

Midwest Farmowner

News & Information from Soy Capital Ag Services

Farmland Values Reflect Continued Strength

Farmland demand during the first half of 2008 has grown intensely, as current operators and outside investors continue to pursue farmland. The combination of record crop values, positive profit margins, investor interest in hard assets and an uncertain general economy has pushed prices higher, including Soy Capital Ag Services sales.

“Not all farm transactions are being recorded at record levels, however,” says David Klein, Soy Capital Ag Services managing broker based in Bloomington, adding comparable farms in central Illinois sold for as much as a \$1,000 per acre difference in prices during the spring. “We saw a wider range in sales transactions, mainly due to uninformed sellers accepting prices below market and farm operators and other buyers aggressively purchasing land based on old information. In these situations, working with real estate professionals like Soy Capital can be of real value for farmowners.”

Klein stresses the extreme importance for farm sellers to understand who represents their interests. “Just because a real estate broker brings you a buyer, it doesn’t mean they are representing your best

Select 2008 Soy Capital Farm Sales

County	Acres	Price/Acre
Mason	234.14	\$4,000
Dekalb	281.88	\$8,337
Dewitt	160.0	\$5,550
Woodford	151.57	\$8,934
McLean	252.64	\$6,972
Macon	647.81	\$6,775
Henry	284.78	\$6,180
Kankakee	75.462	\$4,900
Dewitt	158.39	\$6,500
Piatt	240.97	\$8,500

interest as a seller in a demand-driven market,” he explains. “Knowing who represents who is important. People who conduct business with Soy Capital mention this to us all the time, on both sides of the transaction.”

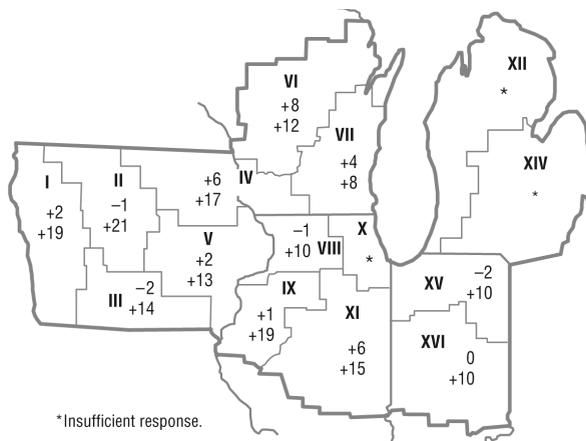
Land prices are expected to remain solid. Klein notes the Federal Reserve Bank of Chicago found that good quality cropland rose another six percent across the majority of central Illinois during the first quarter of 2008. Land prices rose an average four percent across the northern two-thirds of the state during the same quarter.

“We project this trend will continue when the second quarter statistics are revealed. With more sellers and buyers realizing price levels are higher, the average sales price should carry higher as well. Lower quality farmland prices will follow,” Klein says. “Soy Capital Ag Services’ vast experience at marketing farmland for sellers by either auction or private treaty methods can benefit those interested in selling their land at this time. We can help work through the decision process to best fit seller needs.” **MF**

Percent change in dollar value of “good” farmland

Top: January 1, 2008 to April 1, 2008
Bottom: April 1, 2007 to April 1, 2008

	January 1, 2008 to April 1, 2008	April 1, 2007 to April 1, 2008
Illinois	+4	+14
Indiana	0	+10
Iowa	+1	+17
Michigan	+1	+17
Wisconsin	+6	+10
Seventh District	+2	+14



Inside: Is a Real Estate Gift the Way to Go?

Soy Capital

Consider Real Estate Gift to Illinois Land Economics

Many Illinois farmowners have land that offers an excellent long-term investment and is highly appreciated. One tax-efficient way to pass the property along to family or a good cause is through a real estate gift. The farmland can provide benefits for the recipient in the future and an increased stream of income for the owner in the meantime.

“Soy Capital helps many farmland owners in this situation through estate and financial planning. We are available to assist anyone that may have an interest in this type of planning for the future of their real estate,” says Don McCabe, Soy Capital Ag Services president. “Of course designating the ultimate recipient of your farmland and how the gift is structured is an extremely personal decision. Gifts of real estate offer you the opportunity to make large, meaningful charitable gifts and at the same time enjoy substantial tax and financial benefits. A key is careful planning and making certain that your gift benefits the family members or benefit you choose, as well as yourself.”

Soy Capital Ag Services supports funding of the University of Illinois Land Economics Program. The College of Agricultural, Consumer and Environmental Sciences Department of Agricultural and Consumer Economics (ACE) developed the program to take advantage of its already nationally renowned expertise and programs in ag finance, policy, farm management and law. Research and outreach orientation of the program will focus on agricultural land issues addressing areas of study that include:

Investment – profitability and return, appraisal and valuation, financing, transaction/sale methods, use and development.



Gifting your farmland provides the opportunity to make large, meaningful charitable donations while enjoying substantial tax and financial benefits.

USDA

Management – leasing arrangements, ownership structure and scale, production and conservation decisions, drainage management, alternative uses.

Policy – environmental and natural resources policies, state, local and federal tax policies, income support programs, and urban sprawl and other use policies.

“Focus on these types of subjects will allow ACE to expand its role in supporting and advising landowners, farmers, farm managers like us, other agribusinesses and

community leaders in ways that are important to the ag industry and society as a whole,” says McCabe. “It’s a program that Soy Capital Ag Services has a keen interest in supporting. External funding is required to provide the leadership, staff and other resources that are needed to turn this into the first-class university program envisioned.”

McCabe says donations of money or real estate in the form of charitable contributions currently, or in the future, are being solicited. ACE has an aggressive goal of raising \$2 million to establish a “chair” for the program.

“Even though this seems like a big number, the program is already about half way toward this goal. If a benefactor wishes to contribute a large gift, roughly the other half of the total goal, naming rights are still available for this worthwhile cause,” he says.

If you or someone you know has an interest in supporting the Illinois Land Economics Program, contact the University of Illinois Foundation at 217-333-0810 or uif@uif.uillinois.edu, or your Soy Capital Ag Services farm manager. **MF**

Hilligoss Joins Soy Capital Decatur Office

Kevin Hilligoss recently joined the farm management staff in Soy Capital Ag Services’ Decatur office. Hilligoss had been an assistant vice president and farm manager for Busey Bank, formerly First National Bank of Decatur. As an experienced farm manager, he will help Soy Capital clients with farm management and farmland purchases and sales. Hilligoss holds an Illinois real estate license.

Hilligoss graduated from Illinois State University in 1999 with a degree in agriculture. He also worked in the retail crop input business as an intern immediately following his college graduation. Hilligoss also farms part-time near Lovington and runs a small cow herd. Hilligoss can be reached at 217-421-9618. **MF**



Ag Services

Soy Capital Client Appreciates Turnkey Operation

When Joe Hackett retired from teaching school near Lincoln, Ill., a few years ago, he had more time to devote to the 120-acre farm that had been in his family for four generations. His son, Greg, recommended he consider professional farm management.

“Proper land stewardship is important, so you have something to pass on to the next generation,” he says. “With Soy Capital, I see now how well the farm is managed.”

Hackett says he discovered after retirement that the 50-50 arrangement that had been in place for years with two local farmers was no longer working. When he switched to Soy Capital Ag Services, farm manager Bill Brown put together a cash rent contract for the farm near Tuscola with father and son farmers, Roger and Brent Reed.

“I appreciate how accommodating Soy Capital was in setting up an agreement. Bill is on top of things, is very well organized and remains personally involved on my behalf,” says Hackett. “He visits

with the Reeds and keeps me regularly updated.”

Hackett also appreciates that Bill offers suggestions on what to plant, what crop inputs to use and even handles paying property taxes and other expenses.

“Now that I am retired, it takes a lot of pressure off me because I don’t have to try and remember to pay the farm’s bills,” he says. “We reevaluate the agreement every year, and I see the farm is well taken care of and things are done correctly and on time.”

For landowners weighing the option of professional farm management, Hackett recommends contacting several companies to see how they manage farms. He also advises choosing the company that fits your long-term objectives for the farm.

“I found that Soy Capital was ready to answer my questions and concerns, even when I only have 120 acres,” he says. “The farm managers are very good people.” **MF**

Looking Ahead to 2009

Agriculture has not experienced in recent history anything like the past two years. Commodity prices are surging to record highs, and production expenses are rising at an unprecedented rate. Soy Capital Ag Services farm managers are staying abreast of the times, and can offer suggestions on how best to capitalize on these historic days.

“If you have a farm to lease for the 2009 growing season, many factors should be contemplated before you sign the lease. We are here to help farmowners make sound decisions,” says Chad Hoke, farm manager in Soy Capital’s Bloomington office. “You will be alarmed if you are not prepared for rapidly increasing crop expenses.”

Farmland ownership goals should be the top priority to consider and define. Hoke suggests determining if you plan to be a long-term farmland owner or seller, and whether annual cash return or long-term farmland value is more important to you.

“For example, farm improvements will decrease short-term income, but increase long-term annual return and farm value,” he explains. “You need to determine if you have the personal time and expertise to reach your goals.”

Once basic ownership goals are understood, Hoke says you must determine what lease is appropriate for reaching those goals. “Like every person, each farm is different. Multiple leasing alternatives are available today. Crop share, cash rent and custom farming are basic lease types to consider, but many variations are possible with each type,” says Dan Patten, farm manager in the Bloomington office. “Written lease terms protect all parties to the lease. Reviewing the entire operation is also necessary to determine which management plan is appropriate.”

Soy Capital farm managers address all of these issues. Contact one of the regional offices, and allow a farm manager to assist you in meeting your goals in 2009 and in the future. For more information, visit www.soycapitalag.com. **MF**

Landowners should consider several items when determining lease type and terms:

- Soil Quality
- Drainage
- Fertility
- Buildings and Grain Storage
- Farm Maintenance Needs
- Conservation Needs
- Risk Tolerance
- Building, Liability and Crop Insurance
- Crop Rotation
- Size of Farm and Fields
- Government Programs and Eligibility
- Commodity Prices and Local Grain Bids
- Added-Value Cropping Opportunities
- Length of Lease
- Communication with Farm Operator

**Ag Real Estate?
Farm Management?
Rural Appraisal?**



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Soy Capital Ag Services



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