

Agricultural Economics Newsletter

FM 2016-1
August 31, 2016



Ron Plain
Extension Economist

220 Mumford Hall
University of Missouri
Columbia, MO 65211
phone: 573-882-6533
FAX: 573-884-6572
e-mail: plainr@missouri.edu

Copies of this survey report and past reports are available on the website: agebb.missouri.edu/mgt/landsurv

University of Missouri, Lincoln University,
U.S. Department of Agriculture & Local
Extension Councils Cooperating

Equal opportunity/ADA institutions

Missouri Farm Land Values Opinion Survey—2016

Ron Plain and Joyce White

A survey was conducted in July 2016 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 201 persons responding in 2016, 67% were lenders, 14% rural appraisers, 5% extension specialists, 4% broker/realtors, and 10% were in 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 2016 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.

This year's respondents reported the value of good cropland was up in 10 of the 20 areas of the state, but the statewide average of \$4,677/ac. was down \$59 or 1.3% below last year. Good pasture land was down in 11 areas for a statewide average of \$2,684/ac., a decrease of \$83 or 3%. Timber land was down only \$8/ac. to \$1,907/ac., but hunting/recreation land was up \$24/ac. at \$1,807/ac.

Who Is Buying Land?

Survey respondents thought 70% of farmland buyers planned to farm the land themselves (Map 4). The number planning to rent out remained steady at 20% and the number planning to use for non-farming purposes decreased to 10%.

Factors Affecting Values

Comments from respondents in all areas of the state indicated low cattle and crop prices were having a negative influence on farmland values, but low interest rates and favorable loan terms were a positive. In general, farmers had less money to spend.

In some locations, unfavorable weather in 2015 had reduced crop yields resulting in less income for farmers. Reductions in CRP enrollment also had negatively affected some farm incomes.

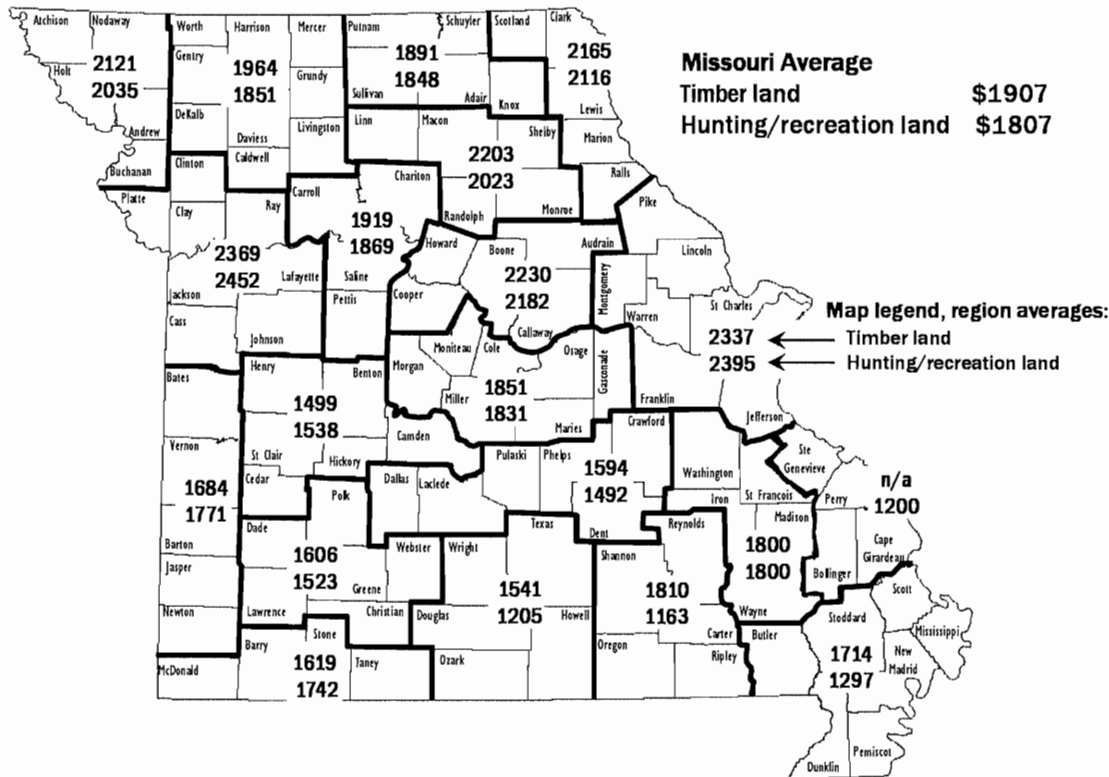
In areas with good cropland, lower cash rents were cited as discouraging investors, but a few areas reported still having a few large investors interested in particular types of land. An influx of Amish and Mennonite buyers were creating increased demand in a few northeast and southern counties. Areas near large urban areas or recreational areas saw continued interest in small tracts for hobby farms and residences.

In general, current economic factors and uncertainty about the future profitability of farm enterprises slowed the increase in land values this year.

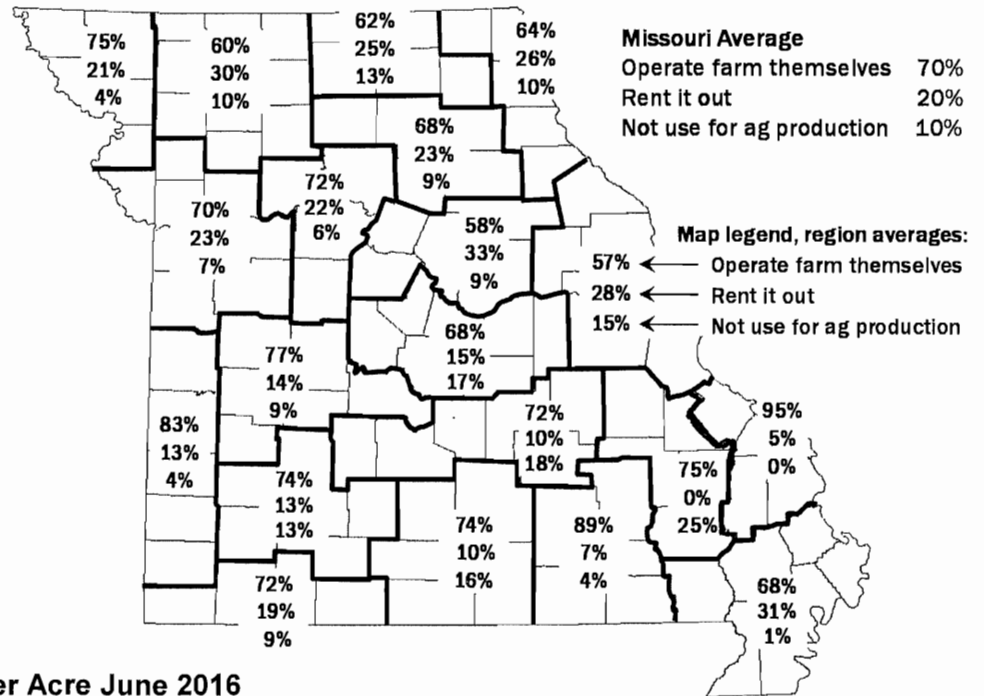
Outlook (Map 6)

Over the next 12 months, respondents expect cropland values to fall 3.3%, pasture values to decrease about 2.3% and non-crop/non-pasture values to decrease 0.7%.

Map 3. Estimated timber and hunting/recreation land values per acre for July 2016



Map 4. Use to be made of farmland purchased in 2016

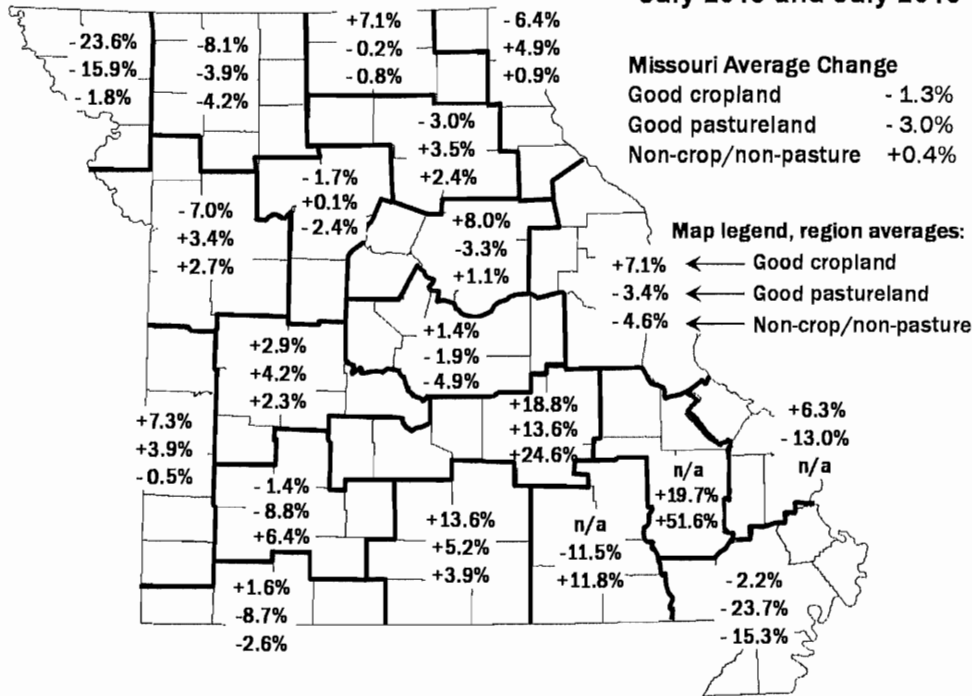


Values estimated in this survey
 Exclude tracts smaller than 40
 acres or farmland being priced
 on its development potential

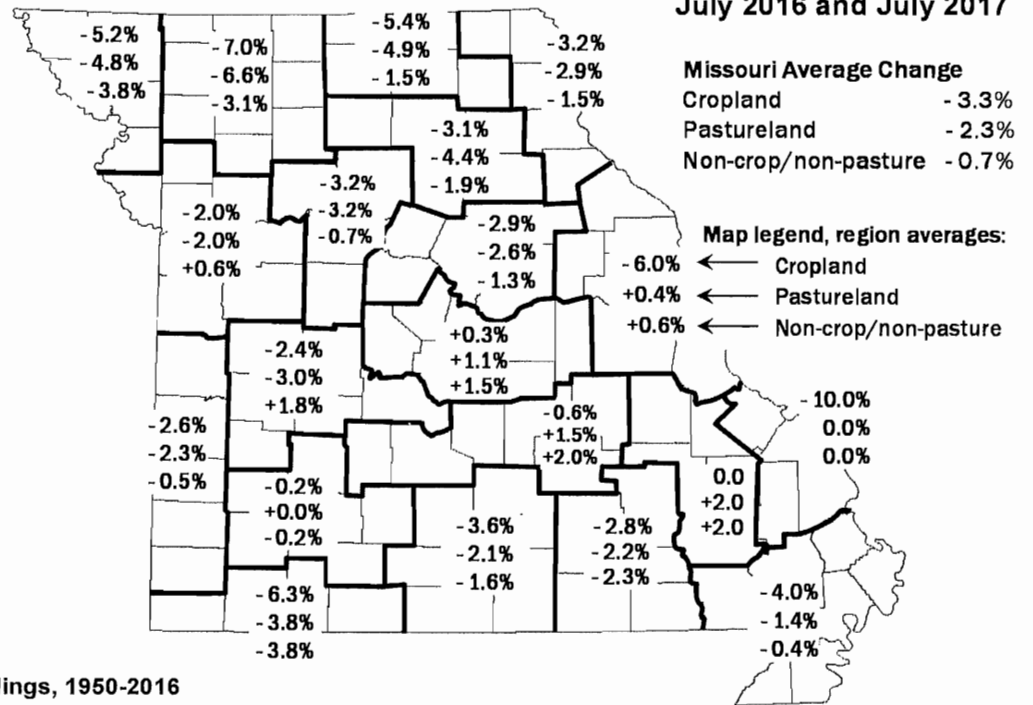
Agricultural Land Values Per Acre June 2016
 (USDA/NASS)

	Cropland	Pasture	All land & bldgs.
Missouri	\$3,770	\$1,930	\$3,400
Kansas	2,050	1,290	1,880
Arkansas	2,710	2,450	3,050
Iowa	8,000	3,400	7,850
Illinois	7,450	3,400	7,400
Cornbelt (IN, IL, IA, MO, OH)	6,710	2,420	6,290
U.S. (average 48 states)	4,090	1,330	3,010

Map 5. Percent change in estimated Missouri farmland values between July 2015 and July 2016



Map 6. Forecasted percent change in Missouri farmland values between July 2016 and July 2017



**All Farmland & Buildings, 1950-2016
 Missouri Values, USDA/NASS**

