

## Avian Bird Flu Hits Upper Midwest Hard

Roger Heller, A.F.L.B., A.F.M., Broker, REALTOR®



It is with pride that we have been able to recognize Minnesota as the number one turkey producing state and Iowa, as the number one egg producer. The primary cost of poultry production is feed and that feed is comprised primarily from corn and soybeans. Thus, it

has been a sound business model to locate extensive livestock production where the corn and soybeans are grown.

For the past 25 years or more, the poultry industry has avoided any epidemic disease outbreaks. Most of us thought that the good flock health was due to their very thorough bio-security protocol.

As I recall, the first flock of Avian bird flu in the five upper Midwest states occurred in March and within just days or weeks, it broke with a vengeance.

When the disease was diagnosed in a flock, the remaining birds on that farm were euthanized in an attempt to stop the spread of the disease. However, it continued to spread from farm to farm like wildfire.

As of June 22, the University of Minnesota College of Veterinary Medicine reports that the disease has infected 105 Minnesota farms, destroying 8,996,050 birds since March. Minnesota Public Radio reports that in the entire five state area, 220 sites have been infected and approximately 47 million laying herds, turkey and chickens have been impacted. They report that it has destroyed roughly 10% of the laying hens and 7 – 8 % of the turkeys in the U.S.

The good news is there is no health issue involved. We are told that there is no capacity and no risk for

transmission to humans. It is an animal health problem.

We have not seen a valid economic analysis of this outbreak but we know it is substantial. In addition to the huge financial hit to the growers, it has had some negative impact on feed usage. We've seen the corn price basis widen but we aren't able to quantify the total impact on corn and soybeans because until just recently, there were new flocks being impacted almost daily. There have been employees laid off by farms and processors. The breeder flocks were affected also, so the return to normal is uncertain. We are aware of a few of the first barns re-populating tenuously after thorough cleanup and new bio security measures being put in place.



image courtesy of the Minnesota Turkey Growers Association

The Avian flu virus has been in the U.S. for several years having originated in Asia, but never became a threat until now. The veterinarians think that the spread of the virus *might* be air-borne, but are still uncertain. They are indicating that wild migrating birds likely brought it to our region as they have identified the disease in several species of wild birds.

When the true economic impact is calculated, we will attempt to report same. Watch future issues and/or our websites for updates.

# Where Are Land Rents Headed?

Wendy Forthun, ALC, Vice President, Broker, REALTOR®



In the wake of softening revenue streams in agriculture, many landowners and operators are wondering how rental rates for cropland will be affected in the next year.

Cash rental rates typically adjust slowly to changes in farmland income. More worrisome for landowners, research suggests that cash rent changes are more likely to lag when land prices are rising, than when land prices are declining. This is because landowners are the primary motivation for rent increases, and their understanding of the changing economics of crop production lags farm operators. Conversely, tenants are the primary drivers of rent reductions, and they are quick to press their case when they foresee declining crop profit margins.

In the current environment of increased volatility in crop prices, newly negotiated cash rents are still substantially higher than the average rental rates reported in numerous surveys. This is because many rental agreements are not updated annually to reflect changes in the profitability of crop farming. As a result, the average may be slow to adjust as leases are updated.

I came across an article written by *Elizabeth Williams-DTN Special Correspondent*. Predicting the ag economy, you can either emphasize the positive -- we are not going to see the "bust" in agriculture that we saw in the 1980s. Or, you can look at the negative -- the "soft landing" may last five to 10 years. You can draw both conclusions in looking at the ag industry and projecting what this means for the future, Purdue University economist Mike Boehlje told a Kansas City Federal Reserve meeting this week.

"The only way it's going to get better is cost reduction," Boehlje advised. "Improvement will not come on the price side. Farmers will have to pull back on capital expenditures, which they have done. A lot of farmers have updated their equipment line. So, this will give them a buffer, until they need to replace or repair their equipment. Phosphorus and potassium fertilizer may be scaled back. More precise nitrogen and pesticide applications will help."

"I hate to sound like a 'Debbie Downer,'" said Boehlje. "We get calls complaining that Purdue's agricultural economists are too negative. But farmers need to batten the hatches now if they want to survive the 'not-so-good-times' that typically follow the 'boom times' in agriculture."

As a professional land management company we have a service that most land owners need more so now than ever before. **Please contact us to help you evaluate your situation and help you plan for a successful and profitable 2016 crop year.**

# Featured Listings

**49.26+/- AC Farmland**  
**Section 9 - Hassen Valley Twp**  
**McLeod County, MN - \$375,000**



49.26+/- acres with 47.19+/- tillable acres and 91.3 CPI. Located just outside of Hutchinson, it has great access to MN Hwy 22. Has lease for 2015 crop year.

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**13.1+/- AC Acreage**  
**60677 120th Ave, Claremont**  
**Dodge County, MN - \$365,000**



Country living at its best! Beautiful walk-out rambler surrounded by mature oak trees, 1 acre pond, multiple outbuildings, blacktop circle drive. This 13.1+/- acre property has everything you need and more. It's a must see! Outbuildings include: 35'x40' heated toy shed/shop, 28'x40' pole shed attached to a 32'x52' office building with multiple offices, restroom & reception area. Great place to start your own business. MLS# 4062076

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## 1 Stop Realty, Inc Honored Again



Every year, *The Land Report* magazine publishes a list of the top brokerages and a list of the top auction houses from across the nation.

In their Summer 2015 issue, *The Land Report* magazine has honored 1 Stop Realty, Inc. for the 2nd year in a row. They awarded us as one of the "2014 America's Best Brokerages", and as one of the "2014 America's Best Auction Houses".



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This information is from sources deemed reliable, but is not guaranteed by agent. All listings are subject to prior sale, price change, correction or withdrawal.

# Cooking With Jan

Jan Schley, GRI, REALTOR®



## Omelet in a Bag

Place 2 or 3 eggs (depending on your appetite) in a quart sized freezer storage plastic bag, add your choice of condiments like: onions, mushrooms, tomatoes, green peppers, salsa, ham, crumbled bacon, sausage, or shredded cheese.

Before you seal it, squish the eggs and condiments real good. When sealing, make for sure all air is out of bag. Place in boiling water, cover and boil 13-15 minutes. You can do this at home, or while camping!

When done, take out of bag place on plate and add salt and pepper to taste. It comes out looking like a regular omelet, and is delicious! This is a big hit with our family.

**summer**

In our area, this spring was a farmer's delight. With early plantings, nice rain and some warmer days the crops got a great start. The old saying of corn being "knee high by the 4th of July" was certainly superseded this year, many fields were already tasseled and silking. If this continues, looks like we will be having an early fall harvest.

Summer is for some fun and relaxing times. We just enjoyed our time at the Dodge County Fair. Our family has been involved with fairs for many years. It is great to see the youth continue to put forth effort and hard work with their many projects in 4-H and FFA. It takes a lot of cooperation by several to make this yearly event successful.

Hopefully you are having an enjoyable summer doing what you like to do!

# Auctioneer's Corner

Gary Hotovec, Auctioneer, REALTOR®



Ten days ago I was given the assignment of writing an article for the Auctioneers Corner for this issue of the "Combine". To be truthful, I've been struggling a bit. Summer is here and many projects are keeping me plenty busy. Knowing my deadline is fast approaching, I'm thinking, what should be my topic. There it was sitting on my desk right in front of me! The latest issue of "Reach", the Minnesota's FFA 2015 magazine.

Way back in my high school days, for four years I belonged to FFA. Reading through this magazine, I thought to myself, "What a wonderful organization and such great students enrolled in this organization". Remembering back, what a learning experience I had in high school taking ag class and being a member of FFA. Not only was I fortunate to have a great instructor, but I was also fortunate enough to be a member on the farm shop team, when I was a high school senior, that went on to the State Convention judging competition. I played the bass horn in high school and was selected in my junior year to be a member of the Minnesota State FFA Band. What an honor for me to be a part of these two worthwhile projects! I'll never forget either one.

Now days the projects are kind of the same but expanded into today's world including technology. Reading through the magazine, I can see the current members are developing leadership skills that today's agriculture is demanding.

Leadership skills are very noticeable while reading through some of the bios of the MN State officers' information. They are going on to careers as: Animal Science, Agriculture Education, Agriculture Business then on to law school. Impressive! Doing a little research for this article, I did find a demand for Ag teachers and FFA instructors in high school.

Looking over the different Career Development Teams, you can see just how FFA has expanded its Leadership Skills. Just to name a few of the competing teams on the State level: Agriculture Communications, Agriculture Sales, Fish & Wildlife Management, Meats Evaluation & Technology, Job Interview, and Soils just to name a few.

Another skill we learned in FFA was Parliamentary Procedure. This skill and knowledge has been with me all through life and I'm sure with everyone who has taken this class. I've been Commander of our local Legion Post, President of my old car club and a past member of my church council. I've been very thankful to have had the training 50+ years ago how a meeting is run.

Agriculture is in good hands from my viewpoint. These young adults are being coming true leaders and are acquiring needed skills to be competitive in this competitive world we now have. My opinion, the future of agriculture is bright and the FFA is producing the leaders we need.



## Ye Old Required Disclaimer:

This newsletter is intended as general information to our clients and friends on agricultural subjects. It is not intended to render specific advice; such advice can only be given when related to actual situations and will be different for each person. If you have any questions, please contact "The Experienced Farmland Professionals" today at: **Kasson: 507-634-7033, or Olivia: 320-523-1050.**

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**Our Mission:**



**To handle all your Agricultural real estate needs, in a professional friendly manner, so that sellers, buyers, landlords, and tenants have a pleasant and enjoyable experience.**



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