

Comparing the stock market and Iowa land values: A question of timing, continued from page 4

had more than doubled to 30 percent. In 2012, over half, 56 percent, of the farmland in Iowa was owned by someone over the age of 65. How this land will be transferred from one generation to the next is not entirely clear at this time. It appears that the majority of it will be passed on to the children, usually in equal shares. This means there will be more landowners and more out of state owners. Whether they will want to continue to own the land or sell it is unknown. Too much land being offered for sale is not a problem at this time but it could become one if the next generation doesn't want to hold on to the land.

The performance of the stock market for the next few years is also not clear. The U.S. stock market will be impacted by what happens in the European Union and China, among other places in the world. We are no longer insulated from the economic conditions throughout the world.

The imbalance of trade is an area of uncertainty with respect to possible impacts on the U.S. economy and the performance of the stock market and the land market.

A complete discussion of all the factors that could influence the land or stock market is beyond the scope of this article. Suffice it to say there is considerable uncertainty as one looks ahead. While uncertainty about the future is not new, there is a level of concern for both the land market and the stock market.

Land and the stock market are different types of investments and assets. This simple comparison was based strictly on averages. There are a number of individual stocks that perform better than the S&P. But, there are some that don't perform as well. Anyone contemplating which is a better investment needs to know his or her goals.

Figure 4 raises an interesting question regarding the situation we are currently experiencing. The last time the stock market appeared to be a better value was the last time the land market was booming. What will this chart look like in 20 years relative to the current time period?

Land's performance relative to the stock market over the past few years has been spectacular. Will this trend continue? Time will tell. Which is the better investment? As the old saying goes, timing is everything in the success of a rain dance.



Gearing up for summer leasing meetings

by Ann Johanns, extension program specialist, 641-732-5574, aholste@iastate.edu

Farm tenants and land owners are invited to Iowa State University Extension and Outreach farmland leasing meetings during July and August. The three-hour workshops are designed to assist landowners, tenants and other agri-business professionals with current issues related to farmland ownership, management and leasing agreements.

Each workshop attendee will receive a current set of beneficial materials regarding farm leasing arrangements and farmland ownership. Resources on farmland surveys and leasing arrangements also are included.

Topics to be covered in the 2014 meetings include:

- Nutrient Reduction Strategy
- Iowa Cash Rental Rate Survey and Land Values Survey
- Comparison of different types of leases
- Lease termination
- Impacts of yields and prices
- Calculating a fair cash rent
- Use of spreadsheets for leasing decisions
- Issues unique to this year's production and an outlook for 2015.
- Available Internet resources

Gearing up for summer leasing meetings, continued from page 5

The leasing meetings being held across Iowa are facilitated by farm management specialists with ISU Extension and Outreach. A listing of county extension offices hosting the meetings will be available on Ag Decision Maker and the ISU Extension and Outreach calendar. Locations will be added as they become available, or contact your county extension office to find the nearest meeting location.

Knowing the latest information and where to find the best resources will make decisions easier. ISU Extension and Outreach and Ag Decision Maker have very helpful information and decision tools.

The Ag Decision Maker leasing section also provides useful materials for negotiating leases, information on various types of leases, lease forms and newly updated Decision Tools.

Updates, continued from page 1

Internet Updates

The following Information Files and Decision Tools have been updated on www.extension.iastate.edu/agdm.

Farm Employee Management: Put Job Descriptions to Work on Your Farm – C1-74 (2 pages)

Farm Employee Management: Evaluation and Selection of Job Candidates – C1-75 (2 pages)

Legal Considerations for Hunting Leases – C2-45 (2 pages)

Computing the Iowa Corn Suitability Rating for your Farm – C2-87

Computing the Iowa Corn Suitability Rating for your Farm – C2-87 (Decision Tool)

Computing the Iowa Corn Suitability Rating for your Farm – C2-87 (Voiced Media)

Estate Planning Questionnaire – C4-57 (18 pages)

Current Profitability

The following tools have been updated on www.extension.iastate.edu/agdm/info/outlook.html.

Corn Profitability – A1-85

Soybean Profitability – A1-86

Iowa Cash Corn and Soybean Prices – A2-11

Season Average Price Calculator – A2-15

Ethanol Profitability – D1-10

Biodiesel Profitability – D1-15

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