

# Land Market Activity in North Dakota

## 1st Quarter, 1944<sup>1</sup>

By ROBERT L. BERGER  
Associate Agricultural Economist  
Bureau of Agricultural Economics  
United States Department of Agriculture

**T**HE farm land market has continued to gain strength during the first three months of this year. The number of voluntary transfers in the four selected counties was approximately 20 percent greater than in the corresponding period of 1943.<sup>2</sup> There was little change in the proportion of farmers buying and in farmers selling. Prices have continued to advance at rates similar to last year and cash sales have prevailed throughout the state. Mortgage debt is being reduced and large savings are accumulating from the 410 million dollar farm income in 1943.

Because of large seasonal differences in the number of sales, comparisons are most significant when made with the corresponding quarter of last year. Increases in the number of sales over the corresponding quarter of 1943 occurred in all but Stutsman County. In order to compare the volume of sales in the various sized counties, the acreage sold as a percentage of the land in farms in the county has been compiled. This index shows the most activity in Ward County, where 2.8 percent of the land in farms was sold. In Stutsman County 2.4 percent was sold, in Morton

County 2.2 percent and in Traill County 1.9 percent (table 1).

The number of foreclosures, assignments and tax deeds continued low. There were only 28 of these in the 4 counties, with 20 in Ward, 14 of which were tax deeds. Two of the 3 distress transfers in Stutsman County were cancellations of contracts made by an insurance company.

The number of farmer purchases continued high. Farmers purchased 89 percent of the tracts. About two-thirds of these farmers already owned land before purchasing and one-third were tenants. The proportion

**Table 1—Voluntary and distress transfers, North Dakota, 1st quarter, 1943 and 1944**

Counties	1st quarter 1943			1st quarter 1944		
	Voluntary sales		Foreclosures Number	Voluntary sales		Foreclosures Number
	Volume	Proportion of land in farms		Volume	Proportion of land in farms	
Morton...	80	1.8	9	107	2.2	4
Stutsman.	144	3.0	27	130	2.4	3
Traill.....	10	.3	0	35	1.9	1
Ward.....	122	2.4	8	152	2.8	20

<sup>1</sup>Progress report in Purnell Project 108, North Dakota Agricultural Experiment Station in cooperation with the BAE, USDA. Data collected by Reuben Engelking of the North Dakota Agricultural Experiment Station.

<sup>2</sup>Voluntary transfers in Traill, Ward, Morton and Stutsman counties including contracts for deed of county, state and public credit agencies.

**Table 2—Classification of buyers, North Dakota, 1st quarter, 1943 and 1944.**

Counties	1st quarter 1943			1st quarter 1944		
	Buyers			Buyers		
	Owner operator	Tenant	Nonfarmer	Owner operator	Tenant	Nonfarmer
	Percent	Percent	Percent	Percent	Percent	Percent
Morton.....	66	19	7	65	26	5
Stutsman.....	62	12	22	50	30	16
Traill.....	30	40	20	53	37	10
Ward.....	75	10	11	64	21	12

of tenant purchases is slightly higher than a year ago. Resident nonfarmers bought 10 percent of the tracts and nonresident nonfarmers bought about 1 percent (table 2).

The number and proportion of sales by commercial banks, Federal Land Bank, Bank of North Dakota, State School Land Department and the counties has decreased from a year ago. Significant county departures from this trend occurred in Federal Land Bank sales in Morton County and Bank of North Dakota sales in Stutsman County. The law passed by the recent special session of the legislature prohibiting the sale of county and state land until July 1, 1945, will have some effect upon the number of state and county sales in the future. Insurance companies made slightly more sales than they did a year ago.

Total owner-operator sales increased from 31 a year ago to 60 this quarter or from 9 percent of all sales to 14 percent. Other individual sales increased from 95 to 170 or in percentage from 27 to 40 percent (table 3).

Land prices have continued to advance the past year. In Ward County, land other than county tracts, increased from an average of \$11.68 per acre in the first quarter of 1943 to \$15.10 per acre in the first quarter of 1944, an increase of 29 percent. In Morton County the increase was from \$8.75 to \$10.61 or 21 percent and in Stutsman County from \$9.90 to \$11.39 or 15 percent. Traill County has no county-owned land for sale but the average of 6 sales in the first quarter of 1943 was \$26.90 per acre compared to the average of 24 sales this quarter of \$35.34 or an

**Table 3—Number of properties sold by type of sellers in four selected counties, North Dakota 1st quarter, 1943 and 1944.**

Type of seller	1st quarter 1943		1st quarter 1944	
	Number	Percent	Number	Percent
Owner operators.....	31	8.7	60	14.1
Other individuals.....	95	26.7	170	40.1
Insurance companies.....	16	4.5	22	5.2
Commercial banks.....	16	4.5	10	2.4
Federal Land Bank.....	42	11.8	31	7.3
Bank of North Dakota.....	26	7.3	20	4.7
State School Land Department & counties	100	28.1	78	18.4
Other corporations.....	18	5.0	17	4.0
Estates.....	12	3.4	16	3.8
Total.....	356	100.0	424	100.0

increase of 31 percent. Because of the wide variation in the quality of the land and the number of extremely high and low sales, these averages are subject to considerable error, although, it is believed they reflect the trend of land prices. Average prices of county land have decreased in Ward and Stutsman counties and increased somewhat in Morton County. In general, the quality of county land being sold has decreased.

The number of resales of tracts held 24 months or less was relatively small. Two percent of the sales in Morton County this quarter were resales under the above definition. Three percent of the sales in Stutsman and Traill counties and 8 percent of those in Ward County were resales. On the single sale in Stutsman County in which the full consideration was recorded, the price increase was 28 percent. Three resales in Ward County sold at 22 percent above their previous prices.

The proportion of cash sales increased from about 50 percent of all sales a year ago to 60 percent during the current quarter. Contract for deed sales decreased from 39 percent to 28 percent. The number of mortgage sales continued to be small. Only 5 percent of the sales in Morton County had mortgages, 8 percent in Ward, 18 percent in Stutsman and 26 percent in Traill. New mortgages, although few in number, increased considerably over a year ago. Only 8 sales had

new mortgages, 5 of which were held by individuals, 2 by commercial banks and one by an insurance company. The buyer's equity in mortgage sales remained at about 35 to 50 percent and buyer's equity in contract sales 14 to 23 percent. Since most encumbrances are held by the sellers, the proportion of first liens held by various lenders is similar to the proportion of land sellers.

North Dakota farmers received 410 million dollars income from marketings in 1943, which is four and one-quarter times the 1935-39 average. Mortgage debt which reached a peak of 320 million dollars in 1922 decreased to 123 million dollars by January 1, 1943. Much of this decrease, however, is the result of foreclosures on land that was purchased at unwarranted prices.

During World War I, the high farm income was soon reflected in higher land prices and the increased volume of sales resulted in high farm mortgage debt. In contrast, during the present war, farm income has increased much more rapidly and to record levels while land prices, which started at lower levels, have responded much slower, and mortgage debt has continued to decline. If present high farm income is not again dissipated in unwarranted land prices, but is accumulated as a reserve, farmers should be in a strong position to hold their land after this war.