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Spring / Summer Edition



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NEWS

Nebraska Farm Equipment Auction Schrader team rises to challenge of major equipment sale for 21st Century Equipment

SYDNEY, Nebraska -- Selling a large inventory of used farm equipment at auction can be a challenge in any kind of market. But in a sluggish marketplace marked by falling commodity prices, it's critical to attract bidders from a wide area and market the machinery in a way that gets the best possible results.

Schrader met that challenge in November 2014 with an intensive marketing campaign that resulted in the sale of tractors, combines, trucks, sprayers, cornheads and other types of machinery for a total of \$7.4 million.

21st Century Equipment, which operates 15 locations in northeastern Colorado and western Nebraska, had acquired five

dealerships that had large inventories. "We knew we needed a lot of bidders, and that meant we had to draw from a large area. And we had to provide them the information they needed to make buying decisions. So we had an aggressive marketing campaign that resulted in 672 registered bidders for the auction," said Roger Diehm, one of the managers for the auction. By the end of the day, live and online bidders from 15 different states had purchased equipment. The auction even attracted bidders from as far away as Uruguay and Canada.

Owen Palm, CEO of 21st Century Equipment, said the Schrader team got his confidence from the start. "It was clear to us that Schrader had a vision about how auction day was going to be very successful. We knew that the environment was a very soft environment for used equipment," said Palm.

One critical factor in selecting Schrader for the job, Owen said, was the company's knowledge about the equipment business and the current market. "One thing that truly made Schrader stand out was that they understood the equipment business, they understood the equipment itself, what the values were out in the marketplace today."

He also praised Schrader's marketing effort. "The preparation that Schrader Auction Company did was really impressive," said Owen. "Their in house marketing group prepared materials very quickly. They had a good knowledge of various publications both regionally and around the country that we should be utilizing. By the time the customer got to the auction, the customer knew what he was going to purchase."

Ben Blair, used equipment manager for the dealership, said Schrader's success in gaining the confidence of bidders was another key.

"I felt like Schrader built confidence, and (bidders) knew what they were buying," said Blair. They got to know the buyers, got to know what their concerns were, what they needed and that made a difference on the sale date."

Palm summed it up: "We are confident that we achieved maximum value for our equipment."



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Real Estate News & Views from the Auction Industry

Spring / Summer Edition

Serving Landowners Since 1944

COVER STORY

A Single Marketing Campaign & 4 Days of Auctions Result in Sales over \$46.3 Million

Four days of farmland auctions resulted in a combined total of \$46,318,200, as Schrader successfully sold a major portfolio including land in the Midwest, Delta, Southwest and Mountain regions.

The auctions included farms in Illinois, Mississippi, Arkansas, Louisiana, Texas and Colorado – a total of 13,450 acres.

"Bidders are seeking to balance lower commodity prices with the substantial amounts of capital that buyers are looking to invest. There's no question that lower commodity prices are a factor in the marketplace.

On the other hand, with interest rates near all time lows and the stock market showing extreme volatility, there are still few investments that can match farmland for stability and long-term returns," said Schrader.

The series began on Monday, Oct. 20, with the auctions of two farms totaling 655 acres in Illinois for \$7,650,000. Wednesday's auction of approximately 4,783 acres of cropland in Arkansas, Louisiana and Mississippi brought \$16,993,200. Two days later, two farms in the Texas Panhandle totaling 6,054 acres sold for \$15,045,000. The series wrapped up with the auction of a 1,963-acre farm in Colorado for \$6,630,000.

The sheer size and geographic diversity of the property including 6 different states in different regions of the United States with

multiple crop markets and weather patterns along with farmland diversity of tillable, pasture, irrigated and dry land acreage created an atmosphere for an exciting week-long auction event.

The complex division of the property took in-depth research and cooperation with state and local zoning and planning boards and included multiple meetings and presentations to allow for 31 proposed tracts to be offered at auction.

In the end, everyone benefited. The Sellers benefited because of the price. They were represented well with the level of professionalism and commitment to quality Schrader showed. It mirrored their company's commitment to excellence. They were overwhelmingly pleased with the auction outcome.

The Buyers benefited. It was all about the experience. Schrader gave potential buyers a better experience throughout the entire campaign and represented the auction industry at the highest levels. Open house experience, auction day innovation and technology, and the flexibility to bid on what they wanted at the price they were comfortable with, greatly benefited each potential buyer in attendance.

Schrader benefited because the project allowed us to think outside the box and utilize new technology. It grew the company by helping us see a need and meeting that need with innovation.



Auction Responses

"What a terrific week. You and your team did an awesome job - everyone at Park Street is extremely grateful and I know our investors will be thrilled!"

John Fantozzi - Park Street Capital

"We had good results on all four days. Our sellers were extremely pleased, and I think these sales demonstrated the continuing strength of the market over a broad geographic range. Each auction had a capacity crowd with strong competition."

"Farmers were active in every auction, but when it came to entering the last bid, it was investors purchasing much of this land. This runs counter to the trend we've seen recently of farmers buying most of the farmland at auction, but investors have been very aggressive."

RD Schrader- President, Schrader Real Estate & Auction Co.



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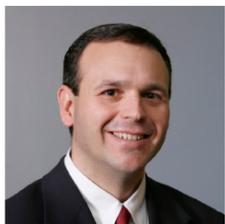
specialize in marketing farm real estate and equipment.

Access a list of our agents at www.schraderauction.com/about/our_people. Their contact information is available to you. Feel free to contact any one of them with questions about your property.

NEWS

Today's Farmland Values

By R.D. Schrader, President



With commodity prices coming off of their all-time highs to significantly lower values, I thought it would be good to revisit some of the variables impacting

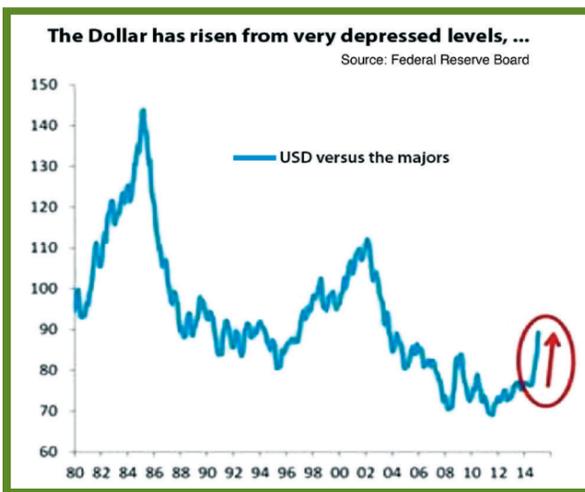
farmland values and compare those to where we stood three years ago.

Let's take a look at some excerpts from our 2012 newsletter, along with our evaluation of today's marketplace for the same variables.

2012 - "The volatility in currency values appears to be the most likely to complicate the picture on farmland values. Volatility in European economies and other countries could cause the value of the U.S. dollar to climb in relation to these other currencies, negatively impacting exports. Some widely respected people are even forecasting a tough future for the Chinese economy. The BRICS (Brazil, Russia, India, China & South Africa) have been a big part of the increased demand for agricultural commodities. If the rate of economic growth in these economies slows, the impact will be felt in U.S. agriculture."

2015 - The struggling economies of the world, including the European countries and Russia; and a slowdown in other economies, including China, has indeed escalated the value of the U.S. dollar. The escalated value of the U.S. dollar in turn is putting downward pressure on U.S. exports, including agricultural commodities.

2012 - "Our government is so limited relative to the tools to keep our economy moving that it seems unlikely that interest rates will escalate quickly in the near future. And my contacts in the ethanol and oil markets all seem convinced that government support and mandates for ethanol are unlikely to waver significantly in the near future."



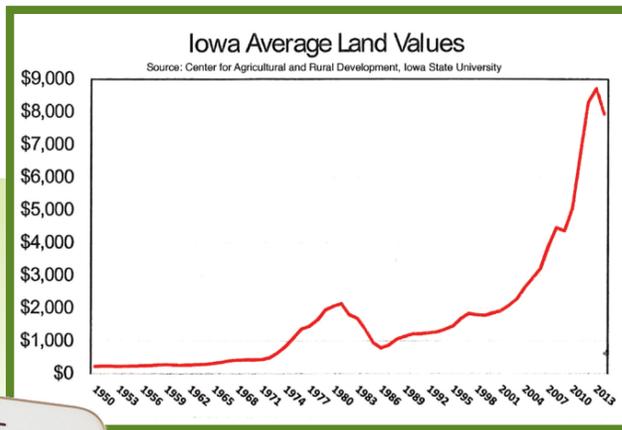
2015 - To date, interest rates have remained at or near record lows. It appears likely that the Federal Reserve will begin to raise rates in the near future, but most indications are that any

increases to the interest rates will be slow and methodical when they occur. If interest rates begin to climb, the combination of the increased cost of borrowing money and the opportunity provided in competitive investments will impact buyers' thinking with regard to land purchases. However, with record low interest rates, we remain a long way from the 15% to 20% interest rates that accompanied the 1980s land market.

While some of the talk surrounding ethanol has subsided, demand for ethanol and the related government mandates has held relatively steady, keeping a large percentage of U.S. corn directed to ethanol plants, and keeping pressure on the demand side of corn.

2012 - "There are so many positive variables pushing farmland that it would not be surprising to see one or two of these variables fall out of line at some point. (The moon and stars rarely stay lined up in favor of anything forever.) If one or two variables fall out of line, some downward pressure will occur on values for a period. For now, agricultural income forecasts look very positive. But a bumper crop could significantly change our stocks-to-usage ratio."

2015 - Indeed, a couple of variables have fallen out of the line in regard to land values since the beginning of 2012. These include falling commodity prices due in large part to a bumper 2014 crop (the largest



soybean stocks to usage ratio since 2006 and the largest corn stocks to usage ratio since 2008) and an appreciating U.S. dollar. And farmland values have begun to see some downward pressure.

Currently, there continues to be wide interest in farmland, with a lot of cash on the sidelines looking to be placed in land. Animal farm incomes are at record highs adding support to land values. And the volume of farmland available remains tight, driving the demand for land to a limited supply.

HIGHLIGHTS

Land, Equipment & More: Highlights of the past year

Recent months have been busy on a number of fronts. Out of the 235 auctions Schrader conducted in 2014, we've selected a few recent examples of sales to illustrate not only our consistent success rate, but also the range of asset types. It's important to note that we continue to enjoy success across the board, with large and small farms alike. These highlights show how we approached different kinds of assets in various areas. In comparing farmland sales from different areas, it's important to remember that prices will vary widely depending on the quality and location. Our goal in each case is to get the best possible price for an asset.

Irrigated Michigan cropland and recreational land: 1,119 acres, \$7,001,000

In November 2014, we had the opportunity to auction 1,119 acres of farmland and recreational land just north of Niles, Michigan. The property included 361 irrigated acres. We offered the property in 17 tracts, ranging from two to 210 acres. With a crowd of well over 300 -- including investors and operators alike -- competition was stiff for the tracts, leading to a total sale price of \$7,001,000. Ultimately, the land went to four different buyers, with local operators buying all of the tillable land.



Ohio recreational land: \$3,582,340

With hunting season approaching, we anticipated it would be a good time to sell approximately 1,966 acres of Ohio recreational land, in a sale in cooperation with Murray Wise Associates.



It was excellent hunting land, 800 acres of which had been managed by the Buckmasters American Deer Corporation. Our seller agreed to provide hunting leases to buyers, so that they could enjoy the season before closing. We offered the land in 41 tracts of varying sizes to provide opportunities for all bidders, whether they were seeking all

the land or just a few acres. As it turned out, the bidding methods that Schrader pioneered led to intense competition between those who wanted a lot of land and those just wanted a little. In the end, four bidders purchased 1,446 acres, and the remaining 520 acres were divided among 10 other bidders, most of whom indicated they were purchasing the land for recreational and personal use.

Rental properties around Miami University (Ohio) sell for \$7.3 million

Schrader is best known for our auctions of agricultural land, but the November auction of homes, duplexes, an apartment complex and other properties demonstrated the power of our auction methods for other assets as well. This auction included 74 rental units around the Miami University (Ohio) campus, most of which had been used as student rentals. As we customarily do with land, we offered the properties in tracts, allowing bids on individual tracts, the entire group or any combination. Approximately 60 bidders responded to the offering with intense bidding that continued for well over two hours. In the end, the properties ended up going to two bidders for a total of \$7.3 million.



Central Indiana farmland sells for \$7.9 million

In April of 2014, the auction of approximately 833 acres of productive tillable farmland near Muncie drew a capacity crowd and resulted in the sale to an investor for \$7.9 million. The land, which was 97 percent tillable, was offered in 15 tracts but ultimately sold as an entirety for \$9,482 per acre. The auction drew 77 registered bidders, representing all types of prospective buyers. But as the auction progressed, it came down to those seeking to buy various combinations of tracts and others seeking the entirety. In this case, the whole bidder prevailed.

Ohio equipment auction: \$4,814,115

When an Ohio farming family decided to sell all its equipment, they turned to Schrader for results -- and got them. The auction, held December 17 in Washington Courthouse, attracted a big crowd, and bidding was intense. It featured approximately 60 late model John Deere machines with

low hours. Notable items included three John Deere S690 combines, which sold for \$340,000, \$335,000 and \$310,000, respectively, as well as two JD R4030 sprayers that sold for \$245,000 and \$240,000. Lower commodity prices and an overabundance of used equipment inventory on dealer lots are a drag on used equipment prices, but the constant shadow of higher new equipment prices seem to keep stability in the used marketplace. For the most part, the market for sharp, well maintained equipment is still strong.

Farmland and farm equipment: \$5,215,975

Schrader had the privilege of selling 525 acres and equipment that had belonged to one of South Bend's best known families. Robert Newton, co-founder of Hoosier Racing Tire, also had a passion for farming. But when he died in 2012, and the land and equipment did not figure into the plans of the family, they turned to Schrader for sales consultation. The family was pleased with our efforts, which drew a big crowd and led to the sale of the land for \$4,525,000. A separate auction for the equipment added another \$690,975, bringing the total to \$5,215,975.



Excellent results in the Southwest

Schrader's Southwest office, established a couple of years ago, got off to a fast start and has had a steady stream of successful sales, including several in Oklahoma. During the summer of 2014, Schrader had three successful auctions in two days, with prices that caught the attention of area bankers and landowners, some of whom said the properties brought more than they had expected. A key in all three of the sales was Schrader's success in promoting competition. All of the properties went to neighboring landowners, but in each case, the ultimate buyer had intense competition, resulting in higher prices. The sales included 550 acres of mostly tillable bottomland (\$2.366 million), 170 acres of mixed tillable and recreational land for \$343,200, and recreational land for \$222,450.



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