



LAND *for* TOMORROW

No End in Sight

Price of Conserving Land in North Carolina

1996 TO 2005



LAND *for* TOMORROW

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This is one of a series of reports on conservation of land, water and historic places conducted by Land for Tomorrow. To see other reports in the series and learn more about Land for Tomorrow, please visit www.landfortomorrow.org.

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The price paid by the State of North Carolina for conservation land has risen by 285% in the last ten years, with much of the increase occurring between 2001 and 2005 (see graph). The average price per acre paid by state agencies for conservation land in 1996-1997 was \$699. By 2004-2005, that figure had increased to \$2691.

This price increase is equivalent to a \$100,000 home increasing in value to \$385,000 in ten years.

What does this mean for North Carolina's future?

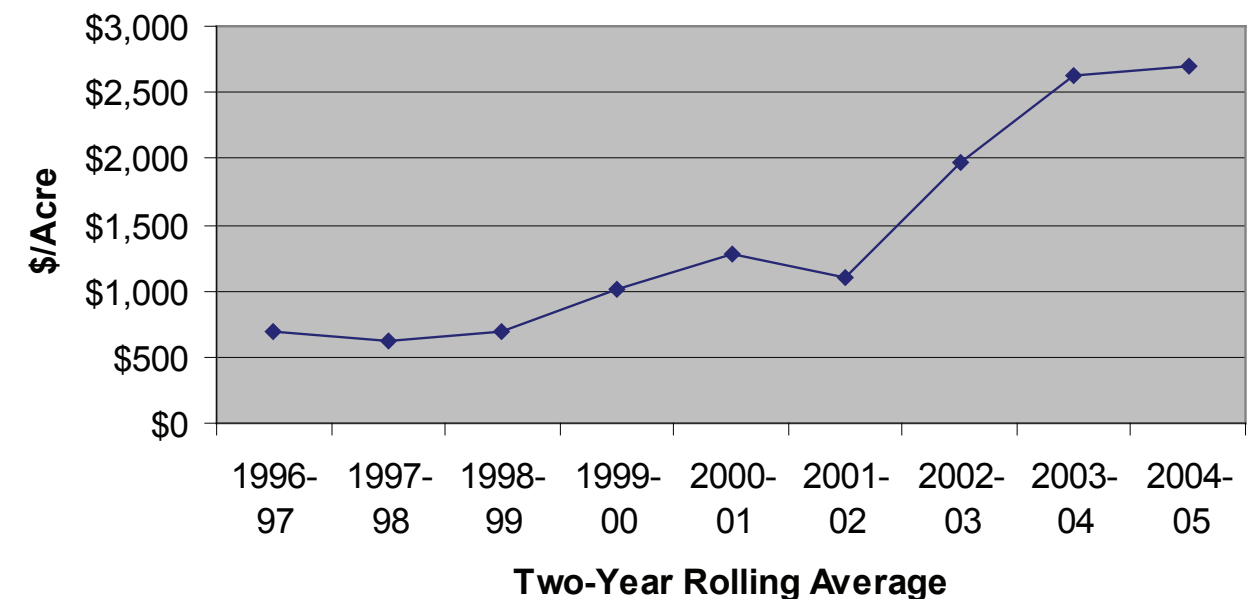
- **The rising cost of conservation land means that meeting the state's million acre goal will be more expensive the longer we put off protection efforts.** In 1999, the NC General Assembly mandated that North Carolina would preserve an additional one million acres of land by 2009 in order to protect drinking water, create state and local parks for our growing population, and protect the most critical habitat for native plants and wildlife. Seven years after the goal was established, the state has only saved 405,521 acres, more than 230,000 acres behind schedule in meeting the goal.
- **The rate of increase has been even more dramatic since 2000-01.** In that five year period, land prices rose by 109%.
- **The gap is widening between funding requests and the capacity of the state's four conservation trust funds¹ to respond.** Although land prices have risen by 285% over the last ten years, funding for the state's conservation trust funds has only risen by 123%, from \$73 million in fiscal year 1996 to \$164 million in fiscal year 2005. In 2006, the funding gap between grants requested and grants awarded was \$335 million.
- **Because land prices are rising more rapidly than interest rates, the state could save money by borrowing to buy land now when it is less expensive than it will be in the future.** On average, the price of conservation land rose 18.4% per year between 1996 and 2005. Interest rates on state and local bonds during the same period ranged from a low of 4.23% to a high of 6.08%.²

While no end is in sight for the escalation of land prices, farms and forests are disappearing rapidly in North Carolina. The need for conservation efforts is particularly great now as North Carolina's population is expected to increase by 50% in the next 25 years. More than 3,300 miles of the state's rivers and streams already do not meet water quality standards, and more than 100,000 acres of farms and forests are being developed every year.

This analysis of the cost of conservation was conducted using data collected by the State Property Office on all transactions between 1996 and 2005 in which the state purchased land for a conservation purpose such as for state parks, game lands, and coastal access areas.³ In order to smooth fluctuations which might occur because of a few unusually expensive or inexpensive transactions per year, the average price was computed as a two-year rolling average of land prices. The average number of transactions over a two-year period was 83.

The data was analyzed by Land for Tomorrow, a partnership of 250 local governments and nonprofits, that is asking the state to provide an additional \$1 billion over five years to protect North Carolina's most special rivers, farms, forests, and historic sites for this and future generations.

PRICE OF CONSERVATION LAND: UP 285% IN 10 YEARS



¹ The state's four conservation trust funds are NC Clean Water Management Trust Fund, NC Parks and Recreation Trust Fund, NC Natural Heritage Trust Fund, and NC Agricultural Development and Farmland Preservation Trust Fund.

² U.S. Federal Reserve. Historic interest rates for state and local bonds. From bond buyer index for general obligation, 20 years to maturity, mixed quality bonds. www.federalreserve.gov/releases/h15/Monthly/H15_SL_Y20.txt

³ The State Property Office database also includes 1) land protected through conservation easements and 2) land and easements donated to the state. These transactions were not included in the analysis. One easement price can be difficult to compare to another because the property rights purchased may differ between easements. Donations were excluded because they were relatively rare, and we were seeking to measure changes in land price rather than to estimate the overall cost to the state of protecting one million acres. That cost would include donations, bargain sales and the protection efforts of many local governments and conservation nonprofits. The complete data used in the analysis and the transactions removed from the database can be found on Land for Tomorrow's website at www.landfortomorrow.org/page401.html.