

in farmland, quotes statistics that say by 2025, commodity prices will have to be 30% to 50% higher to meet growing world demand, and we have a limited amount of arable land," Oakes explains. "I think they're wrong, because I think arable land will increase."

The Chinese have announced huge agricultural investments in Argentina, Brazil and many African countries. Current commodity prices are being propped up by a strong Chinese demand. Oakes believes that within three years (the approximate time it takes for newly cleared land to get to high yields), "We'll see a large drop in demand by the Chinese for our products. You can't use current commodity prices as a base price for figuring future land values. I think \$7.50 soybeans and \$3.75 corn are more realistic base prices long-term."

Some people make the argument



Iowa realtor and farmland investor Steve Bruere has been selling his personal land portfolio, worried that cropland values may be peaking.

PHOTO: ELIZABETH WILLIAMS

that the infrastructure isn't there for that virgin land production to affect the market, but Oakes disagrees.

"You don't need a road if you have an economic incentive to get your product to market," he says. "I started buying farmland in Brazil in 1995 for \$100 per acre. It's now worth \$2,500 per acre, and the infrastructure is not much better than

when we first went down there, and yet the product is getting to market."

Steve Bruere, owner of Peoples Company, an Iowa real estate and farm-management firm, is also selling some of his personal farmland investments.

"I'm naturally an optimist, but there are factors out there, such as all-time lows in interest rates, a slowing economic growth in China, potentially lower government payments and ethanol losing support in Congress that concern me," Bruere says. "There's an old saying that the time to sell is when there is a buyer—and there are plenty of buyers out there right now."

Oakes emphasizes he doesn't think farmland prices will never go higher. "All markets have cycles. We could see 20 to 25% lower values in the next three years, but in 10 years, we could see higher farmland prices." ●

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