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2006 Florida Land Value Survey[1]

Rodney L. Clouser, Ronald Muraro, and Laila Racevskis[2]

Introduction

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 most recent survey was May 2006. Survey respondents come from varied backgrounds, including rural appraisers, farm lenders, real estate brokers, farm managers, land investors, county extension agents, personnel from the Farm Services Agency and the Natural Resource Conservation Service, county property appraisers, and other persons who develop and maintain information about rural land values in their areas. A total of 145 questionnaires out of 434 mailed (33% response rate) were returned and form the basis for this report.

Changes in the 2006 Land Value Report

Several changes have been made in the 2006 report, compared to previous reports. In some prior years, the reported land values were subdivided into four or five regions in Florida. In the 2006 report, the state is divided into two regions: northern and southern. The northern region is defined as all counties north of and including Alachua, Flagler, Levy, and Putnam Counties. The southern region is defined as all counties south of and including Citrus, Marion, and Volusia Counties. This change was made to provide larger sample sizes and to enhance the reliability of the estimated values. Citrus land values are not reported for 2006 because the number of surveys submitted with complete information to compare the 2005 and 2006 values was insufficient for the purpose of analysis. Transitional land values for metropolitan and non-metropolitan areas were combined due to limited data. Therefore, the data for 2006 are not directly comparable to reports from previous years.

Summary of Results

The 2006 Florida Land Value Survey results indicated that the value of all types of agricultural land increased between 2005 and 2006. Increases in land values were higher in both the northern and southern regions of the state and for all types of land, but the rate of increase between 2005 and 2006 was lower than the previous year. The percentage increase ranged between 2.8% and 13.5% across the state. The

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2. Rodney L. Clouser, professor, Food and Resource Economics Department, University of Florida, Gainesville, FL; Ronald Muraro, professor, Food and Resource Economics Department, Universit of Florida, Citrus Research and Education Center, Lake Alfred, FL; and Laila Racevskis, assistant professor, Food and Resource Economics Department, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL.

survey results from land sales professionals indicate that the average value of agricultural land ranges from approximately $4,100 per acre for unimproved pasture in the northern region to just over $7,000 for irrigated cropland in the southern region of the state.

Land sales experts indicated that increases in the value of agricultural lands were primarily due to a strong nonagricultural demand for land, and that farmland ownership was investment-based, not income-based. Many of the experts indicated that agricultural land value increases from 2005 through the first three months of 2006 were abnormally high and not representative of the value long term. Many experts also noted that the rise in prices and sales transactions over the last six months of 2006 had not declined in absolute terms, but had slowed significantly. The number of land sales was estimated to be the same or higher from 2005 to 2006 by 60 percent of the northern region experts and by 55 percent of the southern region experts. Some factors that were identified as affecting the value of agricultural land included the improvement in returns from other types of investments (e.g., stock market), large housing developments, and buyer speculation.

Changes by Type of Land Use

The value of agricultural land increased in both the northern and southern regions of Florida. The value of cropland increased 3.5% to 8.1%, and the value of improved and unimproved pastureland increased 2.8% to 13.5%. The value of farm woods increased 13.4% in the northern region of the state (Table 1).

Cropland. The value of cropland increased in both regions of the state. The value of irrigated cropland increased 8% in the southern region and 3.5% in the northern region. The value of non-irrigated cropland increased 7% in the northern region as well. A reliable estimate of the change in the value of non-irrigated cropland in the southern region is unavailable due to insufficient data.

Pastureland. The value of pastureland also increased in the northern and southern regions of Florida. The value of improved pasture increased 8% in the northern region and just over 7% in the southern region. The value of unimproved pasture increased almost 3% in the northern region and 13.5% in the southern region.

Farm Woods. The value of farm woods increased 13.4% in the northern region.

Regional Comparisons of Agricultural Land Values

The value of irrigated cropland was $7,036 per acre in the southern region, compared to $6,578 in the northern region (about 7% higher per acre in the southern region). The rate of increase in the southern region was just over 8%, compared to the previous year, but was only 3.5% higher in the northern region.

The value of improved pasture was $6,889 per acre in the southern region and $5,456 per acre in the northern region (about 26% higher per acre in the southern region). The value of unimproved pasture ranged from $5,352 per acre in the southern region to $4,382 per acre in the northern region (about 22% higher per acre in the southern region).

Cash Rents

The estimated annual cash rent for non-irrigated cropland in the northern region was between $35 and $38 per acre in 2005, and is estimated at $50 per acre in 2006 (Table 2). The estimated cash rent for improved pastureland in the northern region ranged from $26 to $29 per acre in 2005, and is estimated at $35 per acre in 2006 by the experts. Cash rent for unimproved pastureland in the northern region ranged from about $17 to $21 per acre in 2005, and is estimated at just under $24 per acre in 2006. The estimated cash rent for improved pastureland in the southern region ranged from $22 to $24 per acre in 2005, and is estimated at $31 in 2006. Cash rent for unimproved pastureland in the southern region was $17 per acre in 2005, and is estimated at $21 per acre in 2006.

Cash rental rates remain less than 1% of the value of the land for the different types of cropland and pasture. These rates are low compared to other areas of the country and may reflect the effect of the strong nonagricultural demand for land on the market value of agricultural and rural land in all areas of Florida.

Transition Land

Transition land was defined in the survey as agricultural land that is being converted or is likely to be converted to nonagricultural uses such as residential or commercial. Transitional land values are reported in Table 3.

According to the experts, the value of transition land within five miles of a major town increased by 20% to 50% from 2005 to 2006. The value of transition land within five miles of a major town ranged from $15,595 (northern region) to $55,000 (southern region) per acre. The value of transition land more than five miles from a major town ranged from $11,697 (northern region) to $22,167 (southern region) per acre, and the percentage increase ranged from just under 16% to 24%.

Expected Trends

Professional sales experts were asked if they expected agricultural land values to be higher, lower, or remain unchanged between May 2006 and May 2007. Fifty percent of the northern region respondents and 47% of the southern region respondents expected agricultural land values to exhibit no change during this time (Table 4). About 31% of the southern region respondents and 24 percent of the northern region respondents expected land values to decrease over the same time period. Twenty-six percent of the northern region respondents and 22 percent of the southern region respondents expected agricultural land values to increase between May 2006 and May 2007.

Use of the Survey Results

The land value estimates provided in this report are based on the opinions of many people involved in the real estate market and may not reflect actual land sales data. In addition to the changes identified in reporting the 2006 survey results, other factors also must be considered when using this report. For example, the group of participating respondents changes from year to year, and some of the land use categories and values reported are based on sample responses with limited observations (25 to 50 data observations).

These estimates should serve as a guide to the relative average values of different land uses within and between areas in Florida. It must be understood that the value of a specific tract of land may vary substantially from these estimates because of the physical characteristics, location, and the economic and institutional factors that may affect or restrict its use. Therefore, this survey should not be used to determine the value of a specific tract of land in Florida.

References

Reynolds, John E. 2006. Strong Nonagricultural Demand Keeps Agricultural Land Values Increasing . Electronic Data Information Source (EDIS) FE625. Food and Resource Economics Department, University of Florida, Gainesville, FL. http:/edis.ifas.ufl.edu/FE625.

Table 1. Estimated land alue per acre, by geographic region and land use, May 2005 and 2006.

Region/Land Use	Dates		Percent Change
	May 2005	May 2006	
	(dollars per acre)		
SOUTHERN			
Cropland			
Irrigated	$6,509	$7,036	8.1%
Non-irrigated	***	***	***
Pastureland			
Improved	$6,426	$6,889	7.2%
Unimproved	$4,715	$5,352	13.5%
Farm Woods	***	***	***
NORTHERN			
Cropland			
Irrigated	$6,356	$6,578	3.5%
Non-irrigated	$4,490	$4,804	7.0%
Pastureland			
Improved	$5,052	$5,456	8.0%
Unimproved	$3,992	$4,104	2.8%
Farm Woods	$3,864	$4,382	13.4%

*** Insufficient data.

Source: Florida Land Value Survey, Food and Resource Economics Department, University of Florida, November 2006.

Table 2. Cash rent, by geographic region, May 2006.

Item	Northern Region	Southern Region
	(dollars per acre)	
Land Class		
Improved Pastureland	$35	$31
Unimproved Pastureland	$24	$21
Non-irrigated Cropland	$50	***

*** Insufficient data.

Table 3. Estimated value of transition land, by geographic region, May 2005 and 2006.

Region/Category	Dates		Percent Change
	May 2005	May 2006	
	(dollars per acre)		
Less Than 5 Miles to Major Town			
Northern	$12,973	$15,595	20.2%
Southern	$36,667	$55,000	50.0%
Greater Than 5 Miles to Major Town			
Northern	$10,091	$11,679	15.7%
Southern	$17,833	$22,167	24.3%

Table 4. Respondents' expectations of land value changes over the next 12 months, by geographic region, May 2006.

Region	Higher Expectations	No Change	Lower Expectations
		(percent of responses)	
Southern	22%	47%	31%
Northern	26%	50%	24%