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THE FARM REAL ESTATE SITUATION IN MINNESOTA  
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The sale prices of farm real estate in Minnesota increased greatly between 1910 and 1920. Since 1921, they have declined with sharp breaks occurring in the years 1922-1923 and the period 1930 to 1934. This decline was the result of low income to farmers followed by many forced sales due to debt difficulties. In 1935, however, the sale prices of farm real estate in Minnesota were higher than 1934, reflecting an improvement in the real estate market brought about by recent increases in prices for farm products and greater net incomes to farmers. The trends in farm real estate prices are shown in Table 1. The figures given are the average prices of sales of farm properties by two-year periods with forced sales excluded. Figures for 1934 and 1935 are preliminary and subject to revision when additional data on sales are compiled. Table 2 gives an index of sales values and shows the relative changes in the sale price of farm real estate in agricultural districts of the state.

Table 1. Average Sale Value per Acre of Farm Real Estate by Two-Year Periods in Agricultural Districts of Minnesota

District	1910-11	1912-13	1914-15	1916-17	1918-19	1920-21	1922-23	1924-25	1926-27	1928-29	1930-31	1932-33	1934-35
S.E.	\$58	\$69	\$82	\$92	\$117	\$141	\$114	\$104	\$106	\$100	\$88	\$64	\$53
S.W.	57	69	84	100	118	152	119	110	109	102	88	65	59
W.C.	39	46	56	67	78	98	82	74	72	67	51	42	38
E.C.	24	29	34	41	50	68	56	49	49	44	36	27	26
N.W.	24	29	32	37	40	57	44	44	36	33	22	20	22
N.E.	11	13	14	15	18	24	23	22	22	21	18	14	15
Minn.	41	49	58	68	82	104	85	78	76	71	60	45	40

Table 2. Index of Sale Value per Acre of Farm Real Estate by Two-Year Periods in Agricultural Districts of Minnesota  
(1912-13 = 100)

District	1910-11	1912-13	1914-15	1916-17	1918-19	1920-21	1922-23	1924-25	1926-27	1928-29	1930-31	1932-33	1934-35
S.E.	84	100	119	133	170	204	165	151	154	145	128	93	77
S.W.	83	100	122	145	171	220	172	159	158	148	128	94	86
W.C.	85	100	122	146	170	213	178	161	157	146	111	91	83
E.C.	83	100	117	141	172	234	193	169	169	152	124	93	93
N.W.	83	100	110	128	138	197	152	152	124	114	76	69	76
N.E.	85	100	108	115	138	185	177	169	169	162	138	108	115
Minn.	84	100	118	139	167	212	173	159	155	145	122	92	82

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Readers who are interested in the average sale price of farm real estate in individual counties of Minnesota will find such data in Bulletin 307 of the Minnesota Agricultural Experiment Station. Table 3 below supplements Bulletin 307 by giving final figures on average sale prices for the two-year period 1932-1933 and preliminary figures for the two-year period 1934-1935. The latter are subject to revision. Apparent discrepancies in some of these figures are explained by the fact that the number of sales in some counties was small and not representative of all farms. Obviously there may be a wide range between sale prices of individual farms in a county.

Table 3. Average Sale Price per Acre of Farm Real Estate in Minnesota  
Counties for Two-Year Periods, 1932-33 and 1934-35

Name of county	1932-33	1934-35	Name of county	1932-33	1934-35	Name of county	1932-33	1934-35
<u>Southeastern Minnesota</u>								
Carver	\$90	\$-	Houston	\$48	\$62	Rice	\$82	\$69
Dakota	74	60	Le Sueur	92	57	Scott	63	52
Dodge	47	51	McLeod	92	65	Steele	63	56
Fillmore	58	41	Meeker	55	48	Wabasha	56	-
Freeborn	62	67	Mower	65	54	Waseca	70	53
Goodhue	58	51	Olmsted	54	50	Washington	55	46
Hennepin	61	63	Ramsey	-	-	Winona	50	-
						Wright	73	55
<u>Southwestern Minnesota</u>								
Blue Earth	76	63	Lyon	59	47	Redwood	65	53
Brown	77	59	Martin	70	74	Renville	56	51
Cottonwood	56	59	Murray	62	50	Rock	68	79
Faribault	69	65	Nicollet	66	60	Sibley	69	52
Jackson	73	62	Nobles	77	89	Watonwan	66	61
Lincoln	54	49	Pipestone	64	57	Yellow Medicine	54	44
<u>West Central Minnesota</u>								
Bigstone	35	35	Kandiyohi	52	40	Stevens	39	41
Chippewa	52	47	Lac qui Parle	61	47	Swift	38	37
Douglas	43	36	Pope	25	33	Traverse	28	38
Grant	35	32	Stearns	43	35	Wilkin	33	33
<u>East Central Minnesota</u>								
Anoka	30	25	Hubbard	20	17	Ottertail	24	28
Becker	24	24	Isanti	39	33	Pine	23	19
Benton	33	38	Kanabec	28	24	Sherburne	25	20
Chisago	44	45	Mille Lacs	28	26	Todd	32	26
Crow Wing	19	16	Morrison	27	20	Wadena	22	21
<u>Northwestern Minnesota</u>								
Clay	23	33	Marshall	16	16	Polk	25	25
Kittson	18	17	Norman	25	26	Red Lake	17	22
Mahnomen	21	24	Pennington	18	19	Roseau	12	13
<u>Northeastern Minnesota</u>								
Aitkin	15	17	Clearwater	15	19	Lake	-	-
Beltrami	10	12	Cook	-	-	Lake of the		
Carlton	20	18	Itasca	14	12	Woods	8	11
Cass	14	14	Koochiching	8	12	St. Louis	15	15

The average sale price of farm real estate was higher in most districts of Minnesota in 1935 than in 1934 and the number of sales greater. The average price of farms sold in the southeastern district was 10 per cent higher in 1935 than in 1934. Increases in the other districts were as follows: southwestern, 5 per cent; west central, 8 per cent; east central, 7 per cent; northwestern, 9 per cent. The northeastern district showed a decrease of 8 per cent. The

increase in the number of sales in 1935 over 1934 was as follows: southeastern, 13 per cent; southwestern, 31 per cent; west central, 44 per cent; east central, 7 per cent. The northwestern and northeastern districts showed decreases of 1 per cent and 5 per cent respectively in number of sales.

Among the factors which may tend to result in stable or rising prices of farm real estate in Minnesota, one might mention the following: (1) The recovery in agricultural prices during 1934 and 1935 has resulted in greater confidence in farm real estate as an investment. (2) Lower taxes on farm real estate in most communities tend to increase the net income to owners of farm land. (3) Credit, which is now available at comparatively low rates of interest is an encouragement to people interested in purchasing farms. (4) The tendency to capitalize net annual income from farm land at lower rates of interest may tend to increase land values. (5) Many people seem to feel that we are in a period of rising general prices and may purchase farms to take advantage of an expected rise in values. Factors which may operate in the direction of causing declines in the price of farm real estate are the following: (1) A large number of farms are available for sale in most communities of the state. (2) The loss of foreign markets for farm products is likely to necessitate curtailment in agricultural production. (3) The need for agricultural land in the United States may never exceed the amount now used for agriculture. Statistics of population indicate that the population of the United States is reaching a stable level which may not exceed 140,000,000 inhabitants. Further expansion in agriculture in the future with increased demand for land seems improbable.

Most persons who are now buying farms are purchasing them with a comparatively small down payment and will be paying for the farm over a long period of years. Since the farms must be paid for out of income produced by the farms, it is important that prices of real estate be in line with income over the purchase period. The great distress which has been experienced by farmers since 1920 has in a large degree been associated with the purchase of farms at high prices under large mortgages, prices which were far out of line with the income produced by the property. Stability of tenure for farmers must be attained if we are to have a stable and prosperous agriculture, but it can not be attained unless the indebtedness of farmers can be held to levels which will enable them to meet payments out of farm income.

Finally, it may be well to emphasize that intelligent purchasing of farm real estate demands careful attention to the productivity of the soil. In the past, there has been a definite tendency to over-value the farms with poorer soils and this tendency is still noticeable in many regions. The potential productivity of the soil is an important consideration. Very often soils which are in good productive condition at present have low potential productivity and income from such farms may decline over a period of years. Such farms often sell for prices just as high as the farms of high potential productivity, but eventually may cause hardships for the purchaser. On the other hand, farms in poor present condition but with soils of high potential productivity are often undervalued. Such farms may represent bargains for a purchaser who has the capital and ability to place the farm in condition to permit full use of its high potential productivity.

MINNESOTA FARM PRICES FOR FEBRUARY 1936

Prepared by W.C. Waite and W. B. Garver

The index number of Minnesota farm prices for the month of February 1936 was 87.1. When the average of farm prices of the three Februarys 1924-25-26 is represented by 100, the indexes for February of each year from 1924 to date are as follows:

February 1924 - 88	February 1931 - 69
" 1925 - 100	" 1932 - 46
" 1926 - 115	" 1933 - 36
" 1927 - 113	" 1934 - 54
" 1928 - 101	" 1935 - 87*
" 1929 - 107	" 1936 - 87*
" 1930 - 102	

\*Preliminary

The price index of 87.1 for the past month is the net result of increases and decreases in the prices of farm products in February 1936 over the average of February 1924-25-26 weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index,  
February 15, 1936, with Comparisons

	Feb. 15, 1936	Jan. 15, 1936	Feb. 15, 1935	Av. Feb. 1924-25- 26	% Feb. 15, 1936 is of Jan. 15, 1936	% Feb. 15, 1936 is of Feb. 15, 1935	% Feb. 15, 1936 is of Feb. 15, 1924-25-26
Wheat	\$1.03	\$1.01	\$.97	\$1.41	102	106	73
Corn	.45	.42	.82	.64	107	55	70
Oats	.22	.21	.51	.39	105	43	56
Barley	.40	.37	.90	.61	108	44	66
Rye	.44	.39	.59	.82	113	75	53
Flax	1.64	1.65	1.70	2.57	199	96	64
Potatoes	.46	.41	.36	.80	112	128	58
Hogs	9.60	9.10	7.40	8.88	105	130	108
Cattle	6.60	6.30	5.70	5.54	105	116	119
Calves	9.50	8.40	6.60	8.50	113	144	112
Lambs-sheep	8.76	8.75	7.08	11.63	100	124	75
Chickens	.151	.153	.116	.167	99	130	90
Eggs	.21	.19	.24	.30	110	89	70
Butterfat	.37	.35	.37	.45	106	100	82
Hay	5.74	5.76	16.96	11.41	99	34	50
Milk	1.73	1.72	1.69	2.19	101	102	79

\*Except for milk, these are the average prices for Minnesota as reported by the United States Department of Agriculture.

Indexes and Ratios of Minnesota Agriculture\*

	Feb. 1936	Jan. 1936	Feb. 1935	Av. Feb. 1924-26
U.S. farm price index	77.0	77.0	78.0	100.0
Minnesota farm price index	87.0	85.0	87.0	100.0
U.S. purchasing power of farm products	98.0	95.0	96.0	100.0
Minnesota purchasing power of farm products	111.0	106.0	107.0	100.0
U.S. hog-corn ratio	16.8	16.7	8.4	11.4
Minnesota hog-corn ratio	21.3	21.7	9.0	13.7
Minnesota egg-grain ratio	18.2	17.2	15.2	18.3
Minnesota butterfat-farm-grain ratio	49.1	49.4	22.7	36.4

\*Explanations of the computation of these data are given in Farm Business Notes No. 144.