

KANSAS Farmer®

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Booming business

Key Points

- Farmland prices are holding strong despite the recession.
- Investment in land is attractive when other investments falter.
- The market for hunting and recreation land is coming back.

By P.J. GRIEKSPoor

THE value of farmland continues to show strength, despite a lingering recession in other parts of the real estate market and a struggling economy.

"I think we're just looking at people making an investment they feel confident will hold value in a time when other investments are risky," says Jim Froetschner, owner of Carr Auction and Real Estate in Larned.

At the same time, he says, strong commodity prices are encouraging active farmers to consider expansion, making for competitive bidding on virtually every piece of land that comes up for sale.

"I just got a contract on a piece of land yesterday that had been on the market since spring," he says. "I think a 70- to 80-cent jump in the price of corn is what spurred the guy who had been looking at it to go ahead with the contract. And as soon as he signed the contract, he contracted next year's corn crop."

Froetschner says he has seen potential out-of-state sellers worried about the potential market for selling their holdings be surprised by how strong prices are.

"In today's climate, everybody is wanting to do auction," he says. "You don't know how to appraise a piece of land, because it is going to go for what people are willing to pay more than what it might appraise [at]. It is really hard to predict what a particular piece of land will bring."

He says he has also seen the return of buyers looking for hunting and recreation land. "That piece of the market was just



SOLID INVESTMENT:

Jim Froetschner, owner of Carr Auction and Real Estate in Larned, says the land business is booming in spite of the recession. Land, he says, is seen as a solid investment when stocks and bonds are faltering.

gone for a year," he says. "It's starting to come back."

One of the hottest segments continues to be irrigated cropland. In areas with good groundwater recharge, prices are

up to \$3,000 an acre. Further west, where groundwater could become a problem, there is a drop in price — though not a steep one.

"The guy who is farming next door is

still looking at expansion," he says. "He knows the future of water and he probably already has a plan for dealing with it."

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