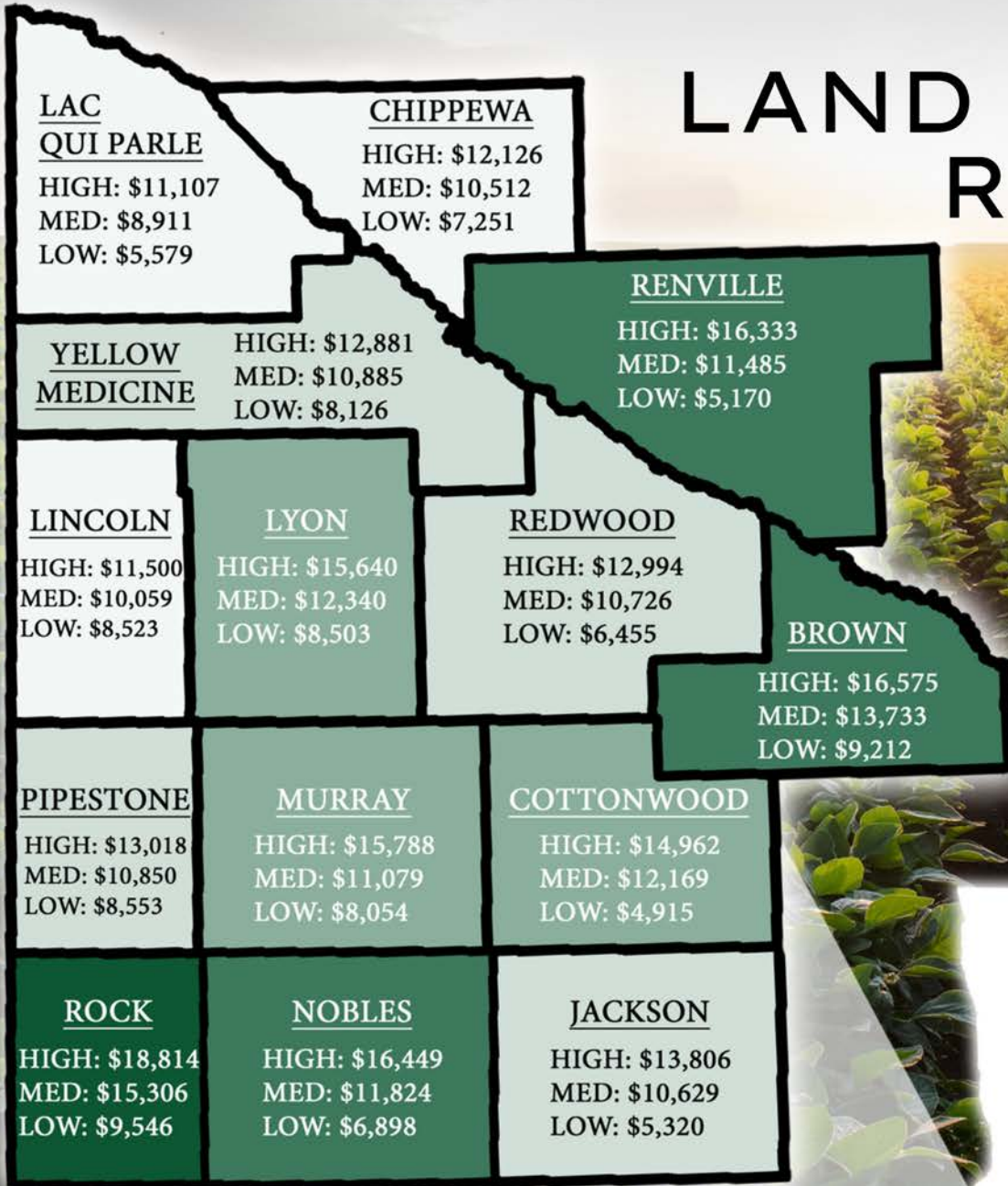




# NORTHWESTERN FARM MANAGEMENT CO.

## LAND VALUE REPORT



### County Tillable Land Sale Values - 2024

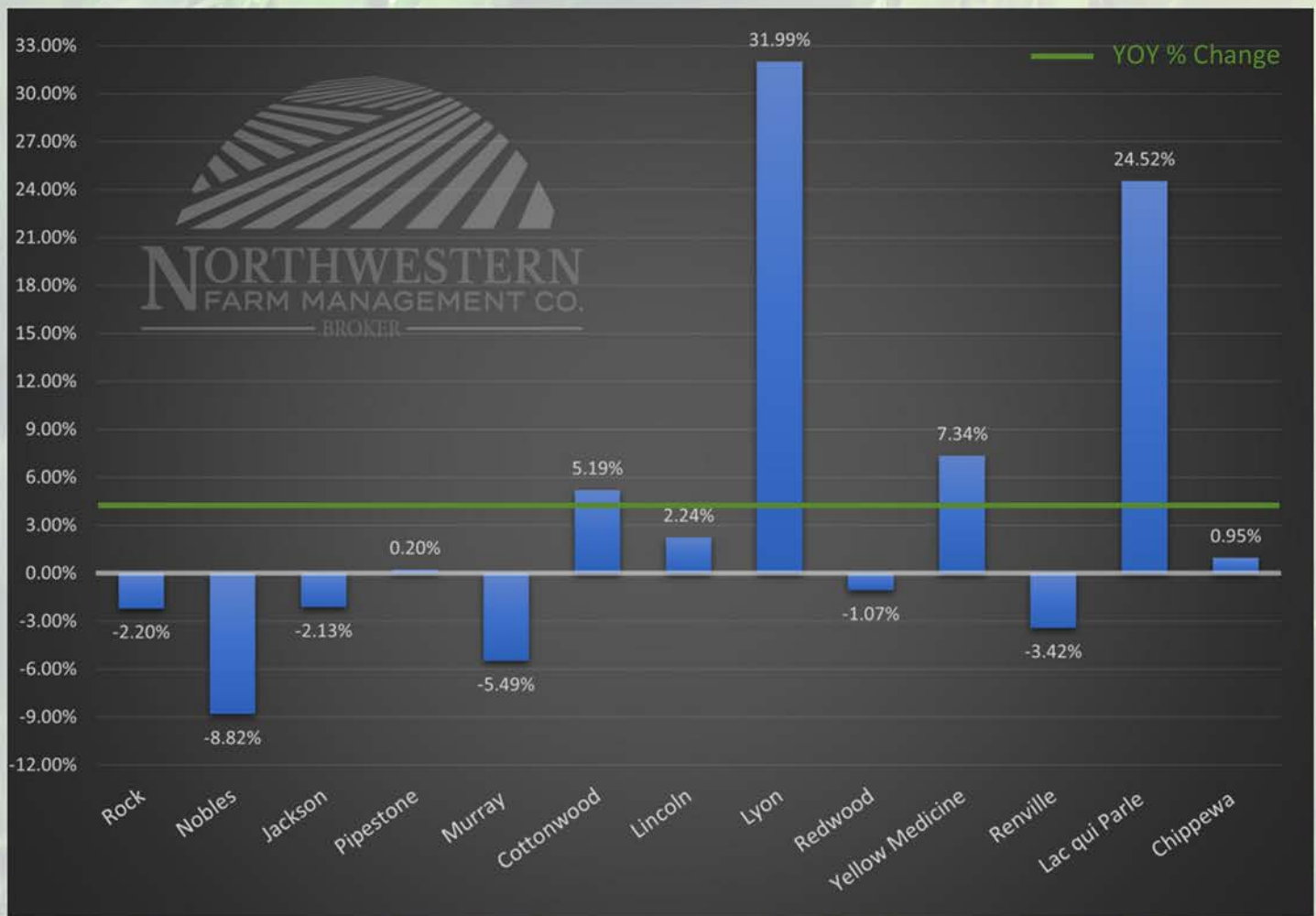
*\*All data was considered arms length transactions (good for study) verified from the county recorders offices and the Northwestern Farm Management's appraisal team.*

# Tillable Land Values Year-Over-Year

While many expected to see strong land prices throughout 2023 coming off of historical years in 2021 & 2022, most did not anticipate that carrying through to 2024. As seen in the chart below, the white line (0) is 2023's average, the green line displays 2024's region wide year-over-year percent change, and the bars are percent change per county from 2023 to 2024. Notice that 6 of the 13 counties saw a drop in land prices throughout 2024 while the remaining 7 counties surprisingly saw an increase in average farmland prices.

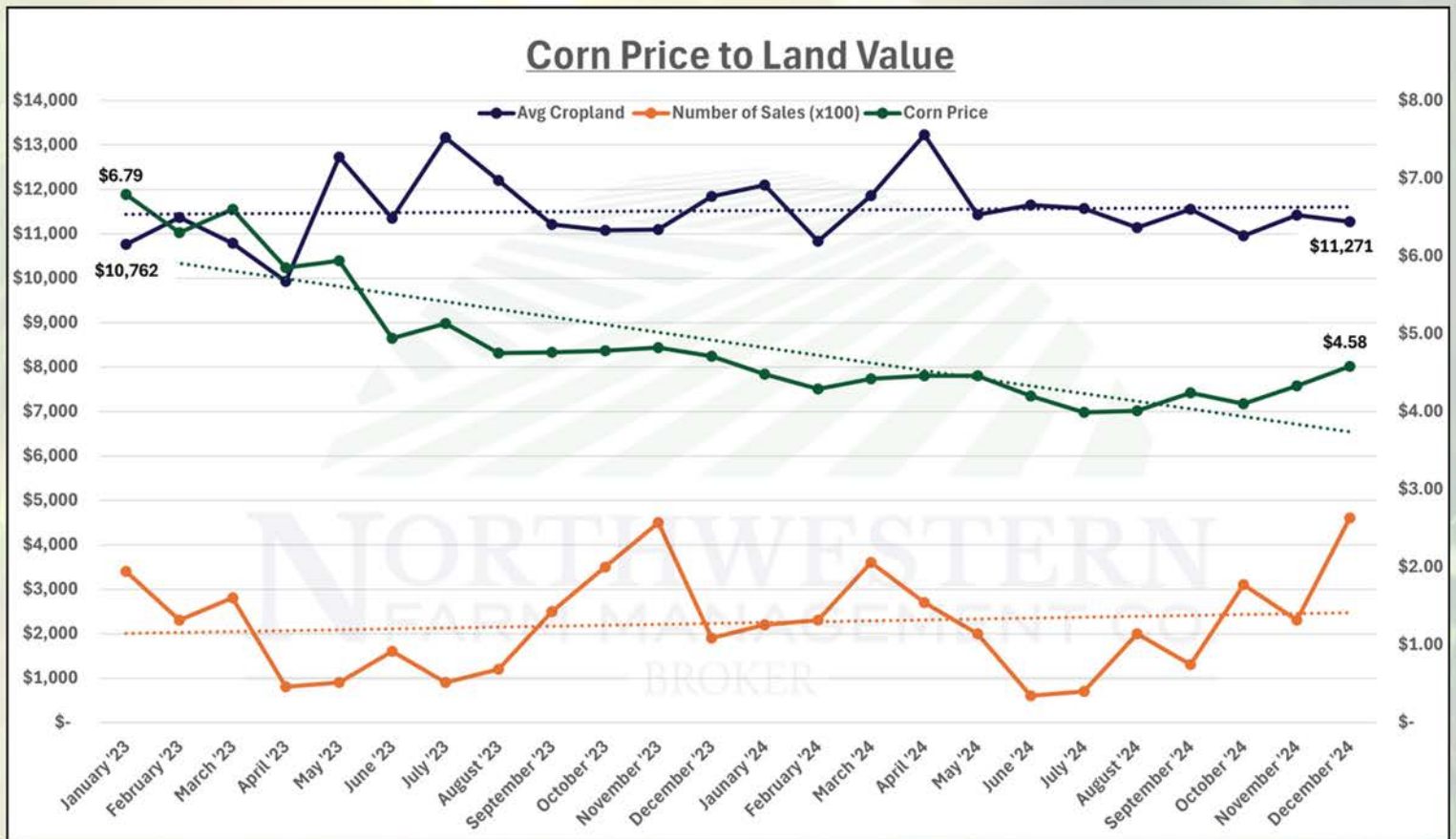
Counties such as Nobles and Rock saw very high farmland values in 2023 compared to the other counties displayed on the chart which is a leading factor as to why we are seeing a drop in land prices in those counties. On the other hand, counties like Lyon and Lac qui Parle saw relatively stable farmland prices in 2023 which is likely why they showed such a large percentage increase into 2024. While all numbers used in this analysis are averages per county, one likely factor in the large jump in 2024 for Lyon and Lac qui Parle was the overall quality of farmland brought to the market. Lyon county had several high-quality farms brought to the open market in areas that do not typically see land sales. This resulted in high demand/high sale prices which increased the county average.

\*Note the green line shows 3.79% increase in region wide farmland sale prices in 2024 compared to 2023.



*\*All data was considered arms length transactions (good for study) verified from the county recorders offices and the Northwestern Farm Management's appraisal team.*

# Did Land Values Follow the Corn Price Trend?



The graph displays January 2023 through December 2024 corn prices along with the region's average tillable sales price. In addition, the number of verified sales (x100) was included to show supply levels and how it impacts land values. Southwest Minnesota, along with most areas around the Midwest, saw new record high land sales in 2022 as corn prices peaked. Throughout 2023, corn prices started to decline which has historically impacted land values. As shown in the graph, the green line represents corn prices steadily declining from \$6.79/bu in January 2023 to \$4.58/bu in December 2024.

Now that we have an illustration as to what corn prices have done in recent years, that leads to the next question - **What have land values done and what are they going to do?** Most people were expecting to see farmland prices soften throughout 2024 because of lower corn prices. The blue line on the graph displays the average sale price bouncing from \$10,762 per tillable acre in January 2023 to \$11,271 per tillable acre in December 2024. Although we may see more peaks and valleys when compared to the softening corn prices, the overall trend for tillable land was relatively stable-to-slightly higher.

Tillable land values could be due for a market correction, but how much will be based on several key principles such as supply, interest rates, commodity prices, input costs, and weather to list a few. Over the next few months, farmers will take time to update cash flows and balance sheets to the tone of tighter margins than the past few years. With the Federal Reserve reducing interest rates, C/D's are now between 2.50%-3.00%, which may pull investors back into the buyer pool. Overall, demand remains strong as "they aren't making any more dirt" but the number of potential buyers is limited.

**Why are we still seeing land values remain strong?** Despite corn prices decreasing roughly 30% over the past 2 years, regional land values are stable to slightly higher in 2023 to 2024. As we have seen, certain neighborhoods that had several sales in the last few years are beginning to show a 5%-to-15% decrease in land values while other neighborhoods remain strong and are still setting new highs. As mentioned above, the buyer pool is limited but livestock producers seem to be the main driver. High profitability in the livestock sector along with the need for feed and manure disposal is where we are seeing these outlier high sales.

*\*All data was considered arms length transactions (good for study) verified from the county recorders offices and the Northwestern Farm Management's appraisal team. The counties used in this study were Rock, Nobles, Jackson, Cottonwood, Murray, Pipestone, Lincoln, Lyon, Redwood, Brown, Renville, Yellow Medicine, Lac qui Parle, and Chippewa.*



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