

THE WISE AG UPDATE



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COMMENTARY by Murray Wise



I have a friend whose family has a special agreement when they get together. When one sibling starts to repeat an old story, another sibling may raise her hand signaling the need for brevity, if not suspension.

Well, you may as well go ahead and raise your hands because I'm about to take you down an old familiar path. It's the road to our industry's future... a future I think is extremely bright, despite the apparent potholes we're currently negotiating. Yes, I'm well aware of the obstacles we face, but, continuing the metaphor, I think they're more "bumps in the road" than permanent change in our long term outlook. I also acknowledge that one man's "short term" can seem quite lengthy to another, but I remain truly optimistic about our long term journey.

Here's the thing: We're in a tough patch, but key circumstances remain in place that will provide the momentum to move U. S. agriculture through the current situation and on to the bright future I've predicted for years. We've

long identified global growth trends in household incomes and resultant demand for improved diets. Such growing demand in Asia alone will be an important driver going forward. I've been telling this story for years, but it's no less true today for being "old news."

And, there is good news.

I am confident the folks in our industry and the young people joining us daily have the drive and creativity needed to take advantage of long term opportunity.

To amplify the point, let's take a look at the demand for farmland and resultant impact on values. We continue to see strong prices generated at auction sales. (There have been a few no-sales, but they're exceptions.) The impetus behind these results is very likely the result of an infusion of new buyers. For the past several years, demand from operating farmers has driven land values. However, in today's market, we're seeing great interest from institutional investors, high net-worth individuals and even

foreign nationals aggressively seeking new and safe havens for capital. In just the last couple of years, three newly formed publicly traded companies have entered the market with a great deal of capital to invest. These are sophisticated, judicious investors who see opportunity in farmland and they're having an impact. In fact, in our real estate brokerage division, we've seen that once an available property has been identified, potential buyers must act quickly or miss the opportunity.

In summary, current commodity prices may lead to something of a tough two or even three year period for operators, but I am confident the folks in our industry and the young people joining us daily have the drive and creativity needed to take advantage of long term opportunity. Recent auction prices and the influx of new and well capitalized investors who recognize that sort of opportunity in farmland seem to be proving my point.

Our future remains bright.

Murray R. Wise

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YOUR FARM'S DATA IS VALUABLE: PROTECT IT



In the past few years, farmers and landlords have taken advantage of enormous progress in readily available technology to gather data about their operation. Using that data, operators can develop precise plans for controlling input costs and increasing yields.

"Using integrated technology in today's farming operations can have many added values," says Josh Gerig, MWA Vice President. "For example, the technology makes addressing problem spots in some fields much easier to detect than ever before. We can pin point and track the area throughout the growing season to determine a root cause and how to correct the issue through drainage, fertility, tillage and so forth. Before such data and technology was available, we might just see this area show up on the yield monitor as a low-yielding area without having a very good idea of a root cause".

That's obviously beneficial to both landlord and operator in the near term, but for the landlord it will also provide

demonstration of the farm's potential when arranging new leases or marketing the property for sale. Clearly then, this information is a very valuable asset for landlords.



Now, these evolving systems have given rise to new businesses that offer software and services to assist farmers in developing data collection plans and then providing analysis of the collected information with a view to improving operating efficiency. Such a consulting arrangement has obvious potential benefits for farmers...with

one significant issue: The information gathered by these firms would also have value to outside parties -- perhaps seed or chemical vendors for instance -- with whom the farmer and landlord may not wish to share. It is important to maintain control of the data.

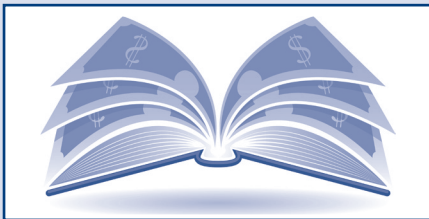
So, what to do?

For landlords, the lease document itself is critical for the preservation of data rights. We believe that both the tenant and the landlord will benefit from including data usage and ownership issues in the lease agreement. Specifically, the lease should:

1. Define what the data is
2. Identify who owns the data
3. Specify how the data is to be collected and reported and how the data will be transferred and shared at the end of the lease.

Landlords and tenants alike need to take care to formalize arrangements to protect this valuable asset.

Foundation Scholarship Application Open for 2016



We are now accepting applications for the 2016 Murray Wise Associates Foundation Scholarship.

Applications are due **MARCH 1**.

HS seniors and undergraduate students pursuing a degree in agriculture are encouraged to apply.

Start your application today at APP.MURRAYWISEASSOCIATES.COM

Ag Student Wins Scholarship for Auction Prediction



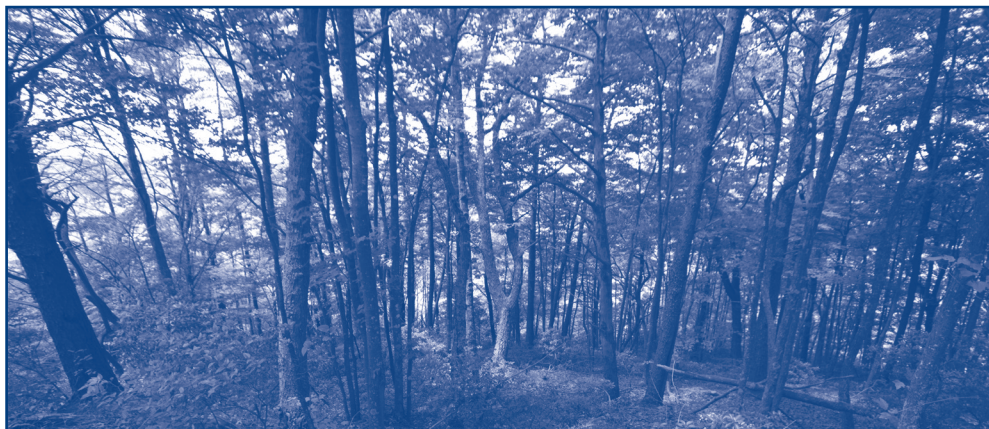
The November 18th auction of 556 acres of Champaign County, Illinois farmland brought a total of \$5.98 million, or an average of \$10,755 per acre. Prices on individual tracts & combinations ranged from \$7,566/ac to \$13,156/ac.

"We had a huge crowd, and the land brought a price that surpassed the expectations of many," said Murray Wise.

Watching with special interest were members of Nick Eisenmenger's farm business management class from nearby Parkland College. Twice a year, the class conducts a contest in which students seek to predict the closest winning bid of a farm being sold at auction. Malyssa Wade, a sophomore from Maroa, will receive a \$1,000 Murray Wise scholarship for her prediction.

"These land auctions are always a lot of fun for me to take the students to," said Eisenmenger. "I think it is great for students to have experiences like the one provided here by Murray Wise. You need experiences outside of the classroom to tie the all the concepts together and see how all of us in agriculture are brought together, from the auctioneers, to the appraisers, to the lenders, then across the board to farmers and investors."

RECREATIONAL LAND VALUES ON THE UPTICK




Here in the Midwest, we tend to concentrate on the value and trends related to tillable farmland; land whose worth derives from its capacity to support one form or another of production agriculture. Current lower grain prices have had an impact on the land market in the last 18 - 24 months with many Midwestern states experiencing flat to slightly lower land values. Even top quality land has recently drawn a flat trend line.

However, there is one segment of the land market that is showing improved strength: Recreational property values have rebounded recently from lows reached just a few years ago during the global financial meltdown. Industry analysts have noted buyers' high and growing interest though the precise reason is not necessarily apparent. Could be pent up demand, low financing costs,

or just plain market timing.

Whatever the reason, demand for recreational property is growing throughout the country.

We at Murray Wise Associates can add our own endorsement to the trend. We recently auctioned 2,475 acres of southeast Ohio recreational woodlands. The sale, conducted with Schrader Real Estate and Auction Company, drew more than 150 registered bidders. The property was divided into 66 tracts ranging from two to 175 acres. The range of tract sizes was seen to increase the number of small active bidders.


Bidders large and small competed for close to five hours before 27 successful buyers brought the total sale to \$4.12 million. Based on the number and aggressiveness of the bidders, we'd say demand for recreational property is solid and the value trend very positive. 

Virginia Auction Draws Bidders from Nine States



More than 230 bidders from nine states participated in our recent auction of property on Smith Mountain Lake near Roanoke, Virginia.

The auction included lakefront property attractive for development and was spiced with competition between developers and individuals bidding on small tracts for their own use. Joe Bubon, MWA Executive VP, commented on the spirited bidding, "...they were really getting into it. It was fun to see enthusiastic bidders bumping fists and celebrating."

At the end of the day the sale brought over \$6.8 million for seller Appalachian Power. The sale was another successful joint venture involving Murray Wise Associates, Woltz & Associates, and the Schrader Real Estate and Auction Company. 



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RECENT SALES



\$ 10,200,000	1,151± Acres	SEPT.	Hendry & Collier Counties	FL
\$ 1,100,000	Equipment	SEPT.	Hendry & Collier Counties	FL
\$ 4,128,240	2,475± Acres	SEPT.	Muskingum, Athens, Meigs & Gallia Counties	OH
\$ 6,835,500	143± Acres	OCT.	Franklin County	VA
\$ 2,240,000	258± Acres	OCT.	Marshall & LaSalle Counties	IL
\$ 5,980,000	556± Acres	NOV.	Champaign County	IL



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Upcoming Auctions
WED, DEC 2 at 1PM – 142± acres in Iroquois County, IL - Offered in 2 farmland tracts ranging in size from 60 acres to 82 acres. The property is nearly entirely tillable with a productivity index of 120.5.
WED, JAN 20 at 10AM – Approx. 1,450± acres in McLean & DeWitt Counties, IL - Offered in 14 tracts ranging in size from 79 acres to 161 acres. Extremely productive Central Illinois soils. This is a once-in-a-lifetime buying opportunity as this property has been held by the same family for six generations.
TUE, JAN 26 at 1PM – Approx. 1,280± acres in Hendry County, FL - Offered in 13 tracts, with farmland parcels ranging in size from 4 acres to 497 acres. High quality soils make it suitable for a wide variety of row crop fruits and vegetables as well as citrus. There is also a 2 acre commercial property tract located in LaBelle, FL.
For a list of available properties ranging from 80± to 700± acres in Iowa, Illinois, and elsewhere in the Midwest, contact John Kirkpatrick in our Clarion, IA office at (515) 532-2878 or john@mwallc.com.
Visit www.MurrayWiseAssociates.com for more information on these properties.

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UPCOMING AUCTIONS & CURRENT LISTINGS