

Farmland Market Maintains Stability

The Midwestern farmland market continues to find itself transitioning to new realities. But even amid these uncertainties, the farmland market continues to remain stable.

The heavy hand of low corn and soybean prices hangs over the market, along with continued uncertainty over trade relations with China.

Rising interest rates are a negative factor as the Federal Reserve Bank continues on its path of normalizing interest rates and reducing its balance sheet.

Increasing political tensions in Washington add to the negativity, as well.

Strong corn and soybean yields this past fall, however, are providing support to the market. USDA projects record corn yields in Illinois, Indiana and Nebraska of 210 bu., 194 bu. and 195 bu. per acre, respectively. Meanwhile, USDA says Iowa marks its second-highest average yield with a state-wide average of 198 bu. per acre. The Iowa record is 202 bu. per acre set in 2017.

USDA also projects record soybean yields across all four states with Illinois at 64 bu. per acre, Indiana at 60 bu., Iowa at 58 bu. and Nebraska at 61 bu. per acre.

In addition to strong yields, the enactment of the 2018 Farm Bill brings certainty to planning for 2019 along with higher market loan rates.

The limited number of farm properties for sale continues to support farmland values. Until the mid-2000s, as much as 3% to 4% of an area's farmland

turned over through a public sale. That percentage has since dropped to approximately 1%. In 2018, the number of farm properties offered for sale

seemed to increase. The bulk of these sales were the result of estate settlement. A few were the result of farmer retirements. And a few were sale-and-leaseback offerings designed to rebuild working capital for a few farm operators. But the total number of farms moving to the market remains well below normal and low enough to support farmland values.

The lack of high-quality farms available for sale is especially notable. These offerings are frequently sold at auction and often command strong prices. Lower-quality farms, however, are being sold via listings and usually require a more lengthy marketing period.

The result is a market that is stabilizing with 1% gains to 1% losses in Illinois, Indiana and Iowa. Nebraska's market continues to show weakness but has signs of transitioning to a stable market.

Below are the results of a few of our recent auctions, which occurred in December:

• **93 acres in Cass Co., Neb.**, south of Greenwood. The farm offered 92 dryland cropland acres and sold for \$7,900 an acre.

• **580 acres in Kankakee Co., Ill.**, north of Herscher. Two parcels totaling 99 acres with 92 tillable acres and a PI of 130.4 (147 is maximum) sold for \$10,000 an acre. The remaining four parcels, with PIs ranging from 130 to 112, brought \$8,100 to \$7,100 an acre.

• **80 acres in Wright Co., Iowa**, northeast of Woolstock. It offered 78 tillable acres with a CSR2 of 79.2 versus the county average CSR2 of 82.2. It brought \$10,250 per acre.

In-depth knowledge of your local market is key to your successful farmland sale or purchase. Feel free to call anyone at Hertz Real Estate Services and Hertz Farm Management if you have questions about your local market. In addition, our team is quite knowledgeable on sale-and-lease-back transactions.

Inside This Issue

- Page 2:** New Farm Bill Features
Higher Loan Rates;
Stable Values Noted in
Central Corn Belt
- Page 3:** Iowa Farmland Values
Decline 1% in 2018
- Page 4:** Hertz Office Directory

New Farm Bill Features Higher Loan Rates

The new Farm Bill signed into law in December features higher marketing loan rates on most program crops. The new loan rates take effect immediately with the 2019 crops. The bill also increases flexibility on program options and an opportunity to update a farm's program yield.

The new loan rate for corn is \$2.20 per bu., up 13% from the previous loan rate of \$1.95. For soybeans, the new rate is \$6.20 per bu., up 24% from the previous rate of \$5.00. For wheat, the new loan rate is \$3.38 per bu., up 15% from \$2.94.

The bill also allows producers a one-time chance to update farm program yields beginning with the 2020 crops. The updated yields will be used to calculate Ag Risk Coverage (ARC) or Price Loss Coverage (PLC) programs. The update will be based on a formula using the farm's actual yields versus the national average yields during the 2013 through 2017 crop years.

The new bill offers increased flexibility on selecting either ARC or PLC. A producer may select either program for 2019. That decision will hold for

2020. The operator will be able to select either program in 2021, 2022 or 2023. Choices are on a farm and crop basis.

PLC prices remain unchanged from current levels but an escalator provision raises them if the five-year Olympic moving average rises significantly above the reference levels, capped at 15% above the statutory rates.

ARC guarantee calculations allow a substitute T-yield (substitute yield used if actual production history is not available) of 80% of the county T-yield (up from 70%). The 25 largest counties can be subdivided for calculating ARC coverage. Yields are based on Risk Management Agency (RMA) data.

Conservation Reserve Program (CRP) maximum acres would expand to a phased-in 27 million acres, up from 24 million — 24.5 million acres in 2020, 25 million in 2021, 25.5 million in 2022 and 27 million acres in 2023 — with 2 million acres reserved for grasslands. Payment rates would be capped at 85% of prevailing rates for general signups and at 90% for continuous.

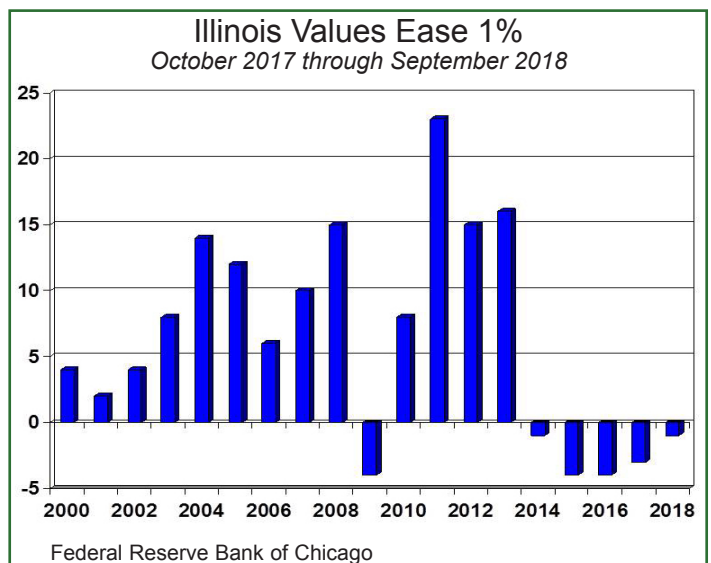
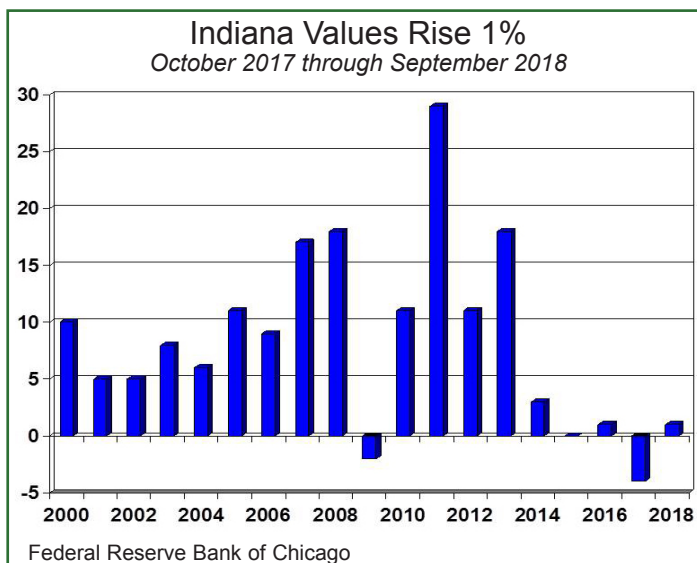
Stable Values Noted in Central Corn Belt

Farmland values in the central Corn Belt held steady through September, report ag bankers polled by the Federal Reserve Bank of Chicago. The bank, which serves Illinois, Indiana, Iowa and portions of Michigan and Wisconsin, reports the value of "good" agricultural land rose 1% through the end of September versus a year earlier. However, the bank notes farmland values eased a slight 1% when compared to the second quarter of 2018.

The bank states farmland values rose 1% in Indiana

while they eased 1% in Illinois. Iowa lists a 1% annual increase, as well. However, when compared to the previous quarter, both Illinois and Iowa report values slipped 1% while values dipped 2% in Indiana.

Ag bankers west of the Missouri River report cropland values continue to weaken but at a slower pace than noted in previous years. The Federal Reserve Bank of Kansas City, which serves eastern Nebraska, notes the value of dryland cropland declined 2% through September.



COMPLETED LAND SALES* - 2018 *all acres are considered more or less (*11 acres or more)***ILLINOIS****Bureau County**

226.12 Ac. • \$2,212,500 • AgLand w/Bldgs.

Edgar County

79 Ac. • \$474,000 • AgLand

82.06 Ac. • \$697,510 • AgLand

Fayette County

120 Ac. • \$972,600 • AgLand

Ford County

77.27 Ac. • \$819,009 • AgLand

147.5 Ac. • \$988,250 • AgLand

Henderson County

81.6 Ac. • \$750,720 • AgLand

333 Ac. • \$1,260,000 • AgLand

Henry County

163.64 Ac. • \$1,800,040 • AgLand

Iroquois County

40 Ac. • \$332,000 • AgLand

96.03 Ac. • \$797,049 • AgLand

Kankakee County

20 Ac. • \$190,000 • AgLand

34.56 Ac. • \$312,768 • AgLand

36.26 • \$362,000 • AgLand

36.33 Ac. • \$210,714 • AgLand

75.14 Ac. • \$563,660 • AgLand

78.7 Ac. • \$539,095 • AgLand w/Bldgs.

Kendall County

438.1 Ac. • \$4,260,000 • AgLand w/Bldgs.

LaSalle County

29.18 Ac. • \$196,965 • AgLand

70.25 Ac. • \$660,360 • AgLand

74.48 • \$893,760 • AgLand

79.58 • \$584,972 • AgLand

157.12 • \$968,049 • AgLand

Marshall County

35.42 Ac. • \$177,617.50 • AgLand

52.4 Ac. • \$319,640 • Ag/Timber/Pasture

112.58 • \$1,176,768 • AgLand

128.9 • \$489,820 • Ag/Timber/Pasture

145.57 • \$1,397,472 • AgLand

160 Ac. • \$1,626,620 • AgLand

McHenry County

23.21 Ac. • \$165,000 • AgLand

McLean County

80 Ac. • \$880,000 • AgLand

Piatt County

70.74 Ac. • \$725,085 • AgLand

Putnam County

154.42 Ac. • \$1,744,946 • AgLand

Rock Island County

36.88 Ac. • \$322,700 • AgLand

40 Ac. • \$207,500 • AgLand

Shelby County

80 Ac. • \$340,000 • AgLand

200 Ac. • \$1,000,000 • AgLand

ILLINOIS**Vermilion County**

82.18 Ac. • \$500,000 • AgLand

IOWA**Allamakee County**

135.98 Ac. • \$535,000 • AgLand

153.85 Ac. • \$1,538,500 • AgLand

Benton County

40 Ac. • \$512,798 • AgLand

40 Ac. • \$429,000 • AgLand w/Bldgs.

58 Ac. • \$682,002 • AgLand

96 Ac. • \$860,000 • AgLand

146.51 • \$1,128,127 • AgLand

151 Ac. • \$1,200,000 • AgLand

155 Ac. • \$1,426,000 • AgLand

155 Ac. • \$2,540,000 • Turf Farm

155 Ac. • \$1,464,750 • AgLand

156 Ac. • \$1,654,000 • AgLand

176 Ac. • \$2,516,800 • AgLand

Black Hawk County

67.86 Ac. • \$609,120 • AgLand

67.97 Ac. • \$768,061 • AgLand

69.92 Ac. • \$489,440 • AgLand

73.26 Ac. • \$905,000 • AgLand

Boone County

22.3 Ac. • \$267,600 • AgLand

120 Ac. • \$1,038,000 • AgLand

Bremer County

214.12 Ac. • \$2,090,000 • AgLand

Buchanan County

50 Ac. • \$104,000 • AgLand

60 Ac. • \$312,000 • AgLand

78 Ac. • \$631,800 • AgLand

80 Ac. • \$960,000 • AgLand w/Bldgs.

136 Ac. • \$1,237,600 • AgLand

153 Ac. • \$1,136,025 • AgLand

155 Ac. • \$999,750 • AgLand

Butler County

34.09 Ac. • \$197,500 • AgLand

78 Ac. • \$631,800 • AgLand

79 Ac. • \$671,500 • AgLand w/Bldgs.

79.5 Ac. • \$365,025 • AgLand

80 Ac. • \$760,000 • AgLand

80 Ac. • \$591,800 • AgLand

84.6 Ac. • \$617,528 • AgLand

118.9 Ac. • \$433,985 • AgLand

162 Ac. • \$510,300 • AgLand

170.27 Ac. • \$578,918 • AgLand

272 Ac. • \$2,339,200 • AgLand w/Bldgs.

285 Ac. • \$1,863,200 • AgLand

Carroll County

20 Ac. • \$90,000 • AgLand

80 Ac. • \$768,000 • AgLand

342.96 Ac. • \$3,860,000 • AgLand

Cedar County

36 Ac. • \$284,000 • AgLand

40 Ac. • \$395,850 • AgLand

40 Ac. • \$408,450 • AgLand

IOWA**Cedar County (cont.)**

40 Ac. • \$336,000 • AgLand

55 Ac. • \$545,000 • AgLand

66.4 Ac. • \$598,500 • AgLand

80 Ac. • \$752,000 • AgLand

80 Ac. • \$772,500 • AgLand w/Bldgs.

81 Ac. • \$607,500 • AgLand

85 Ac. • \$720,000 • AgLand

145 Ac. • \$1,479,000 • AgLand

148 Ac. • \$1,410,000 • AgLand

148 Ac. • \$1,410,000 • AgLand

158 Ac. • \$1,291,650 • AgLand

225 Ac. • \$2,013,750 • AgLand w/Bldgs.

Cerro Gordo County

30 Ac. • \$297,798 • AgLand w/Bldgs.

Chickasaw County

115.3 Ac. • \$864,750 • AgLand w/Bldgs.

Clinton County

66.45 Ac. • \$398,700 • AgLand

Dallas County

40 Ac. • \$158,000 • AgLand

103.5 Ac. • \$4,347,000 • Dev-Commercial
/Residential

Delaware County

17.73 Ac. • \$63,000 • Rec./Pasture/Timber

64.56 Ac. • \$272,500 • AgLand

105.4 Ac. • \$437,750 • AgLand

115.15 Ac. • \$930,000 • AgLand

Fayette County

40 Ac. • \$402,000 • AgLand

Franklin County

189.68 • \$840,000 • AgLand

Greene County

148.78 Ac. • \$1,487,800 • AgLand

Grundy County

38 Ac. • \$314,000 • AgLand

113.34 Ac. • \$1,100,000 • AgLand

154.5 Ac. • \$1,019,700 • AgLand

Hamilton County

124.91 Ac. • \$1,192,891 • AgLand

155.64 Ac. • \$1,727,605 • AgLand

Hancock County

59.02 Ac. • \$537,082 • AgLand

Hardin County

40.63 Ac. • \$264,095 • AgLand

77 Ac. • \$639,100 • AgLand

119 Ac. • \$1,100,750 • AgLand w/Bldgs.

140 Ac. • \$1,240,000 • AgLand

158.59 Ac. • \$1,054,624 • AgLand

164.84 Ac. • \$1,302,236 • AgLand

Harrison County

599.69 Ac. • \$2,900,000 • AgLand w/Bldgs.

Howard County

134.68 Ac. • \$825,000 • AgLand

COMPLETED LAND SALES* - 2018 *all acres are considered more or less (*11 acres or more)***IOWA****Iowa County**

114 Ac. • \$435,000 • AgLand
187 Ac. • \$1,180,905 • AgLand
240 Ac. • \$1,062,000 • AgLand

Johnson County

40 Ac. • \$360,000 • AgLand
55 Ac. • \$440,000 • AgLand
59 Ac. • \$215,350 • Timber
60.14 Ac. • \$499,162 • AgLand
65.26 Ac. • \$541,658 • AgLand
76 Ac. • \$539,600 • AgLand
80 Ac. • \$680,000 • AgLand
117 Ac. • \$975,665 • AgLand

Jones County

37 Ac. • \$329,300 • AgLand
110 Ac. • \$425,100 • AgLand
111 Ac. • \$976,800 • AgLand
175 Ac. • \$1,172,500 • AgLand

Keokuk County

18.8 Ac. • \$107,160 • AgLand
38 Ac. • \$207,000 • AgLand
60 Ac. • \$500,000 • AgLand w/Bldgs.
160 Ac. • \$736,000 • AgLand

Kossuth County

240 Ac. • \$1,700,000 • Ag/Pasture w/Bldgs.

Linn County

18 Ac. • \$178,750 • Ag/Timber/Pasture
19.5 Ac. • \$150,000 • Timber
25 Ac. • \$550,000 • Resid. Lot
25 Ac. • \$175,000 • AgLand
30 Ac. • \$360,000 • AgLand w/Bldgs.
40 Ac. • \$220,000 • AgLand
41 Ac. • \$198,850 • Timber
56 Ac. • \$518,000 • AgLand
80 Ac. • \$425,000 • AgLand w/Bldg.
85 Ac. • \$708,405 • AgLand
99 Ac. • \$1,227,600 • AgLand w/Bldg.
155 Ac. • \$1,581,000 • AgLand
160 Ac. • \$1,808,000 • AgLand
205 Ac. • \$2,050,000 • AgLand

Louisa County

46.5 Ac. • \$237,000 • AgLand
311 Ac. • \$1,710,500 • AgLand w/Bldgs.

Marshall County

39 Ac. • \$292,500 • AgLand
80 Ac. • \$540,000 • AgLand
113.7 Ac. • \$1,057,410 • AgLand
130 Ac. • \$1,183,000 • AgLand
142.72 Ac. • \$905,000 • AgLand

IOWA**Marshall County (cont.)**

154.09 Ac. • \$1,347,500 • AgLand
262.77 Ac. • \$1,565,000 • AgLand
391.49 Ac. • \$4,619,582 • AgLand

Mitchell County

80 Ac. • \$756,000 • AgLand
94 Ac. • \$789,600 • AgLand
160 Ac. • \$1,360,000 • AgLand

Montgomery County

738.72 Ac. • \$2,400,000 • AgLand w/Bldgs.

Muscatine County

100 Ac. • \$983,500 • AgLand

Page County

18.99 Ac. • \$110,000 • AgLand w/Resid.
19.62 Ac. • \$70,000 • AgLand
92.5 Ac. • \$377,000 • AgLand

Pocahontas County

108.13 Ac. • \$843,414 • AgLand

Polk County

52.62 Ac. • \$841,920 • AgLand
125 Ac. • \$837,000 • AgLand

Poweshiek County

160 Ac. • \$1,248,000 • AgLand
240 Ac. • \$1,750,000 • AgLand

Shelby County

17.71 Ac. • \$65,000 • Pasture
58.51 Ac. • \$400,000 • AgLand w/Bldgs.
141.54 Ac. • \$1,150,000 • AgLand w/Bldgs.
142.16 Ac. • \$1,150,000 • AgLand
189.5 Ac. • \$1,467,600 • AgLand w/Bldgs.

Story County

40 Ac. • \$339,648 • AgLand
40.73 Ac. • \$385,000 • AgLand
80 Ac. • \$800,000 • AgLand
153.1 Ac. • \$1,249,000 • AgLand
184.7 Ac. • \$1,764,172 • AgLand

Tama County

39 Ac. • \$410,000 • AgLand
100 Ac. • \$1,000,000 • AgLand

Taylor County

36.17 Ac. • \$124,787 • AgLand
177.8 Ac. • \$525,000 • AgLand

VanBuren County

100 Ac. • \$640,000 • AgLand

IOWA**Wapello County**

34 Ac. • \$362,500 • AgLand
57.8 Ac. • \$433,500 • AgLand
63.62 Ac. • \$477,000 • AgLand
131 Ac. • \$1,087,500 • AgLand w/Bldgs.

Wayne County

75 Ac. • \$377,000 • AgLand
343.85 Ac. • \$1,616,096 • AgLand

Worth County

240 Ac. • \$2,182,080 • AgLand
252 Ac. • \$2,282,000 • AgLand

Wright County

77 Ac. • \$580,000 • AgLand
151 Ac. • \$1,425,950 • AgLand

MISSOURI**Putnam County**

1,900 Ac. • \$5,000,000 • Turnkey Cattle Operation

NEBRASKA**Fillmore County**

80 Ac. • \$570,000 • AgLand

Pawnee County

240 Ac. • \$1,080,000 • AgLand w/Bldgs.

Washington County

43.15 Ac. • \$180,000 • AgLand



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Iowa Farmland Values Decline 1%

The value of an average acre of Iowa farmland declined 0.8% in 2018, according to the annual Iowa State University Land Value Survey conducted by Dr. Wendong Zhang. The value of an acre of Iowa farmland is pegged at \$7,264.

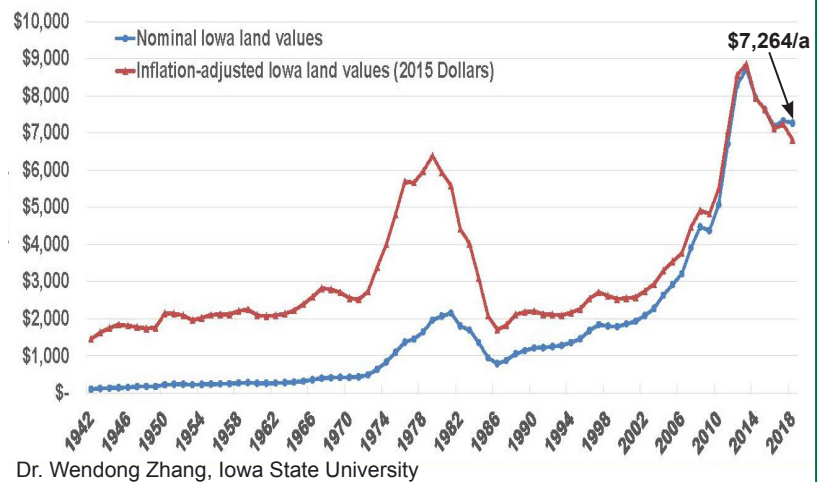
This year's slim decline follows a 2% annual gain in 2017. The decrease marks the fourth decline in five years.

Farmland values peaked at \$8,716 per acre in 2013. That was followed by declines of 8.9%, 3.9% and 5.9%, respectively, the following three years. In nominal value, the average value of an acre of farmland has fallen 17% since the 2013 peak.

Zhang states low commodity prices were one of the biggest factors driving down farmland values this year.

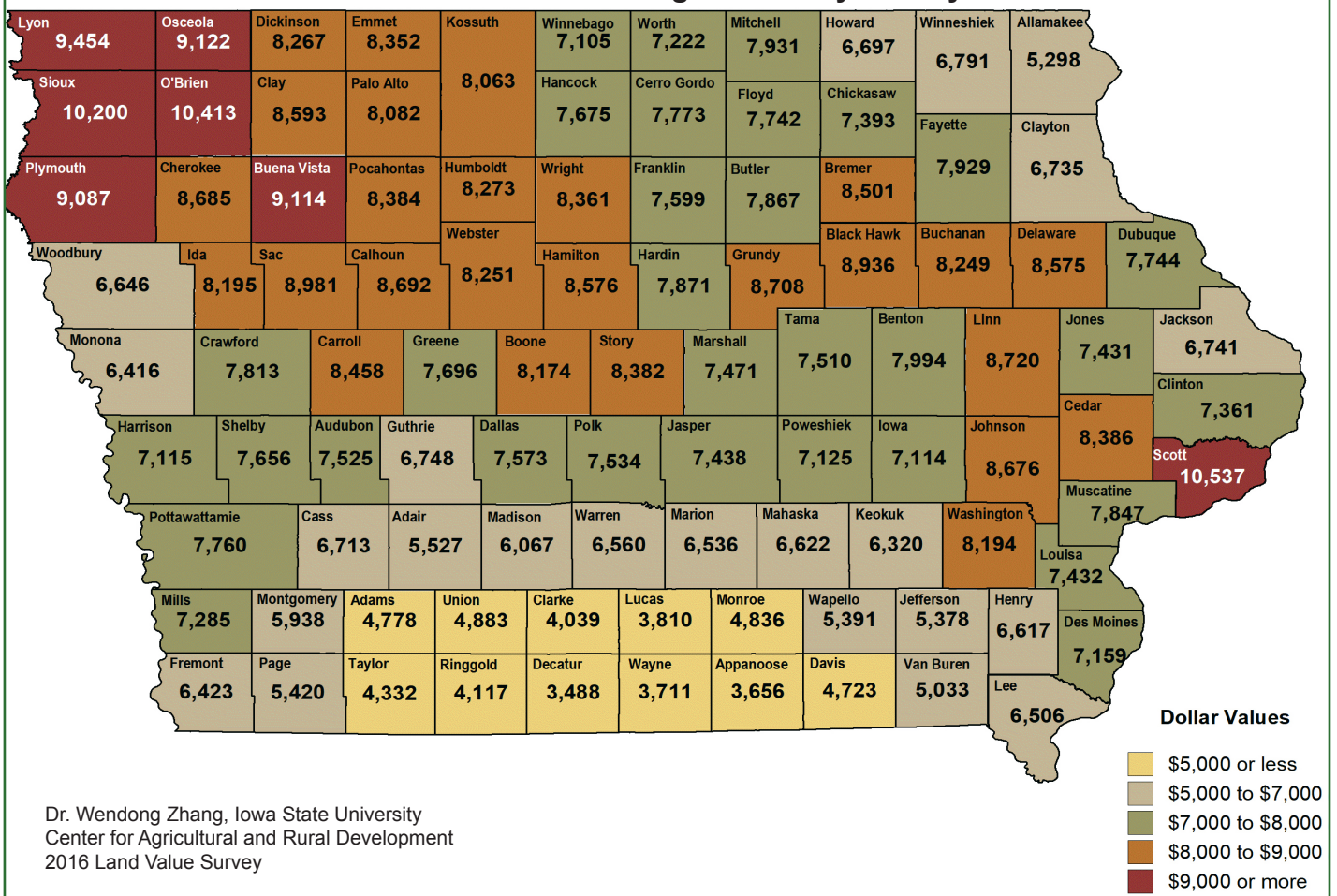
Seventy of Iowa's 99 counties reported lower land values; the remaining 29 counties listed higher values. For the sixth year in a row, Scott and Decatur counties notched the highest and lowest farmland values, respec-

Iowa Farmland Marks 4th Decline in 5 Years



tively. Decatur County listed a value per acre of \$3,488, an increase of \$8 from 2017. Scott County reported a value of \$10,537 per acre, an increase of \$40. Hamilton County reported the largest dollar decrease in value, \$285 per acre.

Iowa Farmland Average Values by County



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