



**2019**

# **Illinois Farmland Values & Lease Trends**

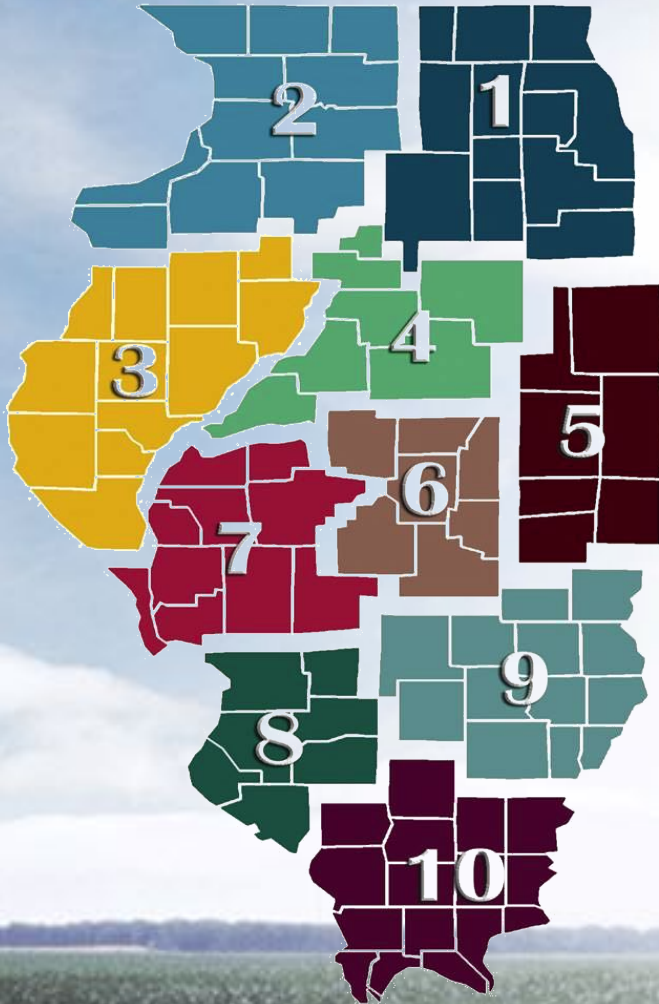
David

Klein

AFM, ALC

*General Chairman*

# 2019 Illinois Farmland Values & Lease Trends



- ▼ **24<sup>th</sup> Annual Report**
- ▼ Covers Calendar Year 2018
- ▼ Several Farm Real Estate Transactions
- ▼ Updates on Rents & Leasing Trends
- ▼ **A Team of Over 80 Professionals**
  - Professional Farm Managers & AFM's
  - Accredited & State Certified Appraisers
  - Licensed Farmland Brokers & ALC's

**All Sharing Real World Experiences!**

# Contributing Organizations



Illinois Society of Professional  
Farm Managers and Rural Appraisers



University of Illinois College of ACES



Illinois Farm & Land Chapter  
of the REALTORS Land Institute





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



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





# It Takes a Team of Professionals



**General Chair**  
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**Land Values Conference**  
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**Land Values Conference**  
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**Co-Chair**  
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# It Takes a Team of Professionals

## Region 1



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## Region 2



**David Dinderman**

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## Region 2



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## Region 3



**John Leezer, ALC**

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127 West Main St.  
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## Region 4



**Ross Perkins, AFM**

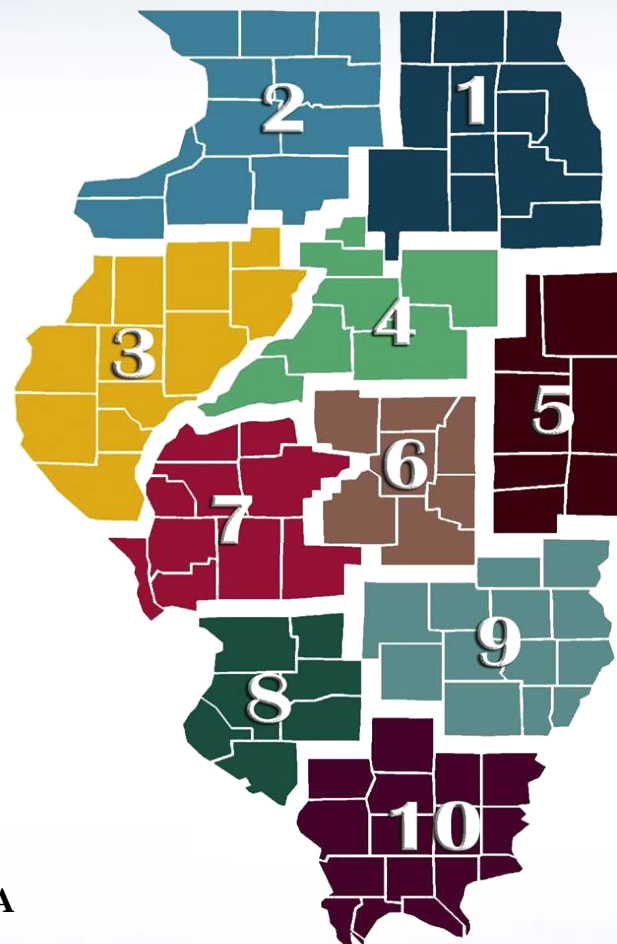
*Soy Capital Ag Services*  
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## Region 5



**Brian Waibel, AFM, ARA**

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# It Takes a Team of Professionals

## Region 6



**Seth Baker, AFM, ARA**

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## Region 7



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## Region 8



**Dale Kellermann, AFM**

*First Illinois Ag Group*  
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## Region 9



**Kent Reid**

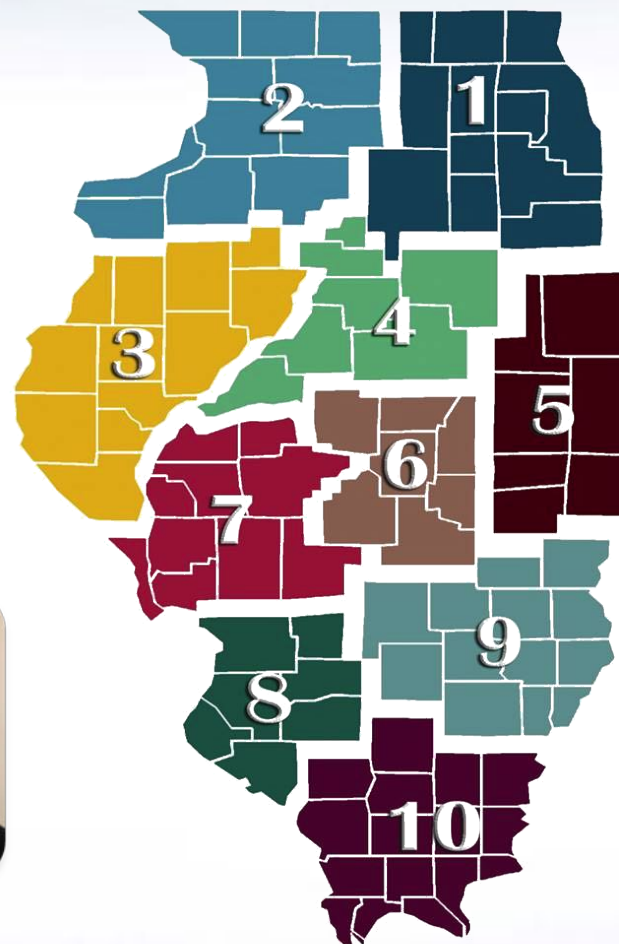
*Farm Credit Services of Illinois*  
1506 E. Lafayette Ave.  
Effingham, IL 62401  
(217) 342-6640

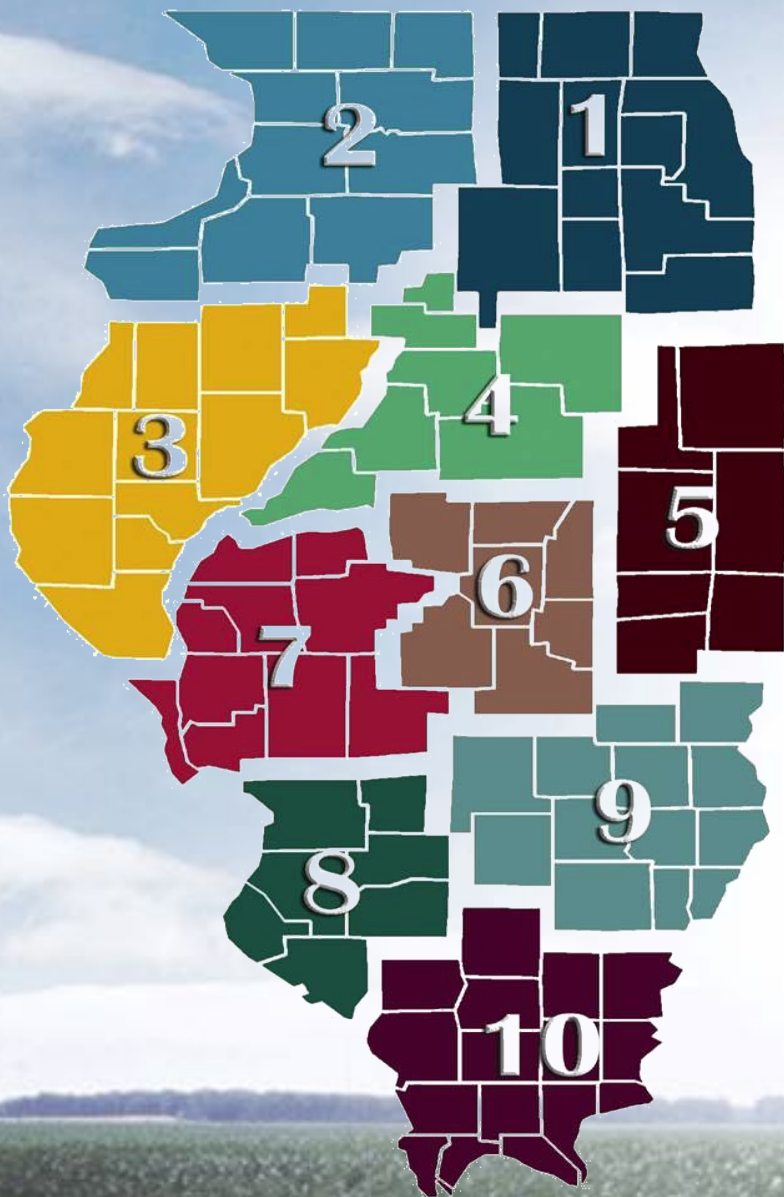
## Region 10



**Phil Eberle**

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





## About The 2019 Booklet:

- ▼ **Our Seventh Full Color Presentation**  
*(Thanks Carroll Merry)*
- ▼ **Presented by 10 Regions**
  - *Farmland Sales Data*
    - Excellent Productive Tracts
    - Good Productive Tracts
    - Average Productive Tracts
    - Fair Productive Tracts
    - Recreational Tracts
    - Transitional Tracts
  - *Lease Trends & Rental Rates*
- ▼ **Our Sponsors & Advertisers**
  - *A good place to find a professional!*
- ▼ **Special Articles**
  - *Multiple Factors Impacting Values*
  - *Income Returns*
  - *Cash Rents*



# FARMLAND ASSETS

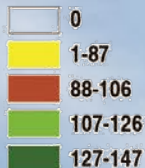
**FBFM** (ACCORDING TO U OF I'S GARY SCHNITKEY)

**PERCENTAGE OF ILLINOIS FARMERS' ASSETS  
COMPRISED OF FARMLAND:**

**42%**

## OPTIMAL PRODUCTIVITY INDEX

### LEGEND - Soil PI (Productivity Index)



The  
Magic  
Box

The  
Golden  
Triangle



# 2019 Illinois Farmland Values & Lease Trends

## Understanding Our Farmland Categories

*Using the Productivity Index from the University of Illinois (Bulletin 811).*

**Excellent Productivity – 147 to 133**

**Good Productivity – 132 to 117**

**Average Productivity – 116 to 100**

**Fair Productivity – Less than 100**

**Recreational Tracts**

**Transitional Tracts**





# Our Results dished out 3 ways:

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







# The Long View on Land Values

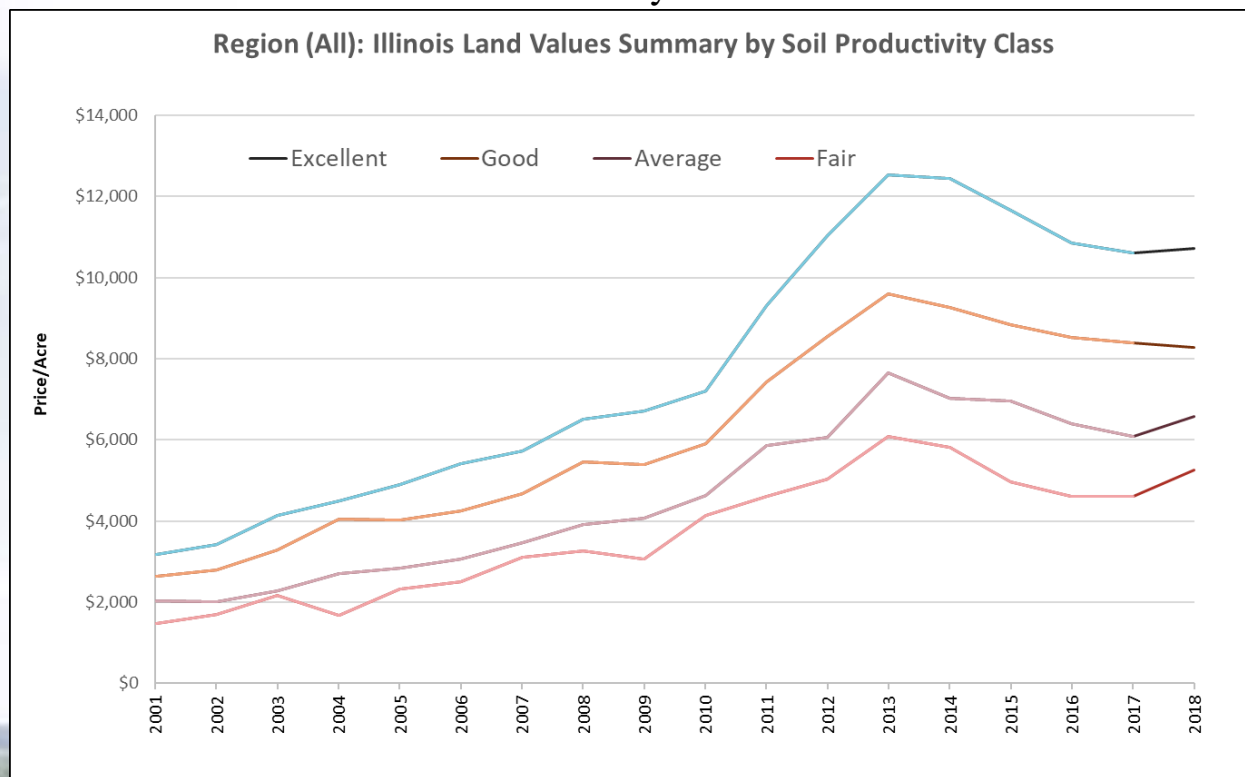
We continue to chart the value of each category of land over time in a Region and look at continual compounded annual growth rates using the data provided for several years.

Statewide Land Values Summary Chart: 2001-2018



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

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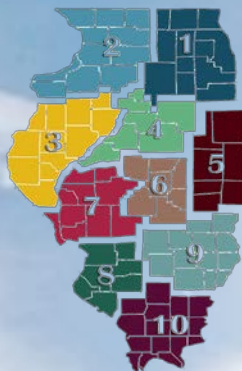


Thanks to Dr. Sherrick!!!

# Land and Lease Survey

## Dr. Gary Schnitkey

- Surveys of individuals knowledgeable about the farmland and farmland rental markets. ISPFMRA & RLI Membership.
- Land Survey
  - Prices and returns stable in 2018. Sentiment toward lower prices in lower land classes.
- Lease Survey
  - Cash rents projected very slight decreases again for 2019 in lower quality soils, stable on better land.



# A Special Report Feature

We continue to **chart the rental rates** over time in a Region and use this data to look at continual compounded annual growth rates using the data provided for several years.

Statewide Rental Rate Summary Chart: 2001-2018

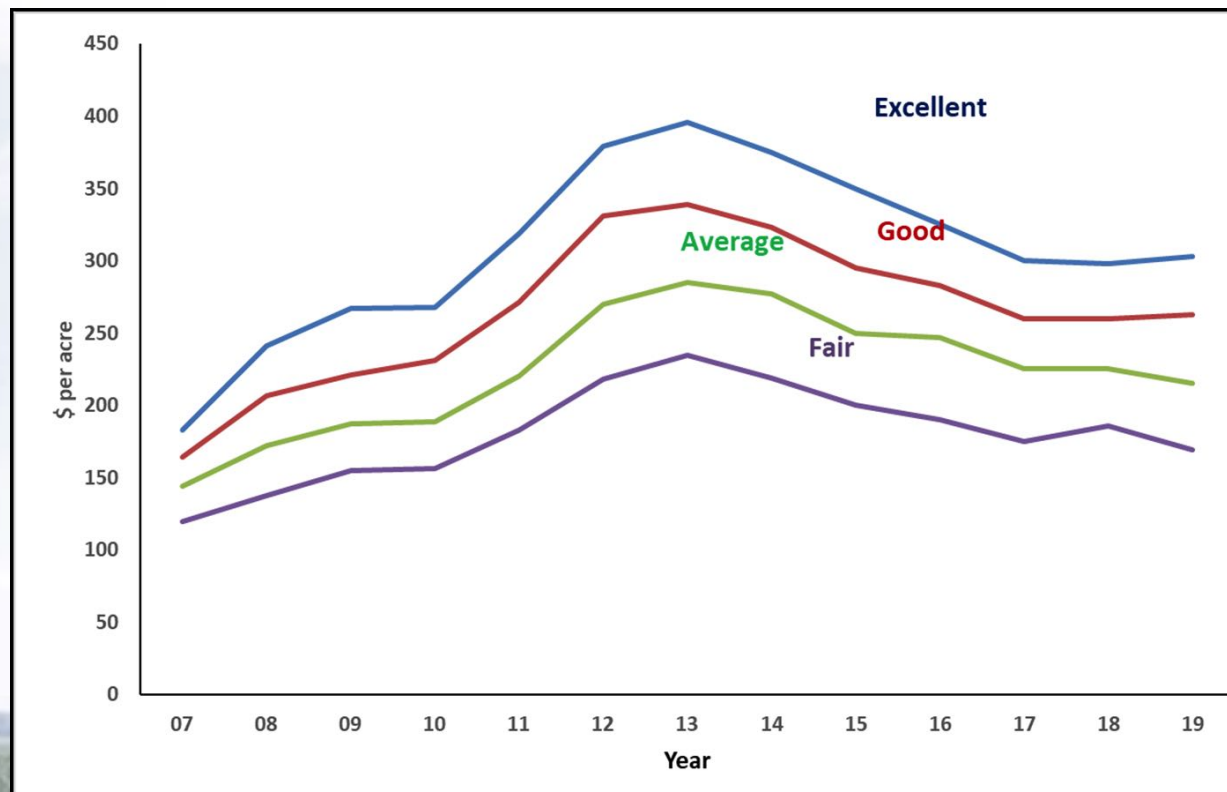


**Regional Data Group**  
**Bruce Sherrick, Ph.D.**

*University of Illinois*

**Survey Group**  
**Gary Schnitkey, Ph.D.**

*University of Illinois*



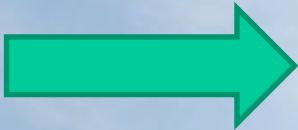
Thanks, Gentlemen & all who help you at the U of I!!!





# A Special Report Feature

**STATEWIDE**: Continuously Compounded Annual Growth Rate (CCAGR) - selected periods of acre weighted average prices



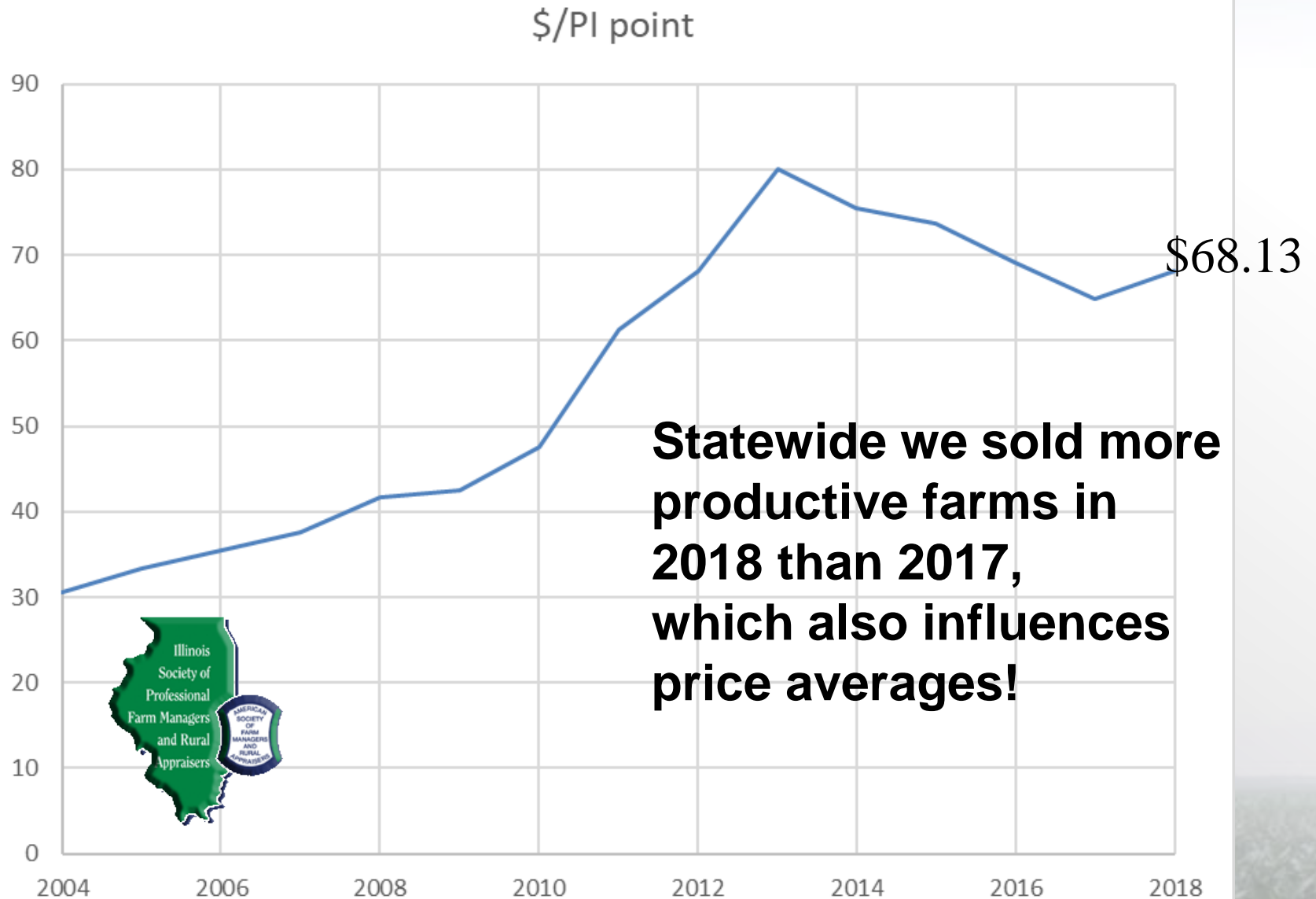
<u>Year</u>	<u>Excellent</u>	<u>Good</u>	<u>Average</u>	<u>Recreational</u>	<u>Transitional</u>
2001-2010	9.06%	9.00%	9.17%	8.28%	2.89%
2010-2018	4.98%	4.27%	4.44%	1.25%	0.11%
2001-2018	<b>7.14%</b>	<b>6.77%</b>	<b>6.94%</b>	<b>4.97%</b>	<b>1.58%</b>
2005-2018	6.04%	5.56%	6.47%	6.29%	-3.48%
2010-2018	5.00%	4.30%	4.40%	1.30%	0.10%
2017-2018	1.1%	-0.90%	8.00%	7.10%	-40.9%*



\*Note: limited sales data in some years.

Meaningful  
long-term  
data

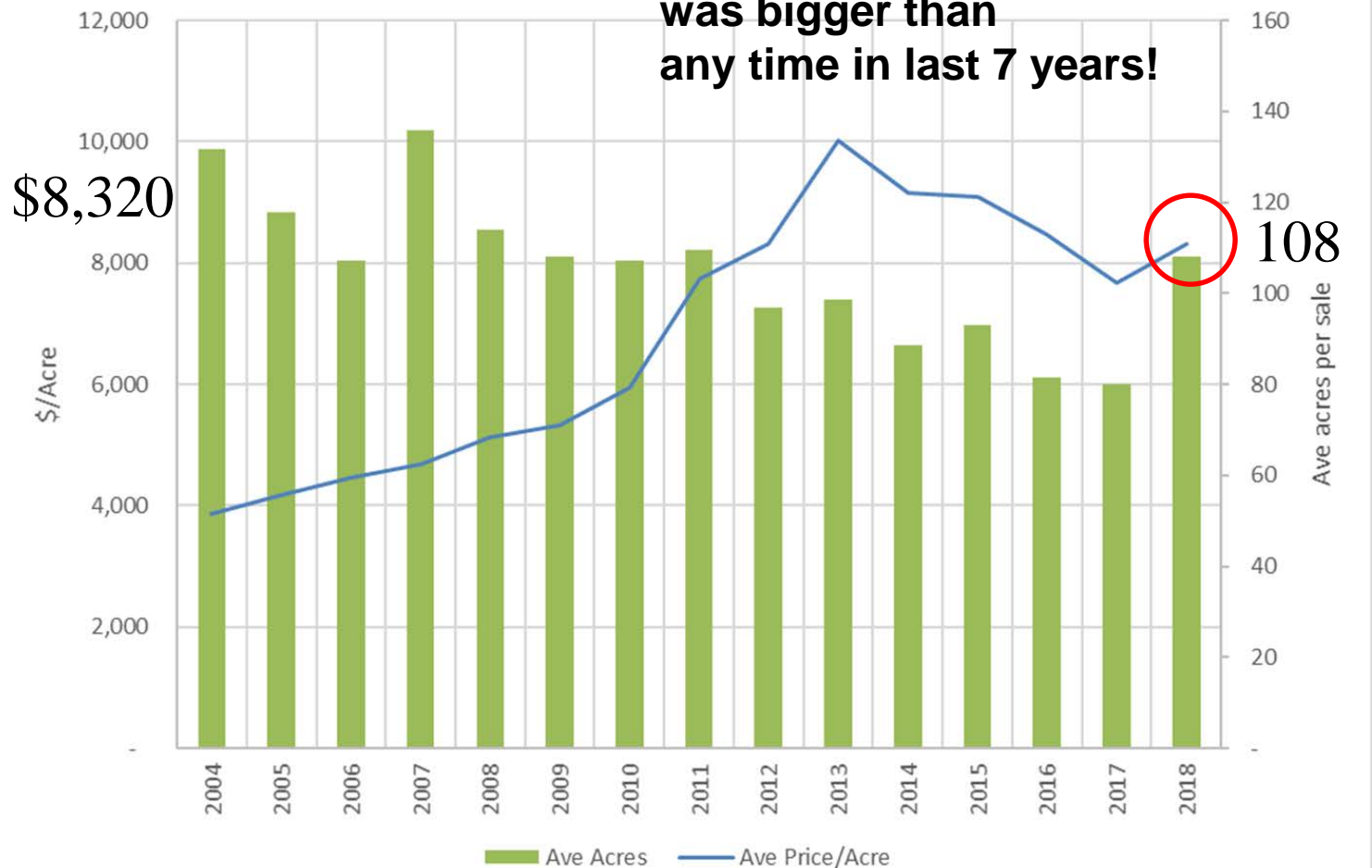
# Average Price per soil productivity index





# Impact of Soil Productivity on Data

**Avg. Tract size  
was bigger than  
any time in last 7 years!**





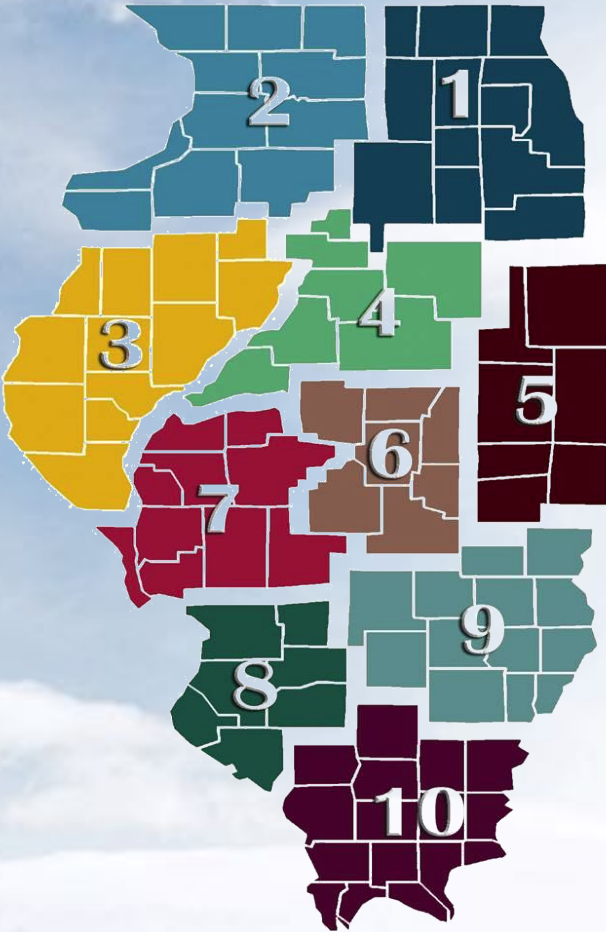
# 2018 – Results at a Glance

*Farm profits and soil quality are important!*

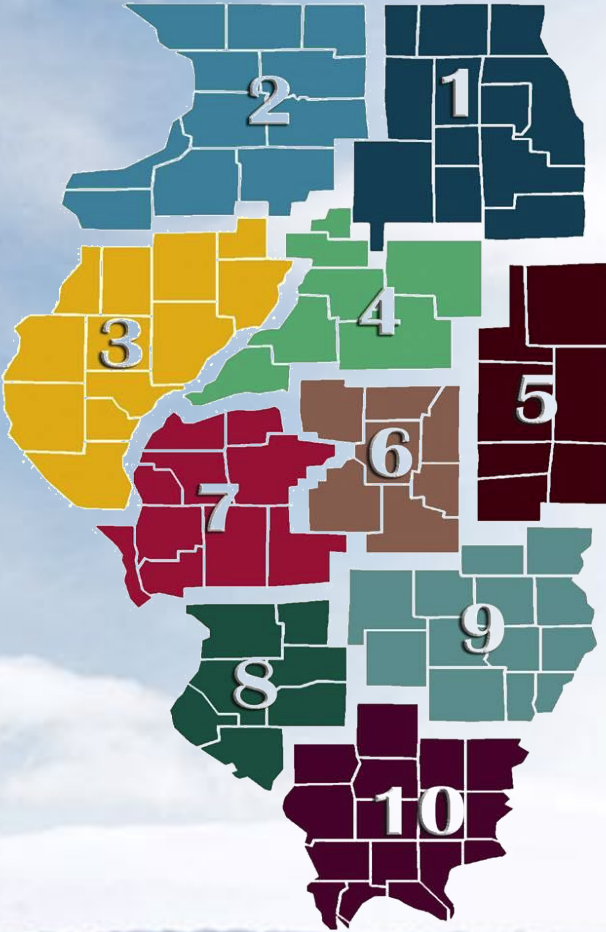
Lower commodity prices affect values.

<u>Land Category</u>	<u>Mid Range 2018 Change</u>	<u>Comments</u>
Excellent	+1%	Values remained relatively strong in areas. Pockets of strength still exist. Individuals seem willing to pay for high percentage tillable with high quality soil.
Good	-1%	Farmers were primary buyers. Buyers were cautious - - looking for deals in this land class. Longer marketing periods noticed on listings than Excellent soils. Lower quality tracts in the category were lower more than 1%.
Average	+8%	More large tracts sold in this category and a higher percentage with irrigation than 2017 which influenced prices.
Recreational	+7%	Volume of sales increased. More support around metropolitan areas. Prices tied more to the general economy.
Transitional	<i>Lower on Limited Information</i>	Activity very limited in our metropolitan areas. Especially downstate – and this may be the “canary in the coalmine” of investment in Illinois’ economy. Chicago area market is just filling in what is already purchased.. There is very little 1031 money from this source.

From Our Data



# Continuously Compounded Annual Growth Rates 2001-2018



	<u>Highest Returning</u> <u>Land Class</u>	<u>CCAGR</u>
Region 1	<b>Average</b>	<b>6.02%</b>
Region 2	<b>Excellent</b>	<b>7.29%</b>
Region 3	<b>Excellent</b>	<b>7.41%</b>
Region 4	<b>Fair</b>	<b>7.85%</b>
Region 5	<b>Excellent</b>	<b>7.45%</b>
Region 6	<b>Good</b>	<b>8.22%</b>
Region 7	<b>Fair</b>	<b>8.77%</b>
Region 8	<b>Fair</b>	<b>8.50%</b>
Region 9	<b>Fair</b>	<b>10.27%</b>
Region 10	<b>Fair</b>	<b>7.51%</b>

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

From Our Data



# All Categories of Farmland The Great State of Illinois-2018

These figures are the median values from the committee data as reported by each region on the categories shown.

	<u>Excellent</u>	<u>Good</u>	<u>Average</u>	<u>Fair</u>	<u>Recreational</u>	<u>Transitional</u>
Region 1	\$10,000	\$7,981	\$6,300	--	--	\$20,585
Region 2	\$10,750	\$8,000	\$6,466	\$5,496	\$4,438	--
Region 3	\$10,819	\$7,747	\$5,529	--	\$3,519	--
Region 4	\$10,500	\$8,983	\$7,525	\$7,125	\$4,111	--
Region 5	\$10,821	\$8,227	\$5,350	--	\$3,777	\$14,399
Region 6	\$10,630	\$9,250	\$7,659	\$5,245	\$3,167	\$7,900
Region 7	\$11,250	\$8,500	\$5,600	\$4,166	\$3,104	--
Region 8	----	\$10,327	\$7,900	\$8,025	\$3,990	\$8,330
Region 9	----	\$7,261	\$6,930	\$5,150	\$3,250	\$13,600
Region 10	----	<u>\$6,063</u>	<u>\$5,275</u>	<u>\$3,909</u>	<u>\$2,615</u>	--
<b>All Regions</b>	<b>\$10,722</b>	<b>\$8,200</b>	<b>\$6,396</b>	<b>\$5,000</b>	<b>\$3,500</b>	<b>\$11,093</b>

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

**Percent Avg. Price Change: +1.1% -0.9% +8.0% +13.0% +7.1% -40.9%**

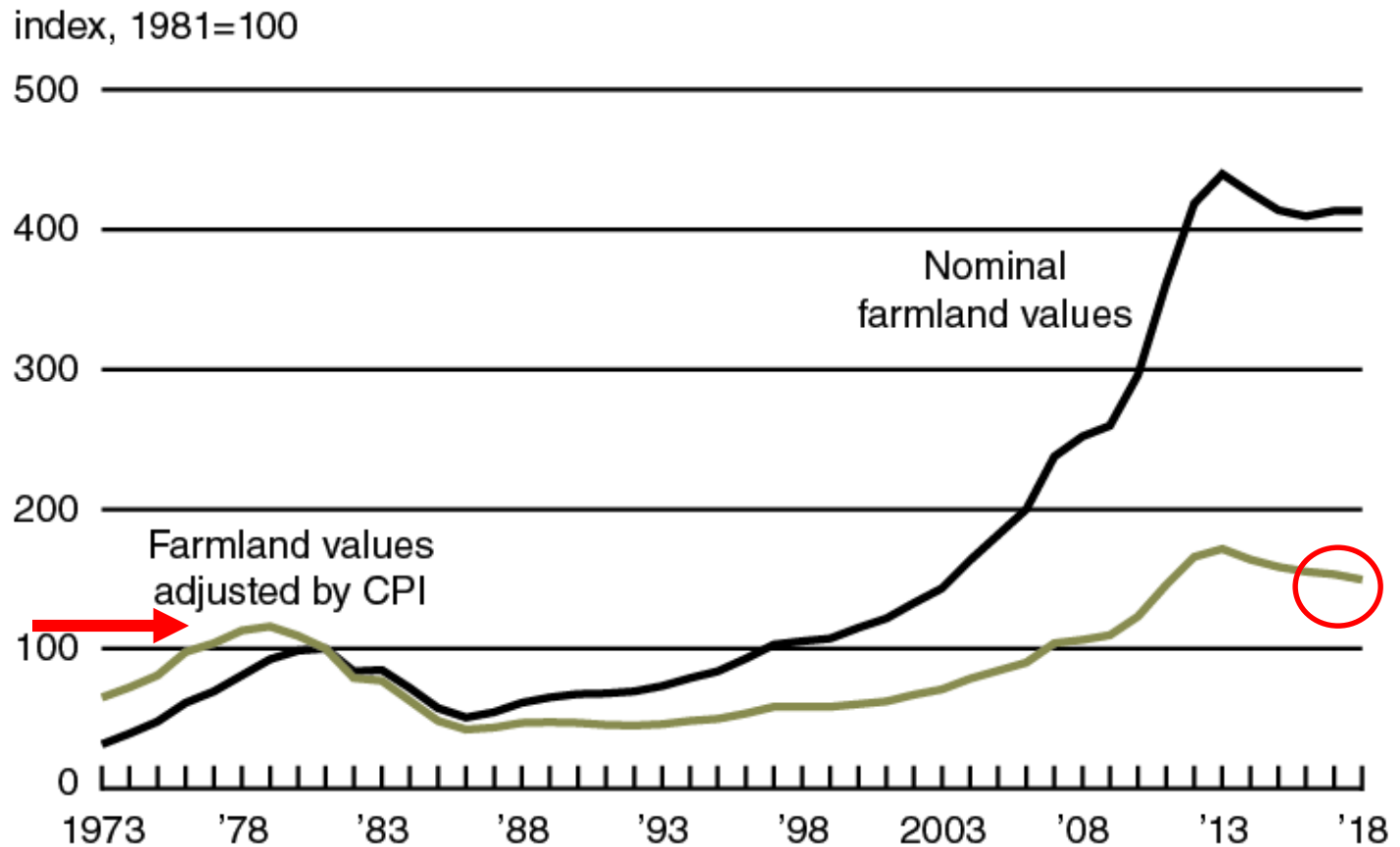
**Compared to Median change: +2.1% -0.6% +3.1% +10.5% +4.0% -19.5%**





# Inflation Adjusted Chart

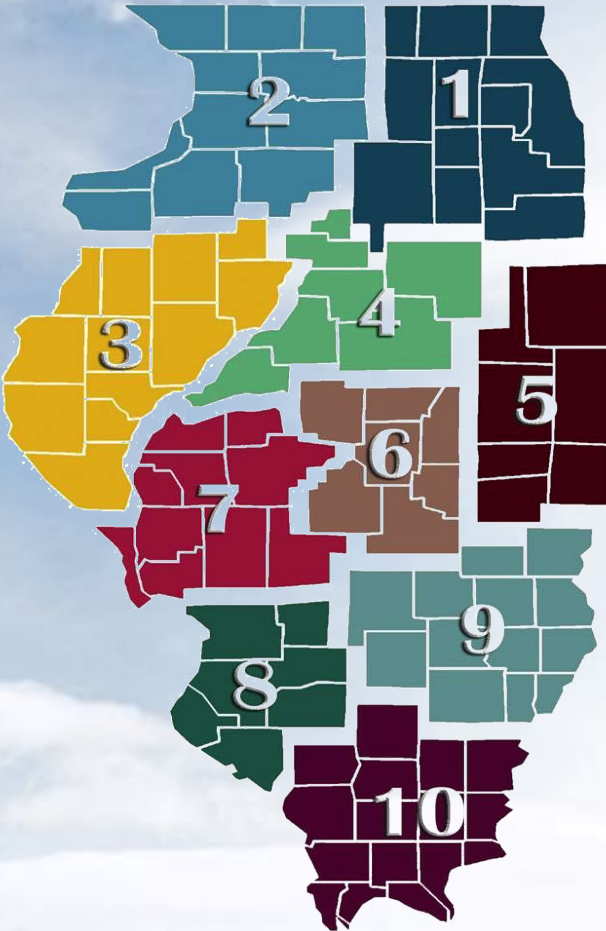
Shows values still well above 1979 previous peak



Source: Federal Reserve Bank of Chicago

# Special Interest Stories & Observations

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



**Region 1** Transitional land is slow to move \$.33-\$3/square ft. Most activity is around the intermodal east of Joliet area. Residential not really a factor right now for 1031 exchanges as most land was acquired years ago.

**Region 3** Highlighted leasing trends as excellent soil farms remain extremely strong, but lower quality farms seem to be losing interest. Maybe 5% of those leases given up and difficult to rent. Re-rented farms 50% on a lower risk flexible cash and 50% on straight cash rent. Lease. Excellent quality land prices are up

**Region 4** Noted that several new wind projects have been proposed in this area but none building yet. Also 933 acre auction west of Bloomington that averaged \$12,466/acre and all went to not-for-profit entities.

**Region 6** Noted their first sales ever with wind turbines. Estimating \$750/acre premium.

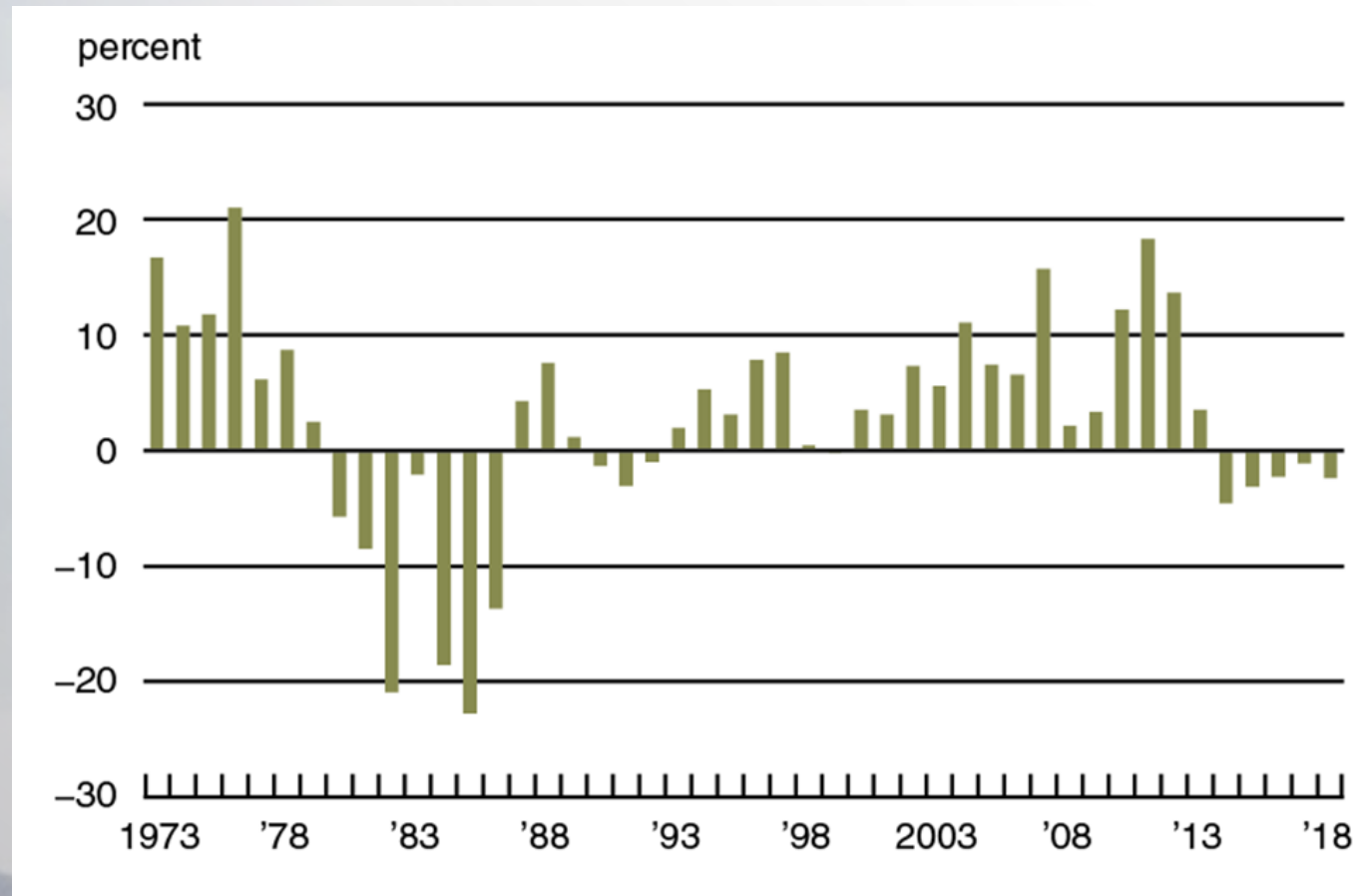
**Region 9** Highlights the challenges of a wind developer looking to install 50 sites along a 14 mile stretch of Miss River Bluff area from Valymere to Fults with blade heights just 36' less than the Gateway Arch.

# Chicago Fed Ag Letter Survey

## Annual Percent Change in 7<sup>th</sup> District

### Includes:

Iowa, parts of  
North 2/3 IL,  
North 3/4 IN,  
Southern WI,  
Michigan.  
Regionally  
inflation adjusted  
was -2%, but  
Illinois was flat.  
Dairies hit hard  
in Wisconsin.



Source: Federal Reserve Bank of Chicago



# 2019 - 5 Keys to the Game:

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## 1. Farm Incomes:

- Acres x Production
- Govt. Influences
  - Trade/Tariff
  - Farm Program
  - Ethanol

## 2. Interest Rates

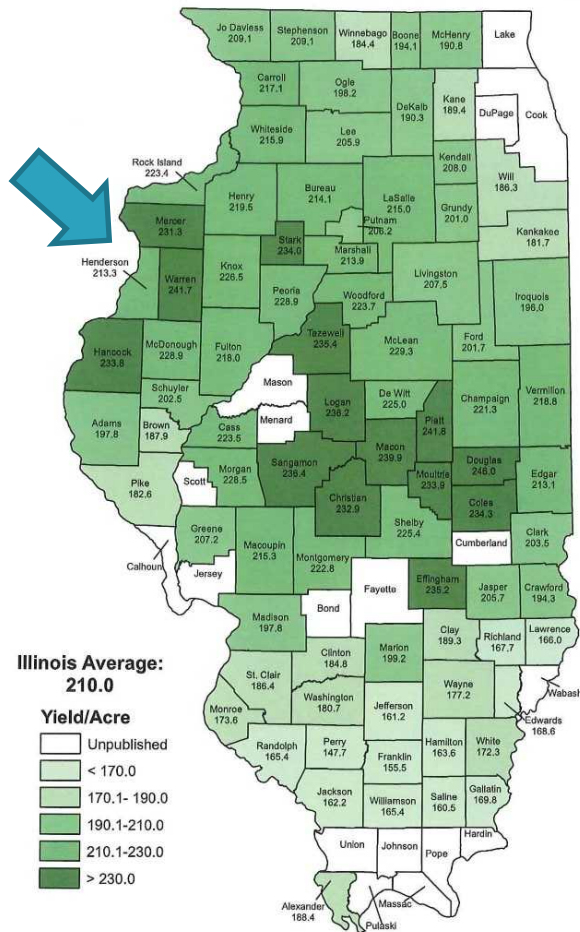
## 3. Supply & Demand

## 4. Real Estate Taxes

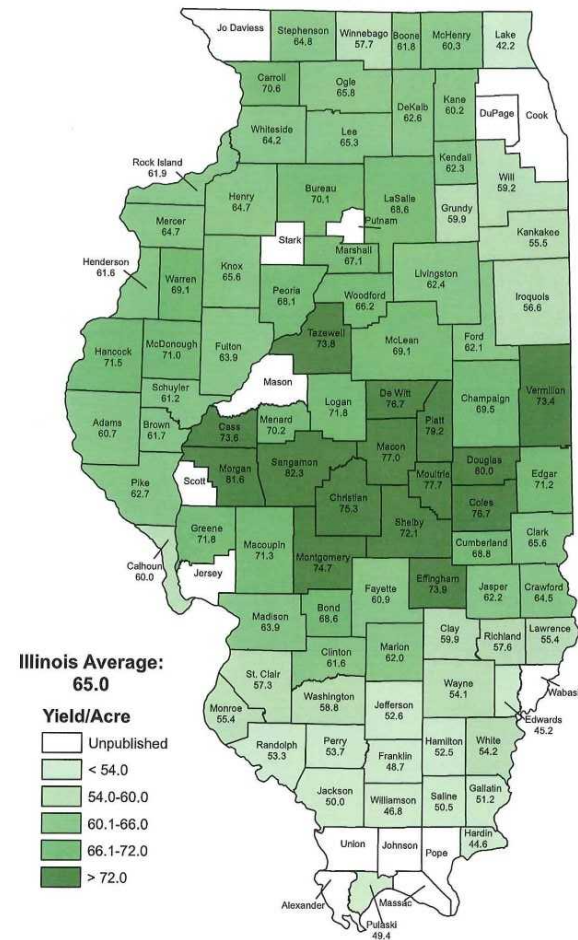
## 5. Alternative Investments

# 2018 Production – A key driver to buyer confidence

2018 Illinois Corn Yield Estimates



2018 Illinois Soybean Yield Estimates



# Incomes from Alternative Lease Types, 2018

Table 1. Per Acre Farm Incomes that Landlords Receive for Different Lease Types and Land Qualities, 2018.

Lease type	Land Quality			
	Excellent	Good	Average	Fair
	----- \$ per acre -----			
Traditional crop share	205	165	127	89
Cash rent	231	193	155	115
Custom farming	265	217	171	116
Traditional crop share	193	159	132	103
Cash rent	230	212	180	140
Custom farming	253	210	178	140

2018

2017





# MFP's helped the most productive land improve profitability!

Table 2. 2018 Incomes Minus 2017 Incomes.

Lease type	Land Quality			
	Excellent	Good	Average	Fair
	----- \$ per acre ----			
Traditional crop share	+12	+6	-5	-14
Cash rent	+1	-19	-25	-25
Custom farming	+12	+7	-7	-24





Would a wet spring  
be enough to  
cause production  
issues?

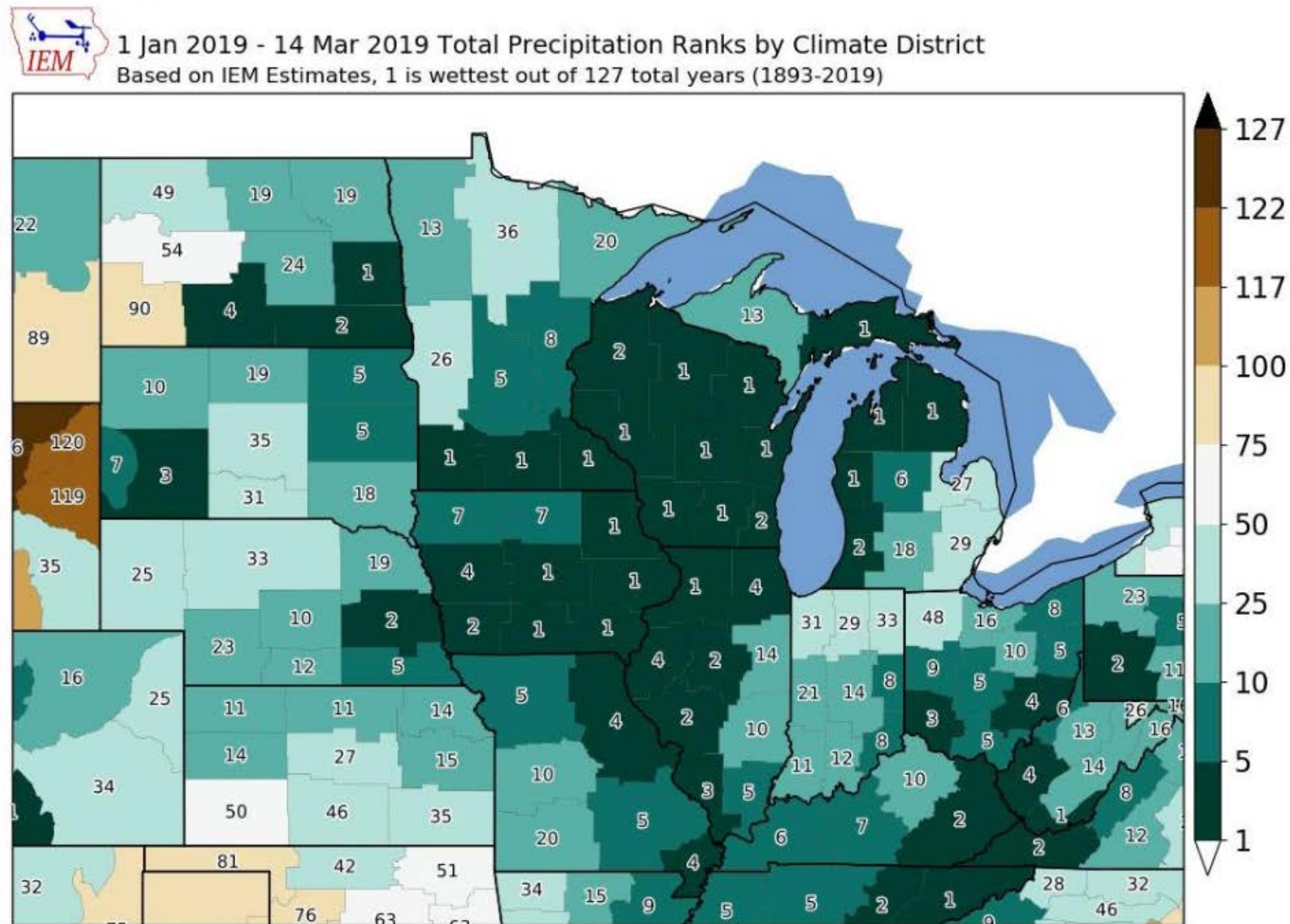


(This is in  
Nebraska  
not Illinois)





# 1Q 2019 is one of the Top 10 Wettest Quarters on Record



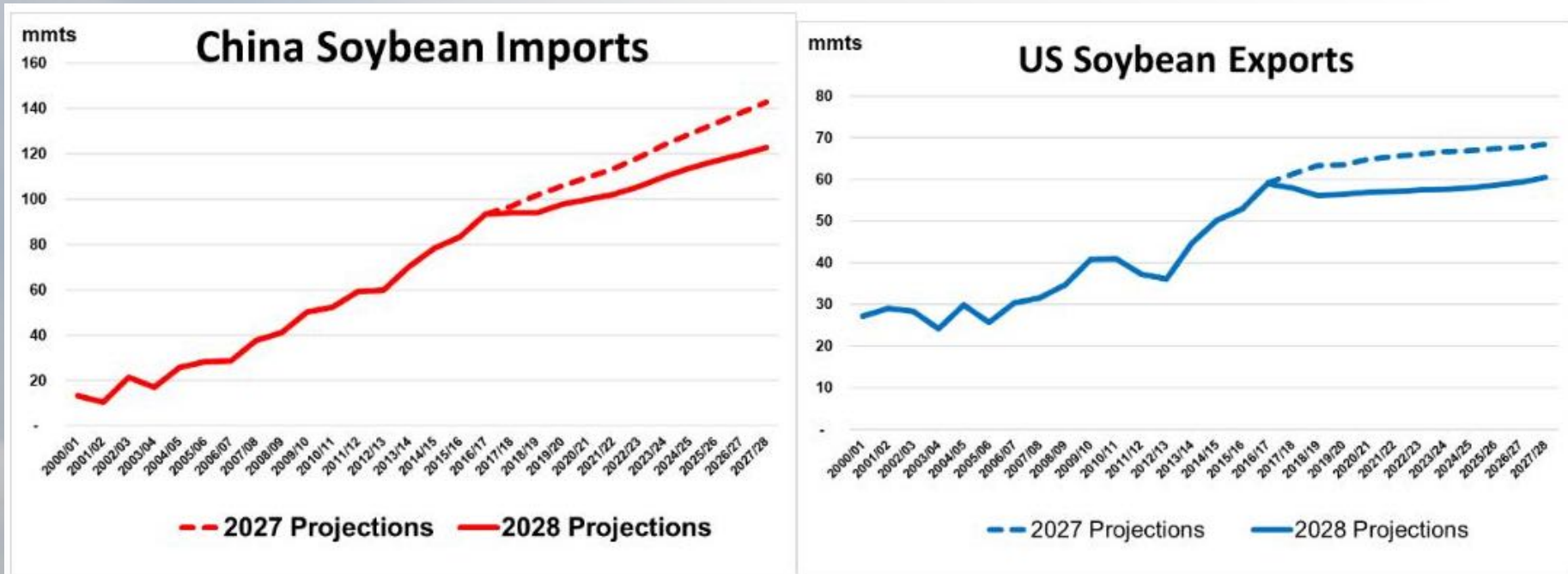
Iowa Environmental Mesonet :: generated 14 March 2019 10:19 AM

Generated at 14 Mar 2019 10:19 AM CDT in 45.39s

IEM Autoplot App #24



# March USDA Long-term Projections Report



- China's soybean imports are projected to rise 32.1 mmt during 2018-28, much slower than the 46-mmt ten-year increase projected for 2017-27 last year. Brazil and Argentina—with combined projected growth in exports of 27.2 mmt during 2018-28—may meet most of China's growing demand for soybeans. U.S. exports of soybeans are projected to rise 5.3 mmt over 10 years.

# African Swine Flu

---

- Present in 27 out of 34 provinces in China.
- Even though official Chinese government reports do not admit it, hog production could be down as much as 30% this year in that country. Reports are it is spreading into Vietnam as well.
- China is stepping up pork imports. China bought more Pork last month than all other importing countries Combined!
- While this is bad for soybean exports, could we expand hog production here, which means more soy usage domestically and then pork exports to China because they need it?

## 2018-Record Production, but....lower consumption

- *Ethanol's Future* – A lot of our corn usage is dependent on a vibrant ethanol industry moving forward. Farmers and landowners are closely watching the Renewable Fuel Standard requirements, and the politics that could influence it both US & worldwide. **EPA has released a proposal to sell E-15 year round, which is good**, although it could face court challenges. Oil prices are on the rise with crude closing over \$60/barrel – this is helpful. We need higher oil prices to justify more ethanol from purely a cost standpoint for the blend.
- RFS blend waivers, 50 vs 200-300 mil gal to China=lower prices





## *Agriculture's Profits –*

- We are burning through the cash generated from the multiple years of agricultural economic prosperity for some farmers.
- That cash gets redirected into debt service, aggressive cash rents and land purchases. In that order.
- Some farmers need to reduce long-term debt. Sale-leasebacks continue to occur. Certain local regions have been more profitable or are more owner/operated land and this leads to stronger farmland values in those areas!





## ***Net Farm Income***

*Farmland is what it earns!* All of agriculture is watching corn and soybean prices to see which direction our earnings will take in 2019.

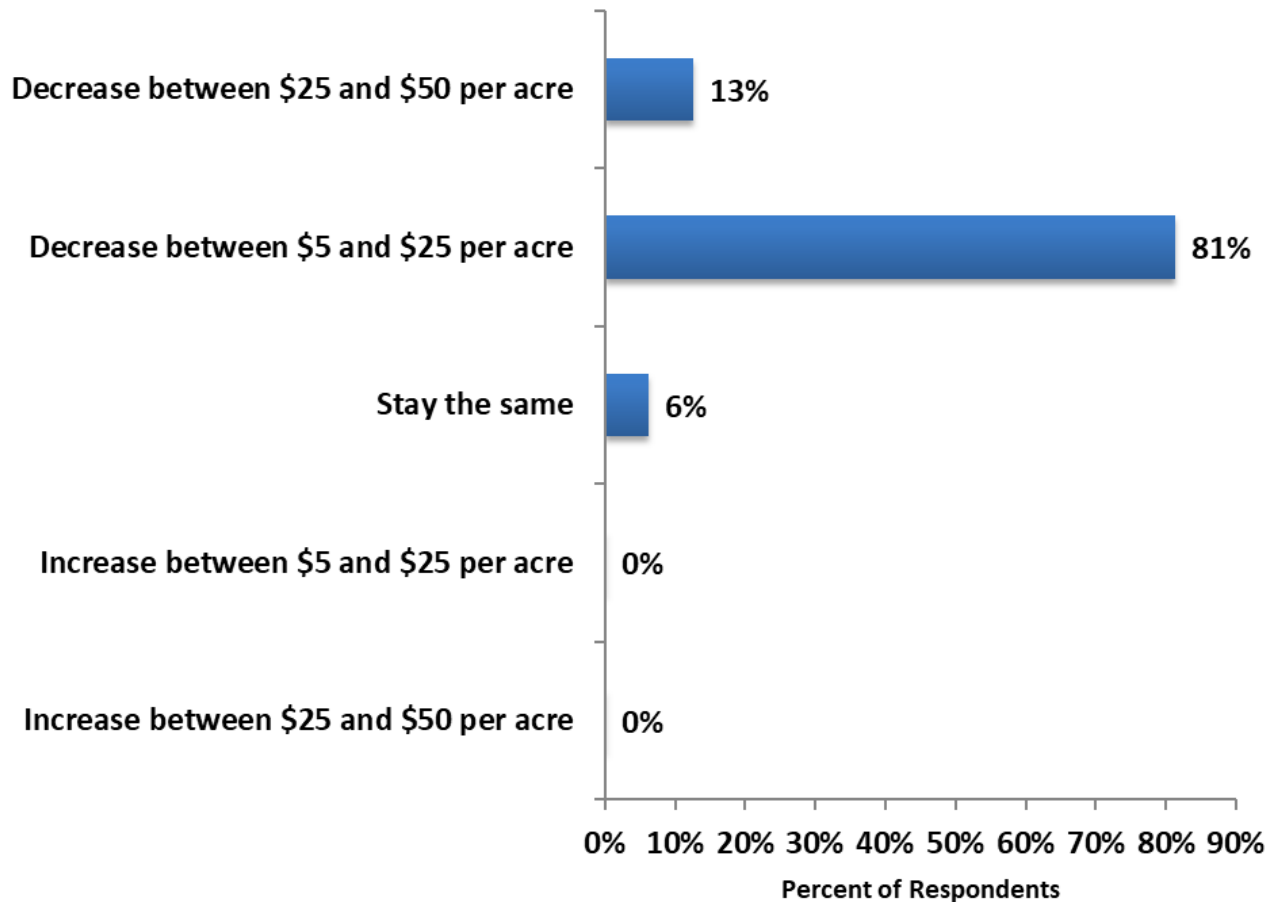
**Crop insurance** is an important safety net. In the report - John Leezer, Region 3 Chair, highlighted our past 3 years harvest prices. While Spring '19 corn is the same, our **spring soybean price is less than the past**. This makes the earnings outlook for 2019 lower than '17-'18.

**Do other uses/opportunities exist for your land?**

# Soybeans have been “rent drivers” in 2018.

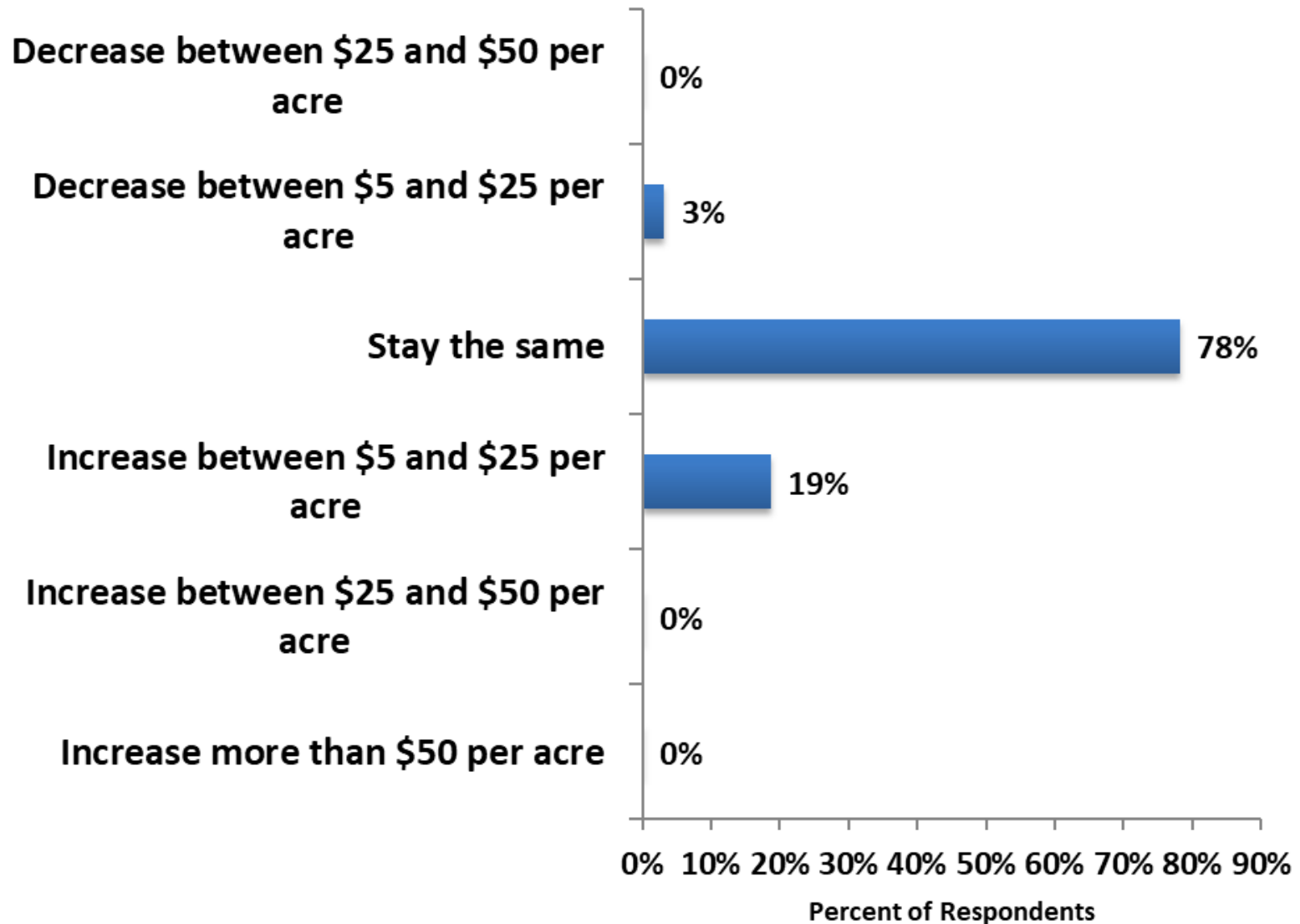
## What about next Fall when negotiating farm leases?

**Figure 2. Expectations of Cash Rents Change in 2020 from 2019 Levels if Expected Soybean Prices are near \$8.50 per Bushel.**

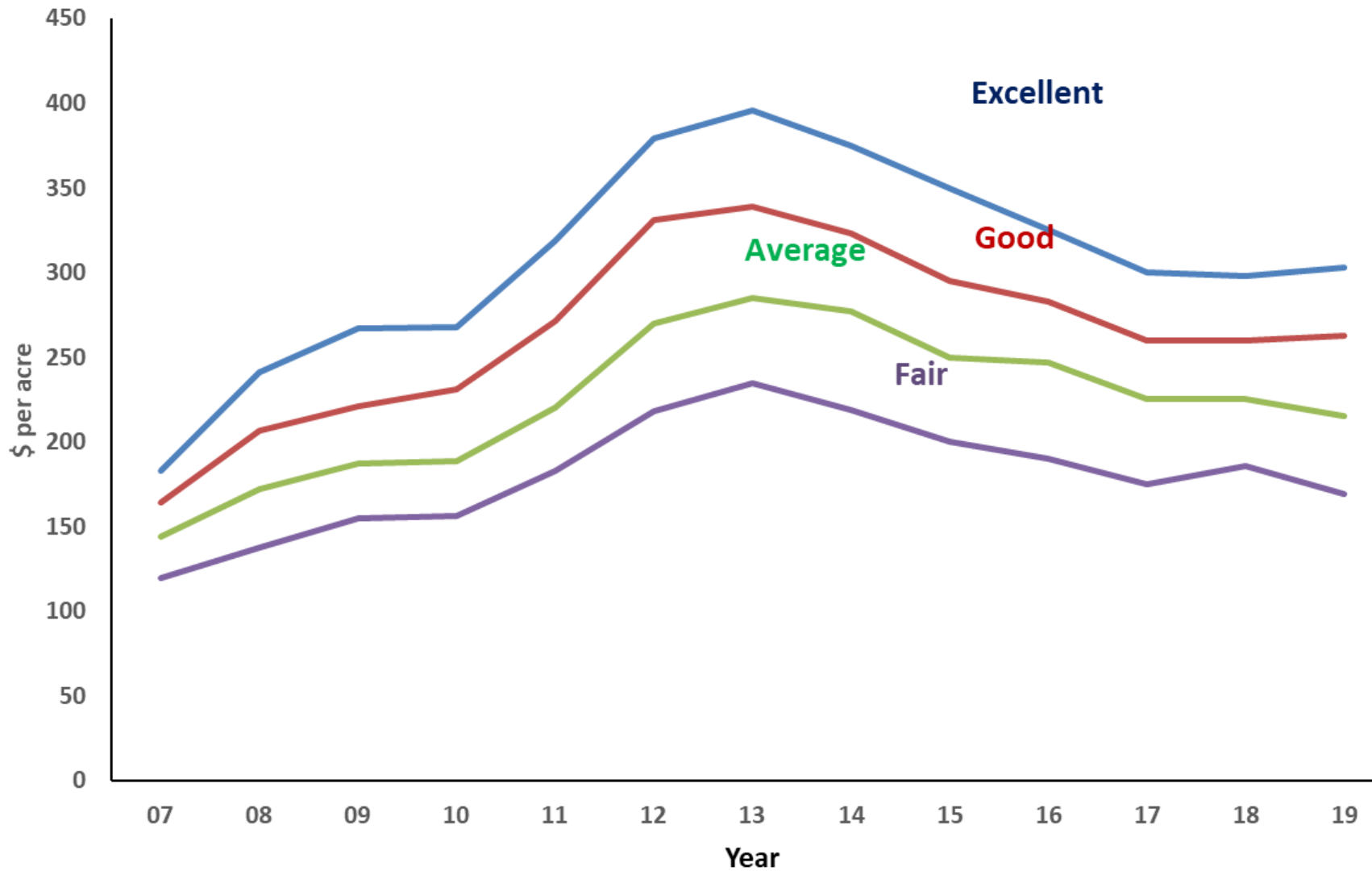




**Figure 3. Expectations of Cash Rents Change in 2020 from 2019 Levels if Expected Soybean Prices are Near \$9.50 per Bushel.**



# Historic Cash Rents of Survey



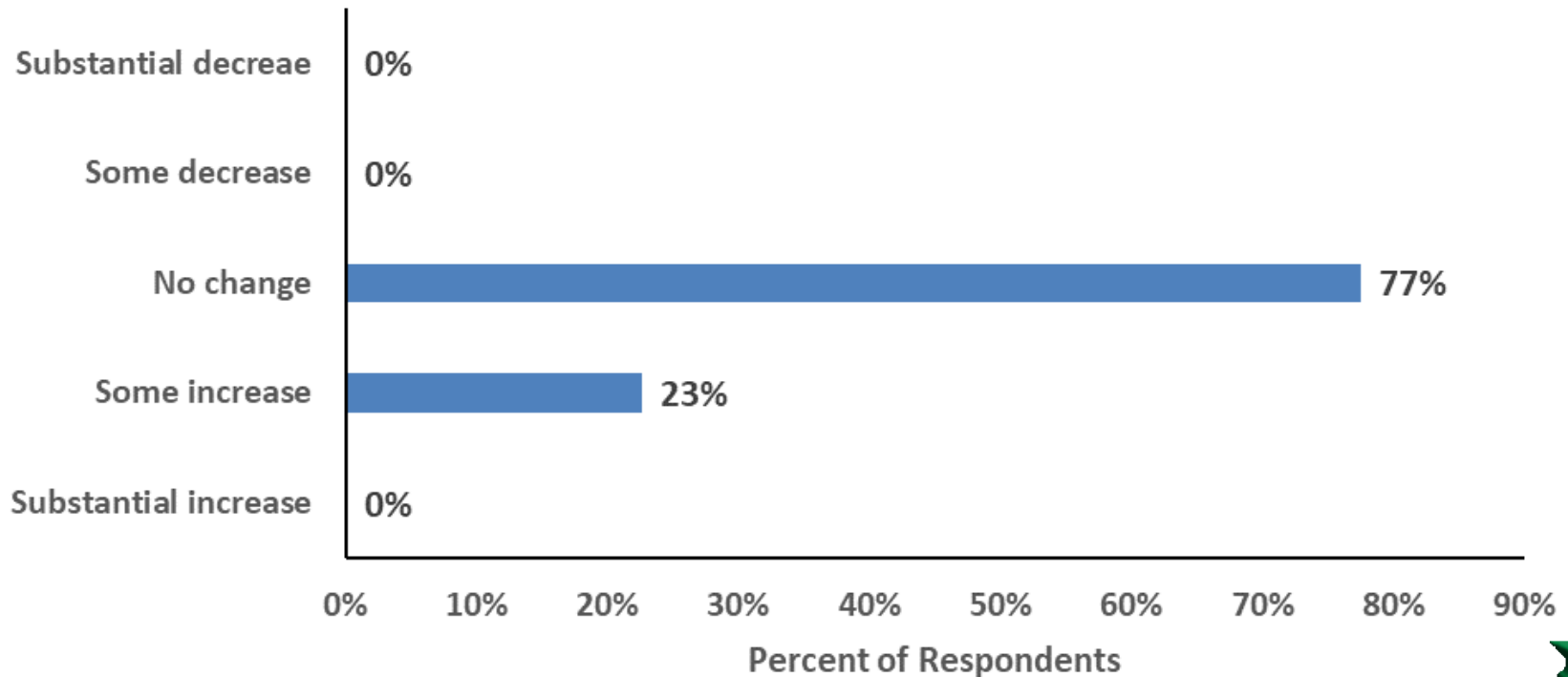
# 2019 Projected Cash Rents, By Professional Farm Managers

Land Quality - Category	Excellent	Good	Average	Fair
		--Per acre--		
High 1/3	\$327	\$288	\$241	\$188
Mid 1/3	\$303	\$263	\$215	\$169
Low 1/3	\$263	\$221	\$185	\$133



# Tenant's Interest in Retaining Acres Starts to Change – Rental Rate refusals expected to increase 7% in 2019

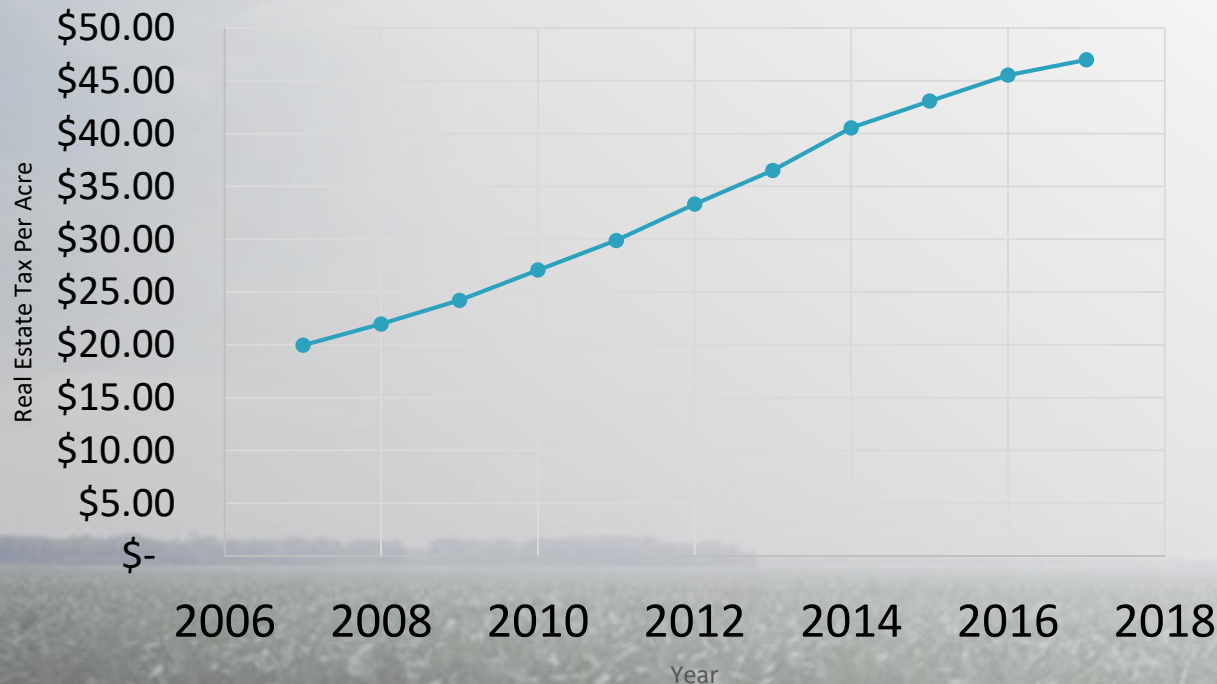
**Figure 4. Expectations of Farm Operators Refusing to Pay Ask For Cash Rent, Change in 2020 from 2019.**



# Real Estate Taxes – A Growing Expense!

- Most Real Estate Taxes have double over the past 10 years
  - Assuming a goal of 3% cap rate of net income – the increase in real estate taxes would reduce the value of the farm approximately \$900 per acre!

Macon County Class A Farm





## Here is the good stuff - -

▼ ***Return on Investment*** – Our traditional 3.5 percent to 4.0 percent competitive return on farmland investments is diminished by the lower commodity prices. Those returns are now in the 2.4-3.0 percent range. Investors find this acceptable in an unpredictable general economy. **But rising rates on treasuries present an alternative.**

<b>Prime Class A Farmland cost- late 2018</b>	<b>\$10,700</b>
2019 Rent @ 99.0% tillable	\$325
Real Estate Taxes & Liability Insurance	-\$ 57
Repairs, Soil Fertility Tests	<u>-\$ 4</u>
<b>Net Income/Acre</b>	<b>\$264</b>
<b>Cash Return on Investment</b>	<b>2.44%</b>







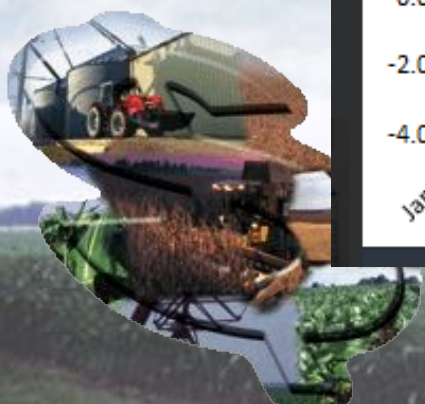
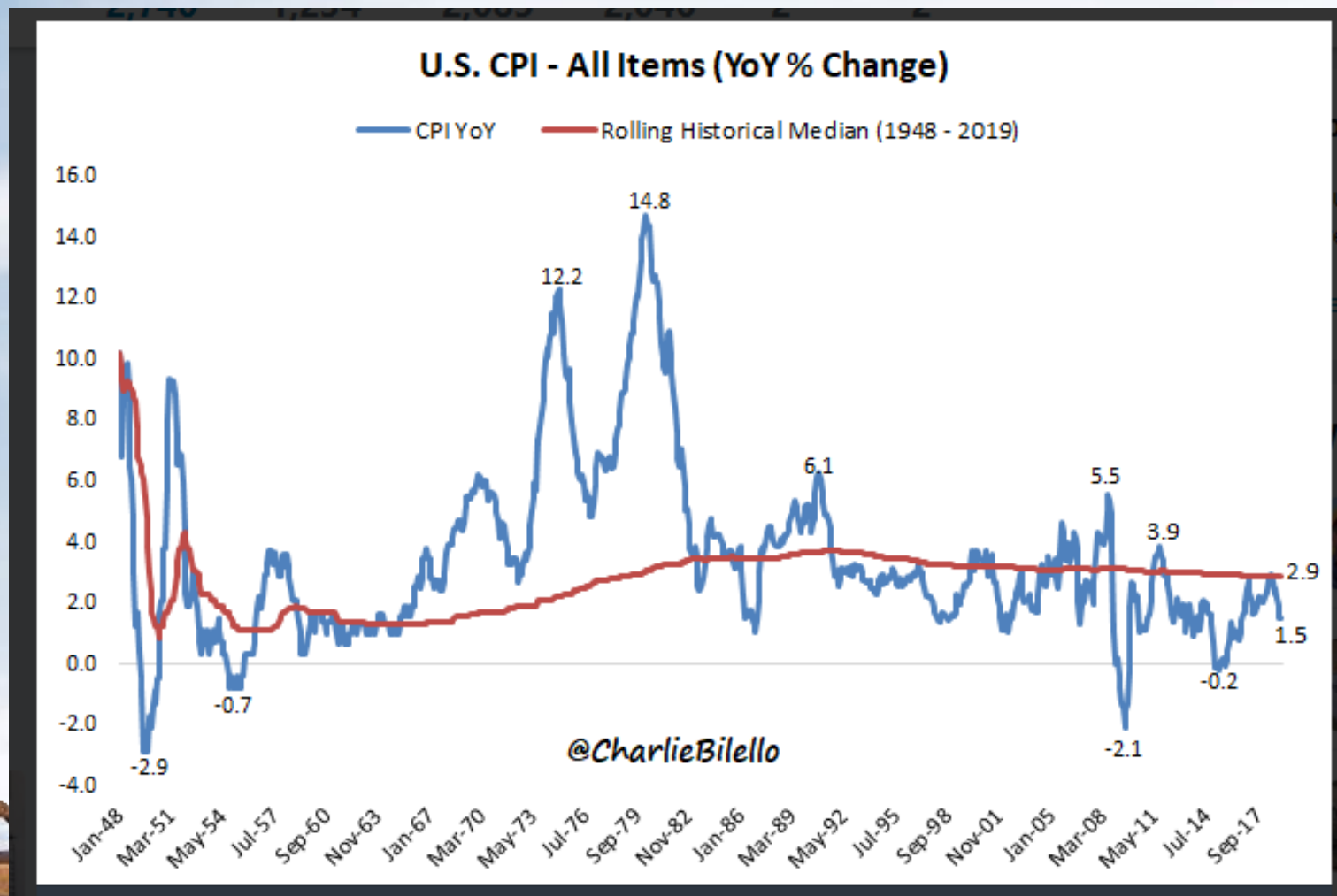
**#1 Concern of our professionals:**  
**– Increasing Interest Rates**  
**(74% of survey respondents)**

# RISING INTEREST RATES

- The FED held rates at near zero for 7 years
- Then raised them 9 times since 2016.
- Decided to put the brakes back on yesterday with no planned increases the remainder of 2019

Current 3 month Treasury Yield or Vanguard MMkt is 2.45%  
Crop share lease returns \$205/ac. on \$10,000/ac. land = 2.05%

The Fed may be finished hiking interest rates for now





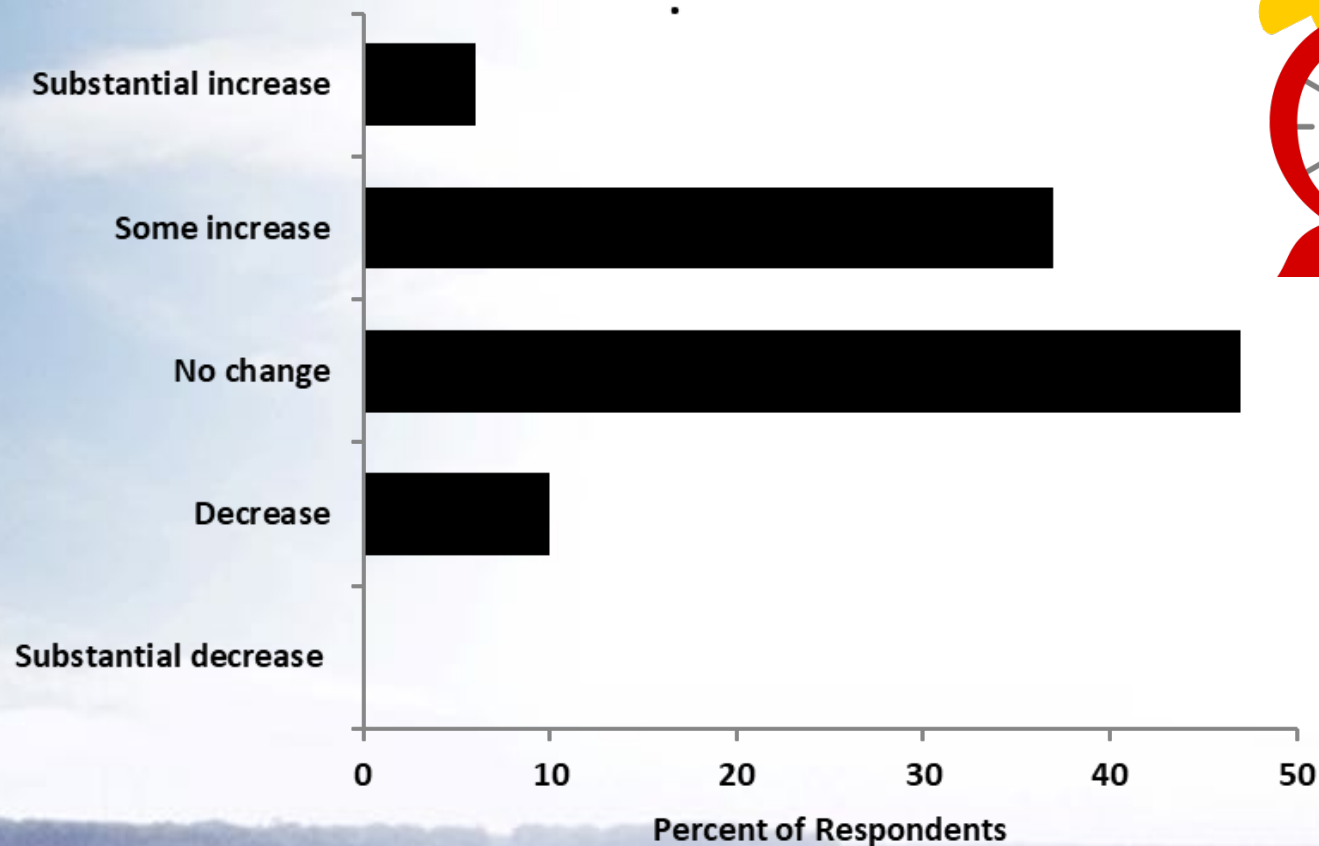


# Current Global Inflation Rates are LOW! US = 1.5%



Global Inflation Rates	
Country	CPI Inflation (YoY %)
SAUDI ARABIA	-1.9%
JAPAN	0.2%
SINGAPORE	0.4%
SOUTH KOREA	0.5%
SWITZERLAND	0.6%
IRELAND	0.7%
PORTUGAL	0.9%
POLAND	0.9%
ITALY	1.1%
SPAIN	1.1%
FINLAND	1.1%
FRANCE	1.3%
CANADA	1.4%
US	1.5%
CHINA	1.5%
GERMANY	1.6%
AUSTRALIA	1.8%
UK	1.8%
NEW ZEALAND	1.9%
SWEDEN	1.9%
HONG KONG	2.4%
INDIA	2.6%
INDONESIA	2.6%
PHILIPPINES	3.8%
BRAZIL	3.9%
MEXICO	3.9%
SOUTH AFRICA	4.0%
RUSSIA	5.2%
TURKEY	19.7%
ARGENTINA	48.6%
VENEZUELA	2690000%

# Change in Volume, Farmland Sold Last Half 2018 compared to 2017



# Buyers and Sellers

- Buyers: Local farmers 59%, Local investors 15%, Non-local Investors 12%, Institutions 7% (Changes: Local Farmers -3% & lowering, Various Investors +5%)
- Sellers: Estate sales 55%, Retired farmers 13%, Individual Investors 14%, Active Farmers 11%, Institutions 7%. (Changes: individual investors +3%, Estates +2% - will active farmers increase?)
- Reasons for Selling: Settle estates 55%, Use money for other purposes/invest in non-ag assets 27%, Pay down debt 10%.





# STRONG US DOLLAR VS. OTHER CURRENCIES

**The Dollar has been strong, but is weakening** – especially with the increasing probability US may actually have to reduce interest rates. That could help our exports on the global market.

**USD Index** has been down 9 days in a row (as of March 20<sup>th</sup>).





## *Alternative Investments –*

- Some **rebalancing** of assets due to other investments increasing substantially led to institutional investments in land before stock market drop in 4Q18.
- Stock market pullback and modest recovery in 1Q19 likely leads new money back into it, rather than pulling more out.
- As mentioned, US Treasuries, Money Market interest rates compete with farmland cash returns right now. With the FED projected to hold rates for 2019 this is helpful.

# What has happened so far in 2019?

## Auction Results

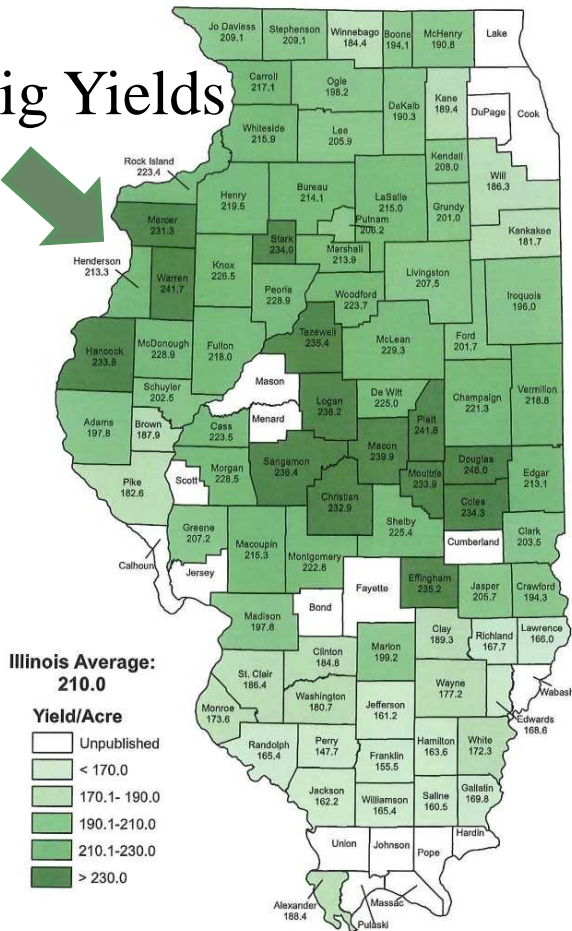
- Western Illinois – **Hottest Spot!**
  - Warren County - Feb. 5<sup>th</sup> 147 Acres @ \$11,900
  - Warren County – Feb. 15<sup>th</sup> 86 acres @ \$13,400
  - McDonough County – Feb. 13<sup>th</sup> 123 acres @ \$10,200 & \$12,500
  - McDonough County – March 8<sup>th</sup> 126 acres @ \$11,800
- Central Illinois – **Warm**
  - Tazewell County – Feb. 12<sup>th</sup> 154.7 acres @ \$10,500
  - LaSalle County – Feb 19<sup>th</sup> 150 acres @ \$11,700
  - Marshall County – Feb 6<sup>th</sup> 96 acres @ \$9,700
  - Woodford County – Feb 19<sup>th</sup> – 118 acres @ \$8,900 & \$9,300 (not the best land)
  - Mason County – Feb 19<sup>th</sup> – 80 acres @ \$9,950
  - Piatt and Logan County – Jan 16<sup>th</sup> – 159.15 & 80.73 acres @ \$10,500
- Eastern Illinois – **Cold but starting to thaw.**
  - Kankakee County – Feb. 12<sup>th</sup> 284 acres @ \$6,250
  - Will County – Feb 19<sup>th</sup> 123 acres @ \$5,719
  - Iroquois County – Feb 26<sup>th</sup> 237 acres – **No sale** at \$7,000 (1 bid)
  - Champaign County- Jan 24<sup>th</sup> – 359.49 acres – **No Sale** except 1 tract that brought \$9,800 on Class A land.
  - Dekalb County – March 12<sup>th</sup> – 469 acres - **No sale** at \$6,994 (1 bid)
  - Iroquois County – March 20<sup>th</sup> 162 acres **sold for \$8,642/acre.**



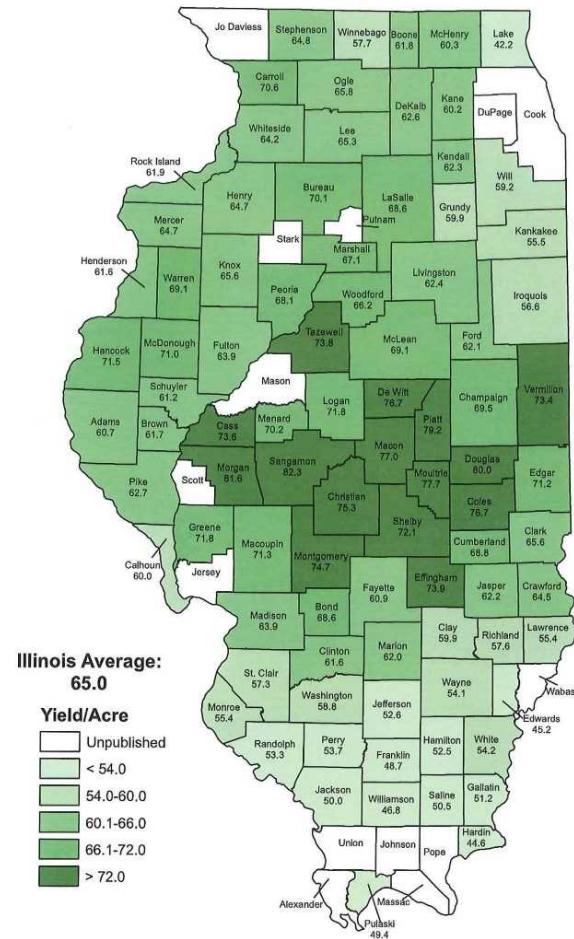
# Remember this? – A key driver to buyer confidence

2018 Illinois Corn Yield Estimates

Big Yields



2018 Illinois Soybean Yield Estimates



March 2019

**REALTORS® Land Institute (RLI) - Iowa Chapter**  
Survey of Farm Land Values In Dollars Per Acre

**Land Classification By Potential Corn Production**

	High Quality Crop Land		Medium Quality Crop Land		Low Quality Crop Land		Non - Tillable Pasture Per Acre		Timber Per Acre		Percent Change in Tillable Cropland Values Past 6 Months
	September	March	September	March	September	March	September	March	September	March	%
Central	9,775	9,571	7,282	7,083	4,674	4,667	2,891	2,893	2,498	2,581	-1.9%
East Central	10,057	10,041	7,402	7,321	4,818	4,619	2,714	2,690	2,288	2,267	-1.3%
North Central	8,997	8,931	7,079	6,846	4,796	4,517	2,415	2,410	2,115	2,054	-2.8%
Northeast	9,819	9,434	7,300	7,207	4,814	4,707	3,068	3,027	2,805	2,814	-2.7%
Northwest	11,071	11,009	8,496	8,369	5,280	5,342	2,828	2,827	2,578	2,550	-0.5%
South Central	7,172	7,100	4,706	4,594	2,972	3,000	2,739	2,690	2,934	2,953	-1.0%
Southeast	9,389	9,693	6,386	6,570	3,911	4,006	2,742	2,725	2,450	2,489	3.0%
Southwest	7,860	7,645	6,185	6,130	4,463	4,445	3,260	3,155	2,574	2,489	-1.6%
West Central	9,013	8,991	6,905	6,968	4,577	4,627	2,890	2,854	2,243	2,319	0.4%
State	9,239	9,157	6,860	6,788	4,478	4,437	2,839	2,808	2,498	2,502	-1.0%

**Last 6 months: Iowa Down 1%**

Sponsored By:



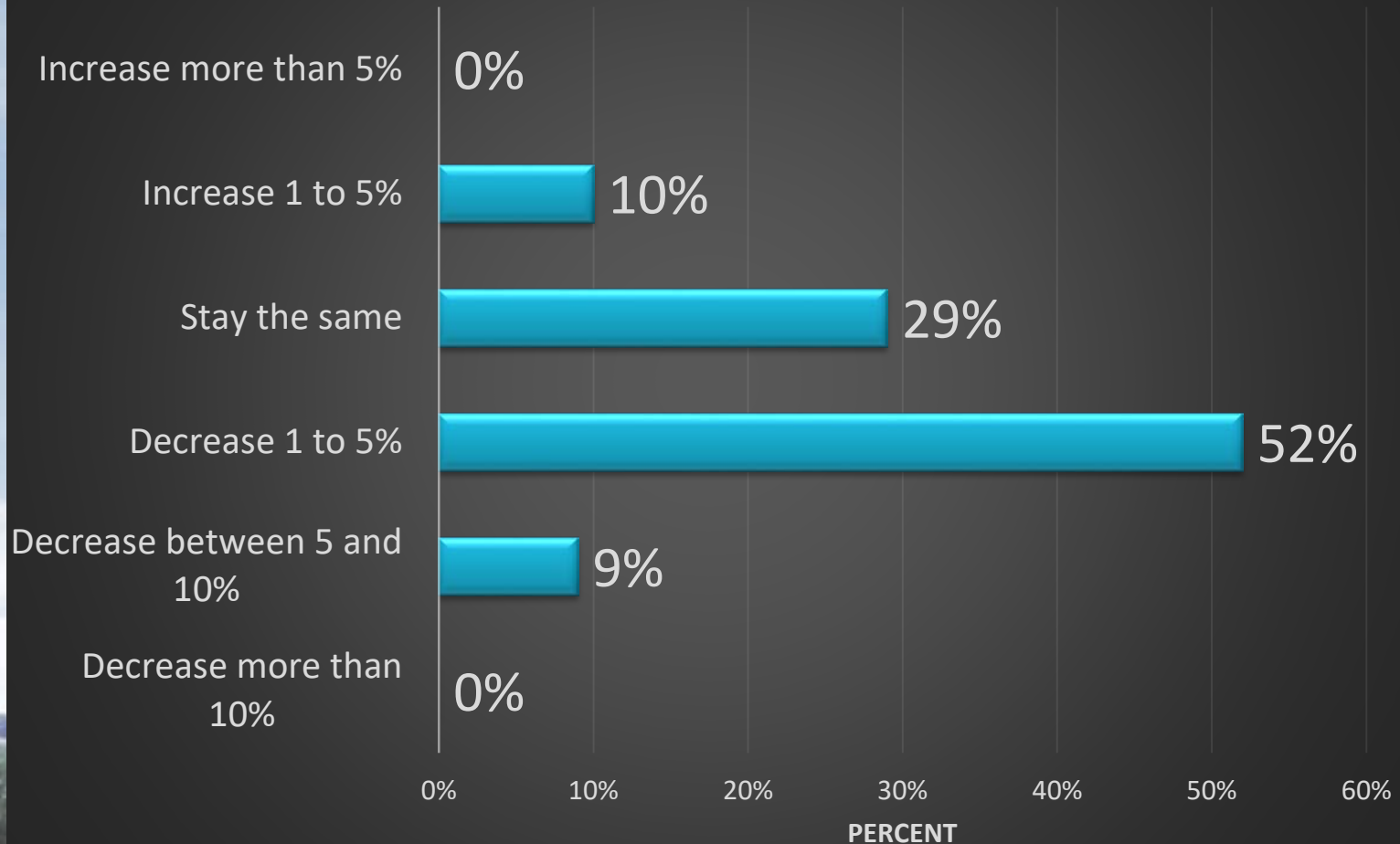
Sponsored By:



**Last 6 months: SE Iowa (by Western IL) +3%**

# What Will Happen to Farmland Prices in 2019?

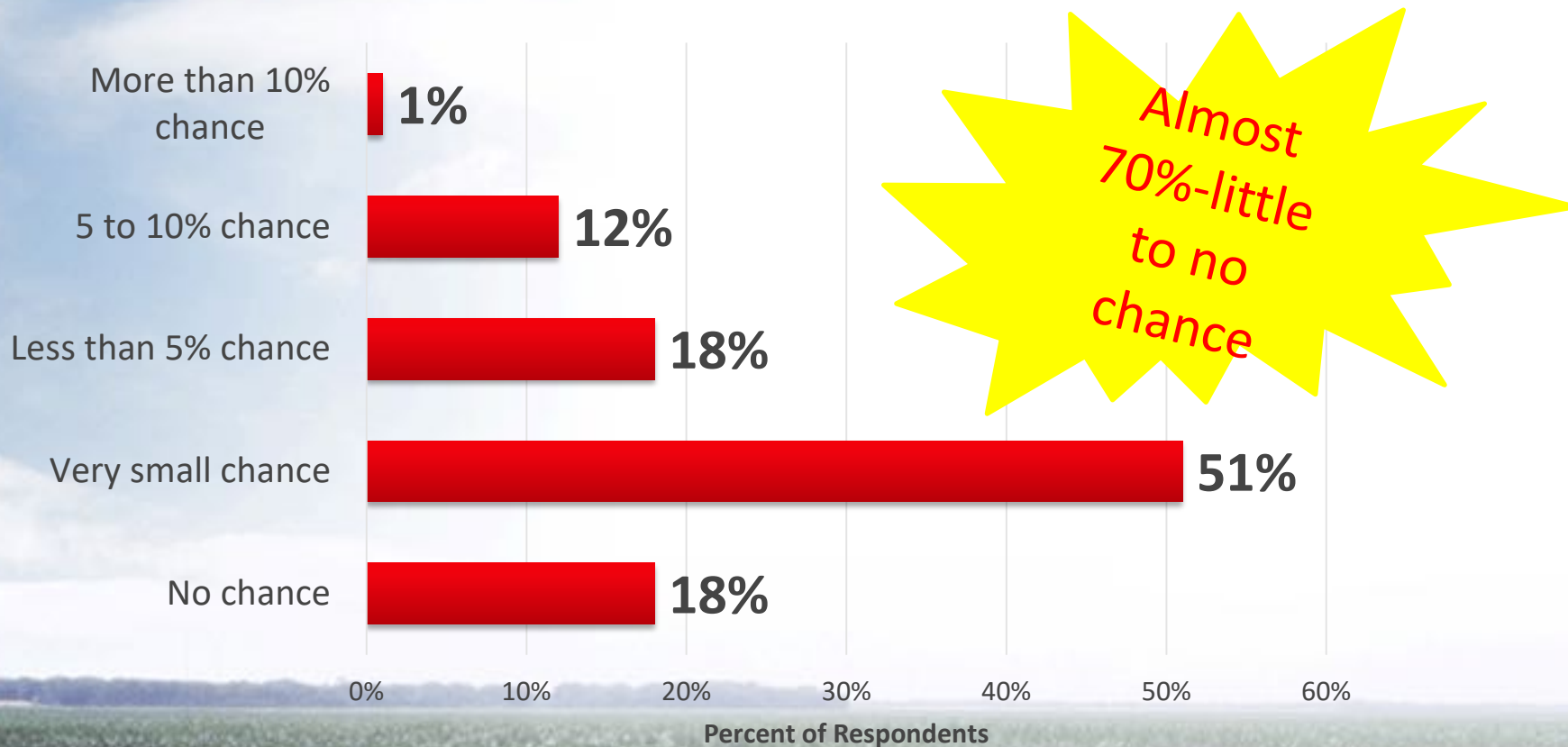
## Expectations of Price Changes in 2019





# Odds of a 20% or Greater Price Decline

**Figure 2. Chance of a 20% Farmland Price Decline in 2019, Percent of Respondents by Chance Category.**



# Method of Selling Farmland

<u>Method of Selling Farmland, 2018</u>				
	Sealed bid	4%		
	Multi-parcel auction	11%		
	Public auction	39%	(up 4)	
	Private treaty	46%	(down 3)	

Higher auction volume = Just to get it moved.

This was noted in Iowa recently as well...

Will private treaty increase to keep price close?



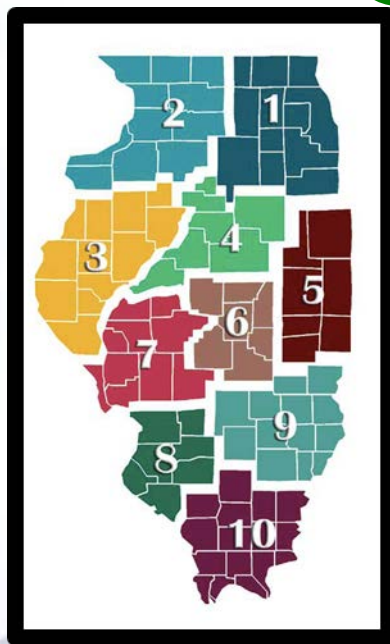
## Here's the slam dunks.

1. Highest quality farmland = Stability in values and returns
2. Field shape, percentage tillable, and drainage need to be good or discounts are being taken. Reduce detractors to your land. You can't move the land, but you can improve attractiveness.
3. Buyers- Look now for opportunities.  
Timing is important for some sellers ahead of spring planting.





# Thank You and Questions





# Most Likely Factors to Cause Farmland Price Increase Greater than 5%

		Percent of Respondents <sup>1</sup>	
	Increasing commodity prices because of poor 2019 growing conditions in the United States	55%	
	Decreases in interest rates	50%	
	High yields leading to higher incomes	41%	
	A 2019 drought causing low yields	40%	
	Poor crop yields in South America	40%	
	Good economic growth in the United States	33%	
	Increases in commodity demand because of improving Chinese growth	31%	
	Changes in exchange rates	22%	
	Decreases in stock prices	17%	
	Increased variability in stock prices	17%	
	General economic recession in the United States	9%	

<sup>1</sup> This is the percent of respondents that indicated that this factor, if it occurred, would cause a more than 5% farmland price increases. For example, 55% of respondent indicates that "increase in commodity prices because of poor 2019 growing conditions" would cause farmland price increase.



**Table 1. Factors that Could Cause Farmland Prices to Decrease More than 5% if they Happen in 2019.**

	Percent of Respondents <sup>1</sup>
Increases in interest rates	74%
Falling commodity prices because of good 2019 growing conditions in the	66%
Elimination of ethanol mandates	64%
Reduction in commodity demand because of slowing Chinese growth	57%
Good crop yields in South America	36%
General economic recession in the United States	24%
Changes in exchange rates	24%
Increases in stock prices	14%
Decreases in stock prices	10%
A 2019 drought causing low yields	7%
Increases in the variability of stock prices	7%
Good economic growth in the United States	3%
Recession in Europe	3%
Decreases in stock prices	3%

<sup>1</sup> This is the percent of respondents that indicated that this factor, if it occurred, would cause a more than 5% farmland price decline. For example, 75% of respondent indicates that "rising interest rates" would cause farmland price decreases of more than 5%.



# What Could Push Land Values Lower?

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- Lower Farm Incomes across ALL Land Classes
  - Trade and Tariff issues (soybean issue)
  - Ethanol reductions & use (corn issue)
  - Equals Lower Cash Rents
- Higher Interest Rates (not sure how much)
- High volume of sales – especially in a concentrated area
- Continued Real Estate Tax Increases slowly eat away at profits.

# What could boost Land Values Higher?

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- 2019 Production Challenges in the Western Corn Belt due to wet/late start become realized later in the growing cycle.
- Trade/Tariff deal reached with China sooner rather than later.
- Interest rates stabilize or go down slightly
- Lower land inventory on the market/available for sale