

2000 MISSOURI FARM LAND VALUES

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A survey was conducted in July of 2000 to determine what has been happening to farmland values in Missouri. A questionnaire was sent to 950 rural real estate appraisers, ag. lenders, and extension agents in the state and 276 responded. Of those responding, 55% identified themselves as lenders, 23% rural appraisers, 13% extension, 5% sales, and 4% other.

Respondents provided their opinions to six questions concerning current farmland values and trends for agricultural land selling in tracts larger than 40 acres that is not being converted to commercial use or development. Their responses were summarized and averaged for the state and for 20 regions within the state.

Change in Value of Farmland

Respondents were asked to give their opinions of the percentage change that occurred in the value of land in their area on June 1, 2000, as compared to a year earlier for cropland, pasture, and all farm land.

A summary of their responses for the state shows they thought cropland had increased 2.1%, pasture 2.4%, and all farmland 2.5%. (See Figure 1.) Note: "all farmland" was a separate reporting category on the survey and is not a calculated average of cropland and pasture values.

Comments from respondents indicate purchase of rural land by urban dwellers for homesites, recreation, and hunting continues to be a factor influencing land prices in nearly all regions of the state. This may explain why the increase they expect for "all land," which includes timber or non-productive land, is greater than the increase in pasture and cropland whose value is more closely tied to its agricultural potential.

Respondents' Outlook

Overall, respondents do not expect the value of farmland to change much this year. For the period January 1, 2000, to January 1, 2001, they expect the value for all farmland in Missouri to increase 0.75%, with cropland increasing 0.21%, and pasture increasing 0.62% during this period (Fig 2).

A frequent reason cited by respondents for their conservative forecasts was the prospect for continuing low commodity prices.

Average Value of Land

Respondents were also asked to give their estimates of land values as of June 2000 for three classes of cropland (good, average, poor), three classes of pasture (good, average, poor), and timberland. Remember that what may be considered good cropland in one region may be average or poor in another. Classification of the land was left to the judgment of the individual respondents. (See Figs. 3, 4, and 5 for region and state averages.)

Who Is Buying Farmland?

Respondents were asked if the buyers of farmland in their area are local people, are from elsewhere in Missouri, or are from outside Missouri. Their responses indicate they think 57% are local, 27% are from Missouri but not local, and 16% are from out of state (Fig. 6).

In addition to the buyers' locations, respondents were asked what they think the buyers plan to do with their purchases. In their opinion, 54% will operate as a farm themselves, 23% will rent out, and 23% will not use for agricultural production (Fig. 7).

Other Surveys

USDA data for Missouri show the value of farm real estate has been increasing since 1987 with an annual percentage increase of 8% in 1995, 6.3% in 1996, 5.9% in 1997, 5.6% in 1998, and 5.3% in 1999. On Jan. 1, 2000, the average value of farm real estate in Missouri was \$1,190 per acre, the highest on record.

Similar USDA data for states adjoining Missouri show all were higher than a year earlier, except Iowa and Illinois which were lower by \$20 and \$30 per acre, respectively. See MU Guide 404 (revised 2000) for historic farm real estate values for Missouri and surrounding states.

- Figure 1. - Percent increase estimated for Missouri cropland and pastureland values from June 1, 1999, to June 1, 2000.
- Figure 2. - Percent increase forecast for Missouri cropland and pastureland values from Jan. 1, 2000, to Jan. 1, 2001.
- Figure 3. - Estimated cropland values per acre for June 2000.
- Figure 4. - Estimated pastureland values per acre June 2000.

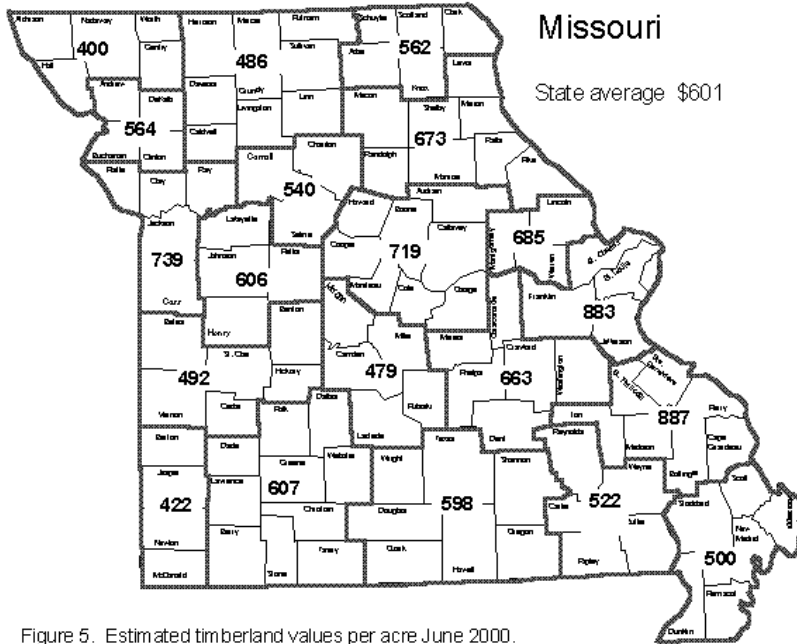


Figure 5. Estimated timberland values per acre June 2000.

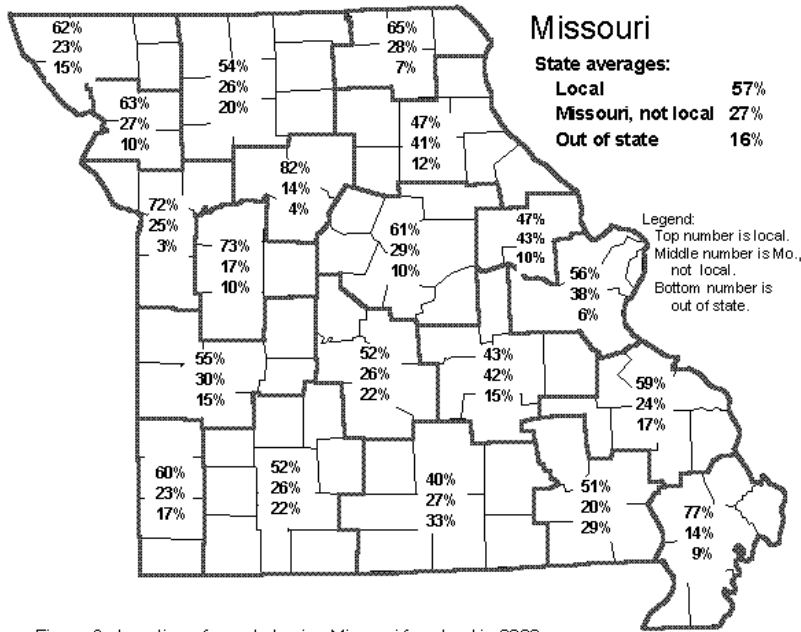


Figure 6. Location of people buying Missouri farmland in 2000.

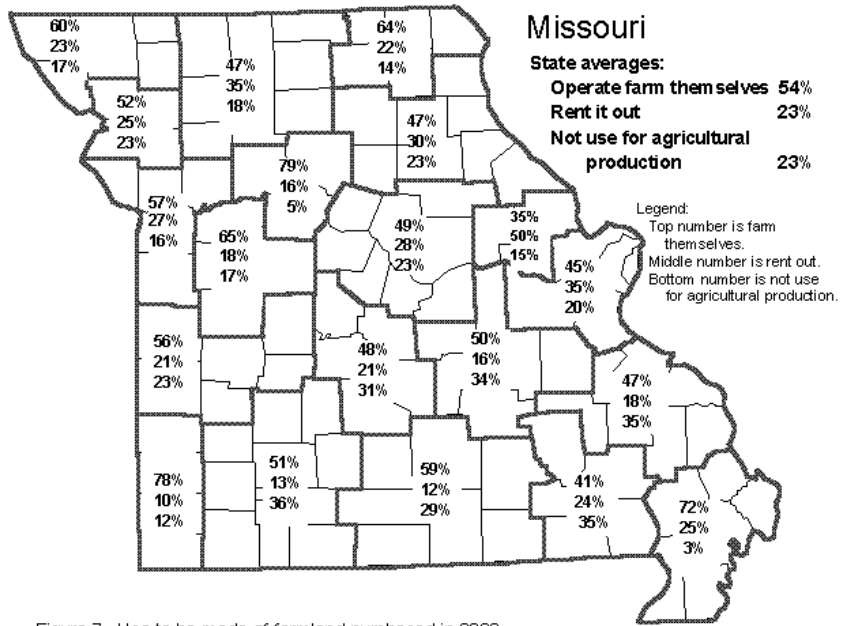


Figure 7. Use to be made of farmland purchased in 2000.