

"The Experienced Farmland Professionals!"

WINTER ISSUE, 2009

Quarterly Combine

"Combining what's happening with what you need."

1 Stop Realty, Inc.

The Land Office, LLC.

THIS ISSUE:

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Our Mission;

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

LAND VALUE

The current land market maybe showing signs of some adjustment. Some will say it is

"The euphoric high crop prices of last summer have been replaced with simple concern for profitability by operating farmers."

-Kirk

soft, I think the market is strong but the differential as to quality and profitability has returned.

The lower quality land is pulled to the higher quality in times of high demand. If demand shifts or potential returns change the spread in land price resurfaces and should be not unexpected.

The euphoric high crop prices of last summer have been replaced with simple concern for profitability by operating farmers. At the same time the investment markets are in turmoil and the hard asset of farmland is looking pretty good to many.

Some of you have heard me say: Mom, apple pie, the flag and farmland, good solid core values.

—Kirk

HOW TO ESTIMATE LAND VALUE

What are the factors that cause land to have a specific value, and a value different than the land that is close by? Land has different values for different reasons, such as: limited supply, location, productivity, and any improvements made to it, such at tiling.

"Limited Supply," meaning there is no more of it, what we have is what we've got. Farmland can be even more limited by expanding city limits and any other project that need

more land to use than what they already have. Limited Supply can also apply to what land is on the market, if no one is selling there is no way for you to expand. This also means that if there is land for sale, and it is in the right location, the value is higher to the prospective buyer and seller.

If you want to expand, and your neighbor is selling his land, that will make his land worth

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HOW TO ESTIMATE LAND VALUE, CONTINUED

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more to you. This also means that if you have two neighbors who both want the same piece of land that you are selling,

“While the prices of land have softened from the record highs that were seen in the last quarter of last year, high quality ground has remained strong”

the price of that land may go even higher. If your land is next to town, or between two large tracks that would benefit from being connected, the worth of that land will be more.

COOKING WITH JAN

"GRANDMA RAMAHS' VEGETABLE HOTDISH

- 1 package California blend frozen veggies
- 1 cup minute rice (raw)
- 1 can cream of chicken soup
- 1 stick margarine
- 1/2 cup milk
- 1/4 cup water
- 3 cheese slices

Method

Grease casserole, put vegetables in first, add rice, heat soup, margarine, milk and water, pour over mixture, lay cheese slices on top, cover and bake 30 minutes at 350°F

(can add hunks of cooked chicken if like)



I am a Realtor, Wife, Mom and Grandma and love to cook and bake in my spare time. Most of the recipes I use are tried and true favorites of generations of family. I created a Family cook book a few years ago with a brief history, pictures, and recipes from our ancestors and immediate family. Hope you enjoy this recipe as much as we do.

Productivity of the soil/CER; the better the soil the better the value of the land for agricultural purposes. Tiling also has an impact on the productivity of the land. Tiling can drive the value of a parcel of land up because the buyer then doesn't have to put it in themselves, and the productivity of the soil is better.

So when looking at land values, all of the factors that make up the characteristics of the land at hand help put a value on that land.

While the prices of land have softened from the record highs that were seen in the last quarter of last year, high quality ground has remained strong, while the lower quality ground has fallen off a little more. So if you would like to talk to one of the experienced farmland professionals at 1 Stop Realty, Inc. give us a call and one of our farmland professionals will be glad to help you with all your real estate needs.

'Uff Da!'

Lena called the airlines information desk and inquired, "How long does it take to fly from Minneapolis to Fargo?"

"Just a minute," said the busy clerk.

"Vell, said Lena, "if it has to go dat fast, I tink I'll jyst take da bus."

The Mailman was making a delivery to Ole's house and noticed a Penguin walking around the side yard. After asking Ole where it came from and finding out that it just showed up a couple of days before, he told Ole that Penguins don't normally walk around Minnesota and maybe Ole should take him to the Zoo. Ole agreed with him and said he would do it this afternoon.

The next day while driving by Ole's the Mailman noticed the Penguin was still there. He stopped and said to Ole, " I thought you said you were going to take the Penguin to the Zoo yesterday."

Ole replied, " I did, and we had so much fun that dis afternoon we are going to a baseball game."

One day Lena confided to her friend Hilda that she had finally cured her nervous husband, Ole, of his habit of biting his nails.

"Good gracious, " said Hilda, "How did yew ever dew that?"

"It vas really simple, " was Lena's reply. "I jyst hid his false teeth."

MANAGEMENT MINUTE: GOING FORWARD WITH FLEX LEASES

Do you know what a flex lease is? A flex lease is where the owner receives a base or minimum rent plus a share of the gross revenue in excess of a certain base value. Many landlords and tenants are used to a flat rate lease where you pay a set amount per acre every Spring and that's it.

Variable markets and unsure yields make it difficult to arrive at fair cash prices in advance for each crop year. To address this issue, some landowners and tenants use flexible lease agreements in which the total rent is not determined until after the crop is harvested.

With the high rents there have been occurring, this gives the operator the chance to remain profitable at a lower base rent and the potential for the landlord to receive additional compensation if the revenue is available.

Flex leases have the following advantages:

- The actual rent paid adjusts automatically as county yields and county prices fluctuate.
- Risks are shared between the owner and the tenant, as are profits.
- Landlords are paid the cash base rent in the Spring—they don't have to be involved in decisions about crop inputs or grain marketing.

Definitions

Base rent may be the amount that has been paid for several years.

Base value for gross revenue is the amount that would be received under typical yield and price conditions corresponding to the base rent.

Bonus, both parties must agree on the percentage to be used above the gross revenue amount as the shared profit.

Yield, using actual farm yields to calculate the rent may cause the lease to be considered a "share" lease by the FSA, so by using the county average yield as estimated by the USDA, will avoid this issue.

Price is used to calculate the final rent payment. You can use the posted county prices by the FSA each day or on a monthly average.

"A flex lease is where the owner receives a base or minimum rent plus a share of the gross revenue in excess of a certain base value."

Put The Agreement In Writing

It is highly desirable to put the terms of a lease agreement in writing. A written lease agreement enhances understanding and communication between all involved parties, serves as a reminder of the terms originally agreed upon, and provides a valuable guide for the heirs if either the landowner or tenant dies.

Every lease agreement should include certain items -- the names of the parties involved, an accurate description of the property being rented, the beginning and ending dates of the agreement, the amount of rent being paid and when and how it is to be paid, and the signatures of the parties involved. Furthermore, other provisions (such as the rights and responsibilities of both parties) which provide for most of the concerns of both the landowner and tenant.

In summary, some landlords and tenants may want to avoid the possibility

of a very high or very low rent in a given year by setting a maximum and/or minimum rent. This keeps the actual rent paid each year within a desirable range. The key to good farm leases are good relationships and open communication.

**Come Visit Us At the
Agri News Rochester
Farm Show 2009!**

**Graham Arena East and
West, Olmsted County
Fairgrounds
Rochester, MN**

**March 25th & 26th,
2009**

**1 Stop
Realty**

Why 1 Stop Realty, Inc.?

- ◆ It is a local company with broad reach.
- ◆ We are experienced in land sales & management of agricultural properties.
- ◆ Our skilled professionals are trained to support all of your needs.
- ◆ We provide personalized service to each and every transaction.

CONTACT US ANYTIME!

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Learn more about our team, and the history of 1 Stop Realty, in the Spring issue!



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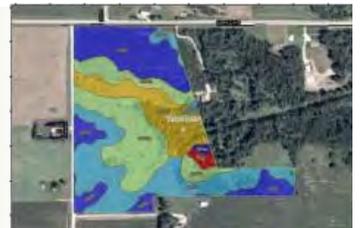
WHAT'S FOR SALE?



Listing # 4008680

Great location to build a home out in the country, yet still close to town. With income producing potential on tillable ground and the 24.09 CRP acres. CRP contract good thru 2011. Slightly rolling hills, trees and a great view. Exact acres will be determined by a survey. Addtl. acres available MLS #4008679. Call Wendy for more details and for a complete info packet.

Happy Valentine's Day!



Listing #4008679

Great location to build a home out in the country, yet still close to town. Slightly rolling hills, trees and a great view. Income producing thru 2011 on 30.37 CRP acres. Exact acres will be determined by a survey. Addtl. acres available MLS#4008680. Call Wendy for more details and for a complete info packet.