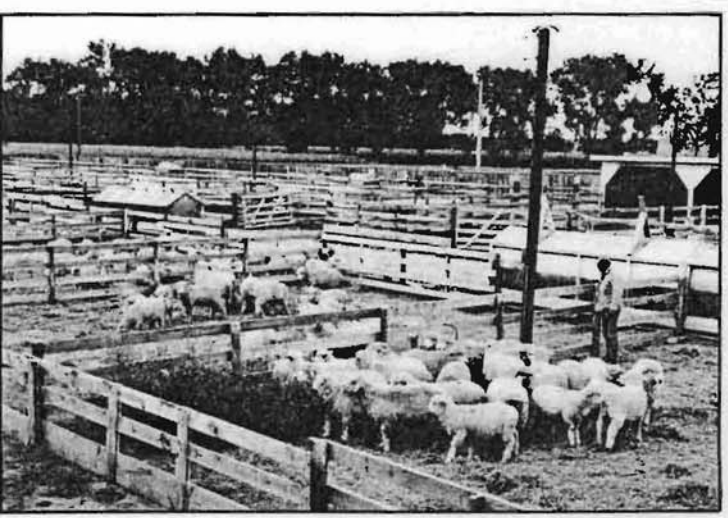
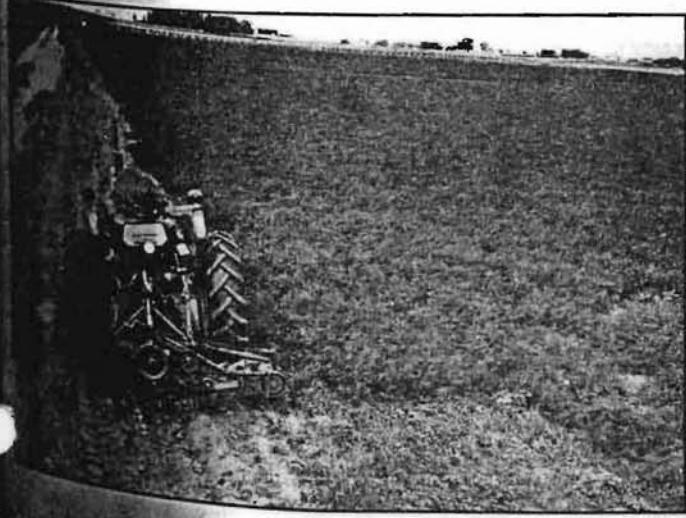




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Wyoming Farm and Ranch Land Market: 1982-1984



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WYOMING FARM AND RANCH LAND MARKET: 1982-84

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SUMMARY

This report presents average market prices for agricultural land in Wyoming. Data were collected on 299 actual land sales throughout the state in 1982 and 1983. Only agricultural land sales expected to remain in agricultural production were included, and lands transferred for commercial purposes, mineral development or water rights acquisition were excluded. The Federal Land Bank was the primary source of sales data. Average market prices were reported on a per animal unit (AU) basis for ranches and on a per acre basis for grazing land, irrigated cropland and dry cropland. Average market prices during 1982-83 were reported for six regions in the state:

- Region 1 - Johnson and Sheridan counties
- Region 2 - Campbell, Converse, Crook, Niobrara and Weston counties
- Region 3 - Albany, Goshen, Laramie and Platte counties
- Region 4 - Carbon, Natrona and Sweetwater counties
- Region 5 - Lincoln, Sublette and Uinta counties
- Region 6 - Big Horn, Fremont, Hot Springs, Park and Washakie counties

Two years of sales data were combined in this report to obtain sufficient observations by region to compute regional average prices for each type of agricultural land.

The average market price of Wyoming ranches during 1982-83 was \$2,229 per AU. The highest average was in Region 1 at \$3,336 per AU while the lowest was in Region 6 at \$1,577 per AU. Average ranch prices were higher in eastern Wyoming (Regions 1 through 3) than in western Wyoming (Regions 4 through 6) because of more deeded and less leased land on typical eastern Wyoming ranches. Over the entire state, the average ranch price declined steadily with size and declined markedly when over 50% of the forage was supplied by leased land.

For grazing land, average prices ranged from \$165 per acre in Region 1 to \$76 per acre in Region 4. Scenic and recreational influences of the Big Horn Mountains were important factors in Region 1's high average price, while sales

of large tracts combined with low carrying capacity rangeland were responsible for the low average price in Region 4. Grazing land prices per acre ranged from \$30 in western Natrona County to a high of \$750 in the Centennial Valley of Albany County during 1982-83.

The average price for irrigated cropland in Wyoming was \$969 per acre in 1982-83. The important cash and feed crop producing areas in the state are Regions 3 and 6. In Region 3, irrigated cropland was divided into three classes (I through III) based on the percentage of water requirements supplied in years of adequate precipitation. Prices for Class I cropland with the best water supply, located mainly in Goshen County, averaged \$1,457 per acre. Class II cropland (primarily in Platte County) averaged \$1,018 per acre, and Class III cropland (in Albany and Laramie counties), averaged \$772 per acre. For Region 6, the Fremont County average price was over \$200 less per acre (\$955 versus \$1,177 per acre) than the average price of irrigated cropland in the Big Horn Basin.

Dry cropland average prices were reported for Regions 1 through 3 though small acreages are located in other regions. The majority of dry cropland is in Regions 2 and 3 where prices averaged \$347 and \$275 per acre, respectively. The state's average price was \$318 per acre during 1982-83.

Statewide, ranches and each of the three types of agricultural land declined in average prices in 1983. The declines were greatest in dry cropland (-17.3%) and ranches (-14.2%). Average ranch price in Wyoming peaked in 1981 at \$2477 per AU and declined 18% by 1983. Average prices for the three types of agricultural land increased slightly in 1982 before the 1983 decline.

A regional comparison of average prices in 1980-81 and 1982-83 showed stable or downward trends in prices. Major exceptions were price increases in

Region 1 for all types of agricultural land, irrigated cropland in Region 6, and grazing land in Region 5.

During 1983 and early 1984, Wyoming's agricultural land market was slow. Demand for agricultural land was depressed by continued high interest rates, lowered rates of inflation, and low agricultural product prices. With the recent downward price trend, the market has been erratic because low sales are now combined with high prices still being payed for desirable scenic properties. There is definitely a buyers market with listed properties outnumbering interested buyers.

FARM AND RANCH LAND MARKET IN WYOMING

INTRODUCTION

The purpose of this report is to provide current market price information on Wyoming farm and ranch land. Data presented in this report are not intended to show values of specific land parcels. They do show average market prices for major types of agricultural land in different areas of the state. This report is an update of previous reports on Wyoming agricultural land prices^{1/} from which price information will be used to evaluate average price changes. Farmers, ranchers, realtors, prospective investors and others interested in the Wyoming agricultural land market may find the information in this report helpful.

TRENDS IN THE AGRICULTURAL LAND MARKET

The value of agricultural land in the United States had risen continuously since 1962, with rather dramatic increases during the 1970's. But, since its peak of \$795 per acre in 1981, average U.S. agricultural land values declined 7% in the last three years to \$739 per acre in 1984 (Figure 1). This same trend is shown in Wyoming agricultural land values with the peak occurring in 1982 at an average of \$170 per acre. By 1984, Wyoming agricultural land declined 3% in value to \$165 per acre, according to USDA figures. From 1972 to present, annual changes in Wyoming agricultural land values have ranged from a 25% increase in 1974 to a 5% decline in 1983 (Figure 2). Annual increases in land value were greater than inflation rates in the 1970's. But since 1980, changes in Wyoming agricultural land values have fallen behind inflation.

^{1/}Collins and Vanvig (1982) and Stephenson and Vanvig (1978).

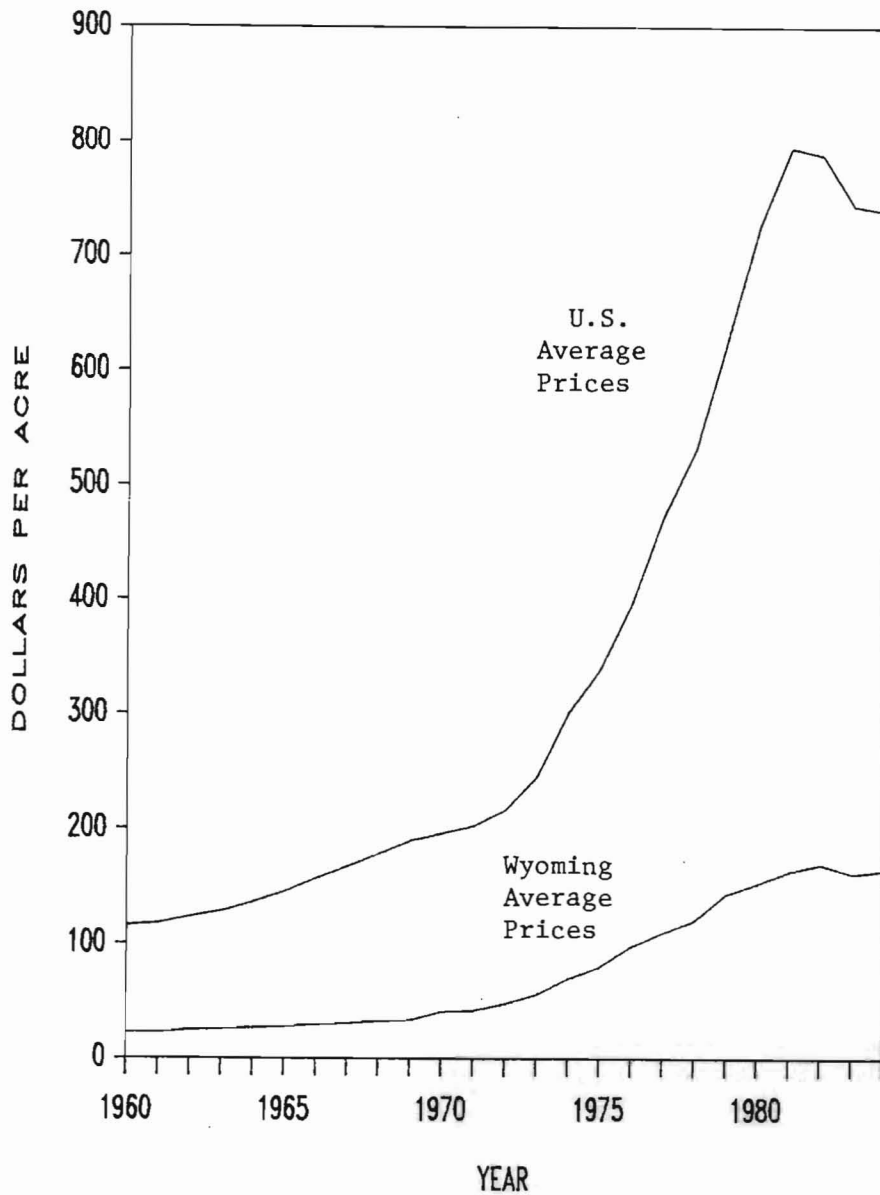


Figure 1. Trends in Wyoming and U.S. Farm Land Values since 1960.

Source: U.S. Department of Agriculture (USDA), Farm Real Estate Market Developments, selected issues.

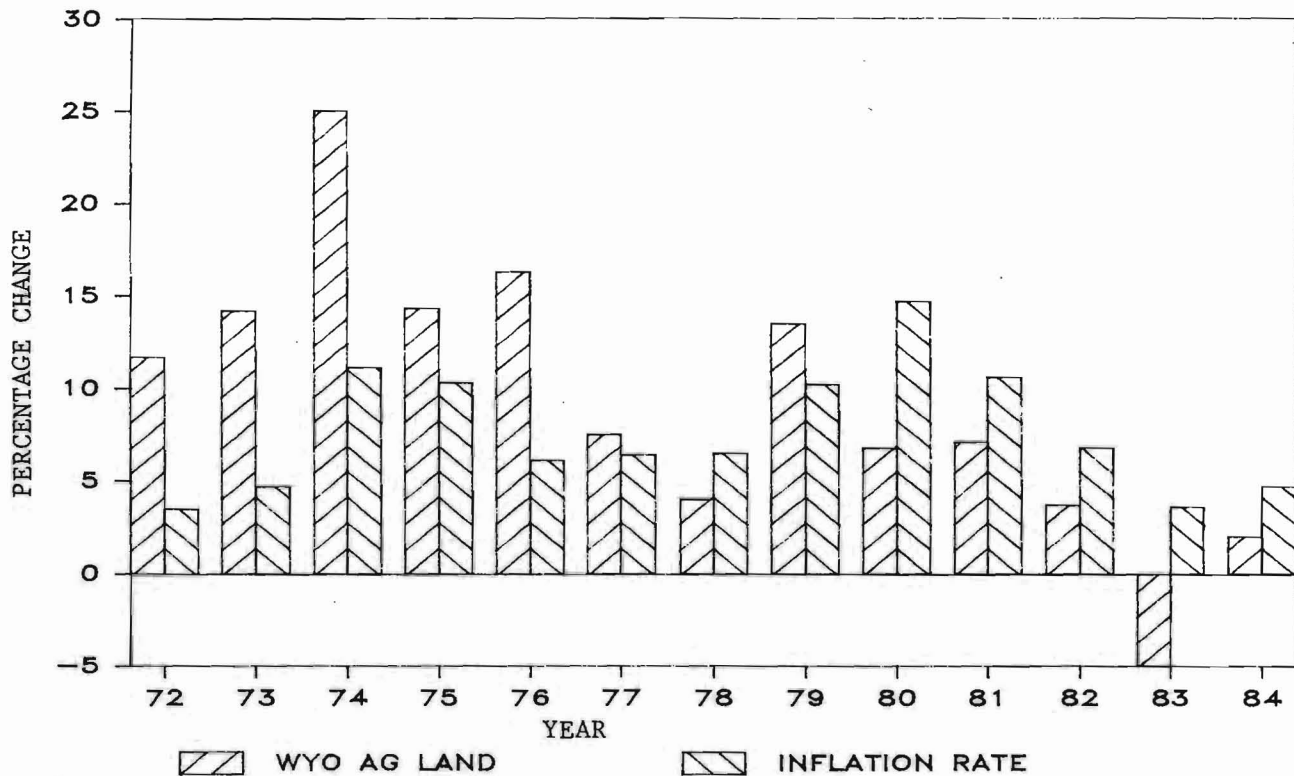


Figure 2. Annual Percentage Increases in Wyoming Agricultural Land Values^{a/} and the U.S. Inflation Rate^{b/} since 1972.

^{a/} Percentage rates of change are for the year ending March 1 for 1972-75, February 1 for 1976-81 and April 1 for 1982-84.

^{b/} Consumer price index using the March index to compute annual percentage changes.

Sources: USDA, Farm Real Estate Market Developments, selected issues.
 USDA, Agricultural Outlook, selected issues.

During 1983 and into early 1984, the Wyoming agricultural land market was slow. There were many properties on the market, but buyers were cautious because of the high interest rates on borrowed money. While interest rates declined in 1982 and early 1983, real interest rates remained high. Generally, market prices were stable to downward with a wide variation in sale prices occurring. Low sale prices outnumber high sale prices at present, but high prices are still being paid in scenic areas (Saratoga Valley, eastern slope of the Big Horn Mountains, and the Black Hills in the northeast corner of the state) where a buyer wants particular amenities.

The pressure on real estate prices caused by high interest rates and low returns to land seems to have accentuated the uniqueness of each parcel of land and of each sale. As a result, price variation is wider than normal. Definite declines have occurred in values of central and eastern Wyoming grazing land and ranches without scenic values. Dry cropland in southeastern Wyoming has also shown a decline in value. Overall, Wyoming's agricultural land market in early 1984 would definitely be classified as a buyer's market.

PROCEDURE

Wyoming's agricultural land was divided into three categories for this report: grazing land, irrigated cropland and dry cropland. Information for bona fide land sales was collected in January and February of 1984 for Wyoming farm and ranch sales made during 1982 and 1983. Information on 299 sales was collected from records in Federal Land Bank Association branch offices and from land appraisers for the Bureau of Land Management (BLM) and the Wyoming Farm Loan Board. Price data included in this report represent a weighted average of sales based on size in deeded acres during 1982 and 1983.

For each land sale, the following items were priced separately and then totaled to equal the sale price by land appraisers: 1) the three types of

agricultural land; 2) structural improvements; 3) public and private land grazing leases; and 4) other items included in the land sale. Mineral rights included in a sale were also assigned values separate from the agricultural land where valuable rights were transferred. Roads and waste land were separated out in each sale and assigned no value.

Agricultural land sales were limited to those over 100 acres, excluding (the majority of) rural home purchases. In addition, sales included in the report were restricted to those where the land was expected to remain in agricultural production. Sales were excluded if the land was obviously bought for residential or commercial development and if the sale was classified by the Federal Land Bank as having great non-agricultural influence. Agricultural lands transferred exclusively for mineral development or water rights acquisition were not included in this report. For ranches, only sales over 50 animal units (AU) were included.

Non-bona fide agricultural land sales, as determined by land appraisers, included unappraised sales between family members or friends which were below market prices. These sales were excluded from this report.

To show the variation in land values for different areas of Wyoming, the state was divided into six regions (Figure 3). The only areas of Wyoming excluded from this report were Yellowstone National Park and Teton County. Yellowstone was not included because there is no privately owned agricultural land in the park. Teton County was excluded because only 4% of the county is privately owned. The value of private land in Teton County is determined by recreational and developmental factors with agricultural production potential having little or no influence on market value.

Regions of the state vary with respect to type of agricultural production. Cattle, sheep and hay production are located in all counties, but

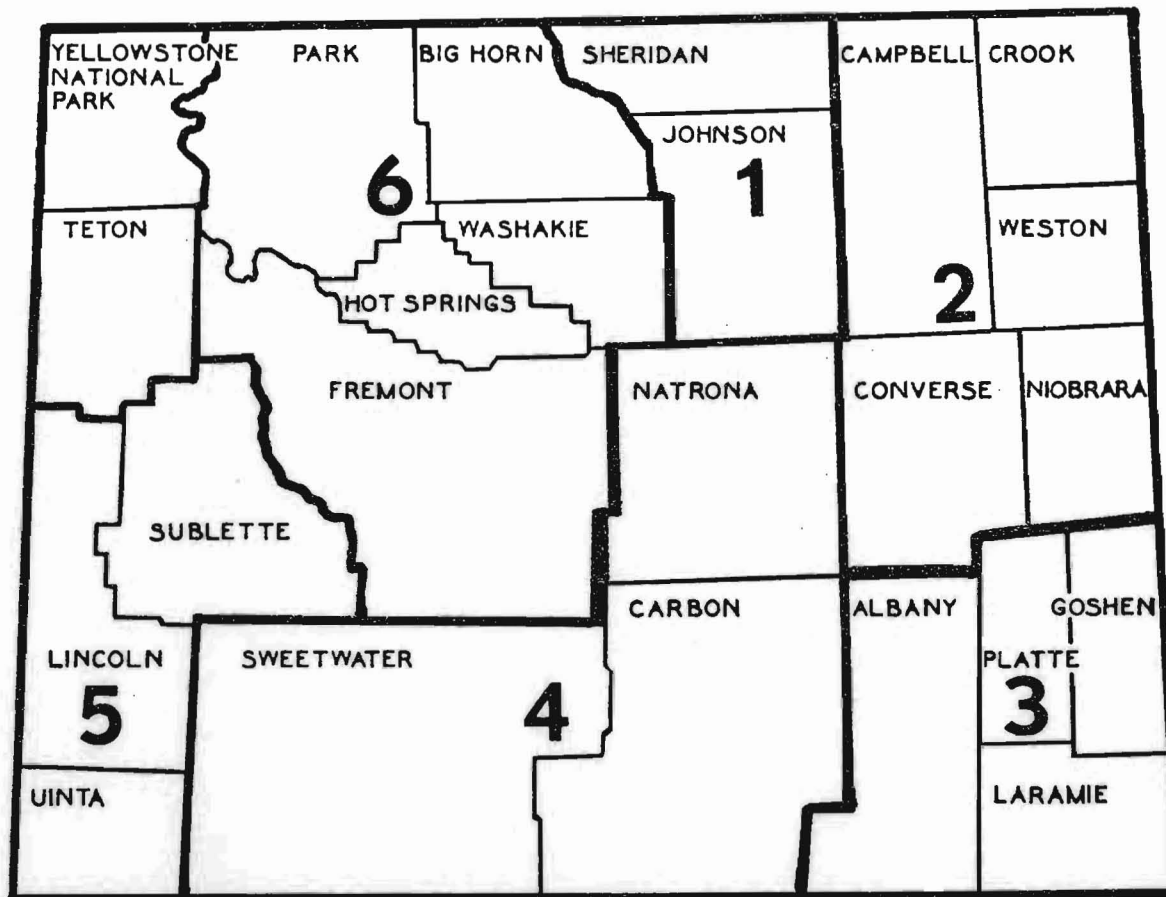


Figure 3. Six Regions of Wyoming where Average Prices of Agricultural Land are reported.

other types of agricultural enterprises are concentrated in specific regions. The following is a brief summary of the primary agricultural enterprises according to region:

- Region 1 - (Johnson and Sheridan counties) Primary enterprises are beef cattle, sheep and hay.
- Region 2 - (Campbell, Converse, Crook, Niobrara and Weston counties) Primary enterprises are beef cattle, sheep, hay and wheat.
- Region 3 - (Albany, Goshen, Laramie and Platte counties) Primary enterprises are beef cattle, sheep, wheat, sugar beets, corn, dry beans, barley, hay and other irrigated crops.
- Region 4 - (Carbon, Natrona and Sweetwater counties) Primary enterprises are sheep, beef cattle and hay.
- Region 5 - (Lincoln, Sublette and Uinta counties) Primary enterprises are beef cattle, sheep, dairy cattle and hay.
- Region 6 - (Big Horn, Fremont, Hot Springs, Park and Washakie counties) Primary enterprises are beef cattle, sheep, sugar beets, barley, oats, dry beans, hay and other irrigated crops.

The importance of each type of agricultural land varies among counties in a region. For example, Region 3 includes important dryland wheat-producing counties of Goshen and Laramie, yet Albany County has very little dryland wheat. The influence of climate, population, recreation potential and minerals varies among and within different state regions. Even though these variations are present, the regions identified are relatively homogeneous.

MARKET PRICES OF WYOMING AGRICULTURAL LAND

Average market prices reported in this section are for ranches, grazing land, irrigated cropland and dry cropland. Average market prices for

irrigated and sub-irrigated pastures were not included on a separate basis in this report. Market price for ranches was reported on an animal unit (AU) basis. For this report, one AU was defined as the feed requirements for maintaining a 1000 pound cow for one year.

Ranch price per AU includes structural improvements (buildings) and the value of public and private land leases transferred with deeded land. Market prices on a per acre basis in this report do not include the value of any structural improvements nor leased land associated with the deeded land. These items were priced separately in each sale and deducted before determining the price per deeded acre. Other improvements, such as fences and stockwater developments on grazing land or ditches for gravity irrigated cropland, were included in the market price.

Ranch Prices

The average price per AU for the six regions in Wyoming ranged from over \$3,300 in Region 1 to \$1,580 in Region 6 (Table 1). The statewide average price was \$2,229 per AU. The highest average price (\$3,336 per AU) in Johnson and Sheridan Counties was due to the recreational and scenic influences of the Big Horn Mountains, especially around Sheridan. Ranch prices in Region 1 ranged from \$1,400 to \$9,700 per AU. The high range on ranches in Regions 1 through 5 consists of very high priced sales due to expensive improvements and/or scenic and recreational factors. The next highest sales are about \$2,000 to \$5,000 per AU less in these five regions. Region 3 had the second highest average price (\$2,650 per AU) due to non-agricultural influences of the Medicine Bow National Forest and the cities of Cheyenne and Laramie.

Average ranch price was lowest in Region 6 at \$1,577 per AU because ranches in this area depend on leased public lands for most of their forage. Average ranch prices were higher in eastern Wyoming (Regions 1-3) than in

Table 1. Price per Animal Unit for Wyoming Ranches Over 50 AU, 1982-83.

Region	County	Number of Sales	Average Size AU ^{a/}	Average Sales Price	Range	
					Low	High
					----- Dollars per AU -----	
1	Johnson, Sheridan	14	230	3,336	1,400	9,700
2	Campbell, Converse Crook, Niobrara, Weston	33	320	2,357	950	6,150
3	Albany, Goshen, Laramie, Platte	23	220	2,650	1,150	8,600
4	Carbon, Natrona, Sweetwater	9	570	1,829	1,000	6,350
5	Lincoln, Sublette, Uinta	10	190	1,923	1,250	5,000
6	Big Horn, Fremont, Hot Springs, Park, Washakie	26	260	1,577	650	3,900
	STATEWIDE	115	280	2,229	650	9,700

a/ Includes both deeded and leased AU's.

western Wyoming (Regions 4-6) because of less dependence on public land leases as part of the ranch operations and more deeded land in the typical eastern Wyoming ranch.

The effects of ranch size and percentage of forage from leased land on ranch prices per AU are shown in Table 2. Statewide, market price per AU declines as ranch units increase in size, a 14% drop with each larger size category in Table 2. Average ranch price declined from \$2,658 per AU for ranches 50-249 AU to \$2,276 per AU when ranch size was between 250 and 749 AU. With ranches over 750 AU, average price was \$1,948 per AU.

The percentage of AU's from leased land in a sale had a similar effect on price as ranch size during 1982-83. As the percentage of leased forage

increased, average ranch price declined. The decline was especially dramatic when over 50% of the AU's were provided by leased land, from \$2,178 (26 to 50%) to \$1,326 per AU (over 50%). Many sales in the category with over 50% leased forage had a very high percentage (five sales over 90%), with an average of 75% for the sales.

Table 2. Price per Animal Unit of Wyoming Ranches Based on Size and Percentage of Forage Provided by Public and Private Land Leases, 1982-83.

	Number of Sales	Average Price Dollars per AU
<u>Size</u>		
50 - 249 AU	76	2,658
250 - 749 AU	29	2,276
750 AU and over	10	1,948
<u>Percentage Leased Forage</u>		
0 - 25%	76	2,574
26 - 50%	21	2,178
51% and over	18	1,326

The leasing privilege of public land included in many ranch sales does have a value above the annual lease rate. Only limited sales information was available for transactions where federal permits and state land leases were sold separately from deeded land in 1982 and 1983. Data was collected on only four BLM permits, three U.S. Forest Service permits, and two state land leases transferred without deeded land. Based on the limited 1982-83 actual sales of federal permits separate from deeded land, BLM permits sold for an average price of \$65 per animal unit month (AUM) and U.S. Forest Service permits

averaged \$98 per AUM.^{2/} Prices ranged from \$40 to \$85 per AUM for BLM permits and from \$50 to \$143 per AUM for U.S. Forest Service permits. The average price for Wyoming state leases sold without deeded land was \$143 per AUM during 1982-83.

Grazing Land Prices

As with ranch prices, grazing land in Region 1 had the highest average price at \$165 per acre because of the scenic and recreational influences that attract investors from outside agriculture (Table 3). Also reflected in the high average price in Region 1 is the high carrying capacity rangeland near the Big Horn Mountains. The second highest average price for grazing land was in Region 5 (southwest Wyoming). Factors which raised the average price were: 1) only 11 sales which included grazing land in this region during 1982-83 and one high sale increased the average by over 20%, and 2) the small sized tracts which sold in this area. None of the Region 5 grazing land sales used in this report were explicitly influenced by the widespread petroleum and natural gas leasing in this area though the wealth generated from this leasing probably had indirect influences on agricultural land prices through increased demand in this area of the state. Other than Region 5, grazing land average prices showed the same pattern as ranches, highest in eastern Wyoming and lowest in western Wyoming. Region 4 had the lowest average price at \$76 per acre because of the large sized tracts sold and relatively low carrying capacity of rangeland in this area.

The average price of grazing land for the entire state was \$103 per acre. Prices ranged from a low of \$30 per acre for large tracts of sagebrush

^{2/}AUM's are determined differently by federal agencies. The BLM uses the more widely accepted unit of the forage required by a cow for one month while the U.S. Forest Service determines each animal over six months of age entering National Forest lands for one month as one AUM and does not count animals under six months.

Table 3. Wyoming Grazing Land Prices, 1982-83.

Region	County	Number of Sales	Average Size Acres	Average Sales Price -- Dollars per Acre --	Range	
					Low	High
1	Johnson, Sheridan	22	1,790	165	65	550
2	Campbell, Converse, Crook, Niobrara, Weston	64	3,200	100	40	500
3	Albany, Goshen, Laramie, Platte	71	810	122	50	750
4	Carbon, Natrona, Sweetwater	20	4,090	76	30	350
5	Lincoln, Sublette, Uinta	11	550	124	50	200
6	Big Horn, Fremont, Hot Springs, Park, Washakie	65	840	90	35	550
	STATEWIDE	253	1,760	103	30	750

dominated grazing land in western Natrona County to a high of \$750 per acre for scenic and recreational influenced rangeland in the Centennial Valley of Albany County.

Irrigated Cropland Prices

Average prices ranged from a high of \$1500 per acre in Region 1 to a low of about \$720 per acre in Region 5 and for cropland with Class III water supply in Region 3 (Table 4). Wyoming's irrigated cropland sales ranged from \$300 to \$2900 per acre during 1982 and 1983, with an average price per acre for all irrigated cropland of \$969. No distinction was made in this report between different types of irrigation systems (gravity or sprinkler) on irrigated cropland.

Water supply classification for the water supply available to irrigated land in Region 3 is based on a Federal Land Bank system. Class I, the highest

Table 4. Wyoming Irrigated Cropland Prices, 1982-83.

Region	County	Number of Sales	Average Size Acres	Average Sales Price ----- Dollars per Acre ----	Range	
					Low	High
1	Johnson, Sheridan	12	170	1,503	900	2,900
2	Campbell, Converse, Crook, Niobrara, Weston	6	500	777	300	1,550
3	Albany, Goshen, Laramie, Platte					
	Class I Water Supply	15	130	1,457	1,000	1,820
	Class II Water Supply	11	190	1,018	850	1,700
	Class III Water Supply	13	470	722	500	1,700
4	Carbon, Natrona, Sweetwater	14	250	1,071	600	1,900
5	Lincoln, Sublette, Uinta	10	300	718	450	1,550
6	Big Horn, Hot Springs, Park, Washakie	33	160	1,177	600	2,420
	Fremont County only	22	150	955	350	2,000
	STATEWIDE	136	220	969	300	2,900

classification, provides water supplies sufficient to support maximum production of the most profitable crops by providing effective supplies at least 95% of the time. Examples of Class I supplies include Rock Ranch ditch, Goshen Irrigation District and most water rights out of the North Platte River. Class II supplies will support production of the most profitable crops but are subject to moderate shortages in normal years because only a 67 to 95% effective supply is provided. Class II supplies include water from Wheatland Reservoir and all reservoirs south of the North Platte River in Goshen and Platte Counties. Class III will not support production of the most profitable crops because only 25 to 66% effective supply is provided which results in

significant shortages during normal years. Examples include lands irrigated by intermittent creek flows and ground water pumped from areas of declining water tables.

Irrigated cropland sales in Region 3 were subdivided by water supply classifications because there were enough sales in each class and a very distinct price differential exists between classes. Class I cropland was largely in Goshen County and had an average price of \$1,457 per acre. Class II cropland, the majority in Platte County, averaged \$1,018 per acre. Finally, Class III cropland in Albany and Laramie Counties had an average price of \$722 per acre.

In Region 6, most sales were Class I and averaged \$1,177 per acre in the Big Horn Basin. There were not enough sales in the other classes to separate by water supply classification. However, irrigated cropland sales in Fremont County averaged over \$200 per acre less than sales in the Big Horn Basin (\$955 compared to \$1,177). One of the reasons for this average price difference is that sugar beets are grown in the Big Horn Basin but not in Fremont County.^{3/} This is because sugar beet processing plants are located in Worland and Lovell but not in Riverton. The greater profitability of producing sugar beets compared to other cash and feed crops (Agee, 1981) increases the price of irrigated cropland in areas where they can be produced. Average land prices are therefore higher in beet producing areas. While the average price for all irrigated cropland in the Big Horn Basin was \$1,177 per acre, irrigated cropland sales with sugar beet allotments averaged \$1,444 per acre during 1982-83.

^{3/}Though Holly Sugar has currently signed beet contracts with growers around the Riverton area for about 600 acres in 1984.

The major cash and feed crop producing areas in Wyoming are in Regions 3 and 6. Irrigated cropland sales in the other 4 regions were hay lands used in ranch operations. Irrigated cropland prices in Regions 3 and 6 were the highest in the state because these areas have the best irrigated cropland due to climatic conditions and stable water supplies. Exceptions were prices in the scenic and recreation influenced Regions 1 (Johnson and Sheridan Counties) and 4 (Saratoga Valley).

Dry Cropland Prices

Most dry cropland acreage is confined to Wyoming's three eastern regions. There are small acreages of dry cropland in Lincoln, Carbon and Natrona Counties but few sales are found there. Wheat is the most common crop produced with some hay also grown.

Average prices for dry cropland ranged from \$275 per acre in Region 3 to \$635 per acre in Region 1 (Table 5). Dry cropland in Region 1 is associated with scenic and recreationally influenced ranches in Sheridan County and thus is priced far above dry cropland in the rest of eastern Wyoming. These same amenities found in ranches with dry cropland in the Black Hills of northeast Wyoming increased Region 2's average price (\$347 per acre) above the average of \$275 per acre in Region 3. Region 3 is the major dryland wheat producing area in the state, and prices in this area ranged from \$190 to \$500 per acre in 1982-83. Average price per acre for all dry cropland in Wyoming was \$318 during 1982-83, and the average tract size sold was 230 acres.

MARKET PRICE CHANGES FOR WYOMING AGRICULTURAL LAND

On a statewide basis, changes in average market prices between 1980 and 1983^{4/} are shown in Table 6 for ranches and the three types of agricultural

^{4/} Annual figures based on January to December sale price averages.

Table 5. Wyoming Dry Cropland Prices, 1982-83.

Region	County	Number of Sales	Average Size Acres	Average Sales Price --- Dollars per Acre ---	Range	
					Low	High
1	Johnson, Sheridan	4	130	635	600	1,250
2	Campbell, Converse, Crook, Niobrara, Weston	25	220	347	150	700
3	Albany, Goshen, Laramie, Platte	30	250	275	190	500
	STATEWIDE	59	230	318	150	1,250

land. Data for 1980 and 1981 are from Collins and Vanvig (1982). Each of the four categories showed a decline in 1983 average market price with dry cropland and ranches recording the largest declines. Average ranch price in Wyoming peaked in 1981 and has declined 18.6% since that time.

The percentage changes in average market prices for 1981 through 1983 are shown in Figure 4. The average prices increased in 1981, rose slightly in 1982 and declined in 1983 for all Wyoming agricultural land. The percentage change in grazing land price for 1982 of +1.6% was not taken from the data in Table 6. These weighted averages for grazing land show a 17.4% increase in

Table 6. Changes in Average Market Prices for Wyoming Agricultural Land and Ranches Between 1980 and 1983.

	Average Prices			
	1980	1981	1982	1983
Ranches (\$/AU)	2,235	2,477	2,350	2,017
Grazing Land (\$/acre)	80	92	108	96
Irrigated Cropland (\$/acre)	880	946	981	951
Dry Cropland (\$/acre) (Regions 2 and 3)	289	316	334	276

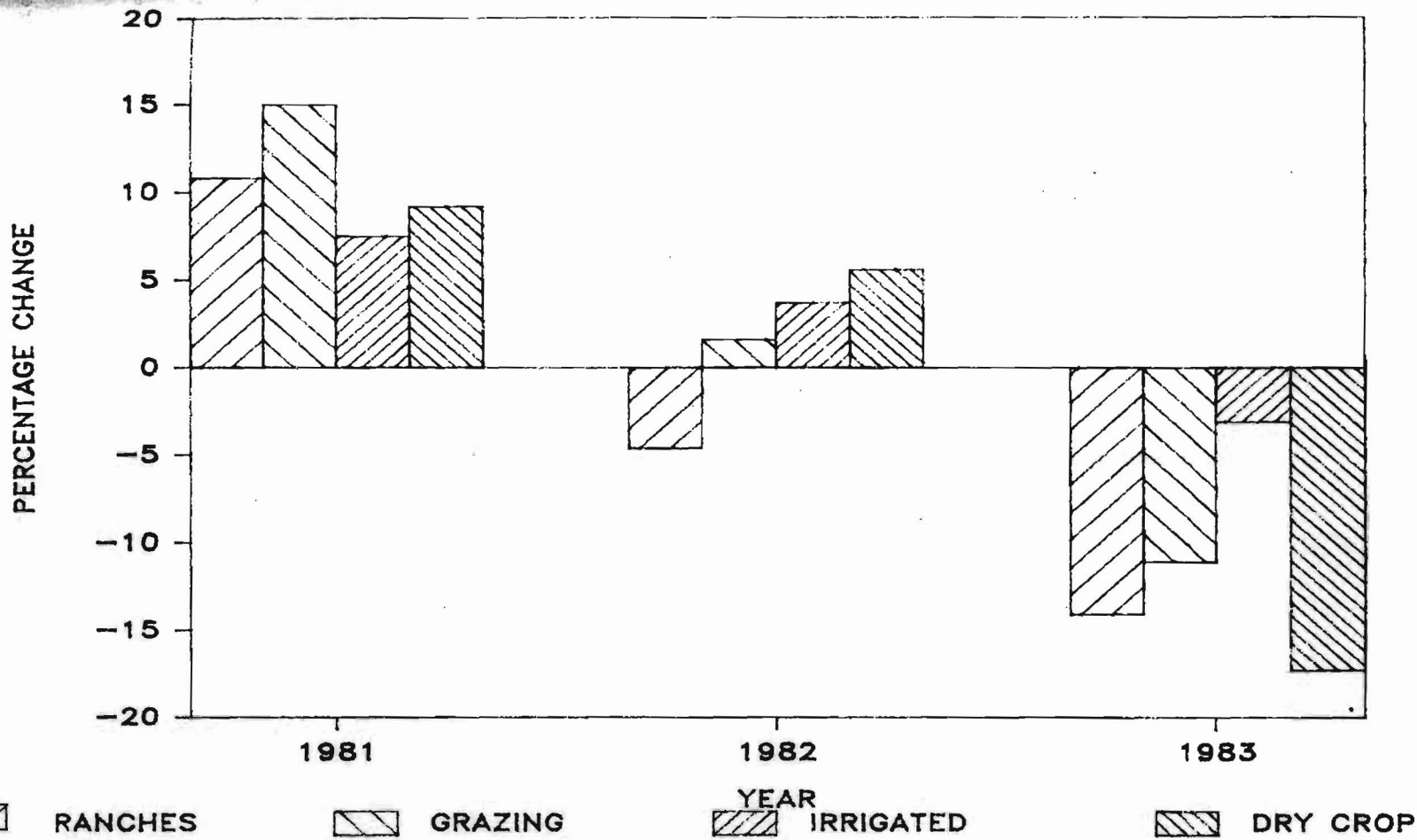


Figure 4. Percentage Changes in Wyoming Ranch and Agricultural Land Prices for the Entire State, 1981-1983.

market price which is not realistic. This large increase reflects a changing composition of ranch sales. No very large ranches (50 to 100 thousand deeded acres) sold in 1982 as was the case in 1981. These very large ranch sales dramatically lower weighted average grazing land prices. The 1.6% is the increase in modal values^{5/} from 1981 to 1982 and better reflects the actual price movement for grazing land in Wyoming.

A comparison of average price changes between 1975-76 and 1982-83 shows all increases on a statewide basis (Table 7). Grazing land and irrigated cropland increased more than 50% in average price during this period while dry cropland average price increased by only 17%. Average ranch price in Wyoming increased by one-third over this time.

Price declines occur in ranches and Region 3 dry cropland when average prices are compared for 1980-81 and 1982-83. Irrigated cropland, however, increased 6% over this two year period. The 18% increase in Wyoming grazing land prices is more indicative of the changing composition of grazing land sales (more large tracts were sold in 1980-81 than in 1982-83). The modes for these two time periods show a 5% increase which is more representative of the actual modest price increase from 1980-81 to 1982-83.

Changes in average prices by region between 1980-81 and 1982-83 depended as much on the changing composition of sales as the actual price movements. Some regions though, showed definite price movements during this period (Table 8). Region 1, for example, showed definite price increases between 1980-81 and 1982-83 for all types of agricultural land because of continued demand for scenic, recreational ranches in this area. Other definite increases occurred for irrigated cropland in Region 6 and grazing land in Region 5. Declines

^{5/}These price figures are sale prices where half the sale prices are greater and the other half are less.

Table 7. Comparison of Statewide Average Prices in 1975-76, 1980-81 and 1982-83 for Agricultural Land in Wyoming.

	Average Prices			Percentage Changes	
	1975-76 ^{a/}	1980-81 ^{b/}	1982-83	1975-76 to 1982-83	1980-81 to 1982-83
	Ranches (\$/AU)	1,687	2,426	2,229	+32
Crazing Land (\$/acre)	63	87	103	+63	+18
Irrigated Cropland (\$/acre)	618	913	969	+57	+6
Dry Cropland ^{c/} (\$/acre)	235	296	275	+17	-7

^{a/} Source: Stephenson and Vanvig (1978).

^{b/} Source: Collins and Vanvig (1982).

^{c/} Region 3 only

occurred in Region 6 ranches and Region 3 ranches, grazing land and dry cropland.

Average market prices reported here are based on actual land sales. Actual sales, however, do not indicate a major factor in the present Wyoming agricultural land market: the fact that many properties have remained on the market for an extended period throughout 1982 and 1983 and did not sell for whatever reason. The extent of this slow market indicates declining market values for land. Because of this, actual declines in value reported here may be less than what has really happened in some areas of Wyoming and certainly less than if market clearing prices were established. Whether or not the present sluggish market is translated into further market value declines because of properties being forced on the market depends upon future demand for Wyoming agricultural land.

Table 8. Average Price Movements by Region Between 1980-81 and 1982-83 for Agricultural Land in Wyoming.

	Increase	Stable to Downward	Decline
Ranches	Region 1	Region 2	Region 6 Region 3
Grazing Land	Region 1 Region 5	Region 6	Region 3 Region 2
Irrigated Cropland	Region 1 Region 6	Region 3 ^{a/}	
Dry Cropland	Region 1 Region 2		Region 3

^{a/} All water supply classifications.

INFLUENCES ON AGRICULTURAL LAND VALUES

The market value of Wyoming's agricultural land is influenced by many factors from the national economy to local conditions. The national economy affects agricultural product prices and interest rates. In addition, markets are influenced by current national events to be optimistic or pessimistic of the future. Each of these factors strongly influence agricultural land values.

Briefly, the national economic conditions during 1982 and 1983 included: a bottoming out of the recession in late 1982 with strong GNP growth in 1983; a significant decline in inflation rates from the 1980-81 period; a gradual decline in long-term interest rates during 1982 and into 1983 with stable to slightly upward trend in rates since mid 1983; high real interest rates; a ballooning federal deficit to about \$200 billion per year; and low agricultural product prices. These factors have set up the present depressed

demand conditions for Wyoming and U.S. agricultural land. The major influences on land value include: 1) lower inflation rates which reduce interest in land investment as an inflation hedge; 2) low product prices which limit some present operators' ability to expand; and 3) high interest rates which reduce demand by all buyers who require financing.

The decline in Wyoming agricultural land values during 1983 puts values closer to the productive value of agricultural land (that value which is based on a discounted stream of returns to land and not anticipated appreciation returns). Whether or not agricultural land values in Wyoming will continue to decline to the level where market value is equivalent to productive value depends largely on future inflation rates. A rekindling of high inflation rates by federal deficits or large energy price increases in the future could result in an investment boom in land again, though interest rates will be more responsive to future inflation increases than in the 1970's.

Locally, scenic and recreational influences on the market value of agricultural properties have been mentioned frequently in this report. Agricultural land sales used in this report were limited to those that would remain in agricultural production, but scenic and recreational influences are still major factors in determining market values in some areas of Wyoming. Natural amenities that attract investors outside agriculture include trees, flowing streams, abundant wildlife and/or scenic mountain views. Scenic and recreational influences mainly affect ranch and grazing land prices of properties located near national forests of Wyoming. Important scenic areas are found around Sheridan, in the Saratoga Valley, in the Jackson Hole area, near Pinedale, Cody, and northeast Wyoming near the Black Hills.

Other local non-agricultural influences include: (1) urban influences from those desiring rural homes, and (2) mineral royalty leases for oil and

natural gas. Urban influences occur in the vicinity of every city and town in Wyoming. Areas affected by mineral leases are the Johnson, Campbell and Natrona County area for oil and coal and southwest Wyoming for oil and natural gas leases.

Finally, expansion of the farm or ranch was the major reason for the purchase of agricultural land in Wyoming during 1982-83 (Table 9). The importance of the reasons for buying agricultural land remained essentially unchanged from 1980-81. Expansion buyers made up 57% of all purchases. Buyers establishing a farm or ranch were the second largest group at 29% of all sales. There are still Wyoming farmers and ranchers in good financial condition who can afford to expand their operation, and there are investors or out-of-area buyers still interested in buying a Wyoming agricultural operation. The number of interested buyers, however, is far less than the number of agricultural properties on the market resulting in a buyer's market.

Table 9. Reasons for Buying Wyoming Farm and Ranch Land in 1982-83.

Reason for purchase	Number	Percent
Expansion of present operation	132	57
Establish as a single unit	67	29
Investment	26	11
Other	6	3
TOTAL	231	100

AGRICULTURAL LAND FINANCING TERMS

Financing terms of a sale become very important when interest rates are high. The terms influence not only who is eligible to buy but also influence the sale price and how quickly a property will sell. Data from actual sales throughout Wyoming show that about 83% of agricultural land sales were

financed and approximately 17% of the farm and ranch sales were purchased with cash during 1982-83 (Table 10). Major financing sources were sellers and the Federal Land Bank. The two were involved in financing over 70% of all sales. Seller financing dominated the Wyoming agricultural land market in 1982 and 1983. Fifty percent of all sales included seller financing for at least part of the purchase price.

In addition, the Wyoming Farm Loan Board is a more important lender than the data in Table 10 show, actually being involved in financing 10 to 15% of all Wyoming agricultural land sales. Because of a long delay in the Farm Loan Board's loan processing, borrowers are forced to short-term finance a sale with another source, usually the sellers or a bank. The latter go on record as accounted for financing the sale rather than the Farm Loan Board.

Seller financing terms arranged between the buyer and seller varied considerably (Figure 5). During 1982-83, there were no standard terms as would be found with institutional lenders. However, the most common terms were: 1) 10% interest rate, 2) 10 or 20 year loan length, and 3) between a 20 to 30% down payment. Terms ranged from 8 to 19% for interest rates, 1 to 30 years loan length and 0 to 70% for a down payment. The most common interest rate (10%) is lower than the current Federal Land Bank interest rate of 11.75%. The Federal Land Bank rate began the 1982-83 period at 13% so that seller financing interest rates were commonly below market rates during this time.

Seller financing is important in facilitating the prompt sale of agricultural land in the present buyer's market. Seller's interest rates are generally lower than most institutional lenders and, perhaps more importantly, the rates are usually fixed over the loan term. Despite the fact that interest rates have declined during 1982-83, some buyers are still more

Table 10. Methods Used by Buyers to Purchase Farm and Ranch Land in Wyoming, 268 Observations in 1982-83.

How Purchased	Percent ^{a/}
Cash	17.5
Financed by:	
Seller	49.6
Federal Land Bank	21.6
Wyoming Farm Loan Board	7.8
Farmers Home Administration	7.1
Production Credit Association	2.6
Commercial Banks	1.9
Others	1.5

^{a/} Totals to more than 100% because two or more financing sources were involved in some sales.

comfortable with fixed rates over the entire loan term than with the Federal Land Bank's variable rate or with short term fixed rates offered by insurance companies. The Wyoming Farm Loan Board and Farmers Home Administration are conventional lenders in agricultural real estate financing that offer fixed rate, long term loans. But, they have maximum lending limits and borrower eligibility requirements which constrain their ability to become dominant agricultural real estate lenders.

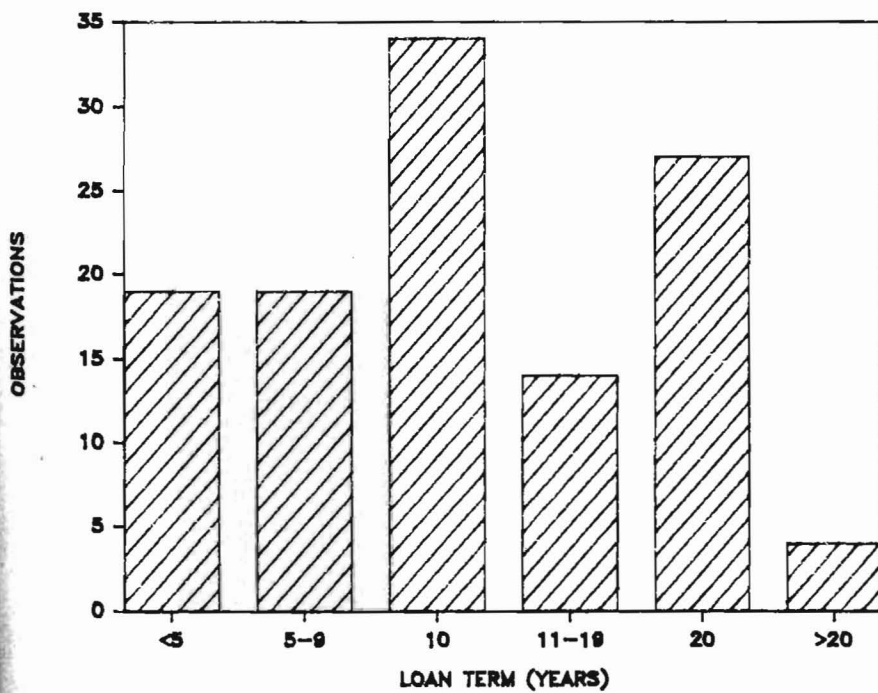
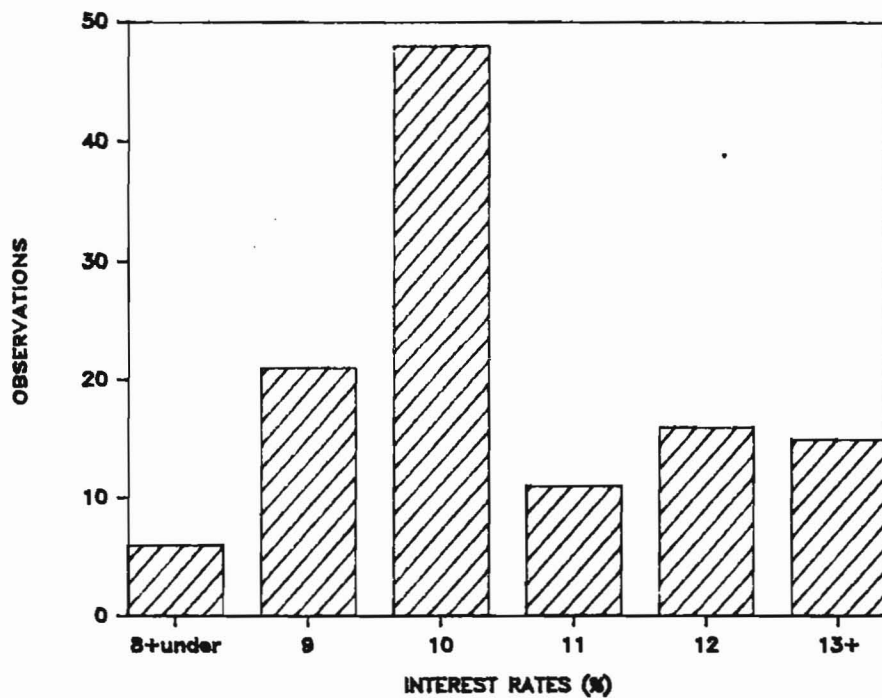


Figure 5. Distributions of Interest Rates, Loan Terms and Percentage Down Payments with Seller Financed Sales During 1982-83.

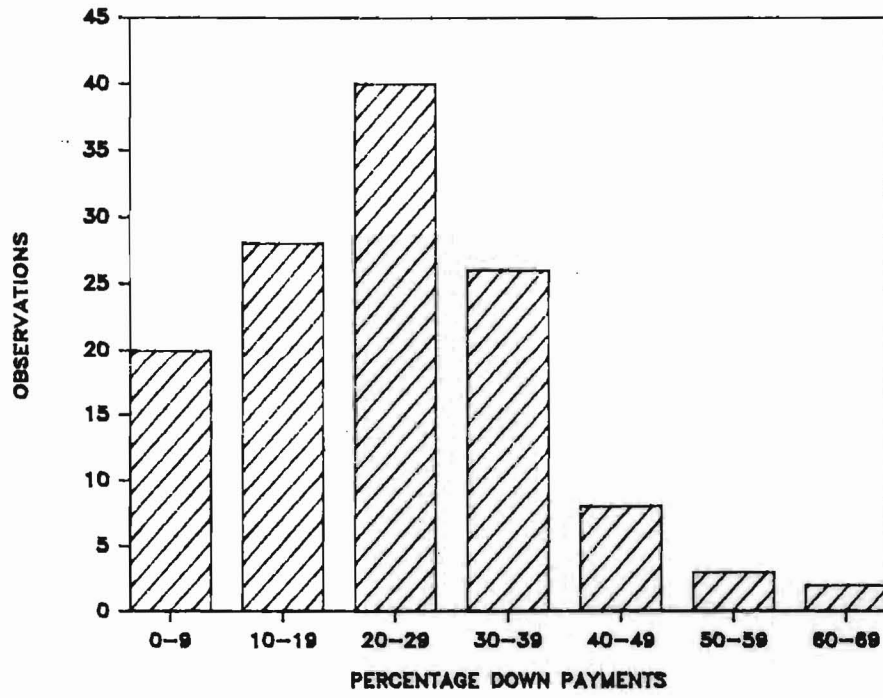


Figure 5. continued.

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