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2007 Florida Land Value Survey[1]

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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 conducted in October 2007 *for land values in May 2007*. 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 127 questionnaires out of 328 mailed (38.7% response rate) were returned and form the basis for this report.

Changes in 2007 Land Value Report

The 2007 land value report format is identical to the 2006 land value report format. It is not identical to land value reports prior to 2006. In years prior to 2006, the reported land values were subdivided into four or five regions in Florida. Beginning with 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 were not reported for 2006 because the numbers of surveys submitted were insufficient for the purpose of analysis. However, citrus land values are reported for 2007, but there is no value to compare with for the previous year (2006). Transitional land values for metropolitan and non-metropolitan areas were combined due to limited data. Therefore, the data for 2007 are not directly comparable to reports from previous years except for 2006.

Summary of Results

The 2007 Florida Land Value Survey results indicated a “mixed bag” for land values in Florida. Increases in land values were higher in the southern region of the state and for all types of land, except for transitional land within five miles of a major city. The

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rate of increase between 2006 and 2007 was higher than the previous year. The percentage increase ranged between 31% and 48% in the southern region of the state. It needs to be remembered though that the values collected were for *May 2007*, just prior to the rapid decline reported in Florida's housing and land markets. Citrus values ranged between $11,183 per acre for mature grapefruit to $16,123 per acre for mature oranges.

Land values were more volatile in the northern region of the state. Northern land values were lower for improved pastureland (-13.8%), farm woods (-3.6%), and transitional land greater than five miles to a major town (-6.6%). Increases in value for all northern cropland and transitional land within five miles of a major town ranged from 2% to 20.2%. The rate of increase between 2006 and 2007 was in general lower than the previous year. The survey results from land sales professionals indicate that the average value of agricultural land ranges from approximately $4,479 per acre for unimproved pasture in the northern region to just over $10,840 for non-irrigated cropland in the southern region of the state.

Land sales experts continue to indicate that increases in the value of Florida agricultural lands were primarily due to a strong nonagricultural demand for land, and that farmland ownership was investment-based, not income-based. Some of the experts indicated that "agricultural land values were all over the place", "land values have flattened for the foreseeable future", "it is a buyer's market", "land values have slowed," and "land values are down but still very high". Many experts also noted that land sales were still occurring but had slowed significantly. The number of land sales was estimated to be lower from 2006 to 2007 by 64% of the southern region experts and by 52% of the northern region experts. Some factors that were identified as affecting the value of agricultural land included an improvement in returns from other types of investments, a slowing rate of large housing developments, poor housing marketing in general, difficulty in obtaining financing, and less buyer speculation.

Changes by Type of Land Use

The value of agricultural land for 2007 is reported in Table 1.

Cropland. The value of all types of cropland increased in the southern and northern regions of the state. The value of irrigated cropland increased 48.3% in the southern region and 2.0% in the northern region. The value of non-irrigated cropland increased 20.2% 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.

Citrus. Citrus land values were not reported in 2006 due to insufficient numbers of returned surveys, so a comparison of increase/decrease in 2007 compared to 2006 is not possible. However, sufficient surveys were returned to report 2007 data. The estimated value of mature oranges in the southern region for 2007 was $16,123, mature grapefruit average price per acre was $11,183, and land with 5- to 7-year-old citrus plantings is estimated at $11,900 per acre. These prices seem relatively high, yet it must be remembered this represents an estimate for *May 2007* and citrus prices in general had been rising since the fall of 2006. Additionally, people may still be willing to buy land at this price, hoping to make or lose only a small amount of money while holding the land for investment purposes.

Pastureland. The value of pastureland also increased in the southern region of Florida. Improved pasture increased 32%, compared to 2006, and unimproved pasture increased 44.8% in the past year according to the survey. The results were much different in the northern region of the state. The value of improved pasture decreased 13.8% in the northern region and the value of unimproved pasture increased just over 9% in the northern region.

Farm Woods. The value of farm woods decreased 3.6% in the northern region.

Regional Comparisons of Agricultural Land Values

The value of irrigated cropland was $10,432 per acre in the southern region, compared to $6,712 in the

northern region (about 55% higher per acre in the southern region). The rate of increase in the southern region was just over 48%, compared to the previous year, but was only 2% higher in the northern region.

The value of improved pasture was $9,025 per acre in the southern region and $4,706 per acre in the northern region (about 92% higher per acre in the southern region). The value of unimproved pasture ranged from $7,752 per acre in the southern region to $4,479 per acre in the northern region (about 73% higher per acre in the southern region).

Cash Rents

The estimated annual cash rent for non-irrigated cropland in the northern region was $50 per acre in 2006, and is estimated at $51 per acre in 2007 (Table 2). The estimated cash rent for improved pastureland in the northern region was $35 per acre in 2006, and is estimated at $36 per acre in 2007 by the experts. Cash rent for unimproved pastureland in the northern region was $24 per acre in 2006, and is estimated at $27 per acre in 2007. The estimated cash rent for improved pastureland in the southern region was $31 per acre in 2006, and is estimated at $33 in 2007. Cash rent for unimproved pastureland in the southern region was $21 per acre in 2006, and is estimated at $20 per acre in 2007.

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 a 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 in the northern region increased by 11.7% from 2006 to 2007, but decreased 6.6% if located more than five miles from a major town. Just the opposite was true in the southern region of the state; the value of transition land within five miles of a major town decreased by 1.0% from 2006 to 2007, but increased 16.4% if located more than five miles from a major town. The value of transition land within five miles of a major town ranged from $17,414 per acre in the northern region to $54,442 per acre in the southern region. The value of transition land more than five miles from a major town ranged from $10,912 per acre in the northern region to $25,800 per acre in the southern region.

Expected Trends

Professional sales experts were asked if they expected agricultural land values to be higher, lower, or remain unchanged between May 2007 and May 2008. About 46% of the southern region respondents and 52% of the northern region respondents expected agricultural land values to exhibit no change during this time (Table 4). About 44% of the southern region respondents and almost 30% of the northern region respondents expected land values to decrease over the same time period. About 11% of the southern region and 17% of the northern region respondents expected agricultural land values to increase between May 2007 and May 2008. Overall, in both the southern and northern regions, experts indicated that a larger percentage felt land prices would continue downward in 2008 (southern region: 43.8% (2008) versus 31% (2007); northern region: 29.8% (2008) versus 24% (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. Several factors 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 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

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Table 1. Estimated land value per acre, by geographic region and land use, May 2006 and 2007.

Region / Land Use	Dates		Percent Change
	May 2006	May 2007	
	(*dollars per acre*)		
NORTHERN REGION			
Cropland			
Irrigated	$6,578	$6,712	2.0%
Non-irrigated	$4,804	$5,776	20.2%
Pastureland			
Improved	$5,456	$4,706	(–13.8%)
Unimproved	$4,104	$4,479	9.1%
Farm Woods	$4,382	$4,226	(–3.6%)
SOUTHERN REGION			
Mature Oranges	***	$16,123	***
Mature Grapefruit	***	$11,183	***
5–7 Year Citrus	***	$11,900	***
Cropland			
Irrigated	$7,036	$10,432	48.3%
Non-irrigated	***	$10,842	***
Pastureland			
Improved	$6,889	$9,025	31.0%
Unimproved	$5,352	$7,752	44.8%
Farm Woods	***	$8,369	***

*** Insufficient data.
Source: Florida Land Value Survey, Food and Resource Economics Department, University of Florida, October 2007.

Table 2. Cash rent, by geographic region, May 2007.

Item	Northern Region		Southern Region	
	2006	2007	2006	2007
	(*dollars per acre*)			
Land Class				
Improved Pastureland	$35	$36	$31	$33
Unimproved Pastureland	$24	$27	$21	$20
Non-irrigated Cropland	$50	$51	***	***

*** Insufficient data.

Table 3. Estimated value of transition land, by geographic region, May 2006 and 20007.

Region / Category	Dates		Percent Change
	May 2006	May 2007	
	(*dollars per acre*)		
Less Than 5 Miles to Major Town			
Northern Region	$15,595	$17,414	11.7%
Southern Region	$55,000	$54,442	(–1.0%)
Greater Than 5 Miles to Major Town			
Northern Region	$11,679	$10,912	(–6.6%)
Southern Region	$22,167	$25,800	16.4%

Table 4. Respondent expectation of land value changes over the next twelve months, by geographic region, May 2007.

Region	Higher Expectations	No Change	Lower Expectations
		(*percent of responses*)	
Northern Region	17.0%	52.1%	29.8%
Southern Region	11.1%	45.8%	43.8%