By DICK WRIGHT
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The U.S. Department of Agriculture puts the average price of Louisiana farmland at $940 an acre, a 2 percent decline from $959 an acre the previous year and a 34 percent drop from $1,430 in 1984, when the state's farmland values peaked.

People who deal in farmland said they thought a $940-an-acre value was high. But they also questioned why the value eroded at all because, they said, the farm economy seems to be picking up, if only slightly.

In the report issued by the Economic Research Service of the USDA, staff analyst Roger Hexem said the drop in land values in Texas, Oklahoma and Louisiana was probably related to continued difficult economic conditions in the oil and gas industries and consequent effects on state economies.

If that is the case, then land values — for agriculture or otherwise — may take a turn upward, said Baton Rouge Realtor Mark Haik, if a long-term disruption of oil shipments from the Middle East occurs.

Haik said he believes an oil and gas shortage would have little effect on land prices in the short-term. But if the oil price continues to rise, Louisiana land prices could be boosted.

Otherwise, Haik said, buyer interest in rural land — not necessarily just farmland — seems to be level. Haik, of Farm and Country Realty, said he has sold rural property, and now has some out-of-state interest in farmland. In one case the potential buyer is interested in mineral prospects with farming secondary. In another, the buyer wants to return to Louisiana from the West Coast.

Haik said he had been up in the Coushatta area, in Red River Parish just south of Shreveport, and found there is a lot of farmland lying idle. "I have never seen so much. You can lease it really cheap," Haik said.

The problem, apparently, is that would-be farmers of the land can't get the financing, he said.

The new USDA report on farmland values is based in part on a survey of farmers and ranchers. A sample was asked, "Provide your opinion, for your county, of average market value per acre — the value at which farm or ranch land could be sold. This should reflect full market value, including the influence of nonagricultural factors, such as being near an urban area."

According to the report, the farmland values are those as of Jan. 1, 1990, and the previous year's values were as of Feb. 1.

Earlier land value reports had put the per acre price of farmland in Louisiana somewhat lower than the current report, but those values have been revised, according to the latest analysis.

"Farmland values for 1984-89 have recently been revised to correspond with values reported in the 1987 Census of Agriculture," the report says. (The government conducts a census of agriculture every five years.)

The value of farmland in the 48 states rose 4 percent over the previous year — to an average of $693 an acre, the USDA report says. But, says the report, "When adjusted for inflation . . . land values actually slipped a bit last year, because the inflation rate was nearly 5 percent."

National farmland values have increased, overall, for three years running after average price dipped to a national

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The USDA figures tracking farmland values since 1983 show Louisiana farmland peaked at an average of $1,430 an acre in 1984. They have dropped thereafter, as the farm economy suffered a heightened rate of high debt and frequently low farm prices.

Farm lenders began to accrue large inventories of farmland while the crisis deepened, and even today, the effects of that lag linger. One source of farmland for sale in Louisiana now is FCS Servicing, an entity established by banks of the nationwide Farm Credit System to dispose of real estate the system banks bought through receivership of the defunct Federal Land Bank of Jackson, Miss. The Jackson bank was part of the Farm Credit System.

FCS Servicing set up as a subsidiary of the Farm Credit Bank of Texas, but it also has an oversight committee consisting of representatives of the Farm Credit System banks, according to Herb Haynes, director of liquidation operations for FCS Servicing.

Haynes said FCS Servicing wants to sell all the agricultural and rural housing property. He said FCS Servicing may hold land auctions, similar to ones held by the Jackson bank when it still existed and lasted until the receiver.

But Haynes said, "We're not planning any type of giveaway program." He said there would be no attempt to depress land values in the sales.

Haynes said FCS Servicing has about 75 farms for sale in Louisiana, totaling about 29,000 acres. It is selling former Jackson bank property in Mississippi and Alabama, the other two states served by the Jackson bank.

FCS Servicing has opened offices at Tallulah, Alexandria, and Crowley. The Farmers Home Administration also holds several farms, acquired in debt settlement, and most of them are for sale.

In northeast Louisiana, where cotton and soybean predominate, Eddie Mac Elledge, veteran Tallulah real estate agent, said recently, that farming remained depressed in the area. He said he had just sold 482 acres of good farmland for $650 an acre, and that was sold to a foreign resident who already owned adjacent property. The same property six years ago would have sold for $1,600 to $1,700 an acre, Elledge said.

Elledge said land prices are rising a little and farmers have made a little money in recent years. J. Burns B. Wright, president of the Federal Land Bank Association of Southeast Louisiana, which makes farm real estate loans, said he believes farm income has increased slightly in the past year.

Cotton land values in central Louisiana have stabilized and may have even risen some, Wright said. However, in central and south Louisiana, rice and soybean land prices have dropped slightly, he said.

He said soybean land sells for $450 to $600 an acre, and land suitable for other crops is higher.

He estimated good cotton land value at $1,000 an acre and good sugarcane land at $1,200 an acre, and other crops are generally $1,500 an acre. But he also noted that the acreage in sugarcane is not a tenth of soybean acreage, and Halk said land for a factor in farmland interest that may be a trend toward absentee ownership.

In a news release, Farmers National Co., a Midwest-based farm and ranch management company, lists "healthy signs" of lower land values — purchased by other farmers who need more land. The company advocates "strong market fundamentals." Adding, the company says, "Absentee ownership, and the inflation of outside capital, is on the increase because of attractive, bottom-line results from owning high quality farm and ranch land and other benefits of land ownership.

A company executive forecasts a continued trend toward absentee owners.