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Agricultural Land Values Increase: 2003 Survey Results[1]

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The 2003 Florida Land Value Survey results indicate that the value of agricultural land increased in all regions of the state during the past year. Survey respondents indicated that the increases in the value of agricultural lands were primarily due to a strong nonagricultural demand for land. The value of citrus land increased after declines for the past two years. Agricultural land values vary by the type of land use and geographic area.

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 2003. Survey respondents included rural appraisers, farm lenders, real estate brokers, farm managers, land investors, county extension agents, personnel from the Farm Services Agency and the Natural Resource and Conservation Service, county property appraisers, and other persons who develop and maintain information about rural land values in their areas. Respondents provided 190 usable county reports for the 2003 survey.

The state was divided, based on agricultural production, into five major regions: Northwest, Northeast, Central, South, and Southeast (Figure 1). 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.

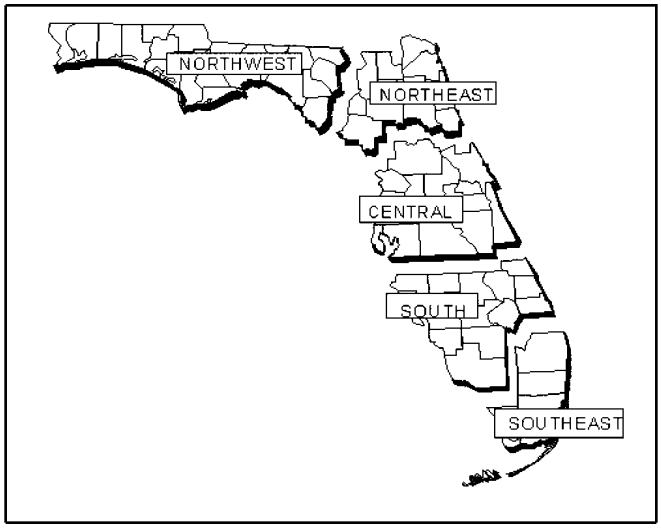

Figure 1. Geographic regions used for the Florida land value survey.

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Changes by Type of Land Use

The value of agricultural land increased in all regions. The value of cropland increased from 5 to 11 percent, and the value of improved and unimproved pastureland increased from 7 to 16 percent. The value of farm woods increased 7 to 10 percent. Although citrus groves did not increase as much as cropland and pasture, the value of orange groves and 5- to 7-year-old citrus groves increased 4 to 5 percent, and the value of grapefruit groves increased 7 to 8 percent (Table 1).

Citrus. After two years of declining grove values, the value of orange and grapefruit groves increased in both the Central and South regions. The value of orange groves increased 4.3 percent in the South region and 5.2 percent in the Central region. The value of grapefruit groves increased 7.4 percent in the South region and 8.3 percent in the Central region. The value of land with 5- to 7-year-old citrus plantings increased 4.4 percent in the South region and 4.7 percent in the Central region.

Cropland. The value of cropland increased in all regions. The value of irrigated cropland increased 7 percent in the Central and South regions and 9 to 10 percent in the Northwest and Northeast regions. The value of nonirrigated cropland increased from 10.9 percent in the Northwest region to 5.2 percent in the Central region. The value of nonirrigated cropland increased about 9 percent in the Northeast and South regions.

Pastureland. The value of pastureland also increased in all regions. The value of improved pasture increased 9 to 15 percent in the southern areas and 7 to 9 percent in the northern areas. The value of unimproved pasture increased 16 percent in the South region, 11 to 14 percent in the Northwest and Central regions, and 7 percent in the Northeast region. The large increases in pasture land values in the South region occurred primarily in the coastal counties of that region.

Farm Woods. The value of farm woods increased 9.7 percent in the Northwest region and 7 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 $5,932 per acre in the South region (about $200 per acre higher than in the Central region). The estimated value of grapefruit groves was $3,929 per acre in the South region ($15 per acre higher than in the Central region). The average value of land with 5- to 7-year-old citrus groves was $5,440 per acre in the South region ($551 per acre higher than in the Central region).

The value of irrigated cropland was $3,148 per acre in the Northeast region and $2,998 in the Central region. The value of irrigated cropland in the South region was $2,475 per acre and $1,986 in the Northwest region. The value of nonirrigated cropland was $2,597 per acre in the Central region and $2,366 in the Northeast region. The value of nonirrigated cropland in the South region was $2,014 per acre and $1,665 in the Northwest region.

The value of improved pasture ranged from $2,934 per acre in the Central region to $1,542 per acre in the Northwest region. The value of unimproved pasture ranged from $2,080 per acre in the Northeast region to $1,294 per acre in the Northwest region. The values of improved and unimproved pastureland in the South region were 65 and 78 percent, respectively, of those in the Central region. The value of both types of pastureland in the Northwest region was 65 and 62 percent, respectively, of those in the Northeast region.

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 statistical areas are classified by the U.S. Office of Management and Budget and are considered urban or urbanizing areas. Non-metropolitan statistical areas are the rural counties not included in the metropolitan statistical areas. Transition land values were over three times higher in the Southeast region than in the other regions. The values for transitional land in the metropolitan counties in the other regions were two to three times as high as the value of transition land in non-metropolitan counties (Table 2).

The value of transition land within five miles of a major town in metropolitan counties increased 12 to 13 percent in the northern areas and 13 to 18 percent in the southern areas. The value of transition land within five miles of a major town ranged from $13,167 to $16,392 per acre, except in the Southeast region where transition land values were $58,813 per acre. The value of transition land more than five miles from a major town in metropolitan counties ranged from $7,000 to $10,388 per acre, except in the Southeast region where transition land values were $31,786 per acre. The value of transition land within five miles of a major town in non-metropolitan counties ranged from $4,312 to $6,500 per acre, while transition land values more than five miles from a major town in non-metropolitan counties ranged from $3,475 to $4,375 per acre.

Cash Rents

The estimated cash rent for nonirrigated cropland was $34.89 per acre in the Northwest region and $29.49 per acre in the Northeast region (Table 3). The estimated cash rent for improved pastureland was $25.40 per acre in the Northwest region, $22.00 per acre in the Northeast region, $20.63 per acre in the South region, and $19.20 per acre in the Central region. Cash rent for unimproved pastureland ranged from $17.08 per acre in the Northwest region to $9.47 per acre in the South region. The cash rent data indicate that cash rents increased for cropland and pasture in all regions except for improved pasture in the Central region (where change and the number of observations were both small).

Cash rent as a percentage of the estimated value ranged from 2.1 percent for nonirrigated cropland to 1.3 percent for unimproved pasture in the Northwest region and to less than1 percent for pasture land in the other regions. These rates are low compared to other areas of the country and reflect nonagricultural demand for land on the market value of agricultural and rural land.

Expected Trends

Survey respondents were asked if they expected agricultural land values to be higher, lower, or remain unchanged during the next 12 months. About two-thirds of the respondents in the survey (northern and southern areas) expected agricultural land values to increase during the next year (Table 4). Only 2 percent of the respondents in the northern areas and 3 percent in the southern areas expected lower land values during the next 12 months. Except for the Southeast region, respondents expected land values to increase from 4 to 7 percent during the next 12 months. Agricultural land values are expected to increase 3.6 percent in the Northwest region and 3.9 percent in the Northeast region during the next year. In the southern areas, respondents indicate that they expect agricultural land values to increase 4.9 percent in the Central region and 6.6 percent in the South region. The Southeast region is expected to see the largest increase of all regions at 9.8 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. "Agricultural Land Values Increase as Citrus Land Values Decrease: 2002 Survey Results" *Florida Food and Resource Economics* No. 150. University of Florida, Gainesville, FL, July-August 2002. http://www.agbuscenter.ifas.ufl.edu/landuse.

Table 1. Estimated land value per acre, by geographic region and land use, 2002 and 2003.

Region/Land Use	Date		Percent Change
	May 2002	May 2003	
	Dollar Per Acre		
SOUTH			
Mature Oranges	5,687	5,932	4.3
Mature Grapefruit	3,658	3,929	7.4
5-7 Year Citrus	5,211	5,440	4.4
Cropland			
Irrigated	2,314	2,475	6.9
Nonirrigated	1,843	2,014	9.3
Pastureland			
Improved	1,676	1,921	14.6
Unimproved	1,283	1,487	15.9
CENTRAL			
Mature Oranges	5,438	5,721	5.2
Mature Grapefruit	3,614	3,914	8.3
5-7 Year Citrus	4,668	4,889	4.7
Cropland			
Irrigated	2,807	2,998	6.8
Nonirrigated	2,468	2,597	5.2
Pastureland			
Improved	2,681	2,934	9.4
Unimproved	1,659	1,899	14.4
NORTHEAST			
Cropland			
Irrigated	2,859	3,148	10.1
Nonirrigated	2,171	2,366	8.9
Pastureland			
Improved	2,229	2,384	7.0
Unimproved	1,936	2,080	7.4
Farm Woods	1,726	1,847	7.0
NORTHWEST			
Cropland			
Irrigated	1,813	1,986	9.5
Nonirrigated	1,502	1,665	10.9
Pastureland			
Improved	1,411	1,542	9.2
Unimproved	1,165	1,294	11.1
Farm Woods	1,134	1,244	9.7

Source: "Florida Land Value Survey", Department of Food and Resource Economics, University of Florida, May 2003.

Table 2. Estimated value of transition land by geographic region, May 2003.

Region/Category	Date		Percent Change
	May 2002	May 2003	
	Dollar Per Acre		
METROPOLITAN COUNTIES			
< 5 Miles to Major Town			
Northwest	11,646	13,167	13.0
Northeast	13,833	15,500	12.1
Central	14,134	16,029	13.4
South	13,873	16,392	18.2
Southeast	45,083	58,813	17.1
> 5 Miles to Major Town			
Northwest	6,280	7,000	11.5
Northeast	7,500	7,813	4.2
Central	8,923	10,388	16.4
South	6,464	8,364	29.4
Southeast	28,333	31,786	12.2
NON-METROPOLITAN COUNTIES			
< 5 Miles to Major Town			
Northwest	4,107	4,312	5.0
Northeast	5,145	5,400	5.0
Central			
South	5,931	6,500	9.6
> 5 Miles to Major Town			
Northwest	3,234	3,475	7.5
Northeast	3,830	4,088	6.7
Central			
South	3,950	4,375	10.8

Table 3. Cash rent by geographic region, May 2003.

Item	Northwest	Northeast	Central	South
		Dollar Per Acre		
Land Class				
Improved Pastureland	25.40	22.00	19.20	20.63
Unimproved Pastureland	17.08	12.00	11.04	9.47
Nonirrigated Cropland	34.89	29.49		

Table 4. Respondents' opinions regarding their expectations of land values over the next 12 months, by geographic region, May 2003.

Item	Higher	No Change	Lower
		Percentage of Responses	
Land Values, Next 12 Months			
Southern Areas	67	21	2
Northern Areas	64	33	3