A survey was conducted in July 2005 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. The opinions expressed through our survey provide a valuable resource to those needing to estimate current farmland values. In July 2005, we received responses from 219 persons with a professional interest in land values: 67% were lenders, 13% were rural appraisers, 8% were extension specialists, 6% were realtors, and 5% were in other related occupations.

Respondents 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 sites. With the continuing increase in urban sprawl, this no doubt excludes many tracts near cities and towns.

**Average Value of Land**

Respondents were asked to give their estimates of land values as of July 2005 for three classes of crop land 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 in 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 year. On average, they estimated that all types of farmland had increased 10.2%, cropland had increased 10.6%, pasture had increased 10%, and other types of farmland had increased 11.4% (Map 2).

These increases are larger than were predicted in last year’s survey. Potential downward pressures did not materialize. Interest rates for loans remained low, commodity prices and production were high, and strong demand for non-agricultural uses held. Several cited an increase in demand for good farmland by farmers relocating as a result of 1031 exchanges.

Optimism for the next 12 months is waning. Although only 6 respondents expect prices to fall, most expect the market to cool. For the period July 2005 to July 2006 they expect the value of all land will increase only 4.9%, cropland 4.7%, pasture 4.3%, and other types of farmland 5.8% (Map 6).

Reasons cited include reduced farm profits (high input prices and bad weather), improved earnings from other type investments, less interest in commuting from rural homesites because of higher gas prices, and overextended investors exiting the market.

**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 8 years:

- **Use**
  - Farm themselves: 1992-04 54%, 2004 51%, 2005 51%
  - Rent out: 23% 2004 24%, 2005 27%
  - Not use for agr.: 23% 2004 25%, 2005 22%

The recent profitability of agriculture may have encouraged investment in farmland for production purposes.
Map 3. Estimated timber and hunting/recreation land values per acre for July 2005

Missouri Average
- Timber land: $1,226
- Hunting/recreation land: $1,228

Map legend, region averages:
- Timber land
- Hunting/recreation land

Agricultural Land Values Per Acre, January 1, 2005

(USDA/NASS)

<table>
<thead>
<tr>
<th></th>
<th>All Cropland</th>
<th>Pasture</th>
<th>All land &amp; bldgs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missouri</td>
<td>$1,890</td>
<td>$1,260</td>
<td>$1,740</td>
</tr>
<tr>
<td>Kansas</td>
<td>800</td>
<td>500</td>
<td>800</td>
</tr>
<tr>
<td>Arkansas</td>
<td>1,420</td>
<td>1,570</td>
<td>1,820</td>
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<tr>
<td>Iowa</td>
<td>2,650</td>
<td>1,000</td>
<td>2,490</td>
</tr>
<tr>
<td>Illinois</td>
<td>3,030</td>
<td>1,240</td>
<td>2,900</td>
</tr>
<tr>
<td>Cornbelt (IN, IL, IA, MO, OH)</td>
<td>2,750</td>
<td>1,330</td>
<td>2,550</td>
</tr>
<tr>
<td>U.S. (average 48 states)</td>
<td>1,970</td>
<td>694</td>
<td>1,510</td>
</tr>
</tbody>
</table>

Map 4. Use to be made of farmland purchased in 2005

Missouri Average
- Operate farm themselves: 51%
- Rent it out: 27%
- Not use for ag production: 22%

Map legend, region averages:
- Operate farm themselves
- Rent it out
- Not use for ag production
Map 5. Percent change estimated for Missouri farmland values between July 2004 and July 2005

Missouri Average Increase
Cropland 10.6%
Pastureland 10.0%
Non-crop/non-pasture 11.5%

Map legend, region averages:
→ Cropland
→ Pastureland
→ Non-crop/non-pasture

Northeast Missouri lender: “It has got to stop before long. Nothing cash flows unless we use other resources.”

Southwest Missouri lender: “As long as urban dwellers have a job, and have money to spend on recreational things, rural real estate prices will continue to rise.”

Map 6. Percent change forecast for Missouri farmland values between July 2005 and July 2006

Missouri Average Increase
Cropland 4.7%
Pastureland 4.3%
Non-crop/non-pasture 5.6%

Map legend, region averages:
→ Cropland
→ Pastureland
→ Non-crop/non-pasture

All Farmland & Buildings 1950-2005
Missouri Values, USDA/NASS

$/acre
2000 1800 1600 1400 1200 1000 800 600 400 200

→ Actual  → 6% Trend

Year
50 54 58 62 66 70 74 78 82 86 90 94 98 02 06