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December 1960

THE MINNESOTA FARM REAL ESTATE MARKET IN 1960

by

Jerome E. Johnson

and

Philip M. Raup

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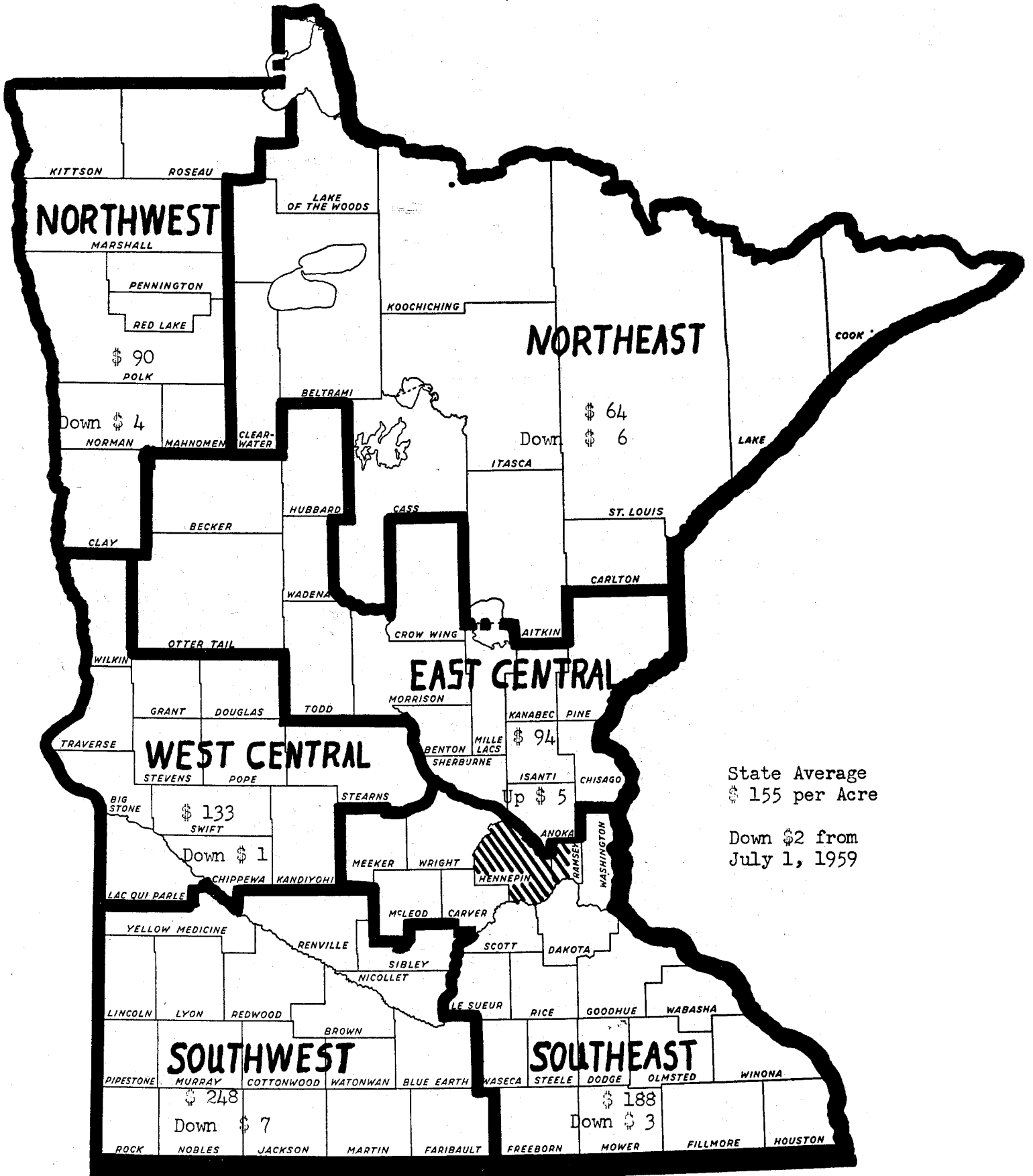
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Report No. 518
Department of Agricultural Economics
Institute of Agriculture, University of Minnesota
St. Paul 1, Minnesota

MINNESOTA
AVERAGE FARM LAND PRICE PER
ACRE, BY DISTRICTS
 1960



State Average
 \$ 155 per Acre

Down \$2 from
 July 1, 1959

THE MINNESOTA FARM REAL ESTATE MARKET IN 1960
by Jerome E. Johnson and Philip M. Raup *

PART I. LAND MARKET TRENDS

Farm Land Prices Show a Mixed Trend in 1960

Farm land prices in Minnesota declined an estimated 1.3 percent from 1959 to 1960. By districts, the trends are mixed, with a slight downturn in the overall State average. This decline, the first reported since 1953, marks the end of six consecutive years of uninterrupted land price increases. The 1960 annual survey of the farm land market in Minnesota indicates an estimated average price per acre of \$155 in 1960, or a \$2 per acre decline from 1959. The 1960 estimates and the trends in prices per acre by districts since 1953 are shown in Table 1, with the district boundaries shown on the inside front cover.

Table 1. Estimated Average Prices Per Acre of Minnesota Farm Land, by Districts, 1954-60 a/

	Average Price Per Acre in:							Percent Change, 1960 over:					
	1960	1959	1958	1957	1956	1955	1954	1959	1958	1957	1956	1955	1954
	dollars per acre							percent					
Southeast	188	191	179	165	156	150	139	-1.6	5	14	21	25	35
Southwest	248	255	242	230	214	205	187	-2.7	2	8	16	21	33
West Central	133	134	123	122	107	103	99	-0.7	8	9	24	29	34
East Central	94	89	84	77	70	68	66	5.6	12	22	34	38	42
Northwest	99	103	90	86	76	73	72	-3.9	10	15	30	36	38
Northeast	64	58	65	49	42	45	40	10.3	-2	31	52	42	60
Minnesota	155	157	147	138	126	121	113	-1.3	5	12	23	28	37

a/ Based on mail questionnaires for the period January-June, 1960. Questionnaires were returned by 1041 respondents located throughout the state. A total of 775 returns were adequately filled in. Reporters are farm real estate dealers, bankers, farm loan agents, lawyers and others with knowledge of their local farm real estate situation.

Land prices in the East Central district continued to increase in 1960. Land prices per acre in this district were estimated to have risen by 5.6 percent over 1959 or an increase of \$5 per acre. This is the only district to show continued increases in land prices in the period of 1953 to 1960. In this district the increases for high and low grade lands were greater than those reported for medium grades of farm land.

Land prices were estimated to have increased by \$6 per acre or 10 percent in the Northeast district. This increase offsets part of the estimated decline of 11 percent reported in 1959 for this district. In 1959 the decline was greatest among the poorer grades of farm land while in 1960 the larger increases were shown in the poorer and better grades of land. In 1959 all three grades of farm land were estimated to have declined in prices while in 1960 all three grades were estimated to have risen.

In percentage terms, the largest declines in estimated prices per acre of farm land were shown in the Northwest and Southwest districts, followed by the Southeast and West Central districts. In the Northwest district the poor and medium grades of land showed the larger declines while the price of better grades of land continued to

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increase. In dollar terms, the declines were \$4 per acre in the Northwest and \$7 per acre in the Southwest district. In the Southwest district the better grades of farm land showed greater declines than did the medium or lower grades.

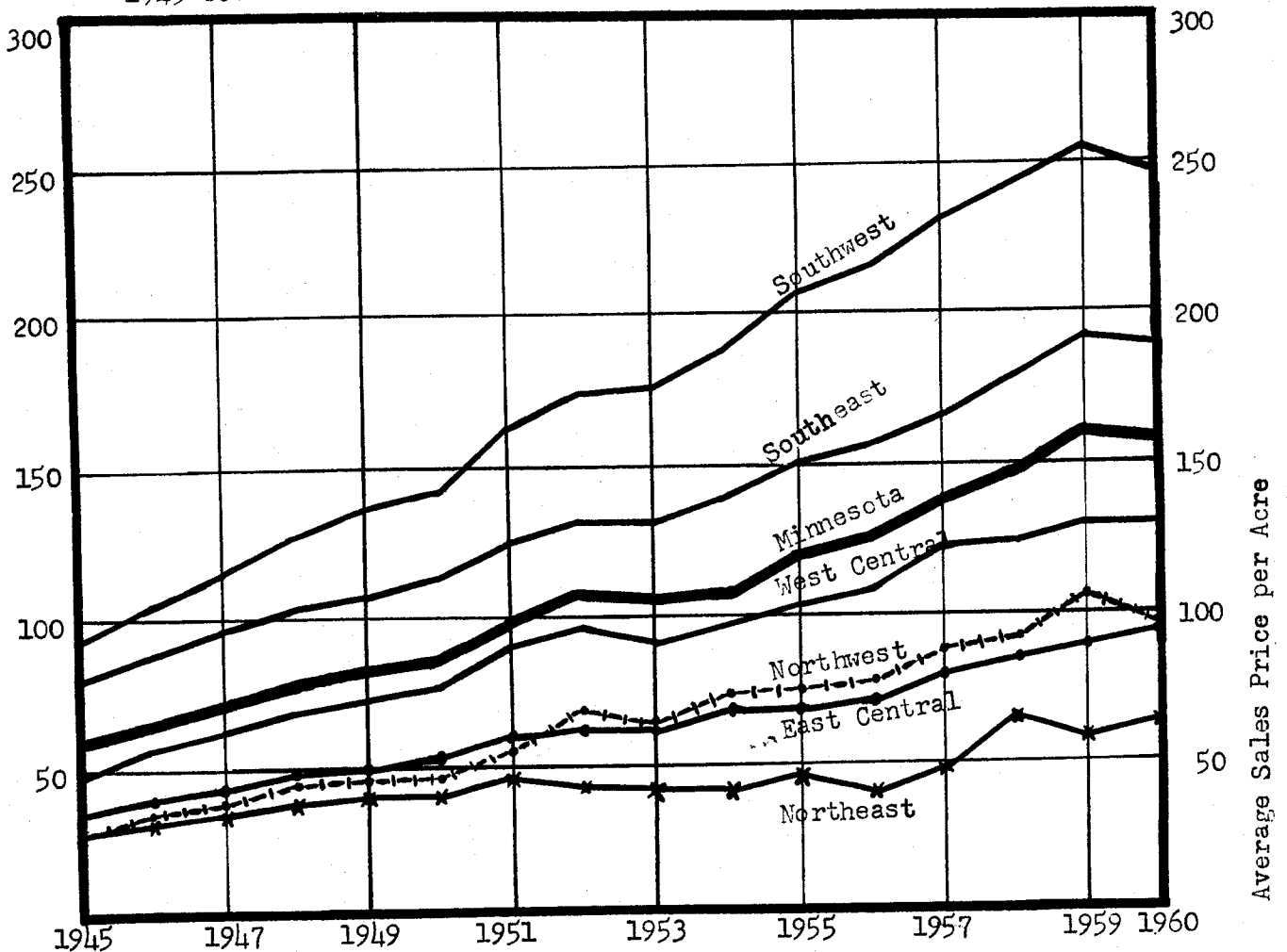
The Southeast district price decline was 1.6 percent or an estimated \$3 per acre. As in the Southwest district, the decline was larger in the better grades of farm land. The decline in prices per acre in the West Central district was only in the poorer grades of farmland; the medium grades showed no change and the better grades were reported to have risen slightly over the 1959 average.

For the state as a whole, the declines in estimated prices per acre of farm land were concentrated in the medium grades, with a very small increase in the better grades and a small rise in prices of the poorer grades. The state price estimate is a composite average of all the estimates reported, with the declines of two Southern districts and the Northwest district tempered by the increases reported in the East Central and Northeast district.

Minnesota Farm Land Price Trends Since 1945

At this juncture in the farm land price situation it seems opportune to review the Minnesota land value picture since 1945. Chart 1 shows estimated per acre land prices from 1945 through 1960 for the State and the six reporting districts.

Chart 1. Estimated Average Prices Per Acre of Minnesota Farm Land, by Districts, 1945-60.



The state trend line shows rapid increases from 1945 to 1952 and from 1953 to 1959. Two declines are shown, in 1953 and 1960. From 1945 through 1952 the average price of Minnesota farm land increased from \$58 to \$107 per acre. This is an increase of \$49 per acre or 85 percent in 7 years. A decline of 2 percent or \$2 per acre was reported in 1953. From 1953 to 1959 Minnesota farm land values increased 50 percent or \$52 per acre, from \$105 to \$157 per acre. From the 1953 dip through the 1960 dip land values increased by 48 percent for the State as a whole. For the entire 1945-60 period the State average value of farm land per acre increased from \$58 to \$155, or an increase of 167 percent.

During the entire 1945-60 period, land values per acre by districts have increased by the following percentages and dollar amounts:

Southeast	138% or \$109 per acre	Southwest	170% or \$156 per acre
East Central	169% or \$ 59 per acre	West Central	171% or \$ 84 per acre
Northeast	121% or \$ 35 per acre	Northwest	241% or \$ 70 per acre

This tabulation indicates the wide range in the increases that have occurred in the past 15 years in Minnesota farm land values by districts, with the percentage increase in the Northwest almost exactly double that experienced in the Northeast.

Looking at the latter part of the period, in the 7 years following 1953, the increases in the percentage and dollars per acre are:

Southeast	45% or \$58 per acre	Southwest	42% or \$73 per acre
East Central	52% or \$32 per acre	West Central	40% or \$38 per acre
Northeast	60% or \$24 per acre	Northwest	55% or \$35 per acre

All six districts show an increase in land values of 40 percent or more since 1953, while in three districts the increase in land values per acre exceeds 50 percent. In dollar terms, the \$73 and \$58 per acre increases in the Southwest and Southeast districts, respectively, emphasize the substantial increase in farm land values on a dollars per acre basis.

The tabulations also point up the larger dollar increases in per acre values of farm land in the western half of the State in comparison to the eastern half.

Number of Farm Transfers Decline in 1960

The rate of farm turnover by voluntary transfers declined by an estimated 13 percent of 1960. This rate had increased in 1959 by nearly 12 percent over 1958. The decline in 1960 was from 39.7 voluntary sales per thousand farms in 1959 to 34.5 per thousand farms in 1960. There were also declines in the rate of transfers by inheritance and gifts, and in total transfers per thousand farms.

The current rate of total transfers per thousand farms, estimated at 47.1 in 1960, is the lowest rate reported since 1955. The decline in the rate of voluntary sales ends a 4-year rising trend in this method of transfers. The trend in the rate of transfer by inheritance and gift has been downward for the past four years. The current rate of total transfers per thousand farms in Minnesota is the same as that estimated for the United States in 1960. However, the rate of voluntary sales in Minnesota (34.5/1000 farms) is above the estimated national rate of 30.7 per thousand farms.

Table 2. Estimated Number of Farm Title Transfers Per Thousand Farms, by Method of Transfer, Year Ending March 15, Minnesota, 1953-1960 a/

Year	Voluntary Sales	Forced Sales (Foreclosures, Tax Sales, Etc.)	Inheritance Gift and All Other Transfers	Total all Classes
1960	34.5	2.7	9.9	47.1
1959	39.7	2.6	11.4	53.7
1958	35.6	3.5	14.7	53.8
1957	34.0	2.8	15.6	52.4
1956	31.1	6.4	12.9	50.4
1955	32.5	3.0	9.8	45.3
1954	27.1	1.2	11.5	39.8
1953	28.4	1.6	9.2	39.2
1952	31.4	2.2	10.8	44.4

a/ Source: Compiled from the annual March estimates, published in "Current Developments in the Farm Real Estate Market," U. S. Department of Agriculture, Washington, D. C.

The decline in the number of farms sold is also indicated by the percent of reporters indicating an increase, decrease or no change in the number of farms sold in 1960, as shown in Table 3.

Table 3. Percent of All Reporters Indicating An Increase, Decrease or No-Change in Numbers of Farms Sold, by Districts, Minnesota, 1958-60.

District	Number of Reports		Percent of All Reporters Indicating								
			An Increase			A Decrease			No Change		
	1960	1959	1960	1959	1958	1960	1959	1958	1960	1959	1958
	numbers		percent			percent			percent		
Southeast	190	174	2	12	15	46	21	21	52	67	64
Southwest	223	202	2	13	10	54	18	20	44	69	70
West Central	131	120	4	17	6	50	25	31	46	58	63
East Central	97	100	13	15	16	25	12	20	62	73	64
Northwest	66	66	8	3	14	18	24	18	74	73	68
Northeast	40	44	10	4	17	13	7	13	77	89	70
MINNESOTA	747	706	5	12	12	42	19	22	53	69	66

The percent of reporters indicating a decrease in the number of farms sold in 1960 has more than doubled over the 1959 figure. The percent of reporters indicating "no change" in the number of farms sold dropped from 69 percent in 1959 to 53 percent in 1960.

Although there were substantial changes in reporters' estimates of the trend in sales in 1960, this pattern is not reflected in their report of the number of farms listed for sale.

As shown in Table 4, the largest group indicated that there had been "no change" in the numbers of farms listed for sale with them. This group of respondents, 69 percent of the total, reports that offerings in the farm real estate market were substantially the same in 1960 as in 1958 or 1959. Another 14 percent indicate that the number of farms listed for sale with them has increased over the previous year.

Table 4. Percent of All Reporters Indicating An Increase, Decrease or No-Change in the Number of Farms listed for Sale, by Districts, Minnesota, 1958-60.

District	Number of Reports		Percent of All Reporters Indicating								
			An Increase			A Decrease			No Change		
	1960	1959	1960	1959	1958	1960	1959	1958	1960	1959	1958
	number		percent			percent			percent		
Southeast	167	156	13	15	11	20	22	24	67	63	65
Southwest	210	185	17	15	16	20	17	21	63	68	63
West Central	118	111	13	17	12	14	20	18	73	63	70
East Central	90	91	12	10	11	18	23	24	70	67	65
Northwest	58	56	12	0	10	12	25	25	76	75	65
Northeast	41	44	15	5	16	10	5	16	76	90	67
MINNESOTA	684	643	14	13	13	17	19	21	69	68	66

What Factors Influence the Current Trends in Minnesota Land Prices?

From 1954 through 1959 land price increases were reported for Minnesota farm lands. In 1960 the district trends are mixed with a slight downturn in the overall state average. With the exception of a similar downturn in 1953, farm land prices have risen more or less continuously for the past 25 years. Considering the data available in this and past surveys, what factors have influenced the current farm land market to exhibit the trends in land values shown above?

The data presented in Tables 2 and 3 show a substantial decline in the number of farms sold in Minnesota in 1960. Table 4 and a study of respondents' comments indicate clearly that the supply of farms available for sale has not altered significantly for the past several years. Subsequent data to be presented on participation in the Conservation Reserve Program indicate that the one percent acreage increase in this Program in 1960 has not greatly affected the supply of farms potentially for sale in the last year. It seems evident that the current unsteady trends in land prices have not originated from the supply side of the farm land market.

The data do suggest that the current downward and unsteady trends in Minnesota farm land values reflect a weakening in the demand for farm land. The evidence supporting this conclusion can be traced to a number of causes, with widely varying impact in different areas of the state and among different classes of farm land buyers.

One of the most important and pervasive causes is the increased difficulty in arranging credit financing for farm land transfers. With lowered agricultural incomes, rising land values, larger farms, and high interest rates, the development of adequate financing programs is a major problem. Buyers with a sufficient down payment appear infrequently, the opportunity to earn the needed down payment in the current farming situation is difficult, and credit arrangements are a necessity for the majority of the buyers. Rates of return earned by farm capital owned and farm capital borrowed have been well below prevailing interest rates for several years. With low returns on agricultural investments, the investor buyer has had reason to scrutinize carefully his farm investments. As a consequence, investor buyers have declined in importance as a class of farm land buyers in Minnesota. The discussion that follows presents these and other factors that have been important in the Minnesota farm real estate market in recent years, interpreted in the light of the 1960 data.

"Farm-Expansion Buyers." In recent years, one strong element in the demand for farm land has been contributed by farmers seeking to enlarge their present holdings. For the past 5 years, this class of farm land buyers has purchased roughly one-third of all farms sold in Minnesota, as shown in Table 5. The sales reported in the first

half of 1960 indicated an increase in the proportion of farms purchased by this group. Prior to 1956 farm-expansion buyers purchased roughly one-fourth of all farms sold each year; since 1956 this rate increased to one-third, and in 1960 to nearly 2 out of every 5 farms sold.

Table 5. Percent of Reported Farm Sales Made to Farm Expansion Buyers, by Districts, Minnesota, 1954-60.

District	Sales to Farm-Expansion on Buyers as a Percent of Total Sales						
	1960	1959	1958	1957	1956	1955	1954
	percent of all sales						
Southeast	32	27	28	22	25	16	18
Southwest	45	40	42	34	25	30	26
West Central	48	33	30	32	25	25	26
East Central	21	17	20	26	16	10	15
Northwest	63	44	53	63	59	52	56
Northeast	10	17	6	13	16	16	6
MINNESOTA	39	31	32	30	30	24	25

Farm-expansion buyers continue to be the dominant group in the Northwest district, purchasing 3 out of every 5 farms sold. The most noteworthy increase in sales to farm-expansion buyers occurred in the West Central district. They are important element on the demand side in the Southwest district, and as a group are considerably more active in the western half of the State than in the eastern half. In the Southeastern and East Central districts, the 1960 sales indicates an increase in the percent of farms purchased by farm-expansion buyers, but they are not as prominent in these districts as they are in the West Central and Northwest districts.

Investor Buyers. Investor buyers as a class of farm land purchasers have in recent years continued to be one of the important and active elements in the farm land market. The percent of farms purchased by this group has been fairly stable from year to year, and tended to strengthen the demand for farm land. As reported in Table 6, this picture shows substantial changes in 1960.

Table 6. Percent of Reported Farm Sales Made to Investor Buyers, by Districts, Minnesota, 1954-60.

District	Sales to Investor Buyers as a Percent of Total Sales						
	1960	1959	1958	1957	1956	1955	1954
	percent of all sales						
Southeast	14	18	18	16	13	12	17
Southwest	13	16	19	20	18	18	18
West Central	16	19	24	28	19	17	12
East Central	19	17	19	13	14	14	14
Northwest	10	14	11	12	12	9	13
Northeast	5	21	18	18	22	16	16
MINNESOTA	14	18	19	19	16	14	16

Only in the East Central district have investor buyers increased their percentages of farms purchased in 1960. In the other five districts and for the State as a whole, investor buyers purchased a smaller percentage of the farms reported sold in the first half of 1960 than in any year since 1955. The decline in the percentage of farms purchased by investor buyers is especially noticeable in the Northeast district. In terms of over-all effect on the land market, the declines in the West Central and Southwest districts are the most significant.

The Combined Effect of Farm-Expansion and Investor Buyers. Farm-expansion and investor buyers together purchased slightly over one-half of the farms reported sold in the first half of 1960. This influence is especially strong in the western half of the State. In the three western districts, these two groups of buyers have purchased over one-half of the farms sold since 1957. This trend has continued strong in 1960, notably in the West Central district.

Table 7. Combined Proportion of Total Sales Made to Farm-Expansion and Investor Buyers, by Districts, Minnesota, 1955-1960 a/

District	Percent of Total Sales in					
	1960	1959	1958	1957	1956	1955
	percent of all sales					
Southeast	46	46	45	34	35	26
Southwest	56	52	56	48	47	44
West Central	61	47	51	47	39	37
East Central	39	36	37	36	29	24
Northwest	73	58	67	70	70	59
Northeast	22	41	25	30	29	31
MINNESOTA	53	47	49	44	41	36

a/ Adjusted to avoid duplication in the two classes of buyers.

Farm-expansion and investor buyers as a group have increased their proportion of all farms purchased in the State as a whole from 36 percent in 1955 to 53 percent in 1960. The activity of these two classes of buyers rests in part on their ability to finance land purchases without relying entirely on earnings from the land being purchased. Farmers seeking to expand their present units can, if necessary, draw upon the land already owned for income and mortgage security, in financing the new addition, while investors can utilize money earned outside of farm operations to purchase new or additional lands.

Beginning owner-operators or renters seeking to become owners accounted for less than half of farm purchases in the first six months of 1960. As shown in Table 2, the current rate of farm transfers by voluntary sale is estimated at 34.5 per thousand farms. Table 7 shows that 53 percent of these sales are accounted for by farm expansion and investor buyers. This results in an estimated rate of transfer by voluntary sale to beginning farmers, or to farm operators who own no other farm land, of 16.2 per thousand farms, in 1960. In probability terms, a renter or beginning farmer had slightly less than a 50-50 chance to emerge as the successful bidder for a farm transferred by voluntary sale. In the Northwest district his chances were only about one in four.

Contract for Deed Financing. Approximately three-fourths of all farm sales in 1960 in Minnesota involved credit financing. In each of the last 5 years the use of credit to finance farm sales has increased. In 1956 credit financing was used in about 70 percent of all sales. This increased to 72 percent in 1957, 74 percent in 1958, and to about 77 percent of reported sales in 1959 and 1960. The same five-year period has seen a significant increase in the use of the contract for deed, or "land-contract." For the last four years this has been the most frequently used credit instrument.

As Table 8 shows, 23 percent of the reported sales in 1960 were purchased with cash, 33 percent involved mortgages, and 44 percent were financed by land contracts. In 1960 there was a further percentage increase in the use of land contracts and a slight decline in the percentage of mortgage-financed sales and cash purchases.

Table 8. Farm Transfers Financed by Cash Sales, Mortgages and Land Contracts, as Percent of Total Sales, by Districts, Minnesota, 1957-1960 a/

District	Sales				Mortgages				Land Contracts			
	1960	1959	1958	1957	1960	1959	1958	1957	1960	1959	1958	1957
	percent of annual sales											
Southeast	20	19	20	24	27	32	29	36	55	49	51	40
Southwest	21	20	22	28	40	46	41	39	39	34	37	33
West Central	22	27	22	27	40	27	36	36	38	46	42	37
East Central	26	25	28	26	24	31	28	29	50	44	44	45
Northwest	35	43	38	28	36	28	30	25	29	29	32	47
Northeast	22	33	32	26	26	20	19	36	52	47	49	38
MINNESOTA	23	24	24	27	33	35	33	35	44	41	43	38

a/ Based on 1641 sales reported in the first half of 1957, 1395 sales for the 1958 study period, 1605 sales in the first half of 1959 and 1257 sales reported for January 1 to June 30, 1960.

Analysis of the sales reported for 1960 by districts indicates a substantial shift in the uses of cash and credit financing in purchasing Minnesota farm land. Cash purchases are most important in the Northwest district where they accounted for 35 percent of all sales or only slightly less than the 36 percent financed with mortgages. Land contracts are less important in this district than in other parts of the State, accounting for only 29 percent of the sales in 1960.

The growing use of the land contract can be observed in nearly all of the districts and for the State as a whole. The increasing frequency of use of this credit instrument has not been paralleled by any increase in the proportion of sales financed by mortgage credit supplied by institutional lenders, either public or private. Individual lenders have thus become a very important source of land credit.

In each of the districts and for the State, the land contract is most frequently used to purchase larger sized tracts at a somewhat lower average sales price per acre than is characteristic of mortgage-financed or cash sales. The average total transaction price is approximately the same for both land contract and mortgage-financed purchases, but the average size of mortgaged tracts is about 20 acres less than land contract financed tracts. For the State as a whole in 1960, the average size of tract involved in a cash sale was 149 acres at \$153 an acre, for an average total farm value of \$22,700. The mortgaged tracts averaged 162 acres at \$175 per acre, for an average total farm value of \$28,300. Land contract financed sales averaged 183 acres at \$157 per acre, for an average total farm value of \$28,700.

Tax Liabilities. The capital gains tax has unquestionably exerted an influence on methods of financing farm sales and hence on land values. Under present federal and state tax laws it is often to the seller's advantage to distribute any capital gains over a number of years. The land contract offers this advantage to the seller, plus a simple procedure for regaining possession of the farm in case of contract default. Sellers who would otherwise have accepted cash sales or mortgages have often insisted upon the use of a land contract to gain the tax advantages. This may help account for some of the continued strength of the land contract method of farm financing in Minnesota.

Other Less Tangible Influences. Many indirect but significant factors have influenced the Minnesota farm land market and provided a substantial base for present levels of land prices. Prominent among these are social capital investments, which have a broad and notable impact on the general level of land values. For nearly a century local, state and federal agencies of government have encouraged and borne the

cost of continued research in improved farming techniques, and the training of people working in and with agriculture. These investments in social overhead capital have been particularly important in roads, schools, and in electrification and communication fields, which have diminished the isolation and increased the attractiveness of rural living.

Society has used various ways to improve the quality and productivity of agricultural land. The Soil Conservation Service has promoted many soil conserving practices which have long-run and cumulative consequences for the qualitative improvements of farm land. Some of the aspects of more recent "Soil Bank" programs have been aimed at similar goals. Better informed farm operators utilize more fertilizers, improved crop varieties, improved breeding and feeding techniques, and the increased amounts of capital necessary to implement these changes. These considerations give strong grounds for concluding that a large portion of the land value increase since 1946 rests solidly on a substantial base of capital improvements in agriculture, financed from both public and private sources.

PART II. ANALYSIS OF 1960 FARM SALES

A. Farm Sales As A Whole

A Note on Methodology. The reporters in this annual survey of the Minnesota farm land market are asked to supply two types of data:

1. Estimates, in response to the question "What is the current price per acre of the average size farm of average value in your community?" plus a similar question subdivided according to "good," "average" and "poor" grades of farm land. These estimates are averaged and form the basis for the reports of year-to-year changes in land prices. The Part I analysis of land prices, trends is based on these estimates.

2. Data on farms sold in the reporters' communities, including actual price characteristics of the buyer and seller and method of financing for sales tracts which were sold for agricultural purposes during the survey period of January 1 to June 30 in each year.

The estimates of farm value are more reliable for obtaining year-to-year trends than are reported prices received in actual sales, for these reasons: There are erratic and occasionally wide variations in the qualities of land and buildings actually sold and in the number of sales that may occur in any given year and locality. Typically there are only 25 to 50 voluntary farm sales per year in a representative Minnesota county. A reported change in sales prices may reflect a change in quality of land or buildings or it may actually represent a change in local land values. It is difficult to know the extent to which these two variables are represented in sales prices, and data are not available to permit accurate adjustments for quality changes. For these reasons the estimates of land values are used in the construction of land price trends, and the reported sales are analyzed separately. The actual sales data are used in Part I in discussing methods of financing and the characteristics of buyers and sellers. A more detailed analysis of reported sales is here presented in Part II.

Reported Sales Prices. With this understanding of the methodology followed, and of the reasons for caution in using actual sales data, it is useful to study the trends in prices paid and characteristics of the sales reported for the survey period.

As shown in Table 9, the reported sales prices per acre exhibit more variation from year-to-year than do the estimates of land values reported in Table 1.

Table 9. Number of Sales Reported in the First Half of 1959 and 1960, and Average Sales Prices Per Acre, by Districts, Minnesota, 1954-1960.

District	Number of Sales		Actual Sales Price per Acre Reported in:						
	1960	1959	1960	1959	1958	1957	1956	1955	1954
	number		dollars						
Southeast	376	430	189	210	169	175	160	166	146
Southwest	335	526	240	243	234	217	207	211	186
West Central	195	265	136	129	115	108	100	101	106
East Central	208	258	69	73	78	65	58	65	57
Northwest	113	80	101	85	79	88	78	68	63
Northeast	30	46	50	61	52	39	40	46	38
MINNESOTA	1257	1605	161	173	155	144	139	144	123

The 1960 average sales prices per acre was lower than in 1959 in all but two of the districts. Only in the West Central and Northwest districts did 1960 average sales prices per acre continue to rise above the levels reported in 1959. In the West Central district this increase appears to reflect a modest rise in local land values. In the Northwest district the percent of sales with "good" quality land or buildings is higher in 1960 than in 1959, thus making it difficult to attribute the price increases to actual changes in the level of land values.

The comparison in Table 10 between reported sales prices and estimated prices per acre reflects an encouraging level of over all consistency in this survey.

Table 10. Comparison of Reported Sales Price per Acre and Estimated Average Price per Acre, by Districts, Minnesota, 1958-1960.

District	1960 Average Price per Acre		1959 Average Price per Acre		1958 Average Price per Acre	
	Reported	Estimated	Reported	Estimated	Reported	Estimated
	dollars per acre					
Southeast	189	188	210	191	169	179
Southwest	240	248	243	255	234	242
West Central	136	133	129	134	115	123
East Central	69	94	73	89	78	84
Northwest	101	99	85	103	79	90
Northeast	50	64	61	58	52	65
MINNESOTA	161	155	173	157	155	147

In the process of calculating averages the high or low estimate by one reporter is offset by the estimate by other reporters. The reporters are influenced by the going sales prices in their community so there usually is a close accord of estimated and sales prices per acre.

Sales Price According to Quality of Land. The 1960 average sales prices per acre according to the reporters' estimated quality of land are shown in Table 11, together with comparable data for 1958 and 1959 sales.

Table 11. Average Sales Price per Acre for Reported Sales, Classified by Reporters' Estimated Quality of Land, by Districts, Minnesota, 1958-1960.

District	Estimated Quality of Land								
	Good			Average			Poor		
	1960	1959	1958	1960	1959	1958	1960	1959	1958
	Average Sales Price per Acre in Dollars								
Southeast	229	254	208	180	189	158	123	129	97
Southwest	276	280	280	225	229	209	158	157	156
West Central	162	156	138	116	120	108	107	98	68
East Central	107	99	100	64	68	72	42	47	41
Northwest	139	123	131	81	79	63	32	48	29
Northeast	108	133	61	39	55	49	34	35	40
MINNESOTA	204	222	198	145	154	138	94	105	91

For all three grades of land the State-wide average sales prices per acre are lower in 1960 than those reported in 1959. Within districts, however, there are variations. Only in the Southeast and the Northeast districts are the 1960 average sales prices per acre below the 1959 levels for all three grades of land. In the remaining districts some grades of land increased in average sales price while other grades averaged lower than in 1959.

Prices of Unimproved Land Declined Relative to Improved Lands. In 1960 the average sales prices of improved lands declined relative to improved lands. For the State as a whole, the average sales prices per acre of tracts with buildings showed a smaller decline than reported for unimproved lands so the ratio widened in 1960.

Table 12. Comparison of Average Sales Price per Acre of Improved and Unimproved Land, by Districts, Minnesota, 1958-1960.

District	Average Sales Price per Acre						Price of Unimproved Land As A Percent of Improved Land		
	Improved Land			Unimproved Land			Improved Land		
	1960	1959	1958	1960	1959	1958	1960	1959	1958
	dollars			dollars			percent		
Southeast	190	212	172	159	162	116	84	76	67
Southwest	245	246	236	209	208	208	85	85	88
West Central	143	133	120	109	103	84	77	77	70
East Central	73	74	80	33	35	47	45	47	59
Northwest	105	82	70	92	94	96	88	115	137
Northeast	53	69	54	22	17	12	41	25	22
MINNESOTA	167	176	159	123	142	126	74	81	79

Not all district averages followed the State trend. In the Northeast and Southeast districts, the average sales prices of unimproved lands continued to appreciate relative to improved lands, a continuation of the trend shown in previous reports. In the Southwest and West Central districts there was no change from the 1959 figures. In the Northwest district the average sales price reported for improved lands is higher than the price of unimproved land for the first year since 1957.

The above data may be considered in respect to the comments of the reporters in this survey. The reporters were asked to comment on their local land market situations. These comments were classified into broad categories and the ten most frequently mentioned comments and their distributions are reported by districts in Table 13.

Table 13. Classification and Frequency of Types of Comments Reported, by Districts, Minnesota, 1960.

Type of Comment	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
	Percent of All Comments by Districts						
Fewer sales in last 6 months	31	32	27	24	16	30	28
Weather hurt sales	18	15	11	1	2	0	10
Buyers lack down payment	8	6	11	12	12	6	9
Interest rates effects sales	5	16	4	2	0	0	7
Low farm income effect	7	6	6	5	0	13	6
Soil Bank effects	2	0	8	11	20	9	6
Land prices are too high	5	7	5	2	3	0	4
Residential demand for farms	1	0	1	15	3	11	4
Fewer farms available	5	2	3	1	12	2	3
No change in situation	6	1	2	5	5	0	3

Brokers' Services. For the State as a whole, approximately three out of every ten sales were negotiated without the services of a real estate broker in each of the last four years, as shown in Table 14.

Table 14. Estimated Percent of Farms Sold Without Benefit of Brokers' Services by Districts, Minnesota, 1957-60.

District	Number of Reports		Estimated Percent of Sales in Which No Broker or Dealer was Involved			
	1960	1959	1960	1959	1958	1957
	Number		Percent			
Southeast	130	114	29	33	29	27
Southwest	159	130	26	26	27	26
West Central	87	81	27	25	30	24
East Central	71	58	34	32	38	31
Northwest	46	43	42	44	44	51
Northeast	28	23	38	48	37	34
MINNESOTA	521	449	30	31	32	30

Within the districts, the percentages of tracts sold without brokers' service varied from 42 percent in the Northwest district to about one out of every four sales in the Southwest district. The estimates by districts for the four years reported show considerable stability and may be representative of the situations within the districts.

B. Characteristics of Farm-Expansion Sales

Tables 5, 6 and 7 in Part I make it clear that farm-expansion buyers and investor buyers are important classes of farm land purchasers in Minnesota. This section analyzes the sales of tracts purchased by three classes of buyers: operating farmers, who purchased tracts for owner-operation as complete units; farm-expansion buyers, either operating farmers or investors, who combined the purchased tracts with existing holdings; and investor buyers, who bought tracts to be operated as separate units.

The Average Size of Purchased Tracts. In Table 15 are shown the average sizes of tract purchased by each of the three groups of buyers. Although the average size of farm purchased by operating farmers is larger, it is noteworthy that the tracts purchased by all three types of buyers are similar in size. This suggests that farm-expansion buyers have enlarged their holdings by the purchase of whole farms rather than through the piece-meal addition of small tracts.

Table 15. Average Size of Tract Purchased by Three Types of Buyers, by Districts, Minnesota, 1958-1960.

District	Average Size of Tract Bought by:								
	Operating Farmers			Expansion Buyers			Investor Buyers		
	1960	1959	1958	1960	1959	1958	1960	1959	1958
	acres			acres			acres		
Southeast	169	159	163	134	151	125	154	163	157
Southwest	186	183	175	152	134	152	149	213	179
West Central	222	229	194	173	187	164	180	177	186
East Central	180	156	141	143	124	122	141	155	138
Northwest	288	284	199	260	186	195	295	208	204
Northeast	144	199	132	120	195	73	-	125	115
MINNESOTA	188	184	166	167	151	149	164	178	165

Only in the Northwest and West Central districts are the average tracts notably above the standard quarter-section in size. This is a reflection of the larger farm units in these districts. The data in Table 15 make it clear that the current expansion of existing farms taking place through the land market involves the addition of tracts that are roughly the average size of the farms of the area.

The average prices paid per acre by the three types of buyers follow the trends of 1958 and 1959, as shown in Table 16.

Table 16. Average Sales Prices per Acre Paid by Three Types of Buyers, by Districts, Minnesota, 1958-1960.

District	Average Price Paid by:								
	Operating Farmers			Expansion Buyers			Investor Buyers		
	1960	1959	1958	1960	1959	1958	1960	1959	1958
	Dollars per Acre								
Southeast	187	213	174	186	223	170	186	179	152
Southwest	252	242	240	234	252	239	214	211	199
West Central	149	133	125	133	126	111	107	116	98
East Central	70	76	82	68	68	66	72	74	79
Northwest	78	76	53	99	89	93	85	69	86
Northeast	57	81	50	29	18	42	80	35	38
MINNESOTA	164	170	157	159	183	164	143	155	137

The lower average prices paid by investor buyers are explained in part by the fact that a larger proportion of their purchases involve lower grades of land than is the case with the other two classes of buyers (see Table 17). Operating farmers and farm-expansion buyers pay similar prices, with the farm-expansion buyers paying slightly more per acre in most years. In 1960 operating farmers paid higher prices on the average than did farm-expansion buyers in the Southwest, West Central and Northeast district. Farm-expansion buyers paid the higher average prices per acre in the Northwest district.

Quality of Land and Buildings. Tables 17 and 18 report the percentages of tracts purchased by the three classes of buyers, classified by the quality of land and buildings. These data help interpret the prices paid per acre reported in Table 14, and indicate more clearly the differences in the tracts purchased by each type of buyer.

Table 17. Percent of Tracts Purchased by Type of Buyer, Classified According to Brokers' Estimated Quality of Land, by Districts, Minnesota, 1960.

District	Operating Farmers			Expansion Buyers			Investor Buyers		
	Percent of Lands Purchased that were Classified								
	Good	Ave.	Poor	Good	Ave.	Poor	Good	Ave.	Poor
	percent			percent			percent		
Southeast	39	47	14	38	45	18	29	47	24
Southwest	50	41	9	52	36	11	29	48	23
West Central	46	45	9	47	42	11	27	59	14
East Central	36	48	17	38	32	30	3	59	38
Northwest	52	38	10	49	37	14	50	30	20
Northeast	29	64	7	33	-	67	100	-	-
MINNESOTA	43	45	12	46	39	15	25	50	25

There are appreciable differences in the quality of land purchased by the three classes of buyers. Purchasers of tracts for owner-operation bought less of the poorer grades of land and distributed their purchases about equally between the good and average grades of land offered. Three-fourths of the tracts purchased by investor buyers were of average or poor quality. In this regard the 1960 sales data are similar to the distribution shown in previous reports in terms of the quality of land purchased by class of buyer.

Farm-expansion buyers may be expected to be less interested in building quality but if necessary they purchase tracts complete with buildings. They often bid high prices for tracts that are adjacent to their existing holdings. As Table 18 shows, about one-third of the tracts purchased by farm-expansion buyers were without buildings. Also in sharp contrast, only a small proportion of their tracts had buildings of good quality. The quality of buildings on tracts purchased by investor buyers is similar to that reported for expansion buyers. Approximately 60 percent of the tracts purchased by both classes of buyers had poor quality buildings or none at all.

Table 18. Percent of Tracts Purchased by Type of Buyer, Classified According to Brokers' Estimated Quality of Buildings, by Districts, Minnesota, 1960.

District	Operating Farmers				Expansion Buyers				Investor Buyers			
	Quality of Buildings Purchased											
	Good	Ave.	Poor	None	Good	Ave.	Poor	None	Good	Ave.	Poor	None
	Percent				Percent				Percent			
Southeast	31	55	12	2	13	25	38	24	15	44	26	15
Southwest	32	53	12	3	14	38	22	26	13	22	31	34
West Central	39	45	15	1	8	22	31	39	5	14	27	54
East Central	39	42	18	1	24	27	24	25	10	21	48	21
Northwest	42	41	10	7	11	13	29	47	40	20	20	20
Northeast	43	43	14	-	33	-	-	67	-	-	-	100
MINNESOTA	35	49	14	2	13	26	29	32	14	26	32	28

Owner-operators attach greater importance to the quality of buildings, as Table 18 clearly shows. Five-sixths or 84 percent of the tracts purchased for owner-operation had good or average buildings, while only 14 percent had poor quality buildings. Notable is the small percentage variation among districts in the quality of buildings on tracts purchased for owner-operation. For the other two classes of buyers the importance they attach to the quality of buildings on tracts purchased as an investment or for farm expansion.

PART III. SPECIAL STUDIES

This section of the report presents a series of separable analyses designed to aid in the interpretation of recent farm land market trends. In the first the sales of farm land in the Red River Valley have been separately analyzed. The sharply defined north-south boundaries of the valley of the Red River do not coincide with county boundaries in the area. This concerns Polk and Marshall counties in particular, and Kittson, Norman and Clay counties to a lesser degree. A land market reporting district based on county boundaries in the Red River Valley area thus groups the relatively valuable lands of the valley together with the much less productive, and less valuable, lands to the east. The analysis is designed to test the extent to which land market characteristics in the valley lands are significantly different from those of the non-valley portions of the northern part of the state.

The second study is focused on an area comprising nine counties in the west central region of the state, characterized by a history of fluctuating crop yields. For this area an attempt is made to determine whether or not the relatively high farming risks associated with fluctuating yields have had an appreciable influence on the farm land market.

A third study presents current data, by counties, on participation in the Conservation Reserve feature of the Soil Bank programs. These data have been studied to determine the extent to which the farm land market may have been influenced by Soil Bank activity. The concluding section of the report is devoted to a series of tables drawn from the preliminary releases of county data collected in the 1959 U. S. Census of Agriculture. These tables, showing trends in the size, number and tenure of Minnesota farms, present data of basic importance in understanding recent land market developments.

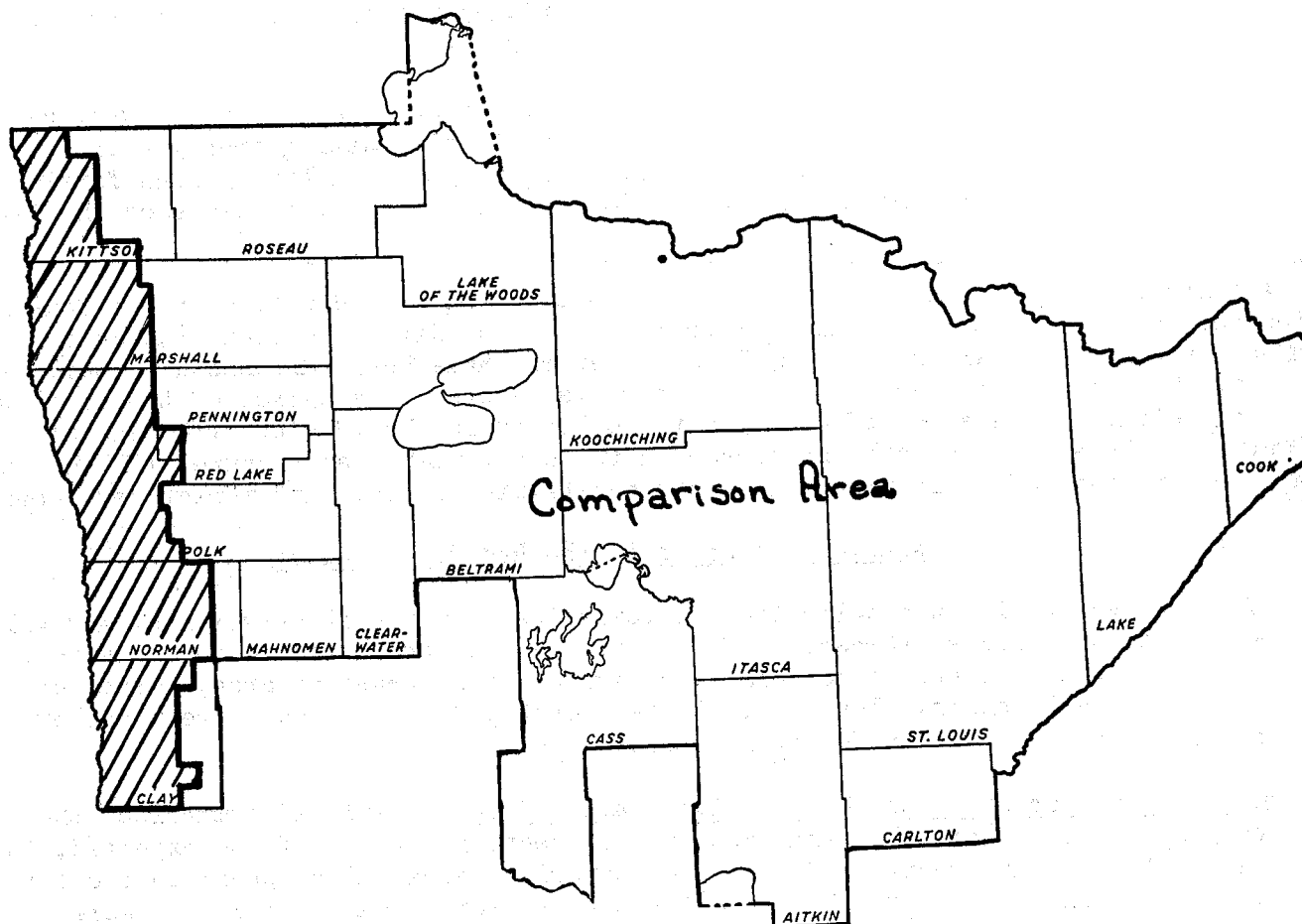
A. Analysis of Sales in the Red River Valley

The Red River Valley was delineated by townships from a soil survey map, and all sales within these selected townships of the Northwest district were combined with the sales of the Northeast district to form a comparison or contrasting area, hereafter referred to as the CA sales. The map indicates roughly the division between Valley and non-Valley areas. (Map on following page.)

1. General Characteristics of the Red River Valley Sales. Table 19 summarizes the relatively small number of sales analyzed in this section. As was to be expected, the principal differences between the Valley and comparison area sales appear in the larger size of tract in the Valley sales, and the higher average sales price per acre. These averages have shown a wide variation over the past four years due to quality differences in the land sold from year to year. The standard deviations indicate that the prices of Valley land move through a wide range in terms of dollars per acre, but in relation to the average price per acre this range is not much greater than for the CA sales.

Table 19. Analysis of Reported Sales, Red River Valley and Comparison Area, Minnesota, 1957-1960.

Item	Red River Valley Sales				Comparison Area Sales			
	1957	1958	1959	1960	1957	1958	1959	1960
Number of Sales	54	58	39	53	126	101	87	90
Average Size of Tract (acres)	304	203	253	248	229	164	198	192
Average Sales Price per Acre (\$)	140	104	114	140	46	49	53	61
Standard Deviation (\$)	112	60	70	87	34	27	46	37
Coefficient of Variation (%)	81	58	61	63	74	54	87	60



2. The Valley Tracts are Bought for Expansion Purposes. As Table 20 shows, four out of five Red River Valley sales are purchased by farm expansion buyers. In the CA sales not more than 36 percent of the tracts were bought for farm expansion purposes during the last four years.

Table 20. Proportion of Sales in Each Area According to Intended Method of Operation After Sale, Red River Valley and Comparison Area, Minnesota, 1957-1960.

Intended Method of Operation	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Part of another farm	80	73	54	79	31	23	25	36
As a single farm	20	27	46	21	69	77	75	64

The simple classification of the data in Table 21 does not show any substantial difference between the two areas for the percent of sales bought by investor buyers.

Table 21. Proportion of Sales in Each Area Sold to Operating Farmers or Investor Buyers, Red River Valley and Comparison Area, Minnesota, 1957-60.

Buyer Class	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Operating farmers	89	91	86	91	83	85	82	91
Investor buyers	11	9	14	9	17	15	18	9

Operating farmers have bought from 82 to 91 percent of the tracts sold in both areas over the past four years. In Table 22 the sales are further classified by types of buyers and adjusted to remove duplications.

Table 22. Cross-Classification of Sales in Each Area According to Intended Method of Operation After Sale, Red River Valley and Comparison Area, Minnesota, 1957-60.*

Intended Method of Operation	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Part of another farm	80	72	57	79	32	25	27	42
Single unit: Owner-operation	13	19	32	11	53	61	55	50
Single unit: As an investment	7	9	11	10	15	14	18	8

*Adjusted to remove duplications in classes reported in Tables 20 and 21.

The resulting percentages show only a small difference between the two areas in the percentage of sales made to investor buyers. The data do show clearly that the Valley tracts are bought for farm expansion purposes. In the Comparison Area, nearly one-half of the tracts are bought for owner-operation and purchases for expansion purposes are infrequent.

Further contrasts in the sales of the two areas are shown when sales are classified according to the brokers' estimates of quality of land and buildings, in Tables 23 and 24.

Table 23. Percent of Sales in Each Area According to Reporters' Estimated Quality of Land, Red River Valley and Comparison Area, Minnesota, 1957-60.

Quality of Land	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Good	59	40	49	57	23	28	18	38
Average	32	42	38	34	50	56	54	47
Poor	9	18	13	9	27	16	28	15

Notably larger percentages of the Valley sales involve good or average quality land, while about 40 percent of the tracts sold were without buildings. In contrast, the Comparison Area sales indicate a higher percentage of sales of average or poor quality land and a smaller percentage without buildings.

Table 24. Proportion of Sales in Each Area According to Reporters' Estimated Quality of Buildings, Red River Valley and Comparison Area, Minnesota, 1957-60.

Quality of Buildings	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Good	9	9	5	21	28	27	18	27
Average	19	20	41	19	29	39	32	23
Poor	30	24	15	19	24	21	30	24
None	42	47	39	41	19	13	20	26

The percent of tracts sold without buildings is shown in another classification in Table 25.

Table 25. Proportion of Sales in Each Area Classified Improved or Unimproved Land, Red River Valley and Comparison Area, Minnesota, 1957-60.

Class	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Improved land	58	53	61	58	82	87	80	74
Unimproved land	42	47	39	42	18	13	20	26

Table 25 shows the strong contrast between the percent of sales of land without buildings in the two areas. Although sales of land without buildings (unimproved land) have accounted for 39 to 47 percent of all sales in the Valley. The contrasts in average sales price per acre in the two areas is shown in Table 26.

Table 26. Average Sales Price Paid per Acre of Improved Land and Unimproved Land, Red River Valley and Comparison Area, Minnesota, 1957-60.

Class	Red River Valley				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	dollars				dollars			
Improved land	132	102	110	153	49	51	62	67
Unimproved land	132	109	123	119	27	32	25	38

The sales prices per acre for unimproved land have averaged higher than the prices for improved land in three of the past four years. This is further evidence of the strength of the farm expansion element in the demand for Valley land. In the Comparison Area the average sales price per acre reflects the greater importance placed on buildings, for these sales are most frequently for owner-operation.

In summary, roughly four out of every five sales in the Red River Valley have been made to farm-expansion buyers. The quality of land is estimated to be good or average in most sales, and about 40 percent of the tracts sold are without buildings. Over the four years, 1957-1960, the average sales price per acre for Valley land has been approximately 2.4 times greater than in the non-Valley area. The average Valley sales tract is nearly 60 acres or some 28 percent larger than in the Comparison Area and there is a greater range in the sizes of tracts sold. Other characteristics studied, including methods of financing the sales, do not show marked variations from the trends reported for the Northwest and Northeast districts in Parts I and II of this report.

B. Analysis of Sales in a "High Risk" Area

The data on crop yields per acre by counties indicate relatively large annual variations in several West Central counties. On the basis of yield variations per acre for wheat and corn the nine West Central counties shown on the inset map were selected

for further study. These nine contiguous counties have been designated a "high risk area" for the purposes of this analysis. The sales of the remaining counties of the Southwest and West Central districts were grouped as a Comparison Area, is shown in the map below. It is important to point out that yield variations and resultant farming risks in this 9-county study area are high only in contrast to the more stable yields in counties to the south and east. In comparison with high risk area of the Great Plains, the hazards of weather and crop yields fluctuations in West Central Minnesota are of comparatively minor importance.

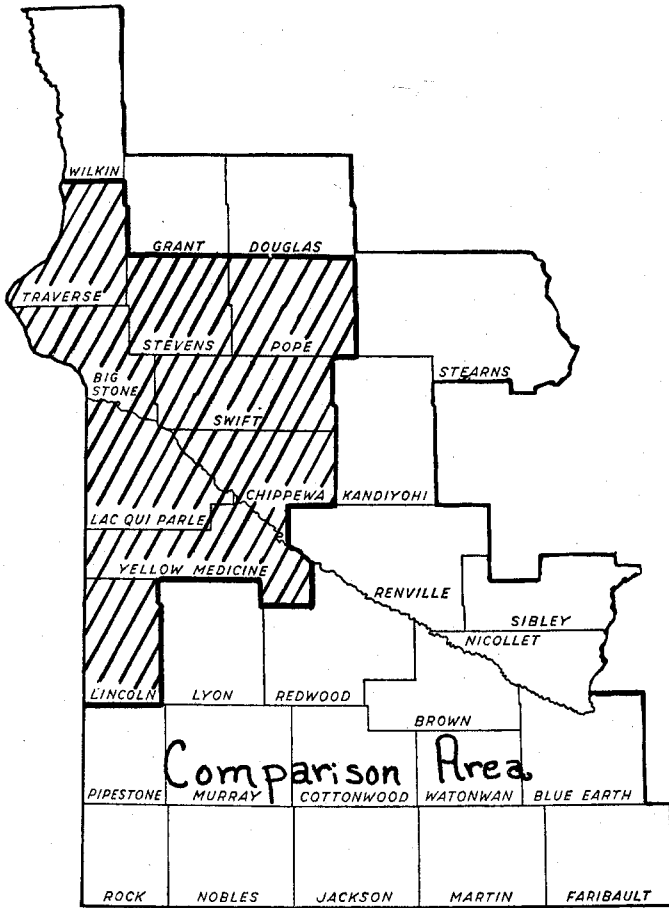


Table 27. Analysis of Reported Sales, High Risk Area and Comparison Area, Minnesota, 1957-1960.

Item	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
Number of Sales	210	124	212	157	560	491	579	373
Average Size of Tract (acres)	189	179	193	188	173	164	173	167
Average Sales Price per Acre (\$)	126	127	150	141	187	215	220	226
Standard Deviation (\$)	71	53	55	51	86	88	89	83
Coefficient of Variation (%)	56	42	37	36	46	41	40	37

Over the past four years the average size of tract sold in the high risk area is about 10 percent larger than in the comparison area, and the sales price per acre has averaged 36 percent lower. Farmers who anticipate greater year-to-year crop yield variations may be expected to have larger farms valued at lower average prices per acre

than do farmers in areas that do not exhibit large or frequent variations in crop yields. This is the situation clearly portrayed in the sales analysis of this section. The coefficients of variation for the sale prices per acre are only slightly larger in the high risk area. This may be interpreted as reflection of the relative uniformity of land and buildings quality coupled with an awareness of the consequences of the yield variations on the part of tract purchasers in the high risk area.

Classifying the sales according to the intent of the buyer shows relatively little difference between the two study areas, as shown in Tables 28, 29, and 30.

Table 28. Proportion of Sales in Each Area According to Intended Method of Operation After Sale, High Risk Area and Comparison Area, Minnesota, 1957-1960.

Intended Method of Operation	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Part of another farm	35	37	35	57	32	39	38	41
As a single farm	65	63	65	43	68	61	62	59

Between 1957 and 1960 approximately two-thirds of the farms sold in both areas were transferred as complete units and were not used for farm expansion purposes.

The influence of the investor buyers is shown in Table 29.

Table 29. Proportion of Sales in Each Area Sold to Operating Farmers or Investor Buyers, High Risk Area and Comparison Area, Minnesota, 1957-1960.

Buyer Class	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Operating farmers	69	79	80	83	80	80	84	88
Investor buyers	31	21	20	17	20	20	16	12

Investor buyers were more active in the high risk area but in both areas sales to operating farmers accounted for 80 percent or more of all sales in recent years. In Table 30, the data presented in Tables 28 and 29 are reclassified and adjusted to avoid duplications.

Table 30. Cross-Classification of Sales in Each Area According to Intended Method of Operation After Sale, High Risk Area, and Comparison Area, Minnesota, 1957-1960.*

Intended Method of Operation	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Part of another farm	36	37	35	59	32	39	38	42
Single unit: Owner-operation	40	44	49	28	51	46	50	48
Single unit: As an investment	24	19	16	13	17	15	12	10

*Adjusted to remove duplications in data reported in Tables 28 and 29.

A comparison of the brokers' estimates of the quality of buildings involved in farm sales indicates that land transfers in the high risk area are more likely to involve poor buildings, or bare land without buildings, as shown in Table 31.

Table 31. Proportion of Sales in Each Area According to Reporters' Estimated Quality of Buildings, High Risk Area and Comparison Area, Minnesota, 1957-60.

Quality of Buildings	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Good	22	18	24	16	27	26	26	23
Average	35	35	34	28	36	38	35	40
Poor	21	28	19	21	21	19	22	20
None	22	19	23	35	17	17	17	17

In 1960, for example, only 44 percent of the sales in the high risk area involved buildings that were rated average or above, while 63 percent of the buildings involved in comparison area sales were so rated.

In terms of land quality, similar percentages of "poor" grades of land were reported for both areas, but nearly half of the land sold in the comparison area was graded "good" whereas the typical sale in the high risk area involved "average" quality land.

Table 32. Percent of Sales in Each Area According to Reporters' Estimated Quality of Land, High Risk Area and Comparison Area, Minnesota, 1957-1960.

Quality of Land	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Good	32	38	38	39	41	48	45	49
Average	51	44	44	48	43	40	41	39
Poor	17	18	18	13	16	12	14	12

Sales of unimproved land (bareland, without buildings) were more frequent in the high risk area, but with substantial year-to-year variation. The data in Table 33, for example, shows that sales of unimproved land were 18 percent of all sales in the high risk area in 1958, but 35 percent in 1960.

Table 33. Proportion of Sales in Each Area Classified Improved or Unimproved Land, High Risk Area and Comparison Area, Minnesota, 1957-1960.

Class	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	percent				percent			
Improved land	78	82	78	65	83	83	83	84
Unimproved land	22	18	22	35	17	17	17	16

A remarkable feature of these data is the surprisingly constant ratio between sales of improved and unimproved land in the comparison area. Five out of every six sales in that area involve land with buildings and this relationship has remained virtually unchanged for the last four years.

Another unexpected outcome of this analysis concern the relatively stable relationship between prices per acre for improved and unimproved land in the high risk and comparison areas. For the past four years as a whole and in both areas the price of land without buildings has averaged 80 percent of the price of land with buildings.

Table 34. Average Sales Price Paid per Acre of Improved Land and Unimproved Land, High Risk Area and Comparison Area, Minnesota, 1957-1960.

Class	High Risk Area				Comparison Area			
	1957	1958	1959	1960	1957	1958	1959	1960
	dollars				dollars			
Improved land	128	133	155	149	192	216	222	228
Unimproved land	121	93	123	117	151	190	192	203

In review, the sales reported for the two areas show substantial differences in the average size of tracts sold and average sales price per acre. Sales in the comparison area more frequently involve land and buildings of good quality, but the intended uses of the tracts by buyers are similar in both areas. The data indicates an awareness of the greater variations in crop yields in the high risk area on the part of most buyers, in terms of adjustments in average size of farm and prices paid.

C. The Conservation Reserve Program

The county-outline map presents data on the relative significance of acreage participation in the Conservation Reserve Program in 1959 and 1960. For each county the map shows the percentage of total cropland acres entered in the Conservation Reserve Program; the upper figure for 1960 and the lower figure for 1959. The preliminary 1959 Census of Agriculture data on total cropland acres by counties were used in these computations.

Table 35 presents the acreage participation in the Conservation Reserve Program in Minnesota in 1959 and 1960 with the counties grouped into the land market districts utilized in this report.

Table 35. Acres in Conservation Reserve Program, by Districts, Minnesota, 1959-1960.

District	1959* Total Crop- land Acres	Total Acres Entered in Conservation Reserve Program**		Percent of 1959 Crop- land Acres Entered in Conservation Reserve**	
		1959	1960	1959	1960
	acres	acres		percent	
Southeast	4,781,031	142,530	167,856	3.0	3.5
Southwest	6,190,560	86,285	117,056	1.4	1.9
West Central	3,937,411	281,760	323,732	7.2	8.2
East Central	2,530,896	376,746	423,033	14.9	16.7
Northwest	3,742,147	745,777	773,367	19.9	20.7
Northeast	748,943	133,352	140,630	17.8	18.8
Minnesota	21,930,988	1,766,450	1,945,674	8.1	8.9

*The data on 1959 cropland acres in farms include cropland acres harvested, cropland acres used only for pastures, and cropland acres not harvested and not pastured.

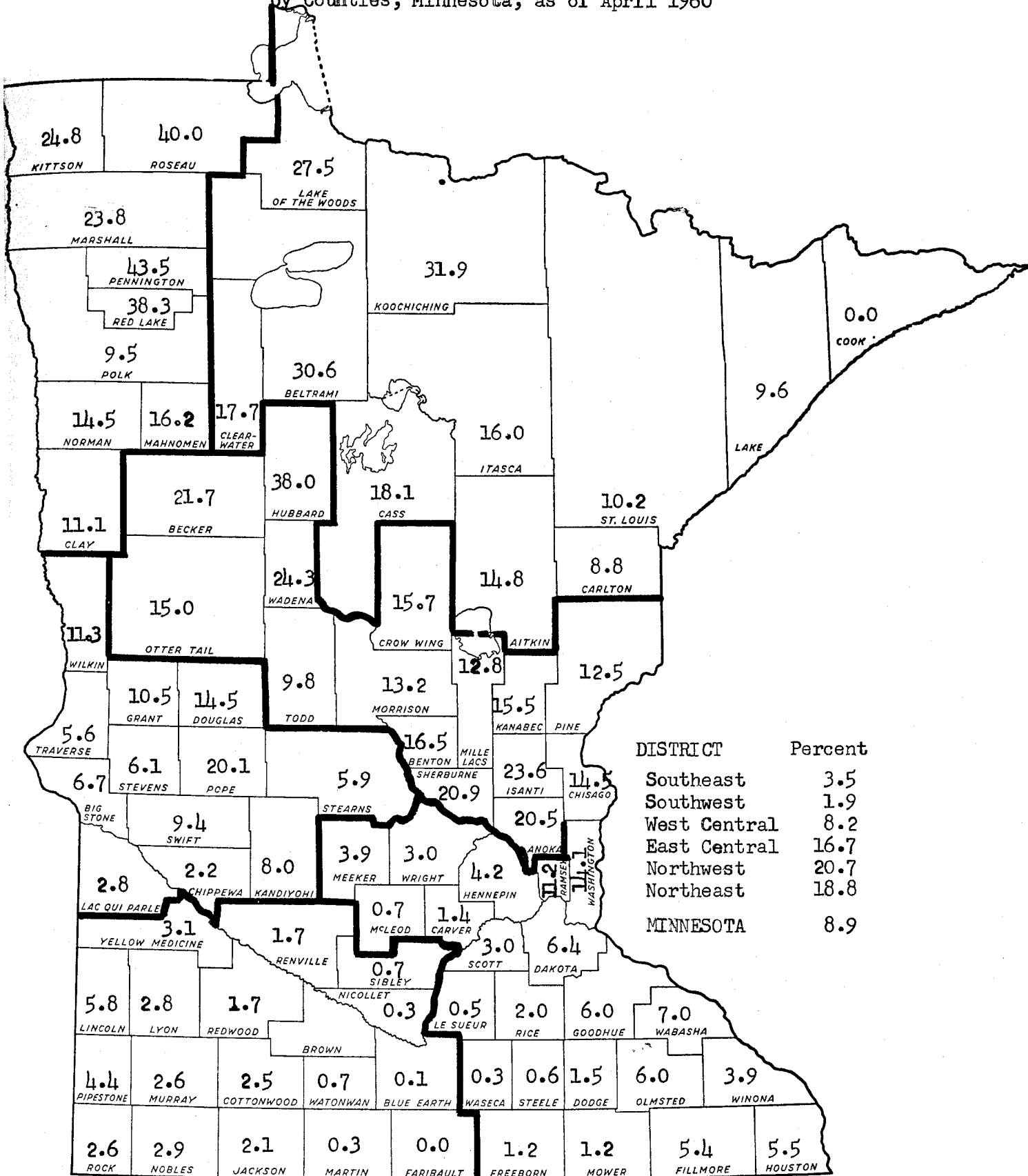
Source: 1950 Census of Agriculture-Preliminary, U. S. Department of Commerce-Bureau of the Census, June 1960.

**Source: USDA-Agricultural Stabilization and Conservation Office, St. Paul, Minnesota.

For the State as a whole, the percent of total cropland acres entered in the Conservation Reserve increased from 8 percent in 1959 to 8.9 percent in 1960. There is a marked concentration in acreage participation in the Northwest, Northeast and East Central districts with the largest increases in 1960 occurring in the East Central district.

The Conservation Reserve Program has among its purposes a reduction of farm surpluses through the diversion of crop production acres into a "Soil Bank" for periods ranging from five to ten years. In 1959 nearly three-fourths of a million acres were

Percent of 1959 Cropland Acres in
Farms* in Conservation Reserve Program,
by Counties, Minnesota, as of April 1960



* 1959 Cropland Acres in Farms from 1959 Census of Agriculture--
Preliminary, June 1960.

added to the 1958 contracted acreage. In 1960 approximately another 120 thousand acres were entered in the program. In a half-dozen Northwestern and North Central counties this program has withdrawn roughly one-third of total cropland acres from agricultural production. In a second area of concentration north of the Twin Cities and east of the Mississippi River one-fifth or more of the cropland has been retired in several counties.

A program of land retirement on this scale has many short and long range effects on rural social and economic life. Moreover, the program is still developing in scope and areas affected. One of the most pronounced and immediate consequences for the farm land market comes from the reduction in the number of farms available for sale. Farm owners who have considered selling their lands are offered a secure alternative in the form of a five or ten year conservation reserve contract. Landowners facing tenancy or health problems, declining physical abilities, or advancing age can continue the residential use of the farm with the added financial security provided by the Soil Bank program. In this setting it has been plausible to assume that the Soil Bank has had a significant effect upon the land market.

The data presented in Tables 35 and 36 do not show a direct connection between land price changes and increased participation in the conservation reserve.

Table 36. Estimated Land Price Increases and Conservation Reserve Participation, by Districts, Minnesota, 1959-1960.

District	Percent Increase in Land Prices		District Participation as a Percent of State Totals for:			
	1959 over 1958	1960 over 1959	Contracts		Acreage	
		percent	1959	1960	1959	1960
Southeast	7	-2	11.1	11.6	8.1	8.6
Southwest	5	-3	4.8	5.6	4.9	6.0
West Central	9	-1	13.4	13.5	16.0	16.6
East Central	6	6	29.0	29.7	21.3	21.7
Northwest	14	-4	29.5	27.8	42.2	39.8
Northeast	-11	10	12.2	11.8	7.5	7.2
Minnesota	7	-1	100%	100%	100%	100%

Conservation reserve acreage participation as a percent of total cropland acres reported in the 1959 Census is lowest in the Southwest district. Some increase is shown in this district for 1960 but the total acreage in the conservation reserve is only 1.9 percent of cropland acres (Table 35). The Southeast district has only 3.5 percent of cropland acres in the conservation reserve. The West Central district percentage of 7.2 is slightly below the State average. In the three districts in which participation in the conservation reserve has been heaviest, the Northwest, Northeast, and East Central, the outstanding feature of the data is the variation among land price changes and county percentages of cropland in the conservation reserve program. The district averages tend to mask these county variations in conservation reserve participation, which stand out more prominently in the county outline map.

Table 36 also permits an analysis of the distribution of conservation reserve contracts and acres by districts. The average size of the contracted acreage is largest in the Northwest district which has 27.8 percent of the state contracts and 39.8 percent of the acreage. The average size contract is 134 acres in the Northwest district, followed by 115 acres in the West Central district and 100 acres in the Southwest district. The average size of conservation reserve contract is less than 70 acres in the other three districts.

With approximately 20 percent of total cropland acres entered in the conservation reserve in that part of the state lying north of a line drawn east and west through Duluth, it is clear that this program can have major long run effects on the agriculture of the area. In terms of levels of land prices, the effects are still unclear. Only in the East Central district has heavy conservation reserve participation been associated with rising land prices in the past two years.

D. Selected Census Data

Preliminary county data from the 1959 Census of Agriculture have recently become available. Although these data are subject to later revision, they are presented here as valuable background information to aid in understanding the land market data presented in this report.

In the 1959 Census of Agriculture a new definition of a "farm" was used, with the result that the 1959 data are comparable to the 1954 data only if they are adjusted to reflect this changed definition. In the five-year period between 1954 and 1959, the number of "farms" declined from 165,225 in 1954 to 145,662 in 1959. The 1959 figure does not include 2,405 farms that would have been counted in 1959 had it not been for the change in the definition of a "farm". Calculating the percentage decrease in number of "farms" without taking into consideration the decrease due to definitional changes shows a 11.8 percent decline in the number of farms from 1954 to 1959. Adding in the 2,405 "farms" dropped in 1959 results in a decline in the number of farms of 10.4 percent in the five-year period, for the State as a whole.

Map C-1 present data on the proportion of the total county land area that is in farms. In the Southwest from 95 to 98 percent of the land area is used for farm purposes; in the Northeastern counties less than 10 percent of the area is in farms. Notable changes have occurred in some counties, with particularly large declines in Wadena and Hubbard.

As already noted, a part of the decline in number of farms is due to definitional change. Map C-2 shows by counties the number of farms that meet the current Census definition of a farm: each place operated as a unit of 10 or more acres from which the sale of agricultural products totaled \$50 or more in 1959, as well as each place operated as a unit of less than 10 acres from which the sale of agricultural products totaled \$250 or more.

The trend in the average size of farms is shown by counties in Map C-3. The average size of Minnesota farms increased by 16 acres from 1954 to 1959, in contrast to the acreage increase by 12 acres for the period 1950 to 1954, and an average increase of 8 acres from 1945 to 1950. Only Cook county with 25 farms showed a decrease in average size of farm.

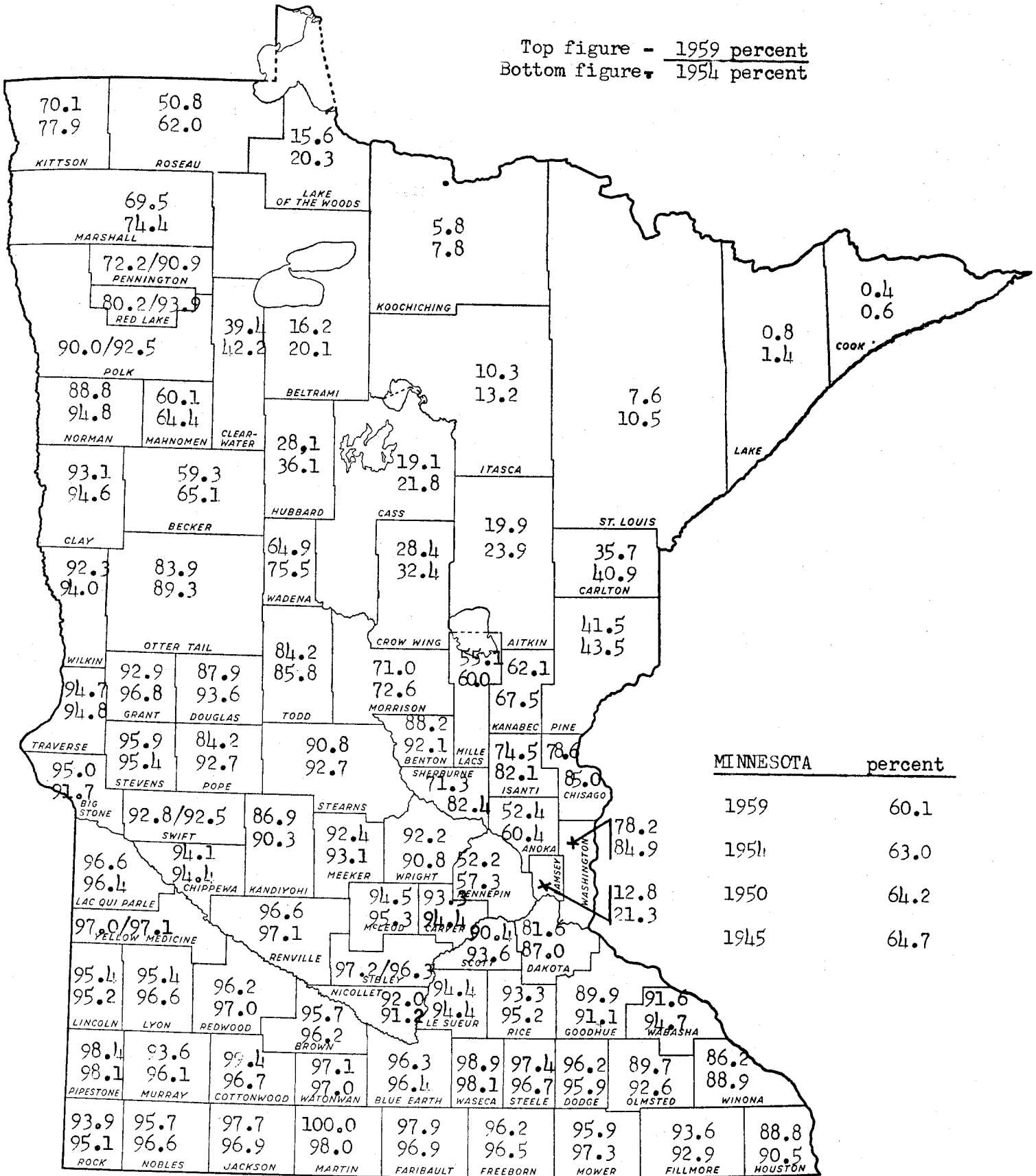
Changes in the average value of land and buildings, per farm and per acre, are shown in Maps C-4 and C-5. The average value of land and buildings per farm is presented in thousands of dollars. The county data show both the large increases in the average value of land and buildings that occurred from 1954 to 1959, and also the wide range among the various counties. According to the 1959 Census, the state average value of land and buildings per farm increased by \$12,316 or 58 percent from 1954 through 1959. On a per acre basis, average land and building values increased \$49 per acre or 47 percent in the five-year period. The difference in per farm and per acre percentage increases is due primarily to the increase in the average size of farms in this period.

Strong contrasts are shown for the different areas of the state in Maps C-4 and C-5. The southern counties have land that is more productive per acre, and hence of higher value. The livestock farming which prevails in the area also requires more buildings than are required in the grain and general farming areas of the Northwest and West Central areas. The average value of land and buildings per farm in 1959 exceeds 60 thousand dollars in four counties, is above 50 thousand dollars in 14 counties, and over 40 thousand dollars per farm in 31 counties. The average value of land and buildings per acre exceeds the state average of \$155 in a contiguous block of 36 southern counties. The average value per acre in Freeborn and Faribault counties is roughly eight times the per acre value of farm land in Clearwater and Beltrami counties.

Another strong contrast in the Minnesota agricultural scene is apparent in the range in the proportions of farm operators reported as tenants. For the state, 18.5 percent of the farm operators were listed as tenants in 1959, decline of 1.3 percent from the 19.8 percent reported in 1954. In Rock county 51.3 percent of the farm operators were tenants in 1959. In 15 counties one-third or more of the farm operators were tenants in 1959, one-fourth or more in 23 counties, and one-fifth or more in 29 counties. In six counties--Cook, Brown, Faribault, Watonwan, Washington and Pipestone--the proportion of tenancy increased in 1959 as compared to the 1954 figures.

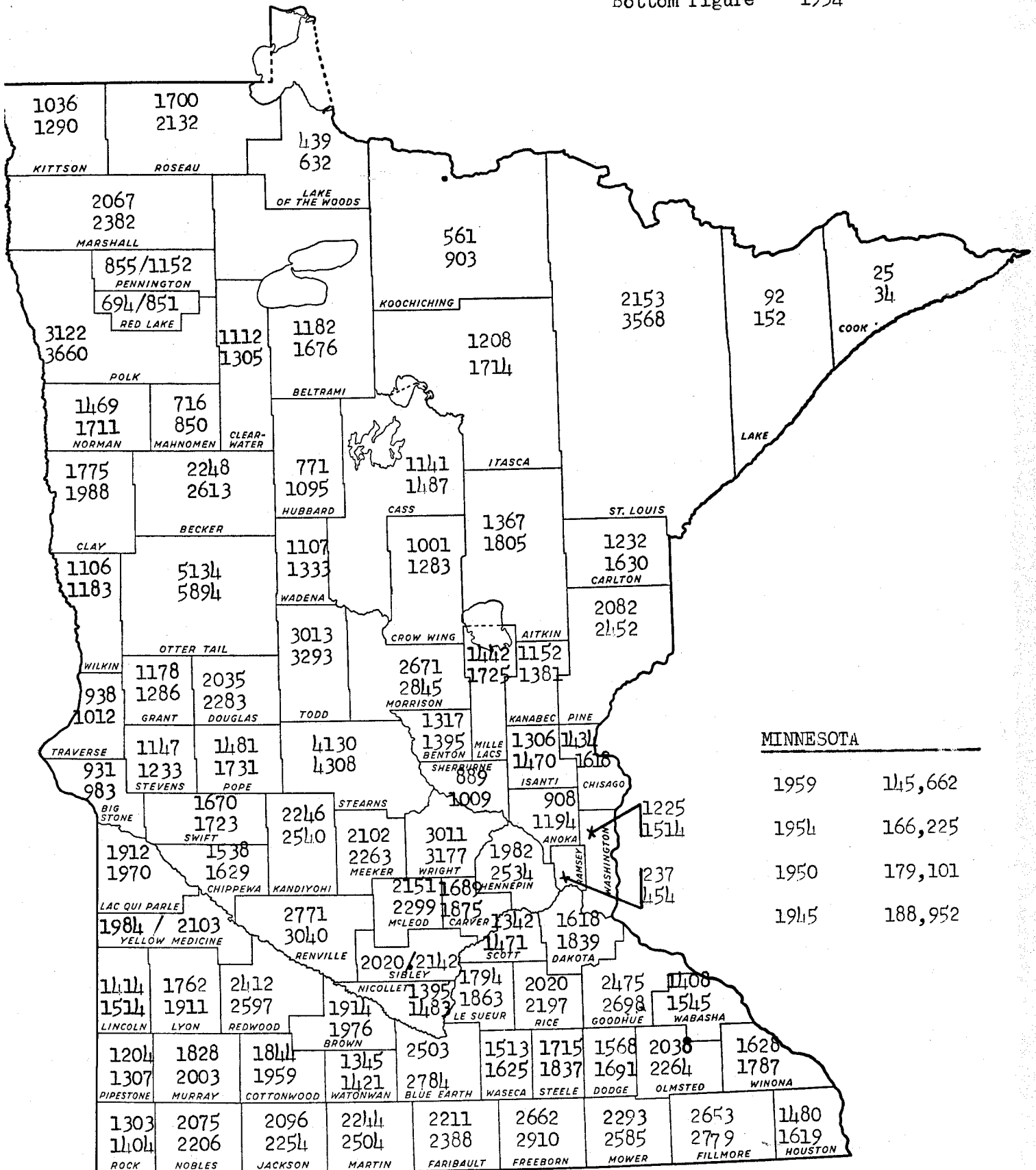
Map C-1 Proportion of Total Land Area in Farms
- percent-

Top figure - 1959 percent
Bottom figure - 1954 percent



Map C-2 Number of Farms*

Top figure 1959
Bottom figure 1954

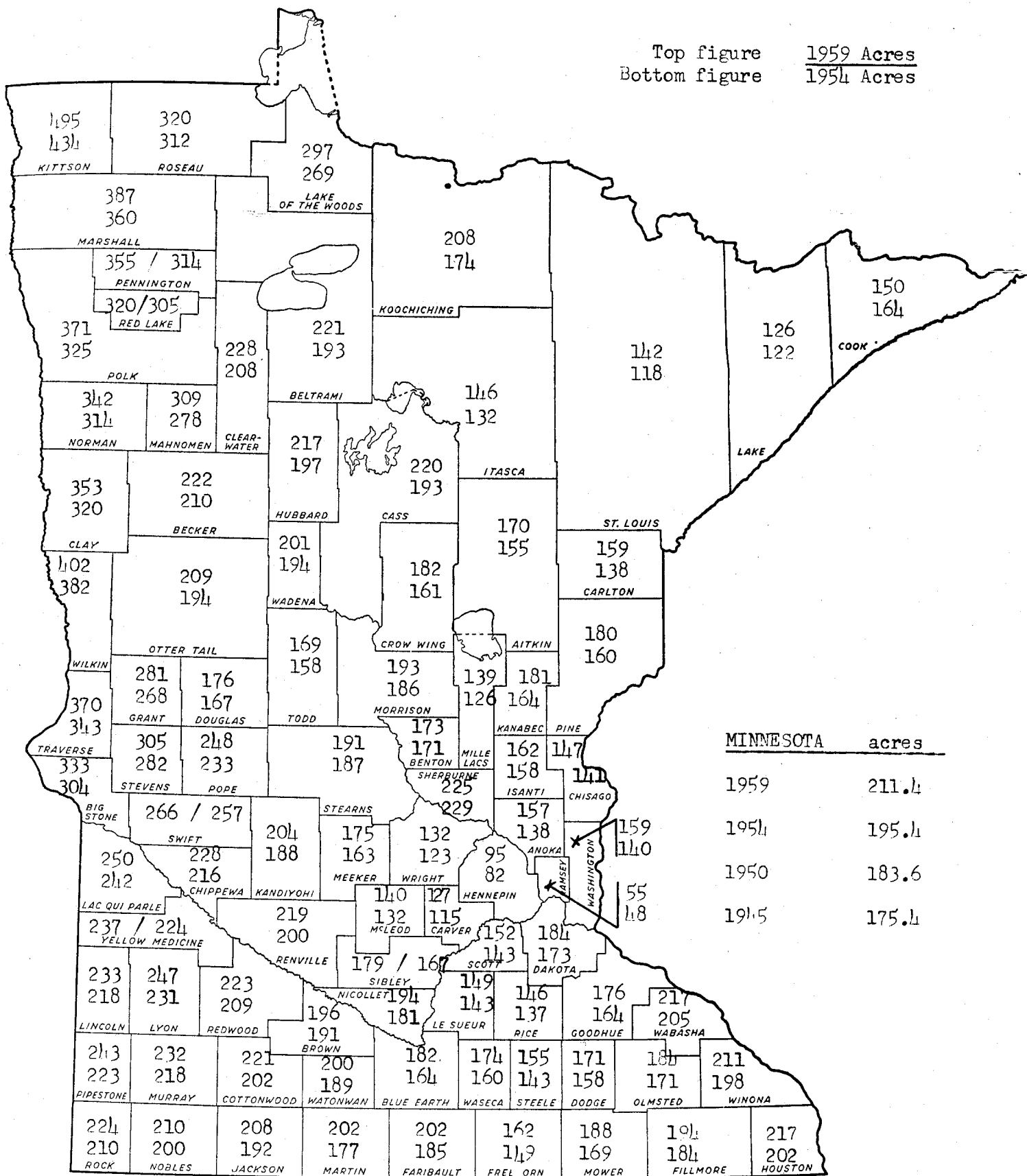


MINNESOTA	
1959	145,662
1954	166,225
1950	179,101
1945	188,952

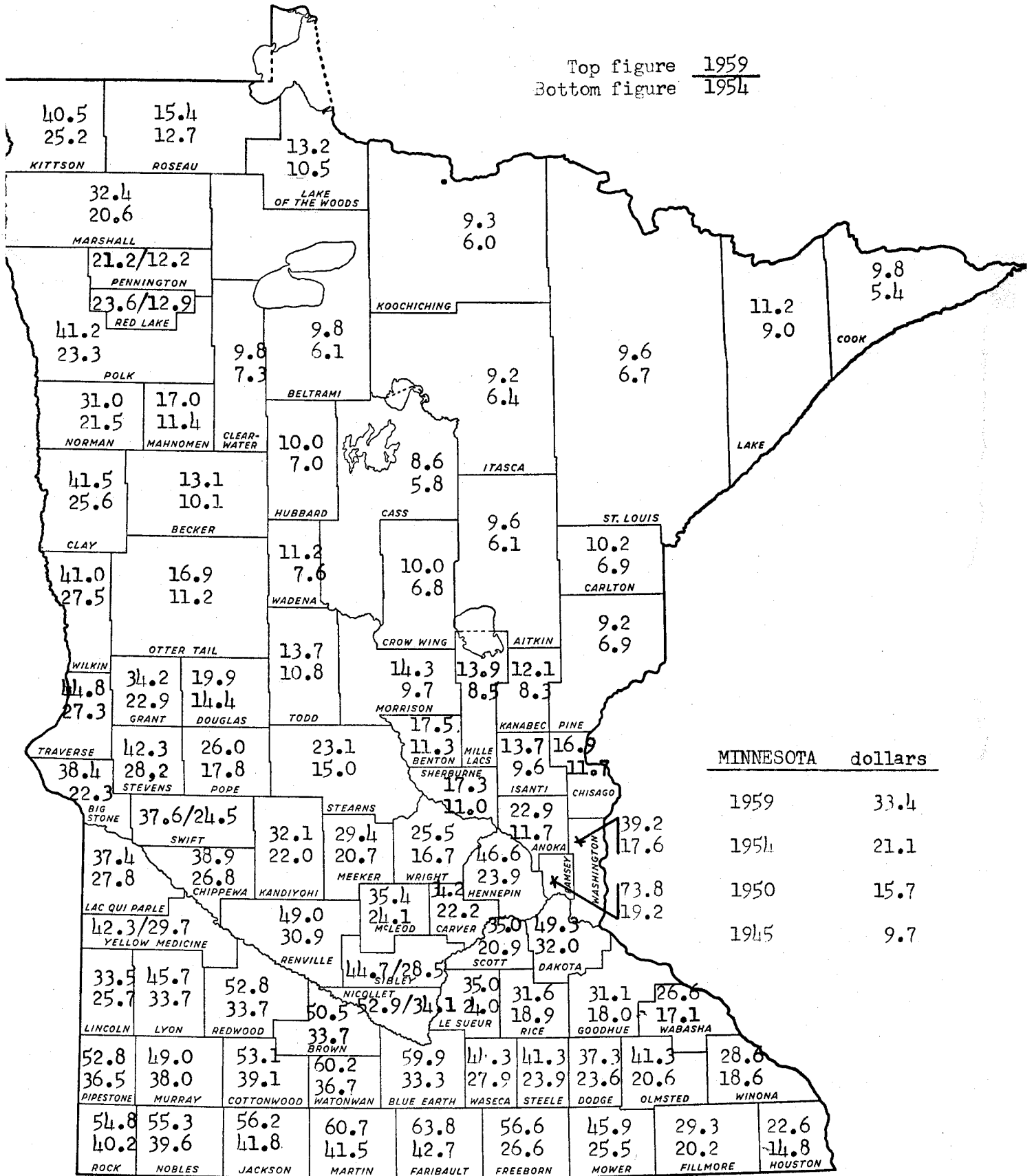
* Decrease in number of farms due to change in the definition also included.

Map C-3 Average Size of Farm
- in Acres -

Top figure 1959 Acres
Bottom figure 1954 Acres

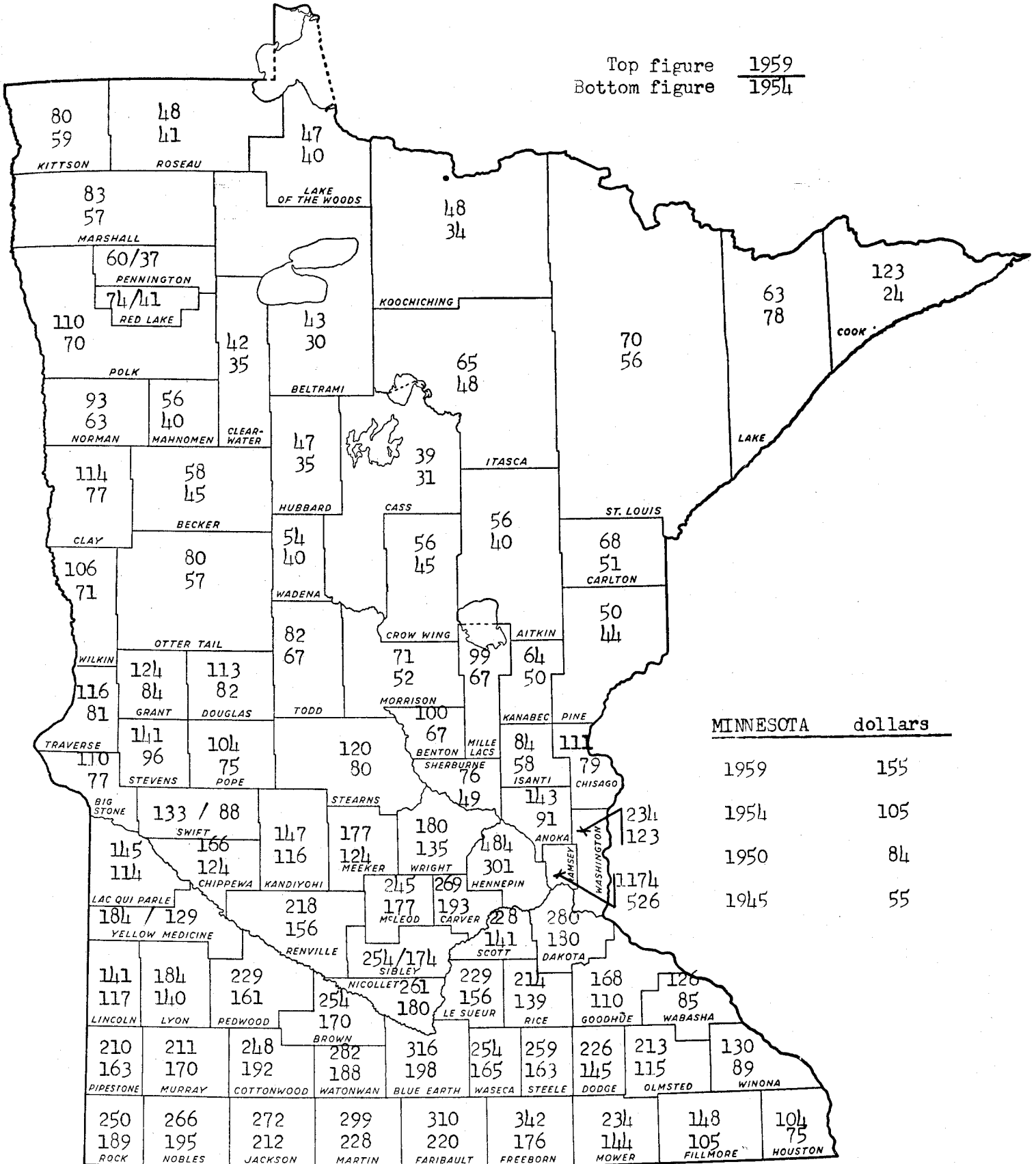


Map C-4 Average Value of Land and Buildings Per Farm
- Thousand Dollars -



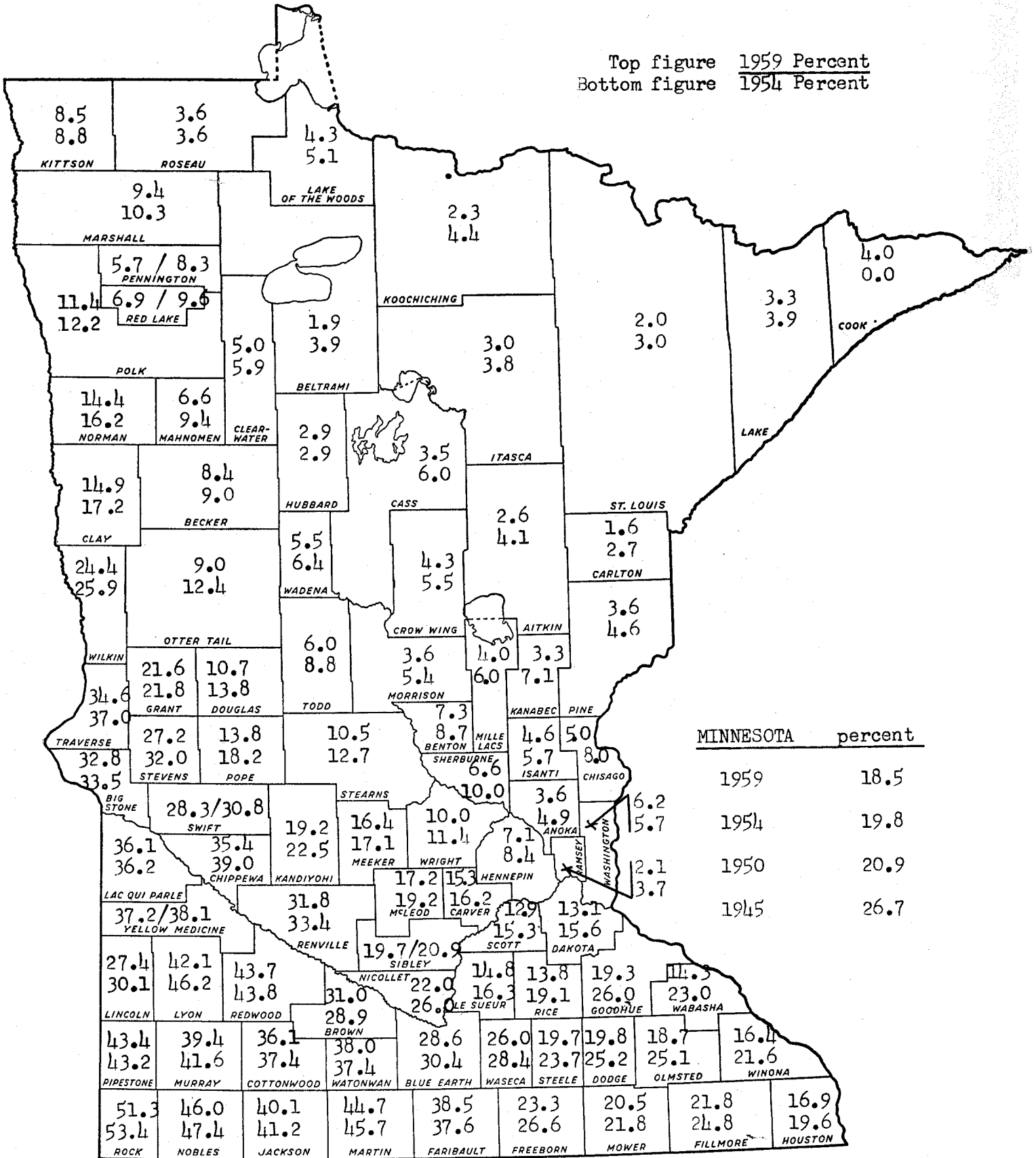
Map C-5 Average Value of Land and Buildings Per Acre
- Dollars -

Top figure 1959
Bottom figure 1954



Map C-6 Proportion of Tenancy
- Percent -

Top figure 1959 Percent
Bottom figure 1954 Percent



PART IV. COMMENTS BY REPORTERS

The following pages reproduce quotations from the comments made by reporters, chosen to reflect the "tone" or market situation for the first six months of 1960. Editing the comments is a necessity to conserve space; ... are used to indicate that words have been omitted.

Reporters' Comments: SOUTHEASTERN MINNESOTA

"There are farms for sale. Also buyers, although no money for a down payment. The farm products are low--not enough income. Taxes are high, labor is high, machinery is high."

"Sharp decrease in sales mainly due to drought last summer, poor fall, farm prices and this year's slow outlook. Buyers are no longer jumping in at high prices, even farmers that are buying to add to existing farms are figuring the net return they can expect before buying. Most are not unwilling to pay prices asked a year ago."

"Looks like more of a buyer market this year."

"Buyers with capital seem not interested in farm land at present; it appears to be a poor risk as an investment. Buyers with a good line of equipment and livestock are buying if the terms are right. Good terms in this area at present are from 10-20% down; balance with contract for deed. Cash sales occur once in a while at considerably lower prices than average sales."

"Farm land sales are down due to tight money situation, poor crops last year in this area, and a poor outlook for this year for a crop. People selling are asking too much for their farms."

"Farm land prices holding steady. Buyers have less cash. More lookers--less buyers."

"The trend is a little less per acre, and down payments are a little harder at present. A good many are sold contract for deed."

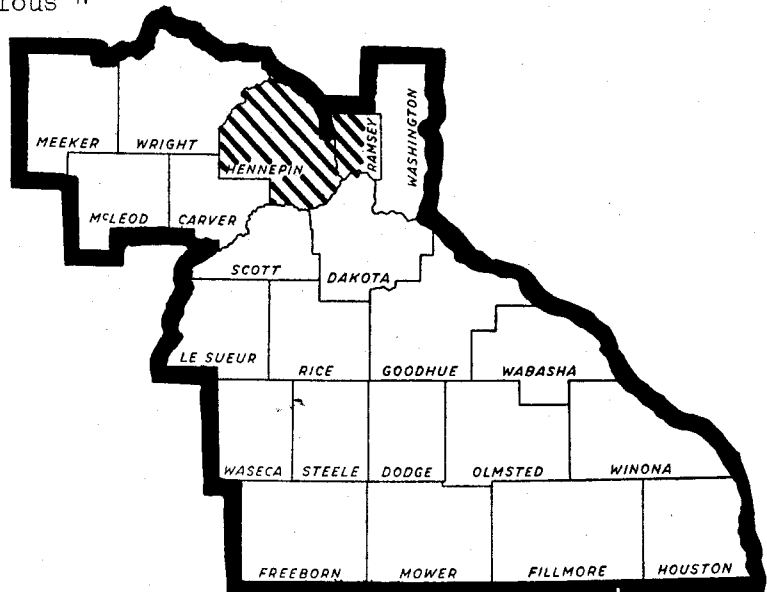
"Considerable less demand for farm land...due to low farm prices and the difficulty of finding a good farm manager or renters who are financially able to work on shares. The farm labor problem is becoming serious."

Southeastern District

Average Price \$188 per acre
July 1, 1960

Down \$3 from July 1, 1959.

A decrease of 1.6 percent



"Only few farms for sale...unfavorable weather discourages farm investments. Farm prices don't make sense."

"Sales are on the stand still, interest rates have gone up, money seems scarce and the people that do have money are not buying."

"Farms for sale are about the same price but no takers to speak of. Down payment seems to be hard to raise."

"Wet this spring. Farms haven't even been shown, let alone sold. Many acres not touched this year because of wetness."

"Some farms for sale and a few buyers."

"Business is very slow. Many farmers don't have much money...not many inquiries have a lot of wet land so farms aren't saleable."

"Weather conditions and commodity prices falling off have slowed up buying intentions of going into deals just an off year for farm sales."

"Farm income much too low for price of land. Extremely wet spring and summer. Overhead extremely high."

"Less demand for farms farm income less finance is a serious problem for young farmers."

"Just about at an all-time low high money costs no investment buyers. Operating expenses have gotten away out of line with anticipated income."

"Seems slow....Financing a problem. Slow spring making buyers very cautious. Unfavorable weather and prices could possibly put more farms on the market at lower prices. Most farms are for sale if the price is high enough."

"Prices are holding good. Farm sales about the same number."

"Many inquiries for farms but buyers do not have enough cash for down payments. Several farms placed in soil bank and owners have taken jobs in town or cities near."

"Demand has decreased and listings have increased."

"Less turnover--interest rates too high, economy tighter."

"Hard to get good listings of the better farms. Marginal farms have been soil banked to large extent."

"The small farms are selling better than they did last year, but the larger farms are selling for less because of wet spring."

"Only 2 or 3 farms sold in last year."

"Farmers are waiting until after election to see what is to happen...have a trend to the small farm near town...the older farmers are interested in selling by contract for deed."

Reporters' Comments: SOUTHWESTERN MINNESOTA

"The good farms have sold with a steady to strong market. The middle grade farms are harder to sell and at a lower price. Poor class farms are very hard to sell and considerably lower with no takers. The operator and owner of good land, what few buyers there are, are choosy and looking for more good land, and other farms do not interest them at any price. The low income and lower price crop returns and high interest rates on farm mortgages have taken most of the buyers out of the market."

"Sales are slow, the buyers are mostly cash buyers and farmers that are adding more acreage to their present farms. Have several prospects who will buy land and more would buy if the terms could be made. Interest rates are holding back farm sales."

"Severe drought, local interest in land purchases have been drastically curtailed. With rising taxes and higher interest rates, people with money who have invested in land, are now investing in farm mortgages--a safer investment than in buying land."

"Impossible to finance--unless owner wishes to retire and take small down payment and contract for deed."

"Prices about the same as last year, there are fewer farms being sold."

"Little demand for farms. Economic conditions in farm communities is not conducive to movements in land. A couple of farms have been sold by retiring farmers to adjoining neighbors."

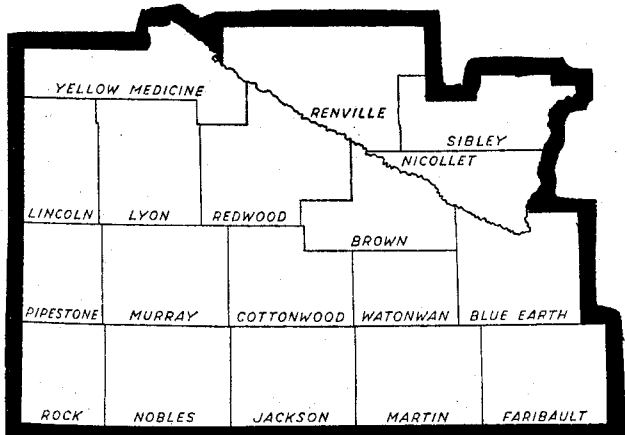
"Our land has reached its peak. Sellers asking same price, and selling for less. Land will have a gradual downward trend."

"Farming is big business and will get to be larger. The investor is not looking to land as an investment, the main buyers are existing farmers expanding their operation."

"Main thing in selling is financing the very small down payment."

"Asking prices about same as last year, but takers are few. Those who have money are very cautious and not interested unless a real bargain comes along. High taxes, high operating costs and comparatively low prices on farm products are making most prospective purchasers very cautious."

"More farms listed for sale but hardly any have been sold."



Southwestern District

Average Price \$248 per acre,
July 1, 1960

Down \$7 from July 1, 1959

A decrease of 2.7 percent

"Interest rates have been a big factor in the selling of farms, and inasmuch as there is no money available for less than 6% it makes it rather rough on everyone especially the renter who has to buy. It takes a large sum of money to get into the farming business today."

"Crop conditions and high interest rate has decreased the sales."

"Farm sales...extremely slow, money has been scarce, and not many buyers."

"Farms in this area are selling at an all time low so far this year. The money situation in this area as well as most rural areas is tight. And so farms most people having been waiting it out to see what the economy is going to do."

"Farm sales decreased...more farms are being listed for sale, the reason--no longer a good investment for income unless you are farming them yourself."

"Most farm sales have been to farmers living in this area. Very few outside buyers due to the price of our land."

"Sales are off...numerous places listed at less money than would have been true a year ago and they aren't moving."

"Slow, price has to be reduced to sale. Crops are late and sellers becoming more numerous and buyers scarce."

"Farm land transfers are very slow and there are no cash sales. It costs too much to start farming on today's market and sellers ask too much down."

"Asking price is same but no buyers."

"Farm sales reduced to high interest rates--low farm income due to prices. Expenses rose with no corresponding increase in prices."

"Sold within the family or to neighbors to enlarge their operation."

"Fewer farms have been sold. Prices for those sold have been about the same as a year ago."

"Fewer farms sold and most of them are small...usually picked up by some neighbor.... Most buyers are unable to raise the necessary down payment to secure a loan."

"The high interest rate is holding back buyers plus...a very wet spring and crops don't look good, also the uncertainty of future farm commodity prices."

"Very very slow."

"Demand for farm purchase negligible, value per acre down."

"Buyers are scarce."

"The main reason for a slump of sales is the interest rates are too high and there seems to be very little future...in your investment."

"We have many good farms for sale. No buyers--for poor farm income."

Reporters' Comments: WEST CENTRAL MINNESOTA

"Land is still for sale in about the same amount as other years. Buyers are all local this year. Local buyers, outside of adjoining landowners who want to add to their holdings have no money. Taxes are going up, price of machinery is going up, and prices of farm commodities going down."

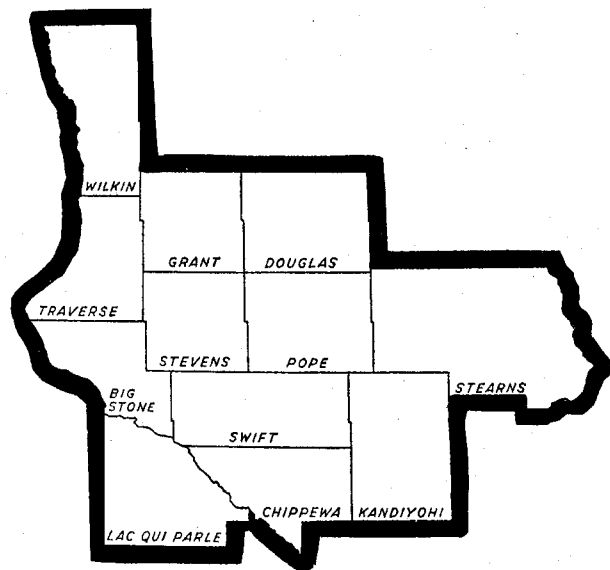
"Largely a buyers market with most sellers not realizing it...high interest rates have slowed up the prudent buyers who have to have some financing. Investors also find other investments more profitable than farm real estate."

"Farms are selling slowly...a number are in the soil bank. This has led to poor business in the surrounding communities, especially implement dealers. Many have land in soil bank and work in towns and the cities."

"Sales in this territory have been influenced by the drought and poor crop last year. The rise in farm sale prices has stopped in this locality, due mostly to the decline in net farm income."

"Very few farms have been sold in our area--fewer buyers available."

"Farm sales slow, financing tight, not enough down payments."



West Central District

Average Price \$133 per acre,
July 1, 1960

Down \$1 from July 1, 1959

A decrease of 0.7 percent

"Buyers are very choosy...farms are moving very slowly. Farmers who are retiring prefer to put the land in soil bank and remain on the farm."

"High interest rates and increased taxes have had an adverse effect on farm sales."

"Not sufficient money to purchasers to make the necessary down payment."

"Tight money and wet corn last fall no doubt has an influence."

"Farms dropped slightly in price ..contracts for deed still very popular."

"More land would sell were it possible to finance sales more easily."

"Most would be buyers do not have enough money to get down to mortgage value, hence seller will have to carry on contract if he wants to sell."

"Farm lands are moving very slow. The soil bank has a lot to do with this."

"Very slow at present--practically no farms are being sold except to clear estates, etc."

"Buyers still short on down payments but are hedging more on price per acre."

"Most farms sold are bought by a neighbor or someone in the area."

"Farm sales are at a very low ebb due to soil bank, high operating costs and low net income. Many older farmers still on farms, without the soil bank they would have sold out."

"Undoubtedly farms are not active owing to high costs and taxes; other farm expenses and low farm prices."

"There is just no demand for farms as the price of produce is this low. The boys just ain't buying. The average don't have the money. The investors and the speculators are out of it."

"Many farms are being placed in the soil bank for payments--and the farmer looks for work in town."

"Farm sales have slowed down. Soil bank program is curtailing sales, also drought, and uncertainty."

"More inquiries; expect more sales than in prior years."

Reporters' Comments: EAST CENTRAL MINNESOTA

"Potential buyers do not have enough money to meet the down payments asked by sellers. Soil bank payments have made down payments higher...costs of operation are higher and income less. Many farmers have off-the-farm jobs to supplement their farm income."

"Finance is still a major problem on farm sales....Buyer trend remains as strong as last year, but a heavier demand for investment buying."

"Soil bank increased our land bank here--it seems to be holding because there is still hope that since this is election year soil bank will be reinstated."

"Lack of sales on account of no finance available."

"Overpriced, by all means. Farm income is down and land, after all, is only worth what you can take out of it."

"Won't figure out the reason for such a decline but would suspect a buyer would be foolish to spend 20 or 25 thousand on a farm that wouldn't return him 2 or 3 percent on his investment."

"Sales are slowest we ever had."

"Soil bank has taken a good share of farms off the market."

"Sales while soil bank was in effect were much greater than now. This county has over 25% in bank."

"Good farms still in demand but less available. Financing is a problem for the younger prospect."

"Selling slow, not many buyers looking for farms."

"Farm sales are slow. Buyers of small farms mainly people working in Twin Cities who want a farm home."

"So many farms are in soil bank, so only some of the above average farms are being sold."

"A number of farms here have been bought by out of state speculators and put in soil bank."

"There are fewer sales and most sales are because of age and health."

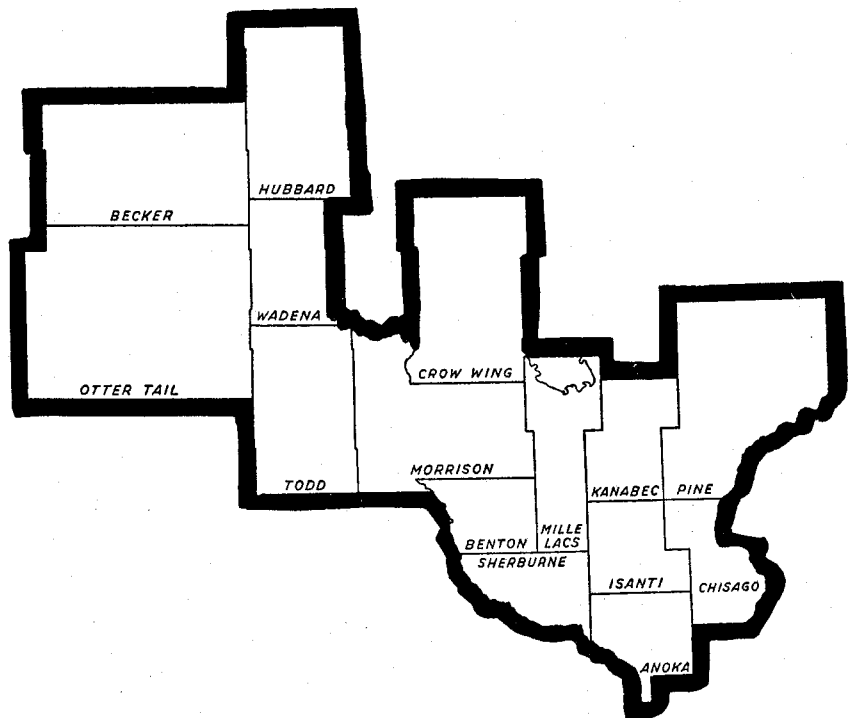
"The smaller farm in demand...more people coming out of the cities and buying the small farms to retire or live on and work in town."

East Central District

Average Price \$94 per acre,
July 1, 1960

Up \$5 from July 1, 1960

An increase of 5.6 percent



"Larger demand but fewer available especially the ones close to town for people who wish to work out."

"Dairy farms selling poorly, but grass lands and beef acreage has increased."

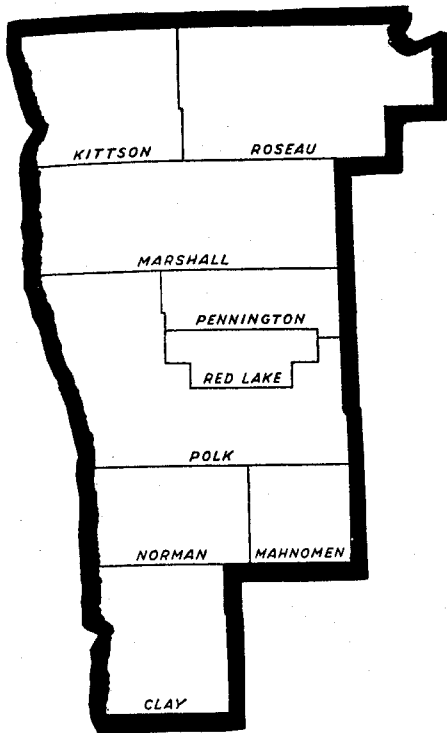
"Very few farm sales."

"Most sales on contract for deed with small down payments."

"Farms selling on contract for deed far in excess of earning capacity."

"Land is increasing in value as the metropolitan area moves out."

Reporters' Comments: NORTHWEST MINNESOTA



Northwest District

Average Price \$99 per acre, July 1, 1960.

Down \$4 from July 1, 1959.

A decrease of 3.9 percent.

"There does not seem to be much land changing hands. Most buyers want to buy on contract with little or no down payment. Most buyers seem to be people with good income from some other source, planning on their future home for their family, not as a source of regular income."

"Choice Red River Valley farms seldom hit the market. Neighbors usually buy them at inflated prices."

"Very few farms are offered for sale. Most farms sold now are to adjoining farmers. Grain prices are not inviting to investors."

"Even in spite of farming operations not having been too profitable it appears that farm lands have still been on the up on any sales made. Very few farms being offered for sale unless there has been a death in the family or owner leaving to move to another state."

"No objection from buyers as to prices asked for land, financing however, is the big difficulty in moving fair sized farms."

"Land not available for sale or purchase. Any changes taking place are only in case of estates."

"Soil bank has taken the farms off of the market and will continue to do so for next 3 years. We do not have any good farms for sale in the area with liveable buildings."

"Not much activity--marginal farms in soil bank--farm sizes increasing--there is a good demand for good farms."

"Very little land for sale in this community."

"Marginal land slow as soil bank stopped here. Estate selling to liquidate main source of available good land sold."

"Very little activity in sales. Mostly settling estates."

"We have a lot of our land in soil bank, and as these soil bank contracts run out, farmers who are still operating their farms, are expanding and buying up the soil bank farms. Soil bank farmers will not be able to go back into the farming business, for lack of capital. Farms are getting larger. The small family size farm will be a thing of the past."

"Too many farmers, almost at a retirement age, will have placed their farms in the soil bank, as the younger generation can see no future in farming (as the cost of operating a good farm today will not warrant a good investment)."

"Not many good farms for sale. Most other farms are holdovers due to too high asking price. Our season has been bad for prospective buyers."

"Not too many farms for sale. Adjoining farmers making price offers to enlarge their farms. No outside investment buyers."

"Land values are about the same as last year, although they still continue strong in this community."

"Hardly no farms listed due principally to soil bank situation. Operators looking for more land to rent or buy in order to be able to operate more efficiently--get more bushels and sell at lower price and still hope to come out above water. No chance for young farmers to buy or start farming unless set up by father."

"If the decrease in farm prices continue land values will come down also."

"A great deal of our farm land is in the soil bank program. These parties do not wish to sell."

"Land prices are holding about the same. There are some farms moving."

Reporters' Comments: NORTHEASTERN MINNESOTA

"Trend of a few years ago was to leave the small farm to go to the cities for employment, leaving this area with a considerable decrease in population and many of the small farms vacant. The soil bank was another incentive to further this trend."

"The farms are increasing in size, the small farmer is getting weeded out. Land value has not decreased. Tenant farmers from high cost land areas are very interested in our area where they can afford to own their own farm."

"Little demand for farm land. However, most farms sell because if the buildings are reasonably good it will make a home."

"Fair demand for high grade and medium grade farms. However, financing is difficult and there seems to be very little money among the people. Difficult to get a suitable down payment and financing."

"Many buyers, but no money available."

"Most of the farms in our area which have been sold are being on part time basis. The owners generally work at another job which makes farming the secondary occupation. We have found that farm market has held up fairly well for these reasons."

"Sales of farm land have been slow this year...been moving in small lots or acreages."

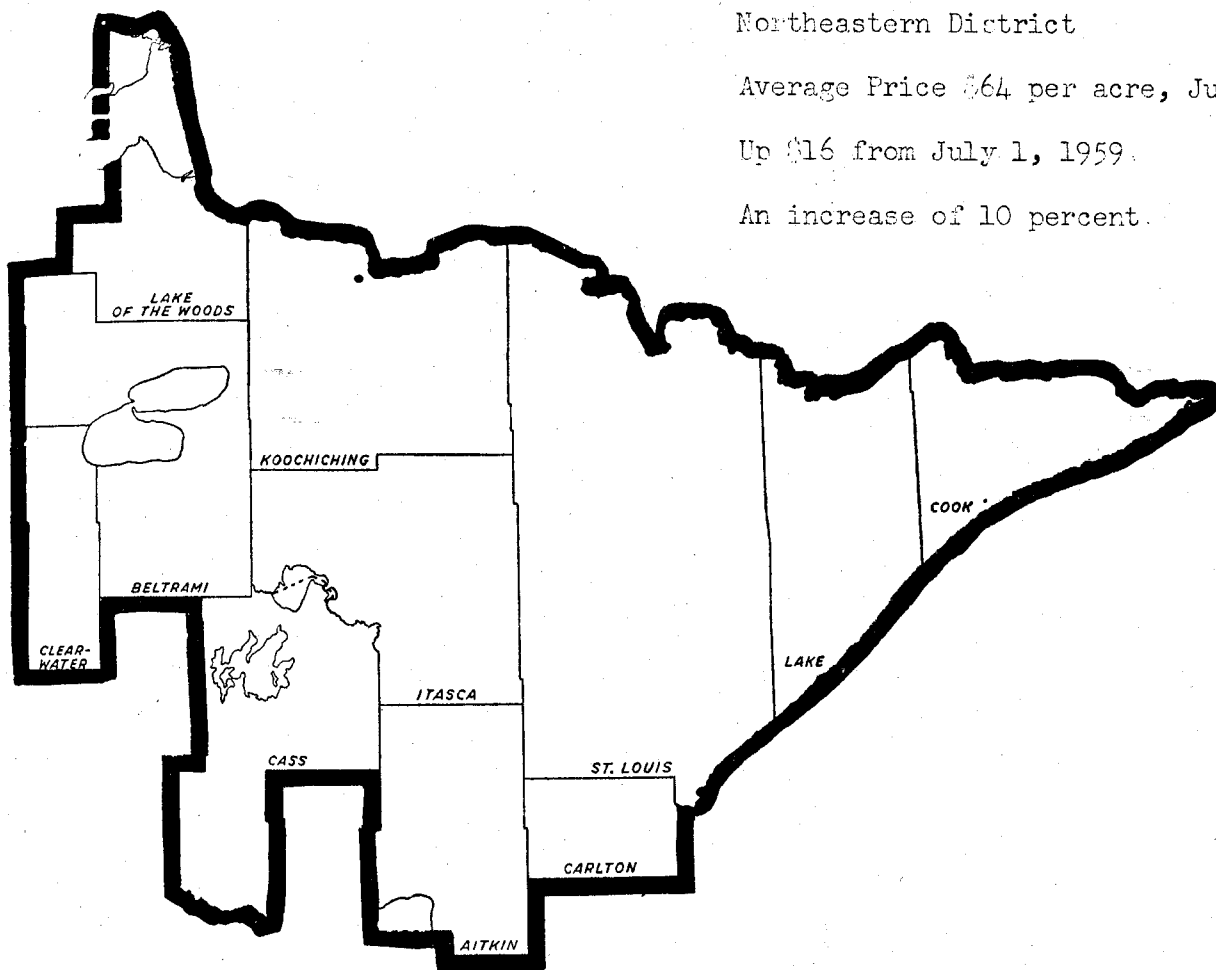
"Very slow--dairying is the main source of income and milk prices are very uncertain."

Northeastern District

Average Price \$64 per acre, July 1, 1960.

Up \$16 from July 1, 1959.

An increase of 10 percent.



"Good many farmers in this area put their land in soil bank program--marginal land."

"Demand decreased for area farms. Prices of farms are going up and cost of operating the same and prices down. Not profitable to buy."

"Look for farm prices to go up in this district as many people in the cities are building and moving outside of the city."

"Some farms purchased for permanent housing and not for farming."

"Small acreages are being purchased for country homes and small garden plots--prices have generally maintained."

"Only very few farmers in this territory make a living from their farms alone but do other work such as working in the woods."

"Farms are not selling due to finance. The only farms we sell are on direct GI loans or contract for deed."

"Did not sell a farm this past season. The farm for a living trend just keeps going down and the only farming in our area is a side line."

Statistical Note

1. One of the problems in interpreting the results of this survey arises from the fact that there is no accurate way to compare the quality of land involved in the sales reported in the several districts of the state, or from year to year. One possibility is that the average price of reported sales in one district or in a given year may be influenced by a few abnormally high or low priced sales. To test this possibility the standard deviations and coefficients of variation of prices per acre, by districts, are given in Table 35 for the actual sales reported.

Although there are marked variations among the several districts of the state, within any one district there is a considerable degree of stability in these measures of dispersion, from year to year. The exceptions are the Northwest and Northeast districts, where the spread between high and low prices per acre is great. As a consequence, the averages for these two districts are to be regarded as less representative than are the averages for the remaining districts of the state.

Table 35. Number of Acres Reported Sold, Average Price per Acre, Standard Deviation and Coefficient of Variation, Minnesota, by Districts, 1954-1960 ^{a/}

	Year	South- east	South- west	West Central	East Central	North- west	North- east	State
No. of Acres sold (acres)	1954	30,983	33,756	22,147	1,593	21,000	2,169	125,148
	1955	63,890	79,944	34,621	28,139	30,924	5,380	241,898
	1956	51,631	70,471	40,059	28,121	25,149	5,645	221,076
	1957	72,028	75,487	61,264	29,276	41,479	8,659	288,192
	1958	60,859	66,970	33,069	30,877	21,514	6,657	219,946
	1959	66,643	87,302	53,721	36,634	18,456	7,677	270,433
	1960	55,669	54,844	36,858	33,114	27,043	3,349	210,877
Average Price per acre (dollars)	1954	146.29	186.33	105.63	57.25	63.45	38.47	123.39
	1955	166.05	211.30	101.00	65.13	67.48	45.70	144.48
	1956	160.57	207.13	100.48	57.08	76.95	40.34	138.78
	1957	175.48	216.94	110.06	67.33	87.78	39.30	144.27
	1958	167.98	234.17	115.41	77.53	78.73	51.69	155.30
	1959	210.13	243.05	128.81	72.57	85.08	61.16	173.21
	1960	189.07	240.41	136.44	69.26	100.82	49.47	160.87
Standard Deviation (dollars)	1954	60.5	59.4	32.9	32.6	39.5	27.5	70.4
	1955	67.3	71.5	35.7	31.9	43.0	33.9	84.6
	1956	69.8	69.9	38.6	33.5	43.0	31.5	83.1
	1957	82.7	72.7	42.8	37.0	86.5	36.1	89.9
	1958	78.4	79.7	43.3	38.0	55.2	31.6	91.5
	1959	87.2	77.0	44.5	41.3	62.8	59.5	96.6
	1960	90.4	77.0	47.7	48.6	76.6	42.1	95.8
Coefficient of Variation (percent)	1954	41.4	31.9	31.1	56.9	62.3	71.5	57.1
	1955	41.4	33.8	35.3	53.7	63.5	74.2	59.1
	1956	43.5	33.7	38.4	58.6	55.8	78.0	59.9
	1957	47.1	33.5	39.7	57.0	98.5	68.5	62.4
	1958	46.7	34.0	37.5	49.0	70.1	63.0	58.8
	1959	41.5	31.6	34.5	56.9	73.8	97.2	55.8
	1960	47.8	32.0	35.0	70.2	76.0	85.1	59.5

^{a/} Each acre is treated as a unit in calculating standard deviations and coefficients of variation. The variation acreages reported sold in recent years is due to changes in the size of survey and is not necessarily due to increased activity in the real estate market.

Table 36. Average Price Per Acre of Farm Real Estate in Minnesota by Districts, 1910-11 Through 1934-35 by Two-Year Periods, and Annually 1936 Through 1960.*

Year	D I S T R I C T						
	Minne- sota	South- east	South- west	West Central	East Central	North- west	North- east
	Dollars per Acre						
1910-11	41	58	57	39	24	24	11
1912-13	49	69	69	46	29	29	13
1914-15	58	82	84	56	34	32	14
1916-17	68	92	100	67	41	37	15
1918-19	82	117	118	78	50	40	18
1920-21	104	141	152	98	68	57	24
1922-23	85	114	119	82	56	44	23
1924-25	78	104	110	74	49	44	22
1926-27	76	106	109	72	49	36	22
1928-29	71	100	102	67	44	33	21
1930-31	60	88	88	51	36	22	18
1932-33	45	64	65	42	27	20	14
1934-35	40	52	58	38	26	22	15
1936	43	58	63	38	29	22	23
1937	44	59	65	38	29	22	24
1938	46	61	68	38	29	22	25
1939	44	59	67	36	27	22	24
1940	43	59	68	36	26	22	24
1941	43	59	68	36	26	22	24
1942	45	63	72	38	27	23	24
1943	50	68	80	42	30	25	26
1944	55	76	88	47	34	28	28
1945	58	79	92	49	35	29	29
1946	65	88	104	56	39	33	32
1947	72	96	116	62	43	37	35
1948	79	104	129	69	47	41	38
1949	83	107	136	73	49	44	39
1950	85	109	141	76	50	46	40
1951	99	125	166	89	59	54	46
1952	107	131	175	96	65	68	42
1953	105	130	175	95	62	64	40
1954	113	139	187	99	66	72	40
1955	121	150	205	103	68	73	45
1956	126	156	214	107	70	76	42
1957	138	165	230	122	77	86	49
1958	147	179	242	123	84	90	65
1959	157	191	255	134	89	103	58
1960	155	188	248	133	94	99	64

*Data for the period 1910-11 through 1928-29 are based on farm sales records collected by the Minnesota Tax Commission. For the period 1930-31 the Tax Commission data are supplemented by sales records of corporate lending agencies. For the periods 1932-33 and 1934-35 the data are based on reports of sales by corporate lending agencies. Data for the period 1936 through 1951 arise from estimates developed by the Department of Agricultural Economics of the University of Minnesota. Data for the years 1952-60 are based on estimates reported by farm real estate dealers throughout the state, in response to mail questionnaires.