

Midwest Farmowner

News & Information from First Mid Ag Services

Spring 2020 – Vol. 28, No. 1

Farmland Values Continue Steady into 2020

by David Klein, First Mid Ag Services Managing Broker/Auctioneer and General Chairman,
ISPFMRA Land Values & Lease Trends Conference

The Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA), REALTORS Land Institute and University of Illinois released the 2019 Summary on Land Values and Lease Trends in March. Three distinct trends were revealed looking into 2020:

1. Values and cash returns to farmland maintained steady levels in 2019. Data showed modest increases in some regions of the state and minor decreases in others.
2. 2020 rent should remain steady on better soils, but some harder-to-farm and less productive tracts are under review by larger operations. Market facilitation payments filled the 2019 cash flow gap that otherwise would have occurred and likely helped stabilize farmland rental rates and values.
3. In the first quarter of 2020, positive sentiment toward lower quality farmland values seems to be fading, while the highest quality remains strong with \$10,000-13,000 per acre sales at auctions in the most productive areas of central and western Illinois. Farmers and investors are paying for quality and the

consistent production confidence generated by better-drained, high productivity farmland tracts that deliver returns even in adverse weather. More opportunities might occur for savvy investors buying land in moderate soil classifications if the price range differentiation gets too wide.

Land Value Determination Factors

Some cash is still stockpiled in tightly held regions to be spent on farmland by existing farmers and landowners. Other regions with a steady supply of available farmland during the past 10 years may have less local strength to maintain prices. Areas with higher-than-expected 2019 yields, despite weather challenges, are strong markets. Farmers in these areas can capitalize on better-than-expected revenue streams. Conversely, in areas where yields were low with crop insurance claims, farmers have higher cash flow challenges and must rebuild cash reserves after the 2020 harvest. These farmers have less interest in buying just any farm that comes to market.

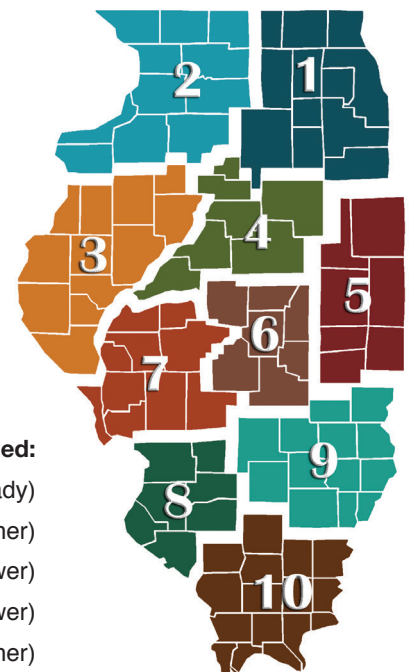
Meanwhile, soil productivity is no longer the only value-driving influence. Field shape,

percent tillable, slope, drainage, access, road quality, real estate tax rates, wind leases or other encumbrances all play a bigger role than they did just a few years ago and must be considered when taking inventory and estimating current value of owned land or land for purchase.

Rely on the wisdom, knowledge and guidance of a First Mid farm real estate professional, whether buying, selling, auctioning, managing or appraising farmland in Illinois. Our local experts can help meet your goals in this variable market. Access to the full report and First Mid Ag Services staff is found at firstmidag.com or by calling 800-532-5263. MF

2019 average sales prices per acre by land class across the 10 regions included:

- Excellent** (soil productivity of 133-147): \$10,763 (steady)
- Good** (soil productivity of 117-133): \$8,490 (slightly higher)
- Average** (soil productivity of 100-117): \$6,549 (slightly lower)
- Fair** (soil productivity less than 100): \$4,838 (lower)
- Recreational**: \$3,827 (slightly higher)



Inside: First Mid to Evaluate Seed Technology in 2020

Successful Auction Reflects Legacy of Landowners

After returning home from World War II as a highly decorated veteran, Bill Freed took the money he saved up from the service and bought a farm in McLean County. He spent a lifetime building soil productivity and the size of his land portfolio. And he became the first full-time farmer to be selected as the McLean County Conservationist of the Year in 1985.

Bill and his wife, Ruth, married when they were in their 50s. They had no children but came from large families. Bill passed away about 10 years ago and Ruth died last year at the age of 101, leaving a 518-acre farmland trust to be managed by nephew Mark Freed for 35 heirs.

"They had a clause in their trusts that the farmland was to be sold. They did not want any disputes over the land. Rather, sell it and if you want to own it, buy it back. That's where we came in," says David Klein, First Mid managing real estate broker. "As trustee, Mark needed a fair and open way to manage the process and complete his fiduciary responsibility."

"I answer to all of the heirs, and the safest way to handle the estate was a public auction," says Freed. "I already had a relationship with First Mid Ag Services as a tenant for a couple of their farms. First Mid is over-the-top, one of the

best companies out there, and I have had the good pleasure to work with Brian Thompson, Steve Burrow, Ross Perkins and Kevin Meiss."

Freed contacted Klein last summer, knowing he would get the ball rolling. "I have been to sales Dave has managed. They are impressive," he says. "The staff are detail oriented and very knowledgeable. I knew they would be able to divide the farm into the right tracts for sale."

First Mid split the acreage in Gridley, Money Creek and Blue Mound townships into nine tracts including tracts with prime productive cropland, potential commercial property adjacent to the interstate, less productive farmland with wind turbine leases and a lot with buildings.

"The way they laid out tracts made sense and attracted diverse buyers," says Freed.

The sale was held Dec. 3, 2019, at the community center in Lexington.

"It was a packed house. There was plenty of representation from First Mid. The staff was very professional, answered questions and did a great job managing the sale," says Freed. "In fact, the tracts slated to get wind turbines sold significantly better than expected."

Freed remembers the day as joyous. "There's



Bill and Ruth Freed placed a clause in their trusts to sell all of the farmland to benefit their 35 heirs.

much respect in the community for my aunt and uncle. That means a lot. One-third of the tracts were purchased by family members at a fair price, so my aunt and uncle's legacy can continue. It could not have been any better," he says.

To learn more about First Mid's real estate brokerage services, contact David Klein in the Bloomington office at dklein@firstmid.com or 309-665-0961. **MF**

Ag Services Staff Member Receives Excellence Award



Sheila Kelly (right) receives the Chairman's Award for Excellence from First Mid Chairman and CEO Joe Dively (left).

Sheila Kelly, one of First Mid Ag Services team members, was recently presented with the company's Chairman's Award for Excellence. The award was given by First Mid Chairman and CEO Joe Dively to a select number of employees who demonstrated the organization's core values, while making exceptional contributions to both internal and external customers. First Mid's Executive Team evaluated nominations for the company's prestigious honor.

"Sheila was instrumental in helping the department with a smooth transition throughout First Mid's 2018-19 acquisition of Soy Capital Ag Services," says Brian Thompson, president, First Mid Ag Services. "She received nominations from co-workers, supervisors and members of other departments, going above and beyond expectations of her position to make the transition as seamless as possible for all those involved. Her commitment to teamwork was also seen as she reached across departments to coordinate with the computer support staff and audit teams."

Thompson says Sheila is highly respected within the Ag Services department and has become a "go-to" person regarding many subjects. She consistently demonstrates knowledge, professionalism, leadership and teamwork.

"We are honored to have Sheila as a member of our outstanding team serving First Mid Ag Services customers," says Thompson. "We congratulate and thank her for her service." **MF**

2020 Research Trials Focus on Soybean Herbicide Trait Seed

Each year, First Mid Ag Services partners with seed and agricultural supply companies to complete unbiased, third-party agronomic testing. The research trials focus on hybrid and variety testing as well as agronomic practices and products that are new and relevant to the market, including planting population, fertility, herbicides and disease management.

“Our research provides valuable objective data, helping empower our farm managers and farm operators to make confident, well-informed crop management decisions,” says Tyler Roth, farm manager in First Mid’s Bloomington office. “Working directly with seed and agricultural supply companies gives our team an early look at the newest products available on the market, including experimental products not yet released for retail use. With seed traits and technology advancing at a rapid pace, this early look at new technology helps First Mid’s farm managers confidently adopt traits that will benefit our landowners most.”

Roth says one of the trials planned for 2020 will include multiple soybean herbicide trait seed varieties planted within the same plot. One trial will test Enlist, GT27 and Roundup Ready 2 Xtend soybean traits within the same plot. Herbicide that is safe across all varieties will be applied, allowing farm managers to determine which technology has the highest yield potential.

Enlist and GT27 soybeans were approved late in the spring of 2019 and were not widely available for planting last year, thus leaving questions as to their overall potential and performance. Roundup Ready 2 Xtend soybeans have been the most widely adopted trait over the past several years with the perception of having the highest yield potential.



First Mid Ag Services farm managers are preparing to test soybean herbicide seed trait varieties in one of the company's third-party plots this spring.

Photo by United Soybean Board

“Through the trial we will be able to determine which technology provides the best opportunity for enhanced weed control performance,” says Roth.

Each season’s plot data is published in a November edition of the *Illinois Agrinews* publication. For those interested in First Mid’s 2019 data gained through third-party testing, visit the website at www.firstmidag.com/seed-testing. For more information about the agronomic testing program, contact Tyler Roth at 309-665-0958 or troth@firstmid.com. MF

Shaun Cotner Joins First Mid Decatur Office



First Mid Ag Services Decatur farm management team includes (left to right) Justin Wheeler, Kevin Hilligoss, Shaun Cotner and Dan Moehring

The last year brought with it a variety of changes within First Mid Ag Services, including the addition of Shaun Cotner to the Decatur farm management team led by regional manager, Kevin Hilligoss. The team also includes Dan Moehring, who has worked with First Mid and its predecessors for more than 40 years and Justin Wheeler, managing real estate broker and farm manager in the Decatur office since 2014. The team manages more than 43,000 acres, adding about 3,700 new acres in 2019. They also brokered nearly 600 acres of farm real estate in 2019.

Shaun is a 2009 graduate of Illinois State University and holds a bachelor of science degree in agribusiness. He grew up on a family farm near Bethany, Illinois, and remains an active member of the operation. Prior to joining the First Mid team, Shaun was assistant manager for Heritage Grain Cooperative with locations in Bethany and Dalton City. Shaun’s experience with commodity training and merchandising offers new insight to First Mid Ag Services marketing strategies and ever-changing market conditions.

Shaun is currently working to become a licensed real estate broker in Illinois. He and his wife, Tiffany, along with their two sons, Lincoln and Jackson, reside in Bethany. He can be reached at scotner@firstmid.com or 217-421-9619. MF



Midwest Farmowner

Photo by United Soybean Board

Inside This Issue...

- Real Estate Staff Reports on 2020 Land Values and Lease Trends
- First Mid Ag Services Expands Decatur Office Team
- Farmland Trustee Praises Diverse Tract Auction Skills



AG SERVICES

A Division of First Mid Wealth Management
P.O. Box 1607
6 Heartland Drive, Suite A
Bloomington, IL 61702-1607
RETURN SERVICE REQUESTED

PRSRT STD
U.S. POSTAGE
PAID
PERMIT #19
HEYWORTH, IL

www.firstmidag.com



Printed on recycled paper



Ag Real Estate? Farm Management? Rural Appraisal?



Talk To Us First First Mid Ag Services

www.firstmidag.com

* Accredited designations of the American Society of Farm Managers and Rural Appraisers, American Society of Agronomy, and the Realtors Land Institute.

Bloomington, IL
(309) 665-0955
Brian R. Thompson, AFM, ARA*
bthompson@firstmid.com
Chad A. Hoke, AFM*
choke@firstmid.com
David E. Klein, AFM*, ALC
dklein@firstmid.com
Daniel S. Patten, AFM, CCA*
dpatten@firstmid.com
Kevin R. Meiss, AFM*
kmeiss@firstmid.com
Mark R. Smith, AFM*
mrsmith@firstmid.com
Tyler S. Roth, CCA
troth@firstmid.com
Craig R. Thompson, CPA
crthompson@firstmid.com
Ross Perkins, AFM*
rperkins@firstmid.com

Decatur, IL
(217) 421-9616
Kevin Hilligoss
khilligoss@firstmid.com
Daniel W. Moehring
dmoehring@firstmid.com
Shaun Cotner
scotner@firstmid.com
Justin Wheeler
jwheeler@firstmid.com

Kankakee CO., IL
(815) 936-8971
John M. Tammen, AFM*
jtammen@firstmid.com
Don McCabe, AFM*
dmccabe@firstmid.com
Steven P. Jacob
sjacob@firstmid.com
Joseph Richie
jrichie@firstmid.com
Michael Bernhard
mbernhard@firstmid.com

Mattoon, IL
(217) 258-0498
Cory Kauffman, AFM
ckauffman@firstmid.com
Eric Schumacher
eschumacher@firstmid.com
Austin Hornstein
ahornstein@firstmid.com
Ron Pierce
rpierce@firstmid.com

Peoria, IL
(309) 687-6008
Steven L. Burrow, AFM*
sburrow@firstmid.com
Casey Watson
cwatson@firstmid.com

Springfield, IL
(217) 547-2880
Keith L. Waterman, AFM*, ALC
kwaterman@firstmid.com
Thomas L. Toohill
ttoohill@firstmid.com
Tom Hill, CCA
thill@firstmid.com

Real Estate Associates
R.E. Office in Bloomington, IL
(309) 665-0961
Wallace L. Yoder, AFM, ARA*
wally@yoderweb.net
Ross Albert
ross.albert88@gmail.com
Garrett Schoenholz
Garrettshow@gmail.com
John Feit
John.feit@comcast.net
John Croft
Chris Kolodziej
Aaron Benoit
R.E. Office in Mattoon, IL
(217) 258-2022
Justin Wood
jlwood25@gmail.com
R.E. Office in Kankakee, IL
Sean Riordan
sciord@yahoo.com
R.E. Office in Peoria, IL
(309) 687-6008
Douglas W. Fehr, AFM*