



Index Numbers of Illinois Farmland Values

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Each year the National Agricultural Statistics Service (NASS) of the USDA releases estimated average farm real estate values by state. The estimates are based on surveys of farmers from selected geographical areas. The surveys follow strict statistical guidelines. Estimated values maybe revised the following year based on additional information. Revisions may also be made based on data from the 5-year Census of Agriculture. The methodology and timing of the study has changed over time but the statistical information provides some insight as to the changes in farm real estate values from year to year.

An index of Illinois Farmland Values has been created using these NASS reports. The index is based on the average Illinois farm real estate values that includes the value of all land and buildings. The base year for the index is 1979 whose index number is set to 100.

The index is posted on the *farmdoc* website [here](#).

How to Use Index Numbers of Illinois Farmland Values

1. Index numbers can be used to estimate what farmland values were in past years.

Some people use this to estimate a basis in farmland.

$$\text{current land value X } \frac{\text{past year's index}}{\text{current year's index}}$$

Example: Current land values are \$6,500 per acre. What was the value of this land in 1975?

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$$\begin{array}{r}
 \$6,500 \times \underline{45.5} \leftarrow (1975 \text{ index value}) \\
 \underline{307} \leftarrow (2011 \text{ index value}) \\
 \text{Equals } \$963 \text{ per acre}
 \end{array}$$

2. Index numbers can be used to estimate current values of farmland

To estimate farmland values from past years use the following formula:

$$\text{past land value X } \frac{\text{current year's index}}{\text{past year's index}}$$

Example: I paid \$850 per acre for land in 1975. What is an estimated value of this land today?

$$\begin{array}{r}
 \$850 \times \underline{307} \leftarrow (2011 \text{ index value}) \\
 \underline{45.5} \leftarrow (1975 \text{ index value}) \\
 \text{Equals } \$5,735 \text{ per acre}
 \end{array}$$