Price of Louisiana farmland still above average at $708

The average price of an acre of Louisiana farmland slipped $26 during the past year, bringing the average down to $708 an acre, according to the National Agricultural Statistics Service.

Nationwide, the average price of farmland rose by $17 an acre—from $547 to $564—which marked a break in a six-year decline in the average U.S. price in dollars per acre, the service reported. However, while the increase was 3 percent over the previous year, inflation was 4 percent.

"The February 1988 value averaged $564 per acre, 3 percent above a year earlier, but one-third below the record $823 in 1982," the service reported. "With inflation at nearly 4 percent in the preceding 12 months, the 1988 real value was down only slightly from 1987, but nearly 50 percent below the 1980 high."

The Louisiana farmland price remains well above the national average, and third behind Tennessee and Alabama in a regional comparison.

But as a measure of how farmland prices have plunged in recent years, the current Louisiana average is only half its 1981 peak when the average hit $1,414.

In a statistics service regional comparison of farmland prices among Louisiana and six neighboring or nearby states, Tennessee's average price of $1,104 an acre was by far the highest. But Louisiana was third at $708 an acre and just behind Alabama's average price of $731 an acre.

The average price of farmland in Oklahoma was only $421 an acre, lowest in the region, and in Texas it was only $466. In the middle range of the seven-state comparison were Mississippi, where the average was $658, and Arkansas, $645 an acre.

Productivity and profit potential are major factors in land prices and can account for the great difference in prices among the states, said Clyde St. Clergy, economist with the Louisiana Cooperative Extension Service.

The Louisiana average is higher because the land is highly productive and land along the Mississippi River between New Orleans and Baton Rouge has a potential for conversion to uses other than agriculture.

The high average price of land in Tennessee is due in part to the raising of horses, which are a high-value commodity, and the relative scarcity of land because the federal government owns much of the land for such uses as parks, he said.

On the other hand, Oklahoma and Texas land are relatively arid and the major use is for cattle.

Louisiana, Texas and Oklahoma are all big oil states, but St. Clergy said minerals don't have much impact on the price of farmland since an owner can sell the land but keep the mineral rights.