



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

University of Nebraska - Lincoln

DigitalCommons@University of Nebraska - Lincoln

Cornhusker Economics

Agricultural Economics Department

2010

A Thin Real Estate Market Becomes Even Leaner

Bruce Johnson

University of Nebraska-Lincoln

Follow this and additional works at: https://digitalcommons.unl.edu/agecon_cornhusker



Part of the [Agricultural and Resource Economics Commons](#)

Johnson, Bruce, "A Thin Real Estate Market Becomes Even Leaner" (2010). *Cornhusker Economics*. 492.
https://digitalcommons.unl.edu/agecon_cornhusker/492

This Article is brought to you for free and open access by the Agricultural Economics Department at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Cornhusker Economics by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

September 8, 2010

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://www.agecon.unl.edu/Cornhuskereconomics.html>

A Thin Real Estate Market Becomes Even Leaner

The market for agricultural real estate has historically been what observers call a “thin market,” in that very little is marketed and changes ownership at any given point in time. In fact, even when there is spirited buying interest and willingness to bid aggressively, the supply side of the market for agricultural land tends to be inelastic – in that the percentage change in quantity put on the market is much less than the percentage increase in bid prices.

Of course, this partially explains upward value trends to agricultural real estate over time. If potential buyers realize there is only a limited offering on the market at any given point in time, or that a particular land tract of interest may not be for sale for decades, then they will tend to bid more aggressively when the opportunity arises. Even when the income-earnings potential of agricultural real estate may be less than desirable at the time, buyers may still be willing to compete hard for an agricultural property, knowing that the *window-of-opportunity* to buy it is limited.

But just how thin is the market for agricultural real estate? Over many decades a general rule-of-thumb has been anywhere from three to five percent annual turnover of ownership. And given that a portion of that turnover rate is direct deed transfer and never on the open market, it’s likely that the three percent rate is a fairly realistic long-term average. In other words, a particular parcel of agricultural land may be on the market no more frequently than once every 33 years!

However, in recent years market observers have been telling us in annual surveys that market activity and ownership turnover has been even more limited. In following up on those observations, we accessed the file of all real estate transfers as maintained by the Nebraska Department of Revenue-Property Tax Division. (All transfers are required to file a transfer

Market Report	Yr Ago	4 Wks Ago	9/3/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$83.45	\$93.10	\$96.62
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	112.36	134.23	128.65
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	102.85	116.78	116.29
Choice Boxed Beef, 600-750 lb. Carcass.	142.83	150.84	163.12
Western Corn Belt Base Hog Price Carcass, Negotiated.	49.65	80.21	78.13
Feeder Pigs, National Direct 50 lbs, FOB.	32.00	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	55.02	90.87	91.78
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	91.13	132.50	141.75
National Carcass Lamb Cutout, FOB.	251.28	301.68	310.45
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	3.74	5.40	5.85
Corn, No. 2, Yellow Omaha, bu.	3.03	3.63	4.10
Soybeans, No. 1, Yellow Omaha, bu.	9.25	10.44	10.25
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	4.75	6.34	7.27
Oats, No. 2, Heavy Minneapolis, MN, bu.	1.97	2.79	2.93
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	150.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	82.50	77.50	72.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	*	95.00	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	78.00	94.00	115.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	34.00	34.00	37.00
*No Market			



Extension is a Division of the Institute of Agriculture and Natural Resources at the University of Nebraska–Lincoln cooperating with the Counties and the U.S. Department of Agriculture.

University of Nebraska Extension educational programs abide with the non-discrimination policies of the University of Nebraska–Lincoln and the United States Department of Agriculture.

