

Farm Talk

Jerry Webb

The bloom may already be off the rose when it comes to farmland prices. I realized this recently at

one of those famous Lancaster County farm auctions. While showing some visiting relatives our

beautiful area, my wife Joan and I decided they might enjoy a farm auction. So properly bundled in our warmest clothes, we headed off in the general direction of Lancaster for an auction that included about 40 acres of land and the usual farm buildings, plus some household goods and other items.

While the auctioneer droned on trying to get dollar bids for well worn used tires and rusty buckets, I strolled the grounds a bit and then started talking to one of the natives about what that farm might be worth. After some head scratching and a little reminiscing, he came up with \$100,000 as a fair price.

There was some good flat ground where tobacco had been grown and some more ground with considerable slope. A stream ran through the front of the property and the buildings were okay but nothing to brag about. So that meant about \$2500 an acre — quite a bit when you stop and think how little could actually be produced on a 40-acre farm and how big the mortgage payments would be, and the number of improvements that would have to be made before the place could really be considered ready to go.

Finally, the farm junk was sold and the auctioneer turned his attention to the real estate.

First, a legal looking little gentleman climbed up on a wooden box and read at great length the conditions of sale. And then the bidding started, very slow and deliberate, with hardly any indication of who was actually buying.

It started at \$2000 an acre, moved slowly to \$2500 and then just hung there for what seemed ten minutes, with the auctioneer chanting and chanting and nobody bidding. At last he stopped, said they would take a brief intermission, and be back in 15 minutes.

In the meantime, the auctioneer's son started selling the household junk.

Again, the auctioneer came back and started his chant at \$2500. He chanted and chanted and finally got someone to bid \$2525. Then there was a short conference, another intermission, and finally word came that the owners did not consider that an adequate price. And so, after wasting at least a half hour, the decision was made not to sell the place.

Apparently the owners thought it was worth more than the \$103,000 offered.

It will be interesting to watch some other Lancaster County farm auctions and land sales in other parts of the Mid-Atlantic area to see what is happening. Certainly that one case doesn't foretell all of the future of farm real estate. But it may be one expression of how folks are thinking, that farmland really isn't worth as much as it used to be.

The Department of Agriculture in a recent forecast is saying that activity in the farm real estate market will actually decline.

The experts are looking at five to 10 percent increases for the survey year which ends February 1, 1981. That's well below the 13 percent average rate over the last 10 years and the 15

percent increase for the year that ended February 1, 1980.

A lot of things affect what farmers are willing to pay for land and some of them will pay too much simply because they want it and it may be the only chance they have to buy it. And some farmers can pay too much because they will add it to an existing farm and average the cost with land bought much more cheaply years ago.

But when it gets right down to it, they must consider how they're going to pay for that land. And that's what stops so many farmers from this continued inflationary land pricing.

They are realizing that the profits just aren't there and some other folks who have been buying up real estate

are starting to feel that way also.

It's hard to borrow money and pay exorbitant interest rates to buy a piece of land that really won't pay for itself. And if inflationary land value increases are starting to dwindle, then maybe the good times in land selling are about over.

That's not to say that farmland won't continue to be a good buy and that prices will stand still or drop. I don't believe they will.

They're just not going to go up at as fast a rate in the near future and maybe not for a long time, unless something drastic happens in world food demand or in world food policies. And I'll bet it will be careful shopping for most farmland buyers during the next few years.

Farm Show features demonstrations

FARM SHOW — Educational demonstrations ranging from renovating your lawn to winterizing your home were featured in a "mini-theater" at the Penn State College of Agriculture exhibit at the 65th Farm Show.

Extension staff members, along with 4-H members from throughout the state, presented educational topics every 20 minutes.


"Popular presentations are money management, selecting a garden site, growing vegetable transplants, beekeeping, clothing care and home food preservation," says Harry

A. Carey, extension exhibits specialist, who along with Richard Kipp, Extension visuals specialist, created and designed the 1000 square foot exhibit.

In another section of the exhibit, Extension faculty and staff point out the educational services the College provides to all residents of the Commonwealth.

In still another section of the exhibit, College of Agriculture students explain curricula, courses and activities available for those interested in applying for admission to the college.

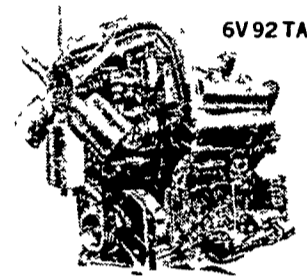
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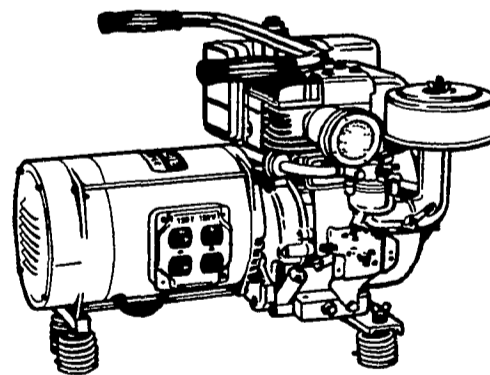
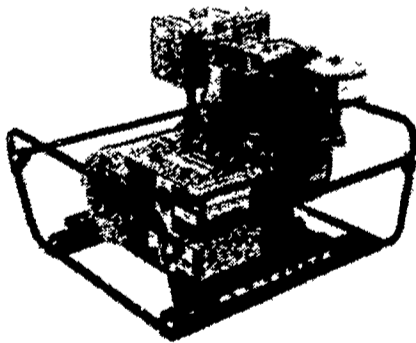
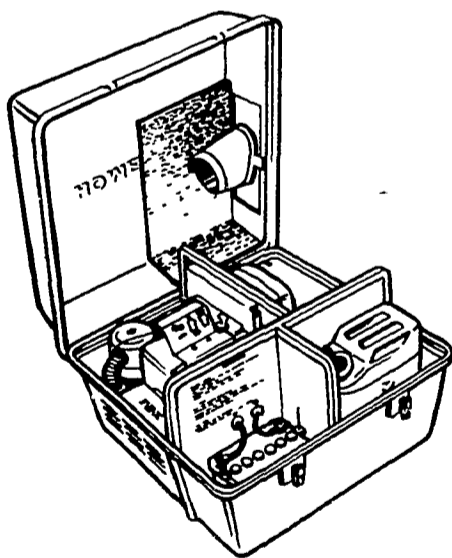
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