

SEASONS

SUMMER 2019



*We plant profitable investment ideas
in every season*

Trends from The Census of Agriculture

PAGE 2

IN THIS ISSUE:

2019 Land Market
Review **6**

Top Real Estate
Listings **7**

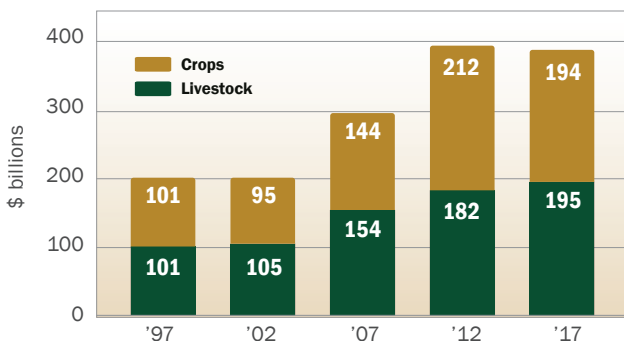
A Look Back At American
Agriculture **8**

Trends and Statistics of U.S.

From the recently released 2017 Census of Agriculture

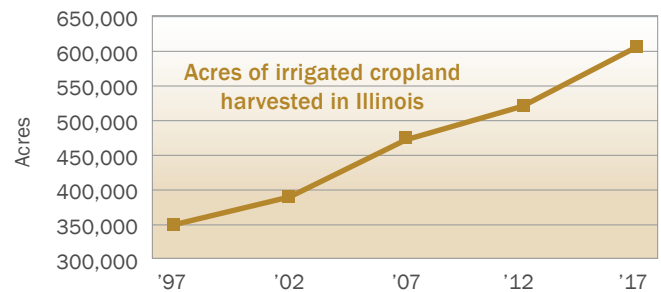
Total U.S. livestock sales exceed crop sales

The value of crop sales exceeded livestock sales in 2012 for only the second time in history. However, as grain prices decreased following their 2012 peak, 2017 saw a return to longer-term trends. 2017 crop sales were down 9% from 2012.



The amount of acres of irrigated cropland harvested in Illinois have increased 74% since 1997

While much of Illinois is blessed with adequate natural rainfall, many operations have invested in irrigation as a way to increase profits through consistently higher yields. The dollars spent on irrigation equipment and wells were easily justified during years of high grain prices.



Between 2012 and 2017, the number of certified organic farm operations in Illinois **increased by 52%** from 179 in 2012 to 272 in 2017.

2017 Top Commodities

Cattle and calves was the top ranked commodity, with \$77.2 billion in sales. Texas was the top state in cattle and calves sales, accounting for 16 percent of the U.S. total.

	(\$ billions)	Top State	% of U.S.
Cattle and calves	77.2	Texas	16
Corn	51.2	Iowa	17
Poultry and eggs	49.2	Georgia	11
Soybeans	40.3	Illinois	14
Milk	36.7	California	18

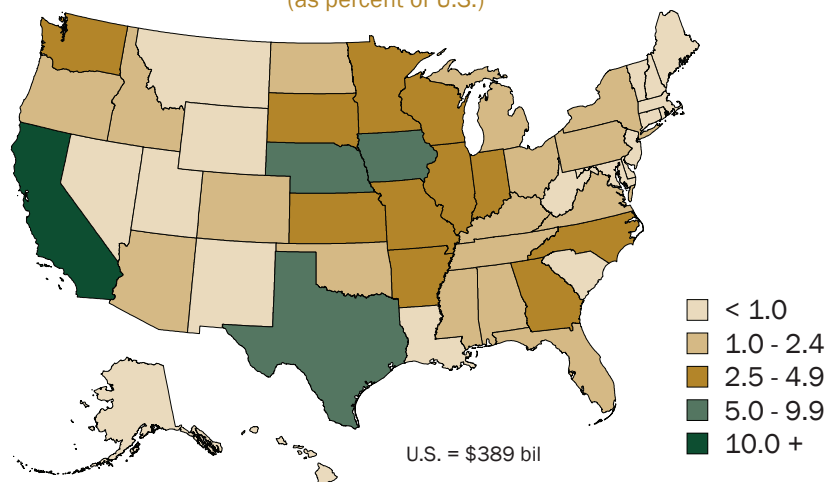
All data sourced from: USDA NASS, 2017 Census of Agriculture

and Illinois Agriculture

U.S. Production by State

The top ten states accounted for 54 percent of sales in 2017. California remained the largest provider of agricultural products, with sales of \$45.2 billion, 12 percent of the U.S. total.

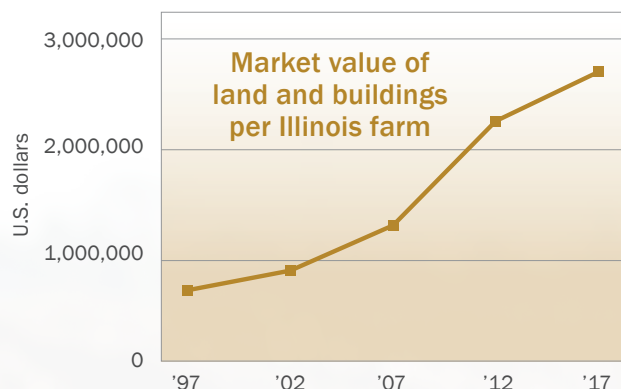
Agriculture Sales by State
(as percent of U.S.)



Top States	(\$ bil)
California	45.2
Iowa	29.0
Texas	24.9
Nebraska	22.0
Kansas	18.8
Minnesota	18.4
Illinois	17.0
North Carolina	12.9
Wisconsin	11.4
Indiana	11.1

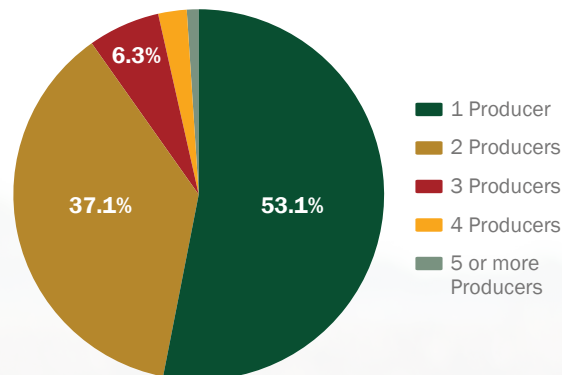
The estimated market value of land and buildings per Illinois farm has increased 267% since 1997

Farming remains a highly capital-intensive business, which can make entering the industry difficult for young producers. The average value of land and buildings on Illinois farms in 2017 was \$2,705,291.



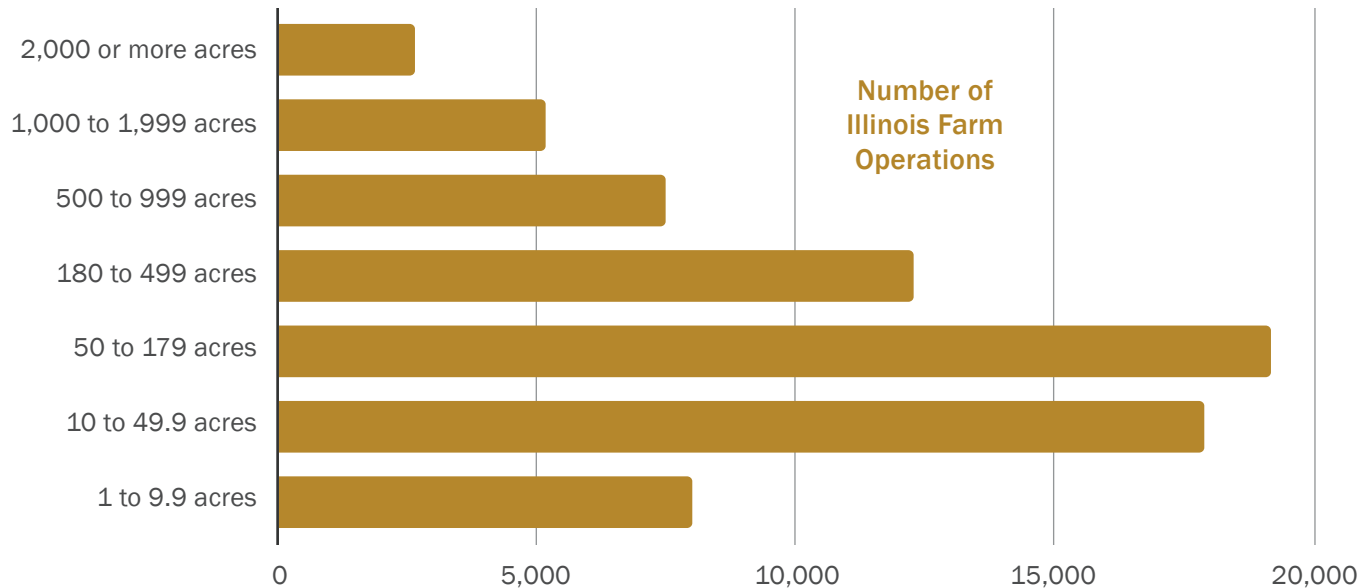
Over 90% of Illinois farms are operated by one or two producers

Less than 10% of Illinois farms have three or more producers involved in the operation. While farmers have historically been very independent and self-sufficient, farm sizes are increasing, which often requires a greater number of partners to manage the complexity of operating at a larger scale.



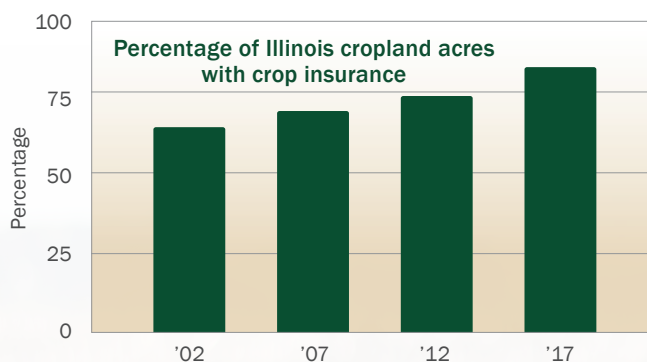
Of the Illinois farms operating 500 acres or more, only 17% of them are large scale farms that operate over 2,000 acres total

Most of Illinois' farm operations are still mid-sized, although the trend continues that farms are getting larger. There were 1,330 more farms operating over 2,000 acres in 2017 than in 1997, and 4,159 less farms in the 500 to 999 acre category over the same period.



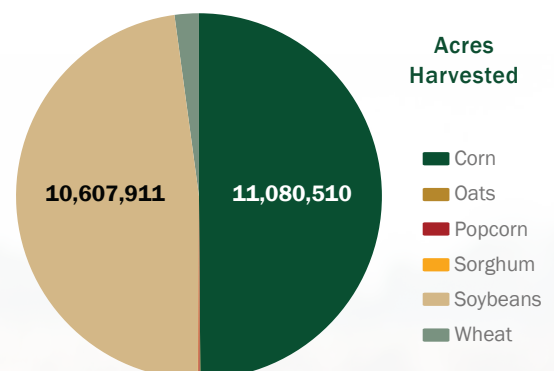
From 2002 to 2017, the percentage of Illinois cropland acres with crop insurance increased by 29%

Crop insurance has become a "must-have" for Illinois farm operations, especially as recent weather patterns have negatively impacted crop yields in many areas. Downside protection has become more critical for farmers as a way to hedge against the high costs associated with planting a crop.



Illinois has a small amount of wheat and specialty crop acres harvested, compared to corn and soybeans

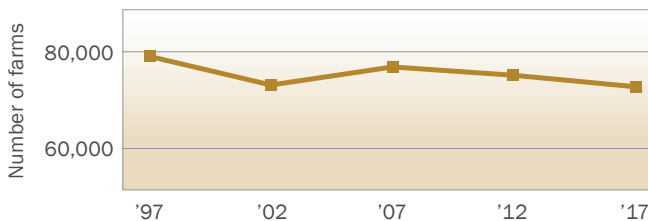
Although you won't find many Illinois producers planting crops like oats, popcorn and sorghum, these grains create an attractive niche market in certain areas. In 2017, there were 15,447 acres of oats harvested, 21,694 acres of popcorn and 12,736 acres of sorghum.



All data sourced from: USDA NASS, 2017 Census of Agriculture

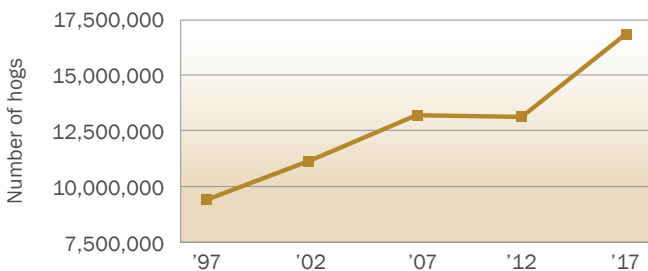
From 1997 to 2017, the total number of farms in Illinois has dropped 8%

The 1997 Census counted 79,112 farm operations in Illinois. By 2017, that number had declined to 72,651, an average loss of 323 farms per year.



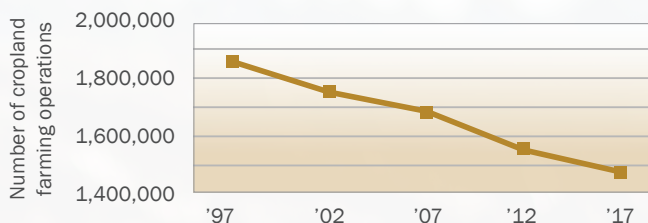
The number of hogs sold in Illinois increased 29% between 2012 and 2017

Lower grain prices in recent years have caused many farmers to diversify and seek alternative sources of income, including contract hog production. After leveling off from 2007 to 2012, during years of strong crop income, the number of hogs sold in Illinois increased 29 percent from 2012 to 2017.



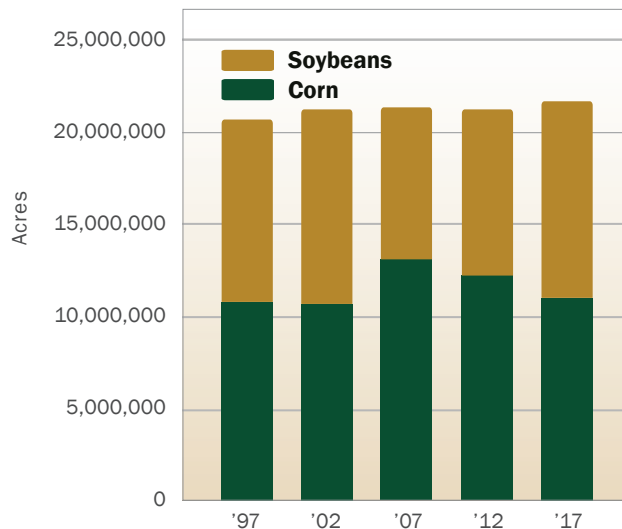
Cropland farming operations in the U.S. have decreased in number by 21% since 1997

Over 380,000 cropland farming operations in the US have disappeared over 20 years. At the same time, technology has allowed new and existing operations to fill the void by efficiently increasing their ability to manage larger acreages over a wider geographic range.



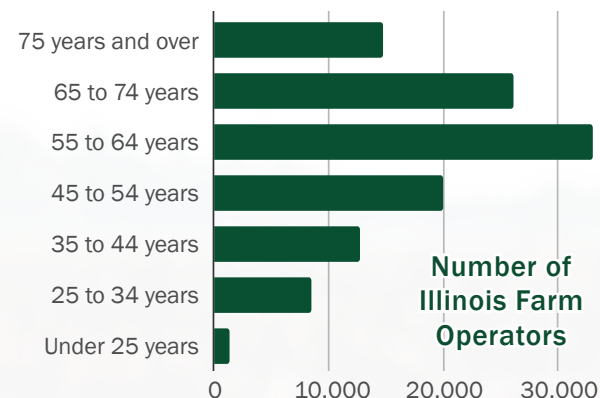
Since 2007, soybean acres in Illinois have increased 28% while corn acres have decreased 15%

Corn was heavily in favor among Illinois farmers as demand was boosted by ethanol starting in 2002 and by the 2012 drought that limited grain supply. More recently, after a number of good production years led to lower grain prices, soybeans have been increasingly planted for their more attractive profit margins and lower cost of production versus corn.



Illinois producers average 58 years of age

The largest age group of Illinois farm operators in 2017 were people 55 to 64 years old. These producers started farming in the 1970s and have seen the best of times and the worst of times. Illinois producers have worked in their current operations for an average of 24.2 years, building enterprises that family members are joining and planning to expand into future generations.



2019 LAND MARKET REVIEW

Although land sales have been steady in 2019, there are high hopes in farm country for continued certainty in Federal Reserve interest rate policy. Much of the momentum in the land market that was building in early and mid-2018 was offset by loose talk from the Federal Reserve, but recent signs seem to point to stability on that front. With the fear of sharply increased interest rates tabled for now, participants in the farmland and agricultural markets are able to operate and invest much more confidently. Without excess cashflow going toward high interest payments, investors and farmers are able to redirect those funds to best manage their farm operations.

A second item weighing on the farmland market is international trade—namely with China. As the U.S. seeks to form a much more favorable and sustainable agreement with its largest trade partner, it's difficult to overstate the positive impact that finalizing such an agreement would have on optimism in the market. Over the past several decades, China has been a significant agricultural trade partner to the United States. The appetite for grain and protein in China grew steadily over that time period, along with their population and standard of living. Our hope is that the coming months will bring a complete trade agreement with China, providing a shot in the arm to future demand for U. S. agricultural products.

Interest in all land types has been stable, including farmland, recreational and transitional land. Following is a sample of MGW, Inc.'s recent real estate sales.

MGW, INC.'S RECENT REAL ESTATE SALES

- **Boone County & Stephenson County, Illinois**
741 acres of largely tillable farmland sold at auction. Active bidding from 28 registered bidders.
- **Ogle County, Illinois**
351 acres with development potential, located in the city of Rochelle, sold for \$5,018,842 (\$14,300 per acre).
- **Franklin County, Tennessee**
1,100 acres of row crop and timber, with improvements, sold for \$5,300,000.
- **Kankakee County, Illinois**
427 acres of row crop land, with a home and outbuildings, sold at auction to farmers and investors.
- **Ogle County, Illinois**
521 acres of exceptional recreational land, with river frontage and improvements, sold for \$2,550,000.

HOW MUCH DO WE PRODUCE?*



CORN

14.6 billion bushels



SOYBEANS

4.4 billion bushels



WHEAT

1.7 billion bushels



PORK

20 billion pounds



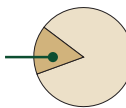
BEEF

27 billion pounds

HOW MUCH GETS EXPORTED?*

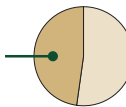
2.4 billion bushels

→ **16%**



2.1 billion bushels

→ **48%**



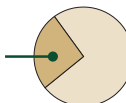
900 million bushels

→ **53%**



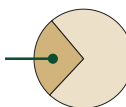
5.2 billion pounds

→ **26%**



7.3 billion pounds

→ **27%**



*Source: United States Department of Agriculture

Martin, Goodrich & Waddell LAND LISTINGS

All acreage and mileage figures listed here are approximate

ARKANSAS PROPERTY

JACKSON COUNTY

- 1,241 acres. Black River Arkansas Farm, 3 mi. NW of Newport. \$4,975/ac.

ILLINOIS PROPERTY

BOONE COUNTY

- 23 acres. Manchester Road Farm, 6 mi. N of Poplar Grove. \$349,000.
- 146 acres. Wolf Farm, 1½ mi. E of Belvidere. \$5,900/ac.
- 70 acres. Freise Farm, 3 mi. E of Belvidere. AUCTION – SOLD
- 897 acres. Belvidere Farms, SE of Belvidere. AUCTION – SOLD

BUREAU COUNTY

- 120 acres. Lalik North Farm, 4½ mi. SE of Tampico. \$8,250/ac.

CARROLL COUNTY

- 932 acres. Stone Farms, north of Mt. Carroll. \$6,295,000. SOLD

DEKALB COUNTY

- 40 acres. Hall-Weber 40 Farm, 1½ mi. E of Shabbona. \$10,350/ac.
- 72 acres. Hasselmann Farm, 2½ mi. W of Hampshire. \$8,300/ac.
- 212 acres. Kirkland Farm, 2 mi. N of Kirkland. \$8,500/ac.
- 105 acres. Legner-Larson Farm, 4½ mi. N of Leland. \$9,150/ac. SALE PENDING
- 73 acres. Watson Road Farm, 3 mi. S of Waterman. \$10,950/ac. SOLD
- 157 acres. Danekas Farm, 2 mi. W of Hinckley. \$10,900/ac. SOLD
- 109 acres. Nowicki Farm, 3½ mi. S of Waterman. \$8,350/ac. SOLD
- 105 acres. Danekas 105 Farm, 1 mi. W of Hinckley. \$10,000/ac. SOLD
- 125 acres. Hassler Farm, ¾ mi. NE of Hinckley. \$10,950/ac. SOLD

JO DAVIESS COUNTY

- 334 acres. Dvorak Farm, 5¼ mi. NW of Stockton. \$5,375/ac.
- 34 acres. Stagecoach Trail Property, 4½ mi. NE of Galena. \$4,900/ac.

KANE COUNTY

- 190 acres. Gwinn Oaks Farm, contiguous to Big Rock. \$12,700/ac.
- 88 acres. Bond Farm, 1¼ mi. S of Virgil. \$7,950/ac. SALE PENDING
- 60 acres. Wesemann Estate, contiguous to Hampshire. \$11,900/ac. SOLD
- 80 acres. Duy Farm, 1½ mi. SW of Virgil. \$9,950/ac. SOLD

KANKAKEE COUNTY

- 426 acres. Tallman Farm, 1¼ mi. W of Bourbonnais. AUCTION – SOLD



OUR FEATURE FARM: THE BLACK RIVER ARKANSAS FARM JACKSON COUNTY, AR

Located in a major waterfowl flyway. Outstanding duck and goose hunting in flooded rice fields and the 25 acre lake. The famous Black River is located a few feet west of the property. The White River is just a couple of miles south of this tract. Large tracts of WRP surround this farm enhancing both deer and waterfowl hunting opportunities. Cache River Refuge is just a few air miles east of this farm.

LASALLE COUNTY

- 131 acres. ABP South Farm, 2¼ mi. SE of Oglesby. \$11,250/ac.
- 153 acres. Haley Farm, 2 mi. N of Streator. \$9,975/ac.
- 50 acres. Scott Farm, 2¼ mi. N of Marseilles. \$6,450/ac.
- 80 acres. Hatton Farm, ¼ mi. E of Rutland. \$9,350/ac. SALE PENDING
- 120 acres. Schaidler Farm, 2½ mi. S of Ottawa. \$11,400/ac. SOLD
- 80 acres. Ross Estate Farm, 4 mi. SW of Ottawa. AUCTION – SOLD

LEE COUNTY

- 115 acres. ABP North Farm, 5½ mi. NW of Paw Paw. \$10,250/ac.
- 135 acres. Braggo Farm, 2 mi. S of Amboy. \$5,750/ac.
- 550 acres. Craddock Farms, 3¾ mi. NW of Paw Paw. \$10,650/ac.
- 212 acres. Quick Farm, 3 mi. SW of Rochelle. \$7,400/ac.

MCHEERY COUNTY

- 115 acres. Higgins Farm, 2½ mi. N of Marengo. \$5,850/ac.
- 72 acres. Lakewood Farm, Village of Lakewood. \$19,500/ac.
- 187 acres. McKee Farm, contiguous to Marengo. \$6,850/ac.
- 111 acres. Route 120 Farm, contiguous to McHenry. \$25,000/ac. SALE PENDING

MCLEAN COUNTY

- 196 acres. Anchor Farm, 2¼ mi. SE of Anchor. \$10,450/ac.

MERCER COUNTY

- 160 acres. Zippe Farm, 2½ mi. W of Matherville. \$3,850/ac.

OGLE COUNTY

- 126 acres. Ogle County Crossroads Property, city of Rochelle. \$39,900/ac.
- 90 acres. Baker Property, 1 mi. SW of Chana. \$5,250/ac.

- 130 acres. Carlson Farm, 1½ mi. NW of Byron. \$6,500/ac.
- 83 acres. Lillie Farm, 1¼ mi. E of Oregon. \$5,950/ac. SOLD
- 352 acres. Route 38 Farm, city of Rochelle. \$16,500/ac. SOLD
- 521 acres. Adventure Camp Property, 4 mi. W of Rochelle. \$2,800,000. SOLD

STEPHENSON COUNTY

- 404 acres. Bocker Farms, ¼ mi. N of Freeport. \$6,950/ac.

WILL COUNTY

- 55 acres. Lincoln Highway Property, village of Frankfort. \$29,500/ac.
- 62 acres. Peotone Farm, 7/16 mi. W of Peotone. \$7,300/ac. SOLD
- 80 acres. Center Road Farm, 1¼ mi. SW of Peotone. \$8,000/ac. SOLD

WINNEBAGO COUNTY

- 58 acres. Pine Deer Property, city of Rockford. \$23,000/ac.
- 65 acres. Bubert Property, contiguous to Roscoe. \$5,350/ac. SOLD

IOWA PROPERTY

DECATUR COUNTY

- 160 acres. Weldon Ridge Farm, 1 mi. SE of Weldon. \$5,600/ac.

WISCONSIN PROPERTY

GRANT COUNTY

- 354 acres. Progress Plus Farm, 2½ mi. SW of Lancaster. \$6,450/ac.

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.

A LOOK BACK AT AMERICAN AG

With the feature article of this issue of Seasons highlighting the 2017 Census of Agriculture, we thought it might be interesting to reflect on some of the happenings in American agriculture throughout the 20th century. All of us at Martin, Goodrich & Waddell, Inc. wish you a healthy and prosperous year.

1900
TO
1919

Mass production transforms America's manufacturing industry.

The number of farms in the U.S. peaks at 6.4 million.

Increased use of cars, trucks and tractors permit farms to increase in size—marking the beginning of widespread consolidation.

The federal government begins subsidizing local roads.

The network of railroads in the U.S. peaks at 254,000 miles of track.

1920s

After World War I, many of the farm boys did not return to the farm, but headed for towns and cities seeking opportunity.

Increased mechanization and advances in farm machinery, like Case and John Deere combine harvesters, led to production increases. This would eventually result in grain surpluses and a big drop in values for farmland and commodities.

The U.S. economy as a whole was booming ("Roaring '20s"), but the agriculture sector struggled.

The first hybrid seed corn company (Hi-Bred Corn Company) is formed in 1926 in Des Moines, Iowa.

1930s

As the Great Depression set in, rural parts of the U.S. began to experience extreme poverty. Dust Bowl conditions persisted throughout wide swaths of the country.

The Agricultural Adjustment Act of 1933—the first "Farm Bill" as we know it today—is passed as part of the New Deal programs under President Franklin Delano Roosevelt.

The Soil Conservation Act of 1936 is passed, marking the first federal step toward incentivizing farmers to make soil preservation and erosion prevention a top priority.

The Rural Electrification Act provides federal loans for expanding and improving electrical distribution systems throughout the rural U.S., which vastly improved the quality of life in rural areas.

Rubber-tired tractors and equipment become commonplace.

1940s

With World War II underway, rationing and price controls become the norm as resources were diverted to the war effort.

Agriculture was generally prosperous throughout the country.

Southern share-croppers migrated to the cities.

Frozen foods arrive in supermarkets for the first time.

The 1940s mark the beginning of the Second American Agricultural Revolution.

1950s

Use of ammonia as fertilizer (from ammonia plants built during World War II) led to increased use and declining cost of fertilizers.

The U.S. reaches peak tractor sales and manufacturers make strides at increasing horsepower.

Increased use of cotton pickers, to replace hand picking, led to large numbers of laborers moving to towns and cities. One machine performed the work of fifty laborers.

Trucks and barges become the preferred method of transporting agricultural products.

The network of railroads in the U.S. peaks at 254,000 miles of track.

1960s

Soybeans emerge as a preferred alternative crop, becoming more popular than small grains.

Cargo planes begin shipping fruits, vegetables and cut flowers.

96% of corn acreage planted in the U.S. is with hybrid seeds.

Rail line abandonments rise sharply.

By 1968, 83% of all farms have telephones and over 98% have electricity.

1970s

No-till farming gains in popularity.

Migration patterns flip, as many leave cities and move back to the country.

Fuel shortages become commonplace.

Interest rates and inflation rise steadily, foreshadowing problems ahead in the farm economy.

Increased exports to the Soviet Union and elsewhere absorb agricultural surpluses in the early 1970s. Following the Soviet invasion of Afghanistan, embargoes cause exports to cease.

1980s

Introduction and implementation of biotechnology begins to take root.

Foreign investment in U.S. farmland increases significantly.

High interest rates, inflation, and debt lead to the 1980s Farm Crisis—plummeting farmland values reached a bottom in 1987.

The U.S. experiences one of the worst droughts on record in 1988.

1990s

Biotechnology in agriculture takes center stage.

NAFTA (North American Free Trade Agreement) is adopted—expanding trade with Canada and Mexico.

Institutional demand for agricultural land, as an alternative to traditional "safe" investments, emerges and becomes a fixture in the land market.

Government price supports and supply controls are replaced by direct payments.