HERRON TODD WHITE

# Month in Review

## November 2024

The Month in Review identifies the latest movements and trends for property markets across Australia.

# Month in Review

## Australian Grain - November 2024

The Month in Review identifies the latest movements and trends for property markets across Australia.

# Australian Grain

**Central Queensland**
The majority of grain production in Central Queensland occurs within a 250-kilometre radius of Emerald in the areas from Rolleston west to Springsure and north to Capella and Clermont, with more isolated enterprises in the areas adjacent to the Dawson, Comet and Mackenzie Rivers. This premium farming land generally comprises heavier black soils and loamy alluvials, having an annual average rainfall in the order of 600 to 700 millimetres.

Cropping land in this location transacts on a relatively infrequent basis in contrast to grazing land, which is more dominant in this area. Despite this, cropping land is usually tightly held and the buyer profile is almost exclusively district operators.

There have been only a handful of dryland cropping sales in 2024, with resulting values indicating that there has been no increase in per hectare values over the past 12 months. Key sales include:

- **Picardy:** 10,619 hectares located 12 kilometres east of Dysart sold late in 2023 for $42.5 million to show around $4000 per hectare for the cropping land in isolation. The property previously sold in 2017 for $27 million and while a near 100 per cent increase in value is significant, it somewhat lags the grazing market in this location.
- **Peakview:** 3169 hectares located 40 kilometres north-east of Clermont settled early this year to show around $4000 per hectare for the cropping land in isolation.

Carnarvon View Source: Hourn & Bishop

- **Carnarvon View:** Sold after auction in August this year for $13.778 million to show around $6500 per hectare for the cropping land in isolation. While the sale price had some inclusions, it is a significant increase on the previous 2013 sale price of $2.95 million.

Will McLay
Director

**Victoria**
After several years of above average yields, the majority of the state has experienced drier conditions and some frost damage in 2024. Industry forecasts are for a cereal crop of approximately six million tonnes, a drop of nearly 30 per cent on the previous year. The drier conditions have affected most of the grain growing regions within the state. Fortunately, many grain growers are likely to have built up some cash reserves over recent years and while yields have been below average, commodity prices are reasonable. The older farmers tend to be philosophical and say they were lucky to grow the crops they did given the low "in-season" rainfall, while the younger farmers feel the lost income more keenly and have seen fewer dry seasons.

*Fortunately, many grain growers are likely to have built up some cash reserves over recent years and while yields have been below average, commodity prices are reasonable.*

The saving grace for most districts was good sub-soil moisture going into the start of season, following heavy rain in late 2023. However sub-soil moisture levels are now depleted, and much will depend on either summer rain (which is not always welcome) or a good autumn break.

Not surprisingly, there have been fewer sales during the past six months, with farmers electing to preserve cash and wait out the season. Given the ongoing dry conditions, we expect that sales activity will remain subdued. The Rural Bank farmland values mid-year update showed some variability across the state but with generally stable values, likely to have been influenced by the low transaction volumes.

Graeme Whyte
Director

**Southern Qld and Northern NSW**
Harvest is pressing on in late November across the Darling Downs and much of our coverage region. Depending on the timing of your crop you've either pulled winter plantings off nicely, or you're waiting to get back on the ground. Positively these rains have set up many regions with a good moisture profile moving forward.

Personally, as I write this contribution, my family has been able to commence our harvest of barley and the first sample to the crop appears to be yielding two tonne per acre comfortably. That said, with a big body of stubble and 170 millimetres received in November, some parts of the paddock will come out worse for wear and may prevent our intentions of double cropping back into either a millet or mungbean option. Fortunately, recent negotiations are seeing a lift in prices from those quoted two months ago.

Earlier in the season whilst undertaking an inspection of 1500 acres of wheat planted in the Coolatia region, I was discussing the regret of not forward selling more of that crop with the property manager. At the time, prices were circa $260 per tonne though forward contracts for part of the crop had been locked in at $370 per tonne. It certainly gave the false impression that grain trading should be easy.

For those who ran the gauntlet and planted chickpeas, the risk of the crop has largely paid off assuming harvest occurred prior to the rains received. Thanks to favourable tariffs with India, prices of circa $900 to $1000 per tonne have not been uncommon, and when coupled with solid yields across large parts of our district, this season has been particularly profitable. Crops on the Bongeen, out to Mount Abundance and down south of Yelarbon have been notably well timed, planted with a big population into good moisture resulting in yields north of one tonne per acre.

Last summer season, Fall Armyworm was the talk of the town impacting not only corn across the Downs, but also some sorghum. This season appears to be commencing in a similar fashion with early reports of considerable impact to newly emerged crops. Unfortunately, this pest can have significant impacts on productivity and while sprays

HERRON TODD WHITE

are (as always) expensive, they can be only partially effective. That said, several committed growers fronted this cost and pulled off some outstanding corn last season with particularly notable crops seen by our valuers at Allora and again on the Bongeen Plains.

So, what are land prices doing?

The market reflects a similar story to the grazing property market over the last couple of years, albeit with perhaps slightly lower value growth rates reflecting the operational challenges associated with an increased impact from high input costs and variable weather which has tested farmers.

That said, the market has been reflective of seller's market conditions with limited supply, particularly of prime and A-grade properties and generally solid demand where properties have been presented. Overall, the market appears to be transitioning into a more balanced state where potential purchasers are being more selective, and supply is slowly trending up.

While it is difficult to generalise, some indicative price points can be called out as follows:

- Moree Plains (golden triangle) $11,000 - $15,000/ha
- Jimbour / Bongeen Plains $15,000 - $20,000/ha
- Tara / The Gums level Brigalow Belah $4450 to $6200/ha

As interest rates remain elevated and commodity prices deliver a level of profitability, we expect demand for those strategic purchases to remain good. Generally, A-grade cropping areas are tightly held, and market fundamentals suggest a slowing of transactions and a stabilisation of values is likely to play out.

We are seeing some reasonable value opportunities in mixed farming property outside the renowned cropping regions. These can provide the opportunity to diversify an operation although potentially unable to achieve the benchmark yields and planting efficiencies of the prime plains cultivation areas. Some of these secondary areas are appearing to provide potential for a relatively good return on investment and some level of good buying by comparison.

**Bart Bowen**
Director

*Generally, A-grade cropping areas are tightly held, and market fundamentals suggest a slowing of transactions and a stabilisation of values is likely to play out.*