GreenStone Overview

- Part of the nationwide Farm Credit System
- Dominant provider of credit and financial services in Michigan and Northeastern Wisconsin.
- $108 million paid in patronage since 2005
- 70% market share (against selected banks)
- 97% customer satisfaction in 2012
- 22,000 customers
- $6 billion in owned and managed assets
- 37 locations (headquarters in East Lansing)
- 460 team members
Portfolio Diversity

GreenStone Farm Credit Services
Volume by Enterprise as of June 30, 2012

- Dairy: 23%
- Cash Crops: 20%
- Part-time/No Major Ag Prod: 18%
- NonAgriBus: 0%
- MISC: 3%
- Livestock: 3%
- Landlords: 1%
- Hogs: 3%
- Greenhouse and Nursery: 3%
- Sugar Beets: 1%
- Poultry: 1%
- Potatoes: 2%
- Rural Home: 3%
- Broilers: 2%
- Eating Places: 1%
- Fruit: 3%
- Gov Guar: 1%
- Grain & Field Beans: 1%
- AgBus: 5%
- Trees: 3%
Profitability Drives Rents

Sugar Beet margins per acre in 2012 were $1000/acre, with variable costs/acre at $500 and land rents up to $500.

Corn margins are $3-400/acre depending on yield with average rents running from $150 to $225/acre.

Soybeans – $250-400/acre margin with similar cash rents for corn.

Apples - $3,850/acre average net, including rent of $350-$700/acre, depending on age and productivity of the orchard.

Tart cherries – $2,000/acre net less 50% if orchard is leased. One of the few crops done on a shared basis.
Land Value Trends Map

Cash Crop - Western NEWI 43.7% $3,538/acre
Cash Crop - Southeast NEWI 96.3% $5,300/acre
Cash Crop – Saginaw Valley, MI 62.6% $5,325/acre
Cash Crop – Northern Thumb, MI 118.5% $5,925/acre
Cash Crop – Mid-Michigan 47.9% $4,750/acre
Cash Crop – Southern MI 30.4% $3,000/acre
Cash Crop – Southeast MI 50% $4,500/acre
Michigan Dairy -21.6% 1,500 Free Stall on 40 acres
Wisconsin Tie Stall Dairy 40 acres -2.8%

Recreational - Northern MI -44.9% $1,350/acre
Transitional – Southern Thumb, MI -17.9% $3,285/acre
Transitional - Central NEWI 95.0% $7,800/acre

Transitional - Southwest MI 50% $4,500/acre
Transitional - Southeast MI -44.2% $4,800/acre

Michigan Dairy -21.6% 1,500 Free Stall on 40 acres
Wisconsin Tie Stall Dairy 40 acres -2.8%
Lease Rates

Sanilac: $75-$80/acre
Midland: $75-$250/acre
Mecosta: $75-$300/acre
Newaygo: $75-$150/acre
Oceana: $100-$250/acre
Kent: $75-$150/acre
Montcalm: $100-$250/acre
Gratiot: $100-$250/acre
Tuscola: $40-$100/acre
St. Clair: $75-$150/acre
Clinton: $75-$150/acre
Ionia: $75-$150/acre
Ottowa: $75-$150/acre
Allegan: $75-$150/acre
Barry: $75-$150/acre
Eaton: $75-$150/acre
Ingham: $75-$150/acre
Livingston: $75-$150/acre
Oakland: $75-$150/acre
Macomb: $75-$150/acre
Wayne: $75-$150/acre

Tart Cherries 50/50: $1,000/acre

Apples: $75-$300/acre

Ave $200/acre to $500/ acre for Sugar Beet Ground

$250/acre to $400/acre for Irrigated Land

$150 - $400/acre

$100 - $250/acre

$75 - $150/acre
Typical Land Rental Arrangements

❖ Lease and rental agreements are overwhelmingly on a cash per acre basis for not only row crops but, for many specialty crops as well.

❖ Agreements are informal. Typically for 1 to 3 years with some going up to five years or longer in NE Wisconsin.

❖ Rental rates are generally driven by overall projected commodity margins similar to the way a purchase price/acre is determined but:
  • Dairy producers are more apt to pay “whatever is necessary” to keep the acres needed to feed animals and spread manure.
Typical Land Rental Arrangements

Rents determined by:

- Soil productivity.
- Commodity profitability.
- Localized supply and demand.
- Length of time of the relationship between landlord and tenant.
- Ease of operation of the parcel. (Size, location, etc.)
Typical Land Rental Arrangements

Emerging Trends

• Some use of formally adjustable rental agreements to benefit landlords as commodity prices increase and producers should they decline.

• Less successful operators blindly driving up land costs to “keep up with the neighbors”.

• Larger producers can and are travelling further to acquire land (farming further north in Michigan.)