Stalcup AgService
Today's LAND OWNER
Fall 2025 Volume XLVIII No 3

Today's Land Market

Dennis Reyman, AFM, ARA

As a kid, I heard Howard Cosell use the word "resilient" on Monday Night Football. In his overly dramatic tone, the word had quite a ring to it. Now I can just hear Howard shouting "This land market is RESILIENT!" Dandy Don Meredith might have drawled out a comment like "Now hold on there a minute Howard".

That seems to be about where we're at in the land market these days. Despite all the negative factors we hear every time we turn on the ag news, the land market keeps chugging along at a fairly steady, perhaps even resilient pace. However, the negative factors are more than enough to add "Now hold on there a minute Howard".

<u>Overall Trend</u>
Our sales database shows an average volume of land transactions around the area in late summer and early fall. Before we just look at the final averages, we have to consider which areas of our trade territory are represented in this dataset. We find that the higher valued areas (such as Sioux County and surrounding areas) have a low representation in sales volume while other counties which historically generate lower values are more heavily represented this time around. That can skew the averages lower as compared to prior periods.

With that being said, our overall averages do find a bit softer market out there. However, when Travis and I prepare appraisal reports which include 5-6 comparable sales per appraisal which are analyzed in detail, our need to apply an adjustment for a change in time value is little to none. Our process always involves selecting sales which are most comparable in terms of distance, time, physical features, and are arms-length transactions. Some neighborhoods have little sales activity which means we may be including a few sales from as much as twelve months ago.

With enough repetition, trends become apparent. We do occassionally find a need to make a small downward time adjustment. The vast majority of the time, the market is showing itself as steady. We believe this is supportive of results shown in recent land value surveys.

<u>Surveys</u>
Most recent was the semi-annual Realtor's Land Institute survey of broker's opinions. As of September 1st, that survey found slightly lower results as compared to March 1st. The Northwest crop reporting district was placed at -0.6% while central Iowa was placed at -2.8%. North-central and west-central districts were -1.7% and -1.6% respectively. The state average was -1.2%. No districts were higher.

Another survey is the quarterly survey of bankers' opinions conducted by the Federal Reserve Bank of Chicago. As of July 1st, the quarterly change in Iowa farmland was -1%. Their entire region, which includes all or part of five states, was up 1%. The Kansas City Federal Reserve showed -1.5% from a year ago for non-irrigated cropland in their region which includes Nebraska. The Minneapolis Fed (which includes South Dakota) showed -0.1% for the 2nd quarter.

And finally, Farm Credit Services of America (Omaha) conducts appraisals of benchmark farms every six months. As of July 1st, their findings show 21 farms in Iowa to be down 0.1% in the past six months, Nebraska to be down 0.9%, while South Dakota was up 3.5% on cropland and not surprisingly, pasture up 14.2% in the first half of the year. Cow-calf operators are having their day in the sun with ongoing record beef prices.

<u>Conclusion</u>
Basically, I think we can agree that it's a pretty steady market. But as Danderoo so wisely warned, hold on there a minute! He also liked to talk about ol' Mo. That's momentum, and who has it.

We think the land market maintains positive momentum

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Stalcup Ag Service, located in Storm Lake, Iowa is an employee-owned partnership that has prospered by serving farm management, real estate, and appraisal needs of Northwest Iowa farm owners since 1942.

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Grain Markets

Grant Aschinger, AFM

If you are a regular reader of this newsletter, you may remember parts of the grain marketing article in our summer edition where corn acres and national yield were discussed. At that time, we were expecting planted corn acres to be about 95 million acres and a national yield of 181 bushels per acre. This would have been the third highest corn acres planted in the last 50 years (trailing only 2012 and 2013) and the highest national yield ever, topping the record set last year of 179.3 bushels per acre.

USDA has updated those numbers a couple of times since then. Planted corn acres has been increased to 98.7 million acres, the most we have planted in the United States since 1933. Yield has also been updated a couple of times since then. The August supply and demand report estimated a national corn yield of 188.8 bushels per acre. The September report revised the expected yield significantly lower at 186.7 bushels per acre. Private estimates expect the national yield to continue falling to somewhere around 184-185 bushels per acre. While that is a significant reduction, it is more than offset by the huge increase in planted acres.

Historical Acres

While 98.7 million is a lot of corn acres, our highest corn acreage ever planted was 111 million in 1917. 1933 had 102 million acres of corn as part of the most acres ever planted to major crops at 301 million acres nationwide. The interesting part of that amount is only about 210,000 of those 301 million acres were planted to soybeans, as they were just beginning to be cultivated in the United States. Major crops in 1933 were corn, wheat, oats, and hay.

Soybeans

While planted corn acres have increased from our spring prediction, soybean acres have decreased. Expected acres of soybeans started out at roughly 83.5 million acres and has decreased to the current amount of 81 million acres. Yield has also increased from our spring trendline prediction of 52.5 bushels per acre up to the current USDA projection of 53.5 bushels per acre. If achieved, this would also be a new record national yield from a per acre basis.

Prices

So, what will the price of corn and soybeans do if we achieve record yields as predicted? Usually this means prices will continue lower, but that is not what we have seen. Some market analysts believe we have made a long-term bottom in late summer or early fall. This does not mean they think prices will go significantly higher, just that they are not going any lower. The long-term downtrends that started in the summer of 2022 look like they have reached their valley after 30 months.

Here are some other factors that have contributed to the current bear market:

- Domestic livestock numbers are historically low, leading to less feed usage.
- China has been completely absent from our export markets.

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for now. Crop yields are very good, although many fields are not as good as once hoped and a few are a downright disappointment. Crop prices are low but...it seems there is enough negative news they should be lower but aren't. Can they recover enough to make this a relatively good year in the end? Perhaps. What if Trump tweets a deal with China? Production costs remain too high, particularly fertilizer. Working capital has been eroded. Interest rates are higher than we're used to but historically are about average. And whether we agree or not, another ad-hoc price support payment may be on the way from Uncle Sam. So, we see positive and negative forces at play in the market, but nothing quite bad enough for Keith Jackson to yell "Whoaaa Nelly!!".

The tables below show one or two sales of "good" farmland for most counties in the region (Stalcup-brokered sales are highlighted in green). Please consult one of our real estate professionals if you have specific questions about values. Please check our website for results of Stalcup auctions.

Selected Sales of Good Farmland - Iowa

Date	Acres	% Tillable	County	$/Acre	CSR2
October	**149.29**	**100%**	**Osceola**	**$14,700**	**81.7**
October	**132.74**	**97%**	**Osceola**	**$9,800**	**97%**
October	80.13	96%	Sioux	$26,500	94.5
October	**120.00**	**99%**	**Lyon**	**$18,200**	**95.1**
October	52.80	100%	Crawford	$14,600	91.0
October	157.00	80%	Monona	$5,825	54.0
September	20.62	94%	Calhoun	$15,600	86.5
September	72.63	94%	Sac	$15,000	87.5
September	49.76	94%	Greene	$15,500	87.7
September	77.45	94%	Audubon	$15,100	74.5
September	160.00	98%	Cherokee	$17,000	85.6
September	69.00	100%	Calhoun	$10,400	85.0
September	119.00	95%	Hancock	$10,500	64.2
September	160.00	94%	Plymouth	$18,000	87.1
September	80.00	99%	Emmet	$12,100	83.6
September	71.00	96%	Osceola	$18,400	96.7
September	120.00	93%	Emmet	$12,000	81.0
August	46.45	99%	O'Brien	$13,700	78.8
August	77.00	99%	Buena Vista	$15,900	97.1
August	151.27	100%	Kossuth	$12,700	82.2
August	72.10	97%	Palo Alto	$12,600	86.6
August	143.76	99%	Sac	$15,200	85.7
August	113.90	94%	Dickinson	$13,200	88.1
August	160.00	97%	Palo Alto	$15,600	86.6
August	131.66	91%	Sac	$15,700	95.9
August	**117.34**	**97%**	**O'Brien**	**$15,500**	**92.6**
August	199.09	73%	Monona	$6,675	42.9
July	120.37	98%	Osceola	$16,100	96.6
July	226.00	96%	Hardin	$12,900	83.8
July	153.75	96%	Greene	$14,400	87.2
July	151.47	95%	O'Brien	$14,000	93.1

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- Delayed release of biofuels policy from federal agencies.
- Corn to ethanol conversion rate is at a record high at over 3 gallons per bushel.
- Retaliation by other countries for tariffs on their non-agricultural products.

Flat Markets

The calendar year 2025 corn and soybean markets have been some of the most difficult for sellers in multiple years. Corn peaked in mid-February and then mostly stair-stepped its way down to the pre-harvest lows on August 12th. While the range was wide at about 90 cents, it wasn't overly volatile as it steadily went lower throughout the year.

Soybeans have been a completely different market to watch. The range of $1.00 per bushel has been fairly small compared to recent years, but it has been anything but boring. The soybean market peaked in early February and nearly returned to the same high in mid-June. Between and after those peaks the market was very volatile but stayed within the same $1.00 range.

Exports

Why are exports of corn and soybeans such a big deal? No matter what some of us would like to think, we are participating in a global market with our agricultural products. Our domestic supply is not the only important factor in price discovery.

It is true that we are the largest single producer of corn in the world, and it is not particularly close, so when we say we only export 15-20% of our total crop, that is still a very large volume. Because we grow and export such large volumes, any interruption can dramatically change our ending stocks and stock to use ratio. Our largest destinations for exported corn are Mexico, Japan, Colombia, South Korea, and Canada. China was a significant customer of our 2020-2021 crops but has cut back to less than 1% of our total exports last year.

Soybeans are much more dependent on exports. We can only use a certain number of bushels domestically and the rest are sent elsewhere. We have traditionally

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Selected Sales of Good Farmland - South Dakota

Date	Acres	% Tillable	County	$/Acre	PI
October	156.24	95%	McCook	$10,000	71.80
October	300.46	75%	Moody	$13,500	78.00
September	55.45	62%	Brookings	$7,900	42.90
September	55.45	62%	Brookings	$7,900	52.30
September	114.52	94%	Minnehaha	$11,500	80.00

Improving Farm Productivity with Drainage Tile

Chad Husman, AFM

For landowners looking to improve farm productivity, the very first step should be evaluating the drainage situation. If your farm has any areas with slow drainage, adding tile can turn previously unproductive areas into profitable land. No other improvement or technique can be as impactful.

Saturated soil causes serious problems for growing crops and long-term soil health. Here's why:

- **Lack of oxygen**: Saturated soils fill pore spaces with water, leaving no room for air. Crop roots need oxygen to grow, so if saturation reaches the surface, crops will die. Or more commonly, when saturation is within a few feet of the surface, roots stop growing down at that point, limiting nutrient uptake and reducing stability.
- **Delayed fieldwork:** Wet spots slow down or prevent operations like planting, spraying, and harvest, leading to delays and likely yield loss.
- **Soil structure damage**: Extended periods of saturation in soil destroys the soil aggregates, leading to compaction, nutrient loss, and reduced infiltration even after drying. Without oxygen, beneficial microbes also die, further degrading soil health.
- **High pH issues**: Prolonged saturation can increase soil pH over time. High pH interferes with nutrient availability. Tile drainage can slowly help lower pH by flushing out excess magnesium or calcium.
- **Cold spring soils**: Water stays cold longer than air, so wet soils warm slowly in spring, delaying planting and early seedling growth.
- **Increased disease pressure**: Saturated soils stress crops and weaken roots, leaving them more vulnerable to diseases and pests.

How Tile Drainage Works

All these issues ultimately lead to lost yield and lower profits. Drainage tile helps solve these problems by lowering the saturated zone to make room for deep, healthy roots. The concept is simple: perforated plastic pipe is buried 3–5 feet underground with a gentle slope to keep water moving downhill toward an outlet, with is usually a larger main tile, drainage ditch, or creek.

Many existing main tile systems are decades old, some over 100 years, and still working! The problem is most of the old systems are overloaded because of new tile added to the old mains over the years. If your property has a direct outlet (like a ditch or creek), you have an advantage. You can install laterals and drain your fields directly to the outlet without connecting to a main line that's likely overloaded. If a new main tile is needed, the job will become much more complicated and expensive, often involving multiple landowners.

In the past, farmers were more likely to install a single tile line through the wettest part of a field. Today, the trend has shifted toward pattern tiling, which is installing smaller lines at closer spacings (down to 30 feet or less) to provide uniform drainage. Although a much more expensive system upfront, it offers the most consistent yield benefits across more acres. This is especially true on relatively flat farms with heavy soil types, which are common in our region.

Economic Payback

The payback from tile depends on a lot of different factors. As farm managers, we evaluate the outcomes of many tile projects using drones, satellite imagery, and ultimately yield maps from combines. We typically see 15% to 25% yield gains on corn and soybeans.

Tax Deductibility of New Tile Installation

The tax treatment of new tile installation depends on how your land is leased. However, in most cases, there is currently a way to make your new tile 100% tax deductible in the first year.

- **Active farmers, custom farmers, or sharecroppers:** The full cost of the tile is generally deductible in the first year using IRS Section 179.
- **Cash-rent landowners**: The tile is typically considered a capital improvement and treated as a depreciable asset. Under today's rules you should be able to claim 100% bonus depreciation in the first year.

As always, it's best to confirm your specific situation with your CPA or tax advisor.

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Family Farm Provides Numerous Benefits

Dennis Reyman, AFM, ARA

The Christian family of Naperville, IL have inspected millions of acres of Iowa farmland, all at the slow speed of a bicycle. None of it looks any better to them than their own Century Farm near the Sac-Buena Vista County line outside of Nemaha.

Think of it – the average length of RAGBRAI is 470 miles. Riding past 320 acres on each side of the road for that distance allows one to look over almost 300,000 acres each year. Dale and Barb Christian, sons Scott, Larry, and their families have ridden RAGBRAI nearly annually since 1988. That would add up to around 10 million acres they've ridden past at an average speed of around five minutes per mile.

The Christian's own several parcels just east of the ridge in the Iowa landscape known as the Mississippi – Missouri River divide. One could refer to it as the Continental Divide of Iowa. Drainage from their land flows southeasterly to the Raccoon River, joining the Des Moines River in downtown Des Moines, and on to the Mississippi River at Keokuk. Water just a mile west of their "home farm" flows southwesterly to the Missouri River. Considering this unique physical feature, the Christian's chose the name Crestfield Farm LLC when they converted family ownership into a limited liability company.

This location places their land within the glacial till region of Iowa's landscape. The last glaciation of this region occurred around 14,000 years ago and reached south to Iowa's Capitol Hill in Des Moines. As climate change occurred and the glacier receded, it did so at a disorderly pace. Glacial thickness and thawing varied. Some areas were left with gently sloping landscapes while others were left with more rolling landscape pocked with potholes. This is known as an "immature" landscape, since natural drainageways are not well-formed, as you find in the older Missouri River drainage landscape to the west. Tile drainage is one of the most important improvements one can make in this landscape. Since excess water can't escape overland, an underground system of tile is installed.

While tile drainage has been part of cropland management for well over a century in this region, the advent of yield monitors on combines really clarified the need and return on investment of adequate drainage systems. It became obvious that a tile line here and there just wasn't enough.

Once the extent of the problem became evident, the Christian family moved forward with several tile installations across the most needy areas. While Mother Nature can never be fully controlled, over the course of several years, the Christian's improved their averages considerably thanks to more orderly removal of excess water. Occassionally, low-lying pockets are difficult to drain due to elevation. One farm includes such an area. 18 acres were enrolled in CRP providing diversity on the landscape, as does a patch of tall evergreen trees on a small nearby hill.

This wasn't the first time the Crestfield farms have benefited from gains in technology. Twenty-five years ago, the advent of variable rate fertilization came about. Fertilizing at a variable rate across the field is based on soil samples taken on 2.5-acre grids. What that means is that every 330', a collection of 10-12 soil samples are pulled, mixed, and sent to Midwest Labs for analysis. From this analysis, the appropriate blend of fertilizer can be variably applied across the field. The Christian's have benefited from the knowledge that their land is being optimally fertilized, which aids their yield progression in an environmentally friendly fashion.

None of this occurs without good farmers tending the land. It is well known that the farming demographic is aging. When faced with the retirement of their long-time farm operator several years ago, the Christian family wanted to bring on a good young farmer. As it turned out, their land is now operated by not one, not two, but four good young farmers. With geographic diversity of 6-8 miles between several farms, this made sense for all.

With a custom-farming operation, the Christian's are in direct control of inputs and benefit from their investment into each improvement. Each farm operator gains acres and income without the need for additional financing. Each settles up for their contribution of machinery and labor twice a year, providing them with a reliable source of cash flow.

The farms have changed in many ways since Dale Christian grew up there, son of Clarence and Emma Christian. Dale graduated from Early High School, then Culver-Stockton College and Iowa State University. He and Barbara married in 1970. Dale went on to enjoy a career with Bell Labs / Lucent Technologies. Dale passed in 2017 but left the family farm LLC in the capable hands of Barb, Scott and Larry.

When nearby Nemaha is occasionally included on the RAGBRAI route, it becomes a family affair to bike to the farms. As they await the next passage through Nemaha, the Christian's will be able to enjoy a sip of bourbon made from their own corn. In 2024, corn was delivered to Century Farms Distillery in Spencer to be distilled into bourbon, complete with a custom-made label honoring Aunt Maud Brown, who once owned the farm where the corn was sourced.

Stories like the Christian family's are not unique. Ownership of Iowa farmland provides the family with economic stability, but sometimes just as important is the satisfaction of continuing that long line of each family's legacy. Hats off to the Christian family for their interest in not only maintaining but improving their treasured inheritance.

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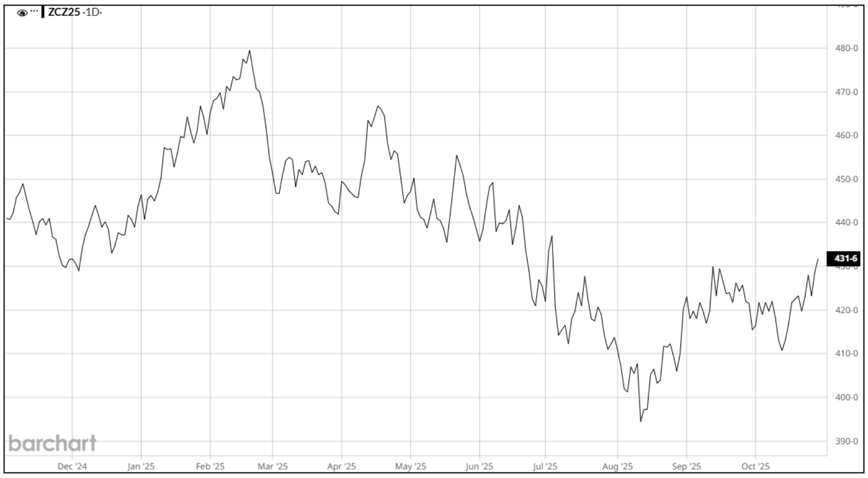
exported about half of our annual crop. Top destinations have been China, European Union, Mexico, Indonesia, and Egypt. In the 2010's, about 65% of our exports were to China. The first trade war saw the Chinese seek out other providers to fulfill their soybean needs and South America was very willing to step into that role.   We have not gained all that business back and our most recent crop year (2024 crop) had China at roughly 50% of our total exports. To-date, the Chinese have made no purchases of our 2025 soybean crop, instead opting to increase purchases from Brazil and Argentia. Brazil continues to expand planted acres every year.

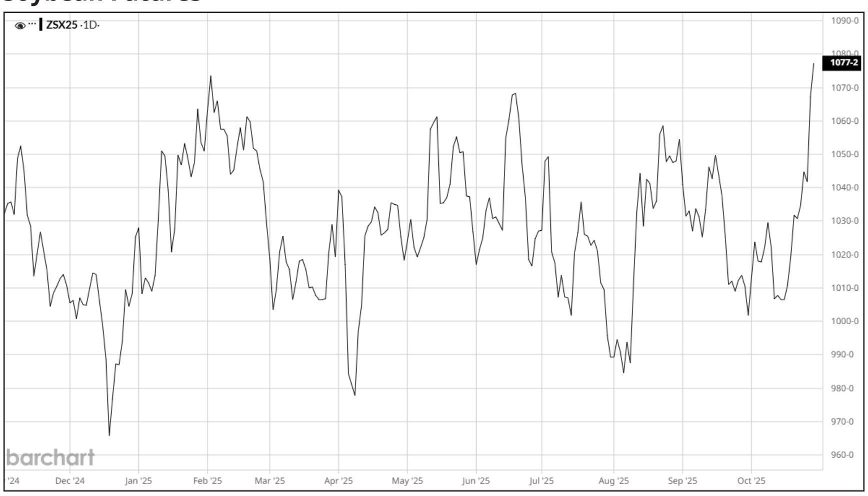
We are hopeful an emerging domestic use of our soybeans will be processing the soybeans locally and using the soybean oil to produce renewable diesel fuel. Renewable diesel has the potential to transform our domestic soybean market in the same way that ethanol changed the domestic corn market. Renewable diesel has the potential to be even more dynamic than ethanol because it can be a 1:1 replacement for petroleum diesel without any blending as we must do with bio diesel and ethanol. Keep your eyes on the 45Z Clean Fuel Production Tax Credit provisions and RVO (Renewable Volume Obligation) under the Renewable Fuels Standard for any new developments. The One Big Beautiful Bill Act extended the 45Z credit through 2029.

Soybean harvest is complete in Northwest Iowa and corn harvest is nearly done as well. Better than average yields, although maybe not record-setting, seems to be the story for most. Our current commodity prices, coupled with extremely expensive inputs, will require above average yields to be profitable this year. Hopefully exports return and domestic usage improves to help us get through this difficult economic time in agriculture.

Corn Futures



Soybean Futures



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DrainageTile

Getting Started

If you're considering tile installation, here are your first steps:

1. Review historical yield maps and satellite imagery to help identify the consistently wet areas. They show up from thin crop canopy, yellowing crops, or darker soils after harvest. The farm operator will also know where the issues are.
2. Check for wetland determinations with your local NRCS or Farm Service Agency office before beginning work.
3. Meet with an experienced tile contractor to survey the field using GPS and develop a design to fit your farm's conditions.

At **Stalcup Ag Service**, farm managers work with many different tile contractors on behalf of our landowner clients. We help with setting a budget, identifying the problem areas, analyzing yield data, creating elevation maps from Lidar data, assisting the contractors with the design, obtaining competitive bids, and checking the work on site as it happens.

Harvest 2025

Nathan Deters, AFM

Good Weather - Variable Results

The 2025 harvest progressed smoothly. As of this writing in late October, all the soybeans have been combined, and over 2/3 of the corn is done. In what seems like a yearly trend, warm and dry weather in September and October sped maturity of the crops, allowing for an early start to harvest again this year.

Soybean yields were expected to be good this year, given ample rainfall through mid-August. On many farms these expectations were met, and in some cases exceeded, with some farms having record yields. In most cases, however, top end was limited, most likely from too much moisture in late July. In the wettest areas, drown out spots were visual evidence of this, but watching combine yield monitors was instructive, with the heavier soils not doing as well as adjacent lighter soils. The adage “soybeans don’t like wet feet” still applies. Another factor capping yields was the rapid dry down of the crops. Ideal moisture to harvest soybeans is 12-14%, but with warm, dry days, the beans rapidly dropped below this level, and harvesting at 8-10% moisture leaves a few bushels/acre behind.

Corn Yields – The Year of Southern Rust

Corn yields have been more variable than soybeans with the widest variance in results within a local area that we can remember. The main reason – Southern Rust. This fungus moves up from the south and thrives on warm, moist conditions. Our record wet July provided the perfect environment for a rapid influx of rust. While a good share of our crops are treated with fungicide in mid to late July, the rust infestation had such ideal conditions to proliferate into mid-August that most plants had rust evident on upper leaves the last few weeks of the growing season. Too much leaf damage leads to reduced sunlight absorption, and poor ear fill. This has resulted in lower than expected yield results in many fields. The damage done by rust was by no means uniform. Differences in yield due to seed variety, number of fungicide applications, timing and product, planting date and fertility are all factors that made a difference and will be a learning experience that we can hopefully tap if the same environmental circumstances happen again. As in soybeans, there are farms with record corn yields this year, but in the same neighborhood there can be fields with well below average results.

In general, we feel the top end of what looked like an overall record crop has been lost to rust this year. Also, as in soybeans, corn has dried down rapidly. This is due to weather but in some cases exacerbated by premature death of the plant where rust was excessive. A plus to this is that drying costs will be low this year, but a downside is overly dry corn loses yield from foregone water weight and extra harvest loss.

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