

Farmland price rises to slow

Activity in the farmland estate market is expected to decline this year, according to a U.S. Dept. of Agriculture farm real estate summary, primarily due to the combined effects of high interest rates and tight credit during the first half of the year, along with the recession and the decline in net farm income. During the survey year ending Feb. 1, 1981, the price of farmland is likely to increase between 5 and 10 percent—well below the 13-percent average rate of increase over the last 10 years. For the first quarter of 1980, the Federal Reserve Banks of Chicago and Kansas City reported a slow-to-negative growth in farmland values.

Farmland prices increased an average of 15 percent during the year ending Feb. 1, 1980, slightly above the 14-percent general inflation rate (increase in the Consumer Price Index) for the same period. The size of the average farm increased from 449 to 452 acres in the 48 contiguous states, and the value of the average farm increased from \$251,000 to \$290,000. Just 5 years ago the average farm size was 426 acres and the value was only \$114,000.

The average acre of farmland is now worth \$641. The state averages reflect land quality and the intensity of use, ranging from \$112 an acre in New Mexico to \$2,400 an acre in New Jersey. The total value of farm real estate was \$668 billion on February 1, up \$84 billion from a year earlier. Building values accounted for \$111 billion or 17 percent of the total value.

During the survey year ending Feb. 1, 1980, the average price of farmland increased most in Louisiana, up 29 percent, and Maryland, up 25 percent. Alabama, Arkansas, Mississippi, Missouri, and California also showed gains of 20 percent or more. Farmland prices in-

creased by less than 10 percent in 13 other states. The slowest rates of increase were generally found in the Northeast Appalachian regions.

The total number of farms fell 1 percent during the survey year, compared with a 1.6-percent decrease during the previous year. Farm enlargement continued to account for 63 percent of all farmland purchases. The number of farm transfers was unchanged from the previous year's level at 85,600, while the rate of farm transfers increased slightly to 40 tracts per 1,000 farm. The tight credit situation in some areas of the country in the first half of the year and the decrease in net farm income are expected to reduce the rate of farm transfers in 1980.

A record-high 91 percent of all farm transfers during the survey year were credit financed. Sellers and Federal land banks supplies 72 percent of the credit, up from 67 percent. Life insurance companies dropped their market share by providing only 7 percent of the credit, compared with 10 percent last year and 15 percent the year before.

Transfers of farmland expected to remain in agricultural use 5 years after the date of purchase remained around levels of recent years, accounting for 82 percent of all purchases, 89 percent of the total acres, and 88 percent of the total value transferred.

Expected use as a rural residence continued to be the

Deon Sampson
chosen member
of Angus Assoc.

Ms. Deon Kristy Sampson, Irrigon, Oregon, is a new junior member of the American Angus Association, reports Dr. C.K. Allen, executive vice-president of the national organization with headquarters in St. Joseph, Missouri.

Junior members of the association are eligible to register cattle in the American Angus Association and take part in Association sponsored shows and other national and regional events.

The American Angus Association is the largest beef registry association in the world, with some 12,000 active junior members and some 26,000 active life members.

Commodity prices improve

most common form of competition, accounting for 8 percent of the purchases. For most uses, the average price per acre for tracts under 100 acres was at least twice as high as the overall average price.

Cash rents generally upward, but in most of the states surveyed, the rate of increase failed to match the rate of inflation. In most states the ratio of gross cash rents to land prices continued to drop.

U.S. farm commodity prices have strengthened in recent weeks, primarily in response to a slowing of the increase in animal product output and continued strong demand for crops in the face of uncertainties about the impact of recent dry weather on 1980 production. Cash receipts are expected to increase from first-half levels, although higher production costs will continue to hold net farm income below

year-earlier levels, according to a U.S. Dept. of Agriculture summary.

Record second-quarter meat supplies coupled with declines in real consumer income pushed down Live-stock and meat prices. Producers are trimming output in the second half, and prices are expected to average well above the depressed levels of the first half. Fewer cattle on feed, reduced egg sets for both

broilers and layers, and market hog numbers more in line with year-ago levels suggest higher prices in the second half.

U.S. farm exports for the first 8 months of fiscal 1980 stood at a record \$28 billion—33 percent higher than a year ago.

Per-acre production costs in 1980—excluding land—are projected to climb 24 percent from 1979 for corn, 21 percent

for soybeans, 23 percent for wheat, and 18 percent for cotton. These projections reflect the current outlook for input price changes.

Retail food prices are expected to rise sharply in the second half, led by increases for beef, pork, and poultry. Higher marketing costs are expected to contribute significantly to the third-quarter rise; however, they will not be the leading source of food price increases as they were in the first half. Falling retail prices of beef, pork, and

poultry moderated the overall rate of increase in food prices earlier this year. Prices for all of 1980 are still expected to average 7 to 11 percent above 1979.

This year, consumers are expected to spend \$21 billion or about 9 percent more in food stores and eating places than in 1979. More than 95 percent of this increase will be caused by a larger marketing bill, reflecting higher costs for labor, packaging, transportation, and energy.



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PUBLIC NOTICES

Residents of Lexington are hereby advised that a public hearing will be held Tuesday, August 5, 1980 at 8 p.m. at city hall concerning a proposed ordinance changing the time of election of the mayor and clarifying other election procedures.

Lois M. Allyn,
Recorder
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Don McDonald 676-9921

Chevrolet Inc.

Correction—Due to an error by The Gazette-Times the prices of the following vehicles were incorrectly stated.

1974 Chevrolet 484 cc. ton (labeled N.A.D.A. Book Value \$2,950—Sale Price as is \$1795
1975 Chevrolet 484 cc. ton N.A.D.A. Book Value—\$3,425 Sale Price as is \$1495

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