

Oklahoma Agricultural Land Value Update



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Before We Discuss the 2022 Results...

OSU land values study based on actual market sales data provided by Farm Credit Associations of Oklahoma

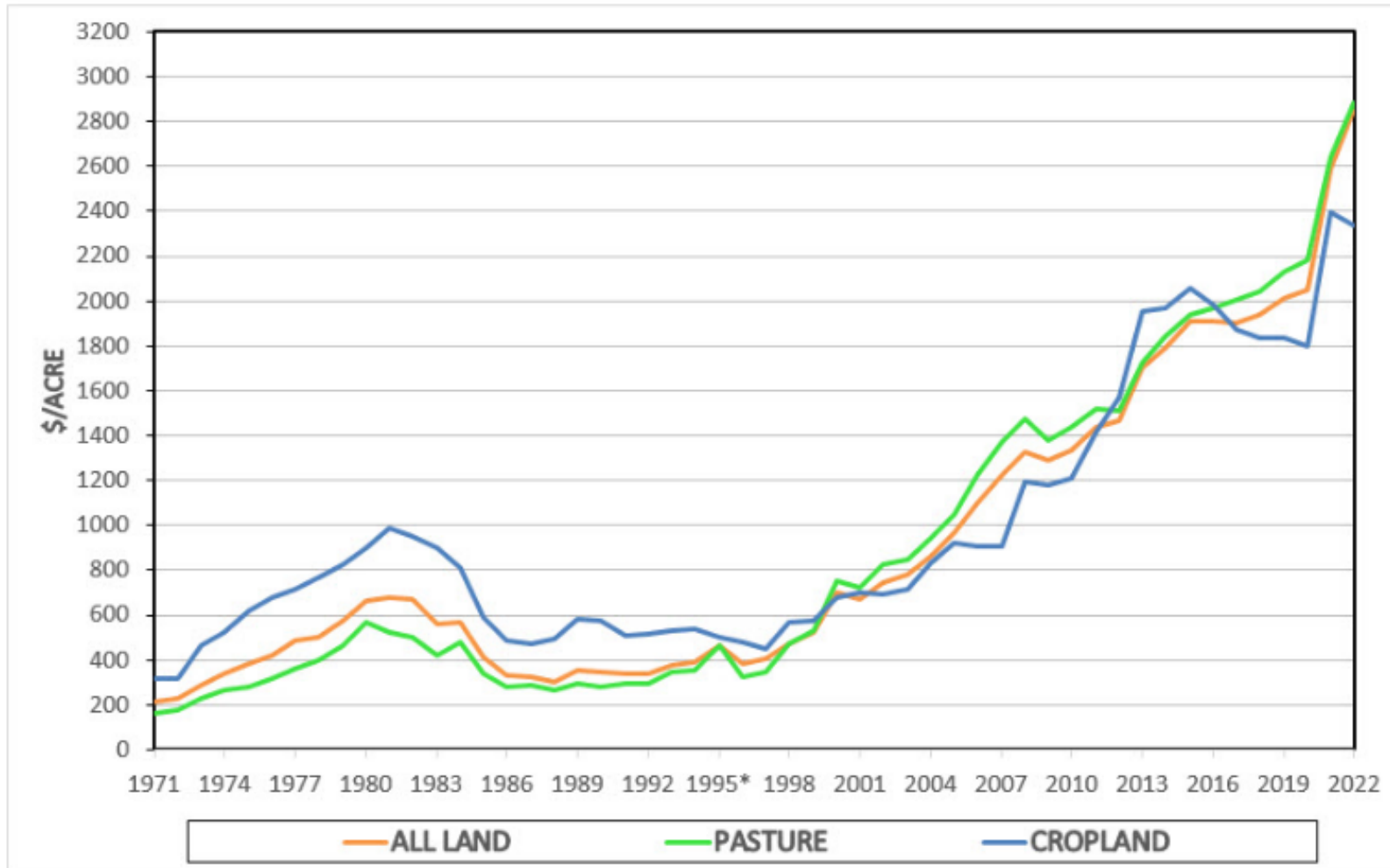
Average farmland sale = \$586,000. 1,529 sales tracts down from 1,695 in 2021.

Sales tracts ranged from \$48K to \$25.5M.

USDA-NASS and Federal Reserve Bank of Kansas City land value reports are survey-based impressions of the markets.

These data sources provide an interesting comparison and contrast when exploring the dynamics of the land markets.

Oklahoma Farmland Values



Since 2022	+10.5%	+9.4%	-2.1%
Since 2021	+39.3%	+32.2%	+30.5%

Source: OSU Ag Econ Department, 2023



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Oklahoma Land Values by Region, 2022*

Panhandle

Tracts 59
 Size 548
 \$/Acre \$1,101
 % Chg +8.3

West-Northwest

Tracts 191
 Size 281
 \$/Acre \$1,774
 % Chg +4.2

North Central

Tracts 267
 Size 136
 \$/Acre \$2,940
 % Chg +16.7

Northeast

Tracts 295
 Size 161
 \$/Acre \$3,511
 % Chg +16.5

East-Central

Tracts 21
 Size 157
 \$/Acre \$3,723
 % Chg +14.2

Southeast

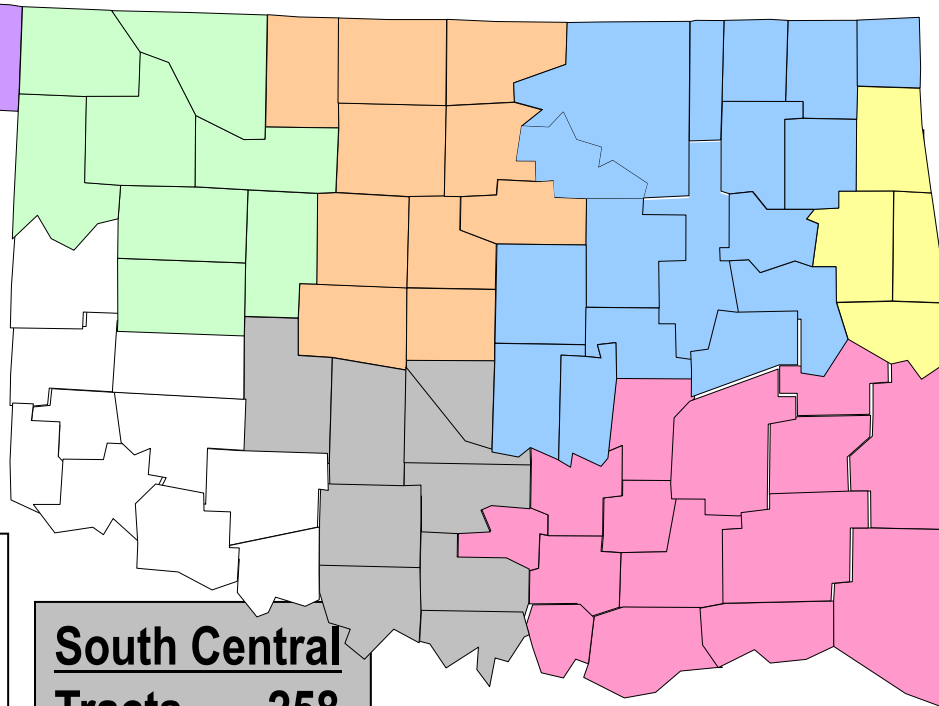
Tracts 234
 Size 237
 \$/Acre \$3,322
 % Chg +15.0

Southwest

Tracts 204
 Size 200
 \$/Acre \$1,857
 % Chg +14.8

South Central

Tracts 258
 Size 171
 \$/Acre \$3,536
 % Chg +14.0



*Tracts \geq 40 Acres
 and \leq \$9000/Acre

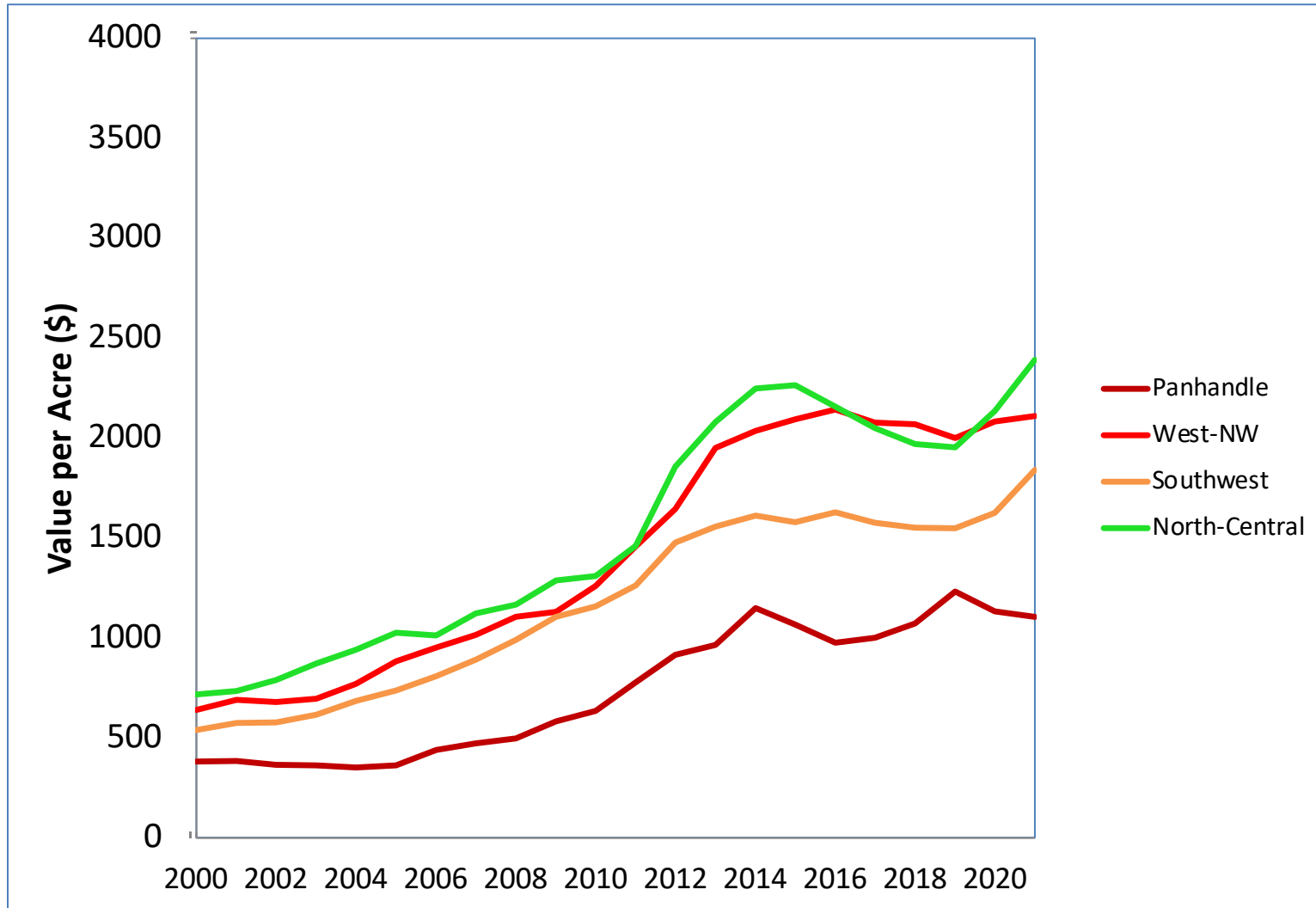
Source: OSU Ag Econ Department, 2023



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Oklahoma Cropland Values by Region*

3-Year Weighted Average

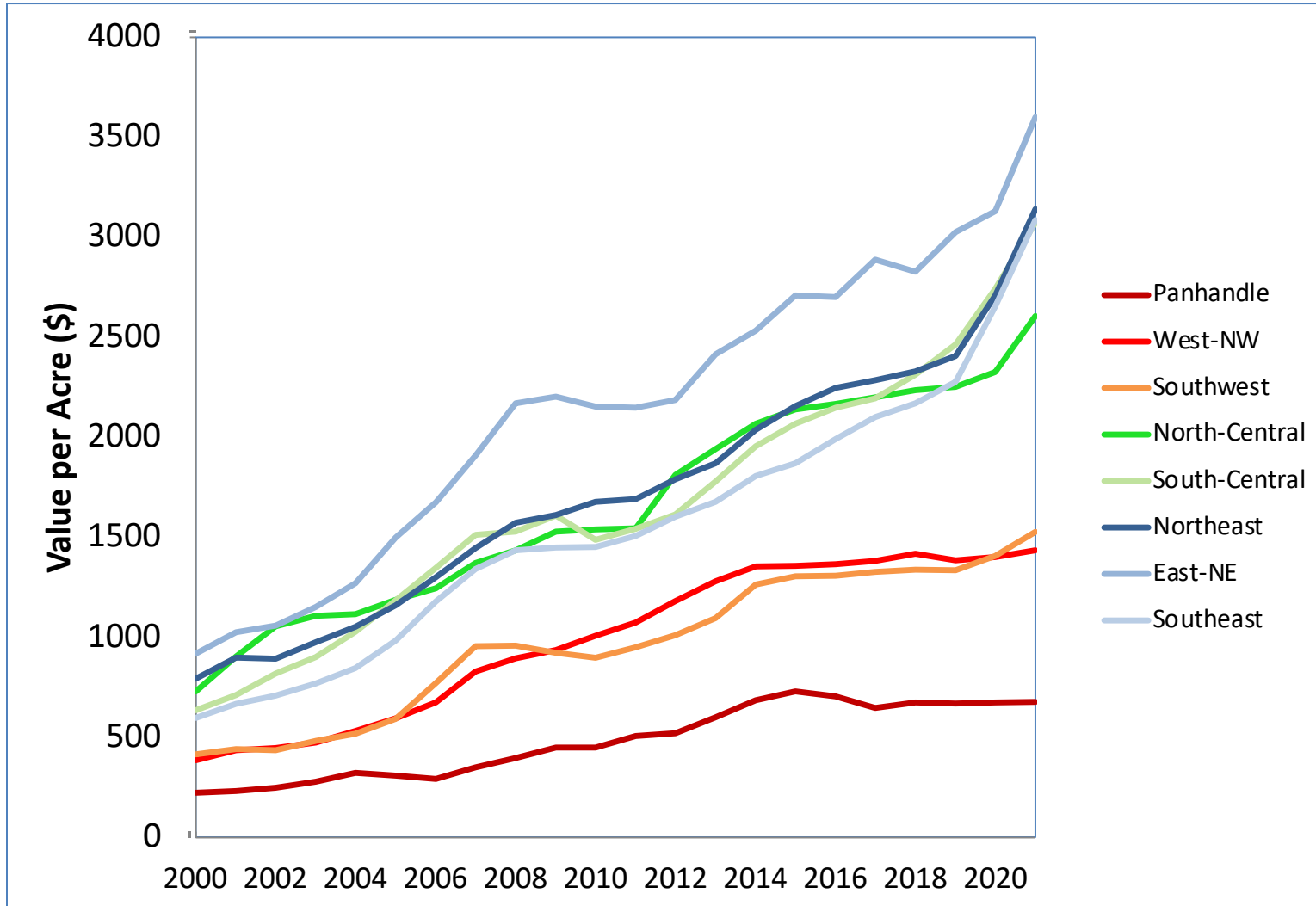


*Cropland tracts are defined as having 85%+ annual crop utilization.

Source: OSU Ag Econ Department, 2023

Oklahoma Pasture Values by Region*

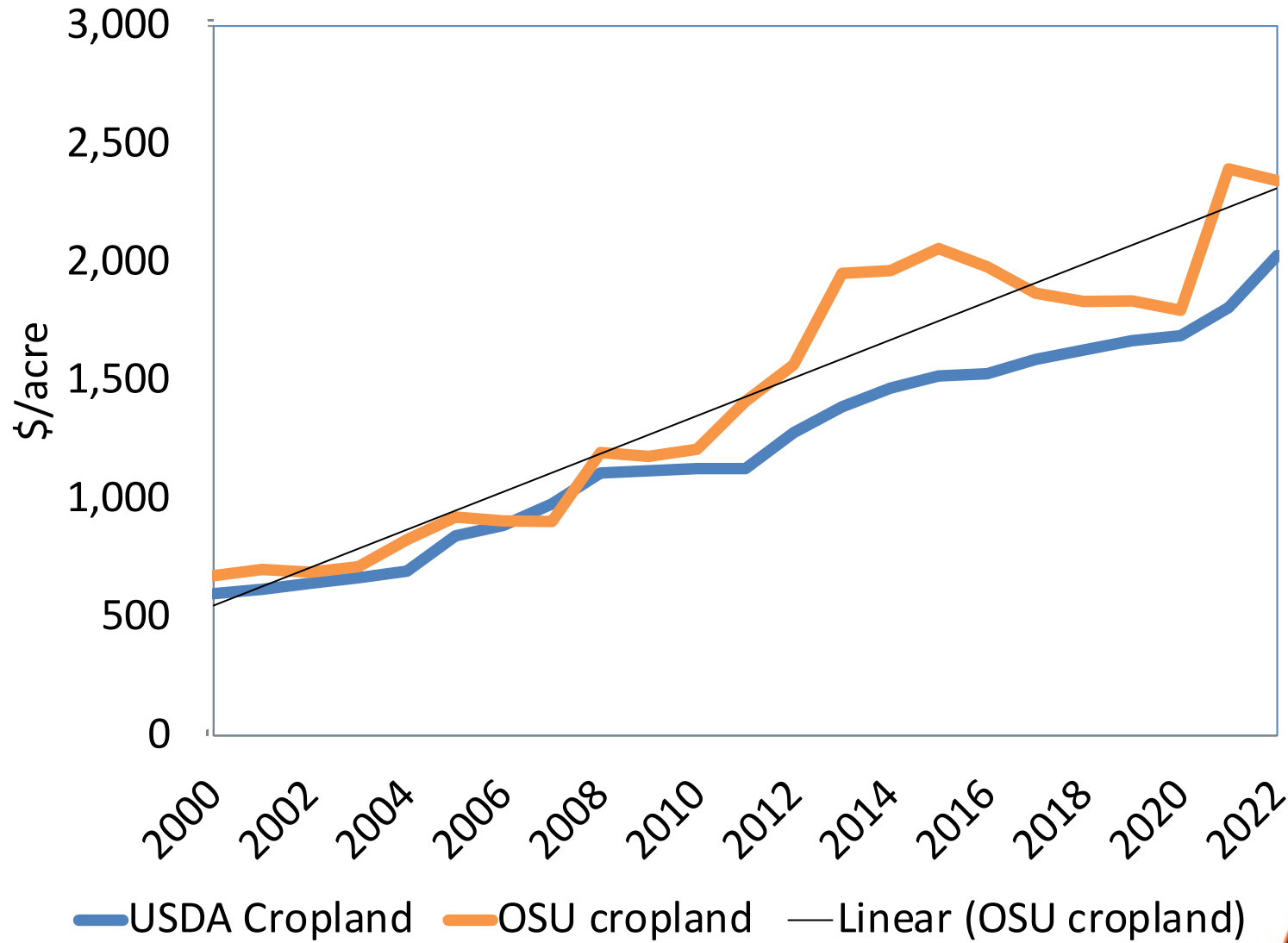
3-Year Weighted Average



*Pasture tracts are defined as having 85%+ permanent pasture utilization.

Source: OSU Ag Econ Department, 2023

USDA and OSU Cropland Values

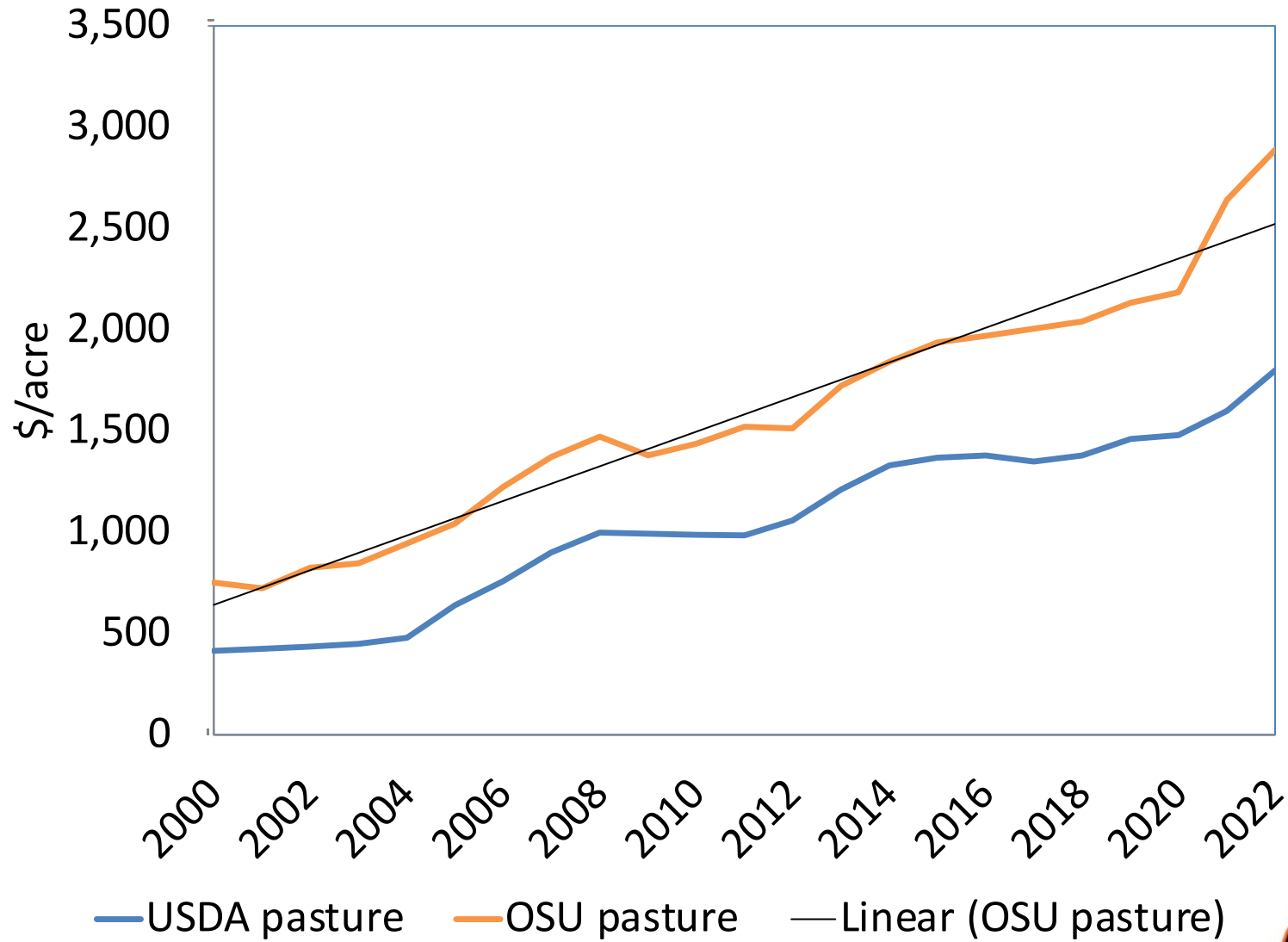


Source: USDA-NASS and OSU Ag Econ Department, 2023



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USDA and OSU Pastureland Values



Source: USDA-NASS and OSU Ag Econ Department, 2023



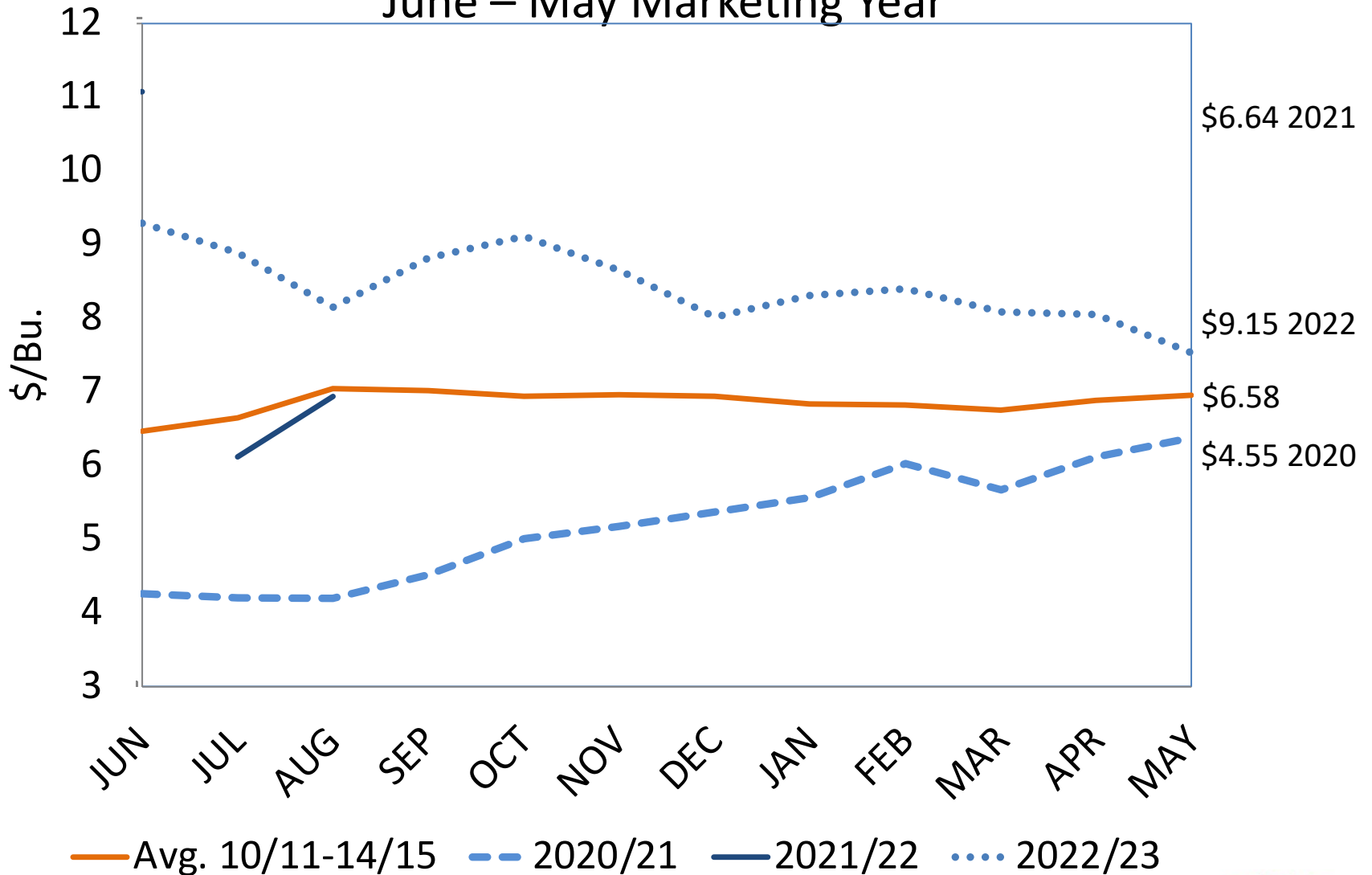
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Where are the land markets headed from here?

- Earnings – current and expected
- Interest rates
- Alternative investments
- Demand for land

Wheat – Monthly OK Average Price

June – May Marketing Year



\$6.64 2021

\$9.15 2022

\$6.58

\$4.55 2020

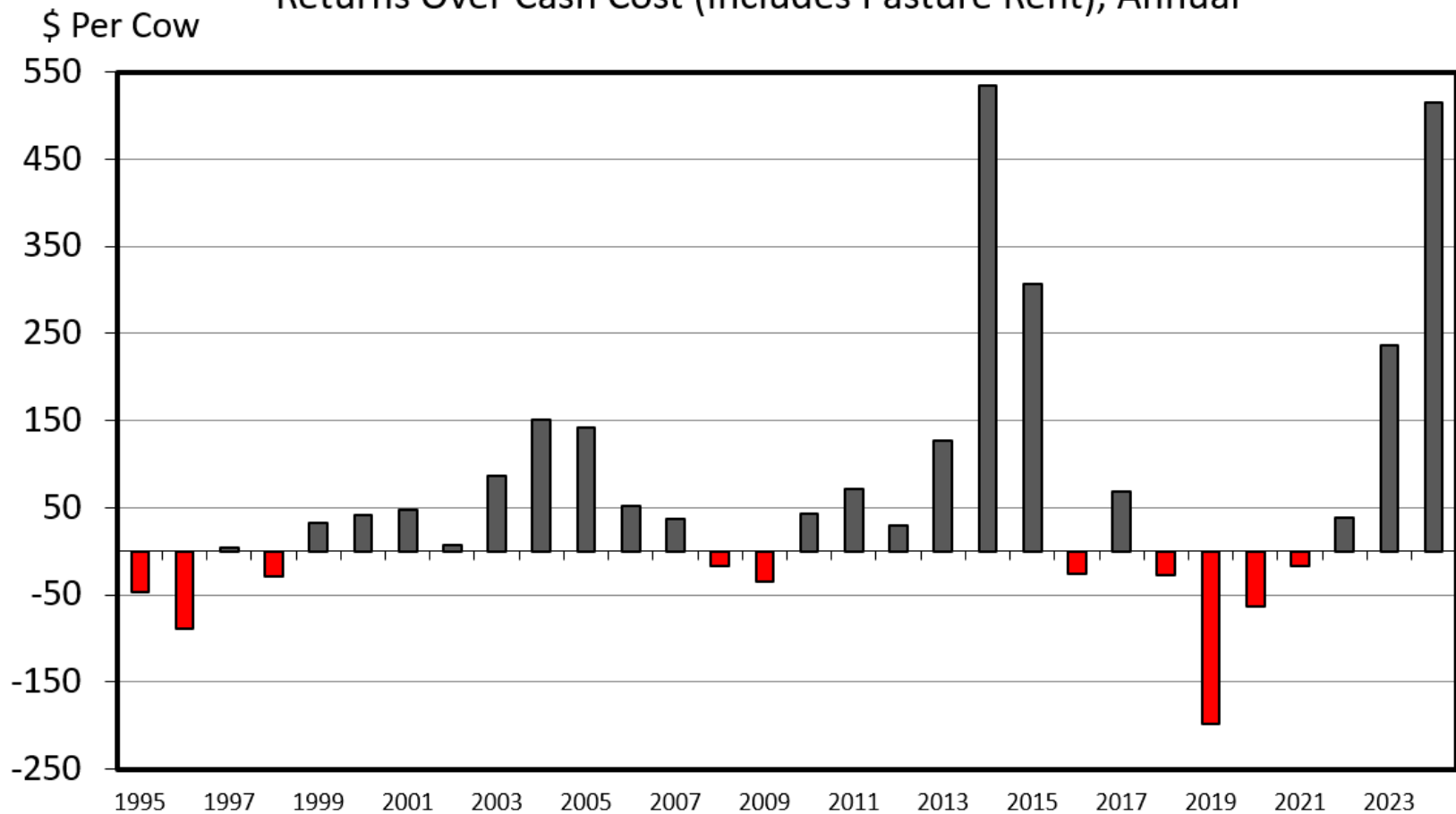
Source: USDA-NASS



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ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



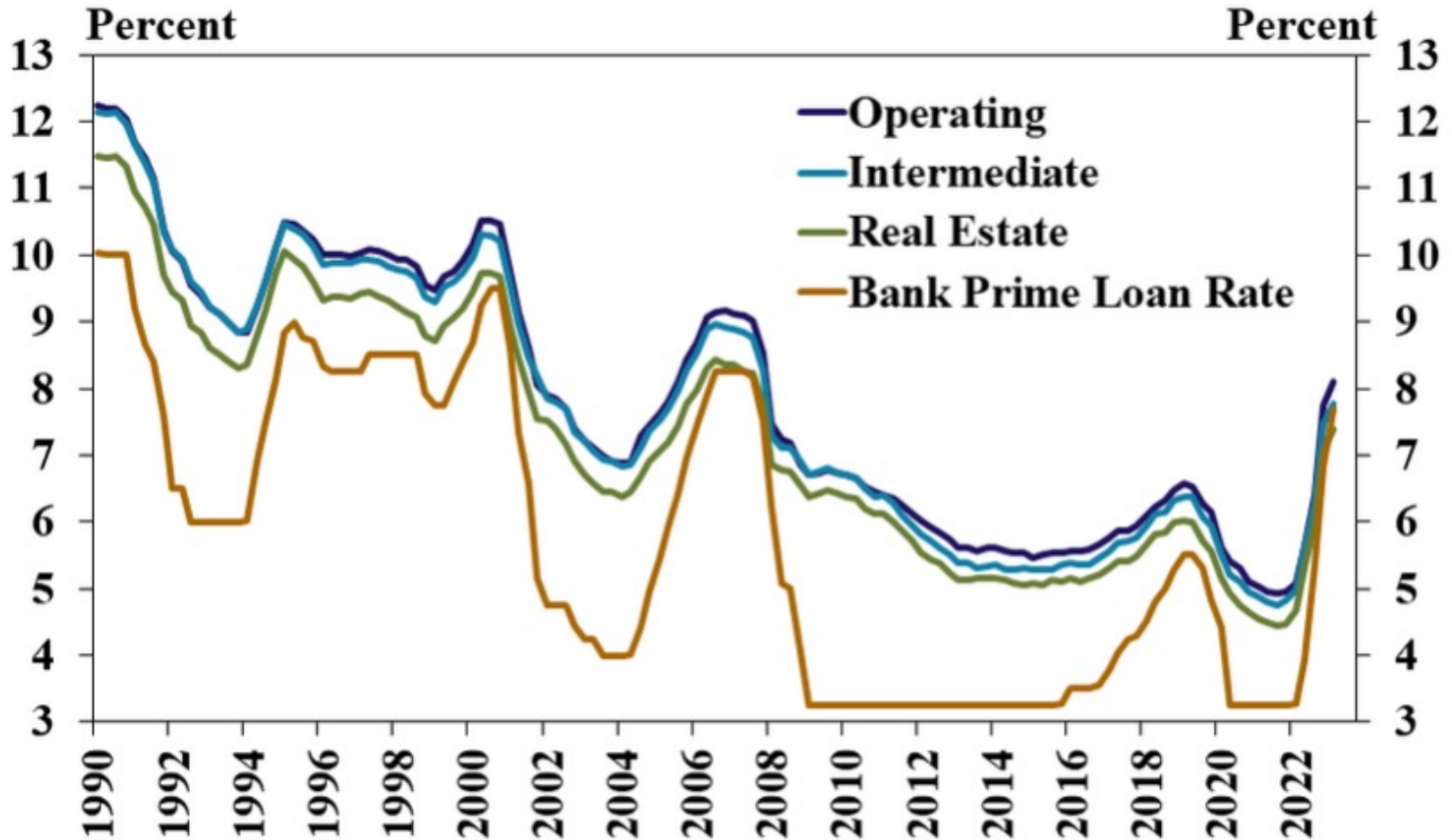
Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

C-P-66
07/06/23



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Tenth District Average Interest Rates



Source: Federal Reserve Bank of KC, May 2023

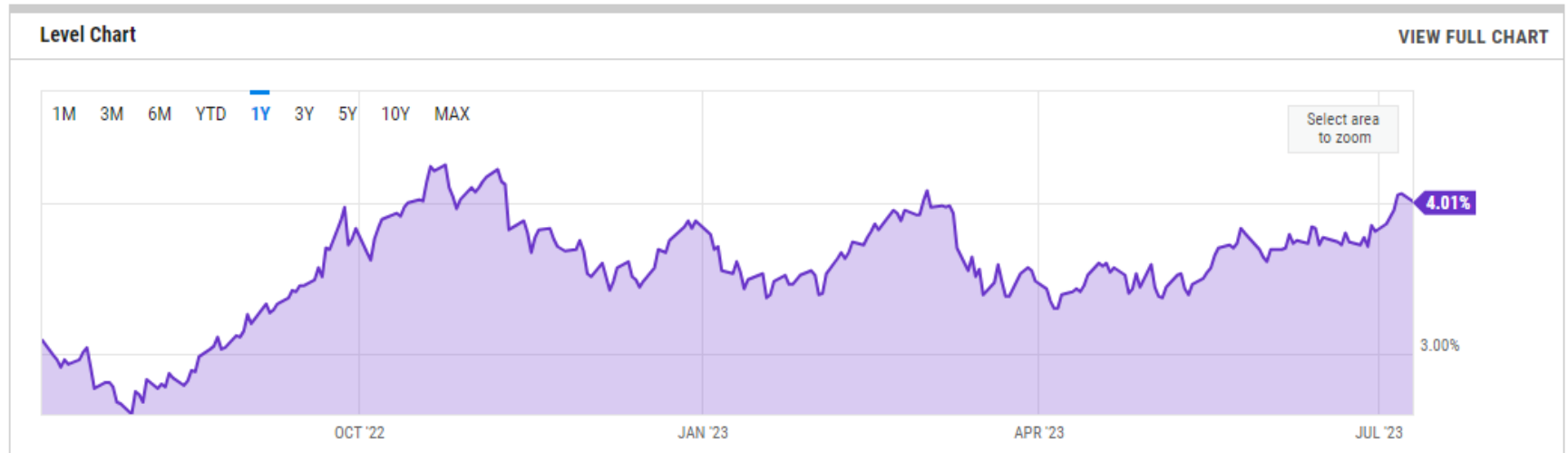
Alternative Investments

10 Year Treasury Rate (I:10YTCMR)

4.01% for Jul 10 2023

Overview

Interactive Chart



Source: https://ycharts.com/indicators/10_year_treasury_rate

Annual Loan Payments (\$/a)

30 year loan, 30% down

		Interest rate			
Land price	Loan \$	5.2%	6%	7%	7.6%
\$2,000/a	\$1,400/a	\$93	\$102	\$113	\$120
\$2,500/a	\$1,750/a	\$116	\$127	\$141	\$150
\$3,000/a	\$2,100/a	\$140	\$153	\$169	\$179

How much could you afford to pay for land if the max payment is \$100/a at today's 7.6% rate?

\$1671 per acre

Source: Quicken Loan Calculator

In Summary....

Land values in 2022 continued to increase, but the growth has softened.

Headwinds from higher interest rates, drought concerns and plus impacts from higher production expenses.

2023 values? Modest increase, probably single digits.

Longer term beyond 2023? Commodity prices and resulting farm income, interest rate levels, the financial health of current buyers, and potential winds to navigate from inflation and lingering drought will determine future trends.





OKLAHOMA AGRICULTURAL LAND VALUES HOME

This page provides information about the values of agricultural land in Oklahoma including comparisons, averages and changes over time. All information displayed is based on actual land sale data provided by the Farm Credit Associations of Oklahoma. Approximately 80,000 sales in the database occurred from 1971 through 2021. Note that this is not a comprehensive database of all agricultural land transactions whether they were via public auction or private treaty. The percentage of all transactions captured will vary regionally and annually. Therefore, the land values offered here are a market-based estimate based on a sample of land sales over any given time period.

Only tracts 40 acres in size or larger selling up to \$3,000 per acre are included in the averages through 2007. Beginning in 2008 and once again in 2021, the market ceiling was increased to \$6000 and \$9000, respectively. This reflects a higher Oklahoma agricultural real estate market over time. Per acre values shown for cropland and pasture are the averages of tracts having 85%+ cropland and pasture utilization. Because of unavoidable data collection difficulties, relatively less land sale data is available for 1995 and 1996. As a result, caution is advised when analyzing land patterns and trends during this timeframe.

Every attempt has been made to present information that is useful and interesting while also providing a realistic measure of general trends and patterns. Information is summarized in several different ways according to the links shown. There are statewide statistics, regional



Farm Management & Finance

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<https://extension.okstate.edu/programs/farm-management-and-finance/oklahoma-land-values>

Other Information Available

- Kansas City Federal Reserve Bank
 - <http://www.kc.frb.org/>
 - Choose *Ag* in Economy section, then *Current Survey*
- USDA Ag Land Value Data and Reports
 - <http://www.nass.usda.gov/>

Thanks for stopping by!



https://okstatecasnr.az1.qualtrics.com/jfe/form/SV_cTnW7CDLU2df16S

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