

The logo for Hertz Farm Management, Inc. 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
Summer 2024**

Land Trends & Values



www.Hertz.ag



Agenda



- **Discuss Current Market**
- **Discuss What's Driving this Market & What has Changed in Past Year**
- **Discuss Expectations for 2024+**
- **Questions?**



Farmland Values

Farmland values are a barometer of the economic health and wealth of the farming economy.



Where Are We Now?





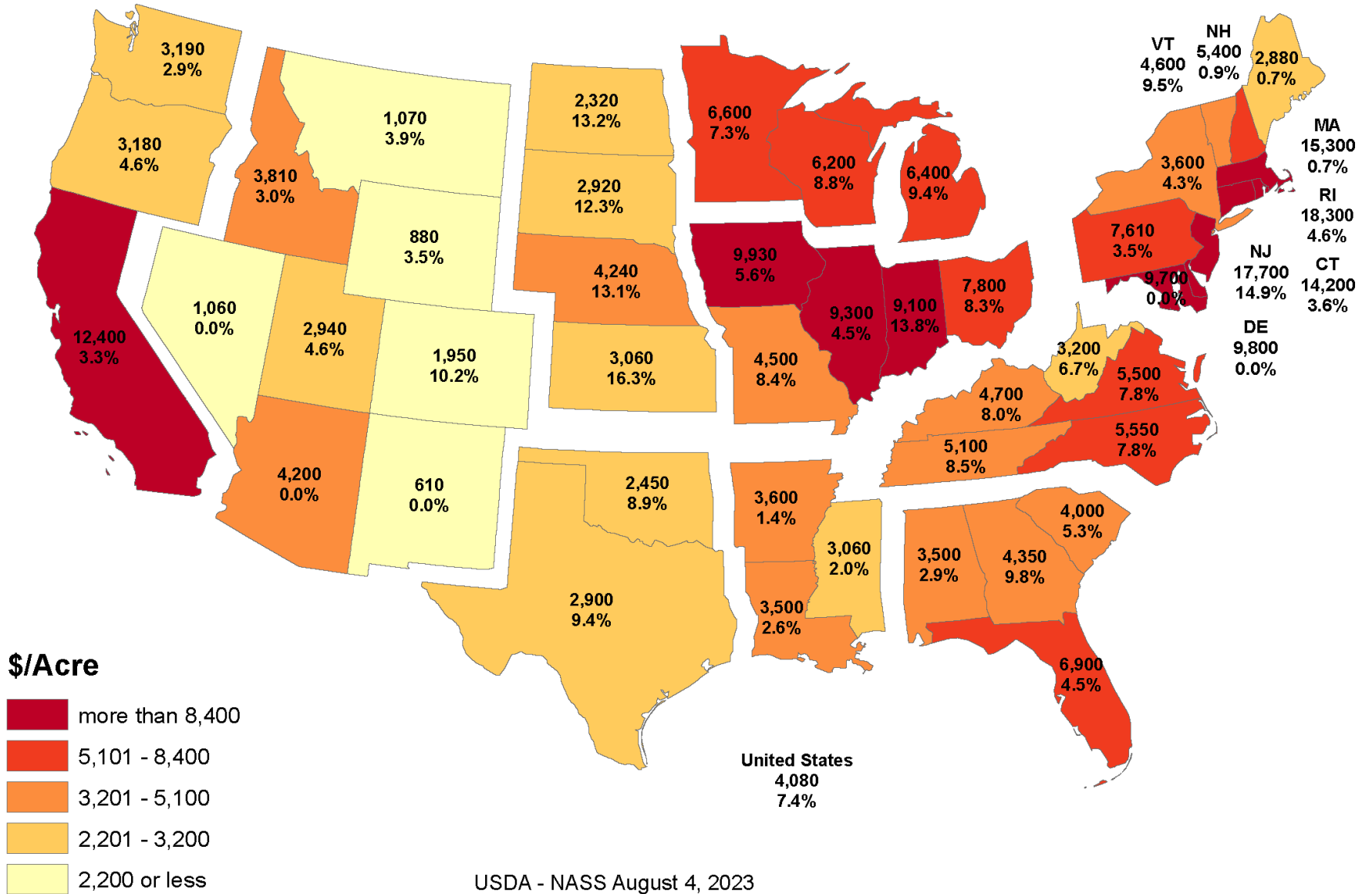
Midwest Farmland Values

THE 2024 FARMLAND MARKET...



2023 Farm Real Estate Value by State

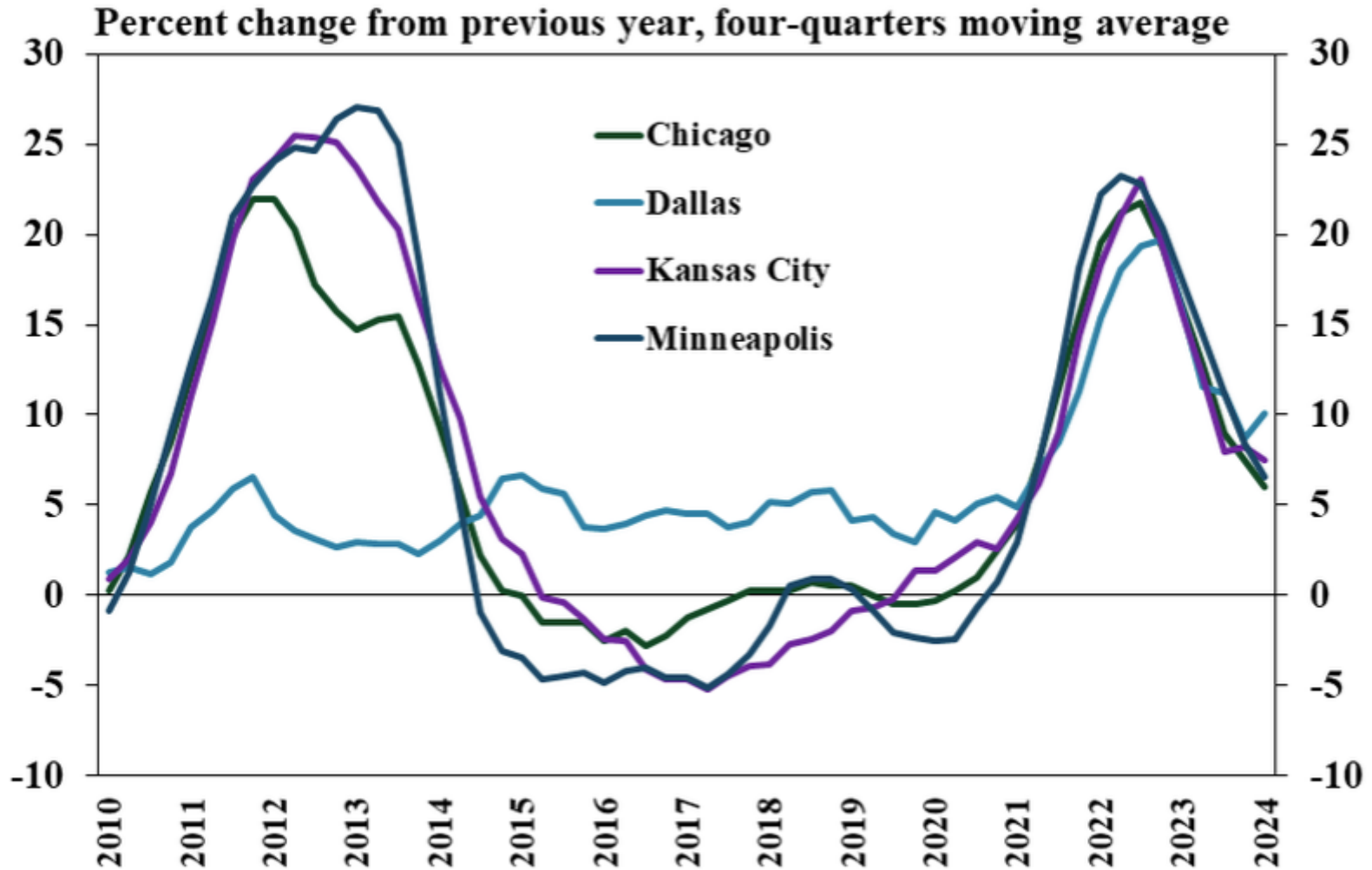
Dollars per Acre and Percent Change from 2022



USDA - NASS August 4, 2023



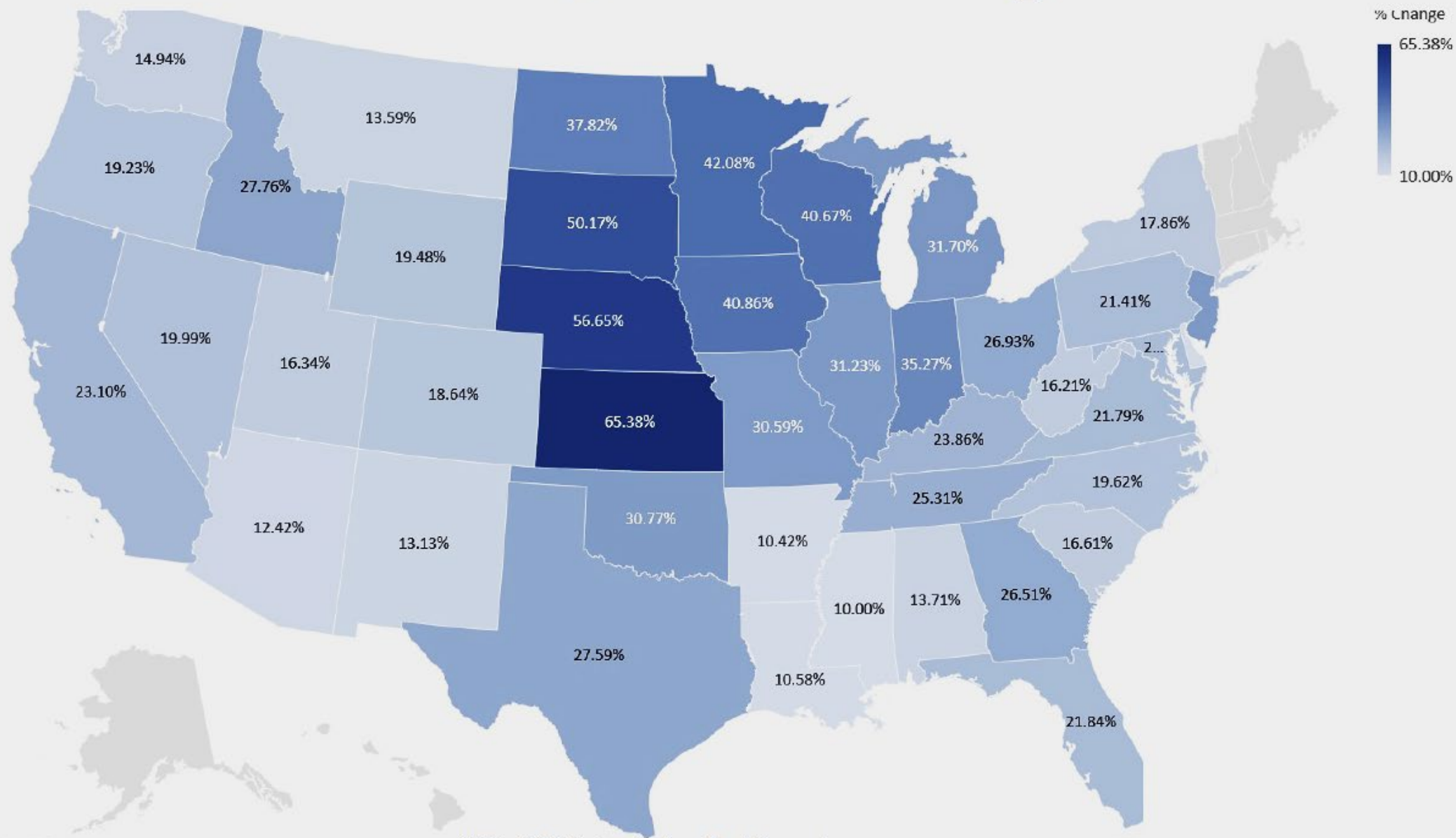
Land Values – Long Term



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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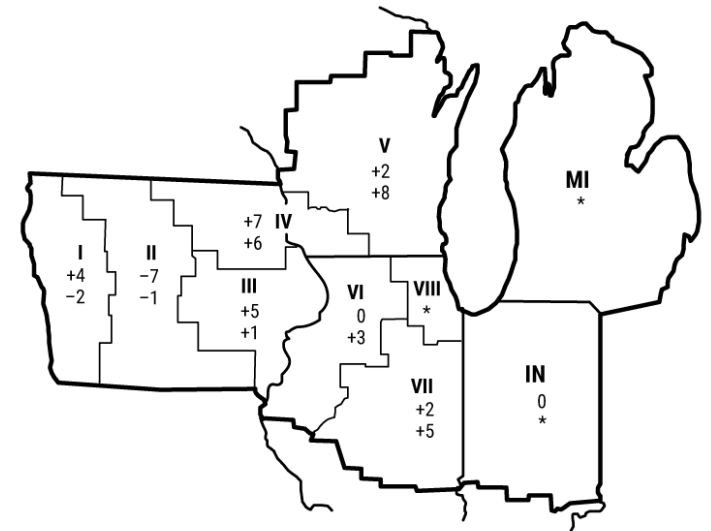
Chicago Federal Reserve Survey

Percent Change in Dollar Value of “Good” Farmland

January 1, 2024
to
April 1, 2024

April 1, 2023
to
April 1, 2024

Illinois	+1	+5
Indiana	0	*
Iowa	+1	0
Michigan	*	*
Wisconsin	+3	+10
Seventh District	+2	+4



Top: January 1, 2024 to April 1, 2024
Bottom: April 1, 2023 to April 1, 2024



Source: Federal Reserve Bank of Chicago,
AgLetter, No. 2004, May 2024

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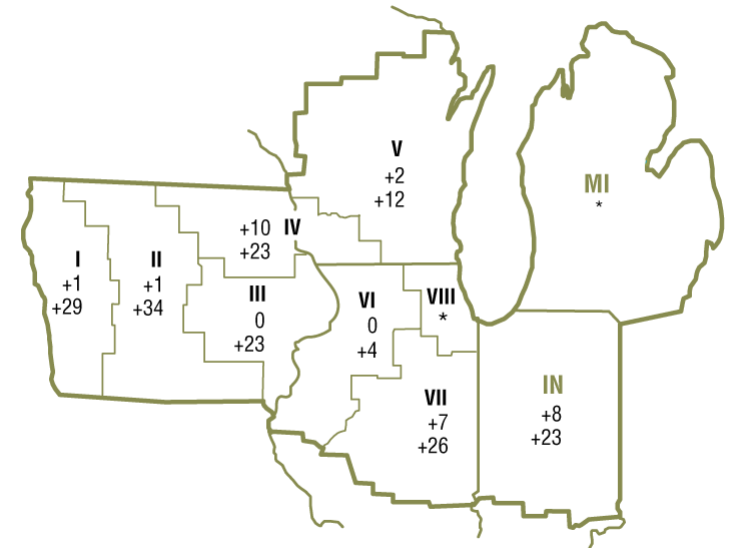


Let's Compare to May 2022...

Chicago Federal Reserve Survey

Percent Change in Dollar Value of "Good" Farmland

	January 1, 2022 to April 1, 2022	April 1, 2021 to April 1, 2022
Illinois	+4	+18
Indiana	+8	+23
Iowa	+3	+28
Michigan	*	*
Wisconsin	+4	+13
Seventh District	+7	+23



Top: January 1, 2022 to April 1, 2022
Bottom: April 1, 2021 to April 1, 2022



Iowa REALTORS® Land Institute

March 2023 – September 2023 **-0.2%**

September 2023 – March 2024 **-3.1%**

March 2023 – March 2024 **-3.3%**



Source: Iowa RLI

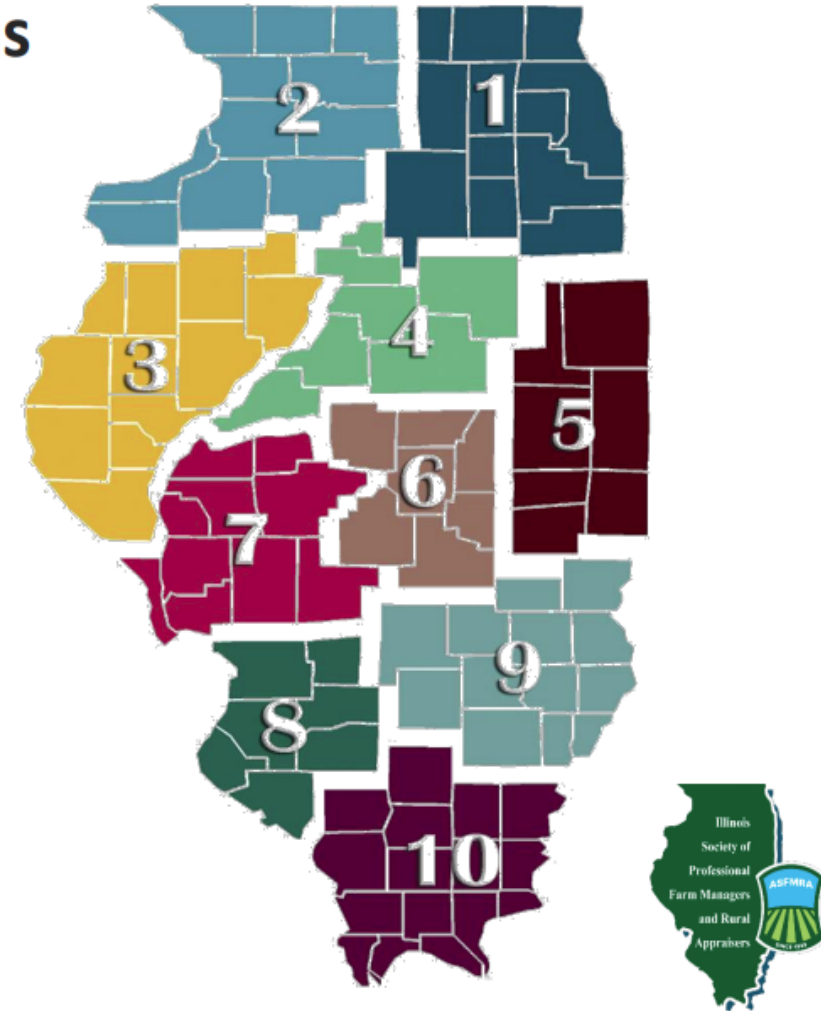
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Illinois – Land Values March 2024

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%)



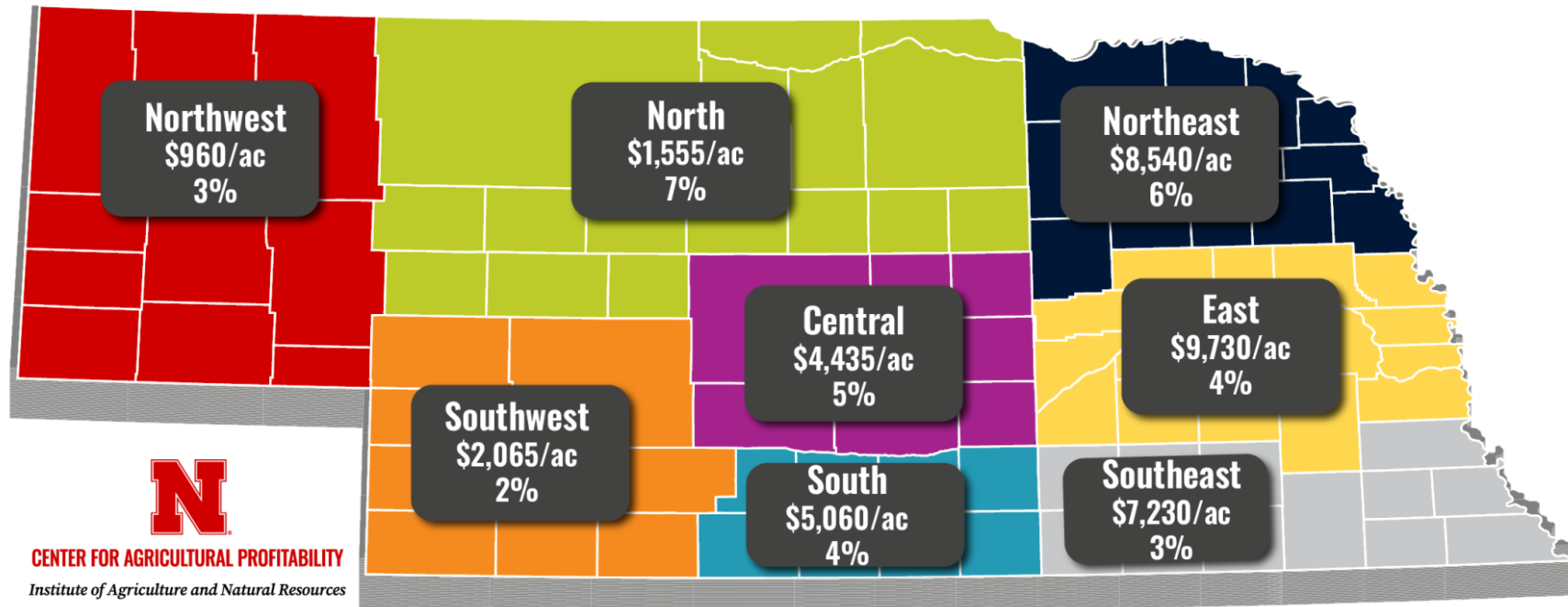
Source: ISPFMRA March 2024

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Nebraska – 2024 Values Release

Average Value Per Acre of Nebraska Agricultural Land as of Feb. 1, 2024, and Percent Change from Prior Year



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



Source: University of Nebraska at Lincoln, March 2024

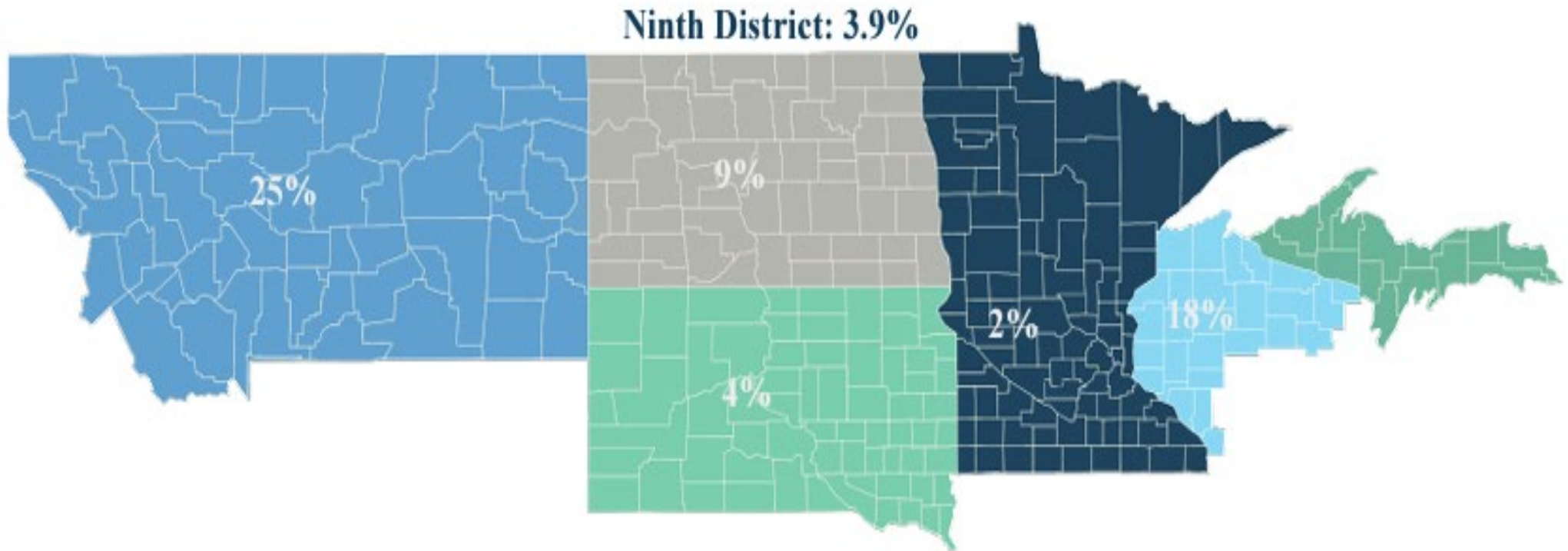
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Minnesota – 2024 Land Values

LAND VALUES UP FROM LAST YEAR

AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2023Q1-2024Q1



Source: Minneapolis Fed Reserve Bank

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Midwest Farmland Values

WHAT'S DRIVING THE MARKET?





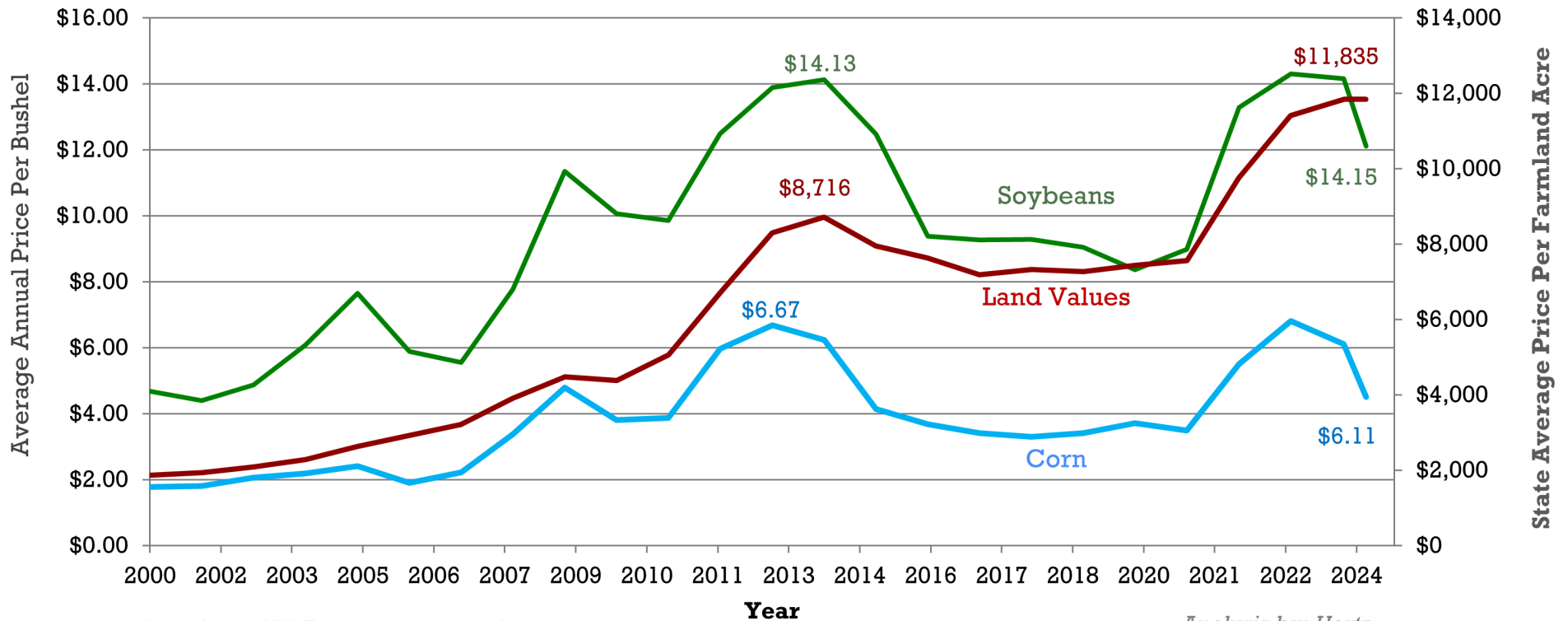
Midwest Farmland Values

WHAT'S DRIVING THE MARKET? -COMMODITY PRICES



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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Commodity Prices...

December 2024 Corn

ZC - Corn - Weekly Line Chart



Source: Marketwatch.com

www.Hertz.ag



Commodity Prices...

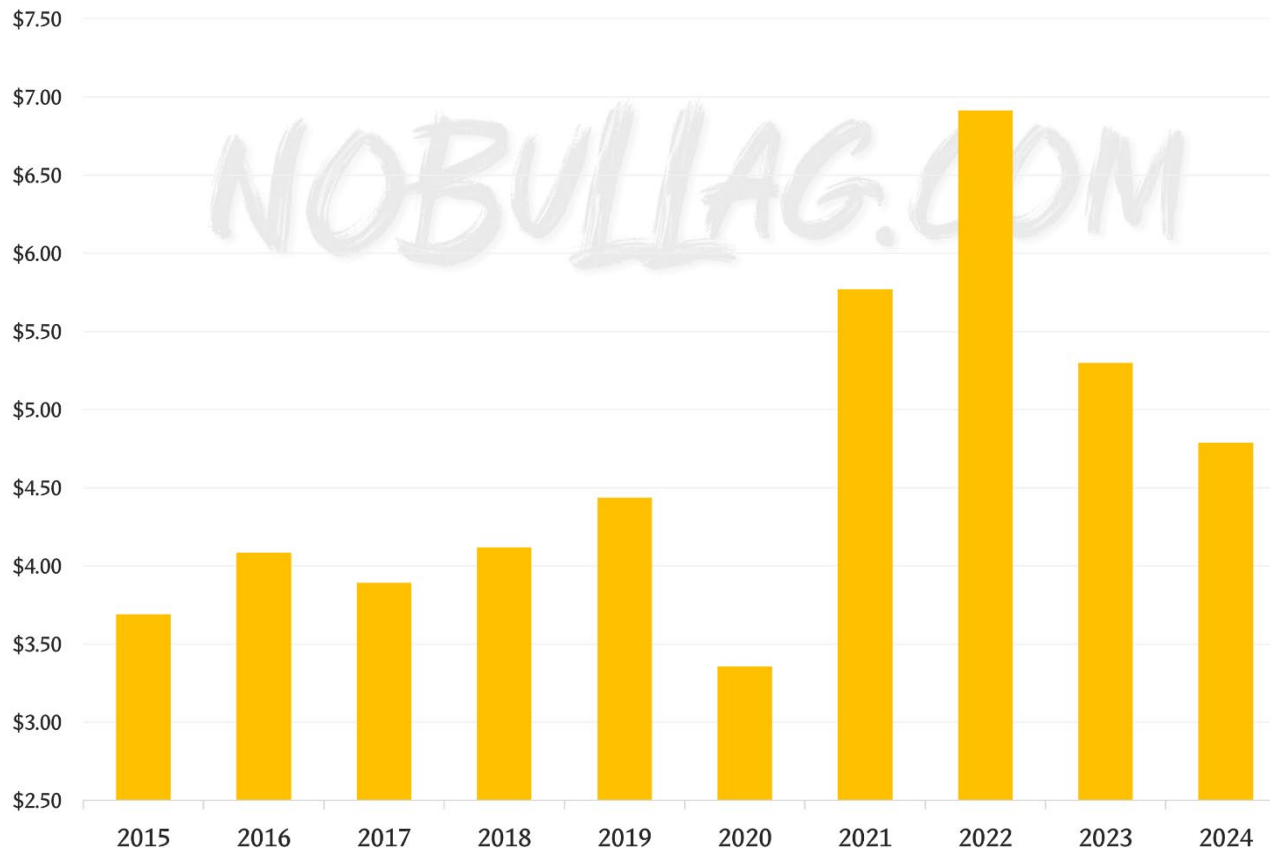
December 2024 Corn



December Corn Futures
End of May | Crop Year

barchart

@SusanNOBULL



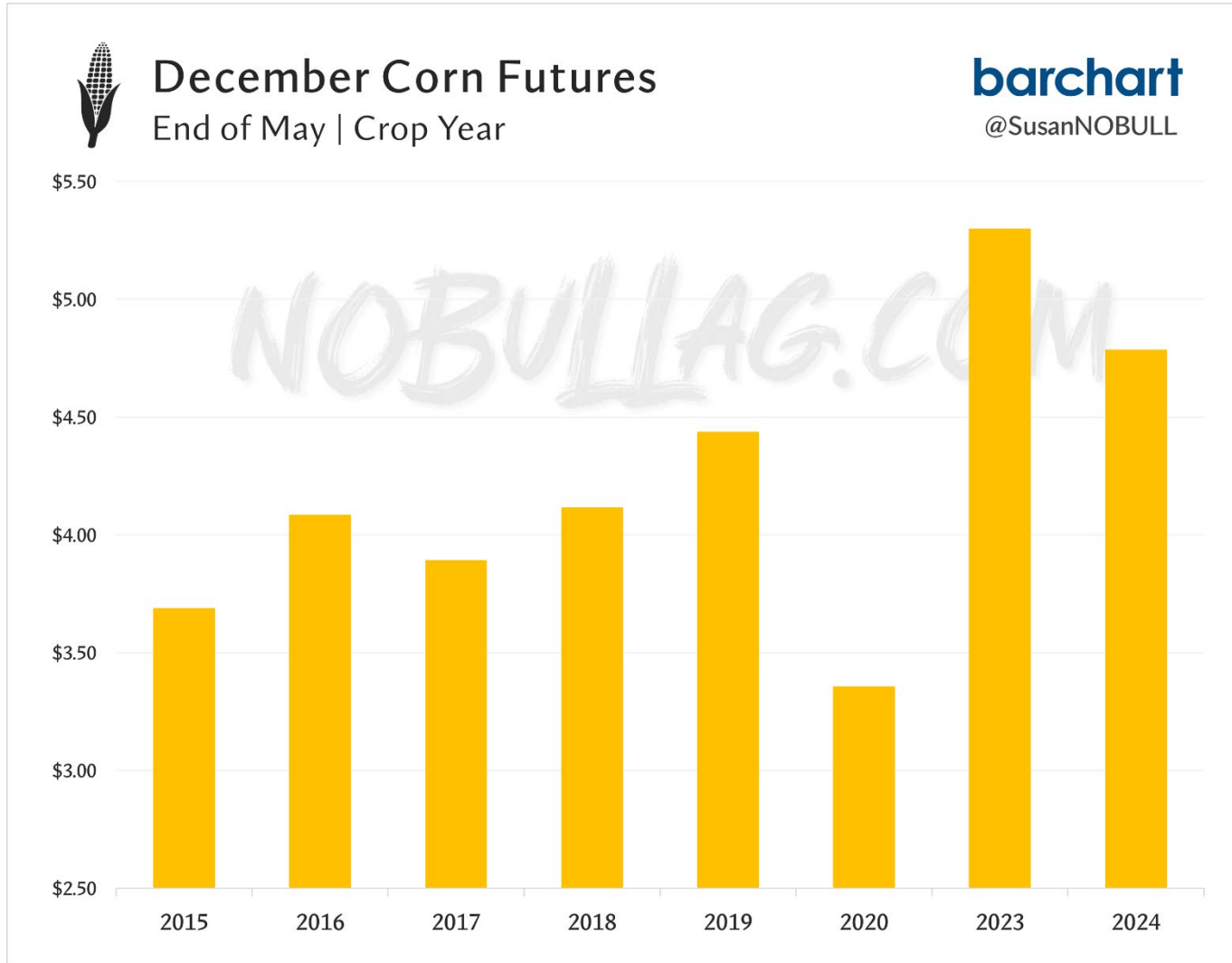
Source: NoBullAg.com

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Commodity Prices...

December 2024 Corn



Source: NoBullAg.com

www.Hertz.ag



Commodity Prices...

November 2024 Soybeans

ZS - Soybean - Weekly Line Chart



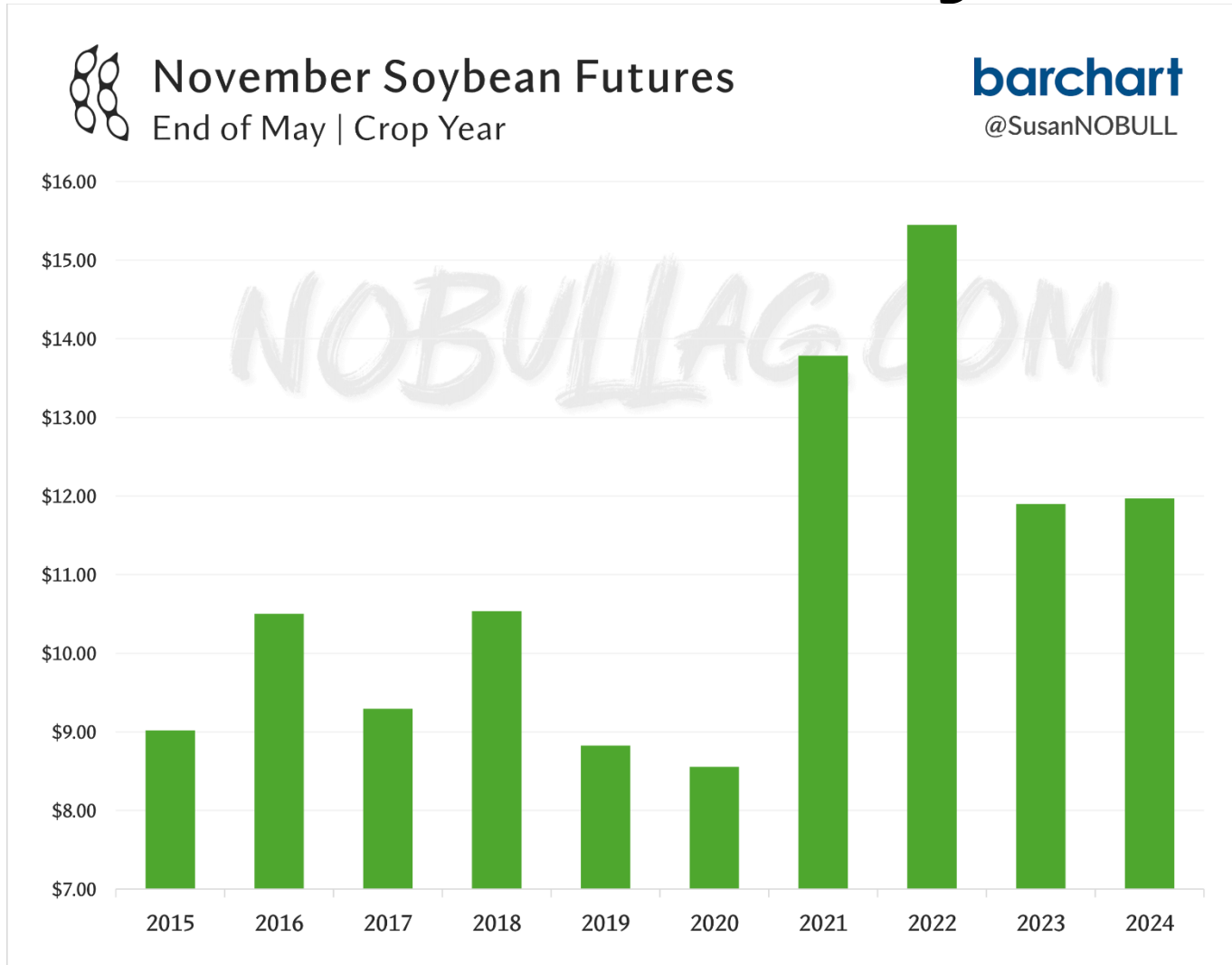
Source: Marketwatch.com

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Commodity Prices...

November 2024 Soybeans



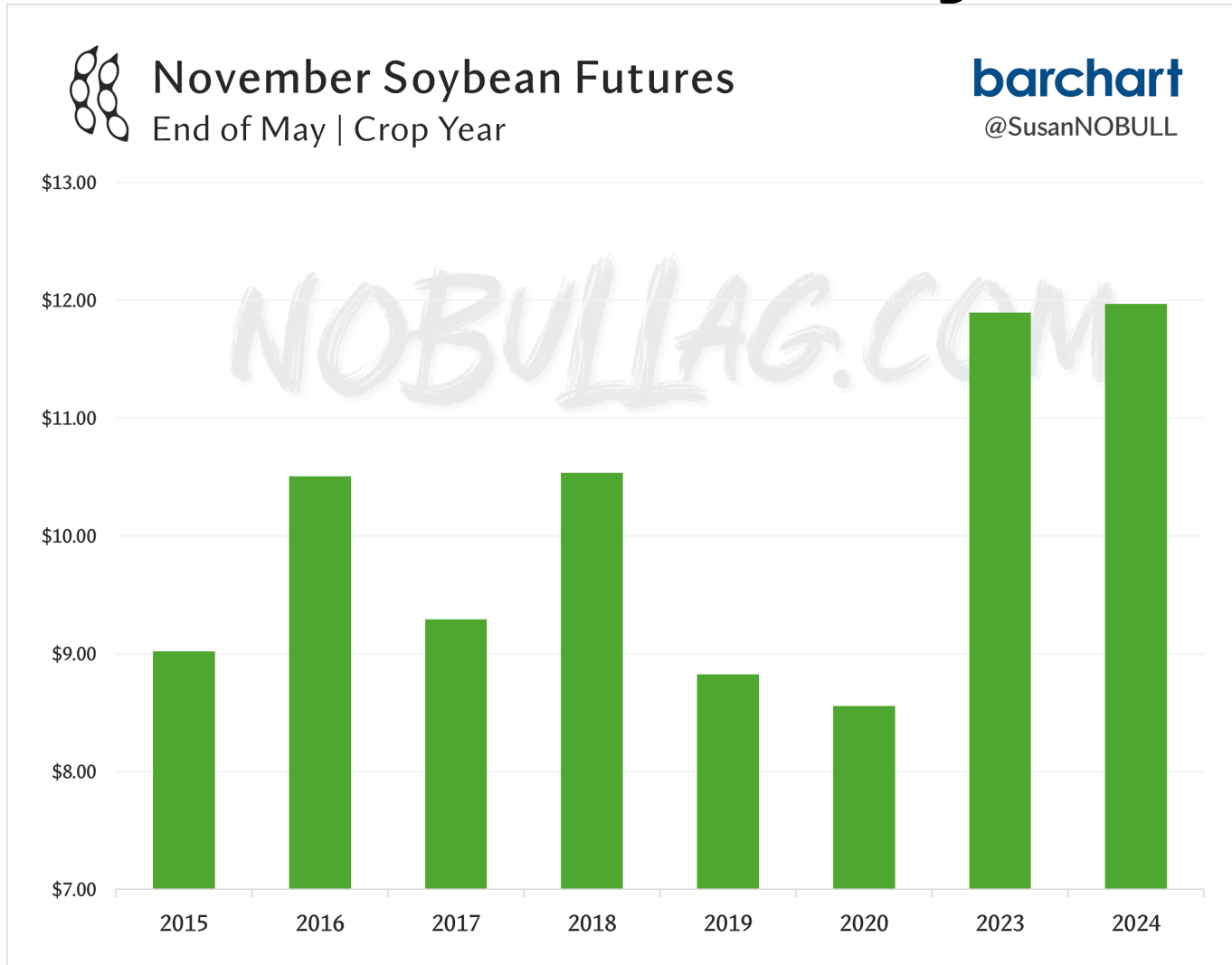
Source: NoBullAg.com

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Commodity Prices...

November 2024 Soybeans



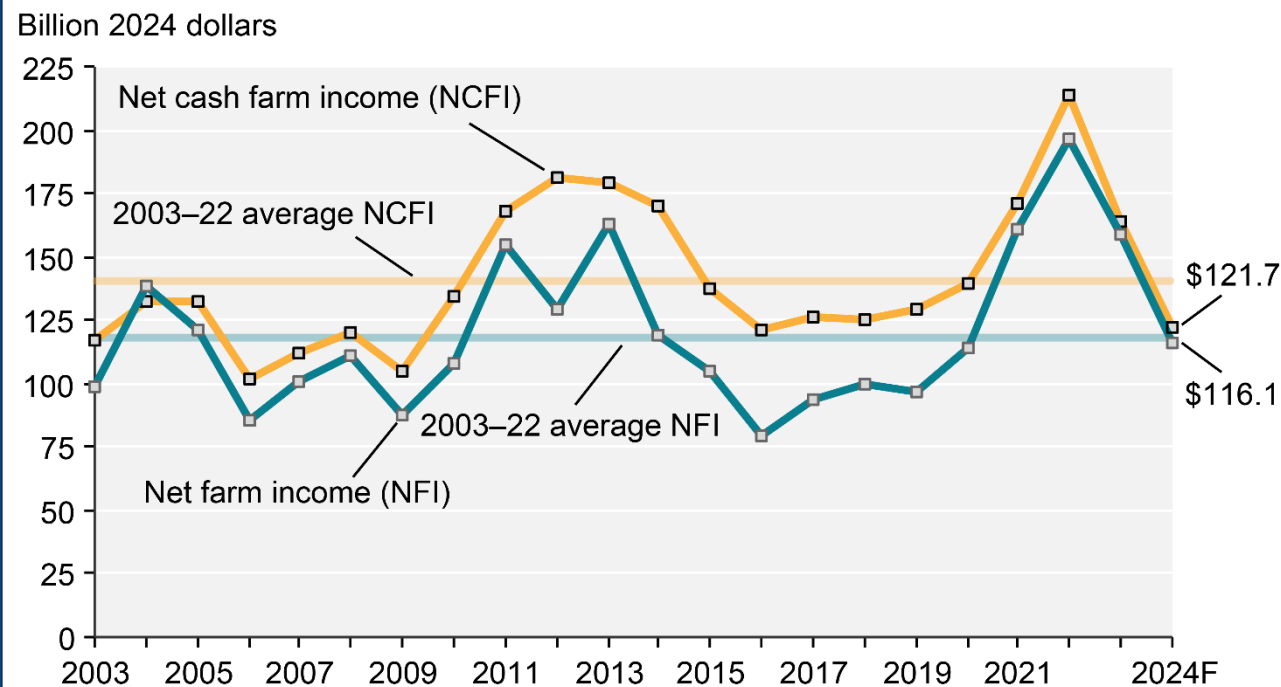
Source: NoBullAg.com

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Ag was Uber-Profitable in '21 & '22... But 2023 not as much... & 2024???

U.S. net farm income and net cash farm income, inflation adjusted, 2003–24F

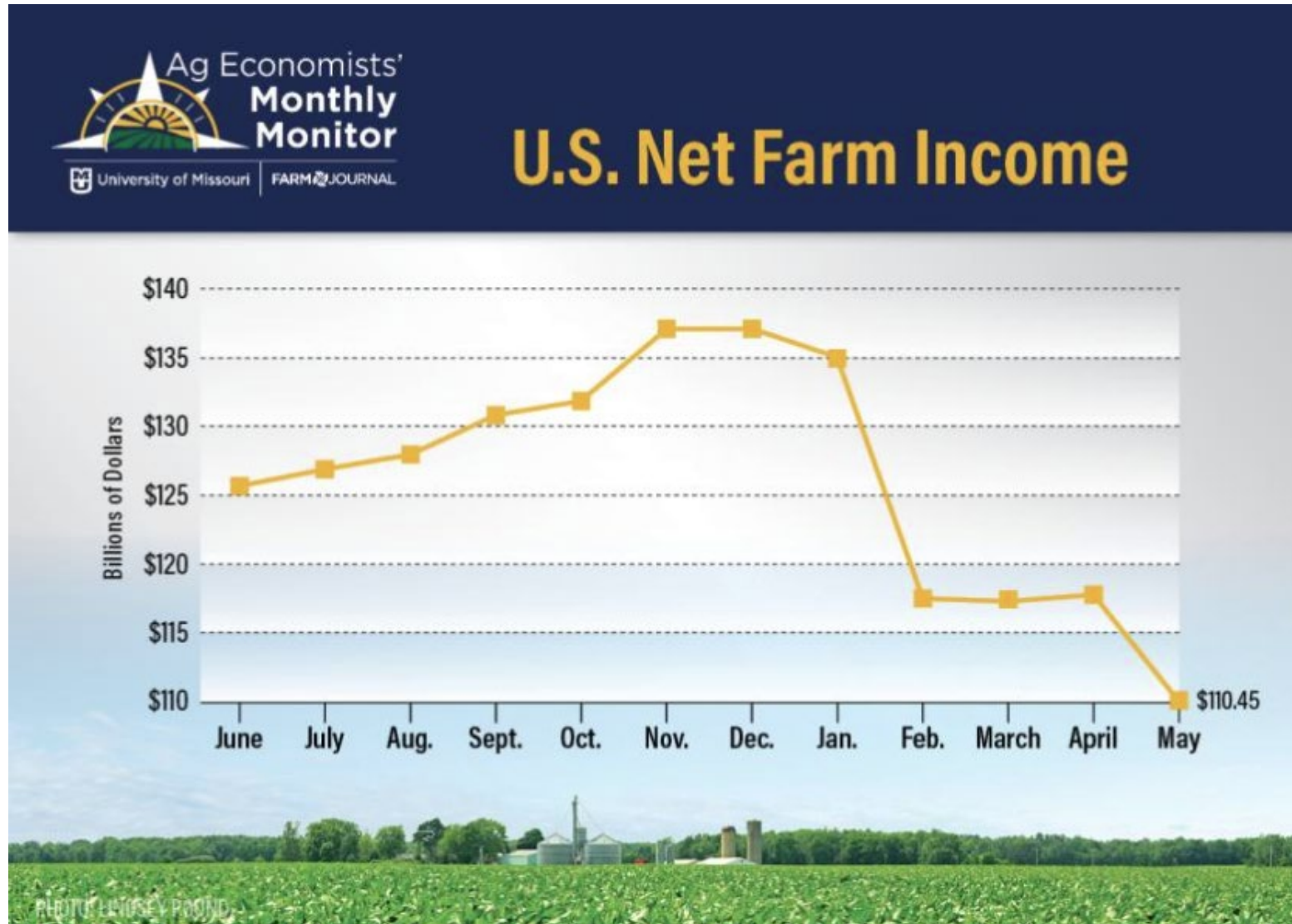


Note: F = forecast; data for 2023 and 2024 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2024 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 7, 2024.



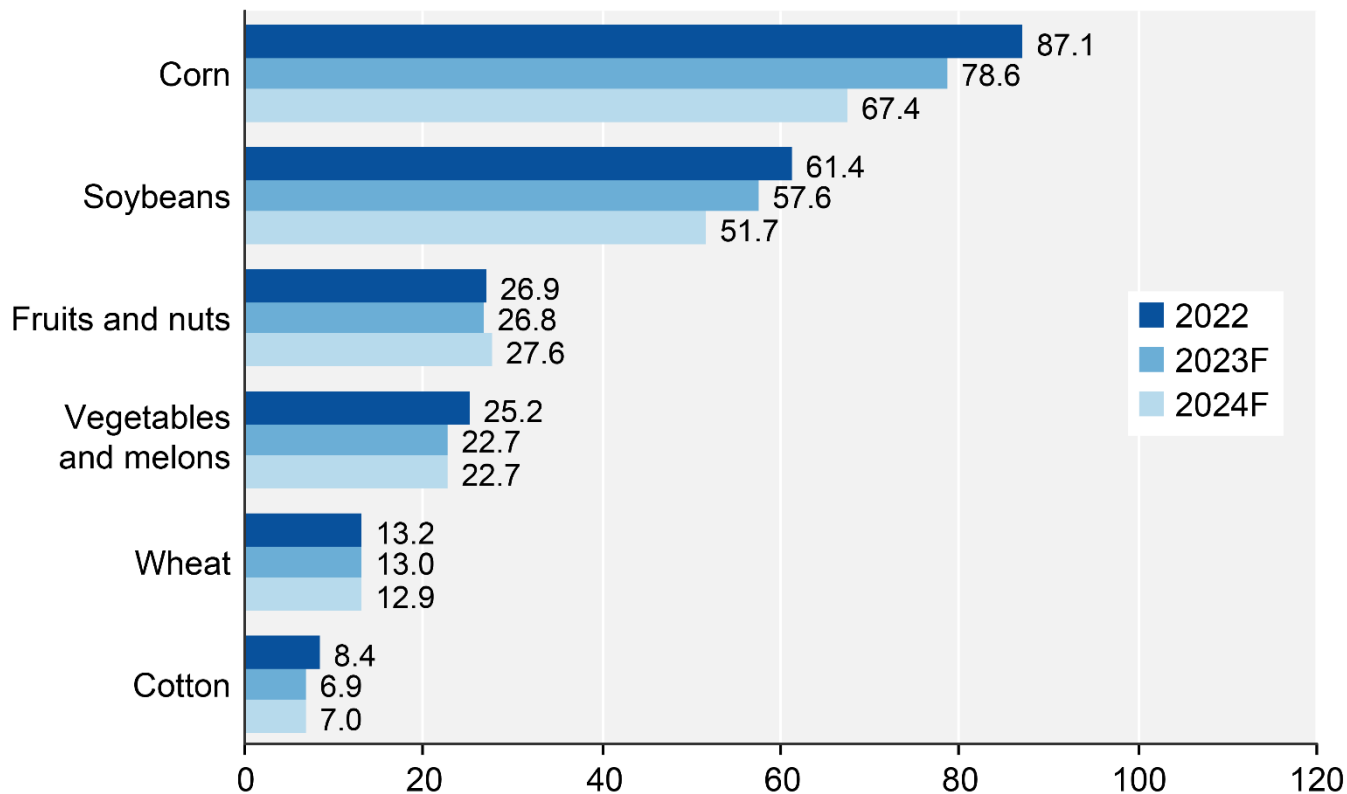
Thus far 2024 is... Trending Down



Where is the Crop Revenue Coming From?

U.S. cash receipts for selected crops, 2022–2024F

Billion dollars (nominal)



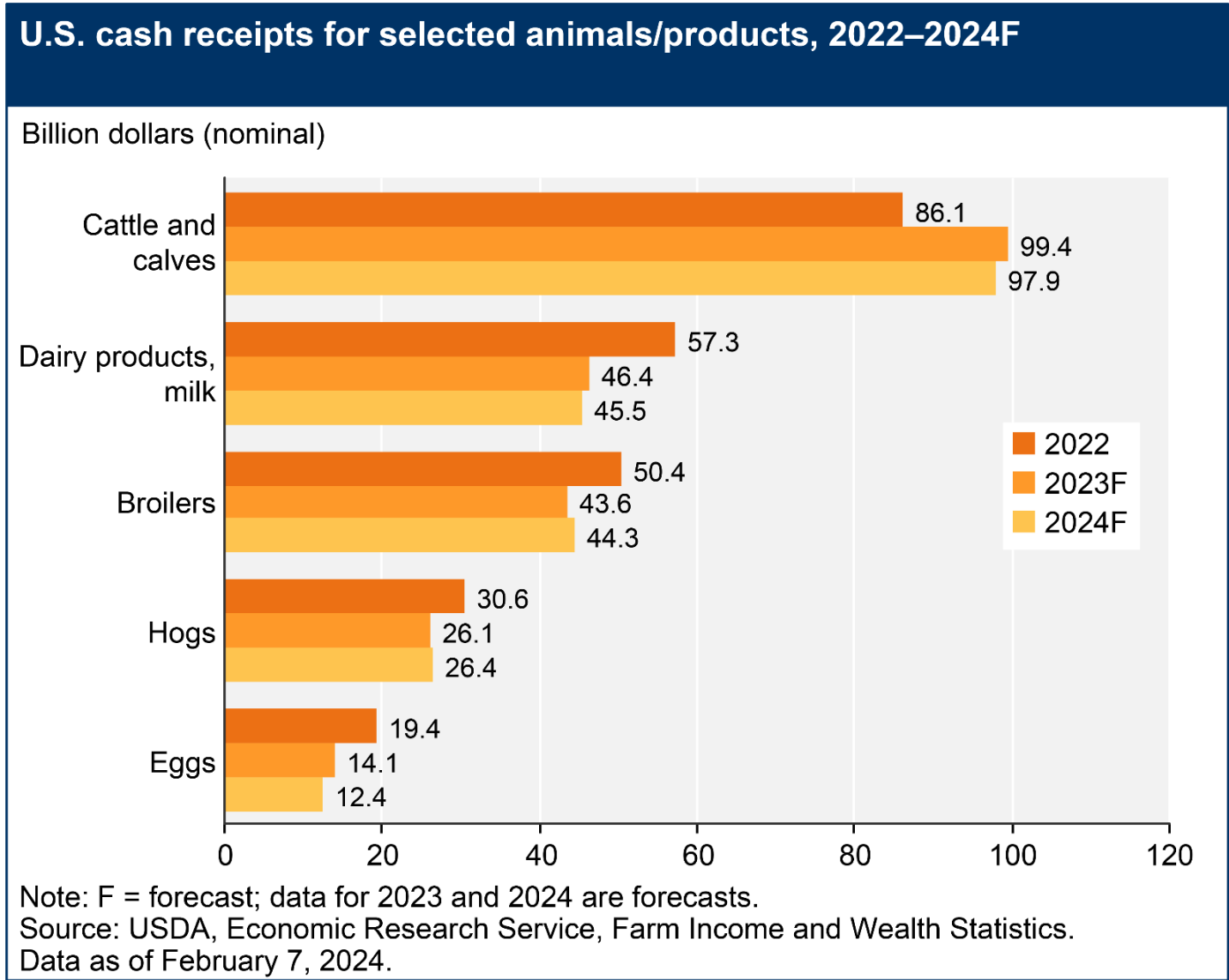
Note: F = forecast; data for 2023 and 2024 are forecasts.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2024.



How about the Livestock Revenue?





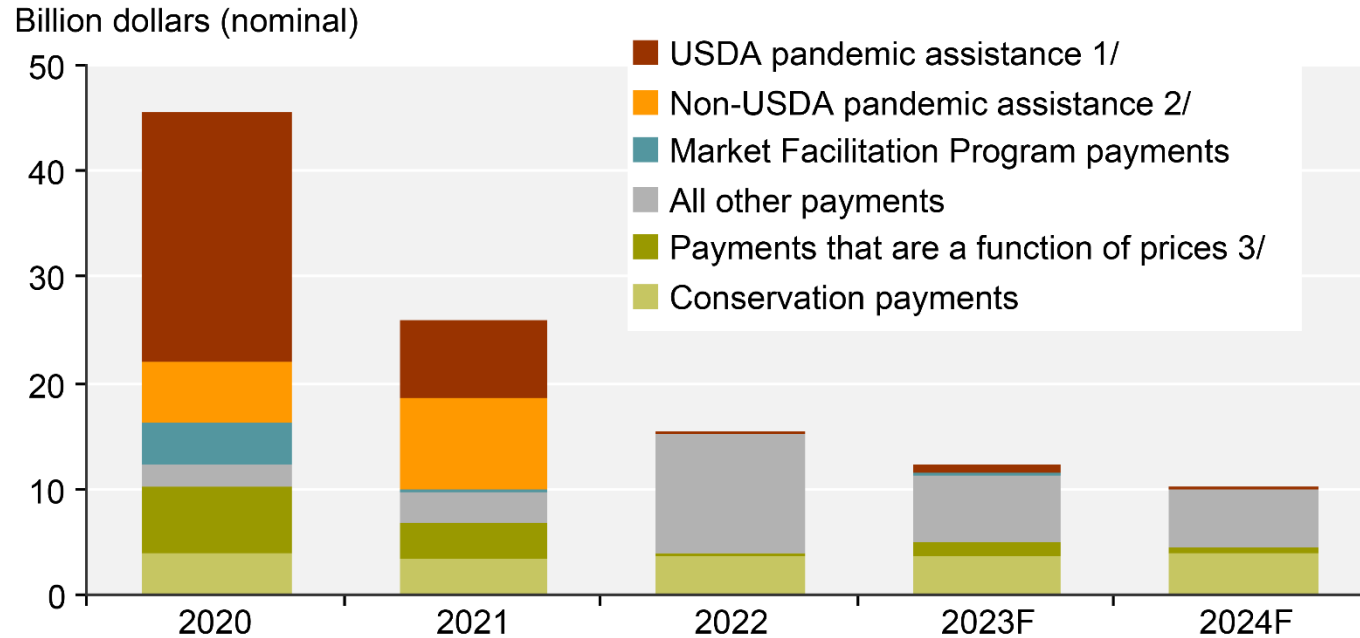
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WHAT'S DRIVING THE MARKET? -OTHER REVENUE SOURCES



How about the Government Payments?

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



F = forecast.

1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.

2/ Includes forgiven loans from the Paycheck Protection Program.

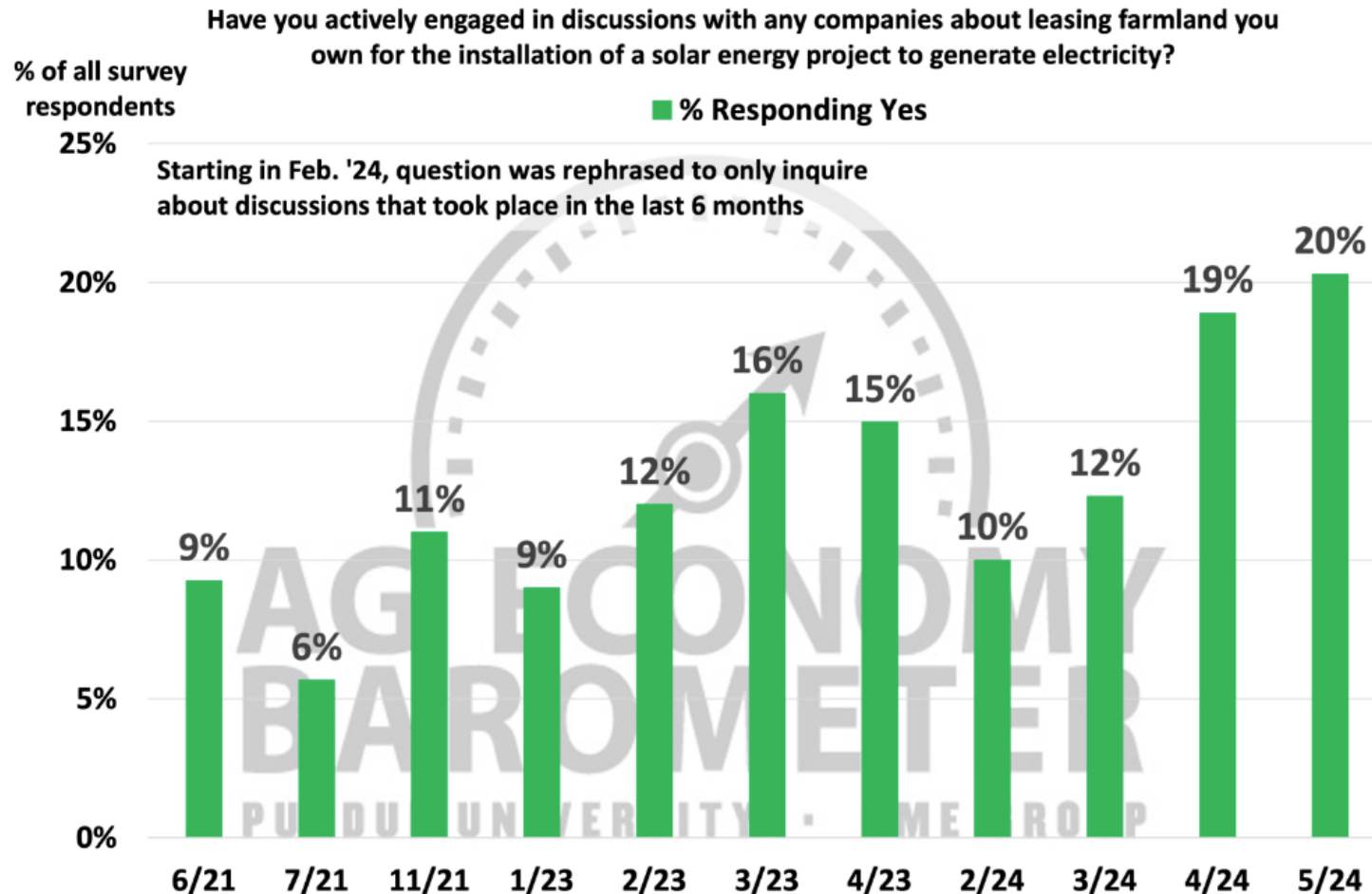
3/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2024.



What about the Solar Farms?

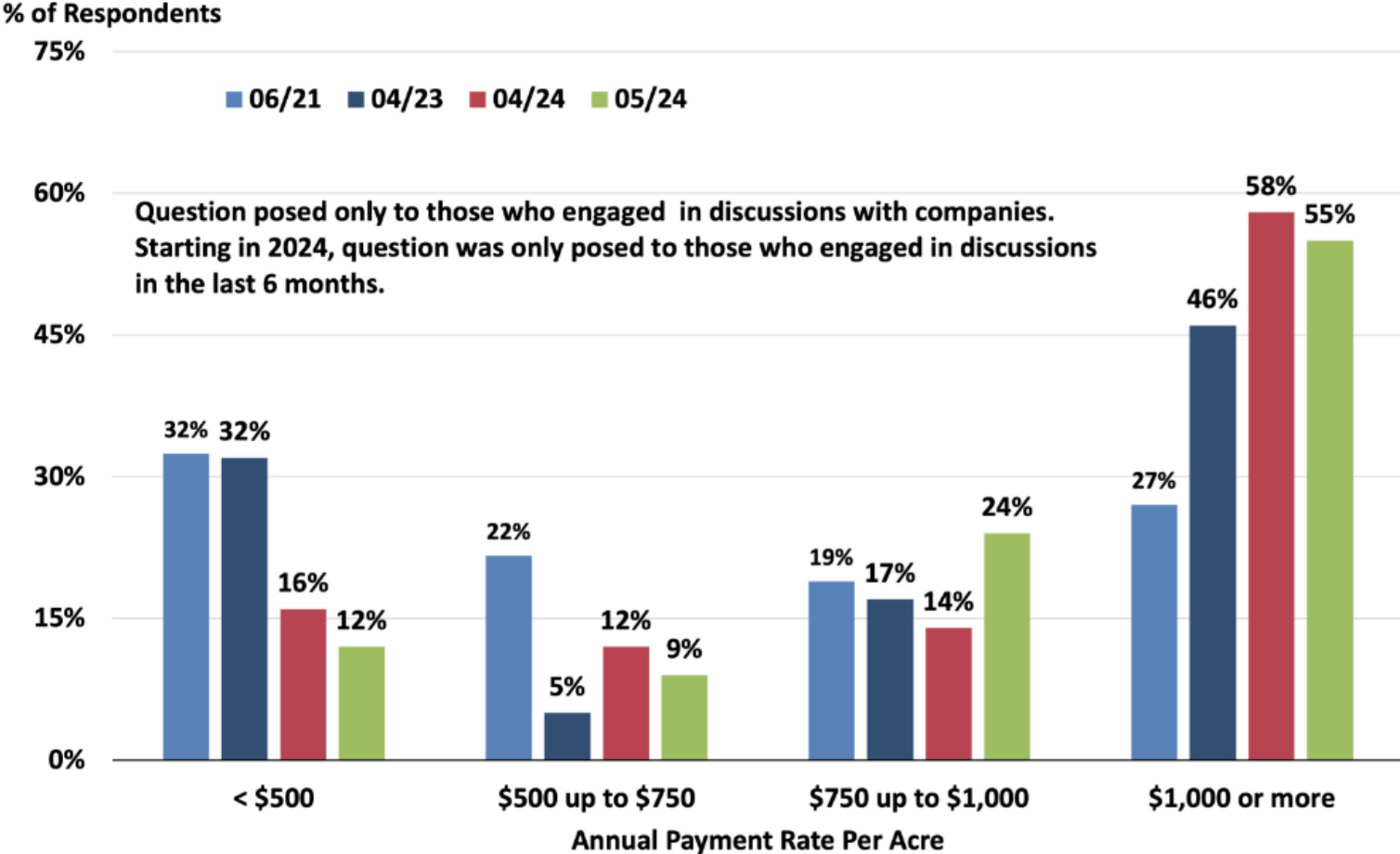


Source: Purdue Center for Commercial Agriculture, Producer Survey, May 2024



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



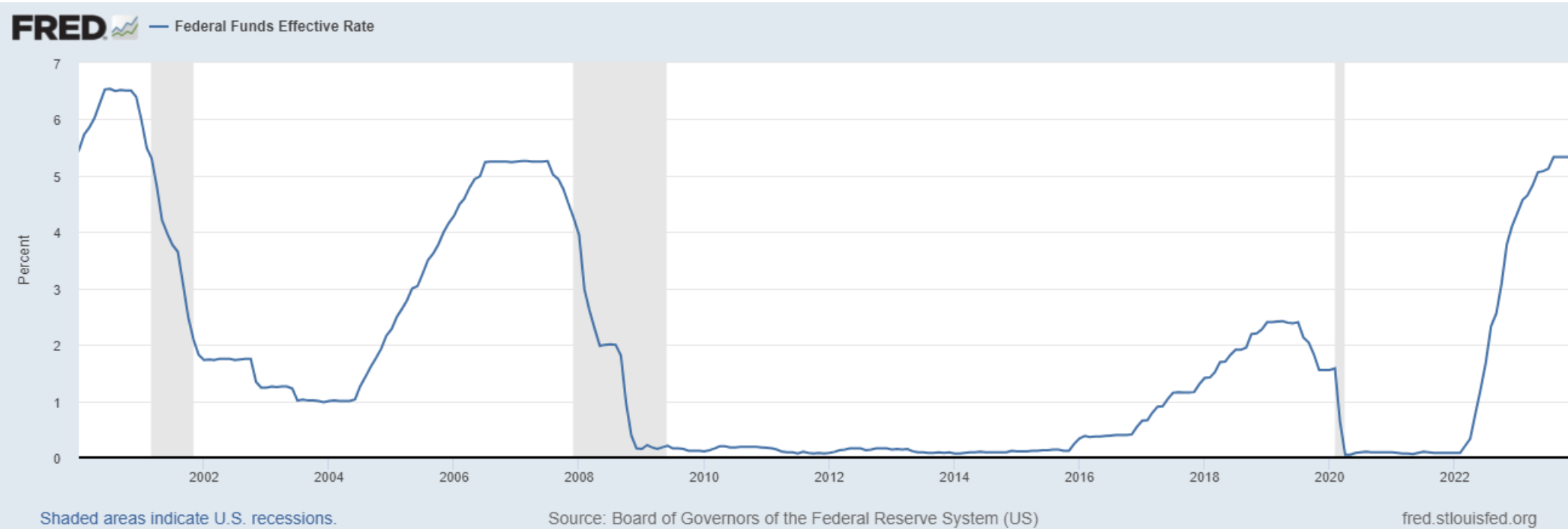


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WHAT'S DRIVING THE MARKET? -INTEREST RATES



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 5.25%

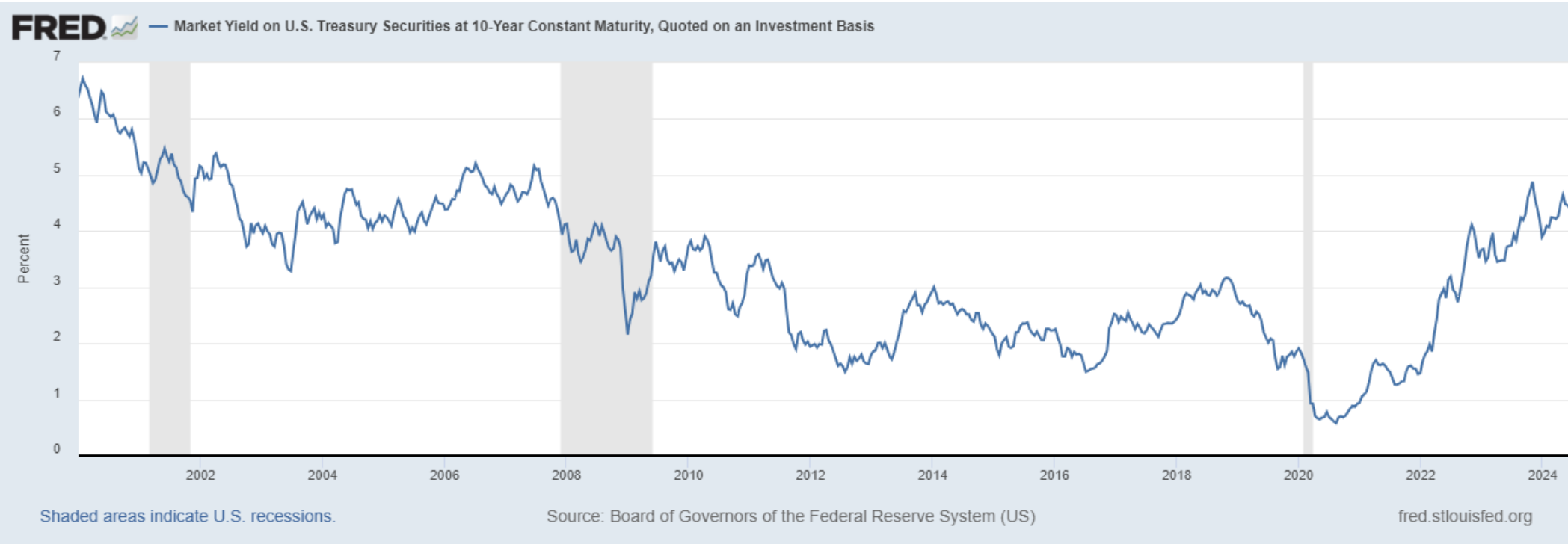


Source: St. Louis Federal Reserve Bank

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Interest Rates – 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 the highest we've seen in that time.



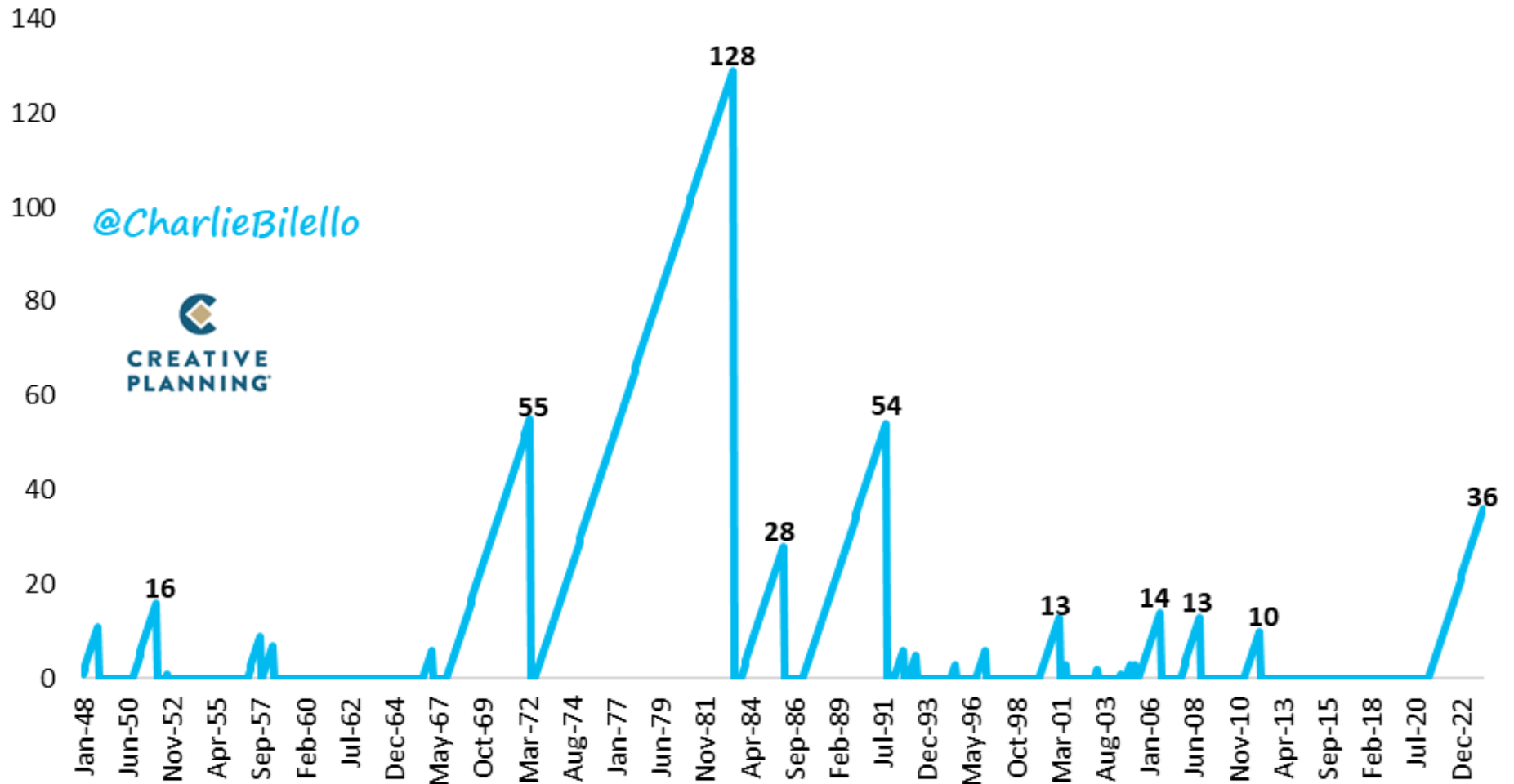
Source: St. Louis Federal Reserve Bank

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Why Higher Rates?

US CPI Inflation (YoY % Change): Consecutive Months Above 3%
(Seasonally Adjusted, Jan 1948 - Mar 2024)

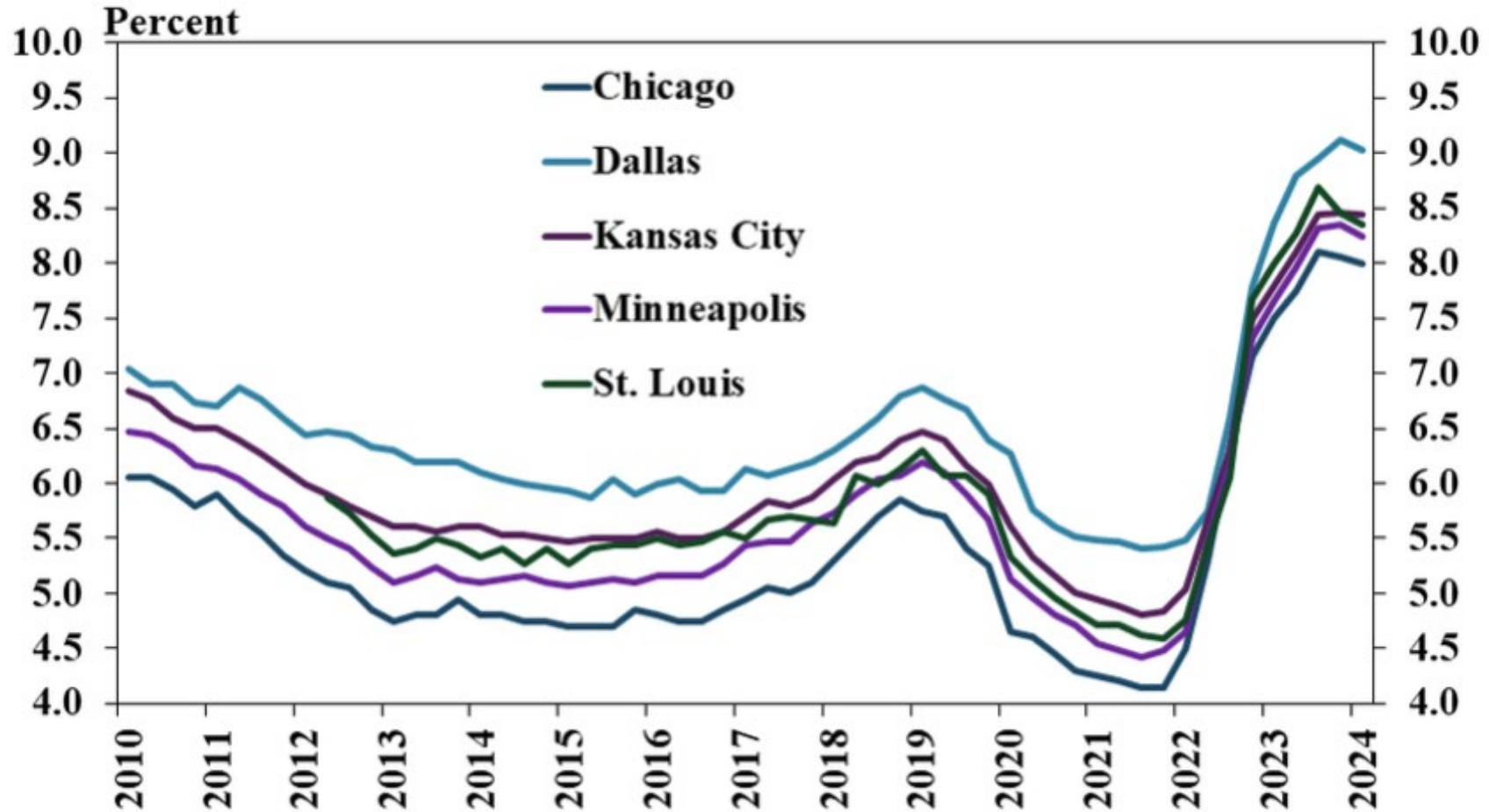


Source: Creative Planning, June 2024 Update

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Back to Interest Rate Reality... Long-Term



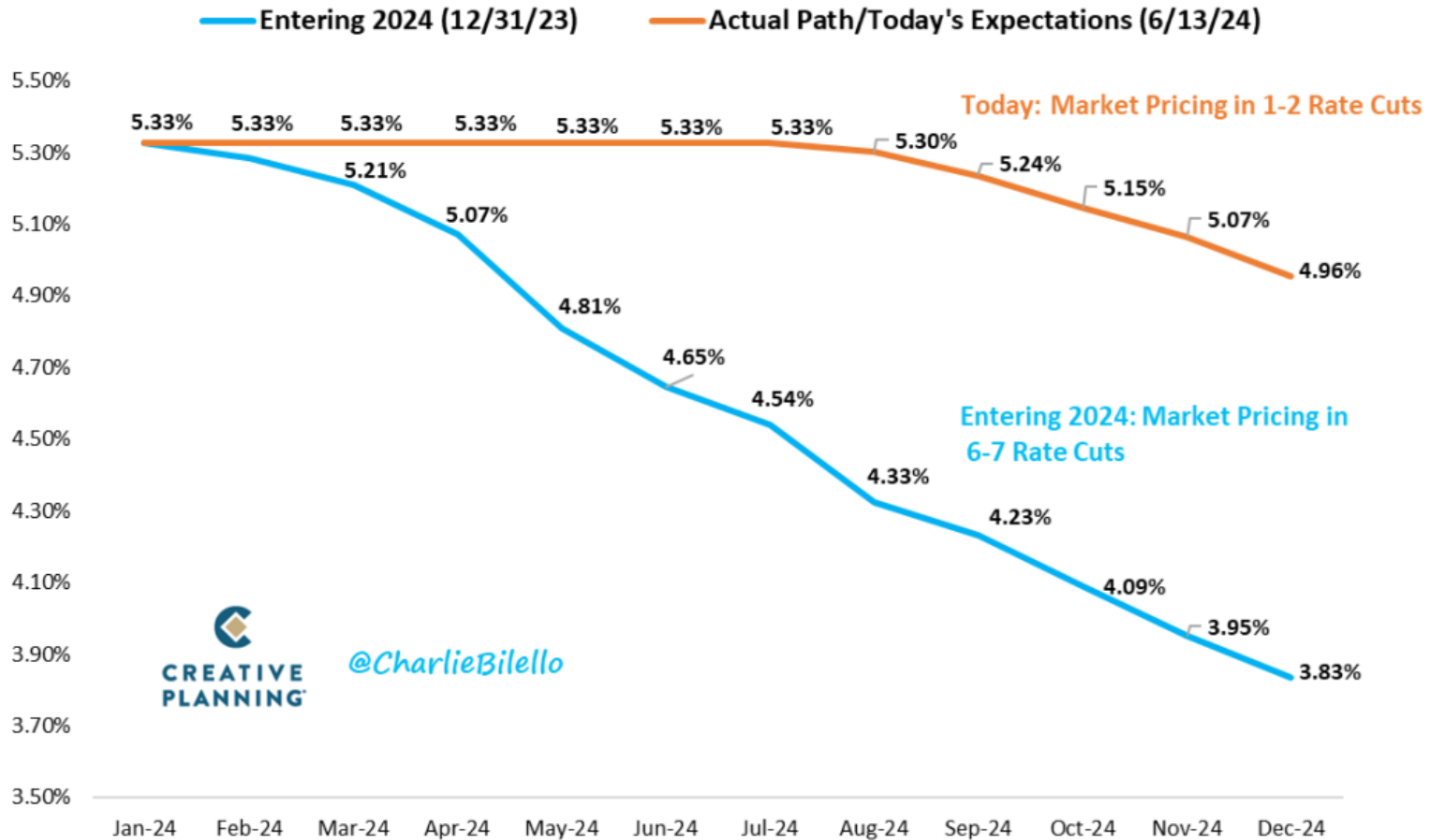
Source: KC Federal Reserve

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Which Way for Rates in Near Future?

Market Expectations for Fed Funds Rate
(Data via Fed Funds Futures)



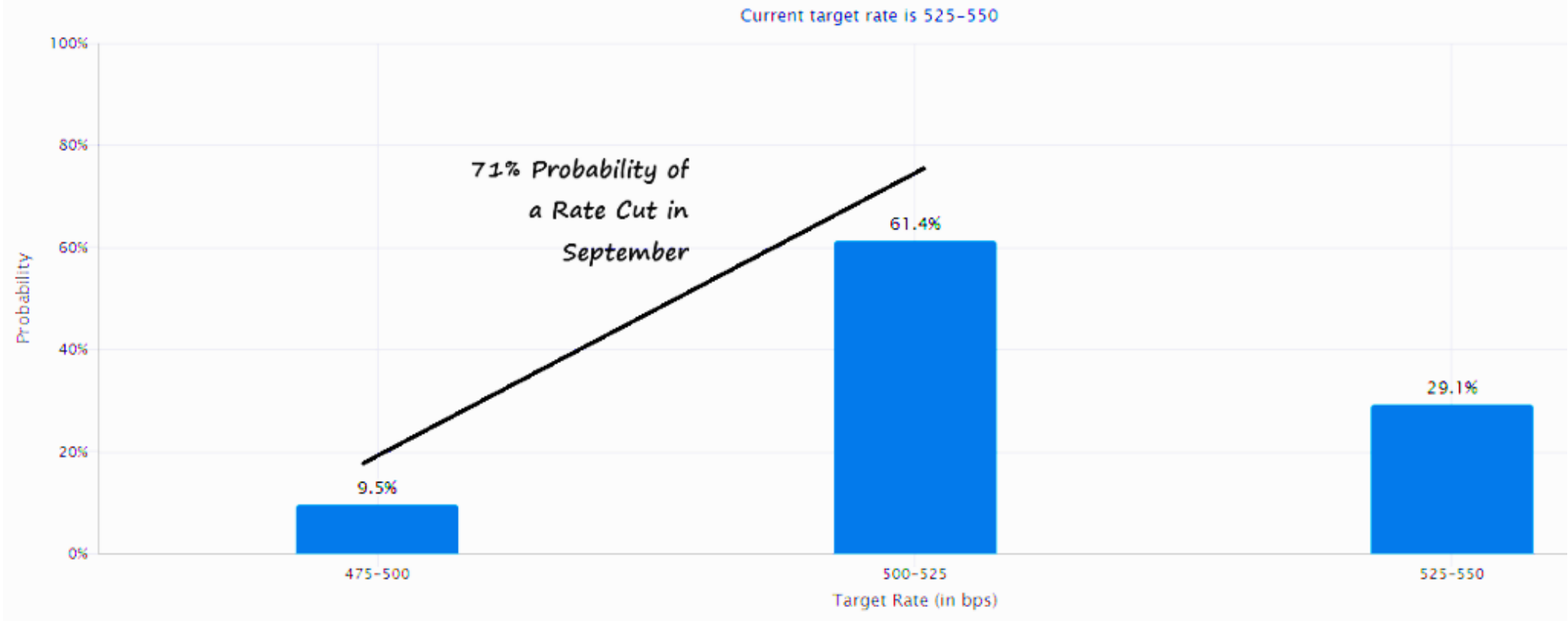
Source: Creative Planning, June 2024 Update

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Which Way for Rates in Near Future?

TARGET RATE PROBABILITIES FOR 18 SEP 2024 FED MEETING



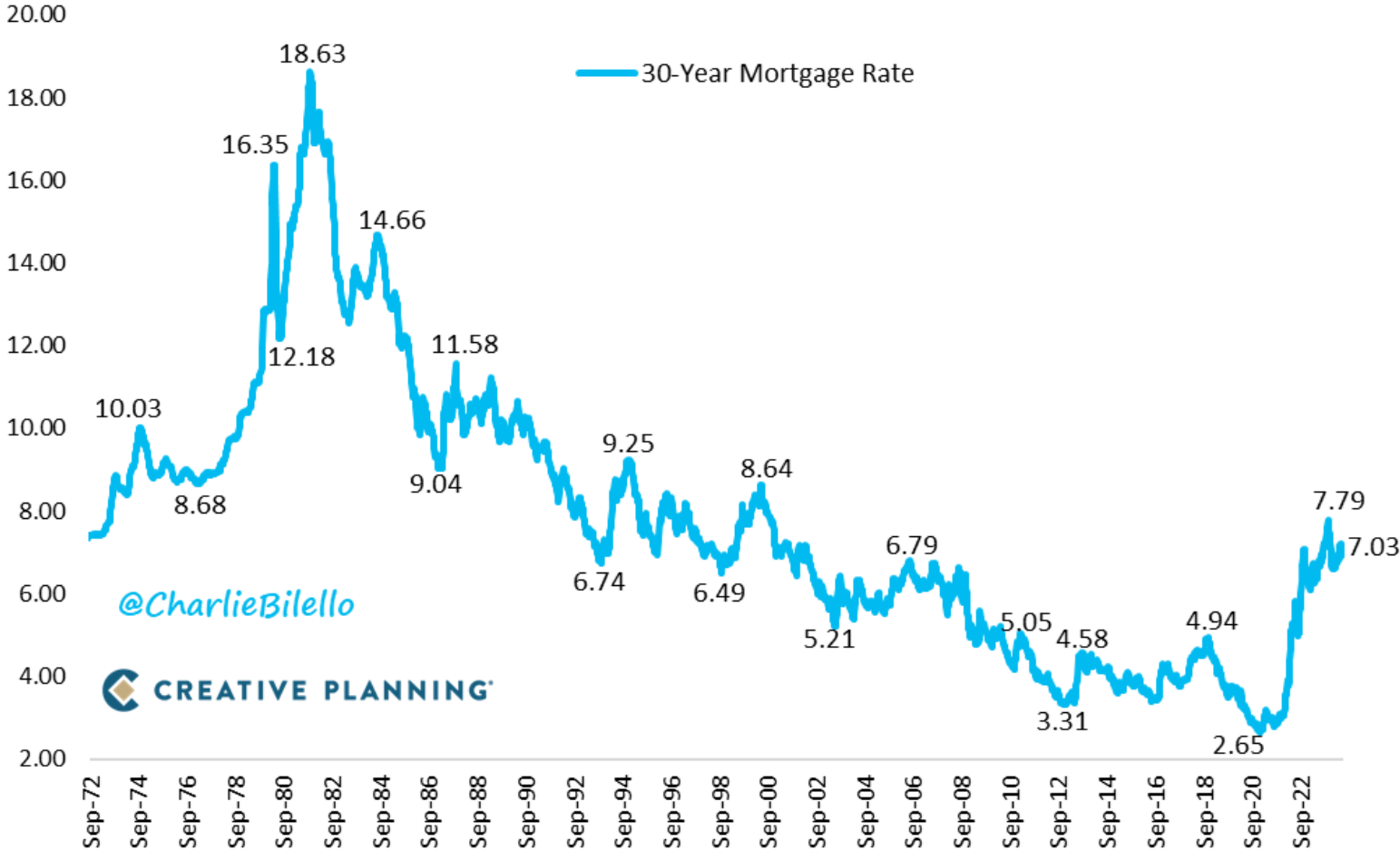
Source: Creative Planning, June 2024 Update

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30-Year Mortgage Rates

30-Year Fixed Mortgage Rate (Freddie Mac)
1971 - 2024



@CharlieBilello



Source: Creative Planning, June 2024 Update

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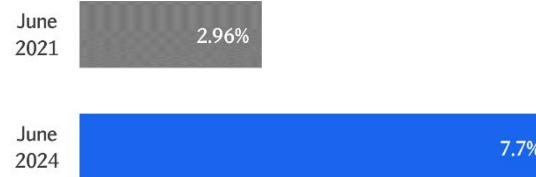
Higher Rates Do Matter!

PURCHASE AMOUNT



30-YEAR RATE

Freddie Mac | 30-Year



TOTAL COST OF LOAN

30 Years | Assuming 20% Down



NOBULLAG.COM



Source: NoBullAg.com

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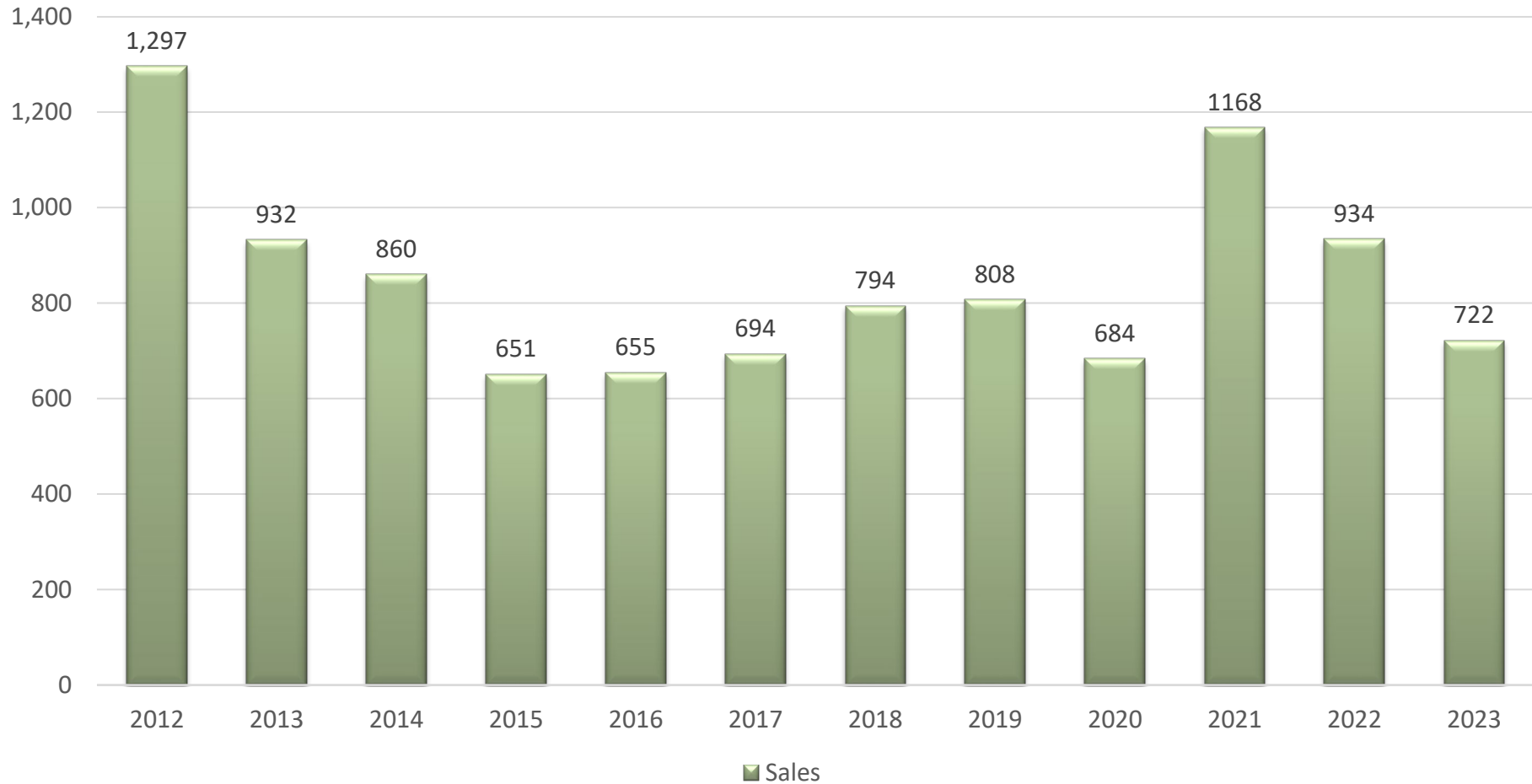
Midwest Farmland Values

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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Expected 2024 Land Volume – Illinois

The change in rate of land turnover across all classifications and regions

	<i>Excellent</i>	<i>Good</i>	<i>Average</i>	<i>Fair</i>	<i>Recreational</i>	<i>Transitional</i>
Region 1	Steady	Up	Up	--	Steady	Steady
Region 2	Steady	Steady	Steady	Steady	Steady	--
Region 3	Steady	Steady	Steady	Steady	Steady	--
Region 4	Down*	Down*	Down*	Down	Steady	Steady
Region 5	Down*	Down*	Down*	--	Up	--
Region 6	Steady	Steady	Steady	Steady	Steady	--
Region 7	Down*	Down*	Down*	Down*	Steady	--
Region 8	Down*	Down*	Down*	Up	Up	
Region 9	----	Steady	Steady	Steady	Steady	--
Region 10	----	Down	Down	Down	Down	--

* Denotes a change of 15% or higher

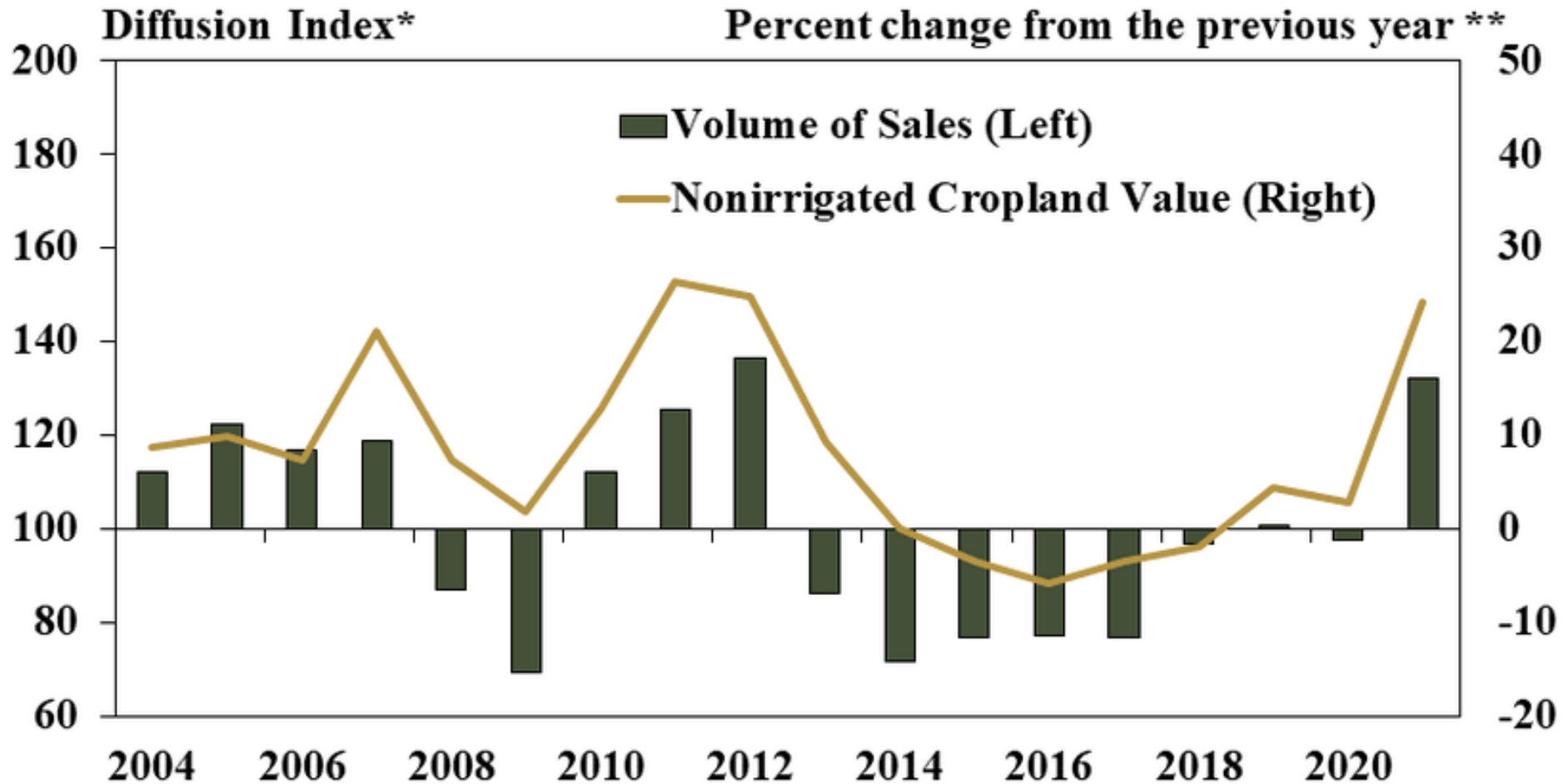


Source: ISPFMRA, March 2024

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Land Sale Volume – Fed Reserve 10th District (WCB)



Source: Ag Credit Survey, KC Fed

www.Hertz.ag





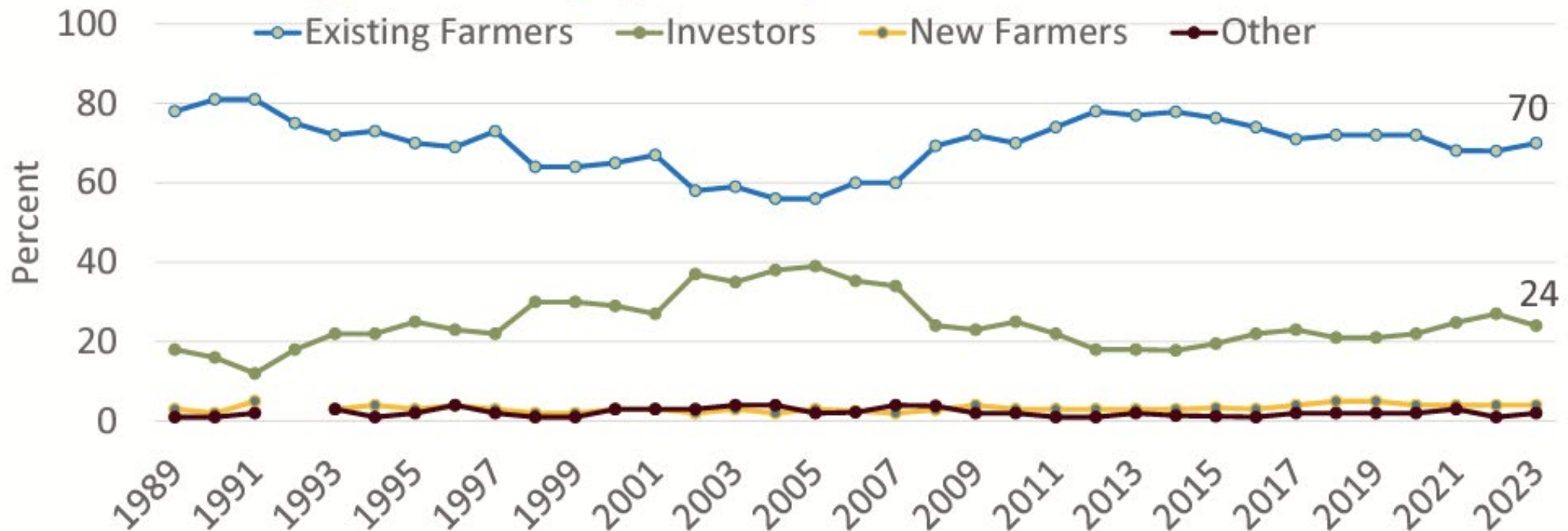
Midwest Farmland Values

WHO IS BUYING FARMLAND?



Who Are The Buyers?

Iowa Farmland Purchases by Buyer Types, 1989–2023



Source: ISU Land Values Survey, December 2023

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Farmland: Financial Performance 1991-2023

Asset/Index	Annual Ave. Return	Standard Deviation	Coefficient of Variation	US Ag 32 States Correlation	Minimum Return	Maximum Return
	----- 1991 - 2023 -----					
US Ag 32 States	8.8%	3.9%	0.44	1.00	-1.0%	20.7%
NCREIF Total Farmland	10.8%	6.4%	0.59	0.71	2.0%	33.9%
Illinois	9.6%	6.0%	0.62	0.82	0.9%	28.8%
Iowa	11.5%	7.9%	0.69	0.64	-5.0%	27.4%
Indiana	9.7%	5.4%	0.55	0.62	-1.0%	24.1%
Minnesota	10.9%	5.8%	0.53	0.78	-1.6%	21.9%
Dow Jones	7.9%	14.3%	1.81	-0.14	-41.3%	28.9%
Composite REITS	9.6%	18.9%	1.96	-0.13	-47.5%	33.7%
AAA	5.5%	1.7%	0.31	0.19	2.5%	8.8%
TCM10Y	4.1%	1.9%	0.45	0.27	0.9%	7.9%
Mort30F	5.8%	1.7%	0.30	0.27	3.0%	9.2%
CD6M	3.4%	2.2%	0.65	0.28	0.2%	6.6%
Gold	4.8%	13.8%	2.86	0.08	-31.9%	27.7%
PPI	2.4%	4.9%	2.00	0.15	-7.4%	18.5%
CPI	2.5%	1.3%	0.54	0.28	0.1%	6.8%

Asset/Index	Annual Ave. Return	Standard Deviation	Coefficient of Variation	US Ag 32 States Correlation	Minimum Return	Maximum Return
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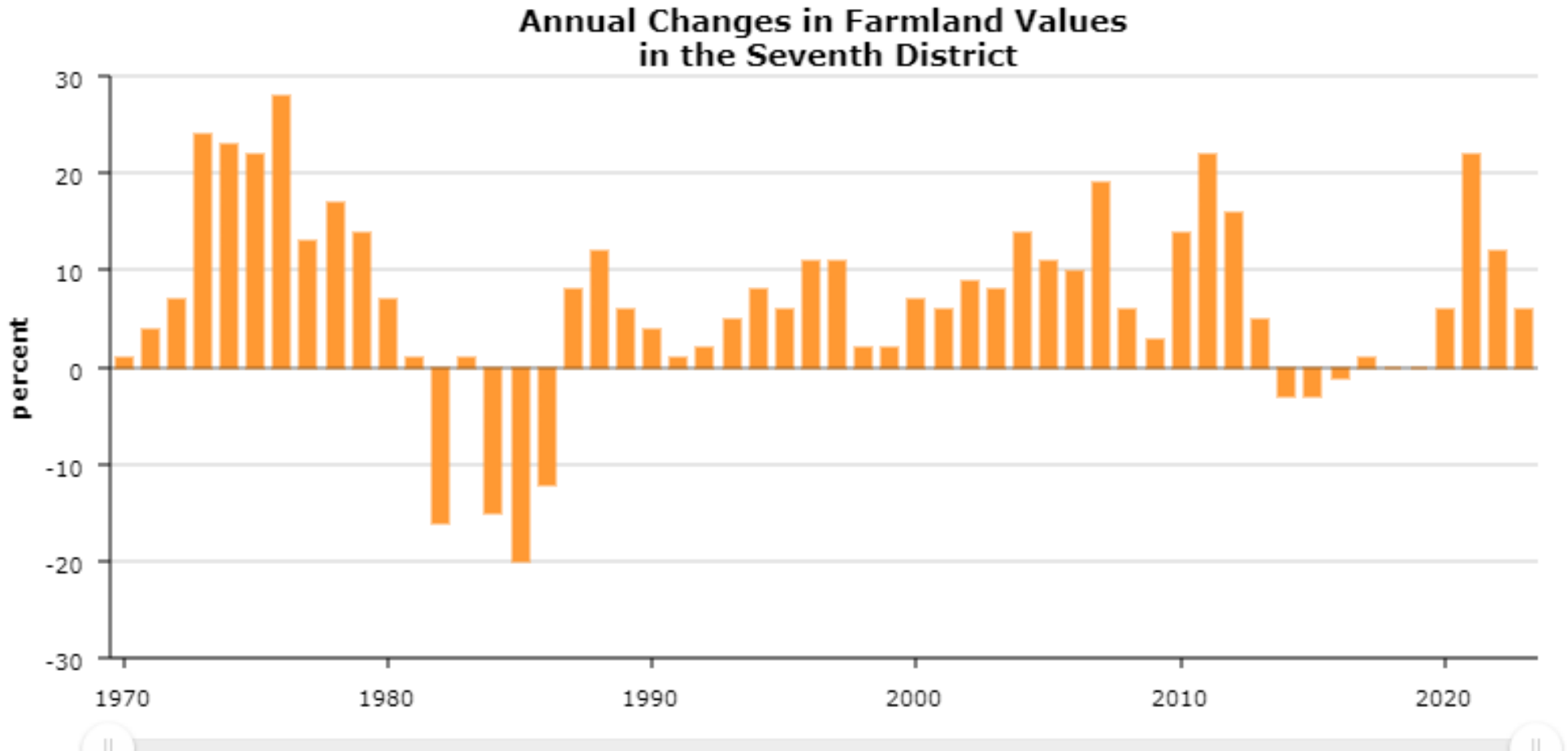


Source: University of Illinois, TIAA
Center for Farmland Research

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Farmland: Financial Performance



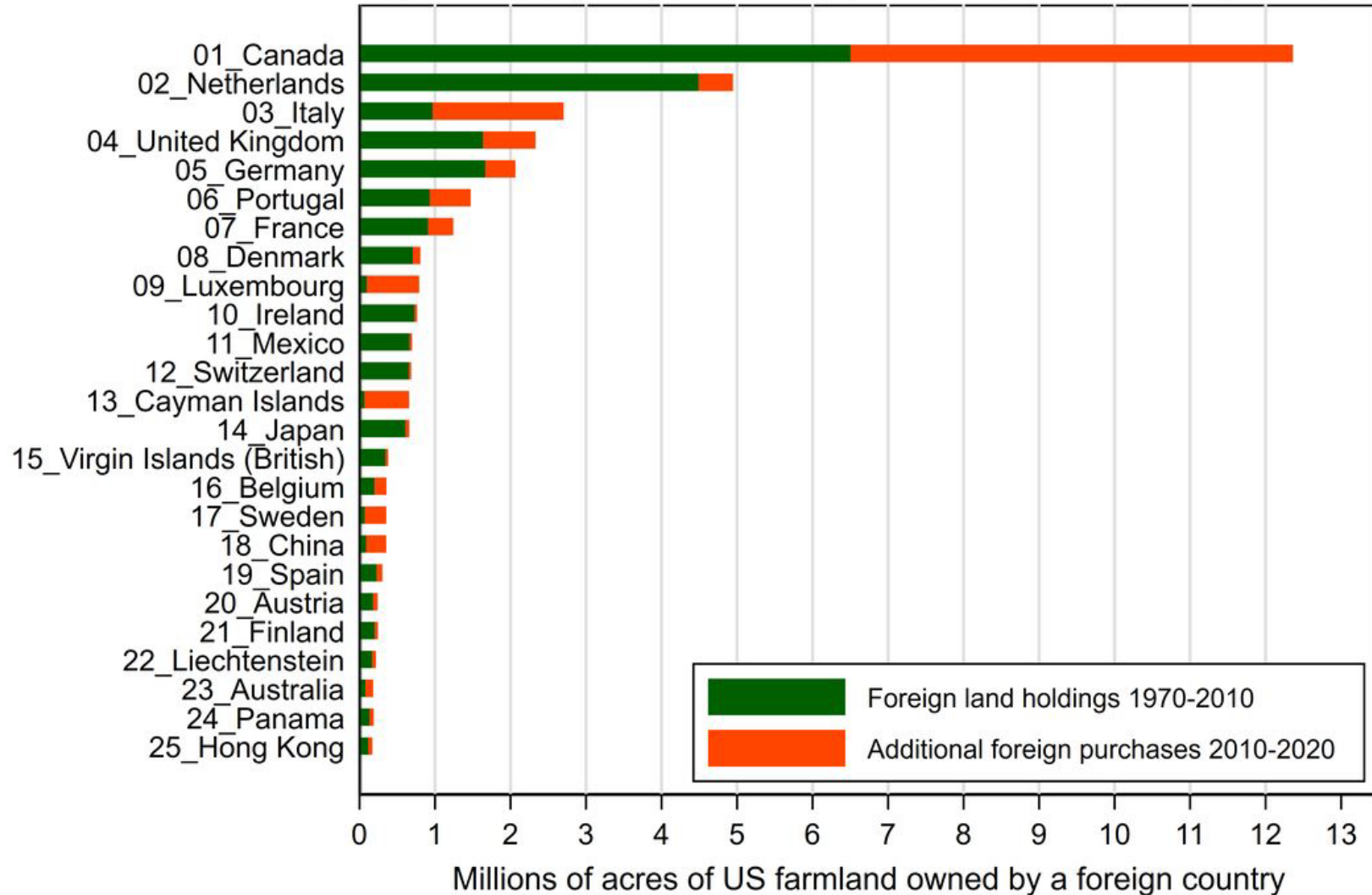
Source: Chicago Fed, May 2024

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Foreign Farmland Ownership

Top 25 Foreign Countries by US Farmland Ownership in 2020

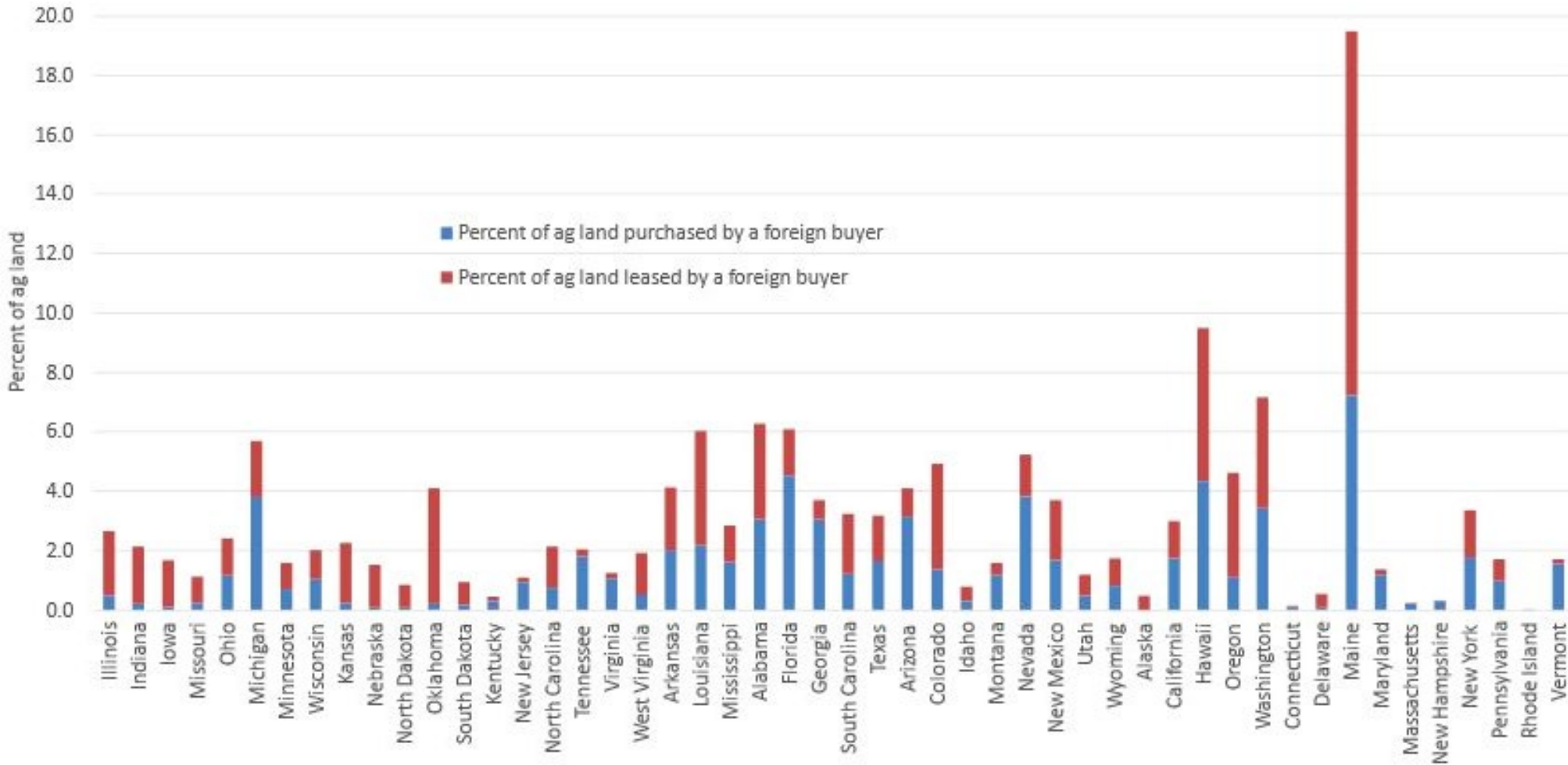


Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)



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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**“DON’T BELIEVE
EVERYTHING YOU SEE
ON THE INTERNET.”**

~ ABE LINCOLN

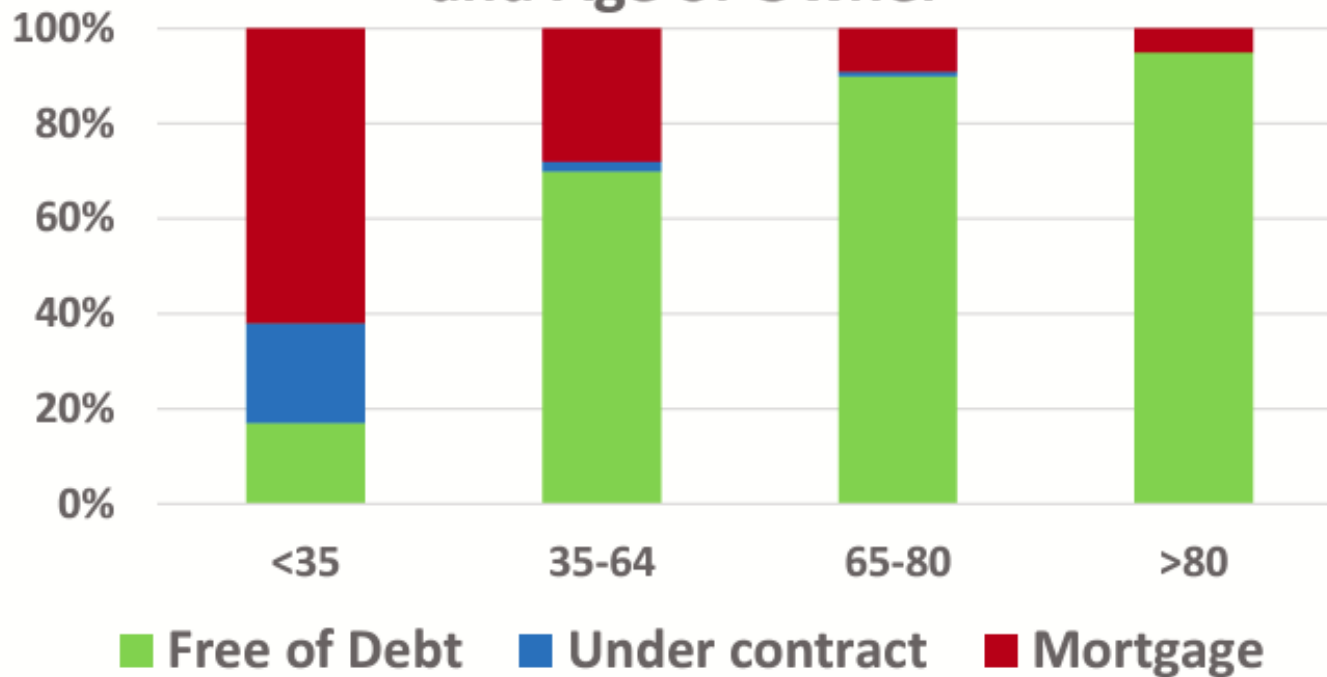


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Who Owns That Land?

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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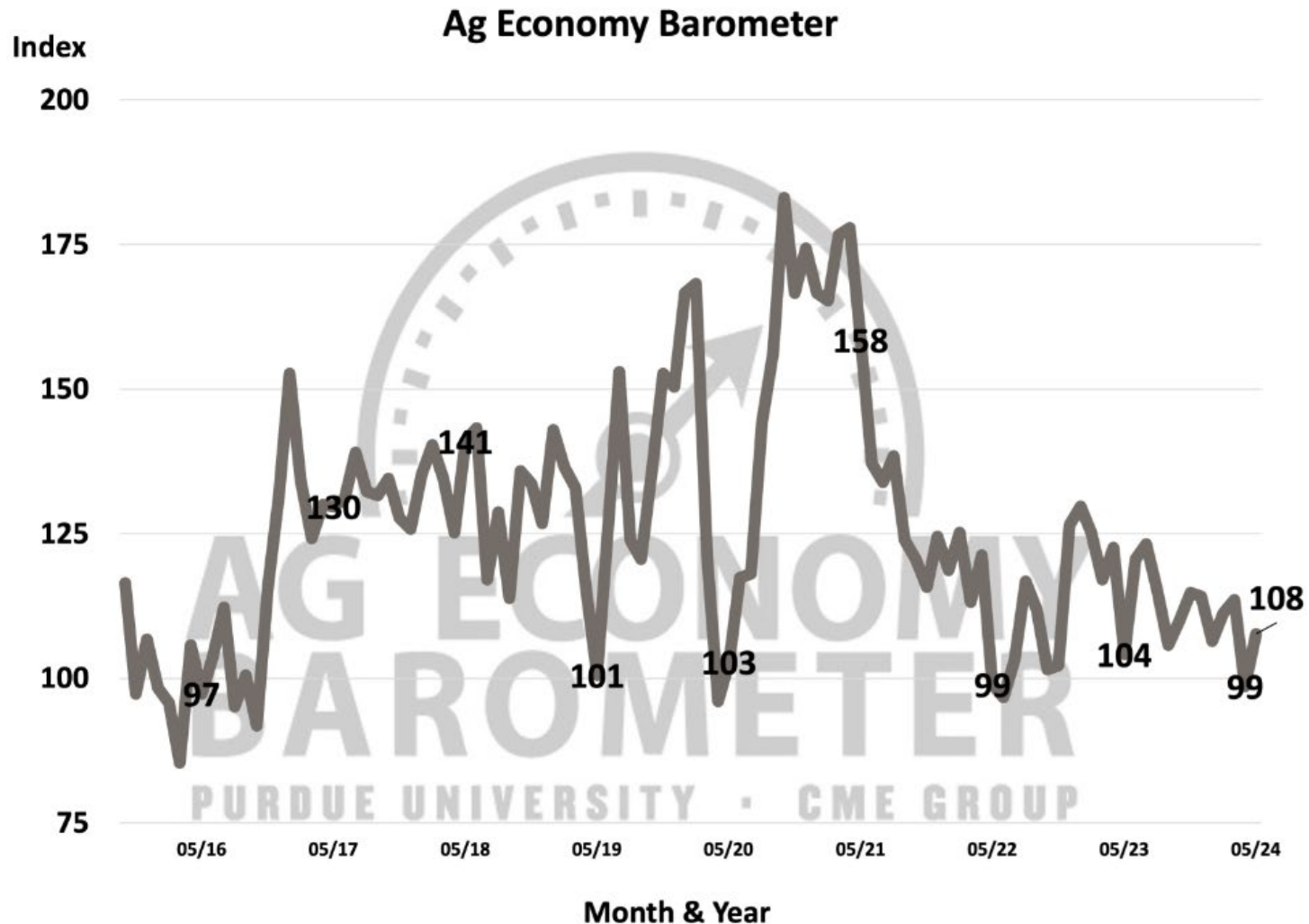


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WHAT TO EXPECT IN THE NEAR FUTURE?



Farmer Attitudes Have Zig-Zagged...

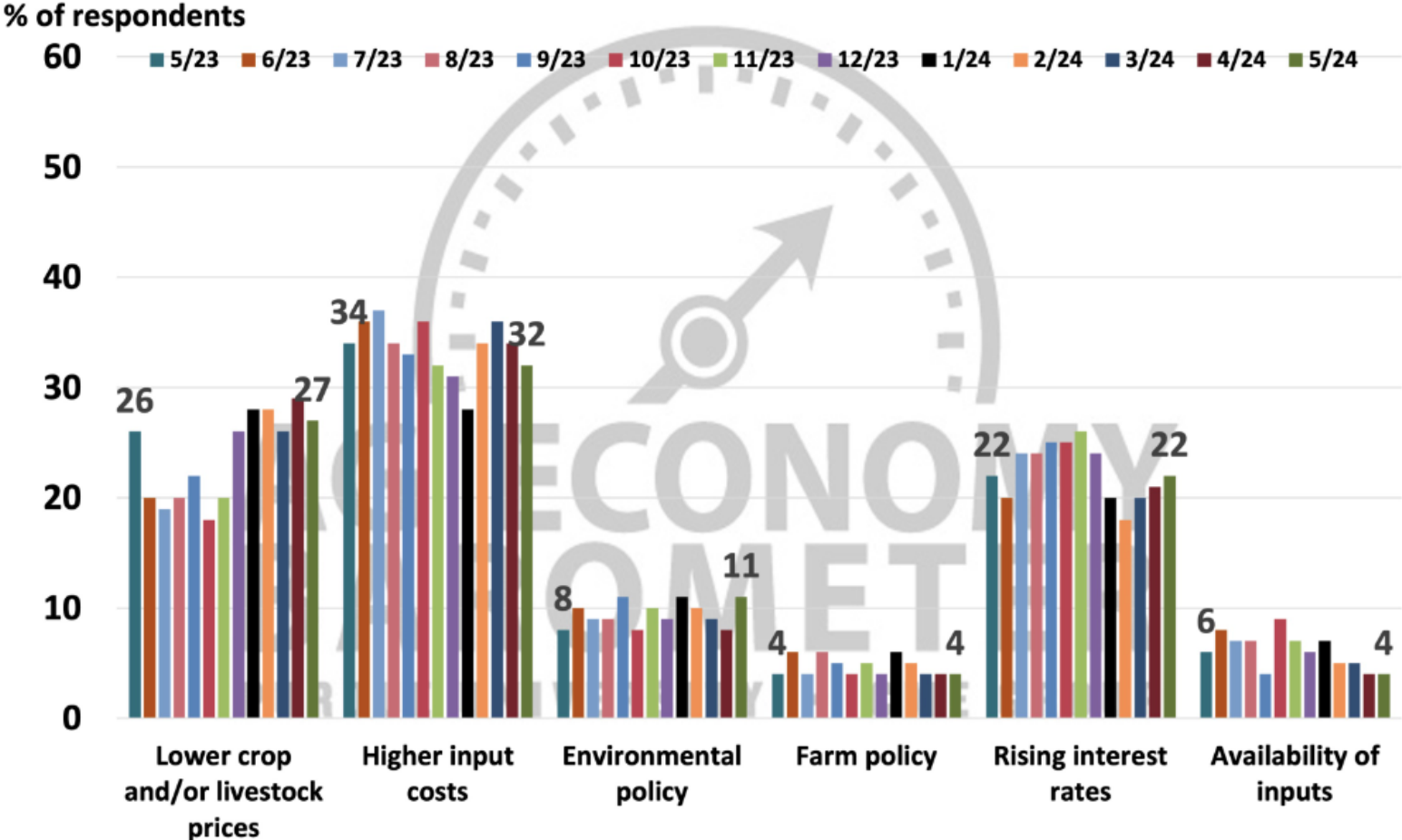


Source: Purdue University Center for Commercial Agriculture, Producer Survey, May 2024



There Are Concerns...

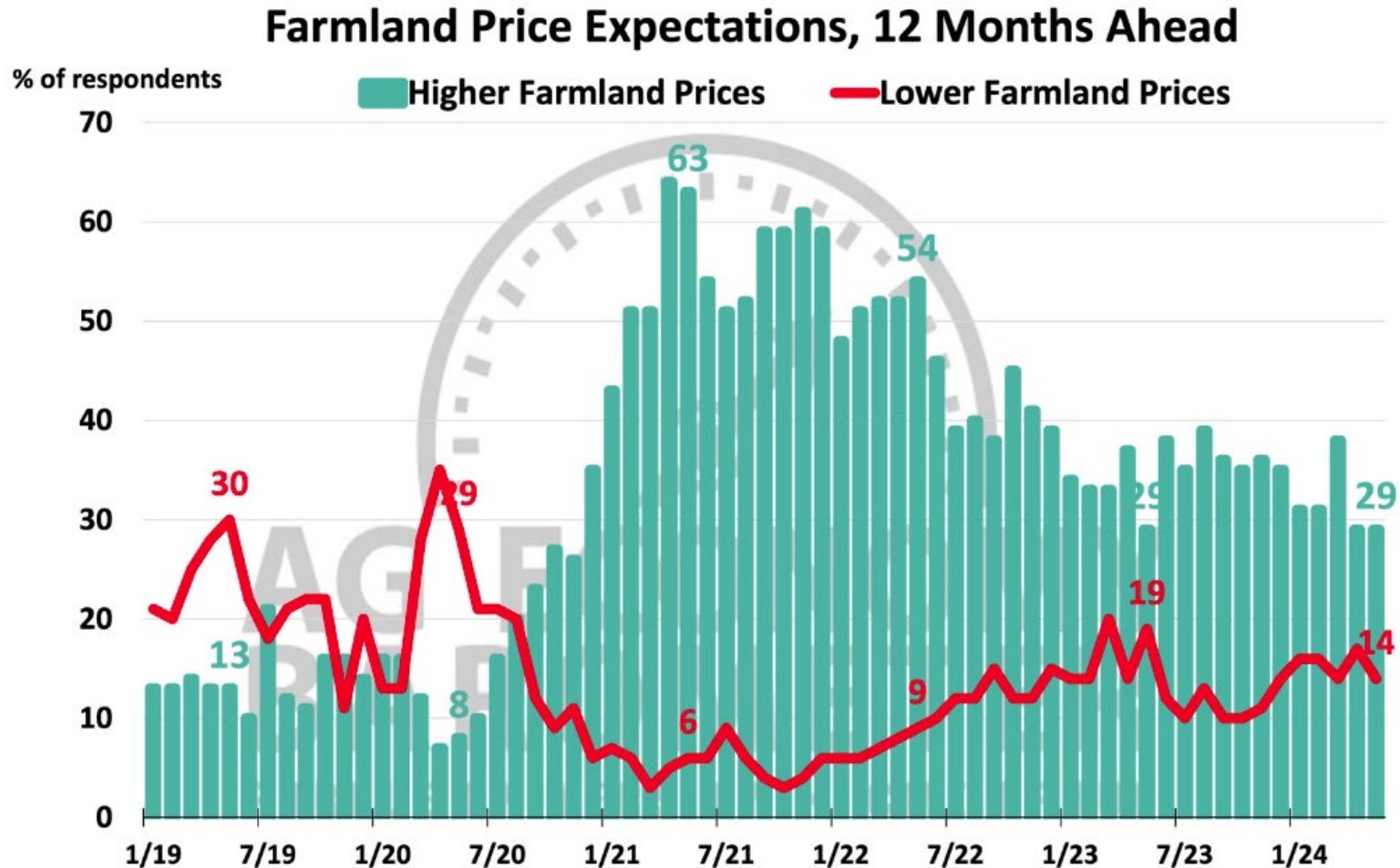
Looking ahead to next year what are your biggest concerns for your farming operation?



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



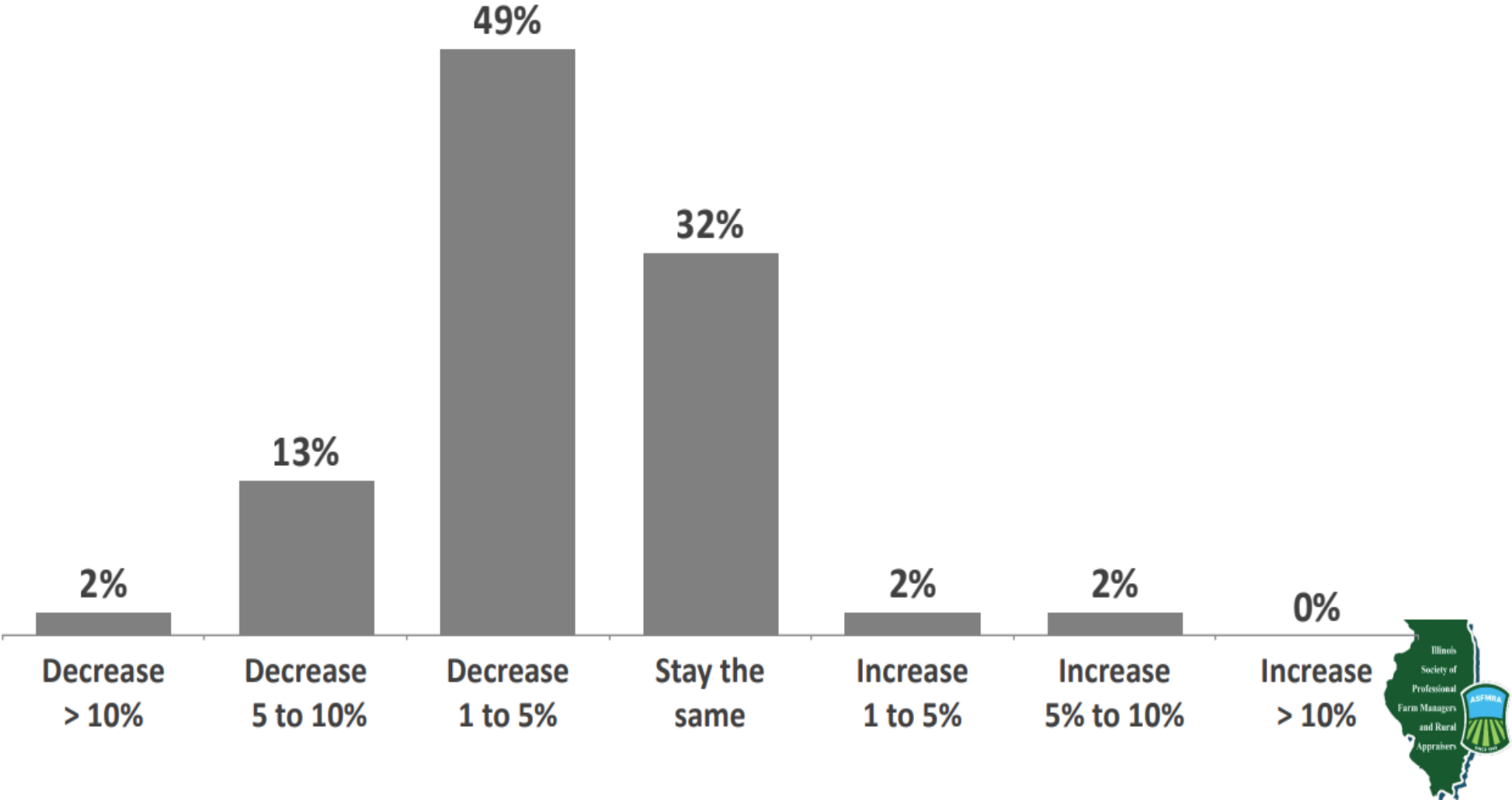
Short-Term Expectations for Farmland



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



2024 Land Price Expectations in Illinois



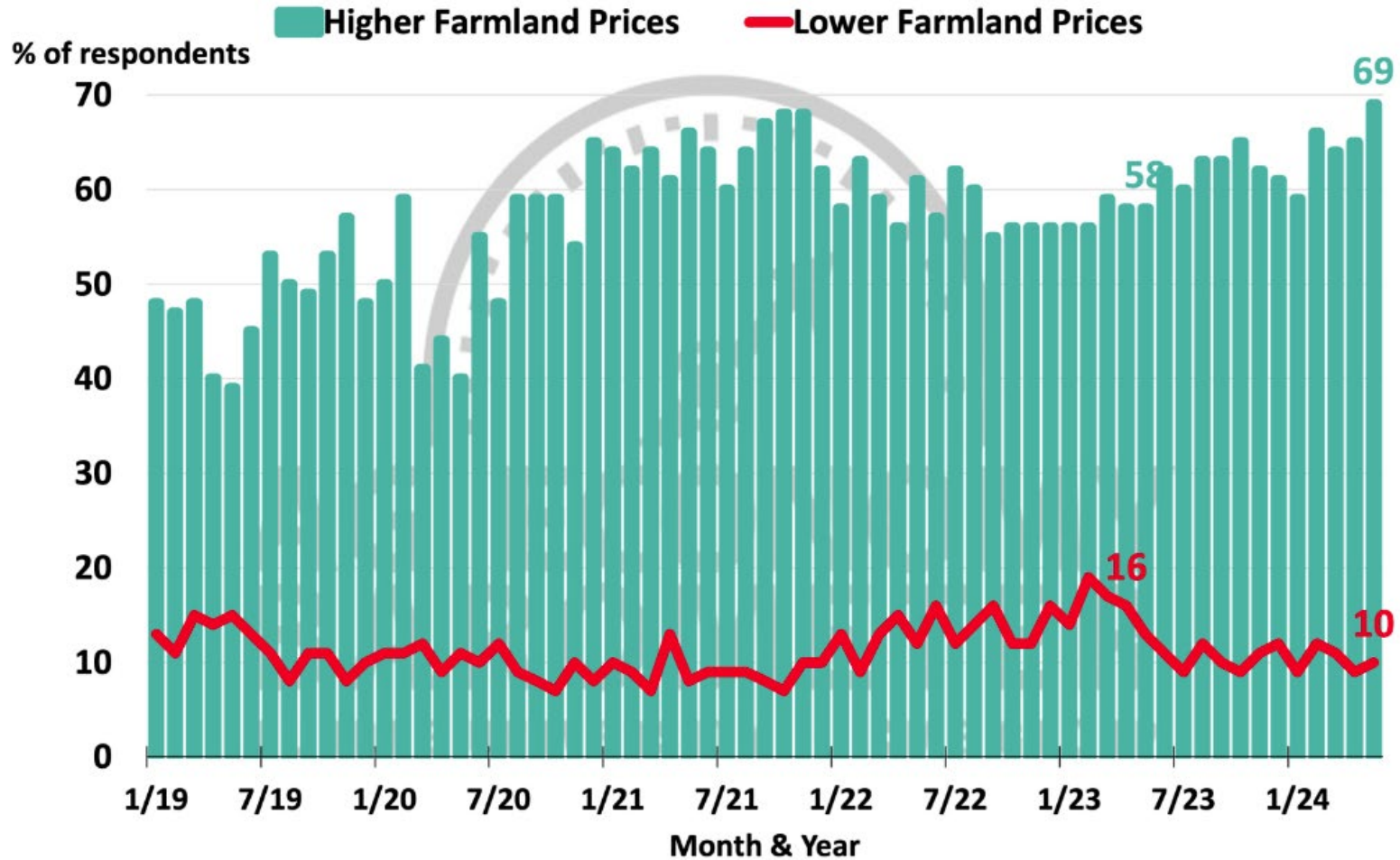
Source: ISPFMRA, March 2024

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Longer Term Expectations

Farmland Price Expectations, 5 Years From Now

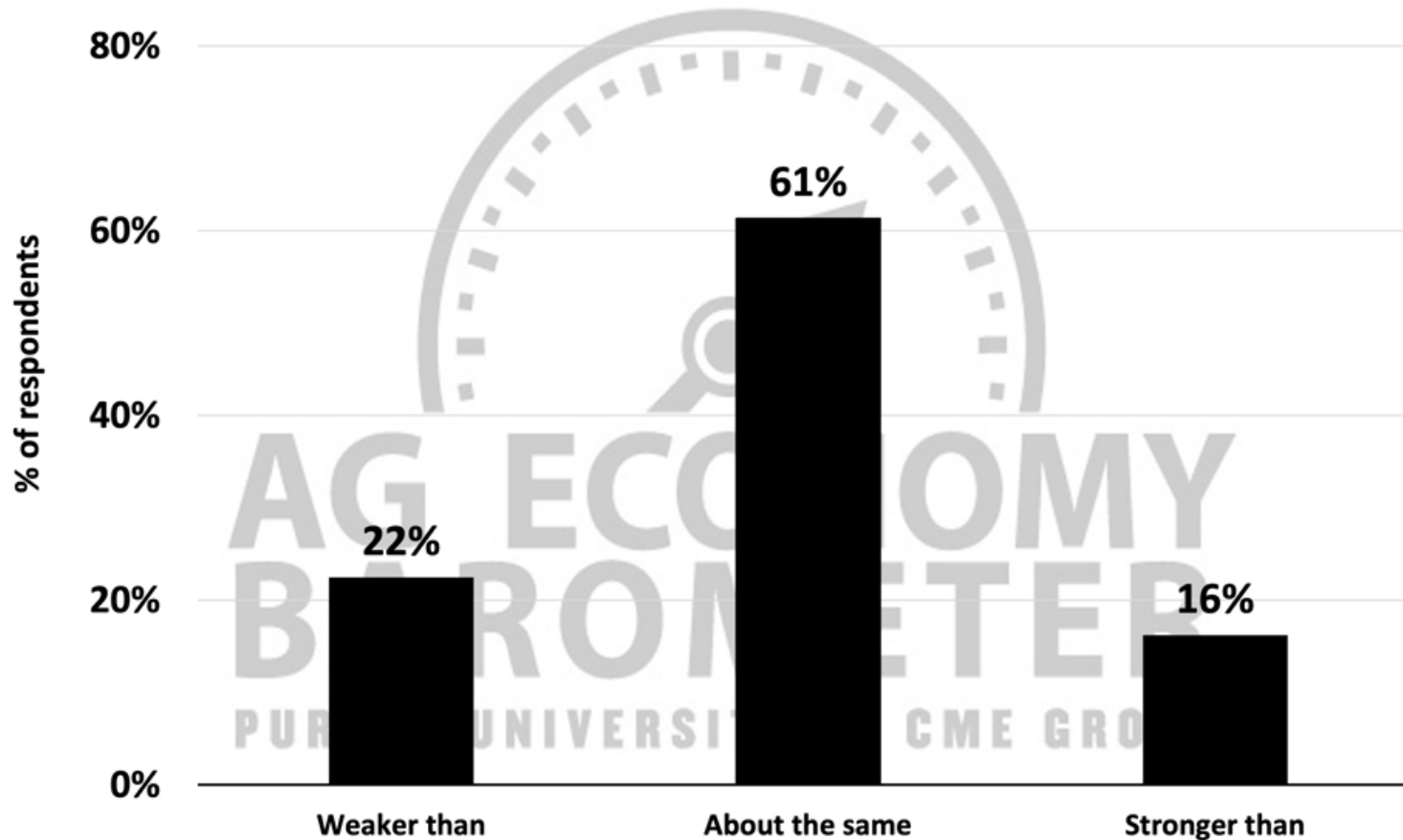


Source: Purdue Center for Commercial Agriculture, Producer Survey, May 2024



Farm Bill – Stability Matters!

Compared to today, do you think the farm safety net provided by U.S. farm program policies will be stronger than, weaker than, or about the same following the 2024 elections?



Source: Purdue Center for Commercial Agriculture, Producer Survey, December 2023



What to watch in the coming months...

- **Commodity Prices**
 - What happens yet in 2024?
 - US Production vs. South American Acres this fall
- **Interest Rates & Inflation**
 - What's the Fed's next move?
 - When?
- **Sales Volume**
 - Way up in 2021 & 2022, slower in 2023. Slow even more in '24?
 - Less overall land coming on should support demand.
 - May become “localized” issue.



What to watch in the coming months...

- **Farm Policy Under Biden, or a new Administration**
 - New Farm Bill in 2024?
 - Crop Insurance?
- **Tax Policy Under Biden, or a new Administration**
 - What will happen to the sunseting 2017 Tax Law?
 - Income/Capital Gains rates, Step-up in Basis, 1031 still allowed?





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- Farmland for Sale
- Auctions and Auction Results
- Ag Links
- Request Weekly Farmland Email

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