

Ohio News Watch

Land market feels strain

By TIM WHITE

THE farmland market in Ohio is not what it was a few months ago. With the financial crisis, commodity prices backed off and buyers for farmland have become much less active. With a presidential election hanging in the balance, buyers have been hesitant to make a move.

"Three months ago, buyers were bold," says Ron Spencer, president of Ron Spencer Real Estate in Lima. "With the drop in crop prices, the outlook has changed somewhat."

From 2006 to 2008, premium land values in Ohio increased as much as 22%, according to the Ohio Cropland Values survey by Ohio State University. Ohio

Key Points

- Sales of farmland have stalled with the financial crisis.
- Development speculators are sidelined.
- Rebound in crop prices could help land market.

farmland was scheduled for an increase of 5.1% to 6.5% in 2008, according to Barry Ward, OSU economist who conducts the survey.

"With all the uncertainty there is in the market, the outlook has changed," Ward observes. "If crop prices return to their prior levels in the spring, we could see land prices improve and cash rental rates increase, as well."

Average estimated Ohio land value per acre, 2006-08

Area in Ohio	Land class	2006 \$/A	2007 \$/A	2008* \$/A	% increase '06 to '07	% increase '07 to '08	% increase '06 to '08
Northwest	Top	\$3,494	\$4,041	\$4,251	15.6%	5.2%	21.7%
	Average	\$2,985	\$3,418	\$3,637	14.5%	6.4%	21.8%
	Poor	\$2,470	\$2,761	\$2,947	11.8%	6.7%	19.3%
Southwest	Top	\$4,373	\$4,962	\$5,214	13.5%	5.1%	19.2%
	Average	\$3,652	\$4,092	\$4,297	12.1%	5.0%	16.2%
	Poor	\$2,953	\$3,158	\$3,351	6.9%	6.1%	13.5%
Overall	Top	\$4,002	\$4,457	\$4,685	11.4%	5.1%	16.9%
	Average	\$3,371	\$3,704	\$3,922	9.9%	5.9%	15.6%
	Poor	\$2,760	\$2,934	\$3,123	6.3%	6.5%	13.2%
Land in transition		\$7,501	\$8,988	\$9,910	18.7%	10.3%	26.3%

SOURCE: OSU EXTENSION

Credit has not been the problem, according to Rex Schrader, president of Schrader Real Estate and Auction Co. "Most rural banks did not invest in derivatives and junk bonds, and the Farm Credit Service has been pretty stable. The biggest concern has been we are almost

50% off commodity price highs; that's really causing all farmers to wonder if this is a blip or something more. We don't need corn prices to go back to \$7 a bushel; but if they can get to \$5 a bushel, it will provide relief."

The housing crunch has curtailed some sales that brought

high prices because of their location or road frontage advantages, Schrader says. "The location value has disappeared, and anyone who is speculating on housing is sitting on the sideline now," he adds.

He describes an October auction in Preble County that

