

Land Values in Louisiana-is there a Bubble in our Future?

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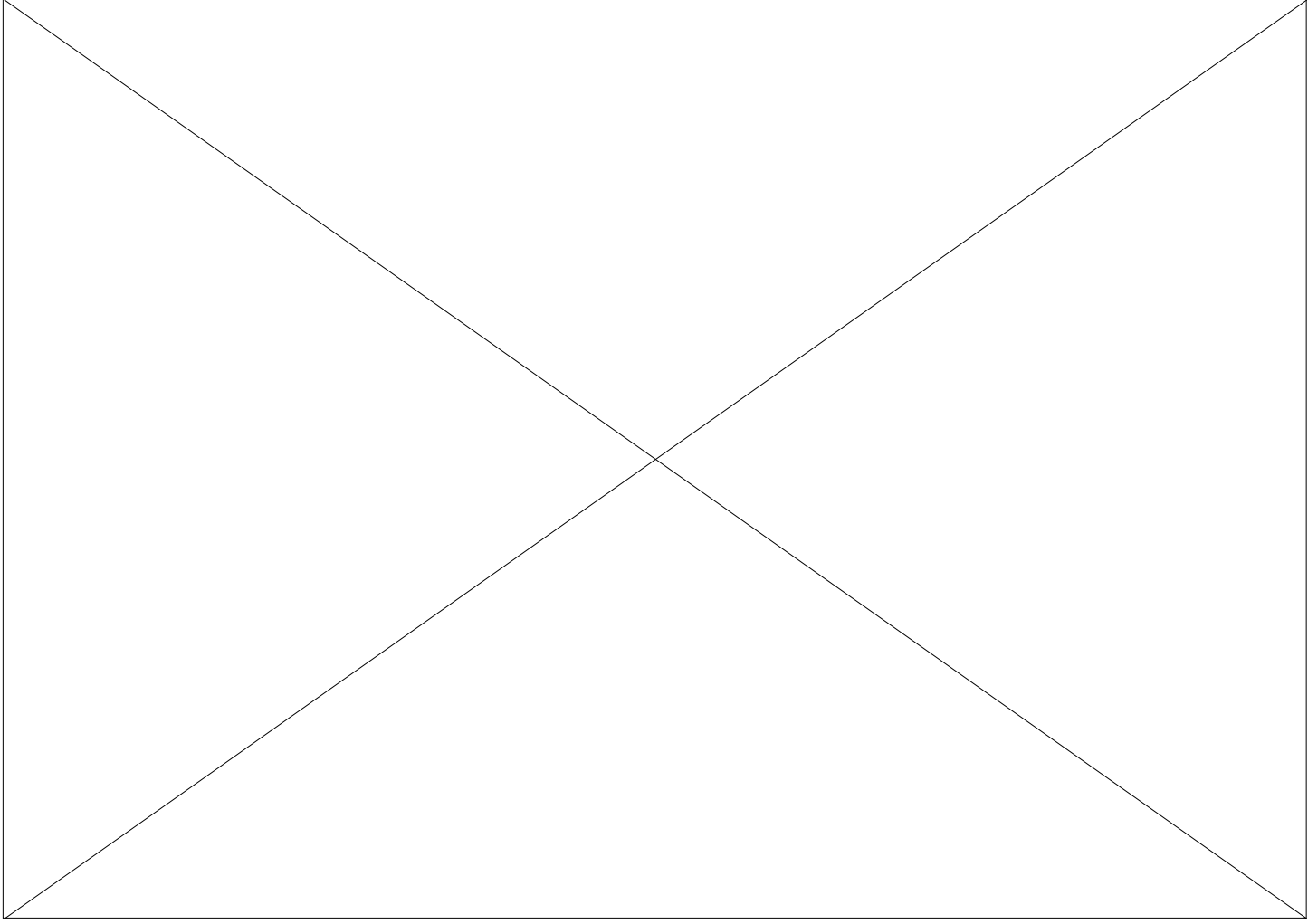
Real Estate Prophecy

Who best predicted the real estate bubble of the 1980's and 2008? Was it:

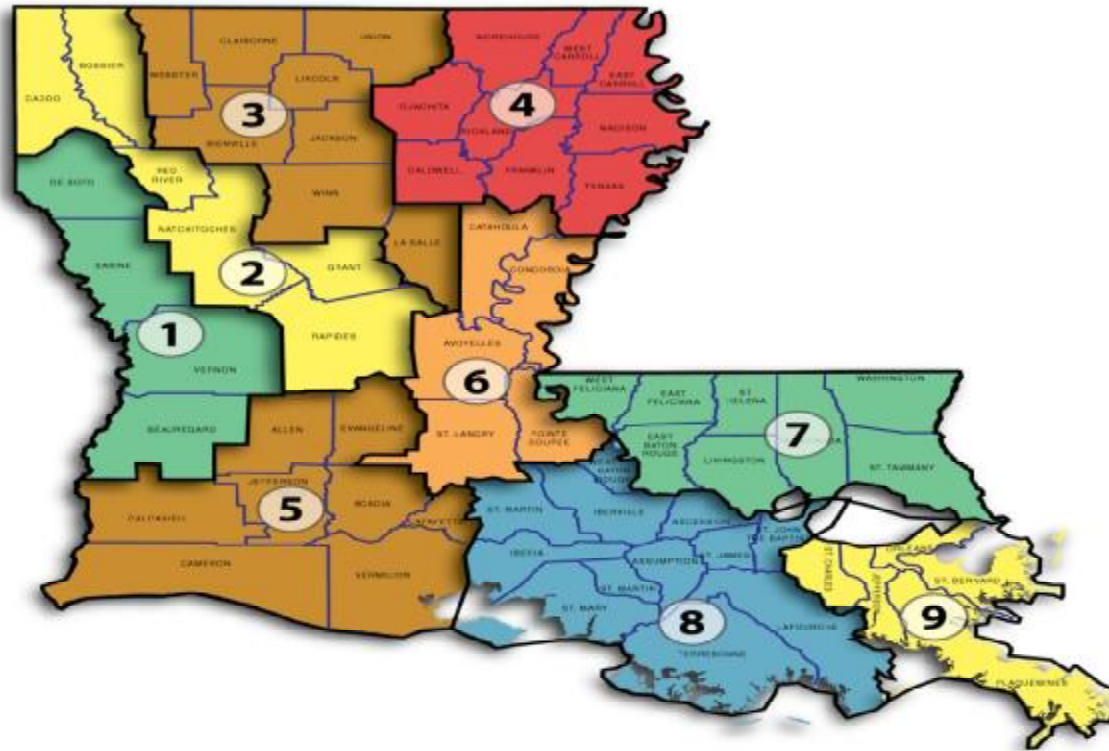
- A. Paul Volker –Former Fed Chairman
- B. Warren Buffet – Berkshire Hathaway
- C. Allen Greenspan – Former Fed Chairman
- D. Lex Luthor – Criminal Mastermind

1978 PROPHECY ON LAND VALUES





Land Market Areas



Louisiana

LMA 1

Western Area (Beauregard, DeSoto, Sabine, Vernon Parishes) – This LMA consists primarily of hill property with pasture, timber, and recreational land uses with minimal residential/commercial land use and no major metropolitan areas. This LMA showed the largest percentage decrease in values but this was primarily due to a few high dollar sales in DeSoto and Sabine Parishes which were possibly influenced by the Haynesville Shale oil and gas field that occurred in 2011. This LMA showed little differences in land value percentage changes due to acreage size. The overall percentage change from 2011 to 2012 for this LMA was -20.24%

LMA 1 STATS

Land Market Area 1 (Beauregard, DeSoto, Sabine, Vernon)			
	2011	2012	Percent change
All sales	21 Sales - \$2467.14	10 Sales - \$1967.70	-20.24%
Sales over 10 acres	21 Sales - \$2467.14	10 Sales - \$1967.70	-20.24%
Sales over 20 acres	20 Sales - \$2440.50	10 Sales - \$1967.70	-19.37%

LMA 2

Red River Area (Bossier, Caddo, Grant, Natchitoches, Rapides, Red River Parishes) – This LMA consists primarily of pasture, timber, recreational, and some cropland land uses with some residential/commercial uses around several larger metropolitan areas. The major metropolitan areas in this LMA are the cities of Shreveport/Bossier City, Alexandria/Pineville, and Natchitoches. The percentage changes shown here are all positive and showed some variance due to size, especially those between 10 and 20 acres. The overall percentage change from 2011 to 2012 for this LMA was +8.96%.

LMA 2 STATS

Land Market Area 2 (Bossier, Caddo, Grant, Natchitoches, Rapides, Red River)			
	2011	2012	Percent change
All sales	61 Sales - \$2919.17	39 Sales - \$3180.81	8.96%
Sales over 10 acres	57 Sales - \$2757.27	38 Sales - \$3198.72	16.01%
Sales over 20 acres	45 Sales - \$2631.81	32 Sales - \$2862.10	8.75%

LMA 3

North Central Area (Bienville, Claiborne, Jackson, LaSalle, Lincoln, Union, Webster, and Winn Parishes) – This LMA consists primarily of pasture, timber, and recreational land uses with minimal residential/commercial uses and no major metropolitan areas. The percentage changes shown here are all positive and show very minimal variance due to size. The overall percentage change from 2011 to 2012 for this LMA was +23.58%.

LMA 3 STATS

Land Market Area 3 (Bienville, Claiborne, Jackson, LaSalle, Lincoln, Union, Webster, Winn)			
	2011	2012	Percent change
All sales	103 Sales - \$2061.19	35 Sales - \$2547.15	23.58%
Sales over 10 acres	97 Sales - \$1954.52	33 Sales - \$2416.67	23.65%
Sales over 20 acres	77 Sales - \$1635.67	28 Sales - \$2037.65	24.58%

LMA 4

– North Delta Area (Caldwell, East Carroll, Franklin, Madison, Morehouse, Ouachita, Richland, Tensas, and West Carroll Parishes) – This LMA consists primarily of cropland, with some pasture, timber, and recreational land uses along with some residential/commercial uses and few major metropolitan areas. The cities of Monroe/West Monroe are the major metropolitan centers for this LMA. The percentage changes shown here are all positive and show some variance due to size especially those between 10 and 20 acres. Demand for and land values of cropland in this area are very strong with this LMA showing the largest number of sales in both 2011 and 2012. The overall percentage change from 2011 to 2012 for this LMA was +8.76%.

LMA 4 STATS

Land Market Area 4 (Caldwell, E. Carroll, Franklin, Madison, Morehouse, Ouachita, Richland, Tensas, W. Carroll)			
	2011	2012	Percent change
All sales	146 Sales - \$2289.47	105 Sales - \$2490.07	8.76%
Sales over 10 acres	142 Sales - \$2132.42	103 Sales - \$2395.62	12.34%
Sales over 20 acres	136 Sales - \$2120.51	95 Sales - \$2288.36	7.92%

LMA 5

Southwest Area (Acadia, Allen, Calcasieu, Cameron, Evangeline, Jefferson Davis, Lafayette, and Vermilion Parishes) – This LMA has the widest variety of land uses and consists of cropland, pasture, timber, marsh, and recreational land uses with significant residential/commercial land use and several major metropolitan areas. The major metropolitan areas in this LMA are the cities of Lafayette and Lake Charles. This is evidenced by the percentage change observed when the data is analyzed on larger sales over 20 acres. The bare land values of the sales over 20 acres were relatively consistent between 2011 and 2012 with a +5.39% change indicated. The values of the smaller size sales have not shown decreases in value but the number of sales reported in 2011 versus the number reported in 2012 appears to have somewhat skewed the percentage value change shown when the smaller size sales are included in the analysis. The overall percentage change from 2011 to 2012 for this LMA was -36.67%.

LMA 5 STATS

Land Market Area 5 (Acadia, Allen, Calcasieu, Cameron, Evangeline, Jeff Davis, Lafayette, Vermilion)			
	2011	2012	Percent change
All sales	48 Sales - \$3826.81	22 Sales - \$2423.47	-36.67%
Sales over 10 acres	37 Sales - \$2449.39	22 Sales - \$2423.47	-1.06%
Sales over 20 acres	31 Sales - \$2112.36	17 Sales - \$2226.31	5.39%

LMA 6

Central Delta Area (Avoyelles, Catahoula, Concordia, Pt. Coupee, St. Landry Parishes) This LMA consists primarily of cropland with some, pasture, timber, and recreational land uses with minimal residential/commercial uses and few metropolitan areas. The towns of Opelousas and New Roads are the major metropolitan centers for this LMA but neither are considered as major population centers. The percentage changes shown here are all positive and show some variance due to size with the larger sales over 10 or 20 acres showing a larger positive 35.62% percentage change than the overall value change. Demand for and land values of cropland in this area are very strong. The overall percentage change from 2011 to 2012 for this LMA was +1.1%.

LMA 6 STATS

Land Market Area 6 (Avoyelles, Catahoula, Concordia, Pointe Coupee, St. Landry)			
	2011	2012	Percent change
All sales	33 Sales - \$3481.05	37 Sales - \$3519.48	1.10%
Sales over 10 acres	30 Sales - \$2187.34	35 Sales - \$2864.74	30.97%
Sales over 20 acres	27 Sales - \$2068.18	33 Sales - \$2804.89	35.62%

LMA 7

Southeast Area (East Baton Rouge, East Feliciana, Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, and West Feliciana Parishes) – This LMA consists primarily of pasture, timber, and recreational land uses with significant residential/commercial land use and several major metropolitan areas. The major metropolitan areas in this LMA are the cities of Baton Rouge, Covington, Hammond, and Mandeville. This is evidenced by the percentage change observed when the data is analyzed on larger sales of over 20 acres. The bare land values of the sales over 20 acres were relatively consistent between 2011 and 2012 with a +2.81% change indicated. The values of the smaller size sales have possibly shown some decreases in value due to post hurricane Katrina value deflation, but the very limited number of sales that were reported in the comp sales data base is the primary factor that is causing the value changes in this LMA to be skewed. The overall percentage change from 2011 to 2012 for this LMA was -26.21%.

LMA 7 STATS

Land Market Area 7 (EBR, E. Feliciana, Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, W. Feliciana)			
	2011	2012	Percent change
All sales	20 Sales - \$9837.95	11 Sales - \$7259.68	-26.21%
Sales over 10 acres	16 Sales - \$8005.70	9 Sales - \$6779.45	-15.32%
Sales over 20 acres	8 Sales - \$5765.30	6 Sales - \$5927.05	2.81%

LMA 8

Sugarcane Area (Ascension, Assumption, Iberia, Iberville, Lafourche, St. James, St. John, St. Martin, St. Mary, Terrebonne, and West Baton Rouge Parishes) – This LMA has a wide variety of land uses and consists of cropland, pasture, timber, marsh, and recreational land uses with significant residential/commercial land use and several major metropolitan areas such as Houma, Gonzales, New Iberia, Morgan City, Port Allen, and Houma. These towns and cities are also influenced by being in close proximity to larger metropolitan areas of Baton Rouge and New Orleans. This large percentage change difference is due primarily to increases in value on smaller properties with non-agricultural influences and a limited number of sales on larger properties greater than 20 acres. The land values in this area have not declined and remain in strong demand; however there are only limited sales in evidence. The value comparisons of only a limited number of sales will indicate a large percentage change which appears to have been the case with the land sales above 20 acre size range. Properties in this area are experiencing non-farm price influences due to demand for alternative uses and population pressure. The overall percentage change from 2011 to 2012 for this LMA was +36.5%.

LMA 8 STATS

Land Market Area 8 (Ascension, Assumption, Iberia, Iberville, Lafourche, St. James, St. John, St. Martin, St. Mary, Terrebonne, WBR)			
	2011	2012	Percent change
All sales	9 Sales - \$5144.52	9 Sales - \$7022.32	36.50%
Sales over 10 acres	9 Sales - \$5144.52	8 Sales - \$6420.45	24.80%
Sales over 20 acres	5 Sales - \$4749.42	5 Sales - \$3972.72	-16.35%

LMA 9

Metro New Orleans Area (Jefferson, Orleans, Plaquemines, St. Bernard, and St. Charles Parishes) – This LMA consists primarily of metropolitan property associated with New Orleans and surrounding suburban areas, and marsh areas in the coastal areas. There are very limited numbers of sales in this LMA with none reported or analyzed in this study. The LLB has limited lending activity in this area of the state.

SUMMARY

Percentage Change in Value from 2011 to 2012			
LMA	ALL SALES	SALES > 10 ACRES	SALES > 20 ACRES
1	-20.24%	-20.24%	-19.37%
2	8.96%	16.01%	8.75%
3	23.58%	23.65%	24.58%
4	8.76%	12.34%	7.92%
5	-36.67%	-1.06%	5.39%
6	1.10%	30.97%	35.62%
7	-26.21%	-15.32%	2.81%
8	36.50%	24.80%	-16.35%
9	No Sales	No Sales	No Sales
Statewide	2.49%	12.70%	14.21%

LAND VALUES AND YOUR BANKER

Does the Bank hold all the cards?



LAND VALUES & YOUR BANKER

- What does your banker look for:
- Character- Farm and Financial Management
- Capital – Balance Sheet Structure and Equity
- Capacity- Income Statement & Cash Flow
- Collateral – Is there enough and is there an investment from the borrower
- Conditions – Covenants, Structure, Agreements