



FARMERS NATIONAL C O M P A N Y

— LEADERS IN LAND —

Farmland Update

*Rooted in Resilience: Navigating the
Market Shifts in Farmland*

Kyle Nelson, ARA



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Appraiser / Farm Manager / Real Estate Sales
Fargo, North Dakota

RESPONSIBILITIES AT FNC:

Appraiser, farm manager, and real estate sales.

TERRITORY SERVED:

Eastern North Dakota, West Central Minnesota, Northeast South Dakota

PROFESSIONAL EXPERIENCE:

- * Farmers National Company - 2011-Present
- * Alerus Financial, farm manager and appraiser - 2000-2011
- * Alerus Financial, crop insurance specialist - 1996-2000

PROFESSIONAL ACCOMPLISHMENTS:

- Accredited Rural Appraiser (ARA) designation attained in 2008 through the American Society of Farm Managers and Rural Appraisers (ASFMRA)
- FNC Gold Eagle Real Estate Sales Award
- FNC Gold Eagle Appraisal Award
- FNC President's Circle Appraisal Award
- Current Committee Member of the Big Iron Farm Show, West Fargo, North Dakota
- Past President, North Dakota Chapter of the American Society of Farm Managers and Rural Appraisers (ASFMRA)

4141 31st Avenue South, Suite 101
Fargo, North Dakota 58104

KNelson@FarmersNational.com

(701) 237-0059
(701) 238-9385

DESIGNATIONS AND CERTIFICATIONS

Real Estate Sales Person:
North Dakota, Minnesota

Certified General Appraiser:
Minnesota, North Dakota,
South Dakota

STARTED WITH FNC
2011

EDUCATION
Mayville State University
BS Degree
American Society of Farm Managers and
Rural Appraisers 2008

Why Buy Land?

- Stable over time
- Zero vacancy
- Minimal maintenance
- Hedge against inflation



Why Buy Land? Ag Land Values Over Time

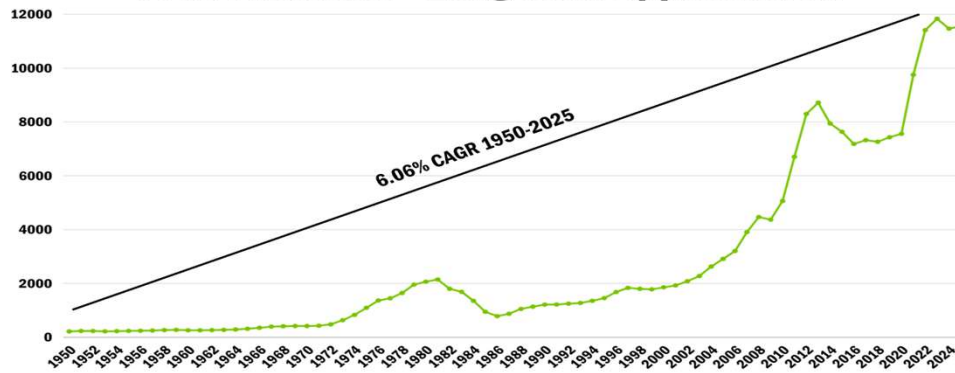


Source: USDA/NASS



Why Buy Land?

Iowa Farmland - Long Term Appreciation



What is Driving the Resiliency?

- Supply / Demand
- Competition
- Unique Motivations
- Ad-Hoc Govt. Payments
- MPCl Insurance



North Dakota Region Summary

Compiled by ND Chapter ASFMRA

Region- North Dakota	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Red River Valley	\$4,694	\$5,211	\$4,935	\$4,500	\$4,139	\$3,785	\$4,501	\$4,323	\$4,200	\$5,393	\$7,168	\$8,164	\$7,747	\$7,774
% Change		11%	-5%	-9%	-8%	-9%	19%	-4%	-3%	28%	33%	14%	-5%	0%
Northeast	\$2,221	\$2,763	\$2,539	\$2,279	\$2,019	\$2,075	\$2,328	\$2,187	\$2,053	\$2,782	\$3,328	\$3,781	\$3,898	\$3,545
% Change		11%	-8%	-10%	-11%	3%	12%	-6%	-6%	36%	20%	14%	3%	-9%
NW/ Central	\$1,583	\$1,865	\$1,854	\$1,823	\$1,710	\$1,676	\$1,782	\$1,732	\$1,738	\$2,012	\$3,060	\$2,868	\$3,641	\$3,198
% Change		11%	-1%	-2%	-6%	-2%	6%	-3%	0%	16%	52%	-6%	27%	-12%
Southwest	\$1,416	\$1,715	\$2,009	\$1,739	\$1,586	\$1,579	\$1,713	\$1,656	\$1,569	\$2,402	\$2,265	\$2,408	\$2,186	\$2,422
% Change		11%	17%	-13%	-9%	0%	8%	-3%	-5%	53%	-6%	6%	-9%	11%
Southeast	\$2,737	\$3,211	\$3,313	\$2,967	\$2,841	\$2,772	\$3,014	\$3,153	\$2,869	\$3,270	\$4,644	\$4,541	\$4,818	\$4,870
% Change		11%	3%	-10%	-4%	-2%	9%	5%	-9%	14%	42%	-2%	6%	1%

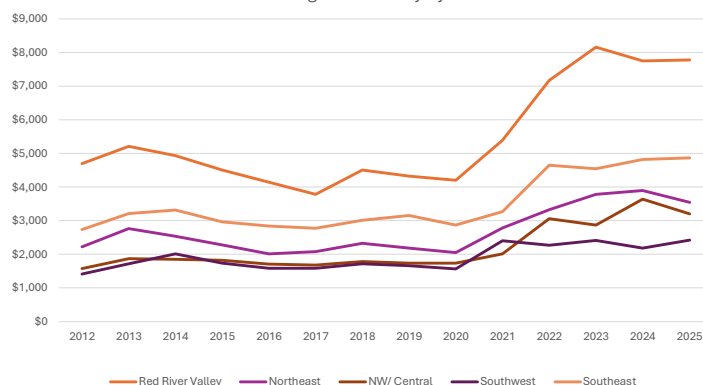
****Results in a given year can be affected by limited data****



North Dakota Region Summary

Compiled by ND Chapter ASFMRA

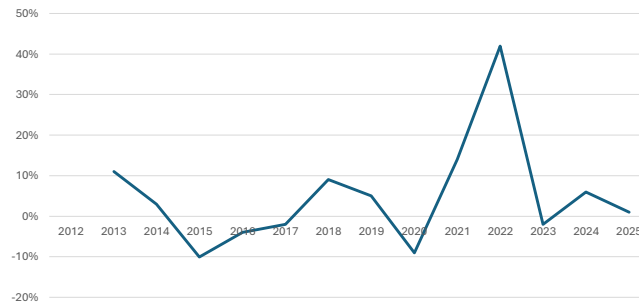
ND Region Summary by Year



North Dakota State Summary

Compiled by ND Chapter ASFMRA

% Change Statewide



Land Regions of North Dakota



- 1. Red River Valley
- 2. Northeast
- 3. Northwest / North Central
- 4. Southwest
- 5. Southeast



2025 Land Value & Cash Rent Survey

Presented by the North Dakota
Chapter of Farm Managers & Rural Appraisers



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

NORTH DAKOTA CHAPTER

Email: ndasfmra@gmail.com

Pasture & Hayland Values

- Limited data
- Increasing trend
- Converting cropland to pasture



Irrigation

- Limited sales data
- Affects small areas
- Potatoes



Drain Tile

- Limited sales data
- May not directly add to land value= to expense



IRS Section 180 Tax Provision

- Tax deduction for excess fertility
- Reduces cost basis
- Details are GRAY
- Potentially \$1,000 to \$2,000/ acre

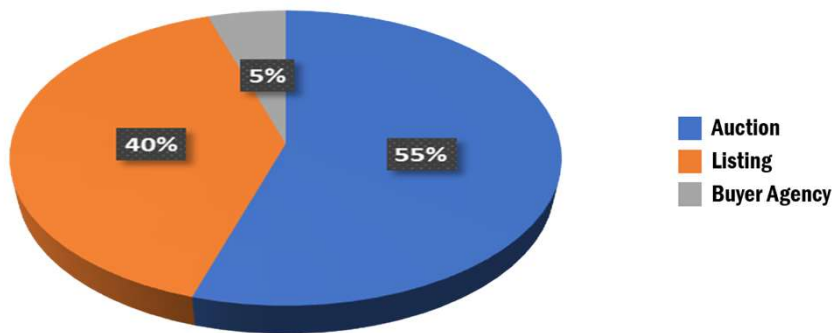


Auction vs Other Options

- Neighborhood
- Is there upside potential?
- What is accepted in the area
- What is it? Where is it?
- Owner's wishes
- "Think about it"



HOW IS LAND BEING SOLD (FNC)?



Other Options

- Conventional Listing
- One-time “Sealed Bids”
- Written-to-oral bidding



Online Only Auction vs Live Auction

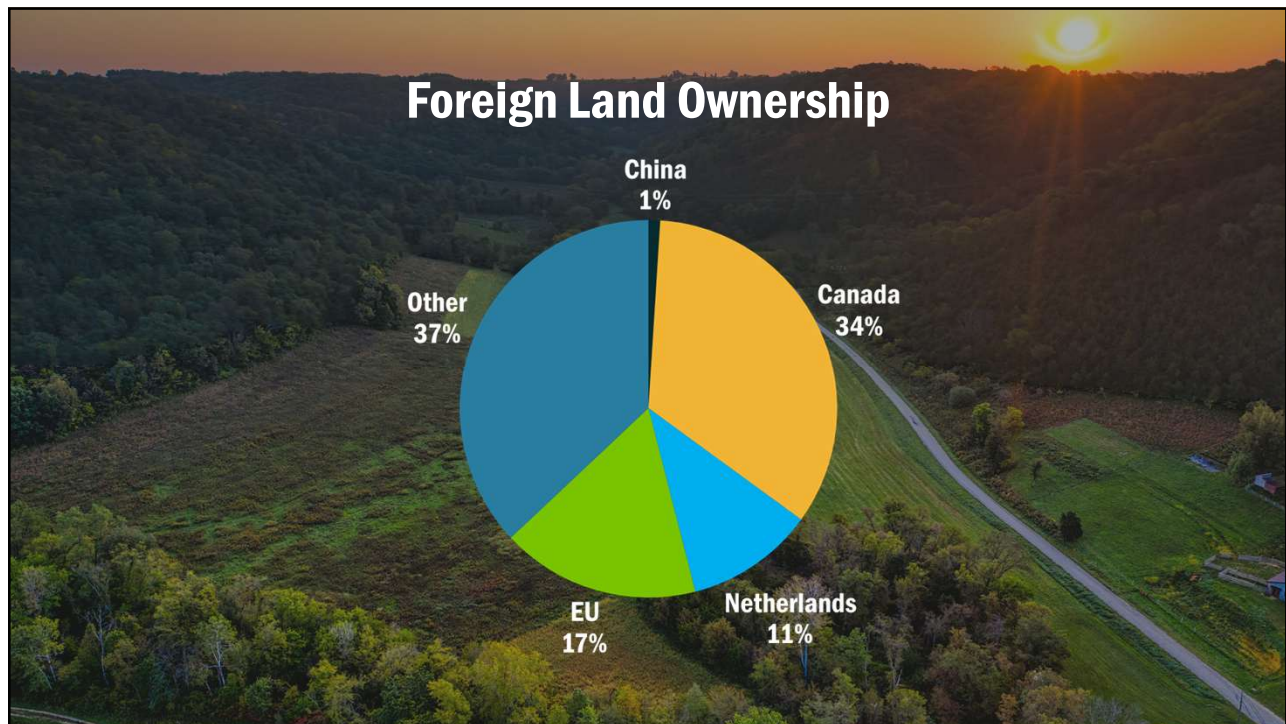
- Location & Quality
- Number of tracts
- What is it? Where is it?



Investors vs Local Influence

- Investor influence varies greatly by area
- What is your definition of an investor?





Key Factors Going Forward- Land Values

- Fundamentals
- Supply/ Demand
- Location
- “Next Generation”



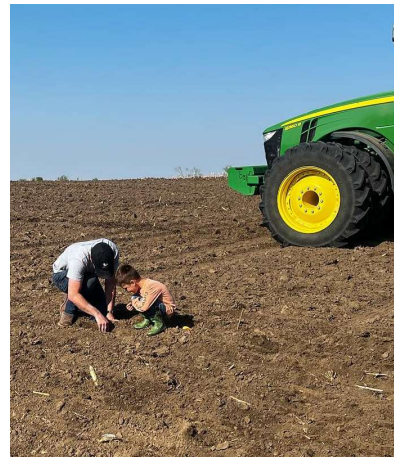
Leasing for 2027- Factors to Consider

- Economics
- Demand
- Relationship with tenant



Leasing for 2027

- Cash rents holding steady
- Farm productivity being scrutinized
- Strong land values carrying cash rents
- No shortage of demand to rent



“Flex” or “Bonus” Leases

Why Do It?

- Fair to both sides
- “Floats” with actual market conditions
- Allows Landowner to share in profitability
- Promotes crop rotation
- Avoids “speculation” on the future



“Flex” Lease Example

- Base Rent in the Spring
- After harvest
 - Actual Yield X Price X ____% - Base Rent = Bonus Payment
 - No refund if calculation is less than Base Rent
 - May utilize a “Cap” on any bonus payment



“Flex” Lease Example

- Price Derivation
 - “New Crop” price for the first trading day of each month, through the harvest month

2025			
	Wheat	Corn	Soybeans
JAN	\$5.66	\$3.85	\$9.33
FEB	\$5.93	\$4.00	\$9.93
MAR	\$5.61	\$3.82	\$9.34
APR	\$5.62	\$3.86	\$9.92
MAY	\$5.60	\$3.85	\$9.50
JUNE	\$5.76	\$3.75	\$9.43
JULY	\$6.03	\$3.67	\$9.63
AUG	\$5.28	\$3.52	\$8.94
SEPT	\$5.00	\$3.64	\$9.04
OCT	<\$4.87>	\$3.51	\$8.83
NOV.	<\$5.35>	\$3.64	<\$10.23>
DEC	<\$5.50>	<\$3.79>	<\$10.02>
Avg.	\$5.61	\$3.74	\$9.39



“Flex” Lease Examples

Soybeans 2025 (114.4 tillable acres)

Flex Rent Calculation

	Bushels	x Price	Gross \$\$	x %	Subtotal	Less Base Rent	Result (Max \$85/A)	Net Due
Per Acre	33.8	\$9.39	\$317.38	33%	\$104.74	\$90.00	\$14.74	
Gross	3,867	\$9.39	\$36,308.50	33%	\$11,981.81	\$10,296.00	\$1,685.81	\$1,686

Corn 2024 (228.5 tillable acres)

Flex Rent Calculation

	Bushels	x Price	Gross \$\$	x %	Subtotal	Less Base Rent	Result	Max \$45/acre
Per Acre	155	\$3.82	\$592	25%	\$177.63	\$90.00	\$87.63	\$45.00
Gross	35,418	\$3.82	\$135,295	25%	\$40,588	\$20,565.00	\$20,023	\$10,283





• BACKED BY LAND PROFESSIONALS

The Nation's **Most Trusted** Land Leasing Marketplace

Lease and manage farmland and hunting ground through a transparent, professionally backed marketplace.

Search by state or county



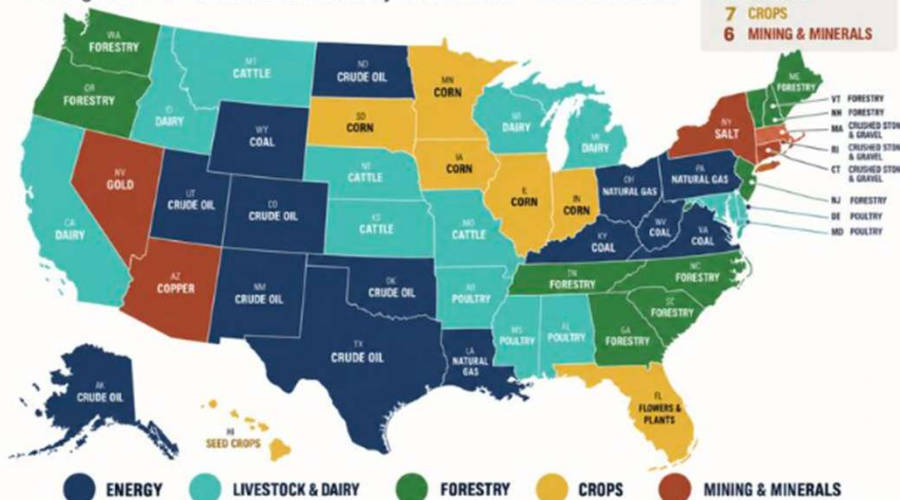
Web address: commonground.io

AMERICA'S RESOURCE MAP

The highest-value land-based commodity in each state — 2025 estimates

WHAT LEADS WHERE

- 14 ENERGY
- 13 LIVESTOCK & DAIRY
- 10 FORESTRY
- 7 CROPS
- 6 MINING & MINERALS



THE BIG PICTURE

Energy leads 14 states, but America's resource economy is far more diverse than oil and gas alone.

Methodology: estimated gross production value across energy, agriculture, forestry and minerals. Data framework: U.S. EIA, USGS, USDA ERS/NAASS, U.S. Forest Service and state reports.