

Missouri Farm Land Values Opinion Survey – 2018

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A web based survey was conducted in September 2018 to determine what people think has been happening to farmland values in Missouri. The survey was sent to persons we expected to have a good handle on land values. Ag lenders, rural appraisers and farmers received the survey.

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 116 usable surveys in 2018, 66% came from lenders, 18% from farmers, 9% from rural appraisers, and 8% from other occupations. They 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.

Average Value of Land

Respondents were asked to give their estimates of land values as of July 2018 for three classes of cropland and pasture (good, average, poor), irrigated cropland, timberland (with valuable trees), and hunting/recreation land (land with little productive agricultural 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.

This year's respondents reported the value of good cropland at \$5,217 per acre, up \$340 or 7% above last year. There was a wide range of price changes across the state – some increased, others decreased. Good pastureland was estimated to have a statewide average

value of \$2,915 per acre – no change from last year's estimated value of \$2,916. Timberland was up \$73 to \$2,086 per acre. Hunting/recreation land was up \$107 to \$2,155 per acre. This is the first year the survey asked respondents for their opinion of irrigated cropland. The average statewide value they reported for irrigated cropland was \$5,514.

Map 4 displays the percent change in reported value from the 2017 survey to the 2018 survey for good cropland, good pastureland and timber/hunting/recreational land.

Last year respondents expressed their outlook for land values. They forecasted increases of 0.3% for cropland, 0.6% for pastureland and 1.3% for timber/hunting/recreational land. While they did not get the percentage correct, they did get the direction correct. Average land values held steady or showed slight growth in 2018.

Who Is Buying Land?

Survey respondents thought that 61% of farmland buyers were planning to farm the land themselves; 30% were planning to rent out the land; 8% were planning to use it for non-farming purposes (Map 5). This result indicates that more land buyers were expected to rent their recently purchased land than last year where 68% were expected to farm the land themselves.

Factors Affecting Values

Despite last year's respondents forecasting slight rises in land values, this year's survey respondents seemed to express surprise at how strong land values have remained. One person said, "With the uncertainty of ag tariffs limiting the sale of ag commodities, the depression of ag commodity prices and the likely increase in

interest rates, I am surprised that the land values have remained as strong as they have.”

Several respondents who indicated their expectation of decreasing land values indicated that the current market for agricultural commodities was the most important factor. On the other side, several of the respondents acknowledged low commodity prices might be putting downward pressure on land prices but said other factors were overcoming the downward pressure of commodity prices.

Reasons cited for land prices rising included investors and old money. Farmers whose financial reserves were sufficient to allow them to purchase land were keeping the limited amount of land coming into the market from falling. Investors who intended to rent the land were able to keep prices stable to increasing. Buyers looking for recreational land also factored into keeping land prices up.

Outlook

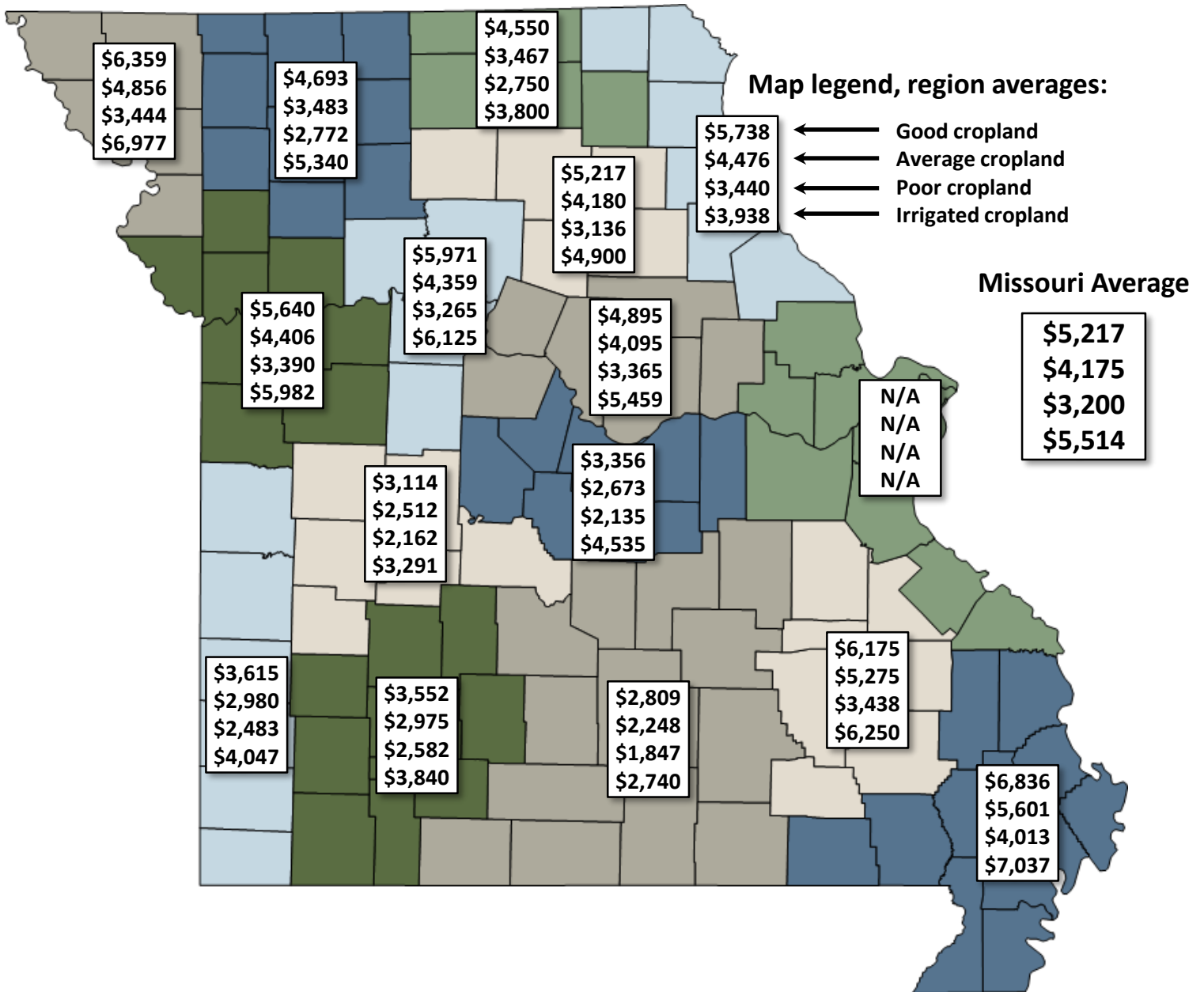
Given the amount of respondents expressing surprise over how strong land values have remained, it is not too surprising that the average of expectations for land values next year is for it to be down. Over the next 12 months, respondents expect cropland values to decrease 0.6% and pasture values to decrease about 0.4%. Timber/hunting/recreational values are expected to increase 0.4% (Map 6).

USDA Land Value Data

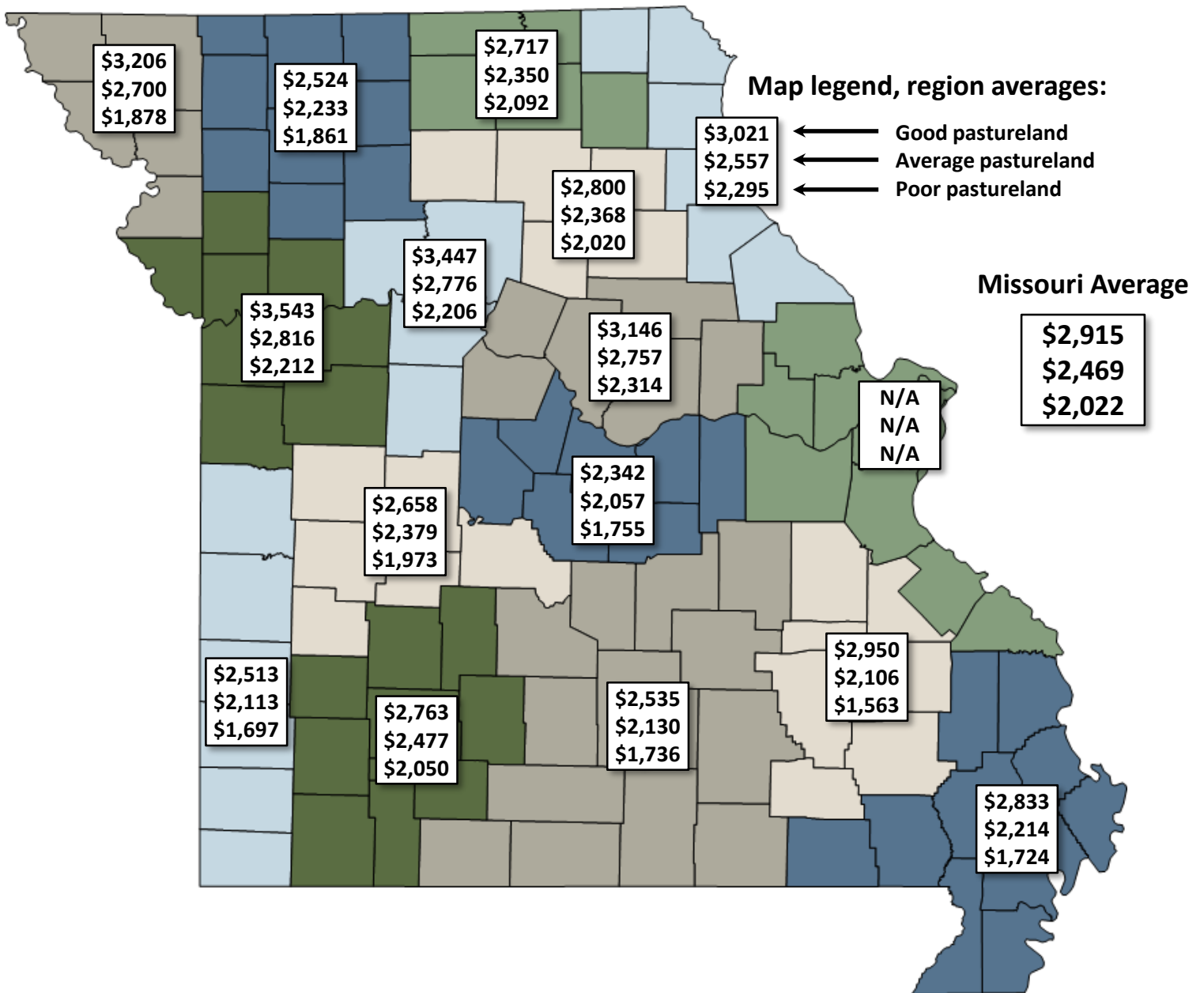
Table 1 reports the USDA estimates of average land values for Missouri and surrounding states. The \$3,820 estimate of the USDA is \$355 lower than the \$4,175 value reported by our survey respondents. The real value of this data is in comparing values in different states.

Figure 1 shows the trend in Missouri farmland and building values over time. There has been a consistent 6% appreciation of value since 1950. Current values are slightly above the 6% trend.

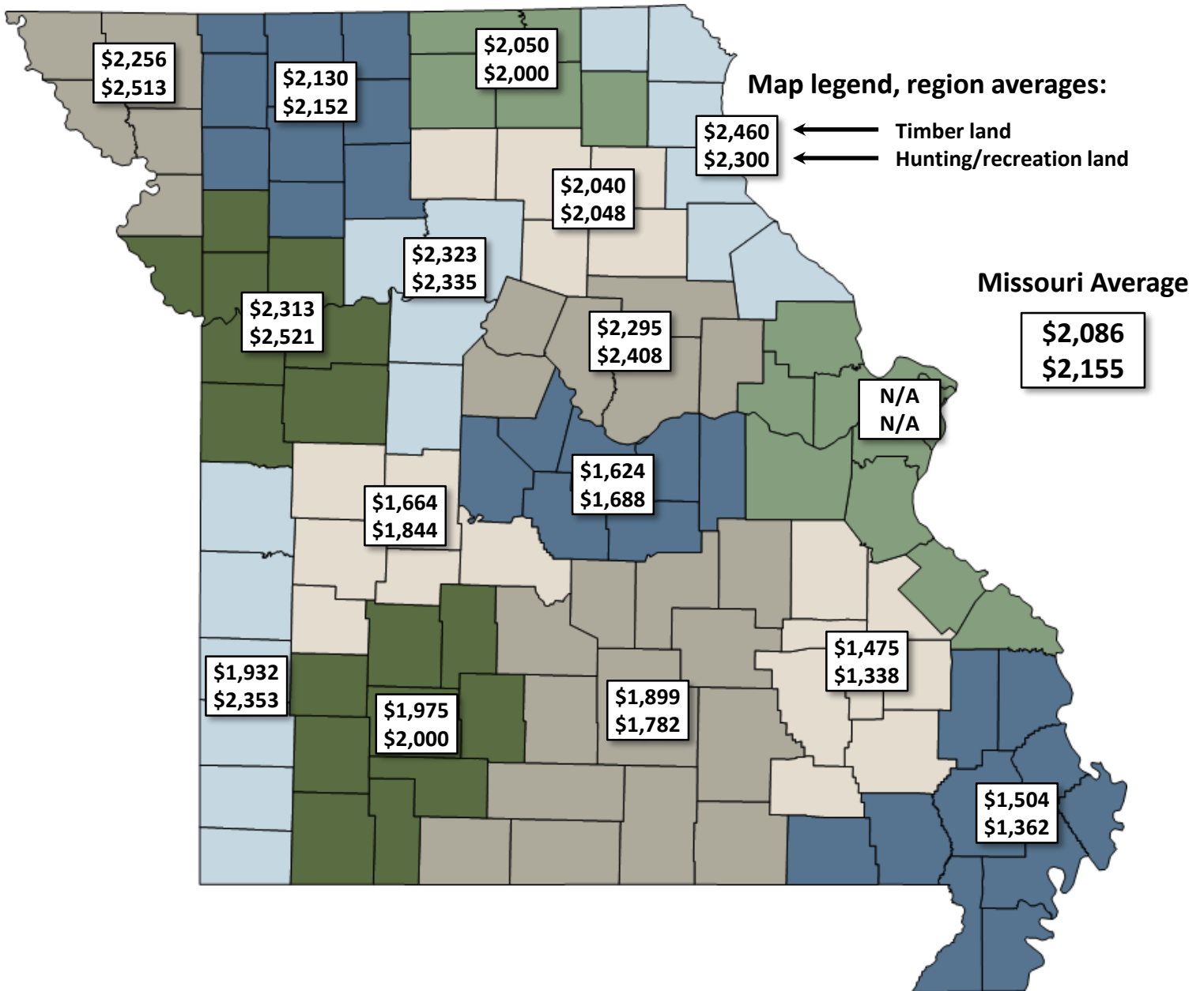
Map 1. Estimated cropland values per acre for July 2018



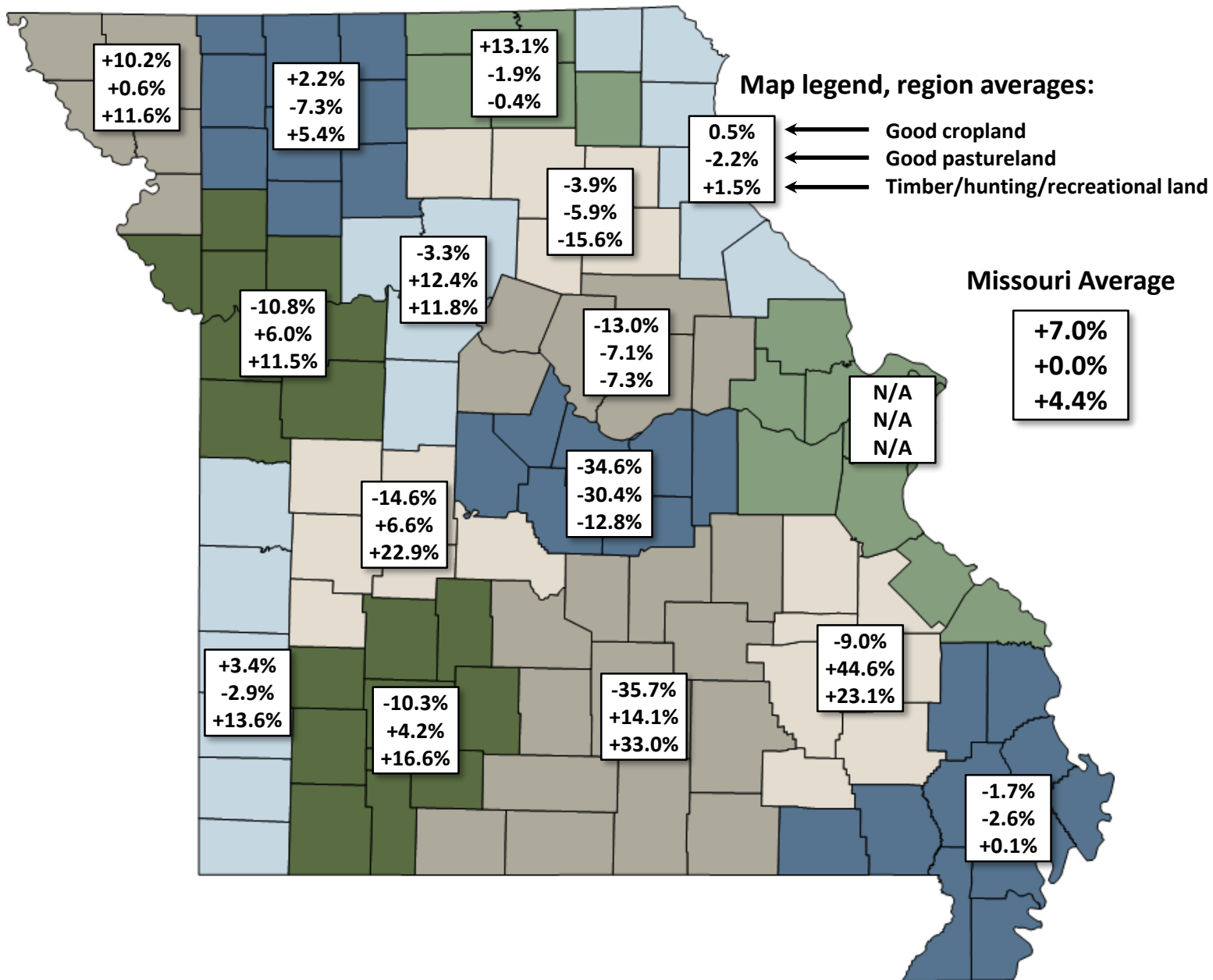
Map 2. Estimated pastureland values per acre for July 2018



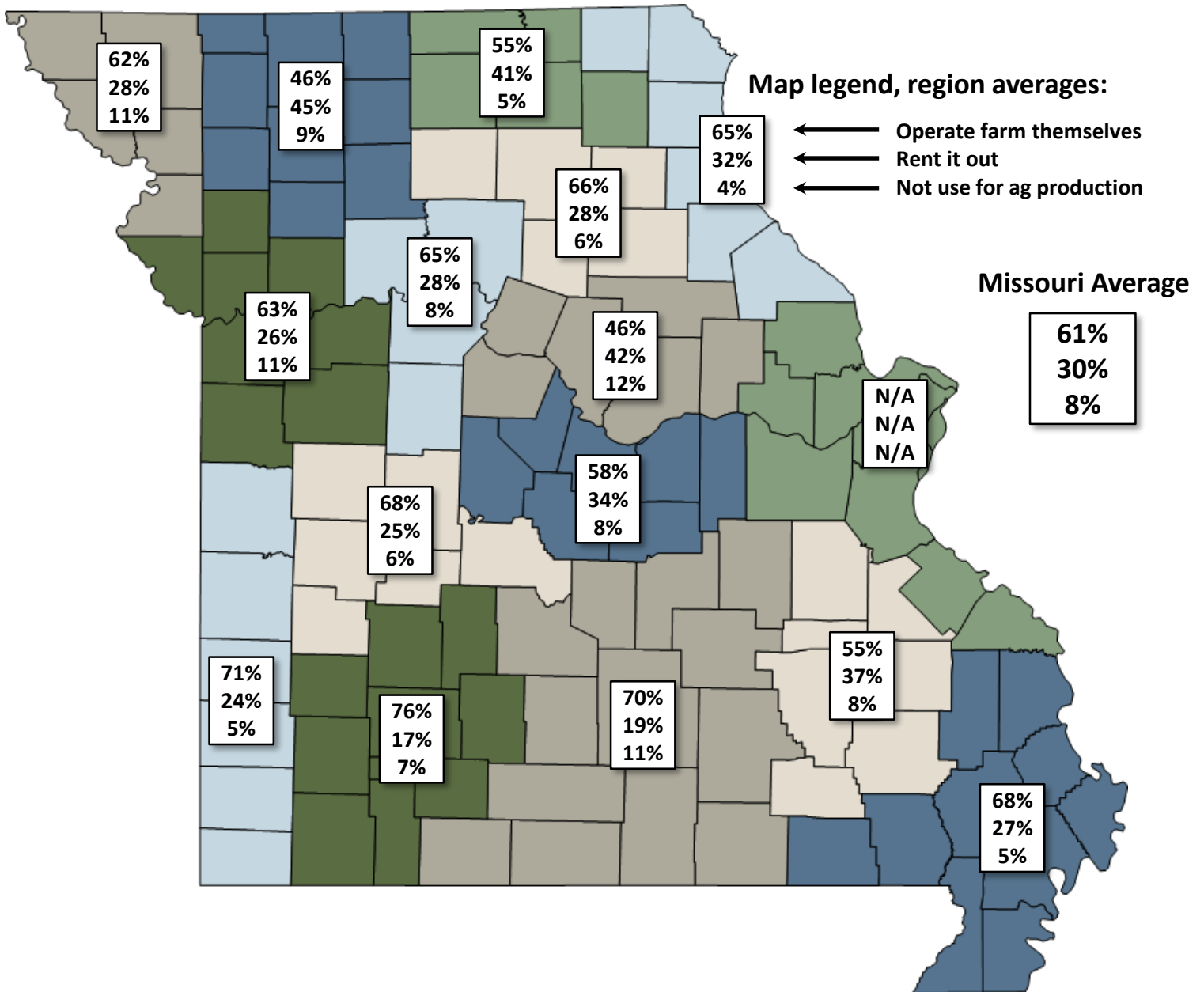
Map 3. Estimated timber and hunting/recreation land values per acre for July 2018



Map 4. Percent change in estimated Missouri farmland values between July 2017 and July 2018



Map 5. Use to be made of farmland purchased in 2018



Map 6. Forecasted percent change in Missouri farmland values between July 2018 and July 2019

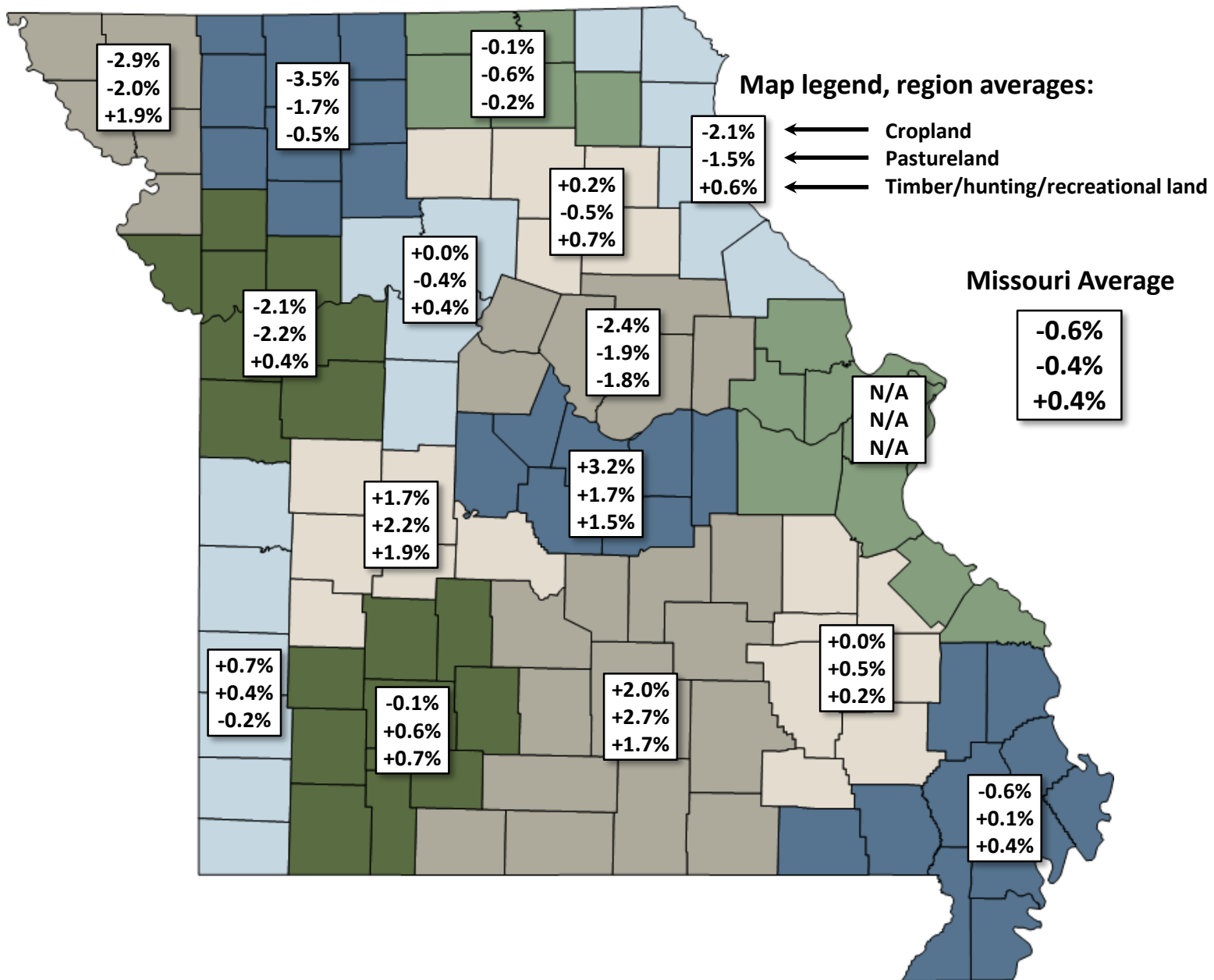
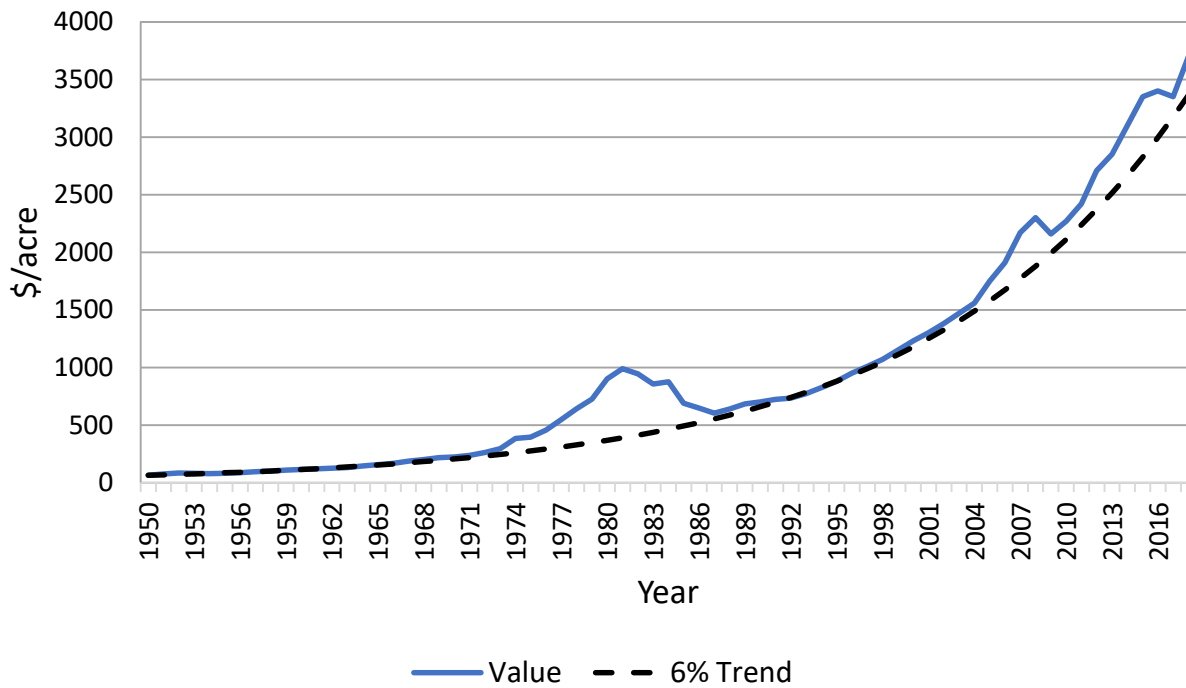


Table 1. Agricultural Land Values Per Acre June 2018

	Cropland	Pasture	All land & buildings
Missouri	\$3,820	\$2,100	\$3,700
Kansas	\$2,010	\$1,280	\$1,800
Arkansas	\$2,850	\$2,600	\$3,250
Iowa	\$8,100	\$3,100	\$8,080
Illinois	\$7,450	\$3,270	\$7,450
Cornbelt (IN,IL, IA, MO, OH)	\$6,710	\$2,470	\$6,430
U.S. (average 48 state)	\$4,130	\$1,390	\$3,140

Source: (USDA/NASS)

Figure 1. All Farmland & Buildings, 1950-2018, Missouri Values



Source: (USDA/NASS)