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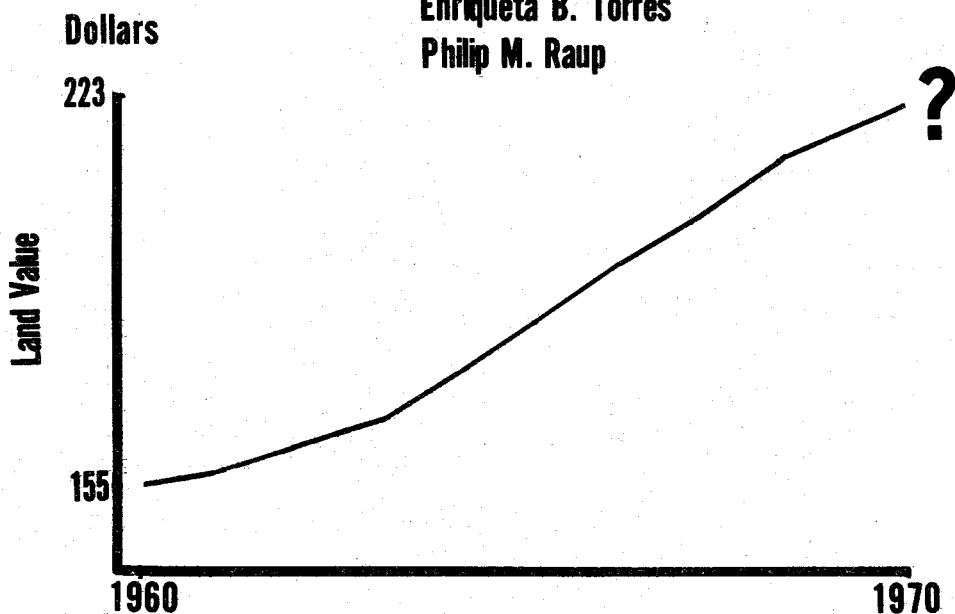
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The Minnesota Rural Real Estate Market In 1969

Lynn J. Maish
Enriqueta B. Torres
Philip M. Raup

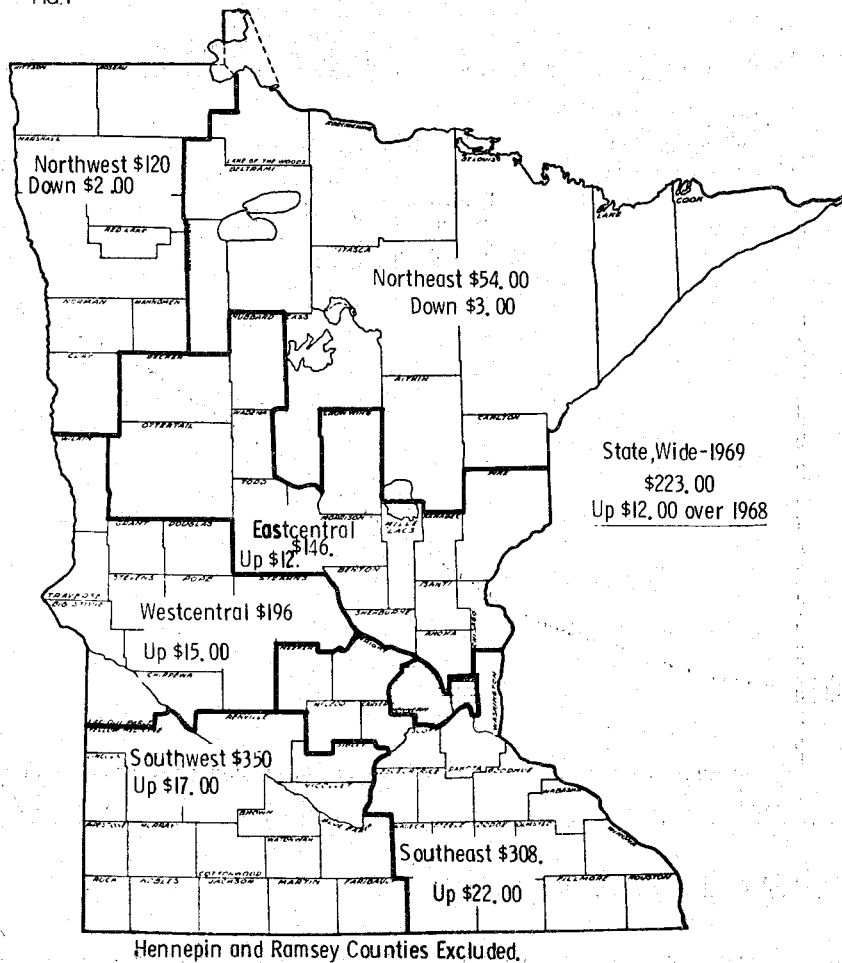


---- Including special studies of the

Rural real estate market in the twin city metropolitan area
and the red river valley.

Minnesota Average Farmland Value Per Acre by Districts-1969

FIG. 1



The Minnesota Rural Real Estate Market In 1969

BY LYNN J. MAISH, ENRIQUETA B. TORRES
AND PHILIP M. RAUP
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Summary

Farm Real Estate Market

Statewide, estimated farmland values in 1969 were about 6 percent above the levels of 1968, and 42 percent above the levels of 1959. The biggest percentage increases in 1969 were in the urbanized districts. Over the past ten years the total increase in the East Central district was greater than in any other district. From 1959 to 1965, annual average increases in land values varied between one and three percent. In 1966 the increase was seven percent, in 1967, six percent; in 1968, eight percent; and in 1969, six percent. It is improbable that land values can continue to increase at these rates, and a slowing down must be anticipated.

Expansion buyers continued to dominate the market, but their share of the total purchases of land for agricultural purposes declined from a peak of 61 percent in 1968 to 52 percent in 1969. Investor buyers purchased a substantially larger share of the farms sold in 1969 than they did in 1967 and 1968.

Contracts for deed were used to finance 52 percent of the reported purchases in 1969. This was the highest usage of this instrument ever reported in this study.

Farm Real Estate Market in the Twin City Metropolitan Area

Farm land values jumped 17 percent between 1968 and 1969 in the five-county Metropolitan Region (excluding Hennepin and Ramsey counties).

Investors purchasing land to be used for agricultural purposes made 44 percent of the purchases, while 28 percent of the purchases in 1969 were made by buyers purchasing land for nonfarm purposes. Operating farmers and expansion buyers accounted for the remainder.

Farm Real Estate Market in The Red River Valley

Land values were almost 75 percent higher in the Red River Valley than in surrounding areas. The sales price of farmland has increased 27 percent since 1960 within the Valley which is a larger increase than that for the remainder of the Northwest district which borders the Valley.

Expansion buyers were more prominent in the farmland market in the Valley in 1969 than in any other part of the state, accounting for 88 percent of the purchases.

Introduction

This report presents the results of the Minnesota Rural Real Estate Study for both 1968 and 1969. No report was published for 1968.

Land market data reported in this publication are collected in July of each year by mail questionnaires. These are sent to farm real estate dealers, agricultural loan representatives, bankers, lawyers, and others with specific first-hand knowledge of their local farm real estate market situation. In 1969 questionnaires were sent to approximately 1,400 individuals and 1,025 responded. Of these, 823 responses were sufficiently complete to form the basis of this report. The period covered is January through June. In the analysis, data from Hennepin and Ramsey counties (Minneapolis and St. Paul) are excluded.

Reporters in this annual survey of the Minnesota farm land market are asked to supply two types of data. They are:

Estimates, in response to the question "What are farms of average size and value in your community currently worth per acre?" A second question asks for the estimates subdivided according to "good," "average," and "poor" grades of farm land. These estimates are averaged by counties and weighted by the area of land in farms in each county, in computing district average land values. These estimates form the basis of the reports of year-to-year changes in land values. The analysis of land values and trends is presented in Part 1-A of this report.

Factual data are obtained on farms sold in the reporters' communities. Data include sales prices, characteristics of buyers and sellers, and methods of financing. These data cover actual sales made during the annual survey period of January 1 to June 30. Data on sales are used in Part 1-A only in discussing factors that influence current land market trends, e. g. number of sales. A more detailed analysis of the sales data is presented in Part 1-B of the report.

The estimates of farm land value are a more reliable basis for comparing year-to-year trends than are the reported sales prices received in actual sales. This is because of the erratic and occasionally wide variations in the qualities of land and buildings actually sold and the small number of sales that may occur in any given year and location.

Typically, there are 20 to 50 voluntary farm sales per year in a representative Minnesota county. A reported change in average sales prices may only reflect a variation in quality of land or buildings on

farms sold during the period studied, or a change in average sales prices may actually represent a change in local land prices. It is difficult to correct for variations in land and building quality when interpreting sales prices.

This report mentions three classes of buyers; operating farmers, who bought farms for owner operation, as complete units; farm expansion buyers, either operating farmers or occasionally investors, who added the land purchased to existing operating units, and investor buyers, who bought tracts to be operated as separate units, often by a tenant or manager.

In analyzing farm sales the terms "improved" and "unimproved" are used. Unimproved lands are those without buildings or permanent structures. Improved lands are those with buildings, irrespective of condition.

The Appendix to Part I contains average farm land values from 1910 to the present. It also contains a statistical analysis of the reported farm sales since 1958, showing the range of variation in sale prices within the districts and for the state as a whole.

Part II contains an analysis of farm land values and sales data for the 5 county Twin City Metropolitan Economic Region (excluding Hennepin and Ramsey counties).

A special analysis of the Northwest district is presented in Part III. Due to the wide disparity of land values between the Red River Valley and the remainder of the Northwest district, a separate analysis of the Red River Valley land market was made and compared with the remainder of the Northwest district.

PART I: THE MINNESOTA FARM REAL ESTATE MARKET IN 1969

A. LAND MARKET TRENDS BASED ON REPORTERS' ESTIMATES

Land Value Trends

Minnesota farm land values continued to increase in both 1968 and 1969. The average dollar value per acre went from 194 in 1967 to 211 in 1968 and then to 223 in 1969. This was an 8 percent increase in estimated value in 1968 over 1967 and a 6 percent increase in 1969 over 1968.

The greatest percentage increase in land values in 1969 occurred in the East Central District (Tables 1 and 2). This was a 9 percent or \$12 increase per acre. Both the West Central and the Southeast districts had 8 percent increases. A more modest increase of 5 percent was reported in the Southwest district.

Estimated land values declined in both of the northern districts in 1969. The Northeast had a 5 percent decline, while the Northwest district had a 2 percent drop in land values.

In 1968 all the districts except the Northeast had increases in land values (Tables 1 and 3).

Since 1959 farm land values have increased the most in the Southeast and East Central districts, which are the most urbanized of the districts. Land values were 61 percent and 64 percent greater in 1969 than they were in 1959 in the Southeast and East Central districts respectively (Table 2). During the same time period the predominately agricultural Southwest and West Central districts had more moderate land value increases of 37 percent and 46 percent, respectively. The Northwest had only a 16 percent increase since 1959, while the Northeast had a decrease of 7 percent in farm land values.

Table 1: Estimated Average Value Per Acre of Farm Land by District, Minnesota, 1959 - 69.

Years	South-east	South-west	West Central	East Central	North-west	North-east	Minne-sota
-Dollars-							
1959	191	255	134	89	103	58	157
1960	188	248	133	94	99	64	155
1961	189	247	133	95	103	64	156
1962	192	250	138	99	104	69	159
1963	194	246	142	103	114	68	161
1964	206	252	145	111	115	59	166
1965	219	261	146	112	113	51	171
1966	242	277	153	122	112	58	183
1967	262	303	163	128	108	62	194
1968	286	333	181	134	122	57	211
1969	308	350	196	146	120	54	223

Table 2: Percentage Changes in Estimated Value Per Acre, Minnesota, 1959-69.

District	1969 Value	P e r c e n t C h a n g e O v e r		
	Per Acre	1959	1964	1968
	Dollars	p e r	c e n t	
Southeast	308	61	50	8
Southwest	350	37	39	5
West Central	196	46	35	8
East Central	146	64	32	9
Northwest	120	16	4	-2
Northeast	54	-7	-8	-5
Minnesota	223	42	34	6

Table 3: Percentage Changes in Estimated Value per Acre, Minnesota, 1968.

District	1968 Value	Percent Change over 1967
	Per Acre	
	Dollars	Per cent
Southeast	286	9
Southwest	333	9
West Central	181	11
East Central	134	5
Northwest	122	13
Northeast	57	-8
Minnesota	211	8

Since 1964, however, land values rose the fastest in the Southeast (50 percent) followed by the Southwest (39 percent), West Central (35 percent), and East Central (32 percent). For this period the Northwest had a total increase in land values of 4 percent. An 8 percent decline since 1964 has been reported in the Northeast.

Activity in the Land Market

Activity in the land market declined in 1969 (Table 4). Voluntary sales of farms fell from 38.1 per 1000 farms in 1968 to 33.5 in 1969. Forced sales were also down slightly in 1969, while farm title transfers through inheritance, gifts and other means increased slightly. Total farm title transfers declined from 50.3 per 1000 farms in 1968 to 47.3 in 1969.

Table 4: Estimated Number of Farm Title Transfers Per Thousand Farms, By Methods of Transfer, Year Ending March 1, Minnesota, 1953-1969.

Year	Voluntary sales	Forced sales (foreclosures tax sales, etc.)	Inheritance, gifts, and all other transfers	Total All Classes
1953	28.4	1.6	9.2	39.2
1954	27.1	1.2	11.5	39.8
1955	32.5	3.0	9.8	45.3
1956	31.1	6.4	12.9	50.4
1957	34.0	2.8	15.6	52.4
1958	35.6	3.5	14.7	53.8
1959	39.7	2.6	11.4	53.7
1960	34.5	2.7	9.9	47.1
1961	29.0	2.6	7.7	39.3
1962	29.3	1.9	10.4	41.6
1963	24.1	1.9	10.1	36.1
1964	30.6	3.2	12.4	46.2
1965	29.7	2.8	10.6	43.1
1966	35.5	2.1	14.9	52.5
1967	37.5	1.4	14.2	53.1
1968	38.1	2.4	9.8	50.3
1969	33.5	2.0	11.8	47.3

Source: "Farm Real Estate Market Developments" CD-73 Economic Research Service, USDA, August, 1969.

B. ANALYSIS OF REPORTED SALES

The first section of this report discussed levels of estimated land values in Minnesota and trends over recent years. This second section of the report contains an analysis of actual sales, as reported by respondents to the survey. This analysis will concern reasons for sale of the properties, the type and quality of property transferred, prices paid, categories of buyers, and the methods used to finance purchases.

Data for this section are taken from reports of 1738 sales of farm land occurring in 1969 during the period from January 1 to June 30 and 1970 sales during the same period in 1968. As in previous years, these sales were predominantly in the southern half of the state. The regional distribution of reported sales is indicated in Table 5.

The number of tracts sold which were reported by respondents to this survey declined from 1,970 sales in 1968 to 1,738 in 1969. Likewise, acreage sold declined from 364,814 acres reported sold in 1968

to 298,838 acres in 1969. This survey does not include a 100 percent sampling of all sales in the state, so conclusions from the above results should be interpreted with caution. However, they do corroborate the decline in farm title transfers reported in Table 4.

Respondents to the survey, particularly in the more agricultural areas of the state, frequently commented on a decline of activity in the land market, with the high cost of credit given as a key factor.

Table 5: Number of Sales, Acreage of Land Sold and Average Acres per Sale, by District, Minnesota, January - June 1969.

District	Number of Sales		Acres Sold		Acres per Sale	
	1968	1969	1968	1969	1968	1969
Southeast	549	501	80,411	72,391	146	144
Southwest	665	450	114,525	74,661	172	166
West Central	300	268	61,077	50,781	203	189
East Central	238	281	45,051	43,658	189	155
Northwest	176	177	57,111	45,886	324	259
Northeast	42	61	6,639	11,461	158	188
Minnesota	1970	1738	364,814	298,838	185	172

A substantial decline in number of sales and in total acreage sold occurred in the Southwest district in 1969. Both the West Central and the Northwest had substantial declines in the total acreage reported sold, although the number of tracts sold in the Northwest did not change (acres per sale declined). Acreage sold as reported by respondents declined only slightly in the two more urbanized districts; the Southeast and East Central. In 1969 there was an increase in both the number and acreage of farm sales reported in the Northeast.

Sales Prices

The reported sales price per acre in Minnesota for 1969 was \$238 which is 3 percent higher than the value reported in 1968 (Table 7). This was less than the 6 percent increase in estimated land value reported in Section A of this report. This difference is primarily due to the fact that the acreage of land sold in 1969 declined by a greater amount in the high value districts (especially the Southwest) than in the lower valued districts. This caused the state average sales price to be less in 1969 than it would have been if the decline in acreage sold had been evenly distributed over all districts.

The Southeast and Southwest districts, in which the price of farm land is high in comparison to the remainder of the state, accounted for

951 of the 1738 sales and 147,052 of the 298,838 acres involved in the reported sales. This means that the statewide average of all reported sales is not truly representative of the state as a whole, in any given year. But it is true that the unrepresentative nature of reported sales prices (their bias) has been roughly the same from year to year. Some slight variations in the extent of the bias have occurred as noted in the above paragraph. In 1968, 53 percent of total acreage in reported sales was in the Southeast and Southwest districts whereas that figure declined to 49 percent in 1969. However, comparisons of trends can be made as long as the bias does not change significantly from year to year.

Sales prices increased in all 6 districts in 1969. The reported sales price rose by the largest amounts in the Northwest and East Central districts in 1969. The reported price in the Northwest fell from \$117 per acre in 1967 to \$90 in 1968 and then rose to \$121 per acre in 1969. This unusual pattern may be due to proportionately more sales of poor quality land at very low prices in the area outside the Red River Valley in 1968, which forced the average sales price downward in that year. Sales prices in the East Central district rose in both 1968 and 1969.

Table 6: Average Reported Sales Price per Acre of Farm Land by District, Minnesota, 1959 - 1969.

Years	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
- dollars -							
1959	210	243	129	73	85	61	173
1960	189	240	136	69	101	50	161
1961	189	226	130	89	92	38	165
1962	196	229	140	76	74	30	161
1963	214	222	136	86	109	48	168
1964	213	234	150	86	104	52	178
1965	213	233	133	96	106	40	178
1966	253	260	164	113	103	31	203
1967	272	306	179	93	117	51	215
1968	316	329	186	104	90	47	232
1969	341	334	194	130	121	51	238

The 1969 reported sales price per acre in the Southeast exceeded that for the Southwest for the first time since the inception of this type of survey in 1953. The smallest increases occurred in the Southwest and West Central districts, which had increases in sales prices of only 2 percent and 4 percent, respectively in 1969.

There is a strong temptation to regard prices received in actual farm land sales as the best evidence of trends in farm land values. An analysis of actual sales does yield valuable insight into trends in the land market. But the danger involved in an exclusive reliance on sales prices can be illustrated by a comparison of estimated values, reported in Table 1 above, and the actual sales prices. The comparison is shown in Table 7.

Table 7: Comparison of Actual Sales Price and Reporter's Estimates of Average Values Per Acre, by District, Minnesota, 1967 - 1969.

District	1967		1968		1969	
	Sales Price	Estimated Value	Sales Price	Estimated Value	Sales Price	Estimated Value
- dollars -						
Southeast	272	262	316	286	341	308
Southwest	306	303	329	333	334	350
West Central	179	163	186	181	194	196
East Central	93	128	104	134	130	146
Northwest	117	108	90	122	121	120
Northeast	51	62	47	57	51	54
Minnesota	215	194	232	211	238	223

The sales price ranged from \$16 per acre less than the estimated value in the East Central to as much as \$33 per acre more than the estimated value in the Southeast. The sales price and estimated values were very close in the West Central the the two northern districts in 1969. Likewise, the two figures were quite close in the Southwest in both 1967 and 1968 but diverged somewhat in 1969.

The reason for the discrepancies between sales price and estimated value in certain districts is the fact that sales activity is not evenly or proportionately distributed over all types and values of land. Therefore, if a disproportionately large share of total sales in a given year is of higher quality land, the average sales price reported will overstate the true value of land in that year. The opposite will occur if there is a disproportionate number of sales of lower quality land. This bias is reduced when computing the estimated values reported in section A by weighting estimates from each county or district by the actual number of acres of farm land in that county or district.

Reason for Sale

Retirement was the most frequently stated reason for the sale of farm land in 1969, accounting for 36 percent of the sales (Table 8). Leaving farming for another job accounted for 21 percent of the sales, while 17 percent of the sales were due to death of the owner. Other reasons for sale included ill health, financial problems, and sales by investors.

Shifts from one farm to another accounted for 7 percent of the sales in 1969. Sales by investors amounted to 4 percent of sales.

Motives for sale are seldom as simple as this classification of reason implies. A combination of factors is often involved in the decision to sell. For example, an element of semi-retirement may be involved in many decisions to sell the farm and take another job. The real reasons may often involve age, health, or financial difficulties.

Death and retirement accounted for 64 percent of all sales in the Southwest, which has the highest estimated land values in the state. The proportion of sales due to owners leaving farming for other jobs was also lowest in this district.

The decisions to leave farming for another job was the most important reason for sale in the Northeast district, where it accounted for 36 percent of the reported sales. Sales involving a move to a non-farm job were also frequent in the East Central and West Central districts, accounting for 26 and 24 percent of sales in those two districts, respectively. The relative attraction of non-farming opportunities is apparently greatest in the central and northeastern districts of the state.

Table 8: Reason For Selling Land, by District, Minnesota, 1969.

Reason for Sale	D i s t r i c t						
	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
	- P e r c e n t -						
Death	12	23	21	12	18	13	17
Retirement	36	41	28	36	40	33	36
Left farming	20	15	24	26	20	36	21
Moved, still farming	11	3	4	7	8	7	7
Ill health	2	1	1	1	1	2	1
Financial problems	2	1	1	1	3	2	2
Investor selling	7	3	3	5	1	0	4
Other (or unknown)	11	12	18	11	10	8	12

Sale of Land With and Without Buildings

In 1969, 21 percent of all tracts sold were unimproved (i.e. without buildings). This represents a decline from the peak of 28 percent reached in 1968, but is still higher than any other year. Unimproved tracts accounted for 20 percent of all reported sales in 1967, 18 percent in 1966, and averaged only 11 percent for 1961 - 1963.

Unimproved tracts accounted for the smallest proportion of the market in the Southeast where they comprised 17 percent of all sales. Unimproved tracts continued to be most frequently traded in the Northwest district, where they were involved in 33 percent of all sales in 1969.

Table 9: Proportion of Improved and Unimproved Lands Sold, by District, Minnesota, 1969*.

District	Improved Land		Unimproved Land	
	Number of Sales	Percent	Number of Sales	Percent
Southeast	409	83.0	84	17.0
Southwest	360	81.4	82	18.6
West Central	184	73.0	68	27.0
East Central	221	79.8	56	20.2
Northwest	111	67.3	54	32.7
Northeast	49	80.3	12	19.7
Minnesota	1334	78.9	356	21.1

*Of the 1738 reported sales, 48 were not designated as either improved or unimproved.

The price difference between improved and unimproved land varies considerably from year to year and district to district. For the state as a whole improved land sold for \$39 per acre more than unimproved land in 1969 (Table 10). Unimproved land sold for a higher price than did improved land in the Northwest, as it frequently has in past years. In 1969 the sales price of unimproved land was also slightly higher than for improved land in the Southeast. This unusual result may reflect the influence of high prices paid for small tracts for non-farm uses.

Table 10: Price Differential Between Improved and Unimproved Lands Sold, Minnesota, 1959 - 69.

Year	Improved Land	Unimproved Land	Difference	Unimproved as a percent of improved
-----Dollars per Acre-----				Percent
1959	176	142	34	81
1960	167	123	44	74
1961	169	138	31	82
1962	166	128	38	77
1963	172	144	28	84
1964	181	160	21	88
1965	183	165	18	90
1966	211	158	53	75
1967	222	177	45	80
1968	248	166	82	67
1969	245	206	39	84

Table 11: Average Sales Price per Acre of Improved and Unimproved Farm Land, By District, Minnesota, 1969.

District	Improved Land	Unimproved Land	Unimproved as a percent of improved
-----Dollars per Acre-----			Percent
Southeast	341	348	102
Southwest	337	319	95
West Central	194	187	96
East Central	134	109	81
Northwest	119	127	107
Northeast	58	25	43
Minnesota	245	206	84

Type of Buyer

Buyers purchasing farmland for farming purposes accounted for 90 percent of the number of reported sales and 93.4 percent of the acreage sold in 1969 (Table 12). Purchases of farmland for non-farm purposes increased from 1967 to 1969 in all districts except the West Central. Buyers of land for farming purposes include both operating farmers and investors. Since 1967 the proportion of buyers who were operating farmers declined and the proportions of investor buyers increased in all districts.

Buyers of land for farming included operating farmers or investors, buying land to be operated as single units, as well as those buying

land to be added to existing units. The latter buyers are referred to as expansion buyers. The remainder of this section analyses only those sales which were purchased for farming purposes.

Table 12: Percent of Tracts Purchased for Farming and Non-Farm Purposes, by District, Minnesota, 1967 and 1969.

District	Farming Purposes				Non-Farm Purposes	
	Operating Farmer		Investor		1967	1969
	1967	1969	1967	1969		
	-Percent-					
Southeast	77	56	17	32	6	13
Southwest	85	81	14	15	1	3
West Central	84	78	12	18	4	4
East Central	70	63	15	17	15	21
Northwest	87	83	11	12	2	4
Northeast	88	48	6	21	6	31
Minnesota	81	69	14	21	5	10

Farm expansion buyers purchased 52 percent of the tracts sold in 1969 (Table 13). This is somewhat below the record high of 61 percent in 1968, but is well above the average of 37 percent for 1959-61. Purchases by operating farmers who intend to operate the farms as units and are not adding to existing farms remained at about 30 percent of the total, which has been the case for the last 5 years. Investor buyers purchasing tracts to be operated as a separate unit by a tenant or manager made 18 percent of the purchases in 1969. This was considerably higher than the extent of investor buying in 1967 and 1968, but was approximately the same as in 1966.

Table 13: Percent of Tracts Purchased by Type of Buyer, by District, Minnesota, 1966 - 1969.

District	Operating Farmer Buyer (Sole Tract)				Farm Expansion Buyer (Operator or Investor)				Investor Buyer (Sole Tract)			
	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969
					- Percent -							
Southeast	30	35	31	33	45	52	53	37	25	13	16	30
Southwest	27	26	29	21	64	63	68	67	8	11	3	12
West Central	26	26	22	27	62	65	71	59	13	9	7	14
East Central	39	45	40	50	31	40	43	32	30	15	17	17
Northwest	22	20	20	21	67	71	70	69	11	9	10	10
Northeast	39	64	60	35	27	33	33	35	34	3	7	30
Minnesota	29	32	30	30	54	57	61	52	17	11	9	18

On the average in 1969, operating farmers paid \$212 an acre, expansion buyers \$239 per acre, and investor buyers paid the highest price of \$260 per acre. Land sold for nonfarm purposes brought \$295 per acre, which was higher than the price paid for land purchased for agricultural purposes (analyzed here by type of buyer). It is noteworthy that 1969 was the first year that investors buying land for agricultural purposes paid a noticeably higher price for land than did the other types of buyers.

Investor buyers paid substantially higher prices for land than did other buyers in the Southeast. Investors also paid higher prices in the East Central and Northeast districts, reflecting the greater potential for non-farm uses of land in these districts.

Expansion buyers were typically the high bidders in the three Western districts, where the potential for nonfarm uses of land is more limited. Expansion buyers can often justify higher prices than can be offered by buyers purchasing land to be operated as a unit, if the added land permits them to spread the fixed costs of existing buildings, machinery, etc. over more acres.

Table 14: Average Sales Price per Acre by Type of Buyer, by District, Minnesota, 1966 - 1969.*

District	Operating Farmer			Expansion Buyer			Investor Buyer		
	1966	1967	1969	1966	1967	1969	1966	1967	1969
	-- Dollars --								
Southeast	236	247	292	241	284	324	299	293	379
Southwest	252	301	317	267	314	335	242	284	313
West Central	161	188	191	168	170	198	161	205	185
East Central	109	93	114	115	99	130	119	84	135
Northwest	94	100	115	110	133	132	80	86	72
Northeast	24	59	50	42	39	37	48	25	59
Minnesota	187	200	212	211	228	239	212	214	260

*Data for 1968 are not available.

Quality of Land and Buildings

The average sales price for average quality land was \$223 per acre in 1969, compared to \$287 for good land and \$164 per acre for poor quality land (Table 15). The sales price of poor quality land has increased faster than have the prices of average and good land since 1959. During the period from 1959 to 1969 the sales price of poor quality land increased by 56 percent while the sales price of good land increased by 29 percent. During the same period the average sales price for all farmland in the state increased by 38 percent.

Table 15: Price per Acre for Land of Various Quality, Minnesota, 1959 - 69.

	Good	Land Quality		All
		Average	Poor	
		-- d o l l a r s --		
1959	222	154	105	173
1969	287	223	164	238
		-- p e r c e n t --		
Percent increase 1959 to 1969	29	45	56	38

Table 16: Price per Acre and Percent of Purchases by Type of Buyer for Land of Various Quality, Minnesota, 1969.

Type of Buyer	Good		Land Quality		Poor	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Operating Farmer	262	41	193	50	113	9
Expansion Buyer	282	40	227	48	154	12
Investor	340	30	244	53	186	17
All	287	38	223	49	164	12

Almost one half of the land sold in 1969 was classified as of average quality (Table 16). Operating farmers and expansion buyers purchased relatively more good land and less poor quality land than did investor buyers.

Table 17: Price per Acre and Percent of Purchases by Type of Buyer for Land with Various Qualities of Buildings, Minnesota, 1969.

Type of Buyer	Good		Building Quality		Poor		None	
	\$	%	\$	%	\$	%	\$	%
Operating Farmer	262	40	191	44	131	14	173	3
Expansion Buyer	291	15	249	26	230	28	199	31
Investor	319	20	273	31	220	30	260	21
All	285	23	236	33	214	24	206	20

All classes of buyers paid substantially more for land with good quality buildings than for land with lower quality buildings. They also paid somewhat more for land with average buildings than for land with poor buildings or none at all. Poor quality buildings appeared to add very little to the selling price. In fact, operating farmers and investors paid less for land with poor quality buildings than they did for land without buildings.

Operating farmers purchased a relatively larger percent of tracts with good or average buildings and a smaller percent of land with poor buildings or none at all than did other buyers (Table 17). Unimproved land comprised 31 percent of the purchases of expansion buyers, and only 3 percent of the purchases of operating farmers.

Method of Finance

The contract for deed or land contract was used to finance 52 percent of reported purchases in 1969. This is the highest usage that has been reported for this instrument since data on methods of financing were first collected in this annual survey in 1956. The contract for deed was used to finance 47 percent of the purchases in 1968 and 50 percent in 1967. Mortgages were used to finance 32 percent of the purchases in 1969, down slightly from 34 percent in 1968. Cash sales declined from 19 percent in 1968 to 16 percent in 1969.

Contracts for deed were most extensively used in the Southwest where they were used to finance 62 percent of the purchases. Only 32 percent of the purchases in the Northeast utilized land contracts. The mortgage was used most frequently in the Northeast and Northwest districts, accounting for 46 percent and 40 percent of the purchases in those two districts, respectively. Substantial declines in the use of mortgages have occurred in the Southwest and West Central districts since 1965, and the use of contracts for deed has increased correspondingly (Table 18).

Table 18: Proportion of Farm Sales by Method of Financing, by District, Minnesota, 1965 - 69.

Method of Financing	South- east	South- west	District				Minne- sota
			West Central	East Central	North- west	North- east	
- p e r c e n t -							
Cash							
1965	17	15	22	21	29	29	19
1966	17	14	14	22	23	37	17
1967	14	15	15	24	16	14	16
1968	17	14	15	24	24	39	19
1969	14	13	16	24	17	22	16
Mortgage							
1965	33	39	41	30	27	3	35
1966	35	44	44	39	51	19	41
1967	28	35	35	30	47	51	34
1968	33	32	33	23	34	29	34
1969	32	25	29	34	40	46	32
Contract for Deed							
1965	50	45	37	49	44	68	46
1966	48	43	42	39	25	44	42
1967	58	50	50	46	37	35	50
1968	49	53	53	52	42	32	47
1969	54	62	55	42	43	32	52

The average sales price per acre for land financed by contracts for deed was \$250, which was higher than the sale price for land financed by other methods. For cash sales, the average price was \$223 per acre, while mortgage financed purchases had an average price of \$221 per acre (Table 19). It should be pointed out that a disproportionately large number of the sales financed by contract for deed occurred in the high-valued Southwest district. The higher prices observed for contract for deed sales for the state as a whole may be due primarily to this factor. Contract for deed buyers also paid higher prices than did buyers using cash or mortgage financing in the Southeast and West Central districts in 1969.

Table 19: Average Sales Price Per Acre of Farm Land by Method of Financing, by District, Minnesota, 1965 - 69.

Method of Financing	South- east	South- west	D i s t r i c t			North- east	Minne- sota
			West Central	East Central	North- west		
			- d o l l a r s -				
Cash Sales							
1965	209	224	130	74	60	25	157
1966	242	230	155	77	96	18	160
1967	262	302	170	91	97	34	194
1968	332	316	224	141	83	29	228
1969	397	302	190	110	98	42	223
Mortgage Sales							
1965	203	227	114	112	138	97	182
1966	250	254	170	134	105	63	207
1967	228	293	167	97	129	46	200
1968	309	316	183	132	140	55	203
1969	316	313	188	144	135	62	221
Contract for Deed Sales							
1965	220	241	150	112	135	44	192
1966	257	270	164	107	104	49	220
1967	294	318	187	91	116	60	230
1968	340	337	204	134	97	61	253
1969	344	350	196	120	117	41	250

The contract for deed was used to finance the purchase of larger tracts than was the case with other methods of financing. The average size of tract purchased with a contract for deed was 190 acres, compared to 162 acres for mortgage-financed purchases and 138 acres for cash sales. This is understandable, since for a given initial cash outlay one can purchase a larger farm with a land contract than with a mortgage and certainly larger than if one paid cash. This results from the fact that land contracts usually involve smaller down payments than do mortgages. The more restricted availability and the higher cost of credit in 1969-70 should accentuate these advantages of land contracts.

Table 20: Average Size of Tract by Various Financing Methods, by Districts, Minnesota, 1969.

District	Method of Finance		
	Cash	Mortgage	Contract for Deed
	- A c r e s -		
Southeast	124	143	153
Southwest	146	148	175
West Central	128	175	218
East Central	125	142	193
Northwest	207	239	291
Northeast	114	176	261
Minnesota	138	162	190

The greater financing capacity made possible by contracts for deed could allow the buyer using that means of financing to purchase better quality land or larger tracts of land than he otherwise would. As was pointed out above, land contracts were used to finance the purchases of larger tracts than was the case with mortgages or cash sales. However, the differences in land quality purchased by users of the different means of financing were not clear cut in 1969. Tracts purchased by means of land contracts and mortgages involved almost identical percentages of good, average, and poor quality land. Cash sales, however, involved a somewhat higher proportion of low quality land in 1969 and a correspondingly lower proportion of average quality land than did the mortgage or contract for deed sales.

Table 21: Price Paid Per Acre and Percent of Sales, by Method of Financing Used to Purchase Land of Various Qualities, Minnesota, 1969.

Method of Finance	L a n d Q u a l i t y					
	Good		Average		Poor	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Cash	309	35	183	44	148	21
Mortgage	248	37	212	52	163	11
Contract for Deed	305	37	238	50	162	13
All	287	37	223	49	160	14

Extent of Broker Participation

The estimated number of sales in which brokers participated declined from 69 percent in 1959 to 55 percent in 1969. The largest reduction occurred in the Southwest and West Central districts. The use of brokers'

services is most prevalent in the Southeast, West Central and East Central districts. The two northern districts continue to report less utilization of brokers' services (Table 22). Note that these data are based on estimates by brokers rather than upon actual sales data.

Table 22: Estimated Percent of Farm Sales in Which Brokers or Dealers Participated, by Districts, 1959 and 1969.

District	Sales With Brokers Services	
	1959	1969
	- p e r c e n t -	
Southeast	67	60
Southwest	74	53
West Central	75	59
East Central	68	58
Northwest	56	43
Northeast	52	49
Minnesota	69	55

The number of farms listed for sale with brokers in 1969 was slightly lower than in 1968. For 1969, 62 percent of the reporting brokers indicated no change in listings, while 25 percent reported a decline and only 13 percent indicated that their listings had increased. The proportion of brokers reporting a reduction in listings was greatest in the Northeast and Northwest districts. Fewer brokers reported declines in the Southeast and East Central districts than in any of the other districts (Table 23).

Table 23: Number of Farms Listed for Sale with Brokers, by Districts, Minnesota, 1969.

District	Percent of All Reporters Indicating:		
	An Increase	A Decrease	No Change
	- p e r c e n t -		
Southeast	15	20	65
Southwest	13	26	61
West Central	14	27	59
East Central	11	21	68
Northwest	15	30	55
Northeast	0	42	58
Minnesota	13	25	62

Spatial Extent of the Land Market

Buyers who lived within 5 miles of the tract they purchased accounted for 48 percent of the reported sales in 1969 (Table 24). Over 25 percent of all buyers lived within 2 miles of the land they purchased. This points out the predominantly local nature of the farm land market.

The localized nature of the market is more pronounced in the more rural areas, where there are limited demands for land for non-farm purposes. The median distance between the buyer's residence and the land purchased was 3, 4, and 5 miles respectively, in the Southwest, West Central, and Northwest districts. In contrast, the median distances in the Eastern districts ranged from 8 miles in the Southeast to 20 miles in the East Central. In the East Central district, 62 percent of all buyers lived over 10 miles from the tract purchased. Only 20 percent of the buyers in the Southwest lived more than 10 miles away.

Table 24: Classification of Farm Land Sales by Distance of Buyer's Residence From Tract, by District, Minnesota 1969.

District	Distance of Buyer's Residence From Tract Purchased, in Miles						Median Distance
	Less than 2	2-4	5-9	10-49	50-299	300 and over	
	- percent -						miles
Southeast	21.2	17.4	13.7	36.5	7.9	3.0	8
Southwest	33.8	33.5	12.2	14.3	5.0	.9	3
West Central	30.4	27.1	17.2	16.0	4.9	4.1	4
East Central	15.3	13.0	9.2	25.7	27.6	8.8	20
Northwest	26.6	23.3	18.8	13.6	7.7	9.7	5
Northeast	21.4	5.3	12.5	19.6	16.0	25.0	19
Minnesota	25.5	22.5	13.6	23.0	10.2	5.0	5

STATISTICAL APPENDIX TO PART I

Two problems in interpreting the results of this survey arise from the fact that there is no accurate way to compare the quality of the land involved in the sales reported in the several districts of the state, or to make year-to-year comparisons of quality of land sold. 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. A measure of the variability of prices paid in any one district is given by the coefficient of variation. This is the ratio between the standard deviation and the average. If the distribution is normal, the standard deviation measures the range above and below the average within which approximately two-thirds of the observations will lie. For example, if for one land market district the average sales price were \$100 per acre and the standard deviation \$40, approximately two out of three sales reported were between \$60 and \$140 per acre. Thus for this district the coefficient of variation would be: $\frac{\$40 \times 100}{\$100} = 40$. If the average were \$120 and the standard deviation \$40 the coefficient of variation would be $\frac{\$40 \times 100}{\$120} = 33.3$.

The Southeast District, with a coefficient of variation of 67.1, shows greater variability in prices paid than does the Southwest District, with a coefficient of variation of 36.9 in 1969. These values are given for each district for the past 12 years in Table 25.

There has been a substantial increase in the variability of prices of reported farm sales in Minnesota since 1967 (Table 25). This appears to be primarily due to the increased variability in the Southeast and East Central districts, where urban influences on land values are the greatest.

Table 25: Average Price Per Acre of Reported Farm Sales, Standard Deviation and Coefficient of Variation, by District, Minnesota, 1958 - 1969.*

	Year	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
Average Price per Acre (dollars)	1958	168.0	234.2	115.4	77.5	38.7	51.7	155.3
	1959	210.1	243.1	128.8	72.6	85.1	61.2	173.2
	1960	189.1	240.4	136.4	69.3	100.8	49.5	160.9
	1961	189.1	255.8	130.3	89.0	92.0	37.9	165.2
	1962	195.7	228.5	140.5	76.3	73.9	30.3	161.1
	1963	214.1	221.9	136.2	86.2	108.8	47.6	168.1
	1964	213.3	234.3	150.3	86.3	103.6	51.6	178.1
	1965	202.0	232.7	133.2	95.8	106.2	39.7	178.0
	1966	253.4	260.4	164.3	113.0	103.4	30.6	203.4
	1967	272.4	306.1	178.6	92.9	116.6	51.2	214.8
	1968	316.0	329.0	186.0	104.0	90.0	47.0	232.0
	1969	340.7	334.1	193.6	129.7	120.8	50.7	238.3
Standard Deviations (dollars)	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
	1961	83.5	71.9	40.0	47.8	54.1	20.1	86.8
	1962	80.7	68.6	45.1	39.1	57.2	29.7	88.5
	1963	79.4	77.1	50.8	43.7	69.4	26.1	88.6
	1964	91.6	77.3	70.1	52.4	89.9	39.0	97.2
	1965	96.3	87.0	82.1	63.5	91.1	31.7	98.1
	1966	142.7	95.3	56.7	66.5	65.7	32.2	119.4
	1967	115.3	106.2	62.8	67.6	85.4	29.8	127.6
	1968	179.0	124.2	77.5	108.5	70.5	41.6	160.7
	1969	228.6	123.4	64.5	104.2	83.9	45.0	174.0
Coefficients of Variations (percent)	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
	1961	44.2	31.8	30.7	53.7	58.7	53.1	52.6
	1962	41.2	30.0	32.2	51.2	77.3	98.0	54.9
	1963	37.1	34.8	37.3	40.7	63.8	54.8	52.7
	1964	42.9	33.0	46.6	60.8	86.7	75.5	54.6
	1965	47.6	37.4	61.6	66.2	85.8	79.8	55.1
	1966	56.4	36.7	32.6	58.9	63.8	105.4	58.7
	1967	42.3	34.7	35.2	72.8	73.2	58.2	59.4
	1968	56.6	37.3	41.6	103.8	78.3	88.5	69.2
	1969	67.1	36.9	33.3	80.3	69.5	88.9	73.0

* Each acre is treated as a unit in calculating standard deviations and coefficients of variation.

Table 26: Average Estimated Price Per Acre of Farm Real Estate in Minnesota by Districts, 1910-11 Through 1944-45, by 2-year Periods, and Annually, 1946 through 1969.

Years	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
1910-11	58	54	39	24	24	11	41
1912-13	69	69	46	29	29	13	49
1914-15	82	84	56	34	32	14	58
1916-17	92	100	67	41	37	15	68
1918-19	117	118	78	50	40	18	82
1920-21	141	152	98	68	57	24	104
1922-23	114	119	82	56	44	23	85
1924-25	104	110	74	49	44	22	78
1926-27	106	109	72	49	36	22	76
1928-29	100	102	67	44	33	21	71
1930-31	88	88	51	36	22	18	60
1932-33	64	65	42	27	20	14	45
1934-35	52	58	38	26	22	15	40
1936-37	59	64	38	29	22	24	44
1938-39	60	68	37	28	22	25	45
1940-41	59	68	36	26	22	24	43
1942-43	65	76	40	29	24	25	48
1944-45	78	90	48	35	29	28	56
1946	88	104	56	39	33	32	65
1947	96	116	62	43	37	35	72
1948	104	129	69	47	41	38	79
1949	107	136	73	49	44	39	83
1950	109	141	76	50	46	40	85
1951	125	166	89	59	54	46	99
1952	131	175	96	65	68	42	107
1953	130	175	95	62	64	40	105
1954	139	187	99	66	72	40	113
1955	150	205	103	68	73	45	121
1956	156	214	107	70	76	42	126
1957	165	230	122	77	86	49	138
1958	179	242	123	84	90	65	147
1959	191	255	134	89	103	58	157
1960	188	248	133	94	99	64	155
1961	189	247	133	95	100	64	156
1962	192	250	138	99	104	69	159
1963	194	246	142	103	114	68	161
1964	206	252	145	111	115	59	166
1965	219	261	146	112	113	51	171
1966	242	277	153	122	112	58	183
1967	262	303	163	128	108	62	194
1968	286	333	181	134	122	57	211
1969	308	350	196	146	120	54	223

PART II: THE FARM LAND MARKET IN THE METROPOLITAN ECONOMIC REGION 1969

For the last ten years, the area around the Twin Cities has been developing rapidly, with the urbanized area extending far beyond the counties of Hennepin and Ramsey. The surrounding areas which were previously mainly agricultural are now part of the urbanizing complex. In 1967 Hoyt delineated the Metropolitan Economic Region to consist of the counties of Washington, Anoka, Carver, Scott and Dakota in addition to the counties of Hennepin and Ramsey.^{1/} The present report analyzes the Metropolitan Economic Region in terms of changes in its farmland values, excluding Hennepin and Ramsey counties.

The so-called "urban sprawl" is very evident in the population growth of the five counties. Anoka, for example, had an annual population growth of 8.1 percent from 1960 to 1965 and 4.6 percent from 1965 to 1968 (Table 27). The population of Anoka county in 1968 was 56,400 more than in 1960. This is a 65 percent increase within a period of 9 years. For the five counties, the total population increase from 1960 to 1968 was 55 percent.

Table 27: Population in Five Counties in Twin City Metropolitan Area, 1960-1969.

	Total Population (Thousand)					Annual Rates of Growth of Population Components	
	1960*	1965**	1967**	1968**	1969**	1960-65	1965-69
	- Thousand -					- percent -	
Anoka	85.9	124.9	138.2	142.3	147.8	8.1	4.3
Carver	21.3	24.5	26.6	27.5	28.3	2.8	3.7
Dakota	78.3	104.0	119.7	125.6	132.4	6.0	6.2
Scott	21.9	28.4	29.0	29.9	30.9	5.5	2.1
Washington	52.4	67.0	75.3	77.5	80.1	5.2	4.6

Source:

* Census of Population

** April 1, estimates of the Metropolitan Council

With a growing urban population there is an accompanying greater demand for land for residential and other urban uses. This is evident in the shrinking area devoted to farming. Data for 1968 are not available but census reports for 1959 and 1964 show that farm land in the five counties is a decreasing proportion of total land area (Table 28). Anoka was the only county in the five-county area in 1964 with a majority of its area devoted to nonfarm uses.

^{1/} J. S. Hoyt, Jr., "Regional Economic Data for Minnesota" Rev. ed. Sept. 1, 1967. Institute of Agriculture. University of Minnesota.

Table 28: Proportion of Farmland in the Five County Metropolitan Region, 1959 and 1964.

	Total Land Area	Percent of Land Area in Farms	
		1959	1964
	(000 Acres)	- percent -	
Anoka	272	52.4	40.7
Carver	229.1	93.2	92.7
Dakota	365.4	81.6	78.9
Scott	225.3	90.4	86.7
Washington	249.6	78.2	70.8

Source: U. S. Census of Agriculture, 1959 and 1964

The estimated value of farmland in the five-county Metropolitan Region has increased by 145 percent since 1959 (Table 29). The increase in land values for the state as a whole was only 42 percent during this same period. Estimated values in the five counties increased from \$351 per acre in 1968 to \$411 per acre in 1969. This was an increase of 17 percent in 1969, compared to a statewide increase in estimated land values of 6 percent. The Southeast and East Central districts, which include the counties within the Metropolitan Economic Region, had increases in estimated land values of 8 and 9 percent respectively in 1969. These two districts together with the West Central district had the largest increases in land values in 1969. The rate of increase in land values in the five-county Metropolitan Region was thus about twice that in the districts with the largest increases.

Table 29: Reporters Estimate of the Average Value Per Acre of Farm Land in Five Counties in the Metropolitan Area, Minnesota, 1959-1969.

County	Estimated Value			Percent Change	
	1959	1968	1969	1959-69	1968-69
	Dollars			Percent	
Carver	286	353	425	49	20
Dakota	*	340	388	-	14
Scott	214	367	411	92	12
Washington	179	350	438	145	25
Anoka	114	*	400	251	-
AVERAGE	186	351	411	145	17

* No report available.

Sales of farmland to investors for agricultural uses and to nonfarm users in 1969 were substantially greater in the five-county area than in the remainder of the state. Nearly 28 percent of the reported sales of farmland in the area were purchased for nonfarm uses (Table 30).

Investors purchasing tracts in the five-county area for agricultural purposes (not to be added to existing farm units) made up 44 percent of the purchases reported in 1969. In contrast, only ~~10.0~~ ^{10.0} percent of the total reported sales in the state of Minnesota were for nonfarm uses in 1969, and approximately ~~16~~ ¹⁶ percent of the total sales were to agricultural investors.

Nonfarm users paid substantially higher prices for farmland purchased than did agricultural buyers. Nonfarm users paid an average of \$667 per acre as compared with from \$401 to \$496 per acre paid by agricultural buyers (Table 30).

Table 30: Sales Price and Percent of Sales by Type of Buyer, Five-County Metropolitan Area, Minnesota, 1969.

Type of Buyer	Price per Acre	Percent of Sales
	Dollars	Percent
Operating Farmer	496	10
Expansion Buyer	401	18
Investor (Agricultural)	416	44
Nonfarm User	667	28

Improved land sold for approximately \$100 per acre more in the five metropolitan counties than did unimproved land in 1969 (Table 31). This indicates a strong demand for buildings on land within commuting distance of the Twin Cities. As noted in Part I of this report, buildings appear to add little to the value of farmland in the less urbanized districts of the state.

Table 31: Sales Price per Acre of Improved and Unimproved Land, Five-County Metropolitan Area, Minnesota, 1969.

	Sales Price Per Acre	Percent of Sales
	Dollars	Percent
Improved	572	71
Unimproved	478	29

The buyers of farmland in the five-county area tended to live farther away from the tracts they purchased than did buyers of farmland in most other parts of the state (Table 32). More than one half of the buyers in the five-county area lived from 10 to 49 miles from the tract they purchased. This was more than twice the statewide average proportion of buyers coming from this distance. While not conclusive, this lends support to the contention that the majority of the buyers of farmland in the five-county region are from the Twin Cities.

Table 32: Classification of Farm Land Sales by Distance of Buyer's Residence From Tract, Five-County Metropolitan Area, 1969.

Distance of Buyer's Residence From Tract Purchased	Percent of Buyers
miles	percent
Less than 2	10.2
2 - 4	11.1
5 - 9	13.0
10 - 49	57.4
50 - 299	5.6
300 and over	2.8
Median Distance	15 miles

PART III. THE LAND MARKET IN THE RED RIVER VALLEY

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

This description delineates a rich agricultural area in the northwestern district of Minnesota, in which there are sharp contrasts in land quality in the Valley and outside it, as shown by the price of land sold in the district.

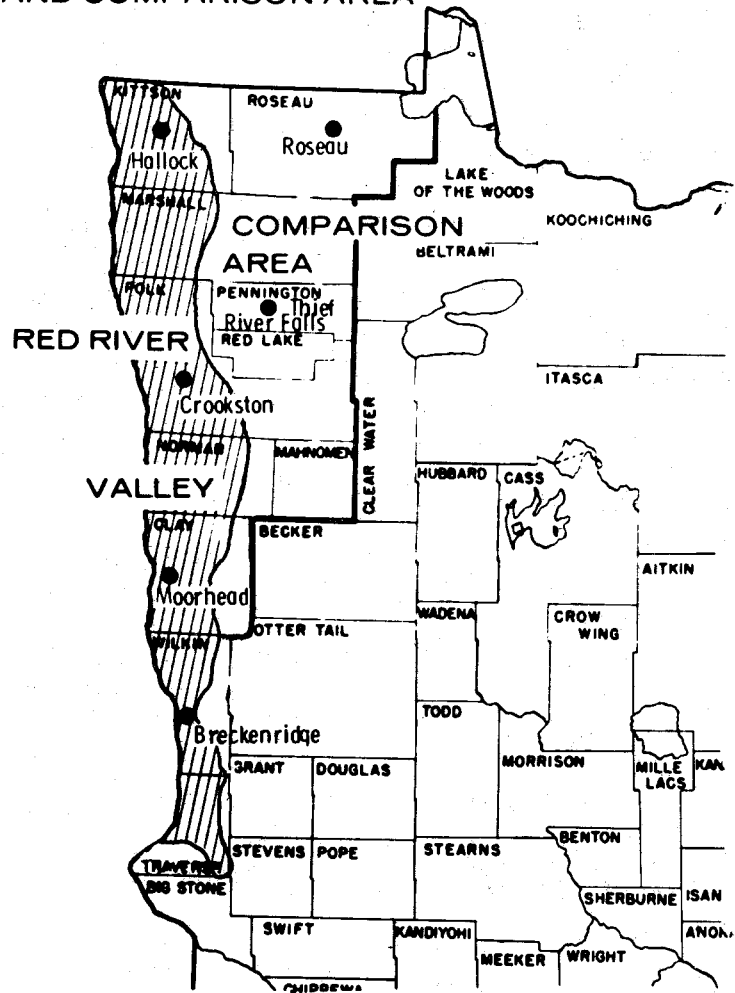
This section of the report analyzes some aspects of land market activity in the Valley, using the rest of the Northwest district as a comparison area. Only actual land sales will be analyzed.

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

The boundary definition used in this analysis is based primarily on soil type. Suggestions from knowledgeable people in the area, i. e., county agents, assessors, brokers, and bankers, were also solicited and utilized in defining the boundaries of the valley. The approximate boundaries of the valley selected are presented in figure 2.

Figure 2:

Fig. 2 THE RED RIVER VALLEY
AND COMPARISON AREA



In 1960, a separate analysis of the Valley was included as a special studies feature of this yearly report.^{2/} This report will draw in part on some of the 1960 data for comparison.

The sales price of farmland in the Valley has increased moderately since 1960. The reported sales prices rose from \$140 per acre in 1960 to \$178 per acre in 1969 (Table 33). This increase of 27 percent is somewhat higher than the 20 percent increase in the sales price of farmland for the Northwest district as a whole, from 1960 to 1969 (Table 7, Part I). This indicates that land values have risen faster within the Valley than in surrounding areas outside the Valley over the past 10 years. However, land values for the state as a whole have risen 44 percent since 1960. Land values rose faster in the Valley than in the other northern areas, but they did not rise as fast as did values in the remaining areas of the state over the past 10 years.

Table 33: Sales Price per Acre of Farmland in the Red River Valley, 1960-1969.

<u>Item</u>	<u>1960</u>	<u>1968</u>	<u>1969</u>
Number of Sales	53	60	81
Average size of tract (acres)	248	257	268
Sales price per acre (dollars)	140	165	178

Land values are considerably higher within the Valley than they are in the remainder of the Northwest district. In 1969 the average sales price was \$178 per acre in the Valley and \$104 per acre in the comparison area (the remainder of the Northwest district not in the Valley). The average price of land sold in the comparison area jumped from \$61 to \$104 per acre from 1968 to 1969. It appears that the average sales price in the comparison area was unusually low in 1968 as compared to other years. While the explanation for this is not clear, there appears to have been a greater proportion of sales at very low prices reported in the comparison area in 1968 than in 1969.

^{2/} J. E. Johnson and P. M. Raup. "Minnesota Farm Real Estate Market in 1960." December 1960. Report No. 518. Department of Agricultural Economics, University of Minnesota.

Table 34: Comparison of Farm Sales, Red River Valley and Non-Valley Area, Northwest District, Minnesota, 1968-1969.

Item	Red River Valley		Comparison Area	
	1968	1969	1968	1969
Number of Sales	60	81	116	134
Sales Price per Acre (dollars)	165	178	61	104

As would be expected, a larger percentage of the sales in the Red River Valley were of good quality land than in the comparison area in 1968 and 1969 (Table 35). Land classified as average or poor within the Valley sold for slightly more than good quality land in the comparison area in 1969. The narrow range in price between good and poor land within the Valley emphasizes the homogeneity of land quality as compared to the wider variations of land quality outside the Valley.

Table 35: Sales Price per Acre and Percent of Sales by Quality of Land, Red River Valley and Non-Valley Area, Northwest District, Minnesota, 1969.

Land Quality	Red River Valley		Comparison Area	
	1968	1969	1968	1969
	percent price	percent price	percent price	percent price
Good	59 *	47 188	31 *	36 150
Average	33 *	48 162	42 *	52 78
Poor	8 *	5 161	27 *	12 52

*Data not available.

All prices stated in dollars.

Improved land sold at higher prices than did unimproved land in the Red River Valley in 1968 and in 1969. Within the comparison area, however, improved land sold for more than unimproved land in 1968 and for less than unimproved land in 1969 (Table 36).

Table 36: Sales of Improved and Unimproved Land, Northwest District 1968-1969.

Item	Red River Valley				Comparison Area			
	Improved		Unimproved		Improved		Unimproved	
	1968	1969	1968	1969	1968	1969	1968	1969
Number of Sales	23	37	37	34	75	92	41	41
Average acreage per sale	342	342	202	187	406	276	240	175
Sales Price (dollars)	179	184	155	166	67	99	41	122

Farm expansion buyers dominated the land market in both areas in 1969, accounting for 88 percent of the purchases in the Valley and 65 percent outside the Valley (Table 37). Investor buyers were less active in the valley than in the comparison area.

The most prevalent method of financing purchases in 1969 in both areas was the contract for deed. In 1968 mortgages were more extensively used than contracts for deed in the Valley.

Table 37: Type of Buyer, Northwest District, Minnesota, 1969.

Type of Buyer	Red River Valley 1969	Comparison Area 1969
	percent	percent
Operating Farmer	8	25
Expansion Buyer	88	65
Investor	4	11

Table 38: Method of Finance, Northwest District, Minnesota, 1968-1969.

Method of Finance	Red River Valley 1968	Red River Valley 1969	Comparison Area 1968	Comparison Area 1969
	-- percent --			
Cash	8	14	37	16
Mortgage	50	40	20	39
Contract	30	46	41	44
Other	12	--	2	--