MISSISSIPPI AGRICULTURAL LAND VALUES AND CASH RENTS–2015-2018

Dr. Bryon Parman, former Assistant Extension Professor in MSU's Dept. of Agricultural Economics, has produced publications 2889 [2015], 2967 [2016], 3118 [2017], and 3278 [2018] entitled "Mississippi Agricultural Land Values and Cash Rents Report: Survey of Lenders". These reports focus on land values and rents for Mississippi cropland, and are intended to be an information guide for producers, landowners, and professionals working in the agricultural real estate and finance sectors.

The reports are based on surveys conducted in May of 2015, 2016, 2017, and 2018, and participants included agricultural lenders, farm appraisers, farm managers, and agricultural economists. In 2015, 65 surveys were sent to participants, and 42 were completed and returned from the four designated regions [Southwest, Southeast, Northeast, and Northwest (Delta)] of the state. In 2016, 51surveys were completed and returned; in 2017, 63% or 59 of the 94 sent surveys were completed and returned; in 2018, 106 surveys were sent to participants and the response rate was 49%.

Major findings from the 2016 survey are shown in the below table, and are summarized as follows.

- Land sales values for both nonirrigated and irrigated cropland in the Delta changed very little between 2015 and 2016.
- Rents for Delta nonirrigated cropland fell 5.6% from 2015 to 2016, whereas rents for Delta irrigated cropland fell 7.9% over the same period.
- Land sales values for non-Delta nonirrigated and irrigated cropland were essentially unchanged from 2015 to 2016.
- Rents for non-Delta nonirrigated cropland fell 24.8% from 2015 to 2016, whereas rents for non-Delta irrigated cropland fell 14.5% over the same period.
- Even though land values in all regions of Mississippi were relatively unchanged between 2015 and 2016, it is expected that the trend toward lower commodity prices will cause a decline.
- Cash rents, because of relatively frequent renegotiation, have already begun to decline as an adjustment to lower crop commodity prices.

Major findings from the 2017 survey are shown in the below table, and are summarized as follows.

- Land sales values for nonirrigated and irrigated cropland in the Delta changed by +3.5% and 0%, respectively, between 2016 and 2017.
- Rents for Delta nonirrigated cropland fell 4.3% from 2016 to 2017, whereas rents for Delta irrigated cropland fell only 2.3% over the same period.
- Land sales values for non-Delta nonirrigated and irrigated cropland changed +8.6% and +1.9%, respectively, from 2016 to 2017.
- Rents for non-Delta nonirrigated cropland fell 1.3% from 2016 to 2017, whereas rents for non-Delta irrigated cropland increased 3.2% over the same period.
- Most survey respondents expect rents to move downward in the next year; however, 30% of the respondents expect rents to remain unchanged.
- Cash rents for cropland across Mississippi continue the downward trend which began in 2014.

Major findings from the 2018 survey are shown in the below table, and are summarized as follows.

- Land sales values for nonirrigated and irrigated cropland in the Delta changed by +7.1% and +6.6%, respectively, between 2017 and 2018.
- Rents for Delta nonirrigated cropland remained unchanged from 2017 to 2018, and rents for Delta irrigated cropland fell only 0.6% over the same period.
- Land sales values for non-Delta nonirrigated and irrigated cropland changed +7.5% and +10.8%, respectively, from 2017 to 2018.
- Rents for non-Delta nonirrigated cropland increased by 2.6% from 2017 to 2018, whereas

rents for non-Delta irrigated cropland decreased 8.6% over the same period.

Across the 2015-2018 period, land sales values increased for both nonirrigated and irrigated cropland in both the Delta and non-Delta areas of Mississippi. However, cash rents in both areas declined significantly across the same period. This dissimilarity in trends between the two indicates that cash rents likely respond to production expectations and commodity prices quicker than do land sales values.

Changes in Mississippi Delta and non-Delta land sales values and cash rents in the 2015-2018 period in dollars/acre.

	2015	**2016**	**% change**	**2016**	**2017**	**% change**	**2017**	**2018**	**% change**	***% Overall**
	Delta land sales values									
Dryland–nonirrigated	$3,163	$3,176	+0.4	$3,176	$3,287	+3.5	$3,287	$3,522	+7.1	+11.3
Irrigated cropland	$4,339	$4,450	+2.6	$4,450	$4,453	0	$4,453	4,746	+6.6	+9.4
	Delta cash rents									
Dryland–nonirrigated	$124	$117	-5.6	$117	$112	-4.3	$112	$112	0	-9.7
Irrigated cropland	$191	$176	-7.9	$176	$172	-2.3	$172	$171	-0.6	-10.5
	Non-Delta sales values									
Dryland–nonirrigated	$2,457	$2,417	-1.6	$2,417	$2,625	+8.6	$2,625	$2,823	+7.5	+14.9
Irrigated cropland	$3,061	$3,058	0	$3,058	$3,119	+2.0	$3,119	$3,456	+10.8	+12.9
	Non-Delta cash rents									
Dryland–nonirrigated	$105	$79	-24.8	$79	$78	-1.3	$78	$80	+2.6	-23.8
Irrigated cropland	$145	$124	-14.5	$124	$128	+3.2	$128	$117	-8.6	-19.3
*% change from 2015 to 2018.										

Composed by Larry G. Heatherly, Nov 2018, larryheatherly@bellsouth.net