

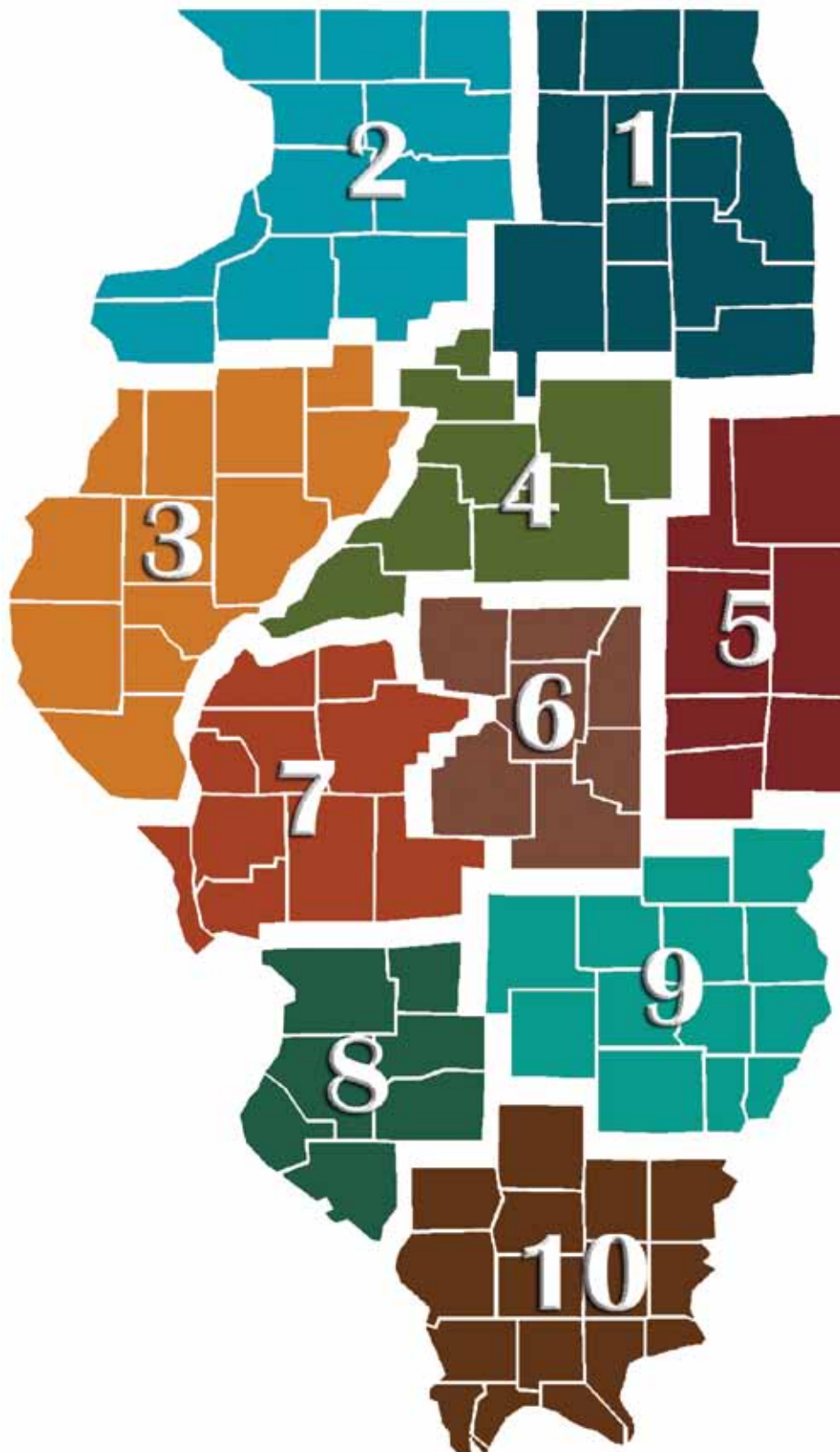
2018 Illinois Land Values and Lease Trends

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





Region Map



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

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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!

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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.

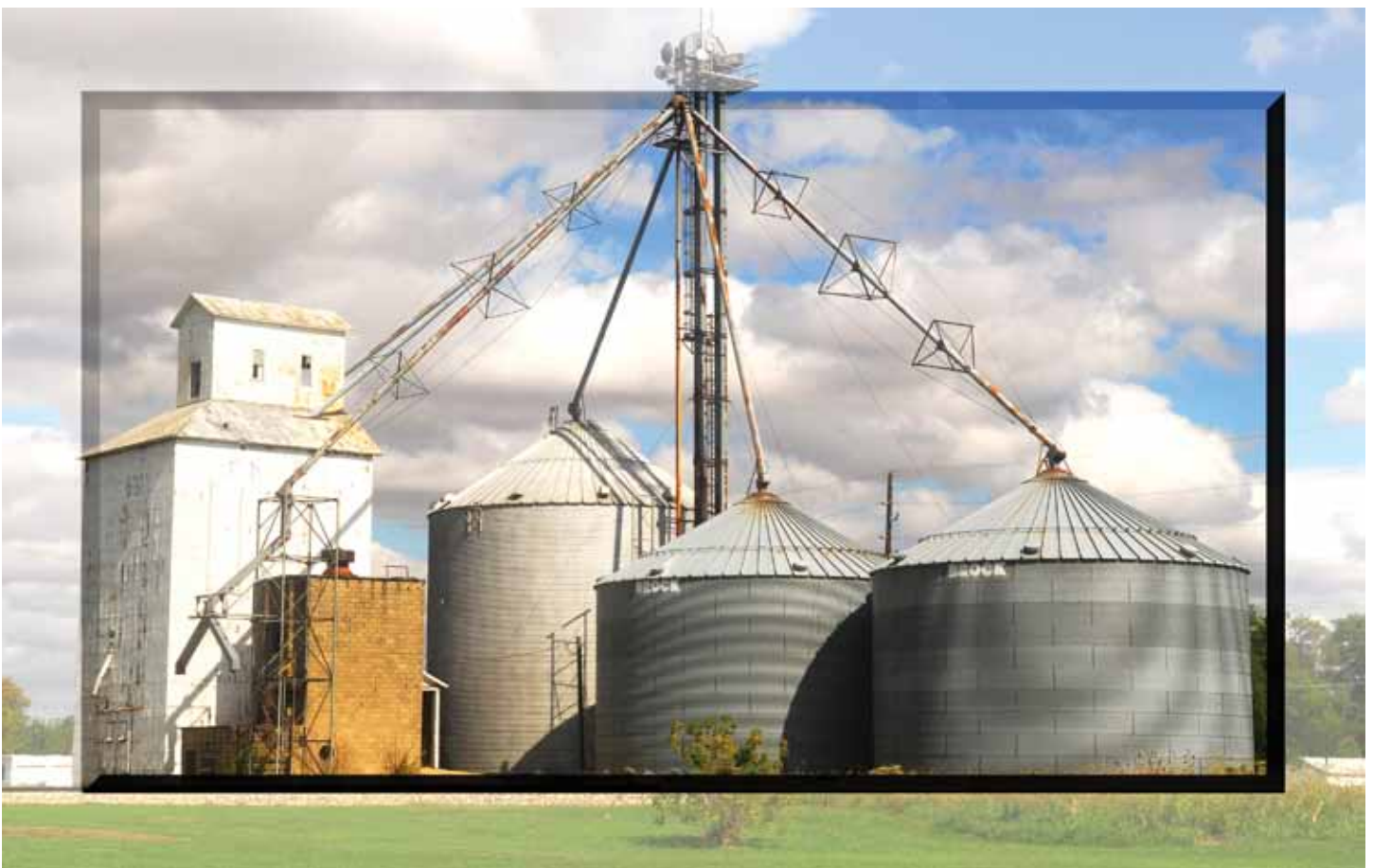


Table of Contents

Region Map	3
ISPFMRA President’s Message	6
2018 ISPFMRA Board of Directors	7
It Takes a Team	8
Highlights - Illinois Farmland Values and Lease Trends	10
Farm Property Classifications and Definitions	17
Region 1 – Northeast	19
Region 2 – Northwest.	27
Region 3 – Western.	35
Region 4 – North Central	41
Region 5 – Eastern	51
Region 6 – Central	61
Region 7 – West Central	71
Region 8 – Southwest	80
Region 9 – Southeast	89
Region 10 – Southern	97
Multiple Factors Impacting Land Prices	104
Cash Rent Rates Remaining Steady	108
Wind Energy and Farmland Values	111
Commercial Sponsors	116
Index of Advertisers.	117
Illinois Productivity Index Map	119

ISPFMRA President's Message



Dan Legner, ARA

President

Illinois Society of
Professional Farm Managers
and Rural Appraisers

This year's annual survey is the 23rd edition of the *Farmland Values and Lease Trends Report*, issued by the Illinois Society of Professional Farm Managers & Rural Appraisers. This information was introduced at our March 22, 2018, Land Values Conference in Bloomington.

The Illinois Society recently celebrated its 90th anniversary in Champaign, IL. It is an honor that you place your trust in us to manage and appraise your farmland. Rest assured that our members possess the highest ethical and professional standards that you as clients can trust. We hope that you find this year's report educational and informative. Do not hesitate to call any of our professional members who can help you with your farm management or land appraisal needs.

This publication would not be possible without the financial support of our loyal advertisers. We greatly appreciate and thank them for their support over the years. Please support them in the use of their products or services.

The other group of individuals who make this project a success are our data collection team and academic members. Individuals from across the state volunteer to collect information on land sales from throughout our 10 geographical regions. Under the direction of Dave Klein and Dale Aupperle, these professionals help to collect all of the sales and lease data that goes into this report. Dr. Bruce Sherrick and Dr. Gary Schnitkey, from the University of Illinois, have helped us over the years compile and analyze the data. A special thanks also to all of the ISPFMRA members and members of the Illinois Chapter of Realtors Land Institute who helped in gathering of the data.

It's a great time to be involved in agriculture. Illinois is blessed with a rich and diverse land base. We hope you find the information on the following pages of interest.

If you have any questions regarding a particular region of the state, feel free to contact the Regional chairs, they would be happy to visit with you. Members and information can be found on our website, www.ispfmra.org.

Thank you for your support.

A handwritten signature in dark ink, appearing to read "Dan Legner". The signature is fluid and cursive, with a large, stylized "D" and "L".

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Illinois Farmland Values and Lease Trends

By David E. Klein, AFM, ALC
General Chairman, 2018 Illinois Farmland Values Survey & Conference

2017 brought continued challenges for Illinois agriculture with increasing grain supplies and wide price variation as a result of the most productive back to back growing seasons ever recorded. Most farm incomes continued their retracement from recent historical highs with only the high production levels keeping farmers profitable. As we begin 2018, 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 in Illinois and other Midwestern states.

Our team of professionals from across the state has provided detailed information that we're sure you will find interesting within this *2018 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 pitch 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.

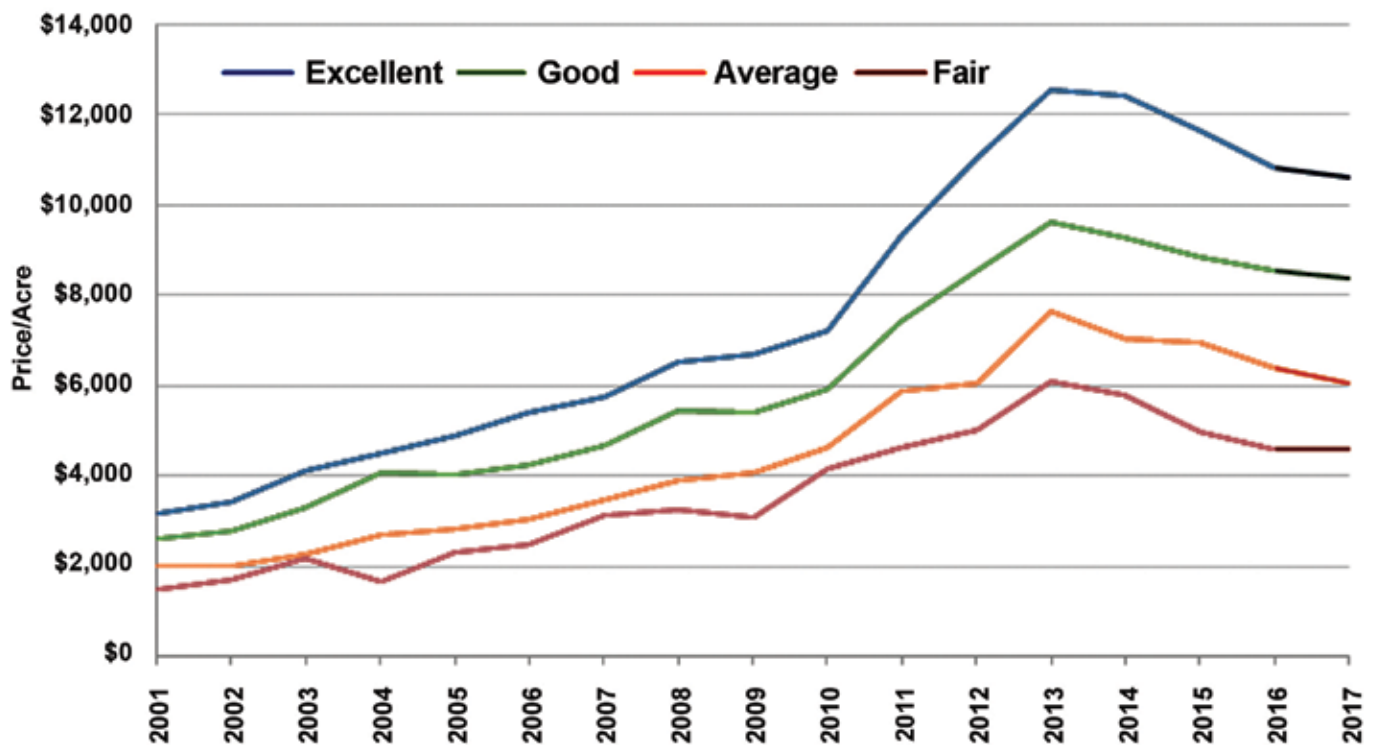
• **Realtors Land Institute** The members of the Illinois Farm and Land Chapter of the Realtors Land Institute are experts who work in the farm real estate market across Illinois every day. They know the market as well as anyone. A special thanks goes to Executive Officer Jill Bernahl, who coordinates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

2018 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 2017 data shows the excellent quality farmland in each region of the state has exhibited a moderating trend in land values and cash rents.

Region	Excellent Quality 2017 Farmland Values	Cash Rent
	December 31, 2017	(from December 31, 2017 into 2018)
Northern Illinois (Regions 1&2)	\$10,500-\$11,000 per ac. (Down 1-2%)	\$295-325 per ac. (Steady)
Central Illinois (Regions 3,4,5,6 & 7)	\$10,350-\$11,125 per ac. (Flat to -5%)	\$300-350 per ac. (Steady)
Southern Illinois (Regions 8,9,10)	\$8,000-10,885 per ac. (Flat)	\$160-325 per ac. (Steady)

All Regions: Land Values Summary by Class



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

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,184	2,628	2,025	1,473	1,576	8,968
2002	3,427	2,801	2,012	1,686	1,373	12,148
2003	4,133	3,287	2,286	2,170	1,610	13,953
2004	4,491	4,057	2,696	1,677	2,270	18,139
2005	4,890	4,035	2,843	2,315	2,445	18,453
2006	5,403	4,246	3,058	2,493	2,442	23,918
2007	5,735	4,681	3,474	3,111	3,100	28,849
2008	6,508	5,459	3,903	3,267	3,729	19,206
2009	6,704	5,401	4,061	3,063	2,993	15,209
2010	7,195	5,909	4,624	4,146	3,321	11,636
2011	9,309	7,433	5,865	4,614	3,251	11,667
2012	11,043	8,555	6,055	5,036	3,413	12,595
2013	12,538	9,606	7,648	6,079	3,662	16,955
2014	12,435	9,271	7,024	5,813	3,925	19,795
2015	11,653	8,837	6,951	4,962	3,558	13,680
2016	10,850	8,536	6,389	4,607	3,636	21,574
2017	10,606	8,389	6,057	4,604	3,420	17,677

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.06	9.00	9.17	11.50	8.28	2.89
2010-2017	5.54	5.01	3.85	1.50	0.42	5.97
2001-2017	7.52	7.25	6.85	7.12	4.84	4.24
2005-2017	6.45	6.10	6.30	5.73	2.80	-0.36
2010-2017	5.5	5.0	3.9	1.5	0.4	6.0
2016-2017	-2.3	-1.7	-5.3	-0.1	-6.1	-19.9

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

Median Value of Reported Sales by Year and Class*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,169	2,650	2,000	1,508	1,349	4,850
2002	3,302	2,700	1,950	1,650	1,300	6,400
2003	3,673	3,000	2,121	2,300	1,389	11,143
2004	4,325	3,818	2,400	1,670	1,760	14,226
2005	4,647	3,870	2,768	2,250	2,126	14,000
2006	5,000	3,793	2,825	2,046	2,113	14,480
2007	5,481	4,572	3,250	3,000	2,453	20,000
2008	6,500	5,252	3,779	3,000	3,000	13,110
2009	6,669	5,467	4,000	2,807	2,789	11,548
2010	7,200	5,700	4,575	4,025	3,072	10,100
2011	9,325	7,283	5,905	4,468	3,097	12,000
2012	11,000	8,600	6,000	4,500	3,058	12,325
2013	12,500	9,473	7,425	5,510	3,300	12,850
2014	12,300	9,150	6,912	5,605	4,000	15,157
2015	11,500	8,800	6,882	4,500	3,464	13,263
2016	10,900	8,500	6,311	4,812	3,424	13,265
2017	10,500	8,249	6,200	4,503	3,363	13,483

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.12	8.51	9.19	10.91	9.14	8.15
2010-2017	5.39	5.28	4.34	1.60	1.30	4.13
2001-2017	7.49	7.10	7.07	6.84	5.71	6.39
2005-2017	6.79	6.31	6.72	5.78	3.82	-0.31
2010-2017	5.4	5.3	4.3	1.6	1.3	4.1
2016-2017	-3.7	-3.0	-1.8	-6.6	-1.8	1.6

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

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Counts of Reported Sales by Year and Class

--- Category ---						
Year	Excellent	Good	Average	Fair	Rec.	Trans.
2001	68	75	102	29	42	41
2002	95	86	131	22	45	58
2003	103	118	157	25	71	64
2004	116	119	64	12	38	43
2005	298	135	120	21	106	67
2006	236	157	102	18	75	56
2007	229	175	149	25	84	96
2008	197	185	190	60	105	44
2009	232	212	164	62	101	34
2010	232	271	152	43	78	25
2011	222	186	105	37	87	11
2012	338	322	300	91	158	22
2013	257	217	166	43	95	23
2014	237	265	240	111	125	16
2015	321	287	254	115	182	25
2016	295	232	200	95	177	31
2017	249	248	241	126	182	37

Percentage Change of Average by Period

--- Category ---						
Year	Excellent	Good	Average	Fair	Rec.	Trans.
2001 - 2002	7.4	6.4	-0.7	13.5	-13.8	30.3
2002 - 2003	18.7	16.0	12.8	25.2	15.9	13.9
2003 - 2004	8.3	21.1	16.5	-25.8	34.4	26.2
2004 - 2005	8.5	-0.5	5.3	32.2	7.4	1.7
2005 - 2006	10.0	5.1	7.3	7.4	-0.1	25.9
2006 - 2007	6.0	9.8	12.8	22.1	23.9	18.7
2007 - 2008	12.6	15.4	11.7	4.9	18.5	-40.7
2008 - 2009	3.0	-1.1	4.0	-6.4	-22.0	-23.3
2009 - 2010	7.1	9.0	13.0	30.3	10.4	-26.8
2010 - 2011	25.8	22.9	23.8	10.7	-2.1	0.3
2011 - 2012	17.1	14.1	3.2	8.8	4.9	7.7
2012 - 2013	12.7	11.6	23.4	18.8	7.0	29.7
2013 - 2014	-0.8	-3.6	-8.5	-4.5	7.0	15.5
2014 - 2015	-6.5	-4.8	-1.1	-15.8	-9.8	-36.9
2015 - 2016	-7.1	-3.5	-8.4	-7.4	2.2	45.6
2016 - 2017	-2.3	-1.7	-5.3	-0.1	-6.1	-19.9
Ave 2001-2017	7.52	7.25	6.85	7.12	4.84	4.24

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	16.7	13.5	23.3	27.8	13.8	19.9
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In our year-end survey – we see what appraisers and farmland real estate brokers believe they are seeing.

Estimates of Land Price, Beginning and Ending of 2017.

Productivity	Date		Percent Change
	January 1, 2017	December 31, 2017	
	\$ per acre		
Excellent	11,000	10,600	-3%
Good	9,600	9,100	-5%
Average	7,900	7,600	-4%
Fair	5,900	5,800	-2%

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

ISPFMRA and RLI Members monitor the pulse of the Illinois farmland market every day. Dr. 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 52 percent of the volume of Illinois farmland sold. This is statistically the same for several years and an indication of a healthy farmland market. Active farmer selling was estimated at 11 percent, which is 8 percent higher than the 3 percent estimated in 2012 when farmland values were nearing their peak. Maybe a few more farmer-leaseback sales lately than we experienced five-plus years ago.

- **Buyers of Farmland** -- Farmers accounted for 62 percent of the purchases made in 2017. Most were reinvesting into their farm business – where they know the value as well as anyone! When farmers step 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 2017 than any other method, a continued trend from past years. This signals more negotiating was occurring as buyers attempt to minimize downside price risk. Thirty-five percent of the transactions were estimated to be at auction, down about 5 percent from last year. In an uncertain market auctions can bring decision makers together quickly! As a result, we continued to see some “no sales” occurring at auction. But areas of tightly held land, such as western Sangamon, Morgan, Ogle and Woodford Counties, continued to sell prime farmland at near record levels.

- **Cash Rents** -- Generally speaking, farm incomes were lower in 2017 with additional challenges anticipated in 2018. Frequently crop share leases turn over to at least a modified cash rent lease when land is bought and sold. Cash rents for 2017 declined by roughly \$25 per acre to a \$325 average on excellent quality farmland. Most ISPFMRA members expect

2018 cash rents on excellent quality soil farms to be near that same level or slightly less. Landowners have been resistant to move much lower. In pockets of Illinois with narrow cash grain basis, open market rental of farmland continues to be strong.

• **Net Farm Income** -- While 2017 provided continued challenges, higher soybean prices and great production for both corn and soybeans will keep farm incomes within range of previous years. Government Program payments provided many producers with a nominal amount of additional cash flow in the last quarter of 2017, but not in all counties. Spring crop insurance prices for soybeans and corn will also be similar in 2018 as compared to 2017. This offers some similar revenue protection for 2018. 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 percent 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 percent range. Several investors still find this acceptable when looking at alternatives and the opportunity for portfolio diversification. Will this continue if interest rates rise and farmland returns remain the same?



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General Concerns

Growing grain inventories -- 83 percent of our respondents are concerned about potential price decreases if another record U.S. crop is grown in 2018.

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 73 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 56 percent of our surveyed members.

All three of these categories were slightly higher than 2017's survey.

- **Dollar Exchange Rate** -- Other worldwide currencies were devalued in the latter part of 2015 and early 2016 which made investment in anything US, less attractive. The dollar has since pulled back some and this is helping our attractiveness on the world market.

- **Auction Sales** -- Auction sales continue to show pockets of strength and relative softness. Class A Farms selling in Woodford County for \$13,700-\$15,800, in Marshall County for \$12,500-\$13,800 or Sangamon County for \$12,650-\$14,700 per acre, late in 2017 show strength still exists in areas. It takes a tight supply and at least two motivated buyers to make a good auction!

- **Tract Sizes** -- Tract sizes were generally smaller in 2017 than 2016. This may have also contributed to some of the price stabilization as more buyers have the capacity to purchase smaller parcels of farmland at current prices.

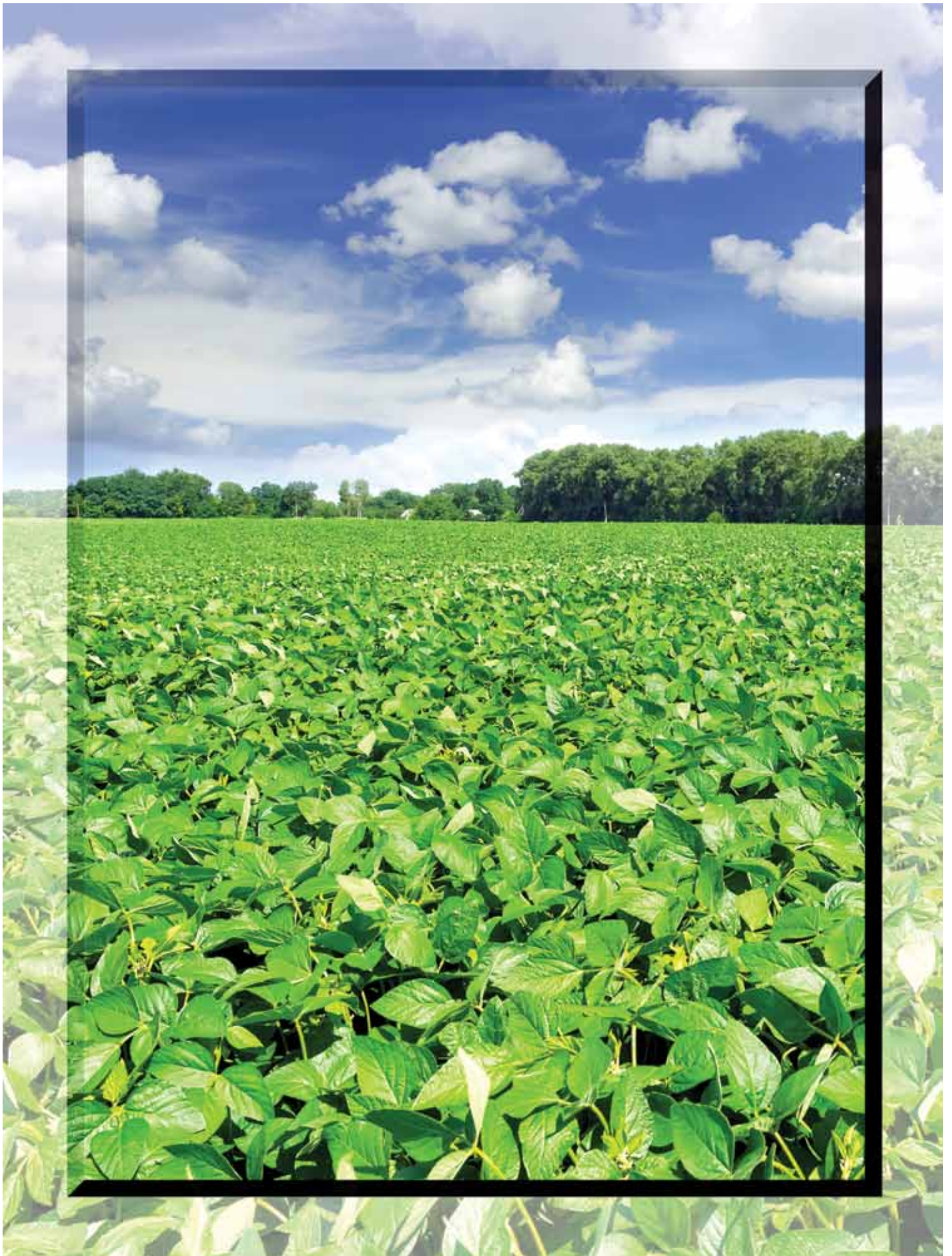
- **Transitional/Development Land** -- Very few tracts of land continue to be sold for development. While new construction activity is slowly picking up in the collar counties, many are in existing subdivision developments that were started 8-10 years ago. As a result, very little 1031 tax deferred exchange money exists in the current market. When those buyers were present, they definitely helped absorb supply.

- **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 2017 until year end when the seasonal increase occurred in November and December. 57 percent believed there was either the same volume or less farmland available to purchase in 2017, **while 43 percent thought there was at least some increase in supply.** At this time, most of our membership expects 2018 to see a slightly larger supply come to the market.

In Summary:

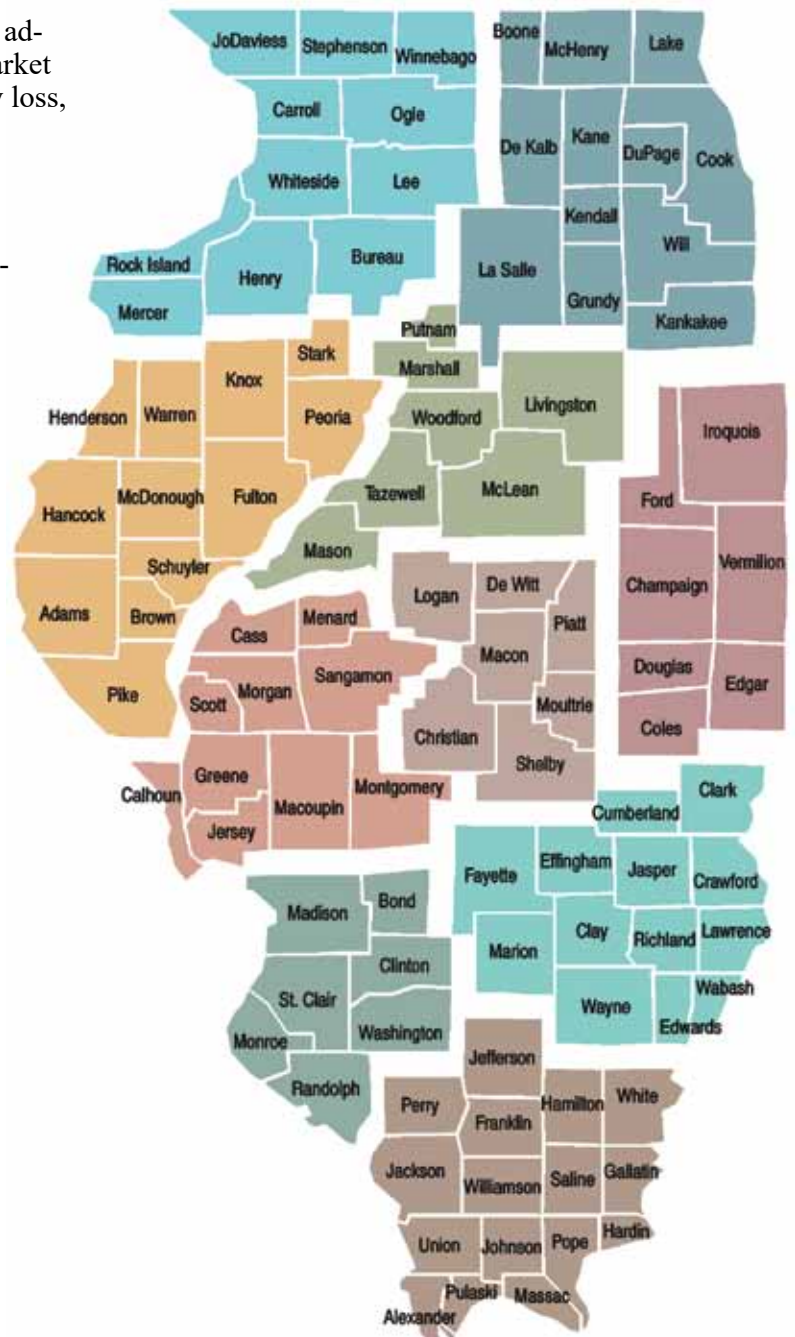
2017 provided us with wonderful production, but challenging economics. We anticipate the same as we enter 2018. Record grain harvests the past three years for our main crops led to continued pressure on corn prices. Improved demand has buoyed soybean prices and made it the profitable crop. Farm incomes and farmland values are adjusting but there 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 in most areas. With continued historically low interest rates and potentially volatile equity markets, productive farmland continues to be a hard asset 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.***



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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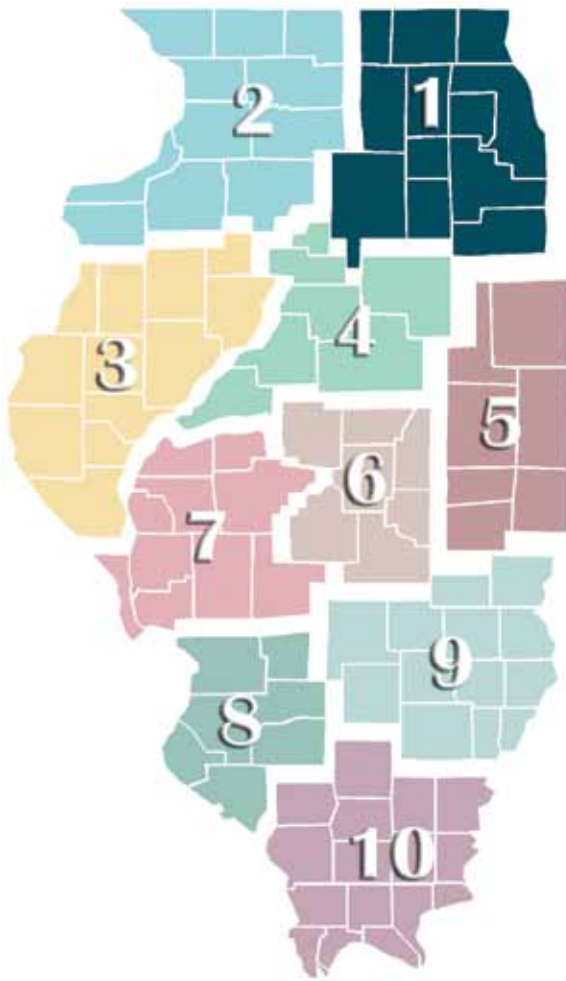
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Land Value and Cash Rent Trends Overall Summary

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 3 percent	Down 25 percent	\$300	Same	\$300
Good Productivity	8,000	Down 2 percent	Down 25 percent	250	Same	250
Average Productivity	7,000	Down 3 percent	Down 25 percent	200	Same	200

Region 1 includes Will, Kankakee, Kendall, Kane, DeKalb, Grundy, LaSalle and Boone counties. Land values were down 2-3 percent for the region while cash rents seemed steady-to-slightly-down for Average productivity tracts. The soils are typically best on the western side of the region and tend to become either heavier clay or more sandy as you go further east toward the Indiana line. The like-kind exchange, or IRS 1031, usage is down except for a few landowners selling land for industrial storage facilities and trading back to farmland. Very little land has been converted from farmland to residential as most housing starts have taken place on land developed or engineered and zoned prior to 2008. Investors seemed to be buying the best quality land while farmers seem more interested in good quality land. Crop yields in the region have been good, however marketing opportunities at levels above the cost of production were limited to a few summer weather scares.

The opportunity to ship grain overseas in empty cargo containers has increased marketing opportunities as some farmers or elevators have designed horizontal loading augers on certified scales to fill the return containers.

Excellent Productivity Tracts

Excellent quality land values were down 3 percent and the volume of sales was down 25 percent from average. Excellent quality soils are primarily found in LaSalle, DeKalb, Grundy and Kendall counties in Region 1. Corn and soybean yields in the region were better than expected, however unlike previous years, producers only had a few chances on weather scares to market their crop at values above the cost of production. Kendall and LaSalle counties were the only ones to record a handful of sales in the \$11,000 per acre range while DeKalb was in the \$10,000 range and Grundy

county excellent sales were below \$10,000. The average sales price was \$80 per productivity index for LaSalle and Kendall while closer to \$75 for DeKalb, and \$70 for Grundy County. The average was 94 percent tillable for land in the Good to Excellent soil classification. There seemed to be a higher percentage of investors purchasing this category as farmer purchases with tighter cash flows are focusing on lesser productivity categories.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeKalb	Sep	160.00	95.7	140.0	10,500
DeKalb	Sep	54.37	96.9	140.0	10,526
DeKalb	Oct	65.00	96.2	140.0	10,000
DeKalb	Sep	382.00	93.4	135.0	9,437
DeKalb	Aug	40.00	97.4	142.0	10,500
DeKalb	Jul	40.00	89.5	137.0	9,125
DeKalb	Jun	147.00	94.3	140.0	10,604
DeKalb	May	76.24	91.9	135.0	10,867
DeKalb	Apr	48.97	87.8	138.0	8,750
Boone	Jan	394.95	91.9	133.0	8,001
McHenry	Apr	55.08	88.1	138.0	9,622
McHenry	Feb	50.00	87.5	135.0	7,450
Kendall	Jul	124.63	95.1	139.0	9,801
Kendall	Jan	40.00	97.5	140.0	11,500
Grundy	Jan	92.61	91.3	140.0	9,626
Grundy	Mar	34.55	99.0	142.0	9,841
Grundy	May	35.80	97.3	139.0	9,979
LaSalle	Mar	39.77	97.5	137.0	9,947
LaSalle	Jan	39.85	95.9	143.0	11,300
LaSalle	Oct	125.67	98.8	142.0	10,188
LaSalle	Sep	65.50	98.8	144.0	10,916
Kendall	Jan	80.70	98.6	141.0	11,500

Kendall	Jan	40.00	97.5	140.0	11,500
Kendall	Jul	70.00	94.6	137.0	11,307
Kankakee	Feb	53.33	98.7	133.0	9,800
Average (acre weighted)			94.3	137.6	9,755

Good Productivity Tracts

Good quality land values were down 2 percent in 2017. Good quality land represented the largest volume of sales in region 1. The sales price per productivity index for Will, DeKalb, Kane counties was around \$68, while LaSalle, Grundy and Kendall counties dropped to \$64 per productivity index point. Sales ranged from \$7,050 per acre for 92 acres in Kankakee County to \$9,553 per acre for a small tract in Kane County. Farmers were the majority of buyers in this category. Adding nearby tracts of 80-160 acres seemed to be the best fit for farmers meeting their cash flow requirements while slowly expanding their operations.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeKalb	Oct	161.59	93.4	132.0	8,500
DeKalb	Aug	62.24	87.8	132.0	7,293
DeKalb	Jun	303.50	92.3	130.0	8,260
DeKalb	Apr	24.68	87.1	127.0	7,630
DeKalb	Feb	99.96	94.0	118.0	7,600
Boone	Sep	54.62	97.0	121.0	6,895
Boone	May	81.77	96.1	126.0	8,000
Boone	Mar	66.11	94.4	130.0	8,040
Kane	Nov	153.61	96.9	132.0	8,475
Kane	May	40.00	95.0	131.0	9,075
McHenry	Feb	29.62	89.5	129.0	8,103
Kendall	Aug	115.00	89.0	130.0	8,202
Grundy	Jan	79.85	90.2	122.0	7,487
Grundy	Apr	80.00	97.7	130.0	9,500
Grundy	May	35.00	85.9	130.0	9,000
Grundy	Jul	24.00	96.7	130.0	9,168
LaSalle	Aug	158.82	95.6	122.0	7,139
LaSalle	Jan	40.00	95.0	125.0	7,800
Kendall	Jan	109.45	98.6	119.0	6,500
Kendall	Jan	80.00	78.3	124.0	6,338
Kendall	Jun	80.00	91.2	119.0	7,344
Kendall	Aug	115.00	88.9	130.0	8,202
Kankakee	Nov	40.00	95.0	120.0	8,700
Kankakee	Aug	40.00	97.5	117.0	7,395
Kankakee	Aug	68.05	94.6	121.0	7,698
Kankakee	Jul	158.15	99.1	131.0	8,400
Kankakee	Apr	75.75	97.8	131.0	8,750
Kankakee	Mar	92.22	88.9	126.0	7,050
Kankakee	Feb	40.33	97.5	132.0	7,700
Kankakee	Feb	122.91	95.8	124.0	6,850
Kankakee	Feb	120.00	95.5	121.0	7,530
Kankakee	Feb	120.90	97.7	126.0	8,801
Will	Oct	150.00	96.0	128.0	8,713
Will	Aug	161.07	81.7	128.0	8,600
Will	Jul	76.21	94.9	118.0	7,600
Will	Jun	32.75	98.8	124.0	9,000
Will	Jun	74.54	97.6	121.0	8,100
Will	Apr	80.55	96.3	126.0	8,700
Will	Apr	80.00	96.2	125.0	8,443
Average (acre weighted)			93.6	126.3	8,008

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Average Productivity Tracts

Sales prices for Average quality soils declined 3 percent. The volume of sales of average quality land was also down 25 percent. These soil types typically have a higher percentage of clay or sand in the soil profile. This category is on average 91 percent tillable. Kankakee County had the largest volume of sales in this category. Most of these sales were small tracts and typically have a higher percentage of non-tillable land. The average sales price per productivity index was steady at \$68 per point. Kankakee County is also the furthest in the region from Illinois River terminals which increases the transportation cost for selling grain. Producers are buying crop insurance on 90 percent of their acres especially these riskier soil classifications as they are more prone to drought or flooding.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Boone	Aug	36.79	92.5	115.0	6,388
LaSalle	Oct	148.98	83.7	114.0	4,397
Grundy	Dec	68.31	88.2	105.0	5,585
Kankakee	Jun	30.62	98.1	116.0	7,054
Kankakee	Dec	157.60	93.9	111.0	6,504
Kankakee	Mar	235.79	92.5	104.0	6,040
Kankakee	Feb	41.06	98.8	116.0	7,400
Will	Feb	50.50	93.9	110.0	7,500
Will	Jan	20.34	92.2	101.0	7,866
Average (acre weighted)			91.4	109.3	6,050

Recreational Tracts

There are very few recreational sales for the region, however values seem steady. The percent tillable on these tracts averaged 45 percent which is nearly ideal as it has a combination of food and cover for wildlife. This category has the greatest variability due to factors not valued in the other soil classifications. Factors like deer and turkey numbers, timber quality, food plots, potential building sites for a cabin, well water and even internet access. Chronic Wasting Disease found in whitetail deer has been more of a problem for region 1 than any other part of the state. As a result the DNR has issued more doe deer permits in this region to intentionally reduce the herd which for hunters has been a negative.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Grundy	Mar	156.52	40.6	136.0	3,021
LaSalle	Jun	32.00	45.8	80.0	5,000
LaSalle	Sep	31.90			2,849
DeKalb	Sep	238.58	55.0	118.0	6,287
Average (acre weighted)			45.6	113.3	4,845

Transitional Tracts

Transitional tracts values seem to be steady to higher, but there are not enough sales to make a solid determination on trends. Most of the activity over the last decade has been centered near Elwood's huge intermodal facility. Sales in the \$20-40,000 per acre range are the most common for industrial warehouses. There has been little activity of bare land being converted to residential. Most of the residential building has been on previously engineered or existing developed lots. The sale of 159 acres in LaSalle County that sold for \$33,150 per acre had potential for silica sand mining that is used in oil fracking process in the Dakotas.

County	Sale Date	Total Acres	Total Price/Ac
Grundy	Sep	30.00	\$24,500
LaSalle	Sep	29.28	13,500
LaSalle	Jul	159.88	33,150
Kankakee	Oct	161.45	24,656
Will	Aug	40.00	27,500
Will	Jul	289.26	20,348
Will	Mar	32.03	10,147
Kankakee	Oct	161.45	24,656
Will	Aug	40.00	27,500
Will	Jul	289.26	20,348
Will	Mar	32.03	10,147
Average (acre weighted)			22,942

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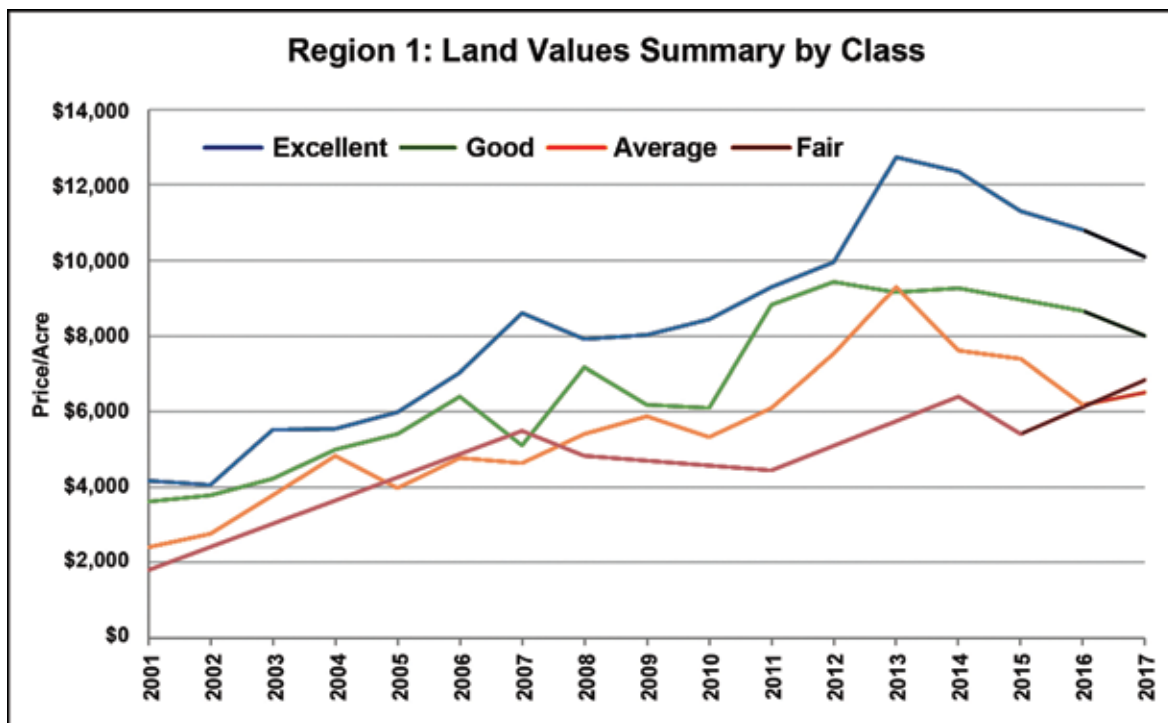


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**Average Sales Price of Completed Sales in Region
by Year and Category***

Year	--- Category ---			
	Excellent	Good	Average	Transitional
2001	4,182	3,637	2,424	6,421
2002	4,078	3,788	2,780	24,434
2003	5,513	4,241	3,782	17,313
2004	5,564	4,988	4,843	26,975
2005	5,983	5,425	3,986	24,541
2006	7,033	6,407	4,791	40,769
2007	8,597	5,125	4,651	32,502
2008	7,923	7,175	5,419	30,988
2009	8,026	6,200	5,889	24,268
2010	8,446	6,114	5,333	13,054
2011	9,289	8,819	6,113	14,469
2012	9,963	9,440	7,532	13,467
2013	12,743	9,154	9,308	25,452
2014	12,348	9,266	7,623	22,781
2015	11,309	8,968	7,403	17,914
2016	10,817	8,669	6,194	
2017	10,103	8,015	6,526	20,330

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	7.81	5.77	8.76	7.88
2010-2017	2.56	3.87	2.88	6.33
2001-2017	5.51	4.94	6.19	7.20
2005-2017	4.37	3.25	4.11	-1.57
2010-2017	2.6	3.9	2.9	6.3
2016-2017	-6.8	-7.8	5.2	

* (Note: Limited numbers of sales in some years and 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 2018 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	325	1 yr.	300	95	5		
Good Productivity	200	250	275	1 yr.	250	95	5		
Average Productivity	150	180	200	1 yr.	180	100			
Fair Productivity	100	150	170	1 yr.	125	100			

Lease Trends

Crop yields in 2017 were again above average for the region. Opportunities to sell grain at prices above the cost of production were limited to periods during a few summer weather concerns. ARC-CO payments from the government will not likely be paid in 2018 as county yields were above average. Producers continue to buy crop insurance on a large percentage of farms as their lenders require the risk coverage. Regardless, cash rents seem steady for 2018, however there did seem to be a higher turnover rate as

many older farmers have decided to retire. There has been a trend towards flexible cash rent leases, however, discussions are often complicated by who benefits from crop insurance or possible government payments.

Median Values of reported Sales by Year and Class

--- Land Class---

Year	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	
2017	10,000	8,100	6,504	22,424

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		5.56	9.07	8.92
2010-2017	2.15	4.90	3.76	6.39
2001-2017		5.27	6.75	7.82
2005-2017	4.26	3.50	4.37	1.34
2010-2017	2.2	4.9	3.8	6.4
2016-2017	-6.8	-12.7	11.5	

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



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Percentage Change of Average by Period

Year	-- Land Class --			
	Excellent	Good	Average	Transitional
2001 - 2002	-2.5	4.1	13.7	133.6
2002 - 2003	30.2	11.3	30.8	-34.5
2003 - 2004	0.9	16.2	24.7	44.3
2004 - 2005	7.3	8.4	-19.5	-9.5
2005 - 2006	16.2	16.6	18.4	50.8
2006 - 2007	20.1	-22.3	-3.0	-22.7
2007 - 2008	-8.2	33.6	15.3	-4.8
2008 - 2009	1.3	-14.6	8.3	-24.4
2009 - 2010	5.1	-1.4	-9.9	-62.0
2010 - 2011	9.5	36.6	13.6	10.3
2011 - 2012	7.0	6.8	20.9	-7.2
2012 - 2013	24.6	-3.1	21.2	63.7
2013 - 2014	-3.1	1.2	-20.0	-11.1
2014 - 2015	-8.8	-3.3	-2.9	-24.0
2015 - 2016	-4.4	-3.4	-17.8	
2016 - 2017	-6.8	-7.8	5.2	
Ave 2001-2017	5.51	4.94	6.19	

Counts by Reported Sales by Year and Class

Year	-- Land Class --			
	Excellent	Good	Average	Transitional
2001	5	8	5	7
2002	5	9	6	18
2003	30	33	14	37
2004	31	45	11	21
2005	98	33	13	40
2006	69	34	4	24
2007	5	1	6	6
2008	12	35	16	14
2009	29	31	10	9
2010	5	5	3	5
2011	7	6	6	5
2012	7	8	8	6
2013	7	10	7	5
2014	8	8	5	4
2015	10	10	6	3
2016	9	9	3	-
2017	25	39	9	10

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	23.2	16.4	35.5	22.5
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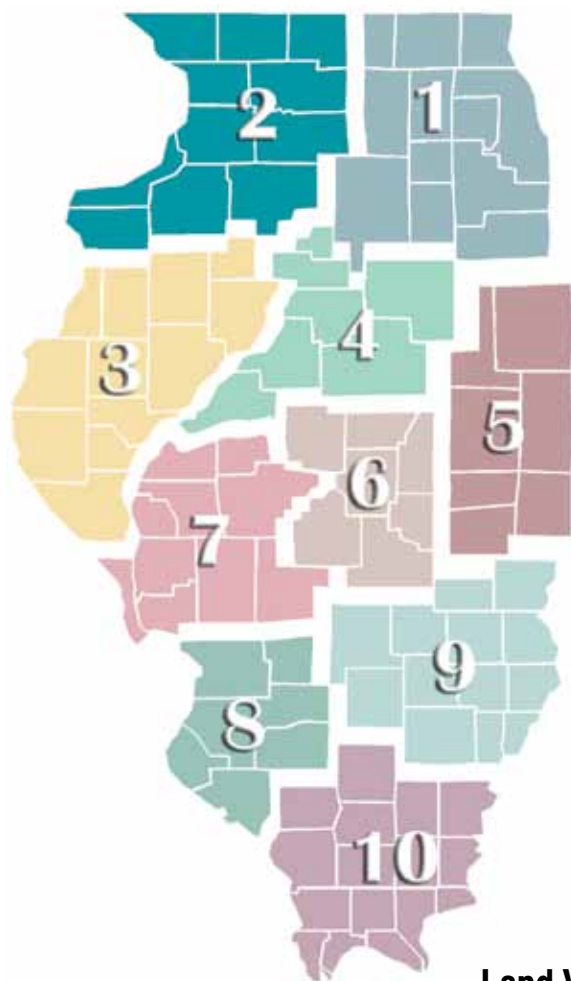
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Land Value and Cash Rent Trends Overall Summary

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	\$10,000-\$12,000	0-5 % Decline	Stable to Slight Increase	\$300-\$350	Down 5-10 %	\$270-\$320
Good Productivity	\$7000 - \$9500	0-5 % Increase	Stable to Slight Increase	\$250-\$300	Down 5-10 %	\$245-\$280
Average Productivity	\$6000 - \$7500	0-5 % Increase	Stable	\$200-\$250	Down 5-10 %	\$200-\$250
Fair Productivity	\$4500 - \$6000	Stable to Slight Increase	Stable to Slight Increase	\$200-\$250	Down 5-10 %	\$180-\$220
Recreational Land	\$4000 - \$5500	Stable	Stable to Slight Increase			

Region 2 consists of the northwest 11 counties of Illinois. The Mississippi River sets the western boundary, with the Illinois/Wisconsin boarder 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 farmland market in Region 2 experienced a moderate increase in prices across all land classes. The median price per acre of all land classes was \$8,501 in 2017 which is a 6.3 percent increase over \$8,000 per acre in 2016. The increase was not seen in all land classes with Class A farms

showing a 5.2 percent decline from the previous year. The remaining land classes showed modest increases, with the outlier being Class D farms that showed a significant increase from the previous year. Caution should be used when considering Class D farms throughout Region 2 because of the limited number of sales. Class B and C farms were fairly consistent with 6.8 percent and 7.2 percent increases in median price per acre.

In general, the market in Region 2 has stabilized. The prior three years had shown consistent declines in all land classes. This has been counterintuitive to thoughts in the marketplace when considering how commodity prices have declined over the last few years. However, when looking at 2016 and 2017 markets, the stabilization of the land market has been consistent with some of the main driv-

ers in the market place. The average March corn price on the CBOT for 2016 vs. 2017 was \$3.58 and \$3.59, interest rates in general were fairly stable to increasing over 2016 and 2017, and yields have been strong with consistency between 2016 and 2017. Additionally, the lack of supply of quality farms in this area has aided in the stable prices. When looking at how consistent these market drivers have been over the past two years it makes sense why the overall farmland market has stabilized.

Outside of any major events, it is reasonable to assume that the upside potential of the 2018 market is limited by commodity prices, expected interest rate increases and diminished cash flows. This in turn would suggest it is more likely that we will see a stable-to-declining farmland market in 2018.

Excellent Productivity Tracts

Excellent productivity farms are made up of deep prairie soils with productivity indexes ranging from 133 to 147. These farms have minimal waste acres, are easily farmed and are highly desirable by farmer buyers. We selected 35 sales in the excellent productivity category representing typical transactions for farmland sales in the 11 county region. The sales prices indicate a wide range from \$8,700 to \$14,150 with a median sale price of \$10,900. Based on the selected sales, the median sale price for 2017 compared to 2016 is down slightly, approximately 5.22 percent. De-

spite continued decreasing commodity prices, demand still remains strong for excellent farms in Region 2 with seven sales being in excess of \$12,000/acre. Excellent quality farm sales in Region 2 indicated a median value of \$74.62 per productivity point, down from 2016. Roughly a third of the sales were auction sales with mostly farmer buyers. Investors are also attracted to the excellent quality due to the rental potential, as farmers would express a great deal of interest and would consider paying higher cash rents.

Strong, private transactions also occurred in 2017. Marketing times for excellent farms has continued to be minimal, specifically in the northern portion of Region 2. Some of the lower sales prices tended to be in the southern part of the region, whereas Carroll, Ogle and Stephenson counties represent the higher sales. Overall, sale prices have decreased slightly since 2016 but more sales transactions are occurring.

Sale County	Total Date	% Acres	P/I on Tillable	\$ Total Tillable Ac	Price/Ac
Stephenson	Jan	243.10	93.4	140.0	10,496
Mercer	Dec	98.00	97.7	143.0	11,837
Lee	Dec	152.64	98.0	137.0	12,650
Lee	Dec	73.93	90.2	141.0	10,750
Henry	Nov	126.66	96.5	137.0	11,100
Ogle	Oct	76.26	97.5	141.0	11,400
Stephenson	Oct	76.33	96.2	135.0	12,050
Stephenson	Sep	38.00	99.3	136.0	12,895
Carroll	Sep	77.14	97.4	137.0	13,770
Carroll	Sep	40.00	99.0	140.0	14,150
Ogle	Aug	150.00	91.5	138.0	10,800
Ogle	Aug	401.85	92.9	133.0	9,257
Ogle	Jul	73.50	91.3	138.0	10,800
Ogle	Jul	159.64	94.0	135.0	9,290
Henry	Jun	106.00	98.6	142.0	9,870
Ogle	May	54.85	95.4	140.0	11,892
Ogle	Apr	116.96	96.8	142.0	13,175
Whiteside	Apr	76.77	96.0	124.0	11,300
Stephenson	Apr	67.00	93.7	139.0	11,558
Mercer	Mar	102.15	95.2	136.0	10,964
Ogle	Mar	142.00	91.1	136.0	11,819
Lee	Feb	75.26	96.2	140.0	11,912
Whiteside	Feb	60.32	97.3	129.0	10,275
Stephenson	Jan	74.23	93.8	143.0	12,052
Ogle	Jan	152.16	99.7	137.0	10,500
Lee	Jan	154.50	99.4	140.0	11,800
Bureau	Feb	95.58	97.3	141.0	10,228
Bureau	Sep	80.73	93.4	135.0	8,700
Bureau	Sep	75.43	91.4	137.0	9,500
Bureau	Sep	36.86	93.7	138.0	8,700
Bureau	Oct	123.13	96.8	142.0	10,900
Bureau	Nov	69.83	86.7	136.0	9,600
Bureau	Nov	81.42	98.1	143.0	10,500
Bureau	Nov	122.07	94.8	144.0	10,779
Bureau	Dec	139.74	99.5	143.0	10,305
Average (acre weighted)			95.3	138.0	10,864



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Good Productivity Tracts

Good productivity farms tend to have slightly more undulating to rolling land and a productivity index ranging from 117 to 132. These farms can 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 this region. We selected 43 sales, representing typical transactions for farmland sales in our 11-county region. The sales prices ranged from \$6800/acre to \$11,500/acre with a median sale price of \$8333/acre, based on the sales selected. The median sale price for 2017 compared to 2016 is up about 6.84 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 \$73.18 per productivity point, which is up about 4.5 percent from the 2016 level of \$70.01 per productivity point. We also observe that sales of Good farms that maintained high levels of percent tillable tended to sell significantly better than the farms that had more non-productive acres. High percent tillable farms also tend to exhibit fields that are easier and faster to operate, especially with today's larger equipment. 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 low 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
Bureau	Jan	76.22	96.8	119.0	8,650
Bureau	Mar	60.90	86.4	118.0	7,300
Bureau	Jun	74.56	98.6	129.0	8,300
Bureau	Sep	108.88	96.8	132.0	9,550
Bureau	Sep	82.08	93.1	131.0	8,650
Bureau	Oct	42.77	96.5	131.0	8,000
Bureau	Nov	89.74	86.3	130.0	7,450
Bureau	Nov	78.81	98.4	131.0	8,400
Bureau	Nov	87.73	90.4	124.0	6,800
Jo Daviess	Jan	77.47	90.6	130.0	10,817
Winnebago	Dec	97.39	95.5	122.0	10,100
Winnebago	Dec	45.49	95.2	132.0	11,500
Stephenson	Dec	45.13	88.1	117.0	7,977
Jo Daviess	Nov	182.50	84.8	122.0	8,548
Whiteside	Nov	76.75	94.7	132.0	9,902
Ogle	Nov	134.73	86.7	119.0	7,132
Stephenson	Sep	80.61	91.9	122.0	9,500
Whiteside	Sep	39.60	92.0	121.0	8,700
Rock Island	Sep	80.10	78.3	132.0	6,800
Rock Island	Sep	47.80	83.8	129.0	7,700
Mercer	Aug	174.07	97.9	132.0	9,249
Mercer	Aug	80.00	98.1	126.0	7,500
Henry	Aug	97.06	91.5	120.0	7,795
Whiteside	Aug	77.63	92.0	125.0	10,642
Mercer	Aug	160.00	93.5	124.0	8,125
Carroll	Jul	142.00	83.1	126.0	10,117
Ogle	Jun	72.32	68.4	124.0	8,158
Carroll	May	75.96	96.4	125.0	10,814
Ogle	May	81.09	95.5	118.0	9,500
Stephenson	Apr	262.38	92.3	118.0	8,499
Rock Island	Apr	76.25	92.7	120.0	8,066
Lee	Apr	51.61	92.9	122.0	7,341
Mercer	Mar	160.00	76.4	118.0	7,300
Mercer	Mar	78.44	82.5	123.0	6,821
Lee	Mar	71.45	88.4	122.0	7,250
Lee	Feb	42.70	92.0	119.0	8,501
Henry	Feb	46.79	94.9	120.0	7,700
Lee	Feb	72.60	96.4	128.0	9,001
Whiteside	Feb	136.66	97.5	128.0	7,760
Stephenson	Feb	180.00	84.2	117.0	8,333
Winnebago	Feb	100.00	93.8	124.0	7,500
Stephenson	Jan	307.75	92.2	121.0	9,050
Mercer	Jan	73.70	97.5	129.0	9,492
Average (acre weighted)		90.7123.9			8,530



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Average Productivity Tracts

Average Productivity farms tend to fall into two categories: rolling timber soils or sandier soils with a productivity index ranging from 100 to 116. These soils can show evidence of erosion, fertility loss, improper drainage or

excessive waste acres. These sales typically have a significant amount of wooded or pasture acres which are not desired by farmer buyers. Investors do not have a high interest in these farms due to the lower cash rent potential. We selected 25 sales representing farmland sales of average quality in our 11-county region. The number of sales that have occurred are almost equal to 2016. Most of the average productivity sales are located in the southern portion of Region 2. The sale prices overall range from \$5337/acre to \$8800/acre with a median sale price of \$7000/acre, which increased 7.20 percent from 2016. The few sales in the northern portion of the region are toward the upper end of the range. These farms have an average productivity index of 112 and an average percent tillable of 87 percent. Along with the lower productivity indexes, typically

average tracts are not as easily farmed compared to higher productivity tracts.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Bureau	Jul	32.14	93.5	113.0	7,000
Stephenson	Nov	79.42	79.7	105.0	6,799
Henry	Nov	102.14	89.8	115.0	6,305
Jo Daviess	Nov	120.08	87.9	108.0	6,650
Lee	Oct	80.04	95.7	106.0	7,871
Ogle	Oct	40.00	90.3	115.0	8,800
Stephenson	Sep	139.81	66.8	113.0	7,500
Henry	Sep	79.20	80.6	108.0	6,100
Henry	Aug	39.00	81.9	113.0	6,538
Stephenson	Jul	215.00	89.4	116.0	8,100
Henry	Jul	44.99	90.1	116.0	7,000
Lee	Apr	32.37	89.4	115.0	7,000
Whiteside	Mar	35.39	90.9	106.0	7,064
Stephenson	Mar	138.63	89.2	111.0	6,708
Henry	Feb	61.08	81.3	115.0	6,200
Henry	Feb	159.22	90.0	112.0	7,900
Henry	Feb	39.26	96.8	112.0	5,800
Henry	Feb	72.03	92.6	111.0	5,975
Lee	Feb	92.76	98.5	108.0	8,400
Lee	Feb	75.70	92.0	104.0	7,400
Lee	Feb	60.00	94.2	102.0	7,200
Whiteside	Feb	77.76	80.8	105.0	5,337
Jo Daviess	Jan	160.00	75.7	116.0	6,250
Mercer	Jan	165.53	87.9	116.0	7,750
Mercer	Jan	80.00	95.1	115.0	7,928
Average (acre weighted)			86.9	111.6	7,129



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Fair Productivity Tracts

Fair productivity tract sales mostly occurred in Stephenson, Ogle and Carroll Counties in 2017 with no sales data in the other eight counties of the region. Typically, fair productivity soils to the north are rolling-to-sloping timber soils with soils to the south being sandier soils, river bottoms and rolling hills. These soils have productivity index ratings of under 100. These tracts typically have large amounts of waste acres along with non-tillable acres such as woods or pasture.

Fair quality land has provided a means for smaller operators and beginning farmers to enter the market and/or expand their operation with land prices vastly lower than excellent tracts. The sales prices indicated a range from \$4,600 to \$6,000 with a 2017 median sale price of \$5,103, up from 2016. The average productivity index of the six sales indicate a 93 productivity index and 69 percent tillable. Half of the fair productivity sales were auction sales. The highest fair productivity sales occurred in December of 2017 in Stephenson County at an auction, both being farmer buyers. The lowest sale occurred in January in Carroll County. The average sales price of fair productivity tracts indicates \$5,272/acre, a 34.60 percent increase from 2016. However, due to the limited data, definite changes in the market are harder to verify.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Stephenson	Dec	122.00	82.8	98.0	5,825
Stephenson	Dec	22.00	81.2	98.0	6,000
Stephenson	Aug	24.97	83.0	89.0	5,006
Stephenson	Aug	90.00	63.7	89.0	5,000
Ogle	Jun	80.00	43.5	83.0	5,200
Carroll	Jan	106.43	69.3	97.0	4,600
Average (acre weighted)			68.6	92.7	5,216

Recreational Tracts

Recreational tracts seem to be showing a modest decrease in value from 2016. The number of selected recreational sales increased nearly 50 percent. 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 with few sales occurring after the economic collapse.

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 \$4,616/acre and a median sales price of \$4,504/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. Logging of wooded tracts also seems more prevalent lately. Mature hardwoods can have significant value but the logging process can conversely disrupt wildlife patterns and affect recreational amenity and value of this type of property.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Bureau	Feb	322.24	31.7	n/a	5,400
Bureau	May	94.91	41.7	n/a	4,504
Bureau	Jun	39.54	N/A	n/a	5,400
Bureau	Jun	89.20	32.9	n/a	3,590
Bureau	Aug	138.59	18.2	n/a	5,200
Bureau	Sep	60.47	23.0	n/a	6,306
Bureau	Oct	26.21	N/A	n/a	4,649
Whiteside	Jan	160.00	46.7	n/a	3,650
Carroll	Nov	53.52	28.8	n/a	3,849
Carroll	Nov	176.22	37.5	n/a	3,972
Carroll	Nov	123.33	32.3	n/a	4,346
Carroll	Oct	24.27	35.7	n/a	4,450
Carroll	Sep	33.15	0.0	n/a	4,977
Lee	Apr	47.57	N/A	n/a	5,571
Whiteside	Feb	81.81	50.7	n/a	3,947
Whiteside	Feb	44.52	N/A	n/a	4,895
Stephenson	Feb	40.00	15.5	n/a	4,950
Jo Daviess	Jan	37.64	0.0	n/a	4,000
Jo Daviess	Jan	186.14	35.8	n/a	4,044
Average (acre weighted)			29.7	0.0	4,570

*The pessimist complains about the wind;
the optimist expects it to change;
the realist adjusts the sails.*

~ William Arthur Ward

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Lease Trends

Given the pullback in lease rates and land values, this is particularly critical information again this year. More landlords and tenants in Region 2 continue to show interest in variable cash rents. Variable cash rent deal with how well the farm yields and commodity 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 gradually increasing.

As commodity prices have remained low, 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. 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.

Continued, but slight 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 of the tenants and land lords have gotten the message and subsequently 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 percent.

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

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

--- Category ---

Year	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,116	2,920	2,127	1,705	2,711	9,388
2002	3,460	2,943	1,994	1,895		3,178
2003	4,420	3,036	2,601	2,288	3,230	5,845
2004	3,999	3,586	1,950		3,013	
2005	4,651	4,493	3,982	2,922	3,021	8,759
2006	5,573	3,765	3,306	2,800	3,867	9,233
2007	6,297	4,964	4,072	3,456	4,320	7,915
2008	6,527	5,231	4,720	4,167	5,638	8,457
2009	6,425	5,380	4,299	4,228	4,109	10,718
2010	7,266	6,189	4,699	3,613	4,312	6,177
2011	8,622	7,204	5,569	4,862	4,008	
2012	11,095	9,006	6,349	4,736	4,052	
2013	12,969	10,033	7,151	5,925	4,277	17,540
2014	12,631	9,406	6,874	5,459	4,376	7,700
2015	11,996	8,940	6,940	5,268	4,425	7,220
2016	11,248	8,110	6,565	3,917	4,672	
2017	11,101	8,518	7,023	5,272	4,616	

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.41	8.35	8.81	8.34	5.15	-4.65
2010-2017	6.05	4.56	5.74	5.40	0.97	
2001-2017	7.94	6.69	7.47	7.06	3.33	
2005-2017	7.25	5.33	4.73	4.92	3.53	
2010-2017	6.1	4.6	5.7	5.4	1.0	
2016-2017	-1.3	4.9	6.7	29.7	-1.2	

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



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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 2018 crop prices. Landlords have also been pressured to maintain rents as property taxes continue to increase. Areas of high quality, bare land can exceed \$60/acre of tax liability.

Counts of Reported Sales by Year and Class

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	4	11	12	5	7	8
2002	7	8	15	7	-	21
2003	6	17	16	6	10	5
2004	9	7	1	-	2	-
2005	12	11	11	6	11	9
2006	12	9	11	1	11	8
2007	11	11	11	4	11	9
2008	10	11	8	7	8	2
2009	38	38	38	4	14	5
2010	34	58	43	4	16	1
2011	27	37	26	4	11	-
2012	37	53	36	6	22	-
2013	39	41	35	3	20	3
2014	34	63	39	4	29	1
2015	33	39	33	8	24	1
2016	26	29	26	3	13	-
2017	36	43	25	6	19	-

Median Value of Reported Sales by Year and Class*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
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	
2017	10,932	8,333	7,000	5,103	4,504	

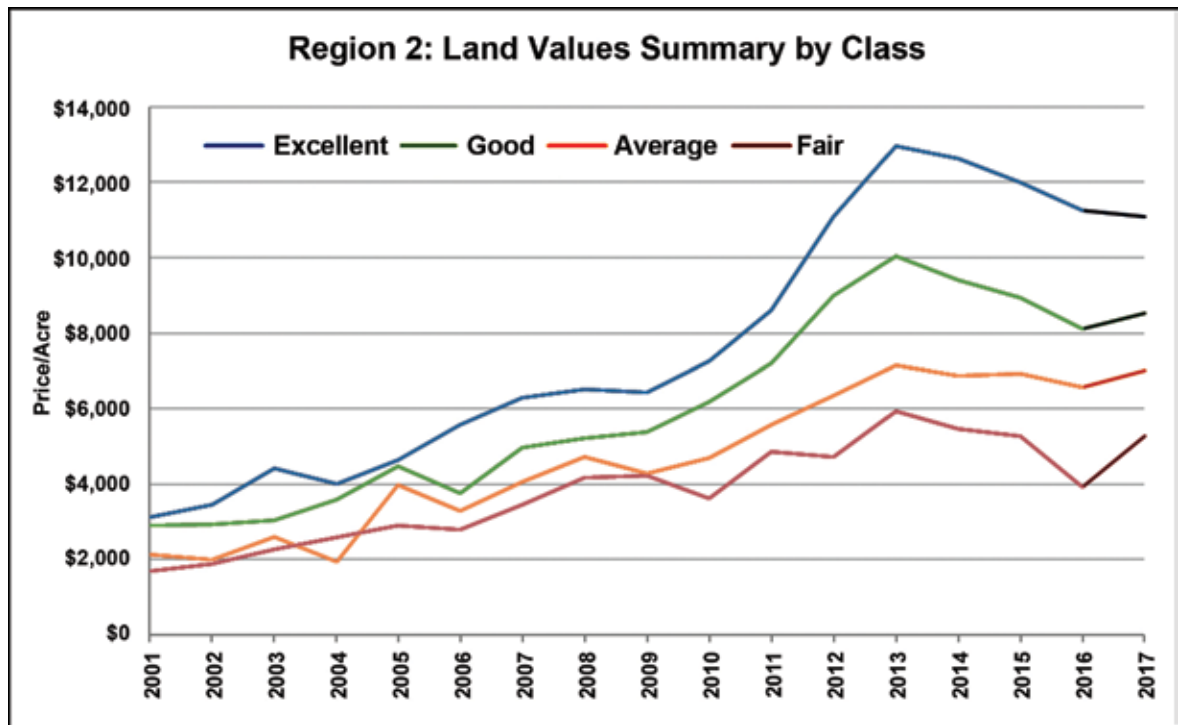
Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		8.47	9.80	9.54	8.98	-3.95
2010-2017	5.97	4.57	6.02	4.98	0.06	
2001-2017		6.76	8.15	7.55	5.07	
2005-2017	7.63	5.04	4.61	4.83	3.39	
2010-2017	6.0	4.6	6.0	5.0	0.1	
2016-2017	-4.6	6.6	7.0	44.4	-5.3	

* (Note: Limited numbers of sales in some years and 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 2018 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	290	315	350	1-3 Years	270-320	69	30	1	
Good Productivity	240	265	300	1-3 Years	245-280	69	30	1	
Average Productivity	200	215	250	1-3 Years	200-250	69	30	1	
Fair Productivity	180	210	230	1-3 Years	180-220	69	30	1	
Recreational Land	25	50	75	1 Year					
Pasture	40	55	70	1-3 Years		99			1

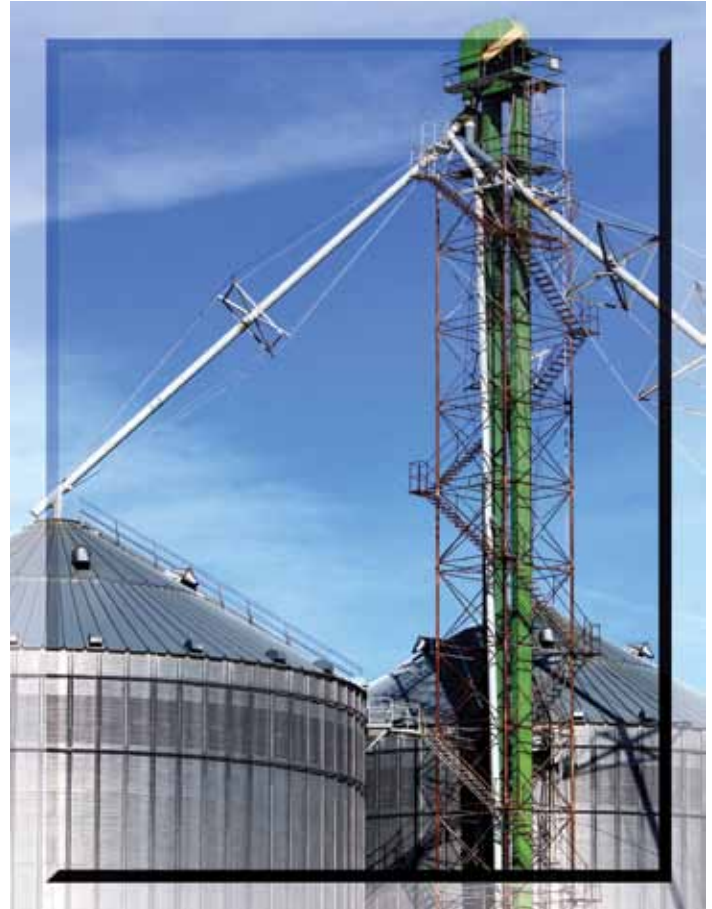


Percentage Change of Average by Period

--- Category ---						
Year	Excellent	Good	Average	Fair	Rec.	Trans.
2001 - 2002	10.5	0.8	-6.4	10.6		-108.3
2002 - 2003	24.5	3.1	26.6	18.8		60.9
2003 - 2004	-10.0	16.6	-28.8		-7.0	
2004 - 2005	15.1	22.5	71.4		0.3	
2005 - 2006	18.1	-17.7	-18.6	-4.3	24.7	5.3
2006 - 2007	12.2	27.6	20.8	21.1	11.1	-15.4
2007 - 2008	3.6	5.2	14.7	18.7	26.6	6.6
2008 - 2009	-1.6	2.8	-9.3	1.4	-31.6	23.7
2009 - 2010	12.3	14.0	8.9	-15.7	4.8	-55.1
2010 - 2011	17.1	15.2	17.0	29.7	-7.3	
2011 - 2012	25.2	22.3	13.1	-2.6	1.1	
2012 - 2013	15.6	10.8	11.9	22.4	5.4	
2013 - 2014	-2.6	-6.5	-4.0	-8.2	2.3	-82.3
2014 - 2015	-5.2	-5.1	1.0	-3.5	1.1	-6.4
2015 - 2016	-6.4	-9.7	-5.6	-29.6	5.4	
2016 - 2017	-1.3	4.9	6.7	29.7	-1.2	
Ave 2001-2017	7.94	6.69	7.47			

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	15.6	16.4	1.8	11.7	1.2	
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Region 3 - Western

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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	\$10,200-\$10,800	Down 2-7	Steady	\$325	0	
Good Productivity	\$8,000-\$8,250	Steady	Steady	\$275	0	
Average Productivity	\$5,000-\$5,500	Steady	Steady	\$230	0	
Recreational Land	\$3,000-\$3,500	Steady	Steady			

Farmland prices in this region peaked in 2013. From that point until now, commodity prices have fallen off drastically. The farmland market has had a steady decline since this peak. Although commodity prices have not improved since last year, it appears the slide in land prices is slowing and/or leveling out.

The region saw record crop yields in 2016 and 2017 which has put some strength back into the farm economy and helped to prop up farmland values.

There is not much urban area in Region 3 so nothing to report on transitional land.

1031 exchanges still happen occasionally, however, they are not nearly as common since the residential real estate

bubble popped in 2008 putting the brakes on new residential development.

Excellent Productivity Tracts

Overall the averages in the Excellent productivity category were down. Farms in the Good productivity category were pretty steady with last year. Farm values in the Average productivity category showed a slight increase which may have simply been due to a limited number of sales reported for this category through time. The market for recreational tracts is strong with the improving general economy. The size and location of the recreational tracts has a significant impact on the sales price.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Stark	Oct	80.00	97	140.9	9,950
Stark	Dec	160.00	97.0	139.1	11,000
Peoria	Dec	40.00	97.0	142.1	13,200
Peoria	Dec	76.03	100	144.5	10,100
Stark	Dec	80.00	96.0	137.3	10,600
Warren	Jan	82.76	100.0	141.2	9,600
Warren	Jan	82.76	100.0	139.2	9,050
Henderson	Nov	82.95	90.4	142.4	9,300
McDonough	Feb	81.07	97.0	142.0	10,155
Average (acre weighted)			97.1	140.7	10,328

Good Productivity Tracts

There is a wide range in terms of quantity of land in Region 3. The northern part of the region has the greatest concentration of the highest quality land. The counties to the south and west also have high quality land but include an abundance of timber land which is primary sold for recreational purposes.

The market for excellent quality land was stable in 2017. The overall averages prices decreased for the year, but sales near the end of 2017 showed some strength. The quantity of available excellent land for sale remains in limited supply which would explain why it has not declined further in the face of some of the lowest commodity prices in recent years.

Excellent quality land is typically nearly 100 tillable, has fewer waterways and tends to be the farm with a good configuration, i.e. rectangular shaped fields with no point rows.

The investors and large farm operators looking to expand definitely favor the excellent quality land.

Size of tracts seems to make a difference. The Excellent productivity tracts in the 40-60 acre range had some really strong sales as the total price does not add up as quickly.

There were some sales over \$13,000 in 2017, however, that was not the norm. Bidding at land auctions this year was mixed. It was not uncommon to see strong bidding/ prices on 1 tract and then almost the opposite on another similar tract. Location plays a large role in this and always has, as it depends on who the neighbors are. A "no sale" at an auction was almost unheard of 4 or 5 years ago. This year most of the auctions did produce a successful sale, however, there are still a few "no sales."

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Knox	Oct	107.82	95.0	117.6	7,300
Knox	Oct	99.92	88.0	117.6	7,000
Peoria	Nov	80.94	90.0	119.3	7,300
Stark	Dec	25.60	96.0	124.5	8,600
Stark	Dec	141.75	85.0	131.2	7,700
Stark	Apr	158.00	100.0	132.2	9,850
Peoria	Jun	36.00	93.0	125.4	8,899
Average (acre weighted)			92.3	125.0	8,101

Average Productivity Tracts

The farms in this category, sometimes referred to as class "B" land, usually have a lower percentage tillable than the class "A" farms. It is common for these parcels to be more rolling and therefore have more waterways and fingers of timber. These are still good farms, but perhaps a little more challenging to farm.

There are ample number of buyers for good quality land. Some of the larger farming operations will shy away if fields are cut up with irregular shaped tillable fields and/or several small patchy fields to farm. Farms with these characteristics tend to have more waste in the input costs and are difficult to farm with modern machinery.

Demand for good quality farms is still strong. Location makes a big difference in competition depending on who owns/farms nearby.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Stark	Dec	160.00	81.0	103.1	5,500
McDonough	Jan	48.61	86.0	106.0	6,500
McDonough	Nov	37.19	82.0	114.0	4,800
Average (acre weighted)			82.1	105.3	5,592

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Recreational Tracts

There is an active market for recreational land in this region. The sales price per acre is highly influenced by the size and location of the tract being sold. Smaller tracts in the 20-30 acre range usually bring a premium as there are many buyers that are out of the market when the total price exceeds the \$150,000 range.

Other factors include proximity to larger towns, ease of access and buildings are permissible. The tracts on a good all-weather road, with close proximity to larger towns with good road frontage are in high demand. It is not uncommon to have recreational land with little or no road frontage and/or access by easement only which limits many of the potential uses and are reflected in the sales price.

CRP and CREP and small pieces of tillable are common with those types of properties. The recreational buyers tend to like the CRP for the wildlife and the extra income it provides. CREP contracts can be a problem if they are nearing the end of the 15-year payment and have an extension beyond that, or if there is tillable acreage included, it is often in small, irregular shaped areas which do not command much cash rent.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McDonough	Feb	32.00	0.0		3,125
McDonough	Mar	226.17	4.0		2,336
McDonough	Aug	18.31	0.0		3,400
Peoria		26.15			4,000
Knox	Nov	79.50			3,800
Peoria	Jun	44.67			5,193
McDonough	Oct	20.21	7.0	100.0	3,216
Knox	Aug	271.00	9.0		3,598
Peoria	Nov	31.00	9.0		4,838
Fulton	Oct	210.84	0.0		2,950
Fulton	Dec	160.00			3,384
Peoria	Nov	19.20			4,350
Average (acre weighted)					3,306

Leasing Trends

There is still a lot of competition to rent farmland. When a farm comes available, there is no shortage of farmers interested in renting it.

Lower grain prices were offset by higher yields in the region, which largely negated adjustments in cash rental rates for 2018.

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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 2018 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	305	325	345					
Good Productivity	250	275	300					
Average Productivity	210	230	250					

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

--- Category ---

Year	Excellent	Good	Average	Fair	Rec.	Trans.
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	
2017	10,328	8,093	5,600		3,683	

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.83	9.66	8.53	9.38	5.37
2010-2017	4.79	5.60	6.69		5.61
2001-2017	7.62	7.88	7.72		5.47
2005-2017	6.75	8.17	6.66		2.16
2010-2017	4.8	5.6	6.7		5.6
2016-2017	-6.6	-2.5	3.7		3.7

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



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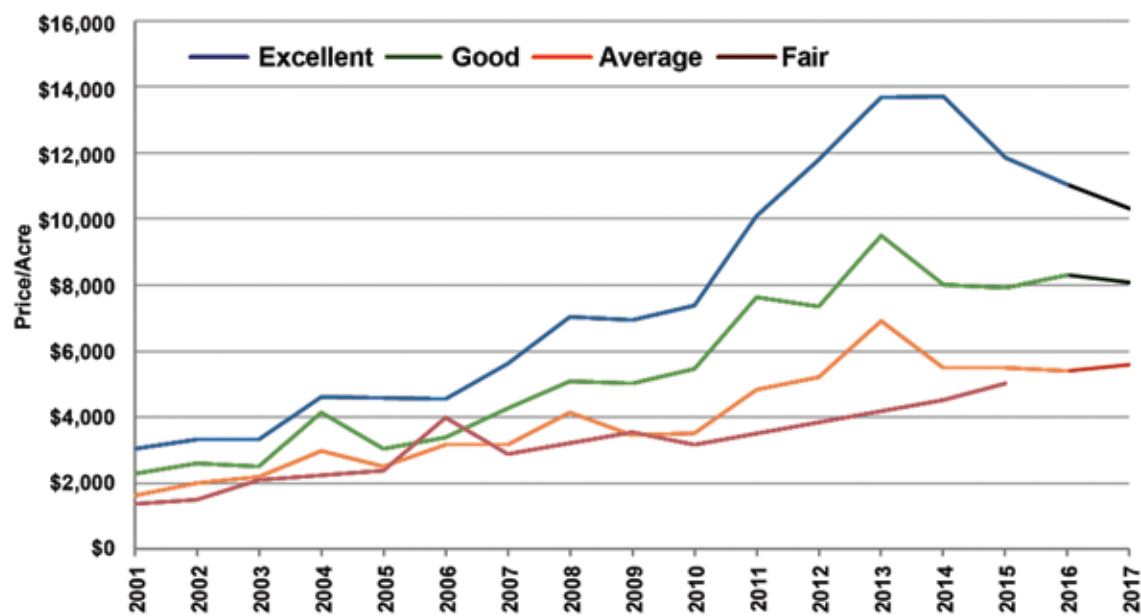
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Region 3: Land Values Summary by Class



Median Value of Reported Sales by Year and Class*

Year	--- Category ---					Rec.	Trans.
	Excellent	Good	Average	Fair			
2001	-	2,105	1,574	1,508	1,329		3,750
2002	3,375	2,668	1,931	1,500	1,380		
2003	3,317	2,650	2,200	2,091	1,575		
2004	4,600	4,100	3,413		2,243		
2005	4,700	3,118	2,569	2,500	2,593		
2006	4,700	3,550	3,150	3,650	2,450		5,350
2007	5,543	4,155	3,175	2,819			
2008	7,088	4,838	3,925		3,407		
2009	7,025	5,013	3,331	3,750	2,990		
2010	7,670	5,450	3,231	3,046	2,600		
2011	10,000	7,300	4,500		2,841		
2012	11,925	7,200	5,050		3,000		
2013	13,900	9,100	6,611		3,300		
2014	13,550	8,138	5,500	4,704	3,500		
2015	12,000	7,600	5,000	3,925	3,750		
2016	10,598	8,374	5,000		3,424		
2017	10,100	7,700	5,500		3,499		

Counts of Reported Sales by Year and Class

Year	--- Category ---					Rec.	Trans.
	Excellent	Good	Average	Fair			
2001	26	24	23	3	14		7
2002	17	12	22	2	19		
2003	15	14	11	1	12		
2004	5	15	8		7		
2005	18	20	9	3	28		
2006	49	44	13	3	8		3
2007	42	34	27	3			
2008	30	18	6		8		
2009	50	24	22	3	16		
2010	34	34	30	3	15		
2011	27	21	10		16		
2012	38	39	20		17		
2013	43	35	24		19		
2014	25	22	17	3	13		
2015	57	61	37	4	31		
2016	35	29	18		25		
2017	9	7	3		12		

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.57	7.99	7.81	7.46
2010-2017	3.93	4.94	7.60	4.24
2001-2017		8.11	7.82	6.05
2005-2017	6.37	7.53	6.34	2.50
2010-2017	3.9	4.9	7.6	4.2
2016-2017	-4.8	-8.4	9.5	2.2

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

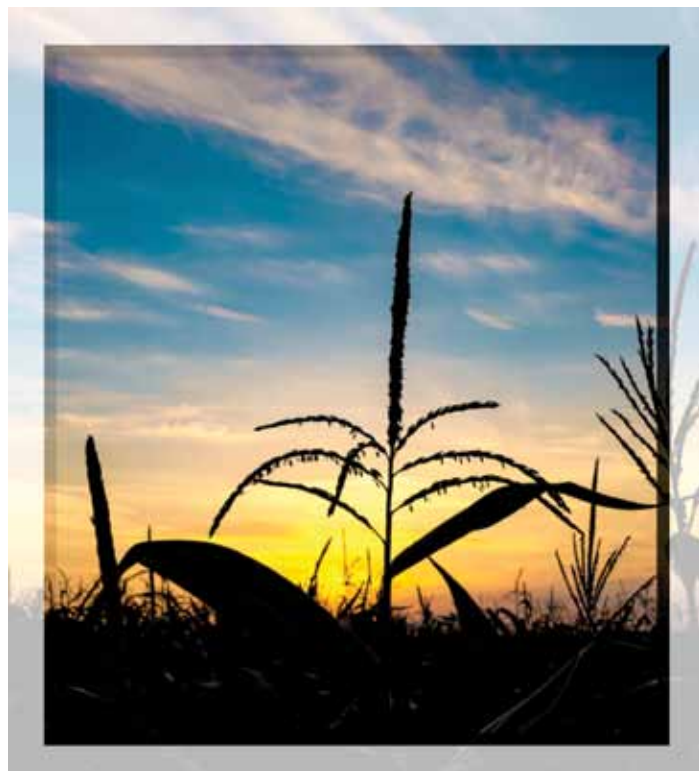


Percentage Change of Average by Period

Year	Excellent	--- Category ---			Rec.	Trans.
		Good	Average	Fair		
2001 - 2002	8.3	12.1	20.2	10.0	-1.7	
2002 - 2003	0.3	-2.6	9.3	33.2	2.9	
2003 - 2004	32.5	49.8	31.3		32.4	
2004 - 2005	-0.1	-31.2	-17.2		27.9	
2005 - 2006	-0.9	10.8	23.3	51.4	-11.4	
2006 - 2007	21.0	23.3	-0.8	-33.1		
2007 - 2008	22.4	17.5	27.3			
2008 - 2009	-1.1	-1.4	-18.2		-16.0	
2009 - 2010	6.0	8.6	1.5	-11.8	-21.6	
2010 - 2011	31.3	33.3	32.1		12.3	
2011 - 2012	15.4	-3.9	7.5		14.2	
2012 - 2013	15.0	25.7	28.3		4.9	
2013 - 2014	0.2	-17.0	-22.7		-3.4	
2014 - 2015	-14.6	-1.1	-0.5	10.9	10.9	
2015 - 2016	-7.3	4.7	-1.6		-3.4	
2016 - 2017	-6.6	-2.5	3.7		3.7	
Ave 2001-2017	7.62	7.88	7.72			

(Note: Limited numbers of sales by year may affect representativeness)

Decline
from peak 28.4 16.0 21.0 0.0



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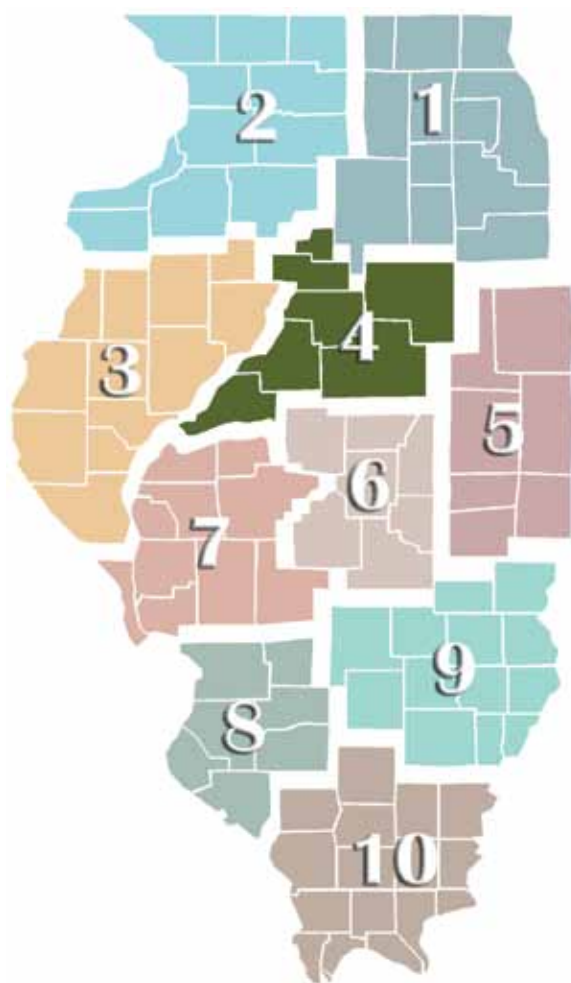
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Land Value and Cash Rent Trends Overall Summary

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	\$9,500-\$11,500	Down 2	Steady	Steady
Good Productivity	\$8,000-\$9,500	Down 3	Steady	Steady
Average Productivity	\$5,000-\$8,500	Similar	Steady	Steady
Fair Productivity	\$5,000-\$7,000			
Recreational Land	\$3,500-\$5,500	Similar	Down 30	
Other Sales (describe)	\$8,500-\$11,500	Similar	Down 50	

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. At the start of 2017, values seemed to dip, while late season auctions showed signs of strength in certain areas. 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 result in higher values. On the contrary, parcels of land purchased by 1031 exchange

dollars in the mid 2000s 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 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 such as 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. Wind turbines provide areas of Livingston, McLean, Tazewell, and Woodford counties with income diversification, beyond agriculture, which makes these tracts more attracting to an outside investor. Developers are in the beginning stages of new projects in the region, with some areas facing more local opposition than others.

Supply of farmland was steady during the first and fourth quarters, while a lower amount was seen during the growing season. Fourth quarter supply was above average, and where enough funds in the area were able to purchase the land, prices held. Other areas of Region 4 were just too oversupplied and values dipped. 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 in-

crease 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 continued a steady to slightly lower level of land offered for sale during 2017, while Livingston, McLean, and Woodford counties all continued to have a steady number of sales when compared to 2016. Auctions were able to get most tracts moved, with very few “no sales,” while farms that were listed tended to remain on the market for extended periods of time. Transactions were more concentrated in the first and fourth quarters of the year. Pockets of strength were found in areas where land has not historically changed hands. On the other hand,

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pockets of weakness were noted in areas, which may be attributed to low commodity prices, tightening profit margins, and oversupply of an area. Fortunately, investors are still in the market and have a desire for owning farmland, whether it is to diversify their portfolio, or to re-invest after selling another property.

Now, more than ever, a farm's characteristics determine its value. Location presides over everything, and 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.

Cash rental rates in Region 4 have remained steady in 2017. Operators are still reluctant to sign leases at previous levels, but very few of them are willing to give up the acreage. Commodity prices have continued at their lower rates. However, higher 2017 production allowed for more profit throughout Region 4 than expected. In order to sustain the rental rates we see today, above average production and input cost minimization is critical. Input rates scaled back from previous years and have now seemed to level out. New leases signed in 2017 were mainly cash rental leases, as most new clients have been investors looking for a certain return.

Excellent Productivity Tracts

Excellent productivity farmland in Region 4 saw a similar range of land prices in 2017 when compared to 2016. One

record sale was achieved this year in Woodford County, at a per acre price of \$15,850 by auction. Tracts containing high quality soils, good drainage, high percentages tillable, and easily farmed shapes continue to command premium prices.

On the other hand, properties with waterways, open ditches, house site cut-outs, or odd shaped fields experienced discounted prices. Volume of excellent quality farmland was slightly higher in 2017 though lower compared to the past five year's average. 2017 saw a \$70-\$80 dollar per PI point per tillable acre range. We observed only 12 tracts greater than 160 acres sold in the past 12 months and 80 of all sales were between 40 and 160 acres. Location cannot be emphasized enough as it played an enormous role in auctions throughout the year, causing similar farms in different areas of Region 4 to produce a wide range of prices.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Livingston	Jan	80.00	97	133.6	10,500
Woodford	Jan	79.12	99	144.0	13,779
McLean	Feb	199.49	97	135.9	11,000
Tazewell	Feb	80.14	96	142.3	13,100
McLean	Feb	81.02	95	138.8	9,000
McLean	Feb	67.48	99	138.7	9,000
McLean	Feb	80.47	96	137.8	7,750
McLean	Feb	39.69	100	137.6	11,000
McLean	Feb	79.15	96	136.1	11,000
McLean	Feb	80.65	97	134.6	11,000
Tazewell	Mar	206.00	89	140.0	12,500
Tazewell	Mar	153.00	98	143.0	8,500
Mason	Mar	156.00	97	140.0	9,000
Mason	Mar	80.00	98	137.0	9,000
McLean	Mar	101.56	96	135.0	9,250
McLean	Mar	80.00	98	135.9	9,700
Livingston	Mar	80.00	100	137.7	10,900
McLean	Apr	81.22	98	138.4	11,750
Tazewell	May	79.00	83	142.0	11,500
Livingston	Jun	60.00	100	135.2	10,500
Tazewell	Aug	80.00	97	142.0	11,200
McLean	Aug	30.91	76	139.8	9,900
Tazewell	Sep	75.00	95	140.0	10,500
Tazewell	Sep	80.00	95	139.2	10,500
Tazewell	Oct	138.00	98	138.0	10,200
McLean	Oct	87.68	99	141.6	11,500
Marshall	Nov	40.00	100	140.7	11,700
Marshall	Nov	80.00	95	140.7	11,000
McLean	Nov	80.00	99	134.5	9,300
Woodford	Nov	40.00	100	140.5	12,500
Marshall	Nov	35.63	83	133.1	7,050
McLean	Nov	80.00	100	135.3	10,300
Marshall	Nov	66.55	99	141.0	13,800
Livingston	Nov	25.30	100	135.9	10,869
Woodford	Dec	72.00	99	137.4	11,400
Marshall	Dec	81.68	98	139.5	9,600
Marshall	Dec	40.90	81	135.5	9,600
Marshall	Dec	145.57	99	132.8	9,600
Livingston	Dec	144.97	100	132.6	10,000
Livingston	Dec	89.00	100	136.7	9,842
Average (acre weighted)			96	138.0	10,481



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Good Productivity Tracts

Good productivity soils make up a large percentage of the farmland in Region 4. Farms in this range tend to have a lower percentage of tillable acres, more slope, and slightly tighter subsoils, but typically see a positive response to higher management. Throughout 2017, the farmland market saw a typical number of good quality tracts, which is down nearly 20 from 2016.

Due to the varying characteristics and the preferences of and buyers in this land class, we see a continued, wide, range of values throughout the region. A range of \$60-\$70 dollars per p.i. per tillable acre was typical in 2017, though a majority was in the lower part of the range.

Auctions continued to be the preferred method for higher prices, especially when two (or more) buyers greatly desired the tract. A continuing trend from the last few years is the discount given to farms with lower soil productivities, irregular field shapes, and lower percentages of tillable acres. Also, just as with excellent land, location has proved to be the overriding factor throughout the data.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Livingston	Jan	77.63	87	121.7	8,112
Marshall	Jan	80.94	100	130.6	9,550
Livingston	Jan	48.00	87	129.8	9,000
Mason	Feb	160.00	96	124.0	8,000
Livingston	Feb	154.60	96	118.5	9,250
Marshall	Feb	40.00	100	132.4	9,000
Tazewell	Mar	156.00	98	117.0	7,500
Marshall	Mar	80.00	97	131.4	8,250
McLean	Mar	80.34	90	130.4	9,200
Livingston	Apr	40.00	98	121.9	8,750
Livingston	Apr	159.38	96	130.1	8,470
Marshall	Jun	40.00	97	129.5	8,500
McLean	Jun	31.57	94	132.4	8,100
McLean	Jul	40.92	55	124.1	8,431
McLean	Jul	68.95	91	131.6	8,641
McLean	Aug	80.00	100	129.5	8,700
Mason	Aug	79.00	97	126.0	8,837
Livingston	Sep	56.75	93	128.1	10,100
Livingston	Sep	267.31	93	124.3	8,100
McLean	Oct	80.00	95	132.4	8,700
Mason	Nov	85.00	97	129.0	9,000
McLean	Nov	78.78	99	125.5	10,700
Woodford	Nov	84.00	99	129.1	10,000
Livingston	Nov	80.00	100	116.6	6,500
Livingston	Nov	80.00	82	124.4	7,800
Marshall	Nov	80.00	99	132.1	12,500
Livingston	Dec	80.00	97	118.6	7,500
Woodford	Dec	20.50	80	128.0	8,700
Livingston	Dec	70.47	95	130.5	8,400
Livingston	Dec	302.15	99	118.7	6,389
Average (acre weighted)			95	125.1	8,422

Average Productivity Tracts

Average productivity 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. Irrigated farms are typically tightly held in these areas and none were taken to auction in 2017. Total supply of average quality farms was almost identical to 2016. Farms with irrigation and seed production may drive prices for this land class higher due to the premiums they provide. A wide range of \$40 to \$65 per PI point per tillable acre was recorded on these farms. Though soil quality and irrigation tend to play a large role in these land values, location continues to trump all.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Woodford	Jan	52.42	97	112.9	6,900
Livingston	Feb	58.65	92	108.8	5,000
McLean	Feb	25.26	92	108.2	6,400
Tazewell	Mar	156.00	98	117.0	7,500
Mason	Mar	127.00	89	114.0	7,000
Tazewell	Apr	53.00	87	100.0	7,715
Marshall	Aug	77.16	70	114.3	5,700
Livingston	Aug	80.00	97	111.6	5,500
Tazewell	Aug	67.00	97	110.0	8,317
Livingston	Aug	95.00	91	114.3	6,000
Livingston	Oct	56.76	99	115.5	6,462
Livingston	Nov	77.60	97	101.9	3,282
Livingston	Dec	40.00	82	108.6	8,675
Average (acre weighted)			92	111.7	6,481

Fair Productivity Tracts

Only two Fair productivity tracts were sold in 2017 only one listed here. As there are not many farms of this land class in our region, there is limited information in the sales, but based upon these sales, a range between \$5,000 and \$7,000 per acre seems reasonable.



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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Mason	Nov	215.10	99	95.3	6,000

Recreational Tracts

Recreational land saw a significant decrease in turnover in 2017 when compared to 2016. Nearly all arms-length tracts were sold at auction, maintaining the range of prices we saw last year.

A correlation can be seen between recreational land and the general economy, which has had a positive year compared to the agriculture economy. Large geographic population centers of Bloomington, Morton, and Peoria could have a positive impact on these values as well due to their close proximity. Location is essential for recreational properties.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Marshall	Jan	128.90			3,800
Marshall	Feb	10.00			2,700
Mason	Feb	16.68			3,500
Marshall	Mar	52.40			6,100
Putnam	Mar	79.19	13	118.6	3,450
Livingston	Apr	79.22	23	128.0	3,200
Average (acre weighted)			8	123.3	3,880

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Transitional Tracts

Only one tract was observed as being sold for developmental potential in 2017. The land is being used as another grain elevator location for Tremont Cooperative. Dissimilar to last year, this parcel was purchased for above Ag market value for the acreage. Highway access and the property's location could have played a part in the additional premium.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Tazewell	Jul	20.00	91	142.0	26,200

Wind Energy Tracts

Throughout 2017, there were just two tracts sold containing wind turbines. Over the past few years there have been a declining number of tracts sold, as the non-ag related income has become more useful. Of the farms sold containing a turbine, an added premium can be seen when compared to tracts without turbines. With multiple wind turbine farms in the region, it is interesting to see how different lease arrangements affect values in the immediate area.

We have often found over time that the premium buyers are willing to pay for turbines correlates not only to the amount of annual payments, but also the number of years remaining on the wind turbine contracts. We look at this as a discounted cash flow valuation which considers both the amount of the payment and the duration of the potential remaining payments.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McLean	Apr	80.00	97	129.8	9,126
McLean	Apr	59.43	92	137.3	11,393
Average (acre weighted)			95	133.0	10,092

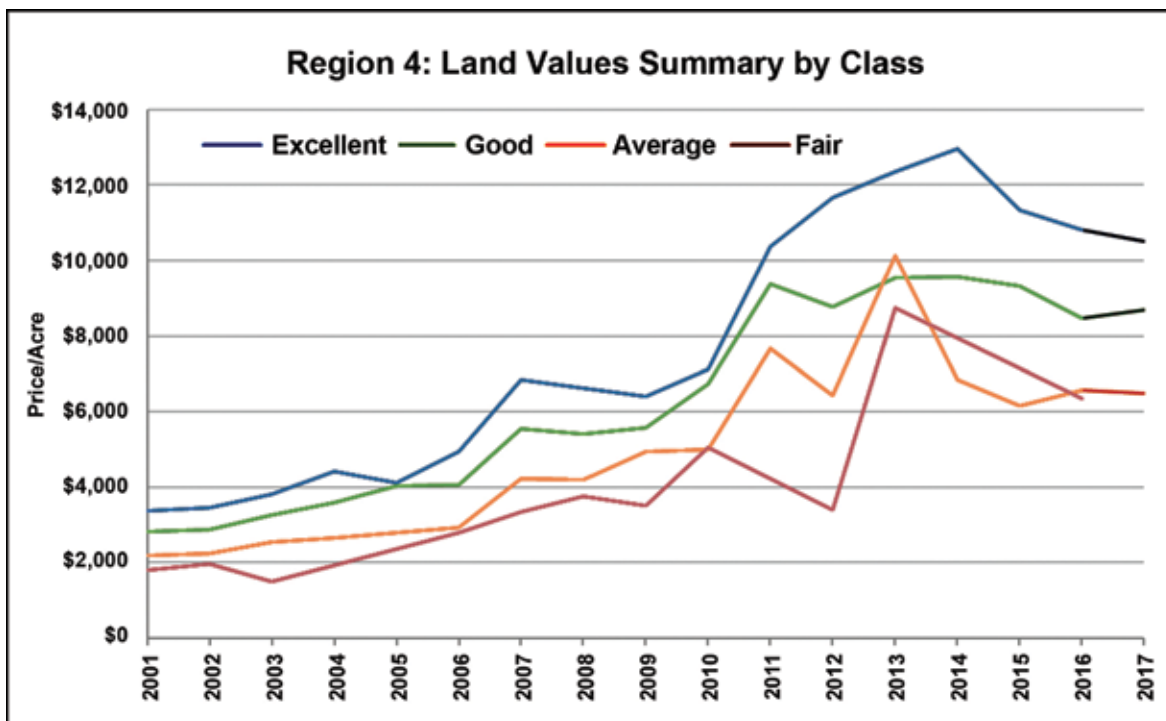
Special Interest Stories

Location was a large factor on farm values in 2017. Each area of Region 4 seemed to have its own micro market depending on outside interest and local economy. There were multiple auctions driven to higher than expected prices because a neighbor, tenant, or local investor "had" to have that parcel.

Sometimes the buyer was buying for himself/herself, other times the parcel would be used to perform a trade for land near his/her other land. For example, an 80 acre tract was sold in east-central McLean County for \$9,300 per acre, whereas a similar tract in Woodford County sold for \$14,100. In this scenario, the buyer of the Woodford County land and another local landowner needed this tract to complete a trade, allowing each to have land closer to their current operations. Therefore a premium was paid.

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. Look-



ing 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 ISP-FMRA 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.

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*The pessimist complains about the wind;
the optimist expects it to change;
the realist adjusts the sails.*

~ William Arthur Ward



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

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,373	2,827	2,184	1,806	2,224	35,262
2002	3,473	2,869	2,242	1,963	2,120	26,493
2003	3,812	3,278	2,554	1,500	1,621	16,508
2004	4,426	3,586	2,649		4,168	7,920
2005	4,122	4,050			4,611	7,377
2006	4,951	4,066	2,925	2,800	3,831	16,428
2007	6,841	5,554	4,232	3,345	4,583	35,918
2008	6,636	5,428	4,210	3,750	4,563	16,083
2009	6,417	5,584	4,949	3,525	4,527	18,186
2010	7,137	6,733	4,992	5,050	4,580	18,186
2011	10,373	9,372	7,669		3,826	
2012	11,680	8,767	6,431	3,400	4,821	22,500
2013	12,352	9,542	10,127	8,750	4,534	25,030
2014	12,950	9,564	6,840		4,568	
2015	11,325	9,331	6,164		4,316	
2016	10,814	8,486	6,560	6,357	5,321	29,990
2017	10,502	8,689	6,496		3,792	26,200

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.33	9.64	9.19	11.43	8.03	-7.36
2010-2017	5.52	3.64	3.76		-2.70	5.22
2001-2017	7.10	7.02	6.81		3.33	-1.86
2005-2017	7.79	6.36			-1.63	10.56
2010-2017	5.5	3.6	3.8		-2.7	5.2
2016-2017	-2.9	2.4	-1.0		-33.9	-13.5

*(Note: Limited numbers of sales in some years and 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 2018 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	345	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					

Median Value of Reported Sales by Year and Class*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
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
2017	10,500	8,671	6,462		3,475	26,200

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.52	9.00	12.55	7.45	-6.71
2010-2017	5.77	3.91	3.66	-3.20	5.32
2001-2017	7.06	6.66		2.79	-1.45
2005-2017	7.52	6.34		-1.67	11.62
2010-2017	5.8	3.9	3.7	-3.2	5.3
2016-2017	-3.3	1.1	7.9	-32.2	-29.5

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

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Counts of Reported Sales by Year and Class

Year	--- Category ---					Trans.
	Excellent	Good	Average	Fair	Rec.	
2001	8	8	8	4	2	5
2002	12	14	8	2	3	4
2003	13	21	6	2	4	3
2004	18	19	3	-	6	5
2005	102	2	-	-	9	5
2006	20	13	2	1	4	8
2007	68	55	12	1	9	63
2008	37	26	16	2	17	12
2009	26	19	2	1	7	4
2010	26	28	9	1	10	4
2011	18	12	8	-	8	-
2012	61	53	16	1	25	1
2013	21	30	11	2	11	2
2014	37	21	11	-	12	-
2015	43	21	11	-	13	-
2016	42	28	11	2	18	3
2017	40	30	13	-	6	1

Percentage Change of Average by Period

Year	--- Category ---					Trans.
	Excellent	Good	Average	Fair	Rec.	
2001 - 2002	2.9	1.5	2.7	8.3	-4.8	-28.6
2002 - 2003	9.3	13.3	13.0	-26.9	-26.9	-47.3
2003 - 2004	14.9	9.0	3.6		94.5	-73.4
2004 - 2005	-7.1	12.2			10.1	-7.1
2005 - 2006	18.3	0.4			-18.5	80.1
2006 - 2007	32.3	31.2	36.9	17.8	17.9	78.2
2007 - 2008	-3.0	-2.3	-0.5	11.4	-0.4	-80.3
2008 - 2009	-3.4	2.8	16.2	-6.2	-0.8	12.3
2009 - 2010	10.6	18.7	0.9	36.0	1.2	0.0
2010 - 2011	37.4	33.1	42.9		-18.0	
2011 - 2012	11.9	-6.7	-17.6		23.1	
2012 - 2013	5.6	8.5	45.4	94.5	-6.1	10.7
2013 - 2014	4.7	0.2	-39.2		0.7	
2014 - 2015	-13.4	-2.5	-10.4		-5.7	
2015 - 2016	-4.6	-9.5	6.2		20.9	
2016 - 2017	-2.9	2.4	-1.0		-33.9	-13.5
Ave 2001-2017	7.10	7.02			3.33	

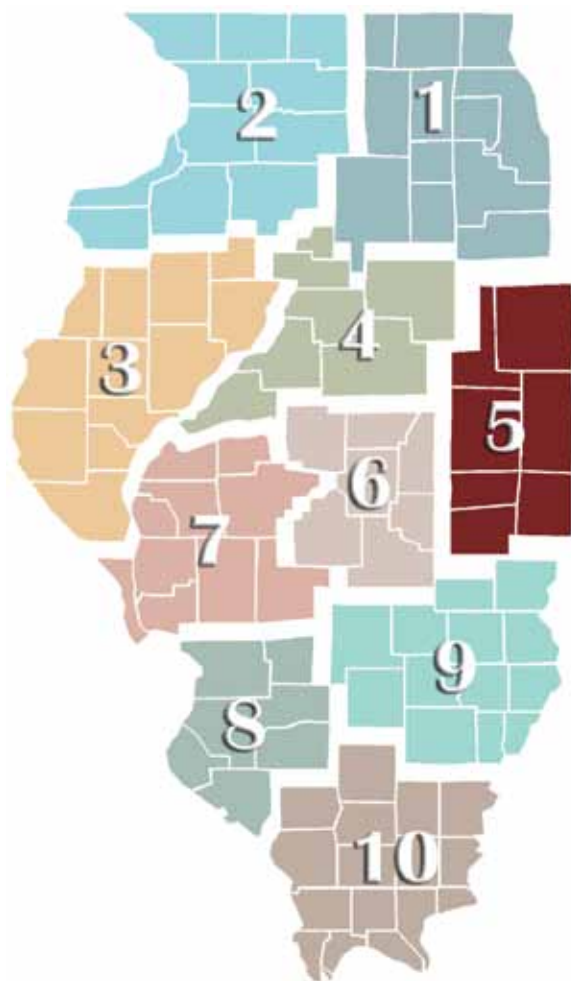
(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	20.9	9.6	44.4		33.9	13.5
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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	steady	up 25	\$310	-5	\$300
Good Productivity	\$7,000- \$10,000	steady	up 35	\$265	-5	\$260
Average Productivity	\$5,000- \$7,000	steady	down 50	\$220	-5	\$220
Recreational Land	\$2,500-\$6,000	steady	up 50			
Transitional Tracts	\$20,000- \$57,000		steady			

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 remained firm throughout 2017 in east-central Illinois, especially for well-located prime tracts with minimal blemishes. Expectations of committee members for potential softening of sale prices didn't materialize. It appears that once again strong crop yields sufficiently offset the depressed corn and soybean prices, generating enough gross income to support values. However, cash rent lease rates appear to be showing a slight softening with overall values reported declining a few percent from the prior year.

Excellent Productivity Tracts

Region 5 is generally blessed with highly productive soils which is reflected by 51 percent of the sales recorded by our group belonging to the "Excellent" category. Sale prices ranged from \$8,000 - \$13,000/ac, but the majority fell in a tighter range of \$9,500 - \$11,500/ac. We gathered 111 sales of "Excellent" productivity land which was up 26 percent by count from 2016. Despite the increased acreage offered for sale, both average sale price (\$10,200/ac) and sale price in \$/PI point (\$73.97) were nearly steady, declining less than 1 percent from 2016 figures. Sale price/PI gradually declined from \$76.38/point in the first quarter, to \$74.24 in the second quarter, to \$71.79 in the third quarter, before



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the optimist expects it to change;
the realist adjusts the sails.*

~ William Arthur Ward

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rebounding slightly to \$73.47 in the last quarter to end near the overall average for 2017.

The fickleness of the market was evident in the auction of three parcels in Douglas County in November, conducted by two different auctioneers. A 40 acre tract (PI 140.2) sold to an adjacent owner at \$13,000/acre. Later the same day a 217.6 acre tract (PI 140.5) sold at \$11,600/acre and a 165 acre parcel (PI 138.9) tallied just \$8,100/acre. All three properties were situated within 6 miles of each other. Significant county to county price variability was noted in the data for our region.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Jan	169.35	97.0	141.9	10,500
Coles	Jan	305.40	92.9	138.8	10,151
Coles	Jan	80.00	96.8	138.9	11,500
Coles	Jan	40.00	96.5	139.9	11,500
Douglas	Jan	211.00	94.6	141.0	12,100
Edgar	Jan	24.00	100.0	141.4	9,100
Edgar	Jan	471.13	98.6	142.8	10,082
Vermilion	Jan	125.36	76.2	138.7	9,000
Champaign	Feb	160.00	96.1	139.6	10,150
Coles	Feb	80.00	97.4	144.0	11,500
Douglas	Feb	40.00	99.8	140.8	10,200
Champaign	Mar	20.00	98.0	141.6	12,000
Champaign	Mar	20.00	98.0	142.1	12,000
Champaign	Mar	119.53	96.0	141.9	11,300
Champaign	Mar	36.92	97.5	141.7	10,022
Douglas	Mar	47.60	99.8	141.3	10,500
Douglas	Mar	65.00	105.3	142.4	10,000
Iroquois	Mar	41.30	96.6	136.0	12,000
Coles	Apr	40.00	99.9	139.9	10,500
Douglas	Apr	45.45	99.0	139.8	10,500
Edgar	Apr	38.87	100.0	137.7	9,200
Vermilion	Apr	71.28	97.6	142.6	8,780
Vermilion	Apr	22.10	90.0	144.0	8,597
Douglas	May	66.50	99.4	139.6	11,500
Douglas	May	32.00	99.7	140.1	10,200
Vermilion	May	62.48	93.4	140.9	8,163
Vermilion	May	38.94	104.1	142.7	8,731
Vermilion	May	42.50	91.0	143.0	8,000
Coles	Jun	80.00	98.7	139.7	10,800
Edgar	Jul	40.00	100.0	136.8	8,600
Vermilion	Jul	39.12	98.0	142.0	8,947
Edgar	Sep	154.38	100.0	141.6	10,100
Edgar	Sep	61.76	96.1	142.7	10,100
Champaign	Oct	55.64	98.8	139.6	9,800
Coles	Oct	82.44	100.0	139.3	10,000
Coles	Oct	40.00	99.9	139.9	11,000
Coles	Oct	40.00	97.9	140.6	11,000
Coles	Oct	40.00	93.9	143.0	11,000
Douglas	Oct	98.22	99.8	139.6	9,492
Edgar	Oct	245.39	100.0	140.3	8,561
Vermilion	Oct	106.95	98.8	142.8	9,123
Champaign	Nov	145.09	96.1	139.5	9,494
Champaign	Nov	43.10	98.6	134.2	10,000
Champaign	Nov	40.00	90.0	142.2	10,000
Vermilion	Nov	155.80	97.1	143.4	9,500
Douglas	Dec	80.00	100.1	139.9	10,500
Douglas	Dec	217.61	98.1	140.5	11,600
Edgar	Dec	80.00	97.3	142.4	10,750
Edgar	Dec	24.11	96.6	143.7	10,200
Average (acre weighted)			96.9	140.9	10,181

Good Productivity Tracts

Sales in the Good productivity category comprised 43 percent of the sales in Region 5. The general value range was \$7,500 - \$9,500/ac, with a few outliers on each end. Statistics were very similar to those reported for Excellent productivity category. The average sale price in terms of \$/PI point declined 1.25 percent from 2016 even though the average total sale price increased 0.7 percent to \$8,257 on a simple average basis and \$8,090 on an acre weighted basis. Part of the explanation is the slight increase in average PI for sales in 2017. Total sales volume increased a sharp 36 percent year over year. The ability of the market to maintain steady values with significantly greater supply reflects continued strong demand despite ongoing pressure on farm income from struggling commodity prices.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Jan	36.00	98.6	123.3	7,000
Ford	Jan	78.50	100.0	129.8	9,042
Vermilion	Jan	281.58	92.2	125.9	7,414
Ford	Feb	80.00	100.0	128.6	8,700
Iroquois	Feb	80.00	97.8	120.0	7,800
Vermilion	Feb	115.24	97.2	126.1	7,700
Champaign	Mar	237.90	96.5	118.3	8,000
Champaign	Mar	39.00	97.4	118.7	6,400
Champaign	Mar	209.09	83.4	122.0	6,314
Coles	Mar	44.26	74.6	122.8	6,800
Coles	Mar	348.44	89.1	127.2	9,750
Douglas	Mar	31.17	94.7	128.3	9,373

Vermilion	Mar	157.89	94.8	125.3	7,195
Vermilion	Mar	80.00	95.1	132.0	7,250
Champaign	Apr	65.00	99.7	117.5	6,700
Edgar	Apr	81.98	89.0	132.5	8,800
Ford	Apr	80.00	100.0	120.7	7,500
Douglas	May	40.00	97.4	129.4	10,600
Edgar	May	40.00	100.0	132.1	8,350
Ford	May	75.40	92.3	121.4	6,603
Ford	May	155.90	98.6	130.3	7,999
Iroquois	May	118.52	96.0	119.0	7,329
Coles	Jun	95.89	99.9	132.9	9,750
Iroquois	Jun	39.30	98.1	122.0	8,232
Iroquois	Jun	75.00	99.5	124.0	7,000
Vermilion	Jun	20.37	87.5	127.5	4,909
Douglas	Jul	78.50	91.0	129.3	8,471
Edgar	Jul	40.00	98.3	132.3	8,850
Iroquois	Jul	40.00	100.0	119.0	8,927
Coles	Aug	59.57	99.9	121.8	9,025
Edgar	Sep	114.15	100.0	128.2	7,446
Ford	Sep	80.00	100.0	131.4	8,714
Coles	Oct	20.00	96.8	117.1	7,500
Coles	Oct	20.00	96.4	120.1	7,500
Ford	Oct	139.30	100.0	125.1	8,091
Vermilion	Oct	315.00	97.0	125.0	8,254
Champaign	Nov	32.97	98.0	119.3	9,900
Douglas	Nov	76.50	98.8	126.2	9,001
Douglas	Nov	80.00	97.4	130.0	9,300
Champaign	Dec	36.75	98.0	122.5	8,000
Douglas	Dec	100.00	94.8	129.1	10,000
Edgar	Dec	108.00	94.8	128.1	7,000
Iroquois	Dec	40.00	99.8	123.0	8,000
Average (acre weighted)			95.2	125.5	8,090

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Average Productivity Tracts

Only 14 Average productivity sales were recorded in Region 5 during 2017, down 48 percent from the prior year. The other statistics in this category were surprising, with average sale price at \$5,879 nearly identical to last year and \$/PI declining less than 2 percent to \$57.78.

Committee expectations were for more softening in this category. The logical explanation is that another year of above average yields on lower productivity soils provided good support for farms of this quality. Some caution against drawing strong conclusions is in order given the limited volume of data.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Iroquois	Jan	42.50	70.0	108.0	4,118
Vermilion	Jan	30.21	93.2	114.6	5,627
Edgar	Feb	162.63	88.0	110.6	7,867
Champaign	Mar	120.00	77.6	114.1	5,417
Ford	Mar	78.80	98.4	112.3	5,497
Edgar	Apr	159.86	94.0	104.6	7,102
Iroquois	Apr	80.00	79.0	105.0	5,000
Vermilion	Apr	80.00	96.2	106.9	5,313
Vermilion	Jun	183.07	98.0	114.0	5,008
Coles	Aug	60.27	100.0	112.8	9,100
Vermilion	Aug	58.13	57.3	108.4	3,450
Vermilion	Sep	78.00	44.2	109.3	4,897
Vermilion	Oct	60.00	65.4	107.6	6,126
Vermilion	Oct	40.97	50.6	103.0	4,237
Average (acre weighted)			83.4	109.7	5,879

Fair Productivity Tracts

An insufficient set of data was collected in this category to comment or draw any conclusions with only one sale to report.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Mar	35.28	71.1	113.8	9,947

Recreational Tracts

The number of recreational sales recorded increased by 50 from the prior year. Individual sale prices varied widely, and were heavily influenced by proximity to population centers such as Champaign-Urbana.

Location, the buyer's motivation for purchase, and other characteristics such as creeks or ponds factored into sale price. Recreational land values strongly reflect supply/demand economics in our region, as generally speaking, the greatest supply is some distance from the demand base in the Champaign-Urbana area.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Iroquois	Jan	24.40	38.9	107.0	3,689
Edgar	Feb	40.24			3,728
Ford	Mar	30.00			4,000
Edgar	Apr	48.07			3,450
Edgar	Apr	104.94			3,128
Champaign	May	45.59	27.4	118.7	7,179
Champaign	May	25.75	69.5	100.1	6,318
Coles	May	55.07			3,400
Edgar	Jun	215.52	28.0		3,725
Edgar	Aug	17.09			2,048
Edgar	Aug	40.00	43.0	110.8	3,800
Coles	Oct	25.00		3,500	
Coles	Oct	21.83	53.3	99.4	3,022
Edgar	Oct	49.98			2,500
Edgar	Oct	30.48			2,500
Champaign	Nov	35.06	5.7	128.2	3,651
Edgar	Nov	20.69			4,978
Edgar	Dec	70.95			2,750
Average (acre weighted)			14.6	24.1	3,666

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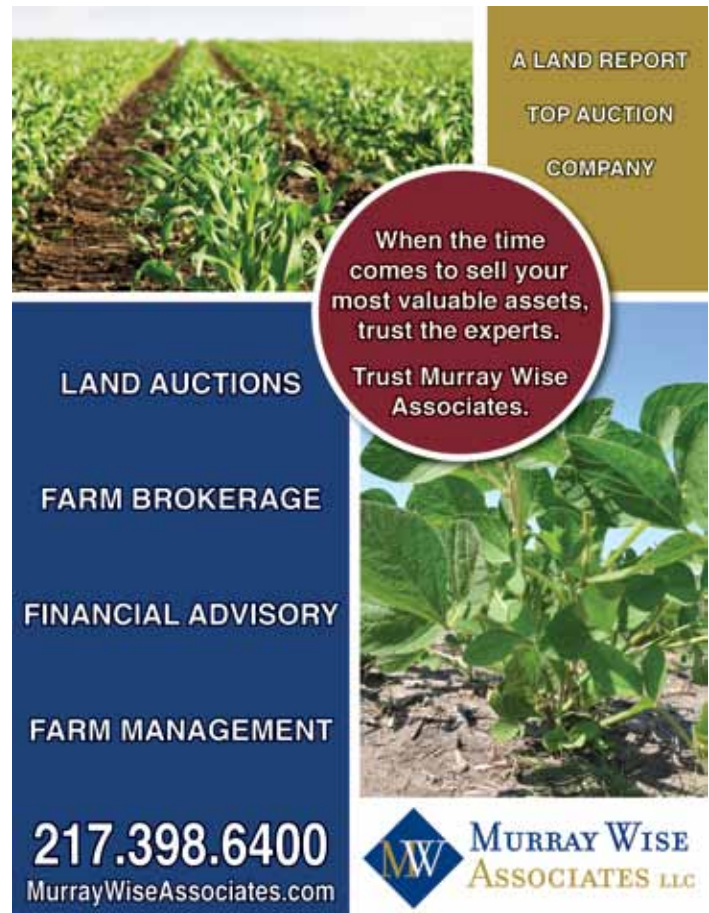
Transitional Tracts

Our region saw a similar number of transitional property sales in 2017 as in the prior year, but with sales stretching into other areas of Champaign County (Tolono and Mahomet) vs just around Champaign. Acreage size ranged from 23 to 40. Sale prices remained consistent with 2016 - mostly in the \$24,000 - \$26,000/ac range, with one sale at \$57,000+/ac.

County	Sale Date	Total Acres	\$ Total Price/Ac
Champaign	Feb	40.30	26,064
Champaign	Feb	23.60	57,203
Champaign	Jul	29.08	23,900
Champaign	Jul	22.86	25,000
Douglas	Dec	42.00	20,000
Average (acre weighted)			28,553

Wind Towers/Leases

Wind leasing activity picked up momentum with Apex Energy seeking to expand their leased area and move forward with a project near Sibley in Ford County.



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Lease Trends

Managers in Region 5 reported diverse experiences renewing 2018 cash leases. Some tenants were very reluctant to renew for 2018 at the same levels as 2017, with working capital under pressure for several years. An uptick was noted in the number of operators willing to relinquish the lease without a concession in the rent. Other managers saw stable to slightly lower rents. Some flex rent percentages were reduced because of the low commodity prices relative to crop input expenses. Most new leases being written are a straight cash rent or flex rent. A lot of the old crop share arrangements are still holding strong. A portion of custom arrangements are being switched to cash rent or flex rent while others are riding out the lower income times. Despite the pressure, rents on new leases have remained competitive.

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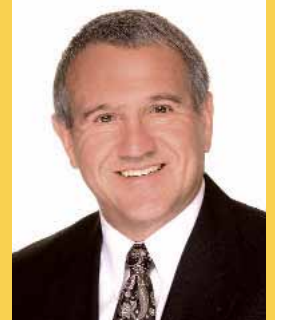
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Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2018 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	300	40	40	15	5
Good Productivity	240	265	290	1 year	260	40	40	15	5
Average Productivity	180	220	250	1 year	220	35	40	20	5



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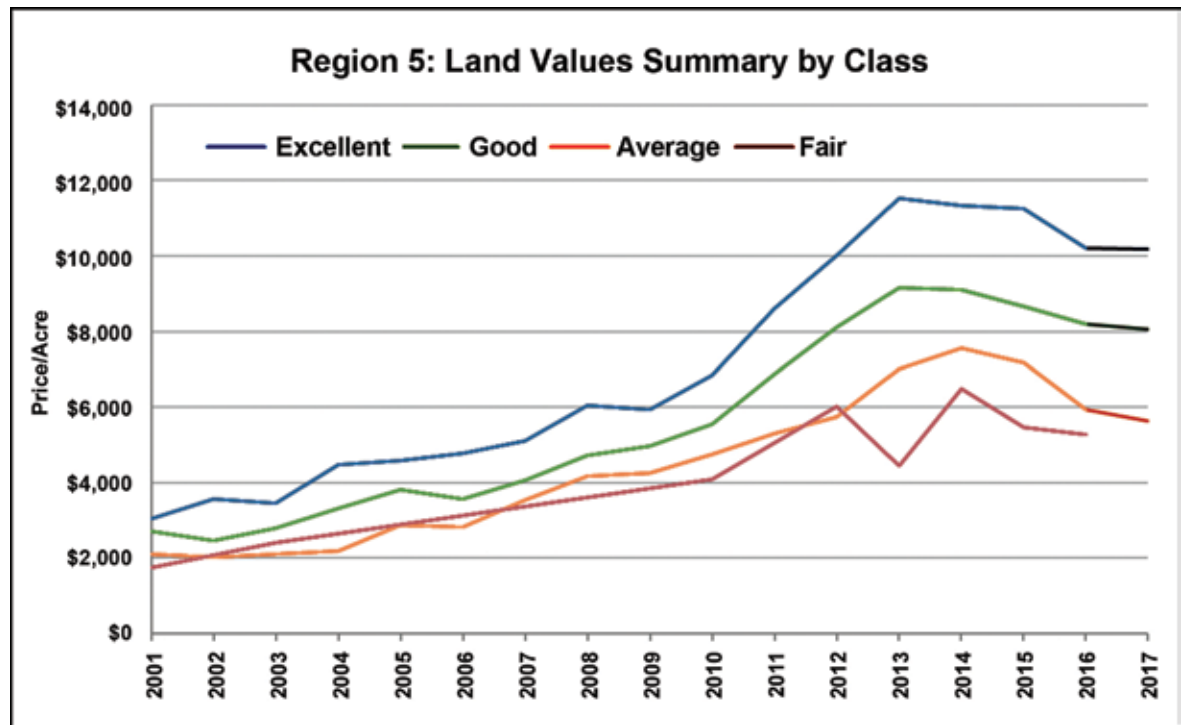
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Average Sales Price of Completed Sales in Region by Year and Category*

Year	--- Category ---				Rec.	Trans.
	Excellent	Good	Average	Fair		
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
2017	10,170	8,058	5,626		3,743	30,433

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.98	7.93	9.06	9.48		12.02
2010-2017	5.67	5.32	2.37		4.06	15.06
2001-2017	7.53	6.79	6.13			13.35
2005-2017	6.63	6.23	5.57		4.78	13.10
2010-2017	5.7	5.3	2.4		4.1	15.1
2016-2017	-0.4	-1.7	-5.2		-5.7	0.0

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

Median Value of Reported Sales by Year and Class*

Year	--- Category ---				Rec.	Trans.
	Excellent	Good	Average	Fair		
2001	-	2,825	2,078		1,745	3,538
2002	3,192	2,498	1,900		1,475	
2003	3,570	2,822	2,100	2,400	1,500	5,875
2004	4,500	3,300	2,307		1,988	7,894
2005	4,600	3,955	2,875		2,000	6,319
2006	4,797	3,750	2,771		2,525	6,599
2007	5,000	4,200	3,621		3,229	7,889
2008	5,909	5,000	4,222		4,050	10,308
2009	6,000	5,000	4,200		2,645	10,254
2010	6,800	5,450	4,750	4,144	2,837	10,000
2011	8,560	6,950	4,998		4,500	
2012	9,991	8,225	5,850	6,000	3,584	
2013	11,700	9,036	6,966	4,446	3,096	7,500
2014	11,424	9,145	8,000	6,696	3,917	41,000
2015	11,225	8,624	7,339	5,530	3,200	23,000
2016	10,315	8,200	6,026	5,251	3,700	27,542
2017	10,150	8,000	5,365		3,575	25,000

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		7.30	9.19	9.61		11.55
2010-2017	5.72	5.48	1.74		3.31	13.09
2001-2017		6.51	5.93			12.22
2005-2017	6.60	5.87	5.20		4.84	11.46
2010-2017	5.7	5.5	1.7		3.3	13.1
2016-2017	-1.6	-2.5	-11.6		-3.4	-9.7

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



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Percentage Change of Average by Period

--- Category ---

Year	Excellent	Good	Average	FairRec.	Trans.
2001 - 2002	16.0	-9.8	-4.5		
2002 - 2003	-3.0	12.3	5.1	-5.0	
2003 - 2004	25.3	17.5	3.1	40.9	32.7
2004 - 2005	2.5	13.9	27.5	-0.2	-27.0
2005 - 2006	4.2	-6.3	-2.2	18.1	8.6
2006 - 2007	6.7	12.7	22.6	31.2	51.2
2007 - 2008	16.7	15.3	16.3	3.7	9.4
2008 - 2009	-1.8	4.8	2.3	-29.2	-15.6
2009 - 2010	14.1	11.1	11.3	5.2	-1.8
2010 - 2011	22.9	21.4	10.9	41.0	
2011 - 2012	15.3	16.4	7.8	-11.0	
2012 - 2013	14.0	12.2	20.0	-30.3	-19.6
2013 - 2014	-1.5	-0.6	7.3	37.8	27.4
2014 - 2015	-0.8	-5.0	-5.2	-17.1	-13.3
2015 - 2016	-9.8	-5.4	-19.0	-3.3	9.5
2016 - 2017	-0.4	-1.7	-5.2	-5.7	0.0
Ave 2001-2017	7.53	6.79	6.13		

(Note: Limited numbers of sales by year may affect representativeness)



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Counts of Reported Sales by Year and Class

Year	--- Category ---					Trans.
	Excellent	Good	Average	Fair	Rec.	
2001	2	5	8	2		4
2002	20	17	7		2	
2003	13	11	9	3	3	4
2004	15	9	5		5	3
2005	31	31	13		9	2
2006	37	25	3		2	4
2007	53	35	5		11	9
2008	56	49	9		9	9
2009	50	63	9		10	8
2010	81	112	31	7	10	5
2011	90	76	11		3	
2012	104	122	45	3	6	
2013	74	52	24	1	7	1
2014	69	81	8	4	9	3
2015	100	88	30	3	11	3
2016	88	69	23	3	15	4
2017	49	43	14		18	5



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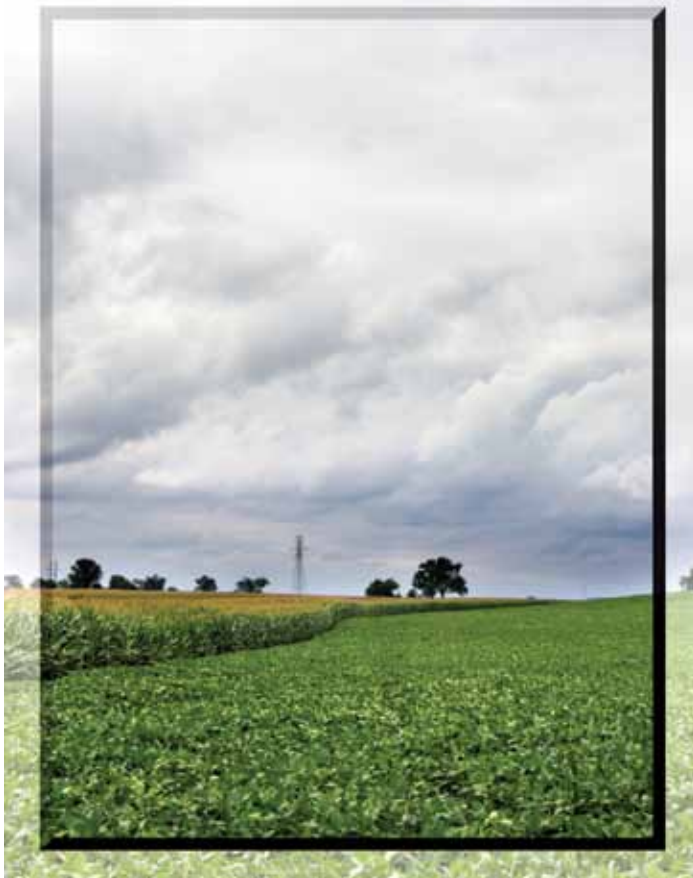
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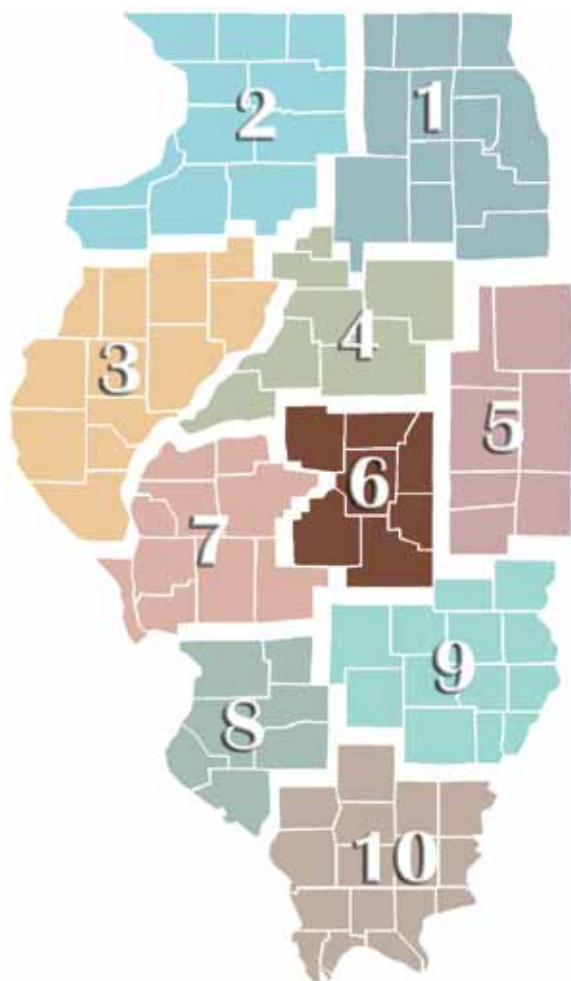
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Land Value and Cash Rent Trends Overall Summary

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	\$8,500 to \$12,200	-0.80	Steady	\$300 to \$350	0	\$300 to \$350
Good Productivity	\$6,543 to \$10,750	-8.70	Up	\$250 to \$325	0	\$250 to \$325
Average Productivity	\$5,350 to \$9,000	-0.80	Up	\$200 to \$250	0	\$200 to \$250
Fair Productivity	\$5,300 to \$6,375	12.50	Up	\$150 to \$200	0	\$150 to \$200
Recreational Land	\$2,000 to 6,350	-0.40	UP	\$200 to \$250	0	\$200 to \$250
Transitional Tracts			Down			

Region 6 consists of seven counties located in Central Illinois, Macon County is the center of the region, which includes Logan, DeWitt, Piatt, Moultrie, Shelby and Christian Counties. The region is made up of high quality farmland that is desirable to farmers and investors. This region commands high cash rent prices due to significant competition from highly qualified farm tenants throughout the area. The area is also known for good grain prices due to ADM and Tate and Lyle both being centrally located in Decatur.

Overall, the market is steady with almost no statistical changes seen in the values and price ranges across the land classes. The exceptions being the "Good" class, which is

likely due to the timing of the available sales year over year and the "fair" class which was limited to sales in the southeastern portion of Shelby County. The committee member agree that the market is steady overall throughout the region over the 2017 calendar year.

The steady market is due to the continued demand from buyers for land in central Illinois. Buyers include farmers and investors in a market where supply remains tight. The lower commodity prices were mostly offset in 2017 by well-above average yields for both corn and soybeans. This provided some relief to what appeared to be a year with the potential for large declines in farmer's income levels.

Also providing support to the market is the steady cash rent being negotiated for 2018. Again, the near record yields in 2017 have allowed for steady cash rent levels into 2018. The committee agreed that cash rent levels are expected to remain the same in all the land classes for the upcoming year.

Excellent Productivity Tracts

The largest percentage of sales in Region 6 are of farmland that would be in the Excellent productivity category. There were 64 arm-length transactions in the region that best represent the current market conditions. These sales ranged from \$8,500 per acre to \$12,200 per acre.

Of the sales selected, the average size sold was 106 acres, with an average of 98.7 tillable acreage and an average PI of 142.5. The average weighted price of these sales was \$10,605 per acre.

Last year's data showed an average weighted price of \$10,525 per acre with an average PI of 139.8. Overall, the market for Excellent farmland was flat on a year-over-year basis. Even the range in values is the same as last year. Given the lower commodity prices and overall concerns for the condition of the ag economy, a flat market is somewhat surprising. The supply appears to be similar to previous years and the demand for top quality farmland continues to be strong. Strong demand is keeping the values steady.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Christian	May	80.00	98.5	137.6	10,000
Christian	Jun	39.35	99.1	133.1	9,400
Christian	Nov	164.00	96.9	134.0	11,500
DeWitt	Feb	114.17	99.4	140.4	11,400
DeWitt	Mar	89.85	98.4	141.2	10,000
DeWitt	Apr	80.00	99.0	141.1	11,000
DeWitt	Jun	39.00	98.5	141.2	11,000
DeWitt	Oct	40.45	95.9	139.8	10,350
Logan	Jan	57.00	98.4	141.1	10,900
Logan	Feb	160.00	95.8	138.5	11,000
Logan	Mar	90.00	97.3	139.2	9,600
Logan	May	114.12	99.0	141.9	11,000
Logan	Aug	72.57	97.8	140.9	12,200
Logan	Aug	92.00	95.6	138.0	10,600
Logan	Oct	60.00	95.0	140.1	10,200
Logan	Nov	40.00	92.1	143.0	11,100
Logan	Nov	89.00	99.9	138.7	12,150
Logan	Nov	89.00	98.6	135.1	12,200
Logan	Nov	125.91	98.4	139.1	12,150
Logan	Nov	435.00	97.1	138.5	10,500
Logan	Dec	80.65	100.1	133.6	9,175
Logan	Dec	93.66	96.1	142.3	10,600
Logan	Jul	39.08	97.5	142.2	10,901
Macon	Jan	67.05	100.9	139.8	10,700
Macon	Jan	77.35	97.9	141.1	9,900
Macon	Jan	81.19	98.6	139.0	10,800
Macon	Jan	81.30	95.5	139.0	9,500
Macon	Jan	157.50	94.0	139.9	8,500
Macon	Jan	160.71	96.5	139.8	11,700
Macon	Feb	67.05	100.9	139.8	10,700
Macon	Feb	160.71	95.6	140.0	11,700
Macon	Apr	57.00	96.7	141.6	10,750

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Macon	Apr	155.00	97.0	139.3	10,500
Macon	May	140.20	99.7	141.5	11,000
Macon	Jun	70.10	98.3	142.6	11,000
Macon	Aug	73.45	98.6	137.4	9,200
Macon	Nov	39.30	99.2	141.7	10,800
Macon	Nov	60.00	100.0	142.6	10,050
Macon	Nov	203.06	97.0	138.5	10,900
Macon	Dec	40.00	101.8	142.6	9,700
Macon	Dec	59.76	97.6	142.6	9,600
Macon	Dec	78.00	101.7	142.9	9,000
Macon	Dec	257.86	96.0	142.3	10,335
Moultrie	Mar	80.00	99.1	137.1	11,300
Moultrie	Apr	80.00	93.5	137.7	10,600
Moultrie	Apr	92.62	98.1	137.7	12,071
Moultrie	Nov	135.00	100.0	140.1	10,500
Piatt	Jan	92.24	100.9	143.0	10,500
Piatt	Mar	159.89	92.9	143.9	9,815
Piatt	Apr	40.00	97.8	141.4	10,800
Piatt	Apr	40.00	95.2	139.6	10,700
Piatt	Apr	59.36	98.4	141.1	11,000
Piatt	Apr	99.24	100.0	139.2	11,150
Piatt	May	240.00	97.2	142.3	11,200
Piatt	Nov	159.00	100.5	143.9	10,350
Piatt	Nov	200.00	99.3	142.1	10,600
Piatt	Jul	76.20	95.4	141.7	10,700
Piatt	Jul	78.80	96.0	140.8	10,100
Shelby	Feb	80.00	97.9	143.7	10,400
Shelby	Mar	60.00	97.8	144.0	10,000
Shelby	Mar	241.77	99.7	144.0	10,000
Shelby	Jun	80.00	98.4	142.0	10,000
Shelby	Oct	120.00	99.0	137.0	10,500
Average (acre weighted)			97.8	140.4	10,606

Good Productivity Tracts

There were 31 arm's-length transactions in the region that best represent the current market conditions in the Good productivity category. These sales ranged from \$6,543 per acre to \$10,750 per acre. Of the sales selected, the average size sold was 119 acres, with an average of 93.8 percent tillable acreage and an average PI of 130.3. The average weighted price of these sales was \$8,601 per acre.

Last year's data showed an average weighted price of \$9,422 per acre with an average PI of 130.9. Overall, the market for Good farmland in down 8.7 percent from last year. The range in values is similar, with the same value of \$10,750 at the top of the range. This category was down


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the least of all the categories in 2016, so it is likely that this year's data is more indicative of the market than was previously shown. Likely, it has taken the sellers sometime to realize the market conditions. There does appear to be a larger number of sales in the Good category in 2017 compared to previous years

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Christian	Mar	55.82	88.3	122.0	7,032
Christian	Apr	40.96	74.7	126.7	6,543
Christian	Jun	39.35	94.0	132.6	9,400
Christian	Jul	80.00	99.9	132.6	9,688
Christian	May	37.44	95.7	130.4	9,350
Christian	Nov	155.73	94.1	132.8	10,448
DeWitt	Nov	55.79	98.6	131.5	8,100
DeWitt	Jul	89.17	89.4	126.0	8,200
Logan	Feb	400.00	95.9	132.4	9,236
Logan	Mar	40.00	97.3	131.6	10,250
Logan	Sep	46.67	83.0	132.2	7,700
Macon	Aug	36.92	97.3	128.6	9,000
Macon	Oct	80.00	79.7	128.3	8,000
Moultrie	Feb	71.50	94.8	130.8	9,500
Moultrie	Mar	80.00	90.6	131.4	9,425
Moultrie	Aug	24.01	84.1	118.5	7,300
Moultrie	Aug	61.48	90.6	130.8	9,000
Piatt	Jan	68.02	79.0	126.7	7,200
Piatt	Feb	34.00	85.9	127.0	7,200
Piatt	Jun	40.11	100.0	131.8	8,000
Piatt	Oct	247.04	93.7	131.5	8,988
Piatt	Apr	1248.36	95.5	132.4	8,248
Piatt	Jun	81.80	92.0	132.4	8,000
Piatt	Mar	45.94	95.8	118.8	10,750
Shelby	Mar	100.00	96.4	129.1	8,900
Shelby	May	40.00	100.0	122.0	8,000
Shelby	May	20.00	98.0	117.3	10,000
Shelby	Oct	80.00	97.3	130.5	10,200
Shelby	Dec	155.00	94.0	130.7	7,600
Shelby	Dec	80.00	99.5	117.1	8,000
Shelby	Dec	80.00	86.5	119.2	7,850
Average (acre weighted)			93.8	130.3	8,602

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the realist adjusts the sails.*

~ William Arthur Ward



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Average Productivity

There were 10 arm's-length transactions in the region that best represent the current market conditions in the Average category. These sales ranged from \$5,350 per acre to \$9,000 per acre. Of the sales selected, the average size sold was 147 acres, with an average of 88.9 tillable acreage and an average PI of 112.0. The average weighted price of these sales was \$6,054 per acre.

Last year's data showed an average weighted price of \$6,006 per acre with an average PI of 108.5. Overall, the market for Average productivity farmland is flat. The range in values is similar, with the same value of \$9,000 at the top of the range.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Moultrie	Nov	40.25	93.3	115.5	9,000
Moultrie	Nov	468.85	77.5	115.3	5,700
Piatt	Apr	71.55	96.4	113.4	7,200
Piatt	Jun	179.95	90.4	118.5	5,500
Piatt	Jun	179.95	90.4	118.5	5,500
Shelby	Jan	155.00	98.5	100.0	6,900
Shelby	Feb	157.80	93.6	103.5	5,350
Shelby	Mar	43.17	99.4	108.8	8,400
Shelby	May	131.65	96.0	106.3	6,250
Shelby	Oct	40.00	99.8	109.5	6,500
Average (acre weighted)			88.9	112.0	6,054

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Fair Productivity Tracts

There were 6 arm-length transactions in the region that best represent the current market conditions in the Fair productivity, all in Shelby County. These sale ranged from \$5,300 per acre to \$6,375 per acre. Of the sales selected, the average size sold was 65 acres, with an average of 94.7 percent tillable acreage and an average PI of 98.3. The average weighted price of these sales was \$6,066 per acre.

Last year's data showed an average weighted price of \$5,393 per acre with an average PI of 98.5. Overall, the market for Fair farmland is up 12.5 percent based on the data. The range in values is more narrowly distributed in this year's data set. This is likely due to the significantly higher average percentage of tillable acres in parcels sold. The average last year for tillable acres was 69.9 percent, while this year it is at 94.7 percent. Most of this year's sales are from the southeast portion of Shelby County in a strong area of highly tillable but low PI ground. It would be fair to say that most of the buyers in that area would treat farmland more like the Average category regardless of PI. While the data indicates a significant increase in values, the committee feels that the market for Fair farmland throughout the region would be steady.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Shelby	Feb	40.00	95.2	97.1	5,300
Shelby	Mar	173.45	96.9	98.5	6,375
Shelby	Mar	36.28	94.1	94.9	5,800
Shelby	Aug	60.00	96.4	101.1	6,000
Shelby	Aug	40.00	89.4	98.4	6,250
Shelby	Oct	40.00	88.5	97.0	5,650
Average (acre weighted)			94.7	98.3	6,066

Recreational Tracts

There were 18 arm's-length transactions in the region that best represent the current market conditions in the Recreational category. These sales ranged from \$2,000 per acre to \$6,350 per acre. Of the sales selected, the average size sold was 111 acres, with an average of 17.4 percent tillable acreage. The average weighted price of these sales was \$3,506 per acre.


Last year's data showed an average weighted price of \$3,927 per acre with 33.0 percent tillable. The average for this year's data is skewed lower by 2 sales of permanent easement sales of CREP land in Logan County. These are valuable sales to help determine the effect of permanent easements on recreational land so the committee felt it was important to include in the report. Excluding these sales moves the average weighted price for this category to \$3,944 making the market flat compared to 2016.



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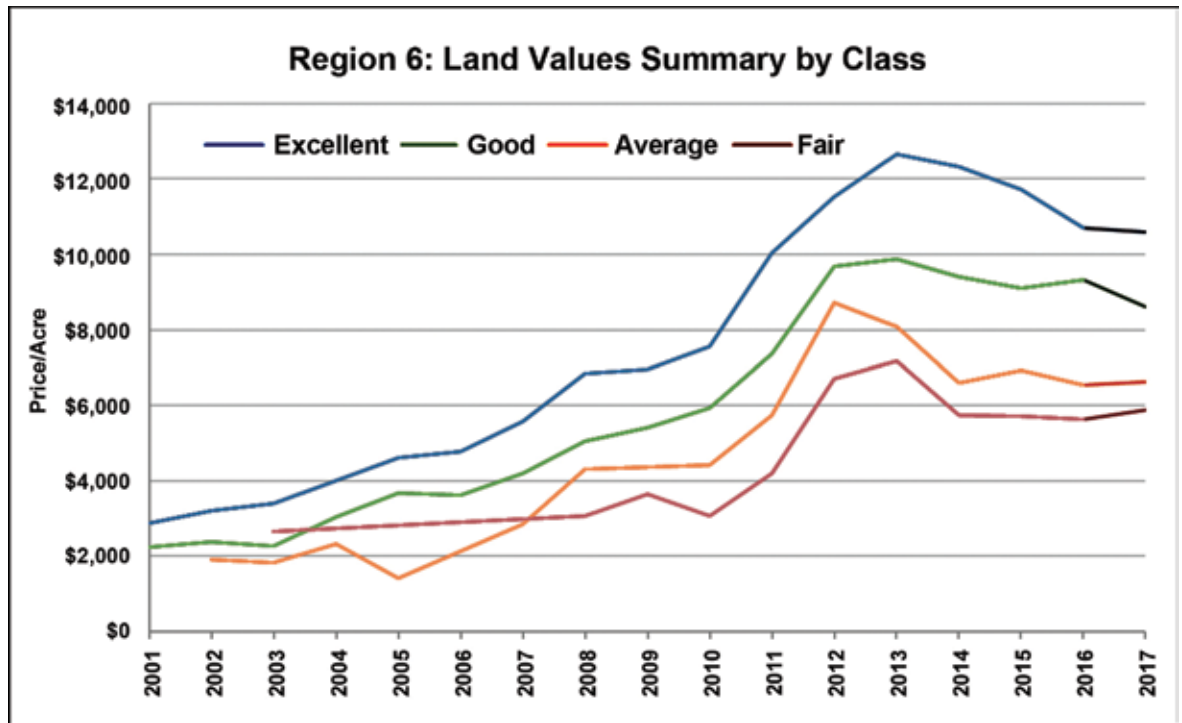
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County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Christian	Jun	22.08	0.0	0.0	4,694
DeWitt	Jun	60.50	50.2	120.3	5,785
DeWitt	Jun	55.81	30.6	124.1	5,762
Logan	Feb	80.21	0.0	0.0	2,000
Logan	Mar	419.75	0.0	0.0	2,226
Macon	Nov	49.17	35.3	123.1	5,100
Macon	Oct	23.55	0.0	0.0	6,300
Macon	Oct	48.32	54.7	133.9	3,350
Moultrie	Sep	16.13	0.0	0.0	3,000
Moultrie	Mar	41.54	58.2	123.0	4,092
Piatt	Apr	103.76	33.7	114.0	4,100
Piatt	Apr	33.36	0.0	0.0	6,200
Piatt	Apr	93.28	0.0	0.0	6,350
Shelby	Jul	640.73	21.0	98.4	3,262
Shelby	Mar	100.00	23.3	90.9	3,500
Shelby	Feb	74.90	0.0	0.0	3,250
Shelby	Apr	80.00	50.5	94.9	3,125
Shelby	Feb	63.04	0.0	0.0	3,600
Average (acre weighted)			17.4	61.5	3,506

Transitional Category

The two sales included occurred at a single auction sale and provide little data on determining the value of “transitional Tracts” throughout the region. These two 10-acre tracts were both located on the south edge of Sullivan along a State Highway. They did indicate that there is some premium for transitional land, but it may not translate well to other areas or situations.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Moultrie	Aug	10.00	78.0	138.2	12,200
Moultrie	Aug	10.00	83.0	140.7	12,200
Average (acre weighted)			80.5	139.5	12,200

Other Tracts

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeWitt	Apr	18.94	95.0	138.8	20,000

Wind Towers/Leases

The newest wind project has just been completed in Macon County. This will become operational in 2018. The committee looks forward to providing the data gathered throughout the year for the 2019 report, but doesn't feel there is any good, usable data to share at this time.

Lease Trends

Cash remained mostly steady in 2017. While many feel that the cash rent levels should decrease due to the lower grain prices, there is little evidence of the owner's willingness to come down nor a willingness of the tenant to give up a lease due to the higher rent level. There was

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a slight move to more flexible cash rent leases in the past couple of years that partially accounts for the steady figures provided. It is possible that rents could come down in 2018 still, even though leases have been signed, due to a tightening of the lending levels and slightly higher operating loan rates. A second round of lease negotiation may occur on a limited basis after same tenant meet with their lending this spring.



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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 2018 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				

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

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
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
2017	10,587	8,616	6,630	5,896	4,205	12,200

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.71	10.83				
2010-2017	4.78	5.29	5.78	9.34	2.33	2.33
2001-2017	8.12	8.41				
2005-2017	6.91	7.07	12.78			-1.44
2010-2017	4.8	5.3	5.8	9.3	2.3	2.3
2016-2017	-1.0	-8.1	1.3	4.4	5.6	-75.9

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

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Median Value of Reported Sales by Year and Class*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001		2,300				
2002	3,250	2,420	1,925		967	11,275
2003	3,450	2,463	1,845	2,670	1,930	9,666
2004	4,077	3,268	2,325		1,503	8,255
2005	4,625	3,600	1,431			14,500
2006	4,845	3,391			2,150	7,432
2007	5,488	4,075	2,857		3,350	10,000
2008	6,725	4,995	4,400	3,000	5,150	8,566
2009	6,997	5,600		3,661	3,130	11,653
2010	7,445	5,900	4,333	3,066	3,675	10,725
2011	10,000	7,163	5,751	4,207	3,628	10,000
2012	11,500	9,650	8,500	6,917	3,745	13,000
2013	12,500	10,450	8,500	7,175		
2014	12,223	8,998	7,000	4,700	4,100	18,644
2015	11,750	9,014	6,375	5,725	4,800	21,250
2016	10,800	9,700	6,419	5,556	4,200	28,933
2017	10,600	8,248	6,375	5,900	3,846	12,200

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		10.47				
2010-2017	5.05	4.79	5.52	9.35	0.65	1.84
2001-2017		7.98				
2005-2017	6.91	6.91	12.45			-1.44
2010-2017	5.0	4.8	5.5	9.4	0.6	1.8
2016-2017	-1.9	-16.2	-0.7	6.0	-8.8	-86.4

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

Counts of Reported Sales by Year and Class

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	17	7				
2002	11	12	2		1	2
2003	14	4	1	1	3	3
2004	18	4	2		4	4
2005	18	7	2			1
2006	19	4			4	3
2007	15	10	1		3	1
2008	36	9	7	3	5	2
2009	18	12		2	3	3
2010	26	9	4	2	4	5
2011	42	12	2	2	7	2
2012	79	20	5	4	8	9
2013	62	16	5	2		
2014	42	12	13	4	7	2
2015	48	16	7	2	8	4
2016	55	12	10	7	11	4
2017	64	31	10	6	18	2

Percentage Change of Average by Period

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001 - 2002	10.5	5.9				
2002 - 2003	6.2	-4.8	-4.2		75.6	-30.0
2003 - 2004	16.1	29.5	23.1		-29.9	6.5
2004 - 2005	14.3	19.1	-48.6			48.7
2005 - 2006	3.5	-1.5				-43.2
2006 - 2007	15.6	14.8			25.4	6.0
2007 - 2008	20.2	18.2	41.4		23.4	-15.5
2008 - 2009	1.7	6.9		17.2	-32.3	40.9
2009 - 2010	8.5	9.5		-17.8	7.2	-21.8
2010 - 2011	28.1	21.6	26.2	31.7	-5.0	-3.6
2011 - 2012	13.9	27.3	41.5	46.6	4.8	25.7
2012 - 2013	9.3	1.9	-7.4	6.7		
2013 - 2014	-2.6	-5.1	-20.5	-22.1		
2014 - 2015	-5.0	-3.2	4.9	-0.4	15.4	12.0
2015 - 2016	-9.2	2.6	-5.6	-1.5	-17.9	21.6
2016 - 2017	-1.0	-8.1	1.3	4.4	5.6	-75.9
Ave 2001-2017	8.12	8.41				

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	17.8	13.8	27.3	19.6	12.3	75.9
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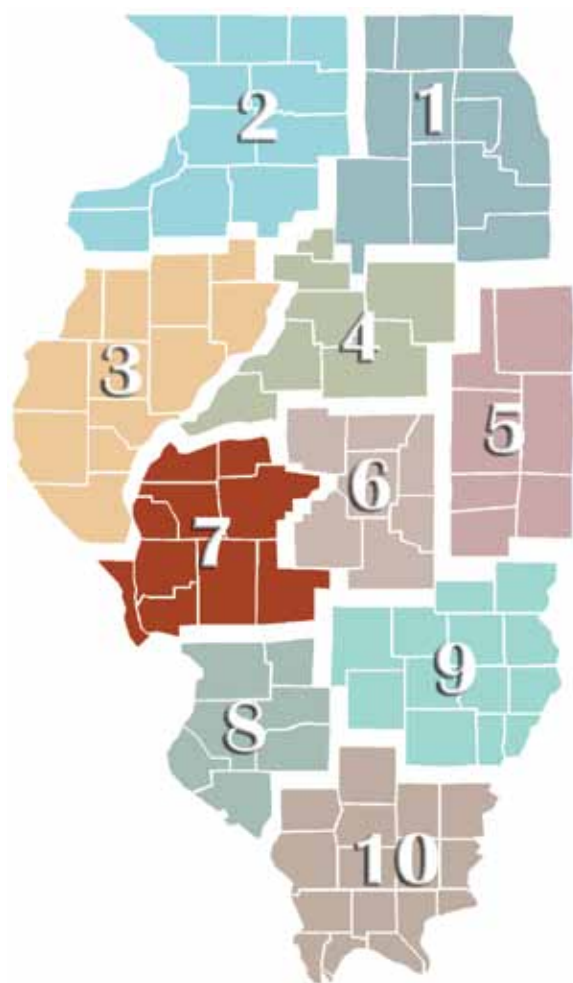


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Land Value and Cash Rent Trends Overall Summary

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	\$10,250-\$12,000	Down 2%-5%	Steady	\$290-\$340	Steady
Good Productivity	\$6,250-\$9,000	Down 2%-5%	Steady to up 5%	\$220-\$290	Steady
Average Productivity	\$3,500-\$5,750	Down 5%-7%	Steady to up 5%	\$150-\$220	Steady
Fair Productivity	\$2,500-\$3,500	Steady	Steady to up 5%	\$150	Steady
Recreational Land	\$2,000-\$3,500	Down 5%-10%	Up 5% to 10%		

Region 7, like many others, is extremely diverse in 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 hot spots 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. Region 7 proved to be a very interesting case study yet again in 2017.

A vast majority of this region saw very strong and surprising yields in 2017. While this is great news, it added to a surplus of grain and played a role in another year of choppy commodity prices. While the prices farmers saw for their crops wasn't inspiring, the yield produced during a strong harvest alleviated some pressures and likely played a role land values maintaining a little strength.

Although there were brief and sporadic bursts of strength, most of the region saw gradual declines over 2017. Uncertainty continues as macroeconomic factors have many guessing as to what 2018 will hold for the Illinois farmer.

Trade, taxes, insurance and regulation are all issues currently in a state of flux that could sway the upcoming landscape pretty drastically. Trade issues in particular could mold the 2018 commodity market and that market will play a large role in where land values go from here.

Just like last year, precise geography has played an enormous role in a farm's worth. Two farms that appear similar on paper can bring very different prices based on their location. Interestingly, we saw some renewed strength to the market at the end of 2017. Some of the year's strongest sales took place in November and December which has many hoping that the market has regained solid footing. While prices have decreased, the land market was very active and the region as a whole has seen more farms become available. There is still a healthy amount of buyers, they are just more selective and opportunistic than in year's past.

Although the data suggest a generally mild decline in values, at times it felt like it would be much worse. This region continues to find more sustainability than some expected. 2017 (like 2016) felt like an emotional rollercoaster at times but we find ourselves with many people still looking for land with prices at strong levels compared to the rest of the state.



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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 a great deal of local interest in these tracts when they become available. There are certain geographic sectors within Region 7 that are especially strong. The old adage “Location, Location, Location” seems to ring especially true in determining values. Precise geography and proximity to well-positioned operations have really maintained these levels.

That said, there is some growing caution to the market and while there are many buyers, they are being much more selective. Another strong yield in 2017 resulting in large carryover isn’t creating a lot of enthusiasm towards 2018 commodity prices which could potentially affect land values moving forward. With buyers becoming more opportunistic, added advantages like shape, field tile and drainage have really helped maintain and in some cases, strengthen this class of land.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Sangamon	Jan	80.00	99.0	142.7	11,150
Macoupin	Jan	116.65	98.0	140.1	11,000
Morgan	Jan	75.60	98.0	141.7	12,500
Morgan	Jan	68.60	99.0	139.8	12,000
Greene	Feb	103.78	99.0	138.6	10,800
Macoupin	Feb	57.00	99.0	141.6	12,100
Macoupin	Mar	80.00	76.0	135.9	7,750
Sangamon	Apr	60.00	90.3	135.9	11,050
Scott	May	98.30	99.0	134.4	8,820
Morgan	May	38.20	96.0	141.6	10,500
Montgomery	May	56.72	99.0	133.9	10,850
Greene	Jun	79.00	99.0	141.0	10,500
Morgan	Sep	49.00	99.0	138.2	10,500
Cass	Sep	50.00	98.4	139.5	12,800
Morgan	Oct	173.76	96.0	135.2	12,200
Cass	Oct	39.00	94.0	137.0	12,250
Greene	Oct	520.00	99.0	140.2	11,315
Sangamon	Oct	40.00	99.0	136.6	12,750
Morgan	Nov	166.06	99.0	137.3	11,000
Sangamon	Nov	77.62	99.0	141.1	12,650
Sangamon	Nov	80.00	99.0	141.9	13,600
Sangamon	Nov	40.09	99.0	138.5	14,700
Morgan	Dec	83.04	98.0	142.2	13,500
Average (acre weighted)			97.4	139.0	11,424

Good Productivity Tracts

Similar to the Excellent productivity land class, this Good category has seen a wide range of results. It is within this category that we start seeing topography, access issues, ditches or ponds, and other attributes factor into lowering prices. The amount of income producing acreage on these farms plays a large role in their market value. Additionally, any potential improvements like tile, dirt work, dry dams, etc. etc. start to play a role here. Buyers often look for ways to improve a recent purchase and in this category of land is where you start to see those possibilities take shape. Precise geography again plays a major role in overall sales



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price. Much as was evident in the 2016 data, in certain areas of Region 7, the Good productivity tracts kept pace with the Excellent productivity tracts in terms of prices.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Morgan	Jan	39.60	99.0	132.7	10,500
Greene	Jan	192.90	79.0	119.0	9,072
Morgan	Jan	38.90	83.0	130.8	6,500
Macoupin	Jan	158.00	95.3	117.7	10,000
Scott	Jan	98.00	98.0	118.2	8,406
Cass	Feb	72.00	95.0	129.1	6,250
Jersey	Mar	100.00	75.5	118.1	8,500
Montgomery	Mar	79.00	96.6	122.2	8,300
Greene	Apr	37.25	94.0	118.1	6,750
Scott	Apr	31.10	84.2	124.3	6,752
Greene	Apr	208.58	76.0	122.8	5,500
Macoupin	Apr	115.29	80.0	130.0	6,000
Greene	May	64.60	87.0	121.0	8,050
Morgan	May	38.20	93.0	127.0	10,500
Macoupin	May	40.00	94.5	117.1	7,600
Greene	Aug	40.00	88.0	121.0	7,500
Macoupin	Aug	40.00	99.0	117.7	11,000
Montgomery	Oct	40.00	88.6	129.4	10,000
Macoupin	Oct	82.24	97.0	118.4	9,975
Cass	Nov	163.17	91.0	118.0	10,200
Scott	Nov	84.95	95.0	123.3	8,900
Montgomery	Nov	160.00	98.6	131.6	10,300
Cass	Dec	75.35	96.0	132.0	9,300
Average (acre weighted)			88.9	122.7	8,480

Average Productivity Tracts

This classification of farmland includes parcels with the most significant variations across the region. Most of the sales are greatly influenced by the percentage of income-producing acreage. A lot 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 can be found by those farms that sit near pockets of strength or have what appears to be untapped potential. It is very common to see an “average” farm sell and look quite different a year later with tiling, dozing and earthwork taking place. These tracts can have had a more difficult time selling as buyers have become more selective and patient for the right opportunity. Many in a position to buy will pass on these farms waiting for a more appealing opportunity.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Morgan	Jan	160.45	66.0	112.2	3,800
Scott	Feb	20.00	84.0	116.3	7,200
Cass	Mar	175.99	87.3	107.6	6,591
Morgan	Apr	54.30	95.0	115.2	6,445
Greene	Apr	40.00	97.0	114.3	7,050
Greene	Apr	40.00	95.0	114.6	7,057
Macoupin	Apr	143.56	56.0	116.0	4,179
Jersey	Apr	121.14	71.0	108.7	6,050
Scott	May	43.08	87.0	112.0	6,500

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Montgomery	May	39.27	89.1	109.6	6,443
Calhoun	Jul	234.30	43.0	102.0	4,634
Cass	Aug	175.99	87.3	107.6	6,591
Macoupin	Sep	36.98	54.0	113.8	4,435
Macoupin	Sep	80.00	69.0	114.1	5,938
Greene	Oct	71.44	89.0	112.1	6,414
Cass	Nov	28.79	90.0	115.0	6,500
Morgan	Nov	40.71	97.0	110.8	8,000
Macoupin	Nov	78.14	91.0	116.6	9,000
Average (acre weighted)			74.1	110.3	5,841

Fair Productivity Tracts

As typical to Region 7, we have seen a limited number of sales in this range. The areas soil composition doesn't produce many farms with a productivity rating that fits this category. When there are "Fair" tracts, they see many of the same hurdles that "Class C" farms see. The variance can be wide and almost entirely directed by geography and percentage of income producing acreage.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Montgomery	Jan	71.00	73.1	99.3	4,959
Morgan	Jan	52.87	53.8	90.5	3,745
Average (acre weighted)			64.9	95.5	4,441

Recreational Tracts

Parts of Region 7 provide 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 attributes.

Potential income through hunting leases is a very likely scenario throughout Region 7. Government programs like CRP and CREP can swing values pretty drastically. Illinois currently doesn't have many, if any ongoing CRP or CREP programs available which could adversely affect certain sales.

Conversely, those farms with long term programs already signed and built in could see additional strength. This sector has always been influenced by discretionary income from outside the area. With the stock market high, many are hoping we might see an influx of this money come back into the area. If that happens, we could see recreational prices rise. This market has had tough times over the last several years.

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 the realist adjusts the sails.*
 ~ William Arthur Ward

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Lease Trends

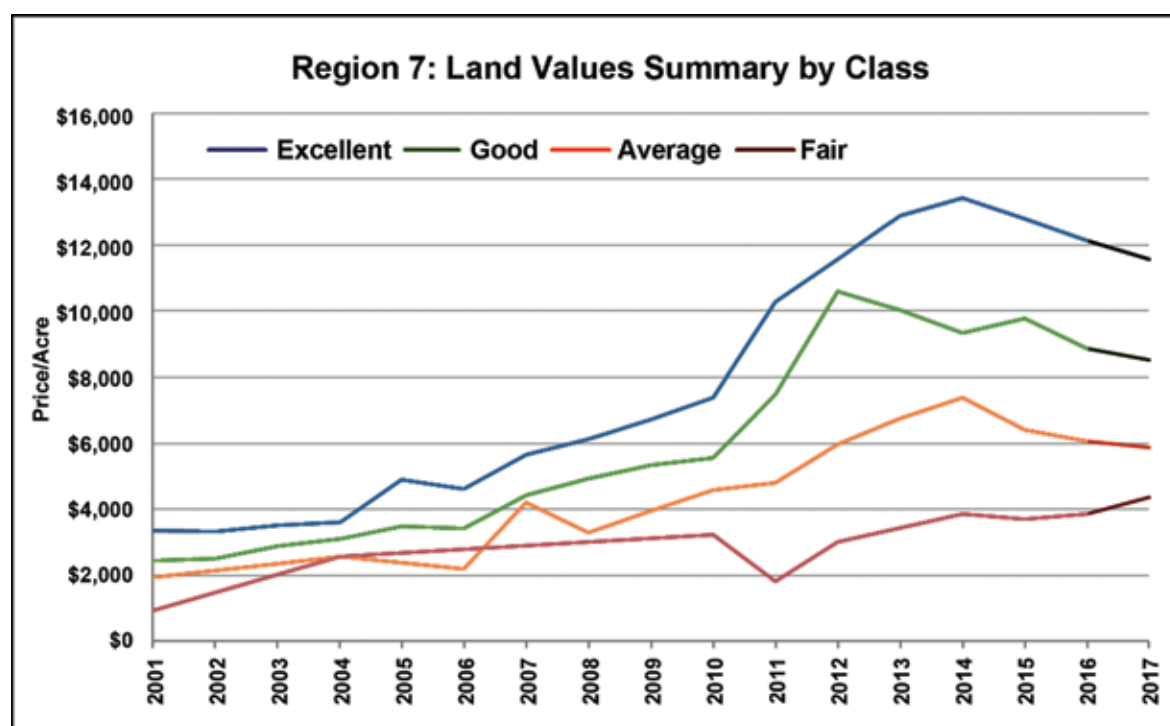
The continued tightness of margins has growers seeking lower rents. That said, this region continues to see resistance to leases moving downward. These comments are eerily similar to what we saw last year as we headed into 2017. There continues to be some disconnect between “economic rent” and “market rent”. The rate one would expect to see given current economic pressures doesn’t always correlate to how strong some rents remain.

The excellent soils still see incredibly strong demand and many rents remain above \$300 an acre. We have seen a continued shift toward “flex” leases. Although straight cash rents remain popular and viable, many are spreading the risk through creative leases that fluctuate

depending on a variety of factors including yield, commodity prices, etc. etc. With volatility the apparent norm, most leases are operating on a year to year basis.

As we continue to stack “tight” years on top of each other, we did see more land change hands in the fall of 2017 as we had in previous years. That said, many people expected a greater turnover rate than actually transpired.

County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Scott	Jan	133.57	0.0	0.0	2,509
Jersey	Jan	37.71	0.0	0.0	4,202
Morgan	Mar	35.75	0.0	0.0	3,900
Scott	Mar	65.00	0.0	0.0	2,307
Greene	Apr	196.27	0.0	0.0	1,700
Cass	May	40.00	0.0	0.0	3,800
Jersey	Jun	46.73	0.0	0.0	3,724
Morgan	Jun	76.10	0.0	0.0	2,400
Morgan	Jun	52.87	0.0	0.0	3,745
Macoupin	Jun	67.08	0.0	0.0	2,397
Montgomery	Jun	103.08	27.3	N/A	3,425
Macoupin	Jul	40.74	0.0	0.0	2,455
Macoupin	Aug	40.00	0.0	0.0	3,000
Cass	Oct	80.00	20.0	115.8	3,800
Average (acre weighted)			4.3	9.1	2,819



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 2018 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	325	375	1	325	40	40	15	5
Good Productivity	225	250	275	1	270				
Average Productivity	200	225	250	1	200				
Fair Productivity	150	150	200	1	175				
Recreational Land		20		1					
Pasture		40		1					

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

Year	-- Category --				
	Excellent	Good	Average	Fair	Rec.
2001	3,354	2,442	1,929	938	1,427
2002	3,309	2,500			
2003	3,509	2,897	2,350		
2004	3,610	3,091	2,570	2,573	
2005	4,906	3,477			
2006	4,621	3,416	2,178		
2007	5,641	4,429	4,191		
2008	6,123	4,924	3,285		
2009	6,739	5,344	3,969		
2010	7,397	5,558	4,569	3,224	
2011	10,291	7,483	4,793	1,825	2,945
2012	11,576	10,606	5,967	3,020	2,428
2013	12,910	10,015	6,762		3,356
2014	13,445	9,335	7,400	3,849	3,402
2015	12,801	9,775	6,412	3,705	2,972
2016	12,148	8,855	6,070	3,869	2,947
2017	11,578	8,515	5,868	4,352	3,097

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.79	9.14	9.58	13.72	
2010-2017	6.40	6.09	3.57	4.29	
2001-2017	7.74	7.81	6.95	9.59	4.84
2005-2017	7.16	7.46			
2010-2017	6.4	6.1	3.6	4.3	
2016-2017	-4.8	-3.9	-3.4	11.8	5.0

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

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Median Value of Reported Sales by Year and Class*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
22001	-	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	
2017	11,315	8,500	6,473	4,352	3,212	

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	6.50	9.29	13.72		
2010-2017	5.97	7.97	4.70	4.29	
2001-2017		7.15	7.28	9.59	5.19
2005-2017	7.01	7.33			
2010-2017	6.0	8.0	4.7	4.3	
2016-2017	-7.6	-3.2	4.3	45.0	11.5

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

Percentage Change of Average by Period

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec.
2001 - 2002	-1.3	2.3			
2002 - 2003	5.9	14.8			
2003 - 2004	2.9	6.5	8.9		
2004 - 2005	30.7	11.8			
2005 - 2006	-6.0	-1.8			
2006 - 2007	19.9	26.0	65.5		
2007 - 2008	8.2	10.6	-24.4		
2008 - 2009	9.6	8.2	18.9		
2009 - 2010	9.3	3.9	14.1		
2010 - 2011	33.0	29.7	4.8	-56.9	
2011 - 2012	11.8	34.9	21.9	50.4	-19.3
2012 - 2013	10.9	-5.7	12.5		32.4
2013 - 2014	4.1	-7.0	9.0		1.4
2014 - 2015	-4.9	4.6	-14.3	-3.8	-13.5
2015 - 2016	-5.2	-9.9	-5.5	4.3	-0.8
2016 - 2017	-4.8	-3.9	-3.4	11.8	5.0
Ave 2001-2017	7.74	7.81			

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	15.0	22.0	23.2	9.4
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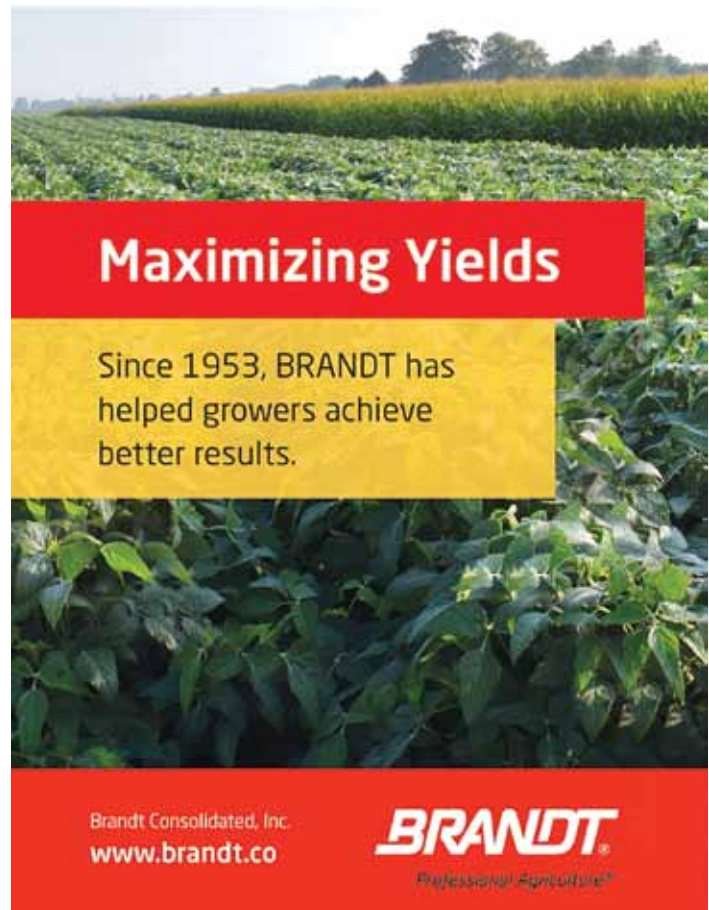
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Counts of Reported Sales by Year and Class

Year	--- Category ---				Rec.
	Excellent	Good	Average	Fair	
2001	5	4	3	1	3
2002	23	1			
2003	10	11	2		
2004	17	5	2	1	
2005	11	16			
2006	21	11	1		
2007	16	22	1		
2008	8	18	8		
2009	21	10	2		
2010	26	9	6	2	
2011	10	9	7	2	13
2012	12	14	14	2	10
2013	11	17	17		7
2014	22	29	15	4	13
2015	29	30	14	8	21
2016	39	28	19	8	24
2017	23	23	18	2	14



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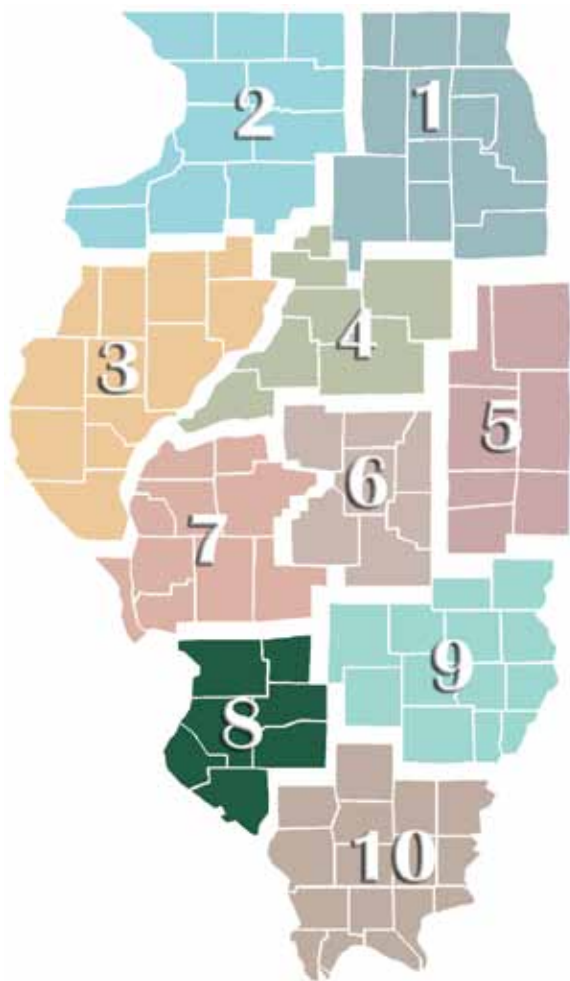
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Land Value and Cash Rent Trends Overall Summary

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				\$325	Steady	\$350
Good Productivity	\$7,500-\$12,000	17% lower to steady	8% lower	\$240	Steady	\$235
Average Productivity	\$5,900-\$11,900	6% lower to 2% lower	14% higher	\$215	Steady	\$225
Fair Productivity	\$5,100-\$8,000	2% higher to 6% lower	7% lower	\$180	Steady	\$180
Recreational Land	\$2,450-\$4,700	7% lower to 16% lower	4% lower	\$25	Steady	\$25
Transitional Tracts	\$6,900-\$15,500		Higher			

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.

Tracts close to cities and rural subdivisions (Transitional Tracts) now appear to be selling at prices above farmland

values. Prior to 2008, those parcels were selling for 3 times the value of farmland. 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. While 2016 saw a 20 percent jump in the number of sales of this land category, the 2017 numbers have surprisingly decreased.

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 scat-

tered 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, home building continues to increase, and, therefore, communities continue to add to upward pressure on land prices. Farmers continue to raise higher yields on lower quality farms by using newer technologies and genetics. Landowners continue to increase tile installation, and not just on the better soils in Region 8.

The 2017 growing season in Region 8 ---- A window of perfect corn planting conditions opened up in the third week of April. Temperatures were warm, and the soil was mellow. Farmers pushed hard for a week and planted nearly all of their corn. And then...the 'perfect storm'... On April 27, the rains began, and they didn't end for nine days. Many areas received over 10 inches. To complicate matters, temperatures dipped into the 40s and 50s. A record number of acres had to be replanted. Many farmers were planting beans at the same time as (or immediately after) replanting corn.

In late spring, the weather made a sudden and complete reversal to hot and dry that lasted until early summer. An area in the southeastern part of Region 8 experienced drought conditions (and, subsequently, yields) comparable to the devastating drought of 2012. For the rest of Region 8, though, temperatures cooled and crops revived during

the critical corn pollination period. And enough rain fell to provide for above-average yields on most farms. The growing season ended hot and dry, and as of mid-January, 2018, the United States Drought Monitor shows Region 8 as "Abnormally Dry" to "Moderate Drought".

Excellent 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. Housing and commercial developments on these soils continues. The two sales noted in the table were in one auction. They are odd shaped parcels, and actually sit further away from development.

Sale County	Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
St. Clair	Apr	49.79	96.0	133.4	11,147
St. Clair	Apr	115.22	94.0	135.7	11,326
Average (acre weighted)			94.6	135.0	11,272

Good Productivity Tracts

There are spotted 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 2017 for the Good productivity tracts in Region 8 generally ranged from \$7,500/acre to \$12,000/acre. This range narrowed as compared to 2016. The lower value is around 17 percent lower than 2016, while the higher land sales are about the same as 2016. The number of sales represented in the table for 2017 was the same (13) as 2016. The weighted average is 8 percent lower compared to 2016.

The 20-acre sale (122.5 PI) that went for \$12,000 sat along a good township road, and it had a 20-foot easement down the middle of it. That easement provides access for the 60.71-acre sale (with a better PI of 127.9) that sold for only \$9,914 per acre, which shows a discount for access/location.

The 71.71-acre sale in December was part of a nine-tract auction just one mile east of O'Fallon's city limits. Seven of the tracts were smaller (6-13 acres), marketed to those looking to build a house in the country. The 71.71 acres was made up of two larger fields plus one of the smaller tracts. Although this acreage has a very good PI, is 96 percent tillable, and sits relatively close to O'Fallon, it sold for only \$7,921 per acre. Why? Because it sits in an area where "farming is leaving" because of rural developments. Also, it is in an area where a major creek and bottomland cause a natural farming boundary. And finally, perhaps there was



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little interest by housing developers due to the city's sewer plant sitting 1/4 mile away!

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Madison	May	38.60	90.0	126.9	7,254
St. Clair	Dec	71.71	96.0	128.3	7,921
Madison	May	40.00	100.0	127.2	8,000
Madison	Jan	39.63	100.0	118.5	8,400
Madison	Jan	99.22	93.0	121.5	8,496
Madison	Feb	80.00	94.0	125.0	9,000
Madison	Apr	30.51	99.0	121.0	9,341
St. Clair	Mar	60.71	99.0	127.9	9,914
St. Clair	Jan	48.78	95.0	122.0	10,250
Madison	Mar	67.99	99.0	128.9	10,250
St. Clair	Nov	52.70	99.0	125.5	10,500
Madison	Apr	260.00	96.0	124.4	11,750
St. Clair	Mar	20.00	100.0	122.5	12,000
Average (acre weighted)			96.3	124.8	9,887

Average Productivity Tracts

Most of Region 8 is made up of Average productivity soil types, and the number of sales remains strong. These soils 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 (% tillable and PI) is not very diverse.

For the second year, sales prices lowered their range of values: in 2015 they were primarily from \$7,500 to \$13,350/acre, in 2016 they were \$6,300 to \$12,100, and in 2017 they were \$5,900 to \$11,900/acre. That's a decrease of 6% on the bottom end, and a decrease of 2% on the top end. However, there were more sales on the "top" end. The weighted average was \$8,152/acre compared to \$7,944 in 2016. The number of representative sales as shown in the table is 17% higher than 2016.

The December sale in Randolph County had a premium price of \$7,391/acre. This is a rare tract for the area in that it is large, contiguous, and highly tillable. A motivated neighbor purchased that parcel.

The two sales in April in Clinton County (\$10,455 and \$11,893) were part of the same auction and sit in a very competitive dairy farming area. There was another 20-acre tract in the auction (not listed in the table above) that included a house and dairy buildings that sold for only \$8,750 per acre.

The 80 acres in St. Clair County that sold for only \$5,875 is a good example of discounts due to farming obstacles. Even though it is 90% tillable with a decent PI, most of the tillable acreage sits behind a large tree-lined ditch with a low-water crossing.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Randolph	Mar	49.50	91.0	108.9	5,000
St. Clair	Nov	80.00	90.0	108.0	5,875
Randolph	Apr	39.59	91.0	100.7	5,900
Washington	Jan	30.00	95.0	100.2	6,000
Washington	Feb	40.00	96.0	103.7	6,347
Madison	Mar	36.00	92.0	101.3	7,000
Randolph	Nov	35.07	95.0	107.6	7,000
Randolph	Nov	81.17	95.0	111.2	7,000
Clinton	Nov	38.15	98.3	104.0	7,100
Clinton	Nov	40.00	99.9	103.7	7,200
Washington	May	80.00	95.0	104.9	7,200
Clinton	Nov	40.00	100.0	104.6	7,300
Washington	Apr	63.00	96.0	104.2	7,302
Madison	Jul	35.83	90.0	109.8	7,364
Randolph	Dec	175.90	99.0	105.4	7,391
Washington	Apr	40.00	93.0	110.8	7,500
Madison	Aug	87.27	96.0	112.0	7,500
Washington	Sep	38.50	97.0	100.6	7,782
Bond	May	30.67	98.3	107.2	7,825
Washington	Jun	30.00	100.0	106.3	7,867
Washington	Jun	20.92	97.0	107.9	8,119
Washington	Sep	32.09	100.0	115.3	8,300
Washington	Aug	72.00	100.0	115.1	8,300
Washington	Sep	40.00	100.0	115.0	8,300
St. Clair	Aug	113.40	95.0	109.5	8,362
St. Clair	Mar	84.12	96.0	105.6	8,942
Madison	Jan	34.99	98.0	114.2	9,717
Bond	Jan	40.00	98.0	114.4	10,000

Madison	Mar	80.00	99.0	109.0	10,138
Clinton	Apr	22.00	96.0	104.7	10,455
St. Clair	Nov	25.25	97.0	100.5	10,891
Clinton	Oct	111.80	98.0	107.6	11,136
Clinton	Apr	39.10	99.0	105.2	11,893
Madison	Apr	69.78	100.0	105.6	11,895
Average (acre weighted)			96.6	107.5	8,152

Fair Productivity Tracts

Fair productivity tracts tend to be located in the more rolling areas of Region 8 (southern and eastern portions), are usually near major creeks and streams, and have 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. Because of these attributes, sales that were 70 percent tillable or higher were included.

Once again, the sales are in order of price to show the lack of consistency relating to percent tillable or PI or size. The sales values in this category increased 2 percent at the lower end, \$5,100 in 2017 vs. \$5,000 in 2016. But values

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at the high end decreased from \$8,500 in 2016 to \$8,000 in 2017 (-6 percent). Like in 2016, we didn't see strong sales at the top end of the range. The number of representative sales as shown in the table is 7 percent lower.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Randolph	May	46.39	76.0	97.6	5,034
Monroe	Aug	26.46	75.0	82.6	5,110
Washington	Mar	73.28	95.0	93.0	5,132
Washington	Mar	22.99	97.0	90.5	5,500
Bond	Oct	61.72	83.0	98.0	5,600
Randolph	May	40.01	93.0	98.7	5,649
Clinton	Mar	62.00	95.0	99.5	6,500
St Clair	Nov	21.24	76.0	97.5	6,591
Randolph	May	21.61	95.0	97.6	7,000
Washington	Mar	68.00	74.0	96.7	7,353
Washington	Apr	35.36	99.0	98.8	7,500
Monroe	Oct	75.00	93.0	93.6	7,800
Washington	Apr	38.40	98.0	97.5	8,021
Madison	Jan	22.90	90.0	94.1	9,476
Average (acre weighted)			88.5	95.8	6,520

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. Most often there is little or no agricultural income associated with these tracts. Typically, the buyers are hunters and other non-farmers looking for the recreational opportunities rather than 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 a 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, as new listings are selling quickly. Some buyers are asking for parcels as small as five acres for recreational purposes and not necessarily to build a house on. Fewer 'low quality' pieces (i.e. access problems, prone to flooding) sold in 2017.

However, base values on the low end of the range slipped again by around 7 percent. In 2016 those values were around \$2,635, but in 2017 they were only around \$2,450. The high end slipped as well by around 16 percent (\$5,600 in 2016 dropped to \$4,700). The average weighted price, though, rose 11 percent in 2017. The number of representative sales in this table decreased slightly by 4 percent.

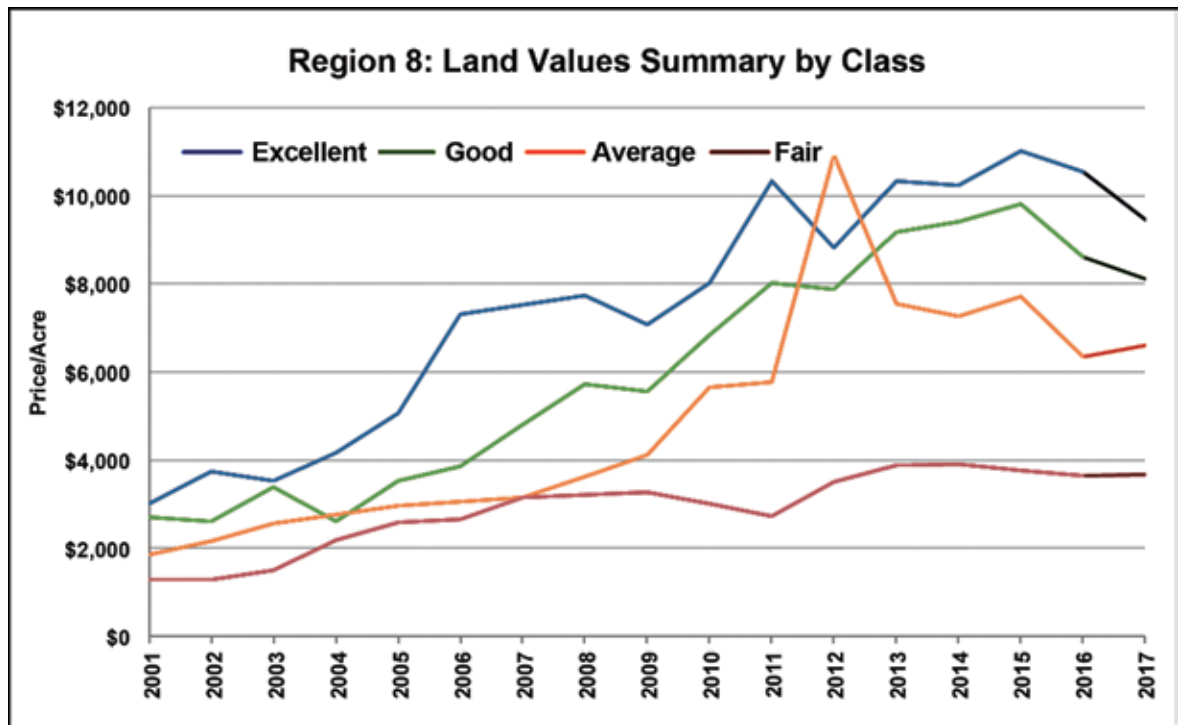
County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
St. Clair	Jan	23.00			2,174
St. Clair	Jan	80.00			2,406
Washington	May	20.00			2,500
Randolph	Nov	158.02	14.0	101.8	2,784
Bond	Sep	38.50			2,900
Washington	May	20.00			3,000
Randolph	May	80.64	24.0	100.4	3,100
Monroe	Jan	60.00			3,400
Madison	Apr	20.00			3,500
Bond	Mar	40.00			3,500
Randolph	May	32.75			3,664
Randolph	Jun	19.00			3,684
Madison	Feb	78.00	14.0	100.1	3,846
Washington	Jun	20.00	21.0	102.0	4,000
Bond	May	50.00			4,000
Randolph	May	26.00			4,038
Randolph	Jan	75.09			4,195
Madison	Apr	32.97			4,216
Washington	Sep	23.26			4,256
Randolph	Jan	65.14	28.0	106.8	4,490
Madison	Apr	34.62			4,622
Randolph	Nov	40.00	31.0	100.9	4,750
St. Clair	Mar	41.62	15.0	113.1	5,286
Average (acre weighted)					3,577

Transitional Tracts

Transitional sales continue to increase in number (up 31 percent in 2017). About the first half 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 or are next to rural subdivisions in the Metro East area.

Some details about the higher valued sales are as follows:

- \$11,500 - This sale adjoins the city of Belleville (pop. 42,000) on a heavily traveled two-lane road. However, development on that side of town has diminished.
- \$12,384 - These 60 acres sit on the back side of a high-dollar rural subdivision south of Troy (pop. 9,900). It is 2 miles from the city limits.
- \$13,483 - This tract sits north of Waterloo (pop. 9,800) and has a lake. It adjoins the extended city limits and is 1/2 mile from the nearest neighborhood.
- \$14,609 - This 21 acres sits very close to a new bypass/outer road around the city of Highland (pop. 9,900). It was part of a larger auction. Consequently, in the Average table, the 69.78 acres that sold for \$11,895 was part of the same auction, but it sits just a bit further away from the bypass.
- \$15,999 - This 96 acres is oddly shaped, and it has poor access to part of it. It sits along a heavily traveled five-lane road just 1/4 mile from prime commercial development in Belleville. However, in 2016 a 20-acre tract along the same road but closer to development sold for \$29,500/acre.



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• \$62,310 - This is a rare large parcel sitting along a heavily traveled five-lane road (1/2 mile of frontage), just 1/2 mile north of a major interstate interchange. It's in Glen Carbon (pop. 12,900), and Edwardsville (pop. 24,300) is only one mile away.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Madison	Feb	40.00	54.0	105.5	6,875
Madison	Jun	53.12	31.0	113.0	7,055
Monroe	Mar	24.00	49.0	103.8	7,417
Madison	May	40.00	48.0	118.5	7,800
Madison	Jun	48.10	43.0	119.0	7,900
Monroe	Aug	21.00	42.0	100.1	8,095
Monroe	Jun	21.06	36.0	120.0	8,737
Madison	May	20.00	65.0	97.6	9,030
Madison	Oct	22.54	66.0	100.0	10,000
Monroe	Mar	24.00	80.0	105.8	11,000
St. Clair	Mar	30.00	86.0	116.5	11,500
Madison	Jun	60.37	59.0	103.5	12,384
Monroe	Oct	87.15	68.0	108.4	13,483
Madison	Apr	21.22	99.0	103.4	14,609
St. Clair	Apr	37.89	84.0	100.0	15,439
St. Clair	May	96.00	90.0	122.3	15,999
Madison	Apr	72.22	74.0	113.7	62,310
Average (acre weighted)			64.9	110.9	16,339

Lease Trends

Neither base cash rents nor their bonus clauses changed in the winter of 2016/2017 because of continued low grain prices. After the adverse growing season, we were pleasantly surprised by the above-average yields. Most farms had high yields that triggered bonus cash rent payments. Soybean bonuses were typically higher than corn.

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).

Similarly to 2016 (when a farm becomes available to rent), most farmers opt to submit a cash rent bid without a bonus clause. Several operators continue to submit 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 2018 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 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	25	30	1 year	25	100			
Pasture	15	20	40	1 year	20	100			



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

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	3,016	2,709	1,866	1,290	3,505
2002	3,740	2,614	2,161	1,283	4,983
2003	3,535	3,379	2,555	1,490	11,769
2004	4,176	2,614		2,184	13,156
2005	5,057	3,544	2,970	2,586	11,254
2006	7,304	3,854		2,667	13,870
2007		4,798	3,161	3,143	12,289
2008	7,725	5,722	3,632		14,127
2009	7,081	5,559	4,117	3,281	10,480
2010	8,024	6,827	5,651	3,017	8,973
2011	10,321	8,030	5,782	2,732	9,249
2012	8,831	7,872	10,917	3,518	
2013	10,326	9,184	7,541	3,894	10,129
2014	10,248	9,420	7,273	3,911	12,038
2015	11,021	9,808	7,719	3,762	13,621
2016	10,554	8,613	6,342	3,661	21,263
2017	9,467	8,115	6,590	3,666	13,508

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.87	10.27	12.31	9.44	10.45
2010-2017	2.36	2.47	2.20	2.78	5.84
2001-2017	7.15	6.86	7.89	6.53	8.43
2005-2017	5.23	6.90	6.64	2.91	1.52
2010-2017	2.4	2.5	2.2	2.8	5.8
2016-2017	-10.9	-6.0	3.8	0.1	-45.4

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

Median Value of Reported Sales by Year and Class*

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
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
2017	9,341	7,641	6,546	3,684	10,000

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.68	10.72	12.82	8.54	10.09
2010-2017	2.42	1.25	2.48	3.56	1.66
2001-2017	7.07	6.58	8.30	6.36	6.40
2005-2017	4.49	6.75	6.59	3.14	-0.94
2010-2017	2.4	1.3	2.5	3.6	1.7
2016-2017	-9.3	-8.3	0.7	-1.6	-26.1

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

Percentage Change of Average by Period

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001 - 2002	21.5	-3.6	14.7	-0.5	35.2
2002 - 2003	-5.6	25.7	16.7	14.9	85.9
2003 - 2004	16.7	-25.7		38.2	11.1
2004 - 2005	19.1	30.4		16.9	-15.6
2005 - 2006	36.8	8.4		3.1	20.9
2006 - 2007		21.9		16.4	-12.1
2007 - 2008		17.6	13.9		13.9
2008 - 2009	-8.7	-2.9	12.5		-29.9
2009 - 2010	12.5	20.6	31.7	-8.4	-15.5
2010 - 2011	25.2	16.2	2.3	-9.9	3.0
2011 - 2012	-15.6	-2.0	63.6	25.3	
2012 - 2013	15.6	15.4	-37.0	10.1	
2013 - 2014	-0.8	2.5	-3.6	0.4	17.3
2014 - 2015	7.3	4.0	6.0	-3.9	12.4
2015 - 2016	-4.3	-13.0	-19.7	-2.7	44.5
2016 - 2017	-10.9	-6.0	3.8	0.1	-45.4
Ave 2001-2017		6.86			

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	15.2	18.9	50.5	6.5	45.4
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Counts of Reported Sales by Year and Class

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	1	19	4	7	10
2002	3	16	3	6	11
2003	1	14	8	6	8
2004	4	7		5	7
2005	3	17	1	6	7
2006	5	23		6	6
2007		15	2	4	4
2008	5	11	8		5
2009	7	11	10	6	4
2010	8	11	11	8	3
2011	5	10	5	5	2
2012	5	18	8	11	
2013	5	23	12	8	7
2014	20	32	15	17	6
2015	15	34	16	20	5
2016	13	29	15	24	13
2017	13	34	14	23	17

Of Special Interest -- from Dan Davis

A trip to Cuba had been on my Bucket List, so in March of 2017 my wife and I booked a cruise to "Discover the Authentic Cuban Experience". We received confirmation from the travel company the trip was still "a go", after President Trump restricted Americans' travel to Cuba. The trip was a People-to-People program and was allowed per the U.S. Administration's legislation to foster mutual understanding and the exchange of ideas and to build trust between the American and Cuban people. December 8th our cruise ship departed Montego Bay, Jamaica for Cuba.

We stopped in Santiago de Cuba, Havana, and Cienfuegos. Professor Jorge Arocha from the University de Havana provided on board lectures of a two part history: from the first tourist, Christopher Columbus, to the Spanish-American-Cuban War and then to present times. He also covered the music and dances of Cuba, and the rum and cigar industries. Cuban dance and cooking demonstrations were on board as well.

We had a different local guide for each city. The guides and Dr. Arocha all stressed that they worked for the Cuban government. The government owns 100 percent or 51 percent of all businesses. A new growing private sector is being allowed since Raul Castro came to power in 2008. The Cuban goal is to increase the GNP from the private sector from 5 percent in 2011 to 40 percent in 2017. The actual amount from the private sector in 2016 was 22 percent.

Our Havana guide told us that Cuba's most valuable export is its doctors and nurses. There are over 37,000 medical professionals working in 77 countries earning the Cuban government \$8 billion dollars in 2016. The Cuban government pays the doctors a token amount. The health care in Cuba is free. A neighborhood nurse travels to the house to offer treatment or a referral to the local clinic. Serious cases are transferred to a hospital.

Other major economic sectors are tourism, sugarcane, tobacco, coffee, and industrial, concrete, and bauxite exports. In 2016, 3 million tourists came to Cuba. Canadians totaled 1 million, 300,000 Americans, then Germans, French, and Spaniards. One Canadian told me he can fly round trip to Havana for \$800 and leave behind -20 degrees for 85 degrees. The government sees tourism as a growth industry but is concerned about its impact on the Cuban culture. They don't want it to be like Cancun. Currently the only McDonalds on the island is in Guantanamo Bay.

The basis for the private sector is the former black market. One guide stated his brother's business is buying laptops in Central America for \$300 and selling them for \$500 in Cuba. The guide's private business, after returning one tour group to the ship at 2:30, would be to take a "private" group out at 3:00 and keep that entire fee. The vintage American cars are private sector. The owners operate them as taxis with the customers paying by the hour to be driven around.

The professor and the guides stressed how the U.S. Embargo is limiting their growth. Most of the vintage cars are running with Asian motors since the Cubans can't buy anything from America or with an American part. So the country is hurting for cash. The last three Popes have visited Cuba. The government will paint the fronts and around the corners of buildings along the streets the Pope will travel. But they can't afford the good paint, so the paint used will quickly fade. Many of the buildings are unoccupied due to poor physical condition, such as no windows or roof. UNESCO sites, which tend to be in the old town centers, are getting UN funding for preservation which will also help with tourism. In Cienfuegos, the one-horse-surrey taxi is as common as the vintage car taxi. The street for the taxi stand gets a little slick!

I spent one free afternoon walking three miles wherever I wanted in old Havana. It was hard to drive or walk without seeing that they don't have money to maintain many of their buildings.....the long-term effect of the US embargo. The streets were clean and they swept the sidewalks daily. I never felt at risk during the unaccompanied walk. One museum stayed open 20 minutes past closing time so I could finish my tour.

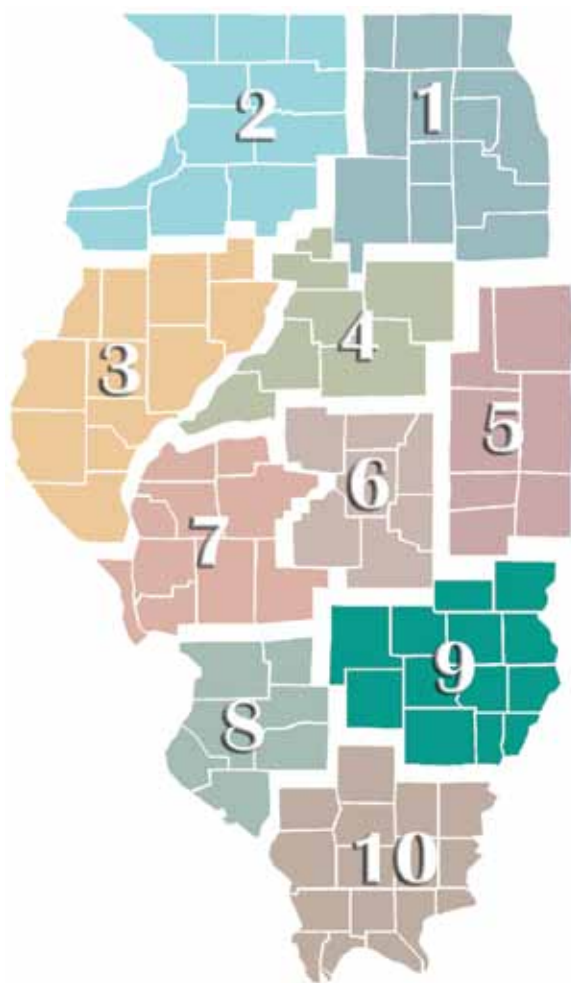
Education is free all the way through college. Exams are given at the 8th year to determine if the student is eligible for college. In exchange for the free education, all males are required to provide two years of military or other public service. Women can volunteer also.

The government is working to reduce racial discrimination. The schools are diverse with the students wearing uniforms. The Havana guide stated that Cubans classify themselves 25 percent being white, 60 percent mestizo (or mixed), and 15 percent black. That is different from what Wikipedia shows. The souvenir vendors sell a diversity doll which is white, and when you turn it upside down, the side is black.

Since there is no US banking relationship with Cuba, US credit cards can't be used in Cuba. The Cuban government provides a currency exchange for tourists called a CUC. \$100 US will buy \$87 CUC, the difference being a tax by the Cuban government. The government needs cash.

Raul Castro passed term limits of two five-year terms for elected officials. So this year he steps down as president. The 2018 national election will elect 10,000 delegates who will then elect 500 officials. The 500 will elect the cabinet and a new president. Raul will remain the head of the one political party in Cuba.

The last night of the cruise we received our certificate confirming the trip was a cultural exchange. We are to keep it for five years in case the Office of Foreign Assets Control of the US Treasury Department requests details of our trip!



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	\$10,885		Few sales	\$220.00	-10%	
Good Productivity	\$8,350	-3.50%	Up	\$200.00	-13%	\$200.00
Average Productivity	\$6,700	-1.50%	Steady	\$175.00		\$180.00
Fair Productivity	\$5,275	1.40%	Steady	\$140.00		\$150.00
Recreational Land	\$3,240	1.25%	Steady			

Region 9 has little excellent and good productivity farmland so it is difficult to establish a trend in these land classes. For 2017, average farms decreased 1.50 percent and fair productivity increased 1.40 percent.

Excellent Productivity Tracts

Only one sale was included in this category as there is very little excellent productivity land in Region 9. Most of the excellent productivity land is located in a narrow strip of land in the north part of Clark and Cumberland

Counties. There is also a small area excellent productivity land of upland prairie soils in Lawrence County.

County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Lawrence	Feb	94.50	87.7	139.0	10,886

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. For this sales class, only sales that were greater than 70% tillable were included.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Cumberland	Jan	100.00	99.2	124.3	9,911
Clark	Jan	40.00	90.8	117.8	7,800
Cumberland	Feb	28.60	96.2	118.1	7,550
Clark	Feb	80.00	99.0	118.1	9,275
Clark	Mar	29.00	94.5	123.6	6,461
Wabash	May	35.70	95.2	117.3	8,200
Lawrence	May	153.49	96.4	131.3	7,638
Edwards	Nov	20.00	96.5	117.1	7,500
Average (acre weighted)			96.7	123.7	8,348

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 2017, sale prices ranged from around \$37.14 per PI point to \$96.17. The average for all sales reviewed in Region 9 was \$65.80 per PI point; down from the \$70.07 per PI point from the 2016 year. For this sales class, only sales that were greater than 70% tillable were included.



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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Crawford	Jan	53.45	87.5	107.3	6,548
Clark	Jan	80.00	75.3	109.4	5,200
Fayette	Jan	20.00	94.2	104.8	6,100
Effingham	Feb	58.15	89.4	103.6	8,475
Clay	Mar	60.00	93.1	109.0	8,000
Wabash	Mar	27.11	97.8	106.1	8,500
Clark	Mar	130.00	92.8	108.2	7,692
Edwards	Mar	74.80	74.3	106.2	4,947
Fayette	Mar	40.00	98.1	108.5	7,500
Richland	Apr	36.74	98.0	106.8	7,893
Wayne	Apr	80.00	90.9	100.4	4,125
Effingham	May	32.50	98.2	108.2	10,000
Fayette	May	23.00	97.0	106.9	6,848
Richland	May	37.21	81.2	105.7	4,166
Marion	May	83.84	74.6	101.4	4,413
Effingham	May	23.33	96.4	101.2	6,000
Jasper	May	40.00	97.3	108.2	7,000
Wayne	Jun	56.25	97.8	103.6	6,400
Crawford	Jun	40.00	96.6	105.7	7,300
Marion	Jun	30.00	100.0	108.0	5,300
Clark	Jun	72.69	88.7	101.2	6,230
Wabash	Jun	34.50	88.6	109.1	7,174
Jasper	Jul	85.00	76.8	103.7	6,200
Effingham	Sep	70.71	97.2	108.3	8,050
Marion	Oct	160.00	96.9	104.7	7,813
Cumberland	Oct	32.67	94.0	104.4	6,300
Fayette	Oct	40.00	99.9	110.3	8,700
Richland	Oct	40.00	94.5	108.2	6,000
Jasper	Nov	22.50	98.2	100.0	8,000
Wabash	Nov	27.37	94.8	100.4	7,125
Fayette	Dec	37.40	99.5	101.6	4,500
Effingham	Dec	72.72	97.9	107.1	9,398
Average (acre weighted)			90.9	107.1	9,398

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 70 percent or more tillable were included in the report. In 2017, price of fair cropland ranged from \$32.36 to \$88.21 per PI Point; with an average of \$57.94, down 14.7 percent from the 2016 year.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Crawford	Jan	40.00	90.8	98.9	7,000
Clay	Jan	45.09	81.4	92.9	4,214
Marion	Jan	147.40	96.6	99.8	5,061
Cumberland	Feb	75.00	78.2	97.2	5,161
Clark	Feb	60.00	76.1	99.9	7,473
Wayne	Feb	62.50	75.0	99.2	6,000
Clay	Feb	40.00	100.0	97.6	5,000
Richland	Mar	59.76	85.2	93.7	6,727
Wayne	Mar	65.91	92.7	98.6	4,000
Lawrence	Apr	40.00	88.6	91.3	5,720
Crawford	Apr	40.00	97.0	97.3	6,996
Cumberland	Apr	20.00	96.5	97.1	6,600

Richland	Apr	24.53	97.0	94.7	4,500
Marion	Apr	20.00	91.2	99.3	5,300
Lawrence	Apr	100.00	91.0	97.5	7,300
Cumberland	May	20.50	89.8	98.5	4,000
Edwards	May	65.28	89.9	96.4	4,500
Marion	May	80.75	78.0	94.1	3,777
Fayette	May	61.88	89.6	98.2	4,282
Crawford	May	40.00	96.0	97.4	6,600
Clay	May	28.00	91.5	85.5	5,357
Marion	Jun	76.20	81.7	93.8	4,429
Wayne	Jun	59.00	77.6	99.1	4,619
Marion	Jun	22.15	88.6	99.3	3,070
Jasper	Jun	56.32	97.7	98.2	7,324
Wabash	Jun	20.00	92.5	98.5	4,505
Clay	Jun	60.00	81.6	98.1	4,600
Marion	Jun	40.00	81.5	93.5	3,000
Richland	Jul	62.12	91.8	98.5	5,900
Fayette	Aug	24.01	98.4	99.0	4,581
Richland	Sep	38.50	76.1	96.5	4,156
Wayne	Nov	40.00	97.8	98.9	6,250
Wayne	Dec	60.00	100.0	99.6	6,583
Average (acre weighted)			88.3	97.1	5,367

Recreational Tracts

Recreational land prices appeared to have increase slightly in 2017. For this land class, only sales that were less than 50 tillable were considered. Many of these tracts include some tillable acres in smaller, irregular shaped fields. Some 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 \$959.47 to \$6,197.52 per acre in 2017, with an average of \$3,241 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Wayne	Jan	62.00	0.0		3,200
Wabash	Jan	138.00	0.0		5,200
Clark	Feb	396.91	0.0	WRP	1,529
Jasper	Mar	50.02	37.6	98.6	6,198
Clark	Mar	125.90	31.9	104.6	3,200
Crawford	Apr	38.00	10.0	128.3	3,657
Richland	Apr	42.07	34.9	92.1	4,000
Lawrence	Apr	30.00	0.0		1,667
Clay	May	20.00	0.0		2,900
Fayette	May	100.00	36.4	119.1	3,515
Jasper	May	38.50	40.4	97.9	3,377
Clay	Jun	20.00	38.3	101.7	3,875
Cumberland	Jun	30.00	0.0		2,166
Wayne	Jun	20.00	0.0		2,496
Effingham	Jun	155.00	34.1	100.4	5,568
Clark	Jul	30.72	35.6	117.6	3,516
Wayne	Aug	40.00	0.0		2,250
Crawford	Aug	160.00	0.0		3,200
Jasper	Aug	80.00	50.0	98.5	3,250
Clark	Aug	60.00	23.8	99.2	3,583
Marion	Sep	49.17	0.0		3,900
Clark	Sep	135.00	0.0		2,500
Richland	Oct	56.75	19.4	96.5	2,731
Jasper	Nov	21.00	41.0	117.8	3,333

Wayne	Nov	20.00	0.0		3,000
Lawrence	Nov	30.00	14.0	98.2	2,000
Jasper	Nov	27.50	0.0		2,727
Effingham	Nov	56.94	38.5	96.5	3,864
Marion	Nov	20.90	0.0		2,584
Average (acre weighted)			14.6	N/A	3,211

Transitional Tracts

There haven't been many recent sales in this category. The larger tract was mostly wooded and it appears that it will be subdivided for residential lots. The smaller tract will become a building site for a hog finishing building.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Effingham	Feb	54.43	19.1	mostly wooded	7,100
Effingham	Jun	12.25	90.3	105.2	11,265
Average (acre weighted)			32.2	19.3	7,865

Other Tracts – Bottomland

The two sales in Jasper County were levee protected. The sales reviewed ranged from 37.5 tillable to 100 tillable

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with an average of 76.40 tillable. The cropland soil PI ranged from 103.9 to 137 PI per acre, with an average of 119.6. The sale price per acre ranged from \$2,473 per acre to \$7,900 per acre. The average price per acre was approximately \$6,010 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Wabash	Jan	40.69	81.9	119.5	6,930
Edwards	Feb	198.10	71.4	124.0	3,450
Fayette	Mar	309.00	94.2	121.2	5,000
Fayette	Mar	309.00	94.0	137.0	5,000
Wayne	Apr	120.00	93.5	108.2	5,417
Fayette	Apr	296.83	56.4	120.1	3,000
Cumberland	Sep	41.16	57.3	103.9	3,766
Jasper	Sep	20.00	100.0	110.0	7,000
Jasper	Sep	20.00	98.0	114.0	7,900
Fayette	Oct	234.19	92.3	122.6	6,606
Fayette	Nov	123.25	90.9	132.1	5,802
Cumberland	Nov	87.44	65.0	114.7	4,106
Average (acre weighted)			82.5	123.1	4,818

Special Interest Story:

by Bill Techmiller, CEO of EJ Water Cooperative.

EJ Water is a rural water cooperative in our area. Access to rural water has a positive influence on recreational land, allowing for non-cropland to be used for rural residential building sites. EJ Water Cooperative, Inc. is organized as a non-for-profit 501(c)(12) member owned cooperative which started in Dieterich, Ill., in 1989.

As many of you know, our area experiences water shortages especially in dryer times of the year. This would negatively impact the Dieterich School so community leaders knew something had to be done. What was a local solution turned into a "Tiger by the Tail" story as founding Board Member Delbert Mundt likes to say. As most of us that live south of the famous "black dirt line" know, having adequate ground water year-round is often next to impossible.

Our phase 1 project served 400 people in western Jasper and eastern Effingham counties back in 1993. Since these humble beginnings, we're getting ready to build Phase 54 this summer. The Coop is the second largest USDA – Rural Development national borrower out of 16,000. I'm often asked how did this happen and I quickly turn folks to our Board of Directors and team that has provided a big vision and leadership.

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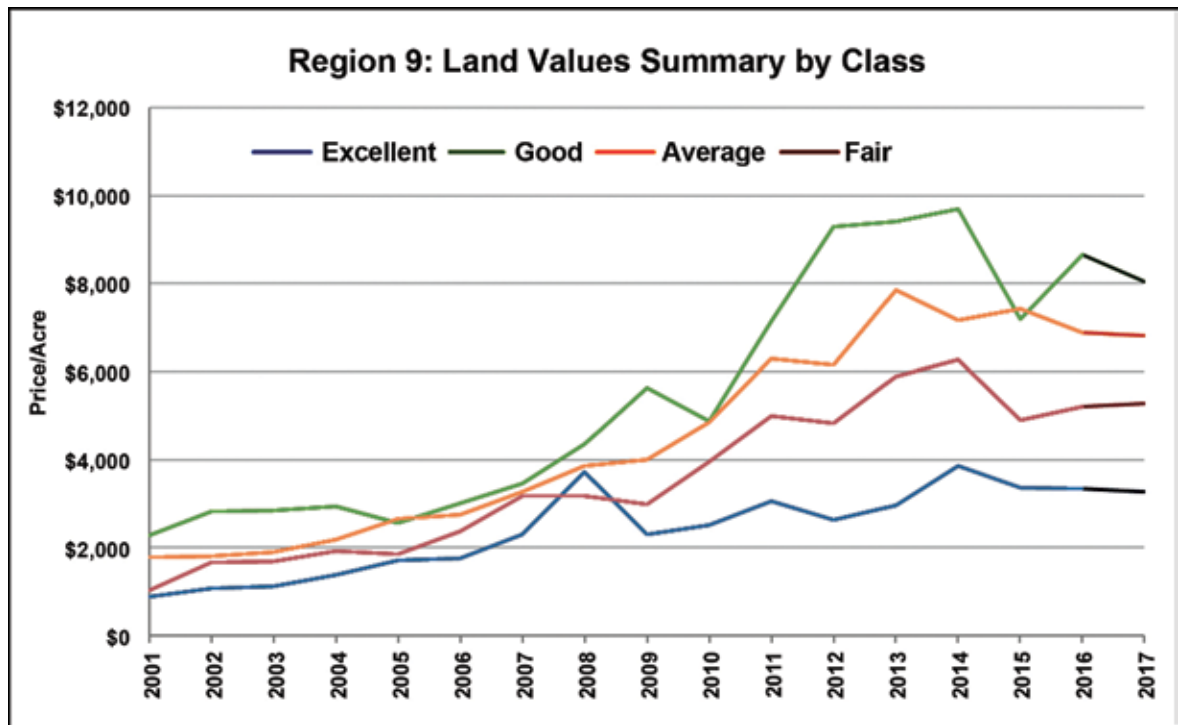
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The next thing you need is committed funding partners such as USDA – Rural Development, sponsoring governmental entities obtaining CDBG (HUD - Community Development Block Grant) funding from DCEO (Illinois Department of Commerce and Economic Opportunities), several local banks (I'd like to highlight Peoples State Bank in Newton that was the first commercial bank to take a chance on us after Norris Electric backed us up), and CoBank.

As you can see, it takes a lot of partnering to pull off what has happened at EJ Water. Today we serve 12,111 retail connections to family farms and residences; wholesale water to 14 entities through 3,102 miles of water main to an area covering over 2,500 sq. miles (larger than the state of Delaware and Rhode Island) in 12 counties in south central Illinois. These members and customers are primarily serviced by two state of the art Water Treatment Plants (both built in the last 8 years) capable of treating 4.5 million gallons of water per day.

Aside from typical water/waste water services, the Coop now manages other utilities water and wastewater plants including Centralia Illinois. We're currently partnering with 8 communities north and west of Decatur to build another water treatment plant which will economically bring sustainability to over 12,000 people. The largest growth area is providing back office accounting, billing, and call center services to smaller utilities that lack internal controls and are finding it more difficult in providing cost effective solutions to changing customers' expectations.

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We believe our industry will dramatically regionalize, partner, and consolidate much the same way as electric delivery has in our nation. Today, our nation is served with over 53,000 public water and 17,000 wastewater utilities compared to just 3,300 electrical utilities. The highly fragmented delivery model was created in a time when Federal subsidies averaged some 60 percent to 70 percent of projects costs just a few decades ago compared to less than 10 percent today. Aggravating this trend is dramatic increases in costs of new infrastructure, complexities in treatment and compliance standards, and declining populations in our non-urban areas.



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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 2018 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	150	175	200	1 year	180	50	25-30	20-25	
Fair Productivity	125	140	155	1 year	150	50	25-30	20-25	
Bottomland	130	150	175	1 year	150				

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

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
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
2017	8,042	6,809	5,290	3,275	9,183

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.44	11.17	15.11	11.63	
2010-2017	7.11	4.81	4.12	3.70	2.96
2001-2017	7.86	8.39	10.30	8.16	
2005-2017	9.52	7.86	8.77	5.43	-1.51
2010-2017	7.1	4.8	4.1	3.7	3.0
2016-2017	-7.4	-1.2	1.5	-1.8	-17.2

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



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Median Value of Reported Sales by Year and Class*

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	2,288	1,594	898	900	
2002	2,945	1,731	1,500	1,030	7,354
2003	2,825	1,898	1,700	1,088	5,500
2004	2,900	2,325	1,875	1,500	7,139
2005	2,700	2,736	1,700	1,824	7,920
2006		2,675	2,029	1,800	
2007	2,900	3,000	3,000	2,150	19,450
2008	4,103	3,700	3,000	2,275	
2009	5,750	3,850	2,845	2,301	5,369
2010	5,125	5,000	4,025	2,532	7,467
2011	6,450	6,248	4,500	3,000	8,750
2012	9,300	6,000	4,622	2,500	10,107
2013	8,438	7,497	5,626	2,933	14,284
2014	9,200	7,070	6,050	3,969	
2015	7,000	7,400	4,700	3,313	18,000
2016	9,100	6,763	5,250	3,391	11,000
2017	7,719	6,924	5,061	3,200	9,183

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.96	12.70	16.67	11.49	
2010-2017	5.85	4.65	3.27	3.35	2.96
2001-2017	7.60	9.18	10.81	7.93	
2005-2017	8.75	7.74	9.09	4.69	1.23
2010-2017	5.9	4.7	3.3	3.3	3.0
2016-2017	-16.5	2.3	-3.7	-5.8	-18.1

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

Counts of Reported Sales by Year and Class

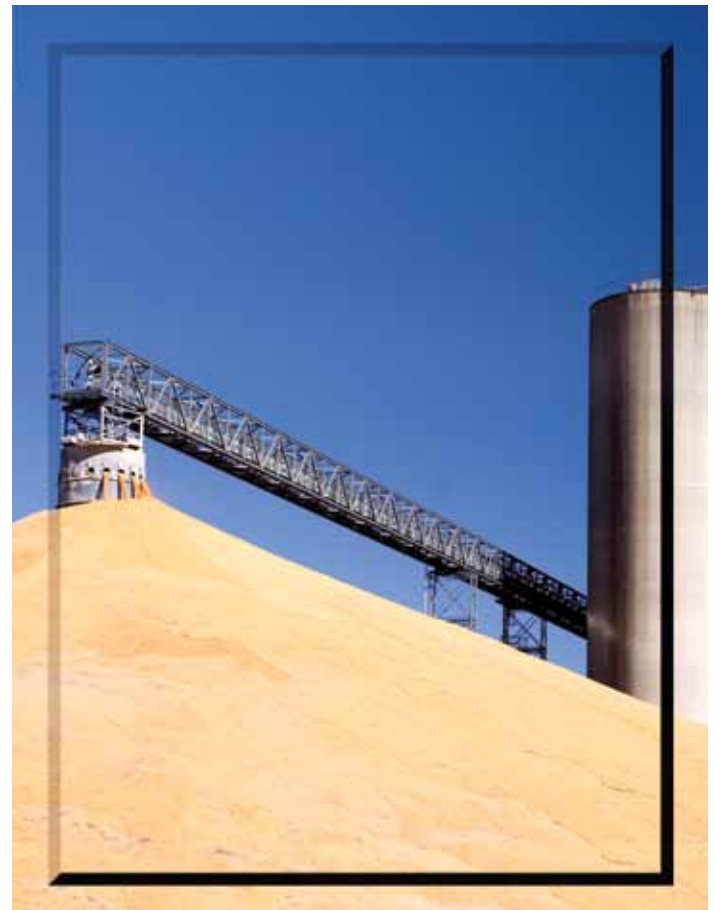
Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	2	11	4	5	
2002	6	34	3	14	2
2003	4	60	1	22	3
2004	5	5	6	5	3
2005	3	25	8	10	3
2006		20	7	9	
2007	3	51	11	13	4
2008	6	63	28	24	
2009	3	40	22	19	1
2010	3	11	7	8	2
2011	4	18	18	14	2
2012	1	85	39	26	6
2013	5	13	12	9	5
2014	7	66	52	14	
2015	3	37	27	22	1
2016	9	16	15	13	7
2017	8	32	33	29	2

Percentage Change of Average by Period

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001 - 2002	20.7	1.9	49.3	19.9	
2002 - 2003	1.3	4.5	2.0	4.2	-28.2
2003 - 2004	2.8	13.8	12.9	20.9	24.8
2004 - 2005	-13.3	19.7	-4.6	20.5	43.8
2005 - 2006		3.4	25.6	2.8	
2006 - 2007		17.5	28.6	27.0	
2007 - 2008	22.6	16.5	0.3	47.9	
2008 - 2009	25.7	4.2	-6.7	-47.7	
2009 - 2010	-14.0	19.1	28.6	9.2	33.0
2010 - 2011	37.9	25.9	23.1	18.9	15.9
2011 - 2012	26.4	-2.2	-3.2	-14.5	9.0
2012 - 2013	1.1	24.3	19.8	11.7	53.4
2013 - 2014	3.0	-9.2	6.1	26.6	
2014 - 2015	-29.7	3.3	-24.5	-13.9	
2015 - 2016	18.6	-7.3	6.1	-1.0	-50.1
2016 - 2017	-7.4	-1.2	1.5	-1.8	-17.2
Ave 2001-2017		8.39	10.30	8.16	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	18.6	14.4	16.9	16.7	67.3
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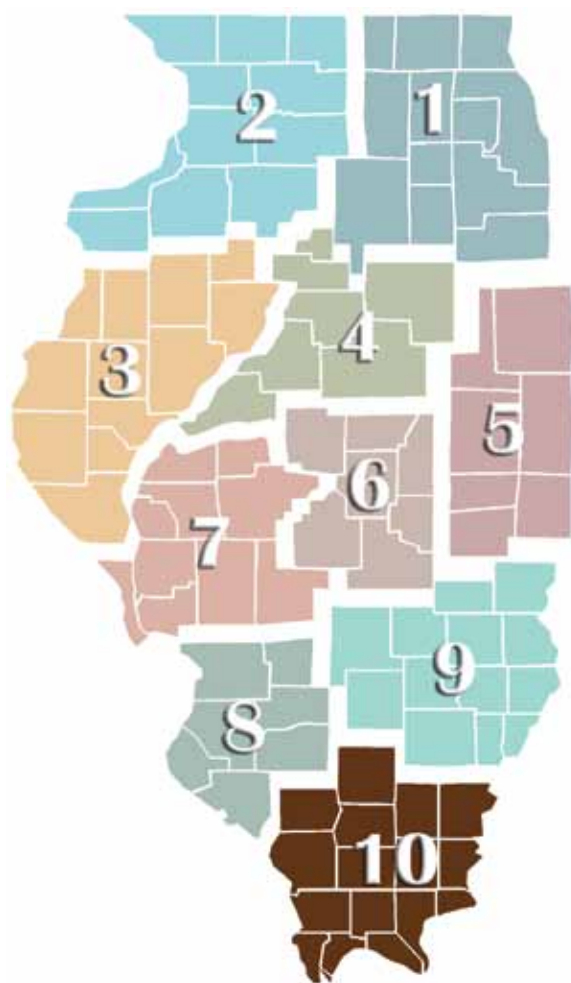


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Land Value and Cash Rent Trends Overall Summary

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
Good Productivity	\$7,950	no change	steady	\$200-\$275	no change	\$250
Average Productivity	\$7,600/\$4,150	down 2%/down 11%	steady/up	\$130-\$200	no change	\$160
Fair Productivity	\$3,600	down slightly 1%	up	\$90-\$140	no change	\$125
Recreational Land	\$2,380	down 6%	steady	\$5-\$15	no change	\$15

Overall farmland values for Region 10 for 2017 were steady to down. Good productivity farmland held its price in 2017 as compared to the previous year which was also a true statement in 2016. Average productivity land scattered in the more competitive market areas of region 10 (Area 1) witnessed a slight decline of 2 percent in land prices as opposed to average productivity in Area 2 which saw an 11 percent decline in land prices. Prices of fair productivity tracts declined slightly in 2017 compared to the 10 percent decline experienced in 2016. Recreational land value was down 6 percent in 2017, whereas in 2016 recreational value was unchanged. Volume in sales and acres was up for fair and average (Area 2) productivity tracts from 2016 and was steady for all other land classes.

Most buyers for the farmland classes are farmers. The sellers are primarily retiring farmers or estates. Transfers are mostly private sales. Auction sales are not common in Region 10. Three auctions which did take place in the region involved distressed borrowers. The 2017 results suggest that farmers were still willing to pay as much for the more productive farmland classes, but paid less or the same for the more common average and fair productivity farmland.

Cash rents and lease types varied considerably across the region. Reported rents appeared to be steady for 2017. 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 which along with flexible cash rents allows the landlord and tenants to share the commodity price and yield risk. 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 lenders who gathered rent information from tenants.

Although lenders are not directly involved in lease negotiations as are farm managers, lenders are becoming more involved in that lease offers by tenants often include a bank letter confirming access to credit. Despite lower commodity prices, there appears to be strong demand when farmland becomes available for lease, thus committee members have not seen a decline in cash rents.

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 the levee protected bottoms of the Mississippi River in Jackson, Union, and Alexander County. A comparison of average price and weighted average price suggests 2017 prices are unchanged from 2016. The average sale price for the good productivity tracts for 2017 is \$7953 com-

pared to \$7,983 in 2016. Although the average price is also unchanged from 2015, the average price per acre is down from the higher values in 2014 and 2013, \$9,800 and \$9,971, respectively. A comparison by average price weighted by size of tract indicates a 6 percent increase in 2017, \$7,825 compared to 2016's value of \$7,404.

This increase is likely due to changes in size of tracts sold in 2017 from 2016 rather than an increasing price trend. Average size of tracts is 85 acres in 2017 compared to 170 acres in 2016. The committee concludes that the price of good productivity land in 2017 is unchanged from 2016. A complete listing of good productivity sales used in our analysis appears in the table above.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Gallatin	Mar	27.68	87.6	120.2	7,841
Gallatin	Mar	60.00	99.7	118.9	9,686
Gallatin	Jul	320.00	99.3	126.2	8,100
Saline	Jan	28.50	100.0	124.7	10,000
White	Mar	89.49	95.6	128.0	8,092
White	Mar	80.00	89.0	125.4	6,375
White	Mar	80.00	96.2	120.5	8,136
White	Mar	39.15	94.0	118.2	7,014
White	Aug	112.93	84.5	120.6	6,420
White	Oct	80.00	100.0	118.0	7,696
White	Nov	20.00	100.0	128.1	8,120
Average (acre weighted)			95.6	123.5	7,825

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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 2017, sales from the average land class share account for 52 percent of transfers and 55 percent of acres transferred among the fair, average and good land classes. Most 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 is up in terms of number of transfers and transferred acres from 2016. Price trends from 2016 to 2017 are declining, but less so for Area 1 compared to Area 2 as explained below.

Observed sales of average quality land exhibit a wide price range from \$2,429 to \$10,750 per acre. In past years, the committee has 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 \$6,000 to \$10,750 with an average of \$7,613 and an acre weighted average price of \$7,047. The 2017 price range for Area 1 has a lower low price and a higher high price from the 2016 price range of \$6,738 to \$9,550, but had a 2 percent decline from 2016's average price of \$7,816 and an 11 percent decline from 2016's acre weighted average price of \$7,940. The greater decline in 2017's weighted by acre average likely reflects larger tract size in 2017 compared to 2016.

The remaining 73 sales that compose Area 2 ranged in values from \$2,429 to \$6,750 with an average of \$4,157 and an acre weighted price \$3,923. Area 2 in contrast to Area 1 demonstrates a marked decline in prices from 2016 which had a price range from \$2,571 to \$7,200 with an average price of \$4,692 and an acre weighted average price of \$4,690 indicating an 11 percent decline in average price and a 16 percent decline in acre weighted average price.

The committee concludes that area 1 prices declined slightly in 2017 from 2016 with greater declines in area 2 the less competitive region.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Area 1					
Gallatin	Jun	40.00	80.5	113.8	7,775
Hamilton	Mar	100.00	100.0	110.0	7,474
Massac	Jan	200.00	99.7	104.4	6,250
Pulaski	Jan	53.00	98.2	114.5	6,000
Saline	Jan	37.00	100.0	103.0	7,703
Saline	May	20.00	98.8	103.0	10,750
White	Mar	59.00	91.9	113.7	7,041
White	Mar	20.00	93.0	103.0	8,500
White	Jun	78.50	100.0	105.8	7,134
White	Aug	20.00	98.8	103.0	7,500
Average Area 1 (acre weighted)			97.4	107.6	7,047

Area 2					
Alexander	Jan	218.00	93.2	105.8	3,555
Alexander	Jan	80.17	99.1%	115.2	4,615
Alexander	Jun	42.37	94.9%	110.9	3,900
Franklin	Feb	38.00	62.0%	106.0	3,750
Franklin	Feb	113.92	91.0%	109.4	6,276
Franklin	Feb	39.00	78.0%	102.4	6,450
Franklin	Aug	31.20	63.0%	106.9	3,045
Gallatin	Dec	21.00	71.8%	103.8	2,429
Hamilton	Jan	62.64	91.0%	101.3	3,050
Hamilton	Feb	40.00	100.0%	105.7	4,188
Hamilton	Feb	20.00	90.0%	110.3	5,250
Hamilton	Feb	115.76	97.0%	110.2	6,047
Hamilton	Feb	46.87	94.0%	107.0	4,054
Hamilton	Feb	106.17	93.0%	107.0	3,805
Hamilton	Feb	32.87	77.0%	106.7	4,259
Hamilton	Feb	26.67	96.8%	104.2	4,012
Hamilton	Feb	35.94	97.0%	103.9	4,271
Hamilton	Feb	41.28	98.0%	102.5	4,772
Hamilton	Mar	139.67	87.5%	109.3	4,210
Hamilton	Mar	104.00	82.1%	101.7	3,600
Hamilton	Mar	20.00	97.0%	108.9	4,000
Hamilton	May	109.53	95.0%	106.6	4,766
Hamilton	May	60.00	85.7%	103.3	5,667
Hamilton	Jun	55.86	82.1%	109.1	4,028
Hamilton	Jun	39.19	80.0%	104.0	3,317
Hamilton	Aug	58.00	61.7%	100.2	3,103
Hamilton	Nov	31.32	91.0%	101.6	2,600
Jackson	Jan	23.00	75.0%	102.4	4,348
Jackson	Feb	277.53	51.4%	105.3	2,449
Jackson	Sep	165.00	83.0%	110.7	3,030
Jefferson	Jan	40.00	97.0%	100.1	4,700
Jefferson	Feb	96.30	96.7%	102.0	5,192
Jefferson	Mar	52.00	42.4%	102.4	4,000
Jefferson	May	28.31	100.0%	107.7	5,950
Jefferson	Jul	39.39	45.1%	100.4	3,580
Jefferson	Jul	60.00	91.7%	101.8	5,000
Jefferson	Aug	84.03	96.0%	106.9	5,117
Jefferson	Sep	61.77	60.0%	101.1	3,367
Jefferson	Nov	80.00	99.7%	106.7	4,900
Massac	Jan	20.00	93.7%	106.6	3,000
Massac	Sep	155.29	50.8%	112.3	3,542
Massac	Oct	60.00	82.0%	110.6	3,000
Perry	Aug	42.00	96.5%	108.5	5,952
Perry	Aug	73.10	99.6%	108.7	6,200
Perry	Aug	77.90	95.8%	104.1	6,200
Perry	Nov	40.00	100.0%	102.2	5,150
Perry	Nov	20.00	99.0	107.8	6,200
Perry	Nov	20.00	99.0	107.8	6,200
Pope	May	46.72	63.7	107.4	3,000
Pope	Aug	123.59	80.0	108.9	3,236
Pulaski	Jun	80.00	100.0	110.5	5,500
Pulaski	Oct	40.00	96.5	108.5	3,000
Pulaski	Dec	40.00	90.5	110.6	3,000
Pulaski	Dec	280.00	84.0	107.6	3,375
Pulaski	Dec	229.00	83.0	106.6	2,729
Pulaski	Dec	159.00	97.1	104.5	3,145
Saline	Jan	503.00	67.0	103.2	3,162
Saline	Mar	40.00	95.0	109.0	3,175
Saline	May	20.00	100.0	106.4	6,750
Saline	May	159.00	92.1	101.7	4,500

Saline	Jul	59.62	92.8	103.9	4,200
Saline	Sep	123.54	50.5	103.7	2,500
White	Mar	157.27	96.3	102.9	4,648
White	Apr	31.70	55.9	101.2	3,760
White	Apr	64.60	98.0	116.2	5,000
White	Apr	61.37	84.0	108.0	4,074
White	May	40.00	89.3	108.6	2,800
White	May	20.00	85.7	102.4	3,000
White	Jul	20.00	95.6	101.9	3,995
White	Aug	99.13	96.5	101.1	4,792
White	Sep	40.00	85.0	113.9	4,100
White	Nov	40.00	62.0	100.0	3,250
Williamson	Aug	78.50	81.3	100.0	2,675
Average Area 2 (acre weighted)		82.7	105.9		3,923

Fair Productivity Tracts

Many of the fair productivity tracts in addition to a lower soil productivity index as compared to average productivity farms have a lower percent of tillable acres. The average percentage of tillable acres was 79 percent for fair productivity tracts compared to 96 percent for area 1 tracts and 85 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.

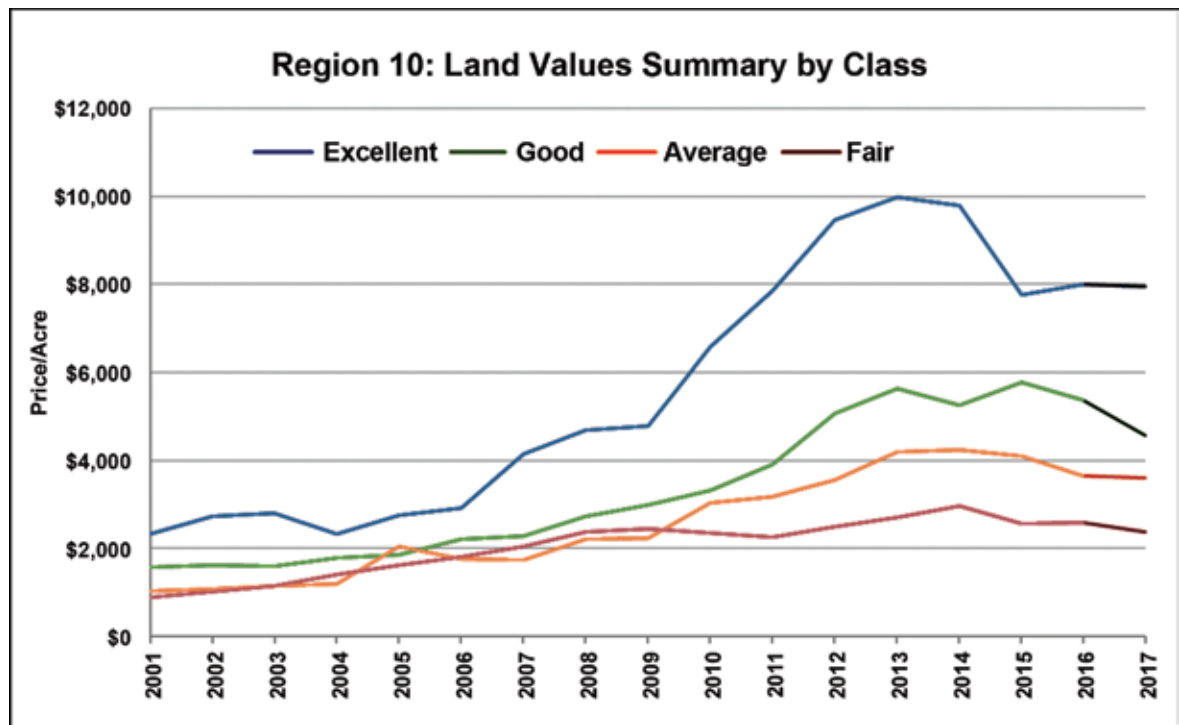
The volume of sales and acreage transferred is up from 2016. Average price and acre weighted average are nearly the same has 2016 only a 1 percent decline from both measurements. Average price for 2017 was \$3,605 compared to 2016's \$3,658, and weighted average price for 2017 was \$3,455 compared to 2016's \$3,493. Fair class prices remained steady in 2017 as compared to declines in average land class prices. In 2016, fair class land prices declined by 11 percent from 2015, so the decline has slowed in 2017.

County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Franklin	Jan	46.00	80.9	90.2	4,500
Franklin	Mar	40.00	83.0	91.1	2,750
Franklin	Apr	58.58	68.1	95.6	3,575
Gallatin	Nov	28.00	100.0	98.9	6,675
Hamilton	Jan	98.86	71.2	93.2	2,050
Hamilton	Feb	70.00	85.0	90.4	3,900
Hamilton	Feb	20.00	94.0	86.7	3,500
Hamilton	Mar	228.00	95.6	97.4	6,000
Hamilton	Mar	132.26	91.0	94.6	3,500
Hamilton	Mar	17.50	89.0	86.3	5,429
Hamilton	Aug	65.00	89.8	92.3	3,885
Hamilton	Nov	20.00	80.0	99.5	3,000
Hardin	Feb	18.00	91.0	81.9	3,333
Jackson	Feb	245.00	80.0	99.2	5,300

Jackson	Mar	177.00	79.0	99.7	3,178
Jackson	Apr	40.34	77.7	89.6	3,347
Jackson	Jul	44.43	100.0	99.1	4,700
Jefferson	Jan	28.41	86.1	89.6	5,421
Jefferson	Mar	55.81	77.0	94.1	3,584
Jefferson	Apr	64.69	86.8	96.8	4,251
Jefferson	Apr	38.00	91.8	95.9	5,700
Jefferson	Apr	39.00	91.3	98.1	4,000
Jefferson	May	40.00	89.0	88.2	3,000
Jefferson	May	137.07	89.0	97.2	3,728
Johnson	Jan	20.00	55.0	92.2	3,200
Johnson	Feb	22.50	64.2	92.2	2,889
Johnson	Feb	30.74	76.8	88.3	2,550
Johnson	May	56.74	70.6	97.1	3,393
Johnson	May	121.89	92.2	94.1	2,666
Johnson	May	83.20	72.9	86.8	2,897
Johnson	May	31.00	95.0	77.5	2,903
Johnson	Sep	38.10	68.5	88.3	2,283
Massac	Feb	64.00	92.0	93.6	1,406
Massac	Mar	216.50	61.0	88.4	2,148
Massac	Sep	60.00	83.1	87.4	3,500
Perry	Jan	120.00	85.0	98.4	3,675
Perry	Feb	40.00	100.0	97.1	6,250
Perry	Jun	21.26	100.0	90.9	6,350
Perry	Aug	46.80	96.4	83.5	4,950
Perry	Sep	40.00	72.6	95.3	3,750
Pope	Mar	57.33	57.2	96.5	1,999
Pope	Aug	69.53	77.6	92.3	2,337
Pope	Oct	40.08	60.0	88.9	2,400
Pulaski	Apr	37.36	89.3	96.3	3,000
Pulaski	Apr	144.38	62.6	93.8	1,988
Pulaski	Aug	259.00	43.6	98.6	2,189
Pulaski	Dec	80.00	94.1	96.3	3,000
Pulaski	Dec	160.00	80.3	87.9	2,188
Saline	Mar	33.00	73.0	84.3	2,879
Saline	Sep	30.00	50.0	99.3	3,000
Union	Feb	101.25	59.8	92.5	3,210
Union	Apr	65.03	52.4	92.5	3,691
Union	Jul	103.36	54.5	94.7	3,870
White	Jan	20.00	93.5	95.4	5,500
White	Jan	40.00	54.6	85.8	3,000
White	Jun	12.00	66.5	95.7	3,167
White	Jul	30.00	89.3	93.2	5,500
Williamson	Jan	80.00	57.7	89.4	3,063
Williamson	Feb	21.36	91.0	98.5	3,652
Williamson	Apr	31.00	96.0	92.3	3,510
Williamson	Apr	24.59	83.0	83.7	4,799
Williamson	May	44.17	80.4	91.6	3,396
Williamson	Jul	131.42	79.6	82.9	3,250
Williamson	Sep	40.00	53.9	97.0	3,000
Average (acre weighted)			76.6	93.4	3,455

Recreational Tracts

Recreational sale prices declined about 6 percent in 2017 from 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 85 recreational sales analyzed for 2017 compared to the 80 sales analyzed in 2016 had a tract size almost 30 acres smaller, 64 acres compared to 93 acres, and a lower percentage of tillable acres, 13 percent compared to 20 percent. Price declines could reflect differences in characteristics as well as market conditions. Average prices and acre weighted prices for 2017 were \$2,381 and \$2,294, respectively compared to 2016 averages of \$2,540 and \$2,440, respectively. A 6 percent decline in both measurements.

County	Sale Date	Total Acres	% Tillable	\$ Total Price/Ac
Alexander	Jun	21.07	0	1,661
Franklin	Apr	50.00	28	3,400
Franklin	Aug	23.07	0	2,492
Franklin	Sep	40.00	42	3,213
Gallatin	Feb	65.73	13	2,083
Hamilton	Feb	20.00	0	2,500
Hamilton	Apr	60.00	39	2,150
Hamilton	May	69.97	46	2,326
Hardin	Feb	38.50	30	1,844
Hardin	Aug	80.00	0	1,600
Jackson	Mar	20.00	43	2,750
Jackson	Sep	80.00	0	2,188
Jefferson	Feb	57.00	0	3,509
Jefferson	May	40.00	0	2,650
Jefferson	Sep	322.79	0	2,475
Johnson	Mar	120.00	27	2,208
Johnson	May	19.88	0	2,515
Johnson	Jun	120.00	0	2,308
Johnson	Jun	44.22	56	2,567
Johnson	Aug	40.00	0	2,375
Johnson	Sep	59.00	0	1,525
Massac	Jan	42.47	0	2,500

Massac	Feb	72.52	34	2,400
Massac	Jul	39.66	24	2,673
Perry	Jan	40.00	36	3,200
Pope	Jan	35.00	0	3,286
Pope	Feb	40.00	11	2,750
Pope	Mar	160.00	0	1,538
Pope	Jun	160.00	0	1,822
Pope	Jul	55.51	0	1,801
Pope	Dec	72.00	15	2,222
Pulaski	Apr	27.72	17	1,984
Pulaski	Sep	80.00	0	1,750
Saline	Jan	48.45	49	2,436
Saline	Feb	47.50	0	3,053
Saline	Apr	446.76	10	2,207
Union	Jan	70.00	19	2,000
Union	Apr	64.77	0	2,702
Union	Se	161.50	39	2,633
Union	Oct	32.61	0	1,993
White	Apr	20.00	33	2,250
Williamson	Jan	40.00	0	1,750
Williamson	Oct	80.00	39	2,750
Average (acre weighted)			13.1	2,297

Lease Trends

The region's agricultural economy has slowed greatly with low commodity prices and lower yields. While 2017 yields were higher than the past 3 years, cash flows remain tight and farmers are looking for ways to cut cost. Despite the drive to cut cost, the committee members have not seen a great impact on reducing cash rents. One committee member observed a few leases with longer terms (7 and 10-year contracts). Rents for these leases are a little higher than current market rates, with the tenant

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 2018 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	200	240	280	3 years	240	65	20	15	
Average Productivity	135	170	190	2 years	170	75	5	20	
Fair Productivity	90	125	145	1 year	125	55	5	40	
Recreational Land	5	8	15	1 year	10	100			

locking in acres for the long term with expectations for improved commodity prices and yields for the last half of the contract.

Another committee member has witnessed two scenarios as farmland transitions to a new tenant. One scenario is where the farmer-owner is actively making the decision to reduce operated acres, the transition to a preferred tenant is done privately and values both parties with risk being shared (share cropping or flex leases). The second scenario occurs when the land is sold or a farmer loses a lease followed by competitive bidding for the land. This scenario is where impressive rental rates result from farmers attempting to grow their operation in anticipation of strong yields and prices.

Crop share leases are still quite common in region 10. Shares for landlords vary from 25 percent to 50 percent depending on productivity and location. The region's more typical share rental is a 1/3 landlord 2/3 tenant with some sharing of crop expenses. Although there are more 1/3 2/3 leases occurring where the tenant assumes all crop expenses. In Region 10's northern counties and areas with more productive soils a share rental of 40 percent landlord and 60 percent with shared crop expenses is more common.

Landlords have also been pressured to maintain rents as property taxes continue to increase. Areas of high quality, bare land can exceed \$60/acre of tax liability. Specialty crop growers (pumpkins, non-GMO/organic, canola, etc.) continue to be strong competition for leased farmland given their margin opportunities and their desire to have land suitable to grow specialty crops. Specialty crops allow diversity in areas and provide some farmers and landlords an alternative towards higher net incomes. For pumpkins, committee members reported cash rents of \$325 to \$400 an acre.

The limitation on Conservation Reserve Program (CRP) acres and the inability to reenroll those acres in our region results in those acres being placed back into production for income generation. Those CRP acres returning to production are attractive to organic growers because many

of those acres would meet organic standards, whereas a commercial farmer is more cautious due to the uncertainty of productivity and the potential time needed to return CRP acres to "normal" row crop production.

The WRE (wetland reserve easements) are considered by some landowners. USDA-NRCS will pay 100 percent of easement value and 75 percent to 100 percent of restoration cost. The scoring metric used by NRCS and the lifetime term are making it difficult for many acres to be enrolled.



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

Year	--- Category ---			
	Good	Average	Fair	Rec.
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
2017	7,953	4,573	3,605	2,373

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	11.58	8.34	12.00	10.77
2010-2017	2.72	4.60	2.49	0.16
2001-2017	7.70	6.70	7.84	6.13
2005-2017	8.81	7.47	4.70	3.20
2010-2017	2.7	4.6	2.5	0.2
2016-2017	-0.4	-16.2	-1.5	-8.5

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

Median Value of Reported Sales by Year and Class*

Year	--- Category ---			
	Good	Average	Fair	Rec.
2001	2,339	1,444	1,034	881
2002	2,575	1,500	1,088	
2003	2,804	1,449	1,233	1,167
2004	2,208	1,547	1,188	1,400
2005	3,000	1,720	2,100	1,586
2006	2,872	2,028	1,682	1,822
2007	3,875	2,189	1,762	2,000
2008	4,333	2,600	2,225	2,273
2009	4,500	2,950	2,201	2,376
2010	6,680	3,253	2,844	2,500
2011	7,625	3,525	3,000	2,378
2012	9,030	5,100	3,500	2,478
2013	9,901	5,340	4,099	2,703
2014	9,800	5,345	4,000	3,008
2015	7,290	5,500	4,125	2,583
2016	8,481	5,200	3,398	2,500
2017	8,092	4,188	3,370	2,375

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	11.66	9.02	11.24	11.59
2010-2017	2.74	3.61	2.42	-0.73
2001-2017	7.76	6.65	7.38	6.20
2005-2017	8.27	7.42	3.94	3.36
2010-2017	2.7	3.6	2.4	-0.7
2016-2017	-4.7	-21.7	-0.8	-5.1

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

Counts of Reported Sales by Year and Class

Year	--- Category ---			
	Good	Average	Fair	Rec.
2001	5	13	5	4
2002	4	21	5	
2003	2	24	3	11
2004	6	20	5	4
2005	9	30	3	33
2006	12	25	6	30
2007	4	20	3	31
2008	8	46	10	31
2009	5	30	20	26
2010	5	4	6	5
2011	4	7	5	6
2012	7	53	28	30
2013	6	7	11	12
2014	2	34	23	9
2015	4	45	45	32
2016	6	45	42	32
2017	11	83	64	43

Percentage Change of Average by Period

Year	--- Category ---			
	Good	Average	Fair	Rec.
2001 - 2002	16.6	2.8	5.3	
2002 - 2003	2.4	-0.8	4.8	
2003 - 2004	-18.3	10.6	4.4	19.9
2004 - 2005	16.9	5.0	54.4	13.4
2005 - 2006	5.8	16.6	-15.2	11.6
2006 - 2007	34.8	3.5	-1.1	11.9
2007 - 2008	12.5	17.7	24.2	15.2
2008 - 2009	1.8	9.4	1.0	2.6
2009 - 2010	31.8	10.2	30.2	-4.0
2010 - 2011	17.8	16.7	4.8	-4.3
2011 - 2012	18.5	26.0	11.2	10.0
2012 - 2013	5.3	10.6	16.5	8.5
2013 - 2014	-1.7	-7.1	1.3	9.4
2014 - 2015	-23.4	9.5	-3.8	-14.7
2015 - 2016	2.9	-7.2	-11.2	0.9
2016 - 2017	-0.4	-16.2	-1.5	-8.5
Ave 2001-2017	7.70	6.70	7.84	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak	22.6	23.4	16.5	22.4
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Multiple Factors Impacting Land Prices

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 its members about the farmland market. Respondents indicated that farmland prices decreased in 2017 between 2 percent and 5 percent, depending on land productivity. Expectations are for decreasing farmland prices in 2018. Yields in 2018 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 2017

Respondents indicated that farmland prices decreased between 2 percent and 5 percent from January 1, 2017 to December 31, 2017, with land price declines varying by land category:

- Excellent productivity farmland had a beginning year price of \$11,000 per acre and an ending year price of \$10,600 per acre, giving a 4 percent decrease in price. Excellent productivity farmland has productivity indexes (PIs) above 133 and corn yields that average over 190 bushels per acre.
- Good productivity farmland had a beginning year price of \$9,600 per acre and end of year price of \$9,100 per acre, giving a decline of 5 percent. Good quality farmland has PIs between 117 and 132 and average corn yield typically between 170 and 190 bushels per acre.
- Average productivity farmland had a beginning year price of \$7,900 and ending of year price of \$7,600, giving a 4 percent decrease. Average quality farmland has PIS between 100 and 116, with average corn yields between 150 and 170 bushels per acre.
- Fair productive farmland had a beginning of the year price of \$5,900 and end of year price of \$5,800, for a decline of 2 percent. Fair productivity farmland has PIs less than 100 and average corn yields below 150 bushels per acre.

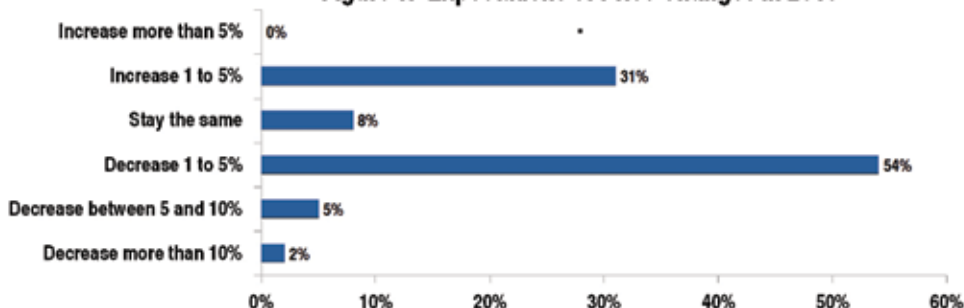
Table 1. Estimates of Land Price, Beginning & Ending of 2017

Productivity	Date		Percent Change
	Jan. 1, 2017	Dec. 31, 2017 \$ per acre	
Excellent	11,000	10,600	-4%
Good	9,600	9,100	-5%
Average	7,900	7,600	-4%
Fair	5,900	5,800	-2%

Expectations for 2018

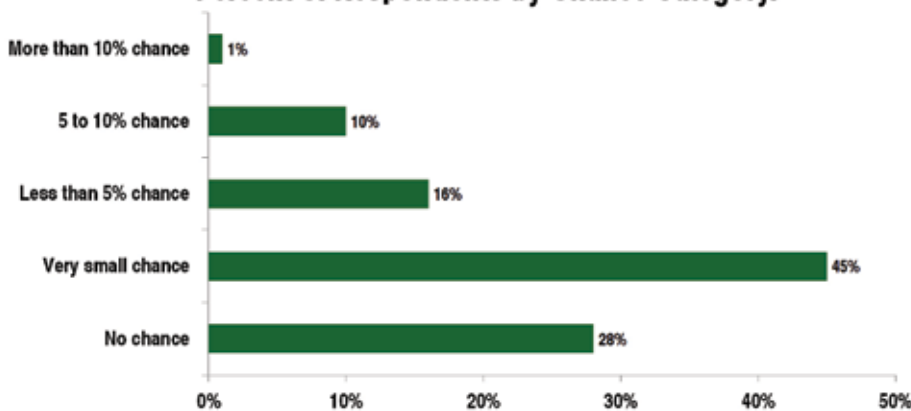
In total, 61 percent of the respondents expect farmland to decrease during 2018 (see Figure 1). This 61 percent is down from 2017 when 76 percent of the respondents expected farmland prices to decline. A significant number of members (31 percent) expect farmland prices to increase.

Figure 1. Expectations of Price Changes in 2018



Respondents were asked what the chances were of a 20 percent decline in farmland prices during 2018. This question gauges concerns about large downward correction in prices. Twenty-eight percent of the respondents believed there was no chance of a 20 percent farmland price decrease with 45 percent giving a very small chance of a 20 percent farmland decrease.

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



Sixteen percent of respondents believed there was less than a 5 percent chance, 10 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 decreases are small. Compared to the 2017 survey results, fewer respondents believed that large price declines were possible in 2018 then when asked a year earlier.

Factors Impacting 2018 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. Seventy-three percent of respondents expected the economy to contract modestly. None of the respondents expect a full-scale recession. Twenty-six 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 2018 with 83 percent expecting those increases to be less than 1.5 percentage points and 15 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 2018. 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, 98 percent of respondents expected corn price to average below \$4.00 per bushel and the remaining 2 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 2018 if that factor occurred. “Falling commodity prices because of good 2018 growing conditions in the United States” was indicated by 83 percent of the respondents as leading to farmland price decreases (see Table 2).

Table 2. Factors that Could Cause a Farmland Price Decrease of More than 5 percent if they happen in 2018

	Percent of Respondents ¹
Falling commodity prices because of good 2018 growing conditions in the United States	83%
Increases in interest rates	73%
Good crop yields in South America	58%
Elimination of ethanol mandates	56%
Reduction in commodity demand because of slowing Chinese growth	40%
Changes in exchange rates	27%
General economic recession in the United States	16%
Increases in stock prices	15%
Increases in the variability of stock prices	13%
Decreases in the variability of stock prices	11%
Recession in Europe	8%
Good economic growth in the United States	7%
A drought causing lower yields	6%
Decreases in stock prices	3%

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, 83% of respondent indicates that “falling commodity prices because of good 2018 growing conditions . . .” would cause farmland price decrease.

The next factor indicated by most respondents was “increases in interest rates”, indicated by 73 percent of respondents. Factors indicated by over 50 percent of respondents as leading to farmland price decreases were “good crop yields in South America” (58 percent) and “elimination of ethanol mandates” (56 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 chosen factor was “falling commodity prices because of good 2018 growing conditions”, ranked as the most likely factor by 45 percent of the respondents. Other factors ranked as the most likely factor were: “increases in interest rates (32 percent of respondents), “elimination of ethanol mandates” (12 percent), and “reduction in commodity demand because of slowing China growth” (3 percent).

Table 3. Most Likely Factor to Cause a Farmland Price Decrease of More than 5 percent in 2018

	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%

Respondents were asked to rank what factors could cause farmland prices to increase by more than 5 percent in 2018 (see Table 4). “Increases in commodity prices because of poor growing conditions in the United States” received the most positive responses at 68 percent of respondents. Poor crop yields in South America was next with 48 percent of respondents.

Table 4. Factors that Could Cause Farmland Prices to Increase More than 5 percent if they Happen in 2018.

	Percent of Respondents ¹
Increase commodity prices because of poor 2018 growing conditions in the United States	68%
Poor crop yields in South America	48%
Decreases in interest rates	36%
High yield leading to higher incomes	26%
Increases in commodity demand because of Chinese growth	26%
Good economic growth in the United States	23%
A 2018 drought causing low yields	21%
Change in exchange rates	17%
Decreases in stock prices	14%
Increased variability in stock prices	10%
Fear of Federal deficit issues in the future	10%

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, 68% of respondent indicates that “increase in commodity prices because of poor 2018 growing conditions . . .” would cause farmland price increase.

From this list of factors, respondents were asked to choose the most likely factor to cause a farmland price increase of more than 5 percent. Increases in commodity prices because of poor 2018 growing conditions in the United States” was the factor chosen by most respondents, receiving 36 percent of the response. A drought in 2018 was chosen by 16 percent of the respondents.

Table 5. Most Likely Factor to Cause a Farmland Price Decrease of More than 5% in 2018.

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

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 yields 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 52 percent of the sales and were, by far, the largest category of sellers (see Table 6). Estate sales were followed by farmers who made up 26 percent of sellers. Fifteen percent of those farmers were retired and 11 percent were active farmers. Individual investors accounted for 12 percent of the sellers, followed by institutions (7 percent) and others (3 percent).

Table 6. Sellers of Farmland, 2017.

Active farmers	11%
Retired farmers	15%
Estate sales	52%
Institutions	7%
Individual investors	12%
Others	3%

Survey respondents were asked to identify reasons why farmland was sold. The major reason for selling farmland was to settle estates, accounting for 53 percent of the farmland sales (see Table 7). “Received 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), pay down debt (8 percent), re-invest in agricultural enterprises (5 percent), and close-out undivided interests (4 percent).

Table 7. Reasons for Selling Farmland, 2017.

Settle estates	53%
Pay down debt	8%
Re-invest in agricultural enterprises	5%
Received a good price	17%
Re-orient investment portfolio	13%
Close-out undivided interests	4%

Methods used for selling farmland are shown in Table 8. Forty-nine percent of parcels were sold by private treaty, 35 percent by public action, 11 percent by multi-parcel auction, and 5 percent by sealed bid. Between 2016 and 2017, the private treaty method of sales increased in use while the use of public auction decreased.

Table 8. Method of Selling Farmland, 2017.

Sealed bid	5%
Multi-parcel auction	11%
Public auction	35%
Private treaty	49%

Buyers of Farmland

Survey respondents were asked to classify buyers into categories as farmers, investors, institutions, or recreational buyers. Farmers accounted for 64 percent of the purchasers, with 62 percent being local farmers and 2 percent being relocating farmers (see Table 9). Individual investors who would not farm the land were the next largest group, accounting for 23 percent of the buyers. Non-local investors accounted for 13 percent of the buyers and non-local investors accounted for 10 percent. Institutions accounted for 6 percent of buyers. Survey respondents indicated that 64 percent of farmland buyers did not require debt financing. On average, 56 percent of the purchase price was financed for those buyers requiring debt financing.

Table 9. Buyers of Farmland, 2017.

Local farmers	62%
Relocating farmers	2%
Non-local investors	10%
Local investors	13%
Institutions	6%
Other	7%

Volume of Farmland Sold

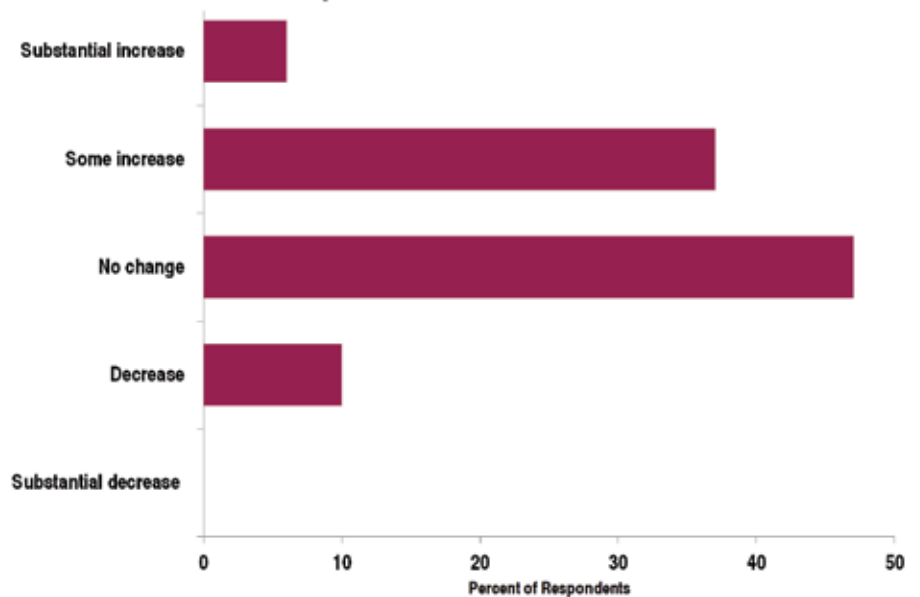
Respondents indicated that there was an increase in volume of sales during the last half of 2017 compared to the last half of 2016 with 37 percent indicating some increase and 6 percent indicating a substantial increase (see Figure 3). Ten percent of respondents indicated that volume decreased. Forty-seven percent of respondents

indicated that there was no change in volume, with 37 percent indicated that volume decreased.

Summary

Farmland prices decreased in 2017 between 2 percent and 5 percent. Expectations are for similar results in 2018. Most respondents expect those decreases to be in less than a 10 percent.

Figure 3. Change in Volume of Farmland Sold in Last Half of 2017 Compared to Last Half of 2016



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Cash Rent Rates Remaining Steady

Prepared by Gary Schnitkey, Ph.D., and Todd Henry Kueth, 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 2017 incomes were below 2016 levels, continuing a string of declining return years that began in 2013. Cash rents remained steady in 2018. Expectations are for stable cash rents in 2019 if corn price remains near \$3.50. Corn prices over \$4.00 per bushel could lead to increases in cash rents. Even with low farmland returns, respondents expect very little farmland to change hands because the current farm operators continue to pay the required cash rent levels

2017 Incomes

Survey respondents were asked to estimate average incomes that landlords received from alternative leases. Incomes were asked for the 2017 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.

Net incomes for 2017 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).

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

Lease Type	Excellent	Land Quality		
		Good	Average	Fair
		<u>\$ per acre</u>		
Traditional crop share	193	159	132	103
Cash rent	230	212	180	140
Custom farming	253	210	178	140

For excellent quality farmland, traditional crop shares had average income of \$193 per acre, cash rent had \$230 per

acre, and custom farming had \$253 per acre. Across all productivities, crop share had the lowest returns. Cash rent and custom farming had returns near one another for the good, average, and fair land classes

Incomes were lower or the same in 2017 for crop share and cash rent arrangements. Table 2 shows 2017 income minus 2016 incomes. Negative numbers indicated incomes were lower in 2017 than in 2016. For excellent productivity farmland, traditional crop share income was \$7 per acre lower in 2017 as compared to 2016. Cash rent income was \$20 per acre lower, while custom farming income was \$18 per acre higher in 2017 as compared to 2016.

Table 2. 2017 Incomes Minus 2016 Incomes

Lease Type	Excellent	Land Quality		
		Good	Average	Fair
		<u>\$ per acre</u>		
Traditional crop share	-7	-1	-13	-22
Cash rent	-20	-13	0	0
Custom farming	18	10	23	15

Cash Rents for 2018

Table 3 shows per acre cash rents for the 2018 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 2018

Lease Type	Excellent	Land Quality		
		Good	Average	Fair
		<u>\$ per acre</u>		
High 1/3	317	276	237	201
Mid 1/3	298	260	225	186
Low 1/3	258	223	188	151

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 \$298 per acre (see Table 3). The high 1/3 of leases averaged \$317 per acre, \$19 higher than the mid 1/3 group. Similarly, the low 1/3 group averaged \$258 per acre, \$40 lower than the mid 1/3 group. From the high 1/3 group to the low 1/3 group, there is a \$59 per acre difference in average rents for excellent productivity farmland. Similar ranges exist across good (\$53 from the high 1/3 to low 1/3 averages), average (\$49 per acre), and fair (\$50 per acre) productivity classes.

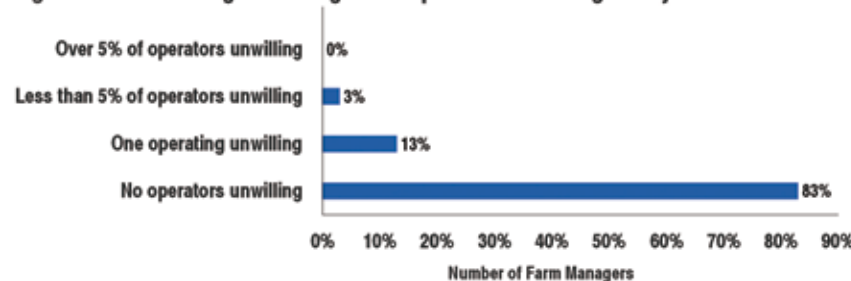
Cash rent levels are expected to decrease in 2018 by small amounts (see Table 4). The \$298 per acre cash rent for 2017 was \$2 lower than the \$300 per acre cash rent in 2017. Cash rents for good quality land remained the same (\$260 per acre). Average quality farmland had the same cash rents in 2017 and 2018 (\$225 per acre). Fair quality farmland increased \$11 from \$175 in 2017 to \$186 per acre in 2018.

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

Year	Excellent	Land Quality Good \$ per acre	Average	Fair
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
2018	298	260	225	186

Of the 2018 cash rent leases, respondents indicated that 25 percent of the rent levels were renegotiated from the previous year. Farm managers were asked if they had farm operators unwilling to pay 2018 cash rent levels and leave the farm. Eighty-three percent of farm managers indicated that they had no operators unwilling to pay the cash rent level. Some modest amounts of switching occurred for the remaining farm managers: 13 percent of the farm managers indicated that one farm operator was unwilling to pay the cash rent and 3 percent indicated that less than 5 percent of farm operators were unwilling to pay cash rents.

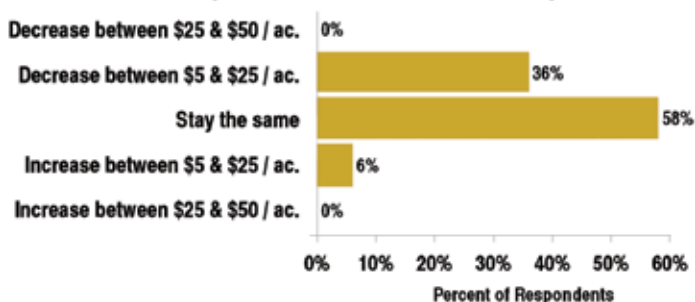
Figure 1. Farm Managers Having Farm Operators Unwilling to Pay 2018 Cash Rent



Expectations for 2019

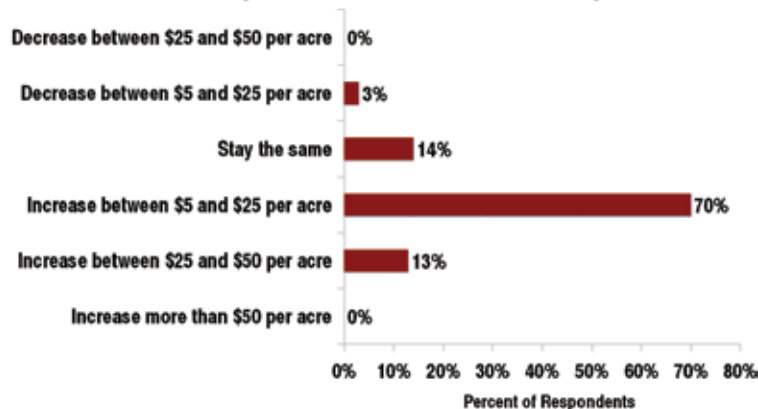
Farm managers were asked what would happen to cash rents to 2019 cash rents if expected corn prices are near \$3.50 per bushel when negotiating 2018 cash rents. Thirty-six percent of farm managers expect 2019 cash rents to be lower than 2018 cash rents. Those declines are expected to be between \$5 and \$25 per acre (see Figure 2). Fifty-eight percent of respondents expected 2019 cash rents to remain the same as 2018 cash rents. If corn prices are at \$3.50 per bushel, six percent of the respondents expected rents to increase in 2019.

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



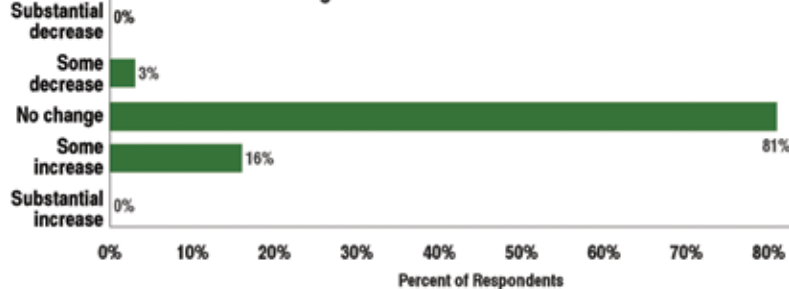
Farm managers were asked what would happen to cash rents in 2018 if expected corn prices are \$4.20 when negotiating 2018 cash rents. In this case, 83 percent of farm managers expect 2018 cash rents to be higher than 2017 cash rents (see Figure 3). Of those respondents expecting increases, 70 percent expected increases of between \$5 and \$25 per acre, 12 percent expect increases between \$25 and \$50 per acre. Under this price scenario, only 3 percent expected rent declines.

Figure 3. Expectations of Cash Rents Change in 2019 from 2018 Levels if Expected Corn Prices are Near \$4.20 per Bushel



Given the expectations of a continuing low farm returns, there may be difficulties in having the current farm operators pay the asked for cash rent. Respondents were asked if they expected more farmers to refuse to pay asked for cash rent in 2019 (see Figure 4). Eighty-one percent of respondents expected no changes in refusals while 16 percent expected some increase.

Figure 4. Expectations of Farm Operators Refusing to Pay Ask For Cash Rent Change in 2019 from 2018



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 \$25 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 39 percent of the leases in 2018, with traditional crop share accounting for 25 percent of the leases, crop share with supplemental rents accounting for 3 percent of the leases, and crop share with supplemental accounting for 11 percent of the leases (see Figure 5).

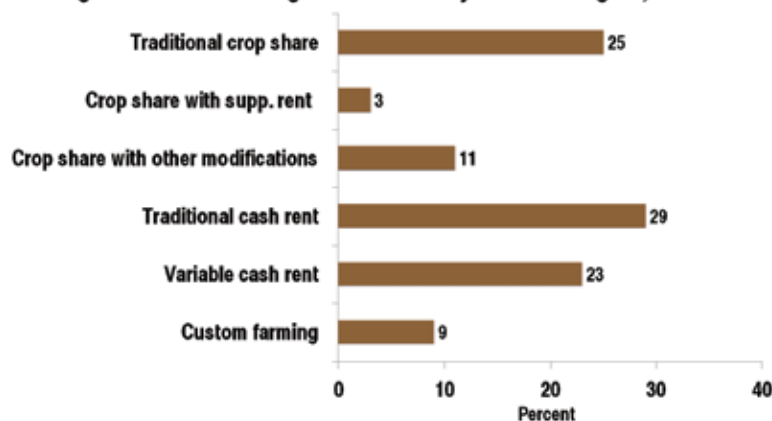
There are two types of cash rent leases: traditional and variable. Under a traditional lease, a fixed amount of cash rent is negotiated between the land owner and tenant, typically at the beginning of the cropping year. Under a variable lease, the amount of the cash payment depends on revenue. A typical 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 2018, traditional crop share arrangements accounted for 29 percent of leases while variable cash leases had a 23 percent share of leases (see Figure 5). Farm managers typically use short lease terms on cash rental arrangements. Of cash rents, 85 percent of the leases were one-year in length

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 9 percent of leases.

Summary

Cash rents increased between 2006 and 2014 and then decreased until 2017. Between 2017 and 2018, cash rent levels stabilized. Expectations are for stable cash rents if corn prices remain near \$3.50 per bushel. On the other hand, corn prices above \$4.20 per bushel could lead to increasing cash rents.

Figure 5. Lease Arrangements Used by Farm Managers, 2018



Wind Energy and Farmland Values

Seth Baker, Dave Klein, Bruce Sherrick, and Brad Haight contributed to this article*

It is important to understand the impact on farmland values of wind and other renewable energy projects. In this article, some empirical evidence is first provided from a sample of farmland sales with wind lease provisions and general comparisons to other sales made. Then, a set of important issues in evaluation wind lease payments is provided. Finally a simple stylized model is shown to help guide evaluation of wind lease payments that accompany a farm property.

With 27 wind projects of over 50 megawatts currently online, Illinois is a leader in wind energy in the United States. Only five other states produce more wind energy than the 4,026 megawatts installed in Illinois. Mendota Hills Wind Farm in Paw Paw was the first utility-scale wind project in Illinois starting in 2003. Others quickly followed, including Twin Groves Wind Farm in McLean County in 2008 which was the largest wind farm east of the Mississippi River upon completion.

Now 15 years since the early projects began, there is significant data to show added value to the farmland where the towers sit. David Klein, Managing Broker of Soy Capital Ag Services, has been tracking data from three wind farms in Central Illinois' McLean, Woodford and Livingston Counties over the past ten years.

During 2009-2016, there were 22 sales of farmland in this area with wind lease income averaging \$102 per acre across those sales. These were compared to general farmland sales to determine the impact on values, which shows an average \$1,162 per acre increase on the farms containing wind power payments.

The typical income capitalization rate, or CAP rate for short (investor expected rate of cash return) is between 2.5 to 3.5 percent for good quality, central Illinois farmland. The capitalization rate for the wind lease payments, based on the data above, was approximately 9 percent. This may represent a significant opportunity to increase overall farmland returns where wind energy payments exist, though there are many considerations in evaluating the total impact on values of energy lease payments.

While the direct economic benefit to the landowner from lease payments is often the most evident effect, there are other issues that also impact the value of the underlying farmland. A partial listing of some other factors and considerations includes:

- Operating around the towers can make farming more difficult, both for field level operations and for improvements including drainage structures and irrigation.

Sales of Farms With Active Wind Turbines

Year	County	Soil PI	% Tillable	Price/Ac	Acres/ Turbine	Acres	Payment Avg/Ac
2009	McLean	142	95	\$7,750	26.7	80	\$193
2010	McLean	138.7	100	\$8,575	80	80	\$98
2010	McLean	125.5	98	\$6,800	120	240	\$44
2012	Livingston	128.5	98	\$9,750	114.4	114.4	\$49
2013	McLean	135	99	\$14,000	76	76	\$103
2013	McLean	132	98	\$14,000	48.4	96.8	\$109
2014	McLean	140	99	\$12,000	40	120	\$146
2014	McLean	134	92	\$13,700	39.98	79.951	\$146
2014	McLean	133.7	97	\$11,600	50.6	75.935	\$115
2014	McLean	131.5	89	\$11,600	86.6	86.582	\$67
2014	McLean	134.1	91	\$13,100	154	154	\$70
2015	McLean	137.5	97	\$13,100	100	100	\$131
2015	McLean	137.3	93	\$11,300	60	60	\$188
2015	McLean	141.4	92	\$12,200	77.26	77.26	\$142
2015	Livingston	117.3	98	\$8,800	91.33	91.33	\$72
2015	McLean	135.8	96	\$11,600	158.45	158.45	\$69
2015	McLean	130.3	96	\$11,600	145.18	145.18	\$76
2015	Woodford	129.1	97	\$8,450	158.61	158.61	\$38
2015	Woodford	124.7	100	\$8,450	75.38	75.38	\$80
2016	McLean	129.2	94	\$9,686	80	80	\$114
2016	McLean	132.1	96	\$10,100	151.7	454.96	\$30
2016	McLean	133	76	\$7,247	100	100	\$117
2016	McLean	139.5	97	\$13,800	73.9	73.9	\$145
Average:		133.1	95	\$10,835	91.7	120.8	\$102

- Noise, vibration, and shadow flicker issues may be a concern, and there are not fully unified requirements for setback or accommodation of externalities from location to location.

- Land is generally viewed as permanent and non-depreciating, but the length of remaining payments and potential decommissioning issues have shorter durations than the underlying asset.

- Aerial crop protection can be severely affected when there are turbines on a farm. While spraying near wind turbines can still be completed, it is notable that turbulence created by turbines can change wind flow for up to two miles.

- Not all of the farming issues are necessarily negative. Turbine access lanes around the farm can be a benefit to the farmer and the landowner when placed in efficient locations. The access roads leading to the turbines can provide safe and convenient parking for semis and equipment used during planting and harvest, and in many projects, the gravel lanes also provide a payment back to the farm as well.

- It is important for township and county officials to require wind energy companies to improve public roads upon completion of each project. Consideration for road damages may also need to be included in the accrued decommissioning costs of the turbine removal process.

In addition to farmability issues, lease terms and contract details vary a great deal across projects, and can have a substantial effect on the valuation of the lease. Some additional factors to consider in evaluating the desirability of wind projects and terms of the associated leases include:

- The general landscape change often impacts other local residential residents. Concerns are often voiced over proximity to avian wildlife patterns and activities related to hunting and use of other natural amenities. Liability limitations and operations-based indemnity provisions, subrogation waivers and insurance protections are all legal matters that concern those within the legal profession working with landowners. Questions about residential values in areas of turbines occur, especially during periods of construction, and whether those neighbors should also be compensated.

- Generating equipment is becoming larger and more efficient. While these changes will lead to fewer turbines required to produce the same amount of electricity, it also increases single turbine land ownership participation risk. With the increasing size of turbines questions have been raised as to the potential vibration, noise (decibel levels)

and shadow flicker from longer blades. The industry continues to evaluate and attempt to address the issue with blade modification and other engineering improvements, as well as set-back requirements from non-participating residential neighbors and participating farmsteads. Some county boards are requiring larger set-backs than those required by the state, which increases the difficulty of development.

- The method by which the power purchase agreements (PPAs) are made and determined could impact which projects survive, and which projects end prematurely. Importantly, it may also be possible to include royalty or generation bonus payments based on the nature of the PPA so that in addition to a fixed payment for the land used, a payment based on the amount of generated power could be retained by the land owner.

- Decommissioning security is another area of concern for all wind (and solar) developments. The state of Illinois demands certain minimal requirements for decommissioning. However, the question often arises as to whether the time to decommission is too generous, whether economic levels are adequate, are they properly funded, and should the frequency for updating the values be increased. Concerns exist with what will happen to the turbines if and when the project ends and energy production ceases. Because there has not been a wind project decommissioned in Illinois at this point, it is difficult to guarantee that the decommissioning will be handled properly. County zoning officials may want to consider requiring increased frequency in the evaluation of decommissioning costs to new projects beyond those required by the state.

- The ability to separate wind lease payments could provide more insight into their value, but this is still an issue in its infancy with no clearly defined markets yet.

- Interpretation and valuation by the lending community is also critical in accurately accounting for and accommodating the value of lease payment contracts. As lenders become more comfortable and experienced with the payments from wind leases, the amount they are willing to lend should increase as well. Lenders' comfort levels with wind leases should also increase as the industry matures and improves the understanding of income stream correlation to the farmland value. There are specialized firms that help bridge the gap between the legal and financial components to help landowners accurately and completely evaluate lease payments.

Determining the value of a wind lease on farmland in a newer project with limited sales data is challenging. While data from prior, more established areas can be used to help determine the factors that matter to buyers and

provide insight into possible values, current capitalization rates are changing, and the aging of guaranteed payments, along with decommissioning or risk funding payments, may differ.

To help understand the implications, a simple tool was developed that combines the farmland lease or income with lease payments and the potential for a risk or decommissioning fund payment to identify basic starting positions, and also to allow sensitivity tests to be easily performed against any of the entries. In the case shown below, a farm is being evaluated with different cap rates applied to the farmland return series, the lease payment series and a sinking fund accumulation for end of lease risk.

For concreteness, assume that the farm generates lease payments of \$335/acre per year and has property tax obligations of \$40/acre per year. The farm owner's discount rate is 4 percent and the cash payments (income

and taxes) are expected to increase at 1 percent per year. The wind lease payments are \$102/acre per year and have a 20-year remaining life, with an escalation of 2 percent and a required discount rate of 9 percent. The owner also has a desire (or requirement) to include a set aside into a sinking fund for end of lease contingencies and is funding that at \$10/acre for each of the remaining 20 years, in this case to correspond to the end of the lease payments. The discount rate applied to that stream is 5 percent. Each of these entries can be adjusted to determine the impact on each of the value contributions, and thereby the total as well.

Given these starting values, the farm could be valued at \$10,780 and be consistent with these initial conditions. A price higher than that would drive down the yield on the investment and a price lower would be consistent with higher capitalization rates for example. Following the table, a simple sensitivity matrix is provided that compares the values of capitalized payments across

Evaluation of Farmland with wind lease payments

Farmland (\$/ac)		Wind Lease (\$/ac)		Risk Fund (\$/ac)	
Cash Rent	335	Payment	102	Sinking fund payment	-10
Prop Tax	40	Remaining Years	20	Remaining Years	20
Growth rate	0.01	Growth rate	0.02	Growth rate	0
Discount rate	0.04	Discount rate	0.09	Discount rate	0.05
Value Contribution	9,833	1,071		(125)	
Total Value	10,780				

Value of Payments for 20 years by discount rate and payment amount

	Discount rate											
	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%
Payment per Acre												
\$50	886	805	733	671	616	568	525	487	453	423	396	372
\$70	1,241	1,126	1,027	939	862	795	735	682	634	592	554	520
\$90	1,595	1,448	1,320	1,208	1,109	1,022	945	877	816	761	713	669
\$110	1,950	1,770	1,613	1,476	1,355	1,249	1,155	1,071	997	931	871	818
\$130	2,304	2,092	1,907	1,744	1,602	1,476	1,365	1,266	1,178	1,100	1,029	966
\$150	2,659	2,414	2,200	2,013	1,848	1,703	1,575	1,461	1,359	1,269	1,188	1,115
\$170	3,014	2,736	2,493	2,281	2,094	1,930	1,785	1,656	1,541	1,438	1,346	1,263
\$190	3,368	3,057	2,786	2,549	2,341	2,157	1,995	1,850	1,722	1,607	1,505	1,412
\$210	3,723	3,379	3,080	2,818	2,587	2,384	2,205	2,045	1,903	1,777	1,663	1,561
\$230	4,077	3,701	3,373	3,086	2,834	2,611	2,415	2,240	2,085	1,946	1,821	1,709
\$250	4,432	4,023	3,666	3,354	3,080	2,838	2,625	2,435	2,266	2,115	1,980	1,858
\$270	4,786	4,345	3,960	3,623	3,326	3,065	2,834	2,630	2,447	2,284	2,138	2,007
\$290	5,141	4,667	4,253	3,891	3,573	3,292	3,044	2,824	2,628	2,453	2,296	2,155
\$310	5,495	4,988	4,546	4,159	3,819	3,519	3,254	3,019	2,810	2,622	2,455	2,304
\$330	5,850	5,310	4,840	4,428	4,066	3,747	3,464	3,214	2,991	2,792	2,613	2,453
\$350	6,204	5,632	5,133	4,696	4,312	3,974	3,674	3,409	3,172	2,961	2,772	2,601
\$370	6,559	5,954	5,426	4,964	4,558	4,201	3,884	3,603	3,353	3,130	2,930	2,750
\$390	6,913	6,276	5,720	5,233	4,805	4,428	4,094	3,798	3,535	3,299	3,088	2,899

different levels of cash flow and discount rates. That table is also tied to the elements of the evaluation model and shows results for the life chosen for the remainder of the lease payments (in this case 20 years) If interested, the spreadsheet used to generate these tables can be downloaded at the following link:

<http://www.ispfmra.org/2018/03/22/wind-energy-and-farmland-values/>

This analysis is very simplified and stylized for the most basic case, but still can be useful to understand how changes in payments, capitalization rates, and length of terms can affect the value of wind lease payments on a farm's value. For more realistic valuations, a professional familiar with the specific terms and conditions should be consulted.

As the market becomes more efficient in dealing with the lease payment analysis, the value to all farms may, in fact, increase. Answers to the unknown will also provide comfort in investing in land with wind and other alternative energy sources. Additional data, research and professionals in the farmland industry will help fill the knowledge gap to provide better answers in the future.

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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/) (<http://farmdoc.illinois.edu/>) and [farmdocdaily](http://farmdocdaily.illinois.edu/) (<http://farmdocdaily.illinois.edu/>) – the University's online research program on the agricultural sector.

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Capital Agricultural Property Services	22, 28, 37, 45, 60, 63
Central Bank Illinois	30
Cochran Ag Services	57, 94
Compeer Financial	12
Farm Credit Illinois	53, 65, 72, 83, 92, 98
Farmers National Co.	20, 30, 36, 48, 54, 64, 74, 82
Farmland Solutions	56, 69
First Illinois Ag Group	67, 72, 85, 90
First Mid-Illinois Bank & Trust	57
First Midwest Farm Management	18
First National Bank	49, 56, 93
Goodwin & Associates.	24
Heartland Ag Group	47, 56, 68, 77
Heartland Ag Group of Springfield, Inc.	66, 75
Heartland Bank & Trust	25, 32, 44, 59, 64, 78
Hertz Farm Management, Inc.	21, 29, 38, 44, 52, 68
Hiatt Enterprises	42, 54
Ingram's Soil Testing Center	73
Land Pro	23, 31, 47, 52, 65, 75
Krause Surveying, Inc.	45
MetLife Agricultural Investments	25
Murray Wise Associates	55, 66
Rabo AgriFinance.	26
Silveus Insurance Group, Inc.	14
Soy Capital Ag Services	23, 32, 37, 43, 60, 63, 77, 81
Spurling Title, Inc.	63
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