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## THE MINNESOTA FARM REAL ESTATE MARKET IN 1956

### Farm Land Prices Increase in 1956

On the average, brokers estimated that improved Minnesota farm land was worth \$126 per acre in 1956, compared with \$121 in 1955. This increase represents a rise of four per cent, continuing the upward trend reported in both 1954 and 1955. The rate of increase in 1956, however, declined from the seven per cent rise which occurred in each of the two earlier years, as shown in Table 1. While land prices have not moved in harmony with the decline in farm incomes during the past several years, the moderation in the rate of increase has no doubt been influenced by it.

Table 1. Reported Change in Farm Land Price Per Acre,  
Minnesota, 1953-56 <sup>a/</sup>

Year	Estimated Average Price Per Acre	Change From		Per Cent Increase 1956 Over
		Previous Year	Per Cent	
	\$		Per Cent	
1956	126	4	1955	4
1955	121	7	1954	12
1954	113	7	1953	20
1953	105	-2	1952	18
1952	107			

<sup>a/</sup> Land plus buildings (improved land).

### Number of Sales Increased But Remains Low

The U. S. Department of Agriculture reported an increase in their estimate of total farm title transfers in Minnesota from 45.3 farms per thousand in 1955 to 50.4 farms per thousand in 1956. This increase is due to a sharp rise in the number of foreclosures, the

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Based on a mail questionnaire returned by 782 respondents, farm real estate dealers, loan agents, bankers and others located throughout the state; of this number, 615 questionnaires were complete in all details. Respondents were asked to estimate the current market prices of good, average, and poor farm land in their localities, and in addition were asked to supply details regarding voluntary farm sales with which they were familiar that occurred during the six months, January-June 1956. Data on a total of 1316 farm sales were reported. It is estimated that these constitute approximately one-half of all voluntary farm sales occurring in the state in that period. As in the preceding year, the 1956 sample was expanded, though to a smaller degree. Since the figures reported in Tables 1 and 3 are based on estimates made by respondents who report for at least two consecutive years, the expansion of the sample in 1955 permitted the 1956 estimates to be based on more than twice the number of estimates available in 1955. The 1955 data were reported in Agricultural Economics Report No. 508, University of Minnesota, December 1955.

number of tax sales, and "all other transfers" (resulting from inheritances and gifts, administrator's and executor's sales and other miscellaneous and unclassified sales). In contrast, the number of voluntary sales declined slightly from 1955 to 1956, as shown in Table 2.

Table 2. Farm Title Transfers in Minnesota:  
Estimated Number of Transfers Per Thousand Farms,  
By Method of Transfer, Years Ending March 15

	Voluntary	Forced Sales		Inheritance, Gift,	Total All
	Sales	Foreclosure	Tax S.	and all other	
	Transfers per thousand farms				
1955	32.5	2.8	.2	9.8	45.3
1956	31.1	5.0	1.4	12.9	50.4

Source: "Current Developments in the Farm Real Estate Market",  
U. S. Department of Agriculture, Washington D.C., July 1956, p. 30.

Land Price Increases Fairly Uniform Over the State in 1956

The estimated average prices per acre for improved land are reported by districts in Table 3.

Table 3. Average Prices per Acre of  
Minnesota Farm Land, by Districts, 1952-1956 <sup>a/</sup>

District	Average Price Per Acre in Dollars					Percent Change 1956 Over		
	1952	1953	1954	1955	1956	1953	1954	1955
I Southeast	131	130	139	150	156	20	12	4
II Southwest	175	175	187	205	214	22	14	4
III West Central	96	95	99	103	107	13	8	4
IV East Central	58	62	66	68	70	13	6	3
V Northwest	68	64	72	73	76	19	6	5
VI Northeast	42	40	40	45	42	5	5	-8
State	107	105	113	121	126	20	12	4

<sup>a/</sup> See map on inside front cover for boundaries of districts.

The percentage increases in farm land prices were nearly uniform over the state in 1956, exclusive of the Northeast district where mining and forestry predominate. The Southeast, Southwest, and West Central districts each reported a four per cent increase. The East Central dairy region showed an increase of only three per cent, while the Northwest district, in which the Red River Valley predominates, reported an increase of five per cent, the largest percentage increase for 1956. The latter may be a belated adjustment to the 1955 land price increase which was unusually small in this district.

Over the last three years the highest-priced land in Southern Minnesota has gained in value relatively to the lower-priced land. Land prices in the high-valued Southwest and Southeast districts have increased 22 and 20 per cent respectively over 1953 levels, while the gains over 1953 values in the medium-to-low-valued areas were 19 per cent in the Northwest, and 13 per cent in both the West Central and East Central districts.

In the Northeast district, where forestry, mining, and recreational land uses dominate, percentage changes in land values have less significance. In this area land prices are largely influenced by the condition of the dwelling, and by the income situation in the non-farm sector. The percentage changes in this district represent fairly small dollar changes, namely a five dollar per acre increase in 1955 and a three dollar decrease in 1956. During the last three years land price increases in the Northeast have been the smallest among all the districts, with average farm land prices in 1956 only five per cent higher than in

1953.

Why Have Farm Land Prices Continued to Rise?

We raised the same question in last year's report, and we believe that on the whole our previous explanations remain valid, because the overall economic picture has not greatly changed. In 1956, record crops in many parts of the state cushioned the combined effect of low farm commodity prices and rising farm costs. Our national economy is producing at record levels, the march of technology has exerted pressure on farmers to expand farm size. The demand for farm land by investor buyers remains strong, and urban buyers seeking rural residences or part-time farms continue to be active bidders in the farm land market.

The Trend of National Income and Farm Land Prices Since World War I

At present, the levels of net farm income do not play the role they used to play in determining agricultural land values. Rapid industrialization has increasingly drawn farm people into urban occupations. While the number of jobs in industry has expanded tremendously, technological advances have enabled fewer farmers to supply the nation with food and raw materials. As a consequence, continued low farm incomes have not had the depressing effect on our total economy that they would have had fifty years ago when over one-third of our population was engaged in farming. In recent years we have had only about one-seventh of our population gainfully employed in farming and, on the average, one-third of farm income has been derived from

non-farm sources. The group that has been particularly aided by off-farm employment opportunities includes many part-time or non-commercial farmers. This group of farm land owners is not appreciably affected by low farm product prices, and thus is not forced to sell their land, except at their own price.

The general level of economic activity has also exercised a direct influence on the farm land market via investors' demand. High levels of non-farm income, together with income tax and related considerations, have maintained a strong demand for farm land by investor buyers. Continued high levels of national employment have also reduced the supply of marginal farms by enabling the operators to escape the economic pressure exercised by declining farm prices. This increase in off-farm employment by people who continue to live on farms has been an important development of the post-war years, which have witnessed rising industrial wages and a decline in average farm income. To illustrate the important relationships between national income and land prices, we have plotted land incomes for the past 46 years in Chart I. Chart I.

Chart II.<sup>1/</sup>

World War I caused land price indexes to exceed the indexes of both farm income and national income. The decline of farm income after 1918

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<sup>1/</sup> Chart II is discussed elsewhere in this report. It is shown here to facilitate a comparison between farm income and national income with the supply of farm land.

and the short-run decline in national income after 1920 made land values tumble. Temporary increases in farm income between 1921 and 1925, and a rise in national income slowed the decline in land values but did not stop it.

Throughout the Thirties land values depressed. They rose as war approached, and from 1941 to 1951 Minnesota land values followed the increases in national income and farm income very closely. Since 1951 the trend in Minnesota farm income has been downward, while agricultural land values rose steadily, as did national income.

This suggests that the generally favorable national income position may have been an important factor in maintaining current land values, both because of its effect on non-farm buyers, and because of its effect on farmers themselves. In recent years operating farmers have made up about 85 per cent of the buyers of Minnesota farms. Had they lost confidence in the future of agriculture, farm land values would not have risen in the face of declining farm income.

What has been said above should warn us against an unreserved acceptance of "established" relationships among farm income and land values. Changes in the non-farm economy do influence land values and this may change the response of land values to farm incomes, as we can see from the experience of the past five years.

In 1956, as in preceding years, a substantial proportion of all farm sales in Minnesota has been made to investor and non-farmer buyers, or to farmers who are adding to an existing farm. The sales made to investor and other non-farm buyers are shown by districts in Table 4.



Table 4. Farm Sales Made to Investor Buyers,  
by Districts, Minnesota, 1954-1956

District	1954	1955	1956	No. of Sales 1956	
				Investor Buyers	Total Sales
Southeast	17	12	13	46	338
Southwest	18	18	18	75	418
West Central	12	17	19	40	211
East Central	14	14	14	28	193
Northwest	13	9	12	15	122
Northeast	16	16	22	8	34
State	16	14	16	212	1316

The demand for agricultural land has also been heavily influenced by farmers seeking land to enlarge their present holdings. In southwestern Minnesota and the Red River Valley from one-third to one-half of all farm sales have been accounted for in this way during the past five years. The percentage of all reported sales made for this purpose was higher in 1956 than in any recent year as shown in Table \_\_\_\_.

The percentage of farm sales made to buyers who added to existing units is shown in Table 5.

Table 5. Farm Sales Made to Buyers Who Added  
to an Existing Farm, Minnesota, 1954-1956

District	1954	1955	1956	No. of Sales, 1956	
				For Farm Expansion	Total Reported Sales
		in per cent		numbers	
Southeast	18	16	25	89	332
Southwest	26	30	35	150	399
West Central	26	25	25	53	201
East Central	15	10	16	32	192
Northwest	56	52	59	73	117
Northeast	6	16	6	2	36
State	25	24	30	399	1277

In Table 6 the sales made to investors and other non-farm buyers are combined with the sales made for the purpose of expanding an existing farm unit, and adjusted to eliminate any double counting. In 1956, forty-one per cent of all reported sales in Minnesota were made either to investor buyers or to operating farmers for the purpose of adding land to an existing farm. The two areas showing percentage figures greater than the state average are the Southwest and the Northwest, with 47 and 70 per cent respectively. Farm expansion demand combined with investment demand generally ran at a higher rate in 1956 than in 1955<sup>1/</sup> in all districts of the state except in the Northeast.

Table 6. Combined Proportion of Total Sales Made to Investor Buyers or for the Expansion of Existing Farm Units,<sup>a/</sup> by Districts, Minnesota, 1956

District	Per Cent of Total Sales		No. of Sales 1956	
	1955	1956	To Investors and for Expansion	Total Reported Sales
	%	%		
Southeast	26.4	35.0	116	331
Southwest	43.6	46.5	135	398
West Central	36.6	39.3	79	201
East Central	24.3	28.5	53	186
Northwest	59.2	70.4	81	115
Northeast	31.1	29.4	10	34
State	36.3	41.4	524	1265

<sup>a/</sup> Adjusted to avoid duplication among the two classes of buyers.

<sup>1/</sup> Footnote reference to last year's report.

PART II REAL ESTATE MARKET ACTIVITY IN 1956

Changes in Volume of Listings and Reported Sales.

For the state as a whole, the number of farms listed for sale by brokers showed little change in 1956. In 1955, the brokers who reported "no change" in the number of farms listed for sale were 54 per cent of all brokers; in 1956 they were 55 per cent. There was an increase in the percentage of brokers who reported that they had more farms for sale in 1956 than in the preceding year, largely accounted for by a big increase in listings in the Northeast and Northwest sectors of the state. The increase in the Northeastern area is especially noteworthy; in 1956 almost three-fourths of all brokers in this area reported more farms for sale than in 1955. The estimates, by District, are given in Table 7.

Table 7. Per Cent of Respondents Reporting an Increase, Decrease, or No Change in the Number of Farms Listed for Sale, July 1, 1956, compared with July 1, 1955.

District	Per Cent of Brokers Reporting					
	An Increase		A Decrease		No Change	
	1956	1955	1956	1955	1956	1955
Southeast	23	20	22	24	55	56
Southwest	16	10	30	39	54	51
West Central	19	21	14	28	67	51
East Central	25	35	14	7	61	58
Northwest	36	17	18	18	46	65
Northeast	72	56	14	3	14	41
State	24	22	21	24	55	54

Although there was a slight increase in the number of farms listed for sale in 1956, there was an overall decrease in the number of farms sold. In order to make this comparison it is necessary to reduce the sample to include only those brokers who reported sales in both 1955 and 1956. The 615 brokers who reported sales in both years reported 7.0 per cent fewer sales in 1956 than in 1955. The biggest decrease was in the Southwest district, as shown in Table 8.

Table 8. Number of Sales Reported, Percentage Change in Number of Farms Sold from Preceeding Year and Percentage Change in Number of Farms Listed from Preceeding Year

District	No. of Sales		No. of Repeating Brokers Reporting in both years 1955 & 1956	% Change in No. of Farms Sold	% Change in No. of Farms Listed
	1956	1955			
Southeast	220	290	146	-6.0%	-3.1%
Southwest	242	293	176	-9.0	-5.6
West Central	123	148	85	-4.0	-1.0
East Central	161	187	92	-8.0	+4.8
Northwest	105	114	81	-6.0	+2.4
Northeast	44	61	35	-5.0	+13.4
State	985	1073	615	-7.0	-0.7

It is interesting to note that the number of reported sales averaged only about one and one-half sales per broker for the period January - July, 1956. This emphasizes the small volume of business transacted by many brokers, the majority of whom make only one or two sales a year.

#### Analysis of Reported Farm Sales

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

- a) Estimates of the value of good, medium and poor farm land in each locality.

These estimates are the basis for our reports of year-to-year changes in land values. The estimates are obtained in response to the question:

"What is the current price of the average size farm of average value in your community?"

- b) Actual prices received for farms that were sold in the respondents' 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 the following 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 will make this clear: There are typically only about 25 to 50 voluntary farm sales per year in any given county. The average price might be \$125 per acre in 1955 and \$140 per acre in 1956. This might reflect a true increase in local land values, or it might simply mean that the farms sold in 1956 were of better quality than those sold in the preceeding year. For this reason, it is not safe to rely heavily on prices reported from actual sales, unless something is known about the quality of the land.

With this warning it is still useful to study the trends in prices reported from actual sales. These prices for the period 1953-1956, and the number of sales reported for 1956, and shown in Table 9.

Table 9. Number of Sales Reported in 1956 and Average Price Per Acre Sold in 1953, 1954, 1955, and 1956.

District	No. of Reported Sales, 1956	Average Price per Acre			
		1956	1955	1954	1953
Southeast	352	\$160	\$166	\$146	\$133
Southwest	426	207	211	186	181
West Central	215	100	101	106	91
East Central	200	58	65	57	57
Northwest	123	78	68	63	63
Northeast	36	40	46	38	57
State	1352	\$139	\$144	\$123	\$111

Table 9 shows that the only increase in 1956 in the average prices received in reported sales occurred in the Northwest. This is consistent with brokers' estimates from this area, indicating the largest percentage increase in land values in 1956 among all districts in Minnesota. At the other end of the scale, Table 9 shows a 9 per cent decline in average sales prices received in the Northeast; paralleling this, brokers' estimates from the Northeast district indicate an 8 per cent decline in land values between 1955 and 1956 (see Table 3, p. \_\_\_).

Results in other districts are less clear-cut. Brokers in East Central Minnesota, for esample, estimated this year's land values to be 3 per cent

higher than they were last year. The same 3 per cent increase had also been estimated a year earlier. Table 9, however, shows a much sharper rise in average sales prices in 1955 and an equally sharp decline in 1956, so that the average price received in reported sales in 1956 is only one dollar per acre higher than in 1954. In interpreting the significance of these sales prices it must be remembered that the Central district (which includes counties as different as Pine, Anoka, Crow Wing and Ottertail) is quite heterogeneous as far as soil qualities and location are concerned.

In spite of variations in broker's estimates of land value trends and the trends noted in actual prices received in reported sales, these two measures of land value do tend to follow a consistent pattern among the districts of the State. This is shown in Table 10, which compares estimated values with prices actually received for 1956.

Table 10. Brokers' Estimated Values Compared With Average Prices Received in Reported Sales, Minnesota 1956.

District	Average Sales Price Brokers' Estimate	
	dollars per acre	
Southeast	160	156
Southwest	207	214
West Central	100	107
East Central	58	70
Northwest	78	76
Northeast	40	42
State	139	126

Table 11. Price Per Acre of Improved and Unimproved Land Compared, Minnesota, 1956.

District	Price Per Acre		Unimproved Land as a Per Cent of Improved Land
	Improved	Unimproved	
	\$	\$	%
Southeast	162	125	77
Southwest	232	169	73
West Central	105	72	69
East Central	60	24	41
Northwest	83	55	68
Northeast	40	10	25
State	151	102	68

Unimproved land relative to improved land sells highest in Southern, West Central, and Northwest Minnesota. It is lowest-priced in East Central and Northeast Minnesota, regions in which part-time farming makes the residential value of improvements an important factor. It should also be noted that the percentage of unimproved land sold is quite low in the Minnesota dairy regions: the Southeast, East Central, and Northeast. However, there is one important difference with regard to the Southeast: while land without buildings has little value in the East Central and Northeast, in the Southeast land for farm enlargement is sought for and the scarcity of unimproved land for sale results in a price which is high relative to that of improved land. In the Northwest, the percentage of unimproved land sold is nearly one-third of all land sold in that district.

The following table, which indicates the condition of buildings in the in the reported farm transfers, supports the contention that the condition of the improvements is very important in the part-time farming areas in the Northeast and around the Twin Cities.

Table 12. Condition of Buildings Involved in Reported Farm Sales, by District, Minnesota, 1956.

District	No. of Farms Sold With Buildings	Condition of Buildings		
		Good	Fair	Poor
	No.	Per Cent		
Southeast	318	27.6	48.0	24.4
Southwest	344	20.5	46.5	23.0
West Central	168	29.8	47.0	23.2
East Central	181	37.0	44.2	18.8
Northwest	91	20.9	47.3	31.8
Northeast	34	35.3	44.1	20.6
State	1136	30.0	46.6	23.4

For the state as a whole, buildings were in good condition for 30 per cent of all improved farms in 1956; however, in the East Central and Northeast districts the figures are well above this average, while the reported condition of buildings was poorest in the cash grain farming area of the Red River valley.

Price of "Average" and "poor" land up in some districts, price of "good" land down or unchanged in 1956.

The average prices received in reported sales of land classified as "good" "average", and "poor", are given in Table 13 for 1955 and 1956.



Table 13. Average Price of Farm Land Sold, Classified According to Brokers' Estimates of Quality of Land, 1955 and 1956.

District	Average Price Per Acre					
	Good		Average		Poor	
	1956	1955	1956	1955	1956	1955
Southeast	202	201	148	137	105	103
Southwest	237	245	198	193	150	136
West Central	123	116	94	98	73	65
East Central	79	78	50	55	29	38
Northwest	102	96	59	51	26	25
Northeast	55	50	36	51	41	58
State	170	179	126	124	95	83

PART III. BROKERS' COMMENTS BY DISTRICTS

Southeastern Minnesota  
Average Price: \$156 per Acre, July 1, 1956  
up \$6 from July 1, 1955  
an increase of 4 per cent

By and large, real estate dealers expect the upward trend of land prices to continue. Yet, it seems that the number of cautious comments is on the increase. The most frequent causes for prospective buyers' being unable to purchase are the lack of a sufficient downpayment and a credit pinch which is being felt in some areas this year.

On the supply side, the shortage of farms for sale continues. Farms that are listed for sale are frequently overpriced. A great number of transfers takes place within the family. Farms that are sold to "outsiders" are oftentimes estates or lower than average farms.

As was the case last year, brokers' expectations are based upon the influx of out-of-state buyers who have been pouring into the Minnesota farm land market for some time. Activity in the land market has also been influenced by good crop yield prospects. These points are well illustrated by many comments received from this and other cash-crop raising districts. A few of the characteristic comments are presented below:

1. A tightening of the money market seems to have slowed down farm land sales. Insurance company loans are quite difficult to get.
2. There will be fewer farms sold this coming year to local buyers because it is getting harder to finance their farms, and interest rates are going up, but we do expect to have buyers from out-of-state such as Iowa and Illinois buying some farms in this locality.

3. Seems there is less money on hand to buy with now than in 1954 and 1955. Ninety per cent have to buy on contract for deed.
4. I look for a decrease in farm sales for 1956 as the down payments are much harder to obtain.
5. Due to the increase in down payment and increase in price the buyers are doing more shopping. The few farms sold are from landlord to tenant or neighbor.
6. On the high grade farms I am looking for some drop off in price. These farms are too much improved with buildings, and as a result are becoming costly with respect to maintenance and taxes, but do not help as far as net incomes are concerned. Low grade farms that have drainage outlets and can be drained will be in demand. No taxes on these improvements.
7. Land is continuing to climb in value; expect it to continue upward in the future. Probably more farms for sale this fall as older people retire with Social Security benefits and buyers seem willing to pay a higher price. Loan companies are also making larger loans per acre than last year.
8. Prices will rise over last year. Good farms with good homes and farm buildings are in great demand. Little call for 80's or 120's; mostly 160's, 240's, and 320's in this territory.
9. Very few farms for sale, transfers of farm in family from father to son.
10. Very few farms being sold--quite a few listed at a top figure.
11. I have a great number of farms for sale, market here is very slow. I find the down payment money is very hard to get... the owners are expecting big money for the land, and buyers are very slow to buy... out of 26 real estate deals this year, only three have been farms.
12. Prospects for a good crop around here will mean an increase in farm sales of at least 10%.
13. People are asking higher prices than a year ago because crops are wonderful.
14. We have wonderful crop prospects and there are quite a few buyers. It is hard to get enough farms to show.
15. Hog prices pretty much determine the volume of land sales. The market in December ended all interest in buying. Present market is uncertain, so buyers are not showing interest yet.

Southwestern Minnesota  
Average price: \$214 per acre on July 1, 1956  
up \$9 from July 1, 1955  
an increase of 4 per cent

Realtors in Southwestern Minnesota voice opinions which are nearly identical with those of their colleagues in the Southeast. However, there seems to be a growing number of comments expressing a cautious optimism. Brokers feel that farms listed for sale are frequently overpriced, and that buyers become increasingly reluctant to pay asking prices which seem out of line with the long-range income earning capacity of a farm. Consequently, the migration to cheaper land in the north continues.

The comments also tend to emphasize the influence of crop yields on the volume of farm real estate transfers. Of course, Southwestern Minnesota is more of a cash-crop area than the Southeast, and we would expect to find numerous statements which illustrate the significance of high crop yields for farm sales in this region. Farm purchases for additions to existing units continue at an undiminished if not somewhat accelerated pace.

1. It seems to me that land prices will not hold unless we have better farm income. With increased taxes and expensive improvements, the overhead on farms is increasing while incomes are decreasing. It does not make sense. We have an overdose of inflation and people are buying farms to invest the money.
2. Buyers are cautious. Less money. Higher interest rates. Next year depends on farm income.
3. Buyers very cautious.
4. What we have been able to list is overpriced by \$25 to \$30 per acre.
5. The listings I have are priced too high. Buyers are going further north where they get cheaper land.

6. Farms seem to be hard to get for sale unless one promises an awfully big price, then they will list it and let you prove to them you were wrong.
7. Many good farmers with a down payment of 7 to 12 thousand dollars would like to buy farms in this area but this is rarely enough. Most sellers want cash within <sup>two</sup> or three years. Those who will sell on contract want a large principal payment per year and this plus interest--too large a payment each year for the purchaser. Many buyers from this area are buying farms 100 to 150 miles north and northwest of here due to much lower prices.
8. Real estate business in this community has been slow. Sellers attitude: If I get my price, O.K. I'll sell; if not, I'll keep the land.
9. Crop conditions are below average, consequently farm sales are dragging.
10. Sluggish because high prices and big yields make land sales. Iowa is our very good source and also our land price maker.
11. Depends on crop outlook; at present it looks promising.
12. The lack of land for sale has tended to crowd up prices. All reports are that land is too high now that farm income is down. Buildings have been sold off. Bare land increases income by lowering overhead, especially taxes.
13. The present land market is high in relation to its income producing ability. Prices are pushed up by buyers from outside the area--principally from Iowa.
14. Very little farm land moving because the feeling is that real estate is good to have. In spite of what poppy cock is spewed out on farmers going broke, land values are up and mouths water with any good buy.
15. There is very little listing. Neither farmers nor investors are interested in selling.
16. The demand for additional land is increasing. Land owners are willing to mortgage present holdings to buy.
17. Good many more GOOD farms could be sold in this territory if they were available.
18. Very few are selling. Those being sold seem to be spoken for by relatives and neighbors.
19. Land prices will not be lower in this community. If any change takes place it will be higher. It is becoming more difficult to get listings on farms, as they are still regarded as a safe and sound investment.

20. Most farmers too well satisfied to sell; when good farm is for sale adjoining farmer or neighbor buys it.
21. It has been extremely difficult to list really good farms at any price. In some localities they add on and will pay up to \$350 for Unimproved land of good quality. The cheaper farms and the farms with rough pasture are hard to move. I find it very difficult to interest anyone who can make use of the buildings. Plow acres are the paramount issue.

West Central Minnesota  
Average price: \$107 per acre, on July 1, 1956  
up \$4 from July 1, 1955  
an increase of 4 per cent

The tenor of comments received from brokers in West Central Minnesota does not differ materially from that seemingly prevalent in Southern Minnesota. Perhaps the emphasis is a little more on crop prospects as far as activity in the real estate market is concerned. The "invasion" of this cash-crop district by Southern Minnesota and Iowa buyers has not yet shown any signs of weakening. Some realtors feel that listings of farm land are frequently overpriced and that buyers do more shopping now than in recent years. The demand for additional farm land and part-time farms continues to be strong. Indications are that the supply of farm land will not increase substantially in the near future.

1. We feel that if there is a good crop this year the land market will stay as it is or go higher, depending on the farm prices. The land bought will be by neighboring farmers to increase their acreage, in order to cut down their cost per acre with the high priced machinery they have. Also, if it continues dry in Iowa and Southern Minnesota farmers from these areas tend to come here and bid up the farm land with good improvements.
2. Expect the market to hold strong in view of the excellent crop prospects.
3. Average or low class market slack. Buyers more cautious.
4. The price of land in this territory is getting so high that it is not a very good deal for an investor any more, unless he happens to run across an especially good buy. Most sellers want cash and buyers are having a hard time to raise enough money for downpayment.

5. The buyers are investors and present land owners who wish to add to their holdings. The young buyer just starting out to farm is about out of the picture. Dollar-wise the land in this area has gone up faster than in many others because we have been blessed with sufficient rainfall at about the right times of the year, for the last ten years. To the south of us land is still higher but we are gradually closing this gap.
6. Most of the pressure will come from the outside, but local buyers will follow suit on the farms they want.
7. Local purchasers not too interested but steady visits from Iowa and Southern Minnesota. The visitors buy the better farms here.
8. Very few desirable farms offered for sale at present; those offered are low and medium grade farms, priced above market.
9. Very little activity. Apparently the few farms offered are priced out of the market. There are also fewer buyers with ample down payments.
10. Prices rose to a higher level in the latter part of 1955 but have tended to hold or decrease a little since then.
11. Average man unable to purchase land now.
12. I believe the prices will lower a little, farmers are less enthusiastic about buying and are generally more careful about their interest payments and purchase contracts.
13. Strong demand for bare land for investment and to add to existing units.
14. Considerable demand for smaller farms with modern homes near town for part-time farmers.
15. There is a tendency for the successful farmer to purchase an adjoining or nearby farm and wreck the buildings. I can name two cases where such purchases are being made. They crop the land, take government loans to purchase more land, wreck the buildings, and take another government loan, etc. etc. These two young men do not have a sow, cow or feeding cattle. Now who is going to eat the corn?
16. Many wait to see what Soil Bank will do. Some holding on to get under Social Security. Mostly adding to existing farms.

East Central Minnesota  
Average price: \$70 per acre on July 1, 1956  
up \$2 from July 1, 1955  
an increase of 3 per cent

Brokers' comments from this district reflect the unfavorable income situation of recent years in the dairy industry. It is interesting to note that the level of farm commodity prices seems to play a much greater role in dairy regions than in cash-crop areas. <sup>1/</sup>

Proximity to the Twin Cities exerts a two-fold influence on the land market in this district: many investors and part-time farmers are bidders and, on the supply side, many farmers decide to sell out and take a job in town. However, it seems that this supply, at the going market price, exceeds demand, resulting in the abandonment of much farmland in this area. Many farmers who have taken jobs in town continue to live on the farm and, obviously, are not willing to sell except at their own price. The well-paying jobs in the city enable them to keep their farms. Difficulties of financing are also frequently mentioned. This situation is illustrated by the following comments:

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<sup>1/</sup> This may be explained by the relatively small year-to-year variations in dairy production. The dairy farmer can be reasonably certain of his output. Therefore, dairy product prices largely determine his income and his ability to purchase farmland. The cash-crop farmers' income, although favored by relatively higher prices which can be considered as given in a certain year, depends largely on the yield of his crop.



1. Farm sales have been at a standstill for some time. Several farmers work in town. In most cases, the cattle is sold, but machinery kept intact for future use.
2. Lots of buyers, but small down payments. All seem to be on the fence as to what to do, as farm commodity prices are hurting.
3. Farm sales very limited. Understand however, that prices are holding firm.
4. Hard to get buyers with enough cash for down payment. Banks have tightened up and will loan only about 40% or less.
5. Market weaker than a year ago. Uncertainty in the farming industry is strongly reflected in the present market.
6. This is going to be the poorest year I have had. If the lookers had the money it would move again .
7. Additional land being purchased whenever possible. Small units in poorer or below average area not selling. A great number of these owners are working out; some <sup>farms are</sup> practically abandoned. Small units cannot get financed and therefore must be sold on contract for deed. There will be many abandoned farms in 80-40 acre units.
8. There are more vacant farms this year than for many years. We have a large number of sales. Farms are getting bigger and open land is being picked up by adjoining famers.
9. I think there will be even more farms for sale, with very few sold unless the owners will sacrifice. Additional regulations being placed upon farmers (note the new milk cooling regulations which cost the farmer from \$500 to \$3000 for which he gets no additional return).
10. A number of farm buyers want to buy but are waiting, expecting to buy cheaper and these buyers have the money.
11. The investor is very cautious.
12. Good demand for small farms near ----- for part-time farmers.
13. Lots of shoppers but no sales to report. This year is unusual situation. Have showed farms to about 20 buyers and no sales.
14. Here in \_\_\_\_\_ county, location and buildings have more control on saleability of farms than normal market points. We have so many so-called gentlemen farmers due to the nearness to the Twin Cities.
15. Many are planning on selling but the price asked is such that no sale can be made with a down payment large enough so that both buyer and seller are protected. There have been several sales made by certain individuals in this county with small down payments where the buyer lost out and seller, having obligated himself in other property finds that he is

16. I look for a good turnover in farms this fall. Land isn't too high here and the drought in the south is sending lots of buyers this way. We have plenty of rain and everything looks good.
17. Quite a lot of sales made direct by farmers to neighbors and others.

Northwestern Minnesota  
Average price: \$76 per acre, on July 1, 1956  
up \$3 from July 1, 1955  
an increase of 3 per cent

The number of comments referring to crop yields appears to be higher in this region of Minnesota than in any other. Cash grain has been and continues to be the most important source of farm income in the Red River Valley. We have had reports, however, indicating some shifting away from cash crop farming into dairy cattle, sheep, and feeder cattle. Several years of poor crops in certain areas have weakened the land market there. However, demand for additional land has anything but slowed down.

The supply situation is very much like that in Southern Minnesota. A few comments indicate that estates constitute the main sources of land supply. Here are a few typical comments:

1. Crop failure in part of community has had a bad effect on demand in that area.
2. Our crops are looking good and buyers from Southern Minnesota and Northern Iowa are coming occasionally to look at farms. We are going more into dairy cattle and sheep and some feeder cattle. Less wheat, more soy beans and sunflower.
3. Three years of poor crops. However, the coming year looks very bright.
4. Practically impossible to find farms for rent. Those on the farms equipped with stock and machinery show more and more disinclination to rent or sell. Good crop outlook may account for this situation.

5. Top land in demand--supply limited--price of no concern. Balance of land slow after 2 short crops.
6. If the present crop comes thru here in the Red River Valley then there should be a marked improvement in the sales of the better class farm land.
7. Most sales indicate the tendency for a large operator to buy up some small farms and incorporate them with his larger larger farm. Unimproved land has far more value, comparatively, than improved farms. The large operator does not want buildings.
8. If farm prices for grain etc. stay up where they are, the bigger farmers will buy more of the smaller farms.
9. Farm land is in demand but very little land available except through settlement of estates where there are no immediate heirs. People are willing to pay high prices if suitable payment terms can be arranged. Even with low farm produce prices, land prices will not drop.
10. Very few good farms for sale, only estates are offered.
11. Most of sales have been necessitated because of estates being settled. Very few, if any, farmers going out of business.

Northeastern Minnesota  
Average price: \$42 per acre on July 1, 1956  
down \$3 from July 1, 1955  
a decline of 8 per cent

"Farming in Northeastern Minnesota is a thing of the past."  
Except for a few well-established farms, this comment sums up the long-run economic trend in this district. Many owners of small farms have either abandoned their holdings or continue to live on the farm while working in nearby iron-ore mines. The latter type of farm is saleable only if it is within fairly close driving distance of the working place. Farms often sell for much less than the value of the improvements. Financing difficulties add to the predicament of the farm real estate market in <sup>the</sup> Northeast. In most cases the residential value of the farm determines the sales price.

1. Farming in this part of the state has been in the declining stage for several years.
2. Market demand is way down. Actually, we don't list farms for sale now; consider it wasted effort.
3. Farms continue to be vacated. Farmers seeking a steady wage elsewhere.
4. Our farms are fast becoming vacant. I know of several good farm homes standing empty and cannot even be rented.
5. Buyers are only interested in country homes and have outside employment; however, I think there would be more farm activity in this area if there were proper financing.
6. The miners live for the most part on small plots of ground that are in no sense farms. They are really small and large garden plots. The value of these places is governed entirely by the worth of the buildings. The land seems to have no bearing on the prices asked and paid.
7. Some of the small farmers in this area are living on their farms but do not operate them as they are seeking employment on the iron range.
8. Farms over 30 miles away from any industrial center do not sell, even though located close to small towns.
9. Farms large enough to give a family a good living are becoming more valuable. Small farms are worth only what the house will bring as a rural residence.
10. Supply of farms far exceeds the demand. There would be a greater demand for farms if financing were available. FHA made their requirements such that very few farms here qualify for a loan. Farmers retiring from active farming still live on the farm due to lack of buyers.
11. I try to sell farms and if I ask more than one half the value of the improvement of a good farm they just walk away; <sup>others</sup> have no money for even a small payment. I have a long list of farms priced very low and I cannot move them.