

EDITION 1 · 2026

State of CapEx Procurement in North American Agriculture

Market dynamics, fiscal policy drivers, and procurement implications for agri-CapEx buyers and their suppliers.

A secondary-research synthesis prepared by APSentra, drawing on USDA, Statistics Canada, AEM, NAEDA and industry market-sizing sources.

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EXECUTIVE SUMMARY

A market that is spending more, but choosing more carefully

North American agricultural capital expenditure is not shrinking — it is redistributing. U.S. farm production expenses stayed close to record highs through 2025, but the composition of that spending shifted sharply: livestock operations increased capital outlays while row-crop operations pulled back, and buyers across both segments moved toward structured, total-cost-of-ownership procurement rather than reactive replacement.

For companies selling into or buying within this market, three dynamics matter most: fiscal policy (a materially more generous depreciation regime) is pulling some 2026 capital decisions forward; financing terms are now as central to the purchase decision as the equipment itself; and the procurement function is professionalizing — more RFPs, more TCO modeling, more dealer consolidation on the supply side.

\$477.7B

U.S. farm production expenses forecast, 2026 (+1.0% nominal, -0.9% real)

\$255.0B

U.S. livestock sector CapEx, 2025 (+11.2% YoY) — first time exceeding crop spend since 2015

\$2.5M

New Section 179 deduction cap under OBBBA, up from \$1.16–1.22M

6.98%

Forecast CAGR of the U.S. agricultural equipment market, 2025–2034

30%+

Rise in average large-tractor purchase price over the past decade

C\$2.85B

Canadian imports of U.S. agricultural equipment

SECTION 1

Macroeconomic overview and farm expenditure dynamics

Total U.S. farm production expenditures stabilized in 2025 at between \$467.4 billion and \$490.3 billion, depending on accounting scope (USDA ERS / NASS). Adjusted for inflation, 2025 was the seventh most expensive year on record for U.S. producers, extending a decade-long rise in baseline operating costs. For 2026, nominal expenses are forecast to rise a further 1.0% to \$477.7 billion, while inflation-adjusted spending is projected to contract slightly (-0.9%).

The more consequential story is beneath the headline total: capital availability has diverged sharply between livestock and crop enterprises. In 2025, livestock-operation expenditures reached \$255.0 billion — up 11.2% year over year — overtaking crop-farm expenditures of \$235.3 billion (down 6.6%) for the first time since 2015. Softening global grain and oilseed prices squeezed crop margins and pushed crop producers to delay major capital upgrades, while strong livestock receipts (projected to lift livestock and poultry purchases 9.7% to \$66.3 billion in 2026) gave livestock operators the liquidity to modernize facilities and fleets.

U.S. farm expenditures by enterprise type, 2025



First year since 2015 that livestock spending exceeded crop spending.

In Canada, the same macro pressures are visible through a different data lens. Statistics Canada's 2021 Census placed total Canadian farm capital at C\$690.86 billion across 189,874 reporting farms, with machinery and equipment as a foundational component. Canadian operations remain highly mechanized and import-dependent: roughly C\$2.85 billion of agricultural equipment flows in from the United States annually, with Farm Credit Canada (FCC) playing a stabilizing role through tailored equipment loans and trade-disruption support.

METRIC	UNITED STATES	CANADA	CONTEXT
Total farm production expenses / capital	\$477.7B (2026 forecast)	C\$690.86B (2021 Census, total farm capital)	U.S. spending near record highs in real terms; Canadian figure is accumulated capital, not annual spend.
Crop vs. livestock CapEx split (2025)	Livestock \$255.0B (+11.2%) Crop \$235.3B (-6.6%)	Not separately reported in retrieved sources	First year since 2015 that livestock spending exceeded crop spending.
Cross-border machinery trade	Major exporter to Canada	C\$2.85B imports of U.S. equipment	~40% of U.S. ag-equipment exports go to Canada — trade policy is directly relevant to both sides.
Primary institutional lenders	USDA Farm Service Agency, AgDirect, commercial banks	Farm Credit Canada (FCC), chartered banks	Government-backed credit is essential to absorbing elevated interest costs on both sides of the border.



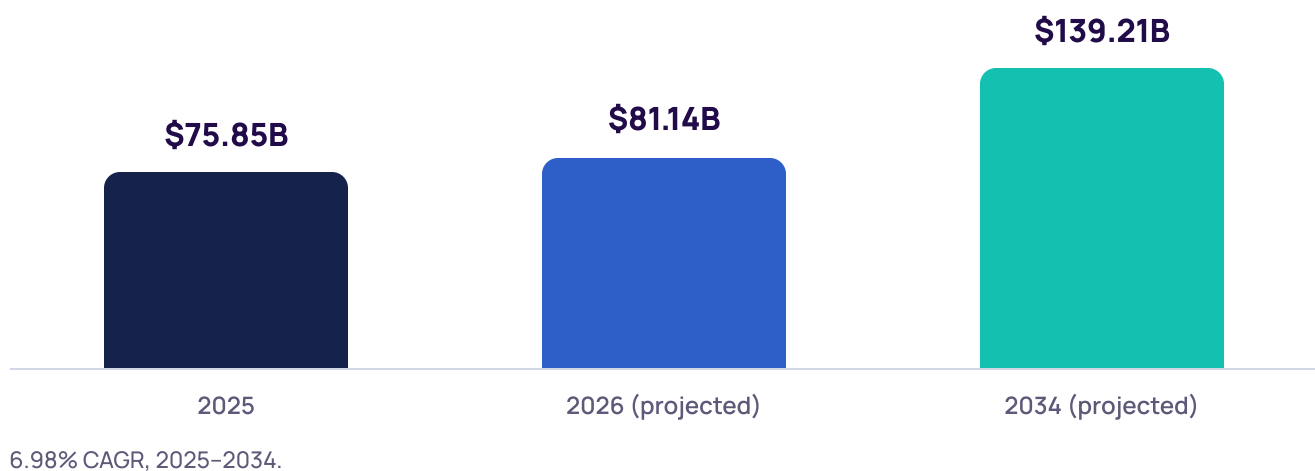
Procurement implication: a livestock-heavy portfolio or region is currently a materially better capital-deployment environment than a crop-heavy one. Suppliers and procurement teams segmenting demand by commodity exposure will read 2026 more accurately than those treating “agriculture” as one buying pool.

SECTION 2

Equipment procurement and mechanization trends

The U.S. agricultural equipment market was valued at \$75.85 billion in 2025 and is projected to reach \$81.14 billion in 2026, expanding to \$139.21 billion by 2034 at a 6.98% CAGR. Tractors remain the dominant capital allocation, commanding 43.2% of total market revenue in 2025; self-propelled harvesting and threshing equipment is the second-largest pool. Direct 2025 farm-sector spending on tractors and self-propelled machinery totaled \$18.7 billion, alongside \$7.5 billion on other implements and \$5.8 billion on farm trucks and utility vehicles.

U.S. agricultural equipment market size



Replacement cost inflation is a structural driver in its own right: the average purchase price of a new large farm tractor has risen more than 30% over the past decade, driven by Tier 4 Final emissions compliance, high-capacity hydraulics, telematics, and factory-integrated precision-agriculture hardware. At the same time, persistent labor scarcity — farm labor costs remain elevated at \$53.9 billion nationally, even as H-2A wage growth moderates in places — is pushing buyers to substitute variable field labor with capital-intensive automation: autonomous steering, AI-based field analytics, automated grain-loss monitoring, and integrated telematics.

30%+

Rise in the average purchase price of a new large farm tractor over the past decade

Demand signals for 2024–2025 were nonetheless soft: AEM reported shipment declines for both low- and high-horsepower equipment across the U.S. and Canada, with dealer inventories rising to roughly eight months for U.S. low-horsepower tractors and four months for high-horsepower tractors (about nine and five months in Canada, respectively). Through November 2024, total farm tractor shipments were down 13.4% year over year and self-propelled combine shipments down 24.1% — a demand-cycle indicator, not a direct CapEx dollar figure. Dealer commentary points to selective replacement, greater used-equipment interest, cash purchases where liquidity allows, and more leasing when cash flow is tight.



SEGMENT	2025 SHARE / SPEND	TRAJECTORY	PRIMARY DRIVERS
Agricultural tractors	43.2% market share (\$18.7B expenditure)	~6.98% CAGR through 2034	Electrification, fuel efficiency, telematics, autonomous steering.
Threshing & harvesting	Leading share within application segment	High-value, highly cyclical	Grain-belt harvesting capacity, grain-loss sensing, yield mapping.
Implements & other machinery	\$7.5B farm expenditure	Steady, tied to planting/tillage speed	Multi-purpose attachments, automated section control.
Farm trucks & utility vehicles	\$5.8B farm expenditure	General replacement schedule	Heavy-haulage utility needs, accelerated tax write-off provisions.

SECTION 3

Spend categories and procurement logic

Agricultural CapEx is not a single procurement category but a distributed set of pools, each with distinct buyers and purchase routes. Mobile equipment (tractors, combines, planters, sprayers) is the largest and most dealer-led pool; irrigation, protected horticulture, grain infrastructure and precision-ag systems are smaller but structurally important adjacent categories that **can remain investable even when broad-acre machinery demand softens**.

CATEGORY	TYPICAL SCOPE	PRIMARY ROUTE	CURRENT SIGNAL
Row-crop machinery	High-hp tractors, combines, planters, sprayers, guidance	OEM dealers, trade-ins, auctions, OEM/Farm Credit financing	Operationally necessary but deferred/narrowed by margins and rates.
Livestock & forage equipment	Balers, forage harvesters, mowers, feed/manure equipment	Dealer network, used market, seasonal finance	Shipments leveling; improving livestock margins support demand.
Compact & specialty equipment	Compact/utility tractors, loaders, telehandlers	Dealers, cooperative contracts, local service providers	More price-sensitive and replacement-oriented.
Irrigation & water systems	Wells, pumps, pivots, drip, controls, land improvements	Irrigation integrators, engineering firms, public programs	\$3.0B in U.S. spend (2023); geographically concentrated.
Protected / high-value production	Greenhouses, climate/lighting/automation systems	Specialist integrators, project finance	Footprint grew from 1.5B to 1.7B sq ft, 2018–2023.
Grain, storage & post-harvest	Bins, dryers, conveyors, elevators, processing systems	EPC/integrator projects, specialist OEMs	Project-based; driven by throughput and harvest-window bottlenecks.
Precision ag & digital systems	Auto-steer, telematics, variable-rate, farm-management software	OEM ecosystems, dealer install/service, independent vendors	Cost, interoperability and dealer support are adoption barriers.
Buildings & farm infrastructure	Shops, barns, cold storage, renewable-energy systems	Local contractors, EPCs, lenders, public programs	Longer-cycle, project-based; least quantified pool in public data.

Buyer structure

Five distinct buyer archetypes drive this market, each with a different evaluation logic. **Large commercial farms and farm groups** evaluate total cost of ownership, uptime, resale value and data integration, not just sticker price. **Mid-sized and smaller farms** are more exposed to financing terms and used-equipment economics, and are shifting toward selective replacement and leasing. **Custom operators and contractors** buy for fleet-wide utilization and uptime across multiple farms. **Cooperatives, elevators, processors and public-sector buyers** purchase more infrastructure than field machinery, commonly through tenders or EPC contracting. **Greenhouse, nursery and irrigated producers** carry the highest exposure to water, climate and automation capital, concentrated geographically in states such as Arkansas, California, Idaho, Nebraska and Texas.

SECTION 4

Supplier and channel map

Four full-line OEMs — Deere, AGCO, CNH (Case IH and New Holland), and Kubota — anchor the market with broad portfolios, financing arms and dealer networks; a Canadian cooperative purchasing program lists all four across multiple equipment classes. Beneath them, independent and specialist OEMs win share on application-specific, retrofit or project-engineered needs. The decisive layer for most buyers, however, is local: authorized dealers and integrators handle configuration, demonstration, service, installation, parts and trade-ins — and that layer is consolidating, with groups such as RDO Equipment Co. and Titan Machinery expanding networks that maintain over \$1.0 million in local parts inventory per store.

CHANNEL LAYER	REPRESENTATIVE PARTICIPANTS	PROCUREMENT RELEVANCE
Full-line OEMs	Deere, AGCO, CNH (Case IH / New Holland), Kubota	Broad portfolios, financing, software ecosystems, dealer networks.
Independent / specialist OEMs	Irrigation, grain-handling, greenhouse and precision-ag manufacturers	Win where the need is application-specific or project-engineered.
Authorized dealers & integrators	Local equipment dealers, irrigation dealers, EPC integrators	The decisive layer for service, installation, financing and trade-ins.
Secondary-market channels	Used dealers, auctions, online platforms, private sales	Gain share when new-equipment prices or farm margins discourage replacement.
Finance providers	OEM captive finance, Farm Credit institutions, banks, leasing companies	Turn a capital purchase into a cash-flow and tax-timing decision.
Cooperative procurement	Groups such as Canoe Procurement Group of Canada	Pre-tendered pricing and compliant purchasing for eligible organizations.

Post-harvest storage and infrastructure

The global grain storage systems market was valued at \$8.6 billion in 2025, projected to reach \$14.2 billion by 2034 (5.7% CAGR); the silo-specific segment alone was \$1.68–1.90 billion in 2025/2026. North America holds an estimated 28.6–40.0% of global storage capacity, concentrated in the U.S. Midwest and Canadian Prairie provinces. Corrugated steel silos dominate (38.4% of the broad storage market), on-farm storage represents 51.5% of end-user demand, and corn accounts for the largest share of silo capacity (32.45%) — while soybean storage is the fastest-growing segment (9.10% CAGR) on rising processing and biofuel demand. Ag Growth International (AGI), GSI (an AGCO subsidiary), Sukup Manufacturing and Brock Grain Systems (CTB / Berkshire Hathaway) lead vendor competition in this category.

SECTION 5

Fiscal policy: Section 179 and bonus depreciation

U.S. federal tax policy is currently the single most powerful lever on purchase timing. The One Big Beautiful Bill Act (OBBBA), enacted mid-2025, roughly doubled the Section 179 expense-deduction cap to \$2.5 million (from \$1.16–1.22 million) and raised the phase-out threshold to \$4.0 million (from ~\$2.89–3.05 million), for qualifying property placed in service after December 31, 2024. It also permanently reinstated 100% bonus depreciation for qualified property placed in service after January 19, 2025 – reversing the scheduled wind-down to 40% in 2025 and 0% by 2027 that had been set under the 2017 Tax Cuts and Jobs Act.

Together, these two provisions now cover an estimated 90% of agricultural capital equipment acquisitions in the United States. The combined effect is a meaningfully lower after-tax cost of capital: a \$200,000 tractor purchase, fully expensed in year one at a 35% marginal tax rate, produces roughly \$70,000 in tax savings – reducing the effective net cash outlay to about \$130,000. This mechanism is already visible in dealer behavior: updated floor-plan interest provisions are easing inventory carrying costs, supporting trade-in valuations and lease-fleet turnover into year-end.

Worked example: a \$200,000 tractor, fully expensed in year one at a 35% marginal tax rate

\$200,000

Purchase price

–\$70,000

Tax savings in year one

≈\$130,000

Effective net cash outlay

PROVISION	PRE-OBBBA (2023–24)	POST-OBBBA (2025, PERMANENT)	PROCUREMENT IMPACT
Section 179 max deduction	\$1.16M–\$1.22M	\$2.5M (inflation-indexed from 2026)	Lets mid-to-large operations write off multiple high-value machines in year one.
Section 179 phase-out threshold	\$2.89M–\$3.05M	\$4.0M	Expands eligibility to larger commercial farms and enterprise fleets.
Bonus depreciation rate	80% → 60% → 40% (scheduled)	100%, permanently reinstated	Enables full year-one expensing on amounts above the Section 179 cap.
Eligible asset scope	New & used tangible property	+ software, single-purpose structures (e.g. grain bins)	Broadens the deduction to storage and precision-ag software, not just machinery.

SECTION 6

Strategic procurement: TCO, financing, and fleet lifecycle

The clearest structural shift in this market is procedural, not just financial: agribusinesses are moving from transactional purchasing toward structured Total Cost of Ownership (TCO) frameworks. A TCO model evaluates acquisition cost alongside local transport and setup, operator training, fuel/energy consumption, scheduled maintenance, unscheduled downtime risk, and residual liquidation value – operational costs that, over a machine's service life, often exceed the original purchase price. Enterprise procurement teams increasingly run automated TCO calculators against supplier RFP bids specifically to prevent a lower sticker price from masking higher long-term operating cost.



Operational costs that, over a machine's service life, often exceed the original purchase price.

Financing structure has become inseparable from the procurement decision itself. Under a **True Tax Lease**, the lessor retains tax ownership and depreciation benefits, passing savings through lower payments while insulating the lessee from the Section 179 threshold and shifting residual-value risk back to the lessor. Under a **Conditional Sales Lease**, the lessee retains tax ownership, claims the Section 179 write-off directly, and assumes residual asset risk. Captive finance arms (John Deere Financial, AGCO Finance) and specialized ag lenders (AgDirect, Farm Credit Canada) tailor these structures to cash-flow and tax positioning.

On the supply side, dealer consolidation is reshaping service guarantees as much as pricing. Large networks now operate hub-and-spoke models with over \$1.0 million in localized spare-parts inventory per store and dedicated field-service fleets – a structural response to the reality that **unscheduled downtime during short planting and harvest windows is often more costly than the equipment's list price.**

Trends to monitor through 2026

Replacement-cycle compression: relatively young fleets can delay new purchases for several years even where equipment is essential.

New-vs-used substitution: a widening price gap and cautious farm economics are pushing buyers toward used and late-model, low-hour machines.

Financing as procurement: rates, OEM incentives, leasing and trade-in values increasingly determine purchase timing, not just what is bought.

Inventory / lead-time divergence: high dealer inventory-to-sales ratios coexist with weaker new sales, while constrained factory replenishment limits desirable used trades.

Tariff and cross-border exposure: roughly 40% of U.S. ag-equipment exports go to Canada, keeping trade policy directly relevant to supplier and buyer pricing on both sides.

Water and specialty pockets: irrigation and protected horticulture retain identifiable modernization drivers even when broad-acre machinery demand is cyclical.

Service and data interoperability as selection criteria: dealer support, system compatibility and data governance are now procurement criteria, not post-sale details.

Data quality and sourcing notes

This report synthesizes public secondary sources: USDA Economic Research Service and National Agricultural Statistics Service releases, Statistics Canada's Census of Agriculture and Capital and Repair Expenditures Survey, the Association of Equipment Manufacturers (AEM), the North American Equipment Dealers Association (NAEDA), and third-party market-sizing research (Mordor Intelligence, Dataintelo, MarketDataForecast, and others cited inline). Figures are reported at the granularity available in the source; where a source provides a proxy (for example, unit-shipment change rather than dollar spend) or an installed-base figure rather than annual expenditure, that distinction is preserved rather than converted into a dollar estimate that the source does not support.

Two known gaps are worth flagging directly. First, a unified, annual, farm-only Canadian CapEx figure comparable to the U.S. farm-expenditure series is not publicly available at the granularity retrieved for this edition: Statistics Canada's Census reports capital stock, not annual spend, and the agriculture-specific row of the Capital and Repair Expenditures Survey requires table-level extraction beyond what public release pages expose. Second, farm-machinery expenditure is broken out by USDA at the category level (tractors, self-propelled machinery, trucks, other implements) but the underlying dollar totals for 2024 were not recoverable from the retrieved release text.

What this edition does not yet include: primary survey data from procurement leaders, and APSentra's own transactional data cut by North American agri clients. Both are natural additions for a future edition and would let this report speak to CapEx procurement process maturity – not just market sizing – with the same rigor applied here to the macro data.

Primary sources referenced

- USDA Economic Research Service – Farm Sector Income Forecast; Selected U.S. Farm Production Expenses
- USDA National Agricultural Statistics Service – Farm Production Expenditures 2024/2025 Summary; Irrigation and Water Management Survey
- Statistics Canada – Census of Agriculture 2021 (Farm Capital); Capital and Repair Expenditures Survey; Farm Financial Survey 2023
- Association of Equipment Manufacturers (AEM) – U.S./Canada Ag Tractor and Combine Reports
- North American Equipment Dealers Association (NAEDA) – 2025 Farm Machinery Market themes
- AgDirect, Farm Progress, RDO Equipment Co. – Section 179 / bonus depreciation (OBBBA) analysis
- Mordor Intelligence, Dataintelo, MarketDataForecast, Grand View Research – equipment and grain-storage market sizing

What this means for procurement teams

The sources behind this report converge on one operational conclusion, independent of any single vendor's point of view: **agricultural CapEx procurement is becoming a discipline, not a series of one-off purchases**. TCO modeling in RFPs, financing structures chosen for tax timing, dealer consolidation, and diverging capital availability by commodity all point toward the same requirement – centralized visibility into what is being spent, with whom, under what terms, and against what budget, across every legal entity in a multi-company agricultural operation.

For operations still coordinating this across spreadsheets and email, the gap between “what we can see” and “what we are actually spending” is where the fiscal upside described in this report – the \$2.5M Section 179 cap, 100% bonus depreciation, and increasingly sophisticated lease structuring – tends to go unrealized. Capturing it requires the same structured, auditable procurement process that enterprise buyers already apply to their TCO modeling: real-time budget control, systematic supplier evaluation, and one process standardized across every entity.



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