IOWA STATE UNIVERSITY
Extension and Outreach

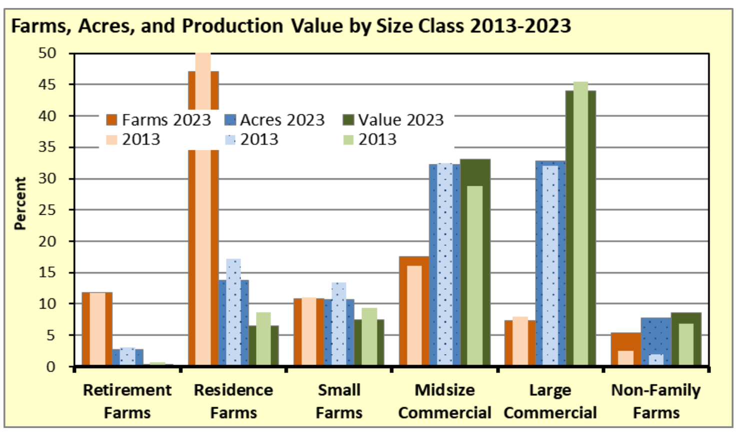
Rural Iowa at a Glance

2024 Edition

Farm Trends

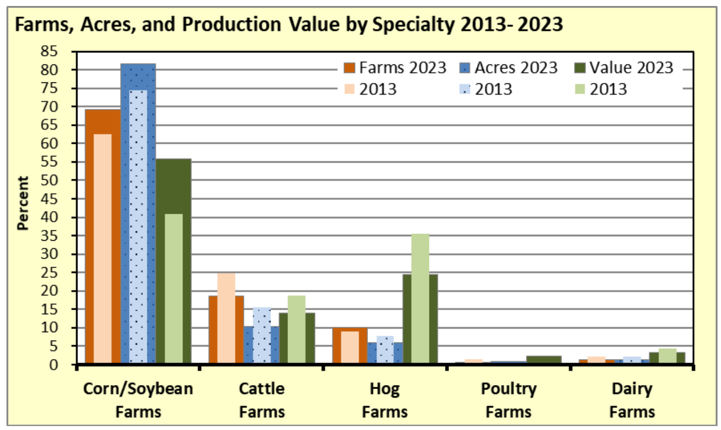
This publication summarizes current farm trends in Iowa between 2013 and 2023. It is modeled after the United States Department of Agriculture's *Rural America at a Glance*. Indicators are taken from USDA's Agricultural Resource Management Survey for Iowa. Incomes and sales are inflation adjusted. Farms are defined as having $1,000 or more of agricultural production. *Retirement farms* have operators who are retired with gross cash farm income (GCFI) under $350,000. *Residence farms* have operators with a non-farm occupation and GCFI under $350,000, plus farmers with GCFI under $150,000. *Small farms* are farmers with GCFI between $150,000 and $349,999. *Midsize commercial farms* have GCFI between $350,000 and $999,999. *Large commercial farms* have $1 million or more in GCFI. *Non-family farms* are owned and operated by unrelated persons, such as investors or corporations. *Production specialty* is based on the commodity with the largest production value for the farm.

Farms, Farmland, and Production Value



Most of Iowa's farms are places to live, not to work. Iowa had 86,300 farms in 2023, down -2.5% from a decade ago in 2013. Just under 60% of Iowa's farms are places to live rather than to make a living, operated by people that have a non-farm job (47%) or who are retired (11.8%). Despite large numbers, residence and retirement farms only account for 16.5% of farmland (99 acres per farm) and generate only 6.8% of agricultural production value (typically sales, but also the value of non-sold commodities). *Commercial family farms drive Iowa agriculture.* These 21,410 operations make up 24.8% of farms, but operate 65% of farmland acres and generate 77% of sales. Only 7.3% (6,320) are large commercial farms, but they account for 45% of production value and 32.8% of farmland. Midsize commercial operations make up 17.5% of farms, 32.2% of acres, and 33% of sales in Iowa.

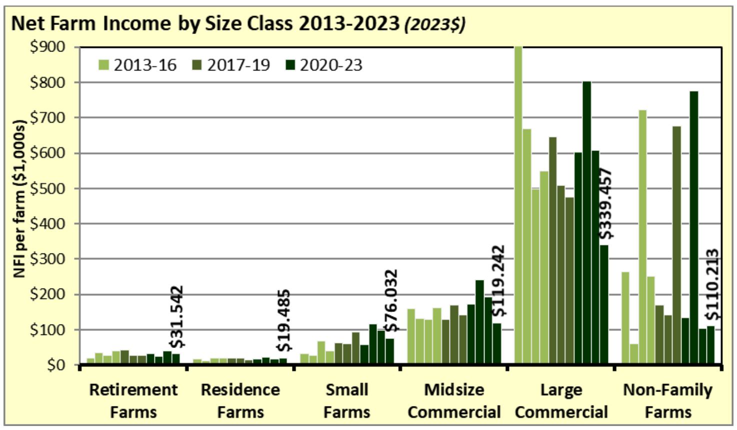
Midsize farms grew, while residence and small farms shrank. Over the past decade, midsize farms saw sales grow by 15% and farm numbers increase by 6.3%, while acres operated fell -3.7% to 650 per farm. By contrast, residence farms saw sharp declines in sales (-26%), acres (-21.7%), and farms (-9.8%). Small family farms also saw numbers fall by -3.4%, farm ground shrink by -22.6% (to 350 acres per farm), and sales drop by -19.9%. Loss of residence and small farms impacts rural population. *Rapid rise in non-family farms.* Over the past 10 years, non-family farms have become a small, yet fast growing, part of Iowa agriculture. They operate 7.8% of farmland, up a stunning 290% from 2013. The number of farms doubled to 5.5% of operations in 2023. Sales have grown by 25.5% over the decade, generating 8.6% of production value in Iowa.



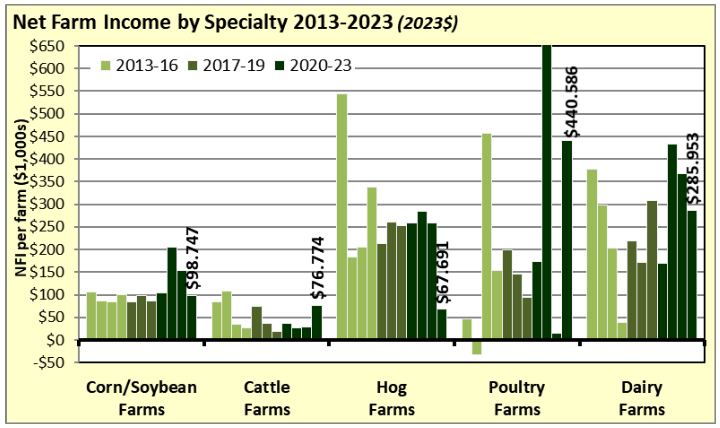
Corn is still king in Iowa. The vast majority of Iowa farms (69%) grow corn or soybeans on 82% of the state's farmland, but corn dominates row crop production. Corn operations account for 61% of farms (30,700), 79% of farmland (600 acres/farm), and 56% of the state's agricultural production value ($532,650 per farm). Corn sales, acres, and farms expanded sizably since 2013. *Cattle and hogs are most common livestock farms in Iowa.* The cattle industry saw its presence shrink in Iowa over the past 10 years. Cattle operations now account for 18.7% of farms, 14% of sales at $495,430 per farm, and 10.4% of farm ground at 260 acres per farm. Pork producers account for 10% of farms and only 6% farmland, at 280 acres per farm. However, the pork industry makes a huge impact on Iowa's farm economy, generating 24.4% of sales statewide or $1.608 million per farm in 2023. *Dairy and poultry small, yet generate high sales.* Iowa's 690 dairy farms only account for 1.3% of operations, but with an average farm size of 440 acres they contribute 3.3% to sales statewide, about $1.595 million per farm. Poultry farms are also small and mighty, accounting for less than one percent of farms and farmland, but 2.4% of sales. The 320 poultry farms in Iowa have an average farm size of 550 acres and posted sales of $2.459 million per farm – a stunning amount for a small sector.

Net Farm Income

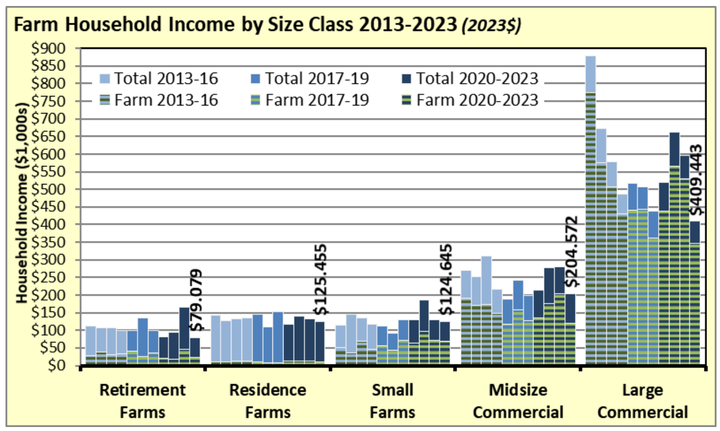
Farm incomes sharply down last year. Since 2013, large farms lost income, but small farms gained. Net farm income is the profit or loss of the farm operation from the farmer's labor, management, and capital after expenses. It is the difference between farm income less production expenses, plus depreciation and inventory changes. Across the board, net farm incomes fell for the second straight year since near-record highs in 2021. Large commercial farms saw net incomes fall by -44.2% last year, and are down by stunning -63.5% from 2013. However, large farms are still highly profitable, posting a net income of $339,460 per farm in 2023. Midsize commercial farms are also profitable at $119,240, but farmers took a -38% loss last year, and net incomes are down -25.2% from 2013. Although small farms also saw losses last year (-24%), net farm incomes surged by 139% over the past 10 years to $76,030. *Boom-bust for non-family farms.* Non-family operations saw a small gain in net incomes last year to $110,210 per farm, but this is -58.2% below incomes a decade ago.



Cattle and poultry incomes surge. After a decade of low incomes, cattle producers saw net farm incomes jump by 170% from last year, posting a net income of $76,770 per farm. Although this is a bit lower than incomes in 2013 and 2014, it is well above the 10-year average. Cattle prices surged primarily due to small herd sizes and small inventories of processed beef. Poultry and egg producers saw incomes roar back in 2023, rising from a paltry $15,130 per farm in 2022 to a near-record high for the decade of $440,590 in 2023. Poultry operations recovered quickly from highly pathogenic avian influenza (HPAI) outbreaks in 2022 that destroyed flocks. *Hogs took a major hit.* Pork producers suffered massive losses last year as net farm incomes shrunk by -73.8%. Incomes fell to only $67,690 in 2023, nearly 90% lower than income 10 years ago. In fact, 2023 is the lowest net profit for the pork industry in nearly two decades. Losses were driven by high feed costs, slower domestic demand, and reduced exports. *Declines in dairy and row crops.* Dairy producers have seen incomes fall since 2021. Net incomes fell -22.4% from last year, and are still down -24.2% from 2013. However, dairy farms still paid out at $285,950 per operation in 2023, which is higher that the 2015-2020 average. Falling dairy incomes are caused by both higher feed costs and falling demand for fluid milk. Although prices for milk fat are rising, most dairies in Iowa focus on fluid milk. Corn and soybean farmers also experienced losses in 2023, with net incomes falling by -35.8% last year, down to $98,750 per farm. Incomes are down -50% from highs in 2021, but over the past 10 years profits are only -7% lower today than in 2013. Causes for falling row crop incomes are rising input costs, especially fertilizer, seed, fuel, and credit. Prices have backed down from 2021 highs and have not show upward trends.

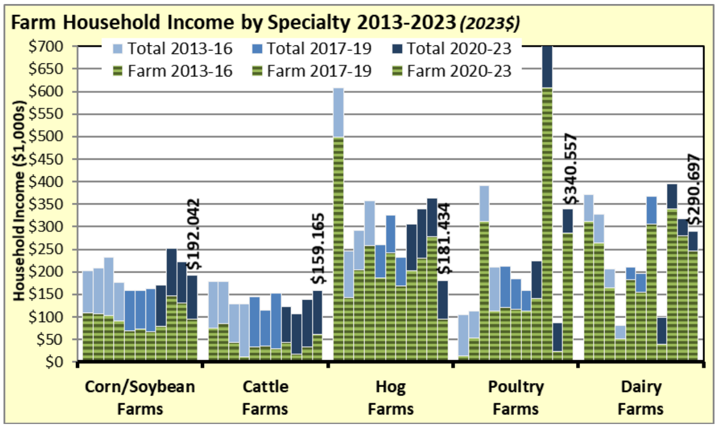


Household Income for Farm Families



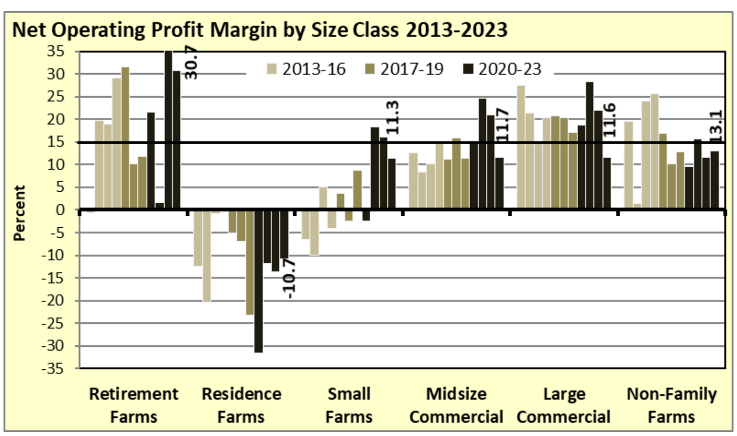
Farm families running commercial operations saw household incomes fall, while families on small farms saw incomes grow. Farm household income counts both farm and non-farm sources. Families operating large commercial farms earned an income of $409,440 in 2023, with only 15.6% from off-farm activities. Incomes are down -31.2% from last year and -53.4% from 2013, all from sizable farm losses. For midsize commercial families, declines in farm sales resulted in a -27% income drop last year, pushing incomes down to $204,570. To cover farm losses, midsize families took more off-farm work, raising the non-farm share from 27% to 42% last year. On the other hand, small farm families saw incomes grow by 7.5% over the past ten years, rising to $124,650 in 2023. Like all farmers, families on small operations saw incomes fall last year, but only by -4.5%. Sizable off-farm income (45.3%) helped stabilize family finances. Retirement and residence farms are relatively well-off due to sizable off-farm sources that accounts for 70-90% of total family income.

Hog farm families incomes cut in half. Row crop and dairy families saw incomes fall, while poultry and cattle families saw gains. Over half of income is from off-farm work for cattle, hog, and row crop farm families. Families operating poultry farms saw major increases in household income, tripling from last year to $340,560 per family — the highest farm family income in the state. HPAI sharply reduced bird flocks in 2022, forcing poultry families to earn 73% of their income from off-farm sources. Recovery in 2023 saw off-farm income fall down to 16%. Families in the cattle business saw their household incomes grow by 14.6% last year, but incomes are still down -11% from 2013. Despite better cattle prices pushing household incomes up to $159,170 in 2023, cattle families still get 62% of their income off-farm.

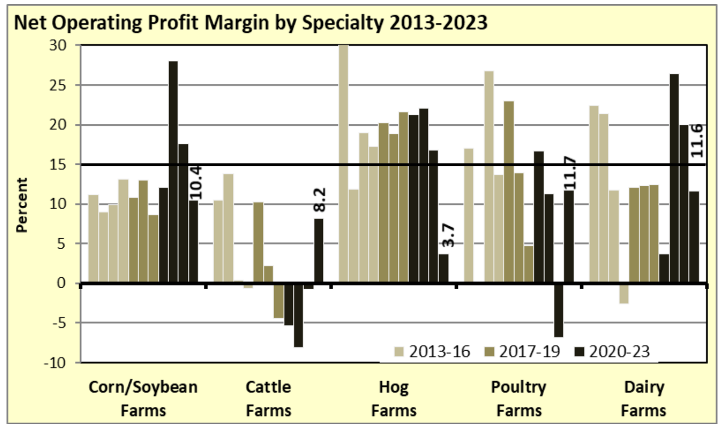


The pork industry took a major hit in 2023, forcing families in the hog business to rely on off-farm work. Household incomes fell by -50% last year, and family incomes are down -70.2% from near-records set in 2013. Poor profits forced families to take off-farm work to supplement incomes, rising from 23.5% to 47%. Dairy farm families incomes are down -21.9% from 10 years ago. Increased off-farm work covered 22% of dairy losses in 2013. Despite declines, dairy families earn a comfortable living of $290,700 per household, of which 15.3% is from off-farm work. Corn and soybean producers and their families experienced a -13.6% drop in household income last year, all from farm losses. Off-farm work increased to cover 15% of farm losses. In 2023, families doing row crops earned $192,040 in total income, with 51% from off-farm work.

Farm Profitability



Small farms returned to profitability, while commercial farm profits fell. Residence farms operate at a loss. Margins below 15% is a signal the farm is not generating enough profits to be viable long-term. Commercial farm profits fell nearly -10 percentage points last year, while small farm margins fell a bit slower at -4.8 points. Profits for both small and commercial farms fell sharply from highs set in 2021, falling below the 15% benchmark to around 11.5% in 2023. Residence farms have been unprofitable for most of the past 10 years, but have sizable off-farm income to compensate. Small farms returned to profitability in 2021 and have remained so through 2023. Retirement farms are highly profitable, likely due to low debt and operating costs. Non-family farms are consistently profitable, earning a 13.1% return in 2023.

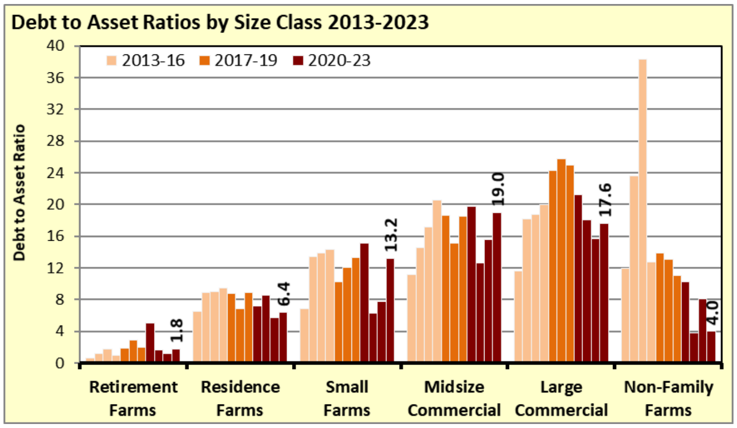


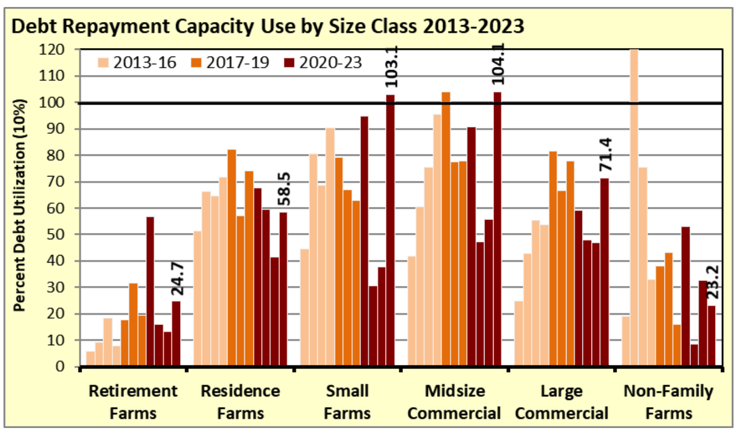
Cattle operations back in black, but profits are down for other commodities. Cattle operations returned to profitability in 2023, as it did for poultry growers. Profits are down for hogs, dairy, and row crops. Hog farms saw profit margins fall sharply from 16.8% to only 3.7% last year, a drop of -13.1 points, primarily due to high feed costs. Dairy margins fell by -8.4 percentage points down to 11.6%; and corn and soybean margins dropped by -7.2 points down to 10.4% last year. Dairy suffered from high feed costs, while row crops were hit by higher input costs. On a positive note, cattlemen saw a 9 point jump in margins, rising from a loss of -1% in 2022 to a profit of 8.2% in 2023. Higher cattle prices drove profit gains. Poultry growers jumped back to typical margins following 2022 HPAI outbreaks.

Farm Debt

Debt to asset ratios measure the percent of farm assets owed to creditors to cover outstanding obligations. Higher values indicate more of the farm's assets are financed by debt instead of farmer equity. In general, ratios under 30% indicate average to low debt, while ratios over 50% indicate high debt loads. Another measure of farm debt is the debt repayment capacity utilization (DCRU) rate, which measures actual debt as a percent of the farm's maximum feasible debt load. Values nearing 100% indicate the farm cannot take on additional debt to finance operations; and/or the farm will have difficulty paying existing debt obligations.

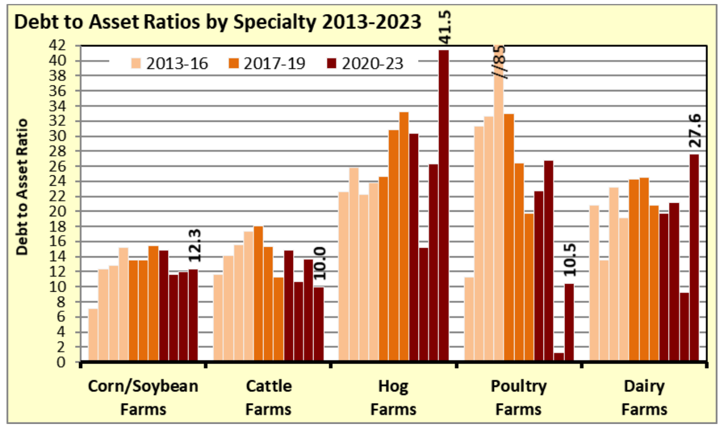
Small and midsize farms have high debt usage, but low debt to asset ratios. Debt levels, especially debt usage, has increased for all family farms. In 2023, both small and midsize commercial farms exceeded their debt limits. Last year, small farm debt usage rose sharply by 65.5 percentage points to 103% of maximum debt; and midsize farms saw debt surge by 48.5 points to 104%. This suggests small and midsize farms are relying on debt to manage price and input volatility, as they typically do not have sufficient liquid assets to cover lower profitability. Despite high debt usage, small and midsize debt is secured by highly valued farmland assets. Debt to asset ratios for small farms was 13.2% in 2023, and it was 19% for midsize farms. Large commercial farms also had higher debt use and debt to asset ratios, but not at critical levels. The end of 2023 saw all family farms taking on more debt, with the exception of non-family operations that paid down debt.

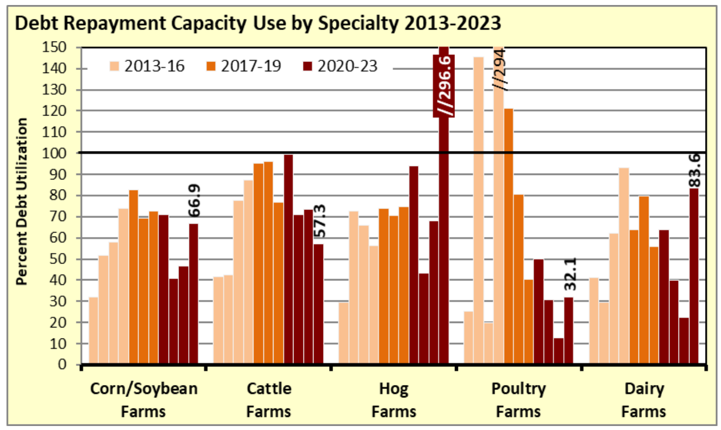




Hog and dairy operations are falling into a debt crisis, despite high valued assets. Hog and dairy producers saw debt spike to 10-year record highs in 2023. Dairy farm debt jumped 18.3 percentage points last year, placing the state's dairies at moderate risk as debt rose to 27.6% of assets. Pork producers are at even greater risk, as farm debt now covers 41.5% of assets, coming close to the 50% threshold indicating insolvency risk. In both sectors this was likely caused by higher feed costs. On the other hand, other major commodities showed very low debt risk. Poultry growers saw debt levels rise, but only to 10.5%. Row crop farmers have had stable debt ratios since 2021, hovering around 12%. Cattle operations actually saw debt ratios fall on higher incomes that allowed debt to be paid down, and also higher valued cattle inventories that boosted assets.

Except for cattle operations, most other farms increased their debt usage last year. For hog operations, debt usage is at crisis levels, spiking from 68% in 2022 to an astounding 296.6% by 2023. This means current farm debt is three times higher than what hog farmers can feasibly pay, placing family operations at risk of severe financial distress and insolvency. The dairy sector also shows debt stress, with usage rising from 23.3% last year up to 83.6% in 2023. As stated previously, higher feed costs are likely to blame for this rapid rise in debt in hog and dairy farms.





Summary

Iowa has 86,300 farm operations in 2023, but 60% are places to live rather than to make a living, being either residence or retirement farms. The state's agricultural economy is driven by *commercial farms*. Although they account for only 25% of farms, commercial operations work 65% of Iowa's farmland and generate 77% of all agricultural sales. *Small farms and residence farms* fell sharply over the past decade, impacting beginning and young producers who tend to run these types of farms. Loss of small and residence farms also impacts rural communities, especially rural schools through lower enrollments and main street businesses through lower spending. There has been a rapid rise in *non-family farms* in Iowa, which are owned and operated by investors or non-family corporations. Corporate farms and farmland in Iowa has doubled since 2013.

Overall, the farm economy in Iowa was down in 2023. The *pork* industry suffered massive losses, as net farm incomes shrunk by -74%, debt to asset ratios rose to 41.5, and debt levels spiked to 300% higher than what hog producers can feasibly pay. Losses were caused by a combination of high feed costs, slower domestic demand, and a -16% fall in exports (mostly reduced exports to China). *Corn/soybean and dairy farms* experienced smaller losses in net farm income and smaller gains in farm debt. On the other hand, *cattle producers* saw farm incomes jump up by 170% from last year, after a decade of low incomes. A return to profitability allowed cattlemen to pay down farm debts. The *poultry and egg industry* saw incomes roar back following HPAI outbreaks, with net farm incomes rising from only $15,130 per farm in 2022 to $440,590 in 2023.

The farm outlook for 2024 and beyond is uncertain. Sweeping protective tariffs on nearly all goods imported into the U.S., enacted in early 2025, may increase input costs for farmers, especially row crop operations that predominate in Iowa. An escalating trade war with China and other nations may result in retaliatory tariffs and import bans, which will heavily impact soybean and hog producers who depend on exports. Economic uncertainty may raise yields on U.S. Treasury notes, which in turn may mean higher interest rates for farmers. To top it off, the much extended U.S. Farm Bill may be reauthorized in 2025, which may continue farm policy or alter it dramatically. On the other hand, the farm economy may thrive if current trade policy works as intended, stimulating the economy by increasing domestic production and consumption of all goods, farm or others. In short, the outlook for 2024 and 2025 is uncertain.

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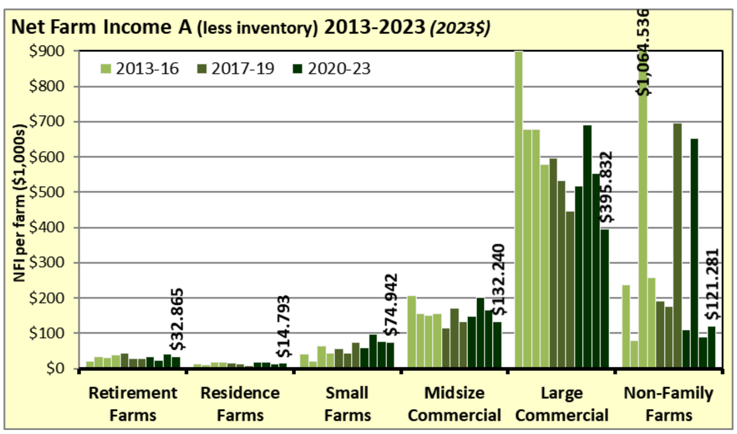
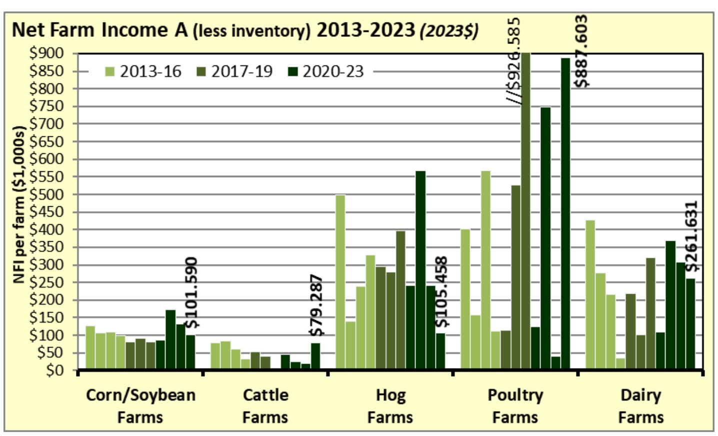
For more information on data sources and methods, refer to https://smalltowns.soc.iastate.edu/rural-iowa-at-a-glance

Addendum

Net farm income excluding value of farm inventories. Net farm income A excludes the change in the value of crops, livestock, and purchased inputs not used or sold on the farm.





Net farm income excluding value of farm inventories and non-money income. Net farm income B excludes the change in the value of farm inventories, but also excludes the value of in-kind products produced and consumed on the farm, plus the estimated rental value of farm buildings.