

2009 Farmland Market Review

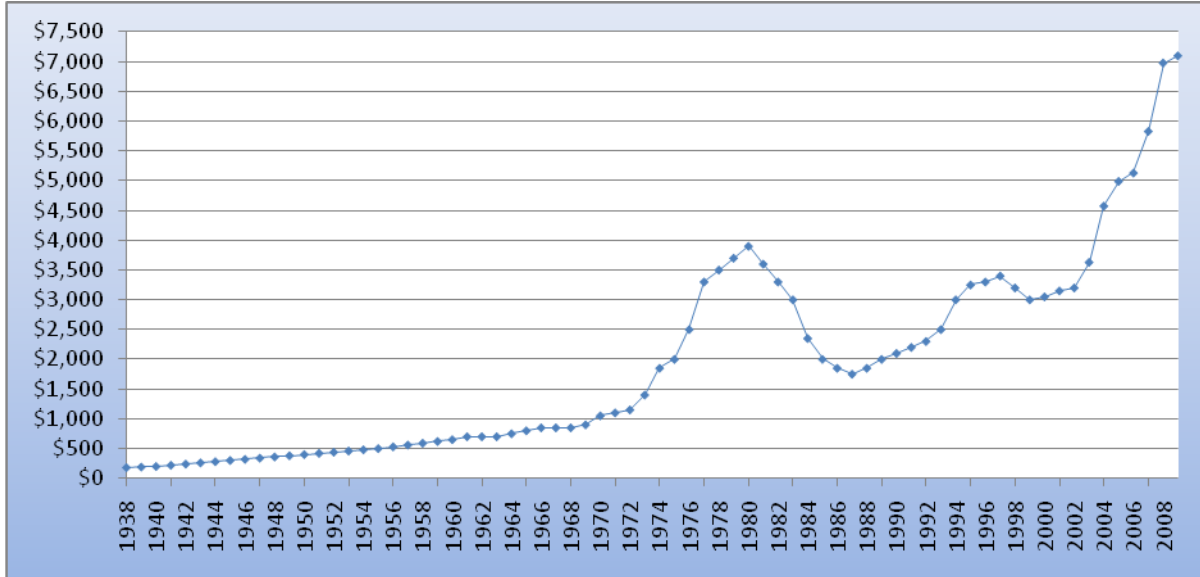
Farmland values have been amazingly resilient in 2009. In a year when many investments were decimated, farmland values remained relatively intact from a year ago and, in some regions, actually rose. Based on the sales data provided below, prime Central Illinois farmland is up nearly 2% from a year ago. You may ask why. There are numerous reasons why farmland may make sense as an investment alternative. Following are a few of those reasons.

1. People must eat (production is needed)
2. Farm sector has a very low debt to asset ratio (no forced sales of land)
3. Farmland is tangible
4. Solid cash return on your investment
5. Finite commodity (not making any more)
6. Farmland typically has 100% tenancy (no years without income)
7. Inflation hedge
8. Population of world keeps increasing (more mouths to feed)
9. India and China keep improving diets (better diets require even more grain)
10. Bio-fuel markets continue to grow

The average price of land documented for 2009 was \$7,100 per acre as compared to \$6,980 per acre at the end of 2008. Following is a table of 44 sales in 13 counties. The sales are good to high quality farms. The higher priced farms were all very high quality properties.

County	Acres	Price/Acre	Sale Date
Champaign	120.0	\$6,523	Jun, 2009
Champaign	362.6	\$6,892	Oct, 2009
Christian	389.0	\$7,625	Feb, 2009
Christian	480.0	\$7,700	Nov, 2009
Christian	40.0	\$7,700	Mar, 2009
Christian	150.0	\$7,000	Apr, 2009
Christian	80.0	\$7,700	Nov, 2009
Coles	226.2	\$7,575	Mar, 2009
Coles	150.0	\$6,666	Mar, 2009
Dewitt	80.0	\$6,300	Oct, 2009
Dewitt	80.0	\$6,550	Jun, 2009
Dewitt	532.8	\$7,038	Jul, 2009
Dewitt	239.4	\$6,672	Oct, 2009
Dewitt/McLean	1355.0	\$7,150	Dec, 2009
Logan	106.2	\$6,800	May, 2009
Logan	241.9	\$7,240	Jan, 2009
Logan	492.0	\$6,499	Jun, 2009
Logan	120.0	\$6,416	Jun, 2009
Macon	82.5	\$7,250	Dec, 2009
Macon	202.5	\$6,950	Jul, 2009
Macon	117.8	\$6,850	Jul, 2009
Macon	64.0	\$7,400	Jun, 2009

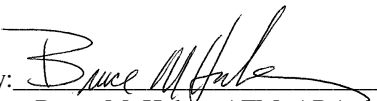
County	Acres	Price/Acre	Sale Date
Macon	80.0	\$7,460	Nov, 2009
Macon	152.3	\$7,000	Mar, 2009
Macon	68.0	\$7,520	Nov, 2009
McLean	297.9	\$6,382	Sep, 2009
McLean	77.5	\$7,500	Nov, 2009
McLean	80.0	\$7,750	Mar, 2009
McLean	642.0	\$6,229	Apr, 2009
Menard	80.0	\$7,650	Mar, 2009
Montgomery	163.0	\$7,100	Dec, 2009
Moultrie	84.4	\$7,084	Jun, 2009
Moultrie	40.5	\$6,970	Mar, 2009
Moultrie	291.2	\$6,200	Nov, 2009
Piatt	78.5	\$7,800	May, 2009
Piatt	81.2	\$6,600	Apr, 2009
Piatt	78.0	\$7,300	Mar, 2009
Sangamon	80.0	\$6,575	Oct, 2009
Sangamon	80.0	\$8,480	Sep, 2009
Sangamon	40.0	\$8,450	Aug, 2009
Sangamon	82.2	\$7,200	Feb, 2009
Shelby	40.0	\$7,000	May, 2009
Shelby	520.0	\$6,712	Jul, 2009
Shelby	80.0	\$7,000	May, 2009



Summary

Farmland values should be fairly well supported going into 2010. Corn and soybean prices remain at historically high prices, resulting in higher cash rents for farmland. Cash rents with a net cash return of 4-5% make farmland an attractive option for investors. The supply of high quality farmland is very low compared to previous years and this too will help retain current farmland values. If inflation kicks in, farmland could easily trend higher over the next several years.

We are very active in rural real estate brokerage*. If you have an interest in buying, selling or exchanges of farmland, please feel free to contact Jim Schroeder, Dale Kellermann, Seth Baker or myself.

By: 
 Bruce M. Huber, AFM, ARA
 Vice President

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