

# **2002 MISSOURI FARM LAND VALUES OPINION SURVEY**

**Joyce White and Ron Plain**

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A survey was conducted in July of 2002 to determine what people think has been happening to farmland values in Missouri. A questionnaire was sent to 960 rural real estate appraisers, ag. lenders, and extension agents in the state and 214 responded. Of those responding, 65% identified themselves as lenders, 16% rural appraisers, 9% extension, 4% sales, and 6% other.

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

Their responses were summarized and are reported on the maps below.

## **Average Value of Land**

Respondents were asked to give their estimates of land values as of June 2002 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 determining classifications or instructions for estimating values. Their responses are summarized on Map 1, Map 2, and Map 3.

Non-farmers purchasing land for personal use -- such as hunting, recreation, or large homesites -- continue to have a strong influence on the value of farmland in many locations, according to comments from our respondents. Ten respondents, mostly in the northeast quarter of the state, provided values for this type of land, i.e., land with limited potential for agricultural production but with ecologic features desired by people wanting to own land for their personal enjoyment. Their estimates for hunting/recreation land in 18 counties averaged \$861 per acre.

## **Who Is Buying Farmland?**

Respondents were asked what they think buyers of the land in their area plan to do with their purchases -- operate as a farm themselves, rent it out, or not use for agricultural production (Map 4). They were also asked if the buyers of this farmland are local people, from elsewhere in Missouri, or from outside Missouri (Map 5).

These 6 questions have been asked on the survey for the last 5 years. Their answers, when averaged for the state, have resulted in a similar percentage distribution over this time period.

	<u>2002</u>	<u>1998-2001 Avg.</u>
<b>Use:</b> Farm themselves	58%	55%
Rent out	24	23
Not use for agric.	18	22
<b>Buyers:</b> Local	57	57
Mo. but not local	28	28
From outside	15	15

## Outlook

Respondents were asked their opinions of the percentage change that occurred in the value of land in their area on June 1, 2002, 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 3% and pasture and whole farms had increased 3.4% (Map 6).

For the period January 1, 2002 to January 1, 2003, they expect the value of cropland, pasture and whole farms will increase 2% (Map 7).

## USDA Annual Land Values Report

According to the USDA report of Agricultural Land Values released in August 2002, the value of all farm real estate (land and buildings) in Missouri increased 10.1% last year (Jan. 1, 2001 to Jan. 1, 2002) to \$1,520 per acre. This continued the upward trend that began in 1987. Below are January 2002 per acre values for some other states and regions included in the August USDA report.

	<u>All cropland</u>	<u>Pasture</u>	<u>All land &amp; buildings</u>
Missouri	\$1,470	\$1,040	\$1,520
Kansas	691	400	620
Arkansas	1,160	1,080	1,370
Iowa	2,120	800	1,980
Illinois	2,750	1,220	2,640
Cornbelt (IN, IL, IA, MO, OH)	2,340	1,130	2,180
U.S. (average 48 states)	1,650	586	1,210

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- Map 1. Estimated cropland values per acre for June 2002
  - Map 2. Estimated pastureland values per acre for June 2002
  - Map 3. Estimated timberland values per acre for June 2002
  - Map 4. Use to be made of farmland purchased in 2002
  - Map 5. Location of people buying Missouri farmland in 2002
  - Map 6. Percent increase estimated for Missouri farmland values from June 1, 2001 to June 1, 2002
  - Map 7. Percent increase forecast for Missouri farmland values from January 1, 2002 to January 1, 2003

## **Some Comments from Survey Respondents**

### **Central Missouri Counties**

#### **Cooper, Moniteau, Osage, Gasconade**

... Our close proximity to [cities] permits rough ground to bring as much as good ground. Rough and bluff ground still going for \$1,000/ac. Sure won't cash flow but a better investment than a lot in town.

... The recreational/timber land continues to sell higher, probably up 15% from last year.

... Most land is being purchased for recreation and not solely for farming and pasture-timber land brings good money. Although most is being purchased by area persons, lowest sale I am aware of was \$758/ac for a much cut over brushy farm sold at estate auction.

... Two pasture type farms sold recently for \$1,425 to \$1,550 with no road frontage -- one for recreational and one to a young individual who wants to farm in the future but rents out for now.

... Several well established farmers in the area are still bidding up the price of [Mo. River] bottomland when it comes available.

... Quality of land seems to be irrelevant in recent sales.

... Values appear to be peaking out. Asking prices remain strong, but willing buyers seem to be more cautious. There is a limited amount of property for sale in this area and buyers often get aggressive when a good property is available.

## **Linn, Macon, Randolph, Chariton**

... Values will vary due to value of improvements.

... Land values are higher than what its productivity reflects.

... Continues to be a lot of interest in hunting land, which keeps marginal pasture and cropland priced higher than what it can produce agriculturally.

... Continued strong interest in good cropland. Demand for CRP has leveled off.

... Strong interest by non-farmers in hunting land especially wetland (flooded) for duck hunting.

## **East Central Counties**

### **Franklin, St. Charles**

... Only [river] bottoms are ag properties. All else is transitional land to residential, recreation, etc.

... A lot of local competition.

### **Montgomery**

... Continues to feel suburban pressure. Woods and pasture in eastern [part of county] will now bring \$3,000/acre in small tracts for life style homes.

## **Northeast Counties**

### **Ralls, Pike, Monroe, Shelby, Marion, Lewis**

... People from St Charles, Wentzville, Troy area are buying lots of land in our area. Some are hunters and others are looking for land exchange as they sell high priced land in the above areas.

... Due to proximity to St Louis metro area, land values are greatly influenced by outside sources. "Like kind exchanges" of farmland sold in St. Charles and Lincoln Counties are being traded for land in Pike County. Also, recreational buyers continue to influence the 120 acre and smaller tracts.

... Outside the county purchasers are paying premium price for tracts from 40 acres up, depending on the amount of forested land. In most cases they are purchasing for recreational use and leasing pasture and cropland back to the seller.

... In some cases, sale of crop and timber land are approaching \$1,700-2,000/ac. These sales are obviously for long term appreciation and recreational uses.

... This county is rapidly approaching full transition status as metro purchasers are commuting up to 70 miles one way to work.

... Many metro buyers are entering farming as a new occupation. The typical profile are those who left rural areas and have or are close to retirement and looking for a second career. These purchasers typically operate the farm or have short-term leased it to the former owner until they fully retire.

... Many tracts are sold with little or no improvements and weekend homes are being built.

### **Northwest Missouri Counties**

... Buyers from metro areas [looking] for a get away and sports hunt-fish. Rolling timber with water highest.

### **Buchanan**

... People are buying farms for space who have no intentions of farming. \$1,990/ac for 70 acres of timber, wasteland and 25 acres of poor cropland.

### **DeKalb, Caldwell, Clinton, Davis**

... We have some very aggressive R.E. agents who bring in out of state buyers and who are paying some premiums for land. Timber sells for a premium for hunting and building sites. Very few large farms sell in this area (over 260 ac.)

### **Southwest Missouri Counties**

### **Barton, Jasper**

... Some land is being purchased for hunting and fishing only.

### **Greene, Dade, Polk, Lawrence**

... I have felt for several years that farmland has become like commercial – location effects value more than productivity.

... Very few tracts of over 40 ac sell in Greene Co.

... I have seen timber tracts sell higher than good pasture.

... Many times value of larger tracts is determined by who the adjoining landowner is.

... Very few grain or dairy farms left in my area.

... Purpose buyers have is not always clear. There is growth in demand for small acreages.

... Many plan to operate for awhile, then use for small acreage homesites.

... Sales are slow at today's prices. Trend may be down if someone needs to sell.

### **Christian**

... About all the land in county is now influenced somewhat by the growth of residential and commercial development.

... I believe almost any rough to good pasture land someday suitable for building sites will bring from \$1,200 to 1500/ac in large tracts. I am aware of one 320 acre rough place that brought \$2,500/ac.

### **South Central Counties**

#### **Miller, Camden, Laclede, Pulaski**

... Mini farms/development speculation \$1,000-\$2,000

#### **Reynolds**

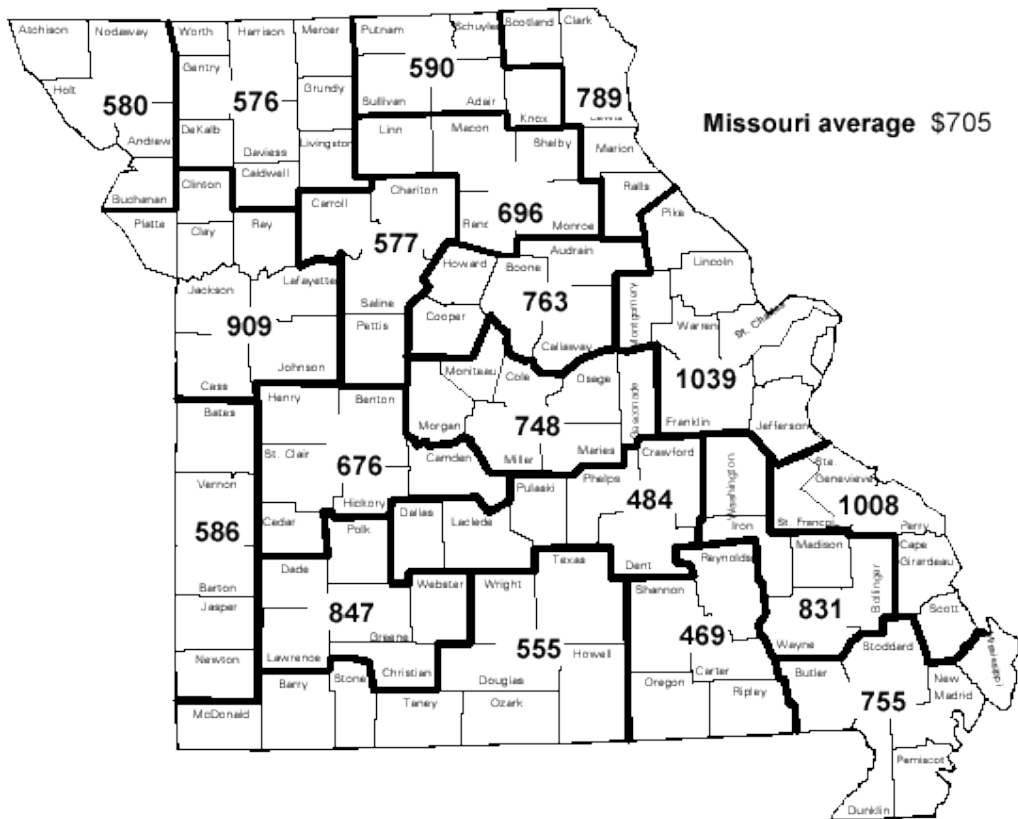
... Cutover timberland \$250-300/ac

### **Bootheel Counties**

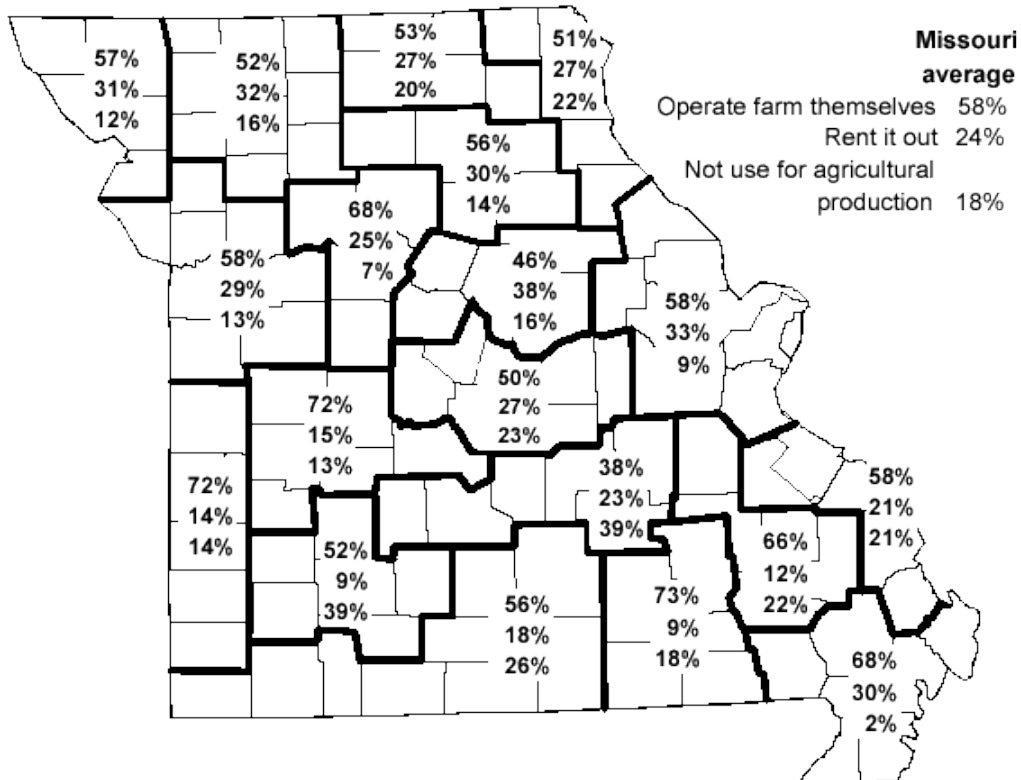
... Timber has hunting value



**Map 3. Estimated timberland values per acre for June 2002.**

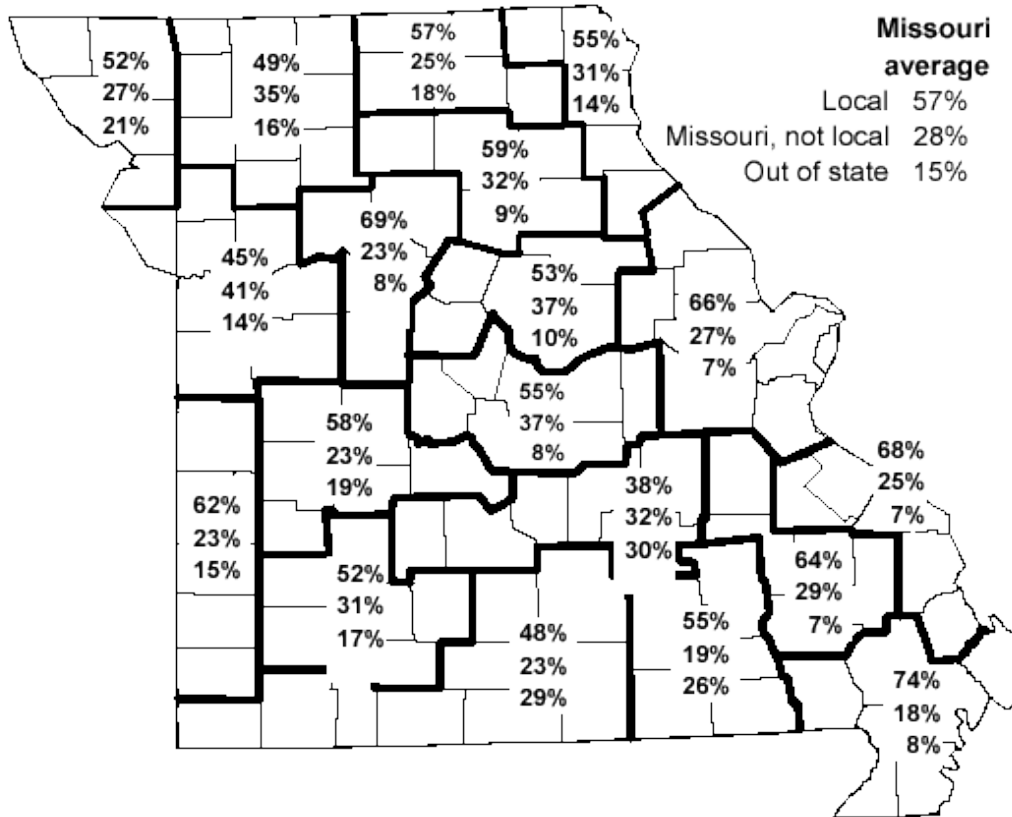


**Map 4. Use to be made of farmland purchased in 2002.**

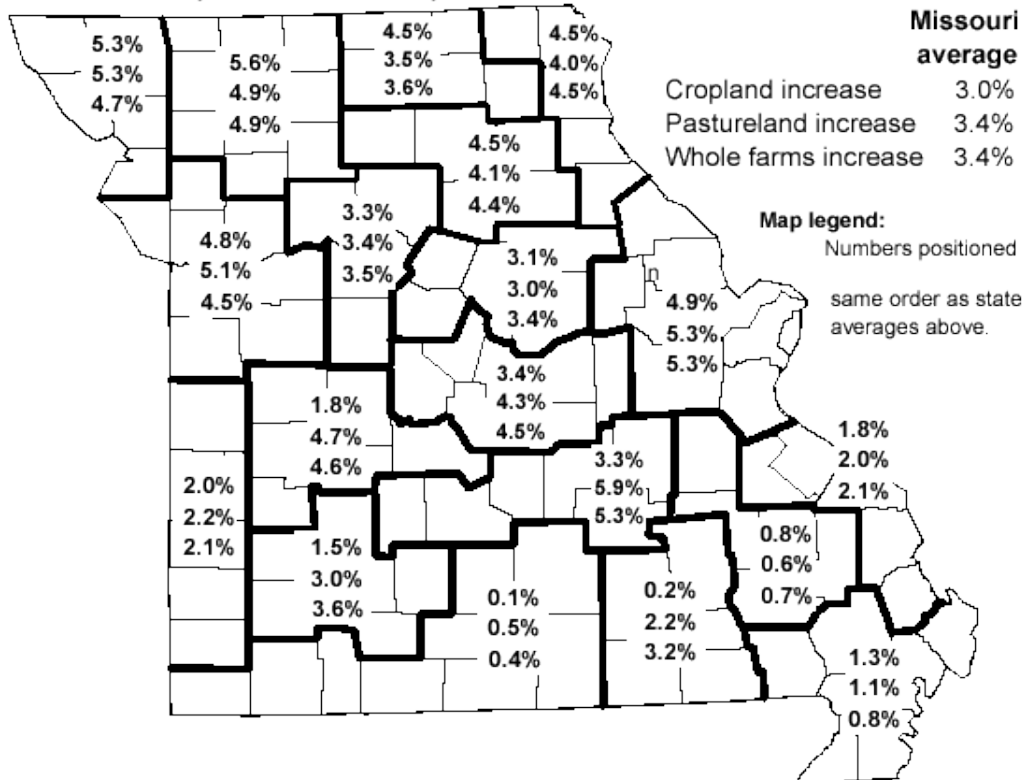




**Map 5. Location of people buying Missouri farmland in 2002.**



**Map 6. Percent increase estimated for Missouri farmland values from June 1, 2001 to June 1, 2002.**



**Map 7. Percent increase forecasted for Missouri farmland values from Jan. 1, 2002 to Jan. 1, 2003.**

