

Mississippi Agricultural Land Prices and Rental Rates: A Preliminary Report

Wes Wolfe

INTRODUCTION

This document provides a preliminary report of late-1999 agricultural land price and rental rate estimates for Mississippi. It is a small part of a larger land economics research effort under way by agricultural economists at Mississippi State University. The underlying reason for the project is simple — too little is known about the economics of agricultural and rural land in Mississippi. The goal of this project is to remedy the void of detailed, local information about Mississippi's land resources. This report represents a small, first step toward that goal.

The specific objectives of this study were to obtain price estimates and rental rate estimates for agricultural land in each of the state's nine statistical reporting districts. These prices and rates were estimated for three subjective land quality categories — low, average, and high, based on expected productivity.

The data and information presented in this report resulted from a collaborative effort by Mississippi Farm Bureau officials and agricultural economists at Mississippi State University. Farm Bureau county officers and directors were surveyed about land prices, rental rates, tenure conditions, and price and rental rate expectations for crop year 2000. They were also encouraged to comment freely about any of the survey questions and about ongoing changes in Mississippi's agricultural sector such as changes in land tenure, changes in land use, and factors driving the market for land and land services in their county or area. This preliminary report is designed to publish the price and rental rate data in a timely manner while additional findings from the survey will be analyzed and reported in a separate and more detailed report.

SURVEY FINDINGS

Survey responses were summarized for the state as a whole and for each of the nine statistical reporting districts defined and used by the Mississippi Agricultural Statistics Service. Statistical districts encompass from five to 15 counties that are reasonably homogeneous with respect to type of agriculture, soil productivity, natural vegetation, and topography. A Mississippi state map with the district boundaries marked is shown on page 5.

Survey participants were asked to identify the perspective from which they viewed agriculture and responded to the survey. The survey gave eight specific options and asked respondents to check all that applied. An "other" option requested participants to name their occupation when it was checked. The "other" category included bankers, county agricultural

agents, attorneys, loggers, and landowners in various other professions. The nine options and the number responding to each were:

1. I bought or will buy land in 1999	10
2. I sold land or will sell land in 1999	5
3. I rented land from others in 1999	32
4. I rented land to others in 1999	24
5. I did none of the above but I am familiar with the land market in my area	13
6. I am a farmer	44
7. I own or operate an agriculture-related business	31
8. I am not directly involved in agriculture or agribusiness	4
9. Other (please specify)	7

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Table 1. Statewide summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, Mississippi, November 1999.

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	542	857	1,238
Range of estimated prices	240-1,000	300-1,700	450-2,500
Cash Rents			
Estimated cash rents (avg.)	44	54	73
Range of estimated cash rents	5-90	10-100	15-150

A statewide summary of average estimated land prices and rental rates is presented for general information in Table 1. These values are presented with the normal concern of using average prices and rental rates. Since Mississippi's agricultural and natural resource base is so diverse, the statewide average values are not reliable estimates of land prices and rental rates in any given county. However, data for the more homogenous individual districts (Tables 2-8) are much more representative of prices within each district. In other words, average land prices for a district will be fairly similar in each of the counties that comprise the district.

This diversity also causes concern about the overall accuracy of the reported prices and rental rates. It is here, perhaps, that the state average values are most useful. Using the statewide averages allows us to compare the results of our survey with a single-valued United States Department of Agriculture (USDA) estimate as means proofing the accuracy of the survey data. This comparison produced favorable results in that the averages of land prices and rental rates reported by the survey compared favorably with early-1999 USDA estimates. Our survey's weighted average price of all non-irrigated land (including low-, average-, and high-quality land) for the state was \$879 compared with the January 1, 1999, USDA estimate of \$860 per acre. The survey's estimated average rental rate for all crops and

land quality was \$58 compared with the January 1, 1999, USDA estimates of \$49.20 per acre.

Districts 8 & 9. Because agriculture has declined dramatically in the southernmost part of the state (districts 8 and 9), agricultural land price and rental rate reports have been omitted for those districts. In addition to the long-term decline of agriculture in general, southern Mississippi has also experienced a rapid development of surrounding metropolitan areas. Although we received several excellent responses, most respondents chose not to report actual land prices and rental rates. Rather, they chose to comment about economic development in the area and the effect that it was having on agriculture. The primary factor cited was the demand for land created by development in the Mississippi Gulf Coast and Hattiesburg areas and in the metropolitan areas of neighboring states. A resident of Stone County offered a concise summary of the commercial and residential development and the demise of agriculture by labeling Stone County as a "bedroom community." In those cases where land price data were reported, they often exceeded \$5,000 per acre with some six-figure estimates! These estimates were for land that only a short time ago was engaged in agricultural production and has now become lost in a frenzy of residential and commercial development.

Table 2. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 1, Mississippi, November 1999.¹

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	580	970	1,326
Range of estimated prices	450-750	600-1,000	750-1,800
Cash Rents			
Estimated cash rents (avg.)	54	71	94
Range of estimated cash rents	30-80	45-100	60-130
¹ District 1: Bolivar, Coahoma, Quitman, Tallahatchie, and Tunica counties.			Primary Crop: Cotton.

Table 3. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 2, Mississippi, November 1999.¹

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	638	863	1,125
Range of estimated prices	500-850	700-1,100	1,100-1,300
Cash Rents			
Estimated cash rents (avg.)	62	75	100
Range of estimated cash rents	60-65	50-100	80-125
¹ District 2: Benton, Calhoun, DeSoto, Grenada, Lafayette, Marshall, Panola, Tate, and Yalobusha counties. Primary Crop: Cotton.			

Table 4. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 3, Mississippi, November 1999.¹

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	494	722	1,100
Range of estimated prices	350-700	500-900	600-1,500
Cash Rents			
Estimated cash rents (avg.)	26	39	47
Range of estimated cash rents	15-35	30-45	50-55
¹ District 3: Alcorn, Itawamba, Lee, Pontotoc, Prentiss, Tippah, Tishomingo, and Union counties. Primary Crop: Cotton.			

Table 5. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 4, Mississippi, November 1999.¹

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	493	878	1,506
Range of estimated prices	240-800	600-1,200	1,100-2,000
Cash Rents			
Estimated cash rents (avg.)	56	77	112
Range of estimated cash rents	30-80	40-100	60-150
¹ District 4: Humphreys, Issaquena, Leflore, Sharkey, Sunflower, Washington, and Yazoo counties. Primary Crop: Cotton.			

Table 6. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 5, Mississippi, November 1999.¹

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	605	891	1,308
Range of estimated prices	400-1,000	475-1,700	525-2,500
Cash Rents			
Estimated cash rents (avg.)	33	46	61
Range of estimated cash rents	8-60	12-85	20-110
¹ District 5: Attala, Carroll, Choctaw, Holmes, Leake, Madison, Montgomery, Rankin, Scott, and Webster counties. Primary Crop: Cotton.			

Table 7. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 6, Mississippi, November 1999.¹

Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	522	690	919
Range of estimated prices	275-800	300-1,000	450-1,200
Cash Rents			
Estimated cash rents (avg.)	32	41	51
Range of estimated cash rents	10-90	15-100	20-110
¹ District 6: Chickasaw, Clay, Kemper, Lowndes, Monroe, Neshoba, Noxubee, Oktibbeha, and Winston counties. Primary Crops: Cotton, Sweet Potatoes, Corn, Beans, and Pasture.			

Table 8. Summary of estimated purchase prices and cash rents for low-, average-, and high-quality cropland, statistical reporting district 7, Mississippi, November 1999.¹

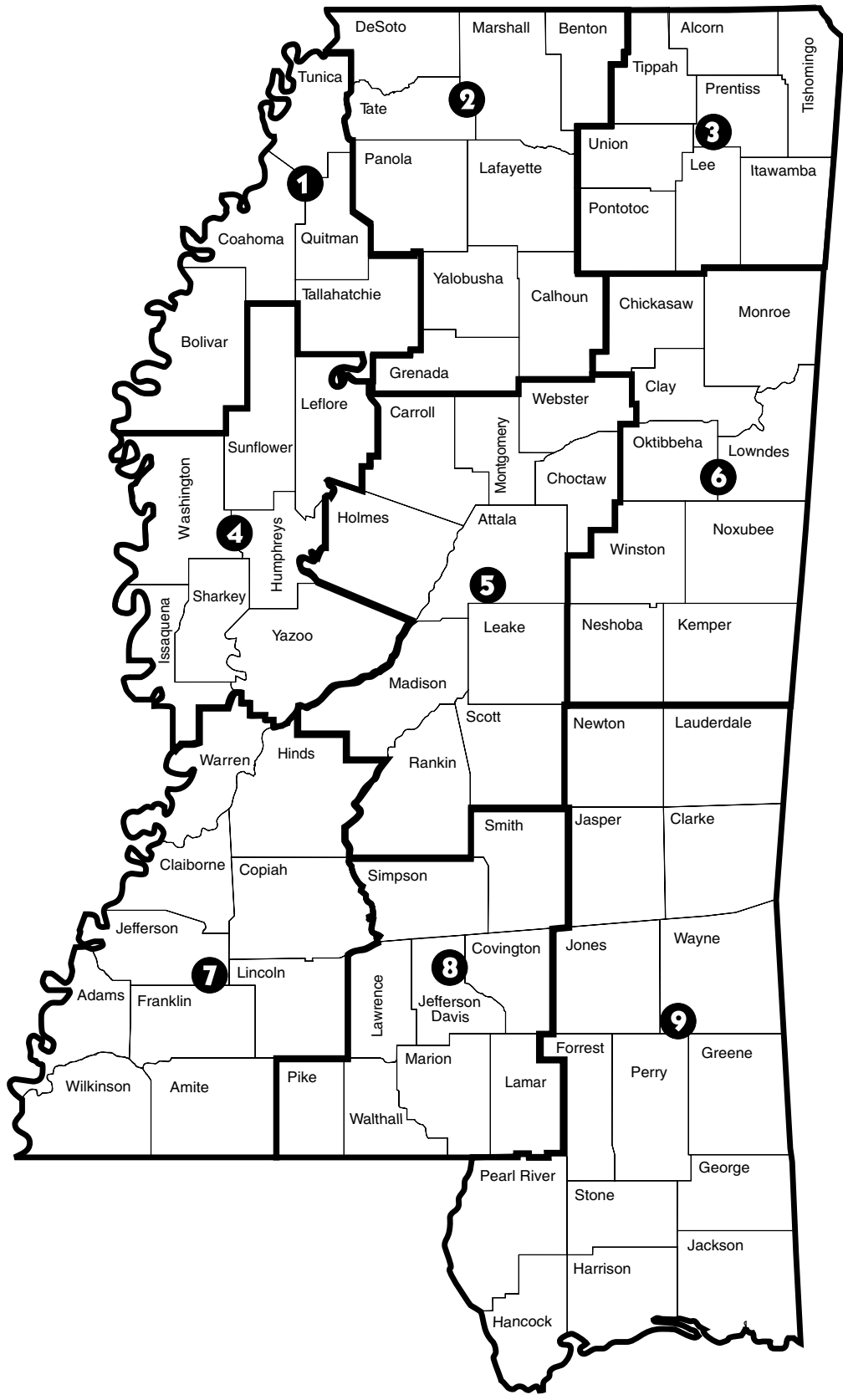
Description	Low	Average	High
	\$/A	\$/A	\$/A
Purchase Prices			
Estimated prices (avg.)	780	1,100	1,400
Range of estimated prices	400-1,000	600-1,500	800-2,000
Cash Rents			
Estimated cash rents (avg.)	16	27	54
Range of estimated cash rents	5-40	10-55	15-100
¹ District 7: Adams, Amite, Claiborne, Copiah, Franklin, Hinds, Jefferson, Lincoln, Warren and Wilkinson Counties. Primary Crops: Cotton, Beans, Corn, and Pasture.			

SUMMARY

This research was done at a time when Mississippi agriculture was under substantial stress from two different factors. First, low commodity prices and drought combined to create a very difficult situation for agricultural producers. Second, rapid development in many parts of the state and a strong timber economy combined to take considerable acres from agricultural production and put it in forests or residential and commercial development. The outlook is that the first of these factors, low commodity prices, could continue for 2-3 years as the market eliminates a worldwide oversupply of oilseeds, grains, and fibers. If we accept the economic principle that land seeks its highest and best use, then

the other factors, residential and commercial development and a growing forest industry, should be expected to continue exerting upward pressure on land prices. As these economic factors continue to influence agricultural and rural land use, land prices across the state will most likely become uneven and agriculture will probably become concentrated in the less-populous areas.

Again, this is a preliminary report designed to provide price and rental rate estimates to users in a timely manner. A more detailed report and analysis of the findings of the survey are forthcoming as are other historical analyses of changes in agricultural and rural land use in the state.



Statistical Reporting District Boundaries in Mississippi

Mississippi State UNIVERSITY



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