

Spring 2010

Ag Visits and Speakers to be Part of Summer Tour

A full agenda is being organized for the 2010 Illinois Chapter Summer Tour which will be held July 15 and 16 in St. Louis says Dale Kellerman, AFM, chairman. The base of operations will be the Sheraton Westport Plaza in St. Louis.

“We’re setting up Thursday, July 15, as a day of local ag tours and will then have speakers and a brief business meeting on Friday morning, July 16,” he explains.

The day will begin with a tour through the operations at Bunzl Distribution USA, Inc., which supplies a range of products including outsourced food packaging, disposable supplies, and cleaning and safety products to food processors, supermarkets, retailers, convenience stores and other users.



Bunzl Distribution owns and operates more than 90 warehouses that serve all 50 states and Puerto Rico, as well as Canada, the Caribbean and parts of Mexico. With 3,500 employees and more than 250,000 different supply items, Bunzl is regarded as a leading supplier in North America. Worldwide sales are in excess of \$6 billion.

After that the group will visit Eckert’s Country Store and Farms in nearby Belleville, IL. Family-owned and

operated since 1837 by seven generations of Eckerts, this is the largest pick-your-own orchard operation in the United States. Lunch will be provided at this facility.



Starting as a simple roadside stand in 1910, the Eckert family now owns and operates farming, entertainment and retail entities in Belleville, Grafton and Millstadt, IL. They have grown from simple fruit orchards into family entertainment centers that feature special children’s activities, annual events, festivals and the Eckert’s Country Store and Restaurant. Lunch will be served here and will be their famous fried chicken served family style.

That will be followed by a tour through the new facilities at AgroTain International, which is headquartered in St. Louis. AgroTain International is the world’s largest

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Bret Says

by Bret Cude, AFM, CCA
President
Illinois Society of Professional
Farm Managers and Rural
Appraisers



As I prepare these comments for the Spring Newsletter, it is mid-April and agriculture is undergoing her yearly ritual. Planting is in full swing here in Southern Illinois and across the state and midwest, as well.

After enduring a L-O-N-G, cold winter (where are all the global warming experts now?), the weather has finally broken and we have warm and mostly dry conditions forecast for at least ten days. That will enable much of the state to get a large percentage of the corn crop planted. That's farming in the 21st Century.

Your Chapter continues to work toward the things we hear are important to you. Our Land Values Conference was a tremendous success with two great and well attended educational offerings for both managers and appraisers the day prior to the conference, a very successful St. Patrick's Day Scholarship Auction, and an extremely well attended conference the following day.

Much thanks to the entire "Land Values Team". Overall Chair, Bob Swires; Conference Chairs, Brian Duke and Winnie Stortzum; Survey Group Head, Gary Schnitkey; Regional Data Group Leads Don Cochran, Bruce Sherrick, and Chuck Knudson; Advertising Group Head, Scott Johnson; and, Regional Chairs, Mark Akers, David Dinderman, Todd Slock, Herb Meyer, Dave Klein, Mac Boyd, Dean Kyburz, Gene Meurer, Mark Weber, Dave Ragan, and Doug Healy. A special thanks to Farm Credit Services of Illinois and First Farm Credit and our many advertisers and sponsors. Also, thanks to all of the participants who provided comparables and participated in the Leasing Surveys. The success of this project continues to grow and to all those above, your chapter says *THANKS*.

Your Board of Directors continues work on the behalf of the entire membership and we are listening to your input. The Brokers Management course was well attended by managers, a few appraisers, and several realtors from outside our group. We've had two Appraisal Educational Courses and more are planned. The Summer Tour/Annual Meeting is the result of membership comments that the fall meeting was coming at a time that was busy and conflicted with other meetings. As always, there have been some missteps, but we have attempted to minimize these, address them when they occur, and move on to the next project. We encourage you to contact any of us with any concerns.

Please read through the information found on pages 8 and 9 of this newsletter. These are the suggested revisions to the Chapter Bylaws. These suggested changes have come about because of the change in the relationship of ASFMRA with ASAC, and the change back to a winter/spring date for our Annual Meeting. We will have a very brief business meeting on the morning of July 16 in St. Louis. Those present at that meeting will vote on these proposed Bylaw changes.

I want to follow up my comments from the last newsletter with a few thoughts on volunteerism. I am again so very proud of belonging to an organization which is run by volunteers. I just mentioned above the names of 19 individuals and two companies that provided countless hours to make the 2010 Farmland and Lease Trends Book and Conference successful.

(Continued on Page 7)



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Ag Visits and Speakers to be Part of Summer Tour

(Continued from Page 1)

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Tour participants will also be able to reserve advance tickets for an evening baseball game between the St. Louis Cardinals and the LA Dodgers. The tickets will be complimentary of Pioneer Hi-Bred International, Inc. and will be available on a first-come, first-served basis.

Friday Program

"We have a full morning planned for Friday, July 16, including a short business meeting," says ISPFMRA President Bret Cude, AFM, CCA.

Leading off the morning will be Mike Adams, host broadcaster for AgriTalk, the Voice of Rural America. Adams says he will select the topic of discussion based on events involving agriculture that are current as of that morning.



Adams' presentation will be followed by a brief Illinois Society business meeting "which is very necessary," says Cude. "Because of the change in the timing for the Annual Meeting, we need to make a by laws

revision regarding the fiscal year for the Chapter. In order to do that we will convene a short business meeting, have our discussion and vote, and then continue on with the Summer Tour program," he explains.

The meeting will be followed by a thought-provoking presentation, *9 billion people to feed – what will it take?* by James S. McLaren, Ph. D., CMC, and president of StrathKirm® Inc.

With headquarters in nearby Chesterfield, StrathKirm provides customized consulting in the management of science, new technologies, product development, market planning, due diligence, and business strategies. Key target industries include agriculture, food/feed, biotechnology, bioenergy and biofuels.



McLaren has first hand international experience of both R&D management and commercial product introduction across a range of new technologies.

Registration fee for the two days is \$100.

The two-day event is being held in conjunction with Education Week, sponsored by the ASFMRA which will manage all registrations. Information can be obtained by going to http://portal.asfmra.org/Scripts/4Disapi.dll/4DCGI/events/Register.html?Action=Register&ConfID_W=7720

Anyone who registers will need to log into the website and will need their user name and password. Unless they have changed it, their user name is first and last name with no space between and their ASFMRA member number is their password. Anyone needing assistance should call Jeremy Lewis at 303-692-1218.

Anyone attending ONLY the Chapter activities do not have to pay the ASFMRA registration fee. They will only be able to register for the tour activities and the Cardinals game. If they want to register for other ASFMRA activities or education, they will have to pay the \$35 member registration fee (\$65 for non-members). They should be able to follow this fairly easily once they start the registration process.

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Scholarship Auction is Successful, but not Record-Breaker

We didn't break any records, but we still did okay with our scholarship auction," says Richard Hiatt, chairman of the event which was held in conjunction with the March Illinois Land Values Conference. "I know everyone had a great time and we certainly celebrated St. Patrick's Day with a fun evening."

While not a record, the auction did raise \$5,539 in total revenues. The breakdown of distribution of those funds is such:



University of Illinois -- \$2,314 (42%)
Illinois State University -- \$1,715 (31%)
Southern Illinois University -- \$1,025 (19%)
Western Illinois University -- \$485 (9%)

Hiatt notes that the scholarship recipients will be selected later in the year and will be invited to attend the February 2011 ISPFMRA Annual Meeting.

(At left) Scholarship Auctioneer Wally Yoder worked the crowd and helped the group raise \$5,539.

Bret Says

(Continued from Page 1)

Some of these lead, or have leadership roles with, the organizations for which they work. However, they all have answered the call of helping when they were asked. This project continues to be an important income generator for the Chapter. Just as important, however, is the resource the *Land Values and Lease Trends Report* has become for Illinois agriculture. Bankers/ag lenders, farmland brokers, appraisers, attorneys, farm managers, farm management extension personnel, farm producers, landowners, etc, use this information as an indication of values, fair rental rates, and farmland trends. The volunteers who have participated realize this importance and strive for not only providing accurate data, but do an excellent job of interpreting this information for the public.

I know that most of us are involved in other volunteer groups. I have had the privilege to belong to a few where I have been honored to have served in leadership positions. The most successful of these groups have active volunteers, from bottom to top. Unfortunately, many organizations are "run" by their Board of Directors, with little input or desire for input from the members.

The ISPFMRA is an organization which is run by its members and these members volunteer. Your "Volunteer" Board of Directors has heard from you on a variety of issues and we continue to solicit your input. We are only as strong as you want us to be.

I end these comments with well wishes to you for a Safe Planting Season! Hope to see you in St. Louie in July!!

Bret Cude

Bret Cude, AFM, CCA

Mark Your Calendars

May

10-14 NAR Midyear Legislative Meetings
Washington, DC

July 2010

12-15 ASFMRA Education Week
Sheraton Tower, Westport, MO
15-16 ISPFMRA Annual Meeting/Business Meeting
Sheraton Tower, Westport, MO

Aug.

5-6 NAR Leadership Summit
Chicago
31-Sept. 2
Farm Progress Show, Boone, IA

September

12-16 ASFMRA Leadership Institute
Washington, DC
7 - 30 IAR Fall Conference
St. Charles, IL

November

1-4 ASFMRA Annual Meeting
Orlando, FL
3-8 Realtors Conference and Expo
New Orleans
RLI Annual Convention
New Orleans

January 2011

3 Illinois Ag Legislative Roundtable
Bloomington

February

17-18 2011 ISPFMRA Annual Meeting
Springfield

PROPOSED CHANGES TO ISPFMRA BYLAWS

The annual meeting of the ISPFMRA is currently being held in the fall, which also is the time of the annual meeting of the ASFMRA. The ISPFMRA Board of Directors has proposed a change of the Chapter's annual meeting to the late winter/early spring time of the year. A recent survey showed the majority of the membership agreeing with this change. The Illinois Chapter plans to hold its 2010 annual meeting during the summer, since the Bylaws require having an annual meeting each year. For 2011, the Chapter will be adopting the new meeting schedule for a late winter or early spring meeting time. To help coordinate the fiscal year with the new annual meeting time, the Board has proposed a change of the fiscal year of the ISPFMRA. In addition the Chapter will be changing the time frame in which it nominates and elects its officers. Two changes are proposed to accommodate that. The third group of proposed amendments eliminates all references to the American Society of Agricultural Consultants, a California nonprofit corporation ("ASAC").

Per Article 13 of the Bylaws, all amendments to the Bylaws shall be adopted by a two-thirds vote of the Accredited, Professional, Academic and Retired members of the Chapter present and constituting a quorum at any regular meeting. The Accredited, Professional, Academic, and Retired members attending the annual or special meeting of the membership on July 16, 2010 shall constitute a quorum.

The following are the proposed amendments to the bylaws:

(1) Proposed Amendment Regarding Fiscal Year:

Article 6, Section 1, Fiscal Year

The fiscal year of this Chapter shall be the ~~same as ASFMRA's fiscal year~~ **calendar year, January 1 through December 31.**

(2) Proposed Amendment Regarding Nomination Deadlines:

Section 7, Election of Officers.

The nominating committee shall make one or more nominations for the office of President, President-elect, and Vice President. The membership shall be notified of the Nominating Committee's nominations not later than ~~the October 10~~ **120 days** ~~which is~~ prior to the annual meeting. A member may be nominated for any office, and will be placed on the ballot, if a nominating petition is submitted containing 15 or more signatures of voting members and the signature of the nominee indicating a willingness to serve if elected. The petition must be submitted to the chairman of the Nominating Committee not later than ~~the October 31~~ **90 days** prior to the annual meeting. Voting members are those with the Accredited, Professional, Academic or Retired classifications.

(3) Proposed Amendments Regarding ASAC:

Article 3, Purposes, Section 1. Purposes:

The Chapter..... In addition, the purpose of the Chapter is to afford local members of ASFMRA ~~and the American Society of Agricultural Consultants, a California nonprofit corporation ("ASAC")~~ a suitable means for exchanging information and experience.

Article 3, Purposes, Section 2. Exempt Status:

The Chapter..... No part of the income of the Chapter shall inure to the benefit of any individual, any member of this Chapter, or any group of members of ASFMRA ~~or ASAC~~.

Article 4, Members, Section 1. Classes of Membership:

The Chapter shall only have members as set forth below and as classified by the ASFMRA ~~and/or ASAC~~.

Article 4, Members, Section 2. Qualifications:

The board of directors..... Such policies established by the board of directors shall comply with applicable membership policies of ASFMRA ~~and/or ASAC~~.

Notwithstanding any other qualifications of members which may be established by the board of directors, all members shall be members of ASFMRA ~~and/or ASAC~~.

Article 4, Members, Section 3. Termination, Suspension of Membership:

Any member may terminate his or her membership in the Chapter only upon termination or suspension of membership in ASFMRA ~~or ASAC~~. Written withdrawal of membership to the Chapter is required. The board of directors shall have the power, in its discretion, to suspend any member of the Chapter for such period of time, as it shall direct, or to expel any member for any violation of any provisions of these bylaws or of any rule or regulation, or of any policies adopted by the board of directors. Membership in the Chapter shall automatically terminate for any member who ceases to be a member of either ASFMRA ~~or ASAC~~.

Article 5, Dues, Assessments and Contributions, Section 1. Regular Members:

Regular members shall pay Chapter dues or assessments in the amounts and at the times determined by the Chapter board of directors. Such dues shall include the mandatory dues of ASFMRA ~~and/or ASAC~~. By August 1 of each year, the Chapter shall provide ASFMRA ~~and ASAC~~ a schedule of the dues it intends to charge its members during the next fiscal year. Invoices for Chapter dues shall be issued and collected by ASFMRA ~~and ASAC~~.

Article 7, Meetings of Members, Section 6. Notice of Meetings to ASFMRA ~~and ASAC~~:

Notice of all meetings of the members of this Chapter shall be given to the Executive Vice President of ASFMRA ~~and ASAC~~ no fewer than 30 days prior to the date of the meeting.

Article 8, Board of Directors, Section 2, Size of Board:

The Chapter shall have a board consisting of not less than six directors. All directors must be members of ASFMRA ~~and/or ASAC~~ and the Chapter.

Article 10, Officers and Duties, Section 1. Officers:

The officers..... All officers shall be members of ASFMRA ~~and/or ASAC~~.

Article 10, Officers and Duties, Section 4. Secretary:

The secretary shall..... This membership roster shall conform to the national membership list sent to the chapter by ASFMRA. Only members of ASFMRA ~~and/or ASAC~~ may be listed as chapter members in the membership roster.

Article 11, Committees, Section 1. Standing Committees:

The standing committees..... All members of the standing committees shall be members of ASFMRA ~~or ASAC~~.



2010 Membership Directory Revisions/Additions

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Corrections

The information shown below the respective member's name should replace the information shown in the printed directory.

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Cude, Bret
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Farr, Steven
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Hoyt, Dennis
Services: 1, 4

Meyer, Herbert
Services: 3

Reynolds, David
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Stoll, Dennis
Services: 1, 2, 4

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Wenger, Nathan
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Worrell, Allen
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Young, Robert
Services: 3



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Land Values Conference a Great Success



Between two great education programs on March 17, dynamic panel discussion and presentations on March

18, and a St. Patrick's Day party and scholarship auction sandwiched in between, the 2010 Illinois Land Values Conference was a great success breaking attendance records and filling the meeting room.



"I am certain the location had a lot to do with it," says Winnie Stortzum, one of the two co-chairs overseeing conference content. "The Parke Hotel and Conference Center was a great site and Bloomington is so centrally located for the core of our membership. And Dave Klein pulled together a really great panel from our own farm management group and they addressed the issues of farmland leases and rents. The guys really hit it all right on the head.

"We also had some excellent media representation and most members have likely seen some of the articles that have appeared regarding the days' presentations," she says.

"Special thanks to the organizations who sponsored activities at the two-day event," says Brian Duke, the other co-chair for the event. "Because of their support we were able to keep costs, and registration fees, down to an affordable level.

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Leadership Institute Undergoes Changes, Expands Program

The 2010 Leadership Institute, sponsored by Pioneer Hi-Bred International, Inc., is scheduled for Sept. 12-16 in Washington D.C.

The agenda will undergo a few changes for 2010 and will include a tour and overnight stay at Chesapeake Farms near Chestertown, MD. Chesapeake Farms is owned by DuPont Crop Protection and is a showplace for world-class environmental stewardship in a very environmentally sensitive location.

One key addition to the program is focused on the goal offering participants the opportunity for personal and professional growth from the Leadership Institute experience. The Institute will include a professionally-delivered Advocacy Communication Training session for those attending prior to the legislative visits. For training purposes, the session will focus on preparing to deliver the desired messages to legislators and staff in an effective way within the limited time available with them. However, these skills can be extremely useful in many professional situations where the ability to build rapport, deliver understandable messages, and answer tough questions can make the difference in achieving success.

This leadership training is available and beneficial to managers, appraisers and consultants.

Tuition to attend is \$595 and includes a shared sleeping room. If you desire a private room, you will be required to pay the additional costs for the nights you stay. Airfare expenses to and from Washington, D.C. are the individual's responsibility as are any incidental expenses and meals not covered by the Institute.

Alumni of the Institute all agree that it is a very worthwhile ASFMRA event!

Scholarships Available for Illinois Chapter Members

Scholarships of \$600 each are available for up to five Illinois Chapter members who attend the Leadership Institute. These scholarships are available on a first-come, first-served basis. These will be reimbursed after the Institute and once supporting documentation of attendance is provided. There are no restrictions on how the scholarship can be used by the individuals who attend the Institute.

Welcome New Members

Ludwig, Mary Christine

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asm@volomail.net

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Great Heart Seed Company
Horizon Genetics
Horizon Wind Energy
LandOwner Magazine
LG Seeds
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Pioneer Hi-Bred International
Rabo AgriFinance
Schroeder Seed Service
Stine Seed Co.
Syngenta Crop Protection
Trisler Seed Farms

Illinois Farmland Values - - At a Glance

by Bob Swires, AFM
General Chairman, 2010 Illinois Land Values Survey and Conference

The Illinois Chapter of Professional Farm Managers and Rural Appraisers are just that – **The Most Trusted Rural Property Professionals**. The farm management and rural appraisal service and consulting we offer our clients come from many years of experience, education, and professional training, tempered with a strong code of ethics.

Farm managers help clients accomplish their ownership goals. Most frequently those goals are:

- Maximize net income
- Maintain and improve rural property and its value over time.

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All of the members, including members of the RLI, are skilled communicators and give clients the necessary data to make **informed decisions** regarding their rural properties. We work for our clients!

Skilled professionalism is on display throughout this booklet. **Read regional reports** that are extremely informative and will give you a feel for the nature of the land market in that region. Common themes across the regions are:

Trends and Observations

1. There is a limited amount of land for sale. Transaction numbers across the state were low throughout the entire year. For example, in Region 2 “Good” tracts sold in 2008 - 11,000 acres; in 2009 - 5,900 acres. In some regions, the committee was cautious about identifying trends in certain categories because of the limited number of sales. That is a continuation of what we saw in the fourth quarter of 2008.

Potential sellers like the current returns, capital appreciation and safety of their farmland investment especially when compared to the low interest rates on CD’s and bonds and certainly the past performance of the stock market.

2. In 2009 land values started out steady, possibly lower, depending on the region. During the summer the limited number of sales appeared to have steady movement and we finished out 2009 with a very strong land market in almost all of the regions.

- Land prices in the spring of 2009 were soft with a few auctions resulting in “no sale”. Most were sold in private negotiations after auctions. In the fall/winter of 2009 there were not very many sales, and auctions had some very high prices.

- For farmland there is a lack of supply – for recreational and transitional tracts there is a lack of demand.

3. The majority of buyers are local farmers expanding their current operation, followed by a mix of local and non-local investors. Investors are looking to diversify their portfolio into a more safe and sound investment after the 2008/2009 financial crisis. There are no 1031 investors — make note of the **Region 4** discussion of size adjustment on tracts, possibly a reverse of past years now that farmers are the primary buyers, not 1031 investors.

4. Most of the sales were for cash, although low interest rates continue to make financing more affordable. Most sales do not have recordable mortgages.

5. There is strong demand for the Excellent category farms. Investors and farmers who are more return sensitive may be looking to invest in Good and Average tracts. New seed and chemical technology increases the productivity (returns) of the Good/Average categories.

6. Recreational tract demand has softened along with the price and the number of transactions. This seems to be **region sensitive** on both the overall price and direction.

7. Regions 1 and 2 had most of the Transitional sales volume, which is down sharply. The Transitional tracts appear to be headed towards farmland values. Land in this area is even more location and price sensitive. Downstate, where there are few transactions, the price seems to be tied to specific projects and many are either government or quasi-government projects (schools and hospitals).

- There have been a few transactions where a farmer from northeast Illinois sold land for development six years ago, and with a 1031, moved those proceeds downstate. With the drop in the land values in the northeast, and the increase in land values downstate, we have seen a few isolated incidences where they are selling the downstate property and reinvesting in specific properties back in the northeast.

8. Wind farm development is still very active, especially in the northern two-thirds of the state (Regions 1, 2, 3, 4 and 5 most active). Some of the farms have been up long enough to result in some sales of tracts with turbines (see Region 4 narrative). It is met with a mixed approach on the sale of the tracts.

9. On the energy front, ethanol ended 2009 on an upswing after an absolute disaster in late 2008/early 2009. Most plants in Illinois that can be are active, running near capacity and improving the basis and resulting income in their market areas.

Summary by Region

Region 1 (Northeast Illinois)

The number of transactions in this region is down over 50 percent. This may be reflective of fewer development projects occurring. There is no demand to acquire raw farmland for development. Some land with partial development (i.e. maybe water, sewer, roads or a combination thereof) continues to drop more towards farmland values. Some buyers of these tracts are interested in specific locations and are willing to hold for 7 to 10 years for possible future development.

The value of Good and Excellent tracts is down 4 percent. They continue to attract both investors and farmers as buyers. The decline in value may reflect a move towards a traditional farmland type value. Most farmers in the area looked to the Average tracts, and with limited supply, that is up 10 percent.

Rents are catching up to the balance of the state in relation to productivity. In some areas they are up as much as 20 percent.

Region 2 (Northwestern Illinois)

The Excellent categories are steady with sales in the \$6,200 per acre range and one sale exceeding \$8,700 per acre. Good and Average tracts seem to hold steady in value with the Fair increasing by as much as 10 percent. This region still reports some migration of buyers from the higher priced land to the east.

The Average land is in a relatively tight range of sales in the \$3,400 to \$4,500 per acre category. Farmer demand is pushing up the Fair category. This region's recreational properties are down sharply.

Rents are increasing as well, up anywhere from 5 to 25 percent overall. **Pasture rent** is included in this region's report with ranges from \$30 to \$80, depending on the condition of the pasture and various amenities.

Region 3 (Western Illinois)

Strong farmer demand has the Excellent and Good categories up to as high as 16 percent, with Excellent exceeding \$8,000 per acre. In the first half of the year, there were several public auctions that resulted in "no sale", only to be sold at near market values at private treaty after the auction.

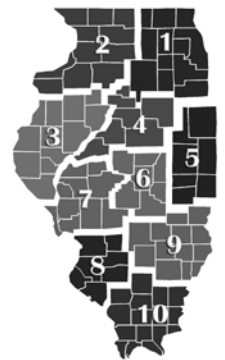
Ethanol was the issue in 2008 and the global economy dominated 2009. The value of the Average and Fair tracts placed greater weight on the agriculture characteristics, not the recreational characteristics. There were a lot of recreational type sales in this region with values steady-to-potentially-down 28 percent overall. Region 3 has provided **a great summary** to read.

Cash rents were stable-to-up-slightly. Depending on land class, they ranged from \$150 per acre up to \$400 per acre.

Region 4 (North Central Illinois)

There is an excellent summary of wind energy and rental analysis at the end of the Region 4 section.

Land values overall were steady-to-up 3 percent with several Excellent sales at \$7,500 per acre throughout the region. Private sales towards the end of the year seemed to lag auction sales.



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A low volume of both Good tracts and the overall recreational tracts makes it hard to determine value trends.

Transitional land again was on a tract- and project-driven basis. Region 4 team members question if undeveloped land in these transitional areas would be forced on the market in 2010 by lenders reviewing or tightening credit policy.

Cash rents in this area are relatively stable-to-up. Flex rents involving a price component were steady-to-down-slightly because of lower grain prices. Continued strong demand keeps competition and values up. Region 4 and other regions report an increase in the percentage of cash rent leases.

Region 5 (Eastern Illinois)

Land values in this part of the state were steady-to-up 10 percent. Farmers are still the predominant buyers with some investors. The reporter has noted farmers bringing investors to the table to buy land so that they could farm it. One observation is that auctions were getting slightly higher prices towards the end of 2009. The rate of increase was highest among the Excellent and Good categories with Average being just steady. As with all regions, volume was down significantly.

Cash rents were strong in the area. Those rates set in early 2009 were under pressure from high input costs and the decline in grain prices. That was the opposite for 2010 rents negotiated towards the end of 2009. The percentage of leases that are cash rent are increasing, but this area noticed an increase in custom farming.

Region 6 (Central Illinois)

This region reported strong demand and the overall land values were steady-to-up 2 percent. They noted auctions were having some mixed results as opposed to private treaties.

This region pointed out that the **new government program** and the ACRE program generated lots of talk but had little or no impact on land values.

“Public perception of ethanol seemed to calm down with lower corn prices and fuel prices.” Ethanol was the rage in discussion on land values in 2007 and 2008, but had pretty well died away in 2009.

Recreational values were down as a result of reduced demand which came as a reflection of the downturn in the economy and higher unemployment in this region.

Cash rents overall appeared to be steady-to-possibly-down slightly in the good category. High costs and a declining grain market were factors in negotiations.

Region 7 (West central Illinois)

Values for Excellent and Good categories were up 3 to 7 percent while Average and Below were steady. Eight out of 10 counties in this region had farmland sales in excess of \$7,000 per acre. Morgan and Sangamon counties had sales exceeding \$8,000 per acre. The majority of the buyers were local farmers.

At the beginning of the year there was a large land sale in the Montgomery county area and another of Good to Excellent type soils. The same owner had another large sale in October of some Average/Fair recreational type tracts. There is an **excellent narrative in Region 7.**

Recreational prices overall are down with questionable demand. This region did identify a decline in overall livestock numbers throughout the general area. Cash rents were stronger overall. Most of the leases were share rent and share with supplemental cash and cash rent. Rents for the Excellent category trended from \$250 to \$425, with Good in the \$210 area.

Region 8 (Southwest Illinois)

Average and Fair tracts with a few good tracts dominate this region. These categories overall were down as a result of less urban encroachment. There is still a location issue with the east side of the region being somewhat lower than the west side, which is closer to the St. Louis urban areas along the rivers. The few Good tracts are probably down as much as 10 percent. Average was steady-to-up 10 percent (see Region 8 narrative). Recreational tracts were softer, again reflecting reduced demand as a result of declines in the overall economy.

Transitional land is down possibly as much as 20 percent on a limited volume. This follows being up slightly in 2008

when this was one of the few areas in the state where development was still occurring.

With no Excellent tracts in this area, rents tend to be in the range of \$120 per acre to \$170 per acre with an increase in the number or percentage of flex type leases. **There is a good narrative at the end of Region 8 on flex leases and a strip mine sale.**

Region 9 (Southeastern Illinois)

Region 9 has lower productivity soils throughout the region with no Excellent and a limited number of Good tracts. The Average tracts are up as much as 15 percent, reflecting a limited supply of land in that area and several good financial years for the farmers.

An interesting analysis of land sales near Effingham has a December 2008 to December 2009 sale being up 12 percent but December 08 to May 2009 steady at best and possibly down slightly. That has been reflected over all of the regions of steady to low prices in the spring and a sharp upturn at the end of the year.

Recreational tracts overall are stable. Again, the low volume of transactions has appraisers a little anxious on establishing trends. The fairly extensive rural water systems in this area are a factor in some of the smaller Fair/Recreational tracts being potential building sites.

Share rent dominates this area with a 1/3-2/3 or 40/60 share arrangement. The percentage of cash rent leases is relatively low with the overall rates either steady or up slightly.

Region 10 (Southern Illinois)

The limited number of Good tract sales are steady. Average tracts are up as much as 13 percent and recreational tracts are up 3 percent. Most of the sales are private treaty. Location continues to be a major pricing factor as “pockets” is a location factor on the final value issues.

On the Average/Fair land, potential buyers are putting more weight on the agriculture component versus the recreational component of these tracts with a higher percentage of non-tillable.

Recreational tracts are still attracting a lot of out-of-state buyers. Those tracts are up as much as 3 percent.

The majority of leases in this area are crop share leases. There are few cash rent leases which are under between \$100 and \$150, up from 2008.

Land Values Summary

	<u>Excellent</u>	<u>Good</u>	<u>Average/Fair</u>	<u>Recreational</u>
Northern Region (1 & 2)	-4% to steady	-4% to steady	0 to +10%	-15%
Central Region (3-7)	0 to +10%	0 to +10%	0 to +12%	-5% to -30%
Southern Region (8, 9 and 10)	--	-10% to +15%	0 to +13%	-10% to +5%

The variation within the three regions is wider than we have seen in the past. That could be a function of the low number of sales and the different micro-markets that we are seeing develop not only within the state, but within the regions.

Cash Rent

It is difficult to identify cash rent the way it is to set value on farmland. Leases are **privately negotiated** business contracts that are not on the public record as are land sales. However, skilled professional farm managers can help a client

determine rent to meet the owners' goals. As you go down a country road, there can be upwards of a 40 percent differential in cash rents on identical types of ground.


This deals only with cash rents, although share rents and to some extent, flex rent, are still available and possibly growing in numbers. In 2009 many of the flex lease bonuses did not activate because of low grain prices.

A professional farm manager can help sort out the social versus business aspects of a farm operation. The analysis and communication can help the owner arrive at the best decision to attain their goals. The professional farm manager can help provide a lease, the implementation of a lease and monitoring the farming operations. Cash rent levels varied widely as you might expect throughout the regions.

Following is a summary of those ranges.

	<u>Excellent</u>	<u>Good</u>	<u>Average/Fair</u>	<u>Recreational</u>
Northern Region (1 & 2)	\$180 - \$375	\$150 - \$325	\$100-\$275	--
Central Region (3-7)	\$240 - \$400	\$200 - \$300	\$100 - \$225	--
Southern Region (8, 9 and 10)*	--	\$150 - \$180	\$175 - \$400	--

*These regions have more share rents and less cash rent leases.



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