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4th Annual Iowa Land Investment Expo

Plans are complete for the 4th Annual Iowa Land Investment Expo to be held January 21st at the Sheraton in West Des Moines.

The conference is a must attend event for anyone with a vested interest in Iowa Land including land developers, investors and farm operators. The Expo provides an excellent opportunity to establish new relationships with exhibitors, speakers and attendees with similar interests. The Iowa Land Investment Expo focuses on our state’s primary asset with exhibitor display booths, breakout seminars and a schedule of notable speakers throughout the day, including:

• Ken Root, Host of the Agribusiness Report, WHOHD-TV Channel 13
• Bryce Anderson, Ag Meteorologist and Market Analyst, Telvent DTN
• Barry Flinchbaugh, Professor of Agricultural Economics, Kansas State University
• Kirk Leeds, Executive Director, Iowa Soybean Association
• Terry L. Kastens, Professor Emeritus Extension Specialist, Farm Management Department of Agricultural Economics, Kansas State University
• Marth Schlicher, Bioenergy Lead, Monsanto Company
• Susan Payne, Chief Executive Officer, Emergent Asset Management
• Frank J. Carroll, Davis Brown Law Firm
• Eldon McAfee, Beving, Swanson & Forrest, P.C.
• Steve Moline, Assistant Attorney General Environmental & Agricultural Law

In addition to these industry experts in agricultural production, land development, rural economic development and farm policy, a series of breakout sessions will cover farm leasing arrangements, estate planning strategies, depreciating fertility and a discussion on Iowa’s property tax system.

Over 420 individuals attended the 2010 Expo and organizers expect interest to be as strong for the 2011 event. Watch for Expo updates at www.IowaLandExpo.com. If you are interested in being involved in the Expo, contact Steve Bruere at (515) 240-7500 or steve@peoplescompany.com.
A NEW APPROACH TO LAND MANAGEMENT

By Brian Feldpausch

With this issue of the Peoples Report we are launching the Peoples Company program for a new approach to farm land management. During the past seven years, Peoples Company has been on the leading edge in our use of technology to create innovative methods to grow our real estate brokerage through our Internet based platforms www.PeoplesCompany.com and www.DealYourOwn.com. As we have studied production agriculture and the relationship between landowners and their farm operators, we see that many farm operators have been equally innovative in the use of technology on their farms with a rapid adoption of GPS technology. This has provided a platform for mapping soil tests, chemical and fertilizer applications and harvest yield maps. The strength of our land management program is creating a transparent and equitable relationship with these innovative farm operators and creating value for our landowner clients through the operator’s use of technology.

The primary goal of our land management program is to negotiate an equitable cash return on the landowner’s investment. While most management programs stop there, we implement a management system designed to maximize the sale price of our clients’ land assets should they or their heirs decide to sell. This is accomplished by emphasizing five key components described as follows:

Conservation: Weather patterns the past few years have brought soil conservation to the forefront. Gently rolling farms that handled and controlled water for decades change in days. Maintaining grass waterways, terraces and tile inlets and adding buffer strips along streams are key components of our land stewardship approach.

Drainage: While the seed industry has provided significant genetic advancements to expand the yield potential of corn and soybeans, the best genetics and best farmer cannot overcome yield damage created by waterlogged soils. With the cost of seed, fertilizer and chemicals approaching $250 per acre, it is critical to address this most significant yield limiting factor in order to maximize return on investment.

Fertility: Increasing crop yields correlates with an increased uptake of nutrients from the soil. Volatility seen in fertilizer prices the past few years has exposed the need for a long-term strategy to manage soil fertility. Our program addresses this issue through soil testing and application of nutrients based on the crop removal rate.

Yield History: Land value is a function of gross crop revenue. While it is not possible to influence grain prices, the goal of maximizing yields is accomplished through emphasis of the shared goals of conservation, drainage and fertility. Having a documented yield history provides added value for potential buyers.

Risk Management: Potential liabilities from third party risk are endless and can include manure or chemical spills, failed grain buyers, misapplication of chemicals by pilots and contractors digging where they shouldn’t. While it is not possible to protect against every risk in agriculture, our program provides the necessary due diligence to ensure that the operator and all contractors are adequately insured.

Lease Negotiation: While many landowners, including retired farmers, believe they don’t need a land manager to help them negotiate their cash rent lease, there are numerous examples within our program where we have provided valuable assistance in updating out-of-date lease terms. Knowing that you have a qualified operator and an equitable lease provides peace of mind during these volatile economic times.

If you would like more information about the Peoples Company land management program, please contact Brian Feldpausch at (641) 751-8840 or brian@peoplescompany.com.

LOOKING FOR LAND BROKERS

Peoples Company continues to grow and we are currently recruiting land brokers to join our company. We are also seeking opportunities to partner with existing real estate and farm management companies that would be interested in discussing the opportunity to grow their business under the Peoples Company brand. To discuss these opportunities, please contact Steve Bruere at 515-240-7500 or steve@peoplescompany.com.
“How can I expand my farming operation in this land market?” is the question facing many young farmers today. There are no easy solutions and it continues to be difficult to rent land. Banks are requiring 30% to 50% down to finance a new land purchase and most young farmers can only afford to buy 80 or 160 acres.

Then it happens! The lady you have been renting a large portion of your acres from calls and says she is ready to sell and wants you to have the first shot at buying her land. So what do you do? Let the farm go to auction and stand in line to shake the new buyer’s hand along with every other land hungry farmer in the county? As an alternative, why not call your Peoples Company land agent? For several years through our newsletter, workshops, seminars and the Iowa Land Investment Expo, we have been making the case to investors that tillable farm land is a great tool to diversify their portfolio. This message is starting to get some traction, but the availability of farms is limited and we could use your leads on good tillable farms. Our Peoples Company team has created a streamlined approach to matching land investors and farm operators that we believe is much more efficient than the traditional farm management model.

We discuss rental returns, real estate taxes and our management fee as a percentage of land value, allowing the land investor to evaluate a land portfolio in terms similar to other financial assets. We discuss our various farm leases in terms of risk vs. reward to match the farm lease to the landowner’s appetite for risk. We recognize that a new land purchase may require tiling or other conservation structures to adequately drain the farm and soil fertility may be less than adequate. With an accurate yield history we can evaluate the return on investment to correct these issues and make a sound business decision.

We also have high expectations for the farm operator in terms of their use of technology. We require accurate harvest yield maps, application maps of fertilizer, chemical and manure applications and a fertility management plan to replace nutrients removed by the crop. We require evidence of insurance for the operator and all contractors that perform work on the farm. We require these reports scanned and emailed as a PDF document.

So what does Peoples Company get out of the equation? We create long-term relationships with investors who have the capital and a desire to buy farms. This makes selling farms a lot easier. We also create long-term relationships with operators who buy into our systems approach, which makes renting and managing farms a lot easier. Bringing the two parties together will lead to successful business relationships and an equitable return on investment for the landowner and the operator.

So what’s the catch? It doesn’t always work. Some land owners don’t want to work with a real estate agent. An investor may have another operator with whom they have a relationship. We may not be able to get the deal put together before someone else buys the farm. It is still a crap shoot, but what have you got to lose? If you could have bought the farm you would have.

Get to know a Peoples Company agent and give us a call when you see an opportunity come up.

Daran can be reached at (515) 979-3498 or daran@peoplescompany.com.

PEOPLES COMPANY OFFERS A STREAMLINED AND AFFORDABLE FARM LEASING ALTERNATIVE

Our quest to create an innovative land management system began three years ago as Brian Feldpausch and I developed the Peoples Company Farm Lease Analyzer, a discussion tool to compare multiple farm lease alternatives under actual crop yield and price scenarios. Through a presentation of side-by-side returns with a landowner and an operator under both cash and crop share leases, we have narrowed down the starting point for lease negotiations. As a result, we believe we can answer the most commonly asked question, “What is a fair cash rental rate?”

Significant resources have been invested into developing our exclusive Peoples Company Farm Lease to clearly identify the expectations of both the landowner and the operator in achieving our shared goals. In addition to fertility and yield reporting, we address environmental stewardship, provisions for operator reimbursement in the event of sale or development, provisions for shared improvements including tile and key risk issues such as operator and contractor insurance.

Our preferred farm leases include cash rent, two flex lease options and a modified crop share lease that can be paired with the IADA Beginning Farmer Tax Credit Program to create additional opportunities for a qualified beginning farmer and a high income landowner.

Fees for our comprehensive management program are competitive. Through creating shared goals with productive farm operators and leveraging the technology they are already using in their production systems, we have significantly lowered the delivery cost of our service compared to a traditional farm management service provider.

Please contact Brian Feldpausch at (641) 751-8840 or brian@peoplescompany.com, or Randy Luze at (319) 415-0455 or randy@peoplescompany.com for a complementary land management proposal and to discuss the services listed in our Land Management Program.

By Doran Becker

SPRING BUILDER LUNCHEON

Those who have an interest in learning about the state of the Des Moines Metro housing lot inventory should mark their calendars for the 4th annual Builder Luncheon presented by Peoples Company on March 2nd at the West Des Moines Sheraton.

Martha Willits, President and CEO of the Greater Des Moines Partnership, and Creighton Cox, Executive Director for the Homebuilder Association of Greater Des Moines, are scheduled to present. An update on current inventory of new construction by community will also be provided.

If you are interested in attending the spring builder luncheon please contact Steve Bruere at 515-240-7500 or steve@peoplescompany.com.
As I write this article, I’m putting the finishing touches on the 4th annual Iowa Land Investment Expo. When we hosted the first Land Expo four years ago it was a novel idea to hold an event showcasing the opportunities of Iowa land ownership. As I sent out the first invites, I was commonly asked who the event was relevant to and was questioned by our farm clientele why we were advocates for investors owning Iowa farm land. Four years later, the economy is helping me answer the question of why this is a relevant event and why are we promoting land as an investment.

Investing in farm land today seems to be a routine topic of discussion everywhere I go. From holiday parties, to visits at the doctor’s office, everyone wants to talk about land. There are a number of factors driving this new found interest, primarily the lack of alternative investments elsewhere and the desire to earn a safe and reliable return on capital. In addition to a safe haven investment, land is considered a hedge against inflation. It is an attractive investment, combining income, appreciation and tax benefits. With over 35 million acres of land in Iowa, I’ve found we are all connected to the land. Land is the single largest source of wealth in our state and plays an important role in national food security, world population growth and the increased demand for food, fuel, and fiber.

As land values appreciate, so does the need for capital to make farm operations and land purchases work. While the farmer in me would like to think you can own every piece of land in your farming operation, the reality is that farming has become a capital intensive business and the need for capital is as relevant today as ever. The Land Expo is our attempt to help farmers understand the importance of outside capital to Iowa Agriculture and to show investors the advantages of diversifying into farmland.

Hosting the Land Expo has become one of the most rewarding experiences of my career. This conference has given me a unique opportunity to meet and interact with our speakers, exhibitors and sponsors and to discuss the opportunities and challenges that lie ahead for the real estate industry in Iowa. With over 420 people in attendance at last year’s sold out conference, our diverse group of attendees came from 13 states and represented many professions including bankers, farmers, REALTORS®, investors and developers.

Please accept our invitation to the 4th annual Iowa Land Investment Expo to be held on January 21st. We have assembled another excellent program with the goal of providing you with educational resources and the opportunity to network with other people and companies to hear about the exciting investment opportunities in Iowa. I invite you to take a day from your regular routine to hear our speakers, meet our sponsors and vendors, and spend an enjoyable Iowa winter day with us at Sheraton West Des Moines.