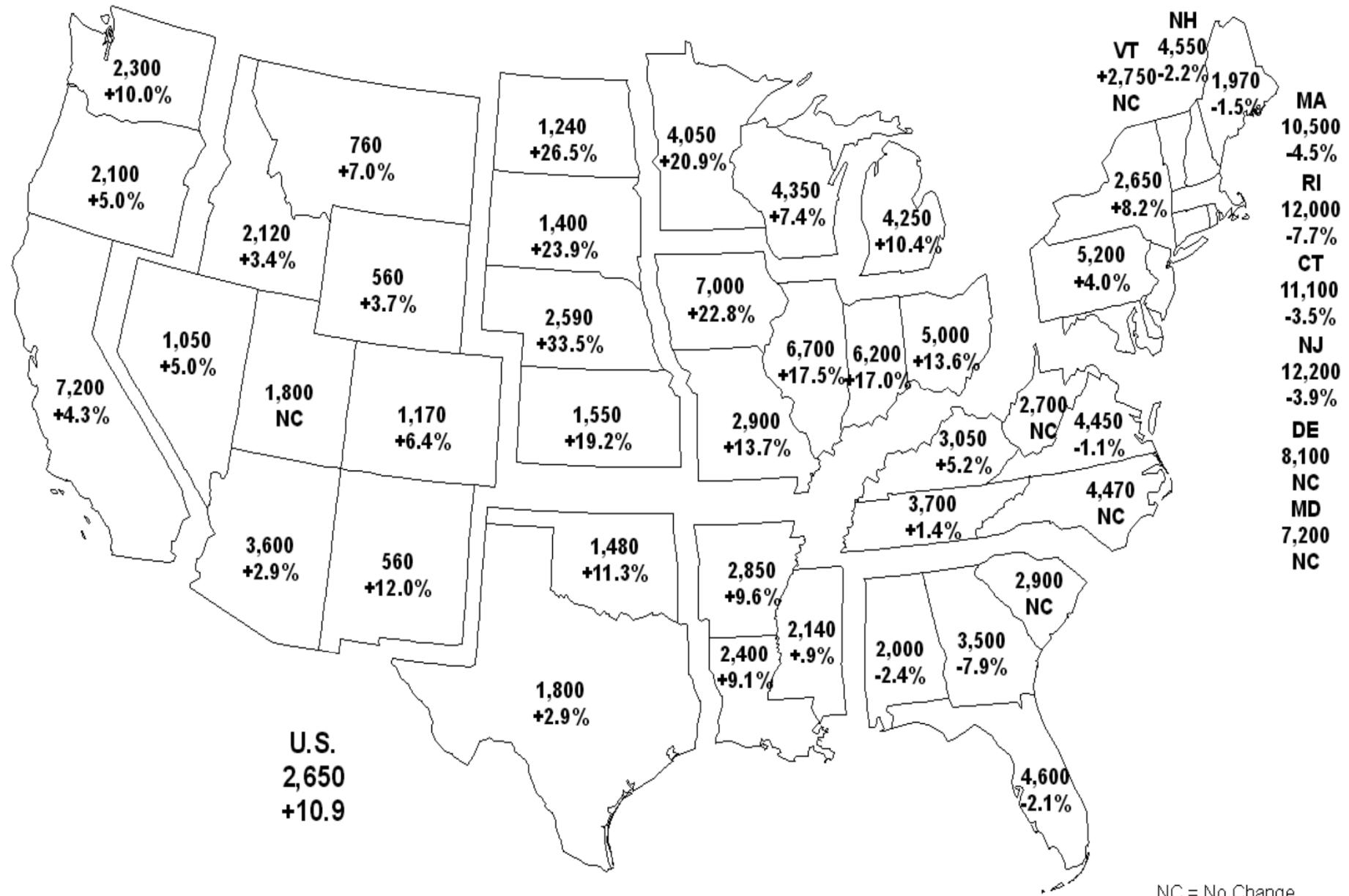


Current Trends in Ag Land Values: Is There an Ag Bubble?

Bruce L. Jones
Director, Renk Agribusiness Institute
Professor, Dept. of Ag and Applied Economics
UW-Madison College of Agricultural and Life Sciences

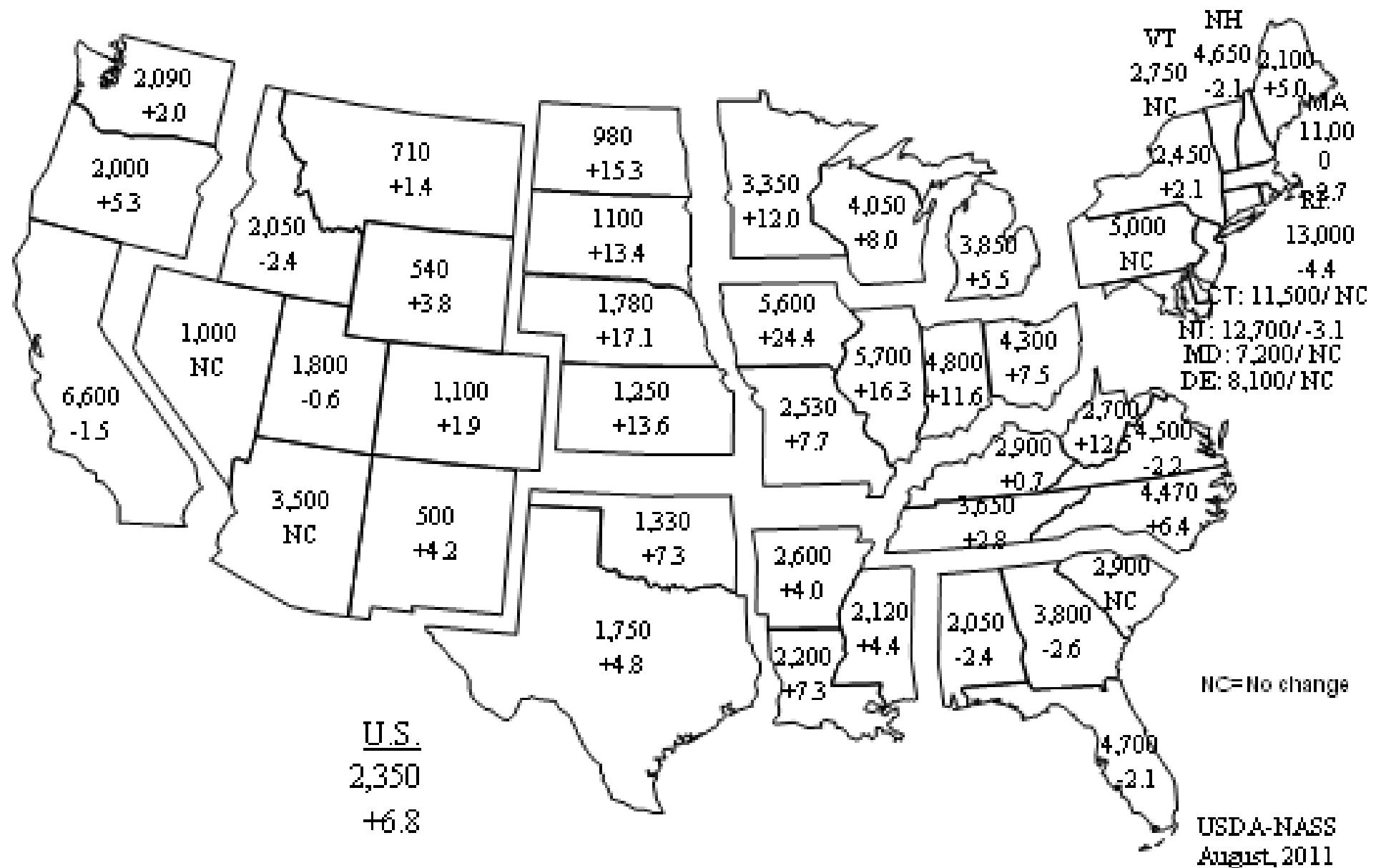
2012 Farm Real Estate Value by State

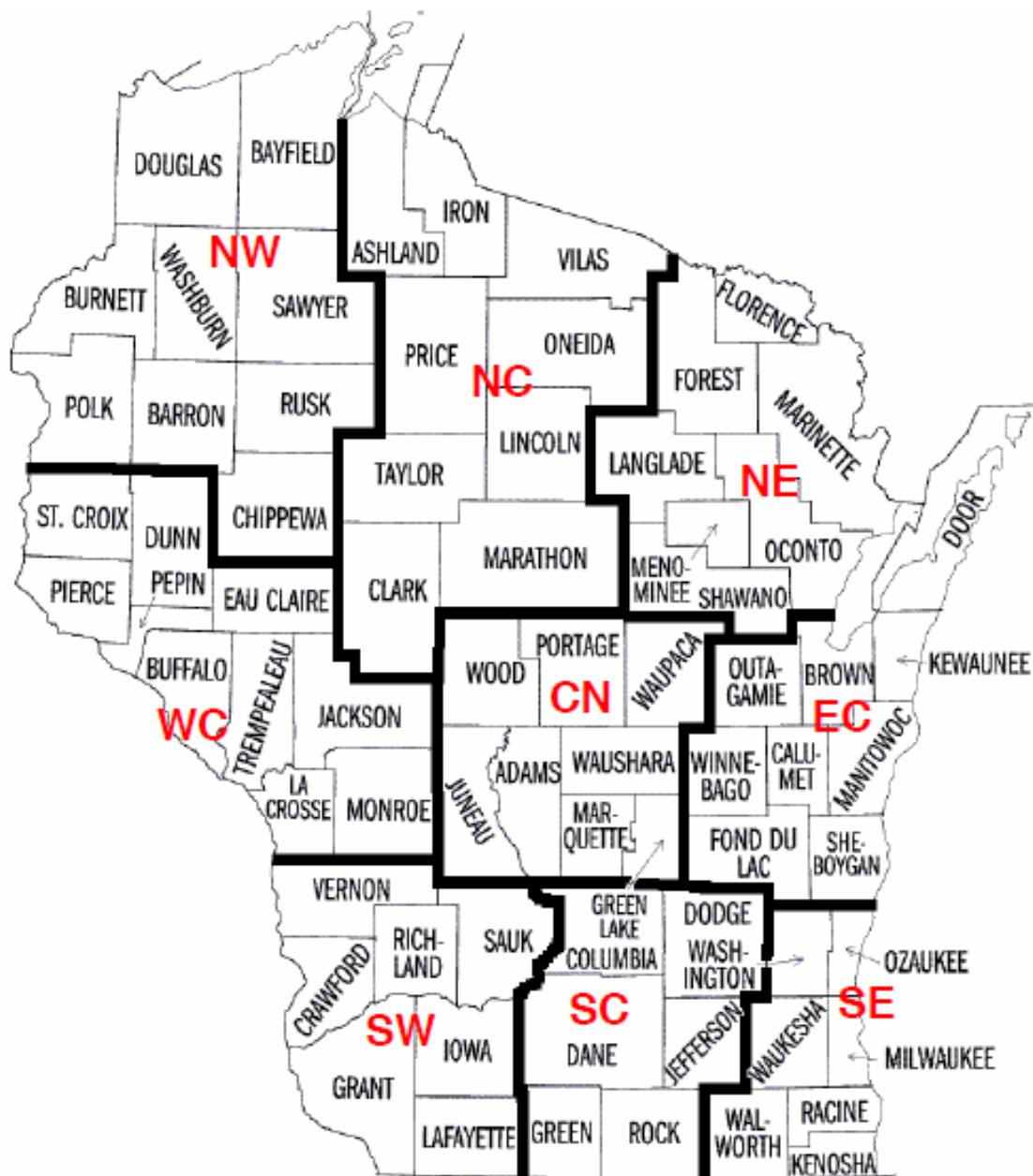
Dollars per Acre and Percent Change from 2011



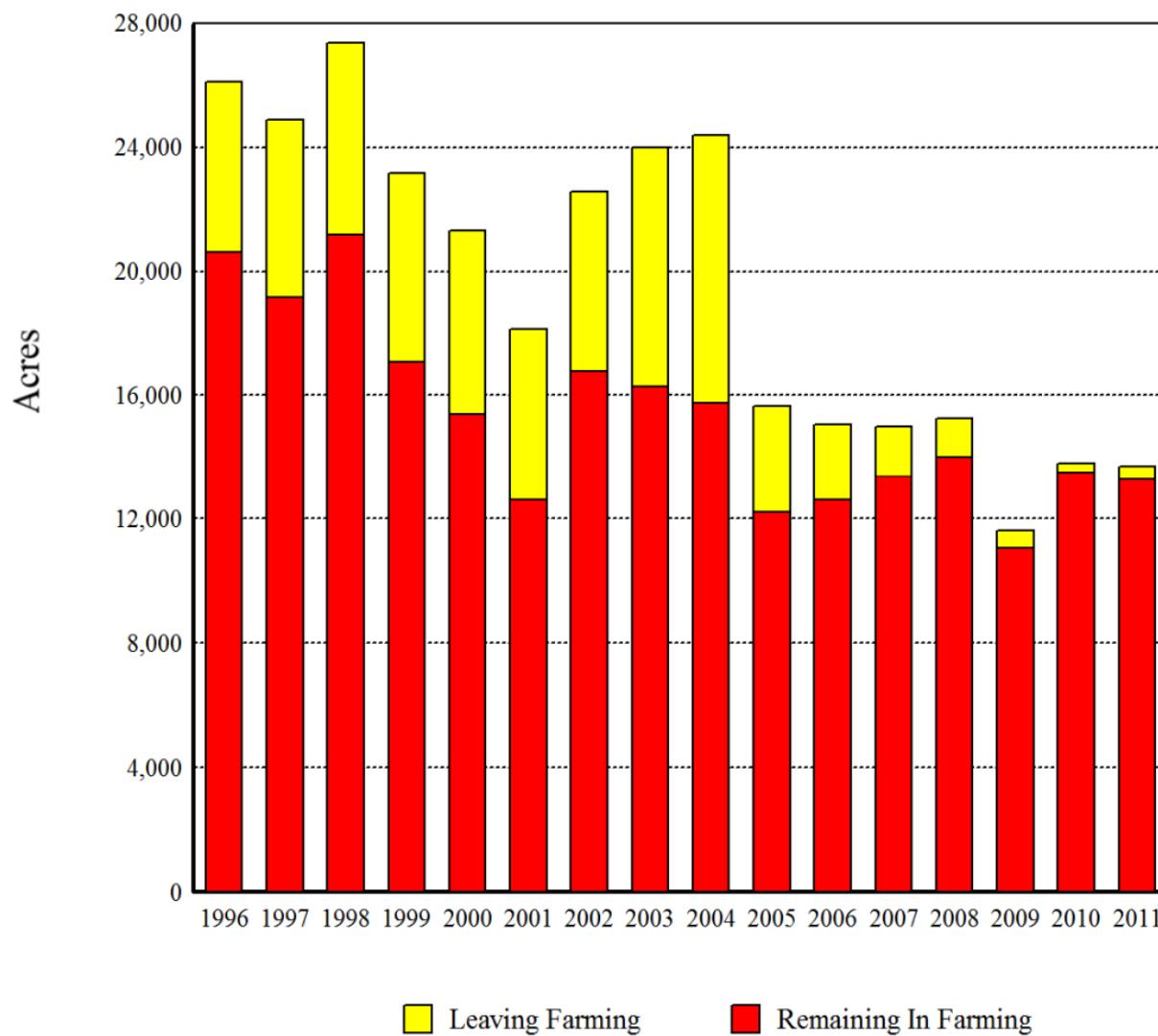
2011 Farm Real Estate Value by State

Dollars per Acre and Percent Change from 2010

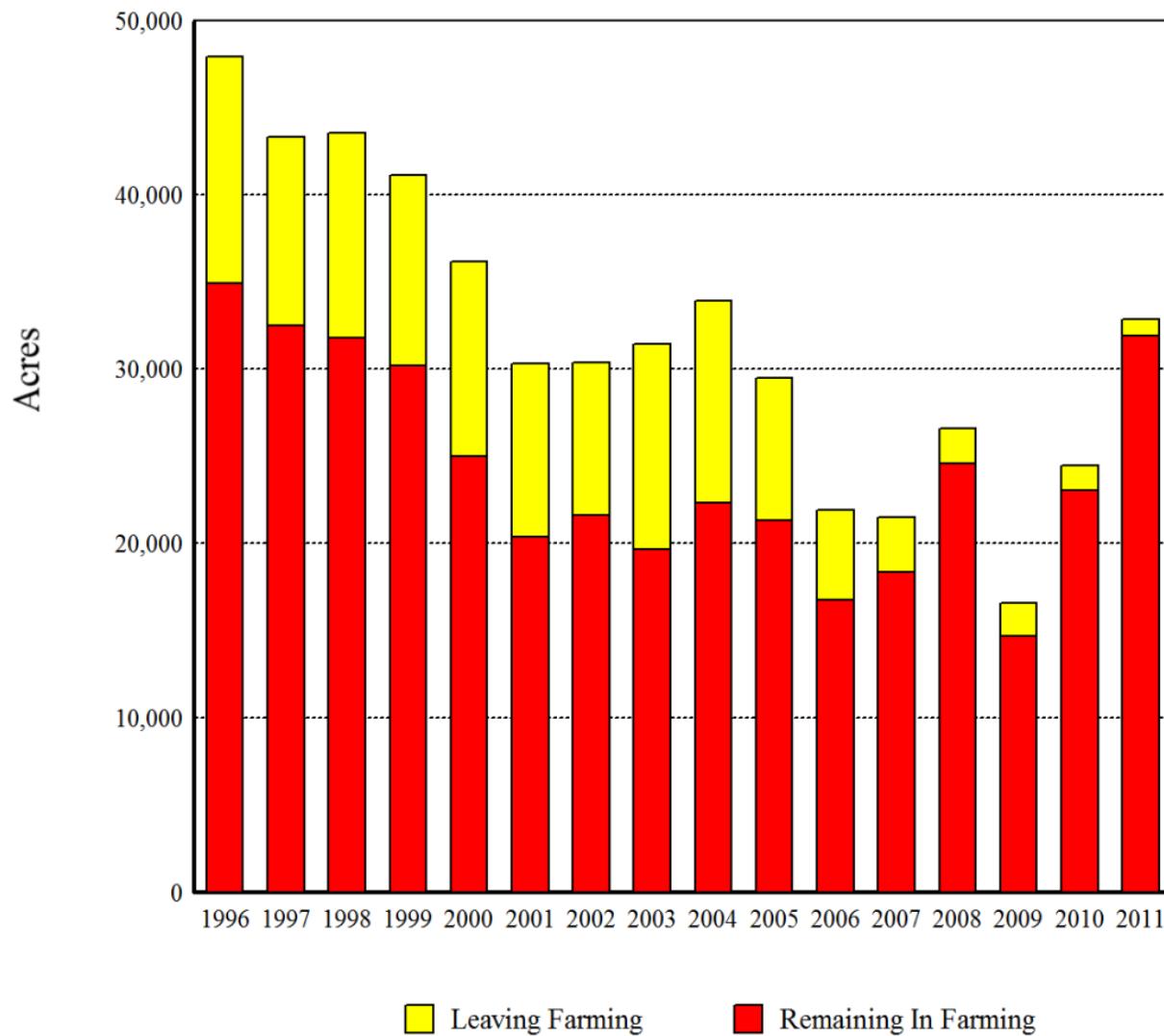




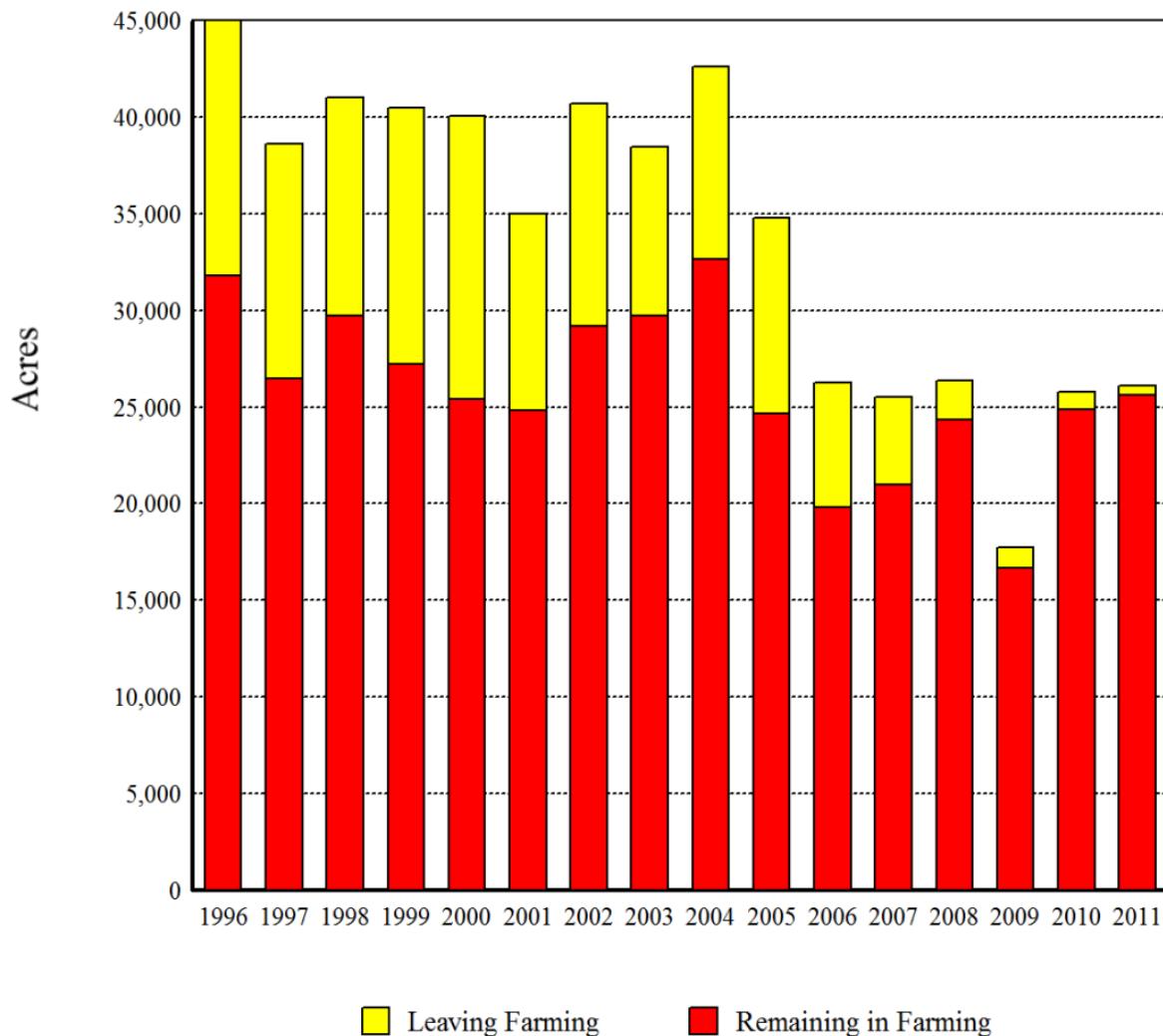
Wisconsin Farmland Sales -- North



Wisconsin Farmland Sales -- Central

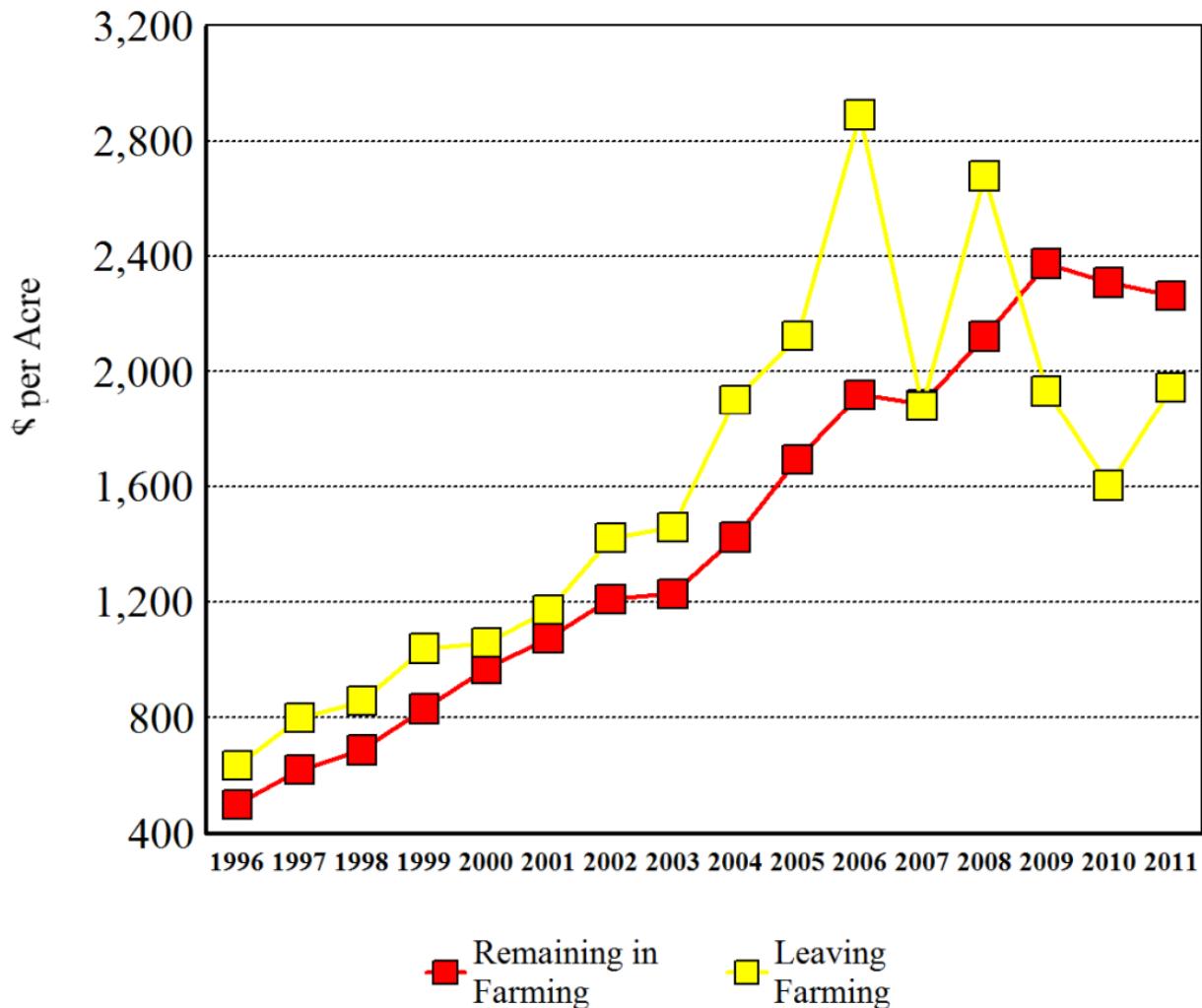


Wisconsin Farmland Sales -- South



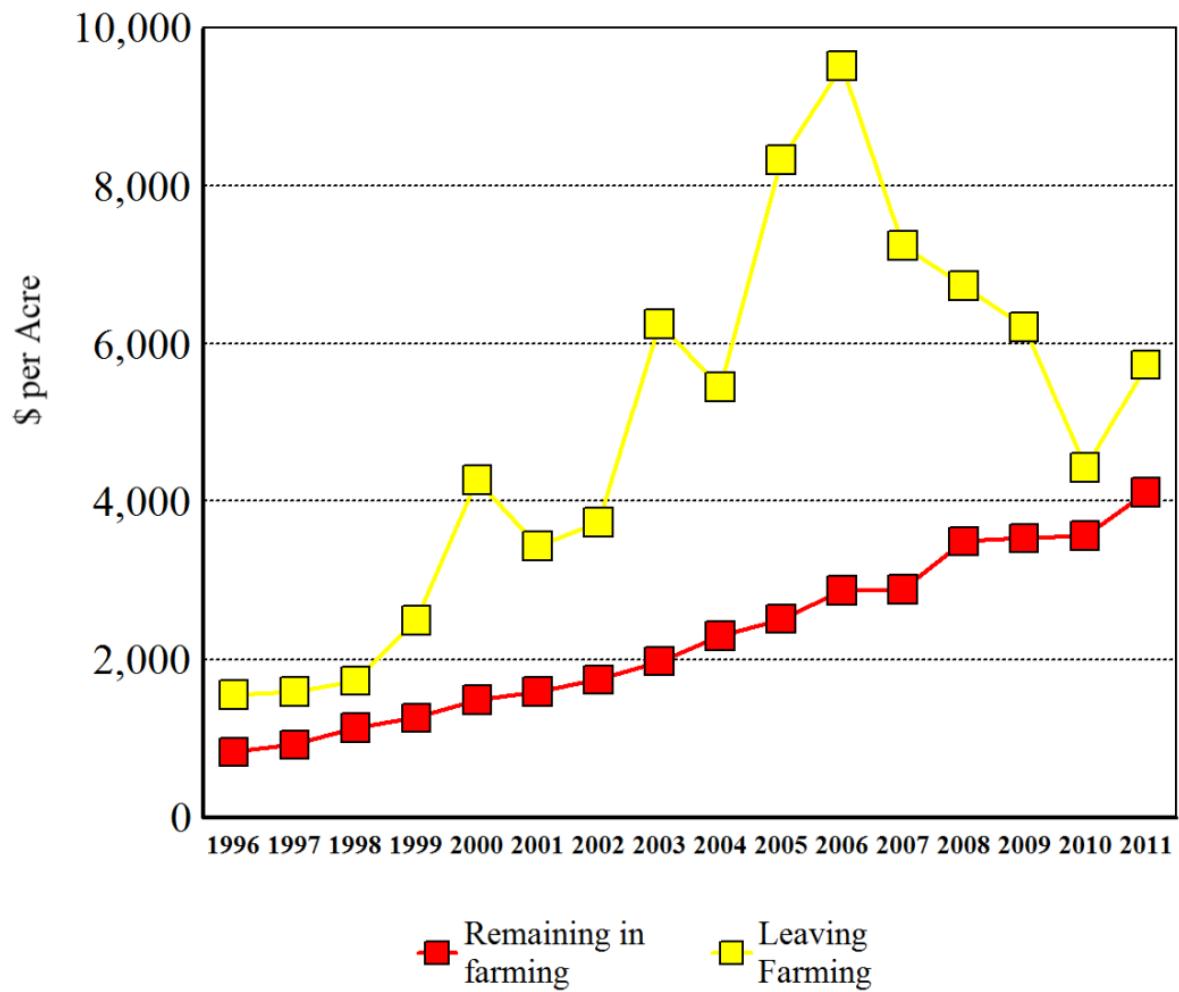
Wisconsin Farmland Values

Northern District



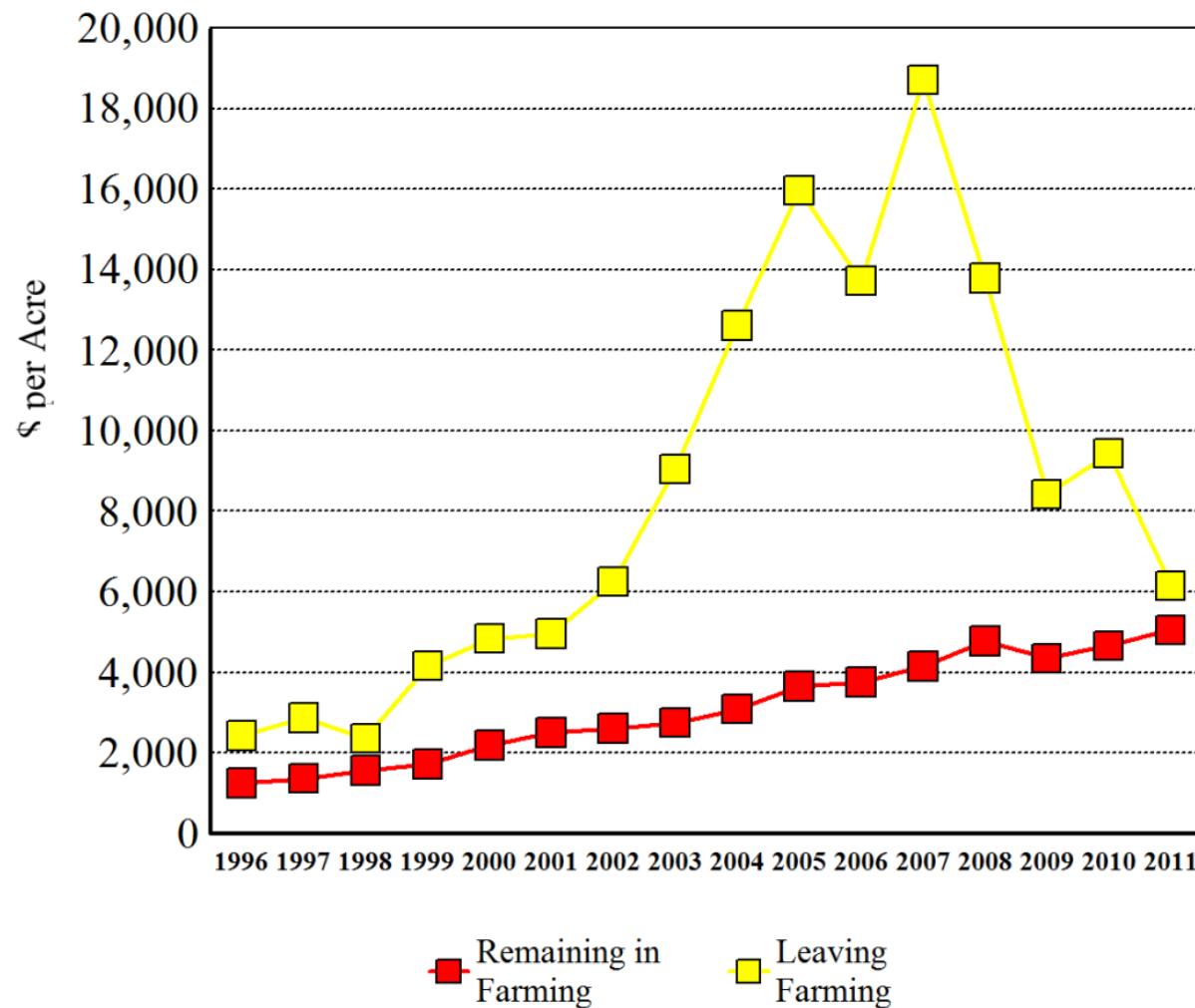
Wisconsin Farmland Values

Central District



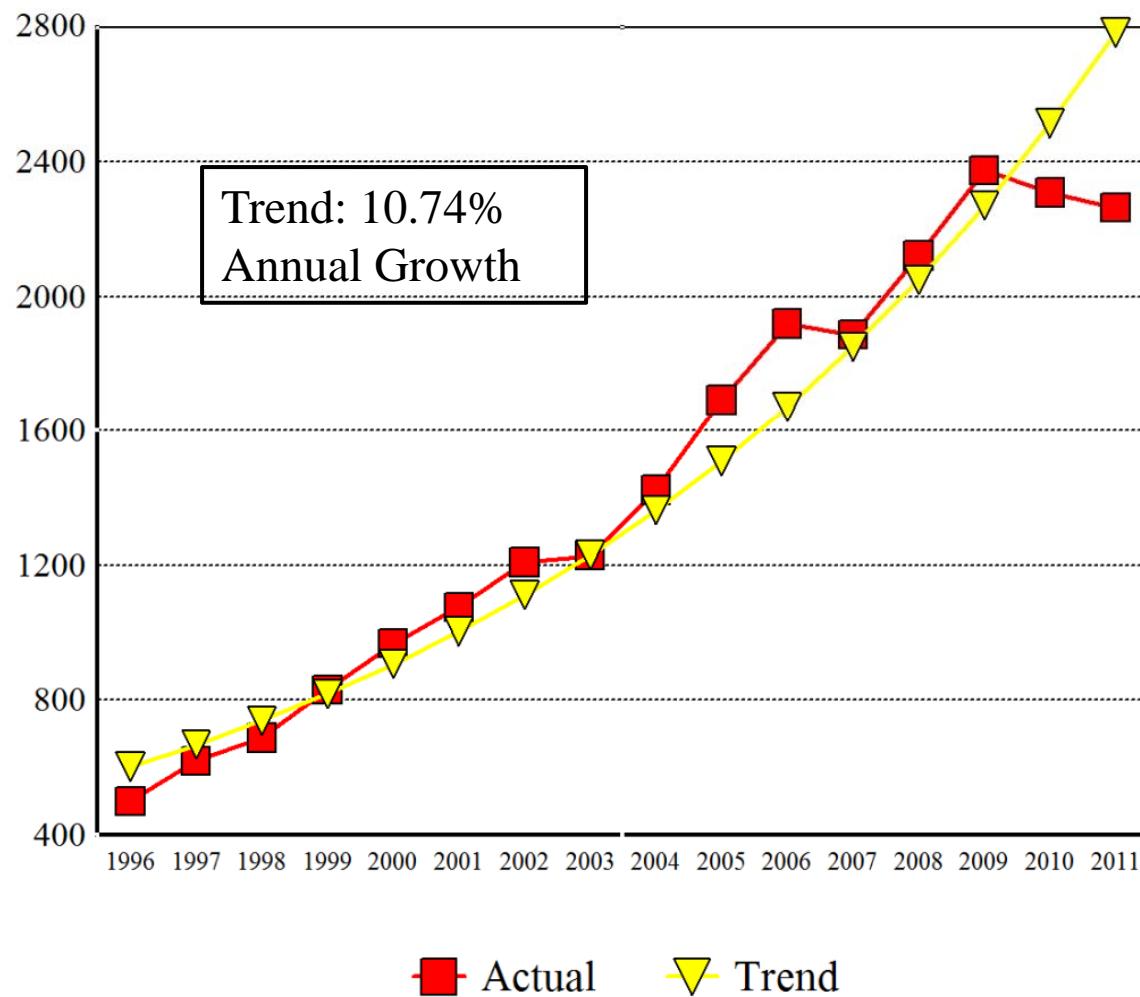
Wisconsin Farmland Values

Southern District

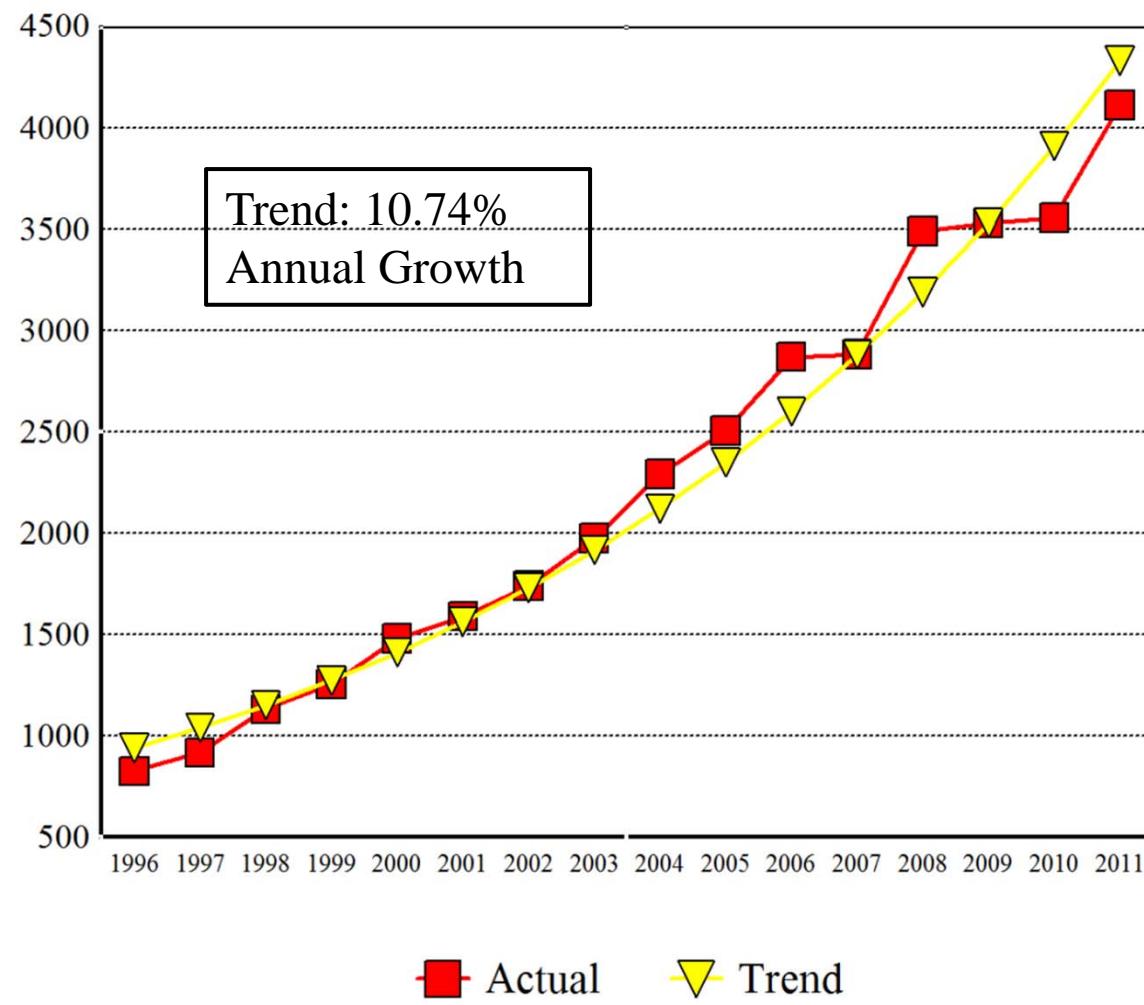


Wisconsin Farmland Values

Northern Counties

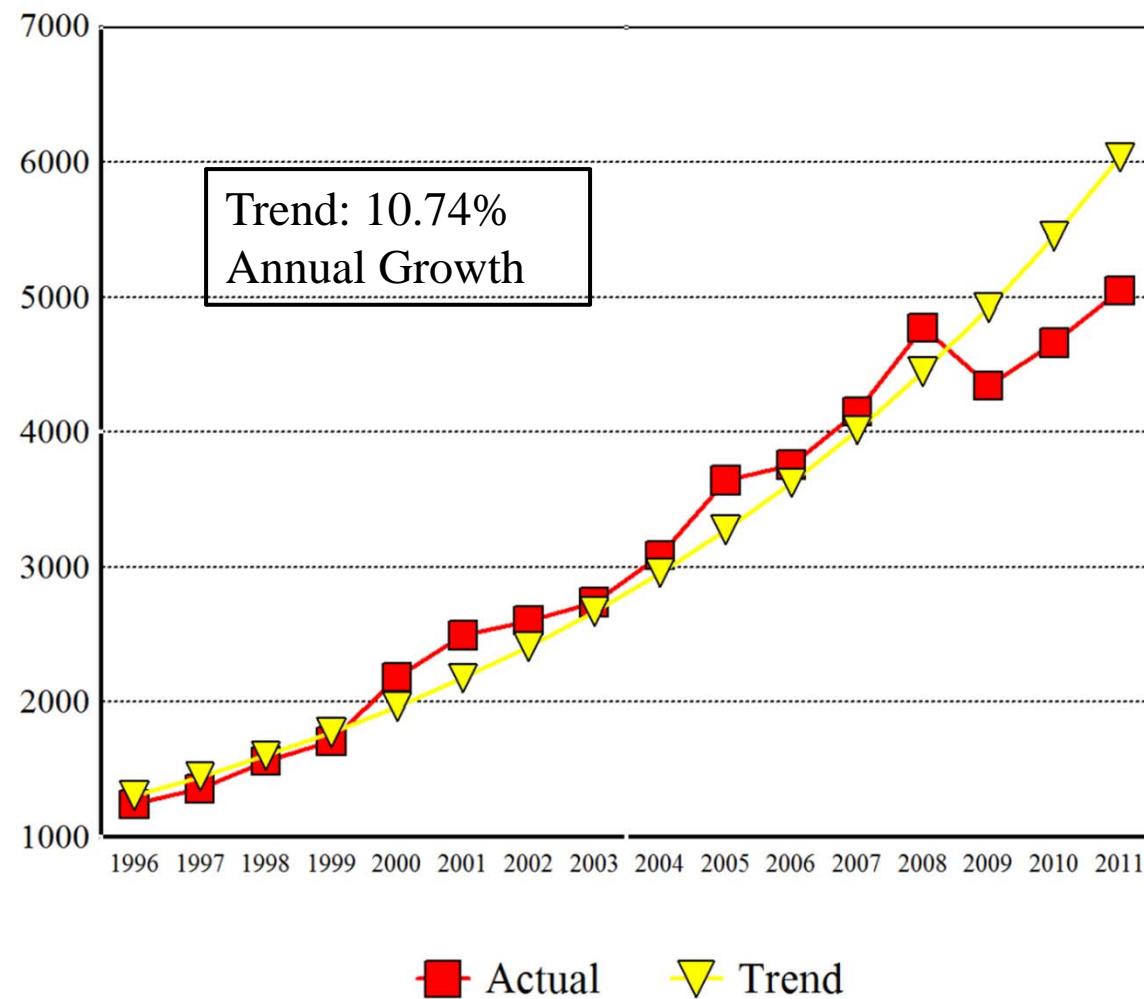


Wisconsin Farmland Values Central Counties



Wisconsin Farmland Values

Southern Counties



Asset	Average Annual Rate of Return (%)	Standard Deviation (Risk)
Inflation (CPI)	4.25	2.89
10 Treasury Note	7.26	2.75
S&P 500 <small>(Stearns NYU)</small>	13.14	16.85
Farmland (Cash Rents and Capital Gains)		
Wisconsin	11.89	9.27
Illinois	11.89	11.18
Iowa	13.58	13.18

For the 1975 - 2010 period

Land Valuation Model

$$V = R \frac{(1 + g)}{(r - g)}$$

V = Value of Land

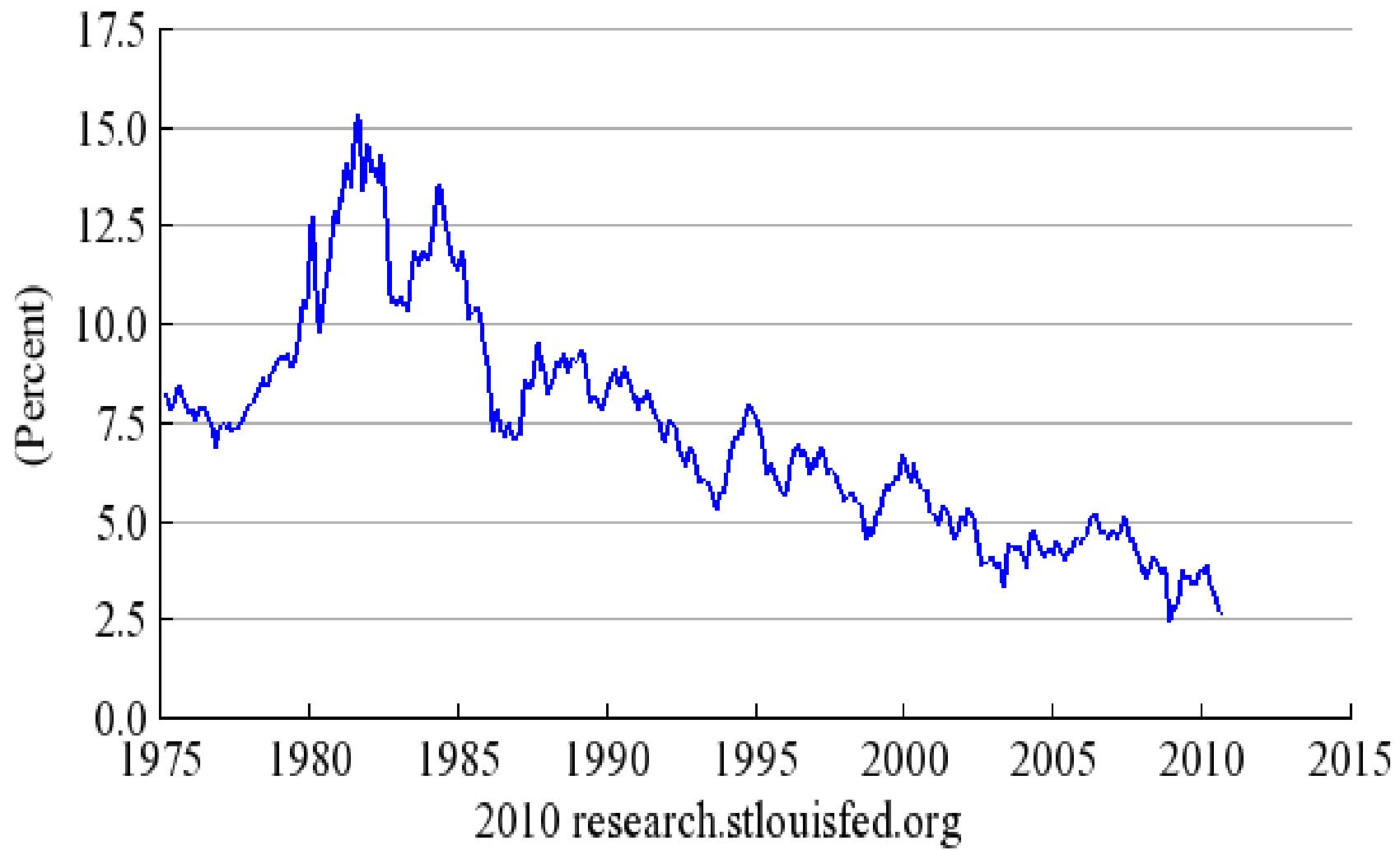
R = Return From Land

g = Annual Growth in Return (R)

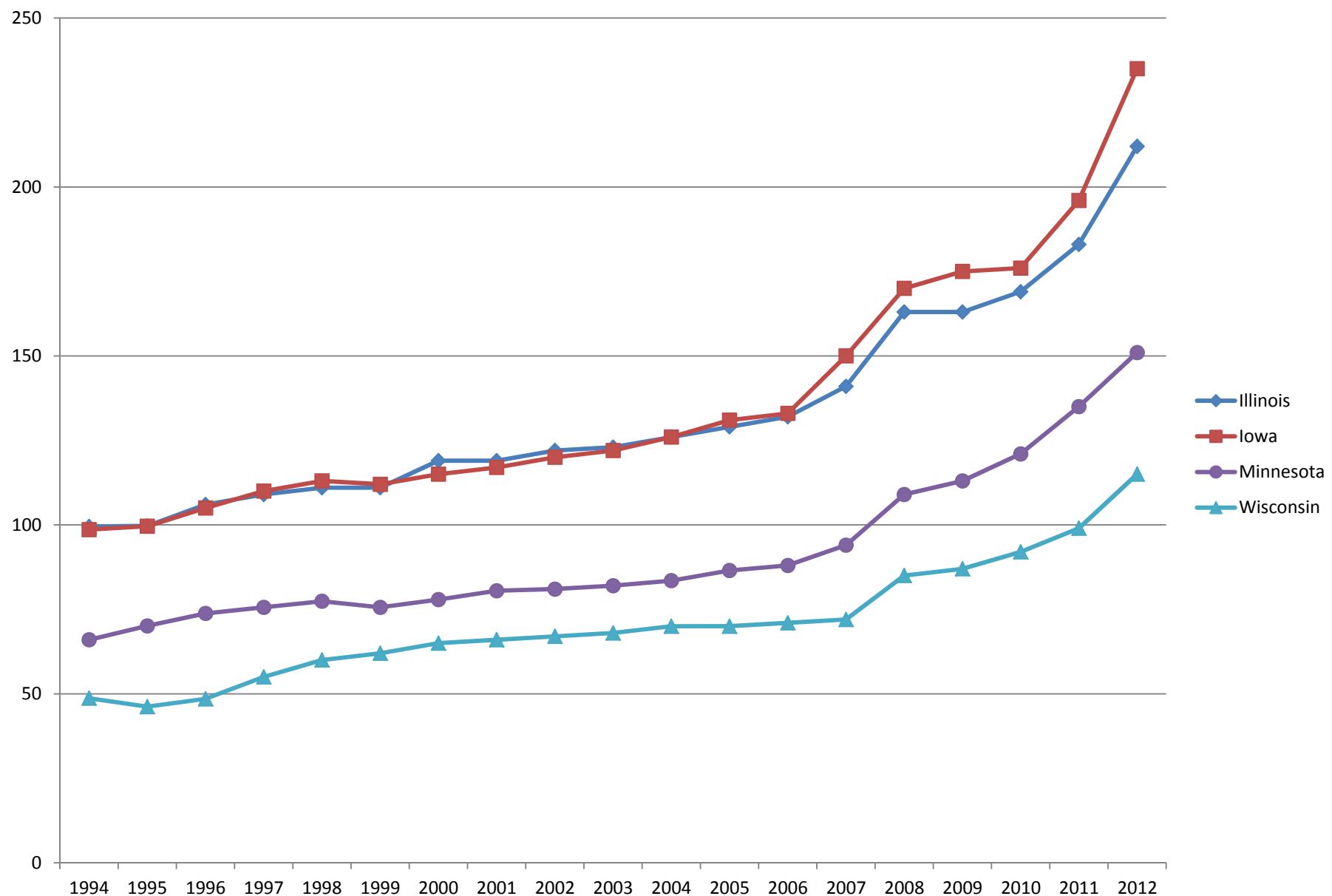
r = Opportunity Cost of Capital

10-Year Treasury Constant Maturity Rate (GS10)

Source: Board of Governors of the Federal Reserve System

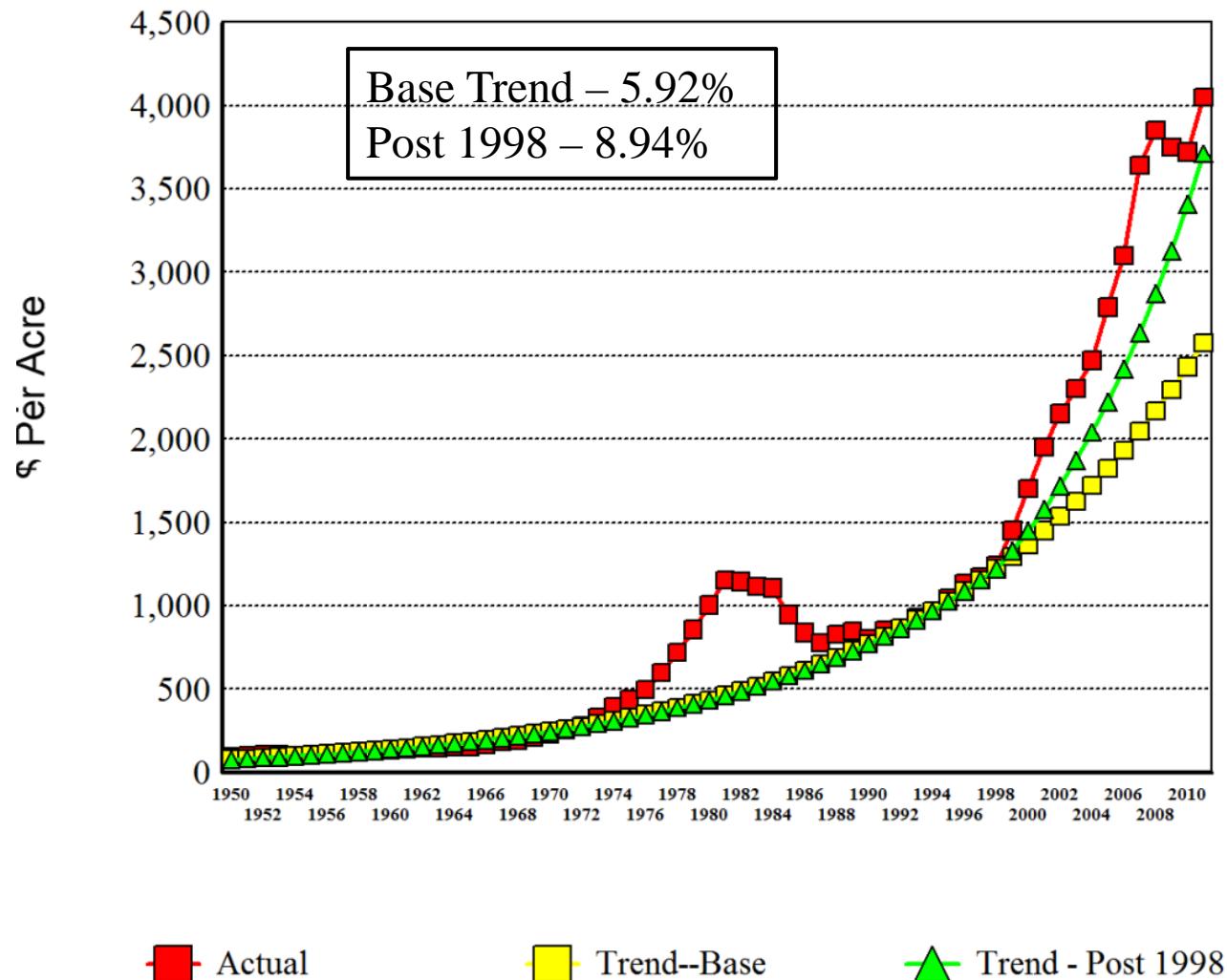


Average Cash Rents (\$/Acre)



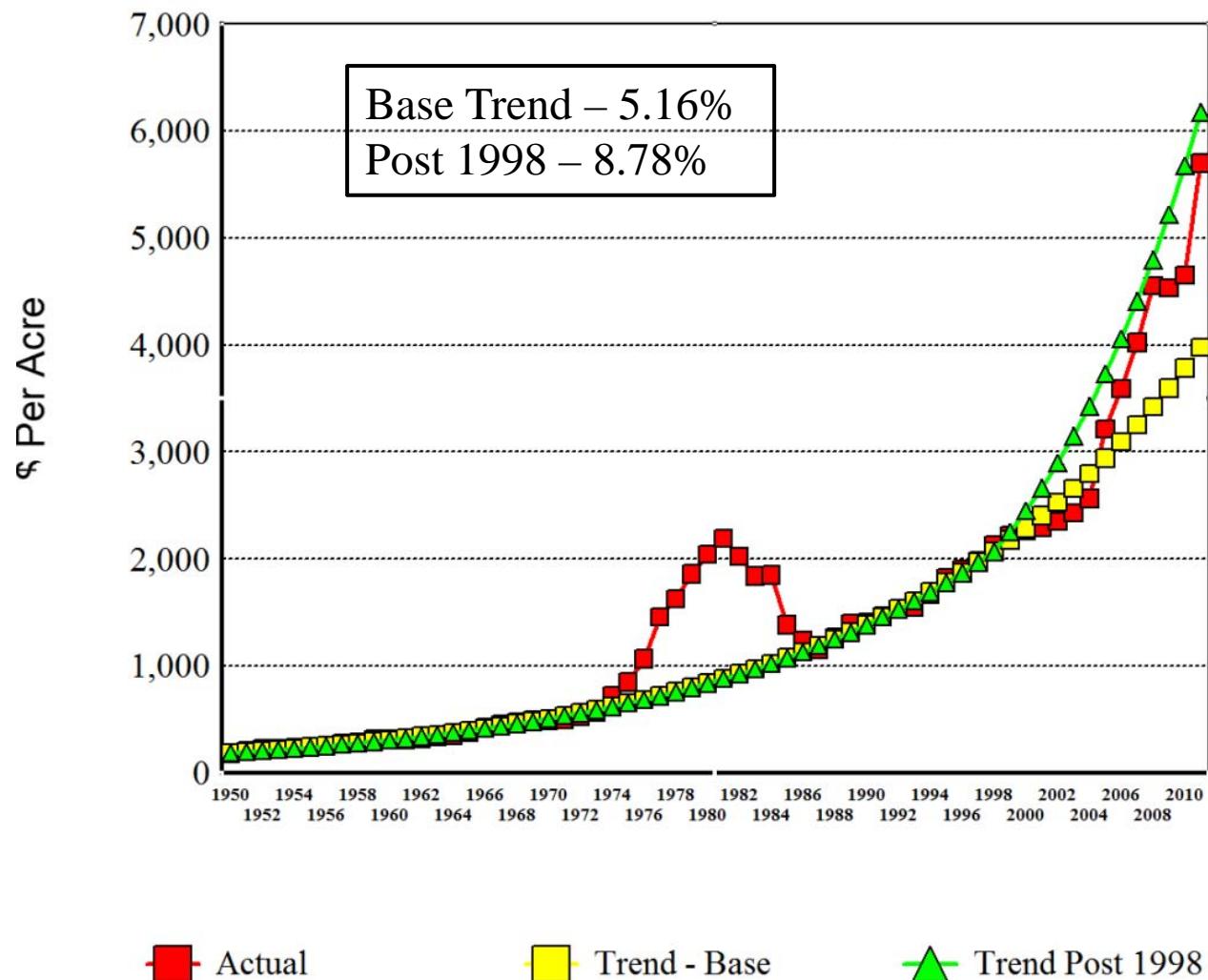
Average Wisconsin Farmland Values

Data Source: ERS-USDA



Average Illinois Farmland Values

Data Source: ERS-USDA



Average Iowa Farmland Values

Data Source: ERS-USDA

