

Land Market Activity in North Dakota 4th Quarter, 1943¹

By

ROBERT L. BERGER

*Associate Agricultural Economist
Bureau of Agricultural Economics
U.S.D.A.*

- Volume:** Exceptionally high, with 4.7 percent of the land in farms sold in Stutsman, 4.0 percent in Ward, 3.0 percent in Morton and 0.8 percent in Traill.
- Sellers:** Counties sold 37 percent of the tracts this quarter, individuals 33 percent, public credit agencies 15 percent, insurance companies 5 percent and estates 6 percent.
- Buyers:** Owners-operators purchased 65 percent of the tracts, tenants 20 percent, resident nonfarmers 12 percent and others 3 percent.
- Prices:** Estimates place average prices this quarter about 40 to 50 percent over late 1940 levels.
- Financing:** Forty-six percent of the sales were for cash, 44 percent were purchase contracts and 10 percent were sales with mortgages. Sellers, the major source of credit, held 94 percent of the first liens.

Volume of Sales Exceptionally High

The total number of voluntary transfers during the last 3 months of 1943, in Ward, Morton and Stutsman counties, was the highest of any quarter since the study was started in 1940. Traill County had less sales than a year ago. The acreage sold there, 0.8 percent of the total land in farms, is small in comparison with 4.7 percent in Stutsman, 4.0 percent in Ward and 3.0 percent in Morton. The amount of land sold at the November auction sales of county land was considerably above that of previous quarters. Total sales for the year represented 2.2 percent of the land in farms in Traill County, 7.6 percent in Morton, 10.5 percent in Ward and 12.9 percent in Stutsman (table 1).

A few tax titles were taken in all counties except Traill, but they are

negligible in comparison to a few years ago.

Volume of Sales by Counties and Individuals High

The number of sales of county land this quarter was particularly high in Ward, Morton and Stutsman counties. In Ward County, 31 percent of the sales were by individuals, 40 percent by the state school land department and the county, and 15 percent by the Bank of North Dakota and the Federal Land Bank. A similar situation prevailed in Morton and Stutsman counties. In Traill County, slightly over half of the sales were made by individuals and about one-fourth by estates. There is no tax deed land in Traill County. No owner-operators sold in Traill County and only about 6 percent of the sales in the other counties were in this group. Non-resident sellers are numerous

¹ Progress Report in Purnell Project 108, North Dakota Agricultural Experiment Station in cooperation with the Bureau of Agricultural Economics, U.S.D.A. Reuben Engelking assisted with the collection of data.

² Voluntary transfers in Traill, Ward, Morton and Stutsman counties including contracts for deed of county, state and public credit agencies. Data since 4th quarter, 1942, has been revised to include the unrecorded contracts for deed.

Table 1.—Number of voluntary sales and acreage sold as a percentage of land in farms 1942-1943¹

Year and quarter	Quantity of sales				Acreage sold as a percentage of land in farms			
	Traill	Ward	Morton	Stutsman	Traill	Ward	Morton	Stutsman
	No.	No.	No.	No.	Pct.	Pct.	Pct.	Pct.
1942-4th	27	149	79	91	1.4	2.6	1.9	1.7
1943-1st	10	122	80	144	0.3	2.4	1.8	3.0
2nd	13	136	56	153	0.5	2.6	1.7	2.8
3rd	12	81	44	116	0.6	1.5	1.1	2.4
4th	19	240	122	200	0.8	4.0	3.0	4.7
Total	54	579	302	613	2.2	10.5	7.6	12.9

¹Including contracts for deeds of county, state and public credit agencies.

and apparently many are anxious to liquidate at present prices.

Farmers Continue to Buy Most of the Land

Farmers are still the leading buyers, purchasing over 82 percent of the tracts sold in all counties. Owner-operators, in Ward County, bought 72 percent of the tracts and tenants 12 percent. In Morton these percentages were 60 and 24, and in Stutsman and Traill 53 and 29. Resident non-farmers bought only 6 percent of the tracts in Ward, but bought about twice as much in Morton and 3 times as much in Stutsman and Traill counties. The number of nonresident buyers was negligible in all counties.

Yearly Prices Continue Upward

Average prices this quarter were above those of the corresponding quarter of last year. The prices this quarter were below those of the preceding quarter in all but Traill County. These decreases are largely due to the increased amount of county land which was sold at relatively low prices.

In Traill County, prices continued upward ranging from \$10.00 to \$66.00 per acre and averaged \$35.75. In Ward County the price per acre of sales having full consideration ranged from \$1.56 to \$44.78 and averaged \$9.34. Morton sales ranged

from \$1.02 to \$23.00 per acre with an average of \$9.03 and Stutsman sales ranged from \$1.02 to \$25.00 with an average of \$7.96. In spite of decreases in average prices in this and some other quarters, informants indicate that the trend in prices has continued upward since 1940. This trend is indicated by resales, higher asking prices, competition of buyers at old listings or recently increased prices. A few resales have been reported at double their selling price in 1940 or 1941, but these sales do not reflect the average of all land selling. Composite estimates would place this quarter's average prices about 40 to 50 percent over late 1940 levels. The quality of the land available for sale, particularly county land, has declined somewhat.

Cash and Contract Sales Prevail

The number of cash sales about equalled the number of contract sales in all counties other than Traill. Each made up approximately 45 percent of the sales, leaving about 10 percent as mortgage sales. In Traill County, the percentage of cash sales was about the same as in the other counties but mortgage sales made up 53 percent and contracts only 5 percent of the number. The number of contracts was low because the public agencies which are the main users of this instrument made so few sales.

The buyer's equity in mortgage sales in Morton County was only 32 percent. In Stutsman County the equity was 42 percent and in Traill and Ward 48 and 52 percent respectively. Buyers' equities in contracts for deed remained at approximately 20 percent. There has been no apparent change in the past 3 years in the method of financing land sales.

Most Credit is Extended by Sellers

The most important source of credit is that extended by the sellers. Sellers held 94 per cent of the first liens. Five percent of the first liens were new mortgages, and only 1 percent assumed mortgages. Cash sales are most prevalent among individual sellers, who as a group, sold from one-fourth to one-half of the tracts and held only 9 to 19 percent of the first liens. Public credit agencies made no new loans, and only in Traill County did insurance companies and commercial

banks make a small number of new loans. Individuals, in most of the counties, are practically the only source of new credit. Lack of new credit causes buyers of limited means to select land held by corporate and public land owners who extend credit to those who buy land from them. Contracts are generally written for 20 percent down and allow a maximum period for repayment but good crops have permitted many loans to be paid in full in only a few years.

High Income is Encouraging Land Purchase

The greatest single factor encouraging the purchase of farm land is the high farm income from exceptionally good crops and high prices. At the same time, some prospective purchasers hesitate to buy because of income uncertainties, experiences after the boom of World War I, and the shortages of labor and farm machinery.

Summer fallow should start not later than June 1. By that time weeds have made a good start and are growing rapidly. Most of the mustards have begun to bloom and soon will be ripening. Equally important is the fact that the weeds are using large amounts of water which is thus lost to the soil. Experiments at the Mandan Station showed decreases in yields from crops grown the next season on ground where fallow was delayed until July 1. Scientific investigations on the amount of water used by plants show that for every pound of dry matter produced, from 300 to 1,000 pounds of water are taken out of the soil by the plant. Thus a one-ton crop of weeds growing through June would take out the equivalent of at least 4 inches of rainfall. (O. A. Stevens)

RECENT tests at the Indiana Experiment Station have shown that alfalfa-bromegrass silage is usually a better source of vitamin A than corn silage. This silage is richer in carotene, which is converted to vitamin A in the animal body. The tests showed that the cows fed the alfalfa-bromegrass silage had a higher content of carotene in the blood plasma and in the butterfat produced. Also the butterfat was richer in vitamin A than the butterfat from the cows fed corn silage.

Silages made from legumes and grasses may prove a valuable source of vitamin A for cattle and sheep during the winter months when no green pastures are available.—(F. W. Christensen)

*Based on Purdue University Agricultural Experiment Station Circ. 285, June, 1943.