



**NORTHWESTERN**  
FARM MANAGEMENT CO.

*Cultivating Legacies*

# BETWEEN THE ROWS

*In this issue:*

- 1 Introduction**
- 2 Rainfall & Weather Update**
- 3 Land Values**
- 4 Recent Land Sales**
- 5 2022 Season Preparation**
- 6 Meet Our Staff**
- 7 Contact Us!**

*Welcome to the first issue of *Between the Rows*, Northwestern Farm Management Company’s first official newsletter! In this issue, you will find summer and fall weather recaps, staff updates, discuss land values, and much more. As we dive into our first issue, we want to start by saying “Thank you!” to our clients and other supporters. We value the opportunity to grow personal relationships with each and every one of you. We strive to help our clients reach their goals with integrity and confidentiality.*

Our business was founded in 1959, with professional farm management services representing the cornerstone of NFMCo. We constantly strive to assist landowners by caring for their farm and navigating the day to day property management decisions. We do all of this while keeping the integrity of the land, owners, and tenants in tact. Agriculture has proven to be a good investment, both in terms of annual returns and asset appreciation. Farmland may be one of the best long term investments in the world today. Our experts can provide you with industry-leading advice to maximize returns and yields. With more than 60 years of experience, our real estate professionals can provide you with expert analysis on market value and the best method of sale. In the real estate process, we will assist you from start to finish.

Is reducing fertilizer rates the right thing to do?

Read more on page 5!



# A Dry Growing Season

Courtney Vroman | Marketing & Communications

During the 2021 growing season, Marshall, MN received 8.52 total inches of rain. The majority of that fell after August 30th.

\*Average rainfall is usually 17 inches.

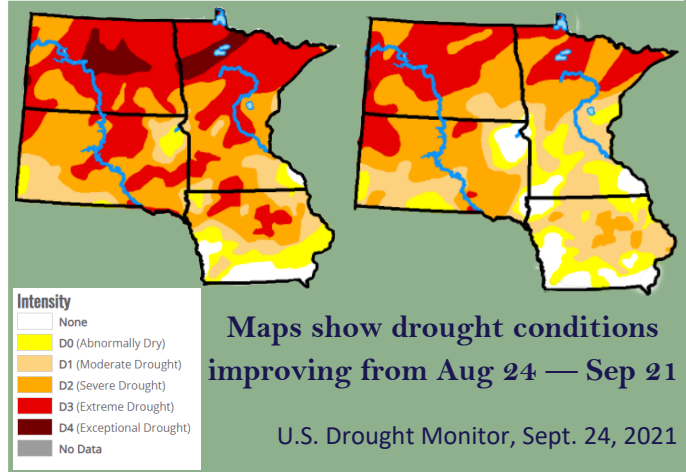
Source: MN DNR (web)

Farmers across the Midwest and High Plains regions have felt the effects of this year's lack of rainfall. After little to no rain across ND, SD, MN, and IA for most of the planting and growing season, drought conditions lightened after some much needed rains throughout late August and September.

Reports from the U.S. Department of Agriculture show that "Minnesota's topsoil moisture rated very short to short has dramatically improved in recent weeks, from 84 to 35% between August 15 and September 19. Upper Midwestern rain arrived too late to benefit drought-affected crop.

On September 19, roughly one-quarter of Minnesota's primary row crops – 26% of the corn and 25% of the soybeans – were rated in very poor to poor condition, with harvest underway. The Dakotas led the region in very poor to poor ratings for top soil – 83% in North Dakota and 80% in South Dakota."<sup>1</sup>

As we move further into the 2021 Harvest season, the Midwest and High Plains regions are slowly moving out of 'severe/extreme drought' conditions. Although the soil moisture throughout the region has improved, the deep soil profile remains dry. According to John Wheeler, meteorologist at STORMTracker, "There is still some concern that a dry winter, dry spring would lead us quickly back into drought."<sup>2</sup> At the time of this article, yields were coming in as expected or slightly better.



## Crop Conditions in Mid-September 2021

	MN	IA	ND	SD
<b>Corn</b>	Very Poor—9% Poor—17% Fair—36% Good—32% Excellent—6%	Very Poor—2% Poor—8% Fair—31% Good—50% Excellent—9%	Very Poor—16% Poor—27% Fair—41% Good—16% Excellent—0%	Very Poor—15% Poor—28% Fair—33% Good—22% Excellent—2%
<b>Soybeans</b>	Very Poor—8% Poor—17% Fair—40% Good—30% Excellent—5%	Very Poor—2% Poor—6% Fair—30% Good—52% Excellent—10%	Very Poor—15% Poor—29% Fair—40% Good—16% Excellent—0%	Very Poor—11% Poor—28% Fair—39% Good—20% Excellent—1%

Data obtained from [www.nass.usda.gov](http://www.nass.usda.gov)

<sup>1</sup> Rippey, Brad, and Ahira Sanchez-Lugo. "National Drought Summary for September 21, 2021." *Summary* | U.S. Drought Monitor, 21 Sept. 2021, <https://droughtmonitor.unl.edu/Summary.aspx>.

<sup>2</sup> Schlecht, Jenny. "Soil Moisture and Drought Continue to Improve but Concerns Remain for 2022." *Agweek*, Agweek, 23 Sept. 2021, [www.agweek.com/news/weather/7207534-Soil-moisture-and-drought-continue-to-improve-but-concerns-remain-for-2022](http://www.agweek.com/news/weather/7207534-Soil-moisture-and-drought-continue-to-improve-but-concerns-remain-for-2022).

# Land Values

## Corey Prins | Co-Owner, AFM, Real Estate Salesperson

The land values we have seen in 2021 have often been compared to that of the land values in 2013/2014. And for good reason, as that peak is something we haven't seen in the meantime. Since 2013/2014, land values declined as a result of lower commodity prices and declining farm revenue. Remarkably, land values did not slide as low as some predicted.

In 2020, lower crop supply and increased global demand fueled stronger commodity prices. Interest rates remain very low and at the same time the agricultural, private, and business communities receive several disaster- and Covid-related stimulus payments. As a result, land values have risen sharply in the last 12 months as farm operators are looking for opportunities to expand and investors are looking for a safe place for their cash. Agricultural land has a strong history of providing good cash return and is a good hedge against inflation.

The volume of land sales has increased significantly in the last 9 to 12 months. Some of the increased land sale volume is a result of owners who



have been sitting on the side lines waiting for higher land values, but a significant portion of the increased volume is due to **potential tax law changes** (specifically capital gains, step up in basis, and 1031 exchanges).

Whenever there is a threat of tax law changes, land sale volume increases. In this case, as was the case in 2012, the increased volume of agricultural land sales occurred during a period of strong land values.

It's hard to predict what land values will do in the near future. If supply for commodities remains tight and world demand stays strong, land values will maintain and likely continue to grow. However, if we see increased interest rates, weakening demand, or a surplus of commodities, land values will likely stabilize or soften.

**Please contact one of our land professionals if you would like to discuss investing into farmland or to explore the possibility of selling your farmland.**

Proven Results / Trusted Advise

“Agricultural land has a strong history of providing good cash return and is a good hedge against inflation.”

# Recent Land Sales

See a full list of our current land sales and auctions on our website!

[www.nfmco.com](http://www.nfmco.com)

Follow us on social media!



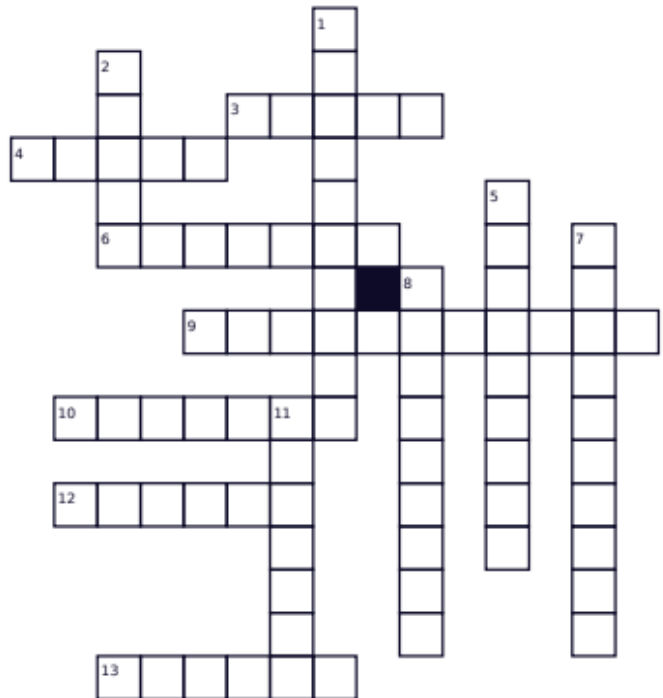
Closed	Farm Name	County	State	Acres+/-	Total Sale	Price/acre
5/14/2021	Peterson SD	Grant	SD	1,000	\$3,450,000	\$3,450
6/11/2021	Tyler, MN Acreage	Lincoln	MN	10	\$189,000	Building Site
8/20/2021	Wetter Family Farm	Redwood	MN	150	\$1,696,243	\$11,308
8/20/2021	Gilleland Trust: Cameron 1	Murray	MN	158.6	\$1,062,620	\$6,700
8/30/2021	Bue Family	Lyon	MN	496.77	\$4,570,284	\$9,200
9/9/2021	Leedom	Lyon	MN	240	\$1,440,000	\$6,000
9/13/2021	Lokken 80	Yellow Medicine	MN	80	\$424,000	\$5,300
9/15/2021	Novak	Redwood	MN	88.72	\$869,456	\$9,800
9/15/2021	Ebertz/Newry	Freeborn	MN	120	\$876,000	\$7,300
9/15/2021	Sheridan Farm	Redwood	MN	230	\$1,295,000	\$5,630
9/17/2021	Marion Graff Trust	Murray	MN	160	\$1,368,000	\$8,550
9/30/2021	Culshaw	Lyon	MN	309.86	\$2,416,908	\$7,800
10/7/2021	Lois V Untiedt Trust	Jackson	MN	153.01	\$1,698,411	\$11,100

**Down:**

- an expert who can give advice on crops and soils
- the grain of which is ground to make flour
- prepare and use land for crops, break up soil in preparation for sowing or planting
- a chemical or natural substance added to soil or land to increase its fertility
- a chemical that destroys fungus
- the process or period of gathering in crops

**Across:**

- a type of wheat used mainly for pasta production
- the full amount of an agricultural or industrial product
- a powerful motorized machine used to pull implements and do other work on the farm
- the science or practice of farming, cultivation of soils and rearing of animals for food
- a prolonged period of abnormally low rainfall, leading to a shortage of water
- a person who owns, manages, or works on a farm
- a crop that provides starch and makes French fries



Puzzle answers can be found in our next issue!





# Prepare for the Next Growing Season

Tyler Erickson | AFM, Real Estate Salesperson, Real Estate Appraiser

As we look into the 2022 growing season, there are many areas that our owners and operators need to consider. Being as prepared as possible is the best way to approach the next growing season. One thing that stands out is the fertilizer price increases. Fertilizer prices have increased 60% to 70% from a year ago. With fertilizer being a major input expense, farmers may look to cut back on fertilizer application rates.



**Is reducing fertilizer rates the right thing to do?** Probably not, as that may starve the crop and have potential future yield losses. Instead, grid soil sampling might be a great way to save costs on fertilizer. Using a grid soil sample to analyze the nutrient need of the soil and then spreading fertilizer using variable rate technology (VRT) ensures fertilizer is being placed in the right areas of the

farm. This has economic and environmental benefits of not over fertilizing parts of the farm while under fertilizing other areas. Grain prices for future years are strong. Maximizing yield will be very important to produce future profits, so make sure plants have adequate nutrients.

Seed selection is also very important. This can prove to be challenging, because we can't predict the weather. But there are ways to make the best, most informed decisions. Analyzing plot data from several different areas is key to finding which varieties consistently stand out. Include your own experience on which seed varieties yield well. This is also a great opportunity to reach out to your seed salesperson and utilize their knowledge.

Knowing your soil types, disease pressure, and insect pressure are also important for hybrid selection. This allows you to know which traits are needed to protect against next year's challenges.

Fungicide applications have proven to be effective in obtaining higher yields. Proper timing of fungicide applications has proven to pay dividends. Early yield results we're seeing from 2021 show that fungicide applications are resulting in good economic returns, despite the dry conditions in SW MN.

The best advise we can give is to book your 2022 inputs early to secure supply and maximize the cash discount you receive by booking early! If we can be of assistance to you, please call our office at **507-532-5120**.

“Grid soil sampling might be a great way to save costs on fertilizer.”

...

“The best advise we can give is to book your 2022 inputs **early** to secure supply and maximize the cash discount you receive...”



# Meet the Staff

Specializing in  
Farm Real  
Estate Services  
*for more than  
60 years!*

We serve  
Minnesota,  
Iowa, North &  
South Dakota

Contact us  
today!

507-532-5120

land@nfmco.com



**Michael Norgaard**—AFM  
Partner/Owner  
Accredited Farm Manager  
Licensed Real Estate Broker



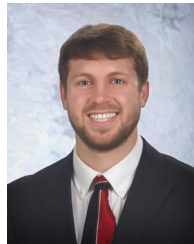
**Corey Prins**—AFM  
Partner/Owner  
Accredited Farm Manager  
Licensed Real Estate Salesperson



**Tyler Erickson**—AFM  
Accredited Farm Manager  
Licensed Real Estate Salesperson  
Real Estate Appraiser



**Dallas Mahoney**—AFM  
Accredited Farm Manager  
Licensed Real Estate Salesperson



**Brandon Kirk**  
Farm Manager  
Licensed Real Estate Salesperson  
Certified General Appraiser



**Dan Sprengeler**  
Farm Manager  
Licensed Real Estate Salesperson  
Real Estate Appraiser



**Courtney Vroman**  
Marketing & Communications



**Heather Werpy**  
Administrative Assistant



**Cindy Rasmussen**  
Accountant

## *Congratulations Dallas!*

Dallas Mahoney received his Accredited Farm Manager designation from the American Society of Farm Managers and Rural Appraisers on September 28, 2021. He will receive his certification in a ceremony at the annual ASFMRA meeting this November, to be held in Las Vegas, NV.



**American Society  
of Farm Managers  
& Rural Appraisers**



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Managers today!

Mike Norgaard-AFM

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