

# Midwest Farmowner

News & Information from Soy Capital Ag Services

## Top Illinois Farmland Values Hit \$10,000 Average for First Time

**A**verage values for excellent-quality farmland across Illinois topped the \$10,000 per acre mark for the first time ever during the first half of 2011. General farmland values were up 14 percent during the same time frame. Those are the findings of the mid-year “snapshot” survey of the Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA).

“These findings are consistent with what Soy Capital Ag Services farm managers and real estate specialists have been seeing as well,” says Don McCabe, Soy Capital president and general chair of the ISPFMRA Land Values and Lease Trends Project. “We’ve had some sales above the \$10,000 mark for the highest productivity land.”

The average for farmland rated as good quality, according to the survey, was \$8,500 per acre, while farmland rated as average was pegged at \$7,200 and fair-quality land averaged \$5,800. Variations in land quality are determined by productivity index or crop yield potential and measure tillable acres. The survey reported that buyers were primarily farmers, with investors and investor groups also active in many market areas.

McCabe says survey respondents indicated that the volume of farmland sales during the first six months of the year was up slightly from the first half of 2010. “We also have seen the number of properties going on sale picking up during the second half of the year,” he says.



*Excellent-quality farmland values crossed the five-figure threshold during the first six months of 2011. Values are expected to remain strong into 2012.*

Amy Rood

Respondents expect farmland prices to continue strong during the next year. Only six percent expect prices to decline. High commodity prices and low interest rates are most commonly cited as reasons for the higher prices being paid for land. Additionally, lower and more volatile returns on alternative investments have lured outside investors into the farmland market. The survey supplements the ISPFMRA’s larger efforts at the end of the year to document farmland

prices and cash rents across Illinois.

If you would like to discuss the sale or purchase of farmland, your Soy Capital Ag Services farm manager can address any questions and help you begin the sales process, or you can visit [www.soycapitalag.com](http://www.soycapitalag.com) for more details. **MF**

Inside: Survey Shows Cash Rental Rates on the Rise

## Survey Finds Industry Expects Higher Farmland Income in 2012

Returns to farmland ownership in 2012 are expected to surpass those of 2011, according to information collected in the recent ISPFMRA survey (see front page story). Share rents of all types, including those leases with modifications and custom farming, are the most prevalent ones used today, and currently comprise more than half of all farming arrangements.

“The mid-year survey also focused on use of variable cash rental arrangements to gain information on a lease type that is growing in use,” says McCabe. “About 81 percent of respondents expect an increase in the use of variable cash rental arrangements, mostly structured as minimum cash rent with a chance for landowner bonuses based on gross revenue and yields.”

With regard to rental rates, the survey found the average cash rent for excellent-quality farmland in 2011 was up from the previous year and is expected to increase again for 2012. All

respondents expect production costs to increase from slightly to a “great deal” over 2011 levels.

Several leasing arrangements were used in 2011, including share rents of all types and variable cash rents, 61 percent; fixed cash rent, 32 percent; and custom farming, seven percent. Variable cash rental arrangements are expected to increase in use by nearly two-thirds of respondents. Survey respondents define variable lease arrangements as at least some of the cash rent payments tied to gross revenue production only or with the owner receiving grain. The largest number of respondents says minimum cash rents with chance of bonuses are most popular. Bonus cash rent arrangements might include a lower cash rent per acre with the bonus based on gross revenue. More information about rental agreements and rent structure for your farm can be obtained from your farm manager. **MF**

## Farm Management Satisfaction Leads to First-Rate Auction

The Glennon Family Trust has been pleased with the farmland management services provided by Soy Capital Ag Services throughout their relationship. So pleased, that when the owners, a couple in their late 70s, decided to sell their 108 acres in Champaign County, they chose Soy Capital to facilitate the auction.

“We were very satisfied with the long-term farmland management provided by Chad Hoke. The sale was just icing on the cake for us,” says Glennon. “Our family, investors in farms for more than 30 years, found Soy Capital to be an outstanding organization of dedicated ag professionals.”

The decision about selling began a year and a half prior to the auction. Glennon stresses to other potential sellers the process requires much pre-planning, done systematically.

“First, we did not want to burden our two children’s families with distant land as part of our estate. We were concerned about our fine farm operator, current political situation, future tax programs and current land values. We watched commodity prices reach generational highs,” he says. “After great counsel from Chad about these issues, we decided to proceed with the sale in March 2011.”

A plus to the process, he adds, was the fact Hoke had detailed farm history results. The farm’s location and Class A soils made the property attractive, along with established on-site grain storage. The property was featured in an extensive color brochure. At auction, prices realized were \$13,500 per acre.

“Soy Capital gave exemplary service on sale day. It was ‘all hands on deck.’ A crowd of pre-qualified buyers attended at an excellent, chosen facility,” says Glennon. “Chad, along with Wally Yoder, Brian Thompson and his team, provided full service to seller and buyer. We had a smooth transition in ownership. It is a privilege to recommend them enthusiastically.” **MF**

### 2011 SOY CAPITAL COMPLETED SALES

DATE	COUNTY	ACRES	PRICE/ACRE	BUYER
01/02/2011	Knox	459.18	\$3593.36	Farmer
01/07/2011	Lee	573.27	\$7072.45	Investor
01/07/2011	Ogle	201.90	\$7071.92	Investor
01/07/2011	Ogle	160.85	\$7070.10	Investor
01/07/2011	Newton, IN	40.00	\$3655.00	Farmer
2/15/2011	McLean**	137.76	\$10880.00	Farmers
2/24/2011	Vermilion, IL*	158.88	\$6500.00	Farmer
2/24/2011	Vermilion, IL**	207.81	\$9100.00	Investor
3/10/2011	Warren**	160	\$9400.00	Farmer
4/23/2011	McLean	75.27	\$8516.00	Investor
5/6/2011	Clark	80.0	\$2250.00	Investor
5/12/2011	Piatt	195.65	\$10000.00	Investor
5/27/2011	Woodford	120.67	\$10000.00	Investor/Farmer
5/31/2011	Clinton, IN	5.0	\$11000.00	Farmer
6/1/2011	McLean	77.5	\$8250.00	Farmer
6/3/2011	Champaign**	108.687	\$13500.00	Farmer
6/7/2011	McLean*	77.26	\$10500.00	Investor
6/15/2011	McLean	76.681	\$9100.00	Investor
6/21/2011	Macon	85.0	\$9700.00	Investor
6/29/2011	Livingston	80.0	\$8900.00	Farmer
7/3/2011	Peoria	40.413	\$4053.15	Investor (timber)
8/2/2011	McLean	50.83	\$10250.00	Farmer
8/11/2011	Kendall	286.78	\$12000.00	Investor
8/11/2011	Marshall	307.77	\$9675.00	Investor
8/17/2011	Livingston	80.59	\$9150.00	Investor
8/23/2011	Logan	285.86	\$5159.87	Investor (part timber)
8/23/2011	LaSalle*	83.91	\$6100.00	Farmer
9/6/2011	Logan	60.6	\$7800.00	Farmer
9/7/2011	Edgar*	370.383	\$7500.00	Investor
9/7/2011	Edgar*	233.603	\$6100.00	Investor
9/14/2011	Menard*	151.19	\$9300.00	Investor
9/15/2011	Kankakee*	82.57	\$7300.00	Farmer
9/15/2011	Kankakee*	82.08	\$7500.00	Farmer
9/15/2011	Kankakee*	115.57	\$9000.00	Investor
<b>TOTALS:</b>	<b>22 COUNTIES 2 STATES</b>	<b>5,313.517 ACRES</b>	<b>PRICE/ACRE \$7,848.26 AVG.</b>	

\* Sealed Bid Public Auction

\*\* Record Farmland Sales Price in that County

### Manager Offers Unique Perspective

When John Croft came to work for Soy Capital Ag Services in March 2009, he brought with him experience from several other agricultural areas. He had been an ag educator, worked extensively in the retail crop input business and served most recently as the University of Illinois Extension director in Tazewell County. Croft does not like to say he is retiring in December, just “moving on” to something else. He has coordinated agronomic and seed research for Soy Capital’s replicated testing program with seed companies the last three years. Amy Russell, farm manager in Soy Capital’s Bloomington office, will now lead the agronomic research effort.

“I have a greater appreciation for how much work goes on behind the scenes in farm management and for what our farm managers know,” he says. “We must wear many hats successfully, and Soy Capital clients are the ones that benefit from that knowledge. Farmers and landowners do not need to be experts in all areas because Soy Capital farm managers are experts with regulations and legal issues, government programs, crop insurance and agronomics.” MF



John Croft

### Soy Capital Seed Research Adds Value

U.S. agriculture is on the cutting edge of science, as farmers produce more food for both U.S. consumers and for the rest of the world. Soy Capital Ag Services’ agronomic research program provides unique value for farmowners to accomplish this task.

“The basic goal of our seed testing program is to provide unbiased data for farm managers and operators that assists them in selecting and placing corn hybrids and soybean varieties to maximize on-farm profit,” says Amy Russell, Soy Capital farm and agronomic research manager.

“Soy Capital has a long history of providing third-party information, and has earned a great deal of respect with the research,” adds John Croft, retiring agronomic research manager. “Some of the newest hybrids and varieties are grown in our plots before they are commercially available, giving farmers an early, first-hand look at performance.”

Soy Capital evaluates corn and soybean products from 17 companies through 49 strip and replicated plots across Illinois and Indiana, providing valuable data integrity. Russell adds that is one of the main reasons seed companies choose to participate.

Strip plots are on-farm trials utilizing commercial planting and harvesting equipment. Each entry is planted one time at each location, four rows wide and at approximately 400 feet long. All four rows are harvested and data collected through use of a weigh wagon. A “check” hybrid is planted at the beginning of the plot and after every four hybrids. The “check” is used to identify variations due to differences in

drainage, soil types and conditions. Entry yields are “adjusted” to the check hybrids to come up with an “adjusted yield.”

“Yield is a result of how the genetics of a product interact with its environment. By utilizing an ‘adjusted yield,’ we eliminate some of the environmental components, allowing us to better assess the genetics of the corn hybrid or soybean variety,” states Russell.

Replicated trials are similar to tests used by seed companies to evaluate experimental products. Each corn or soybean entry is planted three times in small, 10-by-17.5-foot plots across three or four locations. Russell says the distinct advantage is the large number of data points provided for analysis, in case a plot must be discarded due to ponding or soil compaction.

Soy Capital also plants three demonstration sites, one in Illinois and two in Indiana. The Illinois location featured blended refuge options in 2011. Corn hybrids with Monsanto’s RIB Complete and Pioneer’s Optimum AcreMax trait packages were evaluated in the plot.

“We anticipate that future seed delivery systems will rely heavily on blended refuge systems, so it is important for us to educate ourselves and farm operators on the management of the systems. Our plot day gave us an opportunity to do that,” says Russell.

Visit [www.soycapitalag.com](http://www.soycapitalag.com) and click on “Agronomic Research Plot Results” for up-to-date harvest results. An overall summary of Soy Capital’s research program will be published in the November 18 edition of *Illinois AgriNews*. MF



Gene Cunningham is a long-time cooperater, who has managed strip plots for Soy Capital and prior companies for more than four decades. Cunningham says the information received and service provided to others is worth the extra effort.



Soy Capital farm managers weigh corn in a weigh wagon after harvesting four rows of test trials. Each hybrid’s moisture and test weights are recorded.

John Croft

**Ag Real Estate?  
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**Midwest  
Farmer**

John Croft

