

Farmland Rents and Value Trends



I
ILLINOIS
Agricultural &
Consumer Economics
COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES



Gary Schmitke

pics

corn and soybean outlook

ents

farmland prices

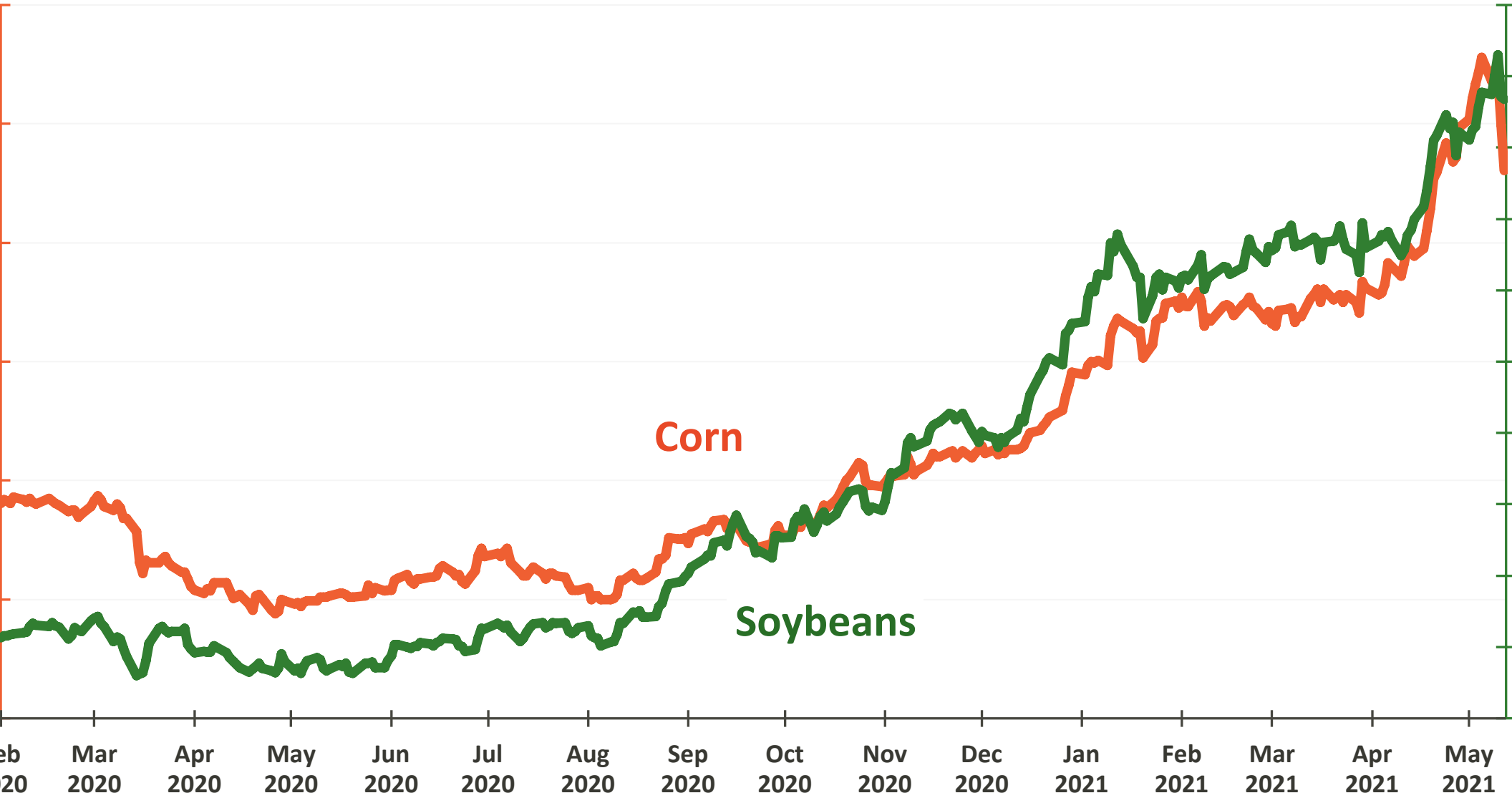
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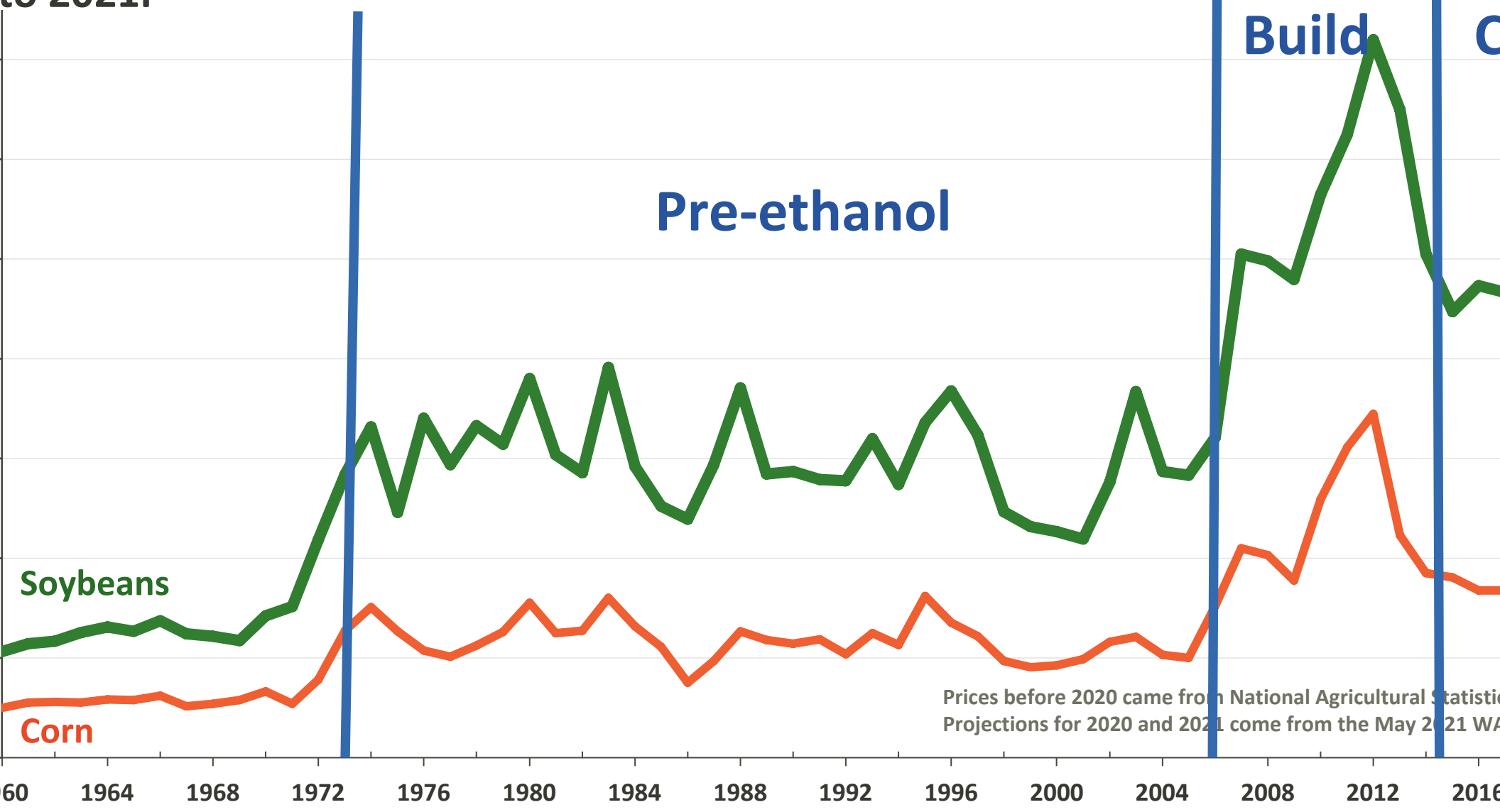


h Corn and Soybean Prices in Central Illinois



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Market Year Average Prices for Corn and Soybeans to 2021P



Soybeans

Corn

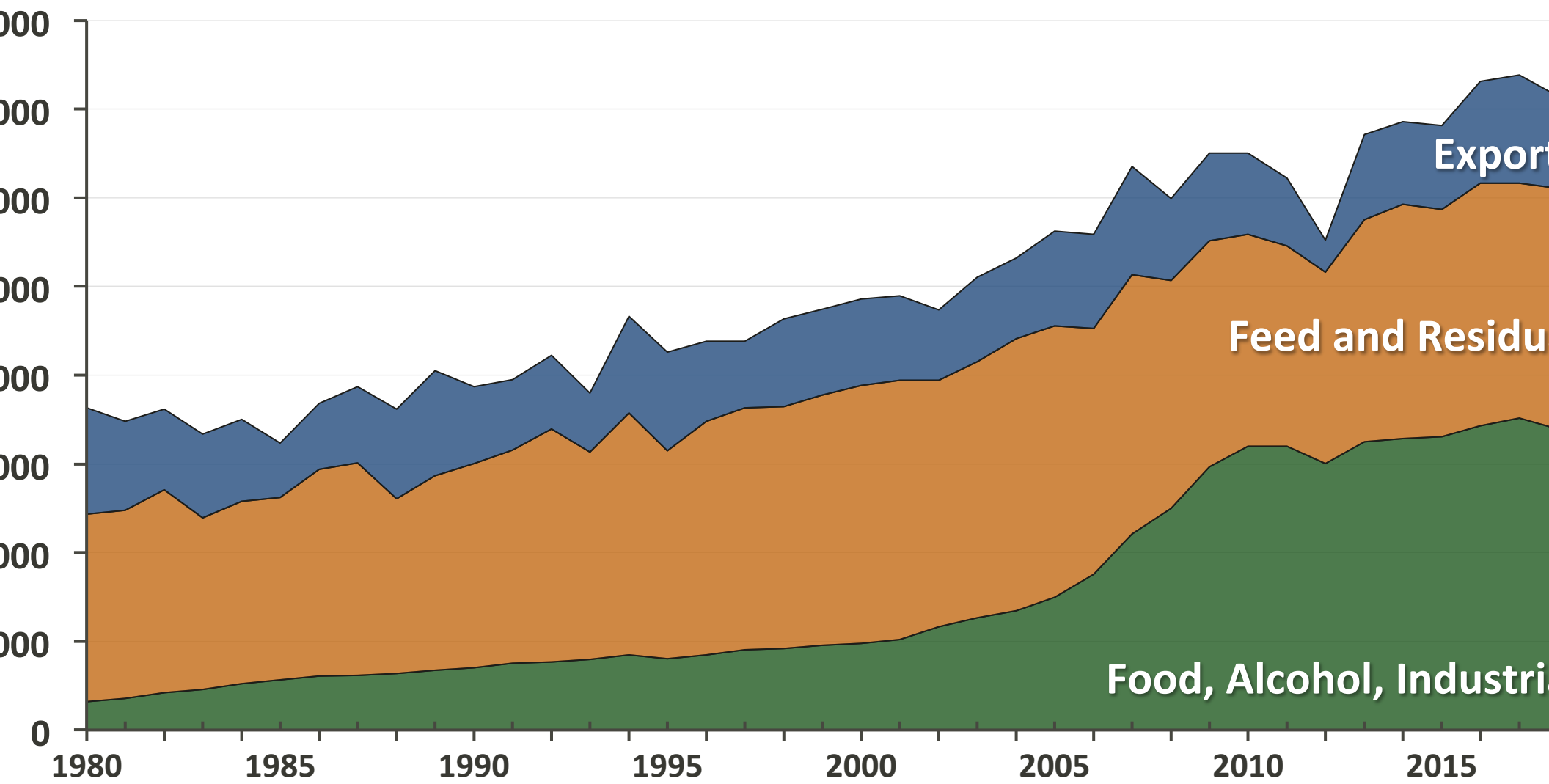
Pre-ethanol

Ethanol Build

Prices before 2020 came from National Agricultural Statistics Service
Projections for 2020 and 2021 come from the May 2021 WASDE

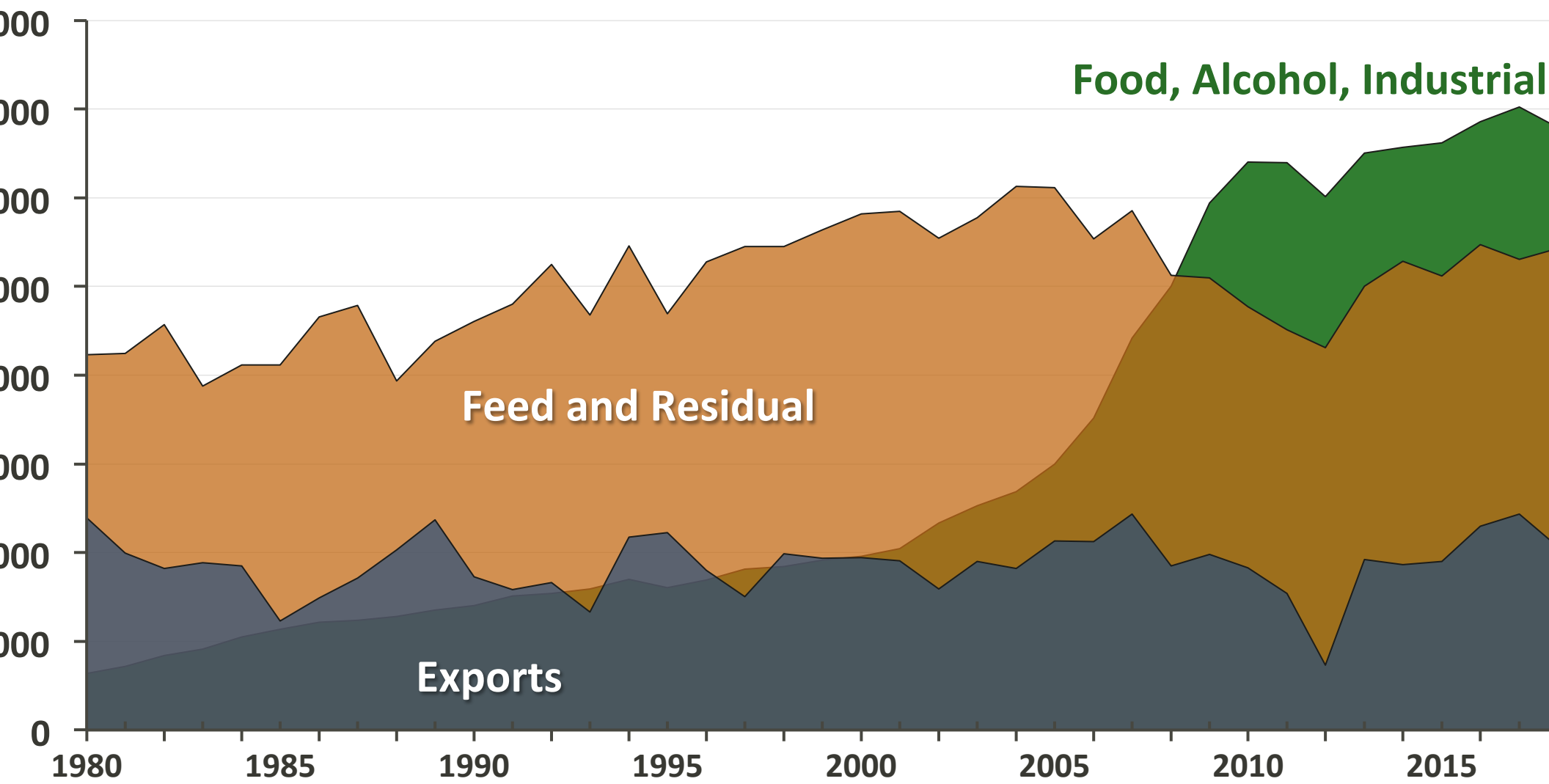
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Grain use in the U.S, 1980 to 2021P



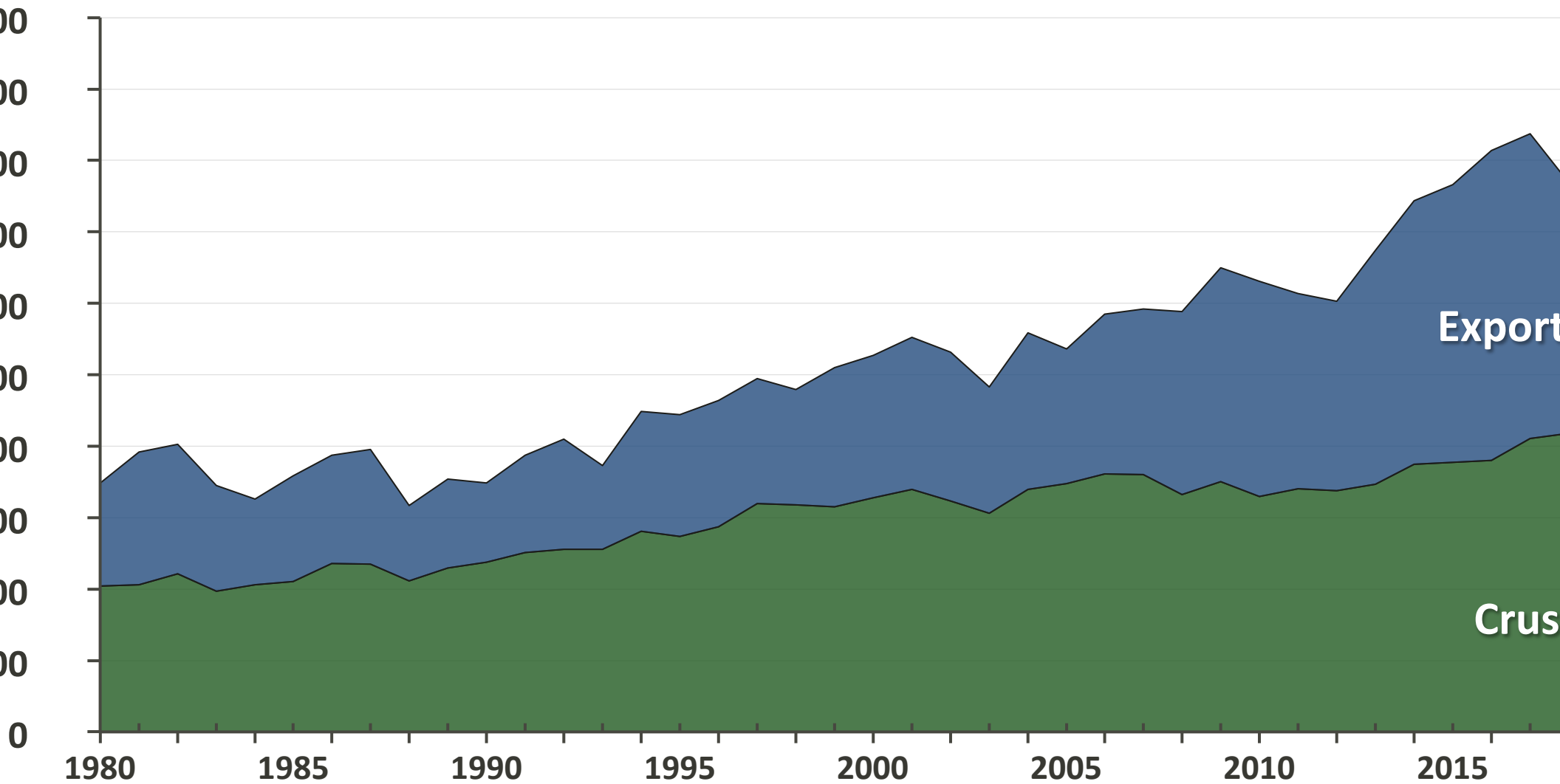
Source: Historical data (1980 - 2018) from Economic Research Service, USDA, 2019 and 2020 data from April 2021, World Agricultural Supply and Demand Estimates report

Grain use in the U.S, 1980 to 2021P



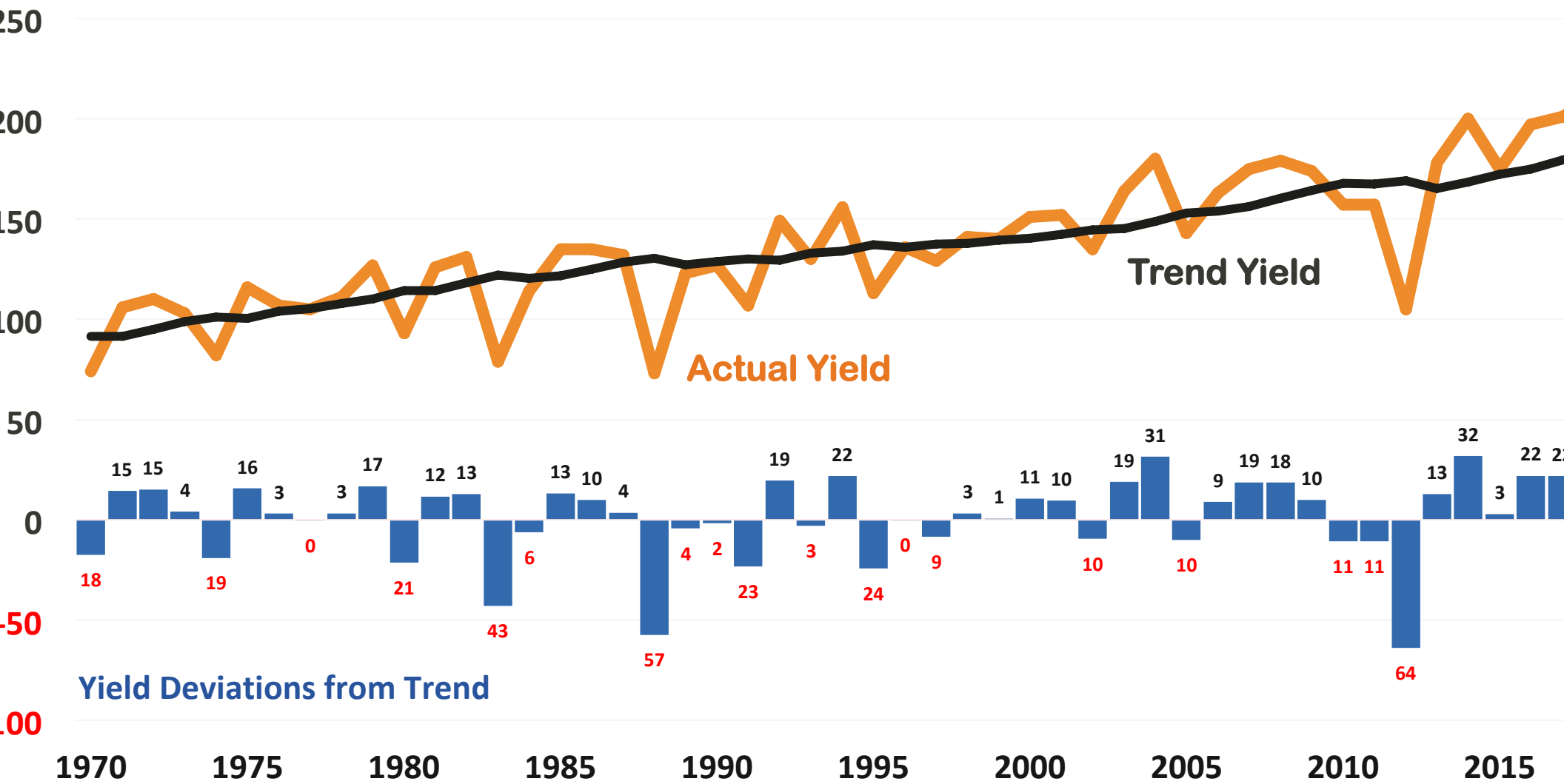
Source: Historical data (1980 - 2018) from Economic Research Service, USDA, 2019 and 2020 data from April 2021, World Agricultural Supply and Demand Estimates report

Soybean use in the U.S, 1980 to 2021P



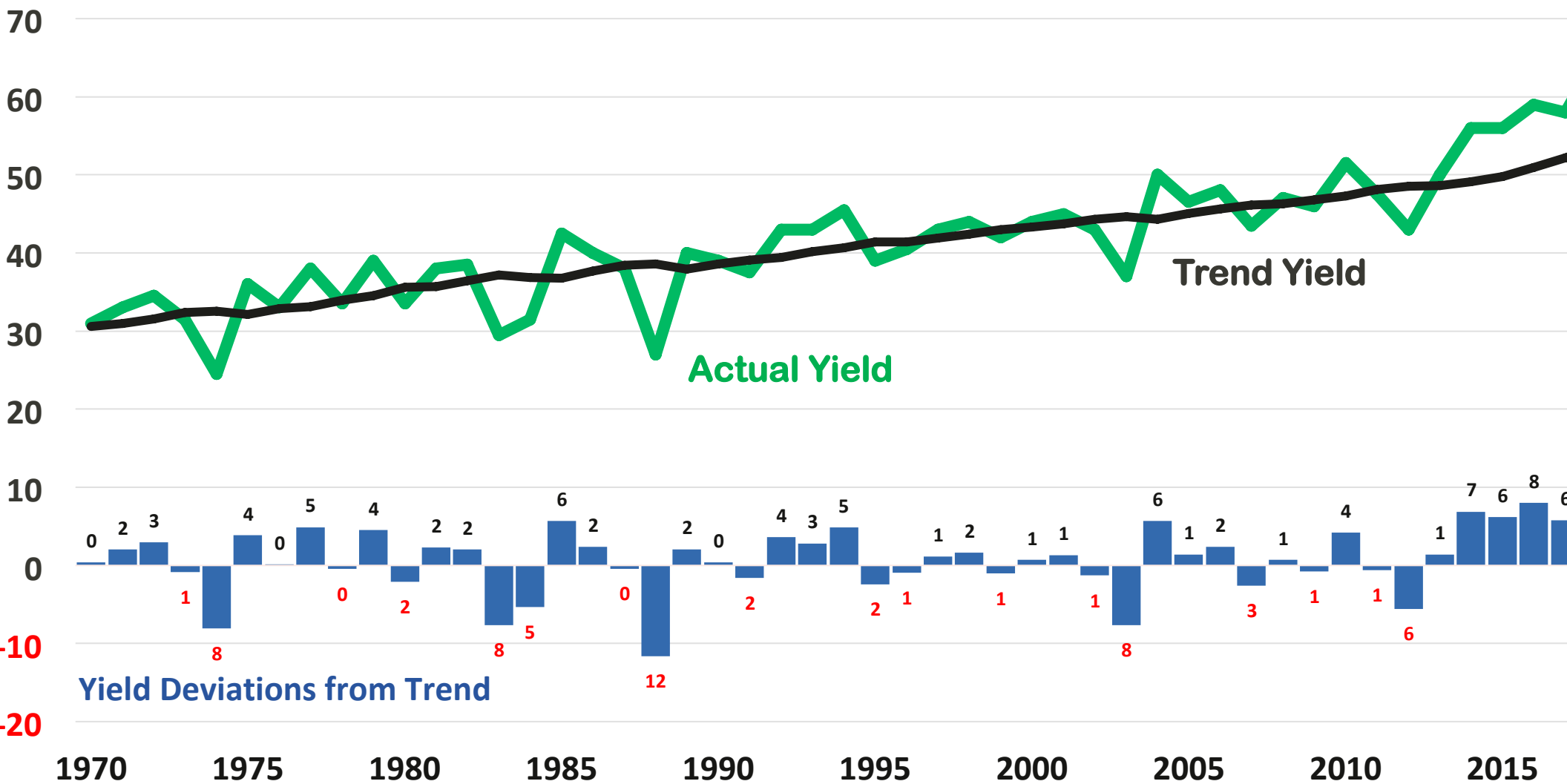
Source: Historical data (1980 - 2018) from Economic Research Service, USDA,
2019 and 2020 data from April 2021, World Agricultural Supply and Demand Estimates report

Illinois Corn Yields, 1970 to 2020P

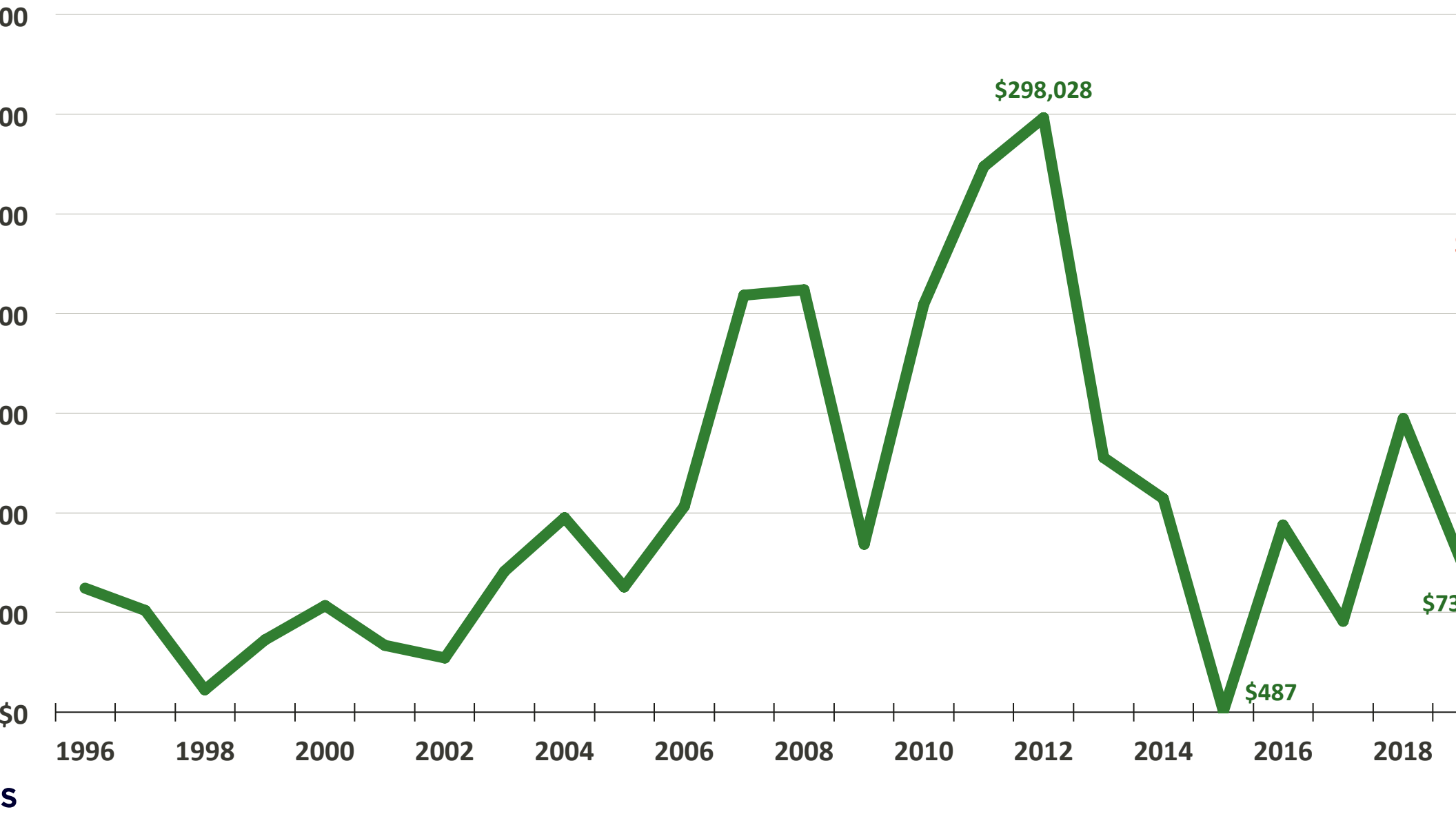


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Illinois Soybean Yields, 1970 to 2020P



ain Farm Net Incomes, Illinois FBFM



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Marsh Rents



Farmland Leased in Illinois

Illinois, **50%** of farmland
rented (ERS, 2016)

Illinois has
the highest rented percent in U.S.

Indiana, 45%

Iowa, 41%

Ohio, 37%

Larger grain farms
tend to rent more

Tenure on grain farms in FBFM, 2019

	Northern	Central	South
Owned	19%	14%	22%
Share-rent	21%	42%	36%
Cash-rent	60%	44%	42%

Leasing Basics

A written lease is **best** (although many leases are not)

If you do not have a written lease and landowner wants to terminate lease, you must provide notice by **October 31**, specification in written agreement will supersede the October 31 deadline

Most leases are one-year leases, or year-to-year leases, but do not have many leases that are of longer term. It is rare to have a lease over 2 or 3 years.

Rent types

Cash rent: farmer pays landowner for right to farm land, farmer receives all revenue and pays all expenses, except land costs (property tax)

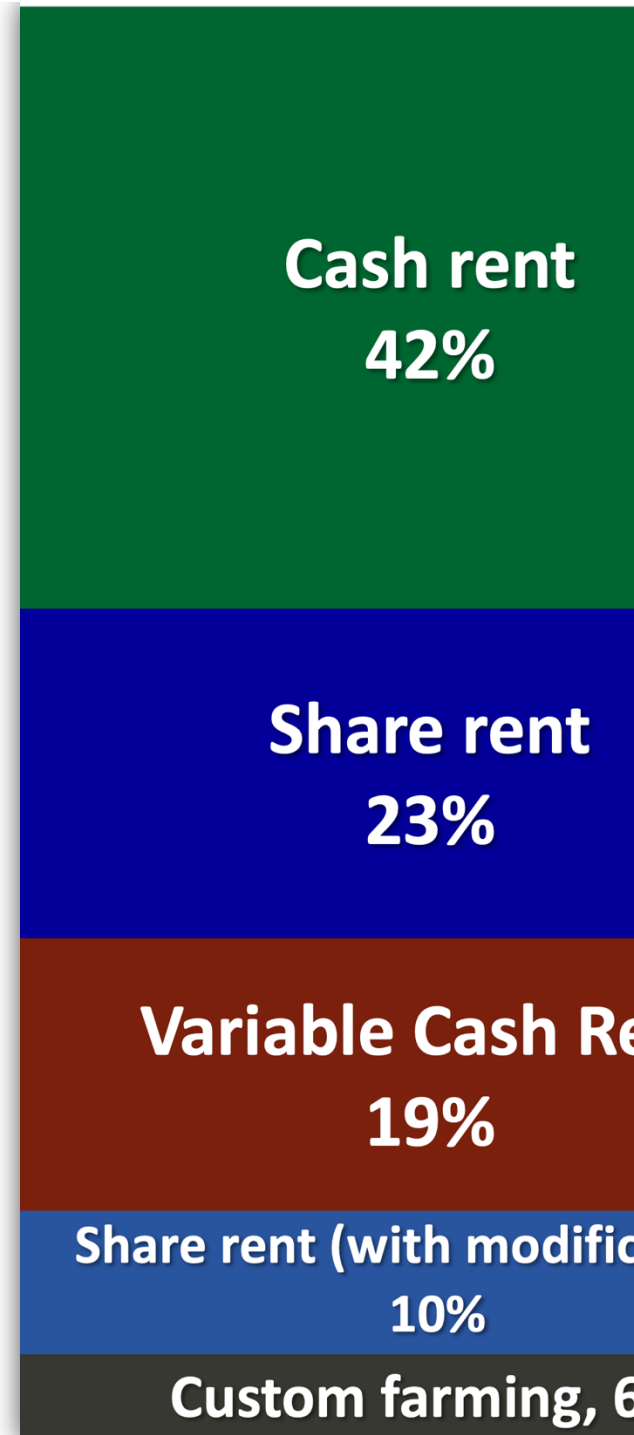
Share rent: share in revenue (crop revenue and government programs) and direct costs (seed, fertilizer, pesticides, drying, storage, crop insurance)

Variable cash rent:

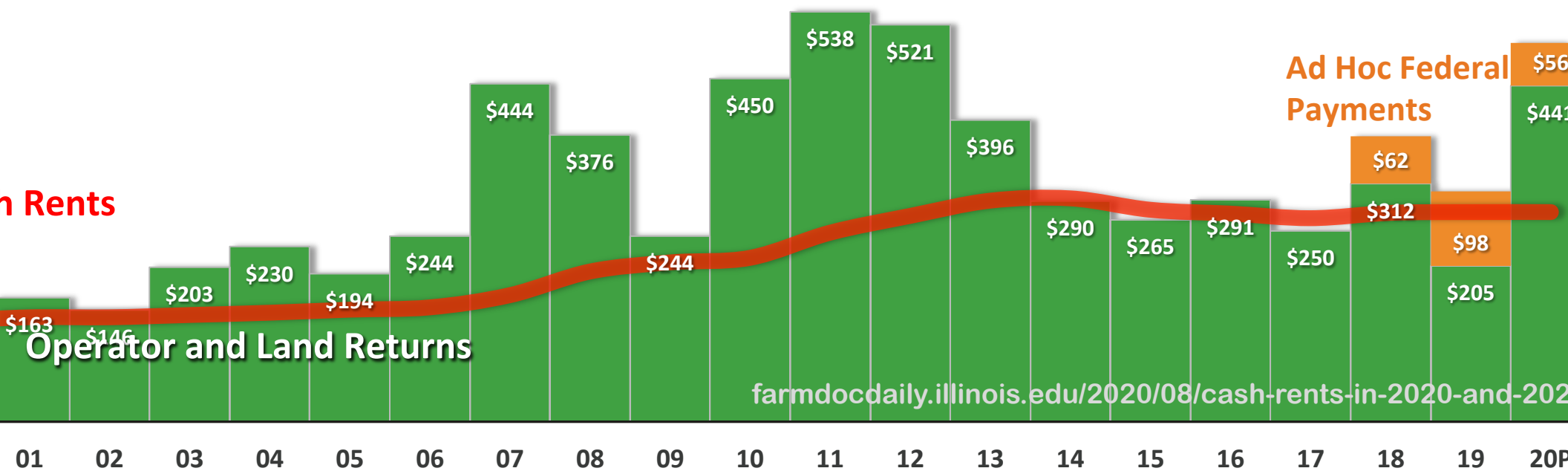
Cash rent varies with crop revenue

Custom farming: landowner pays for field operations, bears all costs, receives all revenue

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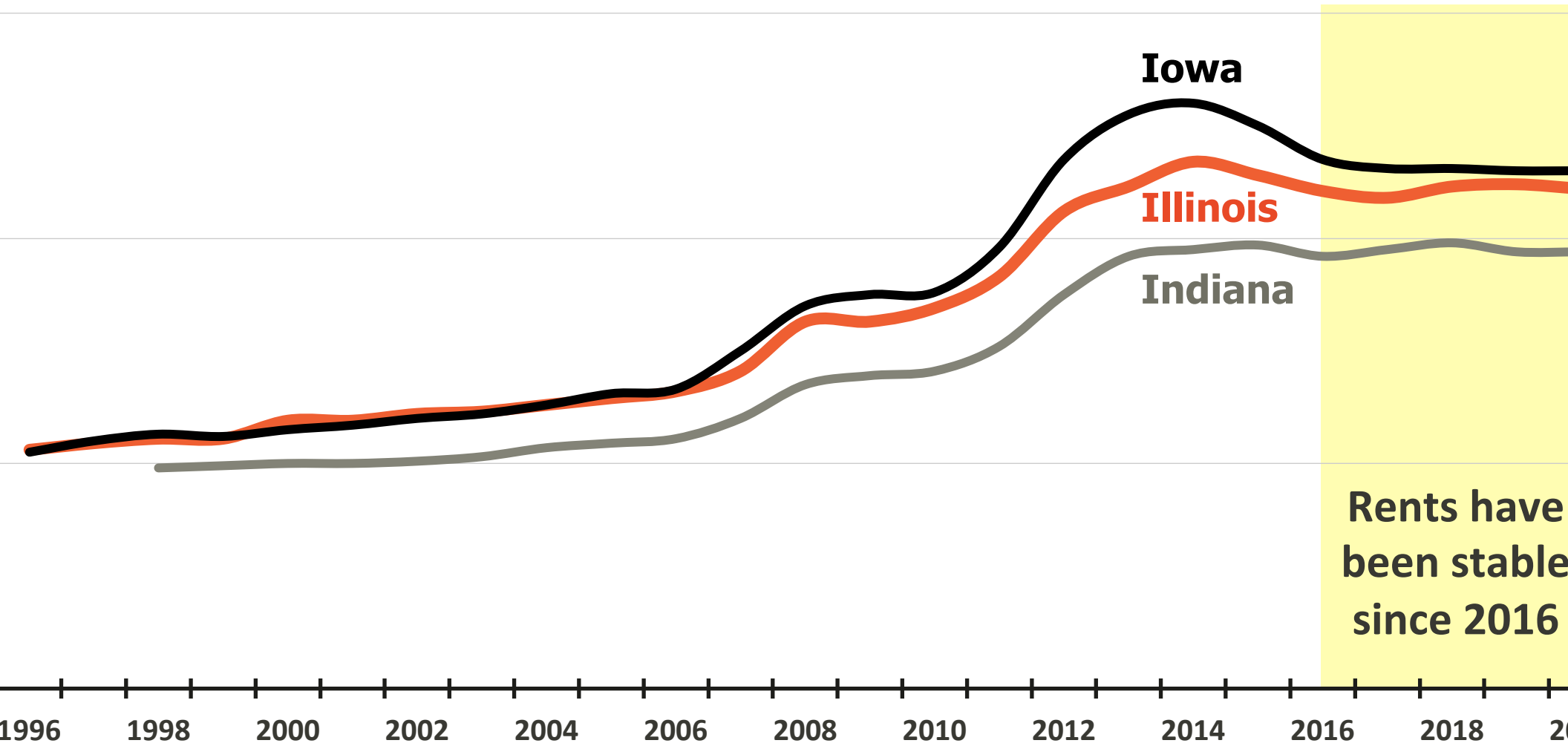


Operator and Land Returns and Cash Rents, High-Productivity Farmland in Central Illinois, 2000 to 2021P.



Source: Data summarized from farms enrolled in Illinois Farm Business Farm Management (FBFM)

Average Cash Rents in **Illinois**, Indiana, and Iowa

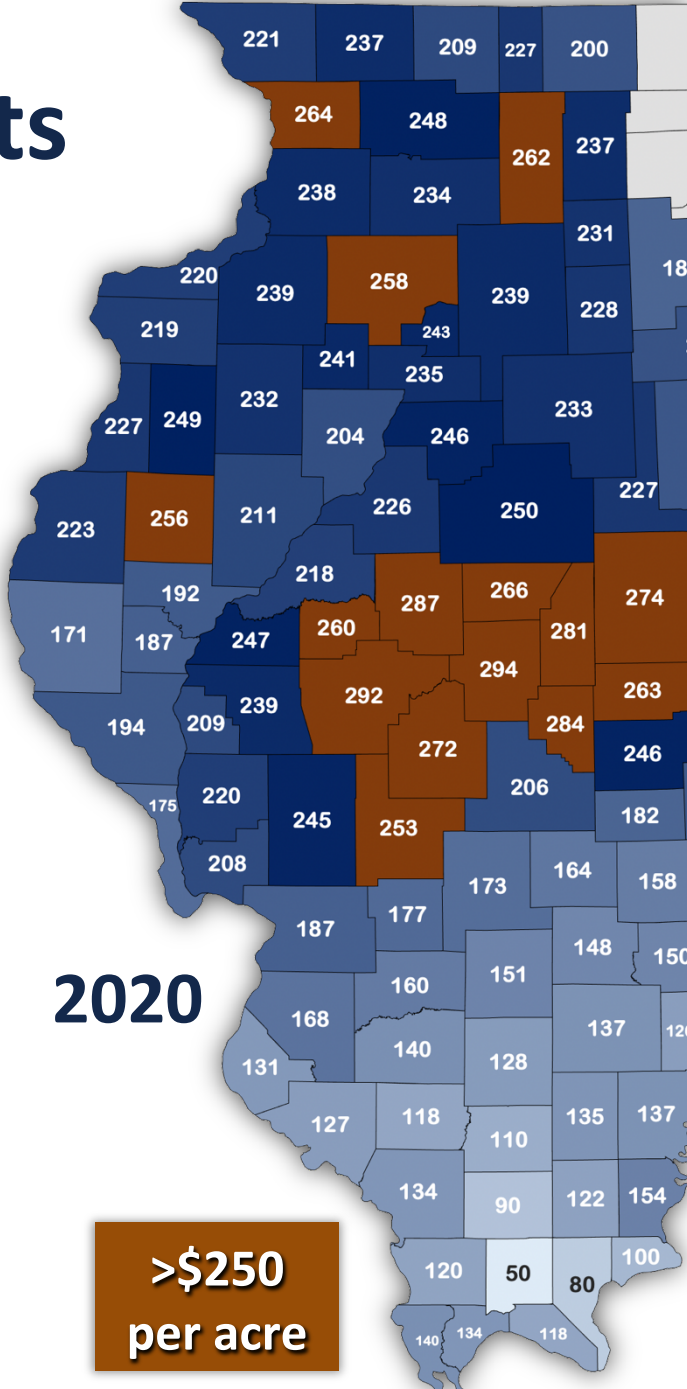
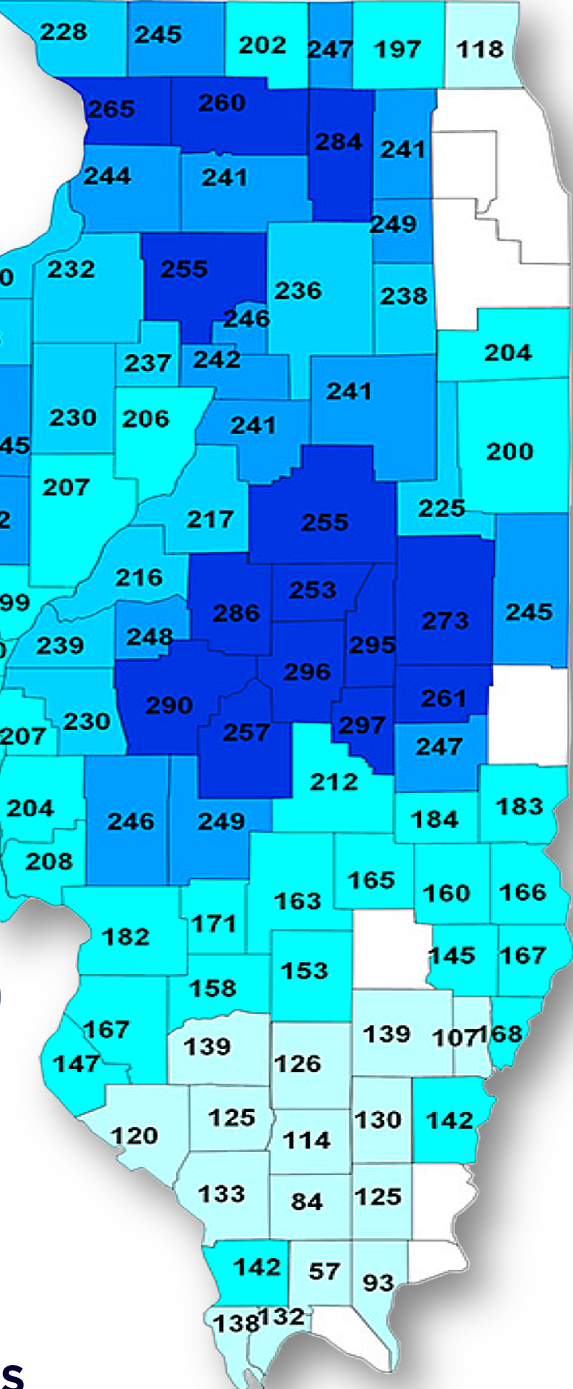


Rents have been stable since 2016

Source: National Agricultural Statistical Service

Average Cash Rents in Illinois from NASS

We have not seen a lot of movement in cash rents in recent years

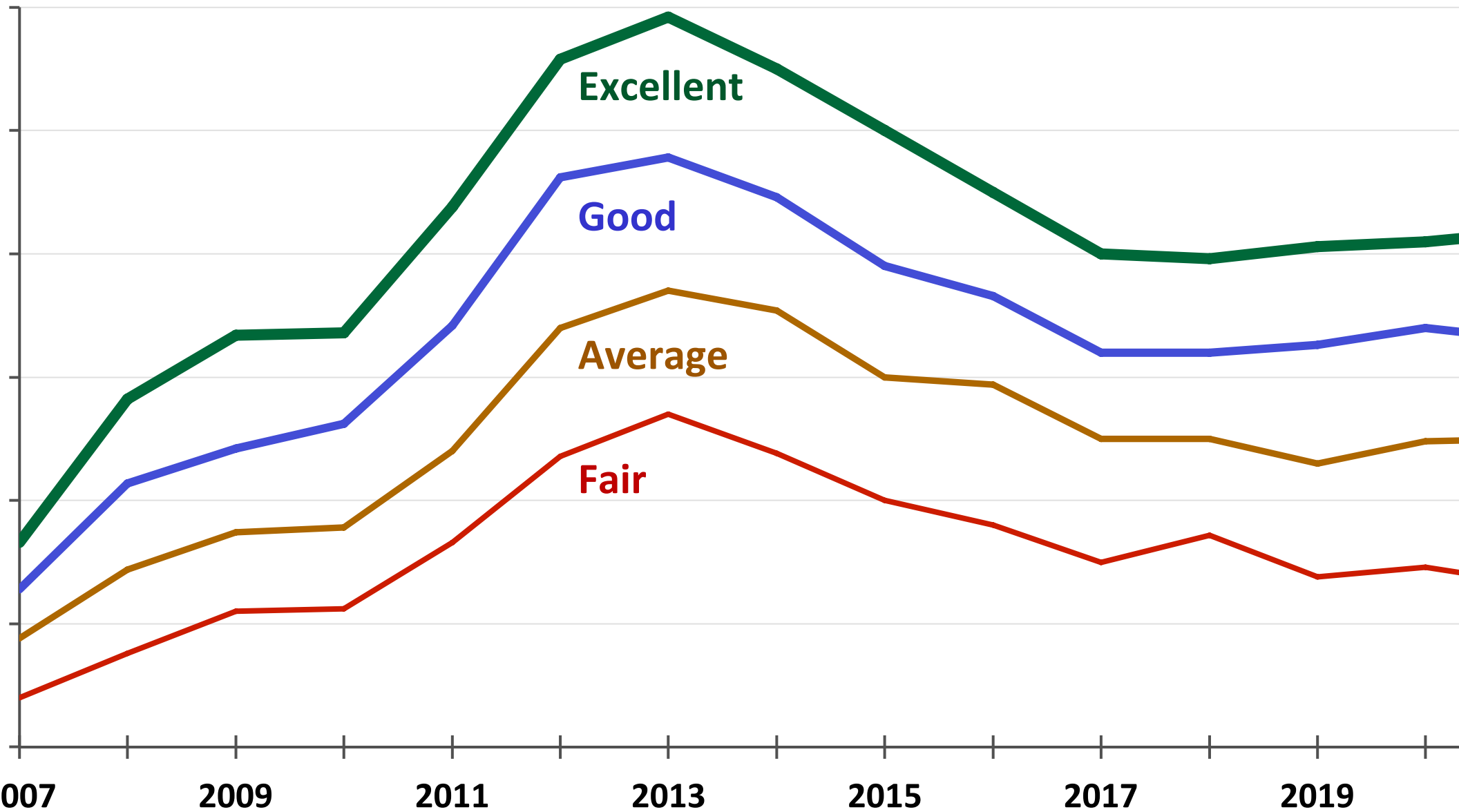


Illinois Society Cash Rents (Professionally Managed)

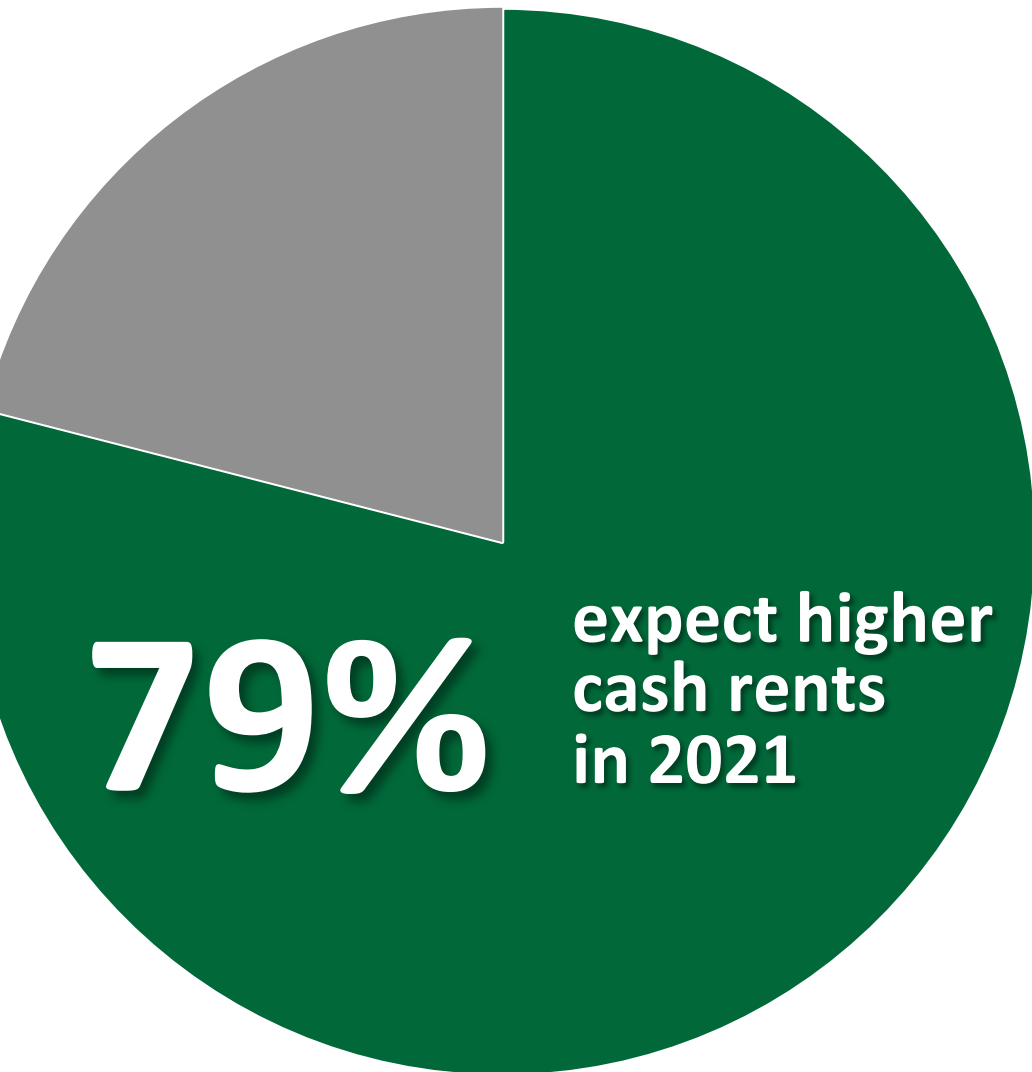
Year	Land Quality			
	Excellent	Good	Average	Fair
2007	\$183	\$164	\$144	\$120
2008	\$241	\$207	\$172	\$138
2009	\$267	\$221	\$187	\$155
2010	\$268	\$231	\$189	\$156
2011	\$319	\$271	\$220	\$183
2012	\$379	\$331	\$270	\$218
2013	\$396	\$339	\$285	\$235
2014	\$375	\$323	\$277	\$219
2015	\$350	\$295	\$250	\$200
2016	\$325	\$283	\$247	\$190
2017	\$300	\$260	\$225	\$175
2018	\$298	\$260	\$225	\$186
2019	\$303	\$263	\$215	\$169
2020	\$305	\$270	\$224	\$173
2021	\$309	\$265	\$225	\$166

**Cash Rents
of Survey in
\$ per acre**

Historic Cash Rents of Survey in Dollars per Acre



Expectations for 2022

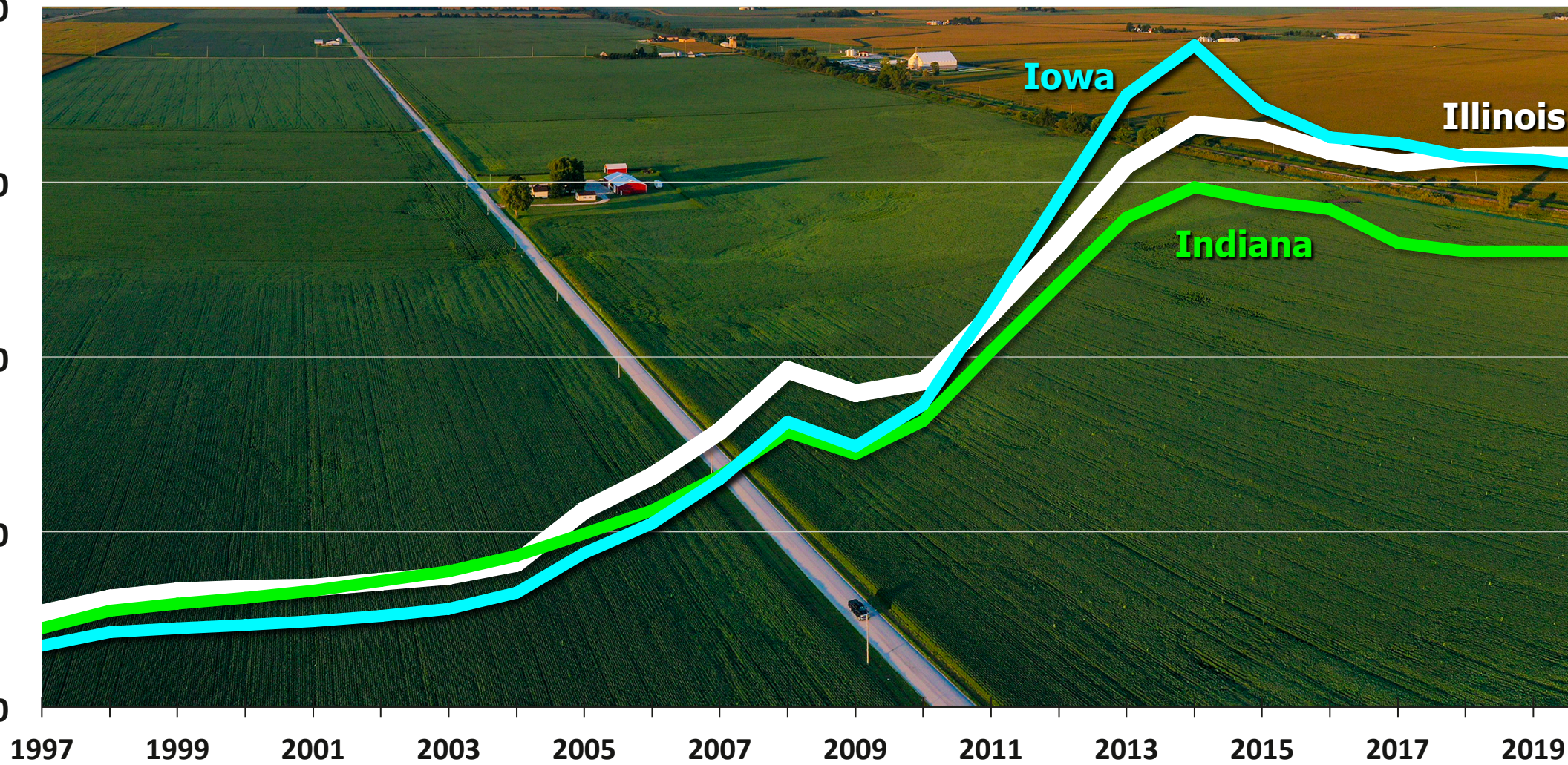


**Most expect
a good
agricultural
economy**

Farmland Prices



Farmland Values in the I-States



Source: National Agricultural Statistical Service

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2021 Illinois Land and Lease Trends



For a hardcopy version of the report contact:
ispfmra.org
Carroll Merry
Executive Director
262-253-6902



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LATEST NEWS

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Orders are now open for the 2020 Illinois Land Values...

Merry Receives Service to Agriculture Awards
Carroll Merry (at right) has been presented with the Service...

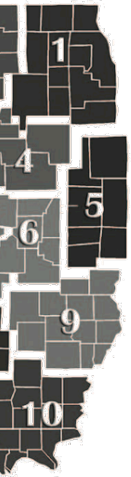
Hiatt Named to Farm Managers Hall of Fame
Rick Hiatt, AFM, ARA, (at left) a partner with Hiatt...

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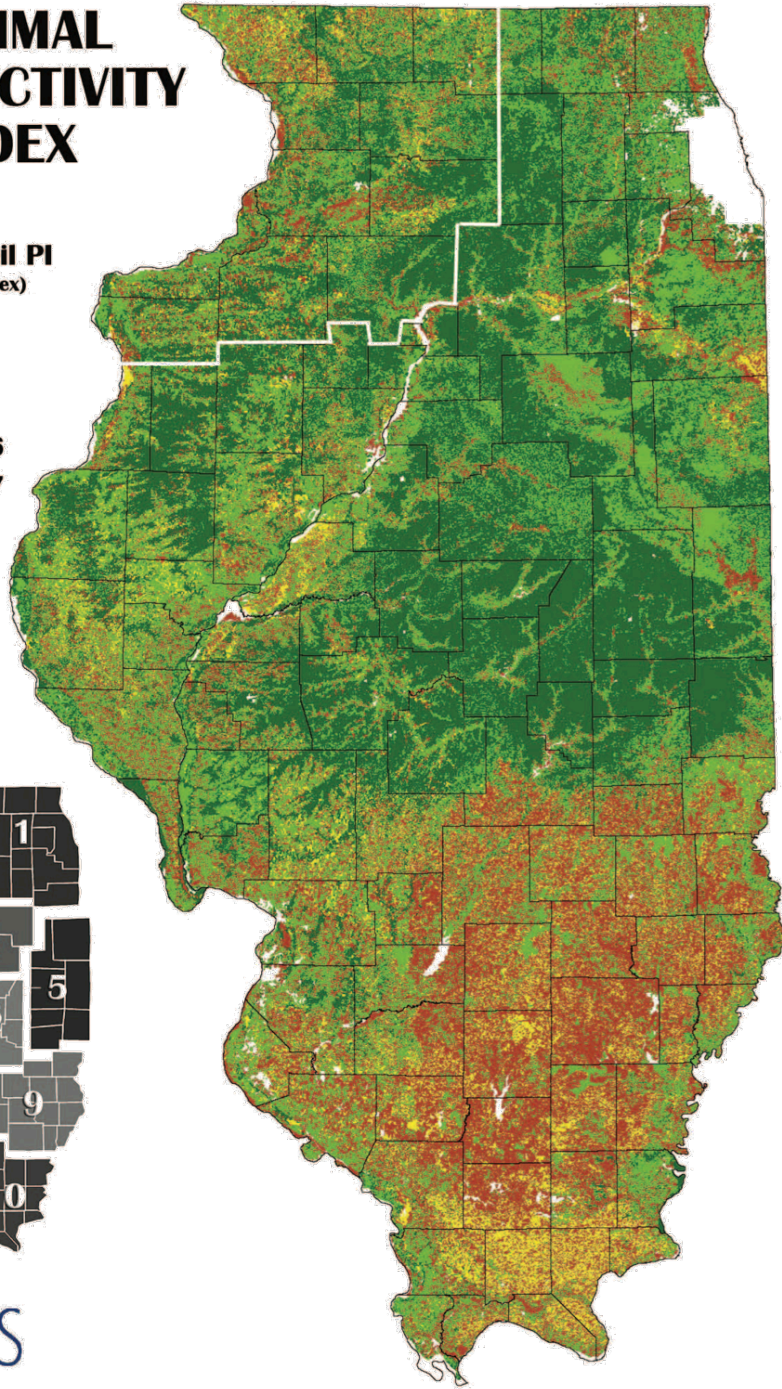
ANNUAL PRODUCTIVITY INDEX

Soil PI
Index)

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126
147



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2021

Illinois Farmland Values & Lease Trends

Understanding Our Farmland Categories

*Using the Productivity Index from the University of Illinois
(Bulletin 811).*

- Excellent Productivity – 147 to 133**
- Good Productivity – 132 to 117**
- Average Productivity – 116 to 100**
- Fair Productivity – Less than 100**
- Recreational Tracts**
- Transitional Tracts**

Categories of Farmland The Great State of Illinois-2020

Figures are the **median values** from the committee data as reported by each region on the categories shown.

	<i>Excellent</i>	<i>Good</i>	<i>Average</i>	<i>Fair</i>	<i>Recreational</i>	<i>Transitional</i>
Region 1	\$10,050	\$8,165	\$6,055	--	--	--
Region 2	\$10,372	\$8,300	\$5,683	\$4,784	\$4,159	--
Region 3	\$12,100	\$6,790	\$4,450	--	\$3,500	--
Region 4	\$11,000	\$8,750	\$5,925	\$6,945	--	--
Region 5	\$10,382	\$8,088	\$6,152	--	\$4,600	--
Region 6	\$10,750	\$9,250	\$7,025	\$6,000	\$4,000	\$33,333
Region 7	\$11,600	\$9,000	\$7,050	--	\$3,380	--
Region 8	----	\$11,548	\$8,532	\$6,893	\$3,400	\$10,041
Region 9	----	\$7,001	\$7,039	\$4,870	\$3,033	--
Region 10	----	\$9,761	\$5,250	\$4,000	\$2,627	--
Averages	\$10,695	\$8,400	\$6,055	\$5,000	\$3,658	\$10,379



Averages are dangerous - but they give us a snapshot of each category (for comparison).

Percent Avg. Change	+4.2%	+1.3%	-1.4%	+5.1%	-5.5%	-25.3%
Compared to last year change	+3.7%	+2.0%	-4.6%	+2.3%	-2.2%	-27.3%

Capitalized Value

Very simple (and reasonably accurate) capitalization form

Capitalized Value = Cash Rent / 10x-Year CMT Rate

Cash rent = \$225 per acre

Year Rate = 3%

Capitalized value = \$7,500 = \$225 / .03

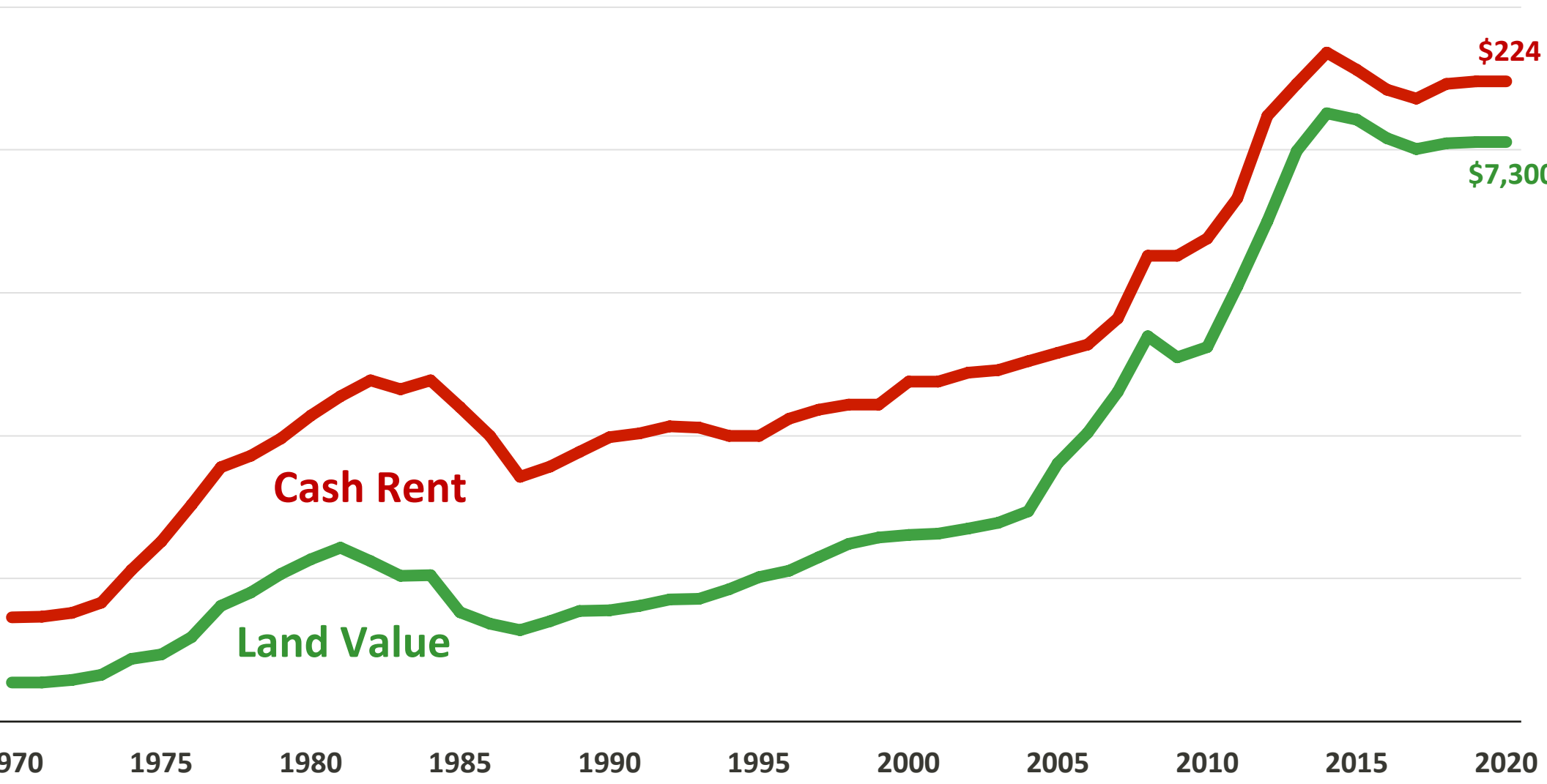
10-year Constant Maturity Treasury Rate



1962 1966 1970 1974 1978 1982 1986 1990 1994 1998 2002 2006 2010 2014 2018

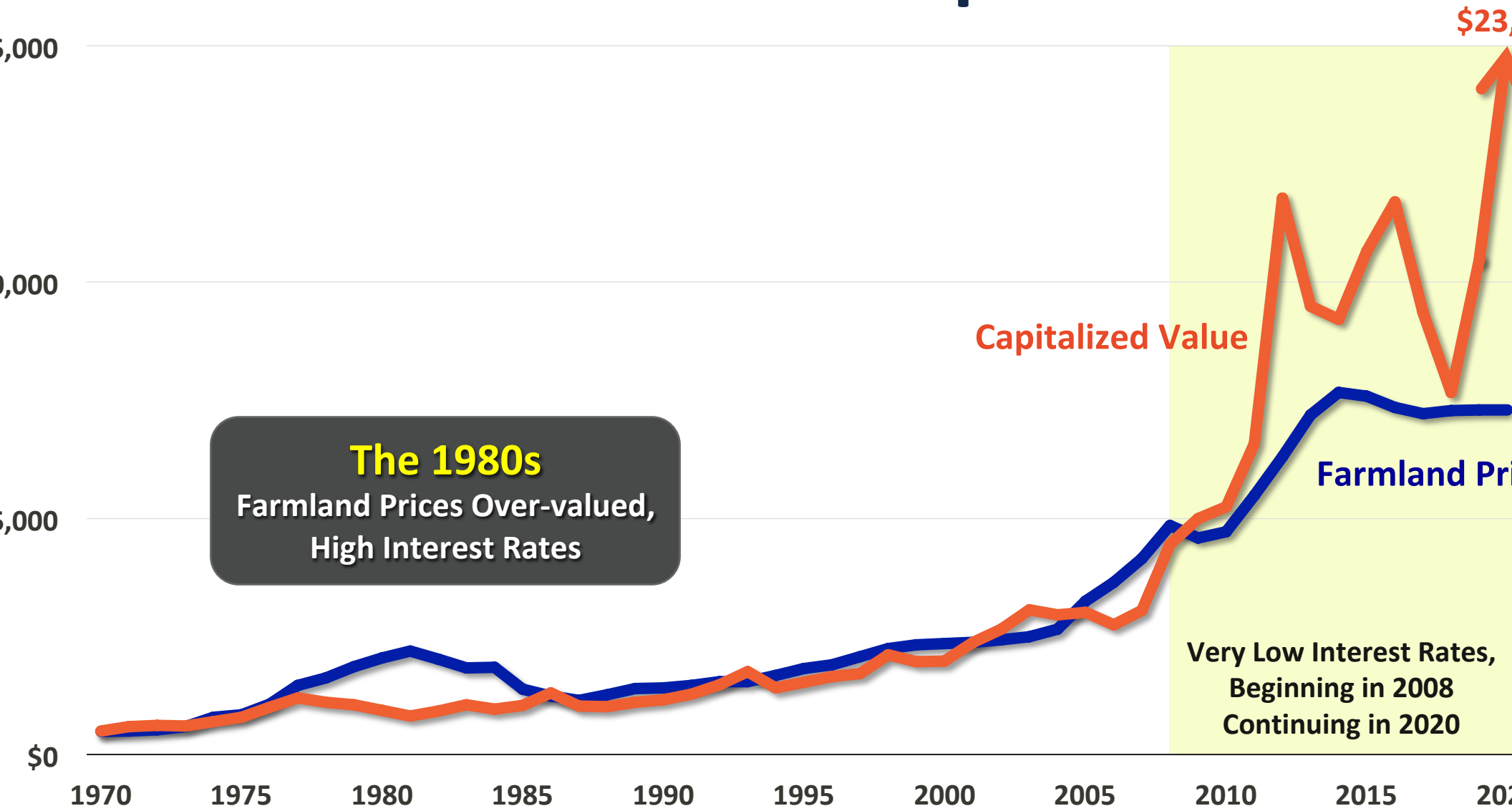
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Cash Rents and Land Values, Illinois (\$ per Acre)

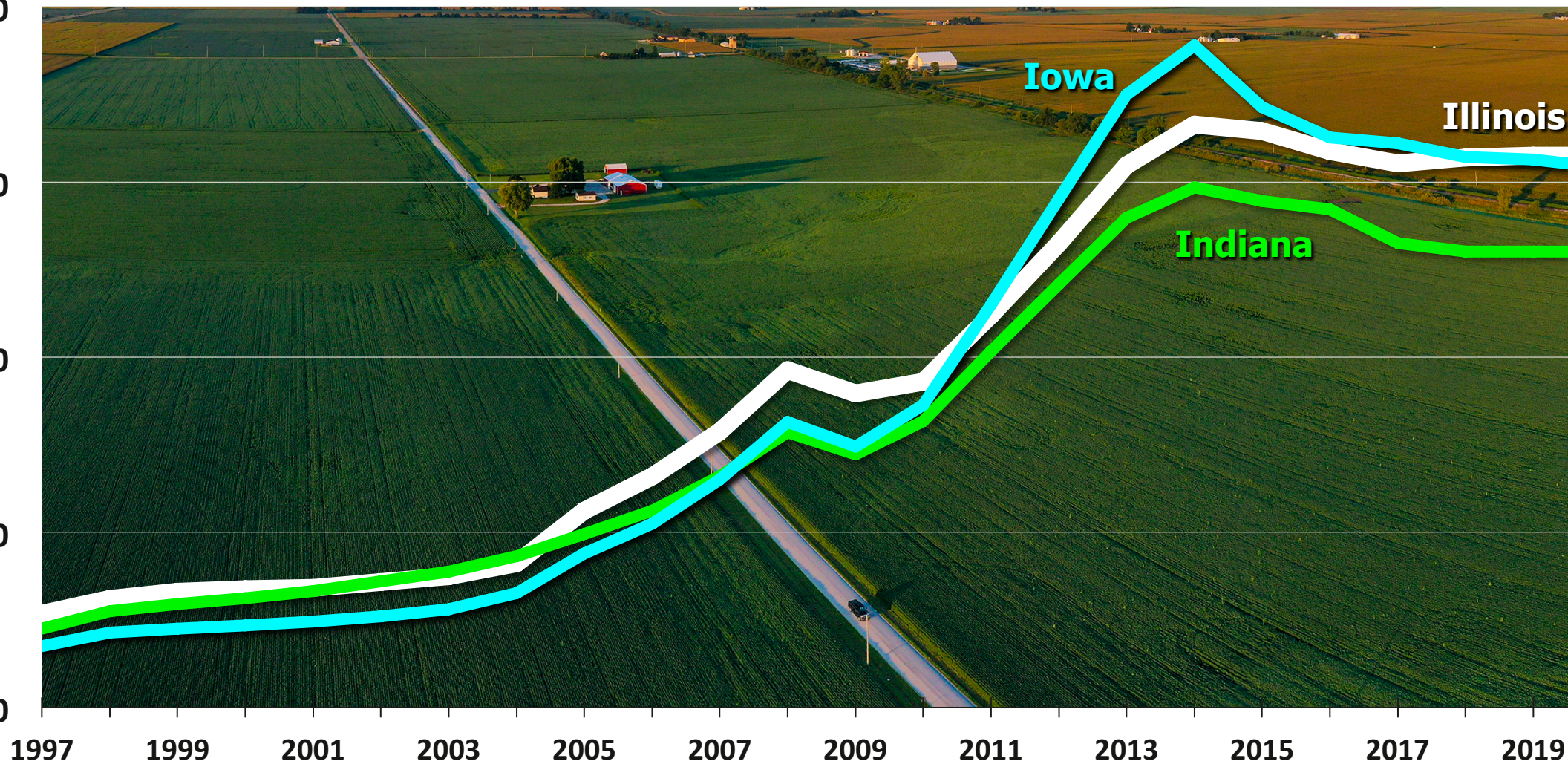


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Illinois Farmland Prices and Capitalized Values



Farmland Values in the I-States



Source: National Agricultural Statistical Service

Thank you