

# Farmland SEASONS

SUMMER 2012



**MGW**

MARTIN, GOODRICH & WADDELL, INC.  
REAL ESTATE SERVICES

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in every season*



## AMERICAN AGRICULTURE: FROM SUBSISTENCE TO ABUNDANCE

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# AMERICAN AGRICULTURE: FROM

It is widely held among scholars that agricultural practices in the Western Hemisphere date back to roughly 5,000 B.C. As Central and South Americans migrated northward, their primitive techniques were blended with native methods of food production. Decades and centuries passed, and, with time, early farming practices gradually grew more refined. The next several millennia saw Native American farmers producing maize, sunflowers and squash. With time came innovation, and soon these early Americans began optimizing yield efficiencies through food storage, crop hybridization, and other new farming practices. Much like today, the role of maize (corn) was monumental.

Before Europeans arrived in the New World, Natives were clearing bottomlands and flood plains. Once cleared, they dug out roots and planted fields. These early farmers quickly discovered that burning brush in the field following harvest increased fertility and yields the following crop year. Early farmers built hundreds (and in many cases thousands) of small mounds where they would place a seed. After placing a seed in each mound, the arduous task of weeding and cultivating began. After a season of hard work, they stored any excess grain in underground pits. It is remarkable how similar the methods and practices are 1,000 years later. However, it is safe to say that if they could witness farming in the year 2012, the 11<sup>th</sup> century American farmers wouldn't believe their eyes.



*Horsepower was combined with manpower, from both young and old, to achieve early successes in American agriculture.*

U.S., and very early on they experienced great difficulty in establishing a stable food supply. Originally known as James Fort, the settlement of Jamestown, Virginia became the first permanent English settlement in the United States. It was in Jamestown, and the dozens of colonies that would eventually spring up around her, that the benefits of blending European and Native American farming methods were realized and the precursor to the modern American farmer was born.

## EARLY STRUGGLES, HELP FROM LOCALS

As the first European settlers at Jamestown embarked on what would be a near-constant string of struggles in the early 1600's, it would have been difficult to imagine that in just over a half-century they would be England's most profitable colony, exporting nearly 10 million pounds of tobacco annually.

As Jamestown was an entirely commercial experiment at the outset, many of the settlers looked for swift ways to make a fortune. As the months wore on, and the generous gifts of food from friendly natives wore out, the colonists realized there was no gold to be had and no easy fortune to be made. In the early years, little emphasis was placed on agriculture in Jamestown. The colony was full of glass makers, gold speculators and would-be merchants, but

## THE OLD WORLD MEETS THE NEW

At the end of the 15<sup>th</sup> century, the powers of Western Europe began pushing overseas exploration to the edges of the known world. Before long, tales of what would one day be The United States of America reached Europe. As word spread of land, timber, gold and endless opportunity, brave and desperate people alike flocked to the Americas. Colonists from Spain, Sweden, England, France, Germany and the Netherlands were among the earliest to form permanent settlements in the new world. The English established power on the east coast of what would become the

## Agriculture through American history

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**In the early 1600's,** little emphasis was placed on agriculture in Jamestown. The colony was full of glass makers, gold speculators and would-be merchants, but the failure to establish a stable food supply left the colonists starving.

**In the mid 1600's,** with tobacco profits flowing in, commercial settlements in the new world expanded into permanent societies and farming communities sprang up across the original 13 colonies.

Fourteen signers of The Declaration of Independence in **1776** were farmers, and our first three Presidents had deep ties to agriculture.



# FROM SUBSISTENCE TO ABUNDANCE

the failure to establish a stable food supply left the colonists starving. A combination of Native American generosity and diplomacy, as well as the arrival of several industrious Dutch and Polish immigrants, would be instrumental in feeding the early settlers and played a crucial role in saving England's first attempt to permanently colonize America. Eventually the colonists saw the need to launch a new effort to place farming center stage at Jamestown and looked to new leadership.

Under the leadership of Governor Sir Thomas Dale, land policies changed and settlers began clearing wooded land to add to the farming operation of the Colony. In 1610-1611 John Rolfe, the founding father of early tobacco cultivation in Jamestown, brought seeds for the coveted *Nicotiana Tabacum* to the colony. This highly coveted variety of tobacco was much sweeter than what was native to Virginia and considered by European importers to be the preferred tobacco of the time. With eager markets in Europe, farmers in the New World quickly saw that exporting tobacco could be a very lucrative enterprise. As tobacco is very hard on the soil, quickly stripping it of its natural fertility, still more timber was cleared as plans for further crop expansion took hold. With tobacco profits flowing in, commercial settlements in the new world expanded into permanent societies and farming communities sprang up across the original 13 colonies. By the time English and other European colonists demanded liberty as

American citizens, the farming industry in the colonies was booming.

## COLONISTS DEMAND INDEPENDENCE AND AGRICULTURE TAKES CENTER STAGE

The economy of the northern colonies relied heavily on manufacturing from an early date, as the cooler temperatures and poorer soils made farming difficult. In the Middle and Southern colonies, however, agriculture was the lifeblood of the economy. The Middle Colonies produced wheat, barley, oats, and corn, as well as vegetables, fruit, and livestock. The south was firmly dependent upon the plantation system. Huge crops of tobacco, indigo and rice fueled the southern economy. With little manufacturing in the middle colonies, and next to none in the south, most goods were imported and traded with profits from agricultural harvests. Despite the increase in agricultural output, the farming practices remained quite primitive. Little had changed in the last 200 years, and farm work was completed with oxen, wooden plows and manual labor. The mid-18<sup>th</sup> century American farmer relied on the hoe, the sickle, and the flail to assist in cultivation and threshing.

In 1776, with huge technological advances on the horizon, Americans demanded

independence. It is worth noting that many of the most frequent complaints from colonists in the Middle and Southern Colonies centered on English control of farm exports and land titles. On the frontier, enterprising farmers took issue with what they viewed as unfair policies limiting western expansion into the fertile lands of what was then known as The Northwest Territory (Ohio, Indiana, Michigan, Illinois and Wisconsin). As the seemingly invincible English military prepared for what it saw as a petty colonial uprising, Americans prepared to risk everything for their sovereignty. At the time, an estimated 90% of Americans lived on farms and plantations. The American Revolution was led in large part by farmers. In fact, fourteen signers of The Declaration of Independence were farmers, and our first three Presidents had deep ties to agriculture.



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**In the 1820's**, it took nearly 300 labor hours to produce just 100 bushels of wheat. The American farmer was eager to capitalize on revolutionary new implements and techniques.

**In the 1880 census**, an estimated 23 million Americans (49% of the labor force) still identified themselves as farmers. **By 1890**, as drought further restricted agricultural output, those numbers dropped to 43%.

**In 1930**, with farmers now utilizing a 3-bottom gang plow, tractors, a 10-foot tandem disk and various mechanized trucks, 100 bushels of wheat now required only 15-20 labor hours.

When interest rates began to rise **in the 1980's**, the situation of increased farming costs became desperate. Falling commodity and land prices coupled with heavy interest payments due to lenders left many American farmers fighting for their survival.

**Today**, mammoth machinery equipped with global positioning systems and state-of-the-art tractor cabs are the norm. Planted fields are larger than ever and are improved with modern drain tile and well-managed waterways.



With help from France, America finally prevailed over the English after soundly defeating them at Yorktown in 1781. As peace was made and relative calm returned, farmers headed home from war anxious to return to the land. With war behind them, our forebears centered their attention on production and innovation. During George Washington's administration alone, farmers saw the introduction of the cradle and scythe, the invention of the cotton gin, and the patent of Charles Newbold's first iron plow. This progress was immense, but as the 19<sup>th</sup> century approached, it was just the beginning of a new wave of ingenuity in American agriculture.

#### THE 1800'S: INNOVATION AND HARD WORK TURN FARMERS INTO BUSINESSMEN

As our nation entered the 1800's, few could have foreseen the changes the coming century had in store. Much like the 1980's and 1990's revolutionized technological advances in computers, telecommunications, and the internet, the early 1800's was a golden age

for agricultural invention. Titans of farming innovation were hard at work, and by 1820 Jethro Wood had patented an iron plow with interchangeable parts. At a time when it took nearly 300 labor hours to produce just 100 bushels of wheat, the American farmer was eager to capitalize on revolutionary new implements and techniques.

In the 1830's, Cyrus McCormick put to good use the 28 years his father spent perfecting a horse-drawn mechanical reaper when he patented the McCormick Reaper. Three years later John Lane began manufacturing plows with steel blades, and in Grand Detour, Illinois, the now legendary John Deere began production on his steel plow. As farmers began using steel plows and more efficient threshing machines, they soon realized larger yields, higher profits and reduced labor costs. These new inventions were being manufactured in factories as opposed to being built on the farm, and ready cash was needed to purchase this innovative machinery. To raise cash, American farmers began treating their operations as

commercial enterprises rather than a means for subsistence. Coupling their work ethic with new technology, farmers expanded their operations. New profits from added acres were put back into the farm. The need for cash steadily grew, as the grain elevator, modern irrigation, and chemical fertilizer began hitting the market. As is so often the case in the story of America, ingenuity and hard work would once again turn the laborer into a businessman.

#### CIVIL WAR, HARDSHIP AND RELIEF FROM ABROAD

As every farmer knows, careful land stewardship, state of the art technology, and hard work do not always guarantee a successful harvest or profitable growing season. Mother Nature can be very unforgiving. Likewise, economics, politics, and internal strife can prevent even the most resilient operator from achieving business profits.

In the second half of the 19<sup>th</sup> century, the U.S. entered its most bloody conflict to date. Unlike our subsequent wars and conflicts, the American Civil War was fought solely by Americans and was fought almost exclusively on American soil. In the case of the Union Army, nearly half of combatants were farmers before joining the war effort. In the Confederacy, over 50% of the soldiers were farmers. America suffered over 600,000 casualties, and the impact on the agricultural workforce was staggering. In addition to the loss of life, many battles were fought in farm fields and farm communities for the duration of the war. Likewise, storehouses, mills, and gins were destroyed. To feed themselves, much of the South shifted away from cash crops such as tobacco, cotton and sugar cane to focus on producing grain. Despite this, when drought struck in 1862, many middle and southern states experienced two years of bread riots. Like their grandfathers before them, the farmers who emerged from this conflict had huge challenges ahead of them. And like their grandfathers, they faced them with an unshakeable spirit.



*In the early 1900's, farmers looked to teams of Belgian and Percheron horses to aid them with field operations.*



As America slowly healed in the late 1860's, farmers continued to face struggles as the century came to a close. In the 1880 census, an estimated 23 million Americans (49% of the labor force) still identified themselves as farmers. By 1890, as drought further restricted agricultural output, those numbers dropped to 43%. Fortunately, by the end of the century, a new wave of farmers and skilled laborers began to pour into American ports. This new group of German, Italian and Eastern European immigrants began plying their trade in America, and with the 20<sup>th</sup> century approaching, agricultural output was back on the rise.

### THE 20<sup>TH</sup> CENTURY

Modern American cities were rapidly expanding in the early 20<sup>th</sup> century, and many former farm laborers joined the cause. In 1900, the number of farmers in the workforce fell to a total of 38%. Those who stayed on the farm experienced a much-welcomed break from drought and conflict, and from 1899-1919, the agricultural communities of the U.S. enjoyed steady prosperity. From 1900-1909 American farmers exported an average of nearly \$1 billion per year, comprising 58% of all U.S. exports. The forerunner to the 4-H club was founded during this period, and groups like The California Fruit Growers Exchange and the International Institute of Agriculture were formed.

In the 1930's and 1940's the country faced The Great Depression, more droughts, and the worst dust bowls the country has known. Farmers, like all Americans, persevered and suffered some of the worst conditions any American has faced before or since. In the face of this adversity, farm operators made huge strides in production. A century before, it required nearly 300 labor hours to produce 100 bushels of wheat. In 1930, with farmers now utilizing a 3-bottom gang plow, tractors, a 10-foot tandem disk and various mechanized trucks, 100 bushels of wheat now required only 15-20 labor hours.

Throughout the 1940's and 1950's, the country experienced widespread migration to cities. Frozen foods also gained in popularity, and the percentage of Americans working on



farms fell to just 12%. This lean and efficient group of farmers continued to boost output (100 bushels of wheat now required only 5 labor hours, down from 300 hours in 1820). By the end of the 1960's, fertilizer use and mechanized harvesting were the norm, and 98% of U.S. farms had electricity.

This trend continued through the 1970's and into the 1980's. Many new varieties of wheat were introduced, including Lancota and Purcell, and still greater strides were made in farm machinery. The 4-row planter of the 1970's was slowly replaced by a cutting edge 6-row planter, and by 1987 a 6-row self-propelled combine was commonplace.

The continued drive toward innovation was met, unfortunately, with a farm financial crisis that affected many farmers carrying heavy debt loads. Technological advances meant fewer farmers were required to meet demand. Also, many farmers began taking advantage of low interest rates to expand their operations by buying farmland and upgrading machinery. Suddenly the cost of seed, fertilizer, and pesticides increased, and still further loans had to be taken out to pay for the increased cost. When interest rates began to rise in the 1980's, the situation became desperate. Falling commodity and land prices coupled with heavy interest payments due to lenders left many American farmers fighting for their survival.

*Early combines made quicker and easier work of grain harvests, although operator comfort was far below today's standards.*

As farmers worked to restructure and reduce debt, the coming wonder of technological advance in the U.S. entered the farm business. Now comprising just over 2% of the national workforce, one American farmer in 1998 fed approximately 110 people with an average farm size of 435 acres (the average farmer in 1960 fed 25.8 people with an average farm size of 303 acres). The USDA increased standards in food safety, and the rising popularity of farmers' markets gave local farmers direct access to consumers. By the end of the millennia, American farmers had increased exports to an average of nearly \$50 billion a year. Once again, the farming community endured a brutal struggle and emerged a lean, efficient economic force ready for the challenges and opportunities of a new millennium.

### THE 21<sup>ST</sup> CENTURY: AMERICAN FARMERS BECOME INTERNATIONAL BUSINESSMEN

A drive through rural America today demonstrates just how far our farmers have come. Mammoth machinery equipped with global positioning systems and state-of-the-art tractor cabs are the norm. Planted fields are larger than ever and are improved with modern drain tile and well-managed waterways.

Today's American farmer is more of a CEO than a laborer. The men and women farming across this country intently follow crude oil prices, ethanol mandates, eating habits in Southeast Asia, and the strength of the U.S. Dollar. More than ever they are tuning in to wheat harvests in the Ukraine, crop conditions in Argentina, and the quantity of Brazilian soybeans being purchased by the Chinese. The rich history of American agriculture underscores the commitment and values of the hardworking men and women that produce 25% of the world's food supply today. Their global perspective is sure to provide a bountiful future for American agriculture, even more exciting than we've seen over the past two and half centuries.



## FARM MANAGEMENT UPDATE

After a very mild winter, spring arrived much earlier than usual for farmers across the country. Planting started early, and advanced at one of the quickest paces ever as soil conditions were quite favorable. However, inadequate rainfall in many areas has depleted soil moisture reserves and erased early gains obtained from ideal planting conditions. So far, 2012 crops are off to a good start, but periodic rains are needed in the coming months to ensure an adequate crop.

Right now, grain supplies are tight, particularly for corn. It's possible we could see some localized shortages of corn this summer before the new-crop harvest starts, which could give a temporary boost to the price of corn in those areas which fall short. Currently, the spot (nearby) price for corn has been running unusually higher than the price for new-crop corn.

Continuing concerns over foreign economies, particularly in the euro-zone, have strengthened the value of the dollar, effectively making our agricultural products



**Steve Diedrich**  
Farm & Property  
Manager

more expensive overseas. We have already experienced some reduction in grain demand due to this effect. Additionally, investors are reducing their holdings in many of the commodity markets, including the grains, as they opt for safer investments.

Our farm management team at MGW is in the midst of another exciting year. We have expanded significantly into rice and timber management, and we continue managing hundreds of corn, soybean, and wheat farms.

We are monitoring grain market volatility as it affects the profitability of individual farms on a daily basis. This volatility is influenced by changes in weather, grain supply and demand, and outside market forces. These constantly changing economics are just one of several reasons that more landowners are working with a professional farm manager. Our farm managers are on the cutting edge of ag trends and technology, and are well equipped to ensure that your farm is under the highest level of management and care.

## AUCTION SALES REMAIN BRISK

Auction sales continued their brisk pace through the first half of 2012. After a quiet spell to start the year, April and May marked the return of increased activity and persistent, strong sales, as farmland remains an investment of choice among farmers and investors alike.

The majority of today's buyers are purchasing farm properties with very little debt. This trend is fueled by USDA projections that U.S. net farm income will reach \$91.7 billion this year, close to the record \$98.1 billion in 2011. Continued economic weakness, at home and abroad, has investors seeking a flight to safety in hard assets, such as land. As loans are secured on land purchases, interest rates



**Mark Mommsen**  
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*If you would like to  
receive our bi-monthly  
land sales report,  
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remain favorable, ranging from 3.75% to 5.5%, depending on the term of the loan.

Choppy commodity prices and the pressure to complete field work have not dampened auction crowds or buyer interest. This year, we have greeted

consistently large crowds at our auctions and worked with institutional and individual bidders from multiple states and countries. This high level of buyer demand led to an outstanding central Illinois auction this past April—we sold the Mt. Pulaski Farm in Logan County for \$11,450 per acre.

Midwest farmland prices increased 22% in 2011, the largest annual increase since 1976, according to the Federal Reserve Bank of Chicago. Stiff competition in the farmland market shows few signs of subsiding as farm producers remain optimistic despite volatile markets, and investors increasingly view farmland as a strong hedge against global uncertainty.

# Martin, Goodrich & Waddell LAND LISTINGS

All acreage and mileage figures listed here are approximate

## ILLINOIS PROPERTY

### BOONE COUNTY

- 108.3 acres. Town Hall Road Farm, 1.25 mi. S of Belvidere. \$6,950/ac. SOLD

### BUREAU COUNTY

- 81.9 acres. Dalzell Farm, 3 mi. W of LaSalle. \$6,900/ac. SOLD

### CHAMPAIGN COUNTY

- 182.8 acres. Maria Krpan Farm, 28 mi. NE of Champaign. \$10,400/ac.

### COLES COUNTY

- 130 acres. Hasselmann Farm, 7 mi. SE of Arcola. \$11,500/ac. SOLD

### DEKALB COUNTY

- 132.64 acres. Kirkpatrick Farm, 5 mi. NW of Sandwich. \$9,300/ac. SOLD
- 76.45 acres. Estate of Roy Marsh Farm, 1 mi. W of DeKalb. \$9,300/ac. SOLD
- 45.82 acres. Linden Estate Farm, ½ mi. W of Sycamore. \$9,900/ac. *Sale pending*
- 2 acres. Sandwich Grain Storage, Somonauk. \$219,000 total
- 192.24 acres. Boddy Farm, contiguous to the City of Sycamore. \$11,500/ac.
- 160 acres. Orchard Farm, 5 mi. N of Somonauk. \$10,200/ac.

### KANE COUNTY

- 94 acres. Gurke Farm, 3.6 mi. W of Elgin; abuts forest preserve. \$18,000/ac. SOLD
- 26.6 acres. Ridgfield of Huntley Farm, 1 mi. SE of Huntley. \$24,900/ac.

### JO DAVIESS COUNTY

- 160 acres. Hepperly Farm, contiguous to Apple Canyon Lake. \$6,900/ac.

### LA SALLE COUNTY

- 240 acres. Packard East Farm, 8 mi. E of Ottawa. \$6,300/ac. SOLD
- 220.8 acres. Packard West Farm, 8 mi. NE of Ottawa. \$5,611/ac. SOLD
- 38.46 acres. Katz Farm, contiguous to the City of Mendota. \$24,500/ac.

### LEE COUNTY

- 400 acres. Danekas Farm, 3 mi. S of Rochelle. \$10,900/ac. *Sale pending*
- 209 acres. Scully Farm, 12 mi. SW of Dixon. \$4,450/ac. SOLD
- 36 acres. Shaddick Farm, 4 mi. S of Paw Paw. \$8,100/ac.
- 115 acres. Viola Farm, 11 mi. S of Rochelle. \$9,500/ac. SOLD

### McHENRY COUNTY

- 40 acres. Prairie Point Land Development Farm, ¼ mi. N of Johnsbury. \$11,500/ac. SOLD
- 117.5 acres. Fergen/Hart Farm, 1½ mi. NE of Spring Grove. \$10,900/ac. *Sale Pending*



## OUR FEATURE FARM

**THE BODDY FARM, \$11,500/ac.  
DEKALB COUNTY, IL.**

The Boddy Farm is ½ mi. E of Illinois Route 23, has approximately ⅝ mi. of road frontage on Whipple Road, and is 95% tillable.

- 182.75 acres. Elias Trust Farm, 4 mi. W of Huntley. \$9,900/ac. SOLD

- 199.1 acres. Sangiorgio Farm, 2 mi. N of Union. \$14,900/ac.

- 58.04 acres. Coon Creek Farm, 5 mi. S of Marengo. \$8,250/ac.

### OGLE COUNTY

- 80 acres. St. Clair Farm, 3 mi. S of Mt. Morris. \$7,900/ac. SOLD
- 76.22 acres. Kishwaukee Road Farm, ¾ mi. E of Byron. \$7,350/ac.
- 274 acres. Oak Grove Road Farm #1, 8 mi. SW of Winnebago. \$8,250/ac. SOLD
- 52.68 acres. Kishwaukee Road Farm #4, 1 mi. W of Byron. \$7,200/ac.

### STEPHENSON COUNTY

- 264.44 acres. Donald E. Howarth Trust Farm, 3 mi. NW of Pecatonica. \$4,850/ac. SOLD

### WHITESIDE COUNTY

- 78.6 acres. Tampico Farm, 2 mi. S of Tampico. \$7,900/ac. SOLD

### WILL COUNTY

- 30 acres. Green Garden Farm, 4 mi. S of Frankfort. \$12,900/ac. SOLD
- 78.5 acres. Smith Road Farm, 2 mi. E of Manhattan. \$22,900/ac.
- 128.22 acres. Watermark Farm, 4 mi. S of Frankfort. \$11,500/ac. SOLD

### WINNEBAGO COUNTY

- 35 acres. Dickinson #2 North Farm, contiguous to the City of Rockford. \$13,900/ac. SOLD

## INDIANA PROPERTY

### LAKE COUNTY

- 135.5 acres. Crown Point Farm, Crown Point. \$19,000/ac.
- 81 acres. Minder Farm, 2 mi. E of Merrillville. \$12,900/ac.

### NEWTON COUNTY

- 98 acres. Roselawn Farm, contiguous to the City of Roselawn. \$7,000/ac.

## WISCONSIN PROPERTY

### IOWA COUNTY

- 180 acres. Alton West Farm, 7 mi. W of Mineral Point. \$3,150/ac. SOLD

### LAFAYETTE COUNTY

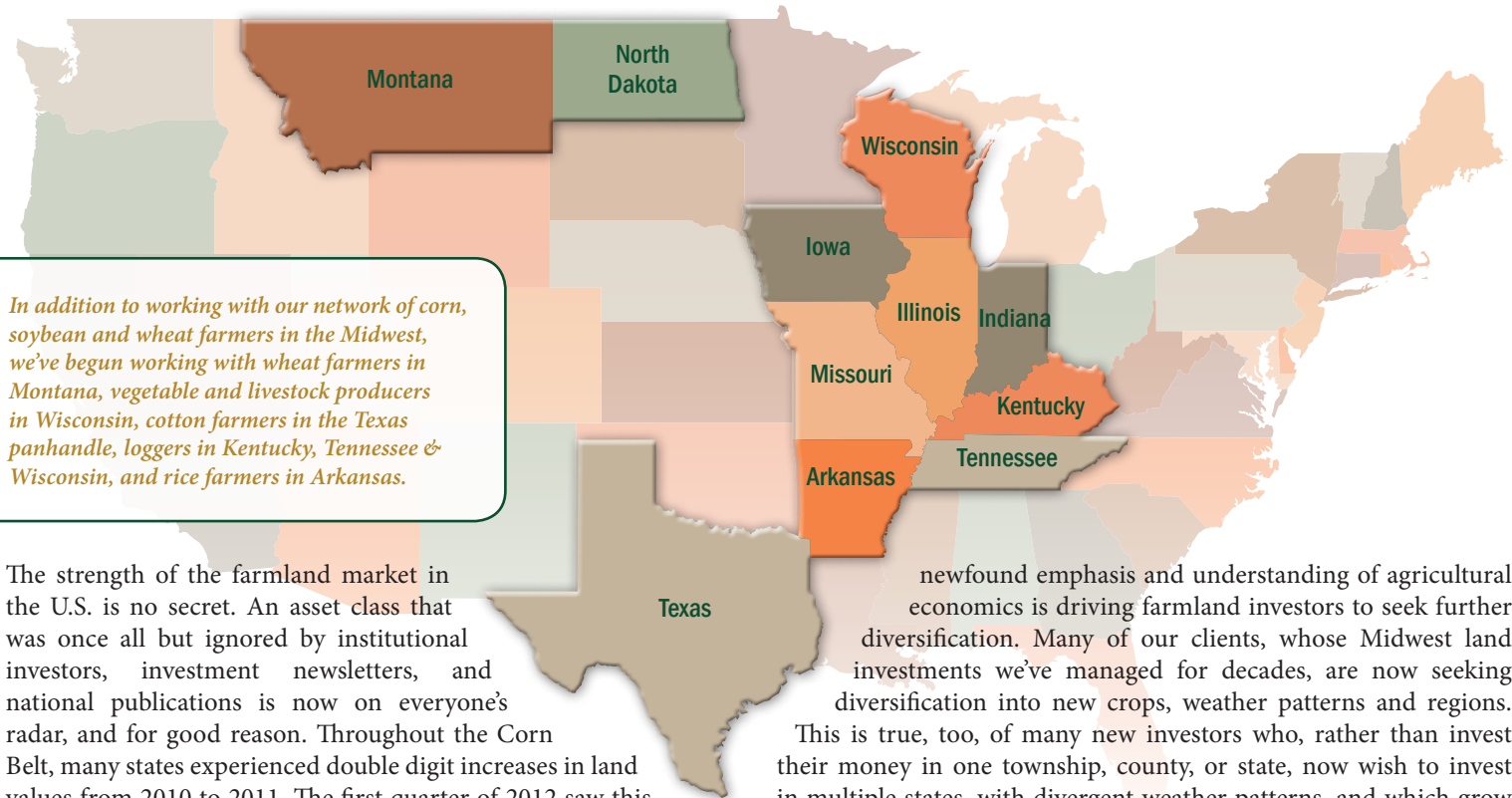
- 831 acres. Elk Farm, 6 mi. S of Mineral Point. \$3,350/ac. SOLD
- 350 acres. Heried Farm, 10 mi. NW of Darlington. \$3,350/ac. SOLD

## AUCTIONS

- 15 acres. Little Indian Creek Farm & Home, 4 mi. SE of Leland, IL. 7/19/12
- 58.1 acres. Squaw Grove Farm, 5½ mi. SE of Waterman, IL. 7/19/12
- 309 acres. Vern A. Davis Trust Farm, 4 mi. SE of Durand, IL. 8/15/12
- 210.1 acres. Kishwaukee Road Farm #2, 2 mi. SW of Rockford, IL. SOLD
- 40.64 acres. Ruff Farm, 6 mi. E of DeKalb, IL. SOLD
- 176 acres. Silvanus-Peterson Farm, 3 mi. S of Kirkland, IL. SOLD
- 74.5 acres. Mt. Pulaski Farm, 2 mi. SE of Mt. Pulaski, IL. SOLD
- 68.75 acres. Johnson Farm & Home, 2 mi. SE of Shabonna, IL. SOLD
- 190 acres. Quenett Farm, 3 mi. NE of Genoa, IL. SOLD
- 165 acres. Highway 20 Farm, Contiguous to the City of Rockford, IL. SOLD
- 82.58 acres. Carley Farm & Home, 1 mi. NE of Sycamore, IL. SOLD
- 320 acres. Helen Buss Estate Farm, 10 mi. N of Adams, WI. SOLD

For details on these properties, call Jeff Waddell, Josh Waddell or Mark Mommsen at 815-756-3606 or visit our website at [www.mgw.us.com](http://www.mgw.us.com).

# FARMLAND BUYERS: INCREASED FOCUS ON GEOGRAPHIC DIVERSIFICATION



The strength of the farmland market in the U.S. is no secret. An asset class that was once all but ignored by institutional investors, investment newsletters, and national publications is now on everyone's radar, and for good reason. Throughout the Corn Belt, many states experienced double digit increases in land values from 2010 to 2011. The first quarter of 2012 saw this trend continue as new land price records were set in many areas. We've seen similar results from our farm sales throughout the U.S. As the direction and strength of land prices remains constant, one of the most interesting components of today's land market is the changing range and scope of the landowner.

The vast majority of farmland in the U.S. is owned and operated by farmers. With steady persistence, farmers are perennial players in the land market. They remain the most important driver of land values today. The same is true of the farm rental market. Farm operators are forging new alliances with absentee landowners, and expanding their farm operation through mutually beneficial farm lease arrangements. For nearly 40 years we've worked with our network of farmers and land investors to facilitate such arrangements, and in the last few years we've made some exciting changes.

In addition to working with our network of corn, soybean and wheat farmers in the Midwest, we've begun working with wheat farmers in Montana, vegetable and livestock producers in Wisconsin, cotton farmers in the Texas panhandle, loggers in Kentucky, Tennessee & Wisconsin, and rice farmers in Arkansas. The changing dynamic of farmland investors continues to expand our reach, as a

newfound emphasis and understanding of agricultural economics is driving farmland investors to seek further diversification. Many of our clients, whose Midwest land investments we've managed for decades, are now seeking diversification into new crops, weather patterns and regions.

This is true, too, of many new investors who, rather than invest their money in one township, county, or state, now wish to invest in multiple states, with divergent weather patterns, and which grow different crops. Farmers today are also expanding the geographic scope of their operations to protect against weather issues and crop disease. As has always been our focus, we are building strong, long-term relationships with investors, farm operators and agribusinesses throughout the country.

The farmland sales and farm management business has changed a great deal since I joined the effort in the mid-1980's. Much like farmers today, ag real estate professionals are having to adapt to sweeping changes. I am proud that our team is always pushing the envelope and leaving no stone unturned in our effort to deliver the best quality service in the industry.



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