



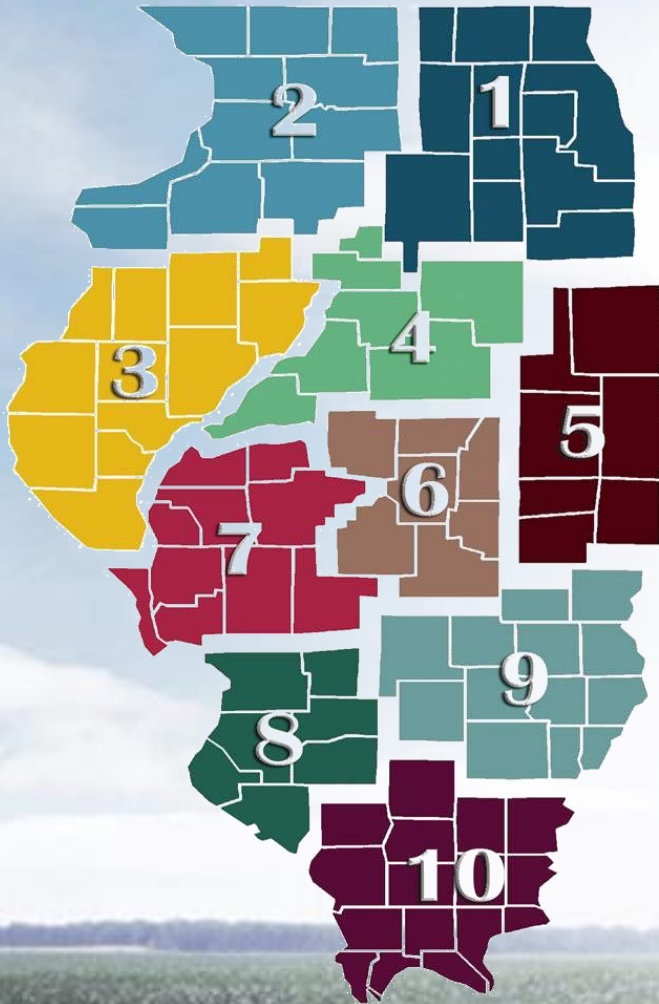
2018

Illinois Farmland Values & Lease Trends

David Klein, AFM, ALC
General Co-Chairman

Gary Schmitkey, Ph.D.
Head – Survey Group

2018 Illinois Farmland Values & Lease Trends



- ▼ 23rd Annual Report
- ▼ Covers Calendar Year 2017
- ▼ Several Farm Real Estate Transactions
- ▼ Updates on Rents & Leasing Trends
- ▼ A Team of Over 80 Professionals
 - Professional Farm Managers & AFM's
 - Accredited & State Certified Appraisers
 - Licensed Farmland Brokers & ALC's

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 Tom Wiggins, AFM
20+ Years of contributions to the
promotion of this report....**

Our 2018 Conference is dedicated to Tom for his many efforts early on in promoting the annual success of this conference.





Many Thanks to Dr. Gary Schnitkey and Dr. Bruce Sherrick



As they continue to coordinate, provide leadership and supplement all aspects of this project.



It Takes a Team of Professionals



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Region 4



Ross Perkins

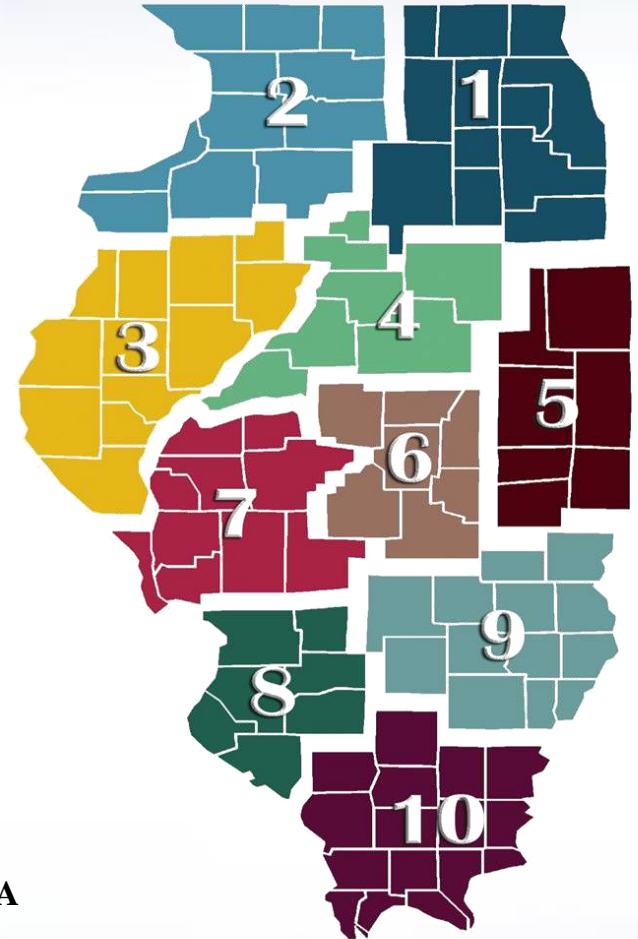
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Region 5



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It Takes a Team of Professionals

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Region 8



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Region 9

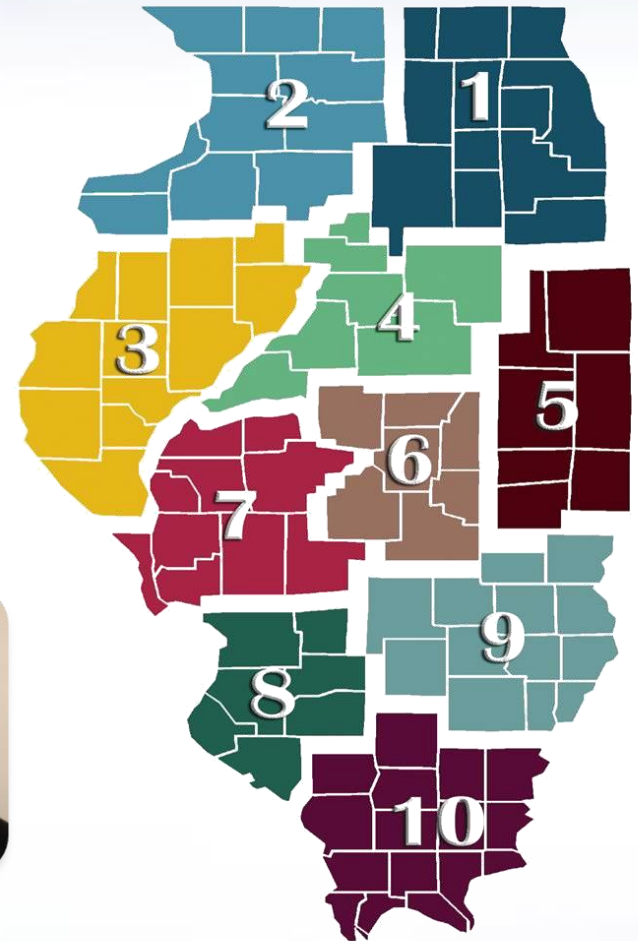


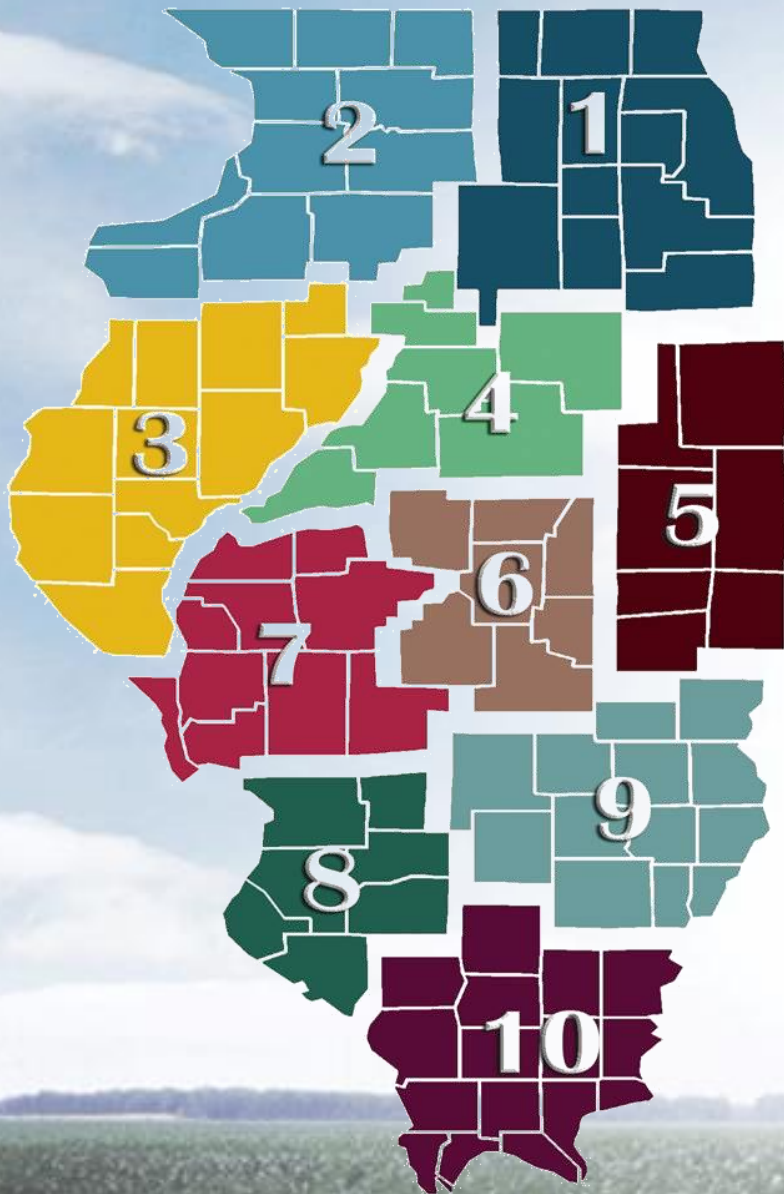
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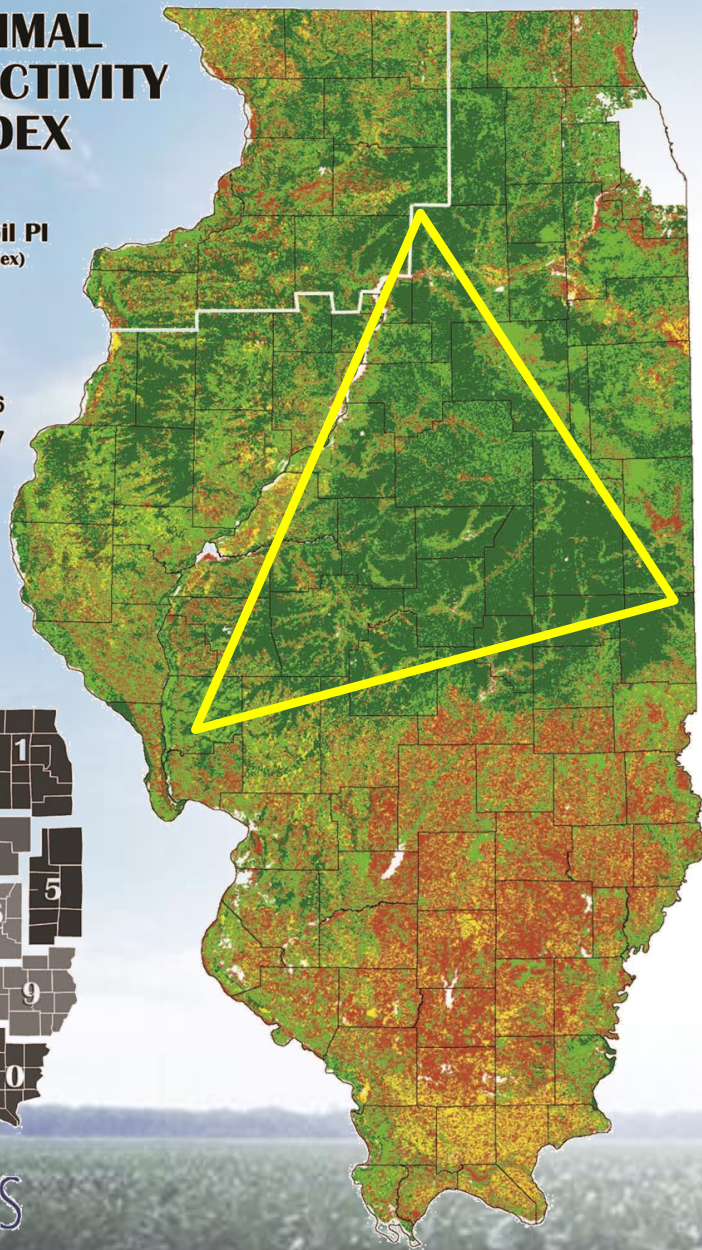
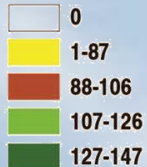


About The 2018 Booklet:

- ▼ **Our Sixth 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**
 - *Multiple Factors Impacting Values*
 - *Cash Rents Remaining Steady*
 - *Wind Energy Impacts on Farmland*

OPTIMAL PRODUCTIVITY INDEX

LEGEND - Soil PI
(Productivity Index)

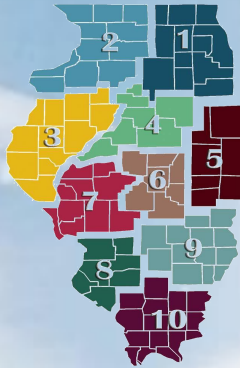


2018 Illinois Farmland Values & Lease Trends

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

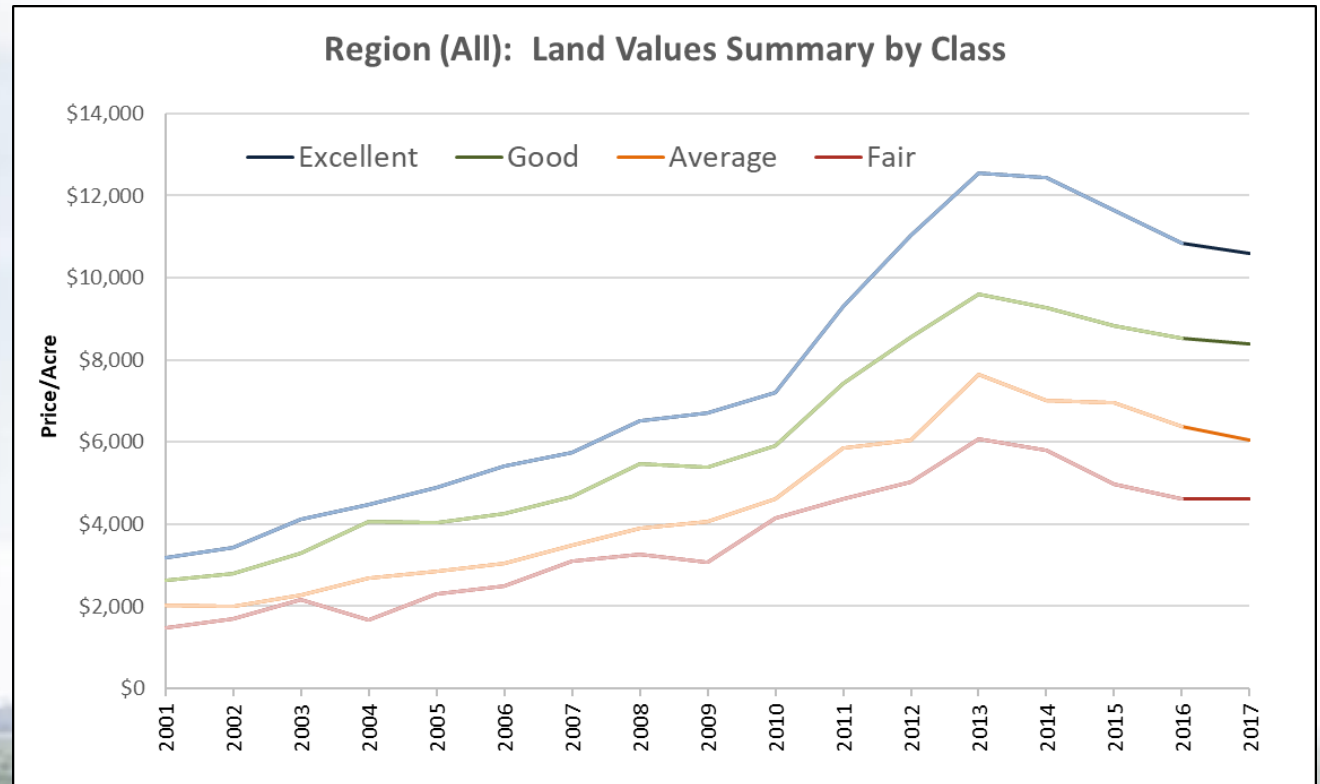
We continue to chart the value of each category of land over time in a Region and look at continual compounded annual growth rates using the data provided for several years.

Statewide Land Values Summary Chart: 2001-2017



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Thanks to Dr. Sherrick!!!



A Special Report Feature

STATEWIDE: 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> |
|------------------|------------------|--------------|----------------|---------------------|---------------------|
| 2001-2010 | 9.06% | 9.00% | 9.17% | 8.28% | 2.89% |
| 2010-2017 | 5.54% | 5.01% | 3.85% | 0.42% | 5.97% |
| 2001-2017 | 7.52% | 7.25% | 6.85% | 4.84% | 4.24% |
| 2005-2017 | 6.45% | 6.10% | 6.30% | 2.80% | -0.36% |
| 2010-2017 | 5.50% | 5.00% | 3.90% | 0.40% | 6.00% |
| 2016-2017 | -2.3% | -1.70% | -5.31% | -6.10% | -19.9%* |



*Note: limited sales data in some years.



A Special Report Feature:

The impact of wind
energy contracts on
farmland values
pages 111-114

Seth Baker, Dave Klein
Brad Haight & Dr. Bruce Sherrick,
contributors.



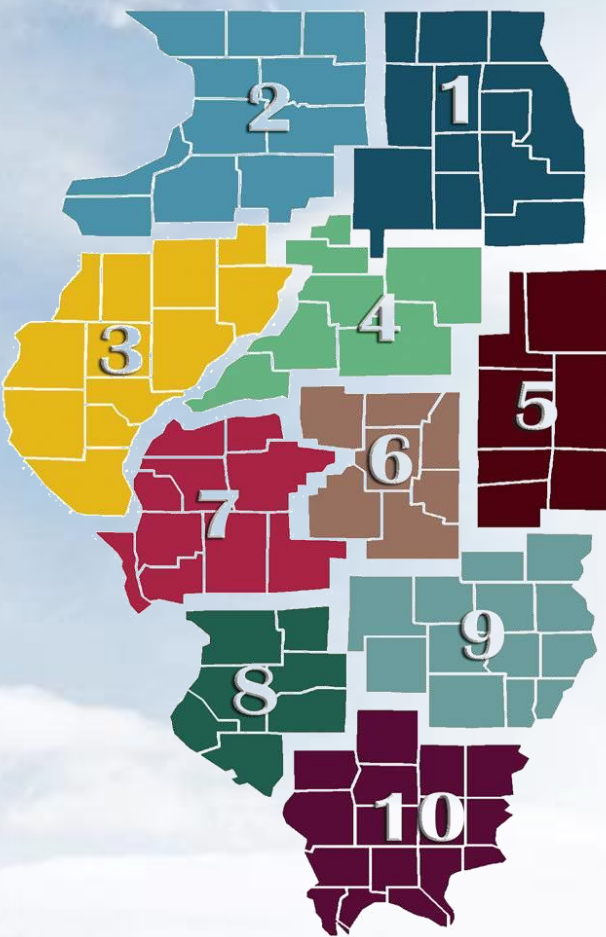
Our Results dished out 3 ways:

- **Committee Estimates** – Committee putting together data, using their knowledge & expertise estimating what is happening can be found at the summary beginning of each Region.
- **Actual Reported Data** – Averages of sample sales provided in report (tables at End of each region.)
- **Survey** – opinions of entire membership responding to survey in February. Also conducted each August for mid-year.



2017 – Results at a Glance

Farm profits and soil quality are important!
 Lower commodity prices affect values.



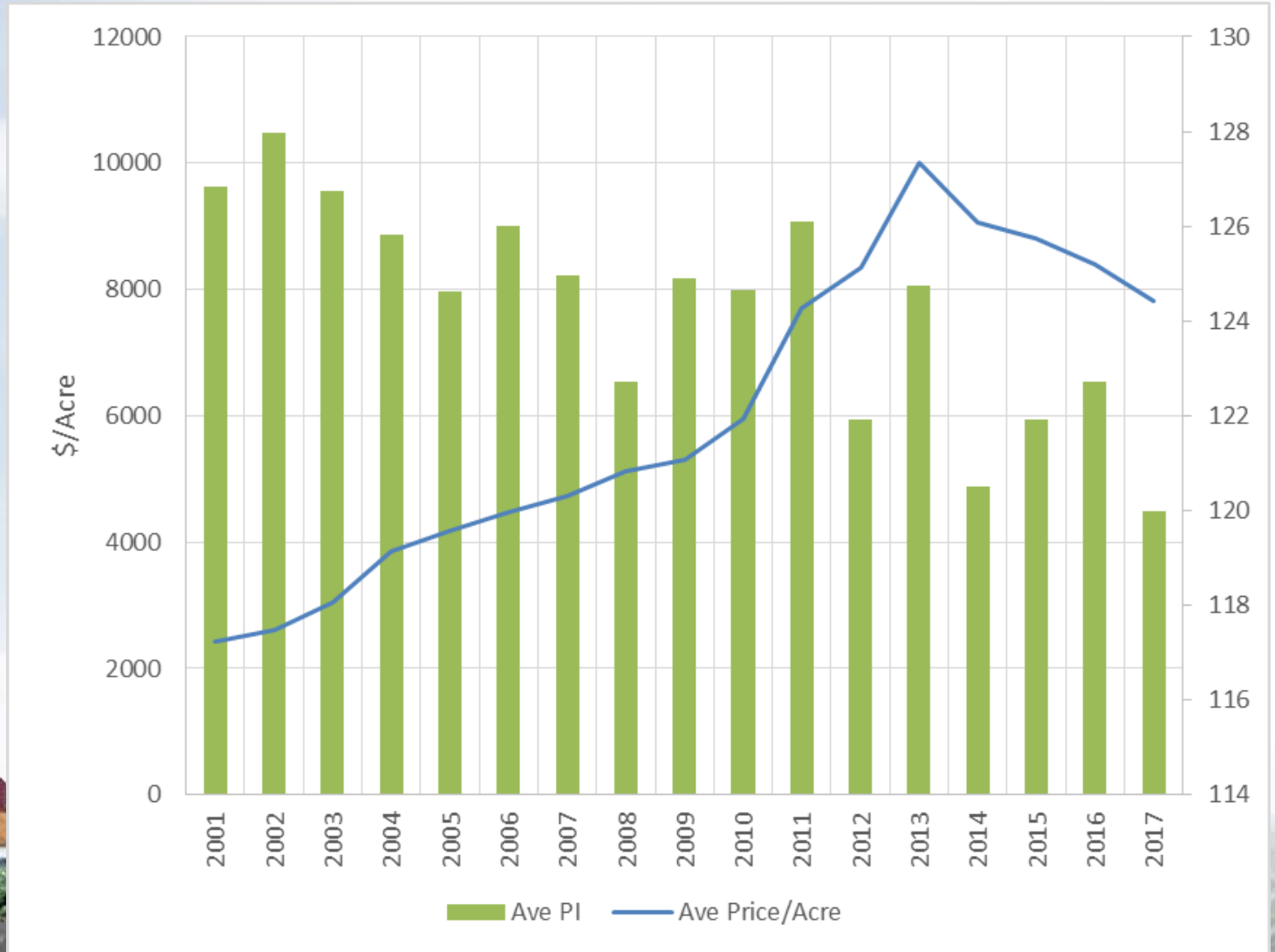
| <u>Land Category</u> | <u>Mid Range 2016 Change</u> | <u>Comments</u> |
|----------------------|-------------------------------------|--|
| Excellent | -2% | Values pulled back, but remained relatively strong in areas. Pockets of strength still exist. Buyers still willing to pay for high quality soil. |
| Good | -1% | Farmers were primary buyers. Buyers were cautious - - looking for deals in this land class. Longer marketing periods noticed on listings than Excellent soils. |
| Average | -5% | These farms require higher maintenance and management. Buyers were selective. More noticeable price declines and lower demand. More Auction “No Sales” in this land class than others. |
| Recreational | -6% | 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 | Lower on Limited Information | Activity very limited in our metropolitan areas. Market comeback slowly underway in the Chicago area. There is very little 1031 money from this source. |

From Our Data



Impact of Soil Productivity on Data

- Apparently, on average, we sold, poorer quality farms in 2017.





All Categories of Farmland The Great State of Illinois

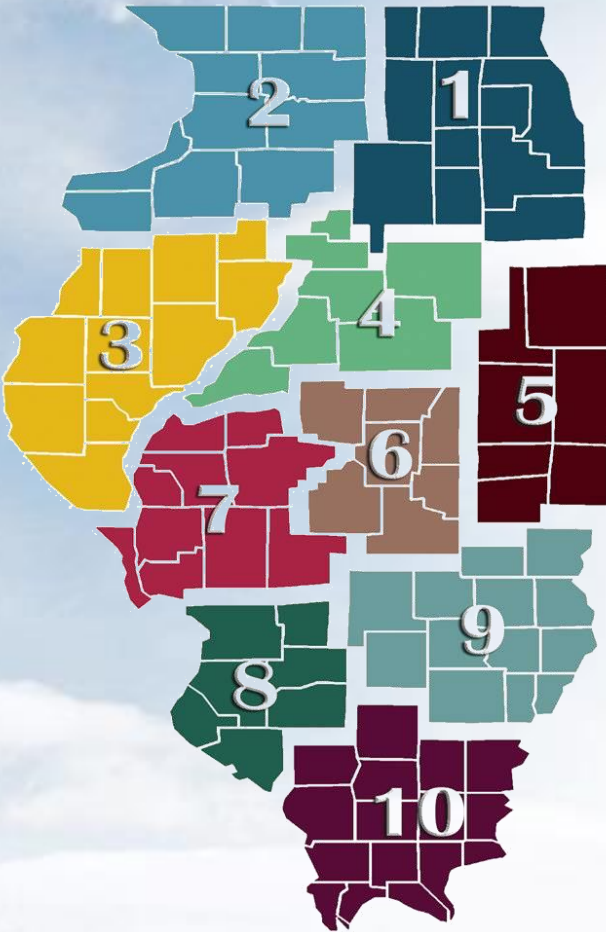
These (*rounded*) figures are the committee estimates as reported by each region on the categories shown.

| | <u>Excellent</u> | <u>Good</u> | <u>Average</u> | <u>Fair</u> | <u>Recreational</u> | <u>Transitional</u> |
|----------------|------------------|----------------|----------------|----------------|---------------------|---------------------|
| Region 1 | \$10,500 | \$8,000 | \$7,000 | -- | -- | \$22,940 |
| Region 2 | \$10,860 | \$8,530 | \$7,120 | \$5,220 | \$4,570 | -- |
| Region 3 | \$10,330 | \$8,100 | \$5,600 | -- | \$3,300 | -- |
| Region 4 | \$10,480 | \$8,420 | \$6,480 | \$6,000 | \$3,880 | -- |
| Region 5 | \$10,180 | \$8,090 | \$5,880 | -- | \$3,670 | -- |
| Region 6 | \$10,610 | \$8,600 | \$6,050 | \$6,060 | \$3,510 | -- |
| Region 7 | \$11,420 | \$8,480 | \$5,840 | \$4,440 | \$2,820 | -- |
| Region 8 | \$11,270 | \$9,890 | \$8,150 | \$6,520 | \$3,580 | \$16,340 |
| Region 9 | \$10,880 | \$8,350 | \$9,400 | \$5,370 | \$3,210 | -- |
| Region 10 | -- | <u>\$7,825</u> | <u>\$3,925</u> | <u>\$3,450</u> | <u>\$2,300</u> | -- |
| Average | \$10,726 | \$8,429 | \$6,545 | \$5,294 | \$3,427 | |

Averages are dangerous - - but they give us a snapshot of each category (*for comparison*).
These numbers are: -1.5% -2.9% +3.5% +5.8% -5.4% compared to 2016.

2017 Excellent Quality Farmland

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

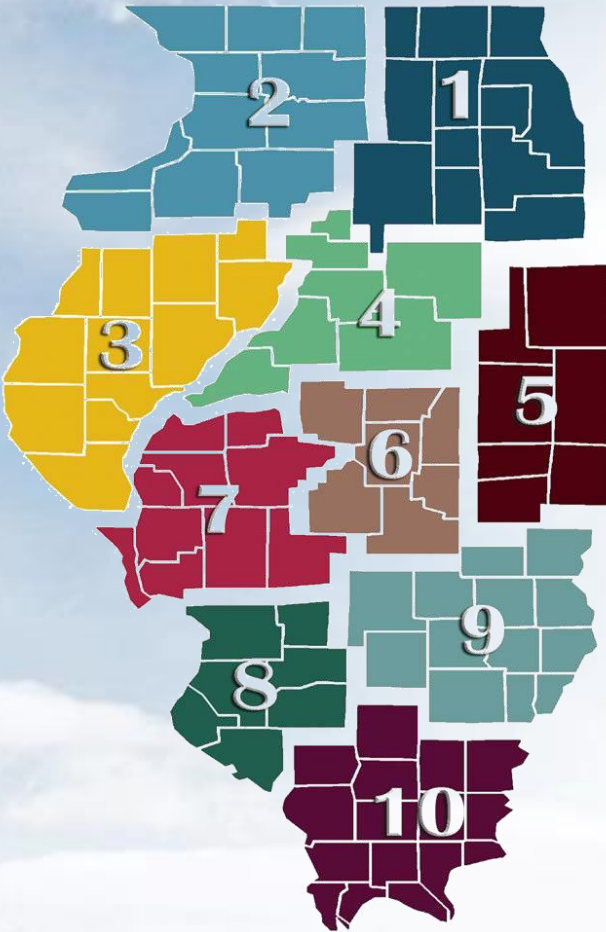


| | <u>Mid Range Land Value</u> | <u>Comments</u> |
|-----------|---------------------------------|---|
| Region 1 | \$9,755 | Lower supply of this land class for sale in 2017. Higher percentage of land sold to investors purchasing in this category. Farmers focused on lower quality land. Doesn't feel as low as sales indicated (\$10,500) |
| Region 2 | \$10,860 | Strong demand, but more supply than 2016. Farmers still the main land buyers at auctions. Carroll, Ogle & Stephenson Co's. highest prices. |
| Region 3 | \$10,330 | Low volume with excellent demand. Location has become much more important to the highest sales prices. |
| Region 4 | \$10,480 | Bare, square, high percentage tillable bringing a premium. Tract sizes were smaller in 2017. Only 12 sales observed over 160 acres. Location matters. |
| Region 5 | \$10,180 | Prices steady. Supply was up. Significant county- to - county variability was noted. Location matters. |
| Region 6 | \$10,610 | Highest percentage of sales in region. Steady supply and demand. Location important. |
| Region 7 | \$11,420 | This region sustained the high quality land values better than any other region, but buyers are being more selective and opportunistic. |
| Region 8 | \$11,270 | Very few sales & most are in developing areas. |
| Region 9 | \$10,880 | Very little land is in this class. |
| Region 10 | -- | |
| | <hr/> \$10,650 | <i>(average on data in report)</i> |

Avg. \$10,650

2017 Good Quality Farmland

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

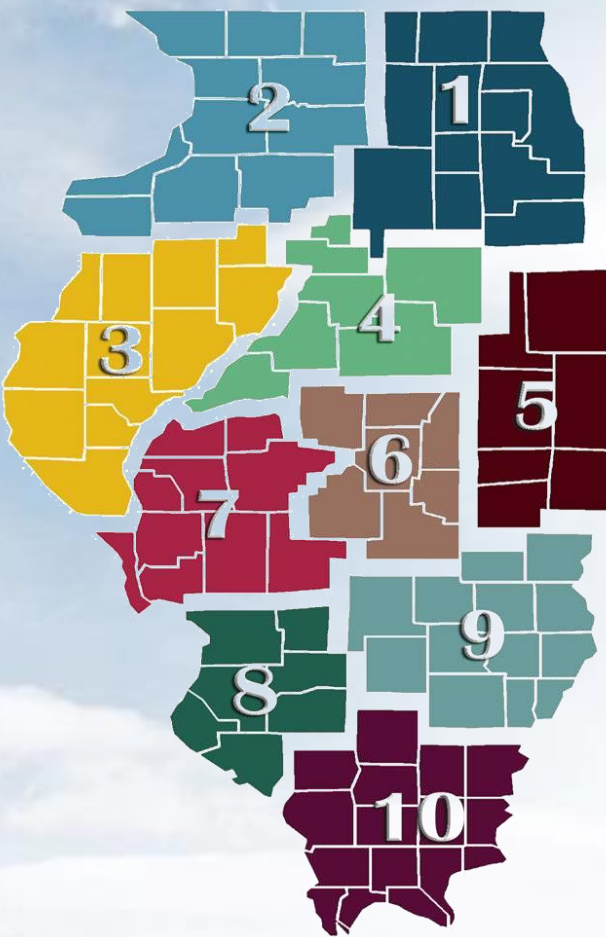


| | <u>Mid Range Land Value</u> | <u>Comments</u> |
|-----------|---------------------------------|---|
| Region 1 | \$8,000 | Farmers were main buyers in this land class as they slowly expanded operations with the more moderately priced land, looking for deals. |
| Region 2 | \$8,530 | Mostly farmer buyers in finding a “good deal”. Wide price range. High % tillable sell much higher than others. |
| Region 3 | \$8,100 | Ample number of buyers, but becoming picky. Field shape & percent tillable really influenced price . |
| Region 4 | \$8,420 | Wide range of values. Auctions worked well at determining appropriate prices. Lower volume than 2016. |
| Region 5 | \$8,090 | 43% of all sales in 2017 were in this land class. Continued good demand. Slightly higher PI’s in data set this year. |
| Region 6 | \$8,600 | Lower quality “good farms” sold in 2017vs2016. High supply, lowered prices ~8% in this region of this land class |
| Region 7 | \$8,480 | Buyers looking for a deal that they can “improve the land”. In areas, “good farm” prices keep pace with “excellent”. |
| Region 8 | \$9,890 | “The typical best soils” in this region. |
| Region 9 | \$8,350 | Slight price decrease in this land class, but little activity. |
| Region 10 | \$7,950 | Smaller tract sizes than 2016. |

Avg. \$8,441

2017 Average Land Quality

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



Avg. \$6,257

| | <u>Mid Range Land Value</u> | <u>Comments</u> |
|-----------|---------------------------------|--|
| Region 1 | \$6,050 | Prices down ~3% with most being small tracts with higher percentage of non-tillable compared to previous years. |
| Region 2 | \$7,130 | Heavy discounts on woods and pasture land with cropland sold in this land class with lower cash rent potential. |
| Region 3 | \$5,600 | Buyers more selective as budgets tighten in this land class. |
| Region 4 | \$6,480 | Limited number of sales in region 4. Highest prices paid for irrigated sand. Lower quality clay soils=No Sales at Auction |
| Region 5 | \$5,880 | Limited supply and wide variance in prices. Committee expected much softer prices than observed. |
| Region 6 | \$6,060 | Similar number of sales in this class as 2016. Flat prices. |
| Region 7 | \$5,840 | Value buys made by farmers looking to be improve it. |
| Region 8 | \$8,150 | Most typical soils of this region. Wide range-\$5,000/ac. in Randolph to \$10-11,900/ac. Madison, Clinton, St. Clair Co's. |
| Region 9 | \$6,810 | Majority of soils. Prices slightly lower. |
| Region 10 | \$4,570 | Larger sized tracts than 2016. Mostly farmer buyers. |

2017 Recreational Land

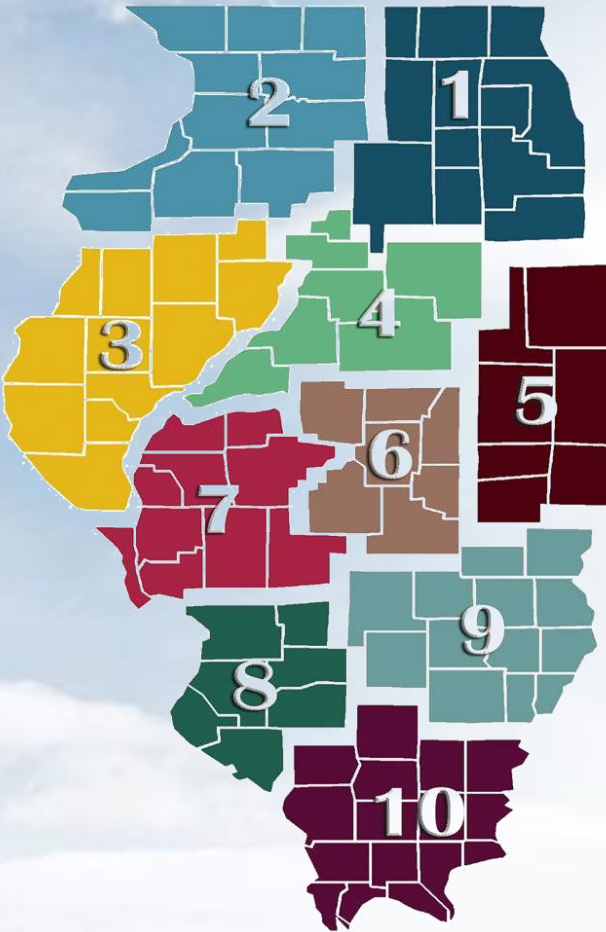
The prices shown below are the averages reported by each region.

*Mid Range
Land Value*

Comments

| | | |
|-----------|----------------|---|
| Region 1 | \$4,845 | Very few recreational sales. Chronic wasting disease very prevalent in whitetail deer in this area of Illinois. |
| Region 2 | \$4,570 | Modest decrease in values from 2016. Higher prices with listings vs. auctions. Tracts with mature hardwood & Jo Daviess Co. more in demand than other areas. |
| Region 3 | \$3,680 | Higher prices on small tracts max out around \$150,000. CREP contract non-renewals affecting those properties. |
| Region 4 | \$3,880 | Limited supply in 2017. Eastern part has little rec. land combined with constant demand helps support values. |
| Region 5 | \$3,670 | Higher volume. Prices vary depending on proximity to Champaign/Urbana & buyer's motivation and use. |
| Region 6 | \$3,510 | Similar average prices to 2016, higher % tillable on solds. |
| Region 7 | \$2,820 | Lower prices. Some areas heavily dependent on CRP & CREP payments, which face future signup challenges. |
| Region 8 | \$3,570 | Typically completely or mostly wooded in this region. Higher prices from general economic confidence and regional relationship to St. Louis. Demand increasing. |
| Region 9 | \$3,210 | Prices are slightly lower in this region. Most tracts have little additional ag income. |
| Region 10 | \$2,370 | Prices down ~ 6%. Rec. land makes up ~27% of the land transactions in this region! |

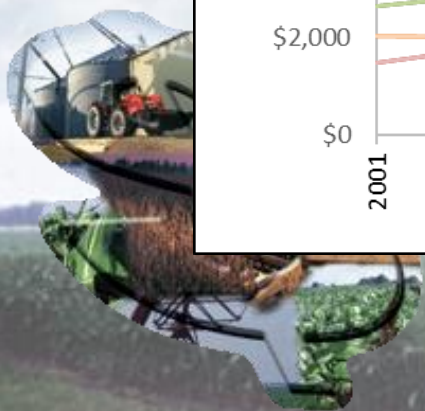
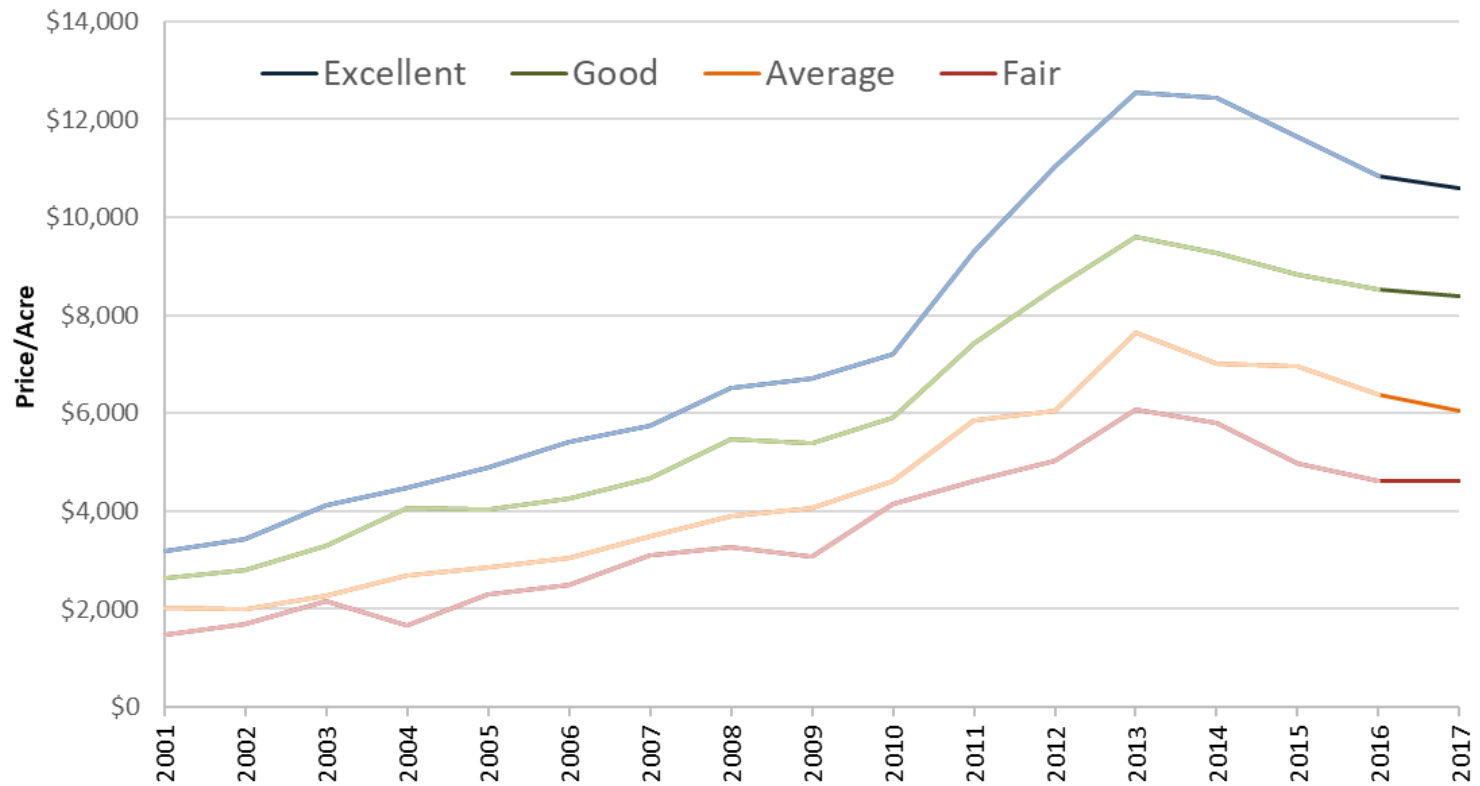
Avg. \$3,613





The Long View on Land Values

Region (All): Land Values Summary by Class

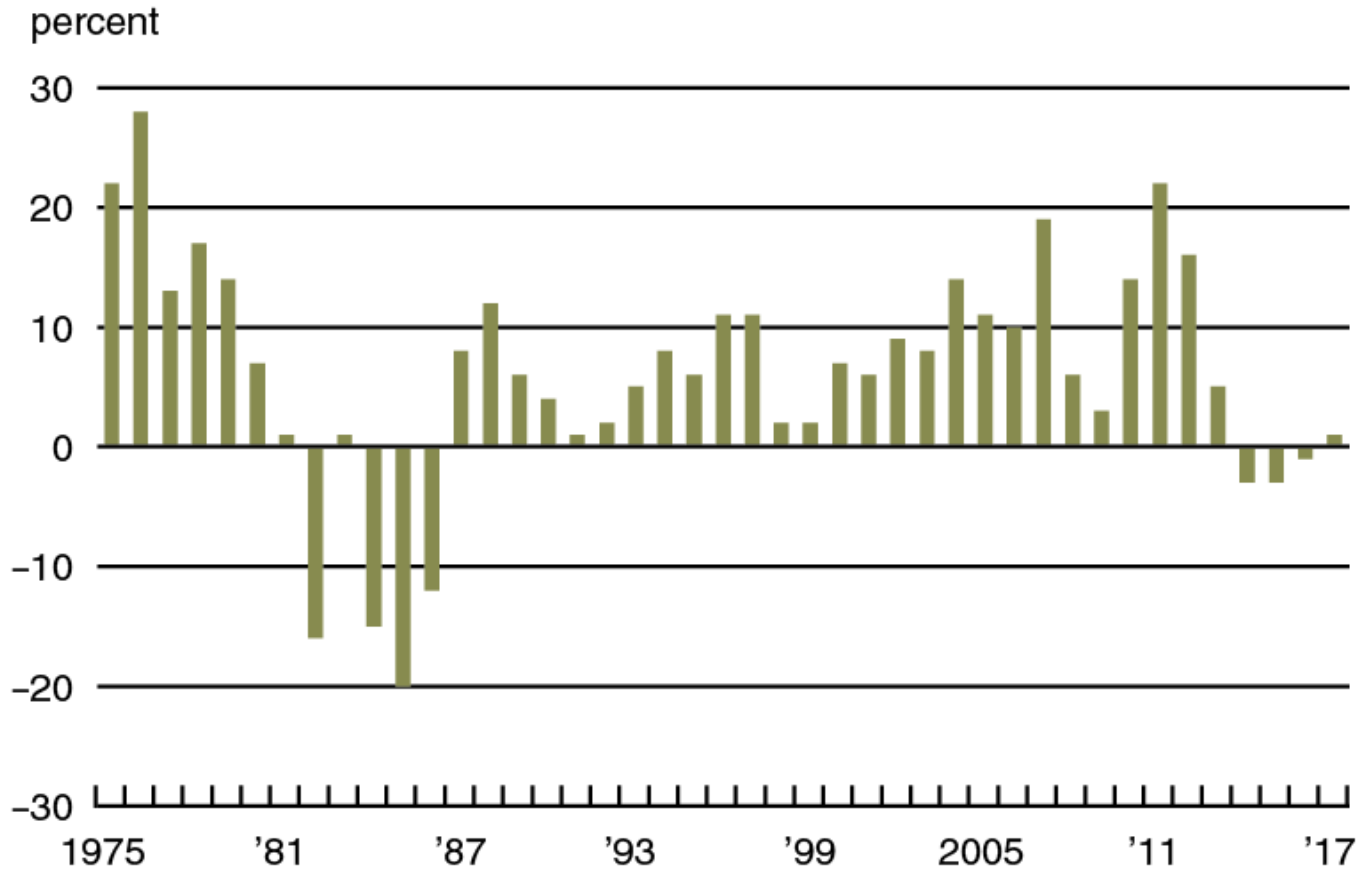




Chicago Fed Ag Letter Survey Annual Percent Change in 7th District

Includes:

Iowa, parts of
North 2/3 IL,
North 3/4 IN,
Southern WI,
Michigan

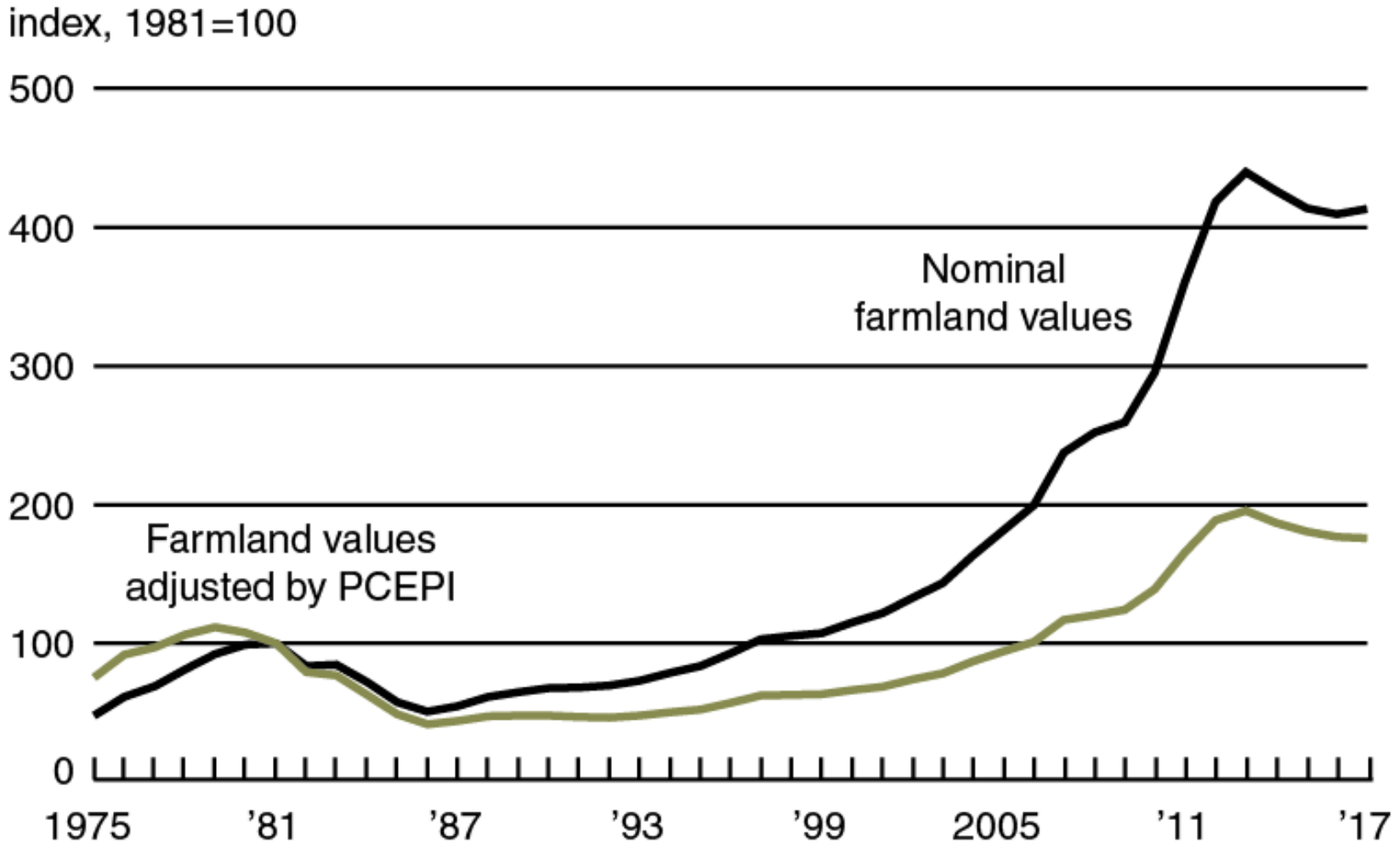


Source: Federal Reserve Bank of Chicago



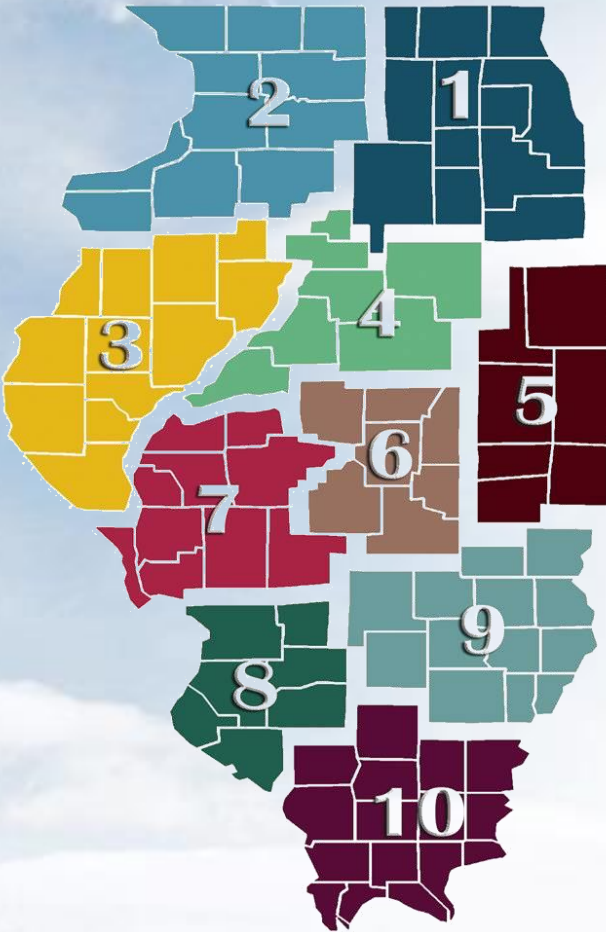
Inflation Adjusted Chart

Shows values still well above 1979 previous peak



Source: Federal Reserve Bank of Chicago

Continuously Compounded Annual Growth Rates 2001-2017



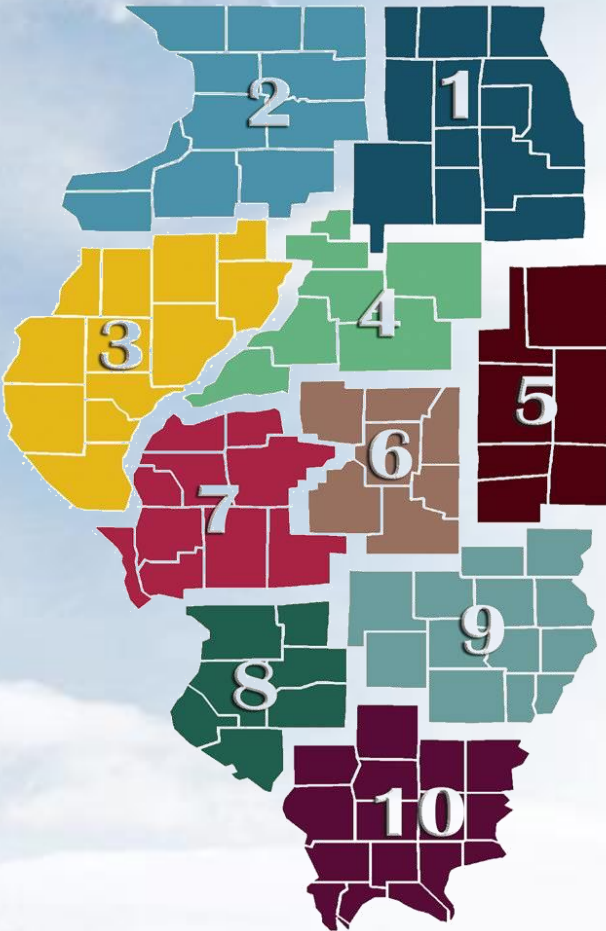
| | <u>Highest Returning Land Class</u> | <u>CCAGR</u> |
|-----------|---|---------------|
| Region 1 | Average | 6.19% |
| Region 2 | Excellent | 7.94% |
| Region 3 | Good | 7.88% |
| Region 4 | Excellent | 7.10% |
| Region 5 | Excellent | 7.53% |
| Region 6 | Good | 8.40% |
| Region 7 | Average | 7.28% |
| Region 8 | Fair | 8.30% |
| Region 9 | Fair | 10.30% |
| Region 10 | Fair | 7.84% |

From Our Data

Perhaps an indication why institutional money often invests in second tier quality land classes.

Special Interest Stories

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



Region 4 Highlighted the pattern of 1031 exchanges by farmers and landowners looking to consolidate land holdings, and thus driving up land values, at times, in certain localities in order to build contiguous acreages.

Region 5 Highlighted Sunrise Coal Company's sale of 500 acres of surface rights in 2017 after acquiring over 20,000 acres of mineral rights in southwestern Vermilion County. This happened in November.

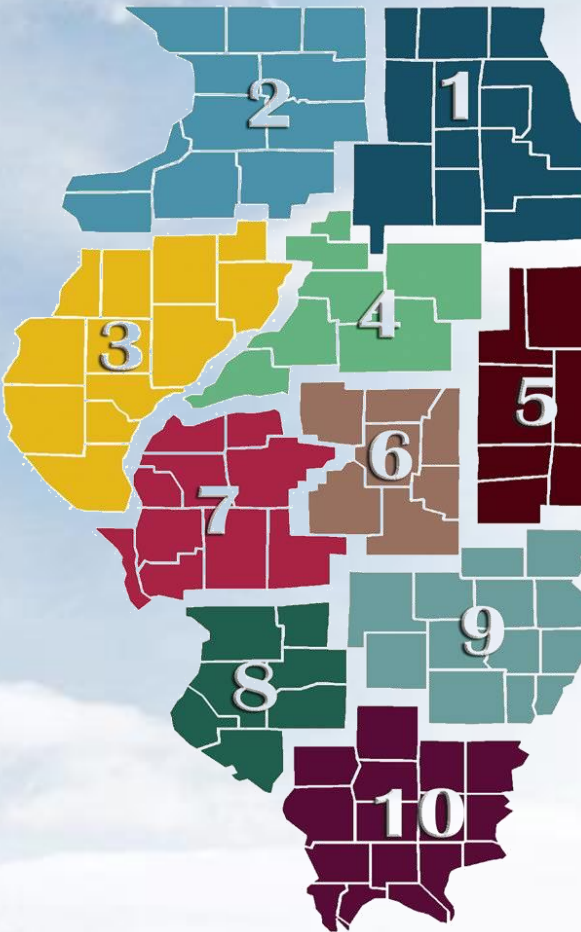
Region 6 Noted that several new wind projects have been going up in this area. While no sales were recorded yet, they plan to begin documenting those sales in this region.

Region 8 Dan Davis provides a first-hand report on the country of Cuba, and his observances.

Region 9 Highlights the challenges of a stable water supply in this area and how it is being addressed through a Water Co-operative serving 12 counties in south-central Illinois which is now the 2nd largest USDA Rural Development out of 16,000 nationwide.

2017 Lease Observations

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



Region 1

Cash rents steady, however noted an increased turnover rate as older farmers are retiring rather than continuing with same rent.

Region 2

Tenants really trying to move to more variable cash rents. Northern part of region is slower to convert. Really high property taxes pressure landowners to keep rents where they are at as their returns drop as taxes increase.

Region 3

Lower grain prices were offset by very high yields and kept rents very similar as we head into 2018.

Region 4

Leases tend to vary with the land class in this region. Several straight cash and variable cash rents remained the same.

Region 5

Noted some operators willing to relinquish the lease when no concession on rent was made by the landowner for 2018. Several old crop share leases still holding strong. Fewer custom leases.

Region 6

Tenants not giving up leases in this area and landowners unwilling to reduce rents. Lenders and tenants may have additional discussions this spring. Extremely good grain basis at Decatur may be a positive influence.

Region 7

Starting to see an increase in tenancy turnover, but less than expected. The “economic rent” and the “market rent” are different.

Region 8

Still many 33%/66% or 40/60 leases, or variable cash rents based on these ratios. Bonus rents were triggered in 2017. Still seeing aggressive cash rent bids in areas of Region 8.

Region 9

Cash rents generally down 10% from 2017 as we head into 2018 here.



Here is the good stuff - -

First hand observations from across the great state of Illinois!

What will 2018 grain prices be?

#1 Concern of our professionals:

**– Falling commodity prices
(83% 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 2018. Crop insurance is an important safety net. We recently maintained 2017 prices with 2018's spring prices of \$3.96 for corn and \$10.16 for soybeans. In general, the earnings outlook for 2018 is similar to last year.



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

Agriculture's Profits – We are burning through the cash generated from the multiple years of agricultural economic prosperity for some farmers. That cash gets redirected into land purchases, debt service and aggressive cash rents. While stabilizing from its downward progression, it is starting to sort out opportunities for efficient managers! Some farmers may need to reduce long-term debt. Sale-leasebacks starting to occur. Certain local regions have been more profitable or are more owner/operated land and this leads to stronger farmland values in those areas!





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 2.5-3.0 percent range. Investors find this acceptable in an unpredictable general economy.

| Prime Class A Farmland cost- late 2017 | \$10,700 |
|---|-----------------|
| 2018 Rent @ 99.8% tillable | \$325 |
| Real Estate Taxes & Liability Insurance | -\$ 54 |
| Repairs, Soil Fertility Tests | <u>-\$ 4</u> |
| Net Income/Acre | \$267 |
| Cash Return on Investment | 2.5% |





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

- ▼ ***Alternative Investments*** – As farmland's performance levels off - - the competition from other financial assets is enhanced. A weaker U.S. dollar helps us on a world market and rising interest rates signal that the game is changing. Some rebalancing of assets due to other investments increasing substantially is circling back to commodities and land. If inflationary pressure is anticipated-farmland becomes attractive. Land is seen as a safe-haven investment in this environment!



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 monetary policy reasons to continue raising interest rates to temper inflationary pressure.

Farmer operating loan rates are similar now to those seen in early 2012.





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)

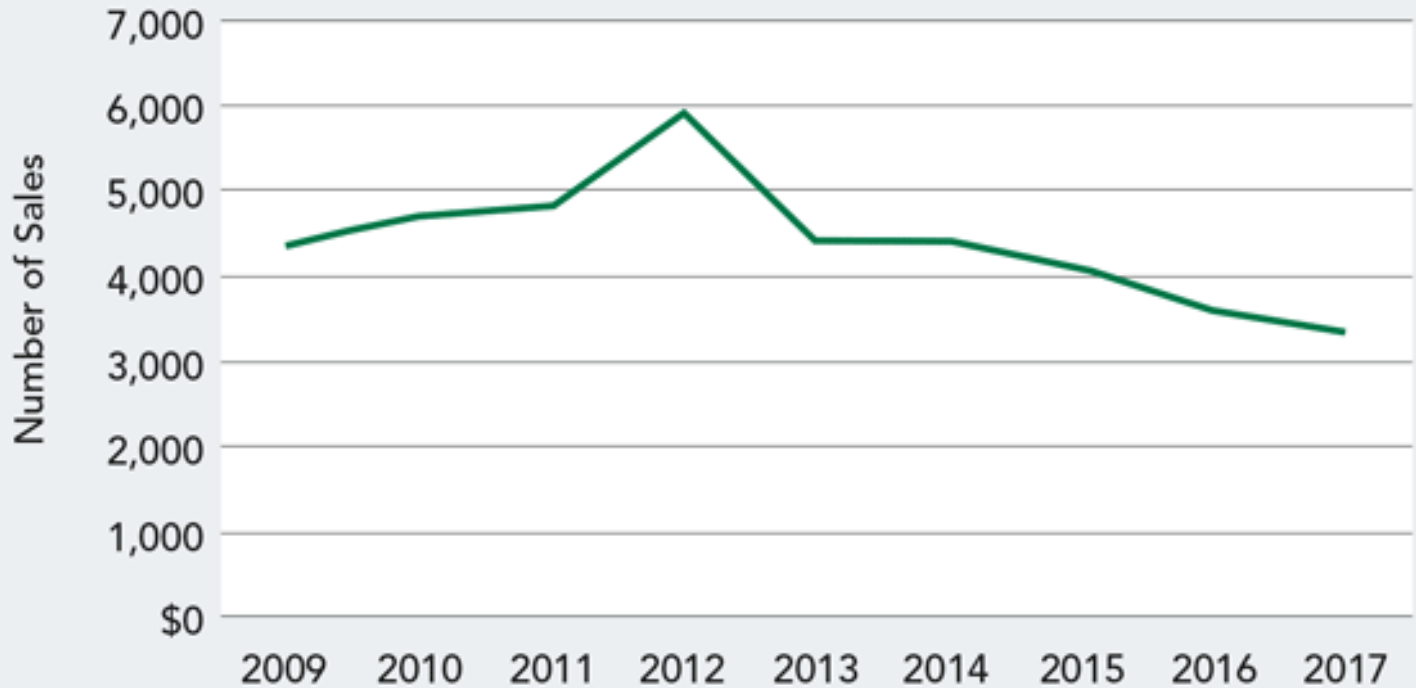
- ▼ **Farmland Availability** – In general, the supply of the highest quality farmland was tight most of the year which helped to keep overall land values stable. That tract near you never comes up a second time! We are still seeing that impact in many areas across the state! When is the **time to buy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

When it is available and for sale!!





Farm Sales Volume Continues to Decline



Source: Farm Credit Service of America; Frontier Farm Credit



Iowa, Nebraska, Dakotas,
Eastern Kansas & Wyoming



2018- Still strong sales on Prime Land!

- Jan. 22nd – 281.23 Acres Shelby/Coles Co. Avg. \$11,455/acre (high of \$12,250)
- Jan. 12th – 40 Acres Warren Co. \$11,021/acre Avg. on 351.5 Ac. (\$13,550 high)
- Feb. 20th – 222 Acres Sangamon Co. @ \$13,000/ac. & 621. Acres in Edgar & Douglas Co. Averaged \$10,886/acre
- Feb. 22th – 40 Acres Douglas Co. \$13,700/ac
- Feb. 27th – 80 Ac. Macon Co. @ \$12,200/ac.

This is just a little lower than 1st Qtr. 2017 numbers.





2018 – Notable Auction “No sales”

- January 25th – 237 Ac. LaSalle Co
- February 8th – 160 Ac. in Livingston Co.
- February 26th – 147 Ac. in Logan Co.
- March 6th – 73 of 240 Ac. in McLean Co.
- March 8th – 90 Ac. in Douglas Co.
- March 13th – 240 Ac. in McLean Co.
- - All had lower soil quality PI, lower percentage tillable or access issues. A few more noted than last year?





Moderating Expectations

- January 16th – 392 Ac. McLean County with wind turbines averages: \$8,557/acre
 - Average PI: 129.1 Average % tillable: 98.2%
- January 31st – 92 Ac. in Douglas County brings \$10,200/acre
 - Average PI: 130.5 Average % tillable: 96.2%
- Feb. 8th – 752.54 Ac. Kankakee Co. averages: \$6,046/acre
 - Average PI: 115.7 Average % tillable: 83.7%
- Feb. 14th – 494 Ac. Champaign Co. averages: \$6,878/acre.
 - Average PI: 128.2 Average % tillable: 97.3%
- Feb. 26th – 471 Ac. Pike Co. averages: \$9,395/acre
 - Average PI: 124.4 Average % tillable: 97.8%





1st Quarter 2018

As we index the sales prices in the first quarter of 2018 on arms-length public sales, as compared to 2017's last half of the year, we see an average price decrease of ~3% with slightly lower soil productivity, 20% larger tract sizes and 1% higher percentage tillable, on average.

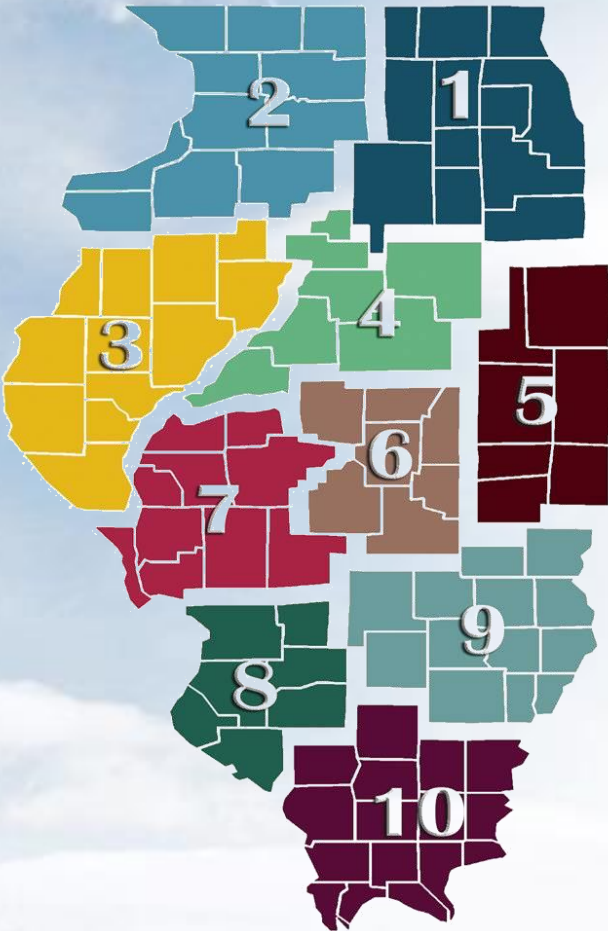
*with 8 days remaining in 1st Qtr.



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

Dr. Gary Schnitkey

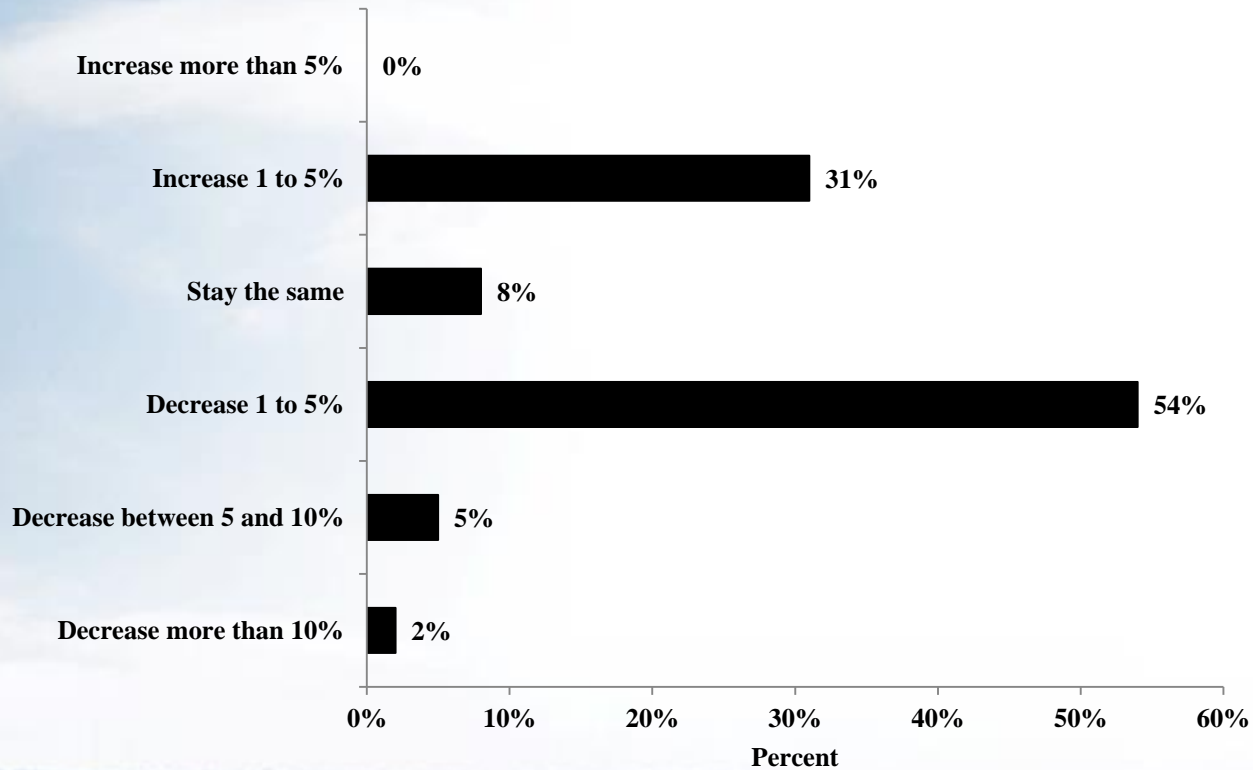
- Surveys of individuals knowledgeable about the farmland and farmland rental markets
- Land Survey
 - Prices and returns decline in 2017.
- Lease Survey
 - Cash rents projected very slight decreases again for 2018. Definitely starting to **level out**.

Member Survey of Farmland Prices

| Land Quality | <u>Jan 1, 2017</u> | <u>Dec 31, 2017</u> | <u>Change</u> |
|---------------------|---------------------------|----------------------------|----------------------|
| Excellent | \$11,000 | \$10,600 | -4% |
| Good | \$9,600 | \$9,100 | -5% |
| Average | \$7,900 | \$7,600 | -4% |
| Fair | \$5,900 | \$5,800 | -2% |

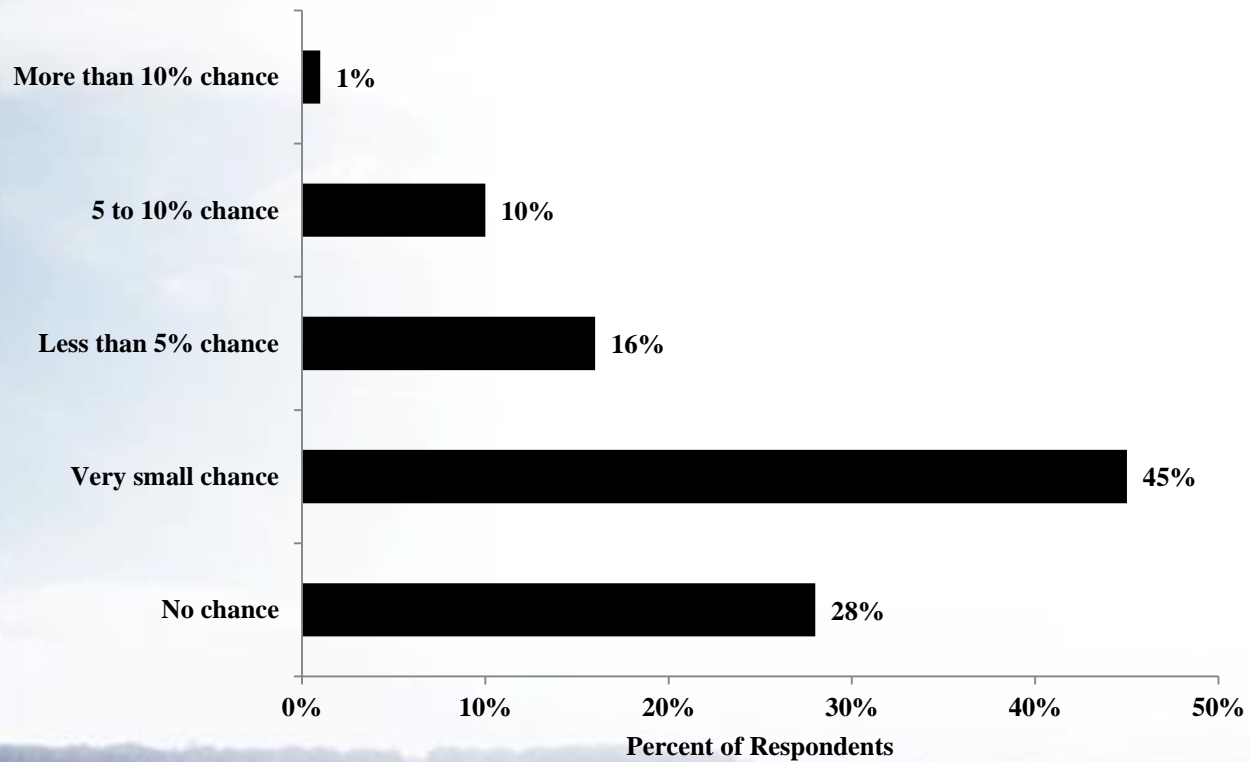
What will Happen to Farmland Prices in 2018?

Figure 1. Expectations of Price Changes in 2018



Odds of a 20% or Greater Price Decline

Figure 2. Chance of a 20% Farmland Price Decline in 2018, Percent of Respondents by Chance Category.





Most Likely Factors Leading to a Farmland Price Decline

| | Percent of Respondents |
|---|------------------------|
| Falling commodity prices because of good 2018 growing conditions in the United States | 45% |
| Increases in interest rates | 32% |
| Elimination of ethanol mandates | 12% |
| Reduction in commodity demand because of slowing China growth | 3% |



Most Likely Factors Leading to a Farmland Price Increase

| | Percent of Respondents |
|--|------------------------|
| Increase commodity prices because of poor 2017 growing conditions in the United States | 36% |
| A 2018 drought causes low yields | 16% |
| High yield leading to high incomes | 13% |
| Good economic growth in the United States | 10% |

Buyers and Sellers

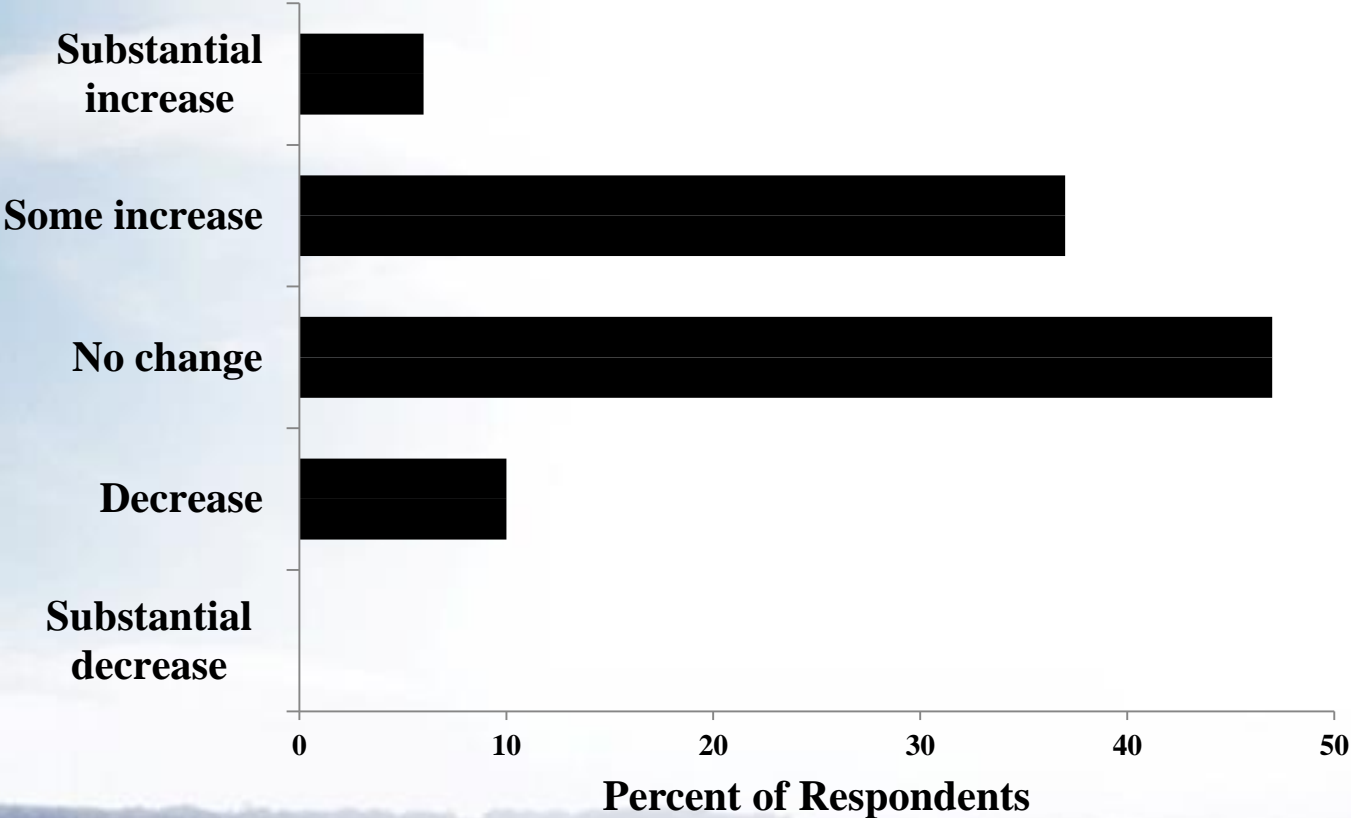
- Buyers: Local farmers 62%, Local investors 13%, Non-local Investors 10%, Institutions 6%,
- Sellers: Estate sales 52%, Retired farmers 15%, Individual Investors 11%, Active Farmers 11%, Institutions 7%. (no change except active farmers +2%)
- Reasons for Selling: Settle estates 53%, Received a good price 17%, Rebalance portfolio 13%.

Method of Selling Farmland

Method of Selling Farmland, 2017

| | | | |
|-------------------------|-----|----------|--|
| Sealed bid | 5% | | |
| Multi-parcel auction | 11% | | |
| Public auction | 35% | (down 4) | |
| Private treaty | 49% | (up 5) | |
| | | | |

Change in Volume, Last Half 2016 to 2017



Incomes from Alternative Lease Types, 2017 versus 2016

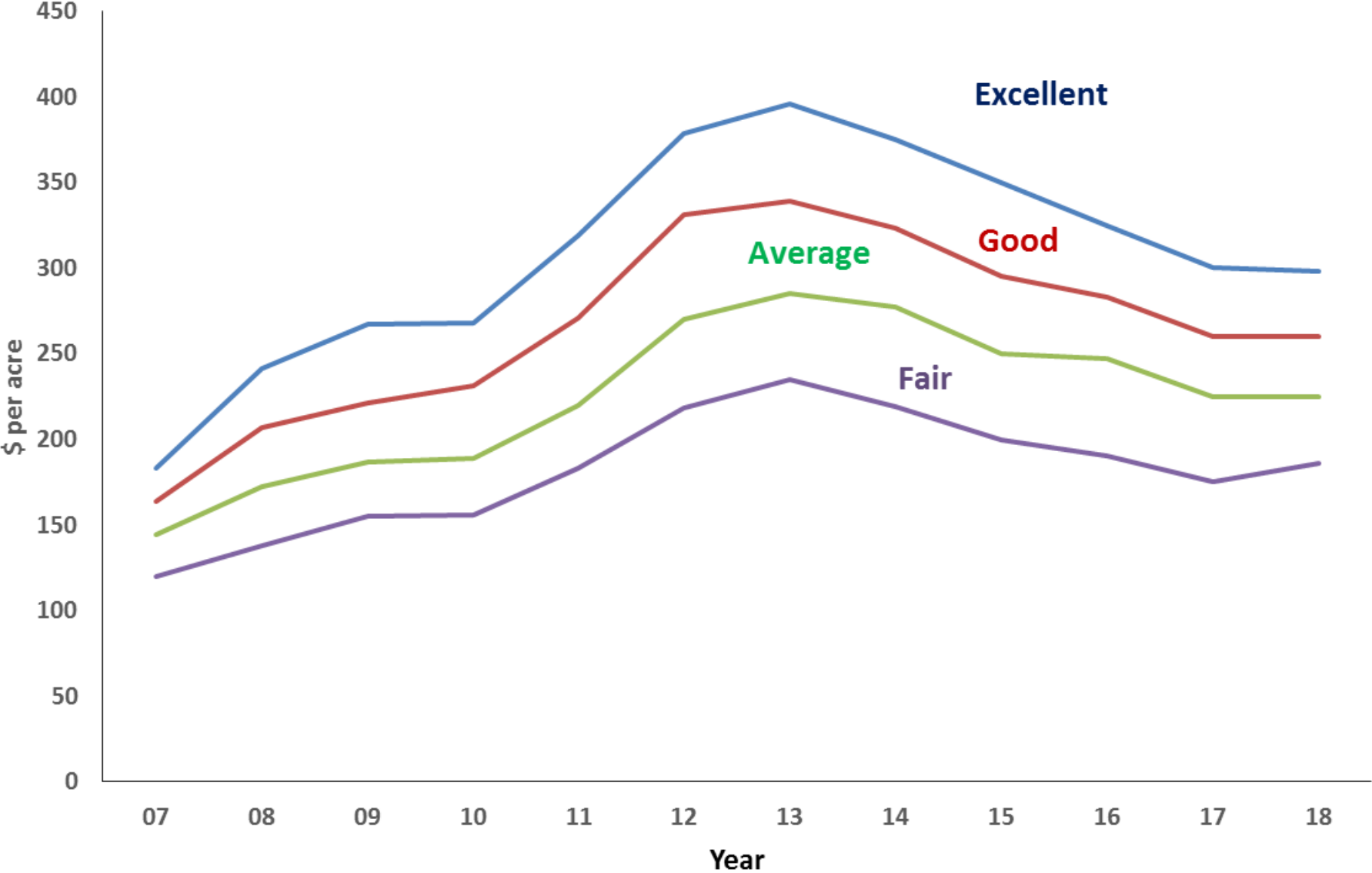
Table 1. Per Acre Farm Incomes that Landlords Receive for Different Lease Types and Land Qualities, 2017.

| 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 | 193 | 159 | 132 | 103 |
| Cash rent | 230 | 212 | 180 | 140 |
| Custom farming | 253 | 210 | 178 | 140 |

2016

2017

Change in Cash Rents





Biggest Decreases in Lease Type Returns involve Crop Participation!

Table 2. 2017 Incomes Minus 2016 Incomes.

| Lease type | Land Quality | | | |
|------------------------|-------------------------|------|---------|------|
| | Excellent | Good | Average | Fair |
| | ----- \$ per acre ----- | | | |
| Traditional crop share | -7 | -1 | -13 | -22 |
| Cash rent | -20 | -13 | 0 | 0 |
| Custom farming | +18 | +10 | +23 | +15 |



2018 Projected Cash Rents, By Professional Farm Managers

| Land Quality - Category | Excellent | Good | Average | Fair |
|--|------------------|--------------|----------------|-------------|
| | | --Per acre-- | | |
| High 1/3 | \$317 | \$276 | \$237 | \$201 |
| Mid 1/3 | \$298 | \$260 | \$225 | \$186 |
| Low 1/3 | \$258 | \$223 | \$188 | \$151 |



Farmers Unwilling to Pay 2018 Cash Rent

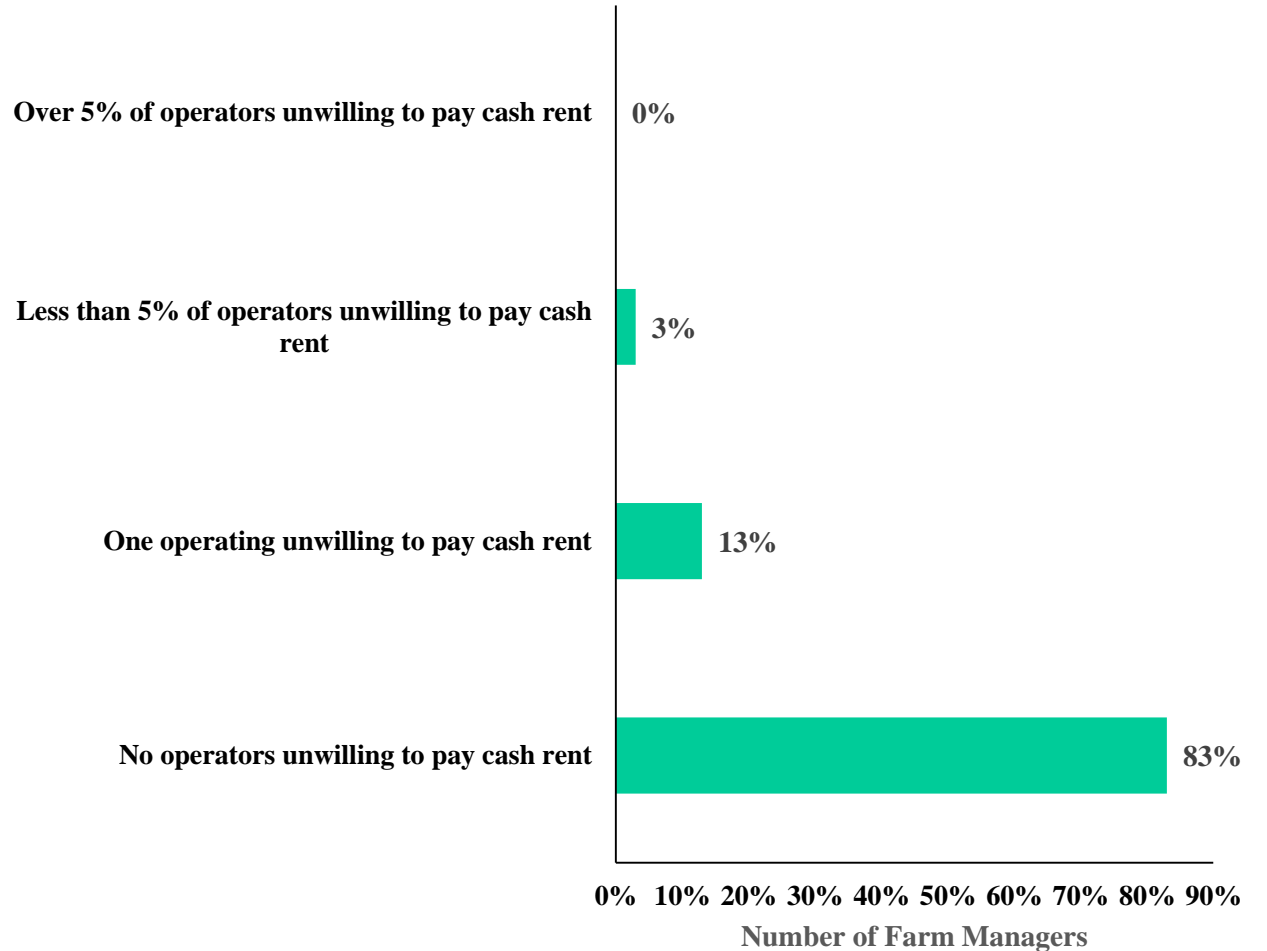


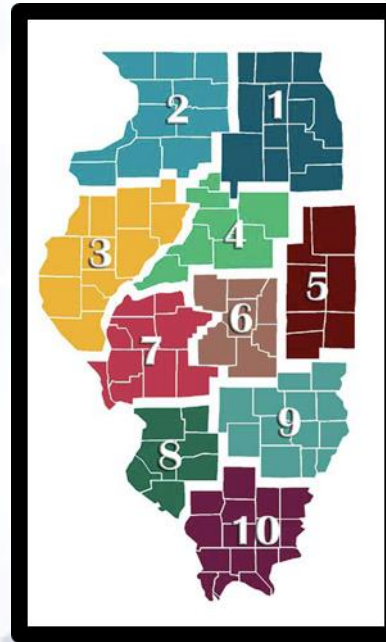


Figure 2. Expectations of Cash Rents Change in 2019 from 2018 Levels if Expected Corn Prices are Near \$3.50 per Bushel.





Thank You and Questions





Additional Slides to help tell the story





| <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 |
| 2017 | 7,825 | 85.4 | 120.0 | 864 |
| Averages/Total | 6,689 | 103.3 | 123.6 | 10,787 |





Impact of Soil PI on Data

