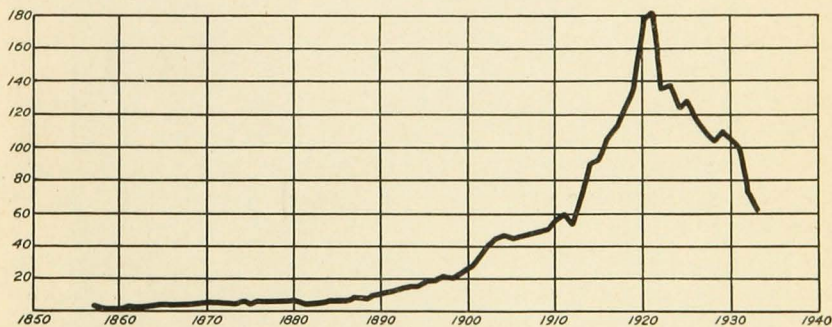


UNIVERSITY OF MINNESOTA
AGRICULTURAL EXPERIMENT STATION

FARM REAL ESTATE VALUES IN MINNESOTA

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DIVISION OF AGRICULTURAL ECONOMICS



Average Sale Price per Acre for Farm Real Estate in
Martin County, Minnesota, 1857-1932

UNIVERSITY FARM, ST. PAUL

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INTRODUCTION

The buyer of a farm in reality is buying future incomes which the farm is expected to produce. That is, it is income which determines the market value. The price a man is willing to pay is based upon the present income and upon expected increases or decreases in the future. The latter necessarily are estimates, and land values fluctuate not only with changes in present income but with expectations of the future. In a period of optimism expectations of future increases may lead to an over-valuation.

Many farmers have encountered serious financial difficulties and many have failed because they went into debt to purchase a farm when prices were abnormally high. The thousands of farmers who purchased their farms during the boom years of 1917-20 and have since lost them are an example. The prices of farm real estate during the boom period were abnormally high. Similarly, the prices during the period of depression have been abnormally low. The usual concept of a normal value of farm real estate is an average value over a long period of years, and the market values fluctuate around this normal value. If buyers of farm land would think in terms of normal value and in terms of income rather than of opportunities to profit by a speculative rise in values, land values would be more stable. Such a condition is much to be desired.

Because of the many possible changes that might have an effect on the income from farms, it is impossible to forecast what the future price of farm real estate in any particular region will be, but a study of the market values of the preceding years is helpful. It is the purpose of this bulletin to show the changes in market values of land in the past in Minnesota.

ESTIMATED VALUES OF THE UNITED STATES CENSUS

A guide to the trends in farm real estate values in former years is found in the values given for farm land and buildings in the United States Census. The census values are estimates, by the owner or the enumerator, of the "amount for which the farm would sell if it were being sold under normal conditions—not at forced sale." Generally speaking, census values approximate sale prices, except in newer agricultural regions where they usually exceed sale prices. Table 1 is a summary of census values of farm land and buildings by counties for census years since 1870.

Table 1

Value of Farm Real Estate per Acre in Minnesota Counties for Census Years
(U. S. Census)*

Counties	1870	1880	1890	1900	1910	1920	1925	1930
Northwestern								
Clay	\$ 2	\$ 9	\$12	\$18	\$ 39	\$ 82	\$ 59	\$ 41
Kittson .....	..	4	8	16	31	58	44	29
Mahnomen .....	..	..	..	..	24	69	34	23
Marshall .....	..	4	9	12	25	57	39	25
Norman .....	..	..	10	19	33	74	52	37
Pennington .....	..	..	..	..	20	47	37	25
Polk .....	..	8	10	16	33	70	52	37
Red Lake .....	..	..	..	10	24	56	39	28
Roseau .....	..	..	..	7	15	31	28	21
District	2	8	10	15	29	63	45	32
Northeastern								
Aitkin	1	7	7	8	18	41	40	34
Beltrami .....	..	..	4	6	13	24	30	28
Carlton .....	..	6	11	11	26	56	53	54
Cass	8	2	8	6	17	42	36	29
Clearwater .....	..	..	..	..	15	43	41	30
Cook .....	..	7	21	10	14	21	22	32
Itasca .....	..	..	10	10	17	31	32	36
Koochiching .....	..	..	..	..	12	19	25	25
Lake	6	1	15	10	17	29	47	49
Lake of the Woods...	..	..	..	..	..	..	19	19
St. Louis .....	..	14	30	15	21	39	49	46
District	5	7	16	8	18	36	38	35
West Central								
Bigstone	2	5	10	19	44	108	74	55
Chippewa	4	11	12	22	44	134	92	74
Douglas	2	8	13	20	39	93	73	63
Grant	8	7	13	18	39	102	83	54
Kandiyohi	1	10	15	25	41	113	80	65
Lac qui Parle.....	8	6	13	24	49	145	98	78
Pope	2	8	11	17	35	86	67	55
Stearns	2	11	16	21	38	97	73	64
Stevens	2	9	11	18	39	104	73	53
Swift .....	..	8	11	20	38	99	72	58
Traverse .....	..	..	..	19	45	96	71	50
Wilkin	5	7	12	19	41	82	60	41
District	2	9	13	20	41	105	76	60
East Central								
Anoka	3	10	33	20	40	89	72	58
Becker	3	9	10	14	27	61	46	36
Chisago	4	6	14	18	35	89	89	79
Benton	5	11	18	22	46	104	63	54
Crow Wing	9	9	7	9	24	47	42	38
Hubbard .....	..	..	9	8	18	47	35	29
Isanti	2	8	9	16	32	84	66	61
Kanabec	6	4	11	10	34	75	66	55
Mille Lacs	3	7	10	18	37	94	75	68
Morrison	4	8	12	15	30	72	58	53
Ottertail	1	8	12	16	32	79	60	51
Pine	11	11	10	12	27	67	59	52
Sherburne	9	8	14	15	30	76	68	47
Todd	2	7	11	19	31	82	66	57
Wadena	5	8	10	11	24	59	45	39
District	3	8	13	16	31	76	60	51

Table 1—Continued
Value of Farm Real Estate per Acre in Minnesota Counties for Census Years
(U. S. Census)*

Counties	1870	1880	1890	1900	1910	1920	1925	1930
Southwestern								
Blue Earth	\$5	\$18	\$24	\$43	\$63	\$158	\$111	\$104
Brown	2	12	18	31	49	139	99	93
Cottonwood	2	10	13	26	50	153	99	87
Faribault	3	11	22	43	65	172	117	103
Jackson	3	9	15	30	56	166	110	95
Lincoln .....	..	6	10	22	44	138	86	70
Lyon .....	..	9	13	25	49	158	101	80
Martin	2	11	16	33	61	190	128	114
Murray	3	7	13	28	50	158	103	77
Nicollet	5	15	23	32	51	136	94	91
Nobles .....	..	9	15	30	63	184	116	103
Pipestone .....	..	5	13	26	56	179	100	84
Redwood	4	8	14	28	50	150	96	90
Renville	1	11	15	27	49	128	92	84
Rock	2	9	17	32	77	231	122	107
Sibley	4	14	23	32	53	132	105	103
Watonwan	3	13	19	32	56	157	111	98
Yellow Medicine .....	..	7	13	24	47	139	98	81
District	3	11	17	30	55	158	105	92
Southeastern								
Carver	5	20	33	36	82	180	150	150
Dakota	10	25	38	30	60	148	99	90
Dodge	7	21	20	33	56	131	117	73
Fillmore	7	20	21	33	59	132	99	80
Freeborn	4	16	16	33	57	152	110	98
Goodhue	6	27	24	60	60	128	95	82
Hennepin	7	31	67	25	109	201	208	202
Houston	6	14	16	33	43	95	70	68
LeSueur	5	18	24	35	67	163	116	120
McLeod	2	13	24	29	67	155	118	127
Meeker	3	14	20	41	51	119	94	86
Mower	6	19	20	40	63	151	108	80
Olmsted	9	24	24	83	59	135	93	78
Ramsey	2	51	20	40	145	218	258	287
Rice	6	22	26	35	65	139	110	105
Scott	4	20	25	39	60	132	98	106
Steele	5	19	19	29	61	137	109	94
Wabasha	8	22	21	41	52	112	82	78
Waseca	4	18	22	36	58	144	100	94
Washington	7	26	39	34	62	116	101	94
Winona	7	22	23	31	51	98	81	75
Wright	3	14	23	27	59	144	106	100
District	6	21	26	37	62	138	106	97
Minnesota	12	14	18	26	46	109	80	69

* Figures to nearest dollar. Cents omitted.

SALE PRICES OF FARM REAL ESTATE

Martin County, on the southern boundary of Minnesota, was selected for a study of sale prices of farm real estate from 1857, the year when the state's constitution was drawn, to 1933. Martin County is one of the leading agricultural counties of Minnesota. It has a very fertile

soil and nearly all the land is under cultivation. Livestock production is the leading farm enterprise, and in corn production Martin County ranks high. The county records were searched and a record was made of each bona fide sale of land, by years. Wherever possible, the consideration was noted in order to obtain a sale price per acre.

Figure 1 shows the trend of sale prices of farms in Martin County. The period 1857 to 1890 was one of slowly rising prices for farm real estate. Sale prices in 1857 were \$2.35 per acre. By 1870 they had advanced to \$5.58, to \$7.12 in 1880, and in 1890 averaged \$10.65 per acre. Land values more than doubled in the next decade and reached \$26.49 per acre in 1900. The period 1900 to 1910 was one of increasing incomes on farms, resulting in rising values of farm real estate. The population was increasing rapidly, and people felt that the increased demands for food would result in higher income from the land in future years. Consequently land values were bid up and averaged \$55.03 in 1910. The next decade included the war years, which were years of high prices for farm products. The high incomes resulted in speculation in farm land and a land boom in 1918-21. In 1920 alone there were 636 tracts of land, a total of 100,517 acres, recorded as sold in Martin County, with an average sale price of \$177.22 per acre, a price equal to 322 per cent of the price in 1910. Since 1921 farm real estate has shown a sharp decline, following declining prices for farm products. In 1930 average sale prices on record in Martin County were \$104.59; in 1932 they were \$72.06, and sales recorded in the early part of 1933 averaged \$61.05.

In the years since 1921 there has been a great decline in the bona fide sales and an increase in foreclosure sales. The latter are not included in the figures referred to above. Thus, in 1932 there were only 85 tracts sold by direct transfer, while during the same year 89 farms were sold at foreclosure sales. In the 12 years, 1921-32, inclusive, there were 426 farms sold at foreclosure sales in Martin County. It is necessary to go back to the seventies to find a comparable situation of depression. In the twelve-year period, 1870 to 1881, inclusive, 334 farms were sold at foreclosure sale in Martin County. The early nineties were years of low prices for farm products, but the number of foreclosures was not so great. In the five years, 1890-94, only 55 farms were sold at foreclosure sales. In other years, foreclosure sales were insignificant in number.

Sale prices for farm real estate in all Minnesota counties by two-year periods beginning in 1910 are shown in Table 2. With the exception of the years 1932-33, these figures are based on data obtained from county records by the Minnesota Tax Commission. They include all sales of farm land for which a consideration was recorded, but all forced sales

and sales to relatives were omitted as nearly as possible. The 1930-31 figures also include some sales reported by agencies for which consideration was not given in county records. The averages for 1932-33 should be considered as preliminary figures. They include averages of sales reported by agencies selling farm lands, including insurance companies, trust companies and land banks.

Table 2
Average Sale Price of Farm Real Estate in Minnesota Counties by Two-Year Periods, 1910 to 1933

Name of county	1910-11	1912-13	1914-15	1916-17	1918-19	1920-21	1922-23	1924-25	1926-27	1928-29	1930-31	1932-33*
District I, Southeastern Minnesota												
Carver	\$95	\$94	\$116	\$123	\$158	\$187	\$116	\$155	\$168	\$153	\$135	\$..
Dakota	57	67	70	89	107	135	121	99	78	90	76	82
Dodge	54	71	87	102	109	140	126	98	101	87	71	46
Fillmore .....	..	71	86	94	127	158	113	98	114	90	74	50
Freeborn	55	67	89	102	114	155	121	110	117	110	102	59
Goodhue	54	65	79	86	103	145	110	90	99	101	90	52
Hennepin .....	..	99	125	149	136	169	199	167	..	..	104	61
Houston	44	43	49	60	86	90	70	72	74	60	45	..
Le Sueur	74	88	..	110	142	182	137	139	136	143	107	..
McLeod	62	54	95	118	133	160	126	124	140	119	120	..
Meeke	51	58	72	75	88	130	91	93	93	88	71	44
Mower	61	75	94	110	121	149	126	117	113	102	76	63
Olmsted	62	69	81	93	121	144	109	111	86	78	76	51
Ramsey .....	..	81	98	97	134	204	165	..	..	..	..	..
Rice	63	83	96	99	125	155	132	108	119	114	97	..
Scott	66	72	87	101	133	146	154	104	111	104	117	63
Steele	57	74	90	105	117	150	126	105	114	102	89	..
Wabasha	55	64	70	75	91	108	95	95	81	79	67	46
Waseca	57	70	91	92	117	153	124	98	116	106	87	..
Washington	49	60	69	83	91	108	102	102	76	79	69	44
Winona	51	64	62	64	92	92	91	82	103	111	76	60
Wright	58	74	80	90	117	146	115	110	113	109	90	53
Average	58	69	78	92	117	141	114	104	106	100	88	..
District II, Southwestern Minnesota												
Blue Earth	62	78	99	104	127	165	137	117	120	110	100	63
Brown	53	65	81	97	117	148	114	110	119	112	93	72
Cottonwood	55	64	78	94	111	146	110	114	109	88	84	52
Faribault	75	82	95	118	128	174	133	121	102	103	108	61
Jackson	62	71	94	107	124	162	120	115	123	108	89	71
Lincoln	47	54	65	79	101	127	94	97	88	83	66	61
Lyon	49	62	77	88	112	144	115	102	98	97	77	50
Martin	61	74	96	117	136	185	151	126	127	124	112	60
Murray	51	63	76	89	117	146	122	106	112	108	74	63
Nicollet	53	68	76	92	106	142	112	98	111	95	84	..
Nobles	64	82	101	122	140	179	128	130	125	117	98	67
Pipestone	54	64	80	106	115	153	105	110	95	94	73	60
Redwood	55	65	67	89	106	141	110	95	97	94	81	63
Renville	51	65	78	90	105	130	113	103	99	90	78	52
Rock	72	93	103	123	153	189	140	133	137	110	92	74
Sibley	56	68	83	95	117	142	106	106	112	105	105	..
Watonwan	54	68	90	106	112	150	132	113	109	101	96	79
Yellow Medicine	49	58	76	88	103	132	105	100	92	98	81	50
Average	57	69	84	100	118	152	119	110	109	102	88	61

Table 2—Continued

Name of county	1910-11	1912-13	1914-15	1916-17	1918-19	1920-21	1922-23	1924-25	1926-27	1928-29	1930-31	1932-33*
District III, West Central Minnesota												
Bigstone	43	46	53	66	82	105	79	88	65	68	38	36
Chippewa	46	51	67	81	103	129	106	88	93	87	72	48
Douglas	37	44	58	62	69	98	72	75	73	60	53	..
Grant	34	43	49	61	64	84	68	59	60	57	42	36
Kandiyohi	41	50	64	73	75	115	74	81	85	78	62	47
Lac qui Parle	48	60	67	82	101	131	95	103	98	86	77	62
Pope	31	40	46	51	63	89	86	66	63	56	44	32
Stearns	37	43	53	62	78	97	97	70	75	69	59	43
Stevens	36	48	57	72	75	102	88	65	69	58	43	40
Swift	37	44	55	67	76	99	73	69	70	58	47	30
Traverse	43	47	54	72	84	93	84	66	57	61	43	29
Wilkin	34	39	45	55	62	79	51	57	39	53	32	34
Average	39	46	56	67	78	98	82	74	72	67	51	39
District IV, East Central Minnesota												
Anoka	34	38	45	52	59	61	70	64	59	61	45	27
Becker	22	26	32	39	42	50	39	26	24	26	23	24
Benton	30	38	46	55	66	107	68	67	65	58	48	..
Chisago	38	49	53	62	81	99	71	74	66	75	51	40
Crow Wing	8	16	19	26	25	20	35	32	35	24	23	22
Hubbard	14	17	21	22	24	31	25	26	27	22	25	32
Isanti	27	31	40	49	64	97	62	66	88	58	45	37
Kanabec	23	22	32	32	45	70	56	40	47	52	34	25
Mille Laacs	22	28	33	36	64	96	58	54	50	57	48	..
Morrison	23	24	29	41	44	58	55	55	51	37	37	26
Ottertail	26	32	35	43	55	75	57	50	49	40	33	30
Pine	16	14	23	27	38	51	44	36	40	48	27	18
Sherburne	30	36	41	52	58	75	76	57	55	43	36	21
Todd	27	33	40	46	50	76	62	64	55	51	41	28
Wadena	19	22	29	31	33	51	33	33	28	30	29	26
Average	24	29	34	41	50	68	56	49	49	44	36	28
District V, Northwestern Minnesota												
Clay	32	44	42	47	55	77	68	61	52	51	31	20
Kittson	25	27	26	32	41	51	35	29	33	26	19	18
Mahnomen	15	22	27	32	36	51	40	34	30	20	15	23
Marshall	18	23	25	33	41	50	38	32	30	28	18	15
Norman	27	35	40	44	47	73	48	61	42	44	31	40
Pennington	18	22	27	29	29	41	30	48	28	22	19	18
Polk	27	33	37	42	48	60	51	48	42	37	33	26
Red Lake	23	26	31	34	..	48	41	49	29	24	19	10
Roseau	14	17	17	20	22	34	21	23	20	14	..	12
Average	24	29	32	37	40	57	44	44	36	33	23	20
District VI, Northeastern Minnesota												
Aitkin	12	14	17	18	24	29	24	25	22	27	21	15
Beltrami	11	11	13	13	14	17	22	18	21	18	13	16
Carlton	14	16	17	15	28	37	36	27	36	29	17	22
Cass	12	14	15	19	19	28	22	22	24	21	19	14
Clearwater	10	15	17	18	21	34	29	31	26	23	22	16
Cook	13	10	8	7	7	10	..	..	..	..	..	..
Itasca	9	11	12	12	14	19	20	17	18	15	17	17
Koochiching	11	10	10	12	12	14	13	15	16	10	12	8
Lake	8	11	9	12	14	16	..	..	..	..	..	..
Lake of the Woods	..	..	..	..	..	..	10	13	12	19	..	8
St. Louis	12	..	14	15	16	19	..	..	..	..	..	15
Average	11	13	14	15	18	24	23	22	22	21	17	17
Minnesota	41	49	58	68	82	104	85	78	76	71	59	40

* 1932-33 figures preliminary, subject to revision.

These data give a good picture of what has happened to market prices of farm real estate in Minnesota counties since 1910. They require no explanation except that where the values seem out of line it is because the number of farms sold was small and is not representative. The district averages were computed by weighting each county according to the number of acres in farms in 1930.

Table 3 gives an index of the sale value of farm real estate for each two-year period, by districts, since 1910. The period 1912-13 is used as a base, and values of other years are compared with this period for each district. Sale prices in all districts were approximately twice as high in 1920-21 as in 1912-13, but the preliminary figures for 1932-33 show that recently farms have been selling at prices materially below those of 1912-13.

Table 3
Index of Sale Value per Acre of Farm Real Estate by 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*
Southeastern . . .	\$84	\$100	\$113	\$133	\$170	\$204	\$165	\$151	\$154	\$145	\$126	\$78
Southwestern . . .	83	100	122	145	171	220	172	159	158	148	128	88
West Central . . .	85	100	122	146	170	213	178	161	157	146	111	83
East Central	83	100	117	141	172	234	193	169	169	152	125	97
Northwestern	83	100	110	128	138	197	152	152	124	114	76	70
Northeastern	85	100	108	115	138	185	177	169	169	162	131	131
Minnesota	84	100	118	139	167	212	173	159	155	145	120	82

* 1932-33 figures preliminary, subject to revision.