UNIVERSITY OF FLORIDA
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Agricultural Land Values Increase as Citrus Land Values Decrease: 2002 Survey Results[1]

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The 2002 Florida Land Value Survey results indicate that the value of cropland and pasture land increased in all regions of the state during the past year. The value of citrus land declined for the second consecutive year. Agricultural land values vary by the type of land use and geographic area. While survey respondents cited *nonagricultural demand for land* for the relatively strong increases over the past year, *comprehensive plan restrictions* were mentioned as a factor exerting downward pressure on land values in some areas.

The Florida Land Value Survey, conducted by the Food and Resource Economics Department at the University of Florida, provides estimates of the value of different types of agricultural land for geographic regions of the state. The survey questionnaire was designed to obtain estimates of the market value for different types of land as of May 2002. Survey respondents included rural appraisers, farm lenders, real estate brokers, farm managers, land investors, county extension agents, Farm Services Agency and Natural Resource and Conservation Service personnel, county property appraisers, and other persons who develop and maintain information about rural land values in their areas. Respondents provided 194 usable county reports for the 2002 survey.

The state was divided, based on agricultural production, into five major regions: Northwest, Northeast, Central, South, and Southeast (Figure1). The Southeast was delineated as a result of the impact of urbanization in southeast Florida. Even though the state was divided into more homogeneous regions, wide variation in agricultural land values still exists within each region.

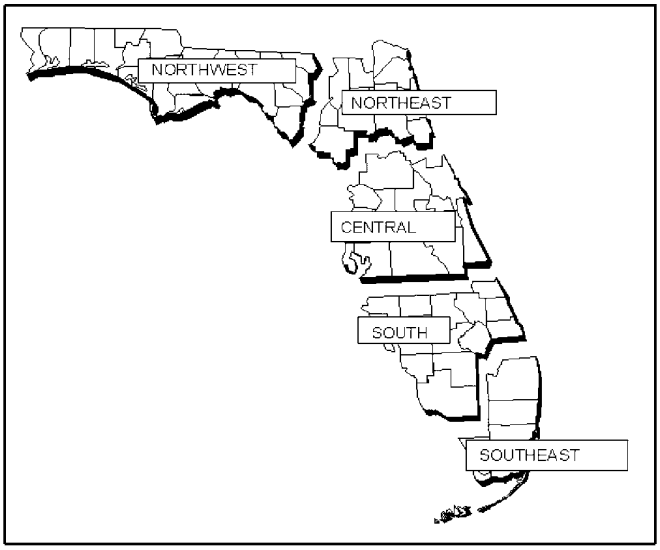

Figure 1. Geographic regions used for the Florida land value survey.

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Changes by Type of Land

The value of land used for crops and pasture increased in all regions. The value of cropland increased from 7 to 13 percent, and the value of improved and unimproved pastureland increased from 7 to 15 percent. The value of farm woods increased 9 to 10 percent. However, the value of orange groves declined 11 percent, and the value of grapefruit groves declined about 15 percent (Table 1).

Citrus

After two years of improved grove values, the value of orange and grapefruit groves declined in both the Central and South regions. The value of orange groves declined 11.2 percent in the South and 11.4 percent in the Central region. The value of grapefruit groves decreased 15.6 percent in the South and 14.8 percent in the Central region. The value of land with 5- to 7-year-old citrus plantings decreased 8.8 percent in the South region and 2.4 percent in the Central region.

Cropland

The value of cropland increased in all regions. The value of irrigated cropland increased 8 to 9 percent in the Central and South regions and 11 to 12 percent in the Northwest and Northeast regions. The value of nonirrigated cropland increased from 7.6 percent in the Northwest region to 13.1 percent in the South. The value of nonirrigated cropland increased 8.7 percent in the Central region and 10.8 percent in the Northeast.

Pastureland

The value of pastureland also increased in all regions. The value of improved pasture increased 11 to 12 percent in the southern regions and 9 to 10 percent in the northern regions. The value of unimproved pasture increased 15 percent in the South, 11 to 12 percent in the Central and Northeast regions and 7 percent in the Northwest region.

Farm Woods

The value of farm woods increased 9.3 percent in the Northwest and 10.1 percent in the Northeast region.

Regional Comparisons of Land Values

The average value of citrus land was higher in the South region than in the Central region. The value of irrigated land and unimproved pasture was higher in the Northeast than in other regions. However, the value of other types of agricultural land was higher in the Central region than it was in other regions. The lowest agricultural land values were reported in the Northwest region.

The average value of orange groves was $5,687 per acre in the South region, about $250 per acre higher than in the Central region. The estimated value of grapefruit groves was $3,658 per acre in the South region, $44 per acre higher than in the Central region. The average value of land with 5- to 7-year-old citrus groves was $5,211 per acre in the South region, $543 per acre higher than in the Central region.

The value of irrigated cropland was $2,859 per acre in the Northeast and $2,807 in the Central region. The value of irrigated cropland in the South was $2,314 per acre and $1,813 in the Northwest. The value of nonirrigated cropland was $2,468 per acre in the Central region and $2,171 in the Northeast. The value of nonirrigated cropland in the South was $1,843 per acre and $1,502 in the Northwest.

The value of improved pasture ranged from $2,681 per acre in the Central region to $1,411 per acre in the Northwest. The value of unimproved pasture ranged from $1,936 per acre in the Northeast to $1,165 per acre in the Northwest. The values of improved and unimproved pastureland in the South region were 63 and 77 percent, respectively, of those in the Central region. The value of both types of pastureland in the Northwest were 63 and 60 percent, respectively, of those in the Northeast.

Cash Rents

The estimated cash rent for nonirrigated cropland was $31.09 per acre in the Northwest region and $25.00 per acre in the Northeast region (Table 2). The estimated cash rent for improved pastureland was $25.00 per acre in the Northwest region, $18.80 per acre in the Northeast region, $20.20 per acre in the Central region, and $18.65 per acre in the South

region. Cash rent for unimproved pastureland ranged from $16.16 per acre in the Northwest region to $8.83 per acre in the Central region. The cash rent data indicate that cash rents increased in the Northwest, Central, and South regions for improved pasture. Cash rents in the Northeast region and for other types of land changed by only small amounts.

Cash rent as a percentage of the estimated value of cropland and pastureland range from 1 to 2 percent in the Northwest and 1 percent or less in the other regions. These rates are quite low as compared to other areas of the country. These low rates of return indicate that the market value of agricultural land has been bid up beyond the income earning capacity from agricultural uses and reflects the pressure from nonagricultural demand for land on the market value of agricultural and rural land.

Transition Land

Transition land is defined as agricultural land that is being converted or likely to be converted to nonagricultural uses as sites for homes, subdivisions, and commercial uses. Transition land values were analyzed by metropolitan and non-metropolitan counties for each region. Metropolitan counties are those areas that are classified as Metropolitan Statistical Areas by the U.S. Office of Management and Budget and are considered as urban or urbanizing areas, while non-metropolitan counties are the more rural counties where less land is being converted to urban uses. Transition land values were three times higher in the Southeast region than in the other regions. The values for transitional land in metropolitan counties in the other regions were about two times as high as the value of transition land in non-metropolitan counties (Table 3).

The value of transition land within five miles of a major town in metropolitan counties increased 6 percent in the northern areas and 8 to 13 percent in the southern regions. The value of transition land within five miles of a major town ranged from $11,646 to $14,134 per acre, except in the Southeast region where transition land values were $45,000 per acre. The value of transition land more than five miles from a major town in metropolitan counties ranged from $6,280 to $8,923 per acre, except in the Southeast region where transition land values were $28,333 per acre. The value of transition land within five miles of a major town in non-metropolitan counties ranged from $4,107 to $5,931 per acre, while transition land values more than five miles from a major town in non-metropolitan counties ranged from $3,234 to $3,950 per acre.

Expected Trends

Survey respondents were asked if they expected agricultural land values to be higher, lower, or remain unchanged during the next 12 months. Slightly more than three-fifths of the respondents in the survey (northern and southern regions) expected agricultural land values to increase during the next year (Table 4). Only 2 percent of the respondents in the northern regions and 10 percent in the southern regions expected lower land values during the next 12 months. Except for the Southeast region, respondents expected land values to increase from 3 to 6 percent during the next 12 months. Agricultural land values are expected to increase 4.1 percent in the Northwest and 6.1 percent in the Northeast during the next year. In the southern regions, respondents indicate that they expect agricultural land values to increase 3.3 percent in the Central region and 5.9 percent in the South. The Southeast region is expected to see the largest increase of all regions at 14.4 percent, primarily due to the urban demand in this region.

Use of the Survey Results

The estimates of land values provided in this report are based on the opinions of many people involved in the real estate market. Care must be exercised when making year-to-year comparisons between surveys for several reasons. First, the group of participating respondents changes from year to year. Second, government rules and regulations affecting water, land use, and the environment may change and affect agricultural land values. Finally, with these changes, the results may not be directly comparable with results from previous years.

Despite these limitations, this survey has provided estimates of agricultural land values that have been fairly consistent since the mid-1980s. These estimates serve as a guide to the relative value of different land uses within areas and between areas.

It is important, however, to emphasize that the value of a specific tract of land may vary substantially from these estimates because of the physical characteristics of the tract, the location of the tract and the economic and institutional factors that may affect or restrict its use. Therefore, the value of a specific tract of land should not be determined by these survey results. A professional appraiser should be used to determine the value for a specific tract of land.

References

Reynolds, John E. Citrus Land Values Decline as Other Land Values Increase: 2001 Survey Results *Florida Food and Resource Economics*, No. 147. University of Florida, Gainesville, FL, July-August 2001. http://www.agbuscenter.ifas.ufl.edu/landuse.

Table 1. Estimated land value per acre, by geographic region and land use, 2001 and 2002.

Region/Land Use	Date		Percent Change
	May 2001	May 2002	
	dollar/acre		
SOUTH			
Mature Oranges	6,410	5,687	-11.2
Mature Grapefruit	4,344	3,658	-15.6
5-7 Year Citrus	5,802	5,211	-8.8
Cropland			
Irrigated	2,150	2,314	7.6
Nonirrigated	1,630	1,843	13.1
Pastureland			
Improved	1,490	1,676	12.5
Unimproved	1,113	1,283	15.3
CENTRAL			
Mature Oranges	6,139	5,438	-11.4
Mature Grapefruit	4,241	3,614	-14.8
5-7 Year Citrus	4,783	4,668	-2.4
Cropland			
Irrigated	2,580	2,807	8.8
Nonirrigated	2,271	2,468	8.7
Pastureland			
Improved	2,418	2,681	10.9
Unimproved	1,494	1,659	11.0
NORTHEAST			
Cropland			
Irrigated	2,561	2,859	11.6
Nonirrigated	1,960	2,171	10.8
Pastureland			
Improved	2,030	2,229	9.8
Unimproved	1,735	1,936	11.6
Farm Woods	1,579	1,726	9.3
NORTHWEST			
Cropland			
Irrigated	1,630	1,813	11.2
Nonirrigated	1,396	1,502	7.6
Pastureland			
Improved	1,291	1,411	9.3
Unimproved	1,088	1,165	7.1
Farm Woods	1,030	1,134	10.1

Source: "Florida Land Value Survey," Food and Resource Economics Department, University of Florida, May 2002.

Table 2. Cash rent, by geographic region, May 2002.

Land Class	Northwest	Northeast	Central	South
		dollars/acre		
Improved Pastureland	25.00	18.80	20.20	18.65
Unimproved Pastureland	16.16	11.60	9.12	8.38
Nonirrigated Cropland	31.09	25.00	N/A	N/A

Table 3. Estimated value of transition land, by geographic region, May 2002.

Region/Category	Date		Percent Change
	May 2001	May 2002	
	dollar/acre		
METROPOLITAN COUNTIES			
< 5 Miles to Major Town			
Northwest	11,000	11,646	5.9
Northeast	13,300	13,833	6.4
Central	13,120	14,134	7.9
South	12,688	13,873	9.3
Southeast	40,000	45,083	12.7
> 5 Miles to Major Town			
Northwest	5,635	6,280	11.4
Northeast	6,828	7,500	9.8
Central	7,904	8,923	13.4
South	5,556	6,464	16.3
Southeast	26,250	28,333	7.9
NON-METROPOLITAN COUNTIES			
< 5 Miles to Major Town			
Northwest	3,853	4,107	6.6
Northeast	4,780	5,145	7.6
Central	N/A	N/A	N/A
South	5,275	5,931	12.4
> 5 Miles to Major Town			
Northwest	2,928	3,234	10.5
Northeast	3,535	3,830	8.3
Central	N/A	N/A	N/A
South	3,533	3,950	11.8

Table 4. Respondents' expectations of land values over next 12 months, by geographic region, May 2002.

Item	Higher Expectation	No Change in Expectation	Lower Expectation
		percentage of responses	
Land Values, Next 12 Months			
Southern Regions	62	28	10
Northern Regions	61	27	2