

Realtors® Land Institute Iowa Chapter

REALTORS® Land Institute Iowa Chapter
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OUR LEADERSHIP TEAM

David Thien, ALC
President

Ryan Kay, AFM
President-Elect

Andrew Zellmer
Vice President

Troy Louwagie, ALC
Treasurer

Traci Schermerhorn
Executive Director



President's Comments

David Thien, ALC, AFM

Welcome to the REALTORS® Land Institute Iowa Chapter Fall Newsletter. Over the past two years I have been privileged with being the vice president and president-elect of our great organization. The experience has been very rewarding, and my involvement has been beneficial not only to my career but to my personal relationships with other land professionals across the state. As your newly appointed president, I would like to continue our commitment to education, networking, and professionalism while increasing awareness of the benefits of becoming an Accredited Land Consultant (ALC), not only to our members, but to the general public as well.

My focus as your president will be to promote our high-quality education opportunities and increase participation in the ALC accreditation process. Our organization brings high quality education to our members through online and in-person classes across the state. In 2018-19, we have offered Land 101, Transitional Land Real Estate Transactions, Tax Deferred 1031 Exchanges, Recreational Land Real Estate, and Real Estate Law Update. We will continue our effort to bring up-to-date education opportunities to our members and assist them in obtaining their ALC designation. In conjunction with the Minnesota Chapter, we will offer an updated Ag Land Brokerage and Marketing class in early 2020 in Northern Iowa or Southern Minnesota. Your leadership team will work very hard to add at least one additional ALC class in 2020 and will again work with ASFMRA to host our Joint Spring Seminar on March 25, 2020.

Our annual meeting and dinner will be held in conjunction with the Spring Seminar and will have a cocktail hour, dinner, and cowboy auction. This year's National Land Conference will be held in San Antonio, Texas on March 29 - April 1. The National Land Conference has been a great experience for me, and the Iowa Chapter is always well represented. Our chapter continues to hold monthly conference calls with alternating topics of conversation between Hot Topics and Land Values and Trends. I encourage all members to become involved with our great education opportunities and monthly calls. With any organization I believe that you get out so much more than you put in and our leadership team will (Cont.)



David Thien, ALC, AFM

(cont.) try to make it easy for everyone to become involved with our education and networking opportunities.

We are also committed to growth within our chapter. This year we will waive our membership fee for all first time members to the Iowa Chapter. We are also striving to keep our membership fees affordable so our regular membership fees for all current members will be \$50.00/year. If you know of any prospects that we should be reaching out to please let our leadership team know.

The new leadership team consisting of myself, President-Elect Ryan Kay, AFM and Vice President Andrew Zellmer will work hard to increase membership and to set and obtain our goals for the upcoming year. I welcome any comments or suggestions for improvement and look forward to a very productive and prosperous year.

Land Trends and Values

Kyle Hansen, ALC

The REALTORS® Land Institute - Iowa Chapter is pleased to announce the results of our September 2019 Land Trends and Values Survey. REALTORS® Land Institute is an affiliate of the National Association of REALTORS® and is organized for REALTORS® who specialize in farm and land sales, management, development and appraisal. Participants in the survey are specialists in farmland and are asked for their opinions about the current status of the Iowa farmland market.

Participants were asked to estimate the average value of farmland as of September 1, 2019. These estimates are for bare, unimproved land with a sale price on a cash basis. Pasture and timberland values were also requested as supplemental information.

The results of these surveys show a statewide average increase of cropland values of 0.8% for the March 2019 to September 2019 period. Combining this increase with the 1.0% decrease reported in March 2019 indicates a statewide average decrease of 0.2% from September 1, 2018 to September 1, 2019.

Crop reporting districts showed variability regarding the average farmland values. The districts varied from 1.8% increase in the North Central and East Central districts to a 1.2% decrease in the Northwest district since March 2019.

Major factors supporting the current farmland values continue to include limited amount of land on the market, government compensation (MFP Payment) and low interest rates. Negative factors include trade uncertainty, decreasing levels of working capital, variability in yields for the 2019 crop year, and weather patterns.

		September 2019										Percent Change in Tillable Cropland Values Past 6 Months
		REALTORS® Land Institute (RLI) - Iowa Chapter Survey of Farm Land Values In Dollars Per Acre										
Land Classification By Potential Corn Production												
	High Quality Crop Land		Medium Quality Crop Land		Low Quality Crop Land		Non - Tillable Pasture Per Acre		Timber Per Acre		%	
	September	March	September	March	September	March	September	March	September	March		
Central	9,773	9,595	7,057	7,100	4,656	4,658	2,939	2,870	2,531	2,562	0.6%	
East Central	10,290	10,081	7,529	7,359	4,708	4,694	2,713	2,679	2,368	2,308	1.8%	
North Central	9,091	8,950	7,050	6,913	4,643	4,562	2,450	2,384	2,113	2,104	1.8%	
Northeast	9,570	9,378	7,232	7,203	4,600	4,661	3,050	3,045	2,927	2,835	0.8%	
Northwest	10,713	10,992	8,219	8,245	5,272	5,264	2,729	2,809	2,421	2,421	-1.2%	
South Central	6,915	7,099	4,585	4,598	3,098	3,030	2,706	2,718	2,964	2,986	-0.9%	
Southeast	9,907	9,782	6,748	6,534	3,959	4,006	2,882	2,808	2,483	2,400	1.4%	
Southwest	7,861	7,661	6,306	6,089	4,342	4,494	3,194	3,117	2,506	2,425	1.5%	
West Central	9,028	8,933	7,022	6,989	4,750	4,675	2,817	2,822	2,270	2,270	1.0%	
State	9,239	9,163	6,861	6,781	4,448	4,449	2,831	2,806	2,509	2,479	0.8%	

Managing Through Challenging Times: Farm Lending Update

The following is excerpted from a presentation by Jim Knuth, Farm Credit Services of America (FCSAmerica) senior vice president in Iowa.

Iowa is one of the most productive, sustainable and viable agricultural areas in the world, and this is reflected in farmland values. Despite compressed margins in the grain sector, weather disasters and a challenging political environment, demand for quality Iowa farmland remains strong. The overall farmland real estate market (as judged by the average dollar per CSR2 point paid) softened slightly through the first eight months of 2019. However, the last four years have shown an up-tick in the number of sales in the third and fourth quarter of the year, as well as an up-tick in the price paid on a dollar per CSR2 point basis. We expect this same trend to materialize in 2019. Factors providing stability to the farmland real estate market:

- Interest rates remain historically low and attractive.
- Market Facilitation Program payments helped bottom lines in 2018 and will be beneficial again in 2019.
- Supply of farmland for sale remains on the low side of normal.

Stability in farmland values has been a gift to agriculture, providing access to equity and liquidity, and offering opportunities to re-amortize loans over longer periods of time to decrease annual payment requirements, which in turn helps annual cash flow. The re-amortization strategy is broadly applicable to nearly every situation, whether a producer is looking to lower annual payments to enhance cash flow or further positioning an operation to take advantage of future opportunities.

As we work through the fifth year of this economic cycle, it is becoming clear the pain of the cycle is not distributed equally. There is a distinct dividing line between those producers who are succeeding in this environment and those who are struggling. The dividing line has become the business of agriculture. Or, in other words, how producers manage their operation from a business, financial and marketing perspective. While production is very important in grain production agriculture, it is not part of this dividing line. We have found that excellent production alone will not guarantee success. Among our grain customers with lines of credit, more than 70 percent saw positive earnings in 2018 and more than three-fourths had positive working capital. This financial strength is evident in the real estate market. Seventy-three percent of land sales in the first half of 2019 were to local farmers, according to FCSAmerica's most recent real estate study. Local investors and tenants accounted for an additional 13.5 percent of buyers. These numbers have changed little since 2014.

At FCSAmerica, we continue to partner with our customers to identify both opportunities for growth and for needed proactive adjustments. Iowa farmers are the most productive in the world, and their business, financial and marketing acumen will keep them among the most competitive in the world.

Some Attributes of Successful Producers

- Positive working capital and short-term risk bearing ability
- Pursue additional sources of income, off- and/or on-farm
- Solid financial acumen, including good record keeping
- Use enterprise analysis
- Understand and control family living costs
- Proactively negotiate cash rents
- Sell under-performing or non-performing assets
- Develop and execute a marketing plan
- Understand financial impact of business decisions
- Restructure balance sheet for maximum flexibility

News from National....

LANDU Instructors Wanted

RLI is looking for instructors to teach the newly updated courses in our LANDU Education Program! Complete the [online form](#) if you are interested in learning more about teaching for RLI.

Mapping Technologies & Techniques

This newly updated class will be offered online in October. Register [online](#).

National Land Conference 2020

NLC20 will be held in San Antonio, TX from March 29–April 1, 2020. [Registration](#) opens October 1

WOTUS Update

The US Environmental Protection Agency and the Army Corps of Engineers has announced they have finalized the repeal of the controversial WOTUS Rule. This move will provide much-needed and long-awaited regulatory certainty for landowners nationwide.

Read more [online...](#)

Welcome to our New RLI Iowa Chapter Leadership

New officers were installed on September 19, 2019 during the Iowa Chapter Membership Social. Our new leadership team will work hard to advance the mission of the REALTORS® Land Institute Iowa Chapter while focusing on growth and member engagement.



Kyle Hansen, ALC, David Thien ALC, AFM, Ryan Kay, AFM and Andrew Zellmer



Kyle Hansen, ALC installs David Thien, ALC, AFM as Iowa Chapter President



Kyle Hansen, ALC, thanks Travis Smock for serving as Iowa Chapter President 2018-2019



Kyle Hansen, ALC installs Ryan Kay, AFM as President Elect and Andrew Zellmer as Vice President

RLI Spring Social and Cowboy Auction

Our next RLI Iowa Chapter social will be held on March 25, 2020 following the ASFMRA/RLI Joint Spring Seminar in Ames. Our spring social includes dinner, RLI Iowa Chapter awards ceremony and a cowboy auction. Mark your calendars and start looking for your auction item!!

Education Update

Recreational Land

In August, the Iowa, Illinois and Missouri Chapters held the new ALC class, Recreational Land. Our instructor, Justin Osborn, spent two days talking through the unique business of recreational land. Over 30 individuals from four states joined us at the Honey Creek Resort in southern Iowa. Those who attended had great networking opportunities with RLI members from other states.



Law Update

On September 19, our chapter partnered with the Iowa Association of REALTORS® to hold the required 8-hour law update class. A BIG thank you to **Terry Pauling, ALC**, our education chair, for putting on a very successful class full of solid information for land professionals.



MARK YOUR CALENDAR

IAR Annual Conference
Des Moines, IA
October 7-11, 2019

Ag Land Brokerage and Marketing *
Mason City, IA
January 2020 (TBD)

ASFMRA/RLI Spring Seminar *
Ames, IA
March 25, 2020

RLI National Land Conference
San Antonio, TX
March 29 - April 1, 2020

SMLV Conference
Ames, IA
May 15, 2019

Join us the 4th Thursday of every month for a membership training call! Watch your weekly Monday email for call-in number and topics!

**Hosted by the RLI Iowa Chapter*

Membership Renewal Time is Coming!

RLI National will not be mailing out invoices for 2020 membership dues. All invoices will be available in your member records in October.

The Iowa chapter will email renewal documents on November 1, 2019.

All renewals must be paid in full by Dec 31, 2019.



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