

The logo features a stylized green icon of a tractor on the left, followed by the word "Hertz" in a large, bold, green sans-serif font. Below "Hertz" is the text "Farm Management, Inc." in a smaller, green sans-serif font. A registered trademark symbol (®) is located at the top right of the word "Hertz".

Hertz[®]

Farm Management, Inc.

Caring for You and Your Farm[®]

- Professional Farm Management
- Farmland Sales & Acquisitions
- Farmland Auctions
- Trusted Farmland Appraisals





Caring for You and Your Farm®

**Landowner Educational Seminars
February 2025**

Land Trends & Values



Agenda



- **Discuss Current Market**
- **Discuss What's Driving this Market & What has Changed in Past Year**
- **Discuss Expectations for 2025+**
- **Questions?**



Where Are We Now?



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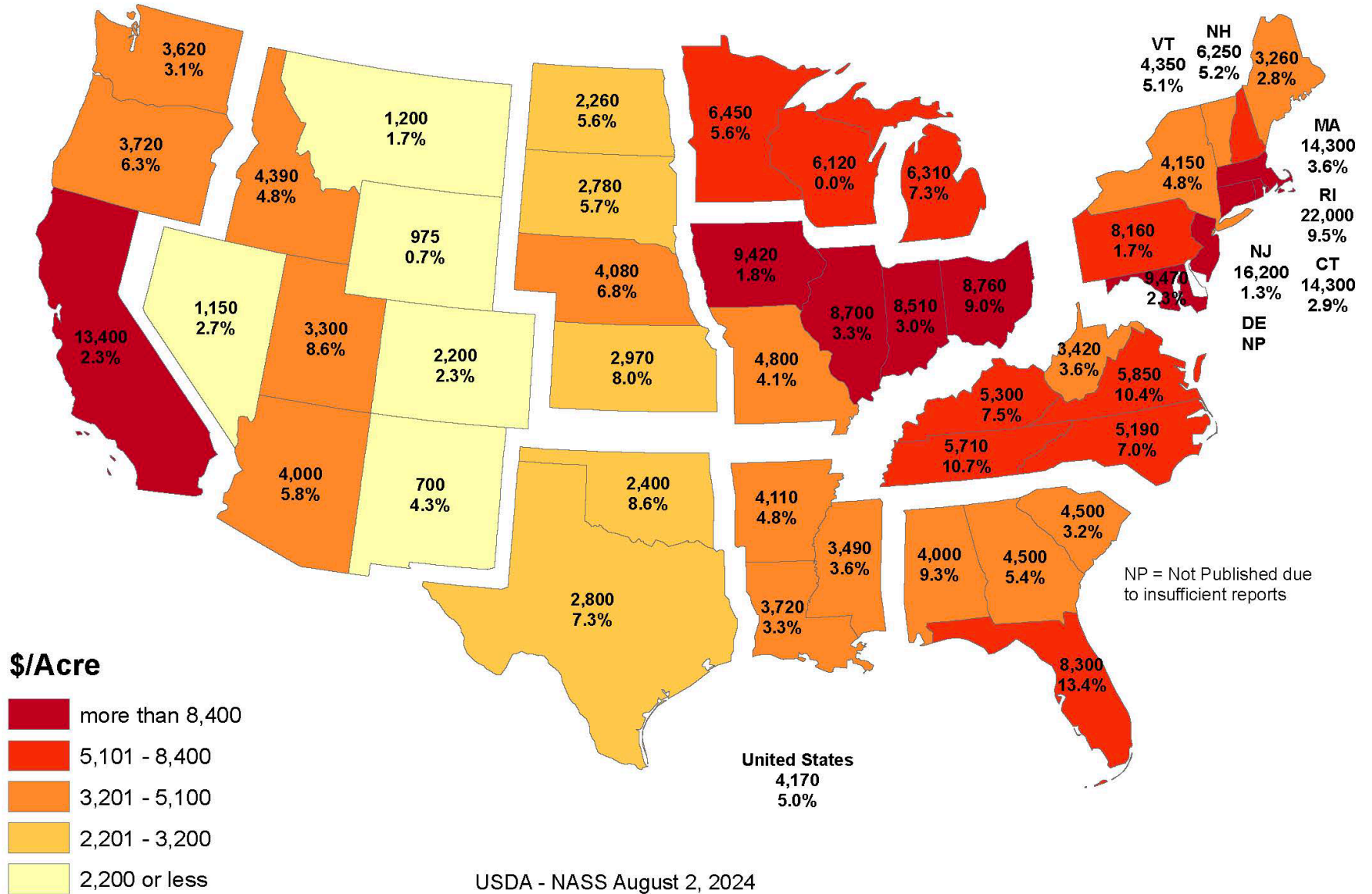
Midwest Farmland Values

THE 2025 FARMLAND MARKET...

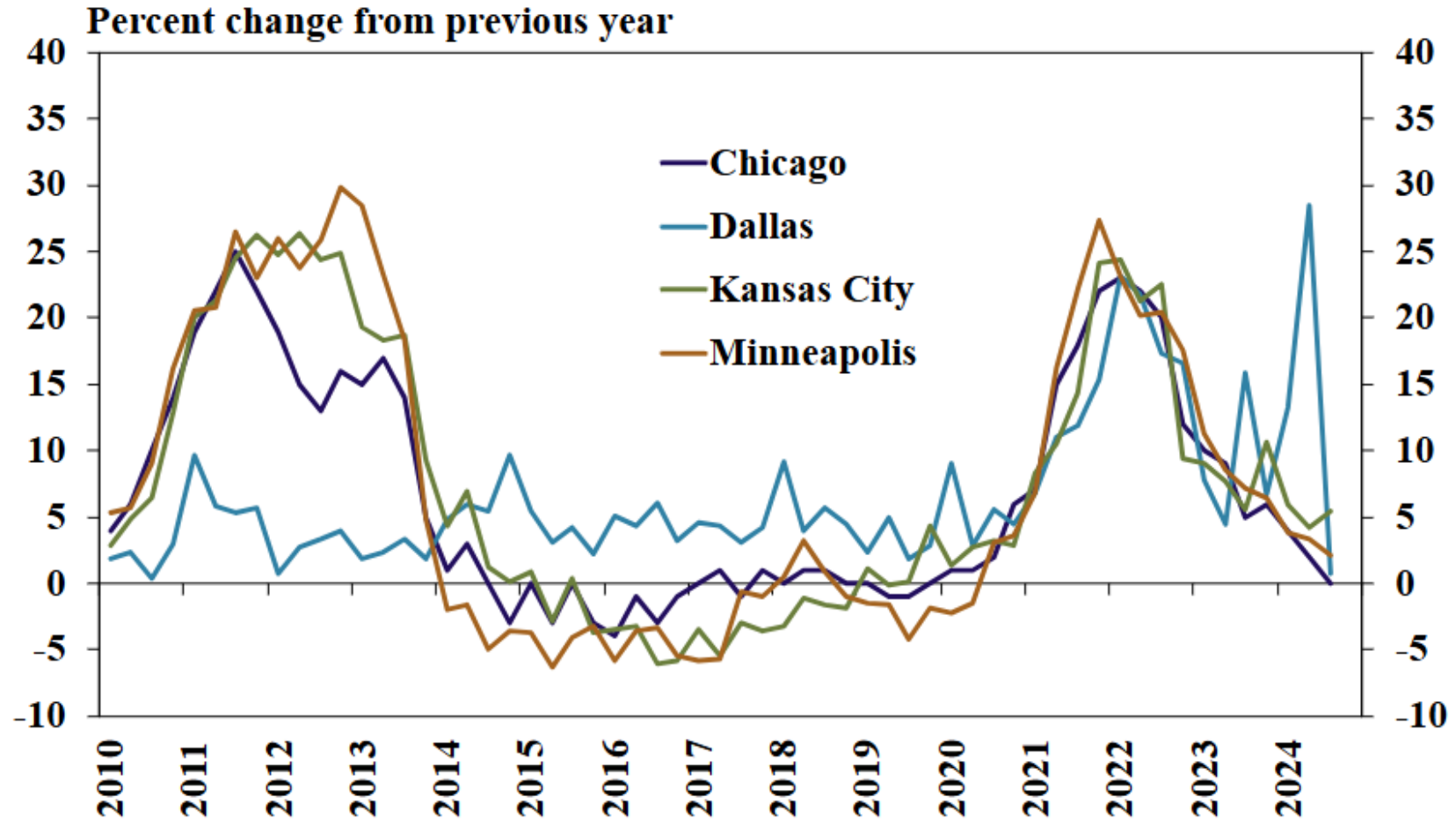


2024 Farm Real Estate Value by State

Dollars per Acre and Percent Change from 2023



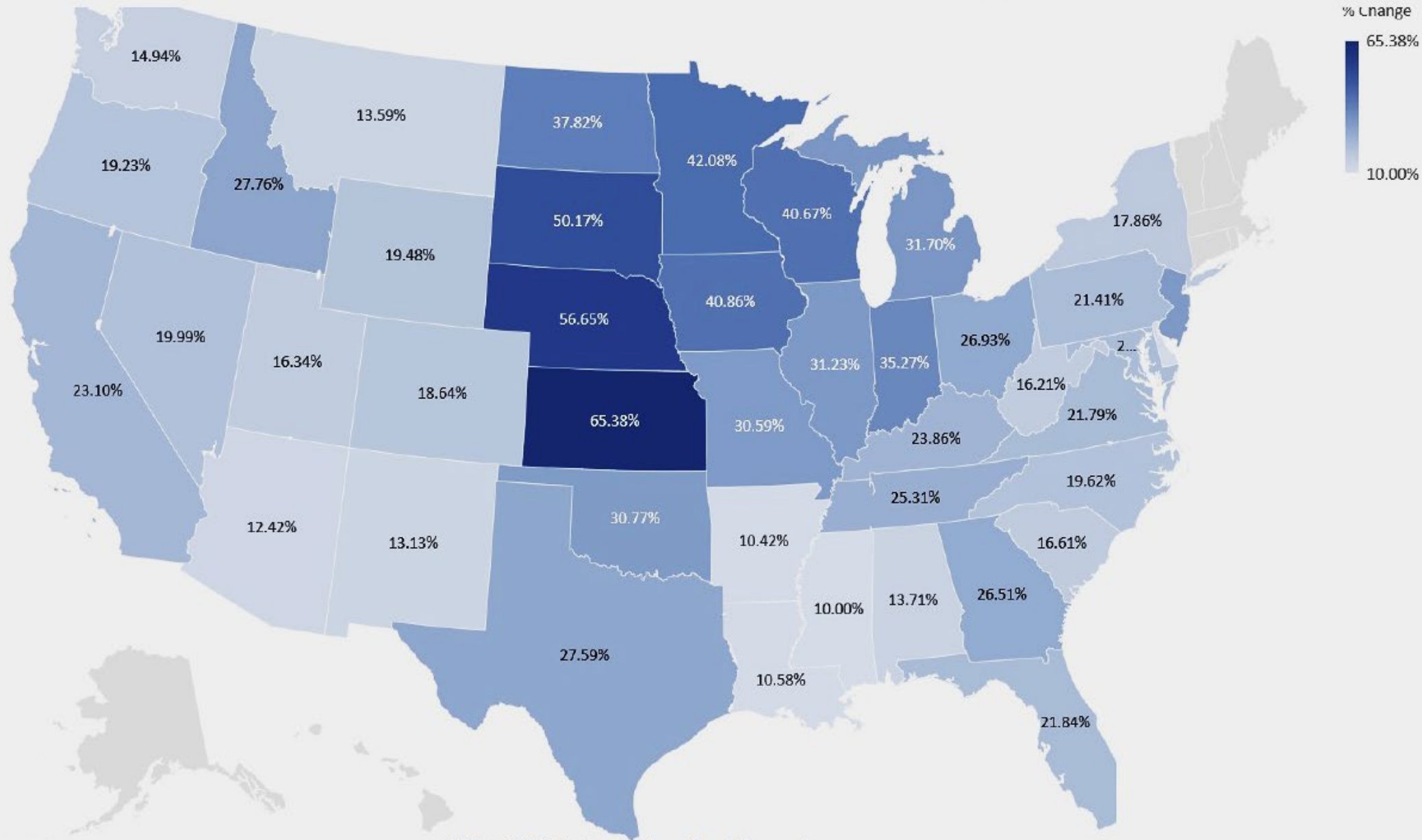
Land Values – Long Term



Sources: Federal Reserve District Surveys of Agricultural Credit Conditions



U.S. CROPLAND % Price Change 2020-23



USDA, TIAA Center for Farmland Research



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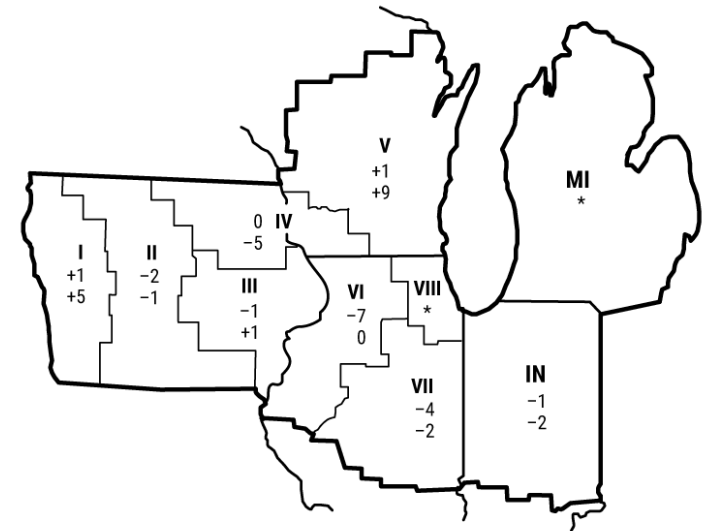


Chicago Federal Reserve Survey

Percent Change in Dollar Value of “Good” Farmland

July 1, 2024 to October 1, 2024	October 1, 2023 to October 1, 2024
---------------------------------------	--

Illinois	-5	-1
Indiana	-1	-2
Iowa	+1	-1
Michigan	*	*
Wisconsin	-3	+4
Seventh District	-2	0



Top: July 1, 2024 to October 1, 2024
Bottom: October 1, 2023 to October 1, 2024

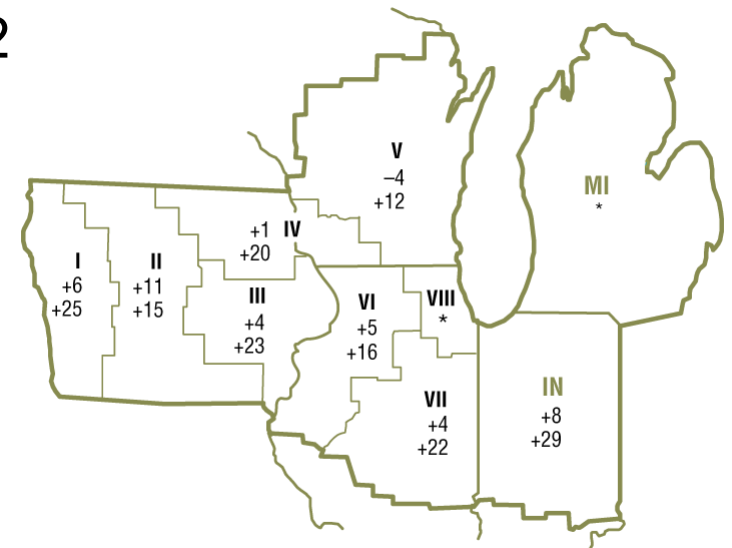


Let's Compare to November 2022...

Chicago Federal Reserve Survey

Percent Change in Dollar Value of "Good" Farmland

	July 1, 2022 to October 1, 2022	October 1, 2021 to October 1, 2022
Illinois	+5	+20
Indiana	+8	+29
Iowa	+6	+22
Michigan	*	*
Wisconsin	-3	+12
Seventh District	+4	+20



Top: July 1, 2022 to October 1, 2022
Bottom: October 1, 2021 to October 1, 2022



Source: Federal Reserve Bank of Chicago,
AgLetter, No. 1998, November 2022

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Iowa REALTORS® Land Institute

September 2023 – March 2024 -3.1%

March 2024 – September 2024 -5.0%

September 2023 – September 2024 -8.1%

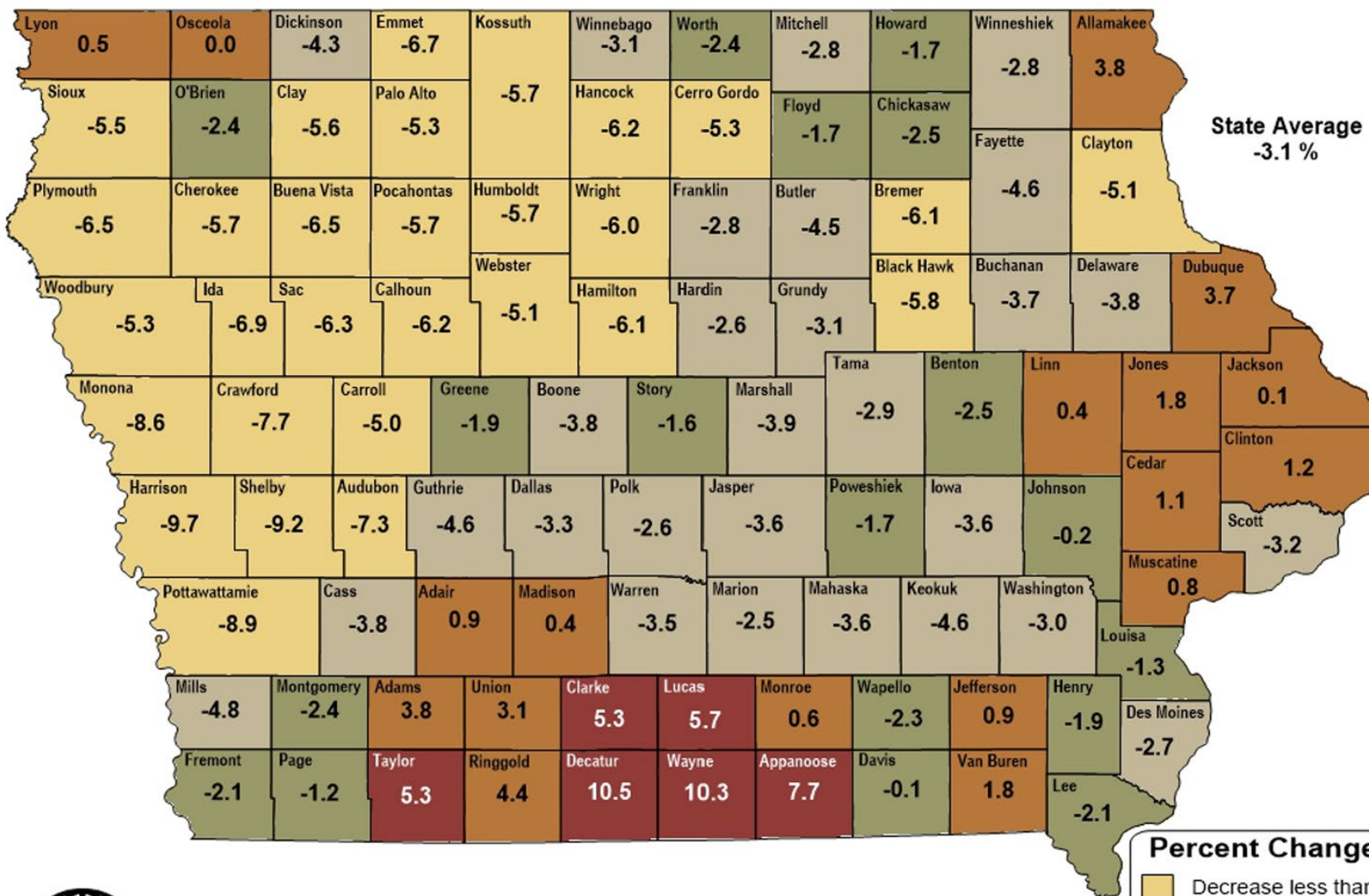


Source: Iowa RLI

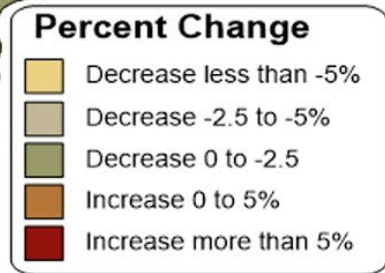
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Percentage Change in Iowa Land Values 2023 to 2024



IOWA STATE UNIVERSITY
Extension and Outreach



Source: Iowa State University, December 2024

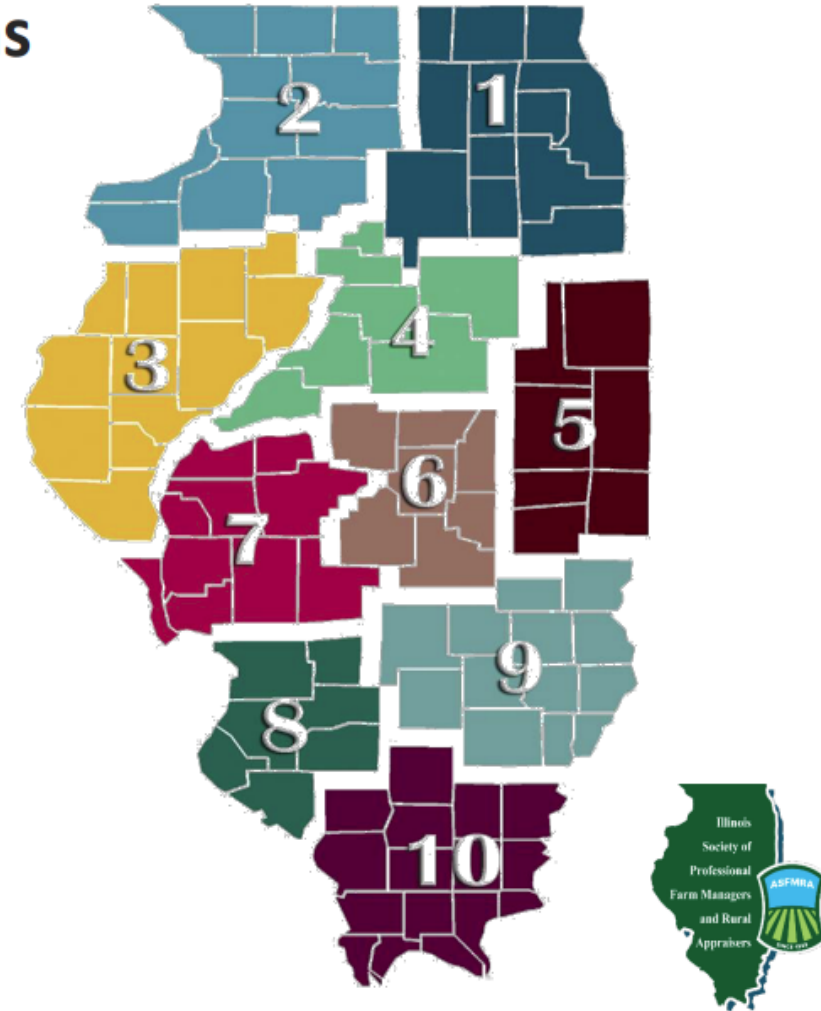
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Illinois – Land Values Spring 2024

From Our Data Collection Groups' Opinions

Land Category	Avg. of all Completed Sales	2023 Change (Change from 2020)
Excellent	\$16,906	Up 6% (55%)
Good	\$12,726	Up 7% (51%)
Average	\$9,544	Up 14% (49%)
Fair	\$7,478	Up 15% (40%)
Recreational	\$5,313	Up 7% (44%)

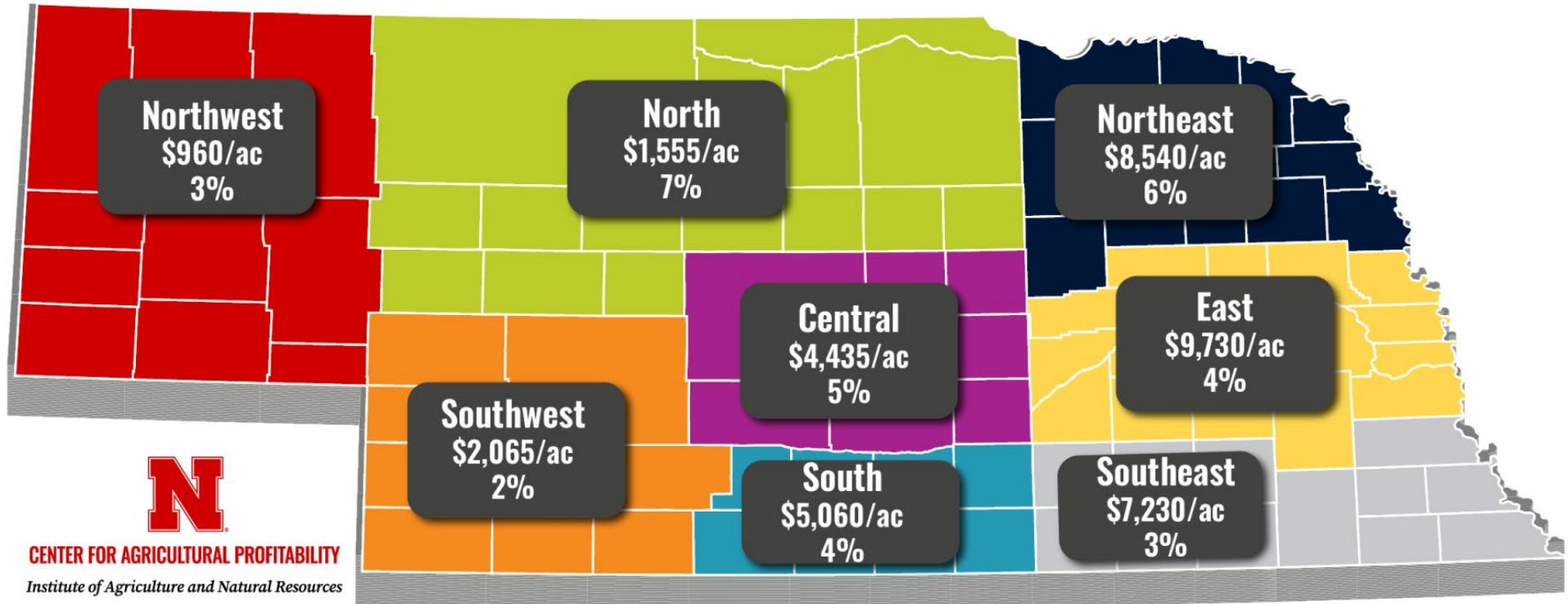


Source: ISPFMRA March 2024

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Nebraska – Mid-2024 Values Release



Statewide All-Land Average: \$4,015 per Acre (+5%)

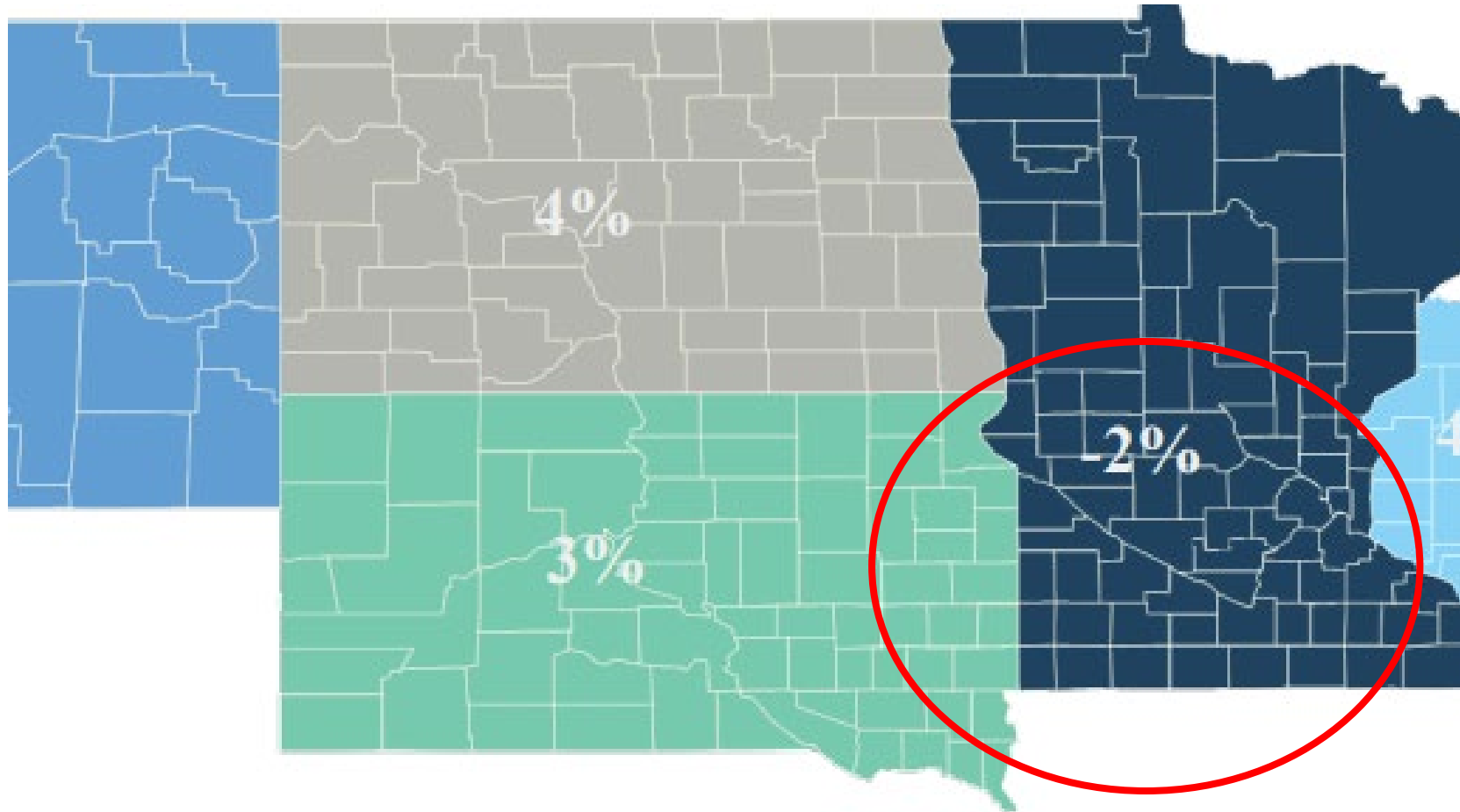


Source: University of Nebraska at Lincoln, June 28, 2024

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Minnesota – Q3 2024 Land Values



Source: Minneapolis Fed Reserve Bank

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Midwest Farmland Values

WHAT'S DRIVING THE MARKET?





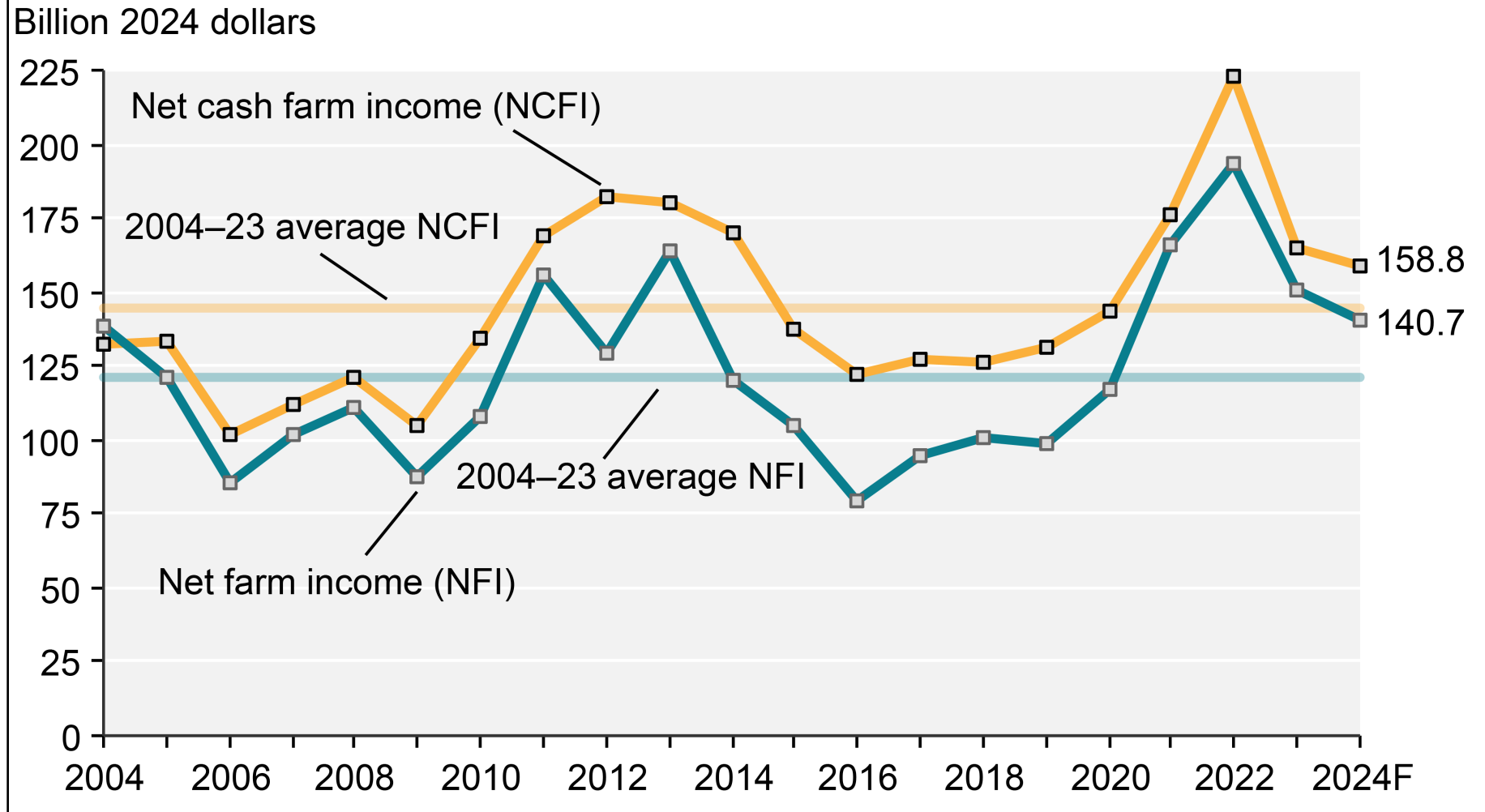
Midwest Farmland Values

WHAT'S DRIVING THE LAND MARKET? -FARM INCOME



Shrinking Overall Net Farm Income

U.S. net farm income and net cash farm income, inflation adjusted, 2004–24F



Source: USDA ERS, December 2024

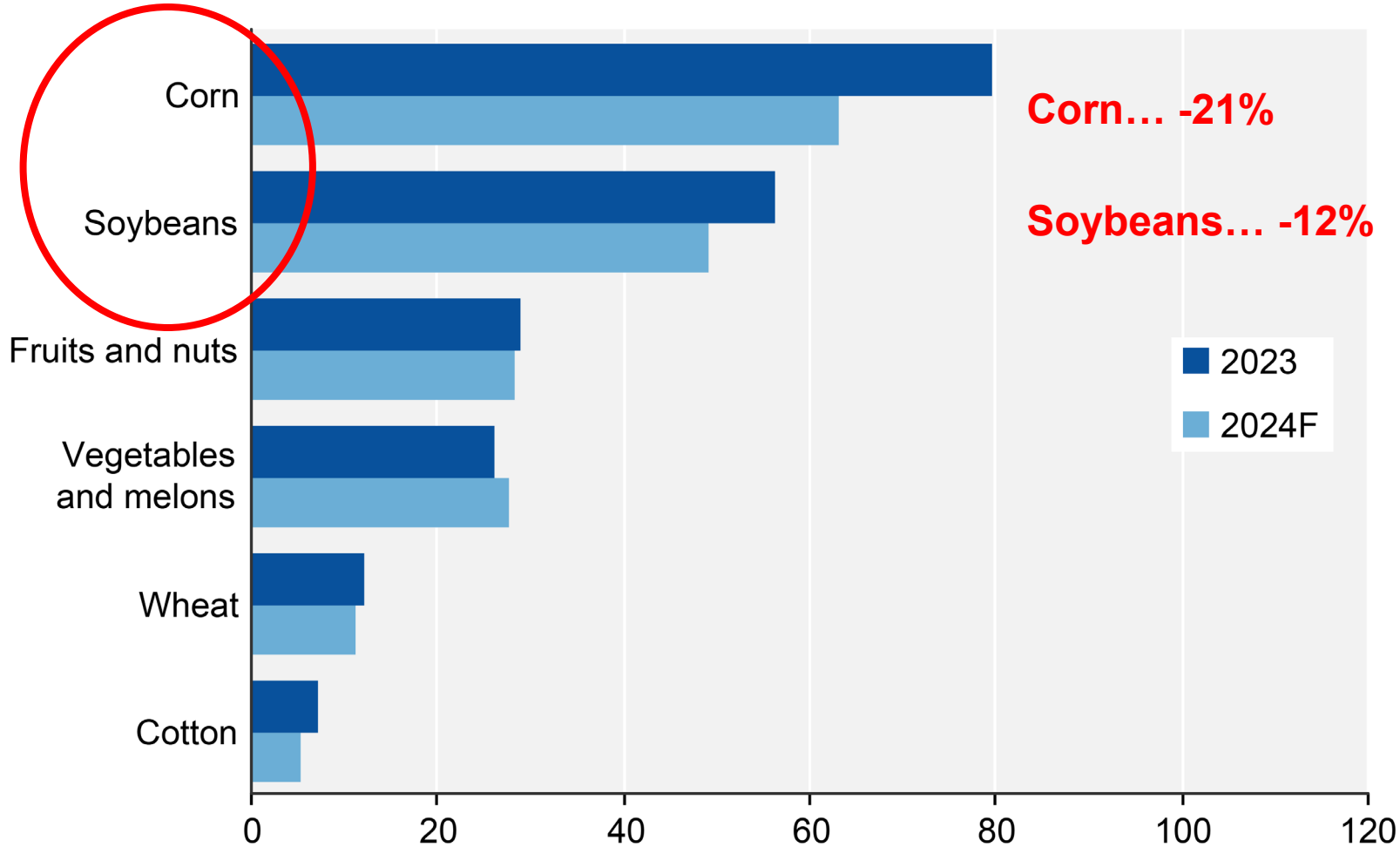
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Revenue Sources – Row Crops

U.S. cash receipts for selected crops, 2023–24F

Billion dollars (nominal)



Source: USDA ERS, December 2024

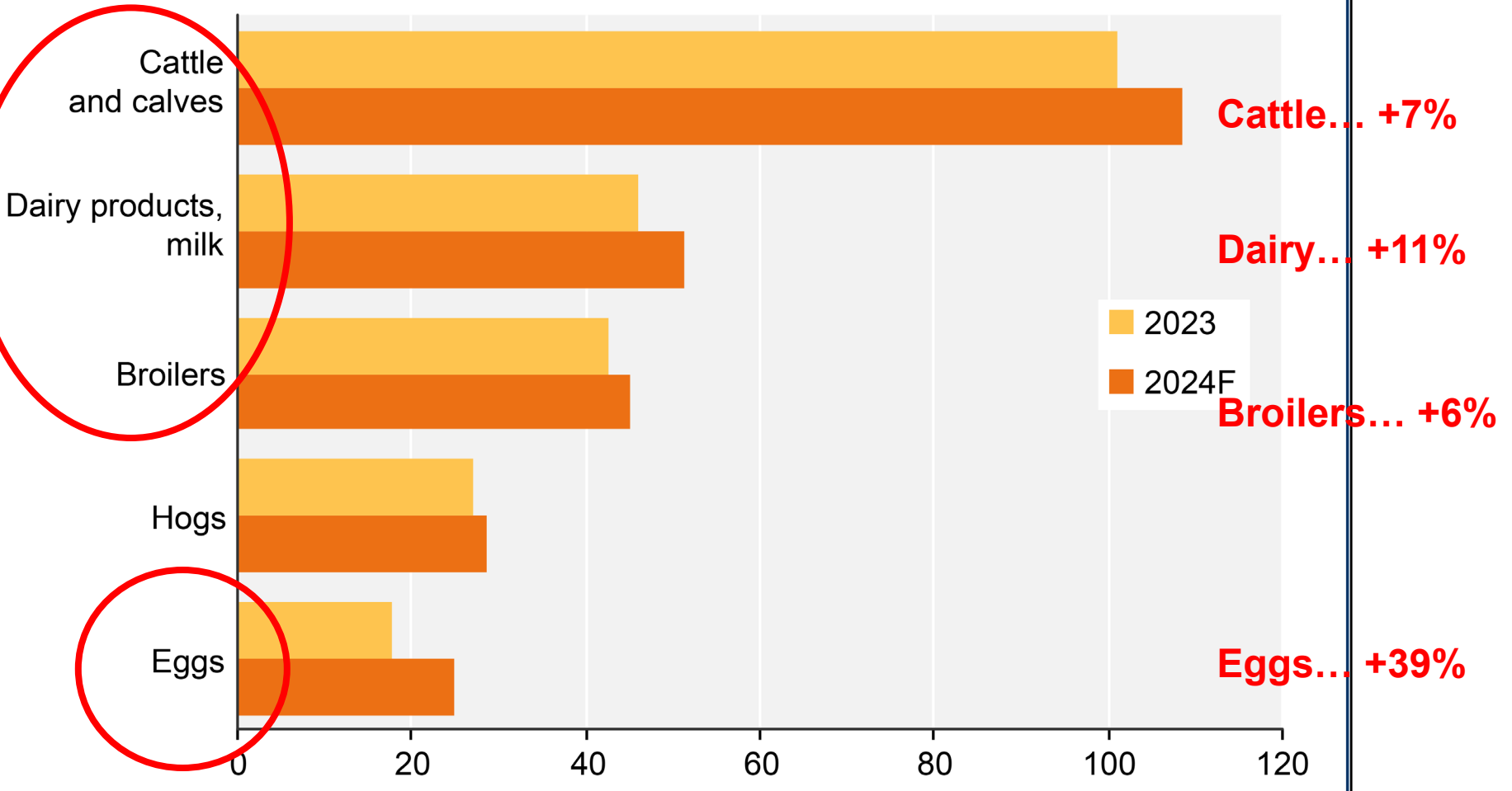
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Revenue Sources – Livestock

U.S. cash receipts for selected animals/products, 2023–24F

Billion dollars (nominal)



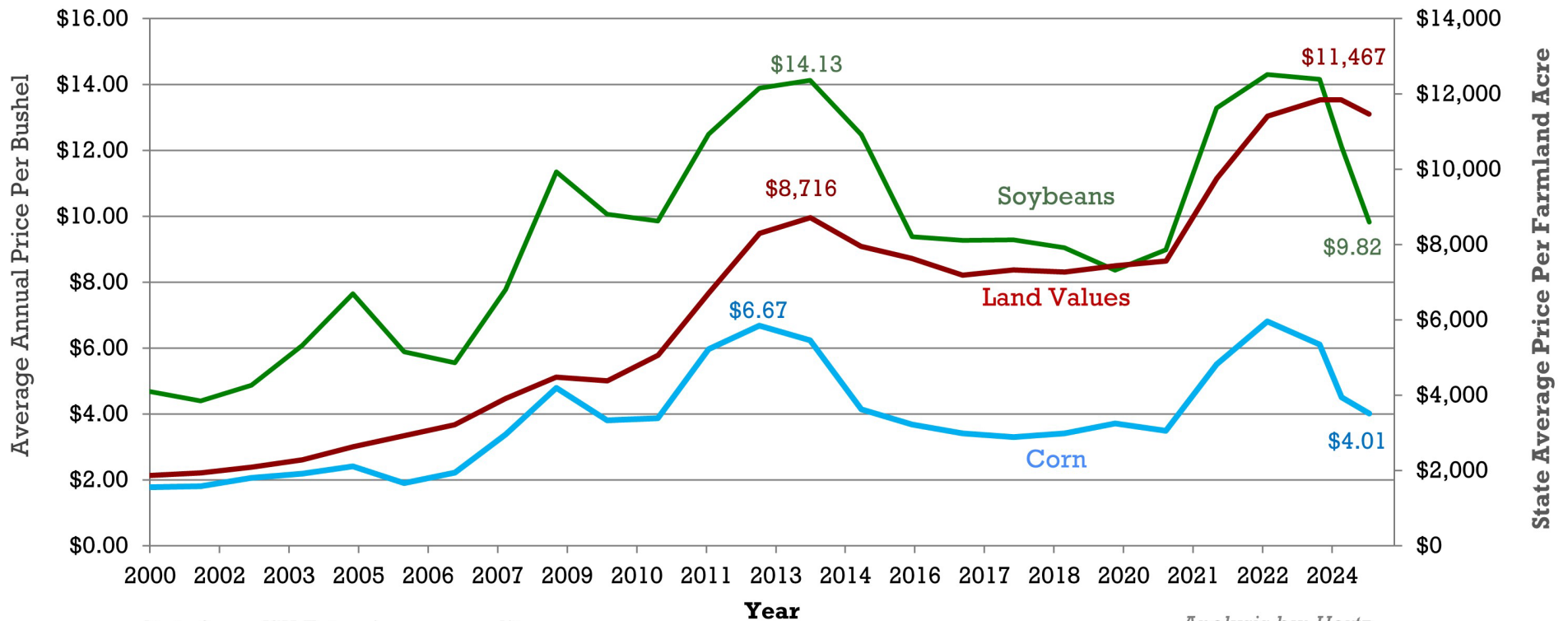
Source: USDA ERS, December 2024

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Land Values & Commodities

Iowa Average Land Values and Commodity Prices



Data from: ISU Extension commodity prices and farmland values

Analysis by: Hertz Appraisal Services



Source: Iowa State University Extension

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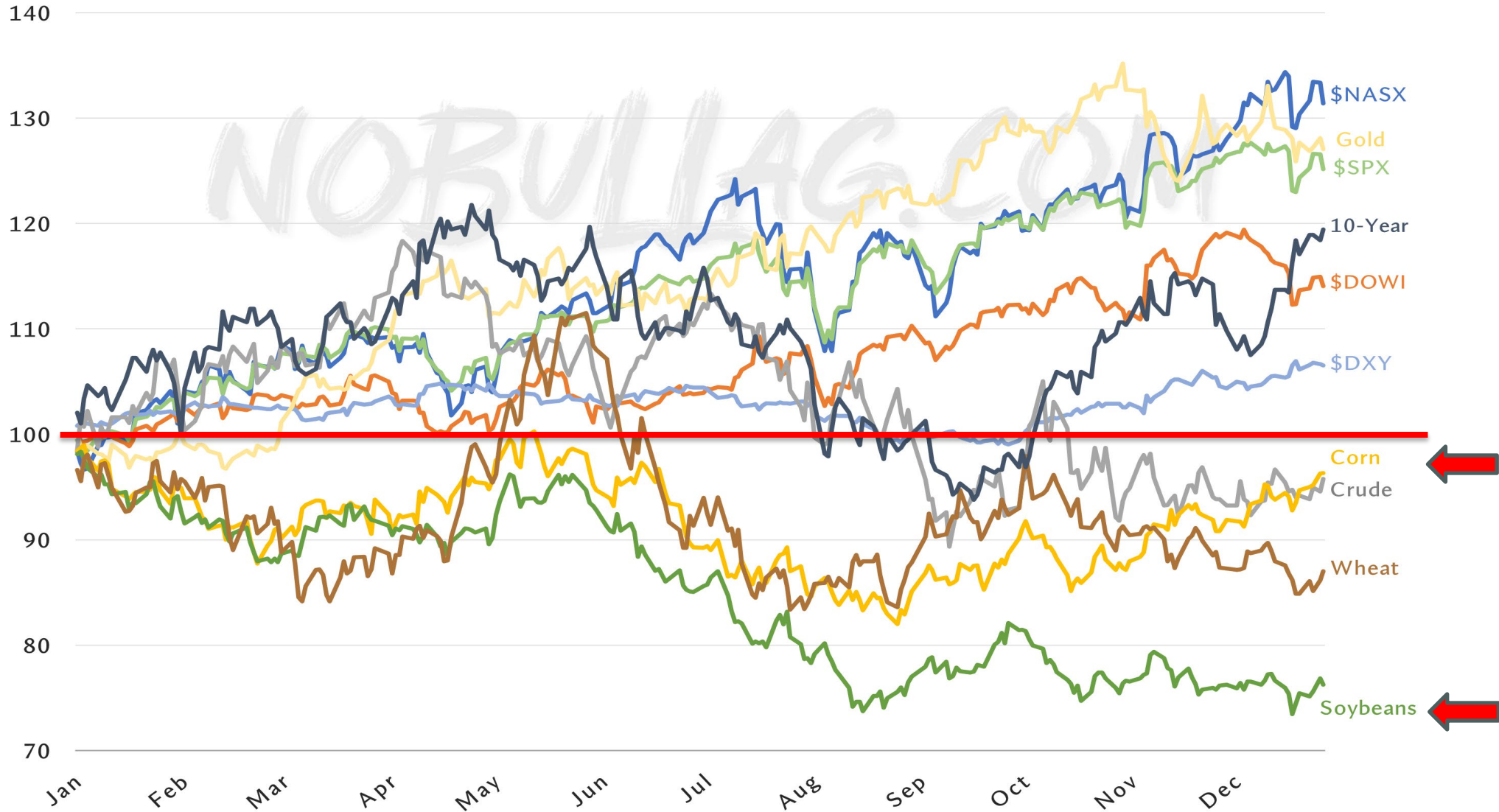


2024 Performance of Key Markets

Indexed, based on December 29, 2023 closes

NO BULL

@SusanNOBULL



Source: Barchart



Source: NoBullAg.com

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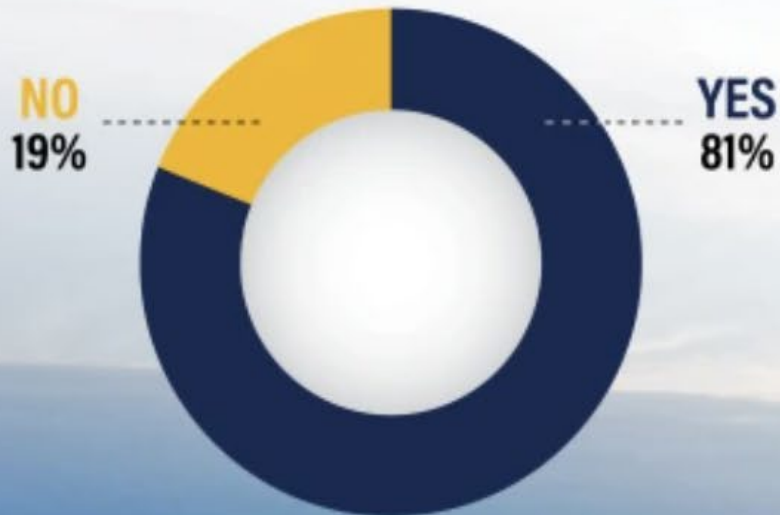


A Tough Year Influences Thinking...



Is the U.S. ag economy ...

... on the brink of a recession?



... currently in a recession?



Source: Farm Journal, December 2024

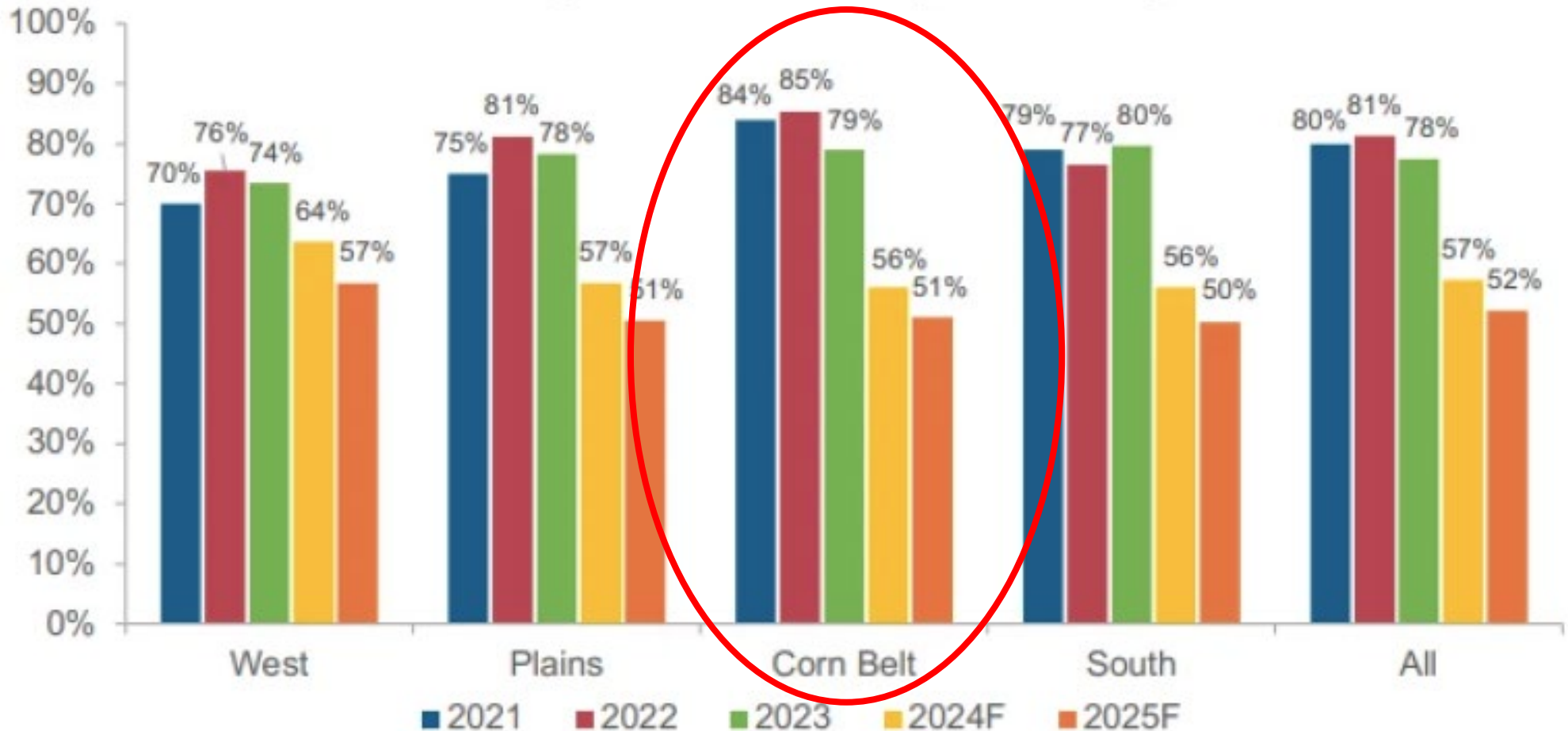
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Bankers Are Concerned...

Ag Borrower Profitability by Region

Share of ag borrowers that will be profitable through:



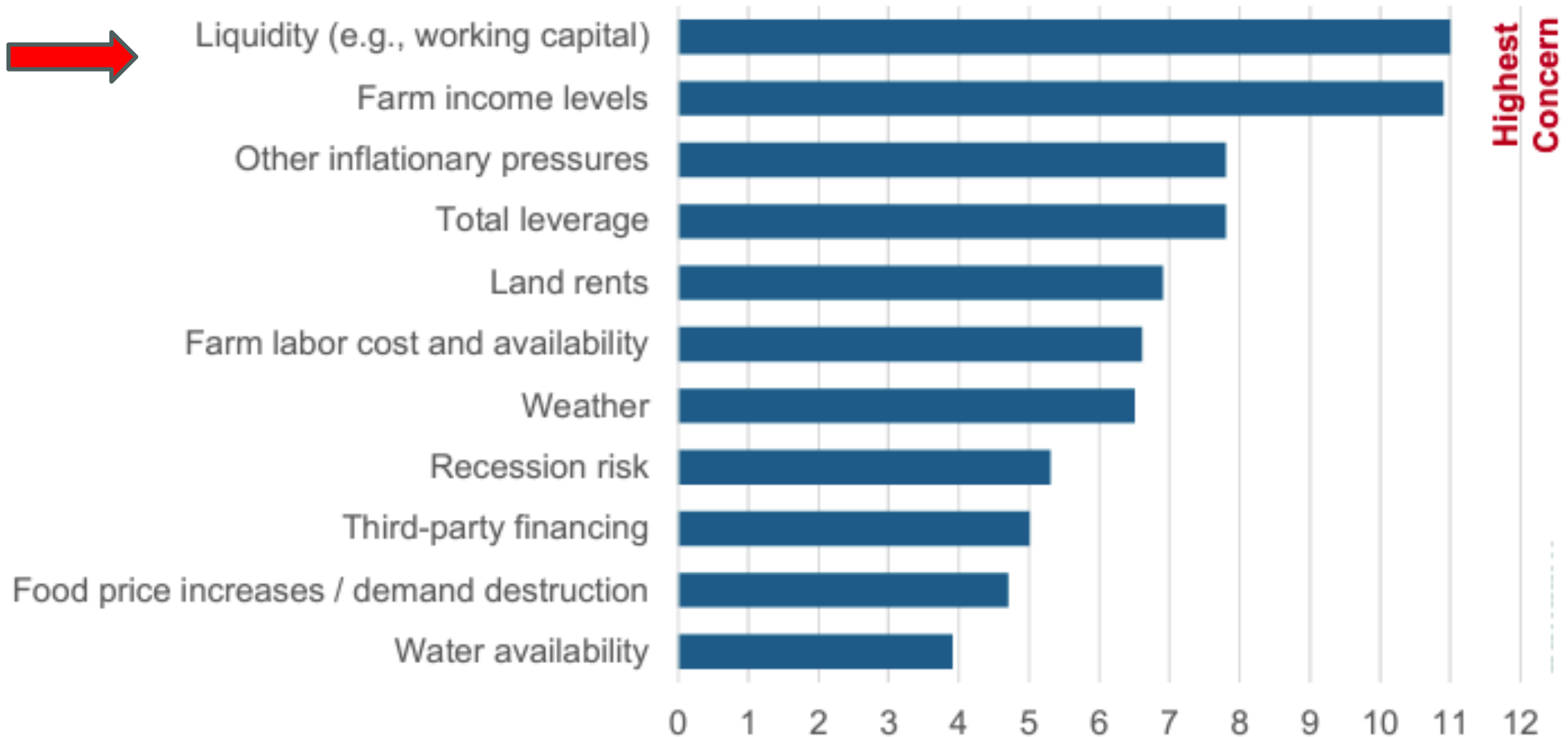
Source: ABA-Farmer Mac Survey, August 2024

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Bankers Are Concerned...

Lenders' Top Concerns for Producers in 2024



Source: ABA-Farmer Mac Survey, August 2024

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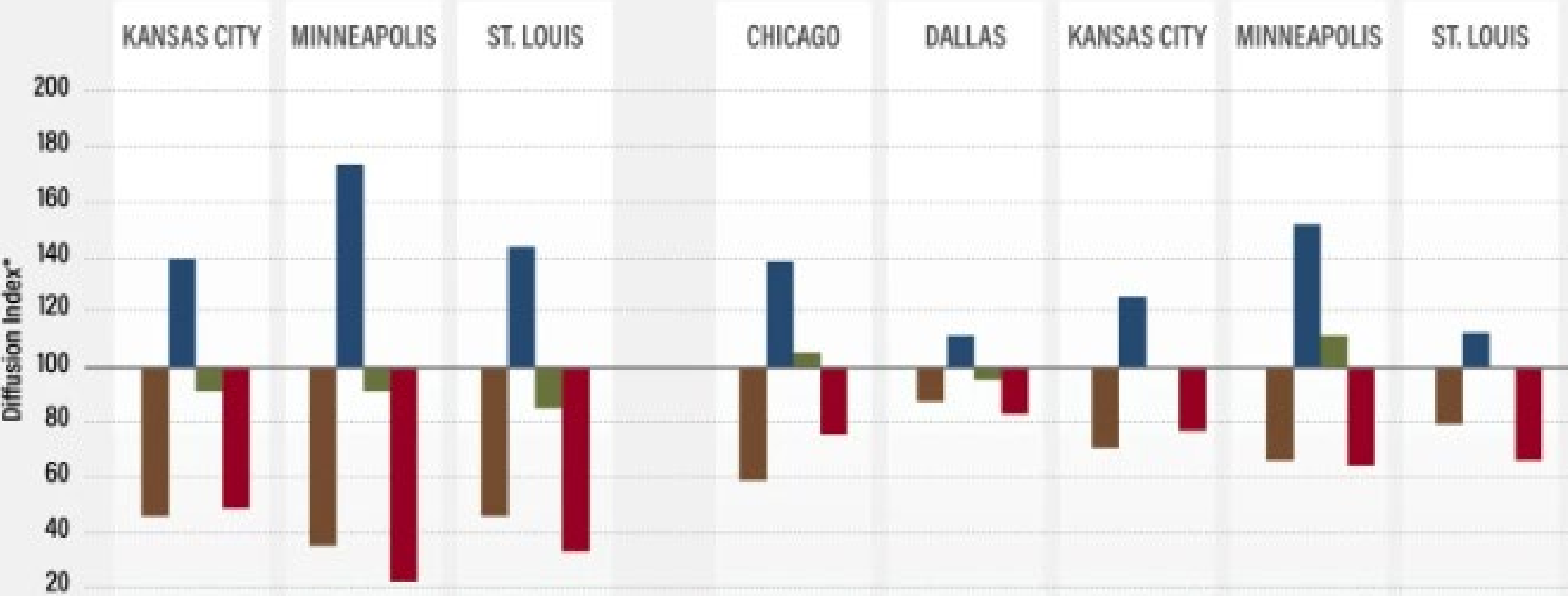


Back to 2015-2019?

■ 2015-2019 AVERAGE
 ■ 2022
 ■ 2023
 ■ 2024, Q3

Farm Income

Farm Loan Repayment Rates



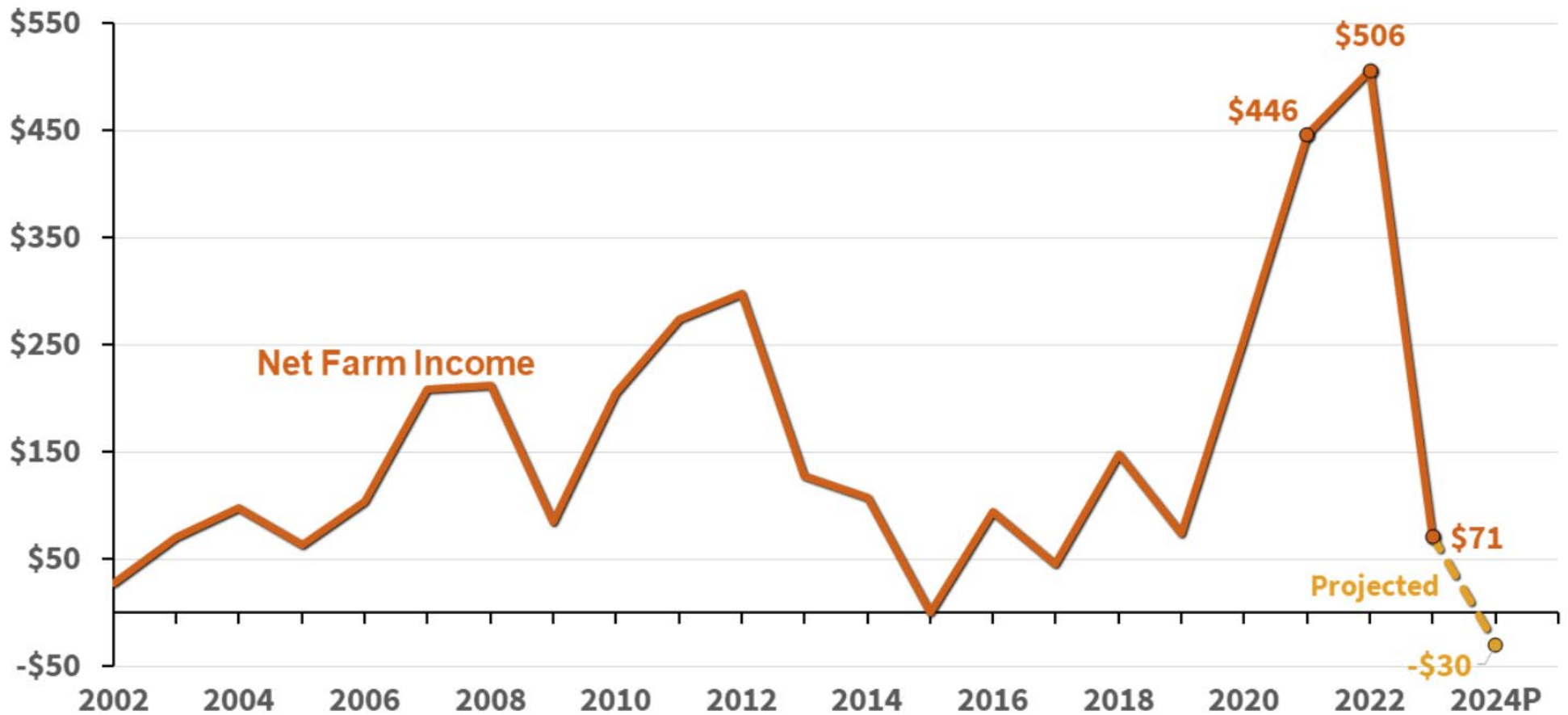
Source: Fed District Surveys of Ag Credit Conditions

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Farmers Are Concerned, too...

Figure 1. Net Farm Income on Grain Farms (in \$1,000)
Enrolled in Illinois Farm Business Farm Management



ILLINOIS

farmdocDAILY



Source: University of Illinois, FBFM & FarmDoc

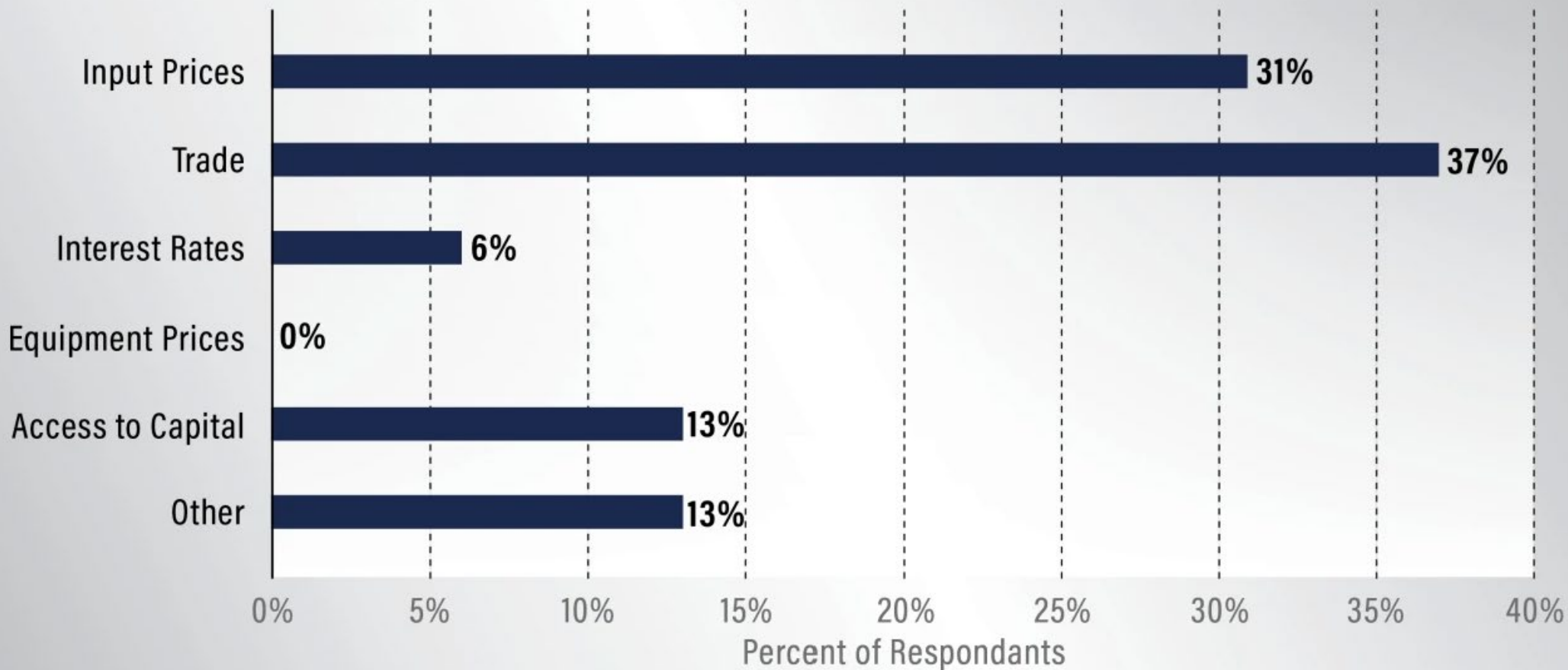
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Looking ahead to 2025...



What is the biggest hurdle to profitability in 2025?



Source: Farm Journal, December 2024

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It's Not *All* Bad News...



Source: Farm Journal, December 2024

www.Hertz.ag



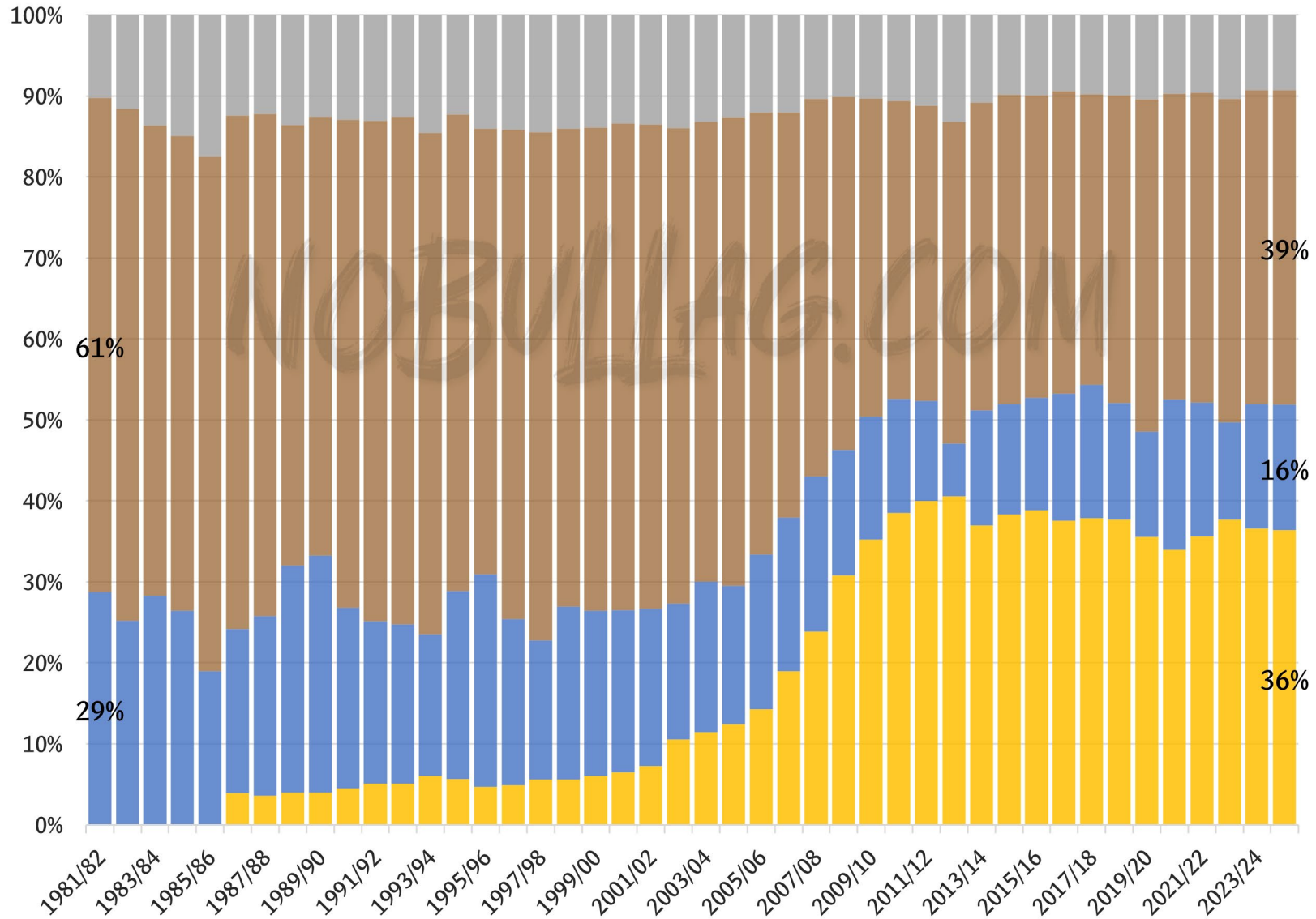


U.S. Corn Demand | Percentage Share

Ethanol | Exports | Feed/Residual | Other



@SusanNOBULL



Source: NoBullAg.com

www.Hertz.ag



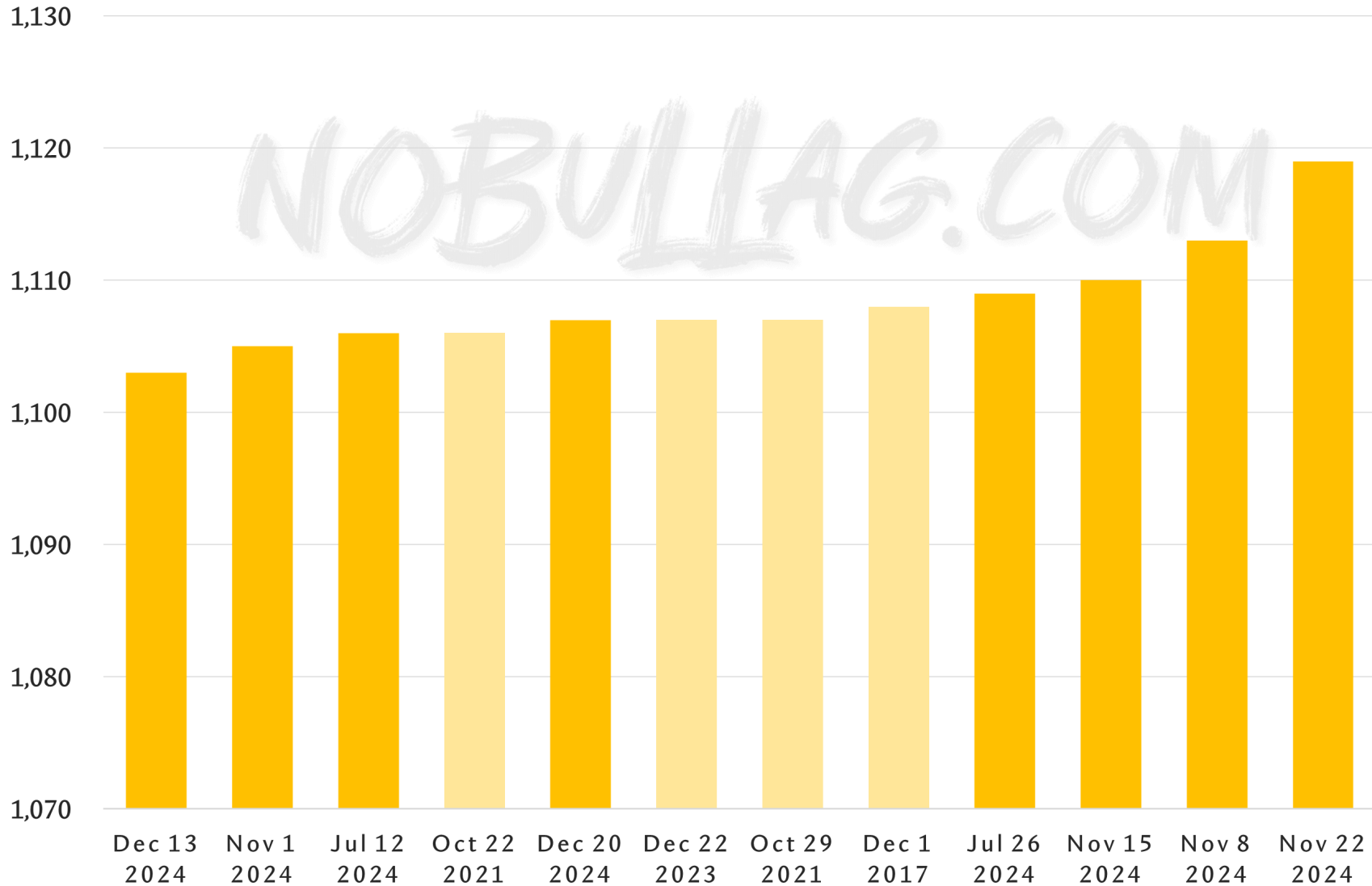


Weekly U.S. Ethanol Production

12 Largest Weeks on Record | Thousand Barrels per Day



@SusanNOBULL



Source: NoBullAg.com

www.Hertz.ag



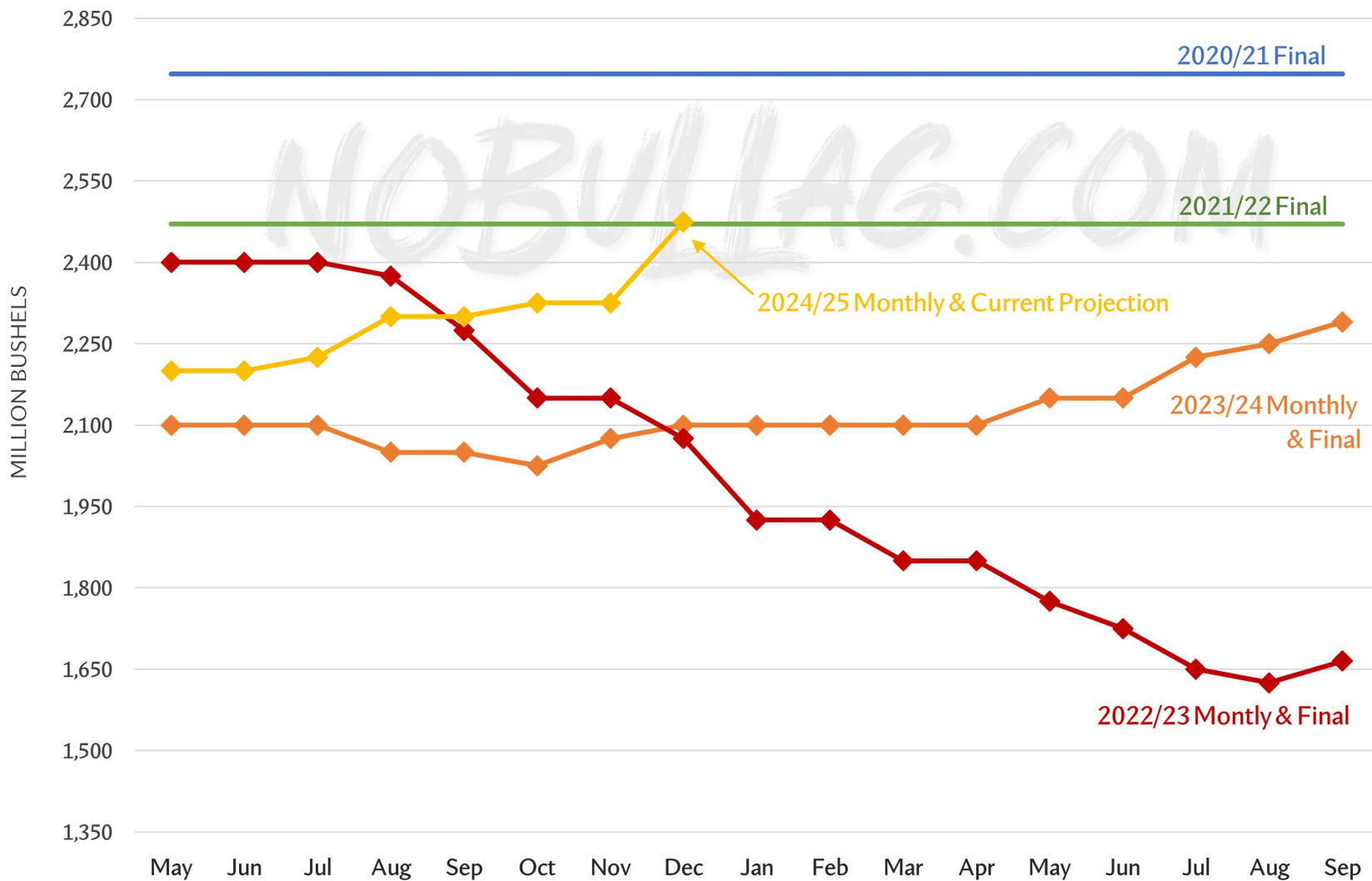


USDA NASS Corn Exports

Full-Year Estimate by Monthly WASDE



@SusanNOBULL



Source: USDA



Source: NoBullAg.com

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Midwest Farmland Values

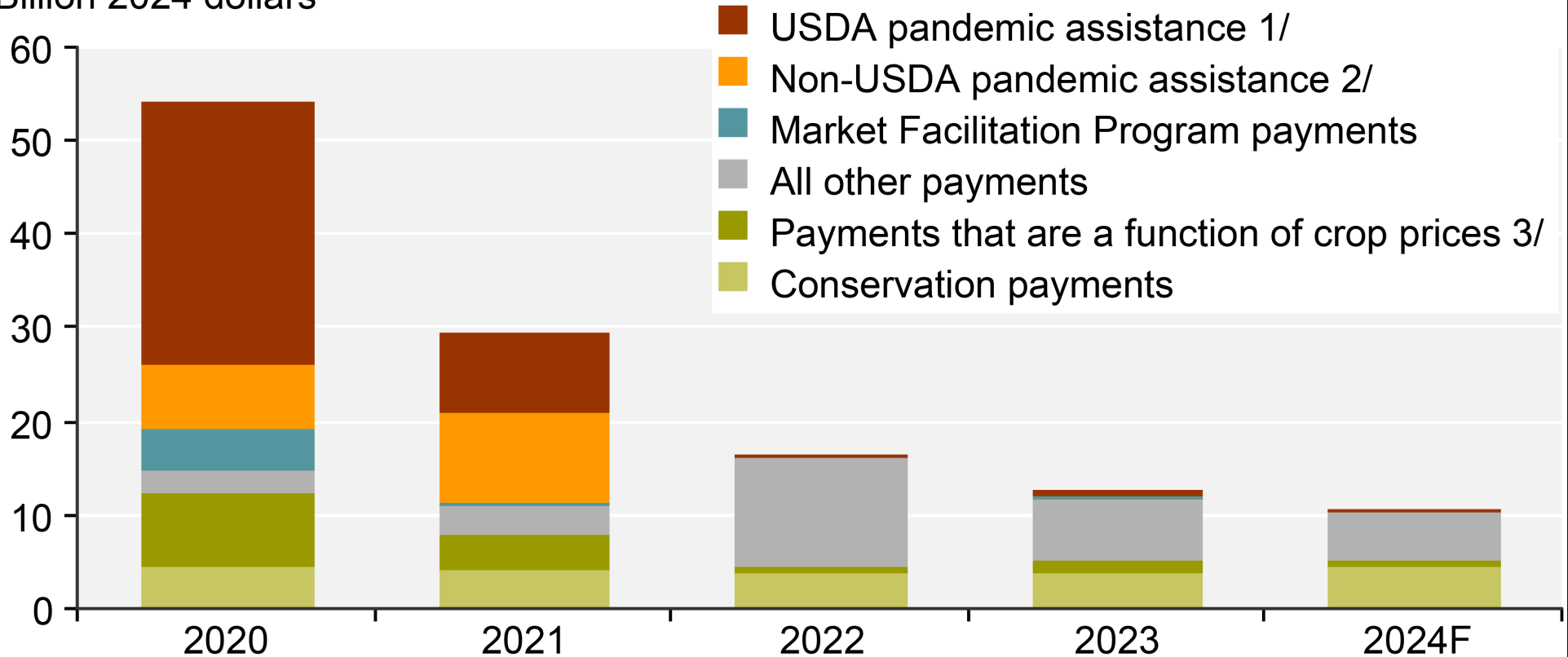
WHAT'S DRIVING THE LAND MARKET? -OTHER REVENUE SOURCES



Gov't Disaster Aid is On The Way...

Direct Government payments to U.S. farm producers, 2020–24F

Billion 2024 dollars

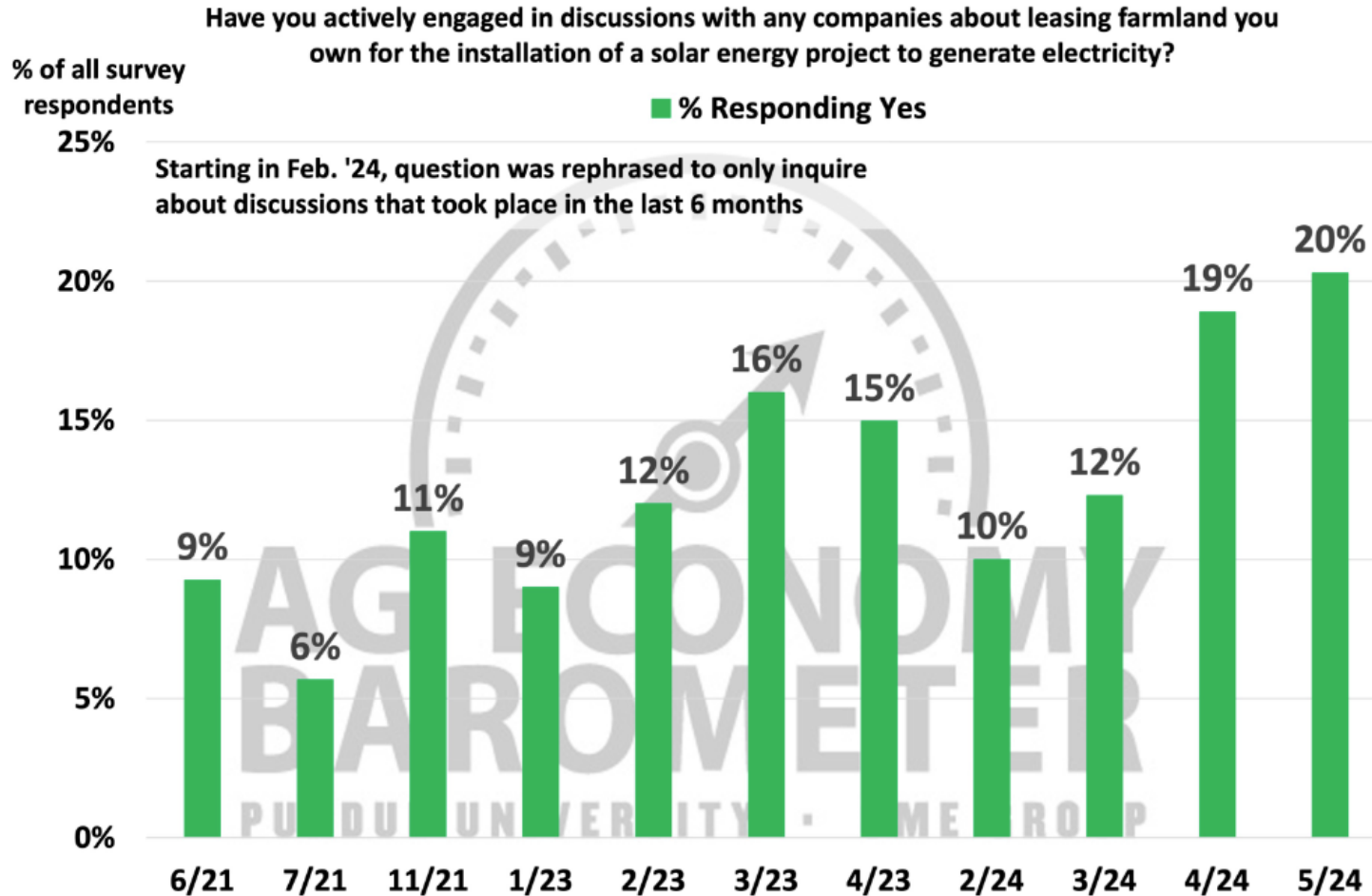


Source: USDA-ERS, December 2024

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What about the Solar Farms?

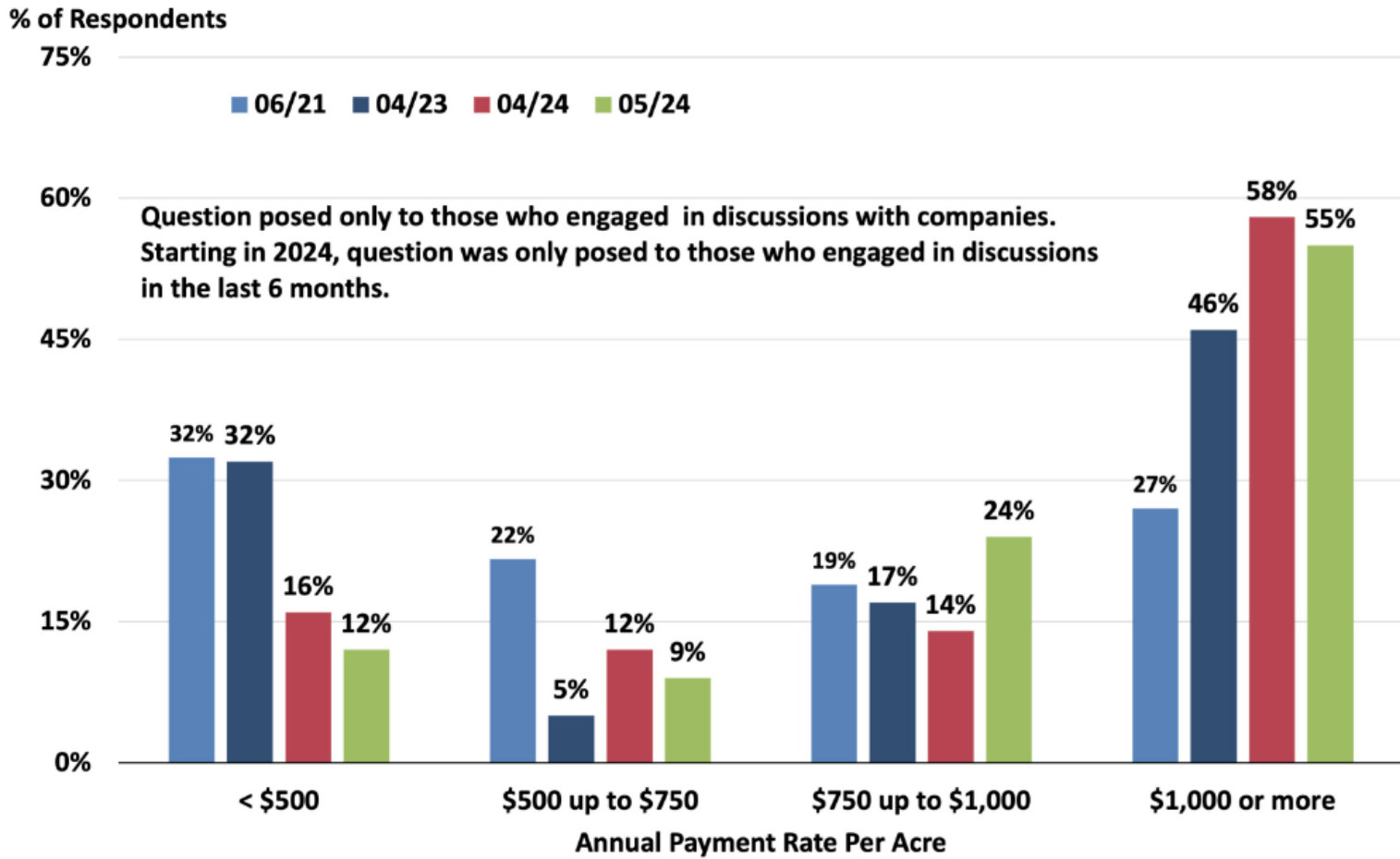


Source: Purdue Center for Commercial Agriculture, Producer Survey, May 2024



Why Solar? Money Talks...

What is the annual payment rate per acre you were offered to lease some of your farmland for the installation of a solar energy project to generate electricity?



Source: Purdue Center for Commercial Agriculture, Producer Survey, May 2024



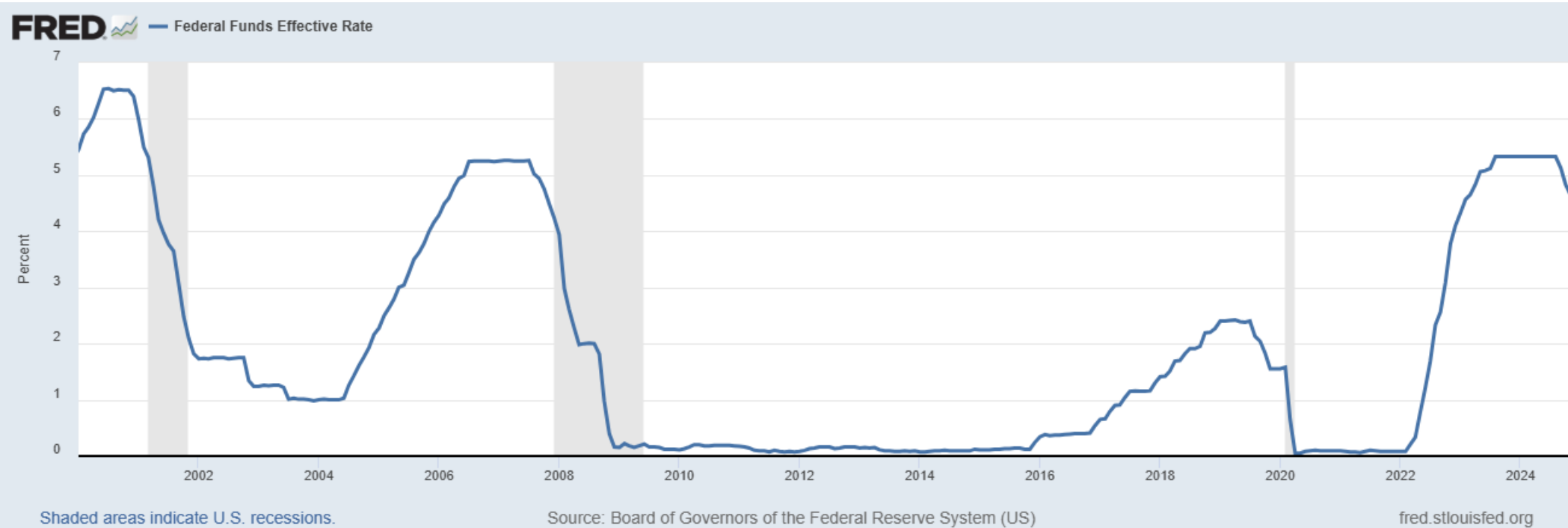


Midwest Farmland Values

WHAT'S DRIVING THE LAND MARKET? -INTEREST RATES



Interest Rates – Federal Funds Rate



- Fed Funds Rate (*Noun*)** – the interest rate at which commercial banks borrow and lend their excess reserves overnight. This rate is set by the Federal Open Market Committee (FOMC, “the Fed”).
- Rate used to influence Monetary Policy... 12 Regional Fed Banks meet 8x annually.
 - Directly affects consumer loans and credit cards.
 - Currently 4.33%



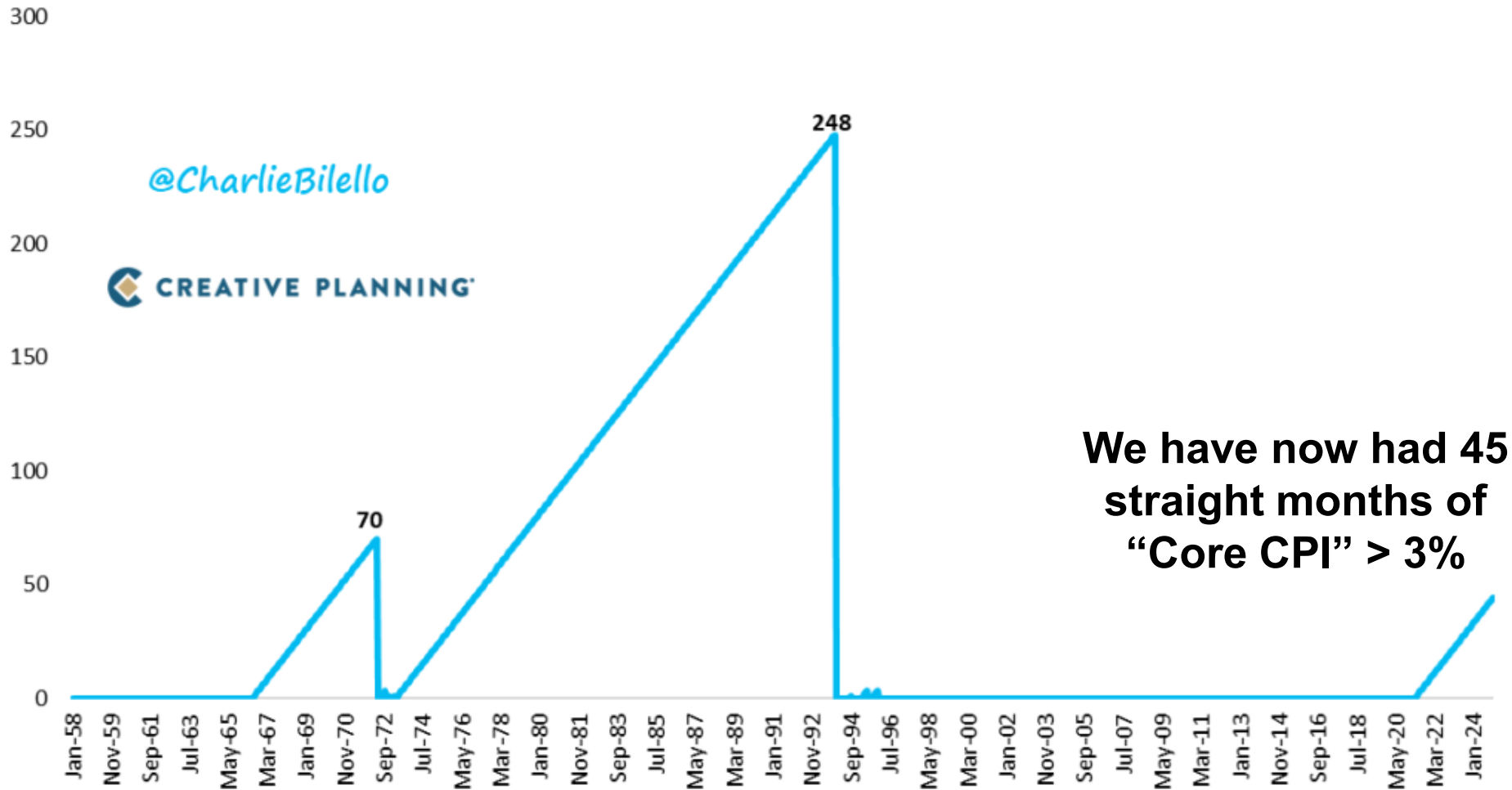
Source: St. Louis Federal Reserve Bank

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Why Higher Rates?

US Core CPI Inflation (YoY % Change): Consecutive Months Above 3%
(Seasonally Adjusted, January 1948 - December 2024)



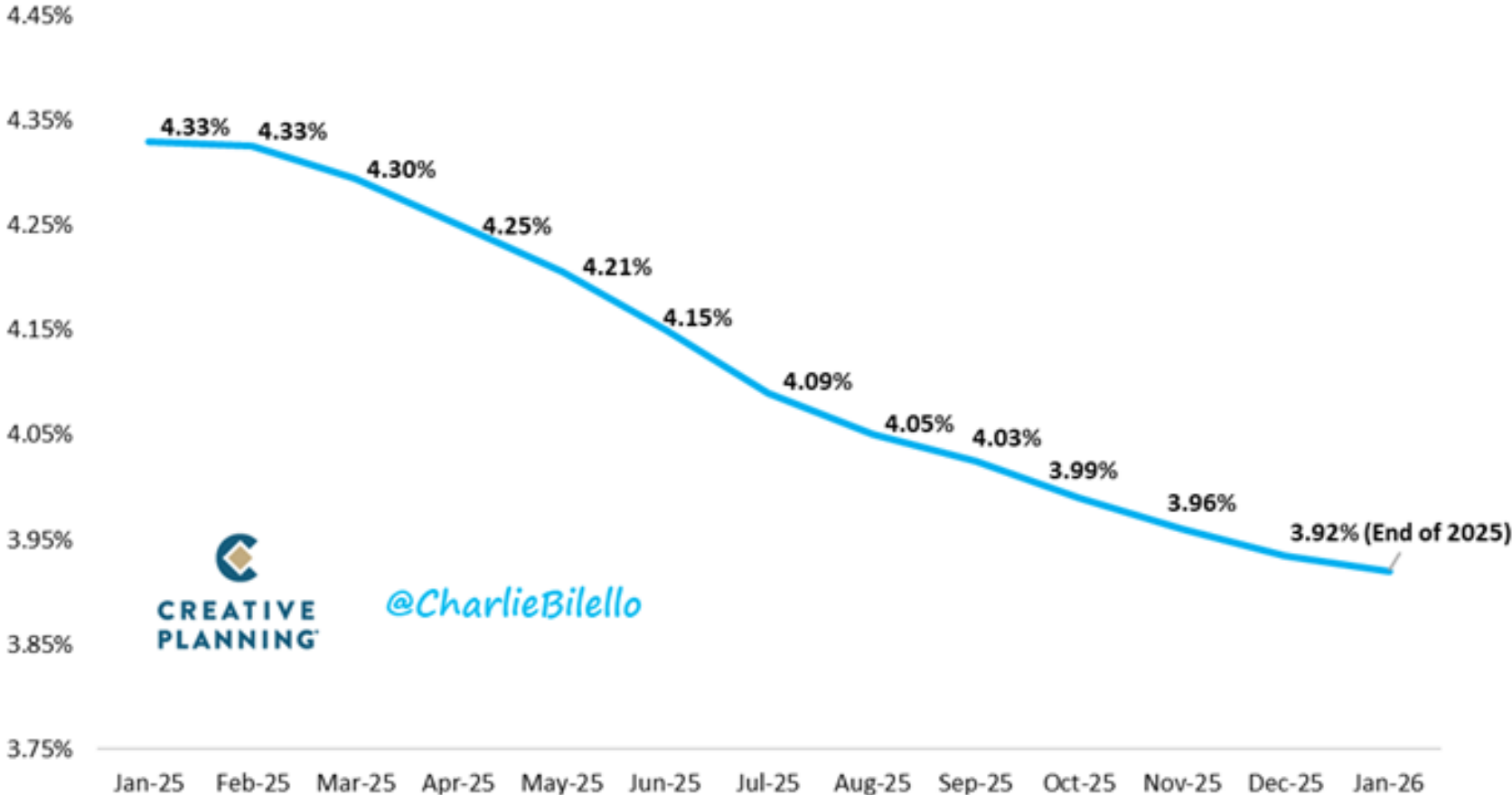
Source: Creative Planning, January 2025 Update

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Which Way for Fed Funds Rate in 2025?

Market Expectations for Fed Funds Rate
(Data via Fed Funds Futures, January 2025 - January 2026)



@CharlieBilello



Source: Creative Planning, January 2025 Update

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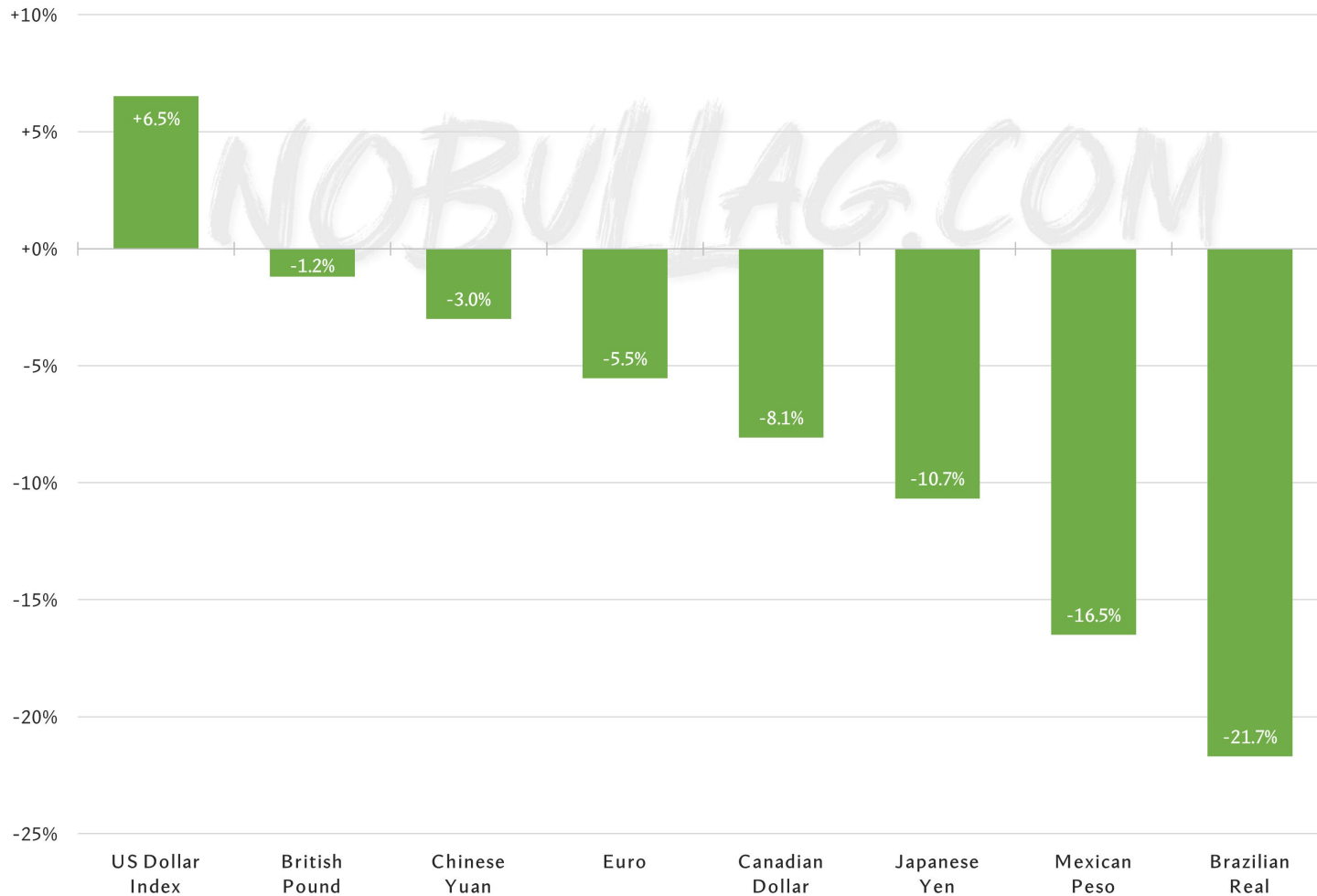


Higher Rates = Dollar Dominance



2024 Currency Performance
vs. United States Dollar

NO BULL
@SusanNOBULL



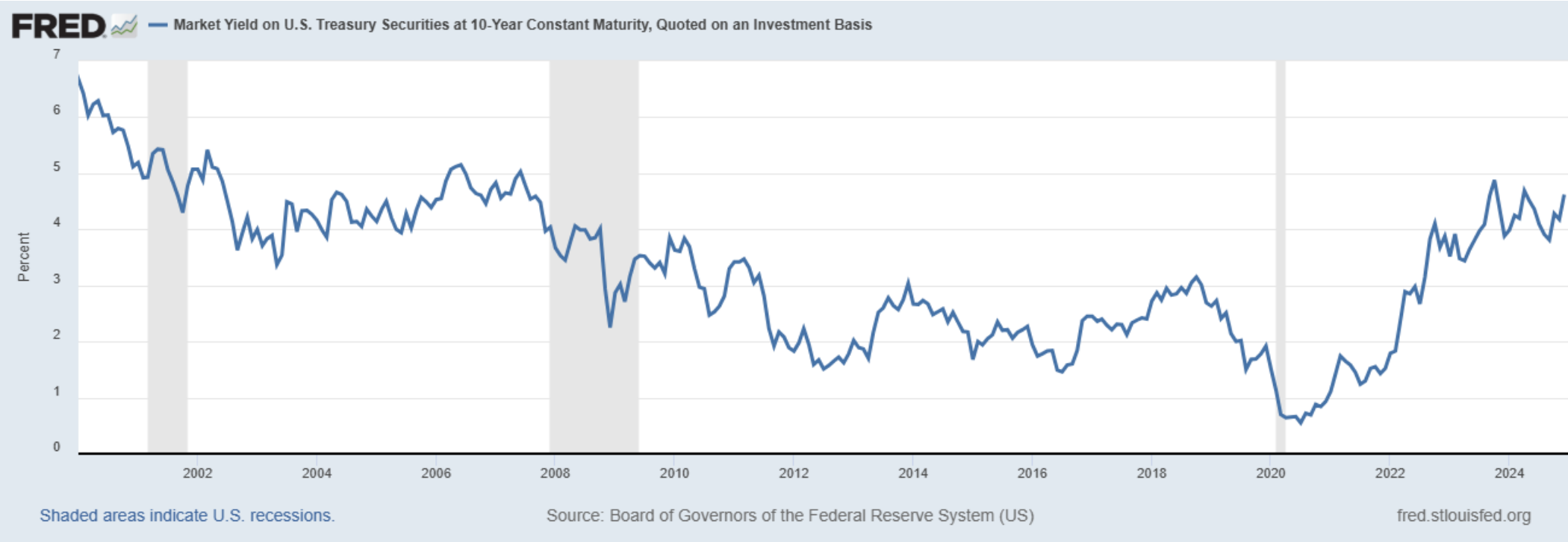
Source: NoBullAg.com

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Interest Rates – Long Term View

10-Year Treasury



- 10-Year Treasury** – The 10-Year Treasury is the benchmark used to decide mortgage rates across the U.S. and is the most liquid and widely traded bond in the world.
- Currently trading at or near highest level in 15 years, thereby making long-term commercial interest rates near the highest we've seen in that time.



Source: St. Louis Federal Reserve Bank

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10-Year Treasury Yield in 2024



- 10-Year Treasury** – The 10-Year Treasury is the benchmark used to decide mortgage rates across the U.S. and is the most liquid and widely traded bond in the world.
- Currently trading at or near highest level in 15 years, thereby making long-term commercial interest rates near the highest we've seen in that time.

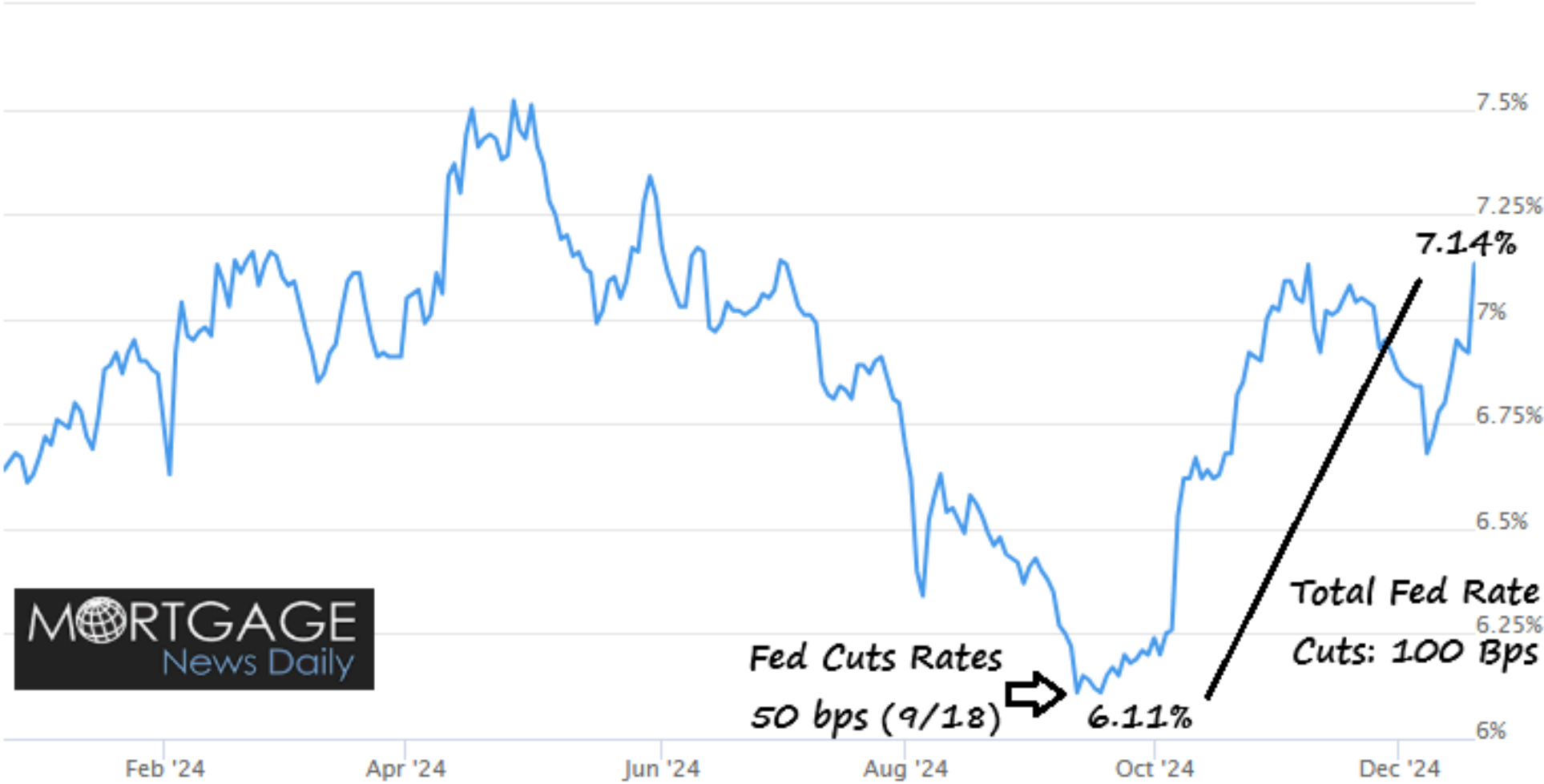


Source: St. Louis Federal Reserve Bank

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30-Year Mortgage Rates



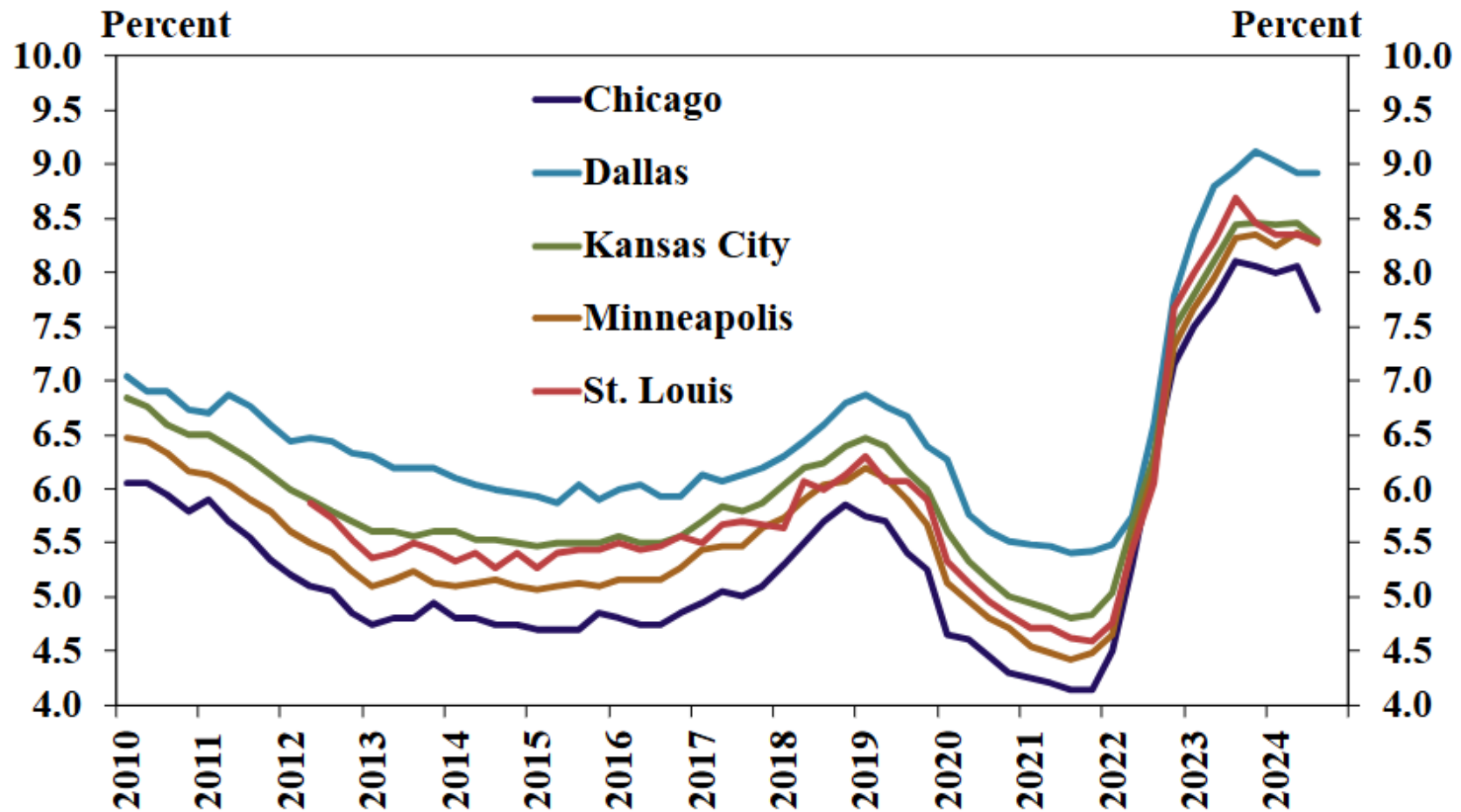
MORTGAGE
News Daily

Source: Creative Planning, December 2024 Update

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Ag Interest Rates... Long-Term



*Average fixed rates on agricultural loans of all types- operating, intermediate and real estate
 Sources: Federal Reserve District Surveys of Agricultural Credit Conditions



Source: KC Federal Reserve

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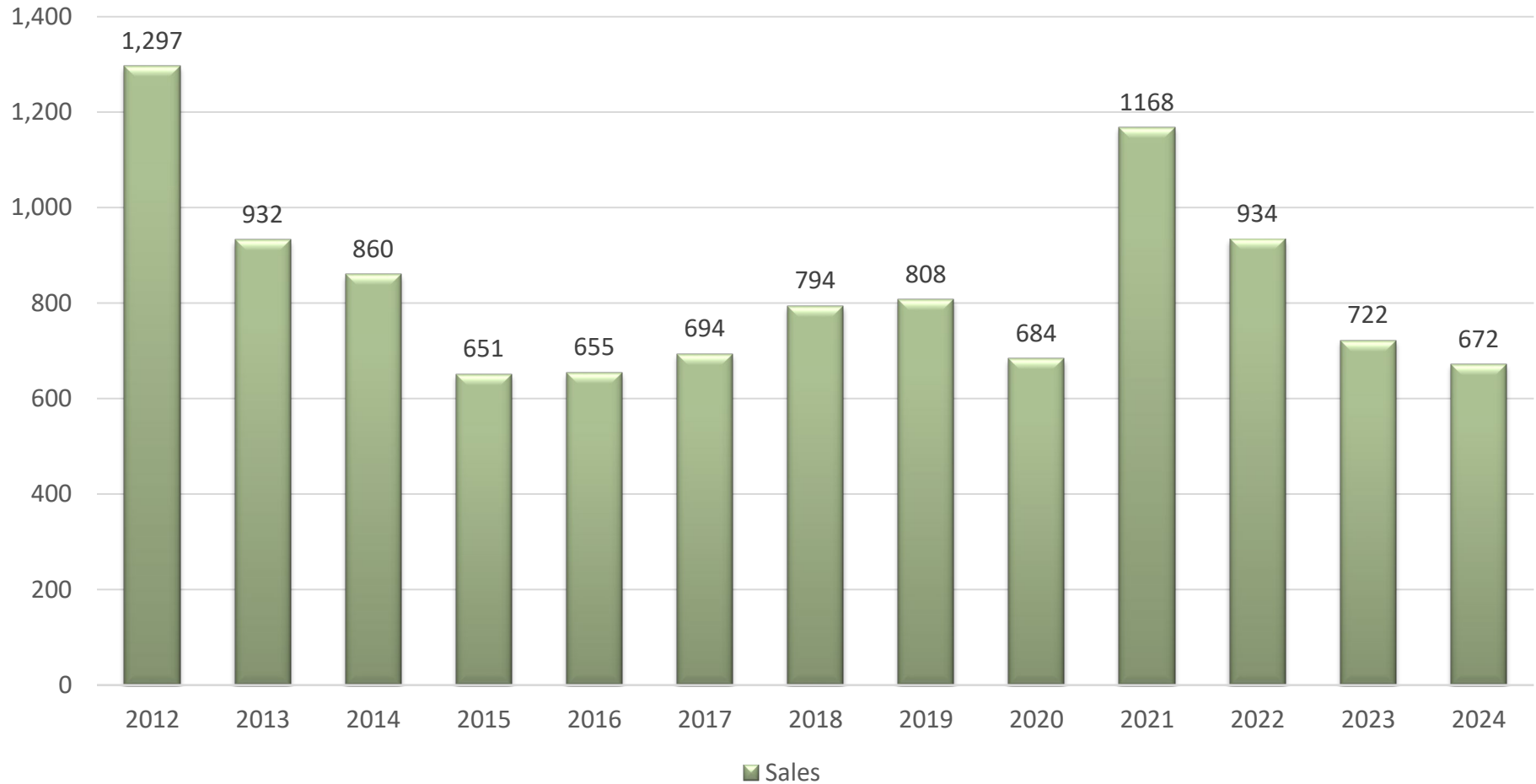


Midwest Farmland Values

WHAT'S DRIVING THE MARKET? -SUPPLY OF LAND



Land Sale Volume – Iowa Farmland Market Sales

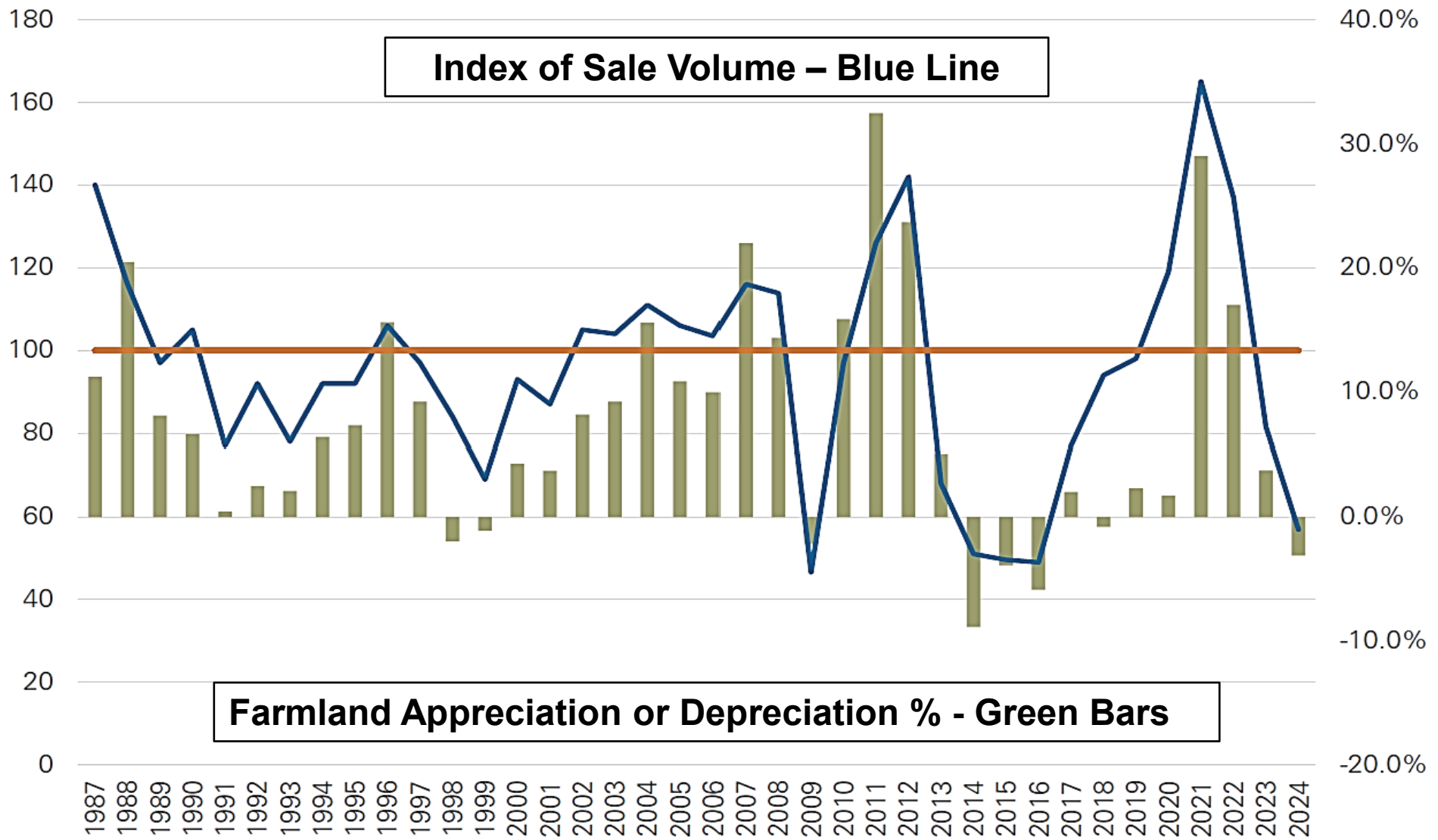


Source: Farm Credit Services of America

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Land Sale Volume in Different Markets



Source: ISU Land Values Survey, December 2024

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Midwest Ag Land & Development

Table 1: Agricultural land lost to development in Midwestern states

State	Ag land in 2001 (acres)	Ag land in 2021 (acres)	Ag land lost to development (acres)	Ag land lost to development (%)
Illinois	25,100,583	24,856,641	155,653	64%
Indiana	14,129,704	13,923,607	133,243	65%
Iowa	28,964,704	28,867,001	87,592	90%
Michigan	9,460,180	9,398,841	52,629	86%
Minnesota	24,012,459	23,845,969	105,678	63%
Missouri	22,863,549	22,541,050	85,424	26%
Ohio	13,115,911	12,847,481	128,486	48%
Wisconsin	12,665,377	12,436,222	128,679	56%
Total	150,312,467	148,716,812	877,386	55%

farmdocDAILY

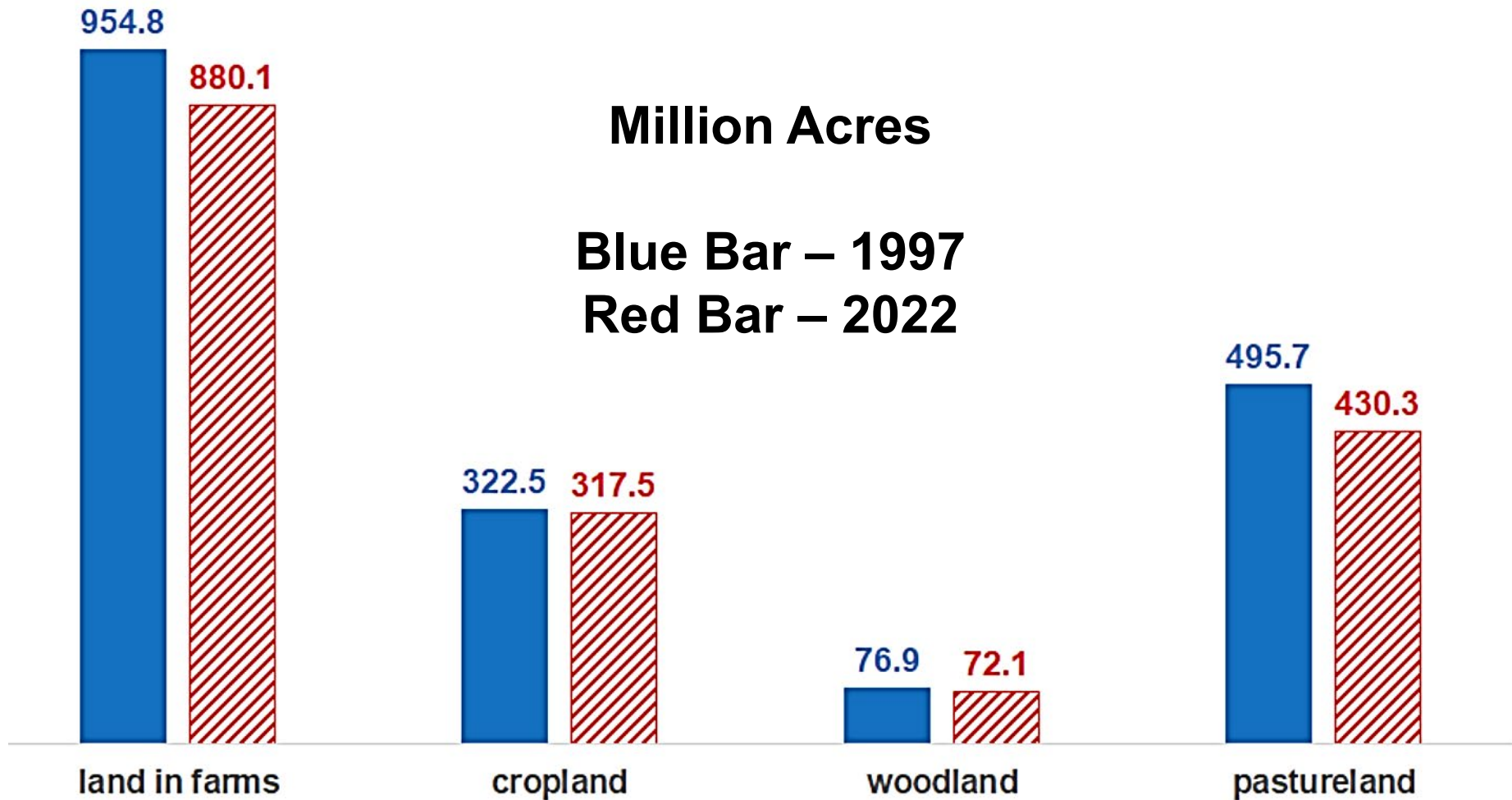


Source: FarmDoc, August 2024

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U.S. Land in Farms – 1997 vs. 2022

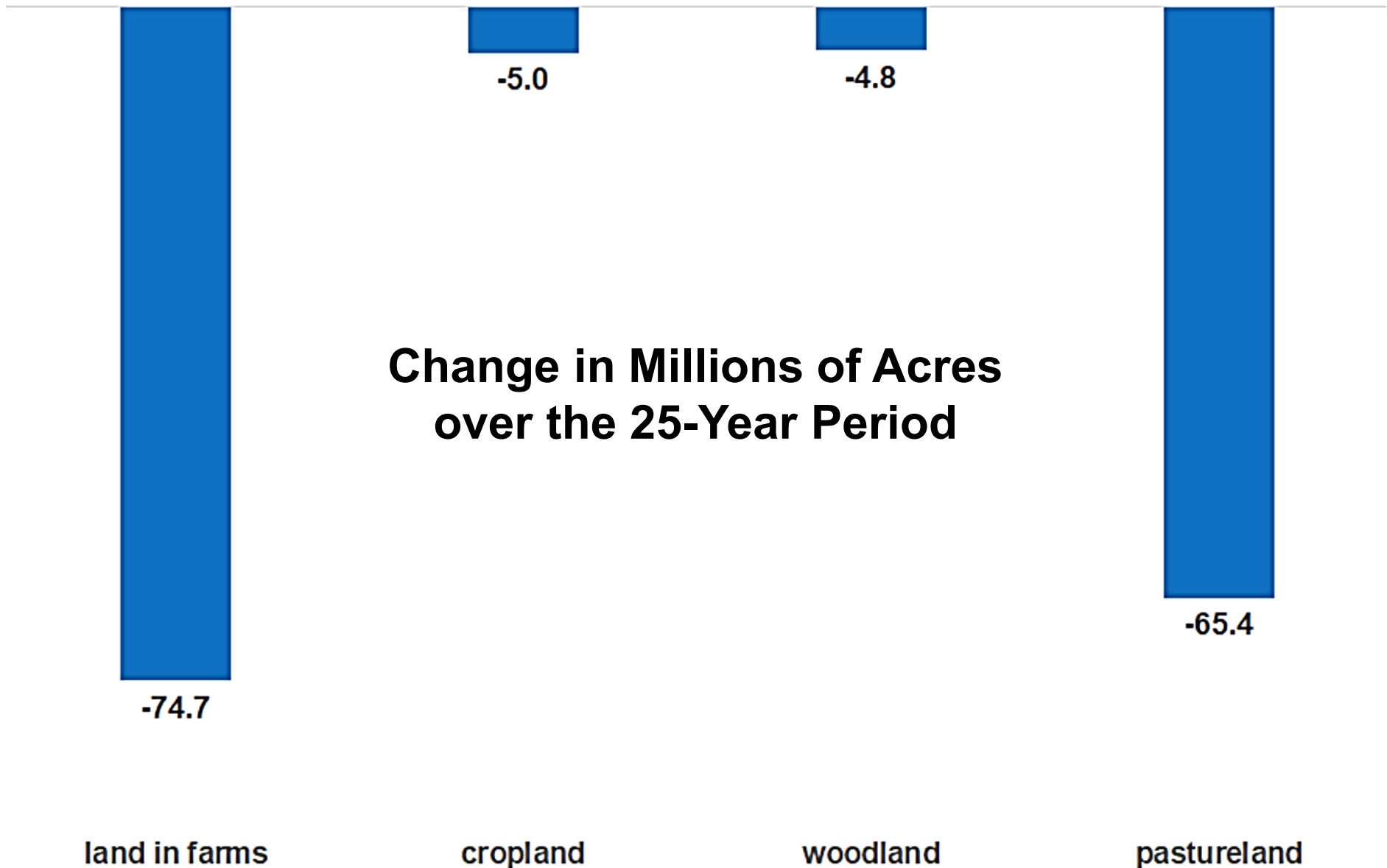


Source: FarmDoc, 2-Part Study Fall 2024

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U.S. Land in Farms – 1997 vs. 2022



Source: FarmDoc, 2-Part Study Fall 2024

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U.S. Land in Farms – 1997 vs. 2022



-7.8%

land in farms



-1.6%

cropland



-6.2%

woodland



-13.2%

pastureland

**% Change in Acres
over the 25-Year Period**



Source: FarmDoc, 2-Part Study Fall 2024

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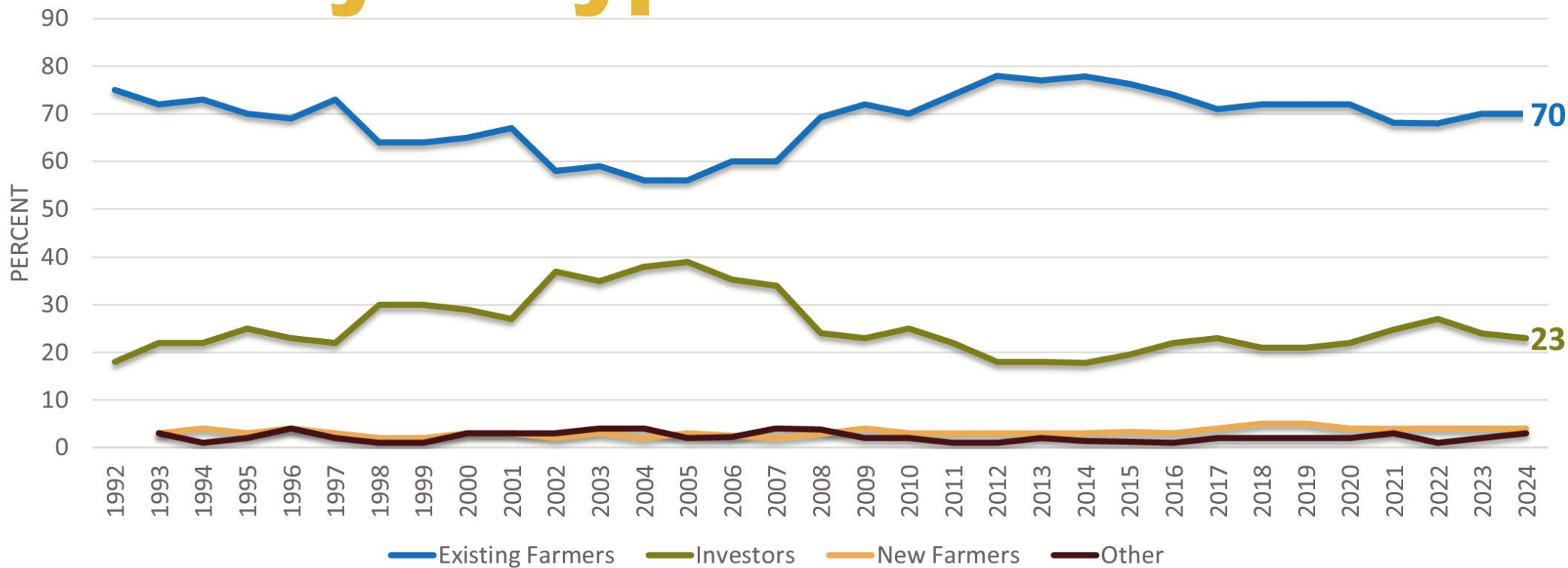
Midwest Farmland Values

WHO BUYS & OWNS FARMLAND?



Who Are The Buyers?

Iowa Farmland Purchases by Buyer Types 1989–2024



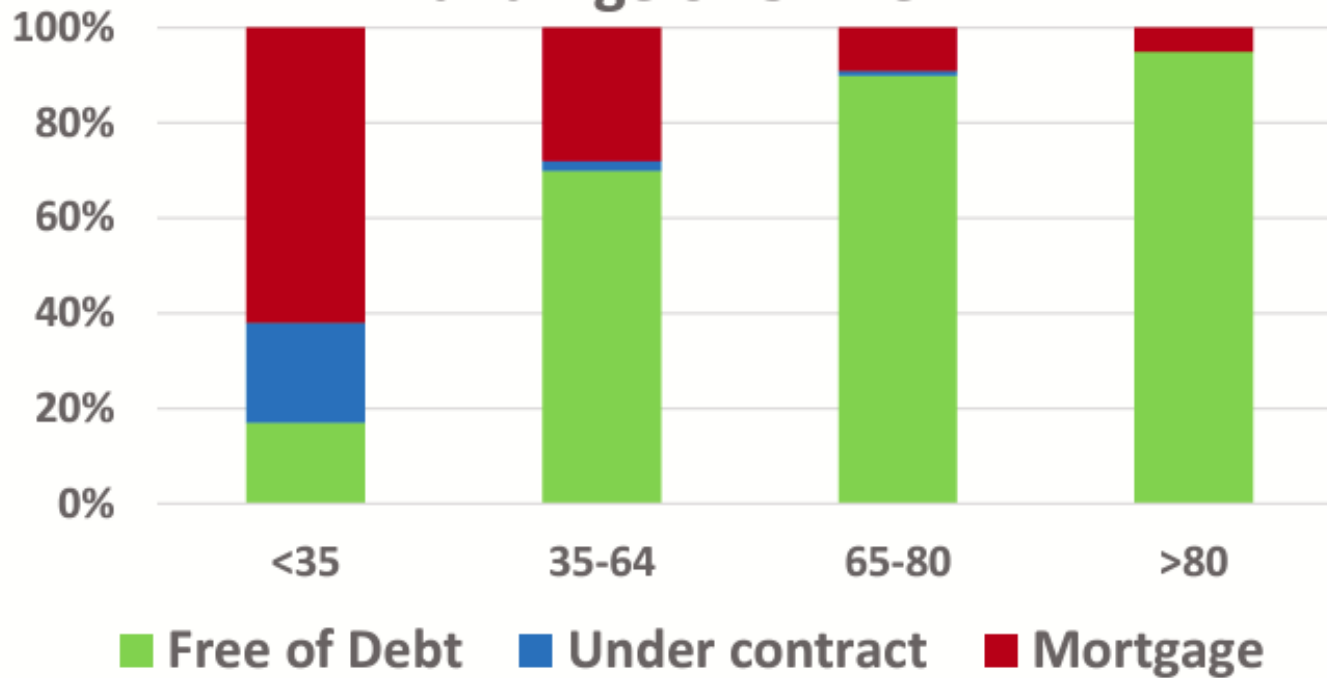
Source: ISU Land Values Survey, December 2024

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Who Owns That Land?

Percent of Iowa Land by Financing and Age of Owner



	2012	2022
> 50 Years		10%
40-50 Years	20%	9%
30-40 Years	15%	15%
20-30 Years	19%	21%
10-20 Years	21%	22%
< 10 Years	24%	22%



Source: ISU Land Values Survey, December 2023

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84%



Source: ISU Land Values Survey, December 2023

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Farmland: Financial Performance 1991-2024

Asset/Index	Annual Ave. Return	Standard Deviation	Coefficient of Variation	US Ag 32 States Correlation	Minimum Return	Maximum Return
	----- 1991 - 2024 -----					
US Ag 32 States	8.9%	4.1%	0.45	1.00	-1.0%	20.7%
NCREIF Total Farmland	10.6%	6.4%	0.60	0.73	2.0%	33.9%
Illinois	9.6%	6.1%	0.64	0.86	-0.3%	28.8%
Iowa	11.2%	8.0%	0.72	0.70	-5.3%	28.9%
Indiana	9.1%	5.6%	0.61	0.70	-3.1%	21.2%
Minnesota	11.0%	6.4%	0.59	0.79	-1.6%	25.3%
Dow Jones	8.1%	14.1%	1.75	-0.11	-41.3%	28.9%
Composite REITS	9.7%	18.6%	1.92	-0.12	-47.5%	33.7%
AAA	5.5%	1.7%	0.30	0.18	2.5%	8.8%
TCM10Y	4.1%	1.8%	0.44	0.24	0.9%	7.9%
Mort30F	5.9%	1.7%	0.29	0.25	3.0%	9.2%
CD6M	3.4%	2.2%	0.65	0.22	0.2%	6.6%
Gold	5.1%	13.7%	2.68	0.04	-31.9%	27.7%
PPI	2.3%	4.9%	2.16	0.16	-7.1%	18.5%
CPI	2.5%	1.4%	0.54	0.25	0.0%	6.9%

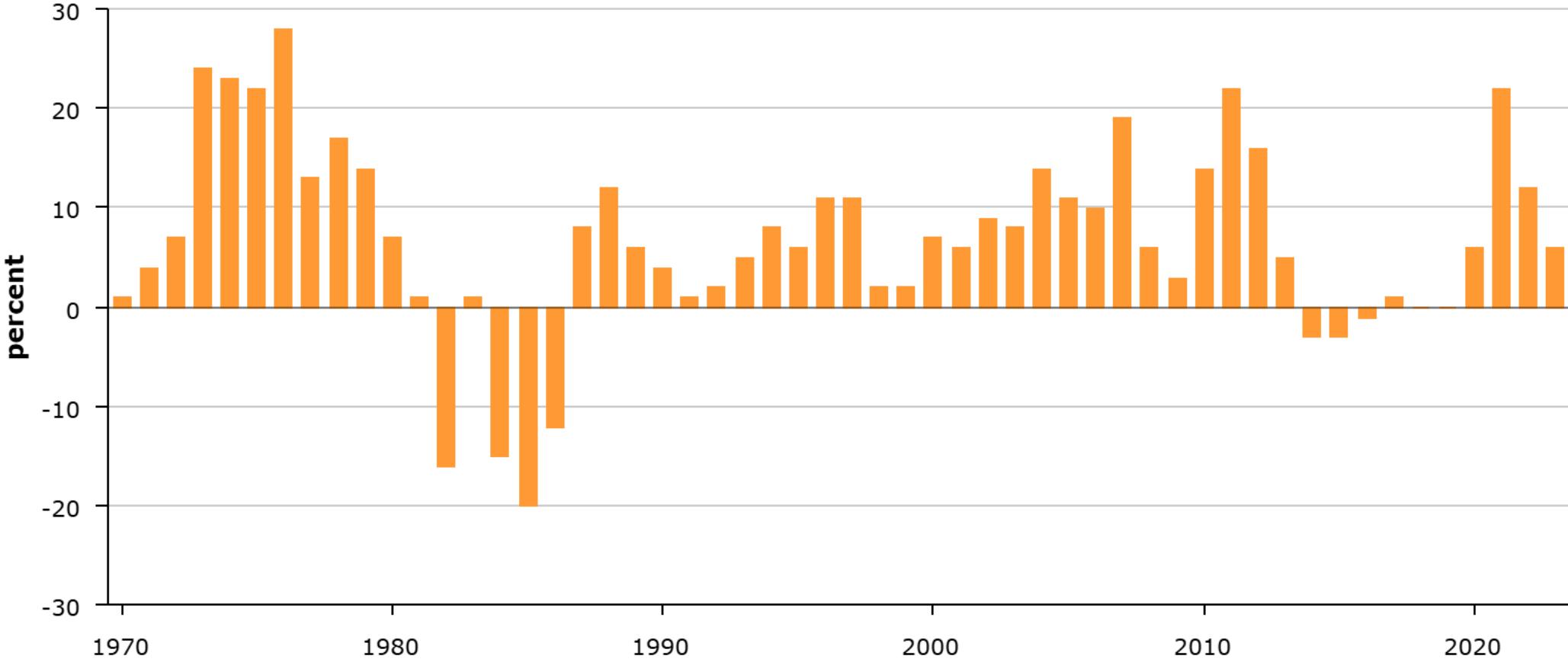


Source: University of Illinois, TIAA
Center for Farmland Research
www.Hertz.ag



Farmland: Financial Performance

Annual Changes in Farmland Values in the Seventh District



Source: Chicago Fed, May 2024

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S & P 500: Dividend Yield Trailing 12 Months



@CharlieBilello

 CREATIVE PLANNING

Data as of 12/6/24
(S&P Dow Jones)



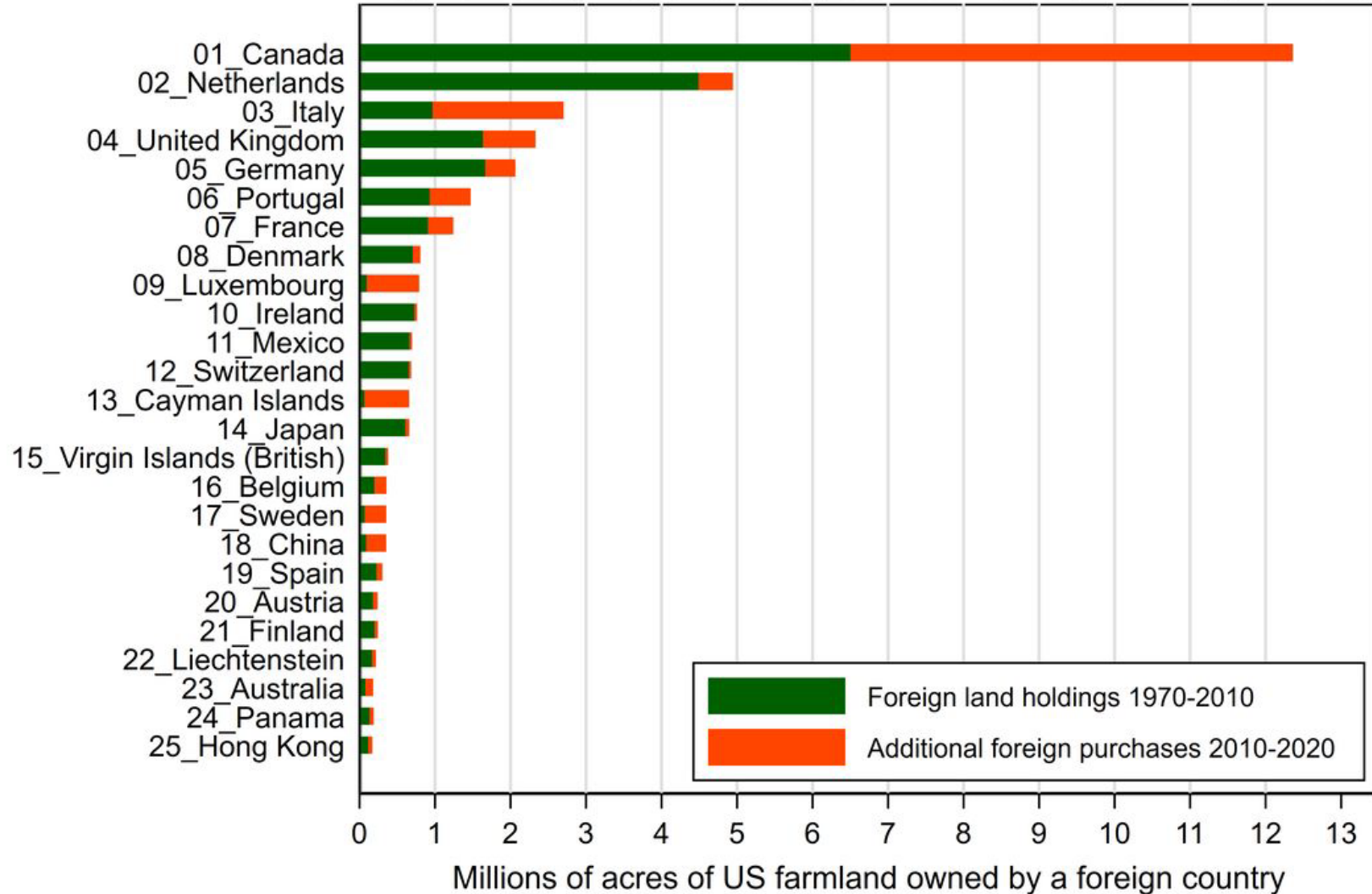
Source: Creative Planning, December 2024 Update

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Foreign Farmland Ownership

Top 25 Foreign Countries by US Farmland Ownership in 2020

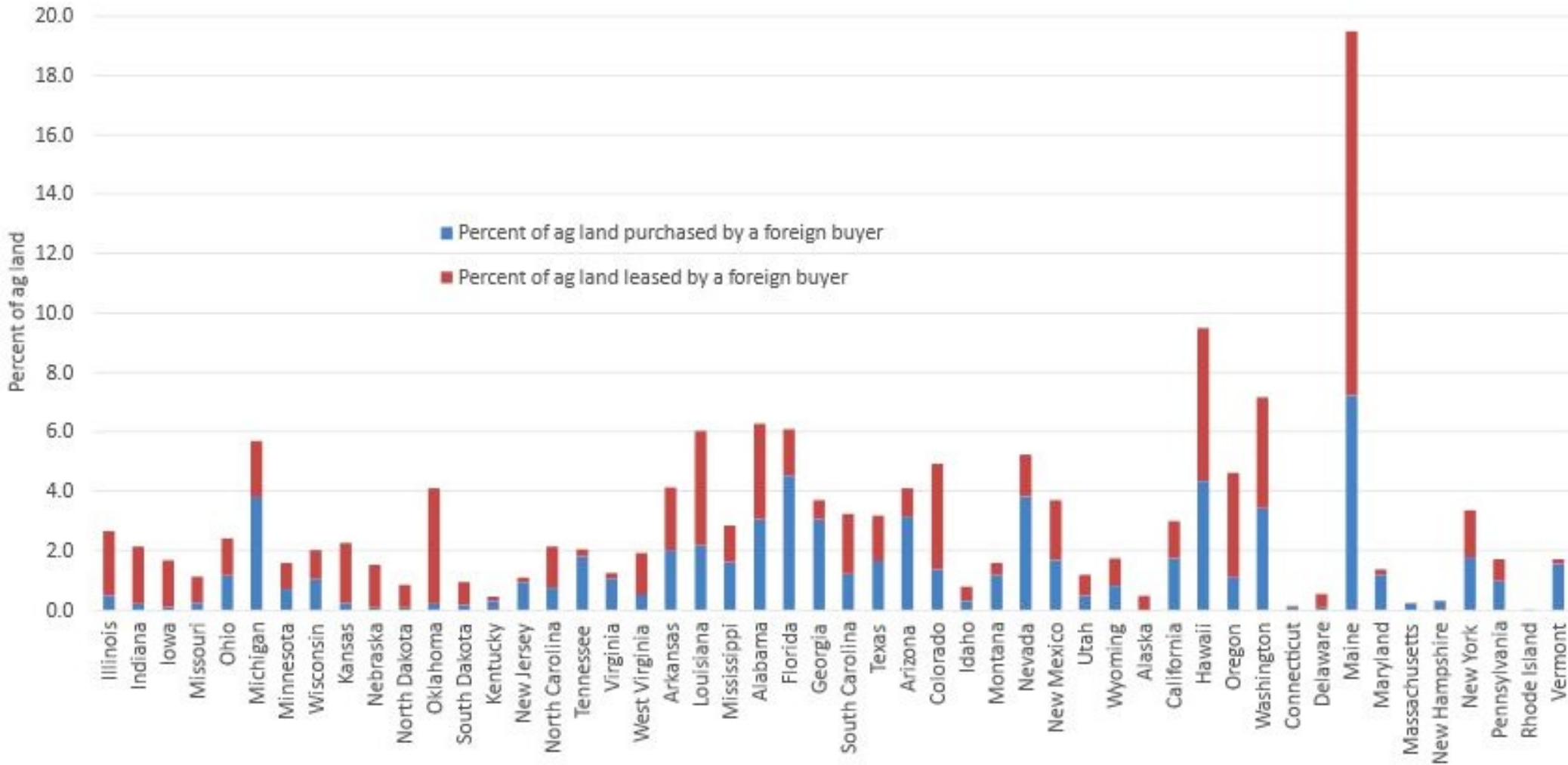


Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)



Foreign Farmland Ownership

Percent of privately owned ag land with foreign interest by state and type of ownership, 2020



Source: Ag Foreign Investment Disclosure Act Database
(Study by Wendong Zhang & Mykel Taylor)

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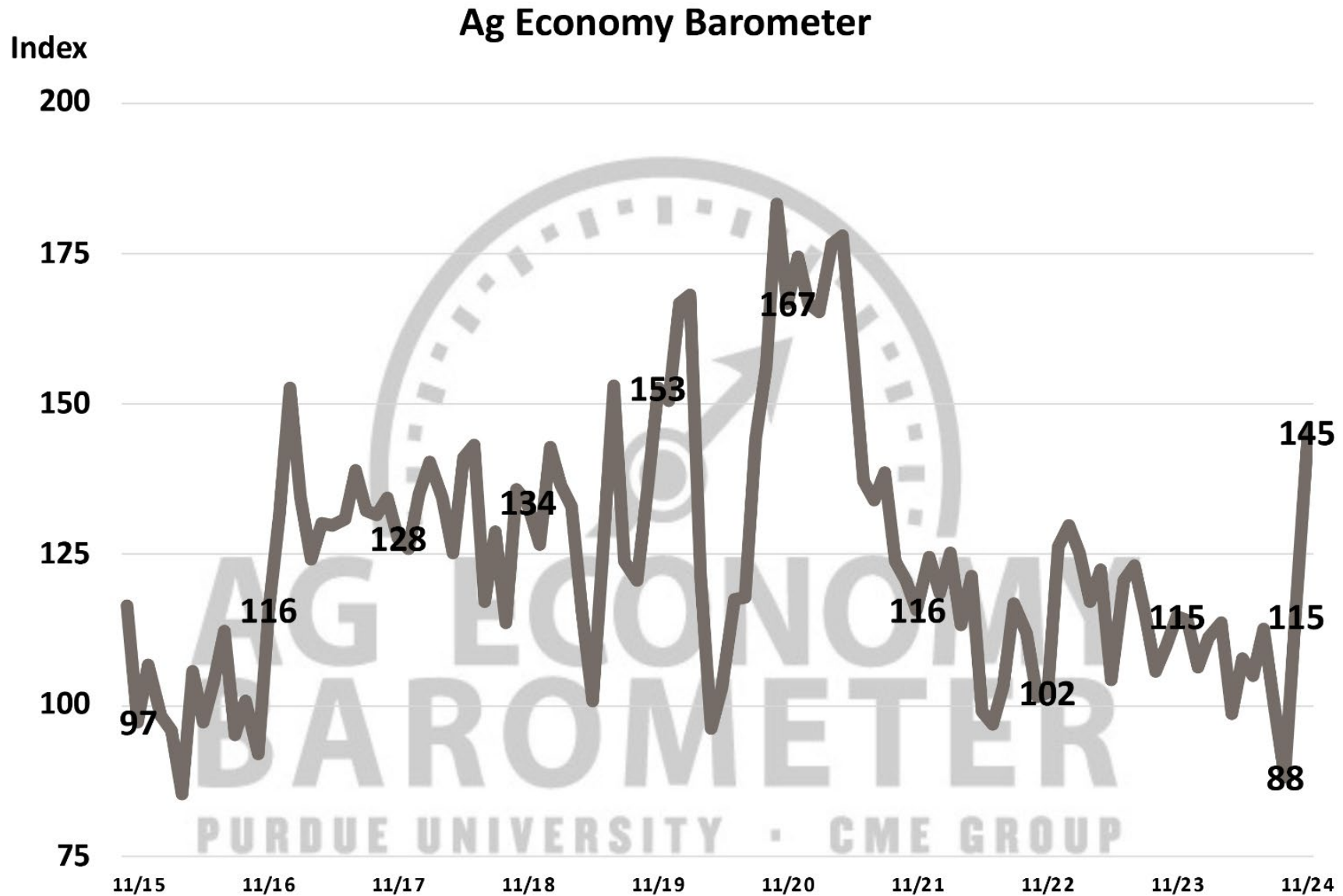


Midwest Farmland Values

WHAT TO EXPECT IN THE NEAR FUTURE?



Farmer Attitudes Have Zig-Zagged...

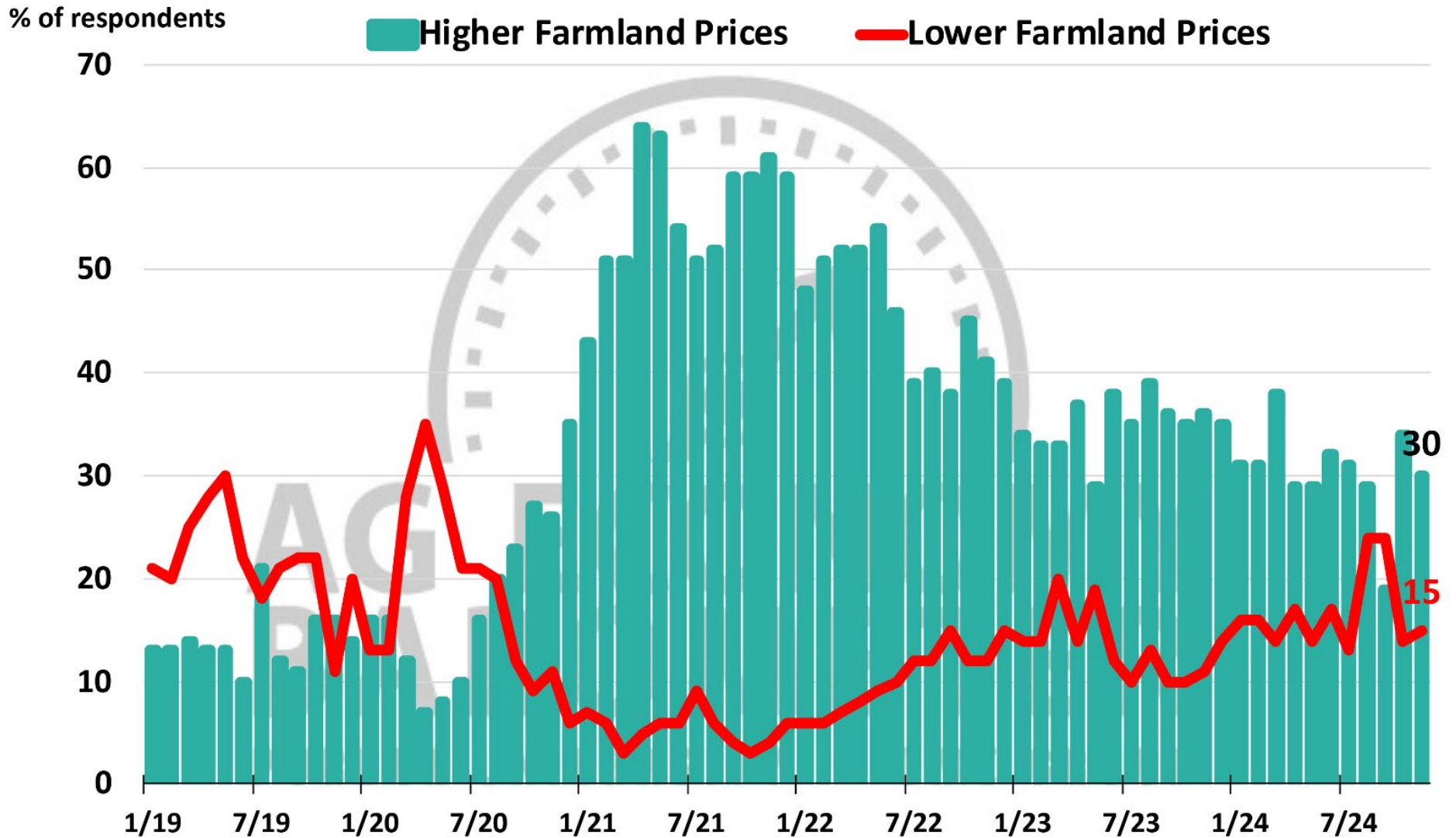


Source: Purdue Ag Economy Barometer, November 2024

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12-Month Expectations for Farmland

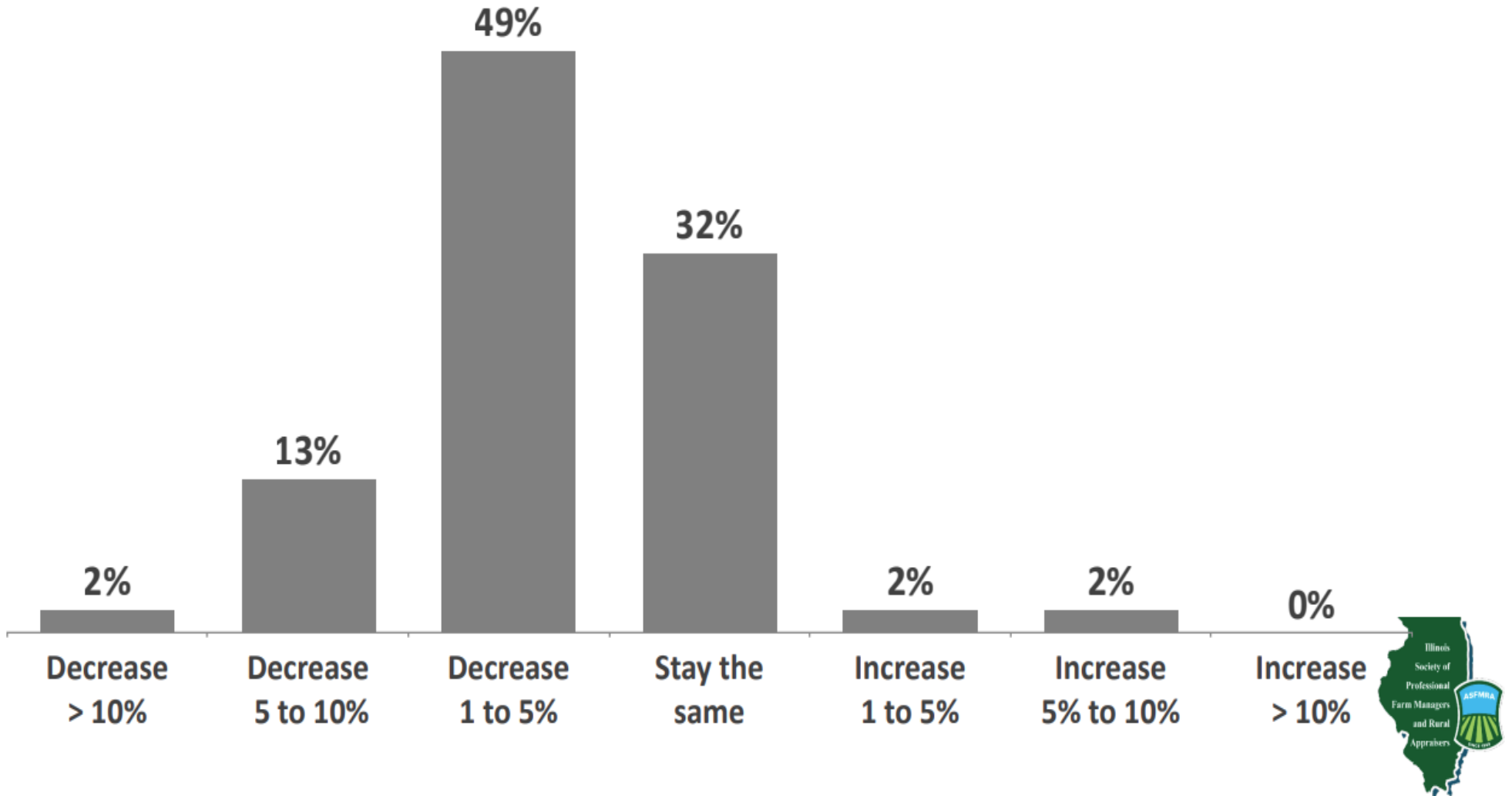


Source: Purdue Ag Economy Barometer, November 2024

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Land Price Expectations in Illinois

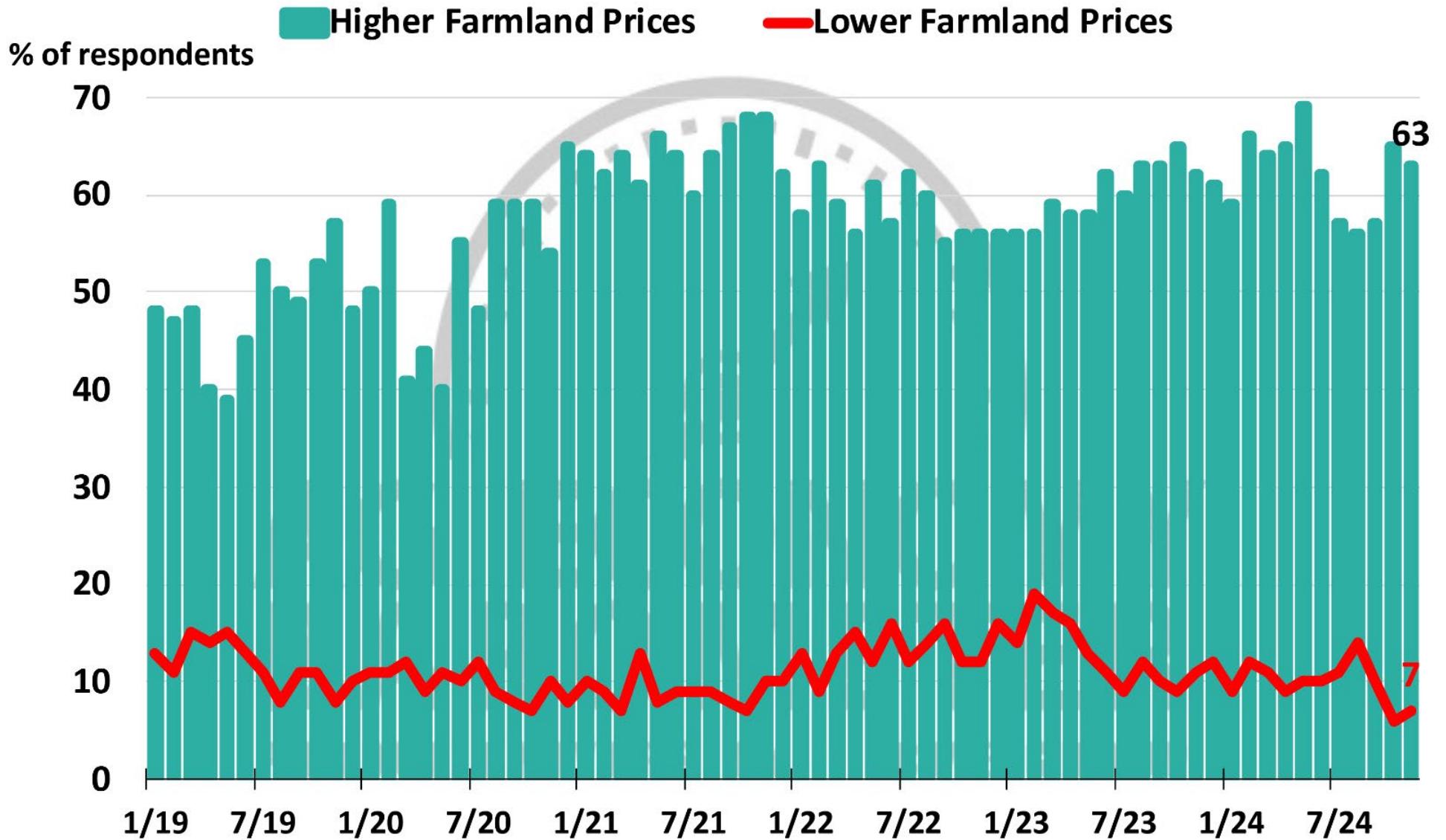


Source: ISPFMRA, March 2024

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5-Year Expectations for Farmland



Source: Purdue Ag Economy Barometer, November 2024

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What to watch in the coming months...

- **Commodity Prices**
 - What happens in 2025?
 - US Production vs. South America
- **Interest Rates & Inflation**
 - What's the Fed's next move?
 - When?
- **Sales Volume**
 - Slower in '24. Slow more in 2025?
 - Less overall land coming on should support demand.
 - May become “localized” issue.



What to watch in the coming months...

- **Farm Policy Under Trump**
 - New Farm Bill in 2025?
 - Crop Insurance protected/expanded?
- **Tax Policy Under Trump**
 - What will happen to the sunseting 2017 Tax Law?
 - Impact to Income & Capital Gains rates, Step-up in Basis, 1031 still allowed?
- **Tariffs, Free Trade under Trump?**



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Contact@Hertz.ag

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The screenshot shows the Hertz Farm Management website. At the top is the Hertz logo and a navigation menu with links: ABOUT, FARM MANAGEMENT, REAL ESTATE, APPRAISAL, AG INFO, SEMINARS, and INVEST. Below the navigation is a section titled "Contact one of our offices" featuring a map of the central United States with yellow location pins. To the right of the map is a "How Can We Help?" section with text explaining the company's goal to help with farm ownership and a form to request more information. Below the map is a "Find a Farmland Professional" search bar. Underneath is a list of 15 office locations, each with a name, phone number, and "Hertz" and "Details" buttons. At the bottom right is a contact form with fields for First Name, Last Name, Phone, Email, and Message, along with a "Join Our Mailing List" checkbox and a "Submit" button.

Office Location	Phone Number	Buttons
Cedar Falls, IA	Phone: 319-224-1949	Hertz, Details
Humboldt, IA	Phone: 515-322-1406	Details
Mason City, IA	Phone: 641-423-9531	Details
Mt. Vernon, IA	Phone: 319-895-8958	Hertz, Details
Nevada, IA	Toll Free: 800-593-5263	Details
Strawberry Point, IA	Phone: 563-933-4973	Details
Washington, IA	Phone: 319-382-3243	Details
DeKalb, IL	Phone: 815-748-4440	Details
Geneseo, IL	Phone: 309-944-2184	Hertz, Details
Kankakee, IL	Phone: 815-935-9878	Details
Monticello, IL	Phone: 217-762-9881	Hertz, Details
Norfolk, NE	Phone: 402-971-9226	Details
Omaha, NE	Phone: 402-697-7500	Hertz, Details
Mankato, MN	Phone: 507-345-5263	Hertz, Details

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