

Down on the Farm

Volume I, Issue I

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Farmland Values... The Good, The Bad & The Stable?

As a farmland owner myself, I am beginning to see different trends emerging as this year progresses. As a farmland broker, I have noticed the following in today's market:

- As banks are starting to liquidate distressed residential developments, we are starting to see the bottom of the market.
- Commercial real estate is in a free fall & will continue to be for the rest of the year.
- Farmland remains strong.
- Many commercial banks are no longer doing land loans as standards have tightened up.
- Local Ag Banks are still making agricultural loans and loaning operating money, but at stricter standards.
- People are consistently losing money because CD's and other investments are at a lower rate than the rate of inflation.
- In these unprecedented, scary times, people are looking for land as a safe place to store their wealth.
- Farmland has been returning 2-5% return since cash rents have climbed in the last few years. Cash rents leveled off due to commodity prices, corn & bean yields and input costs.
- China continues to absorb the corn that we export so that's good news for commodity prices.
- The return on farmland is better than a return from most local banks.
- These trends are what keep people interested in farmland. Of course, the fact that it's the only way some people are get-



ting a return on their investment doesn't hurt either.

- CD rates are at historic lows.

Most of the sales we have been involved with lately are settling estates. People that own land currently seem satisfied with their investment.

I look forward to seeing what trends will die off and which ones will continue to emerge, making farmland a safe & lucrative investment.

U.S. Midwest Farmland Values Rise, But Trends Mixed

Reuters reports that a Federal Reserve survey revealed farmland values in U.S. Midwest, one of the world's key grain and livestock production areas, rose 4% in the first three months of 2010 from a year earlier.

They went on to say that "while firmness in farmland prices underscored a healthy outlook for U.S. agriculture, the signs of strength were mixed." The survey said "A rising share of purchases by farmers buoyed this demand. However, the amount of farmland for sale, the number

of farms sold, and the acreage sold weakened in first three months of 2010 relative to the same period in 2009." Chicago Fed economist Dave Oppedahl said district bankers expect land values and real estate loans in the second quarter to remain steady.

Meet Our Team...

Since opening our office in September of 2006, I have had the pleasure of meeting many great people along the way. I have seen the ups and downs of today's economy and it's effect on land values. There's so much information available today and I'd like to share as much of it with you as I can in my biannual newsletter.

For those of you that I have not had the pleasure of personally meeting, my name is Scott Brummel and I am the Broker Owner of Brummel Realty, LLC.

We are a real estate brokerage that specializes in farmland and transitional land. Our agents cover farm land in the Northern two-thirds of Illinois.

We are proud to announce we have now sold over 100 million dollars of real estate over the last 7 years. My team is made up of several real estate agents and brokers that are strategically placed throughout most of Illinois. I can attribute much of my success to an educated, goal-oriented team and the honest relationship I have built over the years with other farmland brokers.

As a farmer myself, I have a great appreciation and an even better understanding of the trials and tribulations that go along with being a landowner and a tenant. I hope to discuss many of the issues we all face in upcoming editions of our newsletter.



Our office has now extended our services to include farmland management and auction services. You can read more about these services throughout the newsletter. I look forward to working with all of you.

-Scott Brummel

Meet Our Agents who specialize in Farmland!

Mason Miller graduated from Illinois State University, where he his degree in Agriculture Production. He is a lifelong resident of the Ashland area, living in Pleasant Plains with his wife & specializing in farmland sales. Call Mason at:

Cell: 217-341-4237

MMiller-brummelrealty@comcast.net



Garrett Douglass, a graduate of Illinois State University, specializes in Central Illinois agricultural real estate. Garrett farms and raises cattle in Rossville, where he lives with his family. He can be reached at:

Cell: 217-304-2386

GDouglass-brummelrealty@comcast.net



Chad Michel, a lifelong resident of Christian County, lives in Edinburg with his wife & children. Chad farms over 3,000 acres in Shelby, Macon & Dewitt counties. He is a licensed auctioneer & specializes in farmland sales. Call Chad at:

Cell: 217-827-0960

CMichel@consolidated.net



Meet our Associate Brokers

Tony Graff joined our company when we opened in 2006. He specializes in commercial & transitional land, along with assisting clients with the entitlement process. Tony has 20 years of local government management experience from chief of police to city manager within the northern Illinois. Tony understands the municipal culture working with



the city staff and boards for successful zoning approvals. He currently resides in Yorkville with his wife and children. Tony can be reached at:

Cell: 630-688-9217

GraffMD@aol.com

Colleen Long joined the company in 2009 as an associate broker. She has been licensed in real estate since 2005 and specializes in farmland & property management. She lives in Plano with her husband and daughter.



The answer is hiding on page 3

Joke of the Day: How do you fit more pigs on your farm?

Brummel Realty, LLC introduces Farm Management Services

A successful farm management company strives to help land owners gather information from which they can make informed and timely decisions while finding answers to specific management problems. Our farm management services range from an occasional consultation to complete management of a farm operation. From leasing the land and planning crop rotation to purchasing supplies and marketing the crop and livestock, we oversee it all.

Our landowners always have accurate, up-to-date records and consistent on-the-farm supervision to ensure their best interests are represented. In these tough agriculture times, it's important to be working with a financially qualified tenant. We work well with existing tenants as well as helping screen new ones so you know you are working with the most qualified operator. We work with you to maximize your income while maintaining or improving your land & buildings for generations to come!

Capital Gains Rate Expires at End of 2010

Come the end of 2010, the low tax rates on capital gains and dividends enacted in 2003 will increase to the higher level that applied prior to that year. In the past 20 years, this tax has been as high as 28% and is currently at its low point of 15%. But, this too shall change as of January 1, 2011, when the rate is scheduled to go back to 20%.

If Congress takes no action on the existing tax rates, the maximum capital gains tax rate will increase from 15% currently, to 20% in 2011 and then to 23.8% in 2013. This would be the highest rate for long-term capital gains since 1997.

Many economists agree that the expiration of these tax cuts will not only slow economic growth but also discourage development. The United States already has one of the world's highest capital gains tax rates.

NEW LISTINGS!!

Brummel Realty, LLC presents two new listings in Kane County and a third listing in Lee County.

The *Halbmaier Farm* in Sections 20 and 29 of Hampshire Township, Kane County, is 113.73 Acres +/- with 111.3 Acres +/- tillable. Improvements include a 3 bedroom, 2 bath house, a corn crib and outbuildings. The farm is cash rented for 2010.

The *Schramer Farm* in Section 15 of Virgil Township, Kane County, is 100 Acres +/-, tillable acreage is to be determined by reconstitution. The farm is annexed to Virgil.

The *Old Second Farm* in Sections 28 & 33 of Willow Creek Township, Lee County, is 115.79 Acres +/- with 39/51 interstate frontage.

For more information on these farms including soil maps, aerial photos, topography and more—

please visit our website at www.BrummelRealty.com and click "Farms For Sale."

You can also request information via e-mail by sending your request to Land@BrummelRealty.com or by phone at 630-553-3200.

"A wealthy landowner cannot cultivate and improve his farm without spreading comfort and well-being around him."

Brummel Realty, LLC CLOSED SALES for 2010

<u>Bureau County</u>	160 Acres at \$6,797.45/Acre	<u>LaSalle County</u>	<u>Vermilion County</u>
169.92 Acres at \$5,200/Acre	205 Acres at \$6,600/Acre	154.26 Acres at \$6,061/Acre	121.46 Acres at \$5,555/Acre
<u>Champaign County</u>	24 Acres at \$4,500/Acre	<u>Montgomery County</u>	243 Acres at \$5,530/Acre
79.43 Acres at \$7,500/Acre	<u>Kendall County</u>	30.64 Acres at \$6,000/Acre	
<u>Christian County</u>	80 Acres at \$11,707/Acre	<u>Shelby County</u>	
34.5 Acres at \$4,916.25/Acre	25 Acres at \$9,843/Acre	60 Acres at \$7,200/Acre	
343.62 Acres at \$7,000/Acre	106 Acres at \$10,959/Acre	79.24 Acres at \$2,100/Acre	



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Are Land Values Good... Bad... Or Stable?

See page 1 for the answer

Closed Farmland Sales *

Champaign County

- 110.2 Acres in Sadorus Twp.
Sold for \$6,105.00/Acre
- 80 Acres in Ayers Twp
Sold for \$6,105/Acre
- 68.5 Acres in Tolono Twp.
Sold for \$6,500/Acre

Christian County

- 120 Acres in Stonington Twp.
Sold for \$7,000/Acre
- 343.6 in Johnson Twp.
Sold for \$7,000/Acre

Kane County

- 256.9 Acres in Big Rock Twp.
Sold for \$20,444/Acre

Kendall County

- 180 Acres in Oswego Twp.
Sold for \$14,999/Acre
- 69.7 Acres in Oswego Twp.
Sold for \$15,815/Acre
- 157.5 Acres in Seward Twp.
Sold for \$15,002/Acre
- 106.18 Acres in Little Rock Twp.
Sold for \$10,959/Acre

Macoupin County

- 160 Acres in Barr Twp.
Sold for \$6,500/Acre
- 114 Acres in Hilyard Twp.
Sold for \$6,394/Acre

Piatt County

- 225.9 Acres in Bement Twp.
Sold for \$6,105/Acre
- 24.9 Acres in Sangamon Twp.
Sold for \$6,492/Acre

Vermilion County

- 147.3 Acres in Grant Twp.
Sold for \$5,023/Acre
- 82 Acres in Sidell Twp.
Sold for \$6,150/Acre



*Info provided by Illinois Land Sales Bulletin

www.BrummelRealty.com