

SPRING ISSUE

FARMLAND UPDATE

LOOKING FORWARD, IS IT LOOKING UP?

TOPICS IN THIS ISSUE

- SPRING 2025 - OPPORTUNITIES AHEAD!!
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- CAUTIOUS OPTIMISM GOING INTO SPRING 2025



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REAL ESTATE & FARM MANAGEMENT
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SPRING 2025 - OPPORTUNITIES AHEAD!!

BY: HOWARD HALDERMAN, PRESIDENT OF THE HALDERMAN COMPANIES

Throughout 30+ seminars, webinars, podcasts and meetings across the eastern Corn Belt we met hundreds of landowners, farmers, retailers, ag lenders, attorneys and accountants. These included local seminars in counties throughout Ohio, Indiana, and Michigan. Our goal was to simply provide education, to share our knowledge of land values and rental trends in our market area with landowners. We also included estate planning, succession planning, farm safety, PARP training and other farm related topics. We helped educate thousands of landowners and they gave us great feedback.

Through early November our data showed that farmland values were pulling back, maybe 5-10%, for 2024. This was largely due to negative fundamentals (lower commodity prices and steady interest rates) and uncertainty about the upcoming election. Post election the uncertainty seemed to evaporate, confidence came back and land values ended the year showing an increase. Thru early March 2025 our data shows continued strong land values, in spite of fundamentals that are no different than last fall.

Currently there is a tremendous amount of change coming from the new administration, tariffs, trade conflicts, reduced regulations, grants pulled, tax credits removed, DOGE, etc. that in some way affect agriculture. Uncertainty is returning in many circles and industries. USDA projects farm incomes to improve from 2024, largely due to better livestock revenues and federal emergency aid approved at year-end. Row crop farmers may not see as much improvement as those in the livestock sector.

Land rents were mostly steady from 2024 into 2025. Land values remain strong through the first quarter, but we are seeing some no-sales and weakness in the western Corn Belt. Most experts feel that by the end of April we will know more about the Trump Administration's direction as well as the general economy. Uncertainty and volatility may be the theme for 2025, buckle your seat belts and talk to your local expert, your Halderman representative, if you are curious about any of these topics.

On the next page are some thoughts on the major farmland issues in the Corn Belt as we enter the 2025 planting season. These are in my order of significance with their respective impact in parentheses.

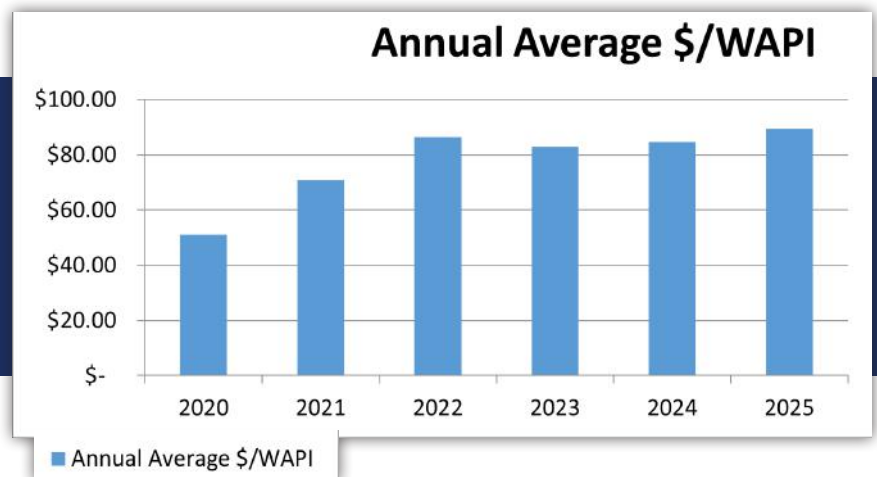


Final thoughts: US farmland is a symbol of stability in an uncertain world. Enjoy your investment and if you need help or guidance through the myriad questions, ask an expert for assistance! Halderman offers 95 years of vast agricultural experience and our staff knows their regions very well. Remember we do not charge for answering questions (*only for answers where we provide a service*)!!

- 1. Commodity Prices (Bearish)** – Corn and soybean prices remain at or below break-even in mid-March. There is an advantage to planting corn at current prices which should sway acres significantly with corn acres approaching 95 M and soybean acres declining toward 83 M.
- 2. Interest Rates (Neutral)** – Rates remain in the 6.5-7.5% range for land mortgages, these are down 50 bps from last year. Most predict they remain steady for the near term with maybe one or two more .25 bps rate cuts this year.
- 3. Supply of Farms for Sale (Bullish)** – We experienced an increase in farms for sale in each of the past 4 fall seasons. However once the next year arrived sales tapered off through spring and summer to below normal levels. The low supply of farms for sale is a supportive factor in land values.
- 4. Land Values & Rents (Neutral)** – Land values are steady. Halderman rents for 2025 remain steady from 2024 as well. Input costs for 2025 are slightly lower than for 2024, but

did not decline as much as farm revenues in the crop sector, therefore squeezing margins.

- 5. Inflation (Bullish)** – Inflation remains higher than what the Fed prefers near 3%. Gold is trading at very high levels. Gold, like farmland, is inflation sensitive. If tariffs cause price hikes and are inflationary this could benefit farmland offsetting some of the negative trade outcomes.
- 6. Renewable Energy Markets (Neutral to Bearish)** – the Trump Administration is less supportive of renewable energy. Will federal dollars flow into these sectors? I expect some pullback in demand for renewable energy development.
- 7. Government Support (Neutral)** – 2025 USDA annual program support will be low due to no new farm bill. That said the Emergency aid package passed at year-end could generate \$30B in aid to agriculture. I cannot predict more in 2025, but who knows what offsets Congress or the President may authorize if tariffs negatively impact exports.



If you want to learn the value of your farm, please contact your local Halderman representative today.



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LAND SALES RESULTS AND PREDICTIONS

BY: PAT KARST, VICE PRESIDENT, REAL ESTATE, FARM MANAGEMENT, & CERTIFIED APPRAISER

Commodity prices are down, interest rates are moderately high, and input costs are still near historical highs. Land values should be lower, right? Not so fast! An analysis of the Halderman sales results indicates that land prices shown as dollars per Weighted Average Productivity Point (WAPI) for 2025 are higher than in any year since 2022 as shown with the blue bars on the chart below. 2025 values are about 5.5% higher than 2024 values.

For 40 years, I've heard that farmland is a great hedge against inflation. Therefore, I wondered how recent higher general inflation rates compare to the increasing price of land. If the \$/WAPI was \$70.92 in July 2021, what is the inflated or real value of that index? According to the U. S. Bureau of Labor Statistics CPI Inflation Calculator, the value of land in February 2025 should be \$87.34. The nominal value in 2025 is \$89.32. This indicates that farmland is outpacing general inflation!

A February USDA report estimated that 2025 net farm earnings will be up 21.7% over 2024 numbers. To those of us in the Corn Belt, that is not logical given the lower commodity prices. Further research shows that the income growth forecasted comes from the livestock sector and projected USDA payments. Actual crop receipts are forecast to decline by 2.3%. Crop input prices declined slightly this winter but are rising

we sell at auction. This indicates that 1031 buyers and general investors looking for an inflation hedge are active farmland buyers. In 2025, we anticipate steady farmland demand.

Interest rates are higher than they were just a few years ago. The Fed raised these rates to battle inflation and will lower the rates when inflation is a more manageable 2%. Inflation is rather sticky, and rates haven't fallen as quickly as we hoped. Recent reports indicate we might see two or three reductions of 25 basis points in 2025. This makes borrowing money cheaper and is positive for land values.

Over the past two or three years, fewer farms were sold than is typical. Halderman enjoyed a robust 2024-2025 auction season, but overall farm transaction numbers are down, as reported by our agents. As we learned in freshman economics, when supply decreases and demand remains the same, prices will rise. This is positive for land values.

In summary, land values are steady to slightly higher so far this year when compared to 2024. Demand is strong for good farms in competitive areas. Demand for lesser quality farms or farms with blemishes is less than it was a year ago. We look for land to remain a strong asset to own with steady prices in 2025. To keep abreast of land values in your area, visit [Halderman.com](https://www.halderman.com) or contact your local representative.

Where do we go from here?

Land values depend on three things.

1. Net farm income
2. Interest rates
3. Supply of land for sale

as we approach planting season. Therefore, lower farm incomes in the Corn Belt could indicate slightly weaker demand for land from farmers.

Our sales indicate steady demand from investors. In 2025, investors are buying about 45% of the land





CAUTIOUS OPTIMISM GOING INTO SPRING 2025

BY: NOLAN SAMPSON, DIRECTOR OF BUSINESS DEVELOPMENT, AREA REPRESENTATIVE

As we move into spring, a little more optimism is showing up in conversations around the farm. This is reflected in lease renewal conversations, and Purdue's February 2025 Ag Economy Barometer, which suggested a positive turn in farmer sentiment. The Current Conditions Index jumped, thanks to stronger crop prices, expected USDA Emergency Commodity Assistance payments, and steady livestock markets.

Current conditions improved, but many farmers are still cautious about what lies ahead. The new Farm Bill is still uncertain, and there's ongoing concern about tariffs and resulting trade disruptions that could hit export markets. Still, the Farm Capital Investment Index is up, with more producers saying it's a good time to make investments, which is encouraging to see.

Locally, in Northwest Indiana and Southwest Michigan, fieldwork is underway. A few producers started tillage, fertilizer applications, and a lot of planters are getting tuned up in the shop. If the weather holds, we anticipate a timely planting window. Strong land values in our area help uplift producers' confidence. That said, input costs and elevated interest rates still weigh on people's minds.

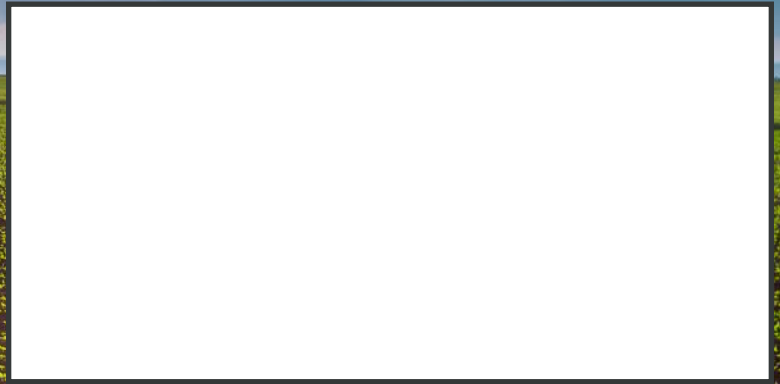
Now's a great time to review your 2025 goals—whether you're thinking about buying or selling land, upgrading equipment, or tackling projects like drainage, irrigation or soil testing. Laying out a plan early in the year can make a big difference when we get to harvest.

Be on the lookout for upcoming Halderman seminars later this year. They're a great chance to catch up on what's happening with land values, the farm economy, and what our local partners are up to. Keep an eye on our website & social media announcements on dates and locations. We would love to catch up with you one on one as well. Give us a call and we can talk specifically about your plans for 2025 and see how we might partner to help achieve your goals.



Learn more about current listings, your area representative, and upcoming events near you!





THE SPRING ISSUE

FARMLAND UPDATE

INVESTING IN FARMLAND, CURRENT MARKET AND MORE

APPRAISAL | FARM INVESTMENT | REAL ESTATE | FARM MANAGEMENT | AUCTIONS

THE SPRING QUANDARY

BY: LINDSEY HUMPHREY, FREELANCE BLOG AUTHOR

“Soil compaction is the gift that keeps on giving.” – Bob Nielsen, Purdue University Agronomy Professor (retired)

One decision today could easily lead to disaster for several planting seasons in the future. Planting season in Indiana typically runs from the middle of April through late May but can easily run into early June. At least that’s what Purdue University said about the corn crop ...

Have you read our **blog** series? Featured on our website is an ongoing monthly blog covering quarterly updates on the current market, land values, water management, land rights - and our latest blog featuring a conversation on soil compaction!

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SCAN

