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THE MINNESOTA FARM REAL ESTATE MARKET IN 1958

by

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and

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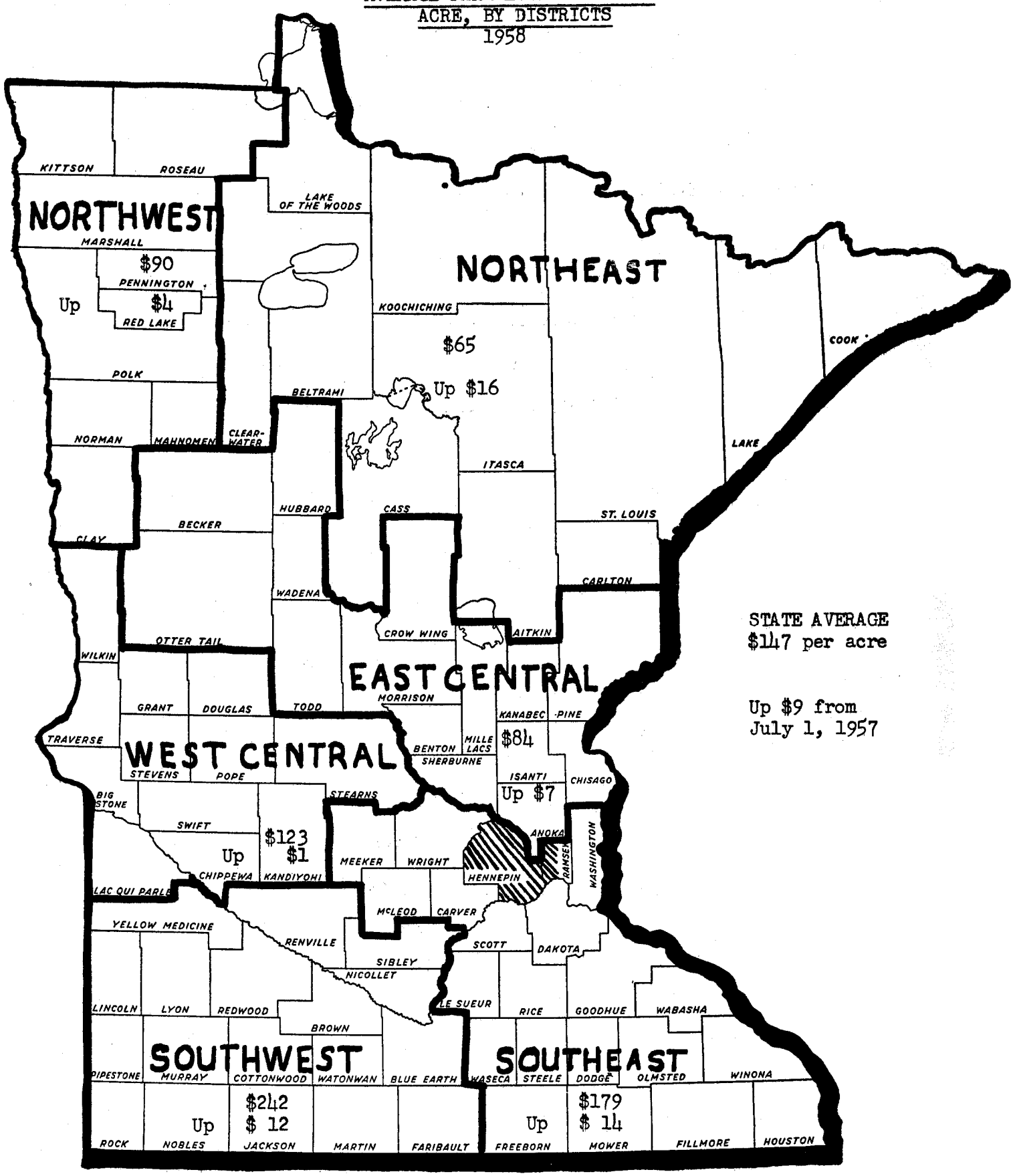
MINNESOTA
AVERAGE FARM LAND PRICE PER ACRE, BY DISTRICTS
1958



STATE AVERAGE
$147 per acre

Up $9 from
July 1, 1957

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PART I. LAND PRICE TRENDS

Farm Land Price Increases Continue in 1958

Minnesota farm land prices increased an estimated 6 percent from 1957 to 1958, in the fifth consecutive year of uninterrupted land price increases. The 1958 annual survey of Minnesota farm land market trends reveals an estimated average price per acre of $147 for improved land in 1958, or a $9 per acre rise over 1957. The 1958 estimates and the trends in per acre prices since 1952 are shown by districts in Table 1, with district boundaries shown on the map on the inside cover page.

Table 1. Estimates of Average Price Per Acre of Minnesota Farm Land, by Districts, 1952-58 a/

	Average Price Per Acre							Per Cent Change, 1958 over:				
	1958	1957	1956	1955	1954	1953	1952	1957	1956	1955	1954	1953
	dollars							per cent				
Southeast	179	165	156	150	139	130	131	9	15	19	29	37
Southwest	242	230	214	205	187	175	175	5	13	18	29	38
West Central	123	122	107	103	99	95	96	1	15	19	24	30
East Central	84	77	70	68	66	62	58	9	20	24	27	36
Northwest	90	86	76	73	72	64	68	5	18	23	25	41
Northeast	65	49	42	45	40	40	42	32	55	44	63	62
State	147	138	126	121	113	105	107	6	17	22	30	40

a/ Based on a mail questionnaire covering the period January-June, 1958, returned by 922 respondents located throughout the state. A total of 702 returns were completely filled in. Respondents were farm real estate dealers, farm loan agents, bankers, lawyers and others with knowledge of their local farm real estate situation.

In percentage terms these changes vary among the six reporting districts. Although the lowest average per acre prices were reported from the Northeast, this district reported an increase in 1958 of 32 percent in the average price of farm land. This large percentage increase represents a substantial increase of $16 per acre. In this district mining, forestry, recreational and residential land-uses predominate, so that land prices are strongly influenced by the condition of the dwelling and by the income situation in the "non-farm" sector of the market.

The Southeast and Southwest districts reported dollar increases of $14 and $12 respectively per acre. In these two districts the reported increases were nearly uniformly distributed among all three grades of land. In percentage terms, the Southeast and East Central districts each reported an increase of 9 percent in the per acre prices of land; however, in the East Central district this 9 percent represents a modest increase of $7 per acre.

Caution should be used in interpreting the percentage increase in the Northeast. In percentage terms, the 32 percent increase in land prices appears large; however, the base figure from which this increase in percent is computed was quite low. The 1957 average per acre value was $49, or the lowest among the six districts. Also, it may be helpful to look at the comments made by real estate dealers from this district, reported in Part III. Nearly one-third of the comments stressed that it was the "residential demand for farms" that was affecting the land values in the Northeast.

Number of Farm Sales Increased in 1958 1/

Farm transfers by voluntary sales increased from 34.0 per thousand farms in 1957 to 35.6 per thousand in 1958. Forced sales (foreclosures, tax delinquencies, and the like) increased slightly in 1958, while transfers by gift, inheritance, administrators and executors sales, etc., decreased somewhat but still remain high. These estimates for 1958 and for the five preceding years are shown in Table 2.

Table 2. Estimated Number of Farm Title Transfers Per Thousand Farms, by Method of Transfer, Year Ending March 15, Minnesota 1953-58 a/

Year	Voluntary Sales	Forced Sales (Foreclosures, Tax Sales, Etc.)	Inheritance Gift and All Other Transfers	Total All Classes
		Number of Transfers Per Thousand Farms		
1958	35.6	3.5	14.7	53.8
1957	34.0	2.8	15.6	52.4
1956	31.1	6.4	12.9	50.4
1955	32.5	3.0	9.8	45.3
1954	27.1	1.2	11.5	39.8
1953	28.4	1.6	9.2	39.2

a/ Source: "Current Developments in the Farm Real Estate Market," U. S. Department of Agriculture, Washington, D. C.; May 1958, p. 34; October 1957, p. 18; July 1956, p. 30; and March 1955, p. 36.

These increases in the rate of farm transfers have continued a market upturn from the low point reached in 1953-54. For both the rates of "total transfers" and of "voluntary sales" in Minnesota, the low points reached in 1953-54 were below any levels recorded since 1926, when systematic collection of these data on a state-by-state basis was first begun by the U. S. Department of Agriculture. The recent increases have been substantial. From 1954 to 1958 the rate of voluntary sales increased by more than 30 percent, and the rate of total transfers by 35 percent. While the 1958 rates of transfers appear low in comparison with the 1947 post-war high of 80 transfers per thousand farms, they may well be at or approaching what might be considered a "long-term normal" rate of farm transfers.

The current rate of total transfers in Minnesota, 53.8 per thousand farms, is the highest rate since 1951, and is above the ten-year (1948-57) average of 51.3. Voluntary sales, at 35.6 per thousand farms in 1958, are still below the ten-year average, 1948-57, of 37 per thousand farms.

The rate of total farm transfers in Minnesota in 1958 was above the U. S. average rate of 48 per thousand farms, and was third highest in the Middle West. Only Ohio and Wisconsin had higher rates of farm transfers than Minnesota in 1958.

Why Have Farm Land Prices Continued to Increase?

The land price increase reported in 1958 marks the fifth consecutive year of land price increases in Minnesota. With the exception of a slight downward movement in 1952-53, farm land values have risen more or less continuously for the past twenty-five years.

1/ The analysis of farm transfers is based on state-wide data collected annually by the U. S. Department of Agriculture, as of March of each year. For 1958, see Current Developments in the Farm Real Estate Market, USDA ARS 43-74 (CD-49), May 1958, pp. 14-15.

What lies behind this long-term rise? Can it be sustained? While there can be no final answers to these questions, the forces discussed below do aid in understanding the present land market situation.

"Farm Expansion" Buyers. In recent years, farmers seeking to enlarge their present holdings have been one of the strongest elements in the demand for farm land. This class of buyers accounted for nearly one-third of all farm sales in Minnesota in 1958. They have accounted for over one-third of the farm sales in the Southwest district for the last three years, and they have dominated the land market in the Northwest. As Table 3 shows, over half of the sales in the Northwest district in 1958 involved buyers who were adding to their present farms; in 1957 this class of buyer accounted for nearly two-thirds of the sales.

Table 3. Percent of Reported Farm Sales Made to Farm Expansion Buyers, by Districts, Minnesota, 1954-1958.

District	1958	1957	1956	1955	1954
Southeast	28	22	25	16	18
Southwest	42	34	25	30	26
West Central	30	32	25	25	26
East Central	19	26	16	10	15
Northwest	53	63	59	52	56
Northeast	8	13	16	16	6
State	32	30	30	24	25

The Combined Effect of Investors and Farm Expansion Buyers.

Investor buyers have continued to purchase roughly one-fifth of the farms sold in Minnesota in each of the last two years. As Table 4 indicates, investors purchased 24 percent of the farms sold in the West Central district, 22 percent in the Southeast, and nearly one-fifth of the farms sold in the Southwest, East Central and Northeast districts in 1958.

Table 4. Percent of Reported Farm Sales Made to Investor Buyers, by Districts, Minnesota, 1954-1958

District	Sales to Investor Buyers as Percent of Total Sales in:				
	1958	1957	1956	1955	1954
	percent				
Southeast	22	16	13	12	17
Southwest	19	20	18	18	18
West Central	24	28	19	17	12
East Central	18	13	14	14	14
Northwest	11	12	12	9	13
Northeast	18	18	22	16	16
State	20	19	16	14	16

Investors and farm expansion buyers as a combined group, adjusted to avoid duplication, purchased one-half of the tracts sold in Minnesota in 1958. They were an especially prominent feature of the land market in the western half of the state. By districts, they include two-thirds of the sales in the Northwest, 56 percent in the

Southwest, and 51 percent in the West Central. As Table 5 shows, state-wide sales made to this combined group of buyers increased from 36 percent in 1955 to 49 percent in 1958.

Table 5. Combined Proportion of Total Sales Made to Investor Buyers or for the Expansion of Existing Farm Units, by Districts, Minnesota, 1954-1958. a/

District	Percent of Total Sales in:			
	1958	1957	1956	1955
	percent			
Southeast	47	34	35	26
Southwest	56	48	47	44
West Central	51	47	39	37
East Central	36	36	29	24
Northwest	66	70	70	59
Northeast	24	30	29	31
State	49	44	41	36

a/ Adjusted to avoid duplication in the two classes of buyers.

The beginning farmer is at a disadvantage when purchasing farms in a market dominated by investors and expanding farmers. Farmers seeking to expand their present unit can, if necessary, borrow on the unit already owned in order to finance the new unit, while investors can utilize money earned outside of farm operations to purchase new farms or additional land.

Individuals purchasing farms for owner-operation bought nearly one-half of the farms sold in Minnesota in 1958. This group purchased 72 percent of the farms sold in the Northeast, but many of these were primarily for residential use. In the Northwest, owner-operator buyers purchased only 32 percent of the farms sold. As a group, they purchased 64 percent of the farms sold in the East Central, and in the other three districts they bought between 43 and 50 percent of all farms sold in 1958.

In percentage terms, the rate of farm transfers to buyers who acquired a single operating unit for owner-operation in 1958 would appear to be approximately 18 per thousand farms. 1/ As was pointed out above, the 1958 rate of transfer by voluntary sales was 35.6 per thousand farms. As Table 5 makes clear, about one-half of these transfers were made to established farmers seeking to expand their farms, or to non-farm buyers. In terms of probability, a renter or beginning farmer in 1958 thus had only slightly better than a 50-50 chance to emerge as the successful bidder for a farm unit transferred by voluntary sale.

When viewed in this framework, it appears that the primary advantage in today's farm land market rests with the buyers who can use the earnings of an existing farm or who can draw upon capital from outside of agriculture (investor or rural residential buyers).

Contract for Deed Financing Increased Again. About 74 percent of all farm sales in 1958 involved some form of credit financing in Minnesota. In 1956 credit financing involved about 70 percent of all sales, and increased to 72 percent in 1957. Traditionally the mortgage has been the basis for farm land credit, but in the last two years the contract for deed was used in a larger percentage of Minnesota farm sales than was the mortgage. As Table 6 shows, 24 percent of all sales in 1958 were for cash, 32 percent involved mortgages, while 42 percent were financed by land contracts or contracts for deed.

1/ Computed by reducing the reported 1958 rate of voluntary sales (35.6 per thousand) by 49 percent, to remove the effect of non-farm investors and farm expansion buyers.

Table 6. Changes in Percent of Cash Sales, Mortgages, and Land Contracts, by Districts, Minnesota, 1957-58. a/

District	Cash Sales			Mortgages			Land Contracts		
	1958	1957	1956	1958	1957	1956	1958	1957	1956
Southeast	20	24	20	28	35	34	50	40	39
Southwest	22	28	25	40	38	47	36	32	20
West Central	22	26	27	36	36	44	42	36	24
East Central	28	26	31	28	29	26	44	44	41
Northwest	38	27	36	28	25	34	31	43	27
Northeast	31	29	19	18	33	19	47	33	42
State	24	26	26	32	34	38	42	38	30

a/ Based on 1354 reported sales in the first half of 1956, 1641 sales for the period January 1 to June 30, 1957, and 1395 reported sales for the same months of 1958.

The sharpest increase in the use of the land contract occurred in the Northeast, where the use of mortgages decreased greatly for the sales reported in 1958. The Southwest also showing a large increase in the land contract method of farm financing, accompanied by a decrease in both cash sales and mortgage financing. The only district to show a decrease in the use of land contracts in 1958 was the Northwest, where most of the decrease was associated with an increase in cash sales.

The continued increase in the use of the land contract method of farm sales financing is a reflection of a number of conditions affecting the farm land market. The increase in the use of land contracts reflects a decline in the proportion of total land-based credit supplied by institutional lenders, both private and public. Individual lenders have become increasingly important as a source of farm credit financing. It seems probable that for tax reasons sellers have found it increasingly desirable to use the land contract instead of other credit methods, or outright cash sales, and have contributed to the increased usage of the land contract in Minnesota.

The Soil Bank. One of the more recent forces at work in today's land market results from the federal agricultural programs collectively referred to as the "Soil Bank". On the supply side, it appears that these programs have reduced the number of farms offered for sale. The Conservation Reserve, with its 5 or 10 year contract, gives owners who otherwise might have considered the sale of their lands a new and secure alternative. Elderly farmers about to quit farming, landlords with tenant problems, landowners facing health problems and owners desiring to use the farm for residential purposes have found financial security in the Conservation Reserve while retaining control of the farm.

On the demand side, both non-farmers and farmers have found in the Soil Bank a new opportunity to buy land for investment purposes, with the government payments sufficient to maintain the farm. As an example, an urban worker in a southeastern county bought a 120 acre farm for residential purposes in 1958 and placed it in the Soil Bank for a five-year period. His annual farm expenses were estimated at $1,400 (including mortgage principal and interest payments, taxes, insurance and cost of weed control) while his estimated Soil Bank payment was $1,800. This gave him the financial security he desired and a country home.

Although a difficult land market factor to assess, these forces have exerted some upward pressure on land prices. The extent to which landowners throughout the State participated in the Soil Bank in the last two years is shown in Table 7.

Table 7. Percent of Total Cropland Acres Contracted Under Soil Bank Programs, by Districts, Minnesota, 1957-58. a/

District	Percent of Total Cropand Acres in: Conservation Reserve 1958	Conservation Reserve 1957	Acreage Reserve 1958	Acreage Reserve 1957	Total (Soil Bank) 1958	Total (Soil Bank) 1957
			percent			
Southeast	0.9	0.7	2.5	1.6	3.4	2.4
Southwest	0.3	0.2	2.0	0.7	2.2	0.8
West Central	3.6	2.1	3.8	2.2	7.5	4.3
East Central	7.8	5.6	2.9	2.5	10.7	8.0
Northwest	13.0	6.4	1.7	2.4	14.7	8.8
Northeast	10.4	6.2	0.4	0.6	10.8	6.8
State	4.6	2.8	2.4	1.7	7.0	4.3

a/ Sources: Total cropland acres from the 1954 U.S. Census of Agriculture; Soil Bank Participation from the Minnesota State Agricultural Stabilization and Conservation Committee, St. Paul, June 1957 and September 1958.

Soil Bank participation is low in the Southeast, Southwest and West Central districts. In these three districts, participation in the Acreage Reserve portion is greater than is participation in the long-term Conservation Reserve. In the Northeast, Northwest, and East Central districts at least 10 percent of the cropland is under contract in the Soil Bank, with most of these acres in the long-term Conservation Reserve.

As Table 8 shows, there is a rough relationship between land price increases, by districts, and the degree of participation in the Soil Bank.

Table 8. Land Price Increases and Soil Bank Participation, by Districts, Minnesota, 1957-58.

District	Percent Increase in Land Prices 1958 over 1957	Percent Increase in Land Prices 1957 over 1956	Percent of Total Cropland Entered in the Soil Bank 1958	Percent of Total Cropland Entered in the Soil Bank 1957
Southeast	9	6	3.4	2.4
Southwest	5	8	2.2	0.8
West Central	1	14	7.5	4.3
East Central	9	10	10.7	8.0
Northwest	5	13	14.7	8.8
Northeast	32	17	10.8	6.8
State	6	9.5	7.0	4.3

While it seems highly unlikely that the Soil Bank has had much influence on farm land prices in the southern and west central sectors of the State, there is evidence that it has helped push land prices upward in the northern and east central districts. This inference is strongly supported by supplemental comments made by reporters on the land market questionnaire, as reported below in Part III, "Reporters' Comments".

It would be wrong to assign much weight to Soil Bank influence on the state-wide level of farm land values. This level is heavily weighted by the high land values in the well-developed commercial farming areas of the southern portion of the State, where Soil

Bank participation has not been strong. However, in the forest-farming fringe areas of the State, and especially in the Northwest district, there is a strong probability that the Soil Bank has played a significant role in 1958 land price increases.

Tax Liabilities. Tax liabilities, especially the capital gains taxes, have a definite influence on land values. Under existing tax laws, both state and federal, it is of importance to the seller if he can distribute any capital gains over a number of years. The contract for deed method of farm financing gives the seller this advantage, with the additional advantage of a simplified procedure for regaining the farm in case of default. Sellers who would otherwise have accepted cash sales have often insisted upon the use of the land contract in order to gain the tax advantages possible. This may also help account for the continued increase in the use of the land contract method of farm financing.

Influence of Increased Public and Private Capital Investments. Social costs are those costs borne by society and some of these costs have influenced land values. Society has borne the cost of continued research for better farming techniques, and the training of superior farm managers. Public investments in roads, schools, electrification and communications have increased the attractiveness of rural living, and diminished its isolation. These forces have been of a general nature, but have had a noticeable impact on the land market.

Improved farm management practices have upgraded the quality and the productivity of our land. Better trained farm operators have utilized more fertilizer, newer crop varieties, improved breeding and feeding techniques, as well as the capital necessary to implement these changes. The Soil Conservation Service has promoted many soil conserving techniques which have long-range effects for the qualitative improvement of farm land. These considerations give considerable ground for concluding that a large part of the land value increase since World War II rests solidly on a base of sustained capital investments in land, from both public and private sources.

Less tangible forces have also been at work. When land prices have gone up steadily, there is a tendency to expect a continuation of the trend, and to bid for land with this expectation subconsciously in mind. The long-term rise in land values, starting from the middle 1930's, has been one of the longest sustained land price increases in modern American history. It seems probable that a part of the current increase in land values can be attributed to the momentum of this long-term trend. Reflections of this nature suggest that a note of caution would be appropriate in any speculation on the probable future course of farm land prices.

PART II. REAL ESTATE MARKET ACTIVITY IN 1958

Farms Listed for Sale

One barometer of activity in the farm land market is the trend in number of farms listed "for sale" with real estate dealers. These trends by districts are shown in Table 9.

Table 9. Percent of All Reporters Listing an Increase, Decrease or No Change in the Number of Farms Listed for Sale, by Districts, Minnesota, 1957-58.

District	Number of Reports		Percent of Reporters Indicating: An Increase		A Decrease		No Change	
	1958	1957	1958	1957	1958	1957	1958	1957
	Number		percent		percent		percent	
Southeast	147	178	11	15	24	17	65	68
Southwest	153	154	16	12	21	20	63	68
West Central	101	102	12	18	18	19	70	64
East Central	79	88	11	22	24	10	65	68
Northwest	57	58	11	19	25	14	65	67
Northeast	43	49	16	25	16	10	67	65
State	580	629	13	17	22	16	66	67

Roughly the same percentage of reporters indicated "no change" in both 1957 and 1958. However, a larger percentage reported a decrease in listings in 1958 than reported decreases in 1957, with the drop coming from the group that had previously reported an increase in their listings. The dominant group, two-thirds of the reporters, state that offerings in the farm real estate market in 1958 were substantially the same as last year.

The picture remains roughly the same if we turn from farms listed for sale to the record of farms actually sold in 1958. Here again, the dominant theme is "no change". Fewer reporters indicated an increase in number of farms sold, and more reporters stated that they had a decrease in the number of farms they sold in 1958. With approximately the same number of reporters involved in both years, Tables 9 and 10 provide a representative barometer of the current land market.

Table 10. Percent of All Reporters Listing an Increase, Decrease, or No Change in Numbers of Farms Sold, by Districts, Minnesota, 1957-58.

District	Number of Reporters		Percent of Reporters Indicating: An Increase		A Decrease		No Change	
	1958	1957	1958	1957	1958	1957	1958	1957
	Number		percent		percent		percent	
Southeast	164	194	15	17	21	17	64	67
Southwest	167	173	10	9	20	27	70	64
West Central	109	108	6	25	31	25	63	50
East Central	88	95	16	20	21	17	64	63
Northwest	66	66	14	17	18	14	68	70
Northeast	46	49	17	14	13	12	70	71
State	640	685	12	16	22	20	66	64

An Analysis of 1958 Farm Sales

Two types of data are collected from reporters in this annual survey of the Minnesota land market:

a) Estimates of the value per acre of "good", "medium", and "poor" grades of farm land in each locality. These estimates are the basis for reports of year-to-year changes in land values. The estimates are obtained in response to the question, "What is the current price per acre of the average size farm of average value in your community?"

b) Actual prices received for farms that were sold in the reporters' communities during the period January-July, of each year.

The estimates of value are more reliable in obtaining year-to-year trends than are the reported prices received in actual sales, for this reason: The quality of land sold in any one year varies greatly, and it is impossible to adjust the sales prices to take these quality variations into account. An example should make this clear: There are typically only about 25 to 50 voluntary farm sales per year in an average county. The average price might be $125 per acre in 1956 and $140 per acre in 1957. This might reflect a true increase in local land value, or it might mean that the farms sold in 1958 were of better quality than those sold the previous year. For this reason it is not safe to rely heavily on prices reported from actual sales unless something is known of the quality of the land and buildings sold in a given year.

With this note of caution it is useful to study the trends in prices reported from actual sales, in comparison with the estimated average prices per acre.

Table 11. Number of Sales Reported the First Half of 1958 and Average Sales Price per Acre, by Districts, Minnesota, 1953-58.

District	Number Sales Reported in 1958	ACTUAL Sales Price per Acre Reported in:					
		1958	1957	1956	1955	1954	1953
	Number	dollars					
Southeast	409	169	175	160	166	146	133
Southwest	423	234	217	207	211	186	181
West Central	180	115	108	100	101	106	91
East Central	225	78	65	58	65	57	57
Northwest	107	79	88	78	68	63	63
Northeast	51	52	39	40	46	38	57
State	1395	155	144	139	144	123	111

The largest increase in reported sales price in 1958 occurred in the Southwest district. The sales price increase reported for the Northeast district was also very large. Two districts show decreases in actual sales prices, the Southeast and Northwest districts. While the estimated average price per acre increased in all of the reporting districts, the average reported sales price per acre in 1958 increased in all but the Southeast and Northwest districts. The actual sales price will reflect the various grades of land and buildings sold, and in the Northwest district the analysis shows that a larger percent of the tracts purchased involved poorer grades of land than in 1957.

Table 12. Comparison of Reported Actual Sales Price per Acre and Estimated Average Price per Acre, by Districts, Minnesota, 1957-58

District	1958 Average Price per Acre		1957 Average Price per Acre	
	Reported	Estimated	Reported	Estimated
	dollars per acre			
Southeast	169	179	175	165
Southwest	234	242	217	230
West Central	115	123	108	122
East Central	78	84	65	77
Northwest	79	90	88	86
Northeast	52	65	39	49
State	155	147	144	138

Sales Price According to Quality of Land.

Sales price per acre classified according to the reporter's estimate of the quality of land involved in the tracts sold in 1958, with comparisons for 1956 and 1957, are shown in Table 13.

Table 13. Average Sales Price per Acre for Reported Sales, Classified by Reporters' Estimates of Quality of Land, by Districts, Minnesota, 1956-58.

District	Average Sales Price per Acre								
	Good			Average			Poor		
	1958	1957	1956	1958	1957	1956	1958	1957	1956
	dollars			dollars			dollars		
Southeast	208	204	202	158	165	148	97	119	105
Southwest	280	253	237	209	211	198	156	157	150
West Central	138	130	123	108	105	94	68	69	73
East Central	100	85	79	72	62	50	41	43	29
Northwest	131	121	102	63	66	59	29	27	26
Northeast	61	42	55	49	37	36	40	19	40
State	198	177	170	138	139	126	91	82	95

In all of the districts, the good quality land has continued to increase in price, although the increase in the Southeast was small.

In the Southwest and West Central districts the good grade farm lands increased substantially, while average and poor grades of farm land sold at about the same prices as in 1957. In contrast, the average and poor grades of land declined in the Southeast, 1957 to 1958.

In the East Central, Northwest and Northeast districts the better grades of land have also increased in sales price substantially, while the poorer grades of land have not kept pace. The exception is the Northeast where the reported sales of poor grade land have doubled in price over 1957.

For the state as a whole, the sales prices of the higher grades of farm land have increased substantially, as have the poorer grades of farm land in the Northeast. The average grades of farm land have remained relatively unchanged from their 1957 levels.

Unimproved Lands Have Appreciated Relative to Improved Lands.

When the reported farm sales for the last three years are classified according to "improved" or "unimproved" land, the analysis shows a marked rise in the relative prices paid for land without buildings. This rise over the last three years is greatest in the Northwest. For the state as a whole, there was a large increase in the price of unimproved lands relative to improved lands from 1956 to 1957, and a small increase from 1957 to 1958, measured by reported sales prices per acre. The most significant changes in 1958 were the continued increases in the prices of unimproved land in the Northwest and Southwest districts.

Table 14. Price per Acre of Improved and Unimproved Land, Reported Sales, by Districts, Minnesota, 1956-58.

District	Price per Acre						Price of Unimproved Land as a Percent of Improved Land		
	Improved Land			Unimproved Land					
	1958	1957	1956	1958	1957	1956	1958	1957	1956
	$	$	$	$	$	$	Percent		
Southeast	172	177	162	116	144	125	67	81	77
Southwest	236	224	232	208	173	169	88	77	73
West Central	120	110	105	84	99	72	70	90	69
East Central	80	66	60	47	49	25	59	74	42
Northwest	70	84	83	96	85	56	137	102	67
Northeast	54	35	40	12	20	10	22	57	25
State	159	151	151	126	117	102	79	77	68

Characteristics of Sales to Investor and Farm Expansion Buyers.

As noted in Part I of this report, the land purchases made by farm expansion and investor buyers accounted for almost one-half of all reported farm sales in the first six months of 1958. Because of the importance of these two classes of buyers, this section is devoted to a more comprehensive examination of their purchases.

The average size of tract purchased by the three major classes of buyers is shown in Table 15. The buyer classes used throughout this section are: operating farmers who purchased complete units for owner-operation, farm expansion buyers who added land to their existing holdings, and investors who purchased complete units.

Table 15. Average Size of Tract Purchased by Three Types of Buyers, by Districts, Minnesota, 1956-58.

District	Average Size of Tract Bought by: Operating Farmers			Farm Expansion Buyers			Investor Buyers		
	1958	1957	1956	1958	1957	1956	1958	1957	1956
	acres			acres			acres		
Southeast	163	157	150	125	131	139	157	166	175
Southwest	175	167	169	152	149	154	179	160	158
West Central	194	209	200	164	198	162	186	206	184
East Central	141	154	133	122	136	122	138	165	112
Northwest	199	428	197	195	266	224	204	299	178
Northeast	132	143	194	73	117	115	115	110	123
State	166	177	165	149	171	163	165	178	158

Two important characteristics stand out in these data: One is the strong influence of the "quarter section" sale. Only in the Northwest, Northeast and West Central districts do the averages differ noticeably from 160 acres per tract.

The second significant characteristic arises from the fact that the average tracts purchased by all three types of buyers are nearly equal in size, approximately the quarter section. This suggests that buyers are purchasing entire farms, and that farm expansion buyers must enlarge their units with large additional tracts. In the West Central and Northwest districts, where much farm expansion has occurred, the size of tract is notably larger than for the rest of the state. It is clear from these data that the adjustments in farm size that are taking place through the land market involve large additions, which are roughly the average size of the farms in that district.

The prices paid per acre by the three types of buyers, as shown in Table 16, indicate that operating farmers and farm expansion buyers pay similar prices per acre, with investor buyer paying slightly less.

Table 16. Average Price per Acre Paid by Three Types of Buyers, by Districts, Minnesota, 1956-58.

District	Average Sales Price per Acre Paid by: Operating Farmers			Farm Expansion Buyers			Investor Buyers		
	1958	1957	1956	1958	1957	1956	1958	1957	1956
	dollars			dollars			dollars		
Southeast	174	187	164	170	159	161	152	142	139
Southwest	240	226	222	239	224	210	199	204	182
West Central	125	117	107	111	98	96	98	111	87
East Central	82	71	62	66	69	44	79	50	61
Northwest	53	52	68	93	112	77	86	98	128
Northeast	50	37	36	42	31	53	38	32	75
State	157	149	142	164	141	141	137	134	128

Quality of Land and Buildings

For the state as a whole, farm expansion buyers have paid higher prices per acre than the other two classes of buyers, with the operating farmers paying only slightly lower prices in 1958. Investor buyers paid the lowest prices, but these differentials are indeterminate unless more is known about the quality of land and buildings purchased. Some insight into these quality differentials is provided by Tables 17 and 18, showing the sales classified among buyers according to quality of land, and buildings.

Table 17. Percent of Purchases by Type of Buyer, Classified According to Quality of Land Purchased, by Districts, Minnesota, 1958.

	Type of Buyer:								
	Operating Farmers			Expansion Buyers			Investor Buyers		
	Percent of Land Purchased that were Classified								
District	Good	Ave.	Poor	Good	Ave.	Poor	Good	Ave.	Poor
	Percent			percent			percent		
Southeast	46	52	12	30	60	10	34	47	19
Southwest	54	38	9	47	38	15	31	52	17
West Central	45	44	12	39	48	13	24	58	18
East Central	32	54	14	26	64	10	31	36	33
Northwest	24	58	18	35	49	16	30	60	10
Northeast	45	42	12	67	33	--	13	38	50
State	45	44	12	39	49	13	30	49	22

There are appreciable differences in the quality of land purchased by each class of buyers. Operating farmers purchase very little of the poorer grades of land, and divide their purchases about equally among the good and average grades. Farm expansion buyers purchase a similar distribution of farms according to grades of land, with slightly more emphasis on the average grade. One-half of the tracts purchased by investor buyers were of average quality, with the rest of their purchases weighted slightly in favor of the good grades of land. Investors as a group purchased more of the poorer grades of farm land than did the other two buyer groups.

In the Northeast district farm expansion buyers concentrated their purchases upon good quality land, while one-half of the purchases by investor buyers were of the poorer grades of farm land. This reinforces the contention that the investor buyers in the Northeast district were interested in the farm home more than in farm land qualities.

Table 18. Percent of Purchases of Each Type of Buyer Classified According to Quality of Buildings, by Districts, Minnesota, 1958.

District	Operating Farmers				Expansion Buyers				Investor Buyers			
	Quality of Buildings Purchased											
	Good	Ave.	Poor	None	Good	Ave.	Poor	None	Good	Ave.	Poor	None
	Percent				percent				percent			
Southeast	31	49	19	2	11	32	35	22	24	35	33	8
Southwest	36	46	11	7	14	30	30	25	16	25	30	29
West Central	34	48	16	2	7	33	35	24	18	29	16	37
East Central	44	41	14	2	7	26	38	29	25	31	31	14
Northwest	12	55	27	6	14	14	25	47	--	50	20	30
Northeast	42	39	15	3	33	33	--	33	25	13	38	25
State	35	46	16	4	12	29	32	28	20	30	28	21

Strong differences are evident among classes of buyers when their purchases are classified according to the quality of buildings. Only 12 percent of the sales to farm expansion buyers involved tracts with "good" buildings. Investor buyers were somewhat more interested in buildings, with half of their purchases involving "average" or "good" buildings. Over one-third of all purchases by operating farmers involved "good" buildings, and 79 percent graded average or better.

Roughly one-fourth of the tracts purchased by investors and farm expansion buyers had no buildings at all. For expansion buyers, 60 percent of all sales had poor or no buildings, while 49 percent of the investor buyers purchased land with poor buildings or without buildings. Only 20 percent of the operating farmers purchased land with poor buildings or none at all.

One conclusion is evident: Farm expansion and investor buyers, who made up roughly one-half of the total land market in 1958, are uninterested in buildings. In the Southwest, West Central and Northwest districts, where farm expansion and investor buyers have been most active, it is apparent that the presence of buildings, or their condition, is of relatively little significance in today's farm land market.

PART III. COMMENTS BY REPORTERS

1. On the exploratory question regarding the percentage of farm sales in which no real estate broker or dealer was involved, the 1958 results were similar to those reported in 1957, as shown in Table 19.

Table 19. Estimated Percent of Farms Sold Without Brokers' Services, by Districts, Minnesota, 1957 and 1958.

District	Number of Reporters Answering this Question in 1958	Percent of Sales in Which No Broker or Dealer Was Involved	
		1958	1957
	Number	Percent	
Southeast	115	29	27
Southwest	133	27	26
West Central	79	30	24
East Central	63	38	31
Northwest	48	44	51
Northeast	27	37	34
State	465	32	30

For the state as a whole, reporters estimated that about 3 out of every 10 sales were negotiated without the services of a real estate broker both in 1957 and 1958. Within the districts, the percentages varied from one-half of the sales in the Northwest District to about 3 out of every 10 sales in the West Central and the southern districts of the state. Since this question has been asked only during the last two years, the district percentages should be regarded as approximations only.

2. Reporters' Comments in General.

The comments on the 1958 Minnesota farm real estate market questionnaire are an important indicator of the 'tone' of the current market. In Table 20 are listed ten of the most commonly reported comments for the state.

Table 20. Frequency of Major Comments Reported, by Districts, Minnesota, 1958.

Type of Comment	South East	South West	West Central	East Central	North West	North East	State
			Percent of All Comments				
Buyers lack down payment	13	9	17	14	6	8	12
Fewer farms available	10	18	10	--	11	8	10
Farm prices have increased	7	12	6	3	7	3	7
Residential demand for farms	6	2	1	11	1	29	6
Fewer sales in last 6 months	6	6	3	4	6	6	5
Soil Bank effects	3	1	4	9	21	-	5
Demand for larger farms	7	5	4	2	3	3	5
More prospective buyers	4	4	7	9	1	2	5
More land contract sales	6	3	2	1	3	3	4
Neighbor buys farm	4	5	3	4	3	2	4

The following pages reproduce quotations from the comments made by the reporters, chosen to reflect the market situation for the first six months of 1958. The comments were classified as to content, as reported in the table above, and then selected to be representative of all comments reported for that district. Editing the comments is a necessity, in order to conserve space; ...are used to indicate that words have been omitted.

Reporters' Comments: SOUTHEASTERN MINNESOTA

"Appears to be sufficient buyers available but lack property to offer; also many buyers do not have adequate capital for down payment. Beginning to be more sales and thought to increase size of farms, neighbors buying, etc. and some on smaller acreages are planning to sell and buy a larger farm while farms of 80 to 100 acres have less demand than before. Nearly impossible to find an all cash sale or prospect having 40% or more capital, thus present owner obligated to finance sale himself."

"Farm real estate sales are slower. The prices are slightly higher than a year ago. A larger percentage of farms are being sold by contract for deed for each year. It appears that farms sold by contract for deed with a small down payment are selling higher than like farms that are sold for cash or by mortgage."

"There is more cash paid down on farm than in previous years. The crops are good and there are a lot of out of state buyers, looking around."

"Good farms are hard to list. Price, down payment, and interest rate are all up."

"There is demand for farm land mostly by present farm owners who are seeking additional land. They are generally not interested in buildings."

"Farms in this area have shown a marked increase in value due to it rapidly becoming suburban property, there are just very, very few farms for sale. The average farmer in this community drives a brand new car and has a complete line of machinery none of which is older than 6 or 7 years. The decrease in farms being sold could also point at the present Soil Bank Program."

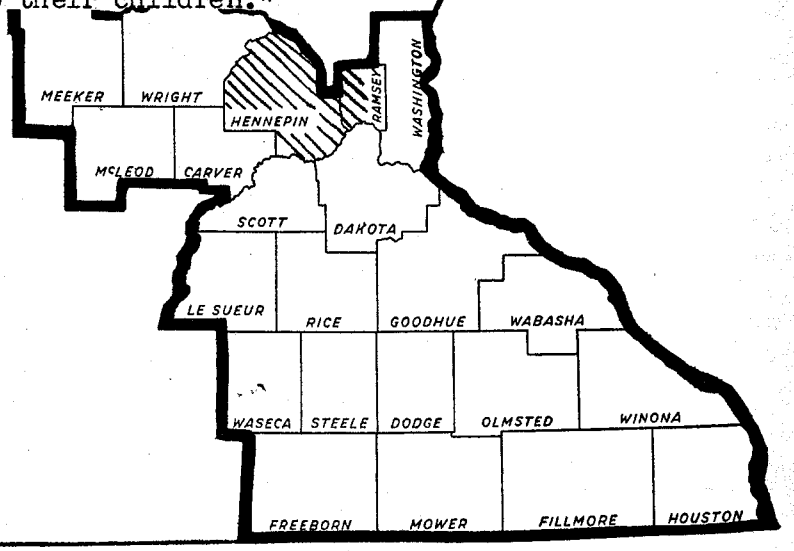
"Farmers have soil banked and not anxious to sell. With city convenience on the farm many older people build another house and turn the farm over to their children."

Southeastern District

Average Price $179 per acre July 1, 1958

Up $14 from July 1, 1957

An INCREASE of 9 percent



"There has been a big demand for small farms, especially if it has a good farm home. The land is rented out and buildings occupied by purchaser."

"Property has increased more around because of demand and wanting to be close to the city as possible and be able to work as part time in city."

"More buyers looking for 200 acres to 240 acre farms rather than 160 acre farms."

"We consider farm sales more on the steady order and most of the sales are made to members of the owner's family."

"We have plenty of farm listings, lots of lookers but few with much money."

"The land market is very strong; people are not anxious to sell, not many people have to sell."

"Quite a few contract for deed sales with small down payments."

"We find an increase in buyers and find about half of them have money enough to make the down payment."

"Many are selling on a contract for deed and receiving higher prices—and the run-down farms are being sold to speculators for the soil bank programs."

"There is large demand for good average farms, but getting sale listings is tough as most owners do not want to sell their farms."

"Most of the sales appear to be contract for deed as few buyers have money enough for mortgage financing plus capital needs for livestock and machinery."

"Quite a few of the sales being neighboring owners adding to their farms thus making possible the purchase of one farm with two or more farms to pay for the one being added. Very difficult for good young farmers to compete."

"Increased interest in farm market. More interested buyers."

"Lot of prospective buyers; but not enough cash for down payment, etc."

"The buyers do not have the required down payment."

"Sales only when they have to retire and many transfers are in family."

"There are fewer farms for sale, when one is up for sale, it seems some neighbor buys it before a broker has a chance."

"Number of farm buyers has lessened. Practically all sales to farmers to increase size of already existing farm."

"Price is high and the down payment is hard to make."

"Land is in strong hands--is being held at stronger prices."

"Smaller acreage farms are being sold to nearby farmers. Larger farms are mostly sold to out of state buyers."

"After harvest I look for a lot of Iowa buyers and then real estate business will be good. Large farms are in big demand."

Reporters' Comments: SOUTHWESTERN MINNESOTA

"Trend seems to be a little stronger, more buyers, farms harder to list. Income tax has a definite effect. Social Security helps some, still desire to retire does not overcome fear of tax payment."

"Prices very high and crop prospects indicate that they will increase. Very few farms for sale. High operation costs and scarcity of land has curbed tendency towards bigness."

"Too few farms for sale. Contracts mostly sold. No forced sales of consequence. Prices rising on good farms--less rise on poorer farms."

"Demand is strong for good farm lands. Buyers are usually local farmers, adding to present holdings, or buying farms for sons. Local sales usually on contract for deed basis."

"Land values seem to be a little higher than last year. I think perhaps a little more land has been offered for sale."

"Seems to be a growing demand for unimproved lands both from investors and from farm owners who want to increase their acreage."

"Large, well established farmers and investors are purchasing farms as they have the needed financing. The man wanting to start farming does not have the needed down payment to finance."

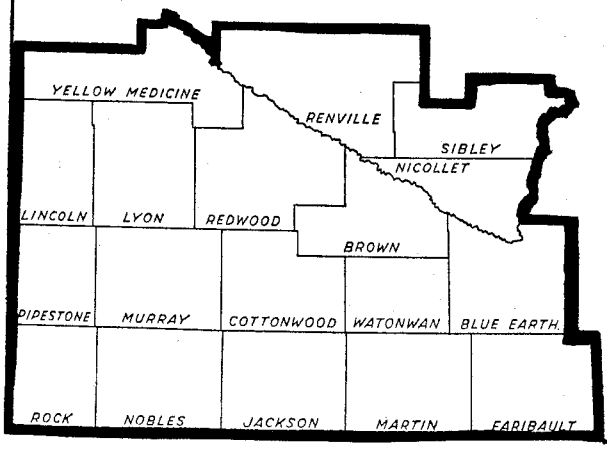
"There is a great demand for land close to towns. The price doesn't seem to affect the sale too much. Prices on bare lands almost same as good improved farms. Down payments still a major factor."

"Sold with small payment down. Owner carrying back the paper, in many cases."

"It seems harder than ever to find farms in the local community with small enough down payments for our renters to buy."

"Owners rent out their farms and live on the place, and they make money doing so."

"Very little farm sales. Mostly sold as estates and mostly kept in the family."



Southwestern District

Average Price $242 per acre July 1, 1958

Up $12 from July 1, 1957

An INCREASE of 5 percent

"Very few farms for sale--this is more so in 1958 than during 1957. In 1957 there were not many farms for sale but so far in 1958 there are fewer."

"Iowa buyers coming into southwestern Minnesota have forced local buyers farther north."

"Tendency for the farmers of this area to go further north to buy, because of the price of farms in this area."

"High interest rates had a deterring effect on farm sales."

"There is more activity than a year ago, but the buyer with money wants good farms, and will pay for it."

"Lack of buying on the poor corn crop last year is taking effect now, however, the real good farms continue to sell."

"Farms seem a little easier to move this year. Crop conditions are better."

"Getting more inquiries, still hard to list good farms. Sales mostly to neighboring owners."

"Number of farms listed is less than in many years."

"Getting tougher to get together the buyer and seller--current recession has had small effect."

"Good farms do not come up for sale through a broker--there is a waiting list for them."

"Very few farms for sale...the farms that are for sale are priced very high."

"Very slow, very few listed and not many buyers. Prices are getting too high for investors and very few young men have sufficient means to buy and older owners do not wish to sell because of "Income Tax."

"Unable to get any for listings...mostly handed down from one generation to another."

"Fewer buyers are looking, money is scarce."

"Asking price is considerably higher than a year ago, but buyers are hesitant to pay the increase, but due to shortage of land available in a lot of cases it is selling way over its value."

"We appreciate the insurance branch of our business more and more every year."

"Very little farm land being sold now. Would expect last half of 1958 would increase."

"Looks as though land will continue to rise in price over a period of years. Neighbors are buying and a lot of inquiry coming from the south Iowa, Nebraska, and Illinois farmer operators looking here. I have a half dozen good listings that should sell before next March 1."

Reporters' Comments: WEST CENTRAL MINNESOTA

"Demand slow--reduction of price parity and on Government stored grains a depressing factor. High and increasing taxes on farm lands a deterring factor in making sales. Large capital outlay is delaying the young starting farmer and the high cost of operation. The young farmer is reluctant to buy and continues to rent when he can do so."

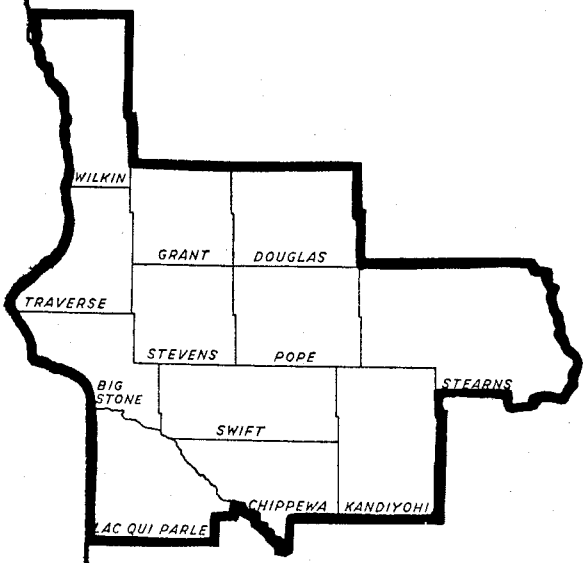
"We have been selling estates mostly. Good farms are getting hard to find. We find a large demand for well improved farms, investment lookers, were greater in 1956 than now."

"Land is not moving much but price is increasing. Farms may be moving into a new price bracket, maybe $250 for high grade farms."

"Decided increase in demand for land without buildings, partly by farmers who wish to increase the size of their farms, and partly by investors who will either rent it to neighboring farmers or put it into the Soil Bank."

"Very few have the money, most buyers do not have enough money for down payment. Owners that give easy terms, will sell easier. Some owners ask too much for their farms."

"There are very few farms sold around here, mostly those that want to buy have no money and those that want to sell ask too much so you see it's pretty hard to get together on a business like that."



West Central Minnesota

Average Price
$123 per acre
July 1, 1958

Up $1 from
July 1, 1957

An INCREASE of
1 percent

"Lots of farmers would like to buy land, but don't have enough for down payment."

"Most farm sales are to those who buy for investment or to add to present holdings. The young man who is just starting up does not have sufficient capital to buy a farm and also the equipment to run one."

"The reason that land is not being sold is lack of cash and credit. The trend is slow but steady--the large operator is getting larger and the small operator is slowly vanishing."

"Local buyers are few, not sufficient funds, too large difference between loan and cash price."

"Some outside buyers have been coming here and pay a higher price than local buyers."

"Very slow, if a farm happens to be wanted by several neighbors it will bring a lot larger price than otherwise."

"Interest rates up has put the damper on farm sales along with the Government Soil Bank."

"Cash deals scarce, mostly Contract for Deed."

"Some are adding to present farms to get more land so that Dad can get Social Security and the boy will have enough land."

"The main problem is to find a buyer who can raise the down payment."

"Our local buyers are buying, crops look good, past 3 weeks show a marked interest in land in this territory again. Prospects for fall selling much better."

Reporters' Comments: EAST CENTRAL MINNESOTA

"Have had many prospects but they are very hesitant. Lack of adequate financing is a serious curtailment. Soil Bank has not improved conditions. Farmers who are semi-retired would sell but are satisfied with Soil Bank payments. As a result these farms are deteriorating to the extent that they will be nearly impossible to sell when this program is ended."

"There are more farm buyers, Soil Bank, investors, etc. People with growing families prefer the country life. Pine and spruce tree speculators and growers."

"Have lots of lookers, no money for down payment."

"More demand from unemployed people, also from old age pensioners."

"Soil Bank cut down listings and sales. Lack of proper down payment by southern buyers."

"The farm situation is about status quo with last year's report, few sales---many farms put into Soil Bank, results Weeds."

"Lots of buyers but not able to pay down required down payment for warrant a loan."

"More farm and city property sold...large increase in sales."

"Small farms near town are in demand where reasonable financing is available."

"Farm listings are hard to get since the Soil Bank came on, farms without buildings are in demand."

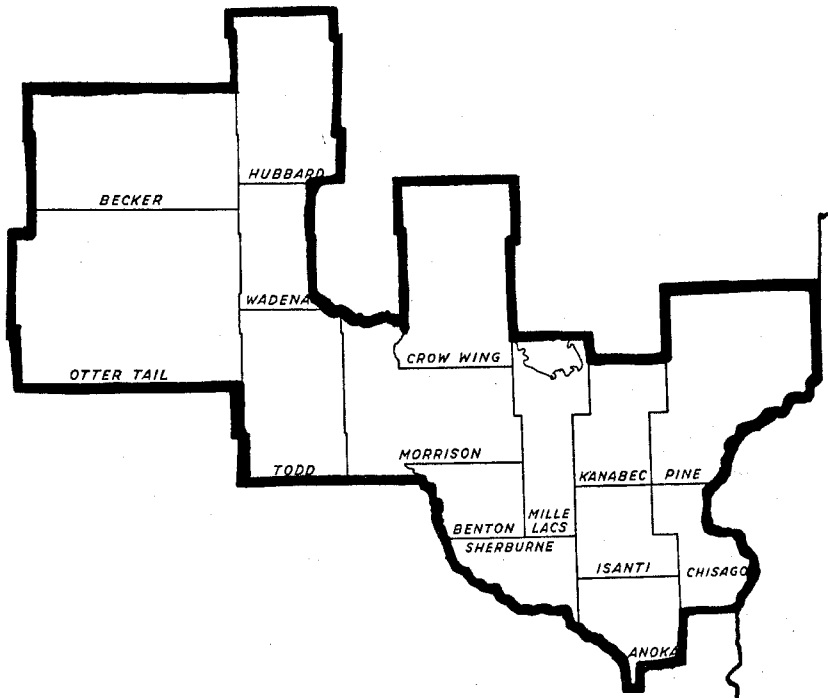
"Sales are about the same."

"Very few out of state buyers so far this year."

"The demand for farms from 40 to 80 acres has been much greater and more difficult to get or list."

"Farmers who have been depending on renting additional land to add to their small unit, are finding it about impossible with the Soil Bank Program."

"Good demand for small farms with good buildings near main highway or near city, but few available."



East Central District

Average Price $84 per acre July 1, 1958

Up $7 from July 1, 1957

An INCREASE of 9 percent

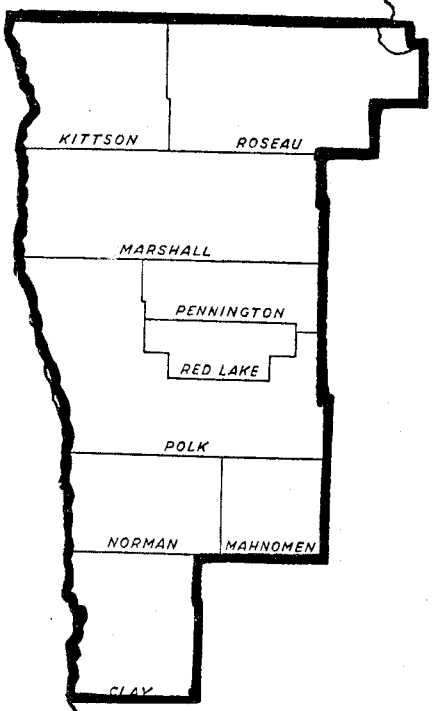
"A good many farms are bought by a neighbor. More farms are being sold direct by owners."

"Land values up due to Iowans buying farms and putting in Soil Bank."

"Outlook better than a year ago, farm value up. Would be more sales if better financing could be had."

"Farm prices and market steady. Small farms near town continue to have high residential value. Buying public has reduced in numbers."

Reporters' Comments: NORTHWESTERN MINNESOTA



Northwestern District

Average Price $90 per acre, up $4 from July 1, 1957, an INCREASE of 5 percent.

"We have plenty of interested buyers but short of ample down payments. Good farms are hard to list this season, as many farmers are placing a good share of their farms in the Soil Bank."

"Soil Bank has increased the value of some farms making some of the poorer land at a greater resale value. Most people that have land in Soil Bank will not sell as they are guaranteed a permanent income."

"There has been some activity in sales due to a reason that should not exist...a practice of buying low grade farm land for the sole purpose of putting it into the Soil Bank..."

"Land sales in our area are almost nil. Soil banking has taken all of farms off the market. Prices are up and are holding."

"Very little offered for sale...quite a few low grade farms put into Soil Bank Reserve."

"Poor crop in 1957--too wet. Poor crop in 1958--too dry."

"Good land has not been for sale and last year's crop was poor."

"Very little good land for sale. Poor land is overpriced."

"Most sales on Contract for Deed basis with thirty percent or less down because of income taxes."

"No new outside buyers--local mostly neighbors."

"Quite a few people who would like to buy farms, but are unable to finance them."

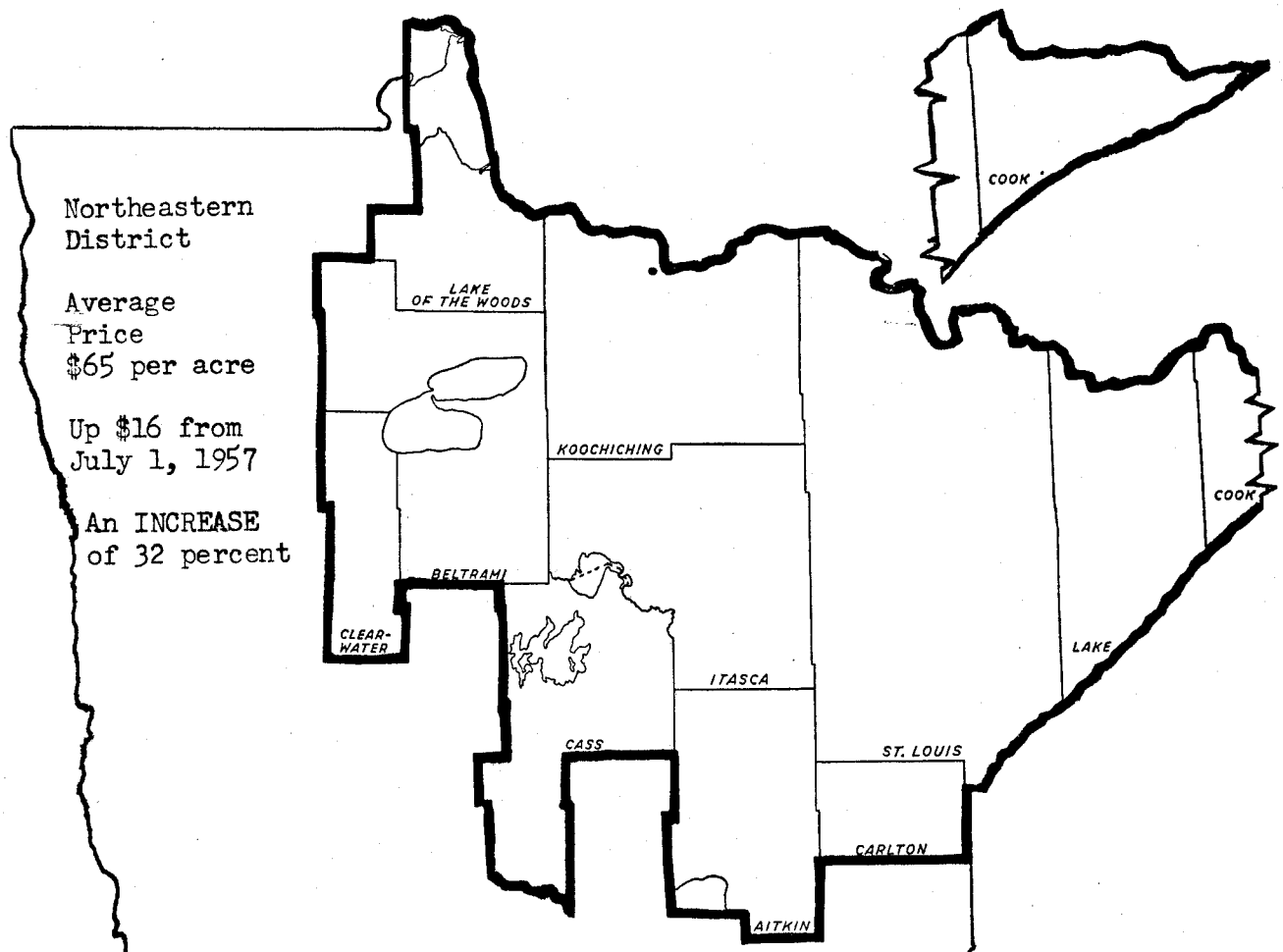
"Have some local demand from younger people now renters, but their cash down is short."

"Quite a bit of land put in Soil Bank the past several years. Older farmers with no children at home put land in Soil Bank and live in the buildings."

"Quite a number of farms in Soil Bank and are not for sale at this time."

"We do not know of any farm that was sold in this territory. Land is not being sold in this territory, the reason we believe is the Soil Bank."

Reporters' Comments: NORTHEASTERN MINNESOTA



"Our farms here are not sold by acres, or land value per acre, but by condition of buildings. Eighty percent of our farmers work at regular jobs also. Our big problem is financing country property and most is sold by Contract for Deed."

"There is very little activity here in as far as the sale of farm lands is concerned. Recently there seems to be interest in small land tracts suitable for the locations of country dwellings and garden plots."

"Here in the northeast it is the buildings rather than the land that establish the selling price."

"Lots of calls for farms in the area adjacent to town. These farmers work in the plants and farm on the side. Biggest trouble is the finance, and the farms sold are done on a Contract for Deed."

"Not many farms are changing hands now. That period is over and agriculture is rather stable."

"Outside of dairy and stock farms, most smaller farms are sold to commuters from the city who are buying to have something to go to when they retire."

"No demand for low grade farms. Some interest shown in high grade dairy farms. Mortgage money for farm purchases is scarce."

"The demand is not there. Maybe it is not a recession, but our 1957 crop was hit with too much rain: The present crop is splendid; I still hope for more sales."

"Farming in our territory is very poor, most live on the farm and work in the mines."

"Our demand for farms has picked up this year over last year. But the good farms are sold by the owners."

"Very few sales at all in recent years. Acreage with timber sells for pulp wood, but little interest in crop land. Dairying declining."

"Farm prices are better, cattle are selling for higher price in years. The entire farm is being sold for the value of the house alone."

"Very little farm land sold in this area. A few tracts are being acquired for tree farming, however."

"Mostly small farms that are sold, are sold mainly for dwelling purposes and buyer works at the mines and works the farm on spare time."

"The farms are too small...buyers are interested in larger farms. Financing is a factor..."

Statistical Notes

1. One of the problems in interpreting the results of this survey arises from the fact that there is no accurate way to compare the quality of land involved in the sales reported in the several districts of the state, or from year to year. 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. To test this possibility the standard deviations and coefficients of variation of prices per acre, by districts, are given in Table 21 for the actual sales reported.

Although there are marked variations among the several districts of the state, within any one district there is a considerable degree of stability in these measures of dispersion, from year to year. The exceptions are the Northwest and Northeast districts, where the spread between high and low prices per acre is great. As a consequence, the averages for these two districts are to be regarded as less representative than are the averages for the remaining districts of the state.

Table 21. Number of Acres Reported Sold, Average Price per Acre, Standard Deviation and Coefficient of Variation, Minnesota, by Districts, 1954-1958 a/

		Districts						
	Year	South-east	South-west	West-Central	East-Central	North-west	North-east	State
No. of Acres sold (Acres)	1954	30,983	33,756	22,147	1,593	21,000	2,169	125,148
	1955	63,890	79,944	34,621	28,139	30,924	5,380	241,898
	1956	51,631	70,471	40,059	28,121	25,149	5,645	221,076
	1957	72,028	75,487	61,264	29,176	41,479	8,658	288,192
	1958	60,859	66,970	33,069	30,877	21,514	6,657	219,946
Average Price per acre (Dollars)	1954	146.29	186.33	105.63	57.25	63.45	38.47	123.39
	1955	166.05	211.30	101.00	65.13	67.48	45.70	144.48
	1956	160.57	207.13	100.48	57.08	76.95	40.34	138.78
	1957	175.48	216.94	110.06	67.33	87.78	39.30	144.27
	1958	167.98	234.17	115.41	77.53	78.73	51.69	155.30
Standard Deviation (Percent)	1954	60.5	59.4	32.9	32.6	39.5	27.5	70.4
	1955	67.3	71.5	35.7	31.9	43.0	33.9	84.6
	1956	69.8	69.9	38.6	33.5	43.0	31.5	83.1
	1957	82.7	72.7	42.8	37.0	86.5	36.1	89.9
	1958	78.4	79.7	43.3	38.0	55.2	31.6	91.5
Coefficient of Variation (Percent)	1954	41.4	31.9	31.1	56.9	62.3	71.5	57.1
	1955	41.4	33.8	35.3	53.7	63.5	74.2	59.1
	1956	43.5	33.7	38.4	58.6	55.8	78.0	59.9
	1957	47.1	33.5	39.7	57.0	98.5	68.5	62.4
	1958	46.7	34.0	37.5	49.0	70.1	63.0	58.8

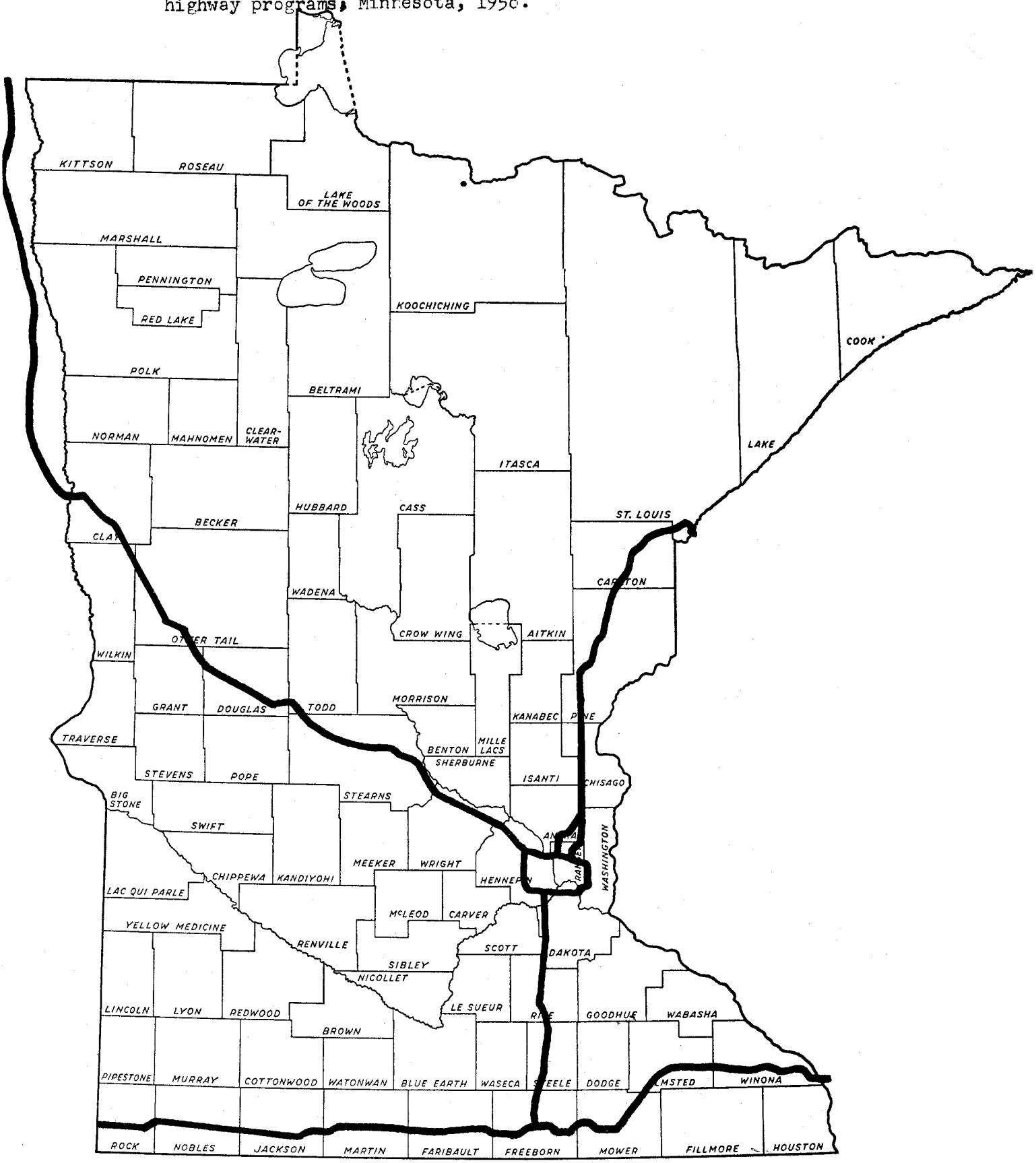
a/ Each acre is treated as a unit in calculating the standard deviations and coefficients of variation. The increased acreage reported sold in recent years is due to an increase in the size of sample and is not necessarily due to increased activity in the real estate market.

Table 22. Average Price Per Acre of Farm Real Estate in Minnesota By Districts, 1910-11 Through 1934-35 By Two-Year Periods, and Annually 1936 Through 1958.*

Year	Minn-esota	DISTRICT South -east	South -west	West Central	East Central	North -west	North -east
				Dollars per Acre			
1910-11	41	58	57	39	24	24	11
1912-13	49	69	69	46	29	29	13
1914-15	58	82	84	56	34	32	14
1916-17	68	92	100	67	41	37	15
1918-19	82	117	118	78	50	40	18
1920-21	104	141	152	98	68	57	24
1922-23	85	114	119	82	56	44	23
1924-25	78	104	110	74	49	44	22
1926-27	76	106	109	72	49	36	22
1928-29	71	100	102	67	44	33	21
1930-31	60	88	88	51	36	22	18
1932-33	45	64	65	42	27	20	14
1934-35	40	52	58	38	26	22	15
1936	43	58	63	38	29	22	23
1937	44	59	65	38	29	22	24
1938	46	61	68	38	29	22	25
1939	44	59	67	36	27	22	24
1940	43	59	68	36	26	22	24
1941	43	59	68	36	26	22	24
1942	45	63	72	38	27	23	24
1943	50	68	80	42	30	25	26
1944	55	76	88	47	34	28	28
1945	58	79	92	49	35	29	29
1946	65	88	104	56	39	33	32
1947	72	96	116	62	43	37	35
1948	79	104	129	69	47	41	38
1949	83	107	136	73	49	44	39
1950	85	109	141	76	50	46	40
1951	99	125	166	89	59	54	46
1952	107	131	175	96	65	68	42
1953	105	130	175	95	62	64	40
1954	113	139	187	99	66	72	40
1955	121	150	205	103	68	73	45
1956	126	156	214	107	70	76	42
1957	138	165	230	122	77	86	49
1958	147	179	242	123	84	90	65

* Data for the period 1910-11 through 1928-29 are based on farm sales records collected by the Minnesota Tax Commission. For the period 1930-31 the Tax Commission data are supplemented by sales records of corporate lending agencies. For the periods 1932-33 and 1934-35 the data are based on reports of sales by corporate lending agencies. Data for the period 1936 through 1951 arise from estimates developed by the Department of Agricultural Economics of the University of Minnesota. Data for the years 1952-58 are based on sales data reported to a mail questionnaire by farm real estate dealers throughout the State of Minnesota.

Map 2, Indicates the approximate location of the Interstate Highway Routes, showing the counties that may be most affected by forthcoming highway programs, Minnesota, 1958.



Statistical Notes (Cont'd)

2. Table 22, Page 27, presents annual average prices per acre of farm real estate in Minnesota, by districts, 1910-11 through 1958. The methods of developing the average prices per acre for different time periods are explained in a footnote to the table. The table is presented in order to bring this statistical series up to date, and to provide the date used in the two charts that follow.

3. Map 2, Page 28, indicates the approximate location of the Interstate Highway Routes, showing the counties that may be most affected by forthcoming highway programs.

4. Chart S-1, Page 30, shows and index of land value trends, by districts, based on the average of 1947-49 values. The chart indicates that land values in all districts increased steadily since 1947-49, with the greatest increase in the Northwest District. Land values in the Northeast District rose slightly from 1947 to 1957 but increased sharply in 1958.

5. Chart S-2 presents the average values per acre of farm real estate in Minnesota, by districts, 1910-11 through 1958, as given in Table 22. The Districts are identified along the right margin of the chart as well as in the Legend, and the average land values for the State of Minnesota are represented by the heavy line.

Have Minnesota land values increased in relation to other prices? One way to answer this is to compare Minnesota land prices per acre with the U.S. Wholesale Price Index. The U.S. Wholesale Price Index measures the price changes in a group of wholesale commodities over time.

The line on Chart S-2 marked "a-Minnesota Deflated" reflects land value changes for the State in comparison with the price changes of a standardized group of wholesale commodities. The test was conducted only for the land values of the State as a whole.

Since 1949 the Index of Wholesale Prices has been increasing faster than has the average value of Minnesota land. The use of this measure of relative price changes thus indicates that in recent years the prices of the major commodities entering wholesale trade have risen more than has the prices of farm land per acre in Minnesota. In other words, Minnesota land values per acre have depreciated relative to the wholesale prices of the major food stuffs and industrial raw materials, over the past ten years.

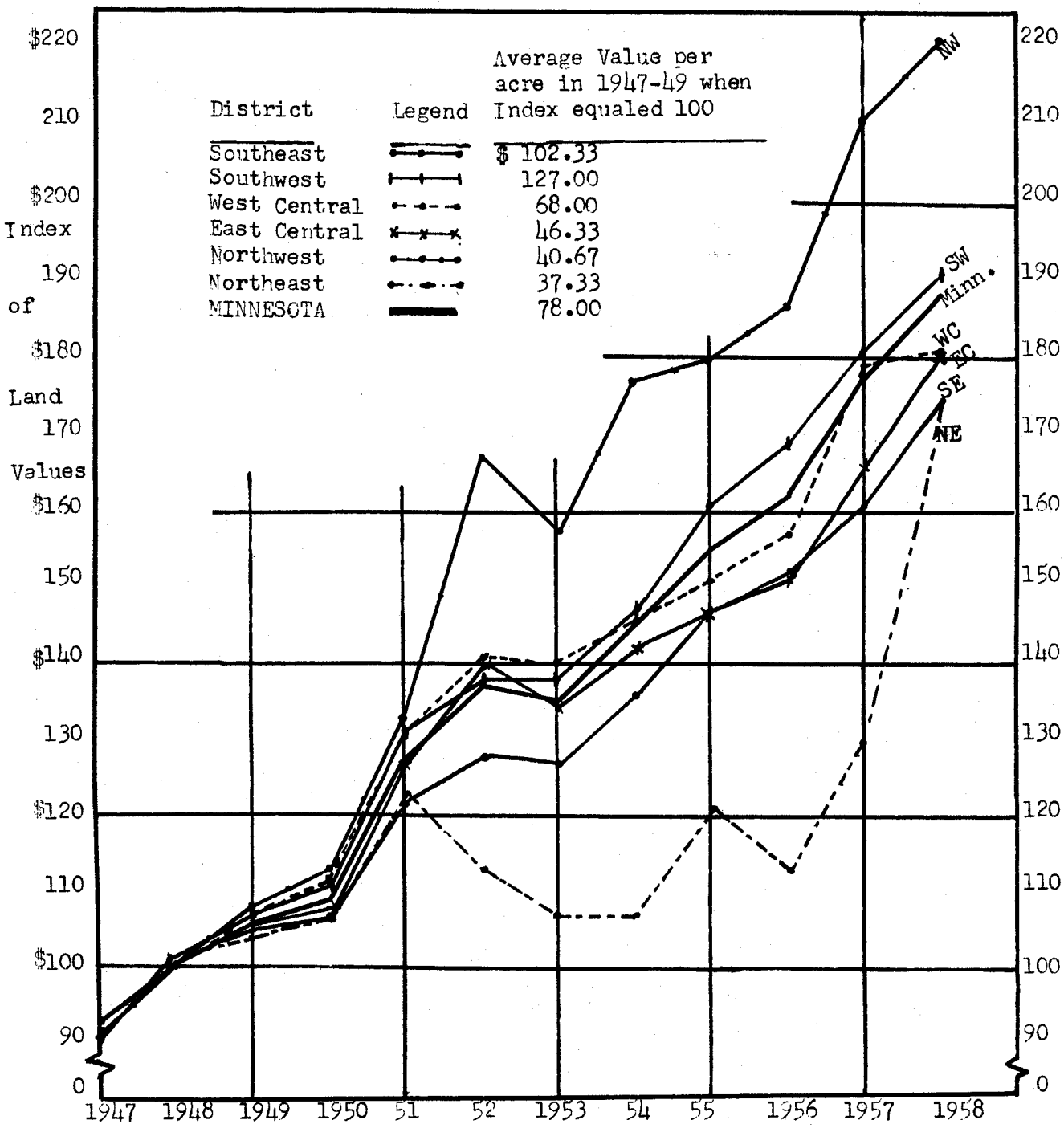


Chart S-1. Index of Minnesota Land Value Trends, based on average 1947-49 land values, by Districts. This is an index of land values, the average 1947-49 land values that equal 100 on the Index are given to the right of the legend in the Chart. Each District Index value was calculated separately. Thus the Northwest District line reflects recent land value changes in comparison with Northwest District average land values of the 1947-49 period.

The Chart indicates that land values in all districts increased steadily since 1947-49, with the greatest increase in the Northwest District. Land values in the Northeast District rose slightly from 1947-49 but increased sharply in 1958.

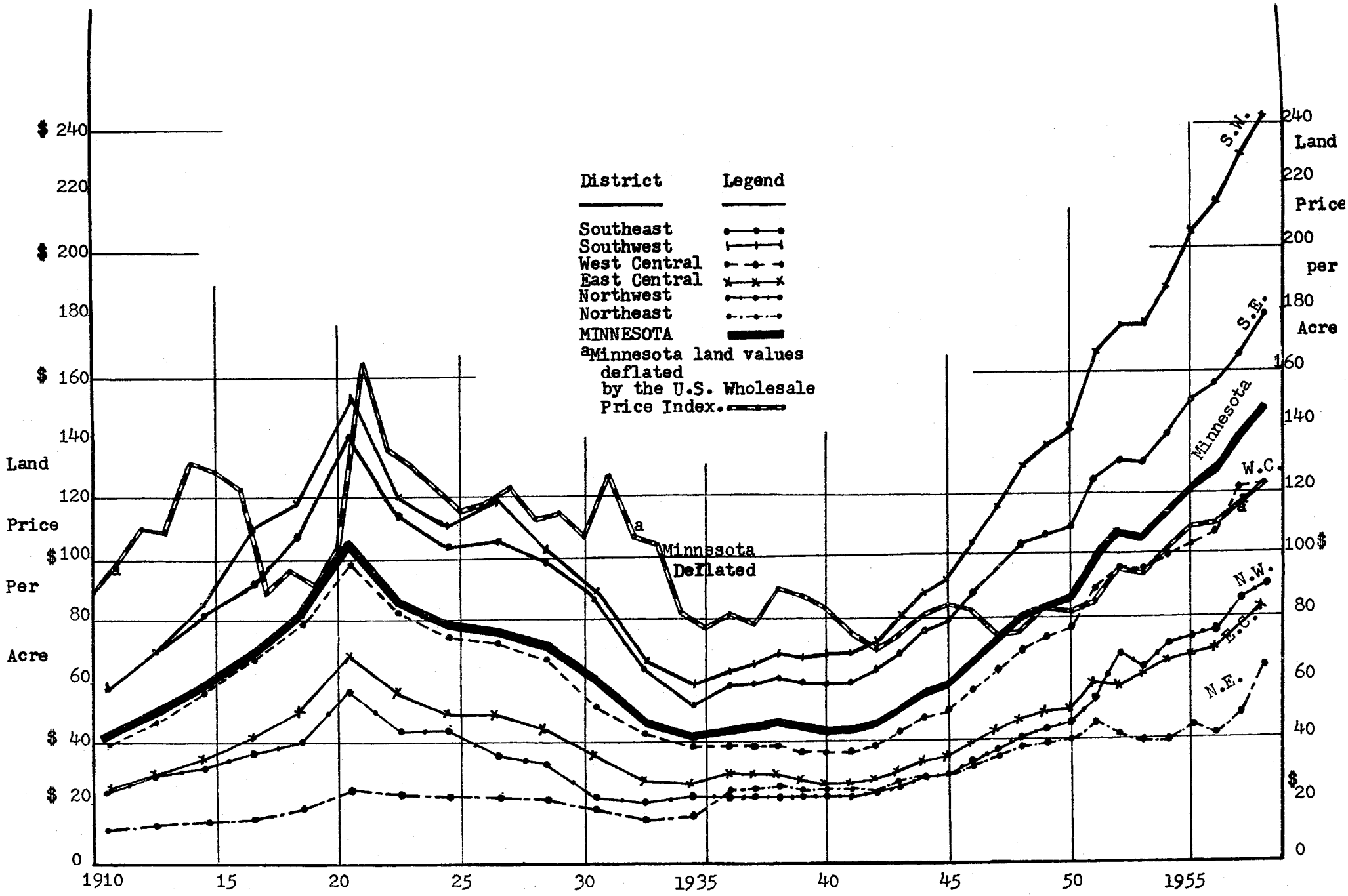


Chart S-2. Average Value of Farm Land Per Acre, Minnesota and Districts, 1910-11 to 1958; and, the Minnesota average land value per acre deflated by the U.S. Wholesale Price Index.