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MW Murray Wise
ASSOCIATES LLC

THE WISE AG UPDATE

Your source for farmland & agribusiness transaction news by Murray Wise Associates LLC

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COMMENTARY: IF YOU HAVEN'T EVALUATED YOUR LEASE IN THE LAST 5 YEARS, IT'S A GOOD TIME TO DO SO..

BY LIZ STROM

Evaluating leasing options is an important part of managing your farmland asset. Crop prices, yield expectations and input prices have dramatically changed over the past few years. As we see changes in agriculture, we encourage everyone to do an evaluation on their leasing options. There is no right or wrong lease for a farm.

When we help our clients evaluate farm leases, we not only take in to account the economics, but also the goals and objectives of the landowner. It is always important to also include a CPA in the conversation because some leases come with tax advantages over others. Depending on a person's situation, this can impact the lease type that they decide to choose.

Different lease types also include different levels of risk; we have the discussion with each landowner on their ability and willingness to bear risk of the market and crop yields. Every land owner is different in how much risk they're willing to take.

In recent years, crop prices have increased, as a result cash rents have followed commodity prices and the price of land. However, it is also important to not miss the whole picture. Input prices have increased exponentially as well, which is very important to understand when renegotiating a lease.

Not sure how to set a rent? If you're not sure what your farm should be renting for or what a fair rent would be, it may be time to thoroughly

research your farm's soil types, yield history, and area land sales. These are the kinds of things our farm management team takes into consideration when negotiating leases.

A leasing option we commonly use is a flexible lease arrangement. This leasing option has become relatively common and allows for the chance of higher income to the landowner. This includes a base rent that is at a lower level and a bonus (flex) rent if crop prices and/or yields are high enough for an extra payment later in the year. This can benefit both parties as the market and yields ebb, and flow.

We never know what the markets or yields are going to be for the year when we sign the lease prior to planting. Adding a bonus or flex rent clause to a lease can allow a landowner to benefit when the market is up, which is something that you can't take advantage of when you simply have a cash rent lease.

Feel free to reach out to us to have a conversation about reaching your goals and objectives on your farm. **MW**

Elizabeth Strom

Liz Strom, Vice President



GUEST COMMENTARY: OUR URBAN FRIENDS HAVE CAUGHT ONTO WHAT WE HAVE KNOWN FOR A LONG TIME

BY JIM ROTHERMICH

Have you noticed how much interest there is in owning farmland these days? Owning farmland has long been viewed as a symbol of status and wealth. Now individuals who do not farm are jumping on board, looking to buy farmland. Interest from outside investors has never been higher. Even professional athletes are wanting to be in the farmland space. Cincinnati Bengals quarterback Joe Burrow and Boston Celtics forward Blake Griffin, along with other athletes, pooled together to buy farmland in northeast Iowa. They closed on a 104-acre farm located in Bremer County, Iowa, on November 8, paying \$10,000/acre. The group, which will purchase four additional farms within the next few years, is seeking a diverse set of agricultural assets. They have looked at watermelon farms in Oregon, which tend to be smaller and offer higher per-acre rent. Entrepreneurs, doctors, and lawyers are joining friends who are in search of owning a piece of prime real estate. And today, that is farmland.

The allurement to not only own farmland or a ranch, but to also look the part, has never been so trendy. The TV show “Yellowstone,” a neo-Western drama following the powerful John Dutton (Kevin Costner) and his family, who own the largest ranch in Montana, has sparked a worldwide western wear trend. Viewers of the show, many who live far from the pastures of Montana, have taken to dressing like the series’ cattle rancher characters - cowboy hats, cowboy boots, Wrangler blue jeans, suede jackets, snap-button shirts, flannels, patterned bandanas, and leather belts with large buckles. (Our urban friends have caught onto what we have been doing for a long time!)

Did you know beaver pelts are used for making Stetson cowboy hats? Beaver trappers are getting top price for pelts due to Yellowstone’s popularity. This show, which recently completed airing the first half of its fifth season, is the most-watched scripted series on TV. Stetson hats and Wrangler denim, among other brands, are launching Yellowstone-inspired apparel.

Jim Rothermich, Vice President - Iowa Appraisal



Jim Rothermich, MAI, ARA, ALC, is vice president at Iowa Appraisal, a firm providing both agricultural and commercial real estate appraisals, serving real estate owners and decision makers throughout Iowa for over half a century. Jim specializes in the valuation of farmland and farm-related improvements, and has nearly three decades of experience in the fields of agricultural economics, farm production, and land appraisals. To speak with an expert on the Iowa land market, contact Jim at 515-777-7083 or thelandtalker@iowaappraisal.com.

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or visit Iowa Appraisal’s website: <https://www.iowaappraisal.com/>

MWA IN THE NEWS

- MWA in the Classroom*

On February 2, 2023 three members of our team here at MWA; Elizabeth Strom, Austin Hornstein, and Calli Robinson attended the Illinois Society of Professional Farm Managers and Rural Appraisers Annual Meeting. Elizabeth Strom and Calli Robinson were both a part of the committee who planned the meeting, organized sessions, and introduced the presenters. Elizabeth was also elected as a member of the new leadership team for the coming year in the ISPFMRA. Elizabeth will serve the society as the President-Elect. We are very proud of our team here at MWA for continuing their education through both the ASFMRA and ISPFMRA, as well as being involved within the organizations.



- MWA in the Media*

On December 20, 2022 Murray Wise Associates hosted an Online Only Live Auction for 47 acres in Henry County, Illinois. As it turns out, it's believed that the auction generated the highest sales price ever in Henry County, Illinois, at \$21,100 per acre. The auction was of 47 acres that was offered in two tracts with the 38-acre tract selling for \$21,100 per acre and the 9-acre tract selling for \$18,100 per acre. Elizabeth Strom, Vice President at Murray Wise Associates commented on the sale, "We had a good mix of farmers and investors. Farmers were a major factor in this auction because it makes sense to purchase this and integrate it into their existing operations." To read the full press release scan the QR code.



ATMOSPHERIC RIVERS LIFT RESERVOIRS AND WATER ALLOCATION IN CALIFORNIA

After multiple years of drought and 0% allocations for agricultural users, it isn't just ski bums that are happy with the levels of snowpack in the Sierras this year. Last month, after historic rains and snows drenched California over the winter, The Department of Water Resources announced an increase in forecasted State Water Project deliveries this year up to 35% of requested water supplies. This matches the United States Bureau of Reclamation's Central Valley Project's South of Delta allocation for agricultural use of 35%.

The USBR also increased allocations across the board, including Friant, allocating 100% of their Class 1 contracted acre-feet of 800,000 acre-feet and 20% of their Class 2 contracted acre-feet of 1,401,475 acre-feet; totaling 1,080,295 acre-feet allocated for 2023. In 2022 Friant received only 241,600 acre-feet or 30% of their Class 1 contract. The increase in surface water supply this year should help farmers deal with the fallout from the Sustainable Groundwater Management Act at least for this year.



THE WISE AG UPDATE

CURRENT LISTINGS | UPCOMING AUCTIONS | RECENT TRANSACTIONS

Upcoming Auctions

Madison & Pierce Co., NE - 957± Ac - May 10th 10AM
Merrick Co., NE - 161± Ac - May 10th 4PM

Recent Transactions

Champaign Co., IL - 119± Ac - \$1,852,558.00 (\$20,100/Ac & \$9,100/Ac)
Livingston Co., IL - 246± Ac - \$3,714,600 (\$15,100/Ac)
Vermilion Co., IL - 235± Ac - \$2,452,000 (\$10,434/Ac)
Story Co., IA - 33± Ac - \$410,000 (\$10,250/Ac)
Franklin Co., IA - 116± Ac - \$1,425,000 (\$12,285/Ac)
Webster Co., IA - 40± Ac - \$640,000 (\$16,000/Ac)
Webster Co., IA - 97± Ac - \$1,488,000 (\$15,340/Ac)
Henry Co., IL - 47± Ac - \$969,921 (\$20,501/Ac)
Grundy Co., IL - 78± Ac - \$1,265,382 (\$16,200/Ac)
Cumberland Co., NJ - 1,026± Ac - \$4,600,000 (\$4,483/Ac)
DeSoto Co., FL - Pending

Available Properties

Vermilion Co., IL - 78± Acres - \$748,885 (\$9,500/Ac)

Visit MurrayWiseAssociates.com or call (800) 607-6888 for details

This communication includes "forward-looking statements" within the meaning of the federal securities laws, including, without limitation, statements with respect to the outlook of Farmland Partners Inc. ("FPI") and Murray Wise Associates LLC ("MWA") and proposed and pending farmland auction, brokerage, financing and asset management activities. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" or similar expressions or their negatives, as well as statements in future tense. Although FPI and MWA believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, beliefs and expectations, such forward-looking statements are not predictions of future events or guarantees of future performance and actual results could differ materially from those set forth in the forward-looking statements. Any forward-looking information presented herein is made only as of the date of this communication, and FPI and MWA do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

NEW PUBLICATION: MWA LAND REVIEW

Murray Wise Associates has created a new publication: The MWA Land Review. The MWA Land Review highlights land sales in Central Illinois and North Central Iowa. Visit our website MurrayWiseAssociates.com to subscribe to receive the bi-monthly publication to your email inbox. The sales included in the publication are what we are seeing in the highlighted regions regarding recent land transactions. Although the lists are not inclusive to every sale in the highlighted regions, our hope is to share sale data to area attorneys, landowners, farmers, and investors. Be sure to subscribe!



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