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Murray Wise
ASSOCIATES LLC

THE WISE AG UPDATE

Your source for farmland & agribusiness transaction news by Murray Wise Associates LLC

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COMMENTARY: 2024 MARKET SUMMARY AND LOOKING AHEAD

BY ERIC SARFF

As the calendar turns from one year to another, it's always informative to look back on the 12 months that just concluded and what changes we saw in the farm real estate market during that time. When I wrote my year-end wrap-up last December, I posited that 2024 would produce a wide spectrum of sale results, ranging from top-of-the-market prices in some areas to weaker prices in other regions. That prediction mostly held true. This year we witnessed sale prices across the Midwest that have been softer relative to the last couple of years, but we have also seen sales that have continued to reach top-of-the-market highs.

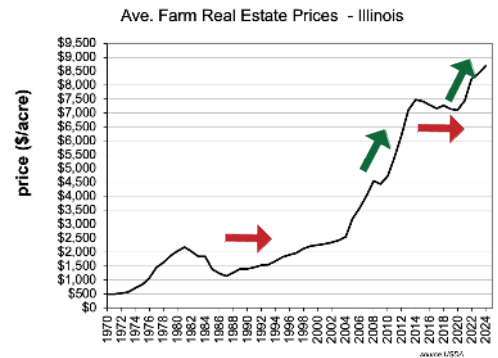
Defining factors affecting the final price of a farm right now are its physical location it is in and the financial strength of the local marketplace. The sale of a farm does not occur in a vacuum. If a farm is located in a region where there has not been a lot of recent sales activity, there may be pent up demand, and a farm may sell for a price stronger than anticipated. Conversely, in a region where there have been numerous sales over the last 18 months, the biggest risk to the seller is that local buyers have not been able to replenish their coffers to acquire another farm, which may result in a softer price than expected.

Other factors that we have seen affect sale prices this year are commodity prices and yields. Prices continue to be down for corn and soybeans, which hurts producer

profitability. Farmers in some regions were able to help combat lower prices in 2024 with strong yields and still maintain a profit margin. For those regions that were not as fortunate to capture strong yields, 2024 was a difficult one. Producers in these regions are likely going to be less aggressive on both farm purchases and rent.

So where does that put us as we enter 2025? If we step back and take a macro look at the farmland market over the last 50 years, other than the 5-year period in the early-mid 1980s, the market has experienced a series of upward trends, followed by periods of sideways movement, or plateaus.

In my opinion, we are at the beginning of a plateau right now. A plateau doesn't necessarily mean that every sale is going to go



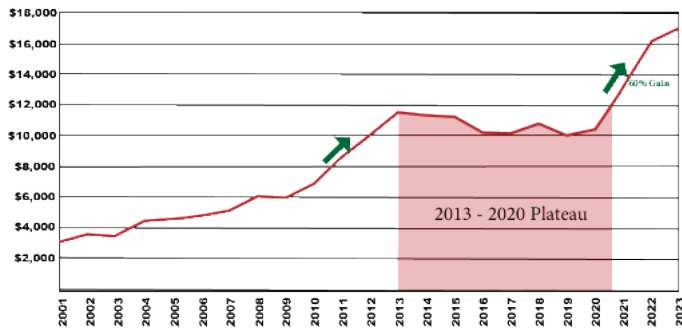
as expected or that every farm in a region will hold its value. There are going to be farms trading for less in 2025 than they would have 18 months ago. However, there are also going to be the headline-grabbing sales in 2025 that

2024 MARKET SUMMARY AND LOOKING AHEAD (CONT. FROM PG. 1)

have record-breaking prices.

It's important for both sellers and buyers to be educated about the market they are entering and the asset they are looking to acquire or sell. I think there will be some opportunities for parties on both sides of the table. For sellers, there is still the ability to capture a price that is

Central Illinois High Quality Farmland Price/Acre



at or near the top of the market, and if your goal is to have your farm liquidated within the next handful of years, 2025 will likely still be an ideal time to sell. For buyers looking to add onto their farmland portfolio, or

start a portfolio, it is probable that there are going to be some buying opportunities in the coming years as we likely move sideways in this market.

As we have seen in the past, there is a strong likelihood that the market will move upwards again, and in some cases, move up swiftly, and the farms purchased in this current plateau period have the chance to look like a great investment. The last time we experienced a similar market trajectory was 2015 – 2020. We have a number of clients who paid at the time market high prices, and now those same farms have appreciated upwards of 60% in some cases since early 2021. For both buyers and sellers, it's very important to understand what your ultimate goal is and what kind of market you are in and to be disciplined when making decisions, especially given the level of acres and dollars involved.

Eric Sarff, President

MWA FARMERS' YEARLY WRAP UP

In addition to managing farmland for our clients, Ross Perkins, Adam Meyer, and Kyle Worner are also farmers in their own right. We have asked them to write a brief wrap up of their year farming . share with our readers, as they farm in different regions from each other and have differing perspectives to share.



Ross Perkins (Ford Co. IL): The 2024 growing season started slowly in Ford County, IL due to frequent rainfall keeping many growers sidelined until May. Conditions were marginal when planting began, and it was a dash to cover acres between rain events. Fortunately, we kept getting adequate rainfall to cover up potential spring mistakes. Summer was uneventful in Central IL, receiving timely showers throughout the area. Once harvest started, it was a 30+ straight day marathon with no delays. Soybeans were very dry which may have limited the top end yield. Corn was above average to excellent across much Central, IL at 14%-17% moisture.



Adam Meyer (Grundy Co. IA): The 2024 crop season in central Iowa started off with little optimism because we were still in need of rain going into the spring planting season. Planting got started early and a lot of crops were in the ground before the rains started coming. These rains slowed planting and caused flooding in some areas which extended the planting season well into June as farmers tried to finish planting in between rain events. We continued to receive rains through the summer months before the rain shut off again in early august and did not rain again until after harvest was mostly completed. August and September being so dry limited high end yield potential for soybeans and corn even though there were excellent yields in a lot of locations depending on planting dates and rain fall. Overall good yields and not having to dry corn this fall helped farmers have a successful 2024.



Kyle Worner (Mason Co. IL): Planting season began on a positive note with timely rains that produced a strong foundation for the 2024 growing season. As summer unfolded, we faced periods of intense heat and minimal rainfall, yet areas were fortunate to receive rain at some of the most critical times. Once harvest began, it proceeded without interruption. We enjoyed optimal conditions with minimal rain and favorable weather. This allowed farmers to complete harvest at a record pace. In general, yields exceeded expectations, providing some relief to farmers amid the drop in commodity prices.

FROM THE ARCHIVES

The discussion around losing farmland in California is not a new one. In 1997 we touched on growth management in California and while we mentioned water we certainly focused more on the issue of farmland acres disappearing due to urban sprawl. If this article were to be written today it would almost certainly be focused on water, legislation, and environmental opinions. The issue of losing farmland acres in California remains, although the culprit has changed.

"PAST THOUGHTS"

Growth Management Debate in California

June, 1997


California is the largest producer of agricultural products in the U.S. It includes the widest variety of crops and is a leading exporter of food and fiber. However, California is also home to some of the most aggressive instances of urban sprawl in the nation. It is a state in which the demands of homeowners and developers are increasingly in conflict with agricultural interests. And the conflict goes beyond mere land use. Expanding communities not only absorb the countryside, they require water and water is a truly valuable and scarce commodity in California.

We call your attention to a most interesting article regarding this competition in the December issue of Agri Finance. The focus of the article is on California's Central Valley described as an area of 6.7 million acres of irrigated cropland east of the state's highly populated coastal areas. Eleven of the counties involved represent about one half of one percent of U.S. farmland, but produce eight percent of total U.S. agricultural sales. Over 250 different crops are grown there. One county, Stanislaus, has agricultural income in excess of \$1.1 billion and it is only the eighth most productive county in the state.

But Stanislaus County is being suburbanized as subdivisions and new municipalities spread across the countryside, pitting farmers against developers in a struggle for the land itself. How to accommodate citizens need for more space without damaging the

key industry in the area has become the central question in the debate-and managed growth the answer at the center of controversy.

Growth management, say it supporters, can be accomplished through Federal, state and local programs and policies which promote and encourage more compact development patterns and strengthen agricultural economies. As the competition between developers and farmers heats up, more and disparate groups are coming to embrace managed growth as the solution. Farmers are apparently coming around to acceptance of the solution, though according to the article, they have generally seen growth management as an intrusion on their turf by people who don't understand their business. However, farmers have been losing the sprawl battle and are now beginning to realize that managing urban growth may be their best hope of retaining control of their own destinies. As one contributor points out, the growth is going to happen. Farmers need to participate in the decisions about how and where the development takes place in order to make sure resources remain used in the most efficient manner.

Studies are underway and commissions have been formed. The problem is being more widely recognized by all parties concerned including the Federal government. We will continue to watch with interest developments along this most unusual set of battle lines. 

THE WISE AG UPDATE

CURRENT LISTINGS | UPCOMING AUCTIONS | RECENT TRANSACTIONS

Upcoming Auctions

McLean Co., IL - 98± Acres - Jan. 30, 2025

Listings

Garfield Co., CO - 165,025± SqFt Greenhouse - Call for Price

Morgan Co., CO - 1,080± Head Dairy Facility - Call for Price

LaSalle Co., IL - 79.66± Acres - \$510,000

Holt Co., NE - 1.1M± SqFt Greenhouse - Call for Price

Recent Transactions

Champaign, Co., IL - 113± Ac - \$1,749,850

Champaign, Co., IL - 175± Ac - PENDING

Champaign, Co., IL - 87± Ac - PENDING

Visit MurrayWiseAssociates.com or call (800) 607-6888 for details

Recent Transactions (cont)

Champaign, Co., IL - 76± Ac - PENDING

Champaign, Co., IL - 40± Ac - PENDING

Cumberland, Co., IL - 389± Ac - \$2,300,000

Henry, Co., IL - 238± Ac - \$1,016,316

Henry, Co., IL - 80± Ac - \$1,016,316

Peoria, Co., IL - 131± Ac - PENDING

Stephenson, Co., IL - 263± Ac - \$2,523,103

Tazewell, Co., IL - 141± Ac - PENDING

Calhoun Co., IA - 320± Ac - \$4,800,000

Floyd Co., IA - 317± Ac - \$3,512,000

Kossuth Co., IA - 80± Ac - \$940,000

Pocahontas Co., IA - 640± Ac - \$8,450,000

Pocahontas Co., IA - 280± Ac - \$3,710,000

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