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Louisiana Land Market Report

Pastureland in Louisiana

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Summary

This publication reports on the first Louisiana Ag Lenders and Land Appraiser's survey. The survey is designed to give an update on land values and cash rents for three agricultural land uses, cropland, pasture and forestry, across the state of Louisiana. The survey was also designed to provide a general outlook on expectations of farmland price and rent, interest rate movements and expectations for farm solvency across the state. Responses to the survey are from the perspective of agricultural lenders and rural appraisers across Louisiana. Respondents were divided according to one of the five (5) AgCenter regions they primarily serve: the Northwest (region 1), Northeast (region 2), Central (region 3), Southwest (region 4) and Southeast (region 5). It is our hope that the results from this survey will be useful to all concerned stakeholders in Louisiana's agricultural industry.

In general, survey participants expect values of both irrigated and non-irrigated cropland (~$3870/acre and ~$3240/acre respectively) to remain largely unchanged to slightly increasing in the Northern regions, while in other regions values of both irrigated and non-irrigated cropland are expected to remain generally unchanged. Cropland cash rents on the other hand are expected to have much more variation in movements with cash rents on non-irrigated land (average of ~$123/acre across the state) expected to decrease slightly in three of five regions and slightly increasing in one (Southeast). Cash rents on irrigated land (average of ~ $132/acre across the state) are expected to see increases in the Northwest and Southeast regions with other areas seeing mostly no change to some expectations of a cash rent decrease (Southwest region).

Survey respondents expect that both the values (average of ~$2750/acre for the state) and cash rents (average of ~$29/acre) on pastureland will see some increases in the Northwest region and decrease in the Southwest. Survey respondents expect the Southeast region to see increases in pastureland values and decreases in cash rents. Pastureland in other regions are expected to remain mostly unchanged. Mature hardwood and mature pineland values averaged ~$2910/acre and ~$3220/acre respectively at the state level.

On the behavior of farm financial indicators, the survey respondents expect no significant change in Chapter 12 bankruptcy filings in most regions in Louisiana. The exception being the Northeast region where a slight increase in Chapter 12 filings is expected. **Interest rates** on short term (operating) loans are generally expected to remain unchanged to decreasing except in the

Northwest region where short term interest rates may increase. Short term loan **volume** is expected to decrease except in the Central region where expectation is for operating loan volume in this region to increase. Survey respondents expect intermediate loan **interest rates** to generally decrease across the state and for intermediate loan **volumes** to increase in the Northeast and Central regions bucking the trend in the other three regions. Long term (real estate) loan **interest rates** are expected to decrease in most regions, while the **volume** of long term loans is expected to generally decrease. Long term loan **volumes** are expected to increase in the Northeast. The Northeast also had the highest agreement among survey respondents for long term loans being expected to decrease.

Map of Louisiana's 64 Parishes
Grouped by LSU AgCenter Regions

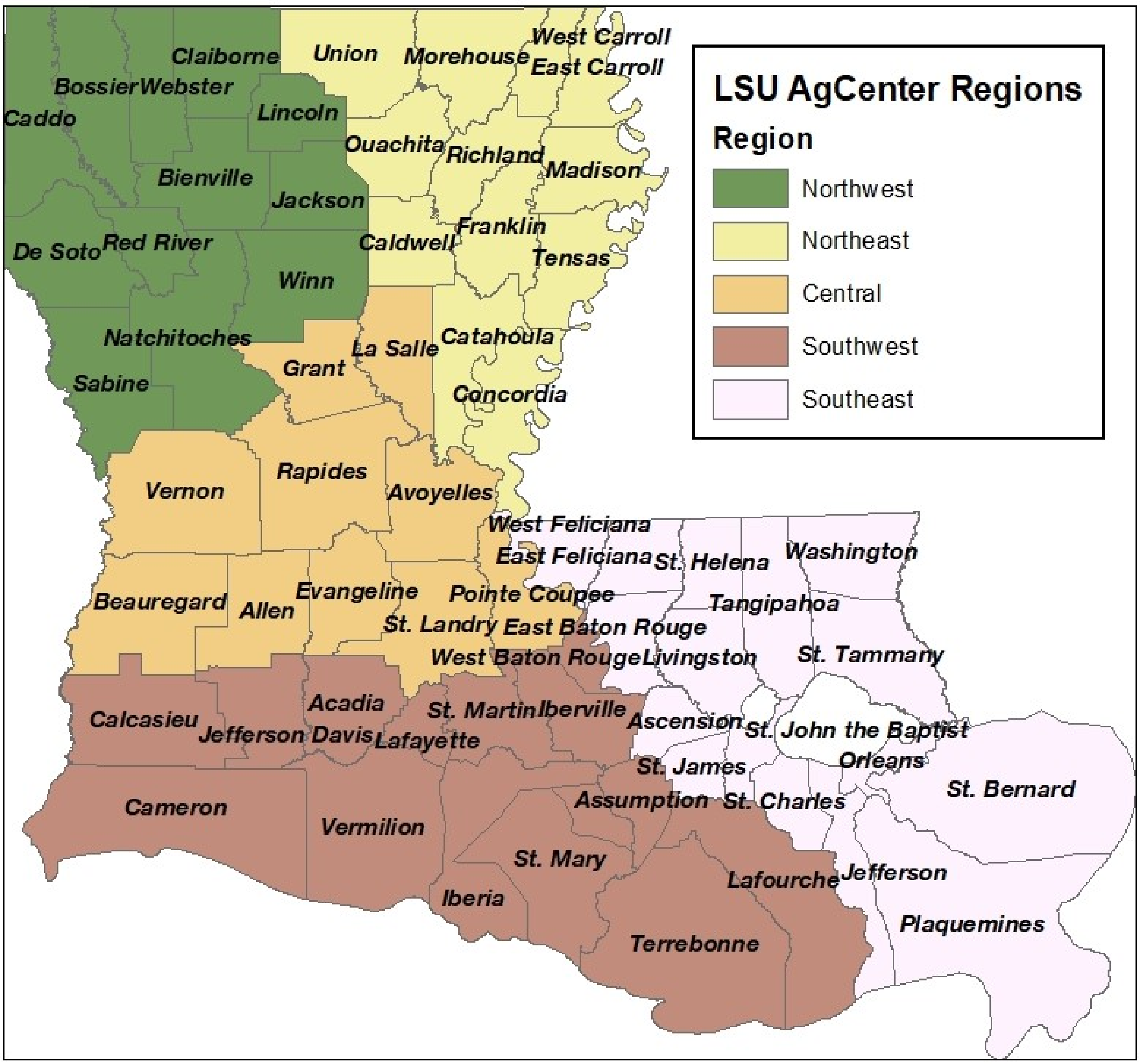

Figure 1

Pastureland Prices & Pastureland Rental Rates

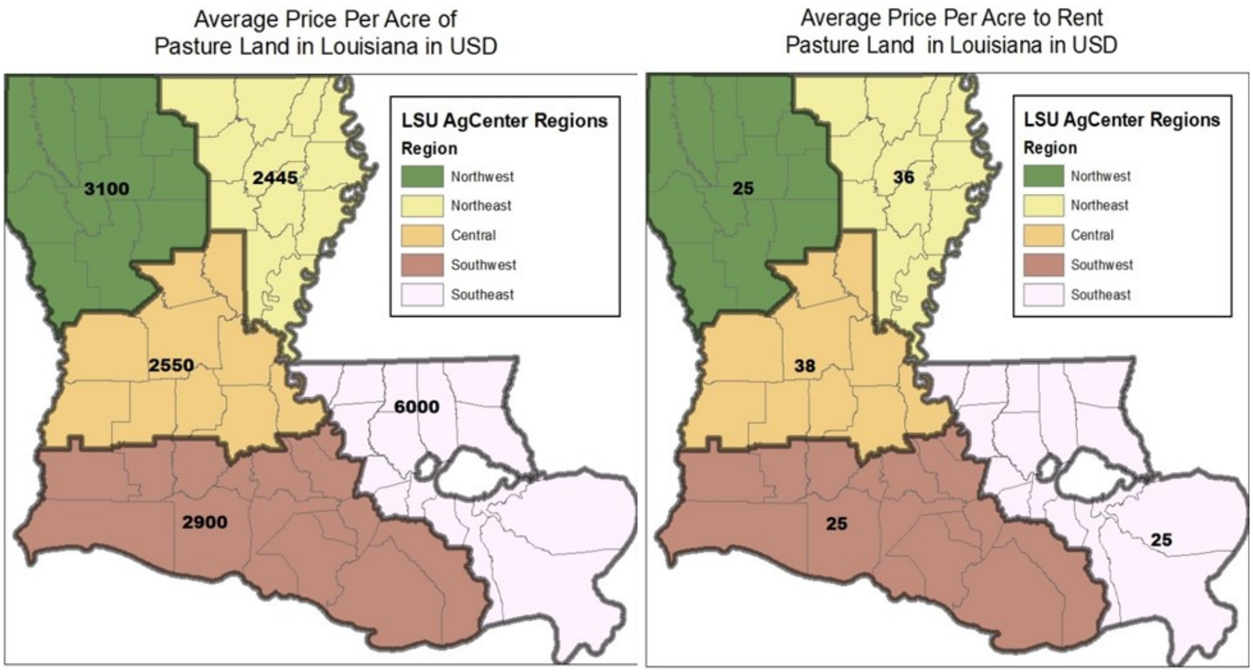

Figure 2

Figure 2 shows average estimates of land values and cash rental rates for pastureland across the five Louisiana State University Ag Center regions. For all survey responses across the state, pastureland averaged $2749/acre (excluding the Southeast region where low responses and urban influences affect values), compared to the average 2019 pastureland value of $2830/acre reported by the USDA for the state of Louisiana. The Northwest region captured the highest values for pastureland of four regions surveyed (excluding the Southeast) at $3100/acre. At $6000/acre the Southeast region had a pastureland value that was about double the average of the next two highest region values. The Northeast region had the lowest pastureland values at $2445/acre. Excluding the Southeast region, the Southwest the second highest at $2900/acre. The Central region had an average response value of $2550/acre.

Table 1: Average Estimated Value and Cash Rental Rates on Pastureland

Region	Average Selling Price/Acre	Lowest Selling Price/Acre	Highest Selling Price/Acre	Average Rental Rate/Acre	Lowest Rental Rate/Acre	Highest Rental Rate/Acre
Northwest	$3100	$2800	$3500	$25	$25	$25
Northeast	$2445	$2000	$3000	$36	$20	$75
Central	$2550	$2500	$2600	$38	$25	$50
Southwest	$2900	$2000	$3200	$25	$20	$30
Southeast	$6000	$6000	$6000	$25	$25	$25

Cash rents in the Central and Northeast regions were the highest among all regions at $38/acre and $36/acre respectively. Different from the pattern in pastureland values where the Northeast and Southwest captured the highest values. The Northwest, Southwest, & Southeast regions had the lowest rental values at $25/acre each. Across all regions the average rental rate for pastureland was $30/acre (compared to $20/acre reported by the USDA for 2019 pastureland in Louisiana).

Changes in Pastureland Prices and Rental Rates

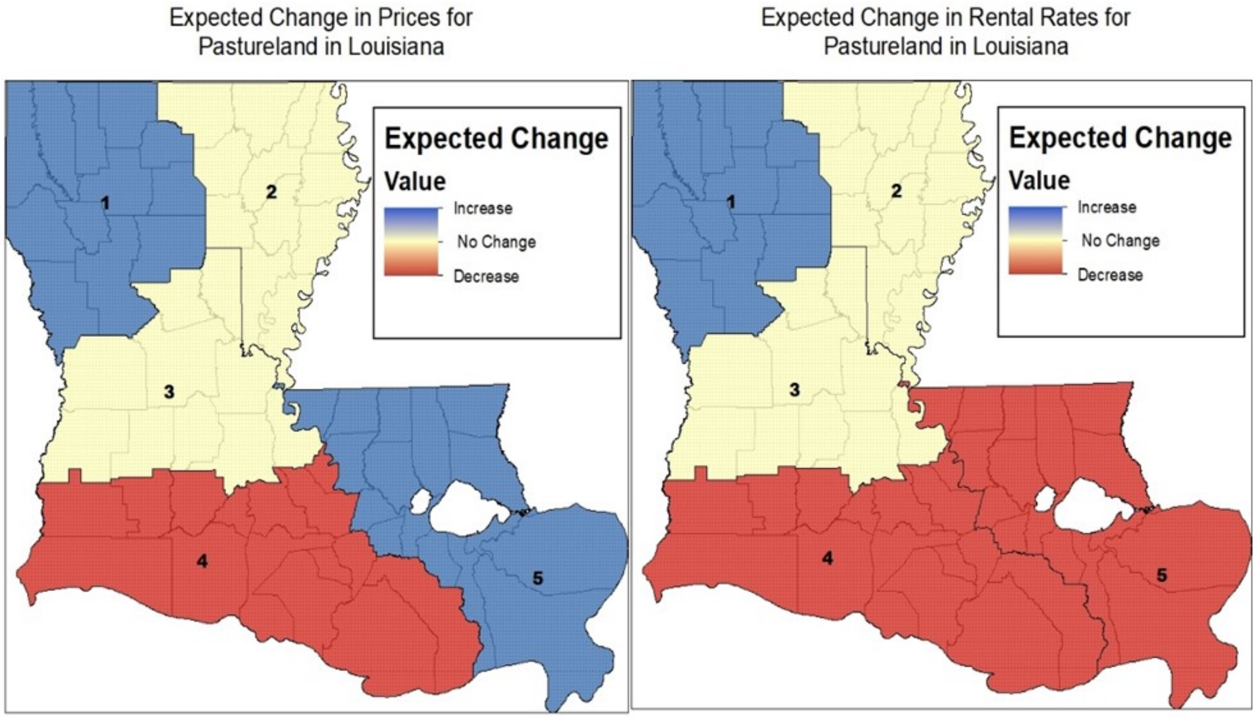

Figure 3

Figures 3 highlights the average expectations of survey respondents for an increase, decrease or no change in land values and cash rents respectively. The maps show a color gradient that is based on the fraction of survey respondents that expect prices to change in one of the three directions listed. Figure 3 shows how survey respondents expect land values on pastureland to change. There was a mix of expectations but only one region, region 4, was expected to decrease. The average survey respondent in regions 1 and 5 expect pastureland values to increase moderately. It's important to note that these changes are aggregated at the regional level so some variation by parish is expected. Cash rents on pastureland are expected to show a mix with increases being in the minority with only region 1 having moderate average expectations for an increase cash rents on pastureland. In regions 4 and 5, survey respondents had moderate average expectations for pastureland cash rents to decrease. Average expectations of survey respondents in regions 2 and 3 is for no change in cash rents on pastureland. In general, low livestock prices have bared on expectations for price changes and was especially evident in the expectations for changes to cash rents with most regions expecting no change to decreasing cash rents on pastureland.

Those that are interested may find further details on irrigated and non-irrigated cropland, mature pine and mature hardwood and agricultural financial indicators in other reports in this series.

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