

Agricultural Economics Newsletter

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Missouri Farm Land Values Opinion Survey—2006

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A survey was conducted in July 2006 to determine what people think has been happening to farmland values in Missouri. Missourians are not required to report the sales price of land to any governmental or public agency and the volume of transactions involving land for farming is small. We hope the opinions expressed by our survey respondents will be helpful to others needing to estimate current farmland values and trends.

Of the 225 persons responding to our July 2006 survey, 70% were lenders, 13% were rural appraisers, 6% were MU extension specialists, 6% were realtors, and 5% 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 2006 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.

Outlook

Respondents were asked how much they thought farmland values in their area had changed during the past 12 months. On average, they estimated that all types of farmland

had increased 8.1%, cropland had increased 8.0%, pasture had increased 7.9%, and other types of farmland had increased 8.7% (Map 5).

These increases are larger than those predicted by last year's respondents. Downward pressures did not impact values as much as expected. Some respondents mentioned an increase in purchases by buyers who plan to resell the land in a few years. Answers to survey questions relating to use of land also indicate an increase in the percentage of buyers who do not plan to use the land for agricultural production.

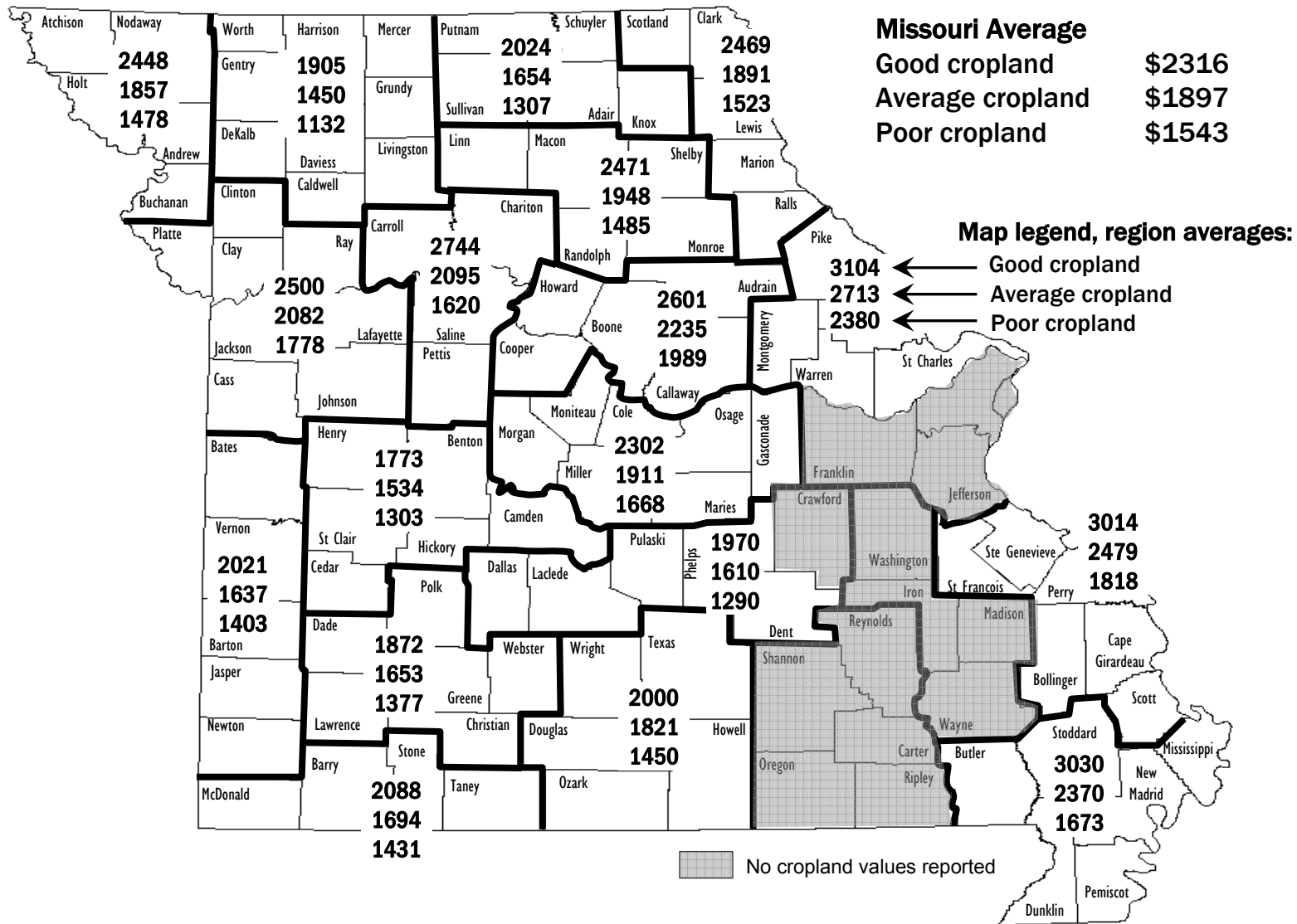
For the next 12 months, this year's respondents gave a mixed forecast for the regions, but on average they expect a much smaller increase than in the last two surveys. In two regions they expect no increase or slightly lower values. Between July 2006 and July 2007 respondents expect the average value of all Missouri farmland will increase 4.1%, with cropland increasing 3.9%, pasture 3.7%, and other types of farmland 4.3% (Map 6).

Who Is Buying Farmland?

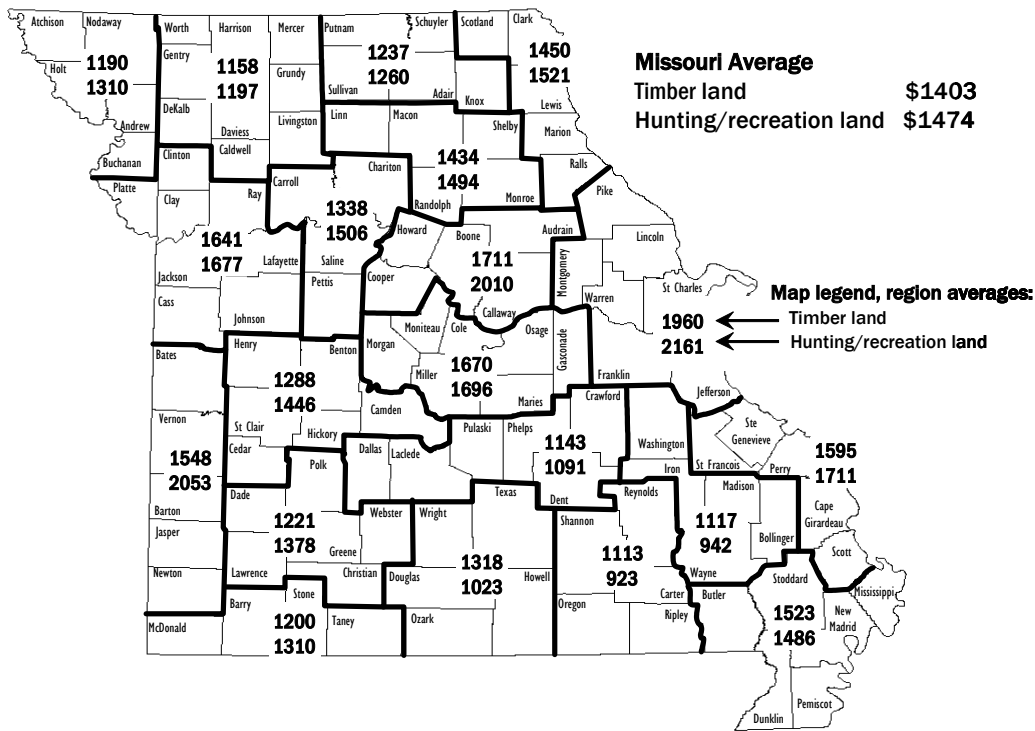
Respondents were asked what they thought buyers of the land in their area planned to do with their purchases — operate as a farm themselves, rent it out, or not use for agricultural production (Map 4).

These questions have been asked on the survey for the last 9 years and responses have varied very little between years. However, this year's survey shows the percentage of purchasers who do not intend to use the land for agricultural purposes increased 6 percentage points over last year, with a 3 point reduction in both the percent who plan to farm the land themselves and those who plan to rent it out.

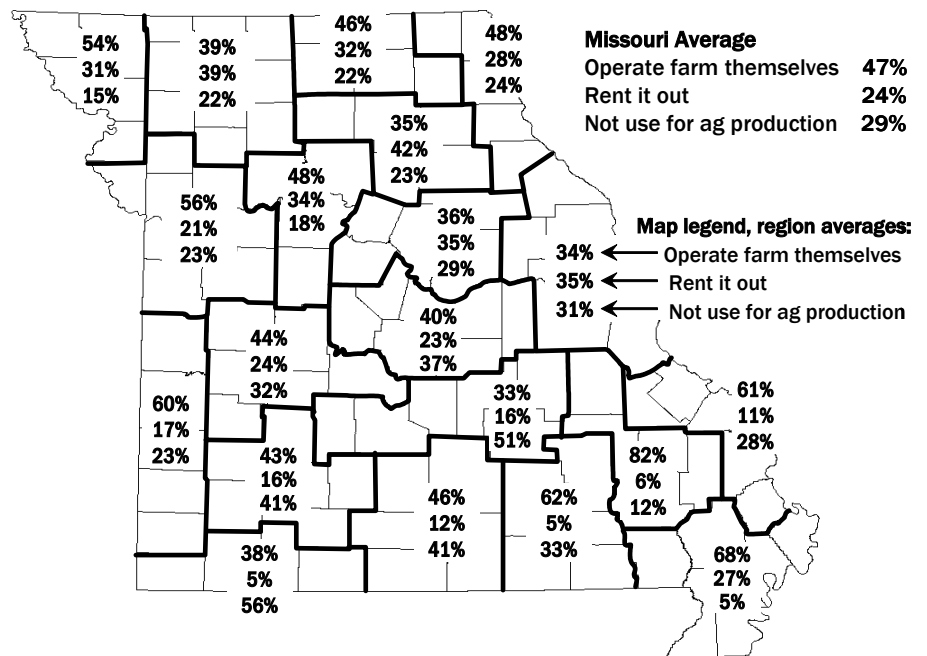
Map 1. Estimated cropland values per acre for July 2006



Map 3. Estimated timber and hunting/recreation land values per acre for July 2006



Map 4. Use to be made of farmland purchased in 2006

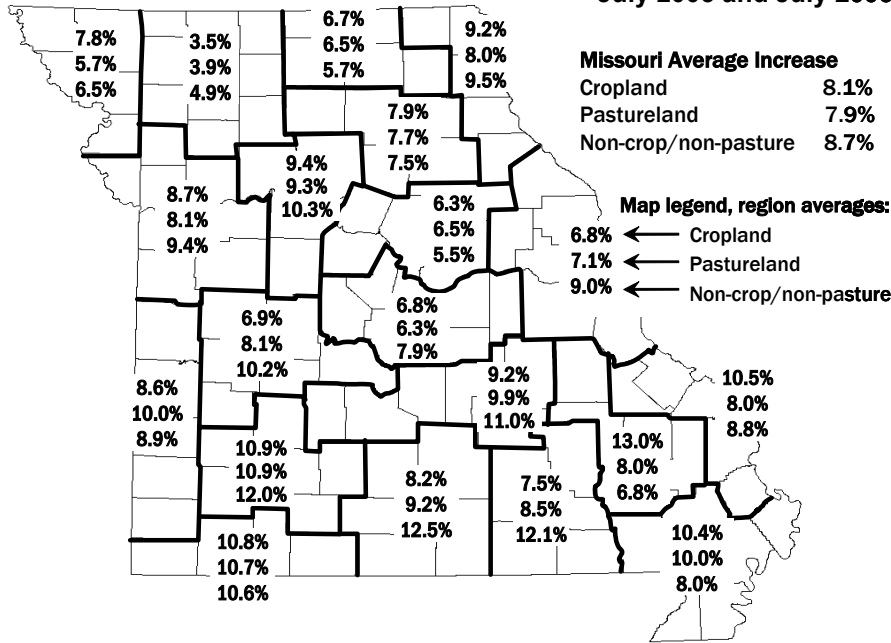


Values estimated in this survey exclude tracts smaller than 40 acres or farmland being priced on its development potential.

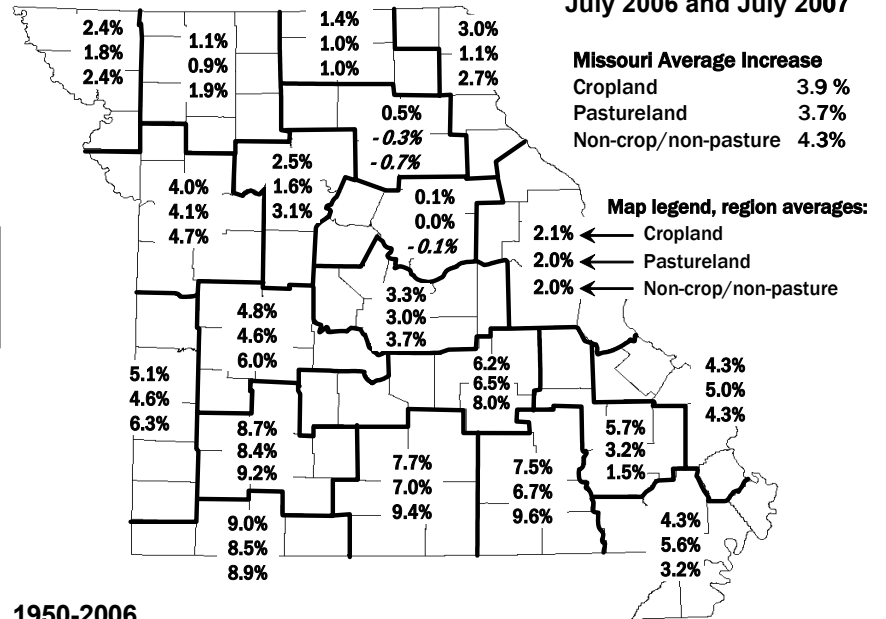
Agricultural Land Values Per Acre Jan. 1, 2006
 (USDA/NASS)

	Cropland	Pasture	All land & bldgs.
Missouri	\$2,100	\$1,500	\$1,980
Kansas	927	620	930
Arkansas	1,580	1,740	2,050
Iowa	3,060	1,300	2,930
Illinois	3,840	1,880	3,800
Cornbelt (IN, IL, IA, MO, OH)	3,230	1,610	3,040
U.S. (average 48 states)	2,390	1,000	1,900

Map 5. Percent change estimated for Missouri farmland values between July 2005 and July 2006



Map 6. Percent change forecast for Missouri farmland values between July 2006 and July 2007



**All Farmland & Buildings, 1950-2006
Missouri Values, USDA/NASS**

