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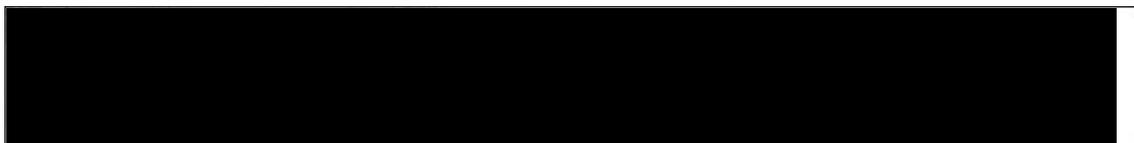
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Changes in real estate landscape affect farm land value

By JONATHAN BILYK - jbilyk@kcchronicle.com

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As recently as two years ago, Chris Gould worried that he might run out of land around his home to farm.



Chris Gould walks back to the main office of his family's farm in Maple Park. Gould's father, Eldon, started Gould Farms in 1966. (Sandy Bressner – sbressner@kcchronicle.com)

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"Every acre that I farm, I rent," said Gould, an owner with his family's agricultural company, Gould Farms in rural Maple Park. "And there was a time a couple years ago, when every one of my landlords was pursuing a sale of that land I'm renting.

"I remember saying, 'You know, in a couple of years, I could just be done out here.'"

But in just a couple of years, as the housing market has crashed and new homes springing up in cornfields have become more and more scarce, Gould's outlook has changed markedly.

Now, Gould is not just planning on continuing to work the land and harvest row upon row of corn and soybeans for years to come. Gould is openly discussing the possibility of partnering with others to buy land in western Kane County.

"Is it something I can do right now? Probably not," he said. "I've broached the subject, but it hasn't gained much traction.

"But everything has changed so much, so fast. A couple years ago, we wouldn't have even been talking about this."

For decades, government officials, farmers, developers and others have planned for the day when farm land would, for the most part, disappear from Kane County.

From 1997 to 2007, for instance, the number of acres dedicated to growing crops in Kane continued to decline, dropping 10 percent in those 10 years to 181,983 acres, according to the U.S. Department of Agriculture's 2007 Census of Agriculture.

Much of the land taken out of farm production was excavated, graded and landscaped to make way for new homes, roads, stores and other businesses. That, in turn, pushed up the value of the land along the suburban fringe to levels never seen in the region, with land selling for \$50,000 an acre or more.

But since 2007, a different trend has taken hold. A wave of foreclosures swept the national and regional economy. Lenders restricted credit.

And the market dried up for the new homes that had been going up by the hundreds each year in the former farm fields near communities like Elburn, Sugar Grove and Maple Park.

Developers and real estate investors who had bought up large tracts of land to reap a harvest of return on investment were hard hit. Some went bankrupt. Almost all stopped building. Banks began to foreclose on the undeveloped land.

And land values sunk sharply.

Scott Brummel, a real estate broker specializing in farm land in northern Illinois, said, in general, the value of land near the suburban fringe – land that previously had been considered primed for new homes – has plummeted in value, losing 50 to 80 percent of its worth on the market.



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Banks that had loaned \$55,000 an acre for land now are willing to sell the foreclosed real estate for 20 to 50 cents on the dollar, or as low as \$11,000 an acre.

"It's really incredible to see," Brummel said. "Farm land in Kane County should not be worth the same as what farm land is worth in, say, Vermilion County (near Danville.)"

"There should be some kind of premium for location. And there is one still. But not much."

The sustained real estate slump has even allowed farmers in Kane County to contemplate what had been unthinkable just a few years ago: That they may actually have a future in Kane County.

Bob Gehrke, president of the Kane County Farm Bureau, said farmers are beginning to discuss the possibility of buying back farm land that some of them personally sold to developers and land investors just a few years ago.

"It's still a little too high right now," Gehrke said. "But if banks bring the prices down a little more, there will be some farmers starting to buy it up."

Regardless, however, Gehrke and others familiar with the state of agriculture in Kane County believe agriculture has been given a new lease on life in the region.

"We're going to be around here a lot longer than we thought we would about five years ago, that's for sure," Gehrke said.

Government land planners who dedicate countless hours to drafting plans and writing regulations to guide development in the region say they are not sure what will come next.

Mark Van Kerkhoff, director of the Kane County Development Department, said the county does not believe the pause in development will continue long term. But he said the pause in new home construction will play a role in extending the life span of agriculture in Kane County.

"There will be some properties that otherwise would have been under construction right now, that will continue to be farmed, going forward for the foreseeable future," Van Kerkhoff said.

And Lee Deuben, a senior planner with the Chicago Metropolitan Agency for Planning, said the sudden dead stop in new housing growth has left many municipalities, and particularly those on the edges of the suburban fringe, wondering: What's next?

"They know that the economy has changed," Deuben said. "And we think these communities have been given pause. They're starting to think a little more about how they're going to respond to it."

Regardless of how the housing market conditions impact regional plans, those on the ground believe it will be several years before land values again begin to rise.

And that, for now, has given renewed hope to farmers like Gould that years of seedtime and harvest remain in his future.

"This market crash, you know, it could have bought us a few years, maybe a decade, or even a generation," Gould said. "Who knows?"



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