



WORKERS USED a lift last week to repair a hole in the roof of one of Arcola's historic downtown buildings. The city pitched in to help cover the costs of the repairs. *Photo by David Porter.*

Chatter BOX

Children's Day June 11

Children's Day in Arcola has been moved to June 11, according to Mayor Jesus Garza. He said there will be pizza, hot dogs, pop corn, a bounce house and "all kinds of activities." He hopes the splash pad is back up and running. He noted that the school district has helped out with fliers and older students will be providing face painting.

Dean's List

Southern Illinois University Edwardsville has announced the names of students qualifying for the Spring 2023 Dean's List. To qualify, a student must maintain a grade-point average of 3.5 or better and have 12 hours calculated (B is equivalent to 3.0; A to 4.0). From Arcola, Taylor J. Spelman, undeclared major.

Blood drive

The Red Cross will be hosting a blood drive at The Arcola Center on Wednesday, May 31, from 12:30-5:30 p.m.

Quilters meet

Quilters are invited to gather Friday afternoons at 1 p.m. in the Arcola Center to share their time and mutual interests with other quilters. For information contact 217-417-1388.

Flag Day is June 14



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IF IT'S PILSON IT'S POSSIBLE



WITH THE POTENTIAL of less income to spend, farm buyers could become more fickle about interest in land, depending on location, soil type and other factors. *Photo by Catrina Rawson.*

Farmland buyers becoming more selective with higher interest rates

By **DANIEL GRANT**
FarmWeek

Farmland values could level off in the months ahead following an amazing run the past couple years.

John Moss, co-founder and owner of the Bloomington-based Loranda Group, believes farmland buyers are becoming more selective as farm returns tighten amid rising interest rates.

The Federal Reserve earlier this month approved the 10th interest rate hike in just over a year. The latest increase, 0.25 percentage points, takes the federal funds rate to a range of 5% to 5.25%, the highest since 2007.

"What I see is farmers and investors still have the ability to buy (farmland) but will be more selective in what they're trying to do," Moss told the RFD Radio Network.

"If you look at (commodity) prices, the futures market for corn six months ago was \$1 higher than it is today and for soybeans it was about \$1.40 (higher six months ago)," he noted. "There's going to be

less net income and less money for farmers to spend, which is just the nature of the beast."

With the potential of less income to spend, farm buyers could become more fickle about interest in land, depending on location, soil type and other factors.

Meanwhile, higher interest rates will increase borrowing costs, although the current environment is still nothing like the double-digit rates in the 1980s when Moss started his career in farm real estate. He said the current farmland market is more like a "series of micro-markets," depending on location.

"We try to look at it from both the buyers' and sellers' perspective," said Don Meyer, also of the Loranda Group. "Just because a piece of land sold down the road for X amount of dollars, it doesn't necessarily guarantee that can be delivered in a future sale based on the uniqueness of the property."

The value of Class A farmland in Illinois jumped 45%

from 2021 to 2022, including a 16% increase last year, according to the Illinois Society of Professional Farm Managers and Rural Appraisers.

"This market for me is more like 2012-13. There was a period where prices shot up," Moss said. "It's just a question of whether 2023 to 2025 will be like 2016 to 2018 where things just slowed down and corrected a bit."

Brazilian farmland prices more than doubled

The recent runup of farmland values wasn't limited to just the U.S.

A recent University of Illinois farmdoc daily report shows the price of farmland in Brazil more than doubled in the last three years.

The record appreciation of land was driven by high commodity prices, robust global demand and a favorable exchange rate for Brazilian exporters, according to the report.

From 2019 to 2022, the average cropland for grain

production value increased 128% in Brazil to an average of \$4,271 per acre. In the same period, the price of Brazilian land increased 94% for sugar cane production (to an average of \$3,710 per acre) and 133% for coffee production (to an average of \$3,534).

"The appreciation of cropland in Brazil in recent years is consistent with the rise in soybean and corn prices in the Brazilian market," authors of the farmdoc report noted.

However, the record increases in Brazilian cropland values are unlikely to be repeated this year. The main limitation will come in the form of corn and soybean prices, which are low in the Brazilian market in the face of a record harvest and high cost of transportation, according to the farmdoc team.

This story was distributed through a cooperative project between Illinois Farm Bureau and the Illinois Press Association. For more food and farming news, visit FarmWeekNow.com.



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