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# MINNESOTA AGRICULTURAL ECONOMIST

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## The Minnesota Rural Real Estate Market in 1980

James Landwehr and Philip M. Raup\*

### IN THIS ISSUE

Data from the 1980 Minnesota Rural Real Estate Market Survey indicate a weakening of the strong upward pressure on rural real estate prices of recent years, and even a decline in the price of some types of farmland in parts of east central and northeastern Minnesota. The January issue discusses this survey.

### Introduction

Regional and statewide data about Minnesota's rural real estate market have been collected and reported since 1910. Since 1952, an annual statewide survey has been conducted in July and August of each year to gauge price and other marketing trends of Minnesota's rural real estate. Data for the 1980 survey were collected by mail questionnaires sent to 1,400 people throughout the state. Potential respondents included real estate brokers, bankers, appraisers, farm managers, loan agency officials, insurance brokers, and others knowledgeable about Minnesota's rural land values. An average of two-thirds of those surveyed have responded over the years and in 1980.

The questionnaire requested two classes of information. First, the respondents were asked to estimate the current average price per acre of vari-

ous grades of farmland in their communities. Second, they were asked to list details of actual rural farmland sales which had come to their attention during the first 6 months of 1980. This included acreage, sales price per acre, characteristics of buyers and sellers, methods of financing, and quality of land and buildings. Respondents were asked to exclude sales between close relatives.

This report of the 1980 survey is in two parts. The first deals with estimated statewide rural farmland values in 1980. The second provides insight into rural farmland market trends and characteristics in Minnesota, based on reported sales that occurred from January through June 1980. The discussion is based on estimates of value from 716 respondents and sales data from reports of 1,127 sales.



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### PART I: RESPONDENTS' ESTIMATES OF THE FARMLAND MARKET

When compared with the years since 1972, there was a distinct slowing in the rate of increase in Minnesota's rural real estate values in 1980. Based on estimates sent in by respondents, farmland values increased from a statewide average of \$1,040 per acre in 1979 to \$1,120 per acre in 1980, an 8 percent increase. While still substantial, this represents the smallest annual percentage increase in farmland values since 1971-1972 and reflects a weakening in the market in all districts.

Tables 1 and 2 and figure 1 indicate all six districts increased in estimated value over 1979, but the increases were not evenly distributed. They varied from 4 percent in the east central dis-

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district to 14 percent in the northwest district. Where cash crops dominate land use—in the southwest, west central, and northwest districts—farmland values rose by more than the statewide average (8 to 14 percent). These are the sections of the state most directly affected by export demand, and by world market price trends. In the southeast, east central, and northeast districts—which depend more on livestock agriculture and the domestic market, and are more influenced by urban, residential, and recreational land uses—1979-80 farmland values increased by less than the statewide average (from 4 to 6 percent).

In 1979 and 1980 the highest percentage increase in estimated land value was found in the northwest district, at 24 and 14 percent, respectively. However, while the increase in the northwest was the highest of all districts for 1980, it was significantly lower than the statewide average in-

crease in 6 of the 7 previous years.

The largest dollar increase over 1979 for an acre of rural land was in the southwest district. The increase marks some divergence from the trend in 1978 and 1979. Then the largest increases occurred in the more urban-oriented southeast district, in which the Twin Cities and Rochester have an appreciable effect on farmland values. The southwest continues to lead the state as the most highly valued rural land area, with an estimated average value in 1980 of \$1,750 per acre. The southwest district has maintained this leading position for 35 years.

## PART II: ANALYSIS OF REPORTED ACTUAL SALES

### Current statewide and district trends

**Overview.** Data were received on 1,127 farm sales in the first 6 months of 1980. The statewide average reported

sales price for farmland was \$1,318 per acre (table 3). This represents a 16 percent increase over the 1979 average sales price and is twice the 8 percent increase in estimated land values. The difference is due mainly to a disproportionately larger number of sales of high-priced land in 1980 compared to 1979. The shift in market activity from lower to higher valued lands occurred in 4 of the 6 districts. Only in the southwest and east central districts was there an opposite shift toward lower valued land. To remove the influence of this shift in sales activity, an adjusted sales price was computed for each district, using the 1980 reported sales prices—county by county—while holding unchanged the acreage sold at the 1979 level. This removes the effects of shifts in relative volume of acres sold and gives a statewide average price per acre of \$1,237. This is a 9 percent increase in sales prices over 1979, which is almost the same as the 8 percent increase in estimated values.

The rate of increase in adjusted farmland sales prices in 1980 was lower than the increase in the consumer price index (CPI) (9 and 14.3 percent, respectively, from table 4). When the increase in farmland prices is deflated by the CPI, the price of Minnesota farmland in constant dollars actually decreased in 1980 by 5 percent. This is the first year since 1971 that Minnesota farmland prices have not increased as rapidly as the prices of other goods, as measured by the CPI.

The regional shift in land market activity away from the more livestock, urban, and recreationally oriented northeast and east central districts, evident in the estimated values, is even more pronounced in the reported sales data. The 1980 adjusted sales price decreased 27 percent in the northeast district and remained constant in the east central district, (table 4), while the three western districts where cash grain crops dominate land use experienced increases greater than 9 percent. The northwest was the only district in 1980 which experienced an increase in farmland prices in constant dollars. After deflating by the CPI, its prices still showed an increase of 3 percent.

**Activity in the Land Market.** The U.S. Department of Agriculture has estimated that in Minnesota voluntary sales accounted for 18.2 sales per 1,000 farms for the year ending February 1,

**Table 1. Estimated average value per acre of farmland by district, Minnesota, 1970-80<sup>1</sup>**

Years	South-east	South-west	West Central	East Central	North-west	North-east	Minn.
-----dollars per acre-----							
1970	317	347	198	161	120	62	227
1971	333	351	204	155	119	63	232
1972	370	379	208	163	117	76	248
1973	433	459	247	194	146	115	298
1974	576	675	378	279	199	144	423
1975	674	844	503	296	295	163	525
1976	856	1,106	624	349	378	210	667
1977	1,027	1,316	730	415	427	279	794
1978	1,191	1,421	803	498	483	304	889
1979	1,453	1,620	883	573	599	368	1,040
1980	1,526	1,750	962	596	683	390	1,120

<sup>1</sup>Based on respondents' estimates of average value per acre of farmland in their area.

**Table 2. Annual percentage changes in estimated farmland value per acre, by districts, Minnesota, 1970-80**

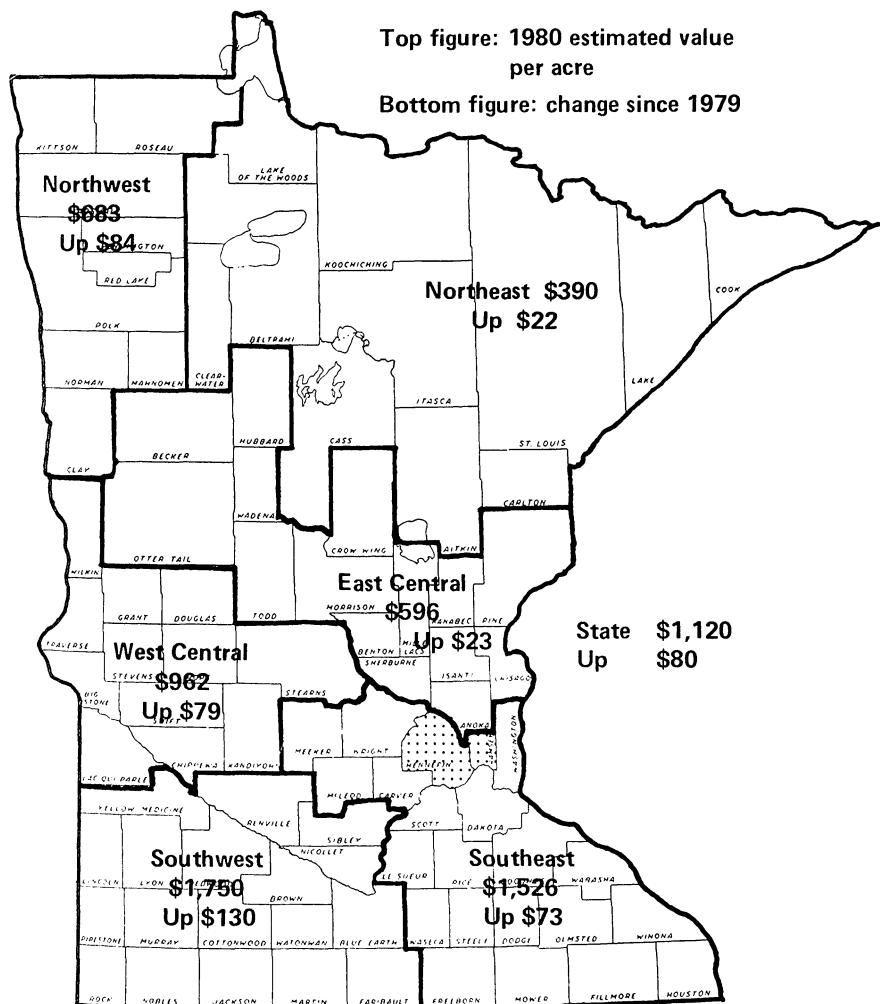
Years July to July	South-east	South-west	West Central	East Central	North-west	North-east	Minn.
1970-71	5	1	3	-4	-1	2	2
1971-72	11	8	2	5	-2	20	7
1972-73	17	21	19	19	25	51	20
1973-74	33	47	53	44	36	25	42
1974-75	17	25	33	6	48	13	24
1975-76	27	31	24	18	28	29	27
1976-77	20	19	17	19	13	33	19
1977-78	16	8	10	20	13	9	12
1978-79	22	14	10	15	24	21	17
1979-80	5	8	9	4	14	6	8

**Table 3. Average reported sales price per acre of farmland, by district, Minnesota, 1970-80<sup>1</sup>**

Years	District						Minn.
	South-east	South-west	West Central	East Central	North-west	North-east	
	-----dollars per acre-----						
1970	346	340	206	141	113	45	243
1971	344	343	205	150	100	44	259
1972	389	366	222	145	107	76	293
1973	444	410	223	178	120	122	298
1974	598	630	340	243	204	144	450
1975	792	844	493	299	353	159	607
1976	937	1,116	664	321	377	210	735
1977	1,216	1,340	709	446	432	198	859
1978	1,352	1,321	908	554	504	256	980
1979	1,675	1,680	949	618	612	411	1,140
1980	1,837	1,868	1,095	603	759	394	1,318
% Change							
1979-80	10%	11%	15%	-2%	24%	-4%	16%

<sup>1</sup>Based on reported farm sales, January 1 to July 1 of each year.

**Figure 1. Estimated average land values per acre (excluding Hennepin and Ramsey counties)\***



\*based on reported estimates of average value per acre of farmland first six months of 1980

1980.\* This represents a 10 percent decrease from 1979 and continues a downward trend which began in 1974, when voluntary sales accounted for 47.7 sales per 1,000 farms. Over the last 6 years the overall rate of farm transfers per 1,000 farms (voluntary sales plus inheritance, gifts, and forced sales) has dropped from a near record high of 59.9 in 1974 to 23.5, the lowest rate of transfer since the series began in 1926. Notably, the number of forced sales (foreclosures and tax delinquencies) in 1980 decreased by more than half from 1979 (1.2 to 0.5 per 1,000 farms).

The estimated proportion of farmland sales in which real estate brokers or dealers participate has declined sharply, from 51 percent in 1979 to 44 percent in 1980. This is the lowest percentage reported since this survey began in 1953. This proportion varied from a high of 49 percent in the east central district to a low of 31 percent in the northwest.

**Reason for Sale.** Statewide, the survey showed that the two most frequent reasons for selling land in Minnesota—retirement and death—accounted for 55 percent of all decisions to sell in 1980, down from 59 percent in 1979. These two reasons are particularly prominent in the southwest and east central districts. Statewide, 12 percent of the sellers left farming for another job. This is a decrease from 1979 (15 percent) and continues an 8-year decline from earlier years when exit from farming accounted for about 20 percent of all sales.

**Improved and Unimproved Land.** In 1980, improved land (land with buildings) accounted for only 56 percent of all Minnesota farm sales, the lowest since the survey was started in 1953 (table 5). This proportion has been steadily declining since the 1960s, when improved land consistently accounted for 80 percent or more of all sales. Among the districts, this proportion in 1980 ranged from a low of 44 percent in the northwest to a high of 73 percent in the northeast. The variation in percentages in these two northern districts helps to illustrate the different type of buyers in the state. In the more agricultural areas (like the northwest),

\*"Farm Real Estate Market Developments" CD-85, Economic Research Service, USDA, August 1980.

**Table 4. Annual percentage changes in adjusted sales price per acre, by district, Minnesota, and CPI and GNP implicit price deflator, 1972-1980**

District	Percent change in adjusted sales price							
	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
Southeast	10	34	30	23	23	13	13	6
Southwest	23	52	34	33	20	2	22	12
West Central	3	51	43	32	8	18	4	9
East Central	20	34	24	6	32	37	16	0
Northwest	29	58	61	10	10	12	44	18
Northeast	56	4	10	21	8	-24	47	-27
Minnesota	15	44	35	26	18	10	17	9
CPI <sup>1</sup>	4.8	10.2	10.4	6.2	6.4	6.8	10.3	14.3
GNP implicit price deflator <sup>1,2</sup>	4.2	9.4	10.9	5.6	5.5	6.7	8.8	9.1

<sup>1</sup>The changes in price indexes were calculated by comparing the average prices for the first 6 months of the year with the average prices for the first 6 months of the previous year.

<sup>2</sup>Economists often contend that the gross national product (GNP) implicit price deflator is a better indicator of price changes than the consumer price index (CPI). The CPI measures prices for a specified collection of goods and services which are typically purchased by urban consumers. The GNP implicit price deflator indicates the price changes of all goods and services measured by the GNP. The widening gap between the two measures in 1980 is largely due to the strong influence of rapidly increasing mortgage costs on the CPI.

**Table 5. Proportion of sales and average sales price per acre of improved and unimproved farmland, by district, Minnesota, 1979 and 1980**

District	Improved land				Unimproved land				Price of unimproved land as a percent of price of improved land	
	1979		1980		1979		1980		1979	1980
	%	\$	%	\$	%	\$	%	\$	percent	
Southeast	67	1,639	61	1,874	33	1,791	39	1,734	109	93
Southwest	54	1,677	52	1,895	46	1,684	48	1,823	100	96
West Central	53	947	45	1,057	46	953	55	1,144	101	108
East Central	78	613	71	611	22	640	29	566	104	93
Northwest	36	686	44	712	64	555	56	818	81	115
Northeast	79	438	73	382	21	290	27	418	66	109
Minnesota	59	1,169	56	1,327	41	1,088	44	1,302	93	98

the primary motivation for land purchase is the expansion of existing farm holdings through acquisition of unimproved land. Yet, in the northeast district a higher proportion of land is sold with buildings because of the demand for "hobby" farm and residential land rather than for land to increase the size of farm holdings.

Statewide, there was virtually no difference between the sales price of land with or without buildings (\$1,327 and \$1,302 per acre, respectively). Table 5 reveals that unimproved land sold for 98 percent of improved land prices. This percentage is significantly higher than in 8 of the previous 10 years. If the districts are considered separately, however, the price paid per acre for improved or unimproved land did differ markedly. In the southeast and east central districts, the price of unimproved land was 93 percent of the price of improved land, while in the northwest district, where farm expan-

sion buyers place a greater value on land without buildings, unimproved land was valued at 115 percent of the price of improved land.

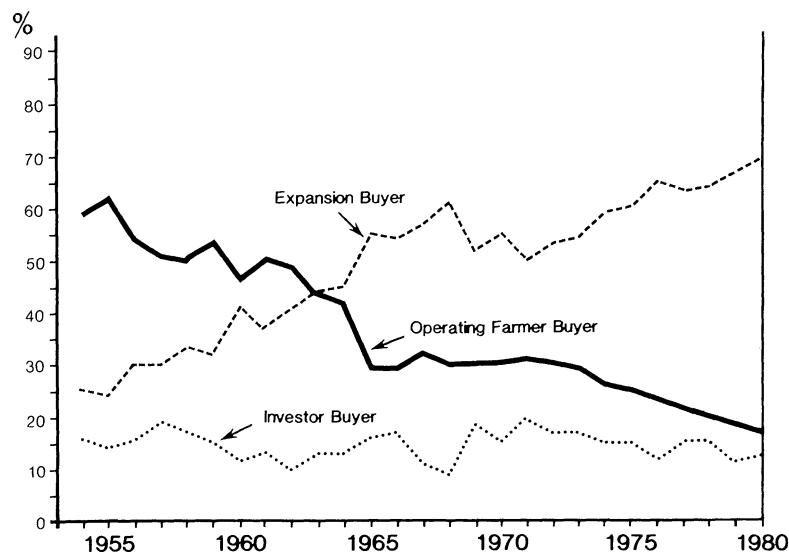
**Method of Financing.** Since the mid-1950s, there has been a continual, though erratic, decline in cash and mortgage financing of Minnesota farmland purchases, while the use of contracts for deed (or land contracts) has increased. From 1964 to 1980, the statewide proportion of farm sales financed with contracts for deed increased from 44 to 61 percent. During that time, mortgage sales fell from 36 to 20 percent, and cash sales declined slightly from 20 to 18 percent. Sales financed by contracts for deed in 1980 are at the highest proportion ever reported since this annual survey began in 1953 (61 percent); on the other hand, mortgage-financed sales are at an all time low (20 percent).

Statewide and by method of financing, the highest price paid per acre was

\$1,470 in mortgage sales. This was followed by \$1,346 per acre in cash sales and \$1,290 per acre in contract for deed sales. When ranked by financing method, cash purchases are on top in the east central and northwest, mortgage financing leads in the southwest and northeast, and contract for deed is ahead in the southeast and west central. In 1980, the average prices paid per acre dropped in the east central district for both mortgage and contract for deed purchases, and in the northeast for contract for deed purchases. For good quality land, the highest price paid per acre was \$1,933 in mortgage sales. This was followed by \$1,677 per acre in contract for deed sales and \$1,485 per acre in cash sales.

**Distance of Buyer from Tract Purchased.** The Minnesota rural land market has always been distinctly local in character. The median distance of the buyer from the purchased tract in 1980 was only 4 miles. Fifty percent of all

Graph 1. Minnesota: Percent of farmland sales by type of buyer 1954-1980



sales were to buyers living less than 5 miles from the tract purchased; 69 percent lived less than 10 miles; and 89 percent less than 50 miles. The districts with the highest proportion of sales to buyers less than 10 miles distant are the southwest (82 percent) and the southeast (77 percent). The districts with the lowest proportions are the northeast (24 percent) and the east central (45 percent).

**Type of Buyer.** Agricultural buyers can be classified in three groups. Operating farmers are those purchasing complete farm units with the intention of holding the land as owner-operators. Farm expansion buyers may be either owner-operating farmers or agricultural investors who are increasing the size of their existing holdings. Agricultural investor buyers are nonfarmers who are not adding land to land already owned (they have purchased land to rent it or manage it for farming purposes).

Graph 1 shows the relationship between these types of buyers since 1954. Before 1963, operating farmers ac-

counted for the largest percentage of farmland purchases. Operating farmers accounted for about 60 percent of all purchases in the early 1950s, while expansion buyers accounted for about 25 percent and investor buyers for around 15 percent. Since that time, the role of operating farmers has steadily declined while the role of expansion buyers has steadily increased. Since 1963, expansion buyers have accounted for a greater proportion of sales than operating farmers. When compared to the early 1950s, the late 1970s has experienced a complete reversal of roles in terms of the relative importance of single-unit and farm expansion buyers in the land market. A notable feature of the last 27 years is the constancy of investor buyers in the land market. No discernible trend is evident in their share of farmland purchases, which has ranged between 10 and 20 percent.

Among agricultural buyers in 1980, farm expansion buyers accounted for the largest proportion of all statewide transactions ever recorded (69 percent), and operating farmers comprised

the smallest proportion ever recorded (18 percent) (table 6). Investor buyers purchased the remaining 13 percent. Farm expansion buyers overwhelmingly dominated the land market in three districts: the southwest (81 percent of sales for agricultural purposes); northwest (76 percent); and west central (75 percent). These are Minnesota's three major cash grain districts. The largest increase over 1979 in the role of farm expansion buyers occurred, however, in the two urban-influenced districts: southeast (62 to 70 percent); and east central (35 to 42 percent). Operating farmers still dominate the market in the northeast district, an area associated with a larger proportion of part-time or "hobby" farming. Investment buying was down in the southeast, west central, and east central, but increased substantially in the northeast, from 21 to 33 percent.

Statewide, farm expansion buyers continued to pay much higher prices than did other buyers in 1980—an average of \$1,514. This was approximately 60 percent above the average price paid by buyers of intact farms (\$957), and 40 percent above the average paid by investor buyers (\$1,093). 1980 is the first year since 1976 that investor buyers have paid a higher average price than operating farmers. The price paid by investor buyers represents a 34 percent increase over 1979. For expansion buyers, the average sales price increased 17 percent, while operating farmers were only willing to pay 6 percent more than in 1979. Sales prices for individual districts in 1980 show that operating farmers paid their highest average price in the southwest district (\$2,128 per acre), while expansion buyers and investor buyers paid their highest prices in the southeast district (\$1,982 and \$1,611 per acre, respectively).

Table 6. Proportion of tracts purchased and average sales price per acre by type of buyer, by district, Minnesota, 1978, 1979, and 1980

District	Operating farmer				Expansion buyer				Investor buyer (agricultural)			
	1979		1980		1979		1980		1979		1980	
Southeast	21	1,420	17	1,566	62	1,843	70	1,982	17	1,428	13	1,611
Southwest	9	1,377	5	2,128	86	1,768	81	1,935	5	1,521	14	1,473
West Central	18	873	18	926	71	972	75	1,170	11	888	7	1,046
East Central	45	619	41	576	35	728	42	700	20	435	18	456
Northwest	14	472	17	639	77	712	76	846	8	380	8	634
Northeast	54	442	42	424	25	383	24	408	21	328	33	239
Minnesota	21	905	18	957	67	1,292	69	1,514	12	815	13	1,093

**Table 7. Proportion of purchases and price paid per acre by type of buyer for land of various quality, Minnesota, 1979 and 1980**

Type of buyer	Land quality											
	Good				Average				Poor			
	1979		1980		1979		1980		1979		1980	
	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Operating farmer	36	1,146	34	1,229	48	854	56	811	15	600	11	707
Expansion buyer	43	1,548	41	1,847	45	1,180	47	1,365	12	805	12	895
Agricultural investor	18	1,390	20	1,291	55	980	57	1,086	27	402	23	865
All	39	1,459	37	1,658	47	1,081	50	1,173	15	625	13	858

**Land Quality.** Statewide, land of average quality sold for \$1,173 per acre in 1980 and accounted for 50 percent of all sales (table 7). Land of good quality brought \$1,658 per acre and made up 37 percent of sales. The remaining 13 percent of sales were of poor quality land, averaging \$858 per acre. Poor quality land had the largest percentage increase in price paid per acre (39 percent), compared to a 9 percent increase in average quality land and a 13 percent increase in good quality land. Since 1975 expansion buyers have generally paid substantially more than all other buyers for all land, regardless of quality. This trend was intensified in 1980 as farm expansion buyers paid from 3 percent to over 68 percent more than other buyers for the various qualities of land.

**Building Quality.** Buildings' quality appears to influence the value of land containing buildings. Land with good buildings sold at an average price of \$1,612 per acre in 1980, while land with average and poor buildings sold at \$1,299 and \$1,063 per acre, respectively (table 8). Sixty-seven percent of the land purchased by operating farmer buyers had buildings of good or average quality, compared to only 31 percent for expansion buyers and 27 percent for agricultural investor buyers. Clearly, operating farmer buyers are more likely to purchase land with suitable buildings.

**Farm Size.** Statewide, the average size of tract sold declined from 188 acres/sale in 1979 to 164 acres/sale in 1980, the lowest level ever reported since the survey began in 1953. This is

consistent with the record high level of sales to farm expansion buyers.

### Trends by economic development regions

In 1967 Minnesota recognized the need for a common set of regional delineations at the sub-state level. Before 1967, over 160 different regional delineations existed. To facilitate developmental planning, federal program implementation, and state and local government cooperation, a common set of 13 development regions was adopted. Figure 2 illustrates the present regions and table 9, the average reported sales price for farmland in each of these regions, 1971-1980. This regional breakdown shows more precisely the variation in land market activity statewide. While the 1979-80 change in Minnesota's sales price was 16 percent, only one region (region 1) experienced price increases in excess of the statewide average, and five regions (regions, 2, 3, 7W, 7E, and 11) showed actual declines in average price (table 10).

The agricultural areas of the state in which cash crops tend to dominate land use are contained in regions 1, 4, 6W,

**Table 8. Proportion of purchases and price paid per acre by type of buyer for land with various quality of buildings, Minnesota, 1980**

Type of buyer	Building quality							
	Good		Average		Poor		None	
	%	\$	%	\$	%	\$	%	\$
Operating farmer	26	1,186	41	856	21	748	11	862
Expansion buyer	11	2,013	20	1,565	17	1,200	53	1,414
Agricultural investor	8	1,402	19	1,184	25	980	47	1,022
All	14	1,612	24	1,299	18	1,063	44	1,309

**Table 9. Average reported sales price per acre of farmland, by economic development regions, Minnesota, 1971-80**

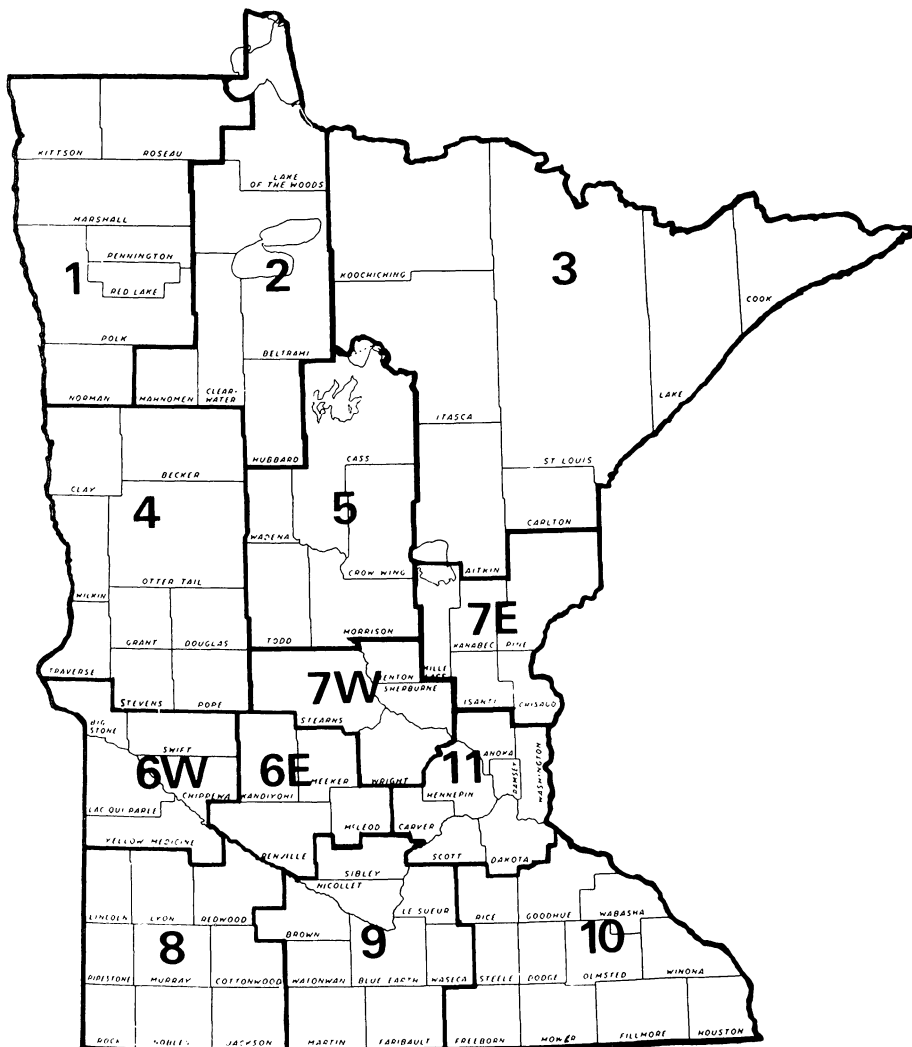
Economic Development Region	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
-----dollars per acre-----										
1	93	105	114	199	344	330	367	433	560	732
2	53	83	108	141	206	250	277	321	520	452
3	39	81	126	148	157	162	179	280	310	271
4	176	170	192	317	446	542	558	853	828	868
5	93	127	164	197	259	235	297	478	483	506
6W	216	238	233	341	537	696	746	906	960	1,051
6E	319	361	374	569	691	923	1,027	1,171	1,528	1,735
7W	230	290	291	430	472	596	778	927	1,112	1,056
7E	228	216	203	254	316	455	473	575	768	741
8	298	323	354	534	710	906	1,058	1,199	1,574	1,674
9	400	461	534	829	1,115	1,464	1,835	1,682	2,111	2,320
10	314	368	411	565	753	915	1,197	1,373	1,645	1,864
11	465	586	698	882	1,035	1,150	1,437	1,396	1,799	1,778
Minnesota	259	293	298	450	607	735	859	980	1,140	1,318

**Table 10. Annual percentage changes in sales price per acre, by economic development regions, Minnesota, and the CPI, 1971-80**

Economic Development Region	Percent change in sales price								
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
1	13	9	75	73	-4	11	18	29	31
2	57	30	31	46	21	11	16	62	-13
3	108	56	17	6	3	10	56	11	-13
4	-3	13	65	41	22	3	53	-3	5
5	37	29	20	31	-9	26	61	1	5
6W	10	-2	46	57	30	7	21	6	9
6E	13	4	52	21	34	11	14	30	14
7W	26	0	48	10	26	31	19	20	-5
7E	-5	-6	25	24	44	4	22	34	-4
8	8	10	51	33	28	17	13	31	6
9	15	16	55	35	31	25	-8	26	10
10	17	12	37	33	22	31	15	20	13
11	26	19	26	17	11	25	-3	29	-1
Minnesota	13	2	51	35	21	17	14	16	16
CPI <sup>1</sup>	3.3	4.8	10.2	10.4	6.2	6.4	6.8	10.3	14.3

<sup>1</sup>The changes in CPI were calculated by comparing the average prices for the first 6 months of the year with the average prices for the first 6 months of the previous year.

**Figure 2. Minnesota Economic Development Regions**



8, and 9 in western and southwestern Minnesota. The farmland in region 1, which contains the fertile Red River Valley, increased in value 31 percent in 1980 and 29 percent in 1979, for a tremendous 2-year increase of 69 percent (from \$433 to \$732 per acre). The other 4 cash crop regions in 1980 experienced increases ranging from 5 to 10 percent. The weakest cash crop area in 1980 was region 4, directly south of region 1. In 1979 it was the only region in the state to decline in price, giving it a 2-year increase of only 2 percent (from \$853 to \$868 per acre).

Although Minnesota's land market experienced rapidly rising prices through most of the 1970s, an actual dollar decline in the average sales price per acre was occasionally observed in some of the individual economic development regions. This was especially true in 1979-80, when farmland prices fell in regions 2, 3, 7W, 7E, and 11 in east central and northeastern Minnesota.

The rate of increase in unadjusted farmland sales prices in 1980 was higher than the increase in the CPI (16 and 14.3 percent, respectively, from table 9). When the increase in farmland prices is deflated by the CPI, the farmland price increase in constant dollars in 1980 was 1 percent, compared to 5 percent in 1979 and 7 percent in 1978 (table 10). Only in region 1, which is dominated by cash grains and sugar beets in the Red River Valley, was the increase (31 percent) clearly greater than the generalized rate of inflation, as measured by the CPI.



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