



Cultivating Legacies

BETWEEN THE ROWS

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Learn about challenges the ag industry is facing going into 2022, and get insights on how this year can be successful for both landowners and producers on page 6 & 7!

As we reflect on 2021, we can see that it was anything but ordinary. The agricultural community as a whole experienced a year that does not fit into any category of past years, and it was a year that no one could have predicted. With rising land values, low interest rates, and the market just right, many landowners, farmers, and investors found this to be the most successful year to buy and sell land.

We experienced one of our busiest years, with over 60 sale transactions within our office. Our agents were fortunate to work with our exceptional clients again this year. We were able to advise families, partnerships, and cooperatives alike on land management, private and public sales, land appraisals, and much more.

Our office is also getting a facelift! We are fortunate to be adding on to our building. Construction on the addition is expected to be complete by mid-spring. The addition will feature more office space, a new conference room, and extra storage. Progress can be seen on page 8!

Looking forward to the year ahead, we can see that we are trending towards similar success of last year. Dive into our second issue to learn about fertilizer prices and other input costs, get a first glance at what land prices will do, and get expert advice on where rental rates will land in 2022.





Land Values Stay Strong into 2022

Farmer buyers accounted for 61% of the sales and auctions that our brokerage firm handled, whereas investors accounted for 39%.

Mike Norgaard | Co-Owner, Broker, Real Estate Salesperson

As we look back at farmland real estate transactions in 2021, I think it is safe to assume that most sale values were eye opening and the unprecedented demand was relentless. **Farmer buyers were persistent and they accounted for 61% of the sales and auctions that our brokerage firm conducted.** This was fueled mainly by the culmination of many factors such as favorable yields in 2020, rising commodity prices, historically low interest rates for borrowers, hefty USDA subsidy payments, strong crude oil prices leading to higher ethanol margins, and pent up demand due to many years of low profitability.

Investor buyers were also aggressive buyers in 2021, led in part by very low savings/CD rates, concerns about inflation, and desires to diversify portfolios that are too heavily invested in stocks/equities.

Across our trade territory that includes all of Minnesota, northern Iowa, and the eastern Dakotas, land values have risen sharply. Our brokerage firm estimates that values were up 25-35% for good tillable cropland in



2021. A recent Iowa State University study indicated that Iowa 2021 cropland values were up 29%.

With strong farm revenues in 2021 carrying into 2022, we expect this trend to continue. Many of the same factors remain prevalent as this article is being written. On paper, 2022 has the potential to be a great year for profitability in corn and soybean production. Yes, input prices are shockingly higher as you will read about in this newsletter, but profit margins still have the potential to be exceptional.

We are so very grateful that our brokerage firm was chosen by so many to represent them in 2021. Our team of real estate professionals provides expertise and solutions for our clients and guides each transaction to closing. If you are considering selling your farm property, please reach out to our team for a free, confidential consultation.

Proven Results | Trusted Advice

Innovative Drone Technology

Dallas Mahoney | AFM, Real Estate Salesperson

With rapidly evolving technology in the agriculture industry, NFMco has recently invested in Unmanned Aerial Vehicle (UAV) capabilities for our farm management and real estate needs. The use of UAV, or drones, is steadily growing as an effective tool for farm applications. It allows the farm manager to view all areas of the farm thoroughly and efficiently.

At NFMCo, the Drone is used to capture high quality images of land. These images are used for our marketing materials for land auctions, sales, and rentals. Any picture you see on our website or mailers was taken by our Drone ground pilots. With the enhanced image capabilities of the Drone, we are able to get the highest quality pictures of our land listings so that buyers and sellers alike can see exactly what we are offering.



Other UAV capabilities used in agriculture include farm site inspections, agriculture mapping, land photogrammetry, auditing, and gathering data. As you can see in the image above, the Drone can also be used for capital improvement projects like tile drainage.

Producers and managers alike are embracing any advantage that technology can offer. The use of Drone technology can increase efficiency, overcome obstacles, and provide users with real time data and imaging.

Feel free to visit our newly updated website www.nfmco.com or our social media platforms to see this NEW technology being used!



One way to increase efficiency and overcome several obstacles is by the use of drones (UAV) in agriculture



Puzzle answers from the Fall 2021 issue:

Down:

1. Agronomist
2. Wheat
5. Cultivate
7. Fertilizer
8. Fungicide
11. Harvest

Across:

3. Durum
4. Yield
6. Tractor
9. Agriculture
10. Drought
12. Farmer
13. Potato



2021 Land Sales

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

www.nfmco.com

Follow us on social media!



County	Closing Date	Acres	Price Per Acre	Land Type
Rock	Jan 21	172.57	\$5,500	Tillable/CRP
McCloed	Feb 19	38.99	\$3,847	Tillable
Redwood	Mar 2	74.79	\$8,600	Tillable
Jackson	Mar 4	40	\$4,500	Tillable
Lyon	Mar 15	80	\$8,650	Tillable
Grant, SD	Mar 25	225	\$4,620	Tillable/Pasture
Grant, SD	Mar 25	160	\$2,878	Tillable/Pasture
Lyon	Apr 23	313.98	\$7,600	Tillable
Renville	May 1	5	\$2,000	Wooded
Grant, SD	May 14	1,000	\$3,450	Tillable/Pasture
Yellow Medicine	May 20	80	\$9,000	Tillable
Lincoln	Jun 11	10	N/A	Building Site
Swift	Jul 15	80	\$4,900	Tillable
Lyon	Jul 29	157.19	\$7,979	Tillable
Yellow Medicine	Aug 16	80	\$3,770	CRP
Redwood	Aug 19	150	\$11,300	Tillable
Murray	Aug 20	160	\$6,641	Tillable
Lyon	Aug 30	496.77	\$9,200	Tillable
Murray	Sep 6	80	\$7,137	Tillable/Conservation
Lyon	Sep 9	240	\$6,000	Tillable/Hunting
Yellow Medicine	Sep 13	80	\$5,300	Tillable
Redwood	Sep 15	230	\$5,630	Tillable/CREP
Redwood	Sep 15	88.72	\$9,800	Tillable
Pipestone	Sep 15	78	\$1,600	Pasture
Freeborn	Sep 15	120	\$7,300	Tillable/CRP
Murray	Sep 16	160	\$8,550	Tillable
Lyon	Sep 30	309.86	\$7,800	Tillable
Big Stone	Oct 5	235.77	\$4,489	Tillable
Jackson	Oct 7	153.01	\$11,100	Tillable
Sibley	Oct 15	82.9	\$9,100	Tillable
Sibley	Oct 15	40	\$10,100	Tillable

County	Closing Date	Acres	Price Per Acre	Land Type
Sibley	Oct 15	187.92	\$9,100	Tillable
Cottonwood	Oct 17	400	\$7,483	Pasture/Recreation/Tillable
Freeborn	Oct 25	160	\$8,400	Tillable
Redwood	Oct 27	145	\$9,500	Tillable
Redwood	Oct 27	15.5	N/A	Building Site
Kandiyohi	Oct 28	262.58	\$7,750	Tillable
Richland, ND	Oct 28	160	\$5,000	Tillable
Murray	Oct 29	320	\$7,900	Tillable
Norman	Oct 29	403.03	\$3,970	Tillable
Chippewa	Nov 4	160	\$9,700	Tillable
Goodhue	Nov 4	192.29	\$10,850	Tillable
Yellow Medicine	Nov 10	60.5	\$5,234	Pasture
Yellow Medicine	Nov 11	15	\$15,000	Development
Yellow Medicine	Nov 15	85	\$5,900	Tillable
Murray	Nov 16	160	\$7,375	Tillable
Brookings, SD	Nov 17	480	\$7,708	Tillable
Yellow Medicine	Nov 23	80	\$7,550	Tillable
Murray	Nov 23	232.24	\$8,934	Tillable
Murray	Nov 24	160	\$7,187	Tillable/Conservation
Murray	Nov 24	80	\$6,562	Tillable
Murray	Nov 24	120.4	\$7,184	Tillable
Pipestone	Nov 30	144.1	\$9,000	Tillable
Murray	Nov 30	160	\$7,400	Tillable
Yellow Medicine	Dec 3	149.5	\$4,747	Tillable/Pasture
Redwood	Dec 15	62.32	\$13,100	Tillable
Murray	Dec 15	113.1	\$6,680	Tillable
Pipestone	Dec 17	264.45	\$8,603	Tillable
Redwood	Dec 21	80	\$10,300	Tillable
Lyon	Dec 21	236.33	\$10,600	Tillable
Lac Qui Parle	Dec 23	280	\$3,267	Tillable/Recreation
Murray	Dec 29	160	\$5,200	Tillable/Recreation

Highlights:

**Over \$74.3
million in
sales**

**Over 10,000
acres sold!**

22 Counties

3 States

Although we are seeing an increase in input prices, the overall outlook for 2022 looks positive.

Input Costs

Tyler Erickson | AFM, Licensed Real Estate Salesperson
Courtney Vroman | Marketing & Communications Lead

When the cost of an agricultural input like fertilizer goes up, farmers feel it. 2021 brought many supply-chain issues and resources were not as readily available. Natural gas prices are at historic highs, and natural gas accounts for up to 90% of the operating cost of producing fertilizer.¹ Farmers are going into the new year with concerns about high fuel prices, shortages of pesticides, along with rising price of fertilizer. These rising fertilizer prices could affect both farmers and input suppliers.⁴

As a major producer of corn, soybeans, and wheat, the American Farm Bureau Federation said the U.S. is a large consumer of fertilizer.⁴ **The U.S. is the third largest importer for fertilizer worldwide, bringing in approximately 23 million tonnes. In terms of value, the U.S. imports \$5.6 billion.**³ We are seeing supply shortages on the global level and growing costs of natural gas. European producers cannot compete with counterparts in Russia, countries in the Persian Gulf and northern Africa. This leaves a decreased global supply of fertilizer which leads to subsequent price increases. If natural gas costs decline, it may reduce the rate of fertilizer price increases in the upcoming months. However, this will not eliminate the price rally as there will still be a shortage in supply.³

As reported by CoBank, fertilizer prices are expected to remain high throughout the 2022 planting season and has fueled speculation about a major acreage shift away from corn to commodities that use fertilizer at a lower rate, like soybeans or wheat. According to the American Farm Bureau Federation, the price of ammonia is about 85% correlated with the price of corn.⁴ **“At the shortest, the supply chain is 6 – 8 weeks out. At the longest, you’re looking at 2 – 3 years out,”** said Shelby Myers, an economist with the American Farm Bureau Federation.¹

Mike Norgaard, Co-Owner, AFM, and Licensed Real Estate Broker at NFMCo, says that there are peaks and valleys when it comes to fertilizer costs. Compared to this time last year, we’re seeing 50-100+ percent increase in fertilizer prices. The last time he has seen this type of rapid increase rate was 2009 through 2013. Norgaard also stated that this has been a top concern from clients. However, the overall outlook for 2022 looks positive.



Crop protection products such as glyphosate and glufosinate have doubled or tripled in price from a year ago. These two products are in short supply with retailers, not guaranteeing that they will have the product available at the time of application which could cause some weed control issues for producers. If producers are not able to get these products, there are other products in the toolbox that they can use to control weeds. Producers will need to work alongside their agronomist and dust off their agronomic toolkit in 2022.

Even though fertilizer and chemical prices have sharply increased in 2022, there is still good money to be made for producers. The spring crop insurance price guarantee is right around the corner. The spring crop insurance price guarantee for corn is calculated by taking the average closing price of the December 2022 CBOT Corn Futures Contract during the month of February; while for soybeans, the price is calculated by taking the average closing price of the November 2022 CBOT Soybeans Futures Contract during the month of February. Currently the December 2022 CBOT Corn Futures Contract is around \$5.50 per bushel while the November 2022 CBOT Soybeans Futures Contract is around \$13.05. For comparison, the 2021 the spring crop insurance price guarantee was \$4.58 per bushel for corn and \$11.87 per bushel for soybeans which makes today's current cash price nearly a dollar more per bushel for corn and over a dollar more per bushel for soybeans. Producers have not realized crop insurance price guarantees this high since 2013. If prices can hold at current levels or trend higher, producers will be able to protect their downside by securing their guaranteed crop insurance revenue.

Even though the ag industry is starting 2022 out with some early challenges with higher costs and limited supply of fertilizer and herbicides, if producers can work through these challenges and the commodity markets hold firm or trend higher, the overall outlook for 2022 looks quite attractive financially for producers.

Producers will need to work alongside their agronomist and dust off their agronomic toolkit in 2022.

Percent of Prices Increased when Compared to September 2020

INPUT PRODUCT	Ammonia	Liquid Nitrogen	Urea	MAP	DAP	Potash
PRICE INCREASE	210%	159%	155%	125%	100%	134%

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land@nfmco.com



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



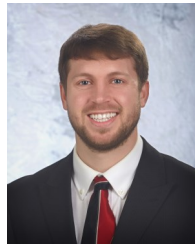
Corey Prins—AFM
Partner/Owner
Accredited Farm Manager
Licensed Real Estate Salesperson



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



We're adding on to
our office!
(progress picture from 12/2/21)

Congratulations to Courtney Vroman & her
husband, Andrew, on the birth of their son!

Bennet Andrew

Born on October 16, 2021

Welcome to the NFMCo family!





NORTHWESTERN FARM MANAGEMENT CO.

301 South O'Connell St

Marshall MN 56258

www.nfmco.com

Ph. 507-532-5120

Fax 507-532-0293

land@nfmco.com

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