THE OHIO FARM REAL ESTATE SITUATION 1941 TO SEPTEMBER 1943

As Indicated By A Study In Sample Counties

by

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Summary and Conclusions

1. The farm real estate situation since 1941 has been similar to some extent to the situation which developed during World War I. The chief points of similarity are: (1) Land prices have advanced at about the same rate and (2) the volume of sales has been abnormally high. The chief point of difference so far is that World War I marked the culmination of a twenty year period of rising land prices whereas at present we are just emerging from a twenty year period of depressed land prices. The above states the situation in very general terms. A more detailed view of the farm real estate situation is revealed from the following study of actual farm transfers in sample counties.

2. The volume of farm real estate sales in the six-county sample area was approximately 50 percent more in the first 9 months of 1943 than the same period in either 1942 or 1941.

3. The average price per acre of farms sold in the third quarter of 1943 was 29 percent higher than in the first quarter of 1941. Average prices have been advancing about one percent a month with some tendency for this rate to accelerate.

4. Inquiry to determine who is selling farms indicated active farmers were sellers in 18 percent of the cases in 1941 and 33 percent of the cases in the first 9 months of 1943. In the same two periods non-farmers as sellers declined from 40 to 37 percent of the cases, sales of estates from 37 to 22 percent and sales of corporation and government owned lands rose from 5 to 8 percent; - but the rise in the last group was due to the sale of a group of government owned farms and does not represent a general trend. About one-half of the non-farm group is made up of retired farmers and widows of farmers.

5. Inquiry to determine who is buying farms indicated that farmers classed as owner-operators were the purchasers in 35 percent of the cases in 1941 and 33 percent of the cases in the first 9 months of 1943. In the same two periods tenant farmers as purchasers rose from 16 to 21 percent of the total cases and non-farmers as purchasers declined from 49 to 46 percent of the total cases classified. The fact that such a high proportion of buyers is non-farmers indicates that the surplus purchasing power being accumulated in urban areas is a big factor in the farm real estate market as well as the surplus purchasing power being accumulated in rural areas.

6. A study of the mortgages on record against recently purchased tracts of farm real estate revealed new or assumed mortgage encumbrances in 50 percent of the purchases in 1941, 55 percent in 1942 and 56 percent in the first 9 months of 1943. The average buyers equity in the mortgaged land was 33 percent in 1941, 40 percent in 1942 and 38 percent in 1943. It is of some significance that the size of mortgage loan per acre has increased about one-half as much as the price of land in the past three years. Sources of mortgage credit appear to be aware of the dangers of land price inflation; loan policy is being adjusted to higher prices to some extent but not to the degree prevailing during World War I.

Of particular significance at the present time is the fact that 86 percent of the mortgage loans (in the sample area in 1943) were by individuals or by local financial institutions; this indicates where mortgage loan policy is being determined.

As a group, tenant farmers purchasing land are going more deeply into debt than owner-operators and non-farmers; the average tenant farmer having an equity of 32 percent of the purchase price of the mortgaged land as compared with a 40 percent equity in the case of owner-operator or non-farm buyers.

7. Quality factors such as productive capacity, buildings and type of adjacent road have their influence on the market price of land. Of particular importance is the difference in recent price trends associated with different qualities of land. Farms of below average productivity have increased in price much faster since 1941 than farms of above average productivity. Farms with fair buildings have increased in price relatively more than farms with good buildings. Farms on stone and gravel roads have increased in price relatively more than farms on paved roads. Apparently the most acute danger of land price inflation is arising from the tendency of a large section of buyers to bid up the price of poor land too close to the price of good land. Trends in market activity indicate that a larger proportion of the total sales in the first nine months of 1943 was of lower quality lands than in 1941 or 1942.

THE OHIO FARM REAL ESTATE SITUATION 1941 TO SEPTEMBER 1943

As Indicated By A Study In Sample Counties

The purpose of this report is to supply information relating to the farm real estate situation in Ohio. This information has been assembled for the most part from a study of farm real estate transfers in sample counties.* Sufficient information has been obtained to offer some evaluation of current trends in respect to the classes of owners who are selling farms, those who are buying farms, how mortgage credit is being used and how certain price trends and price differences are associated with some of the quality factors of farm real estate. It is presumed that such information will enable those interested in the capital structure of farm real estate to better evaluate the status of current tendencies in the land market.

Because this is a study of sample counties the results need to be applied to conditions in all areas in the State with some degree of caution. Although so far as has been determined the data are reasonably representative, it has been observed that farm real estate activity and price movements are subject to some variation from locality to locality.

Two of the sample counties, Darke and Madison, are representative of the eastern corn belt area of central and western Ohio; Muskingum County of the unglaciated hill area of eastern Ohio; Medina County of the northeastern dairy section; and Putnam and Seneca in northwestern Ohio while differing to some extent, are classed as corn belt fringe counties with a more general type of agriculture than the corn belt counties farther south.

THE PRESENT SITUATION COMPARED WITH WORLD WAR I

The conditions affecting farm real estate values at the present time are sufficiently similar to the circumstances during and following World War I to raise the question of land price inflation. Are we facing a period of land price inflation and subsequent deflation such as was experienced during the 1920's and 30's?

Since 1941 Ohio farm real estate prices have advanced at the rate of about one percent a month or at approximately the same rate as prevailed in 1918-1920. How long this advance will continue is problematical but circumstances favor further advances. Prospects indicate a continuance of relatively favorable farm product's prices and cash income. Past experience indicates that land prices tend to follow the same trend as farm product's prices and farm income with a lag of approximately one year. Present farm product's prices are still below the prices prevailing in World War I; but on the other hand volume of production in 1943 was so high that Ohio cash farm income in 1943 will exceed that of 1919, the previous peak year, by more than 10 percent. This favors a continuance of the advance in land prices.

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*Information on farm real estate transfers has been assembled for the counties of Darke, Madison, Muskingum, Medina, Putnam and Seneca. The major portion of the field work in the three latter counties has been done by the Bureau of Agricultural Economics of the United States Department of Agriculture.

As compared with World War I present land prices are low. In 1920 the index of Ohio farm real estate was 59 percent above the base period of 1913. In March 1943 this index was 97 or 3 percent below the base period of 1913. This difference arises from the fact that the peak in land prices in 1920 was the culmination of a continuous advance for more than 20 years. On the other hand, present land prices are just recovering from a period of depression that lasted nearly 20 years. Also it may be observed that the termination date of the present war remains indefinite.

Some danger of land price inflation could arise from the surplus purchasing power now in the hands of both farmers and non-farmers. How this surplus has grown is indicated by bank deposits. From January 1, 1940 to October 18, 1943, deposits in State banks in Ohio increased 95 percent. Nearly one-half this increase has come in the year 1943. Unquestionably some of this surplus purchasing power is being conserved to buy needed equipment and conveniences when available, some is being used to pay off debts, invest in bonds, etc.; and some of it is being used to purchase land. Quite often land purchases are partly financed by borrowing on mortgage credit. At the present time a new crop of debtors is in the making. The following information assembled in the sample counties gives us a more intimate view of the circumstances associated with the farm real estate market than the foregoing generalizations.

THE VOLUME OF FARM REAL ESTATE SALES IS RISING

As indicated by bonafide transfers for value in a six county sample area, (Table 1), the frequency of farm real estate sales was 50 percent higher during the first three quarters of 1943 than in the same period of 1941. Normally most farm real estate changes hands in the early months of the year. March 1 is the traditional date for a change of occupancy. An exception to this rule occurred in 1943 for the volume of sales in the second quarter exceeded the volume in the first quarter and was nearly double the volume in the second quarter of either 1941 or 1942. It is also notable that the volume of transfers in any one of the first three quarters of 1943 exceeded the volume in any quarter of 1941. This speed-up in market activity is at least conducive to an accelerated rate of increase in prices.

Table 1. - Trend In Volume Of Sales And Average Price Real Estate Transfers in Six- County Sample Area,# 1941 - 1943 - By Quarter Years

Year and Quarter	Bonafide Sales		Average Price per acre	
	Number	Relative number (Sales 1st quarter 1941 = 100)	Dollars	Relative price (Price 1st quarter 1941 = 100)
1941 - 1st quarter	272	100	66	100
1941 - 2nd quarter	214	79	68	103
1941 - 3rd quarter	231	85	69	105
1941 - 4th quarter	228	84	69	105
1942 - 1st quarter	286	105	76	115
1942 - 2nd quarter	238	87	72	109
1942 - 3rd quarter	177	65	72	109
1942 - 4th quarter	228	84	72	109
1943 - 1st quarter	365	134	81	123
1943 - 2nd quarter	423	156	81	123
1943 - 3rd quarter	286	105	85	129

Counties in sample area: Darke, Madison, Muskingum, Medina, Putnam and Seneca.

THE PRICE TREND

Farm real estate is not a standardized article. Each tract has its own peculiarities of productivity, location, improvements and degree of desirability from the standpoint of the individual purchaser for his specific use. Only when a great many sales are taken together to iron out random differences can we be certain of registering price trends correctly.

Referring to Table 1, land sales in the sample counties indicate that a period of steady prices in the last three quarters of 1942 was followed by a fairly substantial rise continuing through the third quarter of 1943. In other words, "off season" sales in the second and third quarters of 1943 have not registered a lag in price or activity. On the other hand, recent sales indicate an acceleration of the uptrend in prices.

WHO IS SELLING FARM REAL ESTATE?

Information has been obtained locally when possible, as to the occupational status of the sellers and buyers of farm real estate. A classification of sellers is given in tables 2 and 3. Persons actively engaged in farming prior to sale represented 33 percent of the total sellers classified in 1943 as compared to 18 percent in 1941 and 30 percent in 1942, (table 3). Major reasons why active farmers sell are: retirement from active farming due to advanced age or poor health, purchase and proposed occupancy of another farm, and change of occupation. It is reasonable to presume that some of the increase in frequency of sale by owner-operators is due to the desire to retire because of advanced age. -- The average age of this group was 53.5 years in 1930 and 54.5 years in 1940. Nearly one-fourth (22.9 percent) was 65 years of age or older in 1940. *

* Unpublished data supplied by R. L. McNamara, Dept. Rural Economics and Rural Sociology, Ohio Agricultural Experiment Station.

The group classed as non-farmers is about equally divided between (1) retired farmers and widows owning farm land and(2) all other non-farmers. The frequency of sale by this group is high, being 40 percent of all transfers classified in 1941 and 37 percent in 1942 and the first 9 months of 1943.

Estates in the process of settlement or division among heirs account for a substantial proportion of farm real estate transfers. However, with the marked increase in market activity during the past three years, sales of estates have declined from 37 to 22 percent of the total sales classified.

Table 2. - Sellers Of Farm Real Estate Classified, Sales In Six County Sample Area, January 1941 - September 30, 1943

County	Number and percentage of sales by designated classes of owners.									
	Active Farmer		Non-farmer		Estate		Corporation or Government		Total sales Classified	
	no.	pct.	no.	pct.	no.	pct.	no.	pct.	no.	pct.
Darke	155	26	248	41	168	28	31	5	602	100
Madison	46	23	60	31	57	29	33	17	196	100
Muskingum	102	31	125	38	90	27	12	4	329	100
Medina	108	44	82	33	48	20	7	3	245	100
Putnam	46	26	62	36	44	25	22	13	174	100
Seneca	43	31	52	38	29	21	14	10	138	100
Total	500	30	629	37	436	26	119	7	1648	100

Table 3. - Distribution of Sales In Specified Years By Designated Classes of Owners, Six County Sample Area*

	Active Farmer		Non-farmer		Estate		Corporation or Government		Total Sales Classified	
	no.	pct.	no.	pct.	no.	pct.	no.	pct.	no.	pct.
1941	47	18	103	40	95	37	14	5	259	100
1942	193	30	238	37	169	26	44	7	644	100
1st 9 mo. 1943	260	33	288	37	172	22	61	8	781	100
Total	500	30	629	37	436	26	119	7	1684	100

* Darke, Madison, Muskingum, Medina, Putnam and Seneca Counties

Financial institutions now own very little farm land in Ohio. However, several sales of government owned farms have been made in 1943 in one of the sample area counties in connection with the liquidation of a resettlement project. This accounts for the higher frequency of sales by corporation or government in 1943.

WHO IS BUYING FARM REAL ESTATE?

According to the information assembled in the sample area, owner-operator farmers have purchased slightly more land than they have sold, (tables 4 and5). Such purchases may be for replacement of land sold, as addition to an existing farm unit or as an additional separate unit. Tenant farmers and farm wage workers have had a better opportunity the past few years to become owner operators than formerly. About one farm in six purchased in 1941 was by a tenant farmer, and better than one in every five in 1942 and 1943.

Of all farms classified as to status of the purchaser in the two and three-fourths year period, 55 percent was acquired by existing owner-operators or by farm tenants and farm wage workers, the remaining 45 percent was purchased by non-farmers. Some of these non-farmers have the intention of becoming owner operators. The remainder can be roughly classified into two groups: (1) non-farm purchasers wishing to invest their capital in farm land and usually interested in relatively large acreages of good land to be tenant operated; (2) purchasers intending to live in the country, and continue while practicable their non-farm employment. Most tracts purchased by this second group are below average in size and the land will be operated on a part-time basis or field rented to others.

Table 4. - Classification Of Purchasers Of Farm Real Estate
Six County Sample Area, January 1941 to September 30, 1943

County	Owner Operator		Tenant		Non-farmer		Total transfers Classifi	
	no.	pct.	no.	pct.	no.	pct.	no.	pct.
Darke	179	32	128	23	254	45	561	100
Madison	59	29	63	30	84	41	206	100
Muskingum	119	33	51	14	191	53	361	100
Medina	74	31	37	16	126	53	237	100
Putnam	75	46	39	24	48	30	162	100
Seneca	42	31	29	22	63	47	134	100
Total	548	33	347	21	766	46	1661	100

Table 5 - Distribution of Transfers of Farm Real Estate
In Specified Years, To Designated Classes Of Purchasers

Year	Owner Operaoor		Tenant		Non-farmer		Total Transfers Classified	
	no.	pct.	no.	pct.	no.	pct.	no.	pct.
1941	82	35	38	16	117	49	237	100
1942	217	32	150	22	309	46	676	100
1st 9 mo. 1943	249	33	159	21	340	45	748	100
Total	548	33	347	21	766	46	1661	100

THE USE OF MORTGAGE CREDIT IN FARM PURCHASES

A classification of tracts of farm real estate in the sample area of six counties to determine the extent to which mortgage debt is associated with farm purchases indicated that a new or assumed mortgage was on record after purchase in 50 percent of the cases in 1941, as compared with 55 percent in 1942 and 56 percent in the first 9 months of 1943. The average buyers equity in the mortgaged real estate was 33 percent in 1941, 40 percent in 1942 and 38 percent in 1943. The extent to which mortgage credit is being used varies somewhat from county to county, as indicated by the following percentages which apply to purchases during the entire two and three-fourths year period:

County	Percentage of tracts mortgaged	Average buyers equity in mortgaged property
Darke	59	35
Madison	64	42
Muskingum	48	32
Medina	53	42
Putnam	48	41
Seneca	58	35
Six County Total	55	38

As indicated in table 6 the average purchase price per acre of mortgaged tracts in the first three quarters of 1943 was 24 percent higher than in the year 1941 and the average mortgage debt per acre increased 12 percent during the same period. This at least tentatively indicates that part of the recent rise in land prices is influencing the sources of mortgage credit to increase the size of loans to some extent.

As an average proposition mortgage encumbered tracts were transferred at a little higher price per acre than mortgage free tracts. In the sample of sales used, this margin was $2.53 in 1941 and $6.48 in 1943.

Table 6. - Comparisons Between Mortgage Free And Mortgage Encumbered Tracts Of Farm Real Estate Purchased In 1941, 1942, and 1st. 9 Mo. 1943, In Six County Sample Area

	Mortgage Encumbered tracts			Mortgage free tracts		
	1941	1942	1st. 9 mo. 1943	1941	1942	1st. 9 mo. 1943
Transfers classified,--number	206	366	558	203	313	456
Average size of tract,--acres	93	80	83	96	72	72
Average purchase price per acre,----------dollars	69.02	74.25	85.50	66.49	68.81	79.02
Average mortgage debt per acre,----------dollars	46.83	44.34	52.67			
Proportion of transactions involving mortgage debt, ----------percent	50	55	55			
Buyers equity in mortgaged property,----------percent	33	40	38			
Relative change in purchase price per acre (1941 price= 100)	100	106	124	100	103	119
Relative change in debt per acre-----(1941 debt = 100)	100	95	112			

THE USE OF MORTGAGE CREDIT BY DIFFERENT CLASSES OF BUYERS

The following analysis is based on farm real estate purchases in an area of three counties only, Darke, Madison and Muskingum during the period of January 1940 to September 30, 1943; In 305 cases of owner operators purchasing farm real estate, mortgage debt was on record after the purchase in 44 percent of the cases. The average equity of the buyer of such mortgaged property was 40 percent of the purchase price.

In 218 cases where the purchasers were farm tenants, 83 percent of the tracts purchased was mortgaged and the average equity was 32 percent of the purchase price. Of purchases by non-farmers 48 percent of the tracts was mortgaged and the average equity of the buyer of such mortgaged property was 40 percent of the purchase price or the same as the average equity of farm owner-operator's purchasing land..

SOURCES OF MORTGAGE CREDIT

A classification of mortgages on record against farm real estate purchased in the six county sample area during the first nine months of 1943 revealed that the credit came from the following sources in the indicated percentage of cases;

Individuals	- 37 percent
Commercial Banks	- 32 percent
Savings and Loan, Building and loan and miscellaneous institutional lenders	- 17 percent
Insurance Companies	- 6 percent
Federal land Bank and Land Bank Commissioner	- 4 percent
Farm Security Administration	- 4 percent
Total	-100 percent

It is evident from the above list that the present sources of farm mortgage credit are principally local. No doubt some of the mortgages held by individuals and local banks are more or less temporary arrangements subject to later refinancing. But the formation of current farm mortgage loan policy is largely in the hands of local sources of credit.

THE AVERAGE SIZE OF LOAN

The average size of loan varies somewhat with the type of lender as indicated in table 7.

The column in table 7 "assumed mortgages", does not represent new debt nor add to the total of outstanding farm real estate mortgages. In the sample being considered, the mortgage debt - new and assumed, totaled $2,365,646 of which $2,193,245 or 93 percent was new debt and $170,401 or 7 percent was assumed debt.

It is not known how many outstanding mortgages given by sellers were cancelled before title to the land was passed to the purchasers.

Table 7. - Average debt Per Tract And Buyers Equity When Principal Loan Was By A Specified Class Of Lendor, Farms Purchased First Nine Months 1943, Six County Area. *

Class of Lendor	Seller as Mortgagee		Other New Mortgages		Assumed Mortgages	
	Average Debt Dollars	Buyers Equity Percent	Average Debt Dollars	Buyers Equity Percent	Average Debt Dollars	Buyers Equity Percent
Individual	4708	34	3889	36	1713	56
Commercial Bank	----	--	4096	38	3349	54
Saving and Loan and Misc. Loan Agencies	2854	37	3285	38	2227	56
Insurance Company	13975	26	7283	43	6705	61
Federal Land Bank and L. B. C.	-----	--	2950	46	3212	58
Farm Security Adm.	5933	0	5977	0	----	--

* Darke, Madison, Muskingum, Medina, Putnam and Seneca Counties.

PRIOR AND JUNIOR LIENS

In the sample of farm real estate transactions being discussed, 558 tracts of land has 578 mortgages recorded against them; that is, 20 mortgages or less than 4 percent, were junior liens. Prevalence of second and even third mortgages has been characteristic of "land booms" in the past. The information at hand does not indicate any unusual use of second mortgages. Ten of the second mortgages were held by individuals selling land, three by other individuals loaning on second mortgage and six were Land Bank Commissioner Loans. From an outside view point the latter could be classed as a bookkeeping arrangement because the same organization, the local National Farm Loan Association, administers both the first and second liens on the mortgaged property. Junior liens totaled only $35,588 or 1.5 percent of all new and assumed mortgages in the sample.

BUYERS EQUITY IN PROPERTY MORTGAGED TO DIFFERENT CLASSES OF LENDERS

As indicated in table 7 sellers as a group may find it expedient to accept mortgages representing a larger share of the purchase price than do outside individuals or agencies. Therefore it is perhaps advisable to consider new mortgages not by sellers as representing better the current status of mortgage credit policy. Referring to the column "other new mortgages" in table 7, it may be observed that although loans by individuals are controlled only by personal judgment the average buyers equity in such cases was 36 percent or only two percent less than when the loan was secured either from a commercial bank or from a savings and loan institution. The personal equation is probably more often a stronger factor when one individual makes a loan to another individual than when capital is borrowed from an institutional lender. It is a matter of casual observation that loans by individuals are more often a high percentage of the purchase price than loans by financial institutions. Likewise individuals advance more relatively small loans.

The Farm Security Administration, under its Tenant Purchase Plan, loans 100 percent of the purchase price and necessary improvements, but the purchase price has limitations established by law. Also because such loans are available only to a relatively small group, this source of credit cannot affect the land market in the same way as liberal extensions of credit by less restricted lenders.

PRICE DIFFERENCES ASSOCIATED WITH DIFFERENT DEGREES OF PRODUCTIVITY

A classification on the basis of productivity of farms sold during the period of January 1, 1941 to September 30, 1943 reveals that a fairly consistent relationship exists between quality of land and market price. The productivity rating assigned to the crop land of each farm by the Agricultural Adjustment Administration was used as the measure or index of productivity in this classificatio Because the productivity index is expressed numerically on a scale which ranges from around 50 for the poorest land to about 175 for the most productive land in the State it lends itself satisfactorily to this use.

Table 8 has been arranged to show the average deviations in price associated with different degrees of productivity of farms sold during the two and three fourths year period. Tracts of land with no building improvements listed for taxation were excluded from the sample of sales used in table 8.

Table 8. - Price Diff erences Associated With Different Degrees Of Productivity, Farm Real Estate Sales In Five Counties, Jan. 1940 to Sept. 30, 1943

Index of productivity Class intervals	Darke	Madison	Muskingum	Putnam	Seneca	5 County Total
	Average - price - per - acre					
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
150 - 174	113	132	62	125	98	113
125 - 149	109	101	47	98	67	91
100 - 124	84	82	36	70	55	70
75 - 99	59	72	25	54	--	34
Less than 75	50	--	28	--	--	29

Most farms in the sample counties have a productivity index falling somewhere between 100 and 150. Those below 100 were mainly hill lands which, in addition to low productivity, also had few crop acres per farm consequently a relatively lower price per acre than farms with little non-crop land. The high proportion of non-crop land in Muskingum County explains the lower average price per acre of farms in that county in all ranges of productivity.

According to the price-productivity relationships indicated in table 8, farm real estate in the sample area sold for approximately 80 cents per acre more on the average for each one point increase in productivity. A number of deviations from this figure suggests that a larger sample might modify the indicated price-productivity relationship to some extent. The figures however, serve to illustrate that a measurable relationship exists between price and productivity --- a relationship which is to some extent intermingled and concealed by other quality factors associated with farm real estate, two of which, building improvement and type of road, will be discussed later.

Recent Land Price Trends Associated With Different Degrees of Productivity. -- When farm real estate sales transacted in 1941, 1942, and 1943 were sorted by years and classified according to productivity rating it became evident that tracts in the lower brackets of productivity had registered a greater relative change in price since 1941 than the tracts in the higher brackets of productivity (table 9). As contrasted with a 40 percent increase in price for farms of low to medium productive capacity, farms just above average productivity have increased three percent and those in the highest bracket (150-174) have increased 15 percent. It should be clearly understood that prices of individual farms have deviated decidedly from the average prices being discussed. But the general price tendency indicated in table 9 suggests that the danger of land price inflation can be associated with over-pricing of low quality land.

Table.9- Price Trends Associated With Different Degrees Of Productivity, Farm Real Estate Sales In Five Sample Counties * 1941, 1942, and 1st. 9 Months 1943

Index of productivity (class intervals)	no. of tracts classified	1941 Dollars per acre	1942 Dollars per acre	1st 9 mo. 1943 Dollars per acre	Price change 1941-43 Dollars per acre	Price change 1941-43 percent
150 - 174	80	109	120	125	+ 16	+ 15
125 - 149	512	97	96	100	+ 3	+ 3
100 - 124	526	60	66	84	+ 24	+ 40
75 - 99	159	27	35	38	+ 11	+ 41
Less than 75	35	20	44	28	+ 8	+ 40

* Darke, Madison, Muskingum, Putnam and Senoca

PRICE DIFFERENCES ASSOCIATED WITH DIFFERENCES IN QUALITY OF BUILDINGS

Quality factors tend to be cumulative. That is, the farm of high productivity is more than likely to have good improvements and to be located on a good road. In table 10, farms sold in 1941, 1942, and the first nine months of 1943 have been grouped according to the quality and condition of building as judged by the value listed for taxation. Tracts with fair buildings have had a 37 percent increase in average price per acre during the past two years as compared with a 20 percent increase for tracts with either good or poor buildings.

Table 10. - Price Differences and Trends Associated With Different Grades Of Building Improvement, Farm Real Estate Sales In A Four County Area, * 1941, 1942, and First 9 Months 1943

Classification of tracts sold	1941	1942	1st 9 mo. 1943	1941-43 Total
Tracts with good buildings:				
Number of tracts classified	102	130	104	336
Total area - acres	9964	12376	11327	33667
Average size of tract acres	98	95	109	100
Average productivity - index	126	123	129	126
Average price per acre-dollars	87.69	82.04	105.02	91.45
Relative change in price	100	94	120	---
Tracts with fair buildings:				
Numbers	144	152	227	523
Total Area Acres	14616	12480	18898	45994
Average size of tract - acres	102	82	83	88
Average productivity-index	116	119	122	119
Average price per acre-dollars	63.14	72.55	86.23	75.18
Relative change in price	100	115	137	---
Tracts with poor or no buildings:				
Number	61	75	237	373
Total area Acres	4434	5175	15901	25510
Average size of tract-acres	73	69	67	68
Average productivity-index	113	114	110	111
Average price per acre-dollars	49.95	56.25	60.01	57.50
Relative change in price	100	113	120	---

* Darke, Madison, Muskingum and Putnam Counties.

PRICE DIFFERENCES ASSOCIATED WITH DIFFERENT ROAD TYPES

Ohio's road improvement program has progressed to a point where most farms are served by some type of all-weather road. In fact, out of a total of 1476 farms in five counties classified as to the type of road, only 45 or about 3 percent were on earth roads as compared with 731 or 50 percent, on stone or gravel roads and 700 or 47 percent, on paved roads.

As indicated in table 11, a fairly substantial average difference, 17 dollars per acre more was paid for farms on paved roads as compared with farms on stone or gravel roads in the 2 3/4 year period. But about one-half this difference could be attributed to the higher average productivity of farms on paved roads and part of the remainder to a little better quality of improvements. The 1941-43 price trends indicate a 30 percent rise for farms on stone or gravel roads as compared with 24 percent on paved roads. No appreciable difference in price trend and a relatively small difference in average productivity is associated with road type in some counties where the terrain offers no obstacles to establishing roads on straight lines. On the other hand, where the land is hilly or broken the main roads are more often than not located in valleys or through areas offering the least obstacles to road construction and such areas are usually the most productive land in the locality.

Too few farms located on earth roads were sold in the two and three-fourths year period to obtain a reliable sample. Seven tracts on earth roads in Darke County sold for an average price of 47 dollars per acre. The average productivity of the seven tracts was 106 or 17 index points below the average of all farms in the county sample. In Muskingum County 38 tracts on earth roads sold for an average price of 15 dollars per acre. The average productivity index of the 38 tracts was 96, or four index points below the average of all farms in the sample of sales from the county.

Table 11. - Price Differences and Trends Associated With Type Of Road Adjoining Land, Farm Real Estate Sales In Four County Area,* 1941, 1942 and 1st 9 Months 1943

	1941	1942	1st 9 mo. 1943	1941-43 Total
Tracts located on paved roads:				
Number of tracts classified	143	233	324	700
Total Area, ----------acres	14711	21182	25155	61048
Average size of tract,- acres	103	91	78	87
Average productivity, - index	125	127	125	126
Average price per acre,-dollars	73.17	77.54	90.83	81.96
Relative change in price	100	106	124	---
Tracts located on stone or gravel roads				
Number of tracts classified	166	211	354	731
Total area----------acres	15035	16260	30266	61561
Average size of tract,-acres	91	77	85	84
Average productivity,-index	111	115	117	115
Average price per acre-dollars	55.27	62.13	71.75	65.19
Relative change in price	100	112	130	---

* Darke, Madison, Muskingum and Putnam Counties