

### **Farm Land Values up 14% in Illinois, Topping \$10,000 Per Acre**

(Decatur, IL, Aug. 31, 2011) Farm land values across Illinois are up 14 percent in the first half of 2011 and averages for excellent quality land have reached the \$10,000 per acre milestone. This is according to a mid-year 'snapshot' survey of members of the Illinois Society of Professional Farm Managers and Rural Appraisers. The information was released at the Farm Progress Show being held here.

According to the survey \$8,500 is the new average for farmland rated as good quality with \$7,200 the new level for average quality farmland and \$5,800 for fair quality land. The variations in land quality is based on the following: excellent land averages over 190 bushels of corn per acre; good quality land yields between 170 and 190 bushels; average produces between 150 and 170 bushels per acre; and fair quality farmland averages below 150 bushels per acre.

Survey respondents indicated that the volume of farmland sales in first six months of the year was up slightly to the first half of 2010. Most expect the number of properties to go on sale to pick up during the second half of the year with 57 percent indicated an upward trend in activity.

They also expect prices being paid for farmland to increase during the next 12 months. A third of those responding expect prices to increase more than 5 percent and 48 percent expect increases up to 5 percent. Only 6 percent expect prices to decline.

High commodity prices and low interest rates are most commonly cited as reasons for the higher prices being paid for land. In that regard, most (58 percent) expect corn prices to average between \$6 and \$7 per bushel for the 2011 crop. For soybeans, the majority (56 percent) expect prices to hover between \$13 and \$14 per bushel.

The survey supplements the Society's larger efforts at year end to document farmland prices and cash rents across Illinois.

#### **2011 Rents**

Share rents, including those leases with modifications and custom farming, are the most prevalent comprising more than half of all farming arrangements.

The 2011 mid-year survey also focused on use of variable cash rental arrangements to gain information on this lease type that is growing in use. More than three-fourths (81 percent) expect an increase in the use of variable cash rental arrangements. Most of these are structured as a minimum cash rent with a chance of bonus for the landowner.

Bonuses are generally based on gross revenue and farm yields are used in calculating gross revenue with price at the delivery point being used to determine gross revenues.

Note to Editors:

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