

The Yield

CURRENT LOCAL MARKET TRENDS

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The New Year has ushered in some interesting changes in our local agricultural real estate market. We have seen a significant reduction in the number of farms for sale, either by public auction or private treaty. Obviously no one can accurately explain the real reason for this; however, history usually paints the clearest picture of the future. Evidence dating back to the mid 70's show that, when the market becomes even the least bit uncertain, sellers usually hold tight in an effort to not expose themselves in a volatile time.

THE FEAR OF NO SALE

Most of us have all attended an auction that ended in a "NO SALE", and to a seller this is the most terrifying fear of selling a property at public auction. Not only is it very embarrassing, but it also shows everyone present, and at the local coffee shop, that the sellers prospective of value is much different than what any buyer is willing to pay. In my opinion, the "NO SALE FEAR" is the very reason we are seeing a reduced number of auctions this year. With a consistently stagnant grain market, and three to four previous years of bumper crops causing downward pressure on grain prices, the producers excess capital is dwindling, which is causing them to rethink adding additional payments to their operation. Without farmers willing to be as aggressive today as they have in the past we are left with investor buyers who tend to be less aggressive by nature.

All of this seems rather bleak; however, the farms that have sold in the past few months have sustained very good values. The good news is that even though figures 1 and 2 show the total acres sold and number of sales drastically down from Q4 2016 to Q1 2017, figure 3 shows the average price per acre up from Q4 2016 to Q1 2017. This change in value could be caused by any number of reasons i.e. quality of farms sold, and the lack of data available for comparison, never the less, values are holding steady despite the lack of farms on the market.

(Continue on page 2)

Figure 1:

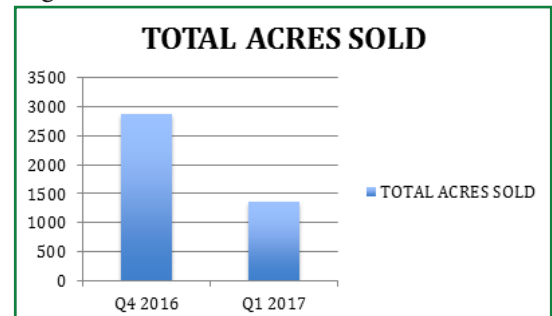


Figure 2:

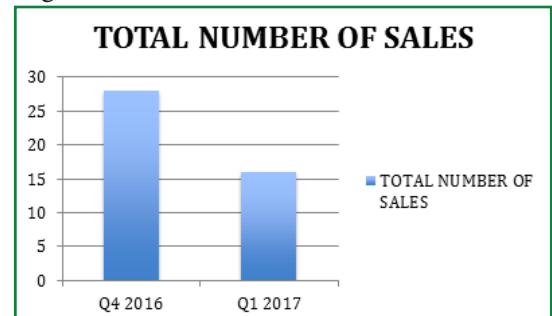
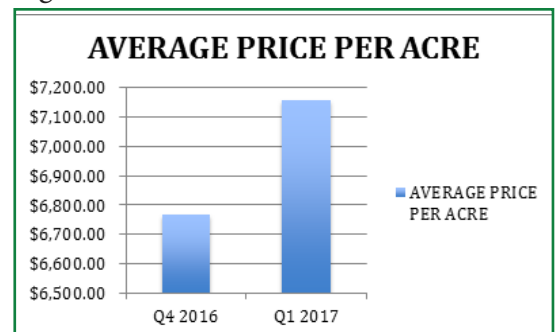
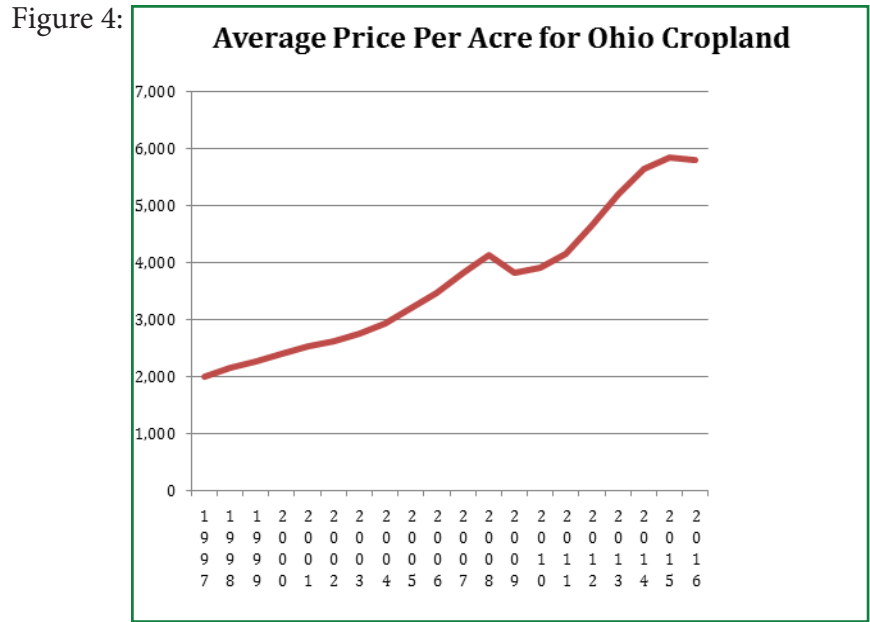


Figure 3:



(Market Trends Continued...)

From an investment standpoint it can be rather scary when things start heading in a downward direction but its important to remember the past and where we were when this upward ride started. In figure 4 you can see that we have experienced a rather significant increase in the price of land in the last 20 years. In 1997 the average price of farmland was \$1,910 per acre, 2016 the average price was \$5,800 per acre. This doesn't include inflation but it also doesn't include the amount of income that the landowner received from the land. It's very hard to imagine with this type of increasing value in the last 20 years that we are all freaking out over the 1% decrease in value from 2016 to 2017. It might not be a bad idea to relax and let the chips fall where they may this year.



LOCAL SALE HIGHLIGHTS

191 Acres located in Hardin County Ohio, Liberty Township, December 2016, 187 acres tillable, sold for \$8,033 per acre.

71 Acres located in Auglaize County Ohio, Goshen Township, December 2016, 63 acres tillable, sold for \$6,500 per acre.

77 Acres located in Hardin County Ohio, Liberty Township, January 2017, 75 acres tillable, sold for \$7,600 per acre.

140 Acres located in Hardin County Ohio, Hale Township, December 2016, 123 acres tillable with the balance woods, sold for \$4,800 per acre.

103.17 Acres located in Hardin County Ohio, McDonald Township, February 2017, 102 acres tillable, sold for \$8,200 per acre.

122 Acres Logan County Ohio, McArthur Township, March 2017, 87 acres tillable with the balance house, buildings, and woods, home and buildings valued at \$350, 000, sold for \$975,000 total.

160 Acres located in Logan County Ohio, Stokes Township, March 2017, 142.6 acres tillable, 14 acres woods, 1 acre home site, and 2.4 acres road waste, sold for \$7,562.50 per acre.

FOOD FOR THOUGHT

Too many times we all take life too serious, we don't take time to enjoy the moments that will quickly fade like sitting on the front porch with our spouse, kids, grandkids, friends, or neighbors. These slow, seemingly non-productive moments in life can in fact turn out to be some of the most important time we spend on this earth. As the weather begins to change and we all start the hustle that spring brings, I encourage all of us to take a moment to push the pause button and take the time to invest in someone that is very important in your life. I have included some funny quotes from an old farmer that could be your topic of conversation.

Wisdom from an old farmer to a young farmer:

- Your fences need to be horse-high, pig-tight and bull-strong.
- Keep skunks and bankers at a distance.
- Life is simpler when you plow around the stump.
- A bumble bee is considerably faster than a John Deere tractor.
- Words that soak into your ears are whispered & not yelled.
- Meanness don't just happen overnight.
- Forgive your enemies; it messes up their heads.
- Do not corner something that you know is meaner than you.
- It don't take a very big person to carry a grudge.
- You cannot unsay a cruel word.
- Every path has a few puddles.
- When you wallow with pigs, expect to get dirty.
- The best sermons are lived, not preached.
- Most of the stuff people worry about, ain't never gonna happen anyway.
- Don't judge folks by their relatives.
- Remember that silence is sometimes the best answer.
- Live a good and honorable life, then when you get older and think back, you'll enjoy it a second time.
- Don't interfere with somethin' that ain't bothering you none.
- Timin' has a lot to do with the outcome of a rain dance.
- If you find yourself in a hole, the first thing to do is stop diggin'.
- Sometimes you get, and sometimes you get got.
- The biggest troublemaker you'll probably ever have to deal with, watches you from the mirror every mornin'.
- Always drink upstream from the herd.
- Good judgment comes from experience, and a lotta that comes from bad judgment.
- Lettin' the cat outta the bag is a whole lot easier than puttin' it back in.
- If you get to thinkin' you're a person of some influence, try orderin' somebody else's dog around.
- Live simply, love generously, care deeply, speak kindly, and leave the rest to God.
- Don't pick a fight with an old man. If he is too old to fight, he'll just kill you.