

Chicago Fed Reports Marginally Higher Land Values

The Chicago Federal Reserve Bank released its first quarter ag credit conditions survey results in May. The findings were quite similar to those reported by the Kansas City Fed for the same period.

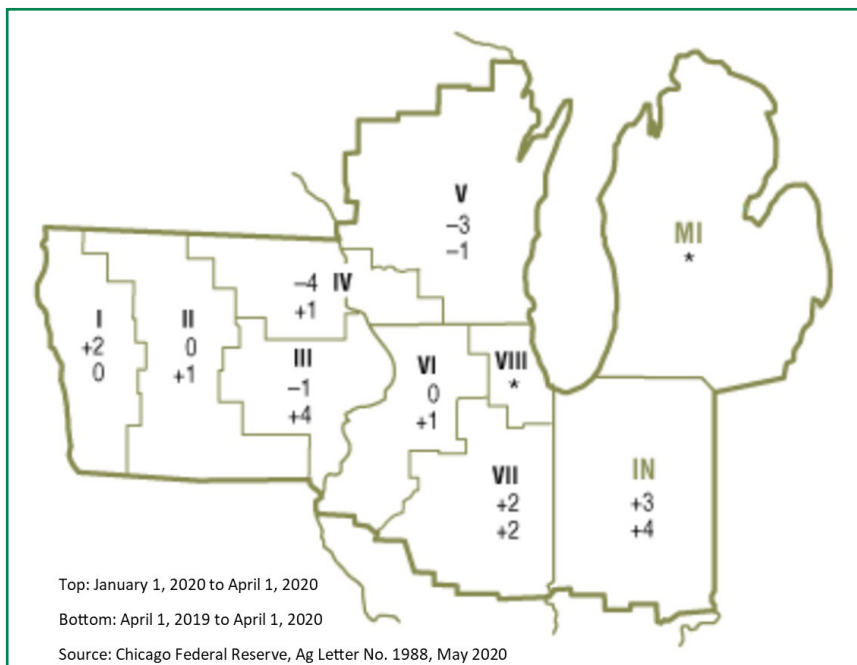
The Seventh District noted a 1% gain in agricultural land values in the first quarter when compared to the same quarter last year, but average values were unchanged from the prior quarter. The survey focuses on the value of “good” land in each region.

“Illinois, Indiana, and Iowa saw year-over-year increases in farmland values, while Wisconsin saw a decrease. Moreover, Wisconsin experienced a quarterly decline in farmland values. After being adjusted for inflation with the Personal Consumption Expenditures Price Index (PCEPI), District agricultural land values moved down on a year-over-year basis for the 23rd consecutive quarter in the first quarter of 2020; however, this decrease was the smallest one since 2017,” the Fed clarifies.

Meanwhile, cash rental rates softened across the district for the seventh consecutive year during the quarter. Overall district cash rental rates declined 4% from 2019 when adjusted for PCEPI. It should be noted there are state level differences.

The volume of land for sale across the district was in-line with previous quarters, although the Fed noted a slight decline in demand for farmland during the winter and early spring months.

After having shown signs of improvement in Q4



2019, overall credit conditions declined in the district. The Index of Repayment Rates dropped, loan renewals and extensions increased and no banker surveyed reported they have loosened collateral requirements for farm loans.

As with Kansas City, the Chicago Fed found banks have ample funds to lend, but the average loan-to-deposit ratio came in at 78.9% in the first quarter, just below the average level desired by respondents.

Of the bankers surveyed, 48% expect land values to fall near-term while 52% predict steady markets. Interestingly, the number of investor buyers expanded in the past several months relative to the number of farmer buyers, possibly indicating some safe haven buying showing up in the district. It bears mentioning, the Fed’s results do not reflect the full impact of COVID-19. Second quarter survey results, expected out in August, will paint a better picture.

Inside This Issue

- Page 2:** Purdue/CME Ag Economy Barometer
- Page 3:** ISU: Iowa Cash Rents Inch Higher
- Page 4:** Hertz Office Directory

Ag Economy Barometer Reflects Concern

The Purdue University/CME Group Ag Economy Barometer fell in March and April before showing a minor recovery in the May survey results. The Barometer, which surveys 400 agricultural producers regarding their economic sentiments, lends a sense of the agricultural economy's overall health with an index value. Purdue/CME releases updates on the first Tuesday of each month.

For the first time since October 2016, the Barometer's index fell below 100, off 25 points in April to a reading of 96. That's 72 points below the record high set in February of this year.

Record highs were set in February by several of the Barometer's key indices including the Index of Future Expectations, the Index of Current Conditions and the Farm Capital Investment Index.

After falling sharply in March, producers' perceptions about their current condition led the decline in sentiments with the Index of Current Conditions off 39 points in April.

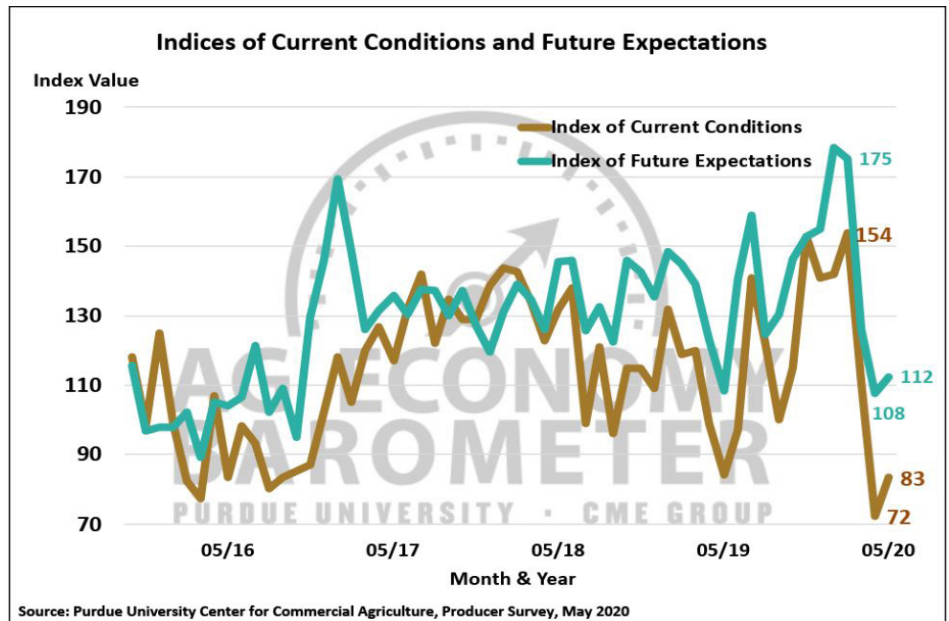
"Farmers' pessimism was motivated, in part, by concerns about the impact coronavirus is having on their farms' profitability and their farming operations. Two-thirds of farmers in this month's survey said they were very worried (39%) or fairly worried (28%) about the impact of coronavirus on their farms' profitability this year," the report reads.

In a somewhat ironic twist, when asked about their main concerns regarding coronavirus, just 13% of respondents reported health and safety as their number one concern. The largest concern was market access with 42% saying that was their top concern.

That was followed closely by concerns over their farms' finances at 37%. Meanwhile, 35% said they have implemented changes in their operations in response to COVID-19. That may account for the small number saying they were concerned about health and safety.

On expectations for farmland values, farmers were pessimistic in April. 35% expected pressure on farmland values over the coming 12 months due to declines in crop returns. But when asked to look 5 years down the road, 44% believe farmland values will rise. That marked a slight increase from the March reading, a reflection of longer term optimism.

The decline recorded in April effectively retraced all of the optimism that had been building since the 2016 election. The minor recovery in sentiments in May was led by the Index of Current Conditions, suggesting survey respondents were becoming less pessimistic about their current circumstances.



Amid Uncertainty, Hertz Sales Continue to Shine

In each issue of the Hertz Outlook, we want to highlight example sales from the past calendar quarter.

- **635 acres in Logan Co., Illinois**, near Beason. The farm featured 604 cropland acres, along with an older farmhouse and set of farm buildings, and approximately 40,000 bu. of grain storage. PI's from 132 to 142 across the farm. Sold for \$9,687 per acre.
- **240 acres in Story Co., Iowa**, north of Nevada. The farm offered 237 cropland acres with a CSR2 of 87.5, and sold for \$10,500 per acre.

- **320 acres in Cedar Co., Nebraska**, south of Hartington. The property featured 316 dryland crop acres and sold for \$6,000 per acre.
- **215 acres in Bremer Co., Iowa**, north of Waverly. This parcel offered 212 cropland acres with a CSR2 of 86.0, and sold at public auction for \$10,000 per acre.

Now, more than ever, in-depth knowledge of the local market is key to any successful farm sale or purchase. To gain a better understanding of farmland values in your local area, please call any of our offices listed on the back page of this newsletter.

Upcoming Auctions & Land For Sale

SUMMER 2020

Published by Hertz Real Estate Services

LAND FOR SALE

ILLINOIS

CHAMPAIGN COUNTY

14 60.60 acres, m/l, located 3 mi. S of Champaign in the Village of Savoy. Farm has 50.1 est. FSA crop acres with a P.I. of 139.70. Residential Development Potential. \$15,000/A. Contact our Monticello office at 217-762-9881.

IROQUOIS COUNTY

80 acres, m/l, located 6½ mi. NW of Danforth. Farm has an est. 80 FSA crop acres with a 135.30 P.I. \$10,900/A. Contact our Kankakee office at 815-935-9878.

138.29 acres, m/l, located in the northwest corner of Ashkum. Farm has 139.75 FSA crop acres with a P.I. of 122.10. Includes storage shed. \$7,300/A. Contact our Kankakee office at 815-935-9878.

238.60 acres, m/l, located 7 mi. E of Clifton. Farm has an estimated 233.12 FSA crop acres with a 123.60 P.I. \$8,350/A. Contact our Kankakee office at 815-935-9878.

KANKAKEE COUNTY

76.50 acres, m/l, located 3 mi. NW of St. Anne. Farm has 74.20 FSA crop acres with a P.I. of 120.30. \$7,300/A. Contact our Kankakee office at 815-935-9878.

110.00 acres, m/l, located 4½ mi. SE of Herscher. Farm has 110.66 estimated FSA crop acres with a P.I. of 126.30. \$8,400/A. Contact our Kankakee office at 815-935-9878.

IOWA

BENTON COUNTY

214 acres, m/l, located ¾ mi. S of Belle Plain. Property has 187.66 acres in Forest Reserve and 135.90 acres in Wetlands Reserve. Ideal recreational property with excellent habitat for waterfowl, deer and turkey. \$1,495/A. Contact our Mt. Vernon office at 319-895-8858.

BLACK HAWK COUNTY

209.32 acres, m/l, located on the north edge of Cedar Falls city limits. Farm has 209.65 FSA crop acres with a CSR2 of 51.44. Potential building site. \$5,780.62/A. Contact our Cedar Falls office at 319-234-1949.

CEDAR COUNTY

Eight residential lots in Mechanicsville. Lot sizes range from 0.276 ac. to 0.323 ac. and are located in the Country View Subdivision, next to North Cedar Elementary School. Prices range from \$31,500 to 36,500. Contact our Mt. Vernon office at 319-895-8858.

HARDIN COUNTY

93.14 acres, m/l, located ½ mi. SE of Eldora, IA. Farm has an est. 53.19 acres in production with a CSR2 of 81.40. Great mixed-use property. \$5,851.40/A. Contact our Nevada office at 515-382-1500.

HOWARD COUNTY

149.80 acres, m/l, located 3 mi. SW of Chester, IA. Farm has 142.00 CRP acres with 81.61 CSR2. Recreational property with excellent wildlife habitat and attractive income-producing CRP contracts. \$7,690.25/A. Contact our Cedar Falls office at 319-234-1949.

IDA COUNTY

312 acres, m/l, located 3¾ mi. NE of Battle Creek, IA. Farm has 307.75 FSA crop acres with a CSR2 of 66.50. 4% Sale-Leaseback opportunity. \$9,615.38/A. Contact our Omaha office at 402-697-7500.

IOWA

JACKSON COUNTY

130 acres, m/l, located 1½ mi. NE of Baldwin. Mature timbered property with small pond. \$5,000/A. Contact our Mt. Vernon office at 319-895-8858.

JASPER COUNTY

226.59 acres, m/l, located 6 mi. NE of Kellogg. Farm has 223.04 FSA crop acres with 88.10 CSR2. PRICE REDUCED! \$9,750/A. Contact our Nevada office at 515-382-1500.

LOUISA COUNTY

215 acres, m/l, located approx. 10 mi. SE of Riverside/22 mi. S of Iowa City. Farm has 113.59 est. FSA crop acres with a CSR2 of 73.70. Mixed-use farm with cropland, CRP, hunting and recreational use. \$5,534.88/A. Contact our Washington office at 319-382-3343.

MARSHALL COUNTY

67.98 acres, m/l, located 4 mi. NE of Albion. Farm has 68.24 FSA crop acres with a CSR2 of 90.80. PRICE REDUCED! \$10,750/A. Contact our Nevada office at 515-382-1500.

STORY COUNTY

43.13 acres, m/l, located 3 mi. NW of Ames. Farm has 39.53 FSA crop acres with a CSR2 of 85.70. Future development potential. Price Reduced! \$15,000/A. Contact our Nevada office at 515-382-1500.

120 acres, m/l, located 1 mi. E of Colo. Farm has 117.39 FSA crop acres with a CSR2 of 86.90 \$8,700/A. Contact our Nevada office at 515-382-1500.

The information submitted herein is not guaranteed. Although obtained from reliable sources, it is subject to error; omissions, prior sale and withdrawal from the market without notice.

LAND FOR SALE

IOWA

TAYLOR COUNTY

110.61 acres, m/l, located ¾ mi. N of New Market. Farm has 102.2 crop acres in production with a CSR2 of 61.50. Farm was recently tiled and terraced in 2018. \$5,966.91/Ac. Contact our Omaha office at 402-697-7500.

WARREN COUNTY

5.08 acres, m/l, located 10½ mi. SW of Indianola. Buildable lot located less than 100 yards from hard-surface road. I-35 school district. \$110,000. Contact our Nevada office at 515-382-1500.

6.72 acres, m/l, located 10½ mi. SW of Indianola. Partially timbered building lot on hard-surface road. \$130,000. Contact our Nevada office at 515-382-1500.

138 acres, m/l, located 10½ mi. SW of Indianola. Farm has 93.10 est. FSA crop acres with a CSR2 of 83.10. Remaining acres in recreational timber. \$7,125/A. Contact our Nevada office at 515-382-1500.

IOWA

WASHINGTON COUNTY

63.00 acres, m/l, located 2½ mi. N of Ainsworth. Farm has 37.21 est. FSA crop acres with a CSR2 of 77.90. There are an additional 10.60 est. acres in CRP. PRICE REDUCED! \$5,830/A. Contact our Washington office at 319-382-3343.

WINNEBAGO COUNTY

166.21 acres, m/l, located 1¼ mi. SW of Rake, IA. Farm has 168.37 FSA crop acres with a CSR2 of 77.70. \$7,200/A. Contact our Mason City office at 641-423-9531.

WOODBURY COUNTY

145.74 acres, m/l, located 1½ mi. SE of Correctionville, IA. Farm has 141.64 FSA crop acres with a CSR2 of 63.40. 4% Sale-Leaseback offering. \$8,233.84/A. Contact our Omaha office at 402-697-7500.

310.77 acres, m/l, located ½ mi. SE of Correctionville, IA. Farm has 261.12 FSA crop acres with a CSR2 of 74.50. 4% Sale-Leaseback offering. \$8,285.87/A. Contact our Omaha office at 402-697-7500.

NEBRASKA

BUFFALO COUNTY

376.63 acres, m/l, located 2½ mi. E of Elm Creek. Irrigated farm has 367.65 FSA crop acres with an SRPG rating of 65.3, NCCPI of 62.1. Includes irrigation equipment, machine shed and 2 grain bins. \$8,500/Ac.. Contact our Norfolk office at 402-371-9336.

JEFFERSON COUNTY

954.48 acres, m/l, located 3 mi. SE of Plymouth. Farm has 809.53 FSA crop acres and 643.49 irrigated acres. Facilities include machine shops, cattle barns, feed lots, silage pits, lagoon and four Blue silos. There are also 5 Reinke Tower Pivots. \$5,002.72/A. Contact our Omaha office at 402-697-7500.

WAYNE COUNTY

160 acres, m/l, located 10 mi. S of Wayne, 1/2 mi. off Hwy. 15. Farm has 153.03 FSA crop acres. Seller is interested in a leaseback. \$6,500/Ac. Contact our Norfolk office at 402-371-9336.

UPCOMING LAND AUCTIONS *(all acres are considered more or less)*

PROPERTY LOCATION	BID DEADLINE	PROPERTY DETAILS	FOR MORE DETAILS, CALL:
154 Acres, m/l in 2 Parcels LINN COUNTY, IOWA	Friday, July 17, 2020 @ 10:00 a.m. Troy Mills American Legion 3191 Coggon Rd. Coggon, IA 52218 (Located in the town of Troy Mills)	154 acres, m/l, will be offered in two parcels and in combination: Parcel 1: 77 acres with 56.04 FSA crop acres and 85.60 CSR2. There are 7.05 acres enrolled in a CRP contract that expires 9/30/2020. Parcel 2: 77 acres with 73.51 crop acres and a CSR2 of 73.70. Includes a 21' grain bin.	Mount Vernon Office 319-895-8858

LATE-SUMMER AND EARLY-FALL AUCTIONS

are now being booked! Many dates will be added to our website soon.

If you are considering a sale, we can help.

Online and Public Auction options.

Call any of our offices for a no cost/no obligation consultation!



HERTZ FARMLAND LINE
1-800-593-5263 (LAND)
www.Hertz.ag

ISU: Iowa Cash Rents Inch Higher Year-on-Year

The average Iowa cropland cash rent negotiated for 2020 rose \$3, or 1.4%, to \$222 an acre, according to the annual survey conducted by Iowa State University.

The gain is only the second annual increase since 2013 when the state-wide average cash rent peaked at \$270 an acre. This year's average is down \$48, about 18%, when compared to the 2013 peak.

In addition, this year's figure matches the average posted in 2018 — the only other year the survey found an increase in the state's average cash rent since the 2013 peak. The state-wide average has reflected decreases in five of the seven years since the 2013 peak.

For the sixth year in a row, crop district 3, northeast Iowa, marks the highest average cash rent — \$248 an acre. This year's crop-district-wide average is up \$11, nearly 5% higher than 2019's \$237 average. Next highest is crop district 1, northwest Iowa, at \$239 an acre. This year's figure is up \$8, 3.5%, higher than the previous year.

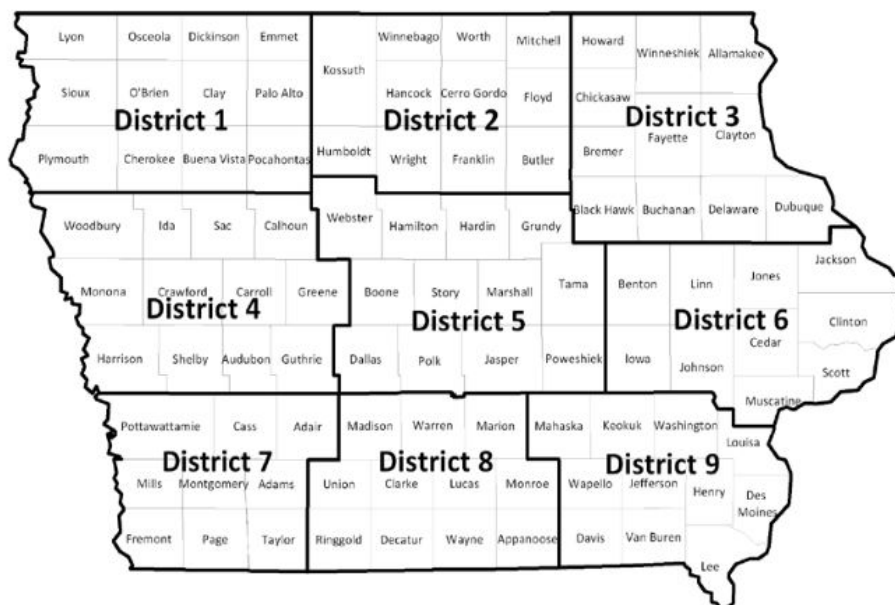
As usual, crop district 8, south-central Iowa, sports the lowest average rent at \$176 an acre. That average is up \$2, 1.1%, from both the average notched in 2018 and 2019.

Looking at County averages, Dubuque County reports the highest average cash rent at \$289 an acre. That is followed by the \$276 average listed by Delaware County. Sioux County follows with an average of \$273, Grundy County with an average of \$272 and then Cherokee County at \$271 an acre. In 2019, Bremer County reported the highest average county cash rent of \$268. It reports an average of \$257 an acre for this year.

At the higher end of the cash rent scale, Crop district 3 lists six counties reporting a cash rent high of \$340 to \$390 an acre. However, Sioux County reports a cash rent high of \$400 an acre, while Delaware lists a cash rent high of \$390. Jackson County lists a cash rent of \$375, followed by Cherokee County with a cash rent high of \$360 an acre. Grundy and Kossuth Counties both report a cash rent high of \$350 an acre.

In all, 49 of Iowa's 99 counties report a cash lease high of \$300 or more.

However, seven out of the nine crop districts reported a lower low cash rent than that low range rent reported in 2019. District 2, for instance, declined \$20 from a low-



reported rent of \$195 in 2019 to a low reported rent of \$175 this year. District 3 slid \$10 from 2019 to a low-reported rent of \$190 in 2020.

District 4 saw the low-reported rent decline by \$24 to a low of \$176. District 5 listed a \$10 decline to a low of \$180. District 7 recorded a \$10 decrease, as well, with a reported low of \$170. District 9, meanwhile, listed the largest decrease with a lowest reported cash lease of \$110, down \$30 from 2019. We believe that difficult weather in 2019, particularly for poorly drained farms, contributed to this weakness on the low end of the rental scale.

2020 Iowa Cash Rents by Crop District

	Average	%	High Third*	Medium Third**
District	Rent	Change	Average Range	Average Range
1	\$239	+ 3.5	\$269 \$175-400	\$239 \$155-350
2	225	+ 2.7	256 175-350	225 160-300
3	248	+ 4.6	288 190-390	248 160-370
4	237	+ 0.8	267 176-350	238 150-320
5	232	+ 0.4	261 180-350	232 165-320
6	232	+ 1.3	272 178-375	233 160-330
7	203	- 1.9	235 170-310	204 250-150
8	176	+ 1.1	208 145-280	175 100-235
9	215	- 2.3	247 110-345	206 130-300
State	\$222	+ 1.4%	\$256 \$110-400	\$222 \$100-350

*High-quality land ** Medium-quality land; Alejandro Plastina, Ann Johanns, and Avery Qualman, Iowa State University Extension
Crop Districts 1: Northwest; 2: North Central; 3: Northeast; 4: West Central; 5: Central; 6: East Central; 7: Southwest; 8: South Central; 9: Southeast

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