

Prices of Vermont Farm Real  
Estate.

76.7383  
G5  
4797

X9J:76.7383  
G5  
044797

JUNE

11:7 VERMONT 75/

BULLETIN 391

University of Vermont  
Vermont A

State Agricultural College  
Natural Experiment Station

Burlington, VERMONT

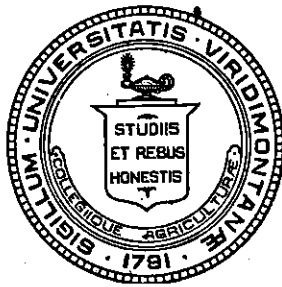
Dhananjayrao Gadgil Library



GIPE-PUNE-044797

PRICES OF VERMONT FARM REAL ESTATE

By T. M. ADAMS



During the period from 1928 to 1935 Vermont farms were appraised for taxation on the average at 75 percent of their sales value, but forest land, uncultivated land and farm land without buildings were appraised at approximately their full sales value.

Farms which sold at relatively low prices per acre were appraised at higher rates compared to their sales value than were more valuable farms, those worth less than \$10 an acre being appraised, and taxed, at twice as high a rate per dollar of sales value as were those worth over \$40 per acre.

The price of farm land varies with soil and topography and with location relative to state highways and railroad facilities. Farms in the Champlain valley—Southwest valley area sold at a higher average price than did those in any of the other major soil areas. Prices were lowest in the Taconic, Central plateau and Essex county regions. Farms classified as fairly level brought on the average one and one-half times as much per acre as those on rolling land and three times as much as those classed as rough.

Vermont farm real estate prices rose from 1900 to 1920 and have since declined. At the peak they were 50 percent above the pre-war, 1910-1914, average. In 1933 they were approximately at the pre-war level.

RELATION BETWEEN GRADE OF LAND AND TREND OF FARM REAL  
ESTATE PRICES

It has been pointed out that the degree of fluctuation in farm real estate prices has varied materially in different parts of the nation (p. 24) and the trend in prices has not been uniform on all grades of land in Vermont. While the changes were irregular and the trend not clearly defined, between 1928 and 1933 the greatest decrease, both in percentage and absolutely, took place in the group of farms classed as of fairly level topography (table 26).

## SUMMARY

Appraisal for taxation purposes at "just value in money" as prescribed by law is far from being realized in practice. Comparison of the sale prices with the appraised values of 1,240 parcels of rural property shows that forest land, uncultivated land, and farm land on which there were no buildings were appraised at a rate which was about a third higher relative to sales value than were the farms with buildings. It further shows that with respect to the land in farm units there was a marked tendency to appraise farms which were worth a relatively low price per acre at a higher percentage of their sales value than those which sold at higher prices. This was true regardless of their size in terms of acreage. Farms worth less than \$10 per acre were appraised on the average at 11 percent more than they sold for. Increases in the sales value per acre were associated with a decline in the ratio of appraised to sales values, until at \$40 per acre or more, farms were appraised at an average of only 56 percent of the amount for which they sold. In so far as sales value is a just basis for taxation these appraisals place an improper tax on the overestimated properties.

The importance of equitable real estate appraisal is indicated by the fact that in 1934 real estate, urban and rural, made up 84 percent of the state grand list, personal property accounting for 10 and taxable polls six percent, respectively.

Preparation of the 1932 grand list cost an average of \$151 in 15 towns, varying from 0.4 percent to 1.1 percent of the taxes levied and averaging 0.6 percent. The cost of the 1930 quadrennial appraisal is estimated at \$152 per town for the same 15 towns, or 24 cents per \$1,000 valuation.

A number of factors affect the price for which a Vermont farm will sell at any given time. Analysis of the prices of 772 farms

sold in the 1928 to 1933 period indicates that the price which farm purchasers were willing to pay for farm real estate was influenced by its soil, by its topography, by the distance from the farm to a state highway and to a less extent by the distance to a rail shipping point. The farms located on the soils of the Champlain valley and the Southwest valley were on the average more valuable than those located on any of the other major soil areas of the State. At an average price of \$37 per acre they brought \$10 more than those of the North Central plateau, \$13 more than those of the Eastern hill region, and \$20 an acre more than the farms in the Taconic, Central plateau and Essex county regions. Variations in topography, which are closely associated with soil differences, also influence prices. Farms on rolling land brought about two-thirds and farms on rough land about one-third as much per acre as fairly level farms. As the distance from a state highway increased the average prices of fairly level and of rolling farms declined, farms located more than eight miles from state roads being worth approximately two-thirds as much per acre as those which were within a mile. Prices of rough land were much less influenced by location.

Vermont farms have varied in value per acre over the period 1900 to 1933. While the movement of farm real estate prices has been somewhat irregular the trend was in general upward from 1900 to 1920. Since 1920 it has been reversed and land prices have declined. In 1933 the average farm sold for slightly less than it would have brought in the period immediately before the war. This rise and decline in farm real estate prices was on a much smaller scale in Vermont than in some other sections of the United States.

The price farm purchasers were willing to pay for farm land in the period 1914 to 1933 was materially influenced by the prices farmers received for their sales. In general farm product prices and farm land prices followed similar courses, but the rise prior to 1920 and the subsequent decline were both less extreme in the case of real estate prices than they were in that of farm product prices.

Taxes directly affect the net income resulting from the ownership of farm real estate. These increased 160 percent from 1913 to 1930, when a decrease began which continued through 1933. To pay their real estate taxes, farmers had to sell on the average over twice as much produce in 1933 as they sold for the same purpose in 1913. While the decline in farm real estate prices since 1920 has in a large measure been occasioned by the decline in the prices farmers receive for their products, the increase in taxes has been a contributing factor.