

Land Market Activity in North Dakota

Third Quarter, 1945

By

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Land prices were higher in the 3d quarter than in the 2d quarter, but were below the highest level of the past year. Cash sales accounted for 57 percent of all sales, which was a smaller proportion than in preceding quarters. Sellers continued to supply most of the credit and individuals made the most new loans. Mortgage interest rates ranged from 3 to 7 percent, with most of the interest rates at 4 and 5 percent. The majority of loans were made for a term of 5 years or less. The volume of sales was 11 percent greater than a year ago and 36 percent less than last quarter. The average acreage per sale was smaller this quarter than a year ago. Fewer distress transfers were recorded this quarter than a year ago. Individuals continued to be the main type of seller. State credit agencies increased in importance as sellers this quarter. Seventy-one percent of the buyers were farmers, and 29 percent, nonfarmers.

Land Prices

Land prices were higher in the 3d quarter than in the preceding quarter in the 4 counties studied. The average index (1941 = 100) of the 4 counties was 165, which is 2 points lower than that reached in the 4th quarter of 1944. The index of 215 in Morton County, 176 in Stutsman County, and 127 in Traill County is higher than the index of the previous quarter, but is lower than that attained in an earlier quarter of the past year. The index of 155 in Ward County was below that of the 2d quarter when the highest index was reached. During the past 4 quarters, average land prices have remained at nearly the same levels in spite of local reports of a strong land market

and reports of individual sales at much higher than average prices.

The average price per acre, county sales not considered, was \$11.53 in Morton County, \$11.86 in Stutsman County, \$29.82 in Traill County, and \$16.17 in Ward County (table 1). Local informants indicate that very few tracts of land or complete farming units of high quality are offered for sale. It is very likely that the price of land of high quality is considerably higher than the currently reported average price per acre.

The number of resales (tracts sold this quarter that had been purchased within the previous 24 months) were few. Of 141

¹Progress report in Purnell Project 108, North Dakota Agricultural Experiment Station in cooperation with the Bureau of Agricultural Economics, U.S.D.A. based on voluntary transfers in Morton, Stutsman, Traill and Ward Counties, including unrecorded county and state contracts for deed.

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**Table 1.—Average price per acre of all sales other than tax-deed,
4 selected counties**

County	Third quarter				
	1941	1942	1943	1944	1945
	Dollars	Dollars	Dollars	Dollars	Dollars
Morton	5.36	4.58	9.37	10.98	11.53
Stutsman	7.18	10.29	9.83	10.40	11.86
Trail	27.98	25.96	27.52	28.76	29.82
Ward	10.77	9.96	10.40	12.97	16.17

tracts sold this quarter, only 4 resales were reported, of which 3 had been purchased within 6 months and 1 within 12 months. Three of the resales were in Ward County and the other one was in Stutsman County.

Financing of Land Purchases

Cash sales accounted for 57 percent of all the sales reported this quarter, which, as in previous quarters, is the most prevalent type of sale; mortgage-financed sales accounted for 8 percent; and contracts for deed, 35 percent. There was a smaller proportion of cash sales than in any of the recent quarters. Contracts for deed accounted for a larger percentage of the sales this quarter. Most of the contracts for deed were reported in Stutsman and Ward Counties. In the past quarters, the counties were the most frequent users of contracts for deed; this quarter, however, 70 percent were made by the Bank of North Dakota and the State School Land Department; 15 percent by the counties; and 15 percent by individuals and others.

Sellers of land have again furnished most of the credit used to finance land sales. Approximately 85 percent of all purchasers using credit were financed by the sellers, and the remaining 15 percent by others. There were no sales reported in which the

buyers assumed existing mortgages as part of the sales agreement.

Twelve mortgages were reported, of which 6 were made by individuals, 2 by commercial banks, and 4 by other lenders. The interest charges in the mortgages ranged from 3 to 7 percent. A commercial bank charged 7 percent on 1 mortgage and an individual charged 3 percent. Five mortgages carried an interest rate of 4 percent, 4 mortgages carried an interest rate of 5 percent, and 1 mortgage carried an interest rate of 6 percent. In 7 of the mortgages, the repayment period was for a term of 5 years or less, and the other 5 mortgages, for a term of 5½ years to 10 years.

In mortgage-financed sales, the buyers had an equity of 48 percent in Stutsman County, 44 percent in Trail County, and 41 percent in Ward County. Morton County was the only county in which a mortgage was not reported. The average equity for all of the mortgage-financed sales was 45 percent. In the contract for deed sales, the buyers had an average equity of 19 percent, which is lower than in the preceding quarter. In Morton County, the buyers equity in contract-for-deed sales was 17 percent; in Stutsman County, 19 percent; in Trail County, 10 per-

cent; and in Ward County, 20 percent. Only 1 contract for deed was made in Traill County.

Volume

The number of sales this quarter was 11 percent greater than in the same quarter of 1944, but was 36 percent less than in the preceding quarter. There was a total of 141 sales this quarter compared with 127 of a year ago and 219 of the last quarter. More sales were made in Stutsman and Ward Counties this quarter than a year ago, while the same number was made in Traill County, and less were made in Morton County. The only county with more sales this quarter than last was Traill County. Since the beginning of the survey, the lowest volume of sales has occurred during the 3d period of each year. This is due largely to the season of the year, when the buyers, mostly farmers, are busy with harvesting and other farm work.

In spite of a larger number of sales this quarter than a year ago, a smaller number of acres was transferred. The acreage sold in Stutsman and Ward Counties was more than a year ago; however, nearly half as many acres were sold in Morton and Traill Counties. The smaller acreage transferred by a larger number of sales was probably due to a larger number of tracts and a smaller number of complete operating units having been transferred. The average number of acres sold per sale was just about half of the number of acres in the average-size farm, as shown in table in the next column.

The average acreage transferred per sale compared with

the average size of farm indicates that a large portion of the land is purchased for the purpose of expanding the size of the farm units.

County	Avg. no. of acres per sale	Avg size of farm ¹
Morton	346	630
Stutsman	221	556
Traill	230	365
Ward	298	454

¹According to 1940 Agricultural Census reports.

There were 9 distress transfers recorded during the 3d quarter. This was 1 less than was recorded a year ago and 17 less than last quarter. Six of the distress transfers were foreclosures, 2 were tax-title actions, and 1 was an assignment. All of the distress transfers in Morton and Stutsman Counties were foreclosures; in Ward County, 1 was a foreclosure and 2 were tax-title actions; and in Traill County, the only distress transfer was an assignment.

Type of Seller

The main type of seller this quarter was again the individual seller, although there was a smaller proportion of this type of seller than last quarter. State credit agencies became more prominent as sellers of land this quarter. Some restrictions relative to the sale of land held by the State School Land Department were removed by the last session of the legislature. The lifting of these restrictions may be the reason for more sales by this agency. Corporations, as in past quarters, continued to become less important as a type of seller. The counties were sellers

in the same proportion as last quarter. Individuals and estates were sellers in 60 percent of the sales reported; all corporations, 8 percent; state credit agencies, 16 percent; and counties, 16 percent.

Of the individual sellers, 25 percent were owner-operators, 71 percent were nonoperators, and 4 percent were not classified. There were 14 owner-operators classified as to their future intentions; 12 of these intended to continue farming; 1 planned to go into another occupation; and 1, to retire.

Type of Buyer

Farmers were the predominate type of buyer this quarter

with a slightly higher percentage than last quarter. Seventy-one percent of the buyers were farmers and 29 percent were nonfarmers. Owner - operators were buyers in a smaller percentage of the sales and tenants in a higher percentage than last quarter. Of the farmer buyers, 73 percent were owner-operators, 18 percent were tenants, and 9 percent were unclassified. Nonfarmer buyers numbered 36, of which 32, or 89 percent, were residents, and 4, or 11 percent, were non-residents.

It was the intention of all the farmer buyers to operate the land they had bought, and it was not the intention of any of the nonfarmer buyers to operate the land they purchased.

North Dakota Farm Prices

By

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The North Dakota all commodity farm price index for Oct. 15, 1945, was up 3 points over that of the previous month, due almost entirely to stronger grain prices as the index for grains was up 9 points while there was no change in the dairy products index and the meat animals index was down 8 points, the poultry and eggs index was down 7 points and the index for the miscellaneous commodities was down 36 points. The decline of 36 points for the miscellaneous index was due almost entirely to the sharp drop in the farm price for potatoes.

The farm prices for Oct. 15, 1945, as reported by the North Dakota Federal Statistician, show that wheat, oats and barley had recovered from a seasonal decline with the farm price of each up from 5 to 7 cents. There was no change in the North Dakota farm price for corn, in fact, there has been no change for the past 4 months. Rye prices continued to sky-rocket with an increase of 13 cents for the month ending Oct. 15, making the farm price \$1.43 which is the first time in 25 years that it has been above \$1.40 per bushel.

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