Stalcup Ag Service

Today's LAND OWNER

Summer 2026 Volume XLIX No 2

Today's Land Market

Travis Nissen, ARA

The second quarter is typically a slower period for public farmland auction activity, and this year followed that pattern. From April through mid-June, we tracked fewer than 33 farmland tracts sold at public auction. This lighter volume is not unusual, as sales activity generally begins to build during the summer months and continues to increase through the end of the year.

Based on the first-half sales reviewed, land values appear to be holding firm, with a modestly positive tone. The sales tracked by Stalcup Ag Service included 95 cropland-only auction tracts that were at least 85% tillable and had no substantial building improvements, with 16 of those tracts selling for more than $20,000 per acre. The strongest results continue to be concentrated in high-quality, mostly tillable farms with productive soils, good locations, and active local buyer interest. The 95 qualifying tracts averaged $14,555 per acre, with stronger tracts exceeding that range where CSR2 ratings, field configuration, and neighborhood demand supported competitive bidding.

While the overall tone of the market remains stable, results continue to vary by county, soil quality, tract size, percent tillable, drainage, and overall farmability. The best-performing farms were generally the most productive and easiest to farm, while lower-quality tracts, mixed-use parcels, CRP acres, and farms with more physical limitations tended to bring more variable results.

This pattern is generally consistent with the land value surveys noted later, which show little change to modest increases in values through the first part of the year. The sales data support a similar conclusion. There is no clear evidence of a broad decline in farmland values; instead, the market appears to remain well supported for good-quality cropland, particularly where neighboring farmers and investors continue to compete for available acres.

Overall, the first-half sales point to a market that remains mostly steady, with continued support for productive, well-located farms. Buyer interest remains strongest where soil quality, farmability, and local competition remain favorable.

Land Value Surveys

The most recent land value survey is the semiannual report released by the REALTORS® Land Institute in mid-March, with values reported as of March 1. This survey reflects the opinions of brokers and appraisers and divides Iowa into the nine crop reporting districts designated by the USDA. Across the region, the six-month change in land values ranged from 0.5% to 3.4% higher, while the statewide average increased by 1.3%.

The Federal Reserve Bank of Chicago's latest survey indicated Iowa land values were flat for the first quarter of the year and 2% higher for the past 12 months.

The South Dakota State University Extension land value survey was published in May. The survey reported values 1.3% higher statewide, with values in the southeastern region 3.7% higher.

The tables on page three show one or two sales of "good" farmland for each county in the region. Please consult one of our real estate professionals if you have specific questions about values. Please check our website for results of Stalcup auctions.

tables on page 3

Stalcup AgService

Today's LAND OWNER

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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Crop Progress & Market Update

Chad Husman, AFM

Planting & Emergence: A Bumpy Start to a Promising Season

Planting kicked off ahead of schedule in mid-April, and for most farms the season got off to a smooth start. By mid-May, the majority of acres in the area were in the ground, but weather and soil conditions made life difficult for crops trying to emerge and establish.

A warm stretch in April got planters rolling, only for temperatures to dip into a cold snap from late April into early May, then swing back to very warm later in the month. The region is running ahead of normal on heat units for the season overall, which is great for crop development. But that early cold spell, followed by the back-and-forth swings, hit emerging crops right when they were vulnerable.

Erratic rainfall was another challenge. Some areas missed most of the spring rains altogether after planting, leaving seed sitting in dry soil. Others had heavy, pounding rain that left a hard crust on the soil surface. Both situations made it tougher for seedlings to push through, so emergence issues were more common this year than usual.

Crop Conditions Heading Into Midsummer

Despite the bumps along the way, overall crop conditions in our region remain encouraging. The warm, generally dry spring was favorable for getting crops planted and established early, and even with the emergence challenges, nearly every farm ended up with workable plant populations. Yield potential looks generally good across the board heading into midsummer. However, the deeper soil moisture reserves are low, so if a "flash drought" develops, crop conditions could change in a hurry.

Zooming out to the national picture, the Midwest growing season has been solid so far, though never perfect. It seems like at least 10% of the Corn Belt runs too dry and another 10% too wet in any given year (even a good year), and this year is no exception: the Eastern Corn Belt and Northern Plains have leaned too wet, while the western Corn Belt continues to run dry.

USDA's June 14 Crop Progress Report rated the U.S. corn crop at 68% good-to-excellent and soybeans at 66% good-to-excellent. Those ratings aren't quite as strong as this time last year, but they're still above historical averages. The long-range outlook is being shaped by a strong El Niño pattern, which typically lowers the odds of widespread Midwest drought.

The Markets: A Spring Rally That Didn't Last

As long as our summer weather is viewed by the market as "non-threatening" to crops, we could be looking at lower prices again this fall.

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Today's Land Market

Selected Sales of Good Farmland - Iowa

Date	Acres	% Tillable	County	$/Acre	CSR2
June	40.00	97%	Cherokee	$16,350	94.9
June	159.92	93%	Palo Alto	$16,200	87.7
June	190.49	92%	Carroll	$18,500	84.0
June	161.20	97%	Clay	$16,700	94.9
June	80.00	97%	Wright	$16,500	74.6
June	80.99	95%	Hancock	$11,675	90.1
June	117.50	100%	Sac	$13,900	93.7
June	80.20	95%	Boone	$14,200	82.5
June	80.00	99%	Hamilton	$14,200	85.1
May	102.72	93%	Crawford	$10,200	69.0
May	176.82	96%	Harrison	$9,700	63.1
April	76.65	101%	Webster	$11,000	67.5
April	40.00	95%	Sioux	$26,600	91.8
April	320.00	97%	Kossuth	$12,000	81.9
April	78.85	92%	Woodbury	$8,100	44.2
April	116.04	92%	Cherokee	$14,100	83.0
April	96.65	89%	Sac	$13,600	84.9
April	40.00	98%	Lyon	$19,700	89.2
April	127.00	92%	Dickinson	$9,300	82.0
March	58.14	97%	Plymouth	$17,800	90.8
March	160.00	96%	Wright	$11,100	75.9
March	79.00	91%	Buena Vista	$12,400	87.5
March	75.00	100%	Clay	$15,600	94.8
March	71.23	100%	Ida	$11,100	72.5
March	53.00	99%	Hancock	$18,500	79.5
March	136.82	87%	O'Brien	$14,900	96.6
March	117.00	96%	Kossuth	$11,200	78.9
March	72.50	99%	Sioux	$26,800	91.6
March	222.20	96%	Pottawattamie	$10,250	69.3
March	77.11	95%	Carroll	$17,700	84.1
March	87.72	97%	Boone	$16,600	89.3
March	72.28	97%	Wright	$11,300	85.6
March	119.50	91%	Greene	$11,050	84.0

Selected Sales of Good Farmland - South Dakota

Date	Acres	% Tillable	County	$/Acre	PI
May	225.72	97%	McCook	$12,655	78.0
March	132.00	100%	Brookings	$15,350	83.7
February	69.86	100%	Union	$13,700	87.3

Cost/Income Ratios

Dennis Reyman, AFM, ARA

Costs are too high. Prices are too low. If you listen to ag media, you've heard this many times in the past several years.

What defines too high or too low? It's not necessarily that the price of corn or soybeans is too low, it's that costs are too high in relationship. Vice-versa, current costs would work if crop prices were higher. So we're in a cost/income squeeze.

We consider the ratio between each cost item and anticipated income. For example, we expect seed corn to cost 10-12% of anticipated revenue. A good fertilizer program could normally be purchased for somewhere between 15-20% of revenue, depending on a number of dynamics involved. Today's fertilizer cost exceeds 20% of expected revenue. As you go down the line of costs, each is at its upper end of the normal range or exceeding the normal upper end.

Of course, yields work into this equation every bit as much as price per bushel. It is revenue per acre, not just price per bushel, less costs, that determines a profitable outcome.

This concept helps in the case of runaway prices, such as $8 corn or $16 beans which occur rarely but push costs higher when it does happen. The price tag on rising costs is not so bad if it maintains a normal relationship to income.

Right now, we're paying costs which were influenced by higher crop prices a few years ago, plus other inflationary factors and supply disruptions. This will settle out to "normal" once again, but the squeeze is real for now.

Iowa & South Dakota Lease Termination Deadline is Prior to September 1

The Iowa & South Dakota lease laws require notification from either party, which could be the landowner or farm tenant, in writing, prior to September 1 if changes are to be made to your current lease for the upcoming 2027 lease year which is March 1, 2027 to February 29, 2028. You do not need a new lease in place prior to September 1, just notification by either party if they want to change the lease terms.

It does not matter if your lease is verbal or written. Proper notification must be in writing from either party prior to September 1. Written termination as provided by Iowa code must be served via certified mail or acknowledged by the tenant's signature prior to September 1.

If you need assistance terminating your lease, contact one of Stalcup's farm managers.

Water and Agriculture

Grant Aschinger, AFM

According to the United States Geological Survey, 71% of Earth's surface is covered by water. So, why worry about water resources if they are so abundant? The main reason is aquifers are being pumped faster than rainfall and snowmelt can recharge them, especially in agricultural regions (e.g., the Ogallala Aquifer and the Central Valley in California). Once depleted, some aquifers take centuries to refill, or never fully recover because pumping causes the underlying rock layers to compact (subsidence), permanently reducing storage capacity.

Here is a breakdown of where Earth's water is located:

- Oceans: 96.5% (Saltwater)
- Ice Caps and Glaciers: 1.7%
- Groundwater: 1.7%
- Atmosphere, Rivers, and Lakes: Less than 1%

So, only 3.5% of the planet's water is considered fresh water. This may sound alarming until you think about the shear volume of water we are talking about. We can't utilize the water frozen in ice caps and glaciers in agriculture, so let's just talk about the groundwater. There are roughly 2 million cubic miles of water stored in the ground, mostly within one-half mile of the surface. One cubic mile of water is equal to more than 1.1 trillion gallons. While math is one of our strengths, this volume of zeroes is a bit overwhelming.

This is where Earth's fresh water is located.

- Ice Caps, Glaciers, and Permanent Snow: 68.7%
- Groundwater: 30.1%
- Ground Ice and Permafrost: .86%
- Freshwater Lakes: .26%
- Other: .08%

Ogallala Aquifer

One of the most significant sources of groundwater in the United States is located just west of us in the Ogallala Aquifer. For more than half a century, the American Midwest has functioned as the breadbasket of the world, its corn, soybean, and wheat fields fed by an invisible reservoir buried hundreds of feet underground. This reservoir stretches beneath eight states from South Dakota to Texas and has quietly fed one of the most productive agricultural systems on Earth. We generally refer to this region as the High Plains. Before irrigation became widely used following World War II, this region mostly supported dryland crop farming and livestock grazing. Very little of the area where we manage farms is fed by the Ogallala Aquifer.

What About Iowa?

Iowa is not Kansas or Nebraska. Iowa has long been described as the land between two rivers, bordered by the Missouri on the west and the Mississippi on the

east, with a dense internal network of tributaries, alluvial aquifers, and bedrock formations beneath. It does not sit atop a slowly vanishing fossil aquifer, and farmers here do not lie awake worrying that the well will run dry. With roughly 35 inches of annual precipitation and a relatively shallow water table in much of the state, Iowa has historically had little reason to worry about water quantity. Many parts of the state utilize drainage tile to remove excess amounts of water after rain events. This may seem strange to some just one state away. Nebraskans are pumping water onto their farms while many Iowa farmers find ways to remove it.

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Stock Market & Farmland

Dennis Reyman, AFM, ARA

Many of you own stocks, whether individual stocks or as mutual or index funds, and likely own farmland if you're receiving this newsletter. Do you prefer one over the other? Do members of your family believe one is hands down better than the other? Let's take a look at the long view.

Stocks…

are certainly having their heyday. Some quick research using claude.ai shows a gain over the past year of more than 25% on the S&P 500, 22% on the Dow Jones, and 36% on the tech-heavy NASDAQ.

Going back two or three years is even more impressive. NASDAQ roars out there with a 48% gain in two years and 97% over three years. However, going back five years shows "only" 69% for NASDAQ. The S&P is no slouch at 37% and 73% gain over the past 2-3 years but again falls back to 57% over five years.

Over a 25-year period which includes dividends, the S&P has returned 9.9% annually, Dow Jones 9.2%, and NASDAQ 11.6%. Thanks for your quick work, claude.ai.

Farmland…

remains a steady performer. It has its heyday from time to time as well. Most recently, 2021/22 saw land values gain 51% (per ISU survey) but have remained essentially flat since that time. Since returns revert to the mean over time, land values would either need to fall back or remain steady for a while. We prefer steady.

Going back to 2000, the ISU average for the state was $1,857 per acre. The average in 2025 was $11,549. That's an annual gain of 7.58%. Adding annual income pushes the return to more than 10%.

Which is better?

An interesting and perhaps more realistic way to consider investment returns over time is to consider the Compound Annual Growth Rate (CAGR). This calculation considers the impact of downturns and recovery periods.

For example, if you have $100 and lose $50, you need to double your $50 to get back to your original $100. That requires a 100% return to maintain steady. NASDAQ has averaged 11.1% over the past five years and 11.0% over the past 25 years. How about that!

Now for the comparison. Like a wayward employee, I had to steer claude.ai onto the right track. "It" didn't compare identical time frames the first time. This change made an interesting difference and actually favored NASDAQ since the second attempt excluded the early 2000 crash.

However, farmland says bring it on! Claude.ai says NASDAQ's CAGR has been 8.9% while farmland's CAGR has been 10.7%. NASDAQ appreciated at 8.2% versus 7.58% for farmland, but the cash returns calculated into CAGR boosted farmland… ol' reliable! This is after including a 15% expense ratio against the cash rent income.

Think the past 25 years is some sort of aberration? I asked claude.ai to compare Iowa farmland with the S&P 500 over the past 100 years. Claude provided a CAGR of 10.4% on S&P with a high degree of confidence in that calculation. It calculated Iowa farmland at 9-9.5% with a lower degree of confidence due to estimations made over that time frame.

Real-life comparison

We have a client who requests an annual comparison between their land returns with the overall S&P 500. Figuring their returns since 2003, the CAGR on their cash-rented farmland is 10.83% while the S&P has returned 10.9% if dividends were reinvested, and 9.0% if dividends were not reinvested.

Conclusion

This may not change your mind regarding which you prefer as an investment. Hopefully it adds to your perspective on the long run. Both are good investments and will most likely remain so. Farmland suffers less volatility than the stock market. It may seem less competitive at times, but those occasional big downturns in the stock market can be gut-wrenching. Your own risk-reward preference is a key part of your answer.

By the way, claude.ai contributed some of the research and calculations in this article. While ai seems scary in the big picture, it can be extremely useful and time efficient. Instead of a simple search, ai can be like pushing your smartest friend to provide you with information.

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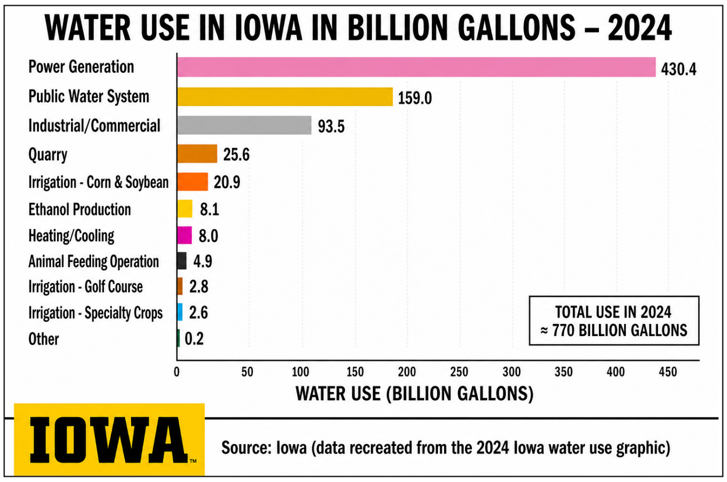
Water and Agriculture

How is Iowa’s Abundant Resource Used?

Below is a chart of Iowa’s water usage according to the Iowa Geological Survey at the University of Iowa.



As the chart illustrates, agriculture is not a significant portion of water usage in Iowa. In 2025, there were 1,578 crop irrigation permits, 150 animal feeding operations, and 32 ethanol plants with registered water use permits. Compare that to 20 Power Generation permits using over half of the total water. (Iowa Geological Survey)

An Emerging Quantity Problem: Data Centers and New Demand

While nitrate dominates the headlines, a newer concern is building in the background. Iowa's water resources are now drawing interest from an unexpected sector, large-scale data centers, whose cooling systems can require substantial water withdrawals. County associations and water utilities have flagged the tremendous demand for water associated with the rapid growth of data centers across the state as a top emerging priority, one that Iowa's regulatory framework, designed decades ago around agricultural and municipal use, was not built to anticipate.

A Different Kind of Water Story

Iowa's relationship with water resources doesn't fit the dry, dramatic narrative of a vanishing western aquifer. It's a quieter and in some ways more complicated story: a state with genuinely abundant water that is discovering that abundance attracts new claims on that water from industries the state never had to regulate before. The lesson geologists and planners are drawing from Iowa is that water security isn't only a question of how much water exists underground. It's also a question of what's in it, who else wants it, and whether the institutions managing it were built for the century they're operating in.

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Crop Progress

Corn and soybean prices trended upward through April and into May, then reversed hard in June (faster than we expected). Corn fell back to last October's lows. Our local cash corn price reached about $4.50/bushel at area ethanol plants and feed mills in early May, only to slide well below $4.00 by June.

Soybeans held up better than corn through the spring. Local cash bean prices touched roughly $12/bushel in May before the market cooled off significantly, dropping below $11 in June. The silver lining: that's still nearly a dollar a bushel higher than where beans were trading last summer.

What's driving the pullback:

- **Favorable weather, big supply.** Good U.S. crop weather combined with stronger South American production forecasts has weighed on prices.
- **China hasn't shown up — yet.** Despite May's announcement that China would purchase $17 billion in U.S. ag products annually on top of 25 million tons of soybeans already committed, the market has been disappointed by the lack of sizeable new Chinese purchases.
- **Oil prices dropped.** A tentative U.S.–Iran peace agreement triggered a sharp drop in crude oil, and grain prices have been tracking oil closely.

What to Watch This Summer

Weather through corn pollination in July and soybean pod-fill in August is the real wildcard. The season has been mostly favorable so far, but there's still plenty of time for a weather market to develop. Any hot, dry stretch during those critical windows could reverse the price trend quickly and bring a weather risk premium back into the market.

Bottom line: conditions look good right now, but "right now" can change fast in July and August. Stay tuned to our Crop Conditions reports at **stalcupag.com**.

On June 11, the Storm Lake office hosted a chamber coffee.

Photo courtesy of Storm Lake United

Ribbon Cutting & Grand Opening

A Ribbon Cutting and Grand Opening was held at our Avoca office on May 28th.
Front Row: Grant Aschinger, Jennifer Launderville, Kirstie Bunjes, Steve Kock & Nathan Deters
Back Row: Dan Niemeier, Luke Pearson, Chad Husman, Dennis Reyman & Kent Smith
Photo courtesy of Stacie Kinney of WIDA

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