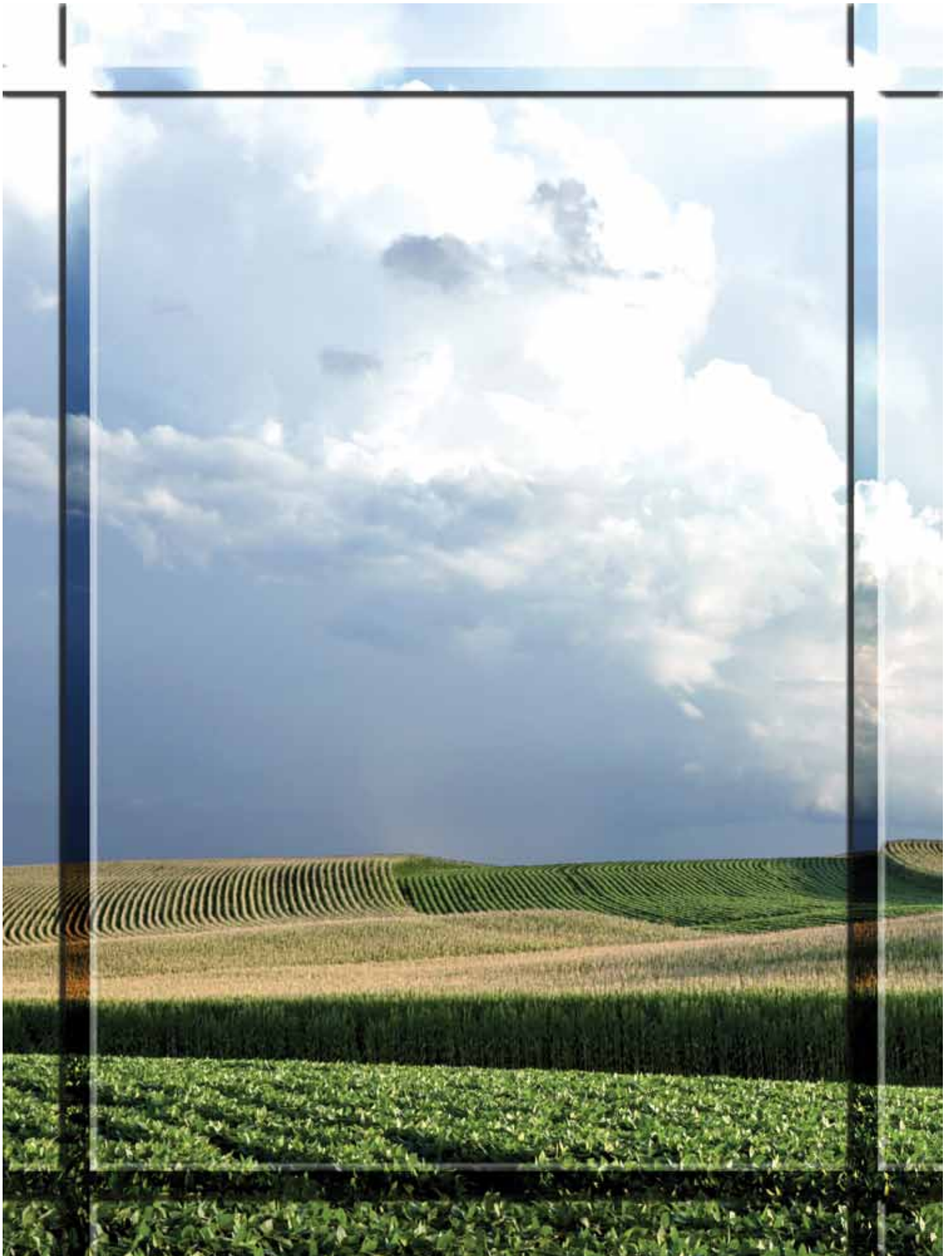


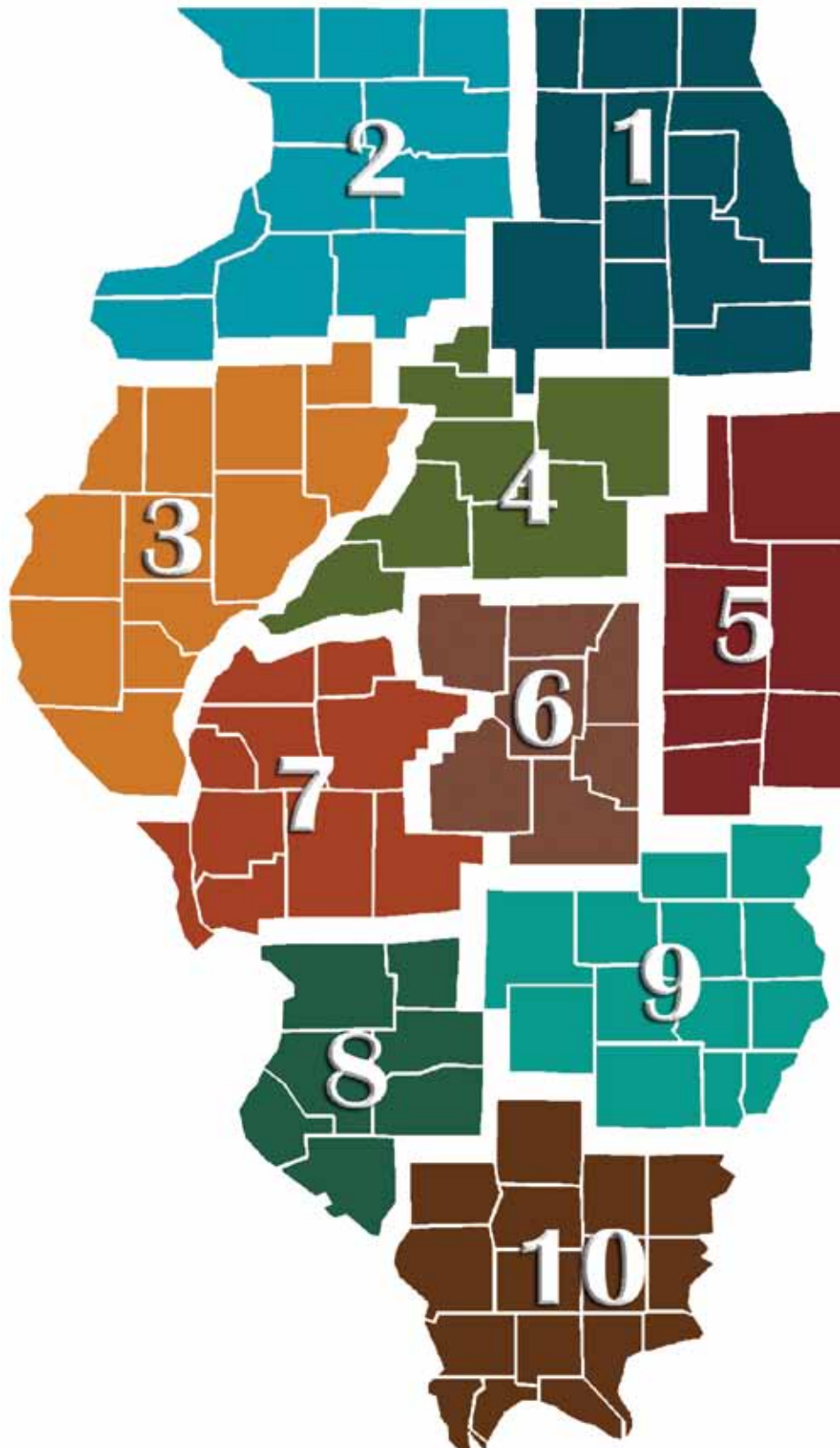
# **2019 Illinois Land Values and Lease Trends**

**Published by the  
Illinois Society of  
Professional Farm Managers  
and Rural Appraisers**





# Region Map



- 1. Northeast**
- 2. Northwest**
- 3. Western**
- 4. North Central**
- 5. Eastern**
- 6. Central**
- 7. West Central**
- 8. Southwest**
- 9. Southeast**
- 10. Southern**

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The Illinois Society of Farm Managers and Rural Appraisers has widened its networking focus by creating a special membership category – “*Friends of the Chapter.*” We invite individuals or organizations with an interest in the Chapter, but who do not otherwise qualify for membership (as practicing farm managers, rural appraisers, or agricultural consultants) to join us!

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We encourage you, and any interested person or organization not directly managing or appraising Illinois farmland or providing agricultural consulting as a business, to join us.

We welcome you!

For further information visit [www.ispfmra.org](http://www.ispfmra.org) and click on the “*Friends of the Chapter*” link.



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# ISPFMRA President's Message



**Robert Woodrow, AFM**  
President  
Illinois Society of  
Professional Farm Managers  
and Rural Appraisers

Welcome to the 24th edition of the *Illinois Farmland Values and Lease Trends Report*. The members of the Illinois Society of Professional Farm Managers and Rural Appraisers are “Illinois Farmland Professionals.” We work diligently throughout each year to keep track of land sales and lease terms. Our goal is to provide you with the most accurate information available about each of the 10 crop reporting districts in the state.

The ISPFMRA’s latest membership survey done in 2016 shows that our members manage well over 1,000,000 acres of farmland in Illinois with an estimated value of \$7.5 billion dollars. On the managed farms, the lease terms are 34.7 percent crop share, 30.1 percent variable cash rent, 25.7 percent fixed cash rent, and 9 percent custom farmed. Our members have a diverse client base with 38 percent of the clients being individuals and 31 percent being trusts.

Our appraisers completed 1,776 appraisals in 2016 with an overall valuation of nearly \$6.0 billion dollars. Of those appraisals 48.9 percent were for estates, 31.2 percent for lenders, and 16.9 percent were for individuals.

In 2016 our members also listed 445 properties for sale with a value of over \$3.8 billion dollars.

Simply stated, our members are serious players in the industry.

We want to give a big “thank you” to the committee chairs, the regional chairs, and all of the members who contributed the information provided. We are also grateful for the relationship we have with Dr. Bruce Sherrick and Dr. Gary Schnitkey at the University of Illinois for the time they put into this project to compile, evaluate and organize the data.

The financial support of our sponsors and advertisers make this publication possible, for which the ISPFMRA is grateful; please support them when you need goods and services.

We hope this edition of the *Farmland Values and Lease Trends Report* provides you with useful information and is of value to you. We will announce our mid-year update at the Farm Progress Show on August 28th in Decatur, Ill. Please, feel free to contact any of our members with questions about the report or the services they provide. A searchable list of our members is available to you at [www.ispfmra.org](http://www.ispfmra.org).

A handwritten signature in black ink that reads "Rob Woodrow". The signature is written in a cursive, slightly slanted style.

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# Illinois Farmland Values and Lease Trends

By David E. Klein, AFM, ALC  
 General Chairman, 2019 Illinois Farmland Values Survey & Conference

**2018** brought continued challenges for Illinois agriculture with increasing grain supplies and wide price variation as a result of the most productive soybean crop ever produced by the state. Most farm incomes continued their retracement from recent historical highs with the high production levels and USDA market facilitation payments keeping farmers profitable. As we begin 2019, farmland seems to be holding firm as owners and investors continue to seek this tightly held asset class with its unique investment characteristics in Illinois and other Midwestern states.

Our team of professionals from throughout Illinois has provided detailed information that we're sure you will find interesting within this *2019 Illinois Farmland Values and Lease Trends Report*. You will notice pockets of strength and weakness are reported within various regions and different local markets for similar quality land. Location continues to be an important variable.

- **ISPFMRA Members** -- As you work within the Illinois farmland market you will encounter numerous Illinois Society members in their roles as farm managers, rural appraisers, consultants and real estate brokers. These professionals have shared their experiences, expertise, opinions and data from their active files with you. It is the best you can get. Our thanks to the over 70 members that pitch in on this effort! A special thanks goes to Executive Director Carroll Merry and the team at Countryside Marketing who do an amazing job to produce this report each and every year!
- **University of Illinois** – The College of ACES is a collection of some of the brightest minds in agriculture – and Bruce Sherrick, Ph.D. and Gary Schnitkey, Ph.D. are among most respected land economists around. They unselfishly share their talent and time with us to produce this unmatched report. Bruce works with the real estate data from each regional data group and is constantly giving us ideas on how to further investigate the Illinois farmland market for changing trends and data-driven information. Gary is an expert at surveys and coordinates our mid-year and year-end surveys analyzing the pulse of farmland values and lease trends. Several other professionals in the College of Agricultural Consumer and Environmental Sciences contribute to our Report by writing the articles that you will find in the addendum of these reports.
- **Realtors Land Institute** – The members of the Illinois Farm and Land Chapter of the Realtors Land Institute are experts who work in the farm real estate market across Illinois every day. They know the market as well as anyone. A special thanks goes to Executive Officer, Jill Bernahl, who coordinates our annual professional continuing education efforts at the Illinois Land Values Conference.
- **Our Sponsors** – A special note of thanks goes to the individuals and firms who advertise in our report and support the Land Values Conference each March. You will find these respected, professional businesses actively promoting agriculture throughout the state!

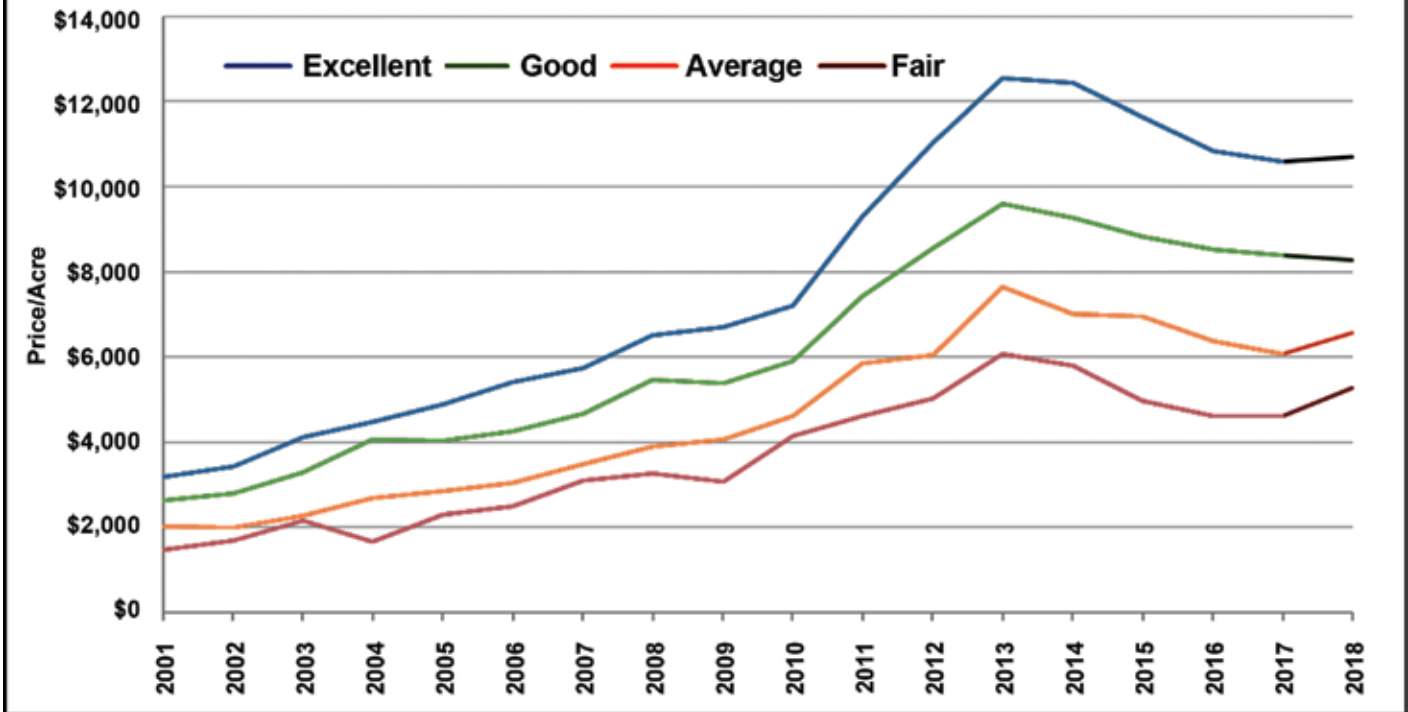
**2019 Land Values and Rental Rates** -- There is a lot of information in this Report covering all 10 Regions of Illinois. As a quick summary, our 2018 data show the excellent quality farmland in each region of the state has exhibited a stabilizing trend in land values and cash rents as summarized in the following graph and noted below:

Region	Excellent Quality 2018 Farmland Values	Cash Rent
	December 31, 2018	(from December 31, 2018 into 2019)
Northern Illinois (Regions 1&2)	\$10,200-10,750 per ac. (Down 1-2%)	\$270-320 per ac. (Slightly lower)
Central Illinois (Regions 3,4,5,6 & 7)	\$10,250-\$10,875 per ac. (Down 1-2%)	\$290-350 per ac. (Steady)
Southern Illinois (Regions 8,9,10)	Not enough sample sites for trend data	\$220-350 per ac. (Steady)

All regions indicated a stable market at year end for both high quality farmland and lease rental rates.

The data summarized on all regions by Dr. Sherrick found the following results: Excellent and Good soil productivity farmland prices were stable. Average and Fair land prices actually experienced price increases in the data set. This may have been as a result of a higher number of larger irrigated farmland tracts being sold in 2018 as compared to previous years, and a higher number of sales at the upper end of the soil quality range. Annual growth rates compounded over time continue to be above 4 percent in most land classes and time spectrums.

## All Regions - 2018: Illinois Land Values by Soil Productivity Class



### Average Sales Price of Completed Sales in Region by Year and Category\*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,184	2,628	2,025	1,473	1,576	8,968
2002	3,427	2,801	2,012	1,686	1,373	12,148
2003	4,133	3,287	2,286	2,170	1,610	13,953
2004	4,491	4,057	2,696	1,677	2,270	18,139
2005	4,890	4,035	2,843	2,315	2,445	18,453
2006	5,403	4,246	3,058	2,493	2,442	23,918
2007	5,735	4,681	3,474	3,111	3,100	28,849
2008	6,508	5,459	3,903	3,267	3,729	19,206
2009	6,704	5,401	4,061	3,063	2,993	15,209
2010	7,195	5,909	4,624	4,146	3,321	11,636
2011	9,309	7,433	5,865	4,614	3,251	11,667
2012	11,043	8,555	6,055	5,036	3,413	12,595
2013	12,538	9,606	7,648	6,079	3,662	16,955
2014	12,435	9,271	7,024	5,813	3,925	19,795
2015	11,653	8,837	6,951	4,962	3,558	13,680
2016	10,850	8,536	6,389	4,607	3,636	21,574
2017	10,606	8,389	6,086	4,604	3,420	17,677
2018	10,720	8,315	6,594	5,245	3,670	11,739

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2010	9.06	9.00	9.17	11.50	8.28	2.89
2010-2018	4.98	4.27	4.44	2.94	1.25	0.11
2001-2018	7.14	6.77	6.94	7.47	4.97	1.58
2005-2018	6.04	5.56	6.47	6.29	3.13	-3.48
2010-2018	5.0	4.3	4.4	2.9	1.3	0.1
2017-2018	1.1	-0.9	8.0	13.0	7.1	-40.9

\* (Note: Limited numbers of sales in some years and special features may affect values)

### Median Value of Reported Sales by Year and Class\*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,169	2,650	2,000	1,508	1,349	4,850
2002	3,302	2,700	1,950	1,650	1,300	6,400
2003	3,673	3,000	2,121	2,300	1,389	11,143
2004	4,325	3,818	2,400	1,670	1,760	14,226
2005	4,647	3,870	2,768	2,250	2,126	14,000
2006	5,000	3,793	2,825	2,046	2,113	14,480
2007	5,481	4,572	3,250	3,000	2,453	20,000
2008	6,500	5,252	3,779	3,000	3,000	13,110
2009	6,669	5,467	4,000	2,807	2,789	11,548
2010	7,200	5,700	4,575	4,025	3,072	10,100
2011	9,325	7,283	5,905	4,468	3,097	12,000
2012	11,000	8,600	6,000	4,500	3,058	12,325
2013	12,500	9,473	7,425	5,510	3,300	12,850
2014	12,300	9,150	6,912	5,605	4,000	15,157
2015	11,500	8,800	6,882	4,500	3,464	13,263
2016	10,900	8,500	6,311	4,812	3,424	13,265
2017	10,500	8,249	6,200	4,503	3,363	13,483
2018	10,722	8,200	6,396	5,000	3,500	11,093

Continuously Compounded Annual Growth Rate (CCAGR) - selected periods

2001-2010	9.12	8.51	9.19	10.91	9.14	8.15
2010-2018	4.98	4.55	4.19	2.71	1.63	1.17
2001-2018	7.17	6.64	6.84	7.05	5.61	4.87
2005-2018	6.43	5.78	6.44	6.14	3.84	-1.79
2010-2018	5.0	4.5	4.2	2.7	1.6	1.2
2017-2018	2.1	-0.6	3.1	10.5	4.0	-19.5

\* (Note: Limited numbers of sales in some years and special features may affect values)

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### Counts of Reported Sales by Year and Class

--- Category ---							
Year	Excellent	Good	Average	Fair	Rec.	Trans.	
2001	75	110	72	32	36	31	
2002	108	144	71	31	38	45	
2003	108	209	71	52	43	52	
2004	128	136	43	15	34	33	
2005	305	192	60	58	67	57	
2006	244	208	47	50	35	50	
2007	217	254	79	57	44	88	
2008	208	286	116	69	54	39	
2009	247	278	135	61	55	29	
2010	248	281	150	40	62	20	
2011	234	208	98	34	66	7	
2012	351	465	219	83	97	16	
2013	273	244	158	37	78	11	
2014	266	368	198	61	91	10	
2015	342	381	226	101	122	11	
2016	322	294	182	92	128	11	
2017	278	365	203	110	106	18	
2018	320	338	180	101	129	11	

### Percentage Change of Average by Period

--- Category ---							
Year	Excellent	Good	Average	Fair	Rec.	Trans.	
2001 - 2002	7.4	6.4	-0.7	13.5	-13.8	30.3	
2002 - 2003	18.7	16.0	12.8	25.2	15.9	13.9	
2003 - 2004	8.3	21.1	16.5	-25.8	34.4	26.2	
2004 - 2005	8.5	-0.5	5.3	32.2	7.4	1.7	
2005 - 2006	10.0	5.1	7.3	7.4	-0.1	25.9	
2006 - 2007	6.0	9.8	12.8	22.1	23.9	18.7	
2007 - 2008	12.6	15.4	11.7	4.9	18.5	-40.7	
2008 - 2009	3.0	-1.1	4.0	-6.4	-22.0	-23.3	
2009 - 2010	7.1	9.0	13.0	30.3	10.4	-26.8	
2010 - 2011	25.8	22.9	23.8	10.7	-2.1	0.3	
2011 - 2012	17.1	14.1	3.2	8.8	4.9	7.7	
2012 - 2013	12.7	11.6	23.4	18.8	7.0	29.7	
2013 - 2014	-0.8	-3.6	-8.5	-4.5	7.0	15.5	
2014 - 2015	-6.5	-4.8	-1.1	-15.8	-9.8	-36.9	
2015 - 2016	-7.1	-3.5	-8.4	-7.4	2.2	45.6	
2016 - 2017	-2.3	-1.7	-4.9	-0.1	-6.1	-19.9	
2017 - 2018	1.1	-0.9	8.0	13.0	7.1	-40.9	
Avg 2001-2018	7.14	6.77	6.94	7.47	4.97	1.58	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018							
	15.7	14.4	14.8	14.8	6.7	60.9	

In our year-end survey we see what appraisers and farmland real estate brokers believe they are seeing. Dr. Schnitkey, Ph.D. captured their observations and outlook. ISPFMRA and RLI Members monitor the pulse of the Illinois farmland market every day. The information in our report suggests there is significant variation between certain local areas within each region of the Illinois farmland market right now. The general sentiment of our membership’s survey showed characteristics of a market that is remaining steady to slightly lower. Characteristics of farms sold in 2018 were both larger in size and higher in quality, as compared to 2017.

This led to some data showing possible strength, but in reality, we just had a better product to sell with wide ranges. This was especially true in the Average and Fair farmland quality classes. More farms with irrigation pivots and larger, higher percentage tillable properties were characteristics of the 2018 data. Contacting a knowledgeable professional is very important when it comes to both farmland values and leases.

Here are some of the interesting facts that you can find out by reading Gary’s report at the end of this book:

- **Sellers of Farmland** – Estates accounted for 55 percent of the volume of Illinois farmland sold. This is statistically the same for several years and an indication of a healthy farmland market. Active farmer selling was estimated at 11 percent, which is 8 percent higher than the 3 percent estimated in 2012 when farmland values were nearing their peak. Maybe a few more farmer-leaseback sales lately than we experienced five plus years ago.
- **Buyers of Farmland** -- Farmers accounted for 59 percent of the purchase made in 2018. Most were reinvesting into their farm business – where they know the value as well as anyone! When farmers stepped aside, investors are looking for opportunities, especially in some of the more moderate land classes.
- **Methods of Sale** -- More farms were sold by private treaty in 2018 than any other method, a continued trend from past years. This signals more negotiating was occurring as buyers attempt to minimize downside price risk. Thirty-nine percent of the transactions were estimated to be at auction, up about 4 percent from last year. In an uncertain market auctions can bring decision makers together quickly! As a result, we continued to see some “no sales” occurring at auction. But areas of tightly held land, such as in western Sangamon, Morgan, Ogle and Woodford Counties, continued to sell prime farmland at near record levels.
- **Cash Rents** – Generally speaking, farm incomes were stable in 2018 as compared to 2017, with additional challenges anticipated in 2019. Frequently crop share leases turn over to at least a modified cash rent lease when land is bought and sold. Cash rents for 2018 remained at a \$325 average rate on excellent quality farmland. Most ISPFMRA members expect

2019 cash rents on excellent quality soil farms to be near that same level or slightly less. Landowners have been resistant to move much lower. In pockets of Illinois with narrow cash grain basis, open market rental of farmland continues to be strong.

• **Net Farm Income** –While 2018 provided continued challenges, great soybean production state-wide will keep farm incomes within range of previous years. Government MFP Program payments provided many producers with a nominal amount of additional cash flow in the last quarter of 2018 or first quarter of 2019. Spring crop insurance prices will be similar for corn as compared to 2018 but lower for soybeans. This offers less overall revenue protection for 2019. On the expense side, real estate taxes continue to rise, and crop input providers are being challenged by farmers this winter to become more competitive to help their bottom line.

• **Cash Return on Investment** -- Our traditional 3.5 - 4.0 percent cash return on farmland investments is diminished by the lower commodity prices and high input costs. Those cash returns are now in the 2.0 - 3.0 percent range. Several investors still find this acceptable when looking at alternatives and the opportunity for portfolio diversification.

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## General Concerns:

**Interest Rates** – Rising interest rates started in 2016 and continued to increase in 2018. While we anticipate fewer adjustments in 2019 and we continue to be at historically low levels for borrowers, this was a concern for 74 percent of those surveyed.

**Growing grain inventories** -- 66 percent of our respondents are concerned about potential price decreases if another record U.S. crop is grown in 2019.

**Government Policy** – Trade and tariff policies with China continue to weigh on prices. Market Loss Facilitation payments have helped “fill the gap” with a particularly large soybean crop to help stabilize returns.

• **Dollar Exchange Rate** – Other worldwide currencies were devalued in the latter part of 2015 and early 2016 which made investment in anything U.S. less attractive. The dollar is currently strong as compared to other currencies which is not particularly helpful in a worldwide market.

• **Auction Sales** – Auction sales continue to show both pockets of strength and relative softness. Class A Farms selling in McLean County for as high as \$13,100-13,800, in Fulton and Hancock Counties for \$12,000-\$15,000 or Sangamon County fairly consistently in the \$12,000’s per acre, late in 2018 all show strength still exists in areas. It takes a tight supply, which we generally are experiencing, and at least two motivated buyers to make a good auction. In some cases that is all that are present as the number of active bidders at each auction seems to be diminishing.

• **Tract Sizes** -- Tract sizes were generally larger in 2018 than 2017 in our data set.

• **Soil Productivity** – We noticed that the average soil productivity on tracts sold in 2018 were higher than 2017. This may be part of the reason we saw some higher average prices in certain land classes in an otherwise similar-to-softer market.

• **Transitional/Development Land** – Very few tracts of land continue to be sold for development. While new construction activity is slowly picking up in the collar counties, many are in existing subdivision developments that were started 10+ years ago. As a result, very little 1031 tax deferred exchange money exists in the current market. When those buyers were present, they definitely helped absorb supply.

• **Institutional Money** – Larger tracts of land continue to draw interest from institutional investors, pension funds, international buyers and others. This source of demand for farmland in Illinois has likely kept values more stable than restrictive ownership states west of the Mississippi River. Illinois is friendly to this type of buyer, and will be needed in 2019.

• **Farmland Availability** – Farmland supply to the market remained fairly tight throughout 2018. Fifty Seven percent believed there was either the same volume or less farmland available to purchase than in 2017, while 37 percent thought there was at least some increase in supply. At this time, most of our membership expects 2019 to see a slightly larger supply come to the market.

**In Summary:** 2018 provided us with excellent production and supplemented prices. We anticipate less support as we go into 2019. Record grain harvests of our main crops the past three years, combined with trade policy challenges, led to continued pressure on soybean prices. Farm incomes and farmland values are adjusting. Interest rates and farm debt-to-asset ratios remain historically low as farmers manage their balance sheets. Crop input costs continue to moderate. Competition for land remains relatively strong in most areas. Yet, productive farmland continues to be a hard asset safe-haven for both farmers and investors.

Our ISPFMRA and RLI members are the experts in this industry. More than ever, this is a time to rely on their wisdom, knowledge and guidance to help you meet your goals in a variable market, whether buying, selling, managing or appraising farmland in Illinois.

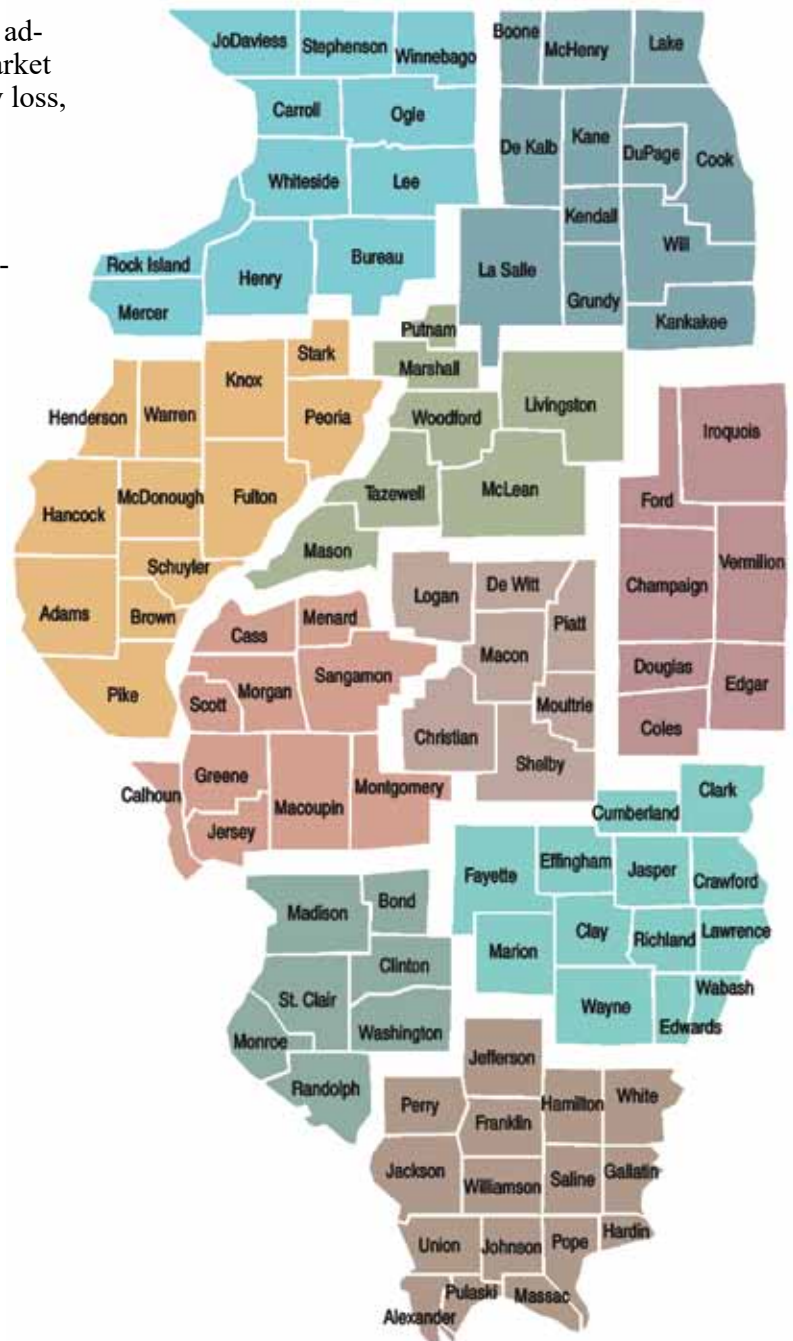




# Farm Property Classifications & Definitions

To standardize our data collection, the following definitions were used in developing the various categories. Productivity indexes based on Bulletin 811 are used in developing these profiles.

- **Excellent Productivity Tract** – productive durable soils with a significant amount of those soils with productivity indexes of 133 and above; well maintained; located in desirable community with excellent access to transportation and markets.
- **Good Productivity Tract** – productive soils with a significant amount of those soils holding productivity indexes of 117 to 132; located in desirable community with good transportation and market access.
- **Average Productivity Tract** – average-to-good soils with a significant amount of those soils with productivity indexes of 100 to 116; located in a community with adequate services available; fair transportation and market access; soils may show evidence of erosion, fertility loss, improper drainage or noxious weed infestations.
- **Fair Productivity Tract** – below average-to-fair soils with a significant amount of those soils with productivity indexes below 100; located in fair community with fair-to-poor transportation and market access; topography may be adverse with serious hazards (flooding, erosion, etc.).
- **Recreational Tracts** – tracts are normally high in non-tillable acres with soils that may be subject to erosion and/or flooding. Tracts are typically purchased by nonresident owners for hunting, fishing and other recreational pursuits.
- **Transitional Tracts** – tracts that are well located and have good potential for development uses within a few years. Tracts may be used for commercial or residential uses.



## Productivity Indexes (P/I) Ranges

<b>Excellent</b>	<b>133 - 147 (Highest)</b>
<b>Good</b>	<b>117 - 132</b>
<b>Average</b>	<b>100 - 116</b>
<b>Fair</b>	<b>Less than 100</b>

(See Inside Back Cover for P/I map)

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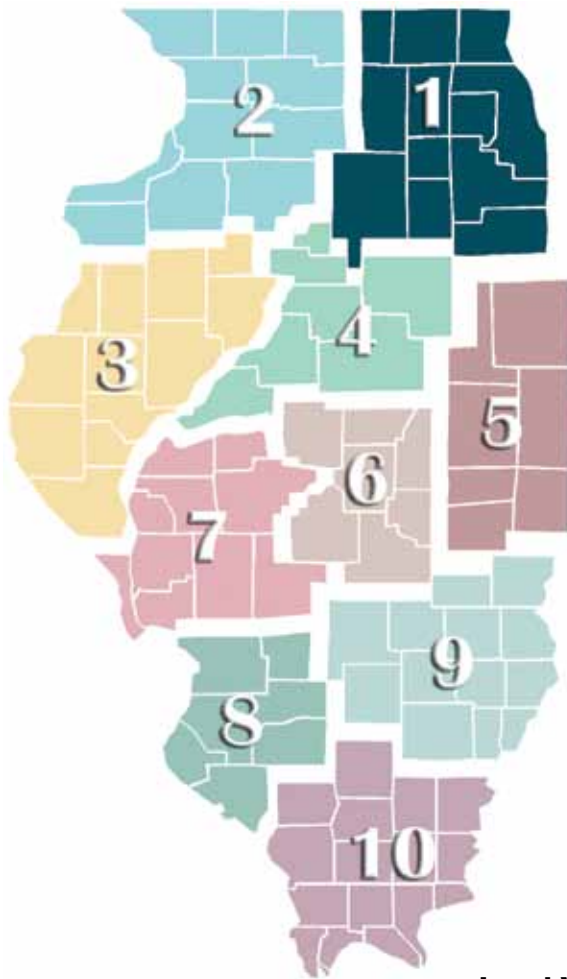
# Region 1 - Northeast

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## Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$10,200	Down 3%	Down-10%	\$300	-10%	\$250-\$300
Good Productivity	\$8,000	Down 1%	Down-10%	\$250	-10%	\$225-\$275
Average Productivity	\$6,200	Down 10%	Down-10%	\$200	-10%	\$150-\$200
Recreational Land	\$5,000	NC	NC	NA	NA	NA
Transitional Tracts	\$15,000-\$20,000	NC	NC	NA	NA	NA

Region 1 includes Will, Kankakee, Kendall, Kane, DeKalb, Grundy, LaSalle and Boone counties. Land values were down 1 to 10 percent for the region while cash rents seemed steady to down slightly. The largest change in Region 1 land values occurred in the average productivity classification where the median price dropped by just over 3 percent. Average productivity land values seem to be reflecting the reduced earning potential of those soils with lower productivity potential. The western side of the region contains the soils with having productivity ratings, with deeper topsoil, and well-drained subsoil. Moving east toward the Indiana line, the soils begin to contain more clay or sand reducing their productivity. Crop yields in the Region 1 were above average, and the best crop marketing opportunities occurred early in the year prior to trade-war and tariff events.

Industrial land development increased during the year, primarily in Will and Grundy counties. The growing number of cargo containers handled at the Joliet intermodal cargo facility increased the need for nearby warehouse storage.

Investors purchased large tracts of excellent quality soils in DeKalb, Kendall and Kane Counties. Except for large tracts, farmers are still the predominant buyers.

It has now been 10 years from the 2008 crash of residential land market, and except for infilling of those decade-old residential projects, there has been no new subdivisions. Many municipalities have allowed increased density or lowered building standards making those old housing projects now more affordable.

## Excellent Productivity Tracts

Excellent quality land values were down just marginally but the volume of sales was down roughly 25 percent compared to typical years. Excellent quality soils are primarily found in LaSalle, DeKalb, Grundy and Kendall counties in Region 1. Corn and soybean yields in the region were above average, and producers had the best opportunity to sell soybeans early in the year. Investors represented the largest percentage of sellers of land in DeKalb County while farmers were the largest fraction of buyers across the entire region. The average sales price was \$75 per productivity index for LaSalle, Kendall Kane, and DeKalb Counties. Sales of excellent soil classification land were on average 94 percent tillable. Investors bought the large tracts and often paid a premium while farmers bought the smaller tracts.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Boone	Dec	68.71	99.0	137.0	8,200
DeKalb	Sep	196.56	96.2	139.0	9,604
DeKalb	Aug	80.71	94.8	137.0	9,250
DeKalb	Aug	124.80	97.0	139.0	10,450
DeKalb	Aug	70.97	95.0	140.0	10,646
Kane	Jul	242.21	99.1	138.0	10,699
DeKalb	Jun	75.00	97.3	137.0	10,250
DeKalb	Apr	80.00	97.5	144.0	10,700
DeKalb	Feb	760.00	99.6	140.0	11,184
Kane	Aug	109.72	99.3	137.0	9,651
Kane	Jan	162.00	92.2	138.0	1,546
LaSalle	Oct	42.36	97.0	145.0	9,700
LaSalle	Jul	212.81	98.4	138.0	10,010

LaSalle	Jun	60.00	95.0	144.0	10,000
LaSalle	Feb	149.16	97.8	141.0	10,000
Kendall	Mar	41.98	96.3	137.0	9,993
Kendall	Jan	444.80	72.8	140.0	9,577
Kankakee	Sep	40.49	89.2	133.0	9,300
Average (acre weighted)			93.9	139.3	\$10,327

## Good Productivity Tracts

Good quality farmland in this region, like excellent quality, held steady for another year. Median values of good quality land declined just over a percent in 2018. Good quality land again represented the largest volume of sales in Region 1. Good quality land sales average 91 percent tillable. The sales price per productivity index for DeKalb and Kane counties was around \$70, while LaSalle, Kendall, Will and Boone counties were roughly \$65 per productivity index point. Farmers were, again, the majority of buyers in this category.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeKalb	Sep	65.00	95.1	121.0	8,625
DeKalb	Apr	44.18	42.0	122.0	8,857
Kane	Jun	135.00	91.9	132.0	9,944
Kane	Mar	55.00	89.1	119.0	8,163
Boone	Mar	42.32	94.6	120.0	7,875
McHenry	Feb	126.00	97.5	128.0	8,716
Boone	Sep	60.00	90.0	117.0	7,408
Boone	Feb	162.52	78.1	125.0	9,801
LaSalle	Nov	157.72	94.1	120.0	6,300
LaSalle	Jul	36.04	98.0	132.0	8,740
LaSalle	Mar	80.00	94.7	126.0	7,350
LaSalle	Dec	35.00	90.2	130.0	7,550
Grundy	Nov	40.06	98.8	124.0	8,487
Grundy	May	54.43	81.9	123.0	8,213
Kendall	Aug	87.71	95.4	121.0	8,103
Kendall	Jun	80.00	84.3	117.0	7,500
Kankakee	Dec	155.33	98.1	123.0	8,000
Kankakee	Dec	75.72	99.0	119.0	7,500
Kankakee	Dec	62.34	97.2	130.0	10,000
Kankakee	Nov	80.51	97.5	125.0	8,200
Kankakee	Nov	78.37	96.8	121.0	6,500
Kankakee	Oct	82.27	96.5	131.0	8,752
Kankakee	Sep	34.56	74.5	131.0	9,050
Kankakee	Apr	120.62	88.9	123.0	7,200
Kankakee	Mar	157.16	97.7	126.0	7,600
Kankakee	Feb	752.54	83.7	125.0	6,046
Kankakee	Feb	100.06	96.0	120.0	7,495
Will	Oct	80.51	96.0	124.0	8,125
Will	Oct	26.73	86.4	125.0	7,961
Will	Oct	61.77	99.1	120.0	7,400
Will	Jul	70.45	95.7	119.0	5,862
Will	May	80.82	97.8	128.0	8,500
Will	Apr	120.94	95.0	131.0	7,938
Will	Apr	51.57	97.1	123.0	7,925
Average (acre weighted)			90.7	124.4	\$7,605

## Average Productivity Tracts

Median sales prices for average quality soils declined by around 3 percent. The volume of sales of average quality

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land was also down 25 percent compared to recent years' sales volumes. These soil types typically have a higher percentage of clay or sand in the soil profile. This category is on average 90 percent tillable. The cost of producing an acre of corn or soybeans is nearly the same whether it's on excellent or average soil types; however the yield may be 50 percent more on the excellent soils. Kankakee County had the largest volume of sales in this category.

Most of these sales were small tracts and typically had a higher percentage of non-tillable land. The average sales price per productivity index ranged from \$55 in Kankakee and LaSalle counties to \$65 per productivity point in McHenry, Boone and Grundy counties. Producers buy crop insurance on 90 percent of their acres and especially these riskier soil classifications as they are more drought prone.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Boone	Sep	98.25	95.7	109.0	6,768
McHenry	Jun	59.33	72.5	114.0	8,336
McHenry	Mar	37.18	88.8	112.0	8,182
Boone	Feb	38.50	95.3	115.0	6,541
LaSalle	Jun	89.99	93.4	113.0	6,278
LaSalle	Feb	35.00	97.2	108.0	4,857
LaSalle	Feb	24.56	59.0	106.0	4,682
Grundy	Oct	40.00	92.1	116.0	7,000
Grundy	Jun	80.00	83.0	112.0	7,875
Grundy	Mar	40.00	96.7	111.0	7,000
Kankakee	Nov	40.00	89.3	112.0	5,250
Kankakee	Jul	105.48	98.6	111.0	5,353
Kankakee	Mar	36.33	90.6	109.0	5,800
Will	Jun	74.32	82.5	111.0	6,300
Will	Mar	119.70	96.1	114.0	5,430
Average (acre weighted)			90.4	111.8	\$6,378

### Fair Productivity Tracts

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Kankakee	Jun	73.64	97.1	99.0	7,300
Average (acre weighted)			97.1	99.0	\$7,300

### Transitional Tracts

Transitional tracts values seem to be steady to higher, but there are not enough sales to make a solid determination on trends. Values can range from \$15,000 per acre for farmland on the edge of town to \$3 per square foot for an industrial warehouse site. Most of the activity over the last decade has been centered near Elwood's huge intermodal facility. There has been little activity of bare land being converted to residential. Most of the residential building has been on previously engineered or existing developed lots.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeKalb	Sep	24.28	95.0	140.0	19,975
Kane	Feb	82.07	86.5	136.0	16,778
Kankakee	Jan	60.99	0.0		24,877
Will	Jul	79.63	0.0		23,860
Will	Mar	122.88	0.0		13,500
Will	Feb	31.10	0.0		21,194
Average (acre weighted)			23.5	36.3	\$18,948

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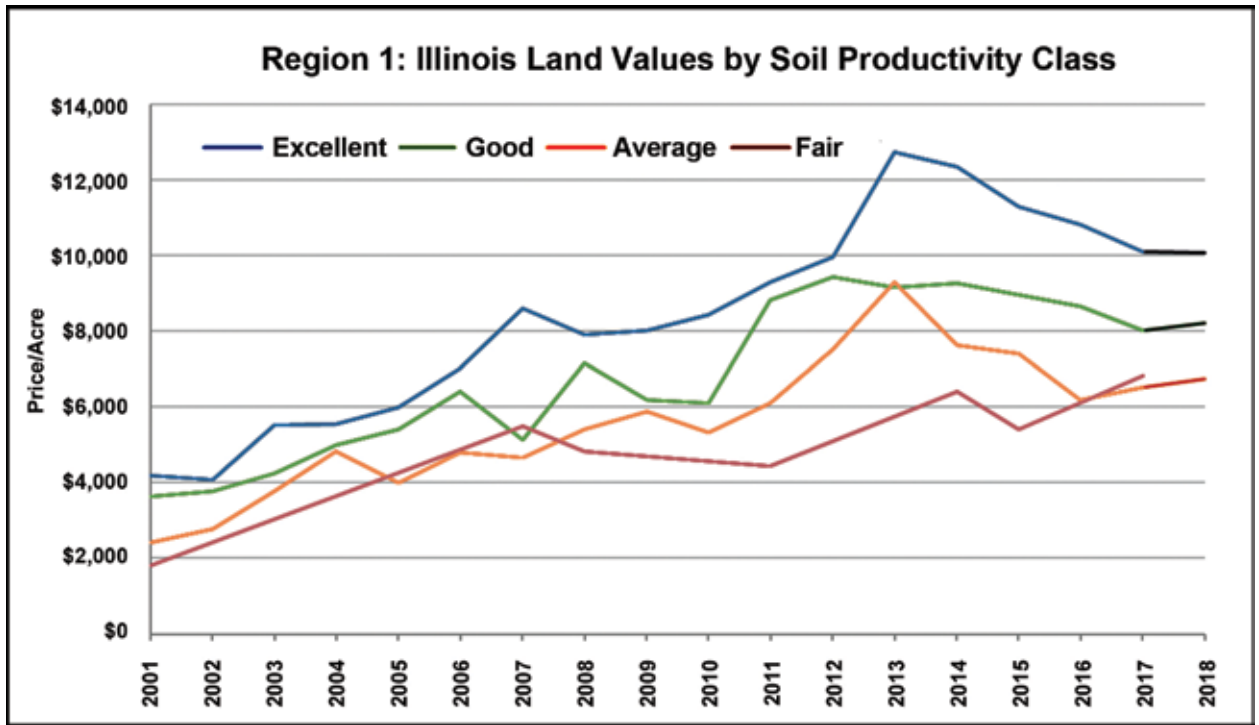
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**Average Sales Price of Completed Sales in Region 1 by Year and Category\***

Year	--- Category ---			
	Excellent	Good	Average	Transitional
2001	4,182	3,637	2,424	6,421
2002	4,078	3,788	2,780	24,434
2003	5,513	4,241	3,782	17,313
2004	5,564	4,988	4,843	26,975
2005	5,983	5,425	3,986	24,541
2006	7,033	6,407	4,791	40,769
2007	8,597	5,125	4,651	32,502
2008	7,923	7,175	5,419	30,988
2009	8,026	6,200	5,889	24,268
2010	8,446	6,114	5,333	13,054
2011	9,289	8,819	6,113	14,469
2012	9,963	9,440	7,532	13,467
2013	12,743	9,154	9,308	25,452
2014	12,348	9,266	7,623	22,781
2015	11,309	8,968	7,403	17,914
2016	10,817	8,669	6,194	
2017	10,103	8,015	6,526	20,330
2018	10,086	8,227	6,752	18,377

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	7.81%	5.77%	8.76%	7.88%
2010-2018	2.22%	3.71%	2.95%	4.28%
2001-2018	5.18%	4.80%	6.02%	6.19%
2005-2018	4.02%	3.20%	4.05%	-2.23%
2010-2018	2.2%	3.7%	2.9%	4.3%
2017-2018	-0.2%	2.6%	3.4%	-10.1%

\* (Note: Limited numbers of sales in some years and special features may affect values)

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## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	250	300	325	1 Year	300	95	5		
Good Productivity	200	250	275	1 Year	250	95	5		
Average Productivity	150	180	200	1 Year	180	100			
Fair Productivity	100	150	170	1 Year	125	100			

## Lease Trends

Crop yields in 2018 were again well above trend line for the region. Farmers had the ability to sell soybeans early in year before prices fell in June on trade talks with the Chinese. The government provided Market Facilitation Program payments of \$1.65 per bushel for soybeans and \$.01 per bushel for corn. The wet fall delayed harvest, fall tillage and fertilizer application, and thus it will be a busy spring in 2019. If the weather does not cooperate this spring, look for commodity prices to rally. After years of decline, fertil-

izer costs are headed higher, led by nitrogen costs. Producers continue to buy crop insurance on a large percentage of farms as their lenders require the risk coverage. Despite all the changes and pressures on profitability, cash rents seem steady for 2019. There has been trend toward the use of flexible cash rent leases; however, discussions are often complicated by who benefits from crop insurance or possible government payments.



**Median Values of reported Sales by Year and Class**

--- Land Class---

Year	Excellent	Good	Average	Transitional
2001	-	3,488	2,210	6,421
2002	4,000	3,500	2,811	22,514
2003	5,261	3,825	3,371	12,487
2004	5,397	4,500	3,700	22,500
2005	6,000	5,325	3,850	19,104
2006	6,883	6,001	4,331	28,194
2007	8,200	5,125	4,663	23,000
2008	7,428	6,700	5,441	20,625
2009	7,350	6,000	5,760	18,001
2010	8,600	5,750	5,000	14,334
2011	9,714	8,650	6,190	14,500
2012	10,429	9,475	7,643	11,250
2013	12,995	9,050	9,250	23,850
2014	12,765	9,003	8,150	18,500
2015	11,550	9,082	7,076	17,500
2016	10,700	9,200	5,800	
2017	10,000	8,100	6,504	22,424
2018	10,000	7,981	6,300	20,585

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		5.56%	9.07%	8.92%
2010-2018	1.89%	4.10%	2.89%	4.52%
2001-2018		4.87%	6.16%	6.85%
2005-2018	3.93%	3.11%	3.79%	0.57%
2010-2018	1.9%	4.1%	2.9%	4.5%
2017-2018	0.0%	-1.5%	-3.2%	-8.6%

\* (Note: Limited numbers of sales in some years and special features may affect values)

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## Percentage Change of Average by Period


Year	-- Land Class --			
	Excellent	Good	Average	Transitional
2001 - 2002	-2.5%	4.1%	13.7%	133.6%
2002 - 2003	30.2%	11.3%	30.8%	-34.5%
2003 - 2004	0.9%	16.2%	24.7%	44.3%
2004 - 2005	7.3%	8.4%	-19.5%	-9.5%
2005 - 2006	16.2%	16.6%	18.4%	50.8%
2006 - 2007	20.1%	-22.3%	-3.0%	-22.7%
2007 - 2008	-8.2%	33.6%	15.3%	-4.8%
2008 - 2009	1.3%	-14.6%	8.3%	-24.4%
2009 - 2010	5.1%	-1.4%	-9.9%	-62.0%
2010 - 2011	9.5%	36.6%	13.6%	10.3%
2011 - 2012	7.0%	6.8%	20.9%	-7.2%
2012 - 2013	24.6%	-3.1%	21.2%	63.7%
2013 - 2014	-3.1%	1.2%	-20.0%	-11.1%
2014 - 2015	-8.8%	-3.3%	-2.9%	-24.0%
2015 - 2016	-4.4%	-3.4%	-17.8%	
2016 - 2017	-6.8%	-7.8%	5.2%	
2017 - 2018	-0.2%	2.6%	3.4%	-10.1%
Avg 2001-2018	5.18%	4.80%	6.02%	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	23.4%	13.8%	32.1%	32.6%
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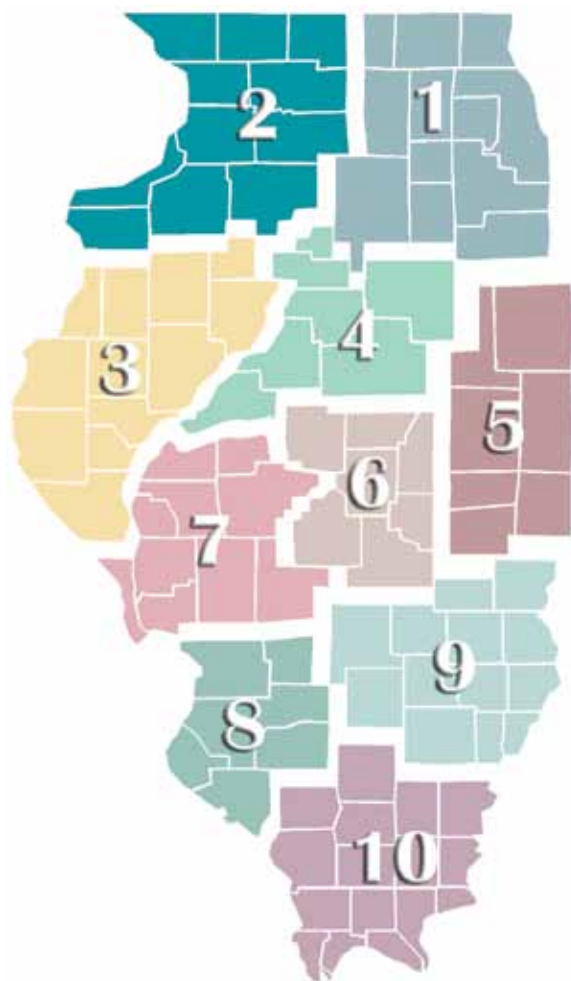
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## Region 2 - Northwest



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### Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$10,000-\$11,500	0-5% Decline	Stable	\$270-\$320	Stable	\$270-\$320
Good Productivity	\$7,000-\$9,000	0-5% Decline	Stable	\$245-\$280	Stable	\$245-\$280
Average Productivity	\$5,000-\$7,000	5-10% Decline	Stable	\$200-\$250	Stable	\$200-\$250
Fair Productivity	\$4,500-\$6,000	Stable	Stable	\$180-\$220	Stable	\$180-\$220
Recreational Land	\$4,000-\$5,500	Stable	Stable			

Region 2 consists of the northwest 11 counties of Illinois. The Mississippi River sets the western boundary, with the Illinois-Wisconsin boarder setting the northern boundary. It extends to the eastern edge of Bureau, Lee, Ogle and Winnebago Counties and the southern edge of Bureau, Henry and Mercer Counties. Region 2 is diversified with rolling hills and deep prairie soils to sandy river bottom ground scattered throughout the region. This diversification results in a wide range of crops, rents and land values.

The farmland market in Region 2 was stable across all land classes. The median price per acre of all land classes was \$8,532 in 2018 compared to \$8,501 per acre in 2017. The individual land classes tell a slightly different story

with excellent, good, and average classes showing slight declines ranging from -1.70 to -7.9 percent. Fair farms are reported to have a 7.4 percent median increase, but as noted in years past, caution should be used when considering fair farms, because of the limited number of sales within the region.

With continued pressure to the downside on commodities from strong supply and export concerns, the desire for higher quality farmland is present but earnings are not. The decline in farmland values mentioned above indicates that the highest quality farms have had the smallest declines. Whereas, the lowest quality farms are showing the largest decreases. Even though there are still pockets of relatively strong sales, those pockets continue to recede, and the top

end of sales appear to be falling more in line with median sale prices.

Overall, the farmland market in Region 2 was relatively quiet. There are still a lot of moving parts in the market and depending on which way they swing could have an impact on farmland values going forward. It appears that most market participants are taking a wait-and-see approach and being cautious when making farmland purchases. We believe that the farmland market will continue on the same trend with stable to slightly declining values in 2019.

## Excellent Productivity Tracts

Excellent productivity farms are made up of deep prairie soils with productivity indexes ranging from 133 to 147. These farms have minimal waste acres, are easily farmed and are highly desirable by farmer buyers. We selected 37 sales in the excellent productivity category representing typical transactions for farmland sales in the 11 county region. The sales prices indicate a wide range from \$8,889 to \$13,000 with a median sale price of \$10,750. Based on the selected sales, the median sale price for 2018 compared to 2017 is just slightly down, approximately 1.70 percent.

Despite continued decreasing commodity prices, demand from farmer buyers remains strong for excellent farms in

Region 2 with four sales in excess of \$12,000 per acre. The average sales price for excellent quality farms is \$10,751 per acre, down from \$11,101 in 2017, or approximately 3 percent.

Conversely, excellent quality farm sales in Region 2 indicated a median value of \$79.67 per productivity point, which is up 6.77 percent from 2017. In this area, it appears that the very high extents of the market are not being realized as in years' past. However, the market is showing a more reliable response to excellent farms in this area. A vast majority of the sales are in a range from \$10,000 to \$12,000 per acre. Marketing times for excellent farms continues to be minimal, especially in the northern portion of Region 2. Some of the lower sales prices tended to be in the southern part of the region, whereas Carroll, Ogle and Stephenson represent the higher sales. Overall, sale prices have been stable to showing a slight decrease since 2017 with a consistent number of transactions occurring.

Sale County	Total Date	% Acres	P/I on Tillable	\$ Total Tillable Ac	Price/Ac
Bureau	Jan	60.27	97.7	137.0	10,400
Bureau	Mar	120.00	97.9	138.0	10,000
Bureau	Apr	116.09	99.1	138.0	10,000
Bureau	May	117.01	96.9	139.0	9,500
Bureau	May	88.99	98.9	144.0	11,000
Bureau	Jun	189.61	94.0	137.0	10,500
Bureau	Jun	38.50	95.9	139.0	10,000
Bureau	Aug	106.67	96.3	135.0	10,812
Bureau	Aug	77.14	94.9	140.0	10,100
Bureau	Nov	143.99	99.9	140.0	10,900
Lee	Aug	120.00	93.7	142.0	10,500
Lee	Aug	50.00	97.1	144.0	11,000
Lee	Sep	103.00	97.5	145.0	11,000
Lee	Nov	143.99	99.9	140.0	10,900
Lee	Dec	117.47	96.4	139.0	11,000
Stephenson	Nov	133.91	93.1	130.0	10,455
Stephenson	Sep	120.19	97.9	133.0	10,350
Ogle	Apr	360.00	95.4	139.0	9,306
Ogle	Mar	88.40	91.2	135.0	10,750
Ogle	Mar	40.19	94.5	137.0	11,446
Stephenson	Feb	315.00	86.4	136.0	8,889
Carroll	Feb	115.29	96.9	138.0	12,864
Winnebago	Jan	65.85	94.1	137.0	10,551
Whiteside	Oct	90.85	91.5	134.0	9,465
Whiteside	Dec	61.30	95.8	135.0	11,853
Whiteside	Jun	60.01	95.7	138.0	12,872
Whiteside	Oct	37.90	92.3	140.0	10,496
Whiteside	Sep	66.89	96.3	141.0	11,000
Rock Island	Feb	60.00	98.7	139.0	12,000
Mercer	Nov	50.00	95.5	146.0	10,700
Mercer	Oct	275.68	95.9	143.0	11,382
Mercer	Nov	80.71	95.8	139.0	13,000
Mercer	Feb	82.58	91.6	135.0	9,400
Henry	Apr	87.47	99.6	144.0	11,300
Henry	Mar	60.00	94.4	144.0	11,000
Henry	Mar	39.66	97.5	143.0	10,800
Henry	Nov	75.62	98.0	140.0	10,300
Average (acre weighted)			95.4%	138.7	\$10,532

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## Good Productivity Tracts

Good productivity farms tend to have productive soils with slightly more undulating to rolling land and a productivity index ranging from 117 to 132. These farms can vary in the amount of waste acres, but typically still maintain a high percentage of tillable land. Good productivity farms make up a majority of the farmland in this region. We selected 40 sales, representing typical transactions for farmland sales in our 11 county region. The sales price ranged from \$5,500 per acre to \$10,801 per acre with a median sale price of \$8,000 per acre, based on the sales selected.

The median sale price for 2018 compared to 2017 is down about 4.16 percent. A vast majority of the sales were purchased by local farmers. Investors also seem to favor these good productivity tracts as they typically have strong rental potential. Good quality farm sales in this area indicated a median value of \$70.45 per productivity point, which is down about 3.73 percent from the 2017 level of \$73.18 per productivity point. We also observed that sales of good farms that maintained high levels of percent tillable tended to sell significantly better than the farms that had more non-productive acres.

High-percent tillable farms also tend to exhibit fields that are easier and faster to operate, especially with today's larger equipment. Farms that lay out nicely and are easy to farm, show a significant premium as compared to irregu-



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larly shaped or smaller fields. On these types of farms we are seeing good interest from buyers; however, potential purchasers are being much more cautious and deliberate on which farms they contend for and at what price. Buyers seem much more interested in finding a "good deal" than just purely expanding. Good farms have shown value resilience despite downward pressure from continued lower commodity prices. Sales prices vary drastically from area to area with the high sale being nearly double the price per acre of the lowest priced good quality farm.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Bureau	Jan	122.58	96.7	124.0	8,000
Bureau	Feb	55.69	92.2	122.0	6,500
Bureau	Mar	124.85	97.5	124.0	8,535
Bureau	Mar	61.28	96.2	126.0	7,500
Bureau	Apr	76.38	100.0	131.0	9,950
Bureau	May	36.76	76.2	127.0	6,783
Bureau	May	206.14	91.4	118.0	7,600
Bureau	Aug	100.23	77.0	125.0	5,986
Bureau	Oct	51.55	97.4	118.0	5,500
Lee	Apr	77.81	97.5	126.0	9,400
Lee	Apr	70.26	97.3	124.0	7,500
Lee	Jun	152.48	96.7	126.0	9,900
Lee	Jul	97.93	96.6	124.0	8,413
Stephenson	Nov	107.96	88.3	121.0	8,603
Winnebago	Jul	37.00	82.1	130.0	7,432
Jo Daviess	Jun	220.39	86.5	121.0	7,100
Stephenson	May	200.00	87.4	122.0	8,000
Stephenson	Apr	90.23	62.7	126.0	6,495
Ogle	Mar	98.98	91.0	131.0	6,600
Winnebago	Mar	40.00	83.9	120.0	7,000
Ogle	Mar	198.42	94.6	118.0	9,874
Stephenson	Feb	90.00	89.2	130.0	8,000
Ogle	Jan	70.00	83.0	130.0	6,857
Stephenson	Nov	139.11	96.3	125.0	9,600
Ogle	Nov	80.00	96.6	128.0	9,750
Whiteside	Feb	116.29	90.2	117.0	6,158
Whiteside	Mar	173.38	76.4	119.0	6,344
Whiteside	Mar	38.53	98.7	127.0	10,801
Whiteside	Mar	57.73	98.4	127.0	8,658
Whiteside	Nov	156.23	86.2	131.0	7,760
Whiteside	Nov	180.01	92	132.0	9,500
Mercer	Oct	98.00	91.5	131.0	9,500
Mercer	Oct	75.95	98.8	127.0	9,600
Mercer	Jan	100.00	92.7	126.0	8,290
Mercer	Feb	56.55	86.9	120.0	7,000
Henry	Mar	80.00	86.0	130.0	8,700
Henry	Nov	82.00	93.5	125.0	9,150
Henry	Jan	146.44	90.0	124.0	6,750
Henry	Jan	46.00	90.0	121.0	8,850
Henry	Jan	110.79	90.7	121.0	7,600
Average (acre weighted)			90.3%	124.4	\$8,076

## Average Productivity Tracts

Average productivity farms tend to fall into two categories: rolling timber soils or sandier soils with a productivity index ranging from 100 to 116. These soils can show evidence of erosion, fertility loss, improper drainage or

excessive waste acres. These sales typically have a significant amount of wooded or pasture acres which are not as desired by farmer buyers. Investors do not have a high interest in these farms due to the lower cash rent potential. We selected 25 sales representing farmland sales of average quality in our 11 county region. The number of sales that have occurred is equal to 2017.

Most of the average productivity sales are located in the southern portion of Region 2. The sale prices overall range was very wide from \$4,240 per acre to \$11,519 per acre with a median sale price of \$6,466 per acre, which decreased 8.26 percent from 2017. The percent tillable and ease of farming can swing these farms in a wide price range. The few sales in the northern portion of the region are toward the upper end of the range. These farms have a weighted average productivity index of 109 and a weighted average percent tillable of 77 percent.

It is interesting that the weighted average of \$70.47 per productivity index of average farms is nearly identical to the weighted average price of good farms at \$70.45. Along with the lower productivity indexes, typically average tracts are not as easily farmed compared to higher productivity tracts.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Bureau	Jan	130.00	41.4	104.0	5,185
Bureau	Mar	56.61	63.3	105.0	4,240
Lee	Sep	160.00	83.0	100.0	4,500
Winnebago	Nov	60.38	84.1	113.0	5,375
Stephenson	Nov	112.77	82.6	111.0	5,110
Carroll	Sep	252.77	76.6	103.0	6,041
Winnebago	May	40.09	92.1	110.0	5,987
Ogle	Mar	47.09	91.3	103.0	6,951
Stephenson	Mar	149.40	74.4	113.0	5,901
Winnebago	Mar	60.82	87.0	114.0	6,568
Ogle	Jan	185.94	81.7	106.0	6,755
Ogle	Jan	54.13	78.1	116.0	6,466
Stephenson	Jan	46.61	87.6	106.0	6,702
Carroll	Oct	80.00	73.1	112.0	6,500
Rock Island	Jul	73.29	96.5	115.0	8,528
Rock Island	Sep	117.50	91.9	108.0	7,700
Rock Island	Jan	80.00	77.6	103.0	6,000
Mercer	Dec	237.41	59.3	116.0	5,100
Mercer	May	208.40	59.8	114.0	5,000
Henry	Jan	79.68	75.4	116.0	6,491
Whiteside	Feb	28.25	95.1	103.0	7,080
Whiteside	Aug	193.60	92.3	107.0	11,519
Whiteside	Nov	120.40	78.4	108.0	8,300
Whiteside	Nov	145.78	84.6	111.0	6,345
Whiteside	Mar	186.06	88.2	114.0	7,997
Average (acre weighted)			77.4%	109.3	\$6,526

## Fair Productivity Tracts

Fair productivity tract sales mostly occurred in Jo Daviess, Stephenson and Winnebago Counties in 2018 with no sales data in the other eight counties of the region. Typically, fair productivity soils to the north are rolling to sloping timber

soils with soils to the south being sandier soils, river bottoms and rolling hills. These soils have productivity index ratings of under 100. These tracts typically have large amounts of waste acres along with non-tillable acres such as woods or pasture.

Fair quality land provides a means for smaller operators and beginning farmers to enter the market and/or expand their operation with land prices vastly lower than excellent tracts. The sales prices indicated a range from \$4,250 to \$6,350 with a 2018 median sale price of \$5,496, up 7.15 percent from 2017.

The weighted average productivity index of the six sales indicates a 95 productivity index, 79 percent tillable and \$71.13 per productivity point. The average sales price of fair productivity tracts indicates \$5,403 per acre, a 2.42 percent increase from 2017. However, due to the limited data, definite changes in the market are harder to verify.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Jo Daviess	Oct	169.73	67.5	88.0	5,500
Jo Daviess	Sep	79.32	79.1	97.0	5,000
Winnebago	Apr	179.12	89.0	97.0	6,350
Jo Daviess	Feb	44.79	79.6	94.0	5,492
Stephenson	Dec	122.00	82.8	98.0	5,825
Henry	Aug	78.00	76.5	96.0	4,250
Average (acre weighted)			79.2%	94.6	\$5,581

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## Recreational Tracts

Recreational tracts seem to be showing a modest decrease in value from 2017, specifically in the southern portion of Region 2. The number of selected recreational sales was down, slightly. Recreational tracts in Region 2 had struggled since the economic downturn in 2008 and were one of the hardest hit land segments, aside from transitional land with few sales occurring after the economic collapse. This market relies heavily upon buyers from the northeastern portion of the state. Recreational values vary widely depending upon location and attributes.

Sales in Region 2 indicate an average sale price of \$4,311 per acre and a median sales price of \$4,438 per acre. The northwestern portion of Region 2 seems to have some of the higher selling sales, which is most likely a reflection of the name recognition of Jo Daviess County by Chicago-land buyers, and its close proximity to the shopping and entertainment located in Galena, East Dubuque, Illinois and Dubuque, Iowa. Historically, a significant portion of the recreational market has been driven by buyers who plan to build a weekend house on the property along with the use of the land for recreational pursuits. Sales that were purchased at higher values were those tracts that were certified timber, offered exceptional views or are located in the northwest portion of Jo Daviess County.

Recreational tracts seem to sell better via a broker and MLS system than an auction format. Logging of wooded tracts also seems more prevalent lately. Mature hardwoods can have significant value but the logging process can conversely disrupt wildlife patterns and affect recreational amenity and value of this type of property.

County	Sale Date	Total Acres	\$ Total Price/Ac
Bureau	Feb	40.18	3,900
Bureau	Apr	137.31	2,214
Bureau	May	375.50	3,750
Stephenson	Oct	100.00	5,850
Jo Daviess	Oct	42.00	5,000
Jo Daviess	Aug	45.88	4,577
Winnebago	May	80.00	4,375
Jo Daviess	May	148.85	4,501
Jo Daviess	Apr	109.50	4,320
Jo Daviess	Feb	55.81	4,632
Carroll	Jan	52.53	5,330
Whiteside	Aug	79.42	5,446
Whiteside	Jan	160.00	3,650
Whiteside	Apr	104.60	2,065
Whiteside	Sep	43.48	5,161
Whiteside	Sep	36.86	4,205
Average (acre weighted)			\$4,043

## Lease Trends

More landlords and tenants in Region 2 continue to show interest in variable cash rents. Variable cash rents deal with how well the farm yields and commodity market levels to determine how much the tenant pays. The northern portion of Region 2 has been slower to convert to variable leases; however their popularity has been gradually increasing.

As commodity prices have remained low, both landlords and tenants have recognized that variable leases provide a means to maintain a fixed base level with the upside potential to share in the profitability, if it occurs. A vast majority of the rents in the northern portion of Region 2 are still typical cash rents with a length of term from one to three years. Some of the variable rents observed are structured with a base rent plus an additional percentage paid on net or gross income of the farm.

One other variable rent observed in this area was structured with a base rent plus a percentage of gross income after the tenant realized a predetermined profit level. Although variable leases can provide the most amicable structure for farm leases, great care must be taken by both the landlord and tenant for detailed guidelines of record keeping, input purchases, and how and when commodity prices are set. Some share crop arrangements still occur in Region 2 but are significantly less common than they once were.

Ongoing, but slight downward pressure continues to be applied to cash rental rates in Region 2. Ag economists

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and lenders have been stressing the importance to tenants of renegotiating rents lower when possible. Some of the tenants and landlords have gotten the message and subsequently adjusted some of these rents down. Most of these downward adjustments have been modest relative to the decrease in commodity prices and net farm income. These downward adjustments have generally been in a range from 0-15 percent.

Farms that were rented at a modest rate relative to the market seemed to adjust less, if at all, whereas farms that were rented at the very upper end of the market tended to be reduced the most. With that being said, it is very difficult for operators to give up rented land as they know how difficult it is to regain control. This scenario has maintained rents that will be difficult to cash flow with current expectations for the 2019 crop prices. Landlords have also been pressured to maintain rents as property taxes continue to increase. Areas of high quality, bare land can exceed \$60 per acre of tax liability.

**Average Sales Price of Completed Sales in Region 2 by Year and Category\***

--- Category ---

Year	Excellent	Good	Average	Fair	Rec.	Trans.
2001	3,116	2,920	2,127	1,705	2,711	9,388
2002	3,460	2,943	1,994	1,895		3,178
2003	4,420	3,036	2,601	2,288	3,230	5,845
2004	3,999	3,586	1,950		3,013	
2005	4,651	4,493	3,982	2,922	3,021	8,759
2006	5,573	3,765	3,306	2,800	3,867	9,233
2007	6,297	4,964	4,072	3,456	4,320	7,915
2008	6,527	5,231	4,720	4,167	5,638	8,457
2009	6,425	5,380	4,299	4,228	4,109	10,718
2010	7,266	6,189	4,699	3,613	4,312	6,177
2011	8,622	7,204	5,569	4,862	4,008	
2012	11,095	9,006	6,349	4,736	4,052	
2013	12,969	10,033	7,151	5,925	4,277	17,540
2014	12,631	9,406	6,874	5,459	4,376	7,700
2015	11,996	8,940	6,940	5,268	4,425	7,220
2016	11,248	8,110	6,565	3,917	4,672	
2017	11,101	8,518	7,023	5,272	4,616	
2018	10,751	8,038	6,494	5,403	4,311	

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.41%	8.35%	8.81%	8.34%	5.15%	-4.65%
2010-2018	4.90%	3.27%	4.04%	5.03%	0.00%	
2001-2018	7.29%	5.96%	6.57%	6.78%	2.73%	
2005-2018	6.45%	4.48%	3.76%	4.73%	2.73%	
2010-2018	4.9%	3.3%	4.0%	5.0%	0.0%	
2017-2018	-3.2%	-5.8%	-7.8%	2.5%	-6.8%	

\* (Note: Limited numbers of sales in some years and special features may affect values)



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**Median Value of Reported Sales by Year and Class\***

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	-	2,824	1,901	1,525	2,000	8,811
2002	3,548	3,042	1,873	1,917		2,205
2003	3,889	3,000	2,779	2,218	2,986	6,474
2004	3,856	3,500	1,950		3,013	
2005	4,375	4,550	4,025	2,859	3,000	6,000
2006	5,500	3,575	2,938	2,800	3,615	7,455
2007	6,200	5,000	4,250	3,100	4,707	7,571
2008	6,356	5,000	4,779	4,000	5,975	8,457
2009	6,404	5,478	4,339	4,375	4,150	7,500
2010	7,200	6,050	4,592	3,600	4,487	6,177
2011	8,800	7,100	5,725	4,874	4,263	
2012	10,900	8,800	6,163	4,675	3,640	
2013	13,150	10,000	7,000	5,750	4,213	10,680
2014	12,399	9,148	6,728	5,317	4,484	7,700
2015	12,000	8,800	7,000	4,960	4,613	7,220
2016	11,450	7,800	6,530	3,275	4,747	
2017	10,932	8,333	7,000	5,103	4,504	
2018	10,750	8,000	6,466	5,496	4,438	

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		8.47%	9.80%	9.54%	8.98%	-3.95%
2010-2018	5.01%	3.49%	4.28%	5.29%	-0.14%	
2001-2018		6.13%	7.20%	7.54%	4.69%	
2005-2018	6.92%	4.34%	3.65%	5.03%	3.01%	
2010-2018	5.0%	3.5%	4.3%	5.3%	-0.1%	
2017-2018	-1.7%	-4.1%	-7.9%	7.4%	-1.5%	

\* (Note: Limited numbers of sales in some years and special features may affect values)

**Percentage Change of Average by Period**

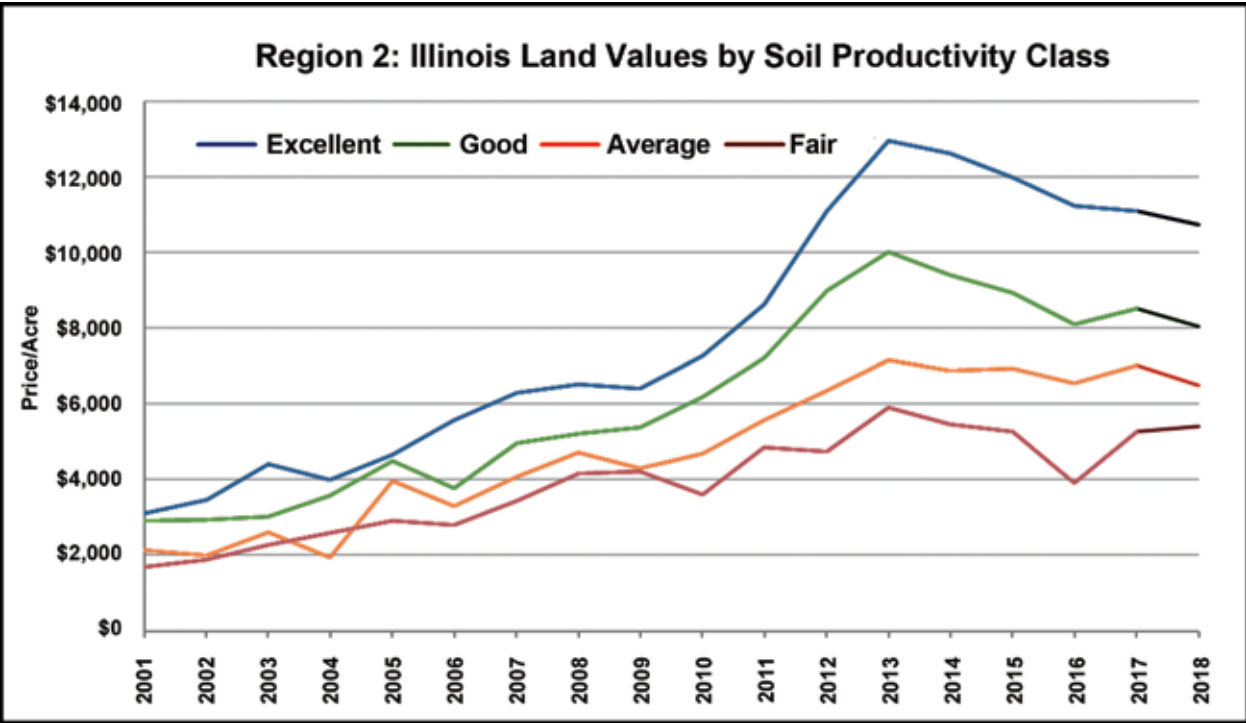
Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001 - 2002	10.5%	0.8%	-6.4%	10.6%		-108.3%
2002 - 2003	24.5%	3.1%	26.6%	18.8%	60.9%	
2003 - 2004	-10.0%	16.6%	-28.8%		-7.0%	
2004 - 2005	15.1%	22.5%	71.4%		0.3%	
2005 - 2006	18.1%	-17.7%	-18.6%	-4.3%	24.7%	5.3%
2006 - 2007	12.2%	27.6%	20.8%	21.1%	11.1%	-15.4%
2007 - 2008	3.6%	5.2%	14.7%	18.7%	26.6%	6.6%
2008 - 2009	-1.6%	2.8%	-9.3%	1.4%	-31.6%	23.7%
2009 - 2010	12.3%	14.0%	8.9%	-15.7%	4.8%	-55.1%
2010 - 2011	17.1%	15.2%	17.0%	29.7%	-7.3%	
2011 - 2012	25.2%	22.3%	13.1%	-2.6%	1.1%	
2012 - 2013	15.6%	10.8%	11.9%	22.4%	5.4%	
2013 - 2014	-2.6%	-6.5%	-4.0%	-8.2%	2.3%	-82.3%
2014 - 2015	-5.2%	-5.1%	1.0%	-3.5%	1.1%	-6.4%
2015 - 2016	-6.4%	-9.7%	-5.6%	-29.6%	5.4%	
2016 - 2017	-1.3%	4.9%	6.7%	29.7%	-1.2%	
2017 - 2018	-3.2%	-5.8%	-7.8%	2.5%	-6.8%	
Avg 2001-2018	7.29%	5.96%	6.57%			

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	18.8%	22.2%	9.6%	9.2%	8.0%	
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**Leasing Trends**

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	270	300	320	1-3 Years	270-320	69	30	1	
Good Productivity	245	265	280	1-3 Years	245-280	69	30	1	
Average Productivity	200	215	250	1-3 Years	200-250	69	30	1	
Fair Productivity	180	200	220	1-3 Years	180-220	69	30	1	
Recreational Land	25	50	75	1 Year					
Pasture	40	60	75	1-3 Years		99			1



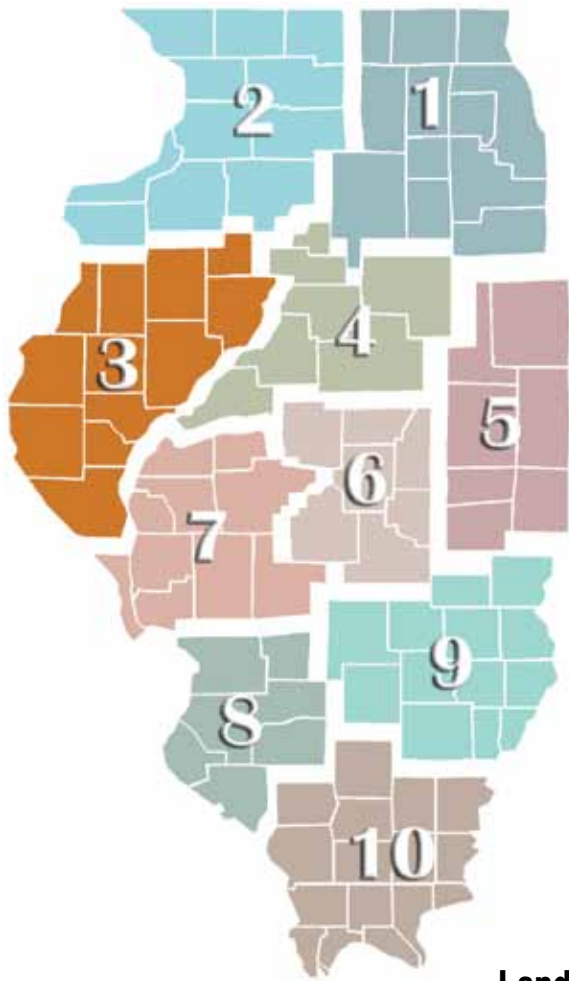
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### Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year
Excellent Productivity	\$10,800	3%	Steady	\$315	0
Good Productivity	\$8,000	-3%	Steady	\$250	0
Average Productivity	\$5,400	Steady	Steady	\$225	0
Fair Productivity	\$3,000	Steady	Steady	\$175	0
Recreational Land	\$3,500	Steady	Steady		

**R**egion 3 consists of the following counties: Stark, Peoria, Knox, Fulton, Warren, McDonough, Schuyler, Hancock, Adams, Brown and Pike.

Farm types and soil productivity vary greatly within this region. Quality of land goes from some of the very best to white timber soils. The south and west part of the region have much more recreational land than in the north east portion.

Last year, 2018, started off with some strong sales early in the year for high quality land. As is typical, there was not near as much sales activity during the growing season. As we went into fall 2018, no one knew what to expect. Although the lower commodity prices have been with us for several years, it seems that they are continuing to take their toll on farm income cash flows. The region saw some re-

cord crop yields in 2016, 2017, and 2018 which has helped farm cash flow. I looked back on the last three years of prices as measured by the Federal Crop Insurance harvest price, which is set in October each year.

Federal Crop Harvest Prices for the Past 3 Years:

	Corn	Beans
2018	3.68	8.60
2017	3.49	9.75
2016	3.49	9.75

The 2018 corn price was up about 5 percent from the 2 previous years. The 2018 soybean price was down about 12 percent from the previous 2 years. However, if you add in 1.65 from the Market Facilitation Program, it is actually up by 5 percent, coincidentally similar to corn.

So, if you measure the market by the harvest prices shown on the previous page, it would appear the farm economy is as good or slightly improved than the previous 2 years. However, some of the farmland sales this fall seemed to be much more volatile than we saw in the prior 2 years. Sales prices seemed to vary greatly largely due to location and who was close to or bordering the farm. Even though commodity prices seem to be level and yields have been outstanding, one must ask, what is causing some of the volatility in land prices? As some of my banker friends have indicated, cash reserves are getting depleted.

## Excellent Productivity Tracts

Farmland prices in the Excellent Productivity category were generally steady from 2017 vs. 2018, with a few stronger sales. There is still a high demand for good quality land with lots of competition. There was a record sale in Fulton County of 40.96 acres, 96 tillable with a PI of 141. This piece of land is about as close as you can get to the perfect farm. The sales information indicated that two neighbors were competing, running the price to \$15,000 per acre. This price equates to \$111 per point of productivity, which is a high value under any market conditions.

Our sample of excellent productivity sales has a total of 56 sales. The highest sale is shown here, the lowest sale reported was \$8,000 per acre with 93 tillable and PI of 138 for a sales price of \$62 per point of PI.

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The average of the 56 sales in the excellent category came in at \$10,784 per acre with average PI of 138.7 and a sales price of \$81 per point of PI. This is an increase of about 4.5 over 2017.

Although there is good competition for high quality land, buyers are very discerning. About 5 to 6 years ago, I would have said almost all blemishes in the farm were being overlooked. Now, I would say no blemish goes unnoticed.

Tracts with high PI's, mostly tillable and easily farmed shapes, are still selling for premium prices. Farms with odd shaped fields, farming around timber, open ditches, poor access and so forth are getting discounted.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Stark	Jan	80.00	100.0	142.5	10,800
Stark	Jan	19.23	100.0	140.2	10,800
Stark	Feb	53.89	97.0	136.8	10,100
Stark	Mar	60.00	98.0	138.0	10,375
Peoria	Aug	70.80	100.0	138.0	11,100
Stark	Oct	80.21	95.0	141.5	10,600
Stark	Nov	41.00	91.0	134.6	8,700
Stark	Nov	50.25	94.0	135.6	10,428
Stark	Nov	51.00	95.0	136.4	9,980
McDonough	Nov	78.43	94.0	135.0	10,838
McDonough	Nov	38.99	98.0	133.0	10,002
McDonough	Oct	43.31	98.0	140.0	13,066
McDonough	Sep	41.23	98.0	142.0	13,101
McDonough	Jul	159.24	96.0	141.0	9,074
McDonough	May	37.90	99.0	142.0	11,826
McDonough	Mar	61.19	98.0	141.0	11,000
McDonough	Jan	78.66	93.0	138.0	8,000
Fulton	Dec	258.00	93.0	140.2	11,000
Fulton	Dec	165.00	99.0	140.5	10,500
McDonough	Dec	122.00	93.0	142.8	10,700
Adams	Jun	140.46	97.6	134.0	13,450
Adams	Aug	74.96	99.0	133.0	12,400
Adams	Dec	81.03	99.0	135.0	11,847
Fulton	Apr	51.94	93.0	134.0	8,600
Fulton	Sep	120.00	95.0	140.0	10,500
Fulton	Dec	39.26	96.0	140.0	11,300
Fulton	Dec	19.86	85.0	142.0	11,000
Fulton	Dec	37.80	92.7	138.0	11,500
Fulton	Dec	40.96	96.0	141.0	15,000
Hancock	Aug	40.48	98.0	135.0	12,000
Hancock	Mar	40.00	100.0	143.0	12,750
Hancock	Feb	20.00	97.3	134.0	9,400
Knox	Feb	48.14	93.8	133.0	9,000
Knox	Nov	87.60	85.7	123.0	6,400
Knox	Nov	161.89	90.3	133.0	10,950
Knox	Nov	82.00	99.7	141.0	11,900
Knox	Feb	79.00	94.0	134.0	9,346
McDonough	Dec	109.10	98.0	143.0	11,500
McDonough	Dec	43.65	96.0	137.0	8,300
McDonough	Dec	42.20	98.0	143.0	12,800
McDonough	Jul	864.30	97.1	140.0	10,933
McDonough	Jul	160.24	97.6	140.0	9,018
McDonough	Jul	239.48	96.8	141.0	10,335
McDonough	Feb	81.19	99.2	141.0	11,000
McDonough	Jan	101.00	99.5	143.0	11,000
McDonough	Jan	122.00	94.7	143.0	10,700

Peoria	Nov	52.00	96.0	136.0	9,450
Peoria	Nov	80.00	97.0	142.0	11,562
Peoria	Jun	119.00	90.0	135.0	9,229
Peoria	Jan	80.00	98.0	138.0	9,474
Peoria	Feb	178.05	94.2	133.0	9,829
Fulton	May	32.69	97.7	133.0	9,300
Warren	Nov	324.98	100.0	141.1	13,300
Fulton	Dec	37.80	92.9	137.8	11,500
Fulton	Dec	19.86	86.8	141.4	11,000
Fulton	Dec	39.26	100.0	139.8	11,300
Average (acre weighted)			96.2%	138.7	\$10,784

## Good Productivity Tracts

Farms in the good productivity category typically have a lower percentage of tillable acres, more waterways, more cut up fields, some open ditches and more slope. They can still be highly productivity farms with proper management but take more work to farm. Farms with irregular shaped fields can be less efficient with inputs due to point rows and overlaps in planting and spraying. One farm buyer recently told me he is not as worried about the waste factor with the advent of precision planting and GPS monitoring technology. Nevertheless, it still takes more labor and management to farm irregularly shaped fields. Even taking into consideration the advances in farm technology that make the less productive land produce better, these parcels still get discounted compared to the excellent category farms.

We had 37 farm sales in our sample of good productivity tracts. The highest sale occurred at \$11,700 per acre with a PI of 131. It was 99 percent tillable and a sales price of \$90 per point of PI. The lowest sale in our sample occurred at \$5,350 per acre with a PI of 118, and at 68 percent tillable, the sales price per point of PI was \$66. The acre weighted average of all our sales was just over \$8,000 per acre with average PI of 125 and 88.6 percent tillable. The average sales price per point of tillable was \$69.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Stark	Nov	111.00	90.0	136.5	7,500
Knox	Nov	40.00	70.0	132.3	7,000
Knox	Nov	79.54	82.0	121.7	6,300
Stark	Oct	68.98	89.0	129.7	9,200
Stark	Dec	126.03	95.0	131.1	8,750
Stark	Dec	126.03	89.0	129.0	8,750
McDonough	Aug	24.64	97.0	132.0	7,130
McDonough	Jul	81.58	92.0	119.0	7,747
McDonough	May	40.51	91.0	127.0	8,837
McDonough	Mar	54.02	89.0	129.0	6,690
Adams	Aug	62.12	82.8	126.0	8,075
Adams	Aug	114.66	95.3	124.0	10,500
Brown	Mar	41.42	88.2	124.0	7,600
Fulton	Jan	127.00	92.0	127.0	8,740
Fulton	Jan	65.49	98.0	120.0	7,200
Fulton	Apr	37.20	91.0	128.0	7,809
Fulton	May	34.00	94.0	132.0	8,956
Fulton	Jun	117.39	93.7	119.0	6,650
Fulton	Aug	115.00	87.9	124.0	7,826

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Hancock	Nov	177.73	99.1	131.0	11,700
Hancock	Sep	84.44	98.4	121.0	7,500
Hancock	Aug	101.32	68.5	118.0	5,350
Hancock	Jun	544.00	83.1	123.0	7,275
Hancock	Mar	103.21	89.9	132.0	9,600
Knox	Oct	40.00	88.0	123.0	7,500
Knox	May	91.00	85.0	120.0	9,253
Knox	Mar	58.00	89.7	124.0	10,345
McDonough	Jul	192.83	88.9	126.0	7,919
McDonough	Mar	55.00	83.9	126.0	6,571
Peoria	Oct	76.50	95.0	128.0	8,873
Peoria	Aug	75.00	99.0	125.0	9,440
Stark	Jun	385.63	94.6	119.0	8,468
Peoria	Aug	36.00	90.0	124.0	6,350
Knox	Feb	77.42	76.6	121.8	5,700
Warren	Jan	112.72	79.7	131.7	5,600
Knox	Feb	76.42	72.8	118.7	7,250
Knox	Nov	79.52	81.9	121.7	6,300
Average (acre weighted)			88.6%	124.8	\$8,009

### Average Productivity Tracts

Farms in the average productivity category seem to have less turn over than the ones in the excellent category. The farms usually have a lower percentage tillable, typically in the 60 to 70 percent range. They often have open ditches, fingers of timber and irregular shaped cut up fields.

There are buyers for farms in every category, however, the investors and large producers tend to shy away from farms in the average category as they are difficult to farm with large modern machinery. average farms are often a mix of tillable and timber. Sometimes there is too much timber for the farm operators and too much tillable for the recreational buyers. Sometimes the timber can be split off and sold to a recreational buyer. However, access, layout and zoning regulations can sometimes make that hard to do. Some CRP acres are also very common with farms in this category.

We had 7 sales for the average productivity class in our sample. The highest sale was \$6,604 per acre with a PI of 116 and 81 percent tillable. The sales price per point of PI was \$70. The lowest sale in our sample was \$3,900 per acre with a PI of 107 and 57.9 percent tillable. The sale price per point of PI was \$63.

On the average, the sales price is \$5,413 per acre with an average PI of 111 and 72 percent tillable. The average sales price per point of PI is \$68.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Peoria	Nov	78.80	83.0	116.9	6,100
McDonough	Nov	74.55	63.0	113.0	5,529
McDonough	Sep	87.06	81.0	116.0	6,604
Fulton	Feb	73.00	75.0	106.0	5,400
Fulton	Jul	113.90	81.7	113.0	5,600
Hancock	Sep	72.98	57.9	107.0	3,900
Brown	Jul	66.12	52.4	100.0	4,254
Average (acre weighted)			72.0%	110.8	\$5,413

### Fair Productivity Tracts

There was very little sales activity in the region in the fair tract category. Only two sales have been reported. The sales price ranged from \$2,825 to \$3,024 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McDonough	Sep	79.36	40.0	99.0	3,024
McDonough	May	115.00	63.0	85.0	2,825
Average (acre weighted)			53.6%	90.7	\$2,906

### Recreational Tracts

There is an active market for recreational land in this region. The sales price per acre is highly influenced by the size and location of the tract being sold. Smaller tracts in the 20 to 30-acre range usually bring a premium as there are many buyers that are out of the market when the total price exceeds the \$150,000 range.

Other factors that influence value include proximity to larger towns, ease of access and whether or not buildings are permissible. The tracts on a good all-weather road, with proximity to larger towns with good road frontage are in high demand. It is not uncommon to have recreational land with little or no road frontage and/or access by easement only which limits many of the potential uses, and thus impact the sales price.

CRP and CREP and small pieces of tillable are common with those types of properties. The recreational buyers tend to like the CRP for the wildlife and the extra income it provides. CREP contracts can be a problem if they are nearing the end of the 15-year payment and have an extension beyond that, or if there is tillable acreage include, it is often in small, irregular shaped areas which do not command much cash rent.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McDonough	Nov	40.02	0.0	0.0	1,799
McDonough	Oct	75.47	20.0	120.0	1,328
McDonough	Aug	47.57	0.0	0.0	2,964
McDonough	Apr	81.21	0.0	0.0	3,448
Fulton	Oct	10.00	0.0	0.0	3,300
McDonough	Oct	40.00	0.0	0.0	1,800
Fulton	Jan	25.00	0.0	0.0	3,293
Fulton	Aug	40.00	0.0	0.0	3,177
Peoria	Nov	20.00	0.0	0.0	4,375
Peoria	May	24.36	0.0	0.0	5,131
Fulton	May	24.00	30.0	118.0	6,987
Fulton	Aug	68.00	15.0	112.0	6,926
Peoria	Aug	128.00	0.0	0.0	4,678
Logan	Jan	19.53	0.0	0.0	5,120
Knox	Sep	32.00	0.0	0.0	4,250
Fulton	Jan	75.00	0.0	0.0	6,000
Knox	Jun	158.00	10.0	110.0	3,590
Knox	Apr	271.00	8.0	98.0	3,358
Average (acre weighted)			5.9%	53.8	\$3,834

## Lease Arrangements

Overall the excellent productivity farms are still achieving high enough returns that landowners are keeping them on a share, modified share or custom arrangement. The good productivity farms and lower are shifting more towards cash rent due to lower commodity prices which have resulted in more difficulty in maintaining operator profitability.

Cash rent leases have been increasing with incoming clients and those who own farms with good or lower productivity. It is estimated in this region that 50 percent of leases are on a flexible lease and 50 percent are on a standard cash rent lease. The increasing age of the landowner coupled with the uncertainty in the trade war, has pointed many landowners to move towards cash rent for a lower risk lease option.

## Leasing Trends

The cash rent per acre for 2019 has been flat. There was a few situations where a slight decline for cash rent was implemented for rents that were out of the market.

## Re-negotiations

Re-negotiations are tougher than the 2018 year. Most farmers are agreeable to continue at the same cash rent lease as last year. If there had not been a Market Facilitation Program (MFP) payment, it is unlikely that cash rents would have held steady. The MFP payment of \$1.65 per bushel of soybeans, coupled with exceptional yields really helped farm profit and outlook.

## Farm Turnover

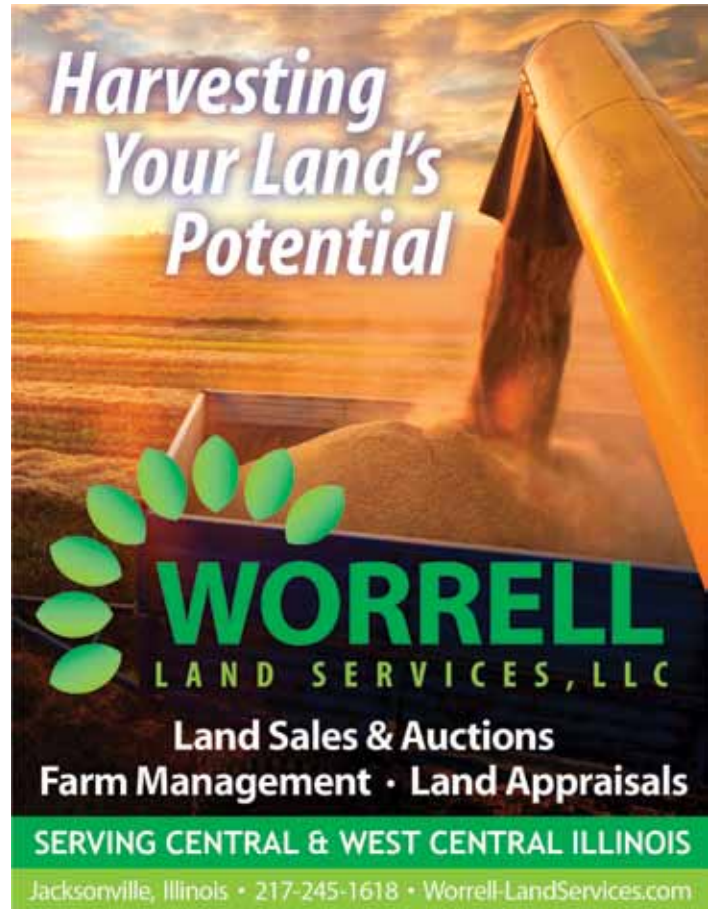
Farmers who are nearing retirement age are beginning to give up farms if there is not another generation to take over the farm. The profits are not at historic levels, and they don't feel inclined to take on the risk of the uncertainty in the agricultural economy at this time. The retired farmers were on both cash rent and crop share leases. Turnover has been about 5 percent this year on farms, and more farmers have walked away from farms this year than in the past, but not at a pace that is entirely out of line with past practices.

Farmers are still aggressively bidding on high quality farmland. Efficiency is a growing concern for farmers, they are willing to bid more for square tracts without blemishes. The lower quality farms have become increasingly harder to bid out, many farmer simply are not interested.



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**Average Sales Price of Completed Sales in Region 3 by Year and Category\***

Year	--- Category ---			
	Excellent	Good	Average	Rec.
2001	3,051	2,293	1,628	1,534
2002	3,315	2,587	1,991	1,509
2003	3,325	2,521	2,186	1,553
2004	4,600	4,147	2,991	2,148
2005	4,597	3,035	2,517	2,840
2006	4,556	3,380	3,179	2,534
2007	5,621	4,269	3,154	
2008	7,034	5,087	4,145	3,619
2009	6,959	5,019	3,454	3,085
2010	7,388	5,469	3,506	2,487
2011	10,101	7,633	4,833	2,813
2012	11,780	7,340	5,209	3,241
2013	13,693	9,492	6,912	3,405
2014	13,724	8,008	5,511	3,293
2015	11,860	7,922	5,484	3,671
2016	11,028	8,300	5,397	3,548
2017	10,328	8,093	5,600	3,683
2018	10,761	7,899	5,341	3,974

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	9.83%	9.66%	8.53%	5.37%
2010-2018	4.70%	4.59%	5.26%	5.86%
2001-2018	7.41%	7.28%	6.99%	5.60%
2005-2018	6.54%	7.36%	5.79%	2.58%
2010-2018	4.7%	4.6%	5.3%	5.9%
2017-2018	4.1%	-2.4%	-4.7%	7.6%

\* (Note: Limited numbers of sales in some years and special features may affect values)



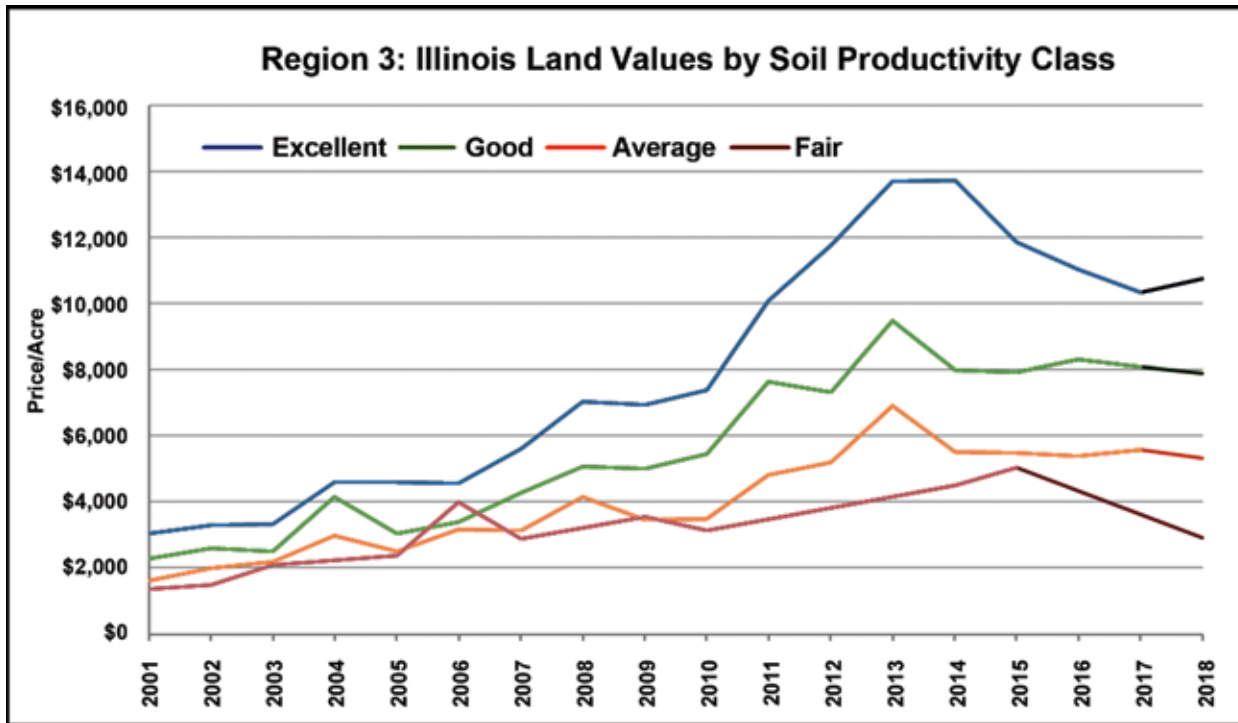
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## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:		
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share
Excellent Productivity	280	300	330	1 Year	315	30%	30%	40%
Good Productivity	250	275	290	1 Year	285	40%	30%	30%
Average Productivity	190	210	230	1 Year	225			

### Median Value of Reported Sales by Year and Class\*

Year	--- Category ---			
	Excellent	Good	Average	Rec.
2001	-	2,105	1,574	1,329
2002	3,375	2,668	1,931	1,380
2003	3,317	2,650	2,200	1,575
2004	4,600	4,100	3,413	2,243
2005	4,700	3,118	2,569	2,593
2006	4,700	3,550	3,150	2,450
2007	5,543	4,155	3,175	
2008	7,088	4,838	3,925	3,407
2009	7,025	5,013	3,331	2,990
2010	7,670	5,450	3,231	2,600
2011	10,000	7,300	4,500	2,841
2012	11,925	7,200	5,050	3,000
2013	13,900	9,100	6,611	3,300
2014	13,550	8,138	5,500	3,500
2015	12,000	7,600	5,000	3,750
2016	10,598	8,374	5,000	3,424
2017	10,100	7,700	5,500	3,499
2018	10,819	7,747	5,529	3,519

Year	Excellent	Good	Average	Rec.
Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods				
2001-2010		10.57%	7.99%	7.46%
2010-2018	4.30%	4.40%	6.72%	3.78%
2001-2018		7.66%	7.39%	5.73%
2005-2018	6.41%	7.00%	5.90%	2.35%
2010-2018	4.3%	4.4%	6.7%	3.8%
2017-2018	6.9%	0.6%	0.5%	0.6%

\* (Note: Limited numbers of sales in some years and special features may affect values)

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## Percentage Change of Average by Period

Year	--- Category ---			
	Excellent	Good	Average	Rec.
2001 - 2002	8.3%	12.1%	20.2%	-1.7%
2002 - 2003	0.3%	-2.6%	9.3%	2.9%
2003 - 2004	32.5%	49.8%	31.3%	32.4%
2004 - 2005	-0.1%	-31.2%	-17.2%	27.9%
2005 - 2006	-0.9%	10.8%	23.3%	-11.4%
2006 - 2007	21.0%	23.3%	-0.8%	
2007 - 2008	22.4%	17.5%	27.3%	
2008 - 2009	-1.1%	-1.4%	-18.2%	-16.0%
2009 - 2010	6.0%	8.6%	1.5%	-21.6%
2010 - 2011	31.3%	33.3%	32.1%	12.3%
2011 - 2012	15.4%	-3.9%	7.5%	14.2%
2012 - 2013	15.0%	25.7%	28.3%	4.9%
2013 - 2014	0.2%	-17.0%	-22.7%	-3.4%
2014 - 2015	-14.6%	-1.1%	-0.5%	10.9%
2015 - 2016	-7.3%	4.7%	-1.6%	-3.4%
2016 - 2017	-6.6%	-2.5%	3.7%	3.7%
2017 - 2018	4.1%	-2.4%	-4.7%	7.6%
Avg 2001-2018	7.41%	7.28%	6.99%	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	224.3%	18.4%	25.8%	0.0%
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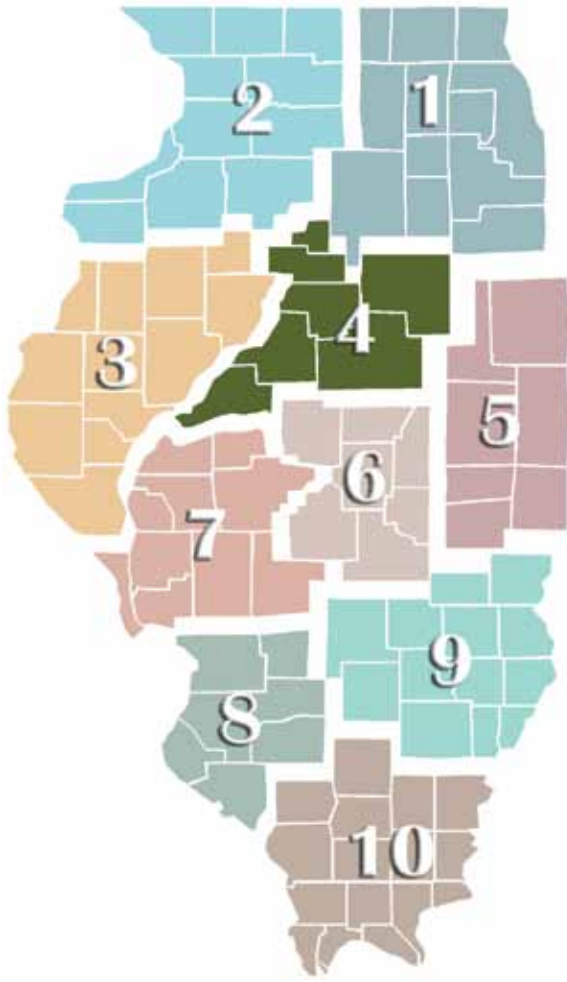
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## Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	% Change from prior year	Avg. Cash Rent on New Lease
Excellent Productivity	\$9,500-\$11,500	Similar	Steady	Steady	\$300
Good Productivity	\$8,000-\$9,500	Similar	Up 20 %	Steady	\$245
Average Productivity	\$5,000-\$8,500	Similar	Up 20 %	Steady	\$150
Fair Productivity	\$5,000-\$7,000	Similar	Steady		
Recreational Land	\$3,500-\$5,500	Similar	Up 30%		

Throughout most of 2018, farmland prices appeared to be holding steady. Region 4 holds a variety of soils, crops and location influences, which can lead to great ranges in value from one end of the region to the other. The larger communities including Bloomington, Morton, and Pekin have some impact on values in the center of the region.

In 2018 there were a few sales in the southwestern portion of the region that is traditionally tightly held. In the past, 1031 tax-deferred exchange buyers from the collar counties of Region 1 have ventured into Region 4, influencing sales in Marshall, Putnam, and Livingston Counties. Though the amount if 1031 funds has declined, sales are often larger when tax deferral motivation is present. These farms pur-

chased with reinvestment funds a few years ago are starting to provide liquidity to the farmland market in Region 4 by owners looking to move the assets back to their usual territory. Scattered across the area, specialty crops and seed production can be found creating a positive effect on land prices as well.

Although the premiums for certain specialty crops have declined, new markets are gaining a foothold and supplying growers with additional ways to be profitable. Region 4 benefits from excellent grain market outlets with the Illinois River and rail terminals in the norther and western portions, as well as ethanol and soy processing plants located throughout. End users such as ADM, Cargill, Solae, and Aventine all exist in this region.

Another influence on land values comes from the wind power industry. It is said that some of the “best wind” at 50 to 80 meters high exist in this region of the state. Wind turbines provide areas of Livingston, McLean, Tazewell, and Woodford counties with income diversification, beyond agriculture, which makes these tracts more attracting to an outside investor. Developers are in the beginning stages of new projects in the region, with some areas facing more local opposition than others.

Farmland supply to the public was above average for 2018 in Region 4, unlike several other regions in the state. In previous years, there were a number of land sales that were conducted privately without any offering to the open market. However, 2018 seemed to have more sellers bringing their farms to the market via auction or private treaty. Prices held well in sections where enough funds in the area were able to purchase the land, whereas in other areas of Region 4 were just too oversupplied and values dipped. This created a wider range in land prices, but a steady average overall. In spite of increasing interest rates, lower commodity prices, and tightening farmer cash flows, investors still find farmland attractive for a portion of their portfolio.

Auctions were able to get most tracts moved, with very few “no sales,” while farms that were listed tended to remain on the market for extended periods of time. If a farm was not able to meet the reserve during the auction, a price was typically negotiated shortly after the bidding and a sale

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was achieved. Sellers in Region 4 were primarily estates or absentee landowners, with a few farmer sellers mixed in. As generations move farther and further off the farm, emotional ties become less and less dominant in the decision to maintain ownership.

Continuing from the past few years, a farm's characteristics determine its value. Location is the number one factor of a farm's obtainable price. Furthermore, rectangular fields with no waterways or cut-outs and with good or excellent soil productivity sold at premiums compared to fields containing characteristics that would slow down today's large, modern, equipment.

Cash rental rates in Region 4 have remained steady in 2018. Operators are still reluctant to sign leases at previous levels, but very few are willing to give up the acreage. Commodity prices have continued at their lower rates though the recent Market Facilitation Program payment helped soften the impact. Fortunately, higher 2018 production resulted in higher profit throughout Region 4 than expected.

In order to sustain current rental rates, above average production is critical along with and input cost minimization. New leases signed in 2018 were mainly cash rental leases, as most new clients have been investors looking for a certain return.






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## Excellent Productivity Tracts

Excellent productivity farmland saw a wider range of prices in Region 4 for 2018 compared to 2017. High quality soils, good drainage, high tillable percentages, and easily farmed shaped fields continued to see a premium price.

Farms with open ditches, waterways, house site cut-outs, or odd field shapes were discounted by buyers. Total numbers of sales in 2018 were similar to 2017, though more of the transactions were observed on the open market.

A breakdown of the data shows a range of \$70 to \$80 per PI point per tillable acre. Only 7 of the tracts sold in 2018 were greater than 160 acres, and 75 percent of the parcels sold were between 40 and 160 acres. As noted in years past, location is a critical aspect of a land sale, dictating land prices in a certain area.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McLean	Jan	78.0	102	133.9	8,400
McLean	Jan	78.4	100	133.3	8,500
McLean	Jan	83.2	98	140.8	10,750
Woodford	Jan	160.0	99	136.2	12,000
McLean	Feb	79.0	99	136.8	9,900
McLean	Mar	111.2	99	134.8	9,700
Tazewell	Mar	110.7	92	135.8	10,750
Livingston	Mar	76.4	85	136.5	8,976
McLean	Mar	90.4	92	135.6	9,300
Marshall	Apr	61.5	88	137.3	8,100
Mason	May	236.2	83	133.0	6,699
McLean	May	88.6	98	134.5	9,438
Livingston	Jul	87.7	98	136.5	9,000
Livingston	Jul	41.8	97	137.0	9,696
Putnam	Jul	81.1	95	145.4	10,900
Putnam	Jul	154.4	95	145.2	11,300
Livingston	Jul	104.5	99	137.0	10,000
McLean	Jul	99.6	100	139.0	10,000
McLean	Aug	115.1	100	141.5	11,650
Livingston	Aug	117.1	100	140.0	12,100
Livingston	Aug	80.0	93	139.1	11,700
Marshall	Aug	76.5	94	132.7	8,700
Livingston	Aug	77.9	93	138.2	10,500
McLean	Sep	154.4	100	134.4	10,300
Mason	Oct	38.3	97	136.0	9,073
Livingston	Nov	28.2	96	139.5	10,500
McLean	Nov	105.2	101	141.2	13,200
McLean	Nov	80.7	99	140.5	13,800
McLean	Nov	53.9	98	140.0	13,100
McLean	Nov	80.0	98	137.9	13,100
McLean	Nov	79.8	99	136.7	12,000
McLean	Nov	130.1	99	134.6	10,700
McLean	Nov	272.5	96	137.6	11,500
McLean	Nov	75.8	98	134.9	9,800
Woodford	Nov	98.9	98	133.3	10,150
McLean	Nov	79.0	100	134.9	10,500
Tazewell	Dec	71.1	100	141.1	11,800
McLean	Dec	80.0	100	141.3	12,800
McLean	Dec	163.8	98	140.5	12,250
Woodford	Dec	142.3	82	134.0	8,500
Average (acre weighted)			96%	137.3	\$10,514



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## Good Productivity Tracts

Good productivity soils make up a large percentage of the farmland in Region 4. Farms in this class tend to have a lower percentage of tillable acres, more slope, and slightly tighter subsoils, but typically see a positive response to higher management. The volume of good productivity land sold in 2018 was up roughly 20 percent to a more typical level after dropping in 2017.

Varying characteristics have often produced a wide range of prices for these farms. A \$60 to \$70 per PI point per tillable acre range would include most of the good productivity farms. Auctions continued to be the preferred method for inducing higher prices, especially when two (or more) buyers greatly desired the property. And, as always, the farm's location can have a large positive or negative impact on the achieved price.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Mason	Jan	160.0	94	130.0	8,900
Mason	Jan	85.8	83	118.0	9,329
McLean	Jan	58.7	89	131.8	7,700
Livingston	Jan	40.0	97	130.0	9,025
Livingston	Feb	79.7	95	128.2	9,000
McLean	Feb	80.8	92	131.0	8,500
Livingston	Feb	80.0	97	119.4	7,674
Livingston	Feb	71.0	98	124.2	10,500
Livingston	Feb	86.4	97	130.7	10,300
Livingston	Feb	40.0	99	128.2	10,000
Livingston	Feb	116.8	97	129.1	10,100
McLean	Mar	80.0	97	130.7	6,700
McLean	Mar	40.6	98	130.6	9,700
McLean	Mar	42.0	100	130.0	9,700
McLean	Mar	39.3	97	132.0	8,800
McLean	Apr	39.3	90	132.4	8,800
Mason	May	124.8	93	129.0	6,450
Livingston	May	80.0	100	131.6	9,500
McLean	Jun	80.0	98	128.4	7,750
Livingston	Jul	40.0	95	131.5	8,965
McLean	Aug	94.8	94	132.4	9,600
Livingston	Aug	40.0	95	119.0	6,950
Livingston	Sep	149.8	98	118.0	5,800
Livingston	Sep	77.2	94	119.0	6,387
Mason	Oct	80.6	94	118.0	7,814
Livingston	Nov	76.0	99	123.0	9,489
Livingston	Nov	78.5	97	118.8	9,489
McLean	Nov	40.4	84	126.1	9,250
McLean	Nov	63.5	98	129.7	9,050
McLean	Nov	20.1	95	125.6	9,050
Livingston	Nov	132.0	100	130.0	10,100
Livingston	Nov	78.3	100	127.9	10,100
Livingston	Nov	75.6	100	127.6	10,100
Livingston	Nov	80.0	100	127.0	10,500
McLean	Nov	70.9	95	131.0	7,100
McLean	Nov	93.6	93	129.0	5,700
Mason	Nov	79.9	95	123.4	7,750
Mason	Nov	78.9	98	123.0	7,750
Tazewell	Dec	31.9	94	131.4	8,300
Mason	Dec	40.3	95	120.0	8,534
Average (acre weighted)			95.8%	126.7	\$8,557

## Average Productivity Tracts

Average productivity soils comprise very few acres of Region 4. Most of these soils are found along the Illinois River area in Putnam, Woodford, Tazewell and Mason County or north of Pontiac in Livingston County. This land class has two classes within itself - irrigated and non-irrigated.

Most “dry land” sales occurred in a range of \$5,000 to \$7,500 per acre. Higher priced sales in this land class are typically found on properties with center pivot irrigation, and sandier soils throughout Tazewell and Mason Counties.

Irrigated farms are typically tightly held in these areas and luckily there were a few auctions in 2018. These properties ranged from \$7,500 to \$9,000 per acre. Farms with irrigation and seed production may drive prices for this land class higher due to the premiums they provide. A wide range of \$50 to \$80 per PI point per tillable acre was recorded on these farms.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Livingston	Jan	80.00	62	109.0	6,300
Livingston	Jan	12.92	95	113.0	8,000
Livingston	Jan	40.24	98	114.0	7,200
Mason	Mar	40.50	84	112.8	7,550
Mason	Mar	36.73	94	112.8	6,750
Mason	Mar	40.55	100	105.2	8,700

Mason	Mar	185.35	100	100.9	8,700
Livingston	Apr	160.00	95	113.7	5,700
Mason	Jun	80.00	95	105.0	8,422
Livingston	Jun	79.12	77	105.0	5,814
Mason	Jul	40.00	98	109.0	8,750
Mason	Jul	80.13	99	109.0	7,987
Mason	Jul	40.00	97	104.0	8,750
Livingston	Jul	139.66	97	115.0	5,804
Mason	Oct	165.91	97	110.0	8,850
Marshall	Nov	35.42	87	112.0	7,500
Livingston	Nov	80.00	100	110.8	7,200
McLean	Nov	80.00	100	116.4	6,000
McLean	Nov	80.00	100	115.1	7,400
Mason	Nov	159.41	94	104.9	8,400
Average (acre weighted)			94.1%	109.3	\$7,448

## Fair Productivity Tracts

Fair productivity tracts are not very typical for Region 4. As there are not many farms of this land class in our region, there is limited information in the sales, but four tracts were sold in 2018. All four were at public auction, and a range between \$5,000 and \$8,000 per acre was observed.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Mason	Mar	40.81	89	83.0	5,300
Mason	Mar	119.78	100	82.0	6,350
Mason	Nov	166.77	96	99.4	7,900
Mason	Nov	154.36	100	93.2	7,900
Average (acre weighted)			98%	91.7	\$7,294

## Recreational Tracts

Recreational tracts experienced a significant increase in turnover in 2018 compared to 2017, returning to more typical levels seen in years prior. Nearly all arms-length tracts were sold at auction, maintaining a similar range to prices as in 2017.

A positive correlation exists between recreational land values and the general state of the economy, which had a positive year compared to the agriculture economy. Large geographic population centers of Bloomington, Morton, and Peoria could have a positive impact on these values as well due to their close proximity. Location is essential for recreational properties.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
McLean	Feb	40.00	90	121.0	6,250
Putnam	Mar	413.51	35	115.9	4,111
Mason	Mar	10.00	100	77.1	3,250
Mason	Mar	17.33	91	75.0	3,200
Mason	Mar	7.00			6,350
Mason	Mar	40.50	56	111.1	3,525
Livingston	Aug	35.10			4,800
McLean	Sep	44.51	20	116.6	5,000
Tazewell	Nov	43.50	46	126.1	8,300
Marshall	Nov	90.97	21	107.2	3,500
Marshall	Nov	72.20	43	126.9	3,850
Tazewell	Dec	59.70	48	113.7	4,975
Mason	Dec	43.94	44	90.0	3,700
Average (acre weighted)			39%	108.5	\$4,392

## Wind Turbine Tracts

Over the past few years, there has been a decline in the number of wind turbine tracts sales. With multiple wind turbine farms in the region, it is interesting to see how different lease arrangements affect values in the immediate area. Over time it appears that the premium buyers are willing to pay for turbines correlates not only to the amount of annual payments, but also the number of years remaining on the wind turbine contracts. This makes sense considering the discounted cash flow valuation which includes both the amount of the payment and the duration of the potential remaining payments. Though only four sales were recorded in 2018, the perceived value of the wind

towers seemed low to nonexistent on older turbines when compared to properties without the additional revenue.

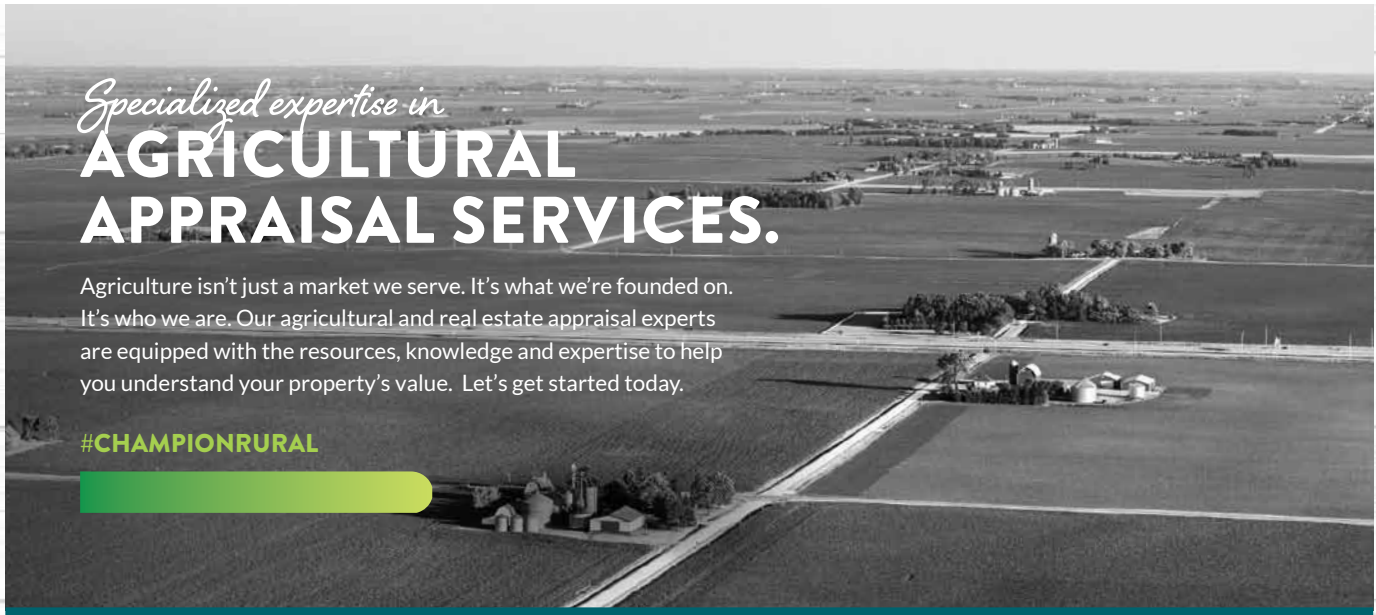
County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac	# Turb
McLean	Jan	117.22	99	135.1	10,100	1
McLean	Jan	79.53	99	130.2	8,200	1
McLean	Jan	82.19	95	126.3	8,000	2
McLean	Jan	79.36	95	121.9	9,700	2
Average (acre weighted)			97%	129.1	\$9,108	

## Special Interest Stories

The most notable sale in Region 4 from 2018 was the C.B. Frevert ground located southwest of Bloomington. This auction was comprised of 933 acres of prime farmland with all but 80 acres being in the excellent productivity class. At the auction there were numerous attendees and



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a fair number of bidders. The 12 tracts saw a range from \$9,050 per acre to \$13,800 with an average of \$12,466 per acre. Location and soil quality were deemed to be a big driver in the above average prices. Most of the bidders were investors and a few were local farmers. C. B. Frevert was a long time landowner, and was gracious in leaving most of the proceeds from the sale to three local charities.

## Lease Trends


Straight cash rental arrangements continue as the most popular lease in Region 4. With low commodity prices, and increasing input costs, more landowners and tenants are open to finding alternative leasing structures that are beneficial to both parties. Variable cash rent leases utilize a lower base rent and allow for additional payment depending on a calculation of the crop proceeds.

Some leases include crop insurance and government payments as part of the variable component, whereas others do not. This lease structure has been, and is expected to continue growing in popularity. Other variable leases exist that have a starting rent based upon the farm's federal crop insurance guarantee and then flex upward. These are somewhat more complicated than many landowner-tenant relationships require, but are a very effective way to accurately distribute actual returns between landowner and farm tenant.

It is recommendation is that you contact an accredited member of the ISPFMRA in this region to discuss any specific farm situation. Each landowner's specific goals and objectives can best be met with a tailored farm management plan for their property.

\*Some average productive land, where seed corn or specialty crops are grown, and irrigation exists, have generated

very high rental rates on good and average soils in this region. However, the majority of land in this region is operator owned or crop-share leased, where seed corn production or specialty crops are raised. As a result, these leases can skew this productivity class because the soils in this class, without irrigation, would not be able to consistently generate the production revenue to sustain this rental rate. With the irrigation, however, higher rental rates are able to be paid and average substantially more rent per acre, comparable to the excellent productivity soils levels.



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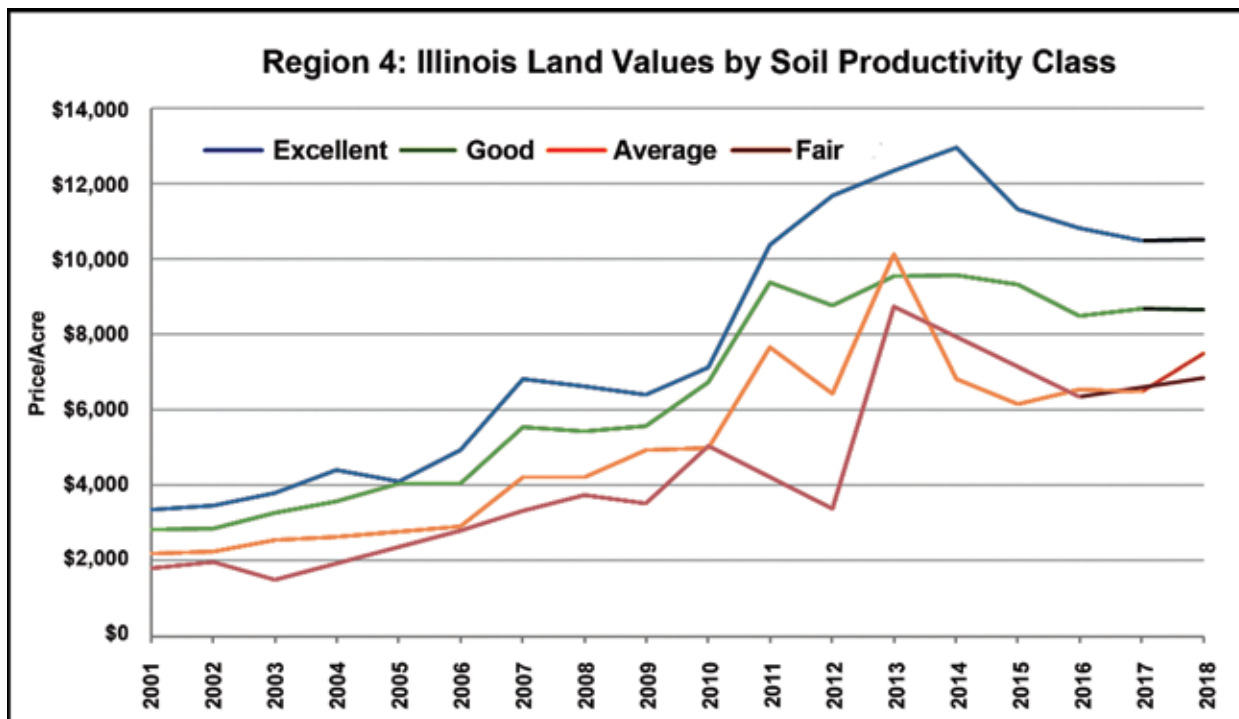
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**Average Sales Price of Completed Sales in Region 4 by Year and Category\***

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec.
2001	3,373	2,827	2,184	1,806	2,224
2002	3,473	2,869	2,242	1,963	2,120
2003	3,812	3,278	2,554	1,500	1,621
2004	4,426	3,586	2,649		4,168
2005	4,122	4,050			4,611
2006	4,951	4,066	2,925	2,800	3,831
2007	6,841	5,554	4,232	3,345	4,583
2008	6,636	5,428	4,210	3,750	4,563
2009	6,417	5,584	4,949	3,525	4,527
2010	7,137	6,733	4,992	5,050	4,580
2011	10,373	9,372	7,669		3,826
2012	11,680	8,767	6,431	3,400	4,821
2013	12,352	9,542	10,127	8,750	4,534
2014	12,950	9,564	6,840		4,568
2015	11,325	9,331	6,164		4,316
2016	10,814	8,486	6,560	6,357	5,321
2017	10,502	8,689	6,496		3,792
2018	10,528	8,655	7,489	6,863	4,678

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.33%	9.64%	9.19%	11.43%	8.03%
2010-2018	4.86%	3.14%	5.07%	3.83%	0.26%
2001-2018	6.70%	6.58%	7.25%	7.85%	4.37%
2005-2018	7.21%	5.84%			0.11%
2010-2018	4.9%	3.1%	5.1%	3.8%	0.3%
2017-2018	0.2%	-0.4%	14.2%		21.0%

\* (Note: Limited numbers of sales in some years and special features may affect values)

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## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	240	280	345	1 Year	300	50	30	10	10
Good Productivity	160	200	280	1 Year	245	60	25	10	5
Average Productivity	100	125	*175	1 Year	150				

### Median Value of Reported Sales by Year and Class\*

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec.
2001	-	2,800	2,225	1,633	2,224
2002	3,440	2,975	2,240	1,963	2,100
2003	3,750	3,387	2,588	1,500	1,779
2004	4,438	3,525	2,650		4,319
2005	4,257	4,050			4,245
2006	5,000	4,297	2,925	2,800	3,638
2007	6,400	5,000	4,013	3,345	3,939
2008	6,800	5,400	4,225	3,750	4,244
2009	6,550	5,575	4,949	3,525	4,700
2010	7,010	6,595	5,000	5,050	4,348
2011	10,341	9,163	6,950		3,563
2012	11,700	9,000	6,000	3,400	5,000
2013	12,500	9,543	9,000	8,750	5,000
2014	12,750	9,875	7,000		5,088
2015	11,250	9,250	5,700		4,402
2016	10,850	8,576	5,969	6,357	4,793
2017	10,500	8,671	6,462		3,475
2018	10,500	8,983	7,525	7,125	4,111

### Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		9.52%	9.00%	12.55%	7.45%
2010-2018	5.05%	3.86%	5.11%	4.30%	-0.70%
2001-2018		6.86%	7.17%	8.67%	3.61%
2005-2018	6.94%	6.13%			-0.25%
2010-2018	5.1%	3.9%	5.1%	4.3%	-0.7%
2017-2018	0.0%	3.5%	15.2%		16.8%

\* (Note: Limited numbers of sales in some years and special features may affect values)

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**Percentage Change of Average by Period**

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec.
2001 - 2002	2.9%	1.5%	2.7%	8.3%	-4.8%
2002 - 2003	9.3%	13.3%	13.0%	-26.9%	-26.9%
2003 - 2004	14.9%	9.0%	3.6%		94.5%
2004 - 2005	-7.1%	12.2%			10.1%
2005 - 2006	18.3%	0.4%			-18.5%
2006 - 2007	32.3%	31.2%	36.9%	17.8%	17.9%
2007 - 2008	-3.0%	-2.3%	-0.5%	11.4%	-0.4%
2008 - 2009	-3.4%	2.8%	16.2%	-6.2%	-0.8%
2009 - 2010	10.6%	18.7%	0.9%	36.0%	1.2%
2010 - 2011	37.4%	33.1%	42.9%		-18.0%
2011 - 2012	11.9%	-6.7%	-17.6%		23.1%
2012 - 2013	5.6%	8.5%	45.4%	94.5%	-6.1%
2013 - 2014	4.7%	0.2%	-39.2%		0.7%
2014 - 2015	-13.4%	-2.5%	-10.4%		-5.7%
2015 - 2016	-4.6%	-9.5%	6.2%		20.9%
2016 - 2017	-2.9%	2.4%	-1.0%		-33.9%
2017 - 2018	0.2%	-0.4%	14.2%		21.0%
Avg 2001-2018	6.70%	6.58%			4.37%

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	20.7%	10.0%	30.2%	24.3%	12.9%
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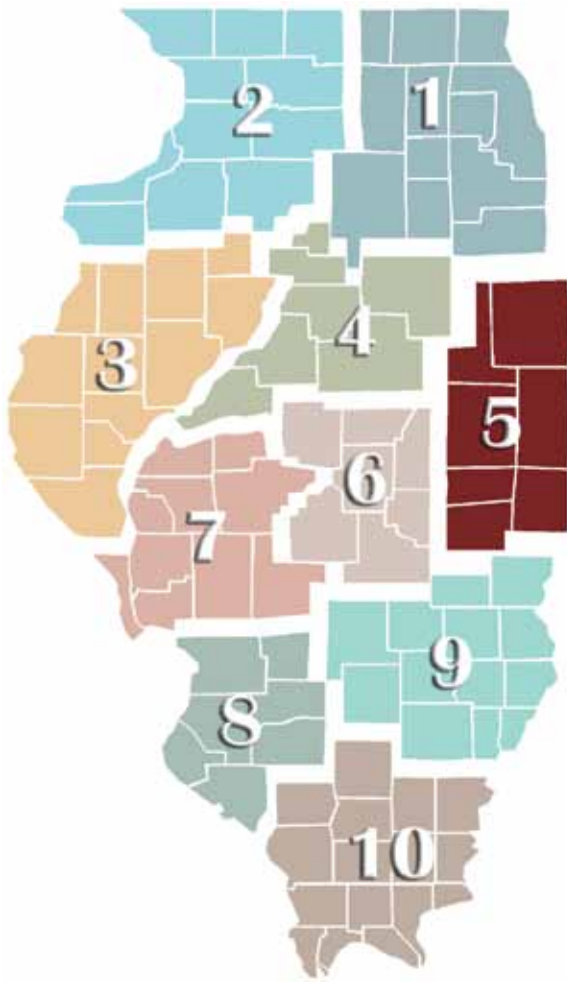
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### Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$9,500-\$12,000	up 4.6%	down 25%-30%	\$290-\$320	steady	\$300
Good Productivity	\$7,500-\$10,000	up 3.3%	down 30%-35%	\$250-\$280	steady	\$275
Average Productivity	\$4,500-\$6,500	down 9.1%	up 5%-10%	\$200-\$240	steady	\$225
Recreational Land	\$2,500-\$5,000	up 5%	steady			

Region 5 covers East-Central Illinois, including Champaign, Douglas, Coles, Edgar, Vermilion, Iroquois, and Ford Counties. The 2017 and 2018 crop yields were generally excellent to exceptional, although some areas were not as fortunate. In large part the high yields offset some of the decline in commodity prices and provided support to land values and rental rates. Total sales volume declined by 27 percent from 2017, a reversal of the increase noted from 2016 to 2017.

Buyer tolerance of “blemishes” in a given property also diminished through the year, as lower quality, irregular shaped, or poorly drained farms experienced softening values while prime tracts held firm. The importance of

location cannot be over-emphasized. Statistical increases in average values for good to excellent productivity farms were somewhat surprising to our committee, with the general expectation for a mostly steady to softer trend. It should be noted that statistics noted in the text of our report include all representative sales for the region, and represent sales in addition to those listed in this publication.

### Excellent Productivity Tracts

Excellent productivity sales comprise the largest part of Region 5, with 50 percent of recorded sales in this category. The actual number of sales declined by 28 percent



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from 2017, but values increased by 4.6 percent, supporting basic supply and demand principles. Sale price per PI also increased 2.4 percent, to \$75.77 per PI from the 2017 average of \$73.97. Values ranged from \$8,000 to \$13,000 per acre, but with a concentration between \$9,500 to \$12,000 per acre.

The overall average was \$10,613, with a median of \$10,779 per acre. While average sale prices for the last half of the year were about 3 percent lower than the first half, the difference appeared to result from a greater number of sales in counties with historically lower values, as opposed to a general decline in values.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Douglas	Jan	25.00	98.8	139.6	11,600
Coles	Jan	104.06	97.2	139.6	9,900
Champaign	Jan	79.91	99.0	143.3	11,900
Champaign	Jan	40.00	99.0	143.4	11,300
Douglas	Jan	33.50	97.6	137.3	10,448
Coles	Jan	80.00	94.8	139.9	11,000
Champaign	Jan	40.00	98.0	138.6	11,250
Douglas	Jan	46.05	98.6	133.0	10,200
Champaign	Feb	99.74	99.2	143.6	10,800
Edgar	Feb	68.00	100.0	139.2	9,100
Edgar	Feb	68.17	99.7	144.0	10,268
Edgar	Feb	54.00	100.0	139.9	10,757
Douglas	Feb	60.40	100.0	138.6	12,914
Champaign	Feb	40.00	96.0	143.7	12,000
Coles	Feb	79.00	96.6	137.8	12,005
Douglas	Feb	79.78	99.0	140.8	11,950
Douglas	Feb	157.12	92.6	138.7	10,500
Coles	Feb	57.16	97.4	140.2	9,100
Edgar	Mar	81.73	100.0	142.3	11,800
Edgar	Mar	81.72	100.0	142.0	10,900
Coles	Mar	40.00	98.9	135.9	11,000
Champaign	Mar	49.87	99.1	141.8	10,399
Champaign	Mar	358.74	97.1	136.2	9,625
Coles	Mar	94.00	100.0	143.6	9,700
Edgar	Apr	80.00	97.0	140.4	9,900
Champaign	Apr	38.60	98.4	143.8	11,000
Douglas	Apr	90.29	98.3	140.0	11,000
Coles	Apr	37.59	100.0	138.8	12,500
Champaign	Apr	54.28	99.1	142.5	10,401
Champaign	Apr	60.00	88.0	139.2	10,400
Douglas	Apr	42.56	98.9	139.7	10,735
Champaign	Apr	114.98	98.7	142.9	12,700
Champaign	Apr	255.61	99.6	139.8	10,425
Champaign	Apr	80.00	95.8	138.2	11,250
Douglas	Apr	80.00	100.0	142.4	10,500
Douglas	May	77.32	97.1	141.8	10,709
Champaign	May	40.00	98.0	143.7	11,750
Champaign	May	66.90	98.2	143.7	10,912
Champaign	May	112.80	98.8	138.8	11,200
Edgar	Jun	40.00	94.6	133.1	9,500
Edgar	Jun	53.00	94.2	141.9	9,409
Vermilion	Jun	80.00	99.0	144.0	10,998
Champaign	Jun	157.44	99.3	142.1	11,697
Champaign	Jun	80.00	97.4	143.7	11,000
Douglas	Jul	325.07	96.5	140.5	11,982
Douglas	Jul	80.00	98.5	142.0	10,800
Edgar	Aug	100.00	98.5	144.0	10,300

REGION 5

Vermilion	Aug	40.00	100.0	144.0	10,000
Coles	Aug	117.34	96.7	136.3	11,400
Champaign	Aug	39.03	97.1	143.0	11,300
Champaign	Oct	40.00	98.0	138.9	10,900
Douglas	Oct	90.00	97.3	135.8	9,444
Edgar	Nov	80.00	99.0	141.2	9,900
Edgar	Nov	117.67	99.0	142.6	10,800
Champaign	Nov	78.29	99.0	143.0	10,561
Ford	Nov	77.27	98.6	141.2	10,993
Edgar	Dec	108.00	99.0	143.6	9,000
Edgar	Dec	44.00	99.0	142.5	10,101
Edgar	Dec	75.70	99.0	143.3	10,500
Champaign	Dec	40.00	98.0	143.7	11,900
Douglas	Dec	71.32	95.8	139.4	11,500
Douglas	Dec	75.73	99.2	139.4	11,100
Average (acre weighted)			97.9%	140.5	\$10,790

## Good Productivity Tracts

Good productivity tract sales tallied 40 percent of total cropland transactions through our region in 2018. The total number of sales in this category declined 32 percent from the prior year. Somewhat surprisingly to the committee, values actually increased over 2 percent per acre from 2017. The average acre-weighted sale price in this category was \$8,016 per acre, with a median of \$8,098. A wide range of values was reported from \$6,000 to \$11,000 per acre, but most sales were consummated between \$7,500 to \$10,000 per acre. Average sale price per PI for good productivity land was \$69.05, up 2.5 percent from \$67.37 in 2017.

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County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Iroquois	Jan	84.26	97.6	127.2	8,400
Iroquois	Jan	160.00	97.0	124.0	6,826
Champaign	Jan	30.50	96.1	123.6	9,393
Iroquois	Jan	136.03	98.9	129.0	8,300
Douglas	Jan	36.05	95.4	128.2	10,200
Iroquois	Feb	120.00	99.8	119.2	8,250
Champaign	Feb	494.26	94.3	126.0	6,879
Douglas	Feb	101.20	99.4	132.4	11,702
Iroquois	Feb	40.00	98.3	122.7	7,500
Coles	Mar	60.00	93.7	130.0	9,500
Champaign	Mar	78.02	97.2	122.8	9,228
Vermilion	Mar	240.00	88.0	128.0	7,166
Champaign	Mar	113.75	95.0	120.4	7,970
Iroquois	Mar	43.25	99.8	126.5	6,800
Iroquois	Mar	69.83	94.6	120.0	9,610
Champaign	Mar	81.67	95.4	117.9	7,200
Douglas	Mar	35.59	95.8	130.7	10,014
Coles	Mar	58.96	98.7	132.4	10,237
Edgar	Apr	80.87	99.0	119.2	7,100
Coles	Apr	51.80	98.7	128.1	6,529
Vermilion	Apr	160.00	92.5	119.0	5,792
Champaign	Apr	40.00	96.0	121.2	8,000
Iroquois	Apr	76.74	99.9	127.3	9,149
Iroquois	Apr	87.00	87.0	125.0	6,738
Champaign	Apr	40.00	100.0	127.2	10,000
Vermilion	May	80.00	97.5	129.0	8,300
Vermilion	May	447.00	91.7	123.0	10,029
Vermilion	May	22.00	90.9	123.0	8,222
Vermilion	May	110.00	94.5	118.0	6,487
Champaign	May	36.96	100.0	131.2	10,823

Iroquois	May	40.00	98.8	129.0	8,098
Champaign	May	51.05	97.9	125.2	8,054
Iroquois	May	35.47	97.2	129.6	10,544
Edgar	Jun	158.20	93.1	123.4	7,300
Ford	Jun	25.00	100.0	126.6	8,141
Vermilion	Jun	104.00	91.0	125.0	7,350
Vermilion	Jul	220.00	99.0	131.0	7,700
Vermilion	Jul	120.00	100.0	130.0	8,000
Ford	Jul	38.50	94.3	123.7	7,809
Coles	Jul	56.74	68.5	120.9	6,609
Edgar	Aug	155.91	97.0	126.6	8,232
Coles	Oct	40.00	98.1	129.4	9,000
Ford	Oct	73.10	98.3	126.4	8,502
Champaign	Nov	50.18	94.3	120.2	8,925
Douglas	Nov	60.00	99.0	132.1	8,494
Edgar	Dec	41.00	99.1	118.8	6,097
Edgar	Dec	40.00	95.3	121.1	7,176
Douglas	Dec	125.67	98.6	124.2	7,750
Champaign	Dec	190.14	95.0	124.7	7,000
Average (acre weighted)			95.2%	125.2	\$8,016

## Average Productivity Tracts

Average productivity tracts comprised only 9 percent of sales in our region so the data needs to be viewed with some caution. Nevertheless, the results were consistent with the general “feel” of the market, which is softening values for lower quality parcels, especially in comparison to prime land.

Region 5 tallied 15 sales in this category. Average sale price was \$5,350 per acre, down 9 percent from \$5,868 in 2017. Interestingly, the 2018 average is almost exactly 50 percent of the average for excellent productivity land. Sale price per PI declined 5.1 percent to \$52.18.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Ford	Jan	156.00	93.7	114.5	6,101
Iroquois	Jan	157.63	70.0	114.1	4,758
Edgar	Feb	212.35	80.0	107.0	4,060
Coles	Mar	40.00	74.9	115.2	4,150
Vermilion	Mar	180.00	90.0	114.0	5,903
Edgar	Apr	37.57	96.0	110.5	4,300
Ford	May	200.00	92.3	116.0	7,360
Iroquois	May	215.35	98.0	106.4	8,324
Vermilion	Jun	173.00	83.0	112.0	4,926
Vermilion	Jul	22.00	100.0	113.0	4,678
Vermilion	Jul	40.00	85.0	109.0	4,117
Vermilion	Jul	44.00	100.0	109.0	6,772
Edgar	Nov	26.45	86.6	114.9	5,000
Edgar	Nov	32.25	81.6	106.1	4,800
Douglas	Dec	91.40	100.0	110.0	5,000
Average (acre weighted)			88.1%	111.5	\$5,762

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## Recreational Tracts

Region 5 reported 20 sales of recreational parcels in 2018. The average sale price was \$3,777 per acre. Both of these results were very similar to the prior year, in which we had 19 sales at an average price of \$3,609 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Coles	Jan	141.80	70.8	125.6	4,094
Edgar	Jan	24.85	0.0		1,408
Champaign	Jan	22.79	0.0		3,510
Champaign	Jan	29.62	24.3	116.0	5,064
Champaign	Jan	240.00	37.3	114.8	5,208
Douglas	Jan	44.82	0.0		3,291
Douglas	Feb	27.65	0.0		4,883
Champaign	Feb	58.80	0.0		7,653
Edgar	Mar	40.47	0.0		2,570
Champaign	Mar	31.55	0.0		5,000
Edgar	Apr	38.97	27.0	119.0	2,000
Edgar	Jun	30.00	0.0		2,258
Coles	Jun	131.90	31.9	120.0	5,500
Coles	Jun	191.80	0.0		3,519
Edgar	Aug	55.83	0.0		2,798
Edgar	Aug	30.00	0.0		5,500
Edgar	Oct	83.00	35.0	106.2	3,012
Coles	Oct	34.00	0.0		2,007
Ford	Oct	28.00	31.5	106.0	2,768
Edgar	Dec	40.00	0.0		3,500
Average (acre weighted)			21.7%		\$4,143

## Transitional Tracts

Only two sales of transitional land were noted, neither of which showed significant premium due to their location being on the outer perimeter of what might be considered “transitional.”

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Champaign	Jan	46.41	89.6	125.0	15,298
Champaign	Jan	201.00	95.2	141.3	13,500
Average (acre weighted)			94.1%	138.2	\$13,837

## Lease Trends

The rental environment for Region 5 seems best described as “steady.” Actual yields in a given area were a major factor, as there is a huge difference in profitability between 200 bushel corn - 65 bushel beans and 250 bushel corn - 85 bushel beans. Some tenants were reluctant to renew cash rent leases for 2019 at the same levels as 2018, but very few instances were noted of tenants walking away from farms for that reason.

High crop yields over the last few years have offset the lower grain prices and kept most operations profitable. The soybean “tariff” payments were a significant contributor to maintaining rents into 2019, especially since they were based on actual yields (many of which were records)

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and not the established yield at FSA. The tariff payment caused some complication for flex cash leases that utilized a cash or futures market price as a component of the lease formula, leading to clarifying language added into the 2019 leases.

While tenants are hesitant to renew leases on farms that they've been on for a while, many are still quite aggressive to pick up new acres. A recent cash rent bidding yielded several bids in excess of 20% higher than typical rents seen throughout the area. Many of those farmers are trying to add new acres so that a son can come back home to the farm full-time. No significant change was noted in the number of farms changing operators going into the 2019 crop year.

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## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	275	300	330	1 Year	300 - 325	20	50	25	5
Good Productivity	250	275	300	1 Year	275	20	50	25	5
Average Productivity	200	230	250	1 Year	225	25	50	25	



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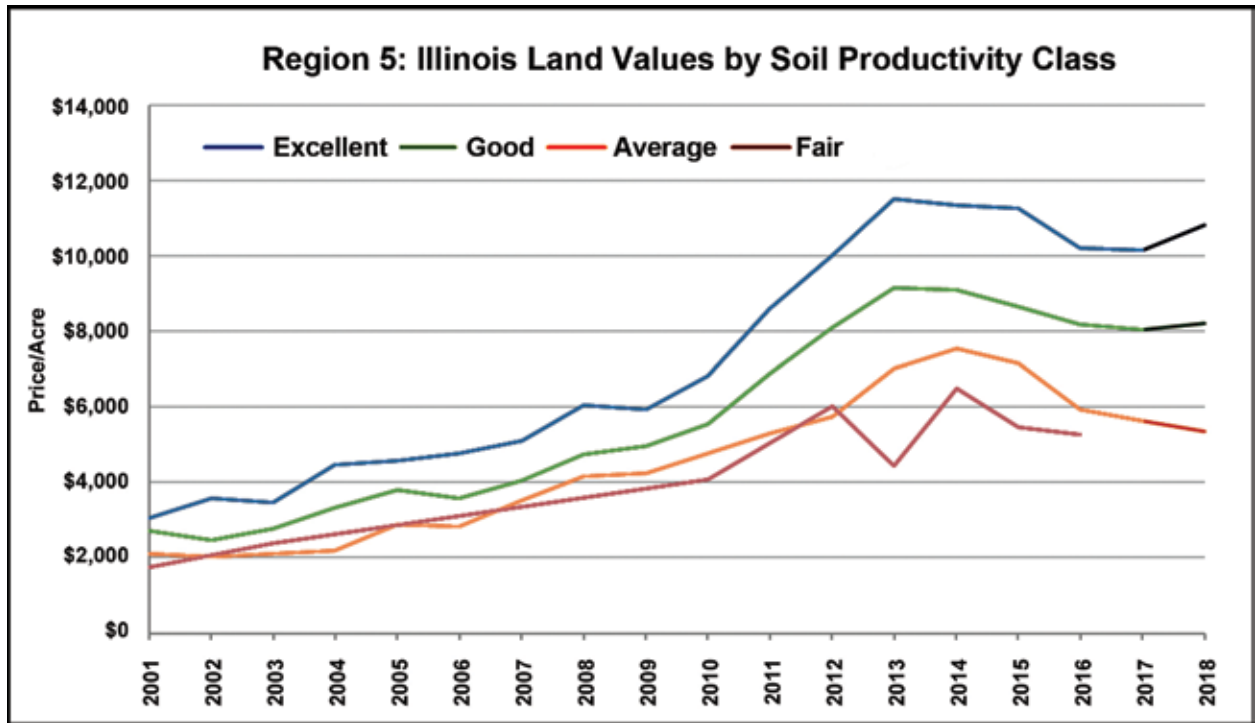
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**Average Sales Price of Completed Sales in Region 5 by Year and Category\***

Year	--- Category ---				
	Excellent	Good	Average	Rec.	Trans.
2001	3,048	2,720	2,110		3,594
2002	3,578	2,465	2,017	1,475	
2003	3,472	2,787	2,123	1,403	5,970
2004	4,473	3,318	2,189	2,112	8,279
2005	4,588	3,815	2,883	2,108	6,319
2006	4,784	3,582	2,820	2,525	6,887
2007	5,116	4,066	3,537	3,450	11,489
2008	6,044	4,738	4,163	3,579	12,619
2009	5,939	4,969	4,258	2,673	10,796
2010	6,840	5,554	4,767	2,817	10,605
2011	8,602	6,878	5,316	4,247	
2012	10,023	8,106	5,746	3,806	
2013	11,527	9,156	7,019	3,128	7,500
2014	11,349	9,100	7,553	4,113	36,125
2015	11,258	8,657	7,170	3,601	20,169
2016	10,210	8,199	5,928	3,961	30,445
2017	10,170	8,058	5,626	3,743	30,433
2018	10,821	8,227	5,350	3,777	14,399

**Median Value of Reported Sales by Year and Class\***

Year	--- Category ---				
	Excellent	Good	Average	Rec.	Trans.
2001	-	2,825	2,078		3,538
2002	3,192	2,498	1,900	1,475	
2003	3,570	2,822	2,100	1,500	5,875
2004	4,500	3,300	2,307	1,988	7,894
2005	4,600	3,955	2,875	2,000	6,319
2006	4,797	3,750	2,771	2,525	6,599
2007	5,000	4,200	3,621	3,229	7,889
2008	5,909	5,000	4,222	4,050	10,308
2009	6,000	5,000	4,200	2,645	10,254
2010	6,800	5,450	4,750	2,837	10,000
2011	8,560	6,950	4,998	4,500	
2012	9,991	8,225	5,850	3,584	
2013	11,700	9,036	6,966	3,096	7,500
2014	11,424	9,145	8,000	3,917	41,000
2015	11,225	8,624	7,339	3,200	23,000
2016	10,315	8,200	6,026	3,700	27,542
2017	10,150	8,000	5,365	3,575	25,000
2018	10,850	8,098	4,926	3,505	14,399

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.98%	7.93%	9.06%		12.02%
2010-2018	5.73%	4.91%	1.44%	3.66%	3.82%
2001-2018	7.45%	6.51%	5.47%		8.16%
2005-2018	6.60%	5.91%	4.76%	4.49%	6.34%
2010-2018	5.7%	4.9%	1.4%	3.7%	3.8%
2017-2018	6.2%	2.1%	-5.0%	0.9%	-74.8%

\* (Note: Limited numbers of sales in some years and special features may affect values)

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		7.30%	9.19%		11.55%
2010-2018	5.84%	4.95%	0.45%	2.65%	4.56%
2001-2018		6.19%	5.08%		8.26%
2005-2018	6.60%	5.51%	4.14%	4.32%	6.34%
2010-2018	5.8%	5.0%	0.5%	2.6%	4.6%
2017-2018	6.7%	1.2%	-8.5%	-2.0%	-55.2%

\* (Note: Limited numbers of sales in some years and special features may affect values)



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**Percentage Change of Average by Period**

--- Category ---

Year	Excellent	Good	Average	Rec.	Trans.
2001 - 2002	16.0%	-9.8%	-4.5%		
2002 - 2003	-3.0%	12.3%	5.1%	-5.0%	
2003 - 2004	25.3%	17.5%	3.1%	40.9%	32.7%
2004 - 2005	2.5%	13.9%	27.5%	-0.2%	-27.0%
2005 - 2006	4.2%	-6.3%	-2.2%	18.1%	8.6%
2006 - 2007	6.7%	12.7%	22.6%	31.2%	51.2%
2007 - 2008	16.7%	15.3%	16.3%	3.7%	9.4%
2008 - 2009	-1.8%	4.8%	2.3%	-29.2%	-15.6%
2009 - 2010	14.1%	11.1%	11.3%	5.2%	-1.8%
2010 - 2011	22.9%	21.4%	10.9%	41.0%	
2011 - 2012	15.3%	16.4%	7.8%	-11.0%	
2012 - 2013	14.0%	12.2%	20.0%	-19.6%	
2013 - 2014	-1.5%	-0.6%	7.3%	27.4%	157.2%
2014 - 2015	-0.8%	-5.0%	-5.2%	-13.3%	-58.3%
2015 - 2016	-9.8%	-5.4%	-19.0%	9.5%	41.2%
2016 - 2017	-0.4%	-1.7%	-5.2%	-5.7%	0.0%
2017 - 2018	6.2%	2.1%	-5.0%	0.9%	-74.8%
Avg 2001-2018	7.45%	6.51%	5.47%		

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	6.3%	10.7%	34.5%	11.7%	92.0%
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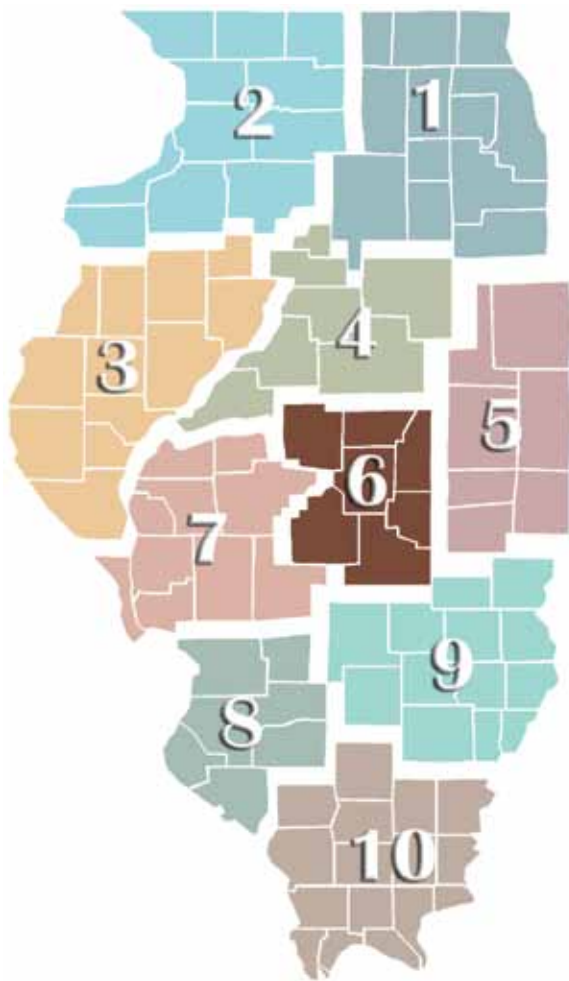
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# Region 6 - Central



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## Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity	\$8,300-\$12,200	0.20%	Down	\$300-\$350	0%	\$300-\$350
Good Productivity	\$7,350-\$10,000	3.20%	Down	\$250-\$325	0%	\$250-\$325
Average Productivity	\$4,800-\$8,537	10.00%	Down	\$200-\$250	0%	\$200-\$250
Fair Productivity	\$5,000-\$6,059	-10.00%	Steady	\$150-\$200	0%	\$150-\$200
Recreational Land	\$2,724-\$5,000	0.65%	Steady	NA	0%	NA
Transitional Tracts	\$6,350-\$9,375	NA	Steady	NA	NA	NA
Other Sales	\$9,950-\$11,000	NA	UP (new to region)	\$300-\$350	0%	\$300-\$350

Region 6 consists of seven counties located in Central Illinois, Macon County is the center of the region, which includes Logan, DeWitt, Piatt, Moultrie, Shelby, and Christian Counties. The region is made up of high-quality farmland that is desirable to farmers and investors. This region commands high cash rent prices due to significant competition from highly qualified farm tenants throughout the area. The area is also known for good grain prices due to ADM and Tate and Lyle both being centrally located in Decatur.

Overall, the market is steady with almost no statistical changes seen in the values and price ranges across the

land classes. The exceptions being the “average and fair” classes, which is likely due to the timing of the available sales year over year and the limited number of sales. The committee members agree that the market is steady overall throughout the region over the 2018 calendar year.

The steady market is due to the continued demand from buyers for land in central Illinois. Buyers include farmers and investors in a market where supply remains tight. The institutional investors increased activity in the region during 2018. The lower commodity prices were mostly offset in 2018 by well above average yields for both corn and soybeans. This provided some relief to what appeared

to be a year with the potential big decreases in the farmer's income levels. This is the second consecutive year that near-record yields have cushioned the lower commodity prices.

Also providing continued support to the market is the steady cash rent being negotiated for 2019. Again, the near-record yields in 2017 and 2018 have allowed for steady cash rent levels into 2019. The committee agreed that cash rent levels are expected to remain the same in all the land classes for the upcoming year.

### Excellent Productivity Tracts

The largest percentage of sales in Region 6 are of farmland that would be in the Excellent category. There were 50 arms-length transactions in the region that best represent the current market conditions. These sales range from \$8,300 per acre to \$12,200 per acre. Of the sales selected, the average size sold was 152.6 acres, with an average of 98.8 percent tillable acreage and an average PI of 140.7. The average weighted price of these sales was \$10,628 per acre.

Last year's data showed an average weighted price of \$10,605 per acre with an average PI of 142.5. Overall, the market for "excellent" farmland is flat year over year, for the third consecutive year. Even the range in values is the same as the last two years. Given the continued lower commodity prices and overall concerns for the condition of the ag economy, a flat market is somewhat surprising. The supply appears to be similar to previous years and the demand for

top quality farmland continues to be strong. It is the continued demand that is keeping the values steady.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Christian	Jan	117.06	99.4	133.8	11,694
Christian	Mar	121.00	100.3	141.4	11,700
Christian	Apr	80.00	98.8	137.6	11,000
Christian	May	98.06	100.0	140.3	11,500
Christian	Oct	80.00	102.4	140.9	10,850
Christian	Nov	40.00	98.8	138.5	11,875
DeWitt	Jun	80.00	99.3	137.4	10,800
Dewitt	Sep	40.00	94.7	142.3	10,630
Dewitt	Sep	80.00	100.9	140.4	10,630
Logan	Jan	74.48	95.4	142.3	10,650
Logan	Aug	80.00	102.5	135.4	10,250
Logan	Sep	300.17	99.3	142.2	10,500
Logan	Dec	137.70	99.5	141.4	10,200
Logan	Jan	137.76	99.3	142.7	9,200
Logan	Feb	93.97	100.0	143.7	10,575
Macon	Feb	80.00	100.4	143.4	12,200
Macon	Mar	218.73	98.9	140.5	10,325
Macon	Apr	80.00	94.1	141.1	10,000
Macon	Apr	80.00	95.4	139.0	9,800
Macon	Jun	45.00	96.9	139.7	11,225
Macon	Jun	99.00	98.7	144.0	10,925
Macon	Jun	160.00	99.7	142.1	10,500
Macon	Aug	105.68	96.7	140.3	10,150
Macon	Nov	68.23	96.5	139.1	10,600
Macon	Dec	122.57	99.4	139.0	10,700
Macon	Dec	40.00	98.0	141.5	10,000
Moultrie	Nov	121.59	101.7	140.7	8,300
Piatt	Jan	240.00	98.8	144.0	11,000
Piatt	Jan	562.30	97.8	137.0	10,000

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Piatt	Feb	214.35	100.0	143.3	10,825
Piatt	Feb	70.74	97.6	142.0	10,250
Piatt	Apr	158.00	95.3	142.3	10,297
Piatt	May	51.00	100.0	142.0	10,000
Piatt	May	77.34	100.0	138.8	9,300
Piatt	Jun	80.00	98.0	143.1	10,800
Piatt	Jul	877.36	99.7	140.0	11,000
Piatt	Jul	757.00	100.2	140.5	11,000
Piatt	Aug	40.00	95.2	144.0	10,000
Piatt	Sep	405.00	99.3	142.0	11,400
Piatt	Sep	240.00	95.5	141.5	10,200
Piatt	Oct	80.00	98.8	139.8	10,488
Piatt	Nov	240.00	97.2	143.5	11,250
Piatt	Nov	289.90	96.0	140.0	10,000
Piatt	Nov	120.00	100.0	143.0	9,000
Shelby	Jan	43.62	99.4	134.4	11,500
Shelby	Jan	40.99	98.1	143.4	11,700
Shelby	Feb	40.00	97.5	144.0	10,000
Shelby	Mar	101.50	99.3	142.2	10,825
Shelby	Nov	40.00	100.5	135.5	11,300
Shelby	Nov	80.00	101.3	141.9	10,800
Average (acre weighted)			98.8%	140.7	\$10,628

## Good Productivity Tracts

There were 15 arms-length transactions in the region that best represent the current market conditions in the “good” category. These sales range from \$7,350 per acre to \$10,000 per acre. Of the sales selected, the average size sold was 77.7 acres, with an average of 96.3 percent tillable

acreage and an average PI of 130.5. The average weighted price of these sales was \$8,877 per acre.

Last year’s data showed an average weighted price of \$8,601 per acre with an average PI of 130.3. Overall, the market for “good” farmland is mostly steady when compared to last year. The range in values is similar, but the top end is a bit lower at \$10,000 per acre.

While the data shows an average value is a little higher than last year that difference is within the likely variation due to the smaller number of sales.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Christian	Mar	47.46	93.8	124.2	8,532
Christian	Jul	54.50	97.2	130.3	9,750
Christian	Nov	45.73	98.9	129.7	9,545
DeWitt	Feb	150.50	96.2	133.9	9,130
DeWitt	Mar	66.56	99.4	132.9	9,600
DeWitt	Apr	40.00	96.0	135.5	10,000
DeWitt	Nov	80.00	92.4	118.8	7,350
Logan	Mar	60.00	97.5	135.1	9,600
Macon	Jan	79.00	94.4	135.9	9,500
Macon	May	120.51	99.9	130.0	8,200
Macon	May	58.20	94.9	137.6	9,200
Macon	Jun	40.53	94.3	134.1	10,000
Piatt	Mar	80.00	89.6	142.8	9,250
Shelby	Oct	163.13	97.7	125.6	7,917
Shelby	Oct	78.78	98.8	118.1	8,632
Average (acre weighted)			96.3%	130.5	\$8,877



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## Average Productivity

There were 14 arm-length transactions in the region that best represent the current market conditions in the “Average” category. These sales range from \$4,800 per acre to \$8,537 per acre. Of the sales selected, the average size sold was 177.5 acres, with an average of 74.6 percent tillable acreage and an average PI of 123.8. The average weighted price of these sales was \$7,651 per acre.

Last year’s data showed an average weighted price of \$6,054 per acre with an average PI of 108.5. While this year’s data shows a much higher average sales price, the average PI is also much higher. There are several sales in the data with higher soil PI with a percentage of tillable acreage that drops them into the “average” category.

Based on the data, the average value per PI is up 10% in 2018 when compared to 2017. However, the committee feels that this increase is likely due to the higher concentration of sales at the upper end of the range versus a general market increase. Overall, the market for “Average” farmland is flat.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeWitt	Oct	119.00	88.8	114.9	6,800
Logan	Aug	138.50	75.6	137.8	8,303
Logan	Nov	288.00	89.9	133.3	8,174
Macon	Jan	131.58	71.5	138.9	8,537
Macon	Dec	77.00	75.8	131.1	6,883
Piatt	Feb	839.00	60.6	122.9	7,659
Piatt	Jul	80.00	95.6	126.0	8,438
Shelby	Jan	30.00	84.3	102.1	7,000
Shelby	Feb	86.80	97.4	107.6	6,850
Shelby	Feb	85.69	75.6	100.6	4,800
Shelby	Apr	77.16	98.5	103.4	8,519
Average (acre weighted)			74.6%	123.8	\$7,651

## Fair Productivity Tracts

There were 5 arm-length transactions in the region that best represent the current market conditions in the “fair” category. These sales range from \$5,000 per acre to \$6,059 per acre.

Of the sales selected, the average size sold was 45.5 acres, with an average of 62.9 percent tillable acreage and an average PI of 115.5. The average weighted price of these sales was \$5,452 per acre.

Last year’s data showed an average weighted price of \$6,066 per acre with an average PI of 98.3. Overall, the market for “Fair” farmland is down 10.0 percent based on the data. The range in values continues to narrow in this year’s data set compared to the previous two years. The decrease in the value of “fair” farmland is likely due to the above-expected increase in last year’s data which showed a 12.5 percent increase in value.

This year’s decrease of 10 percent confirms the committee’s opinion that last year’s data was over-inflated. Over



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the past three years, the value has, like the other categories remained mostly steady, with any variation due to the low number of overall sales

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
DeWitt	Oct	34.05	54.0	126.1	5,000
Logan	Apr	38.37	33.4	126.3	5,950
Piatt	Jul	67.86	49.1	128.9	5,245
Shelby	Aug	40.00	80.3	98.4	5,000
Shelby	Dec	46.96	98.9	94.3	6,059
Average (acre weighted)			62.9%	115.5	\$5,452

**Recreational Tracts**

There were 11 arms-length transactions in the region that best represent the current market conditions in the “recreational” category. These sales range from \$2,724 per acre to \$5,000 per acre. Of the sales selected, the average size sold was 56.7 acres, with an average of 20.8% tillable acreage. The average weighted price of these sales was \$3,529 per acre.

Last year’s data showed an average weighted price of \$3,506 per acre with 17.4% tillable. Overall, the market is flat for recreational land in Region 6.

County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Christian	Apr	96.00	37.5	118.4	3,672
Christian	Jul	40.00	0.0	N/A	2,800
DeWitt	Apr	45.50	0.0	N/A	4,600
Logan	Jun	25.22	0.0	N/A	4,877
Macon	Jul	30.00	0.0	N/A	3,000
Macon	Jul	80.00	0.0	N/A	3,000
Macon	Jul	21.05	0.0	N/A	3,563
Macon	Oct	22.08	0.0	N/A	2,724
Piatt	Mar	22.84	0.0	N/A	3,065
Shelby	Mar	57.50	40.6	118.4	5,000
Shelby	Oct	183.12	38.2	97.7	3,167
Average (acre weighted)			20.8%		\$3,529

**REGION 6**



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**THE LAND AND AGRIBUSINESS TRANSACTION EXPERTS**

## Transitional Category

There are three sales in the region that would be considered “transitional” farmland. The 58.4-acre farm is located on the south edge of Decatur with no specific change in use at this time; the 16-acre farm is located within a TIF district in Forsyth near the grade school which is planned for use as a subdivision; and the 20-acre farm is located near Monticello and is intended for use as a new residence for the buyer.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Macon	Nov	58.37	68.4	131.7	7,900
Macon	Dec	16.00	81.8	142.1	9,375
Piatt	Apr	20.00	72.8	121.0	6,350
Average (acre weighted)			71.6%	131.2	\$7,822



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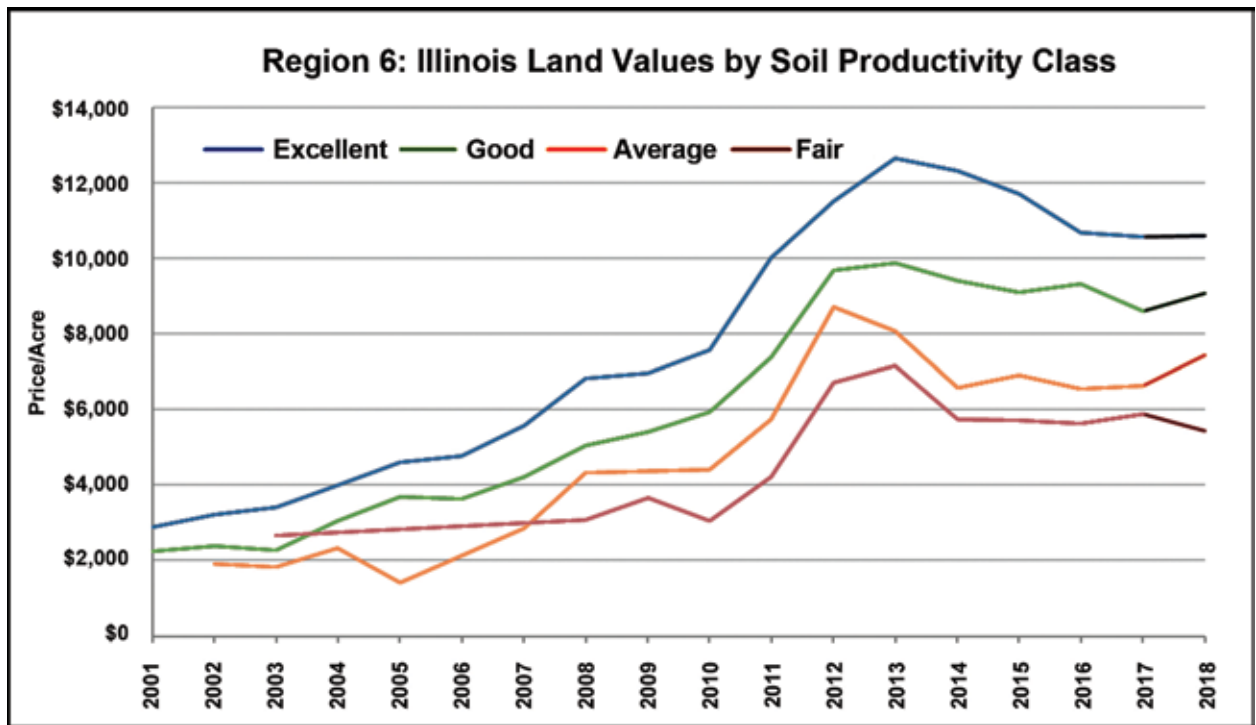
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REGION 6



## Other Tracts

For the first time in Region 6, there were sales of farmland which including a wind tower. The 316-acre tract had 2 towers and the 114-acre tract had one tower. The 114-acre tract also had 8 percent of the tillable land in CRP. Both tracts brought a premium to farms in the market without wind towers. The estimated increase was roughly \$750 per acre for each tract when factoring out all other variables.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Macon	Jan	316.02	97.6	142.2	11,000
Macon	Dec	114.08	87.1	141.4	9,950
Average (acre weighted)			94.8%	142.0	\$10,721

## Lease Trends

Cash remained mostly steady in 2018. While many feel that the cash rent levels should decrease due to the lower grain prices, there is little evidence of the owner's willingness to come down nor a willingness of the tenant to give up a lease due to the higher rent level.

There was a slight move to more flexible cash rent leases in the past couple of years that partially accounts for the steady figures provided. It is possible that rents could come down in 2019 still, even though leases have been signed, due to a tightening of the lending levels and slightly higher operating loan rates.

A second round of lease negotiation may occur on a limited basis after some tenants meet with their lenders

this spring. This is a repeat of the leasing situation in 2018. The market has been surprisingly steady over the past three years. Good local yields over this time frame have contributed to the steady rent levels.

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## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	300	325	350	1 Year	325				
Good Productivity	250	285	325	1 Year	285				
Average Productivity	200	225	250	1 Year	225				
Fair Productivity	150	175	200	1 Year	175				
Recreational Land				1 Year					

### Average Sales Price of Completed Sales in Region 6 by Year and Category\*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	2,887	2,245				
2002	3,207	2,381	1,925		967	11,275
2003	3,411	2,269	1,845	2,670	2,060	8,352
2004	4,007	3,046	2,325		1,528	8,910
2005	4,622	3,688	1,431			14,500
2006	4,785	3,633			2,817	9,416
2007	5,591	4,214	2,857		3,633	10,000
2008	6,840	5,052	4,321	3,081	4,593	8,566
2009	6,959	5,412		3,661	3,326	12,896
2010	7,574	5,949	4,425	3,066	3,574	10,365
2011	10,031	7,381	5,751	4,207	3,401	10,000
2012	11,530	9,699	8,707	6,707	3,567	12,929
2013	12,649	9,889	8,089	7,175		
2014	12,327	9,399	6,591	5,750	4,076	18,644
2015	11,725	9,099	6,920	5,725	4,756	21,013
2016	10,695	9,340	6,544	5,641	3,978	26,073
2017	10,587	8,616	6,630	5,896	4,205	12,200
2018	10,594	9,080	7,451	5,451	3,588	7,875

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.71%	10.83%				
2010-2018	4.20%	5.29%	6.51%	7.19%	0.05%	-3.43%
2001-2018	7.65%	8.22%				
2005-2018	6.38%	6.93%	12.69%			-4.70%
2010-2018	4.2%	5.3%	6.5%	7.2%	0.1%	-3.4%
2017-2018	0.1%	5.2%	11.7%	-7.8%	-15.9%	-43.8%

\* (Note: Limited numbers of sales in some years and special features may affect values)

### Median Value of Reported Sales by Year and Class\*

Year	--- Category ---					
	Excellent	Good	Average	Fair	Rec.	Trans.
2001	-	2,300				
2002	3,250	2,420	1,925		967	11,275
2003	3,450	2,463	1,845	2,670	1,930	9,666
2004	4,077	3,268	2,325		1,503	8,255
2005	4,625	3,600	1,431			14,500
2006	4,845	3,391			2,150	7,432
2007	5,488	4,075	2,857		3,350	10,000
2008	6,725	4,995	4,400	3,000	5,150	8,566
2009	6,997	5,600		3,661	3,130	11,653
2010	7,445	5,900	4,333	3,066	3,675	10,725
2011	10,000	7,163	5,751	4,207	3,628	10,000
2012	11,500	9,650	8,500	6,917	3,745	13,000
2013	12,500	10,450	8,500	7,175		
2014	12,223	8,998	7,000	4,700	4,100	18,644
2015	11,750	9,014	6,375	5,725	4,800	21,250
2016	10,800	9,700	6,419	5,556	4,200	28,933
2017	10,600	8,248	6,375	5,900	3,846	12,200
2018	10,630	9,250	7,659	5,245	3,167	7,900

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.47%					
2010-2018	4.45%	5.62%	7.12%	6.71%	-1.86%	-3.82%
2001-2018		8.19%				
2005-2018	6.40%	7.26%	12.91%			-4.67%
2010-2018	4.5%	5.6%	7.1%	6.7%	-1.9%	-3.8%
2017-2018	0.3%	11.5%	18.4%	-11.8%	-19.4%	-43.5%

\* (Note: Limited numbers of sales in some years and special features may affect values)



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**Percentage Change of Average by Period**

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec. Trans.
2001 - 2002	10.5%	5.9%			
2002 - 2003	6.2%	-4.8%	-4.2%		75.6% -30.0%
2003 - 2004	16.1%	29.5%	23.1%		-29.9% 6.5%
2004 - 2005	14.3%	19.1%	-48.6%		
2005 - 2006	3.5%	-1.5%			
2006 - 2007	15.6%	14.8%			25.4% 6.0%
2007 - 2008	20.2%	18.2%	41.4%		23.4% -15.5%
2008 - 2009	1.7%	6.9%		17.2%	-32.3% 40.9%
2009 - 2010	8.5%	9.5%		-17.8%	7.2% -21.8%
2010 - 2011	28.1%	21.6%	26.2%	31.7%	-5.0% -3.6%
2011 - 2012	13.9%	27.3%	41.5%	46.6%	4.8% 25.7%
2012 - 2013	9.3%	1.9%	-7.4%	6.7%	
2013 - 2014	-2.6%	-5.1%	-20.5%	-22.1%	
2014 - 2015	-5.0%	-3.2%	4.9%	-0.4%	15.4% 12.0%
2015 - 2016	-9.2%	2.6%	-5.6%	-1.5%	-17.9% 21.6%
2016 - 2017	-1.0%	-8.1%	1.3%	4.4%	5.6% -75.9%
2017 - 2018	0.1%	5.2%	11.7%	-7.8%	-15.9% -43.8%
Avg 2001-2018	7.65%	8.22%			

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	17.7%	8.5%	15.6%	27.5%	28.2%	119.7%
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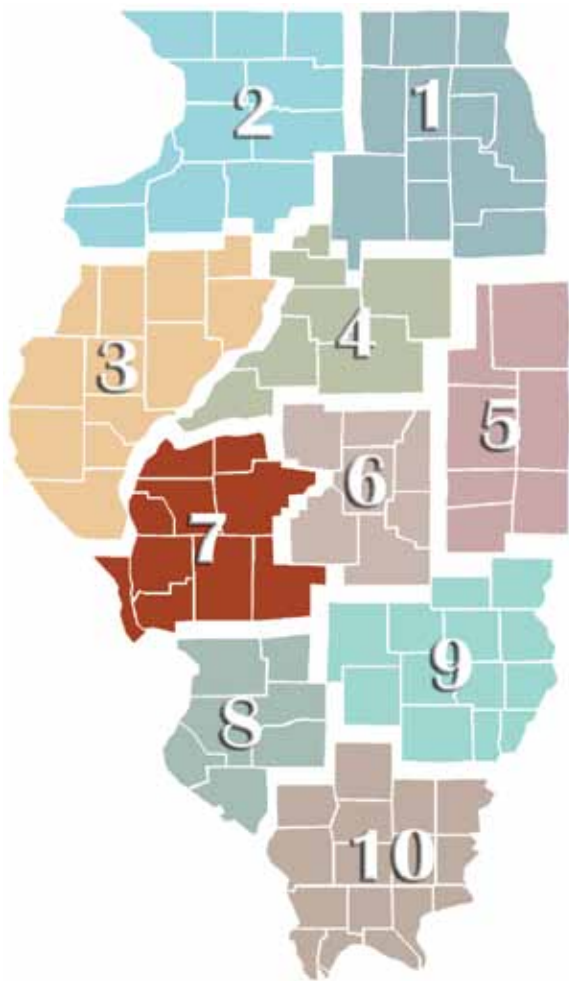
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## Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	%Change from prior year
Excellent Productivity	\$9,750-\$12,000	Down 2%-5%	Steady	\$290-\$340	Steady
Good Productivity	\$6,000-\$9,000	Down 2%-5%	Steady	\$220-\$290	Steady
Average Productivity	\$4,000-\$6,000	Down 5%-7%	Steady	\$150-\$220	Steady
Fair Productivity	\$3,000-\$4,000	Steady	Steady	\$150 >	Steady
Recreational Land	\$2,000-\$3,500	Steady	Steady		

**R**egion 7, like many others, is extremely diverse in soil productivity and topography. Parts of this region contain some of the best prairie soils around, including Tama, Ipava, Sable, Virden, Herrick, and Harrison.

Other parts of the region contain some of the best recreational hot spots in the Midwest. Greene and Calhoun Counties are known for their recreational land. Both the Illinois and Mississippi Rivers, along with many other smaller bodies of water add uniqueness to the area. These can influence not only the soil quality but also weather

patterns as well. Region 7 continued to be an interesting case study throughout 2018.

A vast majority of this region saw very strong, and in some cases record breaking production in 2018. This was welcome news as the commodity markets were under distress from every direction, including ongoing foreign policy concerns.

There were brief and occasional bursts of strength but otherwise, the region as a whole continued to see a very

moderate and slight softening in its land values. Uncertainty continues as macroeconomics factors have us guessing more than ever before. The ongoing trade issues continue to cast a shadow over agriculture. How these play out could, and likely will, influence the 2019 market a great deal.

As is always the case, specific geography has played an enormous role in a farm's worth. Two farms that appear similar on paper can bring very different prices based on their location. A farm selling in the midst of numerous well-positioned neighbors can make a sale remind us of the robust 2010-2014 time frame. Conversely, if not ideally placed in a strong area, a farm sale can really show the effects of a softening market.

Although the data suggest a generally mild decline in values, at times it felt like it would be much worse. This region continues to find more sustainability than some expected. Overall, 2018 (like 2017 and 2016) felt like an emotional rollercoaster at times but we still see an interest in farmland with buyers in the marketplace.

Energy projects continue to be a common conversation in large parts of Region 7. It remains to be seen how they will develop, if at all, but large-scale wind and solar projects are being discussed. If these large projects come to fruition, it could affect the land market but to what



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extent remains to be seen. We have seen some owners participating in these projects use their payments/bonuses for additional land purchases.

## Excellent Productivity Tracts

Excellent productivity tracts are typically flat, black and well-positioned, and continue to be in great demand in our region. We observe strong local interest in these tracts when they become available. There are certain geographic sectors within Region 7 that are especially strong. Location is still the dominant factor and proximity to operations with capacity to acquire continues to support strong values. Buyers have continued to become more selective although there is still plenty of demand for these high quality farms. With a more selective buyer, attributes such as field tile, shape, access, etc. etc. carry more weight than in previous years.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Sangamon	Jan	123.93	97.2	137.7	11,250
Macoupin	Jan	200.00	98.0	133.4	11,000
Sangamon	Jan	199.14	97.5	138.2	12,600
Sangamon	Jan	75.94	93.5	138.2	11,200
Morgan	Feb	60.00	99.0	142.5	12,500
Macoupin	Mar	40.00	97.0	137.4	12,000
Menard	Mar	44.11	99.1	142.6	10,700
Scott	Mar	38.14	89.0	137.1	12,500
Sangamon	Mar	165.00	94.4	139.4	10,182
Greene	Mar	74.83	88.0	138.1	9,150
Macoupin	Apr	67.60	99.0	134.3	11,000
Sangamon	Apr	80.00	98.0	135.6	12,250
Morgan	Apr	226.36	93.0	138.5	11,420
Sangamon	May	40.00	95.0	141.2	10,900
Greene	May	61.67	99.0	142.5	11,900
Sangamon	May	40.00	98.0	141.9	10,500
Greene	Jun	35.28	97.0	133.9	9,750
Macoupin	Jul	40.00	98.0	134.5	11,500
Sangamon	Aug	79.01	99.0	137.3	10,500
Menard	Aug	114.67	97.7	136.8	8,400
Menard	Oct	40.14	95.9	141.3	12,304
Scott	Oct	60.00	94.0	139.6	12,500
Morgan	Nov	70.00	96.0	134.1	11,500
Average (acre weighted)			96.1%	137.7	\$11,156

## Good Productivity Tracts

Land in the good productivity class continues to show a wide variety of results. Depending on which sector of Region 7 you reside, these farms can bring "Class A" prices. It is within this classification that you start to see a slightly lower quality of soil or non-tillable acreage come into play. Some buyers feel that the prices make more sense within this range value. Possible improvements start to become a factor here as well. Oftentimes, a buyer will make a purchase with an eye toward improving these types of farms with additional field tile, extra dry dams or some clearing of non-tillable acreage.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Greene	Jan	149.50	93.0	132.0	8,500
Macoupin	Feb	40.00	99.0	123.7	9,775
Scott	Feb	74.18	98.0	128.6	9,976
Greene	Feb	80.00	85.0	117.8	6,500
Greene	Feb	163.09	96.4	199.8	9,000
Morgan	Mar	79.89	84.0	131.6	6,800
Macoupin	Apr	80.00	89.0	123.1	7,938
Scott	Jun	232.52	86.0	128.0	7,800
Morgan	Jul	46.75	85.0	131.3	8,396
Montgomery	Jul	40.00	100.0	125.7	9,000
Montgomery	Jul	89.45	98.5	127.2	11,250
Cass	Sep	266.01	98.0	118.1	6,700
Menard	Oct	20.10	96.5	122.7	7,725
Sangamon	Nov	80.44	78.2	130.5	8,500
Greene	Dec	40.00	95.0	126.2	9,500
Greene	Dec	119.28	91.0	123.4	8,954
Average (acre weighted)			91.9%	133.1	\$8,250



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## Average Productivity Tracts

Land in the Average Productivity classification continues to experience the widest variations across the region. The value per acre is greatly determined by the percentage of income producing acreage. A lot of mixed use farms fall in this category and it is not uncommon for a farm to have both recreational and agricultural appeal.

Farms within this classification oftentimes have timber, pasture, or CRP acreage. Some buyers will look for diamonds in the rough that could be improved upon and worked on over time. Farms purchased within this Average label can look a lot different down the road after some bulldozing, terracing, CRP implementation, selective timber harvesting, etc. etc. Like all other classifications, precise geography can play a major role as Region 7 is diverse.

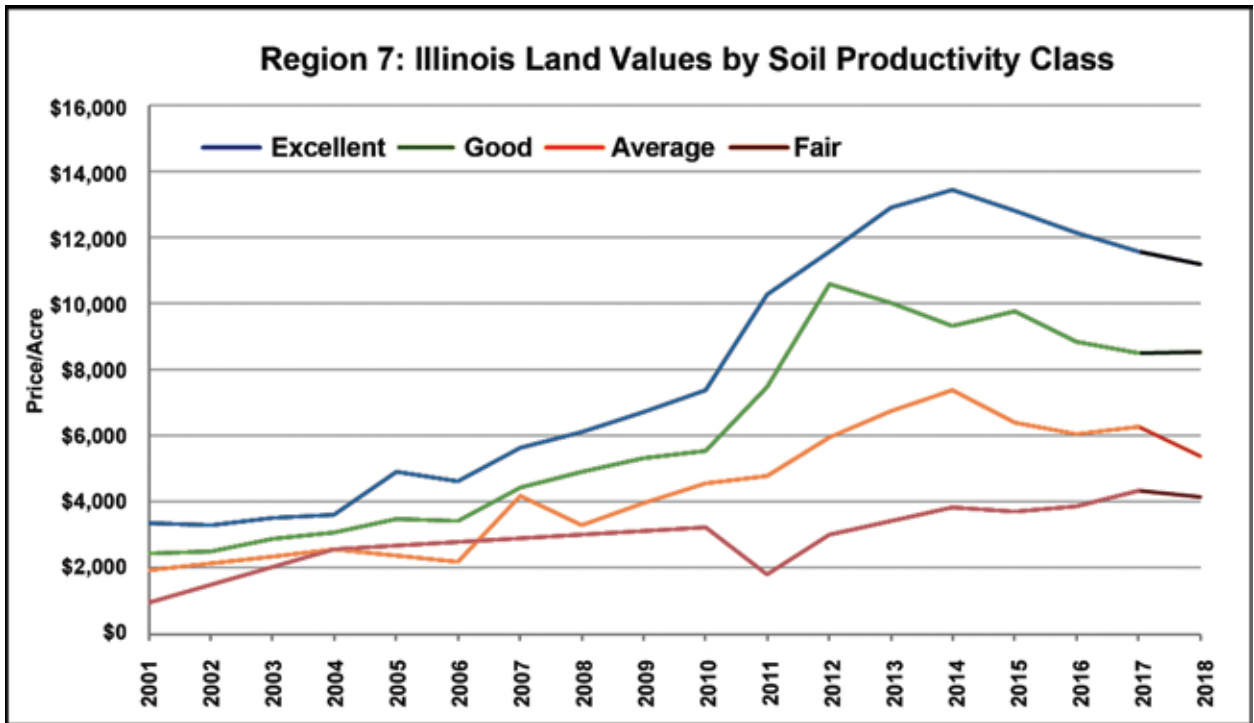
County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Jersey	Feb	80.00	71.0	103.9	4,500
Macoupin	Feb	46.12	62.0	102.8	3,946
Jersey	Feb	49.00	86.0	107.6	6,601
Cass	Mar	76.50	48.0	112.0	4,200
Cass	Mar	80.00	86.0	113.2	7,400
Montgomery	Apr	47.74	87.0	101.7	6,150
Macoupin	Apr	35.00	74.0	105.6	4,500
Greene	May	240.00	73.7	114.7	5,600
Morgan	May	91.03	73.6	108.1	5,770

Morgan	May	91.25	79.0	109.2	5,753
Cass	May	103.10	48.0	102.7	4,900
Jersey	May	200.00	52.0	108.8	3,750
Macoupin	Jun	85.00	80.0	108.6	6,396
Montgomery	Aug	40.00	98.0	115.7	6,875
Macoupin	Sep	37.00	55.0	111.1	4,595
Average (acre weighted)			68.9%	109.2	\$5,276

## Fair Productivity Tracts

As typical to Region 7, there were limited sales in this range in 2018. The area's soil composition doesn't produce many farms with a productivity rating that fits this category. When there are "fair" tracts, they see many of the same hurdles that "Class C" farms see. The variance can be wide and almost entirely directed by geography and percentage of income producing acreage.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Calhoun	May	54.78	77.0	90.1	4,016
Montgomery	Nov	30.13	53.5	99.2	4,315
Average (acre weighted)			68.7%	93.3	\$4,122



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REGION 7

## Recreational Tracts

Parts of Region 7 continue to provide some of the best recreational land in the State of Illinois. Some of these sales see little to no income producing acreage on the farm and are valued solely on recreational opportunities. CRP acreage and hunting leases are possible revenue streams that can influence an overall sales price.

Getting acreage into a new CRP program has been a challenge for the last several years. Due to that fact, those farms with long term programs already signed and built in could see additional strength. This sector is always influenced by discretionary income not only from within the state, but from out of state hunters and investors as well. After a period of turbulence, this sector has found stability of late and held its value through 2018.

County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Macoupin	Jan	56.95	25.0	125.4	3,336
Jersey	Feb	80.00	19.0	86.8	3,300
Cass	Feb	40.00			3,500
Sangamon	Mar	211.42			1,863
Menard	Apr	161.08			3,104
Greene	Apr	57.00			2,281
Jersey	May	151.27	21.0	111.2	3,457
Macoupin	Jun	52.47			3,526
Jersey	Jun	315.40	21.0	104.5	2,774
Macoupin	Jun	24.04	22.0	116.7	3,267
Greene	Jul	91.00			3,214
Jersey	Aug	54.00			3,000
Montgomery	Oct	25.66			2,923
Morgan	Oct	95.69			2,725
Cass	Oct	65.31			2,625
Cass	Oct	80.00			2,900
Montgomery	Dec	83.50			3,593
Average (acre weighted)			8.1%	40.5	\$2,902

## Lease Trends

The continued tightness of margins has growers seeking lower rents. That said, this region continues to see resistance to leases moving downward. These comments are nearly identical to what we saw over the last two years. There continues to be some disconnect between “economic rent” and “market rent”. The rate one would expect to see given current economic pressures doesn’t always correlate to how strong some rents remain.

The excellent soils still see incredibly strong demand and most rents remain above \$300 an acre for those with a strong productivity index. We have seen a continued shift toward “flex” leases and other creative ways to spread out risk. These flex leases can be constructed numerous ways that can involve production, the market or a combination of the two. With volatility the norm, it is becoming more rare to observe long term leases with most operating on a year-to-year basis. While it certainly felt like a wild ride in 2018, we have seen little to no change on structure, length or overall rates on leases. Leases are always a hot topic for conversation, which often leads to many varied predictions throughout the year. Despite these pressures, terms are nearly identical heading into 2019 as they were a year ago.

For years, some have speculated that there would be a large amount of farmland changing hands. While margins have certainly put a squeeze on operators, that speculation hasn’t panned out in showing a wave of farms changing hands. With ag economics less than ideal for the farmers, we have seen an influx of “flex” or creative leases to help spread risk while leaving the window open for further rewards should the economics surrounding agricultural improve.

## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	275	325	375	1 Year	325	45	40	5	10
Good Productivity	225	250	275	1 Year	270				
Average Productivity	200	225	250	1 Year	200				
Fair Productivity	150	150	200	1 Year	175				
Recreational Land		20		1 Year					
Pasture		40		1 Year					



**Average Sales Price of Completed Sales in Region 7  
by Year and Category\***

Year	-- Category --				
	Excellent	Good	Average	Fair	Rec.
2001	3,354	2,442	1,929	938	1,427
2002	3,309	2,500			
2003	3,509	2,897	2,350		
2004	3,610	3,091	2,570	2,573	
2005	4,906	3,477			
2006	4,621	3,416	2,178		
2007	5,641	4,429	4,191		
2008	6,123	4,924	3,285		
2009	6,739	5,344	3,969		
2010	7,397	5,558	4,569	3,224	
2011	10,291	7,483	4,793	1,825	2,945
2012	11,576	10,606	5,967	3,020	2,428
2013	12,910	10,015	6,762		3,356
2014	13,445	9,335	7,400	3,849	3,402
2015	12,801	9,775	6,412	3,705	2,972
2016	12,148	8,855	6,070	3,869	2,947
2017	11,578	8,515	6,268	4,352	3,097
2018	11,196	8,520	5,396	4,166	3,023

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.79%	9.14%	9.58%	13.72%	
2010-2018	5.18%	5.34%	2.08%	3.20%	
2001-2018	7.09%	7.35%	6.05%	8.77%	4.42%
2005-2018	6.35%	6.89%			
2010-2018	5.2%	5.3%	2.1%	3.2%	
2017-2018	-3.4%	0.0%	-15.0%	-4.4%	-2.4%

\* (Note: Limited numbers of sales in some years and special features may affect values)

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

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REGION 7

**Median Value of Reported Sales by Year and Class\***

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec.
2001	-	2,709	2,020	938	1,400
2002	3,449	2,500			
2003	3,563	2,750	2,350		
2004	3,700	3,000	2,570	2,573	
2005	4,880	3,525			
2006	4,568	3,246	2,178		
2007	5,330	4,493	4,191		
2008	6,088	5,100	3,349		
2009	7,212	5,389	3,969		
2010	7,450	4,864	4,660	3,224	
2011	10,568	6,952	5,525	1,825	2,913
2012	11,713	10,413	5,713	3,020	2,637
2013	13,250	9,900	6,500		3,350
2014	13,750	9,000	7,386	3,775	3,000
2015	12,600	9,775	6,275	3,405	3,000
2016	12,208	8,775	6,200	2,775	2,863
2017	11,315	8,500	6,473	4,352	3,212
2018	11,250	8,500	5,600	4,166	3,104

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010		6.50%	9.29%	13.72%	
2010-2018	5.15%	6.98%	2.30%	3.20%	
2001-2018		6.73%	6.00%	8.77%	4.68%
2005-2018	6.42%	6.77%			
2010-2018	5.20%	7.0%	2.3%	3.2%	
2017-2018	-0.60%	0.0%	-14.5%	-4.4%	-3.4%

\* (Note: Limited numbers of sales in some years and special features may affect values)

**Percentage Change of Average by Period**

Year	--- Category ---				
	Excellent	Good	Average	Fair	Rec.
2001 - 2002	-1.3%	2.3%			
2002 - 2003	5.9%	14.8%			
2003 - 2004	2.9%	6.5%	8.9%		
2004 - 2005	30.7%	11.8%			
2005 - 2006	-6.0%	-1.8%			
2006 - 2007	19.9%	26.0%	65.5%		
2007 - 2008	8.2%	10.6%	-24.4%		
2008 - 2009	9.6%	8.2%	18.9%		
2009 - 2010	9.3%	3.9%	14.1%		
2010 - 2011	33.0%	29.7%	4.8%	-56.9%	
2011 - 2012	11.8%	34.9%	21.9%	50.4%	-19.3%
2012 - 2013	10.9%	-5.7%	12.5%		32.4%
2013 - 2014	4.1%	-7.0%	9.0%		1.4%
2014 - 2015	-4.9%	4.6%	-14.3%	-3.8%	-13.5%
2015 - 2016	-5.2%	-9.9%	-5.5%	4.3%	-0.8%
2016 - 2017	-4.8%	-3.9%	3.2%	11.8%	5.0%
2017 - 2018	-3.4%	0.0%	-15.0%	-4.4%	-2.4%
Avg 2001-2018	7.09%	7.35%			

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	18.3%	21.9%	31.6%	4.4%	11.8%
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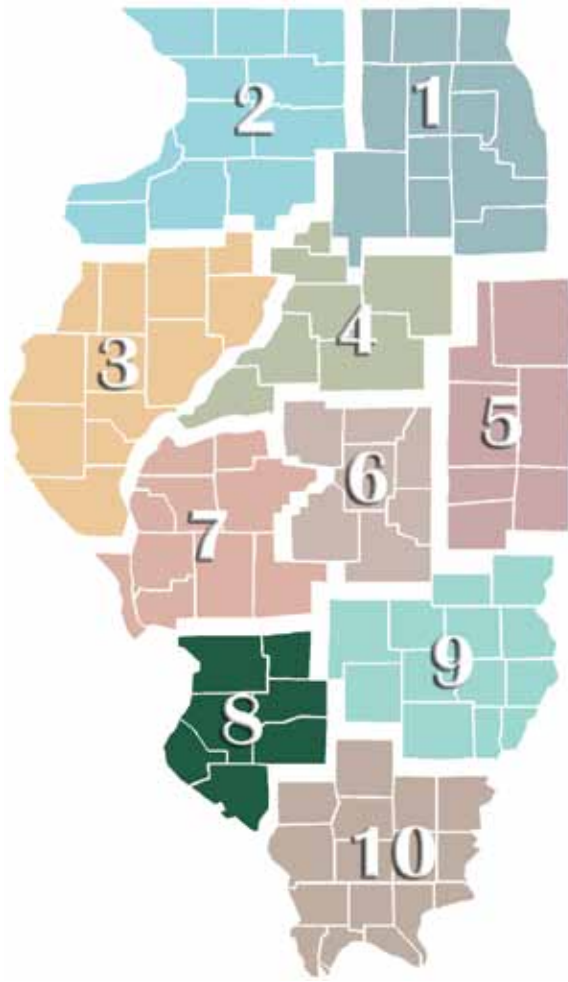
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REGION 7



## Region 8 - Southwest

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### Land Value and Cash Rent Trends Overall Summary

<b>Farm Classification</b>	<b>Total Value Per Acre (Typical)</b>	<b>% Change in \$/Acre from prior year</b>	<b>Change in rate of land turnover</b>	<b>Avg. Cash Rent Per Acre typical in region</b>	<b>% Change from prior year</b>	<b>Avg. Cash Rent/Ac. on recently negotiated leases</b>
Excellent Productivity				\$350	7% higher	\$350
Good Productivity	\$7,000-\$11,500	7% lower to 4% lower	8% higher	\$235	2% lower	\$225
Average Productivity	\$5,900-\$11,300	1% higher to 5% lower	3% lower	\$225	5% higher	\$215
Fair Productivity	\$5,600-\$9,500	10% higher to 19% higher	7% higher	\$180	Steady	\$180
Recreational Land	\$2,700-\$5,550	10% higher to 18% higher	22% higher	\$25	Steady	\$25
Transitional Tracts	\$5,750-\$36,325					

**R**egion 8 in Southwestern Illinois consists of seven counties, four of which border the Mississippi River. The counties located in Region 8 are Madison, Bond, St. Clair, Clinton, Washington, Monroe, and Randolph. The city of St. Louis is located across the river from Madison and St. Clair counties. St. Louis has a location influence on land values in the region due to its large population base and development potential. The western halves of Madison and St. Clair counties are mostly urbanized and residentially developed. Together Madison and St. Clair counties have over a half million population.

Tracts close to cities and rural subdivisions (transitional tracts) now appear to be selling for above farmland values.

Prior to 2008, those parcels were selling for three times the value of farmland. Nevertheless, the population in the St. Louis metropolitan area still provides a strong economic engine for the economy of the region and has a positive influence on land values depending on location. With a large population base within easy driving distance, recreational land has traditionally been in high demand in Region 8.

Agricultural land in Region 8 is mostly of average productivity (100 to 116 PI) and is used for raising corn, soybeans, and wheat. The eastern side of Region 8 has some scattered small beef operations, but there are many dairies and some large hog operations. The large dairies and hog operations have competed vigorously with large corn and

soybean operations, and land prices reflect that locally. However, three years of low milk prices have taken their toll, and several farmers have sold their herds. In addition, home building continues to increase, and, therefore, communities continue to add to upward pressure on land prices. Farmers are raising higher yields on lower quality farms by using newer technologies and genetics. Landowners continue to increase tile installation, and not just on the better soils in Region 8.

The 2018 growing season was another one of those that started well with most corn planted on time (by late April/early May), but then wet weather delayed most soybean planting until mid to late May. That was followed by a period of very hot temperatures, but the pollination period and the rest of the growing season had favorable rains and temps...and the yields showed it! Many farms posted record high soybean yields. Harvest season started off with perfect weather, and most of the region's corn came out quickly. But just like rains delayed soybean planting, they delayed soybean harvest. The hardest hit areas still had combines in the fields in December.

### Excellent Productivity Tracts

Region 8 has very few areas with soils having PI indexes of 133 and above. Unfortunately, the majority of the Excellent soils in Region 8 are located in development areas around Scott Air Force Base, Belleville, and Mascoutah. Housing and commercial developments on these soils continues. The Madison County sale was a private sale between a tenant and owner, while the larger tract was offered at auction. Neither sits close to development.

Sale County	Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Madison	Jun	48.58	99.0	137.0	12,000
St. Clair	Nov	155.91	99.0	133.0	13,437
Average (acre weighted)			99.0%	134.0	\$13,096

### Good Productivity Tracts

There are spotted areas of good productivity soil types intermingled among average productivity soil types in the northern and eastern portion of Madison County, the eastern portion of St. Clair County, river bottom soils, and the western parts of Clinton, Bond, and Washington Counties in Region 8.

Sale prices in 2018 for the Good Productivity tracts in Region 8 generally ranged from \$7,000 per acre to \$14,400 per acre. This range widened as compared to 2017. The lower value is around 7 percent lower than 2017, while the highest land sale is 20 percent higher than 2017. However, a more reliable range would be the next three sales in the \$11,000s. Using \$11,500, the market shows about a 4 percent decrease on the top end of the range. The number of sales represented

in the table for 2018 was one higher than 2017. The weighted average is 5 percent higher compared to 2017 (\$10,358 vs. \$9,887).

The 218-acre sale in the middle of the table was a portion of the 417-acre sale. An estate was being settled, and the tenant purchased the entire 417 acres. He then sold 218 acres while maintaining the right to farm it. The last two sales in the table (Clinton County) were part of the same auction and both sit along the township road. These high prices show that competition is still very strong between dairy and grain farmers.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Clinton	Jul	26.40	97.0	117.0	7,000
Madison	May	52.00	98.0	126.0	8,000
Madison	Jul	18.70	96.0	122.0	8,778
Madison	Jan	83.60	98.0	127.0	9,569
Madison	Apr	63.20	100.0	131.0	10,000
Madison	Apr	65.31	100.0	128.0	10,000
St. Clair	Aug	218.00	96.0	123.0	10,250
St. Clair	Jul	417.00	96.0	126.0	10,403
St. Clair	Jan	77.57	96.0	118.0	10,571
St. Clair	Aug	52.00	98.0	129.0	10,619
St. Clair	Jan	80.10	97.0	126.0	11,077
Madison	Feb	42.72	95.0	132.0	11,500
Clinton	Dec	36.87	97.0	121.0	11,934
Clinton	Dec	40.20	98.0	125.0	14,428
Average (acre weighted)			96.8%	125.3	\$10,358

### Average Productivity Tracts

Most of Region 8 is made up of average productivity soil types, and the number of sales remains strong. These soil types tend to be generally level to undulating with mostly rectangular shaped fields, but may also have some crossable waterways or ditches associated with them. We placed the representative sales in sales price order to show how wide that sales price range is, even though the quality of farms (percent tillable and PI) is not very diverse.

For two years, sales prices had decreased on the lower end as well as on the upper end of values. The 2018 range was from \$5,936 to \$13,509 per acre. That's a slight increase of 1 percent on the bottom end, but a jump of 14 percent on the top end, when using that single highest sale. But like in the Good category, a more reliable range are the three sales in the \$11,000s. Using \$11,300, the market shows about a 5 percent decrease on the top end of the range. The weighted average was \$7,489 per acre compared to \$8,152 in 2017 (down 8 percent). The number of representative sales as shown in the table is 3 percent lower than 2017.

Sales in the lower half of the range tend to be from Monroe, Randolph, and Bond Counties, as well as the eastern part of Clinton County. The last two sales in the table (Clinton County) were part of the same auction.

The 32.94 acres sit along the township road, while the 42.5 acres sit behind the 32. Like in the average category, these high prices also show the active competition.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Monroe	Oct	18.53	96.0	111.0	5,936
Randolph	Mar	160.00	96.0	106.0	6,125
Clinton	Dec	77.12	97.0	102.0	6,300
Bond	Mar	42.00	90.0	104.0	6,310
St. Clair	Apr	40.36	95.0	114.0	6,318
Bond	Feb	35.00	99.0	103.0	7,143
Bond	May	47.52	95.0	107.0	7,207
Washington	Nov	97.28	92.0	102.0	7,300
Clinton	Dec	156.42	97.0	102.0	7,300
Clinton	Aug	30.00	98.0	104.0	7,400
Clinton	Apr	40.00	100.0	106.0	7,500
Clinton	Jan	30.00	94.0	104.0	7,500
Washington	Mar	41.43	99.0	102.0	7,582
Randolph	Jan	38.03	91.0	100.0	7,600
St. Clair	Oct	37.65	98.0	110.0	7,738
Bond	Nov	118.75	97.0	102.0	7,800
St. Clair	May	67.80	96.0	105.0	7,900
Clinton	Dec	80.00	99.0	102.0	7,900
St. Clair	Jun	40.00	97.0	111.0	8,288
Clinton	Aug	116.68	95.0	104.0	8,570
St. Clair	Oct	39.66	98.0	111.0	8,798
St. Clair	Mar	41.00	97.0	108.0	9,512
Madison	Jan	30.70	99.0	114.0	9,772
Clinton	Mar	68.33	97.0	116.0	9,800
St. Clair	May	19.51	95.0	112.0	10,000
St. Clair	Apr	38.60	93.0	109.0	10,000
St. Clair	Apr	75.00	99.0	104.0	10,000
Washington	Nov	114.70	99.0	108.0	10,001
St. Clair	Apr	29.60	93.0	107.0	10,642
Clinton	Aug	113.94	99.0	108.0	11,000
Madison	Jan	56.58	93.0	113.0	11,074
Clinton	Nov	42.50	94.0	114.0	11,668
Clinton	Nov	32.94	95.0	112.0	13,509
Average (acre weighted)			92.8%	102.7	\$7,489

## Fair Productivity Tracts

Fair productivity tracts tend to be located in the more rolling areas of Region 8 (southern and eastern portions), are usually near major creeks and streams, and have rolling or sloping timber soils with erosion control challenges. Often, fields are irregularly shaped with some non-tillable woods or waste. There may be some creek bottom soils associated with these farms at the base of the rolling hills or steep slopes. These types of farms generally require additional inputs of time, labor, and management, and can be more inefficient to farm with large modern machinery. Because of these attributes, sales that were 70 percent tillable or higher were included.

Once again, the sales are in order of price to show the lack of consistency relating to date, percent tillable, or size. The sales values in this category increased significantly in 2018.

They were higher by 10 percent at the lower end and higher by 19 percent at top end. The average acre weighted price jumped from \$6,520 in 2017 to \$8,199 in 2018 (26 percent). The number of representative sales shown in the table rose 7 percent.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Washington	Mar	50.00	95.0	95.0	5,600
Randolph	Nov	16.50	99.0	99.0	6,591
Randolph	Jan	15.47	87.0	95.0	6,600
Madison	Oct	17.17	80.0	98.0	7,100
St. Clair	Mar	114.00	100.0	99.0	7,456
St. Clair	Feb	12.01	96.0	99.0	7,527
Washington	Jan	32.84	97.0	93.0	7,923
St. Clair	Jun	55.38	71.0	92.0	8,126
St. Clair	Feb	12.01	96.0	99.0	7,527
Madison	Apr	56.00	78.0	93.0	8,316
St. Clair	Mar	37.40	88.0	96.0	8,316
St. Clair	Apr	40.00	73.0	95.0	8,625
Bond	Nov	80.00	97.0	99.0	8,715
Bond	Jun	78.50	89.0	99.0	9,325
Madison	Jan	22.90	90.0	94.0	9,476
St. Clair	Apr	91.00	78.0	94.0	9,505
Average (acre weighted)			88.1%	96.2	\$8,188

## Recreational Tracts

Recreational tracts in Region 8 are usually either completely or mostly wooded. If there are tillable fields, they

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tend to be small and oddly shaped, making them difficult to farm efficiently. Most often there is little or no agricultural income associated with these tracts. Typically, the buyers are hunters and other non-farmers looking for the recreational opportunities rather than agricultural production of the tract.

There is good demand for recreational tracts in Region 8 due to the large population base around St. Louis. Most of Region 8 is within an hour's drive of St. Louis, making it convenient to utilize a recreational property. The Kaskaskia River flows through the eastern and southern portions of Region 8, and much of the wooded area in the Region follows the Kaskaskia and its tributaries. And, of course, we have the Mississippi River and its tributaries, too.

The demand for recreational properties continues to increase, as call volume increased toward the end of 2018. There were fewer tracts in the low end of the price range. The single sale of \$1,754 would be a decrease of 28 percent from 2017's low sale. However, a more reliable comparison would be to use the second sale at \$2,691. When compared to 2017's low range at \$2,450, 2018 saw an increase of 10 percent. The high end also made a jump. Using the average of the top three 2018 sales at \$5,550 compared to 2017's high at \$4,700, top end values rose 18 percent. The average weighted price rose 8 percent in 2018, and the number of representative sales in this table increased 22 percent.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Clinton	Jan	57.00	0.0		1,754
Monroe	Jan	104.36	0.0		2,691
Clinton	Mar	20.00	0.0		2,900
Randolph	Feb	40.29	0.0		2,978
Bond	Aug	20.00	0.0		3,038
Monroe	Oct	18.50	45.0	120.0	3,243
Bond	Aug	40.37	0.0		3,270
Washington	Nov	40.00	0.0		3,300
Clinton	Jul	40.00	0.0		3,375
Randolph	Jan	22.94	27.0	115.0	3,444
Bond	Jan	30.00	0.0		3,603
Monroe	May	164.12	33.0	105.0	3,900
Randolph	Jan	80.00	0.0		3,955
Monroe	Apr	242.44	18.0	97.0	3,980
Monroe	Mar	39.90	32.0	110.0	4,000
Washington	Oct	20.00	0.0		4,000
Madison	Jul	20.30	0.0		4,194
Madison	Jan	20.71	31.0	105.0	4,249
Madison	Aug	28.04	14.0	91.0	4,282
Madison	Jan	25.00	27.0	103.0	4,300
Madison	Sep	44.10	30.0	98.0	4,305
Bond	Jul	30.00	0.0		4,333
Madison	Sep	72.92	47.0	116.0	4,350
Randolph	Feb	50.00	46.0	97.0	4,468
Madison	Feb	37.43	31.0	111.0	5,136
Madison	Mar	15.74	25.0	100.0	5,432
Madison	Apr	27.75	0.0		5,514
Monroe	Jan	44.74	0.0		5,700
Average (acre weighted)			16.3%	57.8	\$3,847

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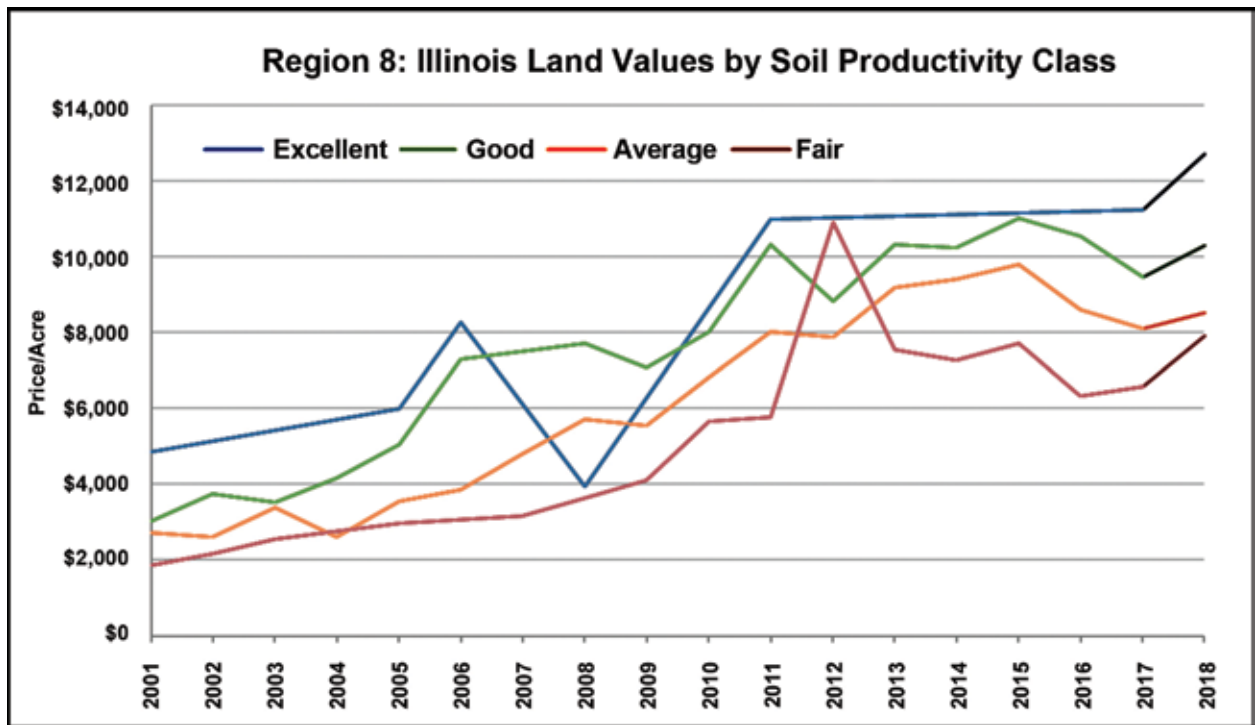


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### Transitional Tracts

The sales typically labeled transitional range from commercial and light industrial use to new rural/semi-rural subdivisions. They are typically located within the Metro East population centers or along travel corridors with high traffic counts. There seems to be an increasing number of sales that don't fit the typical transitional category. The past year saw several sales of wooded land that appear to be well above what might be considered recreational value. They have values suggesting a transition from strictly recreational to a different highest and best use, but not one that fits into traditional transitional categories like commercial, retail or moderate-high density residential use.

The motivation for many of the buyers is to treat these as very large single-family residential use properties. The mostly wooded sales are located outside of population centers and corridors in rural settings. This market looks to be centered primarily in the Columbia-Waterloo area, but examples exist elsewhere. Sales have ranged from \$5,700 per acre up to \$10,253 per acre with a majority of sales from \$6,300 per acre to \$8,900 per acre.

Some details about the higher valued sales are as follows:

- \$8,125, \$8,625, and \$8,864 - These were all the same seller, and the tracts sit near Annbrair Golf Course. All three tracts share a 21-foot access strip. All three buyers bought for hunting with possibility of adding a house in future.
- \$22,902 - These 42 acres sits on the north side of Columbia. The buyers were 4 or 5 local people who will develop for residential use. All utilities are available. Housing already exists along the north and east sides.

- \$36,325 - 18 acres of commercial lots along Route 3 in Waterloo but still being cropped. All utilities are available.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Monroe	Aug	20.00	46.0	91.0	5,750
Madison	Aug	33.00	32.0	94.0	5,758
Madison	Sep	12.55	50.0	109.0	5,976
Monroe	Mar	15.00	52.0	110.0	6,000
Monroe	Jan	20.76	20.0	120.0	6,262
Madison	May	20.00	34.0	106.0	6,700
St. Clair	Oct	28.00	34.0	113.0	7,420
Monroe	Nov	20.10	13.0	110.0	8,000
Monroe	Jun	40.00	0.0		8,125
Ciinton	Jun	20.00	43.0	109.0	8,500
Monroe	Jun	40.00	17.0	102.0	8,625
Monroe	Jun	44.00			8,864
St. Clair	Mar	39.50	51.0	98.0	10,253
Madison	Jan	20.00			11,933
Madison	Jan	41.63			12,419
Madison	Sep	68.74	17.0		18,378
Monroe	Jul	42.29			22,902
Monroe	Jun	18.72			36,325
Average (acre weighted)					\$11,768

### Special Interest Stories

A commercial developer in Columbia is seeking permission to install a wind farm along a 14-mile stretch of the bluffs above the Mississippi River bottoms. The farm would span from Valmeyer to Fults, and would include around 50 towers with blades reaching 600 feet tall (for comparison, the Gateway Arch at St. Louis is 636 feet tall). The estimated cost is \$220 million.

Neighbors have voiced much opposition. In addition, average wind speeds are around 5 mph, while those in



## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Excellent Productivity	330	350	370	1 Year	350	5	85	10	
Good Productivity	220	235	250	1 Year	225	5	85	10	
Average Productivity	215	225	235	1 Year	215	5	85	10	
Fair Productivity	160	180	200	1 Year	180	5	85	10	
Recreational Land	20	25	30	1 Year	25	100			
Pasture	15	20	40	1 Year	20	100			

### Lease Trends

central and northern Illinois are in the range of 7 to 10 mph. By utilizing the taller turbines, the developer hopes to capitalize on the slightly higher upper-elevation speeds, as well as on the wind shears rising up the bluffs. Aside from the usual development challenges, the proposed location on the bluffs in Monroe County have many areas made of karst soil, which is eroded limestone. Negotiations are ongoing.

Neither base cash rents nor their bonus clauses changed. Because of consistent bonuses in the past couple of years, some base cash rents were increased around \$10 per acre for the 2018 year. But bonus parameters did not change. Most farms had high soybean yields that triggered significant bonus cash rent payments. Some farms saw bonuses from corn yields as well. Although soybean prices at harvest had dropped significantly, the \$1.65 per bushel government payment approved by President Trump supported the gross soybean prices above \$10 per bushel.



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There are still quite a few long-term landowner-tenant relationships in which cash rents remain somewhat low and the leases automatically renew. Crop share leases remain popular in southern Illinois. Most crop share leases are 33 to 66 percent or 40 to 60 percent (with the lower percentages going to the landowner along with some crop input expenses).

When farms become available to rent, some farmers opt to submit a cash rent bid with a bonus clause. Some larger operators continue to submit aggressive high bids without bonuses. It is believed that these operators are willing to break even in the short term with hopes of profits in the future.

**Average Sales Price of Completed Sales in Region 8 by Year and Category\***

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	3,016	2,709	1,866	1,290	3,505
2002	3,740	2,614	2,161	1,283	4,983
2003	3,535	3,379	2,555	1,490	11,769
2004	4,176	2,614		2,184	13,156
2005	5,057	3,544	2,970	2,586	11,254
2006	7,304	3,854		2,667	13,870
2007	4,798	3,161	3,143	12,289	
2008	7,725	5,722	3,632		14,127
2009	7,081	5,559	4,117	3,281	10,480
2010	8,024	6,827	5,651	3,017	8,973
2011	10,321	8,030	5,782	2,732	9,249
2012	8,831	7,872	10,917	3,518	
2013	10,326	9,184	7,541	3,894	10,129
2014	10,248	9,420	7,273	3,911	12,038
2015	11,021	9,808	7,719	3,762	13,621
2016	10,554	8,613	6,342	3,661	21,263
2017	9,467	8,115	6,590	3,666	13,508
2018	10,295	8,530	7,921	3,918	11,011

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.87%	10.27%	12.31%	9.44%	10.45%
2010-2018	3.11%	2.78%	4.22%	3.26%	2.56%
2001-2018	7.22%	6.75%	8.50%	6.53%	6.73%
2005-2018	5.47%	6.76%	7.55%	3.19%	-0.17%
2010-2018	3.1%	2.8%	4.2%	3.3%	2.6%
2017-2018	8.4%	5.0%	18.4%	6.6%	-20.4%

\* (Note: Limited numbers of sales in some years and special features may affect values)

**Median Value of Reported Sales by Year and Class\***

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	3,016	2,667	1,735	1,331	3,589
2002	3,807	2,619	2,200	1,229	3,879
2003	3,535	3,409	2,607	1,507	11,836
2004	4,065	2,654		1,770	12,400
2005	5,450	3,400	2,970	2,526	11,200
2006	7,246	3,702		2,513	13,051
2007		4,750	3,161	3,073	9,765
2008	7,950	6,188	3,166		12,000
2009	7,000	5,450	4,002	3,258	10,836
2010	7,887	7,000	5,502	2,871	8,900
2011	10,350	7,750	5,200	2,756	9,249
2012	8,932	7,707	9,307	3,542	
2013	10,000	8,860	7,314	3,851	9,511
2014	10,123	9,269	7,065	4,051	12,340
2015	12,000	9,746	7,438	3,750	15,000
2016	10,250	8,300	6,500	3,744	12,978
2017	9,341	7,641	6,546	3,684	10,000
2018	10,327	7,900	8,025	3,990	8,313

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	10.68%	10.72%	12.82%	8.54%	10.09%
2010-2018	3.37%	1.51%	4.72%	4.11%	-0.85%
2001-2018	7.24%	6.39%	9.01%	6.46%	4.94%
2005-2018	4.92%	6.49%	7.65%	3.52%	-2.29%
2010-2018	3.4%	1.5%	4.7%	4.1%	-0.9%
2017-2018	10.0%	3.3%	20.4%	8.0%	-18.5%

\* (Note: Limited numbers of sales in some years and special features may affect values)

**Percentage Change of Average by Period**

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001 - 2002	21.5%	-3.6%	14.7%	-0.5%	35.2%
2002 - 2003	-5.6%	25.7%	16.7%	14.9%	85.9%
2003 - 2004	16.7%	-25.7%		38.2%	11.1%
2004 - 2005	19.1%	30.4%		16.9%	-15.6%
2005 - 2006	36.8%	8.4%		3.1%	20.9%
2006 - 2007		21.9%		16.4%	-12.1%
2007 - 2008		17.6%	13.9%		13.9%
2008 - 2009	-8.7%	-2.9%	12.5%		-29.9%
2009 - 2010	12.5%	20.6%	31.7%	-8.4%	-15.5%
2010 - 2011	25.2%	16.2%	2.3%	-9.9%	3.0%
2011 - 2012	-15.6%	-2.0%	63.6%	25.3%	
2012 - 2013	15.6%	15.4%	-37.0%	10.1%	
2013 - 2014	-0.8%	2.5%	-3.6%	0.4%	17.3%
2014 - 2015	7.3%	4.0%	6.0%	-3.9%	12.4%
2015 - 2016	-4.3%	-13.0%	-19.7%	-2.7%	44.5%
2016 - 2017	-10.9%	-6.0%	3.8%	0.1%	-45.4%
2017 - 2018	8.4%	5.0%	18.4%	6.6%	-20.4%
Avg 2001-2018		6.75%			

Decline from peak

to 2018	6.8%	14.0%	32.1%	0.0%	65.8%
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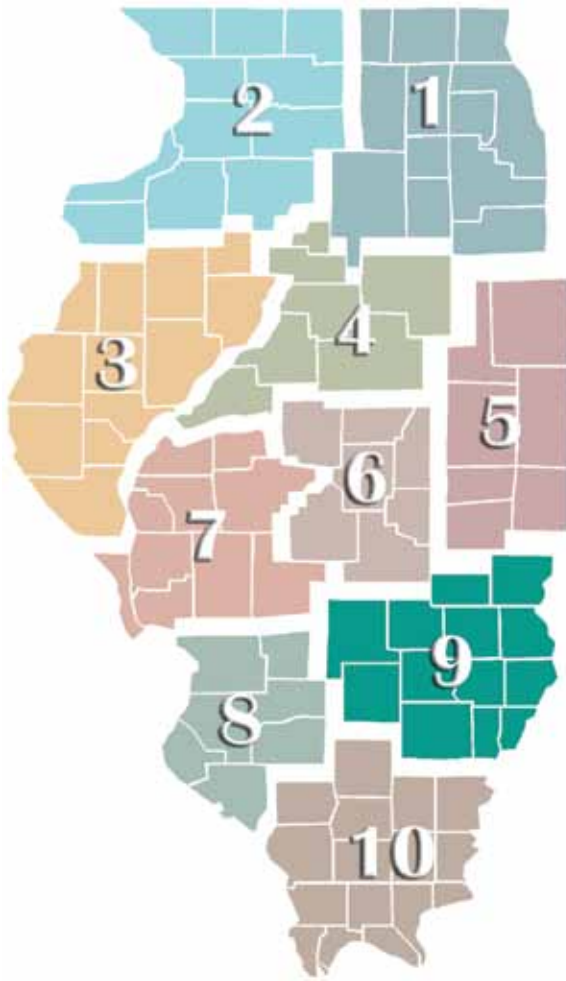
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## Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Excellent Productivity			No Sales	\$220	0%	
Good Productivity	\$8,350	Equal	Stable	\$200	0%	\$200
Average Productivity	\$7,000	4.48%	Stable	\$175	0%	\$175
Fair Productivity	\$5,100	-3.30%	Stable	\$140	0%	\$140
Recreational Land	\$3,200	-1.23%	Stable			

Overall rents remained stable. In general, good yields kept rents from changing in this region. A general observation is a continued trend away from crop share leases. Region 9 has very little excellent quality land. Most of the excellent productivity land is located in a narrow strip of land in the north part of Clark and Cumberland Counties. There is also a small area of excellent productive land in Lawrence County. There were no sales in this category to report this year.

### Good Productivity Tracts

Most soils in our region have a productivity level below 115, so we have few sales of good productivity soils.

Overall, good quality sales were stable over the past year. For this sales class, only sales that were greater than 70 percent tillable were included. The overall average is weighted and, therefore, the Clark County sale of 991 acres highly influenced the average price per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Crawford	Feb	107.42	88%	119.2	6,778
Jasper	Feb	19.50	96%	130.1	10,070
Cumberland	Apr	40.00	83%	123.1	7,000
Lawrence	Apr	57.00	95%	127.3	7,000
Clark	Aug	991.00	96%	121.4	10,290
Wabash	Oct	40.00	100%	132.0	8,500
Lawrence	Nov	318.25	85%	125.1	7,261
Average (acre weighted)			93%	122.6	\$9,186

## Average Productivity Tracts

Average productivity soils make up the majority of the cropland in our region. Most of the soils are developed from prairie and timber vegetation. In 2018, sale prices ranged from \$41.00 to \$90.00 per PI point. The average for all sales reviewed in Region 9 was \$65.56 per PI point. Overall, this land class was up slightly. Only sales that were greater than 70 percent tillable were included.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Wayne	Jan	28.00	99%	109.6	6,000
Wabash	Feb	27.11	95%	116.2	8,500
Effingham	Mar	40.00	92%	104.5	8,250
Crawford	Mar	120.00	99%	105.4	6,300
Cumberland	Apr	66.00	76%	101.0	7,700
Fayette	Apr	40.00	89%	105.0	7,125
Jasper	Apr	60.00	98%	108.2	6,880
Clark	Apr	80.00	97%	115.0	9,000



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Crawford	Apr	58.38	78%	103.2	6,331
Effingham	Apr	40.00	88%	101.9	9,150
Fayette	May	50.27	100%	103.9	6,900
Fayette	May	42.01	95%	109.1	7,504
Fayette	May	220.00	97%	104.8	7,745
Effingham	May	40.77	89%	109.2	6,856
Marion	Jun	20.00	81%	103.6	5,300
Edwards	Jun	40.00	95%	103.0	5,500
Marion	Jun	20.00	94%	109.0	5,750
Clark	Jun	142.02	89%	111.9	6,467
Fayette	Jul	40.00	100%	112.8	9,000
Crawford	Aug	22.11	86%	102.0	4,161
Richland	Aug	20.00	96%	104.9	6,960
Clay	Sep	72.89	90%	108.8	6,311
Richland	Sep	137.50	98%	108.9	8,700
Jasper	Sep	20.34	81%	107.7	4,750
Clay	Sep	49.50	99%	108.9	6,465
Effingham	Sep	25.00	96%	108.0	7,500
Cumberland	Sep	20.00	90%	107.8	5,850
Jasper	Sep	230.17	84%	103.6	7,592
Jasper	Sep	37.42	100%	108.3	8,043
Marion	Sep	25.00	100%	100.6	5,000
Clay	Oct	104.00	99%	103.3	8,683
Jasper	Oct	87.50	97%	103.2	7,622
Average (acre weighted)			93%	106.4	\$7,336

## Fair Productivity Tracts

Most of the fair productivity land is located in the southern part of our region, but fair soils are present in all counties.



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Many of these tracts are only partially tillable and may have irregular shaped fields. For this analysis, sales that were 70 percent or more tillable were included in the report.

In 2018, prices of fair cropland ranged from \$38.00 to \$96.00 per PI Point; with an average of \$61.59. Overall, fair quality land showed a slight decline in value.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Edwards	Jan	18.00	94%	86.4	5,000
Lawrence	Jan	72.44	90%	93.6	5,073
Crawford	Jan	20.00	89%	97.0	5,200
Jasper	Jan	20.12	73%	89.3	3,666
Clay	Jan	40.00	89%	90.3	4,200
Clay	Jan	20.00	94%	96.9	5,000
Cumberland	Jan	42.50	78%	98.3	5,529
Wayne	Feb	40.00	95%	93.1	4,250
Crawford	Feb	58.00	94%	98.1	6,000
Wayne	Feb	78.80	98%	97.2	5,500
Wabash	Mar	41.36	70%	94.1	5,754
Jasper	Mar	42.00	74%	99.2	4,405
Fayette	Mar	38.00	95%	98.2	6,000
Fayette	Mar	40.00	88%	98.7	4,000
Wayne	Apr	58.64	94%	94.5	4,200
Fayette	Apr	108.00	99%	99.6	5,900
Richland	Apr	40.00	74%	95.2	5,000
Clay	May	20.00	70%	81.1	5,500
Richland	May	52.00	81%	96.0	5,000
Clay	Jun	40.00	99%	99.5	6,200
Richland	Jun	48.25	94%	96.6	5,992
Lawrence	Jun	75.00	96%	97.7	6,667
Clay	Jun	60.00	76%	97.8	4,495
Wayne	Jun	60.00	94%	97.2	5,250
Cumberland	Jul	27.00	95%	99.4	4,481
Jasper	Jul	23.50	89%	98.4	6,128
Jasper	Aug	25.00	92%	93.9	5,400
Jasper	Aug	140.00	95%	97.1	5,471
Wayne	Sep	59.45	79%	94.5	5,100
Cumberland	Sep	20.00	80%	99.0	3,000
Average (acre weighted)			89%	96.3	\$5,255

## Recreational Tracts

Recreational land prices were steady to slightly down in 2018. For this land class, only sales that were less than 50 percent tillable were considered. Many of these tracts include some tillable acres in smaller, irregular shaped fields. Some partially tillable tracts are rented for additional income but most tracts have a non-agricultural highest and best use. The presence of cropland, percentage tillable and productivity levels seem to have little effect on the overall value per acre. Region 9 sales ranged for \$1,759 to \$4,800 per acre in 2018, with an approximate average of \$3,200 per acre.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Edwards	Jan	20.00	64%	109.1	3,000
Wayne	Jan	120.00	0%		3,000
Edwards	Jan	46.12	11%	93.6	3,089
Jasper	Jan	22.48	0%		3,247
Fayette	Feb	60.00	32%		3,250
Lawrence	Feb	73.62	0%		2,037
Cumberland	Feb	64.00	38%	116.2	4,800
Clay	Feb	26.00	0%		2,500
Richland	Mar	51.00	47%	96.3	4,118
Cumberland	Mar	33.65	48%	98.7	3,863
Clay	Mar	58.00	34%	98.7	3,250
Clark	Mar	61.00	18%	100.1	3,689
Jasper	Apr	54.40	24%	102.4	3,585
Cumberland	Apr	60.00	27%	98.4	3,000
Fayette	Apr	60.00	13%	101.0	3,334
Jasper	May	80.00	0%		3,013
Crawford	May	21.00	19%	97.4	3,333
Clay	May	60.00	0%		3,000
Marion	Jun	128.00	43%	95.6	3,359
Effingham	Jun	20.00	14%	94.0	4,375
Fayette	Jul	36.00	0%		1,944
Richland	Jul	20.00	41%	91.2	3,400
Crawford	Jul	53.33	3%	101.2	1,759
Clark	Jul	35.00	43%	110.5	3,657
Crawford	Jul	76.00	39%	98.5	3,684
Clark	Aug	41.27	22%	103.9	3,150
Cumberland	Aug	40.00	29%	114.2	3,570
Crawford	Sep	80.00	35%	92.8	2,063
Average (acre weighted)			22%	68.3	\$3,176

## Transitional Tracts

There were limited sales in this category. A majority of the sales are potential development for rural residential.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Effingham	Mar	16.00	97%	112.8	13,100
Effingham	Mar	10.00	96%	108.5	13,600
Effingham	Mar	15.00	98%	109.2	14,000
Effingham	Aug	20.00	45%	97.7	14,100
Cumberland	Nov	20.00	0%	0.0	10,000
Average (acre weighted)			60%	80.0	\$12,810

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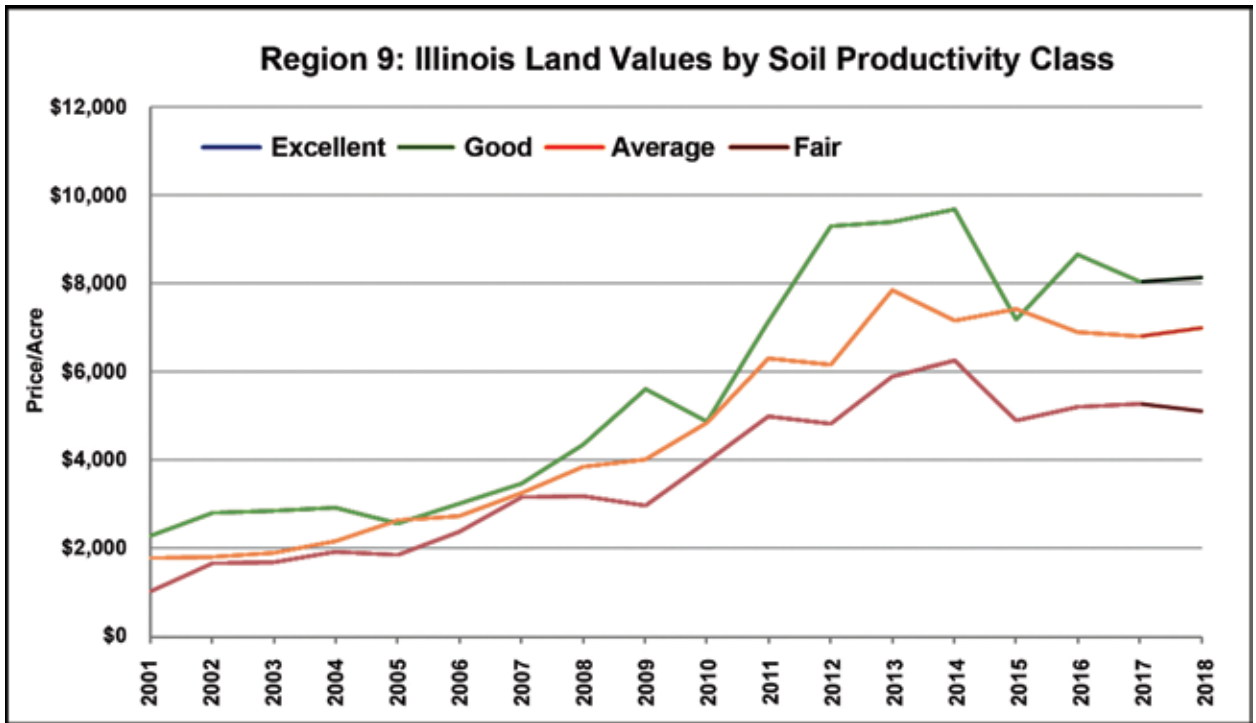


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## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2019 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
	Good Productivity	175	200						
Average Productivity	150	175	200	1 Year	180	50	25	20	
Fair Productivity	125	140	155	1 Year	150	50	25	20	
Other - Bottomland	130	150	175	1 Year	150				

### Other Tracts – Bottomland

There was a mixture of bottomland soil sales. The sales ranged from \$3,688 per acre to \$8,869 per acre. The sales showed a range of \$34 to \$76 per PI point with an average of \$56.18 per PI point.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Wayne	Jan	40.00	100%	107.0	6,750
Wayne	Jan	292.30	97%	107.0	7,497
Jasper	Jan	20.00	58%	116.2	3,688
Edwards	Jan	180.00	72%	124.2	5,603
Cumberland	Jan	51.00	82%	117.0	5,983
Wayne	Feb	75.17	100%	128.7	8,000
Wayne	Feb	40.00	93%	121.9	8,000
Edwards	Mar	149.40	90%	116.6	8,869
Wayne	Apr	42.00	83%	111.0	7,000
Jasper	Jun	40.00	47%	114.9	3,875
Average (acre weighted)			87%	115.5	\$7,038

### Lease Trends

Overall rents remained stable. In general good yields kept rents from changing in this region. A general observation is that there continues to be a movement away from crop share leases toward cash and flex lease arrangements.

### Average Sales Price of Completed Sales in Region 9 by Year and Category\*

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	2,288	1,779	1,018	887	
2002	2,814	1,812	1,667	1,082	7,354
2003	2,850	1,895	1,700	1,128	5,547
2004	2,932	2,176	1,934	1,391	7,108
2005	2,567	2,651	1,847	1,707	11,010
2006		2,741	2,386	1,755	
2007	3,472	3,267	3,175	2,298	19,464
2008	4,352	3,852	3,186	3,711	
2009	5,625	4,016	2,979	2,304	5,369
2010	4,888	4,862	3,965	2,527	7,467
2011	7,141	6,302	4,997	3,052	8,750
2012	9,300	6,164	4,838	2,639	9,574
2013	9,401	7,860	5,895	2,968	16,323
2014	9,684	7,173	6,267	3,871	
2015	7,194	7,416	4,905	3,370	18,000
2016	8,663	6,892	5,212	3,336	10,905
2017	8,042	6,809	5,290	3,275	9,183
2018	8,128	6,997	5,112	3,217	12,960

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.44%	11.17%	15.11%	11.63%	
2010-2018	6.36%	4.55%	3.18%	3.02%	6.89%
2001-2018	7.46%	8.06%	9.50%	7.58%	
2005-2018	8.87%	7.47%	7.83%	4.87%	1.25%
2010-2018	6.4%	4.5%	3.2%	3.0%	6.9%
2017-2018	1.1%	2.7%	-3.4%	-1.8%	34.5%

\* (Note: Limited numbers of sales in some years and special features may affect values)





**Median Value of Reported Sales by Year and Class\***

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001	2,288	1,594	898	900	
2002	2,945	1,731	1,500	1,030	7,354
2003	2,825	1,898	1,700	1,088	5,500
2004	2,900	2,325	1,875	1,500	7,139
2005	2,700	2,736	1,700	1,824	7,920
2006		2,675	2,029	1,800	
2007	2,900	3,000	3,000	2,150	19,450
2008	4,103	3,700	3,000	2,275	
2009	5,750	3,850	2,845	2,301	5,369
2010	5,125	5,000	4,025	2,532	7,467
2011	6,450	6,248	4,500	3,000	8,750
2012	9,300	6,000	4,622	2,500	10,107
2013	8,438	7,497	5,626	2,933	14,284
2014	9,200	7,070	6,050	3,969	
2015	7,000	7,400	4,700	3,313	18,000
2016	9,100	6,763	5,250	3,391	11,000
2017	7,719	6,924	5,061	3,200	9,183
2018	7,261	6,930	5,150	3,250	13,600

Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	8.96%	12.70%	16.67%	11.49%	
2010-2018	4.35%	4.08%	3.08%	3.12%	7.50%
2001-2018	6.79%	8.64%	10.27%	7.55%	
2005-2018	7.61%	7.15%	8.53%	4.45%	4.16%
2010-2018	4.4%	4.1%	3.1%	3.1%	7.5%
2017-2018	-6.1%	0.1%	1.7%	1.5%	39.3%

\* (Note: Limited numbers of sales in some years and special features may affect values)

**Percentage Change of Average by Period**

Year	--- Category ---				
	Good	Average	Fair	Rec.	Trans.
2001 - 2002	20.7%	1.9%	49.3%	19.9%	
2002 - 2003	1.3%	4.5%	2.0%	4.2%	-28.2%
2003 - 2004	2.8%	13.8%	12.9%	20.9%	24.8%
2004 - 2005	-13.3%	19.7%	-4.6%	20.5%	43.8%
2005 - 2006		3.4%	25.6%	2.8%	
2006 - 2007		17.5%	28.6%	27.0%	
2007 - 2008	22.6%	16.5%	0.3%	47.9%	
2008 - 2009	25.7%	4.2%	-6.7%	-47.7%	
2009 - 2010	-14.0%	19.1%	28.6%	9.2%	33.0%
2010 - 2011	37.9%	25.9%	23.1%	18.9%	15.9%
2011 - 2012	26.4%	-2.2%	-3.2%	-14.5%	9.0%
2012 - 2013	1.1%	24.3%	19.8%	11.7%	53.4%
2013 - 2014	3.0%	-9.2%	6.1%	26.6%	
2014 - 2015	-29.7%	3.3%	-24.5%	-13.9%	
2015 - 2016	18.6%	-7.3%	6.1%	-1.0%	-50.1%
2016 - 2017	-7.4%	-1.2%	1.5%	-1.8%	-17.2%
2017 - 2018	1.1%	2.7%	-3.4%	-1.8%	34.5%
Avg 2001-2018		8.06%	9.50%	7.58%	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	17.5%	11.6%	20.4%	18.5%	32.9%
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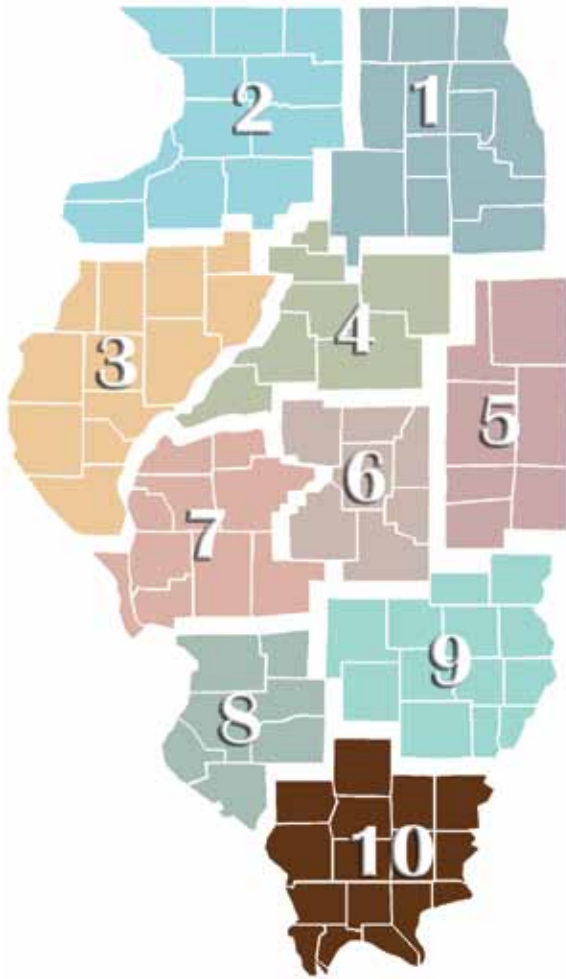
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# Region 10 - Southern



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## Land Value and Cash Rent Trends Overall Summary

Farm Classification	Total Value Per Acre (Typical)	% Change in \$/Acre from prior year	Change in rate of land turnover	Avg. Cash Rent Per Acre typical in region	% Change from prior year	Avg. Cash Rent/Ac. on recently negotiated leases
Good Productivity	\$7,450	down 6%	down	\$175-\$265	down slightly	\$270
Average Productivity	\$6,550-\$4,600	down 14%/up 11%	down	\$125-\$175	no change	\$175
Fair Productivity	\$3,600	up 1%	down	\$90-\$125	no change	\$125
Recreational Land	\$2,650	up 12%	down	\$10-\$15	no change	\$10

Overall farmland values for Region 10 for 2018 were mixed. Good productivity farmland and average area 1 farmland were down in 2018 from 2017, whereas in 2017 these classes were nearly steady. The opposite is true for the other classes which were down in 2017, but are showing a rebound in 2018. Average productivity in less competitive areas (area 2) showed an 11 percent increase in value. Fair productivity showed a slight 1 percent increase and recreational sales increased by 12 percent in value.

Volume in sales and acres appeared down for all classes, but was picking up at end of year partly due to a large auction. This large auction was cropland from a coal company's land holding company that auctioned 89 tracts totaling 4,810 acres. The tracts were in the counties of Franklin, Hamilton, Saline and Williamson. The tracts would be classified as Region 10's average area 2 and fair productivity cropland. This

auction could be one factor in strengthening area 2 average cropland values.

One committee member observed a strengthening in demand for recreational plots especially large tracts of 300+ acres to manage for large deer. Some of the recreational demand for large plots would spill over to fair and average tracts with a lower percentage of tillable acres.

From a longer term perspective, Region 10 farmland values peaked about 2013 (see graph). Since 2013, farmland values have been on a sidewise pattern of ups and downs especially for the region's more common average and fair productivity tracts. For the less common good productivity land, the years of declining trends have outweighed the steady or positive trends since 2013.

Most buyers for the farmland classes are farmers. The sellers are primarily retiring farmers or estates. Transfers were mostly private sales. Auction sales do occur, but are not as common in Region 10 with the exception previously mentioned auction.

Cash rents and lease types varied considerably across the region. Reported rents appeared to be down slightly for good productivity land, but steady for other classes. The committee reported a range of rents rather than report a typical rent value by land class.

It is difficult to quantify percentage trend in cash rents in Region 10 because of several factors. Crop share leasing represents a large share of leases in the area which along with flexible cash rents allows the landlord and tenants to share the commodity price and yield risk. The variability in soil productivity and terrain results in variability of lease rates, and our limited sample of leases does not control for this variability.

Region 10 lease data is obtained from lenders who gathered rent information from tenants. Although lenders are not directly involved in lease negotiations as are farm managers, lenders are becoming more involved in that lease offers by tenants often include a bank letter confirming access to credit. Despite lower commodity prices, there appears to be strong demand when farmland becomes available for lease, thus committee members have not seen a decline in cash rents for the more typical land classes in Region 10.

## Good Productivity Tracts

The sales of good productivity tracts compose a small portion of sales in Region 10. Good quality land tracts are located primarily in northern and eastern White County, northern Gallatin County, northern Saline County, and in the levee protected bottoms of the Mississippi River in Jackson, Union, and Alexander County.

A comparison of average price and weighted average price suggests 2018 prices are down from 2017. The simple average sale price for the good productivity tracts for 2018 is \$6,570 compared to \$7,953 in 2017, a substantial decline from previous year. A comparison by average price weighted by size of tract indicates another decline to \$6,281 in 2018 compared to 2017's value of \$7,825.

The characteristics of good productivity tracts for 2018 were similar in size, percent tillable and productivity index of tillable acres of those tracts in 2017. The committee concluded that the decline in price was reflecting market conditions for good productivity farmland in Region 10. A complete listing of good productivity sales used in our analysis appears in the table.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Alexander	Mar	144.00	84.3	104.7	5,823
Alexander	Jun	86.64	99.8	111.0	6,000
Hamilton	Apr	40.00	100.0	103.0	6,555
Hamilton	Sep	25.30	97.7	109.6	7,233
Hamilton	Sep	76.00	96.7	110.5	7,438
Pulaski	Mar	24.60	86.5	116.1	5,800
Pulaski	Mar	107.88	85.0	114.0	5,850
White	Jan	33.65	100.0	104.1	5,944
White	Jan	58.62	91.8	106.1	7,523
White	Apr	272.27	80.0	115.2	5,877
White	Jun	80.00	83.2	110.6	6,063
White	Jun	24.00	100.0	106.4	8,500
White	Aug	73.50	81.1	100.8	6,800
Average (acre weighted)			87.4%	109.9	\$6,281

## Average Productivity Tracts

Average productivity tracts are the more common quality of crop production farms found in Region 10 typically accounting for about half of all transfers. In 2018, sales from the average productivity land class share account for 52 percent of transfers and 57 percent of acres transferred among the fair, average and good land classes. Most of the buyers of these farms are area farmers purchasing land to expand their current farming operations. The sellers are mostly estates and their beneficiaries and retiring farmers. Activity in terms of bona fide arm's length transactions is down in terms of number of transfers and transferred acres from 2017. Price trends from 2017 to 2018 are mixed depending on the two categories that Region 10 classifies average productivity sales.

Observed sales of average quality land exhibit a wide price range from \$2,409 to \$8,500 per acre. In past years, the committee has reported a differentiation between prices observed from the general area and from stronger farming and sales "pockets" scattered throughout the region. The 13 sales from the typically stronger sales areas (area 1) ranged in values from \$5,800 to \$8,500 with an average of \$6,570 and an acre weighted average price of \$6,281. These average price measurements for 2018 declined from 2017 by 14 percent and 11 percent, respectively.

Characteristics of 2018 area 1 sales were similar to 2017 sales in tract size and PI index, but were about 5 percentage points lower in average percent tillable. Thus, part of the decline would reflect the difference in tillable acres, but committee concluded that market forces are behind the overall decline in area 1 average productivity prices. A complete listing of area 1 tracts used in analysis appear in the table.

The remaining 46 sales that compose area 2 ranged in values from \$2,409 to \$6,050 with an average of \$4,618 and an acre weighted price \$4,256. Area 2 in contrast to area 1 demonstrates an increase in prices from 2017 in which area 2 had an

average price of \$4,157 and an acre weighted average price of \$3,923 indicating an 11 percent increase in average price and an 8 percent increase in acre weighted average price.

The committee observed mixed results between our classifications of average productivity tracts in that area 1 prices declined from 2017 whereas area 2 the less competitive region showed an increase price per acre. A partial listing, about half, of area 2 sales which are representative of total set of sales from area 2 that were used in our analysis appears in table of average productivity sales.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Ac	\$ Total Price/Ac
<b>Area 1</b>					
White	Jan	33.65	100.0	104.1	5,944
White	Jan	58.62	91.8	106.1	7,523
Alexander	Mar	144.00	84.3	104.7	5,823
Pulaski	Mar	24.60	86.5	116.1	5,800
Pulaski	Mar	107.88	85.0	114.0	5,850
Hamilton	Apr	40.00	100.0	103.0	6,555
White	Apr	272.27	80.0	115.2	5,877
White	Jun	80.00	83.2	110.6	6,063
Alexander	Jun	86.64	99.8	111.0	6,000
White	Jun	24.00	100.0	106.4	8,500
White	Aug	73.50	81.1	100.8	6,800
Hamilton	Sep	25.30	97.7	109.6	7,233
Hamilton	Sep	76.00	96.7	110.5	7,438
Average (acre weighted)			87.4%	109.9	\$6,281

**Area 2**

Alexander	Feb	217.00	96.0	111.2	4,608
Franklin	Jun	40.00	98.7	104.5	4,500
Franklin	Aug	76.76	77.4	112.8	3,856
Franklin	Oct	109.80	95.6	104.2	5,300
Gallatin	Jan	70.00	100.0	102.7	5,357
Gallatin	Aug	70.00	87.8	111.4	4,643
Hamilton	Feb	120.00	91.8	104.8	5,583
Hamilton	Feb	119.00	93.3	110.6	6,050
Hamilton	Mar	73.07	97.9	104.8	6,000
Hamilton	Jul	141.50	95.6	103.8	5,312
Hardin	Apr	28.50	88.7	106.5	4,211
Jackson	Jan	33.25	76.5	110.5	3,248
Jackson	Sep	20.00	67.0	102.6	5,250
Jefferson	Mar	55.16	95.2	104.0	4,442
Jefferson	Apr	20.00	100.0	100.8	5,200
Jefferson	Nov	240.00	85.4	106.9	4,592
Johnson	Feb	57.21	81.0	106.9	2,889
Massac	May	81.92	98.5	107.5	4,100
Massac	Jun	24.13	100.0	106.3	4,017
Massac	Oct	271.00	87.4	105.7	3,700
Perry	Jan	40.00	96.8	101.9	5,750
Perry	Jul	209.00	97.5	112.3	4,600
Pope	Jun	167.12	68.1	110.3	3,250
Pulaski	Mar	40.00	74.3	102.8	3,225
Saline	Feb	406.00	89.7	110.3	5,200
Saline	Mar	85.00	80.3	103.5	3,350
Saline	Nov	120.00	93.0	108.1	5,075
White	Nov	222.75	74.9	114.7	5,499
Williamson	Jun	79.30	79.3	100.8	4,981
Average (acre weighted)			88.4%	108.5	\$5,085

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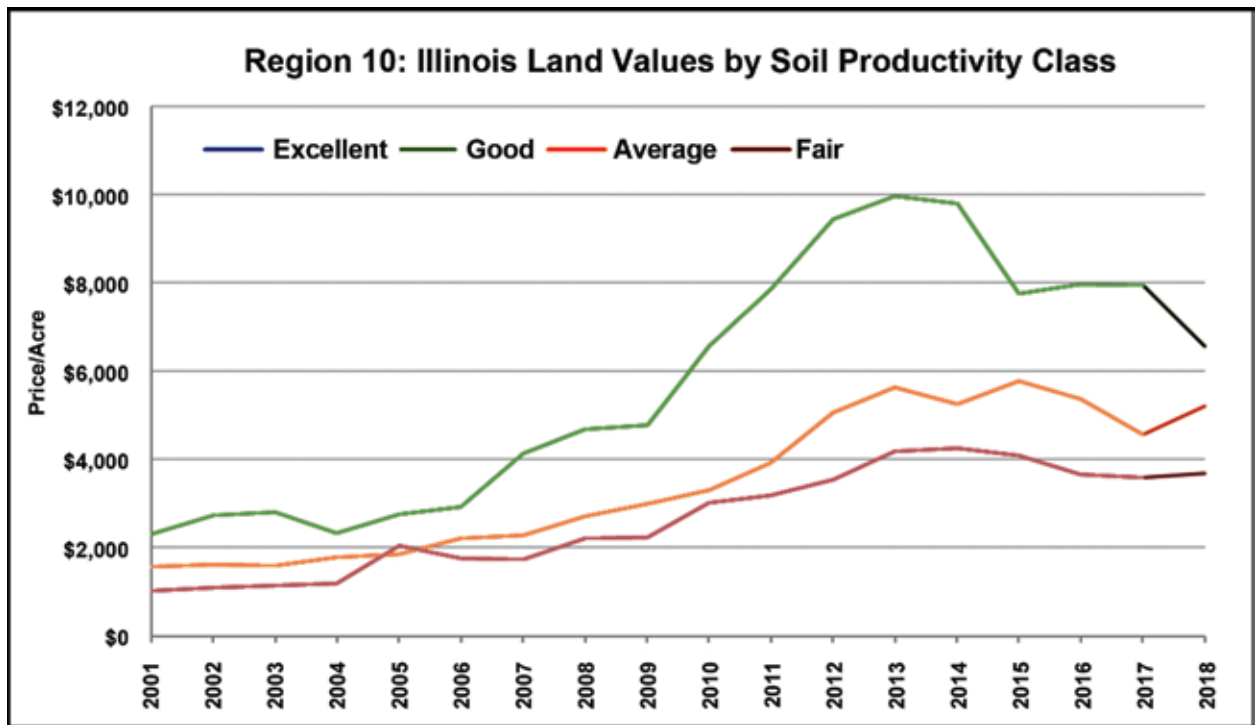
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## Fair Productivity Tracts

Many of the fair productivity tracts, in addition to a lower soil productivity index as compared to average productivity farms, have a lower percent of tillable acres. The average percentage of tillable acres was 81 percent for fair productivity tracts compared to 91 percent for area 1 tracts and 89 percent for area 2 tracts of average productivity.

Fair productivity tracts often have value for recreational uses in addition to crop value. The buyers of the higher cropland percentage farms are mostly local farmers while the buyers of the lower percentage cropland farms are more likely to be recreational buyers, or investors planning to sell to recreational buyers. The sellers are mostly retired farmers and estates. These farms typically have sloping topography and/or weak soil types.

The volume of sales and acreage transferred is down from our collection of 2017 sales. Average price for 2018 is less than 1 percent higher than 2017, but for average price weighted by acres the 2018 price is 7 percent higher than 2017. Although characteristics of size, PI index, and tillable acres are similar between 2017 and 2018, the 2018 sales had a larger average tract size (80 acres vs. 69 acres), slightly higher tillable acres (81 percent vs. 79 percent), and slightly higher PI index (93.5 vs. 92). Thus, the slightly higher sale prices for 2018 for fair productivity transfers are reflecting characteristic differences as well as market trends.

The committee concluded a slight market increase in fair productivity tracts based on reported data and the fact that the two other land classification with similar characteristics, area 2 average productivity and recreation tracts, showed an increase in price.

A partial listing of fair productivity sales which are representative of the larger set of sales used in analysis appears in fair production tract table.

County	Sale Date	Total Acres	percent Tillable	P/I on Tillable Ac	\$ Total Price/Ac
Franklin	Aug	40.00	83.4	90.3	4,500
Franklin	Aug	266.80	77.8	97.6	4,322
Franklin	Oct	122.50	82.2	95.5	3,069
Franklin	Oct	40.00	90.6	96.1	4,635
Franklin	Oct	79.00	84.5	93.0	4,304
Franklin	Nov	40.00	68.2	89.3	3,688
Hamilton	Jan	26.07	75.5	94.7	2,493
Hamilton	Mar	20.00	100.0	93.9	3,500
Hamilton	Mar	40.00	59.6	99.6	3,250
Hamilton	Apr	20.00	90.7	93.2	4,000
Jackson	Jan	116.70	87.3	98.8	4,500
Jackson	Aug	45.00	90.9	98.9	4,189
Jackson	Dec	132.50	59.2	93.4	2,500
Massac	Jan	209.92	75.4	86.1	3,239
Massac	May	23.70	90.4	98.1	2,700
Perry	Jan	120.00	80.4	93.9	4,000
Pope	Mar	77.72	89.2	89.5	2,900
Saline	Apr	40.00	89.3	89.0	3,900
Saline	Oct	80.00	93.9	97.4	4,249
Saline	Nov	39.33	95.3	88.9	3,825
Union	Mar	220.00	73.1	91.4	4,400
White	Apr	35.00	57.0	97.4	3,929
White	Nov	97.80	75.7	97.1	4,601
Williamson	Jan	59.53	83.9	85.5	3,192
Williamson	Oct	31.00	79.1	89.1	2,126
Williamson	Oct	78.86	54.8	87.7	3,918
Average (acre weighted)			78.1%	93.2	\$3,801

## Recreational Tracts

Recreational tract sale prices increased about 12 percent in 2018 from 2017. Many of the sales of recreational tracts in the region are through realtors to recreational buyers. The primary recreational use for these properties is deer hunting. Most of these tracts consist of a combination of low quality open land (cropland, pasture, and other open land) and wooded areas.

The 44 recreational sales analyzed for 2018 compared to the 85 sales analyzed in 2017 had similar characteristics in average tract size (59 acres vs. 64) and percent tillable (10 percent vs. 8 percent). Average prices and acre weighted prices for 2018 were \$2,671 and \$2,574, respectively compared to 2017 averages of \$2,381 and \$2,294, respectively. This is a 12 percent increase in both measurements.

One committee member noticed an increase in demand for large recreational tracts (300+ acres) by both local and out of state buyers. The large recreational tracts would be used to manage deer to a larger size. The problem is as shown by the data that there are very few large recreational tracts for sale. Thus, this demand could be supporting fair and average productivity tracts with a lower percentage of tillable acres.

A partial listing of recreational sales used in the analysis appears in recreational tract table.

County	Sale Date	Total Acres	% Tillable	\$ Total Price/Ac
Franklin	Jul	24.30	67.6	2,500
Gallatin	Aug	58.00	6.2	2,069
Hamilton	Mar	40.00	0.0	3,025
Hamilton	Sep	40.00	0.0	2,875
Hardin	Feb	40.00	0.0	1,250
Hardin	Jun	80.00	0.0	1,725
Jackson	Jan	30.00	0.0	4,000
Jackson	Feb	26.00	0.0	4,423
Jackson	Mar	27.49	0.0	3,164
Jackson	Jun	98.76	0.0	2,531
Jackson	Oct	50.00	9.1	1,875
Jefferson	Feb	40.00	0.0	3,500
Johnson	Jun	20.00	0.0	3,000
Massac	Apr	77.00	0.0	2,143
Massac	Jun	80.00	48.1	2,688
Massac	Aug	26.00	0.0	2,615
Perry	Jun	118.59	38.5	3,800
Pulaski	Jul	52.00	27.1	2,115
Pulaski	Sep	75.30	0.0	1,992
Saline	Mar	20.00	0.0	2,125
Union	Apr	160.62	40.2	2,250
White	Apr	40.00	55.8	3,625
Williamson	May	18.37	0.0	4,682
Williamson	Jun	40.00	0.0	3,200
Williamson	Oct	103.82	0.0	1,806
Average (acre weighted)			15.1%	\$2,582

## Lease Trends

The region's agricultural economy has slowed with low commodity prices over past years. Cash flows remain tight with only average crops for 2018. Farmers are looking for ways to cut cost, but landlords tend to see past rents as the norm. Despite the tenant's drive to cut cost, the committee members have not seen a great impact on reducing cash rents for the past years.

On good productivity soils, the upper range of cash rents may have come down on our limited observations on good productivity land. Otherwise, cash rental rates have been steady. One committee member noted that all new cash leases have been flexible with a base and bonus based on percent of crop value less base rent. The percent of crop value ranges from 25 to 35 percent. A committee member also report observing half of new leases being share leases. For many previous years, new leases had been trending toward cash leases.

Another committee member has witnessed two scenarios as farmland transitions to a new tenant. One scenario is where the farmer-owner is actively making the decision to reduce operated acres, the transition to a preferred tenant is done privately and values both parties with risk being shared (share cropping or flex leases). The second scenario occurs when the land is sold or a farmer loses a lease followed by a very competitive bidding for the land. This scenario is where impressive rental rates result from farmers attempting to grow their operation in anticipation of future higher yields and prices.

Crop share leases are still quite common in region 10. Shares for landlords vary from 25 to 50 percent depending on productivity and location. The more typical shares are 1/3 to 40 percent. The typical 1/3 landlord - 2/3 tenant include some sharing of crop expenses, but newer 1/3 - 2/3 leases occur where the tenant assumes all crop expenses. A share rental of 40 percent landlord and 60 percent tenant with shared crop expenses is more common in Region 10's northern counties and more productive soil regions.

Specialty crops (pumpkins, non-GMO/organic, canola, hemp, etc.) continue to be a strong competition for leased farmland given their margin opportunities and their desire to have land suitable to grow specialty crops. These crops allow diversity in areas and provide some farmers and landlords an alternative towards higher net income with cash rents exceeding cash rents for cropland producing typical commodities.

The limitation on Conservation Reserve Program (CRP) acres and the inability to reenroll those acres in our region results in those acres being placed back into production for income generation. Those CRP acres returning to production are attractive to organic growers because many of those acres would meet organic standards, whereas a commercial farmer is more cautious due to the uncertainty

## Leasing Trends

Farm Classification	Typical Existing Cash Rental Rates for:			Avg. Length of Lease Contract	Most representative rate on NEW cash lease in area for 2018 crop year	Percentages of NEW leases that are:			
	Lowest 1/3 by rate	Middle 1/3 by rate	Top 1/3 by rate			Cash	Flexible Cash	Share	Other
Good Productivity	195	220	265	1-3 Years	275	60	25	15	
Average Productivity	115	150	175	1-2 Years	175	75	5	20	
Fair Productivity	75	105	125	1 Year	125	50	10	40	
Recreational Land	5	10	20	1-3 Years	10	100			
Pasture	10	15	20		15	100			

of productivity and the potential time needed to return CRP acres to “normal” row crop production. Whether the new farm bill will reverse CRP acres coming out of production remains to be seen.

The WRE (wetland reserve easements) are considered by some landowners. USDA-NRCS will pay 100 percent of easement value and 75 to 100 percent of restoration cost. The scoring metric used by NRCS and the lifetime term are making it difficult for many acres to be enrolled.

### Median Value of Reported Sales by Year and Class\*

Year	--- Category ---			
	Good	Average	Fair	Rec.
2001	2,339	1,444	1,034	881
2002	2,575	1,500	1,088	
2003	2,804	1,449	1,233	1,167
2004	2,208	1,547	1,188	1,400
2005	3,000	1,720	2,100	1,586
2006	2,872	2,028	1,682	1,822
2007	3,875	2,189	1,762	2,000
2008	4,333	2,600	2,225	2,273
2009	4,500	2,950	2,201	2,376
2010	6,680	3,253	2,844	2,500
2011	7,625	3,525	3,000	2,378
2012	9,030	5,100	3,500	2,478
2013	9,901	5,340	4,099	2,703
2014	9,800	5,345	4,000	3,008
2015	7,290	5,500	4,125	2,583
2016	8,481	5,200	3,398	2,500
2017	8,092	4,188	3,370	2,375
2018	6,063	5,275	3,909	2,615

### Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	11.66%	9.02%	11.24%	11.59%
2010-2018	-1.21%	6.04%	3.98%	0.56%
2001-2018	5.60%	7.62%	7.82%	6.40%
2005-2018	5.41%	8.62%	4.78%	3.85%
2010-2018	-1.2%	6.0%	4.0%	0.6%
2017-2018	-28.9%	23.1%	14.9%	9.6%

\* (Note: Limited numbers of sales in some years and special features may affect values)

### Average Sales Price of Completed Sales in Region 10 by Year and Category\*

Year	--- Category ---			
	Good	Average	Fair	Rec.
2001	2,319	1,564	1,028	891
2002	2,738	1,610	1,085	
2003	2,804	1,597	1,138	1,157
2004	2,334	1,776	1,190	1,413
2005	2,763	1,866	2,050	1,615
2006	2,928	2,204	1,762	1,815
2007	4,146	2,283	1,742	2,044
2008	4,698	2,724	2,218	2,380
2009	4,782	2,994	2,240	2,443
2010	6,576	3,314	3,029	2,346
2011	7,855	3,915	3,177	2,247
2012	9,452	5,078	3,555	2,483
2013	9,971	5,643	4,193	2,702
2014	9,800	5,256	4,249	2,967
2015	7,756	5,779	4,091	2,561
2016	7,983	5,379	3,658	2,584
2017	7,953	4,573	3,605	2,373
2018	6,570	5,219	3,690	2,759

### Continuously Compounded Annual Growth Rate % (CCAGR) - selected periods

2001-2010	11.58%	8.34%	12.00%	10.77%
2010-2018	-0.01%	5.68%	2.47%	2.03%
2001-2018	6.13%	7.09%	7.51%	6.65%
2005-2018	6.66%	7.91%	4.52%	4.12%
2010-2018	0.0%	5.7%	2.5%	2.0%
2017-2018	-19.1%	13.2%	2.3%	15.1%

\* (Note: Limited numbers of sales in some years and special features may affect values)



**Percentage Change of Average by Period**

Year	--- Category ---			
	Good	Average	Fair	Rec.
2001 - 2002	16.6%	2.8%	5.3%	
2002 - 2003	2.4%	-0.8%	4.8%	
2003 - 2004	-18.3%	10.6%	4.4%	19.9%
2004 - 2005	16.9%	5.0%	54.4%	13.4%
2005 - 2006	5.8%	16.6%	-15.2%	11.6%
2006 - 2007	34.8%	3.5%	-1.1%	11.9%
2007 - 2008	12.5%	17.7%	24.2%	15.2%
2008 - 2009	1.8%	9.4%	1.0%	2.6%
2009 - 2010	31.8%	10.2%	30.2%	-4.0%
2010 - 2011	17.8%	16.7%	4.8%	-4.3%
2011 - 2012	18.5%	26.0%	11.2%	10.0%
2012 - 2013	5.3%	10.6%	16.5%	8.5%
2013 - 2014	-1.7%	-7.1%	1.3%	9.4%
2014 - 2015	-23.4%	9.5%	-3.8%	-14.7%
2015 - 2016	2.9%	-7.2%	-11.2%	0.9%
2016 - 2017	-0.4%	-16.2%	-1.5%	-8.5%
2017 - 2018	-19.1%	13.2%	2.3%	15.1%
Avg 2001-2018	6.13%	7.09%	7.51%	

(Note: Limited numbers of sales by year may affect representativeness)

Decline from peak to 2018	Good	Average	Fair	Rec.
	41.7%	10.2%	14.1%	7.3%



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**REGION 10**

# Farmland Price Expectations for 2019

Prepared by Gary Schnitkey, Ph.D., University of Illinois Department Ag and Consumer Economics

The Illinois Society of Professional Farm Managers and Rural Appraisers conducts an annual survey in which it asks its members about expectations of future farmland prices. Respondents indicate that yields in 2019 along with resulting commodity prices will have an impact on the direction and magnitude of farmland price changes. Above average yields could lead to falling farmland prices and below-average yields could lead to increasing commodity prices which would be supportive. Concerns about interest rates and trade issues also rise to the top of the list.

## Expectations for 2019

In total, 61 percent of the respondents expect farmland values to decrease during 2019 (see Figure 1), which is exactly the same level as last year. Twenty-nine percent expect farmland prices to remain and the same, and 10 percent expect farmland prices to increase.

Respondents were asked to indicate what they believed the chances were of a 20 percent decline in farmland prices during 2019 to gauge concerns about large downward correction in prices. Twenty-four percent of the respondents believed there was no chance of a 20 percent farmland price decrease with 50 percent giving a very small chance of a 20 percent farmland decrease. Twenty-two percent of respondents believed there was less than a 5 percent chance, 3 percent believed that the chance is between 5 to 10 percent chance, and 2 percent believed there was more than a 10 percent chance of a large price decrease. (see Figure 2).

Overall, most individuals believe the chance of a large land price decreases are small. Compared to the 2018 survey results though, slightly more respondents believed that large price declines are possible in 2019 than when asked a year earlier.

Figure 1. Expectations of Price Changes in 2019

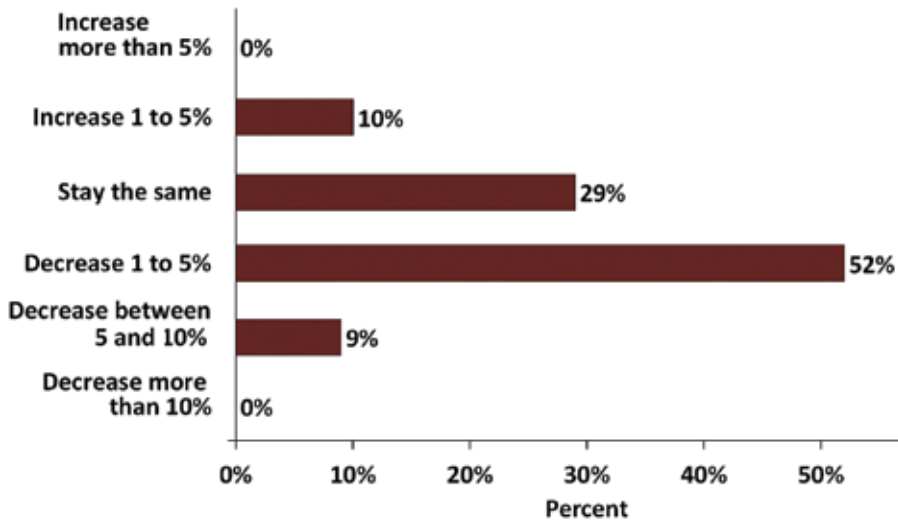
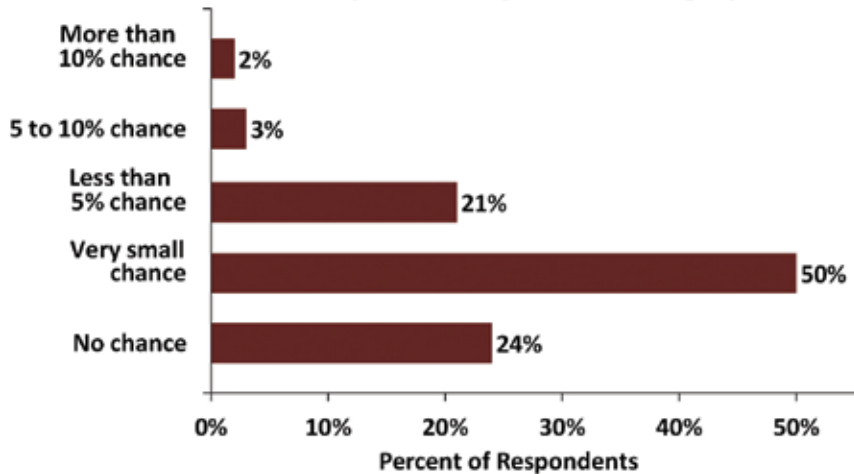


Figure 2. Chance of a 20% Farmland Price Decline in 2019  
Percent of Respondents by Chance Category



## Factors Impacting 2019 Price Outlook

Respondents were next asked questions regarding their beliefs about the relative importance of fundamental factors impacting farmland prices:

**Economic Vitality:** Respondents were asked whether they expected the economy to expand or contract. Sixty-seven percent of respondents expected the economy to contract modestly, with 2 percent expecting a full-scale recession. Thirty-one percent expected the economy to expand. A contracting economy would be expected to have a negative impact on farmland prices.

**Interest Rates:** Most respondents expect interest rates to increase in 2019, with 72 percent expecting those increases to be less than 1.5 percentage points and 5 percent expecting interest rate increase of over 1.5 percentage points. Rising interest rates would be expected to have a negative impact on farmland prices.

**Corn Prices:** Respondents were asked at what level they expected corn prices to average in 2019. Sixty percent expect prices between \$3.50 and \$4.00 per bushel. Twenty-six percent expected corn prices between \$3.00 and \$3.50. Overall, 92 percent of respondents expected corn price to average below \$4.00 per bushel and

the remaining 8 percent of respondents expected prices between \$4.00 and \$4.50 per bushel.

Respondents were given a set of factors and asked to indicate which of these factors would cause farmland prices to decrease by more than 5 percent in 2019 if that factor occurred. “Increase in interest rates” was indicated by 74 percent of the respondents as leading to farmland price decreases (see Table 1).

**Table 1. Factors that Could Cause a Farmland Price Decrease of More than 5 percent 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 United States	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 percent farmland price decline. For example, 74 percent of respondent indicates that “rising interest rates” would cause farmland price decreases of more than 5 percent.

The next factor indicated by most respondents was “falling commodity prices because of good 2019 growing conditions”, indicated by 66 percent of respondents. Factors indicated by over 50 percent of respondents as leading to farmland price decreases were “elimination of ethanol mandates” (64 percent) and “reduction in commodity demand because of slowing Chinese growth” (57 percent).

From that list of factors, respondents were asked to choose the most likely factor leading to a farmland price decrease. Respondents were only allowed to choose one factor. The most chosen factor was “falling commodity prices because of good 2019 growing conditions”, ranked as the most likely factor by 36 percent of the respondents. Other factors ranked as the most likely factor were: “Increases in interest rates (26 percent of respondents), “Reduction in commodity demand because of slowing Chinese growth” (12 percent), “General economic recession in the United States” (7 percent) and “elimination of ethanol mandates” (5 percent)

**Table 2. Most Likely Factor to Cause a Farmland Price Decrease of More than 5 percent in 2019**

	Percent of Respondents
Falling commodity prices because of good 2019 growing conditions in the United States	36%
Increases in interest rates	26%
Reduction in commodity demand because of slowing Chinese growth	16%
General economic recession in the United States	7%
Elimination of ethanol mandates	5%

Respondents were next asked to rank what factors could cause farmland prices to increase by more than 5 percent in 2018 (see Table 3). “Increases in commodity prices because of poor growing conditions in the United States” received the most positive responses at 55 percent of respondents. “Decreases in interest rates” was next with 50 percent of respondents.

**Table 3. Factors that Could Cause Farmland Prices to Increase More than 5 percent if they Happen in 2019.**

	Percent of Respondents
Increase commodity prices because of poor 2019 growing conditions in the United States	55%
Decreases in interest rates	50%
High yield 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 slowing 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 percent farmland price increases. For example, 55 percent of respondent indicates that “increase in commodity prices because of poor 2019 growing conditions” would cause farmland price increase.

From this list of factors, respondents were asked to choose the most likely factor to cause a farmland price increase of more than 5 percent. “Increases in commodity prices because of poor 2019 growing conditions in the United States” was the factor chosen by most respondents, receiving 29 percent of the response. Both “A 2019 drought causing low yields and “Decreases in interest rates” were chosen by 18 percent of the respondents.

**Table 4. Most Likely Factor to Cause a Farmland Price Decrease of More than 5% in 2019**

	Percent of Respondents
Increase commodity prices because of poor 2019 growing conditions in the United States	29%
A 2019 drought causing low yields	18%
Decreases in interest rates	18%
High yield leading to higher incomes	15%
Good economic growth in the United States	9%

The lists of both positive and negative factors suggest that a majority of respondents believe that yields will have an impact on farmland prices. High yields could lead to lower prices which would have a negative impact on farmland prices. Conversely, low aggregate yields could lead to higher prices which would have a positive impact on farmland prices.

### Sellers of Farmland

Survey respondents were asked to divide sellers of farmland into five categories: active farmers, retired farmers, estate sales, institutions, individual investors, and others. Estate sales accounted for 55 percent of the sales and were, by far, the largest category of sellers (see Table 5). Estate sales were followed by farmers who made up 24 percent of sellers. Thirteen percent of those farmers were retired and 11 percent were active farmers. Individual investors accounted for 14 percent of the sellers, followed by institutions (7 percent).

**Table 5. Sellers of Farmland, 2018.**

Active farmers	11%
Retired farmers	13%
Estate sales	55%
Institutions	7%
Individual investors	14%

Survey respondents were asked to identify reasons why farmland was sold. The major reason for selling farmland was to settle estates, accounting for 55 percent of the farmland sales (see Table 6). “Use for other personal purposes” was the next highest reason with 14 percent of the sales. Remaining reasons were re-orient investment portfolio (13 percent), pay down debt (10 percent), and re-invest in agricultural enterprises (9 percent).

**Table 6. Reasons for Selling Farmland, 2018.**

Settle estates	55%
Pay down debt	10%
Re-invest in other agricultural enterprises	9%
Invest in non-agricultural assets	13%
Use for other personal purposes	14%

Methods used for selling farmland are shown in Table 7. Forty-six percent of parcels were sold by private treaty, 39 percent by public auction, 11 percent by multi-parcel auction, and 4 percent by sealed bid.

**Table 7. Method of Selling Farmland, 2018.**

Private treaty	46%
Public auction	39%
Sealed bid	4%
Multi-parcel auction	11%

### Buyers of Farmland

Survey respondents were asked to classify buyers into categories as farmers, investors, institutions, or recreational buyers. Farmers accounted for 62 percent of the purchasers, with 59 percent being

local farmers and 3 percent being relocating farmers (see Table 8). Individual investors who would not farm the land were the next largest group, accounting for 27 percent of the buyers. Local investors accounted for 15 percent of the buyers and non-local investors accounted for 12 percent. Institutions accounted for 7 percent of buyers. Survey respondents indicated that 63 percent of farmland buyers did not require debt financing. On average, 55 percent of the purchase price was financed for those buyers requiring debt financing.

**Table 8. Buyers of Farmland, 2018.**

Local farmers	59%
Farmers relocating to a new area	3%
Individual purchasing farmland for recreational purposes	6%
Local investor investing in farmland	15%
Non-local investor who are investing	12%
Institutions	7%

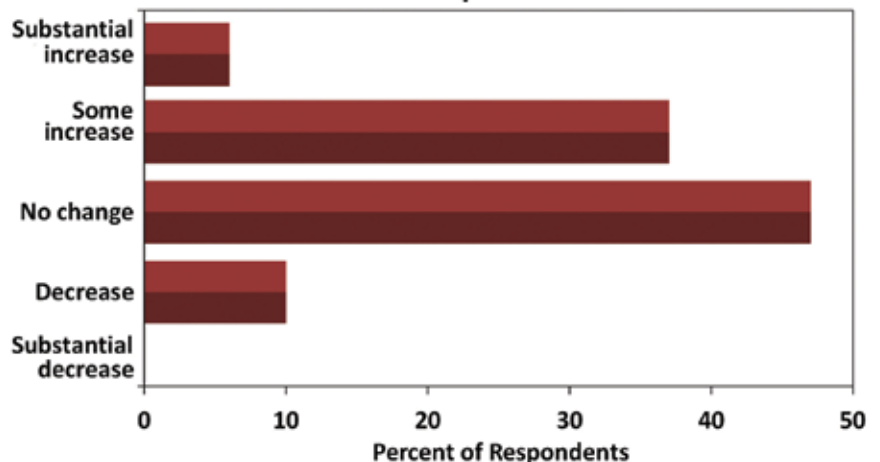
### Volume of Farmland Sold

Respondents indicated that there was an increase in volume of sales during the last half of 2018 compared to the last half of 2017 with 43 percent indicating some increase and 6 percent indicating a substantial increase (see Figure 3). Ten percent of respondents indicated that volume decreased. Forty-seven percent of respondents indicated that there was no change in volume.

### Summary

Respondents continue to express concern about continuing prospects for lower incomes or for higher costs of capital and have moved into a slightly more negative view on the prospects for farmland market values in the future. Nonetheless, actual market conditions have remained reasonably resilient, perhaps establishing a holding pattern while waiting for resolution of market and political uncertainties. The composition of buyers and sellers, and reasons for selling evolves slowly as well with minor changes from prior years despite widespread popular press stories about major structural changes in agriculture.

**Figure 3. Change in Volume of Farmland Sold in Last Half of 2018 Compared to Last Half of 2017**





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# Cash Rent Levels Continue to Be Stable

Prepared by Gary Schnitkey, Ph.D., University of Illinois Department Ag and Consumer Economics

The Illinois Society of Professional Farm Managers and Rural Appraisers conducts an annual survey of its membership concerning farmland leasing in Illinois. Survey results indicate that 2018 incomes were below 2017 levels. Cash rents are expected to increase slightly in 2019 from 2018 levels. Cash rents are expected to decrease in 2020 if soybean prices remain below \$9 per bushel.

## 2018 Incomes

Survey respondents were asked to estimate average incomes that landlords received from alternative leases for the 2018 cropping year. Average incomes equaled gross revenue less all expenses, including a deduction for property tax. Alternative leases considered were:

1. Share rent leases -- landlord and farmer share in crop revenues and crop expenses.
2. Cash rent leases -- farmer pay the landlord a fee for the farmland. The farmer receives all crop revenue and pays all crop expenses.
3. Custom farming arrangements – landlord pays the farmer for performing field operations. The landlord receives all crop revenue and pays all crop expenses.

Net incomes for 2018 are reported in Table 1 for four different land qualities:

1. Excellent (soil productivity ratings above 133, expected corn yields above 220 bushels per acre).
2. Good (soil productivity ratings between 117 and 132, corn yields expected to be between 180 to 220 bushels per acre).
3. Average (soil productivity ratings between 100 and 116, corn yields expected to be between 160 to 180 bushels per acre).
4. Fair productivity farmland (soil productivity ratings less than 100 corn yield expected to be less than 160 bushels per acre).

For excellent quality farmland, traditional crop shares generated average income of \$205 per acre, cash rent resulted in \$231 income per acre, and custom farming resulted in \$265 per acre. Across all productivities, crop share leases had the lowest returns. Cash rent and custom farming had returns near one another for the good, average, and fair land classes

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

Lease Type	Excellent	Land Productivity		
		Good \$ per acre	Average	Fair
Traditional crop share	205	165	127	89
Cash rent	231	193	155	115
Custom farming	265	217	171	116

For excellent quality farmland, traditional crop shares generated average income of \$205 per acre, cash rent resulted in \$231 income per acre, and custom farming resulted in \$265 per acre. Across all productivities, crop share leases had the lowest returns. Cash rent and custom farming had returns near one another for the good, average, and fair land classes

Table 2 shows 2018 income minus 2017 incomes. Negative numbers indicated incomes were lower in 2018 than in 2017. For excellent productivity farmland, incomes were higher for all three leasing types. For good productivity farmland, traditional crop share and custom farming had higher incomes while cash rent had lower incomes. Incomes in 2018 were lower for all lease types in the average and fair quality farmland classes.

**Table 2. 2018 Incomes Minus 2017 Incomes**

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

## Cash Rents for 2018

Table 3 shows per acre cash rents expected for the 2019 crop year. Cash rents again are placed in four different land quality classes: excellent, good, average, and fair quality. In each class, respondents were asked to provide an estimate of the averages of rental arrangements with the highest 1/3 rents, mid 1/3 rents, and low 1/3 rents.

**Table 3. Per Acre Cash Rents for High 1/3, Mid 1/3, and Low 1/3 Cash Rent Leases by Land Quality 2019**

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

There is a great deal of variability in cash rents for a given land productivity (see Table 3). For example, the average cash rent for the mid 1/3 group on excellent quality farmland is \$303 per acre (see Table 3). The high 1/3 of leases averaged \$327 per acre, \$24 higher than the mid 1/3 group. Similarly, the low 1/3 group averaged \$263 per acre, \$40 lower than the mid 1/3 group. From the high 1/3 group to the low 1/3 group, there is a \$64 per acre difference in average rents for excellent productivity farmland. Similar ranges exist across good (\$67 from the high 1/3 to low 1/3 averages), average (\$56 per acre), and fair (\$55 per acre) productivity classes.

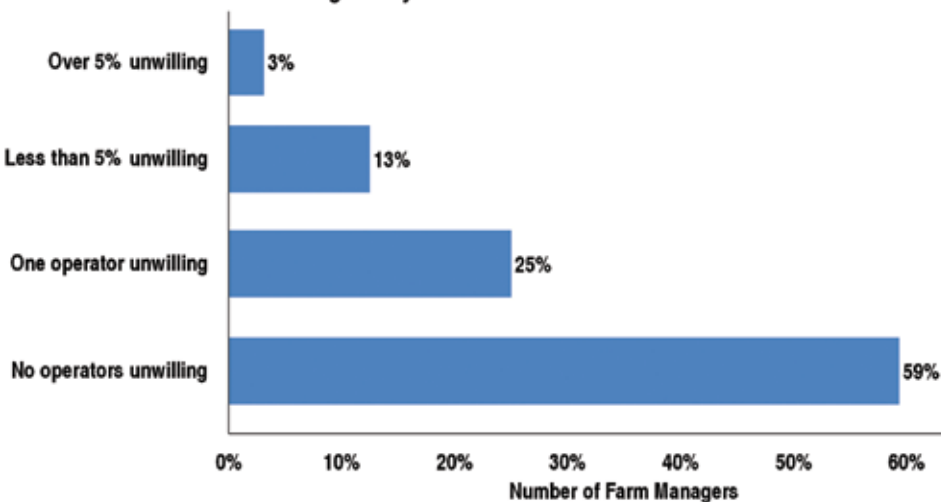
The change in average cash rent levels between 2018 and expected in 2019 varies by land productivity class (see Table 4). The \$303 per acre cash rent for 2019 was \$5 higher than the \$298 per acre cash rent in 2018. Cash rents for good quality land increased by \$3 per acre from \$260 in 2018 to \$263 per acre in 2019. Average quality farmland had a lower cash rent in 2019 of \$215 per acre, down by \$10 per acre from the \$225 rent in 2018. Fair quality farmland decreased \$17 from \$186 in 2018 to \$169 per acre in 2019.

**Table 4. History of Cash Rents for Mid 1/3 of Cash Rent Leases**

Year	Excellent	Land Quality		
		Good \$ per acre	Average	Fair
2007	183	164	144	120
2008	241	207	172	138
2009	267	221	187	155
2010	268	231	189	156
2011	319	271	220	183
2012	379	331	270	218
2013	396	339	285	235
2014	375	323	277	219
2015	350	295	250	200
2016	325	283	247	190
2017	300	260	225	175
2018	298	260	225	186
2019	303	263	215	169

Of the 2019 cash rent leases, respondents indicated that 20 percent of the rent levels were renegotiated from the previous year. Farm managers were asked if they had farm operators unwilling to pay 2019 cash rent levels and leave the farm. Fifty-nine of farm managers indicated that they had no

**Figure 1. Farm Managers Having Farm Operators Unwilling to Pay 2019 Cash Rent**



operators unwilling to pay the cash rent level.

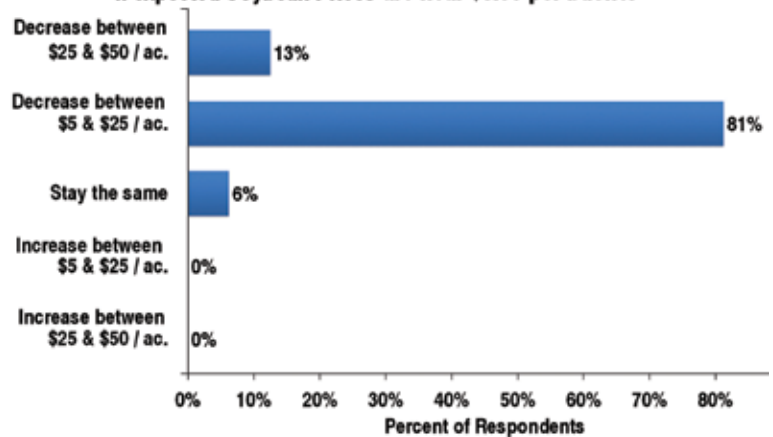
Of the other farm managers, 25 percent indicated that one farm operator was unwilling to pay the cash rent and 13 percent indicated that less than 5 percent of farm operators

were unwilling to pay cash rents, and 3 percent indicated that over 5 percent of the operators were unwilling to pay rents. Overall, more operators were unwilling to pay identical 2019 rents compared to the 2018 results.

**Expectations for 2020**

Farm managers were asked what would happen to cash rents to 2020 cash rents if expected soybean prices were near \$8.50 per bushel when negotiating 2020 cash rents. Most farm managers would expect a decrease in rents, with 13 percent expecting declines of more than \$25 per acre and 81 percent expecting less than a \$25 decline.

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

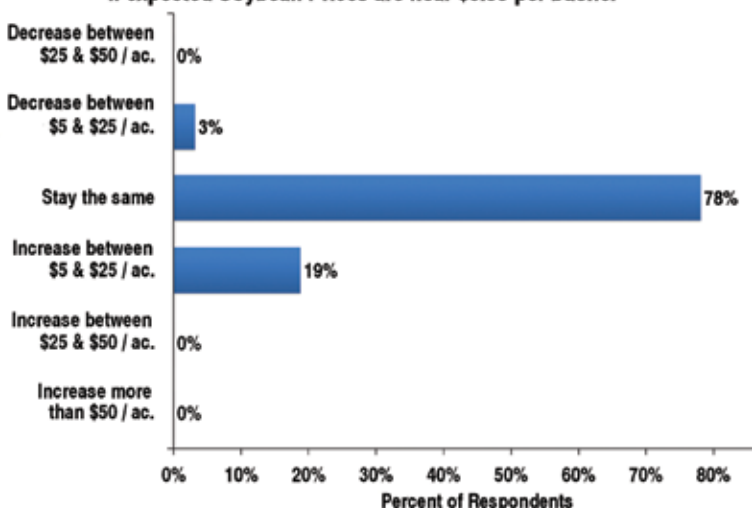


Thirty-six percent of farm managers expect 2020 cash rents to be lower than 2019 cash rents. Those declines are expected to be between \$5 and \$25 per acre (see Figure 2). Six percent expect rents to stay the same. None of the respondents expect increases.

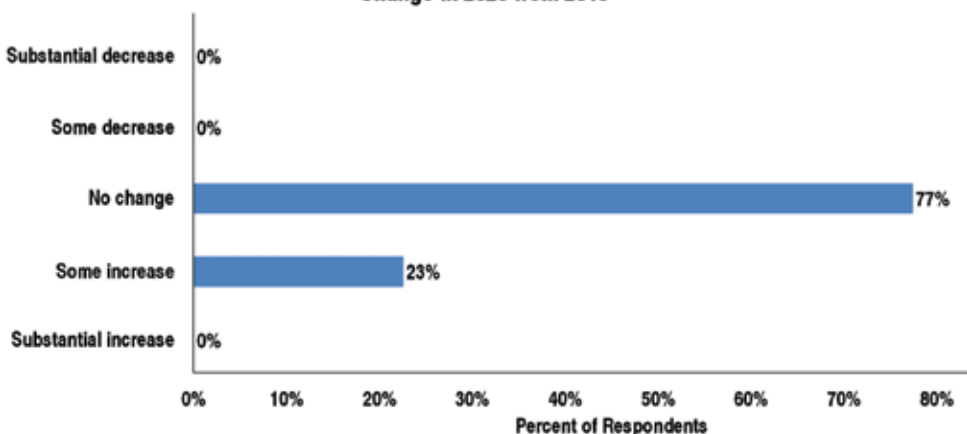
Farm managers were asked what would happen to cash rents in 2019 if expected soybean prices were \$9.50 when negotiating 2020 cash rents. In this case, 78 percent of farm managers expect 2020 cash rents to be the same as 2019 cash rents (see Figure 3 on next page). Of those respondents expecting increases, 19 percent expected increases of between \$5 and \$25 per acre. Under this price scenario, only 3 percent expected cash rents to decline.

Given the expectations of continuing low farm returns, there may be difficulties in having the current farm operators pay the current cash rent. Respondents were asked if they expected more farmers to refuse to pay current cash rent in 2020 (see Figure 4 on next page). Seventy-seven percent of respondents expected no changes in refusals while 23 percent expected some increase.

**Figure 3. Expectations of Cash Rents Change in 2020 from 2019 Levels if expected Soybean Prices are near \$9.50 per bushel**



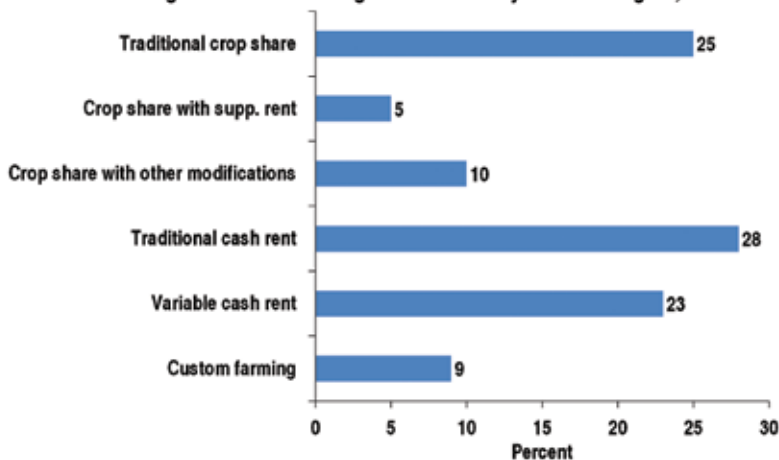
**Figure 4. Expectations of Farm Operators Refusing to Pay Ask For Cash Rent Change in 2020 from 2019**



### Leasing Arrangements Used in 2019

Figure 5 shows lease arrangements used by farm managers. In Figure 5, the first three lease types relate to crop share leases in which the land owner and tenant share in the revenues and expenses from the farm. A traditional crop share lease has a simple sharing arrangement of

**Figure 5. Lease Arrangements Used by Farm Managers, 2019**



revenue and direct expense, with a common split in Northern and Central Illinois being 50 percent. In a crop share with supplemental rent arrangement, the land owner and tenant share in revenues and direct expenses, and the tenant pays an additional cash payment to the land owner. This additional cash payment often is called a supplemental rent. According to survey respondents, the supplement rent averaged \$30 per acre in 2019. A share rent with other modifications arrangement is another type of share lease that modifies payments between the land owner and tenant. One typical modification is that the tenants pay all of the chemical costs.

Share rent leases accounted for 40 percent of the leases in 2019, with traditional crop share accounting for 25 percent of the leases, crop share with supplemental rents accounting for 5 percent of the leases, and crop share with supplemental accounting for 10 percent of the leases (see Figure 5).

There are two types of cash rent leases: traditional and variable. Under a traditional lease, a fixed amount of cash rent is negotiated between the land owner and tenant, typically at the beginning of the cropping year. Under a variable lease, the amount of the cash payment depends on revenue. A typical variable lease has a fixed base payment and then a “bonus” payment. The bonus payment is a percentage of gross revenue when gross revenue exceeds a specified level. For 2019, traditional fixed cash

rent arrangements accounted for 28 percent of leases while variable cash leases had a 23 percent share of leases (see Figure 5).

Farm managers typically use short lease terms on cash rental arrangements. Of cash rents, 81 percent of the leases were one-year in length.

Custom farming is an arrangement in which the land owner pays a farmer to perform machinery related operations on the farmland. The land owner then receives all revenue and pays all direct expenses from the farm. Custom farming accounted for 9 percent of leases. Cash rents increased between 2006 and 2014 and then decreased until 2017. Between 2017 and 2018, cash rent levels stabilized. Expectations are for stable cash rents if soybean prices return to \$9.50 per bushel. On the other hand, soybean prices near \$8.50 per bushel could lead to decreasing cash rents.

### Summary

Cash rents increased slightly for 2019 on higher quality farmland. In 2020, cash rents could decrease if soybean prices are below \$9 per bushel.



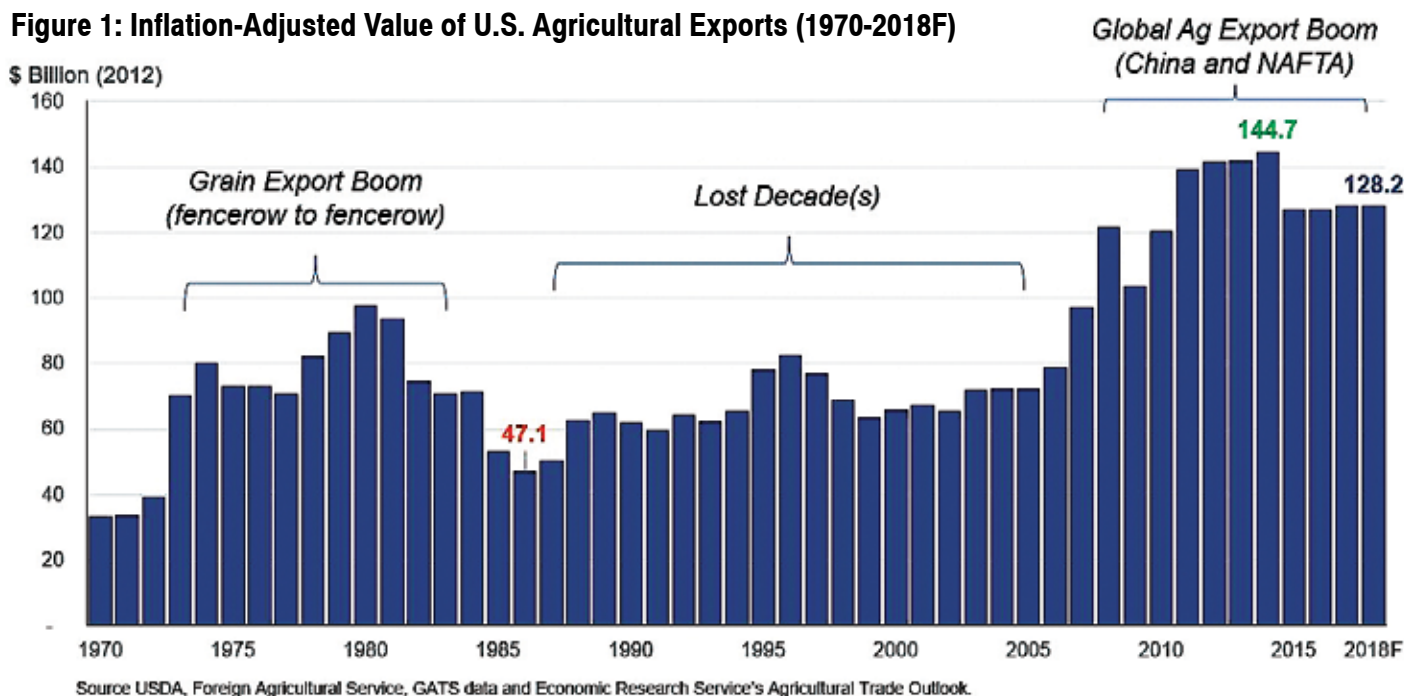
# The Ag Mighty Dollar: Recent Trends in Trade, Tariffs & the American Farm

Jackson Takach, CFA, Director - Economic Research & Business Innovation, Federal Agricultural Mortgage Corporation

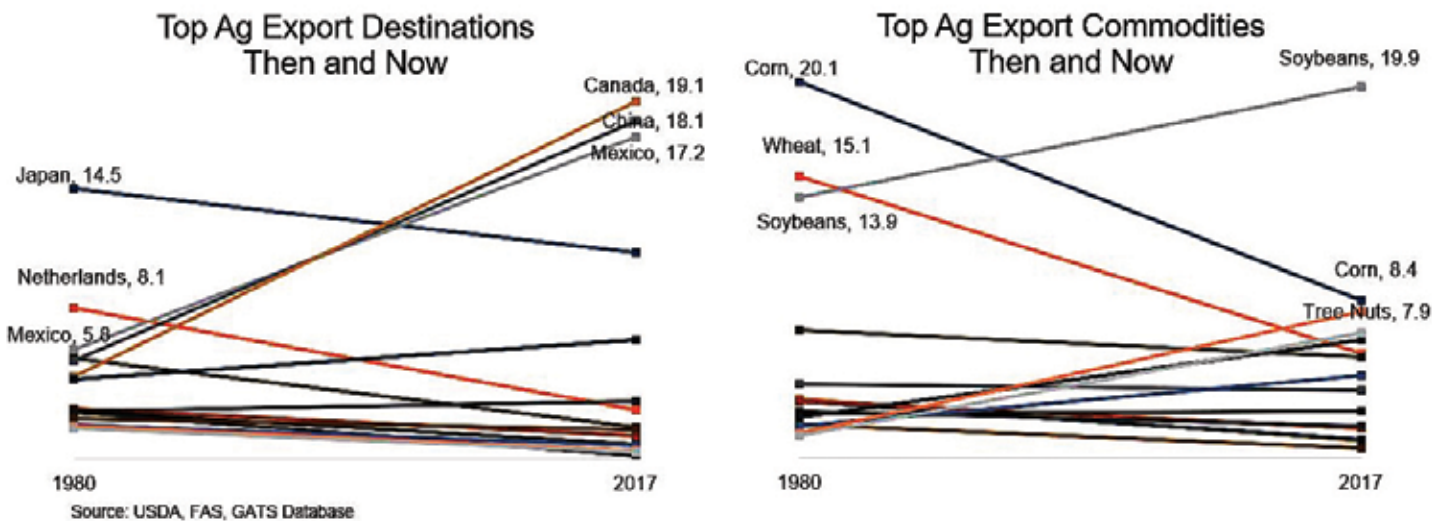
Foreign Foreign markets have been a significant outlet for U.S. agricultural production for decades. Depending on the year, between 20 and 25 percent of net cash farm income is attributable to export sales. Both farm economy expansions in recent history were at least partially related to the rapid rise in the value of food and fiber exports (see Figure 1). Today, U.S. ag trade brings in around \$140 billion annually, contributes \$19.5 billion to U.S. gross domestic product, and maintains over 1.1 million American jobs.

Over time, the composition of U.S. exports has changed dramatically (Figure 2). In 1980, the top U.S. agricultural exports were corn, wheat, and soybeans, and the top destinations were Japan, the Netherlands, and Mexico. Today, the breadth of goods exported has widened dramatically. Soybeans remain a standout at roughly \$20 billion per year in exports, but the second-highest valued commodity shipped is corn at only \$8 billion per year.

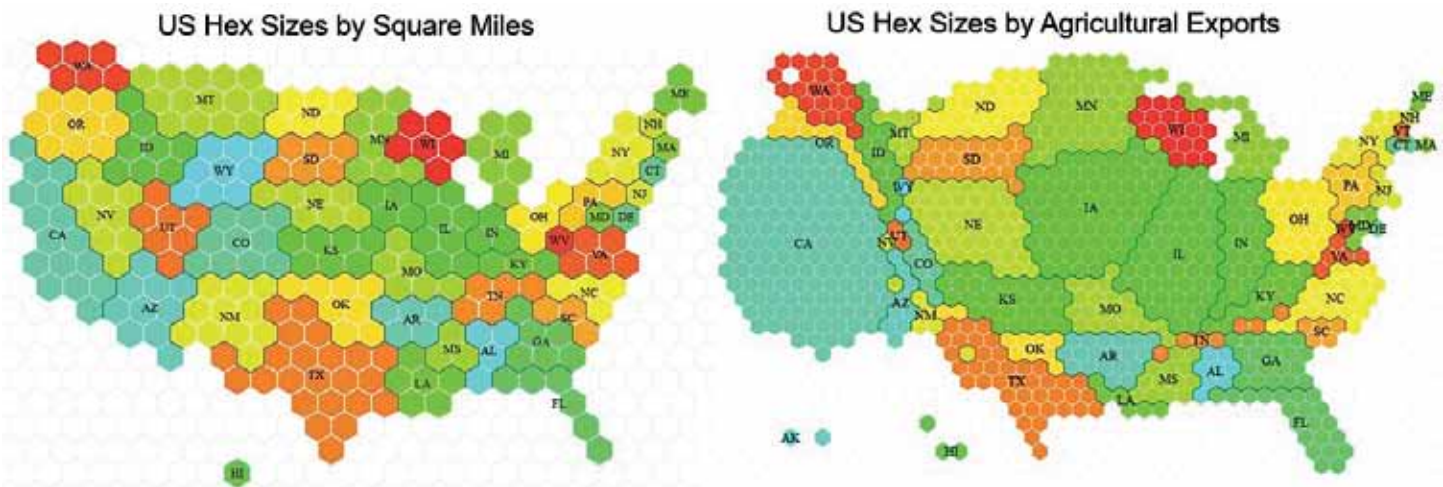
**Figure 1: Inflation-Adjusted Value of U.S. Agricultural Exports (1970-2018F)**



**Figure 2: Changes in Top Farm Export Products and Destinations (Inflation-Adjusted Dollars per Year)**



**Figure 3: U.S. States Resized by Area and Value of Agricultural Exports in 2017**



Source: U.S. Census Bureau, USDA, FAS, GATS Database; Maps Created in Telegrams by Pitch Interactive

That stands in stark contrast to 1980 when the three major commodity crops generated double-digit exports values in inflation-adjusted dollars. China, Canada, and Mexico are the more exciting destination growth stories, all three of which vaulting ahead of Japan by 2017. Population growth, economic development, and globalization-friendly trade policies have made each country a success story for U.S. agriculture over the past 40 years.

Growth in U.S. agricultural exports has not raised tides equally for all producers. As foreign markets have developed demand for different products, geographic regions across the U.S. have benefitted by varying degrees. For example, soybean demand from the rapidly-expanding Chinese hog industry has dramatically increased exports of bulk soybeans to the People’s Republic of China. A high percentage of soybean production occurs in Midwestern states, and thus the associated benefits of increased demand have accrued to producers and landholders in the Corn Belt. Figure 3 highlights the disparate regional impacts of agricultural exports. When the U.S. map is redrawn weighted by the value of exports generated by state, producers in California and the Corn Belt stand out as the principal beneficiaries of expanded international markets.

**The Rise of Protectionism and the Great U.S./China Stand-off.**

Globalism and free trade policies as engines of economic growth have suffered from political pressures and changing national policies over recent years, with particularly pronounced impacts in agriculture. Multi-lateral free trade agreements including the North American Free Trade Agreement (1994), the Trans-Pacific Partnership (2018), and other region-based policies are falling out of favor as policy-makers in the U.S. and Europe have faced pressure in recent years to focus on domestic industries and bilateral trading agreements. In 2016, a majority of voters in the U.K. elected to withdraw from the European Union. Elected in the same year, U.S. President Donald Trump ran

on a nationalist platform with a focus on immigration, U.S. manufacturing, and trade imbalance. Throughout Europe, populist candidates rose to prominence between 2016 and 2018, winning important elections in Germany, Italy, and Switzerland. A common theme across all of these political changes is tighter border controls and increased scrutiny on foreign trade strategies.

The Trump administration has focused on two primary areas of trade protectionism: the steel and aluminum industry and intellectual property protection. In March of 2018, President Trump utilized his authorities under Section 232 of the Trade Expansion Act to impose tariffs on imports of steel and aluminum. Section 232 allows the President to place tariffs on goods and services if they pose a threat to national security. Shortly after the 232 tariffs, the President announced new tariffs on selected imports from China under authorities from Section 301 of the Trade Act of 1974. Section 301 tariffs are allowed if the U.S. Trade Representative (USTR) determines that foreign acts, policies, or practices violate a trade agreement or are unjustifiable burdens to U.S. commerce.

The conclusions from a USTR investigation cited China’s use of forced joint ventures on foreign investment, unfair licensing practices, forced acquisition of foreign intellectual property, and regular support of cyber intrusions as unfair trade practices, and he authorized import duties on select goods from China. All of these duties are collected at the time of import and are paid by the importer of record. Although U.S. importers bear the immediate cash flow implications of the tariffs, importers can pass along the burden of the tax to either the consumers of the goods (i.e., U.S. manufacturers or end-consumers) or the source of the import (i.e., the steel exporter or Chinese company selling the product).

Both tracks of U.S. trade protections in 2018 have created frictions with trading partners. As Figure 4 outlines, the imposition of U.S. tariffs has been met by retaliatory tariffs from many countries. China, Mexico, the EU,

Canada, India, and Turkey each instituted new duties on U.S. exports shortly after the Section 232 tariffs, and China issued additional duties on virtually all U.S. exports in retaliation to the Section 301 tariffs. Only India and China specifically targeted U.S. agricultural goods in their

Due to retaliation from China, soybean markets have been the most disrupted by the new tariff regimes. In 2017, China was the U.S. largest foreign soybean market at \$36 billion in value (more than 65 percent of all soybean exports). Through November 2018, soybean exports to

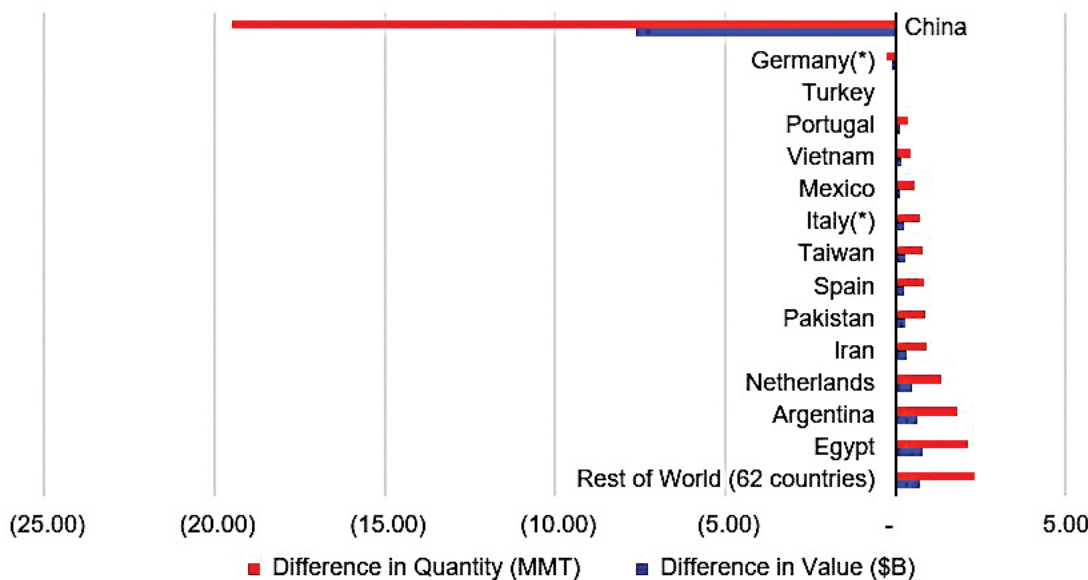
**Figure 4: U.S. Tariff and Retaliatory Tariff Parallel Timelines**



retaliation strategy. India imposed new taxes on roughly 45 percent of their modest \$2 billion in U.S. ag imports. Of the approximately \$24 billion in food and fiber exports to China in 2017, 90 percent were affected by new duties in 2018.

China were down by 70 percent compared to the calendar year 2017. The 25 percent bump in the tax rate on U.S. soybeans raised the effective price to importers making Brazil soybeans more attractive to Chinese buyers. As Figure 5 highlights, some of the Chinese market has been

**Figure 5: Differences in U.S. Soybean Exports by Country (Jan – Nov 2017 and 2018)**



offset by other countries such as in Egypt (where tilapia farms are increasing demand for soybean meal) and Argentina (where U.S. soybeans are replacing Argentinian soybeans heading to China). But soybean exports in 2018 are down roughly 18 percent by value and 14 percent by quantity. Further declines in the calendar year 2019 are likely unless China and the U.S. can diffuse the tense trade confrontation begun in 2018.

*continued on next page*

Source USDA, Foreign Agricultural Service, GATS data

## Implications for Farm Income and Land Values.

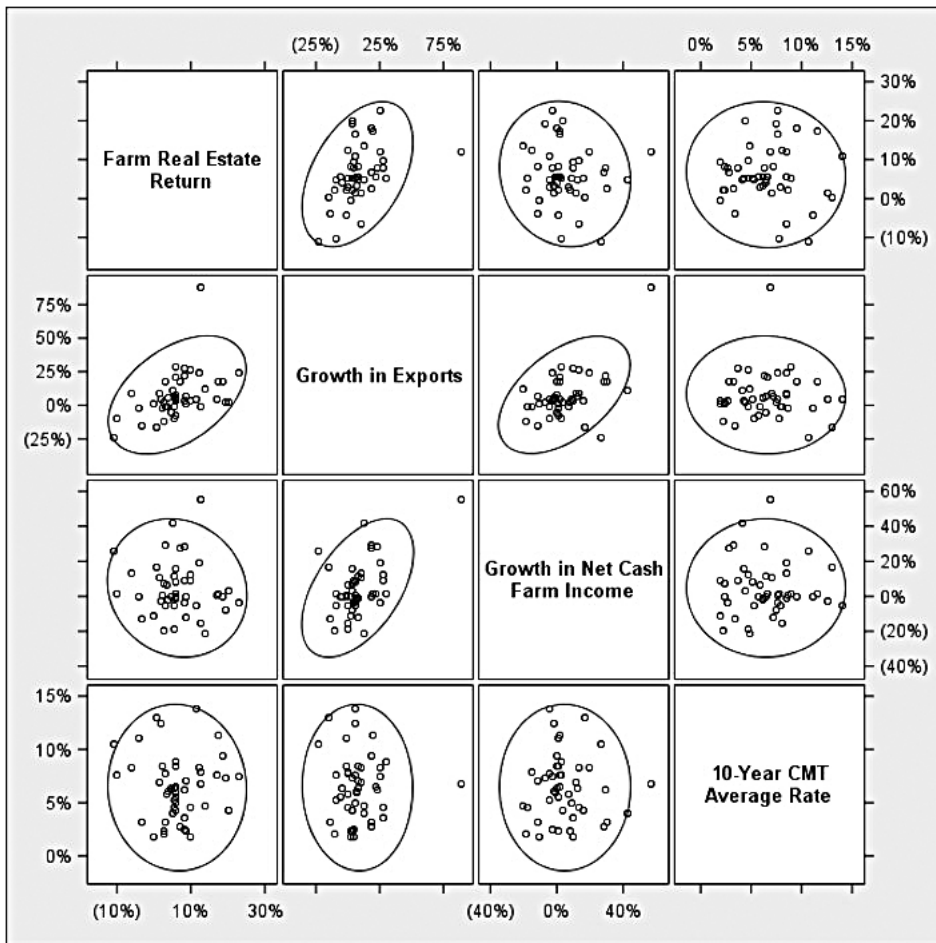
Depending on how long they remain in place, trade restrictions on U.S. agricultural exports could have a lasting effect on farm income and with it, the value of farmland assets. If the retaliatory tariffs are resolved in 2019, foreign markets for products including soybeans, dairy, pork, and tree nuts are likely to rebound to near pre-trade levels. However, the more time global trade patterns have to reroute and the infrastructure that is built to facilitate the new routes, the more significant the lasting-impact will be on the American farmer. Net cash farm income and agricultural exports exhibit a high correlation through time (0.94 by raw value, 0.52 by annual percentage change), so foreign demand does play a meaningful role in farm profitability.

Figure 6 shows a simple scatter plot that helps relate the strength and directional relationships among inflation-adjusted land values, exports of agricultural products, farm income, and interest rates over the past 47 years. The intersections of each row and column provide a measure of the relationship, or lack of, between each pair of variables. As Figure 6 highlights, farm real estate returns have a strong correlation with growth in exports and a measurable relationship with the level of interest rates. Rising real interest rates could have a two-fold economic effect

on land values, putting downward pressure on income capitalization as well as pushing up the value of the dollar and hurting export price competitiveness.

Access to foreign markets will continue to be a key driver of success for American farms. In early 2019, negotiations between U.S. and Chinese trade representatives have been mostly positive, and both sides made considerable strides towards a bilateral trade agreement. The United States-Mexico-Canada Agreement (USMCA or NAFTA 2.0) has been agreed upon by leadership in all three countries, but the U.S. Congress will consider ratifying it in 2019 and if they do, the agreement will not take effect until 2020. Even then, Section 232 tariffs are not explicitly addressed in the new deal.

Additional trade agreements in the European Union and Japan could also bear some additional fruit for the American agricultural complex, but the details of the deals have yet to be finalized as of early 2019. Clearly, U.S. policy-makers understand the importance of free-trade to U.S. agriculture, and closing these trade agreements is a must to maintain robust economic health for U.S. farms. Maintaining and improving trade relationships, and expanding export opportunities have always been critical to U.S. agriculture, and will continue to be so in the long run as well.



**Acknowledgments:**  
*The views expressed herein are those of the author and do not necessarily reflect the views of Farmer Mac.*



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# Notes



# OPTIMAL PRODUCTIVITY INDEX

## LEGEND - Soil PI (Productivity Index)

