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DRAFT ONLY REPORT WAS NOT PUBLISHED

The Minnesota Rural Real Estate Market in 1968

by Enriqueta B. Torres and Philip M. Raup

Philip M. Raup

Summary

The upward trend in farm land values that started to climb up in 1965 continued in 1968. There was an increase of 8 per cent above the 1967 figure in both the estimated value and actual sales price per acre. The state average estimated value reached an all time high of \$211. This is 34 per cent higher than the 1959 estimate.

Only the Northeast district registered a decline in farm value after a consistent rise from 1965. Almost 62 per cent of the reported actual sales were in the Southeast and Southwest districts.

The total farm title transfers dropped from 53.1 per thousand farms in 1967 to only 50.3 in 1968. Voluntary sales and forced sales through foreclosures and tax delinquencies increased to 38.1 and 2.4, respectively. However, they were not enough to offset the decrease in inheritance, gifts and all other transfers which dropped from 14.2 in 1967 to only 9.8 in 1968.

Although reporters noted an increasing number of out-of-state prospective buyers, majority of the actual buyers were still local ones and were either operator farmers or expansion buyers.

Urbanization have a much greater influence in increased land value than better quality agricultural land. The most urbanized sector of the state had a 13 per cent increase in land value in 1967 to 1968. In contrast the least urbanized sector increased only 1.1 per cent for the same period.

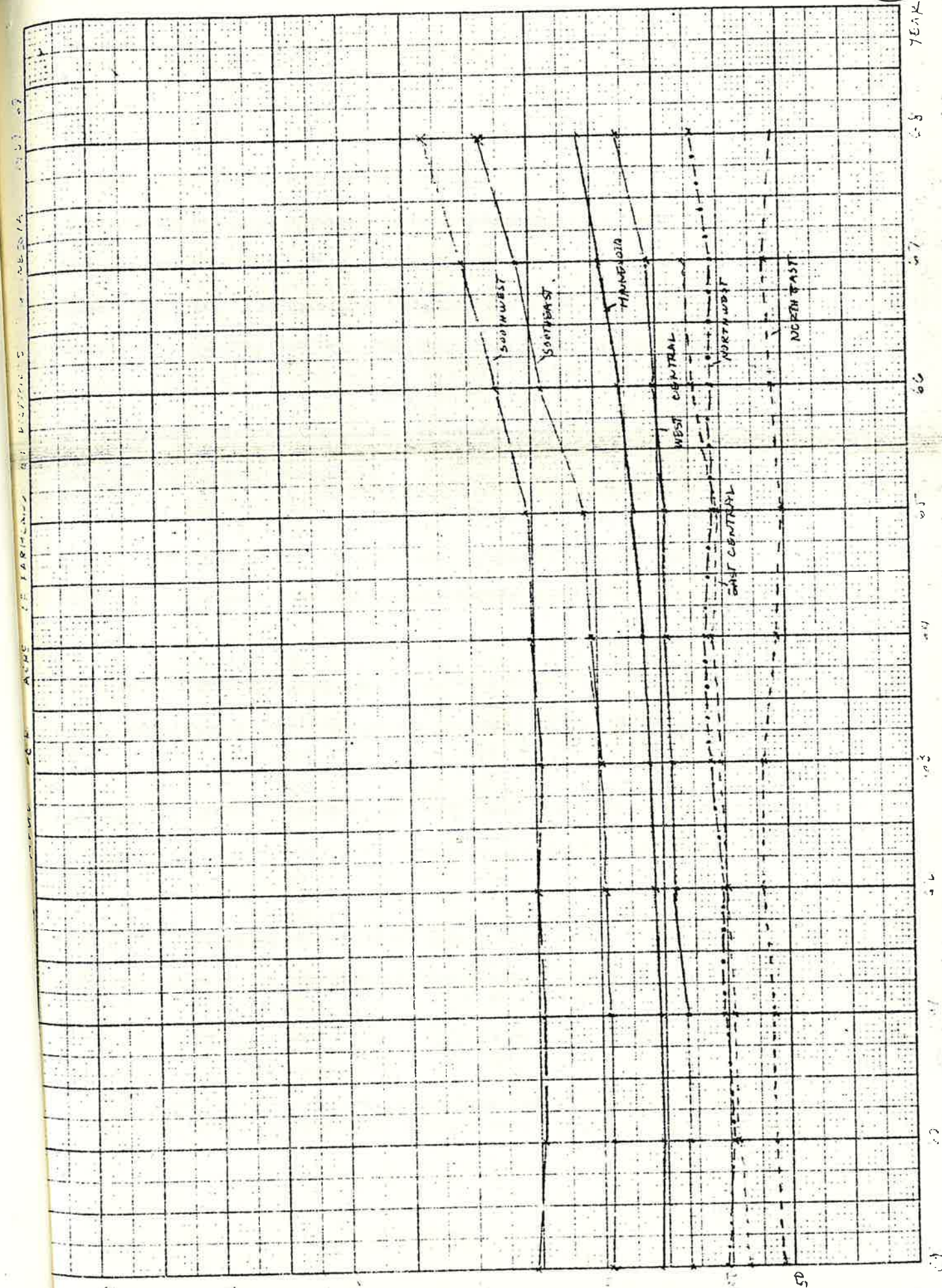
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In a special features analyses, the Red River Valley portion of the Northwest district was compared to the rest of the district. There was a significant difference in estimated land value and sales price in the two areas. However, the rise in value in the Valley was only moderate. On the other hand, an analysis of the five counties included in the metropolitan economic region showed a markedly higher increase in price.



Introduction

In July 1968, 1,247 questionnaires were sent to farm real estate dealers, agricultural loan representatives, bankers, county agents and other people who have specific firsthand knowledge of their local farm real estate situation. They were asked to report an estimate of their community's farm land values as well as farm sales for the period covering January to July 1968. Of the 987 individuals who returned the mailed questionnaires, 766 were adequately filled in and used in this report. As in previous reports, Hennepin and Ramsey counties were excluded in computing statewide averages.

In the past, the East Central and Southeast districts were designated as most urbanized as against the least urbanized portion represented by the other four districts. In the present report there is a modification. Instead of two categories, the state was divided into three categories: most urbanized, moderately urbanized, and least urbanized. This modification is an adaptation of Hoyt's economic regions which were "determined in a manner such that each of the regions is internally relatively homogeneous-- that is, the general economic and social characteristics of the counties in each region are similar." ^{a/} The main criterion in determining the three categories was the urbanization coefficient used by Hoyt. Those with a coefficient of more than 10 were included in the most urbanized category; above 6, in the moderately urbanized, and the least urbanized are those areas with a coefficient of less than 5.

a/ J.S. Hoyt, Jr. "Regional Economic Data for Minnesota." Rev. ed. Sept. 1, 1967. Institute of Agric., Univ. of Minn. St. Paul, Minn.

The metropolitan economic region had a much higher urbanisation coefficient, 291.6 in 1965. So this report attempted to analyze farm land values in this area with the exclusion of Ramsey and Hennepin counties.

This report also include a separate analysis of the Northwest district. This is one of the districts that have much lower average land values. However, the prices here have a very wide variation. One of the factors responsible for such variation is soil type. This year, the district was analyzed by comparing prices in the Red River Valley portion of the district representing one general soil type and compare it with the rest of the district.

Section I--LAND MARKET TRENDS BASED ON REPORTER'S ESTIMATES

Land Value Trends

For the first time, the estimated average value per acre for the state of Minnesota reached the \$200 level. In 1967, the average value for the state was only \$194 while that for 1968 was \$211. This is \$15 more than the previous year's estimated value or an increase of 8 per cent.

Only the Northeast district registered a decline in farm value after a moderately consistent rise that began in 1965 as shown in Figure 2. All the other districts in the state have increased values in 1968.

The increase in value per acre for the last ten years was moderate in the early 1960's and rapidly increasing since 1965 (Table 1). The greatest percentage increase were in East Central and Southeast districts between 1959 and 1968. However, from 1964 the highest increase in values were in the Southeast and Southwest districts. Since 1967 only the Southwest reached the \$300 level per acre.

The highest priced farm lands tend to be in the Southern districts while the lowest priced ones are in the Northern districts. The Central districts tend to have values in-between those of the Southern and Northern districts.

In terms of per cent change over the years the value of land for the state as a whole increased at an average of 3.4 per cent per year for the last ten years, starting 1959 (Table 2). However, the increase is at a faster rate in later years. In 1964-68 the per cent increase was 27 per cent or 5.4 per cent average annually. Then the increase from 1967 to 1968, a one year difference, went up to 8 per cent.

Table 1: Estimated Average Value Per Acre of Farm Land by District, Minnesota
1959-68.

Years	South- east	South- west	West Central	East Central	North- west	North- east	Minna- sota
-Dollars-							
1959	191	255	134	89	103	58	157
1960	188	248	133	94	99	64	155
1961	189	247	133	95	103	64	156
1962	192	250	138	99	104	69	159
1963	194	246	142	103	114	68	161
1964	206	252	145	111	115	59	166
1965	219	261	146	112	113	51	171
1966	242	277	153	122	112	58	183
1967	262	303	163	128	108	62	194
1968	286	333	181	134	122	57	211

I. up \$24

II. up \$30

III. up \$18

IV. up \$6

V. up \$14

VI. I down \$5

Minnesota up \$17

Table 2. Estimated value per acre for 1968 compared over the years,
Minnesota 1959-68.

District	1968 value - dollars -	Percent change over		
		1959	1964	1967
Southeast	286	49	38	9
Southwest	333	36	32	9
West Central	181	35	25	11
East Central	134	51	17	5
Northwest	122	18	6	13
Northeast	57	-1	-3	-8
Minnesota	211	34	27	8

Land Value by Quality of Land

The value of different qualities of land fluctuate from year to year. The 1959-68 differential in value according to quality was quite moderate compared to the over all average. For the highest quality land, the 1968 estimate was only 19 per cent higher than the 1959 figure (Table 3). The lowest quality increased by 24 per cent within the same period while the medium quality ones had 18 per cent increase in value over 1959.

For all three types of land quality the Southwest had the highest value per acre. In terms of per cent change for the last 10 years, the East Central district leads all the rest. This may be so because of its proximity to the metropolitan center where its farm land value have been affected by nonfarm land prices.

Activity in the Land Market

After a rise in number of land transfers from 1965 to 1967, there is a tendency to decrease again starting 1968. From 53.1 farm title transfers per 1,000 farms in 1967 it went down to 50.3 in 1968. This was mainly due to a 4.4 decrease in farm title transfers through inheritance, gifts and all other transfers. Voluntary and forced sales both increased but not enough to offset the decrease in the former category as shown in Table 4.

Voluntary sales was at its highest rate since 1959. The increase over 1967 was only 0.6 per 1,000 farms which is considerably less than the 1966-67 increase of 2 per 1,000 farms.

Influence of Urbanization

In trying to find a factor exogenous to agriculture that affect value of farm lands, urbanization was used. Population concentration is the main

Table 3--Estimated land value per acre by quality of land, by district,

Minnesota 1959-68.

Districts	Highest		Medium		Lowest	
	1968 value -Dollars-	change since 1959 -Percent-	1968 value -Dollars-	change since 1959 -Percent-	1968 value -Dollars-	change since 1959 -Percent-
Southeast	393	27	295	35	203	50
Southwest	429	20	339	14	239	19
West Central	269	26	186	25	126	34
East Central	184	32	124	43	74	71
Northwest	187	38	123	17	73	17
Northeast	72	12	47	12	25	31
Minnesota	255	19	186	18	123	24

Estimated Number of Farm Title Transfers Per Thousand Farms by
Methods of Transfer, Minnesota

Year	Voluntary Sales	Forced Sales*	Inheritance, gifts, etc.	Total
1959	39.7	2.6	11.4	53.7
1960	34.5	2.7	9.9	47.1
1961	29.0	2.6	7.7	39.3
1962	29.3	1.9	10.4	41.6
1963	24.1	1.9	10.1	36.1
1964	30.6	3.2	12.4	46.2
1965	29.7	2.8	10.6	43.1
1966	35.5	2.1	14.9	52.5
1967	37.5	1.4	14.2	53.1
1968	38.1	2.4	9.8	50.3

*Foreclosures, tax sales, etc.

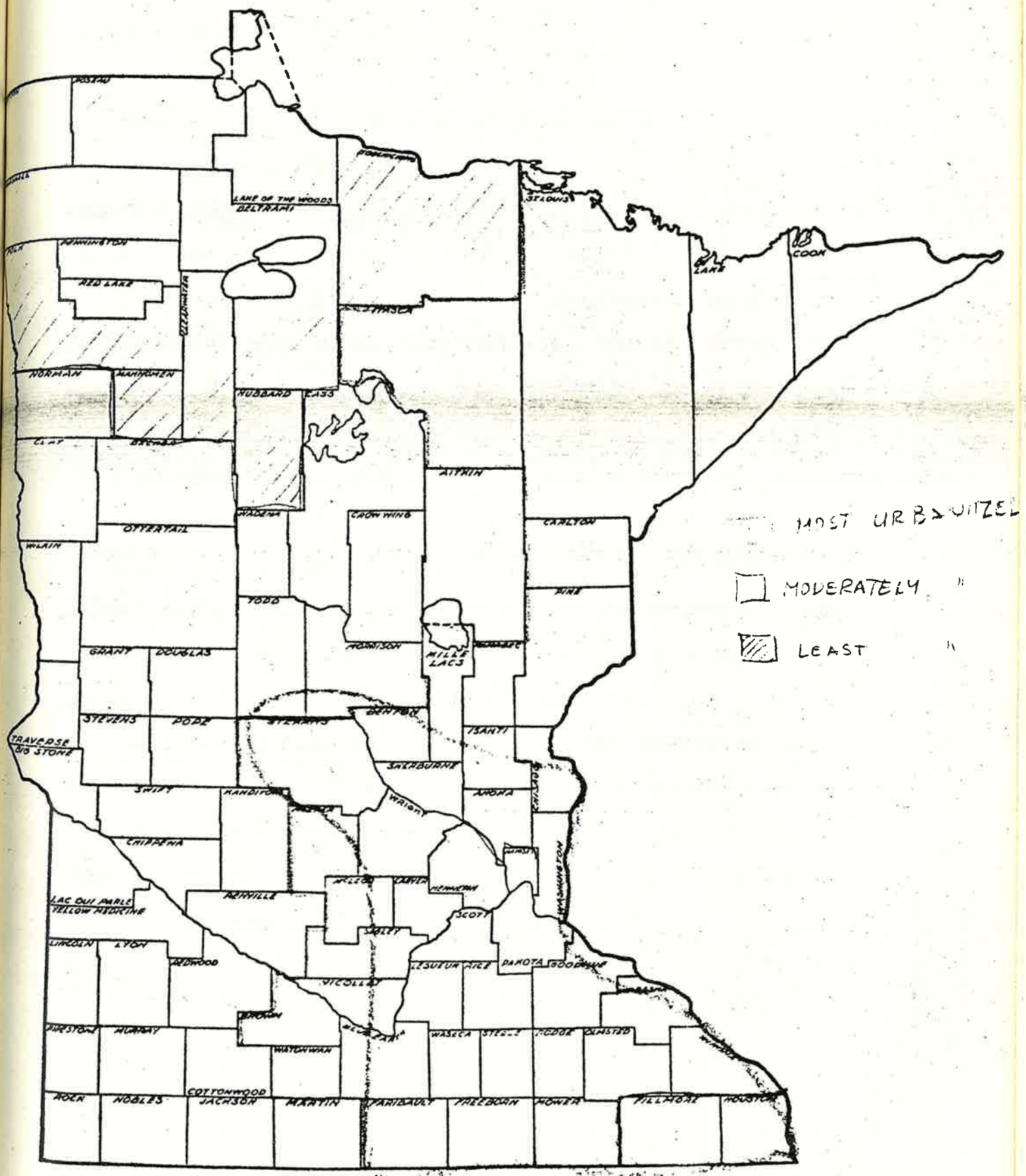
Source: "Farm Real Estate Market Developments" CD-68 Economic Research Service, USDA,
July 1966, p. 29, plus supplemental data for 1967 and 1968.

Comments: 1. There was a decrease in farm title transfers from 1967 to 1968 by 2.8 per cent.
2. Voluntary and forced sales increased but there was a marked decrease in terms of transfers for inheritance or gifts.

criterion in determining urbanization. Hoyt^{b/} used an urbanization coefficient and divided the state into economic regions. Using the said economic regions, it is significant to note that farm land values tend to be influenced by urbanization which may be thought of as a demand for land for nonfarm purposes or gives a premium to farm lands with proximity to the market of farm products. In Table 4 the value for the most urbanized areas are much higher than the least urbanized ones. From 1967 to 1968 the change in value of the most urbanized sector was 13 per cent while the least urbanized was only 1.1 per cent. While the former is nearing the \$300 level, the latter has not yet reached the \$100 level.

The most urbanized area include the Southeastern part of the state and the counties around the metropolitan complex of Hennepin and Ramsey counties up to the Northeastern section. The moderately urbanized area composed mainly the central part of the state and the least urbanized one in the northwestern sector (Figure 3).

Fig. 3 - Division of the state according to extent of urbanization



Section II--ANALYSIS OF ACTUAL REPORTED SALES

This section is an analysis of farm lands that were sold from January 1 to July 1, 1968 as reported by respondents. This will include size of tracts, reasons for selling lands, price per acre, and some characteristics of buyers.

Of the reported 1,970 farm sales reported, almost 62 per cent were in the southern districts of the state (Table 5). This involved 194,936 acres out of 364,814 acres for the whole state. The size of tracts sold ranged from 10 to 2,000 acres.

The average size of tract sold did not exhibit a pattern of proportionality. For example, the Northwest district had only 176 reported sales but it has the highest average number of acres per sale, 324. On the other hand the southern districts had the most number of sales and yet they have a lower average size of lands sold. The Northeast with the least number of sales had also one of the lowest average size of tract sold.

Sales price per acre for the state as a whole increased by \$17 in 1968 over 1967. This is also 8 per cent increase over a year ago. Actual sales price were highest in the southern districts, \$316 in the Southeast and \$329 in the Southwest. In contrast, the price per acre in the Northeast was still way below the \$100 level (Table 6).

Table 5: Number of sales, acreage of land sold and average acres per sale,
by district, Minnesota January - June 1968.

District	Number of sales	Acres sold	Acres per sale
Southeast	549	80,411	146
Southwest	665	114,525	172
West Central	300	61,077	203
East Central	238	45,051	189
Northwest	176	57,111	324
Northeast	42	6,639	158
Minnesota	1,970	364,814	185

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Table 1:⁶ Average Reported Sales Price per Acre Farm Land by District, Minnesota, 1963-1968.

Years	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
			- Dollars -				
1963	214	222	136	86	109	48	168
1964	213	234	150	86	104	52	178
1965	213	233	133	96	106	40	178
1966	253	260	164	113	103	31	203
1967	272	306	179	93	117	51	215
1968	316	329	186	104	90	47	232

Sales Price and Reporter's Estimates Compared

For the last three years the price per acre of actual sales were higher than the reporter's estimate. However, this relation is not consistent among the districts. As shown in Table 7, reporter's average estimate in the Northeast and West Central tend to be higher than actual sales price. Sales price in the Southwest averaged only \$329 while reporter's estimate was \$333 in 1968.

As explained in last year's report, the estimate is less biased and represent a more consistent figure. This is so because land sales are less uniformly distributed among the districts. A greater number of sales concentrated in one district can influence greatly statewide figures. For example, since majority of the sales were in the southern districts, its higher price will have greater weight in computing average sales price. Hence, reporter's estimate is a more reliable and consistent figure than actual price.

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Table 7: Comparison of actual sales price and reporter's estimates of average values per acre, by district, Minnesota, 1966-68.

District	1966		1967		1968	
	Sales Price	Estimated Price	Sales Price	Estimated Price	Sales Price	Estimated Price
- Dollars -						
Southeast	253	242	272	262	316	286
Southwest	260	277	306	303	329	333
West Central	164	153	179	163	186	181
East Central	113	122	93	128	104	134
Northwest	103	112	117	108	90	122
Northeast	31	58	51	62	47	57
Minnesota	203	183	215	194	232	211

Sale of Land With and Without Buildings

Prices for farm lands continued to increase both for the improved land or those with buildings and unimproved land. The price differential however, tends to be erratic. Table 8 shows that in 1959 improved lands cost on the average \$34 more than unimproved ones. Then in 1964 the difference was only \$21. After declining to \$18 in 1965, it rose abruptly to \$53 in 1966. There was a decrease in price of \$11 of unimproved tracts from 1967 to 1968 which accounted for the highest price differential between the improved and unimproved land in ten years, \$82 for 1968.

Table 8

Price differential between improved and unimproved lands sold, Minnesota 1959-68.

Year	Improved Land	Unimproved Land	Difference	Percent
Dollars per acre				
1959	176	142	34	
1960	167	123	44	
1961	169	138	31	
1962	166	128	38	
1963	172	144	28	
1964	181	160	21	
1965	183	165	18	
1966	211	158	53	
1967	222	177	45	
1968	248	166	82	

Unimproved land or those without buildings tend to comprise a higher proportion of lands sold through the years. In 1961 to 1963 they averaged only 11 per cent of all sales, then in 1966, 18 per cent and 20 per cent in 1967. In 1968 of the reported sales, 28 per cent were unimproved lands (Table 9). This is more than one-fourth of the total reported sales.

The highest proportion of unimproved lands sold was in the Northwest which was 41.9 per cent of the total. It should be noted that it was in this district that the average size of land sold was highest, as shown in Table 5.

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Table 9: Proportion of improved and unimproved lands sold by district,
Minnesota 1968*.

District	Improved Land		Unimproved Land	
	Number of Sales	Percent	Number of Sales	Percent
Southeast	447	81.4	102	18.6
Southwest	532	80.0	133	20.0
West Central	211	70.3	89	29.7
East Central	195	81.9	43	18.1
Northwest	100	58.1	72	41.9
Northeast	29	74.3	10	25.7
Minnesota	1514	72.0	449	28.0

*^{of the} ~~there were~~ 1970 reported sales, 7 were not defined as to
presence of building.

Reason for Selling Land

Retirement was the major reason for selling farm lands (Table 10). About one-third of all sales were made because the owner was too old to farm. This also include cases where the farm owner wanted to limit the size of his farm since he can no longer handle the whole area. Hence, he will sell a portion of his landholding and still be farming. In other words, he is in a state of semi-retirement.

Estate settlement due to death of the farm owner and leaving the farm to engage in another job, each comprised about one-fifth of those who sold their farms in 1968.

Moving to another farm accounted for 10 per cent of all sales. In 1967, only 8.9 per cent of the sales were made due to shifting from one farm to another.

Investors selling their farm holdings was only 3 per cent of the total sales. In 1967, they accounted for 5.3 per cent of the sales. Either they are holding on to the land in the face of still increasing values or did not have the offers they thought are reasonable prices for their lands.

Table 10: Reason for selling land, by district, Minnesota 1968.

Reason for Sale	District						Minnesota
	Southeast	Southwest	West Central	East Central	North west	North east	
Death	32	24	22	14	13	22	22
Retirement	20	40	32	38	35	35	33
Left farming	23	14	23	27	21	16	21
Moved, still farming	11	8	7	10	11	14	10
Ill health	4	3	8	2	7	-	4
Financial problems	*	1	*	*	-	5	1
Investor selling	2	2	3	2	7	3	3
Others	8	8	4	6	6	5	6

* less than one percent

Type of buyers

Farmers continued to be the major buyers of farm lands (Table 11). Most of them have farms of their own already but would like to enlarge the size of their landholdings. Expansion buyers were not only farms but also include some investors and landlords. Operator farmers who bought lands but are not expansion buyers bought only 30 per cent of the reported sales in 1968. The least number of buyers were investors who bought sale tracts. They accounted for only 9 per cent of the lands sold.

From 1959 there is a tendency toward a decreasing proportion of operating farmer buyers while lands sold to expansion buyers tend to increase. Sale tract buyers in the previous years, become expansion buyers later should they decide to buy some more lands.

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Table 11: Per cent of Tracts purchased by type of buyer, Minnesota 1959-68.

Year	Operating Farmer			Farm Expansion Buyer			Investor Buyer		
	Most Urbanized	Least Urban.	Minn.	Most Urban.	Least Urban.	Minn.	Most Urban.	Least Urban.	Minn.
1959	59	50	53	24	35	32	17	15	15
1960	57	47	47	28	44	41	14	9	12
1961	63	42	50	21	47	37	15	11	13
1962	60	37	49	26	50	41	8	12	10
1963	56	57	43	29	52	44	14	8	13
1964	59	37	42	29	49	45	16	14	13
1965	38	29	29	37	59	55	25	12	16
1966	34	28	29	38	55	54	22	16	17
1967	40	34	32	46	58	57	14	8	11
1968	67	76	75	17	17	17 61	15	6	9

Distance of Buyer's Residence

Many respondents noted the increasing number of out-of-state prospective buyers who come to their place looking for lands to buy. However, majority of actual buyers were still local ones as shown in Table 12. Many of the buyers were mainly farmers whose farms were adjoining the lands put up for sale. A major reason for the prevalence of local buyers is that they have the first opportunity to know of any lands for sale in the area. For the state as a whole, 46 per cent of the buyers were residing within 4 miles of the tract sold. It was only in the Northwest, where majority of the buyer's residence were beyond the 50 mile distance. East Central had also 36 per cent of its buyers farther than 49 miles.

¹²
Table #: Distance of buyer's residence from tract bought, Minnesota 1968.

District	Distance, in Miles					
	Less than 2	2-4	5-9	10-49	50-299	300 and over
	- Per cent -					
Southeast	26	19	14	32	6	3
Southwest	34	28	14	16	6	2
West Central	32	31	14	9	13	1
East Central	19	12	10	23	27	9
Northeast	32	19	16	19	7	7
Northwest	14	10	17	17	26	14
Minnesota	26	20	15	19	14	6

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Section III. SPECIAL FEATURES STUDIES

A. The Red River Valley

"The Red River which separates Minnesota from North Dakota, is formed by the confluence at Breckenridge of Bois de Sioux and Otter Tail River. Bois de Sioux River is the outlet of Lake Traverse, the northern end of which is about 30 miles south of Breckenridge. The sluggish prairie stream has the same general course south of Breckenridge as that of Red River north of Breckenridge. Red River flows almost due north and empties into Lake Winnipeg, 285 miles north of Breckenridge. It occupies the axial depression of a vast plain which ranges from 40 to 50 miles wide in its southern part and is about 300 miles long extending from Lake Traverse to Lake Winnipeg. This expanse, widely famed for its productive soils, is commonly called Red River Valley. The area is divided among the states of Minnesota, North Dakota and the Canadian province of Manitoba, that part of it situated in Minnesota occupies the northwestern corner of the state.^{a/}

^{a/}C.C. Nikiforoff et al. "Soil survey (reconnaissance) of the Red River Valley area, Minnesota, April 1939." Series 1933, No. 25. USDA and Bureau of Chemistry and Soils in cooperation with the University of Minnesota Agriculture Experiment Station.

The above description more or less delineates a very rich agricultural land in the northwestern district of Minnesota. There is quite a contrast in land quality in the Valley and outside it as shown by the price of land sold in the district.

This year an attempt is made to analyze some aspects of the land market activity in the valley and use the rest of the northwestern district

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as a comparison area. Only actual land sales will be analyzed.

The boundary definition used in this analysis will be in terms of soil type. Suggestions from knowledgeable people in the area, i.e., county agents, assessors, brokers, and bankers, were also solicited and incorporated.

In 1960, a separate analysis of the valley was included as a special studies features of this yearly report.^{b/} This report will, in part, use some of the 1960 data to compare with the present.

^{b/} J. E. Johnson and P. M. Raup. "The Minnesota Farm Real

Estate Market in 1960." December 1960. Report No. 513.

Department of Agricultural Economics, University of Minnesota.

Land Sales in 1960 Compared with 1968

Land transfer through sales was limited in number in the Valley. In 1960 there were 53 reported sales while 60 were reported in 1968 (Table 13). The average size of tract sold tend to be larger in 1968 than in 1960 even if the price per acre was also higher in 1968. Considering that the average price per acre for the whole state was \$232 in 1968, the rise in price of land in the Valley was still modest.

Table 13 -- Value of per acre sales in the Valley 1960 - 68.

<u>Item</u>	<u>1968</u>	<u>1960</u>
Number of sales	60	53
Average size of tract (acres)	257	248
Sales price per acre (dollars)	165	140

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Being mainly an agricultural region, it is understandable that majority of farm land buyers in the Valley are farmers. As shown in Table 14, operating farmers have almost a monopoly in the purchase of farm lands in the Valley. Investor buyers purchased considerably less land in both 1960 and 1968.

Table 14. Proportion of sales sold to operating farmers or investor buyer, Red River Valley, Minnesota 1960-1968.

<u>Type of Buyer</u>	<u>1968</u>	<u>1960</u>
	- per cent -	
Operating farmers	94	91
Investor buyers	6	9

The Valley and the Comparison Area

Within the Northwest district, land values in the Valley are considerably much higher than outside it. The actual sales price in the Valley averaged \$165 in 1968 while in the Comparison Area, it was only \$61 (Table 15). There had been considerably less sales in the Valley compared to the rest of the district. If price is an indicator of quality, the lands in the Valley are indeed far more superior than those outside it.

Table 15. Comparison of farm sales, Red River Valley and non-Valley area, Northwest district, Minnesota 1968

<u>Item</u>	<u>Red River Valley</u>	<u>Comparison Area</u>
Number of sales	60	116
Sales price per acre (dollar)	165	61

There seemed to be a demand for buildings both in and outside the Valley. Improved lands in both areas commanded much higher prices than

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unimproved tracts (Table 16). The sizes too of improved tracts sold were much larger than unimproved ones. There were, however, more unimproved lands sold in the Valley than improved ones. The opposite is true in the Comparison Area.

The difference in average price between improved and unimproved lands in the Valley is \$24 while the improved lands in the Comparison Area averaged \$26 more than unimproved ones.

Table 16. Improved and unimproved lands sold, Northwest district - Minnesota 1968.

<u>Item</u>	<u>Red River Valley</u>		<u>Comparison Area</u>	
	<u>Improved</u>	<u>Unimproved</u>	<u>Improved</u>	<u>Unimproved</u>
Number of sales	23	37	75	41
Average area (acres)	342	202	406	240
Sales price (dollars)	179	155	67	41

More good quality tracts were sold in the Valley (Table 17). Average quality lands accounted for only one-third of the total sold while the poor quality ones were only 8 per cent. The proportion of lands sold according to quality in the Comparison Area was not as distinct. The most number of tracts sold were of average quality. This may be so because in general, the Comparison Area have relatively poorer quality lands.

Table 17. Quality of land sold, Northwest district, Minnesota 1968.

<u>Quality of land</u>	<u>Red River Valley</u>	<u>Comparison Area</u>
	- Per Cent -	
Good	59	31
Average	33	42
Poor	8	27

33

In both areas, the Valley and the Comparison Area, operator farmers were the major buyers of farm lands. In Table 18, it shows that 83 per cent of the buyers in the Valley were operator farmers and 82 per cent in the Comparison Area. Investors or landlords were in the minority.

Table 18. Type of buyer, Northwest district, Minnesota 1968.

Type of Buyer	Red River Valley	Comparison Area - Per Cent -
Operator farmer	83	82
Farm expansion buyer	11	9
Investor	6	9

Mortgage was used as the major type of financing land purchases of buyers in the Valley while in the Comparison Area, contract for deed was used by 41 per cent of the buyers (Table 19). It seemed unusual that a large percentage of the buyers in the Comparison Area paid cash for their purchase. It should be recalled that in Table 12, majority of the buyers, 40 per cent live beyond a distance of 50 miles. Many of the out-of-state buyers must have purchased lands outside the Valley and have come with ready cash with them. This may be mainly true with those who want to move over to Minnesota and have sold properties elsewhere.

Table 19. Type of financing, Northwestern district, Minnesota 1968.

Type of financing	Red River Valley	Comparison Area - Per cent -
Cash	8	37
Mortgage	50	20
Contract	30	41
Others	12	2

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Minnesota Rural Land Prices in 1968

The Metropolitan Economic Region

For the last ten years, the area around the Twin Cities have been developing rapidly. Today it is recognized that the counties of Ramsey and Hennepin are not the only urbanizing areas. The surrounding areas which were mainly agricultural before are now part of the urbanizing complex. In the 1967 Hoyt delineated the metropolitan economic region to consist of the counties of Washington, Anoka, Carver, Scott and Dakota in addition to the counties of Hennepin and Ramsey. The present report attempted to analyze the Metropolitan Economic Region in terms of changes in its farmland values with the exclusion of Hennepin and Ramsey.

The so-called "urban sprawl" is very evident in the population growth of the five counties. Anoka for example, had an annual population growth of 3.1 per cent from 1960 to 1965 and 4.6 per cent from 1965 to 1968 (Table 20). The 1968 population of Anoka was 56,400 more than in 1960. This is a 65 per cent increase within a period of 8 years. For the five counties, the total population increase within the period 1960-68 was 55 per cent.

Table 20-- Five Counties around the Twin Cities

Total Population (Thousand)*	Annual Rates of Growth of Population Components (Percent)					
	<u>1960</u>	<u>1965</u>	<u>1967</u>	<u>1968**</u>	<u>1960-65</u>	<u>1965-68</u>
Anoka	85.9	124.9	138.2	142.3	8.1	4.6
Carver	21.3	24.5	26.6	27.5	2.8	4.0
Dakota	78.3	104.0	119.7	125.6	6.0	6.9
Scott	21.5	23.4	29.0	29.9	5.5	1.7
Washington	52.4	67.0	75.3	77.5	5.2	5.2

Source:

* Census

** April 1, 1968 estimate of the Metropolitan Council

With a growing urban population there is an accompanying greater demand for land for residential and other urban uses. This is evident in the shrinking area devoted to farm. Data for 1968 is not available but the census report for 1959 and 1964 showed that farm lands in the five counties is a decreasing proportion of total land area (Table 21).

Anoka is the only county in 1964 showing a majority of greater proportion of its area devoted to nonfarm uses. It may not be unreasonable to expect the proportion of farmlands to continue to decrease in more current data or estimates for the five counties.

Table 21-- Proportion of farmland in the
Five Counties Around the Twin Cities, 1959

	Total Land Area (000 Acres)	Per cent of Area in Farm Land	
		1959	1964
Anoka	272	52.4	40.7
Carver	229.1	93.2	92.7
Dakota	365.4	61.6	73.9
Scott	225.3	90.4	86.7
Washington	249.6	76.2	70.8

Source: Census of Population 1959 and 1964

Among the five counties, Anoka's estimated value per acre of farmland in 1968 was two and a half times as much as in 1959 (Table 22). For the same period, Carver farmlands increased in value by 27 per cent. Except for Anoka, the value of farm lands in the counties concerned were almost the same in 1968. The values have greater variation in 1959. The estimated average value for the five counties shows that there was an increase of \$173 more than in 1959 or an increase of 93 per cent.

Table 22-- Reporter's estimate of the value per acre of average farm land
in five counties in the metropolitan area, Minnesota 1959-63

County	Estimated Value		Per cent change 1959-1963
	1963	1959	
	Dollars		
Carver	353	286	27
Dakota	340	*	--
Scott	367	214	71
Washington	352	179	95
Anoka	391	114	243
AVERAGE	355	185	93

* No report available

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That urbanization has a great effect on farm land values is shown in the prices of different qualities of land. Table 23 shows that average and poor lands increased in value more than good quality lands. This may indicate that being near population centers puts a premium on land regardless of productivity performances. In the five counties, average and poor lands went up by more than twice their 1939 prices.

In 1964, investor buyers in the five county area offered the lowest price for lands they bought (Table 24). However, in 1963 the average price that they paid were at a competitive level with the rest. Nonfarm users is one category of buyer in 1963 that paid quite a high price for land. Since they will be converting agricultural land to non-agricultural use it was necessary to pay a higher price for it relative to those who would continue using the area for farming.

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Table 23-- Quality of land and sales price per acre,
five counties, Minnesota 1959-68

Land Quality	1959 Price	1968 Price	Per cent change
	--Dollars--		
Good	174	402	131
Average	113	368	225
Poor	89	319	245

Table 24-- Type of buyer and method of financing used,
five counties in the Metropolitan Economic Region, 1964-68

Type of Buyer	Method of Financing					
	Cash		Mortgage		Contract	
	1964	1968	1964	1968	1964	1968
	--Dollars--					
Operator farmer	226	294	235	338	317	385
Investor	193	384	194	422	252	342
Nonfarm users	*	599	*	364	*	361
Expansion buyers	246	235	246	300	268	378

* Not Available

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Table-- Average sales price per acre of farm land by
method of financing, by district, Minnesota 1965-68

Method of Financing	District						Minn.
	S.E.	S.W.	W.C.	E.C.	N.W.	N.E.	
- dollars -							
Cash Sales							
1965	209	224	130	74	60	25	157
1966	242	230	155	77	96	18	160
1967	262	302	170	91	97	34	194
1968	332	316	224	141	83	29	228
Mortgage Sales							
1965	203	227	114	112	138	97	182
1966	250	254	170	134	105	63	207
1967	228	293	167	97	129	46	200
1968	309	316	183	132	140	55	203
Contract for Deed Sales							
1965	220	241	150	112	135	44	192
1966	257	270	164	107	104	49	220
1967	294	318	187	91	116	60	230
1968	340	337	204	134	97	61	253

Table-- Proportion of farm sales by
Method of financing by district, Minnesota 1965-68

Method of Financing	District						Minn.
	S.E.	S.W.	W.C.	E.C.	N.W.	N.E.	
	- Per cent -						
Cash							
1965	17	15	22	21	29	29	19
1966	17	14	14	22	23	37	17
1967	14	15	15	24	16	14	16
1968	17	14	14	24	23	39	19
Mortgage							
1965	33	39	41	30	27	3	35
1966	35	44	44	39	51	19	41
1967	28	35	35	30	47	51	34
1968	33	31	31	23	33	29	34
Contract for Deed							
1965	50	45	37	49	44	63	46
1966	48	43	42	39	25	44	42
1967	58	50	50	46	37	35	50
1968	49	51	50	51	41	32	47