

# AgUpdate

Timely information for a select group of farm owners and investors

Summer '24

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## Growing Towards a Sustainable Future

Retired schoolteachers Nancy and Henry Coan epitomize the notion of lifelong learning. Their journey into the world of farmland ownership is not just a tale of acquiring property; it's a narrative of exploration, education, and unwavering commitment to conservation. With a keen eye for sustainability, the Coans approach their role as landowners with a sense of purpose and curiosity.

"Keep the farms in good shape and make improvements, when necessary," explained Henry simply. "That's our goal, to set up the next generation for success."

While the Coans enjoy spending time on their farms, walking and viewing the wildlife habitat, their connection to the farms is also deeply rooted in history that spans back over 200 years ago.

### Rooted in History

The Coans have a treasure trove of historical tales tied to their farms, but a few stories stand out among the rest. Henry, brimming with enthusiasm, urged his wife to recount the story of her great-great-great-grandfather's notable nose. Nancy gladly obliged, sharing the tale of the first ancestor to claim ownership of their farm in



Spencer Smith, Duane Robson, Nancy Coan, Henry Coan and Kurt Robson.

Vermillion County, IN.

Back in 1808, this ancestor resided in a house on the property. As a circuit lawyer, his work often took him on travels far from home. One evening, returning from his journey, he encountered a group of Native Americans. Despite mutual apprehension, whether illuminated by firelight or moonlight, the Indians managed to catch a glimpse of his face. "They called him 'Big Nose, Big Vermillion,' and allowed him to pass without incident," Nancy recounted. "My mother always liked telling that story, convinced she inherited not just the land, but also that distinctive nose," Nancy added with a chuckle.

Alongside their collection of tales, the Coans proudly possess the original land grants for the property

in Indiana signed by President Andrew Jackson. "They're pretty faded and somewhat hard to read," explained Henry. "But as a retired history teacher, it's pretty neat to have a piece of history connected to something that your family owns."

Although the Coans could easily compile a book detailing a myriad of historical events surrounding their farms, it's evident that their pride extends beyond mere ownership. They are also very passionate about upholding and preserving this rich history of farmland, ensuring it endures for generations to come

### Productivity and Sustainability

Today, the Coans own 435 acres between Illinois and Indiana, managed by Hertz Farm Manager, Spencer Smith, AFM, ALC. Spencer collaborates with the

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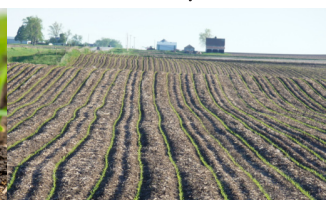
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Coans to oversee all aspects of the farms, striving for continuous improvement.

“We partner with four different operators across these farms,” Spencer explained. “Nancy and Henry have a focus of sustainability, which drives us to improve the farms, and optimize productivity. We’ve successfully executed numerous projects and even managed to finish a large tile project on a recently acquired farm. By working with the farm operator to plan cropping rotations we were able to secure a significant discount on the tile project by installing the tile in the summer months following winter wheat and then double cropping soybeans, following the tile installation.” Additionally, the family has terraces, land enrolled in CRP, and filter strips.

“Spencer has done a really good job and understands our goals as landowners,” chimed Nancy. “He understands that our goal is to be able to pass our farms on to the next generation and keep them in good shape.”

Additionally, Nancy commended

Spencer’s diligent communication through calls, texts, and detailed reports. Henry echoed her sentiments, expressing gratitude for the insightful reports. “I gain new insights every time. It’s invaluable,” he added.

“We truly appreciate Spencer’s efforts in managing our farms,” Henry acknowledged. “But we’d also like to point out how blessed we are with our farmer operators. They’ve done a monumental job of getting good production and keeping the soil and land in top condition so it can be passed down. They do an excellent job.”

“It takes a team,” Spencer added. “And fortunately, we’ve got a really good one in place.”

### Expanding Through Real Estate

The Coans, in addition to their commitment to productivity and sustainability, have expanded their operations by acquiring another farm.

Last fall, the Coans purchased a farm in Piatt County, IL that has some land enrolled in CRP. “This is our first year with that farm, so we

are excited about that,” said Nancy. “The timing was right, and we got a good deal, it just made sense.” The farm has a mixture of CRP and high-quality farmland.

Henry and Nancy also expressed how they are fond of wildlife habitat and enjoy hiking. “When our kids think of farms, that’s what they think about, the wildlife,” said Henry. “And we enjoy being outside and just enjoying time on the farms.”

Spencer joked a few times that he would be on the lookout for more farms for them to potentially buy. “It has to be the right farm,” jested Henry. “But yes, we’re open to it if the situation arises.”

### Growing Towards the Future

Nancy and Henry have their eyes set on the next generation and preparing for the farms to be passed down to their granddaughters. “We’d like to improve the land as much as we can before we pass it on to our granddaughters,” explained Nancy. “We’re slowly trying to get them involved so that someday they understand the value of what they’ve inherited.”

“Keeping the soil healthy and the land in good shape is something that we can do now to set up our family for success in the future,” explained Henry. “That’s our mindset right now, make the most out of what we have and make it sustainable for the future.”

As Nancy and Henry gaze toward the horizon of the future, their dedication to stewarding their land for the next generation shines brightly. With a clear focus on passing down not just a piece of property, but a legacy of care and

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***“That’s our goal, to set up the next generation for success.”***



Kurt Robson shows Henry Coan around the combine cab.



# Hertz Professionals Update

## Welcome to the Team!



### Trace Bolsinger

Trace joined Hertz Farm Management as a Professional Farm Manager in our Cedar Falls, IA office.



### Jason McCue

Jason joined Hertz Farm Management as an Office Manager in our Mankato, MN office.



### John Rahn

John joined Hertz Farm Management as a Professional Farm Manager in our Geneseo, IL office.



### Joe Lemmons

Joe joined Hertz Farm Management as a Professional Farm Manager in our Omaha, NE office.

## 21 Hertz Professionals Recognized as Part of RLI's APEX Producers Club

Hertz Farm Management is proud to announce that twenty one agents have been recognized as part of the 2023 APEX Producers Club by the Realtors® Land Institute as a part of the RLI APEX Production Awards Program, sponsored by The Land Report. The Hertz Professionals recognized include:



Jared Augustine



Brent Bidner



Cal Dickson, ALC



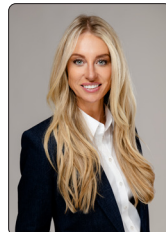
Troy Dukes



Rebecca Frantz, ALC



Kyle Hansen, ALC



Rachelle Heller, ALC



Scott Henrichsen



Darrell Hysten, ALC



Ryan Kay, ALC



Chad Kies



Stan Lierz, ALC



Troy Louwagie, ALC



Brian Massey



Nick Meixell



Chad Reifscheider



Elliott Siefert



Chris Smith, ALC



Spencer Smith, ALC



Matt Vegter, ALC



Eric Wilkinson, ALC

*Hertz Farm Management continues to hire the best and the brightest, to serve the ever changing needs of our clients.*



## Grain Markets

Rich Grever, AFM  
Farm Manager,  
Licensed Real Estate Broker  
DeKalb, IL

At this time of year, in addition to the United States and World supply and demand numbers, the grain trade also focuses on the U.S. planted crop acres, early season weather, and growing conditions.

On March 28<sup>th</sup>, the USDA released the 2024 U.S. Planting Intentions Report. Based on commodity prices, anticipation was for reduced U.S. corn and increased soybean acres. The current estimate is that producers will plant 90.03 million acres of corn, which is 4.6 million or 5% less than the increased 2023 acres of 94.64 million. The 2023 corn acres increased from 88.2 million in 2022 and were the largest number of U.S. corn acres since 96.4 million in 2012.

For soybeans, the estimated acres are 86.51 million, which is an increase from 83.60 million in 2023. For comparison, the largest number of U.S. planted soybean acres were 90.2 in 2017.

The graph that follows shows the acres of corn and soybean acres planted annually since 2004. The March 28<sup>th</sup> estimate is based on producer surveys, and the updated acreage numbers will be included in the June 28<sup>th</sup> USDA Grain Stocks and Acreage Report.

Regardless of changes in the actual U.S.

planted corn and soybean acres from the March estimate, if average yields are produced in 2024, there will be adequate supplies of U.S. corn and soybeans. Based on the forecasted planted acres, and a trendline average corn yield of 181 bushels per acre, the total production will again approach 15 billion bushels. For soybeans, a trendline yield of 52 bushels per acre would produce another crop of well over 4 billion bushels. With the current forecasted usage, the carryover supplies will continue to increase, likely due to continuing price pressure.

Grain prices over the next several weeks will be influenced by the U.S. weather and yield prospects. Without U.S. summer weather problems, there again will be carry over corn supplies of over 2 billion bushels, and 300 million bushels of soybeans, which are more than adequate to meet current usage projections.

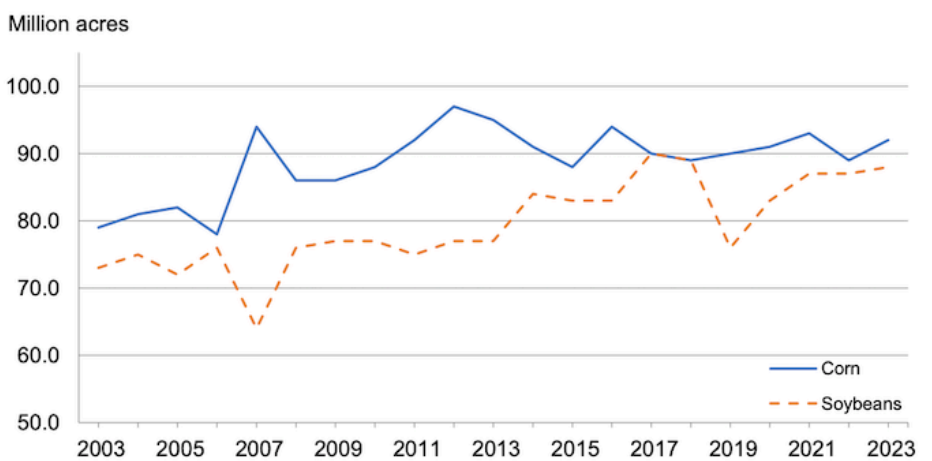
Other factors influencing corn and soybean prices near term include U.S. export demand, South

American grain production and exports, and corn usage for ethanol.

Corn ethanol use was strong through the first half of the 2023-24 marketing year. Ethanol usage was up 6.4% from the same period last year. Ethanol use benefited from the increase of E15 fuel. The grain trade continues to monitor the issue of Biodiesel, renewable diesel, and biomass-based diesel, which long-term would be beneficial for U.S. grain usage.

With lower corn and soybean prices, we are in a cycle of tight margins. Early summer, when there is uncertainty over the crop production potential, is usually a good opportunity to establish prices for a portion of anticipated production. It is always critical to formulate a marketing plan and to take advantage of summer price volatility, until the grain trade is more certain of the 2024 production. For current management clients with participating leases, this is just a part of the valuable service we provide year in and year out. 📱

### Corn and Soybean Planted Acreage - United States



Prospective Plantings (March 2024), USDA, National Agricultural Statistics Service

***With lower corn and soybean prices, we are in a cycle of tight margins.***



## Farmland Value Update

Doug Hensley,  
President of Hertz Real Estate Services,  
Nevada, IA

The last 4 years across the Midwestern farmland market have been unlike any in my 3 decades in the farmland business. Record on-farm profits rooted in strong commodity prices, combined with low interest rates, strong exports, and an overall increase in demand for land as an investment, created an environment where land values rapidly appreciated. Importantly, during this time most farming operations reinforced their financial health. However, it now appears we've entered a new phase of the cycle, where the underlying factors that previously powered that appreciation, have shifted (or are shifting). Thus far, land values across the Midwest have held mostly stable, with some localized variations.

### Iowa Land Leaks Lower

The REALTORS® Land Institute - Iowa Chapter recently announced the results of their semiannual land trends and values survey. The results of the March survey show a 3.1% decrease on a statewide average for Iowa land over the September 2023 to March 2024 time period. This is following the March 2023 to September 2023 time period that showed a 0.2% decrease, giving Iowa a 12-month value decrease of 3.3% on tillable acres. The majority of our Iowa team, as well as other market players, note that potential land buyers have plenty of "dry powder" available, while also noting that buyers have generally become more selective because market conditions are changing.

### Illinois Farmland Holds Steady

According to the annual survey conducted by the Illinois Society of Professional Farm Managers and Rural Appraisers, survey respondents are expecting farmland values to remain stable in 2024, with the possibility of slight price declines. The primary factors behind this expectation are the declines in corn and soybean prices, combined with pressure from higher interest rates. Similar to Iowa, a mix of farmers and investors are both active in the Illinois land market, although farmers represent a clear majority.

### Nebraska Land Continues to Rise

Nebraska farmland values actually increased by 5% over the prior year, according to the March 2024 release of Cornhusker Economics from the University of Nebraska Lincoln. This marks the third consecutive year of increases in the market value of agricultural land in Nebraska, setting another high in the non-inflation-adjusted statewide land value in the survey's 46-year history. Survey respondents attributed the rise in Nebraska agricultural real estate values to purchases from farm expansion, current live-stock prices, 1031 exchanges, and the limited amount of land offerings for sale. Our team acknowledges the data presented in the March 2024 report, but we also believe the year-over-year rise in Nebraska land values can largely be attributed to the first half of 2023, whereas the late 2023 market was more stable/level.

### Minnesota Land Leveling Out

According to an early 2024 report from the Minnesota Chapter of Farm Managers & Rural Appraisers, southern and central Minnesota land values can be classified as stable. There continue to be selective strong sales, but multiple regions within the Minnesota market reflect a plateauing of values compared to the year prior. Weaker commodity prices and higher interest rates are regularly mentioned as pressuring factors. However, pockets of concentrated crop and livestock diversity (e.g., sugar beets, peas, kidney beans, poultry, swine), along with a significant processing base (e.g., ethanol, biodiesel) throughout the region, continue to provide overall stability to farmland assets in the southern regions across Minnesota.

### Conclusion

In summary, the Midwestern farmland market remains stable, and thus far, largely resilient in the face of shifts in the larger underlying economy. Given the underlying weakness in commodity prices, along with the higher interest rate environment, the potential for weakness does exist. However, crop production and land sale volume will both also play a role in determining the direction of the larger land market in 2024. And because of our local presence throughout the Midwest, we are positioned to help our clients understand the idiosyncrasies in their land assets and the markets where those farms are located, our clients will subsequently be better able to make confident and informed ownership decisions. 📍

*Thus far, land values across the Midwest have held mostly stable, with some localized variations.*





# The Growing Role of Biofuels and Its Impact on Landowners

Troy Dukes  
Professional Farm Manager  
Licensed Real Estate Broker in IL  
DeKalb, IL

*Biofuels represent a significant opportunity for farmland owners to participate in the renewable energy transition.*

Biofuels have become a critical component in the shift toward renewable energy, offering unique opportunities and challenges for farmland owners. As governments and industries seek sustainable alternatives to fossil fuels, the agricultural sector plays a pivotal role in producing bio-based fuels like ethanol, renewable diesel, and sustainable aviation fuel (SAF). Although production agriculture accounts for a small percentage of overall greenhouse gas emissions, agriculture has the ability to be a large part of the solution.

## Types of Biofuels and Production Processes

**Ethanol** is the most well-known biofuel and is primarily made from corn starch. The process involves fermenting and distilling corn to produce alcohol, which is then blended with gasoline to create a cleaner burning fuel. The demand for ethanol has been steady, largely due to its incorporation into daily fuel usage and special blends like E15, which is now available year-round in many markets.

**BioDiesel** is refined from vegetable oils or animal fats but has different properties than petroleum diesel. It must be blended with petroleum diesel, up to 20%, in order to be used in diesel engines.

**Renewable Diesel** is also produced using vegetable oils or animal fats, but through a process similar to petroleum refining. Unlike biodiesel, renewable diesel can directly replace petroleum diesel in engines without modification. This fuel reduces greenhouse gas emissions significantly, making it an attractive option for reducing environmental impact.

**Sustainable Aviation Fuel (SAF)** is another promising biofuel, made from various feedstocks including vegetable oils, sugars/alcohols, ethanol, and some residues. It can be blended, up to 50%, with conventional jet fuel to reduce carbon emissions from aviation, a major source of greenhouse gases.

## Benefits for Landowners

**Financial Incentives:** Engaging in biofuel production can provide some financial benefits to landowners. For instance, those growing corn for ethanol or soybeans for renewable diesel may find additional markets for their crops, supporting higher commodity prices and farm income stability. Additionally, some biofuel facilities could offer premiums for low-carbon intensity crops, encouraging sustainable farming practices.

**Environmental Contributions:** By participating in biofuel production, landowners can contribute to reducing greenhouse gas emissions. This not only aligns with global climate goals but also enhances the sustainability profile of their farming operations. Moreover, practices associated with biofuel crop production, such as reduced tillage and the use of cover crops, can improve soil health and reduce erosion.

**Government and Industry Support:** Many biofuel projects benefit from government incentives, such as subsidies or tax credits, particularly those that lower their carbon intensity. The Inflation Reduction Act, for instance, offers tax credits starting in 2025 for biofuel producers who meet certain environmental thresholds. This would include changes to their current processes, such as carbon capture, and the type of grain or feedstocks they source. Legislative support for these biofuel initiatives can have an indirect impact on value for landowners due to the underlying support of the commodity markets.

## Considerations and Challenges

While the benefits might be compelling, landowners should carefully consider the long-term commitments and potential impacts of entering into any contracts or agreements. Crop choices, soil health management, and contract terms with biofuel processors are critical factors that require thoughtful consideration to ensure the long-term success and profitability of these green energy initiatives.

Biofuels represent a significant opportunity for farmland owners to participate in the renewable energy transition. By understanding the types of biofuels, their production, and the potential benefits, landowners can make informed decisions that align with both their financial goals and environmental values. As the biofuel industry continues to evolve, staying informed and adaptable will be key to maximizing the benefits from these opportunities. 🌱

# Ryan Kay, AFM, Receives Professional Farm Manager of the Year Award

Hertz Farm Management is proud to announce that Farm Manager, Ryan Kay, AFM, received the Professional Farm Manager of the Year Award from the American Society of Farm Managers and Rural Appraisers® (ASFMRA®).

The Professional Farm Manager of the Year Award, sponsored by Syngenta, recognizes an AFM accredited member or team who has made a significant impact on the farm management profession. The award was presented during the 2023 ASFMRA Annual Conference on November 15, 2023 in Nashville, Tennessee.

Kay joined Hertz Farm Management in January 2013


in the Mt. Vernon, IA office. A member of the ASFMRA and the REALTORS® Land Institute, Kay has served in leadership positions on many state committees. He has experience in adding value to land by making capital improvements, adding specialty contracts, conservation and agronomy practices.

*“Ryan has demonstrated exceptional leadership over the years and continues to serve his farm management clients with integrity and care. We extend our congratulations to Ryan on this incredible achievement.”*

– Randy Hertz, CEO of Hertz Farm Management, Inc.

The American Society of Farm Managers and Rural Appraisers®

(ASFMRA®) is the largest professional society for rural property land experts, boasting over 2200 members in 30 chapters throughout the United States


The ASFMRA represents The Most Trusted Rural Property Professionals and is the premier organization for individuals who provide management, consultation, and valuation services, as well as real estate services on rural and agricultural assets. 



***Congrats to our farmland professionals on their outstanding achievements!***

## Growing Towards a Sustainable Future

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sustainability, they are actively involving their granddaughters in the process. Their commitment to nurturing the soil and preserving the land reflects a profound understanding of the responsibility they bear as custodians of their family’s heritage. As they continue their journey, Nancy and Henry exemplify the timeless values of foresight, diligence, and love for both land and family, ensuring a lasting legacy that will endure for generations to come. 

## Congratulations to Our Professionals on Outstanding Achievements!



**Eric Wilkinson, AFM, ALC**  
Congratulations to Eric for earning his Accredited Land Consultant designation!



**Troy Louwagie, ALC**  
Congrats to Troy on receiving the APEX 2023 Wrangler Award & APEX 2023 Top Twenty National Producer Award!



**Matt Vegter, ALC**  
Congratulations to Matt on receiving the APEX 2023 Top Twenty National Producer Award!



**Darrell Hylen, ALC**  
Congratulations to Darrell on receiving the APEX 2023 Regional Brokers of the Year! (Region 3 – MN, ND, SD, WI)

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**Minnesota Office**

Mankato, MN (507) 345.5263

## Landowner Educational Seminars Summer 2024 Schedule

**All landowners are invited to attend one of a series of Summer seminars.**

Our seminar topics will include Grain Markets, Farm Lease Trends/Leasing Alternatives, Land Trends and more!

If you are planning for the next generation, encourage your children to attend with you.

**Early/Online**

**Registration Price:**

\$25 per person, \$40 per couple

**Walk-in/Pay at the Door**

**Registration Price:**

\$40 per person, \$75 per couple

**To Register, Scan the QR Code or Register Online at**  
**[www.Hertz.ag/seminars](http://www.Hertz.ag/seminars)**



**Registration includes:**

Lunch, break refreshments and handouts of the presentations.

**Questions?** Give us a call at 515.382.7979

## Dates & Locations



*All seminars will be from 8:30 a.m. – 3:00 p.m.*

**July 30** Cedar Rapids, IA  
**July 31** Ames, IA  
**Aug. 1** La Vista, NE  
**Aug. 1** Normal, IL  
**Aug. 6** Fairfield, IA

**Aug. 6** Sioux City, IA  
**Aug. 7** Rock Island, IL  
**Aug. 7** Mason City, IA  
**Aug. 8** Mankato, MN  
**Aug. 9** W. Des Moines, IA

**Fall Seminar**

**Nov. 7** Boston, MA

*(check website for final date and location)*