

2004 MISSOURI FARM LAND VALUES OPINION SURVEY

Ron Plain and Joyce White
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A survey was conducted in July 2004 to determine what people think has been happening to farmland values in Missouri and 235 people responded. Of those responding, 64% identified themselves as lenders, 18% rural appraisers, 9 % extension, 4% sales, and 5% 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 many tracts near cities and towns.

Average Value of land

Respondents were asked to give their estimates of land values as of July 2004 for three classes of cropland and pasture (good, average, poor), timberland (with valuable trees), and hunting/recreation land (land with little productive ag. value but the desirable aesthetic qualities). Classification of land was left to the judgment of each respondent. Their responses are summarized on Maps 1, 2 and 3 on the following pages.

Map 1. Estimated cropland values per acre for July 2004

Map 2. Estimated pastureland values per acre for July 2004

Map 3. Estimated timber and hunting/recreation land values per acre for July 2004

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 7.6% between July 2003 and July 2004. They thought cropland had increased 8.2%, pasture had increased 7.0%, and other types of farmland had increased 8.7% (Map 4).

For the period July 2004 to July 2005, they expect the value of all land to increase 5.4%, cropland 5.3%, pasture 5.2% and other types of farmland 5.9% (Map 5).

Several respondents commented that they felt record low interest rates had increased the demand for land. They indicated increased demand for farmland by farmers as a result of favorable farming profits, as well as continued strong demand by non-farmers for rural land.

Uncertainty about interest rates tempered respondents' expectations that land values would continue to increase next year at the 2003-04 rate.

Map 4. Percent change estimated for Missouri Farmland values between July 2003 and July 2004

Map 5. Percent Change forecast for Missouri farmland values between July 2004 and July 2005

Who Is Buying Farmland?

Respondents were asked what they thought buyers of the land in their area planned to do with their purchases ? operate as a farm themselves, rent it out, or not use for agricultural production (Map 6).

Map 6. Use to be made of farmland purchased in 2004

These questions have been asked on the survey for the last 7 years. Their answers, when averaged for the state, have resulted in a similar percentage distribution over this time period.

<u>Use</u>	<u>1998-04</u>	<u>2004</u>
Farm themselves	54%	51%
Rent out	23%	24%
Not use for agr.	23%	25%

Over the last two years there has been a slight drop (1-2%) in the percentage of purchasers who planned to farm the land themselves and an increase in the percentage who planned to rent it out or not use for farming.

Comments from respondents may help to explain this shift. Several indicated there has been little good agricultural land on the market. Therefore, a disproportionate number of purchases may have involved lower quality land.

Trends in Missouri Farm Land Values



