

Agricultural Economics Newsletter

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Missouri Farm Land Values Opinion Survey—2008

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A survey was conducted in July 2008 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 202 persons responding in 2008, 73% were lenders, 13% were rural appraisers, 6% were MU extension specialists, 5% were broker/realtors, and 3% 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.

Average Value of Land

Respondents were asked to give their estimates of land values as of July 2008 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.

Good cropland in 12 of our 20 survey regions averaged \$3,000 or more per acre in July 2008, raising the average for the state to \$2,952. There were several individual estimates in the \$4,000-\$4,500 range for regions with major rivers and Missouri's best cropland. On average, respondents thought good cropland had increased \$352 per acre since July 2007.

Pasture values also increased in 2008 but not as much as cropland.

Estimates showed good pastureland had increased \$207 per acre since July 2007.

Who Is Buying Land?

Survey responses showed 54% of farmland buyers planned to farm the land themselves (Map 4). This is a 4% increase over 2007. The number planning to rent out the land and the number planning to use for non-farm purposes both declined by 2%. Comments indicated weakness in the general economy, fuel prices, and problems in financial markets discouraged purchases for homesites or investment, but strong grain prices encouraged farmers to purchase land.

Outlook (Map 6)

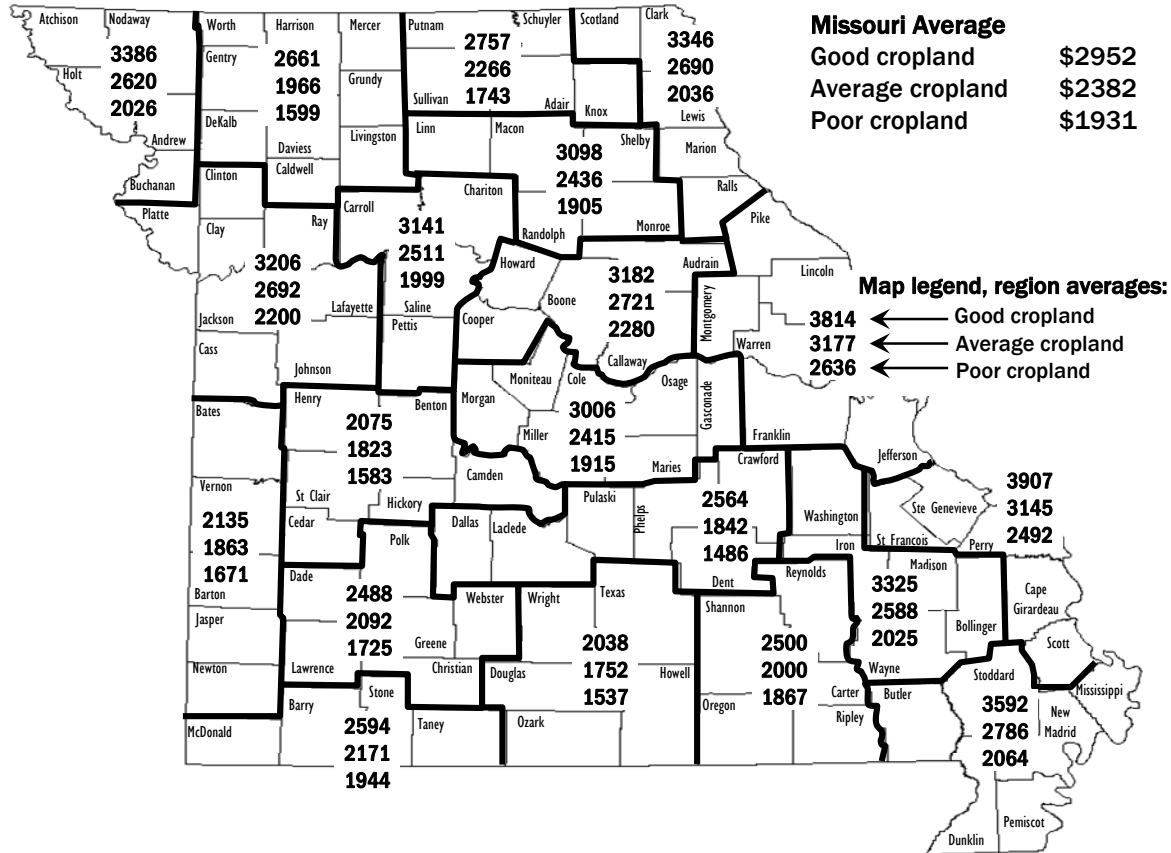
Most respondents were skeptical that farmland values will continue to increase at the rate of the past few years—citing concerns about the general economy, increasing fuel and input costs, and volatility in grain prices. They expect the average value for all Missouri farmland to increase 1.5%, with cropland up 3%, but pasture up only 0.2%, and other types of farmland falling 0.2%.

Comments from respondents indicate the positive factors influencing farmland prices are not felt equally over the state. Areas with very little good cropland experience the negative effects of high input costs and weakness in the general economy without the benefit of increased income from higher grain prices. Some expect non-farm investors to switch back to the money pools or other investments if farm profitability declines. Some areas previously benefitting from 1031 exchanges are seeing these dry up. Comments from areas with desirable hunting/recreation land indicate it has been a stabilizing factor for land prices in those areas.

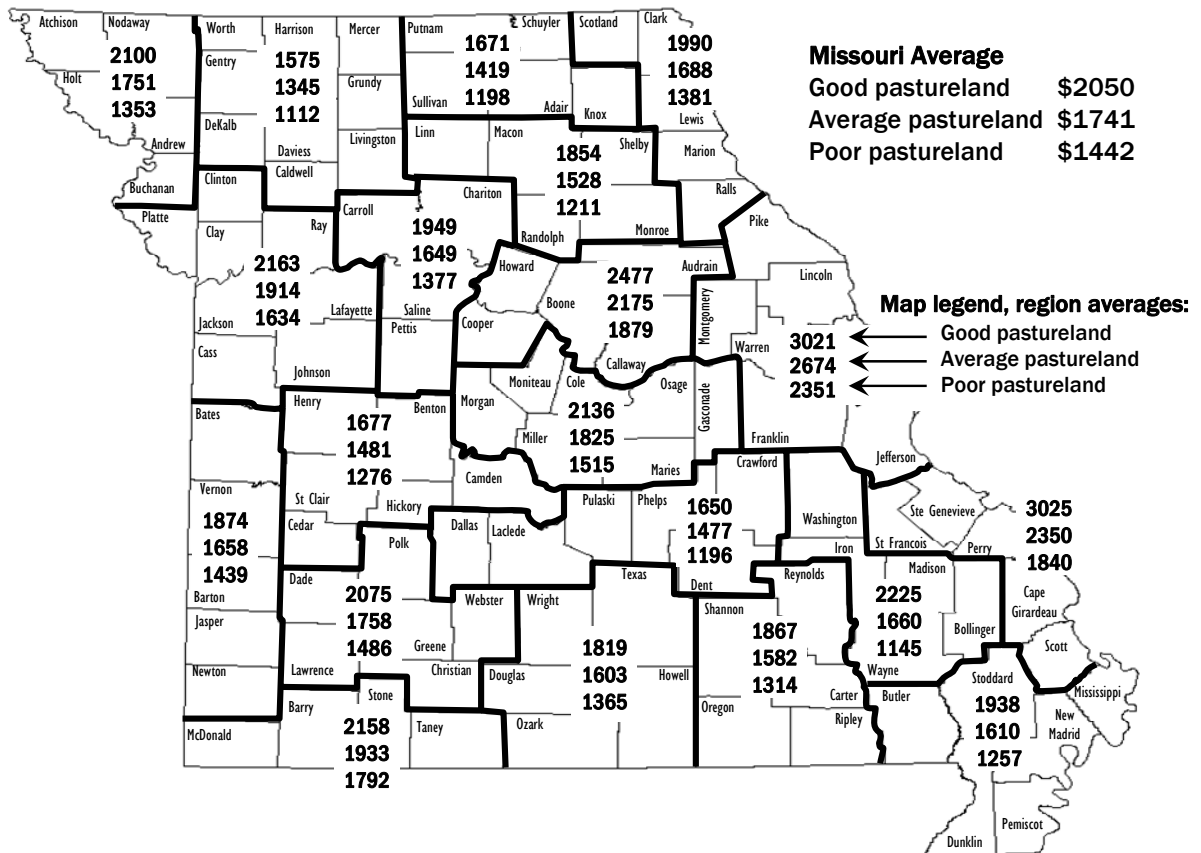
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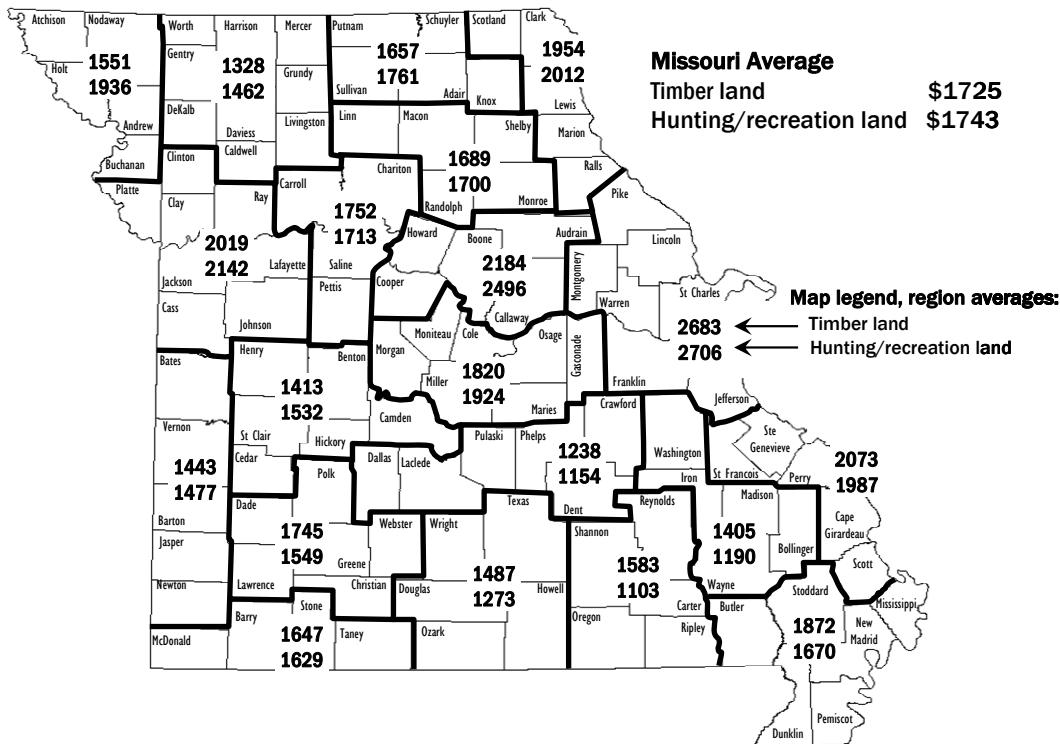
Map 1. Estimated cropland values per acre for July 2008



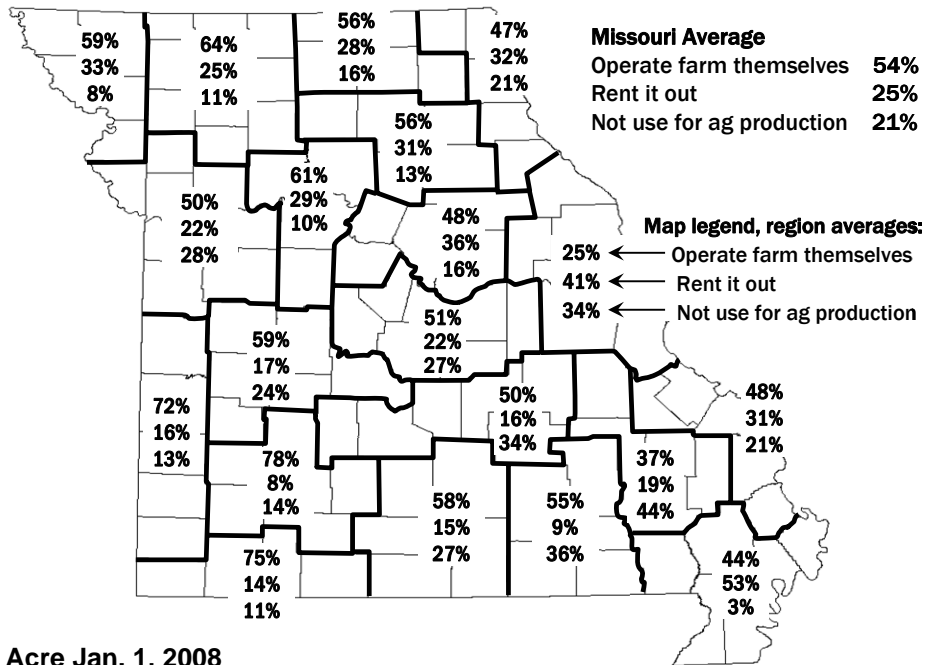
Map 2. Estimated pastureland values per acre for July 2008



Map 3. Estimated timber and hunting/recreation land values per acre for July 2008



Map 4. Use to be made of farmland purchased in 2008

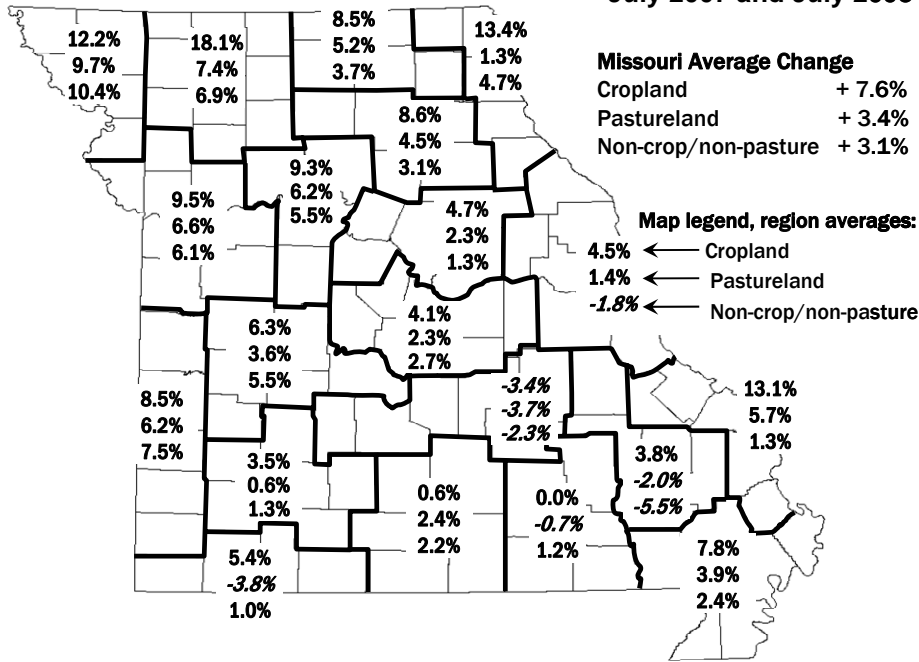


Values estimated in this survey exclude tracts smaller than 40 acres or farmland being priced on its development potential.

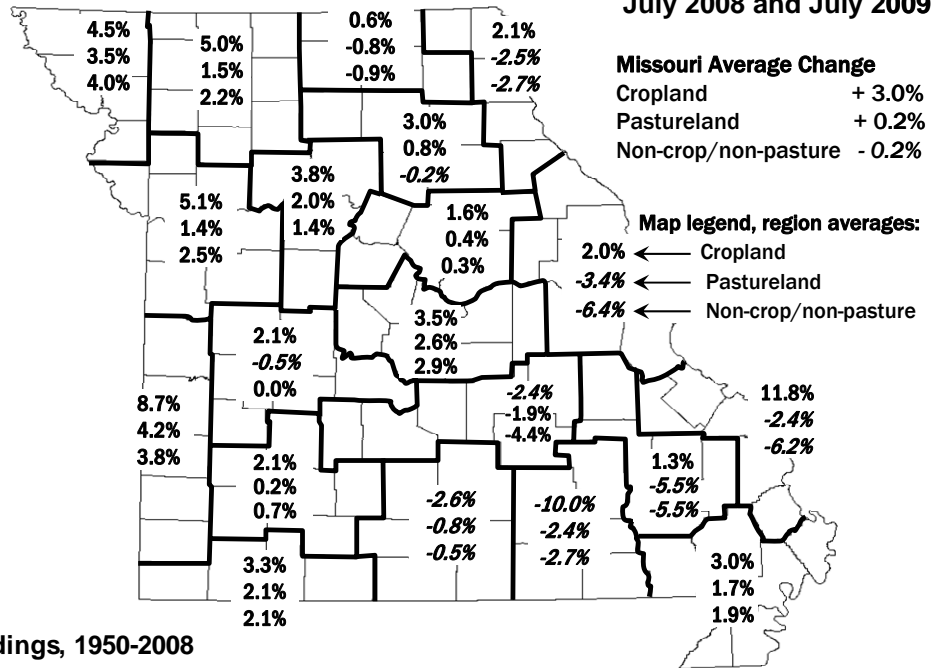
Agricultural Land Values Per Acre Jan. 1, 2008
(USDA/NASS)

	Cropland	Pasture	All land & bldgs.
Missouri	\$2,660	\$1,920	\$2,450
Kansas	1,180	860	1,170
Arkansas	1,820	2,270	2,500
Iowa	4,310	2,100	4,000
Illinois	5,320	2,800	5,000
Cornbelt (IN, IL, IA, MO, OH)	4,260	2,200	3,910
U.S. (average 48 states)	2,970	1,230	2,350

Map 5. Estimated percent change in Missouri farmland values between July 2007 and July 2008



Map 6. Forecasted percent change in Missouri farmland values between July 2008 and July 2009



**All Farmland & Buildings, 1950-2008
Missouri Values, USDA/NASS**

