

Leasing Agricultural Assets

11/27/2012

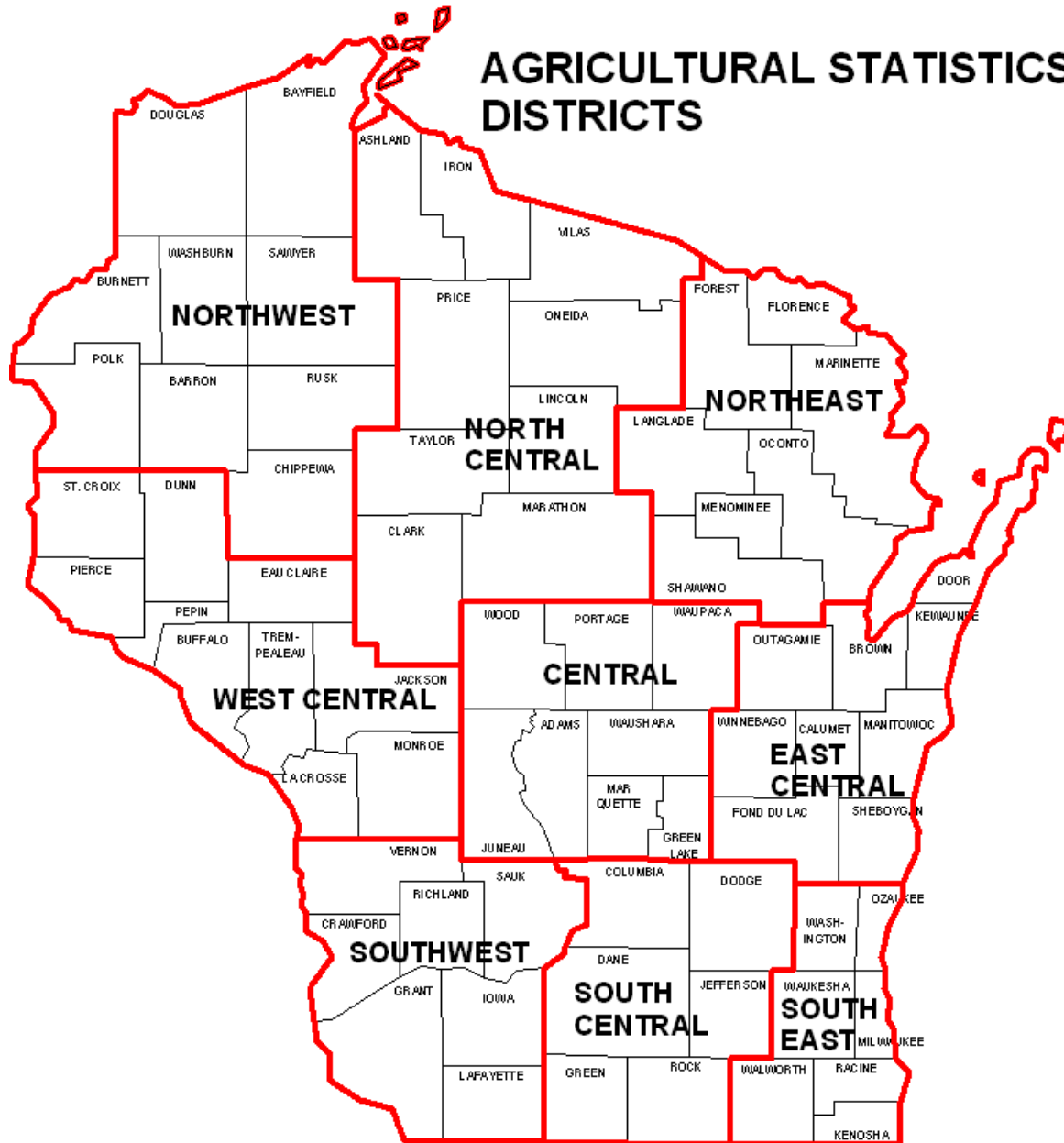
- Arlin Brannstrom
 - Faculty Associate
 - UW Center for Dairy Profitability &
 - Secretary / Treasurer WI Chapter ASFMRA

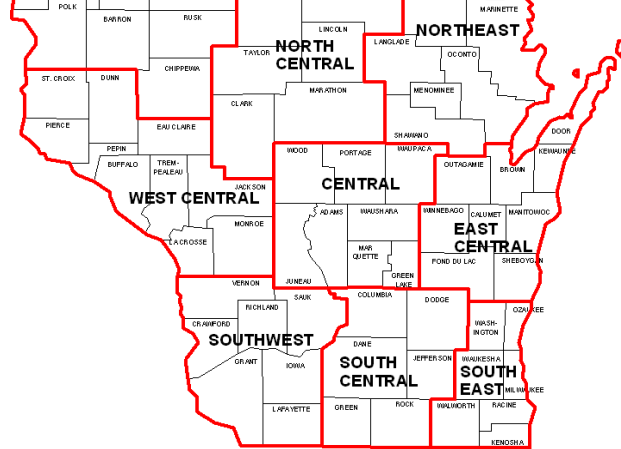
 - 285 Animal Science
 - 1675 Observatory Drive
 - Madison, WI 53706

WI Ag Land Sales Trends

- 2006-2011 Sales as collected by WI Department of Revenue
 - Bare Land
 - Assessed for Ag Purposes
 - >35 and < 1200 Acres
 - Non-related parties
 - No water frontage
 - No values < \$300 and > \$12000/acre (non-ag)
 - No retained rights

AGRICULTURAL STATISTICS DISTRICTS



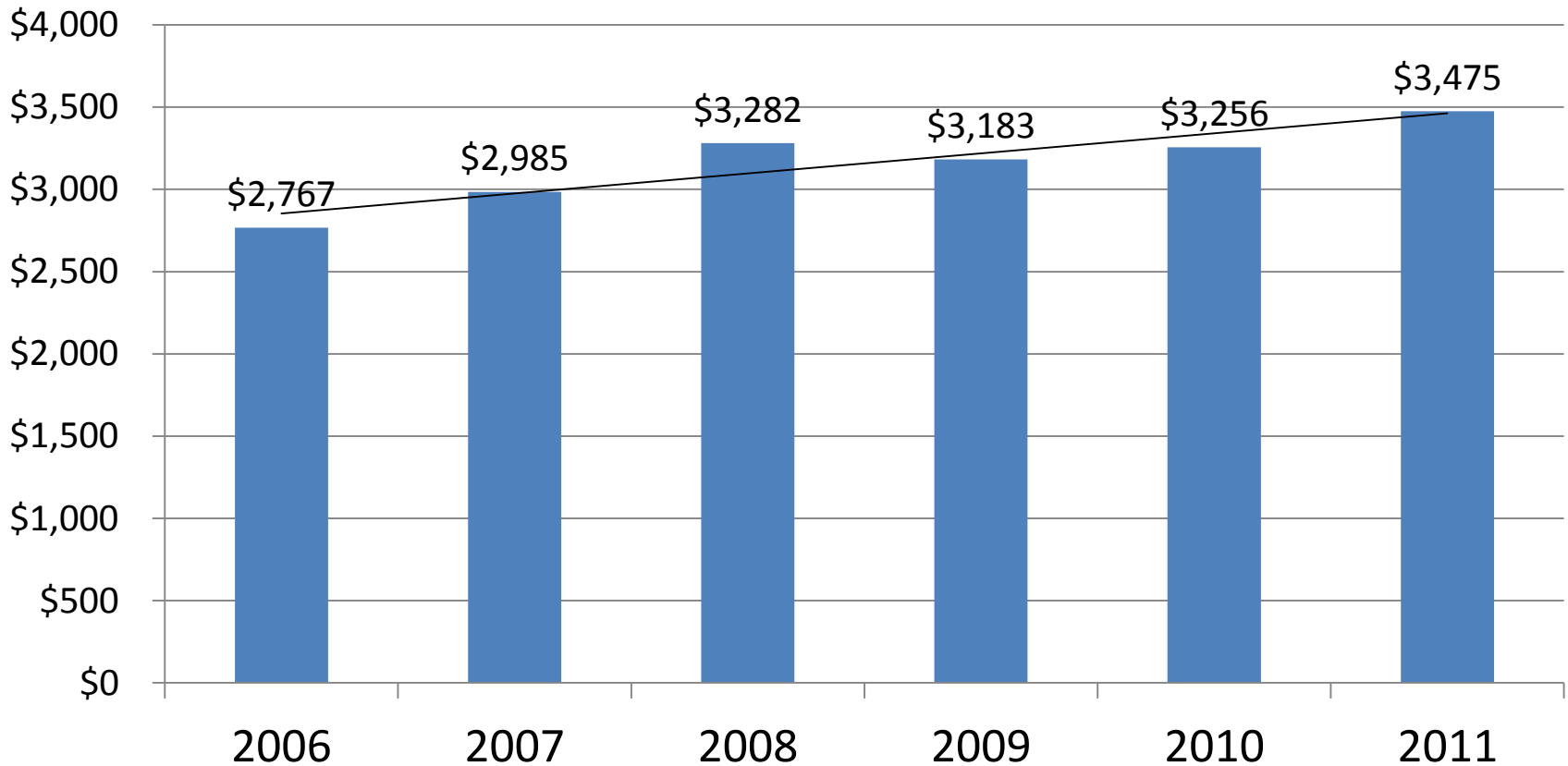


	2009			2010			2011		
	Count	Acres	Wt Avg \$/Ac	Count	Acres	Wt Avg \$/Ac	Count	Acres	Wt Avg \$/Ac
1 NW District	56	4,911	\$1,978	103	7,050	\$1,753	119	8,492	\$1,935
2 NC District	83	6,544	\$2,019	109	7,645	\$1,832	106	7,259	\$1,958
3 NE District	55	3,867	\$2,717	63	4,926	\$2,481	64	4,027	\$2,588
4 WC District	137	11,595	\$2,912	211	16,764	\$2,982	289	22,770	\$3,254
5 C District	77	6,524	\$2,436	123	10,756	\$2,958	121	8,666	\$2,428
6 EC District	131	9,555	\$4,047	136	9,527	\$3,792	178	13,336	\$4,547
7 SW District	143	11,092	\$3,267	183	17,091	\$3,234	175	15,398	\$3,140
8 SC District	127	9,999	\$4,135	171	18,359	\$4,372	187	15,523	\$4,902
9 SE District	30	2,179	\$5,304	40	3,621	\$5,442	51	4,091	\$6,039
Grand Total	839	66,266	\$3,183	1,139	95,739	\$3,256	1,290	99,562	\$3,475

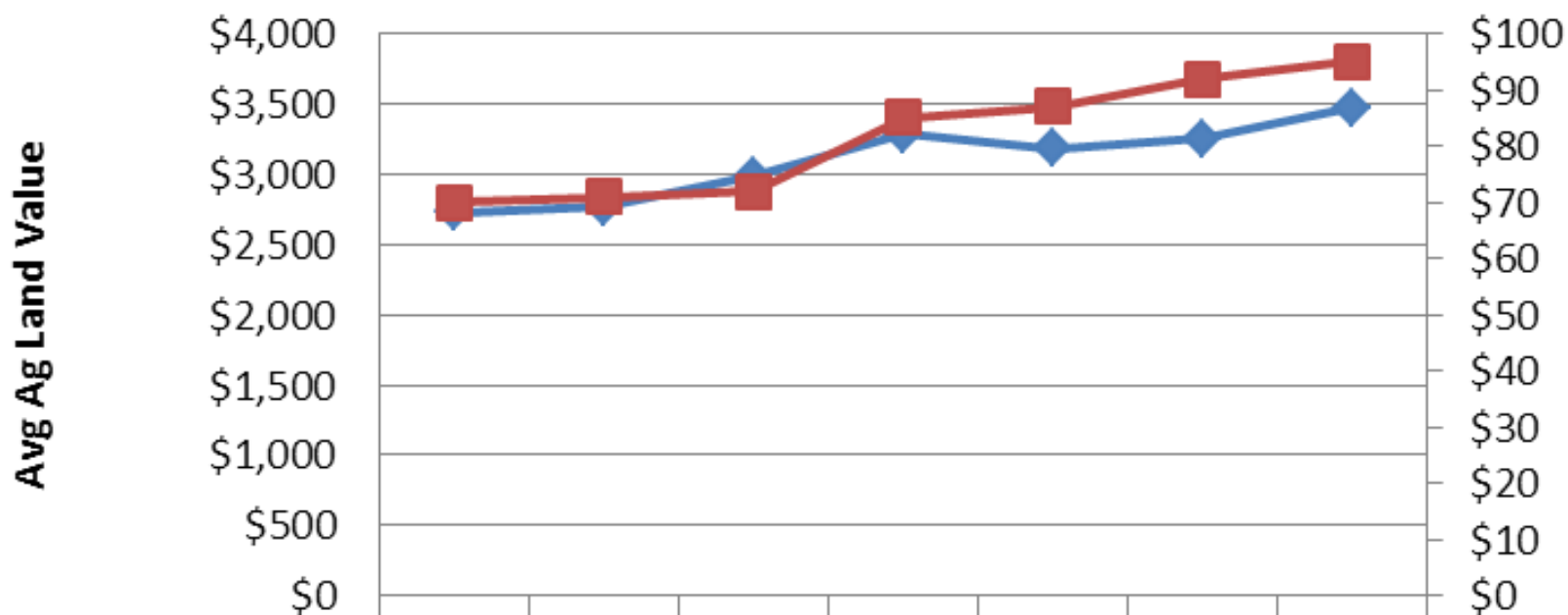
WI Ag Land Trend Line 2006-2011

Ag Land Values 2006-2011

$$y = 121.56x + 2732.6$$
$$R^2 = 0.8373$$



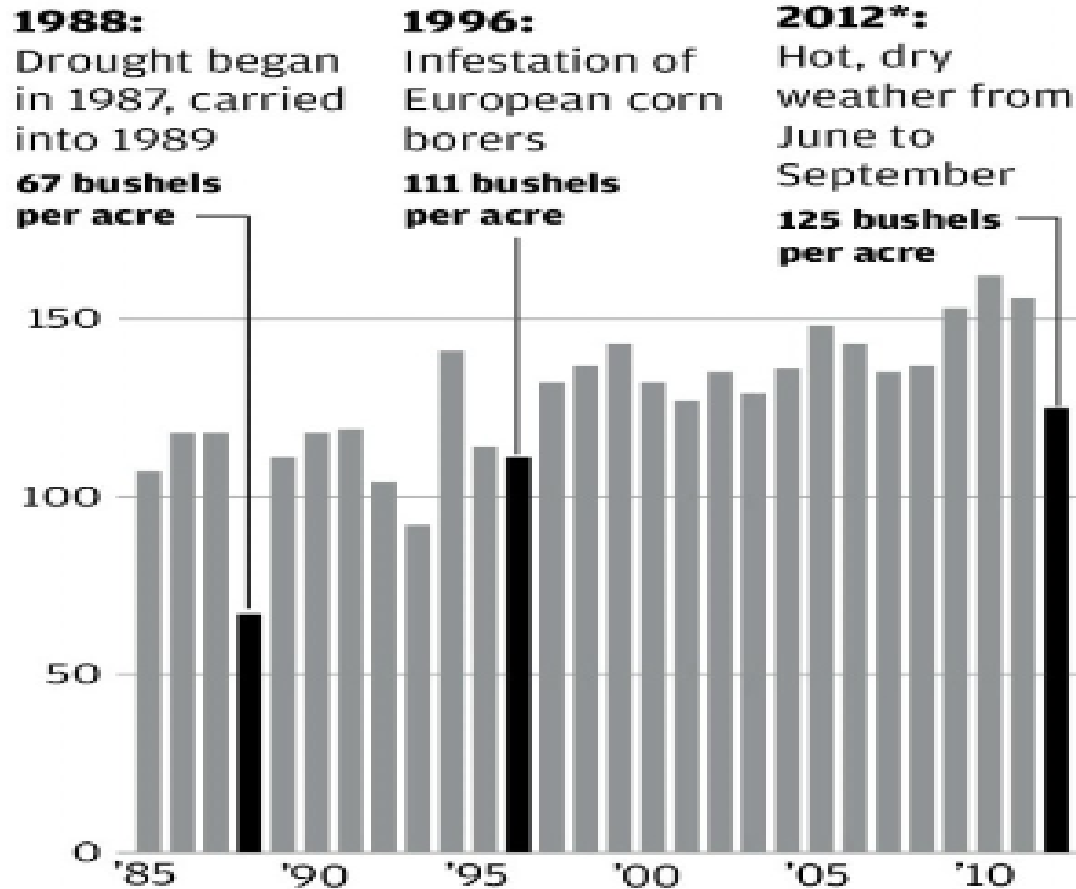
WI Land Value vs Rental Rate



	2005	2006	2007	2008	2009	2010	2011
◆ Land Value	\$2,724	\$2,767	\$2,985	\$3,282	\$3,183	\$3,256	\$3,475
■ Rental Value	\$70	\$71	\$72	\$85	\$87	\$92	\$95

Wisconsin corn yields

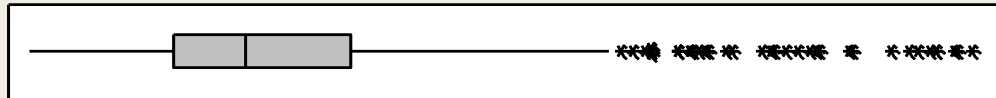
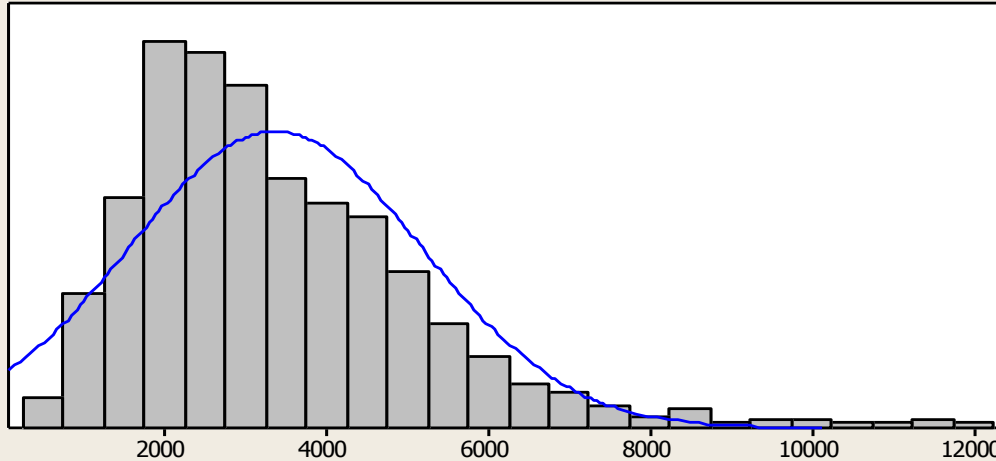
Wisconsin's corn yield suffered this year after three straight record years.



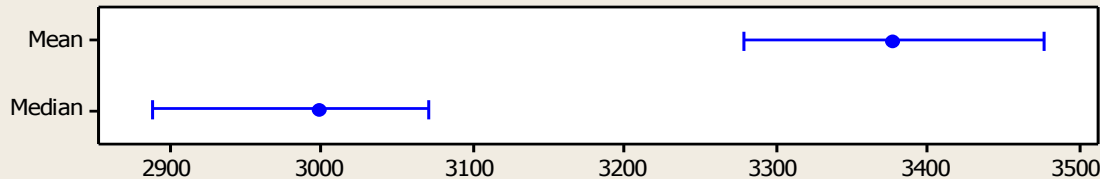
* 2012 yield is a forecast as of Nov. 1, 2012 and has a 2.1 percentage point margin of error.

Sales are skewed

2011 Summary Statistics Bare Ag Land > 35 Acres



95% Confidence Intervals



Anderson-Darling Normality Test

A-Squared	24.05
P-Value <	0.005

Mean	3376.3
StDev	1811.4
Variance	3281039.4
Skewness	1.40788
Kurtosis	3.11480
N	1290

Minimum	336.5
1st Quartile	2131.1
Median	3000.0
3rd Quartile	4305.6
Maximum	11971.8

95% Confidence Interval for Mean	
3277.4	3475.3
95% Confidence Interval for Median	
2888.1	3071.3
95% Confidence Interval for StDev	
1744.1	1884.1

<http://cdp.wisc.edu>

or

<http://www.wcasfmra.org>

Wisconsin
Agricultural
Land Prices

February 20

2011

Strong commodity prices and low interest rates combined to fuel another increase in Wisconsin ag land prices in 2011. While the year over year increase was modest, there was a strong uptick in average land values in the 4th quarter.

Ag Land
Values up
6.7%

Antidotal Observations about WI Ag Land Values 2012

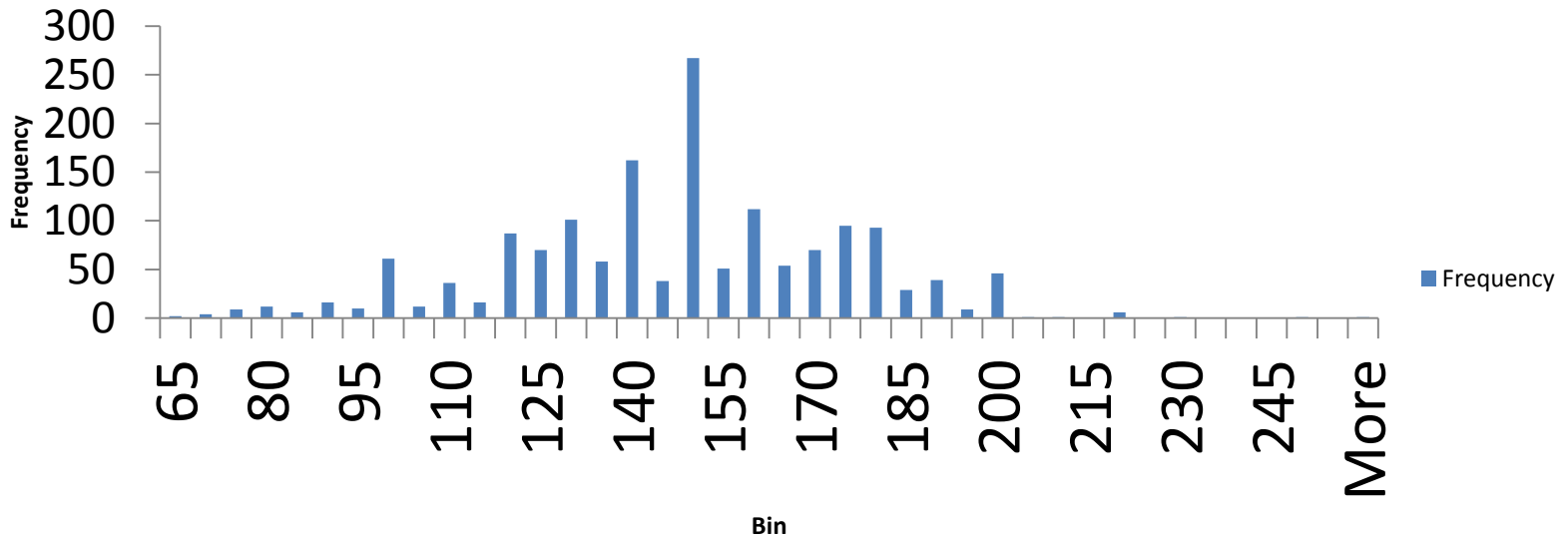
- A number of cash sales have topped \$10,000/acre in Southern WI
- At Least 2 large agricultural tracts have been purchased by pension funds or hedge funds
- Good quality land commands premiums
- Poorer land and recreational lands have not enjoyed much bump
- Very few land auctions in Wisconsin

Wisconsin Rental Rate Observations

- Wisconsin differs from Illinois, IA & IN in
 - % of land absentee owned
 - % of land not suitable for continuous row crops
 - 12,000 operating dairy farms – all with nutrient management challenges
 - Liberal Ag Land Use Value Taxation rules

Reported 3 yr Average Corn Yields

3 yr Corn Yield Distribution 2011
Barron/Chippewa/Clark
Dunn/Eau Claire/Pepin
Pierce/Polk/St.Croix & Trempeleau Counties



2011 Western WI Rental Survey Summary

2011 Western WI Rental Survey Summary							
Count	Min Avg Yield	Max Avg Yield	Avg Yield	Min Rent	Max Rent	Avg Rent	
Renters							
Cropland							
County	Count	Min Avg Yield	Max Avg Yield	Avg Yield	Min Rent	Max Rent	Avg Rent
Barron	148	50	140	200	\$15	\$135	\$58
Chippewa	97	65	137	190	\$12	\$200	\$76
Clark	58	90	143	190	\$30	\$200	\$68
Dunn	111	50	145	210	\$0	\$150	\$69
Eau Claire	99	75	142	190	\$25	\$450	\$91
Pepin	56	90	147	190	\$35	\$225	\$94
Pierce	195	80	155	200	\$25	\$200	\$92
Polk	92	78	135	200	\$0	\$100	\$46
St Croix	131	90	151	220	\$13	\$170	\$82
Trempealeau	33	90	148	190	\$34	\$180	\$94
Grand Total	1020	50	145	220	\$0	\$450	\$76

2011 Western WI Land Owner's Rental Survey Results

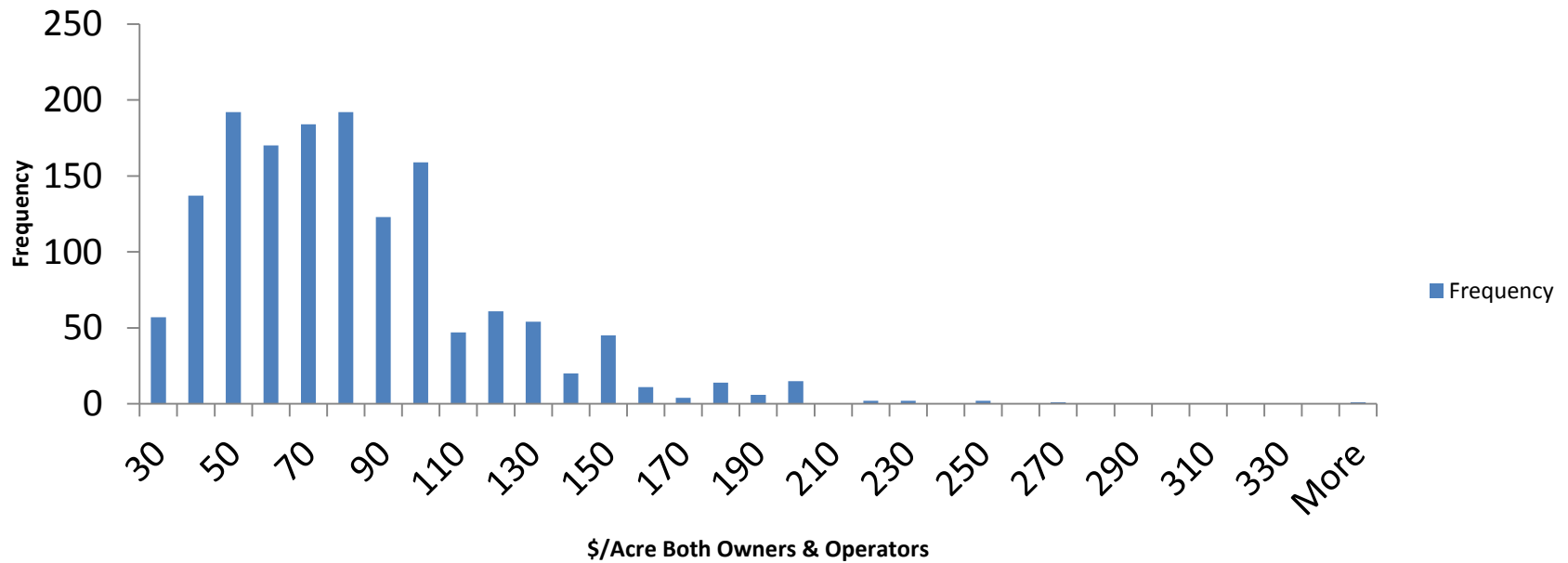
Land Owners		Cropland					
County	Count	Min Avg Yield	Avg Yield	Max Yield	Min Rent	Max Rent	Avg Rent
Barron	80	85	153	200	\$19	\$150	\$63
Chippewa	54	45	147	188	\$20	\$160	\$87
Clark	6	120	133	140	\$35	\$215	\$79
Dunn	76	0	134	230	\$26	\$140	\$72
Eau Claire	84	0	136	220	\$0	\$200	\$77
Pepin	41	100	162	260	\$50	\$165	\$100
Pierce	122	120	160	218	\$40	\$200	\$112
Polk	56	100	158	205	\$15	\$270	\$75
St Croix	75	86	161	200	\$40	\$190	\$88
Trempealeau	12	120	150	190	\$70	\$190	\$93
Grand Total	606	0	152	260	\$0	\$270	\$85

Western WI Pasture Rental Survey 2011

Pasture Rent				
County	Count	Min Rent	Max Rent	Avg Rent
Barron	7	\$40	\$54	\$48
Chippewa	24	\$25	\$200	\$64
Clark	9	\$32	\$105	\$58
Dunn	30	\$0	\$300	\$61
Eau Claire	17	\$20	\$150	\$56
Pepin	7	\$40	\$90	\$59
Polk	36	\$8	\$85	\$39
St Croix	13	\$13	\$109	\$63
Trempealeau	8	\$8	\$140	\$60
Grand Total	151	\$0	\$300	\$55

Western WI Rental Rate Survey 2011

Rental Rate Distribution 2011
Barron/Chippewa/Clark
Dunn/Eau Claire/Pepin
Pierce/Polk/St.Croix & Trempeleau Counties



New Regional Leasing Resources Available

- New website with leasing bulletins for:
 - Cash Leases
 - Crop Share Leases
 - Pasture Leases
- New website for educators / landlords & farm operators
 - <http://www.aglease101.org>
 - Funded by a grant of the North Central Risk Management Education Center at the University of Nebraska

http://www.aglease101.org

AG LEASE 101

[Home](#) [Document Library](#) [FAQ](#) [For Educators](#) [About Ag Lease 101](#) [Contact](#)

AG LEASE 101

Ag Lease 101 helps both land owners and land operators learn about alternative lease arrangements and includes sample written lease agreements for several alternatives. Ag Lease 101 was created by and is maintained by the North Central Farm Management Extension Committee.



GETTING STARTED...



THE PERFECT FIT

Fixed & Flexible, Crop Share, Pasture...
Which arrangement fits best for you?



QUESTIONS?

Answers to frequently asked questions
about farm leases.



CONNECT & LEARN

Ag Lease 101 is mobile optimized and
socially integrated. Connect on [Facebook](#)
& [Twitter](#).