

What's Standing Alfalfa Worth in 2014?

Here's one approach:

Assume 4 ton dry matter (DM) total yield for the year with prime quality dairy alfalfa hay averaging \$190/ton baled (\$0.11/lb DM, which includes 15% discount for weather risk, field and storage loss) with half the value going to the land owner to cover input costs (land, taxes, seed, chemical and fertilizer), and half the value credited to the buyer for harvesting costs (including hauling and filling). This equals \$445/acre net sale or purchase price for the entire year. Based on a 3 crop (40%-30%-30%) or four crop cutting schedule (35%-25%-20%-20%), the following price range is a starting point for buyers and/or sellers to negotiate a sale agreement for high quality standing alfalfa in 2014:

1st crop...\$ 155 - \$175/a
2nd crop...\$ 110 - \$135/a
3rd crop...\$ 90 - \$135/a
4th crop...\$ 90/a

Obviously, this is an estimate and will need to be adjusted for each farm or field situation (grass or grass/alfalfa mixes will likely be lower). But keep in mind minimum ownership costs are near \$400/a when considering lost rent income, annualized value of establishment costs and replacement fertilizer to maintain soil fertility. And, the old saying still holds true..."a fair price is whatever a willing seller and an able buyer can agree on", which is why the price of standing will always vary.

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