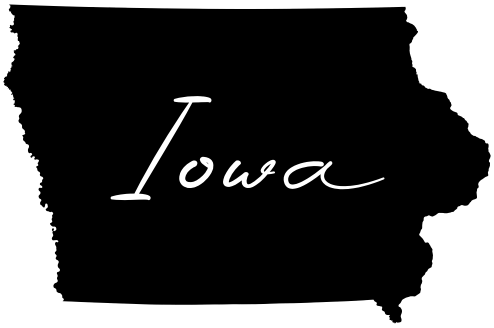



# AGRICULTURAL

## QUARTERLY MARKET ANALYSIS



PEOPLES™ COMPANY
INTEGRATED LAND SOLUTIONS

2026 Quarter 3

# INTRODUCTION

Iowa farmland values continue to balance strong underlying land-market fundamentals against tighter agricultural margins. Lower commodity prices, elevated production costs, interest rates, and uncertainty surrounding trade remain headwinds for crop producers. At the same time, limited farmland availability, strong farm equity, competitive demand for high-quality tracts, and strength in portions of the livestock sector continue to support the market.

More broadly, Iowa agriculture is navigating a period of transition following several years of strong commodity prices, rising farm incomes, and rapid farmland appreciation. The operating environment has become more challenging, but financial conditions across the farm sector remain considerably stronger than during previous periods of agricultural stress. This has allowed the farmland market to adjust gradually as buyers and sellers respond to changing expectations for income, financing costs, and long-term returns.

As 2026 progresses, the market has become increasingly selective. Buyers remain willing to compete for high-quality farmland, but income potential, soil productivity, location, drainage, and overall tract characteristics are receiving greater scrutiny. This widening differentiation between properties is becoming an important theme in the Iowa farmland market.

## HISTORICAL TRENDS

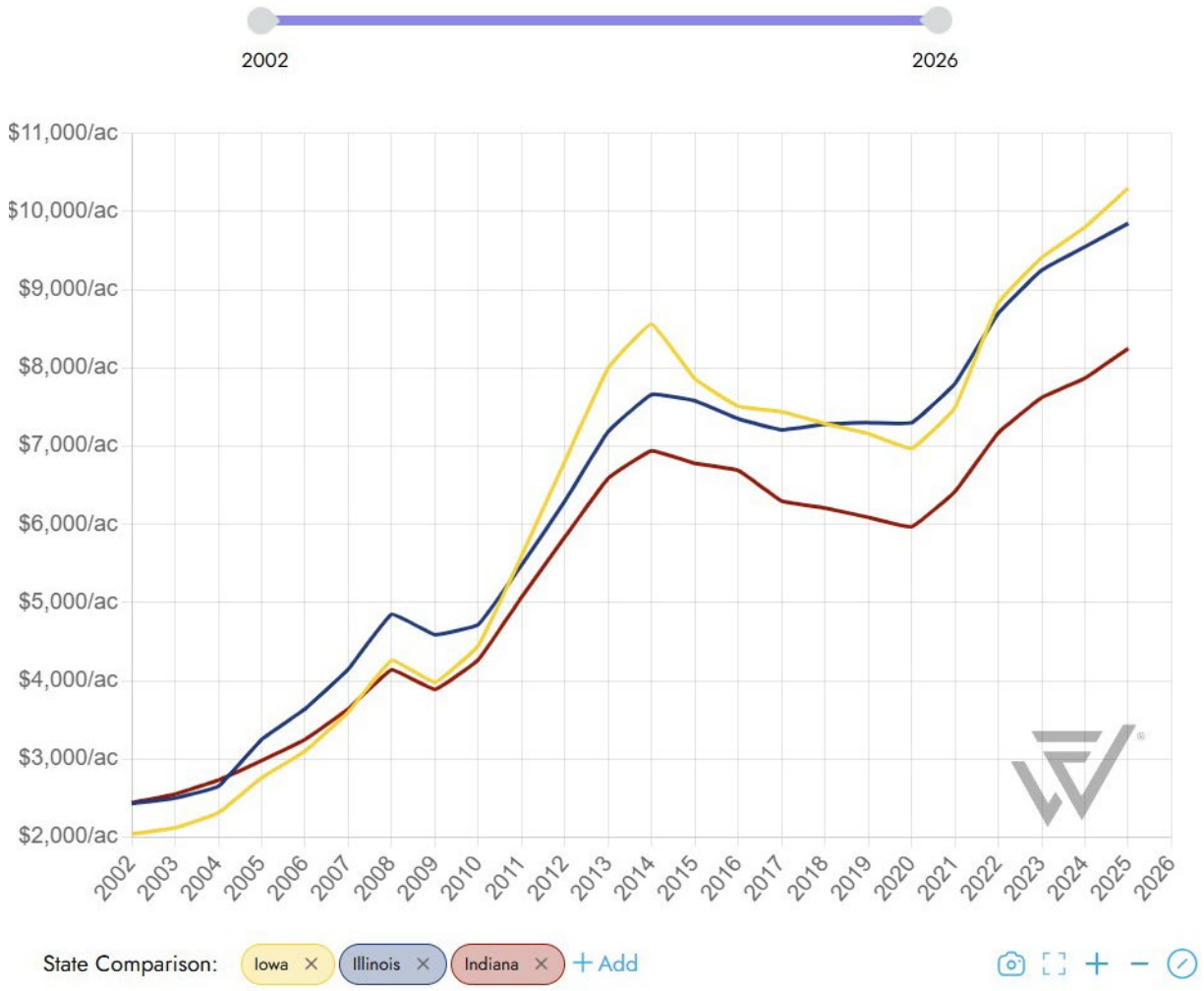
Over the long term, Iowa farmland has demonstrated substantial appreciation, although periods of rapid growth have historically been followed by periods of stabilization. The most recent cycle has followed a similar pattern. After several years of significant appreciation earlier in the decade, farmland values have transitioned toward slower growth and, in some measures, modest declines.

The 2025 ISU Land Value Survey placed average Iowa farmland at $11,549 per acre, approximately 2.4% below the 2023 nominal peak but still 32.5% above the previous 2013 peak. After adjusting for inflation, however, the 2025 value declined 1.8% from the prior year.

Other measures reinforce the view that Iowa farmland has entered a period of adjustment. Farm Credit Services of America reported that its Iowa benchmark farms declined 1.8% during the 12 months ending January 1, 2026, while remaining 44% higher over five years. More recently, Farm Credit reported that benchmark farmland values across its broader eight-state territory remained stable during the first half of 2026 despite lower commodity prices and tighter producer margins.

These trends indicate that the rapid appreciation experienced earlier in the decade has slowed, but there has not been a broad repricing of agricultural land. Instead, market conditions increasingly reflect differences in productivity, location, buyer competition, and individual farm economics.

## HISTORICAL TRENDS




*Farmland value ($/acre) for all farmland used in agricultural (source: USDA).*



## RECENT MARKET PULSE

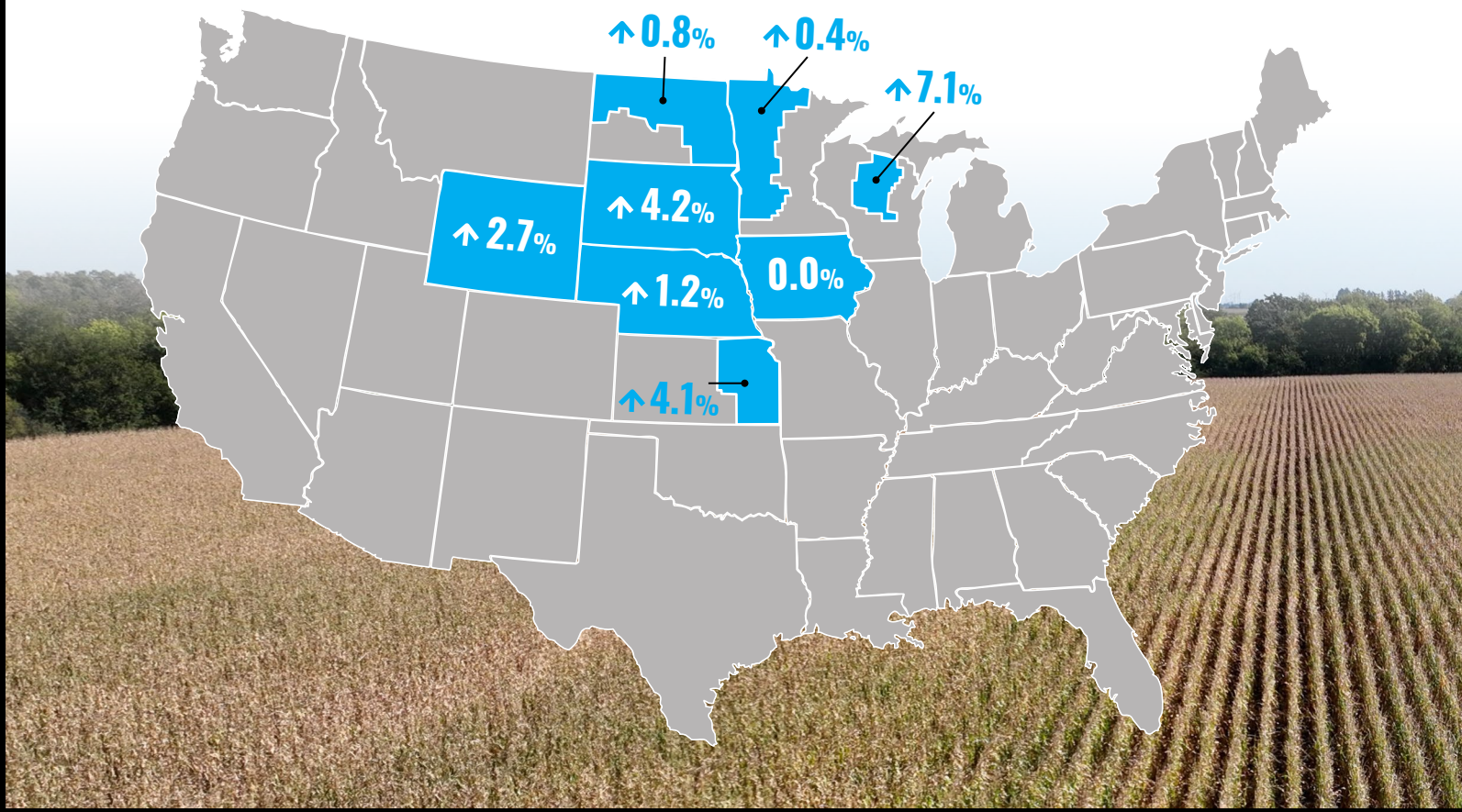
Recent indicators continue to point toward a stable but increasingly discerning market. Commodity prices remain an important factor. Grain markets entered the latter part of the third quarter focused heavily on harvest results and international trade. September market commentary highlighted U.S.–China discussions as particularly important for soybeans and potentially corn, while early harvest reports from portions of the Corn Belt showed mixed results.

The relationship between farm income and farmland values remains important. Lower crop prices reduce the income available to support land purchases and rents, while strong yields can offset a portion of that pressure. ISU's most recent survey identified lower commodity prices as the most frequently cited negative influence on farmland values, followed by long-term interest rates and trade uncertainty. Conversely, limited land supply was the most frequently identified positive factor. Iowa State University Extension

USDA data also continue to demonstrate the underlying strength of agricultural real estate. Nationally, USDA estimated average farm real estate at $4,500 per acre and cropland at $6,020 per acre in 2026. Within the Corn Belt, cropland averaged $9,280 per acre, considerably above the national average. Economic Research Service

Collectively, these indicators suggest that the Iowa farmland market is not experiencing a uniform decline. Instead, buyers are placing greater emphasis on income-generating capacity and property-specific characteristics as the margin for error in agricultural operations narrows.

**Six-month average benchmark land values change (FCSA)**



## PEOPLES COMPANY AUCTION DATA

The Peoples Company Appraisal Team tracks public farmland auctions throughout Iowa to provide a more immediate indication of how buyers are responding to changing market conditions. Through the first three quarters of 2026, auction results show both continued demand and greater quarter-to-quarter variability.

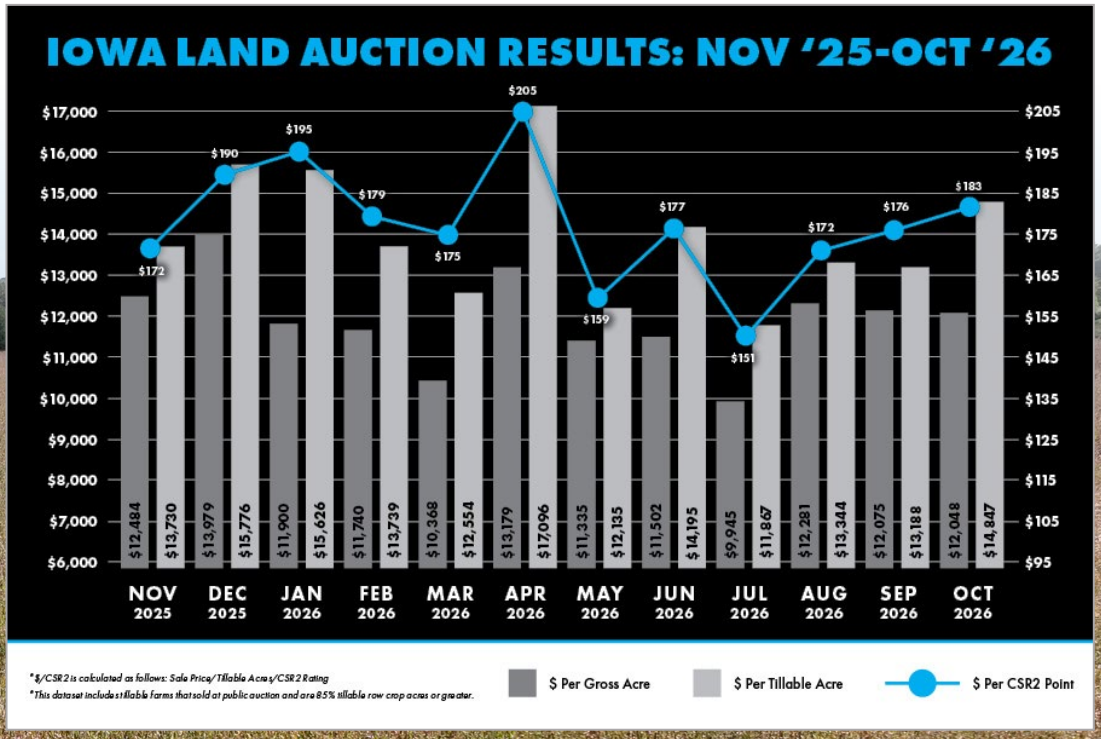
In Q1 2026, qualifying auction sales averaged $11,251 per acre, $13,646 per tillable acre, and $181 per CSR2 point, with 264 tracts representing 25,269 acres sold.

Q2 strengthened modestly on a price basis. The average increased to $11,980 per acre, $14,761 per tillable acre, and $183 per CSR2 point. Auction volume, however, declined to 148 tracts totaling 11,350.76 acres.

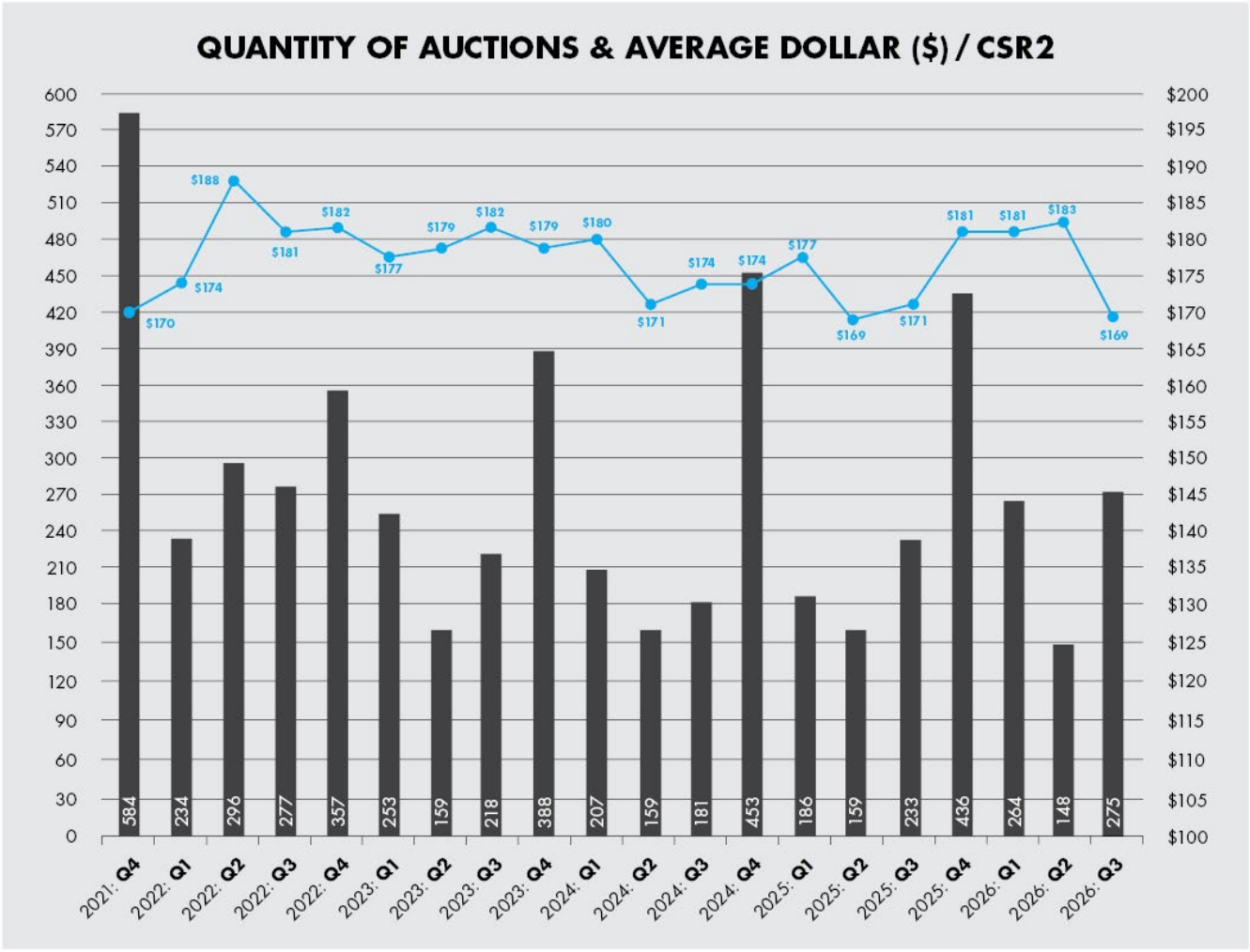
Activity increased substantially during Q3, with 275 tracts and 24,608 acres sold. Average pricing was $11,723 per acre, $12,991 per tillable acre, and $169 per CSR2 point. Compared with Q2, the average dollar per CSR2 declined approximately 7.7%, while gross dollars per acre declined only 2.1%.

The difference between these two measures is significant. A decline in average dollars per CSR2 does not necessarily translate directly into an equivalent decline in statewide farmland values. Changes in the quality, productivity, location, and characteristics of farms offered during a particular quarter can materially affect the statewide average.

Through the first three quarters of 2026, Peoples Company's data therefore point toward a market that remains active but is showing greater price sensitivity. Q3's increased transaction volume also provides a broader sample of market activity than Q2, with buyers continuing to participate while becoming increasingly disciplined in how they value individual properties.



## PEOPLES COMPANY AUCTION DATA




*$/CSR2 is calculated as follows: Sale Price/Tillable Acres/CSR2 Rating

*This dataset includes tillable farms that sold at public auction and are 85% tillable row crop acres or greater.

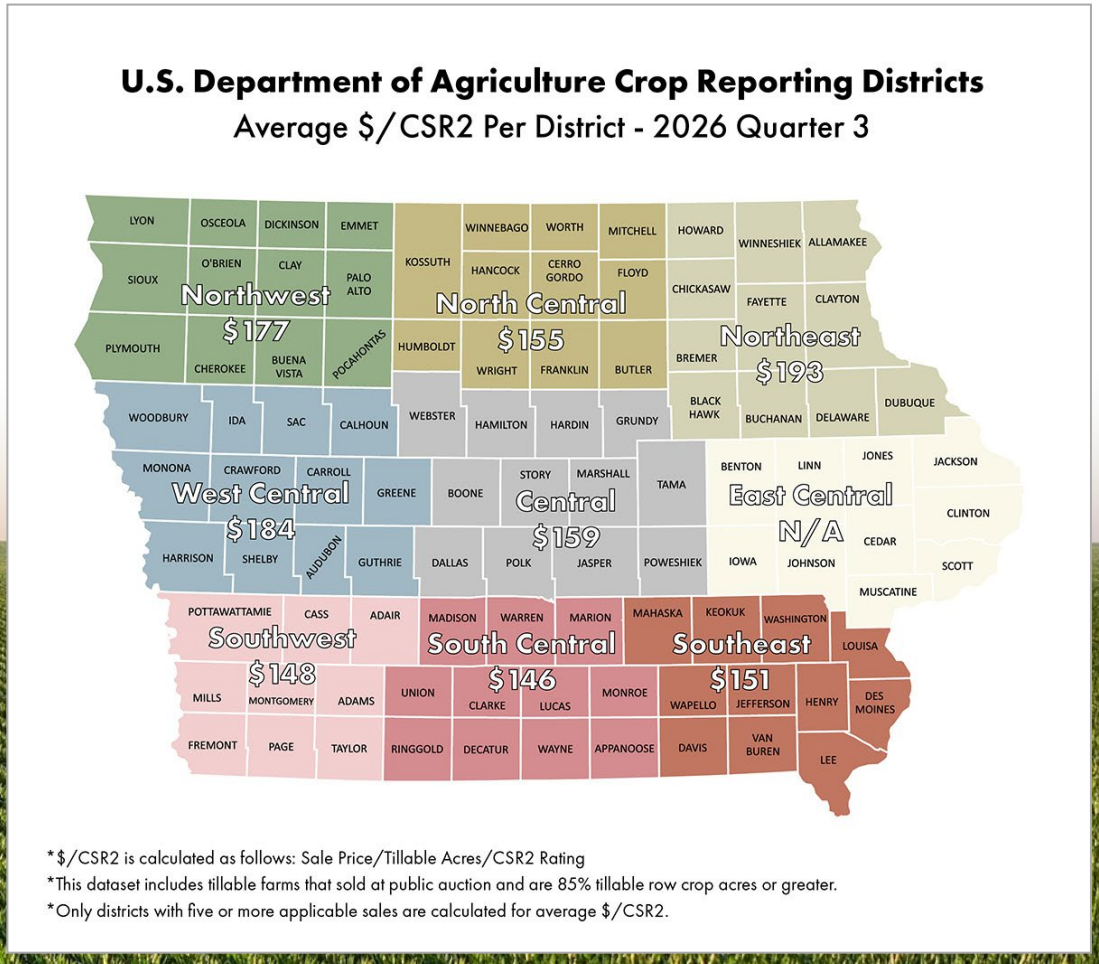


## REGIONAL DIFFERENCES

Peoples Company's Q3 auction data continues to show meaningful differences across Iowa's crop reporting districts. Northeast Iowa (District 3) recorded the highest average at $193 per CSR2 point, followed by West Central Iowa (District 4) at $184 and Northwest Iowa (District 1) at $177. North Central and Central Iowa averaged $155 and $159 per CSR2 point, respectively.

Values were lower across southern Iowa, where Southwest Iowa averaged $148 per CSR2 point, South Central averaged $146, and Southeast averaged $151. Gross sale prices followed a similar pattern, ranging from approximately $7,530 per acre in South Central Iowa to $13,604 per acre in Northwest Iowa. East Central Iowa did not have sufficient applicable auction data to report a Q3 average.

The regional spread reinforces the importance of looking beyond statewide averages when evaluating current market conditions. Differences in soil productivity, farmability, local buyer competition, livestock influence, and individual tract characteristics can produce considerably different results from one area of the state to another. Q3 results indicate that northern and portions of western Iowa generally commanded stronger prices, while southern Iowa remained more price-sensitive. Even within individual districts, however, high-quality farms can outperform regional averages when strong local competition is present.




*$/CSR2 is calculated as follows: Sale Price/Tillable Acres/CSR2 Rating
*This dataset includes tillable farms that sold at public auction and are 85% tillable row crop acres or greater.
*Only districts with five or more applicable sales are calculated for average $/CSR2.

## OPERATING NET INCOME PERFORMANCE

Farm profitability remains one of the primary variables to monitor. Crop producers continue to contend with a narrower margin environment as commodity prices have moderated from the elevated levels experienced earlier in the decade. At the same time, input expenses and cash rents have not declined proportionately, placing greater emphasis on yield performance and marketing.

Trade remains particularly important. September market analysis identified China as an important source of uncertainty for the soybean complex, although Chinese soybean purchases were continuing at the time. Market participants were also watching whether future trade discussions could generate additional demand beyond soybeans, including corn.

For farmland, sustained pressure on operating margins would generally reduce the income available to capitalize into land values. However, strong balance sheets and limited availability of land have thus far prevented income pressure from translating directly into widespread distressed sales.

## COST OF CAPITAL

Interest rates remain another constraint on farmland purchasing power. Higher financing costs increase annual debt service and lower the investment return generated by a given level of cash rent.

This environment tends to create a competitive advantage for buyers with substantial cash positions or significant existing equity. It can also widen the gap between premium farms and more marginal properties because buyers can be more selective when financing costs are elevated.

The importance of interest rates is reflected in ISU's 2025 survey, where 22% of respondents identified long-term interest rates as a negative influence on farmland values. Until borrowing costs decline materially or farm income improves, cost of capital will likely remain an important consideration in land purchases.

### LIVESTOCK AND OTHER AGRICULTURAL CONSIDERATIONS

The livestock economy provides an additional source of support in portions of Iowa. Tight cattle supplies and strong consumer demand have supported historically high beef prices. American Farm Bureau analysis found that increased beef imports had produced little change in retail ground-beef prices during the period it studied, citing tight domestic cattle supplies as an important underlying factor.

September market commentary also pointed to unexpectedly low cattle placements as further evidence of tight supplies. For areas of Iowa with substantial livestock production, profitability in the livestock sector can provide an additional source of purchasing power and contribute to local farmland demand.

Agricultural policy is another variable to monitor. In September, the Senate Agriculture Committee advanced its version of the 2026 Farm Bill, which included provisions addressing year-round E15 and input costs, although additional negotiations remained necessary before final passage. The ultimate treatment of commodity programs, crop insurance, renewable fuels, and other agricultural provisions could affect farm income expectations and, indirectly, farmland purchasing power.

## CONCLUSION

Iowa farmland continues to demonstrate resilience despite a more challenging agricultural income environment. Long-term fundamentals remain supportive, including limited land supply, substantial farm equity, and continued demand from farmers and investors. At the same time, lower commodity prices, elevated input expenses, higher borrowing costs, and trade uncertainty are creating greater discipline among buyers.

Peoples Company's auction data reflect this transition. The statewide average increased slightly from $181 per CSR2 point in Q1 to $183 in Q2 before declining to $169 in Q3. Importantly, gross dollars per acre declined only 2.1% between Q2 and Q3, while auction activity increased from 148 to 275 tracts. The difference between these measures emphasizes the influence of tract mix and cautions against interpreting the quarterly CSR2 movement as a direct measure of overall farmland depreciation.

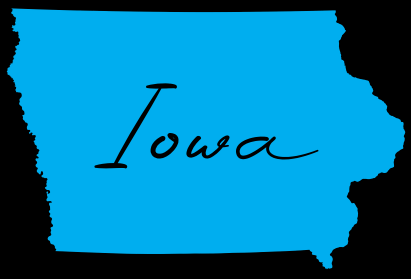
Heading into Q4 2026, the Iowa farmland market appears increasingly property-specific rather than directionally uniform. Premium farms with strong productivity, high farmability, good drainage, and competitive local demand continue to attract buyers, while average-quality properties are subject to greater scrutiny.

The primary factors to monitor will be harvest results, commodity prices, export demand, interest rates, production costs, farm policy, and the volume and quality of land brought to market. Absent a significant deterioration in farm income or a meaningful increase in available inventory, current evidence points toward continued adjustment and wider differentiation among properties rather than a uniform statewide movement in farmland values.










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**2026 Quarter 3**

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