

Illinois Society of Professional Farm Managers and Rural Appraisers



Partners in Illinois Agriculture

**Illinois Society of Professional Farm Managers and Rural Appraisers
(ISPFMRA)**

N78W14573 Appleton Ave., #287
Menomonee Falls, WI 53051

262-253-6902
www.ispfmra.org

ISPFMRA

Partners in Illinois Agriculture

About this Report

A detailed, multi-page survey was sent to the membership of the ISPFMRA in the summer of 2013. The responses were to reflect activity from 2012.

To avoid redundancy in responses, only one copy of the survey was sent to individual organizations no matter the number of employees. Those individuals who are listed as *Retired* or *Friends* were excluded from the initial sorting of member names. A basis of 116 member companies is used for tabulating the results. All information was collected and pooled. No data were compiled or retained on a per-company basis and no effort was made at ranking information by company response.

The results were collected tabulated in August 2013 and then organized in the categories printed inside.

(Note: Some particular subjects and columns add up to totals above or below 100 percent. This may be because of the nature of questions asked and the manner in which responses were submitted.)

Profile of Services

Farm Management and Real Estate Services

Number of Farm Management Firms	90
Average number of offices/branches per firm	1.6

Services Provided by Farm Management Firms

Farm Management	78.0 %
Real Estate Sales	13.2 %
Appraisal Services	4.9 %
Insurance Services	2.2 %
Crop Consulting	1.2 %

Property Management

Total Properties Managed	6,261
Average number of Properties managed	72
Average number of Managers	2.25
Average number of properties per manager	32

Value of properties managed in 2012	\$20,760,743,000
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Clients

Total number of management clients	5,664
Total number of Tenants/Operators	4,601

Types of Clients

Individuals	39.7 %
Trusts	23.9 %
Multiple Owners	15.2 %
Family Corporations	7.3 %
Limited Corporations	5.4 %
Non-family corporations	1.4 %
Other	1.1 %
General	0.9 %

Acres Managed

Total Acres	2,030,118.9
Percentage of total Illinois Agricultural Land*	7.6 %
Acres Managed per Farm Manager	10,025.3
Corn	1,170,414.0
Soybeans	788,298.3
Wheat	31,682.5
Pasture	17,402.9
Other	9,845.5
Rice	5,800.0
Permanent Plantings	4,329.7
Alfalfa	2,346.0

*Based on USDA Total Illinois Farmland Acres

Management Trends

Since 2003

Average # of acres	Up 13.3 %
Average # of Properties	Up 13.6 %

Forecast for 2023

Average # of Acres	Up 17.5 %
Average # of Properties	Up 18.6 %

Crops Managed

Corn	54.3 %
Soybeans	38.7 %
Wheat	1.4 %
Permanent Plantings	1.1 %
Rice	1.0 %
Other	0.9 %
(CRP, conservation, timber, seed corn)	
Pasture	0.8 %
Alfalfa	0.1 %

Tillage Practices on Properties Managed

Mulch Tillage (more than 30% residue)	57.6 %
Conventional Tillage (less than 30% residue)	38.8 %
Other (strip till)	19.3 %
Ridge Till	4.3 %
Conservation Compliant	99.2 %

Lease Types

Crop Share	48.4 %
Fixed Cash Rent	29.1 %
Variable Cash Rent	20.4 %
Direct or Custom Farming	13.7 %
Bushel Cash Rent	0.1 %

Participation in Input Decisions

Level of Involvement with Decision-Making

Percentage

	0-25	25-49	50	51-75	76+
<i>Crop Share</i>					
Fertilizer	0	0	46.1	26.9	26.9
Crop Protection	0	11.5	46.1	7.7	34.6
Seed	3.8	8.0	46.1	15.4	26.9
Land Improvements	0	0	0	8.0	92.0
<i>Cash Rent (fixed or variable)</i>					
Fertilizer	33.3	22.2	22.2	7.4	14.8
Crop Protection	71.4	14.3	10.7	3.6	0
Seed	78.6	14.3	3.6	3.6	0
Land Improvements	0	0	3.6	96.4	
<i>Direct or Custom</i>					
Fertilizer	5.6	0	0	5.6	88.4
Crop Protection	5.6	0	5.6	0	88.4
Seed	5.6	0	0	0	94.4
Land Improvements	5.6	0	0	0	94.4
<i>Bushel</i> (negligible)					

Professional Affiliation

ASFMRA Membership	99.8 %
AFM Designation	80.1 %
AAC Designation	4.8 %

Real Estate Brokerage Services

Number of properties listed in 2012	728
Value of Properties listed	\$6,005,085,100

Appraisal Services

Number of Appraisal Firms	26
Amount of business that is appraisal service	97.8 %
Average number of offices/branches	1.1
Average number of appraisers on staff	3.3
Employees who are state licensed	96.5 %

2012 Appraisals

Total number of appraisals	1,717
Agricultural	67.4 %
Residential	11.2 %
Conservation Easements	7.0 %
Commercial	2.8 %

Appraisal Clients

Lenders	36.6 %
Estates	28.5 %
Individuals	19.6 %
Other	13.5 %
Commercial	1.8 %

Valuation placed on Appraised Properties in 2012

All properties	\$7,506,871,400
Agricultural properties	\$5,059,631,300

ABOUT THE SOCIETY

Profitable agricultural production requires an intimate understanding of farmland, the single most valuable input of most agricultural enterprises. Understanding the complexities of agricultural production and marketing to meet the challenges of the 21st century is a job for specialists. Members of ISPFMRA are specialists who dedicate their efforts to acquiring and enriching their knowledge and skills in order to provide the highest quality agricultural management, appraisal, and consulting services.

The ISPFMRA is one of 37 Chapters of the American Society of Farm Managers and Rural Appraisers. The Chapter, founded in 1928, is the oldest and largest state organization of its kind in the United States. Members are professionals devoted to the management and appraisal of rural property and agricultural consulting.

Activities include:

- educational courses and seminars
- courses and tours for members to learn about new agricultural production and marketing practices
- an annual meeting to help farm managers, rural appraisers and agricultural consultants improve their abilities in the profession
- primary sponsorship of the annual Illinois Land Values Conference and the *Farmland Values and Lease Trends Report*
- publishing a quarterly newsletter
- cooperating with, and supporting, all agencies who strive to improve Illinois and American agriculture

CODE OF ETHICS

All professional farm managers, rural appraisers, and consultants must meet standards of education, training and experience as established by the American Society of Farm Managers and Rural Appraisers. Members operate under a strict code of ethics and standards of conduct for each member and to which each member agrees to be held accountable.

CONTINUING EDUCATION

All professional and accredited members must participate in a mandatory continuing education program of the American Society. An accredited or professional member must accumulate 60 hours of continuing education during a consecutive three-year period. Other members are encouraged to participate in continuing education events.

PROFESSIONAL FARM MANAGEMENT

Professional farm managers provide expertise to landowners. Typical services provided by professional farm managers include the following:

- selection of farm operators
- lease analysis and recommendations
- financial and production record keeping
- marketing of crops/livestock
- purchasing of seed, pesticides, fertilizer, etc.
- soil conservation management
- financial management
- capital improvement analysis, recommendations and supervision
- general crop and livestock planning.

Professional farm managers serve as an administrative link between owners and farm operators. Professional farm managers are committed to maximizing returns for the owner while maintaining or improving the quality of the land and capital assets.

PROFESSIONAL RURAL APPRAISAL

A professional rural appraiser estimates current value based on the highest and best use of the property.

Professional appraisals are valuable to estimate fair market value, eminent domain/condemnation, for mortgage loan purposes and to determine income earning capacity, for estate division and settlement, for inheritance or gift taxes, and real estate tax assessments.

- Appraisers may use three approaches to estimate value: income capitalization, sales comparison, and cost.
- Appraisers reports contain information about the subject property, the appraiser's opinion of value, and a documented basis and reasoning supporting that opinion.
- Appraisals are completed following the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.

Note: Laws in the State of Illinois require that anyone who develops real estate appraisals, practices as a real estate appraiser, advertises or hold themselves out to be a real estate appraiser, solicits clients or enters into an appraisal engagement with clients, MUST BE State licensed. Accreditation of a member does not imply state licensure.

ACCREDITED MEMBERS

The titles "AFM," "ARA," "RPRA," and "AAC" are professional titles: "Accredited Farm Manager," "Accredited Rural Appraiser," "Real Property Review Appraiser," "Accredited Agricultural Consultant", respectively. All titles are marks of professional competence and achievement and are conferred by the American Society of Farm Managers and Rural Appraisers.

ACCREDITED FARM MANAGERS

Farm Managers offer professional management services to farmland owners to help them optimize the returns from their asset. Using their expertise in working with people, crop and livestock production, commodity marketing, soil conservation, financial analysis and accounting, and real estate brokerage, farm managers help their clients maintain and improve the value of their asset and generate cash returns that meet their client's objectives.

Managers follow a code of ethics and strive to provide high quality services that include leasing and tenant selection, crop production planning and supervision, improvement project management, commodity sales planning and execution, record keeping and investment analysis. An Accredited Farm Manager has achieved the highest level of professionalism and education in the industry.

The AFM:

- Has specialized expertise to keep an operation profitable and sustainable
- Practices sound business to manage production inputs to improve margins
- Has an understanding of environmental issues for compliance with governmental regulations
- Has the knowledge of government activities that affect agriculture including taxation, regulations, legislation and subsidies

ACCREDITED RURAL APPRAISERS

Appraisals of agricultural enterprises and rural properties demand qualified experts who understand the complexity and intricacy of modern agriculture and today's rural environment. Rural Appraisers serve land owners and lenders in providing property valuations upon which lenders, farmers, and investors can base lending or investment decisions. They keep up with today's ever changing land values to provide expert estimates and analysis of the market value of improved or unimproved rural real estate. The property's appraised value is used for sale or purchase, estate or financial planning, lease and rental provisions, loan collateral, tax considerations, and many other applications. Description of the land and improvements, discussion of future use, estimated property value based on probable income, cost to duplicate, and comparison with recently sold properties is included in the information provided by a professional appraiser.

The ARA:

- Has expertise in the appraisal of rural and agricultural property
- Is educated and experienced in the exploration of soil, water quality and availability, crop potential and improvements to estimate value of land
- Adheres to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP)
- Has a network of agribusiness professionals to share information with

REAL PROPERTY REVIEW APPRAISERS

The complexity of today's financial and legal environments demands expertise for appraisal review services. Real Property Review Appraisers prepare a professional review that is an in-depth analysis of the accumulation of those underlying factors that, when combined, serve as a basis for the estimate of value of the property. The reviewer confirms that the appraiser properly assessed those factors in reaching the value estimate. A review assures an accurate appraisal of real property involved in a transaction such as inheritance taxes, estate planning, buying or selling, settling an estate or dividing a property. A competently-prepared appraisal review also gives added support to the strength of an appraisal, or will identify the weaknesses and corrections necessary to make the appraisal acceptable. The RPRA is uniquely educated, understands the changing face of the appraisal industry, and can ensure that an appraisal is in compliance with regulations and requirements. The RPRA's appraisal review provides a superior evaluation for all types of enterprises and properties.

The RPRA signifies the highest level of expertise in the review appraisal process. The RPRA's advanced expertise ensures accuracy for clients needing appraisal reviews of complex properties or situations. An RPRA adheres to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and has additional expertise exceeding state certification and licensing requirements.

The RPRA:

- Provides focus and knowledge in appraisal review
- Is educated and trained to provide an expert opinion of appraisals
- Can determine if appraisals comply with government regulations and Requirements
- Networks with colleagues for assistance when unusual or special circumstances arise

ACCREDITED AGRICULTURAL CONSULTANTS

Ag Consulting is the fastest growing field in agriculture. The role of agricultural consultants is becoming more and more critical as agriculture enters the fast paced era of consolidation, technology, specialization, mergers, and reformation. An Accredited Agricultural Consultant (AAC) trained in the delivery of their consulting expertise to the market and in the management of their consulting business have set themselves apart from the competition by earning an AAC (Accredited Agricultural Consultant) designation.

AACs provide the highest quality management consulting service to rural America. The agricultural consultant advises clients on business decisions about the current operation of, and future opportunities for, the client's enterprise. An AAC may focus on financial matters, business structure, human relations and personnel management, business succession planning, or production and operation issues.

With technology changing so rapidly, consultants provide specialized knowledge to business operators, enabling them to keep up with changes and developments needed to adapt and remain profitable.

"Friends of the Chapter" Opens Membership Opportunities

The Illinois Society of Professional Farm Managers and Rural Appraisers has widened its networking focus by creating a special membership category – *"Friends of the Chapter."* We invite anyone with an interest in our organization, but who does not otherwise qualify for membership (*as practicing farm managers, rural appraisers, or agricultural consultants*) to join us!

As a *"Friend of the Chapter"* you will enjoy all the benefits of the Illinois Chapter except voting rights. You will be listed as a *Friend of the Chapter* in our membership directory, and will receive the ISPFMRA Newsletter. You will qualify for discounted member rates on all Illinois Chapter-sponsored courses, meetings and events. *Friends of the Chapter* also enjoy a strong networking connection to our organization and its members as we focus on the business of agriculture.

We encourage you, and any interested person who does not manage or appraise Illinois farmland or provide agricultural consulting as a business, to join us. We welcome you!

For further information visit www.ispfmra.org and click on the *"Friends of the Chapter"* link.

For the latest in ISPFMRA News and other Activities
Visit
www.ispfmra.org



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N78W14573 Appleton Ave., #287
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262-253-6902 - Telephone
262-253-6903 - Fax

ispfmra@countryside-marketing.com