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# MINNESOTA AGRICULTURAL ECONOMIST

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## The Minnesota Rural Real Estate Market in 1989

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### Summary

The estimated state-wide average value per acre of Minnesota farm land as of July 1989 was \$581, an increase of 11 percent from July 1988. This continues the increasing trend in the value of farm land first noted in 1988, after the sharp declines observed between 1981 and 1987. Except for the Northeast, the remaining five districts all showed an increase in value, with the greater increases in the southern and western districts.

In contrast to the 11 percent increase in estimated values, the survey of actual farm land sales in 1989 resulted in an average reported sales price per acre of \$815 for the state as a whole. This was 18 percent higher than the figure of \$691, reported for 1988. In general, there was an increase in sales prices in all districts, but the increase was greatest in the Southeast and the Southwest districts.

An adjusted sales price per acre of farm land was calculated to remove the effect of a higher proportion of sales of good quality lands in 1989 than in 1988. This adjustment reduced the increase in the 1989 state average sales price to 15 percent over 1988, instead of 18 percent, when unadjusted.

Retirement has reemerged after 1985 as the primary reason for farmland sales,

accounting for 29 percent of the total sales made in 1989. Financial difficulties were cited as the second most important reason for sales of farm lands in 1989, contributing 20 percent of total sales. 'Leaving farming' (5 percent) and 'reduce size of farming' (11 percent) were additional reasons for sale, totaling 36 percent of sales that might have been influenced by financial difficulties.

The methods of financing sales in the Minnesota rural real estate market in 1989 showed a slight reversal of trends that had prevailed since land prices began to fall after 1981. Most significantly, 1989 was the first year in which financing by contract for deed had increased since 1981. Cash sales and contracts for deed each accounted for 40 percent of total sales, and mortgages 20 percent.

Expansion buyers continued to dominate the rural real estate market in 1989, purchasing 73 percent of total tracts sold. Investors and sole-tract operators accounted for 14 and 13 percent, respectively.

### Introduction

The University of Minnesota has collected and analyzed information on rural farm land markets in the state for 79 years. The data for this report were collected from individuals familiar with the rural real estate market in Minnesota, including brokers, appraisers, farm managers, insurance agents, bank officers, county officials and others familiar with their respective areas.

About 1000 questionnaires were mailed in July 1989 and the rate of response was just under 40 percent. Respondents pro-

vided information about estimates of land value and actual sales prices. In addition, they answered questions concerning the quality of land and buildings, method of finance, reasons for sale, etc.

In analyzing the data, duplicate reports of sales were eliminated, data for Hennepin and Ramsey counties (Minneapolis and St. Paul) were omitted, and respondents were asked not to report sales between close relatives.

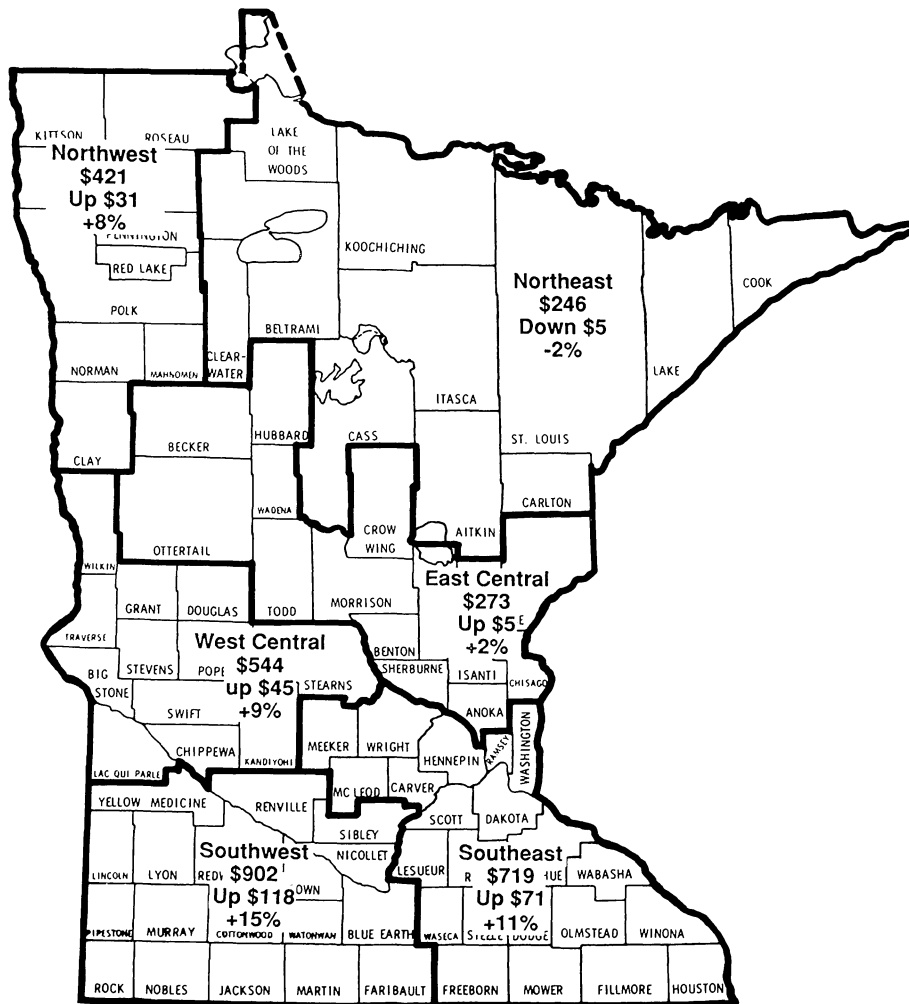
Data on both estimated values and sales prices are compiled and analyzed regionally, and for the state as a unit. *Estimated values* are supplied by respondents and refer to farms of average size and value in their communities, as of July-August in each survey year. District and state estimated values are derived by weighting the estimated values for each county by the acres of land in farms in that county as reported in the 1987 U.S. Census of Agriculture. This yields an estimate of value that can be used to derive the total value of farmland in the county, district or state.

In contrast, data on *reported sales* prices refer to actual sales of farmland occurring between Jan. 1 and June 30 in the survey year, as reported by respondents. Average sales prices for districts, Economic Development Regions and the state are calculated by multiplying acres sold by price per acre, adding the results, and dividing by the total acres sold in the respective areas.

It is important to note that in any given area or year the land that sells is not necessarily representative of all land in that area. In most areas and years, prices per acre received in actual sales are above the

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**Figure 1. Estimated Land Values per Acre in 1989 (Excluding Hennepin and Ramsey Counties)**



**Table 1. Estimated Average Value Per Acre of Minnesota Farmland, by District, 1972-1989**

Year	South-east	South-west	West Central	East Central	North-west	North-east	State Average
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	1106	624	349	378	210	667
1977	1027	1316	730	415	427	279	794
1978	1191	1421	803	498	483	304	889
1979	1453	1620	883	573	599	368	1040
1980	1526	1750	962	596	683	390	1120
1981	1709	2083	1135	679	813	460	1310
1982	1504	1875	1044	584	748	483	1179
1983	1354	1669	981	561	658	411	1065
1984	1164	1401	873	505	586	436	927
1985	861	967	690	374	510	362	686
1986	603	696	511	296	418	308	515
1987	558	671	472	259	375	293	480
1988	648	784	499	268	390	251	523
1989	719	902	544	273	421	246	581
Percent Change 1988-1989	11	15	9	2	8	-2	11

estimated values per acre for the respective counties, districts, or for the state as a whole. This difference has been especially wide in recent years.

One reason is that land market activity has been greater in counties and districts containing the state's higher priced lands. These sales enter with a heavy weight in calculating average sales prices.

Since 1986/87 an additional reason for the differences between estimated values and sales prices has been the relatively heavy enrollment of lower-priced lands in the Conservation Reserve Program. These lands have value, are included in the area of land in farms in the respective counties, and are reflected in the estimated values per acre. They can be sold, even though enrolled in the Conservation Reserve, but sales in recent years have been infrequent.

As a result, the effect of the Conservation Reserve Program has been to reduce the frequency of sales of lower-priced lands. This tends to raise the average price per acre of lands that are sold, when compared to county, district or statewide average estimated values.

## The 1989 Estimated Value of Rural Real Estate in Minnesota

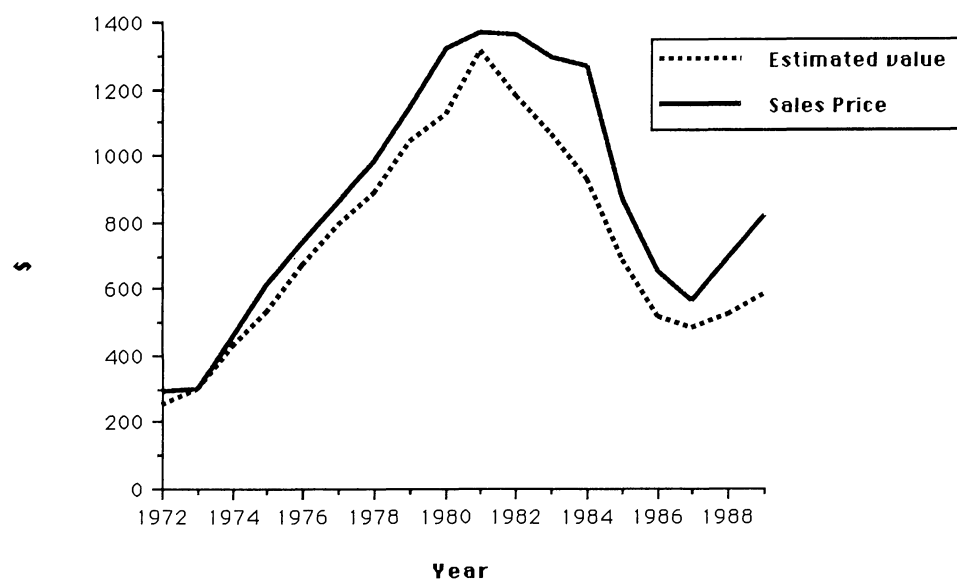
The 1989 statewide average estimated value per acre continued the increase first noted in 1988, after continuous decline from 1981 to 1987, reaching an estimated \$581, an increase of 11 percent from \$523 in 1988.

District-wide analysis of estimated average values per acre indicates a similar trend as for 1988, with five of the six districts showing increases in the value of land. The Northeast district alone reported a continuing decline, of two percent from the estimated value of 1988. The greatest increase of 15 percent was observed in the Southwest district, followed by increases of 11 percent in the Southeast district, 9 percent in the West Central, 8 percent in the Northwest, and 2 percent in the East Central. The estimated average values from the beginning of the land boom in 1972 through 1989 are shown in Table 1.

## Reported Sales

Information was gathered on 1198 reported sales that took place between January 1 and July 1, 1989. The data are

**Figure 2. Average Estimated Value and Average Sales Prices per Acre for Minnesota, 1972-1989**



**Table 2. Average Reported Sales Price per Acre of Farmland by District, Minnesota, 1972-1989 (Unadjusted)**

Year	South-east	South-west	West Central	East Central	North-west	North-east	State Average
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	1116	644	321	377	210	735
1977	1216	1340	709	446	432	198	859
1978	1352	1321	908	554	504	256	980
1979	1675	1680	949	618	612	411	1140
1980	1837	1868	1095	603	759	394	1318
1981	1965	2005	1171	680	919	483	1367
1982	1749	2022	1168	746	887	406	1360
1983	1470	1872	1068	679	711	328	1291
1984	1386	1665	1062	644	700	223	1263
1985	1013	1181	872	510	575	222	864
1986	673	830	602	556	411	220	650
1987	621	755	493	429	337	168	559
1988	797	911	571	395	411	184	691
1989	938	1074	620	407	461	189	815
Percent Change 1988-1989	18	18	9	3	12	3	18

summarized in Table 2. Based on these reports, the unadjusted average sales price per acre of Minnesota farm land in 1989 was \$815, an increase of 18 percent from the average sales price of \$691 per acre reported for the first six months of 1988. The increase in sales prices parallels the results derived from reporter's appraisals of the increase in the estimated average value per acre of farm land.

Regionally, all the districts showed increases in sales prices in 1989. The largest increases of 18 percent were in the Southeast and Southwest districts, and the smallest increases of 3 percent were in the East Central and Northeast districts. Increases in the Northwest and West Central districts were 12 percent and 9 percent respectively. One reason for this variation in the increase of prices may be attributed to the 1988 drought, which was especially severe in the West Central and East Central districts.

Table 2 indicates that the average sales price was highest in the Southwest district, at \$1074 per acre. This district has consistently reported the highest sales price since 1974, with the single exception of 1978. The sales prices in other districts show the same rank order as in 1988: Southeast, \$938; West Central, \$620; Northwest, \$461; East Central \$407; and, Northeast \$189.

## Adjusted Sales Prices

The change in average sales price of farm land from 1988 to 1989 may be due to geographical shifts in the location of real estate market activity, in addition to the change in price. For instance, if a larger proportion of sales were reported from the higher priced area in 1989 than in 1988 the overall sales price would appear higher than if the geographical distribution of sales were the same as in 1988. To test for this, an adjusted average sales price was calculated by district, and the results are presented in Table 3.

The adjusted sales prices were computed by multiplying the average sales price per acre for 1989, county by county, with the number of acres sold in 1988. These values were then summed up for the counties within a district and the product divided by the total acres sold in the district in 1988. This removes the effect of any shift in the volume of sales among counties from 1988 to 1989.

When adjusted in this way, the re-

**Table 3. Adjusted Sales Prices per Acre for 1989, by District, Minnesota**

Region	Unadjusted Price		1989 Adjusted Price	Percent Change 1988 to 1989	
	1988	1989		Unadjusted	Adjusted
Southeast	797	938	938	18	18
Southwest	911	1074	1099	18	21
West Central	571	620	620	9	9
East Central	395	407	462	3	17
Northwest	411	461	442	12	8
Northeast	184	189	177	3	-4
Minnesota	691	815	793	18	15

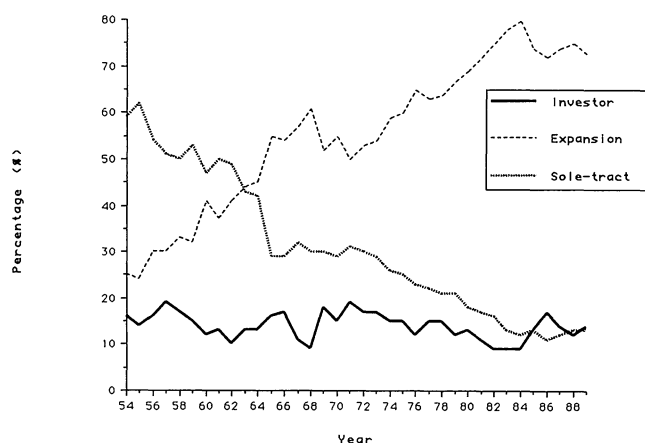
ported average sales prices per acre for the state as a whole in 1989 showed an increase of 15 percent compared to 18 percent when unadjusted. Analysis by districts indicates that the adjusted sales prices were 3 percentage points higher than the unadjusted prices in the Southwest district, and 14 percentage points higher in the East Central district. The Northeast showed a decline of 4 percent in the ad-

justed sales prices against an increase of 3 percent in the case of unadjusted sales prices, and an unadjusted increase of 12 percent was reduced to 8 percent in the Northwest district.

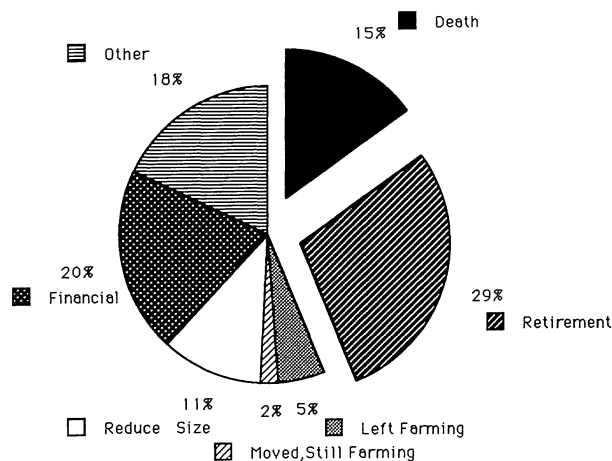
## Reasons for Sales

Throughout the 1970's, death and retirement were the primary reasons for sales

**Figure 3. Percentage of Farm Sales by Type of Buyer, Minnesota, 1954-1989**



**Figure 4. Reason for Sale, Minnesota, 1989**



**Table 4. Percentage of Sales by Reason for Selling Land, Minnesota, by Districts, 1989**

Reason for Sale	South-east	South-west	West Central	East Central	North-west	North east	Minnesota
PERCENT							
Financial Difficulty	17	24	19	25	27	9	20
Reduce Size	7	6	9	9	13	22	11
Left Farming	4	3	6	8	7	0	5
<b>Subtotal</b>	<b>28</b>	<b>33</b>	<b>34</b>	<b>42</b>	<b>47</b>	<b>31</b>	<b>36</b>
Death	15	20	16	11	16	13	15
Retirement	42	24	30	24	26	26	29
Moved, Still Farming	3	2	0	3	4	0	2
Other	12	20	20	19	7	30	18

of farm land, with retirement alone accounting for an average of over 40 percent of all sales. This changed dramatically during the fall in land values after 1981, with death and retirement accounting for only one-fourth of all sales at the lowpoint in 1987. In that year, two-thirds of all sales were triggered by financial difficulties or by decisions to reduce the size of farming operations. This reversed in 1988, when sales due to death or retirement were 37 percent of all sales. The reversal continued in 1989 with death and retirement accounting for 44 percent of total sales. The primary reason for sale from 1986 through 1988 had been given as "financial difficulties". While financial difficulties were given as the reason for 60 percent of the sales in 1987 and 42 percent in 1988, this dropped to 20 percent of total sales in 1989. If one assumes that the reasons "left farming" (5 percent) and "reduce size of farming" (11 percent) might have been the result of financial difficulty, then a total of 36 percent of total sales in 1989 could have reflected financial difficulties, down from 71 percent in 1987 and 56 percent in 1988. In 1989, retirement was given as the reason for 29 percent of total sales, death for 15 percent, and sales by farmers who moved but remained in farming 2 percent. The remaining 18 percent of sales were attributed to "other reasons".

## Method of Finance

The methods of financing used in the Minnesota rural estate market showed a slight reversal of trends that had prevailed since land prices began to fall after 1981.

Cash sales and contracts for deed each accounted for 40 percent of total sales in 1989. This represented a small decline from the 41 percent reported for cash financing in 1988, and a significantly larger increase from the 34 percent of sales financed by contracts for deed in 1988. This is the first year in which financing by contract for deed has increased since 1981.

By districts, the Northwest district leads in cash sales (51 percent) and also reported the smallest share of sales financed by mortgages (13 percent). The most frequent use of mortgages was in the Southeast and East Central districts (30 and 28 percent respectively).

## Type of Buyer

The buyers of Minnesota farm land are classified into three categories for the

**Table 5. Percentage of Sales by Reason for Selling Land, Minnesota, 1985-89**

Reason for Sale	1985	1986	1987	1988	1989
Financial Difficulty	16	35	60	42	20
Reduce Size	18	17	6	8	11
Left Farming	12	11	5	6	5
Subtotal	46	63	71	56	36
Death	17	12	12	14	15
Retirement	25	18	14	23	29
Moved, still Farming	2	1	0	0	2
Other	10	6	3	7	18

**Table 6. Proportion of Farm Land Sales by Method of Financing, by Districts, Minnesota, 1988-89**

Districts	Cash		Mortgage		Contract for Deed	
	1988	1989	1988	1989	1988	1989
	.....Percent.....					
Southeast	41	34	28	30	31	36
Southwest	48	47	25	21	27	33
West Central	34	39	25	21	27	33
East Central	16	27	26	28	58	46
Northwest	46	51	16	13	38	36
Northeast	45	39	22	9	33	52
Minnesota	41	40	25	20	34	40

**Table 7. Proportion of Farmland Sales and Average Sales Price per Acre by Type of Buyer, by District and Minnesota, 1988-1989**

District	Sole-Tract Operator Buyer			
	1988 % of sales	1988 \$ per acre	1989 % of sales	1989 \$ per acre
Southeast	16	715	17	992
Southwest	7	719	6	902
West Central	8	699	11	688
East Central	30	394	20	436
Northwest	14	267	4	511
Northeast	11	273	22	231
Minnesota	12	598	13	627

District	Expansion Buyer			
	1988 %	1988 \$	1989 %	1989 \$
Southeast	66	804	69	910
Southwest	80	939	88	1104
West Central	83	562	79	633
East Central	46	328	63	447
Northwest	85	406	91	467
Northeast	56	167	48	163
Minnesota	75	695	73	621

District	Investor Buyer			
	1988 %	1988 \$	1989 %	1989 \$
Southeast	18	887	14	1035
Southwest	13	884	6	1129
West Central	9	554	9	502
East Central	25	504	17	297
Northwest	9	405	5	307
Northeast	33	196	30	191
Minnesota	13	772	14	577

present study: "Sole-tract" buyers are operating farmers who are planning to manage the farms they buy and are not using the purchases to expand existing land holdings. "Expansion buyers" are adding the land purchased to existing holdings. "Investor buyers" are those who do not plan to operate the land themselves, but presumably expect to rent it out, or have it operated by a manager.

For the state as a whole, expansion buyers in 1989 accounted for 73 percent of all farm land sales, compared to 75 percent in 1988. Sole-tract operators contributed 13 percent of total sales in 1989, one percent more than in 1988. Participation by investor buyers also increased by one percent to 14 percent in 1989.

District wide analysis indicates that 91 percent of the purchasers of farm lands in the Northwest district were expansion buyers. This district has consistently had the highest proportion of expansion buyers since 1985. In general, expansion buyers dominated the market for rural real estate in 1989 in all districts. Only in the East Central and Northeast districts did sole-tract operators continue to represent a significant proportion of the market in 1989, at 20 and 22 percent respectively.

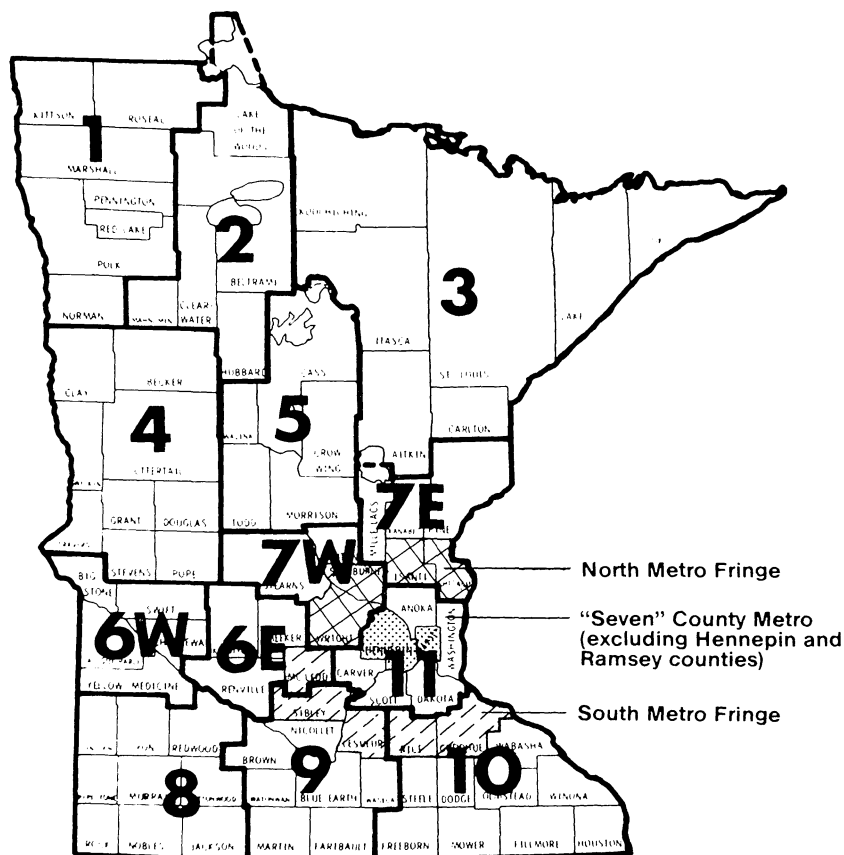
The dominant role played by expansion buyers in the Minnesota rural real estate market in 1989 has continued to make the market highly local in nature. Statewide averages indicate that 49 percent of reported tracts sold were to buyers living less than 5 miles distant. Purchases made by buyers living less than 10 miles away accounted for 72 percent of the total sales reported.

## Trends in Sales Prices by Economic Development Regions

A detailed analysis of sales price by economic development regions provides many interesting results. As shown in Table 8, the highest sales price per acre for farm land in 1989 was observed in Twin Cities Metropolitan Region 11 (\$1215), followed by Region 9 in the Southwest (\$1143). The sales price per acre of farm land was the lowest in Region 2 (\$188).

In percentage terms, Region 8 reported the greatest increase of 30 percent from 1988 to 1989. The largest decline in sales prices in 1989 occurred in Economic Development Region 7E (-39%). A contiguous area comprising Regions 2, 5, 7W and

**Figure 5. Minnesota Economic Development Regions and the Greater Twin Cities Metropolitan Area**



7E all reported reductions in sales price from 1988 to 1989, when the prices are unadjusted, while the remaining nine regions showed increases in prices.

These results show some significant changes when the 1988 unadjusted prices are compared with 1989 adjusted prices, to remove the effects of county level changes in volume of sales in 1989. Comparison of 1988 unadjusted prices with 1989 adjusted prices indicated that region 8 still led the state, with a 31 percent increase in sales prices from 1988 to 1989. Regions 1, 3, 5 and 7E showed a decline in adjusted sales prices from 1988 to 1989. In contrast, regions 2, 4, 6W, 6E, 7W, 8, 9, 10 and 11 showed increases in adjusted sales prices from 1988 to 1989.

### Farm Land Prices in the Greater Twin Cities Metropolitan Area

The 14 counties surrounding the Twin Cities counties (Hennepin and Ramsey) are defined, for this study, as the Greater Twin Cities Metropolitan Area. To facilitate a more detailed study, the area was divided into three sub-areas, based on population levels, productivity of the land, and historical trends in land values.

The Twin Cities Metro Area consists, for this study, of Anoka, Carver, Dakota, Scott and Washington (excluding Hennepin and Ramsey counties of Economic Development Region 11).

The South Metro Fringe consists of five counties: Goodhue, McLeod, LeSueur, Rice and Sibley.

The North Metro Fringe includes four counties: Chisago, Isanti, Sherburne and Wright.

The average sales prices per acre in the Twin Cities Metro and South Metro Fringe areas increased in 1989, and sales prices in the North Metro Fringe declined, compared to 1988 (Table 9). It should be noted that the North Metro Fringe includes counties in which dairying is prominent, and which suffered severely in the drought of 1988. With limited areas in cash grains, they did not participate as fully in farm disaster relief and income maintenance programs as did the more southern counties.

The average for the Greater Twin Cities Metro Area as a whole increased in 1989, but only by 3 percent. In contrast, the South Metro Fringe showed an increase of 17 percent, to lead the three

**Table 8. Average Reported Sales Price per Acre of Farmland by Economic Development Regions, Minnesota, 1974-1989 (Unadjusted) and 1989 Adjusted Sales Price Data**

Year	Economic Development Regions												
	1	2	3	4	5	6W	6E	7W	7E	8	9	10	11
<b>Unadjusted</b>													
1974	199	141	148	317	197	341	569	430	254	534	829	565	882
1975	344	206	157	446	259	537	691	472	316	710	1115	753	1035
1976	300	250	162	542	235	696	923	596	455	906	1464	915	1150
1977	367	277	179	558	297	746	1027	778	473	1058	1835	1197	1437
1978	433	321	280	853	478	906	1171	927	575	1199	1682	1373	1396
1980	132	452	271	868	506	1051	1735	1056	741	1674	2320	1864	1778
1981	888	645	386	973	695	1303	1949	1300	790	1646	2865	1941	1830
1982	806	459	325	987	556	1259	1876	1240	873	1701	2484	1713	1711
1983	671	515	141	874	605	1090	1569	1187	780	1743	2139	1395	1878
1984	636	460	256	955	502	1098	1391	1123	828	1405	1964	1337	1642
1985	533	390	192	691	467	872	1163	869	604	986	1392	929	1423
1986	342	231	268	622	499	552	746	738	889	701	953	629	1127
1987	325	198	—	458	360	506	635	592	687	703	878	577	827
1988	375	269	191	504	381	582	831	804	670	795	1061	749	1070
1989	404	188	204	553	270	618	880	770	406	1034	1143	951	1215
<b>%Change of Unadjusted Prices 1988-1989</b>													
	8	-30	7	10	-29	6	6	-4	-39	30	8	27	14
<b>Adjusted 1989</b>													
Prices	289	291	112	561	294	628	930	824	430	1045	1173	935	1336
<b>Percentage Change from 1988 Unadjusted to Adjusted 1989</b>													
Prices	-23	8	-41	11	-23	8	12	2	-36	31	11	25	25

**Table 9. Average Reported Sales Price per Acre, Greater Twin Cities Metropolitan Area and Sub-areas, 1973-1989**

Year	"Seven" County Metro <sup>1</sup>	South Metro Fringe <sup>2</sup>	North Metro Fringe <sup>3</sup>	Greater T.C. Metro (14 counties) <sup>4</sup>	Minnesota
1973	698	475	353	516	298
1974	882	647	556	689	450
1975	1035	808	599	839	607
1976	1150	1086	718	1045	735
1977	1437	1285	752	1198	859
1978	1396	1313	892	1185	980
1979	1799	1799	1309	1694	1140
1980	1778	2097	1170	1781	1318
1981	1830	1955	1334	1791	1367
1982	1711	1867	1446	1759	1360
1983	1878	1614	1325	1581	1291
1984	1642	1464	1280	1458	1263
1985	1423	1069	1051	1152	864
1986	1127	846	721	855	650
1987	827	752	764	772	559
1988	1070	848	1159	928	691
1989	1215	991	864	958	815

<sup>1</sup> Anoka, Carver, Dakota, Scott, Washington Counties (Hennepin and Ramsey are excluded for reporting purposes.)

<sup>2</sup> Goodhue, McLeod, Le Sueur, Rice and Sibley Counties

<sup>3</sup> Chisago, Isanti, Sherburne, Wright Counties

<sup>4</sup> All fourteen counties named above

**Table 10. Average Estimated Value Per Acre, State and Districts, Deflated by the CPI, Minnesota, 1954-1989**

Year	South- east	South- west	West Central	East Central	North- west	North- east	Minnesota
----- dollars per acre in 1967 dollars -----							
1954	173	232	123	82	89	50	140
1955	187	256	128	85	91	56	151
1956	192	263	131	86	93	52	155
1957	196	273	145	91	102	58	164
1958	207	279	142	97	104	75	170
1959	219	292	153	102	118	66	180
1960	212	280	150	106	112	72	175
1961	223	292	157	112	118	76	184
1962	212	276	152	109	115	76	175
1963	212	268	155	112	124	74	176
1964	222	271	156	119	124	64	179
1965	232	276	154	119	120	54	181
1966	249	285	157	126	115	60	188
1967	262	303	163	128	108	62	194
1968	275	320	174	129	117	55	203
1969	283	321	180	134	110	50	205
1970	273	299	171	139	103	53	196
1971	275	290	169	128	98	52	192
1972	296	303	166	130	94	61	198
1973	326	345	186	146	110	86	224
1974	392	459	257	190	135	98	288
1975	418	524	312	184	183	101	326
1976	502	649	366	205	222	123	391
1977	566	725	402	229	225	154	437
1978	610	727	411	255	247	156	455
1979	668	745	406	263	275	169	478
1980	618	709	390	241	277	158	454
1981	627	765	417	249	298	169	481
1982	520	649	361	202	259	167	408
1983	454	559	329	188	221	138	357
1984	374	450	281	162	188	140	298
1985	267	300	214	116	158	112	213
1986	185	213	156	91	128	94	158
1987	166	199	140	77	111	87	143
1988	185	224	143	77	111	72	149
1989	199	250	151	76	116	68	161

metropolitan sub-areas.

In the early 1970's, the average per acre sales prices in the Greater Twin Cities Metro Area ranged from 40 to 73 percent above the statewide average. This differential narrowed in the 1980's, and in 1989 was only 17.5 percent. Relative to the state as a whole, the price-enhancing effect of proximity to the Twin Cities appears to be declining.

## Deflated Estimated Values and Reported Sales Prices

Fluctuations in the estimated value and sales prices of farm land are heavily influenced by the rate of inflation in the general economy. One way to remove the effects of inflation is by deflating with the consumer price index (CPI). With 1967 prices used as a base of 100, the average CPI for the first six months of 1989 was 361.4. The effect of inflation on estimated values and sales prices of Minnesota farm land between 1967 and 1989 can be removed by dividing these figures by 3.614.

In 1989, the estimated value per acre of farm land was \$581 in nominal (current) dollars, an increase of 11 percent from the nominal value of \$523 per acre in 1988. When the figures are adjusted for inflation, the estimated value in 1989 in 1967 dollars was \$161 per acre, an increase of only 8 percent over the deflated value of \$149 for 1988. The deflated 1989 average estimated value was in fact slightly lower than the deflated 1957 value of \$164. When deflated by districts, the Northeast and East Central experienced a slight decrease over the recent years, while the others have shown an increase in the estimated values.

The nominal reported sales price per acre in 1989 was \$815. When deflated, this figure is reduced to \$226, an increase over recent years approximately equal to that of the period 1965-69. When deflated by districts, all districts except the Northeast and East Central experienced an increase in real reported sales prices in 1989.



**Table 11. Average Price Per Acre of Reported Farm Sales, State & Districts, Deflated by the CPI, Minnesota, 1954-1989**

Year	South-east	South-west	West Central	East Central	North-west	North-east	Minnesota
----- dollars per acre in 1967 dollars -----							
1954	182	231	131	71	79	48	153
1955	207	263	126	81	84	57	180
1956	197	254	123	70	95	50	171
1957	208	257	131	80	104	47	171
1958	194	270	133	89	91	60	179
1959	241	278	148	83	97	70	198
1960	213	271	154	78	114	56	181
1961	211	285	145	99	103	42	184
1962	216	252	155	84	82	33	178
1963	233	242	149	94	119	52	183
1964	230	252	162	93	112	56	192
1965	214	246	141	101	112	42	188
1966	261	268	169	116	106	31	209
1967	272	306	179	93	117	51	215
1968	303	316	179	100	86	45	223
1969	310	304	176	118	110	46	217
1970	298	292	177	121	97	39	209
1971	283	283	169	124	83	36	214
1972	311	292	177	116	86	61	234
1973	333	308	168	134	90	91	224
1974	405	427	230	164	138	98	305
1975	491	524	306	185	219	99	377
1976	550	654	389	188	221	123	431
1977	670	739	390	246	238	109	473
1978	692	676	464	284	258	131	501
1979	770	773	284	284	282	189	524
1980	744	757	444	244	307	160	534
1981	721	736	430	250	337	177	502
1982	605	700	404	258	307	140	470
1983	493	627	358	227	238	110	433
1984	446	533	341	207	225	72	406
1985	314	367	271	158	178	69	268
1986	205	253	183	169	125	67	198
1987	182	222	145	126	99	49	164
1988	228	260	163	113	117	53	198
1989	260	297	172	113	128	52	226

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