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SP 95-9

Staff Paper Series

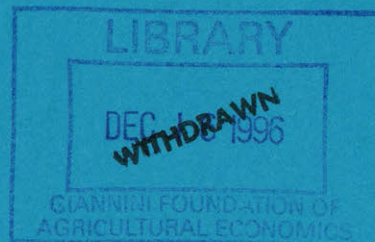
TRENDS IN AGRICULTURAL LAND VALUES

by

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TRENDS IN AGRICULTURAL LAND VALUES

ABSTRACT

Agricultural land values change over time, but may also vary widely by geographic area and by type of land use. Data from the Florida Land Value Survey are used to examine trends in agricultural land values by type of agricultural use for geographic regions of Florida. Agricultural land values in the Central and South regions increased from the mid-1980s to 1990 but have declined 30 to 40 percent since 1990. In the Northeast and Northwest, agricultural land values declined during the mid-1980s and have increased slowly since that time.

Keywords: Land values, agriculture, land market, valuation

SUMMARY

Agricultural land values increased about 14 percent per year in both Florida and the United States during the 1970s. During the farm crisis of the early 1980s, agricultural land values declined throughout most of the country. In some states it was much worse than in others. Average agricultural land values in the U. S. declined from \$823 per acre to \$599 per acre in 1987. However, during this period agricultural land values in Florida fluctuated up and down and USDA data indicate the average value for Florida increased from \$1,518 per acre to \$1,605. Since that time the average value for the U. S. has increased slowly, but has not reached the level of value of the early 1980s. The average value for agricultural land in Florida increased to about \$2,200 per acre in 1994.

Because of the need for information on the wide variation in land values by type of use and location, the Florida Land Value Survey was initiated in 1985. The Florida Land Value Survey is conducted in May each year and is designed to provide estimates of the value of different types of agricultural land by geographic areas. The state is divided into major regions (Northwest, Northeast, Central, South and Southeast) based on agricultural production and the impact of urbanization.

The estimates of agricultural land values for each geographic area are based on weighted averages for each type of agricultural land. Each geographic area is divided into sub-areas. The average value for a land use class in a sub-area is weighted by the proportion of that land use class in that sub-area. The sum of all sub-areas provides the weighted estimates for this area. This weighting procedure is used to prevent responses from high or low value areas from disproportionately affecting the average estimate for the area.

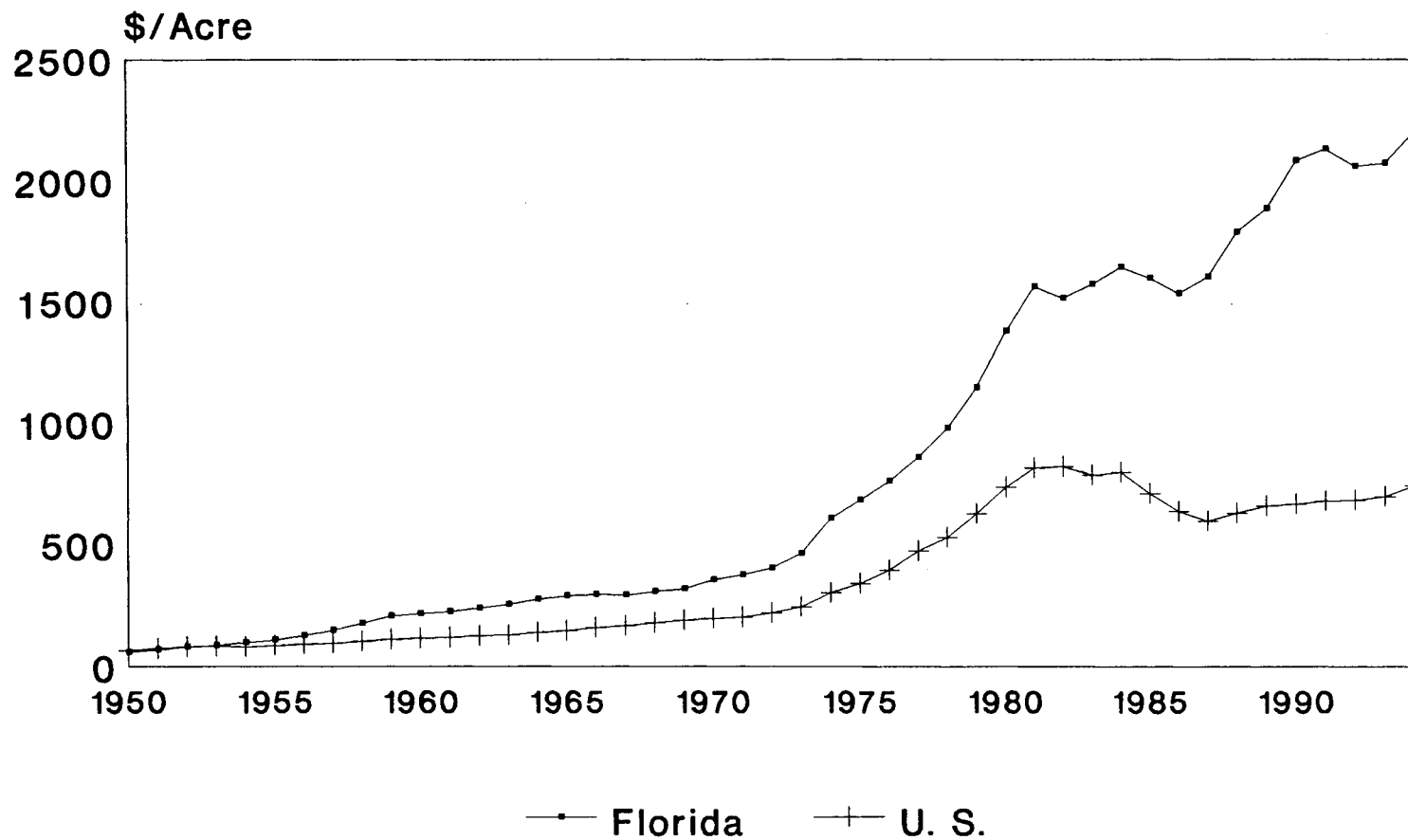
Since the mid-1980s, agricultural land values in Florida changed considerably in some areas while other areas have seen much less change. Although the value of citrus land increased steadily from 1984 to 1990 and reached a peak of about \$13,350 per acre for land in orange groves in the South, values have declined by more than 40 percent since 1990. In the South, cropland and pasture land values increased substantially during the period 1984-90 as the demand for land to convert to citrus was strong. As citrus prices declined and the demand for land to convert to citrus production has decreased since 1990, the value of cropland and pasture land has declined 30 percent or more. In the Central area, agricultural land values followed a pattern similar to the South. In the Central and South, the value of cropland and pasture land have generally followed the same trend as the value of citrus land.

In the Northeast, the value of cropland, pasture land and farm woods have experienced some fluctuation but have moved upward slowly since the late 1980s. Agricultural land values in this area have increased about 1 percent annually from 1984 to 1995. In the Northwest, the agricultural land market followed the same general trend as the agricultural land markets in other southeast states and the Midwest. Agricultural land values declined from the early 1980s until 1987 and have been increasing slowly since that time. Since 1990, agricultural land values in the Northwest have increased slightly more than one percent annually and are now at about the level they were at in 1984.

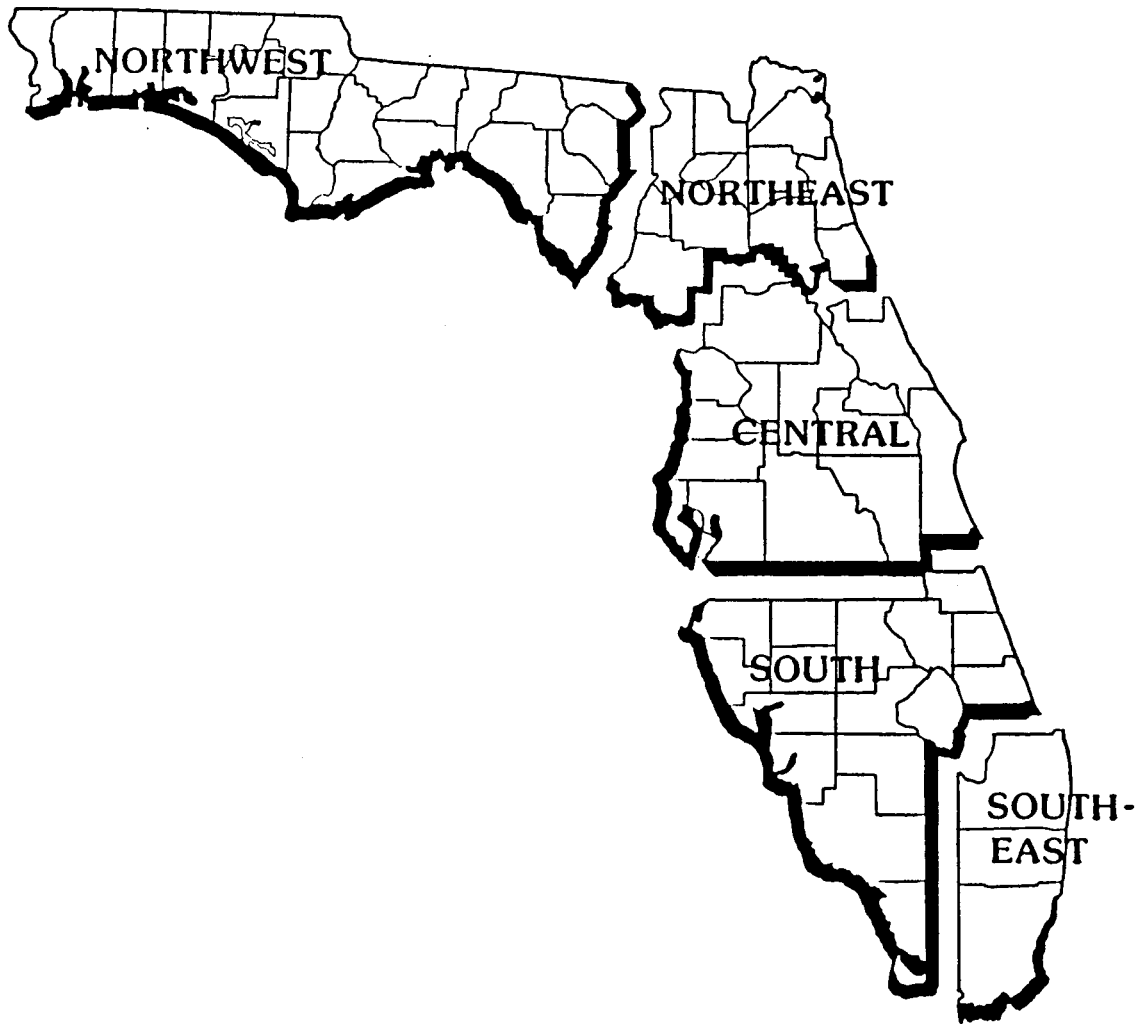
The expectations of 1995 survey respondents for agricultural land values in 1996 varied by region. Land values are expected to increase 5.4 percent during the next year in the Northwest and about 4.5 percent in the Northeast. Agricultural land values are expected to change very little in the Central region, but respondents in the South expect agricultural land values to decline about 6 percent. Land values in the Southeast region are expected to increase almost 4 percent.

VALUE OF FARMLAND

Florida & U. S. 1950-94



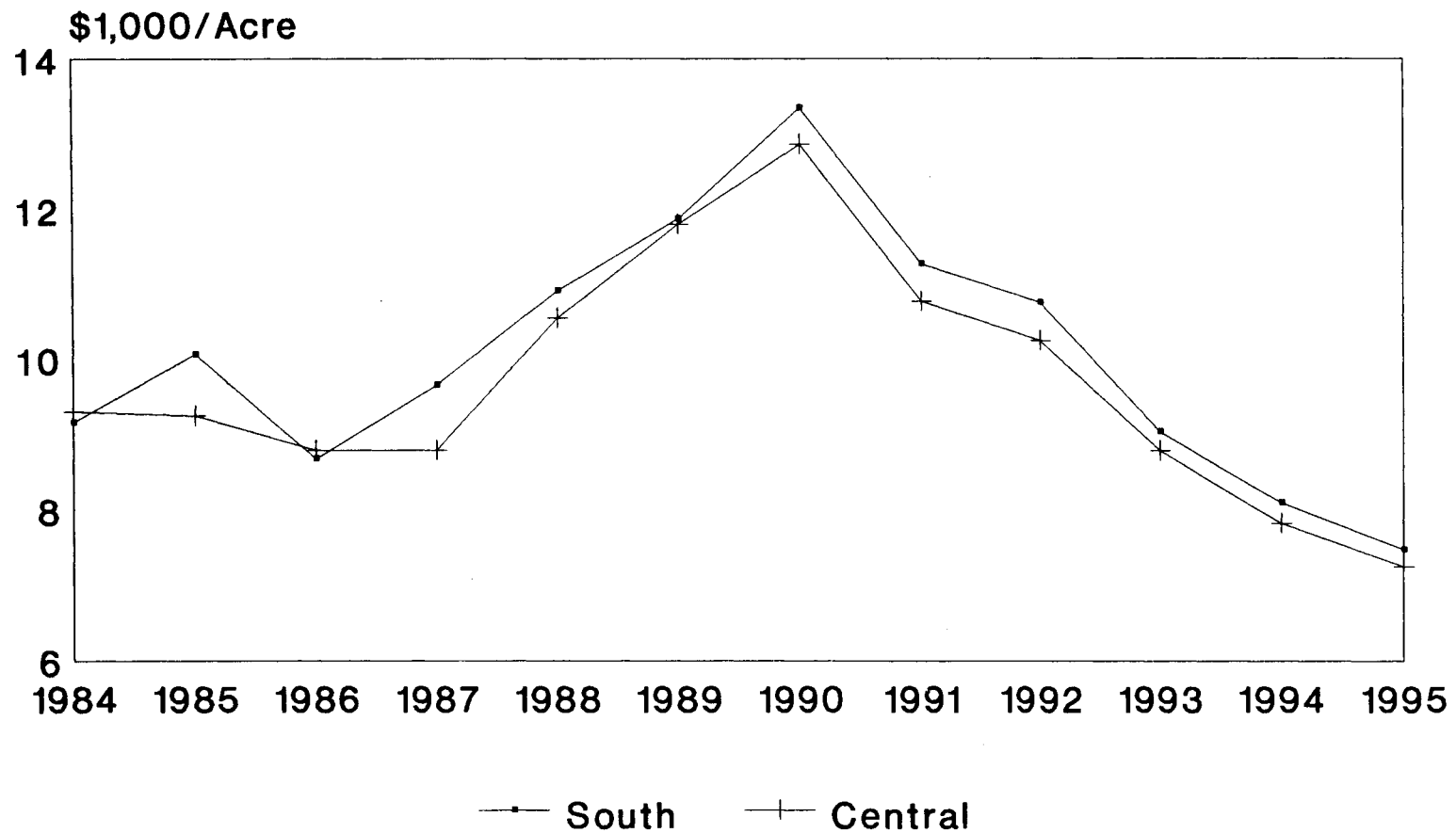
USDA Data



Geographic regions used in the Florida Land Value Survey.

CITRUS LAND VALUES

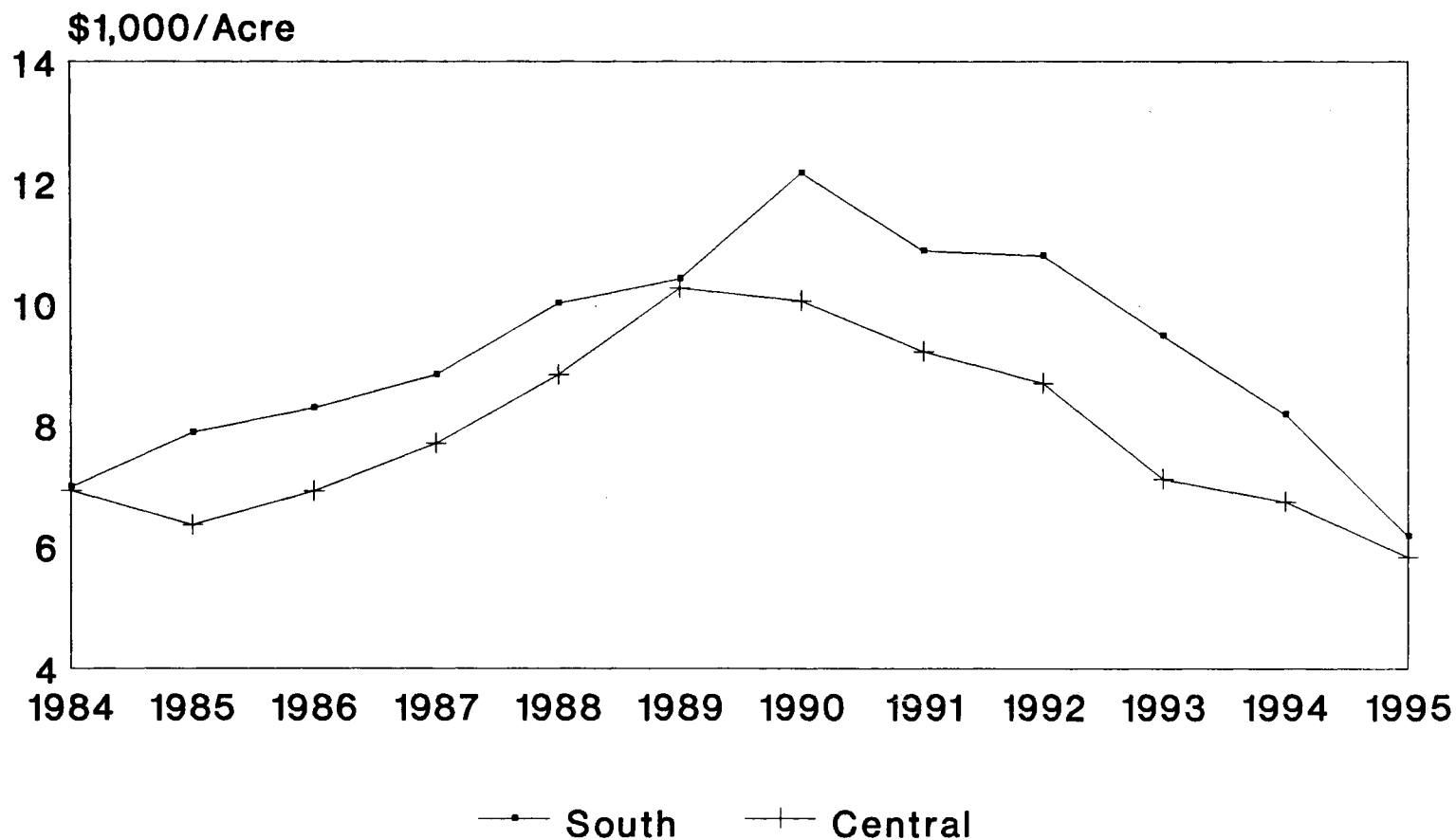
Oranges



Florida Land Value Survey

CITRUS LAND VALUES

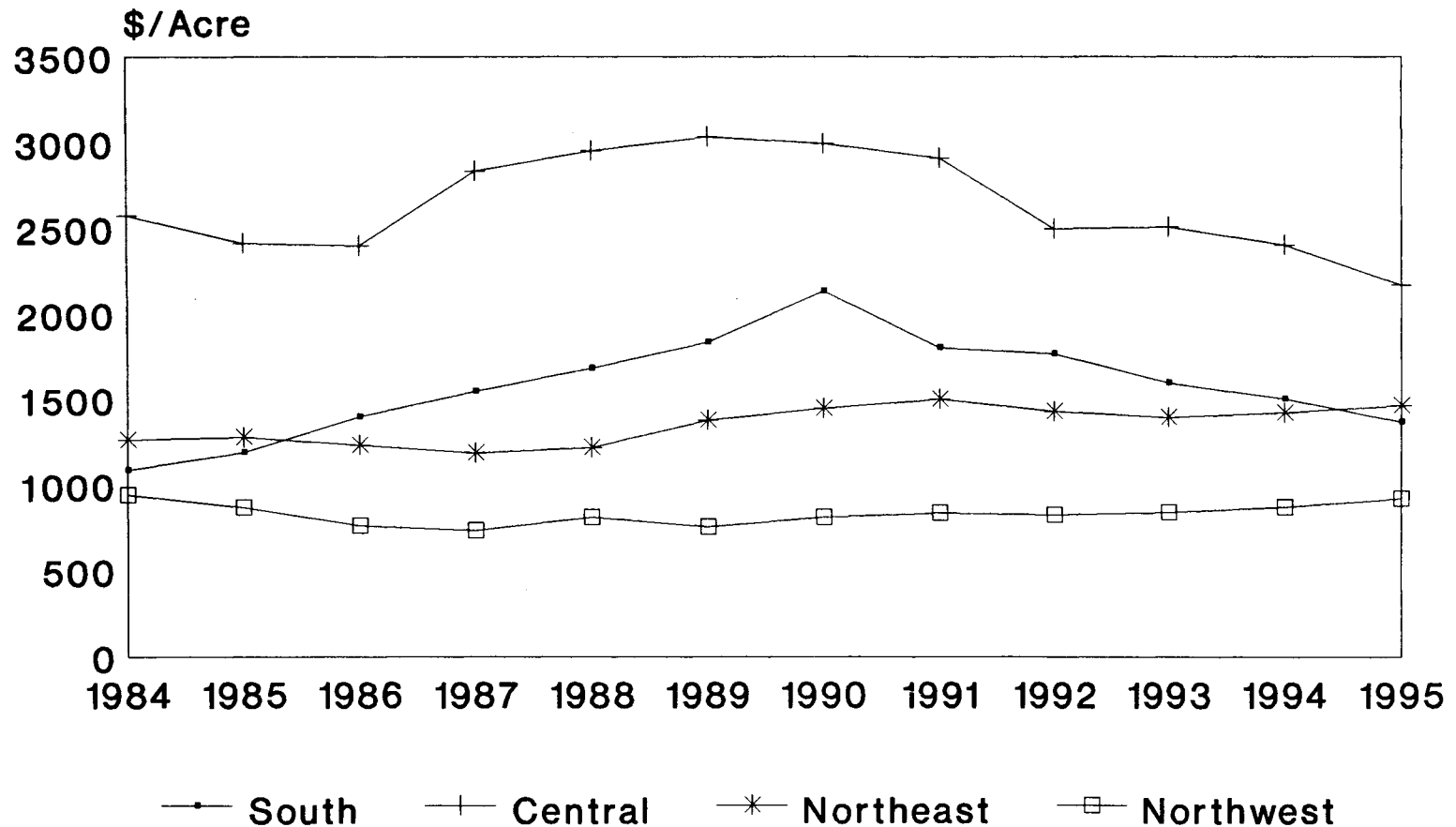
Grapefruit



Florida Land Value Survey

NON-IRRIGATED CROPLAND

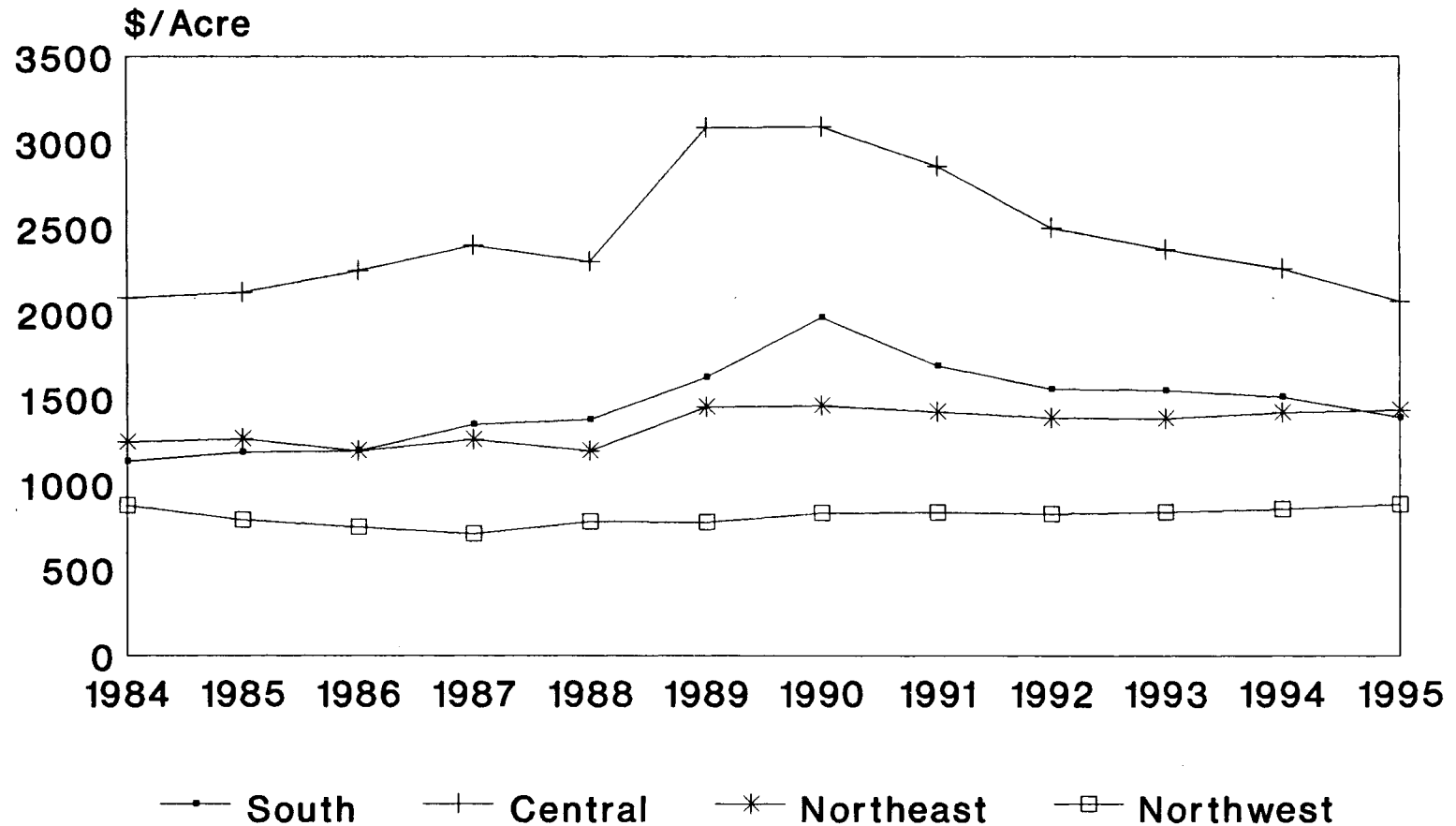
Land Values



Florida Land Value Survey

IMPROVED PASTURE

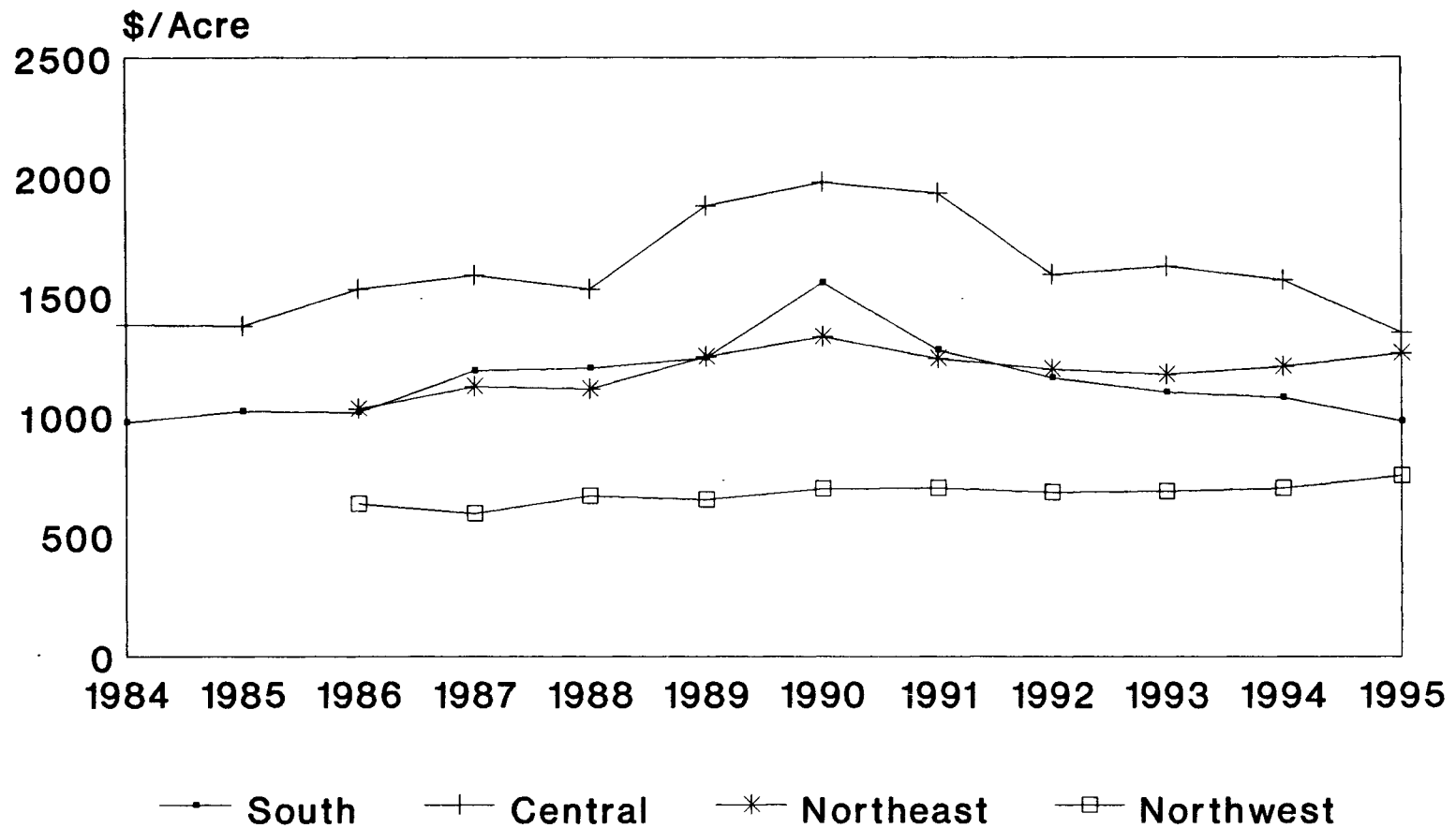
Land Values



Florida Land Value Survey

UNIMPROVED PASTURE

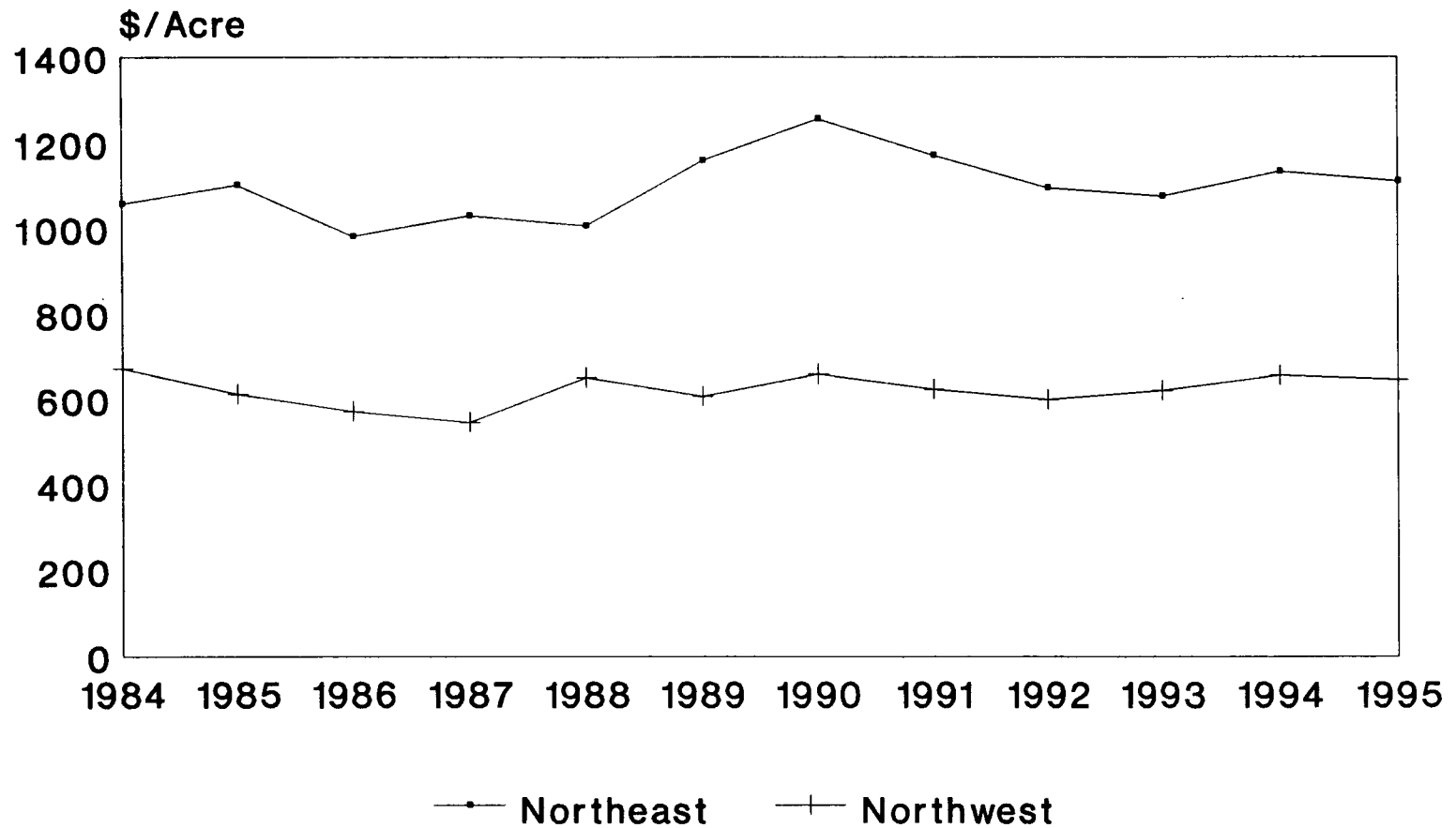
Land Values



Florida Land Value Survey

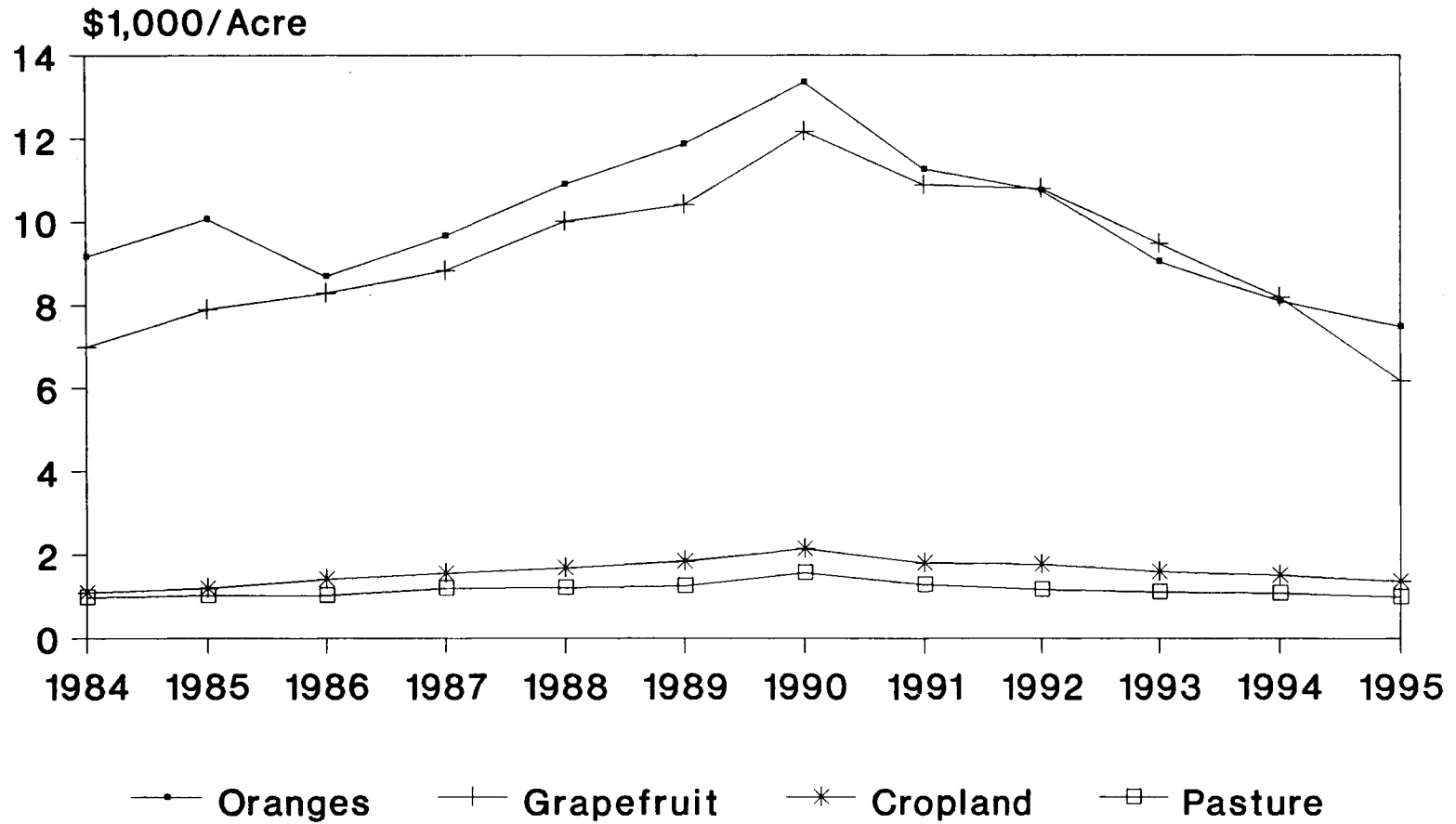
FARM WOODS

Land Values



Florida Land Value Survey

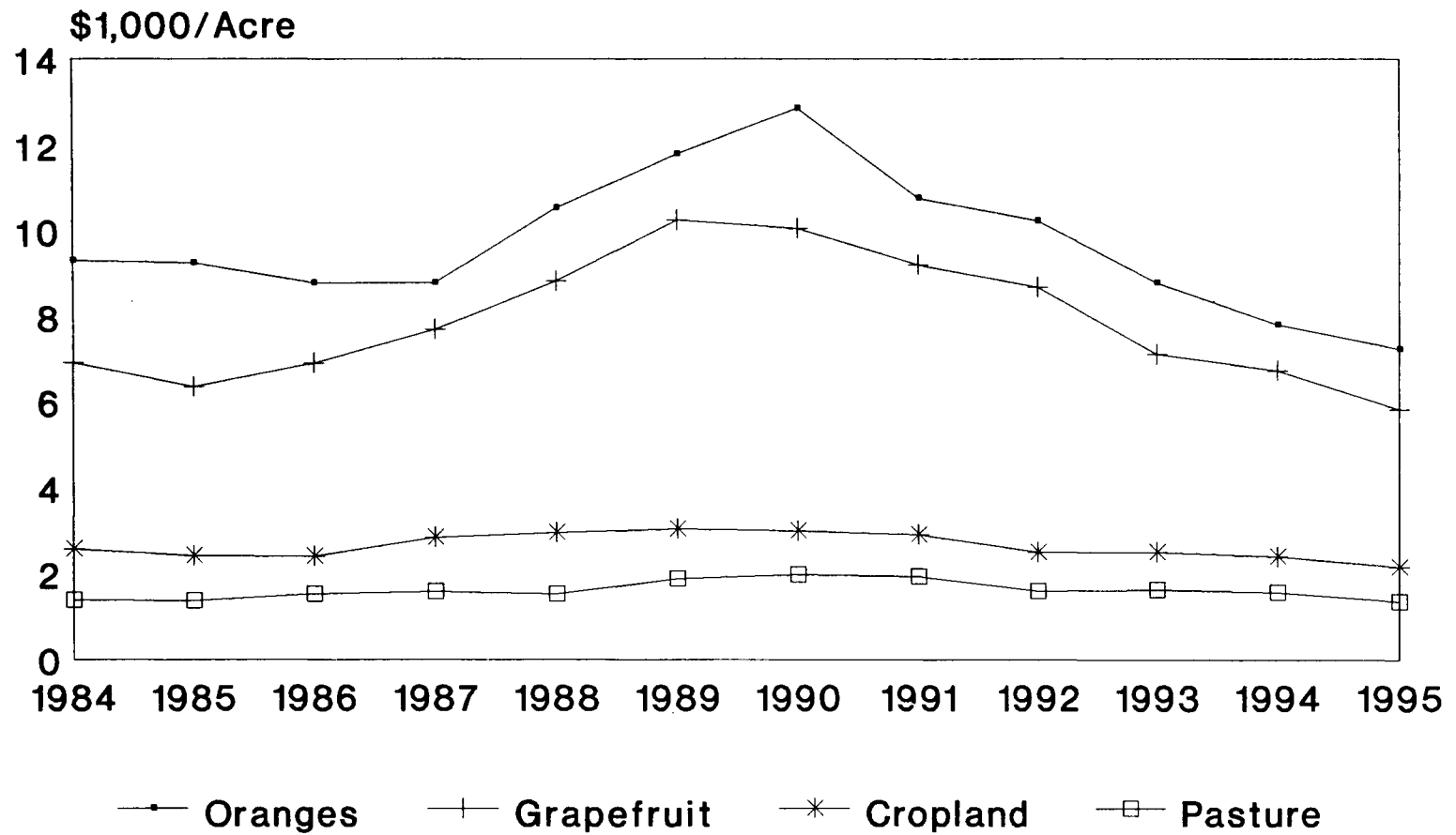
VALUE OF FARMLAND South



Florida Land Value Survey

VALUE OF FARMLAND

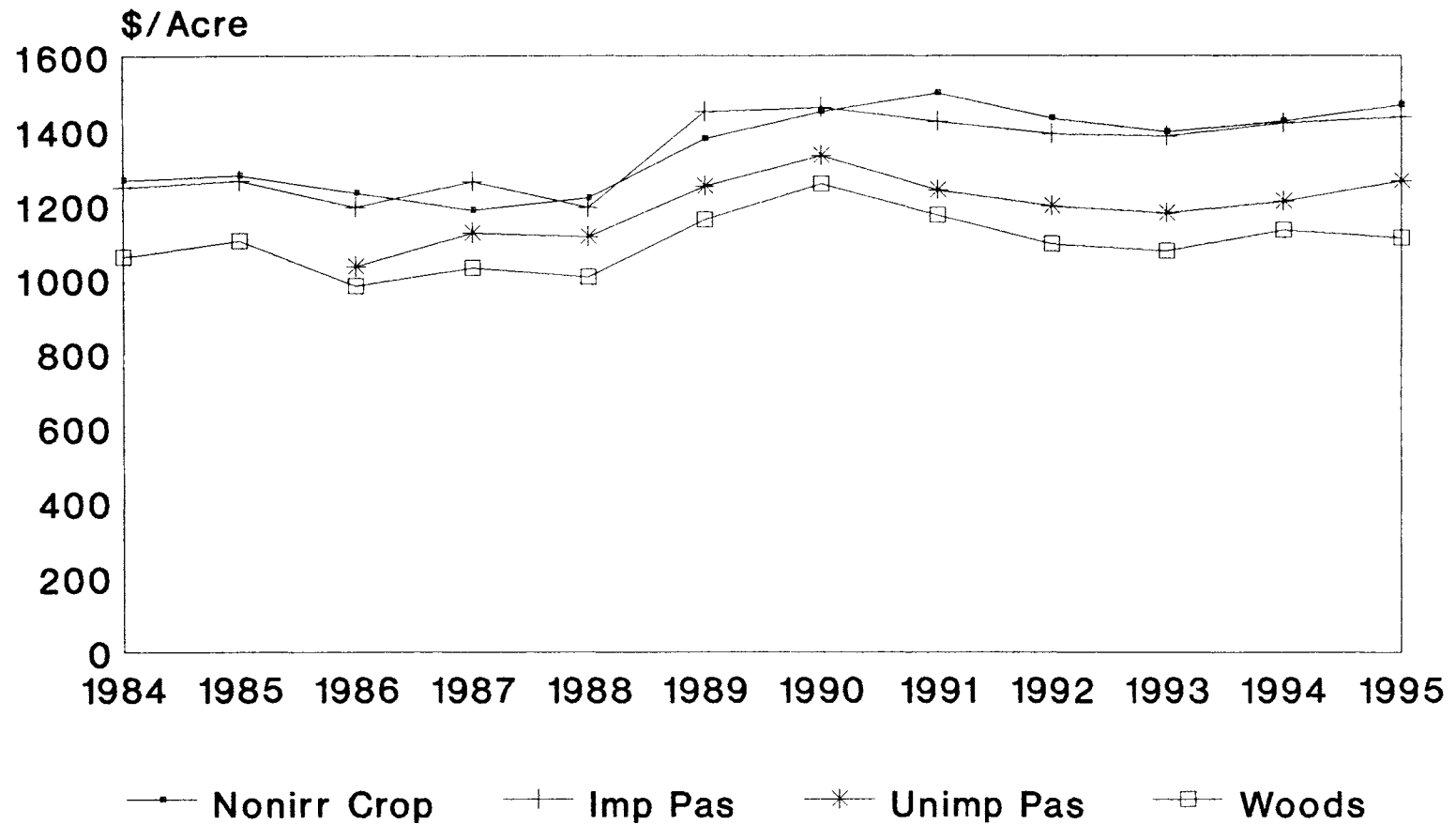
Central



Florida Land Value Survey

VALUE OF FARMLAND

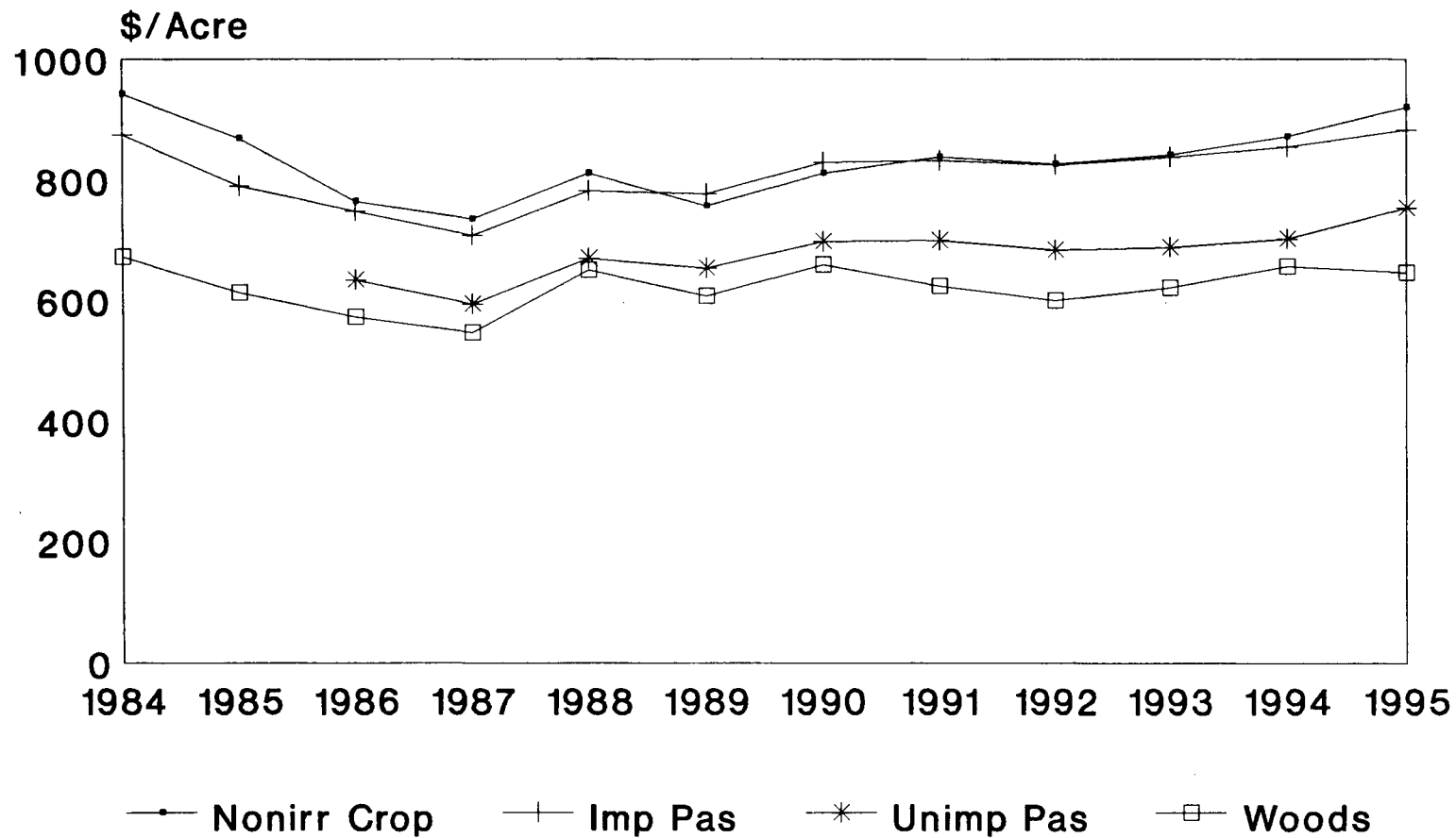
Northeast



Florida Land Value Survey

VALUE OF FARMLAND

Northwest



Florida Land Value Survey

EXPECTATIONS FOR 1996

Land Values

<u>Geographic Area</u>	<u>% Change</u>
Northwest	+5.65%
Northeast	+4.50%
Central	-0.04%
South	-6.02%
Southeast	+3.87%

1995 Florida Land Value Survey