

Real Property Appraisals, PC

# Industry News



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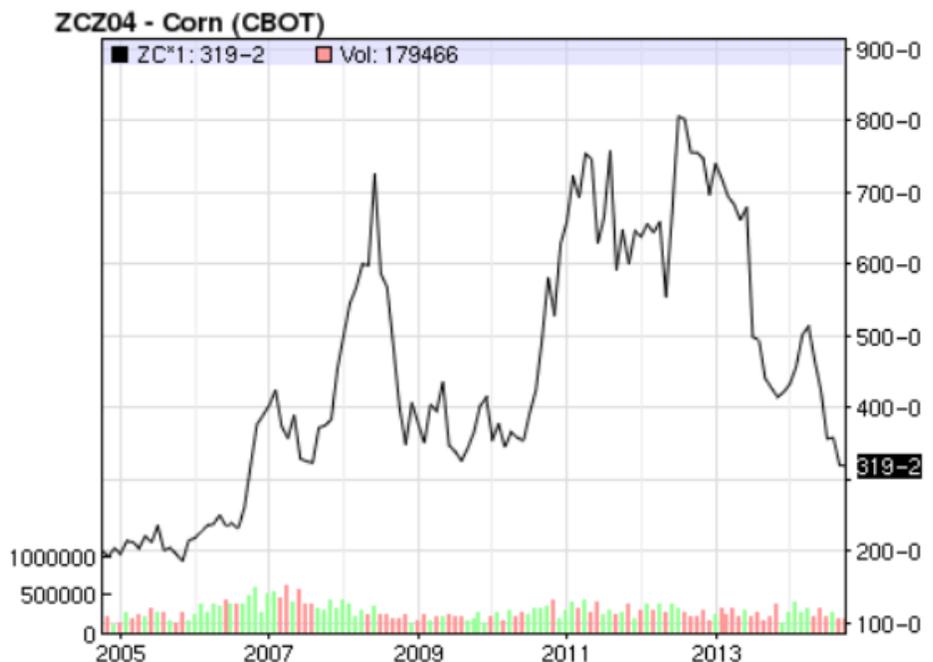
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## Corn Prices Falling

Corn prices hit a five year low following a report citing lower demand for feed and higher than expected supply. The weather was kind to farmers this year but not to corn prices.

The boom in farmland prices was explained by increases in corn prices and projected future demand. Despite a falling price since the start of 2013, Farmer's National is reporting that farmland prices have remained stable. [http://www.farmersnational.com/Landowner\\_News/2014\\_Regional\\_Land\\_Reports/](http://www.farmersnational.com/Landowner_News/2014_Regional_Land_Reports/)

Prolonged corn prices at these levels will eventually push farmland prices downward. \$3.25 corn does not justify paying \$10k+ per acre. Indicators show no sign of a major shift in demand. Oil prices are likewise heading back down as well as other energy sector commodities.

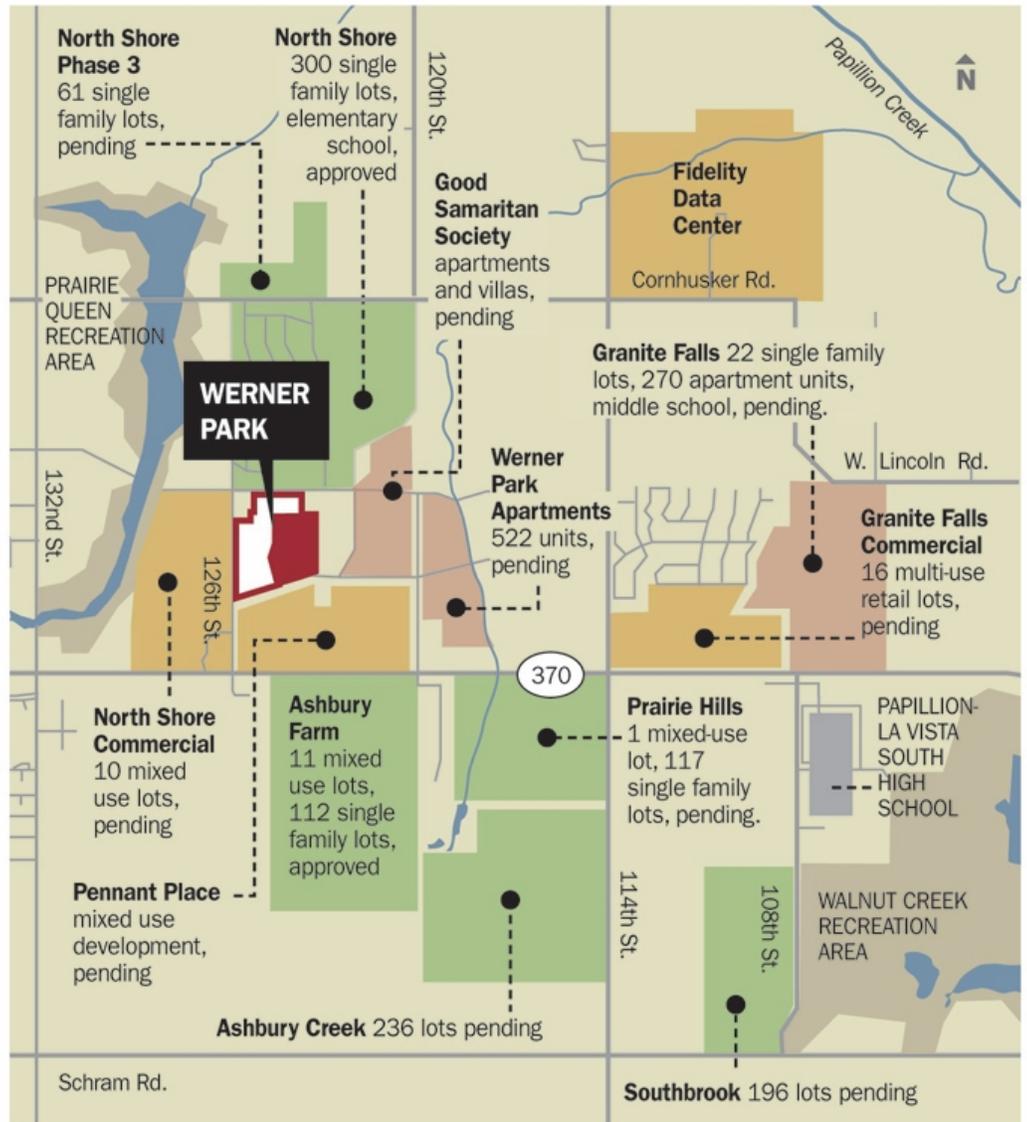


## Omaha World Herald Article on Werner Park Development

The Omaha World Herald recently published an article detailing the development around Werner Park. The site was a bold choice considering the lack of development in the area (at the time). Many were concerned that attendance would suffer because of the lack of immediate rooftops around the stadium but numbers are up with higher attendance numbers projected next year. The concern now is the lack of commercial development. It should come as a shock to few that this has been slow to develop from a commercial real estate perspective. Retail tends to follow rooftops and the lack of demographics is a major hurdle for most commercial developments to overcome.

Commercial development will need at least five years of residential housing starts completed before having a chance to start

### DEVELOPMENT NEAR WERNER PARK



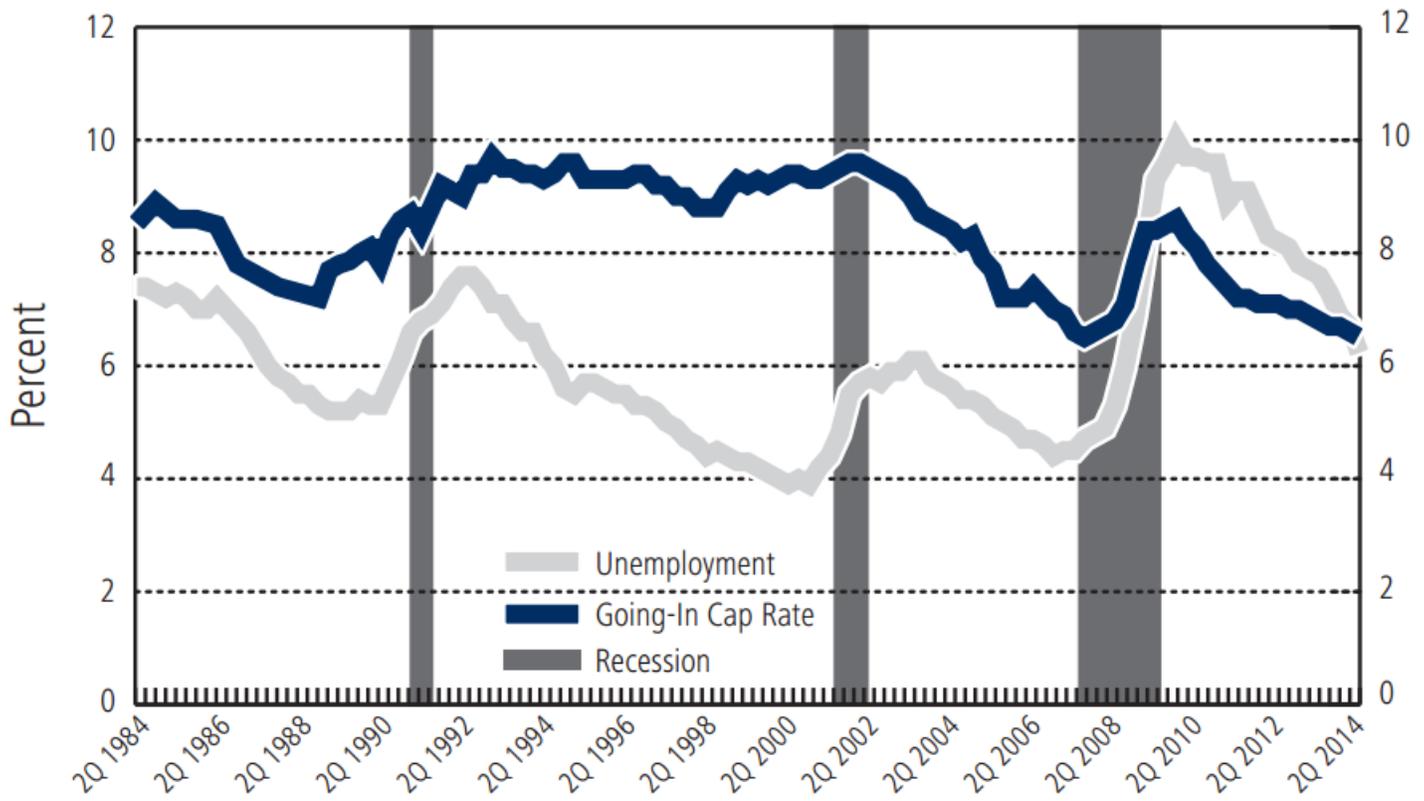
SOURCES: City of Papillion and Roger Langpaul

DAVE CROY/THE WORLD-HERALD

[Omaha World Herald Article](#)

## National Going In Cap Rates Cross with Unemployment—Again

### Going-In Cap Rates vs. Unemployment



Sources: RERC, BLS, NBER, 2Q 2014.

Appraisers and real estate professionals often link lending rates to cap rates despite very little correlation. Going-In Cap Rates and Unemployment have a strong correlation but tend not to be grouped together. 2nd Quarter 2014 marks the second time in thirty years that these rates have crossed and the first time they have met outside of a recession. The event could be a meaningless anomaly or the start of a move back to normal. Cap rates have been atop unemployment for nearly five years. This shift returns us back to the days prior to the recession. The Fed's unlikely to make a move on interest rates and despite some short-term volatility in the stock market most are predicting another positive year. Combine that with banks again lending and the trend for Cap Rates may yet be pushed even lower. Any significantly move lower would push us into areas that haven't been realized in many decades. It is most likely we have seen the lowest Cap Rates overall and the next move for the trend is likely stable or slightly higher.