

2001 MISSOURI FARM LAND VALUES OPINION SURVEY

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September 26, 2001

A survey was conducted in July of 2001 to determine what people think has been happening to farmland values in Missouri. A questionnaire was sent to 1,000 rural real estate appraisers, ag. lenders, and extension agents in the state and 238 responded. Of those responding, 63% identified themselves as lenders, 20% rural appraisers, 11% extension, 3% sales, and 3% other.

Respondents provided their opinions to 6 questions concerning current farmland values and trends. They were asked to exclude from their answers any tracts smaller than 40 acres that were being converted to commercial use or development.

Their responses were summarized and are reported on the maps on the following pages. Data was averaged by regions designed to reflect similar types of agriculture and also similar demand factors that might be influencing value.

Average Value of Land

Respondents were asked to give their estimates of land values as of June 2001 for three classes of cropland and pasture (good, average, poor), and timberland. Classification of land was left to the judgment of each respondent. They were provided no criteria for classifying land as cropland, pasture, or timber or as good, average, or poor. How to estimate the value of land was also left to their discretion. Their responses are summarized on Maps 1, 2, and 3.

Who Is Buying Farmland?

Respondents were asked what they think buyers of the land in their area plan to do with their purchases. In their opinion, 54% will operate as a farm themselves, 24% will rent out, and 22% will not use for agricultural production (Map 4).

Respondents were also asked if the buyers of this farmland are local people, are from elsewhere in Missouri, or are from outside Missouri. Their responses indicate they think 56% are local, 28% are from Missouri but not local, and 16% are from out of state (Map 5).

Variations in Land Values over Missouri

Comparing data in Maps 4 and 5 with values reported on Maps 1, 2, and 3 can provide insight into possible reasons for the differences in values reported across the regions. Several respondents commented on conditions in their area. They reported buyers' expectation of continued government assistance provides support to the price of farmland. However, some respondents have noticed a weakening in demand for recreational land by non-farmers, probably because of the softening economy. But, demand for large homesites and mini-farms remains significant in several areas. Other comments from respondents can be found at the end of this article.

Outlook

Respondents were asked for their opinions of the percentage change that occurred in the value of land in their area on June 1, 2001, as compared to a year earlier for cropland, pasture, and whole farms. A summary of their responses for the state shows they thought cropland had increased 2.8%, pasture 2.7%, and whole farms 2.2% (Map 6).

For the period January 1, 2001 to January 1, 2002, they expect the value of cropland will increase 1%, pasture 1.7%, and whole farms 0.9% (Map 7).

- Map 1. Estimated cropland values per acre for June 2001.
- Map 2. Estimated pastureland values per acre for June 2001.
- Map 3. Estimated timberland values per acre for June 2001.
- Map 4. Use to be made of farmland purchased in 2001.
- Map 5. Location of people buying Missouri farmland in 2001.
- Map 6. Percent increase estimated for Missouri farmland values from June 1, 2000 to June 1, 2001.
- Map 7. Percent increase estimated for Missouri farmland values from Jan. 1, 2001 to Jan. 1, 2002.

Other Surveys

According to the USDA report of Agricultural Land Values released in August 2001, the value of farm real estate (land and buildings) in Missouri increased 10.4% last year (Jan. 1, 2000 to Jan. 1, 2001). This continued the upward trend that began in 1987. Over the last 5 years, USDA reports the following annual percentage increase in the per acre value of Missouri farm real estate:

1996	+6.3%	Jan. 1, 1997 value \$1,010 per acre
1997	+5.9%	Jan. 1, 1998 value \$1,070 per acre
1998	+5.6%	Jan. 1, 1999 value \$1,130 per acre

1999	+10.6%	Jan. 1, 2000 value \$1,250 per acre (rev.)
2000	+10.4%	Jan. 1, 2001 value \$1,380 per acre

See also MU Ag Guides 403 and 404 for historical USDA data.

Some Respondents' Comments from the 2001 Missouri Land Values Opinion Survey

Northern counties:

Nodaway, Worth, Gentry, Harrison, Mercer, Grundy, Putnam, Sullivan

... The value of good cropland has leveled out. Very little of this type of land on the market. Big increase in value of poor cropland and poor to good pasture land. Seems that everyone wants to own a piece of the Rock. Value of commodity raised seems to have little bearing on its value.

... Continue to be amazed at land prices relative to commodity prices. Future farm bill could impact values if subsidy programs are reduced. Potential for expanded CRP on some land could add interest.

... If crop prices continue their trend, I look for the value of cropland to decline. And as long as cattle prices continue to be good, pasture land will increase in value. Overall there appears to be a trend of people moving out of urban areas to the country, buying 5 ac tracts. This will keep the value of marginal land high.

West central counties:

Andrew, Buchanan, Platte, Clay, Clinton, DeKalb, Daviess, Caldwell, Ray, Carroll

... Our area continues to show sharp losses in farmland/pastureland use to housing development in 10-20 ac tracts. Higher gas prices have not reduced demand by people moving farther out from Kansas City metro area.

... We are in an area with close proximity to Kansas City therefore there is a tremendous influence on land values. People buying farmettes for over-inflated prices. Good farmland still holding its value. Have a number of strong farmers willing to purchase good farm and pasture ground.

... The timber tracts are selling very well for recreation and hunting purposes. Pasture and timber sell for approximately the same price. Cropland values will remain strong as long as the government continues the payments. These counties are influenced by the Kansas City area and many families are moving to the country and commuting to K.C. or St. Joe for work. In my opinion, pasture and timber land is yielding a poor return on investment at present prices.

... Lots of farmland being bought to be rented out and then used for recreation, i.e., hunting.

... Urban influences, high utilities and gas prices effect farmland.

West central counties: Cass, Johnson

... A lot will depend on the price of cattle and crops. The small acreage of 5 to 40 acres is keeping the price up, not the larger farms.

... Land prices continue to slowly increase although net farm income, excluding government payments, is down. Proximity to urban areas is also helping to keep agri-land values up. If government payments decline, land prices could also.

... Our land values are difficult to put a production value on as we are seeing a larger amount of Kansas City people moving east. Many farms are being divided into tracts of 10-20 acres. This survey was completed on the basis of farms selling and staying as farms.

... Prices for small tracts are high and have an effect on values of larger tracts. There is a lot of "non-farm influence" that has a large effect on "farm" land prices.

Southwest counties: Greene, Dade, Lawrence, Barton, Jasper

... Prices given on the survey [by this respondent] do not reflect urban influences. Pastureland and timber might be worth twice that stated if within 3-8 miles of Joplin or Carthage. Smaller tracts are also much inflated to the values listed.

... A lot of the land moving in this area is in 40-80 ac tract range. The main reason buyers buy it is to build a house and run a few horses, cattle, etc. on it.

... Price moving up closer to Springfield due to demand for country home sites of 5 to 40 acres.

... There is very little difference in value of land. It is mostly dependent on distance from Springfield and development.

Central counties:

Moniteau, Cole, Osage, Gasconade, Miller, Maries, Pulaski, Phelps, Crawford, Callaway

... Not many timberland sales recently in tracts larger than 40 acres. Actually, there have been few sales of farm ground in our area within the last 12 months. Smaller tracts for recreational purposes are showing more turnover but even those have not had much activity in our immediate area over the last year.

... Very little of the land sold for agriculture. Our market is large home sites and recreation-hunting.

... Lot of land for sale but movement is slow. Listing times appear to be increasing. Recreational tracts are steady to declining in demand. Increased fuel price will affect small and medium sized tracts on the fringes of commuting areas. I expect the practice of buying 40-120 acres and pulling in a mobile home will become less popular with low-moderate income commuters. We are seeing more variance/volatility in values reflected by comparable sales. Similar properties frequently exhibit a 40% + or - range between high and low [sales price]. I am not sure what this trend is telling us.

... Demand for land is exceeding what's available. Since there are limited sales, figures given [on survey] are estimates. We have seen farms in the 200 acre range sell for over \$1400/acre with minimal buildings if there is competition. On the other hand, some people have decided to price land high but are finding no takers. Some small tracts of woods (30-40 acres) are selling in the \$2000/acre range. It is a very unusual situation in this area.

... We see very few "family" farms selling. The bulk of our appraisals are on vacant land or tracts with older buildings. A broad average is 120-160 ac.

... 66% of population growth in this county has occurred in open country.

... Land values depend somewhat on (1) size of tract, (2) location, (3) what could the land be used for -- agriculture, commercial, residential.

Central county: Chariton

... Interest in enhanced wetland and land that has potential as wetland is strong. Interest in hunting type tracts continues strong as compared to land that is capable of producing agricultural commodity. Farm buildings and modest dwellings are not contributing much in relation to replacement value at time of sale. Good cropland and pasture land continues to create excitement and muster bids much higher than capitalization even at 2% would support.

East central counties: Pike, Ralls, Marion, Monroe, Shelby, Knox, Macon

... St Louis metro area continues to greatly influence all land values. Tracts of 160 acres or less have a "floor" of \$900 to \$1000/acre regardless of productivity. One tract (270 ac.) of sprouts and brush recently sold for \$1300/ac.

... Many of the large tracts being sold are being divided by two or more purchasers (i.e., recent sale of 1500 ac went to two separate buyers, both planning to operate the farm.)

... Pasture land very seldom sold as pasture. This type of land sells 90% for hunting. Owners (sellers) have poor pasture land, not improved, and overgrown with trees and brush with very poor fences. Hunting land (60% timber, 40% open pasture) \$900-\$1100/ac.

... A lot of buyers from St Louis and the surrounding area have been buying acreages for hunting purposes.

Southeast counties:

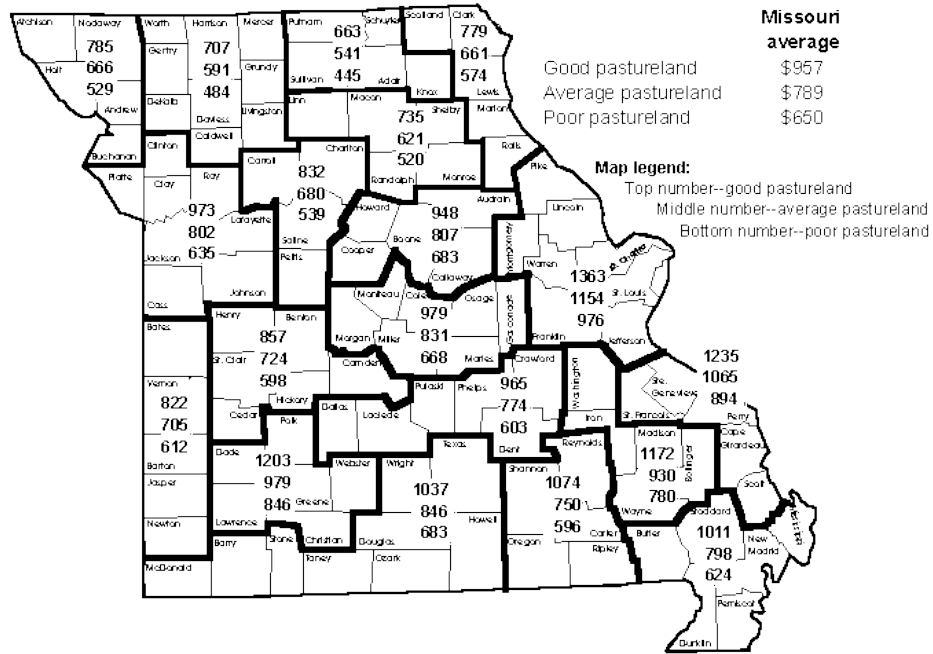
Perry, Ste Genevieve, St Francois, Iron, Washington, Franklin

... 90% of real estate sales are going to small farms of 120 acres or less, mostly 10-20 acre tracts.

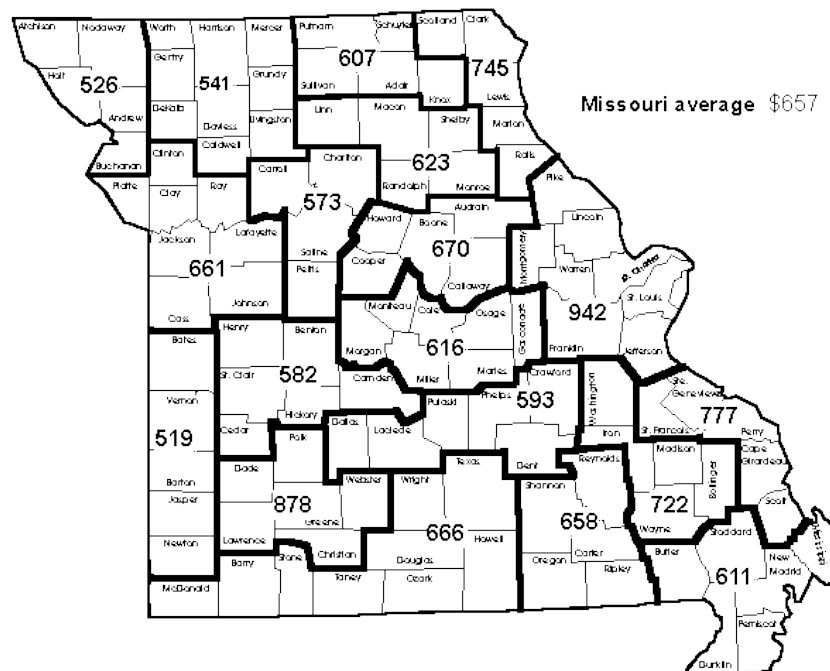
South central counties: Dent, Texas, Wright

... Fairly strong interest/demand reflected in increased prices primarily in two areas: (1) 40-120 ac tracts for homesteads, hobby farms or "recreation" (hunting). (2) Marketable timber draws strong interest. If a "nice" timber harvest is done, a harvested tract will still bring \$625-\$725/acre in 40-80 ac tracts. Four or five years ago these type tracts were near \$500/ac.

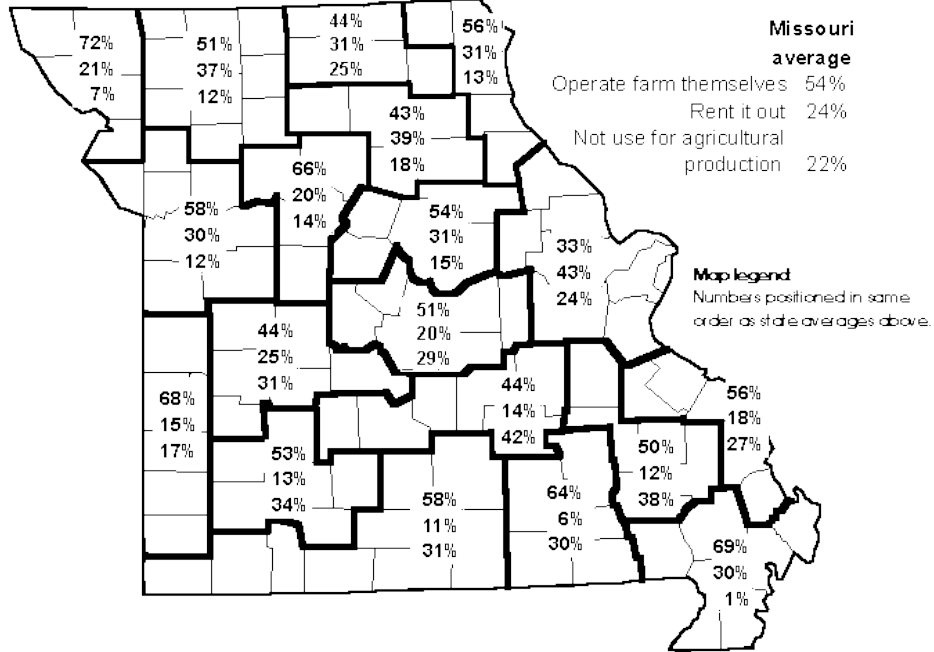
Map 2. Estimated pastureland values per acre for June 2001.



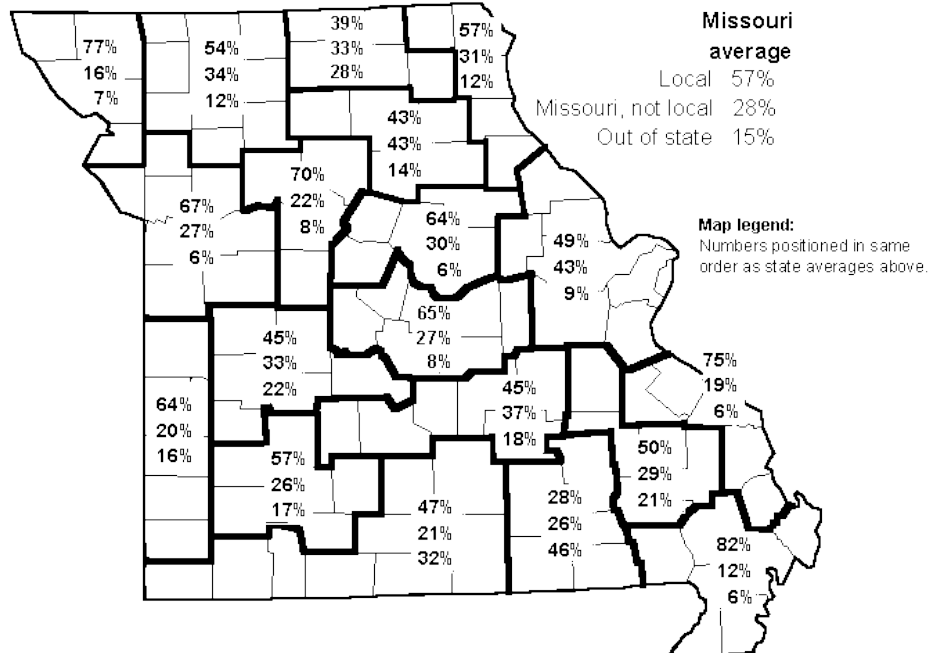
Map 3. Estimated timberland values per acre for June 2001.



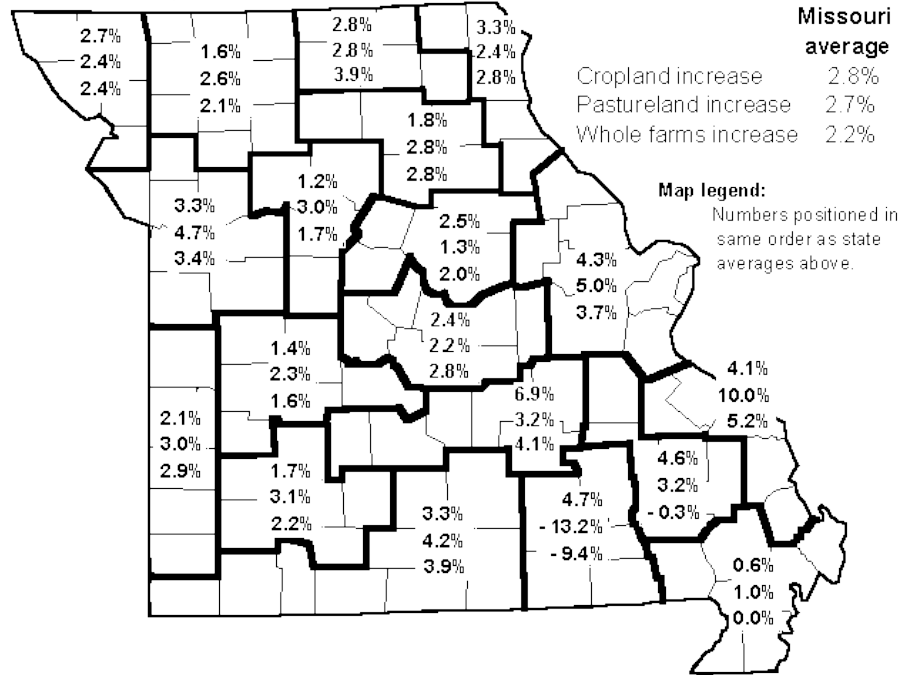
Map 4. Use to be made of farmland purchased in 2001.



Map 5. Location of people buying Missouri farmland in 2001.



Map 6. Percent increase estimated for Missouri farmland values from June 1, 2000 to June 1, 2001.



Map 7. Percent increase forecasted for Missouri farmland values from Jan. 1, 2001 to Jan. 1, 2002.

