

# Land Market Activity in North Dakota

## 2d Quarter, 1944<sup>1</sup>

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**T**HE number of sales in the four counties studied was less than in the comparable period of 1943. Farmers continued to purchase a high proportion of the land and most of these farmers already owned other land. Private individuals, owning but not farming their land, are selling the largest amount. Prices continued upward in all counties and a larger percentage of tracts are being resold within two years after purchase. Individuals are supplying the greater part of the new credit for financing of land sales. Price increases since 1941 have been similar to the national average while volume has exceeded the national average.

The number of voluntary sales in the second quarter of 1944 was 277 or 23 percent less than in the corresponding quarter of 1943. There was little variation in the volume of sales in Ward County, but a marked decrease, 43 percent, occurred in Stutsman County. The volume in Morton County decreased 27 percent, while in Trail County it increased 46 percent. Activity this quarter measured by the acres of land sold as a percentage of the land in farms in the county shows 1.9 percent sold in Ward County, 1.6 percent in Stutsman County, .3 percent in Morton County and .6 percent in Trail County. The average size of tract sold was much smaller this quarter, 195 acres, compared with 239 acres in the comparable

quarter of 1943. Distress transfers decreased from 34 a year ago to 23 this quarter (table 1).

Farmers purchased about 80 percent of all tracts, resident non-farmers about 15 percent and non-residents about 5 percent. Eighty percent of the farmer buyers were land owners, 18 percent were tenants and 2 percent were farmers' sons or farm laborers. There appears to be little change from previous quarters in these proportions. The sales of the past 3 years have materially changed the ownership pattern and significantly increased the amount of land under owner operation.

Nonoperating individuals sold 47 percent of the tracts. They are by

**Table 1.—Voluntary and Distress Transfers North Dakota 2d Quarter 1943 and 1944<sup>4</sup>**

COUNTIES	2d quarter 1943			2d quarter 1944		
	Voluntary transfers		Foreclosures assignments & tax deeds	Voluntary transfers		Foreclosures of land assignments in farms & tax deeds
	Volume	Proportion of land in farms		Volume	Proportion of land	
	Number	Percent	Number	Number	Percent	Number
Morton	56	1.7	4	41	.8	10
Stutsman	153	2.8	9	87	1.6	5
Trail	13	.5	0	19	.6	2
Ward	136	2.6	21	130	1.9	6
Total	358	2.1	34	277	1.3	23

<sup>4</sup>Recorded sales and contracts for deed of state, counties and public credit agencies.

<sup>1</sup>Progress report in Purnell Project 108, North Dakota Agricultural Experiment Station in cooperation with Bureau of Agricultural Economics, USDA. Field work done by Reuben Engleking of the North Dakota Agricultural Experiment Station.

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far the largest group of sellers. This percentage is similar to the first quarter of this year, but is about 75 percent above the 2d quarter of 1943. About 8 percent of the sales were by owner operators which is about the same as a year ago. There was a marked decrease in the number of sales by insurance companies, Federal Land Bank, Bank of North Dakota and State School Land Department and the Counties. Sales by commercial banks, though small, more than doubled over a year ago. Estate sales increased from 5 percent a year ago to 12 percent in the 2d quarter of 1944. In Traill County, estate sales were approximately one-third of all sales (table 2).

Prices of tracts other than county land averaged \$10.61 per acre in Morton, \$10.59 in Stutsman and \$14.95 in Ward. These prices are 9 percent, 7 percent and 19 percent respectively over a year ago. Little or no change has occurred from the first quarter of this year. Prices in Traill County, prior to the last quarter of 1943, averaged less than \$30.00 and since that time have averaged over \$35.00. Because of the small number of sales it is difficult to determine whether this was a real price change or was a change due to quality of land being sold. Informants in the County, however, did not report a sharp change at that time. Prices in Traill County

**Table 2.—Number of properties sold by type of sellers in four selected counties, North Dakota, 2d quarter, 1943 and 1944**

Type of seller	2d quarter 1943		2d quarter 1944	
	Number	Percent	Number	Percent
Owner operators .....	28	7.8	20	7.2
Other individuals .....	95	26.6	129	45.6
Insurance companies .....	20	5.6	4	1.5
Commercial banks .....	6	1.7	7	2.5
Federal Land Bank .....	61	17.0	20	7.2
Bank of North Dakota .....	34	9.5	8	2.9
State School and counties .....	90	25.1	48	17.3
Other corporations .....	8	2.2	8	2.9
Estates .....	16	4.5	33	11.9
<b>Total .....</b>	<b>358</b>	<b>100.0</b>	<b>277</b>	<b>100.0</b>

this quarter averaged \$38.19, which is 8 percent over the first quarter of this year.

Price per acre this quarter on other than county land varied from \$19.00 to \$70.00 in Traill County, from \$4.00 to \$35.00 in Ward County, from \$3.00 to \$27.00 in Stutsman County and from \$2.00 to \$34.00 in Morton County.

County land sales in Stutsman, Ward and Morton counties averaged \$2.45, \$2.49 and \$3.50 per acre respectively. County tracts are generally isolated quarters and the quality has decreased somewhat from a year ago. Average prices per acre sold decreased 11 percent in Stutsman County and 19 percent in Ward County, but in Morton County there was no change.

Farm income in North Dakota from January to May of this year was nearly 30 percent greater than a year ago. This high income and the accumulation of liquid funds

continue to be the major forces stimulating the advance in land prices.

Resale of tracts held 24 months or less totaled 22 which is 8 percent of the total volume this quarter. This is nearly double the percentage of resales of the first quarter of the year. The resale prices averaged 9 percent over the original purchase prices and the average time between sales was 6 months.

Cash sales, as in last quarter, continued to be the predominant type of transfer. The proportion of transfers entirely for cash was 65 percent compared with 46 percent a year ago. There has been a decrease in contracts for deed from 47 percent to 24 percent. The percentage of mortgage financed transfers continued small and their importance relatively unchanged.

The down payment in mortgage financed sales averaged 40 percent compared with 54 percent a year

ago. Down payments in contract sales averaged one-third while a year ago they were about one-fifth. The increase in down payment of contract sales is probably brought about by the large number of individual sellers asking larger payments than have the corporations, state and counties.

Approximately 83 percent of the encumbered sales were financed by the sellers with contracts for deed or purchase money mortgages, 11 percent were new mortgages and 6 percent were assumed mortgages. Of the 11 new mortgages on the sales this quarter, 10 were to individuals and one was to an insurance company.

Although prices in North Dakota did not start up as soon as the average price for the United States nor have they reached as high levels, they have increased 35 percent since 1940 which is also the increase for the nation. The United States index of average value per acre of farm real estate (1912-14=100) reached a low of 73 in 1933 but by

March 1, 1944, was up to 114.<sup>4</sup> In North Dakota, the low of 52 was reached in 1940 and is now up to 70.

The volume of sales in the United States during the 12 months ended in March was up one-fifth from the previous year and was the highest of record, surpassing the previous peak reached in 1919 by almost 10 percent. The volume of sales in North Dakota during the same period was approximately 50 percent above the previous year.

In the United States, the proportion of farmers selling is just over two-fifths of all sales; farmers are buying about two-thirds of all tracts. In North Dakota farmers have been selling less than 10 percent of the tracts and are making about four-fifths of the purchases. Cash transfers for the nation, the first quarter of this year, were about one-half of all sales; in the state they averaged about 60 to 65 percent. The down payment on mortgage financed sales in the United States last year averaged approximately 40 percent which is about the same as in North Dakota.

## North Dakota Farm Prices

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**T**HE North Dakota farm price index was 2 points lower for the month ending August 15th largely because of somewhat lower grain prices. All the grain prices with the single exception of flaxseed were lower than the prices being paid to farmers on July 15th. This resulted in a 7 point drop in the price index of grains for the month. All grain prices, however, were higher than they were at the same time a year ago.

The monthly trend in the farm prices of meat animals did not all follow the same pattern. The prices of beef cattle, veal calves and hogs increased for the month but the prices of sheep and lambs declined. The farm price index for meat animals was 11 points higher than the index for July 15th. The farm prices for meat animals, with the exception of beef cattle, were somewhat lower than they were a year ago.

Farm prices for dairy products

remained unchanged for the month; consequently, the dairy products index was also unchanged. For the poultry and egg commodity group, turkey prices were unchanged but chicken prices and egg prices were slightly higher. The poultry and egg index was up 2 points. Horses, potatoes, alfalfa seed and sweet clover seed all registered price increases for the month ending August 15th while loose hay, milk cows and wool show decreases in prices being paid to farmers.

<sup>4</sup>Bureau of Agricultural Economics, Current Developments in the Farm Real Estate Market, July 1944.