

## FARMLAND, U.S.A. 2011

Written by Roger Heller, A.F.L.B., A.F.M.



For as long as most of us can remember, the majority of the investment community has not considered farmland as a suitable part of their investment portfolio. In fact, the returns from farmland have literally been a well kept secret. **But not any longer!**

Now, we read articles in publications such as the *Wall Street Journal*, we can attend seminars and conferences comparing farmland as a very favorable investment. **What has changed?**

One of the changes has been with some of the traditional alternative investments. We know that since 2006 the equity markets in the stock exchange have shown mostly negative returns and a great deal of volatility. In the past for some conservative investors, the traditional bank certificate of deposit, was FDIC insured, giving safety, liquidity and a modest return. The returns on those have disappeared due to our Federal fiscal policy.

The biggest change of all has been the change in farm earnings since 2007. Commodity prices have risen sharply and have shown great volatility. The higher prices have provided marketing opportunities for farm operators. That has put farmers that are both good producers and good marketers into a strong financial position. Those same successful farmers then wish to expand by purchasing and/or renting more farmland. That has caused farmland prices and rents to escalate sharply, thereby providing increased annual returns per acre as well as rapid appreciation on that investment in land.

An interesting observation is that it is not only corn and soybean prices that are strong, but rice, sugar, cotton, and other crops have seen large price swings as well. Thus, one can go almost anywhere in the U.S. today and find that the

high quality farmland is in strong demand, with higher land prices reflecting that demand.

To accelerate that trend is the fact that in many areas a reduced supply of farmland is available to purchase in 2011.

Those increased farmland earnings have not gone unnoticed in the investment community. There is increased interest in farmland ownership by both farmers and non-farmer investors. Most of those investors are now aware that not only has farmland performed well recently, but has been a stable long term performer. The informed investor realizes that most stable investments cannot be expected to create instant wealth constantly. If the timing is perfect, many investments can spike, creating new wealth, but more important, will that investment hold its relative value against inflation and or deflation over the long haul? It is now more widely recognized that U.S. farmland ownership has done that in the past and likely will in the future.

We are indeed fortunate to live in a country where our productive farmland is mostly privately owned and its title can be readily conveyed. For over 223 years, our constitution has protected private ownership of land from government seizure, (except through eminent domain with just compensation.)

We all need to fight to retain those property rights so that the most efficient agricultural production engine in the world can continue to provide food and fiber for an ever increasing world population. Many well intentioned people do not understand the big picture, of world food needs and would place restrictions on the ownership and use of our land, to accomplish other objectives.

While high quality farmland is a good investment today, we also must be aware that it isn't the right thing for everyone.

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## **FARMLAND, U.S.A. 2011**

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People's need change and sometimes owning a tract of farmland simply is not filling those needs or may be creating unwelcome headaches for them. The beautiful thing about America is we live in a country where the system permits us to sell, and today's economic climate allows sellers to convert their asset to more dollars than ever before in our countries history.

If you have concerns or doubts about the suitability of farmland ownership for you, you might like to schedule an interview with one of the farmland professionals at 1 Stop Realty, Inc. Whether you are considering buying or selling, their years of experience and training can answer your

questions and provide you with what you may need to make your decisions.

As an example, if you were concerned about leasing and rents, our professional farm management personnel may be able to help you. Along with the broker, the same experienced farm managers can be of assistance for the first time farm buyer explaining the characteristics of farmland and how to select a property to meet their needs.

The door at 1 Stop is always open and the coffee pot is on. You will find us friendly, considerate and eager to listen.

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### **There Goes The Farm - To The Next Generation**

*Pat Keltgen, REALTOR®*



It use to be tradition that the family farm, went to the next generation. In the 20th century, it was easy to do that because it seemed like there was nearly always a son or family member who wanted to continue farming the family farm. But now as the size of farms get larger, and our children want to move to the big city to have a career and raise a family, it's not as important to that "next" generation to remain on the farm.

So now what? Our parents still transferred the farm to their children, but we cash rent the farm out to the neighbor and

love having the extra income. Yes, once in a while there is a spat between siblings or siblings' spouses. But that cash rent pays for our entertainment and vacations and life is good. Then comes that day, when you get that phone call that one of your siblings or siblings' spouses passes away. Now we have more people involved in the family farm. We have to deal with the nieces and nephews. Or my spouse or I may pass away and our children and their families have to deal with their aunts and uncles and maybe even their cousins.

Does it sound complicated? Maybe now is the time to sell the farm before we have to get the next generation involved.

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### **Marketing in a New Era!**

*By Wayne Alberts, REALTOR®*



Do you recall any time in history when World Stocks of Ag Commodities were falling and demand for those products was rising? Right now, the risk might seem very slight. In a volatile market, as we have had recently, remember that what goes up must come back down. There is no way to take the fear out of this market. We can only try to manage the risk that goes with these market conditions.

Selling grain when you think it is at its highest, means you think you know where the top of the market is. Very few people can do this on a regular basis, but selling increments

at a profit and setting a floor is usually a recipe for success. Also, buying back into the market on some of the Solds might be a good idea if your first sales are some of the lowest profits you see.

People have different financial situations; from on-farm storage to available capital. Risks also change with owned land vs. rented land. The more leveraged a person is, the lower the risk tolerance should be. So, look at all the options available when deciding on your risk management strategy.

Have a safe and prosperous planting season!



**CHECK OUT THE OLIVIA OFFICE'S NEW WEBSITE! [www.hellergrouplandsales.com](http://www.hellergrouplandsales.com)**

*320-523-1050 \* 1302 West DePue Ave.\* Olivia, MN 56277-0026*

# Farmland Sales & Auctions

## January 1, 2010 to December 31, 2010

<u>ACRES</u>	<u>COUNTY</u>	<u>CLOSED</u>	<u>SALE PRICE</u>	<u>\$/AC</u>	<u>BUYER TYPE</u>
40	Olmsted	1/7/10	\$160,000	\$4,000.00	Farmer
171	Steele	1/13/10	\$638,480	\$3,733.80	Investor
80	Chippewa	1/24/10	\$220,480	\$2,756.00	Farmer - Auction
76	Chippewa	1/24/10	\$254,866	\$3,353.50	Farmer - Auction
174	Renville	2/8/10	\$725,000	\$4,166.67	Farmer/Investor
113	Steele	2/9/10	\$430,000	\$3,805.31	Investor
160	Renville	2/25/10	\$1,029,100	\$6,431.88	Farmer - Auction
120	Renville	2/26/10	\$636,000	\$5,300.00	Farmer
115	McLeod	3/30/10	\$526,186	\$4,575.53	Farmer - Auction
155	Swift	3/31/10	\$628,050	\$4,051.94	Farmer - Auction
40	Swift	4/23/10	\$81,120	\$2,025.00	Investor - Auction
112.75	Swift	4/23/10	\$451,451	\$4,004.00	Farmer - Auction
159	Swift	4/23/10	\$533,286	\$3,354.00	Farmer - Auction
97.5	Swift	4/23/10	\$363,090	\$3,724.00	Farmer - Auction
40	Swift	4/23/10	\$149,760	\$3,744.00	Farmer - Auction
80	Renville	9/15/10	\$477,920	\$5,974.00	Farmer - Auction
160	Renville	9/20/10	\$914,300	\$5,714.38	Investor - Auction
141	Renville	9/20/10	\$874,376	\$6,201.25	Farmer - Auction
138.1	Renville	10/6/10	\$500,000	\$3,620.56	Neighbor Farmer
390	Mower	10/18/10	\$2,145,000	\$5,500.00	Investor
95	Renville	11/17/10	\$135,000	\$1,421.05	Hunter/Investor
30	Renville	11/17/10	\$45,000	\$1,500.00	Neighbor/Hunter
90	Faribault	12/22/10	\$318,150	\$3,535.00	Farmer - Auction
154.51	Meeker	12/22/10	\$910,342	\$5,891.80	Investor - Auction
160	Chippewa	12/13/10	\$1,001,000	\$6,256.25	Farmer
99	Dodge	12/30/10	\$465,000	\$4,696.97	Farmer

## January 1, 2011 to March 31, 2011

<u>ACRES</u>	<u>COUNTY</u>	<u>CLOSED</u>	<u>SALE PRICE</u>	<u>\$/AC</u>	<u>BUYER TYPE</u>
36	Mower	1/18/11	\$118,750	\$3,298.61	Neighbor Farmer
80	Dodge	2/18/11	\$449,400	\$5,617.50	Farmer - Auction
407	Kandiyohi	2/24/11	\$2,300,000	\$5,651.11	Investor
154.5	Olmsted	3/24/11	\$494,400	\$3,200.00	Farmer

**Congratulations to Jan for selling 15 homes in 2010!**

Yew have just received da Sven and Ole Computer Virus. Because ve don't know how to program computers, dis virus verks on da honor system. Please delete all d files on yewr hard drive manually and forward dis message to everyvon on yewr mailing list. Tank yew fer yewr cooperation. Sven and Ole.

# Cooking With Jan

## Spring Freshness with Fruit Pizza

Jan Schley GRI, REALTOR®



Crust: 1 cup butter, 2 cups flour, ¼ cup powdered sugar, mix until crumbly, press in pizza pan. Bake 350° for 12-14 minutes.

Beat together: 8 ounces of cream cheese (softened), ¼ cup sugar, 1 teaspoon vanilla. Spread on cooled crust.

Arrange: seasonal fruits like strawberries, raspberries, peaches, grapes, pineapple, bananas (can use drained canned or frozen fruits).

Prepare Sauce: ¾ cup water, ¼ cup lemon juice, 1 cup pineapple juice, 1 cup sugar, 3 tablespoons of cornstarch, (mix the cornstarch in with the sugar), bring to a boil. Pour over fruit, making for sure you go to edges to seal the fruit for freshness, refrigerate.

Delicious as an appetizer, salad, or dessert. Another favorite from my cookbook. Enjoy !

## **SPRING HAS SPRUNG !!!!!**

Besides the calendar, how do we know it is SPRING ! Some of the signs are, sight of first Robin, weather is getting warmer and animals that went away for Winter are back.

Speaking of the calendar, Spring used to be on March 21st, now it comes a bit earlier because of the global warming trend. It officially arrived this year at 11:21 pm March 20th. Seeing our first Robin appears to be the main sign of Spring. My dad used to say it will snow “3” times on a Robins back,---hope those “3” times are behind us. As it gets warmer the frost comes out of the ground, the land dries out and Spring planting begins. Whether it is a large field of grain, corn, soybeans, or gardening, how amazing it is to watch these small seeds develop into bountiful crops. Of course we need a little help from Mother Nature, providing us with good growing conditions. New life begins for some animals, our granddaughters goat “Mabel” recently gave birth to twins, a boy and a girl, they are adorable.

For you gardeners, did you plant your potatoes on Good Friday? With Easter being so late this year, there is a good chance you did. Speaking of Easter, I learned some interesting facts that I’d like to share with you. The earliest it can be is March 22nd and latest April 25th. This year it fell on April 24th. According to the Gregorian calendar, in the last 429 years this has happened only 5 times. Respectively 1639-1707-1791-1859 and 2011. The next time will be 2095, guess I won’t need to worry about that one. With the many long tedious hours that go with all the tasks that need to be done, please do not forget to take some time to relax and enjoy this wonderful Season, “SPRING” !

# The Housing Corner



## Spring Housing

Jan Schley GRI, REALTOR®

At the end of March, the National Association of Realtors reported that existing home sales had dropped 9.6% following a previous 3 month increase. The reasons they gave were; very tight credit rules and appraisals not supporting prices that were negotiated between buyers and sellers. Even with these figures being reported, our area has not been affected as much as many other parts of the country.

The good news is housing affordability conditions are at record levels, and the economy is improving. Interest rates

have risen a little bit, yet are still very low. Also in their report, they stated that existing home sales were 26.4 % higher than last July.

If you are thinking of buying or selling, please contact us to help you, we will go over any of your needs for buying or selling.

Spring is always an enthusiastic time of year to pursue your real-estate dreams!

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### **Ole and Sven went fishing**

Ole and Sven went fishing one summer and decided to rent a boat from the resort instead of fishing from the shore. They rowed out a ways and started to fish. They caught one fish after the other.

# The Auctioneer's Corner

## Ag Land Auctions - Leading The Market

By Kristine Fladeboe Duinick, Auctioneer, Broker, REALTOR®



The 1 Stop Realty, Inc. team couldn't be more excited about being Ag land professionals! It continues to be a historic time to sell agricultural land in Minnesota and many families are seeing the highest prices ever for their lifetime of hard work. We offer live auctions, sealed bid auctions and conventional listings; however, we believe that in this strong market the live auction method is the best option of all.

Today, auctions are the premier method of selling farmland. During the bidding procedure, the "spirit of competition" is contagious at auctions and in most cases it will exceed seller expectations. Our team is convinced that real estate auctions are the #1 choice for today's land sellers and our company will generate the highest revenue possible and give buyers near and far an equal opportunity to buy the farm.

One interesting fact is that we have examined recorded land sales in the courthouses and we have proven that the highest prices received are from the properties that were exposed to the market. We're finding that the properties that were on auction **sold up to \$1,500/ac higher** than the farms that were not on auction for basically the same type of ground in the same general area.



Our recent farmland auctions continued to sell at an all time high. As with all auctions, the marketing of these farms were handled thoroughly to produce fair market value on auction day and indeed they did.

On January 19th, we kicked off the year with a successful auction in Kasson, MN. The 80 acre farm is located in Dodge County. This tract has an average amount of tile with a high CPI of 90. There were 12 registered bidders and the contract sales price of the farm came to \$5,617 per deeded acre.

On March 3rd, we had another great land auction in Sunburg, MN. The 49 acre farm is located in Swift County. This farm is well tiled with a CPI of 87.3. Auction day was comprised of 17 registered bidders and the contract sales price of the farm came to \$5,196 per deeded acre. From my preliminary research, I believe this is a new record price for Swift County.



March 29th, made for a sunny day and another successful auction in Austin Township, Mower County. The 80 acre tract has some tile and two out building for storage. There was 13 registered bidders and the contract sales price came to \$6,116 per deeded acre.

We believe that the driving force behind record farmland sales is high commodity prices and the lack of supply versus high demand. Moreover, growing up "on the farm", it pleases me that the biggest economic reason for strong land prices is attributed to a **positive** and **profitable** Ag industry.

If you are considering selling, the prices have never been better and remember the capital gains tax rate is still historically low. Call us today for a private consultation regarding what your farmland is worth. We **can** and **will** get you the return you deserve.

Ole says to Sven, "I wish we could mark this spot. It's the best fishing I've seen since I was a boy." Sven replied, "I got some chalk in my tackle box, so why don't I put an X right here on the bottom of the boat?" Ole laughed, "You goofy brother of mine...What if we don't rent the same boat next time."

# What's For Sale?

## 78 +/- ACRES BLOOMING PRAIRIE AREA

MOWER CO. MN  
MLS# 4028089 - \$90,300



**NEW LISTING!**

Looking for your own hunting ground? How about a place to build your next home? This property has it! 76.6 acres of RIM ground, plus approx. 2 acres of ground to build on. (with proper planning & zoning)

Contact **Wendy Forthun** for more details at  
507-251-1637 or [wendy@1stop-realty.com](mailto:wendy@1stop-realty.com)

## 131 +/- ACRE PINE ISLAND AREA

OLMSTED CO. MN  
MLS# 4028048 - \$460,000



**NEW LISTING!**

Approx. 60.8 ac CRP, 12 ac cropland, and 55 ac woods.  
Perfect for hunting with income producing land.  
CRP could be bought out for higher returns.

Contact **Wayne Alberts** for more details at  
507-696-0955 or [wayne@1stop-realty.com](mailto:wayne@1stop-realty.com)

**FOR SALE!**

## HUNTING LAND WITH INCOME Pheasant, Deer, and Waterfowl

45.7 acres  
Southeast of Maynard, MN  
CRP & CREP Income

For more information, please contact Roger Heller at  
Heller Group, 1 Stop Realty, Inc.

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## 45 ACRE FARM SITE

MLS# 4021671 - \$479,000

**PRICE REDUCED \$425,000**

26020 600th ~ St Mantorville, MN 55955



You must see this one of a kind 45 acre farmsite! Great for any type of animals, or a small construction company in need of space. Located on blacktop road with newly remodeled house. Central air, forced air heat, and hot water heat. 3 bedroom, 2 bath, with a basement family room with a wood burning fireplace. Insulated shop with attached machine shed, cattle barns, quonset shed, and silos.

Contact **Wayne Alberts** for more details at 507-696-0955  
or email at [wayne@1stop-realty.com](mailto:wayne@1stop-realty.com)

Don't forget to check out our website for more details!

**www.1stop-realty.com**

**36 ACRE BUILDING SITE**

MLS# 4022765 - \$200,000  
190th St ~ Dodge Center MN 55927



This 36 acre piece of ground is brimming with possibilities! Just outside of Dodge Center & part of proposed urban expansion, it is good for 1 building site & can be plated for more. There is abundant wildlife, plenty of wooded area, & a small stream. A perfect opportunity to build your dream home in the sanctuary of the woods with the comforts of town right next door.

Call **Wayne Alberts** for more details at **507-696-0955**  
or email at [wayne@1stop-realty.com](mailto:wayne@1stop-realty.com)

**COUNTRY HOME ON 3 ACRES**

MLS# 4024479 - \$197,500  
**PRICE REDUCED \$187,500**  
16189 635th St ~ Dodge Center, MN 55927



Want to move to the county? Need storage space for your toys or machinery etc? Check out this large 54x80 pole shed. Nice sized rambler with plenty of room for growth. Quick access to Hwy 14 to either Rochester or Owatonna. A real must see!



Add'l 10 ac available MLS# 4024498

Contact **Wendy Forthun** for more details at **507-251-1637**  
[wendy@1stop-realty.com](mailto:wendy@1stop-realty.com)

***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***

**Check our website for  
current listings!**

**www.1stop-realty.com**

**154.5 ACRE FARMLAND**

OLMSTED CO. MN  
MLS# 4021982 - \$594,500



154.5 acres of good farmland in Olmsted County. 101.7 acres tillable, average CPI values. Whether you're looking for addtl acres to add to your current farming operation, or looking for income producing opportunities, this parcel has it!

Call **Wendy Forthun** for more details at **507-251-1637**  
or email at [wendy@1stop-realty.com](mailto:wendy@1stop-realty.com)

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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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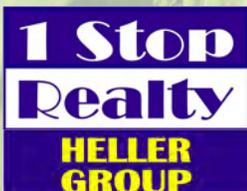


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