

THE LAND MARKET IN NORTH DAKOTA FIRST QUARTER, 1947¹

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SUMMARY

Sale prices of farm land during the first quarter of 1947 were considerably higher than for any other quarter during the last 6 years. The number of sales was slightly less than in the preceding quarter and in the first quarter of 1946, but all of the decrease occurred in Morton County. Fewer sales by the State and counties were largely responsible for a greater proportion of cash transactions and increased buyers' equity in credit-financed sales. There was no change in the proportion of buyers who were active farmers; they made 90 percent of the purchases. Resales were about twice as important as in the preceding quarter.

Land Prices

Sale prices of farm land continued to increase in the four counties and were the highest of any quarter during the last 6 years. The first quarter index of 225¹ was 38 points more than the index for the fourth quarter, 1946, and 33 points above the 1946 annual index (table 1). Prices in each of the four counties increased over the preceding quarter and each of the county indexes for the first quarter was more than the corresponding yearly index for 1946. Uncultivated State land in Ward county sold for exceptionally high prices and the index for that county was 51 more than the fourth quarter, 1946, and 34 points above the 1946 average. The largest increase over 1946 was in Traill County.

¹ Progress 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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⁴ Preliminary geometric mean in which each county has equal weight. Sales by counties are excluded from price calculations.

Table 1.—Indexes of farm land sale prices¹, four North Dakota Counties, 1st quarter, 1947, and comparative periods (1941 = 100).

County	1st quarter 1947 ²	1st quarter 1946	4th quarter 1946	1946 annual	1945 annual
Morton	279	273	234	264	210
Stutsman	225	199	203	208	183
Traill	181	111	156	138	133
Ward	215	195	164	181	152
All counties ³	225	185	187	192	167

¹ County sales not included.

² Preliminary.

³ Geometric mean in which each county has equal weight.

Sales Volume

There were 301 transfers which was 21 less than the fourth quarter of 1946 (table 2.) All of the decrease was in Morton County, however. Each of the other three counties had a volume of transfers equal to or slightly larger than during the preceding quarter. The total number was 9 transfers less than the first quarter of 1946.

Table 2.—Number of transfers in four North Dakota counties, 1st quarter, 1947, and comparative periods.

County	1st quarter	1st quarter	4th quarter	1st quarter
	1947	1946	1946	1945
Number				
Morton	67	72	93	50
Stutsman	121	115	121	64
Traill	27	28	24	28
Ward	86	95	84	102
All counties	301	310	322	244

The total acreage transferred during the first quarter of this year amounted to 1.7 percent of all land in farms (1940 U. S. Census). This was practically the same as for the first quarter of 1946 but was 0.2 percent less than fourth quarter, 1946. As expected from number of transfers, Morton County also differed most from 1946 quarterly periods in acreage sales.

The proportions of various kinds of land transferred during the quarter were somewhat different from those of previous periods (table 3). Sales in Morton and Stutsman Counties contained relatively more uncultivated land than usual, while sales in Ward County included a larger proportion of cultivated land than during 1946.

Table 3.—Proportion of acreage sold by percentage of tract cultivated, three North Dakota counties, 1st quarter, 1947, with comparative periods.¹

Period	Morton			Stutsman			Ward		
	Percent cultivated 0-39	40-59	60-100	Percent cultivated 0-39	40-59	60-100	Percent cultivated 0-39	40-59	60-100
1st quarter 1947	55	38	7	33	14	53	21	12	67
4th quarter 1946	58	30	12	29	29	42	18	22	60
1946 year	55	32	13	25	22	53	25	15	60
1945 year	50	29	21	18	26	56	15	19	66

¹ County sales not included.

Financing

Sales by the State and county governments usually include a contract for deed. As nearly three-fourths of all credit-financed transfers in the four counties are contracts by these governmental units, the over-all picture of financing arrangements is closely re-

lated to their activity. A smaller proportion of total sales by these agencies during the first quarter, 1947, resulted in relatively less borrowing by all buyers. Cash sales represented 66 percent of all transfers (table 4) compared with 61 percent in the preceding quarter and 57 percent in the first quarter of 1946. The proportion of new mortgages was larger than usual, while purchase contracts were less important than in any quarter during 1946 and were low compared with most quarters of the last 6 years.

Sixty-three percent of the credit-financed sales had an encumbrance of 75 percent or more; this percentage was 75 in the preceding quarter. The decrease resulted from a smaller number of contract-for-deed sales. Buyers' equity in mortgage transactions this quarter was 41 percent compared with 34 percent in the fourth quarter, 1946. Their equity in purchase-contract transfers was 78 percent. The equity of buyers for all credit transfers was 30 percent; in the fourth quarter, 1946, it was 28 percent. Buyers' equity was greater in all counties except Traill, where purchase contracts are relatively unimportant.

There were 93 credit-financed sales during the quarter, of which 76 percent were seller mortgages and purchase contracts and the remaining 24 percent were other new mortgages. Individuals provided 18 percent of the credit in the four counties, insurance companies and commercial banks (mostly in Traill County) 14 percent, and other types—principally State and county governments—68 percent.

Sellers

Non-farmer individuals continued to increase in importance as sellers, making 41 percent of all sales compared with 35 percent in the preceding quarter (table 4). Most of the increase occurred in Morton and Ward Counties. Twenty-three percent of all sales were by the State and counties; this was 11 percent less than for 4th quarter, 1946, and 5 percent less than for the year 1946. There were small increases in sales by owner-operators, estates, and corporations, compared with the preceding quarter. No sales were made by estates and corporations in Morton County. Sales by owner-operators in Traill County were considerably larger than during the preceding quarter.

Buyers

Active farmers were still the principal buyers of farm land (table 4). They made 90 percent of the purchases, and 75 percent of all tracts were bought by owner-operators. These percentages are essentially the same as those of the preceding quarter. Within counties, the major changes from the fourth quarter were a greater owner-operator buying in Traill and Ward Counties and a considerable increase in non-farmer buying in Stutsman County. The relative importance of kinds of buyers in Morton County did not change.

As usual, more than 90 percent of the buyers indicated an intention to operate the land. More non-farmer buying in Stutsman resulted in an increase in intention to lease in that county, while the opposite change occurred in Traill and Ward because of a larger owner-operator buying.

Resales

There were 34 resales of properties which had been held less than 24 months. This represented 11 percent of all sales compared with 6 percent in the preceding quarter. These tracts sold for 21 percent more than the total sale price in the previous transactions.

Table 4.—Data regarding farm real estate sales, four selected North Dakota counties, 1st quarter, 1947.

	Morton	Stutsman	Traill	Ward	All counties
	Percent				
Kinds of Sellers:					
Owner-operators	27	13	30	15	18
Non-farmers	45	33	48	48	41
Estates	0	11	18	5	7
Corporations	0	16	4	2	11
States and counties	28	27	0	30	23
Kinds of buyers:					
Owner-operators	87	62	72	82	75
Other farmers	6	21	24	12	15
Non-farmers	7	17	4	6	10
Intent of buyers:					
To operate	94	86	96	94	91
To lease	6	14	4	6	9
Proportion of tracts sold for cash	69	71	73	56	66
Buyers equity in encumbered tracts	27	21	44	33	30
	Dollars				
Sources of credit:					
Individuals	13,175	3,500	12,600	29,200	58,475
FLB and LBC	0	0	0	0	0
Insurance companies	0	0	17,700	0	17,700
Commercial banks	5,000	0	21,000	1,800	27,800
Others¹	46,758	125,872	0	51,815	224,445
Total	<u>64,933</u>	<u>129,372</u>	<u>51,300</u>	<u>82,815</u>	<u>328,420</u>

¹ Principally state and county purchase contracts.