

Missouri Farm Land Values Opinion Survey

A web-based survey was conducted in October 2022 to determine what people think has been happening to farmland values in Missouri. Ag lenders, rural appraisers and farmers - persons expected to have insight on land values - 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.

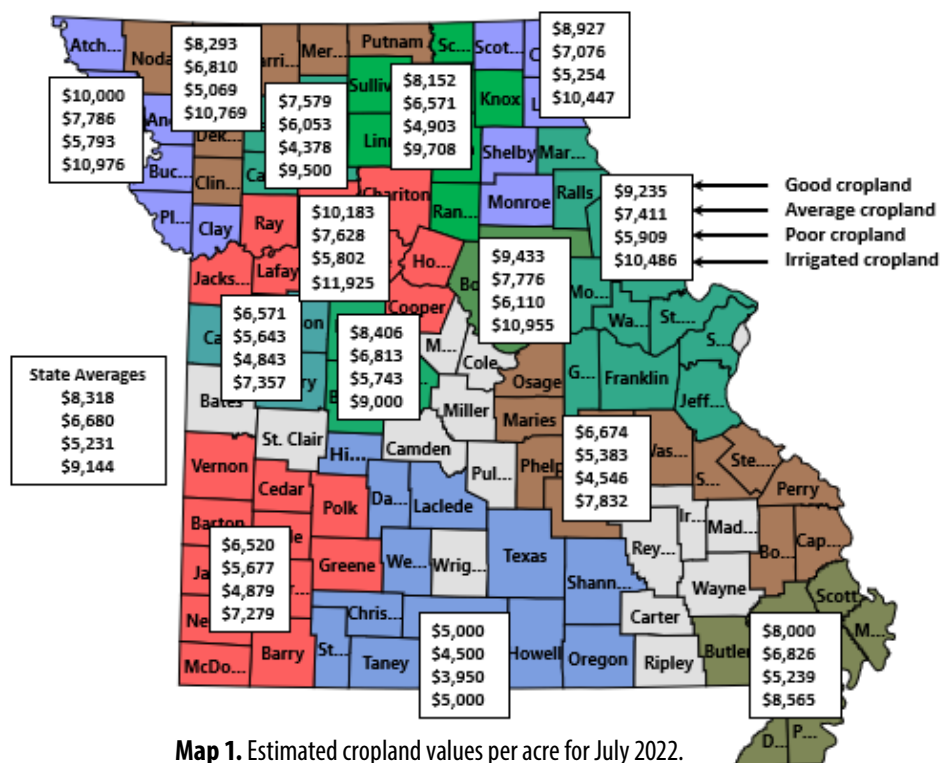
Of the 118 usable surveys received in 2022, 36% came from lenders, 37% from farmers, 10% from rural appraisers, and 16% from other occupations. They provided their opinions to questions concerning current farmland values and trends. They were asked to exclude from their answer's tracts smaller than 40 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 2022 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. Counties in grey had no responses.

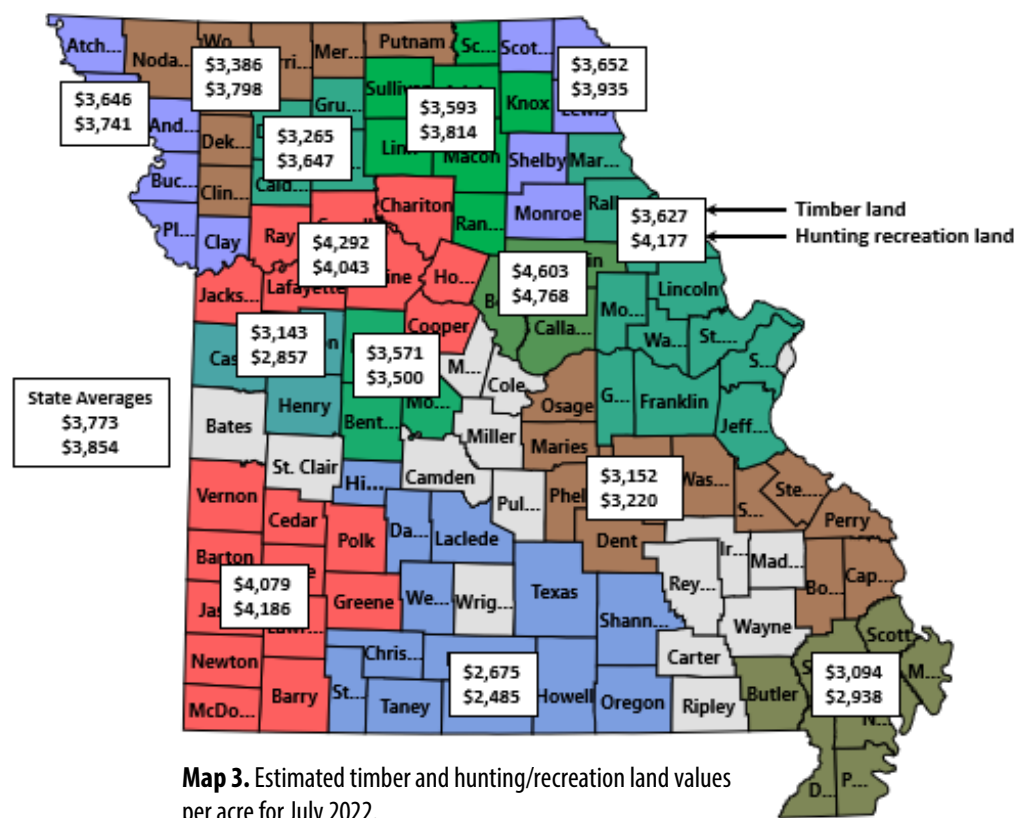
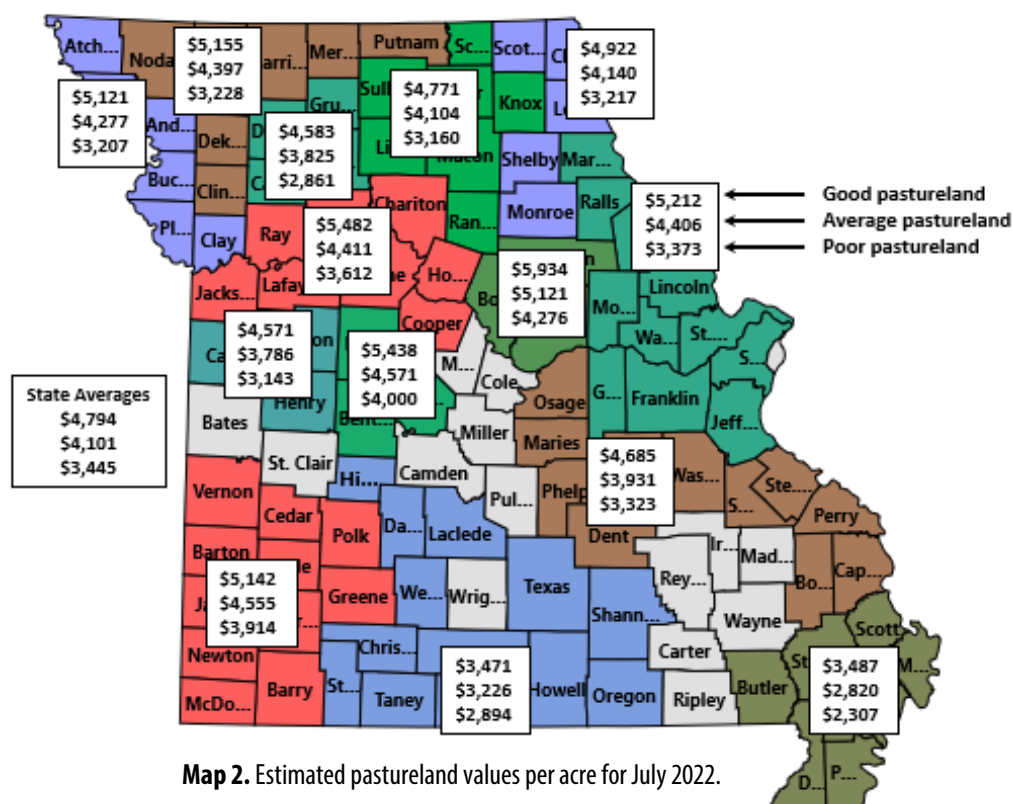
This year's respondents reported the value of good non-irrigated cropland at \$8,318 per acre, up \$1,992 or 31% above last year. The average statewide value reported for irrigated cropland was \$9,144, up \$2,012 from last year (Map 1).

Good pastureland was estimated to have a statewide average value of \$4,794 per acre, up \$1,013 or 27% above 2021 estimates (Map 2). Timberland was up \$703 to \$3,773 per acre. Hunting/ recreation land was up \$692 to \$3,854 per acre (Map 3).



Map 1. Estimated cropland values per acre for July 2022.

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Map 4 displays the percent change in reported value from the 2022 survey to the 2022 survey for good cropland, good pastureland, and timber/hunting/recreational land. Cropland of all qualities had the largest statewide increase. Increases in the value of good cropland ranged from 10% to 53%, depending on the district. The variability across districts highlights the need to use caution when valuing any one parcel of land. Other sources of information on land value will be discussed at the end of this report.

Who is buying land?

Survey respondents thought that 54% of farmland buyers were planning to farm the land themselves, 32% were planning to rent out the land and 12% were planning to use it for non-farming purposes (Map 5).

Factors affecting values

As normal, comments were made about limited land coming up for sale and a few aggressive farmers competing for what land does come up for sale. Many comments from the survey respondents mentioned farmers with cash in-hand as a factor impacting cropland. They mentioned urban sprawl and outside money affecting pasture, timber and recreational land.

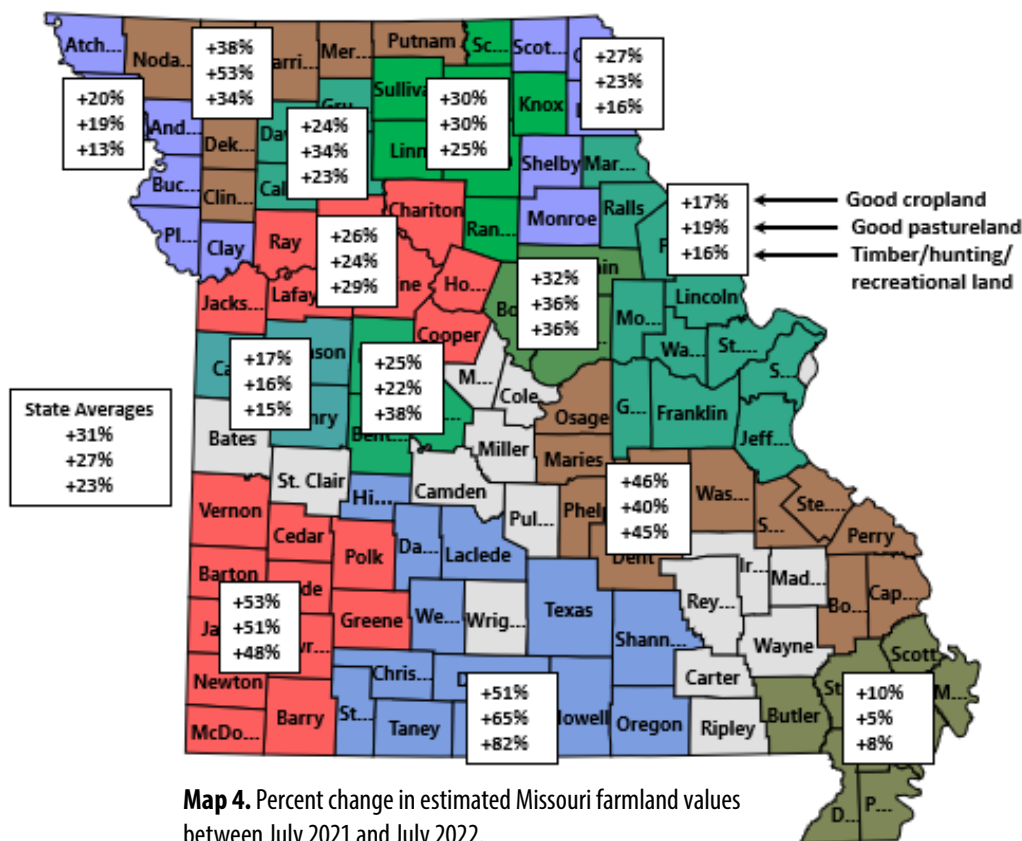
Many noted that the land sales they were referring to were in the first half of 2022 and that rising interest rates caused them to think land value appreciation would not continue as strong. This can be seen in that the estimated increase from 2021 to 2022 was over 22% for all land classes but the expected increase for next year was only expected to be 2 to 5%.

Several respondents mentioned land being purchased for subdivision into smaller pieces for use as homesteads or recreation. The results indicate the largest jumps in productive ground rather than timber and hunting ground – most likely to be purchased by non-farmers wanting a place for development.

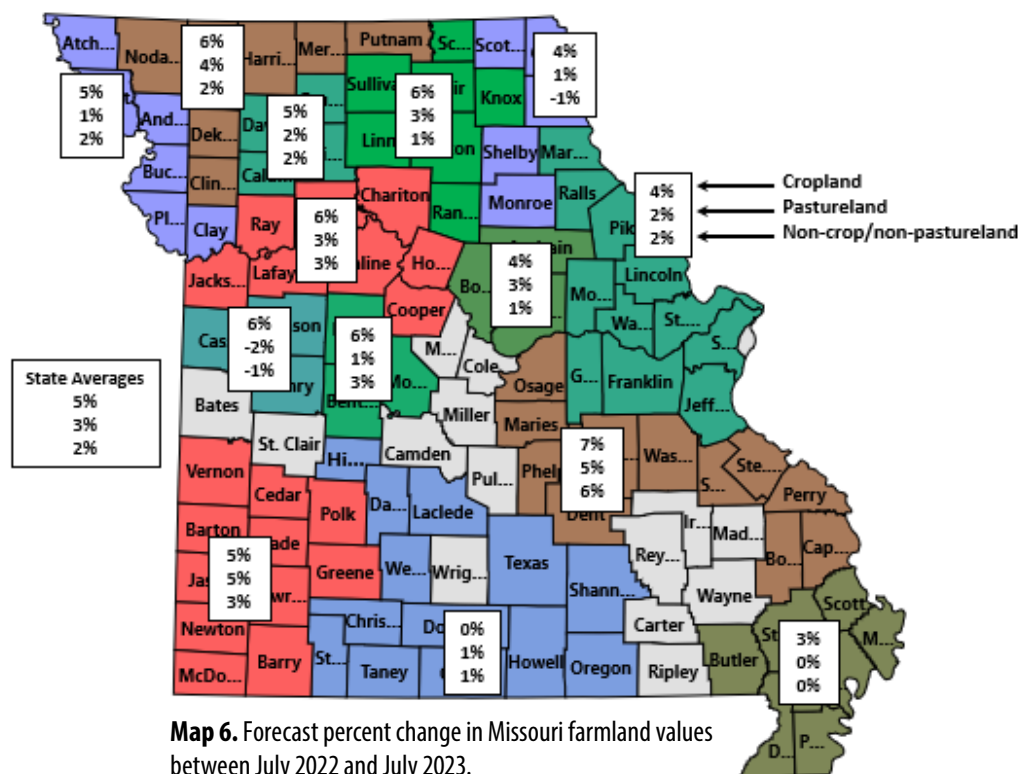
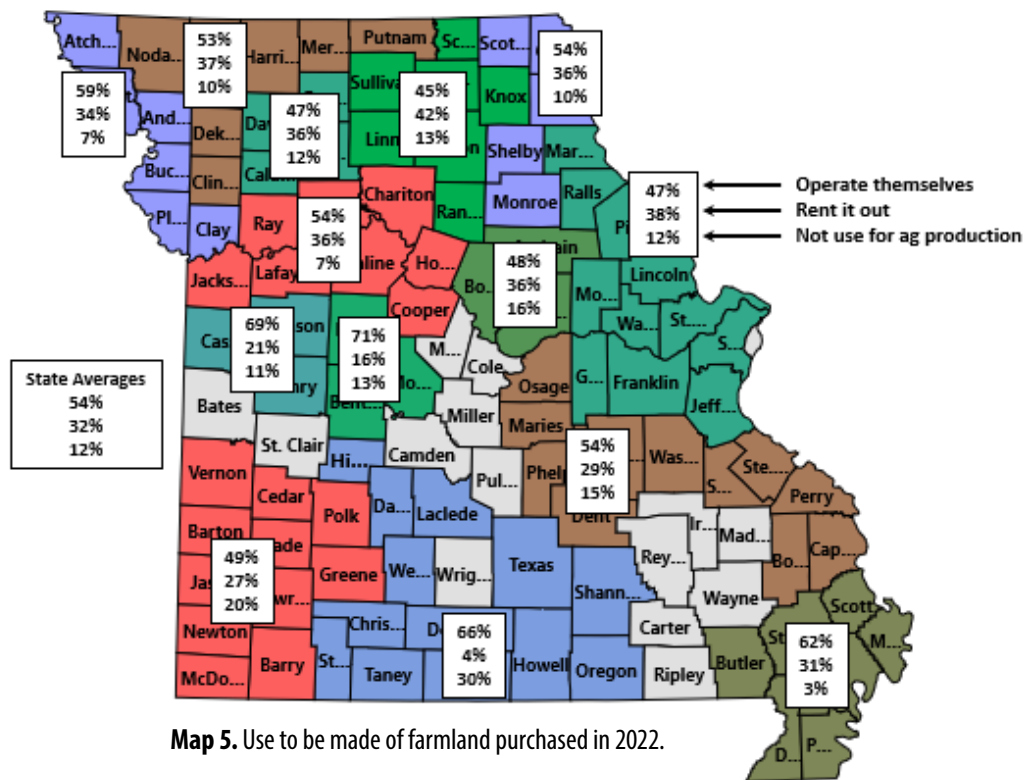
Outlook

In 2021, respondents forecasted land prices to increase 3% for pasture and 5% for cropland. This year's increase of 31% for cropland and 23% for timberland exceeded expectations.

Survey respondents forecasted that over the next year cropland will increase 5%, pastureland 3% and non-cropland 2%. This is in line with previous years. Several mentioned they think rising interest rates and input costs on the heels of two years of high land appreciation will cool land value appreciation soon. Map 6 shows the expected change by region.



Map 4. Percent change in estimated Missouri farmland values between July 2021 and July 2022.



Other land value data

Table 1 reports the USDA estimates of average land values for Missouri and surrounding states. The \$4,320 estimate of the USDA for cropland is \$2,360 lower than the \$6,608 value reported by our survey respondents for average cropland. For pastureland, the USDA estimates the value at \$2,400 per acre, or \$1,701 less than our survey estimate of \$4,101 per acre.

The USDA data indicates that Missouri land value increased 12% in 2021. Kansas City Federal Reserve data indicates that non-irrigated land in Western Missouri rose 17% during 2021. Both of these sets of

data look at increases during the calendar year while our survey looks at July to July of each year.

Figure 1 shows the trend in Missouri farmland and building values over time. There has been a fairly consistent 6% appreciation of value since 1950. According to USDA data, real estate values began to increase faster than 6% in the early 2000’s but dipped below the 6% compounding rate around 2015. This year’s increase brings real estate values in Missouri \$374 low of the six percent trend line.

Table 1. Agricultural land values per acre, June 2022.

State(s)	Cropland (dollars)	Pasture (dollars)	All land and buildings (dollars)
Missouri	4,320	4,150	2,400
Arkansas	3,110	3,550	2,850
Illinois	8,950	8,900	3,700
Iowa	9,350	9,400	3,300
Kansas	2,950	2,630	1,850
Corn belt ¹	7,930	7,560	2,760
United States ²	5,050	3,800	1,650

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

² Averages 48 states.

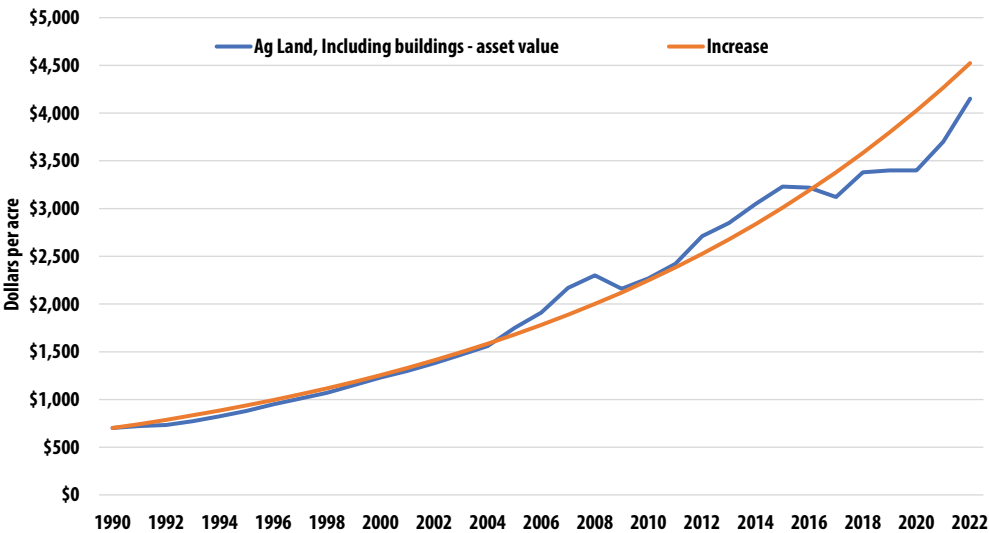


Figure 1. Missouri, all farmland and buildings, 1990–2022.