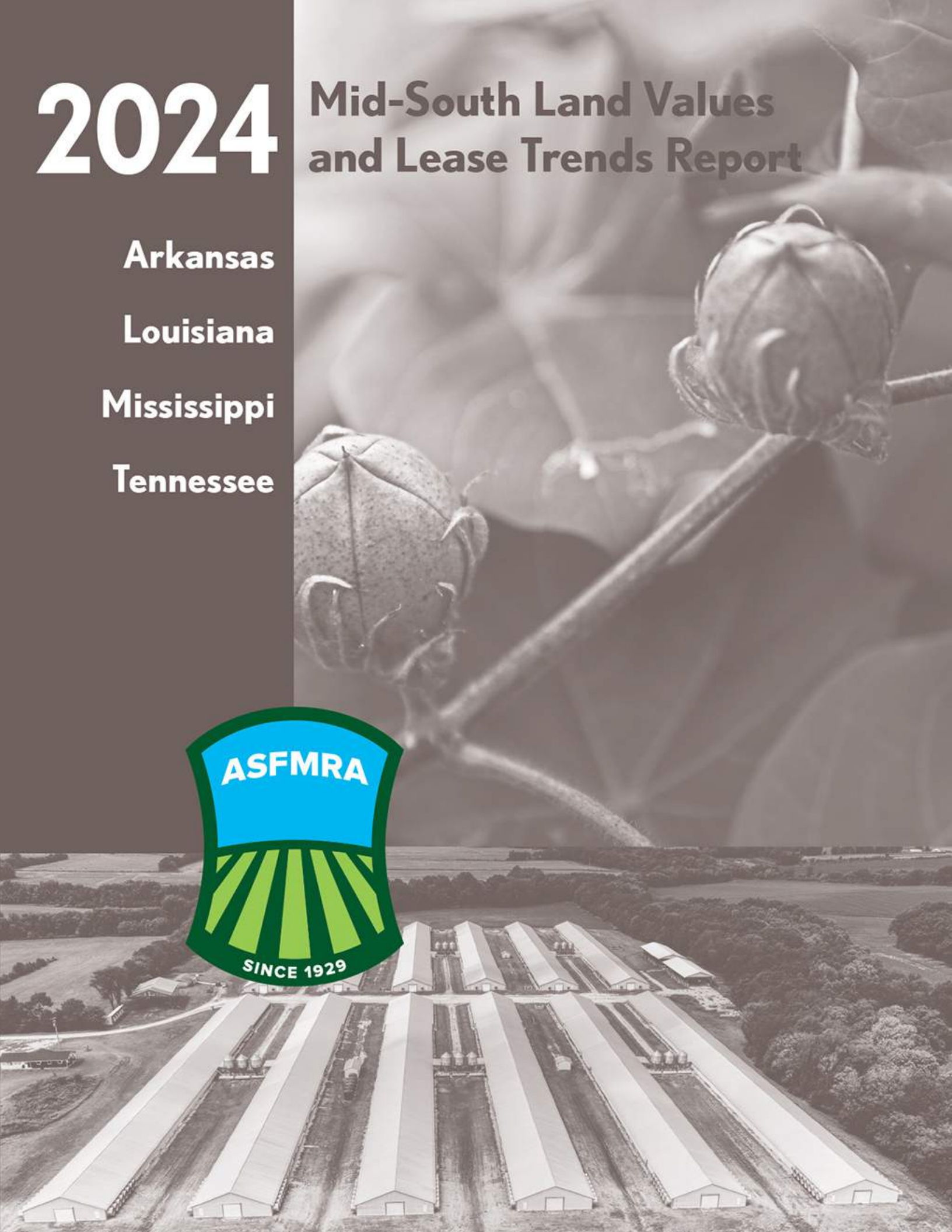
# 2024 Mid-South Land Values and Lease Trends Report

Arkansas

Louisiana

Mississippi

Tennessee



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**Tim W. Pepper, ARA**
**President and Chief Appraiser**
**1330 Hathorn Road, Louisville, MS 39339**
**662-571-9191**
**twpepper@gmail.com**

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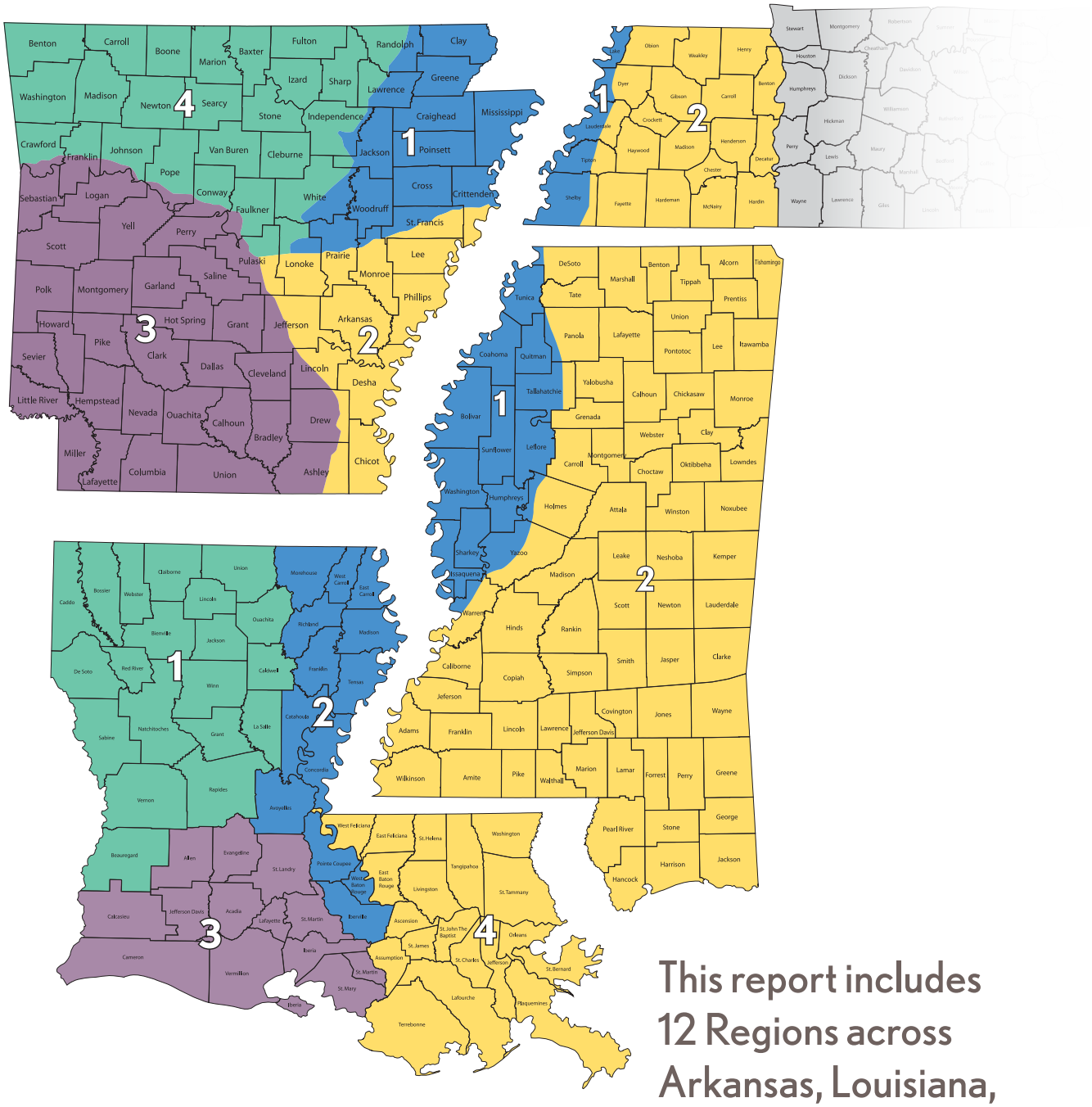


This report includes 12 Regions across Arkansas, Louisiana, Mississippi and Tennessee.

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# President's Message

The Midsouth Chapter of the ASFMRA welcomes you to the 7th annual publication of the *Land Values and Lease Trends Report*. I am very grateful for the farm managers and appraisers that devote their time to ensure that this book is a helpful tool for all readers.

The information presented is organized into 12 regions covering our four Mid-South states, due to the many variations within each state. Each of the regions has a committee that compiles data on land sales, lease information, and any noted trends. The following sections will reflect the most up-to-date information for each of the areas covered by our chapter.

It is important to recognize that the information contained in this publication is meant to be a general guide and not the basis for significant farmland investments, sales, or lease negotiations. The information contained within this publication is not intended to estimate value for a specific agricultural property and is meant as only a source of information for the reader.

If you have specific questions or needs, do not hesitate to reach out to one of our professional members for the expertise that you are seeking. Whether you're needing professional farm management, appraisers, brokers, or consultants, you can find a local qualified professional in the back pages of this publication or by going to www.ASFMRA.org.

I want to thank the team behind this publication, each of the sponsors, contributors, and committee members who have made this publication possible.

Rebecca L. Phillips
President of the Mid-South Chapter of the ASFMRA

**Rebecca L. Phillips**
**President**
Certified General Appraiser
– TN, AR, MS, MO, LA
Rutledge Investment Co.
Memphis, TN
901-766-9041

# Officers: Mid-South Chapter - ASFMRA

**Rebecca L. Phillips**
**President**
Certified General Appraiser – TN, AR, MS, MO, LA
Rutledge Investment Co.
Memphis, TN
901-766-9041

**Daniel Spencer, AFM**
**President Elect**
Real Estate Affiliate Broker – TN
Ag Land Management Group
1114 Halle Park Circle
Collierville, TN 38017
901-850-5303 | Cell 901-651-8226

**Brett Cates**
**2nd President Elect**
Senior Appraiser
First South Farm Credit
4 Thompson Park
Hattiesburg, MS 39407
601-545-7020

**Jeffrey Hignight, AFM**
**Secretary-Treasurer**
Glaub Farm Management, LLC
1702 Stone St., Ste C
Jonesboro, AR 72401-5374
870-972-6996

**Shane Bray**
**Immediate Past-President**
Goldcrest Farm Trust
1052 County Road 476
Jonesboro, AR 72404-8204
870-351-0862

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**Vice-Chairman**
AgHeritage Farm Credit Services
Lonoke, AR

**Scott McKennon, ARA**
First Financial Bank
Morrilton, AR

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**Robert 'Wes' Lowe, Jr., ARA**
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Memphis, TN

**J.B. Lightle**
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Memphis, TN

## MISSISSIPPI

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Hattiesburg, MS

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# In Memory

*This past year we lost a close friend and colleague.*
*Today we honor his memory*
*and the impact he made on those who*
*were fortunate enough to know him.*

## Keith Langley Watson

**April 5, 1959 – July 25, 2023**

Keith Watson resided in Holcomb, MS. Keith was a graduate of Kirk Academy, Mississippi Delta Community College, and Mississippi State University. Keith had a long and distinguished career as a Certified General Appraiser in the State of Mississippi. He was hired in May of 1984 by the Federal Land Bank of New Orleans and worked his way up to the role of Chief Land Appraiser for First South Farm Credit until his retirement in January of 2023. Keith was a long time member and supporter of the American Society of Farm Managers and Rural Appraisers.

As a child, Keith was a member of the Boy Scouts of America, receiving the title of Eagle Scout. He was an avid outdoorsman. He loved hunting turkey, deer, ducks, and hogs and spending time crappie fishing on Grenada Lake. One of his favorite past times, however, was spending hours on horseback. Keith was a longtime faithful member of Holcomb United Methodist Church. Keith gave selflessly of his time and resources to those around him in need. To his friends he was known as Hawkeye, and to his family he was fondly known as Pop.

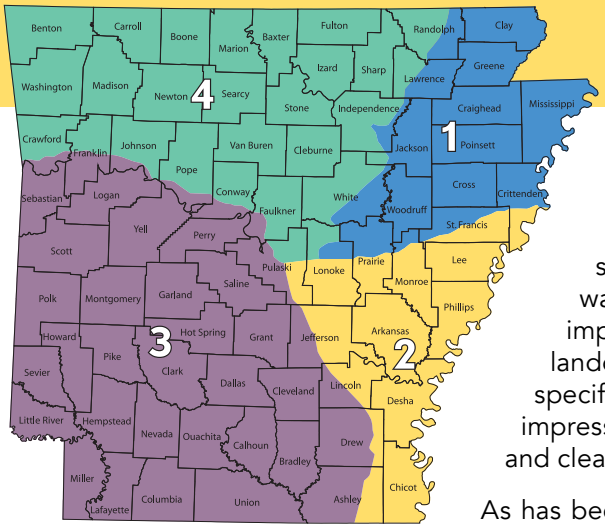
### *A Personal Note from Allen Swain*

To say Keith was a great man is an understatement. He started off as a boss to those that worked for him. It wasn't long before he became a mentor and soon after that he became like a father figure. Keith had a heart of gold and when he loved you, he loved you big. He was not a man to accept a lie or a liar and would quickly point it out. His priority was time—time spent with family, church or church functions, the outdoors and then at work with his work family. Keith loved nothing more than having his family at his side while being in the outdoors doing many of the many activities he was involved. I hope we all can honor him by simply trying to become a piece of who he was and what he taught us to be both personally and professionally.

ARKANSAS

# Arkansas Land Market –An Overview






The eastern half of Arkansas is dominated by rice and/or rowcrop production agriculture. Within this area, there are many identifiable, smaller markets which can distinguish themselves any number of ways: by tenant quality, groundwater, farming practices, land/irrigation improvements, crop suitability/soil types, the effective demand of area landowners, etc. While knowing about these divisions allows for increased specificity about small, clearly-defined market areas, it also creates the impression that the individual market areas in eastern Arkansas are static and clearly definable; this, of course, is not always the case.

As has been stated elsewhere, the purpose of this publication is to provide a general guide to land values, not to drill down into the nuance of each individual market area (for an accurate valuation of a specific piece of property, the reader is encouraged to contact an Accredited Appraiser). In this publication, the production agricultural area of eastern Arkansas has been divided into only two regions: Region 1 will be the eastern Arkansas cropland area situated north of Interstate 40; Region 2 will be the eastern Arkansas cropland area situated south of Interstate 40.

The notable disadvantage of consolidating the numerous smaller markets of eastern Arkansas into only two regions is that the range of values indicated by each region (which will be discussed later) will be extremely wide. The advantage of consolidation deals with the amount of available data points: smaller regions typically offer very few data points over the previous 12-month period (generally speaking, transfers of agricultural property in the Delta occur less frequently than in many of the cropland areas of the Midwest). The smaller the defined area, the fewer the data points; in some cases, this can mean only a handful of sales over a 12-month period. Having so few sales in a relatively small area creates issues for a publication which is attempting to track value trends from year to year (for example, in a small area with very few sales, even one or two transfers can have a significant impact on the range of value for that area; this makes it very difficult to spot realistic value trends when comparing one year to another).

Before beginning our discussion, it is important to, once again, emphasize to the reader that *while the entirety of eastern Arkansas has been divided into only two regions, the reality is that there are many smaller submarkets within each region.* This publication is meant to serve as a general guide and not a tool to apply values to a specific property.

# Eastern Arkansas (Regions 1 and 2) 2022 Overview



Before addressing each of the two eastern Arkansas regions, we will begin our discussion with a brief overview of the eastern Arkansas agricultural market over the last 12 months. This section will highlight a few of the key points we have noticed and that we believe are important enough to discuss briefly in this publication.

***Appreciation***

As many of our readers will remember, the last significant period of rapid value appreciation in the eastern Arkansas market began around 2008. In the years leading up to 2008, the ag land market in eastern Arkansas had typically been dominated primarily by buyers who were local owner/operators and local investors. In 2008, market characteristics changed significantly and ushered in a period of strong (and unprecedented) appreciation that would continue strongly until 2013 and then begin to slow in 2014. Some of the market changes that led to this appreciation are as follows:

**Commodity Prices** – Government incentives were introduced that encouraged the development of ethanol as a renewable fuel additive. This created increased demand for corn and led to a period of strong commodity prices, particularly for corn.

**New Buyers** – 2008 also brought new land buyers to the eastern Arkansas market. Argentine investors, initially motivated by political pressures and the possibility of undesirable economic policies back home, began acquiring properties and – in many cases – offering prices that were, at least at that time, considered above-market by many landowners. Over the next several years, the number of Argentine investors grew and, no doubt, contributed to the overall increase in demand for properties in certain areas. At about this same time, institutional investment groups began exhibiting new (or increased) demand for larger agricultural tracts. Over a relatively short period of time, some local buyers in certain areas found themselves competing against these new (both foreign and domestic investors) market participants; increased demand always – at least in the short term – leads to higher prices.

**Recession** – The "great recession" (caused, in large part, by irresponsible lending practices in the US housing market) began in December 2007 and, by the time it was over, was the longest economic downturn in US history since World War II. This national period of economic uncertainty and negative GDP growth had implications in the Delta agricultural land market as well. For one, the recession motivated more individual buyers to consider agricultural property as a relatively safe investment possibility (further increasing demand). Another (and more significant) implication of the great recession was the response from the Federal Reserve. Hoping to stimulate growth (spending) and discourage saving, interest rates were lowered (the average 2020 rate on a 30-year mortgage was about half what the rate was in 2008). Lower rates (and, just as importantly, the expectation that rates would continue to be lowered) encouraged borrowing and contributed to the rapid appreciations in Delta ag land values between 2008 and 2014.

So how significant was the appreciation between 2008 and 2014? A quick overview of AgHeritage Farm Credit and Farm Credit Mid-America (former Farm Credit MidSouth) Benchmark data can help answer this question (in the Farm Credit system, benchmark properties are appraised annually in an attempt to track value trends; AgHeritage Farm Credit monitors six rowcrop benchmark properties, Farm Credit Mid-America has five rowcrop benchmark properties – between these two Farm Credit associations, all of Arkansas Regions 1 and 2 are represented.

Across all 11 rowcrop benchmark properties, the following average appreciations were indicated between 2008 and 2014 (these appreciations are calculated based on the 12 months prior; in other words, the appreciation percentage for 2008 represents the 12 months from mid-2007 to mid-2008):

2008: 13.09%
2009: 10.28%
2010: 8.55%
2011: 9.58%
2012: 18.09%
2013: 16.77%
2014: 11.07%

After these seven years of significant appreciation in the eastern Arkansas rowcrop market, the average percentage change in the years that followed were markedly different:

2015: 3.91%
2016: 2.03%
2017: -0.40%
2018: -0.62%
2019: 1.57%
2020: 2.32%
2021: 5.02%

So, as these numbers indicate, the seven years that immediately followed the strong appreciations of 2008 to 2014 reflected a market that was essentially flat. In 2021, the benchmarks began to indicate the modest beginnings of another appreciating period. It is relevant to mention that, beginning in 2021 and continuing through the end of that year, sales activity – compared to 2020 – increased over much of Arkansas' eastern rowcrop market.

The appreciation that appeared between the 2021 and 2022 benchmark period continued, and accelerated, between 2021 and 2022. The 11 eastern Arkansas benchmark properties, between 2021 and 2022 indicated the following:

2022: 9.93%

It is important to note, however, that 2022 cropland sales activity (compared to the activity of 2021) slowed considerably in eastern Arkansas. Slowing sales activity is likely a direct result of 2022's significant increases in interest rates. It appeared that there were between 30% to 50% fewer sales of cropland properties in eastern Arkansas in 2022 compared to years prior.

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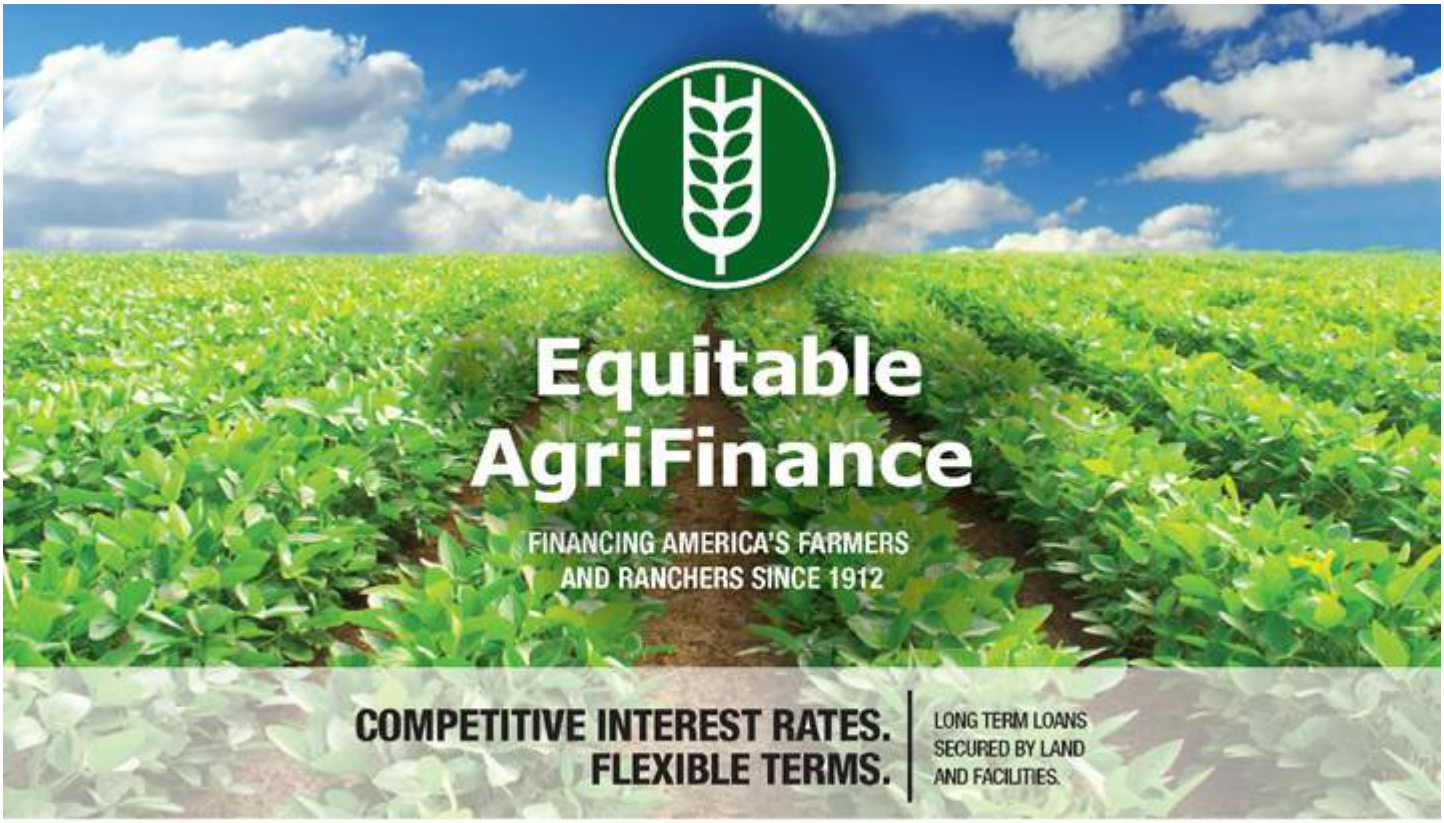



Clay Caver (901) 651-6818 – ccaver@aegonam.com | Brett Welch (870) 761-6041 – bwelch@aegonam.com


**JOEL KING, ALC, CAI** PB00030120
870.847.0945 | Joel@PeoplesCompany.com

**GEORGE BAIRD, AFM** PB00047135
901.483.0373 | GBaird@LandmarkAg.net

PeoplesCompany.com | 870.275.6249

## Eastern Arkansas 2022 Overview
*continued*

Between 2022 and 2023, the 11 rowcrop benchmarks properties indicated continued appreciation:

2023: 6.72%

It is interesting to note that much stronger levels of appreciation occurred in the northeastern part and eastern part (Farm Credit Mid-America territory, north of I-40) of Arkansas' Delta agricultural area, and much lower levels of appreciation were indicated by the western, southern, and central portions of Arkansas' Delta agricultural area (AgHeritage Farm Credit territory). While the five Farm Credit Mid-America benchmark properties indicated an appreciation of 11.49% from 2022 to 2023, the six AgHeritage Farm Credit benchmark properties indicated an appreciation of only 2.74% over the same period.

***Scarcity and Discernment***

One observation made during the period of strong appreciation between 2008 to 2014 deals with the discernment of the buyer. As demand continued to increase over the first few years of that period, the supply of available cropland quickly began to tighten. When demand for a certain good increases quickly and outpaces the market's willingness/ability to either supply or produce more units of the thing demanded, buyers will look for substitutes (an example: if there is a shortage of orange juice which causes its price to increase substantially, the demand for alternatives – say, apple juice – will likewise increase, eventually causing an increase in the price of the substitute itself).

In an effort to satisfy growing demand throughout the 2008 to 2014 appreciation period, some buyers appeared to become less discriminating about what constitutes a good farm versus an average (or even below-average) farm. Consequently (and this trend became more noticeable as the appreciation period lengthened) many average to below-average properties in eastern Arkansas experienced appreciation rates greater than those of higher quality farms (simply due to the fact that the lower quality farms began the period with a lower price per acre relative to the higher quality farms).

However, as the market began to cool (around 2015) values reacted as some might have expected: while the good quality farms, for the most part, held onto the value appreciations realized through the 2008 to 2014 period, many below-average properties found themselves overpriced and, in many cases, lost value gained through the appreciation period. The takeaway is this: in a "normal" market (where supply and demand are closer to equilibrium) and where participants are behaving somewhat predictably, most buyers recognize the difference between a good farm and a below-average property. Over time, appreciations gained by higher quality farms are generally more resilient than rapid appreciations gained by lower quality farms.

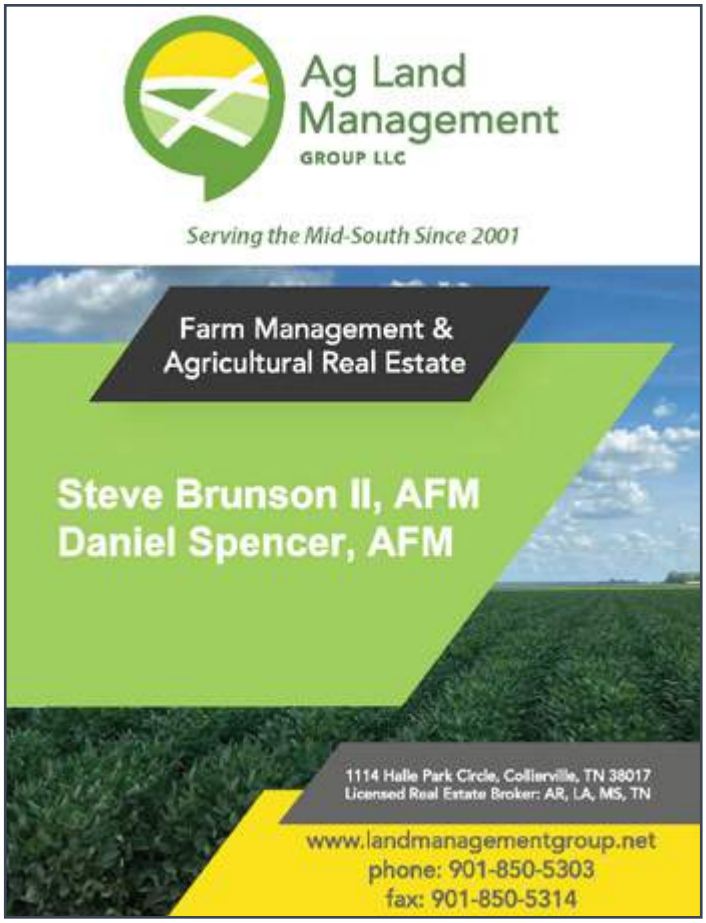
After several years of nominal value change, the eastern Arkansas agricultural market entered another appreciation period at the beginning of 2021 (only time will tell as to the length and intensity of this particular appreciation period). If demand continues to hold at current levels (or even increase) some buyers might, once again, become less discriminating about price versus quality. In fact, there have already been several examples of this (primarily in the second half of 2021 and the first part of 2022) in the eastern Arkansas market. Not all agricultural properties are of equal quality, and we expect that – once again – below average quality tracts will likely increase in price at a rate that outpaces the appreciation of many higher quality, more desirable properties. And, as before, these below-average properties will be setup to decrease in value once supply and demand begins to gravitate toward equilibrium.

***Inflationary Pressures***

Since 2020, the impacts of Covid and Covid-related policies have been far reaching and have touched, to varying degrees, every segment of our economy. In economic terms, one of the most impactful responses to the pandemic was an unprecedented peace-time infusion of cash into the economy. This incredible expansion of the money supply has led directly to the highest inflation of the past 40 years. Groceries, energy, household goods, automobiles, clothing…. yes, even the prices paid for agricultural acreage have been impacted. This is important to note due to the fact that during eastern Arkansas' last period of appreciating land values (2008 to 2014), inflation was low; therefore, the increases of the 2008 to 2014 period were driven almost entirely by increased demand for agricultural land itself. During 2022, however, at least a portion of the appreciation observed in the agricultural land market must be attributed to the *general increases in prices caused by inflation.* In our opinion, this is an important distinction, because – unlike the 2008 to 2014 period – an *increase in demand* is not the *only* cause of current agricultural land appreciation; some of the increase is due to a weakening dollar. As of this writing (2023), inflation has slowed significantly compared to a year ago; however, prices on most items – although not increasing at the rate of 12 months ago – have not decreased off the highs.

***Cash vs. Debt***

It is also important to note the following: there is strong evidence that the relatively high interest rates post-Covid have widened the gap between "what *cash* buyers are willing to pay" and "what *leveraged* buyers are willing to pay." To put another way, if a property is attractive to an institutional investment fund (typically a cash buyer) it will likely command a price that is *significantly* higher than a tract that is likely only attractive to local buyers. "Size" and "efficiency ratio" play major roles here: relatively large properties with high efficiency ratios will bring a much higher price per acre than will smaller, "local buyer" type tracts. Currently, there is a very wide price gap between these two property types. As of this writing, the Federal Reserve has indicated that it plans to reduce rates (possibly more than once) in 2024. Will lowered interest rates increase the demand for leveraged agricultural land buyers? Will lowered rates fuel a more aggressive appreciation in a land market where demand already (even with relatively high rates) is far out-pacing supply? Only time will tell.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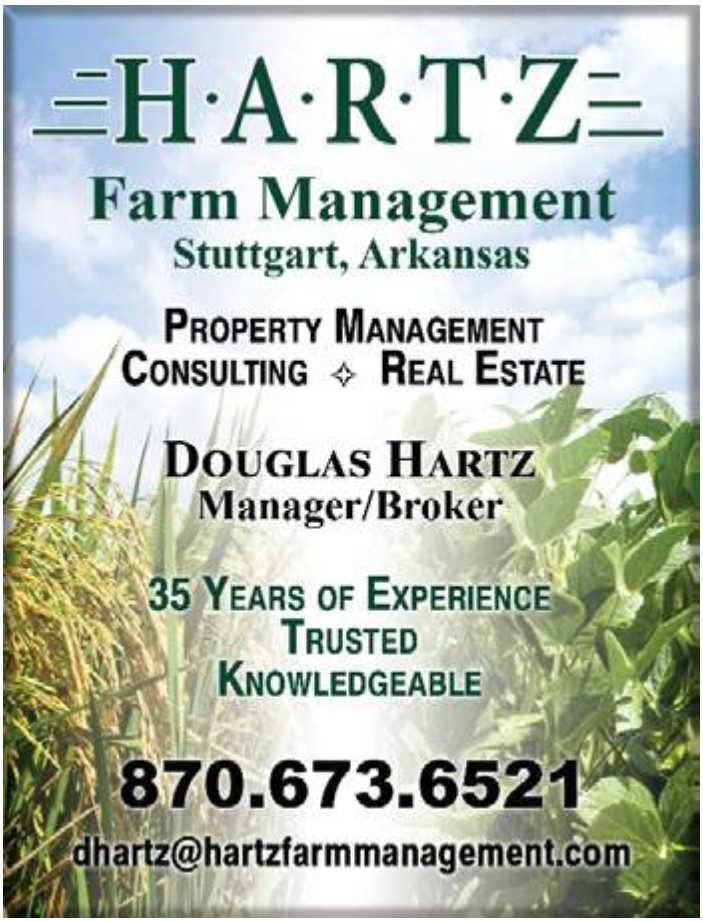
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Joel@PeoplesCompany.com
THOMAS BOGGS
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Thomas.Boggs@PeoplesCompany.com
GEORGE BAIRD, AFM
901.483.0373
GBaird@LandmarkAg.net
JULIE BOGGS, AFM
318.282.3870
Julie.Boggs@PeoplesCompany.com
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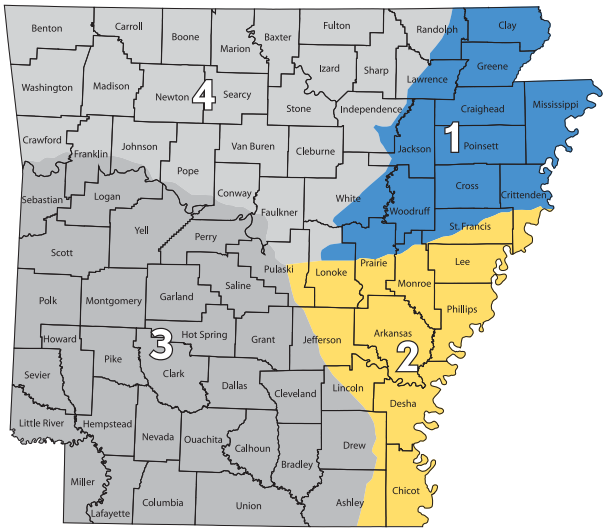
# Arkansas Regions 1 & 2

## *Land Classifications*




Now that we have discussed some current, general market observations and have provided some context based on previous appreciation periods, we will now turn our attention to the current land values in eastern Arkansas. Before we discuss Regions and 1 and 2 individually, we must first define the land categories utilized for this section *(the reader should note that the contributors from each state represented in this publication handle their sales data differently; therefore, the reader is encouraged to read through and understand how the land types are divided and defined in each section of this publication).*

### Regions 1 and 2 Land Classifications

From heavy clay-based soils to sandy silt loams and everything in between, the quality of agricultural acreage in eastern Arkansas is as diverse as the commodities grown there. Availability of good ground and surface water, soil types, adequacy of drainage, topographical differences, ease of management, and local tenant pool are all important considerations when attempting to determine the relative quality of a particular agricultural tract. The differences found between one tract and another can, and oftentimes do, influence value. Although the purpose of this publication is to provide a range of values for the various qualities of agricultural acreage commonly found in the Delta, it should be understood that the *combinations* of value-influencing qualities are nearly infinite: for example, a tract with good soils (positive) could be in a weak groundwater area (negative), a precision leveled tract could be in an area that does not drain well, or a heavily undulating tract with very productive soils could be located in a weak tenant area. The challenge, then, is in understanding how to broadly, and yet properly, define *general* land categories which represent *most* of the agricultural acreage found in eastern Arkansas.

Understanding, then, that the only way to provide a concise, meaningful range for widely varied properties is by employing the use of broadly defined land categories; for eastern Arkansas, we have chosen to use three: Cropland A, Cropland B, and Cropland C.

**Cropland A:** In general terms, this category can most simply be defined as "the highest quality of cropland found in a given area." Although "quality" is a somewhat subjective measure, we are referring primarily to soil types, irrigation, topography, and overall ease of management. In regard to soil types, cropland acreage will most often be comprised of good, versatile, silt loam soils that contain Class I and II soil classification. Corn, cotton, soybeans, peanuts, and – in the Grand Prairie Region – rice, are grown successfully on this type soil (In the Grand Prairie some silt loam soils have a Class III soil classification but due to topography, irrigation and drainage are still considered to have a Cropland A land classification.) To put another way, heavy clay-based soils (which are generally less versatile and more difficult to manage) have not been included in the Cropland A category. Cropland A acreage will also be irrigated by a dependable source, either by groundwater or surface water improvements (river or bayou, reservoirs, or tailwater ditches). Cropland A, as for topography, will oftentimes be acreage that has been precision leveled to grade or, in some cases (and at a minimum), acreage that can easily row-water. Drainage is an important concern as well; Cropland A properties have topography and improvements which allow for drainage after heavy rains or overflow (crops are seldom lost due to flooding on Cropland A acreage). When referring to the "overall ease of management," we are including additional characteristics such as ease of access to and throughout the property as well as individual field shape and size.

**Cropland B:** This represents the broadest land category in the eastern Arkansas discussion. Whereas acreage that qualifies as Cropland A must be "better than average" in each of its primary land characteristics, Cropland B represents acreage which can be average to below average in certain characteristics, while remaining above average in others. For example, a heavy clay-based soil (with a soil classification of Class III or IV which is not a characteristic of Cropland A) but that is irrigated and has been precision leveled (both characteristics of Cropland

*Continued on next page*

## Regions 1 and 2 Land Classifications
*continued*

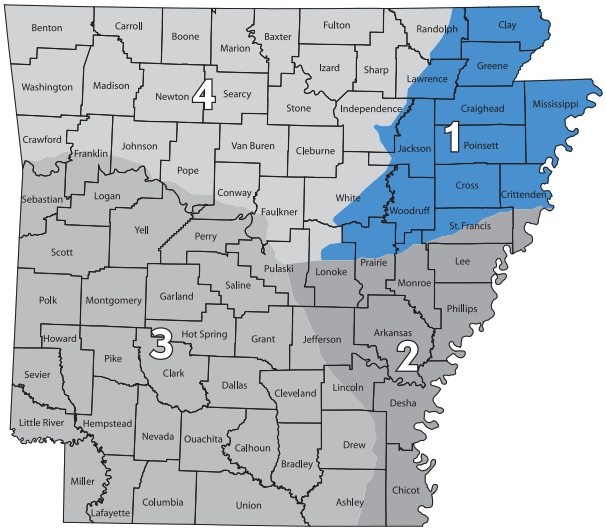
A) would be considered, overall, as Cropland B acreage due to crop production limitations. Another example would be a tract comprised of good, light, versatile soils (a characteristic of Cropland A with a soil classification of Class I or II) but which has topography that makes irrigation difficult or cumbersome (which is not a characteristic of Cropland A) would be considered, overall, as Cropland B acreage. In general terms, Cropland B acreage, whether clay-based or silt loam, is typically irrigated. Row crops on Cropland B can be row-watered, but not with the ease of Cropland A tracts. Precision leveled clay-based soils (straight-leveed) are considered high Cropland B quality tracts whereas undulating clay-based soils (contour-leveed) are typically considered average Cropland B quality acreage.

**Cropland C:** Acreage categorized as Cropland C will be, generally speaking, below average agricultural acreage for a given area. In most cases, the Cropland C category is used to identify non-irrigated tillable acreage. Issues with topography are a common detriment found in this category and are oftentimes the reason the acreage is non-irrigated. Issues relating to poor drainage can be emblematic of Cropland C as well, and it is not unusual to lose crops due to standing water or to be heavily delayed from planting or harvest. Put in general terms, Cropland C is typically comprised of problematic, non-irrigated, marginal tillable acreage with a soil classification of Class II, III or IV.



# Arkansas Region 1

## *Cropland Values*




In the following discussion, Arkansas' Region 1 constitutes all the Delta area (the row crop producing area of Arkansas located on either side of Crowley's Ridge) within the state and situated north of Interstate 40. This is a very broad region, ranging anywhere from highly productive sandy loam soils that have historically produced cotton to the heavy clay soils of rice and soybean farms.

The highest agricultural land values in Arkansas are located in the northeastern portions of Region 1. This area can be more closely defined as being east of Crowley's Ridge in Clay, Greene, Poinsett, and Cross Counties, all of Mississippi County, and most of Crittenden County. The highest agricultural values within this market are typically found in the northeastern-most corner of the state in eastern Clay County. This area is mostly flat and has a wide range of alluvial soil types ranging from coarse sand to sandy loams to heavy clays. These alluvial soils are high in natural fertility and have historically produced some of the highest yields in the state.

In the earlier years the area east of the ridge grew mostly cotton, but during the 1960s and 1970s many of the areas with clay soils transitioned to soybeans and rice while cotton remained the primary crop on the sandier soils. During the 1990s and 2000s, corn (which had very little commercial presence here prior to this time) displaced cotton as the crop of choice for rotation with soybeans in many areas with sandier soils and began to be grown as a rotational crop for cotton. In recent years, acreage devoted to peanut production has increased, also usually in rotation with cotton and corn. Cotton acreage has also increased significantly in the area over the past few years.

This area east of the ridge generally has abundant, shallow, and quality groundwater, which contributes to generally higher land values than some other parts of the state. Although this area has a high percentage of irrigated lands, state geologists say groundwater recharge from the Mississippi River and other area rivers replaces most or all of the withdrawal caused by heavy pumping during the growing season (the only exception is land on or very near Crowley's Ridge, where groundwater availability can be sporadic).

The other market to identify within Region 1 constitutes the row crop agricultural area situated west of Crowley's Ridge and runs south to Interstate 40. The cropland in this area ranges from versatile silt loam soils to heavy clay soils. In the market west of the ridge, the higher values have – for the last several years – come from the northern end of this territory (western Craighead and eastern Lawrence Counties specifically). However, over the past 12 months, sales activity in this area has slowed considerably compared to recent years.

Peanut production has also gained acreage in some of the northern areas of this market; there are large peanut buying points in Portia (Lawrence County), in Pocahontas (Randolph County), and another buying point/processing facility (Delta Peanut) located in Jonesboro (Craighead County). Portions of this market are heavily influenced by the White, Cache, and Black Rivers; recreational demand has increased significantly in last several years with many farmers supplementing their income with recreational leases. The area west of the ridge is a major flyway for winter duck migration and is the prime duck hunting area for northern Arkansas. Duck hunting has impact on land prices in much of the area, particularly along the rivers. The area economy receives a boost from duck hunters' recreational expenditures each year. Many of the values that comprise the lower end of the range are derived from this area, particularly southern Jackson County, eastern White County, and Woodruff Counties.

The following constitute the range of allocated values for Region 1:

**Region 1 Cropland Values (Current - 2023)**

| | Low | Average | High |
|---|---|---|---|
| Cropland A | $6800/acre | $7150/acre | $7500/acre |
| Cropland B | $5400/acre | $5600/acre | $5850/acre |
| Cropland C | $4070/acre | $4350/acre | $4625/acre |

*Continued on next page*

# Arkansas Region 1 Cropland Values

*continued*

## Behind the Numbers

The population set was comprised of properties that sold from January 1, 2023 to the end of 2023 and were cropland tracts. We then ran statistical analysis on the data set, using the mean and a 95% confidence level (which means that 95% of the data fell within a set range on either side of the mean).

Next, we'll compare the current range with the range indicated from last year's publication:

| Region 1 Cropland Values (Last Year -2022) | | | |
|---|---|---|---|
| | Low | Average | High |
| Cropland A | $6050/acre | $6450/acre | $7400/acre |
| Cropland B | $4700/acre | $5200/acre | $5700/acre |
| Cropland C | $3800/acre | $4100/acre | $4700/acre |

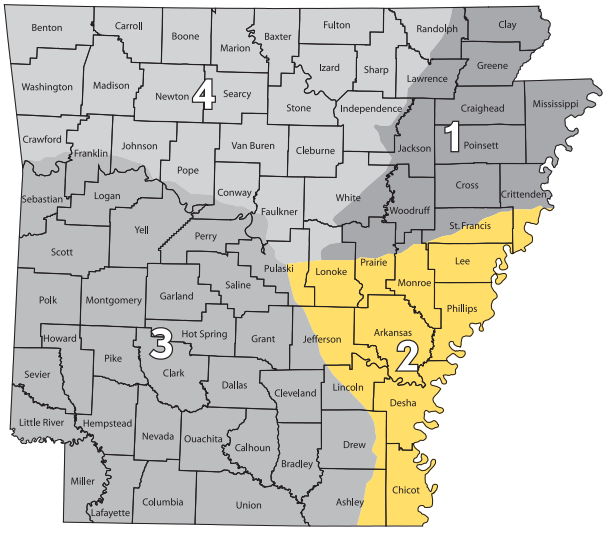
Overall, values in Region 1 have increased. The most notable increases are in the Low and Average range for Cropland A: these numbers have increased *significantly* whereas the top end (High) for the Cropland A category has only increased slightly.

For additional context, lets compare the current (2023) values for Region 1 with the values indicated by the 2020 sales data:

| Region 1 Cropland Values | | | | | | |
|---|---|---|---|---|---|---|
| | Low | | Average | | High | |
| | 2020 | 2023 | 2020 | 2023 | 2020 | 2023 |
| Cropland A | $4900/acre | $6800/acre | $5500/acre | $7150/acre | $6400/acre | $7500/acre |
| Cropland B | $3800/acre | $5400/acre | $4300/acre | $5600/acre | $4900/acre | $5850/acre |
| Cropland C | $3000/acre | $4070/acre | $3500/acre | $4350/acre | $3500/acre | $4625/acre |

# Arkansas Region 2

## *Cropland Values*




In the following discussion, Arkansas' Region 2 constitutes all the Delta area (the row crop producing area of Arkansas located on either side of Crowley's Ridge) within the state situated south of Interstate 40. Like Region 1, Region 2 is a very broad region, ranging anywhere from highly-productive sandy loam soils that have historically produced cotton to the heavy clay soils of rice and soybean farms.

One of the sub-markets within Region 2 that merits additional discussion is the Grand Prairie area of eastern Arkansas. The Grand Prairie stretches from the north-central part of Lonoke County in the northwest to near the confluence of the White and Arkansas Rivers in the southeast. This market area is a rice, soybean, corn, and wheat producing region. Soils are primarily silt loam to clay soils with Class II or III capability classifications. In much of the Grand Prairie area, the limited availability and depth to groundwater has a significant impact on production and cost of production. Groundwater limitations have brought about reservoirs, water recovery systems, and a large water diversion project from White River. Market participants on the Prairie are primarily local landowner and/or operators or local investors. Stuttgart is the trade center for the Grand Prairie and touts itself as the "Rice and Duck Capital of the World;" recreational duck hunting is a major influence in many parts of the Prairie. Historically, this is an area (when compared to other Arkansas production areas) that typically sees relatively little sales volume year to year.

The rest of Region 2 (located south of I-40, on either side of the Grand Prairie, and all the way into the southeastern corner of the state) is a diverse area: from very good versatile soils to limited heavy clay soils. Over the past 12 months, there has been a significant increase in sales activity in the southeastern portions of the state. This increased activity is immediately following a year (2020) when sales activity across Region 1 was noticeably low. Values across Region 2 have increased, but perhaps none as aggressively as those in the SE portions of the Region.

The following constitute the range of allocated values for Region 2:

| Region 2 Cropland Values (Current) | | | |
|---|---|---|---|
| | Low | Average | High |
| Cropland A | $5950/acre | $6250/acre | $6550/acre |
| Cropland B | $5350/acre | $5550/acre | $5750/acre |
| Cropland C | $3985/acre | $4375/acre | $4765/acre |

### Behind the Numbers

The population set was comprised of properties that sold from January 1, 2023 to the end of 2023 and were cropland tracts. We then ran statistical analysis on the data set, using the mean and a 95% confidence level (which means that 95% of the data fell within a set range on either side of the mean).

Next, we'll compare the current range with the range indicated from last year's publication:

| Region 2 Cropland Values (Last Year - 2022) | | | |
|---|---|---|---|
| | Low | Average | High |
| Cropland A | $5500/acre | $5900/acre | $6300/acre |
| Cropland B | $4625/acre | $5200/acre | $5675/acre |
| Cropland C | $3500/acre | $3925/acre | $4400/acre |

The value range for Region 2 is notably lower than the value range indicated by Region 1. Much of this is due to the strong, high sales of the northeastern corner of the state (pushing the Region 1 values higher). But, as with Region 1, the values in Region 2 over the past year indicate very little appreciation at the High end of each land category and much stronger appreciations in the Low and Average quality land for each category.

*Continued on next page*



# Arkansas Region 2 Land Classifications and Sales

*continued*

For additional context, lets compare the current (2023) values for Region 2 with the values indicated by the 2020 sales data:

| Region 2 Cropland Values | | | | | | |
|---|---|---|---|---|---|---|
| | Low | | Average | | High | |
| | 2020 | 2023 | 2020 | 2023 | 2020 | 2023 |
| Cropland A | $4700/acre | $5950/acre | $5100/acre | $6250/acre | $5700/acre | $6550/acre |
| Cropland B | $3750/acre | $5350/acre | $4100/acre | $5550/acre | $4600/acre | $5750/acre |
| Cropland C | $3000/acre | $3985/acre | $3400/acre | $4375/acre | $3800/acre | $4765/acre |



## Cropland Rents for Eastern Arkansas

In eastern Arkansas, farm rents are predominately crop share whereby the landowner receives a portion of the crop. In some instances, crop input costs are shared between the landowner and the tenant; however, the predominant arrangement is a "net" share where the landowner does not contribute to input costs. As a general statement for the Mid-South, crop-share leases, over time, have resulted in a higher landowner return than cash rents. A 25% net crop share (to the landowner) is the most common leasing rate for eastern Arkansas.

There are many variations of crop share leases in the market; the next-most prominent (behind the 75/25) is a 20% net crop share to the landowner. Sometimes the 20% and 25% are dependent on the crop being grown (lower percentage leases are often used to incentivize the tenant to grow higher priced crops). <25% crop share leases are not uncommon on unimproved (undulating, rolling) and/or poorly-drained acreage.

Some landowners (especially institutional investors) prefer fixed cash rent. From 2015 to 2021, cash rents in eastern Arkansas have been basically static. Commodity prices began to strengthen significantly during late 2020, but rental rates were not impacted immediately (rental arrangements, as a general rule, are sluggish to react to market factors). Between 2015 and 2021, cash rents in eastern Arkansas for good, improved rice and/or row crop ground were typically between $160 to $185 per tillable acre. Unimproved (but irrigated) acreage, or acreage with some deficiency (such as poor drainage) would typically lease between $120 to $150 per acre. Cash rents on non-irrigated acreage generally lease for <$100 per tillable acre.

Beginning around the time when rents for the 2022 season were negotiated, cash rents – generally speaking – strengthened significantly. Based on conversations with landowners and farm managers, cash rents on good quality farms increased as much as 15% for the 2022 season compared to prior years. The $160 to $185/tillable acre rents of 2021 and prior, quickly became $200 to $225/tillable acre rents (with, of course, many exceptions that fall on either side of this range).

Another rental arrangement that has gained popularity with some landowners and institutional investors, is the "flex rent" lease. Flex rent usually has a base cash rent with additional rent due at harvest depending on yield and crop price. There are several examples in the Delta of flex rents above +/-$200/tillable acre (due in the spring) and then a 25% crop share after harvest (ie. if the crop share amount is over cash rent/acre). These types of rental arrangements, if structured properly, can greatly minimize risk to the landowner. Under crop share arrangements, landowners can mitigate risk by utilizing crop insurance and participating in all farm program payments. Flex rents are typically preferred by landowners who do not qualify for subsidized crop insurance, commodity programs or ad hoc payments.

The uniqueness of every cropland parcel, government policy, risk tolerance, goals, and resource contributions for both tenant/landowner gives rise to an extensive list of negotiating points. Therefore, rental rates, arrangements, and structures vary widely. This discussion is meant simply to serve as a basic description and not intended to provide the level of detail needed for landowners or tenants to make important rental decisions, negotiate leases, etc. For rental information tailored to help make decisions on your specific land investment, the reader is highly encouraged to contact an Accredited Farm Manager.

## Summary

In closing, the eastern Arkansas production agriculture land market continues to experience a period of appreciation. The current period of appreciation began in 2021 and, as of this writing, shows no sign of weakening. 2024 could tell a different story, and there will certainly be external factors (both anticipated and unexpected) that will influence the demand for agricultural properties in the area.



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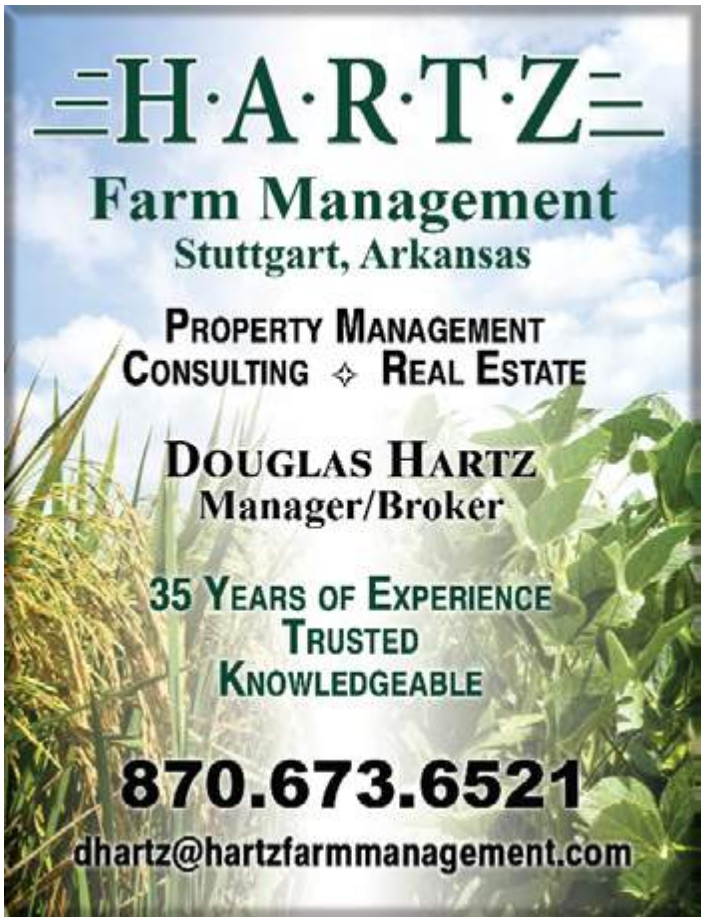
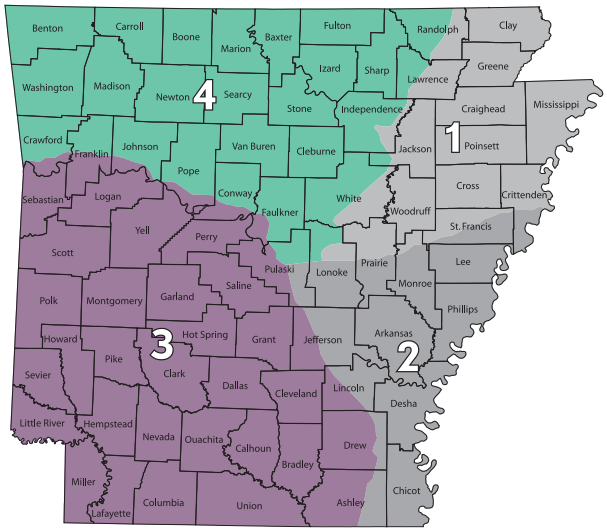



# Arkansas Regions 3 & 4

## *Land Classifications and Sales*




The following analysis addresses Zones 3 and 4. Geographically, these zones are located in Western/ Central/North Arkansas. Zone 3 is located south of Interstate 40 and Zone 4 is located north of Interstate 40.

### Beef Cattle

The raising of beef cattle has been carried out in Arkansas since before the area became an American territory. Though not as prominent as the state's poultry industry, the beef industry has an estimated $1.4 billion annual economic impact upon Arkansas.

Though beef cattle can be found in every county in Arkansas, the industry is largely centered in the northwestern counties of the state. As industry historian C. J. Brown writes, "the beef enterprise lends itself well to being combined with the poultry operations which have developed in those areas of the state." According to the University of Arkansas Cooperative Extension Service, approximately 30,000 farms in the state produce beef cattle, and, in contrast to the poultry industry, 97% of these farms are family owned and operated. Arkansas is primarily a cow-calf state, which means that producers largely raise calves for sale to buyers who then grow them until they are ready to enter a feedlot for later slaughter.

- Arkansas' cattle inventory exceeds 1.7 million head, with 28,292 farms in Arkansas producing cattle.
- Arkansas ranks 12th nationally in beef cows on farms.

The average beef cattle herd size is 35 head with 80% of the farms having less than 50 head. About 97% of the beef cattle farms in Arkansas are family owned and operated.

**Cow Fun Facts:**

- Cows can sleep while standing.
- Cows can see almost 360 degrees.
- More than 800 different cattle breeds exist.
- Cows are very social and don't like to be alone.
- Cows have no upper front teeth.

### Swine

More than 1.8 million pigs are produced in Arkansas annually. The total value of Arkansas pork production exceeds $80 million per year.

The only swine integrator in the state is JBS. At least 95% of the swine in Arkansas are grown under contract. Arkansas ranks #18 in swine production in the U.S.

### Forestry

- Arkansas has 18,778,660 acres of forest land representing approximately 56% of the total land base:
  - 58% of timberland is owned by private landowners.
  - 7% of timberland is publicly owned.
  - 25% of forestland is owned by the forestry industry
- Arkansas is the fifth-largest softwood lumber producing state.

| 3rd Quarter 2022 Stumpage Prices Per Ton in Arkansas | | Product Price Change |
|---|---|---|
| Pine Sawtimber | $ 28.00 | 8% |
| Oak Sawtimber | $ 49.00 | -14% |
| Mixed Hardwood Sawtimber | $ 40.00 | - 7% |
| Pine Chip-n-Saw | $ 18.00 | 12% |
| Pine Pulpwood | $ 6.00 | +20% |
| Hardwood Pulpwood | $ 10.00 | 0% |

***Trends***

Stumpage prices in the 3rd quarter of 2022 were inconsistent for most products compared to 2nd quarter 2022 prices. Pine saw logs experienced a slight increase which deviated from the south region trend. Hardwood saw log values decreased in the southern part of the state as dry conditions extended access to normally wet sites. This trend differed from hardwood sawlog prices across the southeast, which increased. Despite increasing rates, new home construction remained on the positive side, a market indicator for pine sawtimber. Remodeling activity also remained strong.

*Continued on next page*

# Arkansas Regions 3 & 4 Land Classifications and Sales

*continued*

| 3rd Quarter 2023 Stumpage Prices Per Ton in Arkansas | | Product Price Change |
|---|---|---|
| Pine Sawtimber | $ 25.00 | -4% |
| Oak Sawtimber | $ 47.00 | 4% |
| Mixed Hardwood Sawtimber | $ 41.00 | 5% |
| Pine Chip-n-Saw | $ 14.00 | 0% |
| Pine Pulpwood | $ 4.00 | -20% |
| Hardwood Pulpwood | $ 10.00 | -10% |

***Trends***

Stumpage prices in the 3rd quarter of 2023 substantially declined for pulpwood relative to the prior quarter, and pine sawtimber had a modest decline over the same period. Hardwood sawtimber prices improved slightly since the second quarter of 2023, while prices for pine chip-n-saw remained stable.

Arkansas has 18,778,660 acres of forest land representing 56% of the total land base: **69%** is owned by private landowners. **19%** is publicly owned (13% is national forest which is largest in the south), and **12%** is owned by the forestry industry.

Arkansas is the **4th** largest softwood lumber producing state in the U.S., **#4** in production of pine seedlings and **#1** in production of hardwood seedlings.

## Poultry

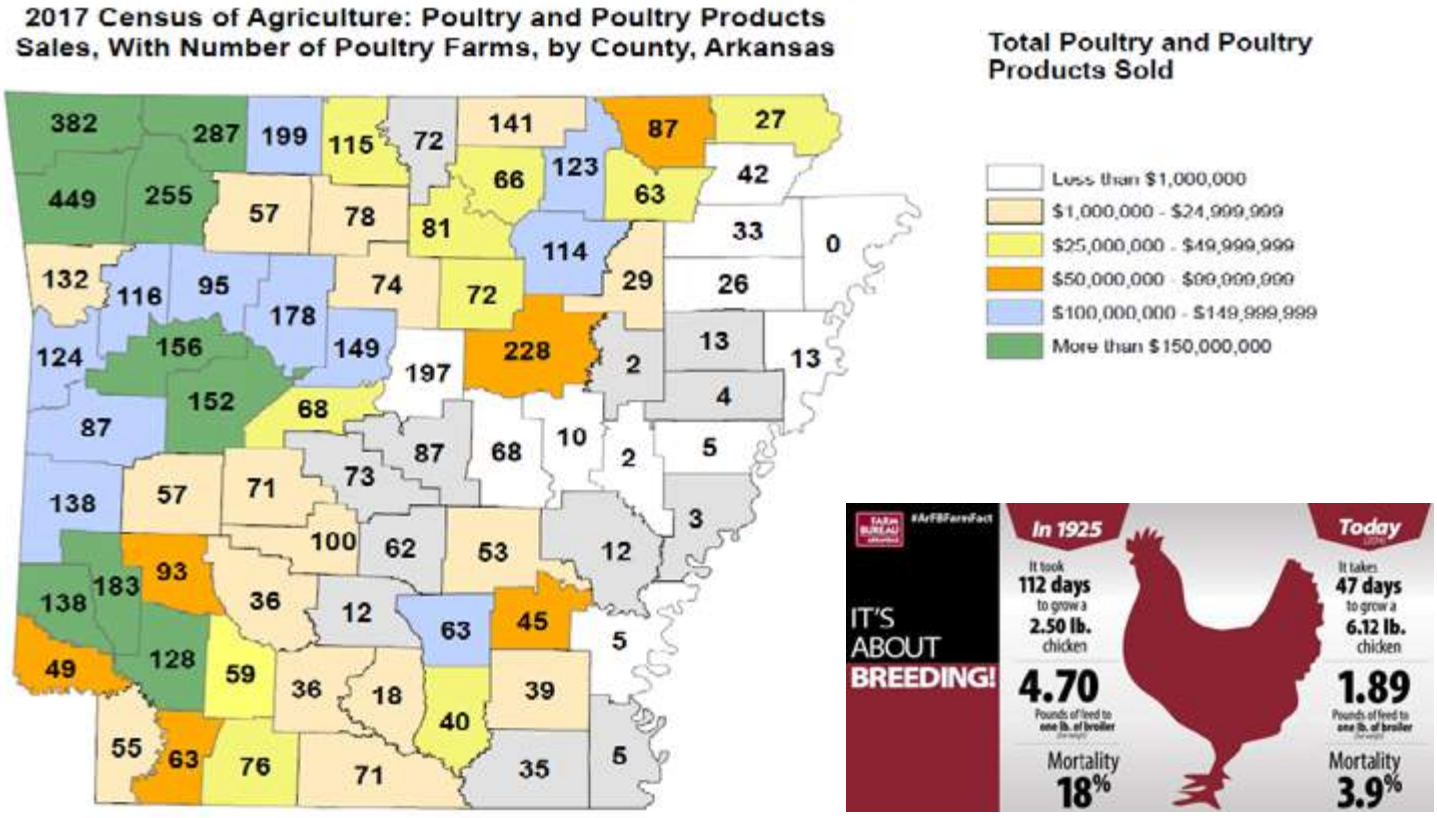
It is the largest industry in the state, contributing $19 billion to the Arkansas economy. More than 1 billion chickens are raised per year. Arkansas ranks #2 in the U.S. for broiler production. About 2,500 farms in Arkansas produce chickens.

The state also produces 31 million turkeys per year, ranked #2 in the nation. The state is ranked #4 in egg production, supplying 3.8 billion eggs annually.

More than 6,500 farms produce poultry, with Benton County ranked #1, followed by Washington, Madison, Carroll, Yell, Hempstead, Howard, Sevier, and Logan.

Three major factors have affected Arkansas broiler production in 2023:

1. **Construction Costs:** Pre COVID-19 cost to construct a broiler house was in the $12.50 - $13.00/sf range. Construction costs increased to near $20/sf in early 2023 but have since fallen back to $17.50 - $18.50 range.
2. **Rising Interest Rates:** The FOM has raised rates 11 times since March 2022 Prime went up from 3.25% to 8.5%. Forecasts are for a possible decrease in rates in 2024 if inflation does not heat up again. Inflation has dropped from about 9% in July 2022 to a current rate of near 3%.

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# Arkansas Regions 3 & 4 Land Classifications and Sales

*continued*

3. **Incentive Payments:** It is now common practice for broiler integrators to pay substantial up front and/or yearly payments to entice growers to build new broiler houses. Examples:
    - $2/sf and $.50/sf per year for 4 years
    - Pay 25% of the construction costs up front
    - $2.20/sf upfront and then $0.20/sf for the next 9 years
    - $2.65/sf plus $.65/sf for 14 years (forgivable loan)

The poultry production is vertically integrated with various Integrators, including but not limited to:

- Tyson Foods
- OK Foods
- Wayne-Sanderson Farms
- Pilgrim's Pride
- PECO
- Simmons Foods
- Ozark Mountain Poultry – Now owned by George's
- George's
- Cobb (primary breeding stock)
- Butterball (turkey)
- Cargill (turkey)

Both Zones 3 and 4 encompass a large geographical area and within these zones there are certain areas that the land value is much higher than the average zone values. For example, in Zone 4, the very NW portion (Washington and Benton counties), have much higher land values than the eastern or southern boundary of Zone 4.

In estimating the average land values for these zones, all available poultry sales data for 2023 was analyzed. The typical makeup of a comparable sale has pasture and wood land. In determining the value that the pasture contributes the following factors are considered for adequacy, quality, and quantity in classifying the pasture quality:

1) Perimeter & cross fencing
2) Cattle working pens
3) Ponds/creeks/rivers for water availability
4) Type/quantity of grass
5) Prevalence of noxious weeds
6) Soil classes
7) Location
8) Topography/flood zones
9) Access

When taking the above criteria and applying the data, the pasture is broken down to the following categories:

- Pasture "A" – Most desirable, well maintained, and productive pasture in the market area.
- Pasture "B" - Average desirability and productivity in the market area with average maintained.
- Pasture "C" – below average desirability and productivity and typically fair to poor maintained.
- Woods – typically very little to no marketable timber value. In the event there is a significant amount of marketable timber, than a cruise is relied upon.

Based on the sales data reviewed during 2023, following are the AVERAGE land prices for each land class; and the percent increase from 2022:

**Region 3 & 4 Land Values**

| | Region 3 | Percent Increase | Region 4 | Percent Increase |
|---|---|---|---|---|
| Pasture "A" | $3,185/acre | + 1.11% | $5,965/acre | - 7.23% |
| Pasture "B" | $2,395/acre | + 1.91% | $4,915/acre | - 1.10% |
| Pasture "C" | $2,200/acre | + 7.31% | $4,500/acre | + 5.88% |
| Woods "D" | $1,915/acre | + 0.79% | $3,915/acre | - 0.13% |
| Dwelling Site | $14,600/ acre | N/A | $24,500/ acre | N/A |

The following data is in reference to broiler houses (the most predominate type poultry farm), and what the average contributory values are. In estimating the contributory value of a poultry house, the most critical piece(s) of information you must have is as follows:

- Actual age of the house & broiler equipment
- Effective age of the house & broiler equipment
- The remaining economic life of the house & broiler equipment

Based on market data, most farm appraisers in Arkansas use 30 years as the total economic life of a poultry house/ equipment when applying the above related ages. As supported by years of sales data, the newer the poultry facility, the lesser the rate of annual depreciation. Conversely, as the poultry houses increase in age, the annual depreciation rate increases and eventually levels off at approximately 3.35% per year.

For this reason, the contributory values of poultry houses have been broken down into four age groups:

- 0 – 5 years old
- 6 – 10 years old
- 11 – 15 years old
- > than 15 years old

*Continued on next page*

# Arkansas Regions 3 & 4 Land Classifications and Sales
*continued*

*The following data reflects the average contributory value on a square footage basis, the average **annual** depreciation rate, external depreciation, and the capitalization rate for each zone.*

*Also noted is the percent increase per square foot as compared to the 2022 data.*

**Region 3**
**Contributory Values & Depreciation Rates**

| Contributory Value | Physical Dep | External Dep | Capitalization Rate |
|---|---|---|---|
| **0-5 Years Old** | | | |
| $13.55/sf - 8.99% | 2.63% | 12.75% | 10.99% |
| **6-10 Years Old** | | | |
| $12.71/sf + 2.66% | 2.87% | 5.75% | 11.63% |
| **11-15 Years Old** | | | |
| $9.61/sf + 6.18% | 2.99% | 7.17% | 12.95% |
| **>15 Years Old** | | | |
| $7.17/sf + 28.72% | 3.14% | 0.26% | 13.61% |

**Region 4**
**Contributory Values & Depreciation Rates**

| Contributory Value | Physical Dep | External Dep | Capitalization Rate |
|---|---|---|---|
| **0-5 Years Old** | | | |
| $14.60/sf + 1.04% | 3.21% | 7.00% | 9.20% |
| **6-10 Years Old** | | | |
| $12.05/sf - 2.66% | 3.22% | 8.44% | 10.34% |
| **11-15 Years Old** | | | |
| $8.98/sf - 0.77% | 3.27% | 9.00% | 10.73% |
| **>15 Years Old** | | | |
| $7.86/sf + 41.0% | 3.35% | 0% | 11.80% |

When analyzing the 2023 broiler sales in Zone "3," 40% of the total sales were broiler houses in >15 years range. The primary lender for these older farms is a commercial bank in Southwest Arkansas.

# So You Got Some Land and You Think it's Good for Solar?

*by Will Veve – 1-802-490-5260 – team@rightwall.group*

The Rightwall Group specializes in facilitating land acquisition dedicated to utility-scale solar development, working exclusively on behalf of our client. Our team engages directly with landowners and their representatives, guiding them through every phase of the land control agreement. We prioritize transparent communication, ensuring all stakeholders understand the details of the proposed project. Our mission is to deliver well-informed, equitable agreements that serve the interests of all parties involved. The initial agreement serves as the foundation of a lasting partnership between the landowner and our client.

The solar industry is generally divided into two sectors of development. The first sector is called distributed generation or "DG" in industry speak and second sector is utility scale solar.

Distributed generation projects are interconnected to the electrical distribution systems of your local electricity provider. Look out your window right now and you may see electric poles with 1, 2, or 3 wires running on it to the next pole. These wires are generally referred to as phases, with 3 wires you have 3-phase power distribution. See photo below of a typical 3-phase pole and distribution system in Beauregard, LA. This is the electrical distribution system that steps down from the transmission system to physically deliver electricity to all customers, homes and business.

The transmission system is responsible for the bulk movement of electricity generated from diverse sources (such as solar, natural gas, coal-fired, hydro, among others) across vast expanses of land. This power is then directed to the distribution system through an intricate web of interconnections and substations. Supporting structures for these lines vary, ranging from single poles to robust lattice support systems designed to bear the weight of multiple electrical wires. In the United States, these transmission towers carry voltages spanning from 69 kV up to 765 kV. Utility-scale solar projects typically interconnect with transmission lines operating at voltages of 115 kV, 230 kV, 345 kV, and 500 kV. For instance, a typical 230 kV transmission configuration, as seen in Dequincy, LA, showcases these imposing lattice structures in the backdrop. Notably, as voltage levels increase, so does the expense associated with interconnecting a project to these lines.

Landowners situated near 3-phase distribution lines, high-voltage transmission lines, or electrical substations are often approached by individuals seeking to develop solar projects on their property.

Those owning land adjacent to a substation, featuring 3-phase distribution lines or high-voltage transmission lines, are frequently approached by individuals eager to negotiate deals for their property. Take, for instance, the CLECO POWER LLC substation on Penton Rd, Dequincy, LA, captured in the photo on the following page. This substation plays a pivotal role in both the transmission system and local distribution network that delivers retail electricity to the customer.

*Continued on next page*

As a landowner considering a solar deal, distinguishing between a Distributed Generation (DG) project and a Utility Scale project is critical.

***The first crucial question is:***
Is this project a Distributed Generation one that aims to connect to the local electrical company's distribution system supplying electricity to its customers?

***This is a yes or no question. For landowners dealing with DG projects, several key concepts should be noted:***

- Scale and Scope: DG projects are comparatively smaller, only occupying areas from rooftops to a fraction of an acre or up to twenty to thirty acres at most.
- Regulatory Environment: These projects are regulated by the state and heavily rely on local and federal incentives for economic viability.
- State Regulations: Specific state laws permit solar generation to offset a customer's load; in certain states like Louisiana, excess generation credits are further regulated at predetermined rates (refer to www.dsireusa.org for comprehensive state incentives for renewables & efficiency).
- Cash Flow: Offset credits are converted into cash flow through the relationship between the project, the customer, and their electrical load.
- Involved Parties: Multiple entities are directly involved in DG projects, including the landowner, customer, developer, and project owner, each playing distinct roles.
- Financing Structure: These projects rely on three main financing sources—debt, equity, and tax equity.
- Revenue Source: Cash flows are derived from offsetting the customer's load currently interconnected to the distributed generation system.
- Customer-Project Dynamics: Customers pay the developer/project owner a predetermined amount for the discount, representing the gross cash flow of the project.
- Customer Credit Worthiness: The success of the project hinges on the customer's financial stability and consistent utility bill payments.
- Ideal Customers: Municipalities, schools, and credit-rated public/private businesses make for preferred customers.

In the DG space, numerous local and national companies compete, especially in states like Arkansas, Louisiana, Mississippi, and Tennessee where third-party ownership is permitted. The value offered per acre may surpass what utility-scale solar projects propose, emphasizing the criticality for landowners to discern the project type they're engaging with.

### Land Agreements

For any solar development, two primary land agreements are typically utilized: an option to purchase or an option to lease the land. Without an exclusive agreement a project cannot be developed.

For distributed generation projects, the foremost risk for a landowner lies in the creditworthiness of the customer that generates the cashflow for the project, making it crucial to carefully assess these risks before entering into an agreement.

For a utility-scale solar project engaging with a professional developer might initially seem like navigating a foreign language; however, understanding the overall approach is vital for your success as a landowner.

*Continued on next page*

## So You Got Some Land and You Think it's Good for Solar?

*continued*

***Here is a quick list of key questions that can help guide the initial discussion:***

- Will the entire project occupy all of my land or only a portion?
- Are you a licensed broker, real estate agent, or land acquisition professional?
- Do you represent the company or act as their agent?
- Are you a third party hired for land acquisition purposes?
- Are you an employee of the developing company?
- Are other landowners part of this project?
- Have you led a development project yourself?
- Is your company publicly or privately owned, and how is it capitalized?
- Are you local to this area?
- Do you have contracts for power sales associated to the project?
- Have you executed any projects in this vicinity, and are any currently operational?

Although only a sample these are concise important questions to ask upfront because you as the landowner want to avoid at all costs getting into a land deal that will be sold multiple times to multiple different parties.

Landowners must be aware of entities solely focused on swiftly amassing numerous land positions for the primary goal of bundling and selling these land control agreements as portfolios. Often, these portfolios are traded without any intention of direct development, with the next buyer cherry-picking the most promising projects for further development.

This subsequent buyer, often labeled as the 'developer,' might secure permits for select projects within the portfolio and then proceed to resell these to a third-party capable of constructing and operating the projects. Landowners engaged with such property flippers face serious risks; their individual project tied to the land might never progress to development or receive necessary permits, effectively leaving the land tied up with no advancement in sight.

Despite the initial representation, these deals view landowners merely as a means to a swift transaction, valuing land control as mere entries on a spreadsheet, where volume equal more profit. The projected acreage is extrapolated into potential megawatts, often used to attract more capital. However, only a fraction of these portfolios might ever materialize into built projects.

To mitigate these risks, direct engagement with a reputable utility-scale solar company is paramount. Choosing a company with a proven track record that is consistently delivering high-quality operational projects is crucial. It's imperative that such a company has navigated the current challenges in the utility-scale industry, including rising interconnection costs, que reform, regulatory shifts like FERC Order 2023, fluctuations in panel supplies, and escalating interest rates. Utility-scale solar development demands substantial financial investment and expertise.

A standard utility-scale solar project typically requires at least 500 acres of suitable, flat land that minimizes impact on sensitive areas such as wetlands, forests, endangered species habitats, historic sites, and public viewsheds. For optimal efficiency, these projects usually allocate around 5 acres per megawatt (MW), meaning a 500-acre site can sustain a 100MW solar project. The estimated direct investment for such a project can range from $100 million to $150 million, averaging $1.00 to $1.50 per MW.

Let's consider a 100MW solar project (without battery storage) on a 500-acre plot as our example to illustrate the value proposition to landowners. Understanding the project's life cycle is crucial when evaluating the risks associated with a solar deal. The development phase alone spans 4 to 5 years, followed by 1 to 2 years for construction. Once operational, these projects typically last 20 to 25 years, aligning with the term of electricity sales contract necessary for the project to become an interconnected reality.

The project's development timeline hinges on securing permits at local, state, and federal levels. Key to the project's success is the safe and cost-efficient interconnection to the transmission system, a process governed by federal regulations.

On July 28, 2023, the Federal Energy Regulatory Commission (FERC) enacted Order No. 2023, aimed at reforming procedures for integrating new generating facilities into the existing transmission system. These reforms were introduced to alleviate backlogs in project connections, enhance certainty in interconnection processes managed by various transmission providers nationwide, and ensure equitable access for emerging technologies.

Scheduled to be enforced on November 6, 2023, the final rule initially required compliance filings from transmission providers by December 5, 2023. However, responding to extension requests, FERC extended the deadline to April 3, 2024.

A critical initial step for any project involves applying for interconnection and securing a queue position with the transmission operator. In the regions of Arkansas,

*Continued on next page*

## So You Got Some Land and You Think it's Good for Solar?

*continued*

Louisiana, and Mississippi, projects are overseen by the Midcontinent Independent System Operator (MISO), functioning as both an Independent System Operator (ISO) and a Regional Transmission Organization (RTO). As of the publication date, the MISO queue remains closed, awaiting FERC approval of the queue reform package by January 22, 2024. MISO anticipates reopening the queue window in late Q1 2024, with an application deadline set for late Q2 2024.

Understanding these facts is crucial, particularly for projects seeking MISO interconnection, as the process demands significant time and investment. The interconnection process with an ISO/RTO alone can span up to 3 years, independent of other necessary permits and permissions required for project construction and operation.

Interconnection remains a primary reason utility-scale solar projects average a 5-year development timeline. Initiating this timeline and applying for interconnection necessitates demonstrating legal land control, established through Purchase or Lease agreements between the project and the landowner.

The decision for a landowner—whether to sell or lease their land—can pose challenges, often akin to peering into a crystal ball to forecast outcomes five years down the road. Choosing between selling outright or opting for a long-term lease can be complex. For a lease agreement, once construction concludes, the initial term spans 20-25 years, during which the landowner receives operational rent. It's pivotal that the agreement clearly defines commercial terms for both Purchase and Lease options, incorporating pertinent legal aspects aligned with your state's regulations. Seeking legal counsel specialized in utility-scale solar transactions, such as R. Seth Hampton at Quattlebaum, Grooms & Tull PLLC, can be invaluable in navigating these agreements' complexities.

Regardless of the chosen path—lease, purchase, or a hybrid approach—the relationship between landowner and developer is enduring. This holds particular significance in lease agreements for solar projects.

Compensation for the landowner during the development phase is vital for both leases and purchases. These payments, should be non-refundable and separate from the negotiated price, should cover the substantial time and expense involved in legal document review. It's reasonable for the developer to cover these expenses, agreed upon upfront as part of initial negotiations.

***Key considerations in the lease agreement encompass various crucial aspects:***

- Ensuring practical landowner continued operations during development
- Annual escalation of lease rent throughout the operational term
- Provisions for crop damage compensation
- Clarification of water and mineral rights
- Handling property taxes, with the developer covering any net tax increases linked to the solar system
- Restoration and post-development obligations, including securing financial guarantees for project removal after its useful life, irrespective of future outcomes
- Equitable indemnity and liability for both parties
- Balanced termination rights for both parties
- Clear easement rights for access and egress

The outlined list only highlights some of the crucial aspects within the lease agreement for both parties to prioritize. For landowners contemplating any lease, engaging legal counsel experienced in solar lease agreements for comprehensive review is a must.

***Negotiated commercial terms typically include the following key elements:***

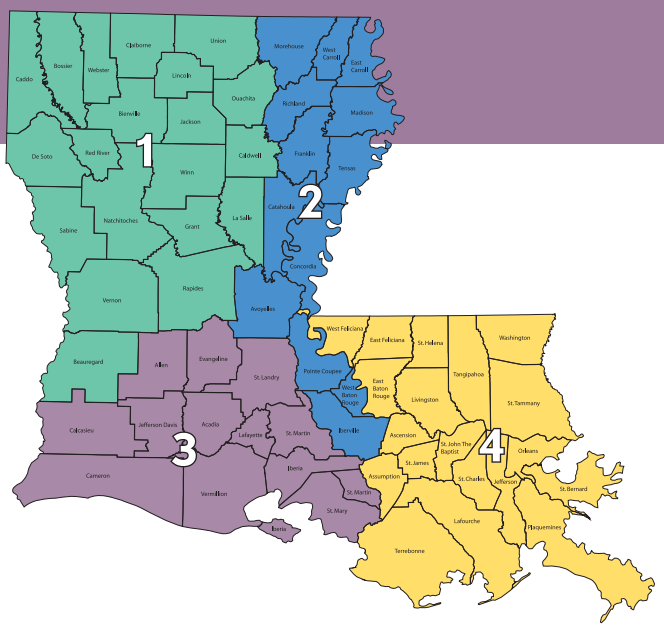
- Development Term: Typically, around five years, this duration might require extensions due to project interconnection complexities. Caution should be exercised with agreements stipulating shorter development terms, as they are prone to failure.
- Construction Term: Usually spans one to two years, during which rent should be paid.
- Operations Term: Aligned with the long-term sale of project electricity, longer terms add value. Securing contracts with utilities, municipalities, and credit-rated businesses for electricity sales is vital. Initial operational terms range from twenty to twenty-five years, often extendable to a maximum of fifty years. Care must be taken to avoid defaults that might inadvertently trigger additional taxes or assessments under state regulations, affecting both parties.

Now that we have covered the basics of a solar deal on your land. Identified that the project is either a distributed generation project or a utility scale solar project, and ensured that you are dealing directly with the company that is going to develop, construct, own and operate the solar project. You are now better equipped to make a final decision to enter into an agreement and become the most important part of a steady and growing industry offering substantial financial returns and long-term, financeable lease agreements, for land that in some cases may be underutilized.

Please reach out at any time for a discussion or to ask any questions. We also love to meet in person on the land it all starts with.

Will Veve – 1-802-490-5260
team@rightwall.group

# Louisiana Land Market –An Overview




The backbone of any rural economy is likely some form of agriculture. Louisiana is no exception. Land use is dictated by the topography and Louisiana's 300+ soil types. Elevations range from sea level to about 535 feet above sea level with the average state elevation of roughly 100 feet. The state's humid, subtropical climate is influenced by the Gulf of Mexico. Summers can be long, hot, and humid while the winters are generally shorter and mild.

By and large, the value of land is determined by the potential value that land can generate. All land types or classes of land have limitations. These limitations may be directly related to a particular soil type, topography, or a combination of other physical features. Climatological factors also play a key role in the available production alternatives given a specific geographic region.

## Land Market Areas

Louisiana is the only state in the United States to have civil divisions named "parishes." the "county" equivalent of other states. Catholicism was the predominant religion of both France and Spain during their rulership in the 1700s and 1800s. The ecclesiastical term was adopted and remains today designating 64 civil divisions.

The four geographicalf "Regions" in this report are shown on the following map. These Regions were delineated based on topography, soils, climate, cropping patterns, and geographic location.

- Region 1 - Northwest Louisiana
- Region 2 - Delta
- Region 3 - Southwest Louisiana
- Region 4 - Southeast Louisiana

## Sales Data

A summary of verified rural sales data between December 2022 and November 2023 is presented in the following pages. Some sales may have included improvements, but this analysis only considers the value of the land. The value of any structural improvements was deducted from the sales price as allocated by the appraiser verifying the sale. The high quality of sales data provides the best available representation of bare land values for each classification.

Sales having 10 acres or greater were used in the analysis. This size captures sales, primarily in Region 4, where fewer large tracts are sold for agricultural purposes. This Region is the most densely populated in the state. Historically, there are far more sales of smaller rural homesites or ranchettes than larger tracts. A larger acreage cutoff point would have overlooked this key influence.

One of five land classes was used to categorize each sale transaction. Where multiple land classes were represented in a single transaction, the dominant land class was chosen. Some land classes are a general categorization of multiple sub classifications. For example, the class "Irrigated Cropland" can be broad and represents all irrigated cropland without regard to a property's land forming characteristics. The five land classes are:

**Irrigated Cropland:** Any form of irrigated cropland is included in this categorization. The cropland may or may not be precision leveled. Also, farms having a mix of irrigated and non-irrigated land can be found here.

*Continued on next page*

*Data for sales taken from Louisiana Land Bank sales database. Rental rates from Farm Managers and real estate professionals throughout the state. State and parish information was taken from multiple web-based sources including Louisiana State University, USDA, and TMS. Timber prices were as published by "Timber Mart South."*

# Louisiana Agricultural Land Values & Rents

*continued*

**Non-Irrigated Cropland:** Cropland that did not have the ability to be irrigated at the time of the sale. In some instances, this land may have been precision leveled for drainage purposes.

**Pasture:** This category includes both improved and unimproved pasture used for grazing or hay production. It also includes those sales of smaller, ranchette-styled properties that are used as home sites and have most of the acreage in open land.

**Recreational:** This categorization is used for bottomland hardwood tracts though some mixed stands are included. The motivations to purchase this type of property are recreational activities such as hunting and fishing. A timber value separate from a land value is seldom considered by buyers and sellers of this property type. This category combines unencumbered woodland, WRP, CRP, and any other type of encumbered property purchased or sold as a recreational property.

**Timber:** This property type includes upland woodlands purchased as an investment for its income stream. The value of the timber is typically a consideration in these transactions. Some bottomland hardwoods may be included in these sales, but these areas are generally limited and located in Streamside Management Zones. Recreational use is certainly possible on these tracts, but it is not the primary reason the property was purchased.

## Overview

Rental information is quoted as cash rent in dollars per acre unless otherwise noted. Share rents and 'hybrid rents' are also common in certain areas. When necessary, non-cash rents were converted to a cash equivalent realized during the reporting period. The rates quoted should be viewed as "typical" noting that outliers do exist.

Sales transactions were summarized by region and land class in the following sections. All values or prices are expressed on a "per acre" basis. Agricultural and larger rural properties are typically bought and sold based on this unit of comparison. Only land classes having more than three sales are included. For this reason some land classes are not present in all areas and may not be present from year to year.

This analysis was prepared to provide an overview of land values. It is not intended to provide a valuation tool used for any specific property. Differences in location, size, land quality, and other relevant property characteristics can impact the value of a given property type in any year.



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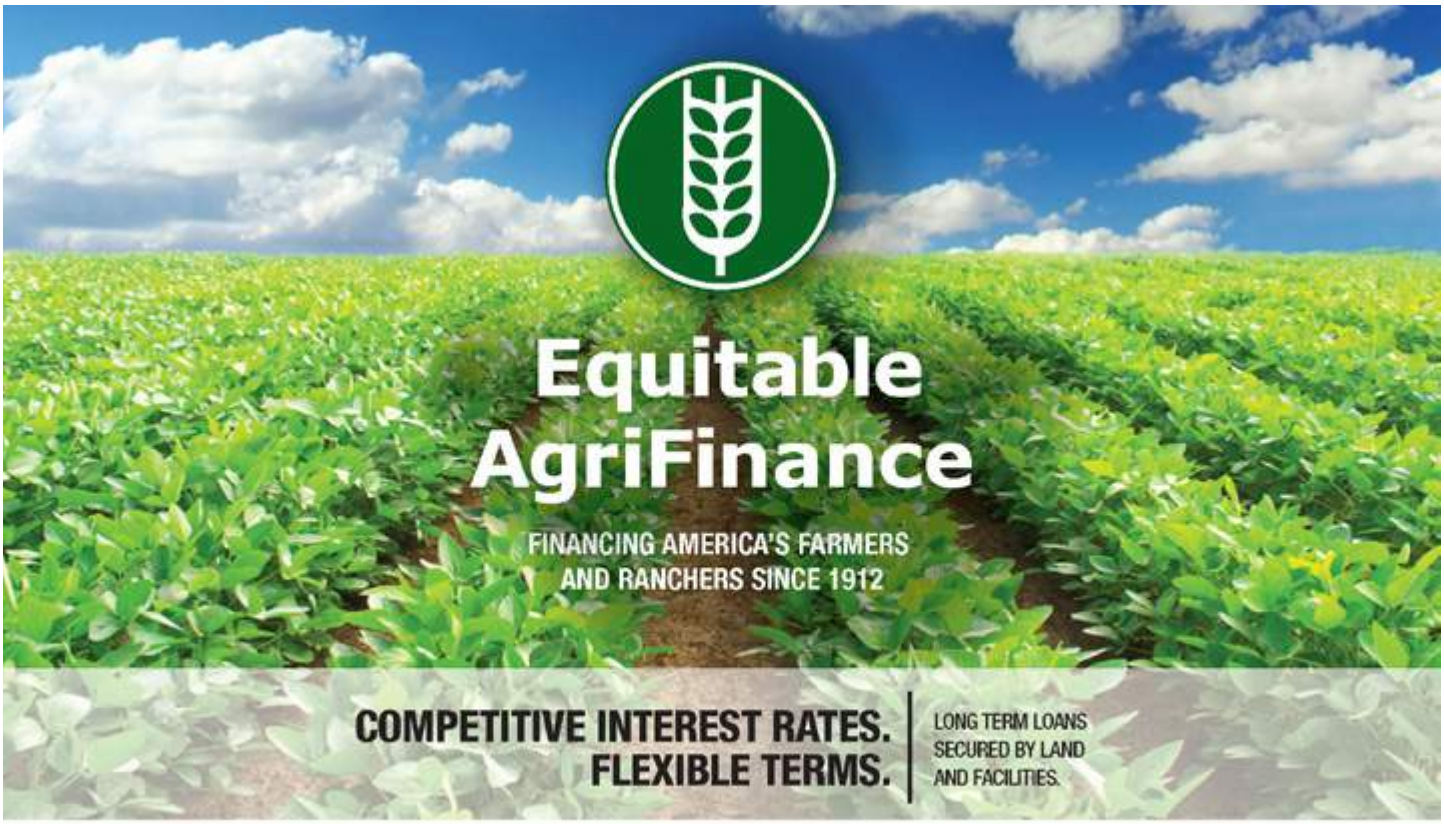
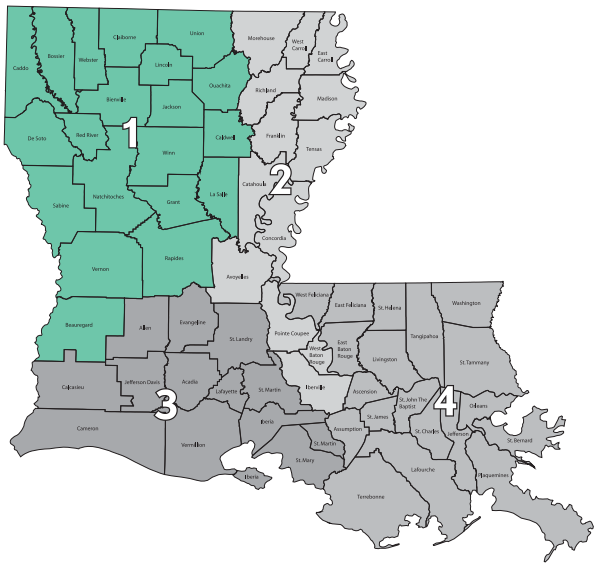



Clay Caver (901) 651-6818 – ccaver@aegonam.com | Brett Welch (870) 761-6041 – bwelch@aegonam.com

# Louisiana Region 1

## *Land Classifications and Sales*




This region is primarily an upland timber region and is composed of 20 parishes in the northwest and west central portions of the state. It includes Beauregard, Bienville, Bossier, Caddo, Caldwell, Claiborne, De Soto, Grant, Jackson, La Salle, Lincoln, Natchitoches, Ouachita, Rapides, Red River, Sabine, Union, Vernon, Webster, and Winn Parishes. The major metropolitan areas within this region are Shreveport, Monroe/West Monroe, and Alexandria, each of which are an MSA. The region is bordered on the north by Arkansas, west by Texas, east by Region 2, and south by Region 3. Interstate 49 runs northwest to southeast in this region and Interstate 20 crosses the northern section. Two US Highways, US 165 and 167, also provide north/south arteries through this region.

Cropland is limited to the alluvium geology along the margins of the Red River which extends south and east across this region. Scattered pasture can be found, mainly where the timbered areas begin transition to open land uses. Bottomland hardwood tracts, used for recreational purposes, are scattered about, especially along rivers, bayous, and creeks/streams. Broilers, timber, beef cattle, and horses are this region's top enterprises.

This region also contains the "Haynesville Shale" and parts of the "Deep Tuscaloosa", "Austin Chalk", and "Tuscaloosa Marine Shale" plays. This region has the widest average annual precipitation, ranging from about 45 inches in the northwest to near 60 inches in the south. Kisatchie National Forest is in the area, Louisiana's only national forest.

### Region 1 Summary

Three land classes were reported in this year's summary for "Region 1." Rental rates remained steady from last year's report. Total acreage sold and the number of sales decreased in all land classes compared to last year. Median land values for both pasture and timber increased while timberland values showed a decline. Irrigated cropland was reported last year, however, this year no verified sales were collected in this land class. Appraisers in this region report values for all land classes as being steady to strong.



**Region 1 Rents**

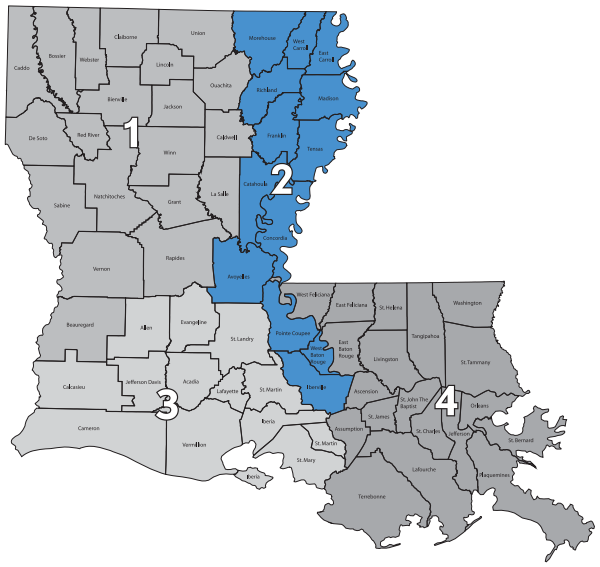
| Land Class | Average | Typical Range |
|---|---|---|
| Irrigated Cropland | $130 | $110 - $150 |
| Non-Irrigated Cropland | $90 | $40 - $110 |
| Pasture | $25 | $10 - $150 |
| Recreational | $8 | $5 - $30 |

**Region 1 Land Values**

| | Acres | | Per Acre Price | | | |
|---|---|---|---|---|---|---|
| Land Class | Total | Average | Low | High | Median | Average |
| Pasture | 277 | 25 | $3,000 | $11,000 | $4,043 | $4,714 |
| Recreational | 442 | 88 | $2,059 | $4,067 | $2,298 | $2,564 |
| Timber | 2,936 | 73 | $1,125 | $18,000 | $3,266 | $3,554 |

# Louisiana Region 2

## *Land Classifications and Sales*




The "Delta" is a rural, 13-parish area and, due to its fertile alluvial soils, is the primary row crop area in the state. Parishes in this area include Avoyelles, Catahoula, Concordia, East Carroll, Franklin, Iberville, Madison, Morehouse, Pointe Coupee, Richland, Tensas, West Baton Rouge, and West Carroll. This region is bordered on the north by Arkansas, east by Mississippi and Region 4, west by Region 1, and south by Region 3. Interstate 20 crosses this region from east to west in the north and Interstate 10 crosses a small portion in the south. The main north/south route is US Highway 65, a two-lane roadway. This region is devoid of any MSA or large city.

A wide range of cropping options exist in this region and, in any given year, soybeans, corn, cotton, and rice prevail. Sugarcane is grown in the southern portion in Avoyelles, Pointe Coupee, Iberville, West Baton Rouge, and extreme southern Concordia Parishes. Soybeans, corn, sugarcane, cotton, and rice provide the highest gross farm value in this region.

This region has significant amounts of bottomland hardwoods and, relatively speaking, a small amount of upland timber. The hardwood tracts in the northeast portion of this region along the Mississippi River are some of the highest valued recreational properties in the state. This region has produced several state record whitetail deer. Fertile soils contribute to the solid nutrition required to produce trophy whitetails. Annual rainfall is 55 to near 60 inches per year.

### Region 2 Summary

Sale counts for all land classes decreased as did total sales volume. Mean and median values for all land classes increased over last year. Pasture sales show a slight decline in mean value, but the median value is higher than last year. Values for all land classes in this Region are considered stable to strong.

**Region 2 Rents**

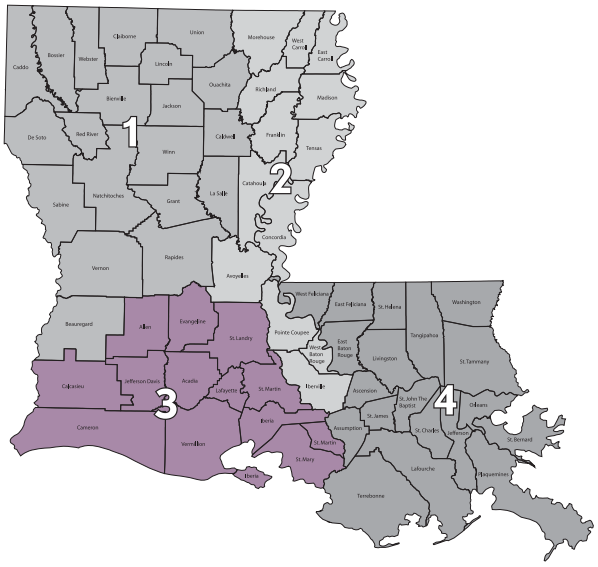
| Land Class | Average | Typical Range |
|---|---|---|
| Irrigated Cropland | $145 | $125 - $200 |
| Non-Irrigated Cropland | $110 | $55 - $130 |
| Pasture | $25 | $10 - $50 |
| Recreational | $18 | $10 - $55 |

**Region 2 Land Values**

| | Acres | | Per Acre Price | | | |
|---|---|---|---|---|---|---|
| Land Class | Total | Average | Low | High | Median | Average |
| Irrigated Cropland | 15,220 | 1,691 | $2,658 | $7,255 | $5,500 | $6,436 |
| Non-Irrigated Cropland | 739 | 369 | $4,157 | $4,867 | $4,512 | $4,403 |
| Pasture | 273 | 39 | $1,091 | $4,500 | $3,390 | $2,590 |
| Recreational | 2,928 | 244 | $1,837 | $4,633 | $3,319 | $3,526 |

# Louisiana Region 3

## *Land Classifications and Sales*




The "Southwest" Region contains a large amount of prairie type soils within its 12 parishes including Acadia, Allen, Calcasieu, Cameron, Evangeline, Iberia, Jefferson Davis, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion. The main commodities are rice, crawfish, sugarcane, and livestock related enterprises. Sugarcane is grown on the eastern side of this Region and soybeans are found scattered throughout. The western portion is predominantly rice and crawfish. Aside from agriculture, oil and gas production has historically been a vital part of this area's economy. Included in this region are two MSAs: Lafayette and Lake Charles.

This region is bordered on the north by Region 1, east by Region 2 and 4, west by Texas, and south by the Gulf of Mexico. Elevations in the southern portion of this region are sea level to below sea level before reaching the Gulf of Mexico. The highest elevations, near 100 feet, are found in the extreme northern portion in Evangeline Parish.

Irrigation is prevalent where rice and crawfish are found but not so common in the sugarcane region to the east. The high annual rainfall (over 60 inches) places a priority on drainage for cane and soybeans. Though some cane rents are cash, as shown below, a share rent is typical for this crop. Share rents for cane are typically 1/6$^{th}$ or 1/5$^{th}$ of the crop with milling fees in the 40% range.

The land values for Irrigated Cropland and Non-Irrigated Cropland can be counterintuitive. The cause is that a higher value is placed on the more fertile soils where sugarcane is generally grown. Most of this land is non-irrigated. Land where rice and crawfish are raised can be soils that present more production challenges or limitations. As such, these types of properties, though irrigated, have carried lower values.

Louisiana Highway 14 crosses from east to west in the southern third of this region, traveling through Iberia, Vermilion, Cameron, and Jefferson Davis Parishes before turning north in Calcasieu Parish. Much of the land just a short distance south of LA 14 is considered "pump off" land. It is common for water to be both pumped onto the property and off the property in this low-lying area. The network of canals is crucial to water management.

Rice fields and marshland are home to over-wintering migratory game birds from the Central and Mississippi flyways. Many consider this area the premier waterfowl destination in the state. Major cities include Lake Charles in the western portion of the Region and Lafayette in the east. Interstate 10 crosses this fegion and Interstate 49 begins in Lafayette and extends north through the region. The top five enterprises in this area are rice, sugarcane, crawfish, horses, and beef cattle.

**Region 3 Rents**

| Land Class | Average | Typical Range |
|---|---|---|
| Irrigated Cropland | $110 | $80 - $140 |
| Non-Irrigated Cropland | $65 | $40 - $250 |
| Pasture | $20 | $10 - $50 |
| Recreational Woodlands | $10 | $5 - $30 |

**Region 3 Land Values**

| | Acres | | Per Acre Price | | | |
|---|---|---|---|---|---|---|
| Land Class | Total | Average | Low | High | Median | Average |
| Irrigated Cropland | 2,128 | 355 | $3,202 | $5,000 | $3,873 | $3,933 |
| Pasture | 423 | 47 | $2,549 | $13,079 | $5,358 | $5,431 |
| Recreational | 582 | 83 | $1,572 | $4,664 | $3,400 | $2,456 |
| Timber | 371 | 93 | $2,450 | $5,500 | $3,590 | $3,522 |

*Continued on next page*

## Louisiana Region 3 Land Classifications and Sales

*continued*

### Region 3 Summary

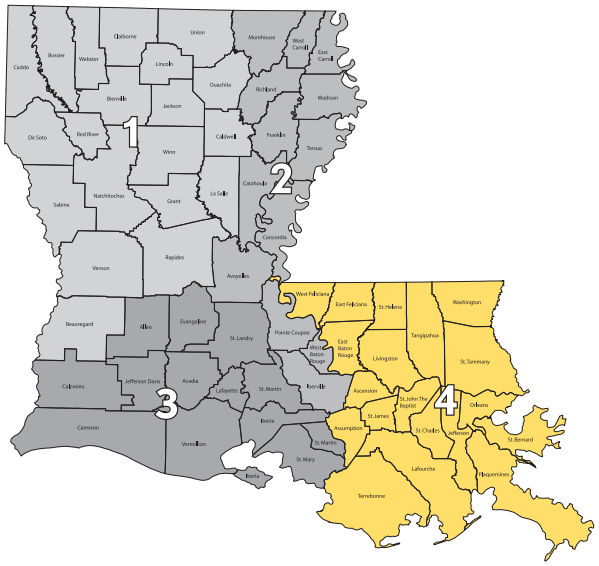
Both mean and median land values across all land classes show an increase over last year except the mean value of Recreational property which showed a decline. Both the number of sales and the acreage sold decreased from last year except in the Timberland class. Due to the lack of sales, the Non-Irrigated category was not shown. Values in this area are considered stable to somewhat increasing.

The upper end of rental rates of Non-Irrigated Cropland was increased somewhat with the other rates remaining stable. Strong sugar prices and reasonable yields were the primary cause of this increase. Recreational rents show a very wide range. Typically, the higher woodland rates are found in the northeast portion of the region and the lower rents on the west.

Recreational property in the south-central and southwest region exists as 'pump off ground' or marsh used for waterfowl hunting. Rates for this property type are not specifically included. These properties are, many times, leased on a 'per blind' basis for waterfowl hunting.

# Louisiana Region 4

## *Land Classifications and Sales*




The "toe of the boot" includes 19 parishes: Ascension, Assumption, East Baton Rouge, East Feliciana, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Tammany, Tangipahoa, Terrebonne, Washington, and West Feliciana. The Region is bordered on the north and east by Mississippi, on the west by Regions 2 and 3, and on the south by the Gulf of Mexico. Land uses in this area are for produce or truck crops, timber production, livestock related enterprises, and sugarcane production. Aside from these land uses, fisheries are a major source of "farm" value due to the extensive coastline in this area around the mouth of the Mississippi River. The top enterprises in this region are sugarcane, shrimp, horses, timber, and beef cattle. This region is the most densely populated of the four.

Major metropolitan areas of Baton Rouge and New Orleans are found in this densely populated region. This region contains four MSAs: Baton Rouge, Hammond, Houma, and New Orleans. Both Interstate 10 and Interstate 12 pass through this region. Soils on the western side are alluvium where sugarcane production battles development near the population centers. In addition to Interstates 10 and 12, Interstate 55 begins at La Place and extends north. US Highways 61 and 190 also cross this region.

### Region 4 Summary

This region had the fewest number of verified sales. All metrics show a decrease from last year except the median and mean values for Timberland. Timberland values in both the median and mean categories show a substantial increase over last year. The indicated movements are largely due to the very small number of verified sales in this category and not necessarily indicative of actual market movement. As with all categories, the number of sales and the number of acres were down significantly.

The Baton Rouge and New Orleans metropolitan areas have a great influence on this area. Smaller ranchette styled sales typically account for a significant portion of the rural land sales. Higher mortgage rates likely influenced buyer decisions in this area. Based on conversations with real estate professionals in this region, values appear steady for rural properties.

**Region 4 Rents**

| Land Class | Average | Typical Range |
|---|---|---|
| Pasture | $30 | $10 - $50 |
| Recreational | $20 | $10 - $45 |

**Region 4 Land Values**

| | Acres | | Per Acre Price | | | |
|---|---|---|---|---|---|---|
| Land Class | Total | Average | Low | High | Median | Average |
| Pasture | 110 | 22 | $3,507 | $6,810 | $6,044 | $5,476 |
| Recreational | 260 | 130 | $3,884 | $4,000 | $3,942 | $3,906 |
| Timber | 220 | 110 | $3,183 | $3,414 | $3,298 | $3,261 |

# The 2023 Rural Land Market and Beyond



Drought plagued the state over 2023 with some areas being impacted to a greater degree than others. Along with the drought came warmer than normal temperatures for extended periods of time. These two factors, combined, hurt crop yields and quality, livestock inventory and sale weights, and timber growth and quality. The frequency of wildfires in the timbered areas of the state increased as well.

According to the LSU Ag Center report, "Preliminary Estimates of the Impacts of Drought and Excessive Heat on Louisiana Agricultural and Forestry Sectors, 2023" published in November of 2023, the total economic impact to the state is estimated at a $1.69 billion loss. The report notes the issues previously mentioned but goes further to acknowledge additional costs such as higher irrigation and other longer-term impacts.

Quality water for irrigation was an issue in many areas. Rice and crawfish farms in the southern part of the state get their water primarily from either deep-water wells or re-lifting out of a fresh water source such as a bayou or canal. From both sources the quality of the water was a potential issue due to the salinity level. The lack of rainfall and subsequent run-off allowed salt water to reach areas further inland into irrigation canals that typically flow with fresh water. Irrigation wells were able to provide relief in some instances but that was no guarantee that the quality of the water would be acceptable.

Crawfish are a sizable agricultural enterprise in the state, generating over $200 million annually. Louisiana is also the largest supplier of domestic crawfish with farm raised crawfish accounting for most of the production. LSU estimates that about 300,000 acres are dedicated to crawfish farming. Crawfish may be farmed as a stand-alone enterprise or in a rotation with rice. Though the magnitude is not known at this time, the drought most certainly impacted this industry.

During the summer, crawfish burrow, sealing off the cavity to preserve moisture. With the high temperatures and dry conditions, many burrows cracked and allowed moisture to escape. Some farmers flushed their fields to provide moisture and seal the burrows. Salinity levels in the irrigation water prohibited flushing in some instances. High mortality rates could be seen resulting in fewer crawfish harvested in the fall and spring. This will result in tighter supply leading to higher consumer costs in 2024. Growers will face lower production volumes, potentially smaller sized crawfish, and increased production costs.

Sugarcane is a major enterprise in Louisiana's agricultural sector. Last year's record crop and high prices were the new benchmark. The price of sugar improved during 2023 and good price levels are expected to continue. The drought impacted cane production to varying degrees across the sugar growing region. Some areas where irrigation was not possible and the soils less productive saw more substantial impacts. A small percentage of the cane acreage will not likely be harvested. Sugarcane production on the west side of the Atchafalaya Basin appears to have suffered more from the drought than the east side. Some farmers on the east side and further south are reporting good tonnage. Sugar recovery has also been good as of this report with the combined mill average near a 230 CRS (pounds of sugar per ton of cane). Good harvest conditions, namely dry weather, have helped harvesting efficiency and sugar recovery at the mills. Due to increasing total acreage, Louisiana is expected to wind up somewhere in the top five years for total sugar production.

Sluggish is the best way to describe the 2023 land market in Louisiana. While there were several strong sales across different land classes, overall statewide rural land values appear mostly stable with some areas indicating higher values.

*Continued on next page*

## The 2023 Rural Land Market and Beyond

*continued*

Quality properties in each land class frequently commanded a premium. Total sale counts and acreage were down over 40% across the verified data set used in this report.

The decreased sales activity is primarily attributed to the higher cost of capital. The past year saw many potential buyers adjusting to higher interest rates. Commercial farmland investment activity within the state is seen as near the levels of 2022 to somewhat higher. Overall sales volumes in 2023 are lower than any of the previous five years.

As of this writing and on Lands of America's website, there were 35 properties statewide having 100 acres or more and 12 properties having 500 or more acres listed for sale. Most of these properties were recreational. The majority of those 100 acres and above were in the northern half of the state. The supply of properties would appear adequate but the current price levels of many appear to be above the current market.

Demand in 2024 is projected to be similar to that in 2023. There are four to five larger cropland tracts rumored to be in the negotiation stage between the current landowners and various commercial, out of state investors. These tracts will reportedly close in early to mid-2024. None of the farms are known to be publicly listed for sale.

Some easing of interest rates is expected in 2024. This may stimulate the market to some degree. Though no direct correlation has been consistently shown, 2024 is an election year. The election cycle follows a three-year period where inflation rates are at the highest levels since the early 1990s.

Discussions with real estate professionals across the state revealed varying sentiments. Opinions ranged from feelings that a possible correction in values could be around the corner to feelings that current values will hold steady with higher prices being paid for better properties. It is felt that some property types may see a softening in price or a correction. Cropland values will likely hold steady with higher values paid for quality tracts, especially those targeted by commercial funds.



# 2023 Timber Value Report

*Josh Price*

Timber is the number one crop in the state of Louisiana. The forest industry makes a substantial economic contribution to the state's economy every year. Approximately 50% of Louisiana's land – 14 million acres – is forested. The forest industry is active in 59 of the state's 64 parishes, where land and timber support the economy.

Private, non-industrial landowners own approximately 62% of the state's forestland. Forest products industry own approximately 29% of the forestland, and approximately 9% of the forestland across the state is owned by the public.

Louisiana's forestry industry supports more than 180 business, such as sawmills and paper mills, and is the second-largest manufacturing employer in the state. Forestry is crucial to Louisiana's economic development. It is also crucial to the quality of life the state's citizens enjoy. Louisiana's forests provide a multitude of benefits, including clean air and water, wildlife habitat, recreational opportunities, and scenic beauty.

### Summary of Timber Values

The stumpage prices as reported in Timber Mart South for each of the four quarters of 2023 indicated generally lower prices for the major timber product classes between 2022 and 2023. Pine sawtimber and oak sawtimber were the only two product classes that saw an increase in stumpage

**2023 Timber Stumpage Price Trends, as reported by TMS Quarterly Reports**

*(Statewide average prices ($/ton) for Louisiana. Prices are rounded to disseminate them to the public.)*

| | Quarterly Average Price | | | | Average Prices | | Average Price Change |
|---|---|---|---|---|---|---|---|
| Product | 1Q 2023 | 2Q 2023 | 3Q 2023 | 4Q 2023 | 2023 | 2022 | 2022-2023 |
| Pine Sawtimber | $ 25.00 | $ 26.50 | $ 27.75 | $ 28.00 | $ 26.81 | $ 26.50 | $ 0.31 |
| Pine Chip-n-Saw | $ 18.00 | $ 18.00 | $ 18.00 | $ 18.00 | $ 18.00 | $ 19.75 | $ (1.75) |
| Pine Pulpwood | $ 8.25 | $ 6.00 | $ 6.50 | $ 6.50 | $ 6.81 | $ 8.00 | $ (1.19) |
| Mixed Hardwood Sawtimber | $ 31.50 | $ 30.00 | $ 33.00 | $ 32.00 | $ 31.63 | $ 34.00 | $ (2.38) |
| Hardwood Pulpwood | $ 9.00 | $ 10.00 | $ 8.00 | $ 7.00 | $ 8.50 | $ 9.00 | $ (0.50) |
| Oak Sawtimber | $ 46.00 | $ 46.00 | $ 45.00 | $ 44.00 | $ 45.25 | $ 43.25 | $ 2.00 |

*Continued on next page*

LOUISIANA

## 2023 Timber Value Report

*continued*

prices compared to the previous year, with pine sawtimber only slightly higher than in 2022. The stumpage prices of pine chip-n-saw, pine pulpwood, mixed hardwood sawtimber, and hardwood pulpwood were lower in 2023 as compared to 2022.

### Forestry Industry News

Several of the mill openings that were first announced in 2021 are still in the process of being built and/or starting up operations. During 2023 several mills announced upcoming plans for expansion and updates.

In July, the Louisiana Economic Development (LED) announced SunGas Renewables, an independent division of GTI Energy, was considering investing approximately $1.8 billion to create a renewable low-carbon methanol production facility in Rapides Parish, near Pineville, Louisiana. SunGas projects the new facility – Beaver Lake Renewable Energy – would make almost 400,000 metric tons of green methanol a year for customers worldwide using biomass from wood fiber from local timber.

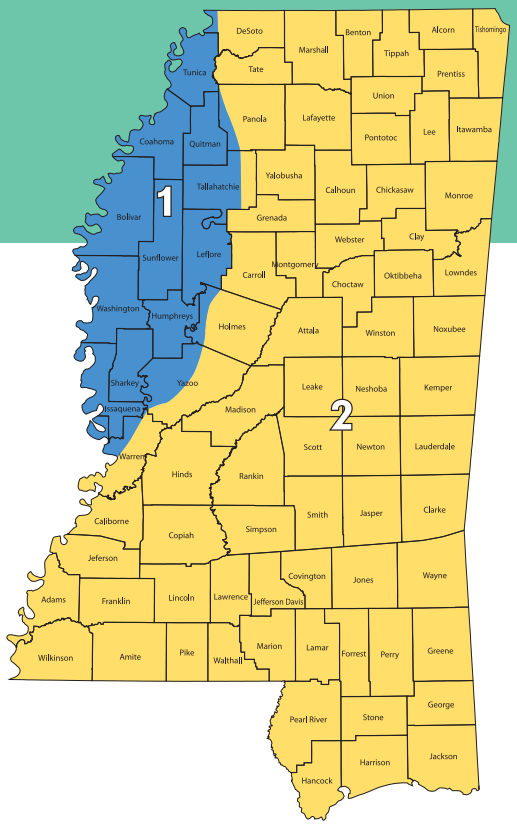
In December, Weyerhaeuser, one of the largest private owners of timberland, reported they will spend $96 million to modernize and decarbonize its Winn Parish lumber mill. This upgrade will increase safety, productivity, and reliability of the operations.

The state's top news that caught the attention of most people in the forestry industry during 2023 were the drought conditions and wildfires across much of the state during late summer through early fall. The timber industry in Louisiana suffered major losses due to weeks-long wildfires and ongoing drought. The southwestern and southeastern portions of the state were hit the hardest. The Louisiana Department of Agriculture and Forestry (LDAF) reported $71 million lost in wildfire damage in 2023. Across the state, the timber industry lost approximately $325 million to $350 million. Most of this loss is the result of decreased or reduced rate of growth in the trees affected by the fires. The Tiger Island fire in Beauregard Parish grew to approximately 31,290 acres.

Overall, 2023 was an adverse year for the forestry industry in Louisiana. Much of the year was drier than normal, and this created many negative impacts on the forestry industry. The ongoing drought and wildfires created major losses for the state. Typically, in the fall and early winter, logging operations are limited to higher ground due to wet conditions. However, in 2023, many logging operations were able to continue harvesting timber. As a result, the mills were not able to keep up with the influx of wood. This forced tighter quotas on logging operations and will likely result in lower stumpage prices in 2024.

MISSISSIPPI

# Mississippi Land Market –An Overview

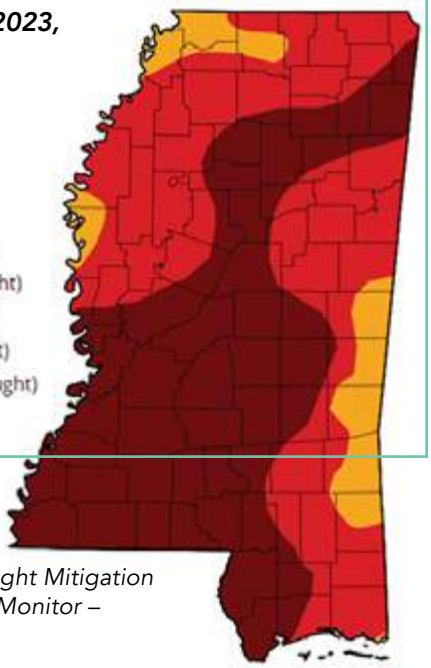



The Mississippi land market has seen healthy increases in value over the past year. The story of 2023 is new and different compared to the last several years. High input costs and increasing interest rates, would lead most to believe that there would be downward pressure on prices observed. However, this was not true. Commodities have stabilized since the volatility seen in the markets from several years ago. Weather played a critical role in commodity production this year. For 2023 most of the state was either in extreme drought or exceptional drought conditions, and there were parts of the state that are 12 to 16 inches below rainfall norms for the year. There were some planting windows that had more rain than others and irrigation while important was not as critical. However, overall, irrigation has been critical to help maintain historical yield averages. Overall, yields fared well, and for the most part were in line with historic averages. Inventories of land for sale have been short in most areas and compounded with increased demand, there was upward pressure on price. Demand for high quality, highly improved farms is as strong as ever.

In this 2023 study of land values, the sales used in this analysis occurred from January 1, 2023, through mid-November 2023. Although, the sales data may not include all sales that occurred during 2023, the sample used in this analysis is considered to be representative of the market throughout Mississippi. As previously discussed, the state has been divided into two regions, the Mississippi Delta Region and the Mississippi Hill Region (Non-Delta). The counties and land classifications for each region have previously been discussed in the land classification section. All sales that were considered to be outliers were removed from this analysis. Also, all sales below 20 acres were removed as these sales typically have other influences that may alter values. Statistical analyses were performed on the sales in order to determine the average value for each land classification as well as lower and upper confidence levels. The lower and upper confidence levels were determined based on a 95% confidence level. That is with 95% certainty the true mean should fall within the lower level and the upper level.

**Mississippi Drought Monitor**

***Data valid: Nov. 14, 2023, 7am EST***




**Source: National Drought Mitigation Center – U.S. Drought Monitor – 11/17/2023*

**2023 SALE NUMBERS**


Left is a pie chart of the sales per region in 2023. As shown, there are far fewer Region 1 – Delta sales as compared to Region 2 – Hills. Region 1 sales totaled 47 sales and represented 9.87% of the transactions that occurred in the data used in this analysis. Region 2 sales totaled 429 sales and represented 90.13% of the transactions that occurred in the data used in this analysis.

On the following page is a table showing the number of sales reported over the past five years for this study. Overall, sales have been climbing since the time of the beginning of this study in 2017.

## Mississippi Land Market Overview

*continued*

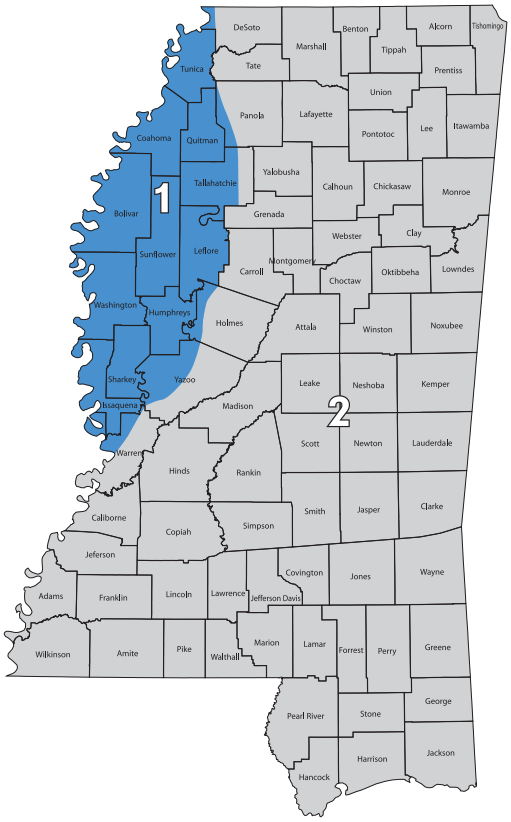
| Number of Sales Reported | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Region 1 | 90 | 64 | 65 | 66 | 89 | 103 | 47 |
| Region 2 | 335 | 349 | 462 | 466 | 668 | 587 | 429 |

Below is a pie chart of the total value of the sales per region. Although, there are far fewer sales observed in Region 1, the values associated with the land in Region 1 are much more significant than the land values in Region 2. As a percent of value, Region 1 is a much larger portion of the sales data than when considering the number of sales as compared to Region 2. As with the total sale numbers, the percentage of value for each region was nearly the same from 2022 to 2023. Region 1 for 2022 was 36.06% and was 39.07% for 2023. Region 2 for 2022 was 63.94% and was 56.20% for 2023.

TOTAL VALUE OF SALES

# Mississippi Region 1

## *Land Classifications and Sales*




### Land Uses

***Irrigated Cropland A***

Precision leveled, flood irrigated, straight levee cropland with any soil type. Typically, these soil types contain heavier clay soils that are primarily used for grain production. Although there will be properties with lighter soils that have been precision leveled, this is a rare occurrence in this market and is not typical practice. This land classification is considered to be highly improved and is typically land formed. Land forming is completed by grading the property to a 0% grade to a 2/10ths of an inch per 100 foot slope. This grading allows for more uniform irrigation and drainage. Typically less water is required to irrigate this land classification as the topography is completely leveled or on a very slight grade. As previously stated, these soils typically are heavier clay soils. Crops such as rice, soybeans, sorghum, wheat, and other small grain crops are planted on this land classification. If managed properly and because these soils can efficiently be irrigated, yields on this land classification are above yearly averages, depending on growing conditions.

***Irrigated Cropland B***

Graded, furrow irrigated cropland with any soil type. This land classification can contain any type of soil. This land classification may often have some undulation and is not conducive to precision leveling; however, the land classification can be irrigated through gravity flow down the crop rows through the natural lay of the land or with the help of limited dirt work. By using the natural topography of the land to irrigate, the owner/operator can save the large costs of precision leveling the property. This method of irrigation is not as efficient as precision leveled properties, but the lost efficiency is offset by the large cost of precision leveling. Typically, if this land classification contains Class I and II soil types, the property would be planted in cotton, corn, or possibly soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, wheat, and other small grain crops. Rice can be planted on this land classification, but conventional, contour levels will need to be pulled in order to properly irrigate the rice and maintain water levels.

***Irrigated Cropland C***

Pivot irrigated cropland with any soil type. This land classification can contain any type of soil. This land classification often has gently rolling topography with various slopes. It is usually not cost effective to precision level this land classification as the cost incurred would far exceed the gain in land appreciation from the precision leveling. This method of irrigation is low cost and often the only possible way to irrigate the property due to its topography. If this land classification contains Class I and II soil types, typically the property would be planted in cotton, corn, or possibly soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, wheat, and other small grain crops.

***Non-Irrigated Cropland***

Non-irrigated cropland with any soil type. This land classification can contain any type of soil. This land classification often has gently rolling topography with various slopes. It is usually not cost effective to precision level this land classification as the cost incurred would far exceed the gain in land appreciation, especially if this land classification has not had a center pivot installed for irrigation purposes due to field shape or small size. If this land classification contains Class I and II soil types, the property would typically be planted in cotton, corn, or possibly soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, wheat, and other small grain crops.

***Recreational Land***

This land classification contains property types typically used for recreational purposes. These property types include, but are not limited to, Conservation Reserve Program (CRP) land, Wetland Reserve Program (WRP) land, woodland, sloughs, bayous, and abandoned catfish ponds. The property type containing CRP is usually planted in native hardwoods but may be planted in grasses and pines. The Conservation Reserve Program is administered by the Farm service Agency. This property type usually has been enrolled in the CRP program and removed from agricultural production. In return, the landowner is paid

*Continued on next page*

# Mississippi Region 1 Land Classifications and Sales

*continued*

per acre by the Farm Service Agency since the land is not in production. This property type is usually enrolled in CRP to control soil erosion, improve water quality, and enhance wildlife habitat. Contracts on this property type typically run 15 years. The property type with a Wetland Reserve Program (WRP) is typically planted in native hardwood trees. The WRP is administered by the Natural Resources Conservation Service (NRCS). The WRP program was established in order to protect, restore, and enhance wetland areas. Most of the time WRP contracts are perpetual. All types of recreational land throughout the Mississippi Delta have strong demand as the Mississippi Delta is often considered the premier hunting destination in the state. Properties with proven duck hunting history or those that are in areas with a proven hunting history usually carry a premium. Duck hunting properties are considered one of the most sought-after recreational properties in the Mississippi Delta.

## Sales Data - Region 1

For the Delta Region, 47 sales were analyzed. The table below indicates the number of sales for each land classification, the average acreage for each sale, the average value per acre, a lower value range and an upper value range. It should be noted that 95% of all properties should fall within the stated lower confidence level and upper confidence level. The attributes of a given property will dictate its value. These attributes include, but are not limited to, land forming, soils, field size, non-productive acreage, and location. Some attributes are more heavily valued by the market than others.

**Region 1 – Delta**

Counties included: DeSoto, Tunica, Coahoma, Quitman, Panola, Bolivar, Sunflower, Tallahatchie, Leflore, Holmes, Humphreys, Yazoo, Warren, Sharkey, Issaquena, Washington

| **Total Sales for 2023** | 47 | | | | |
|---|---|---|---|---|---|
| **Land Classifications** | **Number of Sales** | **Average Acreage** | **Average Value per Acre** | **Lower Confidence Level** | **Upper Conficence Level** |
| Irrigated Cropland A | 9 | 223.45 | $6,549.06 | $5,909.62 | $7,188.50 |
| Irrigated Cropland B | 9 | 145.01 | $6,298.77 | $5,055.99 | $7,541.55 |
| Irrigated Cropland C | 1 | 165 | $7,200.00 | – | – |
| Non-Irrigated Cropland | 25 | 58.82 | $4,763.67 | $4,218.97 | $5,308.37 |
| Recreational Land | 62 | 263.76 | $3,229.69 | $2,973.95 | $3,485.43 |

- There were 9 sales analyzed for Irrigated Cropland A. The average sale size was 223.45 acres. The average value per acre was $6,549.06 per acre. According to statistical analysis with 95% certainty the true mean of all Irrigated Cropland A should fall within $5,909.62 per acre to $7,188.50 per acre.
- There were 9 sales analyzed for Irrigated Cropland B. The average sale size was 145.01 acres. The average value per acre was $6,298.77 per acre. According to statistical analysis with 95% certainty the true mean of all Irrigated Cropland B should fall within $5,055.99 per acre to $7,541.55 per acre.
- There was 1 sale analyzed for Irrigated Cropland C. The sale size was 165 acres. The value per acre was $7,200 per acre. Since there was only one sale available for this land classification, no confidence interval could be computed.
- There were 25 sales analyzed for Non-Irrigated Cropland. The average sale size was 58.82 acres. The average value per acre was $4,763.67 per acre. According to statistical analysis with 95% certainty the true mean of all Non-Irrigated Cropland should fall within $4,218.97 per acre to $5,308.37 per acre.

The number of cropland sales throughout the Mississippi Delta, as well as all of Mississippi and the entire nation, have been down over the past several years. With commodity prices now more stabilized as compared to previous years, there is a lot of competition in the market for properties. However, inputs were up as well. Often times in the market, many properties do not come to market as long-term tenants are approaching landowners to purchase their properties off the market. Off market offers are typically very competitive as the tenant is not wanting any outside competition for the property. Based on the observed sales data, it appears as though local producers still have strong interest in any available farmland. This is very apparent when looking at the observed number of sales for each land category in the above grid. Irrigated Cropland A and B have substantially more sales than that of Irrigated Cropland C. Overall, the cropland values are stable to increasing in value. Cropland of the Mississippi Delta remains to be seen as a solid investment in the eyes of

*Continued on next page*

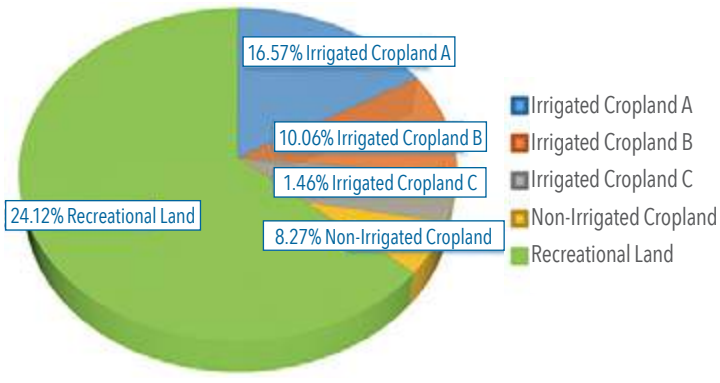
many investors when compared to the high cropland values of the Midwest or Corn Belt. Investors are often interested in purchasing large blocks of farmland that typically only a few market participants would be competitive in the purchase of. Investors have played a role in the upward pressure on prices observed in the market. Based on the sales data there appears as though higher interest rates have had little to no affect on the prices received in the market at this time.

- There were 62 sales analyzed for Recreational Land. The average sale size was 263.76 acres. The average value per acre was $3,229.69 per acre. According to statistical analysis, 95% of all Recreational Land should fall within $2,973.95 per acre to $3,485.43 per acre.

The recreational properties' market has remained strong over the past several years. Property values can range greatly depending on area and location. Often times, properties that are known for duck hunting or have a proven duck hunting history bring premiums in the market when compared to other properties. Based on the current market, recreational land should remain strong for the foreseeable future. Based on sales data it appears as though buyers are willing to give more for recreational properties enrolled in the Conservation Reserve Program (CRP) as these properties have governmental payments associated with any enrolled acres.

The pie chart below shows a breakdown of the percent of each land category as based on total value observed in the market. Overall, Recreational Land has the largest share of the market when considering value. This is further validated as this category had the most sales in the region. The graph also shows that Irrigated Cropland C has the smallest market share, which is validated by the fact that it has the fewest sales in the region.

PERCENTAGE OF VALUE
OBSERVED IN THE MARKET - REGION 1




The following table are the observed cropland rents for Region 1. These numbers have been provided by local farm managers that have several properties throughout the Region 1 area. Delta cropland rental rates are slightly up from a year ago, with upward pressure primarily being on highly improved and irrigated cropland. Irrigated ground ranges from $150 per acre to as high as $275 per acre, with an approximate average of $200 per acre. The variance among irrigated land is directly attributed to several qualities. Those being layout and design of a farm property, soils, drainage, and base acre allocation. Likewise, dryland rents have slightly increased as well. The range for dryland rents is $100 per acre to $180 per acre, with the average dryland rent running approximately $125 per acre. Quality of soils, locations, soils, and base acres are all contributing factors. There has not been much observed change in the non-irrigated cropland rents. Long term, lower commodity prices could put some downward pressure on land rents, especially on dryland properties. Higher input costs could also have some affect as well. Some farm managers are beginning to see more interest in landowners implementing a minimum cash rent or share lease type arrangements also known as flex rents. Under a minimum flex share lease the landowner is guaranteed a minimum cash rent but can also participate when yield, price, or both exceed baseline projections.

| Region 1 – Delta | | | |
|---|---|---|---|
| | **Average Rental Rate** | **Minimum Rental Rate** | **Maximum Rental Rate** |
| Irrigated Cropland | $200 | $150 | $275 |
| Non-Irrigated Cropland | $125 | $100 | $175 |

Recreational properties are not included in this data as rental rates can vary greatly and have been observed from $8 per acre to over $50 per acre. Less desirable properties that may only be used for deer hunting typically have lower rents; whereas, highly desirable properties that are known for excellent deer hunting may demand rents as high as $25 per acre. Duck hunt properties or mixed-use properties demand higher rents, and properties with a proven duck hunting history may command rents as high as $50 per acre or possibly higher, depending on duck hunting opportunities.

According to the sales data, there has been a steady climb in land values over the course of the past five years. These values can be strongly influenced by the number of sales available in the region. Additionally, Mississippi is a non-disclosure state, and often obtaining sales data can be difficult. Currently, demand in the market appears to be at all-time highs and compounding this demand is lack of inventory available. The increase in interest rates seem to have little effect on the demand in the market,

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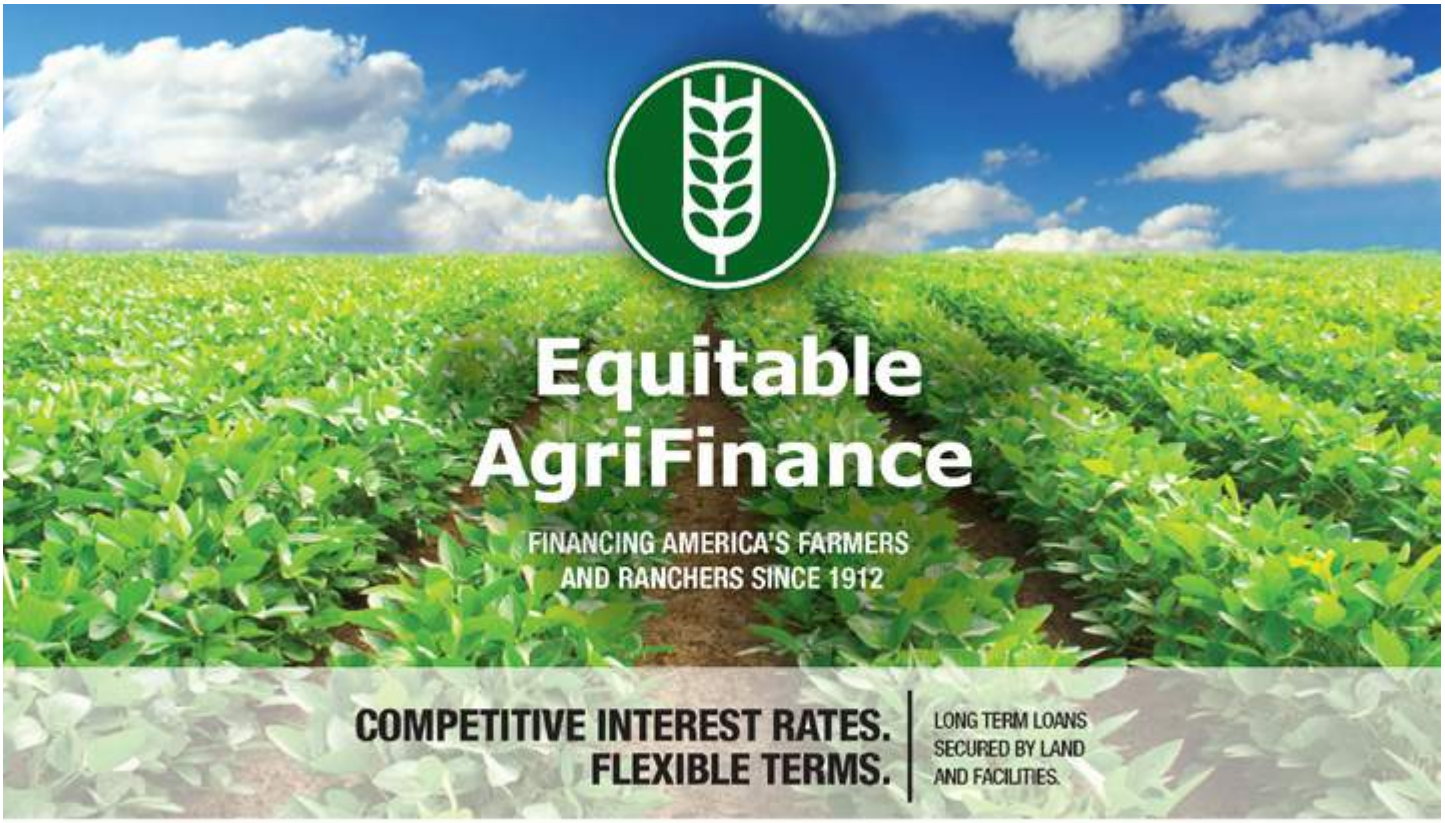


Clay Caver (901) 651-6818 – ccaver@aegonam.com | Brett Welch (870) 761-6041 – bwelch@aegonam.com


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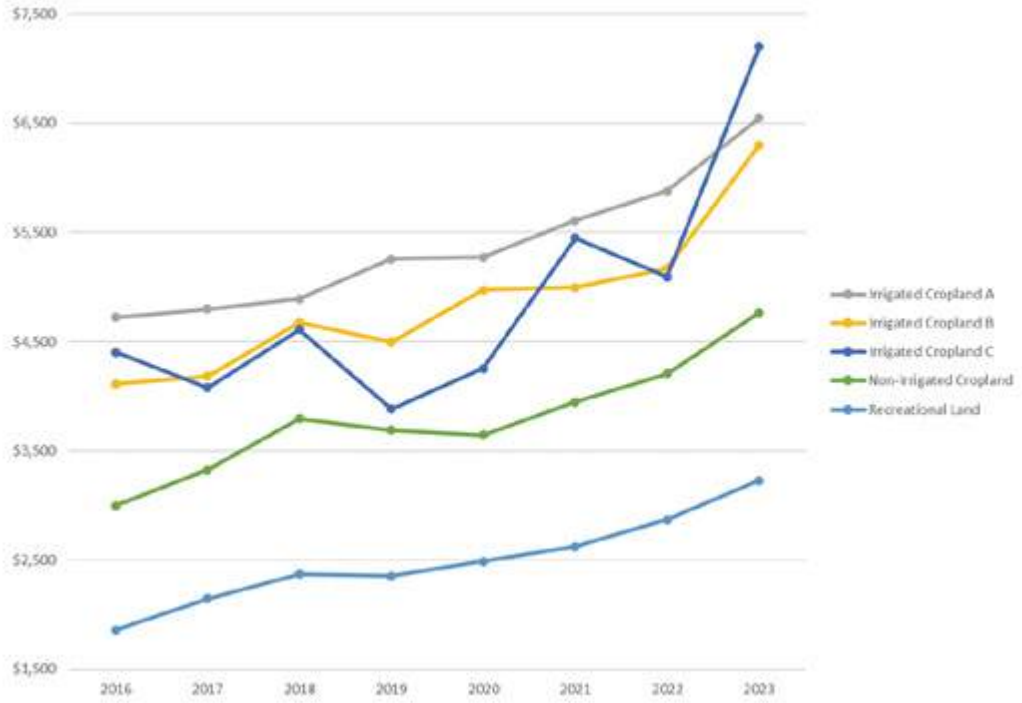
## Mississippi Region 1 Land Classifications and Sales

*continued*

which is due primarily to decreased inventory and strong demand. There is competition between local landowners and investment groups for top quality farmland. The prices observed in the market are reflecting this competition. The market appears to still show preference towards farms that are highly improved, highly efficient, and highly superior soils, and the market's preference is reflected in price received in the market. Irrigated Cropland A is showing a strong increase from 2022 to 2023 of nearly 11.5%. Likewise, Irrigated Cropland B is showing strong increase from 2022 to 2023 of nearly 22%. It is possible that some of these properties were purchased to improve (ie precision leveling). Irrigated Cropland C only had one observed sales used in this analysis. This is not sufficient data to project any type of market change with any real accuracy and may indicate a sporadic market. Nevertheless, the findings have been reported. Non-Irrigated Cropland is showing a strong increase from 2022 to 2023 of approximately 13.25%. Over the past several years, as fields have been graded or precision leveled, Irrigated Cropland C (pivot irrigation) has become increasingly less prevalent in the Mississippi Delta. With a majority of the remaining pivot irrigated cropland in the Mississippi Delta, it is likely cost prohibitive to furrow irrigate or precision level. Hence, there has been fewer and fewer sales of pivot irrigated cropland in the Mississippi Delta. The recreational land market in this region has remained strong. Recreational land prices are often believed to follow the overall health of the economy and is often tied to discretionary income. The recreational land market has shown a substantial grain from last year with an increase of approximately 12.5%. Demand for recreational properties in this region is driven by market participants from across the state, not just locals, and this demand has driven prices higher and higher.

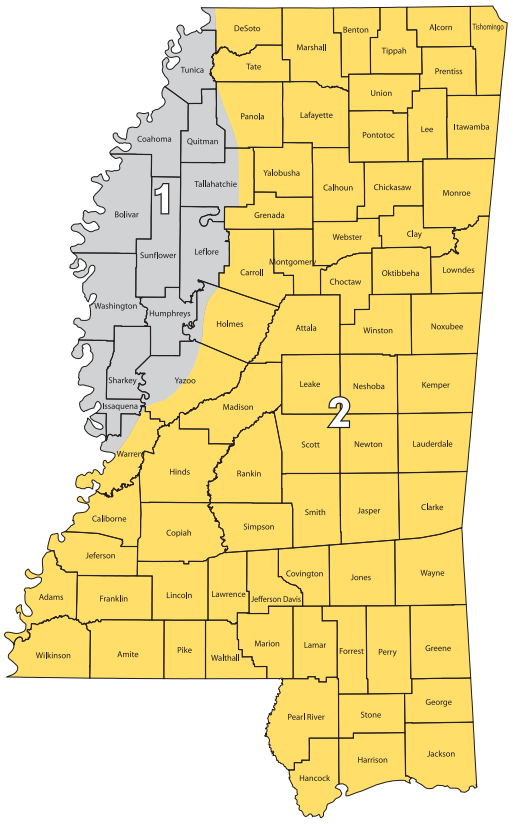
| Region 1 – Delta | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Land Classifications** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
| Irrigated Cropland A | $4,723 | $4,799 | $4,890 | $5,259 | $5,275 | $5,609 | $5,880 | $6,549 |
| Irrigated Cropland B | $4,113 | $4,185 | $4,676 | $4,500 | $4,975 | $4,996 | $5,172 | $6,299 |
| Irrigated Cropland C | $4,406 | $4,078 | $4,612 | $3,887 | $4,257 | $5,450 | $5,093 | $7,200 |
| Non-Irrigated Cropland | $2,999 | $3,328 | $3,797 | $3,690 | $3,646 | $3,948 | $4,208 | $4,764 |
| Recreational Land | $1,859 | $2,150 | $2,372 | $2,353 | $2,491 | $2,625 | $2,872 | $3,230 |

REGION 1 LAND VALUES



# Mississippi Region 2

## *Land Classifications and Sales*




### Land Uses (Hills/Non-Delta)

***Cropland***

Cropland in this region varies greatly depending on what portion of the state the property is located in. Bottomland cropland may be shoestring cropland along creeks and rivers with smaller field sizes. Upland cropland may vary greatly in topography such as the sweet potato soils in Calhoun and Chickasaw Counties. Cropland may also have fertile prairie soils such as is found in Lowndes and Noxubee Counties. This land classification represents all acres in agricultural row crop production outside of the Mississippi Delta. Soils may vary from Class I and Class II with crops such as cotton, corn, and possibly even sweet potatoes, to Class III and IV soils that typically have crops such as soybeans, sorghum, and wheat. Topography can cause a large difference in productivity as steeper grades may have erosion control problems. The Conservation Reserve Program (CRP) is an alternative for cropland acreage with these production issues.

***Pasture***

This land classification is used primarily for livestock or hay/silage production. This land classification would likely be fenced and possible cross-fenced for grazing purposes. Topography can range from nearly level to rolling. Areas with greater slopes may need monitoring for soil erosion.

***Woodland***

This land classification is primarily recreational in nature. This classification means the market does not see timber value and more emphasis is placed on the recreational and/or rural residential aspects of the property. If the timber were to be severed from the land, the residual land plus the amount of timber harvested would not be equal to the land plus timber prior to harvest. Land values in this classification may be driven by proximity to areas that are known for excellent recreational opportunities or are desired for their rural residential appeal.

***Timberland***

Property in which the market participant values the timber located on the tract. Timber is actively being managed or the buyer plans to harvest the timber in the future. Recreational influences may still apply as there are recreational influences on most timbered acreage throughout the state. Timber stands may consist of pine plantation (various ages), hardwood pulpwood and sawtimber stands, natural mixed stands with both pine and hardwood, or recent cutover tracts. In this land classification, the timber has been valued by the purchaser of the tract, and the residual value has been placed on the bare land. In the analysis of this land classification, only the bare land value has been considered as timber values can vary greatly depending on species, age, wood product, or location. Land values in this classification maybe driven by proximity to sawmills or other wood product industries.



### Sales Data - Region 2

For the Hill Region, 429 sales were analyzed. The table below indicates the number of sales for each land classification, the average acreage for each sale, the average value per acre, a lower value range and an upper value range. It should be noted that 95% of all properties should fall within the stated lower confidence level and upper confidence level. The attributes of a given property will dictate its value. These attributes include, but are not limited to, soils, property size, land mix, non-productive acreage, and location. Location can play a large role in the value of a particular property, especially when considering proximity to large metropolitan areas. Some of the sales observed around these large metropolitan areas were removed from this analysis as these sales can vary in value greatly. Some attributes are more heavily valued by the market than others.

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# Mississippi Region 2 Land Classifications and Sales

*continued*

## Region 2 – Hills

Counties included: Tallahatachie, Yalobusha, Calhoun, Chickasaw, Monroe, Grenada, Carroll, Montgomery, Webster, Choctaw, Clay, Oktibbeha, Lowndes, Holmes, Attala, Winston, Yazoo, Madison, Leake, Neshoba, Kemper, Warren, Hinds, Rankin, Scott, Newton, Lauderdale, Claiborne, Copiah, Simpson, Smith, Jasper, Clarke, Jefferson, Adams, Franklin, Lincoln, Lawrence, Jefferson Davis, Covington, Jones, Wayne, Wilkinson, Amite, Pike, Walthall, Marion, Lamar, Forrest, Perry, Greene, Pearl River, Stone, George, Hancock, Harrison, Jackson

| **Total Sales for 2023** | 429 | | | | |
|---|---|---|---|---|---|
| **Land Classifications** | **Number of Sales** | **Average Acerage** | **Average Value per Acre** | **Lower Confidence Level** | **Upper Conficence Level** |
| Cropland | 29 | 120.02 | $5,016.72 | $4,071.58 | $5,961.86 |
| Pasture | 184 | 32.74 | $4,431.69 | $4,015.52 | $4,847.86 |
| Woodland | 297 | 52.95 | $3,748.97 | $3,329.70 | $4,168.24 |
| Timberland | 212 | 74.21 | $2,379.23 | $2,217.00 | $2,541.46 |

- There were 29 sales analyzed for Cropland. The average sale size was 120.02 acres. The average value per acre was $5,016.72 per acre. According to statistical analysis with 95% certainty the true mean of all Cropland should fall within $4,071.58 per acre to $5,961.86 per acre.

The number of Cropland sales throughout this region are down since last year. Values have seen a strong increase. There has not been as much outside investor activity in this region of the state as there has been in the Delta Region.

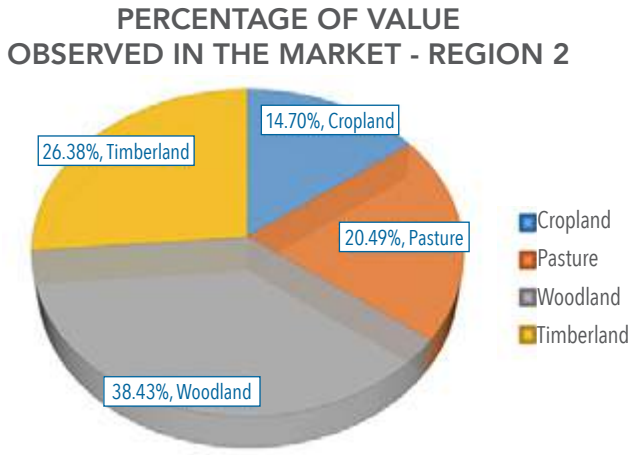
- There were 184 sales analyzed for Pasture. The average sale size was 32.74 acres. The average value per acre was $4,431.69 per acre. According to statistical analysis with 95% certainty the true mean of all Pasture should fall within $4,015.52 per acre to $4,847.86 per acre.

With these Pasture sales, rural residential influences can be observed in areas that are in close proximity or have easy access to larger metropolitan areas. This rural residential influence primarily affects smaller parcels of land in higher populated areas.

- There were 297 sales analyzed for Woodland. The average sale size was 52.95 acres. The average value per acre was $3,748.97 per acre. According to statistical analysis with 95% certainty the true mean of all Woodland should fall within $3,329.70 per acre to $4,168.24 per acre.
- There were 212 sales analyzed for Timberland. The average sale size was 74.21 acres. The average value per acre was $2,379.23 per acre. According to statistical analysis with 95% certainty the true mean of all Timberland should fall within $2,217 per acre to $2,541.46 per acre.

Both Woodland and Timberland values have strong recreational influences throughout the entire state. Also, rural residential influences can be observed in areas that are in close proximity or have easy access to larger metropolitan areas, particularly the smaller sized tracts. Pine timber prices have influenced the timberland market over the past several years. Pine timber stumpage is still experiencing depressed prices and reduced markets, which has directly impacted the observed market prices for pine timberland. However, this market has improved over the past year with mill expansions and openings. Hardwood stumpage prices have remained strong to stable and may have some influence on hardwood timberland tracts.

The pie chart below shows a breakdown of the percent of each land category as based on its value observed in the market. Overall, Timberland and Woodland make up the vast majority of the market share with approximately 65% of the observed market value in the sales utilized in this analysis. This is largely a function of the makeup of the region which is largely forested. Cropland and Pasture makeup the remaining approximately 35%.

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# Mississippi Region 2 Land Classifications and Sales

*continued*

To the right are the observed land rents for Region 2. These numbers have been based on discussions with local operators/producers, FSA employees, farm managers, and agricultural lenders. Hill region rental rates, at this time, are very similar compared to a year ago. Irrigated Cropland ranges from $150 per acre to as high as $225 per acre, with the average coming in around $165 per acre. There have been some isolated areas with some upward pressure on rental rates for Irrigated Cropland. The variance among irrigated land is directly attributed to several qualities. Those attributes being layout and design of a farm property, soils, drainage, and base acre allocation. Likewise, dryland rents are very similar to last year as well. The range for Non-Irrigated Cropland rents is $75 per acre to $150 per acre, with the average dryland rent running approximately $100 per acre. Quality of soils, drainage, and base acres are all contributing factors. There has been some tile drainage observed in areas of the hill region, primarily in the prairie area. Tile drainage aids in drainage and can allow producers to operate during wetter periods of the year. In discussions with local operators tile drainage typically demands a $30 per acre to $40 per acre premium. Pasture rents typically range from $15 per acre to $40 per acre for improved pasture with the average pasture rental rate being approximately $25 per acre.

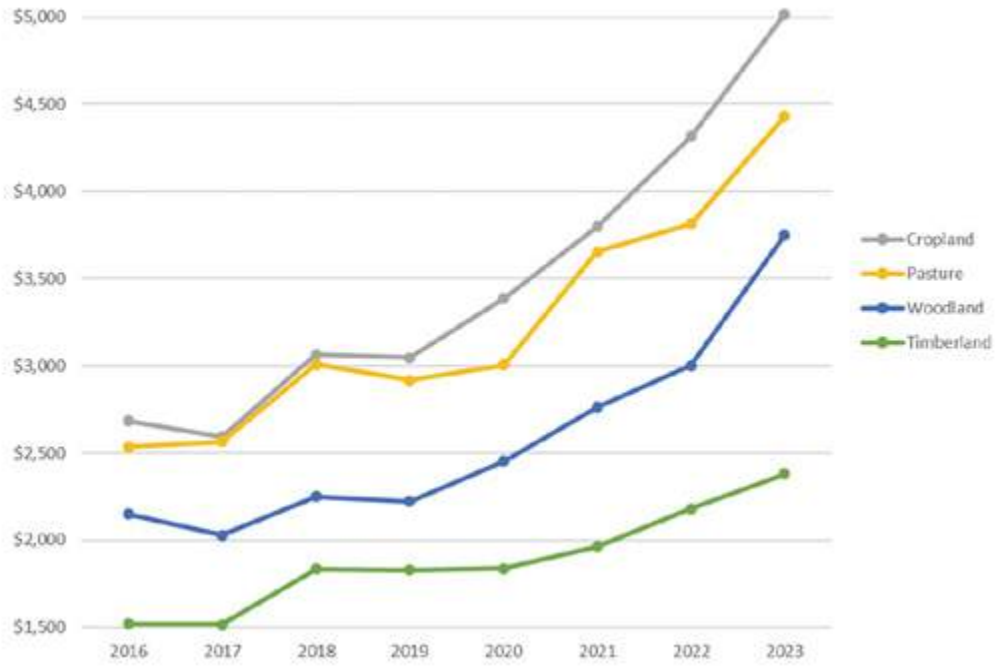
| Region 2 – Hills | | | |
|---|---|---|---|
| | Rental Rate | | |
| | Average | Minimum | Maximum |
| Irrigated Cropland | $165 | $150 | $225 |
| Non-Irrigated Cropland | $100 | $75 | $150 |
| Pasture | $25 | $15 | $35 |

Recreational properties are not included in this data as rental rates can vary greatly and have been observed from $8 per acre to over $25 per acre. Less desirable properties that may only be used for deer hunting typically have lower rents; whereas, highly desirable properties that are known for excellent deer hunting may demand rents as high as $25 per acre. Duck hunt properties are not overly abundant in the region and have not been included. However, these properties typically demand much higher rents and are similar to those noted in the Region 1 discussion.

According to the sales data, the land values for Region 2 shown signs of great increase since last year. There were a good sample of sales in each land category to obtain an accurate judgement of the market. Over the past five years, there has been an upward trend in this region's market. Without a major disruption of the market, the trends should continue to remain stable with a slight increase.

| Region 2 – Hills | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Land Classifications | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Cropland | $2,685 | $2,594 | $3,065 | $3,046 | $3,387 | $3,799 | $4,314 | $5,017 |
| Pasture | $2,536 | $2,565 | $3,008 | $2,917 | $3,004 | $3,655 | $3,814 | $4,432 |
| Woodland | $2,150 | $2,030 | $2,252 | $2,222 | $2,455 | $2,762 | $3,002 | $3,749 |
| Timberland | $1,520 | $1,516 | $1,836 | $1,830 | $1,837 | $1,964 | $2,181 | $2,379 |

REGION 2 LAND VALUES



# Feathers and Finances: Analyzing the Economics of Poultry Facility Costs and Income Trends

*Troy Peters, Certified General Appriaser – MS, LA*
*Senior Appraiser – Southern AgCredit*

There was a time prior to the Covid pandemic when estimating costs for construction of poultry facilities was a certain procedure. As all items tend to do in a fiat system, components would increase in cost over time, but those increases were predictable and modest. When you throw in a worldwide pandemic with unprecedented shutdowns, widespread business closures, increased government spending, supply chain disruptions, and a plunge in global GDP; we got to see just how remarkably unpredictable estimation became.

In the interest of clarity and to manage expectations, this article is not intended to be an appraisal of any type and the focus is mostly on broiler houses given they make up approximately 66% of all United States poultry production. The observations in this article are based on data that I have access to from Mississippi and Louisiana and by no means represent all transactions. Mississippi is a non-disclosure state and gathering information on sales and construction of poultry farms can be challenging. Invariably on most of my assignments the conversation with growers tends to gravitate to costs. This is understandable since growers know that their facilities are depreciating every day and it is just a matter of time before upgrades will be required to maintain their grower contracts.

When I was asked to prepare an article for the ASFMRA Mid-South Land Values and Lease Trends Report, a quick discussion with peers within my organization, competing farm credit organizations, and fee appraisers who specialize in these complex assignments determined that a retrospective and current look at the state of construction costs and pay would be appreciated by the readership. Mississippi is home to six poultry integrators: Amick Farms, Koch Foods, Mar-Jac Poultry, Peco Foods, Tyson Foods, and Wayne-Sanderson Farms. Louisiana has three: Foster Farms, House of Raeford, and Pilgrims Pride. With so many different integrators, one must expect some variation in the cost and pay data. In a perfect world, each integrator would be equally distributed throughout my dataset, but this is not the case. I have taken information available to me and elected to utilize averages in cost and pay with no particular emphasis on anything other than transactions, whether they be sales or construction. I would caution the reader not to utilize the cost or pay information for anything other than indication of general observed trends within this limited set of data. The cost information is representative of construction of the poultry houses, the site work for a pad underneath the houses, gas, plumbing, wiring, water plumbing, and equipment packages including controllers, lights, feeders, and waterers. Excluded from this is compost or dry stack sheds, wells, generators, and switches or any other associated poultry equipment outside of the houses. Each construction site will have its own unique set of variables for well depth, number of wells, generator sizes (depending on farm production area), or number of generators. Pad construction can vary considerably as well; however, a normalized value is estimated in the values below. Additionally, there is no consideration for the cost of the underlying land, excess land, additional improvements such as dwellings, or any entrepreneurial incentive.

## Broiler Trends 2019 to 12-15-2023

***This Broiler data set is derived from a combination of eighty-six transactions.***

Overall broiler costs indicated a change from $12.54 per sq. ft. in 2019 to $18.93 per sq. ft. as of the current date. These values have been normalized by utilizing an average of all sales available to me for the year. This means that there are higher costs and lower costs. I have observed that the most recent costs I have seen are approximately $1.00 lower than they were at the beginning of the year meaning that construction costs may have peaked earlier in 2023 whereas the chart is indicating an increase between 2022 and 2023. There is a lag of quotes from late 2022 into 2023 with a peak arriving around midyear 2023 and a moderate decline to my most recent quotes. In looking back, utilizing the chart below, we can see that broiler construction costs had a moderate increase from $12.54 in 2019 to $12.93 in 2020 which is 3.11%. The effects of Covid then begin to show with the cost from 2020 increasing to $15.07 in 2021, $18.28 in 2022 and to $18.93 in 2023. These increases are 16.55%, 21.30%, and 3.56% respectively. Overall, the change from 2020 to 2023 was 46.4%. This total cost is represented by the green line in the chart on the following page.

The normalized chart on the following page shows how those changes were occurring within the components of farm construction. Initially there was a rapid increase in construction costs for the poultry structure itself. From 2020-2021 equipment costs only increased around 6%

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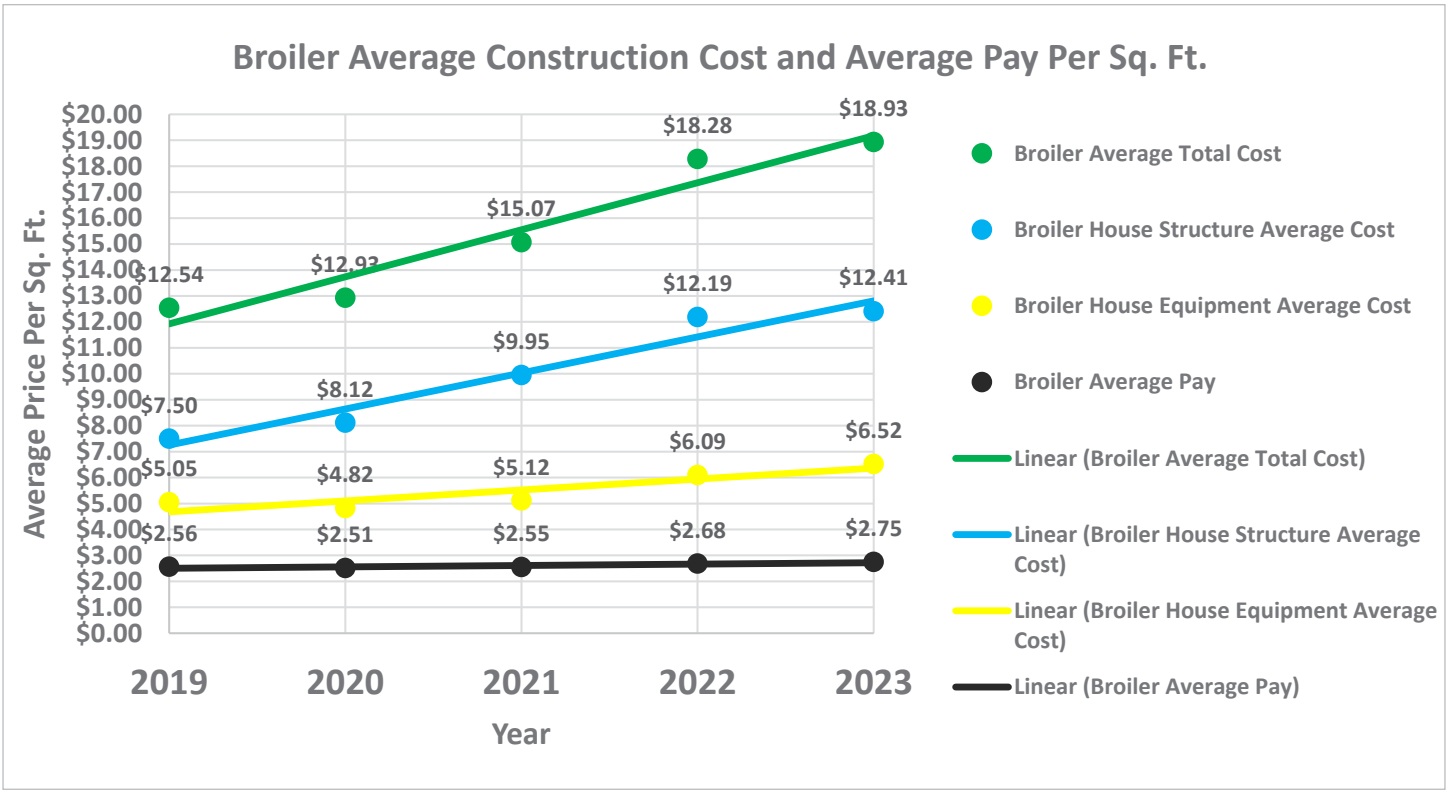


while house costs increased 23%. From 2021 to 2022 equipment costs increased around 19% while house costs increased 23%. Finally, from 2022-2023 equipment costs increased around 7% while house costs increased 2%. We see from this information that there was an almost immediate response to Covid with construction materials cost increasing dramatically, equipment cost increases lagging, and then what appears to be a semblance of stabilization or at least a slowing down of the previous record increases. These values are represented by the blue and yellow lines in the chart above.

During this time average pay (excluding incentive pay) increased from 2019 to 2023 from $2.56 per sq. ft. to $2.75 per sq. ft. which is a total change of 7.42%, or 1.86% per year. Incentive pay represents special payments that were made by the integrators to growers to incentivize construction of new farms or to construct new houses on existing farms. Incentive pay is not a focus of this report because incentive contracts varied greatly in the upfront pay and annual payments. Terms were different and actual pay was different, as these contracts were constantly evolving as integrators were doing their best to make appropriate payments to growers to help maintain capacity. In the interest of clarity, my dataset contains four quotes which included incentive pay. This additional pay is not reflected in any of the data above. As one would expect, as pay increases value increases and these farms are believed to currently exist in a market unto themselves.

## Breeder Trends 2019 to 12-15-2023

***This Breeder data set is derived from a combination of thirteen transactions.***

I have a much smaller dataset of breeders from which to extract meaningful information. I do however have confidence in the information presented here as well and believe that the information that I do have is adequate to show general trends. As I previously stated, I do not have an equal distribution of integrators within this dataset, so variance beyond time can influence the numbers you see in the chart below. As I previously stated, this information is not intended to be utilized for anything other than indications of a trend.

Overall breeder costs indicated a change from $19.93 per sq. ft. in 2019 to $30.18 per sq. ft. as of the current date. These values have also been normalized, meaning that there are higher costs and there are lower costs within the data. In looking back, utilizing the chart below, we can see that breeder construction costs had a moderate decrease from $19.93 in 2019 to $19.21 in 2021, a decline of (3.6%). I have no reliable information from 2021 and any secondhand information I do have has been excluded. The effects of Covid begin to show with the cost at or after 2020 increasing to $30.75 in 2022 and to $30.18 in 2023. The increase from 2020 to 2022 is 60.07% and then we see a slight decline from 2022 to 2023 This decline amounts to (1.85%) and in my opinion is not indicative of a change in market as much as a specific change to that farm. Due to a

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lack of data, each individual input (farm) will have a much larger effect in the output (trend). Overall, the change from 2019 to 2023 was 51.43%. This total cost is represented by the green line in the chart below.

The normalized chart below shows how these changes occurred within the components of farm construction. Initially, there was a rapid increase in construction costs for the poultry structure itself. From 2019 to 2020 this data suggests that equipment costs decreased around (6.8%) while house costs decreased around (6.5%). Again, in my opinion, this is more of an effect of the small dataset. With no reliable construction data from my records in 2021, we move to 2022 and see a tremendous change from 2019 to 2022 with equipment costs increasing around 35.40%, while house costs increased 67.17%. Finally, from 2022 to 2023 equipment costs increased around 1% while house costs decreased around (3.43%). These values are represented by the blue and yellow lines in the chart below. We see from this information that there was an overall comparable response to Covid with construction materials increasing dramatically, equipment cost increases lagging slightly behind. We then see what appears to be a semblance of stabilization or at least a slowing down of the previous record increases according to the point data as represented by green line in the chart below.

During this time average pay (excluding incentive pay) increased from 2019 to 2023 from $3.57 per sq. ft. to $3.78 per sq. ft. which is a total change of 5.88%, or 1.47% per year. 2022 indicated a higher pay, but this is due to a smaller dataset as previously discussed. Ultimately, pay is relatively flat to slightly increasing. This is similar to the broiler pay indication. Again, this excludes incentive pay and should only be utilized as a reference for a trend.

## Broiler and Breeder Trend Observations

The trends indicated above are clear and unsurprising. The discussion of costs increases throughout all aspects of the average consumer's life is unavoidable and unrelenting. Housing construction costs are up, food costs are up, energy costs are up, and everyone would agree that you might find a few components in life that are cheaper, but overall, everything we use and consume has increased in cost. The intent of this article is not an economic lesson, but as previously stated more of an observation of trends. Since 2019, construction costs have increased dramatically while pay is relatively flat to slightly increasing. Some might see this and say "well, they should increase pay." I want to point out some of my thoughts on this conclusion and present a little perspective. A grower builds a facility with the intent of producing poultry product for pay. At the time the facilities are built or purchased, an analysis is conducted by the grower to determine costs, income, and operational costs including, the cost of capital. Assuming proper management, there should be an acceptable

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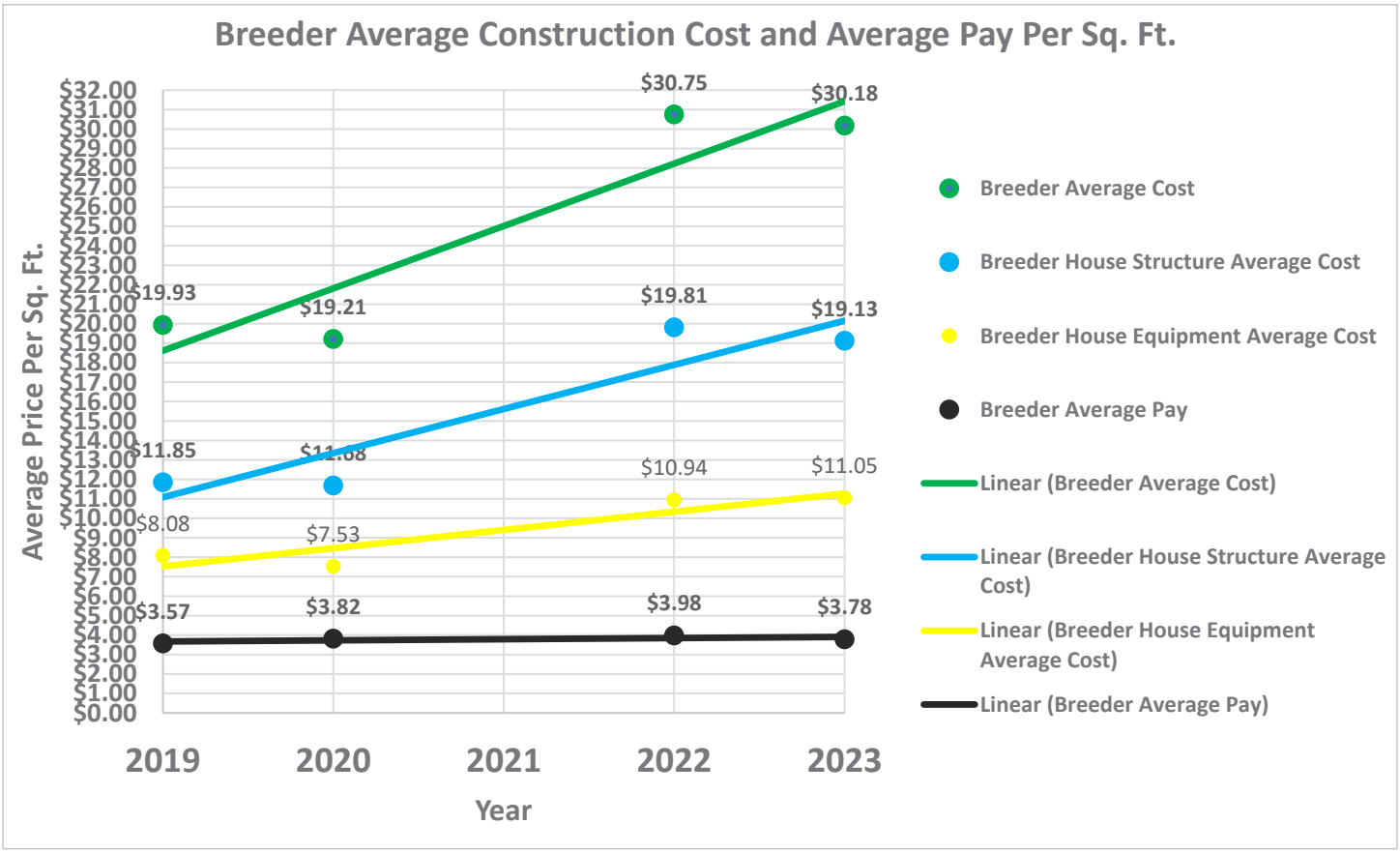

margin expressed as net income to the grower which will incentivize them to construct a farm. There is a tremendous amount of risk to the grower in that they must manage their investment appropriately. There is also a tremendous amount of risk to the integrator. They are depending on the management capability of a grower that they have vetted to the best of their ability, but that they really do not know. By agreeing to grant a contract to a grower they are agreeing to assist the grower in management, supplying feed, supplying poultry product, and paying funds for the grower. From an individual perspective this may seem basic, but from a global perspective the integrator has many of these contracts and their risk is not just to one grower, but all of them. Add to this they must manage volatility in commodity costs for feed, labor costs for their workforce, shipping, and trucking costs for their operations as well as project demand so that they can back into their needed capacity and manage their own debt and expenses appropriately.

The reality is the relationship between grower and integrator is symbiotic, in that the relationship is mutually beneficial. During the times in which we saw massive cost increases less farms were constructed new. Those that were constructed required incentives from the integrator. Due to increasing construction costs and increasing cost of capital, these farms could not cash flow without specific incentive. My experience with these farms was that, to a large degree, each deal was managed slightly differently as the integrator was trying to balance their needs with the needs of the grower. In the meantime, some old farms were sold as they saw increases in their value due to the increase in construction costs. In a perfect world, these increases would be commensurate with the observed cost increases. This is not the case however, as the existing cash flows could only support increases up to a certain amount without additional incentive. These differences are quite complex and there is not enough paper in this publication, nor is it within the scope of this article to address it appropriately. The takeaway from this is poultry demand in the United States and worldwide is not declining. Integrators and growers know that the future for poultry production is bright. Expenses everywhere are higher, but as markets seek equilibrium so too will the producers which support them.

# Diseases Outbreaks that Began in Late 2022 Could Continue to Hinder Poultry Exports

*Mark Leggett*

In 2023, Mississippi experienced many of the poultry trends in other states: outbreaks of avian influenza, debate over foreign ownership of farmland, and a reduction in use of antibiotics for chickens.

Mississippi's poultry industry battled bird flu in 2023 and the cases nationwide could rebound in 2024. Also, in 2024 on another issue many states have addressed, the Mississippi Legislature may pass stricter controls on foreign ownership of farmland.

Nationally, poultry farmers have drastically reduced their use of antibiotics on the farm, according to a report commissioned by the U.S. Poultry and Egg Association.

Mississippi's poultry industry faced disease outbreaks in late 2022 and early 2023 and has seen the prospect of disease return as the year ended. During the 2023 legislative session, the Legislature responded by the creation of an animal disease disaster fund to help battle disease.

In the fall of 2022, hunter-killed teal along the Mississippi River showed an increase in birds with Highly Pathogenic Avian Influenza (HPAI), an early warning sign that caused increased biosecurity measures on Mississippi's 1,700 poultry farms. In November of 2022, a breeder farm in Lawrence County near the Pearl River was diagnosed with HPAI, then another broiler farm in Leake County tested positive in March 2023. There were three other outbreaks in Mississippi birds but not in commercial poultry.

The outbreaks nationally slowed down in the spring and summer then began to increase in the fall. In October, game birds – quail and pheasants - shipped from Alabama to Mississippi hunting preserves had to be euthanized because the Alabama farm tested positive for HPAI.

Until the November 2022 case, Mississippi had avoided an HPAI outbreak in commercial poultry. The first destructive wave of the disease was in 2014-15 and then it returned in February 2022 and that wave continues today. The 2022-23 outbreaks have hit 47 states thus far.

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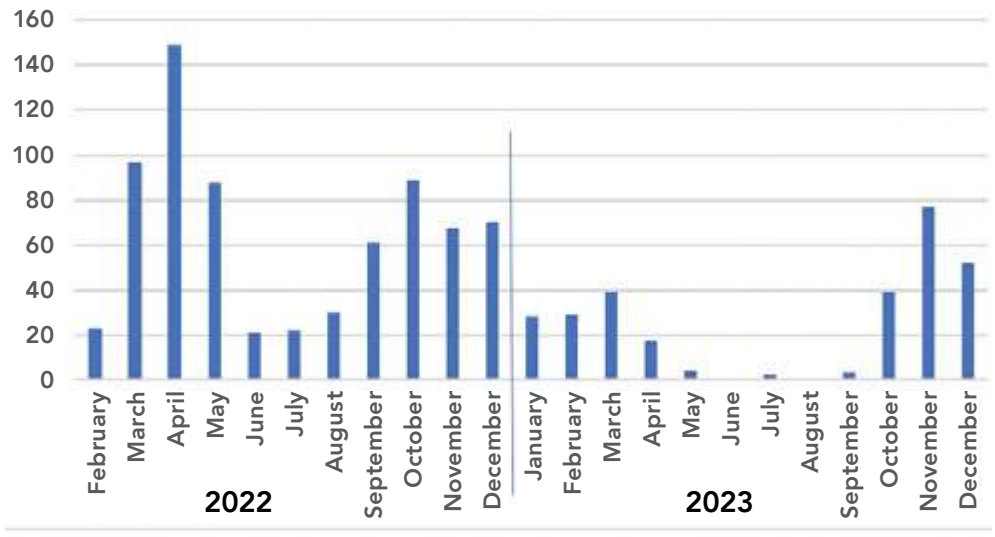



Data Source: National Turkey Federation

## Diseases Outbreaks that Began in Late 2022 Could Continue to Hinder Poultry Exports

*continued*

The disease carried by wild, migratory birds started showing up in native wild birds in the state such as vultures and even bald eagles. There were several vulture die-offs in the state.

When an outbreak occurs, the Mississippi Board of Animal Health responds to euthanize the infected flock to stop the spread of the disease but the impact is long lasting. Quarantine boundaries are drawn, and it takes weeks for the area to be declared free of the disease. An outbreak can halt exports for months to certain countries like China, a big consumer of chicken paws. Mississippi exports 15-20 percent of the poultry produced.

The November 2022 and the March 2023 outbreaks in the state restricted exports, but the outbreak in the game birds in October 2023 did not result in restrictions.

The 2022-23 HPAI outbreak is the worst "foreign animal disease" ever to hit the United States. The majority of bird losses have been in hens laying table eggs. Mississippi has one egg producer that has not been hit with the disease at their facility.

In the 2014-2015 outbreak, 43 million egg layers/pullets were euthanized and so far in 2022-23, the total is 51.2 million. Among broilers, the 2022-23 total is 5.2 million birds depopulated nationwide.

In the fall of 2023, another disease, Laryngo-tracheitis (LT) began appearing in south Mississippi farms, but it does not lead to export restrictions. This is the first wide-scale outbreak of LT since 2012. LT does not require the birds to be euthanized but presence of disease does cause restrictions on movement of birds.

During the 2023 legislative session, lawmakers created the state's first Animal Disease Response Fund to pay the costs the Board of Animal Health incurs in rapidly responding to HPAI and other diseases.

Speaking of the Legislature, one of the farm issues in 2024 Mississippi lawmakers will consider is tightening the foreign ownership of farmland. During the summer and fall of 2023, a committee chaired by Commissioner of Agriculture and Commerce Andy Gipson and including the chairmen of the House and Senate Agriculture and Judiciary A committees developed the following suggestions for the Legislature:

> "In 2021, 757,816 agricultural acres were held by foreign interests in Mississippi. This is an increase from 600,456 acres in 2011. Nationally, as of December 2021, 40,031,308 acres of all private agricultural land in the U.S. had foreign ownership. This was an increase of 2.4 million acres from Dec. 31, 2020, and an increase of 14.3 million acres since 2011."

A summary of the study committee's findings issued in December includes:

- "It is clear that current Mississippi law restricts foreign ownership of land by 'nonresident aliens' except for the purpose of industrial development. However, the law lacks a clear, workable enforcement mechanism.
- Continued unrestricted foreign ownership of Mississippi's agricultural land and water rights especially by foreign adversaries as defined in 15 CFR 7.4 presents a serious concern to Mississippi and to national security, including food security.
- The Legislature should act to address these concerns. At a bare minimum, the Legislature should pass an enforcement mechanism with any appropriate reporting requirements and legal enforcement procedures, along with any exemptions as may be necessary or appropriate tailored to Mississippi needs and based on the experiences of other States. To accomplish this, the Study Committee highly recommends that the Legislature review and receive guidance from legal experts within the National Agricultural Law Center."

The U.S. Food and Drug Administration in 2017 issued its Veterinary Food Directive saying antibiotics given through feed are permitted only under the supervision of a licensed veterinarian. The FDA releases annual antibiotic sale reports which provide an estimate of the domestic sale and distribution of medically important antibiotics approved for use in food-producing animals. These sale data provide no context for the actual use of these antibiotics on the farm, according to the US Poultry and Egg Association which has been surveying companies actual use of antibiotics.

Broiler chickens receiving antibiotics in the hatchery decreased from 90% in 2013 to less than 1 percent in 2022. The information comes from broiler company data covering 85% of all U.S. broiler chickens collected by Dr. Randall Singer, DVM, Ph.D. of Mindwalk Consulting Group, LLC and the University of Minnesota. His report published by the U.S. Poultry and Egg Association shows, medically important in-feed antibiotics decreased substantially.

There was no tetracycline use in feed in 2020 through 2022 and virginiamycin use decreased 97% over the 10-year period. Medically important water-soluble antibiotic use in broilers decreased by more than 50% for some antibiotics and 53% to 96% for others since 2013.

# “Buy Some More Cows in ’24!”

*Andy Berry*

I have often heard a slogan attributed to former Mississippi Agriculture Commissioner Jim Buck Ross from some 50 years ago, “A million more cows by ‘74.” While I have tried to find an archive of the slogan in print, but as of yet I have not been successful, though have heard many people recall this slogan from one end of the state to the other. Ever the promoter of all thing’s agriculture in Mississippi, Commissioner Ross was trying to grow the cow herd in our state some 50 years ago. While I was fortunate to have met him a few times and certainly followed him in the news of his day, I don’t know for certain what his inspiration was for this slogan.

I suspect there were several factors at play when he began the “Million more by ‘74” campaign. Perhaps there was an opportunity in the markets of the day that made it financially feasible for cattle farmers and ranchers to either expand their herd or to start from scratch. Or maybe he saw it as a way for farmers of other commodities to expand into another market.

I do believe that he saw what I see now. That a healthy and growing cattle herd is healthy for all of Mississippi.

I firmly believe that cattle farmers help keep many of our small communities and town afloat. Small farmers are who trade at the local hardware store, parts store, tractor dealers, co-op’s, feed and seed stores and a host of other small businesses that support a community. Our state needs our cattle farmers.

Likewise, our state, and more particularly our farmers and ranchers depend on institutions in the Farm Credit System to help them grow and prosper. Without access to credit, it is at best difficult to grow and expand farms and ranches. For some it may well be impossible. Mississippi Land Bank is a great partner for anyone in the cattle business when you might need. Economically healthy farms and ranches are vital to our state, and having a partner to help us grow like Mississippi Land Bank will only make us stronger.

MISSISSIPPI CATTLEMEN’S ASSOCIATION

I would be remiss if I did not mention the devastating drought of 2023. As the summer wore on the drought kept expanding north across our state, until finally all 82 counties were in either D3 or D4 drought conditions. These are the highest two classifications on the U.S. Drought Monitor. As a result, cattle producers in every county were eligible for assistance under the Livestock Forage Disaster Program administered through the Farm Service Agency. Hopefully this financial assistance provides needed nutrition for the livestock and help keep some in the business.

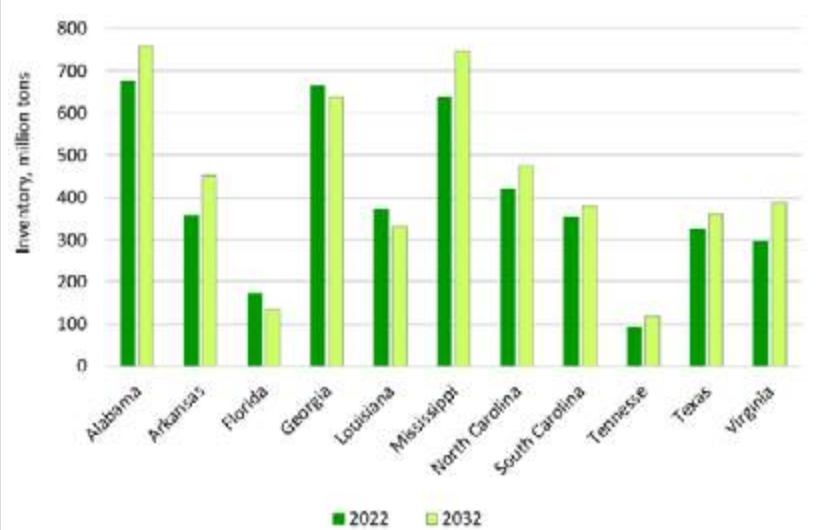
Let’s all pray for better weather this year. I want to close in reassuring you that your Mississippi Cattlemen’s Association continues to represent you in the legislative arena both on a state and national level. While we are not big on “tooting our own horn,” we do have success in passing helpful legislation and defeating those that would harm our industry. Additionally, representing you with regulatory and other government agencies is part of our mission. If you have an issue with legislation or some agency, please contact your staff at our office in Jackson. Helping you is why we exist.

As we recover from this devastating drought and go through this year, I encourage you to **BUY SOME MORE COWS IN’24!!**

# 2023 Timberland Value

*Joe R. Mallard*
*MFA and MFF Board of Directors*

Private landowners, timber investment families, and forest products companies own approximately 89% of the 19.3 million acres of forestland found in Mississippi. While many of those owners enjoy the recreational use of their properties, others are primarily concerned with the economic return on their assets. 2023 was a year that challenged some long-term norms in regard to inflation and interest rates and how they affect the value and return of timberland.




*Forecasted Pine Inventories by State. Source: Q2 2023 Forisk Research Quarterly. Data Sources: US Forest Service FIA, SOFAC*

Timberland returns are correlated with demand for finished wood products. In 2023, the Fed raised the cost of funds, which in turn drove up the interest rates on home loans and business loans and the rate of return on CDs for savers. All these factors helped take money out of the economy and led to a decrease in the price and demand for southern yellow pine (SYP) lumber. At the end of December, the traded price for SYP lumber was at its lowest level since 2019. The positive news for the price of lumber is that U.S. housing starts are up 9.3% compared to December of 2022. The demand for new single family and multifamily housing in the U.S. is high and is projected to remain high going into 2024. Homeowners that purchased or refinanced homes in the years before the increased interest rates are reluctant to sell and lose their favorable terms.

On the supply side, the Mississippi timber harvest set a record for the 21st century (MSU Extension Service). In December, Mississippi State University associate professor of forest business, Eric McConnell, said, "We are on pace to exceed 36 million tons of timber harvested, which would be the highest level we have experienced this century, surpassing the previous high set in 2005 prior to the Great Recessions." The value of that harvest has a production value of over $1.5 billion for Mississippi landowners. The increased harvest was most likely due to favorable weather conditions during most of 2023 and the increased markets that have come online over the past few years. The increase in harvest is not expected to have much of an effect on the price or availability of timber. The South continues to grow timber faster than it can be harvested. According to research conducted by Forisk, pine sawtimber inventories are expected to increase 17% over the next ten years. This increased supply will likely keep timber prices moderate, with mills coming online to balance the extra supply and demand staying consistent.

Looking into 2024, the Fed has indicated they will most likely cut interest rates at least three times over the next 12 months. This could potentially increase housing starts and raise the demand for lumber. The abundance of supply and the potential for increased demand makes the South and Mississippi strategic locations for mill placement. The new mills that have come online in 2023 have added 1.3 million board feet of pine capacity to the state's sawmill industry. Announcements by Claw Forestry, Huber Engineered Woods, and SDI Biocarbon in East Mississippi are positive signs for timberland owners, as new markets will add additional demand.

The issues discussed are not the "home run" or the "rainy day" for timberland owners in the South. The last 12 months have shown that a fluctuating U.S. economy with Fed policy changes and increased inflation did not do much to change the overall timberland market. Land prices have stayed consistent with past trends, and timber is still being marketed. Forest products manufacturing firms continue to move south with their investments, and that is great news for private landowners who will have markets available. Timberland remains attractive due to the lack of volatility, the low correlation with other assets classes, and its ability to hedge against inflation. It is still the most stable investment for long-term assets appreciation that is available.

Mississippi Forestry Association

# Managing Your Habitat

*By Mississippi Department of Wildlife, Fisheries, & Parks*

## Manage Your Habitat During Hunting Season

You worked hard and sweated all spring and summer on supplemental plantings. You mixed herbicides and treated unwanted weeds. You did your prescribed burning. You maintained your roads. You set up your blinds and stands. Now that temperatures are cooling and the leaves are changing, it is time to relax and enjoy the fruits of your labor. You are looking forward to spending time in the woods, in the duck blind, or maybe even watching a few college football games during the middle of the day. Now should be the time to take it easy....Not so fast, my friend! There is still plenty of good work to be done.

Fall and winter are certainly great times to enjoy the outdoors and recreate with family and friends, but there is no need to park the tractor as soon as you get your last food plot planted. A savvy wildlife manager can also take advantage of "down time" outside of peak hunting times to improve field, forest, and wetland habitat. This work, performed from September to March, benefits many species of game and non-game wildlife. We will outline a few practices that will certainly improve habitat for the species we love to pursue. In the process, we will also improve habitat for many other species that we do not hunt.

### Field Management – Late-Summer/Fall Burning

Field management practices such as strip-disking, establishing new fire breaks, and even tree and shrub plantings, are important during fall and winter. However, in most areas of the Magnolia State, the most important habitat management technique than prescribed burning. While most folks tend to associate prescribed burning with the dormant season (when plants are not actively growing) rather than the growing season, it is important to understand that when an area is burned it can dramatically affect the results. Thus, managers should apply prescribed fire during the appropriate season to meet their objectives.

Farmers, gardeners, and landscapers will all agree that Mississippi has a long growing season (April-October). Burning during the growing season controls undesirable woody brush more effectively after just one application than burning during the dormant season (November – March). Additionally, these growing season fires often stimulate more and different types of native grasses, forbs, and wildflowers than dormant season fires. This is important because these plants provide excellent food and cover for different species of wildlife. The differences in dormant season and growing season fire effects are complex since the timing of fire during the growing season (early growing season vs. late growing season) can also cause differences in woody brush control and desirable plant response.

Ronnie Young has used late growing season fire to its full advantage in the native grass fields on his Marshall County farm for several years now. "We just were not getting the sweetgums and other brush under control with our normal February burning," Young noted. "Also, the all too frequent rains in February really limited our burn days. Plus, since February is when everyone else wanted to burn, it became very difficult to get help from friends, neighbors, and professionals to properly do a burn." Young began working with the Mississippi Department of Wildlife, Fisheries, and Parks' Private Lands Program and the Coldwater Prescribed Burn Association to burn his fields in September. "The September burning really kills gum trees. I still have to spray the bigger ones, but the fire will control the smaller stems really well."

Indeed, studies have demonstrated that burning fields in late summer controls brush and increases the occurrence of desirable plants more effectively than winter burning. Additionally, by waiting until the late growing season, landowners avoid turkey, quail, and nongame bird nests they might have destroyed by burning during April or May. There are negative aspects to burning during the late summer, however. August and September are often hot and droughty, which makes burning more difficult for practitioners and may increase the chances of a fire escaping or damaging any desirable trees in a forest stand. Also, areas burned in late summer or fall will not have time to "green up" before winter, so those areas will not have much cover during the hunting season. So it may be best to avoid using late-summer fire over large tracts or a high percentage of your hunting area. Winter burning is still an outstanding technique for managing and maintaining desirable habitat, though more frequent fires may be needed to control unwanted brush. Be sure to review Mississippi's fire regulations with the Mississippi Forestry Commission before conducting a burn on your property (www.mfc.ms.gov).

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## Forest Management – Timber Stand Improvement

Fall and winter are also important times for improving forest stands, a practice often referred to as Timber Stand Improvement (TSI). A TSI operation is a lot like weeding a garden. The goal of a TSI is to reduce less desirable trees and shrubs in an effort to shift resources (nutrients and sunlight) to yield better growth of species desired by the landowner. Most importantly for landowners interested in wildlife, removing less desirable trees allows sunlight to reach the forest floor which stimulates native plants that provide food and nesting cover.

The techniques which are commonly used in TSI operations include commercial timber harvest (i.e. thinning), selective herbicide applications, or even prescribed fire. A common technique applied in the fall and winter to control hardwoods is individual stem injection or "hack and squirt" method. For this technique, individual stems of undesirable species are cut or "hacked" just inside the bark at a 45 degree downward angle with a hatchet. Then the "wound" or cut is "squirted" with a herbicide mixture which effectively lets the tree die in its place. These standing dead stems provide an insect buffet for woodpeckers and other birds. By following herbicide label recommendations and through careful application, there is almost no risk of damaging desirable trees with this technique.

In mature hardwood stands, a common prescription is to treat all undesirable stems which are not merchantable (> 4 inches of diameter at breast height or badly misshapen). In many mature hardwood or mixed pine-hardwood stands, it may be necessary to perform a commercial thinning after a hack and squirt operation to let in enough light to stimulate those desirable plants on the forest floor which provide food and cover for wildlife. In some cases, TSI operations can also be combined with prescribed burning to provide additional control of less desirable plants and to reduce leaf litter on the forest floor, which further stimulates desirable plants.

Wilderness West Hunting Club in Holmes County has been using "hack and squirt" in combination with prescribed fire and timber thinning to improve their upland hardwood stands to meet their primary goal of improving deer and turkey habitat and in turn their hunting opportunities. "The plant response in the understory has really been amazing," says club member Pat Marion. "There's more browse in our woods than I have ever seen, and we can even see much better and hunt more effectively without all the brush and saplings in the woods."

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## Checklist of Fall/Winter Management Practices:

### Prescribed Burning

***Growing season (April-October)***

- **Advantages:** most effective at killing woody brush after one application
- **Disadvantages:** eliminates nesting and potentially winter cover for wildlife, so apply in small blocks or just a few areas

***Dormant season (November-March)***

- Advantages: stimulates desirable browse, manage plant community
- **Disadvantages:** often takes multiple applications to control brush

### Herbicide Injection or Hack and Squirt

***(September - February)***

*How to: Mix a solution of an imazapyr or triclopyr herbicide per label directions, and then use a spray bottle to apply solution into wound created on undesirable trees using a hatchet. One "hack" per 3 inches of tree diameter at breast height.*

- **Strategy:** Remove less desirable species or poorly formed stems based on your objectives.
- **Advantage:** When properly done, may stimulate desirable understory vegetation, allow for desirable trees to have more resources, and improve value of forest.
- **Disadvantage:** May be costly and labor intensive. This procedure requires a moderate degree of technical knowledge.

### Fall Disking

*How to: Using a tractor and disk, cultivate an area in an old field or pasture until about half of the litter is incorporated in the soil (usually three to four passes depending on equipment and soils). The area can be in strips or blocks.*

- **Strategy:** Reduce litter, reduce grass cover, stimulate desirable forbs and other plants.
- **Advantage:** Best way to stimulate forages and desirable cover for bobwhites and rabbits in old fields that have become rank with native grasses such as broom sedge.
- **Disadvantage:** Can be costly and labor intensive; can stimulate undesirable weeds if applied in spring or summer.

## Managing Your Habitat
*continued*

Wilderness West received cost-share assistance for their TSI operation through the Partners for Fish and Wildlife Program, a multi-partner habitat conservation initiative funded through the U.S. Fish and Wildlife Service and MDWFP. The treated stands had been thinned a few years prior and then followed by a "hack and squirt" operation in the fall and a low intensity prescribed burn in the winter. They followed up with two more burns after the initial treatment and have moved on to treat other stands on the property as well. In addition to increasing food and cover in their forests, they are also setting the stage for improved regeneration of upland oaks, preparing these stands to grow the next forest.

### Summary

Although many landowners tend to focus on harvest management in the fall and winter, it is still relevant to keep habitat management in mind. It is never a bad time to prepare for next season's hunting by improving your property for the wildlife we all hold dear and so that future generations of Mississippians can enjoy them too.

### Waterfowl Habitat Tips for Fall and Winter

Most waterfowl managers concentrate their efforts on summer plantings and moist-soil management to ensure adequate food is available to draw ducks to their wetlands, fields, and blinds in the winter, but there are also a few habitat management practices to consider in the fall and winter. On recreational lands which are not commercially farmed, it is often a good idea to set water control structures to catch early water in the late summer and early fall. Rains, and thus pooled water, may be hard to come by during that time of year. However, early shallow water can be critical to blue-winged teal and other early migrants. Placing boards in structures to catch water during rain events from sudden thunderstorms or tropical weather patterns can help save on pumping costs later on as well.

Similarly, leaving winter water on these recreational duck holes later into the spring and even summer can help provide critical habitat to migrating birds traveling back north to the nesting grounds. Hens entering the nesting grounds in improved body condition may have increased the chances of initiating a nest or perhaps even greater clutch size.

# Managing Your Habitat in Spring and Summer

As we travel throughout Mississippi working with private landowners to improve wildlife habitat on their property, one of the busiest times of the year for us is early spring. Many landowners emerge from the fall/winter hunting season unsatisfied with their recent hunting experiences and are determined to have a better season next year. While sometimes the hunter's expectations can be unrealistic, we can make significant improvements to wildlife populations and hunting opportunities by improving habitat quality on the property. After all, wildlife live and grow in forests and fields, and will respond to habitat improvements that increase forage quality and quantity, provide adequate cover, and ensure a diversity of habitat types to meet wildlife needs year round. The following are some of our most commonly recommended habitat management practices that land managers can consider implementing on their property during this upcoming spring and summer.

### Forest Inventory

Forest conditions (such as tree species, density, sizes, and merchantable products) determine the economic value of timber stands on a property, but they also have a profound influence in determining what species of wildlife can use them, when they use them, and if they are able to thrive, or just simply survive. Forest management techniques such as timber harvest, prescribed fire, and selective herbicide application are frequently used to manipulate these characteristics to improve financial gains from timber revenue, but they can also be tailored to improve habitat quality for a certain wildlife species or suite of species. But, to know what techniques are appropriate to use and the optimal timing to apply them to achieve specific management objectives, land managers need to have an idea about what is currently on the ground. One of the first tasks we recommend to forest landowners is to have their timber stands cruised by a registered forester. This timber stand inventory will provide a better understanding regarding the different kinds of trees found on a property, as well as their product classes, sizes, and quality. All of these characteristics influence a timber stand's economic value. For the best results obtaining a quality timber cruise, we recommend contacting a professional forester who is registered (i.e., licensed) by the State of Mississippi. A list of registered foresters by county can be obtained at www.cfr.msstate.edu/ borf. Additionally, landowners should consider contacting the Mississippi Forestry Commission about the Forest Stewardship Program, which helps develop a 10-year forest management plan for landowners. More information on Forest Stewardship can be found at www.mfc. ms.gov/stewardship.php.

### Prescribed Fire

Prescribed fire in upland forests and fields is one of the best and most cost-effective habitat management practices available. Historically, fires were much more common across Mississippi's landscape than they are today, and some wildlife species suffer from the declining

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## Managing Your Habitat

*continued*

use of fire. Many landowners are hesitant to use fire as a management tool due to concerns regarding liability issues, as well as the cost of burning. Prescribed fire can be defined as the targeted use of fire to accomplish a specific purpose (i.e., fuel reduction, improvement of wildlife habitat, minimization of wildfire risk, etc.) and is applied skillfully by trained burners in predetermined locations and under exact weather conditions. When applied correctly, prescribed fires can be an effective, safe, and affordable habitat management tool.

Burning is most often conducted in the late winter and early spring, and these dormant season fires essentially prepare the land for the flush of vegetation growth during spring green-up. Frequent fire (i.e., burning every 2 – 3 years) maintains early stages of plant succession that bobwhite quail chicks and wild turkey poults require, and it produces tremendous growth of quality plants that provide deer forage and cover.

It often takes land managers several months to prepare their land for a burn, so spring is the best time to get started making preparations for the next winter's burning season. Fire lanes will need to be installed completely around each timber stand or field that will be burned. These bare soil lanes are essential to help ensure the fire is contained within the burn unit. Consider installing fire lanes during the dry summer months. Often, a bulldozer is necessary to clear a sufficient lane (i.e., 6 – 10 feet wide) and then a tractor with a disk is needed to break the soil up. Always disk the firelanes again right before the burn to make sure there is no vegetation on the lane that could carry the fire across the lane.

### Roadside Management

Most properties have one or more access roads, whether graveled roads or ATV trails through the woods, and usually there is very little if any open area between the road and the forest. Creating open space on either side of the road or trail can be an easy way to improve wildlife habitat in strategic locations. Many wildlife species, particularly deer and turkey, will use these trails as travel corridors, so it makes strategic sense to locate food and cover alongside preferred travel routes. This can easily be accomplished while timber thinning is occurring on a property by having the logger clear 20 – 30 yards along each side of the road. These open areas can be treated with a selective herbicide, if needed, to control undesirable brush from growing and favoring the growth of higher-quality forages that provide food and cover. If a thinning operation is not scheduled on your property, the hackand- squirt method to selectively remove undesirable trees and create openings.

Management of roadsides will be necessary to prevent them from growing too rank with woody shrubs and sapling trees. The simplest management practice to maintain quality plant and grass growth is to disk the roadsides

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every other year. Essentially, you can disk one side of the road one year and the other side during the following year. Fall is the best time period to disk that will favor forb and legume growth the following growing season. Roadsides adjoining forest stands that will receive a prescribed burn can also be burned to reduce the fuel load and stimulate desirable plant growth. These managed roadsides will provide excellent forage for deer, and will attract an abundance of insects that provides great foraging and brooding cover for turkey and quail.

### Hack and Squirt

In most hardwood stands, light reaching the forest floor is insufficient to allow development of understory plants that many wildlife species depend on to meet their requirements for food and cover. Most of the available light is captured by the upper canopy, but sometimes a significant portion is intercepted by shade tolerant trees in the mid-story. This is especially true in stands that are over-mature or those where small canopy gaps have been created by storms, flooding, or light harvesting in recent decades. Because mid-story trees are rarely merchantable, the most practical method of removing these trees is the hack-and-squirt, or stem injection, method. This method can be used to selectively remove trees by using a hatchet to make a small cut and then applying a small amount of herbicide in the cut area with a common spray bottle. Hack-and-squirt is more effective than mechanical methods and more appropriate than other herbicide application methods for mid-story control in hardwood stands because little chemical is wasted, risk to non-target species is negligible, and it is effective regardless of tree size. Hack-and-squirt is also useful for controlling invasive species such as Chinese tallow tree or Chinaberry, creating thickets along forest edges and roadsides. When used in conjunction with partial timber harvests, this method is also effective for encouraging the development of valuable timber species like the oaks. Hack-and-squirt using the chemical imazapyr (Arsenal AC or the generic Polaris AC) is effective most times of the year, with the exception of winter when trees are completely dormant.

### Food Plots

From a habitat management perspective, the utility of food plots really lies in the ability to supply an abundance of high-quality food during times when animals are stressed. Late winter and early spring is a particularly stressful time for wildlife before spring green-up, and the summer months can be stressful for wildlife as many species' females must carry, give birth, and care for their young. If you want to increase the benefits that food plots can have on your property, consider planting some warm-season plots this spring.

Establishing successful warm-season food plots begins with selecting fertile sites and performing soil tests to get specific liming and fertilizer requirements. Do not skip this step! Soil testing is cheap (i.e., approximately $6 per sample) when you consider the costs of wasting fertilizer resulting from improper soil pH and over-application. Also, realize that large plots, at least 2 – 5 acres, are often required to prevent deer from over-browsing the forages during establishment of warm season plots.

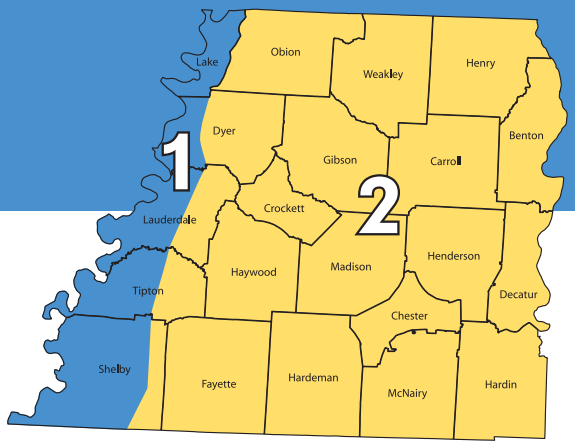
When deciding what to plant, consider a legume like soybeans and iron clay cowpeas. Both are highly preferred deer forages that are high in protein, produce seeds that are readily eaten by wild turkeys and bobwhite quail, and are adapted to a variety of site conditions. We recommend using forage rather than production varieties because they have a more vine-like growth habit and can better withstand deer browsing pressure. Iron clay cowpeas are more browse resistant than most other legumes, are extremely drought tolerant, and may perform better than soybeans on drier sites. When planting legumes, remember to inoculate seeds with the appropriate strain of bacterium. Also, legumes may benefit greatly from fertilization of phosphorous and potassium but can be damaged by excessive nitrogen fertilization.

Single species plantings allow the greatest flexibility for controlling weed competition. A pre-emergent herbicide application is almost certainly needed to insure successful establishment for summer annual forages. Planting a mixture narrows the list of suitable herbicides. If you want to plant a mix, sunflowers or corn can be planted at low rates in both soybeans and cowpeas. Their vertical structure adds a cover component to plots and can improve forage production as soybeans and cowpeas vines climb their stalks. Always plant seeds on a well-prepared seedbed at the proper depths required for each plant. When planting mixtures, it is beneficial to sow plants that differ by rate and seed-depth requirements separately. The Mississippi State University Extension Service Publication, Supplemental Wildlife Food Planting Manual for the Southeast, is a good reference to obtain specific instructions for soil testing, seedbed preparation, seeding rates, herbicide application, and other warm-season planting options. This publication is available at www.msucares.com.

### Conclusion

Land managers who make the greatest impact on their properties conduct some form of habitat management activity virtually every month during the year. It often takes multiple steps before some practices can be implemented, such as in the case of clearing and preparing fire lanes before a prescribed fire can be administered. Thus, spring is a great time of year to start planning ahead for activities that will improve wildlife habitat on your property and hopefully make a positive impact on your future hunting opportunities. For more information on habitat management or to contact your regional MDWFP Private Lands Habitat Program Biologist, please visit www.mdwfp.com/habitat.

TENNESSEE




# Tennessee Land Market –An Overview

Western Tennessee, like other areas, is extremely diverse in its soil productivity, topography, and land use patterns. Part of this area includes the near-level, vast fields of row crop farmland in the Mississippi River floodplain. This area, designated Region 1, generally lies east of the Mississippi River and west of US Highway 51 and includes the westernmost portions of Lake, Dyer, Lauderdale, and Tipton Counties. This narrow band of cropland is more similar to the Mississippi River Delta area of west Mississippi and east Arkansas than to the upland farmland that adjoins it to the east.

Here, soils are alluvial or water-deposited and can vary widely due to overflows from the Mississippi, Forked Deer, and Obion Rivers over the millennia. During these overflows, soils from the Midwest are deposited in order of particle size. Typically, sand particles settle first, followed by silt, then fine clay precipitates last. Thousands of years of overflow typically result in a blending of soils, often within a relatively small area, to the extent that silt may overlay sand, clay may be subsequently covered by clay, and so forth. This widely varying soil pattern creates challenges for producers to manage fertilizer and weed control applications for maximum efficiency. As an offset, producers within this area can employ larger tillage and planting equipment due to larger field sizes. Both irrigated and non-irrigated farmland are in high demand for producing cotton, corn, soybeans, sorghum, and winter wheat. The relatively small amount of Tennessee rice acreage is also found within this area. Recreational woodland along the Mississippi River is also in high demand by hunters and outdoorsmen from Memphis.

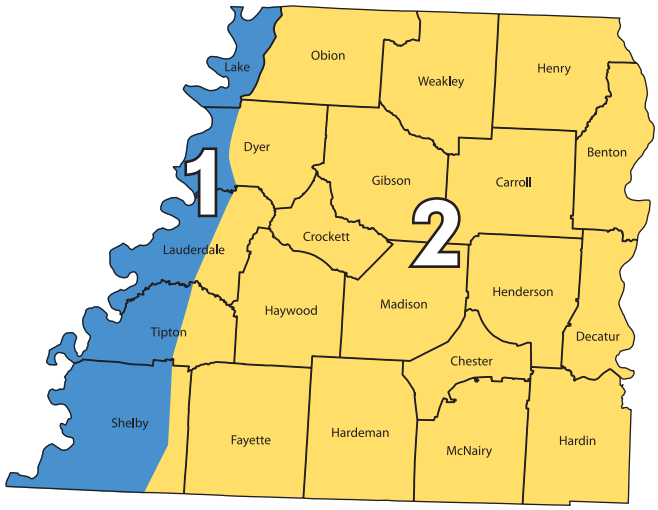
Region 2 is comprised of farmland situated in the "Upland Hills" area, which is generally defined as the area west of the Tennessee River and east of the Mississippi River flatlands. This area comprises portions of Obion, Weakley, Henry, Benton, Carroll, Gibson, Crockett, Haywood, Madison, Henderson, Chester, Decatur, Hardin, McNairy, Hardeman, and Fayette Counties. Over this broad geographical area, upland farmland includes traditional row crops: cotton, corn, soybeans, sorghum, and winter wheat; improved and native pasture; and hay and truck crop operations. Timber is also an important economic enterprise within this region. Within Region 2, topography varies widely from level to near-level farmland, bordering interior rivers and streams to moderately steeply sloped lands that are the tail end of the westernmost Blue Ridge mountain chain. Soils are almost exclusively loess, or wind-borne loams and silt loams carried from the Midwest plains for thousands of years. Two defining features of these regional soils are the extensive depth of rich, highly productive topsoil and the close degree of uniformity between these soils. A very high percentage of regional soils are silt loams, with the primary distinguishing characteristic being the degree of slope, with thinner topsoil or depression, with slower internal drainage.

West Tennessee has averaged 1,819,880 acres in row crops over the past five years, with a harvest rate of 97.9%. Soybeans have been the primary crop, accounting for 57.0% of the total acres planted with an average yield of 48.0 bushels per acre. Corn accounts for 27.5% of acres planted with an average yield of 162.4 bushels per acre, and cotton accounts for 15.5% of the acres planted with an average annual yield of 1,048.6 pounds per acre.

Cotton and corn are grown on many soil types and under many different environments in this region of Tennessee. Production of the crop across rolling hills, creek bottoms, and alluvial flood plains commonly results in management activities and strategies unique to each individual field. This diversity in production systems speaks to the adaptability and ingenuity of the area's producers. While irrigated cotton and corn acreage has increased in recent years, most of the acreage is still non-irrigated. Due to the undulating topography and its related erosion concern, conservation/no-tillage systems are prominent, with approximately 52% of the cotton grown no-till and an additional 24% grown using some form of conservation tillage.

# Tennessee

## *Land Classifications and Definitions*




### Region 1 – Delta

This region encompasses the westernmost portion of five counties located along the Mississippi River, which forms the state's western boundary. This area is technically part of the Mississippi River Delta Region that was formed over thousands of years as the Mississippi River deposited sand, silt, and clay during periods of flooding. This very narrow region of the state is known for its virtually flat, open areas of cropland, with row crop production as the main agricultural sector. Irrigation and some land forming are characteristic of cropland within this region. The major crops grown in this region are cotton, corn, soybeans, rice, wheat, and sorghum.

***Irrigated Cropland A***

*Graded, furrow-irrigated cropland with any soil type.* This land classification may have some undulation; however, rather through the natural lay of the land or with the help of limited dirt work, the land classification can be irrigated through gravity flow down the crop rows. Using the land's natural topography to irrigate this acreage can save the costs of leveling this ground. Typically, if this land classification contains Class I and II soil types, the property would be planted in cotton, corn, peanuts, or possibly soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, or rice.

***Irrigated Cropland B***

*Pivot irrigated cropland with any soil type.* This land classification may contain heavier, less well-drained soils. Often, this land classification has gently rolling topography with various slopes. Typically, it is not cost-effective to level this land classification as the cost incurred will exceed the gain in land appreciation. This method of irrigation is lower cost and is often the only feasible way to irrigate. Typically, if this land classification contains Class I and II soil types, the property would be planted in cotton, corn, or possibly soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, wheat, and other small grain crops.

***Non-Irrigated Cropland A***

*Non-irrigated cropland with predominate Class I and II silt loam soils.* Often, this land classification has gently rolling topography with various slopes. Typically, it is not cost-effective to level this land classification as the cost would far exceed the gain in land value. And for various reasons, including topography, field shape and size, and drainage, this land classification cannot be cost-effectively irrigated. If this land classification contains Class I and II soil types, the property would be planted in cotton, corn, sorghum, or soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, wheat, and other small grain crops.

***Non-Irrigated Cropland B***

*Non-irrigated cropland with predominate Class III and IV silty clay and clay soils.* Often, this land classification has undulating topography with various slopes that can cause drainage problems. It is usually not cost-effective to level this land classification as the cost would exceed the gain in land value. In addition, for various reasons, including topography, field shape and size, and drainage, this land classification cannot be cost-effectively irrigated. If this land classification contains Class I and II soil types, the property would be planted in cotton, corn, sorghum, or soybeans. If this land classification contains Class III and IV soil types, the property would be planted in soybeans, sorghum, or rice.

### Region 2 – Upland Hills/Non-Delta

This region encompasses the upland area situated east of the Mississippi River Delta and west of the Tennessee River. This region is made up of varying terrain with numerous land classifications. This region is very diverse in its agricultural production, providing opportunities for producers to diversify from a single agricultural enterprise. The top agricultural industry in this region is cotton and corn production, followed by livestock production on upland pasture acreage.

***Cropland***

*Cropland in this region varies greatly depending on what portion of the state the property is located in.* Cropland can be bottomland fields along inland creeks and rivers with smaller field sizes or upland cropland where the topography differences can vary greatly. This land classification represents all acres in agricultural row crop production outside the Mississippi Delta Region. Soils can

*Continued on next page*

## Tennessee Land Classifications and Definitions

*continued*

vary from Class I and II soils that typically have crops such as cotton and corn to Class III and IV soils that typically have crops such as soybeans, sorghum, and wheat. Topography can significantly affect productivity as steeper grades may see erosion control problems. The USDA Conservation Reserve Program (CRP) is an alternative for cropland acreage with production issues.

***Pasture***

*This land classification is used primarily for livestock or hay/silage production.* Typically, this land classification would be fenced and possibly cross-fenced for grazing purposes. Topography can range from nearly level to rolling. Areas with greater slopes may have to be monitored for soil erosion.

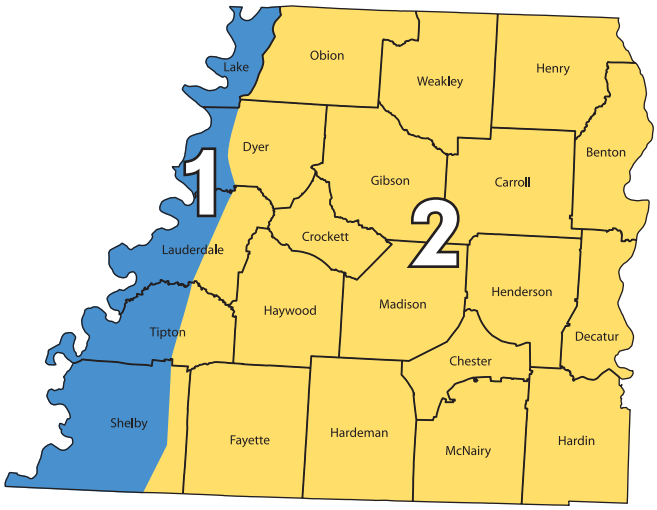
***Woodland***

*This land classification is primarily recreational in nature.* That is, the market does not see timber value, and more interest is placed on the property's recreational and/or rural residential aspects. If the timber were severed from the land, the residual land plus the amount of timber harvested would not be equal to the land plus timber before harvest. Land values in this classification may be driven by proximity to areas known for excellent recreational opportunities or areas desired for their rural residential appeal.

# Tennessee

## *Cash Rental Rates and Land Values, 2023*

*S. Aaron Smith and Becky Bowling*
*Associate Professor and Extension Specialist*
*Department of Agricultural and Resource Economics*
*University of Tennessee*




This article provides an overview of agricultural land values and cash rental rates in Tennessee with an emphasis on West Tennessee. Data was collected from USDA National Agricultural Statistics Service (NASS). Prevailing cash rental rates and land values, for cropland and pastureland in Tennessee, are determined by local supply and demand. Due to the diversity of agricultural production in Tennessee, cash rental rates vary dramatically from county-to-county. Additionally, the quality and productivity of agricultural land within a county will vary tremendously from field to field, resulting in a wide range of cash rental rates within a region. As such, producers and property owners who are trying to determine a value or rental rate should contact a qualified professional in their region. The attached tables and maps are presented for informational purposes only and do not constitute a recommendation of cash rental rates or property values in any county or region. Significantly higher or lower cash rental rates and land values will occur within a county and will be dictated by land use, quality of land, location, soil type, and other local factors.

*Continued on next page*

**Table 1. USDA - NASS cash rental rates for non-irrigated crop land in west Tennessee, 2022 and 2023**

| County & District | 2022 Non-Irrigated Cropland ------Per Acre----- | 2023 Non-Irrigated Cropland ------Per Acre----- | % Change Non-Irrigated Cropland ------Per Acre----- |
|---|---|---|---|
| Dyer | $144.00 | $143.00 | -1% |
| Lake | $152.00 | $167.00 | 9% |
| Lauderdale | $121.00 | $145.00 | 17% |
| Obion | $155.00 | $175.00 | 11% |
| Shelby | $93.50 | $100.00 | 6% |
| Tipton | $135.00 | $153.00 | 12% |
| **Delta** | **$133.42** | **$147.17** | **9%** |
| Benton | $82.00 | $97.00 | 15% |
| Carroll | $105.00 | $122.00 | 14% |
| Chester | $76.00 | $90.00 | 16% |
| Crockett | $136.00 | $146.00 | 7% |
| Decatur | $59.00 | $74.00 | 20% |
| Fayette | $78.00 | $95.00 | 18% |
| Gibson | $145.00 | $150.00 | 3% |
| Hardeman | $83.50 | $95.00 | 12% |
| Hardin | $57.00 | $72.00 | 21% |
| Haywood | $147.00 | $148.00 | 1% |
| Henderson | $80.00 | $76.00 | -5% |
| Henry | $116.00 | $115.00 | -1% |
| Madison | $119.00 | $139.00 | 14% |
| McNairy | $47.50 | $48.50 | 2% |
| Weakley | $136.00 | $156.00 | 13% |
| **West Tennessee** | **$97.80** | **$108.23** | **10%** |

# Tennessee Cash Rental Rates and Land Values, 2023

*continued*

## Factors Influencing Land Values

In 2023, factors that positively impacted land values in Tennessee were a strong economy, increased population, high commodity prices, nonagricultural federal government spending, and industrial, residential, and solar development. In Tennessee, agriculture land values continue to be supported by non-agricultural production factors. This can lead to highly regionalized impacts on agricultural land values with proximity to urban areas skewing agricultural property values. Additionally, "homesteaders" and "work from home" have contributed to land use change and increased rural property values. Not all rural areas have been affected, but where they have been, the markets for agricultural properties are very strong.

Factors negatively impacting farmland values in Tennessee are projected lower returns for row crops in 2024, high interest rates, concerns over a potential recession in 2024, and high cost of production for primary agricultural commodities in Tennessee (corn, cotton, soybean, wheat, cattle, hogs, and poultry). In 2023, the bank prime lending rate reached 8.5%, the highest since February 2001. Increased interest rates increase debt servicing requirements for land loans and exclude some market participants from purchasing land. There is a tremendous amount of uncertainty in the U.S. and global economy heading into 2024.

So, will farmland values continue to increase in 2024? That will depend on several factors, but higher interest rates, a projected weaker economy, and reduced government payments (ag and non-ag) will likely reduce year-over-year price increases in 2024. However, land prices and cash rental rates are still likely to be higher in 2024 than 2023.

## USDA NASS Estimates

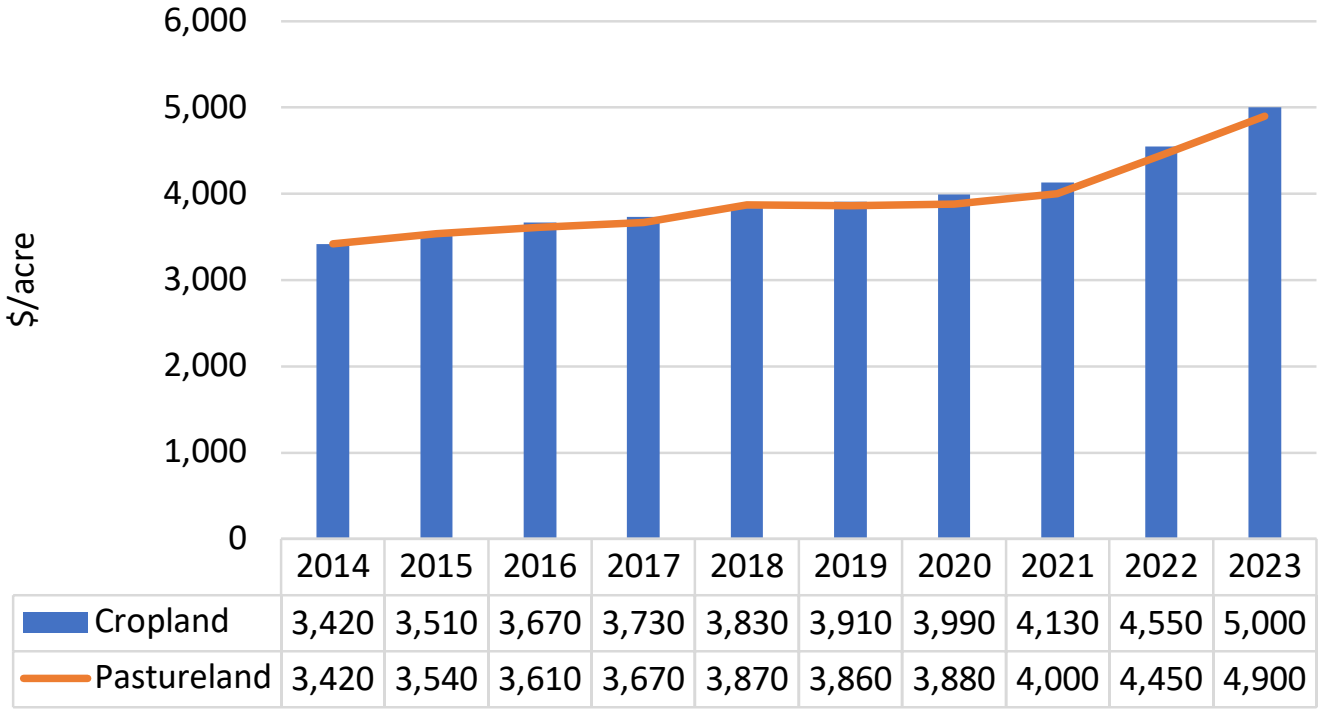
Cropland and pastureland values increased 9.9% and 10.1% compared to 2022 (**Figure 1**). Down compared to last year's year-over-year increase of 10.2% and 11.3%, respectively. From 2022 to 2023, Tennessee cash rental rates for non-irrigated cropland increased 2%, irrigated cropland increased 5%, and pastureland rates increased by 4% (**Figure 2**). Since 2014, non-irrigated, irrigated, and pastureland cash rental rates are up 15.3%, 19.4%, and 15%. **Table 1** shows estimated changes in non-irrigated cash rental rates for west Tennessee counties. **Figures 3 through 5** show the cash rental rates and percentage change from 2022 to 2023 for counties in Tennessee.

*Continued on next page*

## Tennessee Cash Rental Rates and Land Values, 2023

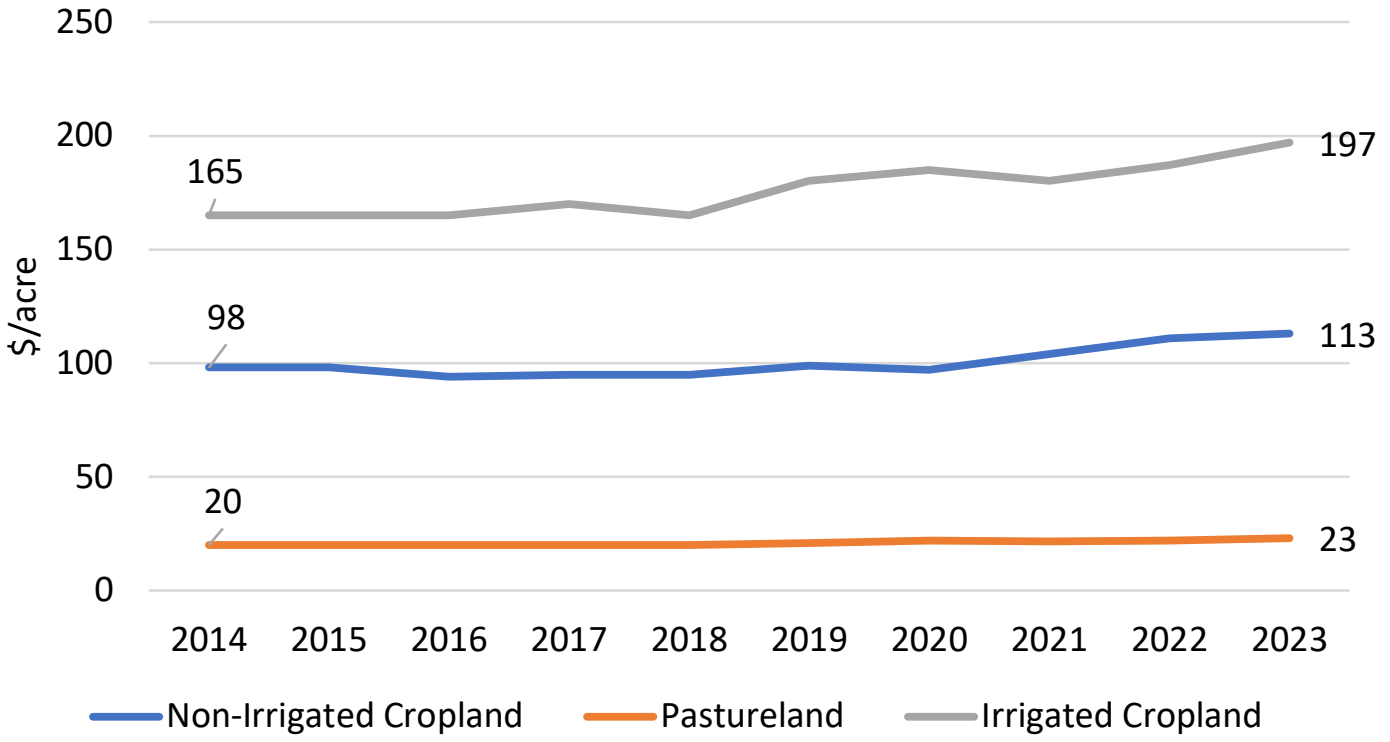
*continued*

**Figure 1.**
**USDA – NASS pastureland and cropland values for Tennessee, 2014-2023**




| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Cropland | 3,420 | 3,510 | 3,670 | 3,730 | 3,830 | 3,910 | 3,990 | 4,130 | 4,550 | 5,000 |
| Pastureland | 3,420 | 3,540 | 3,610 | 3,670 | 3,870 | 3,860 | 3,880 | 4,000 | 4,450 | 4,900 |

**Figure 2.**
**USDA – NASS average pastureland and irrigated and non-irrigated cropland rents for Tennessee, 2014-2023**

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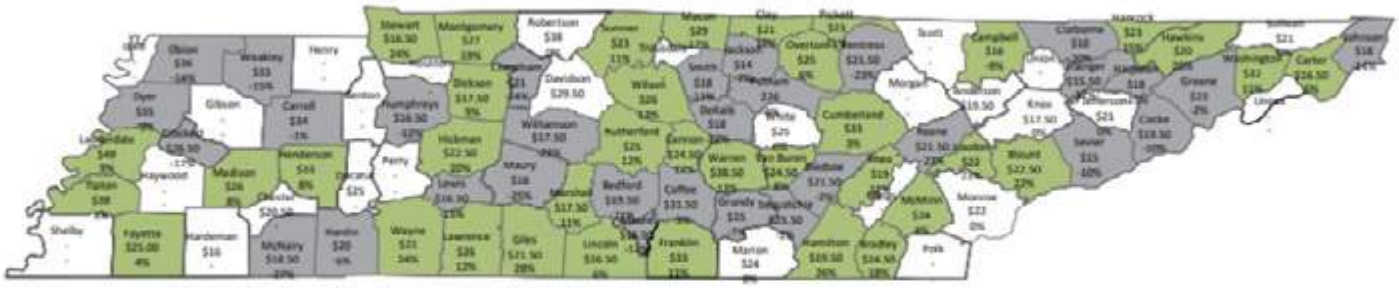
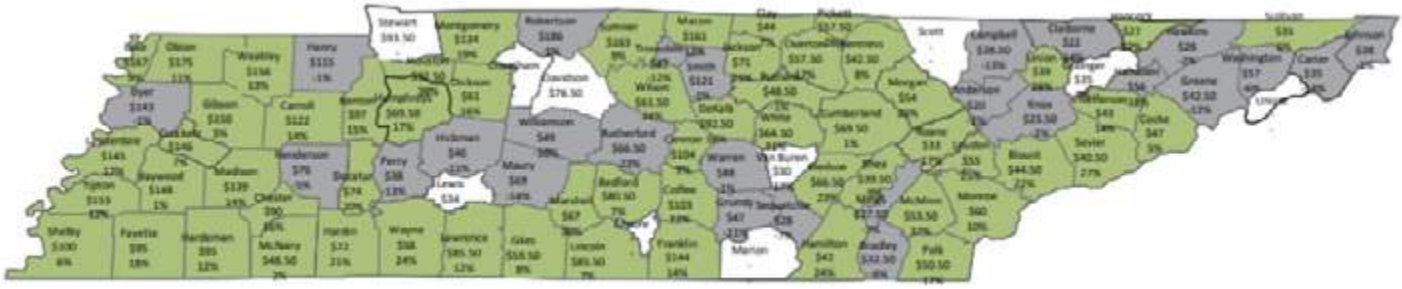
### Figure 3. Tennessee cash rent, pastureland, $/acre, 2022, % change from 2022



*Data source: USDA National Agricultural Statistics Service*

### Figure 4. Tennessee cash rent, non-irrigated cropland, $/acre, 2022, % change from 2022



*Data source: USDA National Agricultural Statistics Service*

### Figure 5. Tennessee cash rent, irrigated cropland, $/acre, 2022, % change from 2022

*Data source: USDA National Agricultural Statistics Service*

## References

R.G. Bowling and S.A. Smith. 2023. "Tennessee Cropland, Irrigated Croplandand Pastureland Cash Rental Rates for 2023." September. University of Tennessee Extension Publication, W377. https://utia.tennessee.edu/publications/wp-content/uploads/sites/269/2023/10/W377.pdf.

USDA National Agricultural Statistics Service (NASS). 2023. "Land Values 2023 Summary, August 2023." Web Accessed online December: https://downloads.usda.library.cornell.edu/usda-esmis/files/pn89d6567/9w033j15z/2v23xb225/land0823.pdf.

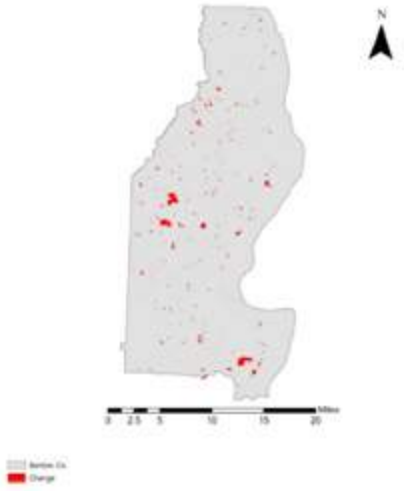
USDA National Agricultural Statistics Service (NASS). 2023. "Quick Stats – Cash Rent Irrigated and Non-irrigated Cropland and Pastureland by County in Tennessee." Accessed online December: https://quickstats.nass.usda.gov/.

# Farmland Conversion in Tennessee

*Aaron Smith – Associate Professor, Charley Martinez - Assistant Professor,*
*and Leann Hopper – Graduate Student, UT Center of Farm Management*
*Department of Agriculture and Resource Economics*
*University of Tennessee*

Tennessee's population has expanded from 5.70 million people in 2000 to 7.13 million people in 2023, a 25% growth rate over 23 years. Increased population and economic growth have led to land conversion from agriculture and forestry to other uses. Land conversion has become a major concern for Tennessee's agricultural and forestry sectors. Tennessee has approximately 26.4 million acres. The USDA Census of Agriculture estimates that 10.9 million acres of land is used by Tennessee farms (5.3 million classified as cropland). West Tennessee is the largest producer of row crops of the three grand divisions of Tennessee with the majority of acreage designated to soybean, corn, cotton, and wheat production. Based on property tax designations, in total, 75,346 acres of farm, agricultural, and forest land in 18 counties have been converted to other uses. The maps and tables below show land conversion for 18 counties in West Tennessee from 2014 or 2015 to 2023. Parcels converted out of agriculture, farm, and forest land are highlighted in red on the maps for each county.

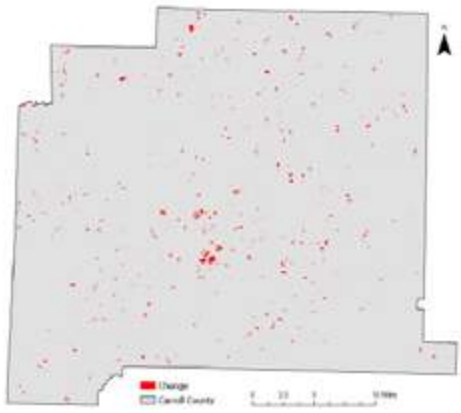
## Benton County, Tennessee



| Conversion of Benton County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 2,181 | 1,143 |
| Agriculture to Commercial | 46 | 166.9 |
| Agriculture to *Other | 137 | 520 |
| Farm to Residential | 1,249 | 904.5 |
| Farm to Commercial | 36 | 729.4 |
| Farm to Other | 55 | 40 |
| Forest to Residential | 1,281 | 791 |
| Forest to Commercial | 25 | 6.7 |
| Forest to Other | 124 | 150 |
| **Totals** | **5,010** | **4,302** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Benton County Assessor of Property.

## Carroll County, Tennessee



| Conversion of Carroll County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 678 | 1,548.4 |
| Agriculture to Commercial | 26 | 24.9 |
| Agriculture to *Other | 34 | 98.5 |
| Farm to Residential | 434 | 821.97 |
| Farm to Commercial | 3 | 6.89 |
| Farm to Other | 42 | 60.34 |
| Forest to Residential | 104 | 280.7 |
| Forest to Commercial | 2 | 0.41 |
| Forest to Other | 9 | 1.9 |
| **Totals** | **1,332** | **2,844.0** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Carroll County Assessor of Property.

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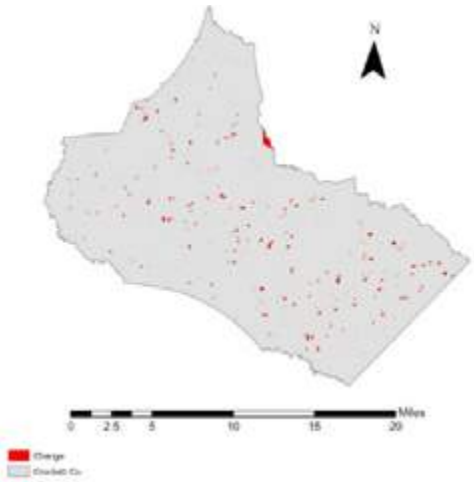
# Farmland Conversion in Tennessee

*continued*

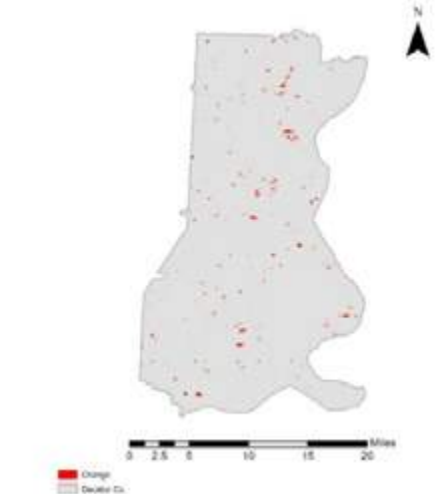
## Crockett County, Tennessee



| Conversion of Crockett County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 3,178 | 1,631.9 |
| Agriculture to Commercial | 125 | 114.1 |
| Agriculture to *Other | 204 | 215 |
| Farm to Residential | 63 | 61.2 |
| Farm to Commercial | 10 | 60.2 |
| Farm to Other | 2 | 0.01 |
| Forest to Residential | 0 | 0 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 0 | 0 |
| **Totals** | **3,582** | **2,081.9** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Crockett County Assessor of Property.

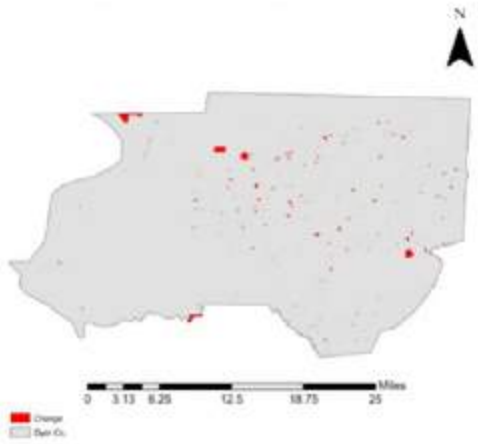
## Decatur County, Tennessee



| Conversion of Decatur County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 2,795 | 1,175.60 |
| Agriculture to Commercial | 53 | 82.2 |
| Agriculture to *Other | 218 | 28 |
| Farm to Residential | 1,158 | 709.4 |
| Farm to Commercial | 25 | 11.6 |
| Farm to Other | 61 | 6 |
| Forest to Residential | 252 | 82.3 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 19 | 0.5 |
| **Totals** | **4,581** | **2,096** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Decatur County Assessor of Property.

## Dyer County, Tennessee



| Conversion of Dyer County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 3,861 | 1,167.30 |
| Agriculture to Commercial | 151 | 72.3 |
| Agriculture to *Other | 324 | 584.8 |
| Farm to Residential | 555 | 143.9 |
| Farm to Commercial | 21 | 12.6 |
| Farm to Other | 53 | 467 |
| Forest to Residential | 35 | 24.2 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 9 | 244.1 |
| **Totals** | **5,009** | **2,716** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Dyer County Assessor of Property.



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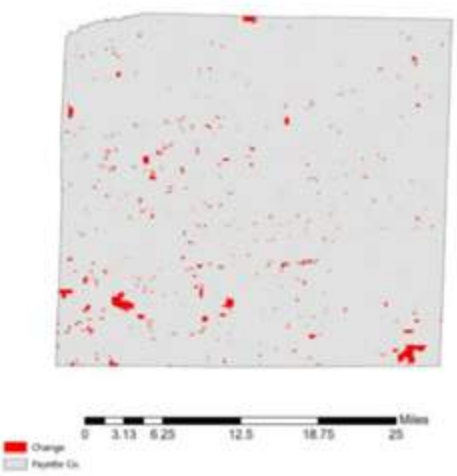
# Farmland Conversion in Tennessee

*continued*

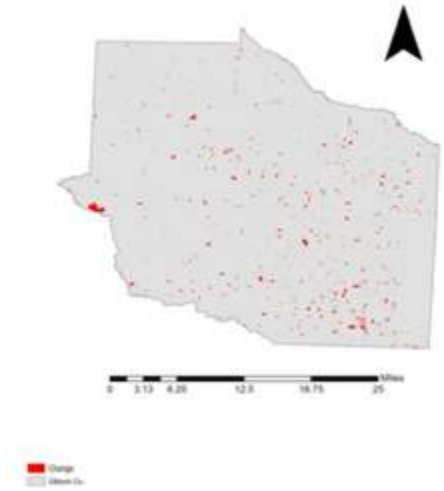
## Fayette County, Tennessee



| Conversion of Fayette County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 7,215 | 3,710.70 |
| Agriculture to Commercial | 126 | 113.3 |
| Agriculture to *Other | 605 | 3,376.10 |
| Farm to Residential | 1,683 | 642.7 |
| Farm to Commercial | 7 | 11.5 |
| Farm to Other | 74 | 498.7 |
| Forest to Residential | 4 | 0.1 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 0 | 0 |
| **Totals** | **9,714** | **8,353** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Fayette County Assessor of Property.

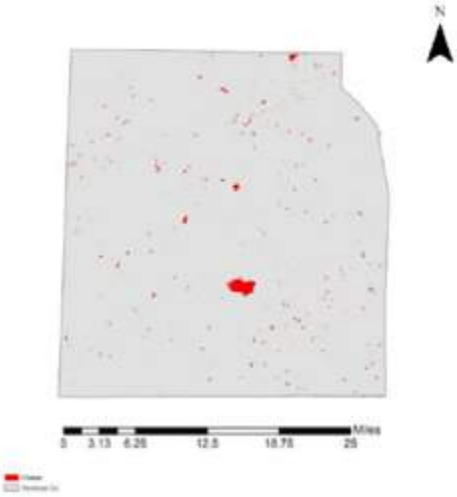
## Gibson County, Tennessee



| Conversion of Gibson County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 7,578 | 4,133.90 |
| Agriculture to Commercial | 200 | 70.3 |
| Agriculture to *Other | 469 | 510.5 |
| Farm to Residential | 398 | 281.8 |
| Farm to Commercial | 39 | 64.1 |
| Farm to Other | 17 | 373.1 |
| Forest to Residential | 0 | 0 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 0 | 0 |
| **Totals** | **8,701** | **5,434** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Gibson County Assessor of Property.

## Hardeman County, Tennessee



| Conversion of Hardeman County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 4,509 | 1,927.5 |
| Agriculture to Commercial | 132 | 111.6 |
| Agriculture to *Other | 367 | 1,601.1 |
| Farm to Residential | 3,552 | 131.3 |
| Farm to Commercial | 24 | 61.5 |
| Farm to Other | 222 | 44.9 |
| Forest to Residential | 414 | 135.4 |
| Forest to Commercial | 5 | 0.6 |
| Forest to Other | 59 | 62.0 |
| **Totals** | **9,284** | **4,076** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Hardeman County Assessor of Property.

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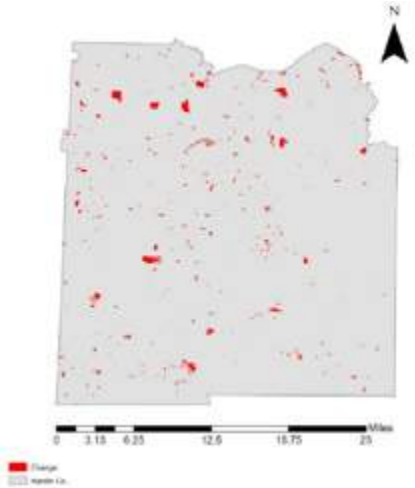
# Farmland Conversion in Tennessee

*continued*

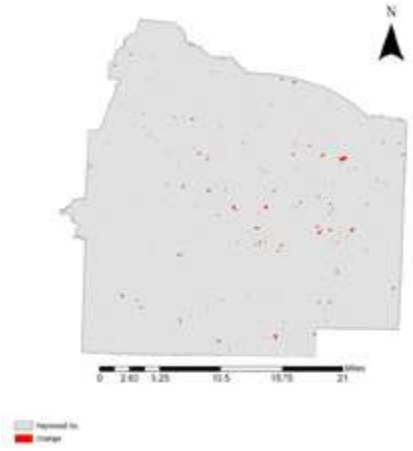
## Hardin County, Tennessee



| Conversion of Hardin County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 2,978 | 1,561.4 |
| Agriculture to Commercial | 59 | 18.7 |
| Agriculture to *Other | 178 | 953.3 |
| Farm to Residential | 3,038 | 1,885.2 |
| Farm to Commercial | 41 | 189.2 |
| Farm to Other | 175 | 296.2 |
| Forest to Residential | 1,426 | 1,019.0 |
| Forest to Commercial | 23 | 2.2 |
| Forest to Other | 94 | 138.2 |
| **Totals** | **8,012** | **6,063** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Hardin County Assessor of Property.

## Haywood County, Tennessee



| Conversion of Haywood County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 2,717 | 1,077.2 |
| Agriculture to Commercial | 110 | 83.3 |
| Agriculture to *Other | 314 | 1,198.7 |
| Farm to Residential | 344 | 200.7 |
| Farm to Commercial | 6 | 0.15 |
| Farm to Other | 25 | 1.85 |
| Forest to Residential | 6 | 0.253 |
| Forest to Other | 6 | 0.597 |
| **Totals** | **3,528** | **2,562.8** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Haywood County Assessor of Property.

## Henry County, Tennessee

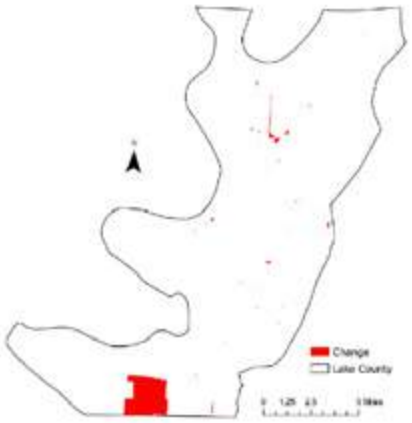
| Conversion of Henry County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 3,716 | 1,747.3 |
| Agriculture to Commercial | 142 | 90.4 |
| Agriculture to *Other | 290 | 78.5 |
| Farm to Residential | 1,787 | 858.7 |
| Farm to Commercial | 96 | 56.1 |
| Farm to Other | 119 | 428.8 |
| Forest to Residential | 231 | 186.1 |
| Forest to Commercial | 3 | 1.3 |
| Forest to Other | 15 | 0.2 |
| **Totals** | **6,399** | **3,447** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Henry County Assessor of Property.

# Farmland Conversion in Tennessee

*continued*

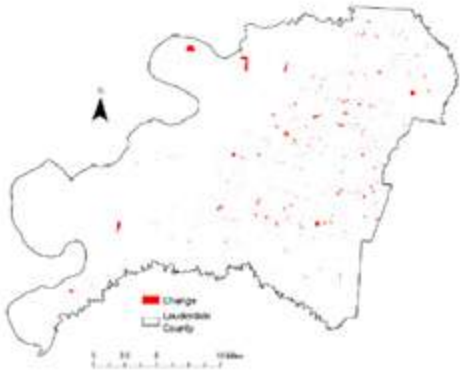
## Lake County, Tennessee



| Conversion of Lake County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 503 | 70.9 |
| Agriculture to Commercial | 69 | 16.9 |
| Agriculture to *Other | 183 | 159.8 |
| Farm to Residential | 7 | 0.2 |
| Farm to Commercial | 2 | 0.0 |
| Farm to Other | 5 | 0.3 |
| Forest to Residential | 0 | 0 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 5 | 4,989.5 |
| **Totals** | **774** | **5,237.7** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Lake County Assessor of Property.

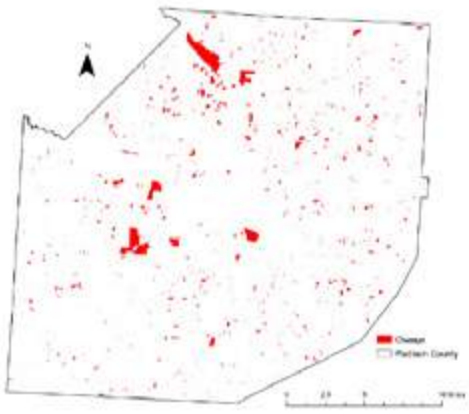
## Lauderdale County, Tennessee



| Conversion of Lauderdale County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 3,787 | 1,319.4 |
| Agriculture to Commercial | 142 | 28.4 |
| Agriculture to *Other | 375 | 595.6 |
| Farm to Residential | 224 | 143.8 |
| Farm to Commercial | 21 | 2.0 |
| Farm to Other | 29 | 3.8 |
| Forest to Residential | 38 | 36.3 |
| Forest to Commercial | 12 | 0.0 |
| Forest to Other | 13 | 45.0 |
| **Totals** | **4,641** | **2,174.3** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Lauderdale County Assessor of Property.

## Madison County, Tennessee



| Conversion of Madison County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 7,291 | 3,239.6 |
| Agriculture to Commercial | 363 | 605.9 |
| Agriculture to *Other | 576 | 4,136.4 |
| Farm to Residential | 1,582 | 689.2 |
| Farm to Commercial | 82 | 51.1 |
| Farm to Other | 100 | 481.8 |
| Forest to Residential | 5 | 0.4 |
| Forest to Commercial | 1 | 0.5 |
| Forest to Other | 2 | 0.1 |
| **Totals** | **10,002** | **9,205.1** |

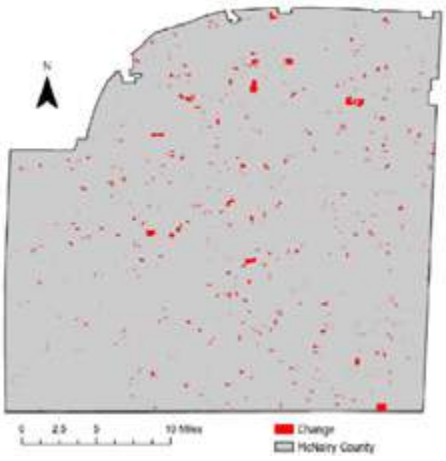
*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Madison County Assessor of Property.

*Continued on next page*

# Farmland Conversion in Tennessee

*continued*

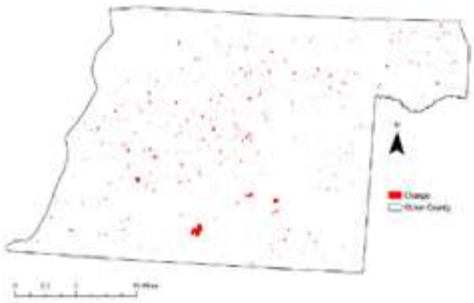
## McNairy County, Tennessee



| Conversion of McNairy County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 4,624 | 2,762.7 |
| Agriculture to Commercial | 90 | 22.8 |
| Agriculture to *Other | 318 | 169.6 |
| Farm to Residential | 1,347 | 791.8 |
| Farm to Commercial | 34 | 1.3 |
| Farm to Other | 81 | 484.1 |
| Forest to Residential | 1,013 | 806.1 |
| Forest to Commercial | 24 | 5.96 |
| Forest to Other | 71 | 15.16 |
| **Totals** | **7,602** | **5,059.52** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and McNairy County Assessor of Property.

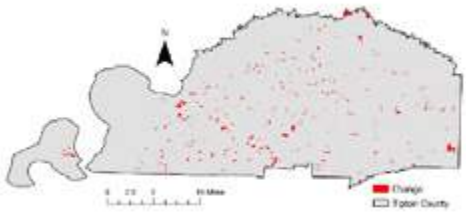
## Obion County, Tennessee



| Conversion of Obion County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 4,290 | 1,546.0 |
| Agriculture to Commercial | 182 | 56.3 |
| Agriculture to *Other | 605 | 100.8 |
| Farm to Residential | 577 | 343.9 |
| Farm to Commercial | 23 | 6.2 |
| Farm to Other | 95 | 471.0 |
| Forest to Residential | 0 | 0 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 0 | 0 |
| **Totals** | **5,772** | **2,524.1** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Obion County Assessor of Property.

## Tipton County, Tennessee



| Conversion of Tipton County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 8,509 | 3,486.5 |
| Agriculture to Commercial | 220 | 94.5 |
| Agriculture to *Other | 422 | 642.4 |
| Farm to Residential | 598 | 267.1 |
| Farm to Commercial | 8 | 7.2 |
| Farm to Other | 21 | 1.3 |
| Forest to Residential | 0 | 0 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 0 | 0 |
| **Totals** | **9,778** | **4,499.0** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Tipton County Assessor of Property.

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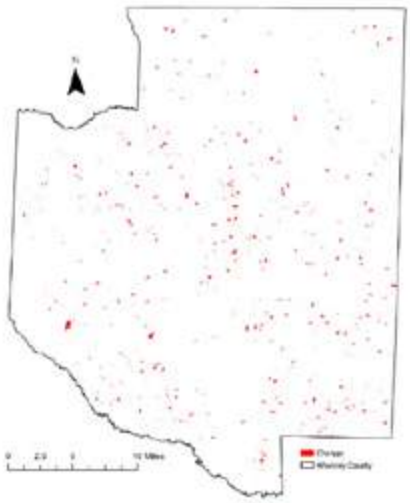
# Farmland Conversion in Tennessee

*continued*

## Weakley County, Tennessee



| Conversion of Weakley County, TN agriculture, farm, and forest land to alternative uses (2014-2023) | | |
|---|---|---|
| **Type of change** | **Number of parcels converted** | **Number of acres converted** |
| Agriculture to Residential | 733 | 2,092.1 |
| Agriculture to Commercial | 26 | 37.2 |
| Agriculture to *Other | 19 | 66.0 |
| Farm to Residential | 147 | 367.6 |
| Farm to Commercial | 0 | 0 |
| Farm to Other | 2 | 0.1 |
| Forest to Residential | 29 | 106.9 |
| Forest to Commercial | 0 | 0 |
| Forest to Other | 0 | 0 |
| **Totals** | **956** | **2,670.0** |

*Other includes city, county, federal, industrial, religious, educational, science, or charity.
Data source: Tennessee Comptroller of the Treasury and Weakley County Assessor of Property.

# Mid-South Membership Directory

## ARKANSAS

**Tina Bailey**
Rabo AgriFinance
172 W Mount Zion Rd
Monticello, AR 71655-8922
(870) 866-0840
Tina.Bailey@raboag.com

**Joshua Barkhimer**
United Country - Neeley Forestry Service, Inc.
915 Pickett Rd
Camden, AR 71701-2519
(870) 836-5981
jbarkhimer@neeleyforestryservice.com

**David Bewley**
403 Old Post Rd
Russellville, AR 72802-9091
(479) 970-1026
drbewley@suddenlink.net

**Danny Blalock**
Vayda
2104 Catharine Dr
Jonesboro, AR 72404-6963
(870) 351-1525
danny@vayda.com

**Shane Bray**
Goldcrest Farm Trust
1052 County Road 476
Jonesboro, AR 72404-8204
(870) 351-0862
sb@goldcrestft.com

**Brandon Brewer**
Farm Credit Mid-America
4924 Inverness Run Dr
Jonesboro, AR 72405-8099
(870) 932-1999
brandon.brewer@fcma.com

**Jason Brewer, AFM**
Hamilton Agriculture
1006 Arkansas 58
Cave City, AR 72521-7001
(870) 275-8101
jasonbrewer953@outlook.com

**Drew Burton**
Agriworld, Inc.
3327 Hwy 65 & 82 South
Suite A
Lake Village, AR 71653
d.burton@agri-world.com

**Greg Cheshier**
Team Ag Real Estate and Appraisals, Inc.
PO Box 552
Lincoln, AR 72744-0552
(870) 866-4933
gcheshier@teamagre.com

**Brian Cowart**
Farm Credit Services of Western AR
131 Highway 70 E
Glenwood, AR 71943-8800
(870) 356-2023
brian.cowart@myaglender.com

**Megan Curtis**
13670 S Highway 59
Gentry, AR 72734
(479) 238-6907
megancurt@outlook.com

**Brad Donaldson**
Donaldson Inc
2103 W 6th St
Russellville, AR 72801-5672
(479) 264-7039
brad@donaldsoninc.net

**Ryne Dubach, AFM-Retired**
3312 Flemon Rd
Jonesboro, AR 72404-8867
(870) 995-1365
rynedubach@gmail.com

**Robert Eason**
Mossy Oak Properties - Delta Land Management Co. LLC
2024 Main St
North Little Rock, AR 72114-2834
(501) 604-4565
reason@mossyoakproperties.com

**Harold Fitts, AFM**
Holden Conner
2301 McLain St
Newport, AR 72112-3655
(870) 523-6576
hfitts@holdenconner.com

**Kim French, ARA, RPRA**
Arvest Bank
3307 SW Lucretia Rd
Bentonville, AR 72713-5018
(870) 931-8582
kfrench@arvest.com

**W. Stacey Gillison, AFM**
Agriworld, Inc.
3327 South Hwy 65 & 82, Suite A
Lake Village, AR 71653
(870) 265-3276
s.gillison@agri-world.com

**William Gillison**
Agriworld, Inc.
3327 Hwy 65 & 82 South
Suite A
Lake Village, AR 71653
(870) 632-7428
scott@agri-world.com

**Ted Glaub, AFM**
Glaub Farm Management, LLC
1702 Stone St Ste C
Jonesboro, AR 72401-5374
(870) 972-6996
ted@glaubfm.com

**John Goodwin**
Jake Goodwin Appraisals Inc.
3850 Harrison Rd
Benton, AR 72019-9632
(870) 918-1580
jakepc47@yahoo.com

**Robert Harden**
FCS of Western Arkansas
1722 E 3rd St
Hope, AR 71801-6232
(870) 777-6704
robert.harden@myaglender.com

Continued on next page

# Membership Directory
*continued*

**Doug Hartz, AFM**
Hartz Farm Management
1605 S Main St
Stuttgart, AR 72160-6008
(870) 673-6521
dhartz@hartzfarmmanagement.com

**Jeffrey Hignight, AFM**
Glaub Farm Management, LLC
1702 Stone St Ste C
Jonesboro, AR 72401-5374
(870) 972-6996
jeff@glaubfm.com

**Tyler Hipp**
14 Sienna Dr
Cabot, AR 72023
(870) 930-7657
tyler.hipp88@yahoo.com

**Phillip Hoskins**
Farm Credit of Western Arkansas
14238 Highway 412
Huntsville, AR 72740-6485
(479) 466-5821
phillip.hoskins@myaglender.com

**Fred Jaynes, ARA**
Fred Jaynes Appraisal
PO Box 101
Trumann, AR 72472-0101
(870) 284-3276
fdjaynes@gmail.com

**John Jenkins**
TSJ Inc.
710 Calvin Avery Dr, Suite B
West Memphis, AR 72301-6516
(870) 735-3150
powell@tsjinc.net

**Jimmy Johnson**
99 Jr Johnson Rd
Stuttgart, AR 72160-2581
(870) 830-1664
maryjohnson@johnsonhouse.com

**Joel King**
Peoples Company
1601 Frierson St
Jonesboro, AR 72401-4836
(870) 847-0945
joking636@gmail.com

**Preston King**
Preston King Appraisal Company
1207 Cardinal Rd
Jonesboro, AR 72401-5212
(870) 847-2375
pkingappraisals@gmail.com

**Sam King**
Glaub Farm Management
1702 Stone St Ste C
Jonesboro, AR 72401-5374
(870) 275-2711
sam@glaubfm.com

**Burney Lightle**
Lightle Appraisal Company
PO Box 370
Searcy, AR 72145-0370
(501) 279-7502
burney@lightleappraisal.com

**Ben Maddox, AFM**
AcreTrader
112 W Center St Ste 600
Fayetteville, AR 72701-6097
(479) 343-1244
ben@acretrader.com

**J. Martin**
Farm Credit Mid-America
4280 Annadale Cr
Jonesboro, AR 72404
(870) 371-1101
mark.martin@fcma.com

**Scott Mason AFM**
Capital Agricultural Property Services, Inc.
712A Windover Rd
Jonesboro, AR 72401-6064
(870) 333-1468
scott.mason@pgim.com

**Houston Matthews**
AgHeritage Farm Credit Services
PO Box 298
Lonoke, AR 72086-0298
(501) 266-2813
houston.matthews@agfcs.com

**Scott McKennon, ARA**
First Financial Bank
609 E Broadway St
Morrilton, AR 72110-3505
(501) 306-9030
smckennon@ffb1.com

**Jake Minton, ARA**
AgHeritage Farm Credit Services
1121 W Front St
Lonoke, AR 72086-3047
(501) 551-8533
jake.minton@agfcs.com

**Randy Minton, ARA**
Rabo AgriFinance LLC
880 Minton Rd
Ward, AR 72176-8618
(501) 251-5250
randy.minton@raboag.com

**J. Plafcan**
Legacy Ag LLC
6540 Mallard Rd
Carlisle, AR 72024-9100
(901) 395-9690
jlplafcan@gmail.com

**Matthew Pope**
2001 Sloan Lake Dr
Jonesboro, AR 72404-6894
(870) 897-4993
matthew@popere.com

**Bessie Richmond, ARA, RPRA**
Farm Credit Mid-America
3000 Prosperity Dr
Jonesboro, AR 72404
(870) 761-5643
bessie.richmond@fcma.com

Continued on next page

**Bill Shannon, AFM**
Farmers National Company
PO Box 17116
Jonesboro, AR 72403-6720
(870) 933-9700
bshannon@farmersnational.com

**Billy Sossamon**
Farm Credit Services
of Western Arkansas
12907 Highway 71 S
Fort Smith, AR 72916-2913
(479) 209-6224
chris.sossamon@myaglender.com

**Addison Taylor, AFM**
Scythe & Spade Company
6781 Sunset Ridge Circle
Springdale, AR 72762
(501) 940-4255
addisont@ag-management.com

**Jim Tubbs, AAC**
Glaub Farm Management
1702 Stone St Ste C
Jonesboro, AR 72401-5374
(870) 919-0650
jim@glaubfm.com

**Bronson Van Wyck**
Bronson Van Wyck, LLC
2141 Highway 224 E
Tuckerman, AR 72473-9105
(209) 915-1930
fbvanwyck@hotmail.com

**Andrew Vance, ARA**
AgHeritage Farm Credit Services
PO Box 298
Lonoke, AR 72086-0298
(501) 551-3170
drew.vance@agheritagefcs.com

**Brett Welch**
AXA Equitable Agrifinance
165 County Road 7598
Jonesboro, AR 72405-8587
(870) 761-6041
bwelch@aegonusa.com

**Mark Welty, AFM**
Oak River Farms
2269 Lakehall Rd
Lake Village, AR 71653-6107
(870) 308-0390
mwelty@oakriverfarms.com

**Tony Windham, Ph.D.**
Homestead Capital
P.O. Box 128
2865 Dug Hill Road
Drasco, AR 72530
(501) 231-3978
tony.windham@homesteadcapital.com

**James Wood, ARA – Retired**
1409 Deanne Ave
Wynne, AR 72396-4055
(870) 238-2211
jwood494@sbcglobal.net

## LOUISIANA

**William Arbuckle**
Louisiana Land Bank, ACA
PO Box 432
Opelousas, LA 70571-0432
(337) 418-1126
wfainc@gmail.com

**Joseph Bell, AFM**
Manulife Investment Management
Agriculture Services
203 Dean Ln
Pineville, LA 71360-9736
(318) 792-7708
jbell@manulife.com

**Julie Boggs, AFM**
Peoples Company
606 Acadian Ln
Monroe, LA 71203-8725
(318) 282-3870
julie.boggs@peoplescompany.com

**Thomas Boggs**
Peoples Company
606 Acadian Ln
Monroe, LA 71203-8725
(318) 307-5811
thomas.boggs@peoplescompany.com

**Erica Harding**
Louisiana Land Bank
29 Locker Road
Deville, LA 71328
(318) 613-8309
erica.harding@louisianalandbank.com

**William James, ARA – Retired**
Trustland Properties
5615 Jackson St Bldg B
Alexandria, LA 71303-2326
(318) 442-5263
colt@trustland.com

**Robert Lowe, ARA**
Louisiana Land Bank
4255 Front St
Winnsboro, LA 71295-4123
(318) 729-2258
robert.lowe@LouisianaLandBank.com

**Jake Marien**
First South Farm Credit
68 Schoolhouse Rd
Alexandria, LA 71303-7758
(318) 715-1623
jmarien@firstsouthland.com

**Robert McGehee, AFM**
Delta Land & Farm Mgmt Co, LLC
PO Box 259
Mer Rouge, LA 71261-0259
(318) 647-5744
rpm@dlfmllc.com

**Eric Moskau**
Axia Valuation
25750 Highway 442
Independence, LA 70443-3808
(985) 626-3417
eric@axianow.com

**Joshua Price**
Louisiana Land Bank
120 Richard Rd
Olla, LA 71465-6710
(318) 680-1614
Joshua.Price@LouisianaLandBank.com

*Continued on next page*

**Gary Robinson**
Robinson Appraisal Services, LLC
6624 Main St
Winnsboro, LA 71295-2762
(318) 435-8080
gary@gdrobinson.net

**James Thomas**
The Thomas Company, Inc.
309 Lakeside Dr
Lafayette, LA 70508-7043
(318) 372-2009
jetappraisal@comcast.net

## MISSOURI

**Jerald Sanders**
Farmland Reserve, Inc.
17320 NW 130th Ct
Platte City, MO 64079-7963
(509) 948-7055
jsanders@farmlandreserve.org

## MISSISSIPPI

**Darrell Bullock, ARA**
PO Box 577
Lyon, MS 38645-0577
(662) 592-5448
dwbullock@bullockappraisals.com

**Jarad Cates**
First South Farm Credit
4 Thompson Park
Hattiesburg, MS 39401-8263
(601) 709-9309
jcates@firstsouthland.com

**Robert Coker, AFM**
Sartain's Heritage Properties
635 Coker Rd
Yazoo City, MS 39194-2051
(662) 571-7348
rcoker@sartainsheritage.com

**Scott Crockett**
Manulife Investment Management
353 Gwen Rd
Senatobia, MS 38668-6884
(662) 560-8719
scrockett@hnrg.com

**Garrett Dismukes**
Mississippi Land Bank
972 MS-12
Starkville, MS 39759
(601) 421-3201
garrett.dismukes@mslandbank.com

**Matthias Fischer**
Fischer Farm Management
1461 Natchez Road
PO Box 675
Webb, MS 38966-0675
(662) 466-3066
matthias@fischerfarmmanagement.com

**David Griffith**
Griffith Real Estate
& Appraisal Services
PO Box 1723
Cleveland, MS 38732-1723
(662) 843-0309
griffithappraisals@outlook.com

**Ken Hobart**
Southern AgCredit, ACA
2625 Highway 1 S
Greenville, MS 38701-8373
(662) 820-9305
ken.hobart@southernagcredit.com

**Thomas King, ARA, RPRA**
PO Box 113
Ackerman, MS 39735-0113
(662) 285-7270
thomasfking1954@gmail.com

**Thiago Lima**
Fall Line Capital
1087 Stark Rd, Apt 10A
Starkville, MS 39759-3503
(715) 204-8713
thiago@fall-line-cap.com

**Tyler Mullins, ARA**
Mississippi Land Bank
5509 Highway 51 N
PO Box 667
Senatobia, MS 38668-0667
(662) 902-4557
tyler.mullins@mslandbank.com

**Devin Nelson**
12061 Highway 21 S
Union, MS 39365-9261
(601) 627-9425
devinnelson90@gmail.com

**Tim Pepper, ARA**
Pepper Appraisal Services
1330 Hathorn Rd
Louisville, MS 39339-7770
(662) 571-9191
twpepper@gmail.com

**Troy Peters**
Southern AgCredit, ACA
306 Commerce Center Dr
Ridgeland, MS 39157-1216
(601) 946-7020
troy.peters@southernagcredit.com

**Walt Power**
Southern AgCredit, ACA
599 Steed Rd # B
Ridgeland, MS 39157
(662) 822-4004
walt.power@southernagcredit.com

**Jessica Rosata**
First South Farm Credit
4040 Church Rd
Magnolia, MS 39652-9310
(985) 748-8655
jrosata@firstsouthland.com

**Clayton Shepherd**
Southern AgCredit
306 Commerce Center Drive
Ridgeland, MS 39157-6010
(601) 260-5612
hayes.shepherd2@southernagcredit.com

*Continued on next page*

## TENNESSEE

**Benjamin Adams**
Middle Tennessee State University
1099 Allen Rd
Murfreesboro, TN 37129-1905
(615) 542-6737
Benadams21@icloud.com

**Michael Andrews**
Ag Land Management Group, LLC
1114 Halle Park Cir
Collierville, TN 38017-7084
(901) 387-9401
mandrews@lmgfarm.com

**William Aust, AFM**
Regions Bank
6200 Poplar Ave
Memphis, TN 38119-4713
(901) 580-5725
rich.aust@regions.com

**George Baird, AFM, AAC**
Landmark Ag Capital LLC
6225 Greenlee St Ste 101 # 9
Arlington, TN 38002-8029
(901) 483-0373
gbaird@landmarkag.net

**Stephen Brunson, AFM**
Ag Land Management Group, LLC
1114 Halle Park Cir
Collierville, TN 38017-7084
(901) 850-5303
sbrunson@lmgfarm.com

**Andrew Cohn**
Peoples Company
6225 Greenlee St.,Suite 101-9
Arlington, TN 38002
(901) 870-3764
drew.cohn@peoplescompany.com

**Philip Erstine, AFM**
New South Properties, Inc.
255 Staircase Dr
Collierville, TN 38017-2370
(901) 854-4649
pders@bellsouth.net

**Henry Gordon, AFM**
First Horizon Bank
4385 Poplar Ave
Memphis, TN 38117-3715
(901) 681-2328
hggordon@firsthorizon.com

**Trey Hayden, AFM**
Delta Land Advisory LLC
PO Box 503
Covington, TN 38019-0503
(901) 485-1369
thayden@deltalandadvisory.com

**Julian Lightle**
Lightle Appraisal Company
PO Box 42033
Memphis, TN 38174-2033
(901) 652-4630
jlightle@lightleappraisal.com

**Jefferson Manning**
LandFund Partners
1005 17th Ave S, Suite 640
Nashville, TN 37212-2265
(318) 312-1435
jmanning@landfundpartners.com

**Rebecca Phillips**
Rutledge Investment Co.
5160 Sanderlin Ave Ste 1
Memphis, TN 38117-4352
(901) 766-9041
becca@ricag.com

**Jack Ray, AFM**
1 Dr Ml King Jr Ave Apt 615
Memphis, TN 38103-1767
(901) 491-7390
jack.ray53@gmail.com

**Daniel Spencer, AFM**
Ag Land Management Group LLC
1114 Halle Park Cir
Collierville, TN 38017-7084
(901) 850-5303
dspencer@lmgfarm.com

**Michael Tankersley, ARA**
Tankersley Appraisal
720 Cornersville Rd
Lewisburg, TN 37091-4115
(931) 580-6865
tankmike@tappraisal.com

## GERMANY

**Frank Plessmann, Ph.D.**
Agriworld GmbH
Alstertor 1
Hamburg,  20095
+49 40 3037 5995
plessmann@agri-world.de

# About ASFMRA

The **American Society of Farm Managers and Rural Appraisers®** (ASFMRA®) is the largest professional association for rural property land experts. ASFMRA has over 2,150 members and the Mid-South Chapter is one of 31 chapters throughout the United States. Over 40 percent of ASFMRA's members hold a designation as an Accredited Farm Manager (AFM), Accredited Rural Appraiser (ARA), Real Property Review Appraiser (RPRA), or Accredited Agricultural Consultant (ACC).

Founded in 1929, ASFMRA truly represents "the most trusted rural property professionals" and is the organization for individuals who provide management, consultation, and valuation services, as well as real estate services on rural and agricultural assets. The land experts who hold membership in ASFMRA work under a professional code of ethics, which includes continuing education requirements. You can rest assured that if you're working with someone who is an accredited member of the Society, you are truly working with a competent land expert and agricultural professional who can assist you with all of your property, land, and asset needs.

**American Society of Farm Managers & Rural Apprisers**

**THE MOST TRUSTED RURAL PROPERTY PROFESSIONALS**

## ASFMRA Designations

The designations of ASFMRA provide a definitive metric for recognizing advanced professional skills and knowledge and the ultimate form of self-regulation and ethical conduct. ASFMRA designations establish superior levels of qualification within each rural property discipline. It is a differential quality that strengthens credibility to the individual's skill set, knowledge base and professional image.

### Accredited Farm Manager (AFM)

- Possesses skills, experience, and education to provide land investment analysis and day-to-day operational management for agricultural farming, ranching enterprises, and rural/transitional landowners.
- Understands complex economic indicators that affect highest and best use, profitability, and sustainability.
- Implements sound business principles and manages production inputs and market variables to improve margins.
- Considers all factors of management including environmental issues and government programs and compliance.

### Accredited Rural Appraiser (ARA)

- Demonstrates comprehensive skills and knowledge of rural and agriculturally-based property.
- Possesses education and experience in establishing the value of agricultural or rural properties.
- Adheres to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).
- Understands highly improved and complex properties.

### Real Property Review Appraiser (RPRA)

- Provides focus, knowledge, and arbitration for value differences in appraisal review.
- Possesses education and experience in establishing value of agricultural and rural properties.
- Determines compliance of appraisals with government regulations and requirements.
- Renders opinions on the reasonableness of appraisals and value-related consultations.
- Maintains specific resources to support all types of appraisal-related review work.
- Adheres to the USPAP requirements and specialized client or agency principles.

### Accredited Agricultural Consultant (AAC)

- Possesses skills, experience, and education to optimize enterprise efficiency and profit. Accredited Consultants provide guidance for agricultural farming, ranching enterprises, and rural/transitional landowners.
- Provides information and choices for operational activities to the world's food, fiber, and energy industries.
- Seeks the highest professional standards and is dedicated to the advancement of the world's diverse agricultural industries and interests.
- Promotes a passion for learning, self-improvement, personal excellence, responsibility, and accountability to the clients served with quality solutions.

# THE BENEFITS OF MEMBERSHIP

**As an ASFMRA member, you join the nation's *most trusted rural property professionals.***

## AND THAT'S JUST THE BEGINNING.

You also receive a wide range of benefits that can help you get started in your career, improve your skillsets and connect you with respected industry colleagues across the nation.

**Unmatched Education.** ASFMRA courses are written and taught by practicing professionals. Our industry is like no other, so our educational offerings are targeted to the unique challenges and environment of rural property. Courses can help you meet continuing education requirements, qualify for licensure, or achieve one of the exclusive ASFMRA professional designations.

**Exclusive Designations.** Only ASFMRA offers the pathway toward professional designation such as an Accredited Farm Manager (AFM), Accredited Rural Appraiser (ARA), Real Property Review Appraiser (RPRA), or Accredited Agricultural Consultant (AAC). These designations mark you as a true leader in your profession—and assure others that you're committed to being the best you can be.

**Outstanding Networking.** You'll grow a nationwide network of "friends in the business" who will become great resources, collaborators, and colleagues.

**AgProLink.** Your online connection to the collaborative community of ASFMRA professional colleagues. Share information, ask questions, and build a network with others in your industry.

**"Find a Land Expert" Link.** Potential clients and customers can find you listed on the public area of asfmra.org when they are looking for a farm manager, rural appraiser, or agricultural consultant.

> "I placed a comment in the Discussions area and because of that I have had three phone calls providing me with the names of some experts and also appraisers who have experience with quarries...can't say enough about how this works...I had never even considered entering any discussions in the past, but I will be watching them a little closer in case I can offer the same type of help as I just got...
>
> We've got something really good here, that we need to keep out there and continue to encourage members to use."
>
> **Kim Heisler | Senior Review Appraiser | Freeland, MI**

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# THE BENEFITS OF MEMBERSHIP

**Industry & Legislative News.** Stay current on issues, policy, and regulatory actions affecting our industry with members-only ASFMRA digital newsletters *AGNews, The President's Corner, Young Professionals Update,* and *Ag Student.* Regardless of your career level and interests, we have an e-newsletter to keep you informed and up-to-date.

**Use of Designation Emblems and ASFMRA Logo.** Place the ASFMRA logo on your letterhead and business card to clearly demonstrate your commitment to professionalism and high ethical standards. Add your designation emblem once you have earned this unique distinction to further separate yourself from the crowd.

**Professional Education Discounts.** Enjoy member-only pricing on ASFMRA education, meetings, and conferences. If you attend two classes per year, your discount has just paid for your membership!

**ASFMRA Directory Listing.** This highly regarded publication is a go-to resource for agribusiness professionals across the nation—and your name and business and credentials will be included.

**Agware Discount.** You qualify for a discount on standard or small business license for new Agware users!

**ASFMRA Directory Listing.** This highly regarded publication is a go-to resource for agribusiness professionals across the nation—and your name and business credentials will be included.

**Mapping Services.** You receive special pricing on SuretyPro from AgriData, Inc.

**LandsofAmerica.com.** Receive access to list your properties at a discount on LandofAmerica.com, the premier site to provide exposure for your property listing on over 350 websites.

**LandOwner Newsletter.** A free subscription to this newsletter gives you up-to-date information on land values and the factors that impact them. You get this $2,400 annual value at no charge!

**The Agriculture Letter.** This newsletter is highlighted in your monthly *AgNews* and is available as a PDF on the members-only portion of asfmra.org. You get this $2,130 annual value at no charge!

**The Ferguson Ag Report.** This monthly newsletter provides commentary on everything ag from trade, to banking, to tax tips, to commodity prices. Let Roy Ferguson keep you up-to-date!

## YOU ARE INVITED TO JOIN ASFMRA.

As a member of ASFMRA, you join a select group of professionals who share your passion for agriculture, the rural landscape, and helping others understand and capture the value of the land and rural assets—and all they can produce.

ASFMRA members manage millions of acres of farm and ranch land for absentee owners, banks, and trusts—and complete hundreds of thousands of appraisals on millions of acres of land each year!

ASFMRA is the only professional society focused on the development and advancement of professionals who appraise, manage, and consult on agricultural property and rural assets. ASFMRA maintains high ethical and educational standards for its members and, as a result, our members are the most trusted agricultural land and rural property professionals in the marketplace.

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TO BECOME AN ASFMRA MEMBER, VISIT:

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