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Missouri Farm Land Values Opinion Survey—2007

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A survey was conducted in July 2007 to determine what people think has been happening to farmland values in Missouri. In Missouri, land sales prices need not be reported to any governmental or public agency. We hope the opinions expressed by our survey respondents will be helpful to others needing to estimate current farmland values and trends.

Of the 197 persons responding to our July 2007 survey, 68% were lenders, 13% were rural appraisers, 7% were MU extension specialists, 6% were realtors, and 6% were in other related occupations. They provided their opinions to questions concerning current farmland values and trends but 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 excluded many tracts near cities and towns.

Average Value of Land

Respondents were asked to give their estimates of land values as of July 2007 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 with 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.

Responses indicated good cropland in nearly all the counties along the Mississippi River south of St. Louis and along the Missouri River north from Saline Co. averaged $3,000 or more per acre in July 2007. Good cropland in all counties along these rivers was valued above the state average of $2,600 for good cropland.

Many respondents commented that strong grain prices had sparked interest in cropland for its productive potential. Realtors/brokers indicated more people looking for good cropland than were willing to sell. Respondents reported continued interest in all types of land by out-of-area and foreign buyers. Reports of "1031 exchanges" impacting prices continued, but more comments came from the western side of the state and bootheel this year and fewer from the northeast/central area.

Respondents' estimates of the percentage change in values between July 2006 and 2007 are shown in Map 5.

However, a comparison between the dollar values reported on Maps 1-3 in the 2006 and 2007 surveys indicates values increased much more in some areas than respondents' estimates on Map 5. Statewide, the cropland value estimates reported in July 2007 averaged 11.1% higher than in July 2006. Pasture values were 12.2% higher in 2007 and non-crop/non-pasture value estimates were up 9.9% compared to the values reported in July 2006.

Who Is Buying Land?

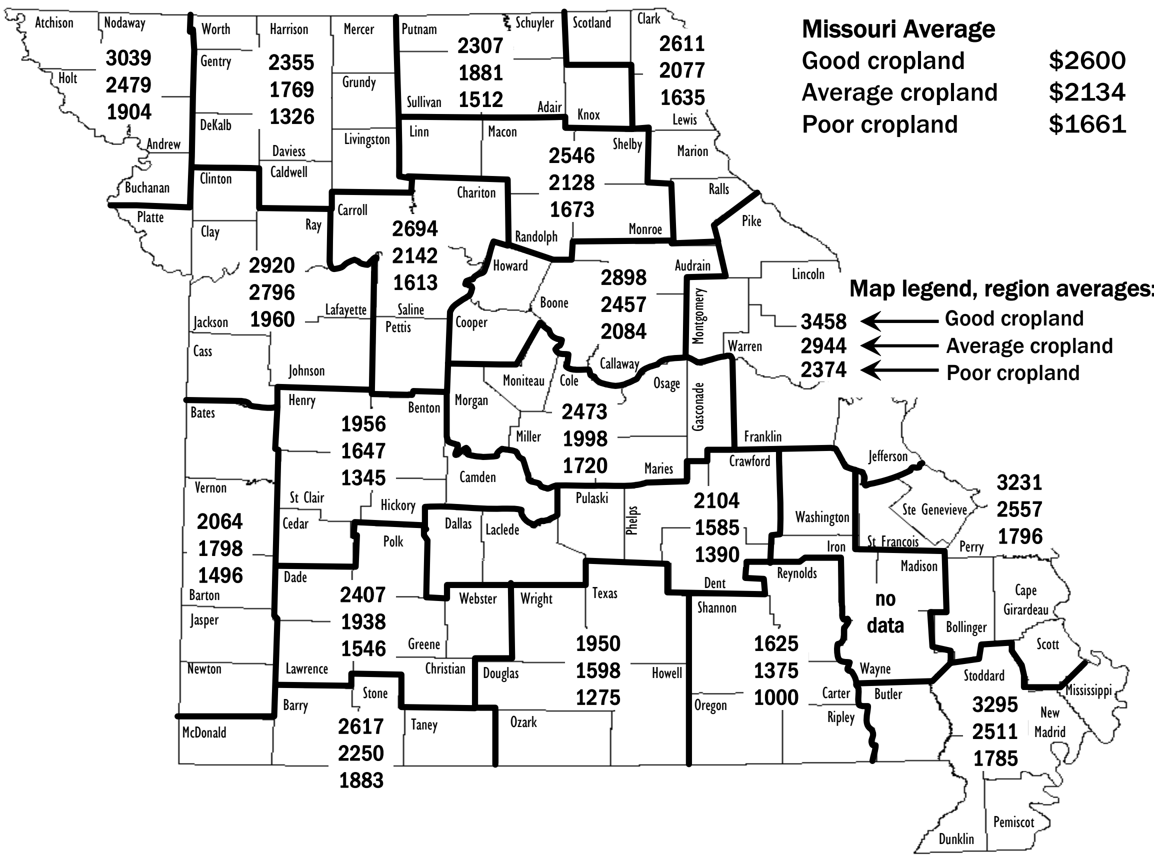
Survey responses showed 77% of farmland buyers planned to farm the land themselves or rent it out (Map 4). This is a 7% increase over 2006.

In some areas where buyers' interest in land for hunting/recreation or homesites had decreased, comments indicated weakness in the housing market and high fuel prices were factors.

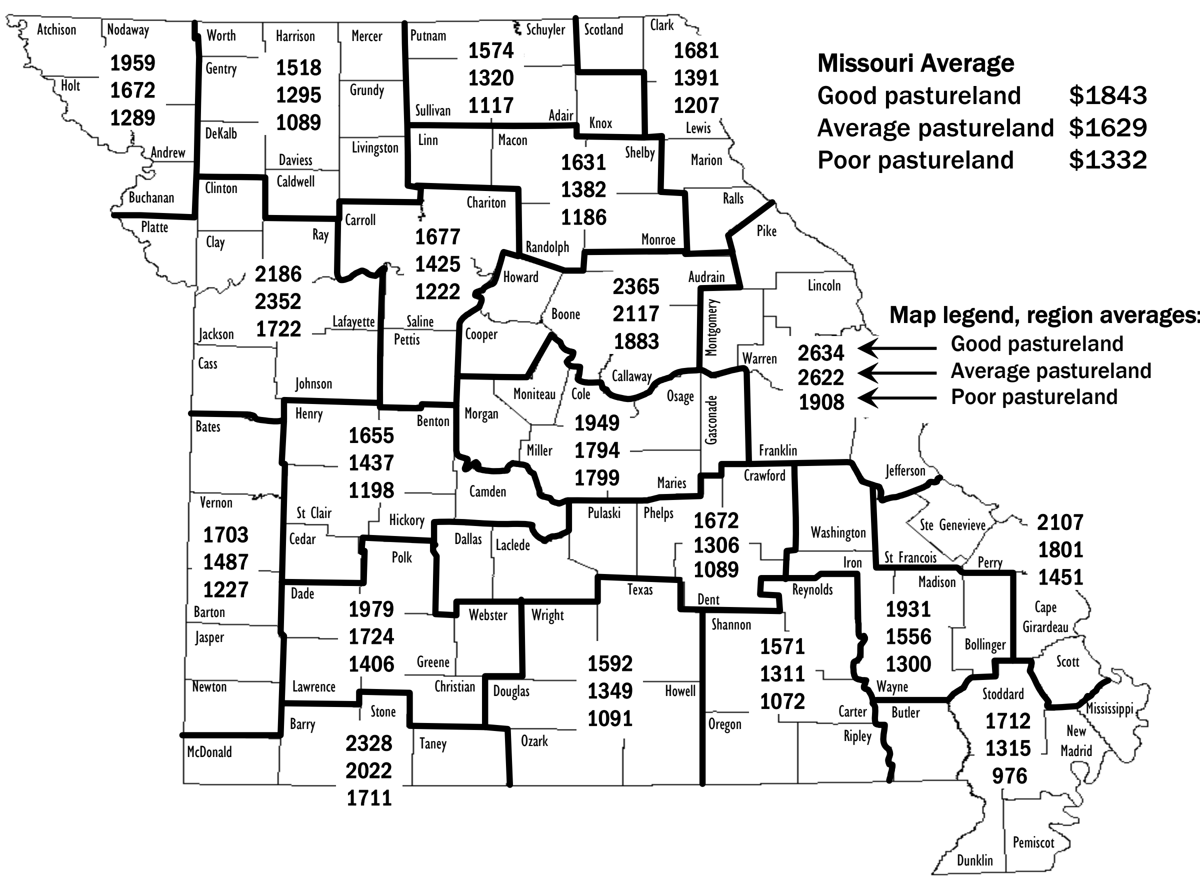
Outlook (Map 6)

For the next 12 months, respondents expect all land will increase 4%, with cropland up 4%, pasture up 3.2%, and other types of farmland up 3.5%. Most felt grain prices and cropland values would moderate and demand for non-farming uses would hold, but with weakness in some locations.

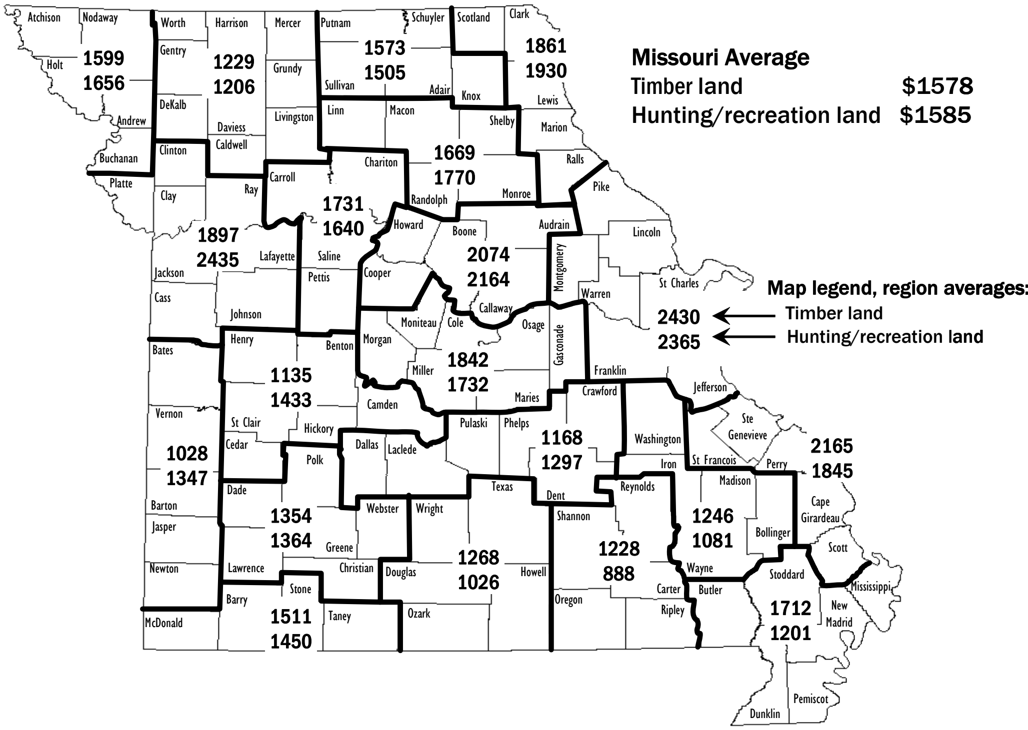
Map 1. Estimated cropland values per acre for July 2007



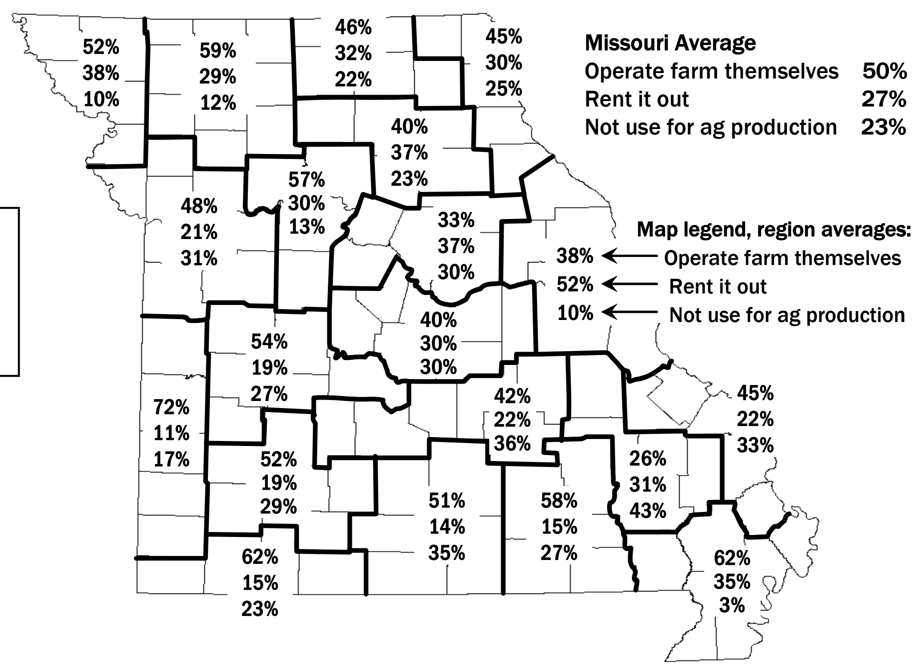
Map 2. Estimated pastureland values per acre for July 2007



Map 3. Estimated timber and hunting/recreation land values per acre for July 2007



Map 4. Use to be made of farmland purchased in 2007

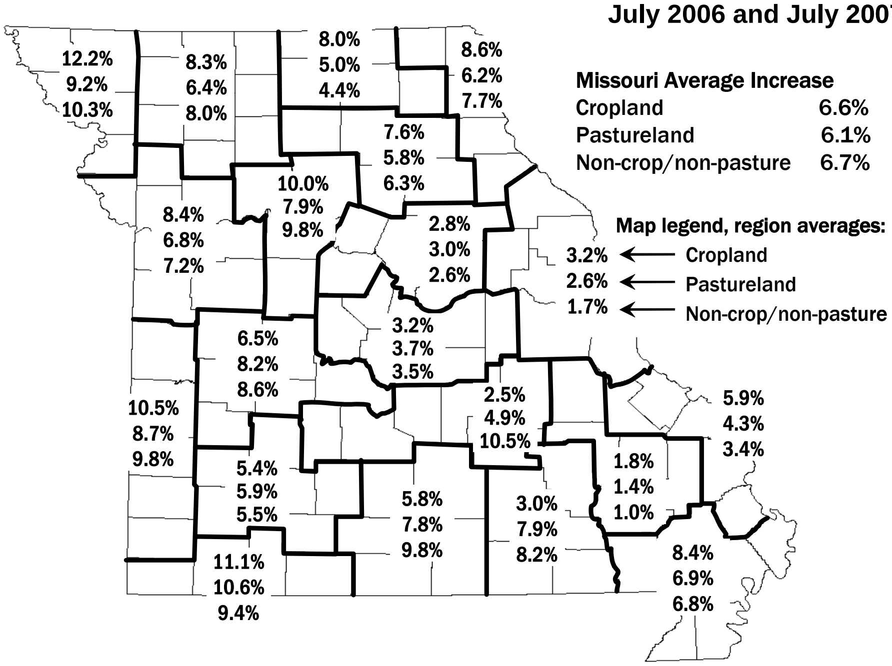


Values estimated in this survey exclude tracts smaller than 40 acres or farmland being priced on its development potential.

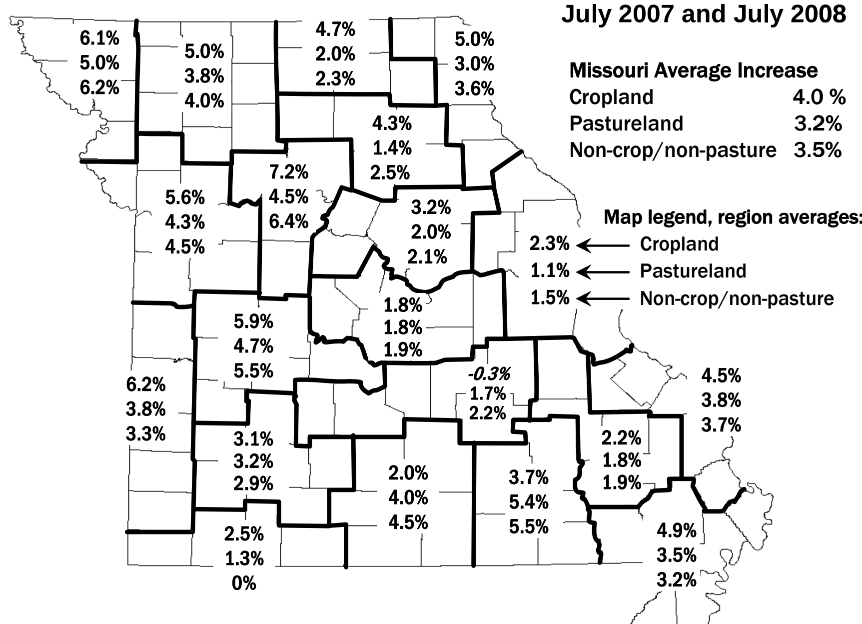
Agricultural Land Values Per Acre Jan. 1, 2007
(USDA/NASS)

	Cropland	Pasture	All land & bldgs.
Missouri	$2,450	$1,820	$2,280
Kansas	1,020	740	1,090
Arkansas	1,720	2,130	2,300
Iowa	3,650	1,800	3,400
Illinois	4,460	2,500	4,300
Cornbelt (IN, IL, IA, MO, OH)	3,720	2,010	3,450
U.S. (average 48 states)	2,700	1,160	2,160

Map 5. Percent increase estimated for Missouri farmland values between July 2006 and July 2007



Map 6. Percent change forecast for Missouri farmland values between July 2007 and July 2008



All Farmland & Buildings, 1950-2007
Missouri Values, USDA/NASS