

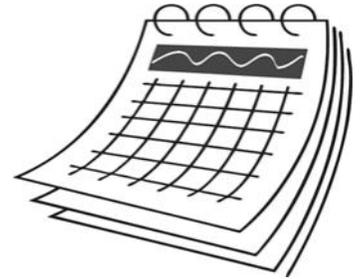


# American Society of Farm Managers and Rural Appraisers Iowa Chapter

The Iowa Chapter of the American Society of Farm Managers and Rural Appraisers works to inspire its members to professional competence, high ethical standards and educational excellence while enhancing networking opportunities and public awareness.

## Mark Your Calendars

- ~~ASFRMA Leadership Institute: September 7-11, 2020—Washington, DC~~
- ASFMRA/RLI “Spring” Seminar: September 23, 2020—Ankeny, IA
- ASFMRA National Meeting: November 7-13, 2020—San Antonio, TX
- ASFMRA Iowa Chapter Annual Meeting: February 3-4, 2021—Ames, IA
- ASFMRA IA/IL Joint Summer Meeting: June 17-18, 2021—Quad Cities



## President’s Comments, Deb Stanbro

Iowa Chapter members,

We are in the midst of the summer growing season for our Iowa crops. In central Iowa I am seeing corn starting to tassel and the bean rows are filling in. The yards are starting to look brown, indicating it has been awhile since we have seen rain in this area... and the July heat has arrived.

The Iowa Chapter has had some challenges this year with scheduling meetings, rescheduling meetings and holding Board meetings via Zoom. We are looking forward to when we can actually socialize and network in person vs. virtually. National is holding virtual education classes for Summer Education week, July 14 - 29. This is a good time to get education for CE and designations. Check out the [Education Calendar](#) with classes available. Remember to please take time to complete your Ethics training online thru ASFMRA. Hopefully, you have been attending some of the webinars that have been offered this summer. Good information has been shared during these webinars. In August, ASFMRA will hold a virtual Chapter Leaders Day. This is typically a learning and networking event for chapter leaders in Denver. On September 23, we are hoping to hold the ASFMRA and RLI Joint Spring Seminar in Ankeny. Updates will be sent to you, as known.

We are still preparing for the 2021 Annual Meeting as normally scheduled. If you have speaker suggestions or topics of interest, please pass that information to [me](#) or [Traci Schermerhorn](#).

I hope that you have found time this summer to spend with your families. This has been unusual year with more "downtime" than in the past. We aren't running around to all the sports and activities as we do most summers, or if you are - it is a welcome adventure to get out and see people. It has also been a time to complete some of those home projects that seem to get put off because we are so busy. Take time to enjoy the summer and time we have been blessed with.

*"The only limit to our realization of tomorrow will be our doubts of today."* Franklin D. Roosevelt



# Precision Ag (PA) Tech Boosts Land Values for Users

Dan Manternach—President, Perfect Fit Presentations LLC

## Precision Ag (PA)

### technology began in the early 1990s

with widespread use of yield monitors in combines that would generate maps of fields based on the grain flow into the hopper as the machine moved up and down the fields. Early adopters of



precision ag technology were often described as being on the "bleeding edge" of adoption because the costs so often exceeded any measurable increase in profitability.

That's no longer the case. In fact, Forbes magazine ran a 2019 feature with the headline: "By Raising Productivity, Ag Tech Boosts the Value of Farmland." In that article, Bill Lapp, president of Omaha-based Advanced Economic Solutions noted "Widespread adoption of technologies that have increased output per acre, as well as reducing production costs, have been the primary catalyst for rising land values in the U.S. and globally."

The technology has advanced so far that actual field data from farmers participating in the FINBIN program headquartered at the University of Minnesota can now be sorted into those aggressively using precision ag tech and those who don't and then compared for differences in yields, income, variable costs, fixed costs and returns. FINBIN covers all major farm crop and livestock enterprises; I chose soybeans for example purposes.

First, I defined "aggressive users" of precision ag tech as utilizing four specific PA technologies: who used data from yield monitors the prior season to guide variable rate planters, variable rate fertilizer applicators, variable rate chemical application and auto-steer guidance technology. Then, I compared FINBIN participants using those four technologies in their soybean production to a separate sort of FINBIN participants who didn't use any of them in soybean production.

Figure A below uses 2019 data from FINBIN benchmark reports for soybeans among all 12 participating states (MN, Ill, WI, MI, MO, NE, ND, SD, OH, SC, PA, UT). I did not use the benchmark report for all 2,100 participating producers submitting their data for the 2019 soybean crop. They were sorted into two groups. Figure A data is derived only from 581 of those participants we sorted out as aggressive users of precision ag and compares it to the same metrics among the remaining 1,506 participants who used none of those four listed technologies.

While the FINBIN benchmarks data into separate percentiles in 10-point increments, I chose just three for both groups I sorted out: Those in the 30th percentile or lower, those at the median (where half were better and half were worse) and those at the 70th percentile or higher. Among key findings?

- PA users generally averaged 2.5 to 3 bu./acre more than non-users on land of similar quality based on rent value.
- PA users generally averaged lower variable costs per acre than non-users.
- PA users generally had greater returns over variable costs ranging from \$19 per acre among those in the 30th percentile, to \$10 per acre among those at the median, to \$6 per acre among those in the 70th percentile.

(Cont.)

**More evidence PA will boost land values:**

Early this year, the Agricultural Data Coalition ([www.agdatacoalition.org](http://www.agdatacoalition.org)) polled farmers to learn 1) the current extent of PA use among farmers; and 2) where farmers thought future advances might bring. Among findings, 58% already think an extensive database on how their land has been monitored and spoon-fed just what's needed for maximum profitability will increase their land value compared to similar land without such data to show potential buyers.

FINBIN ORIGINAL 2019 SOYBEAN BENCHMARK DATA BY LINE ITEM			
	30th percentile	Median	70th percentile
Avg 2019 FINBIN Yield/Acre	43	50	54
Net rent value (less property tax)	\$164	\$188	\$225
Current estimate of land value	\$4,750	\$5,400	\$6,500
Implied cap rate	3.453%	3.481%	3.462%
Avg boost in return over var. costs	\$19	\$10	\$6
Net rent plus precision ag advant. in return over variable costs	\$183	\$198	\$231
Adjusted implied cap rate	3.857%	3.663%	3.546%
Land value to aggressive user of precision ag technology	\$5,306	\$5,681	\$6,659
Precision Ag boost to land value	\$556	\$281	\$159
Precision Ag boost to rent value	\$12.91	\$5.61	\$2.95

**How increased profitability translates to higher rent value or land value:** A common measure of land value is tied to what's called the capitalization rate or "cap" rate derived by dividing average rent value (less property taxes) by the asking price. Going back to Figure A above, I compared increased returns over variable costs by those aggressively using those four elements of PA to those who didn't use any of them. Next, I estimated the 43 bu/acre ground in the 30th percentile, with a net rent value of \$164 in the FINBIN data, to be worth \$4,750 per acre. I estimated the median yield of 50 bu/acre with net rent value of \$188 per acre to be worth \$5,400 and the 54 bu/acre ground commanding net rent of \$225/acre to be worth \$6,500/acre.

Finally, I added the boost in returns over variable costs among those aggressively using precision ag technology to the FINBIN net rent value and re-calculate the capitalization rates accordingly. Finally, I re-evaluate the value of the land to the aggressive precision ag user using the improved capitalization rates.

**The Figure A lines in green tell the story:** That \$4,750 land in the 30th percentile is actually worth \$556 more to a precision ag wiz. That same land is also worth bidding an extra \$12.91 an acre just to rent it. At the "median" level, precision ag adds \$281 to the value of the \$5,400 land for the precision ag wiz, and raises the bid to rent it by \$5.61 per acre. Among the high performers in the 70th percentile among both groups (PA users and those who don't use it), the precision ag advantage raised the value of the \$6,500 land by \$159 per acre and raises its value as rental ground by \$2.95 per acre.

**TWO SUMMARY CONCLUSIONS:**

1. The evidence that precision ag makes land more productive and profitable clearly translates into higher rent value and market value for farmland to aggressive users of precision ag.
2. The fact that only about one third of the soybean producers participating in the 2019 FINBIN program can be identified as aggressive users of precision ag tech is important. Why? It shows they *also have a significant competitive advantage.*

*Author's Note: ASFMRA members are invited to check out my website [www.perfectfitpresentations.com](http://www.perfectfitpresentations.com) should you have need for custom research or grist for an event or webinar, contact me and let's talk!*

# Congratulations Justin Bahr, AFM

Congratulations to Justin Bahr for obtaining his Accredited Farm Manager designation! Justin is a farm manager and licensed real estate salesperson for Hertz Farm Management in their Cedar Falls office.

He graduated from Iowa State University in May of 2016 with a bachelor's degree in Agricultural Business and International Agriculture while obtaining a minor in Entrepreneurial Studies. Justin grew up near Buckeye, Iowa and currently resides in Cedar Falls, Iowa.

Justin is the chair of the ASFMRA Iowa Chapter Young Professionals Network. If you have questions on obtaining your AFM or the YPN group, feel free to reach out to Justin at [justinb@hertz.ag](mailto:justinb@hertz.ag).



## ASFMRA Education Foundation Raffle

This month, the ASFMRA Education Foundation is holding a raffle to help raise money to support projects and programs that ensure ASFMRA members provide the leadership that meets the changing needs of agriculture.

There will be 10 prizes awarded to lucky raffle winners, including:



- Two \$500 vouchers good for any ASFMRA National Educational Offering
- Three \$250 vouchers good for any ASFMRA National Educational Offering
- Five boxes of Virginia farm-raised Blue Cedar Beef valued at \$100 each

Tickets must be purchased by July 31, 2020. You may purchase one ticket for \$10 or three tickets for \$25, with all proceeds going to the

ASFMRA Education Foundation.

Purchase your tickets today—click the “Register Now” button on [raffle webpage](#).

## ASFMRA Mobile App is Now Available

The ASFMRA Mobile App is now available for download on both Android and iOS devices. The app includes many features for ASFMRA members, including:

- Member Directory that allows you to filter contacts by name, state, occupation, and accreditation
- Access to your Member Profile, where you can update your contact information, change your primary occupation, and add continuing education credits
- Links to upcoming education, past webinars, the ASFMRA's AgNews, and AgProLink's Open Forum

Once you download the app, you will need to log into your account in order to access all of the features listed above. Simply enter your email address associated with your ASFMRA record, and the app will send you a verification code. Non-members will still have access to the Member Directory, AgNews, and the ASFMRA's upcoming educational offerings.



## Iowa Chapter Member Dues

For the past couple years, the Iowa Board of Directors has been discussing the need to increase dues for membership with the Iowa Chapter. We checked with national and our dues have been \$25 for as far back as their system shows. With the increased cost to do business, including required insurance and price increases at Iowa State, the board decided to increase dues to \$40 per year. This new rate will start in August.

Please know the board does our best to provide excellent benefits to our members through education, networking and communication. Should you have any questions regarding this increase feel free to contact [Traci Schermerhorn](#) or [Mike Nissly](#).

## ASFMRA Young Professionals Network



This month the national ASFMRA YPN team held a quarterly update. Much of the discussion was regarding how to increase engagement in future YPN calls and events. Recently participation and overall involvement has been diminishing.

The team discussed transitioning to zoom video meetings, inviting an outside speaker to discuss a relevant topic and having a different chapter discuss the ag industry in their state. The hope is this would increase engagement and provide value to other attendees.

If you are interested in becoming more involved with the national or the Iowa Chapter YPN, feel free to contact [Justin Bahr](#) or [Clint Kaller](#).

## Iowa Chapter Public Relations Committee

Our first Iowa Chapter article will be sent to the press early next week. Thank you to our Committee Chair, Chad Hertz, for working through the details on getting this committee up and running. Chad also wrote our first article, [Consider all Your Lease Options Heading into the September 1 Farm Leasing Season](#). We will keep an ongoing list of links to articles submitted on our website.

If you have any questions or would like to submit an article, contact [Traci Schermerhorn](#) or [Chad Hertz](#).

## July and August Anniversaries

Congratulations to the following members celebrating anniversaries with ASFMRA!

Grant Aschinger, AFM - 07/05/13

Michael Baltus, AFM - 07/19/79

Jeffrey Barker, ARA - 07/01/19

Michael Callon - 07/02/99

Kenneth Conrad, AFM - 07/07/73

Michael Downey, AFM, AAC - 08/11/00

Robert Frizell, AFM - 08/07/98

Scott Henrichsen, AFM - 07/05/13

James Horras - 07/18/97

Kevin Kerns - 08/01/14

Gary Loos, AFM - 08/08/86

Scott Louscher, AFM - 07/02/98

David Nebel, ARA - 07/21/06

Hunter Norland - 07/31/19

Danielle Peebler - 08/27/09

Michael Prohaska, AFM - 08/08/86

Nicole Rustad - 07/12/17

Kelly Summy, AFM - 08/07/79

Adam Thien, AFM - 07/05/05

Larry Trede, Ph.D. - 08/12/71

Jeffrey Troendle, AFM - 08/08/86

Robert Vincent - 07/07/11

ASFMRA—Iowa Chapter

Traci Schermerhorn, Executive Secretary

✉ PO Box 785, Ankeny Iowa ☎ 515.633.7993 📧 IowaASFMRA@gmail.com