

Scott Sanders – I don't usually comment on an article, but I will and then see if I get any responses. This article and subsequent discussion is all over the place. It starts by noting that Intel is causing prices to skyrocket. Then they interview a developer who says it's because we have a housing shortage. A friend who posted it on LinkedIn noted that farmers should be able to sell off frontage land so they can continue to farm the back (which I think goes against Mr. Garrabrant's desire to expand his farm and be efficient in farming it). Then a LinkedIn comment from the BIA was that we need higher densities in general, which is unrelated to the article.

Sky-high rural property values squeeze Ohio farmers looking to expand

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The Columbus Dispatch



Luke Garrabrant grows corn, soybeans and wheat on 900 acres near Johnstown.

But the 26-year-old farmer would like a property nearly twice that size to put his family on solid financial footing.

“If you're trying to make a living and feed your family, 1,500 to 2,000 acres can yield a decent return,” Garrabrant said.

However, since Intel announced plans to build a pair of computer chip factories near New Albany, skyrocketing property values in Licking County have pushed that financial stability beyond his reach. Land that once was worth less than \$10,000 per acre has sold for more than six figures for the Intel project itself.

“And it will most likely continue to increase in value,” Garrabrant said.

It's not only Licking County. Ohio farm prices average \$7,200 per acre this year, up 9.1% from a year ago, according to the U.S. Department of Agriculture's annual survey.

While rising prices are great for the farmers selling their land, those looking to expand, such as Garrabrant, must decide if exorbitant prices are worth it, especially on top of other rising agricultural costs, including fertilizer, which has more than doubled since 2020.

But a bigger farm is also a more lucrative and efficient farm.

“If you're going to farm, you want to be as efficient with your time and resources as you can,” said Eric Richer, a field specialist in farm management from OSU Extension.

A pricey tractor, for example, is less of a hit to the budget if it's used on 2,000 acres instead of 1,000.

Rising land values also raising rents for farmers leasing acreage

Cropland values are expected to increase by 8% to 11.3% in western Ohio this year, according to the Ohio State extension office's Western Ohio Cropland Values and Cash Rents Survey. Those values rose between 7.2% and 26.6% last year. Average cropland in the region stands just under \$10,000 per acre, the survey found.

Meanwhile cash rents are expected to increase by 5.8% to 6.8% this year.

The extension office has figures only for western Ohio because the survey receives too few responses in other regions, said Barry Ward, director of OSU Extension's income tax school. But “the trends are similar throughout Ohio,” he said.

Most farmers lease at least a portion of their farms and are watching property values with trepidation.

Austin Arps, 26, who grows corn and soybeans near the town of Delta in Fulton County, said he has a good relationship with his landlord but has seen neighboring farmers lose cropland to buyers offering a better deal.

"I think it's hard for a landlord to say no when you're talking about large sums of money," he said.

Ohio's agricultural land already is shrinking. The state had 13.5 million acres of farmland in 2021, 100,000 fewer acres than in 2020, according to the USDA. Figures for 2022 are not yet available.

Why are Ohio cropland prices rising?

Experts point to a number of forces pushing up Ohio land prices, including rising commodity prices.

“Property values reflect demand for property,” said Mark Salling, senior fellow and research associate in the Maxine Goodman Levin School of Urban Affairs at Cleveland State University.

Demand is especially high in central Ohio, which had about 1.9 million people in 2010 and more than 2.1 million in 2020. The area is expected to reach 3 million by 2050.

Charles Ruma, president of Dublin-based Virginia Homes, laid the blame squarely on Ohio’s housing shortage.

"There is more pressure on the housing market as more jobs are created and less housing is being delivered," he said.

Restrictive zoning laws and local opposition to housing projects foster fierce competition for undeveloped land, Ruma said.

White-collar workers are migrating farther from office buildings in city centers due to hybrid work arrangements, and developers are looking for places to build houses for them, he said.

Above all, developers see farmland as a safe investment, said Amanda Weinstein, an associate professor of economics at the University of Akron.

Why are rising property values a problem for Ohio's family farms?

Higher property values are a boon to farmers who own their land, Weinstein said. They see their assets increase in value and their borrowing power increase.

Garrabrant, however, is concerned his property tax bill will spike if his property balloons in value.



Putnam County farmer Dennis Vennekotter, 60, worries cropland prices will prove an insurmountable obstacle to the next generation of farmers.

“It's hard for them to get a start without having parents or someone to help them financially,” he said.

Vennekotter grows corn, soybeans and wheat and raises hogs on 5,000 acres. He wants to buy more acreage to leave an even larger farm to his two adult sons. That's not an option with sky-high property values, he said.

Arps began a farming career two years ago when he bought a farmstead and leased the property around it to grow corn and soybeans. He has spent much of that time fretting over balance sheets and financial statements with too many expenses and barely enough revenue.

He has eked out a profit, thanks to high corn and soybean prices and better-than-expected crop yields, but said more acres would cushion the blow if costs were to rise even higher.

With heightened property values, "it's hard to make it make sense," Arps said.

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