Schrader’s recent sale of 8,638 acres in Illinois attracted industry attention because of its sheer size, but the real story is in the work that went into the successful auction.

The auction was the culmination of months of work by individuals who brought their unique talents to the task of selling the land, which included approximately 4,869 acres in Mercer County and more than 3,769 acres in Fulton County.

It called for professional photography, aerial video, detailed mapping, graphic design, copywriting, legal work and extensive research into both the property and the market of prospective buyers.

Everything comes together on the auction day, but the success of the auction depends on countless things that may have happened weeks earlier.

With every farm, they look at the entire package of benefits it offers. In this case, they had a large amount of land to sell in a market widely considered as declining. There had been no auctions on this scale in quite a while, so it was unclear how much land the market would absorb, and at what price.

They started with the basics of dividing the land into tracts -- 46 of them, ranging in size from 15 acres to 597 acres. This opens up the bidding to local operators and smaller investors, allowing them to bid on just the tracts that meet their needs.

“When you’re selling this much land, you naturally want to get the larger institutional investors and funds involved, and as it turned out, we had one buyer for all the land. But it’s important to reach the local operators as well and give them every opportunity. You always want to attract all the bidders you can, and offering smaller tracts allows more to participate and create competition in the bidding. You can’t take anything for granted. It’s critical to get every single bidder to the auction that we can, and to have them all prepared to bid,” said R.D. Schrader, president of the company.

In the case of the Wilder farms, that called for detailed data that had implications for the cost of working the land. Most of the land was river bottom that needed some work, including tiling and cleaning of ditches. Providing due diligence up front saves bidders time and work, and it gives them a head start to understanding the land well enough to bid with confidence.

Another important factor for investors is the availability of tenants. The presence of long-term management that possessed a wealth of knowledge and desired to stay in place was a plus on both properties.

The marketing campaign included a detailed four-color booklet with photos and information on each tract. The website featured aerial video showing the locations of the tracts. Advertising and public relations efforts created awareness among a wide audience.

But individual sales efforts also play an important role in Schrader campaigns, according to Gene Klingaman, longtime land marketer.

“Our agents don’t just depend on the media to bring people to the auction. We go to the bidders, many of whom also know and trust Schrader as a result of our decades of work in building relationships. Our agents spend time listening to them so that we understand their needs. These differ from one bidder to the next. Sometimes we’re dealing with somebody who is an old hand at bidding and is focused on the land itself. Others may have little or no experience with our bidding process, so we work to educate them on that,” Klingaman said.

It all paid off on the auction day, as 64 registered bidders turned out. The bidding narrowed to two entirety bidders, one of whom bought all of the land for just over $6,400 per acre.

“We’ve had a lot of big auctions, but this one stands out by almost any measure. We outperformed many expectations, and it was one of our biggest one-day totals ever,” said Roger Diehm, vice-president.
Today’s Farmland Values

By R.D. Schrader, President

Depending on the source, you can hear very different views on today’s farmland market. The most recent reports from the USDA and the Seventh District (Chicago) Federal Reserve Bank generally call cropland values even to slightly down. Some of the land grant universities (such as Purdue and Iowa State) are reporting more significant declines in farmland values for their respective states in their most recent reports. All of these land value evaluations are based on polling different groups, so while it is all good information, there is no perfect data relative to the appreciation/depreciation of farmland. (If we didn’t learn anything else from the most recent presidential election, we should’ve learned that polling is rarely 100 percent accurate.)

With farm incomes trending down since 2013, some downward pressure has been exerted on farmland values. After all, value is supposed to be a function of return on investment. (Of course a love of the land may be enough return for some landowners.) But this is being countered by the amount of cash in the marketplace looking to be invested in farmland. This cash -- supplied both by investors and by the operators who were in a position to save the money they made through some recent, very profitable years -- continues to flow into farmland for a variety of good reasons. (Even Wall Street is a significant player in the farmland market today.) This impact is magnified by the limited amount of farmland being offered.

While there are numerous variables impacting land, interest rates will be a key one to keep an eye on. Farmland values have benefited from the Federal Reserve Board keeping the Federal Funds Rate at near 0% in recent years. There appears to be pressure for interest rates to rise as we go forward, but as long as the rate increases are slow and methodical, the market should be able to adjust (unlike the 1980s, when the Federal Funds Rate was increased very dramatically over a short period).

Another factor to keep an eye on is President Trump’s foreign trade policy. While many of the President’s views have been well received for a stronger overall economy, the potential of trade tariffs and trade wars could create some uncertainty in the world of agriculture. The new administration may also bring a new view of farm supports.

Overall, it has been strong farm incomes driving the land market in recent years (unlike the 1970s leading into the 1980s), coupled with very low interest rates. While it appears that we are currently experiencing a bit of a correction in the land market with the reduced incomes, variables reflect a very different, and more positive, land market than the “bubble” experience approximately 35 years ago. The long-term investment mindset in today’s farmland market understands that all markets go up and down (and for good reasons). And it continues to be bullish on the increasing worldwide demand for the products coming from farmland, as reflected by today’s export demand in the face of a strong dollar.

Thanks to all of our clients and customers, Schrader Real Estate and Auction Company celebrated a record sales year in 2016! We sincerely appreciate the opportunity to serve you, the land and equipment owners!

Thanks You!

SCHRADER AGENTS

Schrader has a dedicated staff of Sales Representatives who specialize in marketing 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.
Big Auction and Small, Schrader Turns in Consistent Results

Time and again, Schrader’s award-winning marketing campaigns get solid results on a wide range of assets — big farms and small, grassland, timberland and cropland, livestock operations and machinery. During 2016, Schrader sold over 65,000 acres in 13 states at auction. That number doesn’t even include machinery or non-agricultural sales such as residences and commercial properties.

And, while Schrader is known for their big auctions, 40 percent of their auctions were for the sale of 100 acres or less.

Technology Advances Boost Capabilities

Schrader has long been known as a leader in the innovative use of technology. But 2016 was a big year for us, with advances in our use of the web, smartphone apps, video, social media and much more, indicates Kevin Jordan, IT specialist.

The most visible change was a major redesign of the Schrader website (schraderauction.com), which now features a responsive, mobile-friendly layout. Whether you are on a phone, tablet or desktop, the site configures itself to best display the information you need. iPhone and iPad users can also download our custom application from the App Store. It integrates smoothly with device navigation to provide turn-by-turn directions to properties or auctions. Schrader technology impacts the industry with Internet tools and reach: serving over 44,000 unique visitors and 7.5 million requests per month.

Social networks are increasingly important in getting our properties in front of qualified buyers, so you’ll find Schrader on Facebook, Twitter, YouTube and Vimeo. Our professional photography, video production and design enable us to make the most of these media outlets. We recommend following or “liking” Schrader on these platforms to ensure that you don’t miss anything.

Schrader has two trained remote pilots who are licensed by the Federal Aviation Administration (FAA) to pilot our fleet of quadcopters - unmanned aerial vehicles (UAVs). Each UAV is equipped with the latest 4K high definition camera equipment, providing our clients and potential buyers with clear views of the properties to aid in the marketing. Our pilots can reach the most remote corners of each property, controlling the UAV from extensive distances in some circumstances. The UAVs also play an important role in verifying drainage after storms on farmland and in providing quick timber assessments of wooded areas.

Schrader’s mobile office for farm equipment auctions continues to push the technology envelope. We hold auctions all over the United States, often in remote areas. So it’s vital to ensure that we have reliable Internet connections. That’s why we recently outfitted our mobile office with multiple, redundant cell connections. Our team can connect to the mobile office from over a mile away, even in areas where traditional cell phones don’t hold a signal.

To produce award-winning marketing campaigns year after year, it takes a commitment to the tools and people who know how to get the job done. Our graphics team recently added two new state-of-the art Apple Mac Pro workstations to speed their work on video processing, brochures and other marketing pieces.
Suite G: The Versatile Multimedia Team Promoting Your Auctions And Listings

In the early 2000s, the people who produced Schrader’s brochures and ads were located in a small corner office of the Columbia City, Indiana building. To make things easy for clients, they established a single email address for the graphics suite, suiteg@schraderauction.com. Soon, everybody began referring to “Suite G,” and the name stuck even through several moves.

As we’ve grown, so has Suite G (the G stands for graphics, obviously), which plays a critical role in creating marketing materials of all types for well over 200 auctions a year. But today’s version includes not only brochures and ads, but web design, digital advertising campaigns, video, GIS mapping, auction-day slide presentations, video production and much more.

Here are today’s Suite G folks. They all have their own emails now, but the original Suite G email will still reach them. Four different professionals have graphic design responsibilities, which cover the full range of media. Here are some of their other areas of responsibility for the team members.

Leslie Basinger, Marketing Coordinator/Graphic Designer. Leslie not only designs materials, but she also oversees production schedules, handles promotion and special projects, marketing summaries, ads for private treaty listings, as well as PowerPoint presentations for use on auction days.

Deborah Miller, Graphic Designer. Deborah is an experienced designer who has brought her artistic skills to some of Schrader’s most challenging marketing pieces over the years. She makes critical decisions on where to advertise your property, develops budgets, then designs the brochures, ads, postcards, booklets and other information as needed.

Ryan Carper, Digital Print Production Manager/GIS Specialist/Graphic Designer. Along with designing effective marketing pieces, Ryan excels in GIS (Geographic Information System) mapping, which we use to overlay aerial photos and drone video, soil maps and other applications.

Landon Lawrence, Graphic Designer. Landon’s versatility has made him an essential member of the Suite G team. In addition to budgeting and designing marketing materials, he also assists with video production and GIS mapping. He is also responsible for private treaty listings.

Jason Fest, Photographer/Videographer/GIS Specialist. Jason is a seasoned professional photographer who stays on the road a lot, getting images of properties from the ground and air. His other areas of expertise include video editing and drone work.

Dorie Rousseau, Print Production Specialist. Dorie is our hands-on operations person responsible for the print shop, which not only prints brochures, flyers and other media but also gets them mailed. Dorie handles most of the day-to-day management of the Schrader website, as well.