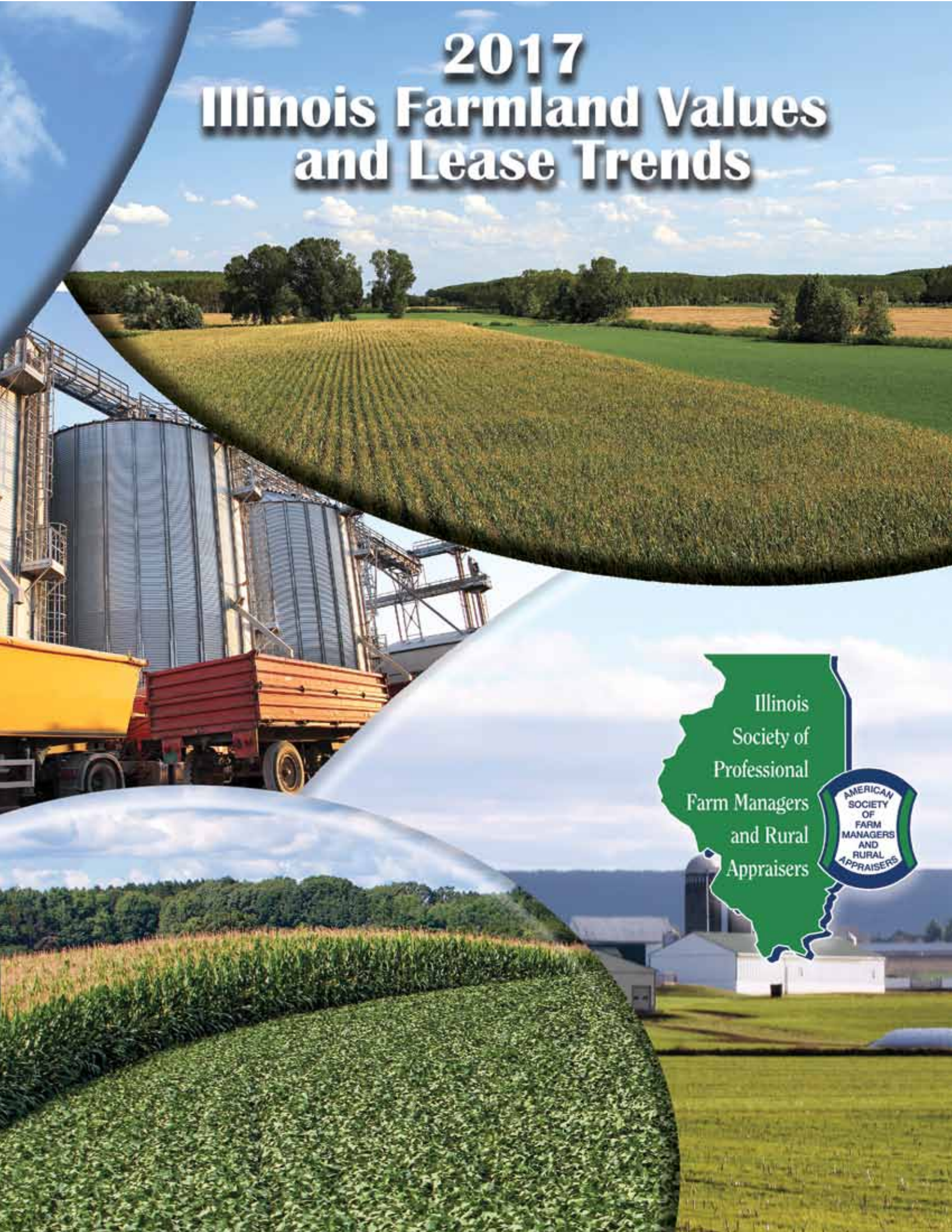


2017 Illinois Farmland Values and Lease Trends



2017 Illinois Land Values and Lease Trends



Published by the
Illinois Society of
Professional Farm Managers
and Rural Appraisers

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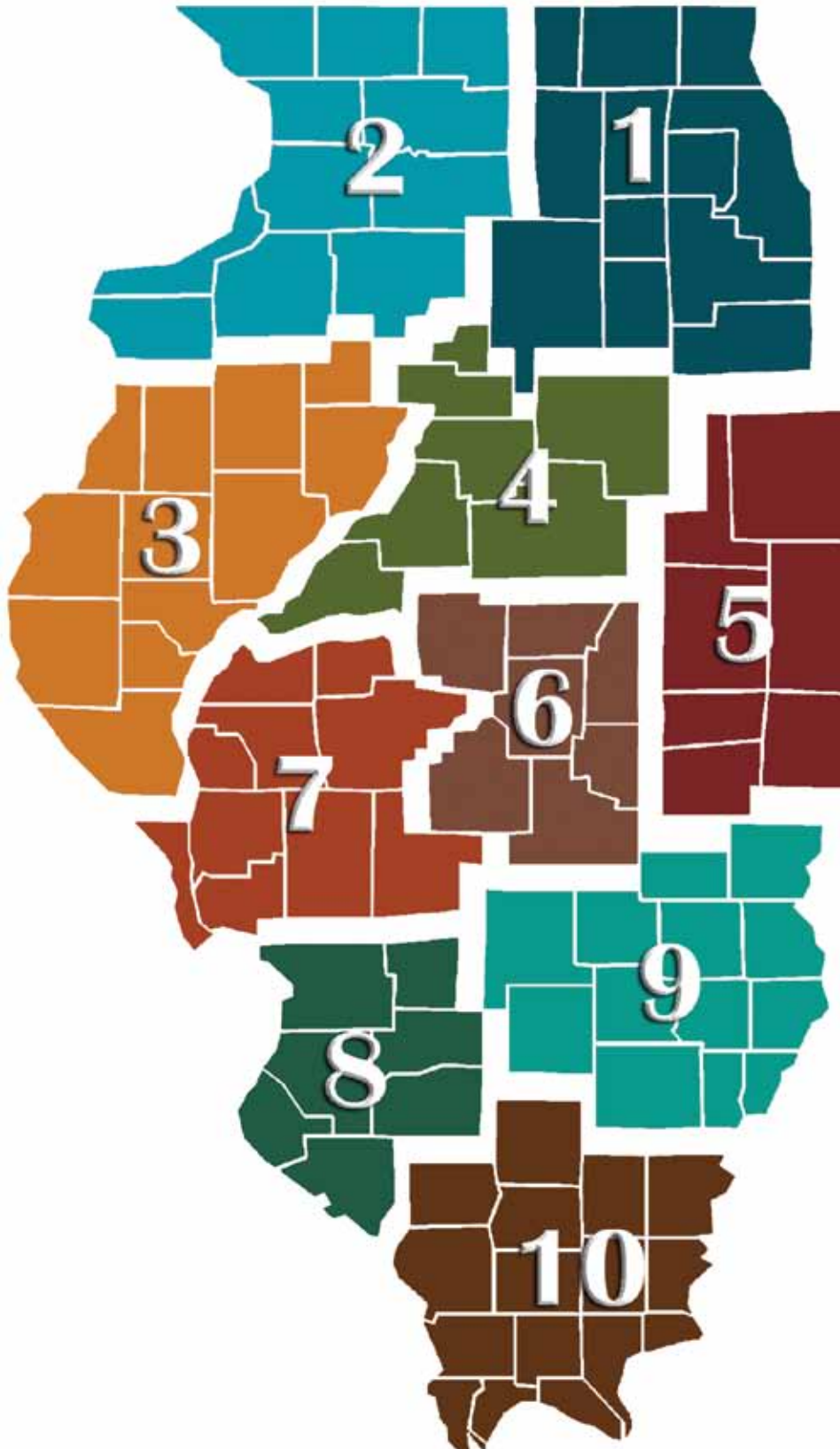
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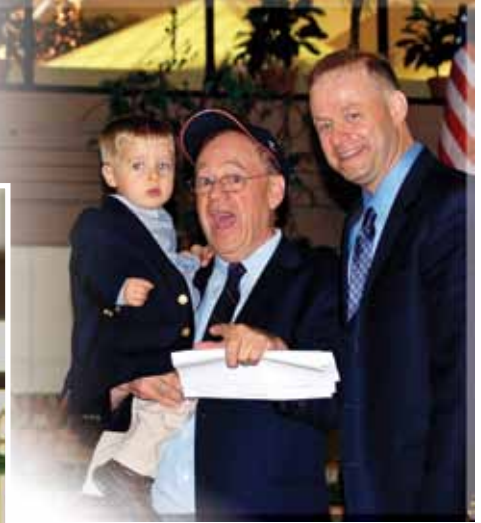


Region Map



- 1. Northeast**
- 2. Northwest**
- 3. Western**
- 4. North Central**
- 5. Eastern**
- 6. Central**
- 7. West Central**
- 8. Southwest**
- 9. Southeast**
- 10. Southern**

This Land Values and Lease Trends Report is dedicated to



Mac Boyd

June 13, 1943 - December 20, 2016

A colleague to thousands and a friend to everyone he ever met

Accredited Rural Appraiser (ARA) - American Society of Farm Managers and Rural Appraisers
Accredited Land Consultant (ALC) - Realtors Land Institute
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(served other offices for previous 3 years
and on Board of Director (1984 - 1991)
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ISPFMRA President's Message



Eric Wilkinson, AFM

President

Illinois Society of
Professional Farm Managers
and Rural Appraisers

We are pleased to present to you the 2017 Illinois Farmland Values and Lease Trends Report. This report and its summary are presented each year at our Illinois Land Values Conference. Every year we are amazed at the attendance and interest in the meeting and materials. We thank you for your support and continued interest in this effort.

This report is a result of the work of an excellent team of volunteers and members of the Illinois Society of Professional Farm Managers and Rural Appraisers. This team has developed and improved the report over the last 22 years, and what you are holding is the proof of our continued efforts to provide the best information in the industry.

I want to offer our most sincere “thank you” to the committee chairs, the regional chairs, and all of the members that contribute to the information provided. Also, we are very grateful for the relationship we have with the University of Illinois, Dr. Bruce Sherrick and Dr. Gary Schnitkey for the data collection and survey information. This is a large project and every year the team adds to it and provides better information. This is a great story with data to confirm the trends happening in the farmland market.

I also want to thank our sponsors and our advertising group. It is with your support that we can produce such a high quality and professional report.

We hope that you enjoy the 22nd edition of the Farmland Values and Lease Trends Report. We also hope that the information within provides value to you. We would encourage you to stay tuned for our updates on land values throughout the year by visiting our website at www.ispfmra.org and plan to attend the 2018 conference. Please, feel free to contact any of our members with questions about the report or the services they provide.

A handwritten signature in black ink that reads "Eric M. Wilkinson". The signature is written in a cursive style with a long horizontal stroke at the end.

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Illinois Farmland Values and Lease Trends

By David E. Klein, AFM, ALC & Dale E. Aupperle, AFM, ARA
General Chairmen, 2017 Illinois Farmland Values Survey & Conference

2016 brought continued challenges for Illinois agriculture with increasing grain supplies and wide price variations as a result of one of the best growing seasons ever recorded. Most farm incomes continued their retracement from recent historical highs. As we begin 2017, farmland seems to be finding its footing as farmland owners and investors continue to seek this tightly held asset class with its unique investment characteristics.

Our team of professionals from across the state has provided detailed information that we're sure you will find interesting within this *2017 Illinois Farmland Values and Lease Trends Report*. You will notice pockets of strength and weakness are reported by the various regions as we continue through this choppy market.

• **ISPFMRA Members** -- As you work within the Illinois farmland market you will encounter numerous Illinois Society members in their roles as farm managers, rural appraisers, consultants and real estate brokers. These professionals have shared their experiences, expertise, opinions and data from their active files with you. It is the best you can get. Our thanks to the over 70 members that pitched in on this effort! A special thanks goes to Executive Director Carroll Merry and the team at Countryside Marketing who do an amazing job to produce this report each and every year!

• **University of Illinois** -- The College of ACES is a collection of some of the brightest minds in agriculture – and Dr. Bruce Sherrick, Ph.D. and Dr. Gary Schnitkey, Ph.D. are among the best and most respected around. They unselfishly share their talent and time with us to produce this unmatched report. Bruce works with the real estate data from each regional data group and is constantly giving us ideas on how to further investigate the Illinois farmland market for changing trends and data-driven information. Gary is an expert at surveys and coordinates our mid-year and year-end surveys on farmland values and lease trends. Several other professionals in the College of Agricultural Consumer and Environmental Sciences contribute to our *Report* by writing the articles that you will find in the addendum of this report.

• **Realtors Land Institute** -- The members of the Illinois Farm and Land Chapter of the Realtors Land Institute are experts who work in the farm real estate market across Illinois every day. They know the market as well as anyone. A special thanks goes to Executive Officer Jill Bernahl, who coordinates our annual professional continuing education efforts at the Land Values Conference.

• **Our Sponsors** -- A special note of thanks goes to the individuals and firms who advertise in our report and support the Land Values Conference each March. You will find these businesses actively promoting agriculture in their respective areas.

2016 Land Values and Rental Rates -- There is a lot of information in this *Report* to cover all 10 Regions of Illinois. As a quick summary, our 2016 data shows the excellent quality farmland in each region of the state has exhibited a moderating trend in land values and cash rents as noted below:

Region	Excellent Quality 2016 Farmland Values December 31, 2016	Cash Rent (from December 31, 2015)
Northern Illinois (Regions 1&2)	\$10,500-\$11,500 per ac. (Down 7-13%)	\$300-325 per ac. (Down 4%)
Central Illinois (Regions 3,4,5,6 & 7)	\$10,300-\$12,200 per ac. (Down 5-10%)	\$300-350 per ac. (Steady)
Southern Illinois (Regions 8,9,10)	\$8,000-10,700 per ac. (Down 5-10%)	\$160-285 per ac. (Steady)

In our year-end survey – we get some clear insight as to what farmland value changes occurred in the past year.

Table 1. Estimates of Land Price, Beginning and Ending of 2016.

Productivity	Date		Percent Change
	January 1, 2016	December 31, 2016	
	\$ per acre		
Excellent	11,600	11,000	-5%
Good	10,100	9,500	-6%
Average	8,200	7,200	-12%
Fair	6,900	5,900	-14%

Note – While we have noted a continued lower trend, there does appear to be some stabilization entering 2017.

ISPFMRA and RLI Members monitor the pulse of the Illinois farmland market every day. Gary Schnitkey captured their observations and outlook in our year-end survey. Here are some of the interesting facts that you can find out by reading Gary’s report at the end of this book:

- **Sellers of Farmland** – Estates accounted for 56 percent of the volume of Illinois farmland sold. This is actually statistically the same as 2015 and an indication of a healthy farmland market.

- **Buyers of Farmland** -- Farmers accounted for 63 percent of the purchase made in 2016. Most were reinvesting into their farm business – where they know the value as well as anyone! When farmers stepped aside, investors are looking for opportunities, especially in some of the more moderate land classes.

- **Methods of Sale** -- More farms were sold by private treaty in 2016 than any other method, a trend continuing from 2015. This signals more negotiating was occurring as buyers attempt to minimize downside price risk. Thirty-nine percent of the transactions were at auction. In an uncertain market auctions can bring decision makers together quickly! As a result, we saw a higher level of “no sales” occurring at auction, especially early in 2016. By late 2016 most sellers perspectives had been realigned to the market, and most auctioned farmland was sold, even if it was at a lower price level.

- **Cash Rents** – Generally speaking, farm incomes were lower in 2016 with additional challenges anticipated in 2017. Frequently crop share leases turn over to at least a modified cash rent lease when land is bought and sold. Cash rents for 2016 declined by roughly \$25 per acre to a \$325 average on excellent quality farmland. Most ISPFMRA members expect 2017 cash rents on excellent quality soil farms to be near that same level or slightly less, but there is a bit of stabilization occurring in the rental rates as landowners have been resistant to move much lower. In some areas open market rental of farmland has been very strong.

- **Net Farm Income** – Farmland is what it earns! Belt tightening can be heard throughout the countryside. While 2016 was a struggle, higher soybean prices and great production will improve farm gate returns slightly from 2015. Government Program payments provided many producers with additional cash flow in the last quarter of 2016, which was helpful. Spring crop insurance prices will also be significantly higher in 2017 as compared to 2016 for soybeans and slightly higher for corn. This offers some additional revenue protection for 2017. On the expense side, crop input providers are being challenged by farmers this winter to become more competitive to help their bottom line.

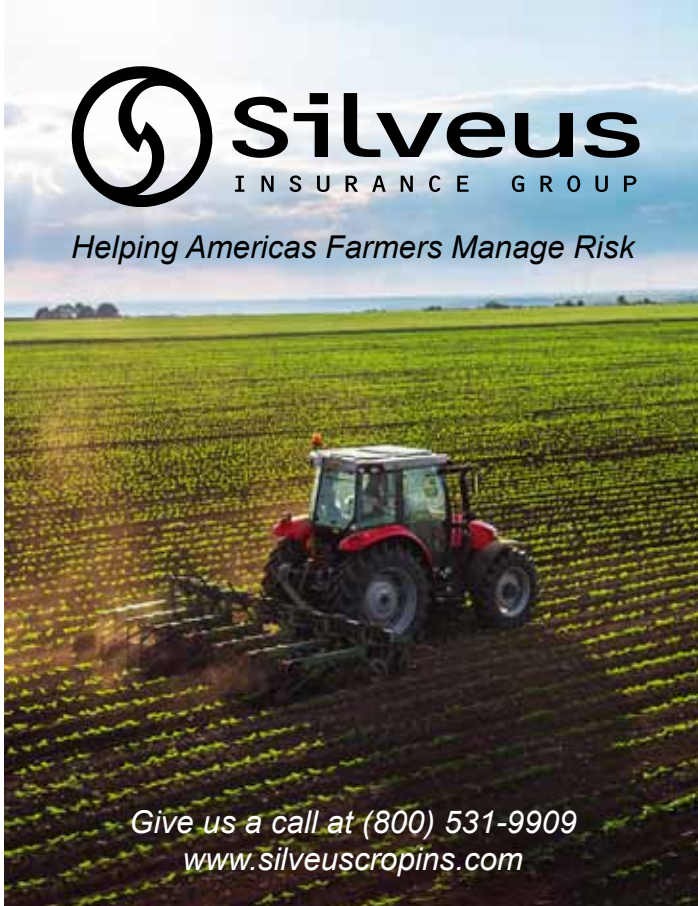
- **Cash Return on Investment** -- Our traditional 3.5% - 4.0% cash return on farmland investments is diminished by the lower commodity prices and high input costs. Those cash returns are now in the 2.0% - 3.0% range. Several investors still find this acceptable when looking at alternatives and the opportunity for portfolio diversification.



General Concerns:

- **Growing grain inventories** -- 80 percent of our respondents are concerned about potential price decreases if another record U.S. crop is grown in 2017.
- **Interest Rates** – Rising interest rates started in 2016 and continue to slowly increase. Adjustments to curb inflationary pressure will be watched closely. This was a concern for 72 percent of those surveyed.
- **Government Policy** – Following the 2016 Presidential election, changes in ethanol mandates and international trade policy issues weigh heavily on the minds of over 50 percent of our surveyed members.
- **Dollar Exchange Rate** – Other worldwide currencies were devalued in the latter part of 2015 and early 2016. This makes our U.S. Dollar-based grain more expensive on the world export market, as well as our farmland! This slows down international investment here.
- **Auction Sales** – Auction sales continue to show pockets of strength and relative softness. Class A Farms selling in Tazewell County for \$13,100 - \$14,300 or Macon County for \$11,700 per acre, early in 2017 show strength still exists in areas, but an increasing number of lower sales that did not meet expectations in November/December 2016 also shows that a farm auction isn't always going to give sellers the answer they want! It takes two motivated buyers to make a good auction!
- **Tract Sizes** -- Tract sizes were generally larger in 2016 than 2015. This may have also contributed to some of the price decreases as fewer buyers have the capacity to purchase larger parcels of farmland.
- **Transitional/Development Land** – Very few tracts of land continue to be sold for development. While new construction activity is picking up in the collar counties, many are in existing subdivision developments that were started 8 - 10 years ago. As a result, very little 1031 tax deferred exchange money exists in the current market.
- **Institutional Money** – Larger tracts of land continue to draw interest from institutional investors, pension funds, international buyers and others. This source of demand for farmland in Illinois has likely kept values more stable than restrictive ownership states west of the Mississippi River.
- **Farmland Availability** – Farmland supply to the market remained fairly tight throughout 2016 until year end when the seasonal increase occurred in November and December. 84 percent believed there was either the same volume or less farmland available to purchase in 2016. This is the opposite of what many expected to see happen from survey results a year ago. At that time, most of our membership expected 2016 to see a larger supply come to the market. This relatively tight supply has likely kept farmland values more stable in Illinois.

In Summary: 2016 provided us a challenging year as we enter 2017. Record grain harvests the past two years for our main crops led to downward pressure on prices. Farm income and farmland values are adjusting but there



The image is a vertical advertisement for Silveus Insurance Group. At the top, the company logo features a stylized circular emblem with a 'G' shape inside, followed by the word 'silveus' in a bold, lowercase sans-serif font, and 'INSURANCE GROUP' in a smaller, all-caps sans-serif font below it. Underneath the logo is the tagline 'Helping Americas Farmers Manage Risk' in an italicized serif font. The background of the advertisement is a photograph of a red tractor with a tillage implement working in a large, green agricultural field under a clear sky. At the bottom of the image, the text 'Give us a call at (800) 531-9909' and the website 'www.silveuscropins.com' are displayed in a white, sans-serif font.

are signs of optimism. Interest rates and farm debt-to-asset ratios remain historically low as farmers manage their balance sheets. Crop input costs continue to moderate. Competition for land remains relatively strong. With continued low interest rates and potentially volatile equity markets, productive farmland continues to be a safe-haven for both farmers and investors.

Our ISPFMRA and RLI members are the experts in this industry. More than ever, this is a time to rely on their wisdom, knowledge and guidance, whether buying, selling, managing or appraising farmland in Illinois to help you meet your goals in this fast changing market.



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The **TIAA Center for Farmland Research** is a Unit in the Department of Agricultural and Consumer Economics at the University of Illinois. The **Center** conducts research, hosts academic symposiums, and works to inform policy on issues related to farmland prices and the financial aspects of farm management. Faculty in the Center work with groups such as the ISPFMRA as they provide valuable information and service to those interested in farmland markets. The Center also partners with and supports *farmdoc* (<http://farmdoc.illinois.edu/>) and *farmdocdaily* (<http://farmdocdaily.illinois.edu/>) – the University’s online research program on the agricultural sector.

-- Visit us on the web at: <http://farmland.illinois.edu/>

Friends of the Chapter

We’re excited about a membership offering that might be right for you!

The Illinois Society of Farm Managers and Rural Appraisers has widened its networking focus by creating a special membership category – “*Friends of the Chapter*.” We invite individuals or organizations with an interest in the Chapter, but who do 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 or organization not directly managing or appraising Illinois farmland or providing agricultural consulting as a business, to join us.

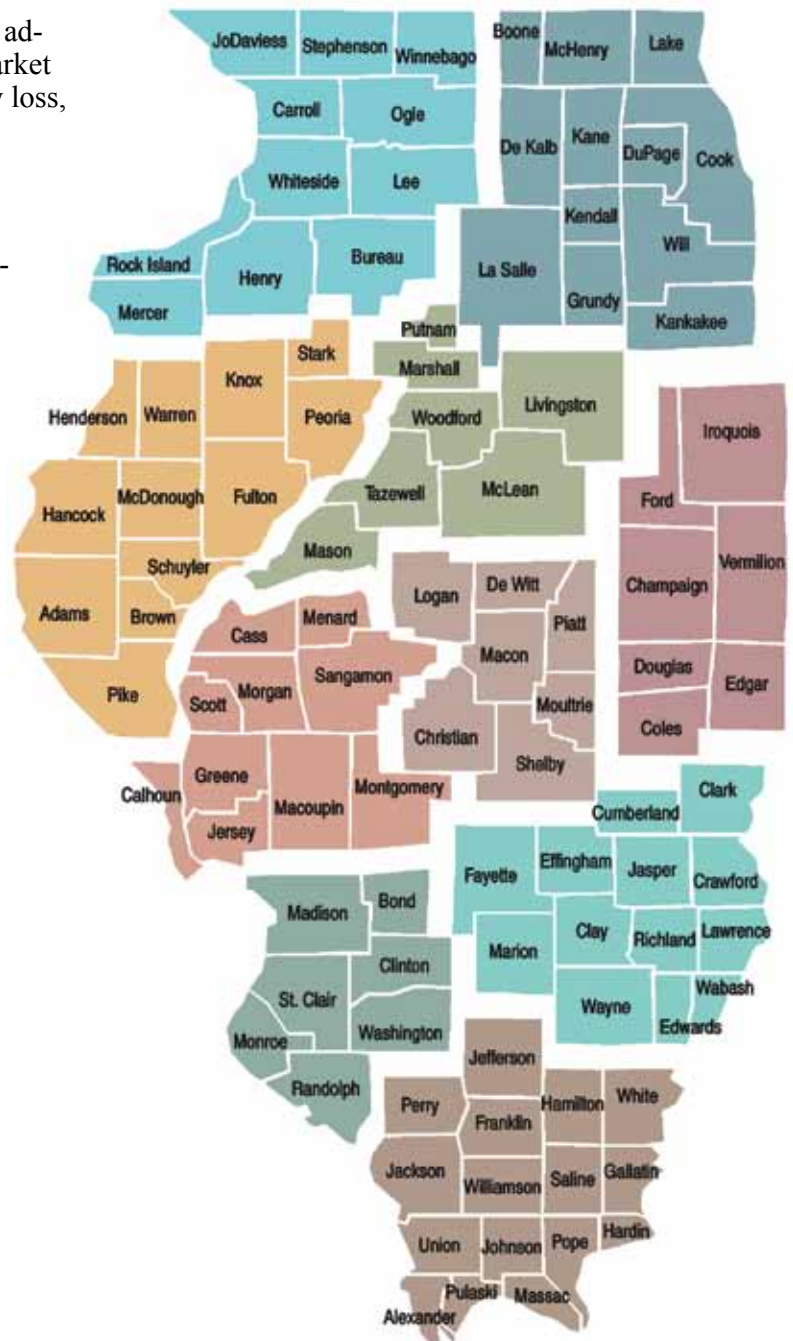
We welcome you!

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

Farm Property Classifications & Definitions

To standardize our data collection, the following definitions were used in developing the various categories. Productivity indexes based on Bulletin 811 are used in developing these profiles.

- **Excellent Productivity Tract** – productive durable soils with a significant amount of those soils with productivity indexes of 133 and above; well maintained; located in desirable community with excellent access to transportation and markets.
- **Good Productivity Tract** – productive soils with a significant amount of those soils holding productivity indexes of 117 to 132; located in desirable community with good transportation and market access.
- **Average Productivity Tract** – average-to-good soils with a significant amount of those soils with productivity indexes of 100 to 116; located in a community with adequate services available; fair transportation and market access; soils may show evidence of erosion, fertility loss, improper drainage or noxious weed infestations.
- **Fair Productivity Tract** – below average-to-fair soils with a significant amount of those soils with productivity indexes below 100; located in fair community with fair-to-poor transportation and market access; topography may be adverse with serious hazards (flooding, erosion, etc.).
- **Recreational Tracts** – tracts are normally high in non-tillable acres with soils that may be subject to erosion and/or flooding. Tracts are typically purchased by nonresident owners for hunting, fishing and other recreational pursuits.
- **Transitional Tracts** – tracts that are well located and have good potential for development uses within a few years. Tracts may be used for commercial or residential uses.



Productivity Indexes (P/I) Ranges

Excellent	133 - 147 (Highest)
Good	117 - 132
Average	100 - 116
Fair	Less than 100

(See Inside Back Cover for P/I map)



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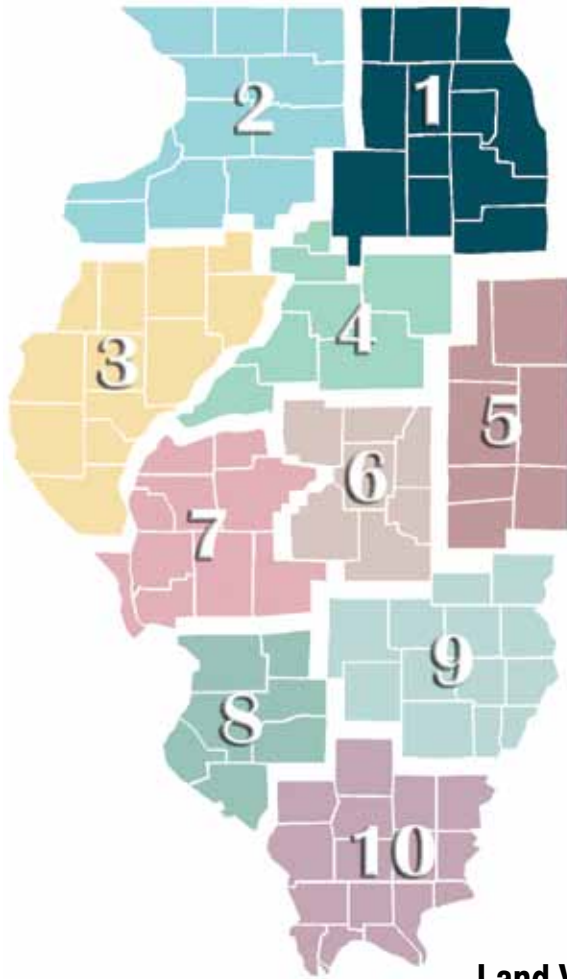
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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$10,500	Down 11%	Down 25%	\$300	Down 10%	\$300
Good Productivity	\$8,200	Down 7%	Down 25%	\$250	Steady	\$250
Average Productivity	\$7,200	Down 5%	Down 25%	\$200	Steady	\$200
Fair Productivity				\$125	Steady	\$125

Region 1 includes Will, Kankakee, Kendall, Kane, DeKalb, Grundy, LaSalle and Boone counties. Land values and the volume of sales were down in 2016. Cash rents on the high end of the range have declined but most have remained steady. The influence from collar counties has declined as developmental pressure has declined. Housing starts have increased, however most of these permits are for subdivisions established prior the 2008 crash. Estates were the primary sellers while farmers and investors split the purchases. Will County is home the largest intermodal facility in the country. Cargo containers from Chinese ships are placed on west coast rails which are sent to Joliet to be unloaded. Many of these containers are filled with grain and returned overseas. Values for recreational land appear to be lower, however there are not enough sales to fully confirm the change.

Excellent Productivity Tracts

Excellent quality land values were down 11 percent, and the volume of sales was down 25 percent from the previous 2 years. Excellent quality soils are found primarily in LaSalle, DeKalb and Kendall counties in Region 1. Corn yields in the region were good, however soybean yields and prices were even better than expected in 2016. Values for top quality land seemed stronger for farms located north vs. those found south of the Illinois river in LaSalle county. There seems to be a larger supply of farms for sale south of the river which supports the slightly lower values. DeKalb County may have experienced the largest decline in the region as several large estates were liquidated and farmer buying was limited. Several large investors and a trade buyer helped support that local market. The average sales price was \$80 per productivity index for LaSalle, Grundy and Kendall

counties while the average sales price per productivity index was closer to \$75 per productivity index for DeKalb County.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeKalb	Aug	200.00	95.0	139.0	10,000
LaSalle	Mar	118.72	96.2	143.0	10,300
LaSalle	Jul	79.77	92.8	139.0	11,300
LaSalle	Oct	60.05	95.8	141.0	11,657
LaSalle	Nov	78.45	96.4	142.0	9,500
Grundy	Jul	25.00	87.2	139.0	10,500
Kendall	Mar	88.00	97.5	134.0	10,300
Kendall	Aug	13.35	99.4	142.0	11,197
Kendall	Oct	76.83	98.8	143.0	10,700
Average (acre weighted)			96.0%	140.7	\$10,737

Good Productivity Tracts

Good quality land values were down 7 percent from 2015 levels. The largest amount of these sales were found in Will County. Values in Will County remained relatively steady as land prices there had lagged behind the other counties in the region 1 since the 2012 recent highs. In addition, an investor that sold his businesses began trading into farmland and greatly supported values in that three county area. The sales price per productivity index for Will and DeKalb counties was around \$70 while Boone County was cheaper at \$65 per productivity point. Land values in LaSalle, Grundy and Kendall counties traded closer to \$75 per productivity index point.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
LaSalle	Jan	40.00		125.0	8,400
LaSalle	Feb	40.00	95.1	131.0	9,250
LaSalle	Mar	80.00	98.8	131.0	9,300
LaSalle	Dec	65.61	96.9	118.0	9,200
Grundy	Jan	31.53	89.7	125.0	5,749
Grundy	Mar	40.00	98.7	122.0	9,000
Grundy	Sep	40.00	94.4	129.0	9,500
Kendall	Feb	83.33	81.5	125.0	7,875
Kendall	Jul	51.50	94.0	131.0	9,746
Average (acre weighted)			85.3%	126.3	\$8,757

Average Productivity Tracts

Sale prices of farms with Average quality soils declined 5 percent from the prior year. These soil types typically have a higher percentage of clay or sand in the soil profile. Values in this category did not increase as much as in the Excellent category, and as a result did not experience as great a percentage decline. Kankakee County had the largest volume of sales in this category. Most of these sales were small tracts with relatively high percentage of non-tillable land. The average sales price per productivity index was \$65 per productivity point.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Kankakee	June	79	98.1	103.0	6,732
LaSalle	May	40.69	96.7	113.0	7,749
Will	Jan	52.64	86.2	113.0	6,153
Average (acre weighted)			89.4%	114.3	\$5,935

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Recreational Tracts

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
LaSalle	Feb	88.23	13.0	104.0	4,080
Lasalle	Oct	33.52			6,414
Average (acre weighted)			9.4%	75.4	\$4,723



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Region 1: Land Values Summary by Class



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Median Values of Reported Sales by Year and Class, Region 1*

Year	--- Category ---			
	Excellent	Good	Average	Transitional
2001	-	3,488	2,210	6,421
2002	4,000	3,500	2,811	22,514
2003	5,261	3,825	3,371	12,487
2004	5,397	4,500	3,700	22,500
2005	6,000	5,325	3,850	19,104
2006	6,883	6,001	4,331	28,194
2007	8,200	5,125	4,663	23,000
2008	7,428	6,700	5,441	20,625
2009	7,350	6,000	5,760	18,001
2010	8,600	5,750	5,000	14,334
2011	9,714	8,650	6,190	14,500
2012	10,429	9,475	7,643	11,250
2013	12,995	9,050	9,250	23,850
2014	12,765	9,003	8,150	18,500
2015	11,550	9,082	7,076	17,500
2016	10,700	9,200	5,800	

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

Period	Excellent	Good	Average	Transitional
2001-2008		9.33%	12.87%	16.67%
2008-2016	4.56%	3.96%	0.80%	
2001-2016		6.47%	6.43%	
2005-2016	5.26%	4.97%	3.73%	
2010-2016	3.6%	7.8%	2.5%	
2015-2016	-7.6%	1.3%	-19.9%	

***Note:**

Limited numbers of sales in some years & special features may affect values.

Lease Trends

Corn yields in 2016 were good but soybean yields and prices were surprisingly strong in Region 1. Most producers had opportunities to sell the crop at good prices during the growing season. Input costs were down substantially for fertilizer and off-patent herbicides, insecticides and fungicides.

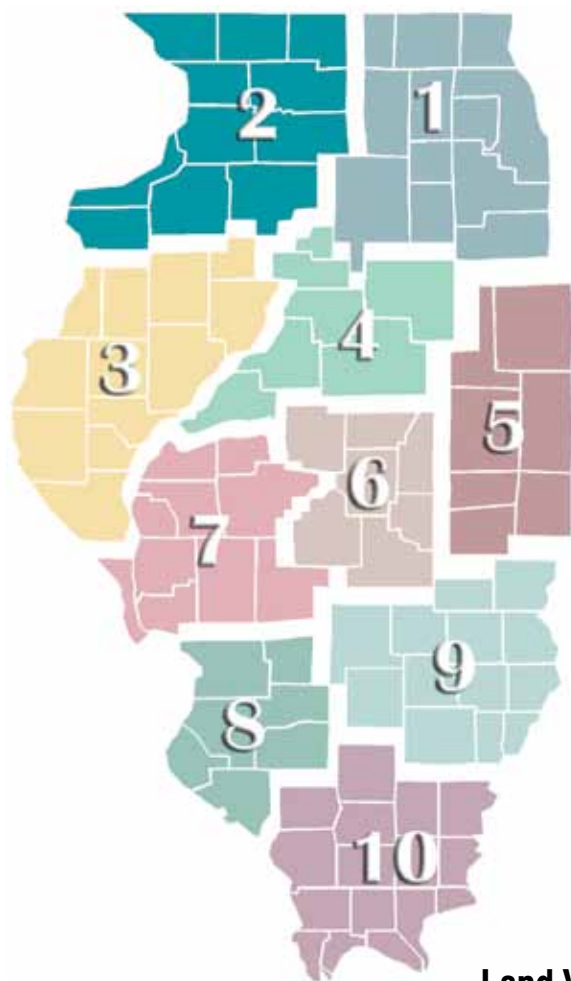
Government Agricultural Risk Coverage payments for corn producers ranged from the high in Kane County at \$75 per acre to the region low of \$65 per acre in Will County. DeKalb County soybean producers received a payment of \$52 per acre while producers in Kendall County received the region low at \$37 per acre.

If prices remain the steady-to-lower the forecast of the 2016 corn ARC payment made in the fall of 2017 is expected to be \$30-50 per acre for Region 1, while the balance of the state will not likely receive a payment.

Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	250	300	350	1 yr	300	95	5	0	
Good Productivity	200	250	275	1 yr.	250	95	5	0	
Average Productivity	150	200	225	1 yr.	200	100	0	0	
Fair Productivity	100	125	150	1 yr.	125	100	0	0	

Region 2 - Northwest



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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$10,500-\$12,500	Down 2% - 8%	Down 10%-20%	\$300-\$350	Down 2%-8%	\$275-\$325
Good Productivity	\$7,000-\$9,000	Down 5% - 15%	Steady	\$250-\$300	Down 5%-10%	\$250-\$285
Average Productivity	\$5,500-\$7,500	Down 2% - 8%	Steady to Slightly Down	\$200-\$250	Down 5%-10%	\$200-\$250
Fair Productivity	\$4,000-\$5,500	Down 0%-5%	Down 10%-20%	\$200-\$250	Down 5%-10%	\$180-\$220
Recreational Land	\$3,800-\$5,200	Up 0%-5%	Steady to Slightly Down			

Region 2 consists of the northwest 11 counties of Illinois. The Mississippi River sets the western boundary, with the Illinois/Wisconsin border setting the northern boundary. It extends to the eastern edge of Bureau, Lee, Ogle and Winnebago counties and the southern edge of Bureau, Henry and Mercer counties. Region 2 is diversified from rolling hills and deep prairie soils to sandy river bottom ground scattered throughout the region. This diversification results in a wide range in crops, rents and land values.

The overall farmland market in Region 2 continued the downward trend that was seen in the previous two years. 2016 saw the largest average decline in all land classes since the market began to recede in 2014. The average of all land classes declined 11.16 percent compared to 2.48

percent in 2015 and 6.43 percent in 2014. This year's decline appears to have some carryover from the year before. Even though commodity prices remained low, earnings remained relatively stable because of the record yields seen throughout the region. This along with limited supply helped minimize declines in certain areas throughout Region 2.

In general, the market in Region 2 has been very similar to the year before. Farmland values are very specific to their immediate market area and the dynamics with in those markets. 2017 is setting up to look similar to the past couple of years. Without some weather scare, commodity prices are expected to remain in the current range because of reserves, and interest rates are projected to increase throughout the year. With commodity prices and interest

rates maintaining downward pressure on earnings, it would be reasonable to expect farmland values to remain stable to slightly down. However, limited supply and another year of above average yields may help stabilize the farmland market.

Excellent Productivity Tracts

Excellent farms are made up of deep prairie soils with a productivity index ranging from 133 to 147. These farms also have minimal waste acres and are easily farmed. We selected 27 sales in the excellent productivity category, representing typical transactions for farmland sales in the 11 county region. The sales price ranged from \$9,000 to \$12,500 with a median sale price of \$11,500. Based on the selected sales, the median sale price for 2016 compared to 2015 is down approximately 4.2 percent.

A vast majority of the sales were purchased by local farmers utilizing returns from past years of strong commodity prices. The supply side of very good to excellent farms in this area remains very limited and demand remains strong in spite of current commodity prices, in most areas. Marketing times for excellent farms has continued to be minimal, specifically in the northern portion of Region 2. Even with the downturn in the commodity cycle, Region 2 has nine sales in excess of \$12,000/acre. Overall, excellent quality farm sales in Region 2 indicated a median value of \$86.06 per productivity point, which is down roughly

2.54 percent from the 2015 level of \$88.30 per productivity point. Typically, portions of eastern Carroll, western Ogle and southwest Stephenson Counties have some of the highest prices paid for excellent land, but had very few tracts available to the market.

Sale County	Total Date	% Acres	P/I on Tillable	\$ Total Tillable Ac	Price/Ac
Stephenson	Jan	74.23	93.8	143.0	12,052
Ogle	Nov	99.14	95.2	143.0	11,368
Ogle	Oct	103.00	99.5	142.0	11,400
Rock Island	Sep	40.00	97.5	143.0	12,000
Ogle	Sep	137.18	94.1	134.0	9,673
Ogle	Apr	120.19	97.6	137.0	12,425
Stephenson	Apr	76.69	93.4	139.0	12,500
Stephenson	Mar	137.17	92.0	136.0	10,498
Mercer	Mar	85.24	90.0	133.0	9,050
Ogle	Mar	142.00	91.1	136.0	11,868
Carroll	Feb	135.77	91.2	134.0	11,500
Mercer	Feb	80.00	98.3	136.0	12,500
Carroll	Feb	87.94	94.9	135.0	12,000
Ogle	Jan	131.89	92.8	134.0	11,349
Ogle	Jan	154.29	91.4	135.0	11,900
Henry	Dec	80.00	96.5	139.0	11,150
Henry	Dec	154.41	95.4	134.0	9,250
Henry	Dec	51.96	99.6	141.0	12,200
Lee	Jan	154.50	99.4	140.0	11,800
Bureau	Jan	114.50	94.4	139.0	11,738
Bureau	Dec	74.28	90.9	135.0	11,098
Bureau	Nov	176.12	88.4	141.0	9,000
Bureau	Nov	80.08	100.0	137.0	10,500
Bureau	Feb	157.61	96.9	138.0	10,786
Bureau	Jan	80.00	98.8	142.0	12,200
Bureau	Jan	39.60	93.7	138.0	12,300
Bureau	Jan	181.94	97.8	136.0	10,400
Average (acre weighted)			94.7%	137.4	\$11,095

Good Productivity Tracts

Good farms tend to have productive soils with slightly more undulating to rolling land and a productivity index ranging from 117 to 132. These farms vary in the amount of waste acres, but typically still maintain a high percentage of tillable land. Good productivity farms make up a majority of the farmland in Region 2. We selected 29 sales, representing typical transactions for farmland sales in our

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11-county region. The sales price ranged from \$5,000/acre to \$11,000/acre with a median sale price of \$7,800/acre, based on the sales selected. The median sale price for 2016 compared to 2015 is down 11.4 percent.

A vast majority of the sales were purchased by local farmers. Investors also seem to favor these good productivity tracts as they typically have strong rental potential. Good quality farm sales in this area indicated a median value of \$70.01 per productivity point, which is down less than 5 percent from the 2015 level of \$73.42 per productivity point. We also observe that sales of Good farms that had tillable productivity indices over 124 tended to sell better than the Good farms that had a productivity index under 124.

Farms that lay out nicely and are easy to farm, show a significant premium as compared to irregularly shaped or smaller fields. On these types of farms we are seeing good interest from buyers; however, potential purchasers are being much more cautious and deliberate on which farms they contend for and at what price. Buyers seem much more interested in finding a “good deal” than just purely expanding. Good farms have shown value resilience despite downward pressure from continued, lower commodity prices. Sales prices vary drastically from area to area with the high sale being nearly double the price per acre of the lowest priced good quality farm.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Ogle	Jan	76.06	96.8	127.0	7,626
Ogle	Dec	345.37	84.7	120.0	6,608
Winnebago	Nov	80.00	87.4	120.0	7,790
Mercer	Nov	81.50	95.3	131.0	9,700
Stephenson	Nov	54.05	79.9	118.0	8,344
Rock Island	Sep	117.00	91.0	130.0	10,800
Winnebago	Jun	42.42	90.3	119.0	6,789
Ogle	May	77.51	87.8	119.0	7,300
Ogle	May	80.00	83.9	117.0	7,347
Ogle	Apr	149.80	94.3	121.0	10,221
Rock Island	Apr	40.00	92.0	127.0	8,500
Stephenson	Apr	221.82	87.8	126.0	7,993
Ogle	Mar	311.19	91.5	124.0	8,248
Carroll	Feb	68.64	87.7	122.0	7,500
Carroll	Feb	108.70	91.7	124.0	5,000
Carroll	Jan	160.15	89.8	130.0	10,053
Henry	Dec	120.40	88.6	125.0	8,000
Henry	Dec	80.00	70.9	131.0	6,675
Lee	Apr	155.99	97.3	118.0	7,800
Lee	Apr	210.17	98.3	130.0	10,880
Lee	Jan	46.22	98.1	120.0	6,610
Whiteside	Dec	95.07	97.1	128.0	10,382
Whiteside	Sep	100.00	98.4	121.0	11,000
Rock Island	May	116.17	94.9	117.0	6,026
Bureau	Nov	70.98	97.7	125.0	7,500
Bureau	Oct	80.83	96.7	130.0	8,100
Bureau	Mar	81.35	79.7	117.0	5,500
Bureau	Feb	149.18	92.1	129.0	9,385
Bureau	Feb	80.83	94.3	126.0	7,500
Average (acre weighted)			90.9%	124.1	\$8,245

Average Productivity Tracts

Average farms tend to fall into two categories: rolling timber soils or sandier soils with a productivity index ranging from 100 to 116. These soils may show evidence of erosion, fertility loss, improper drainage or excessive waste acres. In the northwest portion of Region 2 many of the average farms tend to also include pasture and wooded acres. Buyers in this market seem to heavily discount wooded and pasture ground. We selected 26 sales representing farmland sales of average quality in our 11 county region. The sale prices ranged from \$4,460 to \$8,900 with a median sale price of \$6,530. The median sale price decreased 6.71 percent from 2015 levels. Average quality farms, by nature, do not always provide as pure of an indication as excellent and good farms. Average farms tend to include more non-tillable acres, not be as easily farmed and can have diminished yield potential above and beyond PI indications.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Jo Daviess	Dec	115.29	90.8	106.0	6,100
Winnebago	Dec	178.71	83.5	112.0	6,157
Carroll	Nov	136.76	76.9	111.0	5,000
Winnebago	Nov	234.00	94.3	115.0	7,500
Mercer	Sep	96.30	78.1	108.0	5,300
Ogle	Jun	77.00	89.7	115.0	7,772
Carroll	May	68.54	61.6	106.0	5,107
Stephenson	Apr	79.53	78.7	114.0	5,550
Stephenson	Apr	59.92	86.0	103.0	6,409

Winnebago	Apr	149.63	92.2	109.0	6,950
Winnebago	Mar	33.98	78.7	116.0	5,449
Rock Island	Mar	21.94	89.5	111.0	6,609
Stephenson	Feb	98.57	92.9	116.0	8,250
Jo Daviess	Feb	378.81	50.9	105.0	4,460
Carroll	Feb	57.42	62.6	104.0	5,660
Ogle	Feb	80.16	85.9	115.0	6,450
Mercer	Jan	56.70	84.0	109.0	6,700
Henry	Nov	56.70	80.0	102.0	7,400
Henry	Oct	68.35	83.0	110.0	6,650
Henry	May	135.41	68.0	115.0	6,130
Whiteside	Sep	118.00	91.0	105.0	7,641
Lee	Apr	252.51	98.7	112.0	8,168
Rock Island	Dec	102.42	93.6	106.0	7,738
Rock Island	Nov	68.15	92.8	114.0	8,900
Bureau	Dec	57.77	92.5	112.0	5,799
Bureau	Sep	68.39	96.3	115.0	6,800
Average (acre weighted)			81.8%	110.1	\$6,487

Fair Productivity Tracts

Fair productivity tracts in this portion of the state tend to fall mostly on the western and northern sides of the region and are in two different categories. The northwest portion of the region tends to be rolling and sloping hills of predominately timber soils, which are subject to erosion. The southwest part tends to be a mixture of sandier soils, river bottoms and rolling hills. These soils tend to be below average to fair soils with productivity indexes below 100, rolling to sloping topography, large amounts of waste acres and are located in areas with diminished access to grain markets and linkage routes. A minimal number of 2016 sales were available in Region 2 that would be classified as Fair productivity tracts. Fair quality land has provided a means for smaller operators and beginning farmers to enter the market and/or expand their operation. The sales price indicated a range from \$3,175 to \$5,300 with a 2016 median sale price of \$3,275. Given the very few sales of Fair quality land, changes in price points are harder to detect.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Mercer	Sep	45.08	56.5	93.0	3,275
Mercer	Dec	160.00	47.9	99.0	3,175
Henry	Mar	101.03	80.6	99.0	5,300
Average (acre weighted)			60.0%	98.1	\$3,891

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Recreational Tracts

Recreational tracts seem to be showing a slight increase in value from 2015. The number of recreational sales also appears to be increasing. Recreational tracts in Region 2 had struggled since the economic downturn in 2008 and were one of the hardest hit land segments, aside from transitional land. This market relies heavily upon buyers from the eastern portion of the state. Recreational values vary widely depending upon location and attributes. Sales in Region 2 indicate an average sale price of \$4672/acre and a median sales price of \$4747/acre.

The northwestern portion of Jo Daviess County seems to have some of the higher selling sales, which is most likely a reflection of the name recognition of Jo Daviess County by Chicago-land buyers, and its close proximity to the shopping and entertainment located in Galena, East Dubuque, Illinois and Dubuque, Iowa. Historically, a significant portion of the recreational market has been driven by buyers who plan to build a weekend house on the property along with the use of the land for recreational pursuits. Sales that were purchased at higher values were those tracts that were certified timber, offered exceptional views or are located in the northwest portion of Jo Daviess County. Recreational tracts seem to sell better via a broker and MLS system than an auction format.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Jo Daviess	Sep	72.36	14.9		4,281
Carroll	Aug	64.53	44.4	97.0	4,950
Ogle	Jul	67.18	n/a	n/a	4,487
Ogle	May	80.00	47.5	n/a	4,747
Jo Daviess	May	80.52	0.0		3,999
Jo Daviess	Apr	77.04	48.3		4,232
Stephenson	Apr	40.03	22.2		4,800
Jo Daviess	Jan	81.07	28.5		4,996
Carroll	Jan	60.00	0.0		3,392
Jo Daviess	Jan	82.91	30.7		4,550
Bureau	Dec	94.60	26.3		5,600
Bureau	Nov	79.92			5,450
Bureau	Apr	48.00			5,250
Average (acre weighted)			18.5%	6.7	\$4,691

Lease Trends

More landlords and tenants in Region 2 are going to variable cash rent. The variable cash rents will deal with how well the farm yields and markets level to determine how much the tenant pays. The northern portion of Region 2 has been slower to convert to variable leases; however, their popularity has been slowly increasing. As commodity prices have decreased, both landlords and tenants have seen variable leases as a way to maintain a fixed base level with the upside potential to share in the profitability if it occurs.

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Median Values of Completed Sales in Region by Year & Category*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Recreational	Transitional
2001	-	2,824	1,901	1,525	2,000	8,811
2002	3,548	3,042	1,873	1,917		2,205
2003	3,889	3,000	2,779	2,218	2,986	6,474
2004	3,856	3,500	1,950		3,013	
2005	4,375	4,550	4,025	2,859	3,000	6,000
2006	5,500	3,575	2,938	2,800	3,615	7,455
2007	6,200	5,000	4,250	3,100	4,707	7,571
2008	6,356	5,000	4,779	4,000	5,975	8,457
2009	6,404	5,478	4,339	4,375	4,150	7,500
2010	7,200	6,050	4,592	3,600	4,487	6,177
2011	8,800	7,100	5,725	4,874	4,263	
2012	10,900	8,800	6,163	4,675	3,640	
2013	13,150	10,000	7,000	5,750	4,213	10,680
2014	12,399	9,148	6,728	5,317	4,484	7,700
2015	12,000	8,800	7,000	4,960	4,613	7,220
2016	11,450	7,800	6,530	3,275	4,747	

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	8.16%	13.17%	13.78%	15.63%	-0.59%
2008-2016	7.36%	5.56%	3.90%	-2.50%	-2.88%
2001-2016	6.77%	8.23%	5.10%	5.76%	
2005-2016	8.75%	4.90%	4.40%	1.23%	4.17%
2010-2016	7.7%	4.2%	5.9%	-1.6%	0.9%
2015-2016	-4.7%	-12.1%	-7.0%	-41.5%	2.9%

*Note: Limited numbers of sales in some years & special features may affect values

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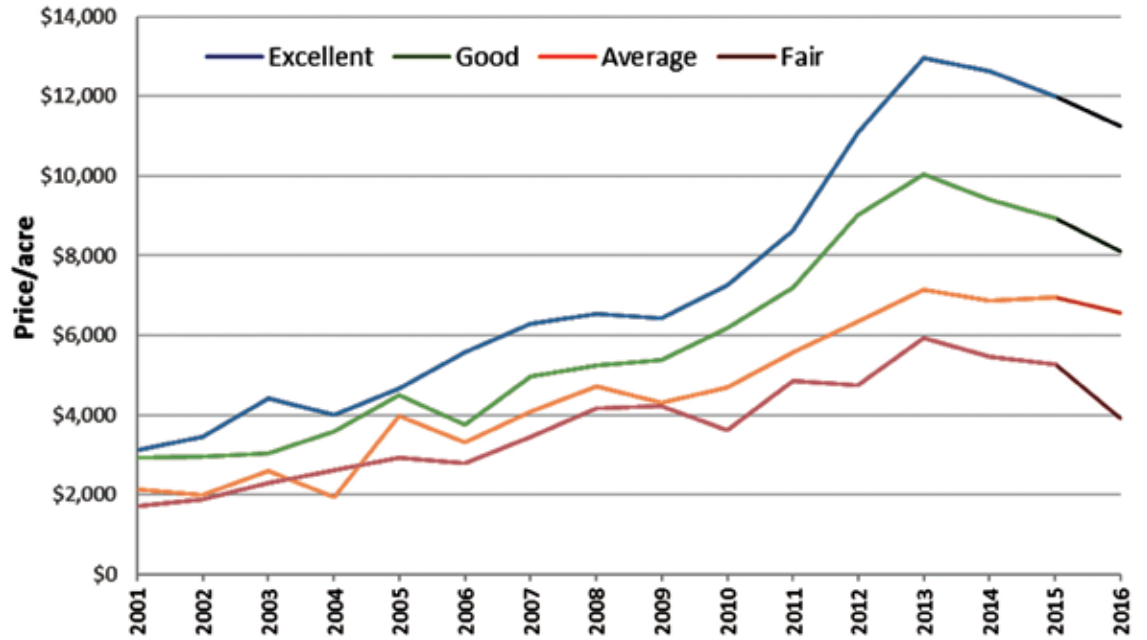
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Region 2: Land Values Summary by Class



A vast majority of the rents in the northern portion of Region 2 are still typical cash rents with a length of term from one to three years. Some of the variable rents observed are structured with a base rent plus an additional percentage paid on net or gross income of the farm. One other variable rent observed in this area was structured with a base rent plus a percentage of gross income after the tenant realized a predetermined profit level.

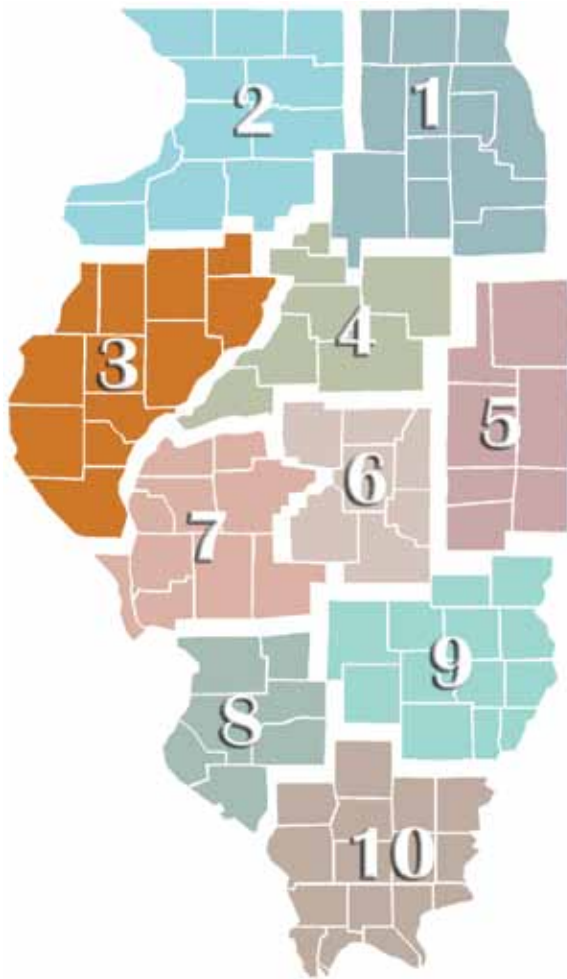
Although variable leases can provide the most amicable structure for farm leases, great care must be taken by both the landlord and tenant for detailed guidelines of record keeping, input purchases, and how and when commodity prices are set. Some share crop arrangements still occur in Region 2 but are significantly less common than they once were.

Other Comments

Some downward pressure has been applied to cash rental rates in Region 2. Ag economists and lenders have been stressing the importance to tenants of renegotiating rents lower when possible. Some tenants and landlords have gotten the message and adjusted some of these rents down. Most of these downward adjustments have been modest relative to the decrease in commodity prices and net farm income. These downward adjustments have generally been in a range from 0-15%. Farms that were rented at a modest rate relative to the market seemed to adjust less, if at all, whereas farms that were rented at the very upper end of the market tended to be reduced the most. With that being said, it is very difficult for operators to give up rented land as they know how difficult it is to regain control. This scenario has maintained rents that will be difficult to cash flow with current expectations for the 2017 crop prices

Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Midde 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	300	325	350	1-3 Years	275-325	70	29	1	
Good Productivity	250	275	300	1-3 Years	250-285	70	29	1	
Average Productivity	200	225	250	1-3 Years	200-250	70	29	1	
Fair Productivity	200	225	250	1-3 Years	180-220	70	29	1	
Recreational Land	25	50	75	1 Year					
Pasture	40	55	70	1-3 Years		99			1



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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$11,000	-6.75%	0	\$325	-13%	\$300
Good Productivity	\$8,250	6.6%	0	\$260	-20%	\$260
Average Productivity	\$5,100	-5.2%	0	\$225	0%	\$225
Fair Productivity			0	\$0	0%	\$0
Recreational Land	\$3,675	3.75%	0	\$50	0%	\$50

This grid shows that there is a disconnect between the returns over the cost of production. This grid would indicate that less discerning farmers are willing to farm acres of land where there is a strong chance that there is a gross loss in revenue. The better acres have a reduction in rent as the highly influential farm managers have read University of IL blogs. There has been a substantial reduction in the cash rents on the better quality land. The University has provided the tenants with repeated articles to assist them in convincing landlords and farm managers to lower the rent on good and excellent quality land.

Excellent Productivity Tracts

Region 3 is very diverse in terms of having differences in the land and the neighborhoods of rural Illinois. The

northern counties have some of the highest quality farmland in the state of Illinois. This side of the state is also less influenced by urban investors. There are some lower quality and lower priced soils on the more rolling areas that tend to follow the rivers and creeks. The rolling wooded areas provide high levels of outdoor recreation properties across Pike, Adams, Fulton, Knox and Brown counties attract hunting enthusiast from all over the United States.

This region saw large increases in land prices through the fall of 2012. Prices topped out in the winter of 2012/13 and slowly declined, for the most part, through early 2016. Land sales prices have generally stabilized with the harvest of 2016. The continuing lower volume of quality tillable land for sale demonstrates seller resistance to accepting lower prices. The lower volume of quality land avail-

able has limited the opportunities for buyers to obtain the desired land. Thus, with a generally stable grain market in 2016 the land prices have mostly leveled out and may show some increases in the fall of 2016 in this region.

There were few sales near \$100 per P.I. point for excellent productivity tracts and some sales over \$13,000 per acre in 2016. Sales in the fall of 2015 were very mixed. Location has become more important as buyers are being more selective about which properties to invest in. The bidding at auctions was slower at auctions and it was apparent buyers are more hesitant to bid. There are more excellent farms selling for between \$70 and \$90 and above since harvest in 2016. This region has also seen the volume of sales decrease this fall when compared to the fall of 2013 and 2014 and 2015. Overall, the land buyers, those who truly participate in the farmland market have demonstrated more resilience than the ag-economist and bloggers.

The trend analysis of the year in review makes an ugly picture that reflects a comparison to the prior year of year. The decline was early this year as compared to the last few years. The end of the year is and always has been the important part of the list of sales. The early part of the year is long in history and short on current information. Again, the market for excellent quality land is stable comparing the market late in the year 2016 to one year prior.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Peoria	Jan	40.00	88.2	134.0	10,417
Peoria	Jan	42.50	100.0	134.0	13,500
McDonough	Jan	93.56	97.6	139.0	10,000
Pike	Feb	71.94	92.0	132.0	7,600
Peoria	Feb	142.08	100.0	142.0	13,499
Henderson	Mar	159.60	97.5	146.0	13,284
Hancock	Mar	41.90	98.9	139.0	13,700
McDonough	Mar	192.00	98.4	140.0	10,300
Adams	Apr	48.00	97.7	140.0	16,400
Henderson	May	86.24	91.6	137.0	8,985
Fulton	May	76.75	94.1	135.0	9,050
Brown	May	113.50	96.5	135.0	13,000
Brown	May	52.48	95.8	134.0	12,750
Warren	May	59.51	99.2	142.0	13,000
Knox	Jun	116.85	89.7	133.0	10,500
Hancock	Jun	125.35	98.2	139.0	12,300
Knox	Jun	80.27	94.6	141.0	11,200
Stark	Sep	28.17	96.0	136.0	11,000
Hancock	Sep	65.30	98.8	135.0	11,400
Henderson	Oct	80.67	92.2	142.0	9,917
Fulton	Oct	53.93	88.0	137.0	9,300
Fulton	Nov	28.40	99.0	140.0	11,197
McDonough	Nov	151.92	94.6	143.0	10,598
Hancock	Nov	70.00	99.3	135.0	12,500
Warren	Nov	47.83	97.3	142.0	10,200
Warren	Nov	42.63	96.7	140.0	9,200
Knox	Nov	79.83	96.5	141.0	12,800
Warren	Nov	61.26	90.9	137.0	9,479
Knox	Dec	38.75	92.5	137.0	11,300
McDonough	Dec	89.44	99.4	142.0	11,300
McDonough	Dec	105.64	93.4	137.0	9,200
McDonough	Dec	80.21	93.8	133.0	9,200
Stark	Dec	37.00	91.0	140.0	10,500
Knox	Dec	103.17	89.2	139.0	9,000
Schuyler	Dec	58.32	89.1	136.0	8,400
Average (acre weighted)			95.3%	138.7	\$11,035

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Good Productivity Tracts

Even the average price of the sales in this grid for 2016 over 2015 is up by \$500 or 6.5 percent. These are farms that typically have a lower percentage tillable, have some timber soils or have some erodible ground. These sales experienced more variability in 2016 than the excellent productivity farms. These farms can be very sensitive to location and features of the farming that slow the expectations of the farming the land. The prices/values of this

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class of land typically shows more substantial percentage changes than the higher quality land market. The higher quality land remains more liquid than this class of soils. The lower quality land is more influenced by the recreational market in this area.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Stark	Jan	206.10	90.0	123.0	7,084
Pike	Jan	54.19	85.9	118.0	5,750
Adams	Jan	86.30	89.1	125.0	8,250
Fulton	Feb	113.00	93.0	129.0	8,850
Fulton	Feb	139.00	98.0	131.0	8,374
Pike	Mar	55.00	65.0	117.0	5,091
Warren	Mar	80.65	76.2	118.0	6,200
Adams	Apr	87.82	90.5	130.0	7,400
Warren	Apr	54.69	99.3	122.0	9,490
Hancock	May	62.17	94.8	125.0	7,400
Hancock	May	80.81	85.3	117.0	6,350
Schuyler	May	82.00	91.4	122.0	5,854
Pike	Jun	91.86	100.0	131.0	11,000
Peoria	Aug	63.80	90.0	124.0	8,900
Peoria	Aug	49.77	94.0	123.0	9,500
Henderson	Sep	25.00	97.6	128.0	10,000
Stark	Sep	140.11	94.0	131.0	9,250
Stark	Sep	65.73	88.0	121.0	7,000
Pike	Sep	102.00	98.0	131.0	11,647
Adams	Sep	63.70	90.8	129.0	9,500
Hancock	Sep	65.30	98.6	128.0	10,600
Peoria	Nov	48.00	98.0	130.0	10,500
Warren	Nov	122.81	82.3	121.0	7,600

Hancock	Nov	81.20	90.2	117.0	6,100
McDonough	Dec	105.64	90.9	131.0	9,200
McDonough	Dec	80.21	92.2	130.0	9,948
McDonough	Dec	143.02	95.4	127.0	7,400
Schuyler	Dec	41.12	97.9	118.0	8,700
Schuyler	Dec	33.31	87.7	117.0	7,750
Average (acre weighted)			91.3%	125.3	\$8,237

Average Productivity Tracts

These properties consists mostly of timber soils, with a lower percent tillable than the excellent or good productivity tracts. As budgets tighten for cash grain producers, the buyers are becoming more selective about the real estate they purchase. This has caused the more significant appearing decrease in average quality land. The 2016 average in this booklet is \$250 less or 4.5 percent decline year over year. The decline was again at the end of 2015. The market through 2016 is more stable. This is the practical low end of the market for cropland outside of the river bottoms in Region 3. Most of the inferior Fair Quality farms are found in the Recreational category

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Warren	Jan	175.64	75.2	115.0	4,930
Stark	Jan	120.00	81.4	107.0	6,000
Pike	Jan	67.95	54.0	111.0	4,250
McDonough	Feb	41.21	92.7	113.0	5,850
Adams	Feb	83.23	57.9	113.0	5,550
Knox	Apr	60.00	92.0	116.0	7,600
Pike	Apr	127.00	65.0	109.0	5,000
Adams	Apr	163.18	64.8	103.0	4,900

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Fulton	Apr	240.00	47.3	113.0	3,958
Pike	May	32.67	86.0	97.0	4,900
Adams	May	65.00	84.0	110.0	6,000
Fulton	Jun	40.00	51.5	116.0	6,250
Adams	Sep	62.40	57.1	116.0	4,500
Henderson	Oct	56.18	99.1	116.0	8,000
Fulton	Oct	38.10	79.0	115.0	5,000
Adams	Dec	107.57	64.2	110.0	4,600
Adams	Dec	83.49	61.1	104.0	4,700
Knox	Dec	146.00	82.8	115.0	5,150
Average (acre weighted)			68.8%	111.0	\$5,135

Fair Productivity Tracts

Region 3 has very few fair productivity tracts that are not highly influenced by the recreational land market. This part of Illinois has a strong recreational market and there are still many livestock producers when compared to other parts of the state. This leads to the lowest quality rural properties remaining in pasture or woods.

Recreational Tracts

The recreational market continues to try to show signs of recovery after the financial crisis of 2008. The average per acre price increased another \$140 or 4 percent over the 2015 average. The volume of sales appears to be up as well. It appears that recreational buyers are feeling better about the economy and looking to spend some discretionary income on recreational ground. The strip-mined land with substantial mine lakes in Fulton showed significant market strength in 2015 and 2016, which could account for a significant segment of the increases in prices.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Warren	Aug	61.81	0.0	0.0	2,000
Adams	Jan	457.00	37.4	124.0	4,200
Adams	Jan	46.16	11.4	117.0	3,800
Pike	Feb	91.78	11.3	113.0	3,800
Peoria	Feb	66.30	36.0	115.0	4,902
Schuyler	Feb	126.00	45.2	115.0	2,976
Adams	Feb	80.28	54.0	107.0	3,800
Henderson	Mar	35.11	0.0	0.0	2,848
Schuyler	Mar	60.33	51.9	114.0	3,315
Peoria	May	61.00	25.0	117.7	5,085
Knox	Jun	47.60	0.0	0.0	3,314
Pike	Jun	80.00	46.7	108.0	4,500
Schuyler	Jun	42.05	45.2	121.0	3,424
Schuyler	Jun	75.00	13.4	118.0	2,300
Fulton	Jul	119.95	0.0	0.0	3,756
Pike	Jul	303.00	15.6	109.0	3,135
Peoria	Sep	195.80	21.0	107.0	4,597
Fulton	Oct	98.24	0.0	0.0	3,392
Hancock	Oct	81.95	39.8	117.0	3,500
Fulton	Oct	72.67	7.3	116.0	2,850
Fulton	Oct	76.11	0.0	0.0	3,000
McDonough	Nov	41.00	35.7	119.0	3,098
Fulton	Nov	40.00	7.8	115.0	3,250
Fulton	Nov	140.00	18.0	119.0	4,111
Hancock	Nov	39.20	49.8	117.0	3,750
Average (acre weighted)			24.1%	95.5	\$3,684

Average Sales Price of Completed Sales in Region by Year & Category*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Recreational	Transitional
2001	3,051	2,293	1,628	1,357	1,534	3,132
2002	3,315	2,587	1,991	1,500	1,509	
2003	3,325	2,521	2,186	2,091	1,553	
2004	4,600	4,147	2,991		2,148	
2005	4,597	3,035	2,517	2,392	2,840	
2006	4,556	3,380	3,179	4,000	2,534	5,550
2007	5,621	4,269	3,154	2,873		
2008	7,034	5,087	4,145		3,619	
2009	6,959	5,019	3,454	3,552	3,085	
2010	7,388	5,469	3,506	3,157	2,487	
2011	10,101	7,633	4,833		2,813	
2012	11,780	7,340	5,209		3,241	
2013	13,693	9,492	6,912		3,405	
2014	13,724	8,008	5,511	4,516	3,293	
2015	11,860	7,922	5,484	5,037	3,671	
2016	11,028	8,300	5,397		3,548	

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	11.93%	11.38%	13.36%	12.26%
2008-2016	5.62%	6.12%	3.30%	-0.25%
2001-2016	8.57%	8.58%	7.99%	5.59%
2005-2016	7.95%	9.14%	6.93%	2.02%
2010-2016	6.7%	7.0%	7.2%	5.9%
2015-2016	-7.3%	4.7%	-1.6%	-3.4%

*Note:

Limited numbers of sales in some years & special features may affect values





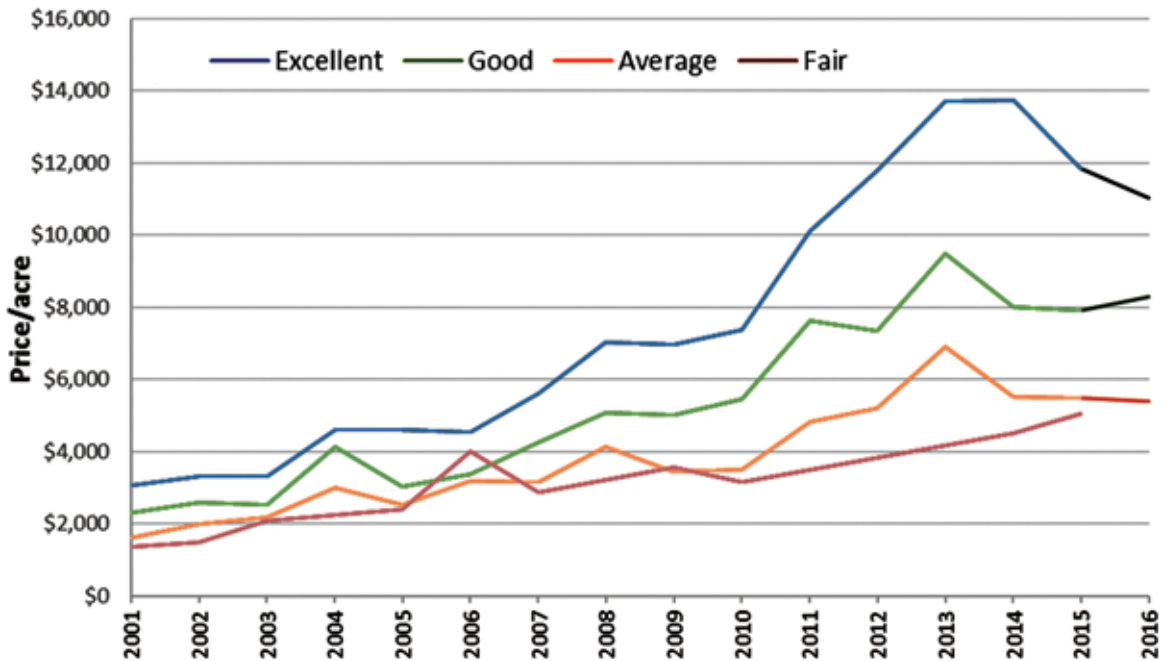
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Region 3: Land Values Summary by Class



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Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:		
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share
Excellent Productivity	215	300	325	1	325	30	30	40
Good Productivity	145	260	275	1	275	30	30	40
Average Productivity	110	225	230	1	230	50	0	50
Fair Productivity	0	0	0	0	0	0	0	0
Recreational Land	48	50	50	1	50	100	0	0

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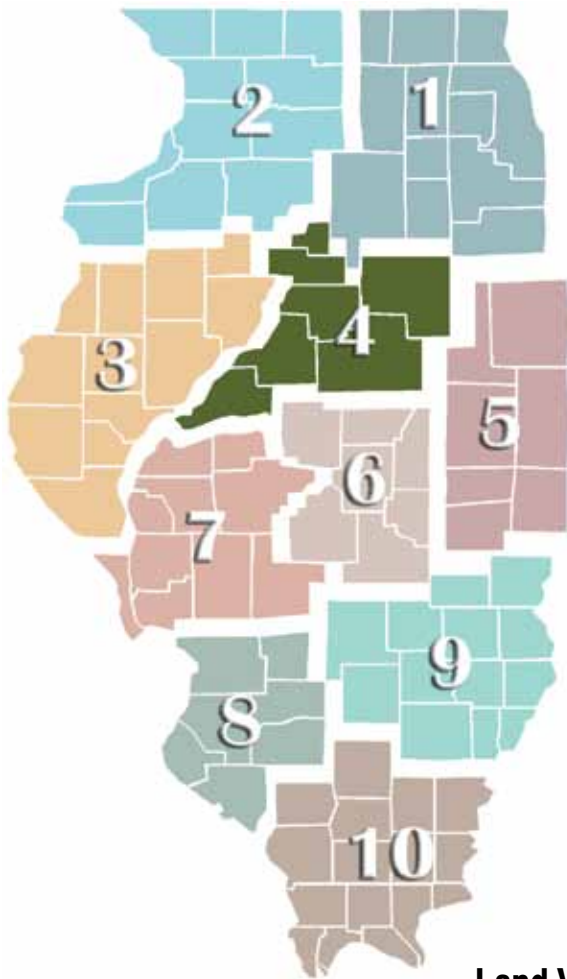
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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	% Change from prior year
Excellent Productivity	\$10,000-\$11,500	Down 5%	Steady	Down 3%-5%
Good Productivity	\$8,000-\$9,500	Down 8%	Steady	Down 3%-5%
Average Productivity	\$5,500-\$8,500	Similar	Steady	Down 3%-5%
Fair Productivity	\$5,000-\$7,000			
Recreational Land	\$3,500-\$5,500	Similar	Down 20%	
Other Sales (describe)	\$8,500-\$13,500	Similar	Down 10%	

Region 4 holds a variety of soils, crops and location influences, which can lead to great ranges in value from one end of the region to the other. For a large percentage of the territory, land values dipped throughout the first quarter of 2016, but seemed to level off thereafter. The northern portion of Marshall, Putnam and Livingston Counties have been heavily influenced by the 1031 tax-deferred exchange buyers coming from the collar counties of Region 1 in the past. Though the number of 1031 tax-deferred exchanges continues to be low, when a buyer has 1031 funds that need to be re-invested, these sales can see much higher values.

On the contrary, parcels of land purchased by 1031 exchange dollars in the mid 2000's continue to provide liquidity to the area's farmland supply as owners look to move

their funds back to their usual territory. Larger communities such as Bloomington, Morton, and Pekin have some impact on values in the center of the region. The southwestern portion of the region continues to be the most influenced by the general agricultural economy and has continued to be very tightly held. Specialty crops and seed production are important to this area, generally being a positive impact on farmland values.

However, over the past couple of years seed and specialty crop premiums have softened, causing less influence by these practices. The entire area benefits from excellent grain market outlets as the Illinois River and rail terminals influence the northern and western portions of the area while ethanol and soy processing plants are located

throughout the region. End-users like ADM, Cargill, Solae and Aventine all exist in Region 4.

Another influence on land values comes from the wind power industry. It is said that some of the “best wind” at 50-80 meters high exist in this region of the state. These wind turbines provide areas of Livingston, McLean, Tazewell, and Woodford counties with income diversification, beyond agriculture, which makes these tracts more attractive to an outside investor. Developers are in the beginning stages of new projects in the region, but some areas face more local opposition than others.

Supply of farmland was relatively tight throughout 2016. In areas where several farms were available late in the year, price tended to decline at a greater rate. With the Federal Reserve opting to increase interest rates, consistently lower commodity prices, and tightening farmer cash flows, land values continued to soften. Still, investors find farmland to be an attractive portion to their portfolio as the world continues its population increase and need for food. Also, as oil prices retreat consumers will drive more, thus increasing the total gallons of ethanol needed for gasoline.

Activity varied by county in Region 4. Marshall, Putnam, Tazewell and Mason Counties all saw steady to slightly lower levels of land offered for sale during 2016, while Livingston, McLean, and Woodford counties all continued to have a steady number of sales when compared to 2015.

Adequate demand was able to meet most of the supply, but some farms that were listed tended to sit on the market for extended periods of time. Most of the farmland transactions in the region were concentrated in the first and fourth quarters of the year.

As grain lingers at lower prices, and land values soften some owners decided it was their time to exit the market. Furthermore, as interest rates are projected to rise, investors are less likely to pour dollars into farmland when returns are not at their highest. Similar to the previous years, there continued to be a very wide range of values across the region. This was especially true for the “good productivity” soils where the location factor came into play as two neighbors were willing to dual it out. 80-160 acre tracts of

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land almost seemed to sell at a premium, as the optimal size for most buyers. The aesthetics of a farm continued to add a larger premium or larger discount to land, especially if sold by auction method. Rectangular fields with no waterways or cut-outs and with good or excellent soil productivity saw higher prices as compared to fields containing characteristics that would slow down today's large, modern, equipment. The areas having transitional land, and the values associated that reflect any change, have continued to shrink back to land adjacent to existing development.

With grain markets seeing continued lower prices, farmers are still reluctant to sign leases at previous levels. Rents have trended downward but not as significantly as commodity prices. Many cash rents have decreased by only 3 percent-10 percent, though few operators are willing to give up ground. As of now, it is evident that lower grain prices are taking a toll on the Agriculture industry from operators to landlords to major companies. Input prices trending to a more reasonable level and government program payments helped net farm incomes improve for 2016. In order to keep cash rental rates stable moving forward, it is critical for farmers to maintain above average production and decrease input costs.

Excellent Productivity Tracts

“Excellent” productivity farmland in Region 4 saw a wider range of land prices in 2016 as compared to 2015. Properties with bare farmland seemed to sell well, although

this was the second straight year of no new record sales. Buyers continue to place premiums on the highest quality tracts with good drainage, high percentages tillable, and easily farmed shapes. Farms with waterways, open ditches, house site cut-outs or odd field shapes all continued to see discounts. Top quality farms have upheld a constant, yet low, volume of inventory over the past few years. Throughout most of 2016, excellent quality farms were selling in the \$70-\$80 per p.i. point per tillable acre range. Fewer than 10 arms-length transactions were found to be greater than 160 acres in this region of Illinois during 2016 with a majority of the farmland sold being around 40-160 acres. Small to moderate tract size offerings and more-so location led to well attended auctions by both farmers and investors, causing ample amounts of competition for Region 4.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McLean	Jan	37.98	99.0	137.8	12,000
Woodford	Jan	70.00	100.0	142.1	11,500
McLean	Jan	50.80	87.8	142.6	10,400
Mason	Feb	152.90	99.0	137.0	10,700
McLean	Feb	40.00	98.0	141.4	10,000
McLean	Feb	40.00	100.0	140.1	11,600
Tazewell	Feb	70.94	97.3	141.2	9,500
McLean	Mar	77.97	99.8	138.3	11,029
Woodford	Mar	39.16	99.6	141.5	11,300
Woodford	Mar	79.94	99.9	141.4	11,300
Woodford	Mar	78.71	95.5	137.4	9,700
Woodford	Mar	44.69	87.3	133.5	8,500
McLean	Mar	80.00	95.8	141.6	11,900
McLean	Mar	78.50	94.9	136.8	10,550
Livingston	Mar	49.59	98.2	138.6	10,500
Woodford	Apr	76.00	99.3	140.7	13,600
Tazewell	May	40.00	97.0	141.1	12,000
McLean	May	70.43	100.0	141.0	10,506
Tazewell	May	196.15	96.0	136.0	10,038
Livingston	May	120.00	98.6	136.6	10,250
Livingston	Jun	115.86	97.3	138.0	10,300
Livingston	Jun	80.00	98.8	136.0	10,300
Tazewell	Jul	139.95	99.0	142.0	10,982
McLean	Jul	69.60	94.7	141.3	10,850
McLean	Jul	113.28	95.1	138.3	10,850
McLean	Aug	76.65	99.6	139.9	10,750
McLean	Aug	121.28	96.2	133.4	10,275
McLean	Aug	80.00	96.9	141.6	11,500
Tazewell	Aug	161.00	96.9	138.0	9,800
Tazewell	Aug	83.24	99.7	138.0	12,000
Woodford	Aug	158.51	100.1	141.9	10,900
Woodford	Sep	89.60	98.7	136.8	11,750
McLean	Sep	43.46	98.8	138.8	11,900
McLean	Sep	119.47	97.6	139.1	11,700
McLean	Nov	67.65	87.2	138.2	8,850
McLean	Nov	80.00	95.5	137.5	11,875
McLean	Nov	50.68	91.0	136.7	10,200
Woodford	Nov	40.00	100.8	141.8	10,200
Woodford	Nov	97.00	100.0	140.7	11,250
Woodford	Nov	86.00	100.0	139.4	11,250
Livingston	Dec	83.93	93.3	135.0	9,000
McLean	Dec	80.66	99.2	135.3	10,850
Average (acre weighted)			97.3%	138.7	\$10,768



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Good Productivity Tracts

Good soils make up a large percentage of the farmland in Region 4. While this land class will typically respond well to high management, these properties often have some less attractive features, such as a lower percentage of tillable acres, more slope, or slightly tighter subsoils than the Excellent soil quality farms. Supply of Good quality tracts throughout 2016 was slightly more than 2015, though it was met with adequate demand in most areas. With the varying characteristics found and the tightening of buyer's preferences, this land class generated a wider range of values across Region 4.

Prices seemed to decline over the first half of the year and then leveled out as the year ended. The typical price paid per soil productivity index per tillable acre had a range of \$60-\$70. The highest prices paid for this land class in 2016 occurred at auctions where location was the biggest factor and two or more parties were willing to pay premiums for the acquisition. More surprising prices were noticed between the higher productive soils with a higher percentage tillable versus the farms in this class at the lower end of the soil productivity range, odd field shapes and lower percentage of tillable acres. Prices tend to fall harder for lower quality land in respect to top quality land, but multiple factors still affected values in this range throughout 2016.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Marshall	Jan	40.00	97.5	131.5	9,600
Marshall	Jan	125.00	89.9	128.3	6,500
Tazewell	Feb	96.00	88.8	127.6	8,800
Tazewell	Feb	96.56	95.0	128.0	8,700
Mason	Feb	156.00	99.0	125.0	8,500
Mason	Mar	80.00	98.0	116.0	8,350
Woodford	Mar	22.28	98.8	123.9	7,750
McLean	Mar	44.22	96.6	129.3	8,900
Woodford	Apr	193.15	89.8	121.2	7,400
Woodford	Apr	34.27	89.0	117.1	6,100
Livingston	Apr	69.92	93.4	119.1	7,009
Livingston	Apr	76.96	94.3	128.3	8,750
Livingston	Apr	20.48	95.9	128.0	8,652
McLean	Apr	82.19	94.1	124.4	8,000
Livingston	Apr	76.80	91.2	129.0	8,000
Livingston	Apr	40.00	100.8	128.9	9,000
Tazewell	Apr	38.79	87.0	117.0	7,734
Mason	May	133.00	97.0	122.0	8,106
Livingston	May	246.44	93.3	131.0	13,382
Tazewell	May	80.00	97.0	124.0	8,100
Livingston	Jun	157.26	101.3	128.1	7,500
McLean	Jun	102.62	98.6	129.2	8,875
McLean	Aug	80.00	96.5	128.3	8,700
McLean	Sep	85.20	93.0	130.6	9,050
McLean	Sep	60.00	99.9	130.0	9,500
McLean	Sep	120.00	99.0	121.0	8,750
McLean	Oct	40.00	101.7	128.4	8,500
McLean	Nov	100.76	99.8	127.2	9,400
Marshall	Jan	40.00	97.5	131.5	9,600

Marshall	Jan	125.00	89.9	128.3	6,500
Tazewell	Feb	96.00	88.8	127.6	8,800
Tazewell	Feb	96.56	95.0	128.0	8,700
Mason	Feb	156.00	99.0	125.0	8,500
Mason	Mar	80.00	98.0	116.0	8,350
Average (acre weighted)			95.4%	126.0	\$8,744

Average Productivity Tracts

“Average” soils comprise very few acres of Region 4. Most of these soils are found along the Illinois River area in Putnam, Woodford, Tazewell and Mason County or north of Pontiac in Livingston County. This land class has two classes within itself - irrigated, and non-irrigated. Most “dry land” sales occurred in the \$5,000-\$7,500 per acre range.

Higher priced sales in this land class are typically found on properties with center pivot irrigation, and sandier soils throughout Tazewell and Mason Counties. On these farms, location seems to trump soil productivity.

No auction sales of irrigated farms were recorded, and most were sold between family members or quietly to the neighbor. The majority of land sales in this class sold in the \$40 to \$60 per p.i. point range during 2016. Supply was similar to the prior year, and due to the cost per acre being lower than other qualities of land, this class was able to hold its values better than expected. .

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Livingston	Jan	40.00	95.0	112.0	8,900
Livingston	Jan	18.43	88.2	108.1	5,969
Livingston	Feb	69.00	77.6	106.3	4,300
Livingston	Feb	159.25	95.9	113.7	5,700
Livingston	Feb	64.50	86.1	109.4	6,500
Livingston	Mar	77.90	92.8	112.3	8,590
McLean	Mar	77.29	38.0	104.0	5,822
Livingston	May	80.00	98.0	115.6	5,500
Livingston	May	37.00	99.6	116.2	6,300
Livingston	May	152.44	99.3	116.0	5,927
Mason	Sep	80.00	98.0	115.0	8,650
Average (acre weighted)			89.1%	112.4	\$6,400

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Fair Productivity Tracts

Only two “fair” productivity tracts were sold in 2016. We don’t typically see many farms of this land class in our region, but based upon these two sales, we could expect a range between \$5,000 and \$7,000 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Mason	Feb	44.00	97.0	87.7	5,114
Mason	Apr	100.00	99.0	86.0	7,600
Average (acre weighted)			98.4%	86.5	\$6,840

Recreational Tracts

The Recreational land class saw a slight decrease in supply from 2015, but was still more than the years prior. This was met with steady demand as recreational land continues to be seen correlating more with the general economy as opposed to the agricultural economy. Some strength exists where the relative proximity to the large geographic population centers of Bloomington, Morton or Peoria is just a short drive away.

Tract size is important in this category as larger tracts require more funds than many recreational buyers can afford. In addition, enhancing the potential use to becoming a residential site, or potential dividends paid from gravel pits, affects the values paid for this land class. Surprisingly, there were a larger number of gravel pit and hunting club tracts sold than in the past. Also, one tract comprised almost entirely of water was sold for \$1,100 per acre. In general, recreational land values remained steady for 2016.

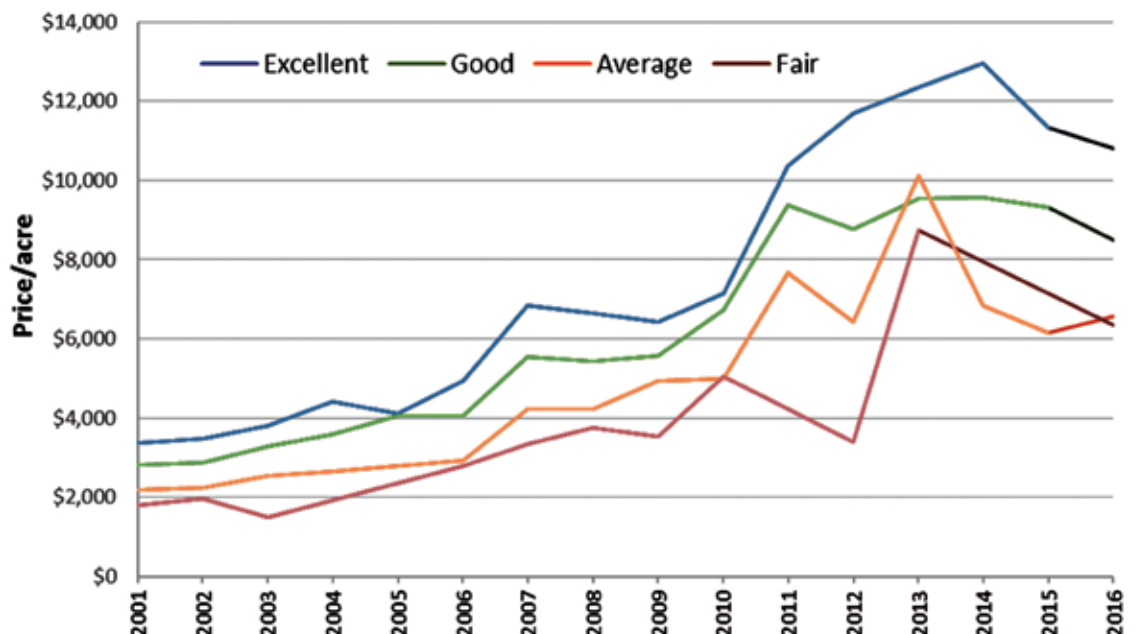
County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Marshall	Jan	50.00	39.1	115.4	5,500
McLean	Jan	140.10	46.1	133.1	5,710
McLean	Jan	259.93	58.4	135.2	4,617
Mason	Jan	18.83	0.0		4,355
McLean	Feb	86.42	9.3	103.4	3,250
Woodford	Mar	77.20	28.7	109.2	4,000
Woodford	Mar	38.46	75.9	122.0	6,152
Tazewell	Apr	35.00	79.0	115	4,054
Marshall	May	40.00			4,511
McLean	Jun	142.00	52.6	114.9	5,282
McLean	Jul	38.54	74.3	119.4	6,487
Mason	Jul	69.24	0.0		2,166
Marshall	Jul	19.07			7,604
Mason	Jul	99.00	0.0		2,020
Woodford	Aug	47.59			6,300
Woodford	Aug	72.25			4,969
McLean	Oct	19.51	21.0	105.6	15,376
Marshall	Oct	40.00			3,419
Average (acre weighted)			33.3%	84.0	\$4,714

Transitional Tracts

Throughout 2016, a few pieces of property were sold with developmental potential. It seems that in most cases, investors are able to purchase land for Ag value or slightly above. However, if a project is ready for construction sellers were able to receive higher prices for their tracts.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McLean	Apr	15.76			44,416
Tazewell	May	52.80	95.0	141.0	35,192
McLean	Nov	28.71	83.6	137.3	10,362
Average (acre weighted)			76.2%	117.1	\$29,358

Region 4: Land Values Summary by Class



Other Tracts – Wind Turbine

During 2016, only three different farms were sold with wind turbines which is significantly lower than 2015. The turbines added a premium to the per acre price when compared to the tracts without turbines. Two of the three farms were sold via the auction method. In general, we observed that investors are still paying a little more of a premium for the wind turbines just as they had in the past few years. We have often found over time that the percentage premium buyers are willing to pay for turbines correlates to the number of years remaining on the wind turbine contracts. We look at that as a discounted cash flow valuation which considers both the amount of the payment and the duration of the remaining payments. This kept values of high quality farmland with turbines higher, but these tracts also followed the same trend as the high quality, unimproved land.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McLean	Jun	80.01	93.6	129.2	9,686
McLean	Aug	454.96	96.1	132.1	10,100
McLean	Aug	100.04	75.7	133.0	7,247
McLean	Sep	73.85	97.2	139.5	13,800
Average (acre weighted)			93.0%	132.7	\$10,036

Special Interest Stories

2016 saw some large tracts being offered to the marketplace in multiple areas of Region 4. One of the most

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Median Values of Completed Sales in Region by Year & Category*

--- Category ---

Year	Excellent	Good	Average	Fair	Recreational	Transitional
2001	-	2,800	2,225	1,633	2,224	33,029
2002	3,440	2,975	2,240	1,963	2,100	23,784
2003	3,750	3,387	2,588	1,500	1,779	15,000
2004	4,438	3,525	2,650		4,319	7,000
2005	4,257	4,050			4,245	6,500
2006	5,000	4,297	2,925	2,800	3,638	11,504
2007	6,400	5,000	4,013	3,345	3,939	23,818
2008	6,800	5,400	4,225	3,750	4,244	12,125
2009	6,550	5,575	4,949	3,525	4,700	18,050
2010	7,010	6,595	5,000	5,050	4,348	18,050
2011	10,341	9,163	6,950		3,563	
2012	11,700	9,000	6,000	3,400	5,000	22,500
2013	12,500	9,543	9,000	8,750	5,000	25,030
2014	12,750	9,875	7,000		5,088	
2015	11,250	9,250	5,700		4,402	
2016	10,850	8,576	5,969	6,357	4,793	35,192

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008		9.38%	9.16%	11.88%	9.23%	-14.32%
2008-2016	5.84%	5.78%	4.32%	6.60%	1.52%	13.32%
2001-2016		7.46%	6.58%	9.06%	5.12%	0.42%
2005-2016	8.50%	6.82%			1.10%	15.35%
2010-2016	7.3%	4.4%	3.0%	3.8%	1.6%	11.1%
2015-2016	-3.6%	-7.6%	4.6%		8.5%	

* Note: Limited numbers of sales in some years & special features may affect values



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notable farms to be sold was the Ruth Davis Family farmland. Initially the 1,048 acre farm, comprised of three separate locations (Gridley, Chenoa, Dewitt Co.), was offered at auction in February, but the bids were rejected at the sale. Negotiations were made after the auction and two of the three were sold to the top bidders at the auction. The other tract sold to an outside 1031 investor. The Gridley tract sold for \$11,750 per acre to two neighboring families and the Chenoa tract sold for \$9,900 per acre. In June the 458 acre Edwin Moore farm was sold. This farm contained 3 turbines and brought \$9,526 by an institutional investor that the current tenant operated other land for in the area. In Woodford and Tazewell Counties, the 639 acre Blickenstaff farm was auctioned on August 25. Multiple farmers and investors walked away with different tracts, averaging \$11,639 per acre. Towards the end of 2016, a farm family who had traded land into McLean County from Northern Illinois decided to reinvest their funds closer to home. Fortunately, a cash investor from the area was found and their 510 acre farm was sold for \$10,200 per acre.

Lease Trends

Straight cash rent leases dominate Region 4. Due to commodity prices remaining at lower levels, more landowners and tenants are turning towards leasing structures that work for both parties. The most common variable cash rent alternative structure at this time is a lower base rent combined with a share of the crop proceeds to calculate a variable component. Some leases include crop insurance proceeds

and government payments whereas others did not. Looking toward the future, this lease arrangement is expected to grow in popularity.

Other variable leases exist that have a starting rent based upon the farm's federal crop insurance guarantee and then flex upward. These are somewhat more complicated than many landowner-tenant relationships can comprehend, but are a very effective way to accurately distribute actual returns between landowner and farm tenant.

Our recommendation is that you contact an accredited member of the ISPFMRA in this region to discuss any specific farm situation. Each landowner's specific goals and objectives can best be met with a tailored farm management plan for their property.

*Some average productive land, where seed corn or specialty crops are grown, and irrigation exists, have generated very high rental rates on good and average soils in this region. However, the majority of land in this region is operator owned or crop-share leased, where seed corn production or specialty crops are raised. As a result, these leases can skew this productivity class because the soils in this class, without irrigation, would not be able to consistently generate the production revenue to sustain this rental rate. With the irrigation, however, higher rental rates are able to be paid and average substantially more rent per acre, comparable to the excellent productivity soils levels.

Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	240	280	325	1 year	300	50	30	10	10
Good Productivity	160	200	280	1 year	245	60	25	10	5
Average Productivity	100	125	175*	1 year	150				
Fair Productivity				1 year					

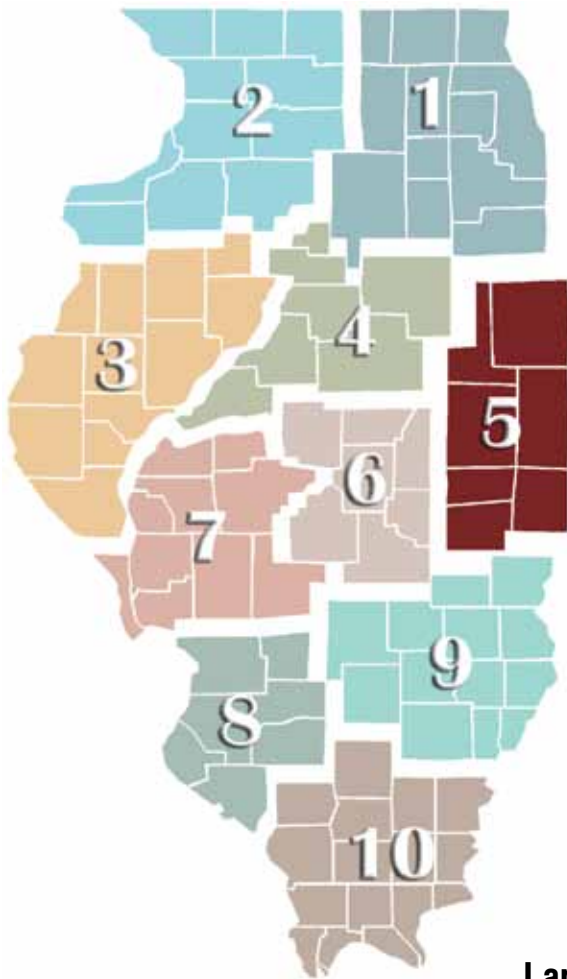
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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$9,000-\$12,000	-5%	down 15%	\$325	-5%	\$310
Good Productivity	\$7,000-\$10,000	-7%	down 20%	\$280	-5%	\$270
Average Productivity	\$5,000-\$7,000	-10%	down 20%	\$240	0%	\$240
Recreational Land	\$2,500-\$6,000	steady	up slightly	not enough data	not enough data	not enough data

Region 5 consists predominantly of lightly undulating cropland, although sizeable areas exist of stronger undulation to gently rolling topography. Counties included in the region are Champaign, Douglas, Coles, Edgar, Vermilion, Iroquois and Ford. Land values and rental rates were on the defensive at the start of 2016 but appeared to find support later in the year. In late 2015 and early 2016 the impact of lower commodity prices became increasingly visible in area farmland values. Buyers became more selective, discounting properties with blemishes such as irregular shapes, drainage deficiencies, access problems, and possibly waterways or drainage ditches depending how they were situated within the parcel. Location and quality remained very important, and some buyers were still willing to bid up for prime land or tracts well positioned relative to their current holdings or farming operation.

It is interesting to note that land values reported for Average Productivity tracts declined significantly, but rental rates for this category held firmer. This lower quality land generally had very good to excellent yields in 2016 so the steady rents have a reasonable explanation. Perhaps the divergence between rents and values conveys the thought that buyers are still seeking quality for longer-term investments rather than capitalizing what may be a one or two year benefit from relatively stronger rental rates into a willingness to bid up Average Productivity ground.

Excellent Productivity Tracts

Excellent productivity land comprised 47 percent of sales recorded during 2016 in Region 5. Most sales were transacted within a \$9,000-\$12,000/ac range. Statistically, the average value in this category declined 8 percent from the



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\$11,276/ac average reported the prior year, although committee members consistently indicated a 5 percent decline would be considered more representative. The difference appears to be in greater (and sometimes very significant) discounts applied to properties with “blemishes”, with prime tracts just slightly lower than year ago levels. Analyzing the data by sale date showed a steady decline through the year (Q1: 32 sales at avg. price of \$10,644/ac; Q2: 22 sales at avg. price of \$9,903/ac; Q3: 18 sales at \$9,647/ac), followed by strengthening in Q4 to \$10,394/ac on 16 sales. Regional differences were evident with some multi-township areas showing steady values over the past year and others a clearly softer market.

Several auctions late in 2016 resulted in sale prices in the \$12,000 category, a little higher than most expected, but consistent with the quarterly data. A third consecutive year of exceptional yields improved farmer’s outlook. Along with the softer market, the number of sales was also down about 15 percent in this category.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Jan	40.00	98.0	143.8	10,800
Champaign	Jan	20.33	80.2	139.0	11,814
Champaign	Jan	59.55	95.9	130.0	9,500
Champaign	Jan	160.00	98.0	143.3	13,156
Champaign	Jan	40.00	98.8	143.2	11,553
Champaign	Jan	99.93	95.6	143.7	12,708
Champaign	Jan	120.00	97.7	143.5	12,387
Champaign	Feb	118.70	98.7	138.1	11,100
Champaign	Feb	58.10	99.3	141.3	11,000
Champaign	Feb	120.41	98.3	135.8	10,972
Champaign	Feb	120.00	99.0	143.4	11,500
Champaign	Mar	80.00	99.0	142.0	10,800
Champaign	Apr	39.00	96.7	136.2	10,256
Champaign	Apr	40.00	98.0	143.7	11,500
Champaign	Apr	51.54	99.0	143.7	11,500
Champaign	Apr	25.77	99.0	143.7	11,500
Champaign	Apr	20.00	100.0	143.7	10,000
Champaign	May	100.00	91.4	143.1	12,797
Champaign	Jun	32.35	95.8	140.1	10,500
Champaign	Jun	70.26	77.1	143.7	7,157
Champaign	Jun	42.78	99.1	143.7	10,500
Champaign	Jul	77.87	98.2	137.9	10,331
Champaign	Aug	77.00	97.8	143.3	7,500
Champaign	Aug	40.00	95.3	136.0	10,000
Champaign	Aug	24.38	100.0	137.6	8,203
Champaign	Sep	80.00	91.8	134.6	10,100
Champaign	Oct	79.87	95.8	138.8	10,367
Champaign	Nov	80.00	97.0	143.5	12,100
Champaign	Nov	62.50	99.2	136.2	12,572
Champaign	Nov	62.92	99.3	142.2	10,000
Champaign	Dec	80.00	86.3	137.5	9,100
Champaign	Dec	20.00	98.0	143.6	10,925
Coles	Feb	30.00	100.0	133.1	10,000
Coles	Mar	80.00	98.9	137.9	9,000
Coles	Mar	80.00	100.0	136.6	10,000
Coles	Mar	40.18	97.6	139.4	12,000
Coles	Jul	25.00	96.9	136.4	11,800
Coles	Aug	41.15	100.0	141.0	11,717
Coles	Nov	164.10	94.9	141.9	11,804
Coles	Dec	76.30	94.5	134.1	10,800
Coles	Dec	20.00	100.0	139.2	9,875

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Coles	Dec	20.00	92.9	136.5	10,500
Coles	Dec	40.00	91.8	132.9	9,250
Douglas	Jan	23.00	99.0	140.7	10,300
Douglas	Jan	174.83	99.0	140.0	13,939
Douglas	Jan	395.50	97.0	133.6	10,020
Douglas	Mar	40.00	100.0	134.7	10,170
Douglas	Mar	41.62	92.0	144.0	10,572
Douglas	May	320.00	99.0	139.4	9,375
Douglas	May	100.00	98.0	138.4	11,000
Douglas	Jun	74.11	99.0	137.9	10,370
Douglas	Jun	60.00	100.0	140.2	10,500
Douglas	Aug	40.00	98.0	139.8	9,300
Douglas	Dec	211.00	95.0	141.0	12,100
Douglas	Dec	156.15	96.0	140.6	11,300
Edgar	Jan	40.00	100.0	143.8	9,500
Edgar	Jan	40.00	100.0	140.9	10,500
Edgar	Feb	15.50	100.0	144.0	11,000
Edgar	Feb	80.00	100.0	144.0	10,500
Edgar	Mar	95.02	100.0	136.4	10,000
Edgar	Mar	161.16	100.0	142.7	11,200
Edgar	Mar	20.00	98.0	143.8	7,000
Edgar	Apr	47.00	98.0	142.0	10,100
Edgar	May	50.00	100.0	144.0	9,500
Edgar	May	117.09	99.0	143.2	9,714
Edgar	Jul	22.66	100.0	144.0	11,297
Edgar	Jul	80.00	100.0	140.7	10,100
Edgar	Jul	161.00	100.0	137.1	8,696
Edgar	Sep	234.86	98.0	139.4	9,500
Edgar	Sep	45.00	98.0	133.5	9,500
Edgar	Sep	28.00	97.0	143.8	7,857
Ford	Jan	160.00	98.4	142.2	8,100
Ford	Sep	169.87	97.7	137.1	10,250
Iroquois	Apr	23.02	100.0	135.2	7,168
Vermilion	Jan	160.00	99.3	139.5	9,000

Vermilion	Jan	20.00	99.5	134.1	8,500
Vermilion	Mar	81.73	100.0	136.7	12,019
Vermilion	Apr	133.45	97.3	142.0	9,500
Vermilion	Apr	96.22	87.8	137.7	9,977
Vermilion	Apr	18.10	92.8	133.4	6,360
Vermilion	Apr	33.33	99.0	143.6	10,700
Vermilion	May	241.10	90.4	141.8	7,901
Vermilion	Aug	97.87	79.1	135.4	6,995
Vermilion	Sep	112.00	94.3	143.8	10,500
Vermilion	Sep	94.50	96.5	139.5	10,013
Vermilion	Oct	40.00	93.3	142.6	8,500
Vermilion	Nov	72.00	98.4	143.7	10,500
Vermilion	Nov	23.32	78.5	143.5	6,604
Average (acre weighted)			96.7%	139.8	\$10,323

Good Productivity Tracts

Land rated with Good Productivity amounted to 39 percent of sales in Region 5. The general value range was \$7,000-\$10,000/ac with a few outliers. Sale volume declined by nearly 20 percent versus the prior year, slightly more than Excellent quality land. Interestingly, no Good Productivity sales were reported in Douglas County during 2016, which brings an added challenge for those appraising land of this ranking.

Statistics suggest values down 8 percent on average for this category, but the average was skewed by the results of an auction of nearly 200 acres in Iroquois County that sold for double the price of most other sales of similar quality land, thanks to competitive bidding between two very motivated

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(potential) buyers. Excluding that sale grouping tipped the overall decline for good land in Region 5 to more than 11 percent.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Feb	160.00	98.0	132.1	10,900
Champaign	Mar	160.00	99.0	120.8	7,906
Champaign	Mar	90.74	98.5	118.8	7,994
Champaign	Apr	56.60	94.7	127.6	9,261
Champaign	Aug	40.00	86.8	123.5	8,500
Champaign	Aug	20.00	95.5	129.5	8,500
Champaign	Oct	278.22	86.1	119.2	6,110
Champaign	Nov	197.50	90.0	120.4	6,500
Champaign	Nov	20.00	98.5	117.9	9,800
Coles	Jan	42.31	100.0	130.3	11,415
Coles	Jan	40.00	93.2	129.3	8,000
Coles	Feb	40.00	100.0	131.9	8,500
Coles	Apr	91.96	91.8	119.2	6,000
Coles	Jul	74.09	55.4	117.0	6,500
Coles	Dec	82.32	71.1	130.1	8,534
Coles	Dec	15.00	97.8	129.7	10,500
Edgar	Mar	31.37	90.0	119.8	8,400
Edgar	Mar	80.00	99.0	126.6	7,400
Edgar	Apr	23.29	100.0	122.8	9,000
Edgar	Apr	32.42	99.0	132.2	10,700
Edgar	Jul	50.16	97.0	131.2	8,400
Edgar	Sep	80.00	86.0	124.8	4,041
Ford	Jan	78.75	96.1	123.6	7,350
Ford	Feb	80.00	99.3	125.1	8,938
Ford	Feb	94.21	101.6	123.3	9,075
Ford	Mar	78.41	97.9	125.2	8,244
Ford	Mar	91.58	93.2	121.5	5,050
Ford	Apr	80.00	95.3	125.6	8,400
Ford	May	150.50	98.2	118.3	5,947
Ford	May	72.96	94.9	117.7	7,100
Ford	Jul	80.00	98.5	121.7	8,688
Ford	Sep	91.58	93.2	121.5	6,113
Iroquois	Feb	60.00	97.6	129.2	8,500
Iroquois	Feb	75.00	100.0	122.7	8,696
Iroquois	Feb	40.00	100.0	122.5	8,700
Iroquois	Feb	80.00	94.3	127.8	7,500
Iroquois	Feb	38.48	97.6	120.7	7,500
Iroquois	Feb	55.26	95.6	122.1	8,216
Iroquois	Feb	80.00	97.5	128.5	8,950
Iroquois	Mar	50.05	95.6	125.7	6,993
Iroquois	Apr	60.00	99.2	127.9	11,108
Iroquois	May	63.49	100.0	124.5	10,750
Iroquois	May	40.00	94.1	119.0	8,623
Iroquois	Jun	160.00	100.0	123.5	10,500
Iroquois	Jul	156.56	97.3	127.0	6,547
Iroquois	Jul	80.00	97.8	117.6	7,563
Iroquois	Sep	22.00	100.0	124.2	5,500
Iroquois	Sep	78.44	95.2	124.6	13,400
Iroquois	Sep	79.00	99.7	118.5	16,300
Iroquois	Sep	80.00	98.1	125.3	8,939
Iroquois	Sep	38.10	99.7	117.7	16,200
Vermilion	Jan	20.25	85.9	129.8	8,200
Vermilion	Jan	320.00	94.9	128.1	7,344
Vermilion	Jan	40.00	94.3	127.5	8,500
Vermilion	Jan	144.00	97.4	127.9	6,125
Vermilion	Mar	20.00	92.5	129.5	6,000
Vermilion	Mar	160.00	95.1	123.8	7,500
Vermilion	Apr	58.13	87.0	130.8	7,397
Vermilion	Apr	40.00	96.0	118.0	6,500
Vermilion	Apr	40.00	98.0	125.6	6,500
Vermilion	May	76.69	97.4	124.4	8,319

Vermilion	May	80.18	98.5	129.0	7,550
Vermilion	May	80.00	99.5	126.9	7,500
Vermilion	Jul	75.00	97.6	126.1	6,533
Vermilion	Oct	45.90	98.9	130.1	7,843
Vermilion	Nov	26.29	63.1	120.6	4,100
Vermilion	Nov	95.00	91.9	124.7	6,400
Vermilion	Nov	80.00	96.1	122.8	6,700
Vermilion	Dec	80.00	99.0	126.1	8,500
Average (acre weighted)			94.7%	124.3	\$7,947

Average Productivity Tracts

Given that 86 percent of the sales for the Region fell in the Good to Excellent productivity tiers, statistics need to be viewed with caution as sale numbers are limited for the Average and Fair categories. A total of 23 sales were reported in 2016, 7 less than 2015. The acre weighted average value dropped 18 percent, and supported the frequent expression of committee members that lower quality land suffered more loss thru the year than did better quality.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Mar	45.37	96.1	113.8	7,994
Champaign	Sep	37.90	84.2	116.7	6,500
Coles	Jul	132.82	66.9	115.6	6,500
Coles	Sep	20.00	57.5	106.6	7,500
Coles	Dec	88.97	69.4	116.5	3,751
Edgar	Aug	155.00	99.0	106.8	7,742
Edgar	Sep	75.89	98.0	114.6	4,041
Ford	Jan	195.34	76.3	113.8	4,323
Ford	Mar	80.00	94.7	113.6	4,600
Iroquois	Jan	36.36	100.0	112.3	6,832
Iroquois	Apr	245.30	96.1	115.7	4,892

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Iroquois	Apr	40.00	98.6	105.0	7,500
Iroquois	May	164.00	100.0	101.4	6,026
Iroquois	Jun	78.00	99.3	108.5	6,410
Iroquois	Jul	39.96	98.1	115.7	7,508
Iroquois	Sep	218.80	95.1	107.4	5,249
Iroquois	Sep	78.60	100.0	109.1	5,251
Iroquois	Sep	107.50	98.1	111.0	5,356
Iroquois	Sep	40.00	90.0	114.1	5,356
Vermilion	May	155.89	94.1	101.7	5,773
Vermilion	Jul	56.00	90.0	108.7	7,500
Vermilion	Jul	66.43	92.9	108.7	6,322
Vermilion	Oct	60.00	65.4	107.9	3,425
Average (acre weighted)			90.6%	110.3	\$5,639

Fair Productivity Tracts

Region 5 does not have enough acreage in the Fair Productivity category to provide useful or good statistical data. Only three sales were reported, all in Iroquois County.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Iroquois	Sep	218.80	95.1	107.4	5,249
Iroquois	Sep	78.60	100.0	109.1	5,251
Iroquois	Sep	107.50	98.1	111.0	5,356
Average (acre weighted)			96.8%	108.7	\$5,278

Recreational Tracts

Recreational land comes in a wide array of styles and characteristics. Fundamentals of supply and demand play a very significant role from the perspective of the amount of land available in relation to population (demand) centers. For instance, Champaign County has a relatively small supply of privately held recreational land, especially in close proximity to Champaign-Urbana.

Finding a sufficient number of good comparables for an appraisal can be a challenge, especially since recreational land in Champaign County typically commands a higher price than in surrounding counties. Several other counties in our region have more recreational land with lower populations,

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leading to notable variation in sale prices from one area to another. Characteristics such as the presence of ponds, streams, or rivers, as well as young or mature timber also impacts value, especially in relation to the buyer's plans for the property.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Feb	32.12	0.0	0.0	7,659
Coles	Sep	124.92	46.7	113.3	3,602
Coles	Nov	41.87	61.0	106.4	3,700
Coles	Dec	48.00	21.7	119.9	5,759
Douglas	Nov	112.68	0.0	0.0	1,976
Edgar	Jan	80.00	0.0	0.0	2,650
Edgar	Feb	46.97	0.0	0.0	2,448
Edgar	May	24.89	0.0	0.0	2,411
Edgar	Jun	243.34	59.0	119.7	3,800
Edgar	Jun	69.09	0.0	0.0	4,632
Iroquois	Apr	43.28	0.0	0.0	3,235
Iroquois	Apr	60.87	50.9	113.1	4,616
Vermilion	Jan	36.73	0.0	0.0	4,574
Vermilion	Jun	73.78	6.4	103.1	2,978
Vermilion	Sep	64.25	26.9	115.0	5,370
Average (acre weighted)			26.4%	68.3	\$3,750

Transitional Tracts

The three transitional tracts in Champaign County were all at the southwest edge of Champaign. Two were purchased by a farmer/investor, while the third buyer was the Carle Foundation.

Location is king, as the \$55,000/acre sale listed above is situated across the road from the \$25,690/ac and \$29,393/ac sales, which are adjacent to each other and sold together in the same transaction. All three were currently cropped and within Champaign city limits. Carle has begun work on a new complex at the NW corner of the I-57/Curtis Road interchange, with plans to move 1,400+ administrative employees from ten leased offices scattered around Champaign-Urbana into that area once completed in late 2017.

Area development activity saw an upswing in the past year after limited new construction since the start of the recession nearly 10 years ago. Most developers appear to be working with current land holdings, and have not yet become active in seeking new acquisitions.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Feb	72.48	99.1	141.6	25,690
Champaign	Feb	82.91	96.5	134.9	29,393
Champaign	Sep	78.54	99.3	142.4	55,000
Coles	Jul	39.16	89.5	119.9	11,697
Average (acre weighted)			97.0%	136.7	\$33,237

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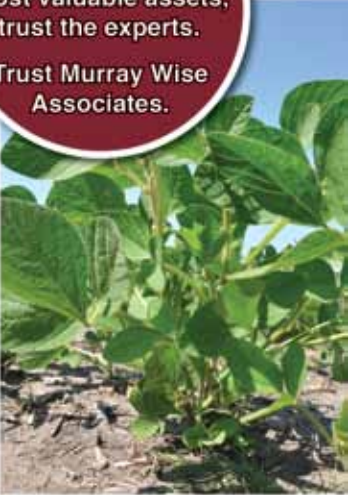
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Other Tracts

This sale was of acreage adjacent to a gravel pit, purchased by the pit operator. Non-tillable acreage was mostly timber.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Coles	Sep	11.69	34.2%	118.3	\$3,850

Special Interest Stories

In early December 2016 the Region 5 Land Values committee received our annual kickoff email from Mac Boyd, ARA, ALC, GRI, with his always positive encouragement to put together accurate, complete, and timely sales and lease information for this year's *Illinois Farmland Values*

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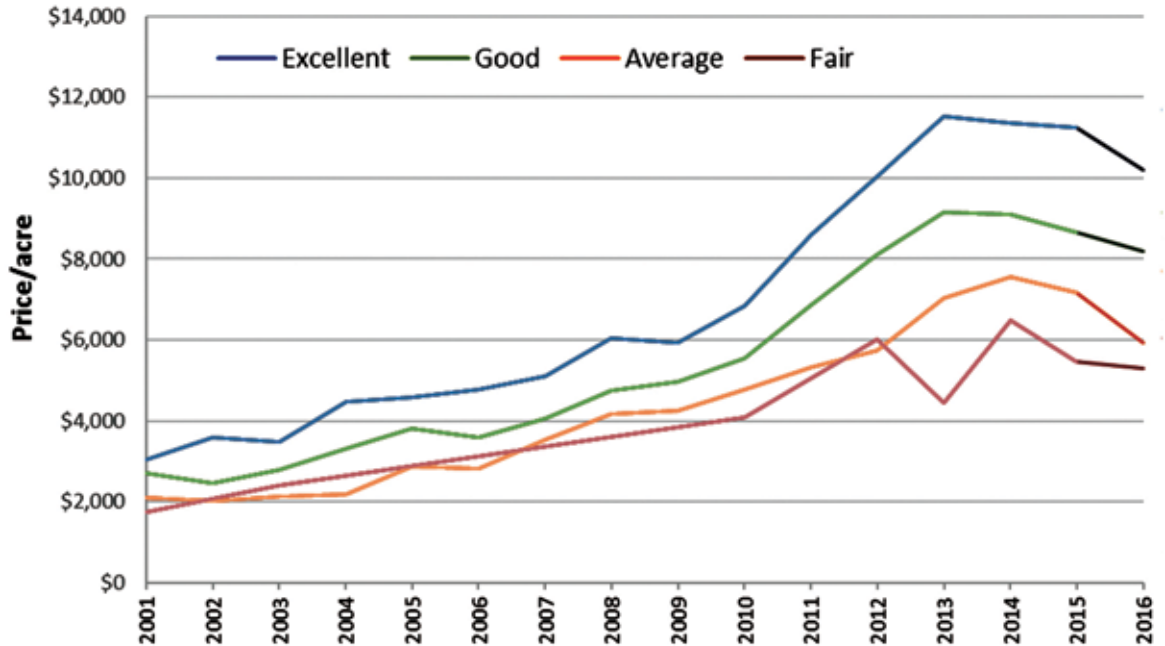
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Region 5: Land Values Summary by Class



Average Sales Price of Completed sales in Region by Year & Category*

--- Category ---

Year	Excellent	Good	Average	Fair	Recreational	Transitional
2001	3,048	2,720	2,110	1,745		3,594
2002	3,578	2,465	2,017		1,475	
2003	3,472	2,787	2,123	2,400	1,403	5,970
2004	4,473	3,318	2,189		2,112	8,279
2005	4,588	3,815	2,883		2,108	6,319
2006	4,784	3,582	2,820		2,525	6,887
2007	5,116	4,066	3,537		3,450	11,489
2008	6,044	4,738	4,163		3,579	12,619
2009	5,939	4,969	4,258		2,673	10,796
2010	6,840	5,554	4,767	4,094	2,817	10,605
2011	8,602	6,878	5,316		4,247	
2012	10,023	8,106	5,746	6,020	3,806	
2013	11,527	9,156	7,019	4,446	3,128	7,500
2014	11,349	9,100	7,553	6,486	4,113	36,125
2015	11,258	8,657	7,170	5,465	3,601	20,169
2016	10,210	8,199	5,928	5,285	3,961	30,445

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	9.78%	7.93%	9.71%			17.94%
2008-2016	6.55%	6.86%	4.42%		1.27%	11.01%
2001-2016	8.06%	7.36%	6.89%	7.39%		14.24%
2005-2016	7.27%	6.96%	6.55%		5.73%	14.29%
2010-2016	6.7%	6.5%	3.6%	4.3%	5.7%	17.6%
2015-2016	-9.8%	-5.4%	-19.0%	-3.3%	9.5%	41.2%

*Note: Limited numbers of sales in some years & special features may affect values

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and Lease Trends Report. Though not specifically written in that email, echoes from the past of “let’s make this the best book ever” were clearly heard.

Little did we know that less than two weeks later he would quickly depart this life after leaving an indelible mark on each one that knew him. Mac had chaired the Region 5 Land Values and Lease Trends committee since its inception. His contributions to the ISPFMRA were extensive, and we will greatly miss his cheerful smile, jokes, dedication, and service to our organization.

Two years ago, Cronus Chemicals announced plans for construction of a \$1.4 billion fertilizer plant just west of Tuscola in Douglas County. The plant is to produce nitrogen based fertilizers ammonia and urea. In June 2016 Cronus announced that the start of construction would be delayed into 2017. The plant is expected to take approximately three years to build once construction is underway.



Lease Trends

Rental rates in Region 5 have generally continued the softer trend of the past few years, pressured by commodity price levels. However, some stabilization of rates was seen as a result of a third consecutive year of excellent yields, better than expected support for commodity prices through a record harvest, and the ARC-County payments which added a bit of financial cushion.

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Committee members reported a continued slow shift from fixed to variable rents. Variable rents have generally been well received by owners and operators, as farmers are typically willing to pay more when gross income is higher as a result of yields or prices. Farms on crop share leases often have long-term relationships between owners and operators. Nearly all newer crop share leases include some type of supplemental rent or modification to keep them competitive with other lease types. A small percentage of leases remain in custom operating arrangements.

Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	\$300	\$325	\$350	1	\$315	30%	40%	25%	5%
Good Productivity	\$250	\$280	\$320	1	\$270	25%	40%	30%	5%
Average Productivity	\$200	\$235	\$270	1	\$240	25%	45%	30%	5%



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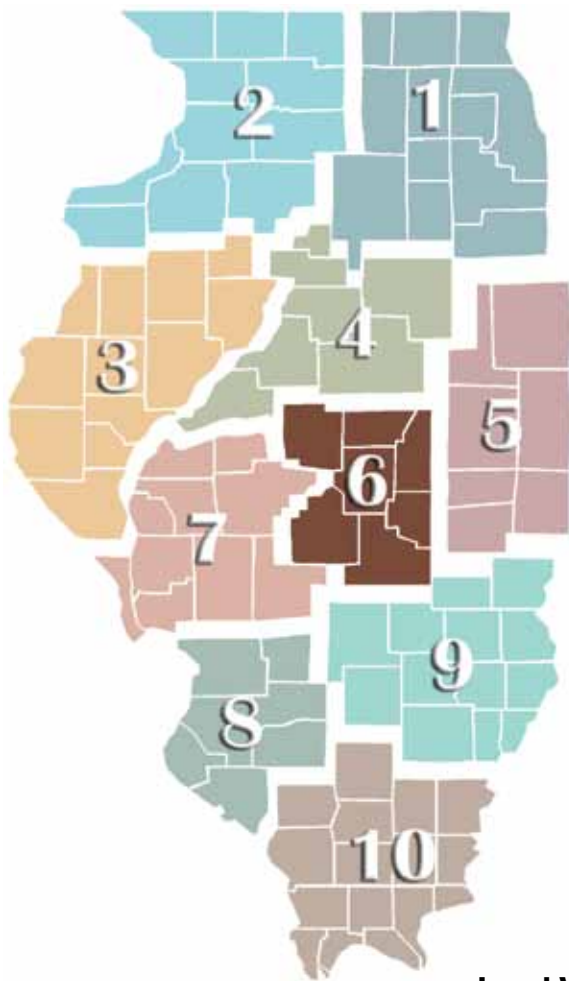


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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$8,100 to \$12,272	-10.0%	Steady to Down	\$300 to \$350	-12.5%	\$275 to \$350
Good Productivity	\$5,825 to \$10,750	See analysis	Down	\$250 to \$325	-8.0%	\$225 to \$300
Average Productivity	\$4,500 to \$9,000	-9.8%	Down	\$200 to \$250	-9.0%	\$175 to \$250
Fair Productivity	\$3,250 to \$ 7,155	-3.0%	Steady	\$150 to \$200		\$125 to \$175
Recreational Land	\$3,017 to \$ 4,908	-16.8%	Steady	\$200 to \$250		\$150 to \$250
Transitional Tracts	\$14,450 to \$31,977	28.3%	Steady to Up	NA		

Region 6 consists of seven counties located in Central Illinois. Macon County is in the center of this area and is surrounded by Logan, Dewitt, Piatt, Moultrie, Shelby and Christian Counties. While all of the counties have high quality land, Shelby County tends to have more sales of lower quality land than the other counties (a majority of Average, Fair and recreational tracts came from Shelby County). This is due to the fact that the southern half of Shelby county is south of the Shelbyville Moraine which is a remnant of the Wisconsin glacier. The following represents some of our observations for 2016.

- Production--Three years in a row of record-breaking production have placed downward pressure on commodity markets. Yields this past year surprised many and corn

and soybean prices were on the defensive for all of 2016. These lower prices have lenders placing more restrictions on operating loans. Farmer’s working capital levels have declined over the past several years. This will put additional pressure on them to make sure that lease terms for 2017 make sense.

- Sales--Again in 2016, there were more farms sold by auction than in prior years. The difference this year is that there is a wide disparity in outcomes. The number one factor in the price of a farm today is “who is your neighbor” and is he or she in the market for land. Farmers are by far the primary buyers of farmland. Investors still are playing a significant role and the transactions they are involved in tend to be larger. However, if an investor has acquired the

property, it is almost a given that the property did not trade at the high end of the market.

- Excellent Quality Farms declined in value but still sell quite readily.
- Private Sales—Sale of land by private treaty is slower to sell than in prior years. What may have taken one or two months to accomplish in 2015 may take over a year to sell in the current market. Buyers continue to be more cautious and are reluctant to pay up to purchase a property via private treaty.
- Buyers of Farmland--- As stated previously, farmers are still the dominant buyer of farmland, followed by individual investors, and some corporate investors.



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• Discretionary Income---Recreational sales seem to be selling well, even though our results show a 16.8 percent decline in value, we believe that decline may be due to the type of recreational properties that sold and not a market decline.

• Drainage and other imperfections---Drainage issues and imperfections such as waterways, tree lines, ditches and old building sites, have a significant negative impact on land values.

• Location--As stated previously, location played significant role in price. Properties located near strong buyers of farmland sell for noticeably more money. In a recent auction, the property that an adjoining landowner was seeking sold for 10 percent more than another property. Such a wide spread is not uncommon, and in some cases can be far greater.

• Future Net Income---Incomes for 2017 are projected to be higher than 2016 as commodity prices are higher than last year at this time and input costs have declined. This should help support farmland values. However, the \$64,000 question in 2017 is how often and by how much will the Federal Open Market Committee raise interest rates.

Excellent Productivity Tracts

Initially, our committee collected data on over 100 sales in the “Excellent” category. In consideration of space we reduced this to 55 sales without changing outcome to any significant degree. These sales ranged from \$8,100 per acre to \$12,272 per acre. The average size of each parcel was



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approximately 80 acres. The average percentage tillable was 98.5 percent with an average Soil Productivity Index Rating (PI) of 139.8. The average price per acre was \$10,525 and the price per tillable PI was \$76.45. These values compare to last year's average price of \$11,702 per acre and a price per tillable PI of \$86.82. The sales data show a decline in price of 10.0 percent over the prior year's results. However, this decline is significantly influenced by a sale of a 244 acre sale in Shelby County for \$8,100 per acre. If this sale is removed, the decline is reduced to 8.8 percent. The main takeaway we see is that the disparity in price is widening. Last year the spread was \$10,500 to \$13,500 per acre or \$3,000 per acre, and this year the spread was \$8,100 to \$12,272 or \$4,172 per acre, an increase of over \$1,100 per acre. Land in areas of high demand where neighboring farmers still compete for high quality tracts, land sells very well. However, in areas where there is little local interest, land sales struggle.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Shelby	Jan	160.00	96.9	135.7	10,500
Shelby	Jan	80.00	99.1	144.0	11,000
Macon	Jan	40.00	98.2	142.4	11,500
DeWitt	Jan	40.00	98.5	139.2	10,200
DeWitt	Jan	40.00	101.8	137.7	10,500
DeWitt	Jan	80.00	96.9	137.2	11,600
DeWitt	Jan	65.00	102.3	136.1	10,000
Piatt	Jan	80.00	100.0	135.6	11,200
Shelby	Feb	67.58	99.7	138.3	11,350
Moultrie	Feb	80.00	100.0	140.0	10,250
DeWitt	Feb	40.00	100.0	141.5	11,600

Piatt	Feb	161.14	96.0	141.5	11,100
Christian	Mar	100.92	100.3	135.1	11,662
Christian	Mar	50.08	97.1	138.9	10,000
Piatt	Mar	40.68	97.7	144.0	10,800
Christian	Mar	81.41	97.6	140.0	9,500
Christian	Mar	118.16	99.8	133.9	11,000
Macon	Apr	313.00	98.2	139.7	9,904
Piatt	Apr	35.00	98.0	142.6	10,800
Moultrie	Apr	43.25	100.0	140.2	10,750
Moultrie	Apr	39.50	100.0	140.4	10,750
Christian	Apr	81.41	97.6	140.0	9,500
Shelby	May	80.00	95.6	134.6	10,000
Macon	May	75.78	98.6	142.6	10,500
Moultrie	May	55.66	98.6	136.3	11,000
Logan	Jun	40.00	100.0	133.8	10,500
DeWitt	Jun	78.57	98.8	133.2	11,000
Macon	Jul	37.00	96.5	143.0	11,900
Piatt	Jul	60.54	96.0	139.7	11,563
Shelby	Jul	121.00	99.8	144.0	12,100
Shelby	Jul	41.32	99.8	134.6	11,121
Shelby	Aug	40.00	97.3	133.3	11,000
Logan	Aug	80.00	99.4	134.9	9,000
Macon	Aug	79.64	100.0	141.1	10,000
Piatt	Aug	90.00	100.0	142.1	11,000
Shelby	Sep	40.00	99.0	134.4	11,122
DeWitt	Oct	160.00	99.7	139.0	10,625
Macon	Oct	80.17	96.4	141.4	10,278
Piatt	Oct	77.00	99.0	143.5	11,719
Christian	Nov	40.00	99.9	136.4	11,393
Macon	Nov	35.44	100.0	139.9	11,750
Macon	Nov	44.55	100.0	138.4	11,300
Shelby	Nov	42.07	99.1	143.7	11,500
Logan	Nov	155.00	100.0	141.2	10,200
Macon	Nov	39.99	96.3	137.1	9,500
Shelby	Nov	71.00	97.2	144.0	8,650
Shelby	Nov	244.00	96.8	143.7	8,100
Logan	Dec	57.00	99.1	141.1	10,900
DeWitt	Dec	80.00	99.2	141.9	9,879
DeWitt	Dec	80.00	98.2	138.3	10,487
Macon	Dec	41.71	95.4	141.1	11,203
Macon	Dec	80.00	100.0	143.6	11,025
Piatt	Dec	100.00	97.8	142.8	12,272
Shelby	Dec	60.00	99.5	144.0	9,948
Shelby	Dec	80.00	98.3	143.3	10,200
Average (acre weighted)			98.5%	139.8	\$10,525



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Good Productivity Tracts

The committee selected 12 sales for the “Good” Category. The average percentage tillable was only slightly less than the “Excellent” category at 97.8 percent and the average PI is 130.9. The sales selected ranged in value from \$5,825 per acre to \$10,750 per acre with an average of \$9,421 per acre. The average dollar value indicated for the tillable land was \$73.12 per PI point. The average price in this category in 2015 was \$9,267 indicating an increase of 1.7 percent and it would be erroneous to take that at face value.

Last year's data was comprised of 16 sales that had an average PI of 124.2 and averaged 94 percent tillable while this year's sales averaged 130.9 PI and 97.8 percent tillable. The current data set is clearly comprised of better quality farms overall. These factors account for more

than \$500 per acre in value based on soil productivity and percent of tillable acreage. Thus, if this adjustment were made, the average price would be closer to \$8,900 per acre, which would be a decline of 4.0 percent over last year. Also, properties for sale that would fall into this category are taking longer to market (There are properties that have been on the market for nearly a year, and in a few instances longer). We believe there is somewhat of a disconnect between sellers and buyers at this time as sellers want more than buyers are willing to pay.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Shelby	Jan	120.00	104.9	132.4	10,750
Christian	Jan	40.00	103.3	131.1	10,000
Shelby	Feb	160.00	97.0	126.7	10,250
Shelby	Feb	80.00	98.6	128.2	10,500
Logan	Mar	40.00	100.0	132.2	8,500
Moultrie	Apr	61.22	91.6	129.8	8,500
Macon	Jun	228.33	95.6	136.1	8,307
DeWitt	Jun	61.74	98.7	131.7	10,374
Shelby	Aug	59.05	96.1	122.87	5,826
Christian	Aug	38.50	100.0	124.5	9,169
DeWitt	Aug	103.44	96.9	132	10,500
DeWitt	Nov	76.00	95.2	131.5	9,400
Average (acre weighted)			97.8%	130.9	\$9,422

Average Productivity

The sample size for the “Average” Category was 10 sales, which is 3 more than the prior year. These sales ranged in value from \$4,500 to \$9,000 per acre. The average sale price of the sales selected was \$6,006 and the average price

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per tillable PI was \$69.84. The average size of the sales selected was 67 acres with 82.9 percent tillable and an average PI of 108.5. The average price in 2015 was \$6,656 per acre. Based on the prior year results, it appears that the "Average" Category was down 9.8 percent in 2015.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Shelby	Jan	40.00	96.2	115.0	8,500
Shelby	Jan	18.77	98.2	105.4	8,468
Shelby	Mar	40.00	98.8	104.9	9,000
Christian	Mar	49.00	66.4	108.2	5,000
Logan	Mar	80.00	71.0	107.3	5,623
Christian	Mar	138.00	89.4	117.8	4,900
Shelby	Mar	109.45	86.3	104.9	4,500
Christian	May	49.00	66.4	108.2	5,000
Shelby	Oct	30.15	79.7	113.4	7,231
Shelby	Nov	119.00	82.8	100.1	7,215
Average (acre weighted)			83.0%	108.5	\$6,006

Fair Productivity Tracts

There were only two sales documented last year and it was determined at that time that the market was holding steady. Thus, for making comparison and looking for market direction, I am comparing this year's data to 2014. The average price for Fair category is \$5,392 per acre. The tracts were on average, 40 acres in size, 70 percent tillable with soil productivity ratings of 98.5. This compares to an average price of \$5,561 in 2014, which indicates a market decline of 3.0 percent.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Shelby	Jan	70.00	48.0	99.1	4,571
Shelby	Jul	31.83	100.0	99.8	6,736
Logan	Jul	22.00	94.2	97.5	6,909
Shelby	Aug	30.28	93.6	99.1	4,557
Shelby	Sep	50.00	62.0	99.5	4,000
Shelby	Oct	36.00	43.5	97.5	5,556
Shelby	Dec	40.00	84.5	96.5	7,155
Average (acre weighted)			69.6%	98.5	\$5,393

Recreational Tracts

The committee documented 11 parcels of recreational land. These sales averaged 82.0 acres in size and were 33.4 percent tillable. The range in values were \$3,017 to \$4,696 per acre. Three of the sales selected this year did not have any tillable acreage compared to only one sale last year. The average price of all the sales was \$3,927 per acre. This compares to an average of \$4,720 per acre in 2015.

Recreational land values are typically driven by discretionary income which has been improving since the economic downturn of 2008-2009. While the data documented indicates a 16.8 percent decline in recreational value, it is the committee's opinion that some of the decline documented may have more to do with the type of recreational properties and not the market in general. Thus, the 16.8 percent decline noted may be overstated.

County	Date	Acres	Tillable	Tillable Ac	Price/Ac
Logan	Mar	83.00	0.0		4,520
Macon	Mar	17.13	45.8	123.6	3,200
Christian	May	25.39	0.0		4,200
Shelby	May	92.00	30.8	98.9	3,804
Christian	Jul	160.00	34.5	121.6	4,600
Shelby	Aug	29.73	38.7	109.8	4,474
Christian	Sep	115.00	53.2	130.4	4,696
Shelby	Sep	109.38	24.4	117.7	3,017
Shelby	Oct	46.95	30.7	120.1	3,088
DeWitt	Oct	30.30	0.0	0.0	4,908
Shelby	Nov	200.00	49.3	98.3	3,250
Average (acre weighted)			33.4%	95.8	\$3,927

Transitional Category

There were 4 transitional sales documented in 2016. These sales were all relatively small in size and ranged in values from \$14,450 to \$31,997 per acre. The average price of Transitional tracts is \$25,535, which would be an increase of 28.3 percent over 2015. Transitional tracts may not be up 28.3 percent as the data indicates, but they are clearly bucking the downward trend of pure farmland.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Logan	Apr	15.48	88.0	139.2	31,977
Logan	Jun	10.00	100.0	142.9	28,000
Macon	Aug	20.00	98.9	141.3	29,865
Moultrie	Aug	19.03	94.0	132.6	14,450
Average (acre weighted)			95.0%	138.5	\$25,535



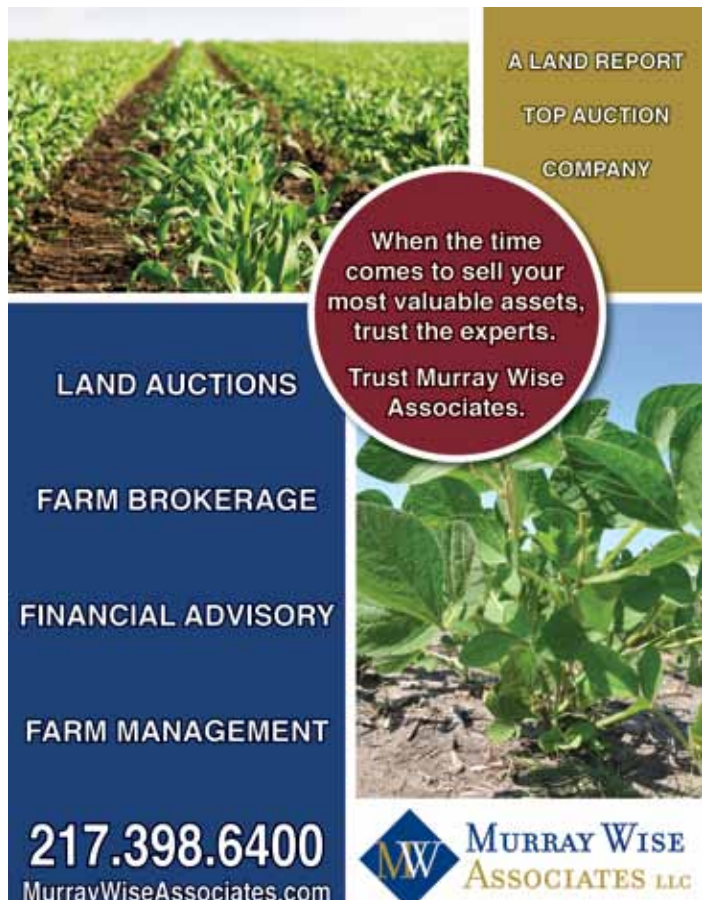
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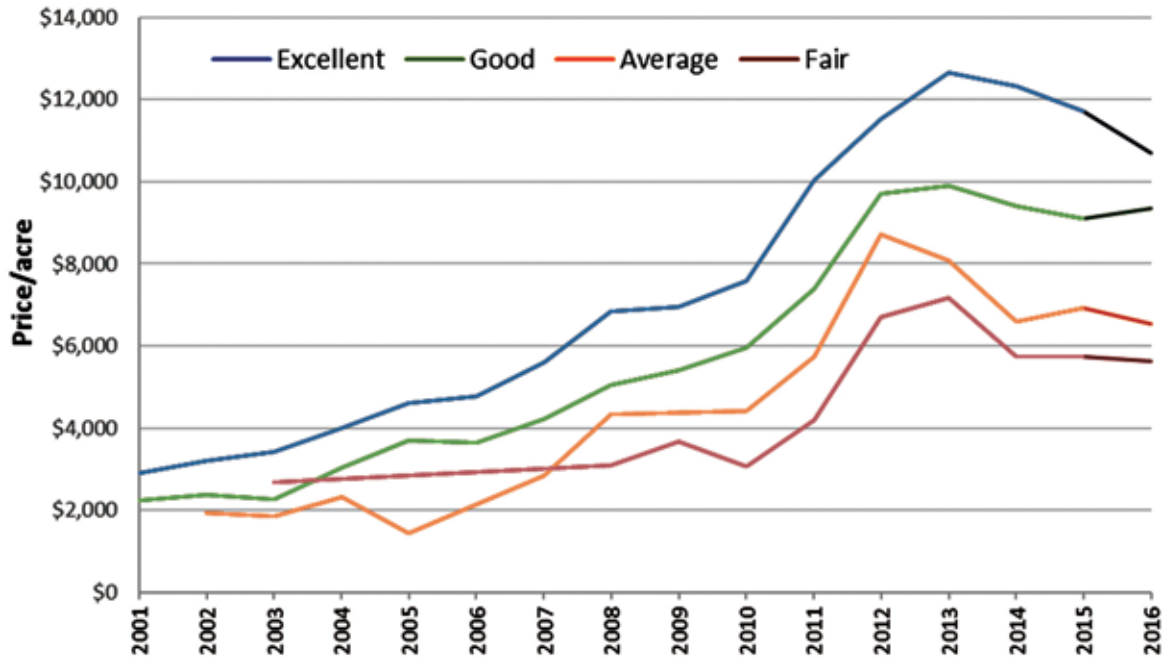
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Region 6: Land Values Summary by Class



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Region 6. Average Sales Price of Completed Sales in Region by Year and Category*

--- Category ---

Year	Excellent	Good	Average	Fair	Recreational	Transitional
2001	2,887	2,245				
2002	3,207	2,381	1,925		967	11,275
2003	3,411	2,269	1,845	2,670	2,060	8,352
2004	4,007	3,046	2,325		1,528	8,910
2005	4,622	3,688	1,431			14,500
2006	4,785	3,633			2,817	9,416
2007	5,591	4,214	2,857		3,633	10,000
2008	6,840	5,052	4,321	3,081	4,593	8,566
2009	6,959	5,412		3,661	3,326	12,896
2010	7,574	5,949	4,425	3,066	3,574	10,365
2011	10,031	7,381	5,751	4,207	3,401	10,000
2012	11,530	9,699	8,707	6,707	3,567	12,929
2013	12,649	9,889	8,089	7,175		
2014	12,327	9,399	6,591	5,750	4,076	18,644
2015	11,725	9,099	6,920	5,725	4,756	21,013
2016	10,695	9,340	6,544	5,641	3,978	26,073

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	12.32%	11.59%				
2008-2016	5.59%	7.68%	5.19%	7.56%	-1.80%	13.91%
2001-2016	8.73%	9.50%				
2005-2016	7.63%	8.45%	13.82%			5.33%
2010-2016	5.8%	7.5%	6.5%	10.2%	1.8%	15.4%
2015-2016	-9.2%	2.6%	-5.6%	-1.5%	-17.9%	21.6%

*Note: Limited numbers of sales in some years & special features may affect values

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Lease Trends

Lease trends are down, but not as much as many individuals thought they would be. Most leases are down less than 10 percent from a year ago and many are unchanged. Investors are seeing their real estate taxes rising and like the income streams of past years. Thus, they are reluctant to lower cash rents significantly. It is a delicate balance to reduce rental rates while maintaining the income stream needed for a landowner. The other factor that is being dealt with is that when the rent becomes too low for the landowner and they decide to sell because the income stream no longer is sufficient.



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Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	300	325	350	1	325				
Good Productivity	250	285	325	1	285				
Average Productivity	200	225	250	1	225				
Fair Productivity	150	175	200	1	175				
Recreational Land				1					



Region 7 - West Central

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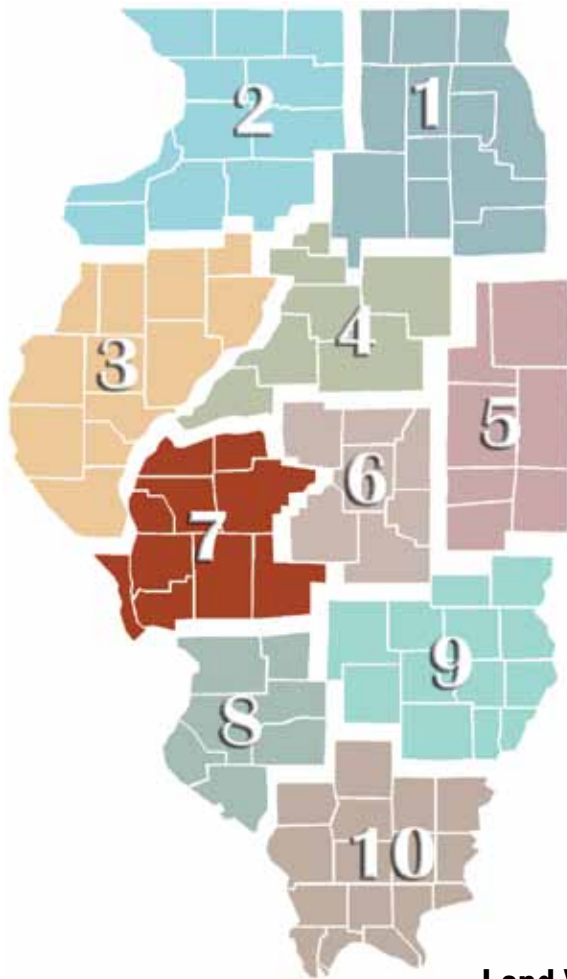
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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year
Excellent Productivity	\$10,500-\$12,250	Down 5%	Steady to down 10%	\$290-\$340	Down 5%
Good Productivity	\$6,500-\$9,500	Down 5%-10%	Steady to down 10%	\$220-\$290	Down 5%
Average Productivity	\$3,750-\$6,000	Down 5%	Up 5%-10%	\$150-\$220	Steady
Fair Productivity	\$2,500-\$3,500	Down 5%	Same	\$150 >	Steady
Recreational Land	\$2,000-\$4,000	Steady	Up 10-15%		

Region 7, like many others, is extremely diverse in its soil productivity and topography. Parts of this region contain some of the best prairie soils around, including Tama, Ipava, Sable, Virden, Herrick, and Harrison. Other parts of the region contain some of the best recreational hotspots in the Midwest. Counties like Greene and Calhoun are known for their recreational land. Both the Illinois and Mississippi Rivers, along with many other smaller bodies of water add uniqueness to the area. These can influence not only the soil quality but also weather patterns as well. It goes without saying that Region 7 was a very interesting case study for 2016.

Commodity markets were choppy again thanks to a fourth consecutive strong harvest. A vast majority of the tillable acreage in this region saw very strong yields in 2016. The

crops harvested added to an already large stockpile of inventory based on the previous year's success.

Although there were brief periods of a market rally, most of this region has seen a minimal decrease in value. The overall theme of uncertainty continues into 2017 as political and macroeconomic issues have many guessing. Specific geography has played more of a role than ever before. We have seen a wide variance of prices that depend upon where the farm is precisely located. Even two farms that appear comparable on paper could have an alarming difference in sales price depending on location. Certain sales of premium acreage, especially in the latter half of 2016, actually showed a rebound and some strength to the market as the year closed.

The region saw fewer auctions than usual during the first three quarters of the year, thanks largely in part to a more volatile market place. We saw auctions present some of the highest and some of the lowest results based on the emotion of the day. That said, some of the highest results all year, were seen in the public auction forum during the last few months of 2016.

Region 7 also saw a variety of large scale power projects come through the area. Ameren, Dakota Pipeline, Grain Belt Clean Line and other solar and wind energy projects saw companies target, and in some cases, pay handsomely for “options”. This has led to some additional income being put into the market. Many landowners used these funds for “section 1031” exchanges which helped sustain some strength to the market in certain instances.

Although values have curtailed generally speaking, this region has seen more sustainability than many expected. Even in the midst of some trying economic times, there seems to be just as many “land-lookers” as ever before. They are more opportunistic than in times past but were present as 2016 came to a close. The end results show a minimal decline in value. This minimal change is surprising since good chunks of 2016 felt like a emotional roller coaster with many fluctuations.



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Excellent Productivity Tracts

This land, which is typically flat, black, and well-positioned, continues to be in great demand in our region. We continue to see the principal buyers being local operators or local investors. Certain geographic sectors of this region have seen a great deal of strength. However, there are also certain conservative areas of the region that have weakened more than others. The overall weakening is a continuance of subdued enthusiasm about the future of the commodity markets.

A large crop for the fourth year in a row has created a lack of optimism heading into the 2017 marketing season. Field tile or drainage has been a key supporting component in some of the higher values reached in 2016. There was an interesting anomaly at the end of 2016 where these types of tracts seemed to be trending both up and down, depending upon specific location within the 10 counties that comprise Region 7.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Menard	Jan	110.55	99.1	142.3	11,340
Morgan	Jan	77.30	100.0	137.2	12,493
Sangamon	Jan	173.69	98.0	135.1	12,954
Morgan	Jan	40.00	100.0	141.0	12,208
Morgan	Jan	108.48	98.0	142.5	12,906
Macoupin	Jan	38.00	97.4	140.6	12,855
Sangamon	Jan	80.00	96.8	140.5	12,900

Greene	Jan	80.00	96.1	144.4	12,750
Macoupin	Jan	80.00	97.8	139.9	12,000
Sangamon	Jan	20.00	97.5	141.8	10,000
Morgan	Jan	19.22	100.0	140.4	12,500
Macoupin	Feb	40.00	99.0	133.7	12,000
Sangamon	Mar	40.00	99.3	140.6	12,150
Sangamon	Mar	106.99	97.0	142.2	13,880
Menard	Mar	80.00	95.2	142.3	10,000
Scott	Mar	80.55	92.5	138.2	12,883
Macoupin	Mar	80.00	100.0	140.0	11,000
Scott	May	30.00	99.0	140.1	12,300
Sangamon	May	25.37	98.5	142.3	10,500
Sangamon	Jun	39.00	90.5	138.3	12,000
Greene	Jun	120.00	99.6	142.4	12,000
Morgan	Jul	80.00	99.0	142.7	12,700
Menard	Aug	157.19	97.0	140.0	11,500
Scott	Aug	40.00	99.3	140.0	12,500
Sangamon	Aug	80.53	100.0	142.7	12,500
Sangamon	Aug	35.00	100.0	140.7	12,100
Menard	Sep	63.22	92.7	135.6	11,000
Greene	Dec	79.00	99.4	144.6	12,300
Morgan	Dec	178.78	96.0	133.9	11,900
Sangamon	Dec	89.90	95.5	137.5	11,992
Morgan	Nov	84.00	99.6	142.2	11,700
Morgan	Dec	43.50	98.0	140.8	15,400
Sangamon	Dec	80.00	97.1	140.3	13,400
Morgan	Dec	191.50		140.8	14,100
Scott	Dec	40.00	100.0	140.0	12,500
Montgomery	Dec	73.70	95.9	134.0	11,000
Montgomery	Dec	57.14	74.8	139.7	6,177
Sangamon	Dec	89.75	92.0	137.4	12,000
Average (acre weighted)			90.6%	139.7	\$12,209

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Good Productivity Tracts

Similar to the “Excellent Productivity” land class, this “Good” category has experienced a wide range of results. Buyers seem to be very opportunistic and can start seeing flaws of farms in this and subsequent categories. It is within this category that we start seeing issues like shape, varying topography, access issues, ditches or ponds, and other attributes factor into lowering prices. The percentage of income producing acres, and a farm’s propensity for future land improvements such as field tile and dry dams played a large role in determining a final sales price. A common theme in this category, amongst others, is specific geography. Certain pockets of the region are saturated with well-positioned operations that are aggressive in land acquisitions. Values in these areas are not lagging far behind land in the upper echelon.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Montgomery	Jan	151.42	95.4	132.1	12,500
Macoupin	Jan	171.00	82.0	128.2	6,579
Scott	Jan	64.86	86.3	132.3	9,405
Greene	Jan	195.00	84.6	125.6	8,500
Macoupin	Jan	64.44	85.0	125.0	6,859
Jersey	Feb	80.00	91.0	129.0	9,500
Jersey	Feb	73.00	93.0	126.0	9,247
Sangamon	Mar	63.00	90.0	123.2	7,937
Sangamon	Mar	45.50	64.8	123.5	12,000
Greene	Mar	83.62	96.7	122.4	7,175
Macoupin	Apr	200.00	67.6	131.2	7,000

Greene	Apr	21.18	97.7	126.8	9,450
Calhoun	Apr	200.20	97.0	128.5	9,740
Menard	May	55.00	95.6	118.5	8,200
Scott	May	40.00	99.0	119.7	9,500
Macoupin	Jun	120.00	97.0	124.5	9,167
Scott	Jun	120.00	88.0	122.2	8,000
Macoupin	Aug	31.60	98.0	119.0	7,484
Macoupin	Oct	73.25	97.0	132.1	11,379
Macoupin	Nov	80.00	97.0	122.4	9,000
Sangamon	Nov	87.64	89.9	128.3	8,500
Macoupin	Nov	72.90	80.0	128.3	7,150
Scott	Nov	78.00	77.0	126.1	7,200
Scott	Nov	48.00	97.0	121.9	8,350
Greene	Dec	59.61	97.0	129.0	10,000
Morgan	Dec	40.00	99.0	132.7	10,500
Morgan	Dec	117.00	83.0	124.6	9,075
Scott	Dec	80.00	79.0	117.3	8,550
Average (acre weighted)			88.0%	126.5	\$8,755

Average Productivity Tracts

This classification of farmland includes significant variations across the region. Most of the sales are greatly influenced by the percentage of income-producing acreage. Many of “combo farms” find themselves in this category. These farms have agricultural value but might also have some non-tillable acreage in the form of pasture, CRP, or wooded timber.

Higher prices are generally those that are closer to pockets of strength seen in the “Excellent” category. These have become a harder sell as well, as buyers are more selective

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than ever. We have seen many capable buyers sit tight and wait for better opportunities to come about rather than pull the trigger on a farm that is considered “average”. Opportunities to put pasture or CRP acreage back into crop production continues to be heavily considered with farms of this nature. Potential improvements such as field tile, maintenance dozing, and “sodbusting” were factors in final sales price. It is not uncommon in this region for an “average” farm to sell and look quite different a year later after the buyer makes several improvements..

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Montgomery	Feb	230.00	71.3	103.4	6,000
Scott	Feb	130.76	51.0	109.8	3,375
Jersey	Mar	28.35	87.4	115.2	8,783
Morgan	Mar	26.72	82.3	109.9	5,666
Macoupin	Apr	95.00	97.8	113.0	7,200
Scott	Apr	101.34	91.2	110.2	6,329
Scott	May	40.00	91.0	108.2	5,550
Macoupin	May	20.00	98.0	111.6	8,000
Morgan	May	22.00	76.4	114.2	7,175
Scott	May	126.00	71.0	106.7	6,300
Calhoun	Jun	20.00	91.0	107.5	5,225
Greene	Jun	144.62	63.0	114.5	5,774
Montgomery	Jun	156.00	82.4	116.4	6,600
Scott	Aug	117.30	58.0	114.1	3,000
Montgomery	Sep	106.90	93.5	114.2	6,800
Calhoun	Sep	70.54	82.0	104.7	4,300
Scott	Nov	335.14	95.0	112.7	7,625
Scott	Nov	163.21	84.0	112.8	6,200
Cass	Nov	339.36	87.0	115.5	5,430
Average (acre weighted)			80.9%	117.7	\$6,001

Fair Productivity Tracts

We have seen a very limited number of sales in this classification, as in previous years. Farms in this category also have wide variation in composition. Recreational value can support the value of this type of land more than farming, in some cases. Geography continued to play a factor in this category as well. The region’s rich soil composition limits the amount of farms that fall under this productivity range.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Greene	Mar	20.00	100.0	98.3	8,900
Cass	Apr	20.00	37.5	89.7	3,750
Macoupin	Apr	23.34	56.6	96.8	5,999
Scott	Aug	60.14	46.0	94.8	2,500
Scott	Aug	58.34	51.0	93.4	2,500
Montgomery	Sep	61.59	46.2	99.5	2,800
Cass	Oct	38.17	96.9	89.9	2,750
Cass	Oct	37.89	63.3	89.8	1,750
Average (acre weighted)			58.7%	94.3	\$3,233

Recreational Tracts

Parts of Region 7 provides some of the best recreational land in the State of Illinois. We see many sales that are based upon the recreational opportunities found in this area. Many of these sales have little-to-no cropped acres

and generally contain less than a quarter of income producing acreage. This classification can see strength based on a number of possible attributes. Potential income through hunting leases is a very likely scenario throughout Region 7.

Government programs such as CRP and CREP also bring value. One cloud on the horizon within this category is the potential lack of government programs in the future. The State of Illinois does not currently have an ongoing CREP signup, and the potential for one is on an indefinite hiatus thanks to the state budget crisis. The nation has also seen its allotted amount of CRP acres met, and it is now far from a sure thing to reenroll acres that are expiring. As a result, future income on these tracts has become murky.

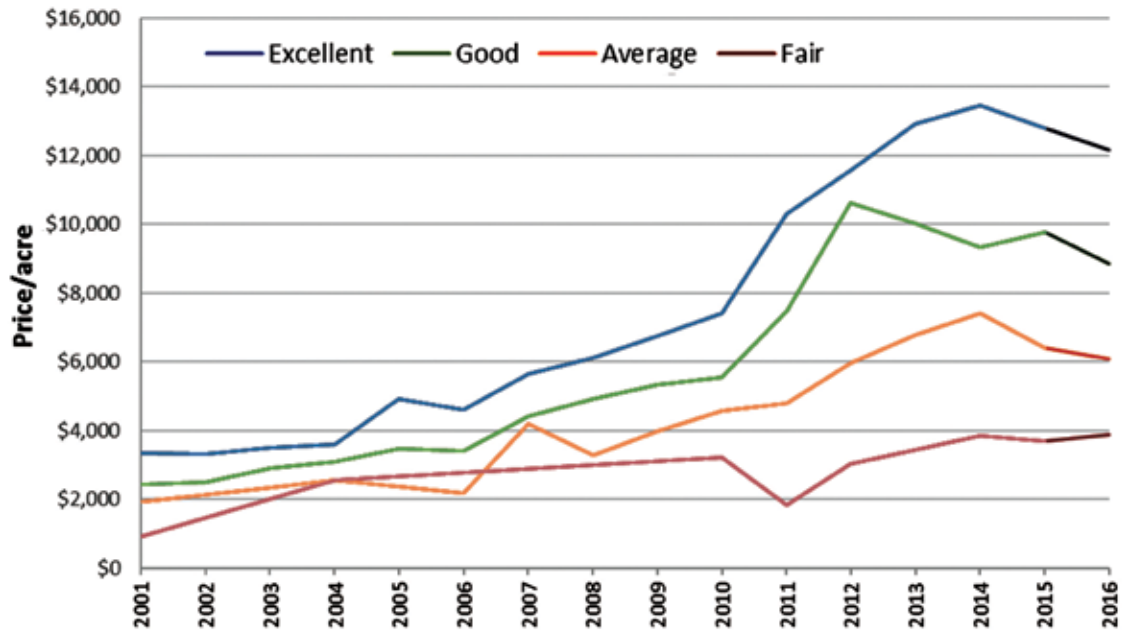
If there is no tillable acreage, harvestable timber, or a potential hunting lease, values struggled throughout 2016. We continue to see more out-of-area buyers within this category than other. That said, macroeconomic issues have limited discretionary income coming from outside the area. Despite several issues facing recreational farms, prices have remained fairly steady for several years running.

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Region 7: Land Values Summary by Class



County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Scott	Jan	47.64	27.0	115.2	3,149
Jersey	Jan	14.22			3,868
Sangamon	Feb	48.69			2,495
Calhoun	Feb	240.00	29.0	89.2	2,750
Menard	Feb	40.71			3,685
Jersey	Feb	146.51	12.0	112.1	3,389
Macoupin	Mar	40.00			2,000
Cass	Mar	43.07			2,786
Macoupin	Mar	168.60	32.4	121.6	3,959
Calhoun	May	89.00			2,750
Greene	May	54.83			2,189
Morgan	Jun	30.00			2,850
Calhoun	Jun	80.00	23.0	99.2	2,875
Cass	Jun	27.99			3,001
Macoupin	Jun	20.00			2,200
Greene	Jul	113.00	29.0	114.6	3,250
Montgomery	Jul	436.93	24.3	109.6	3,634
Scott	Jul	30.00	12.0	115.6	3,500
Cass	Oct	38.17			2,750
Cass	Oct	78.79			1,800
Cass	Oct	40.01			2,750
Morgan	Oct	104.53			2,400
Morgan	Nov	50.00	14.0	117.3	3,360
Greene	Nov	130.00	11.0	113.4	3,346
Average (acre weighted)			15.9%	74.1	\$3,114

Median Values of Reported Sales by Year and Class, Region 7*

Year	Land Class				
	Excellent	Good	Average	Fair	Recreational
2001	-	2,709	2,020	938	1,400
2002	3,449	2,500			
2003	3,563	2,750	2,350		
2004	3,700	3,000	2,570	2,573	
2005	4,880	3,525			
2006	4,568	3,246	2,178		
2007	5,330	4,493	4,191		
2008	6,088	5,100	3,349		
2009	7,212	5,389	3,969		
2010	7,450	4,864	4,660	3,224	
2011	10,568	6,952	5,525	1,825	2,913
2012	11,713	10,413	5,713	3,020	2,637
2013	13,250	9,900	6,500		3,350
2014	13,750	9,000	7,386	3,775	3,000
2015	12,600	9,775	6,275	3,405	3,000
2016	12,208	8,775	6,200	2,775	2,863

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008		9.04%	7.22%		
2008-2016	8.70%	6.78%	7.70%		
2001-2016		7.84%	7.48%	7.23%	4.77%
2005-2016	8.34%	8.29%			
2010-2016	8.2%	9.8%	4.8%	-2.5%	
2015-2016	-3.2%	-10.8%	-1.2%	-20.4%	-4.7%

*Note: Limited numbers of sales in some years & special features may affect values



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Lease Trends

The economic factors facing agriculture have operators seeking lower rents. While cash rents are certainly feeling pressure, owners continue to be hesitant to lower rents, and we still see a healthy supply of cash rents above \$300 per acre.

Rents on the Excellent and Good Productive Tracts have held up fairly well, given all the issues surrounding the overall agricultural economy. “Economic Rent” and “Market Rent” are different here as many cash rents don’t make clear sense from a numbers standpoint. What operators “should” pay and what the leases actually are seem to be entirely different.

Cash rents are certainly still popular but we still see a growing number of “flex lease” agreements. With volatility the norm, operators are getting creative in hopes to balance risks. With things changing at a faster pace, one-year leases are most typically the length of newer agreements. While cash rents seem to lag behind values in movement, they are indeed gradually decreasing and followed land values down slightly in 2016.

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Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	285	325	370	1	325	45	35	15	5
Good Productivity	220	240	300	1	270				
Average Productivity	200	225	250	1	200				
Fair Productivity	150	150	200	1	175				
Recreational Land		25							
Pasture		40							

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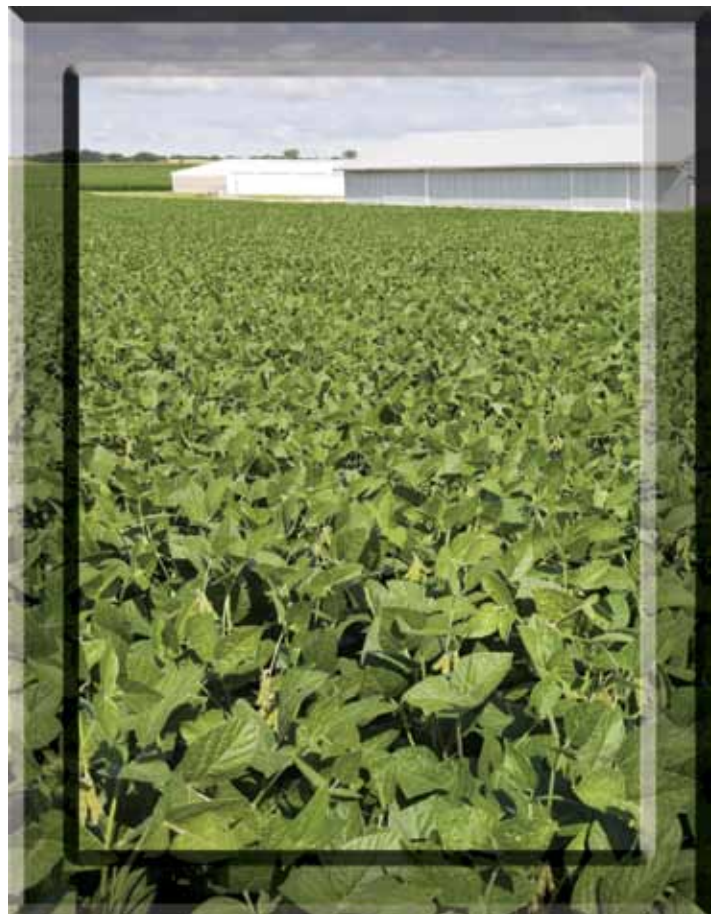
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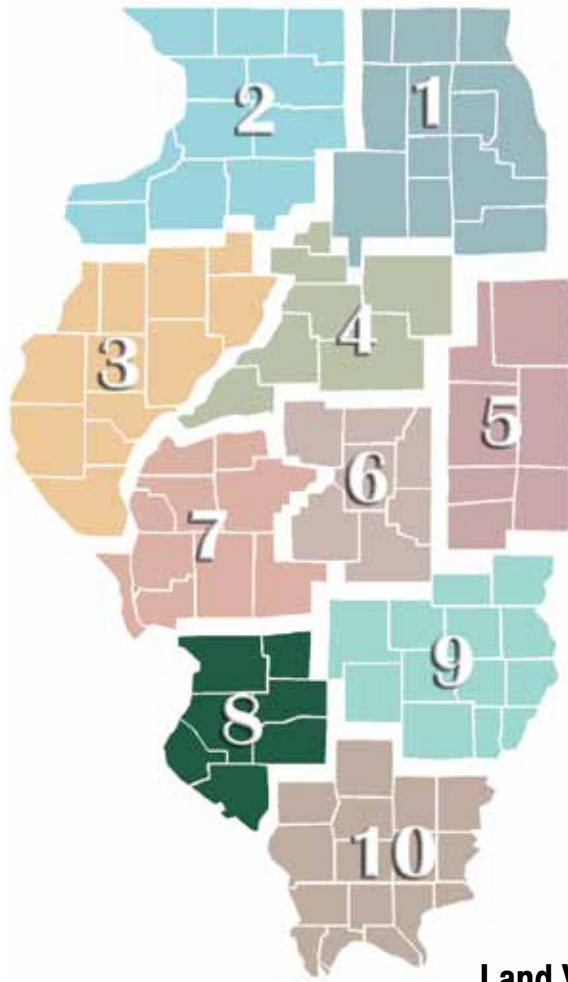
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Other Comments

While many suspected a lot of turnover, our area has not experienced an increase. Popular arguments suggest that having a sequence of trying economic years would result in an increase in turnover rate, but that is yet to be seen. Multi-year leases negotiated during happier times will be expiring soon and some expect greater movement downward going forward.





Region 8 - Southwest

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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity				\$300	Steady	\$350
Good Productivity	\$9,000-\$12,000	13% higher to 4% lower	Steady	\$250	Steady	\$235
Average Productivity	\$6,300-\$12,100	16% lower to 9% lower	15% lower	\$215	Steady	\$225
Fair Productivity	\$5,000-\$8,500	16% lower	Steady	\$180	Steady	\$180
Recreational Land	\$2,635-\$5,600	19% lower to 1% higher	20% higher	\$25	Steady	\$25
Transitional Tracts	\$10,215-\$12,995		Lower			

Region 8 in Southwestern Illinois consists of seven counties, four of which border the Mississippi River. The counties located in Region 8 are Madison, Bond, St. Clair, Clinton, Washington, Monroe, and Randolph. The city of St. Louis is located across the river from Madison and St. Clair counties. St. Louis has a locational influence on land values in the region due to its large population base and development potential. The western halves of Madison and St. Clair counties are mostly urbanized and residentially developed. Together Madison and St. Clair counties have over 1/2 million population.

Most tracts close to cities (Transitional Tracts) are still selling for at or just above farmland values. Prior to 2008, those parcels were selling for 3 times the value of farm-

land. Nevertheless, the population in the St. Louis metropolitan area still provides a strong economic engine for the economy of the region and has a positive influence on land values depending on location. With a large population base within easy driving distance, recreational land has traditionally been in high demand in Region 8. The number of sales in this category had a 20 percent jump in 2016.

Agricultural land in Region 8 is mostly of average productivity (100-116 PI) and is used for raising corn, soybeans, and wheat. The eastern side of Region 8 has some scattered small beef operations, but there are many dairies and some large hog operations. The large dairies and hog operations have competed vigorously with large corn and soybean operations, and land prices reflect that locally.

In addition, slowly expanding communities continue to add to upward pressure on land prices. Farmers are more confident that they can raise higher yields on lower quality farms by using newer technologies and genetics. Land-owners continue to increase tile installation, and not just on the better soils in Region 8.

Like many other parts of the state, the region experienced an early window for corn planting. Corn that wasn't planted early had to wait a few weeks for showers to stop. Then, farmers wrapped up corn and moved right into bean planting in mid-May. Late spring and early summer were generally too dry, causing the grain markets to rally, but mid- to late-summer rains bolstered yield prospects. Wheat yields were mostly above average, and the grain was good quality. While corn yields were just average, many soybean fields set new record highs. Soybean yields, and the surprising rally of bean prices, supported interest in land. The number of sales in most categories was steady to lower.

Good Productivity Tracts

Region 8 has very few areas with soils having PI indexes of 133 and above. Unfortunately, the majority of the Excellent soils in Region 8 are located in development areas around Scott Air Force Base, Belleville, and Mascoutah. While development on these soils has slowed since 2008, it is progressing again.

There are spotty areas of Good Productivity soil types intermingled among Average Productivity soil types in the northern and eastern portion of Madison County, the eastern portion of St. Clair County, river bottom soils, and the western parts of Clinton, Bond, and Washington Counties in Region 8.

Sale prices in 2016 for the Good Productivity tracts in Region 8 generally ranged from \$9,000/acre to \$12,000/acre. This range narrowed compared to 2015. The lower value is around 13 percent higher than 2015, while the higher land sales are about 4 percent lower than 2014. The number of sales represented in the table for 2016 was similar to 2015 for this category of soils. The strong sales in the later part of the year provide evidence that buyers are still willing to pay for high quality farmland.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Madison	Feb	72.92	99.0	124.0	9,048
Madison	Apr	25.43	90.0	118.0	9,450
Madison	Aug	40.30	98.0	127.0	9,925
Madison	Feb	14.70	100.0	128.0	10,000
Madison	Jan	53.61	99.0	131.0	10,200
Clinton	Dec	34.27	96.0	126.0	10,213
St. Clair	Mar	75.00	95.0	127.0	10,250
Clinton	Mar	58.09	100.0	123.0	10,587
St. Clair	Dec	81.60	95.0	131.0	10,723
Clinton	Nov	162.00	98.0	121.0	11,262
Madison	May	39.90	100.0	135.0	11,529
Madison	Jul	85.68	95.0	117.0	11,963
Clinton	Oct	40.00	97.0	118.0	12,050
Average (acre weighted)			97.1%	124.4	\$10,714

Average Productivity Tracts

Most of Region 8 is made up of Average Productivity soil types, and the number of sales remains strong. These soil types tend to be generally level to undulating with mostly rectangular shaped fields, but may also have some crossable waterways or ditches associated with them. We placed the representative sales in sales price order to show how wide that sales price range is, even though the quality of farms (percent tillable and PI) is not very diverse.

Sales prices lowered their range of values: in 2015 they were primarily from \$7,500 to \$13,350/acre, but 2016 was \$6,300 to \$12,100 representing a decrease of 16 percent on the bottom end, and a decrease of 9 percent on the top end. Also, there seemed to be more sales on the low end of the range. While the simple average of the listed sales was \$9,200 per acre, the weighted average was \$7,944, and the median sale was \$8,300. The number of representative sales as shown in the table is 15 percent lower than 2015

(*The 684 acres sold in March represents 8 tracts in a multi-tract auction.)



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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Randolph	Aug	35.24	91.0	101.0	6,300
Clint/Wash*	Mar	684.30	95.0	107.0	6,353
St. Clair	Oct	156.00	91.0	104.0	6,410
Washington	Feb	37.22	98.0	108.0	6,448
St. Clair	Jul	26.07	100.0	116.0	6,650
Washington	Jun	30.00	100.0	110.0	7,000
Madison	Jul	35.20	97.0	106.0	7,085
Washington	Nov	80.46	100.0	103.0	7,415
Randolph	Oct	96.75	98.0	111.0	7,500
St. Clair	Jun	20.00	99.0	109.0	7,500
Clinton	Dec	40.00	94.0	107.0	7,600
Madison	Jul	116.76	90.0	115.0	7,708
Clinton	Aug	18.00	91.0	112.0	8,056
Clinton	Dec	20.00	96.0	109.0	8,200
St. Clair	Nov	31.56	95.0	106.0	8,300
St. Clair	Feb	46.40	92.0	110.0	8,480
St. Clair	Jan	32.34	94.0	100.0	8,658
Randolph	Jan	199.00	93.0	108.0	9,000
Clinton	Jul	40.00	100.0	110.0	9,350
Madison	Sep	40.00	98.0	113.0	9,375
Washington	Apr	20.00	100.0	110.0	9,500
Bond	Apr	73.44	97.0	105.0	9,532
St. Clair	Mar	40.00	99.0	103.0	9,665
St. Clair	Apr	61.78	95.0	101.0	9,849
Washington	Apr	20.00	100.0	110.0	11,000
Bond	Nov	63.50	95.0	106.0	11,456
Clinton	Apr	60.99	98.0	107.0	11,502
Madison	Nov	56.00	100.0	106.0	11,786
Clinton	Nov	55.37	96.0	115.0	12,100
Average (acre weighted)			95.3%	107.5	\$7,944

Fair Productivity Tracts

Fair Productivity Tracts tend to be located in the more rolling areas of Region 8 and are usually rolling or sloping timber soils with erosion control challenges. Often, fields are irregularly shaped with some non-tillable woods or waste. There may be some creek bottom soils associated with these farms at the base of the rolling hills or steep slopes. These types of farms generally require additional inputs of time, labor, and management, and can be more inefficient to farm with large modern machinery. The Fair Productivity Tracts are more prevalent toward the southern and eastern portions of Region 8 and tend to be located near major creeks and streams where the topography slopes off toward the creek bottoms.

Once again, the sales are in order of price to show the lack of consistency relating to percent tillable or PI or size. The first sale at \$4,812 did have limited access, which likely affected its value. The sales values in this category decreased at both the low end and the high end by around 16 percent. We did not see strong sales at the top end of the range like we did in 2015. The number of representative sales as shown in the table is similar to 2015.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Randolph	Oct	30.13	81.0	99.0	4,812
Randolph	Jun	21.82	72.0	90.0	5,000
St. Clair	Mar	34.86	81.0	90.0	5,163
Washington	Apr	80.52	87.0	99.0	5,216
St. Clair	Nov	67.00	97.0	97.0	5,356
Monroe	May	11.70	89.0	92.0	5,700
Bond	Feb	21.00	90.0	99.0	5,976
St. Clair	Dec	165.78	98.0	98.0	6,500
St. Clair	Jun	78.00	71.0	98.0	6,667
Madison	Apr	59.91	90.0	98.0	6,878
Bond	Aug	100.00	95.0	92.0	7,000
Monroe	Aug	140.00	74.0	96.0	7,000
Washington	Jun	35.00	81.0	81.0	7,350
Clinton	Feb	86.59	78.0	99.0	7,969
Washington	Oct	117.46	79.0	95.0	8,539
Average (acre weighted)			84.9%	95.9	\$6,711

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Recreational Tracts

Recreational tracts in Region 8 are usually either completely or mostly wooded. If there are tillable fields, they tend to be small and oddly shaped, making them difficult to farm efficiently. There is usually little or no agricultural income associated with these tracts. Usually, the buyers of these recreational properties are non-farmers and hunters looking for the recreational opportunities, rather than for the agricultural production of the tract.

There is good demand for recreational tracts in Region 8 due to the large population base around St. Louis. Most of Region 8 is within an hour's drive of St. Louis, making it convenient to utilize as recreational property. The Kaskaskia River flows through the eastern and southern portions of Region 8, and much of the wooded area in the Region follows the Kaskaskia and its tributaries. And of course, we have the Mississippi River and its tributaries too. The demand for recreational properties continues to increase. According to Wayne Keller of Buy-A-Farm, interest spiked after the election....a Trump Bump!

More low quality pieces sold in 2015. Base values on the low end of the range dipped around 19 percent from around \$3,250 in 2015 to around \$2,635 in 2016. The high end saw a slight gain of around 1 percent (\$5,550 rose to \$5,600). The number of representative sales in this table rose around 20 percent.

Some sales to note in the table: The 280 acres at \$1,250/acre and the 10 acres at \$2,013 are un-leveed wooded parcels that sit on Kaskaskia Island in the Mississippi River. The 20-acre parcels in Bond County at \$2,677 and \$3,000 are both wooded, but the higher valued property also has a lake.

The high sale at \$7,161 adjoins the residential part of Troy. It does have CRP and Forestry Development income, however, access is a problem. The 65 acres was actually 2 tracts (34 and 31 acres) that sold as part of a 'Buyer's Choice' multi-tract auction. One additional tract was 25 tillable acres. The Buyer lives next to the property. He unknowingly was bidding against the tenant who wanted the tillable tract. The Buyer got the top bid at \$10,000/acre and chose the 34-acre non-tillable tract. The tenant won the second round of bidding at \$9,000/acre and chose the all tillable piece, and the Buyer then won the final round of bidding with a bid of \$3,300 and for the remaining 31 acres.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Randolph	Jun	280.02			1,250
Clinton	Mar	26.20			1,875
Monroe	Oct	40.00			2,000
Randolph	Jul	10.02			2,013
St. Clair	Nov	233.00	22.0	114.0	2,228
Bond	Apr	20.30			2,677

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Bond	Jun	20.00			3,000
Randolph	May	98.87	8.0		3,020
Randolph	Aug	45.35	17.0	96.0	3,101
Monroe	Jul	80.00			3,200
Clinton	Jul	65.00	19.0	111.0	3,600
Randolph	Feb	26.00			3,654
St. Clair	Jul	120.00	35.0	93.0	3,833
St. Clair	Jun	80.00	24.0	96.0	3,925
St. Clair	Mar	27.27			4,000
Bond	Oct	20.25	20.0	94.0	4,000
St. Clair	Jul	110.00	18.0	115.0	4,000
Randolph	Jul	20.00			4,087
Randolph	Apr	36.65			4,203
Randolph	Dec	39.67	34.5	103.0	4,227
Madison	Jul	20.00			5,500
Monroe	Jun	35.92			5,512
Randolph	Feb	69.80			5,800
Madison	Apr	65.19			7,161
Average (acre weighted)			11.2%	47.6	\$3,236

Transitional Tracts

Transitional sales continue to slowly increase. About the first third of the sales in the table are essentially farmland values with a little bit of premium. They primarily represent parcels that are on the edge of 'smaller' towns in the Metro East area. For example, the 74 acres sits in the city limits of Smithton, a small town south of Belleville.

The middle third tend to be closer to the larger towns of Belleville, O'Fallon, and Edwardsville. For example, the 34 acres is a very highly productive tract that has frontage along Route 158 and Route 161, just south of Scott Air Force Base and just east of Belleville.

The top third by price are in the heart of the development areas. The 20 acres at \$29,500 is not far from the 34 acres mentioned above, but it is closer to Belleville, and more specifically, to the local community college and mass transportation. The 63 acre tract is surrounded by residential development (not an area that farmers like to drive through!), and the 21 acre sale sits at the corner of a major intersection close to a new hospital.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Monroe	May	80.10	53.0	108.0	9,189
Monroe	May	35.54	40.0	109.0	10,000
St. Clair	Nov	74.40	90.0	109.0	10,215
Madison	Aug	20.02	0.0		10,989
St. Clair	Oct	29.90	0.0		12,709
Monroe	Nov	62.36	95.0	104.0	12,868
Madison	Oct	97.09	98.0	131.0	12,978
St. Clair	May	34.32	97.0	141.0	12,995
Madison	Jun	23.22	71.0	117.0	14,643
Madison	Feb	28.50	92.0	126.0	16,750
St. Clair	Mar	20.00	96.0	141.0	29,500
St. Clair	Apr	63.47	97.0	139.0	29,896
St. Clair	Nov	21.08	95.0	113.0	93,691
Average (acre weighted)			77.1%	110.2	\$17,356

Median Values of Reported Sales by Year and Class, Region 8*

- - - - - Land Class - - - - -

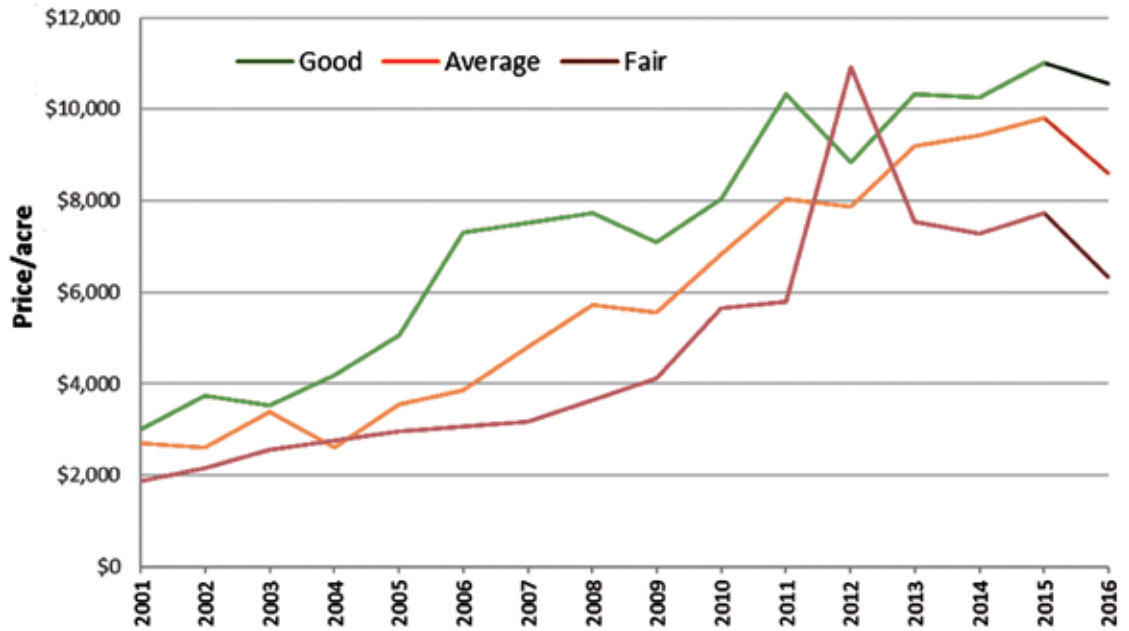
Year	Good	Average	Fair	Recreational	Transitional
2001	- 3,016	2,667	1,735	1,331	3,589
2002	3,807	2,619	2,200	1,229	3,879
2003	3,535	3,409	2,607	1,507	11,836
2004	4,065	2,654		1,770	12,400
2005	5,450	3,400	2,970	2,526	11,200
2006	7,246	3,702		2,513	13,051
2007		4,750	3,161	3,073	9,765
2008	7,950	6,188	3,166		12,000
2009	7,000	5,450	4,002	3,258	10,836
2010	7,887	7,000	5,502	2,871	8,900
2011	10,350	7,750	5,200	2,756	9,249
2012	8,932	7,707	9,307	3,542	
2013	10,000	8,860	7,314	3,851	9,511
2014	10,123	9,269	7,065	4,051	12,340
2015	12,000	9,746	7,438	3,750	15,000
2016	10,250	8,300	6,500	3,744	12,978

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	13.85%	12.02%	8.59%		17.24%
2008-2016	3.18%	3.67%	8.99%		0.98%
2001-2016	8.16%	7.57%	8.81%	6.89%	8.57%
2005-2016	5.74%	8.11%	7.12%	3.58%	1.34%
2010-2016	4.4%	2.8%	2.8%	4.4%	6.3%
2015-2016	15.8%	-16.1%	-13.5%	-0.2%	-14.5%

*Note: Limited numbers of sales in some years & special features may affect values

Region 8: Land Values Summary by Class



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Lease Trends

Base cash rents did not change in the winter of 2015/2016, however, bonus clauses were again adjusted lower because of lower grain prices. High soybean yields triggered those bonus clauses where grain prices are not factored in, but corn yields struggled and did not garner many bonuses. For those flexible leases that factor in price as well as yield, bonuses were typically small.

There are still quite a few long term landowner-tenant relationships in which cash rents remain somewhat low and the leases automatically renew. Crop share leases

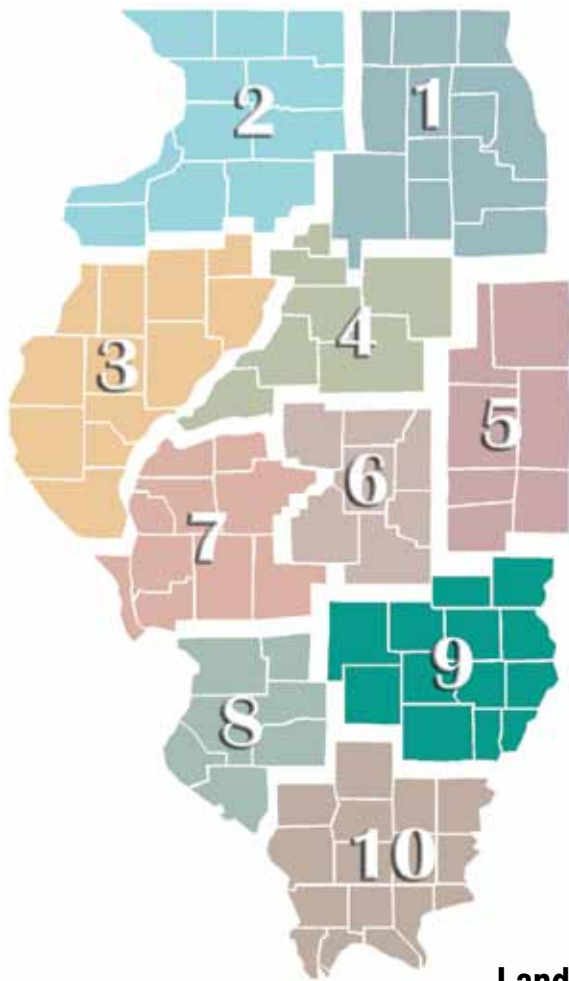
remain popular in southern Illinois. Most crop share leases are 33 percent-66 percent or 40 percent-60 percent (with the lower percentages going to the landowner along with some crop input expenses).

After the 2016 harvest, several farms became available to lease for the 2017 crop year. When given the opportunity to submit either a cash rent bid with a bonus clause, or simply just a flat bid, most farmers opted not to submit a bonus clause. Several operators submitted aggressive high bids. It is believed that these operators are willing to break even in the short term with hopes of profits in the future.

Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	275	300	325	1 year	350	5	85	10	
Good Productivity	225	240	265	1 year	235	5	85	10	
Average Productivity	185	215	225	1 year	225	5	85	10	
Fair Productivity	160	180	200	1 year	180	5	85	10	
Recreational Land	20	30	30	1 year	25	100			
Pasture	15	20	40	1 year	20	100			





Region 9 - Southeast

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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$10,250	N/A	Few sales	\$285	N/A	
Good Productivity	\$8,650	-1.70%	Steady	\$230	N/A	
Average Productivity	\$6,800	-2.86%	Steady	\$175	-5.4%	\$175
Fair Productivity	\$5,200	-10.34%	Steady	\$145	-3.3%	\$145
Recreational Land	\$3200	3.23%	Steady			
Transitional Tracts	\$16,000	N/A	Few sales			
Bottomland	\$5,500	0.00%	Steady	\$150	N/A	\$150

Region 9 has little excellent and good productivity farmland so it is difficult to establish a trend in these land classes. For 2016, average farms decreased 2.86 percent and fair productivity farms declined 10.34 percent. It would appear that buyers are becoming more selective in land quality.

Excellent Productivity Tracts

Only one sale occurred in this category as there are very few Excellent Quality farms in the region. Most of the Excellent Productivity soils are located in a narrow strip of land in the north part of Clark and Cumberland Counties.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Cumberland	Oct	40.00	98.0%	133.2	\$10,250

Good Productivity Tracts

Most soils in our region have a productivity level below 115, so we have few sales of Good Productivity soils. The 2016 sales of good productivity land did indicate a slight decrease in value over the prior year, but with little activity in this class, it would be difficult to call this a trend.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Clark	Feb	140.00	99.4	119.0	10,000
Wabash	Feb	64.23	100.0	132.0	11,677
Fayette	Mar	80.00	97.3	121.5	6,000
Clark	Apr	220.00	96.6	118.0	9,100
Effingham	Apr	79.00	100.0	119.8	7,500
Edwards	Apr	20.31	78.0	121.5	9,355
Wabash	Apr	24.50	95.2	130.1	9,502
Clark	Sep	40.00	100.0	119.2	8,337
Cumberland	Oct	42.00	70.7	128.3	6,500
Average (acre weighted)			96.0 %	121.2	\$8,808

Average Productivity Tracts

Average Productivity soils make up the majority of the cropland in our region. Most of the soils are developed from prairie and timber vegetation. In 2016, sales activity was strong in Richland County but Effingham and Jasper Counties seen less sales activity. We did see a few higher sales in the Effingham market.

The highest priced land sold at auction in February for \$15,750 per acre. This sale occurred in an area where there are typically few sales -- the last auction sale prior to this one was in 2013.

In 2016, sale prices ranged from around \$34.14 per PI point to \$148.99. The average for all sales reviewed in Region 9 was \$70.07 per PI point; down from the \$72.54 per PI point from the 2015-year.



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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Clark	Jan	47.12	88.9	111.5	6,952
Effingham	Feb	36.00	99.6	109.2	6,667
Cumberland	Mar	40.00	100.0	101.9	5,239
Richland	Apr	40.00	88.4	102.2	6,325
Fayette	May	160.00	89.3	112.7	8,250
Jasper	Jun	80.00	89.2	100.1	6,100
Crawford	Jul	81.00	90.9	106.4	8,114
Effingham	Aug	80.00	74.5	101.0	6,600
Wabash	Sep	53.57	96.9	112.6	6,827
Cumberland	Sep	30.00	88.7	106.8	6,960
Crawford	Oct	100.00	97.2	103.7	7,738
Clay	Nov	20.00	96.8	109.8	6,000
Crawford	Nov	40.00	96.0	104.8	7,500
Jasper	Nov	75.00	79.7	108.0	8,500
Clay	Dec	60.00	95.3	102.3	6,700

Fair Productivity Tracts

Most of the Fair Productivity land is located in the southern part of our region, but fair soils are present in all counties. Many of these tracts are only partially tillable and may have irregular shaped fields. For this analysis, sales that were 50 percent or more tillable were included in the report.

In 2016, price of fair cropland ranged from \$34.84 to \$142.53 per PI Point; with an average of \$67.91, up 3.4 percent from the 2015-year.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Richland	Jan	20.00	97.5	97.3	5,100
Edwards	Feb	24.79	82.3	97.6	4,525
Marion	Mar	39.00	99.5	97.7	6,000
Wayne	Apr	99.27	99.9	99.5	5,540
Lawrence	Jun	40.00	86.5	95.8	5,625
Clay	Jun	40.00	56.5	86.3	4,775
Effingham	Jun	20.00	54.9	63.9	5,000
Jasper	Jul	19.34	69.6	94.3	5,355
Cumberland	Aug	41.00	94.0	97.1	5,898
Wayne	Oct	20.00	100.0	99.9	5,000
Marion	Nov	57.40	97.4	98.8	5,000
Crawford	Nov	30.00	98.7	98.3	5,250
Wayne	Dec	35.87	95.7	97.4	4,401
Clay	Dec	106.05	98.1	97.5	5,415
Fayette	Dec	75.00	94.2	99.2	5,300
Average (acre weighted)			91.7%	96.3	\$5,292

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Recreational Tracts

Recreational land prices appeared to have increase slightly in 2016. Many of these tracts include some tillable acres in smaller, irregularly shaped fields. Some of the partially tillable tracts are rented for additional income but most tracts have a non-agricultural highest and best use. The presence of cropland, percentage tillable and productivity levels seem to have little effect on the overall value per acre. Region 9 sales ranged for \$1,153 to \$6,105 per acre in 2016, with an average of \$3,415 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Clark	Jan	91.00	38.4	106.6	3,297
Lawrence	Feb	60.00	21.3	130.2	2,562
Richland	Mar	20.00	0.0	N/A	3,000
Fayette	Apr	28.00	47.7	99.0	3,571
Wabash	May	87.97	29.0	104.8	3,638
Clay	Jun	20.00	11.4	99.3	3,825
Effingham	Sep	120.00	21.7	96.3	3,833
Fayette	Sep	20.00	11.8	91.4	3,750
Richland	Oct	37.50	31.1	78.3	3,391
Effingham	Oct	40.00	35.2	104.4	2,750
Clark	Nov	60.00	23.6	99.2	2,800
Wayne	Dec	40.00	0.0	N/A	2,500
Crawford	Dec	79.00	48.9	107.6	4,455
Average (acre weighted)			27.8%	94.4	\$3,415

Transitional Tracts

There has been little activity in the transitional land market in Region 9. There were two recent sales located in gravel mining areas. These two sales sold at a slightly higher premium to their farmland value. Many have special incentives for development and all are interested in new residential and industrial projects.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Jasper	Mar	4.00	0.0		11,000
Clark	Apr	75.00	87.1	105.5	6,800
Clark	Apr	60.00	98.0	109.2	8,200
Wabash	Oct	150.00	72.2	100.0	11,787
Effingham	Oct	50.81	98.3	105.7	13,265
Effingham	Dec	20.00	43.2	101.0	9,282
Effingham	Dec	10.00	95.0	99.1	16,000
Average (acre weighted)			81.3%	102.3	\$10,367

Other Tracts – Bottomland

Most of the bottomland cropland in Region 9 is Class B or C soils. Pricing for these lands can vary due to flood protection, their location, ease of access and the potential for irrigation. For 2016, the average sales price remained unchanged.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Wayne	Jan	58.00	73.7	104.5	4,500
Wabash	Feb	67.00	96.0	111.0	7,000
Jasper	Apr	60.00	90.4	122.1	5,100
Fayette	Apr	123.26	86.0	133.1	6,430
Edwards	Apr	50.00	76.1	116.0	3,540
Wayne	Apr	80.00	95.6	112.5	4,750
Wayne	Nov	568.15	98.5	109.7	5,195
Wayne	Dec	40.00	100.0	108.5	7,500

Special Interest

Southeastern Illinois landowners are making improvements to their land in an effort to increase productivity. These investments are seen as an alternative to buying additional acreages and resulting in a higher return on their land investment. Improving surface drainage, removing “brushy” fencerows, enhancing woodlands, and enrolling marginal lands in the Conservation Reserve Program all seem to be on the rise.

Region 9 soils are older and more weathered being south of the Shelbyville Moraine which generally follows IL route 16. Soils are commonly referred to as “Claypan” soil due to the slowly permeable layer of clay in the subsoil having a much higher clay content than the overlying material. This characteristic restricts the use of subsurface tiling to remove excess surface water which inhibits even crop emergence, stunts growth, drowns plants and ultimately decreases yield of a field.

Precise leveling and surface ditching has been enabled by use of laser and RTK technology. Trimble and John Deere have water management software programs once primarily used by rice farmers now being used on the flat fields of southern Illinois to enhance drainage. Significant yield



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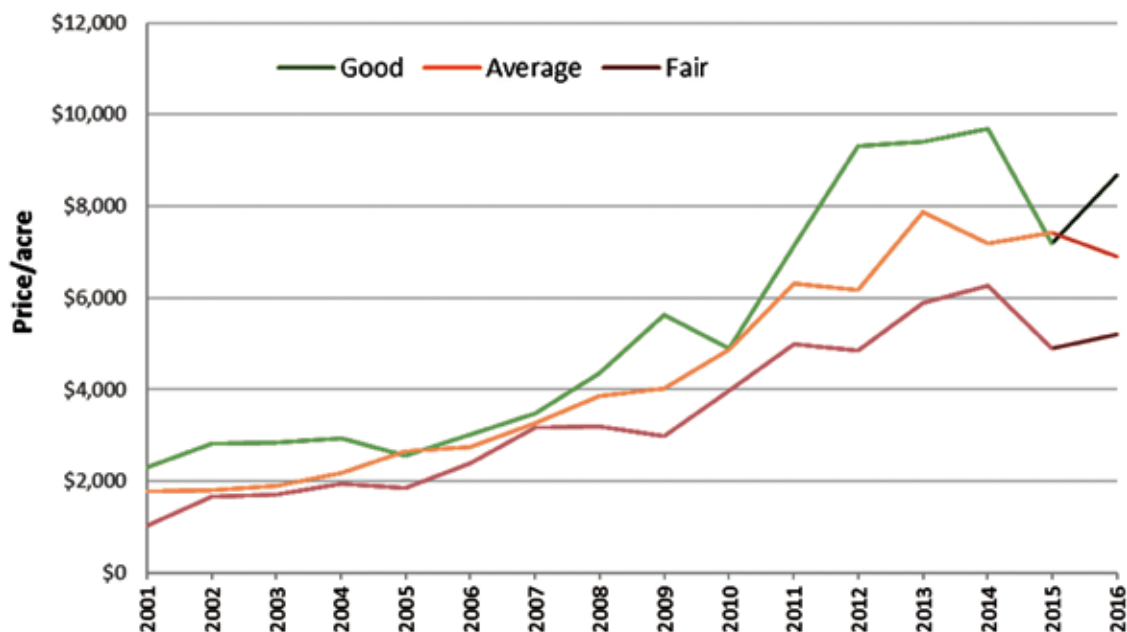
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Region 9: Land Values Summary by Class



increases have been seen from this precise leveling and surface ditching.

The Little Wabash and Embarrass rivers and tributaries drain the region into the Wabash River. Associated with these tributaries are many wooded drainage ways that cannot be farmed and are often considered excess and unproductive land. To enhance the income from these acres, landowners are taking advantage of IDNR and USDA Conservation programs. Incentive payments and technical assistance are available to improve wildlife habitat, conduct forestry management, plant trees, and market timber. The use of these programs have enabled new sources of income and also decreased property taxes for what was once considered wasted acres.

bonus of \$100/ ac and/or practice incentive payments that equal an additional 40 percent cost share. It typically costs a land owner very little to establish the cover once he is reimbursed cost share and bonuses.

Water quality has become critical and those agricultural practices that reduce silt erosion, Nitrogen and Phosphorus run-off must be adopted. Conservation and Water management are key components of this effort. Cooperation between the landowner and operator and an appreciation for the investments required are essential.

One final comment on landowner issues in Region 9 involves real estate taxes. 2013 legislative changes in assessment law allows assessments to now increase at 10 percent of the state median cropland productivity value. This change means values on lower quality soil will increase at a faster rate. Increased assessments often result in higher taxes however these changes do not impact buildings which are to be assessed at 1/3 of their contributory value to the farm.



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The use of CRP on targeted acres has significantly increased with the advent of Continuous Sign-Up. The rental rates that CRP pays in return for enrolling land into the CRP results in as high a return, or better than local cash rental rates. This is especially true when enrolling land that is highly erodible, along wooded edges, streams, or in floodplain. The cost to establish CRP cover is cost-shared at 50 percent and several practices have a signing



Region 9. Average Sales Price of Completed Sales in Region by Year and Category*

--- Category ---

Year	Good	Average	Fair	Recreational	Transitional
2001	2,288	1,779	1,018	887	
2002	2,814	1,812	1,667	1,082	7,354
2003	2,850	1,895	1,700	1,128	5,547
2004	2,932	2,176	1,934	1,391	7,108
2005	2,567	2,651	1,847	1,707	11,010
2006		2,741	2,386	1,755	
2007	3,472	3,267	3,175	2,298	19,464
2008	4,352	3,852	3,186	3,711	
2009	5,625	4,016	2,979	2,304	5,369
2010	4,888	4,862	3,965	2,527	7,467
2011	7,141	6,302	4,997	3,052	8,750
2012	9,300	6,164	4,838	2,639	9,574
2013	9,401	7,860	5,895	2,968	16,323
2014	9,684	7,173	6,267	3,871	
2015	7,194	7,416	4,905	3,370	18,000
2016	8,663	6,892	5,212	3,336	10,905

Other Comments

One managed account which had been crop share for many decades switched to cash rent for 2017. This change was requested by all of the tenants and the landowner was agreeable.

Lease Trends

Many new leases in this region are variable with base rent and a bonus clause if the combination of yield and price exceed a predetermined level. In 2016, bonus rents were generated on all soybean acres, due to the exceptional yields and good prices. While corn yields were very good in 2016, bonus payments were not generated due to the low corn prices.

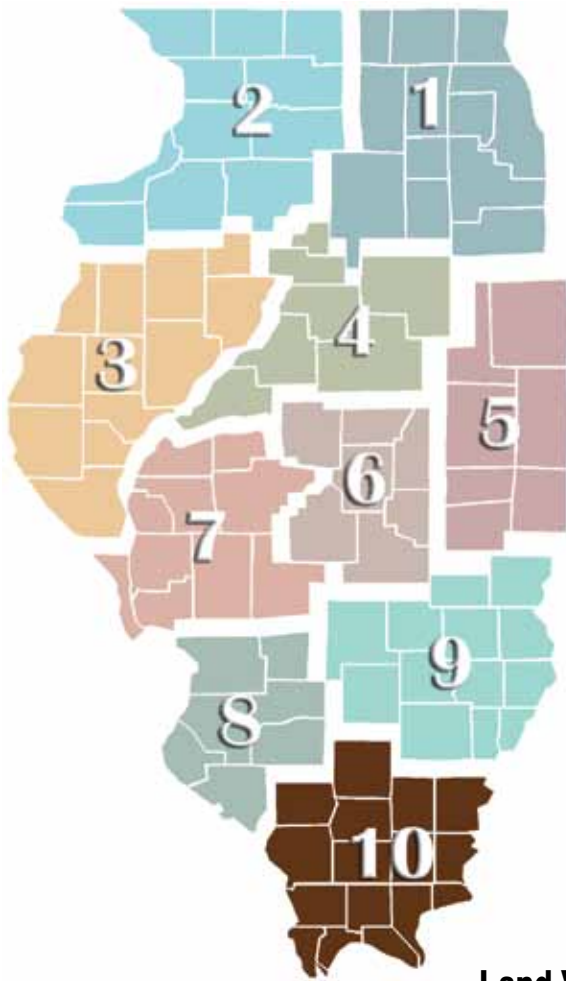
Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	9.19%	11.04%	16.31%	20.44%	
2008-2016	8.61%	7.27%	6.15%	-1.33%	
2001-2016	8.88%	9.03%	10.89%	8.83%	
2005-2016	11.06%	8.69%	9.43%	6.09%	-0.09%
2010-2016	9.5%	5.8%	4.6%	4.6%	6.3%
2015-2016	18.6%	-7.3%	6.1%	-1.0%	-50.1%

*Note: Limited numbers of sales in some years & special features may affect values

Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Average Productivity	140	175	215	1-3 years	175	50	20-25	25-30	
Fair Productivity	120	140	160	1-3 years	145	50	20	30	
Other: Bottomland	130	150	175	1 year	150				



Region 10 - Southern

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Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year
Good Productivity	\$7,980	no change	steady to down	\$175-\$195	steady
Average Productivity	\$7,780/\$4,690	no change / down 11%	steady to down	\$125-\$175	steady
Fair Productivity	\$3,360	down 10.5%	steady to down	\$90-\$150	steady
Recreational Land	\$2,540	no change	steady		

Good productivity farmland, average productivity farmland in Area 1 and recreational land held their value in 2016 compared to previous year. Average productivity in Area 2 and fair productivity tracts the more numerous transfers in Region 10 declined in value by more than 10 percent from 2015.

The number of sales for all classes of land was like 2015 except average size of tracts for the farmland classes declined thus the overall acreage transferred of fair to good productivity farmland was down. The average price of good productivity tracts was 2.8 percent higher than 2015, but the committee considered this was not definite evidence of an increase because of the few transfers and the smaller tract sizes from the previous year.

The average price across sales was greater than the weighted average price by acreage indicating a premium for the smaller tracts. Region 10 divides average productivity tracts into two groups, Area 1 and Area 2. Area 1 represents locations in the region with a history of competitive markets for average productivity farmland. Area 1 average price was unchanged in 2016, but as for good productivity farmland there were fewer sales and the average tract size was smaller than previous year thus a downward trend in price could be masked by size of tract differences between 2016 and 2015.

The committee concluded that market for recreational land was unchanged because price and characteristics of tracts sold were very similar for both years with many sales for each year.

Most buyers for the farmland classes are farmers. The sellers are primarily retiring farmers or estates. Transfers were mostly private sales. Auction sales are not common in Region 10. The 2016 results suggest that farmers were still willing to pay as much for the more productive farmland classes, but paid less for more common average and fair productivity farmland.

Cash rents and lease types varied considerably across the region. Reported rents appeared to be steady for 2016. The committee reported a range of rents rather than report a typical rent value by land class. It is difficult to quantify percentage trend in cash rents in region 10 because of several factors. Crop share leasing represents a large share of leases in the area.

The variability in soil productivity and terrain results in variability of lease rates, and our limited sample of leases does not control for this variability. Region 10 lease data is obtained from the reports of tenants rather than landowners because region 10 committee members are not directly involved in lease negotiations. Lease types also vary by class of land with lower productivity land more likely share rented and higher productivity land cash rented. Some reports indicate that landlords who have crop shared are interested in cash leases whereas the tenants would like to continue share leases to share the risk of lower commodity prices. Indications are that cash lease rates will be steady to lower for 2017.

Interesting Features or Unique Experiences

One problem in valuing farmland is a lack of continuous sales or slow turnover in a local market. Winnie Stortzum shared this information on a sale of land in Region 10 that has been in a family since 1797.

In a land auction on March 24, 2016, Mac and I offered 80.43 acres for sale in Alexander County at East Cape Girardeau for the Robert Evans Trust. The land sold for \$341,827.50 or \$4,250/acre to a local investor. This was a very unique sale in that the land belonged to the Evans family for many generations. The original Families of Alexander Giboney and Andrew Ramsey received the property from a Land Grant from the King of Spain in 1797 per family history. It has continuously been under the family ownership since that time, so this was the first time that the property was ever offered for sale. The original grant included land in Illinois as well as land across the Mississippi River in Cape Girardeau, MO. The Evans family still owns a “castle” (large private home) in Cape Girardeau built in 1803.

Good Productivity Tracts

The sales of good productivity tracts compose a small portion of sales in region 10. Good quality land tracts are located primarily in northern and eastern White County, northern Gallatin County, northern Saline County, and in

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the levee protected bottoms of the Mississippi River in Jackson, Union, and Alexander County. A comparison of average price, weighted average price or range of prices would suggest 2016 prices are higher than 2015 (2.8 percent), but the small number of transfers each year preclude a definitive statement on the magnitude of such trend. The average sale price for the good productivity tracts for 2016 was \$7,983 compared to \$7,756 in 2015, \$9,800 in 2014 and \$9,971 per acre in 2013.

On an average weighted price per acre, 2016's value of \$7,404 is up from \$7,220 in 2015, but down from \$8,600 in 2014 and \$10,200 in 2013. The committee concluded the trend in price of good productivity land appears up slightly, but caution that the comparison between reported values for 2016 with past values may reflect differences in other characteristics that cannot be discerned due to the limited number of sales.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Alexander	Mar	302.46	97.9	117.9	5,817
Gallatin	Mar	120.00	100.0	123.0	9,963
Saline	Mar	173.54	94.8	112.3	9,270
Gallatin	Mar	76.61	89.9	120.3	7,962
Alexander	Apr	240.00	98.7	121.9	5,885
Alexander	Jan	107.50	98.7	113.1	9,000
Average (acre weighted)			97.3%	118.2	\$7,405

Average Productivity Tracts

Average productivity tracts are the more common quality of crop production farms found in Region 10 typically accounting for about half of all transfers. In 2016 average land class share accounted for 48 percent of transfers and 48 percent of acres transferred among the fair, average and good land classes. The majority of the buyers of these farms are area farmers purchasing land to expand their current farming operations. The sellers are mostly estates and their beneficiaries and retiring farmers. Activity in terms of bona fide arm's length transactions was steady in terms of number of transfers, but down in terms of acres transferred compared to 2015.

Observed sales of this quality of farm were in a wide price range from \$2,571 to \$10,000 per acre. In past years, the committee reported a differentiation between prices observed from the general area and from stronger farming and sales "pockets" scattered throughout the region. The 10 sales from the typically stronger sales areas (Area 1) ranged in values from \$6,500 to \$10,000 with an average of \$7,783 per acre. The 2016 price range and average price indicate little change from 2015 prices with a price range of \$6,738 to \$9,550 and average price of \$7,816. A comparison of price weighted by acres also indicates steady prices with \$7,837 in 2015 to \$7,940 for 2016. Differences in tract characteristic between 2015 and 2016 are likely masking an expected decline in prices. Area 1 tracts for

2016 were smaller than 2015 tracts, 43-acre average compared to 157-acre average in 2015. Area 1 tracts in 2016 also had an average PI of 109 compared to 105 PI average in 2015.

The 35 sales from the sale area classified as Area 2 had a price range from \$2,570 to \$7,200 with an average price and weighted average price of \$4,690. In contrast to Area 1, sales in Area 2 demonstrates a marked decline in prices from 2015 which had a price range from \$3,000 to \$7,950, and an average price of \$5,270 and a weighted average price of \$5,172. Area 2 tract characteristics in 2016 were similar to 2015 characteristics in terms of size, percent tillable and soil PI, thus the 10 percent decline in average prices is attributable to market conditions.

A complete listing of sales from Area 1 and Area 2 used in our analysis of average productivity tracts appears below.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Area 1					
Saline	Apr	40.00	96.7	113.0	7,742
Pulaski	Jan	32.00	74.0	99.7	6,500
Hamilton	Mar	40.00	92.3	111.5	7,938
Hamilton	Apr	20.00	98.8	111.2	8,100
White	Apr	60.00	98.8	103.3	8,100
White	Jan	85.73	97.9	111.7	7,780
White	Jan	19.27	95.0	113.5	7,473
White	Nov	31.72	98.4	112.5	7,000
White	Aug	40.00	96.6	115.2	7,200
White	Jan	60.00	94.0	103.0	10,000
Average (acre weighted)			94.9%	108.9	\$7,940

Area 2

White	Jan	85.00	85.6	104.4	4,500
Union	Jan	94.00	96.8	111.1	2,936
White	Jan	110.00	93.5	103.5	3,500
Jackson	Jan	80.00	94.0	105.4	4,250
Hamilton	Feb	45.00	91.9	101.1	4,000
Jackson	Feb	40.00	86.6	102.4	5,200
Perry	Feb	74.00	98.2	105.2	7,200
Jefferson	Feb	28.46	95.3	100.5	6,000
Massac	Feb	45.00	92.4	101.1	3,150
Hamilton	Feb	127.00	81.9	110.3	5,039
Perry	Feb	103.00	91.3	103.2	4,854
Perry	Feb	84.36	89.8	100.9	6,520
Alexander	Mar	40.26	99.0	114.7	5,885
Gallatin	Mar	68.00	91.3	109.8	4,621
Alexander	Mar	160.00	97.6	114.2	5,200
Franklin	Apr	120.00	64.3	102.0	2,852
Alexander	Apr	80.43	92.4	107.0	4,250
Massac	Apr	126.20	98.1	110.6	3,565
Alexander	May	32.15	98.4	102.4	3,600
White	May	40.00	64.4	103.0	4,000
Hamilton	May	27.40	77.5	116.9	2,571
Hamilton	May	20.00	96.8	100.8	6,000
Perry	May	62.89	93.4	104.4	6,800
Jefferson	May	78.19	97.4	108.0	5,116
Hamilton	Jun	113.33	96.2	109.5	3,155
Franklin	Jun	30.00	60.0	101.2	3,333

Jefferson	Jun	40.00	100.0	108.3	5,300
Union	Jul	30.00	95.0	114.9	2,800
White	Aug	188.27	83.3	105.2	5,843
Hamilton	Aug	77.47	98.5	112.3	5,486
Perry	Sep	35.00	97.9	114.7	5,900
Perry	Sep	67.16	79.6	103.4	5,300
White	Oct	70.05	55.6	113.2	3,788
Saline	Oct	59.50	96.9	101.9	6,723
Jackson	Nov	51.71	91.2	99.9	5,000
Average (acre weighted)			89.2%	106.9	\$4,690

Fair Productivity Tracts

Many of the fair productivity tracts, in addition to a lower soil productivity index as compared to average productivity farms, also have a lower percentage of tillable acres. The average percentage of tillable acres was 84 percent for fair productivity tracts compared to 94 percent for area 1 tracts and 89 percent for area 2 tracts of average productivity. Fair productivity tracts often have value for recreational uses in addition to crop value.

The buyers of the higher cropland percentage farms are mostly local farmers while the buyers of the lower percentage cropland farms are more likely to be recreational buyers, or investors planning to sell to recreational buyers. The sellers are mostly retired farmers and estates. These farms typically have sloping topography and/or weak soil types. The volume of sales is about same as 2015, but acreage transferred is down. Price ranges and average price are down from 2015. Prices ranged from \$2,300 to \$6,820 with an average price of \$3,658 and a weighted average price of \$3,490 in 2016 compared to a price range of \$2,320 to \$7,550 with an average price of \$4,091 and a weighted average price of \$3,960 in 2015. The 2016 price decline was about 11 percent from previous year.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
White	Jan	25.54	60.1	96.9	2,349
Perry	Jan	20.00	99.0	90.0	4,500
Jackson	Jan	170.39	64.4	99.1	3,184
Perry	Jan	35.00	68.6	95.4	5,286
Johnson	Jan	20.68	57.9	73.5	2,730
Pope	Feb	114.36	80.0	84.2	2,712
Hamilton	Feb	20.00	70.0	97.9	2,300
Hamilton	Feb	39.49	66.1	80.4	3,241
Franklin	Feb	27.00	96.3	92.8	3,704
Perry	Feb	27.76	100.0	98.7	6,520
Alexander	Mar	29.51	96.1	99.3	2,300
Perry	Mar	20.00	100.0	90.6	4,000
Perry	Mar	20.00	39.7	93.1	5,100
Union	Apr	201.14	85.7	97.3	3,455
Hamilton	Apr	73.85	78.6	79.9	2,300
Jefferson	Apr	39.00	98.8	98.1	6,821
Hamilton	Apr	20.00	96.2	99.9	3,000
Hamilton	Apr	31.24	81.2	83.8	3,361
Johnson	Apr	44.31	76.7	90.7	3,500
Hamilton	Apr	80.00	77.6	93.2	3,000
Hamilton	May	118.50	87.8	84.3	2,788
Jefferson	May	78.00	64.7	91.9	3,436

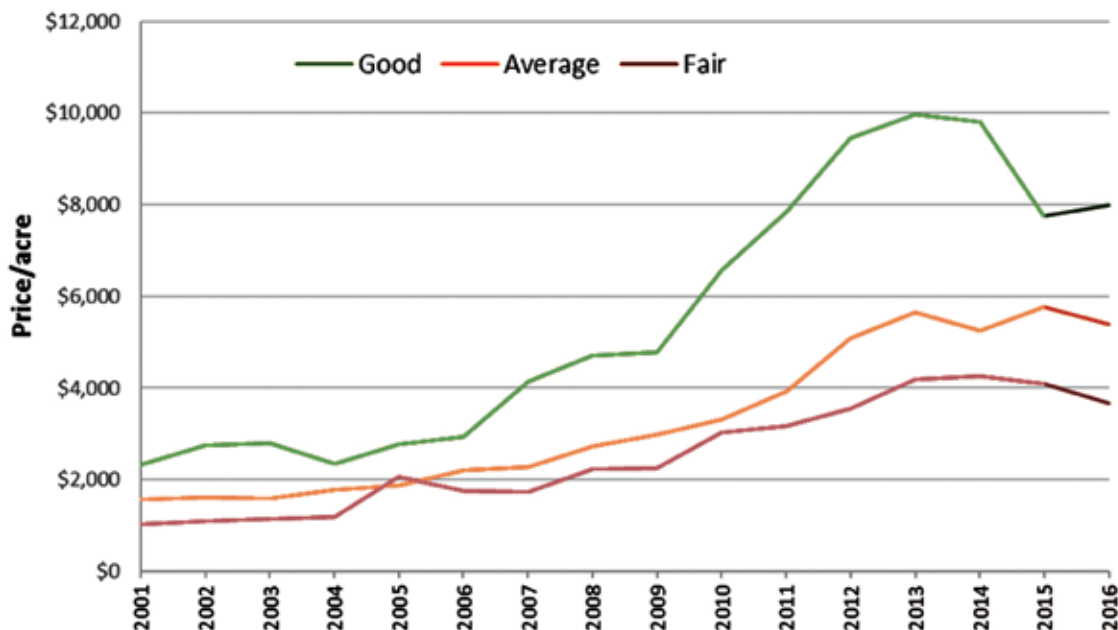
Jefferson	May	34.30	92.6	99.4	5,254
Pope	May	20.27	94.5	93.3	2,960
Williamson	May	73.50	70.5	91.6	3,000
White	May	20.00	72.5	84.1	5,000
Johnson	Jun	17.74	90.7	97.5	2,618
Union	Jun	29.77	59.6	88.7	5,039
Jackson	Jun	49.00	50.0	95.1	3,396
Union	Jun	40.00	41.5	88.6	2,500
Hamilton	Jul	61.75	69.6	92.0	3,401
Massac	Jul	55.60	95.0	88.6	3,500
Massac	Jul	85.30	64.0	82.5	2,345
Hardin	Aug	30.00	91.0	104.2	2,500
Perry	Aug	34.59	96.2	93.1	5,782
Hardin	Aug	40.00	90.2	100.6	3,000
Union	Sep	55.67	78.2	92.1	3,593
Saline	Oct	33.86	92.3	98.7	2,862
Franklin	Nov	35.38	80.1	92.5	3,957
Jefferson	Nov	49.00	68.6	97.5	4,998
Franklin	Nov	39.75	96.5	97.3	4,001
Perry	Dec	115.00	91.5	96.9	4,348
Average (acre weighted)			78.4%	92.4	\$3,493

Recreational Tracts

Recreational sales remained steady for 2016. Many of the sales of recreational tracts in the region are through realtors to recreational buyers. The primary recreational use for these properties is deer hunting. Most of these tracts consist of a combination of low quality open land (cropland, pasture, and other open land) and wooded areas. The 81 recreational sales analyzed for 2016 were comparable to sales analyzed in 2015 in terms of price, size of tract and percent tillable. Prices for 2016 ranged from \$805 to \$4,375 with an average price of \$2,540 and weighted average price of \$2,440 compared to a 2015 price range of \$1,000 to \$4,000 with an average price of \$2,560 and weighted average price of \$2,364. Average tract size was 92 acres for 2016 compared to 99 acres in 2015. The average percentage tillable (acre weighted) was about 24 percent in 2016 compared to 19 percent in 2015. Thus, price and characteristics of transfer were quite similar between 2015 and 2016.

County	Sale Date	Total Acres	% Tillable	\$ Total Price/Ac
White	Jun	280.00	58.9	4,107
Union	Apr	130.00	56.4	2,500
Saline	Oct	93.15	55.1	2,350
Hamilton	Mar	98.00	50.6	1,990
Hamilton	Oct	20.00	45.0	3,800
White	Oct	46.00	43.5	2,500
Jefferson	Feb	40.00	42.5	4,375
Alexander	Apr	27.28	41.9	1,400
Franklin	Oct	28.40	41.5	2,758
Pope	Mar	413.00	36.9	2,500
White	Sep	40.00	33.0	3,500
Williamson	May	136.50	30.3	3,000
Pope	May	89.50	29.3	1,955
Hamilton	Jul	121.00	21.0	1,638
Saline	May	80.00	20.4	2,500
White	Apr	31.00	18.5	4,200

Region 10: Land Values Summary by Class



Union	Jan	36.72	16.0	3,071
Pope	May	248.00	12.0	2,642
Hamilton	Feb	20.00	0.0	2,750
Jefferson	Feb	40.00	0.0	3,500
Johnson	Mar	63.50	0.0	1,575
Jefferson	Apr	40.00	0.0	3,600
Pope	Apr	40.00	0.0	3,125
Williamson	May	40.00	0.0	806
Pope	Jun	397.15	0.0	1,335
Jackson	Jul	52.00	0.0	2,673
Franklin	Jul	70.82	0.0	2,302
Pope	Aug	160.00	0.0	1,050
Hardin	Oct	40.00	0.0	1,625
Saline	Oct	30.00	0.0	3,000
Williamson	Mar	70.00	0.0	2,361
Williamson	Jul	49.83	0.0	2,208
Average (acre weighted)			23.6	2,426

Region 9. Average Sales Price of Completed Sales in Region by Year and Category*

Year	--- Category ---			
	Good	Average	Fair	Recreational
2001	2,319	1,564	1,028	891
2002	2,738	1,610	1,085	
2003	2,804	1,597	1,138	1,157
2004	2,334	1,776	1,190	1,413
2005	2,763	1,866	2,050	1,615
2006	2,928	2,204	1,762	1,815
2007	4,146	2,283	1,742	2,044
2008	4,698	2,724	2,218	2,380
2009	4,782	2,994	2,240	2,443
2010	6,576	3,314	3,029	2,346
2011	7,855	3,915	3,177	2,247
2012	9,452	5,078	3,555	2,483
2013	9,971	5,643	4,193	2,702
2014	9,800	5,256	4,249	2,967
2015	7,756	5,779	4,091	2,561
2016	7,983	5,379	3,658	2,584

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2008	10.08%	7.92%	10.98%	14.05%
2008-2016	6.63%	8.50%	6.26%	1.03%
2001-2016	8.24%	8.23%	8.46%	7.10%
2005-2016	9.64%	9.62%	5.26%	4.27%
2010-2016	3.2%	8.1%	3.1%	1.6%
2015-2016	2.9%	-7.2%	-11.2%	0.9%

*Note: Limited numbers of sales in some years & special features may affect values

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Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2017 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Good Productivity	150	185	210	3 years	70	15	15		
Average Productivity	110	150	190	1 - 3 years	55	15	30		
Fair Productivity	90	115	130	1 -3 years	50	10	40		
Recreational Land	3	8	15	1 year					
Pasture	15	30	45	1 year	90				10

Lease Trends

Cash rents at the higher levels are starting to come down. Those rents in the low or middle range are not changing. The downward change in cash rents is primarily based on discussions due to lower commodity prices rather than changes in land values especially for the better farmland that has not experienced a decline in value in region 10. Landlords are more interested in flexible cash rents than lowering cash rents. Landlords with share rent are preferring to switch to cash rent. Tenants in the past during times of better commodity prices preferred cash rents for simplicity and management, but now need to weigh

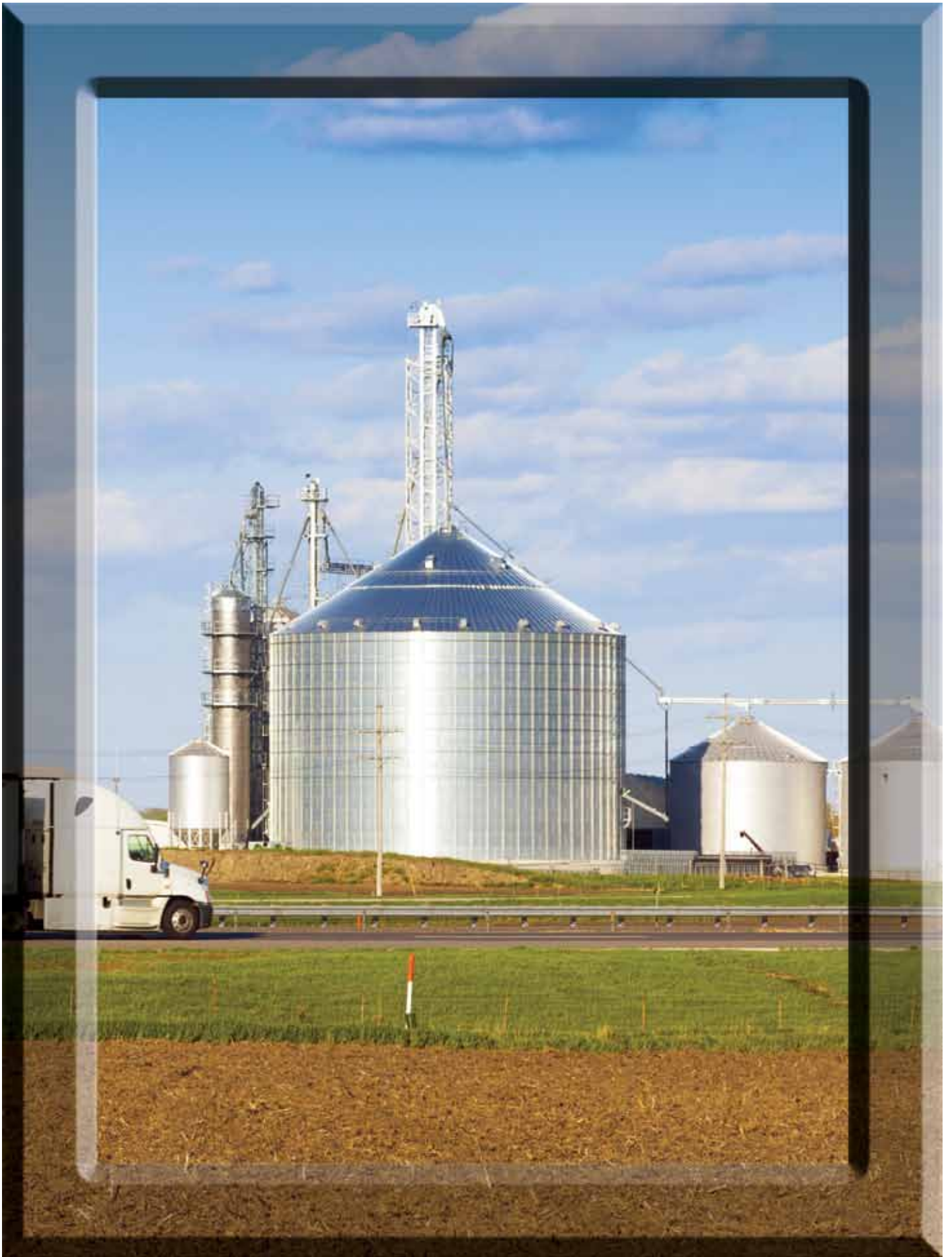
tradeoffs between simplicity and increased risk. Leased land is not changing hands except for retiring farmers or farmers exiting the business. As land is passed on to the next generation of landlords there is preference for cash leases because of simplicity. This trend of less involvement in marketing or expenses by next generation of landlords can bring about less loyalty between landlord and tenants.

In terms of length of lease there are fewer 5 year leases as leases move to 1 to 3 years on the higher productivity classes. Leases of one year are more common on less productive land classes.

Recreational lease rates reported in the table indicate payment for transfer of hunting rights only with other use rights remaining with owner or tenant.

The committee did not list a representative rate on new cash lease because of the wide variation of rates across the region. Also, rates are not likely to stay steady except for those lease rates at higher levels which are coming down as previously indicated.





Farmland Prices Still Edging Lower

Prepared by Gary Schnitkey, Ph.D., and Todd Henry Kuethe, University of Illinois Department Ag and Consumer Economics

The Illinois Society of Professional Farm Managers and Rural Appraisers conducts an annual survey in which it asks knowledgeable individuals about the farmland market. Respondents indicated that farmland prices decreased in 2016 between 5 percent and 14 percent, depending on land productivity. Expectations are for decreasing farmland prices in 2017. Yields in 2017 along with resulting commodity prices will have an impact on the direction and magnitude of farmland price changes. Above average yields could lead to falling farmland prices and below-average yields could lead to increasing farmland prices.

Land Prices Decreased in 2016

Respondents were asked to estimate farmland prices on January 1, 2016 and December 31, 2016 for the following farmland quality classes:

1. Excellent (expected corn yields over 190 bushels per acre),
2. Good (expected corn yields between 170 to 190 bushels per acre),
3. Average (expected corn yields between 150 to 170 bushels per acre), and
4. Fair productivity farmland (expected corn yields less than 150 bushels per acre).

Price of excellent productivity farmland was estimated at \$11,600 per acre price on January 1 and \$11,000 per acre price on December 31st, a decrease of 5 percent during the year (see Table 1). Good quality farmland price was estimated at \$10,100 at the beginning of the year and \$9,500 at the end of the year, a decrease of 6 percent. Average farmland price was \$8,200 per acre at the beginning of year and \$7,200 at the end of year, a decrease of 12 percent. Fair productivity price was \$6,900 at the beginning of the year and \$5,900 at the end of the year, indicating a price decrease of 14 percent.

Table 1. Estimates of Land Price, Beginning & Ending of 2016

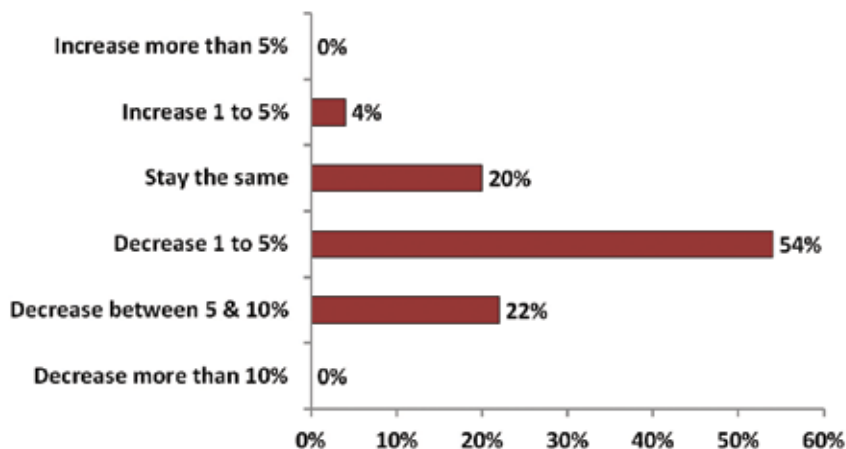
Productivity	Date		Percent Change
	Jan. 1, 2016	Dec. 31, 2016	
\$ per acre			
Excellent	11,600	11,000	-5%
Good	10,100	9,500	-6%
Average	8,200	7,200	-12%
Fair	6,900	5,900	-14%

Expectations for 2017

In total, 76 percent of the respondents expect farmland to decrease during 2017 (see Figure 1). Fifty four percent

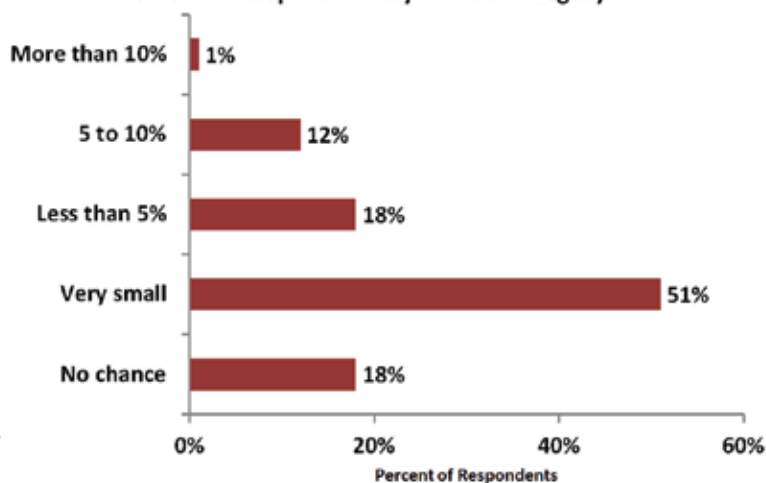
expect to see a decrease between 1 and 5 percent, and 22 percent expect decreases between 5 and 10 percent. Only 4 percent of respondents expect farmland to increase in 2016.

Figure 1. Expectations of Price Changes in 2017.



Respondents were asked what the chances were of a 20 percent decline in farmland prices during 2017. This question gauges the sentiments of respondents concerning a large downward correction in prices. Only 18 percent of the respondents believed there was no chance of a 20 percent farmland price decrease with 51 percent giving a very small chance of a 20 percent farmland decrease. Eighteen percent of respondents believed there was less than a 5 percent chance, 12 percent believed that the chance is between 5 to 10 percent chance, and 1 percent believed there was more than a 10 percent chance of a large price decrease. (see Figure 2). Overall, most individuals believe the chance of a large land price

Figure 2. Chance of 20% Farmland Price Decline in 2017, Percent of Respondents by Chance Category.



decreases are small, although more individuals believe that large farmland price decreases are now possible than in 2016

Factors Impacting 2017 Price Outlook

Respondents were asked questions regarding fundamental factors impacting farmland prices:

- **Agricultural Economy:** Respondents were asked whether they expected the agricultural economy to expand or contract. Sixty-seven percent of respondents expected the economy to contract modestly. None of the respondents expect a full-scale recession. Thirty-three percent expected the economy to expand. A contracting agricultural economy would be expected to have a negative impact on farmland prices.
- **Interest Rates:** Most respondents expect interest rates to increase in 2017, with 82 percent expecting those increases to be less than 1.5 percentage points and 12 percent expecting interest rate increase of over 1.5 percentage points. Rising interest rates would be expected to have a negative impact on farmland prices.
- **Corn Prices:** Respondents were asked where they expected corn prices to average in 2017. Seventy percent expect prices between \$3.50 and \$4.00 per bushel. Twenty-seven percent expected corn prices between \$3.00 and \$3.50. Overall, 97 percent of respondents expected corn price to average below \$4.00 per bushel and the remaining 3 percent of respondents expected prices between \$4.00 and \$4.50 per bushel.

Respondents were given a set of factors and asked to indicate which would cause farmland prices to decrease by more than 5 percent in 2017 if that factor occurred. *“Falling commodity prices because of good 2017 growing conditions in the United States”* was indicated by 80 percent of the respondents as leading to farmland price decreases (see Table 2). The next factor indicated by most respondents was *“increases in interest rates”*, indicated by 72 percent of respondents. Factors indicated by over 50 percent of respondents as leading to farmland price decreases were: *“elimination of ethanol mandates”* (58 percent), *“reduction in commodity demand because of slowing Chinese growth”* (50 percent), and *“good crop yields in South America”* (50 percent).

From that list of factors, respondents were asked to choose the most likely factor leading to a farmland price decrease. Respondents were only allowed to choose one. The most factor selected most was *“falling commodity prices because of good 2017 growing conditions,”* ranked by 44 percent of the respondents. Other factors ranked in this category were: *“increases in interest rates”* (29 percent of respondents), *“elimination of ethanol mandates”* (10 percent), *“changes in exchange rates”* (6 percent).

Table 2. Factors that Could Cause a Farmland Price Decrease of More than 5% if they happen in 2017

	% of Respondents ¹
Falling commodity prices because of good 2017 growing conditions in the United States	80%
Increases in interest rates	72%
Elimination of ethanol mandates	58%
Reduction in commodity demand because of slowing Chinese growth	50%
Good crop yields in South America	50%
Changes in exchange rates	28%
General economic recession in the United States	26%
Increases in stock prices	26%
Decreases in the variability of stock prices	18%
Recession in Europe	10%
A 2017 drought causing low yields	6%
Increases in the variability of stock prices	6%
Good economic growth in the United States	4%
Decreases in stock prices	4%

¹ This is the percent of respondents that indicated that this factor, if it occurred, would cause a more than 5% farmland price decline. For example, 80% of respondent indicates that “falling commodity prices because of good 2016 growing conditions . . .” would cause farmland price decrease.

Table 3. Most Likely Factor to Cause a Farmland Price Decrease of More than 5% in 2017.

	% of Respondents
Falling commodity prices because of good 2017 growing conditions in the United States	29%
Increases in interest rates	10%
Elimination of ethanol mandates	6%
Changes in exchange rates	6%

Respondents were asked to rank what factors could cause farmland prices to increase by more than 5 percent in 2017 (see Table 4). *“Increases in commodity prices because of poor growing conditions in the United States”* received the most positive responses at 64 percent of respondents. A 2017 drought was next with 52 percent of respondents.

Table 4. Factors that Could Cause Farmland Prices to Increase More than 5% if they Happen in 2017.

	% of Respondents ¹
Increase commodity prices because of poor 2017 growing conditions in the United States	64.0%
A 2017 drought causing low yields	52.0%
Poor crop yields in South America	40.0%
Good economic growth in the United States	32.0%
High yield leading to higher incomes	26.0%
Decreases in interest rates	26.0%
Decreases in stock prices	22.0%
Changes in exchange rates	18.0%
Increased variability in stock prices	12.0%

¹ This is the percent of respondents that indicated that this factor, if it occurred, would cause a more than 5% farmland price increases. For example, 64% of respondent indicates that “increase in commodity prices because of poor 2016 growing conditions . . .” would cause farmland price increase.

Respondents were asked to select from this list the most likely factor to cause a farmland price increase of more than 5 percent. *“Increases in commodity prices because of poor 2017 growing conditions in the United States”* received 38 percent of the responses. Next was *“Good economic growth in the United States”* which was indicated by 17 percent of respondents.

The lists of both positive and negative factors suggest that a majority of respondents believe that yields will have some impact on farmland prices. High yields could lead to lower prices which would have a negative impact on farmland prices. Conversely, low yield could lead to higher prices which would have a positive impact on farmland prices.

Sellers of Farmland

Survey respondents were asked to divide sellers of farmland into six categories: Active Farmers, Retired Farmers, Estate Sales, Institutions, Individual Investors, and Others. Estate Sales accounted for 56 percent of the activity and were, by far, the largest category of sellers (see Table 5). This was followed by Farmers who made up 23 percent of sellers. Fourteen percent of those farmers were retired and 9 percent were active. Individual Investors accounted for 10 percent of the sellers, followed by Institutions (9 percent) and Others (2 percent).

Table 5. Sellers of Farmland, 2016.

Active farmers	9%
Retired farmers	14%
Estate sales	56%
Institutions	9%
Individual investors	10%
Others	2%

Survey respondents were asked to identify reasons why farmland was sold. The major reason for selling farmland was to settle estates, accounting for 48 percent of the farmland sales (see Table 6). *“Receiving a good price for farmland”* was the next highest reason with 17 percent of the sales. Remaining reasons were re-orient investment portfolio (13 percent), close-out undivided interest (9 percent), need cash (8 percent), and forced liquidation (5 percent). Overall, percentages shown in Tables 5 and 6 vary little across years. For example, estate sales make up the largest category of sellers for the last several years of the Illinois survey.

Table 6. Reasons for Selling Farmland, 2016.

Settle Estates	48%
Need cash	8%
Forced liquidation	5%
Received a good price	17%
Re-orient investment portfolio	13%
Close-out undivided interests	9%

Table 7. Method of Selling Farmland, 2016.

Sealed bid	5%
Multi-parcel auction	13%
Public auction	39%
Private treaty	43%

Methods used for selling farmland are shown in Table 7. Forty-three percent of parcels were sold by private treaty, 39 percent by public action, 13 percent by multi-parcel auction, and 5 percent by sealed bid. Between 2016 and 2017 the private treaty method of sales has increased in use while the use of public auction has decreased.

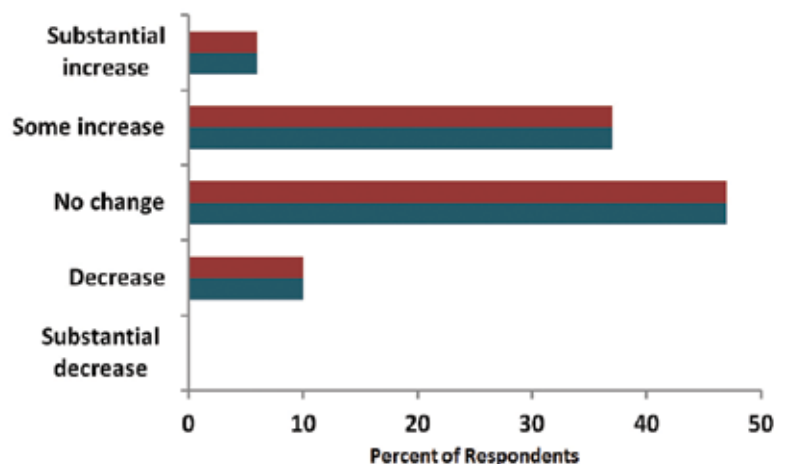
Buyers of Farmland

Survey respondents were asked to classify buyers into categories as Farmers, Investors, Institutions, or Recreational buyers. Farmers accounted for 63 percent of the purchasers, with 61 percent being local farmers and 2 percent being relocating farmers (see Table 8). Individual Investors who would not farm the land were the next largest group, accounting for 19 percent of the buyers. Non-local investors accounted for 4 percent of the buyers and local investors accounted for 15 percent. Institutions accounted for 11 percent of buyers. Survey respondents indicated that 52 percent of farmland buyers did not require debt financing. On average, 55 percent of the purchase price was financed for those buyers requiring debt financing.

Table 8. Buyers of Farmland, 2016.

Local farmers	61%
Relocating farmers	2%
Non-local investors	4%
Local investors	15%
Institutions	11%
Other	7%

Figure 3. Change in Volume of Farmland Sold in Last Half of 2016 Compared to Last Half of 2015.



Volume of Farmland Sold

Respondents indicated that there was a decrease in volume of sales during the last half of 2016 compared to the last half of 2015 (see Figure 3). Ten percent of respondents indicated that volume decreased. Forty-seven percent of respondents indicated that there was no change in volume, with 37 percent indicated that volume decreased.

Summary

Farmland prices decreased in 2016 due to lower agricultural returns. Expectations are for continuing decreasing into 2017. Most respondents expect those decreases to be in less than a 10 percent.



Downward Trend in Cash Rents Continues

Prepared by Gary Schnitkey, Ph.D., and Todd Henry Kuethe, University of Illinois Department Ag and Consumer Economics

The Illinois Society of Professional Farm Managers and Rural Appraisers conducts an annual survey of its membership concerning farmland leasing in Illinois. Survey results indicate that 2016 incomes from owning farmland were below 2015 levels, continuing a string of declining return years that began in 2013. Cash rents in 2017 decreased from 2016 levels. Expectations are for stable to lower cash rents in 2018. Corn prices over \$4.00 per bushel would lead to increases in cash rents. Even with low farmland returns, respondents expect very little farmland to change hands because the current farm operator is unwilling to pay the desired cash rent. Nor would it be difficult to find other farm operators to replace current operators if the need arises.

2016 Incomes

Survey respondents were asked to estimate average incomes that landlords received from alternative leases for the 2016 cropping year. Average incomes equaled gross revenue less all expenses, including a deduction for property tax. Alternative leases are:

1. share rent leases -- landlord and farmer share in crop revenues and crop expenses,
2. cash rent leases -- farmer pay the landlord a fee for the farmland. The farmer receives all crop revenue and pays all crop expenses.
3. custom farming arrangements – landlord pays the farmer for performing field operations. The landlord receives all crop revenue and pays all crop expenses.

Table 1. Per Acre Farm Income that Landlords Receive for Different Lease Types and Land Qualities, 2016

Lease Type	Land Quality			
	Excellent	Good	Average	Fair
	\$ per acre			
Traditional crop share	200	160	145	125
Cash rent	250	225	180	140
Custom farming	235	200	155	125

Net incomes for 2016 are reported in Table 1 for four different land qualities:

1. Excellent (corn yields expected to be over 190 bushels per acre),
2. Good (corn yields expected to be between 170 to 190 bushels per acre),
3. Average (corn yields expected to be between 150 to 170 bushels per acre), and
4. Fair productivity farmland (corn yield expected to be less than 150 bushels per acre).

For Excellent quality farmland, traditional crop shares had average income of \$200 per acre, cash rent had \$250 per acre, and custom farming had \$235 per acre. Across all land qualities, cash rent leases had the highest incomes, followed by custom farming. Crop share leases had the lowest returns.

Incomes were lower in 2016. Table 2 shows 2016 income minus 2015 incomes. Negative numbers indicated incomes were lower in 2016 than in 2015. For excellent productivity farmland, traditional crop share income was \$4 per acre lower in 2016 as compared to 2015. Cash rent income was \$13 per acre lower, while custom farming income was \$24 per acre lower in 2016 as compared to 2015.

Table 2. 2016 Incomes Minus 2015 Incomes

Lease Type	Land Quality			
	Excellent	Good	Average	Fair
	\$ per acre			
Traditional crop share	-4	-20	2	14
Cash Rent	-13	-15	-13	-5
Custom Farming	-24	-37	-40	-9

Cash Rents for 2017

Table 3 shows per acre cash rents for the 2017 crop year. Cash rents again are placed in four different land quality classes: Excellent, Good, Average, and Fair quality. In each class, respondents were asked to give the average of rental arrangements with the highest 1/3 rents, mid 1/3 rents, and low 1/3 rents.

Table 3. Per Acre Cash Rents for High 1/3, Mid 1/3, and Low 1/3 Cash Rent Leases by Land Quality 2017

Lease Type	Land Quality			
	Excellent	Good	Average	Fair
	\$ per acre			
High 1/3	325	285	250	200
Mid 1/3	300	260	225	175
Low 1/3	250	225	190	145

There is a great deal of variability in cash rents for a given land productivity (see Table 3). For example, the average cash rent for the mid 1/3 group on excellent quality farmland is \$300 per acre (see Table 3). The high 1/3 of leases averaged \$325 per acre, \$25 higher than the mid 1/3 group. Similarly, the low 1/3 group averaged \$250 per acre, \$50 lower than the mid 1/3 group. From the high 1/3 group to the low 1/3 group, there is a \$75 per

acre difference in average rents for excellent productivity farmland. Similar ranges exist across good (\$60 from the high 1/3 to low 1/3 averages), average (\$60 per acre), and fair (\$55 per acre) quality farmland classes.

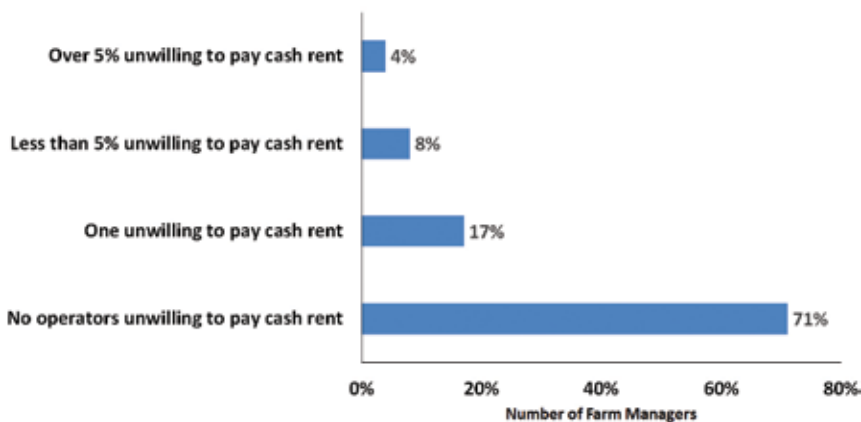
Cash rent levels decreased in 2017 (see Table 4). The \$300 per acre cash rent for 2017 was \$25 lower than the \$325 per acre cash rent in 2015. Cash rents across all farmland classes fell: \$23 per acre decrease for good quality farmland, \$22 per acre decrease for average quality farmland, and a \$15 per acre decrease for fair quality farmland.

Table 4. History of Cash Rents for Mid 1/3 of Cash Rent Leases

Year	Land Quality			
	Excellent	Good	Average	Fair
	\$ per acre			
2007	183	164	144	120
2008	241	207	172	138
2009	267	221	187	155
2010	268	231	189	156
2011	319	271	220	183
2012	379	331	270	218
2013	396	339	285	235
2014	375	323	277	219
2015	350	295	250	200
2016	325	283	247	190
2017	300	260	225	175

Of the 2017 cash rent leases, respondents indicated that 52 percent of the rent levels were renegotiated from the previous year. Farm managers were asked if they had farm operators unwilling to pay 2017 cash rent levels and leave the farm. Seventy-one percent of farm managers indicated that they had no operators who were unwilling to pay the cash rent level. Some modest amounts of switching occurred for the remaining farm managers: 17 percent of the farm managers indicated that one farm operator was unwilling to pay the cash rent, 8 percent indicated that less than 5 percent of farm operators were unwilling to pay cash rents, and 4 percent indicated that over than 5 percent of the farm operators will unwilling to pay cash rents.

Figure 1. Farm Managers Having Farm Operators Unwilling to Pay 2017 Cash Rent.

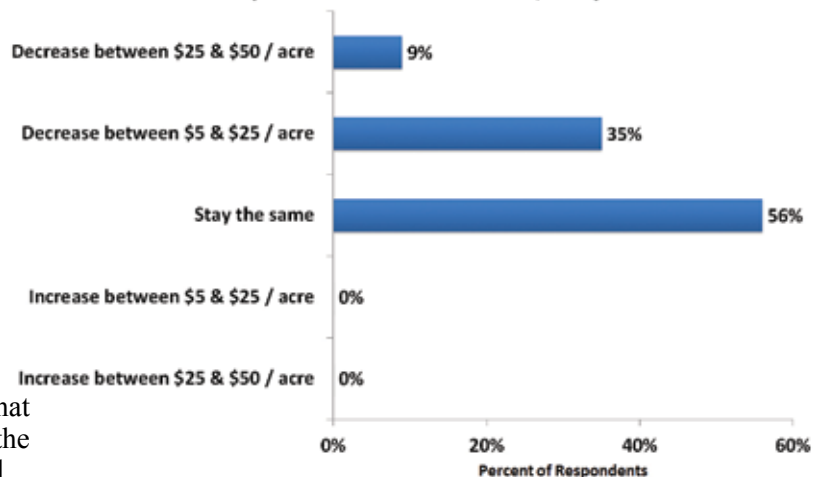


Expectations for 2018

Farm managers were asked what would happen to cash rents in 2018 if expected corn prices are \$3.50 when negotiating 2018 cash rents. Forty-four percent of farm managers expect 2018 cash rents to be lower than 2017 cash rents, with 35 percent expecting decreases of between \$5 and \$25 per acre and 9 percent expecting decreases between \$25 and \$50 per acre (see Figure 2). Fifty-six percent of respondents expected 2018 cash rents to remain the same as 2017 cash rents. If corn prices remain below \$4.00 per bushel, none of the respondents expected rents to increase in 2018.

Farm managers were asked what would happen to cash rents in 2018 if expected corn prices are \$4.20 when

Figure 2. Expectations of Cash Rents Change in 2018 from 2017 Levels if Expected Corn Prices are Near \$3.50 per Bushel.



negotiating 2018 cash rents. In this case, 71 percent of farm managers expect 2018 cash rents to be higher than 2017 cash rents (see Figure 3). Of those respondents expecting increases, 63 percent expected increases of between \$5 and \$24 per acre, 4 percent expect increases between \$25 and \$50 per acre, and 4 percent expect increase of over \$50 per acre. Under this price scenario. None of the respondents expected rents to decrease under this price scenario.

Given the expectations of continuing low farm returns, there may be difficulties in having the current farm operators pay the requested cash rent. Respondents were asked if they expected more farmers to refuse to pay requested cash rent in 2018 (see Figure 4). Sixty-seven percent of respondents expected no changes in refusals while 29 percent expected some increase and 4 percent expected a substantial increase in refusals.

Respondents were asked if they could find another farm operator if the current farm operator refused to pay the desired cash rent, given that the replacement farm operator

Figure 3. Expectations of Cash Rents Change in 2018 from 2017 Levels if Expected Corn Prices are Near \$4.20 per Bushel.

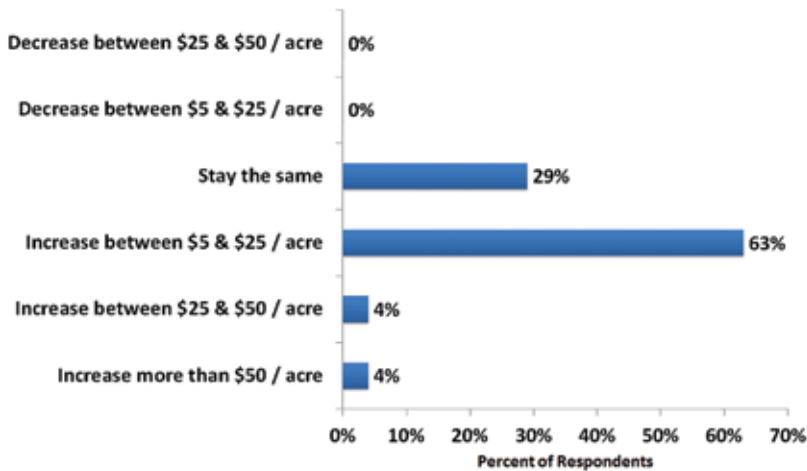
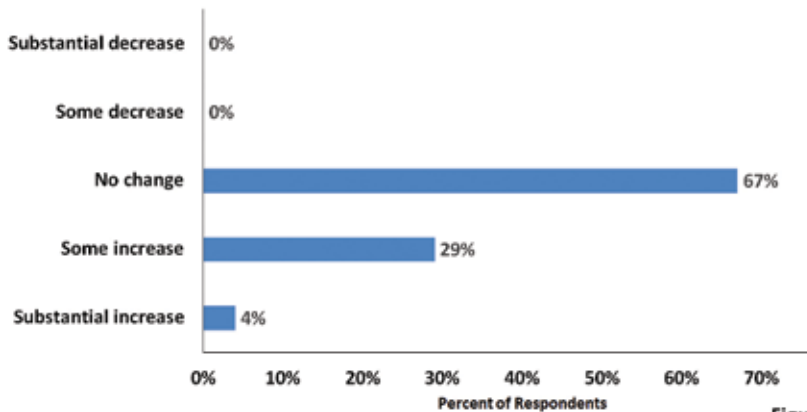


Figure 4. Expectations of Farm Operators Refusing to Pay Ask For Cash Rent, Change in 2018 from 2017.



paid the same rent in 2018 as in 2017. The question was asked assuming the corn price remained below \$4.00 per bushel. Eighty-two percent of respondents indicated that they could find many operators to replace the current operator. Seventeen percent indicated that would have difficulty in finding a replacement operator.

Respondents were asked if more of their land owners were considering selling farmland as a result of lower farmland returns. Ninety percent of respondents indicated that their farm owners were not considering selling farmland.

Leasing Arrangements Used in 2017

Figure 5 shows lease arrangements used by farm managers. In Figure 5, the first three lease types relate to crop share leases in which the land owner and tenant share in the revenues and expenses from the farm. A traditional crop share lease has a simple sharing arrangement of revenue and direct expense, with a common split in northern and central Illinois being 50 percent.

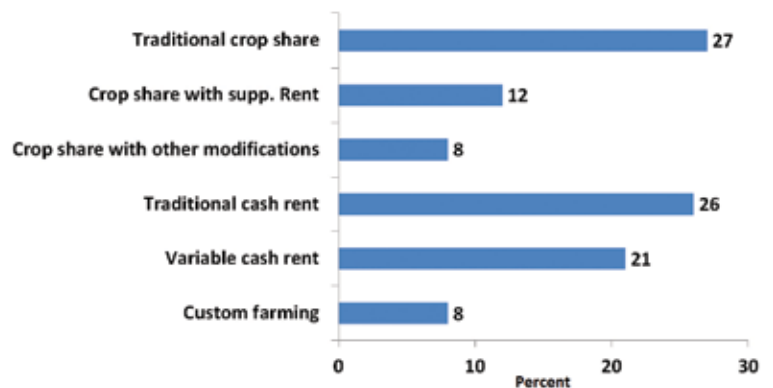
In a crop share with supplemental rent arrangement, the land owner and tenant share in revenues and direct expenses, and the tenant pays an additional cash payment

to the land owner. This additional cash payment often is called a supplemental rent. According to survey respondents, the supplement rent averaged \$28 per acre in 2017. A share rent with other modifications arrangement is another type of share lease that modifies payments between the land owner and tenant. One typical modification is that the tenants pay all of the chemical costs.

Share rent leases accounted for 48 percent of the leases in 2016, with traditional crop share accounting for 27 percent of the leases, crop share with supplemental rents accounting for 12 percent of the leases, and crop share with supplemental accounting for 9 percent of the leases (see Figure 5).

There are two types of cash rent leases: traditional and variable. Under a traditional lease, a fixed amount of cash rent is negotiated between the land owner and tenant, typically at the beginning of the cropping year. Under a variable lease, the amount of the cash payment depends on revenue. A typical variable lease has a fixed base payment and then a “bonus” payment. The bonus payment is a percentage of gross revenue when gross revenue exceeds a specified level. In 2016, traditional crop share arrangements accounted for 26 percent of leases while variable cash leases had a 21 percent share of leases (see Figure 2). Farm managers typically use short lease terms on cash rental arrangements. Of cash rents, 86 percent of the leases were one-year in length

Figure 5. Lease Arrangements Used by Farm Managers, 2016.



Custom farming is an arrangement in which the land owner pays a farmer to perform machinery-related operations on the farmland. The land owner then receives all revenue and pays all direct expenses from the farm. Custom farming accounted for 8 percent of leases.

Summary

Cash rents increased between 2006 and 2013. Since 2013, cash rents have decreased. Expectations are for stable to still decreasing cash rents if corn prices remain below \$4 per bushel. On the other hand, corn prices above \$4 per bushel could lead to increasing cash rents.

Agricultural Commodity Price Outlook

Prepared by Todd Hubbs, Ph.D., agricultural economist, University of Illinois

Commodity price movements in 2016 centered on the increased levels of production across most sectors. Corn, soybeans, and wheat grew large crops, while hog and cattle markets continued to see the growth in production associated with recovery in the livestock sector. Exports and acreage changes will be crucial to the development of crop prices over the next few months and into 2018. Planted acreage, in particular, provides a key indicator for the development of crop prices moving forward. Increased production levels in the livestock sector will weigh on markets as we move through 2017. Despite strong demand for meat, cattle and hog prices are set to move lower over the course of the year. This analysis provides a perspective on the forthcoming marketing year.

Corn

In the latter portion of 2016, corn prices settled into a range between \$3.35 and \$3.70 per bushel. This lower price level resulted from a large crop despite strong export demand and ethanol use for corn. The expectations for corn in the 2017 crop year put forth in this analysis show lower production leading to decreased ending stocks in 2017-18. The magnitude of reduced ending stocks provides important implications for corn prices moving through 2017-18.

Current market consensus projects farmers to plant fewer corn acres in 2017 than the 94 million acres planted in 2016. Numerous factors point toward greater soybean acreage and lower corn acreage in 2017. These include lower winter wheat seedings, a lower cost of production for soybeans, and the current perceived price advantage for soybeans over corn. A reduction of 3.5 million acres from 2016, which places planted acreage at 91.5 million acres, is used in this analysis. Planted acreage at 91.5 million acres would lead to around 83.2 million acres harvested for grain in 2017.

Yield expectations typically use trend yield analysis to generate yield projections for the next crop year. National average corn yield came in above trend for the last three growing seasons and culminated in an estimated 174.6 bushels per acre in 2016. The trend estimate for 2017 is 166.8 bushels per acre. By adjusting the trend estimation for weather influences, we generate a national corn yield expectation of 169 bushels to use in this analysis. At this yield level, the 2017 crop projection is 14.1 billion bushels. By including the current projections for ending stocks by the USDA of 2.32 billion bushels with 50

million bushels of imported corn, the 2017 corn supply comes in at 16.4 billion bushels. The 2017 corn supply estimate is approximately 509 million bushels less than the current marketing year supply estimation.

2017-18 marketing year expectations for consumption exceed projected production, which leads to a lower level of ending stocks by the end of the marketing year. The size of the decline is important for determining price as we move through the next marketing year. Exports, ethanol production, feed and residual, and other domestic uses determine the consumption of corn.

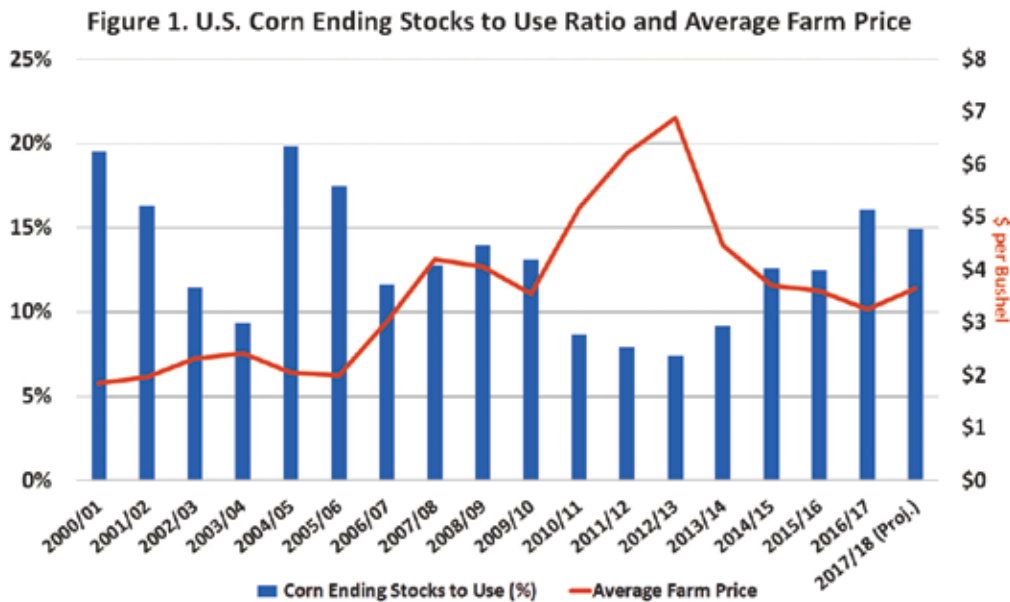
U.S. corn exports vary considerably from year to year. In the last decade, corn exports ranged from a low of 730 million bushels in the 2012-13 marketing year to 2.44 billion bushels in 2007-08. Corn exports will be influenced by trade policy, world corn production, economic growth, and exchange rates. Current 2016-17 marketing year corn export projections sit at 2.225 billion bushels, which were helped by lower corn production in South America in 2016. Current corn production projections for Brazil (3.41 billion bushels) and Argentina (1.44 billion bushels) are up 29 percent and 26 percent respectively in 2017. World production projections come in 8 percent higher for 2017. While U.S. corn exports will continue to be strong, 2017-18 projections reduce corn exports in this analysis to 1.95 billion bushels on larger foreign corn production.

Corn used for ethanol production will be impacted by EPA rule-making related to implementing Renewable Fuel Standards mandates, gasoline consumption, and ethanol exports. An expectation of increased fuel ethanol requirements and slight increases in gasoline consumption with a positive ethanol trade balance provide support to the continued increase in corn used for ethanol. Corn used for ethanol expectations increase to 5.4 billion bushels in the 2017-18 marketing year. Other domestic uses for corn do not vary significantly from year to year. With a slight increase, other domestic use expectations provide 1.45 billion bushels of corn use.

The pace of corn consumption for feed likely will continue to show strength in the 2017-18 marketing year. Livestock production growth in many sectors provides support for corn feed use during this marketing year. Despite strong livestock production, several factors may limit corn feed use moving forward. The increase in ethanol production increases distiller's grain availability.

Increased availability of feed grains across the board may suppress some corn feed use. Residual use of corn could be reduced if the 2017 crop is smaller than the 2016 level. Feed and residual use might be near 5.5 billion bushels.

Current expectations for corn consumption in the 2017-18 marketing year are 14.3 billion bushels. Ending stocks would be 2.131 billion bushels, which is 189 million bushels lower than the current 2016-17 marketing year projections (Figure 1). Based on the analysis of corn production and consumption expectations, season average market price comes in at the \$3.65 - \$3.75 range for the 2017-18 marketing year.



Soybeans

Soybean prices have remained relatively high despite large U.S. and world soybean supplies. At 420 million bushels, forecast stocks of U.S. soybeans at the end of the current marketing year represent the highest ending stocks estimation since the 2006-07 marketing year. Additionally, the current projection for South American soybean production is at 6.374 billion bushels.

The prospect of 2016-17 marketing year ending stocks decreasing over the remainder of the marketing year is dependent on strong export numbers. Increased export potential is contingent on the soybean crops currently produced in Brazil and Argentina. While the possibility of surpassing the 2.05 billion bushel USDA export projection for soybeans exists, the caution exhibited by the USDA in maintaining the export number at its current level is warranted.

Building expectations about the 2017 U.S. soybean production prospects begin with planted acreage. Current expectations for soybean planted acreage encompass a

wide range of possibilities. Some observers place planted acreage levels at 89 million acres or greater. U.S. soybean plantings in 2016 came in at a record 83.4 million acres, which were a 700 thousand acre increase over 2015 and slightly above the 83.3 million acres planted in 2014.

Given the previously mentioned factors pointing toward greater soybean planted acreage in 2017, planted acreage near 87.4 million is a reasonable expectation. Since 1996, an increase in soybean planted acreage exceeded four million acres three times. While the possibility exists for a six to seven million acre increase in soybean acreage this year, it would be one of the largest shifts in soybean planted acreage on the historical record. Since the start of the Freedom To Farm era in 1996, the difference between planted and harvested acreage of soybeans ranged between 595 thousand to 1.858 million acres and averaged 1.03 million acres. Years of drought accounted for large differences. Under a normal weather scenario, the record level of planted acreage may see the abandonment of approximately 700,000 acres in 2017. Planted acreage of 87.4 million acres leads to a harvested acreage of about 84.7 million acres.

Yield expectations for the next crop year traditionally rely on trend yield analysis. Three successive years of soybean yields well above trend culminated with 52.1 bushels per acre in 2016. It is tough to determine if the recent increase in soybean yields is the beginning of a new production era. For now, we will continue with the basic trend expectations. Based on the growth in soybean yields in the last three years, normal weather during 2017 could provide an average U.S. soybean yield near 48 bushels per acre. Yield at that level would create a 2017 soybean crop of 4.162 billion bushels, 145 million bushels smaller than the 2016 crop.

A 2017 soybean crop of 4.162 billion bushels combined with the current USDA soybean stock projection of 420 million bushels and imports of 25 million bushels leads to a marketing year supply of 4.601 billion bushels, 73 million bushels larger than the supply for the current year. To prevent 2017-18 ending stocks from increasing under this scenario, soybean consumption needs to be greater than 4.181 billion bushels, 73 million bushels greater than current 2016-17 marketing year projections. Increased soybean consumption at this level does not seem likely under current demand scenarios.

Expectations for the 2017-18 marketing year include increased acreage, an increase in ending stocks, and lower prices when compared to the current marketing year (Figure 2). The mitigation of a major price decline requires a reduction in 2016-17 ending stocks from the current 420 million bushels or lower production in 2017. The scenario discussed places average farm prices for soybeans in a range of \$8.90 - \$9.10 for the 2017-18 marketing year.

prices began to move back to July 2016 price levels in January on wheat acreage information.

The NASS Winter Wheat Seeding report estimated 3.8 million fewer acres of winter wheat planted for the 2017-18 crop. The change in winter wheat seedings is the lowest level of winter wheat planting since 1909 (Figure 3). The potential for spring wheat acreage moving into soybeans in the Northern Plains adds to the

potential for much lower wheat production. Wheat production is expected to decrease by over 20 percent due to lower planted acreage and yields. The record high 52.6 bushels per acre for wheat crop yield in 2016-17 is expected to lower over 10 percent. Drought conditions in the Southern Plains merit consideration due to the volatile nature of wheat yields.

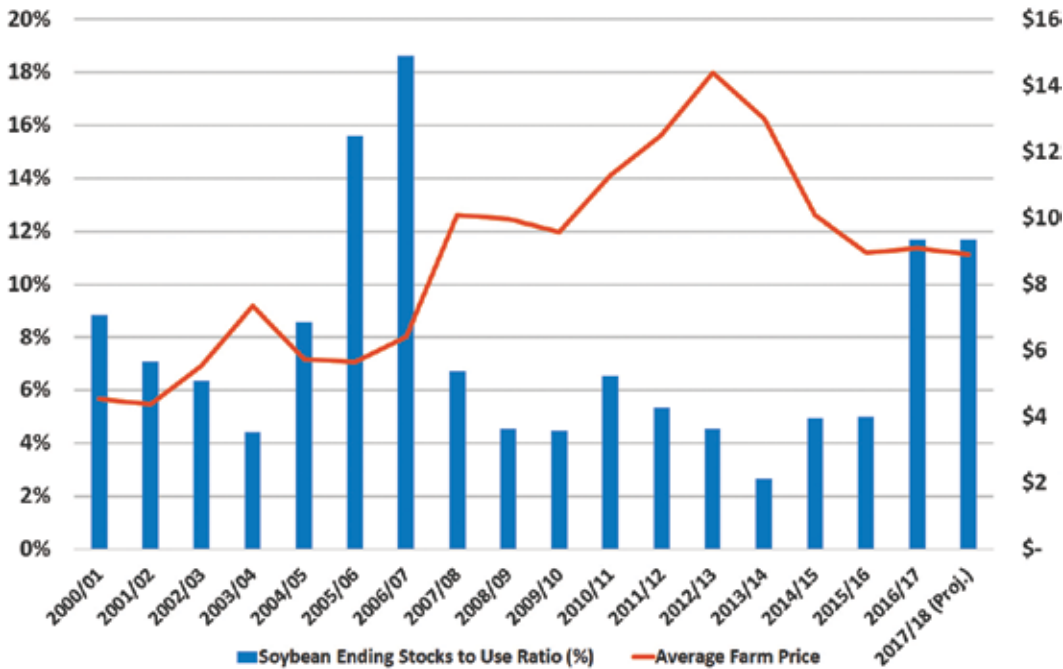
Wheat consumption looks to decline around 5 percent from the 2016-17 marketing year level of 2.27 billion bushels. Strong foreign competition and lower domestic supplies create headwinds for wheat

exports in 2017. Feed and residual use moves lower on a contraction in domestic production. Despite the lower consumption levels, an increase in ending stocks is projected for 2017-18 on reduced production numbers. Lower ending stocks is supportive for wheat prices in 2017-18 with the season average farm price in the \$4.25 - \$4.40 range.

Hogs

Hog producers responded to the positive returns in the early part of 2016. The December 2016 *Quarterly Hogs and Pigs Report* indicated that the December 1 inventory is 4 percent larger than last year. The breeding herd is 1 percent larger than the previous year. Producers indicated they would farrow 1 percent more sows in the first half of 2017 than they did in 2016. The USDA forecast pork production for 2017 at a record 26.17 billion pounds which

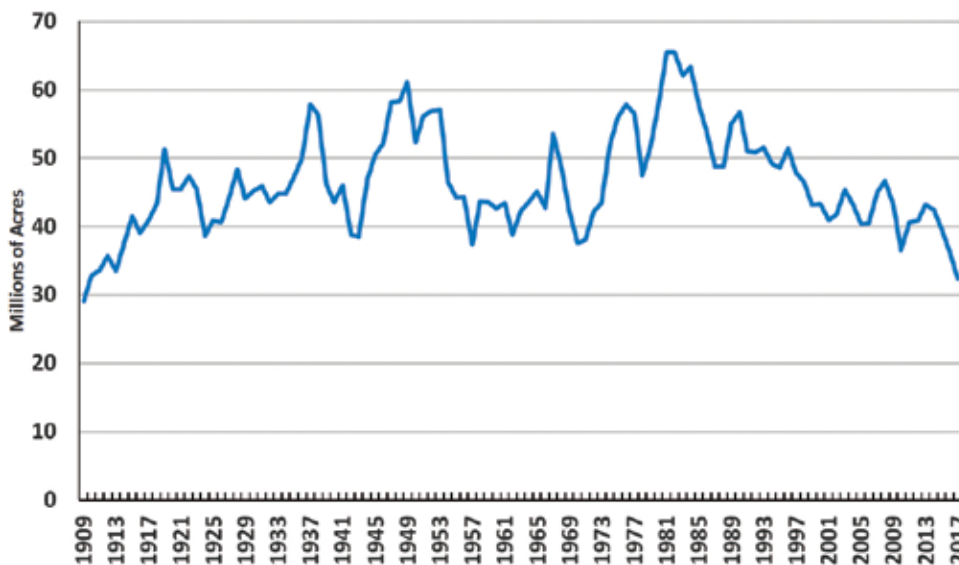
Figure 2. U.S. Soybean Ending Stocks to Use Ratio and Average Farm Price



Wheat

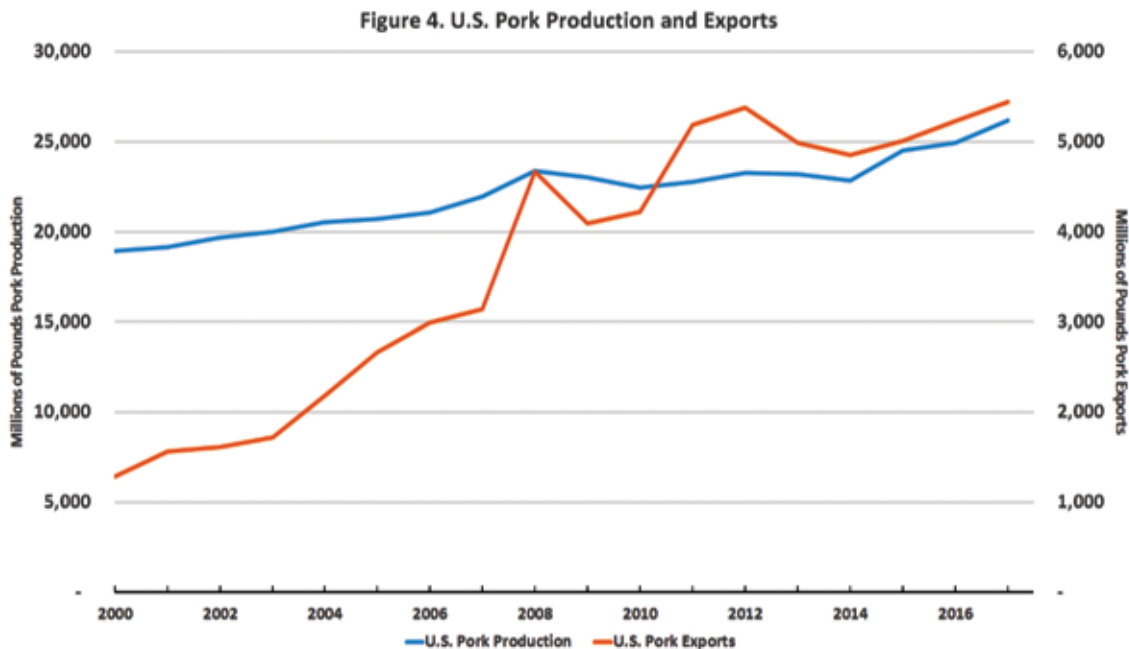
Large wheat crops around the world in 2016 crop saw wheat prices drop below \$4.00 per bushel last summer which was the lowest price in a decade. Prices fell sharply in August then recovered slightly in September. Wheat

Figure 3. U.S. Winter Wheat Acres Planted



is 5 percent higher than 2016 (Figure 4). The increased production is driven by larger slaughter hog numbers. Pork exports are expected to increase 4 percent from

all cattle and calves at 93.6 million head, 2 percent higher than last year. The beef cow herd estimate of 31.2 million head is 3 percent larger than last year. Heifer retention expectations for producers is up 1 percent. Cattle on feed in U.S. feedlots on January 1, 2017 was estimated at 13.1 million head. The 1 percent decline in feedlot cattle reflected a reduction in cattle feeding at smaller feedlots. Cattle on feed at feedlots with a capacity of 1,000 head or greater is up 1 percent.

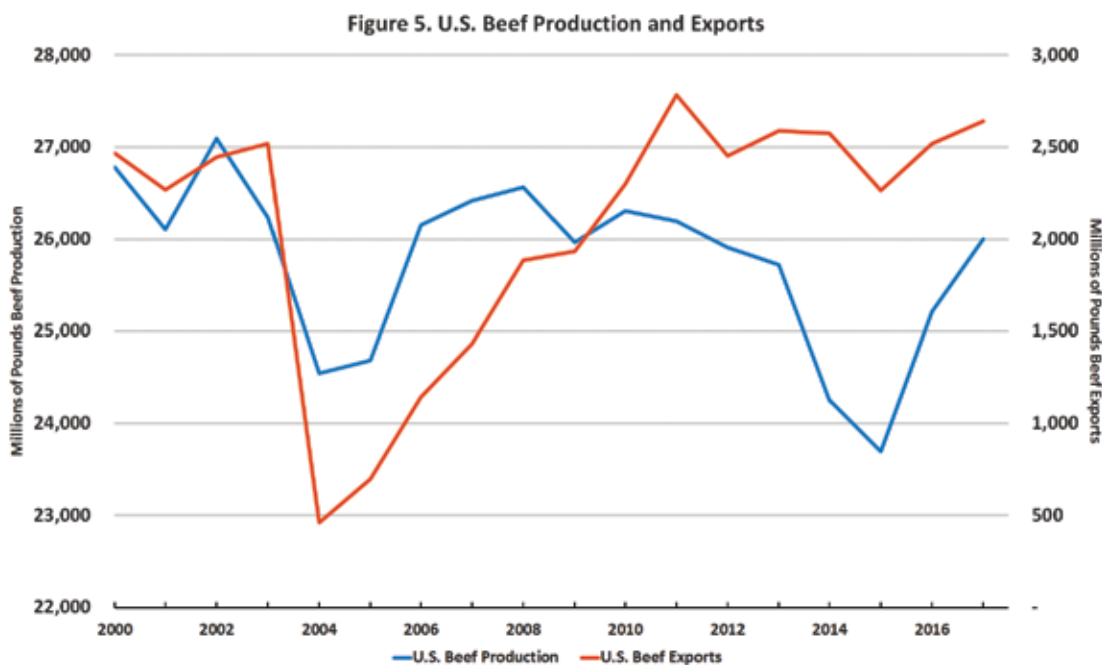


2016 to 5.44 billion pounds (Figure 4). Export potential is driven by global economic growth, despite the stronger dollar, and lower pork prices. The average U.S. price of hogs in 2017 is expected to be \$45 per hundredweight, which is down slightly from last year. The higher prices are expected in the early part of the year with price declines in the fourth quarter on large pork supplies.

Cattle

The U.S. cow herd continued its expansion in 2016. USDA's January *Cattle Report* estimated the inventory of

pounds. This level of beef production is the largest since 2011. Beef exports forecast for 2017 increased almost 7 percent over 2016 to 2.72 billion pounds (Figure 5). The increase in beef exports is a continuation of the 13 percent increase in beef export in 2016. Lower beef prices should compensate for a stronger dollar as beef exports continue to expand. Average fed cattle prices for 2017 are projected in the \$105 - \$115 per hundredweight range. Feeder cattle price projections for 2017 are in the \$125 - \$140 per hundredweight range.



Todd Hubbs is a clinical assistant professor of agricultural commodity marketing at the University of Illinois. You can find his weekly commodity outlook and other market analysis at farmdocdaily.illinois.edu.

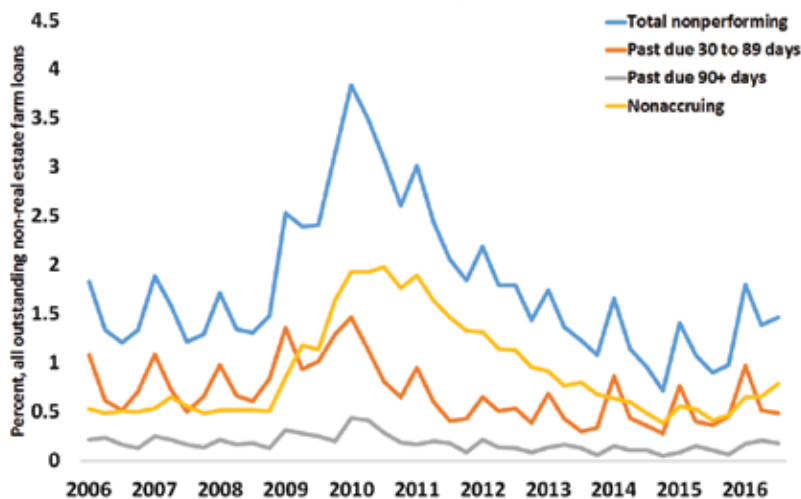
Agricultural Credit Market Outlook

Prepared by Todd Henry Kuethe, University of Illinois Department Ag and Consumer Economics

The continued “margin squeeze” of Midwest crop producers has led to a drastic reduction in working capital buffers, and as a result, many grain farmers may seek additional debt capital to carry out marketing and production plans, to finance their capital base, or to provide short-run liquidity. From a lender’s perspective, the continued margin squeeze also signals increasing risk for farm loan repayment. As a result, Farmers are expected to face increased scrutiny in securing new or renewed lines of credit, and many policy makers have also begun to stress the importance of credit risk in preliminary Farm Bill discussions.

Aggregate data published by the Federal Reserve Bank of Kansas City’s *Agricultural Finance Databook* suggest that the share of non-real estate agricultural loans classified as non-performing has increased slightly over the last two years (Figure 1). While this is a signal of increased risk in agricultural credit markets, it is important to remember that the previous non-performing rates were at historic lows during the previous commodity price boom.

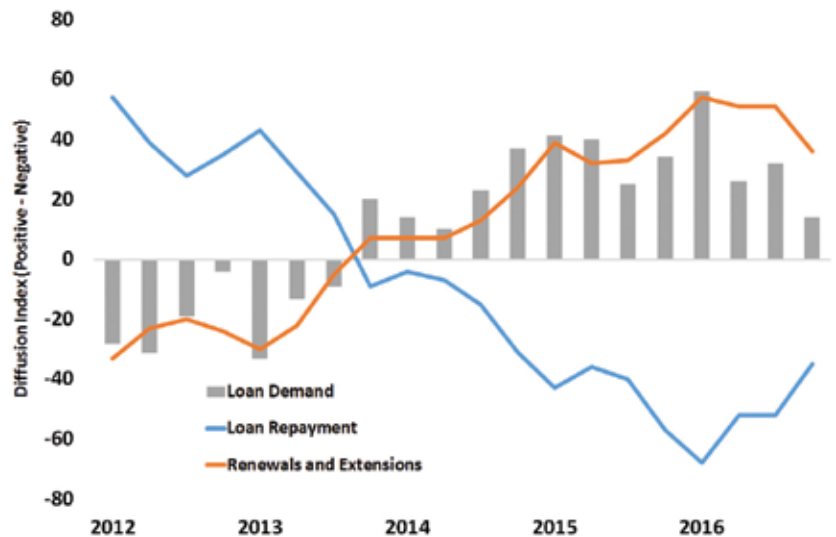
Figure 1: Past Due & Nonperforming Farm Production Loans



Illinois is served by two Federal Reserve Districts. As shown in Figure 2, the northern portion of the state is part of the Federal Reserve Bank of Chicago (7th District), which also serves Iowa, Southern Wisconsin and Michigan, and Northern Indiana. The southern portion of Illinois is part of the Federal Reserve Bank of St. Louis (8th District), which also serves parts of Missouri, Indiana, Kentucky, Tennessee, Mississippi and Arkansas.

Each Federal Reserve Bank conducts quarterly surveys of agricultural lenders in their District. While neither District represents Illinois credit conditions perfectly, they each provide evidence of increasing challenges in agricultural credit markets.

Figure 2: Federal Reserve Bank of Chicago



Each quarter, bankers report how current credit conditions compare to the same quarter of the previous year. The surveys are typically summarized using a diffusion index calculated by subtracting the share of bankers reporting decreases from those reporting increases (i.e., net positive responses), omitting the banks who report no change. For example, both Districts suggest that agricultural bankers have faced increasing demand for agricultural loans since 2014. In addition, both surveys suggest a decrease in agricultural loan repayment rates and an increase in farm loan renewals and extensions. In other words, lenders are faced with increasing repayment concerns coincident to increasing farm loan demand.

(Figure 3, Federal Reserve Bank of St. Louis, next page)

When lenders face increased lending risk, they may respond by either raising the cost of borrowing or increasing the non-price terms of loans. The St. Louis and Chicago Fed surveys suggest that agricultural lenders have yet to substantially increase the costs of borrowing. The average interest rate for operating loans has shown little

variation since 2012 (Figure 4). However, both surveys indicate that agricultural lenders have continued to increase collateral requirements.

In sum, agricultural borrowers may not experience increased borrowing costs but are expected to increase scrutiny in 2017.

Figure 3: Federal Reserve Bank of St. Louis

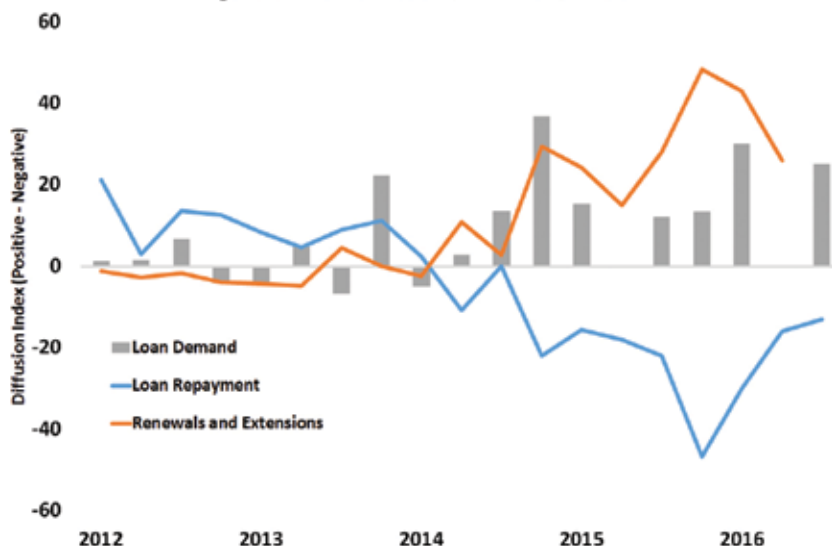


Figure 4: Interest Rates on Operating Loans (Q4)

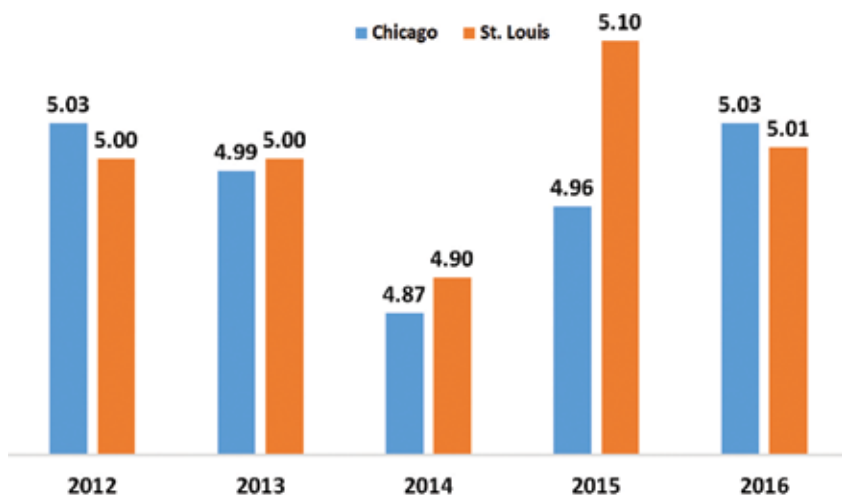
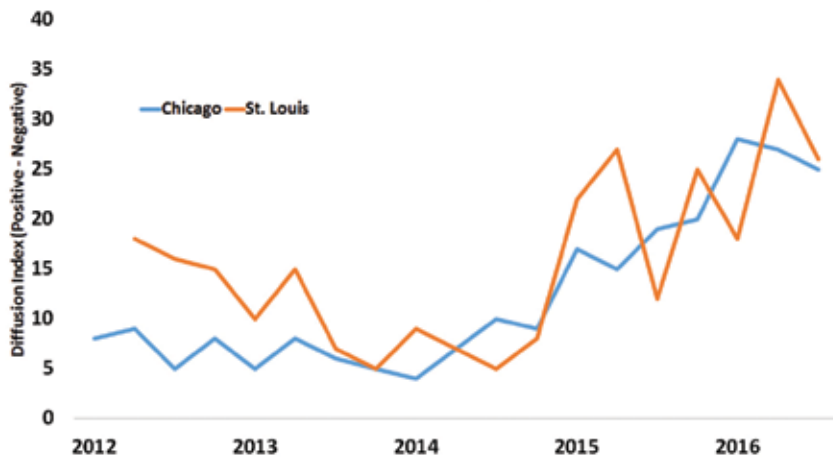


Figure 5: Collateral Requirement



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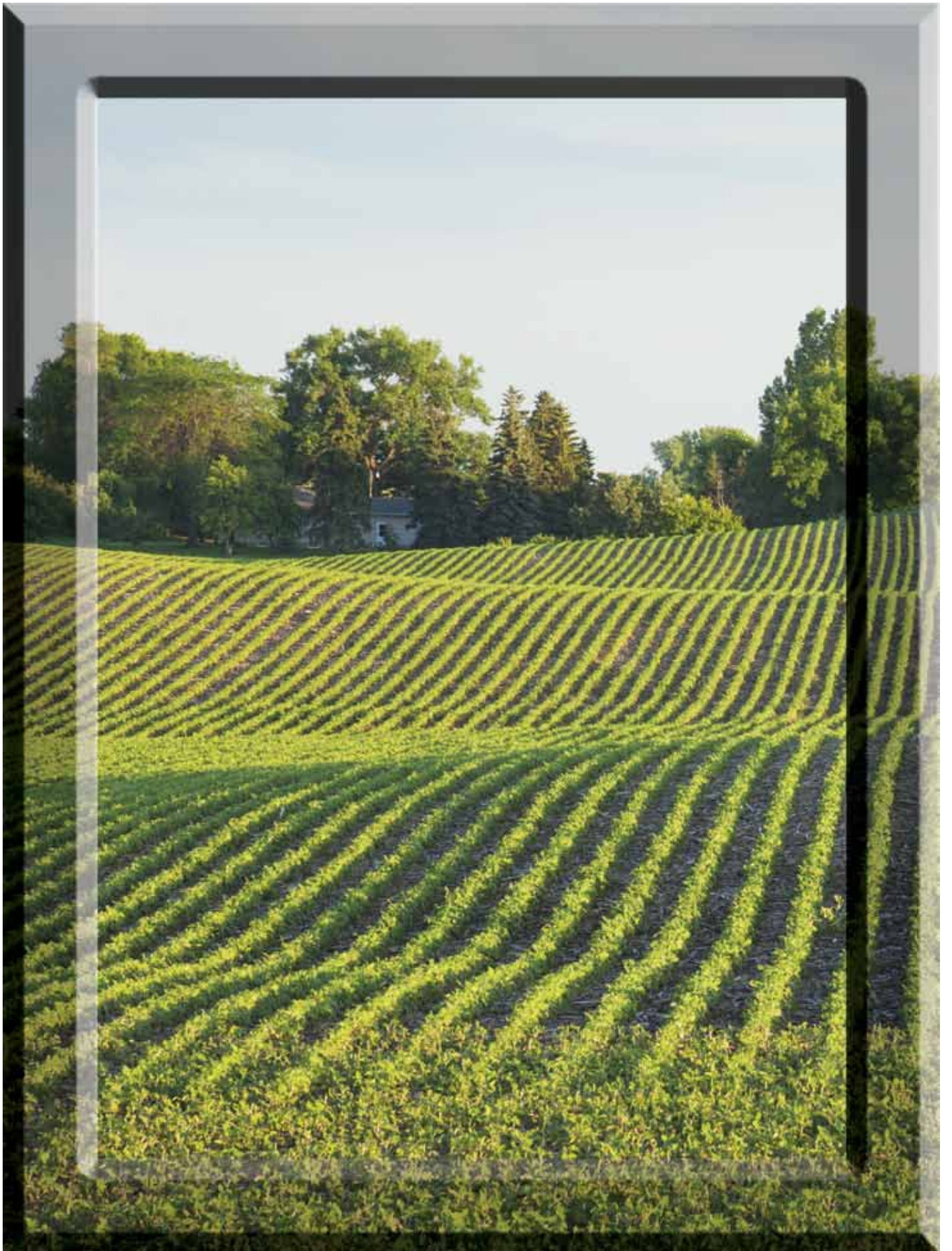
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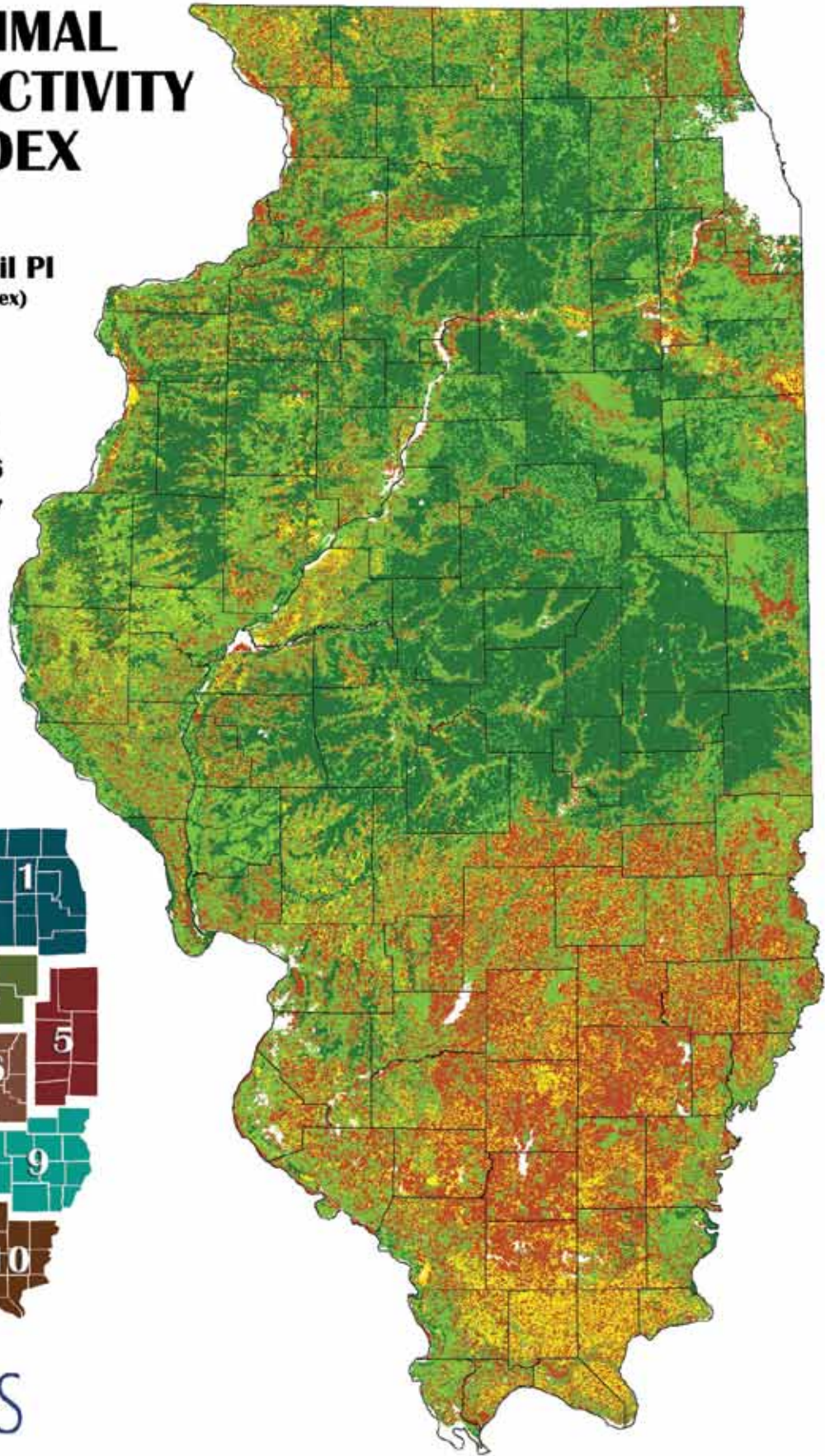
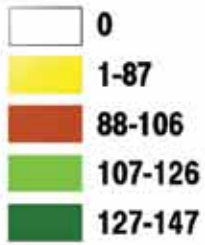
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