

Urban Pressures Keep Ohio Farmland Values Strong

COLUMBUS, Ohio — Despite farm financial troubles in Midwestern states, Ohio's farmland values should enter the year 2000 in pretty good shape, said an Ohio State University agricultural economist.

Allan Lines projects that Ohio farmland values will stay steady or possibly increase a little compared to faltering prices elsewhere in farm belt states this past year.

Ohio farmland values should enter the new millennium at \$2,100 per acre, which would be about the same as at the beginning of 1999, Lines said. That would also cap a decade of continued strength in Ohio farmland values. Lines' projected price for the year 2000 would be a 59 percent increase from the 1991 price of \$1,323 per acre.

The performance of Ohio farmland values is more in line with trends in the Eastern United States where rural land values reflect pressures of urban and non-farm development, Lines said. "There's a higher intensity in Ohio for non-farm development than in states to the west," Lines said. "It is more localized out there than in this state. The non-farm populations are not as distributed across those states as in Ohio."

"You have a clear definition out west about what is urban fringe and what is deep farm country," Lines said. "There are hardly any places in this state where you can say this is raw, raw farm country without urban pressure."

Lines admits the relatively optimistic mood of Ohio farmers at land auctions creates a confusing

picture as federal and state governments offer bailout packages to relieve their perceived financial distress.

"What does this say about the farm economy in Ohio in comparison to other states?" Lines asked. "Can we say our farm economy is in worse shape than theirs? You wouldn't think so."

The strength of Ohio's farmland values are a stark contrast to the Great Plains where prices for good wheat ground recently dipped by 11 percent to 15 percent, Lines said.

Closer to home, the price for average-yielding corn ground in Indiana dipped to \$2,092 per acre, a decline of 2.9 percent from last year's per-acre value of \$2,155, according to Purdue University agricultural economists.

Lines bases his judgment of Ohio land prices on feedback from auctions around the state. He is hearing reports of prime farmland selling for \$3,000 per acre, and prices in the \$4,000-to-\$5,000-per-acre range are not unheard of, he said.

Still, not all farmers can bank on such hefty prices, Lines said. There is some evidence that farmland prices have dropped in some areas along the drought-distressed corridor of Interstate 70 as well as in hard-hit regions of southern Ohio, he said.

Farmland values based on non-farm development have implications for agricultural land rental rates, too, Lines said. Rental rates

don't seem to have declined as one might expect, he said. A usual relationship put rent at 5 percent to 7 percent of the cash value of the land.

If Ohio farmland value trends hold out, it will be easier for established farmers to get out of farming, and harder for others who want to buy land to get into farming or to expand their operations in order to stay in farming.

"Farmers are going to be forced to pay higher land prices than what they are used to," Lines said. "What it does is put a burden on those who want to enter agriculture, but it's a godsend for those who own land and are holding on to it."

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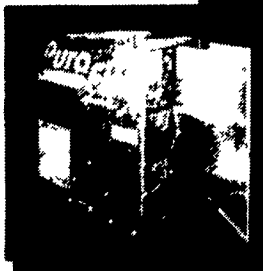
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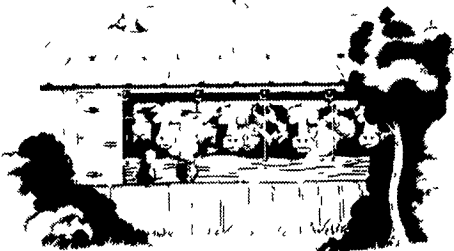
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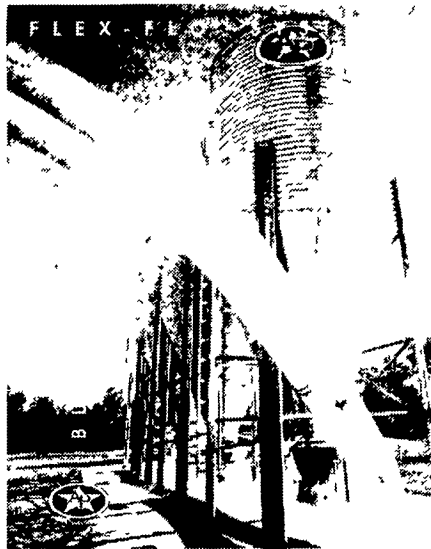


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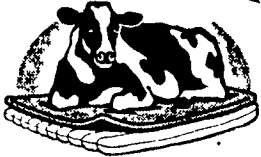
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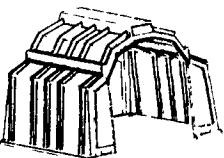


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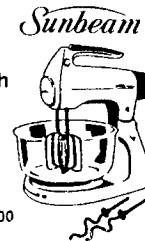
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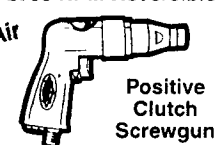
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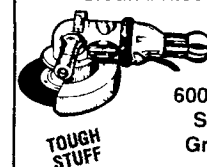
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