

## THE LAND MARKET IN NORTH DAKOTA

October 1947 to March 1948,

by  
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### Summary

Sale prices of farm land in North Dakota continued upward at about the same rate as during the last 6 years. Volume of transfers was considerably below any comparable period since 1940. The proportion of cash transactions decreased and buyers' equity increased. Individuals comprised 61 per cent of the sellers, and 69 per cent of the buyers were owner-operators before the recent purchases. Six per cent of the tracts had been sold at least once previously within 24 months.

### Sale Prices

From October 1947 to March 1948, farm land in each of the four sample counties sold for the highest prices since 1940. The price index (1941=100) for the first quarter of 1948 was 242, compared with an annual index of 220 in 1947 (table 1). The index in Morton County was 319 during the first quarter of this year. Tracts with the highest proportion of cultivated land showed the greatest increase in sale price.

**Table 1. Indexes of farm land sale prices<sup>1</sup>, 4 North Dakota Counties, 4th quarter 1947 and 1st quarter 1948, and comparative periods (1941=100).**

Year and quarter	COUNTY				Four counties <sup>2</sup>
	Morton	Stutsman	Traill	Ward	
1945.....	210	183	133	152	167
1946.....	264	208	138	181	192
1947.....	275	243	170	204	220
1947:					
1st.....	277	228	177	206	219
2nd.....	249	237	161	199	208
3rd.....	312	257	149	186	217
4th.....	256	253	177	230	227
1948:					
1st.....	319	266	193	208	242

<sup>1</sup>County sales not included.

<sup>2</sup>Geometric mean in which each county has equal weight.

<sup>3</sup>Preliminary.

### Volume of Sales

During the 6 months of the period reported upon, 497 transfers were recorded (table 2). This was considerably fewer than for any

<sup>1</sup>Progress report in Funnell Project 108, North Dakota Agr. Expt. Sta. in cooperation with the Bureau of Agricultural Economics, USDA, based on voluntary transfers in Morton, Stutsman, Traill, and Ward Counties, including County and State contracts for deed. Data were summarized on a quarterly basis and appear as such in the tables, but much of the narrative is written in terms of the semi-annual period.

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<sup>4</sup>Preliminary geometric mean in which each county has equal weight. Sales by counties are excluded from price calculations.

comparable period since 1940. Total transfers were 49 per cent of the high October to March period which occurred in 1943-44 and 86 per cent of the previous low in 1944-45. Ward County showed the greatest decrease in 1947. Each of the counties had considerably fewer transfers in the first quarter of 1948 than in the first quarter of 1947.

**Table 2. Number of transfers in 4 North Dakota Counties, 4th quarter 1947 and 1st quarter 1948, and comparative periods.**

Year and quarter	COUNTY				Four Counties
	Morton	Stutsman	Traill	Ward	
1945.....	184	312	79	410	985
1946.....	267	436	86	334	1123
1947.....	189	432	84	284	989
1947:					
1st.....	67	121	27	86	301
2nd.....	27	100	22	77	226
3rd.....	33	56	9	40	138
4th.....	62	155	26	81	324
1948:					
1st.....	55	62	6	50	173

### Financing

Cash sales comprised 60 per cent of all transfers compared with 63 per cent in the same period in 1946-47 (table 3). This decline is attributable chiefly to the greater proportion of contracts for deed in the fourth quarter of 1947 because 71 per cent of the transfers were for cash during the first quarter of 1948. Buyers' equity in credit transactions during the 6 months was 32 per cent. This was larger than for preceding periods, probably because of the decreased importance of State contracts which are made with a low down payment.

Seventy-five per cent of the credit was supplied by "others", principally the State and Counties. Individuals furnished 19 per cent of the borrowed funds and insurance companies 5 per cent. The remaining 1 per cent was loaned by commercial banks. These percentages differ markedly from the preceding 6 months, but are similar to those of the fourth and first quarters of 1946-47.

### Sellers

Individuals are still the most important sellers of farm land in the North Dakota counties (table 3). They made 70 per cent of the sales during the first quarter of 1948 and 56 per cent in the fourth quarter of 1947. Estates and corporations together sold about 16 per cent of the tracts in each quarter and the remainder was sold by the State and counties. No State, county, or corporation sales were made in Traill County during either quarter.

### Buyers

About 69 per cent of the buyers were owner-operators before they bought land during the current period (table 3). Other farmers, mainly

Table 3—Data regarding farm real estate sales, 4 selected North Dakota Counties, 4th quarter 1947, and 1st quarter 1948

	Morton		Stutsman		Traill		Ward		All Counties	
	4th quarter	1st quarter	4th quarter	1st quarter	4th quarter	1st quarter	4th quarter	1st quarter	4th quarter	1st quarter
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Kinds of sellers:										
Individuals.....	50	75	47	61	85	100	71	74	56	70
Estates.....	10	14	3	18	15	0	6	6	6	13
Corporations.....	2	2	16	10	0	0	6	0	10	4
State and counties.....	38	9	34	11	0	0	17	20	28	13
Kinds of buyers:										
Owner-operators.....	82	74	64	64	56	50	72	73	68	69
Other farmers.....	2	15	21	20	12	33	23	22	18	20
Nonfarmers.....	16	11	15	16	32	17	5	5	14	11
Intent of buyers:										
To operate.....	81	89	85	84	68	100	96	95	87	89
To lease.....	16	11	15	16	32	0	4	5	13	11
Proportion of tracts sold for cash..	60	80	48	68	48	60	66	65	54	71
Buyers equity in enumerated tracts	28	34	26	38	41	40	37	28	32	34
Sources of credit:										
Individuals.....	\$20,900	\$12,600	\$42,010	\$12,634	\$10,000	\$ 0	\$29,870	\$ 5,300	\$102,780	\$30,534
FLB and LBC.....	0	0	0	0	0	0	0	0	0	0
Insurance companies.....	0	0	0	0	27,100	10,000	0	0	27,100	10,000
Commercial banks.....	0	1,200	0	4,000	3,000	0	0	0	3,000	5,200
Others <sup>1</sup> .....	51,780	43,560	220,648	43,670	55,203	6,532	60,020	48,820	337,651	142,582
<b>Total.....</b>	<b>\$72,680</b>	<b>\$57,360</b>	<b>\$262,658</b>	<b>\$60,304</b>	<b>\$95,303</b>	<b>\$16,532</b>	<b>\$89,890</b>	<b>\$54,120</b>	<b>\$520,531</b>	<b>\$188,316</b>

<sup>1</sup>Principally State and County purchase contracts.

tenants, made 18 per cent of the purchases. The remaining 13 per cent of the tracts were bought by non-farmers. Trail County had the greatest proportion of non-farmer buyers and individuals were most prominent in Morton County.

### Resales

Six per cent of all transfers had been sold at least once previously within 24 months and 12 per cent had been sold one or more times since 1940. The sale price of tracts resold within 24 months increased an average of 33 per cent between sales.

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This study on farm land prices summarizes the World War II farm land situation as follows:

1. Average sales prices increased steadily.
2. Active farmers were the main buyers and sellers.
3. There was little evidence of speculation in the market.
4. Volume of sales approached all-time records.
5. Over half of the sales have been for cash.
6. Mortgages in 1946 were often greater than sale price in 1941.
7. Mortgage interest rates decreased.
8. Nearly one-half of the mortgages were for 5 years or less.
9. Nearly 25 per cent of the mortgages made were at 75 per cent or more of the purchase price.
10. High farm incomes have been the strongest force stimulating the land market.”

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The departments of Agricultural Economics and Farm Management in the Extension Service have prepared a circular letter on “Custom Rates For the Use of Power Operated Farm Machines With Operators”. The circular reviews the rates for 1947 and expected rates for 1948. Free copies of this may be obtained by addressing the Information Service.