



Louisiana Land Market Report 2020

Irrigated Cropland Values and Rental Rates

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Report in a Snapshot

- This publication reports on land values of irrigated cropland and cash rents based on a survey administered by LSU AgCenter in 2020 to Louisiana Agricultural Lenders and Land Appraisers.
- State average value of irrigated cropland reported at \$4,050/acre, and cash rents at \$157/acre (4.65% and 18.9% increase respectively from 2019)
- An increase will occur in Irrigated cropland price but for cash rents, it will be mostly unchanged in the next 12 months.

Summary

This publication reports on land values of irrigated cropland and cash rents for 2020 based on a survey administered by the Agricultural Economics and Agribusiness department LSU Agricultural Center (LSU AgCenter) to Louisiana Agricultural Lenders and Land Appraisers. The survey was administered by Dr. Lawson Connor to collect updated information on the general outlook on the expectation of irrigated cropland values and cash rents. This report also documents the percentage change in values and cash rents compared to 2019. Land values and cash rents for irrigated cropland are reported based on the five Agricultural Center regions: Northwest (Region 1), Northeast (Region 2), Central (Region 3), Southwest (Region 4), and Southeast (Region 5).

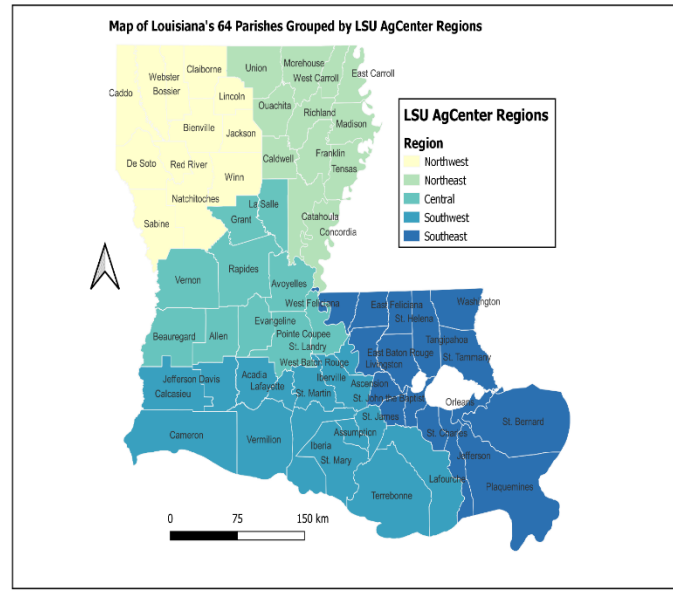


Figure 1: Map of Louisiana's 64 Parishes Grouped by LSU AgCenter Regions

According to survey respondents' observation, the average value of irrigated cropland and cash rents are \$4,050/acre and \$157/acre respectively; a 4.65% and 18.9% increase respectively from the previous year (\$3,870/acre and \$132/acre, respectively). In 2019, irrigated cropland values were reported at \$3,870/acre, and cash rents at \$132/acre, respectively. In the next 12 months, survey respondents are expected to see an increase in irrigated cropland price but for cash rents, it will be mostly unchanged.

Irrigated Cropland Prices & Rental Rates

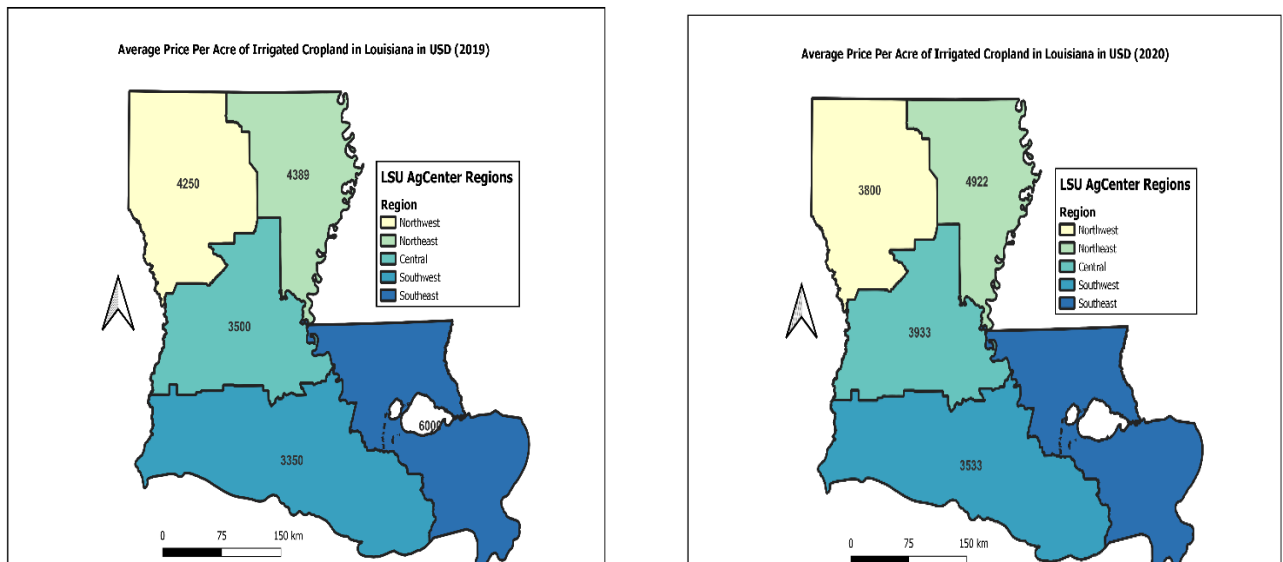


Figure 2: Avg. Irrigated Cropland Per Acre Price 2019 (left) and 2020 (right)

Respondents were asked for their observations of fair sales values (refers to an assets sale price agreed upon by a willing buyer and seller, assuming both parties are knowledgeable and enter the transaction freely) of irrigated cropland in their respective regions. Figure-2 shows the average of respondents' observations of fair sales values for irrigated cropland across the five regions in the years 2019 (left panel) and 2020 (right panel).

Table-1: 2019 and 2020 Average Sales Price on Irrigated Cropland and their Percentage Change.

REGION	AVERAGE SELLING PRICE/ACRE (2019)	AVERAGE SELLING PRICE/ACRE (2020)	PERCENTAGE CHANGE
NORTHWEST	\$4,250	\$3,800	-10.59%
NORTHEAST	\$4,389	\$4,922	+12.14%
CENTRAL	\$3,500	\$3,933	+12.37%
SOUTHWEST	\$3,350	\$3,533	+5.46%
SOUTHEAST	\$6,000	No data	

Table-1 shows the average sales values and percentage changes from 2019 to 2020. The Northeast region reported the highest values for irrigated land at \$4,922/acre for 2020 which is a 12.14% increase from 2019. The Central region captured the second-highest value at \$3,933/acre for 2020 which is the highest increase (12.37%) from the previous year. The Southwest region had the lowest irrigated cropland values at \$3,533/acre; a 5.46% increase from the previous year. Unlike all other regions, the Northwest region had a 10.59% decrease in irrigated cropland value at \$3,800/acre in 2020 from the value at \$4,250/acre in 2019. This might be a bias due to the only one response being collected from the region. No responses were collected for the Southeast region in 2020.

Excluding the Southeast region, the reported average value for irrigated cropland is \$4,050/acre, compared to \$3,870/acre in 2019. Thus, there is an overall 4.65% increase in the average value of irrigated cropland across the state of Louisiana.

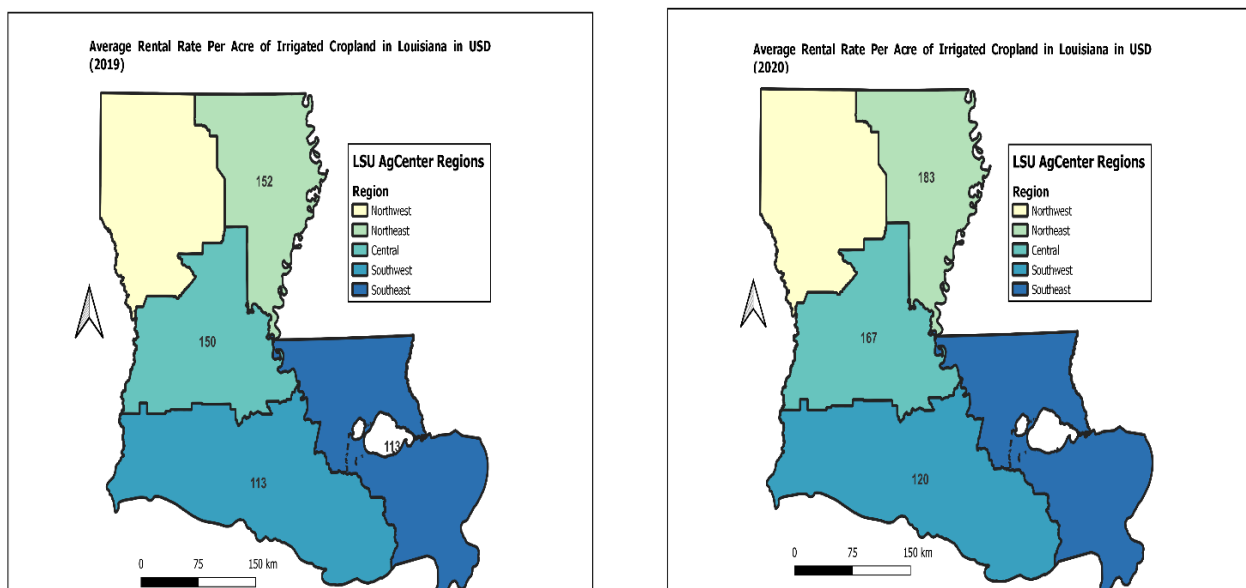


Figure 3: Avg. Irrigated Cropland Per Acre Rental Rates 2019 (left) and 2020 (right)

Respondents were asked for their observations of the cash rental rate of irrigated cropland in their respective regions. Figure-3 reports these values by region in 2019 (left panel) and 2020 (right panel).

Table-2: 2019 and 2020 Average Cash Rental Rates on Irrigated Cropland and their percentage change.

REGION	AVERAGE RENTAL RATE/ACRE (2019)	AVERAGE RENTAL RATE/ACRE (2020)	PERCENTAGE CHANGE
NORTHWEST	No Data	No Data	No Data
NORTHEAST	\$152	\$183	+20.39%
CENTRAL	\$150	\$167	+11.33%
SOUTHWEST	\$113	\$120	+6.19%
SOUTHEAST	\$113	No data	

Table-2 shows the average cash rental percentage changes from 2019 to 2020. For cash rents, Northeast reported the highest price among all regions at \$183/acre in 2020 which is a 20.39% increase from 2019. The Southwest region had the lowest rental values at \$120/acre in 2020; an increase of 6.19% from the previous year. No cash rent data were collected from the Northwest and Southeast regions to determine average cash rental rates of irrigated land. Similarly, to cropland price, average cash rents for irrigated cropland were \$157/acre in 2020 while in 2019 were \$132/acre; an 18.94% overall increase.

Expected Changes in Irrigated Cropland Prices and Rental Rates

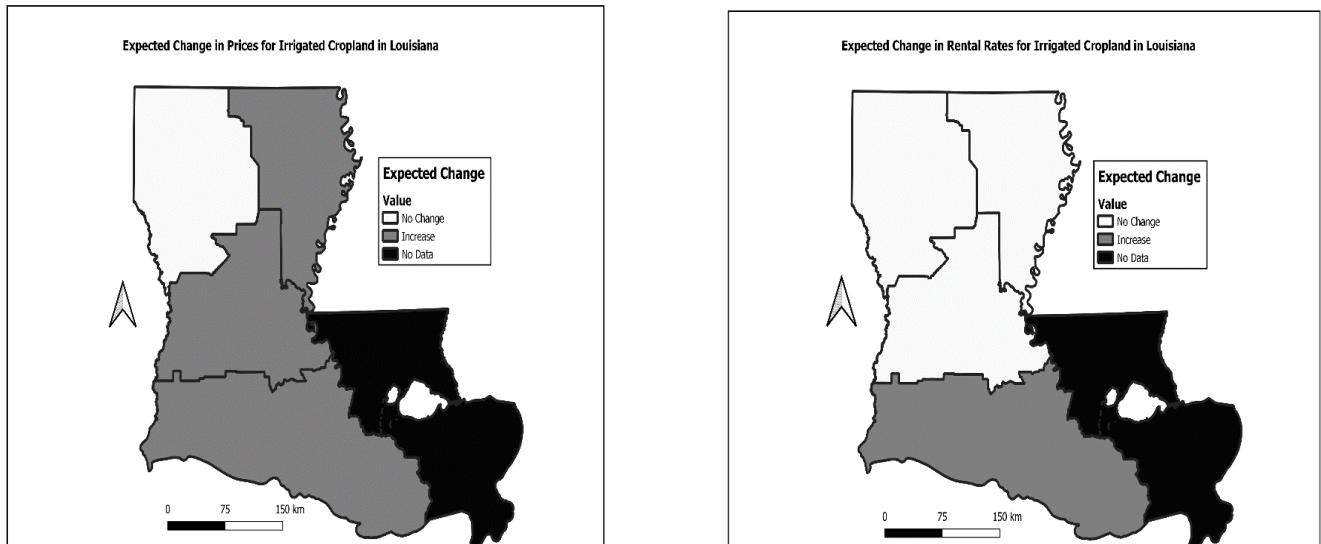


Figure 4: Expected Changes in Prices (left) and Rental Rates(right) in the next 12 months

In Figure-4, we report respondents' expectations for land values and cash rents for irrigated cropland in the next 12 months. The three-color gradient depicts the three directions: no change-white, increase- grey and no data- black. No respondent expected to see decreases in the irrigated cropland prices and rental rates. In the next 12 months, respondents strongly expected an increase in the Northeast region and a slight increase in the Central and Southwest regions regarding irrigated cropland prices. No changes are expected in the cash rents in the Northwest, Northeast, and Central regions. A slight increase in cash rent prices is expected in the Southeast region in the next 12 months. No data was collected for the Southeast region in both years of 2019 and 2020.

We comment that variations in the expected versus realized prices may exist. This can be attributed to low response rates from specific regions. Moreover, land productivity, crop variety grown, as well as factors related to urbanization and land development should be considered.

Information on non-irrigated cropland and pastureland may be found at [Farm Finance and Management](#).

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