

# **Estimates of Mean Per Acre Sales Price of Agricultural Land in the State of Georgia, 1977-2004**

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Literature abounds with controversies regarding the determinants of farmland prices. This report, however, showcases farmland price movements in the nine Districts of Georgia (figure 1). Farmland prices (nominal) in the State of Georgia more than doubled over the last twenty-seven years (1977-2004). The average nominal price of Georgia farmland peaked in 1998 and steadily declined thereafter.

Table 1 and Table 2 show average nominal and real price per acre of Georgia farmland since 1977, respectively. The year 1994 marks the beginning of a steep rising trend in average farmland prices in both dollar and deflated terms. The higher average farmland prices after 1992 may be due to the enactment of the 1992 “Georgia Timber Policy” which has resulted in fewer reported farm sales to the Department of Audits. A test of the means of pre-policy and post-policy sample data show that the means are significantly different – implying the samples are not from the same population.

As shown in Table 1, average per acre nominal price of farmland in 2004 in the state of Georgia ranged from \$1,513 in District 7 to \$11,134 in District 2. The high price of farmland in District 2 is most likely attributable to strong urban influences (e.g., purchase of farmland to hold for future residential or commercial development). Similarly, in Table 2, average real farmland prices in 2004 ranged from \$879 per acre in District 7 to \$ 6473 per acre in District 2. The farmland price estimates in this report are based primarily on data collected by the State of Georgia, Department of Audits. The Gross Domestic Product (GDP) deflator inflation index used to adjust costs from one year to another is based on the inflation rate during the US Government Fiscal Year\*.

\* NASA (May, 2005) Cost Estimation: Gross Domestic Product Deflator Inflation Calculator. Retrieved May 2005, from: <http://www1.jsc.nasa.gov/bus2/inflateGDP.html>

**Table 1. Average Per-acre Nominal Sales Price of Farmland, State of Georgia, 1977-2004<sup>(1)</sup>**

| Year                | State Average | Georgia Agricultural Statistical Districts <sup>(2)</sup> |       |       |      |      |      |      |      |             |
|---------------------|---------------|---|-------|-------|------|------|------|------|------|-------------|
|                     |               | 1   | 2     | 3     | 4    | 5    | 6    | 7    | 8    | 9           |
| 1977                | 611           | 693   | 845   | 584   | 686  | 475  | 483  | 556  | 668  | 520         |
| 1978                | 704           | 784   | 933   | 585   | 694  | 617  | 597  | 671  | 775  | 650         |
| 1979                | 703           | 775   | 970   | 604   | 663  | 577  | 619  | 718  | 707  | 601         |
| 1980                | 780           | 809   | 1085  | 645   | 738  | 659  | 709  | 804  | 859  | 643         |
| 1981                | 924           | 850   | 1509  | 756   | 809  | 765  | 798  | 886  | 905  | 772         |
| 1982                | 901           | 961   | 1286  | 711   | 827  | 818  | 724  | 838  | 891  | 788         |
| 1983                | 916           | 879   | 1368  | 744   | 902  | 814  | 776  | 831  | 806  | 843         |
| 1984                | 1087          | 971   | 1936  | 801   | 955  | 863  | 892  | 901  | 838  | 907         |
| 1985                | 1124          | 1075  | 2211  | 893   | 1016 | 805  | 879  | 833  | 860  | 841         |
| 1986                | 1265          | 1097  | 3068  | 946   | 1113 | 986  | 768  | 911  | 785  | 813         |
| 1987                | 1201          | 1297  | 2445  | 955   | 1165 | 1199 | 793  | 740  | 724  | 950         |
| 1988                | 1176          | 1517  | 2274  | 997   | 1355 | 1010 | 741  | 783  | 778  | 803         |
| 1989                | 1278          | 1545  | 2565  | 1308  | 1660 | 972  | 774  | 741  | 817  | 1080        |
| 1990                | 1146          | 1519  | 2613  | 1188  | 1074 | 997  | 852  | 748  | 739  | 827         |
| 1991                | 1090          | 1756  | 2593  | 1090  | 1095 | 916  | 866  | 718  | 855  | 807         |
| 1992 <sup>(3)</sup> | 940           | 935*  | 1443* | 1810  | 1263 | 592  | 825  | 644  | 840  | 788         |
| 1993                | 1215          | 1644  | 4029  | 845   | 1207 | 1113 | 554  | 651  | 1015 | 725         |
| 1994                | 933           | 2522*   | --    | 664*  | 865  | 627  | 375* | 911  | 583  | 1229        |
| 1995                | 1532          | 2949*   | 2847* | 1293* | 1921 | 2029 | 651* | 1337 | 1190 | 647         |
| 1996                | 2581          | 2494  | 4484  | 2553  | 3195 | 2116 | 1156 | 1323 | 1171 | 2159        |
| 1997                | 2830          | 2549  | 6177  | 2352  | 3285 | 1902 | 2010 | 1021 | 1187 | 1966        |
| 1998*               | 3917          | 3587  | 7237  | 3713  | 4736 | 3070 | 2360 | 1721 | 1658 | <b>1166</b> |
| 1999*               | 3774          | 4083  | 9449  | 2909  | 3807 | 2187 | 2706 | 1376 | 1567 | <b>3315</b> |
| 2000*               | 3536          | 3142  | 10826 | 3112  | 4010 | 3102 | 2152 | 1379 | 1475 | <b>2257</b> |
| 2001*               | 3174          | 3413  | 7321  | 2829  | 3946 | 2921 | 1803 | 1676 | 1260 | <b>1660</b> |
| 2002*               | 2731          | 4364  | 11216 | 3912  | 3441 | 2405 | 1760 | 1544 | 1617 | 1941        |
| 2003*               | 2785          | 6182  | 12490 | 2743  | 3441 | 2793 | 1546 | 1952 | 1644 | 2038        |
| 2004                | 2704          | 4104  | 11134 | 2676  | 4994 | 2344 | 1913 | 1513 | 1637 | 2064        |

\*Adjusted Values.

1. Source: State of Georgia Department of Audits, Sales Ratio Division. Data compiled and analyzed by Dr. John C. Bergstrom, Dr. Ivery D. Clifton and Dr. Mohammed Ibrahim, College of Agricultural and Environmental Sciences, The University of Georgia, Athens, GA 30602.

2. See Figure 1.

3. The Georgia Timber Tax Policy took effect.

Blank cells (-) represent insufficient sales data for calculating averages.

Table 2. Average Per-acre Nominal Real (Inflation-adjusted) Sales Price of Farmland, State of Georgia, 1977-2004<sup>(1)</sup>

| Year                | State Average | Georgia Agricultural Statistical Districts <sup>(2)</sup> |      |      |      |      |      |      |      |      |
|---------------------|---------------|---|------|------|------|------|------|------|------|------|
|                     |               | 1   | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    |
| 1977                | 899           | 1019  | 1243 | 859  | 1008 | 699  | 711  | 818  | 982  | 764  |
| 1978                | 965           | 1074  | 1278 | 802  | 951  | 846  | 817  | 919  | 1062 | 890  |
| 1979                | 889           | 981   | 1228 | 764  | 839  | 730  | 783  | 909  | 895  | 761  |
| 1980                | 907           | 940   | 1261 | 750  | 859  | 767  | 824  | 935  | 999  | 748  |
| 1981                | 983           | 905   | 1605 | 804  | 860  | 814  | 849  | 943  | 963  | 821  |
| 1982                | 901           | 961   | 1286 | 711  | 827  | 818  | 724  | 838  | 891  | 788  |
| 1983                | 880           | 845   | 1315 | 715  | 868  | 783  | 747  | 799  | 775  | 811  |
| 1984                | 1006          | 899   | 1793 | 742  | 912  | 799  | 826  | 834  | 775  | 839  |
| 1985                | 1012          | 969   | 1992 | 804  | 915  | 726  | 792  | 750  | 775  | 758  |
| 1986                | 1109          | 962   | 2692 | 830  | 976  | 865  | 674  | 799  | 689  | 713  |
| 1987                | 1026          | 1109  | 2090 | 816  | 996  | 1025 | 678  | 632  | 619  | 812  |
| 1988                | 972           | 1253  | 1879 | 824  | 1120 | 835  | 612  | 647  | 643  | 663  |
| 1989                | 1014          | 1226  | 2036 | 1038 | 1317 | 772  | 614  | 588  | 648  | 857  |
| 1990                | 874           | 1159  | 1995 | 907  | 820  | 761  | 651  | 571  | 564  | 631  |
| 1991                | 807           | 1301  | 1921 | 807  | 811  | 679  | 642  | 532  | 634  | 597  |
| 1992 <sup>(3)</sup> | 676           | 673   | 1038 | 1302 | 909  | 426  | 593  | 463  | 604  | 567  |
| 1993                | 856           | 1158  | 2837 | 595  | 850  | 784  | 391  | 459  | 715  | 510  |
| 1994                | 643           | 1739  | --   | 458  | 596  | 432  | 259  | 628  | 402  | 847  |
| 1995                | 1035          | 1993  | 1924 | 874  | 1298 | 1371 | 440  | 904  | 804  | 437  |
| 1996                | 1709          | 1652  | 2970 | 1691 | 2116 | 1401 | 766  | 876  | 776  | 1430 |
| 1997                | 1837          | 1655  | 4011 | 1528 | 2133 | 1235 | 1305 | 663  | 771  | 1276 |
| 1998*               | 2511          | 2299  | 4639 | 2380 | 3036 | 1968 | 1513 | 1103 | 1063 | 748  |
| 1999*               | 2389          | 2584  | 5980 | 1841 | 2409 | 1384 | 1713 | 871  | 992  | 2098 |
| 2000*               | 2197          | 1951  | 6724 | 1933 | 2491 | 1926 | 1337 | 857  | 916  | 1402 |
| 2001*               | 1924          | 2069  | 4437 | 1715 | 2392 | 1770 | 1093 | 1016 | 764  | 1006 |
| 2002*               | 1635          | 2613  | 6716 | 2342 | 2061 | 1440 | 1054 | 925  | 968  | 1162 |
| 2003*               | 1638          | 3636  | 7347 | 1613 | 2024 | 1643 | 909  | 1148 | 967  | 1199 |
| 2004                | 1572          | 2386  | 6473 | 1556 | 2904 | 1363 | 1112 | 879  | 952  | 1200 |

\*Adjusted Values.

1. Source: State of Georgia Department of Audits, Sales Ratio Division. Data compiled and analyzed by Dr. John C. Bergstrom and Dr. Ivery D. Clifton, College of Agricultural and Environmental Sciences, The University of Georgia, Athens, GA 30602.

2. See Figure 1.

3. The Georgia Timber Tax Policy took effect.

The Gross Domestic Product implicit price deflator index (1982=100) is used to deflate nominal farmland prices.

Blank cells (-) represent insufficient sales data for calculating averages.

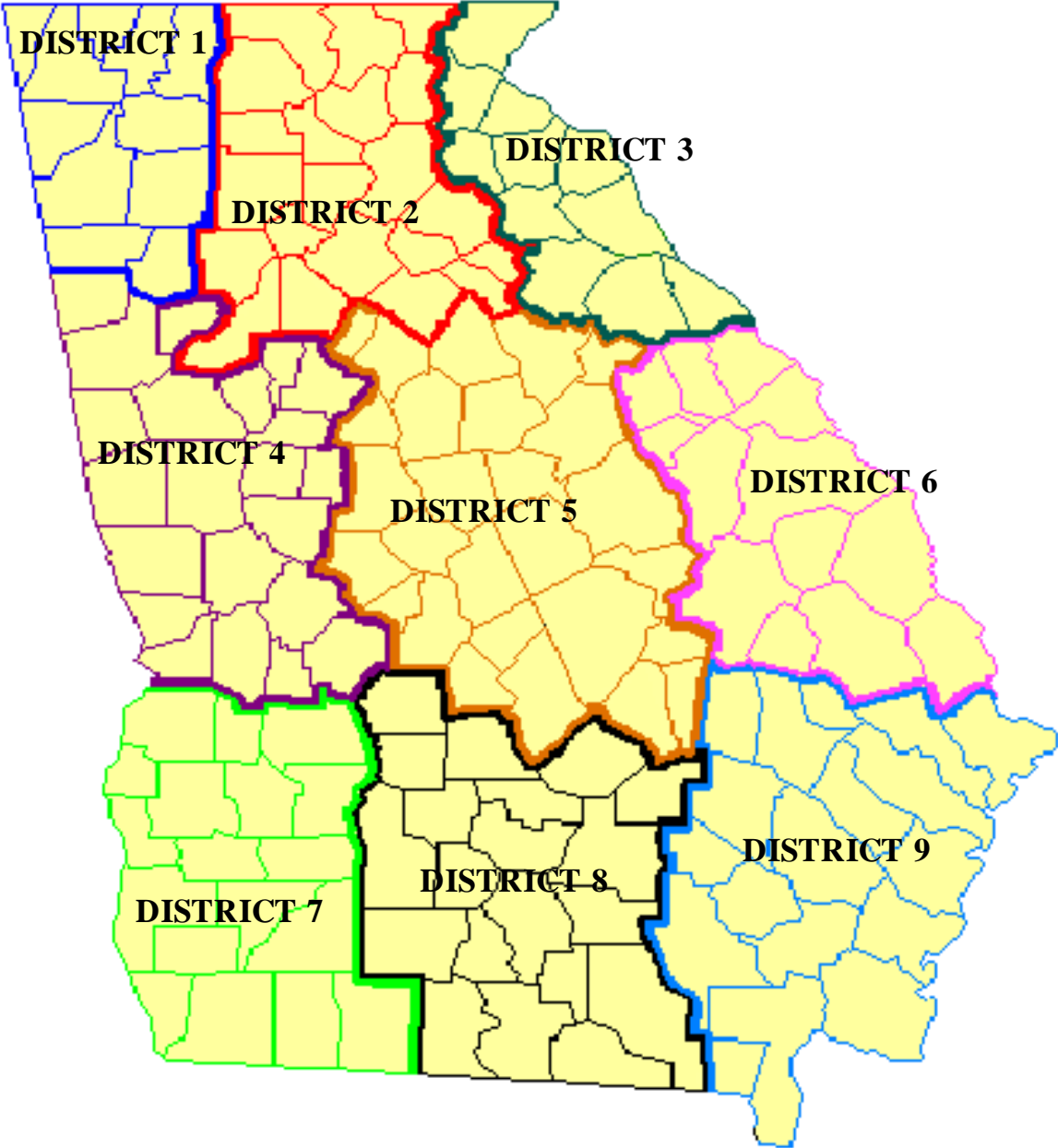


Figure1. Georgia Agricultural Statistics Districts