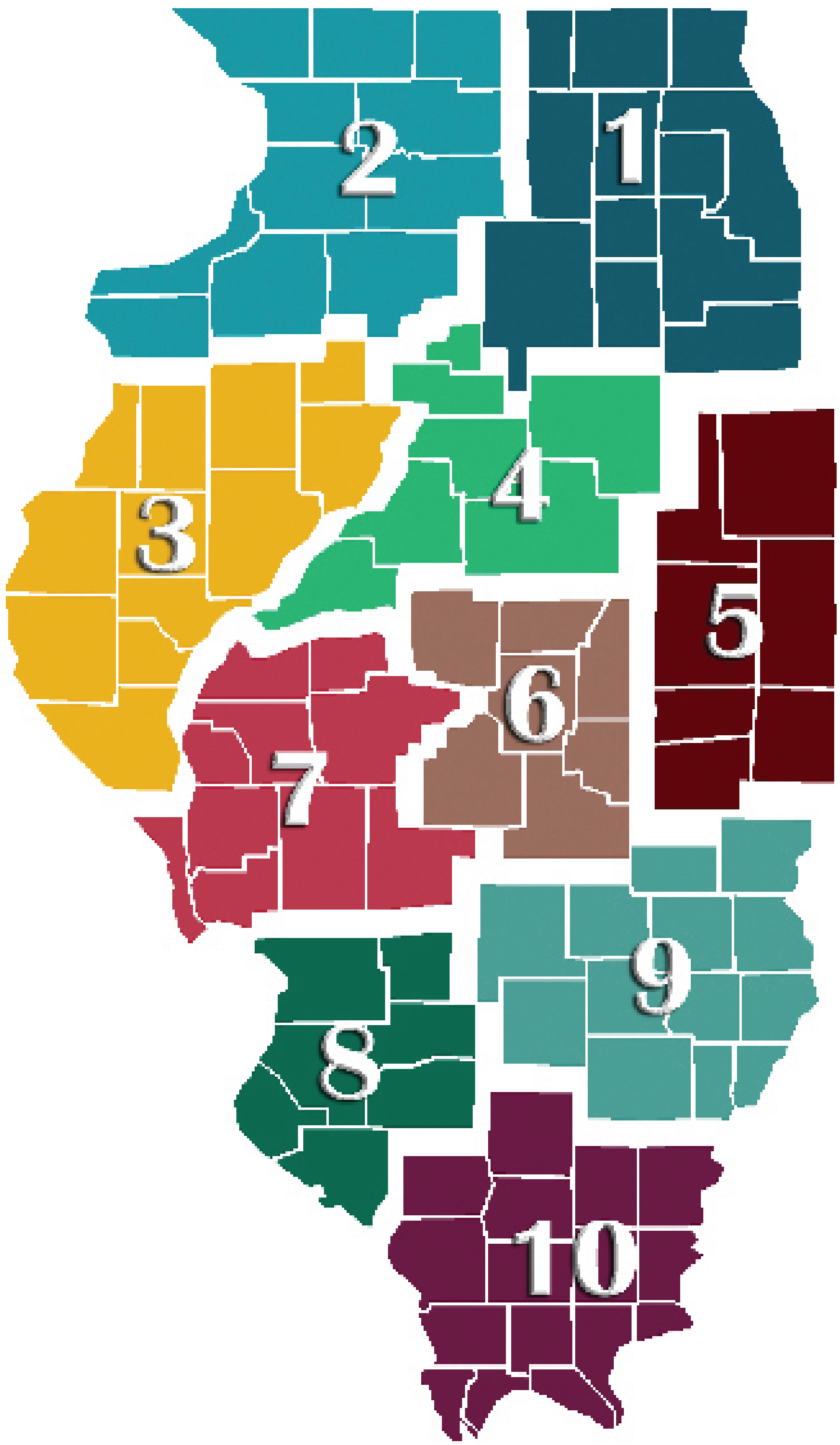
2009 Illinois Farmland Values & Lease Trends

Land Regions



1. Northeast
2. Northwest
3. Western
4. North Central
5. Eastern
6. Central
7. West Central
8. Southwest
9. Southeast
10. Southern

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ISPFMRA President's Message

Fred Hepler, AFM, AAC
President
Illinois Society of Professional
Farm Managers and
Rural Appraisers

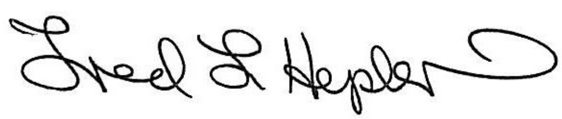
The Illinois Society of Professional Farm managers and Rural Appraisers (ISPFMRA) is pleased to present the 14th annual survey of Illinois Farmland Values and Lease Trends. This report summarizes data collected from ten defined regions of the state. Each region is reported separately and has a comparison of the 2009 data to the previous year's data. ISPFMRA is the only professional association in the state with the expertise to analyze and the ability to access these types of data.

ISPFMRA has nearly 400 professional members who provide agricultural appraisals on over one million acres annually, manage an estimated 4.0 million acres, and provide consulting services on numerous agribusiness and farmland ownership situations. The membership, being geographically dispersed throughout Illinois with individual expertise in each region, provides the basis for an accurate overview of values and trends for the entire state. In these turbulent economic times we hope that you will find this publication a valuable tool in evaluating your land's value and determining the optimum leasing option. Should you need additional assistance in either of these areas, please contact one of the ISPFMRA members located in your region.

This report is the result of hundreds of member volunteer hours. There isn't adequate room to give the appropriate level of recognition to those who collect, summarize, interpret, and report the information.This publication has truly become the "premier source" of land values and lease trends information for landowners, lenders, and anyone who is considering farmland as an investment. Last year copies were mailed to 17 different states. The Land Values Conference, which is the event surrounding the release of the publication, is traditionally a media event with attendees from professional organizations, investors, landowners, tenants and regional and national media. The entire process is supported and endorsed by the University of Illinois College of ACES.

Thank you for your interest in these data and our organization. Your support of ISPFMRA and the future of production agriculture are appreciated. We hope that you will continue to have an interest in this event and attend our 2010 Land Values conference at about this same time next year.

Should you have questions about any of the data in this year's publication, or a need for any of the professional services provided by ISPFMRA members, we welcome the opportunity to provide you that assistance. You may locate one of our members in your area by visiting the Chapter Website at **www.ispfmra.org**.



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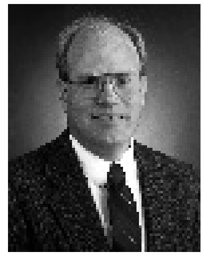

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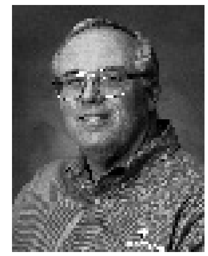

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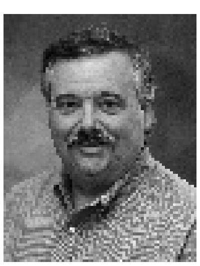

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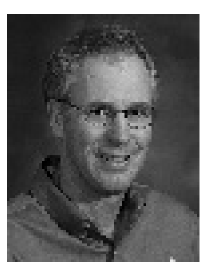

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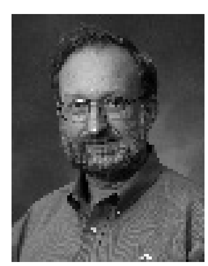

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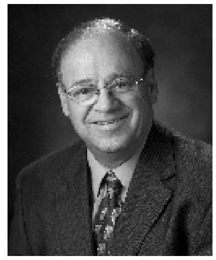

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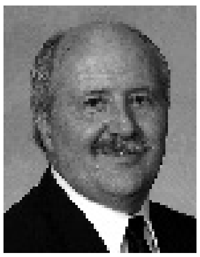

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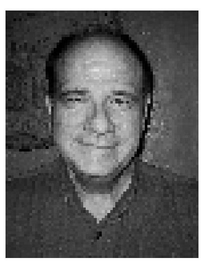

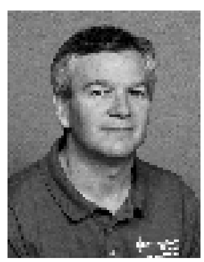

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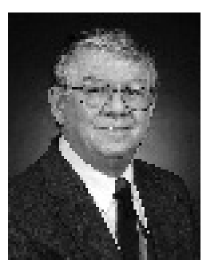

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Illinois Farmland Values - - At a Glance

by Bob Swires, AFM
General Chairman, 2009 Illinois Land Values Survey and Conference

2008 – what a year!! Many of us are going through once-in-a-lifetime changes and experiences that will impact every aspect of the state, U.S. and world economies. The members of the Illinois Society of Professional Farm Managers and Rural Appraisers certainly have the skill to assist landowners with all of the problems and opportunities these rapid changes may offer in the areas of Farm Management, Appraisal, Brokerage and Agriculture Consulting.

It was exciting to review each of the regional reports and reflect on the professional analysis and data that each of the groups provided. **These guys know their stuff!!**

2008 will undoubtedly go down as one of the most exciting and trying twelve months in recent memory. Grain markets and the general economy seemed to be on a real upswing to record levels. We then saw it collapse, going into the end of the year with some modest recovery. All of the regional reports reflect that the rapid decline has everyone a little uncertain as to future trends. Limited numbers of transactions, especially in the fourth quarter, make it challenging to establish which direction land values are trending, especially thinly-traded land categories like Transitional and Recreational.

The regional reports offer much more detail. Each region has its own characteristics, but state-wide trends tend to develop. Those trends and observations are:

1. Sales in the first six months were up in value as demand exceeded supply. It tended to level out in the summer, and by late summer started down as demand became nervous. There was a limited rally up in the month of December with land values somewhat following the overall pattern of grain prices. 2008 may have ended the year at the same spot as where it started, but there was a lot of movement in between.

2. Several regions reported that transactions in the fourth quarter were slow and it was hard to gauge price trends. One observation is that recorded sales need detailed analysis on when the price was established versus when it was closed and recorded to determine time adjustment.

3. There are essentially no 1031 buyers. Most of the buyers are local farmers, with a few investors.

4. Investors are looking for safe haven and diversified investments in farmland. Some investors are a little more return sensitive, buying "good land" to look at a higher percent return on their investment.

5. The number of transactions tended to be about the same as a year ago. The one that showed the largest increase was Region 3.

6. Low interest rates have encouraged land acquisitions. Several regions report that most of the sales were for cash with very few recorded mortgages from resulting sales.

7. The Excellent category continues to have strong demand. That has helped bring up the Good and Average tracts, especially as technology has boosted yields and net returns on these traditionally lower-producing land classes.

8. There is still demand for Recreational tracts, although prices may have leveled out. Rapid changes in the economy in the fourth quarter of 2008 had appraisers scrambling to determine trends on the few fourth quarter sales. Demand for rural residences has cooled following the general housing market trend.

9. There are not a lot of Transitional properties selling and there is little or no speculation in these parcels. Values tend to be very location- and project-sensitive transactions. Most have a modest premium to farmland values.

10. Rents are steady-to-up (majority of regions reporting). High grain prices tend to be pushing rents but rising production costs may be tempering some increases. The volatility in revenue and cost has landowners and operators alike looking more to flexible cash rent leases. Each farm is different; owner and operator have individual relationships and unique factors determining the final rent.

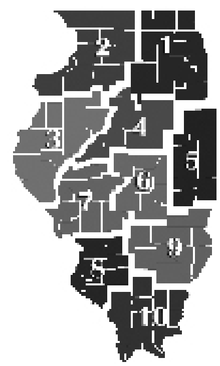
11. The 2008 Farm Bill is still in process. There are concerns about the impact of interpretation of the act impacting eligibility and also payment limitations.

12. North and central regions, especially Region 4, have multiple wind projects in various stages of development.

13. Some new ethanol plants started up in late 2008 although several throughout the regions have either closed or cut back significantly.

Shown below is a brief summary of the entire state. Improved grain prices through December 2008 and strong farmer balance sheets have held land prices at current levels. Supply has been limited as there are fewer sellers. Alternative investments for the sale proceeds are not good. As a result, many potential sellers are reluctant to convert the farmland to cash. Continued good demand appears to be holding prices firm. There are outside investors, but in many regions there are "local investors" who have become land buyers. These can be retired farmers or simply a local dentist looking to diversify his/her investment portfolio or simply looking at land as a good return in the current market.

	Excellent Productivity	Good Productivity	Average Productivity	Recreational Land
Northern Regions (1 & 2)	-5 to +20%	+5 to +20%	0 to +10%	Unchanged
Central Regions (3, 4, 5, 6 & 7)	+15%	+13%	0 to +12%	Unchanged
Southern Regions (8, 9 & 10)	N/A	+8%	+10%	-5% to +15%



Region 1
(Northeast Illinois)

The Transitional or Development land sales are essentially non-existent. A lot of land that was being held for development is now being put back on the market for re-sale. A tract on the LaSalle/Kendall County line sold for development in 2005 at $15,918 per acre and in 2008 sold for $9,750 to a local farmer. Some estimate a 7-to-10-year supply of developmental land available. Some is selling where investors think it may be five years before development occurs.

There was a modest downturn in all of the farmland categories and a 25 to 30 percent decline in the number of transactions. Historically prices have been higher to the north and east in this region than in the south and west. North and east may be coming down a little faster to get in line with agricultural value overall.

In the past, recreational sites in this region have equated to a potential housing site. However, with the decline in the number of new housing starts, the recreational tracts have suffered somewhat.

The cash rent levels in this area have remained relatively unchanged one year to the next. The south end of the region has seen a few inquiries in regard to some potential wind farms.

Region 2
(Northwest Illinois)

Land values in the Good and Excellent categories are up once again. Increases are anywhere from 10 to 20 percent. The number of sales has been limited with the number of transactions steady from levels of a year ago. Region 2 has seen the value of the (Good) tracts increase in proportion as net technologies improve yields on these types of tracts. The sale of some of the Excellent tracts has exceeded several thousand dollars in the center part of the region.

Demand for Recreational tracts has slowed as a result of the downturn in the economy. Over the last six months sales have slowed. This may indicate softening demand, but sellers have stayed firm with selling prices. The Transitional tracts are very specific location sensitive. Overall they have remained few and in a fairly narrow range of values slightly above farmland values.

Alternative energy is alive and well in Region 2 as two ethanol plants opened in the center of the region late in the year. There have been inquiries as well on new wind farms in Stevenson, JoDavies and Lee counties. Rents have increased slightly particularly for the Good tracts.

Region 3
(Western Illinois)
Farmers continue to be the primary buyers and they continue to push land values up into excess of $7,000 per acre. A number of sales tended to be up in Region 3, with values steady to maybe a little stronger for the best categories.

There continues to be some demand for Recreational properties, both on a local and national level. The influence of the general economy is still in question on whether these values will continue to hold going into 2009.

Rents on cropland are up sharply, some beginning as high as mid-$300 per acre crowding $400 per acre for Good and Excellent land. Rents are increasing, reflective of competition to acquire more land as opposed to bidding up land purchases.

Region 4
(North-central Illinois)
Values for the top three categories tended to be up anywhere from 5 to 13 percent. The number of transactions for 2008 appears to be somewhat steady but varies between categories. Auctions early in the year pushed land prices up to $6,500 to $7,500 per acre for Excellent land, reflecting strong demand. Good sales moved up sharply, chasing Excellent sales.

Irrigated acres in Mason and Taswell counties were in strong demand. Some of that was reflective of cropping mixes in the general area. The Fair and Recreational tracts get blended together, depending on the percentage of tillable land. Recreational demand appeared to be good with values relatively stable overall. Location, especially proximity to an urban area, tended to be important.

Rents continue to move upward sharply with Good and Excellent categories leading the way.

Region 5
(Eastern Illinois)
All of the categories were up as much as 15 percent. The supply, reflective of the number of transactions, was probably steady or a little less than in years past. The Excellent and Good categories all had strong demand with limited supply, and prices for Excellent tracts were between $5,500 and $6,700 per acre, and $4,000 to $5,400 per acre for Good land.

This region still had a few 1031 buyers sprinkled in with the majority of farmer buyers. Investors were looking to diversify their investments with Excellent and Good quality farmland. There aren’t many Recreational tracts in Region 5. Demand was relatively good and values firm. The committee questions if the slowing of the economy may have limited the price on Recreational tracts.

A few Transitional tracts sold in the general area. A few sales in one location make it challenging to detect trends. There was a wide range of values, again with locations dictating the general value.

Rents are up anywhere from 5 to 20 percent, ranging from $180 per acre up to $270 per acre. Strong competition for additional land and excellent grain markets sustain good cash rents.

Region 6
(Central Illinois)
The Excellent category ranged from $6,500 up to a couple of sales at $8,000 per acre. Demand continues to be strong in the Good category as well, with tracts there crowding $5,500 to $6,000 per acre. The number of transactions in this region appears to be a little less than they have been in years past. Private sales are still the predominant sale method, but auctions have picked up. Recreational tracts are few in number and values appear to be steady.

Rents continue to increase sharply, especially in the better categories. A very good grain market in Region 6 contributes to the increased rents.

Transitional properties, what few there are, appear to be steady and, again, slightly above overall farmland values.

Region 7
(West central Illinois)
The top sale in the Excellent category was $8,998, paid at a May sale in Morgan County. The values in Region 7 were up across almost all of the categories, anywhere from 12 to 20 percent. Good and Average tracts appear to be peaking out at $6,500 and $4,500 per acre respectively.

Recreational tracts tend to be sideways-to-up-slightly. Any sort of CRP CREP tends to help the sale as it guarantees an income stream for the recreational user. Transitional tracts were few and tended to be up slightly. The west side of Region 7 is influenced by the St. Louis metropolitan area coming up the various rivers for recreational properties.

The number of transactions was about the same throughout the year. There were a few more auctions, but the majority of the sales were private.

Cash rents are up sharply, as much as 20 percent in some areas, with top rents being in the $350 per acre range.

Region 8

(Southwest Illinois)

This part of the state has primarily Average and Fair tracts with a few Good tracts sprinkled in, but no Excellent tracts. These categories are all up sharply as the urban area encroaches and farmers are looking to move eastward to maintain and expand their operations. Good tracts were in the $7,000 to $9,000 range with Average tracts in the $5,000 to $7,000 range. There were a few 1031 exchange transactions. The Fair categories were up 25 percent, but very tract-specific depending on percent tillable, shape and so forth.

There is still good demand for Recreational tracts. Prices are stable-to-down-slightly after many years of upturn. The St. Louis metro areas have a big influence here as in Region 7.

The number of Transitional properties for sale has dropped sharply. Again, they are very tract-specific on values. Path-of-development and utilities are important in determining value.

The number of sales has remained steady with a few more auctions held in the spring and a few more private sales in the fall.

Cash rents tend to be up an average of 15 percent with Good tracts ranging from $160 to $200 per acre.

Region 9

(Southeastern Illinois)

The number of transactions was probably up a little for the year. Values overall for Good, Average and Fair tracts were steady-to-up. There was variation throughout the overall region on the amount of increase.

Good tracts ranged in the mid-$4,000 per acre range, Average in the high $3,000 to low $4,000 per acre, and Fair tracts $3,200 to $3,500 per acre on the average.

The average sale price across the region varied significantly anywhere from $23 per P.I. to $60 per P.I.

There were a few Transitional property sales, but a little over farmland values. Recreational properties were steady in the $2,000 to $2,500 per acre category. Access to public water has helped maintain demand, especially for residential site of 5 to 10 acres, which tended to be higher valued.

Cash rents in the area remain steady to up, with ranges from $120 to $190 per acre, depending on the quality of the tract.

Region 10

(Southern Illinois)

Good tracts were up 9 percent, Fair tracts up 15 percent, and Recreational tracts up around 15 percent. Limited land for sale and good demand seems to have increased prices overall. The number of transactions appears to have been steady for 2007 versus 2008.

Most of the sales were private sales to local farmers and there were essentially no 1031 sales in the area. A couple of tracts of primarily CRP sold and equated to about Recreational values overall.

Cash rents reflect competition and higher grain prices and were up 10 to 15 percent throughout the region.

Farm Property Classifications & Definitions

To standardize our data collection, the following definitions were used in developing the various categories. Productivity indexes based on Bulletin 811 are used in developing these profiles.

• **Excellent Productivity Tract** – productive durable soils with a significant amount of those soils with productivity indexes of 133 and above; well maintained; located in desirable community with excellent access to transportation and markets.

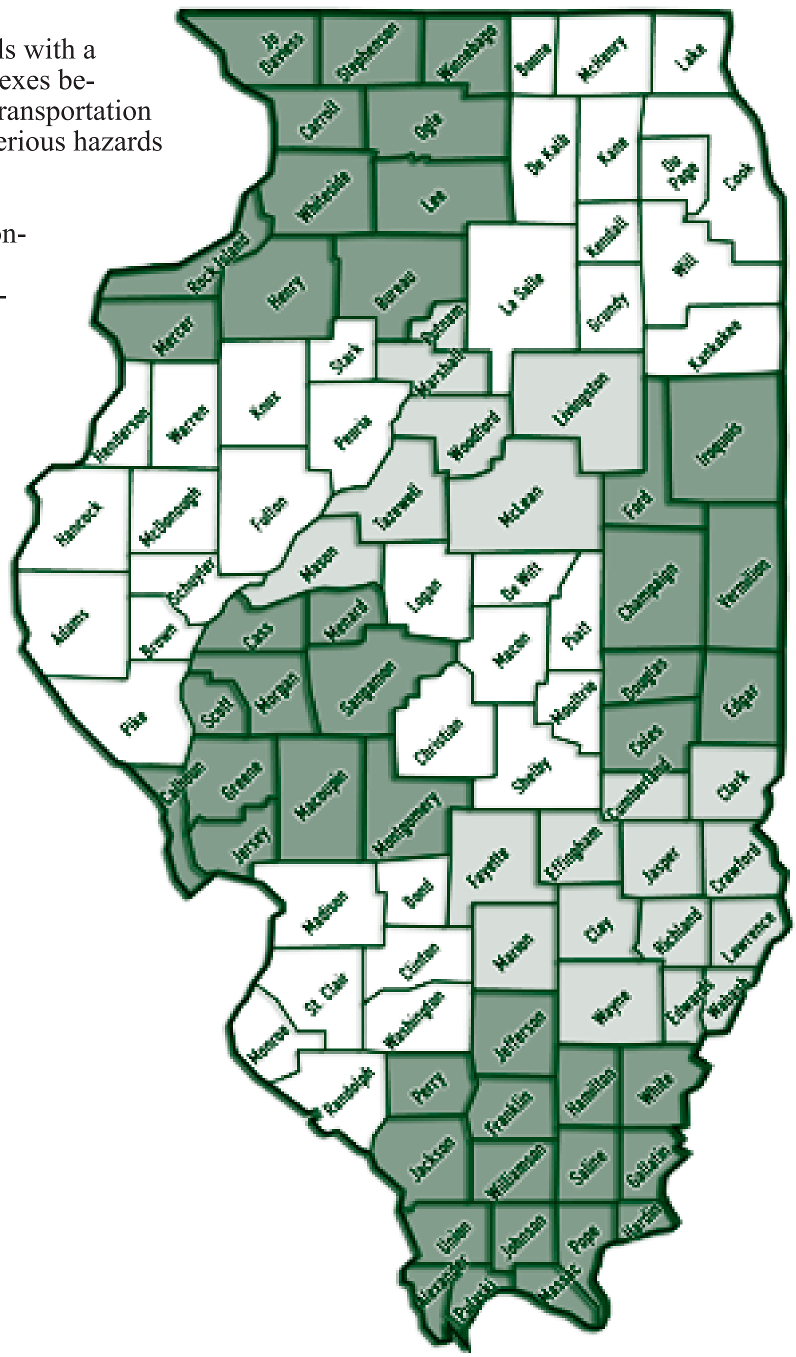
• **Good Productivity Tract** – productive soils with a significant amount of those soils holding productivity indexes of 117 to 132; located in desirable community with good transportation and market access.

• **Average Productivity Tract** – average-to-good soils with a significant amount of those soils with productivity indexes of 100 to 116; located in a community with adequate services available; fair transportation and market access; soils may show evidence of erosion, fertility loss, improper drainage or noxious weed infestations.

• **Fair Productivity Tract** – below average-to-fair soils with a significant amount of those soils with productivity indexes below 100; located in fair community with fair-to-poor transportation and market access; topography may be adverse with serious hazards (flooding, erosion, etc.).

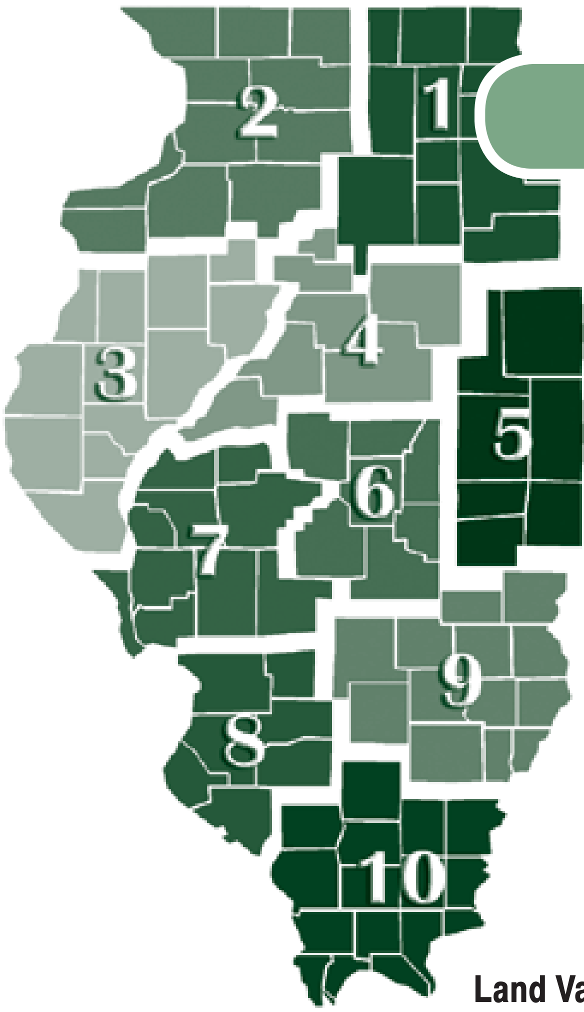
• **Recreational Tracts** – tracts are normally high in non-tillable acres with soils that may be subject to erosion and/or flooding. Tracts are typically purchased by non-resident owners for hunting, fishing and other recreational pursuits.

• **Transitional Tracts** – tracts that are well located and have good potential for development uses within a few years. Tracts may be used for commercial or residential uses.



PI Ranges

Excellent	**133 - 147 (Highest)**
Good	**117 - 132**
Average	**100 - 116**
Fair	**Less than 100**



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Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	$8,500	-5%	down 25%	225	stable	$215
Average Productivity	$5,000	0%	down 25%	190	stable	$190
Fair Productivity	$4,800	0%	down 25%	165	stable	$165
Recreational Land	$7,000	0%	down 50%			
Transitional Tracts	$18,000	-45%	down 80%			

The biggest story on land values in northeastern Illinois is the virtual freeze in residential development. Currently, there is no demand for development land due to an estimated 7- to 10-year inventory of land for development. With the lack of home building, it is difficult to estimate the actual inventory. Absorption rates are nearly zero.

A search of the MLS in Cook, DuPage and Lake Counties returned no sales of land of more than 29 acres. This result indicates that there is very little movement of land in these counties. Any activity was private and not listed with a Realtor.

The lack of demand for development land has removed the 1031 exchange market from the picture. Some like-kind exchanges still occur, but the number is low and not a major influence in this area in 2008. Sales in areas that have carried strong influence from exchange buyers, such as DeKalb County and northeastern LaSalle County, are occurring at levels similar to those of more rural areas.

Some investors are buying farmland as an alternative to financial investments, likely in reaction to the strong drop in the stock market in 2008. These investors are not as focused on northeastern Illinois as the exchange buyer and investors were in prior years. This type of investment in land is not having a major influence on land values in Region 1.

Farmland values in Region 1 remain mostly stable with a slower turnover. Marketing times for farmland have increased to more than twice the interval from 2007. Quality farm values in rural areas, with no prior transitional influence, are stable-to-slightly increasing in 2008. Areas that have had some outside influence, such as eastern DeKalb County, are showing a slight downturn in value. Transitional land sales are drastically down with very little activity.

Excellent Tracts

Excellent quality farms in this area continue to sell well, but at a slower pace than last year. Over the past year farms in the northeastern part of Region 1, nearest to Chicago, have shown less influence from non-agricultural sources. Values in eastern DeKalb County, northeast LaSalle County, western Kane, Kendall, and McHenry Counties have sold at values more similar to more rural locations representing a drop in value for these top-end farms. Area farther to the west and south in Region 1 have remained stable with some areas of increase.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
DeKalb	Oct	68.08	99.7	138	$9,300
DeKalb	Sept	80	98.6	141	$8,200
LaSalle	Sept	75.85	95.8	143	$6,900
Kane	Dec	152.8	95.3	139	$10,571
Kankakee	Oct	51.8	99	133	$5,000

Good Productivity Tracts

Good quality farms continue to show stability in most areas. The demand for these tracts continues to come primarily from farmers. The pattern of sales is similar to that of excellent farms.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
DeKalb	Sept	115.374	99.5	121	$7,000
Kendall	April	289.664	91.76	122	$9,750
McHenry	Feb	160	99.69	128	$8,750
Boone	Feb	129.97	87.87	120	$6,718
Grundy	Jan	78.25	94.7	130	$6,700

Average Productivity Tracts

The few Average quality farms in this region are in the southeastern portion of the area. These farms have had surprisingly stable prices in 2008.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
LaSalle	Oct	195.64	93.3	115	$5,958
Kankakee	May	158.07	95	108	$6,000
Kankakee	May	201.38	96	108	$5,449
Kankakee	Aug	139	63	111	$4,317
Kankakee	Aug	111	97	106	$5,856

Fair Tracts

There are relatively few Fair quality farms in this region with most being in the southeastern portion of the area. These farms have experienced stable prices in 2008.

Sale County	Total Date	% Acres	P / I on Tillable	Total Tillable Ac	Price/Ac
LaSalle	Jan	154.3	91.4	96	$4,860
Kankakee	April	40.4	97	99	$4,802

Recreation Tract

There are few Recreational tracts in Region 1. When they do sell they often are used as residential sites. There is diminishing demand for these tracts in the area, following the trends of declining demand for residential development land.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Boone	Aug	40.77	0		$6,960
Boone	Jan	27.747	48.2		$11,227

Transitional Tracts

Last year, the Recreational tracts listed included sales that had development pressure. The sales this year are primarily properties that may have potential to develop at some point in the next 5 to 10 years. A search of sales over 29 acres in Cook, DuPage, and Lake counties returned nothing. All reports indicate that there is a 7- to 10-year supply of land for development, and there is virtually no new demand for development tracts.

County	Sale Date	Total Acres	Percent Tillable	Prod. Index	Total Price/Ac
Kendall	Jan	64	24.84	112	$17,459
Kane	Mar	79.8	91.98	129	$17,481
McHenry	Jan	75.69	99.48	116	$16,317
Kankakee	Jan	161.61			$30,939
Will	April	60			$63,333

Special Interest

One sale in this area that is representative of the drop in demand for development land occurred on the LaSalle-Kendall County line. This tract adjoins a town that planned in 2005 to expand and allow development of the tract. That May 2005 the farm sold to an investor who planned to rezone the property and secure utilities. The selling price was $15,918 per acre. This same tract sold in April 2008 for $9,750 per acre. The buyer intends to farm the tract.

In previous years, most land sold in Kendall County was planned for development. The 2005 sale described above was at the extreme western edge of the county and fell at the low end of the price range at that time. The 2008 sale indicates that there is still some influence from possible future development due to the location adjoining town. This sale does a good job of representing the change in attitude of buyers in the area.

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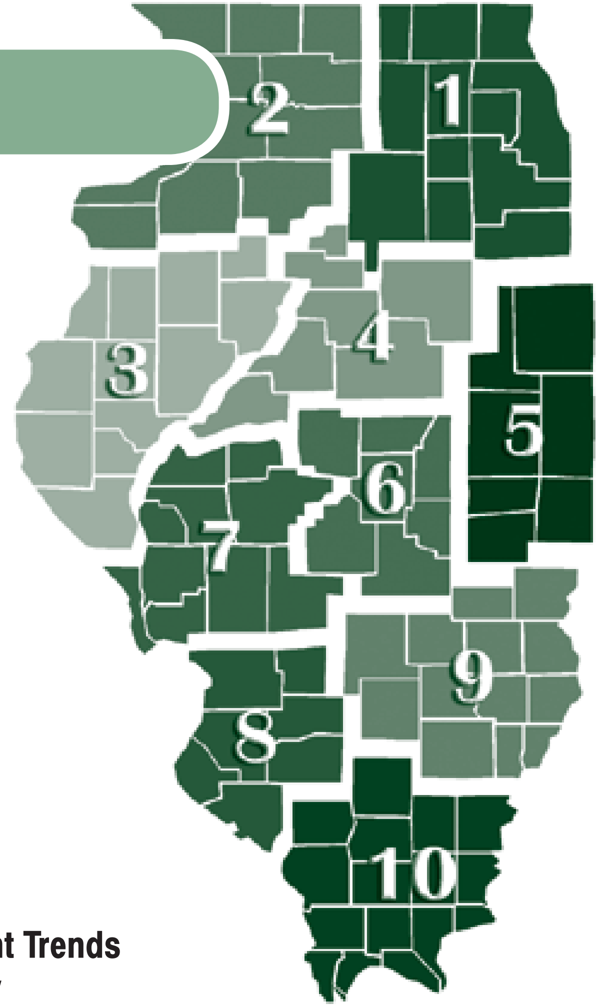
Region 2 - Northwest



Dan Legner, ARA – Chairman
1st Farm Credit Services, Princeton IL

David Dinderman
1st Farm Credit Services, Freeport, IL

Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	$6,100-$7,200	21	Up	$215-$250	10%	$275+
Good Productivity	$5,000-$6,000	22	Up	$180-$200	Minimal	$230
Average Productivity	$4,000-$5,000	11	Steady	$150-$180	10%	$200
Fair Productivity	$3,200-$4,200	30	Steady	$135-$150	5-10%	$160
Recreational Land	$3,200-$6,000	Minimal	Steady to down	n/a		
Transitional Tracts	$6,600-$18,500					
Other Sales	$6,300-$6,500					

2008 was another year of increasing land values, but not in a constant or uniform fashion. The year started off strong until the July/August time period and then slowed following the decrease in grain prices in the late summer/early fall. It appears to have remained steady during the fourth quarter of 2008. Although the number of sales has slowed, there does not appear to be enough data to suggest that land values are decreasing. Henry Co. had numerous auctions in the fourth quarter of 2008.

It does appear that the demand for recreational land in Region 2 has slowed. This may be attributed to the current economic situation in which buyers are concerned with the general economy and employment and are reluctant to purchase recreational land at the levels in prior years.

The Marquis Energy ethanol plant at Hennepin and the Patriot Renewable Fuels ethanol plant at Annawan opened in late 2008, although considerable uncertainty continues to surround the ethanol industry and the impact on farmland values likewise is unclear for the future.

Wind farms continue to be constructed with a second farm recently constructed in southern Bureau Co./northern Marshall Co. and another currently under construction in Lee County.

And perhaps most importantly, while farm income has been volatile over the past year with extremely high commodity prices for the majority of the 2008 year, its prospects have now fallen back to more typical levels.

Excellent Productivity Tracts

There has been a limited amount of Excellent class land offered for sale in the three most northwestern counties of the state. Excellent productivity tracts are being purchased predominately by area farmers expanding their operations after two years of strong profits. Stephenson County has become very competitive and, as a result, marketing times have been minimal and prices continue to increase. There remains strong support in all counties in Region 2 for Excellent Productivity tracts with several sales in the $7,000 per acre level and one sale in Mercer County selling for $8,025 per acre. This sale in Mercer County was an auction with two professionals bidding against one another. The adjacent landowners, investors and farmers all appeared to be this year's buyers with farmers purchasing more of the land than in the past.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Stephenson	Jan. 2009	138	97	135	$6,409
Stephenson	Dec	129.34	96	134	$5,901
Bureau	Oct	119	96.4	137	$6,303
Bureau	Oct	148.56	97.3	137	$6,600
Bureau	Aug	80	98.9	141	$7,325
Henry	Oct	151	88.3	137	$6,252
Henry	Oct	97.06	97.7	134	$6,019
Lee	Feb	146.65	98.5	141	$6,600
Lee	Jan	80	96.1	135	$6,600
Lee	Jan	64.6	97.4	140	$7,200
Ogle	July	106.844	95.7	137	$7,000
Ogle	July	160	95.6	136	$7,503
Whiteside	Apr	78.61	99.7	139	$5,850
Carroll	July	264.21	96.4	134	$6,000
Carroll	Apr	60.87	94.8	133	$6,050
Rock Island	July	75.07	95.9	137	$5,900
Mercer	Aug	66.61	95	138	$5,400
Mercer	Feb	84.61	97.5	134	$5,525
Mercer	Feb	84.81	99.7	143	$8,025

Good Productivity Tracts

The Stephenson County sale set a new high for Good productivity tracts in western Stephenson County. This sale was offered as a sealed bid auction with competitive bidding. Good productivity tracts continue to appreciate as improved technology helps close the yield gap between Excellent and Good farms. Many farmers are looking to these tracts as a slightly more affordable option, without forfeiting the strong yield potential.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Stephenson	Oct	78.39	96.7	125	$6,417
Winnebago	Apr	122.23	93.3	121	$5,225
Winnebago	Sept	242.12	94.1	130	$5,900
Jo Daviess	Mar	40	97.3	127	$5,000
Jo Daviess	July	60	96.7	117	$5,000
Bureau	Dec	40.88	97.8	120	$4,500
Bureau	Apr	66.91	99.6	127	$4,950
Henry	Oct	160	98.6	128	$5,000
Henry	Sept	152.6	97.1	127	$4,125
Lee	Dec	103	94.3	129	$6,400
Lee	Oct	154.28	96.5	129	$6,533
Lee	Mar	160.5	96.9	127	$7,115
Ogle	Mar	75	96.6	126	$5,700
Ogle	July	84.31	94.1	122	$5,170
Whiteside	Apr	100	94.9	125	$5,000
Whiteside	Mar	159.25	94	128	$6,200
Carroll	Sept	92	91	122	$5,272
Carroll	June	85.61	92.7	131	$5,782
Rock Island	July	80	87.3	118	$4,250
Mercer	Nov	87.41	92	118	$4,025
Mercer	Nov	80.747	99	123	$4,799

Average Productivity Tracts

The first Stephenson County sale listed below was purchased by the current tenant in an effort to maintain land base. Average productivity tracts in Stephenson County sold from $3,600 to $4,500 in the previous year. Only one sale of Average Productivity was available for comparison from Winnebago County, and sold for $4,350. The Winnebago County sale listed below is located approximately one and one-half miles to the northwest of Durand. The tillable acres were estimated from **Agri-data.com** as the sale is being divided from a larger parcel. It appears the buyers have purchased the property with the intent of using it as a residential building site as a foundation has been staked out and a culvert is going to be installed.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Stephenson	Jan	192.13	98	113	$4,424
Stephenson	Aug	41.174	97.6	107	$4,800
Winnebago	Mar	40	97.8	108	$5,225
Bureau	Jan	41.18	70.4	113	$3,900
Bureau	Apr	217.958	97.5	116	$3,982
Bureau	Feb	399	79.9	109	$3,800
Henry	Dec	146.15	89.2	108	$3,150
Henry	Nov	45.54	83.9	113	$4,175
Henry	Sept	124.22	96.3	116	$5,000
Lee	Mar	38	96.8	110	$5,132
Lee	Jan	160	77.6	109	$4,219
Ogle	Apr	97.78	74.1	116	$4,346
Whiteside	Nov	116.68	97.6	116	$4,514
Whiteside	May	71.727	91.9	115	$4,500
Whiteside	March	40	99.75	100	$3,525
Carroll	Feb	78.94	93.2	114	$4,434
Carroll	Sept	140.5	70.7	113	$4,500
Rock Island	May	122.3	96	104	$4,850
Rock Island	Feb	80	73	114	$3,900
Mercer	Nov	86.66	94.2	115	$3,750
Mercer	Apr	52.55	93.8	115	$4,076
Mercer	Apr	57.01	97.4	107	$3,001

Fair Productivity Tracts

These farms are lower quality and do not typically have the high-value features (woods, view, access) of recreational properties in the area. These properties offer a significantly lower purchase price when compared to High productivity tracts but under a high level of management and cooperative weather, recent yields have been strong for these marginal farms. As in the past, there have been a limited number of Fair Productivity tracts sold in comparison to the turnover of the higher quality land. It appears that this is a result of many of these farms being placed into CRP or being used for hunting/recreational purposes.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Stephenson	March	40	82.5	96	$4,000
Jo Daviess	Oct	107	97.9	99	$4,000
Henry	May	100	97.7	93	$3,275
Henry	March	78.27	97.9	90	$3,800
Whiteside	Nov	69.99	91.5	97	$4,286
Carroll	Feb	40	61	85	$4,000

Recreational Tracts

Recreational tracts in Jo Daviess County in particular have provided strong support for farmland values. These properties are typically purchased by non-farm buyers from the eastern portion of the state. As concerns continue about the general economy recent sales of recreational properties have slowed.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Jo Daviess	Apr	76.75	8	n/a	$5,100
Jo Daviess	May	56.95	n/a	n/a	$6,000
Jo Daviess	May	40.07	22.9	n/a	$5,241
Jo Daviess	May	112.89	24.7	n/a	$6,156
Jo Daviess	June	84	41.3	n/a	$6,000
Bureau	June	60.51	n/a	n/a	$5,950
Lee	Oct	77.26	25	n/a	$3,250
Ogle	Sept	41.37	n/a	n/a	$6,160
Whiteside	Oct	47.962	n/a	n/a	$5,000
Rock Island	Mar	50	49	n/a	$5,300
Mercer	Oct	43.32	52.4	n/a	$2,700

Transitional Tracts

The Bureau County sale was adjacent to the City of Princeton and was purchased by a local manufacturing business for future expansion. The remaining sales are in a close range of one another.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Bureau	Dec	15.8	98	n/a	$18,500
Henry	Sept	23.77	61.4	n/a	$8,414
Whiteside	Mar	18.084	99	n/a	$6,636
Rock Island	Mar	16	99	n/a	$8,500
Rock Island	Feb	24	99	n/a	$7,292

Other Tracts

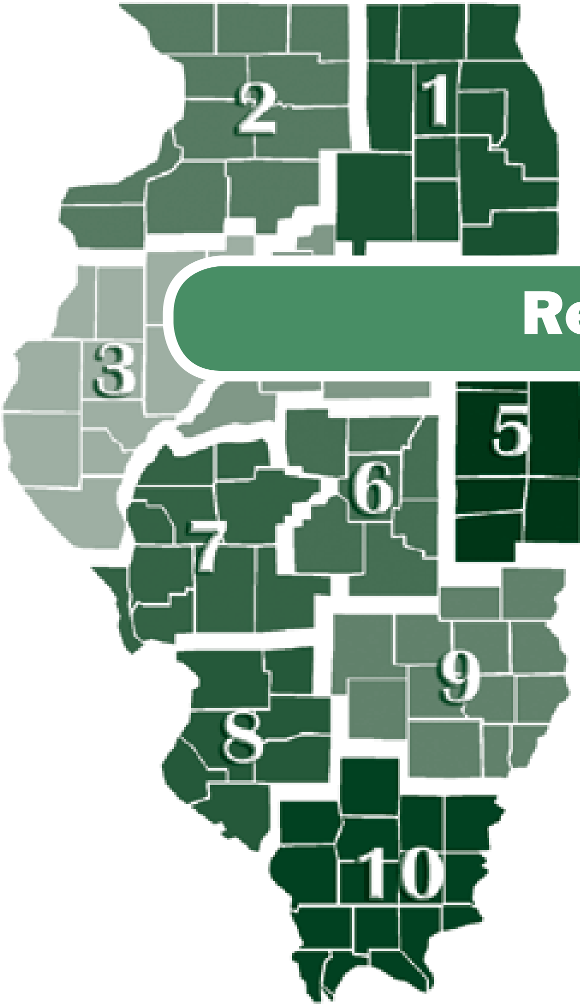
The Jo Daviess property was purchased as a site for a 5,000-cow dairy facility. The buyer owns similar dairy operations in California and Indiana. A premium was paid for the large acreage of quality land that would accommodate the dairy facility. There are two sites with the main one located in Nora and Warren Townships, on the west and southwest side of the town of Nora. The west tract is located in Sections 1 and 12 of Rush Township. The main site improvements include an updated two-story farmhouse and a metal-clad steel frame commercial shop building with radiant heat and a small office. The machine shed appears to be a converted grain storage building. The grain facilities consist of three 40,000 Bushel bins, one 20,000 bushel bin, and one 145,000 bushel bin. Grain equipment consists of a dump pit, a 3000 BPH x 60' leg, 2000 BPH GSI dryer, and bin fans and augers. West site improvements include a machine shed with a gravel floor and minimal other features.

The Stephenson County property was a recent public auction with an older two story house with a machine shed and 24,000 bushels of grain storage.

Special Interest

A new wind farm is currently under construction in northwest Stephenson County and northeast Jo Daviess County. Phase one will include 67 towers and was to be completed in February of 2009. There is also a new wind farm being constructed in southern Lee County, along Rt. 26, running from just north of Ohio to Dixon.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Jo Daviess	Feb	1401.12	95.9	129	$6,495
Stephenson	Nov	157.28	96.2	136	$6,375



Region 3 - Western

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Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	$6,000 to $7,700	Up 0 to 10%	Up	250-400	up 0% - 40%	$250-400
Good Productivity	$3,500 to $5,700	Steady	Up	200-350	up 0% - 50%	$200-350
Average Productivity	$3,000 to $4,000	Steady to Soft	Up	150-250	up 0% - 50%	$150-250
Fair Productivity	Untested	No Sales	Down	100-150	up 0% - 30%	$100-200
Recreational Land	$2,700 to $4,600	Steady to Soft	Down	25-50	Steady	$25-50

The fall-to-fall trends hid a lot of things about the 2008 year in review. The summary land prices look like a calm year, but 2008 was anything but calm. The land market chased the run-up in grain prices during the spring of the year. The corn market topped out in the summer and fell throughout the harvest. Some recovery took place in December. The cost of production has also gone up through the year with wholesale prices of fertilizer dropping in the late fall after most of the fall applications for 2009 were bought.

The land markets ended the year still well above the values of 2007 and the first half of 2008. There are going to be many things to watch in the spring of 2009 both in agriculture and in the general economy of the United States. The global economy should not be overlooked.

Excellent Productivity Tracts

Does anybody really know how much land was worth in December 2008? We have just experienced a very interesting year of sales. The spring started off with an unbelievable steep rate of price increases. The summer market flattened with too few sales to make a strong measure of the market change. The market took a significant drop in most areas after the financial turmoil started in September. October and November auctions trended below the spring markets. But, in early December the market looked to have very localized strength with some quality land selling near spring prices again.

Some farm management companies understand the notion that the bird-in-hand can be better than six birds in the bush. There were several early fall brokered sales that looked a lot like late spring or slightly lower. The method of sale and date on which an agreement is reached represent important features for sales analyses this winter.

The spring auctions seemed to just get higher with each week. That has changed. There are several things that seem to influence the results of the auctions in fall 2008. One of the most important seemed to be a good local auctioneer. The large auction companies that did not have a local connection appeared to have difficulty making sales. But the local auctioneers had their share of tough days at the microphone, too. Location of the property has once againbecome important. The neighborhoods with the more aggressive farmers have the best strength. The same areas with the strong demand for cash rent land also appear to have strong demand for land at the auctions.

Growing conditions were challenging in 2008. The wet spring delayed planting, then dry weather diminished yields somewhat in the summer. Harvest was delayed by a slower maturing crop and wet ground conditions. However the final yields were better than most expected from such a growing season. Most farms were close to their 5 year average yields.

Our regional economy is slowing as manufacturing, retail and the service industry cut back. Job reductions are being announced and the long-term effect is still to be determined. Most agriculture related businesses seem to be faring better than non-agriculture businesses.

The politics of ethanol made for some disappointed investors during 2008. The ethanol plant at Canton went into bankruptcy after the construction cost got completely out of line. The new owners started trying to bring it on line in the fall and were still trying as of December. The farmer investors have been notified by the new owners of the grain elevator, adjoining the ethanol plant, that they have contracts that obligate them to deliver a specific amount of grain for several years. They are to be paid for one sixth of the corn each month for six months after delivery. The investors have also received letters from a water utility that indicates they have a judgment against the Co-op for the cost of extending a water line to the ethanol plant. The utility has divided that judgment among the members of the Co-op. Of course, the lawyers still have employment.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Warren	Jan	80.79	93	143	$7,175
Knox	Jan	155.62	98	138	$7,000
Hancock	Jan	40.86	100	136	$7,250
Adams	Jan	160	93	134	$6,300
Hancock	Jan	103.49	89	133	$5,375
Warren	Feb	108.1	96	140	$6,900
McDonough	Feb	518	97	138	$7,000
McDonough	March	124	99	141	$8,050
Stark	April	164.99	99	142	$8,988
McDonough	April	87.5	100	139	$7,771
Peoria	May	78	97	135	$7,300
McDonough	June	84.26	97	143	$7,750
Warren	June	141.63	97	143	$7,767
Hancock	Aug	71.24	97	137	$6,350
Knox	Aug	69.745	97	135	$7,200
Brown	Sept	73.6	100	140	$8,000
Fulton	Oct	78.924	99	142	$7,650
Hancock	Oct	84.43	99	141	$7,500
Fulton	Nov	82	98	142	$7,000
Peoria	Nov	76.62	97	142	$6,600
Warren	Nov	78.84	99	141	$6,550
Schuyler	Nov	80.3	100	140	$7,750
Adams	Nov	32	100	137	$7,400
Stark	Nov	156.56	98	137	$6,700
Knox	Nov	54.52	95	136	$6,025
McDonough	Nov	140.34	98	136	$7,300
Fulton	Dec	154.62	89	137	$5,925

Good Productivity Tracts

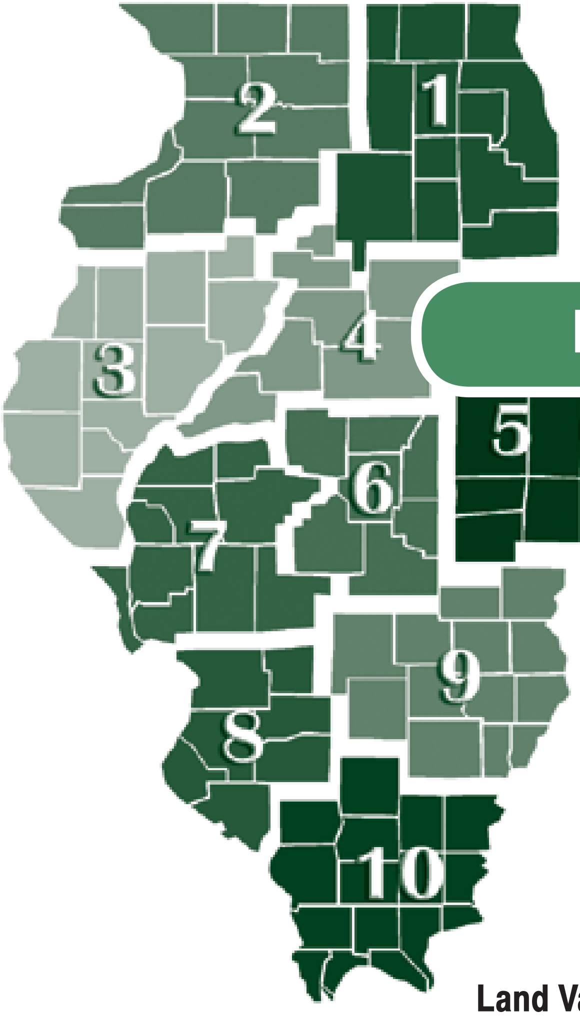
County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
McDonough	Jan	134.92	92	121	$5,600
Knox	Feb	79.38	94	128	$6,250
Adams	Feb	163.6	100	122	$6,200
Stark	March	80	91	120	$5,000
Fulton	March	230	48	117	$3,500
Hancock	May	155	91	127	$4,400
Schuyler	June	183	99	126	$7,003
Adams	July	84.38	96	132	$6,200
Peoria	July	102.27	94	118	$6,200
Hancock	Aug	74.51	98	128	$6,300
Schuyler	Aug	111.8	67	126	$4,642
McDonough	Aug	76.75	78	123	$3,900
McDonough	Aug	121.81	81	123	$3,800
Adams	Oct	113	93	129	$4,550
McDonough	Oct	40	100	122	$4,150
Hancock	Nov	65	78	128	$4,675
Adams	Nov	80	95	123	$3,500
Knox	Dec	96.5	89	127	$5,700

Average Productivity Tracts

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Henderson	Jan	160	67	113	$3,621
Fulton	Jan	180	83	105	$3,850
Adams	April	52	65	108	$4,800
Hancock	April	80	69	105	$4,000
Fulton	Aug	80	86	111	$4,850
Warren	Nov	152.5	57	127	$5700

Recreation Tracts

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Peoria	Jan	39	38	115	$5,000
Henderson	Feb	252	38	110	$2,500
Brown	Sept	101	38	108	$3,314
Adams	Feb	189	38	115	$3,500
Knox	Jan	63.73	30	108	$4,142
Hancock	July	75.24	27	114	$2,714
Fulton	May	372.58	27	115	$3,180
Brown	Dec	104.5	18	114	$4,600



Region 4 - North Central

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Wilkey Auction Service, El Paso, IL

Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	$6,000-$7,500	13%	Steady	$240	Up 20%	$250+
Good Productivity	$5,000-$6,400	9%	Steady to Up 10%	$200	Up 5-15%	$200+
Average Productivity	$3,500-$5,500	5% and 20% Irrigated	Down 20%	Variable based on presence of irrigation		
Fair Productivity	$3,000-$4,900	Insufficient Data	Up 30%	Variable based on presence of irrigation		
Recreational Land	$3,200-$3,700	None	Up 30%	Both land and hunting rights value are highly dependent upon use		
Transitional Tracts	$8,500-$40,000	Steady	Down 50%			
Wind Turbine Options	Insufficient Data	Insufficient Data	Steady			

Region 4 holds a variety of soils, crops and location influences, which can lead to great ranges in value from one end of the region to the other. The northern portion of Marshall, Putnam and Livingston Counties have been heavily influenced by the 1031 tax-deferred exchange buyers coming from the collar counties of Region 1 in past years. The center of the region has some impact from the growing communities of Bloomington, Morton and Pekin. The southwestern portion of the region tends to be less influenced by reinvestment dollars and more influenced by the general agricultural economy.

Several transactions occurred in the first quarter of 2008 as commodity prices rose and farm operators aggressively purchased land offered to them. As auctions began to occur and the general supply decreased, farmland prices rose from the general competition of the marketplace. In general, 2008 showed a decrease in the supply of large farmland tracts for the marketplace. Similarly, 1031 exchange buyers were present in minimal numbers as compared to past years. Continued low interest rates kept farmers' interest in acquiring land. Land quality and characteristics began to have less impact on the prices paid. This led to a continued escalation in farmland values for Region 4 into the summer and early fall. A significant portion of farmland value increases came as we headed into mid-summer with corn prices rising above $7 and soybeans above $14 per bushel. While the growing season was somewhat delayed by excess rainfall, it was not as negatively impacted by these events as the regions south of Route 136. The majority of this region experienced a corn production level second only to 2007. Soybean production was moderated by the excessive spring rains, delayed planting and impacts from Hurricane Ike. We continued to see increased strength in the 80-acre or less sized tracts from farmer/buyers. Modestly sized tracts of 40 to 80 acres attracted the highest demand from both farmers and individual investors. This is a shift from the trend in past years where the larger-sized tracts were receiving a premium at the auctions.

Grain prices drifted lower in the final quarter of 2008 as input costs for the 2009 crop began to take shape. The general economy confirmed a recession was taking place and some financial institutions were showing signs of trouble. Interest rates rose. This moderated the enthusiasm for moderate quality farmland. High quality farmland slipped back somewhat from the summer highs, but sales remained very strong, and held their 2008 spring market gains to remain positive over the beginning of the year.

Cash rent rates increased substantially in 2008. As more land sells, more farmers retire, and more leases move to cash rent in this historically crop-share lease region, the average rental rate also increases. Changing FSA rules for farm program participation will encourage this further. Strong influences on cash rent levels include strictly investor buyers looking for a competitive return. Determining cash rent values has become more difficult in this region, and has raised the call from many operators for some form of a variable, or base-plus-bonus cash rent lease due to the volatility of the markets and input costs. Some owners have also begun to once again look at alternative leases where they share in the crop production to address this concern.

Excellent Productivity Tracts

Excellent productivity farmland led the way to new price levels in 2008 and sustained its value better than other land classes as grain values dropped from harvest to year-end. Bare farmland values climbed steadily higher, and picked up the rate of change from planting until September. Sellers bringing publicly advertised, high quality, high percentage tillable tracts to the market in the middle of 2008 saw record high prices throughout Region 4, often receiving over $6,500 per acre. The steady supply in this land class best met demand with auction sales or listings that came to the market after a recent area auction. Early-year privately negotiated sales typically lagged auction values.

As the year moved along, only a few large-scale transactions occurred, and farmers or investors showed good interest in acquiring any small, high quality tract after hesitating to purchase land the past four years. One large, 411-acre auction in Woodford County in December finished out the year with a very typical high sale price of $48 per soil productivity index/per tillable acre figure. Most sales in this category were in the very high 40s to 50s during the final three quarters of the year. In late spring to midsummer this value was running in the 60s. By year end, with lower commodity prices, most Excellent quality farmland was selling between $6,000 and $7,500 per acre throughout Region 4, an increase of 13 percent from year-end, 2007.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Woodford	Jan	199	98	138	$6,000
McLean	Jan	328.26	98	140	$7,088
Tazewell	Feb	77.589	98	140	$6,800
Tazewell	Feb	93.3	96	139	$8,000
Livingston	March	40.94	99.9	134	$7,400
Woodford	March	67.31	97	142	$8,600
McLean	March	82.2	94	139	$6,500
McLean	March	111.01	96	137	$7,200
Marshall	April	394.72	94	136	$7,150
Woodford	May	78.94	99	133	$6,661
McLean	June	40	95	142	$7,700
McLean	July	75.77	98	135.5	$6,800
McLean	July	157.32	99	139.9	$7,600
Tazewell	Aug	72.74	97	142	$7,500
Livingston	Sept	158	98	131	$7,650
Tazewell	Sept	64.51	100	142	$7,575
Woodford	Sept	130.77	97	140	$7,075
McLean	Sept	235	95	135	$6,500
Tazewell	Nov	77.38	96	141	$7,350
Tazewell	Nov	157	98	141	$7,500
McLean	Dec	30	96	139	$7,100
Woodford	Dec	161	99	139	$6,850

Good Productivity Tracts

A large percentage of the soils throughout Region 4 fall into this land class. While this land class will typically respond well to high management, these properties often have some less attractive feature such as a lower percentage of tillable acres, more slope, or slightly tighter subsoils than the Excellent farms. This land class chased the Excellent land class higher into mid- summer, but widened its value range post-harvest when buyers became more scrupulous with lower grain values and reduced cash rent enthusiasm for this land class. We found this land class in steady supply in Region 4, and any area that had an excess supply experienced softer values at year-end. Most farms sold from $5,000 to $6,400 per acre. By year end the typical price paid per soil productivity index per tillable acre was running the the low to mid $40s. The majority of the sales in this land class were negotiated purchases, not auctions. You will notice a large price disparity in this land class between the higher productive soils and the lower productive soils. We expect this to continue in 2009.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Livingston	Jan	78.57	95	119	$4,000
McLean	Feb	80	93	129	$5,400
McLean	Feb	320.95	97	132	$5,300
Mason	Feb	98.1	67	120	$4,948
Livingston	March	234	99	119	$5,250
Livingston	April	40	97	128	$5,200
McLean	April	183.377	96	131	$6,000
Livingston	April	80	95	130	$6,500
Livingston	July	80	98	130	$5,616
Marshall	Sept	93.75	89	128	$5,198
McLean	Sept	179.15	96	134.3	$5,600
McLean	Nov	96.52	95	132	$5,500
McLean	Nov	280	97	132	$7,201
Marshall	Nov	139.2	98	127	$5,000
Marshall	Dec	132	98	132	$5,400

Average Productivity Tracts

Two major areas in Region 4 have sales in this land class. These include an area near the Illinois River which includes mainly the sandy soils of Mason and Tazewell Counties, and the area known as the Cayuga Ridge in northern Livingston County. Two price extremes existed as a result of this location difference. Demand continued to be good in Livingston County due to the relative proximity to Chicago's southern suburbs. An ever-growing interest in rural land ownership kept prices of Average quality farmland firm in this area. Typically, the distance from the Chicago "Collar Counties" played a significant role in this land class. We continue to find particular strength for this land class as outside investors began competing for seed corn production acres and the contract it brings in Mason and Tazewell Counties. Irrigation is a large factor for land values in this area. We found that, as a region, this land class not only experienced an increase in the number of acres on the market as compared to 2007, but also saw price levels increase dramatically for the price paid in the western part of the region. Most of the volume increase came in the number of tracts that contained irrigation units. This effect likely played a significant part in our final range of values being 20 percent higher than 2007 for the irrigated land, but not much change for the non-irrigated acres. By the end of the year the most common prices paid for Average farmland in Region 4 ranged from $3,000 to $4,900 per acre on the non-irrigated and low to mid $5,000 range on the irrigated land.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Livingston	Jan	40.5	96	115	$3,950
Livingston	Feb	153.96	97	116	$4,200
Livingston	Feb	80	90	106	$3,700
Livingston	Feb	77.97	97	106	$3,200
Livingston	March	160	97	117	$3,500
Mason	May	80	83	102	$2,900
Woodford	June	77.99	84	113	$3,000
Livingston	July	145.748	93	106	$4,375
Livingston	Aug	480	90	114	$3,250
Mason	Sept	53	96	119	$6,100
McLean	Sept	105.37	81	119	$3,525
		Irrigated Tracts			
Mason	Jan	139.9	97	108	$5,736
Mason	July	114.855	99	104	$5,351
Mason	July	90.32	98	112	$5,800

Fair Productivity Tracts

The only area with soil productivity below 100 that is cropped can be found in Mason and Tazewell Counties along the rivers. We did not experience enough sales in 2007 to compare a sample set to 2008. Virtually all of the "arms length" transactions in 2008 were tracts with irrigated sand. The presence and condition of the pivot irrigation systems impacted all sales. Interestingly, all the sales occurred early in the year. The 80 acres that sold for $4,500 per acre had been purchased in 2004 at a price of $2,950 per acre.

Sale County	Total Date	Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Mason	Jan	82	94	106	$5,100
Mason	Jan	80	97	103	$4,929
Mason	Feb	80	98	97	$4,500
Mason	Feb	174	97	94	$3,000
					Water purchased

Recreation Tracts

Recreational acreage continues to be met with very good demand in select locations of Region 4. However, the strongest areas tend to be those within a 20 minute drive of the urban populated areas, such as Peoria, Bloomington and Morton. Recreational use seemed to play a significant role in the majority of cases and is often difficult to track. Land held for potential multiple uses also showed increased demand and higher values. Size of timber and location played a large role as well. We estimated value ranges remained similar to 2007 for 2008 despite a slight increase in the number of parcels for sale. The highlights for recreational land were two auctions held in Tazewell and Woodford Counties. The Tazewell County sale was held in June and the Woodford County sale in November. Both auctions parceled land into small tracts of 5-20 acres and also larger tracts of 39-79 acres. The June auction was 197.361 acres and averaged $6,621.97 across six tracts, while the November auction was 165.92 acres and averaged $6,981.25 across eight tracts. The sellers had part of the farm rezoned to R-2 prior to the Tazewell County sale, which may have contributed to its success. Woodford County's less restrictive zoning requirements may have played a large role in the sales' success of that auction. You will find sales from these auctions in the Recreational, Transitional and Average Productivity areas of this report based upon their use.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Marshall	Jan	20.016	0		$3,612
Mason	Feb	100	59	93	$2,500
Marshall	Feb	128.746	0		$3,200
McLean	Feb	37.62	0		$5,000
Woodford	March	88.479	0		$3,600
Mason	April	40	0		$2,800
Woodford	April	158.8	31	131	$5,500
McLean	May	33.71	0		$5,090
Tazewell	June	20.06	0		$5,857
Woodford	Sept	174.6	55	131	$6,060
Woodford	Nov	48.71	10	105	$6,250
Woodford	Nov	38.84	28	105	$5,000
Marshall	Dec	79.469	12%	115	$3,600

Transitional Tracts

The number of traditional Transition property tracts slowed considerably in 2008 as the general economy continued a recessionary trend throughout the year. We recorded only one Transitional tract that is being subdivided and developed with water, sewer and all utilities in place.

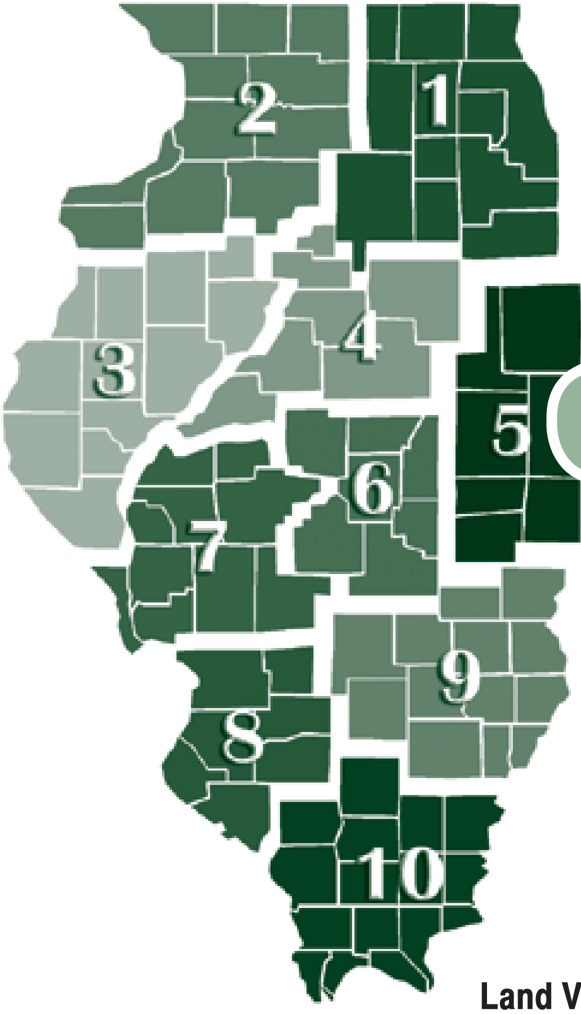
County	Sale Date	Total Acres	% Tillable	Location Future Use	Total Price/Ac
Woodford	Jan	16.2	0	Rural Timber	$13,350
Woodford	June	40.25	11	Rural Timber	$8,500
Woodford	June	26.016	22	Rural Timber	$15,250
Woodford	June	13.093	33	Rural Timber	$11,000
McLean	June	24.72	81	Normal West	$11,750
McLean	June	50.82	98	Normal West	$16,000
McLean	June	86.28	99	Normal West	$12,500
McLean	Sept	72.88	97	Hudson	$10,050
McLean	Sept	72.77	98	Hudson	$9,514
McLean	Sept	37.7962	98	North Normal	$41,829
Woodford	Nov	10.01	0	Rural	$11,250

Wind Turbine Option Tracts

Wind energy continues to be an important influence on Region 4 land values. We recorded two sales of a property where the general public knew that the property would have a wind turbine option offered during the marketing period.

In addition to holding one of the largest land-based wind energy projects east of the Mississippi River near Bloomington, construction began after harvest for a project north of Pontiac along the Cayuga Ridge. PPM Energy has several foundations poured, but the number of turbines has been scaled back some from the original plan. Vision Energy has a project planned in the far northeast corner of Livingston County, while Navitas has a project on the Woodford-Livingston County border, west of Flanagan. Invenergy announced they will be constructing only the McLean County portion of the White Oak project northwest of Bloomington-Normal. Multiple projects have run into public opposition in Woodford County, which has essentially delayed all projects in that area. Horizon Wind Energy began the exploratory process of expanding their current project east of Bloomington, and separate projects near Cropsey, east of Lexington and northern Livingston County west of Dwight. Higher Power Wind Energy is researching the area east of Lexington, as well as portions of southern McLean County. Trade Winds is attempting to develop a project southeast of Heyworth on the McLean-Dewitt County line. The benefits, disadvantages, risks and rewards of wind energy development is being debated by several Illinois communities at this time. The availability of credit and investment capital will also impact the speed of construction. We look forward to reporting more on this area of our land values in next year’s summary.

County	Sale Date	Total Acres	% Tillable	P/I on Tillable Acres	Price/ Acre	Existing Lease & # of Turbines or Option
McLean	**July**	**136.4**	**96**	**139**	**$7,100**	**Option**
Woodford	**Dec**	**244**	**99**	**137**	**$6,450**	**Option**



Mac Boyd, ARA, ALC – Chairman
Farmers National Co., Arcola, IL

Tom Heinhorst, AFM, ARA
Main Street Bank and Trust, Champaign, IL

Brian Neville, AFM
Old National Trust Co., Danville, IL

Region 5 - Eastern

Jeff Probst
First Midwest Illinois Bank & Trust,
Mattoon, IL

Winnie Stortzum, ARA, ALC – Chairman
Farmers National Co., Arcola, IL

Brian Waibel, AFM
Main Street Bank and Trust Co., Champaign, IL

Dave Willhite, ARA
Farm Credit Services of Illinois, Champaign, IL

Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	$5,500 - $6,700	10-15	Steady to down	$240 - $300+	5 - 20+	$240
Good Productivity	$4,000- $5,400	10-15	Steady to down	$180 - $240	5 - 30	$200
Average Productivity	$3,000 - $4,400	10-15	Steady to down	$160 - $180	15 - 20	$180
Fair Productivity	No data in region					
Recreational Land	$2,500 - $4,400	10-15	Steady to down			
Transitional Tracts	$8,000 - $24,000	Steady	Steady to down			

Investors continued to show significant interest in all all categories of land in this region in 2008, with the most productive land being the most soughtafter properties. This resulted in moderately increasing to much higher sales prices during the year, with new record sales prices being recorded in many categories. These higher land prices began to level off or even lose some of those gains toward the end of the year. The supply of available properties was down slightly this year, but was still fairly strong. This was mainly because of the continued demand from the potential buyers who were pursuing IRS Code 1031 replacement properties and the farmer/buyers who were back in the market because of the higher commodity prices. All categories of land reflected these increases in sales prices, with increases ranging from 10 to 15 percent in the better quality tillable land. It actually was higher than that during the middle part of the year, but it did tail off some at the end of the year. Recreational properties also averaged a 10 to 15 percent increase in value, and sales prices were even higher in some locations. The use of land auctions was a larger factor in the marketing process in 2008 than it had been in the past, but the majority of farms were still sold by private treaty.

The agricultural economy was good-to-excellent in this region and the demand for land was very strong in 2008. There was vigorous demand for land from several groups of buyers, but the farmer/buyers were the most aggressive buyers in this region. These farm/buyers competed vigorously for available parcels and pushed the land to these record price levels, especially on some of the larger contiguous or nearly contiguous Class A farm parcels. These farmers were also looking for absentee investors who would allow them to farm the land once the investor purchased it. These were current landlords, for whom they were already farming, and other potential investors who had agreed to let the farmer lease the land if they found a suitable investment for them. These investors were turning to land investments because of several factors in the market.

Interest rates on invested funds were down even further in 2008, resulting in very poor returns for funds placed in interest-bearing instruments. The stock market continued to decline, making stocks a very risky investment in which to place funds. Farmland was still in a very strong earnings position with excellent rental income resulting from high commodity prices, and a recent history of very robust appreciation of value.

Because of the high production capabilities of land in this region and the more rural nature of the area, it was one of the most highly pursued areas in which to purchase land. This region produced some of the highest yielding farms, which converted into some of the stronger cash rents and farm incomes to the landowner over the last several years. It is an area where farmland prices are largely based on the land's production capabilities and not on its transitional location leading to some future commercial or residential expansion use. This is because the competition between buyers for these parcels has increased sales prices. In addition, the rental rates in the land leasing market were competitively pushed upward by the more aggressive farmers. This factor seemed to increase the desire of many buyers to put their money in land during this investment time period. It is apparent that land still enjoys a "favored asset" status over most other investments. The demand for a quality investment asset during the latter part of 2008 continued to bring all categories of buyers into this eastern region of Illinois. With the stock market dropping daily and interest rates declining, land was chosen as the place to invest cash. But as the economy began to show more serious problems in the last couple of months of the year, land values did ease off some from their previous lofty ranges.

Land was sold through private treaty sales and land auctions. While private treaty sales were predominant in many areas during 2008, many sales were sold by auction as well. In addition, more landowners were approached directly by farmers or land speculators looking for land for themselves or for other buyers during this time period. More landowners sold their land without the use of a broker or an auctioneer. In some cases, uninformed farm sellers sold for prices that were slightly below-to substantially-below what other sales in the area were bringing. A portion of these farms was resold in a few weeks for a substantially higher price than the speculators or interim investor paid for the parcel a few weeks prior.

Cash rents in the eastern region were generally strong-to-substantially higher, as landowners, farm managers, and farm tenants negotiated new leases for the 2008 crop year. Cash rents have been increasing over the past three years. Because of the high commodity prices and improved profitability of the past couple of years, farmers tended to be more aggressive in 2008 to acquire the land to farm. As landowners and exchange buyers received more information about other cash rents received in this area, there has been a tendency for them to competitively move toward higher cash rent values. However, during the latter part of 2008, we saw resistance developing to these very top cash rent values. This was brought about by potential major increases in input costs being charged by seed, fertilizer, and chemical companies. It appears that cash rents have reached a range that reflects the maximum rental figures that this current farm economy will justify at this time, until our farm producers have a clearer picture of the strength of commodity markets and demand.

In addition to cash rent leases, there are still a good number of crop share leases, crop share leases with supplemental cash rent payments, variable cash rent leases, and even some custom operations agreements in force in the eastern region. The cash rent lease continues to be the dominant lease type used in 2008, especially as new tenants and new leases are being put in place on farms. However, there is a growth of variable cash rent leases being implemented in this region. This has been brought on by the current economic uncertainties and the worldwide recession, as well as how these will affect demand for corn and soybeans. It has also been affected by the volatility of the farm expenses, and commodity prices that are the result of those conditions.

Excellent Productivity Tracts

Sales prices for these types of properties were generally in the $5,500 to $6,700 per acre price range, although there were some scattered sales above that range. Sales prices varied in all counties based on the quality of the farm and where it lay in proximity to potential buyers. An average supply of Class A farm properties was apparent as the year unfolded, as sellers opted to take advantage of the higher selling prices that were occurring in early 2008. In some instances, select parcels were competitively bid up to record high price levels during the summer time period. While land in this category is popular with tax-deferred exchange buyers, farmer buyers were the driving force in this upsurge of land prices.

County	Sale Date	Total Acres	% Tillable Ac	P / I on Price/Ac	Total
Champaign	Jan	40	99	144	$6,400
Champaign	Jan	115.8	99	136	$5,100
Coles	Jan	129.5	98	141	$6,178
Coles	Jan	120	96	155	$5,704
Coles	Jan	40	100	137	$5,750
Douglas	Jan	40	100	140	$5,700

Douglas	Jan	80.31	100	136	$5,250
Douglas	Jan	40	100	137	$5,750
Douglas	Jan	119.07	93	139	$5,788
Ford	Jan	160	98	143	$5,500
Ford	Jan	78.69	99	136	$5,809
Champaign	Feb	80.46	99	141	$7,850
Douglas	Feb	78.9	100	136	$5,450
Vermilion	Feb	63.88	97	139	$5,238
Vermilion	Feb	32	98	144	$4,594
Vermilion	Feb	66.67	96	142	$5,238
Champaign	March	80	97	139	$5,750
Champaign	March	80	100	142	$5,900
Champaign	March	160	99	143	$5,750
Coles	March	51.4	100	147	$7,250
Douglas	March	182.092	94	142	$6,197
Douglas	March	40	96	141	$5,500
Iroquois	March	80	97	134	$4,909
Champaign	April	97.26	99	141	$7,350
Coles	April	120	99	141	$5,704
Douglas	April	32.725	98	133	$5,100
Edgar	April	40	99	142	$5,900
Vermilion	April	207.29	99	135	$4,583
Champaign	May	160	99	144	$6,375
Champaign	May	214.18	99	144	$8,000
Coles	May	78.3	100	136	$6,375
Coles	May	40	99	138	$4,250
Vermilion	May	40	90	137	$3,973
Edgar	June	240	99	141	$5,918
Ford	June	158.44	97	141	$5,900
Champaign	July	80	99	143	$7,900
Champaign	July	116.7	99	138	$7,323
Vermilion	Aug	160	98	141	$6,250
Coles	Sept	37.76	99	138	$4,199
Douglas	Oct	76.84	100	136	$6,450
Ford	Oct	129.12	100	143	$6,800
Vermilion	Oct	114	97	140	$6,650
Vermilion	Oct	120	99	144	$6,600
Vermilion	Oct	113	98	136	$6,475
Champaign	Nov	62.5	98	137	$6,100
Champaign	Nov	80	97	136	$6,300
Champaign	Nov	74.3	100	139	$8,000
Coles	Nov	73.76	99	154	$6,235
Douglas	Nov	39.3	100	141	$6,000
Vermilion	Nov	121.022	98	144	$7,300
Vermilion	Nov	40	99	144	$6,700
Coles	Dec	81.85	99	136	$5,775
Edgar	Dec	725	95	136	$6,462
Ford	Dec	80.54	97	141	$6,865
Ford	Dec	151.53	100	142	$6,865
Ford	Dec	139.37	99	139	$5,250

Good Productivity Tracts

Properties rated with a Good level of productivity generally sold in the $4,000 to $5,400 per acre price range. Investors find these types of properties attractive because of the anticipation for higher cash return and perhaps a larger number of acres that can be acquired with their investment dollars than can generally be found on Class A properties. Many investors and 1031 exchangers and farmers sought this productivity level because of the more limited supply of the best quality farms in 2008. Because of the diverse soils across this region, there are fairly wide variations in sales prices reported.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Coles	Jan	79.9	85	121	$2,426
Douglas	Jan	77.83	96	129	$5,000
Edgar	Jan	80	91	122	$4,100
Ford	Jan	216.4	99	120	$6,038
Ford	Jan	75.12	99	124	$4,200
Ford	Jan	238	96	128	$4,098
Ford	Jan	148.77	99	124	$4,500
Iroquois	Jan	387.11	97	125	$4,702
Iroquois	Jan	90	100	124	$5,100
Vermilion	Jan	33.2	100	126	$5,250
Vermilion	Jan	82.87	97	126	$5,275
Vermilion	Jan	146	88	120	$2,945
Vermilion	Jan	580.43	95	123	$4,114
Vermilion	Jan	233	64	121	$3,500
Douglas	Feb	121.86	97	130	$4,296
Edgar	Feb	120	77	122	$3,225
Ford	Feb	81.93	99	125	$5,615
Coles	March	39	84	117	$3,638
Douglas	March	120	97	130	$5,000
Ford	March	155	100	132	$5,600
Ford	March	80	99	120	$4,975
Iroquois	March	40	99	120	$3,500
Iroquois	March	80	98	120	$3,844
Vermilion	March	110	97	126	$5,100
Coles	April	39	78	127	$3,638
Douglas	April	80	100	129	$4,400
Douglas	April	65.45	100	132	$5,100
Iroquois	April	120	98	128	$4,113
Vermilion	April	148.5	76	127	$2,694
Coles	May	20.97	97	124	$4,046
Ford	May	140	97	125	$5,200
Ford	May	475.8	91	132	$5,425
Iroquois	May	24.14	99	131	$5,240
Ford	June	40	99	125	$5,900
Ford	June	320.83	97	119	$6,101
Iroquois	June	98.46	98	118	$5,600
Iroquois	July	55.61	94	121	$6,000
Iroquois	July	157.59	98	122	$5,400
Vermilion	July	150	94	128	$5,000
Vermilion	Sept	80	97	128	$4,250
Vermilion	Sept	203.25	97	129	$5,550
Ford	Nov	160	95	122	$5,319
Iroquois	Nov	178.04	97	128	$5,500
Vermilion	Nov	158.93	95	124	$5,298
Vermilion	Nov	98.5	99	126	$4,375
Vermilion	Nov	79.5	98	124	$5,500
Vermilion	Nov	80	84	125	$3,750
Champaign	Dec	80	99	126	$5,700
Coles	Dec	36.2	94	132	$6,999

Average Productivity Tracts

Sales prices of farms rated as Average productivity generally ranged from $3,000 to $4,400 per acre. Most of these sales occurred in the outlying areas of the region. Buyers for these properties were more likely to be neighboring farmers and landowners, and retired farmers. However, because of the shortage of the top quality farms and the price ranges paid in the higher quality land, investors and buyers were active in this category as well in 2008. As the availability of top quality properties decreases, the activity in all of the other categories continues to increase early in the year. This interest declined more in the last few months of the year, than it did in the higher quality tracts.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Edgar	Jan	77.067	88	116	$2,700
Vermilion	Jan	90	83	114	$4,222
Coles	March	67.15	92	116	$2,978
Coles	April	66.24	34	116	$3,774
Iroquois	April	75	99	105	$5,373
Ford	May	80	96	106	$3,975
Ford	Sept	238.1	94	114	$4,449
Iroquois	Oct	76	98	111	$5,000
Iroquois	Dec	79.43	96	113	$5,000

Fair Productivity Tracts

There were no sales reported of farms in eastern region in this category since there is very little land of this quality. When land of this quality is combined with trees, these tracts become more popular with buyers looking for tracts for recreational and residential uses.

Recreational Tracts

Demand for Recreational properties (woodland, ponds, creeks/rivers, rolling topography, etc.) was active at the beginning of 2008, but slowed down and sales prices decreased near the end of the year. The supply of this type of property is low in this region, and generally, these tracts are found in the more remote areas. It is difficult to accurately analyze the market for these types of properties. Prices can vary greatly depending on the motivations and knowledge of buyers and sellers. Often emotional reasons, rather than strictly earnings or production reasons, coupled with a buyer's financial position and his motivation, create the varied prices shown in the marketplace. While there was still a lot of cash in the economy at this time, buyers of recreational land do not place as much emphasis on normal earnings factors. They are looking for vacation properties and hunting properties that have other use factors that satisfy the buyers' interests. As the discretionary cash positions have gotten weaker as we went through 2008, the investors who are looking for hunting and recreational properties have become more cautious in their buying decisions in most instances. While competition for this land is still high, prices have generally ranged from a minimum of $2,500 to as high as $4,400 per acre, with higher prices seen above that range on special properties and situations. These prices can increase dramatically for factors such as location, scenic features, and access. However, as the economy worsened in late 2008, the sales prices and demand has slowed down fairly dramatically from what it was bringing in the first two-thirds of the year.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Douglas	Jan	56	70	126	$4,250
Vermilion	Jan	233	0	123	$3,500
Coles	Feb	48	67	N/A	
Edgar	Feb	23.152		N/A	$2,522
Coles	March	20.97	38	114	$4,050
Vermilion	May	121	13	N/A	$4,315
Edgar	June	34.84	0	N/A	$2,009
Vermilion	June	121.08	13	113	$4,315
Coles	Sept	72	0	N/A	$2,847
Vermilion	Nov	110	14	N/A	$4,400

Transitional Tracts

The overall demand for Transitional land was not as strong in 2008. The term "transitional land" is used to describe land that is located in an area that could have development potential in the next 5 to 15 years. Most of this land is in the outlying areas of Champaign-Urbana and Danville, or in a narrow radius around some of the cities in the region. This type of land will sell for a premium over the general farmland market. Sales prices ranged from $8,000 to $20,000 per acre, although many sales fall outside that range, depending on demand and use, as well as anticipated appreciation. There were some really large variations of sales prices in some areas. For instance, in Urbana in March, 274.814 acres just outside of a new development area sold at auction for $15,250 per acre. In August in Champaign, a 61.703-acre tract sold for $32,000 per acre. Several buyers at these auctions were aggressive in the bidding process, but it is hard to evaluate the differences because of the differences in location and what the timing and expected use would be for the properties. One local buyer purchased both of these parcels.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Vermilion	Jan	213.54	98	141	$10,308
Vermilion	Jan	123.25	95	141	$11,442
Coles	March	51.4	100	138	$7,250
Champaign	March	79.03	100	136	$15,817
Champaign	March	274.814	99	142	$15,250
Coles	June	31.682	96	142	$8,000
Champaign	Aug	61.703	98	142	$32,000
Coles	Oct	50	65	129	$6,000
Ford	Dec	103	97	143	$7,500

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Region 6 - Central

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Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	$5000-$7,500	15%	Steady	$275	Up 20%	$250
Good Productivity	$4,000-$6,000	15%	Steady	$250	Up 25%	$225
Average Productivity	$3,000-$5,000	Estimate 15% One sale reported 2007	Steady	$200	Up 14%	$180
Fair Productivity	$2,500-$4,000	Estimate 15% No sales reported 2007	Steady			
Recreational Land	$2,000-$5,000	10%	Steady			
Transitional Tracts	$7,000-$25,000	Steady	Steady			

The table above summarizes the land values and cash rents in the central region of Illinois. The values for all categories of farmland are up from 2007. There was a flurry of sales in the summer, some reaching almost unheard-of prices of $8,000-plus an acre, and all reflecting a dramatically increased market. However, the market has softened from its high point, and looking at the Excellent Productivity sales in December reflects a return to a more moderate increase in sales prices for the year, which the committee feels is more realistic of the market at the end of 2008. Cash rents paid by farmers also show a significant increase, as would be indicated by the increased income earned over the past couple of years. The area again reported record high soybean and corn production.

Summary:
Region 6 consists of seven counties located in central Illinois. Macon County is located in the center of the area and is surrounded by Logan, DeWitt, Piatt, Moultrie, Shelby and Christian Counties. These counties have predominantly excellent soils, a large agribusiness support network and a high level of interest from non-agriculture sectors. Some observations that help highlight the 2008 year:

• It was a challenging but very good year in the area. A wet spring caused very late planting, and replanting, and some re-replanting, but in the end most received better than anticipated yields.

- Volatile environment for agriculture:
  - Commodity prices increased significantly, then dropped sharply late in the year.
  - Transportation costs were greatly affected by oil prices.
  - Increased input costs – as much as three times higher than 2007.
- The general economic climate changed dramatically during the 2008 year.
- There were some very successful auction sales as values peaked during the summer. More auctions in the fall brought mixed results – including some no-sales.
- Ethanol – as corn prices increased, the profitability of ethanol plants decreased, causing some plants to close. Also, the public's perception that ethanol production meant increased food prices.
- Factors also initiating value consideration
  - Many pipeline easements in the area
  - Wind towers are under consideration
  - Proposed coal mine
- There are fewer 1031 exchange buyers in the market, but more farmers buying land.
- The farm programs seemed to have little to no effect on the land values.
- The presidential election brought us weighing each candidate's possible effect on agriculture.

The majority of the soils in Region 6 are primarily from two soil associations, Drummer Flanagan and Catlin silt loam and Tama, Ipava and Sable silt loam. Title to the land in this area of the state is very tightly hel,d and when it does become available there is excellent demand.

In general, the soil in Region 6 is well-managed with good subsurface drainage, soil conservation practices and well-balanced fertility. There is very good access to strong grain markets in the area with ADM, Staley, Cargill, and Illinois cereal mills and other handlers. These markets help to provide improved prices for this part of Central Illinois, which is in turn reflected in net farm income and land values.

Excellent Productivity Tracts

We selected five sales in the Excellent productivity category representing typical transactions for farmland selling in our seven-county region. We are aware that listing this many sales may appear to be overkill, but we feel the large number of sales shown only helped to support our conclusions.

The prices ranged from $4,999 per acre to $8,952 per acre. The average price indicated for 2008 is $6,839 per acre. This compares with an average price late last year of around $6,000 per acre and equals a 14 percent increase on a year-to-year basis*. The Soil Productivity Indexes range from 133.0 to 144.0. The average Productivity Index indicated is 140.2. The average price per Productivity Index unit indicated is $49.76 per acre. The tracts ranged in size from 40.0 to 1,032.28 acres, which were 92 to 100 percent tillable.

*The prices increased very dramatically until late summer or early fall. The committee felt the increase may have been more than 25% at the peak. Values declined during the last quarter of the year, by approximately 10 percent.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Piatt	Jan	80	96.6	141.6	$6,000
Macon	May	71.3	99.4	138.3	$7,750
Piatt	Jul	122.23	100	139	$8,385
DeWitt	Oct	80.66	98.7	136.7	$7,350
Logan	Dec	241.9	98.2	140.3	$6,700

Good Productivity Tracts

Five sales were selected as representative of the sales in the Good Productivity category. The range of prices was from $4,074 to $6,000 per acre. The parcel size ranged from 40 to 377.21 acres, and ranged from 68 to 97.8 percent tillable. In general, this category also has a smaller percentage of tillable land than found in the excellent category, on average 90.89 percent tillable this year compared to 98.02 percent tillable in the excellent category.

The sales in the Good productivity category tend to have somewhat more sloping land with some erosion and drainage issues. The soil types found in this category do, however, generally respond well to good management, but require more intensive management to produce optimum yields. The average price received for the land in this category was $5,052 per acre. This compares with $4,332 per acre in 2007, an indicated increase would be 16.64 percent. The productivity indexes in this category range from 119.4 to 130.5 with an average of 126.4. The indicated price per PI point would be $44.40 per acre. The following chart lists the sales found in the good productivity category.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Shelby	Jan	80	88.5	122.2	$4,800
Christian	Feb	198	97.8	119.4	$4,995
Shelby	March	160	95.9	130.5	$5,500
Piatt	Aug	40	68	129	$5,252
Piatt	Oct	89.5	97	127	$4,800

Average Productivity

We cited five tracts as representative of sales in the Average Productivity category. The range of prices was from $3,400 to $5,000, with a per-acre average price of $4,321. The size of the parcels in this category was definitely smaller than the better productivity categories, ranging only from 40 to 56.78 acres. The average Productivity Index for these tracts was 111.42, and had a much-smaller range, from 109.5 to 114.3. The average sale price per PI Point was $41.88. The increase in this category from last year is hard to project because there was only one sale included last year for comparison.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Christian	Jan	40.6	98.5	109.9	$3,400
Logan	June	44	95.7	110.4	$4,400
Logan	June	40	93.3	109.5	$4,300
Logan	June	58	90.5	110.4	$4,400
Shelby	Oct	41	99.3	112	$5,000

Fair Productivity

We found three sales representative of the Fair Productivity category. The range of acres was from 40 to 120, with tillable percentages ranging from 79 to 93.7 percent. The soil productivity index ranged from 96.8 to 98.7, with an average of 97.67. The sales price per acre ranged from $2,943 to $3,300, with an average sales price per acre of $3,081. The average sales price per PI point was $36.67. No comparison to last year can be made because of the lack of reportable sales in 2007.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Shelby	Jan	40	85.8	97.5	$3,000
Shelby	Jan	120	93.7	96.8	$3,300
Shelby	June	80	79	98.7	$2,943

Recreational Tracts

Land found in this category generally has a lower percentage of tillable, less productive land. It often has a significant amount of timber or brush and may be subject to overflow. Most buyers purchasing land in this category are interested in hunting, fishing, or other recreational activities.

Our committee identified five representative sales in this group. The tracts range from 20.0 to 60.7 acres in size. These sales represent a low percentage of tillable land, at 13.70 percent, including one tract with no tillable land, and two other parcels with less than four acres tillable each. The average price indicated is $4,593 per acre, an increase of 26.41 percent over last year's reported average.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Macon	March	20	0.145	0	$5,150
Macon	March	19.34	0	0	$5,150
Macon	March	27.37	0.135	0	$5,150
Logan	March	53.16	21.1	139.2	$2,889
DeWitt	April	60.7	47.1	114.1	$4,626

Transitional Category

Two sales are included in the Transitional category. In this area of the state, there is land being farmed near cities, towns or villages where the land's highest and best use is changing to developmental or other purposes such as residential, industrial, or commercial property. Transitional tracts can often have very productive soils with a higher percentage tillable. This is not, however, generally a factor in the sales price. The sales cited have sizes of 26 and 40 acres, with an average of 78.5 percent tillable land. The soil productivity index on the two parcels were 119.8 and 130.11 respectively, equaling an average of 124.95. The sales price per acre ranged from $6,995 to $10,137 per acre, with an average of $8,566. The average sales price per PI was $90.58.

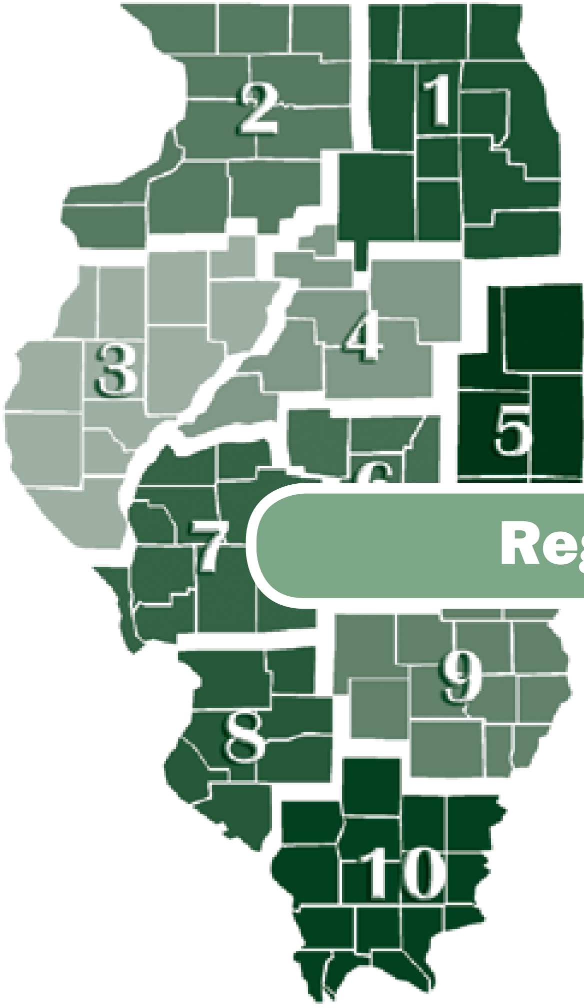
Although sales in this category have been relatively stable for the past few years, there appears to be a slight movement upward, of course, depending critically on the particular area and location.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Macon	Jan	26	90	119.8	$6,995
Macon	April	40	67	130.11	$10,137

Other Tracts

These sales are essentially farmland, but were made in connection with the new coal mine planned for Christian County. It is to be located north and east of Taylorville.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Christian	March	80.87	97.8	142.7	$13,524
Christian	Nov	164	97.3	142.8	$14,207



Region 7 - West Central

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Land Value and Cash Rent Trends
Overall Summary

Farm Type	Gross Sales Price/Acre	Activity Trend	Cash Rent Range	Activity Trend
Excellent Productivity	$7,300	Up 22%	$300-$400	Up 20%
Good Productivity	$5,500	Up 15%	$200-$300	Up 10%
Average Productivity	$4,500	Up 12%	$180-$200	Steady
Fair Productivity	$3,000	Steady	$130-$150	Steady
Recreational Land	$2,800	Steady		
Traansitional Land	$9,000	Up 20%		

B***reaking News---Morgan County***
75.5 acres sold in May 2008 @ $8,998 per acre, setting new high price for farmand in area.

Region 7 is a very diverse area of farmland in Illinois. There are significant changes in soils from north to south by virtue of ancient glacier movements and from east to west due, in large part, to the influences of the Illinois, Mississippi and Sangamon Rivers.

The broad, mostly level prairies are primarily Tama, Ipava and Sables soils north of the Moraine line and Virden, Herrick and Harrison soils south of the line. The rolling area formed under upland hard wood timber is mostly Fayette, Rozetta, and Keomah soils.

Adjacent to the rivers and streams are bottomlands frequently including Sawmill, Wakeland and Beaucoup soils. The steepest, usually timbered, hillsides are frequently Hickory and Fishhook soils. There are several areas of sand outcroppings, particularly in northern Menard and Cass Counties adjacent to the Sangamon River. Calhoun County, which lies farthest southwest of the Region 7 counties, is located between the Illinois and Mississippi Rivers. These rivers influence weather patterns sufficiently to allow peach and plum orchards and vineyards.

Sale prices varied widely in 2008 in the west central area. Sangamon, Macoupin, Montgomery, Morgan, and Cass Counties saw significant appreciation in values. These counties all had one or more sales exceeding $7,000 per

acre, for agricultural usage. Sangamon and Morgan Counties saw sales exceed $8,000 per acre.
Land sales for development in these counties would frequently sell at double the farmland value and more, although subdividing has slowed significantly.

Overall in the 10-county, west central region, land prices were higher-to-extremely higher in 2008. The demand for Class I land remained extremely strong. Factors that contributed to the strength of the market included:

- High commodity prices
- Extremely good crop yields.
- Low interest rates.

Participation in auctions and private sales were strong. In most cases, demand was greater than supply.

Farmland values in Region 7 continued to show strength throughout 2008. By and large, local farmers outbid outside investors to enlarge their operations.

Large tracts of land of 320 acres to 640 acres will generally sell at a premium, with the Excellent productivity land defined as flat, black and square, and all tillable, bringing the highest dollar. Obviously, there are not many acres of this type available, so some buyers look to lesser productivity or quality land to meet their demands.

There continues to be significant demand for recreational use properties, particularly those frequented by white tail deer, turkey, upland game birds or migrating geese and ducks. These bring the highest prices when they can also be placed in the CRP or CPEP programs.

Demand for rural residential development remains strong, as does commercial development in some areas.

Using the University of Illinois Circular #811 to establish Production Index's, cash rent bidding has frequently been $2.00 per P.I. to as high as $3.00 per P.I., mostly by local farmers.

Excellent Productivity Tracts

This land, generally described as flat, black and square, is in great demand. Particularly in Sangamon, Morgan, Montgomery, Macoupin and Menard Counties. The principal buyers have been operating farmers.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Calhoun	Feb	70	87	126	$3,600
Cass	Jan	200	92	126	$3,800
Greene	Jan	322	90	130	$4,992
Jersey	Jan	599	94	132	$5,200
Jersey	May	363	95	133	$5,400
Macoupin	April	200	93	131	$6,036
Macoupin	April	200	94	130	$6,150
Macoupin	Sept	616	86	127	$5,746
Montgomery	March	230	94	130	$5,400
Montgomery	Aug	300	95	136	$5,833
Montgomery	Sept	386	88	131	$5,556
Morgan	Jan	167	78	133	$6,350
Morgan	March	287	85	130	$5,941
Morgan	March	80	99	140	$6,937
Morgan	June	86	94	132	$5,796
Sangamon	March	89	89	136	$6,008
Sangamom	April	86	96	133	$5,597
Sangamon	July	262	79	137	$6,168
Sangamon	Nov	151	93	139	$6,688

Good Productivity Tracts

Properties in this category generally have sold $800-$1,000 less than the Class I farms. Generally speaking, this class of land will sell between $4,000 and $6,500 per acre. This class usually has one or more hazards including: lesser productive soils, unusual shape, varying topography, lack of road frontage, ditches or ponds, cut by roads or railroads or other public utilities, or neighborhood history. Since the demand is greater than the availability of Class I land, more buyers seem willing to look at and negotiate purchases of lesser classes of farmland.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Cass	Aug	259	73	109	$3,256
Greene	July	699	84	117	$3,266
Jersey	May	145	88	114	$3,347
Jersey	Sept	200	89	113	$3,350
Macoupin	May	240	90	119	$3,828
Macoupin	Oct	136	91	121	$4,167
Montgomery	March	120	94	124	$4,411
Montgomery	May	229	70	111	$2,799
Morgan	Feb	118	75	116	$3,450
Morgan	March	76	80	108	$3,397
Morgan	March	95	72	110	$3,900
Morgan	March	78	88	117	$4,481
Sangamon	June	460	90	126	$5,266
Sangamon	Nov	115	92	120	$5,000
Scott	Sept	244	78	106	$2,778

Average Productivity Tracts

This classification of farmland included significant variation of farms across the region. Most of the sales of Average productivity varied in sale prices from a low of about $3,000 per acre to as much as $4,500 per acre. Higher prices generally are nearer to metropolitan centers.

Recreational Property

There is a significant demand for this type land across the entire area. By and large, the higher prices are paid for lands nearer the larger cities. Some competition by the 'Equine Set', particularly near the larger cities, namely Springfield and Jacksonville, also influenced this market.

The State of Illinois DNR purchased 420 acres in Jersey County in June 2008 at $6,866 per acre.

Values become particularly attractive to investors when consideration is given to CRP or CREP programs offered by the USDA, but not limiting recreational uses. This combination oftentimes creates markets as high as $2500-$3000 per acre.

To good managers, returns of perhaps $120-$150 per acre from Federal Programs can be achieved plus sale of hunting rights at rates in the area of $1000 per hunter per week.

Special Use Properties

Calhoun County represents one of the unusual counties in this area. There is strong rural residential development in the south, influenced by the St. Louis area, and in the north there is pressure for recreational use carried over from Pike County. Jersey County is also experiencing rural residential pressures.

Livestock facilities are becoming fewer, but those that meet a niche market do thrive and oftentimes grow. Prairie Farms Dairy at Carlinville in Macoupin County pulls raw milk from a broad area to meet an ever-increasing demand. Slaughter facilities at Beardstown attract area hogs. Area Sale Barns provide an outlet for the smaller cattle producers.

Rents

A significant amount of farmland in region 7 is owned by persons who neither live on nor farm their land. Therefore, there are a substantial number of farms leased to tenant-operators.

Most of the leases are one of three types, those being crop share, crop share with supplemental cash rent, and cash rents.

Crop share is as it sounds—owner and operator share both income and expenses, taking equal risk of production. In several west central counties, a supplemental cash rent of from $20 per acre to $40 per acre is added to the tenant operator's share to equalize income.

Cash rents have stayed strong, primarily because all risk is shifted from owner to operator. Competition between aggressive farm operators has led to rents in the area of $1.75 per production index point average to a high of $3.00 per P. I.

Examples would be:

Ipava Soil	-	P.I. of 142 x $2.10 = $298 per acre
Ipava Soil	-	P.I. of 122 x $1.75 = $215 per acre
Fayette Soil	-	P.I. of 142 x $3.00 = $426 per acre

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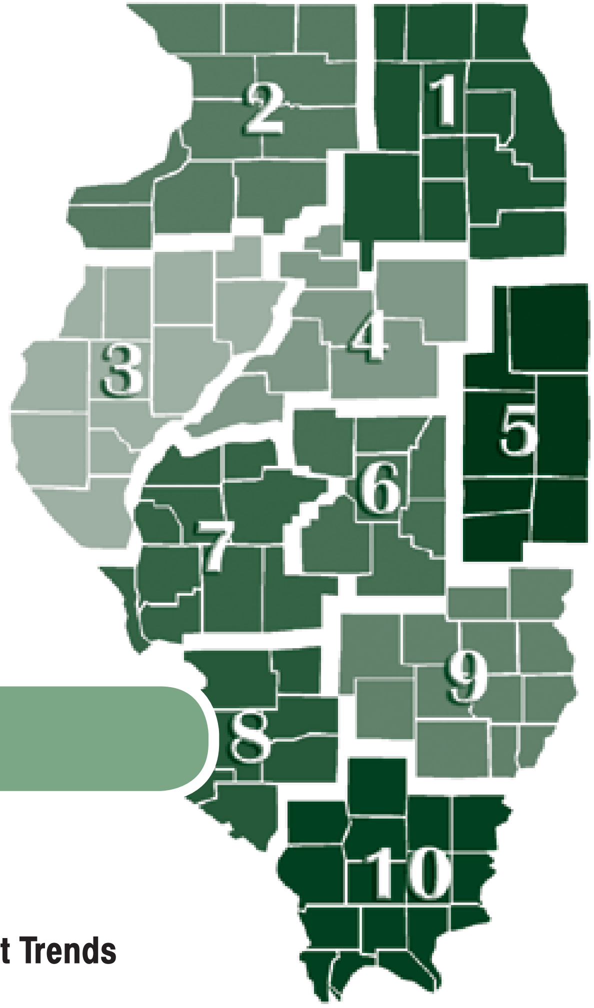


Region 8 - Southwest

Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Good Productivity	$7,000 - $9,000	steady to up 10%	steady	$160 - $175	10% - 15%	$200
Average Productivity	$4,000 - $7,000	steady to up 15%	steady	$140 - $160	15% - 20%	$170
Fair Productivity	$3,000 - $5,000	steady to up 25%	steady	$115 - $130	15% - 25%	$130
Recreational Land	$2,800 - $3,800	steady to down 10%	steady			
Transitional Tracts	$10,000 - $21,000	steady	down 50%			
Levee protected	$3,700 - $4,300	up 10-15%	steady			

Region 8 in Southwestern Illinois consists of seven counties, four of which border the Mississippi River. The counties located in this region are Madison, Bond, St. Clair, Clinton, Washington, Monroe, and Randolph. The city of St. Louis is located across the river from Madison and St. Clair counties. St. Louis has a locational influence on land values in the region due to its large population base and development potential. The western halves of Madison and St. Clair counties are mostly urbanized and residentially developed. Madison and St. Clair counties together have over 500,000 population. Prior to 2008, new residential development on the Illinois side of the river was taking farm land out of production for development at a fairly brisk pace. Since then, the pace of new residential development has backed off considerably and is now essentially at a standstill due to the economic recession. Nevertheless, the population in the St. Louis metropolitan area still has a strong, positive influence on the economy of the region and an influence on land values, depending on location.

With a large population base within easy driving distance, recreational land has traditionally been in high demand in region 8. However, after the credit crunch and stock market drop in late 2008, demand for recreational land is off an estimated 40 to 50 percent from earlier in the year.

The Kaskaskia River flows through the eastern and southern portions of the region and the Mississippi River forms the western boundary. Together, these two major river basins and their tributaries provide a large area of wooded acreage suitable for recreational use. Agricultural land in the area is mostly of average productivity and is used for raising corn, soybeans and wheat. In general, the 2008 crop year was a bumper crop in terms of yields for the region due to plentiful rain in the spring and summer growing season. High yields, in combination with better than average grain prices and optimistic outlooks for the future, have generally kept the market for farmland steady in spite of credit market and general recession concerns. Going into 2009 the recreational and transitional land markets are weaker due to the non-agricultural economic influences.

Good Productivity Tracts

There are spotted areas of good productivity soil types in the eastern portion of Madison and St. Clair Counties, and the western parts of Clinton and Washington Counties. Due to its location close to the St. Louis urban fringe influence and better-than-average yield potential, the good productivity soil types tend to command a premium in the market and are strongly sought after by farmers and investors alike. Sale prices in 2008 for the Good productivity tracts in region 8 generally ranged from about $7,000 per acre to $9,000 per acre and tended to center around $8,000 per acre. Most of these sales were purchased by local farmers who preferred to have the good productivity land close enough to farm it themselves rather than purchase similar land several counties away in central Illinois where they would have to lease it out to someone else.

Sale County	Total Date	% Acres	P / I on Tillable	Total Tillable Ac	Price/Ac
St. Clair	April	77	100	131	$7,066
Clinton	March	55	100	126	$7,506
Madison	June	82	99	118	$7,950
St. Clair	Jan	43	98	118	$8,000
Clinton	Dec	59	100	125	$8,103
St. Clair	Feb	39	96	133	$9,250

Average Productivity Tracts

Most of the area is made up of Average productivity soil types. Location is an important factor of value in this region. Land values in the western portion of the area are strongly affected by the St. Louis urban fringe influence. As a result, land values in the counties of St. Clair, Madison, Monroe, and the western portion of Clinton tend to be higher than values for the same type of soil in the counties further away from St. Louis. As shown by the selected sales listed, land values for Average productivity tracts closer to the St. Louis urban fringe influence tend to be in the $6,000 to $7,000 per acre range depending on location. Further away from the urban fringe influence in the eastern and southern portions of the region, farm land values tend to range from about $4,000 per acre to $6,000 per acre depending on location. As more farmland in the western portions of St. Clair and Madison Counties is absorbed into development, there is a trend for the farmers to relocate or expand their farming operations further away from the metropolitan area toward the east, north, and south.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Randolph	Jan	80	99	113	$3,950
Bond	Jan	40	100	102	$4,550
Bond	Jan	76	98	108	$4,737
Washington	July	197	99	108	$5,101
Bond	Jan	59	95	108	$5,634
St. Clair	March	83	83	105	$6,188
Clinton	Nov	40	100	107	$6,375
Madison	Nov	105	88	111	$6,438
Clinton	Nov	40	100	107	$6,500
St. Clair	Jan	167	97	106	$6,724
Clinton	March	39	99	104	$6,750

Fair Productivity Tract

Fair productivity tracts in this region tend to be more rolling farms or creek bottom properties subject to overflow. Fields are often irregularly shaped with a certain amount of non-tillable acreage, usually wooded. These types of farms generally require additional inputs of time, labor, and management, and can be more inefficient to farm with large modern machinery than better types of properties. As a result, the Fair productivity tracts are less appealing to farmers and investors for agricultural purposes. Fair productivity tracts are more prevalent toward the southern and eastern portions of the region and tend to be located near major creeks and streams where the topography slopes off toward the creek bottoms. Values for fair productivity tracts fall in a range of roughly $3,000 to $5,000 per acre depending on the quality of the farm and frequency of creek overflow flooding. Creek bottom farms at the lower end of the range of values tend to overflow more frequently and for longer duration than those at the upper end of the range.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Clinton	Nov	35	53	90	$2,643
Washington	Aug	100	92	85	$3,000
Bond	Jan	211	92	90	$3,059
Clinton	Nov	22	85	90	$3,272
St. Clair	March	40	74	85	$4,000
St. Clair	April	56	100	96	$5,000
St. Clair	Feb	43	97	97	$5,081

Recreational Tracts

Recreational tracts in region 8 are usually either completely wooded or nearly all woods. If there are tillable fields, they tend to be small and oddly shaped making them difficult to farm efficiently. There is usually little or no agricultural income associated with these tracts. The buyers of these recreational properties typically are non-farmers and hunters looking for the recreational opportunities, rather than agricultural production of the tract. There is a good demand for recreational tracts in the area due to the large population base around St. Louis. Most of the region is within an hour's drive of St. Louis, making it convenient to utilize a recreational property. Values for recreational tracts have been increasing in recent years due to strong demand, but recently have stabilized due to the economic recession. As shown below, most sales of recreational properties fall within a range of about $2,800 to $3,800 per acre. Good advertising through a realtor or auctioneer tends to bring more bidders into competition by making non-local prospects aware that a recreational property is available for sale. Most recreational tracts tend to be toward the southern and eastern portions away from the more heavily developed and urbanized areas in the northwest part of the region. The Kaskaskia River flows through the eastern and southern portions of the region and much of the wooded area follows along the Kaskaskia and its tributaries.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Bond	May	42	0	0	$2,833
Bond	Jan	36	0	0	$2,954
Randolph	Feb	70	10	90	$3,000
Bond	Jan	35	0	0	$3,039
Bond	May	30	0	0	$3,067
Bond	Jan	30	0	0	$3,208
Clinton	April	20	0	0	$3,450
Randolph	Feb	37	0	0	$3,765

Transitional Tracts

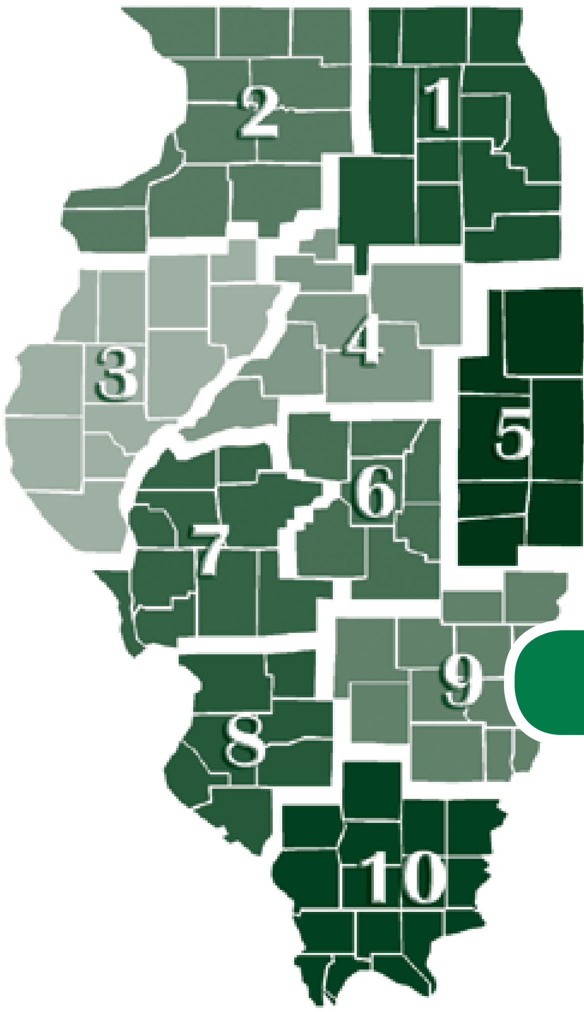
Transitional properties are well-located farmland tracts usually located near small towns or along major traffic routes. These may have potential for residential or commercial development at some point in the future, but are not expected to be developed immediately. Usually, these types of properties lie in the path of expected future city utilities, but it may be several years before adjoining properties are fully developed to make utilities available to the subject. During the interim holding period they are likely to continue to be used for agricultural production. Prices for transitional tracts can vary widely depending on location and expectations for future use. The number of transitional property sales taking place backed off noticeably since the end of 2007 coinciding with the slowdown in residential subdivision development.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Clinton	April	35	88	109	$10,696
Monroe	Jan	31	100	110	$11,977
St. Clair	July	158	71	120	$12,000
St. Clair	May	28	90	134	$14,367
Monroe	June	41	48	110	$21,593

Other Tracts

The above three sales are levee protected farms in the Mississippi River bottoms along the western side of Monroe and Randolph Counties in southwestern Illinois. They sold in a narrow range of about $3,700/acre to $4,300/acre and were purchased by local farmers or investors with other local holdings. There is little or no non-agricultural developmental influence in these levee protected Mississippi River bottom sales due to the potential for flooding by the Mississippi River if the levee were to fail to hold.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Randolph	January	172	96%	121	$3,768
Monroe	September	60	100%	115	$3,833
Randolph	November	57	100%	106	$4,300



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Region 9 - Southeast

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Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Excellent Productivity	n/a					
Good Productivity	$4,200	17	Steady	$165	0	$165
Average Productivity	$3,800	15	Steady	$150	0	$150
Fair Productivity	$3,000	20	Steady	$120	0	$120
Recreational Land	$2,200	0	Steady			
Transitional Tracts	$8,000-12,000	0	Steady			

Region 9 is located in Southeastern Illinois and contains thirteen counties. Most soils are formed from prairie and timber vegetation in the Illinois glacier till. Several areas include bottomland soils located along the Kaskaskia, Little Wabash, Embarras and Wabash Rivers.

Interstate highway access is available to the area. I-57 is located in the western part of the region, I-70 runs through the northern counties and I-64 serves a part of the southern counties.

The 2008 land market in Region 9 has been interesting to say the least. In the spring, cropland prices continued the strong increases seen of the fall 2007 market. Most buyers are farm operators and higher grain prices increased optimism of the future of the land market. Declining grain prices in the summer of 2008 seemed to stifle this price trend and the cropland market remained relatively stable during the last six months of 2008, especially in the northern part of the region. Yet, some southern counties are still reporting record sale prices.

Auction sales appear to have been up for 2008. Many sellers in the fall felt their property would have brought 5 to 10 percent more if it were offered in the spring. The demand for cropland may be thinning as some auctions have seen more outside buyers, with the local operators not showing up for the auction or bidding conservatively on additional cropland in their area.

Recreational land values appear to have stabilized. Brokers are reporting there is still interest in this land in spite of the economic downturn, but sellers are not willing to sell at current prices.

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Good Productivity Tracts

Most of the Good productivity soils are located along the Wabash River and there are small areas of Virden, Shiloh and Ebbert soils located in prairie uplands. Most soils in our region have a productivity level below 115, so there are few sales of Good productivity soils.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Lawrence	Jan	160.00	99.9	132	$5,750
Marion	Feb	36.70	95.6	119	$4,005
Wabash	March	49.66	97.9	131	$4,229
Clark	March	40.00	100.0	124	$3,925

Average Productivity Tracts

Average productivity soils make up the majority of the cropland in our region. Most of the soils are developed from prairie and timber vegetation. Prices for this land class vary widely throughout our region. In 2008, sale prices ranged from around $23.50 per PI point in Marion County to over $60 in Effingham County. The average for all sales reviewed was $40.00 per PI point.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Clark	Jan	54.0	97.20	103	$3,808
Jasper	Feb	80.0	73.10	103	$2,500
Fayette	Feb	842.8	97.80	110	$3,800
Wayne	April	88.0	85.60	104	$3,409
Richland	April	40.0	100.00	107	$4,175
Clay	April	50.0	98.00	108	$4,415
Crawford	April	80.0	97.80	109	$3,800
Marion	June	94.8	94.00	104	$4,059
Effingham	May	40.0	99.50	107	$4,000
Lawrence	May	79.3	85.00	110	$3,368
Edwards	July	77.0	89.70	100	$3,000
Clay	Sept	40.0	95.30	106	$3,281
Edwards	Oct	34.0	100.00	107	$3,200
Lawrence	Nov	74.0	94.10	105	$3,531
Wabash	Dec	37.5	96.00	104	$3,700
Wayne	Dec	295.0	82.20	111	$2,850

Fair Productivity Tracts

Most of the Fair productivity land is located in the southern part of our region, but fair soils are present in all counties. Many of these tracts are only partially tillable and may have irregular shaped fields.

The value of the non-tillable land has been strongly influenced by buyers seeking land for recreational purposes. Also, many areas now have public water available. In these areas, fair productivity land is often purchased as a rural building site. In 2008, sale prices averaged around $45 per PI point.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Wayne	Jan	60.0	95.80	94	$3,000
Jasper	Jan	35.0	81.40	99	$3,257
Richland	Feb	40.0	74.30	98	$2,500
Cumberland	April	40.0	98.30	100	$4,300
Marion	April	58.0	87.80	72	$3,200
Lawrence	May	95.0	58.70	98	$2,900
Crawford	May	81.5	98.00	97	$3,220
Edwards	Aug	38.0	84.20	95	$2,560
Marion	Sept	33.5	65.30	92	$3,000
Effingham	Oct	40.0	87.30	100	$4,250
Wabash	Nov	31.7	99.00	98	$3,000

Recreational Tracts

The market for recreational land has been strong in this region over the past few years. Most of our sales occurred in the first half of 2008. Economic conditions in the second half of 2008 may have affected the sales activity. Pricing in this market has remained stable. Brokers have indicated there are still buyers in this market, but sellers aren't willing to sell at current price levels.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Wayne	Jan	40.0	0.00		$2,500
Marion	March	60.0	0.00		$2,250
Clay	April	61.0	10.40		$2,049
Marion	May	40.0	73.25	75	$2,250
Clay	May	88.0	0.00		$2,200
Richland	May	67.0	0.00		$2,300
Richland	Sept	40.0	0.00		$2,400
Clay	Oct	40.0	0.00		$1,850

Transitional Tracts

Most Transitional land sales occur around major employment areas. Many residents travel to Effingham and Olney, IL as well as Vincennes, IN for employment. Interstate highways are available to our counties located along the north and west sides of our region. Developers tend to purchase land as it becomes available and the development of the site may not begin for several years. Location near a growing community and the availability of good utilities are major influences in transitional land values. Developers of residential sites now tend to favor wooded or rolling land where small lakes may be developed.

Public water availability has increased in rural areas for the past few years. Demand for rural residential sites has increased in areas where public water is available. Buyers typically look for 5- to 10-acre tracts and recent sales have ranged from $4,000 to $10,000 per acre. Location and the topography of the land are the major factors that influence value.

The October 2008 sale in Effingham County (below) was for property purchased by the City of Effingham for a potential expansion for the industrial park area located in southwest Effingham. The sales price represents an exercised price from an option that was established in June 2005.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Marion	Feb	20	65.00		$3,850
Effingham	Feb	68.3	45.00	100	$7,000
Effingham	May	37	0.00		$4,860
Marion	May	40	0.00		$3,350
Effingham	Oct	145.5	61.40	105.8	$30,521

Special Interest Information

How does 6 months change the land market for Region 9?
by Norbert Soltwedel , RPRA

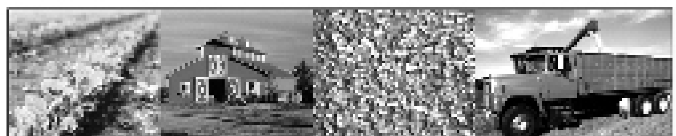
Region 9 is somewhat unique with respect to having a high percentage of owner-operated farms. The 2002 census reports 48 percent owned acres of farmland in Region 9 compared to 42 percent for Illinois as a whole. Within the region, ownership ranged from a low of 41 percent in Richland to a high of 56 percent in Clay County. Part owners in the region operate 71 percent of the farmland versus 66 percent for the state of Illinois. These Region 9 part owners own 31 percent of their acreage and rent the balance. The vast majority of farm operators who are part owners become the typical bidder for land. The trend for farms to increase in size has resulted in strong competition among operators who are geographically limited in their market for additional land. This fact as well as yield variability of soils, smaller sized tracts, and partially tillable tracts have discouraged investment buyers.

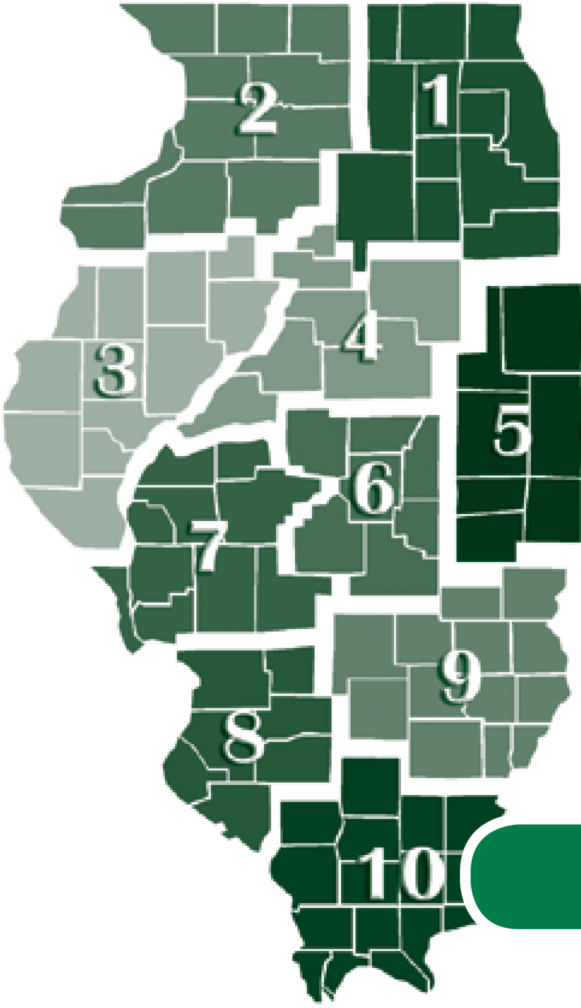
Coupled with the high incidence of owner-operator buyers has been a significant change in the farm earnings picture. University of Illinois reported at their 2008 Farm Summit meetings that 2008 Farm Income for the East Southeast region decreased by $69,200 from 2007 and projected that 2009 will decrease again. This decrease in income is attributed to both lower commodity prices and especially higher input costs. Corn prices averaged $4 in 2007 and peaked over $7 cash by July 1, 2008. Prices have declined steadily from this peak to under $3 in early December. The run-up in commodity prices had generated a great deal of optimism causing input suppliers to raise prices. Nitrogen fertilizer prices shot upwards from $536 for 2007 to $769 for 2008 and by the fall of 2009 to over $1000 per ton. Seed corn that had cost $200 per unit in 2008 suddenly listed for over $300 per unit for 2009. Fuel prices went up 40 percent and other non-land costs increased by 10 to15 percent
.
Despite the decreased farm income levels for 2007 and projected for 2008, earnings were still well above prior years. Above-average yields for 2007 and 2008, coupled with higher prices, placed farm operators who owned a portion of their land and had made advance sales in excellent cash position going into the fall of 2008. Farmers who own a significant portion of their acreage use earnings from these acres to subsidize the cash flow required to buy additional land. With the September 2008 financial credit crisis sudden drop in commodity prices, a great deal of uncertainly has been introduced into the market. Individual farmers have very different earnings outlook depending on their use of futures prices to hedge future crop sales and whether they locked in high input costs. The land market has remained strong throughout the fall of 2008 despite the uncertainty following the financial meltdown in September. This strength is attributed to strong cash positions of some farmers, reasonable term mortgage interest rates, and limited offerings for sale.

So what does the future hold? Farmers tend to be eternal optimists who regard the future demand for food and fuel backed up by favorable public policy to offer a bright future. This is especially true when land for sale is “across the fence” from you and you have money in the bank. Reflecting back to the 1980s we know that there is a lag between decreased earnings and falling land values. Already there is evidence that potential buyers are not showing up at sales or sitting on the sidelines waiting for better opportunities. There is a feeling that “cash is king” for the moment and that history of the 1980s will repeat itself with lower land prices next year. “Smart money” seems to be waiting out the current situation, but these same individuals only 6 months ago also felt high prices were here to stay. It seems more prudent to characterize the market as cautious and growing somewhat pessimistic. A small group of sellers are very nervous about the situation and are testing the market with offers to sell at slightly lower prices. The larger group seems intent on holding out for their price rather than accepting lower prices. The end result will depend on future farm earnings, interest rates and the supply of land offered for sale.

The University of Illinois presented three possible scenarios at their recent Economics Summit meetings. Their most likely estimate of prices and yields would produce net farm income significantly below actual 2007 and projected 2008 earnings. Crop prices being offered in December would result in a near breakeven situation while $3 corn and $7.25 beans would project a negative $55,786 net income for Illinois farmers. These numbers suggest lower land values in the future! As a counter argument to lower prices are those who see inflation and strong foreign demand for U.S. grains holding farmland prices high.

One unique component of region 9 remains the high degree of land ownership. Associated with this is the fact that many tenants enjoy a close relationship with their landlords who may be family members, or at least friends. These operators are somewhat less influenced by the negative impact of high cash rents that also lag in their adjustment to farm income changes. Technology has also done a lot to reduce yield variability. Farming operations have significantly increased their acreage affording opportunities for better efficiencies for remaining operators. Most small acreage operations that do exist benefit from off farm incomes derived from a diversified base of employers. The average tract offered for sale is small and within reach of more buyers. Behind all these facts remains a strong love for the land that manifests itself in higher land prices than simply justified by economics.





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Region 10 - Southern

Land Value and Cash Rent Trends
Overall Summary

Farm Classification	Total Value/Acre	% Change in $/Acre from 2007	Change in rate of land turnover (up, steady, down) and %	Ave. Cash Rent Per Acre	% Change from 2007	Ave. Cash Rent/Ac on recently negotiated leases
Good Productivity	$4,700	up 9%	steady	175	up 15%	
Average Productivity	$2,440-$3,250	up 6 to 15%	steady	110	up 10%	
Fair Productivity	$2,200	up 15%	steady	90	up 20%	
Recreational Land	$2,400	up 16%	up 10%	n/a		
Transitional Tracts						
Other Sales (CRP Land)	$2,075	unchanged	down 10%	n/a		

Observed land values have increased for all levels of productivity throughout the region during the year. 2008 corn yields were strong in most areas within the region while soybean yields were mostly lower due to the lack of moisture during the latter part of the growing season.

Crop share leases are still the predominant cropland rental method, there are more discussions of cash rental arrangments being made. Cash rents previously in place have been reportedly been increased for the next year.

Recreational land sales continued to increase across the region but sales slowed significantly toward the end of the year.

Good Productivity Tracts

A variety of sales methods are used for this type of farm in the area. This is by far the most common quality of crop production farms found in Region 10. The majority of the buyers of these farms are area farmers purchasing land to expand their current farming operations. The sellers are mostly estates and their beneficiaries and retiring farmers. Observed sales of this quality of farm were in a wide range from $2,000 to $4,200 per acre, but tended to group into two separate ranges of $2,000 to $3,000 and $2,700 to $4,200 per acre. Farms selling in the $2,000 to $3,000 per acre range are those most representative for this quality in the region.

The simple average of the most representative sampling of 30 sales of this quality is $2,441 per acre which is up 15 percent from an average of $2,119 per acre for the sampling from a year ago. Sales in the $2,700 to $4,200 per acre range are from stronger farming and sales "pockets" which are scattered through the southern region. The simple average of a sampling of ten sales which are the representative of this group is $3,255 per acre which is up 6 percent from the $3,074 per acre average from a year ago. Above is a sampling of sales from the most representative group discussed.

There were no known 1031 exchanges among these sales.

County	Sale Date	Total Acres	% Tillable	P / I on Tillable Ac	Total Price/Ac
Gallatin	Feb	80	100		$4,000
Jackson	April	96.4	97		$6,940
Gallatin	May	37.4	94		$4,545
White	Sept	60	98		$4,167
White	Oct	40	97		$4,500
Jackson	Nov	80	100		$5,313

Fair Productivity Tracts

The Fair productivity farms sell mostly by private treaty. Many of these farms with lower percentages of cropland are selling for recreational uses. The buyers of the higher cropland percentage farms are still mostly local farmers while the buyers of the lower percentage cropland farms are recreational buyers from larger metropolitan areas. The sellers are mostly retired farmers and estates. These farms typically have sloping topography and/or weak soil types. They have typically had a lower percentage of tillable land than do the Good and Average productivity farms in the area. The average price of the Fair productivity farms in this survey is $2,218 per acre. The average price from the 2007 study was $1,933 per acre. Comparing the averages, an increase of 15 percent is observed from the 2007 study to the 2008 study.

County	Sale Date	Total Acres	% Tillable Ac	P / I on Tillable Ac	Total Price/Ac
Franklin	March	27	93		$2,300
Jackson	April	229	68		$2,794
White	May	206.2	89		$2,350
Hamilton	June	35	88		$2,000
Williamson	Aug	77.66	94		$2,073
Hamilton	Sept	60	82		$1,650

Recreation Tracts

Most of the sales of recreational tracts in the region are through realtors. The primary recreational use for these properties is for deer hunting. Most of the buyers are from larger area towns and urban areas in the midwest. Prior to the boom in recreational land purchases, these farms were purchased by farmers for agricultural purposes. Most of these tracts consists of a combination of low quality open land (cropland, pasture, other open land) and wooded areas. The average value per acre of the 31 sales sampling is $2,380 per acre as compared to the $2,044 per acre from the 2007 study which is an increase of 16 percent.

County	Sale Date	Total Acres	% Tillable Ac	P / I on Tillable Ac	Total Price/Ac
Alexander	June	72	52		$2,232
Gallatin	March	46.5	37		$2,000
Hamilton	Feb	80	0		$2,250
Pope	April	40	25		$2,000
White	Aug	180.5	41		$2,200

Other Tracts (CRP Land)

Most of these farms are of recreational quality with percentages of tillable land similar to recreational tracts. Buyers on these tracts vary between local farmers and recreational users. The average of the sales shown below is $2,075 per acre. The average value of the CRP Land in the 2007 survey was $2,052 per acre, which is basically unchanged.

County	Sale Date	Total Acres	% Tillable Ac	P / I on Tillable Ac	Total Price/Ac
Hamilton	May	40	84	$2,150	
White	Sept	49.5	81	$2,000	

Our Apologies

Because of production schedules and deadlines the

Land Values and Lease Trends summaries

could not be included in this print copy.

Both are available in their entirety on www.ispfmra.org.

Friends of the Chapter

We're excited about our new membership offering – that might be right for you!

The Illinois Society of Farm Managers and Rural Appraisers recently widened its networking focus by creating a new membership category – *"Friends of the Chapter."* We invite anyone with an interest in our organization, but do not otherwise qualify for membership *(as practicing farm managers, rural appraisers, or agricultural consultants)* to join us!

As a *"Friend of the Chapter"* you will enjoy all the benefits of the Illinois Chapter except voting rights. You will be listed as a *Friend of the Chapter* in our membership directory, and will receive the ISPFMRA Newsletter. You will qualify for discounted member rates on all Illinois Chapter-sponsored courses, meetings and events. *Friends of the Chapter* also enjoy a strong networking connection to our organization and its members as we focus on the business of agriculture.

We enthusiastically encourage you, and everyone interested who does not manage or appraise Illinois farmland or provide agricultural consulting as a business, to come join us. We welcome you!

For further information visit www.ispfmra.org and click on the *"Friends of the Chapter"* link.

An Overview of the New ACRE Program

by Nicholas D. Paulson, Ph. D.
University of Illinois College of Agriculture and Consumer Economics

A fundamental change in commodity title programs in the 2008 Farm Bill resulted in the creation of the new Average Crop Revenue Election Program (ACRE). ACRE is a revenue-based support program that effectively acts as a put option on state-level revenue for each program crop. Starting with the 2009 crop year, producers of program crops willl have the option of electing coverage under ACRE, or defaulting to support under the existing suite of commodity programs. This choice will be made on a FSA farm basis. The decision can be deferred to future crop years, but if a farm is elected into the ACRE program, the decision is irrevocable. Thus, once elected, the farm will be covered by ACRE throughout the life of the current Farm Bill which goes through the 2012 crop year.

If elected, ACRE replaces the current price-based countercyclical program (PCCP). ACRE farms continue to be eligible for direct payments and marketing loan programs. However, direct payment rates are reduced by 20 percent and the loan rates, which define the marketing loan programs, are cut by 30 percent. Table 1 compares direct payment and loan rates for corn, soybeans, and wheat under the traditional and ACRE program options as outlined in the 2008 Farm Bill.

with changes in market prices and yield levels. However, the adjustments to the state-level revenue guarantee are limited to 10 percent from the previous crop year's level. This rule sets lower and upper limits, or cups and caps, on the revenue guarantee for each crop year beginning in 2010. Actual revenue for the crop year is then equal to the product of the actual state-level yield and U.S. MYA price. State-level ACRE payments are defined when actual revenue falls below the revenue guarantee.

However, the ACRE program operates under a "double trigger" eligibility rule. Farm-level revenue losses must also be proven for a producer to be eligible for an ACRE payment. The farm-level revenue guarantee, or farm benchmark, is calculated as the product of the 5-year Olympic average of farm-level yields and the 2-year average of the U.S. MYA price. Any crop insurance premium expense paid by the producer is also included in the farm's benchmark revenue. Actual farm-level revenue is calculated as the product of actual farm yield and the U.S. MYA price for the current year. An important implication of the double trigger rule is that not all farms may receive an ACRE payment for a crop year in which actual revenue falls below the guarantee at the state-level.

Table 1. Direct Payment and Loan Rates Under the Traditional and ACRE Program Options

	Traditional Option			ACRE Option	
	Direct Payment Rate	Loan Rate	PCCP Target Price	Direct Payment Rate	LoanRate
Corn	$0.28	$1.95	$2.63	$0.224	$1.365
Soybeans	$0.44	$5.00	$6.00*	$0.352	$3.50
Wheat	$0.58	$2.94*	$4.17*	$0.464	$2.058

*represent slight increases from current levels which won't take effect until the 2010 crop year.

Payment limits under the two program options are similar, although allocated differently across programs. Under the traditional option, the payment limit on direct payments is $40,000 per actively engaged producer. If ACRE is elected the payment limit on direct payments is reduced by 20 percent. The limit on countercyclical payments is set at $65,000 while the cap on ACRE program payments is $65,000 plus the 20 percent direct payment reduction. There is no limit on marketing loan gains or loan deficiency payments under either program option.

ACRE Program Details

The new ACRE program is based on a revenue index at the state-level. In any crop year, a revenue guarantee for each program crop is defined as 90 percent of the product of the 5-year Olympic[1] average state-level yield and the 2-year average of the U.S. marketing year average (MYA) price. By definition, the revenue guarantee adjusts each year

If both state- and farm-level revenue measures fall below their respective guarantees the producer is eligible to receive an ACRE payment. The payment per planted acre equals 83.3 percent of the product of the state revenue shortfall and a farm yield factor. The farm yield factor is equal to the ratio of the farm and state benchmark yields, and acts as a scaling factor to tailor payment levels to farm-level productivity. Additionally, ACRE payments cannot exceed 25 percent of the revenue guarantee for the year on a per acre basis.

ACRE Payment = Minimum of 0.833 X
[State Revenue Guarantee – Actual State Revenue] X
Farm Benchmark Yield / State Average Yield
or:
0.833 X [0.25 X State Revenue Guarantee] X
Farm Benchmark Yield / State Average Yield

ACRE Example Scenarios

The following examples illustrate the mechanics of the ACRE program and provide comparisons of payment outcomes under the traditional and ACRE options for a range of price scenarios. For the 2009 crop year the ACRE revenue guarantee will be determined by state yield levels from 2004-2007 and U.S. MYA prices for 2007 and 2008. While the historic yields are known, the 2008 MYA price will not be finalized until the marketing year ends in August 2009. For corn acres in Illinois the yield component of the guarantee will be roughly 164 bu/acre and the price component is currently projected to be around $4.05 per bushel, implying a state-level revenue guarantee of approximately $600 per acre for corn (0.90 X 164 bu/acre X $4.05/bu = $600/acre). Similarly, the current projections for the revenue guarantees for soybean and wheat acres for 2009 are approximately $400 and $345 per acre, respectively.

Table 2. Example Farm Program Yield Measures

	Corn Acres (60 percent of Base)	Soybean Acres (40 percent of Base)
Direct Payment Yield	125	40
Countercyclical Yield	145	45
ACRE Benchmark Yield	175	50

*Values are reported in bushels per base acre.

Consider a typical central Illinois farm with 60 percent of total base acres as corn and the remaining 40 percent of its base enrolled as soybean acres. Table 2 summarizes the direct payment and countercyclical program base yields for a typical central Illinois farm. ACRE benchmark yields for the example farm were set at 175 and 50 bu/acre for corn and soybeans, respectively.

Table 3 provides a direct payment comparison for the example farm under the traditional and ACRE options. Election of the ACRE program would result in a direct payment reduction of $6 per base corn acre and $3 per base soybean acre, or an average direct payment reduction of $5 per acre for the whole farm. The trade-off for electing ACRE is the loss of $5 per base acre each year in guaranteed direct payments for the possibility of receiving ACRE payments, or uncertain dollars contingent on actual yield and price realizations.

Table 3. Direct Payment Comparison Under Traditional and ACRE Program Options

	Corn Base	Soybean Base	Weighted Average
Traditional	$30	$15	$24
ACRE	$24	$12	$19
Difference	$6	$3	$5

*Values are reported in dollars per base acre.

Table 4 reports ACRE payment outcomes for corn acres under different U.S. MYA price and farm-level yield scenarios. Two MYA price scenarios are considered - $3.50 and $2.60 per bushel. Two farm level yields are also considered – 180 and 205 bushels per acre. The state revenue guarantee is assumed to be $600 per acre, the current projection for the ACRE program for the 2009 crop year.

For the $3.50 MYA price scenario a $5 revenue shortfall would be realized at the state level, triggering the potential for ACRE payments on enrolled Illinois corn acres. Eligibility for the ACRE payment would also depend on individual farm performance. If the example farm yielded 180 bushels per acre, the farm would be eligible for an ACRE payment and receive $4.44 per planted corn acre because the actual farm revenue measure of $630 (180 bu/acre X $3.50/bu) falls below the farm's benchmark revenue of $711 per acre. ACRE payment calculations for this example are as follows:

ACRE Payment = 0.833 X [$600 – $595] X 175 / 164 = $4.44

Table 4. Program Outcomes Under Different U.S. Price and Farm Yield Scenarios, Corn Acres

	Actual U.S. MYA Price and Farm Level Yields			
	MYA Price = $3.50		MYA Price = $2.60	
	180 bu/a	205 bu/a	180 bu/a	205 bu/a
Actual State Revenue	$595	$595	$442	$442
State-level Revenue Shortfall	$5	$5	$158	$158
Actual Farm Revenue	$630	$718	$468	$520
Farm Eligible?	Yes	No	Yes	Yes
ACRE Payment	$4.44	$0	$133.33	$133.33

*Assumes a state-level revenue guarantee of $600 per acre, a farm benchmark revenue of $711 per acre, and an actual state yield of 170 bushels per acre. All values are reported in dollars per planted acre.

If the actual corn yield was 205 bushels per acre, the farm would not be eligible for the ACRE payment because actual farm revenue of $718 (205 bu/acre X $3.50/bu) exceeds the farm's $711 benchmark revenue level. In this higher yield case the farm would have been eligible for the ACRE payment if the producer had purchased crop insurance coverage at a premium level of at least $8 per acre (farm benchmark = $711 + $8 = $719 > $718 = actual farm revenue).

For the MYA price scenario of $2.60 per bushel, actual state-level revenue would be $442 per acre ($175 bu/acre X $2.60/bu) and the revenue shortfall at the state-level would be $158 per acre ($600-$442). In this example the $150 cap (0.25 X $600) on the size of the ACRE payment would be exceeded, and ACRE payments to the farm would be calculated based on the cap level. The farm would be eligible for an ACRE payment under both farm-level yield scenarios and would receive $133.33 per planted corn acre in both cases. ACRE payment calcultions for these examples are as follows:

ACRE Payment = 0.833 X $150 X 175 / 164 = $133.33

Another feature to note is that the MYA price scenarios considered here would not trigger countercyclical payments as corn prices remain above $2.35 per bushel. Given current price levels and the design of the ACRE revenue guarantee, significantly large ACRE payments could be triggered due to negative price movements that would not trigger countercyclical payments.

ACRE scenarios for soybean acres can also be examined in a similar fashion. Table 5 reports ACRE outcomes for MYA soybean price levels of $8.25 and $6.00 per bushel, and farm-level yields of 55 and 60 bushels per acre. For the $8.25/bu price scenario the farm would be eligible for an ACRE payment of $3.31 per planted acre if the farm yielded 55 bushels per acre. If the farm yielded 60 bushels per acre the farm would not be eligible for the ACRE payment unless insurance coverage costing more than $20 per acre was purchased. For the $6.00/bu price scenario the ACRE payment cap of 25 percent of the revenue guarantee is met, and the farm would be eligible for a $88.56 per planted acre payment. Similar to the corn examples, both price levels outlined here would not trigger countercyclical payments.

Table 5. ACRE Program Outcomes Under Different Price and Farm Yield Scenarios, Soybean Acres

	Actual U.S. MYA Price and Farm Level Yields			
	MYA Price = $8.25		MYA Price = $6.00	
	55 bu/a	60 bu/a	55 bu/a	60 bu/a
Actual State Revenue	$396	$396	$288	$288
State-level Revenue Shortfall	$4	$4	$112	$112
Actual Farm Revenue	$454	$495	$330	$360
Farm Eligible?	Yes	No	Yes	Yes
ACRE Payment	$3.31	$0	$88.56	$88.56

*Assumes a state-level revenue guarantee of $400 per acre, a farm benchmark revenue of $473 per acre, and an actual state yield of 48 bushels per acre. All values are reported in dollars per planted acre.

Historical Analysis

Potential performance of the ACRE program was assessed in an historical sense using U.S. price, Illinois state yield, and Farm Business and Farm Management (FBFM) data for Illinois farms over the past 31 years. ACRE payments on corn acres in Illinois would have been triggered in 10 out of the past 31 years. ACRE payments on corn acres would have averaged $17 per planted acre across all years, and averaged $53 per acre over the 10 years in which payments occurred. Payments on Illinois soybean acres would have only been triggered in 5 of the 31 years examined, with an average payment of $6 per planted acre across all years. In the 5 years in which a payment was triggered on soybean acres, the average payment size was $37 per planted acre.

For both corn and soybean acres, the average payment across all years is greater than the average reduction in direct payments from enrolling in the ACRE program. However, the farm trigger rule must also be considered – the triggering of ACRE payments at the state-level does not guarantee farm eligibility. On corn acres, between 78 percent and 86 percent of FBFM farms would have met the farm-level trigger criteria for ACRE payment eligibility in years in which a payment was triggered at the state level. On soybean acres between 81 percent and 93 percent of FBFM farms would have met the farm-trigger criteria in ACRE payment years. Adding a $20 crop insurance payment increases the percentage of farms meeting the criteria by 5-10 percent for both corn and soybean acreage.

While historical conditions are not necessarily representative of future conditions, this analysis does provide a gauge for the expected frequency and size of ACRE payments. Moreover, ACRE payments may be likely to be triggered more often than indicated by the historical data due to higher expected price volatility.

Decision Considerations

The decision to elect ACRE program coverage or to stick with existing programs hinges on a number of factors. The ACRE program is based on a state-level revenue index that will adjust over time whereas the countercyclical program is based on fixed target price levels. If state revenue levels remain fairly stable or increase through 2012 the likelihood of ACRE payments being triggered is relatively low and total payments from the traditional programs will be larger because of higher direct payments. If price levels decline but stay above target price levels the ACRE program may generate large payments while no support would come from the countercyclical program. If prices fall below target price or loan rate levels the ACRE program would likely hit payment caps. In this situation countercyclical payments would also be triggered, and any marketing loan gains or loan deficiency payments that would be generated would be larger under the traditional option because of the 30 percent reduction in loan rates under the ACRE program. Therefore producers need to assess their expectations with respect to future price levels.

In general the traditional program option will result in $5 higher direct payments, but provide little support for price declines in the range of current levels and target prices. The 30 percent reduction in loan rates under ACRE should also not be overlooked. While current price levels make the possibility of loan deficiency payments seem highly unlikely, producers who use marketing loans to cover production and operating costs will be more directly affected by this rule.

Other issues that need to be considered include the relationship between farm and state yields and the availability of historical records and documentation requirements for proving farm-level yields. If farm yields tend to closely follow the Illinois average, the farm trigger criteria will have a greater chance of being met in years when ACRE payments are triggered. The timing of payments is yet another issue that should be considered. Because of the definition of the price component used by the ACRE program, the revenue guarantee will not be completely established prior to expected sign-up periods in the spring and the actual revenue measure used to determine ACRE payments in a given year will not be finalized until just before harvest of the following crop year.

Base acre allocations and future plans for planted acreage should also be examined. The actual reduction in direct payments will be larger for farms with higher proportions of corn base acres relative to soybeans or wheat. Because payments are based on planted acreage, support offered by the ACRE program will more accurately reflect current practices if they differ considerably from base acre allocations.

Because payments are based on planted acreage, support offered by the ACRE program will more accurately reflect current practices if they differ considerably from base acre allocations.

Summary

Introduction of the new ACRE program gives producers the option of electing commodity program support based on a state-level revenue index that adjust to changes in the market. ACRE is an alternative to the fixed price-based support offered by the existing countercyclical program.

Because the revenue guarantee for the ACRE program is based on recent historical price and yield levels, it has the potential to generate potentially large payments at price levels well above those which would trigger payments from the countercyclical program. However, producers must give up a portion of their direct payments to elect the ACRE option, meaning they must forego guaranteed dollars to be eligible for an uncertain payment from the ACRE program.

Moreover, the ACRE program will require the producer to prove yields for the farm both on a historical basis and for every crop year moving forward. The specific rules and documentation requirements for proving farm-level yields for the ACRE program have not yet been established, so producers should carefully monitor these rules as they become finalized and announced over the coming months. Producers also need to consider their expectations for future crop prices as well as aspects specific to their operation when making the decision to elect the ACRE program or defaulting to existing commodity programs.

An ACRE comparison tool was developed by researchers at the University of Illinois through support from the National Corn Growers Association. It is designed to help farmers in selecting between the ACRE and traditional program options by allowing them to compare outcomes under different price and yield scenarios. The tool can be downloaded from the farmdoc website at: http://www.farmdoc.uiuc.edu/fasttools/index.asp

[1]An Olympic average is calculated by dropping the minimum and maximum observations and taking the simple average of the remaining values. In the case of a 5-year Olympic yield average, the previous 5 years of yields would be used. The highest and lowest yields would be dropped, and the average would be taken for the remaining 3 years of yield data.

Financial Crisis Impact on Agricultural Financial Markets[1]

by Paul N. Ellinger
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Overview

The economic fallout of the recent financial crisis has been widespread and deep. What started with declines in housing prices and elevated subprime delinquencies has spilled over into other financial markets. The disruption and turmoil in the financial markets is clearly unprecedented. The interconnectedness among the major global financial institutions has accentuated the crisis worldwide. Central banks from other countries have also assisted financial institutions through infusions of capital and liquidity in addition to guarantees. Agriculture and institutions lending to agriculture have not been immune to the impacts of the financial crisis. This article provides a discussion of some useful indicators to measure the extent of the credit crisis, a review of the public policy proposals, and an overview of the potential impacts on agricultural markets.

U.S. Macroeconomic Indicators

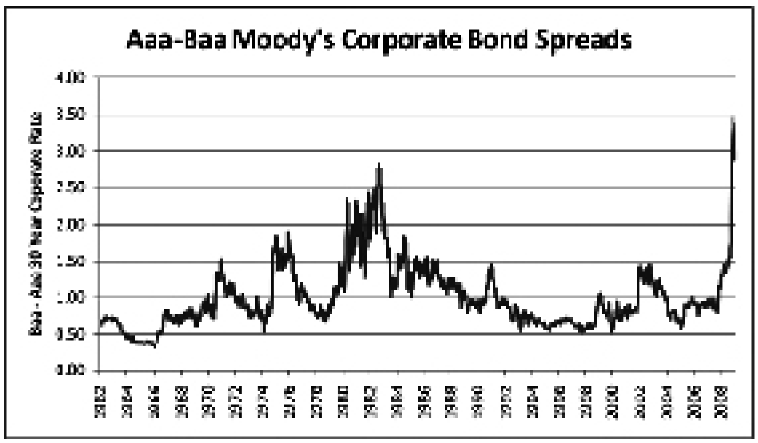
The macroeconomic news continues to top the headlines. The Federal Reserve Balance sheet has doubled. Over 1.8 million mortgages have fallen into foreclosure by year end 2008 and some estimates are that 5.9 million foreclosures could occur over the next 4 years. If these forecasts materialize, it would represent 16 percent of homes in the U.S. Financial system write-downs and credit losses have already exceeded $1 trillion. The International Monetary Fund (IMF) has raised their estimate of potential deterioration in U.S.-originated credit assets to $2.2 trillion. The United States has lost 3.6 million jobs from December 2007 through January 2009 resulting in an unemployment rate of 7.6 percent. Federal funds rate targets are near 0 percent and long-term treasury rates are at historic lows. The stock market indices have exhibited declines of close to 50 percent. The VIX index (a measure of stock market volatility) was nearly twice as high as other crises.

There is some emerging evidence that the credit markets have begun easing. Economists follow a wide range of indicators to measure willingness to lend, credit risk, and liquidity risk among financial institutions. Three useful indicators that provide unique information are (1) LIBOR-OIS spread, (2) AAA-BAA corporate bonds spreads, and (3) credit default swap spreads for U.S. grade financial institutions.

The LIBOR-OIS spread is often used as a barometer of stress and illiquidity in the money markets. It is the difference between the 3-month London Interbank Offered Rate (LIBOR) and the overnight indexed swap (OIS) rate. In the U.S., the OIS rates are referenced to the federal funds rate and hence, are a measure of investor expectations of the federal funds rate. In stressful times, LIBOR reflects credit and liquidity risk and thus, the use of the spread as a summary indicator. Historically, the LIBOR-OIS spread was about 10 basis points. It increased to 365 basis points after the Lehman failure on October 10, 2008. By mid-February, 2009 the rate had dropped to approximately 100 basis points, high by historic standards, but substantially lower than at the peak.

The AAA-BAA corporate spread is a useful indicator for the price of credit risk. As spreads increase the cost of borrowing and credit risk also increase. As shown in Figure 1, the spreads peaked in late 2008 near 3.5 percent and have dropped slightly to 2.9 percent during the first week of February 2009.

Figure 1. Corporate Bond Risk Spreads



General economic and systemic risks to financial institutions remain high. Credit default swap spreads, a measure of the price of risk, for high grade U.S. financial stocks have declined to 300 basis points from 500 basis points in October 2008. However, the CDS spreads were below 100 basis points prior to the crisis. In summary, although some easing of the credit conditions is evident, there is substantial credit and liquidity risk in the markets.

Government Intervention

On October 13, 2008 the government announced a $700 billion program, the Troubled Asset Relief Program (TARP), to shore up the ailing financial system. The move was intended to restore the confidence and stability of the financial markets. The initial investment of $125 billion was to be used as equity investments in large international banks while another $125 billion was made available for regional and community banks.

As of February 9, 2009 some form of governmental assistance has been made available to more than 530 firms, the majority of which are commercial and savings banks in the U.S.[2] Including the assistance to AIG, the financial commitments have exceeded $280 billion. As expected,

[1] Excerpts of this article originally occurred at www.farmdoc.uiuc.edu
[2] Source:U.S. Department of Treasury, www.treasury.gov

participating banks exhibited lower profitability in 2008. The average rate of return on assets for participating banks in 2008 was 0.009 percent while the average for nonparticipating banks was 0.42 percent.

Approximately 6 percent of the 5,997 banks that provided credit to agriculture in 2008 participated in the TARP program. However, participating banks provided 24 percent of volume of agricultural loans made by all commercial banks. There are 16 financial institutions with headquarters in Illinois that received $2.855 billion in TARP funding.

In February 2009, Congress approved a $787 billion stimulus package. Moreover, treasury secretary Tim Geithner outlined a revised financial institution plan entitled, Comprehensive Financial Stability Plan. Although details are unavailable at this time, the new initiative will involve a stress test for the largest banks, a public-private investment fund to buy toxic housing assets (up to $1 trillion), consumer and business lending initiatives (up to $1 trillion) and modifications of foreclosure rules. Many economists suggest this Plan could have a more immediate and larger impact on the credit markets than the stimulus package.

Another program that will directly impact financial institutions lending to agriculture is Term Asset-Backed Securities Loan Facility (TALF), a facility that supports the issuance of asset-backed securities (ABS) collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration (SBA). The ABS market has stalled and this facility should help revive the market.

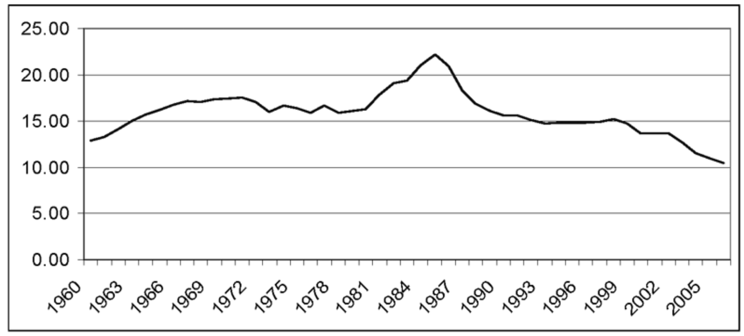
Agricultural Financial Markets

Agricultural lenders are generally in strong financial health. Most of the agricultural-related institutions did not participate in the higher-risk housing lending procedures of larger urban banks, nor were they substantially invested in the structured securities that have lost substantial market value.

In general, the financial condition of farm borrowers was strong entering 2008. The average net farm income level for Illinois farms exceeded $220,000 in 2007 and is expected to be over $200,000 again in 2008. Estimated profitability of U.S. farms in 2008 was a record $89.3 billion.[3] However, projections for 2009 net farm income are to be 20 percent lower. The sectors in agriculture experiencing the greatest stress are the protein markets, especially pork and poultry. These producers entered 2008 in more stressful liquidity and leverage positions. Continued low profit margins have increased the credit risks for these sectors. A significant example is the bankruptcy filing of Pilgrim's Pride, the nation's largest chicken producer.
Agriculture is generally characterized as using a low amount of debt relative to assets. The U.S. Department of Agriculture estimates total farm debt of approximately $211 billion at the end of 2007. Total assets in the farm sector exceeded $2.2 trillion resulting in a farm aggregate debt-to-asset ratio of only 9.6 percent (see Figure 2). The debt-to-asset ratio in the mid 1980s exceeded 20 percent.

Figure 2. Farm Debt to Farm Asset Ratio, U.S. Farms

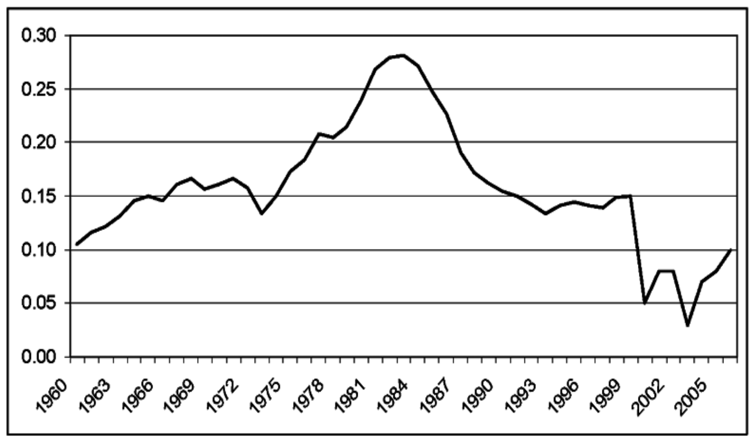
Source: USDA, Economic Research Service.



Another financial stress indicator for U.S. is the proportion of net farm income used for debt service (see figure 3). The ratio was approximately almost 30 percent in the mid 1980s, but was only 10 percent in 2007. In general, the agricultural sector is in strong financial condition going into 2009.

Figure 3. Debt Service to Farm Income, U.S. Farms

Source: USDA, Economic Research Service.



From an agricultural credit standpoint, Asian and European countries appear to be in a similar situation as the United States. Credit availability for farmers in these countries has been aided through stimulus, government financing programs and subsidies. However, credit availability in Brazil and Argentina is likely to be a constraint for agricultural producers.

The primary U.S. lenders in agriculture are commercial banks, the Farm Credit System, insurance companies, Farm Service Agencies and captive finance companies. In general, the loan portfolios of these institutions are strong. A major element of stress among the lenders to agriculture has occurred within their securities portfolios. Substantial writedowns in investments related to Fannie Mae, Freddie Mac and Lehman Brothers have occurred across commercial banks, the Farm Credit System, Farmer Mac, and in-

[3] U.S. Department of Agriculture, Economic Research Service, www.ers.usda.gov

Table 1. Commercial Banks Lending to Agriculture by Asset Size.

Asset Size ($ Million)	Percent of Ag Loans at Commercial Banks	Number of Banks
Less than $100	15.11%	2,396
100-500	33.97%	2,696
500-1,000	10.94%	480
1,000-10,000	17.19%	354
Greater than 10,0000	22.80%	70

Source: Preliminary Call and Income Reports, 12/31/2008.

surance companies. The Farm Credit System holds approximately 42 percent of the real estate debt and 31 percent of the non-real estate farm debt. Commercial banks have the highest market share of non-real estate farm debt (53 percent) while lending 38 percent of the farm real estate loans. Commercial banks and FCS hold 83 percent of the total agricultural debt. The following sections summarize these two major lenders and identify the areas of concern regarding the availability of credit and potential risks faced by these institutions in the current environment.

Commercial Banks[4]

Commercial banks lending to agriculture are generally dominated by small, community oriented banks that use local deposits as their primary source of funds. This is particularly true in Illinois where 492 banks headquartered in the state have agricultural loans in their portfolios. Only Texas, with 563 banks, has more banks lending to agriculture.

Table 2. Largest 15 Banks Lending to Agriculture, December 2008

	Loans Secured by Farm Real Estate ($000)	Non-Real Estate Agricultural Loans ($000)	Total Agricultural Loans ($000)
Wells Fargo Bank	$2,633,000	$5,751,000	$8,384,000
Bank Of America	619,432	1,601,725	3,221,157
Bank Of The West	821,074	1,923,390	2,744,464
Us Bank	782,071	1,048,474	1,830,545
Rabobank	1,296,619	521,831	1,818,450
Regions Bank	766,606	428,349	1,194,955
M&I Marshall & Ilsley Bank	759,927	412,099	1,172,026
Wachovia Bank	515,000	552,000	1,067,000
First National Bank Of Omaha	45,328	765,398	810,726
New Frontier Bank	331,896	448,742	780,638
Keybank NA	197,496	486,497	683,993
Citizens Business Bank	163,101	445,896	608,997
JPmorgan Chase Bank	161,000	433,000	594,000
Fulton Bank	393,013	118,466	511,479
Fifth Third Bank	133,854	369,597	503,451
	$10,619,417	$15,306,464	$25,925,881
% of all commercial banks	17%	26%	21%

Source: Preliminary Call and Income Reports, December 2008.

Table 1 provides a summary of commercial banks lending to agriculture. Over 77 percent of the volume and over 98 percent of the banks are less than $10 billion in asset size. Only 19 percent of the banks lending money to agriculture are publicly traded or owned by a publicly traded bank holding company. However, almost 35 percent of the volume of agricultural loans is held by publicly traded institutions.

While these summaries indicate that community banks are a significant lender to agriculture, there remains some exposure to the issues facing larger banks through the remaining market share. The largest 15 banks lending to agriculture are reported in Table 2. These large banks hold approximately 20 percent of the farm debt provided by commercial banks. These banks have been more exposed to the financial stresses occurring in the credit markets, hence their agricultural activities are not likely insulated from the effects of the current financial market disruptions either.

One measure of the liquidity of a bank is the loan-to-deposit ratio. Community banks typically use deposits to invest in loans. Table 3 shows the average loan-to-deposit level across the differently sized groups of banks. The two smallest groups (85 percent of the banks by number) have relatively low loan-to-deposit ratios and thus, appear to be well positioned to continue to provide credit. Larger banks often use alternative sources of funds and have greater reliance on short-term debt instruments. These short term-borrowing markets have tightened substantially under the current economic conditions.

Table 3 also shows the strong capital positions of the smaller institutions lending to agriculture. Only 33 banks of the 5,997 banks lending to agriculture were classified as undercapitalized by the FDIC. Although this is a low number, the value was only 13 on June 30, 2008. The relatively low level of ROA for banks illustrates the stress exhibited by most banks, especially larger banks. The 5-year average for each of the size groups is approximately 1 percent. Higher proportions of nonaccrual loans at larger banks are also observed.

In summary, the general health of commercial banks lending to agriculture remains strong, especially taking in the consideration of government support of deposits and infusions of capital.

Farm Credit System

The Farm Credit System (FCS), chartered in 1916, is a cooperatively-owned, government sponsored entity (GSE) that has a mandate to serve agriculture. It is a nationwide network comprised of five Farm Credit Banks that provide funding to 92 associations that in turn serve as direct lenders to farmers.

[4] Data developed from author's calculations based on preliminary December 2008 call and income reports: Highline Financial Services

Table 3. Liquidity, Solvency, and Profitability Measures for Commercial Banks Lending to Agriculture

Asset Size ($Million)	Loans to Deposit	Equity to Assets	Rate of Return on Assets (2008)	Nonaccrual Loans/Total Loans
Less than $100	75%	12.1%	0.52%	1.32%
100-500	85%	10.1%	0.57%	1.80%
500-1,000	93%	9.5%	0.54%	2.05%
1,000-10,000	102%	9.9%	0.09%	2.51%
Greater than 10,0000	134%	10.0%	0.00%	2.03%

Source: Preliminary Call and Income Reports, 12/31/2008.

The Farm Credit System uses the capital markets to acquire funds by issuing consolidated system-wide FCS bonds and notes. Importantly, the market views GSE debt as being relatively safe, and generally requires modest spreads over Treasuries for placement of the debt. The general lack of bond investor confidence coupled with the prevalence of new credit facilities and guarantees provided by the U.S. government have resulted in a lower appetite for longer term bonds issued by the Farm Credit System. Similar to commercial banks, their securities portfolios have been impacted by the valuation changes of Fannie Mae and Lehman Brothers related assets.

The Farm Credit System associations have generally strong balance sheets and have experienced recent strong profitability. The capital positions and credit quality of the banks and associations remain strong through this economic downturn. However, rapid growth in loan volume and concern about capacity for future growth, have been larger concerns than losses from credit risk and investment exposure. Senior management of the Farm Credit System and the Federal Farm Credit Funding Corporation have worked with the FDIC, Federal Reserve, and the Treasury to develop strategies to assure liquidity backstops in the event of a more severe market disruption.[5]

Farmer Mac, the GSE which serves as the secondary market for agricultural loans, did maintain a substantial investment portfolio, and as a result suffered substantial capital losses due to investments in Fannie Mae, Freddie Mac, Lehman Brothers, and similar securities. As a result of their exposure to these positions, they issued $65 million in preferred stock to increase their effective capital ratio. Importantly, the motivation for the recapitalization was not due to problems with the quality of their agriculture loan portfolio, but due to exposures to positions largely viewed as high-quality investment grade bonds just a couple of months earlier.

Impacts on Farmland Values

The largest impact of the financial crisis on farmland prices will ultimately be determined by the longer term impact of the financial turmoil on farmer profit margins. The current softening of farmland markets will be influenced by (1) reduced demand from lower housing development, (2) the wealth and cash flow impacts of a drop in equity prices for many potential farmland buyers, (3) the increase in risk in agriculture resulting in an increase in capitalization rates, and (4) the lower demand for recreational property.

Summary

This is truly an unprecedented time in our economy and our policy makers are in uncharted waters as the government is using many monetary and fiscal tools and approaches to relieve the credit stress and liquidity problems and restore confidence in the financial markets.

In general, the financial health of lenders to agriculture remains strong. The agricultural lending industry is characterized by strong customer-borrower relationships. The institutions are well regulated in a manner to protect the safety and soundness of the institutions and the safety of the insurance deposit base. However, the economic downturn and declining interest rates have lowered profit margins in 2008 for agricultural lenders. Agricultural profitability is projected to decline in 2009. Nonperforming and past-due loans have increased at most financial institutions. The strong management and capital positions of agricultural lenders provides a buffer for these economic downturns. However, failure and consolidation of institutions is likely to continue.

[5] Remarks by Leland A. Strom, Farm Credit Council Annual Meeting, San Diego, CA, January 27, 2009

About the Illinois Society

In 1928, sixteen men met at the University of Illinois and officially organized the first professional farm management organization in the United States. Following that meeting, members agreed that this organization would benefit from broader objectives and territory – a national organization. In 1929, the American Society of Farm Managers was founded to instill professional ideals and standards in farm management. In 1936, the organization was expanded to include rural appraisers who specialized in determining the value of farms and other rural properties.

The ISPFMRA is the largest of the 37 chapters of the American Society of Farm Managers and Rural Appraisers (ASFMRA). The Society is the premiere organization for professionals who provide management, consultation, and valuation services on rural and agricultural assets. The ASFMRA has grown to include nearly 2,500 members with membership and chapters throughout the United States, Mexico, and Canada.

The common thread that unites the National membership and individuals in the Illinois Chapter is the respect of, and service to, agriculture in rural North America. Collectively, ASFMRA members:

- manage more that 25 million acres of farm and ranch land for absentee owners, banks, and trusts;
- complete more than 175,000 appraisals

Profitable agricultural production requires an intimate understanding of farmland, the single most valuable input of most agricultural enterprises. Understanding the complexities of agricultural production and marketing to meet the challenges of the twenty-first century is a job for specialists. Members of the Illinois Society of Professional Farm Mangers and Rural Appraisers (ISPFMRA) are specialists who dedicate their efforts to acquiring and enriching their knowledge and skills in order to provide the highest quality agricultural management, appraisal, and consulting services.

Accreditation –
The Professional Pinnacle

ISPFMRA accredited members lead today's agribusiness by meeting the complex needs of agriculture's changing environment. Our professionals offer expertise in biotechnology, environmental issues, changing technology, land, property, and business valuation, market trends, and governmental involvement and regulations. Understanding and treating the land with respect is more than our job; it's our passion. Those who have earned their professional designation proudly display a high level of competence and ethical fitness for the appraisal, consulting, and management professions.

Attaining a designation from the ASFMRA recognizes dedication to professional and personal growth. The accredited membership is a growing network of achievers. This network of professionals is called on for advice and the exchange of information. Individuals in this network are also called upon when a client needs an ethical, highly qualified professional to do the job.

AAC – Accredited Agricultural Consultant

Consulting is the fastest growing field in agriculture. The role of agricultural consultants is becoming more and more critical as agriculture enters the fast paced era of consolidation, technology, specialization, mergers, and reformation. Accredited Agricultural Consultants (AAC) trained in the delivery of their consulting expertise to the market and in the management of their consulting business have set themselves apart from the competition by earning an AAC (Accredited Agricultural Consultant) designation.

AACs provide the highest quality management consulting service to rural America. The agricultural consultant advises clients on business decisions about the current operation of, and future opportunities for, the client's enterprise.

With technology changing so rapidly, consultants provide specialized knowledge to business operators, enabling them to keep up with changes and developments needed to adapt and remain profitable.

The consultant values honesty and fair dealing in a manner that promotes the interest of his/her client, employees, and shareholders. The AAC designation ensures that service is delivered with the highest standards, integrity and quality.

AFM – Accredited Farm Manager

Management of agricultural enterprises and rural properties demands a qualified expert who understands the complexity and intricacy of today's environment. The AFM understands the need for efficient production and profitable marketing, and is focused on procedures, analysis, critical thinking, and innovation.

An AFM possesses the skills, experience, and education to provide land investment analysis and management of day-to-day operations for ag enterprises. The AFM designation is available only through the ASFMRA and is awarded to those individuals who demonstrate experience and complete a rigorous education program to enhance professional skills and knowledge of land management and production agriculture.

The AFM:

- Has specialized expertise to keep an operation profitable and sustainable
- Practices sound business to manage production inputs to improve margins
- Has an understanding of environmental issues for compliance with governmental regulations
- Has the knowledge of governmental activities that effect agriculture including taxation, regulations, legislation, and subsidies

ARA – Accredited Rural Appraiser

Appraisals of agricultural enterprises and rural properties demand qualified experts who understand the complexity and intricacy of modern agriculture and today's rural environment.

The comprehensive appraisal service you receive from an ARA is your assurance of a superior valuation for your agricultural enterprises or rural properties. While many ARAs are state-certified, the experience and education required to become an ARA are significantly more stringent than that required for state certification, which makes an ARA the expert in the valuation of rural properties.

The ARA:

- Has expertise in the appraisal of rural and agricultural property
- Is educated and experienced in the exploration of soil, water quality and availability, crop potential and improvements to estimate value of land
- Adheres to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP)
- Has a network of agribusiness professionals to share information and practices with

RPRA – Real Property Review Appraiser

The complexity of today's financial and legal environments demand expertise for appraisal review services. The RPRA (Real Property Review Appraiser) is uniquely educated, understands the changing face of the appraisal industry, and can ensure that an appraisal is in compliance with regulations and requirements. The RPRA's appraisal review provides a superior evaluation for all types of enterprises and properties.

The RPRA signifies the highest level of expertise in the review appraisal process. The RPRAs advanced expertise ensures accuracy for clients needing appraisal reviews of complex properties or situations. An RPRA adheres to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and has additional expertise exceeding state certification and licensing requirements.

The RPRA:

- Provides focus and knowledge in appraisal review
- Is educated and trained to provide an expert opinion of appraisals
- Can determine if appraisals comply with government regulations and requirements
- Networks with colleagues for assistance when unusual or special circumstances arise

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