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THE MINNESOTA FARM REAL ESTATE MARKET IN 1954

by

L. Orlo Sorenson and Philip M. Raup

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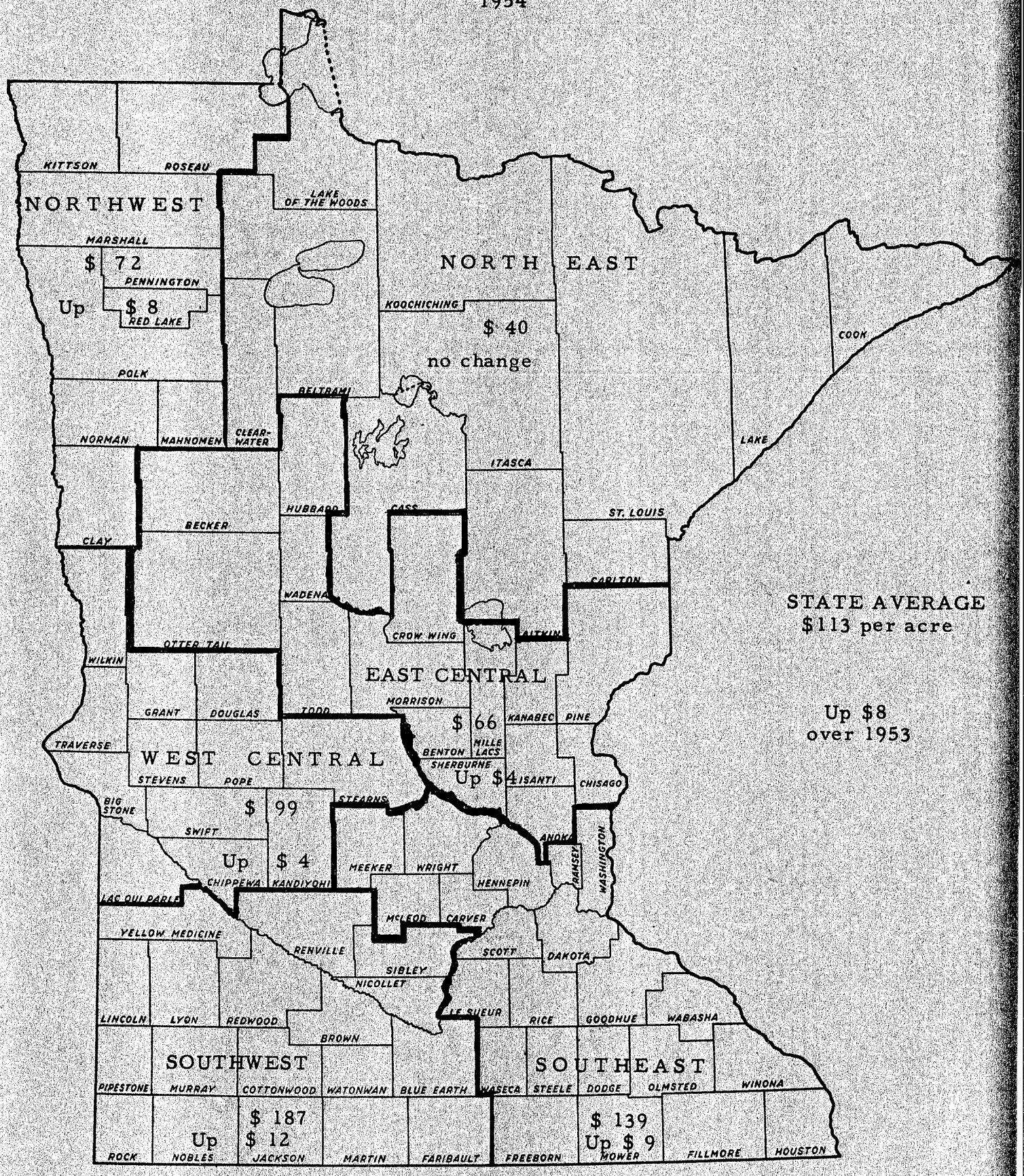
St. Paul 1, Minnesota

MINNESOTA
AVERAGE FARM LAND PRICE PER ACRE, BY DISTRICTS
1954



THE MINNESOTA FARM REAL ESTATE MARKET IN 1954

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General Conditions in the Minnesota Farm Land Market

The June, 1954, survey of the Minnesota farm real estate market conducted by the Department of Agricultural Economics, University of Minnesota indicates a rising price per acre and perhaps a slight increase in activity in the market over the past year despite a decrease in net farm income. In the words of one broker, the market has "encouragingly strong undertones in spite of lowered farm incomes". Rather than the very prevalent pessimistic view of the brokers last year, (June, 1953) many of them are optimistic about their sales prospects for 1954. The "wait and see" attitude on the part of prospective buyers reported by many brokers last year is reported in some cases this year but much less frequently than a year ago.

In many areas of the state, mortgage credit is reported by the brokers to be more readily available than it was a year ago. The demand for farms appears to have increased although there is a very limited number of farms coming on the market. A very active demand for small acreages in vicinities that offer opportunities for non-farm employment is reported, and, in many areas, an active demand for unimproved tracts to be added to existing farms. The less productive areas of the state report financing problems. All areas of the state report a low rate of turnover but there is some evidence that the rate of turnover in farm real estate has increased over a year ago.

Land Prices Trend Upward

Most respondents estimated the average price per acre of an average size farm at a higher figure this summer than they did a year ago. The average price per acre estimated by real estate dealers who reported in both years was eight per cent higher, 1954 over 1953. The data on actual farm sales reported by these brokers support these estimates. The indicated price increase was fairly uniform over the state except for the Northeast, where agriculture is a relatively less important industry and demand for the predominantly subsistence farms depends as much on the availability of employment in the mining and resort industries as on income from farming. Estimates of average price per acre of farm real estate in Minnesota increased from $105 per acre in June, 1953, to $113 per acre in June, 1954. Brokers' estimates indicate an increase of about $9 per acre in Southeastern Minnesota; $12 per acre in Southwestern Minnesota; $4 per acre in the central areas of the state; $8 per acre in the Northwest; and no change in average price in Northeastern Minnesota. Not all brokers agreed on the amount of change in price nor did all brokers agree that there had

been an increase in price at all but a number of them did report an increase and the increase was clearly indicated by their estimates of average value per acre. 1/

Possible Reasons for Price Changes

The estimated average price of Minnesota farm real estate in the last three successive annual surveys has moved from $107 per acre in 1952, to $105 per acre in 1953, to $113 per acre in 1954. During the same time the farm parity price ratio has moved from 102 in June, 1952, to 93 in June, 1953, to 88 in June, 1954. The conditions that caused the price of farm real estate to decline only slightly in 1953 with a sharp drop in the parity ratio and to increase from 1953 to 1954 while the parity ratio continued to drop are not fully understood and need further study before definite conclusions can be drawn. The following are some possible reasons why farm real estate prices have remained strong, particularly in the past year. It is important to understand that these suggestions are not put forward as the confirmed result of research. The most that can be said for them is that they represent informed guesses as to why farm land prices in Minnesota have remained stable and even strong in recent months.

1/ It should be recognized that an average price per acre of farm real estate is a very difficult figure to establish. Farm real estate dealers are placed in a difficult position when asked to estimate the average value of an average size farm in their community. First, they must arrive at a concept of an average of a group of farms having considerably different individual characteristics. Second, it is necessary to estimate an average price in a situation where there is a small number of sales on which to base this price. Even though the estimates are difficult, the fact that the estimates for 1954 are consistently higher than for 1953 throughout the various sectors of the state is believed to be significant. The increase in price indicated by the difference between dealer 1953 estimates and their 1954 estimates is borne out by data on actual sales, also reported by brokers. Dealers reported the terms of sale for about 750 farms in 1953 and for about the same number in 1954. The average price of the land transferred in the sales reported was higher in 1954 than in 1953 in all areas of the state except in the Northeastern district. These sales, reported as having occurred in the first five months of each of the two years, are an estimated one-third of all sales occurring in the state during the periods for which they were reported. Statistical tests indicate comparable amounts of high, medium, and low value land in each sales sample. Reporting dealers were also asked if they thought their estimate this year represented an increase, a decrease or no change from a year earlier. The majority of brokers thought their estimate this year to be about the same as their estimate a year ago. Of the people who thought their estimate was different than a year earlier, a slightly larger number believed their estimate to be lower than believed the average price of farm land had increased. It may be that it is even more difficult to recognize a fairly small change in the price of land than it is to give a current estimate of average value. Dealers may tend to incorporate general economic conditions into their estimates. A low rate of farm transfers again makes it difficult to recognize the trend in land price movements in any community. In the absence of more complete information from land sales, the current movement in farm commodity prices may have been a highly influencing factor in the appraisals of land price movements.

1) The decrease in the parity ratio for the nation as a whole and particularly over the past year has not been felt as seriously by Minnesota farmers as in certain other areas. The relatively high prices for hogs during the fall of 1953 and the spring of 1954 and high support prices for corn together with a fairly good cattle market have tended to offset declines in prices received for chickens, eggs, and dairy products. The United States Department of Agriculture reports that farmers' cash receipts for the entire year of 1953 in Minnesota were 100.4% of 1952 receipts and that receipts from marketings in the first six months of 1954 were 101 per cent of the receipts from marketings in Minnesota in the same period in 1953.[2] For the United States as a whole, farm receipts in 1953 were 96% of 1952, and receipts for the first four months of 1954 were about 3½ per cent below 1953 receipts for the same period. Minnesota farmers appear to have been in a relatively good income situation compared to farmers in some other parts of the country over the past year. In addition, the good hog market during late 1953 and the first six months of 1954 has maintained Iowa farmers in a good income position. This has some influence on the Minnesota farm land market since prospective buyers from Iowa are reported by brokers to constitute a significant portion of the demand for Minnesota farm real estate, particularly in the southern areas of the state.

2) The continued low supply of farms coming on the market (estimated at less than 40 farm transfers per 1000 farm units in Minnesota in 1953) has reduced the number of farming opportunities for younger men wishing to get established in farming. This may have made the bidding among prospective buyers more competitive. Added to this is the activity in the market on the part of established farm operators who wish to expand their acreage. The reasons why buyers purchased land were reported by brokers for 722 transfers during the first five months of 1954. Of these, 189 tracts were reported to have been bought to add to an existing unit. This means that slightly over 25 per cent of the transfers with which Minnesota brokers were familiar involved land that was bought to be absorbed into another unit. For the country as a whole, it is reported that activity directed toward consolidation of farm units has increased considerably in the past two years.[3] This has probably been the case in Minnesota. Consolidation activity would appear to increase the competition among buyers for the low supply of farms being offered for sale and thus tend to increase the selling price. In the words of one broker: "Good land is not for sale and we face an increase in land values due to the scarcity if the present trend continues."

3) In periods of changing general price levels or changing levels of net farm income, there is normally a time lag before the effect of the new level of income is reflected in the farm real estate market. Because of this lag, the price of farm real estate has been in a process of catching up to the level of farm incomes since those incomes began to rise in the early 1940's. Farm real estate prices quite probably advanced a little more slowly than did farm income for most of the eleven or twelve years prior to 1953. Another study indicates that each dollar of gross farm income was required to support only about 38 per cent as much investment in farm real estate in Minnesota in 1950 as in 1910.[4]

2/ United States Department of Agriculture, "The Farm Income Situation", FIS 148, released September 10, 1954.

3/ United States Department of Agriculture, "Current Developments in the Farm Real Estate Market", released September 13, 1954.

4/ Unpublished study, Department of Agricultural Economics, University of Minnesota, 1954.

Undoubtedly this results, to a large degree, from a change in the characteristics of production costs but changing cost patterns may not be entirely responsible. It is possible that there was some lag between farm land prices and farm income levels, and that part of the increase in real estate prices over the past year is due to the closing of this gap. Involved in this may be a slight change in attitude on the part of farmers concerning general economic stability. Their fear of a serious post-war collapse of the general price level may be less pronounced today than was the case several years ago.

4) A change in long-term credit requirements which made it easier for prospective buyers to obtain funds was recognized by many brokers in the more productive areas of the state by June of this year. More accessible long-term credit may have served to intensify the active demand for farms. This is particularly true in the southern and west central areas of the state. Brokers in the northern and east central areas mentioned financing problems as a market depressing feature rather frequently.

5) During the past two years there has been a relatively sharp drop in expenditures for farm machinery. This may have released some farm buying power and permitted it to exert pressure on the farm real estate market. Farmers spent heavily for machinery from the time new machinery became available after World War II up through 1952. Machinery purchases then declined coincident with a decline in net farm income. It is possible that part of this decline would have occurred without a decline in income, for farmers in general had become well equipped. Consequently the decline in machinery purchases was probably proportionately larger than was the decline in incomes. Data are not available that will show clearly that money withdrawn from machinery purchases has been diverted to the real estate market. Savings accounts, other types of investment, or increased levels of consumption are other possible uses for money withdrawn from machinery expenditure. However, the farm real estate market is also a possibility. These reduced expenditures for farm machinery may be partially responsible for the increased number of farm buyers who are buying to add to another farm.

Real Estate Market Activity

Number of farms sold: Many of the reporting brokers commented on the small number of farms being sold in their communities. Although many of the brokers indicated no change in activity or a slight decline from a year ago, a number of brokers were pleased with the amount of activity so far this year and optimistic about expected activity for the remainder of the year. The brokers who answered questions concerning the number of farms they had sold indicated an increase in number of sales of about 10% over the same period in 1953. Evidence here is inconclusive but this may indicate a slight increase in the number of farms sold although the turnover remains slow compared with the average yearly rate of transfer over the past 25 years.

Farms listed for sale: Slightly under half of the brokers reporting on listings indicated no change since 1953 in the number of farms listed for sale. Of the remaining brokers, those who reported a decrease in the number of farms listed for sale on June 1st were slightly more numerous than those who reported an increase. The distribution of replies was not uniform between districts, as is indicated in table I. In general, more brokers reported decreased listings in the Southern and West Central districts while more increases in listings were reported in the Northern and East Central districts.

Table I. Number of Brokers Reporting an Increase, Decrease and No Change in Number of Farms Listed for Sale June 1, 1954 Compared With June 1, 1953.

District	Per Cent of Brokers Reporting: An Increase	A Decrease	No Change	Number of Reporters
Southeast	21	28	51	68
Southwest	14	40	46	63
West Central	27	38	35	34
East Central	44	15	41	41
Northwest	29	34	37	35
Northeast	53	0	47	17
State	27	29	44	258

Farm Sales: For the state as a whole, farm brokers reported on the transfer of title to slightly over 125,000 acres of farm real estate during the first five months of 1954. This acreage was transferred in 755 separate transactions and at an average price of $123 per acre. For the same period a year ago brokers reported the sale of 126,000 acres in 741 transactions at an average price of $111 per acre. While the increase in average sale price for transfers reported indicates an increased average sale price of Minnesota farm real estate, it does not necessarily mean that market values have increased because the sales in one period may involve farms having different characteristics than those sold in another period.

Although brokers, in most cases, indicate a relatively small amount of activity by investor buyers, the reports on sales indicate that investors are a little more active this year than a year ago. In 1952, 19 per cent of the transfers reported were bought by investors; in 1953, 12 per cent; and in 1954, 16 per cent. The 4 per cent increase from 1953 to 1954 is probably not a significant change. Investor activity was uniform over the state in that no district reported more than 18 per cent investor buyers nor less than 12 per cent.

About 25 per cent of the number of transfers reported involved land that was purchased to add to another unit. This was somewhat less than 25 per cent of the acres sold or total value exchanged, for these tracts were normally smaller and less well improved than the farms transferred as complete units. The distribution of purchases to add to another farm was not uniform over the state, as is indicated in table II.

It is interesting to note that the proportion of sales involving the expansion of an existing farm unit is sharply higher in the Northwestern Red River Valley area. It was lowest in the northeastern cut-over area, and in the southeast and east-central districts, where dairying is an important enterprise.

Brokers' Comments

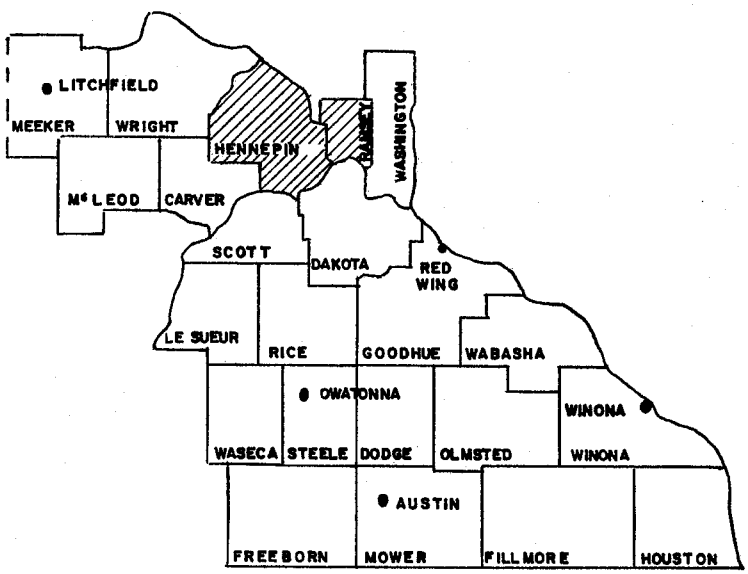
In addition to the data on which the preceding part of this report is based, the brokers were asked to comment on the present land market and on their expectations for the coming year. In the following section of this re-

Table II. Per Cent of Transfers Added to Existing Farms, January 1 to June 1, 1954, as Reported by Minnesota Farm Real Estate Brokers, by Districts.

District	Number of Sales Reported	Number of Sales Added to Another Farm	Per Cent of Sales Added to Another Farm
Southeast	198	36	18
Southwest	194	51	26
West Central	113	29	26
East Central	109	16	15
Northwest	90	50	56
Northeast	18	1	6
Total	722	183	25

port the market conditions within each district are briefly summarized and, to indicate in a general way brokers' impressions of the market, a cross-section of the brokers' comments is presented for each district. As would be expected, brokers' impressions and expectations vary considerably within each district. Part of the variation in opinion is due to slightly varying conditions within each district but some of the variation is likely to have resulted from differing individual appraisals of similar situations.

Southeastern Minnesota:



Average Price: $139 per acre; up $9 per acre, June 1953 to June, 1954

Brokers in Southeastern Minnesota, although indicating an increase in value of farm real estate of $9 per acre over the past year, do not appear to anticipate any increase in price for the coming year. A number of the reporting brokers do anticipate an increase in the number of farms that will sell

this fall and winter. Although this is predominantly a dairy area it also produces many hogs. The strong hog market during the spring of 1954 probably helped to strengthen real estate prices in much of this area in the past year. A good demand for small acreages near urban areas is reported. Increased activity on the part of Iowa buyers in the Southern part of this area is also reported.

A smaller percentage of the transfers reported by brokers in this area were added to another unit than was the case for the state as a whole. This is probably not the result of a greater desire to consolidate in other areas but rather has resulted from the difficulties encountered in attempting to integrate highly improved dairy farms into larger units. The ability of farmers to expand their operations in this area is restricted by the existing tenure pattern of relatively small, highly improved farms to a greater degree than in other areas of the state.

The attitude of brokers in this area toward the real estate market is indicated by their comments concerning the market. While their attitudes are not all alike, the majority seem to expect firm prices and increasing sales this year. This is indicated by the following remarks taken from their questionnaires.

Brokers' Comments:

"Very few farms changing owners in this community. Those that have changed hands have been to relatives. As far as I know, values haven't changed during the past year."

"Land market will stay about the same or decrease slightly."

"Farms have not changed in value, we have good prospects but find problems with finance."

"There seems to be more people looking for farms in 1954 than in 1953."

"Land is apt to go lower in price, no sales in this vicinity."

"Farms sell easier..... More loans with low down payments..... Prices have been steady. Looks good ahead."

"The trend is toward larger farms for regular farmers. The subsistence small acreages are also more in demand."

"There seems to be more inquiry for good farms. If the crop outlook is good in the next few months, there should be active farm sales."

"We expect farm sales to increase over 1953. Quarter-sections are in good demand."

"More inquiries for farms this spring than any year I have been in business, which is seven years."

"Looking up a little."

"I expect to see farm land prices decrease. Net income from farming has shown a decided decrease during the past year."

"Values have not changed in the past year. Prospects are fewer and money more scarce due to present farm income."

"Land values seem to be holding steady."

"We are getting more inquiries for farms than we did last year. We hope it will mean more farms will be sold."

"Buyers are very choosey. Prices for good farms remain firm ..... Poor farms are showing a decrease."

"Very few good farms for sale; prices holding pretty firm for the better farms."

"We believe land prices will drop between 4 and 8 per cent this coming year."

"The high-grade land for sale is generally purchased by near-by farmers to add to their holdings."

"Expect more activity in farm sales compared to 1953."

"I have had more increased activity in farm sales in the winter and spring months than usual. I feel optimistic that land values and sales will hold about level barring any radical economic or political change."

"We expect more farm sales but at a lower price."

"Uncertainty over government programs seems to intimidate farm-operator buyers and has caused investment buyers to practically disappear from the market."

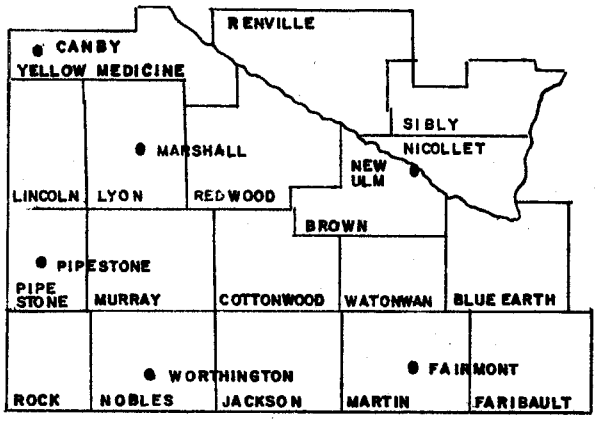
"Very little change from last year."

"Good farms are hardly ever for sale."

"Market favorable, expectations favorable. Main problem is that prospects lack capital."

"We have a lot of inquiry for farms,.... I think if the weather clears up, we will sell a lot more farms in the next three months than we have in the last three years."

Southwestern Minnesota:



Average Price: $187 per acre; up $12 per acre, June 1953 to June 1954.

The Southwestern part of the state appears to have the strongest real estate market of any area of the state. Brokers have indicated a twelve dollar per acre increase in market value over a year ago in this 18 county area. A good hog market and a fairly good cattle market over the past year have probably influenced the real estate market to a larger extent in this area than in other areas of the state. In addition, an extremely small number of farms are being offered for sale in this area, perhaps as a result of profitable farming operations over past years. The following are brokers' comments:

"Very little land for sale in our territory---for that reason, land is higher."

"Very few good farms listed for sale. There should be a little more activity in farm sales this summer and fall."

"I don't think land is any cheaper, good farms are as high as last year. If the 1954 crop comes through, I am looking for some advance in prices. Good farms are in demand."

"Listings are difficult to obtain."

"A few city investors are coming back into the market after having been absent for a year or two. Farmer-buyers somewhat more active but most seem to lack sufficient down payment."

"Prices are holding steady."

"There is no interest in selling."

"Have many buyers-----Very few farms for sale in this community."

"Demand for farms has been good and more farms would sell if they were on the market. Prices have declined slightly because of the lowering of farm product prices. We expect little change in the price of farms this year."

"They don't care to put good farms on the market."

"There appears to be some growing interest in farms by individuals who wish to make farming their business. Speculators have been showing less interest."

"Good land with good buildings and location brings good prices. Poor to fair farms with fair buildings not in demand."

"Very little land for sale in this area but a little more than last year."

"Land prices have stiffened in this area. This began last fall and has continued."

"Sales are limited to estate settlements. The owners are holding fast. Not many changes."

"Speculators have a 'wait and see' attitude. People wanting homes don't have the down payment necessary. We need more assurance of crop prices and a cheaper interest rate."

"Price per acre of farms will not be lower than in 1953. The best prospects are owners and operators who want additional acres to be operated as one unit."

"Not much activity, few inquiries, money not plentiful."

"There seems to be more interest in farms this year than last year. Not many farms offered for sale except estate farms. Most of our farms are operated by owners and they do not make changes."

"The price of land will hold fairly steady in this community. There are very few farms for sale."

"Limited and widely scattered number of farms for sale. More buyers than in 1953, most of them renters and a high percentage of them have a sufficient down payment. They are particular in their selection."

"Looks good. More sales expected. I am sure the real estate business will be better this year than ever. I have a good list of farms of all sizes."

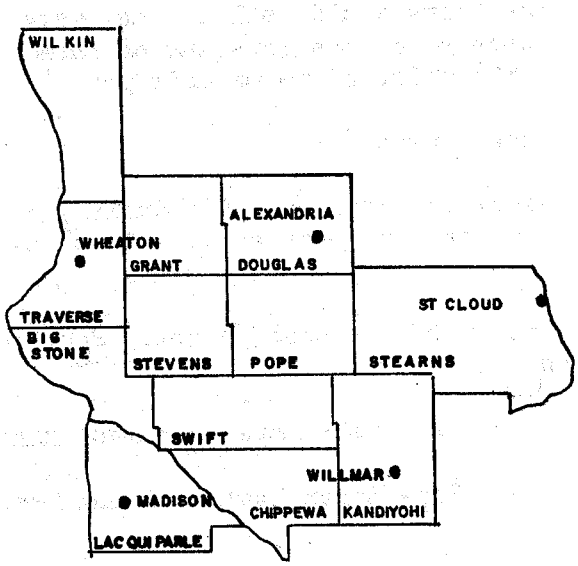
"Looks rather slow. Buyers are very cautious and hesitant."

"Average price is about $15 per acre below a year ago."

"Firm demand for high-grade farms, largely by local buyers. Poorer land moving slowly."

"Farms for sale are mostly by local buyers for a son or daughter. Very few are sold to outside buyers."

West Central Minnesota:



Average Price: $99 per acre; up $4 per acre, June, 1953 to June, 1954.

The West Central Minnesota area brokers have indicated an increase in average values of farm real estate in this area of $4 per acre between June, 1953 and June, 1954. Although a strong market for the coming year is anticipated by

some brokers in this area, there is more mixed reaction to questions concerning expectations than in the Southwestern district. There appears to be some difficulty with financing on the part of prospective buyers in some parts of the West Central district. This does not appear to be a serious handicap, however.

Brokers' Comments:

"Prices are fairly stable. Money is tightening a bit but has not influenced prices yet."

"West Central Minnesota has had a distinct rise in the selling price of farm land in the past six months. Our experience shows a $15 to $25 per acre increase. Big demand for better improved farms and for unimproved quarter-sections. Not much interest in farms with poor buildings. Most sales are to local residents. Farm mortgage money is more plentiful than a year ago for good borrowers."

"Buyers are scarce----few farms for sale."

"Present market is slow. Expect a fair market for the coming year."

"Land prices will be on a down trend in the coming year."

"I expect land prices to stay about the same or possibly decline two to five per cent."

"I expect to sell quite a few farms this summer."

"Land prices will be lower due to lower commodity prices and higher taxes."

"Look for considerable activity this summer and fall. Prices are holding up well."

"Better farms are becoming harder to find. Unimproved land is being picked up by neighboring farmers with an improved farm."

"There isn't much land for sale in this area."

"About the only farms offered for sale are cases where the present owner wishes to retire on account of advanced years and there is no one in the family to take over the farm."

"Present land market is very slow - hard for buyers to get the down payment."

"Very few farms for sale. In general, prices are a little lower. Buyers are very cautious."

"Very few farms offered for sale. Very limited number seeking to buy. There seems to be an attitude of uncertainty."

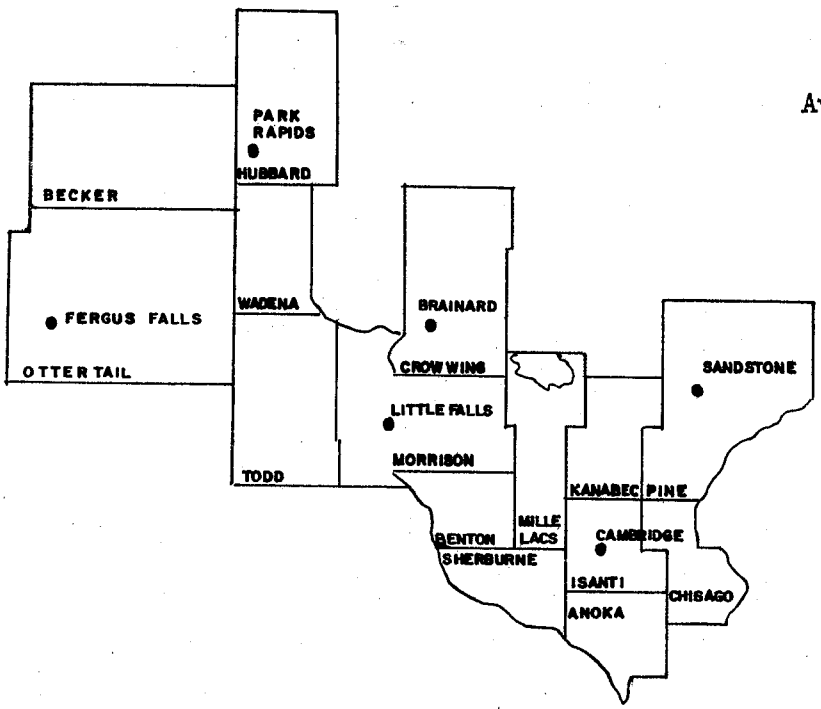
"Sales prospects good. Good demand for cheaper farms but buyers have difficulty raising the down payment."

"Our farm land is largely owner occupied and there is little for sale."

"Market is about the same, we don't expect much activity."

"Most farms today are sold to substantial buyers---mostly cash. Good farmers buying additional land for sons. Land prices are not weakening, prices seem to strengthen with less being offered."

East Central Minnesota:



Average Price: $66 per acre; up $4 per acre, June 1953 to June 1954

Although their estimates of average value of farm real estate averaged $4 per acre higher than a year ago, brokers in East Central Minnesota described less favorable conditions than in any other area of the state. Activity on the part of buyers appears to be lacking in this area except within an area relatively close to the Twin Cities. Small acreages fairly close to the Twin Cities appear to be in demand and some investment interest in small acreages even beyond daily commuting distance from the metropolitan area is reported. Declining dairy product prices have probably had some effect on farm incomes in this area, particularly in those areas outside the metropolitan fluid milk market. Alternatives to dairying are few in much of this area.

The lack of sufficient capital for a down payment by prospective buyers and a shortage of mortgage credit appears to be almost a universal problem in this area as is indicated by the brokers' comments that follow:

"Very few buyers except young fellows who don't have enough for a down payment."

"Quite a few buyers but they don't have enough money for a down payment."

"Very little activity in farm sales. Many farms are kept in the family and ownership descends from father to son. There is some consolidation into larger units."

"Not many farm buyers and not many farms for sale."

"Not many farms are being sold as there are no buyers."

"Lots of sales expected in the second half of the year."

"Buyers are hesitant and lack funds."

"Buyers lack down payment."

"Better long-term credit facilities needed."

"Buyers are looking for cheap farms with a small down payment."

"There just isn't any farm real estate business any more. Farmers are afraid of the future."

"Buyers cautious in this dairy area."

"There are perhaps more of the poorer farms for sale now than a year ago. The better farms are not readily listed. There is plenty of demand for farms in the area but most of the prospective buyers are short the required amount necessary for down payments. It appears that farm sales will not be as high due to shortage of financially able buyers."

"Most transfers are between family members."

"In the vicinity of----------, there have been about 10 land sales in the past year or 15 months and, in most cases, they were made to laboring men from the Cities who seem to be looking for some place to move to if conditions get bad. ----------. None of them are real farmers who have moved in with the intention of farming for a living. Some have bought and still remain at work in the Cities, coming here on week ends. Three or perhaps four are displaced persons who have been in the United States about three years."

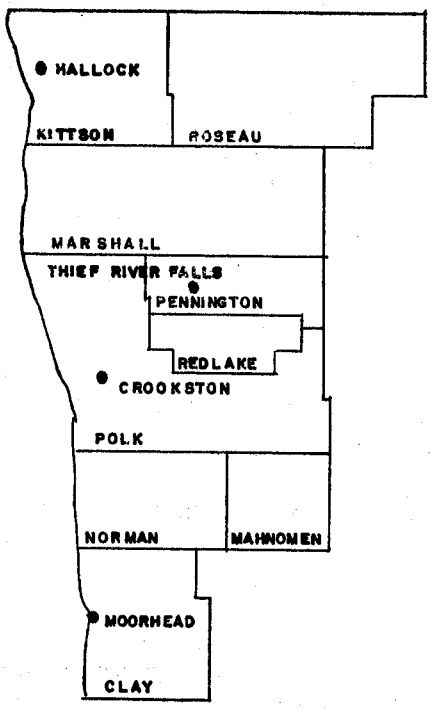
"Unless the dairy situation improves, land prices will go down."

"More inquiries than in the past several years."

"Looks like prices are too high for the present market. We look for slow business. Financing is one of our biggest problems."

"Sales are very poor. Those that would buy do not have any money."

Northwestern Minnesota:



Average Price: $72 per acre; up $8 per acre, June, 1953 to June, 1954.

Brokers indicate a strong farm real estate market in this area with a very limited number of farms coming on the market. Sales reported by brokers indicate more activity toward consolidation of units in this district than in any other area of the state. Fifty-six per cent of the sales reported were made to purchasers who were expanding their operations. Brokers' comments indicate a fairly low rate of transfer resulting from an unwillingness to sell on the part of present owners.

Brokers' Comments:

"Very few owners wish to sell. The present market is good. Farm prices promise to be steady or higher in the coming year."

"Very few farms offered for sale. Look for a good demand this year. Politics and crop conditions will have a bearing on prices, demand, and farms for sale but I would say the general outlook is good."

"Very few sales have been made to our knowledge principally because the seller is not willing to take a drop in price and the buyers feel that farms will sell for less later on."

"Real estate is not moving. Farm owners do not care to sell. Only the poorer class of land is on the market at this time."

"Good locations are in demand."

"Good land does not generally reach the open market except in settlement of an estate."

"Buyers are mostly local people. Many sales are made to farmers with adjoining land."

"There aren't any good farms for sale."

"Prices will probably remain at the present level for the coming year."

"Demand is slow. Prices are likely to remain at the present level."

"I don't look for much change in land values."

"There is very little land being offered for sale."

"Very few farms for sale, buyers are interested only at a somewhat lower price."

"Interested buyers lack the down payment."

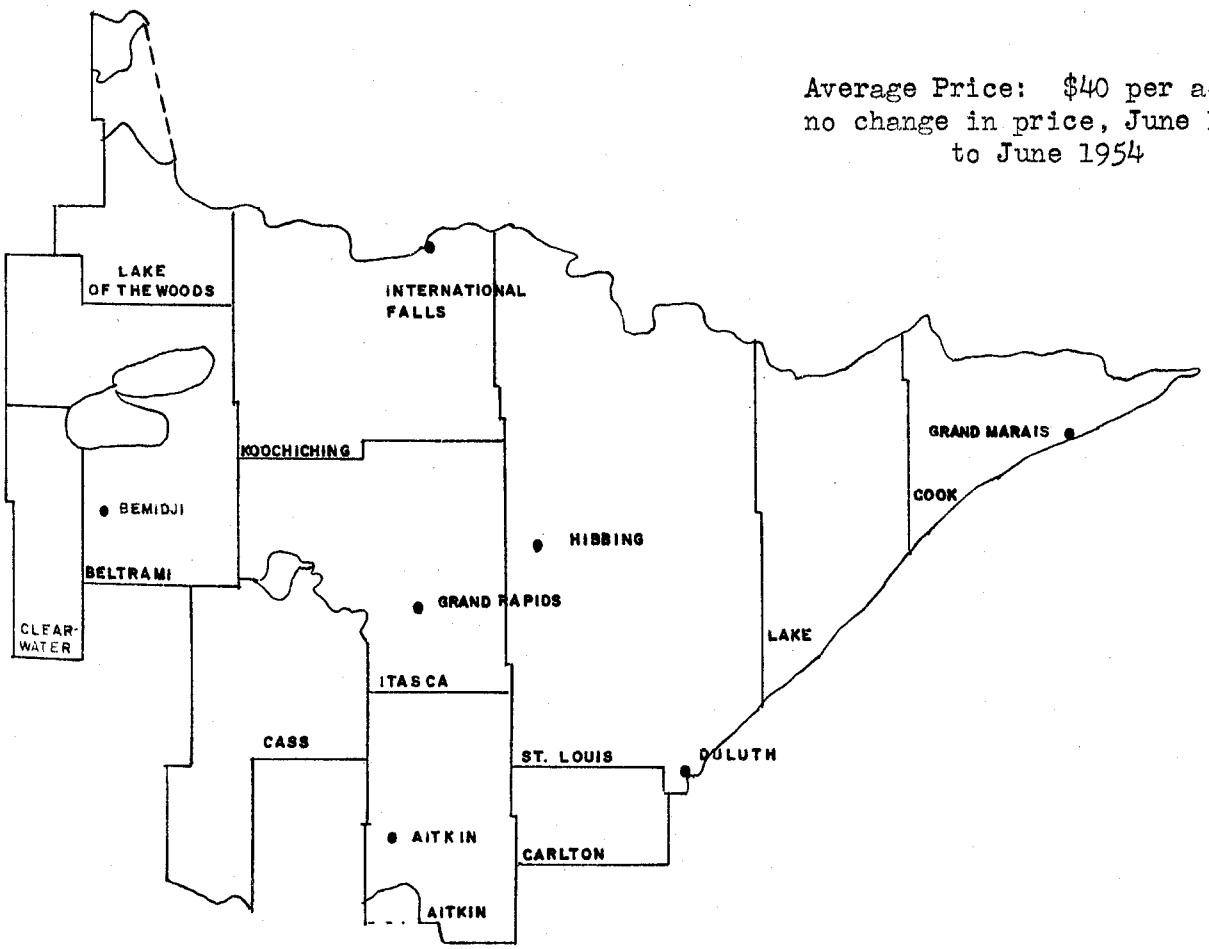
"Practically no buyers in sight. Sellers are willing to accept lower prices."

"Buyers are cautious and short of money."

"Buyers have less available cash than in past years. Very few improved farms offered for sale. We have fewer farms for sale than at any time in the past 45 years."

"Tendency seems to be toward adding to the present farm."

Northeastern Minnesota:



Average Price: $40 per acre; no change in price, June 1953 to June 1954

Farm real estate dealers in the Northeastern part of the state indicated a very static situation both in regard to price changes and to market activity. The farming in this area is largely subsistence farming and part-time farming. About 44 per cent of all farmers in this eleven-county area were reported in the 1950 census to be receiving more than half of their income from non-farm sources. For this reason a considerable share of the value of the farms in this area is derived from the residential value of the farm. The demand for residences, in turn, is conditioned by the number of non-farm employment opportunities. The amount of employment in the mining industry has been reduced somewhat over the past year, however. This has had a depressing effect on the price of farms because of the reduced demand for subsistence, residence farms. In addition to the subsistence farms in this area, commercial agriculture is fairly well concentrated around population centers and the farms are predominantly dairy farms producing for local consumption. In the areas surrounding the population centers, in the Northeastern area, there appears to be an active demand both for full-time, commercial farms and for part-time farms within a limited range.

Northeast brokers' comments are as follows:

"The farm land market is not favorable in this area. We have many marginal producers in our county and they simply are not making money. Many farmers would sell if they could."

"Active demand for small, part-time farms."

"Most of our farmers are working at Cloquet or Duluth. Farm sales are slow. Prospective buyers do not have money."

"Some of our rural folks that have been out on defense work are coming back to their partly improved farms."

"Prices have leveled off. I expect to make some sales this fall."

"The number of farms vacant in our area is about the same. No great demand for farms and very few farmers as yet finding it necessary to sell."

"No movement in farm sales in the past year."

"Remains the same-----many farms for sale, lots of people want to buy but have little down payment and no mortgage money available."

"Land is increasing in value when it is close to the City (Duluth) and on a black-top road. No increase in value of land off of good roads and out over 30 miles."

"It is my observation that farm values have not changed materially up here in the past year or so."

"Real estate market is at a low ebb. This section does not have a great deal of real farms. Many persons work small farms and also work in the mines or at other jobs. Mine lay-off this season has reduced sales of farm land. Most mines work 4 to 5 days weekly, no overtime. Farmers who have cows and good hay fields are doing O.K. Big demand for milk products."

Minnesota Land Values 1910-1954

From various sources, the University of Minnesota, Department of Agricultural Economics has obtained information on the value of Minnesota farm real estate since 1910 that has permitted the development of a statistical series of average values per acre by districts and for the state as a whole over the period from 1910 through 1954. This series by two-year periods from 1910-11 through 1934-35 and annually from 1936 through 1954 is presented in table III and graphically in figure I. (See pp. 18 and 19)

Statistical Note

The standard deviations and coefficients of variation of price per acre, by districts, are given in table IV for the actual sales reported by brokers in 1953 and 1954. The consistency in their order of magnitude for sales in both years, by districts and for the state as a whole, support the conclusion that the trend upward in 1954 prices is due to a general upward shift in prices and not to any freakish influence of a few extremely high or low priced sales.

Table IV. Farm Transfers Reported by Minnesota Farm Real Estate Brokers, 1953 and 1954

Number of acres reported, average price per acre, standard deviation and coefficient of variation by districts, 1953 and 1954 *

District	Number of Acres Sold		Average Price per Acre		Standard Deviation		Coefficient of Variation	
	1953	1954	1953	1954	1953	1954	1953	1954
	(Acres)		(Dollars)		(Dollars)		(Per cent)	
Southeast	31,555	30,983	133.15	146.29	63.98	60.53	48.05	41.37
Southwest	28,760	33,756	180.54	186.33	42.71	59.42	23.66	31.89
W. Central	18,449	22,147	90.77	105.63	28.96	32.89	32.89	31.14
E. Central	9,522	1,593	57.00	57.25	36.26	32.58	63.62	56.90
Northwest	33,205	21,000	63.28	63.45	43.10	39.53	68.11	62.29
Northeast	6,531	2,169	56.72	38.47	46.88	27.49	82.64	71.49
State	128,022	125,148	111.00	123.39	65.04	70.45	58.59	57.09

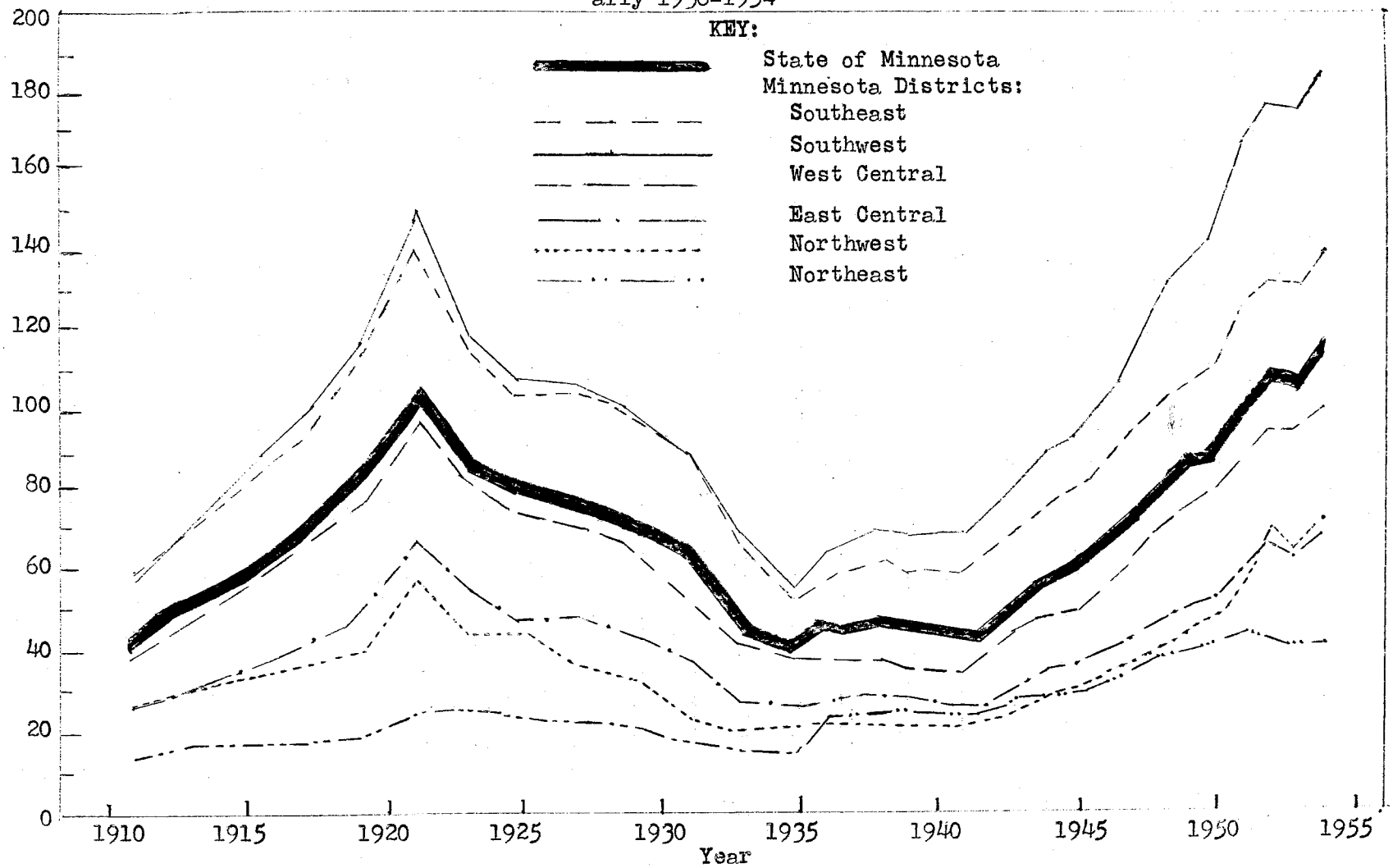
* Each acre is treated as a unit in calculating standard deviation and coefficient of variation.

Table III. Average Price Per Acre of Farm Real Estate in Minnesota by Districts by Two Year Periods, 1910-11 Through 1934-35 and Annually 1936 Through 1954.*

(Dollars per Acre)		District					
Year	Minnesota	Southeast	Southwest	West Central	East Central	Northwest	Northeast
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

* 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, Tax Commission data are supplemented by sales records of corporate lending agencies. For the periods 1932-33 and 1934-35 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, 1953 and 1954 are based on answers to a mail questionnaire by farm real estate dealers throughout Minnesota.

Figure I. Average price per Acre of Farm Real Estate in Minnesota by Districts by two year periods, 1910-11 through 1934-35 and Annually 1936-1954



Source of Data

The data on which this report is based are from a June, 1954 questionnaire survey of the Minnesota farm real estate market. Questionnaires were sent principally to Minnesota farm real estate dealers. This report is based on the estimates and opinions of 286 respondent brokers throughout the state and on reports of land transactions with which they were familiar. Respondents reported on 755 farm sales which had occurred between January 1, and June 1, of this year. It is estimated that transactions reported represent about one-third of the bona fide farm transfers concluded in the state during that period. This is the third annual report of a survey of the land market conducted by the University of Minnesota, Department of Agricultural Economics.