

Missouri Farm Land Values Opinion Survey

A web based survey was conducted in August 2019 to determine what people think has been happening to farmland values in Missouri. The survey was sent to persons we expected to have insight 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.

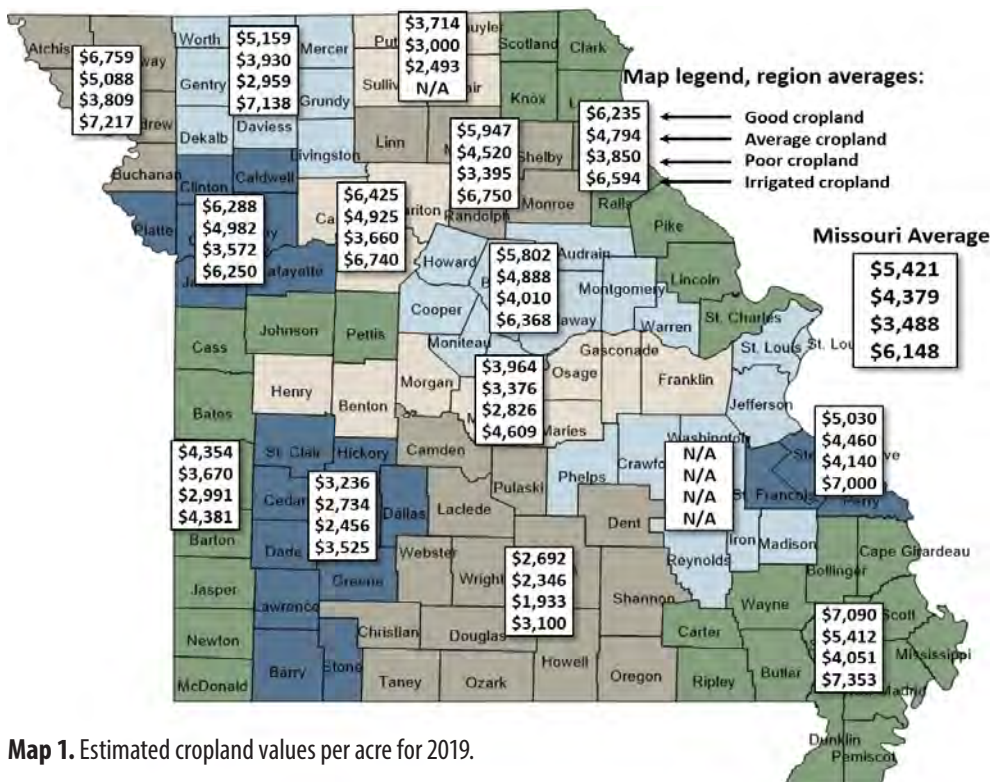
Of the 124 usable surveys in 2019, 75% came from lenders, 13% from farmers, 9% from rural appraisers, and 4% from other occupations. They provided their opinions to questions concerning current farmland values and trends. They were asked to exclude from their answer's tracts smaller than 40 acres or 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 2019 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. Maps 1, 2 and 3 summarize their responses.

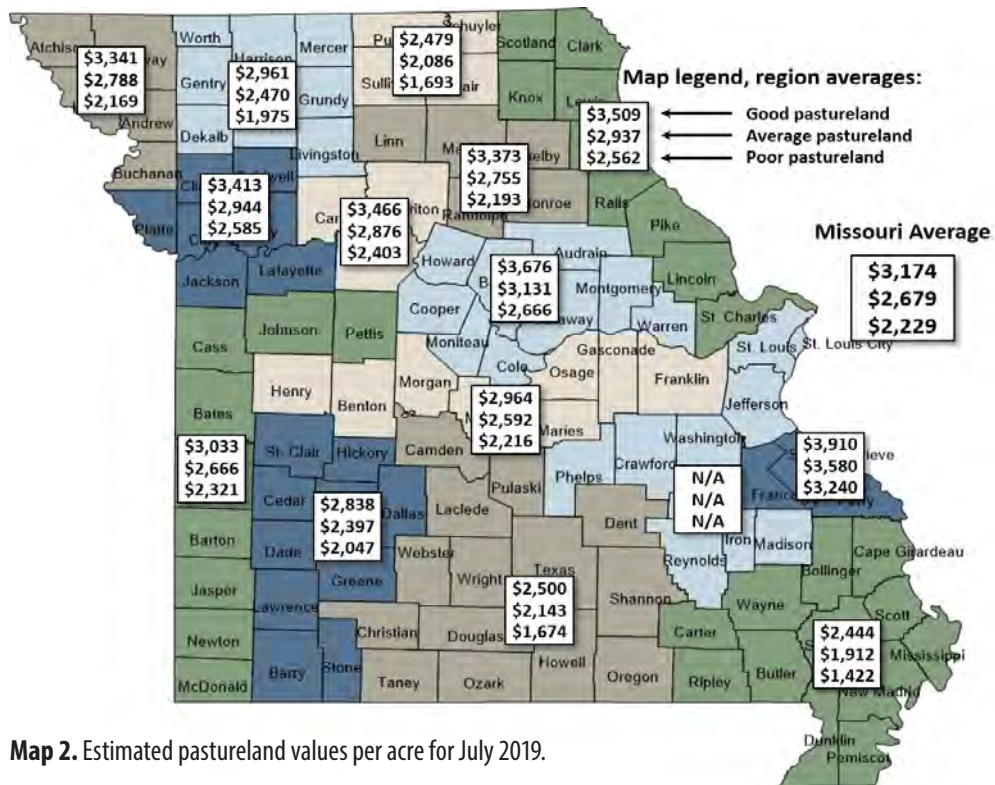
This year's respondents reported the value of good non-irrigated cropland at \$5,421 per acre, up \$204 or 4% above last year. The average statewide value reported for irrigated cropland was \$6,148, up \$634 from last year (Map 1).

Good pastureland was estimated to have a statewide average value of \$3,174 per acre, up \$259 or 9% above 2018 estimates. The change in pastureland was also quite variable, ranging from -6% to +22% (Map 2).

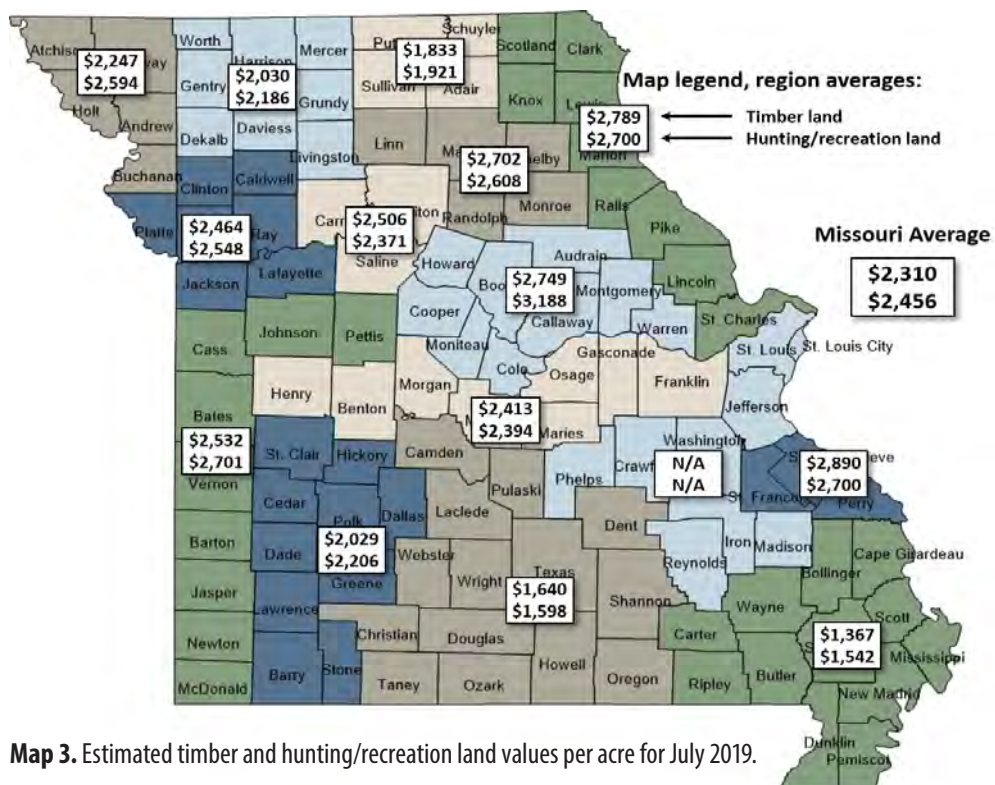


Map 1. Estimated cropland values per acre for 2019.

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Map 2. Estimated pastureland values per acre for July 2019.



Map 3. Estimated timber and hunting/recreation land values per acre for July 2019.

Timberland was up \$224 to \$2,310 per acre. Hunting/recreation land was up \$301 to \$2,456 per acre (Map 3).

Map 4 displays the percent change in reported value from the 2018 survey to the 2019 survey for good cropland, good pastureland and timber/hunting/recreational land. Estimated cropland value increases in various regions from last year ranged from +26% in eastern Missouri to -6% in northcentral Missouri (Map 4).

In 2018, respondents expressed their outlook for land values. They forecasted slight decreases for cropland and pastureland values. But this year they estimated increases for both categories of farmland. The continued increase in the opinion of farmland values is unexpected given the financial stress seen among farmers.

Who is buying land?

Survey respondents thought that 62% of farmland buyers were planning to farm the land themselves; 27% were planning to rent out the land; 10% were planning to use it for non-farming purposes (Map 5). This result is similar to the 2018 expectations of purchased farmland. Most districts in Missouri are similar to the state average. The exceptions are central and northeast

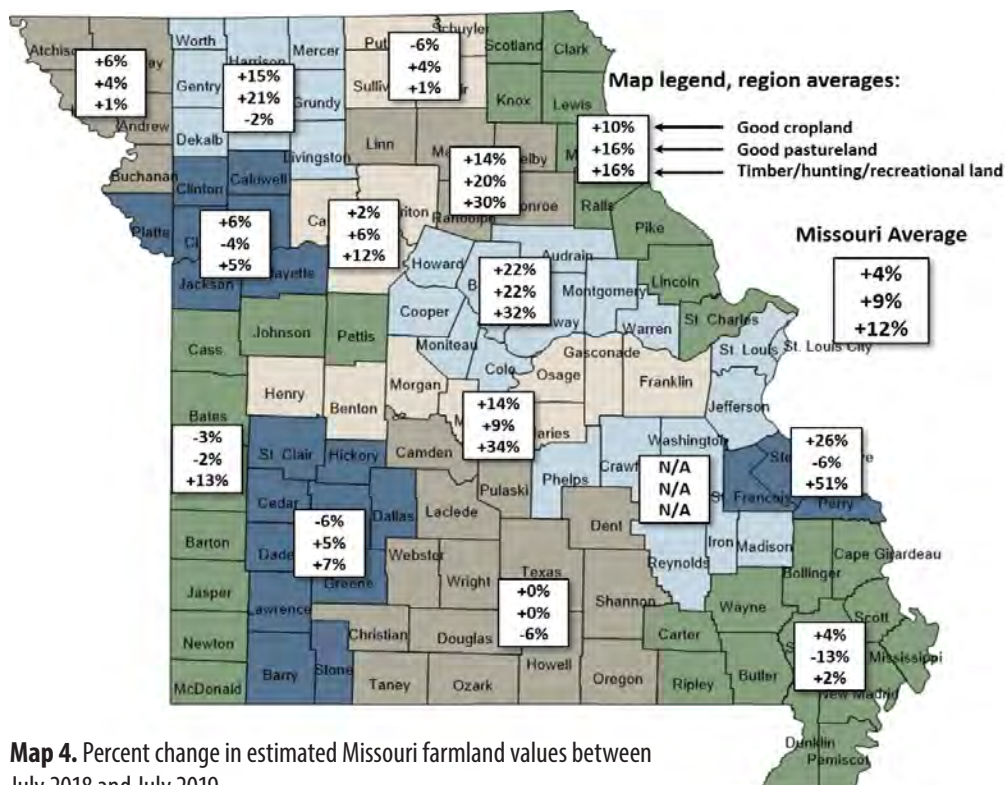
Missouri where about equal percentage of land buyers are expected to either farm the land themselves or rent it out.

Outlook

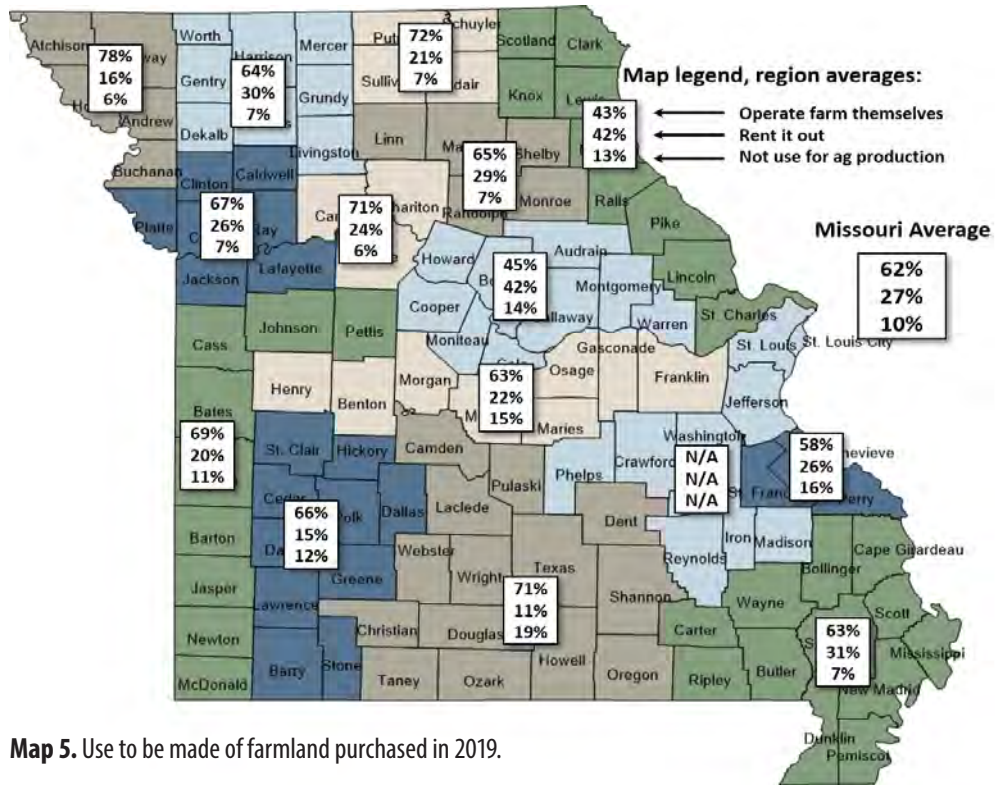
While respondents gave reasons for seeing land prices rise over the last 12 months, the average opinion was for no change within the next 12 months. In 2018, the respondents to this survey expected land values to decrease slightly. This year, while some regions show decreases and some increases, the average value of cropland, pastureland, timberland and recreational land across the state is expected to hold where it is now. Map 6 shows the expected change by region.

Factors affecting values

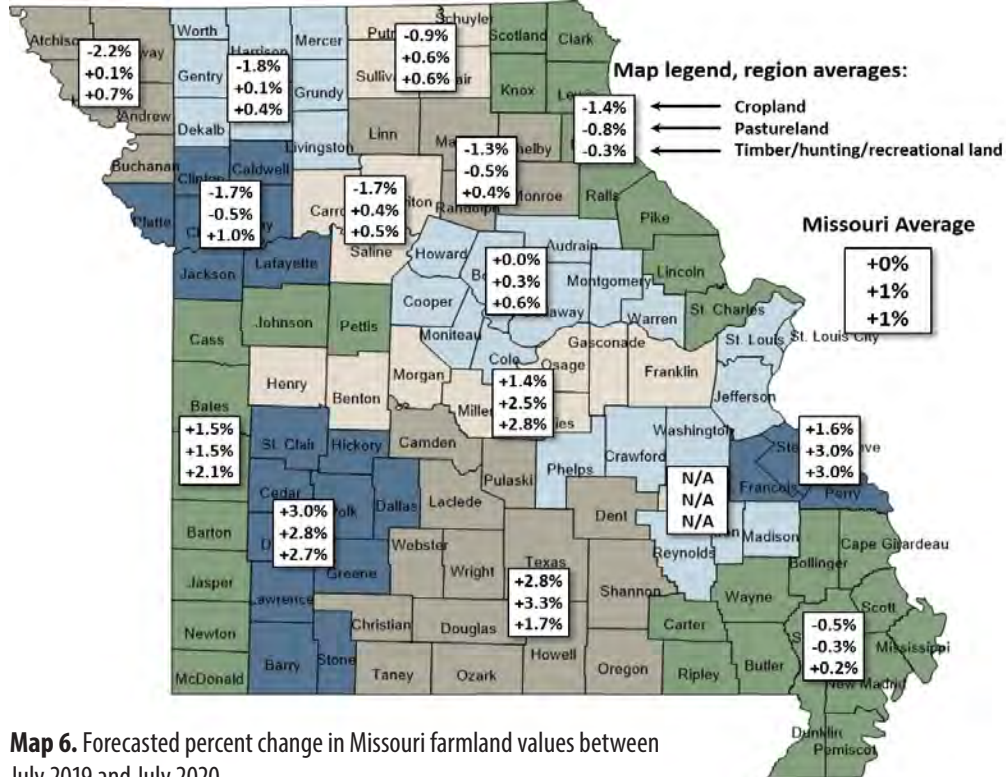
Comments from the survey respondents seemed to indicate that many realize that their responses might be counterintuitive. USDA reports lower land values for Missouri and surrounding corn belt states. Public expectations are that land prices should be decreasing. Reports of farmers dealing with low commodity prices and having credit challenges would point towards lower



Map 4. Percent change in estimated Missouri farmland values between July 2018 and July 2019.



Map 5. Use to be made of farmland purchased in 2019.



Map 6. Forecasted percent change in Missouri farmland values between July 2019 and July 2020.

land prices. But these factors have not generally resulted in lower land values for the state in the opinion of survey respondents.

Demand for land is still strong and rental rates have not decreased much. Land coming up for sale is moving without notable delays according to the comments of several survey respondents.

Several respondents said that the expansion of broadband internet into the rural areas has resulted in people purchasing land surrounding metropolitan areas, driving up values.

The adage that the three determinants of land are location, location and location seemed to ring true in the opinion of some respondents. One person said, “neighboring farmers seem to have a higher impact on the value than the actual quality of the ground.” Another wrote, “tracts that are located adjacent to successful farm operations seem to bring the highest amount per acre.”

Respondents cited general economic conditions as reasons for increased land values. Low interest rates allow purchasers to finance land. Low rates of return on safe investments such as CDs argue for investors, including farmers, to put money in land rather than other investments. Good economic conditions among non-farmers causes them to seek good investments in land.

Other respondents tried to explain the changes in land prices by changes in land uses. One said pastureland is being converted to cropland, driving up the value of grassland. Another said cropland is being converted to pastureland and purchased by people wanting to live in the country.

USDA land value data

Table 1 reports the USDA estimates of average land values for Missouri and surrounding states. The \$3,490 estimate of the USDA for cropland is \$889 lower than the \$4,379 value reported by our survey respondents for average cropland. For pastureland, the USDA estimates the value at \$2,679 per acre, or \$699 more than our survey estimate \$2,279 per acre.

The USDA data for other states can give a relative perspective of the value of land between 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. According to USDA data, real estate values began deviating from the 6% trend line about 15 years ago. Real estate values in Missouri have settled back down on the trend line and are slightly under it.

Table 1. Agricultural land values per acre, June 2019.

State(s)	Cropland (dollars)	Pasture (dollars)	All land and buildings (dollars)
Missouri	3,490	1,980	3,400
Arkansas	2,850	2,610	3,320
Illinois	7,300	3,170	7,280
Iowa	7,260	2,720	7,190
Kansas	2,160	1,390	1,960
Corn belt ¹	6,360	6,100	2,330
United States ²	4,100	3,160	1,400

¹ Includes Indiana, Illinois, Iowa, Missouri, and Ohio.

² Averages 48 states.

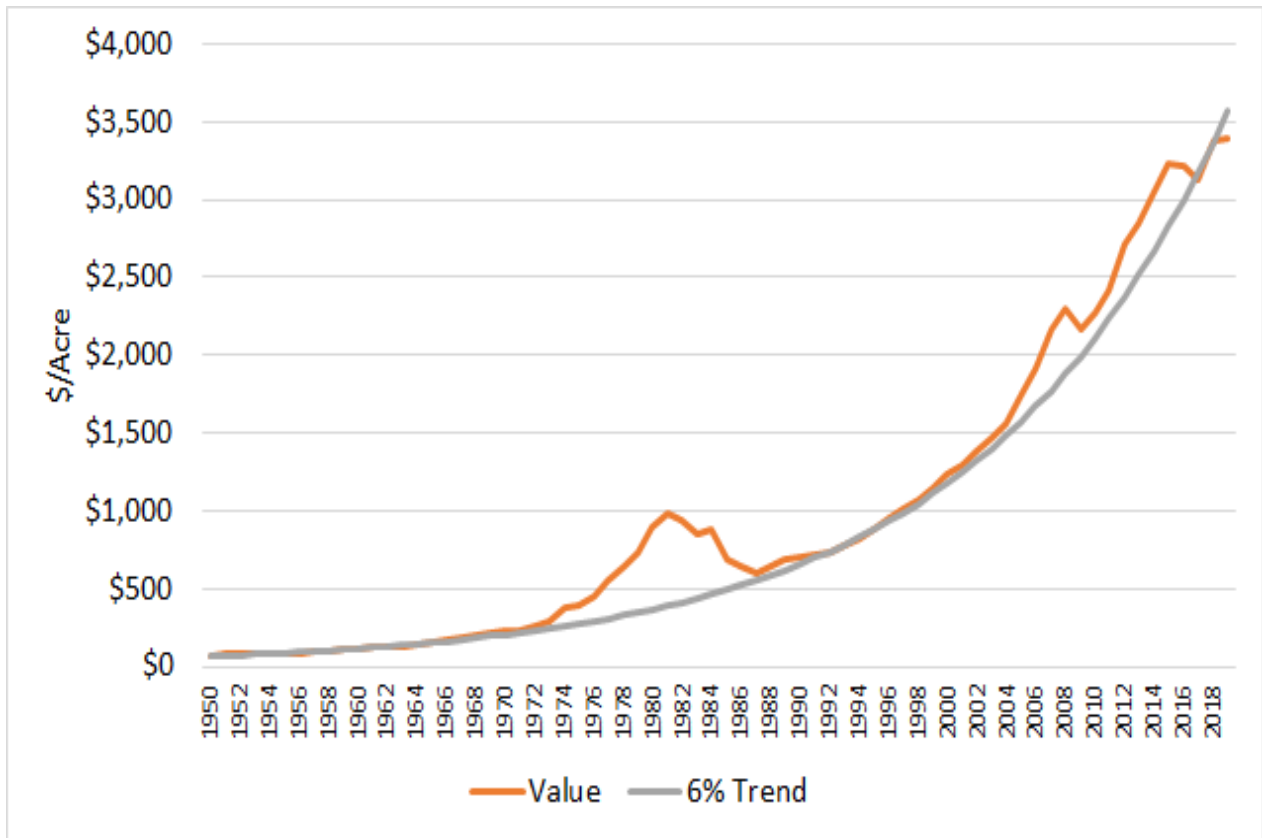


Figure 1. All farmland and buildings, 1950–2018, Missouri values.