

# ECONOMIC & POLICY UPDATE

VOLUME 21, ISSUE 8

Editors: Will Snell & Nicole Atherton



## 2021 Land Values

*Author(s): Steve Isaacs*

*Published: August 16th, 2021*

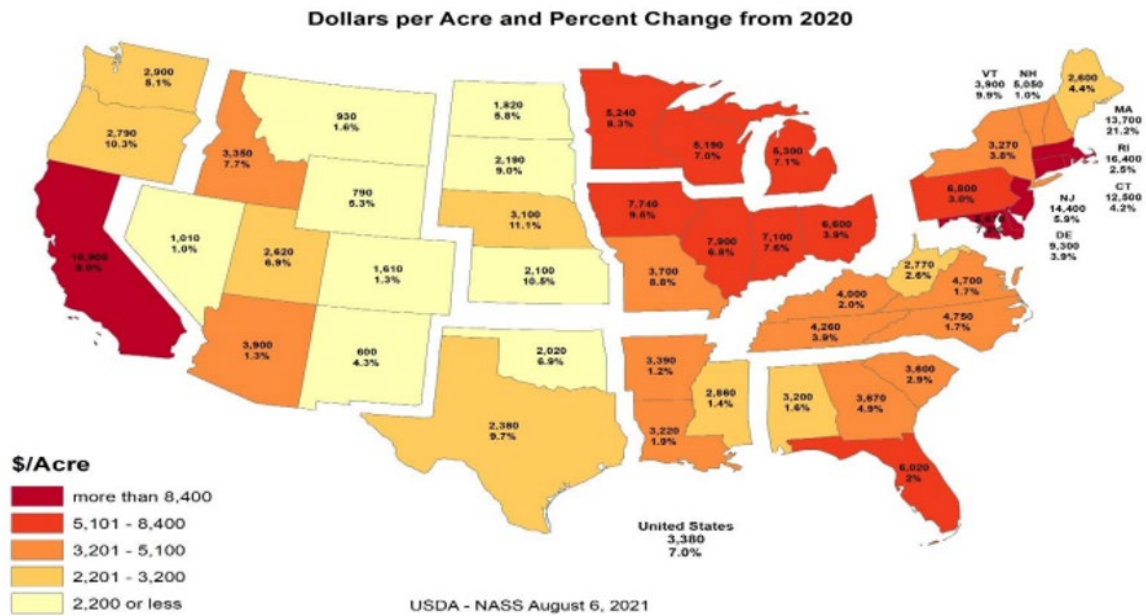
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Average Kentucky farm real estate values were \$4,000/acre as reported in the annual [Land Values Summary](#) released by USDA on August 6. This was 2.0% higher than 2020 and the first-time average values have reached \$4,000. Cropland values were \$4,510/ac (2.5% above 2020) and pasture was valued at \$3,080/ac (1.0% above 2020). These values would indicate a total value of Kentucky farm real estate of \$50.6 billion.

Nationally, farm real estate was valued at \$3,380 up 7.0% from 2020 and the largest percentage increase since 2014. The previous five-year average annual increase was only 1.1%, a rate that has failed to exceed the period's relatively modest inflation rate. However, land values declined only one year (2016) during that period of depressed commodity prices and falling net farm income. That contrasts with the farm crisis of the 80s when farmland values dropped four out of five years between 1983 to 1987. The 7.0% increase in 2021 reflects the improved net farm income situation and reaffirms the notion that income potential gets capitalized into land values. Pretty quickly, in this case.

Land value trends are best presented in graphical formats. The first figure is the 2021 summary by state from the report.

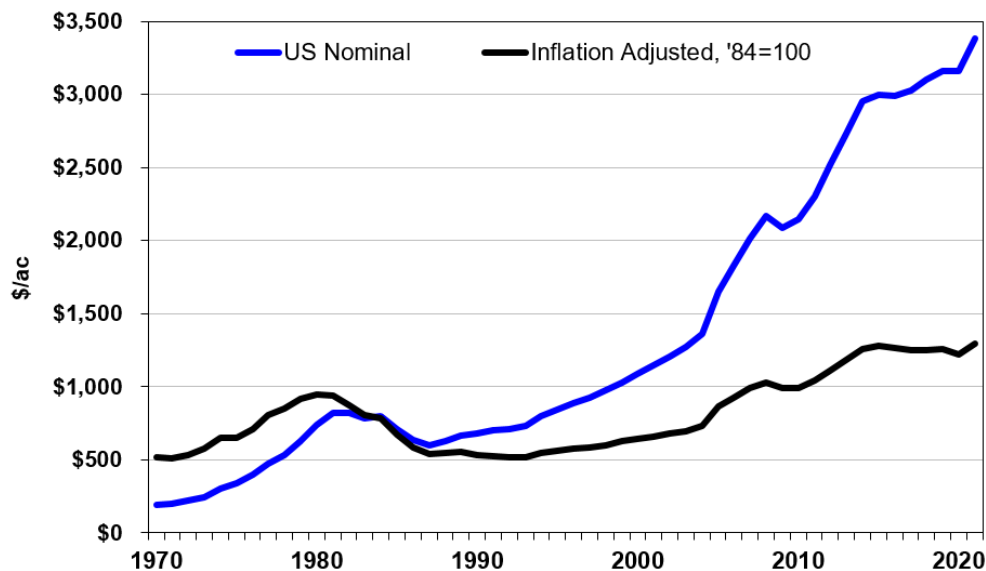
**Figure 1: 2021 Farm Real Estate Value by State**



Source: Land Values 2021 Summary (August 2021)  
 USDA, National Agricultural Statistics Service

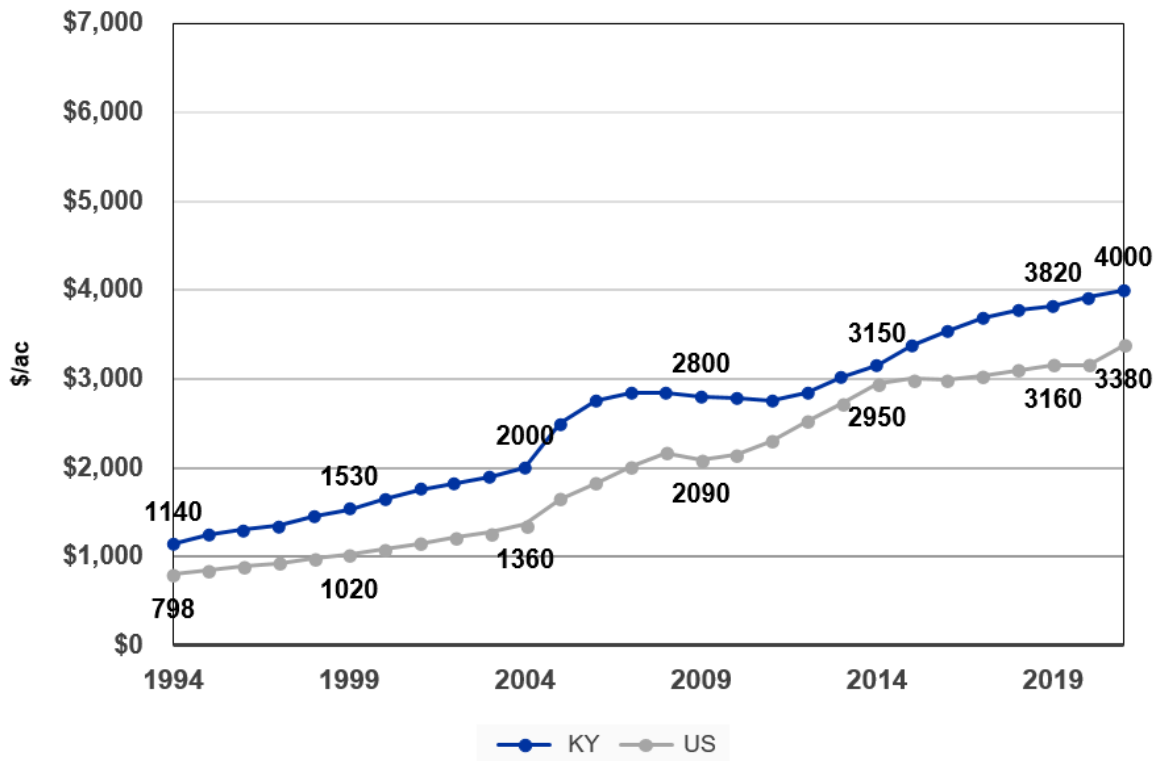
The line graph with national values since 1970 is the format that is often presented in various media outlets. The nominal values are the actual, reported dollar values per acre for each year. The inflation-adjusted line (which is usually not reported) reflects the nominal value percentage change minus the inflation rate as measured by the Consumer Price Index. In real (inflation-adjusted) terms, the recovery from the farm crisis of the 80s was a long one. From a peak of \$947/ac in 1980, it took twenty-seven years to surpass that value in real terms with a 2007 value of \$993/ac. Similarly, the five years prior to 2021 saw land values holding their own or declining slightly.

**Figure 2: United State Farm Real Estate Value from 1970-2021**



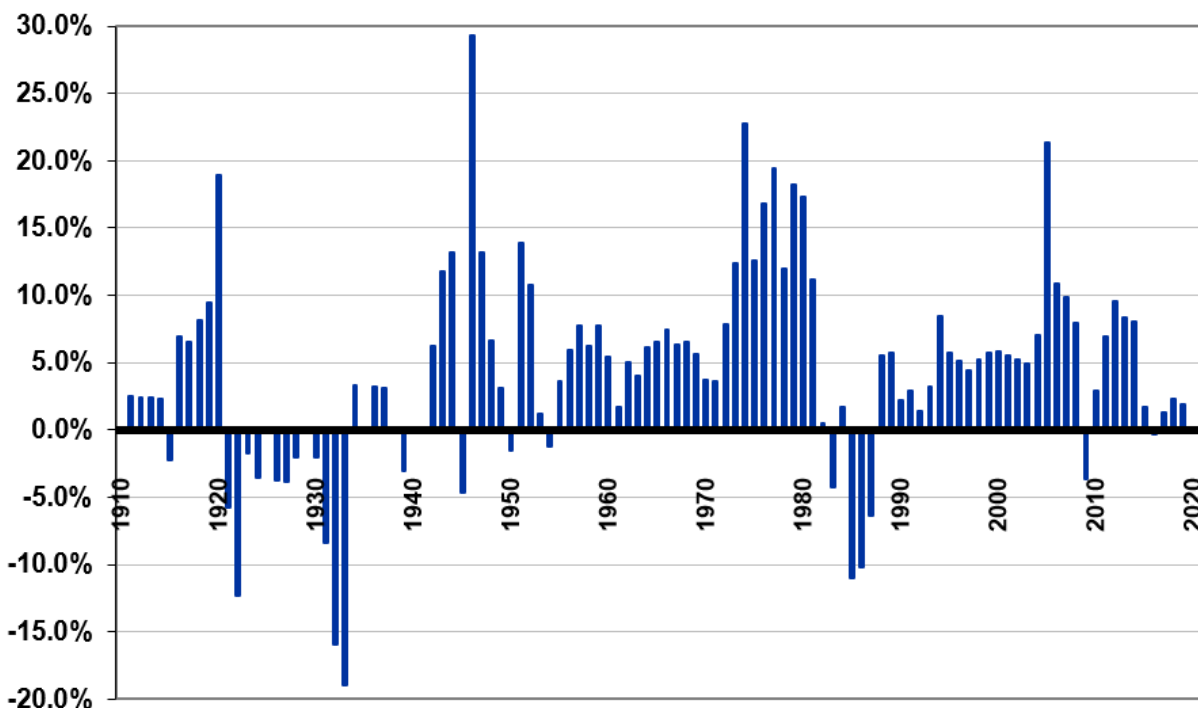
Kentucky farm real estate values tend to follow the national land value trends. For the past twenty-five years, Kentucky's values have ranged from \$200/ac (2014) to \$920/ac (2006) higher than the national average.

**Figure 3: Kentucky & National Farm Real Estate Value from 1994-2021**



The next graphic is from a database of USDA surveyed land values since 1911. In this 110 year history, some of the most important events are indicated in the year-to-year changes in land values. The golden age of the 19-teens, the Great Depression of the 20s and 30s, the turbulent years of WW II, the farm crisis of the 80s, the lower incomes of the previous five years, and the 2021 recovery. The role of positive net farm income is clearly evident. The future is uncertain, but while it is evident that land values have increased more years than not, the notion that land values “go up because they don’t make any more of it” has been tested in the past...and probably will be again in the future.

**Figure 4: Annual Percentage Change in US Farm Real Estate Values from 1910-2021**



This annual report is a measurement of the value of all land and buildings on farms and is based on USDA's June Area Survey. National and state data are included in the report. Please be advised that all land values are locally driven and may vary widely based on quality and location characteristics as well as the local supply/demand conditions. These are "farm" values and do not reflect local development potential for non-ag purposes. These results are a good indicator of general trends in land values but are not a local estimate of value.

[Full text of USDA-NASS report](#)

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**Recommended Citation Format:**

Isaacs, S. "[2021 Land Values](#)." *Economic and Policy Update* (21):8, Department of Agricultural Economics, University of Kentucky, August 16th, 2021.

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**Author(s) Contact Information:**

[Steve Isaacs](#) | Extension Professor | [sisaacs@uky.edu](mailto:sisaacs@uky.edu)