

THE LAND MARKET IN NORTH DAKOTA APRIL TO SEPTEMBER 1948¹

By

Philip W. Van Vlack² and Reuben Engelking³

Summary

Sale prices of farm land in North Dakota continued upward through the second quarter of 1948 at about the same rate as during the preceding seven years. During the third quarter, however, sale prices dropped in all counties but Ward. Volume of transfers was considerably below any comparable period since 1940. The proportion of cash sales remained about the same; but buyers' equity in credit transactions increased. Individuals supplied 55 percent of the credit and made nearly two-thirds of total sales. More than 80 percent of the buyers were farmers and about 87 percent of the farmer-buyers had previously been owner-operators. Fourteen percent of the tracts had been sold at least once previously within 24 months.

Sale Prices

From April to September 1948, sales prices of farm land in three of the four counties were the highest since 1940. Morton County was the exception. The price index (1941=100) for all four counties was 253⁴ in the second quarter of 1948 compared with 227 in the first quarter and the annual index of 220 in 1947 (Table 1). In the third quarter, however, all counties but Ward showed a decline; and the price index dropped to 237.

Table 1—Indexes of farm land sale prices⁴, 4 North Dakota Counties, 2d and 3rd quarters 1948, and comparative periods (1941=100).

Year and quarter	Morton	County Stutsman	Traill	Ward	All four counties ⁵
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
2d	249	237	161	199	208
3d	312	257	149	186	217
4th	256	253	177	230	227
1948:					
1st	314	264	144	223	227
2d	288	301	213	222	253
3d ⁶	224	262	205	295	237

¹County sales not included.

²Geometric mean in which each county has equal weight.

³Preliminary.

⁴Progress report in Purnell 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.

⁵Cooperative Agent—Bureau of Agricultural Economics, U. S. Department of Agriculture.

⁶Statistical Clerk, North Dakota Agricultural Experiment Station.

⁷Preliminary geometric mean in which each county has equal weight. Sales by counties are excluded from price calculations.

Volume of Sales

During the 6 months of the period reported upon, 214 transfers were recorded (Table 2). This was 59 percent of the number transferred in the corresponding period of 1947, and was fewer sales than in any 6-month period since 1940. Total transfers were only 35 percent of the high period, in April to September of 1944, and were 85 percent of the previous low in 1941. Stutsman County showed the greatest decrease in 1948. Each of the counties decreased both in number of transfers and acreage transferred.

Table 2—Number of transfers in 4 North Dakota Counties, 2nd and 3rd quarters 1948, and comparative periods.

Year and quarter	County				All 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
2d	27	100	22	77	226
3d	33	56	9	40	138
4th	62	155	26	81	324
1948:					
1st	55	62	6	50	173
2d	25	40	13	35	113
3d	15	40	7	39	101

Financing

Cash was paid for 65 percent of the farm land sold from April through September (Table 3). This compared with 61 percent in the same period of 1947 and 56 percent in 1946. It was not as high, however, as the 68 percent for the same months of 1945.

Buyers' equity in credit transactions was 37 percent, which was up from 29 percent in the same 1947 period. This trend upward reflects the decreasing importance of contract sales, mostly by the State, which dropped from 24 percent to 20 percent of total sales.

Individuals supplied 55 percent of the credit; while "others", principally the State and counties, furnished 26 percent. Insurance companies loaned 15 percent of the total and commercial banks 4 percent. As in preceding years, contract sales by the State and counties were of lesser importance in the April to September period than in the March to October period.

Sellers

Individuals made nearly two-thirds of the sales of the period (Table 3). They sold 66 percent of the land in the second quarter and 62 percent in the third. Estates accounted for 13 percent of the sales in the 6-month period, while corporations sold only 6 percent. State and county sales were 17 percent of the total, and were mainly contract sales by Morton and Ward counties.

Table 3—Data regarding farm real estate sales, 4 selected North Dakota Counties, 2d and 3rd quarters 1948.

	Morton		Stutsman		Traill		Ward		All four Counties	
	2d qtr. Pct.	3rd qtr. Pct.	2d qtr. Pct.	3rd qtr. Pct.	2d qtr. Pct.	3rd qtr. Pct.	2d qtr. Pct.	3rd qtr. Pct.	2d qtr. Pct.	3rd qtr. Pct.
Kinds of sellers:										
Individuals	64	47	60	80	69	86	72	46	66	62
Estates	24	6	8	8	23	14	17	13	16	10
Corporations	0	0	12	12	8	0	0	5	5	7
State and counties	12	47	20	0	0	0	11	36	13	21
Kinds of buyers:										
Owner-operators	76	86	69	62	92	42	88	85	79	73
Other farmers	16	7	6	12	8	29	9	3	10	9
Non-farmers	8	7	25	26	0	29	3	12	11	18
Intent of buyers:										
To operate	92	93	50	73	92	83	97	91	89	84
To lease	8	7	50	27	8	17	3	9	11	16
Proportion of tracts sold for cash	77	67	57	77	42	50	73	56	65	66
Buyers equity in encum- bered tracts	38	19	39	37	41	53	35	27	39	34
Sources of credit										
Individuals	\$11,300	\$3,500	\$62,551	\$29,500	\$51,065	\$11,600	\$18,000	\$14,000	\$142,916	\$58,600
FLB and LBC	0	0	0	0	0	0	0	0	0	0
Insurance companies	0	0	47,000	10,000	0	0	0	0	47,000	10,000
Commercial banks	0	0	0	0	4,000	5,000	4,160	0	8,160	5,000
Others ¹	9,260	12,160	20,040	2,500	0	0	4,742	44,280	38,042	58,940
Total	\$20,560	\$15,660	\$133,591	\$42,000	\$55,065	\$16,600	\$26,902	\$58,280	\$236,118	\$132,540

¹Principally State and county purchase contracts.

Buyers

Farmers continued to buy more than 80 percent of the farm land sold (Table 3). Owner-operators made 79 percent of the purchases in the 2d quarter and 73 percent in the 3rd. Other farmers, mainly tenants, bought about 10 percent of the tracts each quarter. Of the buyers not intending to resell the land, 85 to 90 percent planned to operate it themselves and the rest planned to lease.

Resales

Fourteen percent of all land transferred during the 6 months has been sold at least once during the preceding 24 months; and 28 percent had been sold one or more times since 1940. Stutsman County had relatively more resales than other counties.

The sale price of tracts resold within 24 months increased an average of 20 percent between sales.