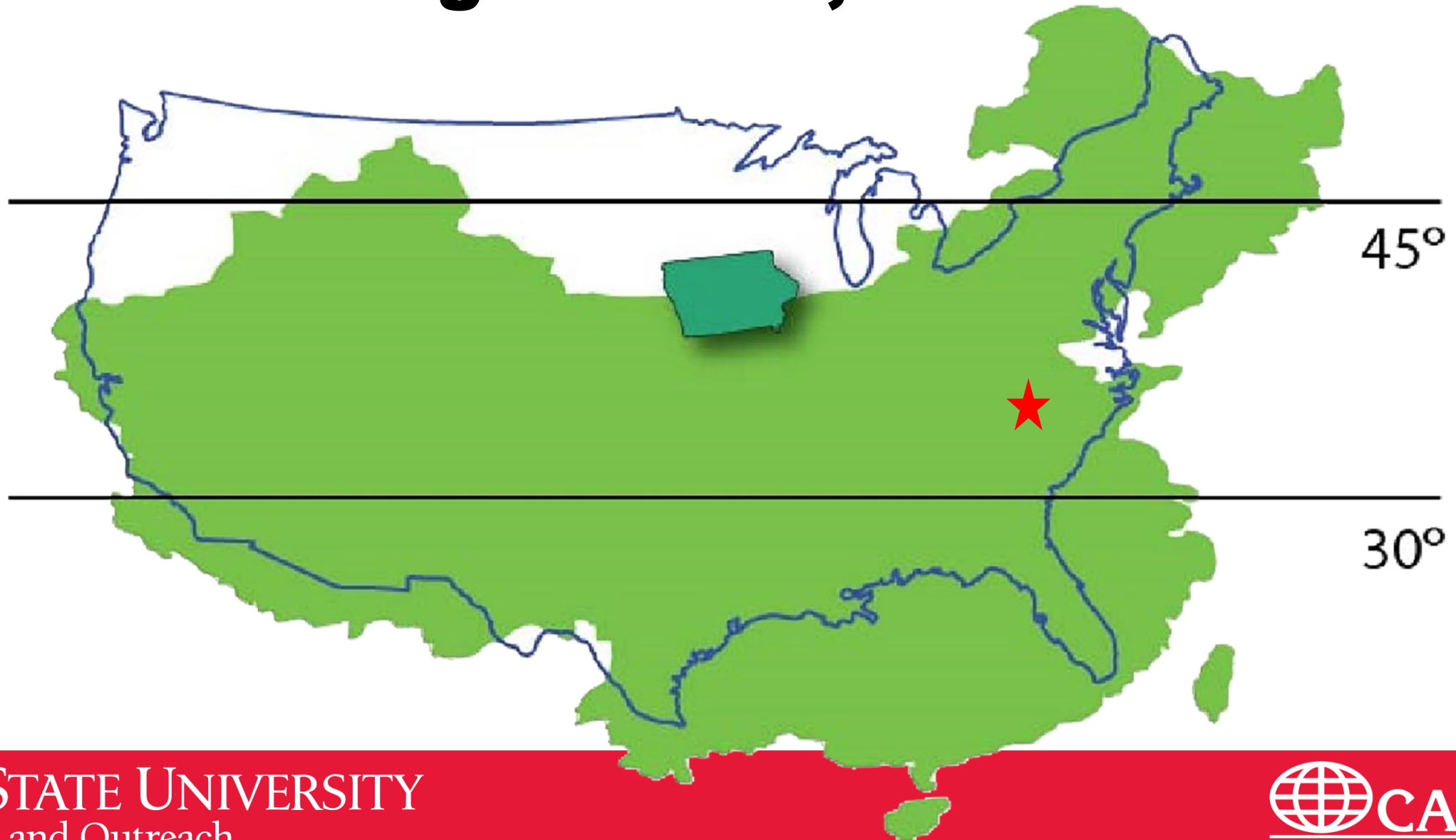


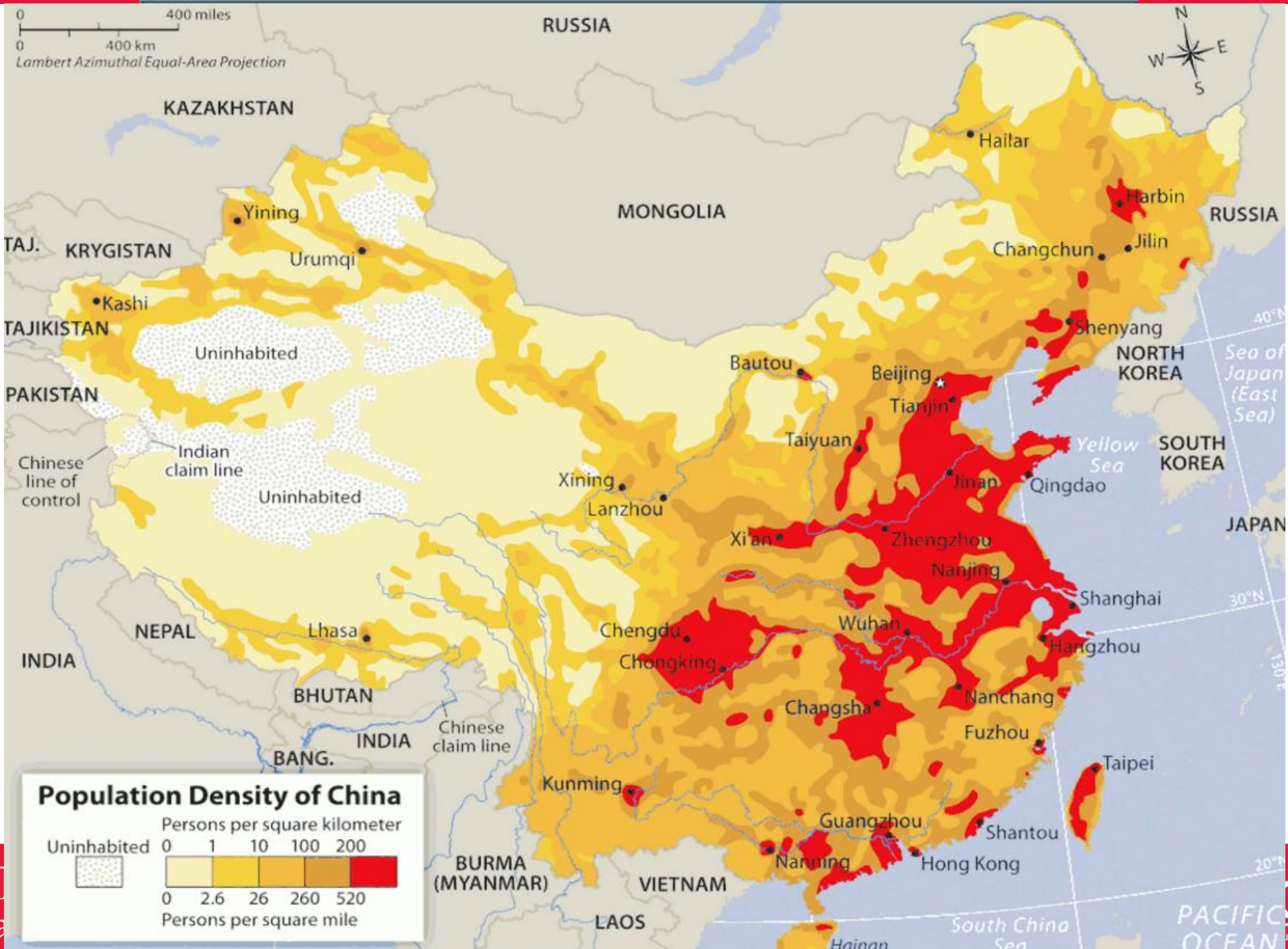
A possible & more balanced pathway for China's ag import surge?

Key Chinese agricultural
imports by commodity
and country in 2017



Commodity Agriculture is Comparative Advantage for U.S., not China

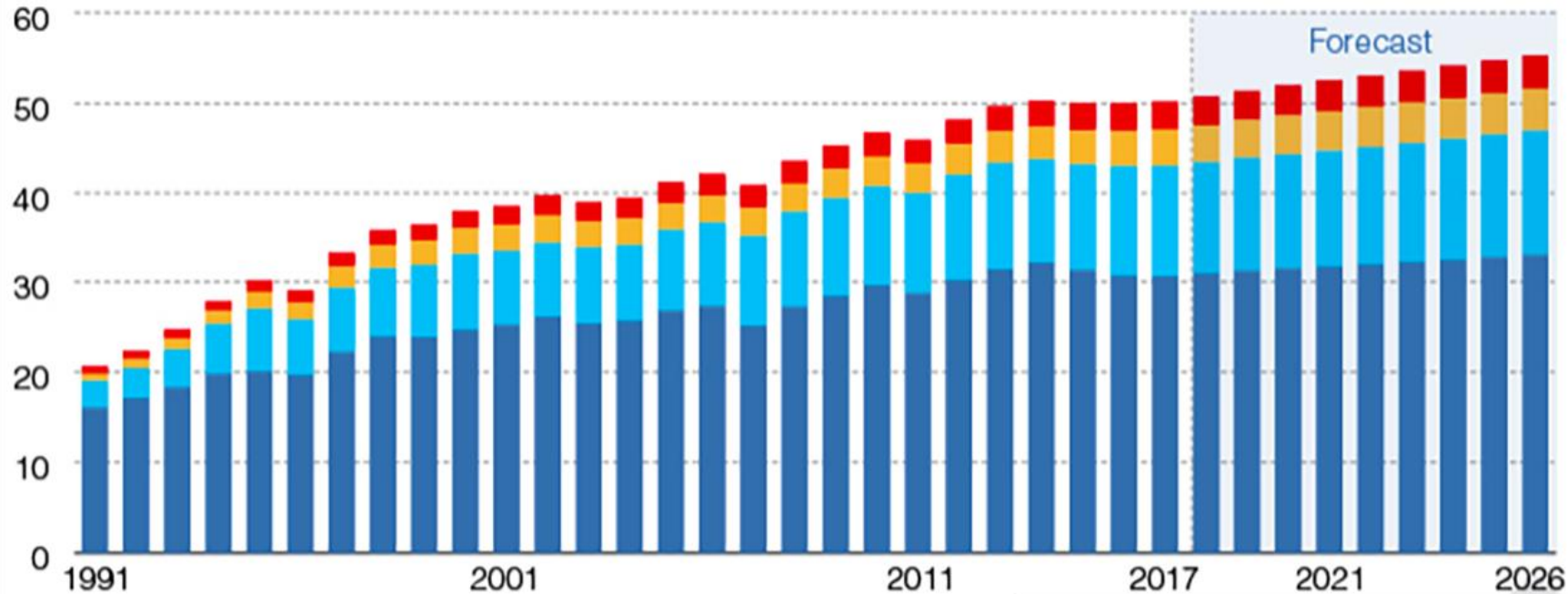




A Meatier Middle Kingdom

■ Pork ■ Poultry ■ Beef and veal ■ Sheep

Unit: Kilograms per capita



Source: 财新数据
Caixin Data

Original Sources: Organization for Economic Co-operation and Development, Food and Agriculture Organization of the United Nations

Oct 12, 2018 08:20 PM

DAILY CHART

Caixin
ENGLISH | 财新中文

What remains unchanged after COVID-19: Chinese surging meat consumption & beyond

Charts of the Day: China's Growing Meat Consumption

China

China to make protein for livestock from carbon monoxide



The Feed Research Institute of the Chinese Academy of Agricultural Sciences (CAAS) says it has worked with Beijing Shoulang Biological Technology to speed up a gas fermentation process to create a single cell protein that could be fed to animals, according to a report on Sunday on a website run by the Ministry of Agriculture and Rural Affairs.

The team has started operating a facility in northern Hebei province to turn steel-making tail gas into 5,000 tonnes of protein a year, according to state media People's Daily.

The protein produced has been approved by the agriculture ministry for feeding to animals, the report said. No details were provided on the cost of production.

Predicting China's Corn Acreage and Production in 2021/22 and 2022/23

[Xi He](#), [Miguel Carriquiry](#), [Wendong Zhang](#), and [Dermot Hayes](#)

We use the predicted corn production and the assumption that China's corn feed consumption to be used in swine feeding will increase by 10% in the next two years to predict China's corn imports. We predict that China's corn imports will be 23.4 MMT in 2021/22 and 34.9 in 2022/23. ³ The large import increase in 2022/23 is partially caused by China's lower predicted production in 2022/23.

As the time of writing, China has experienced heavy rain in its major corn-producing region in the north (Reuters 2021). Using the estimated corn harvested area and yield elasticity, with respect to rain and temperature, and the rainfall and temperature data as of September 2021, we predict that China's 2021/22 corn production will decrease by 0.141%, which translates into 395,017 metric tons—around half of the 850,000 metric ton reduction predicted by China's Ministry of Agriculture and Rural Affairs. The weather-induced corn production reduction would likely increase China's corn imports in 2021/22.


CARD Agricultural Policy Review

China will likely fail in its CPTPP bid — but it's a 'smart' move against the U.S., say analysts

PUBLISHED SUN, SEP 26 2021:10:48 PM EDT | UPDATED MON, SEP 27 2021:8:26 PM EDT




Yen Nee Lee
@YENNEE_LEE

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KEY POINTS

- China said it applied to join CPTPP, an 11-nation trade pact formed in 2018 after the U.S. withdrew from the Trans-Pacific Partnership a year earlier.
- Beijing needs the approval from all 11 CPTPP signatories to join CPTPP, and it may not succeed given its strained relationships with some member countries, said analysts.

**Sha**
UP NEXT

STAT
STREET
GLOBAL

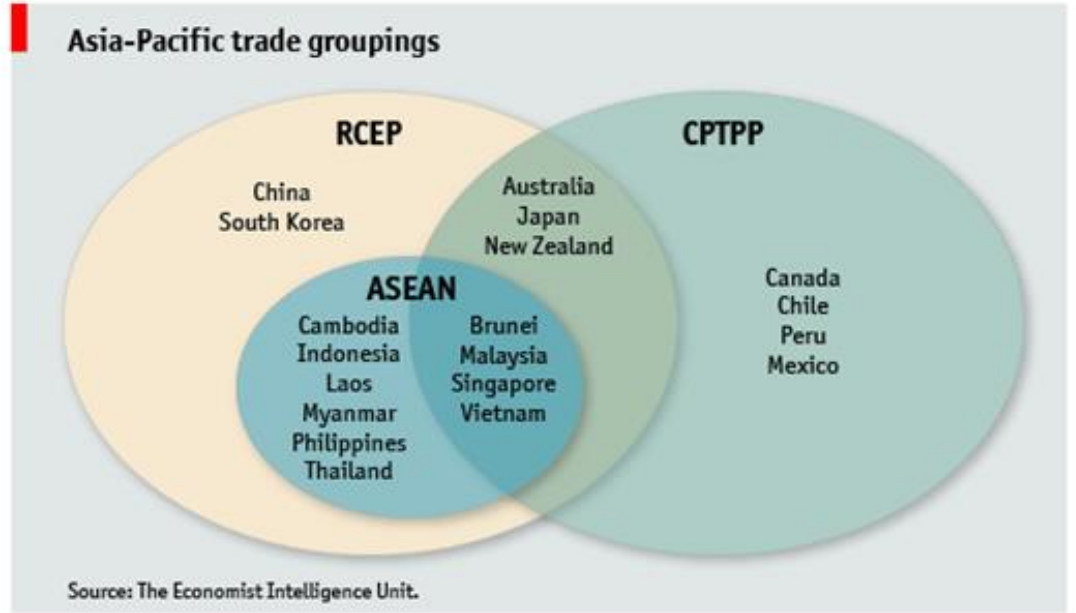


Table 2. Asia-Pacific trade groupings
From: <https://www.eiu.com/industry/article/608652844/all-set-for-rcep/2019-11-06>

BELT AND ROAD

China-Laos high-speed railway set to roll through COVID cloud

Southeast Asian country's rising infections reduce pomp of Friday's launch



The China-Laos bullet train will compress what is normally a two-day road trek through rugged mountain terrain into a brisk three hours or so. © CCTV/Reuters

MARWAAN MACAN-MARKAR, Asia regional correspondent

November 30, 2021 18:11 JST

\$6 billion project in the land-locked country.



The track from Vientiane to Boten, a northern frontier town along the Laos-China border, will compress what is normally a two-day road trek through rugged mountain terrain into a brisk three hours or so. The Lane Xang, as the bullet train has been named after an ancient Laotian kingdom, will travel through 75 tunnels and across 167 bridges at a speed of up to 160 kph.

FINDING FIRMER GROUND:

The Role of Agricultural Cooperation in U.S.–China Relations

A Report by the US Heartland China Association and The Carter Center

September 2021

Dr. Minghao Li

Assistant Professor

Economics, Applied Statistics, and International Business Department

New Mexico State University

Dr. Wendong Zhang

Associate Professor

Department of Economics and Center for Agricultural and Rural Development (CARD)

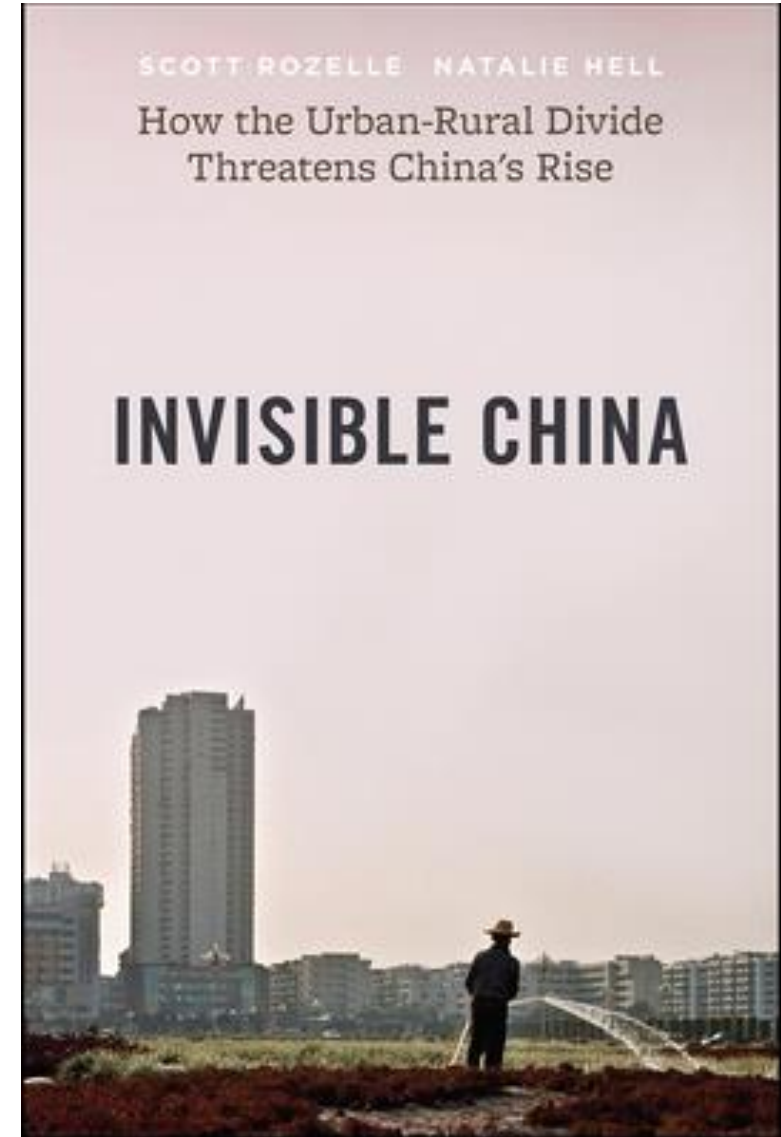
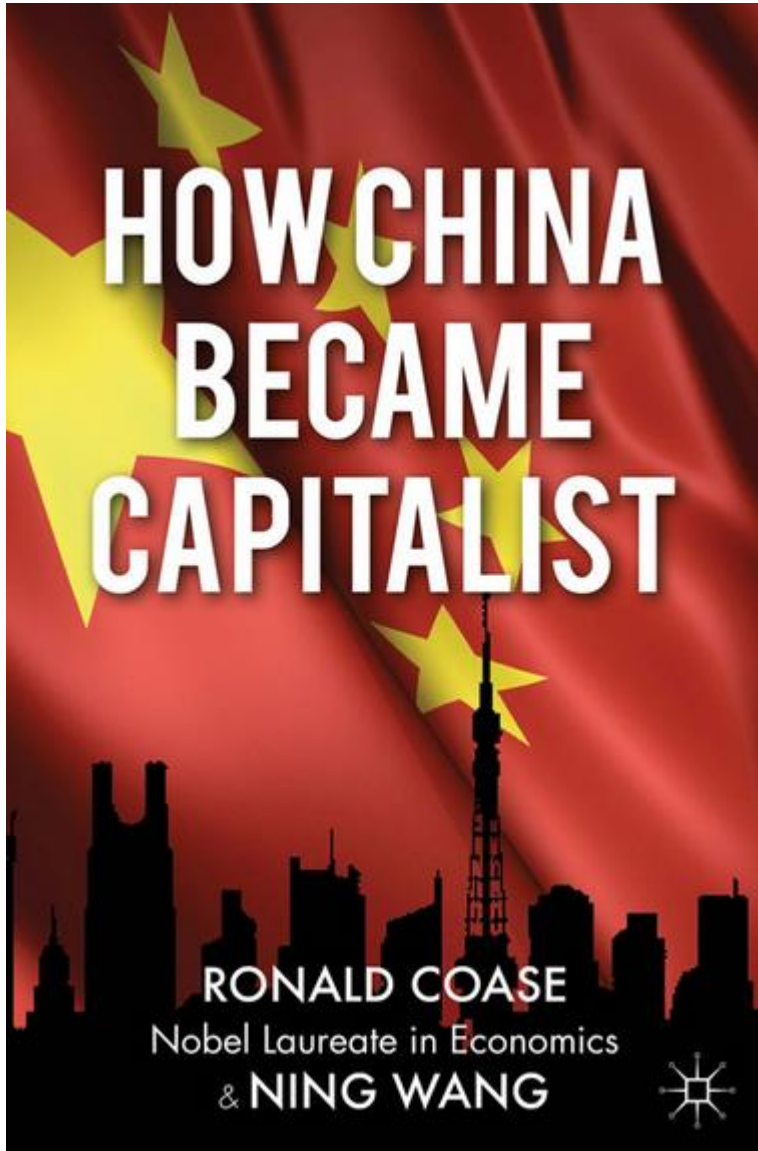
Iowa State University

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<https://usheartlandchina.org/wp-content/uploads/2021/09/Finding-Firmer-Ground-The-Role-of-Agricultural-Cooperation-in-US-China-Relations.pdf>

Learn more about contemporary Chinese economy



Thank You!



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Extension and Outreach

2019 ISU Land Value Survey

2019 ISU Land Value Survey
The 2019 ISU Land Value Survey shows a 2.3 percent increase in average Iowa farmland values from November 2018 to November 2019. The average statewide value of an acre of farmland is now estimated at \$7,432. This modest increase, which barely exceeds the pace of inflation, is the second rise over the past six years, but still represents a 15 percent decrease from the 2013 peak in nominal land values, or a 23 percent drop in inflation-adjusted values.

2017 Iowa Farmland Ownership & Tenure Survey Paper Copy Available for Order (\$5 Only)

The new, 60-page **2017 Iowa Farmland Ownership and Tenure Survey report is available for order at the Extension Store** for only \$5 each paper copy. This is a unique survey across the nation which provides statistically representative information on many aspects of land ownership, tenure and transitions in Iowa. For example, the survey finds that 60% of Iowa land is owned by people 65 years or older, 82% of Iowa land is owned free of debt, and 29% of all acres is primarily owned for family or sentimental reasons.

1. What are you interested in?

- 2019 ISU survey results**
- find more land value data**
- recent analysis & contact**

Contact Us | Site Map | Links | Staff Intranet

Iowa State University
578 Heady Hall
518 Farm House Lane
Ames, Iowa 50011-1054
Phone: (515) 294-1183
FAX: (515) 294-6336
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www.card.iastate.edu/farmland

Wendong Zhang

Associate Professor and Extension Economist
478C Heady Hall, Iowa State University
515-294-2536
wdzhang@iastate.edu

China Ag Center · Publications

Xi He and Wendong Zhang, 2020. "Implications of Hong Kong's Special Status Revocation for Agricultural Trade between the United States, Hong Kong, and Mainland China." *Agricultural Policy Review*. Center for Agricultural and Rural Development, Iowa State University.

In 1992, the United States granted Hong Kong status as a customs territory separate from mainland China. On June 29, 2020, however, the US Department of Commerce withdrew that status due to recent tensions between China and the United States. Hong Kong, as the world's largest re-exporting port, plays a large intermediary role in US-China trade, and the revocation of its special status may provoke China into taking retaliatory economic and/or political actions. He and Zhang examine trends in Hong Kong's import/export of US agricultural products and how that trade may be affected. They find that the revocation itself is not likely to directly affect US-China agricultural trade prospects much if neither China nor the United States responds with further actions.

Chen-Ti Chen, Tao Xiong, and Wendong Zhang, 2020. "Large Hog Companies Gain from China's Ongoing African Swine Fever." *Agricultural Policy Review*. Center for Agricultural and Rural Development, Iowa State University.

Since November 2018, China has reduced its hog and sow inventory by almost 32% due to ongoing outbreaks of African Swine Fever.

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To participate the 2021 land value survey
<http://bit.ly/landvalue2021>

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Meat consumption Beef and veal / Pork meat / Poultry meat / Sheep meat, Kilograms/capita, 2029 or latest available

Source: OECD-FAO Agricultural Outlook (Edition 2021)

