2003 MISSOURI FARM LAND VALUES OPINION SURVEY

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A survey was conducted in July 2003 to determine what people think has been happening to farmland values in Missouri and 200 people responded. Of those responding, 65% identified themselves as lenders, 14% rural appraisers, 11% 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. With the continuing increase in urban sprawl, this no doubt excludes may tracts near cities and towns.

Average Value of Land

Respondents were asked to give their estimates of land values as of June 2003 for three classes of cropland and pasture (good, average, poor), timberland (with valuable trees), and hunting/recreation land (with little productive ag. value but with desirable aesthetic qualities). Classification of land was left to the judgment of each respondent. Their responses are summarized by regions on Maps 1, 2, and 3 (click on links below).

When timberland was defined in this year's survey as land having valuable trees, the values reported for timberland increased substantially over previous years when no definition was provided. This year four respondents provided values for cut-over timberland in southern Missouri. Their responses averaged $425 per acre.

Nearly all respondents reported values in the new category of hunting/recreation land, as compared to only 18 write-in responses in the "other land" category last year. Many counties in the Missouri Ozarks have little productive cropland but contain rural land that produces wildlife, timber, or has other desirable natural features.

Map 1. Estimated cropland values per acre for June 2003
Map 2. Estimated pastureland values per acre for June 2003
Map 3. Estimated timber and hunting/recreation land values per acre for June 2003

Outlook

Respondents were asked their opinions of the percentage change that occurred in the value of farmland in their area during the past year. On average, respondents estimated that all Missouri farmland increased 5.3% between June 2002 and June 2003. They thought cropland had increased 4.9%, pasture had increased 5.1%, and other types of farmland had increased 6.1%.

For the period June 2003 to June 2004, they expect the value of all land to increase only 3.4%, cropland 3%, pasture 3.2%, and other types of farmland 4%.

Map 4. Percent change estimated for Missouri farmland values from June 2002 to June 2003
Map 5. Percent change forecasted for Missouri farmland values from June 2003 to June 2004

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 6. Use to be made of farmland purchased in 2003

These questions have been asked on the survey for the last 6 years. Their answers, when averaged for the state, have resulted in a similar percentage distribution over this time period. This year some respondents commented that they were seeing a slight increase in the number of people buying land as an investment due to the poor yields from stock market investments and low interest rates. This may be reflected in the 3% increase in the "not use for agricultural production" category shown below.

		2003	1998-2003 Avg.
Use:	Farm themselves	52%	55%
	Rent out	23	23
	Not use for agric.	25	22

Other Land Value Reports

According to the USDA report of Agricultural Land Values released in August 2003, the value of all farm real estate (land and buildings) in Missouri increased 5.3% last year (Jan. 1, 2002 to Jan. 1, 2003) to $1,600 per acre. This continued the upward trend that began in 1987. Below are January 2003 per acre values for some other states and regions included in the August USDA report.

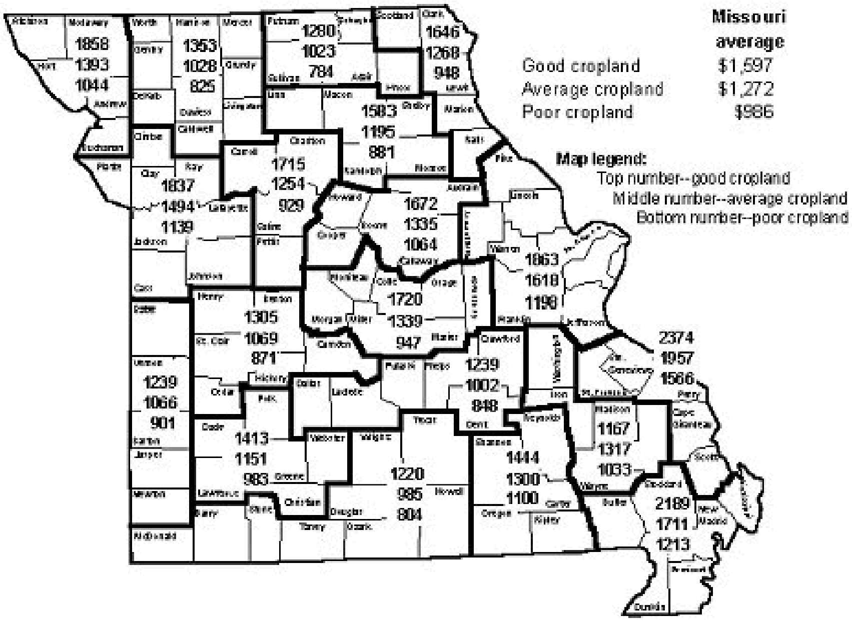
Some lending institutions in Missouri also develop land value estimates for in-house use. The differences between the estimates developed by USDA, lending institutions, and this survey can often be explained by differences in the time period covered or unique definitions of land types. A major difference between the Missouri survey and others is the exclusion of parcels under 40 acres or land that is being converted to commercial or development uses.

However, the USDA report of a 5.3% increase in all Missouri farm real estate between January 2002 and January 2003 is the same as the estimate from our Missouri respondents of a 5.3% increase between June 2002 and June 2003 which excludes certain types of land.

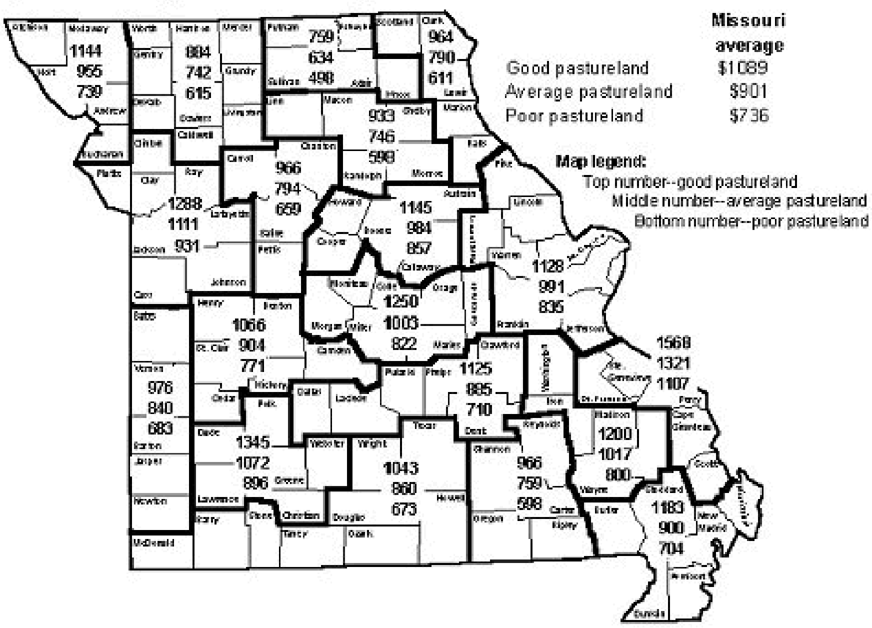
Agricultural Land Values Per Acre, January 1, 2003 (USDA/NASS)

	All Cropland	Pasture	All land & buildings
Missouri	$1,570	$1,100	$1,600
Kansas	690	400	620
Arkansas	1,180	1,180	1,470
Iowa	2,200	870	2,050
Illinois	2,900	1,320	2,770
Cornbelt (IN, IL, IA, MO, OH)	2,450	1,200	2,290
U.S.(average 48 states)	1,720	618	1,270

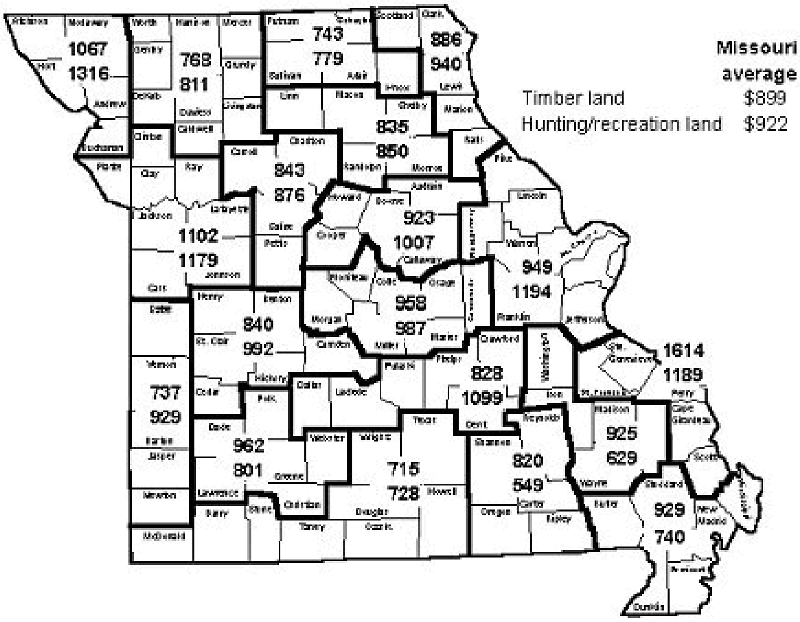
Map 1. Estimated cropland values per acre for June 2003.



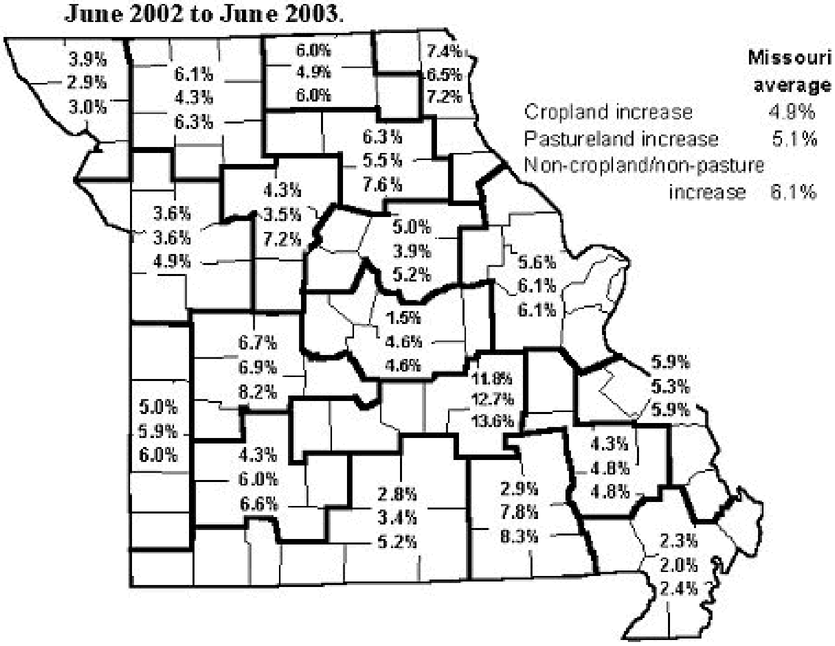
Map 2. Estimated pastureland values per acre for June 2003.



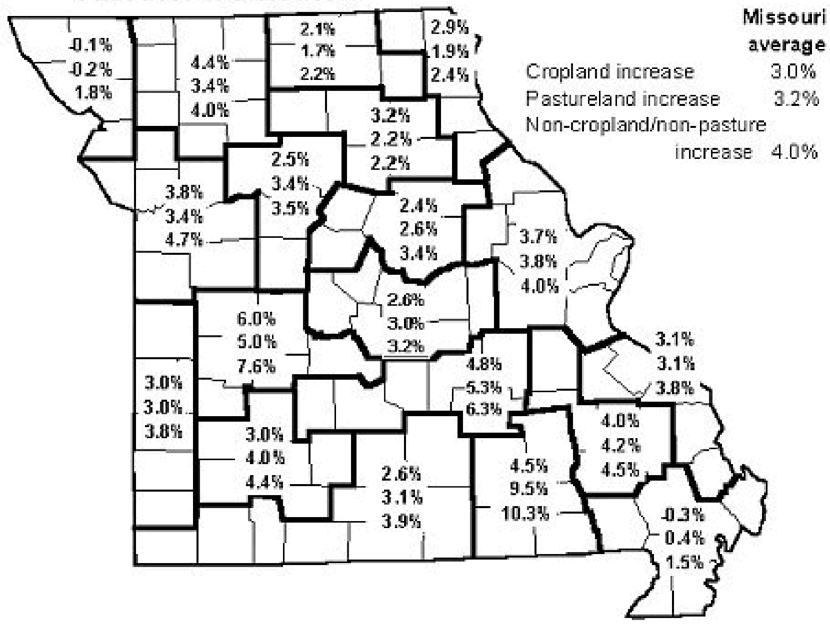
Map 3. Estimated timber and hunting/recreation land values per acre for June 2003.



Map 4. Percent change estimated for Missouri farmland values from June 2002 to June 2003.



Map 5. Percent change forecasted for Missouri farmland values from June 2003 to June 2004.



Map 6. Use to be made of farmland purchased in 2003.