



**2017**

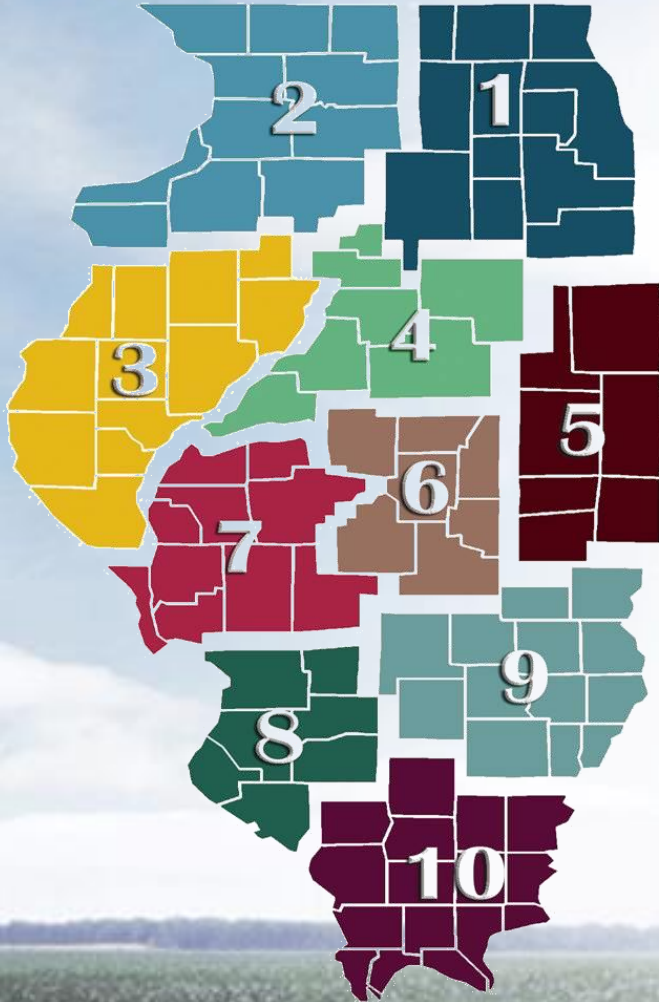
# **Illinois Farmland Values & Lease Trends**

David E. Klein, AFM, ALC  
*General Co-Chairman*

Gary Schmitkey, Ph.D.  
*Head – Survey Group*

# 2017

## Illinois Farmland Values & Lease Trends



- ▼ 22<sup>nd</sup> Annual Report
- ▼ Covers Calendar Year 2016
- ▼ Lots of Farm Real Estate Transactions
- ▼ Updates on Rents & Leasing Trends
- ▼ A Team of Over 70 Professionals
  - Professional Farm Managers
  - Accredited & State Certified Appraisers
  - Licensed Farmland Brokers

**All Sharing Real World Experiences!**

# Contributing Organizations



Illinois Society of Professional  
Farm Managers and Rural Appraisers

University of Illinois College of ACES



Illinois Farm & Land Chapter  
of the REALTORS Land Institute



# **In Honor of Mac Boyd's 22+ Years of contributions....**

Our 2017 Report  
is dedicated to  
Mac.





# Additional Special Thanks to Long-time Retiring Data Chairs

Chuck Knudson

Dan Davis



Accredited Rural Appraisers



# Many Thanks to Gary Schnitkey

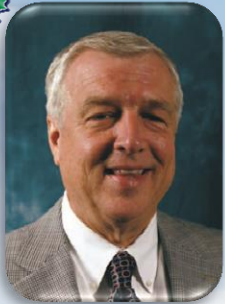


As he turns over the Survey Lead to Dr. Todd Kuethe





# It Takes a Team of Professionals



**General Co-Chair**

**Dale Aupperle, AFM, ARA**  
*Heartland Ag Group, Ltd.*  
1401 Koester Drive, Ste. 100  
Forsyth, IL 62535  
(217) 876-7700



**General Co-Chair**

**David Klein, AFM,**  
*Soy Capital Ag Services*  
#6 Heartland Dr., Ste. A  
Bloomington, IL 61704  
(309) 665-0961



**Head – Survey Group**

**Gary Schnitkey, Ph.D.**  
*University of Illinois*  
300A Mumford Hall  
1301 W. Gregory Drive  
Urbana, IL 61801  
(217) 244-9595



**Regional Data Group**

**Daniel A. Davis, AFM, ARA**  
*Arch Ag LLC*  
2 Owl Nest Lane  
Columbia, IL 62236  
(618) 939-4560



**Regional Data Group**

**Bruce Sherrick, Ph.D.**  
*University of Illinois  
College of ACES*  
1301 W. Gregory Drive  
Urbana, IL 61801  
(217) 244-2637



**Regional Data Group**

**Charles Knudson, ARA, RPRA**  
*1<sup>st</sup> Farm Credit Services*  
2005 Jacobssen Drive, Ste. C  
Normal, IL 61761  
(309) 268-0286



**Advertising Group**

**Jonathan Norvell, Ph.D., AFM**  
*University of Illinois*  
506 S. Wright Street  
Urbana, IL 61801  
(217) 244-6352



**Land Values Conference**

**Reid Thompson**  
*Hertz Farm Management*  
22263 1365 N. Avenue  
Princeton, IL 61356  
(815) 875-7418



**Land Values Conference**

**Luke Worrell, ALC**  
*Worrell Land Services, LLC.*  
2240 West Morton  
Jacksonville, IL 62650  
(217) 245-1618



# It Takes a Team of Professionals

## Region 1



**Doug Deining, ALC**

*Land Pro LLC*  
2683 US 34  
Oswego, IL 60543  
(815) 439-9245

## Region 2



**David Dinderman**

*1st Farm Credit Services*  
705 E. South Street  
Freeport, IL 61032  
(815) 235-3171

## Region 2



**Todd Slock**

*1st Farm Credit Services*  
207 West 21<sup>st</sup> Street  
Rock Falls, IL 61071  
(815) 625-1086

## Region 3



**Herbert Meyer, ARA**

*1st Farm Credit Services*  
PO Box 70  
Edwards, IL 61528  
(309) 676-0069

## Region 4



**Ross Perkins**

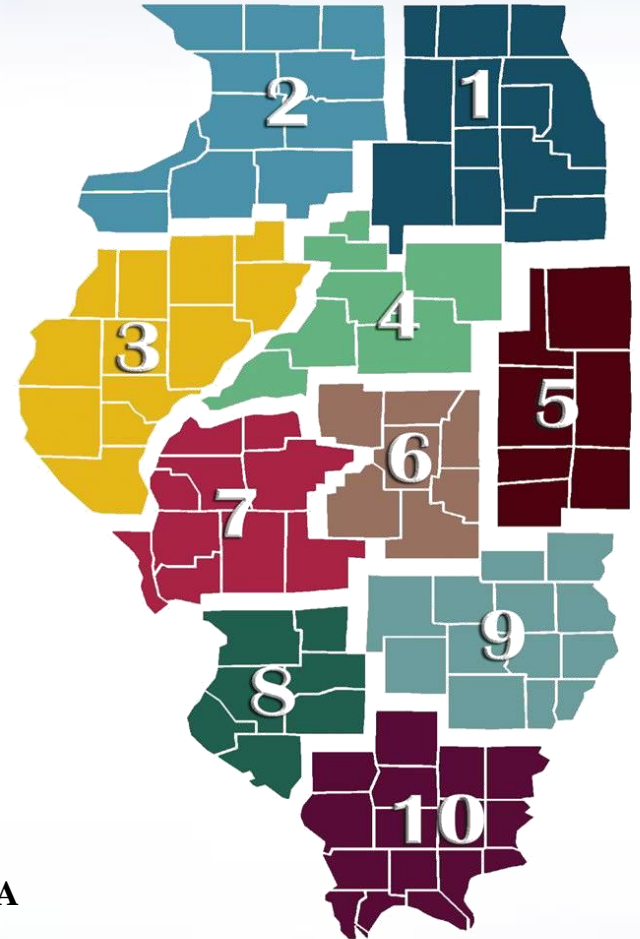
*Soy Capital Ag Services*  
#6 Heartland Dr., Ste. A  
Bloomington, IL 61702  
(309) 665-0059

## Region 5



**Brian Waibel, AFM, ARA**

*Waibel Farmland Services.*  
303 East Main Street  
Mahomet, IL 61853  
(217) 590-0233







# It Takes a Team of Professionals

## Region 6



**Bruce Huber, AFM, ARA**  
*First Illinois Ag Group*  
225 North Water Street  
Decatur, IL 62523  
(217) 872-6291

## Region 7



**Luke Worrell, ALC**  
*Worrell Land Services, LLC.*  
2240 West Morton  
Jacksonville, IL 62650  
(217) 245-1618

## Region 8



**Dale Kellermann, AFM**  
*First Illinois Ag Group*  
138 Eagle Drive Suite B  
O'Fallon, IL 62269  
(618) 622-9490

## Region 9

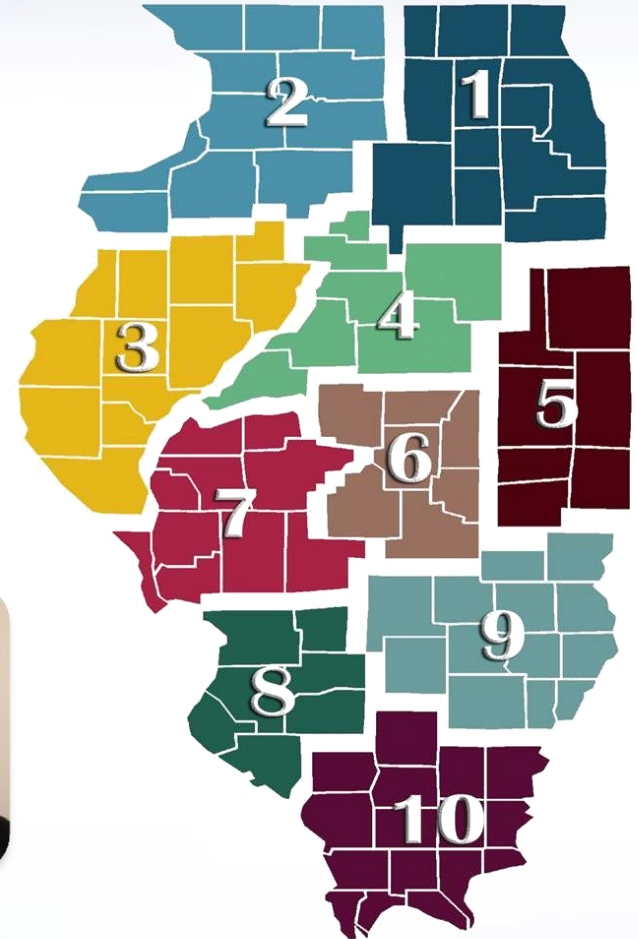


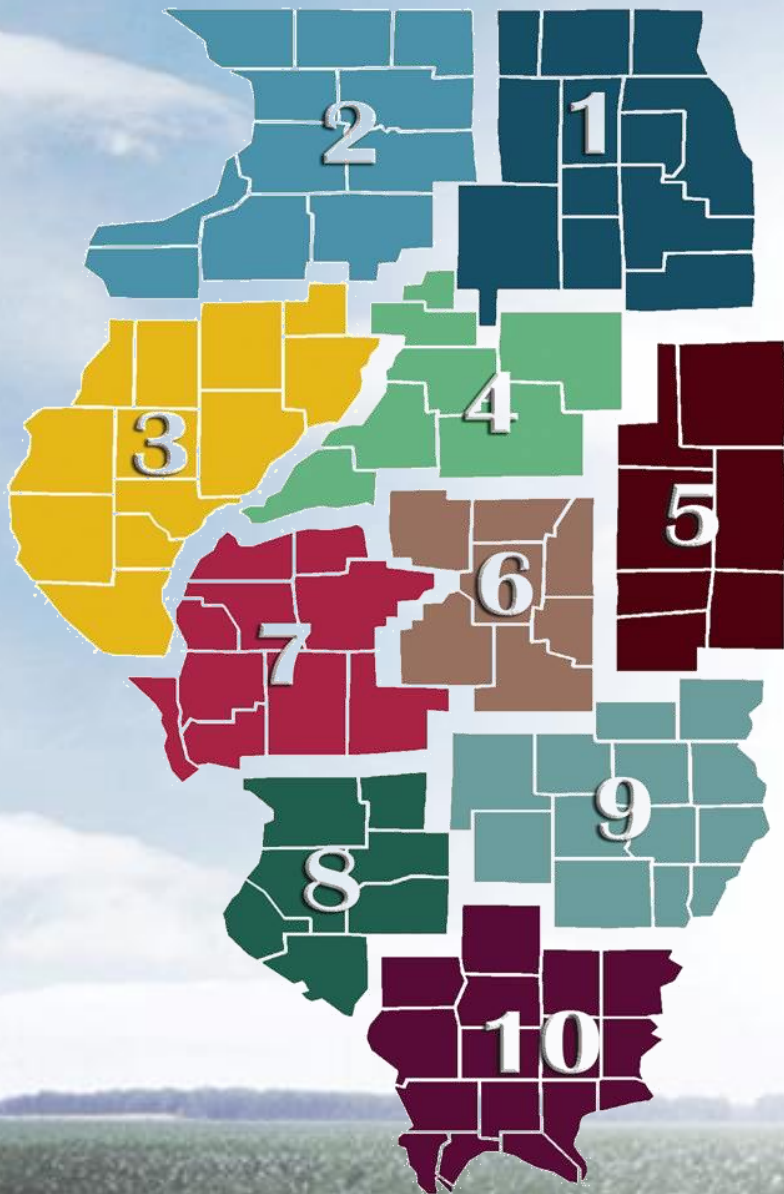
**David M. Ragan**  
*Farm Credit Services of Illinois*  
1506 E. Lafayette Ave.  
Effingham, IL 62401  
(217) 342-6640

## Region 10



**Phil Eberle**  
112 N. Lark Lane  
Carbondale, IL 62901  
(618) 457-0574



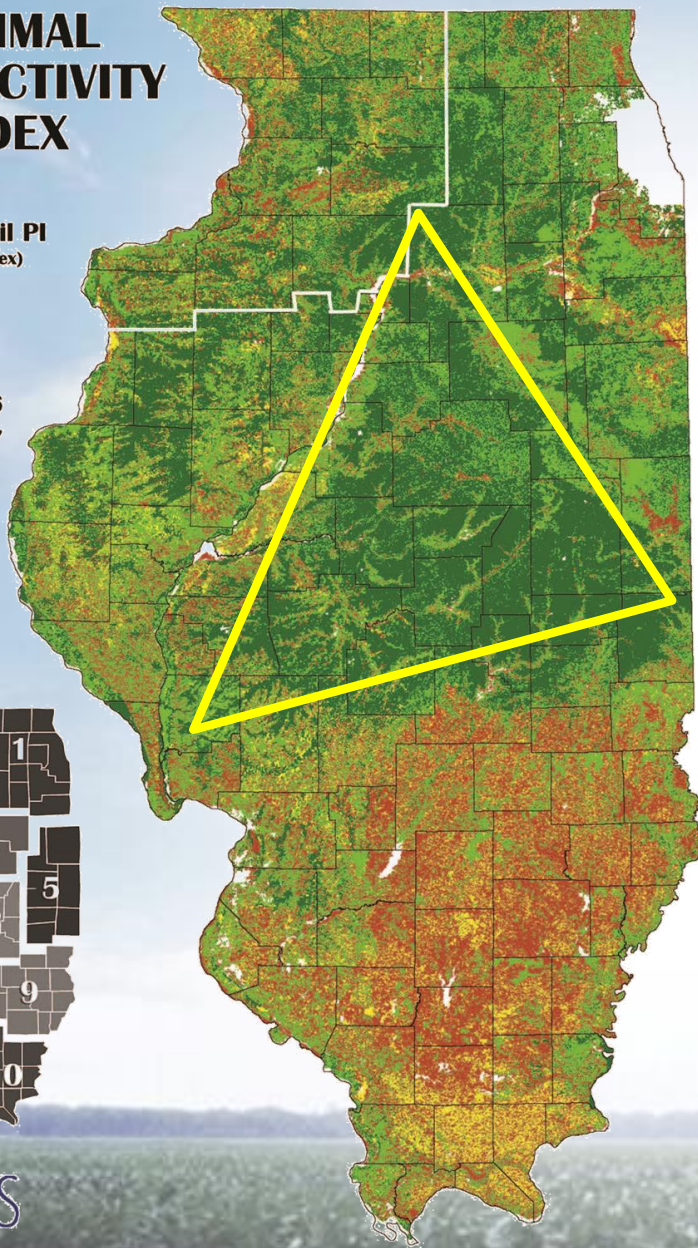
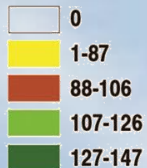


## About The 2017 Booklet:

- ▼ **Our Fifth Full Color Presentation**  
*(Thanks Carroll Merry)*
- ▼ **Presented by 10 Regions**
  - *Farmland Sales Data*
    - Excellent Productive Tracts
    - Good Productive Tracts
    - Average Productive Tracts
    - Fair Productive Tracts
    - Recreational Tracts
    - Transitional Tracts
  - *Lease Trends & Rental Rates*
- ▼ **Our Sponsors & Advertisers**  
*- A good place to find a professional!*
- ▼ **Special Articles**
  - *Drop in Cash Rent Levels Continues*
  - *Farmland Price Declines*
  - *Agricultural Credit Outlook*
  - *Commodity Price Outlook*

# OPTIMAL PRODUCTIVITY INDEX

LEGEND - Soil PI  
(Productivity Index)

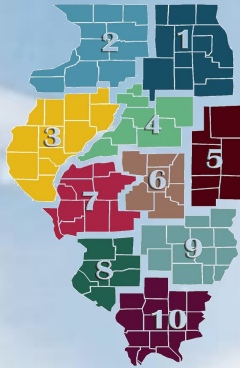


# 2017 Illinois Farmland Values & Lease Trends

**Understanding Our Farmland Categories**  
*Using the Productivity Index from the University of Illinois (Bulletin 811).*

- Excellent Productivity – 147 to 133**
- Good Productivity – 132 to 117**
- Average Productivity – 116 to 100**
- Fair Productivity – Less than 100**
- Recreational Tracts**
- Transitional Tracts**





# A Special Report Feature

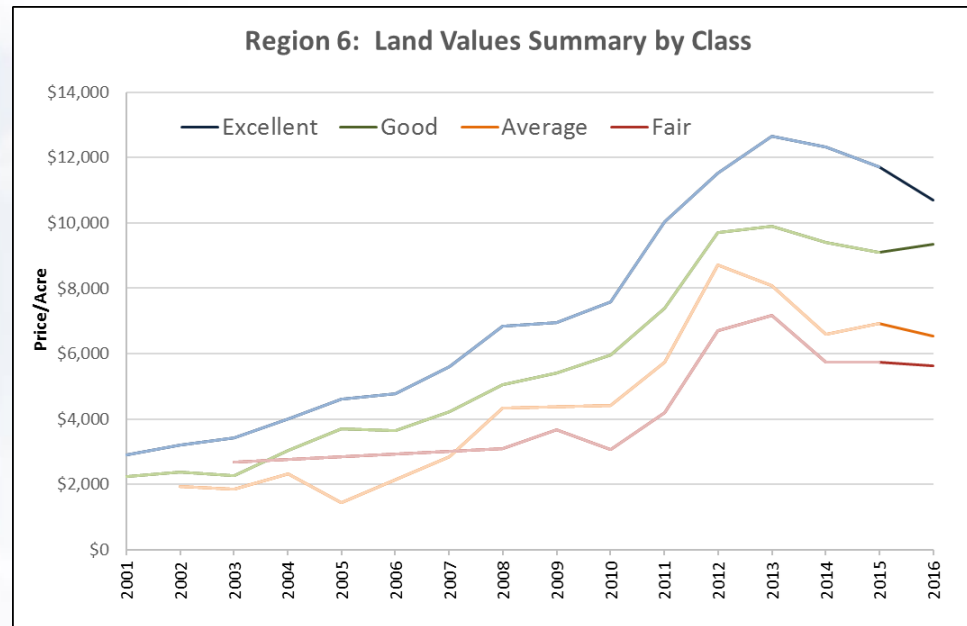
We continue to chart the value of each category of land over time in a Region and look at continual compounded annual growth rates using the data provided for several years.

Region 6 Land Values Summary Chart: 2001-2016



**Regional Data Group**  
**Bruce Sherrick, Ph.D.**

*University of Illinois*  
*College of ACES*  
1301 W. Gregory Drive  
Urbana, IL 61801  
(217) 244-2637



Thanks to Dr. Sherrick!!!

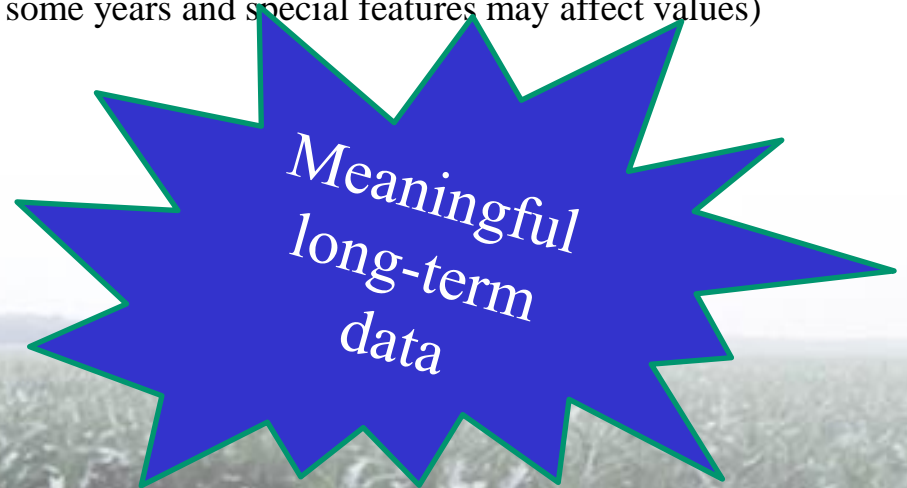


# A Special Report Feature

REGION 5: Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

<u>Year</u>	<u>Excellent</u>	<u>Good</u>	<u>Average</u>	<u>Recreational</u>	<u>Transitional</u>
2001-2008	9.78%	7.93%	9.71%		17.94%
2008-2016	6.55%	6.86%	4.42%	1.27%	11.01%
<b>2001-2016</b>	<b>8.06%</b>	<b>7.36%</b>	<b>6.89%</b>		<b>14.24%</b>
2005-2016	7.27%	6.96%	6.55%	5.73%	14.29%
2010-2016	6.70%	6.50%	3.60%	5.70%	17.6%
2015-2016	-9.8%	-5.40%	-19.0%	9.50%	41.2%*

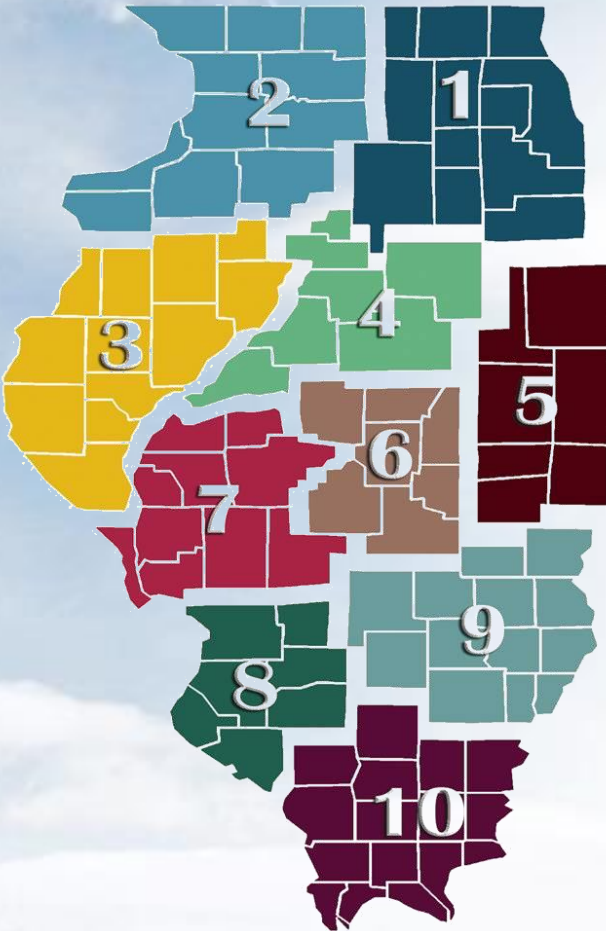
\* (Note: Limited numbers of sales in some years and special features may affect values)



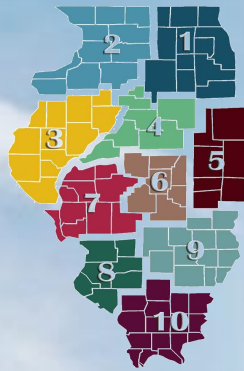
# 2016 – Results at a Glance

*Farm profits and soil quality are important!*

Lower commodity prices affect values.



<u>Land Category</u>	<u>Mid Range 2016 Change</u>	<u>Comments</u>
Excellent	<b>-5%</b>	Values pulled back, but remained relatively strong in areas. Pockets of strength still exist. Buyers still willing to pay for high quality soil.
Good	<b>-6%</b>	Farmers were primary buyers. Buyers were cautious - - looking for deals in this land class. Longer marketing periods noticed on listings.
Average	<b>-12%</b>	These farms require higher maintenance and management. Buyers were selective. More noticeable price declines. More Auction “No Sales” in this land class than others. Investment Funds focused here in 2016 recognizing the steeper declines.
Recreational	<i>Steady</i>	Volume of sales increased slightly. More support around metropolitan areas. Very rural areas seeing longer marketing periods. Prices tied more to the general economy.
Transitional	<i>Lower on Limited Information</i>	Activity very limited in our metropolitan areas. Market comeback slowly underway in the Chicago area. There is a little 1031 money.



# All Categories of Farmland The Great State of Illinois

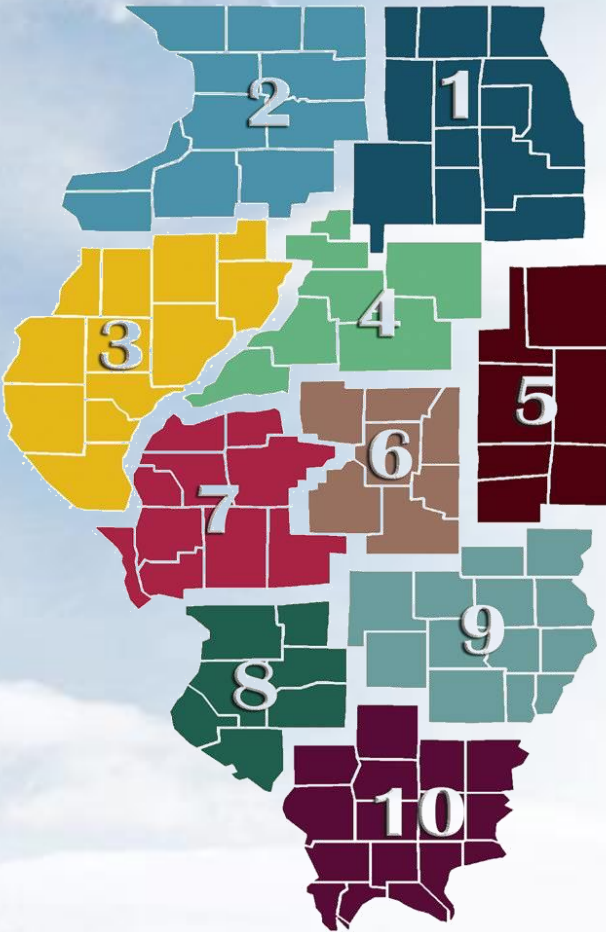
These (*rounded*) figures are the committee averages as reported by each region on the categories shown.

	<u>Excellent</u>	<u>Good</u>	<u>Average</u>	<u>Fair</u>	<u>Recreational</u>	<u>Transitional</u>
Region 1	\$10,500	\$8,200	\$7,200		--	--
Region 2	\$11,500	\$8,000	\$6,500	\$4,750	\$4,500	--
Region 3	\$11,000	\$8,250	\$5,100		\$3,675	--
Region 4	\$10,750	\$8,750	\$7,000	\$6,000	\$4,500	\$29,300
Region 5	\$10,325	\$7,950	\$5,640	\$5,280	\$3,750	--
Region 6	\$10,525	\$9,425	\$6,000	\$5,400	\$3,900	\$25,500
Region 7	\$12,200	\$8,755	\$6,000	\$3,230	\$3,100	--
Region 8	--	\$10,700	\$7,950	\$6,700	\$3,230	\$17,300
Region 9	\$10,250	\$8,800	\$7,100	\$5,300	\$3,415	--
Region 10	--	<u>\$8,000</u>	<u>\$4,700</u>	<u>\$3,360</u>	<u>\$2,550</u>	--
<b>Average</b>	<b>\$10,880</b>	<b>\$8,683</b>	<b>\$6,319</b>	<b>\$5,003</b>	<b>\$3,623</b>	

**Averages are dangerous - -** but they give us a snapshot of each category (*for comparison*).

# 2016 Excellent Quality Farmland

The prices shown below are the averages reported by each region.

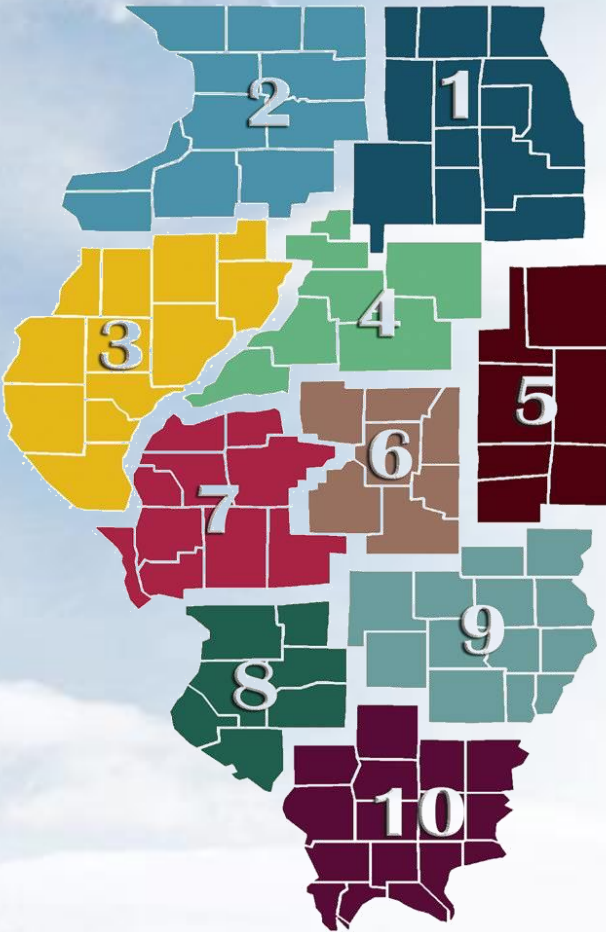


	<u>Mid Range Land Value</u>	<u>Comments</u>
Region 1	<b>\$10,500</b>	Higher supply of land south of Illinois River led to more decrease there. Some new 1031 exchange money in the market supporting values.
Region 2	<b>\$11,500</b>	Farmers still the main land buyers. Tight supply. 9 sales still over \$12,000/acre.
Region 3	<b>\$11,000</b>	Low volume with sellers resisting lower prices. Location has become much more important to high sales prices.
Region 4	<b>\$10,750</b>	Wider range of prices than 2015. Bare, square, high percentage tillable bringing a premium. Low volume.
Region 5	<b>\$10,325</b>	Prices down 5-8%. Same notes as Region 4 on volume and price for premium tracts. Especially strong in Champaign & Douglas Counties.
Region 6	<b>\$10,525</b>	Down 8-9%. Larger disparity between low priced tracts and high priced sales (Over \$4,100/ac). Location important.
Region 7	<b>\$12,200</b>	This region sustained the high quality land values better than any other region. Evidenced by 888 ac. Auction -March '17
Region 8	--	
Region 9	<b>\$10,250</b>	
Region 10	--	
	<hr/> <b>\$10,880</b>	<i>(average)</i>



# 2016 Good Quality Farmland

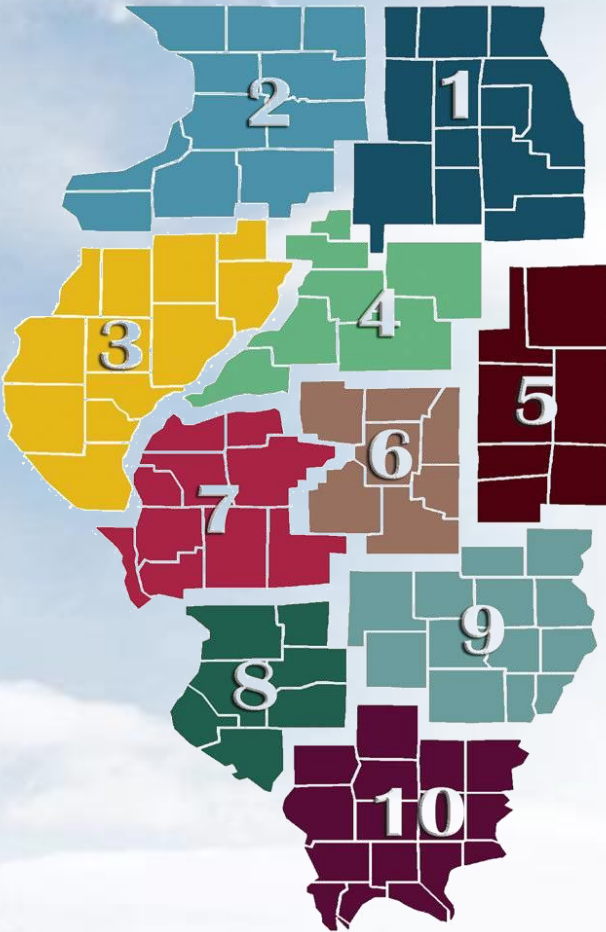
The prices shown below are the averages reported by each region.



	<u>Mid Range Land Value</u>	<u>Comments</u>
Region 1	<b>\$8,200</b>	Prices down ~7%, most found in Will County area. Prices higher in the south and west side of this Region.
Region 2	<b>\$8,000</b>	Median sales price down 11%. Mostly farmer buyers but investors were picking up opportunities. Wide price range.
Region 3	<b>\$8,250</b>	Less liquidity than the highest quality farmland. Field shape & percent tillable really influenced price negatively.
Region 4	<b>\$8,750</b>	Higher volume than 2015. Prices declined early and leveled out later.
Region 5	<b>\$7,950</b>	Sought out by investors and farmers when “excellent” land seemed not available. Price down~11%. Volume -20%.
Region 6	<b>\$9,425</b>	Better quality “good farms” sold in 2016 vs 2015. Longer marketing timeframe to move most tracts.
Region 7	<b>\$8,755</b>	Several option or easement payments being “1031’ed” into farmland purchases by local landowners.
Region 8	<b>\$10,700</b>	“The best soils” in this region. This average actually rose likely as compared to 2015.
Region 9	<b>\$8,800</b>	Very similar price to 2015.
Region 10	<b>\$8,000</b>	Similar price average to 2015-or a little higher. Wide range in price per acre.

# 2016 Average Land

The prices shown below are the averages reported by each region.

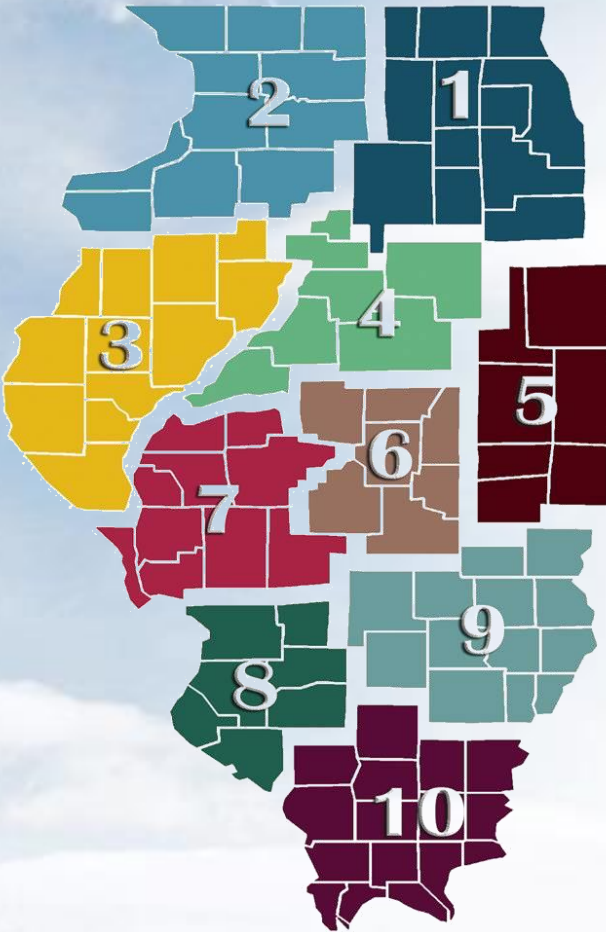


	<u>Mid Range Land Value</u>	<u>Comments</u>
Region 1	<b>\$7,200</b>	Prices down ~5% with most being small tracts with higher percentage of non-tillable compared to previous years.
Region 2	<b>\$6,500</b>	Median price down 6.7%. Heavy discounts on woods and pasture land with cropland sold in this land class during 2016
Region 3	<b>\$5,100</b>	Down ~4.5% year over year. Buyers more selective as budgets tighten in this land class.
Region 4	<b>\$7,000</b>	Limited number of sales in region 4. Highest prices paid for irrigated sand. Lower quality clay soils=No Sales at Auction
Region 5	<b>\$5,640</b>	Limited supply and wide variance in prices from \$3,425-\$8K
Region 6	<b>\$6,000</b>	Fewer sales in this class and most were early in the year. Down ~10%
Region 7	<b>\$6,000</b>	Value buys made by farmers looking to be improve and resell
Region 8	<b>\$7,950</b>	Most typical soils of this region. Down ~15% from 2015.
Region 9	<b>\$7,100</b>	Majority of soils. Prices slightly lower. One tightly held area had not seen an auction since 2013 – hit \$15,750/acre!
Region 10	<b>\$4,700</b>	Prices down ~10%. Wide range is prices.

# 2016 Recreational Land

Mid Range  
Land Value

Comments



Region 1

Region 2

**\$4,500**

Increase from 2015. Relies heavily on buyers from eastern part of Illinois. Jo Davies Co. strongest area. Higher prices were brokered tracts and not auctions.

Region 3

**\$3,675**

Volume and price both up (4%). Rec. buyers feeling better about spending discretionary money on rec. land.

Region 4

**\$4,500**

Limited supply in eastern half of the region combined with constant demand helps values. Lowest in Mason Co. Almost all water tract sold for \$1,100/acre.

Region 5

**\$3,750**

Prices vary widely depending on proximity to Champaign/Urbana & buyer's motivation and use.

Region 6

**\$3,900**

Down 16%, mainly on the type of tracts available for sale in 2016. Lower quality recreational land.

Region 7

**\$3,100**

Steady prices, but some areas heavily dependent on CRP & CREP payments, which face future signup challenges.

Region 8

**\$3,230**

Typically completely or mostly wooded in this region. Higher prices from general economic confidence after election in November.

Region 9

**\$3,415**

Prices have increased in this region. Most tracts have little additional ag income.

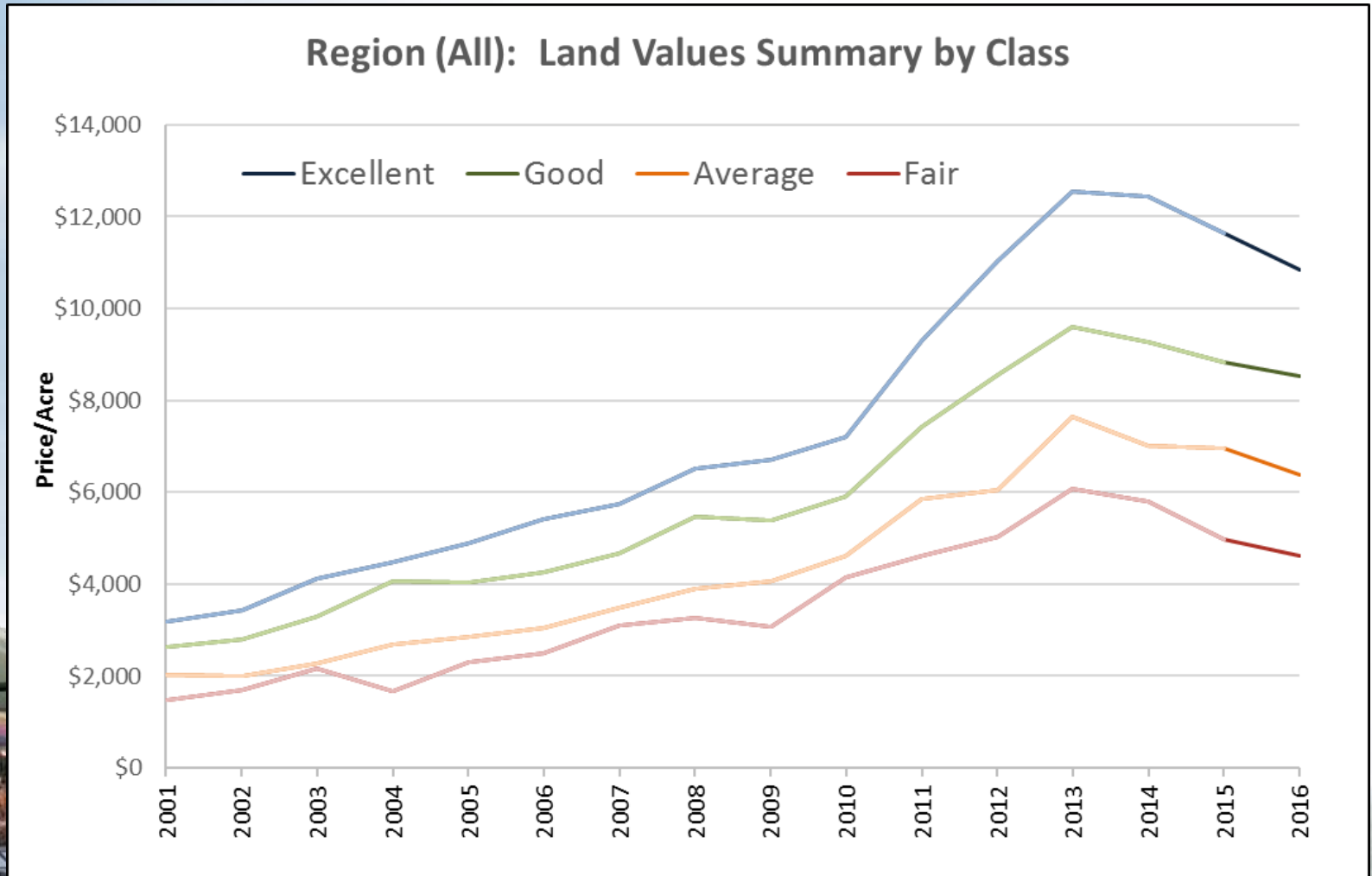
Region 10

**\$2,550**

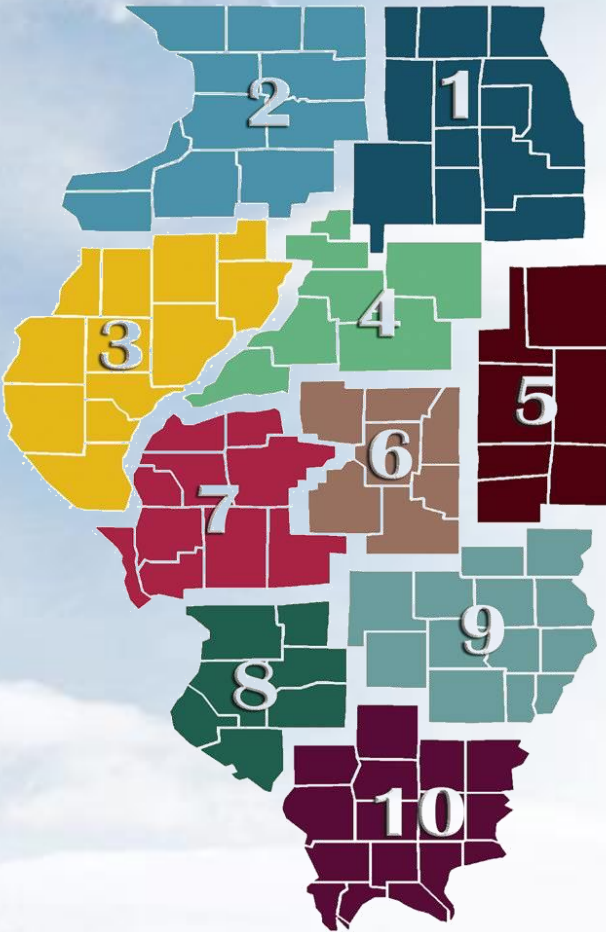
Prices very similar to 2015. Rec. land makes up ~27% of the land transactions in this region!



# The Long View on Land Values



# Continuously Compounded Annual Growth Rates 2001-2016

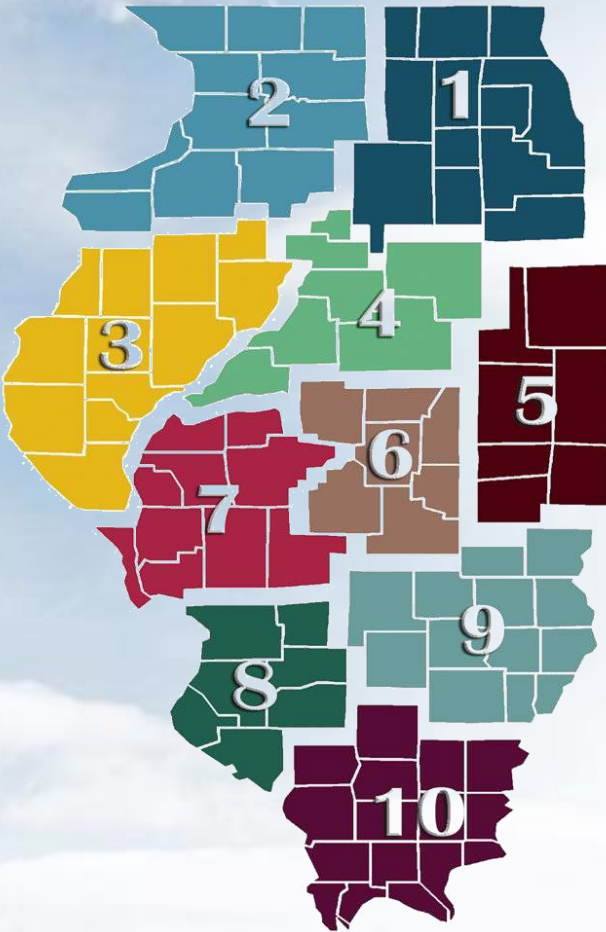


	<u>Highest Returning Land Class</u>	<u>CCAGR</u>
Region 1	<b>Good</b>	<b>6.47%</b>
Region 2	<b>Average</b>	<b>8.23%</b>
Region 3	<b>Excellent&amp;Good</b>	<b>8.57%</b>
Region 4	<b>Fair</b>	<b>9.06%</b>
Region 5	<b>Excellent</b>	<b>8.06%</b>
Region 6	<b>Good</b>	<b>9.50%</b>
Region 7	<b>Good</b>	<b>7.84%</b>
Region 8	<b>Fair</b>	<b>8.81%</b>
Region 9	<b>Fair</b>	<b>10.89%</b>
Region 10	<b>Fair</b>	<b>8.46%</b>

Perhaps an indication why institutional money is investing in the lower quality land classes.

# Special Interest Stories

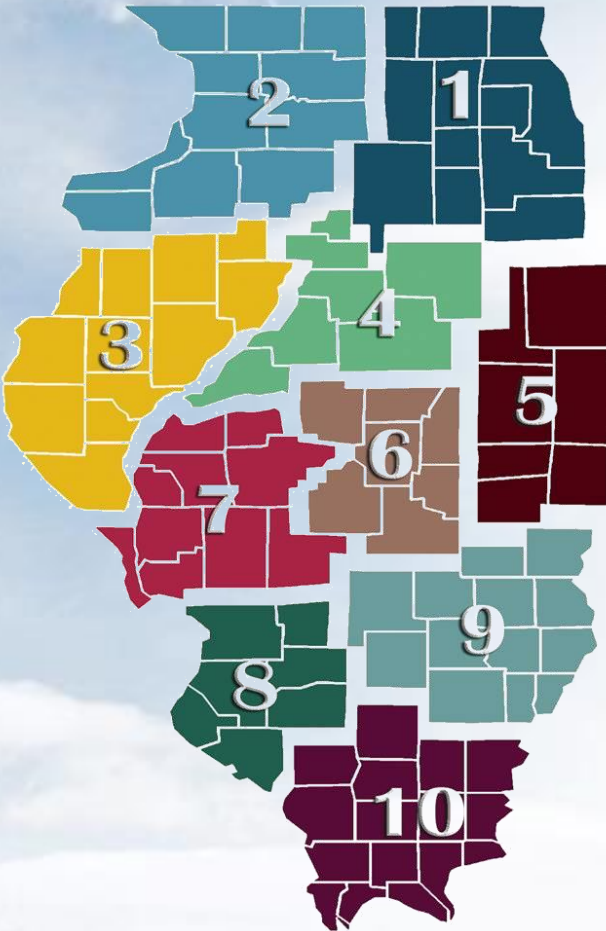
Our members across Illinois have unique transactions occurring in their communities. Let's take a look:



- Region 4** Farmland with **wind turbine sales** highlighted. Investors still paying a premium in this area for these tracts with prices dependent upon income stream and timeline.
- Region 5** New Fertilizer plant will be constructed just west of Tuscola in 2017 at a cost of \$1.7 Billion. There was some influence in this area with 1031 exchange money during the land acquisition process.
- Region 6** More farms sold by auction than previous years to get them moved. Who's your Neighbor is really important in final price and length of marketing period if offered in a non-auction format. More institutional interest in large tracts, but did not lead to a higher prices.
- Region 7** Higher average prices supported from profitable years, sharp pencils, 1031 exchange buyers attracted to profitability of the region and raw emotion.

# 2016 Lease Observations

Our membership has offered detailed observations on leasing trends in each region. Here are some highlights:



- Region 1** Anticipating an ARC Payment in this area of the state for 2017, combined with some big payments last October is keeping rents stable.
- Region 2** More landowners and tenants switching to variable cash rents to deal with the fluctuating markets.
- Region 3** Fixed cash rent levels down 15%+ on new leases. Adjustments being made.
- Region 4** Strength in Tazewell County area where seed production contracts are prevalent. 5-8% decrease in other areas.
- Region 5** Stable to slight decreases in rental rates 3-5%. Slow shift from fixed to more variable cash rental leases.
- Region 6** Trend is lower, but not as much as many people may think. Unchanged to less than 10% decrease. Higher real estate taxes equal reluctant landowner change.
- Region 7** “Economic rent” and “market rent” are vastly different in this region. Operators getting creative to create more rent flexibility.
- Region 8** No change in base rents. Higher yields and farm program payments led to aggressive flat bids when open to the market.
- Region 9** More variable cash rents. Soybeans triggered bonus payments but corn did not, despite high yields (price was too low) in most instances.



**Here is the good stuff - -**

First hand observations from across the great state of Illinois!

*What will 2017 grain prices be?*

**#1 Concern of our professionals:**

**– Falling commodity prices  
(80% of respondents)**





## Here is the good stuff - -

First hand observations from across the great state of Illinois!

- ▼ ***Net Farm Income*** —  
*Farmland is what it earns!* All of agriculture is watching corn and soybean prices to see which direction our earnings will take in 2017. Crop insurance is an important safety net. In general, the earnings outlook for 2017 is slightly better than last year.



**Here is the good stuff - - *(continued)***

*Agriculture's Profits* – We are starting to burn through the cash generated from the multiple years of agricultural economic prosperity. That cash gets redirected into land purchases and aggressive cash rents. We continue to see this easing lower. Opportunities will exist for efficient managers! Certain local regions have been more profitable = Higher farmland values!





## Here is the good stuff - - *(continued)*

▼ ***Return on Investment*** – Our traditional 3.5 percent to 4.0 percent competitive return on farmland investments is diminished by the lower commodity prices. Those returns are now in the 2.50 percent range. Investors find this acceptable in an unpredictable general economy.

<b>Prime Class A Farmland cost- late 2016</b>	<b>\$11,300</b>
2017 Rent @ 99.8% tillable	\$330
Real Estate Taxes & Liability Insurance	-\$ 45
Repairs, Soil Fertility Tests	<u>-\$ 4</u>
<b>Net Income/Acre</b>	<b>\$281</b>
<b>Cash Return on Investment</b>	<b>2.5%</b>





## Here is the good stuff - - (*continued*)

- ▼ ***Alternative Investments*** – As farmland's performance levels off - - the competition from other financial assets is enhanced. The stronger U.S. dollar and rising interest rates signal that the game is changing. Some rebalancing of assets due to other investments increasing substantially is circling back to agriculture. If inflationary pressure is seen-farmland becomes attractive. Land is seen as an extremely safe haven investment!



## Here is the good stuff - - *(continued)*

▼ ***Interest Rates*** – Interest rates on operating loans and farm mortgages are crucial to profitability. As the general economy continues to improve there may be good reason to continue raising interest rates to temper inflation.





**Here is the good stuff - - (*continued*)**

- ▼ ***Ethanol's Future* – A lot of our corn usage is dependent on a vibrant ethanol industry moving forward (*especially in unstable economies*). Farmers and landowners are closely watching the Renewable Fuel Standard, and the politics that could influence it.**



## Here is the good stuff - - *(continued)*

- ▼ *Farmland Availability* – In general, the supply of farmland was tight most of the year which helped to keep overall land values stable. That tract near you never comes up a second time! We are still seeing that impact in many areas across the state! When is the **time to buy it?**  
**When it is available and for sale!!**





# First Quarter 2017 – Heating Up?

- Feb. 22<sup>nd</sup> – 153 Acres Tazewell Co. @ \$13,700 (high of \$14,300)
- March 10<sup>th</sup> – 40 Acres Shelby Co. @ \$14,500
- March 14<sup>th</sup> – 888 Acres Sangamon Co. Averages \$12,590 with prices as high as \$15,200/acre
- March 21<sup>st</sup> – 232 Ac. Champaign Co. @ \$12,706 Average (high of \$13,100)







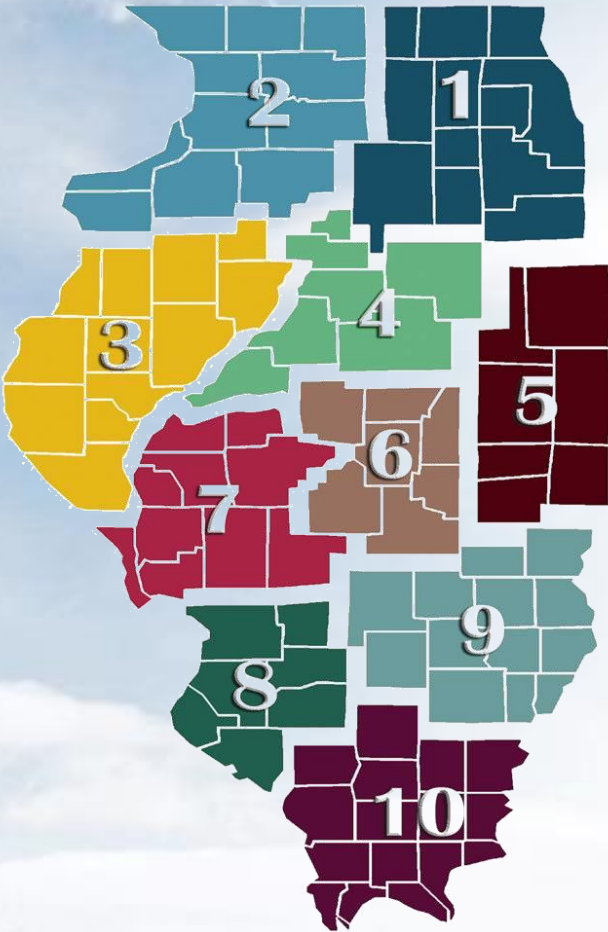
# 1<sup>st</sup> Quarter 2017

As we index the sales prices in the first quarter of 2017 on arms-length public sales, as compared to 2016's last half of the year, we see an average price increase of ~4% with nearly identical soil productivity, smaller tract sizes and slightly lower percentage tillable.

\*with 10 days remaining in 1<sup>st</sup> Qtr.



# A Quick Look Forward



## ▼ Influencing factors to watch for:

- Weather and Yields
- Commodity Prices
- Interest Rates
- Net Farm Income
- US Dollar/Exchange Rates
- Alternative Investments
- General Economy Growth
- Long Term Inflation
- Governmental Policy Impact on Ethanol, Biofuels & Trade

# Land and Lease Survey

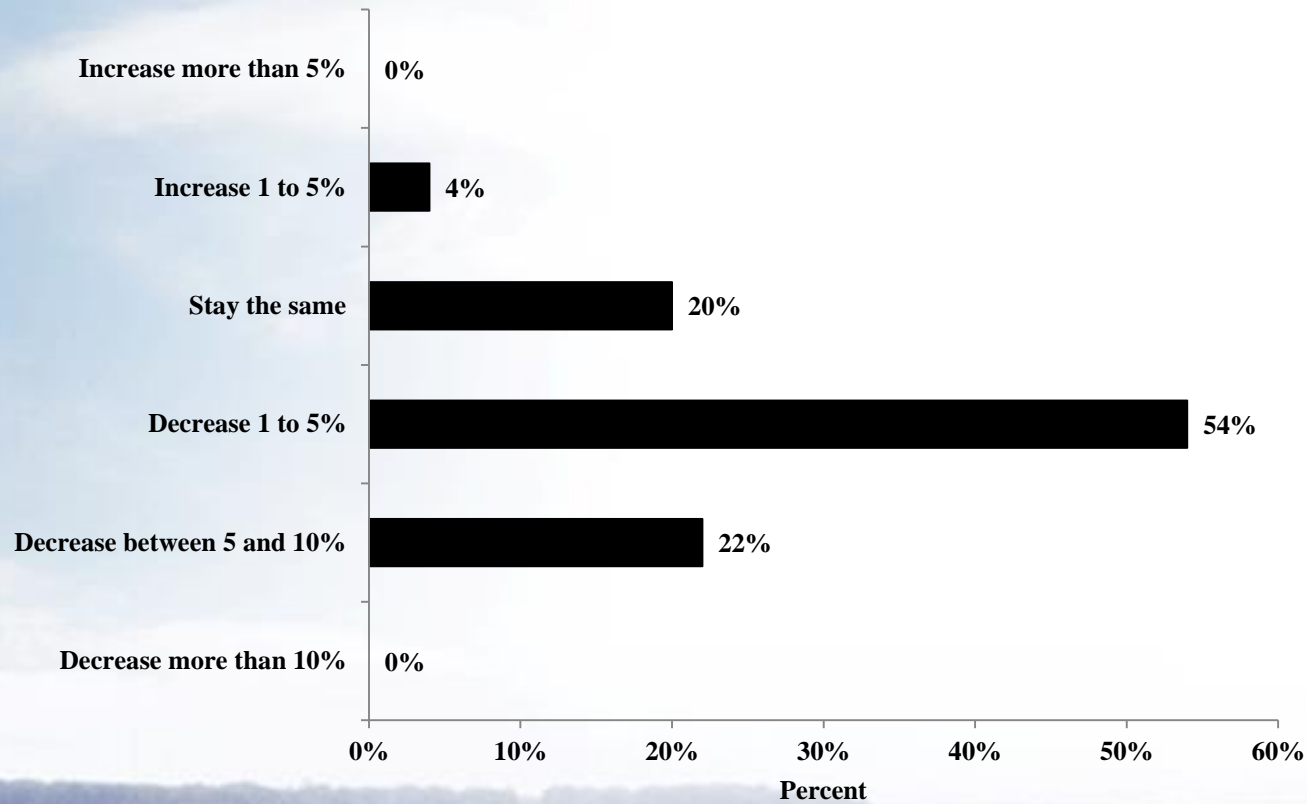
- Surveys of individuals knowledgeable about the farmland and farmland rental markets
- Land Survey
  - Prices and returns decline in 2016.
- Lease Survey
  - Cash rents projected decreased again for 2017, wait and see for 2018. Maybe starting to level out.

# Farmland Prices

<b>Land Quality</b>	<b><u>Jan 1, 2016</u></b>	<b><u>Dec 31, 2016</u></b>	<b><u>Change</u></b>
<b>Excellent</b>	<b>\$11,600</b>	<b>\$11,000</b>	<b>-5%</b>
<b>Good</b>	<b>\$10,100</b>	<b>\$9,500</b>	<b>-6%</b>
<b>Fair</b>	<b>\$8,200</b>	<b>\$7,200</b>	<b>-12%</b>
<b>Poor</b>	<b>\$6,900</b>	<b>\$5,900</b>	<b>-14%</b>

# What will Happen to Farmland Prices in 2017?

Figure 1. Expectations of Price Changes in 2017.



# Odds of a 20% or Greater Price Decline

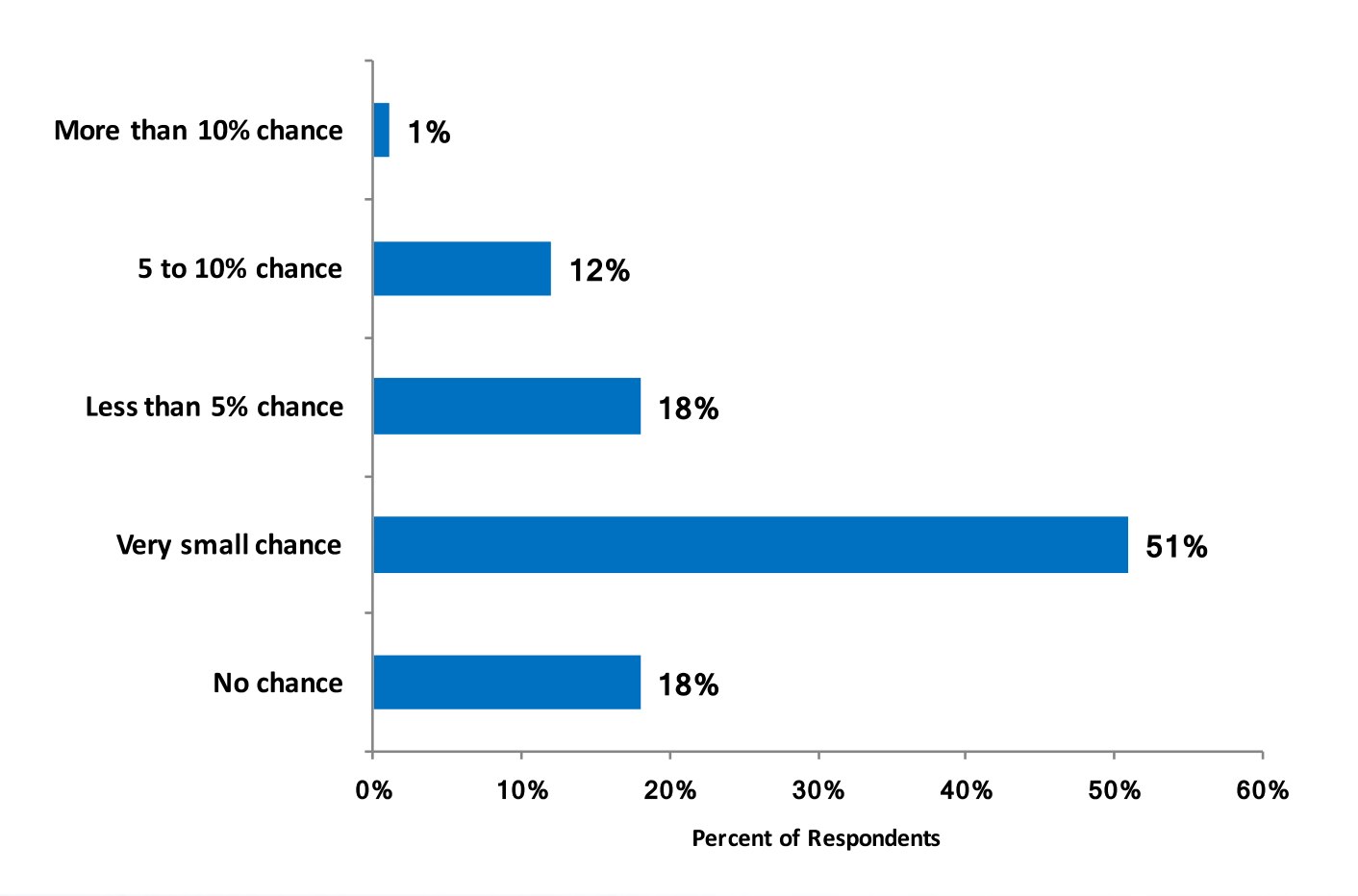




Table 2. Factors that Could Cause Farmland Prices to Decrease More than 5% if they Happen in 2017.

	Percent of Respondents <sup>1</sup>
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%

<sup>1</sup> 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.



# Most likely factors to cause a farmland price increase greater than 5%

	Percent of <u>Respondents</u>
Increase commodity prices because of poor 2017 growing conditions in the United States	38%
Good economic growth in the United States	17%
A 2017 drought causing low yields	13%
High yield leading to higher incomes	13%
Poor crop yields in South America	8%
Changes in exchange rates	4%



# Buyers and Sellers

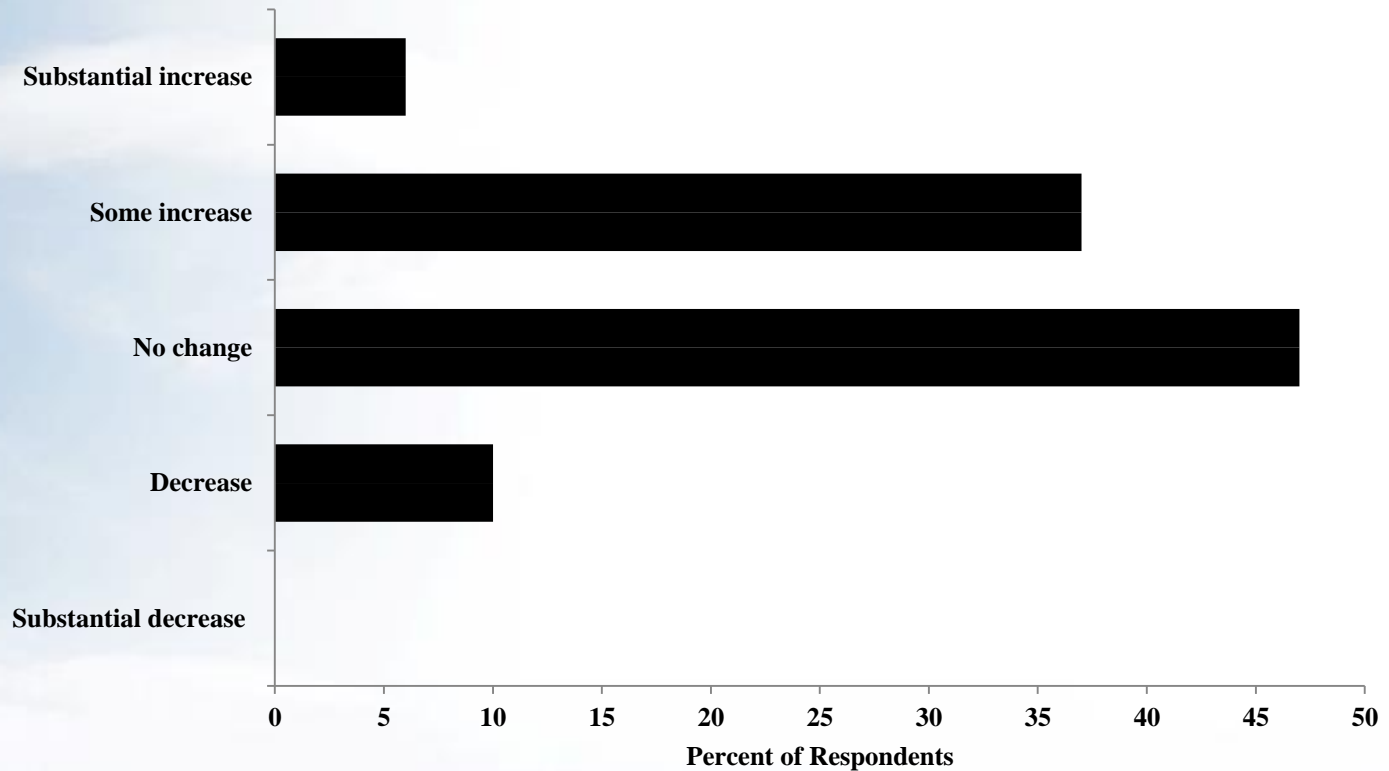
- Buyers: Local farmers 61%, Local investors 15%, Institutions 11%,
- Sellers: Estate sales 56%, Retired farmers 14%, Individual Investors 10%, Active Farmers 9%, Institutions 9%.
- Reasons for Selling: Settle estates 48%, Received a good price 17%, Rebalance portfolio 13%.

# Method of Selling Farmland

<u>Method of Selling Farmland, 2016</u>			
Sealed bid	5%		
Multi-parcel auction	13%		
Public auction	39%		
Private treaty	43%		

# Change in Volume, Last Half 2015 to 2016

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



# Incomes from Alternative Lease Types, 2016 versus 2015

Table 1. Per Acre Farm Incomes 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
Traditional crop share	204	180	143	111
Cash rent	263	240	193	145
Custom farming	259	237	195	134

2016

2015



# Biggest Decreases in Lease Type Returns involve Crop Participation!

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

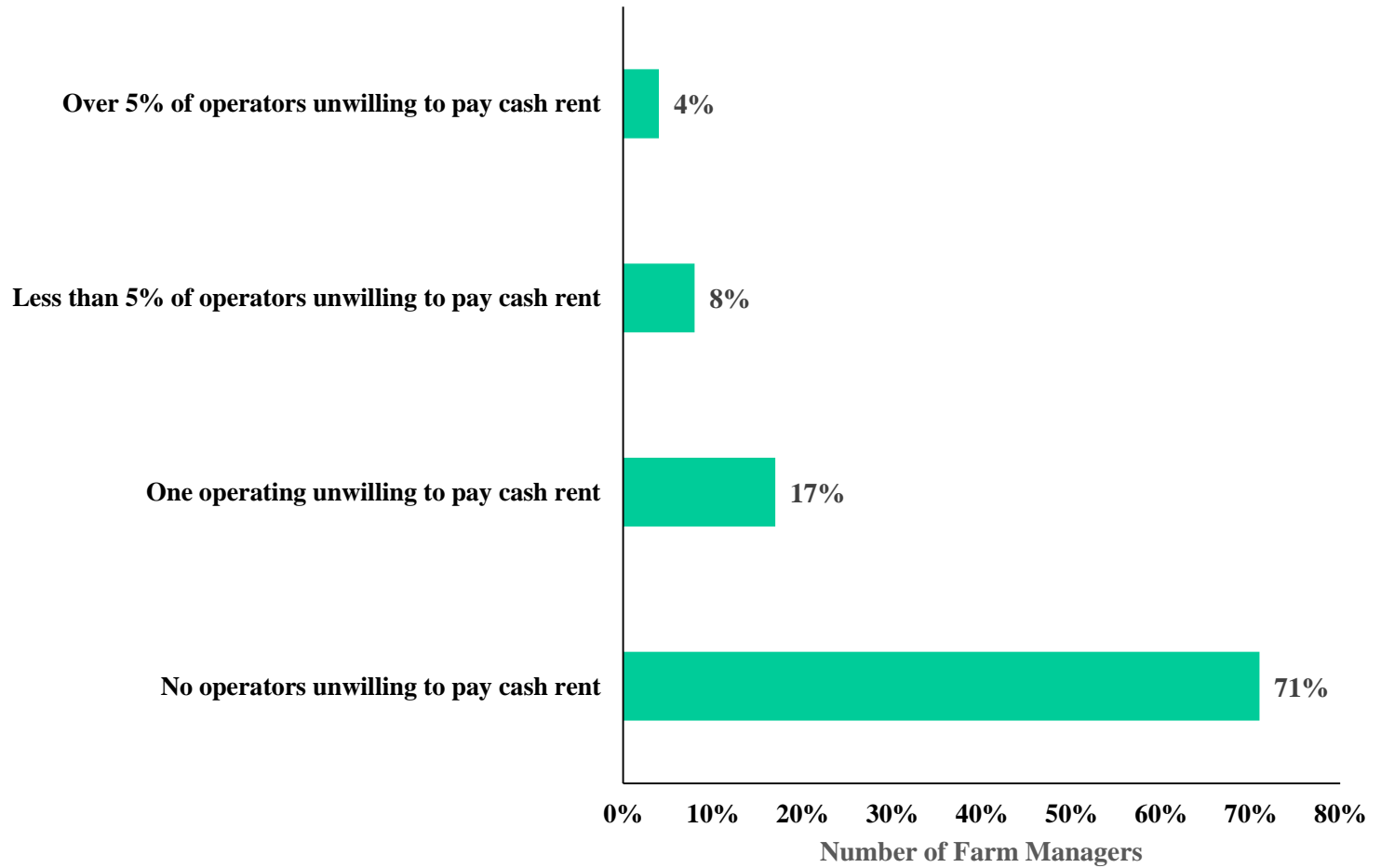


# 2017 Projected Cash Rents, By Professional Farm Managers

<b>Land Quality - Category</b>	<b>Excellent</b>	<b>Good</b>	<b>Average</b>	<b>Fair</b>
		--Per acre--		
High 1/3	\$325	\$285	\$250	\$200
Mid 1/3	\$300	\$260	\$225	\$175
Low 1/3	\$250	\$225	\$190	\$145

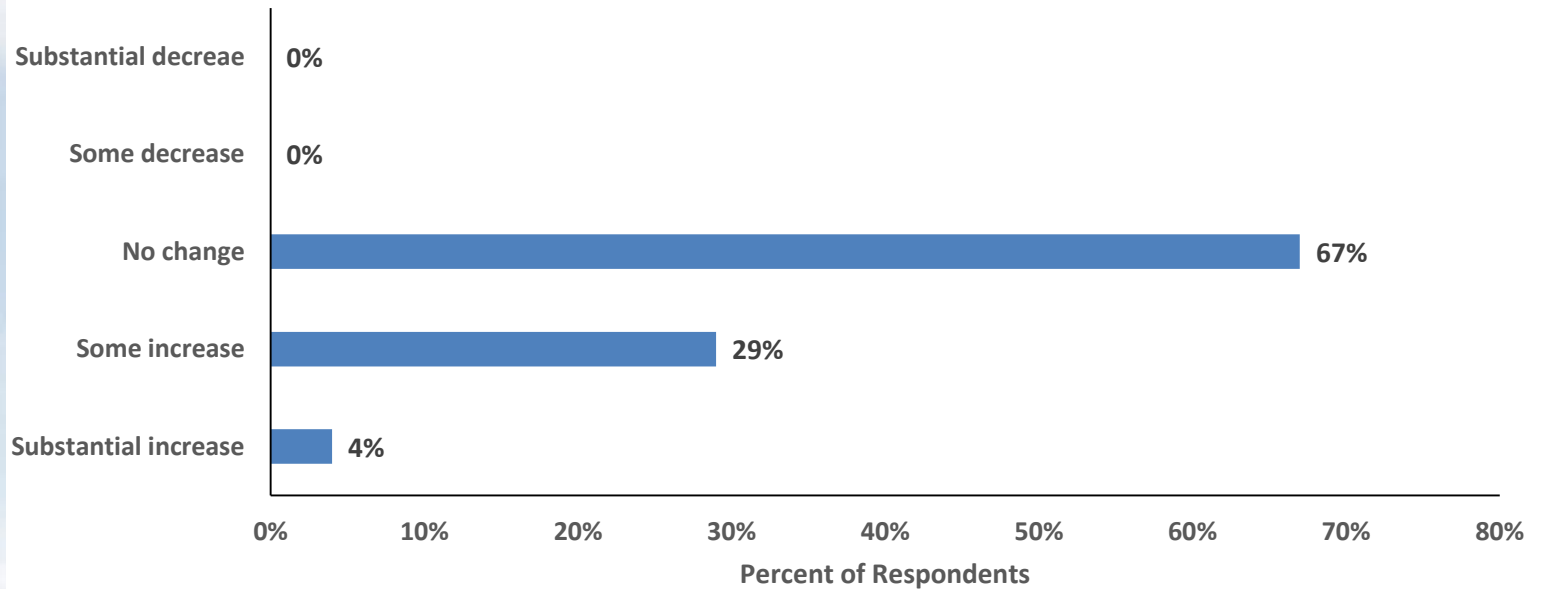


**Figure 1. Farm Managers Having Farm Operators Unwilling to Pay 2017 Cash Rent.**





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





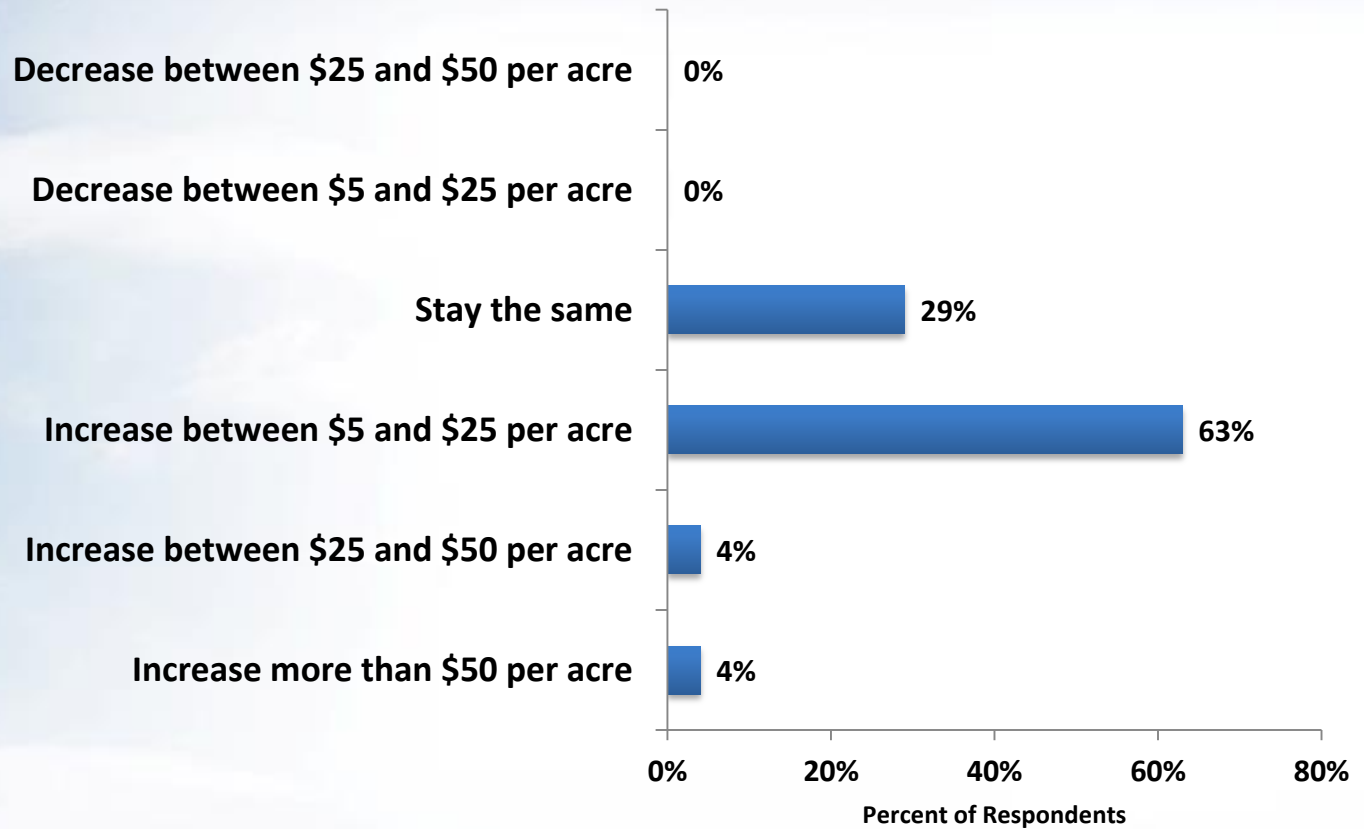


**Figure 2. Expectations of Cash Rents Change in 2018 from 2017 Levels if Expected Corn Prices are Near \$3.50 per Bushel.**



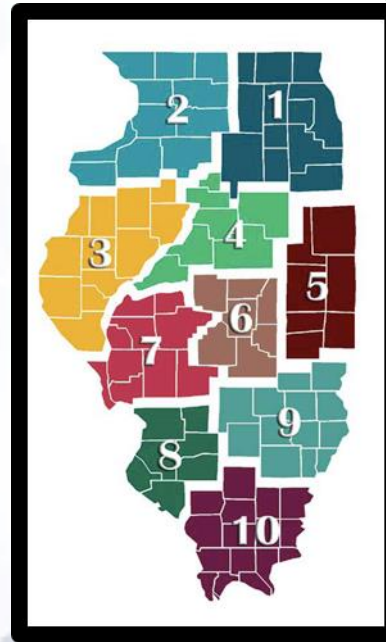


**Figure 3. Expectations of Cash Rents Change in 2018 from 2017 Levels if Expected Corn Prices are Near \$4.20 per Bushel.**





Thank You and Questions





Additional Slides to help tell the  
story



# Data from our books



<u>Year</u>	<u>Ave Price/Acre</u>	<u>Ave Acres</u>	<u>Ave PI</u>	<u>Number of Sales</u>
2001	2,419	118.4	126.8	274
2002	2,596	114.2	128.0	334
2003	3,044	119.1	126.7	403
2004	3,847	130.5	125.8	311
2005	4,167	118.3	124.6	574
2006	4,480	107.2	126.0	513
2007	4,718	131.6	125.0	578
2008	5,110	113.2	122.7	632
2009	5,308	107.6	124.9	670
2010	5,948	107.4	124.6	698
2011	7,701	109.0	126.1	550
2012	8,337	95.9	121.9	1,051
2013	10,011	98.8	124.7	683
2014	9,068	88.1	120.5	853
2015	8,816	95.3	121.9	977
2016	8,390	81.6	122.7	822
<b>Grand Total</b>	<b>6,590</b>	<b>104.8</b>	<b>123.9</b>	<b>9,923</b>

A 5%  
Decrease



