

FALL ISSUE

FARMLAND UPDATE

WHAT CAN YOU DO TO PROTECT YOUR FARM?

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- CHAOS, VOLATILITY, AND PEACE
- WHAT 66 YEARS OF DATA TELLS US ABOUT TODAY'S FARMLAND MARKET
- SPRING OUTLOOK: STABILITY ON THE SURFACE, PRESSURE UNDERNEATH



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CHAOS, VOLATILITY, AND PEACE

BY: HOWARD HALDERMAN, PRESIDENT OF THE HALDERMAN COMPANIES

The title for this fall's newsletter was challenging. On one hand there is chaos throughout the world from the War in Iran, to the Russia-Ukraine conflict, national debt concerns and to trade disputes and unknowns. This leads to volatility in fuel and fertilizer prices, inflation, interest rates, commodity prices and almost daily swings in most markets based on the next sound bite. Yet through all the chaos and volatility I look out over the corn field behind the Halderman office, and I feel a sense of peace in the farmland marketplace. Farmland remains steady in terms of value and rental rates.

As of September 1st, our farmland sales of 90% cropland parcels, with no improvements, are averaging an all-time high nominal value. Adjusted for inflation, values peaked in 2022. This year values trended down through June as commodity prices were weak and inputs remained high. Then over the past two months values have trended back upward. Where the market ends the year is a mystery as there are bullish and bearish factors to consider, however I suspicion the overall income stress and high interest rates will

dampen bullish yields and higher corn prices.

This year's harvest will be variable, but outside of some flooded areas, most yields will be average to above. Therefore, the recent price increases will combine to offer better farm income opportunities. Interest rates are sticky high as is inflation and input prices. Those pose challenges ahead for producers. There will be variability in regions, depending on the weather and local markets. Planning for 2027 and making lease decisions will be challenging. Halderman remains ready, willing and able to help!!

Some predictions: Farmland values remain near all-time highs. Interest rates go up slightly. Consolidation occurs once again this winter and the number of farmers declines. Farmland leases will vary depending on the farm, the region and farmer and there could be pressure in both directions as some producers will make money this year. AI (Artificial Intelligence) is making a difference at Halderman and within the industry. Ask us how it will benefit you!

Here are my thoughts on the key farmland issues in the Corn Belt as we enter the 2026 harvest. These are in my order of significance with their respective impact in parentheses.

- 1. Commodity Prices (Bullish)** – Corn and soybean prices offered a couple of opportunities for sales at slightly profitable levels this spring and summer. Projections are for smaller yields than last year. if they are less than expected, expect some further price increases, but not until late fall, early winter
- 2. Interest Rates (Neutral/Bearish)** – Rates remain in the 6.5-7.5% range for land



1. mortgages, steady with last year. Some predict no cuts, some predict increases, anticipate rates to remain close to current levels.

2. Supply of Farms for Sale (Neutral) –

Overall supply remains at or below average in most areas. We experienced an increase in farms for sale in each of the past 5 fall seasons. This is happening once again, and I expect there will be more “off market” transactions to generate liquidity for some operations. Variability in supply by location is the theme.

3. Land Values & Rents (Neutral) –

Land values were down trending the first 6 months and recently values increased. For the year they are steady. Rents for 2027 are dicey and highly dependent on the area and competition. Landowners will want to maintain steady or see a slight increase; farmers will likely want to see reductions due to sticky high input prices.

Finding the “right rent” will be a challenge.

4. Inflation (Neutral) –

Inflation remains above what the Fed prefers 2%. Gold is trading at high levels. Gold, like farmland, is inflation sensitive. While inflation appears somewhat controlled investors remain interested in farmland as an inflation hedge.

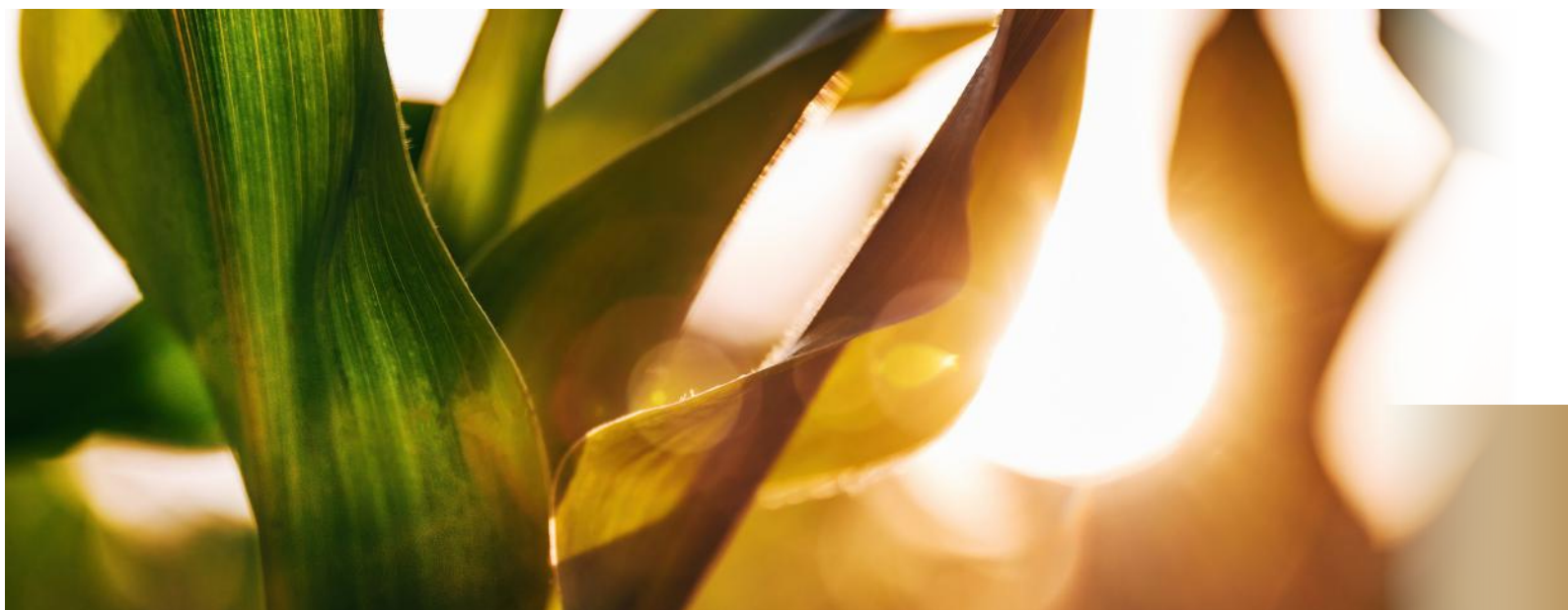
5. Government Support (Neutral) –

This factor going forward is an unknown. Congress doled out support in the OBBB and again last winter. The Farm Bill remains stuck in neutral and while more help was proposed by President Trump that remains unknown.

6. Artificial Intelligence (Bullish) –

AI is rapidly helping producers manage more data faster and will improve efficiency. At the same time those investing in AI infrastructure are looking to balance their portfolios with solid, stable assets like farmland. This could help demand.

FINAL THOUGHTS: There are 2 bullish factors, 5 neutral and 1 bearish above. This leads to a stable market and steady trend. When you see chaos and volatility in the world, farmland remains a peaceful place to invest with long-term stable returns. There will be challenges this fall and winter so if you need help, ask an expert for assistance! Halderman offers 96 years of 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)!!





WHAT 66 YEARS OF DATA TELLS US ABOUT TODAY'S FARMLAND MARKET

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

If you have owned farmland for any length of time, you have lived through moments when the headlines made you uneasy. Rising interest rates. Falling commodity prices. Talk of a market correction. Today feels familiar in some ways, and that is actually reason for perspective, not panic.

Each June, Purdue University's Department of Agricultural Economics surveys Indiana landowners, lenders, and farm managers to track farmland values and cash rents across the state. This year's report, authored by Todd Kuethe, confirms what many of us are seeing on the ground: Indiana farmland values are relatively stable, with modest changes up or down depending on quality and region. Top quality ground statewide averaged \$14,909 per acre, essentially flat from a year ago.

But the finding that deserves a closer look is this one. When Dr. Kuethe's colleague, Michael Langemeier, analyzed 66 years of Indiana farmland data, they found that today's price-to-rent ratio — the relationship between what land sells for and the income it generates — is running higher than historical norms. In plain terms, land prices are elevated relative to the rents they produce. That is worth understanding.

History offers some comfort here. This is not the first time the ratio has stretched. In the years following the farm crisis of the 1980s, and again during the corrections of 2014 and 2015, the ratio adjusted —

sometimes slowly, sometimes quickly — but long-term landowners who stayed the course were rewarded. Farmland has averaged 4 to 5 percent appreciation annually over the past three decades. That record does not guarantee the future, but it does reflect something durable about the underlying asset.

What the current data suggests is not that landowners should sell, or that the market is in trouble. It suggests that we are in a period of adjustment following the remarkable run-up in values between 2020 and 2022, when Indiana farmland increased roughly 60 percent in three years. Markets that move that fast rarely settle instantly. A measured, gradual return toward balance is the more likely path, and that is largely what we are seeing.

For landowners, the practical takeaway is this: now is a good time to make sure your farm is performing as well as it can. That means the right tenant, the right lease structure, and a clear understanding of where your ground sits in today's market. A farm that is well-managed and properly positioned will weather a period of adjustment far better than one that has been running on autopilot. Every farm is different and understanding how these broader trends apply to your property is important. Give us a call and we can discuss the value of your farm, its current lease or management strategy, and what today's market means to you specifically.

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Halderman can help!

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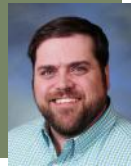
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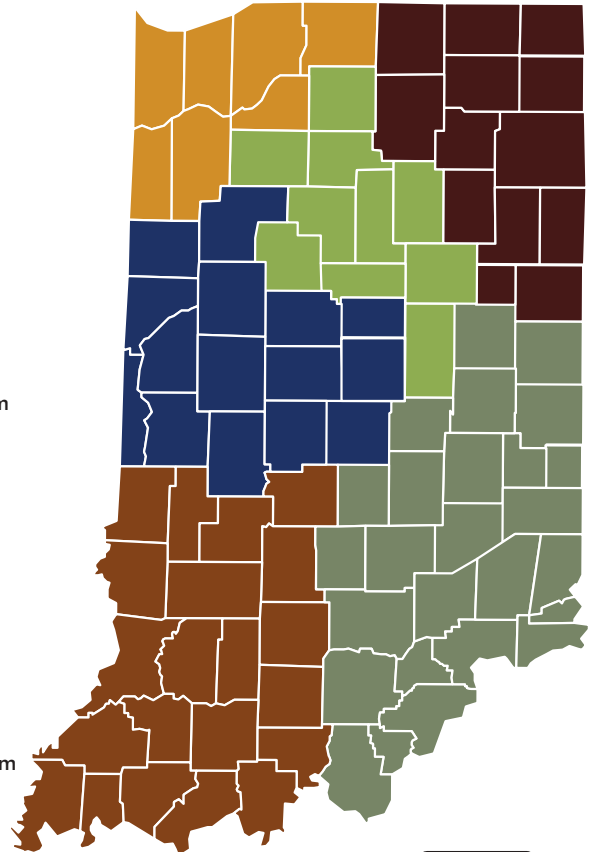
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An evolving world of new ideas and technological advances can bring uncertainty for the future. As farmers and landowners ourselves, we understand and lead conversations with transparency and pride ourselves on fair transactions, business dealings and property evaluations.

Let's have a conversation - no obligation just a listening ear ready to help you with your farm needs.



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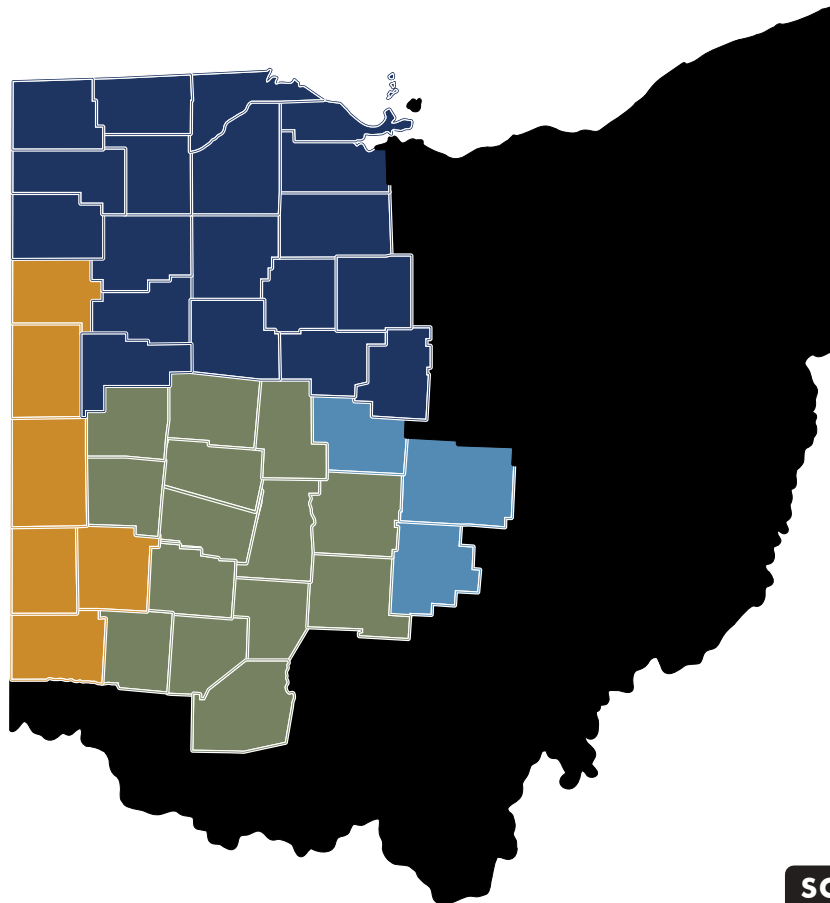
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THE FALL ISSUE

FARMLAND UPDATE

INVESTING IN FARMLAND, CURRENT MARKET AND MORE

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

NEW! AI-POWERED AUCTION TOOL

Halderman Real Estate Services launched a new AI-powered auction tool designed to enhance the auction experience for sellers and bidders while improving overall efficiency.

The technology was recently implemented during a live auction and reduced total auction time by an estimated 33%. It provides real-time updates, displaying changes on screen within seconds of each bid. This allows bidders to instantly see how their offers compare to leading bid combinations, creating a more engaging and transparent bidding process.

Halderman CEO, Howard Halderman, said, "We are continuously looking for ways to better serve our clients. The new platform helps us achieve sellers' goals more effectively while keeping bidders

informed and in the game from start to finish." Beyond enhancing bidder participation, the tool streamlines auction operations by providing a secure and reliable workflow for the auction teams. The system eliminates the need to manually rebuild bid combinations and ensures top bid combinations are consistently shown during the auction.

The company plans to continue refining the technology as it expands its use across future auctions.

"As technology evolves, our goals stay the same: deliver strong results for sellers, provide a great experience for bidders, and run an efficient auction. Innovation simply helps us do those things better, and we're excited about the future of this technology," Halderman said.