**Lancaster Farmland Prices:** *Supply and Demand*

**Farm prices here still low**

**AD CRABLE Staff Writer | Posted: Tuesday, May 10, 2011 7:22 pm**

The value of farmland in Lancaster County is not increasing at the astronomical rates found in the Midwest.

In fact, in four of five geographic regions in Lancaster County, farms are selling for less per acre than they did three years ago, when the economy tanked, according to new figures on farm sales compiled for the Lancaster County Agricultural Preserve Board.

But local ag experts expect local farms to gain back that lost equity as exports to markets overseas increase.

And the value of farmland here is still $5,000 to $8,000 per acre higher than in the Midwest, even with farmland selling for record prices there.

The county preserve board paid for its first assessment of farm values since 2006. The analysis for 2007-2010, performed by Rudy De Laurentis, an appraiser for Concord House Real Estate, examined the prices paid for preserved and nonpreserved farmland sold at auctions, by Realtors and privately to come up with a per-acre price.

Farm values were set for five regions of the county.

The year 2008 was a prime year for local farm sale prices, with average prices up 20 percent from 2007, even though the economy was starting to slow real estate prices around the county.

But farm prices decreased more than 10 percent in 2009 and rebounded only slightly in 2010.

The most valuable farmland in Lancaster County currently is in the northern part.

Farms recently sold in Brecknock, Clay, East Cocalico, West Cocalico, Elizabeth, Ephrata, Manheim, Penn and Warwick townships were bringing an average $19,568 per acre.

Three years ago it was southern-end farms that brought top dollar, and five years ago farms in the eastern end of the county led the way.

The preserve board takes a look at prices paid for preserved and nonpreserved farms because it purchases easements on farms based on the difference between those two values.

Preserved farms generally do not bring as high a price as nonpreserved farms because of restrictions.

The preserve board, funded by the county and taxpayers, pays an average of $3,500 an acre for preservation easements.

The most recent figures show that what the preserve board pays is in the range of the difference between the two values, according to Matt Knepper, director of the board.

"It legitimizes what we do," Knepper said. "We do the studies to see if we're still in line with what's happening in the rest of the market."

The county preserved 35 farms in 2010. It has preserved 789 farms and 68,210 acres since the program was initiated by county commissioners in 1982.

De Laurentis said his review of the records over the last three years showed fewer sales of farms. Developers seemed to be buying fewer farms for future development, and fewer people were looking to buy a chunk of farmland for their dream home.

Much has been written lately about the escalating value of farmland in Midwestern states.

There, farmland has attracted corporate investors and wealthy individuals banking on the Corn Belt and Bread Basket states playing an increasing role in feeding fast-growing nations. Soybeans to China have been a hot commodity.

In addition, crops such as corn are being used in biofuels, driving up the value of farmland.

But in Lancaster County, farmland has long been at a premium and has not fluctuated greatly, local experts say.

Farmland is the prime source for siting new homes, businesses and industries.

The need for Plain-sect families to find new farmland for children also keeps demand high.

"Prices around here seemed tied more to the availability of land than to the commodity prices," observed Knepper.

"We have a livestock-based industry here. We need the land for feed for animals and also for disposition of manure and growth," said Roger Rohrer of Fulton's Bank's agriculture services branch.

Rohrer thinks that even with local farmers' milk bringing historically low prices and feed prices rising, growing export markets bode well for the future.

"So even with higher prices, we can get back in the black and recoup the equity we lost in 2009," said Rohrer, who also sits on the county ag board.

"We have a great local worth in our farms."

He commended local farmers for "toughing it out" through another down cycle.

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