



## Louisiana Land Market Report

### *Mature Pine & Mature Hardwood Timberland in Louisiana*

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#### Summary

This publication reports on the first Louisiana Ag Lenders and Land Appraiser's survey. The survey is designed to give an update on land values and cash rents for three agricultural land uses, cropland, pasture and forestry, across the state of Louisiana. The survey was also designed to provide a general outlook on expectations of farmland price and rent, interest rate movements and expectations for farm solvency across the state. Responses to the survey are from the perspective of agricultural lenders and rural appraisers across Louisiana. Respondents were divided according to one of the five (5) AgCenter regions they primarily serve: the Northwest (region 1), Northeast (region 2), Central (region 3), Southwest (region 4) and Southeast (region 5). It is our hope that the results from this survey will be useful to all concerned stakeholders in Louisiana's agricultural industry.

In general, survey participants expect values of both irrigated and non-irrigated cropland (~\$3870/acre and ~\$3240/acre respectively) to remain largely unchanged to slightly increasing in the Northern regions, while in other regions values of both irrigated and non-irrigated cropland are expected to remain generally unchanged. Cropland cash rents on the other hand are expected to have much more variation in movements with cash rents on non-irrigated land (average of ~\$123/acre across the state) expected to decrease slightly in three of five regions and slightly increasing in one (Southeast). Cash rents on irrigated land (average of ~\$132/acre across the state) are expected to see increases in the Northwest and Southeast regions with other areas seeing mostly no change to some expectations of a cash rent decrease (Southwest region).

Survey respondents expect that both the values (average of ~\$2750/acre for the state) and cash rents (average of ~\$29/acre) on pastureland will see some increases in the Northwest region and decrease in the Southwest. Survey respondents expect the Southeast region to see increases in pastureland values and decreases in cash rents. Pastureland in other regions are expected to remain mostly unchanged. Mature hardwood and mature pineland values averaged ~\$2910/acre and ~\$3220/acre respectively at the state level.

On the behavior of farm financial indicators, the survey respondents expect no significant change in Chapter 12 bankruptcy filings in most regions in Louisiana. The exception being the Northeast region where a slight increase in Chapter 12 filings is expected. **Interest rates** on short term (operating) loans are generally expected to remain unchanged to decreasing except in the

Northwest region where short term interest rates may increase. Short term loan **volume** is expected to decrease except in the Central region where expectation is for operating loan volume in this region to increase. Survey respondents expect intermediate loan **interest rates** to generally decrease across the state and for intermediate loan **volumes** to increase in the Northeast and Central regions bucking the trend in the other three regions. Long term (real estate) loan **interest rates** are expected to decrease in most regions, while the **volume** of long term loans is expected to generally decrease. Long term loan **volumes** are expected to increase in the Northeast. The Northeast also had the highest agreement among survey respondents for long term loans being expected to decrease.

## Map of Louisiana's 64 Parishes Grouped by LSU AgCenter Regions

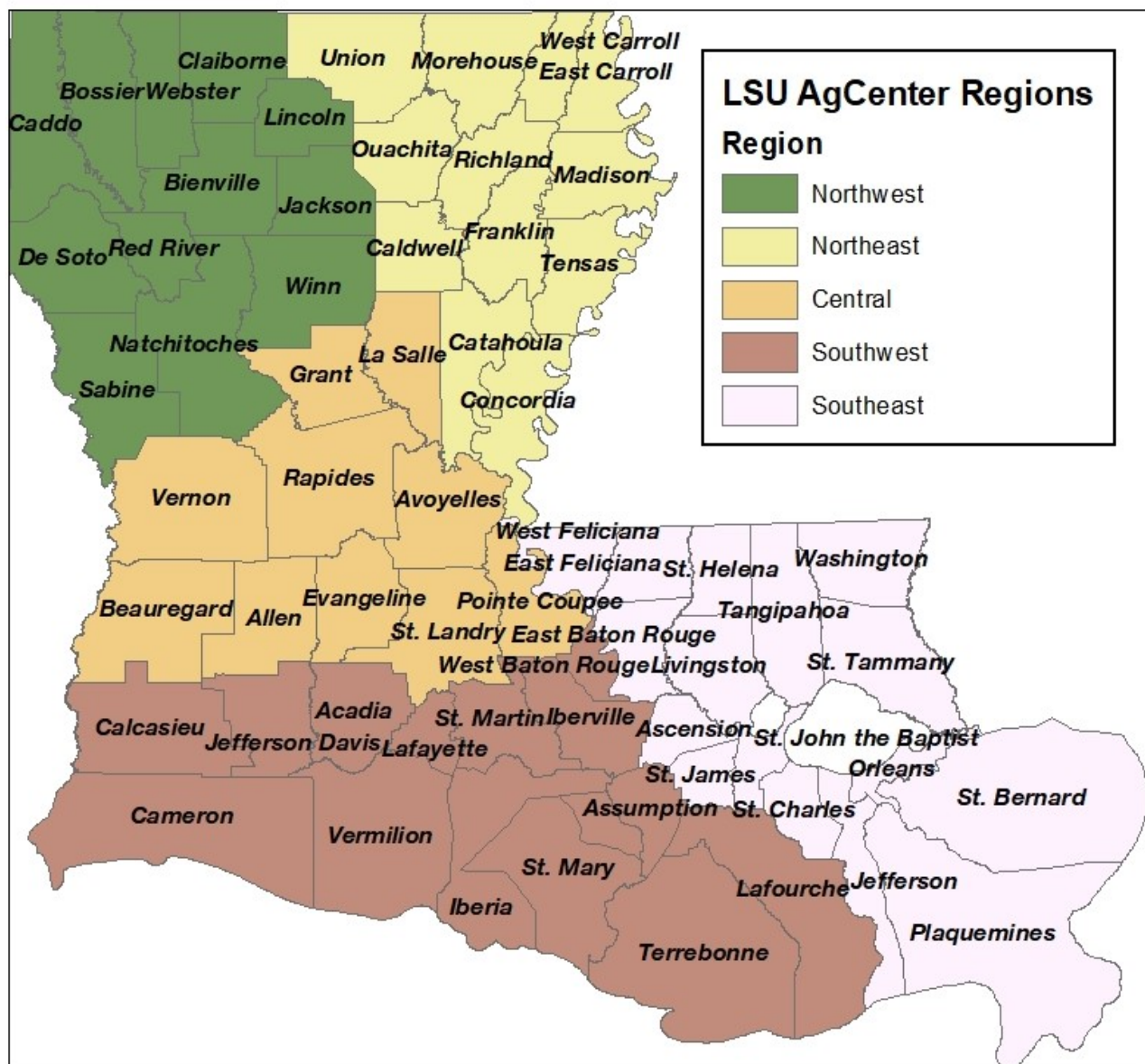
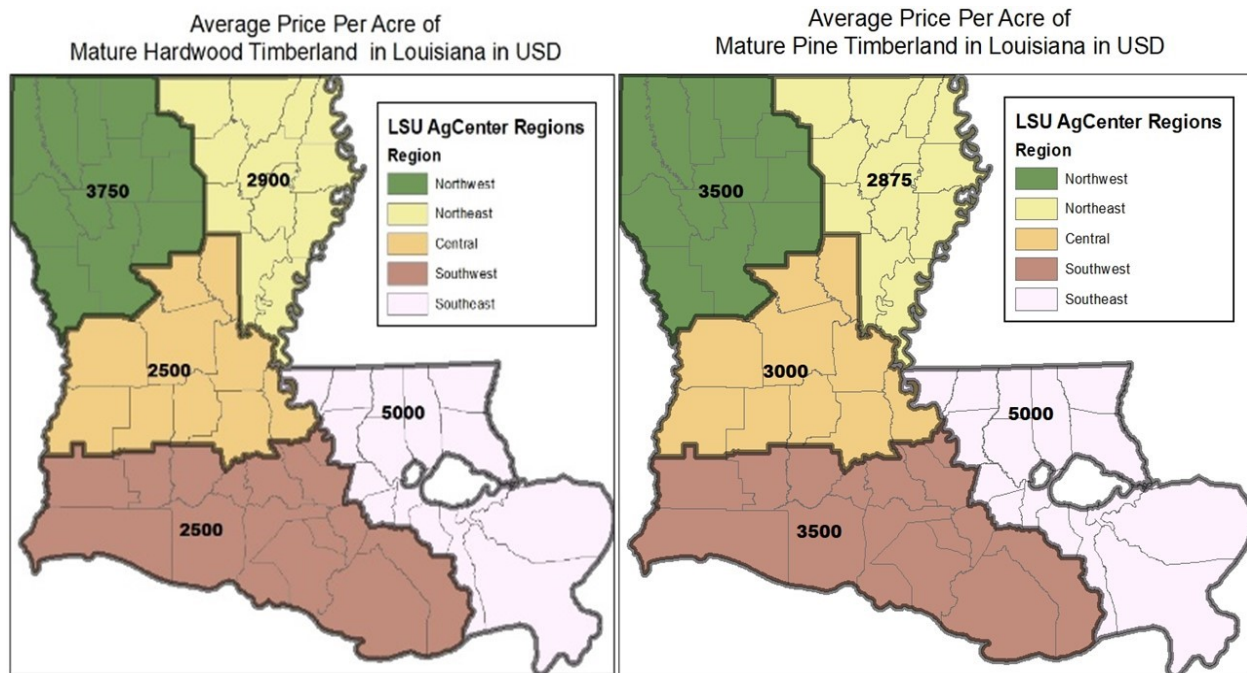


Figure 1

## Mature Pine Timberland Prices & Mature Hardwood Timberland Prices



**Figure 2**

Figure 2 shows average estimates of land values for mature hardwood and mature pine timberland across five Louisiana State University Ag Center regions. For all survey responses across the state, mature pine timberland costs on average \$3200/acre (excluding the Southeast region), and land with mature hardwood carried an average value of \$2910. The USDA has no equivalent timberland price data for reference. The Northwest and Northeast had the highest and second highest mature hardwood land values at \$3750/acre and \$2900/acre respectively. On the other hand outside of the Southeast region, the Northwest and Southwest regions captured the highest values for pine timberland at \$3500/acre each. At \$5000/acre the Southeast region had land values that were almost 33% higher for mature hardwood and 43% higher for mature pine than the average of the next two highest region values. The Central and Southwest regions tied for the lowest land values for mature hardwood at \$2500/acre. The Northeast region had the lowest pine timberland values at \$2875/acre. Generally, land with mature hardwood captured higher values further north in the state compared to mature pine while the opposite was true further south where land with mature pine captured higher values than land with mature hardwood.

Table 1 shows a summary of the average estimated values and ranges of responses for mature pine and mature hardwood land values. Where variation exists mature hardwood had a wider range of estimates than was the case for land with mature pine. On average, land with mature pine carried a higher value than land with mature hardwood. However, the highest average value for timberland (outside of the Southeast region) was found on land with mature hardwood in the Northwest at \$3750/acre though this was due to a higher estimate on the lower end of the range

at \$2500 for mature hardwood vs \$2000 for mature pine. Hence, this may be a case of the average being sensitive to the number of responses received.

**Table 1: Average Estimated Value on Land with Mature Pine and Mature Hardwood**

Region	Pine Average Selling Price/Acre	Pine Lowest Selling Price/Acre	Pine Highest Selling Price/Acre	Hardwood Average Selling Price/Acre	Hardwood Lowest Selling Price/Acre	Hardwood Highest Selling Price/Acre
Northwest	\$3500	\$2000	\$5000	\$3750	\$2500	\$5000
Northeast	\$2875	\$2000	\$4000	\$2900	\$2100	\$3500
Central	\$3000	\$3000	\$3000	\$2500	\$2500	\$2500
Southwest	\$3500	\$3500	\$3500	\$2500	\$2500	\$2500
Southeast	\$5000	\$5000	\$5000	\$5000	\$5000	\$5000

Those that are interested may find further details on irrigated and non-irrigated cropland, mature pine and mature hardwood and agricultural financial indicators in other reports in this series.

Questions and comments:

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