



"Your Farmland Specialists"

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Recent Farmland Sales:

Jan '24 LaSalle County auction, 242.52 ac, sold at \$17,133/acre. PI=144.6; \$118.48/PI.
Jan '24 LaSalle County auction, 78.28 ac, sold at \$14,000/acre. PI=119.5; \$117.15/PI.
Feb '24 Lee County auction, 271.1 ac, sold at \$9,500/acre. PI=112.8; \$84.22/PI. Tracts included two center pivots covering 227.65 acres plus 15.96 acres of CRP.
Jan '24 Lee County, Wyoming Twp, 368 ac, sold at \$16,075/acre. PI=140.6; \$120.11/PI.
Feb '24 Lee County, Viola Twp, 313 ac, sold at \$10,783/acre. PI=127.3; \$89.06/PI.
Dec '23 DeKalb County, Kingston Twp, 193 ac, sold at \$12,424/acre. PI=125.5; \$103.84/PI.
Feb '24 DeKalb County, South Grove Twp, 165.2 ac, sold at \$16,800/ac. PI=142.2; \$118.25/PI.
Mar '24 DeKalb County, South Grove Twp, 159.72 ac, sold at \$12,500/ac. PI=124.7; \$115.39/PI.
Feb '24, Bureau County, 76.26 ac, sold at \$13,800/acre. PI=140.7; \$98.08/PI.
Feb '24, Grundy County, 162 ac, sold at \$15,140/acre. PI=128.4; \$117.91/PI.

With a relatively small sample size, these sales of Class A soils averaged at \$113.73/PI, slightly under the \$120.00/PI for larger sample size. Class B soils sold at an average of \$104.60/PI, similar to large sample size reports.

The Chicago Federal Reserve AgLetter summarizing 2023 farmland values noted mixed results for values compared to 2022. For the entire 7th District, values were up 6% year over year. However, that included a 14% increase in WI, with only a 4% increase in IL, 7% increase in IN, and a 1% decrease in IA. Plus, IL values declined 5% in northern IL while increasing 10% in central IL district.

In real terms, adjusted for inflation, District farmland values had an increase of 2.2% in 2023, the smallest real increase since 2019. Values rose to a new peak in 2023, 15% above their 2013 peak in real terms and 44% increase in nominal terms.

"Real farm income was down in 2023 from its high in 2022, remaining well above 2020 levels and just below 2021 levels. According to an Illinois respondent, 'Ultimately, 2023 will end up as a profitable year, but because of the drought concerns during the summer, the amount of pre-priced grain was lower than it should have been.'"

According to many economists, 2024 farm income will likely be lower than 2023 due primarily to lower commodity prices. Some even indicate the possibility of negative net farm income unless prices increase significantly.

The March USDA planting report issued last week appeared to give some positive news for corn as it reduced intended planting acreage by 4 million acres, down 5% from 2023. Soybean acreage increased 3 MM acres (3%) and wheat acreage down 4%. It also reported a 6.3 MM acre total reduction in planted crop acreage.

Much of this was a surprise to the analysts who were not expecting such a shift away from corn, and not expecting an overall reduction in crop acres. It seemed to be a possible momentum shift for the markets. Thus, the initial response was positive for grain prices. However, as of this writing the first of April, the follow-thru positivity is not holding.

Our previous peak in land values occurred in 2013. Following that year, we experienced seven years of relatively flat or lower values. Our 2023 Illinois farmland values are now 30-40% higher than the '13 peak. The increase occurred in a relatively short time period of three years due to high commodity prices, low interest rates, and three years of higher farm incomes.

What does this mean for IL farmland values going forward? Personally, I believe 2023 may have been our peak prices for farmland values. It will take a few quarters to solidify the trend. However, with higher interest rates, large carryover of crops, and lower income potential for '24, the land market may need time to digest the changes. Thus, the demand for those high-priced farms may indeed take a pause.

Latest SAF Project Announcement:

I have previously written about Sustainable Aviation Fuel (SAF) since aviation is a large user of fuel and there is a massive push to produce more sustainable fuel using renewable energy sources. Large energy companies, as well as governments, are all behind the effort to decarbonize this sector of fuel production and use.

The latest announcement caught my attention. Southwest Airlines has committed to an investment \$30 million to partner with LanzaJet's Freedom Pines Fuel project in Soperton, GA. They are joined by several other investors including two other airlines, several energy companies and Microsoft's Climate Innovation Fund. The plant is due to open in 2024 to produce SAF from renewable sources such as corn stover and other cellulosic feedstocks.

This follows a 2022 investment in SAFFiRE Renewables, a company launched by D3MAX as part of a DOE backed project to convert corn stover to renewable ethanol. LanzaJet's project is now scaled to produce up to 10 MM gallons of sustainable ethanol utilizing the SAFFiRE technology.

This caught my attention since I was somewhat personally involved with perhaps a similar project in Nevada, IA in 2015-17. At that time, DuPont built an ethanol plant specifically to produce cellulosic ethanol from corn stover with an eventual investment of \$225 million.

It was a big project for the area. It involved the purchase, harvest and storage of corn stover. Many debates occurred on the value of the stover. They harvested only 50% of the stover to maintain adequate residue for future crops. There was a large need for rental of land for storage. The stored stover needed to be covered adequately. Even covered, there were multiple fires of the stover stacks caused by lightning.

Two years later, the plant was shuttered and sold. The technology was apparently not yet in place to efficiently break down the corn stover cellulosic fibers to make ethanol. Personally I am hoping that LanzaJet and their investors do have the right formula for their ethanol, SAF and biodiesel project in GA. If so, it could indeed move the industry forward toward production of sustainable renewable fuels.

Interesting Follow-Up to DuPont's Nevada Ethanol Plant:

In 2018, DuPont sold the Nevada ethanol plant to Verbio North America Corp, a subsidiary of a German bioenergy company. Verbio brought their Renewable Natural Gas (RNG) technology and combined it with the cellulosic ethanol idea. They now produce the equivalent of 80 megawatts of power of RNG and push it directly into a natural gas pipeline near the facility.

Verbio started processing RNG in 2021 using the corn stover still stacked on several properties from the DuPont project. They now expect to utilize 26,000 acres of corn stover collected from fields in the area. As with the DuPont project, they harvest only 33-50% of the corn stalks left from harvest, leaving substantial amounts for organic matter on the field.

The process involves the use of 16 grain-bin size methane digester tanks. Similar to digesters used on dairy and hog farms, the digesters use the bacteria from cattle manure plus the corn stover slurry to feed the bacteria. The byproduct of the process is a humus, similar to a composted mulch product with high values of N, P and K. The humus can be utilized as a fertilizer back onto the corn fields for a full circle process.

Happy Easter!!

I know I am past Easter Sunday. However, I feel that we can say Happy Easter any time. After all, it is the celebration of the resurrection of Jesus and the resurrection was the final earthly act of Jesus to show that he indeed is the Son of God. That is why we can be confident in our faith in Jesus. He was not just another prophet as some may say. He was/is truly the Son of God and the resurrection proved it.

The Gospel of John chapter 20 is a great chapter to read anytime. The sadness and disappointment that everyone felt since the crucifixion replaced with surprise, joy and happiness of Jesus alive again. It also reminds us of the doubt that still remained in some. The same doubt that we might experience on occasion. Again, Jesus calmed the doubt. He then proclaimed: "blessed are those who have not seen and yet have believed."

Happy Easter! He is risen! He is risen indeed. Hallelujah!!