

Piecing together the CSR puzzle

Some pieces don't match up

Do you like puzzles, brain teasers or riddles? Especially the ones that seem to have no good answer? Then let me present you with one to ponder:

Which is worth more: the farm south of Ventura with a 68 CSR average or the farm south of Clear Lake with a 68 CSR average? They are only three miles apart. The field sizes and shapes are the same, and they are both well tiled. The answer is at the end of this newsletter, and it has nothing to do with lakefront property.

Setting the stage:

CSRs (Corn Suitability Ratings) are a wonderful tool. The CSR average is still the very first question anyone asks about a farm they are considering selling, renting, appraising, splitting, etc. It's the first thing we ask about a farm we're appraising or a farm that's sold. It's obviously not the only comparison factor, but the CSR is a great starting place, because it already takes into consideration most production factors such as drainage, topography and past erosion.

If you're one of the three people involved with agricultural under the age of 80 who isn't already familiar with Corn Suitability Ratings, there is a wealth of information available to you. Both the Ag Decision Maker of the ISU Extension and a recent issue of the LandOwner Newsletter have already recently covered the issue. [The Ag Decision Maker File C2-86 "Understanding Iowa Corn Suitability Ratings"](#) has eight pages of discussion that was updated as of June 2010. LandOwner Newsletter addressed the subject as recently as their February 11, 2010 issue.

How to find the CSR:

We still use the PMC soil mapping software that I first bought in 1998. Though PMC has been bought out and no longer provides updates to the software version we use, the CSRs assigned are still quite accurate. However, a couple years ago we stopped asking the software to calculate a column on the table for the average corn yield because the yield figures from 1998 are so much below what producers can comfortably project in 2010 cash flows.

There is also more than one place that will help you find the CSR average of the farm in which you're interested. A service that is rapidly growing in popularity is the AgriData service from Surety in Fargo. This is a subscription service, but there are several places around North Central Iowa that

already subscribe. They might be persuaded to calculate the CSR average for you.

All of the local County Assessors can tell you what the CSR average is by tax parcel. However, the CSR averages available through the Assessors' Offices are for all of the acres within that tax parcel with relatively minor adjustments for waterways, etc. The Assessor Offices are won't be able to tell you the CSR average for only the tillable acres. That is the real average that is applicable.

So now you know the CSR, but there are still a lot of pieces to fit together before you have a complete picture.

Hint #1: Can't always trust the soil type

For the most part, the CSR is accurate, but there are some exceptions. For instance, Soil #956 is the Okoboji-Harps complex. The CSR assigned to #956 is usually around 60, depending on the county survey, because it has high organic matter and sits low on the soil profile. However, we've noticed that a farm that has a low CSR average in the 60s because it has a lot of Soil #956 will sell nearly as well as a farm with a lot of Canisteo soils (CSR 78) – provided the #956 soils are well tiled or at least have convenient tile outlet. Conversely, we believe Ostrander soils (#394, #394B, #394C) are overrated. Nearly level Ostrander soils have CSRs in the mid to high 80s, but most folks who operate Ostrander soils say they can be somewhat droughty.

The Cresco soil type (Soil #783B) in Howard County only has a CSR of 65, but we have seen producers pay prices for Cresco soils that are comparable to farms with CSRs in the high 70s.

Hint #2: Can't always trust the soil maps

The Worth County Soil Survey completed more than 40 years ago presents a unique situation. When the that soil survey was prepared — the most recent available — large areas were submerged under surface water during most of the calendar year. These sloughs and open water areas were assigned a soil number of #354 with a CSR of zero. Over the past 40 years most of these areas have been drained and converted to farm ground. A few years back we appraised a farm that had been reclassified at the request of the landowner. The former marsh area with a zero CSR according to the Soil Survey book was now a very gently sloping field of Canisteo and Webster soils with a CSR average of 80! It is a good

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thing that the Natural Resource and Conservation Service will have a new Worth County soil survey in 2012 or 2013.

Hint #3: Count the number of soil types

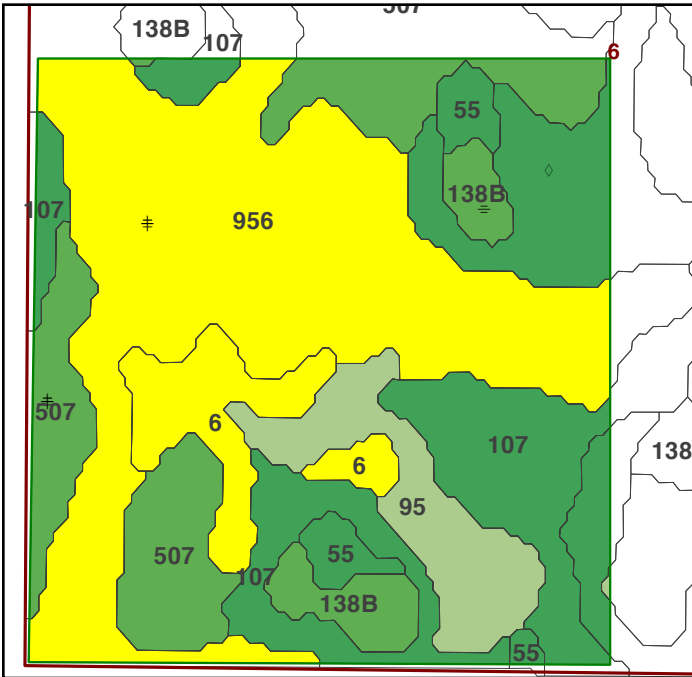
Another interesting observation is that the number of soil types seems to have an impact. If you compared two farms with CSR averages of 65, but one has twelve different soil types and the other farm has only four different soil types, the farm with the fewer number of soils will generally sell better. It is easier to apply inputs to and select hybrids for a farm with only a few soil types.

Hint #4: There is such a thing as too much drainage.

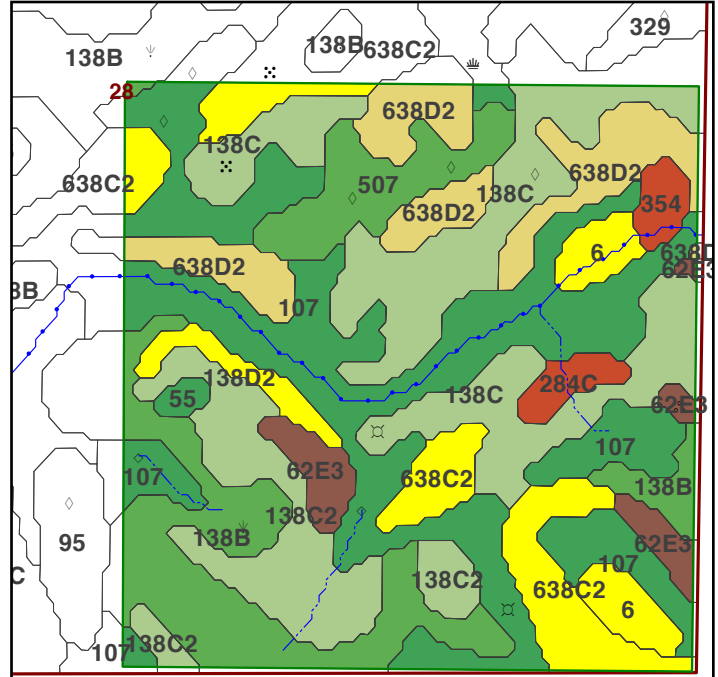
We've noticed there is a two-tiered market when comparing land that is excessively well drained versus land that has better water holding capacity. You could have two farms with identical CSR averages, identical field sizes and the same neighborhood, but the farm with droughty soils will sell for 10-15% less than the farm that also has marginal soils as measured by CSRs only the soils have better water holding capacity.

Look over these maps and see if you can answer our riddle. Ready?

South of Ventura



South of Clear Lake



ANSWER: The farm south of Ventura is worth about \$500/acre more than the one south of Clear Lake. Can you see why?

BOTTOM LINE: Hire the local folks. They are the ones who are aware of these subtle nuances. As Harold Hill from the "The Music Man" said, "You got to know the territory."