

THE LAND MARKET IN NORTH DAKOTA FOURTH QUARTER, 1946¹

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Summary

Prices of farm land sold during the fourth quarter were below those for the preceding quarter, but the price index for 1946 was 26 points more than for 1945. Volume of sales increased over the preceding quarter but the usual seasonal change was less than in previous years. There was a larger proportion of cash sales; however, the equity in mortgage sales was smaller than in the preceding quarter and in the corresponding quarter in 1945. More owner-operators and fewer non-farmers were purchasers of lands during the latter part of 1946. Non-operator individuals became more significant as sellers. The relative number of resales was about the same as for other periods but the "profit" on these sales was nearly three times greater than in the preceding quarter.

Land Prices Higher in 1946

The price index in the four counties studied was 188⁴ (1941 = 100). This was 14 points less than the index for the third quarter and was 20 points more than fourth quarter, 1945 (fig. 1). The average index for 1946 was 193 compared with 167 in 1945. All counties except Traill showed a decrease in price index from the third to fourth quarter. Prices for the year 1946 were higher than those for 1945 in all counties.

During the fourth quarter, land prices per acre were less than the average prices for 1946 (table 1). Exceptions were Stutsman and Ward Counties for sales in which 60 percent or more of the land was cultivated. For all counties and land classes, the 1946 prices per acre were higher than in 1945.

In terms of acreage, sales of uncultivated land became relatively more important in 1946. This trend continued to a lesser extent during the fourth quarter and in Ward County it decreased compared with the 1946 average (table 2). Since 1941 the acreage of cultivated land sold has increased less rapidly than acreage sales of uncultivated land. This is explainable in part by an increase in the sale of county and State lands.

¹Progress 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.

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⁴Preliminary geometric mean in which each county has equal weight. Sales by counties are excluded from price calculations.

Smaller Seasonal Increase in Sales Volume

Land transfers this quarter totaled 322 parcels which was 35 percent greater than the preceding quarter (fig. 1). But the seasonal increase was far below the peak of 581 transfers in fourth quarter, 1944, and was 10 transfers less than fourth quarter, 1945. There were 14 percent more sales in 1946 than in 1945 but 38 percent less than in 1943 and slightly less than in 1944.

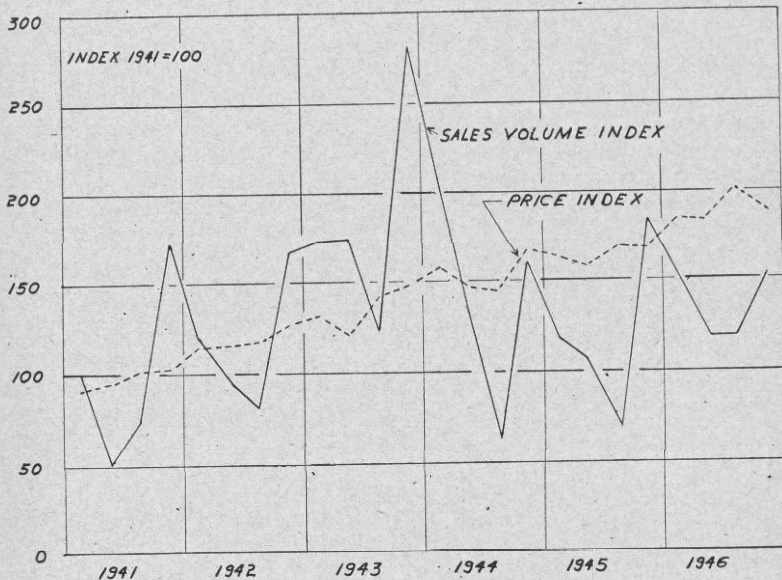


Figure 1—Trends in the price index and the sales volume index of land sales in four North Dakota counties by quarters 1941-1946.

In Morton and Stutsman Counties, the acreage transferred was about equal to that of the corresponding quarter in 1945; in Traill County the acreage was larger and it was considerably less in Ward County. Acreage sales in 1946 exceeded those in 1945 in all counties except Ward, where 1946 sales were 5.7 percent of land in farms (1940 U. S. Census) compared with 7.4 percent in 1945. The proportions which sales were of all farm land in 1946 and 1945 were 6.0 and 4.4 percent in Morton County, 8.0 and 5.8 percent in Stutsman County and 3.7 and 3.3 percent in Traill County.

Encumbrances High for Credit-Financed Sales

Sixty-one percent of the transfers were cash sales (table 3). This compares with 58 percent in the preceding quarter and 52 percent in the fourth quarter 1945. A general increase in cash sales and mortgage-financed sales was offset by a marked decrease in the relative importance of contracts for deed sales.

Seventy-five percent of credit-financed transactions (including purchase contracts) involved encumbrances amounting to 75 per-

cent or more of the total consideration. Only 6 percent of the credit sales carried mortgages for less than 50 percent of the purchase price. Buyers' equity in mortgage purchases was 34 percent this quarter compared with 43 percent in the preceding quarter and 45 percent in the fourth quarter, 1945. If purchase contracts are included, buyers' equity in all encumbered transactions this quarter was 28 percent; it was 15 percent in Ward County, 18 percent in Stutsman County, 23 percent in Morton County, and 43 percent in Traill County (table 3).

Contracts for deed, largely by the State and by Morton, Stutsman, and Ward Counties, had encumbrances which averaged about 80 percent. Traill County had one large purchase contract held by an individual and, in that county, loans by individuals amounted to 57 percent of the total consideration. Loans by individuals in Morton County were 76 percent of the consideration, in Stutsman County, 65 percent, and in Ward County, 90 percent. In Traill County corporations made loans which averaged 62 percent of the sales prices and eight mortgages by insurance companies in Stutsman County were 88 percent of the total consideration. The average size of all mortgages was \$4,100 and the encumbrance on purchase contracts averaged \$4,200.

Of 119 encumbrances during the fourth quarter, 72 percent were contracts for deed, 9 percent were seller mortgages, 8 percent were new mortgages by individuals, and 11 percent were new mortgages by corporations. Thus the sellers, either through mortgage or contract, financed 81 percent of all credit transfers. Credit agencies which did not sell land were relatively unimportant in the land market in these counties (table 3).

In North Dakota, the State and counties are important as land sellers and most of the credit-financing for farm land transfers.

Table 1.—Average price per acre by proportion of tract cultivated, four selected North Dakota counties, annual 1941-46 and fourth quarter, 1946¹

County	Proportion Cultivated	1941	1942	1943	1944	1945	1946	4th quarter 1946 ²
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Morton	Percent							
	60-100	6.70	10.75	11.83	17.62	16.03	18.61	13.72
	40-59	6.66	9.71	11.79	13.58	14.73	16.08	15.59
	0-39	4.76	8.03	8.03	9.41	9.01	12.51	11.20
	Average	6.10	9.14	10.08	12.24	12.11	14.48	12.83
Stutsman	60-100	8.63	10.35	12.84	13.61	15.11	16.29	17.37
	40-59	4.92	9.10	10.33	9.81	11.65	12.72	11.23
	0-39	4.11	6.21	6.46	7.60	8.82	10.23	8.20
	Average	7.21	9.55	11.32	11.80	13.06	14.06	13.00
Ward	60-100	12.45	12.59	14.41	17.44	19.01	21.25	22.60
	40-59	8.39	8.93	8.50	12.59	12.72	14.45	13.50
	0-39	5.49	5.15	6.28	8.18	8.96	12.44	6.20
	Average	10.81	11.31	12.41	15.60	16.26	17.94	17.80
Traill	Average	27.10	28.37	33.24	33.92	36.14	37.46	44.00

¹Non-county sales

²Preliminary

Table 2.—Acreage sold by proportion of tract cultivated, three selected North Dakota counties, 1941-46 and fourth quarter, 1946¹

County	Proportion Cultivated	1941	1942	1943	1944	1945	1946	4th quarter 1946
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Traill	60-100	23	24	18	21	21	12	12
	40-59	47	28	36	26	29	31	30
	0-39	30	48	46	53	50	57	58
	Total	100	100	100	100	100	100	100
Stutsman	60-100	64	74	63	61	56	54	42
	40-59	23	9	22	24	26	21	29
	0-39	13	17	15	15	18	25	29
	Total	100	100	100	100	100	100	100
Morton	60-100	71	76	71	75	66	60	60
	40-59	13	13	16	10	19	15	22
	0-39	16	11	13	15	15	25	18
	Total	100	100	100	100	100	100	100

¹in-county sales

was done by the Bank of North Dakota, which is a State credit agency, the State Land Department of North Dakota, and the county governments. In 1946, 77 percent of all mortgages were contracts for deed, most of which were made by these government agencies. In 1945, 72 percent of the mortgages were contracts for deed and in 1944, 70 percent were of this type.

More Owner-Operators Purchase Land

Of 292 buyers classified this quarter, 92 percent were active farmers and 73 percent were owner-operators (table 3). Only 8 percent of the buyers were non-farmers and nearly all of these were residents of the respective counties. Compared with the preceding quarter and with the fourth quarter of 1945, there were more owner-operators and fewer non-farmers buying land the latter part of 1946. Non-residents have been unimportant in land-market activities in the 4 counties. More than 90 percent of the buyers indicated an intention to operate the land (table 3).

There were relatively more owner-operator buyers in Morton and Stutsman than in the other counties. Tenant buyers varied from 25 percent of the buyers in Traill County to 6 percent in Morton County. Non-farmer buyers were more numerous in Traill and Ward Counties, and Ward was the only county in which non-residents bought land.

Greater Proportion of Non-Operator Sellers

There was a marked increase in land sales by non-operator individuals; their sales amounted to 35 percent of all transfers during the fourth quarter 1946 (table 3). The State and counties continued to be important as sellers in all counties except Traill and accounted for 34 percent of all sales. Proportions of other types of sellers—individuals and corporations—did not change. Sixteen

Table 3.—Selected data on farm real estate sales, four North Dakota counties, fourth quarter, 1946

Item	Morton	Stutsman	Traill	Ward
Price Index ¹	237	197	162	168
Average Price per Acre	\$14.48 / 2.88	\$14.86 / 3.01	\$17.94 / 44.06	\$37.40
Tracts sold—No.	93	121	24	84
Percent sold for cash	64%	53%	63%	67%
Types of sellers:				
Owner-operators	22%	16%	17%	11%
Non-farmers	28%	40%	58%	32%
Estates	4%	4%	21%	12%
Corporations	12%	30%	4%	13%
State and counties	34%	10%	0	32%
Types of buyers:				
Owner-operators	88%	72%	54%	59%
Other farmers	8%	22%	29%	26%
Non-farmers	4%	6%	17%	15%
Intent of buyers:				
To operate	96%	94%	83%	89%
To lease	4%	6%	17%	11%
Buyers' equity in encumbered tracts	23%	18%	43%	15%
Sources of credit:				
Individuals	\$14,267	\$23,540	\$121,500	\$34,300
FLB and LBC	0	0	0	0
Insurance companies	0	83,100	10,000	0
Commercial banks	3,500	0	5,460	0
Other	63,398	82,899	10,900	46,791
Total	\$81,165	\$189,539	\$147,860	\$81,091

¹1941 = 100

percent of the sales were by owner-operator individuals and the remaining 15 percent by estates, insurance companies, and other corporations. Non-operators were the predominate type of seller in Traill County. Owner-operators varied from 22 percent of all sellers in Morton County to 11 percent in Ward County.

During the last 6 years, sales by counties and the State Land Department have varied from 20 to 30 percent of all sales. The selling activity of the Bank of North Dakota increased from about 5 percent of all sales in 1942-44 to 10 percent in 1945 and 1946.

Resales Unchanged

Six percent of all transfers were resales made within 24 months of the previous purchase. The percentage was 7 in the preceding quarter and 5 in the fourth quarter of 1945. More than 60 percent of the land resold had been owned by the seller for less than 6 months.

The total resale price was 22 percent more than the previous sale price compared with 8 percent for the third quarter. In the corresponding quarter, 1945, the resale price exceeded the preceding sale price by 41 percent.