NEBRASKA FARM BUREAU®

THE STATE OF NEBRASKA'S FARM EXPENSES

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INTRODUCTION

This report provides a comprehensive analysis of farm expenses in the state of Nebraska, highlighting key costs, trends, and economic pressures faced by agricultural producers. As one of the nation's leading agricultural states, Nebraska plays a vital role in the production of corn, soybeans, cattle, and other commodities. However, the profitability and sustainability of farming operations are increasingly impacted by fluctuating input costs, such as interest rates, fertilizer, equipment, and land. By examining recent expense data and identifying underlying factors driving these changes, this report aims to offer valuable insights into the financial challenges and operational decisions confronting Nebraska farmers today.

INTEREST

Farmers in Nebraska are currently navigating increasingly challenging credit conditions, shaped by a combination of economic and market-related factors. In the last decade, interest rates have risen significantly, increasing the cost of borrowing and putting added strain on farm budgets already impacted by high input prices for fuel, fertilizer, seed, and equipment.

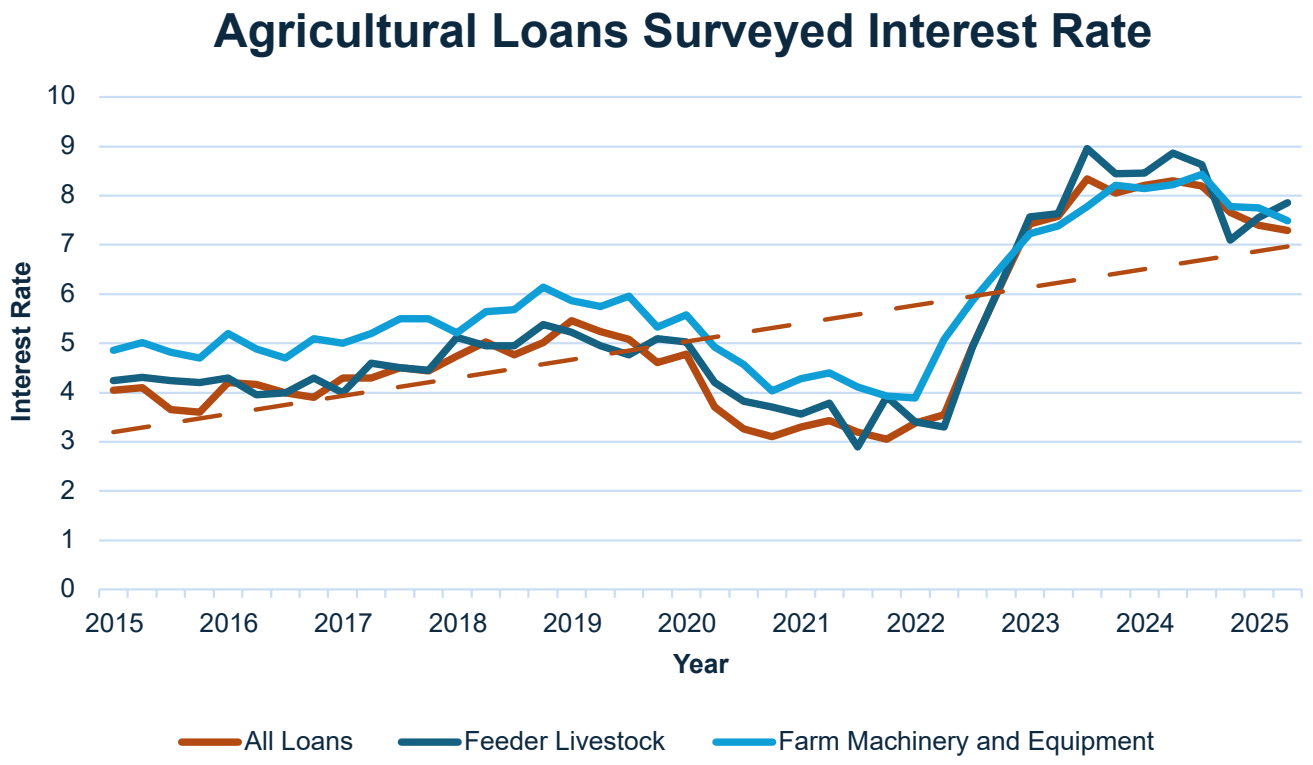

Figure 1: Graphics: Abygail Streff. Data: Federal Reserve Bank of Kansas City- 10th Federal Reserve District. Quarterly Agricultural Credit Survey: Ty Kreitman, August 2025.

Using data from the Kansas City Federal Reserve National Survey of Terms of Lending to Farmers Survey, Figure 1 above shows how interest rates have trended over the last ten years. Following a drop in rates after COVID-19 interest rates have increased dramatically since partially through 2022. With a slight dip in 2024, interest rates continued to remain high in 2025. The latest results in the survey showed a surveyed 7.29% interest rate on all agricultural loans. Higher interest rates have led to tighter margins, prompting many producers to rely more heavily on operating loans and short-term credit to cover essential expenses throughout the growing season. The USDA Economic Research Service releases a cost-of-production forecast for major U.S. crops. In these data releases, there are forecasts for costs of interest on operating capital for specific commodities. In 2025 and 2026 corn is forecasted to cost around $8.47 and $7.44 per acre. Soybean's interest is forecasted to be around $4.57 and $3.99 in 2025 and 2026, respectively. The Federal Reserve is expected to make at least one interest rate cut this year and more cuts in 2026 which contributes largely to the decreased costs expected in the 2026 forecast.

FARMLAND

Valuations are incredibly volatile for homeowners, businesses, and agriculture alike. Over the past decade, agricultural land valuations have exhibited significant volatility. The above figure illustrates the annual percentage changes in real agricultural land values, as well as the annual percentage of change in valuations of agricultural improvements and farm sites, over the last ten years.

Valuations for agricultural improvements and farm sites have remained relatively stable. Between 2024 and 2025, these valuations increased by just over 8%, reflecting a more consistent growth trend over time.

In contrast, real agricultural land values have demonstrated considerable variability. For instance, in 2015, valuations increased by over 19%. However, from 2019 through 2021, the sector experienced a period of negative growth. More recently, from 2024 to 2025, real agricultural land values increased again with an average increase exceeding 14%. This is a huge increase that has in turn led to increased costs. For many producers this has resulted in increases in property taxes, insurance, and rental rates.

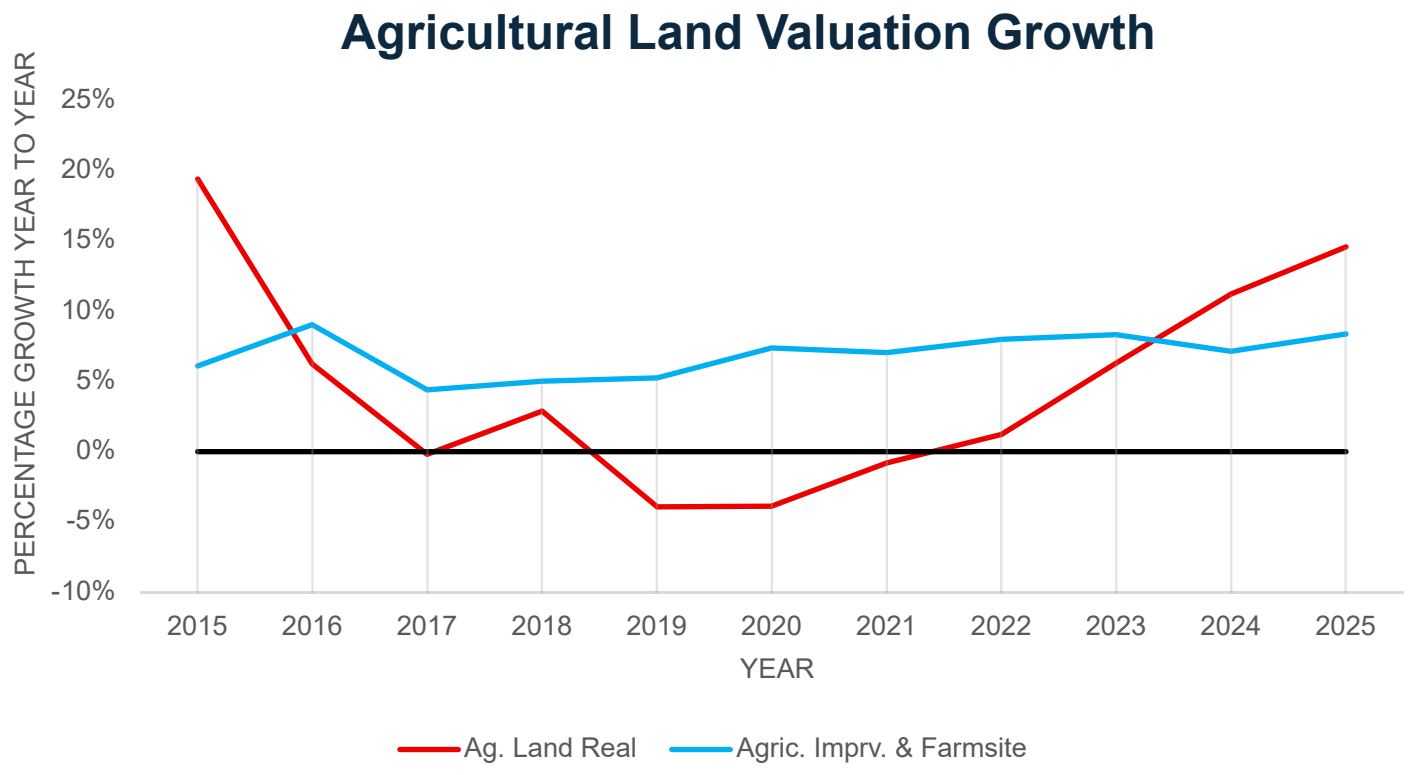

Figure 2: Graphics; Abygail Streff NEFB, Data; Nebraska Department of Revenue

The 2025 USDA National Agricultural Statistics Service (NASS) Cash Rents Survey highlights significant disparities in cash rental rates for irrigated cropland across Nebraska. Owing to the state's diverse agricultural production and land types, rental rates vary widely, with the highest rates more than double the lowest reported values.

Counties with the Highest Irrigated Acre Rental Rates:

- ***Cedar County:*** $355 per acre *(highest in the state)*
- ***Dixon County:*** $347 per acre

Counties with the Lowest Irrigated Acre Rental Rates:

- ***Kimball County:*** $159 per acre *(lowest in the state)*
- ***Cheyenne County:*** $168 per acre

Rental rates have increased dramatically over the past five years. Cedar County experienced a collective 26% increase in cash rental rates for irrigated cropland from 2020 to 2025, while Dixon County reported a 21% increase over the same period. Kimball County observed an increase of approximately 9% since 2023, and Cheyenne County saw an estimated increase of 12% from 2023 to 2025 (data for the years 2020 through 2022 were not reported). Pastureland has seen a smaller increase from 2020 to 2025 but not near the increases of irrigated acres. This is in part due to the high price of beef and landscapes in each county.

Counties with the Highest Pasture Acre Rental Rates:

- ***Wayne County:*** $90.50 per acre *(highest in the state)*
- ***Cuming County:*** $80 per acre

Counties with the Lowest Pasture Acre Rental Rates:

- ***Sioux County:*** $13 per acre *(lowest in the state)*
- ***Grant & Cheyenne County:*** $14 per acre

EQUIPMENT

An analysis of the U.S. Bureau of Labor Statistics (BLS) Producer Price Index (PPI) reveals a significant upward trend in the cost of parts for farm machinery. Figure 4 shows the increase in farm machinery and equipment parts for sale separately from the BLS PPI. The BLS index for "Parts for Farm Machinery, for Sale Separately" (indexed to 1982= 100) reached 189.6 in 2020, up from 100 in 1982. This is an 89.2% increase in farm parts. A part that may have sold for $600 now would have sold for $1,135.20. This is a substantial increase that directly impacts the input costs for agricultural producers who rely on these components for equipment maintenance and operation. As figure 4 shows, in just five years from 2020 to 2025, there has been over a 69% increase in farm machinery and equipment parts. That $1,135.20 part now costs $1,929.84, triple the price of the part in 1982.

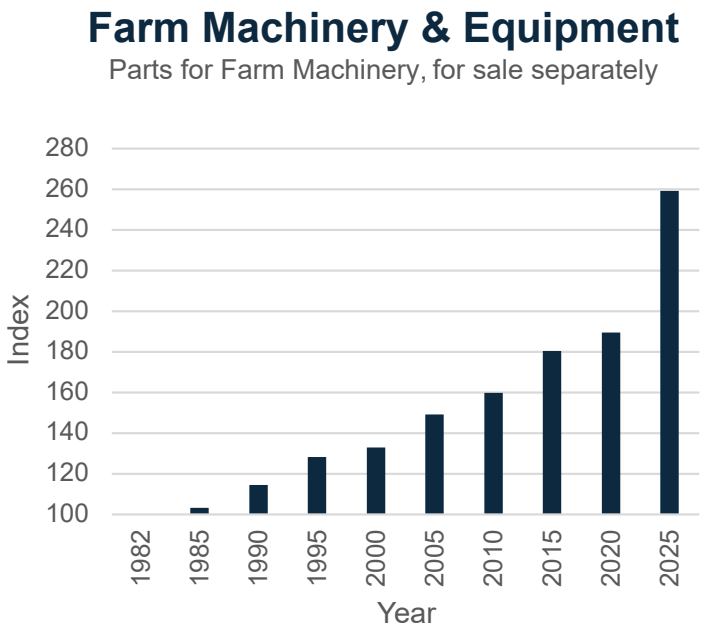

Figure 3: U.S. Bureau of Labor Statistics; Producer Price Index

This imposes increased financial strain on farm operations, especially small- and medium-sized producers reliant on regular equipment maintenance. The broader machinery manufacturing sector has also seen significant price escalation over a longer timeframe.

FERTILIZER

According to Russ Quinn with Progressive Farmer DTN, fertilizers such as urea, anhydrous, dap, and MAP have seen increased prices from 2024 to 20251. Potash was the only fertilizer listed to see a decline in price from $501 per ton to $484 per ton. Liquid anhydrous increased by over 12% from $678 to $762 per ton. Urea saw a significant hike of around 28% from $500 to $620 per ton. DAP and MAP's prices increased 10.7% and 9.5% respectively.

Figure 5 shows the USDA ERS predictions of fertilizer per planted acre from 2010 to 2026 (forecasted). Corn's fertilizer costs are forecasted to be around $161.59 per acre in 2025 and $169.69 per acre in 2026. Soybean's fertilizer costs are forecasted for 2025 and 2026 at $45.99 and $48.30 per acre respectively.

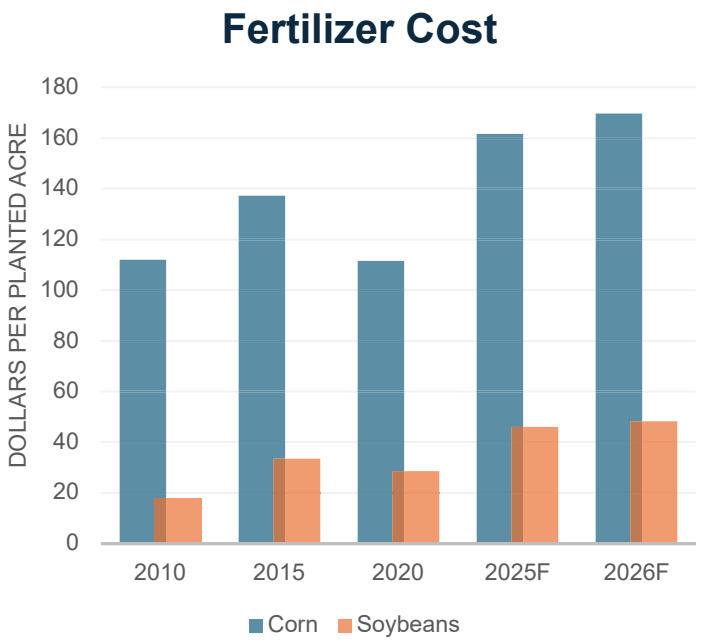

Figure 4: Graphics: Abygail Streff NEFB; Data: USDA ERS: Commodity Costs and Returns

From 2020 to 2025 there is a substantial jump in cost per acre. If this forecast is realized in 2025, that is a 44.8% jump in corns per acre fertilizer cost from 2020's costs. Under the same assumptions, soybeans will witness a 61.3% increase from 2020 to 2025. That is extreme. With already tight margins and predicted low corn prices, this will put even more pressure on for next year's crop that is forecasted to witness another increase in fertilizer costs.

https://www.dtnpf.com/agriculture/web/ag/crops/article/2025/08/20/map-leads-fertilizer-prices-higher

LIVESTOCK INPUTS

Livestock inputs are also monitored through the USDA ERS database. One key area of input costs pertains to veterinary and medicine expenses, which have shown notable increases in several sectors of livestock production. In the cow-calf segment, veterinary and medicine costs have risen significantly over the past four years, increasing from $25.44 per cow in 2020 to $32.25 per cow in 2024. This upward trend reflects broader inflationary pressures on animal health products, as well as the rising cost of services provided by veterinary professionals. Continually fuel, lube, and electricity costs have also increased by $16.38 dollars from 2020 to around $46.06 per cow in 2024. This is over a 55% increase in price putting a heavy burden on producers. (USDA ERS does not provide feeder cattle estimates on recent cost and returns.)

Similarly, the hog industry has experienced a comparable increase in veterinary and medicine expenditures. Costs in this category have grown from $2.78 per hundredweight of gain in 2020 to $3.53 in 2024. These increases may be attributed to enhanced biosecurity measures, increased use of preventative health protocols, and higher input prices for pharmaceuticals and medical supplies. Fuel, lube, and electricity have experienced a much less burdensome increase in cost with a significant increase from 2021 to 2022 to $4.09 per hundredweight of gain followed by declining costs in 2023 and 2024 for final cost of around $3.22 per hundredweight of gain.

In contrast, the dairy sector has experienced relatively stable veterinary and medicine costs over the same period. While there was a modest decline between 2020 and 2021, these costs have continued to trend slightly downward into 2024. The stability in this segment may reflect efficiencies gained through herd health management programs or more consistent herd sizes and production systems compared to other livestock sectors. For milk production, expenses have declined from 2020 for purchased feed. Interest expenses on operating capital have increased from $0.03 per hundredweight in 2020 sold to $0.33 in 2024.

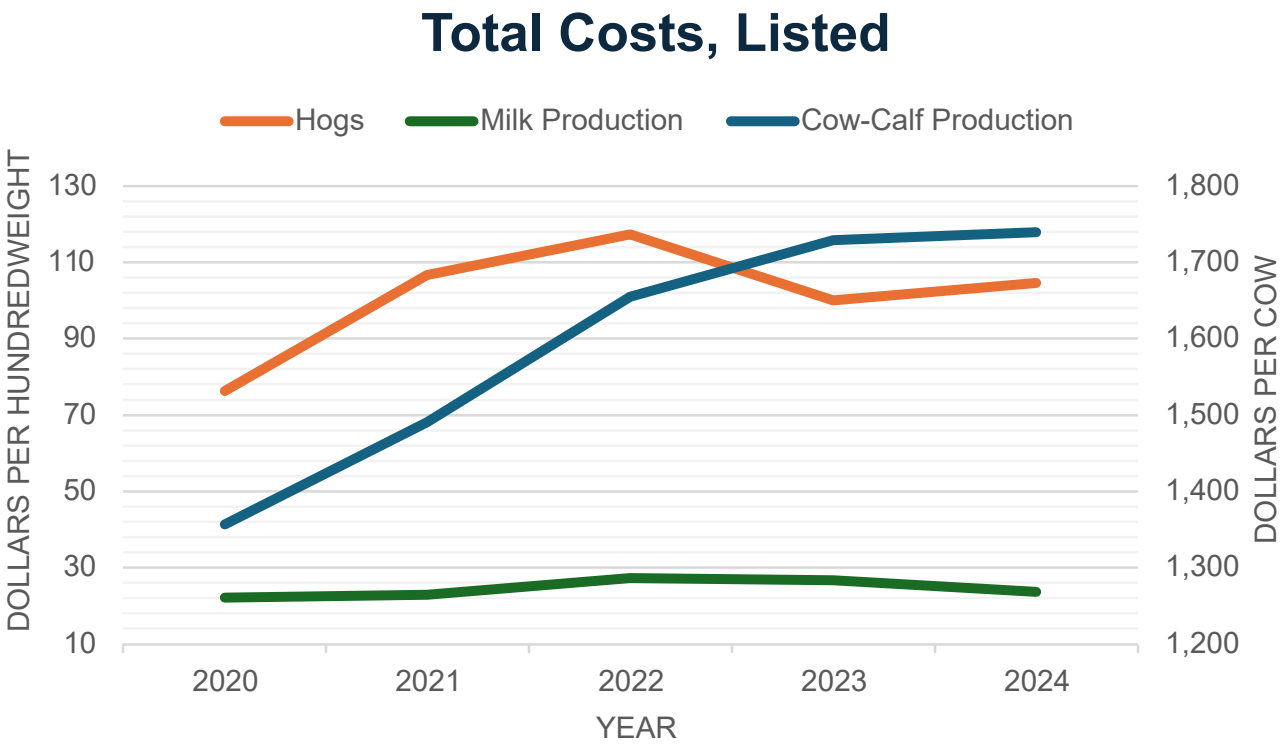

Figure 5: Graphics: Abygail Streff NEFB; Data: USDA ERS: Commodity Costs and Returns

COSTS vs. RETURNS

The United States Department of Agriculture's Economic Research Service (USDA ERS) has forecasted that total costs listed per acre will continue to increase in 2025 and 2026. These increases will put more financial pressure on agricultural producers, especially will current market conditions.

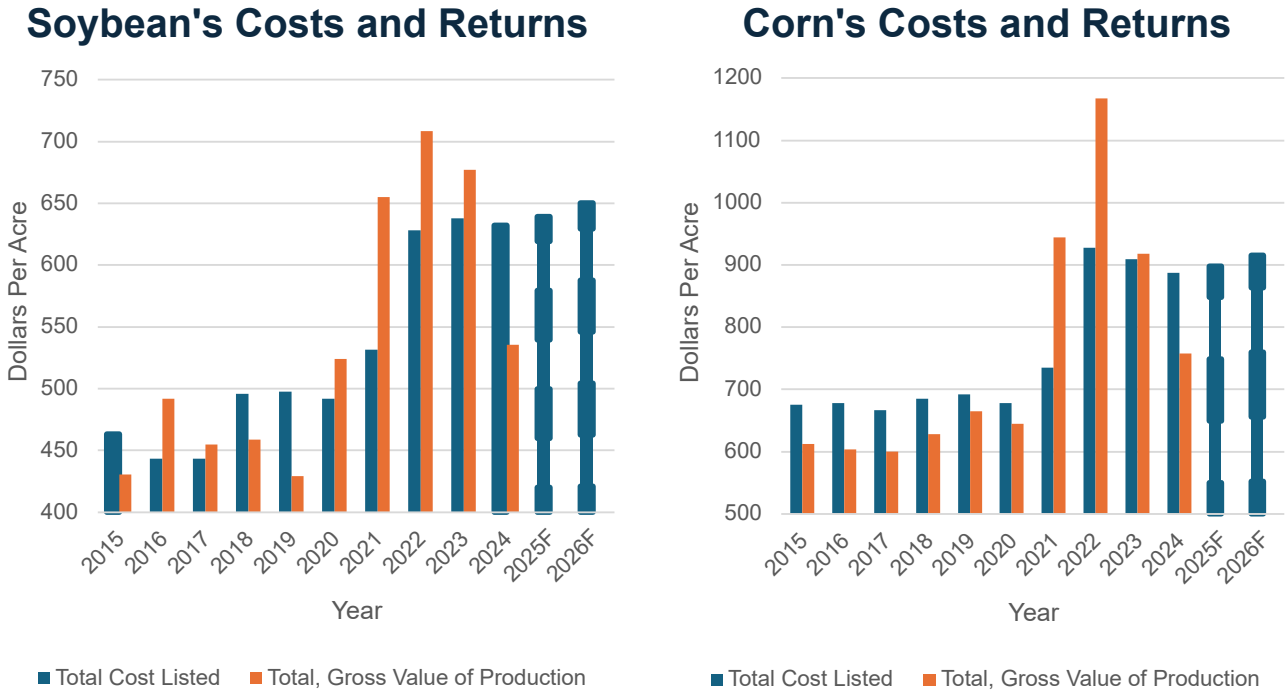

Figure 6: Graphics: Abygail Streff NEFB; Data: USDA ERS: Commodity Costs and Returns

Despite these high costs, commodity pries are anticipated to remain low, which limits producer's ability to offset these expenses through market returns. The total gross value of agricultural production is not likely to cover the total costs in both corn and soybean production. As figure 6 shows, in 2024 there was an extreme drop in total gross value of production down to $535.71 per acre in soybeans and $747.48 per acre in corn. Unfortunately, projections for this year show lower commodity prices are unlikely to match the costs forecasted in both 2025 and 2026.

EFFECTS

Fluctuating commodity prices have created uncertainty around income levels, making it increasingly difficult for some farmers to meet repayment obligations on time. In Figure 2 above, the Kansas City Federal Reserve has collected data through the Agricultural Credit Survey from bankers about agricultural loan demand and repayment rates. Looking at the past 10 years, until 2020 both figures remained moderately steady. In 2020, loans were being repaired at a much higher rate that was sustained for the next two years until 2023. From 2023 to 2025 a significant decline in loan repayment rates has been observed. Demand for loans has followed the inverse of this. Agricultural loan demands have increased and remain elevated in 2025.

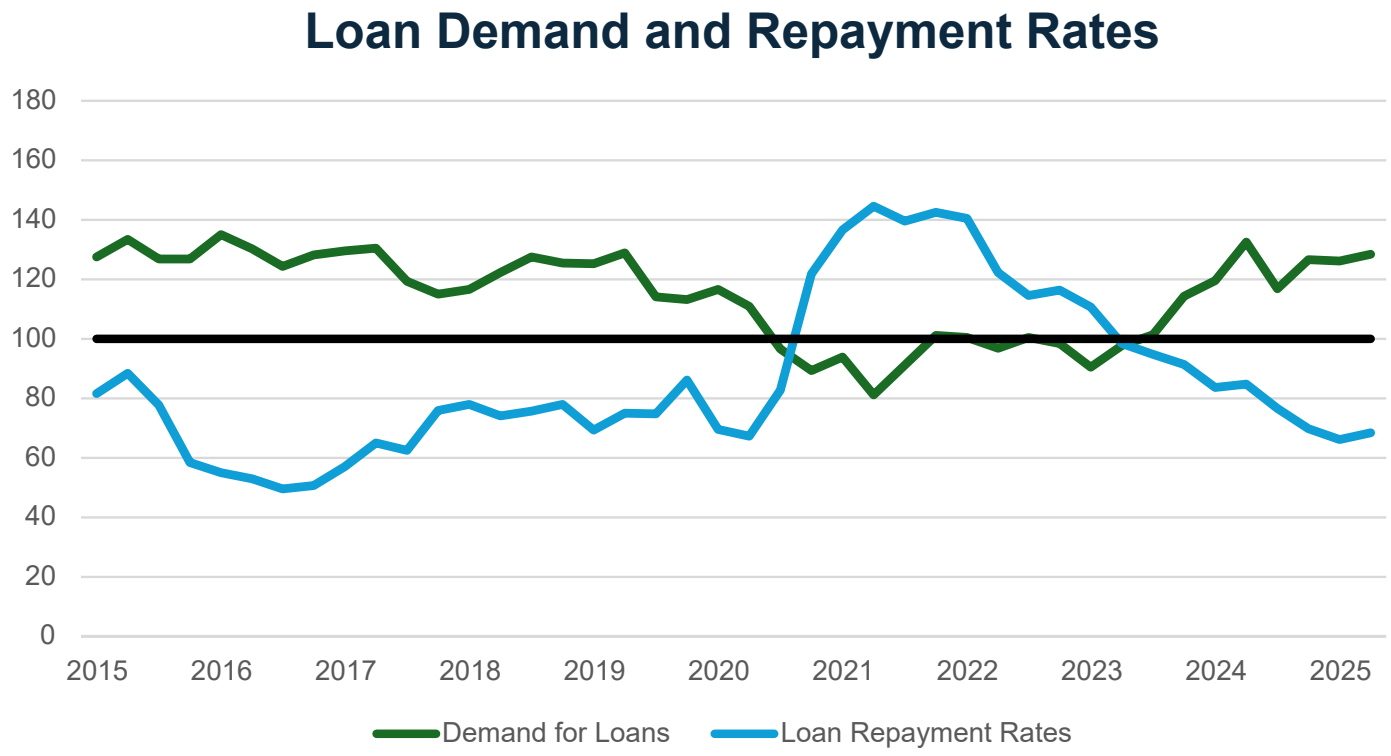

Figure 7: Graphics: Abygail Streff. Data: Federal Reserve Bank of Kansas City- 10th Federal Reserve District. Quarterly Agricultural Credit Survey: Ty Kreitman, August 2025.

**The index is figured by subtracting the percentage of respondents who responded "lower" from the percentage who responded "higher" and adding one hundred.*

While the overall financial health of many Nebraska farms remains stable due to strong land values and record level cattle prices, lenders are becoming more cautious. In some cases, these credit constraints may force producers to scale back operations or delay key decisions, further affecting long-term productivity and profitability. As these conditions persist, careful financial planning and strategic resource management will be critical for Nebraska farmers to maintain operational stability and adapt to a more risk-sensitive lending environment. Input costs will continue to put increased pressure on producers until a shift in the market occurs. Increased trade, year-round E-15, and livestock expansion can all grow agricultural markets. In the next two years, commodity markets will need growth to allow for agriculture to grow and thrive as well.