

Midwest Farmowner

News & Information from Soy Capital Ag Services

Soy Capital's Long Distance Sales Service is Unsurpassed



Chuck Wildman's great-grandfather homesteaded this property located in Kankakee County in the 1860s. Soy Capital Ag Services helped Wildman recently sell the 158 tillable acres for \$9,600 per acre, the highest farmland sales price in the area ever.

As a minister in Hartford, Conn., and a farmland owner in Illinois, Chuck Wildman had to do a lot of the work to sell his family farm from afar. He tried the private sale route about five years ago without success, so he called Soy Capital Ag Services about the auction approach.

“I contacted Steve Jacob in the Kankakee office, which is near the farm,” says Wildman. “I made a couple of trips to Illinois, but most of the work was done long distance. I was never sorry about my choice. Steve and the Soy Capital team were very helpful. They did a thorough job of explaining how a land auction works and were very patient in answering all of my questions. They were very communicative and sensitive to all issues during the entire process.”

Jacob says the process began last January. He put together a 31-page formal proposal with several options and methods to market the farm. The listing agreement was completed in March and the auction held at the Kankakee VFW in September. Advertisement via signage, the Internet, newspaper, direct mail, brochure and flyer began in July. Closing was held in October.

“Chuck was very helpful and easy to communicate with throughout the whole process,” says Jacob. “We suggested a survey be done, and followed through with a local surveyor to get the survey completed and included in all of our printed materials. We followed up with personal phone calls to all who expressed interest in the land to see if anyone had questions.”

The 158 tillable acres sold for \$9,600 per acre, the highest farmland sales price in the area ever. Wildman previously sold six acres with the farmstead to the long-time tenant.

“This farm had never been sold before. My great-grandfather came from Northern Ireland and homesteaded the farm in the 1860s,” says Wildman. “The original deed was from the Iroquois Nation to the Illinois Central Railroad. When my grandfather took over the farm, he bought out his seven siblings to continue farming. My father was born on the farm, but moved to Chicago, where I was raised. We have had a tenant farming the property since that time.”

Wildman gives Soy Capital high marks for the successful sale. “We had a professional auction. It was wonderful to see all the resources that go into the sale and the detail of the sale,” he says. “If you have never done a real estate sale or purchase by auction, it is a smooth process. Soy Capital gave the time and attention needed. I have much confidence in their capabilities.” 

Inside: Rising Illinois Farmland Values Expected to Continue in 2013

Farm Manager Spotlight: Dan Patten

Dan Patten has been a farm manager with Soy Capital Ag Services' Bloomington office since he graduated in 1996 from the University of Illinois with a bachelor's degree in agricultural mechanization. He grew up on a farm near Dwight, Ill., and decided a career in farm management would offer a great deal of variety. He has not been disappointed.

"I enjoy the seasonality of farming. Every year presents new challenges and opportunities that help you learn more about how to improve crop production for clients," he says. "I like making farms better and making decisions that pay to boost yield and produce results."

During his tenure with Soy Capital Ag Services, Patten has acquired his Illinois real estate license, has earned a Certified Crop Adviser (CCA) designation from the American Society of Agronomy, and received an Accredited Farm Manager (AFM) title from the American Society of Farm Managers and Rural Appraisers. As a licensed broker, he assists investors from the U.S. and other countries who wish to acquire and manage Illinois farmland.

Patten also likes to help clients market grain and improve their bottom line. "If I can help someone average 10-20 cents more per bushel, or if a change in farming practices yields five more bushels per acre, that is \$40 more per acre revenue at current corn prices," he says. "One of the advantages of professional farm management is that we have the expertise and experience to show clients how investments such as drainage can make a big difference in profitability.

"Farm management is a very personal business," Patten continues. "I try and be available to answer all questions and tailor our service to what clients want."

For more information, Patten can be reached at 309-665-0962 or dpatten@soybank.com. 



Dan Patten

Soy Capital Grain Marketing Committee Adds Client Value

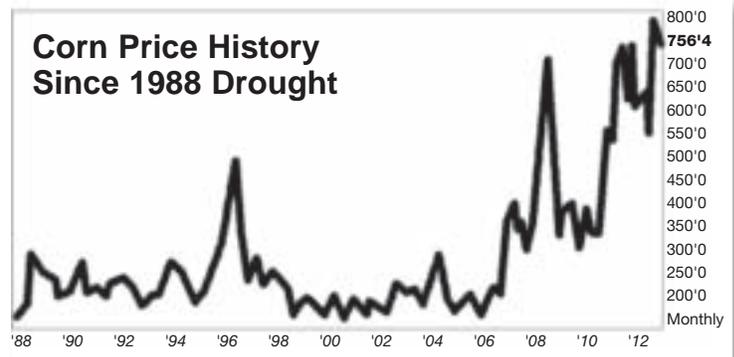
Soy Capital Ag Services farm managers help farmland owners make the most of every crop production acre every year. Achieving that goal often includes obtaining the best crop prices, a responsibility that begins with the Soy Capital Grain Marketing Committee.

"Our objective is to set recommendations for corn and soybean sales throughout the year," says Chad Hoke, farm manager with the Bloomington office and committee lead. Hoke recently assumed the duty from Jim Flanigan in the Decatur office. "We meet every three to four weeks. We talk about crop conditions in each of our areas, and what we think are the best recommendations for advance crop sales. We establish overall guidance and pricing direction, although each farm manager has flexibility to work individually with clients."

In addition to Hoke, the committee includes Kevin Meiss, also from the Bloomington office, Jaret Wicker from Kankakee, Tom Toohill from the Springfield office, Steve Burrow from Peoria and Tyler Roth from Decatur.

"We begin to discuss marketing a crop in the fall of the year before the crop is planted. We analyze supply and demand and crop prospects to determine when to consider advancing sales," says Hoke. "We are managing risk, so we choose multiple price and timing targets to make forward sales. We also try to surpass the annual average cash corn and soybean prices received by farmers released by USDA."

In addition to USDA, the committee compares their projected average against the average of four professional market advisers and Soy Capital's actual sales average. For 2011, the committee projected an



Corn futures prices reached record levels during the 2012 drought. Soy Capital Ag Services Grain Marketing Committee monitors prices throughout the year to help clients sell both corn and soybeans at profitable levels.

average of \$6.22 per bushel for corn. The advisers' average was \$6.06, USDA estimated \$6.25, and the Soy Capital actual sales average was \$6.38 per bushel. The committee projection for soybeans was \$12.60 per bushel, the advisers' average was \$12.87, USDA's average was \$12.40, and Soy Capital's actual average was \$13.00 per bushel.

"Making sales the way we do in a volatile market helps us spread risk and often leads to a better average sales price," says Hoke. "Our clients get a consensus of multiple opinions. We may not always hit market highs, but our goal is to achieve overall prices leading to good annual cash returns for our clients." 

2012 Growing Season May Have Little Impact on Rising Farmland Values

The value of farmland across Illinois continues to rise. While the rate of increase has slowed somewhat, prices are expected to continue upward with little impact from the 2012 drought, finds the Mid-Year Land Values Snapshot Survey conducted by the Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA) and the University of Illinois. “The society conducts a survey halfway through the year to evaluate trends in farmland prices and cash rents. This information supplements the society’s larger efforts at year-end to document farmland prices and cash rents across Illinois. The 2012 mid-year survey also focused on the drought’s impacts on farmland prices and cash rents,” says Gary Schnitkey, University of Illinois professor and farm management specialist, who summarizes the results.

“Overall land values increased by five percent during the first half of 2012,” says Don McCabe, chairman of the survey project and president of Soy Capital Ag Services. “But this is less than the double-digit increases we’ve seen the past few years.”

On July 1, 2012, farmland prices averaged \$11,200 for excellent quality farmland, \$9,200 for good quality farmland, \$7,800 for average quality and \$5,900 for fair quality farmland. At the end of 2011, the survey indicated value of the best quality land surpassed \$10,000 for the first time. In a normal year, excellent quality farmland averages more than 190 bushels of corn per acre.

About 12 percent of respondents expect farmland prices to increase more than five percent during the next 12 months, and 52 percent expect increases between zero and five percent. Seventy-five percent believe the drought will have little impact on farmland prices.

Respondents say the most important factors influencing farmland prices over the next 12 months include grain prices and interest rates. Other responses included politics and the 2012 election, legislation (farm bill, tax policies), returns on alternative investments, crop expenses, investor demand, and local yields both this and next year. **MF**



Drought Makes 2013 Planning More Critical



Not all corn ears filled even as well as the one pictured here during 2012. Special attention will need to be paid to the impact of the drought on 2013 plans.

The 2012 growing season was very dry in many locations, and will affect crop planning for 2013. Since conditions varied from field to field, Soy Capital Ag Services farm managers will address issues with crops grown, seed selection, soil types, drainage and other factors.

“Phosphate and potash replacement rates may be moderated for 2013, if the 2012 crop did not remove as many nutrients as expected,” says Keith Waterman, Soy Capital regional manager in Springfield. “Most fields saw excellent yields in 2011. If a farm has an every other year fertilizer rotation, any nutrient removal should be taken into account for both crop years.”

Waterman says soil moisture is key to nitrogen uptake by a corn crop, so extreme dry conditions may have caused soil-applied nitrogen to remain in nitrate form. That nitrogen is subject to leaching, so until another corn crop is established, those nitrates can be lost. Waterman anticipates keeping residual nitrates in the soils could be more challenging for 2013.

“Soil-applied pesticides represent another challenge. Many factors affect how fast pesticides degrade, including time, temperature, soil type and moisture, during and after the crop season,” he says. “We do not think pesticide carryover or persistence in the soil will be a major issue during the 2013 crop year, but it is a factor to be considered in crop rotation discussions with your farm manager.”

Yet another concern will be corn and soybean seed availability for 2013. Seed production was limited by weather in many areas. Some of the best seed genetics may be in short supply.

“Seed companies are responding to the concern, and will increase seed production in the southern hemisphere and other temperate climate locations to meet demand,” he says. “Getting firm commitments for preferred seed for 2013 is something we will manage very carefully.”

Farm managers will talk with affected farmowners about the current trend of reduced yields on corn-after-corn acres, especially given this year’s difficult season. Waterman says crop rotation changes should be considered where overall and year-to-year production has declined.

“Our farm managers work with these issues daily, and will continue to do so as plans are made for the upcoming crop year,” he says. “Don’t hesitate to call them with questions.” **MF**

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Soy Capital Ag Services**

www.soycapitalag.com

BLOOMINGTON, IL
(309) 665-0955

Brian R. Thompson, AFM, ARA•
bthompson@soybank.com
Chad A. Hoke, AFM•
choke@soybank.com
David Klein, AFM•, ALC
dklein@soybank.com
Dan Patten, AFM, CCA•
dpatten@soybank.com
Kevin R. Meiss, AFM•
Kevin.Meiss@soybank.com
Mark R. Smith
msmith@soybank.com
Amy Russell
arussell@soybank.com

DECATUR, IL
(217) 421-9616

James R. Flanigan, AFM•
jflanigan@soybank.com
Bill W. Brown
bbrown@soybank.com
Daniel W. Moehring
dmoehring@soybank.com
Kevin Hilligoss
khilligoss@soybank.com
Tyler Roth
troth@soybank.com

SPRINGFIELD, IL
(217) 547-2880

Keith L. Waterman, AFM•, ALC
kwaterman@soybank.com
Thomas L. Toohill, AFM•
ttoohill@soybank.com

PEORIA, IL
(309) 687-6007

Steven L. Burrow, AFM•
sburrow@soybank.com
Douglas W. Fehr, AFM•
dfehr@soybank.com

KANKAKEE CO., IL
(815) 936-8971

Don McCabe, AFM•
dmccabe@soybank.com
Steven P. Jacob
sjacob@soybank.com
John M. Tammen, AFM•
jtammen@soybank.com
Jaret Wicker
jwicker@soybank.com

WEST LAFAYETTE, IN
(765) 430-6246

Ed McCabe
emccabe@soybank.com

REAL ESTATE ASSOCIATES

R.E. Office in Peoria, IL
(309) 687-6007

Norman W. Bjorling, AFM•
nbjorling@soybank.com
Marvin Knobloch

R.E. Office in Bloomington, IL
(309) 665-0961

Wallace L. Yoder, AFM, ARA•
Barrett J. Soliday
Garrett Schoenholz
Garrettschow@gmail.com
John Feit
john.feit@frontier.com

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ADDRESS SERVICE REQUESTED

Soy Capital Ag Services
P.O. Box 1607
6 Heartland Drive, Suite A
Bloomington, IL 61702-1607

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Inside This Issue...

- Farmland Owner Finds Success With Long Distance Soy Capital Sale
- Farm Specialists Expect Little Impact from 2012 Drought on Land Values
- Attention to Detail Critical for Post-Drought 2013 Growing Season

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