
2025 Year End Report



Cedar Family Farms

2025 End of Year Report

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Cedar
FAMILY FARMS



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- * 2025 Grain Market Review
- * 2026 Market Outlook
- * Farm Legislative Update
- * Value of Tile
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2025 Year End Recap

2025 continued the agricultural reset that began in 2023. Costs have been very sticky, and prices farm operations receive for grain prices continue to be below the cost of production. This leaves many operations in a vulnerable position with their lender.

What felt like a record corn crop in mid-August soon faded away as southern rust and tar spot hammered Iowa crops at the end of the grain fill stage. Many operations ended up running 20-30 bushels per acre less on corn yields than in 2024. However, beans yields were good to near record across Iowa.

In our end of the year summary, we will dive into the current financial picture of Midwest farms after three

years of a very rough financial stretch. We will review the weather and how that impacted crop production in our area. The trade wars with China are back at the forefront once again, repeating what we thought ended in a battle over US soybeans in 2020.

We have a lot of information to cover in this issue!

We hope our end of the year report brings you up to speed with what is going on at our farm, but also what is currently shaping US agriculture, as we head into 2026.

Agriculture has always seemed to operate at break-neck speeds but with new

technologies and AI coming into ag, it seems changes are occurring even faster. What will continue to shape how grain farms operate as we move out over the next 10 years? Read along, and we will blend the present with the future.





Rain and Southern Rust in 2025!

Calendar year 2025 saw some very unusual agronomic factors come into play. The season started off with a dry spring that carried over from low rainfall during the prior fall. Fields stayed on the dry side through June. In July, however, it began to rain and there was considerable rainfall throughout the month of July. Then precipitation levels dropped to the previous dry levels.

The very unusual weather pattern this summer has created some agronomic challenges that are not typically seen in Iowa. The unexpected weather pattern saw 11 inches of rain fall in Washington, in the month of July alone. That is about 2.5 times higher than the normal July rainfall level for this locality.

The uncommon issues that sprouted up this growing season were led by southern rust. We will cover southern rust and its impact in full detail later. Iowa also recorded one of its all-time

wettest July's in its history. This set up conditions for sudden death syndrome in soybeans, along with brown stem rot. Tar Spot once again showed up late in the season, as well. What in mid-July we thought was a great growing season to produce record yields, ended up being a year with somewhat above normal yields. This was due to multiple issues stacked upon themselves that crops in Iowa were subjected to.

We started planting both corn and beans on April 10th, this year, which happens to be the earliest we have ever planted beans. Due to our work on early planted soybeans, we were very hopeful to have multiple fields end with averages over 90 bushels per acre. However, we were disappointed on that front.

Planting wrapped up at the end of April, on both crops. At that point, side-dressing nitrogen on

corn and post emergent applications of weed killing herbicides took place in all fields. This summer was the first year we used Liberty herbicide tank mixed in with our Enlist (2, 4-D), on soybeans. We had some issues in places keeping water hemp under control in 2024, so we decided to make more aggressive mixes on the post herbicide trip on soybeans. Overall, it worked really well, keeping most fields clean and free of weeds from start to finish.

In late July we wrapped up season work on soybeans, by applying fungicides. With the constant rain in July, we did not have to worry about spider mites in beans this year which has been a nagging issue, over the last few dryer years. Things were looking great heading into August on the soybean front.

Then the rain almost completely stopped. In August most fields

Stage R5

Beginning Dent

Grain Moisture: **50-55%**

400 GDUs remaining to maturity

Yield loss from killing frost at this stage: **35-40%**



Stage R5.25

¼ milk line

Grain Moisture: **45-50%**

300 GDUs remaining to maturity

Yield loss from killing frost at this stage: **25-30%**



Stage R5.5

½ milk line

Grain Moisture: **40-45%**

200 GDUs remaining to maturity

Yield loss from killing frost at this stage: **12-15%**



Stage R6

Physiological maturity

Grain Moisture: **30-35%**

0 GDUs remaining to maturity

Yield loss from killing frost at this stage: **0%**



received about 1 inch of rainfall. Which is about 20% of expected yield for the month. Also, SDS started showing up in a few varieties.

As fall approached, some luster had been taken off our expectations on soybean yields. The high temperatures throughout September and October, left many soybeans in the fields very dry. We ended up combining a lot of 8% soybeans. This is around a 4-5 bu/acre yield hit that is out of our control, due to weight loss from over-dry beans. It's nice to run hard and get beans done, but it would also have been nice to have a few less 80- and 90-degree days. All said and done, beans performed slightly above average from a yield standpoint.

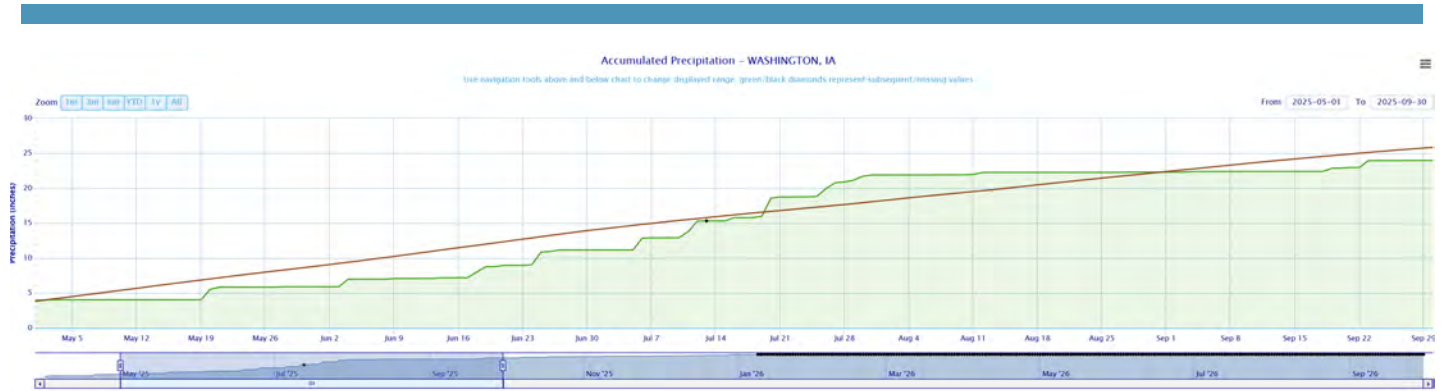
Overall, 2025 was a slightly above average year for corn and soybean production in southeastern Iowa. What could have been in 2025. Iowa appeared to be set up through the month of July for record yields across the state. However, southern rust and the lack of further rainfall in many areas pulled record yields down, to just good yields.

When we look back at 2025 for adjustments we need to make, one key item comes up. That is being attentive to the disease cycle on fast spreading diseases like southern rust. Fungicides are

good for 14-21 days, to keep the disease at bay. With the levels of infestation we saw from rust spores following a fungicide treatment, more two-pass applications may have been warranted.

Southern rust spreads so quickly, unlike many other diseases which have much longer incubation periods. Rust takes just days to replicate and spread. We did cover plenty of acres with a second application to prolong the plants' ability to keep the disease at bay but in hindsight, we maybe should have resprayed every field. This is one of those challenges we may not see for another twenty plus years!





The graphic above shows daily rainfall totals for Washington, IA from mid-May until mid-September. Notice how dry the year started out. By early July, we were headed for drought conditions, with Washington recording 3 to 4 inches below typical average rainfall. Then July happened. During the month, Washington received close to 11 inches of rainfall. That volume is over 2 times the normal level of precipitation during that month, on average. Then note how, by the end of July through September, the rain just ceased almost completely. During this 45-day stretch, it only rained about 2 inches, which is barely 20% of normal levels. 2025 will be known as the tale of two seasons. From monsoons to drought, in one growing season.

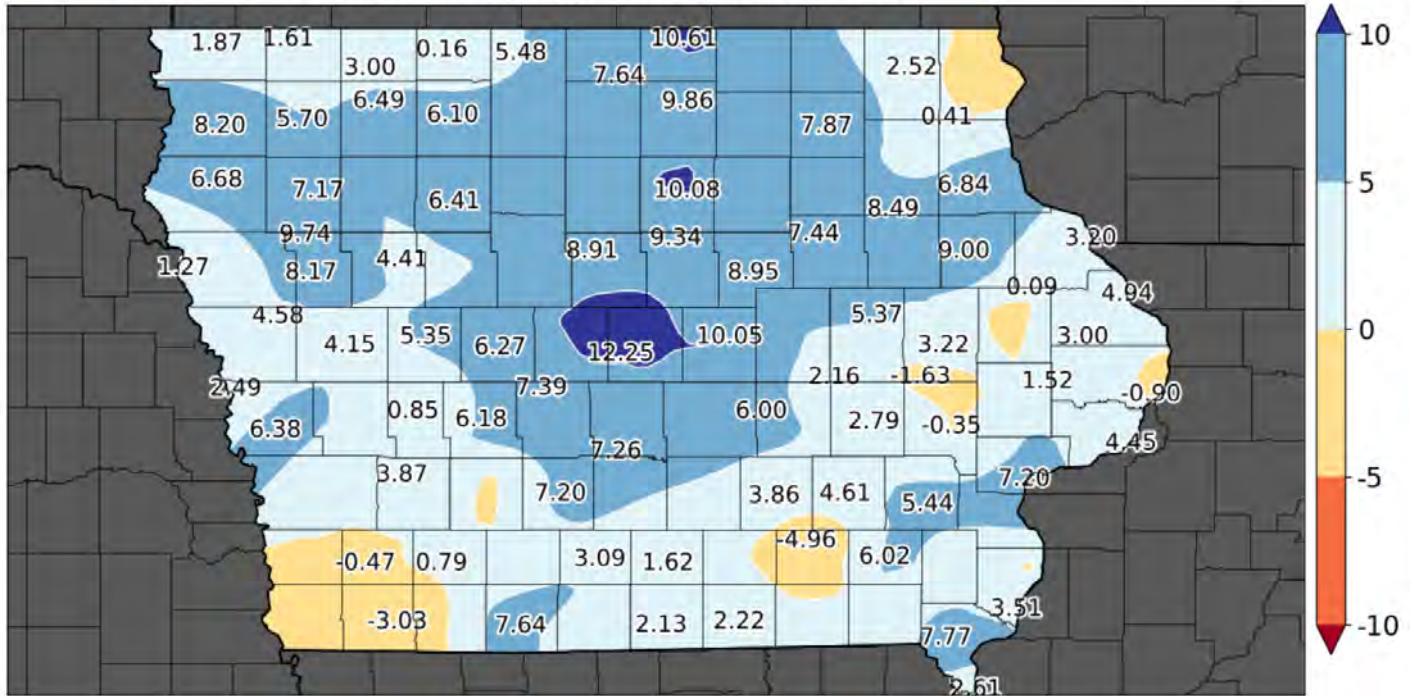




1 Apr 2025 thru 31 Jul 2025 Precipitation Departure [inch]

Figure 1

2025 is compared with IEM Climatology 1951-present to compute departures



The 2025 growing season as noted earlier, is a tale of two types of growing seasons inside one; wet in the first half and extremely dry in the second half. Most of the first half of the growing season's rain fell during July, so it was still sporadic in nature. This was a very different pattern from 2024, when it just rained about 1 inch per week, all summer long.

Figure 1 shows just how wet it was during the period of spring planting, through to the end of July. The majority of Iowa received 5 inches or more of rainfall above average, during this period.

Figure 2 shows precipitation de

partures from normal, from August through September. Many of the areas that were 5 inches ahead of average during the first half of the growing season were around 5 inches below normal during the second half of the growing season. Thus, we have the tale of 2 growing seasons wrapped into one!

Following the dry second half of the growing season, the fall recorded well above normal on daily temperature, and rainfall continued to be sparse at best. Figure 3 shows the Iowa drought map towards the end of fall. By the end of July, only 3% of Iowa

was in any level of drought. By December, that number had climbed to 72%. Again, this quick shift in the second half of the year is very unusual, with it rapidly becoming this dry following such a wet period.

With weather, there is not a lot we can do to make it rain, or make it stop raining. This year there were times when we were hoping for both! Again, it proved to be a very unusual growing season.

Each year varies widely from the previous year's weather. Who knows what we have in store for us, in 2026!



1 Aug 2025 thru 21 Sep 2025 Precipitation Departure [inch]
 2025 is compared with IEM Climatology 1951-present to compute departures

Figure 2

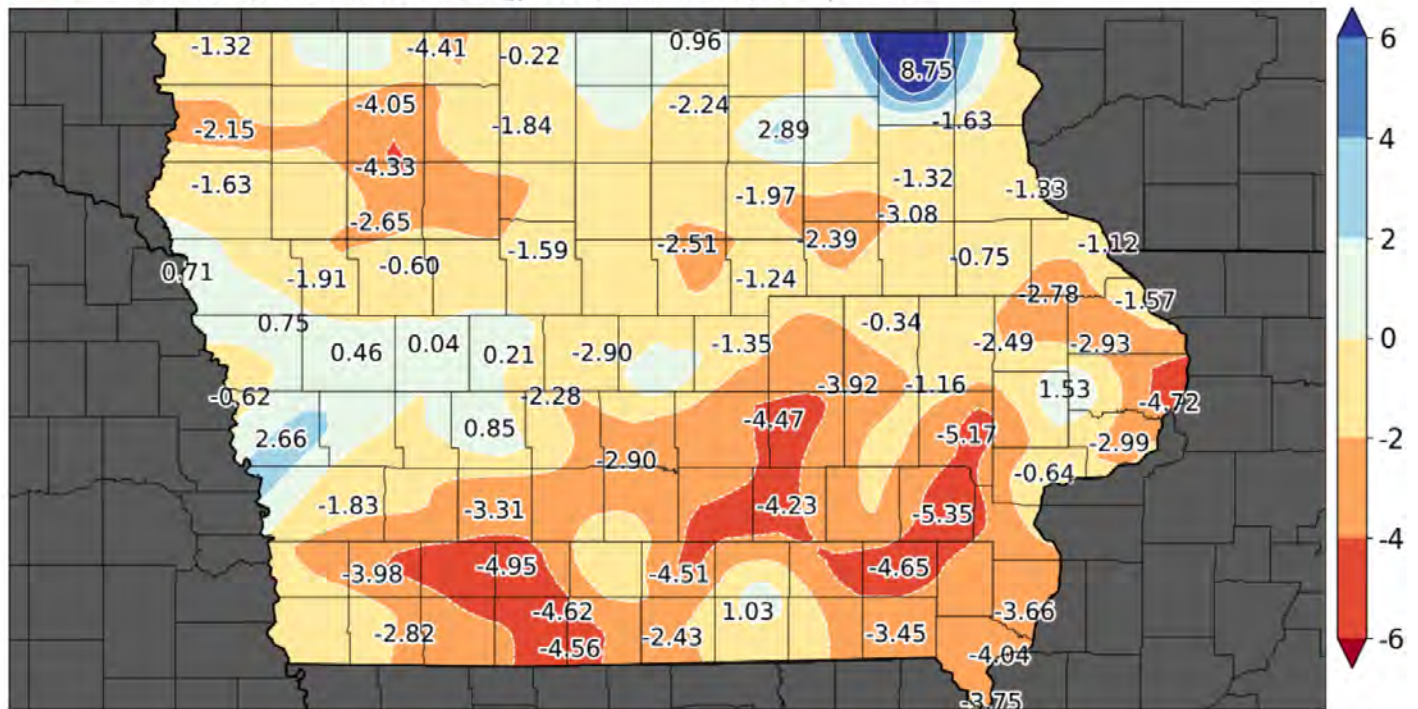
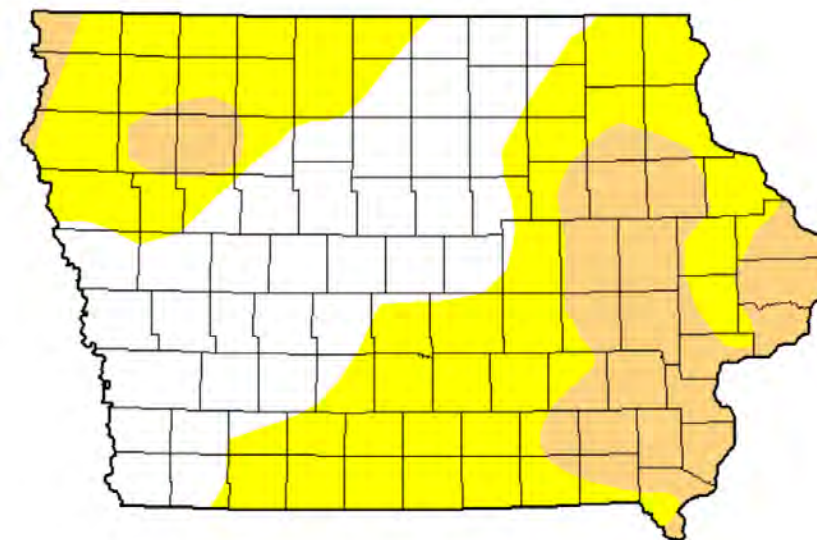


Figure 3



December 2, 2025
 (Released Thursday, Dec. 4, 2025)
 Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	34.93	65.07	21.42	0.00	0.00	0.00
Last Week 11-25-2025	28.34	71.66	21.41	0.00	0.00	0.00
3 Months Ago 09-02-2025	95.88	4.12	0.00	0.00	0.00	0.00
Start of Calendar Year 01-07-2025	20.41	79.59	57.13	1.30	0.00	0.00
Start of Water Year 09-30-2024	69.85	30.15	0.00	0.00	0.00	0.00
One Year Ago 12-03-2024	7.20	92.80	60.23	1.30	0.00	0.00

Figure 1

Table 1. Average daily corn water use, water use per growth stage, and cumulative water use over the course of the growing season.

Growth Stage	Daily Water Use Rate (in)	Water Use Per Stage (in)
Emergence (VE)	0.08	0.8
4-leaf (V4)	0.10	1.8
8-leaf (V8)	0.18	2.9
12-leaf	0.26	1.8
Early tassel (R1)	0.32	3.8
Silking (R2)	0.35	4.1
B blister Kernel (R3)	0.32	1.9
Beginning Dent (R4.7)	0.24	3.8
Full Dent (R5.5)	0.20	3.8
Maturity (R6)	0.10	1.4

Corn Response to Drought Stress

- Reduced water uptake under drought conditions can limit the rate of photosynthesis in the plant.
- Corn plants respond to drought stress by closing stomates and rolling leaves to reduce the volume of water transpired through the plant. This response benefits the plant by protecting it through short bouts of drought stress.
- However, closing the stomates also reduces the ability of the plant to take in carbon dioxide, which slows down photosynthesis and plant growth.
- The eventual impact on yield is determined by the severity and duration of stress. Drought stress lasting four or more days is likely to reduce yield (Table 2).

Figure 2

Growth Stage	Daily Water Use Rate	Water Use Per Stage	Cumulative Water Use
	inches		
2 nd Trifoliolate (V2)	0.08	0.56	1.00
4 th Trifoliolate (V4)	0.09	0.63	2.19
6 th Trifoliolate (V6)	0.14	0.98	3.17
Beginning Bloom (R1)	0.20	2.00	5.17
Full Bloom (R2)	0.25	1.75	6.92
Early Pod Development (R3)	0.28	1.96	8.88
Pod Elongation (R4)	0.32	3.20	12.08
Early Pod Fill (R5)	0.33	3.30	15.38
Mid Pod Fill	0.32	3.20	18.58
Full Pod (R6)	0.25	1.75	20.33
Lower Leaves Yellowing (R7)	0.15	1.50	21.83
Maturity (R8)	0.10	1.00	22.83

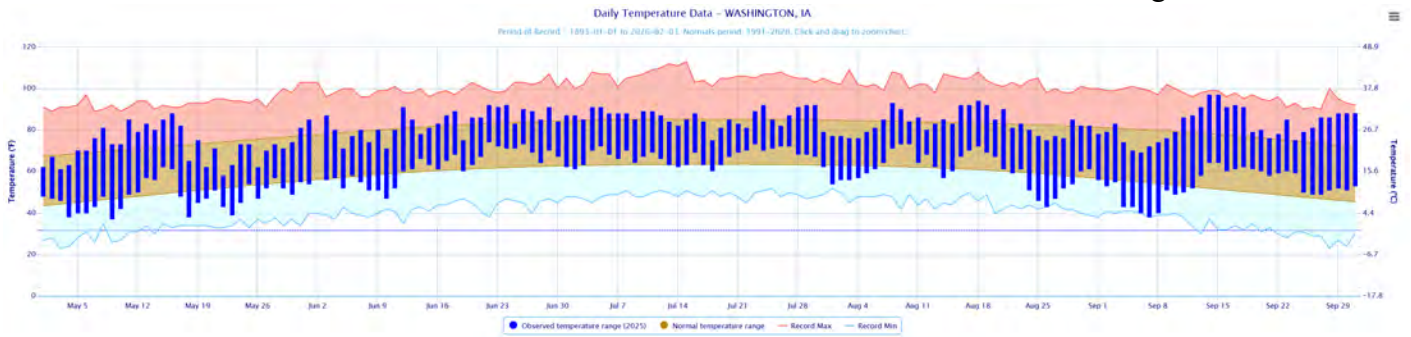
- More than 60% of total water use during R1- R6
- Majority of soil water uptake takes place in top 2-3'
- Well-developed root systems are essential
- Adequate moisture is most critical at R3-R6
- Number of pods, seeds per pod, seed size
- Seed size is very determinant on late season rains

Figure 1, above, shows the water usage by stage of development for a corn crop on the left. On the right is some information on how drought stress affects the plants. The lack of water affects the plants in different ways dependent on the duration and severity of the drought, but all drought stress will decrease the corn plants final yield.

Figure 2, above, shows the water usage by stage of development for a soybean plant on the left. On the right is information about the critical timing of water usage, and the effect of water on soybean development.

During the reproductive phases water availability is extremely important.

Figure 2



The graphic above shows the daily temperatures for the weather station located in Washington, IA for the entire 2025 growing season.

The blue bars show the daily highs and lows for each day from May through September. These overlay the brown

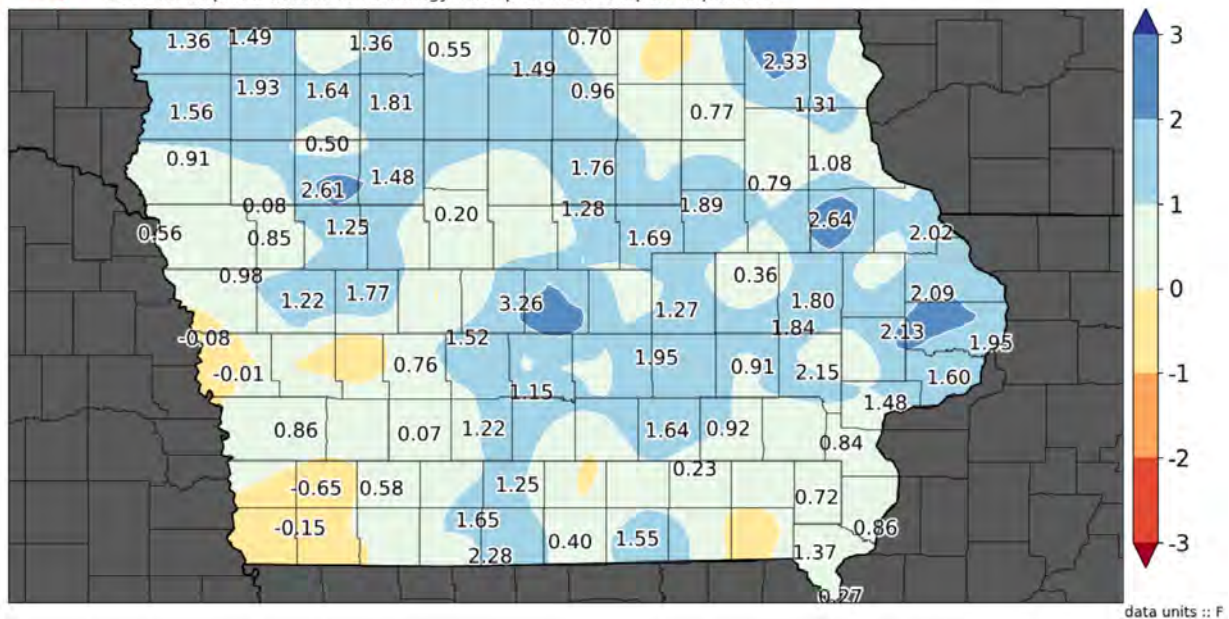
line which is normal temperature ranges from over 100 years of meteorological data. As you can see from a temperature standpoint the growing season was on the mild side. A lot of rain in July means cloudy cooler days. If you look at the far right of the graphic you can see how far above normal we were through the month of September. This continued all through October as well.

Overall from a temperature perspective 2026 was rather benign. Very different from the stark contrast to the rainfall totals this summer.

Again weather is fully unpredictable in nature. Even though we have weatherman who think they are right but often times are not.



1 May 2025 thru 30 Sep 2025 Average Temperature Departure [F]
2025 is compared with IEM Climatology 1951-present to compute departures



data units :: F

Southern Rust in Iowa Corn Production

Southern rust impacted widespread corn yields across large areas of southern Iowa, in 2025. It is caused by a fungus that produces small, powdery orange spots on the leaves of corn plants. These spots, called pustules, are usually found on the upper leaves first. They can be rubbed off like dust, leaving pale marks. While that description sounds like minor damage, the timing and spread of the disease this year, made it especially damaging.

Plants need healthy upper leaves during the late summer to produce the sugars that fill corn kernels. When those top leaves are infected while kernels are filling, the plant cannot supply enough energy and grain development suffers. In 2025, Southern Iowa experienced stretches of warm, humid weather that are ideal for this fungus. Many fields stayed green later than usual and that gave the fungus more time and more green tissue, to infect. Those conditions allowed the disease to move quickly from field to field, producing widespread and often severe infections right when it mattered most for yield.

For people who don't follow farming closely, it helps to know that not all leaf spots are equal. A little spotting late in the season usually won't change the final harvest much. The real damage happens when the top three or so leaves are heavily

covered in pustules during the kernel-filling period. That is what happened across many farms in Southern Iowa this year. Where infections were severe, farmers reported fewer bushels of corn per acre than expected. The losses were not just in a few isolated fields; many areas saw enough damage to noticeably reduce total production for the region.

Farm managers and agronomists tried to respond. They scouted fields more often, looking at the upper canopy for the orange pustules. When infections were found and the weather looked likely to keep favoring the fungus, they applied fungicide sprays timed for the best effect — usually around tasseling and early silk, the stage when the plant is filling kernels. Those sprays can protect yield if they are applied at the right time and under the right conditions, and many fields did benefit. However, fungicides are not a guaranteed fix: timing, weather, and how much of the crop was already infected, all affects outcomes. In some places, even timely sprays could not prevent significant yield loss because the outbreak was extensive and

had started early enough to damage the crop.

Researchers and extension services tracked the outbreak and offered guidance, and local labs confirmed the diagnoses. Going forward, experts recommend choosing corn varieties with better resistance where possible, avoiding practices that leave too much green tissue late in the season, and continuing regular scouting during warm, humid periods. These management measures can reduce the risk, and help protect yields in future years. Do note though, that this was the first large scale southern rust outbreak in about fifty years. So, it is not likely to occur again with this level of impact, however it just might.

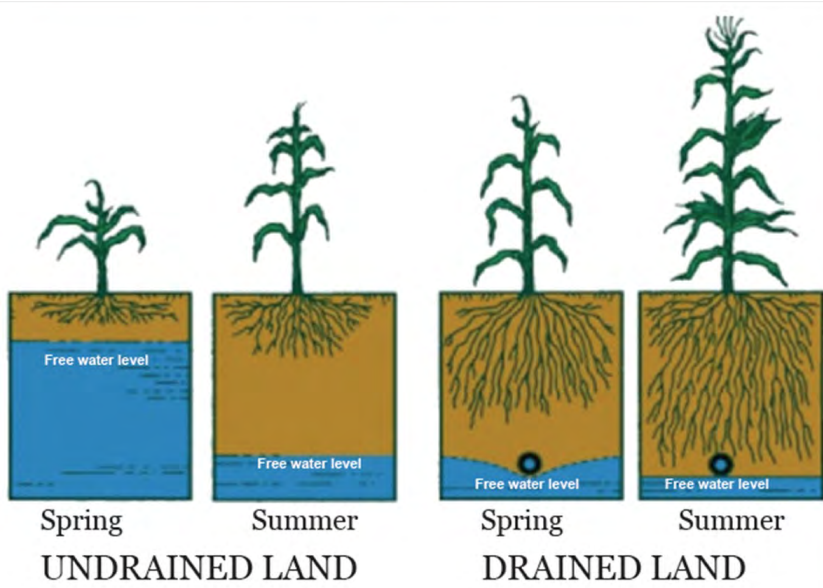
In short, southern rust in 2025 was more than just a garden spot — conditions allowed it to spread widely at a critical time, and that led to substantial losses in corn production across Southern Iowa. Farmers and advisors worked to limit the damage, but the season showed how quickly a plant disease can affect regional food and crop supply, when the weather and timing line up against the crop.



Figure 2

Tile Drainage Systems

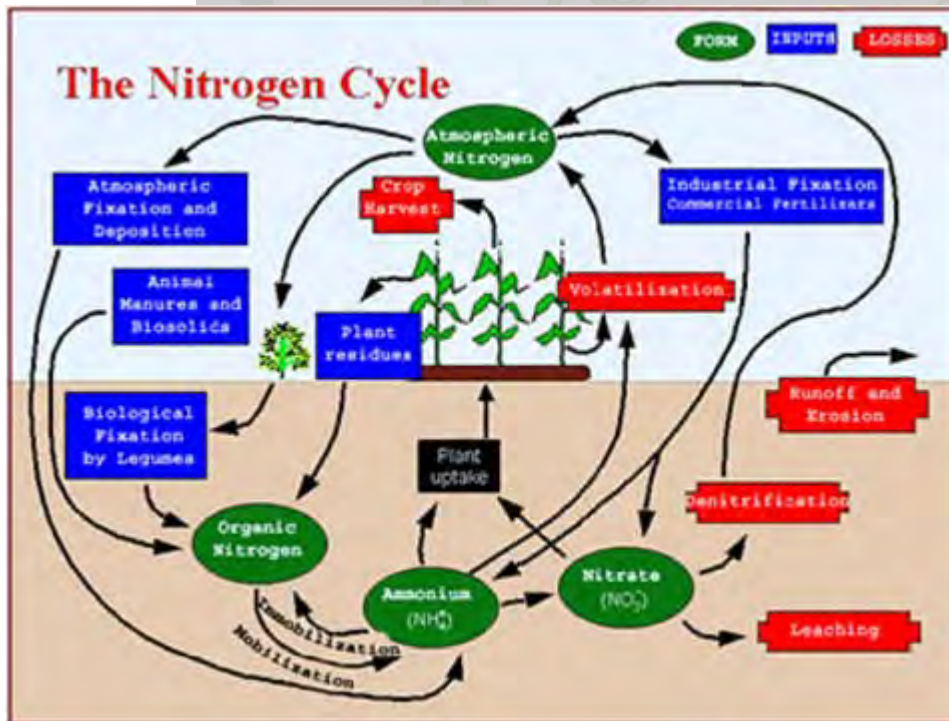
Avat Shekoofa, Assistant Professor,
Crop Physiologist-Water Stress and Irrigation,
Department of Plant Sciences



Why use a tile drainage system?

- Optimal root growth requires both water and air to be present in the spaces between the soil particles, often in equal proportions.
- If water fills all the soil spaces (saturated), there is no room for air and can inhibit root growth.

Figure 3





Corn and Soybean Markets

Once again, it's the same story written in a different year. Corn and soybean markets were under pressure during the entire 2025 marketing year. Margins on farms continued to stay historically low in 2025, and do not seem to be improving as we look forward.

From meetings with our lender, and other lenders this winter, as well as feedback from AgYield with lenders they talk to who work with grain producers, the consensus is that margins are mostly in the red. In fact, a good year for 2024 and 2025 was breaking even. Essentially, times are pretty tough at the farm level. The following pages put together by AgYield, demonstrate the severe income tightening that continues at the farm operator level, as we move into 2026.

Oversupply. Oversupply. Oversupply in the USA and SA, coupled with trade wars, is the crux of the grain price crunch. Both global grain production powers have had multiple years of very high corn and soybean yields. With SA now aligning with China on soybean sales, it has taken a chunk out of the regular USA export sales business.

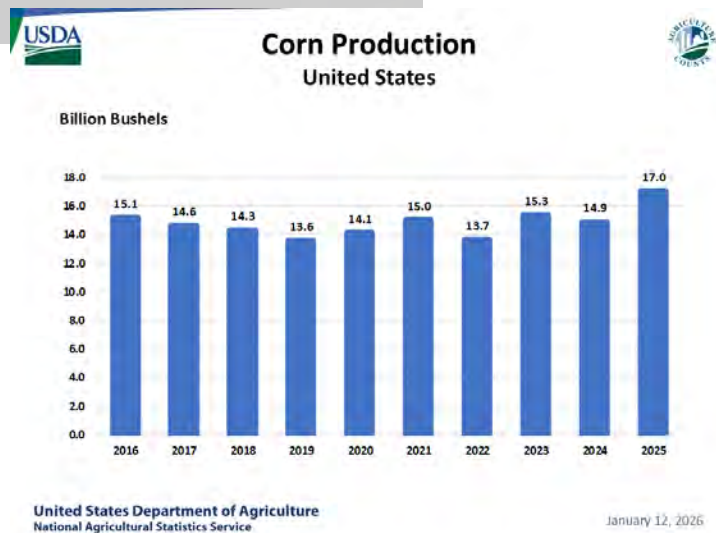
Additional supply of corn, with decreases in soybean exports to China, continue to weigh down the markets. The possible nail in the coffin for 2026, may have been the January 12th USDA report. In a shocking data drop, the January numbers actually increased for US corn and

soybean yields. This was a heavy-handed shock to all market analysts. Analysts had pre-report projections pegged at lower corn and soybean yields. On top of that, the USDA found another 1.5 million acres of corn production. This is completely unprecedented. This was the third time in the last 6 months that the USDA had increased total planted acres of corn.

In a normal year, the USDA releases the acreage report on the last day of July. These numbers may move a little bit in the September report but are nominal in overall market reflection. This year they found over 3 million acres in September, another 1.5 million in November and over another 1 million in January. This does go down as the largest all-time miss on the July acreage number in the USDA's history. Such a miss translates into an additional 1 billion bushels produced in the USA. This was not a small miss; it was data that significantly moved the market, likely for multiple years to

come.

As of now, the China vs American trade war has been paused. The US made concessions with China to continue to be able to import rare earth minerals from the Chinese. A baseline quantity of soybean purchases by China, was put into place. The issue with this baseline number is that it was set below the US 5-year average for soybean sales, from the US to China. Why this capitulation? No one but the people in the US government know. Access to rare earth minerals is of critical importance to the US, for many reasons. For American farm families, this trade agreement was a tough pill to swallow, but it was understandable to keep access to these important resources.



The following pages are charts and commentary AgYield (our market advisors) have put together for you to read.

2025 Marketing Year Recap

CORN

USDA final 2025 yield estimate (January 2026 WASDE) = 186.5 which was 3.375 bushels above the 30 year linear trendline of 182.125

CHART: December 2025 Corn



2025 ended the year with excessive corn supplies and a rising bean/corn ratio. Corn has had great demand but even greater supply, due to the largest number of corn acres planted since 1936. This led to an increase of over 1.1 billion bushels in on-farm corn stocks, as of December 1st 2025, compared to the same period in 2024.

Soybeans, on the other hand, have had relatively poor (export) demand while also dealing with a smaller acreage pie. This smaller starting supply has helped beans pick up a higher ratio to corn through that window. The Chinese have also bolstered soybean purchases as they try to 'catch up' after the trade truce agreement in October. Still, as of this writing in mid-January the total for soybean sales is running at about 24.7% below last year's level.

Looking at the 2026 season, the prospects of grower profitability are weaker than they were to start 2025, due

SOYBEANS

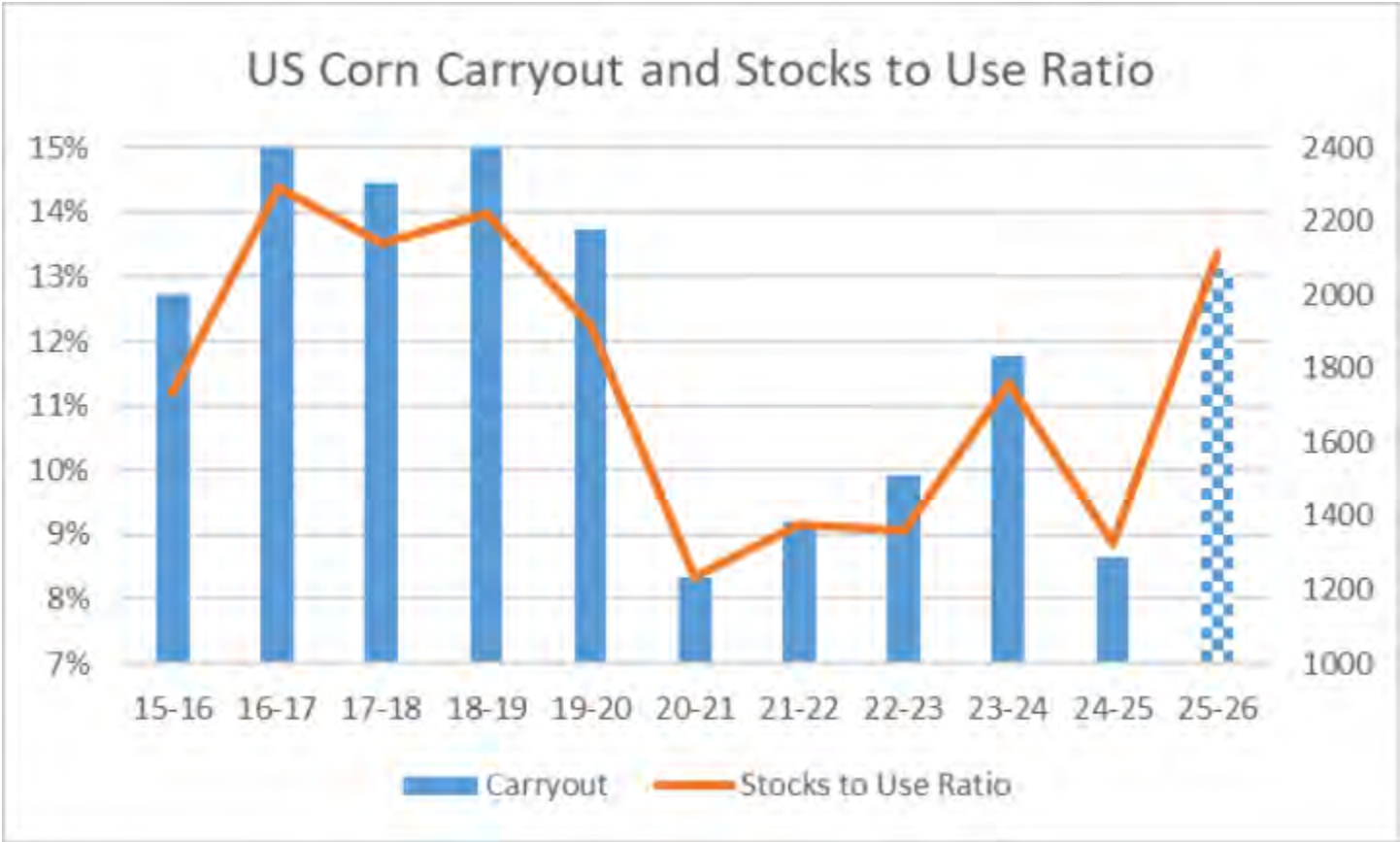
USDA final 2025 yield estimate (January 2026 WASDE) = 53.0 (0.566 bushels above the 30 year linear trendline)

CHART: November 2025 Soybeans



to the excess supply. This is despite having China back on board for US soybean purchases – it is the oversupply of corn that may be holding the whole market back. FarmDoc has their high productivity corn breakeven estimate at \$4.71 cash (\$1,135/acre at 241 yield). They have soybean breakeven at \$10.80 cash (\$821/acre at 76 yield). With negative margins to start the season, the market is increasingly looking toward what government support could come to supplement them – such as the Bridge payments, expected in early 2026. The need for setting floor parameters and leaving some room for upside price improvement is where most of our growers want to position themselves. There tends to be a high need to reduce price risk in 2026 after the drawdowns of working capital over the last few years.

For now, we will see how the 2026 season unfolds. The best chance for a price comeback in our opinion would be adverse weather for Brazil's second season crop (April/May), or an issue with US production this summer. The fact that other commodities, like gold and silver, have grown may also be an indication that dollar denominated products are favored – and that could potentially spur some new crop support from the long side. We will keep an open mind going into the year, either way.

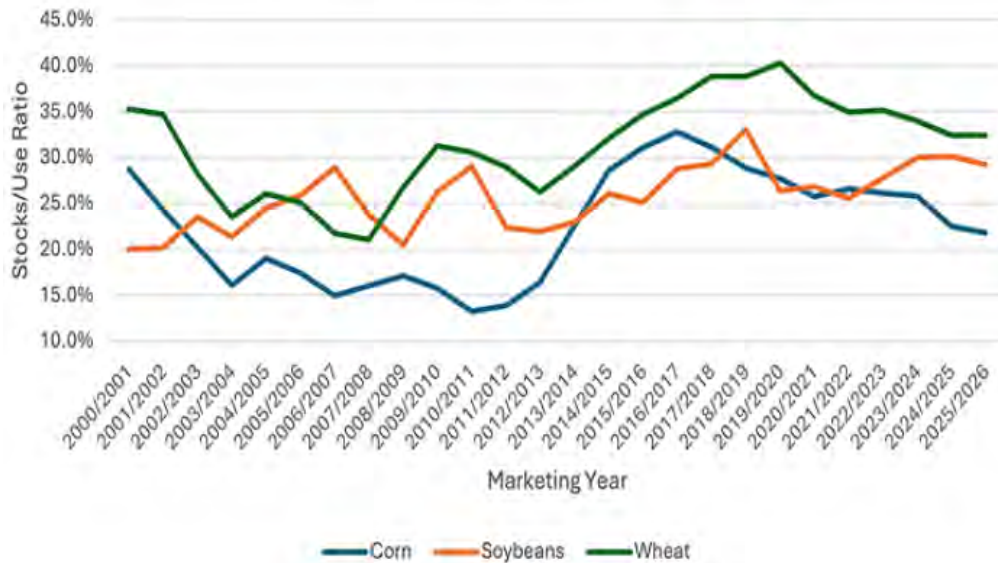


The chart above shows the US corn carryout on the right and the percentage of stocks to usage ratio on the left. As noted in this section, the corn carryout exploded in 2025. Increased acres and a record yield set the tone for close to a one billion bushel increase in US corn stocks on hand. Demand has stayed very strong with the increased supplies. This increased demand has been factored into the numbers above. Along with the highest total volume of corn ever produced in the US, we also have the highest demand levels in history as well. We are all thankful for that one or we would all be swimming in the largest corn stocks in history, if not for the supercharged global demand for US corn.

Let's hope the demand stays strong over the next few years and either total acres of corn back down or there is a supply disruption due to weather somewhere around the globe. We can't count on new or more demand to aide us in solving this problem.

World Stocks/Use Ratios for Major Crops

USDA WASDE Data, A&N Economics Calc



As you can see above, even with very large production, and big US ending stocks (as noted on the chart on the previous page), the world is still tightening on overall grain stocks. What is causing global grain stocks to drop while US grain stocks have been rising? Various answers come to mind for that question.

First, as noted earlier, global demand has been huge! More demand for feedstocks means a higher consumption rate which takes larger global production to keep pace with the rising demand. As China continues to evolve its economy and increase the average wealth of its citizens, they continue to have a higher feed demand for meat proteins produced in China. This diet lead with higher meat-based protein sources requires more feed grains to be fed.

Now during 2025, they sourced much of that needed feedstock from Brazil. The balance of trading partners globally shifted during the last year, with the majority of feed grains from Brazil going to China. This left their remaining former customers to then come to the US and purchase feed grains. The perplexing part of this is that, for most of 2025, US sourced grain was the cheapest in the world when freight was added into the cost. Even with cheaper feed stocks, China refused to purchase US grains until very late in the year.

We still remain one bad production cycle globally, away from very tight global balance sheets for feed grains.



2025 AGRICULTURAL LENDER SURVEY RESULTS



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Key Takeaways

- **Profitability expectations** – The outlook for farm sector profitability declined among ag lenders in the 2025 survey. While lenders expect the majority of producers to remain profitable this year, the proportion is expected to dip below 50% over the coming year for the first time since 2020.
- **Top lender concerns for producers** – Lenders remain fixated on farm income and working capital as their two most pressing concerns for borrowers in 2025. Inflationary pressures inched closer to the top spot this year, though, perhaps reflecting persistently high input costs for farmers.
- **Top overall concerns for lenders** – The No. 1 concern facing lending institutions in 2025 was credit quality and agricultural loan deterioration. Lender competition and interest rate volatility were the second and third-greatest overall concerns, respectively.
- **Sector concerns** – Concerns continued to mount for grain and cotton producers beset by lower prices and elevated input costs. Meanwhile, concerns for the livestock sector dropped to the lowest levels in the history of the survey, highlighting the dichotomy in the agricultural sector in 2025.
- **Credit quality** – Survey respondents reported that ag loan delinquencies and charge-off rates largely remained stable in 2025, but deteriorated somewhat from the prior year. Lenders expect credit quality to deteriorate further over the next 12 months, as farmers might face a more challenging environment in the year ahead. As a result, a higher share of lenders plan to tighten underwriting standards and loan terms for agricultural credit.
- **Loan demand** – According to the diffusion index, demand for loans secured by farmland and agricultural production loans rose in 2025. Respondents anticipate that loan demand for both categories will increase further over the next 12 months.
- **Land value and cash rent expectations** – Farmland value growth slowed in 2025, inching closer to a plateau in many regions. Lenders expect that an increase in farmland for sale over the next year will put downward pressure on prices and cause a modest decline in the national average cropland value.
- **Loan approval rate** – Lenders reported an average agricultural loan application approval rate of 84% for new loans in the 12 months leading up to August 2025 and expect the approval rate for renewal requests to be 88% in the following 12 months.

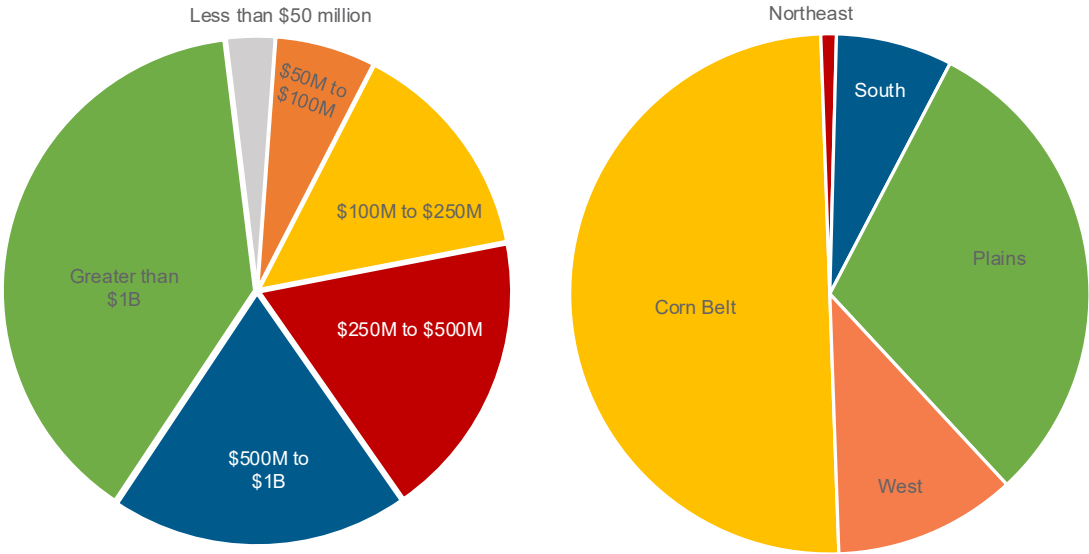
Introduction

Agricultural lenders can provide a unique outlook on circumstances in the farm economy. Farmers and farm businesses that use short- or long-term financing are routinely required to present financial updates to their loan officers, giving lenders a distinct opportunity to evaluate conditions in their local farm economy. These insights are particularly valuable during periods of transition as the agricultural sector moves through economic peaks and troughs.

Since December 2016, the American Bankers Association (ABA) and Farmer Mac have collaborated annually on a joint survey of agricultural lenders to gauge overall industry sentiment on the farm economy, expectations on land values, prospects for the coming year and issues facing the broader economy. These joint studies expand upon data collected by Farmer Mac from 2014 through 2016.

This year's survey was distributed via email between July 14 and August 15, 2025. More than 450 loan officers, managers and executives responded to the questionnaire. Responses represent a range of institutions by size — from less than \$50 million in assets to more than \$1 billion — and by geography. This analysis breaks down results by general agricultural economic insights and by factors affecting lending institutions. The report concludes with a broader description of the respondent demographics.

Respondent Size and Primary Market Region



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

Agricultural Economy

Farm Income and Profitability

Farm profitability was uneven in 2025 as producers across the various sectors faced ongoing shifts in supply, demand and trade relations. At the highest level, farm incomes are expected to bounce back in 2025, according to the USDA farm income projections. This welcome reprieve follows two consecutive years of declines. However, the bounce in 2025 can be traced almost solely to strong profitability in the livestock sector and a surge in government payments. Nearly all crop producers are facing significant downward pressure on profitability as stagnating prices and elevated input costs squeeze margins.

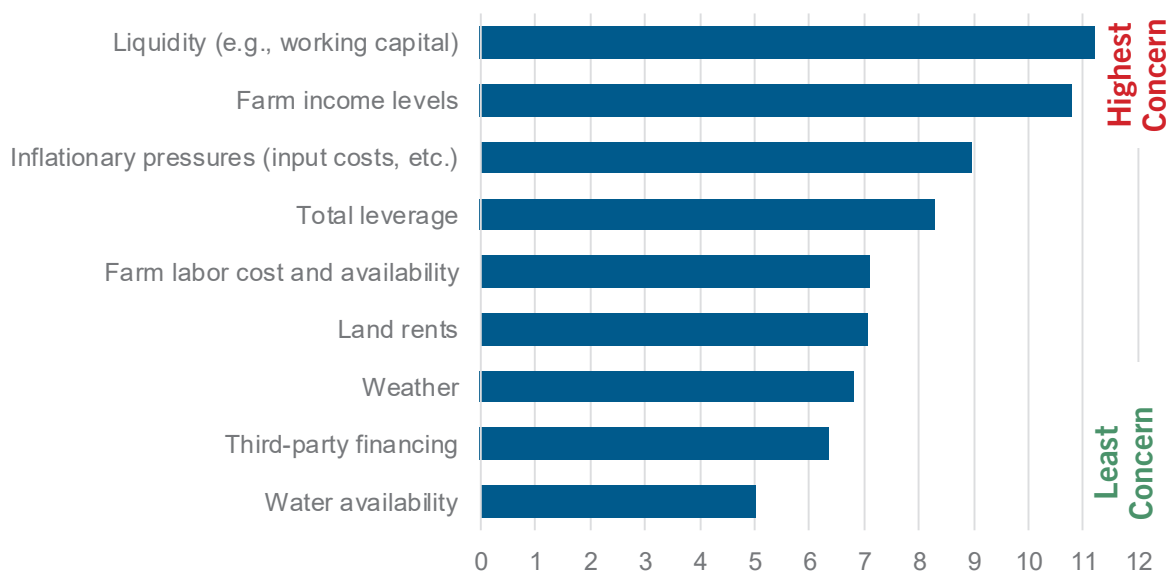
Lenders remain acutely attuned to the challenges producers face. For the third consecutive year, they cited liquidity as their top concern in the survey. The last time liquidity did not top the list was 2022, when farm incomes were peaking and inflationary pressures dominated the economy. Inflation has remained a key concern each year since 2022, but to a lesser extent. Lenders' focus on liquidity spotlights the tight margins that many producers face in 2025.

Compared with last year's survey, lender concerns were more evenly distributed among respondents this year. Notably, farm income and liquidity were the two most significant concerns in the 2024 survey by a wide margin. This likely stems from the 10% decline in net cash farm income nationwide reported by the USDA. In 2025, government payments helped prevent a similar decline in net farm income, and focus has again shifted back to concerns such as elevated input costs.

Overall, the order of ranked concerns among lenders has remained remarkably consistent over the past several years. Water availability continues to rank low on the list, reflecting the ample rainfall across the Midwest this year and the decent snowpack last winter in California. Farm labor cost and availability remain near the middle of the concern list but continue to grow as a concern among lenders who focus on specialty crops. Finally, net farm income and other farm profitability metrics remain top of mind among lenders. This has remained consistent over the past decade, regardless of whether farm income levels were surging or falling.

One final note: A common theme in the 2025 survey results is the wide dispersion in results when comparing lenders across different regions and the types of producers they finance. This mirrors some of the broader USDA farm income numbers that potentially obscure the profitability picture for specific producer types. In general, concerns about farm income and liquidity were significantly higher among lenders that focus on crop producers relative to those that lend primarily to livestock operations.

Lenders' Top Concerns for Producers in 2025



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

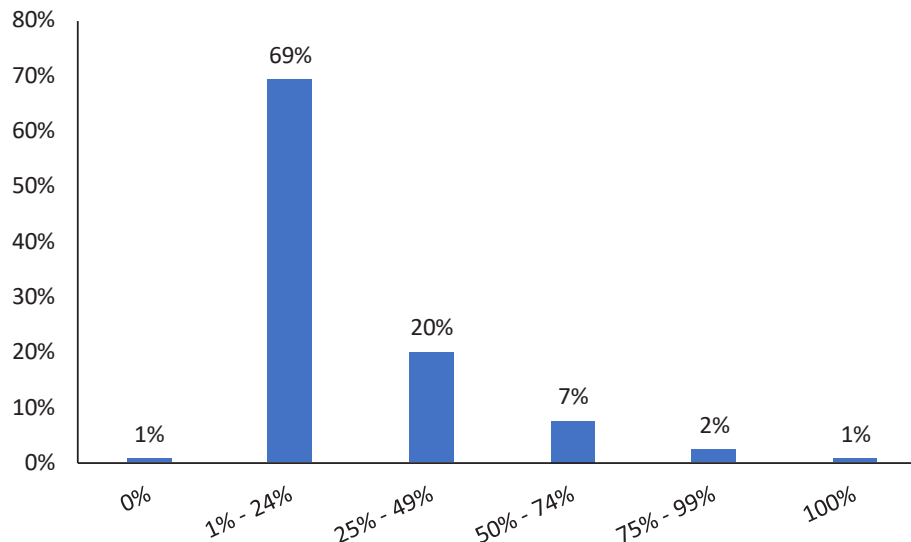
Mean response to Q10: Please indicate your relative level of concern for the following conditions facing your ag borrowers at this time, with 1 being the highest concern and 12 being the least concern (to improve readability of the chart, we have converted 1=12, 2=11, 3=10, etc., so that larger bars correspond with higher concern).

Further underscoring concerns about farm income levels, lenders across the U.S. said they expected a shrinking proportion of their borrowers to be profitable in 2025. Nationally, lenders expect approximately 52% of agricultural borrowers to remain profitable this year, down from 57% in the previous year. While these responses suggest most farm borrowers will remain profitable this year, the proportion has fallen drastically over the past several years. In 2022, lenders anticipated that more than 80% of borrowers would be profitable. Unfortunately, lenders do not expect profitability to improve over the coming year. Survey responses show lenders project slightly less than half of borrowers will remain profitable in 2026. If realized, this would be the lowest proportion of profitable farmers since 2020, according to lender responses.

As commodity prices have declined, a growing proportion of net farm income has come from supplemental sources or government payments. More than half of lenders (53%) said that supplemental income from sources such as solar, wind or hunting leases was a key contributor to their borrowers' revenue in 2025. This marks the first year the survey asked about supplemental income, following last year's lender comments highlighting its growing importance for many farmers. Underscoring the growing importance of supplemental income for many producers, government payments remain the most significant nonproduction source of farm income in 2025. More than 30% of lenders reported that government payments accounted for more than 25% of their producers' net farm income over the past year. USDA projections show government payments reaching the second-highest level on record in 2025, helping explain the prevalence. However, the sheer magnitude of payments creates challenges for underwriting future loan applications. Approximately 34% of lenders reported that they incorporate expectations for future government payments into their underwriting decisions. While factoring in these payments can be realistic in many cases, some of the programs through which farmers receive government payments are ad hoc and not guaranteed year to year.

Reliance on Government Payments

Percentage of borrowers' net income attributable to government payments



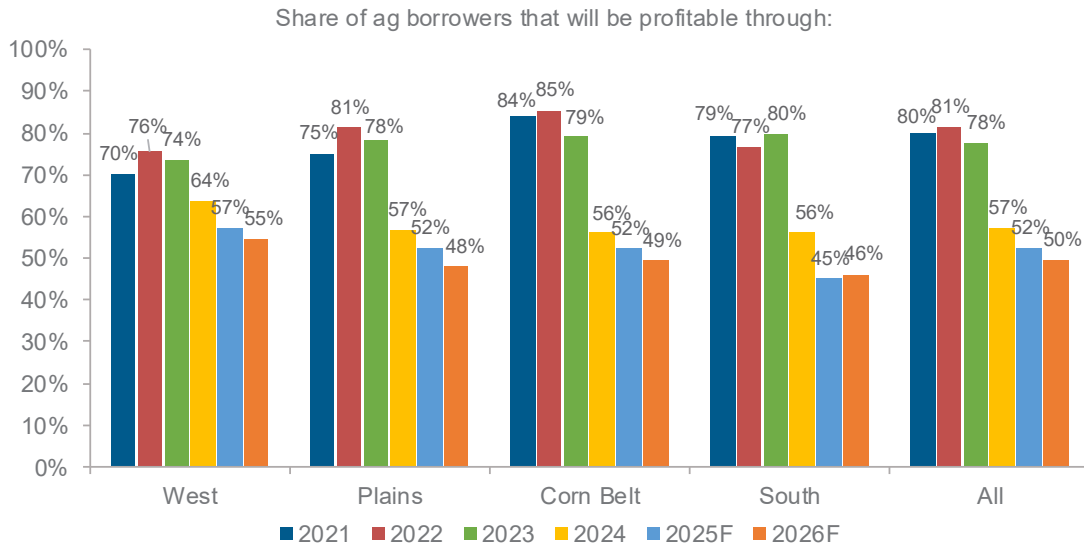
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

Mean response to Q25: In the last 12 months, what percentage of your borrowers' net income is attributable to government payments (e.g., ARC/PLC, ECAP, SDRP, other government programs)?

When examining the major agricultural regions, several themes emerged in the responses to farm borrower profitability. First, lenders in every region expect a smaller proportion of borrowers to remain profitable in 2025. Even in regions with a high density of livestock and poultry, the decline among crop producers was sufficient to pull down the overall proportion. Indeed, lenders that listed grain producers as more than 75% of their borrowers expected just 46% of those borrowers to remain profitable this year. On the other hand, lenders with less than half of their portfolio dedicated to grain producers expected 61% of their borrowers to be profitable. This highlights the relative profitability of the livestock sector in 2025.

Comparing farm income levels across the various regions, lenders in the West expect the greatest proportion of their borrowers to remain profitable, at 57%. Meanwhile, lenders in the South expect the lowest proportion, at only 45% of their borrowers. While these regions vary widely in crops and livestock produced, a couple of key aspects are likely fueling the difference in expectations. In the West, tree nut prices have rebounded significantly over the last 12 months, boosting the profitability outlook for almond and walnut producers in particular. In the South, cotton prices have stagnated as domestic inventories accumulate and export demand cools. Legislation passed last summer aims to alleviate some of the financial stress for farmers in the South, but this might not have been evident at the time of the survey.

Ag Borrower Profitability by Region



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

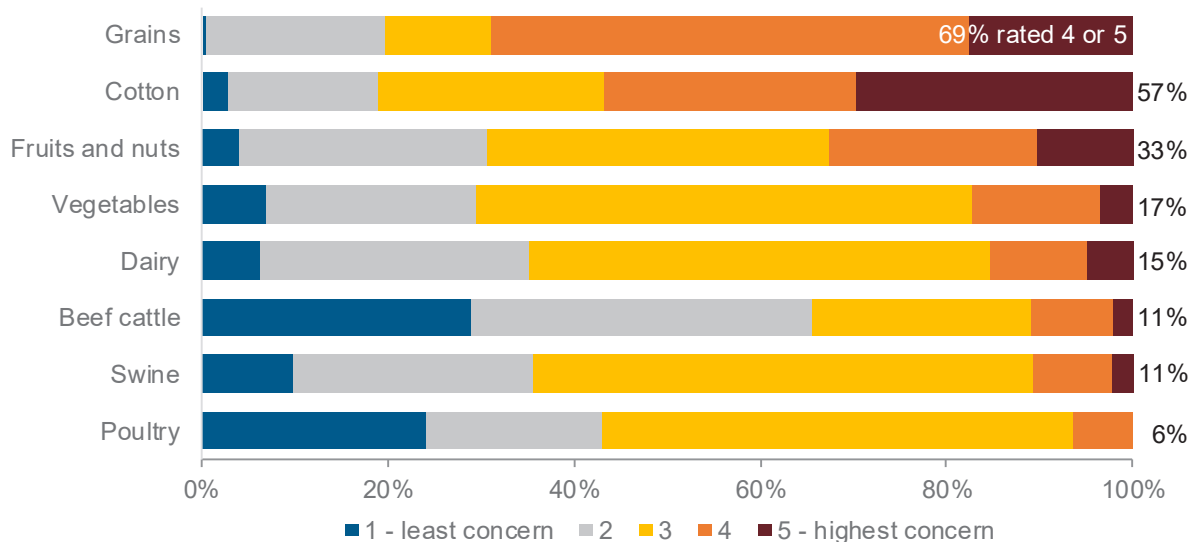
Mean response to Q23/24: What percentage of your ag borrowers will be profitable through 2025/remain profitable through 2026?

Lenders' concerns about particular commodities reflect the broader trend of prices and incomes splitting into two distinct groups, with some rising and others falling. Concern levels for grains and cotton rose again in 2025 for the third consecutive year. Nearly 70% of lenders expressed they are very or extremely concerned about grains. This significant jump from only 15% of responses in 2023 highlights the perceived rapid deterioration in grain sector profitability. Concern levels with other crop types were relatively muted in comparison. Approximately 33% of responses showed elevated concern about fruit and nuts, the same proportion as last year.

Perhaps unsurprisingly, concern levels for the livestock industry dropped significantly in the 2025 survey. The proportion of lenders who were very or extremely concerned about the dairy and swine sectors dropped from more than 30% last year to 15% or less this year. Meanwhile, concern levels about beef and poultry remained historically low in 2025. Nearly a third of responses expressed little to no concern about the beef sector, a sharp improvement from 2021, when only 1% of lenders shared the same sentiment. Beef profitability has reached new record levels each of the past several years as robust demand and a shrinking U.S. beef herd have converged, propelling live cattle prices higher. Each of the other protein sectors, including dairy, has benefited to a certain extent from this dynamic. The dairy sector has shown restraint in expanding production, electing instead to capitalize on historic beef cattle prices.

Although the poultry industry ranked lowest in overall concern levels, concern rose sharply among lenders with direct exposure to the sector. The emergence and spread of avian diseases — particularly Highly Pathogenic Avian Influenza (HPAI) and Avian Metapneumovirus (aMPV) — has been a key factor. Nearly 1 in 4 poultry-exposed lenders reported higher financing requests over the past year due to HPAI, aMPV or other avian diseases. About 53% and 54% of these lenders said they were very concerned about poultry-related loan demand and delinquencies, respectively, in the year ahead.

Portfolio Concerns, by Rank Level



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

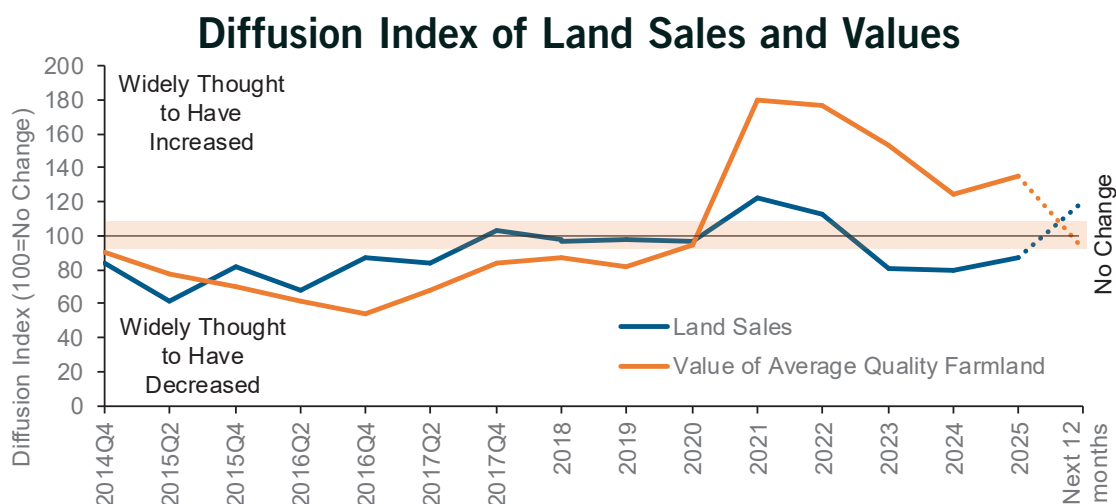
Mean response to Q16: Please rate your relative concern for [commodity] in your areas with 1 being the least concern and 5 being the highest concern.

One result of tighter profitability conditions is an expectation for increased loan demand. Nearly 93% of responding lenders indicated they expect farm debt to increase over the next year. This would be only a slight increase from 2025, when approximately 88% of lenders reported an increase in farm debt. The rising demand for farm loans mirrors previous downturns in the farm economy. Ag producers were able to use cash to finance operations as farm incomes surged in 2022 and the surrounding years. However, cash has become increasingly scarce for many operations today, prompting some producers to seek new or additional loans.

Previous periods of tighter farm incomes have also been accompanied by greater demand to restructure debt. As lenders evaluate farm cash flows, one solution often utilized is terming out debt — that is, refinancing short-term credits into longer-term loans, thus easing the annual impact on the income statement. Indeed, the number of lenders expecting loans backed by farm real estate to increase over the next year jumped in the 2025 survey results. The strength of farmland values in recent years will enable many producers to consider this option. The USDA reports sector leverage has dropped over the past five years as asset values have outpaced overall debt. Still, the cost of tapping farmland equity will cost more than in the last downturn, as interest rates today are elevated relative to the late 2010s.

Land Values and Cash Rents

Farmland values rose in 2025, according to survey responses — the fourth straight year of gains. The Diffusion Index of Land Sales and Values chart below shows the general sentiment for land sales and the value of average-quality land. A diffusion index splits the responses between increase (200), no change (100) and decline (0) and averages the scores to an index of 100. Responses to the 2025 survey showed that land values not only increased, but that a greater proportion of lenders reported such increases this year compared to last. This marked the first time this has occurred since 2021.



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

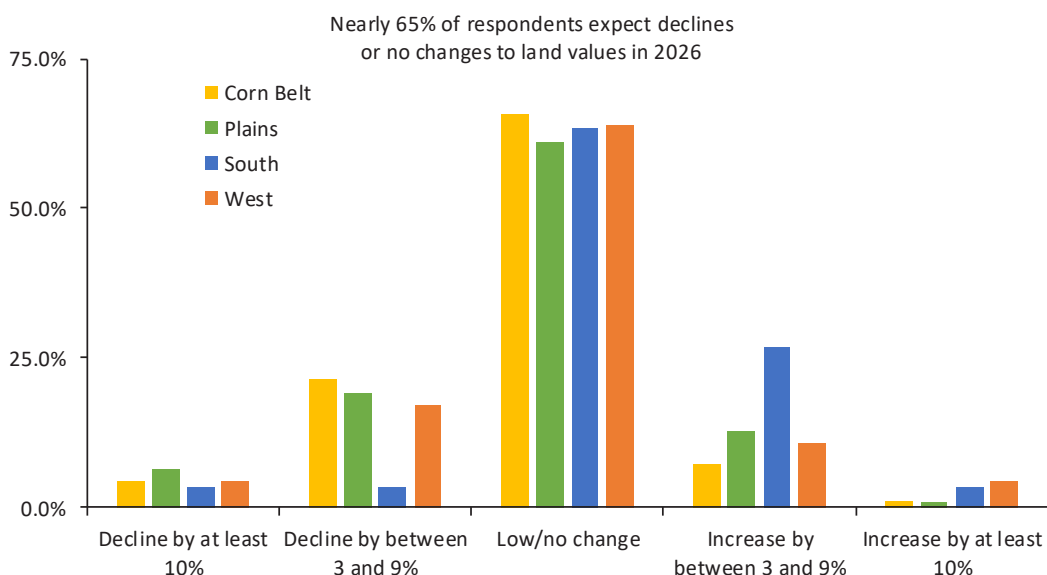
Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q8/Q9: During the past 6 or 12 months, how have the following economic conditions changed in your area? How much will they change in the next 6 or 12 months in your area?

A confluence of factors initially fueled consistent, strong growth in farmland values over the past five years. Surging farm incomes in 2021 and 2022 coincided with record-low interest rates and strong investor demand. The momentum in farmland values has carried forward even as tailwinds have faded. Farm incomes have eased from their historically strong levels, while interest rates have risen sharply from their 2021 lows. One factor still supporting land values, according to the 2025 survey, though, is the limited supply of farmland for sale. Respondents reported less land on the market this year compared to last, the third consecutive year of decline. That scarcity has helped lift prices for the parcels that do come for sale. While partially confounding, the perceived increase in farmland values among lenders is supported by data from the USDA. The annual Land Values report showed farmland values increased 4.3% nationally in 2025. The growth rate reported by the USDA has trended lower in recent years. The national average rose 11.7% in 2022, the same year net cash farm income reached the highest level on record.

According to lender responses, the trend of farmland values being propped up by limited supply is projected to end in 2025. Over the next 12 months, the majority of responding lenders project farmland sales will increase. Combined with a tighter profitability outlook, lenders expect increased sales to push down farmland values next year for the first time in five years. Interestingly, the 2025 responses echo those from 2024, when lenders also foresaw values slipping as more land came up for sale. If supply rises faster than demand, that scenario could finally materialize. However, lenders' expectations for a modest increase in farmland for sale do not suggest that supply will overwhelm the market. Given the difficulty of predicting farmland trends, the projected decline in values for 2026 might not materialize at the national level.

Lender expectations for farmland values to flatline nationally hold generally true across regions. About two-thirds of lenders indicated that farmland values in their region are unlikely to change over the next year. The remainder were roughly evenly split between expectations of modest gains and modest declines. The distribution suggests current farmland prices are generally balanced, with no clear signal as of August 2025 as to the movement in farmland values through the beginning of 2026. It is perhaps worth noting that the proportion of lenders predicting land values to fall by 10% or more over the next 12 months actually declined to 3% in the 2025 survey, from 5% last year. This is only slightly lower than the proportion of lenders that expect land values to increase by 10% or more, and perhaps underscores the underlying strength of farmland values perceived by lenders.

Range of Expected Land Value Changes in 2026

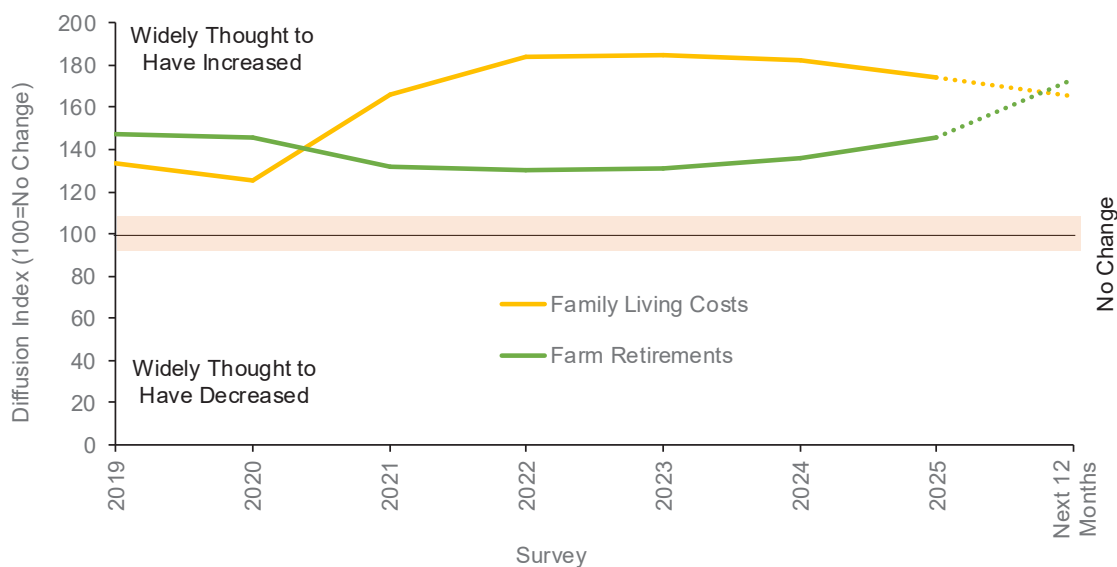


Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
 Mean response to Q18: In your local service area, how much do you expect the value of average quality farmland will change in your local service area?

Similar to farmland values, cash rental rates began to broadly plateau in 2025. Nearly three-quarters of responding lenders (73%) reported cash rental rates were unchanged relative to the previous year. Among lenders that did report a change, approximately twice the number of responses reported higher cash rents in 2025 than those who reported they were lower. That said, the proportion reporting higher cash rents was 62% lower in 2025 than last year, reflective of the perceived pullback in overall farm profitability. Encouragingly for producers, approximately 90% of lenders indicated they expect rental rates will either stay the same or decline over the next year. This would mark a significant shift from the past five years, when lenders consistently reported higher values on average. The last time a greater proportion of lenders responded that cash rents were declining rather than increasing was 2020, when markets were severely disrupted by COVID-19.

One interesting takeaway from the survey responses is that family living costs continue to increase, according to lenders. In general, family living costs tend to fluctuate in the ag economy based on net farm income levels and other factors. Data from several land-grant universities show family living costs declined by upwards of 30% from peak to trough following the previous net cash farm income peak in 2013. However, the majority of lenders resoundingly responded that family living costs are not only higher in 2025, but that they will increase again in 2026. This might reflect elevated inflation expectations as the cost of many goods and services, such as health insurance, continue to increase faster than the Federal Reserve’s overall goal of 2%.

Diffusion Index of Family Living Costs and Farm Retirements



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q21/Q22: In the last 12 months, have the following conditions decreased, stayed about the same, or increased for your area? Overall farm family expenses? Farm retirements?

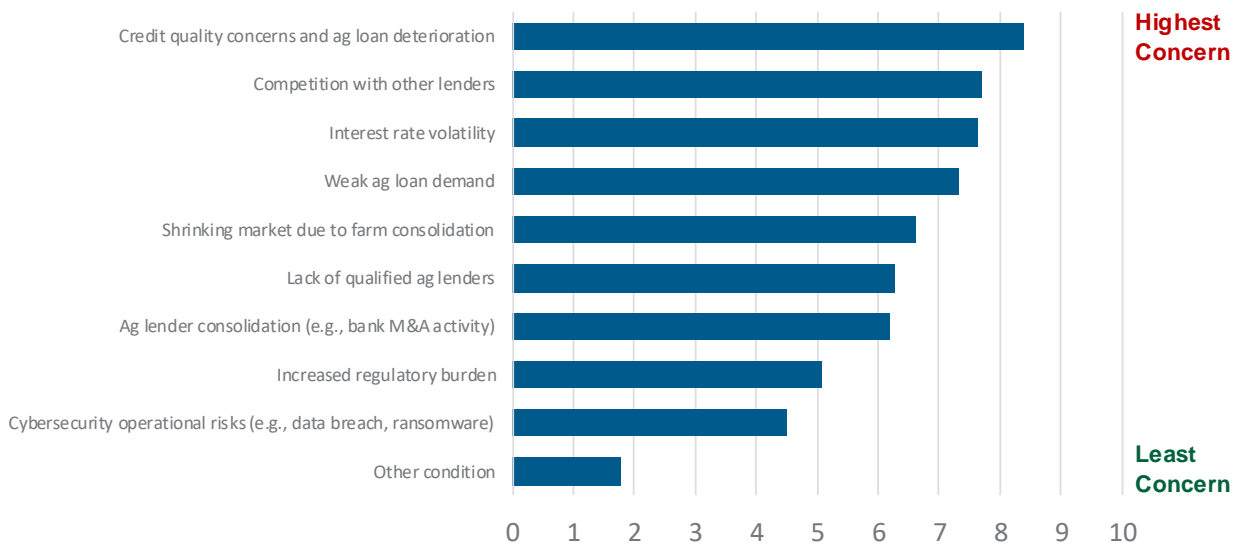
One additional outcome of a challenging farm economy is that lenders reported an increase in farm retirements in 2025. The diffusion index shows farm retirements, according to lenders, have increased each year that the survey has asked the question. This might be partially due to the relatively high average age of U.S. farmers. According to the 2022 Ag Census, approximately 39% of U.S. farmers were over the age of 65, a common retirement benchmark age in the U.S. Still, the proportion of lenders reporting higher retirements does vary from year to year. When farm incomes spiked in 2021 and 2022, for example, a noticeable decline in the diffusion index occurred. This was likely because there was little incentive for farmers to retire when incomes were so strong. As the farm profitability outlook has shifted, especially for crop producers, lender expectations for farm retirements have jumped. More than 75% of lenders reported they expect an acceleration in farm retirements over the next 12 months, a resounding increase from 2024.

Agricultural Lenders

Lender Sentiments

As agricultural producers head into a difficult year, lenders ranked credit quality and loan deterioration as their highest concerns in the 2025 survey. Higher input costs and lower commodity prices have resulted in unfavorable conditions for profitability. This was closely followed by concerns for lender competition and interest rate volatility, consistent with the past year’s findings indicating these headwinds remained persistent in 2025. The lone exception was increased regulatory burden, which fell from the fourth-highest to the eighth-highest overall concern for lenders.

Top Concerns Facing Agricultural Lenders in 2025



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q12: Please indicate your relative level of concern for the following conditions facing your ag borrowers at this time, with 1 being the highest concern and 13 being the least concern (to improve readability of the chart, we have converted 1=13, 2=12, 3=11, etc., so that larger bars correspond with greater concern).

Credit quality and agricultural loan deterioration remained the chief concern for lenders in 2025 for the second consecutive year. Producers are challenged by higher operating costs and carryover crops from last year, particularly for borrowers concentrated in row crops like corn and soybeans. Despite mild relief in interest rates, lenders expect credit quality to deteriorate over the next 12 months. More than half of all lenders (52%) ranked credit quality as their No. 1 concern, up 12 percentage points from 40% last year.

2025 also saw a divergence in lender sentiment across commodities. Unfavorable commodity pricing caused concerns over credit quality to rise for lenders concentrated in grains relative to other agricultural products. 58% of lenders with a high concentration in grains (greater than or equal to 75% of their agricultural credit portfolio) reported credit quality as their No. 1 concern, compared to 46% of lenders with a low concentration (less than 50% of their agricultural credit portfolio).

Lender competition remained the second-most significant concern overall in 2025. The Farm Credit System (FCS) and community banks continued to be listed as the main competitors for agricultural borrowers. FCS was ranked among the top two competitors by more than 92% of lenders, while community banks were among the top two competitors for 73% of respondents. Vendor financing was ranked a distant third, but respondents reported that vendor financing continued to play a large role in financing agricultural producers. While only 17% of lenders included vendor financing among their top two competitors in 2025, 60% of respondents said that vendor and supplier financing had increased over the previous 12 months, and 71% of respondents expect it to increase further next year.

Although ag lenders expect a stable year of loan growth, weak loan demand ranked the fourth-highest concern reported in 2025, up from sixth in 2024. This was of greater concern for banks on the ends of the asset distribution: banks with less than \$50 million in assets ranked weak ag loan demand as their second-highest concern, while banks with greater than \$1 billion in assets ranked it third.

Respondents generally expected interest rates to decrease over the next 12 months when the survey closed in August 2025, prior to the 25 basis points (bps) cuts in the September and October Federal Open Market Committee (FOMC) meetings. However, rates remain elevated, and uncertainty around inflation has dimmed the outlook for ag production lending.

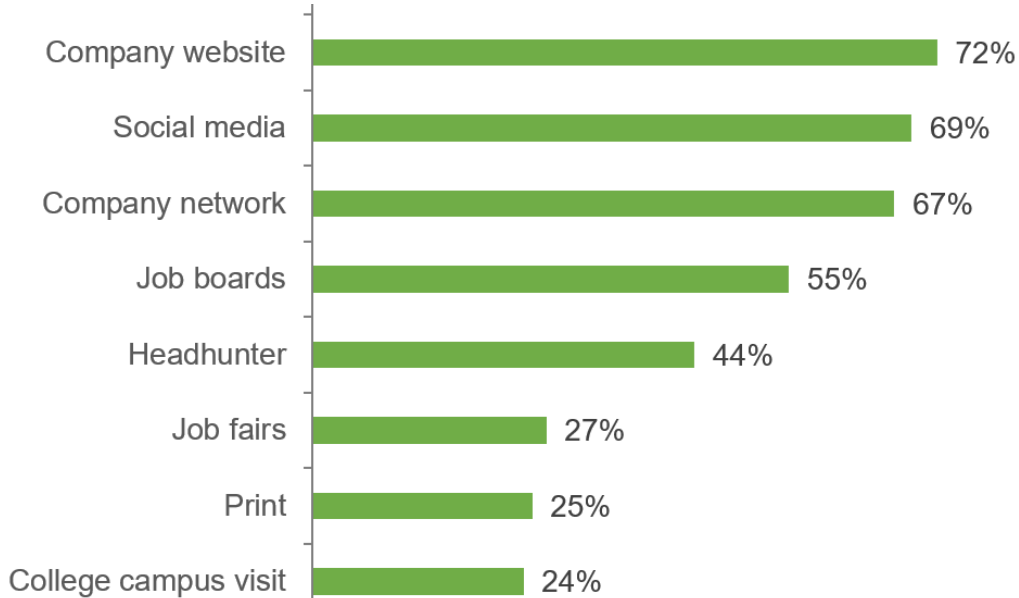
Lenders continued to increase utilization of the secondary market for agricultural loans to manage interest rate risk, liquidity, borrower concentration and other portfolio growth strategies. This trend continued in the 2025 survey results. Approximately three-fourths of survey respondents (77%) reported using Farmer Mac as a secondary market for agricultural real estate mortgages and USDA guarantee loans, up from 67% in 2024.

Lenders expressed reduced concern about regulation compared to the prior year. Increased regulatory burden fell to the eighth overall concern for lenders in 2025; however, there was some variation by lender asset size. Large lenders ranked regulatory burden higher among their list of concerns than small lenders. For example, 44% of lenders with assets greater than \$500 million cited regulatory burden among their top three concerns, while only 16% of ag lenders with assets less than \$500 million listed it among their top three concerns in 2025.

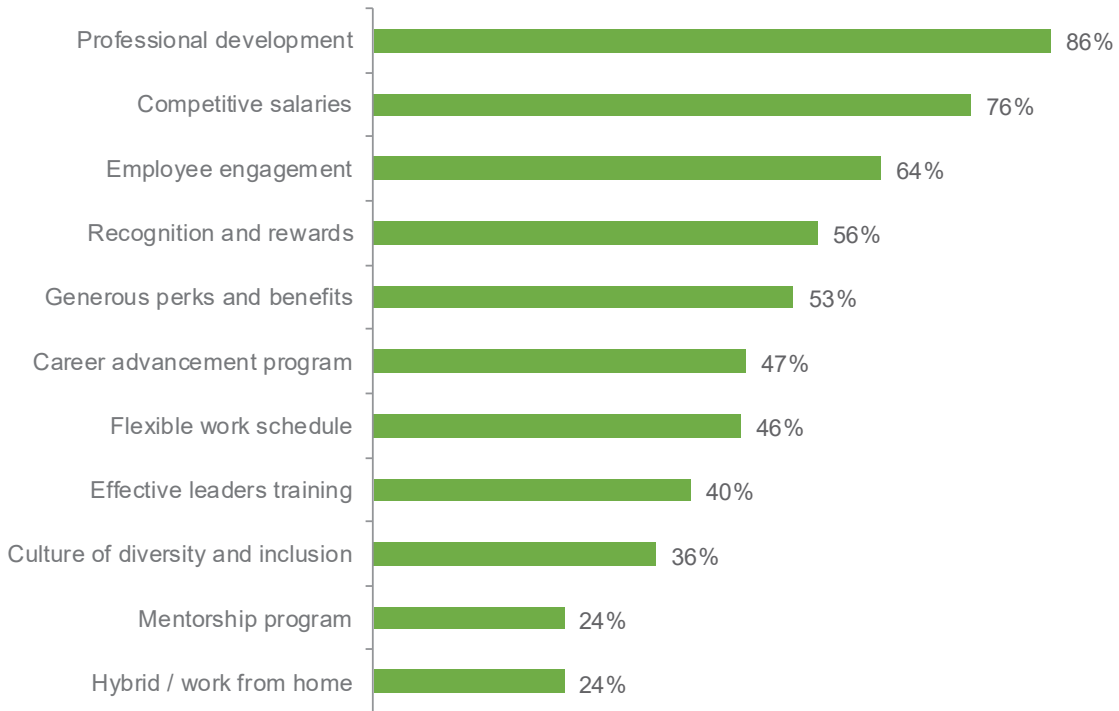
Lenders continued to report positive relationships with their regulators: 72% of lenders rated their relationship with their primary regulator as either 4 or 5 on a 5-point scale. This was true for lenders of all sizes. However, some lenders indicated regulators' comprehension of the agricultural sector could be better. On average, respondents rated regulators' understanding of agriculture a 3.1 out of 5, with 23% of respondents rating regulator understanding of the sector 1 or 2 out of 5.

A moderate but persistent concern for lenders has been a lack of qualified ag lenders. Survey respondents anticipate a 27% turnover rate in staff dedicated to ag lending at their institution over the next five years. To fill openings, the most common recruitment strategies included employee referral (90%), posting positions on their company website (72%), marketing on social media (69%) and utilizing their company network (67%). The primary retention strategies for existing staff were training and professional development (86%), competitive salaries (76%), employee engagement such as encouraging employee input (64%), a recognition and rewards program (56%), and generous perks and benefits (53%).

Talent Recruitment Strategies



Talent Retention Strategies



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

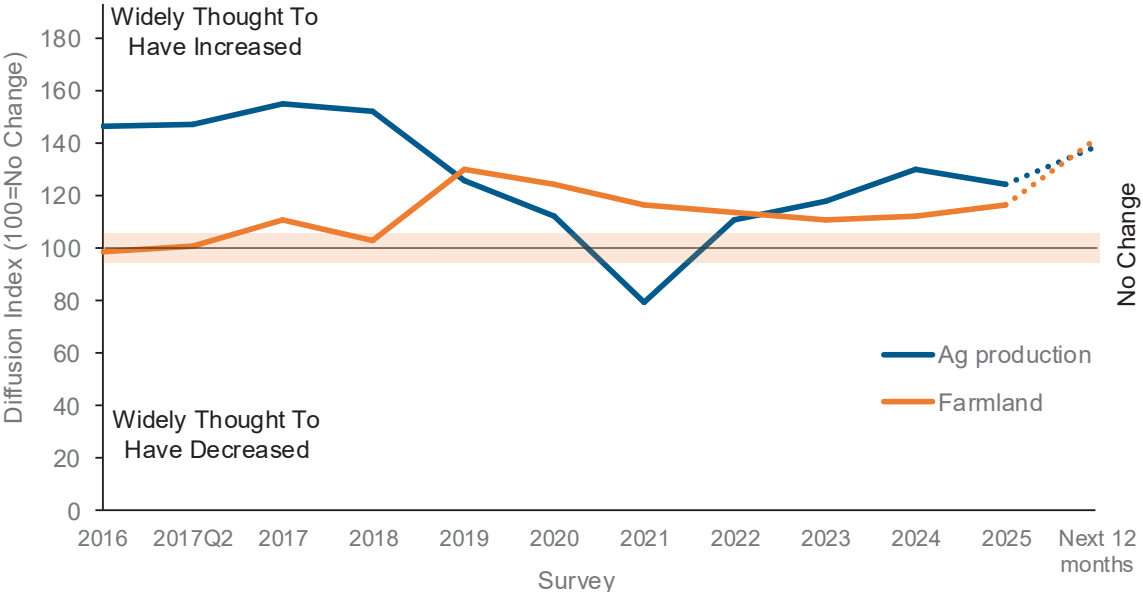
Mean response to Q65 and Q66: Which of the following methods does your organization use to recruit / implement to retain employees?
Select all that apply.

Lending Conditions

In the 2025 survey, respondents largely reported similar pressures facing the industry as the previous year, but the challenges are sharper this year. With reports of tighter working capital and higher input prices for producers, the pipeline for ag loan demand remained healthy going into 2025. Mild relief in interest rates helped sustain growth for ag production loans. Meanwhile, rising ag real estate values continued to sustain growth for farmland loans. With widespread expectations for lower rates in the next year, ag loan demand is expected to jump over the next 12 months.

Demand for agricultural lending remained strong in 2025. More than 87% of lenders reported that farm debt increased over the past 12 months, up from 77% in 2024. This is consistent with the USDA's 2025 forecast, and responses were similar across asset size and portfolio concentration. Through the end of the year, the agency projects farm real estate debt will increase 5.2% in nominal terms and 2.6% in inflation-adjusted dollars relative to 2024. Other farm debt is expected to increase 4.7% in nominal terms and 2.1% when adjusted for inflation. Lower working capital will require many producers to turn to credit to meet their financing needs. As a result, 93% of lenders expect farm debt to increase further over the next 12 months.

Diffusion Index of Ag Loan Demand



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
 Mean response to Q8/Q9: During the past 6 or 12 months, how have the following economic conditions changed in your area?
 How much will they change in the next 6 or 12 months in your area?

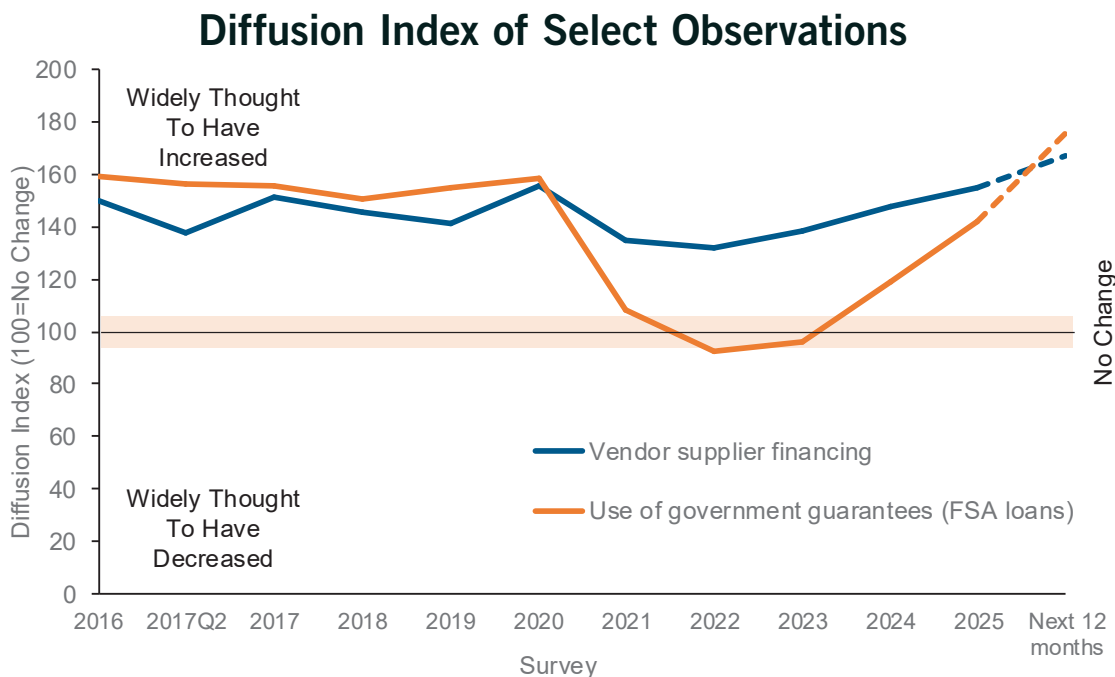
The diffusion index for agricultural production loan demand came in at 124 in 2025, declining from a six-year high of 130 in 2024. While loan growth remains healthy, the rate of growth remains below the pre-pandemic level. Prior to the pandemic, the index average from 2016 to 2019 was 145. Demand for agricultural production loans was highest at smaller institutions (146) with total assets less than \$50 million. There was slight variation in reported demand across regions. Lenders in the Plains (136) and Corn Belt (133) regions generally reported stronger demand, while lenders in the South were the only region to report reduced ag loan demand over the past 12 months (83).

Looking ahead, lenders widely expect demand to increase. Regional variations for the future largely echoed those of current conditions, with expected ag loan demand in 2026 highest in the Plains and Corn Belt regions and lowest in the South. 43% of respondents from the South observed reduced demand for ag production loans in 2025, and 33% expect a decrease in demand next year.

Demand for loans secured by farmland grew steadily in 2025, and survey respondents expect a strong pickup in the next year following anticipated rate cuts. Most lenders (61%) said demand stayed the same, while 28% observed growth over the past 12 months. However, projected demand for the next 12 months was much higher, as captured by the diffusion index, reaching a record 141, the highest level in the series' history. Nearly 47% of respondents expect loans secured by farmland to increase in the next 12 months, the highest level since 2017. This trend was true for lenders across cohorts and regions but was strongest for lenders in the West, where more than 3 out of 5 respondents (62%) expect ag loan demand to rise in 2026.

Respondents continued to report higher usage of USDA Farm Service Agency (FSA) and other government-guaranteed loans in 2025. Guaranteed lending contracted during the pandemic amid unprecedented government support in the form of direct and ad hoc payments to the agricultural sector. Lending has since recovered but remains below pre-pandemic levels. Over the next 12 months, though, lenders expect usage to increase. The diffusion index reading for 2025 was 176, 21 points higher than the 2016 to 2019 survey average of 155.

Lenders find these programs useful for serving more borrowers. More than 9 out of 10 lenders surveyed (94%) offer FSA-guaranteed loans. Participating in such programs generally helps borrowers qualify for competitive loans while reducing the risk held by lending institutions. Expectations for higher utilization in 2026 might reflect expectations for a pullback in farm profitability. Farmers face a tough year ahead, and with loan demand expected to increase, more borrowers may utilize federal programs to qualify for credit.



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
 Mean response to Q21/22: During the past 6 or 12 months, how have the following economic conditions changed in your area?
 How much will they change in the next 6 or 12 months in your area?

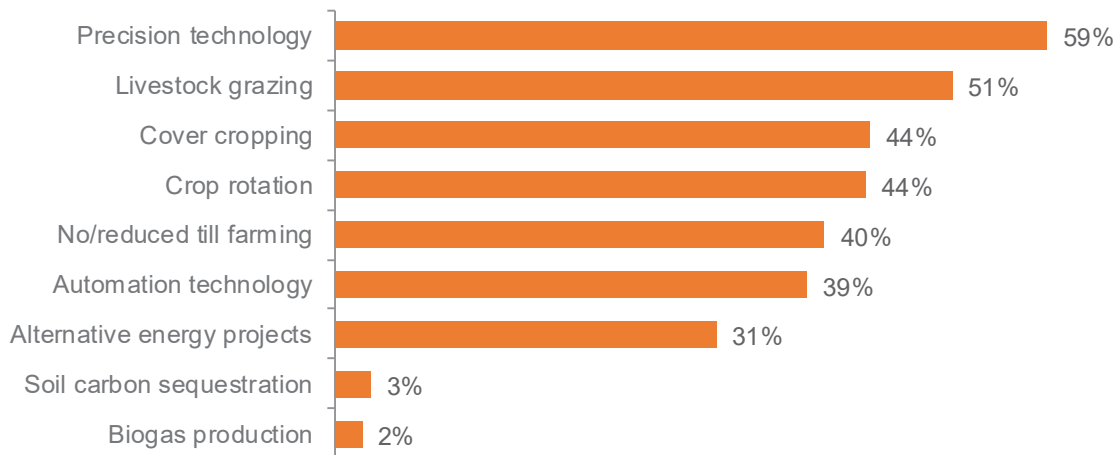
A third of lenders also issue loans guaranteed by the USDA Rural Development office (33%). Of those who do, nearly three-fourths issue business and industry guaranteed loans (73%), almost half issue single-family guaranteed housing loans (46%) and nearly a quarter issue community facility guaranteed loans (23%).

A larger share of lenders reported being involved in rural infrastructure financing (36%) in 2025, compared to 12% in 2024. Of those that indicated involvement, lenders most frequently cited water system (58%) and renewable energy (47%) projects. A third — 33% — reported financing road and transportation projects, and 30% reported financing broadband and telecommunications projects. Among those not involved in infrastructure financing, 38% expressed interest in participating in the future and 53% were unsure.

Finally, survey respondents were asked about whether borrowers expressed interest in financing technological enhancements or regenerative agricultural practices. In the prior 12 months, three-fifths of lenders reported a borrower inquired about financing precision technology, such as equipment guidance, automatic steering, yield monitoring or in-field electronic sensors. More than half of lenders reported that a customer inquired about livestock grazing, reduced-till farming or cover cropping. Roughly 2 out of 5 lenders received inquiries about cover cropping, crop rotation, reduced-till farming and automation technology. Nearly a third — 31% of lenders — reported interest in alternative energy projects. Very few lenders reported any borrower inquiries for financing soil carbon sequestration or biogas production.

Borrowers aren't the only ones investing in technological enhancements. More than half of lenders surveyed (57%) reported their institution implemented digitization or made technology investments in 2025. Among those who did, roughly half of respondents enhanced underwriting and credit decisions (57%), loan application (57%) and loan servicing (45%) processes. Roughly a third of respondents invested in loan closing technology (35%) and customer development (34%).

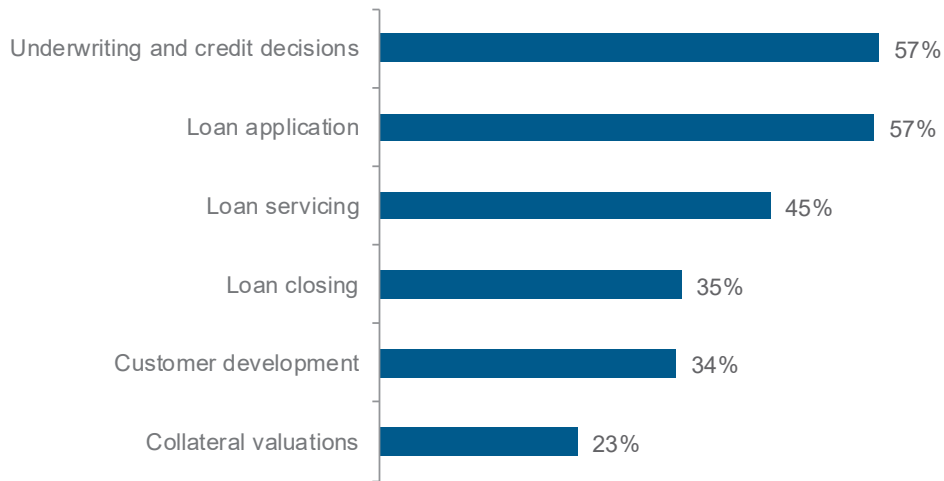
Demand for Alternative Financing Practices



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q68: In the last 12 months, which of the following types of financing have your customers inquired about? Select all that apply.

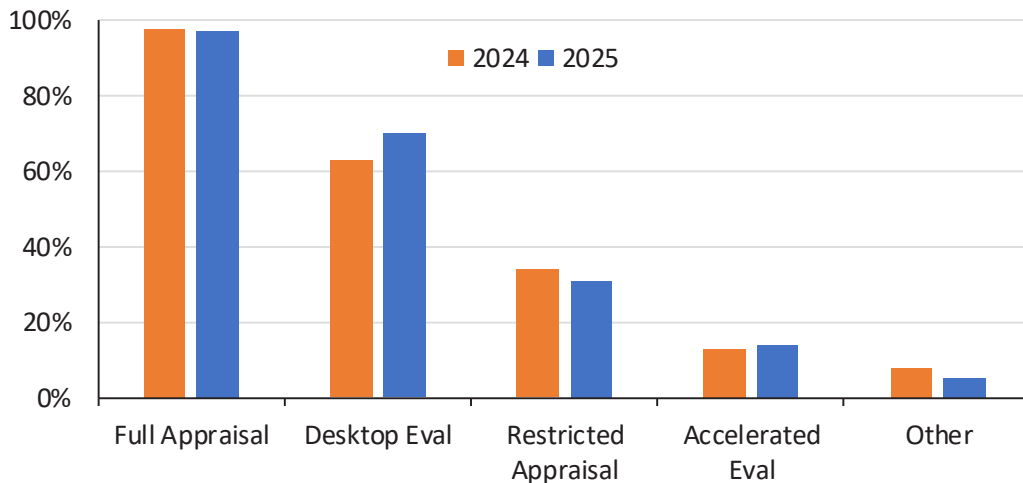
Digitization and Technology Investments



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
 Mean response to Q42: What aspect of the loan process have you digitized or made technology investments in over the last year?

Lenders continue to innovate around collateral valuations, despite a relatively small proportion (23%) highlighting it as an area of investment. A significant proportion of lenders report using collateral valuation methods outside of a standard full appraisal. More than two-thirds (70%) of lenders report using desktop appraisals and evaluations as an option to value collateral, while a smaller but still significant proportion report using restricted appraisals and accelerated evaluations. The growth in desktop evaluations was noteworthy in the 2025 survey results. In general, there has been a push to accelerate the loan underwriting process in recent years to improve the experience for both borrower and lender. Appraisals can constitute a significant portion of a credit decision timeline, and many lenders have adopted collateral valuation options to help shrink the timeline from application to approval.

Collateral Valuation Programs Utilized by Ag Lenders

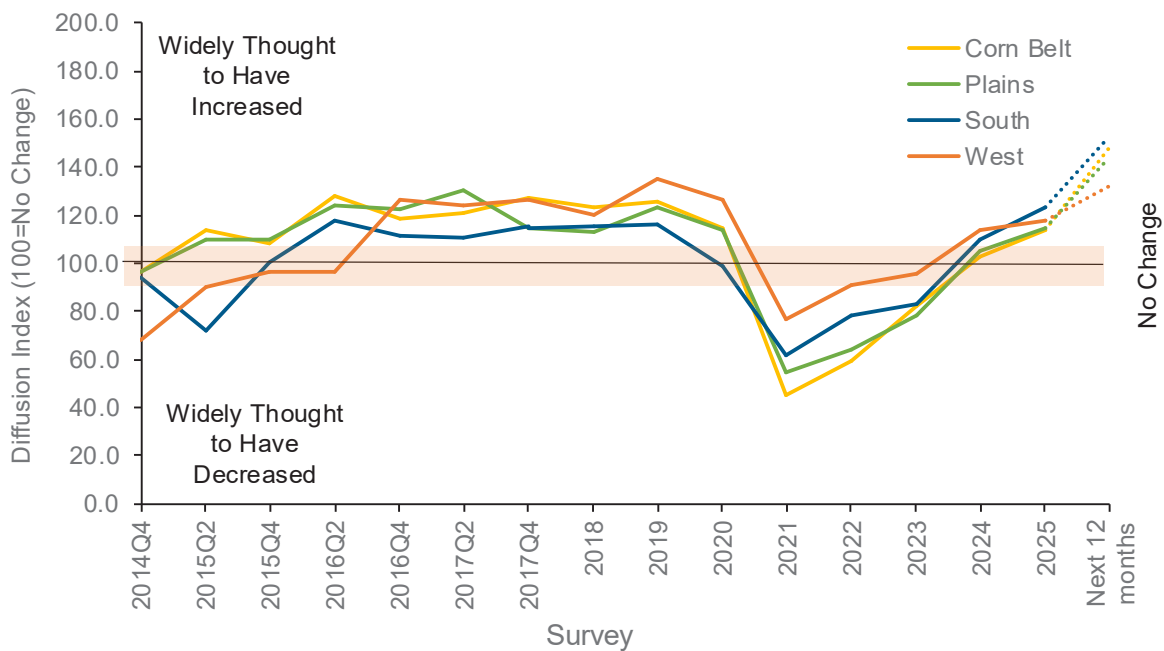


Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025
 Mean response to Q59: What types of collateral valuation programs are used at your institution? Select all that apply.

Credit Quality

Concern regarding credit quality increased in 2025 amid the ongoing challenges facing borrowers. Extraordinarily strong loan performance pushed delinquency and charge-off rates to historically low levels beginning in 2021, but cracks have begun to form following a drop in commodity prices over the past year. While the majority of lenders reported delinquency and charge-off rates for outstanding agricultural loans were unchanged in 2025, the share reporting deterioration increased relative to last year. About a third (34%) of lenders reported an increase in delinquency rates for ag production loans, compared to 20% in 2024. For farm real estate loans, the share of lenders reporting increases in delinquency rates rose to 21%, from 12% in 2024. Looking forward, the highest proportion of lenders over the past decade now expect meaningful deterioration in loan performance through the next year.

Diffusion Index for Delinquency Trends

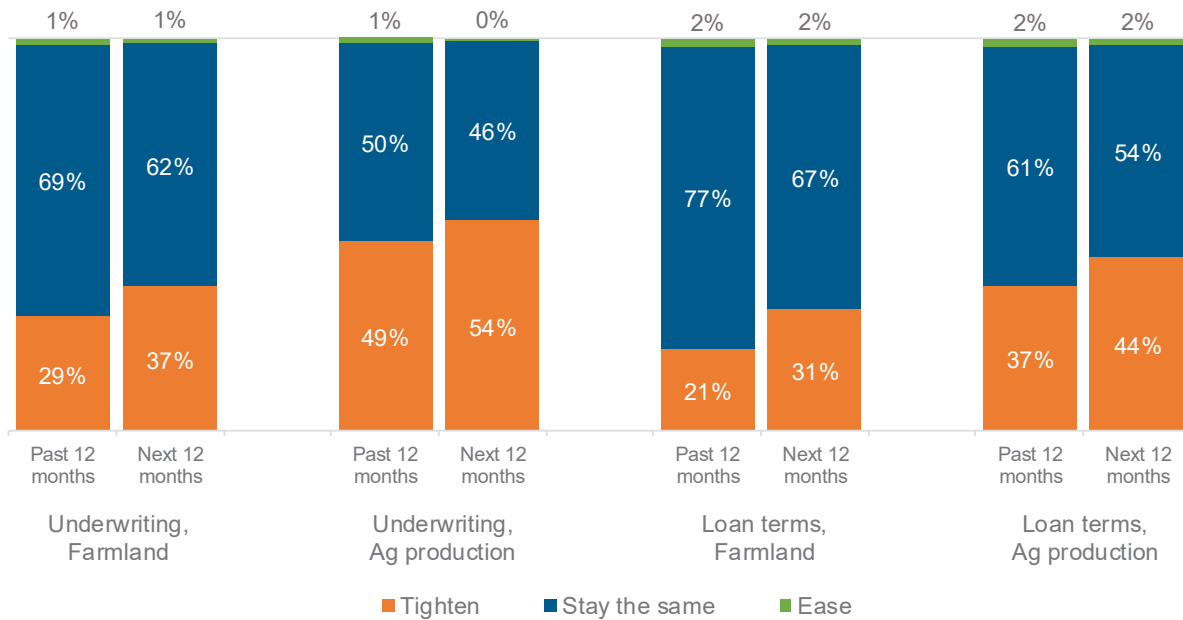


Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q8/9: During the past 6 or 12 months, how have the following economic conditions changed in your area? How much will they change in the next 6 or 12 months in your area?

A larger share of lenders reported tightening underwriting standards and loan terms for agricultural credit in 2025. Nearly 3 in 10 (29%) of lenders tightened standards for loans secured by farmland, and 49% tightened standards on loans to finance agricultural production — up 10 and 19 percentage points (pp), respectively, from 2024. Loan terms tightened as well, with 21% of respondents reporting tightening on farmland loans in the past 12 months, and 37% reporting tightening on agricultural production loans. Looking ahead, lenders plan to further tighten credit standards, with over a third intending to tighten underwriting criteria for farmland loans over the next 12 months, and more than half aiming to do the same for agricultural production loans. Survey results show plans to continue tightening loan terms going into the next year as well.

Agricultural Credit Standards



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Q39 and Q38: During the last 12 months (and in the next 12 months), how have credit standards for the following agricultural loans changed for your institution?

Loan-to-value (LTV) ratios for agricultural loan applicants have remained steady despite the cloudy outlook for the ag economy. In 2025, lenders reported that the average LTV ratio was 63% for loans secured by farmland and 68% for agricultural production loans, largely unchanged from last year. Despite continued farmland value appreciation and an elevated interest rate environment, LTV ratios have remained stable.

Lenders have continued to meet the credit needs of farmers and ranchers. On average, lenders approved 84% of agricultural loan applications received over the past 12 months, in line with last year’s approval rate. Of those they denied, respondents estimate that 45% are being approved by competing institutions. Despite tighter credit standards, lenders expect to approve 88% of borrowers’ renewal requests in the next year.

Ag lenders will continue to work closely with their borrowers. Lenders have a deep understanding of the needs of farmers and ranchers because, in many cases, they are in the same business. More than half of respondents said that in addition to lending, they also farm themselves (52%). Respondents expressed concern over the numerous challenges currently facing the agricultural industry, including low commodity prices and higher input costs. As one respondent remarked, “tough times ahead for our agricultural producers. Low profitability will force tough decisions for operations and the lenders involved.”

Interest Rate Environment

Following mild relief in interest rates in late 2024, expectations for future rate cuts evolved continuously throughout 2025 in response to a steady flow of economic data. The volatility was largely due to conflicting data points that the Federal Reserve was closely monitoring. Following 100 basis points (bps) of rate cuts in late 2024, rates remained largely unchanged in 2025. While there was uncertainty about the magnitude and pace of future cuts, there was broad agreement about the direction. More than two-thirds of ag lenders (67%) expected short-term interest rates to decrease over the next 12 months, and a majority (54%) expected long-term rates to fall. No rate cuts had occurred in 2025 up to the point when the survey was taken.

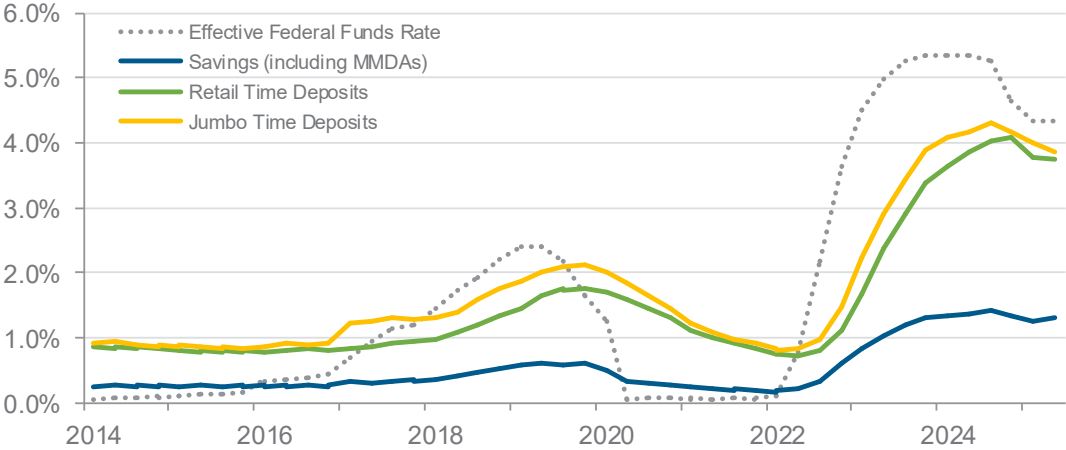
Shortly after the 2025 survey closed, the FOMC cut the Federal Funds rate by 25 bps in both the September and October meetings to a target range of 3.75% to 4.0%. There is one more meeting planned for December, giving the FOMC the opportunity to potentially cut rates again in 2025.

While stronger loan yields and healthy demand supported interest income in 2025, lenders continue to feel the squeeze on interest expense. The average cost of deposits for ag banks (defined as commercial banks with a high concentration of agricultural loans) has eased off a decadelong high in late 2024, according to an ABA analysis of S&P Global data, but it remains elevated. The rapid pace of rate hikes from 2022 to 2024 also left the banking industry with large unrealized losses on their balance sheets.

The interest rate environment has also presented challenges for farmers and ranchers who rely on debt to finance their operations. Respondents in the 2025 survey commented that liquidity has mostly been exhausted due to unfavorable commodity pricing and input costs, increasing the need for borrowing.

Further relief in rates would be beneficial for lenders that are more liability-sensitive as funding costs come down. Lower rates will also reduce unrealized losses on the balance sheet. It is less clear, though, whether rate cuts will be a net benefit for lenders with large variable rate loan portfolios that are more sensitive on the asset side of the balance sheet. For agricultural borrowers, rate cuts could help alleviate some of the pressures weighing on farm profitability. Unsurprisingly, interest rate volatility remained among the top three concerns facing lenders this year.

Agricultural Bank Funding Costs (Quarterly Average)

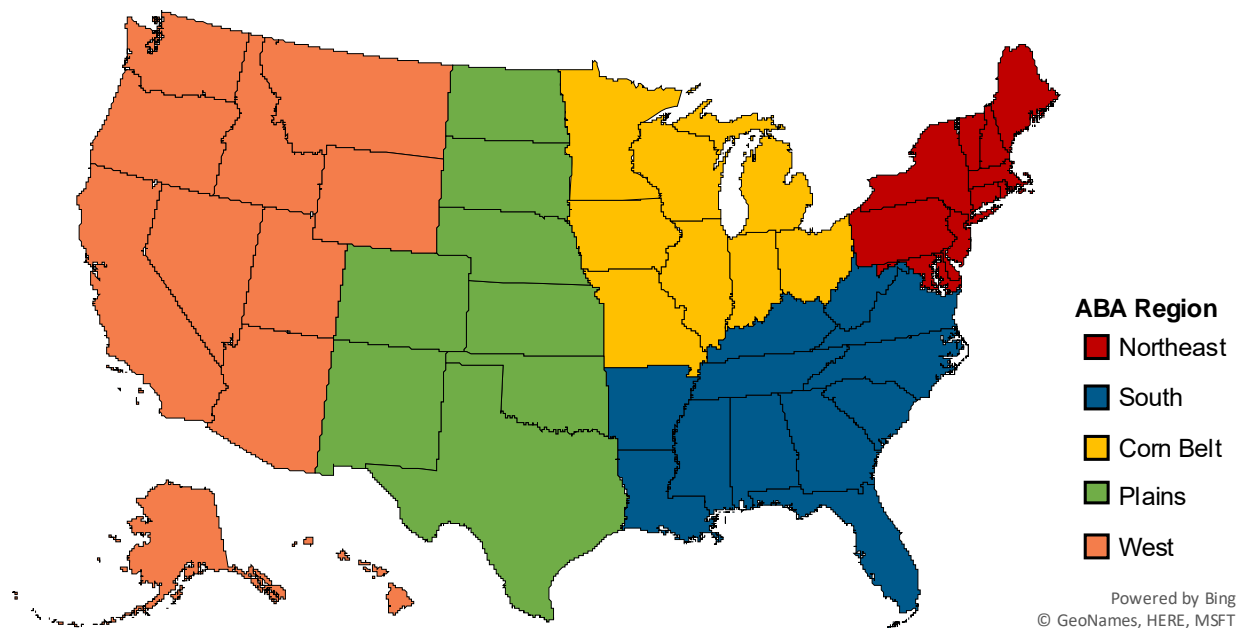


Source: S&P Global, Federal Reserve, ABA analysis
 ABA defines farm agricultural banks as any bank whose farm loan concentration was greater than or equal to the unweighted industry average.

About the Survey Respondents

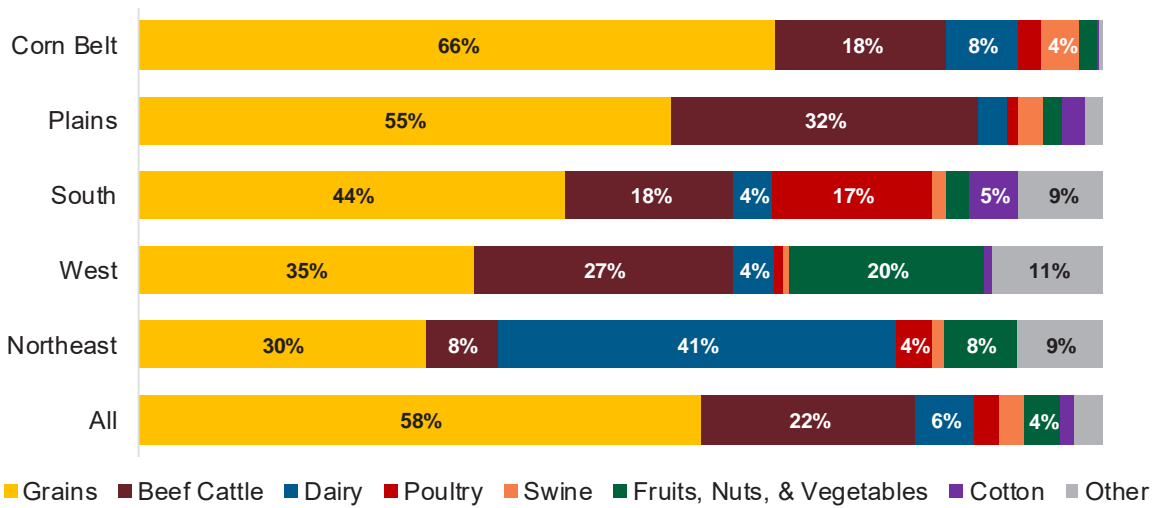
More than 450 agricultural lenders completed the ABA-Farmer Mac Agricultural Lender Survey in August. The responses came from a diverse set of institutions, ranging from those with under \$50 million in assets to those with more than \$1 billion in assets. More than 40% responses came from lenders at institutions with \$500 million or less in assets. Regionally, the responses were concentrated in the Corn Belt and Plains (50% and 30%, respectively), which is expected given the high proportion of agricultural production and lending that occurs in those states.

ABA Regions



Lender portfolios tended largely to reflect the regional distribution of survey respondents, such as high concentrations in grains and cattle, but there was some diversity by region. Respondents in the West and Plains reported a higher percentage of cattle than other regions. Lenders from the West also reported a higher share of fruits, nuts and vegetables. Lenders responding from the South reported a higher percentage of poultry and cotton, and lenders from the Northeast reported a higher concentration in dairy.

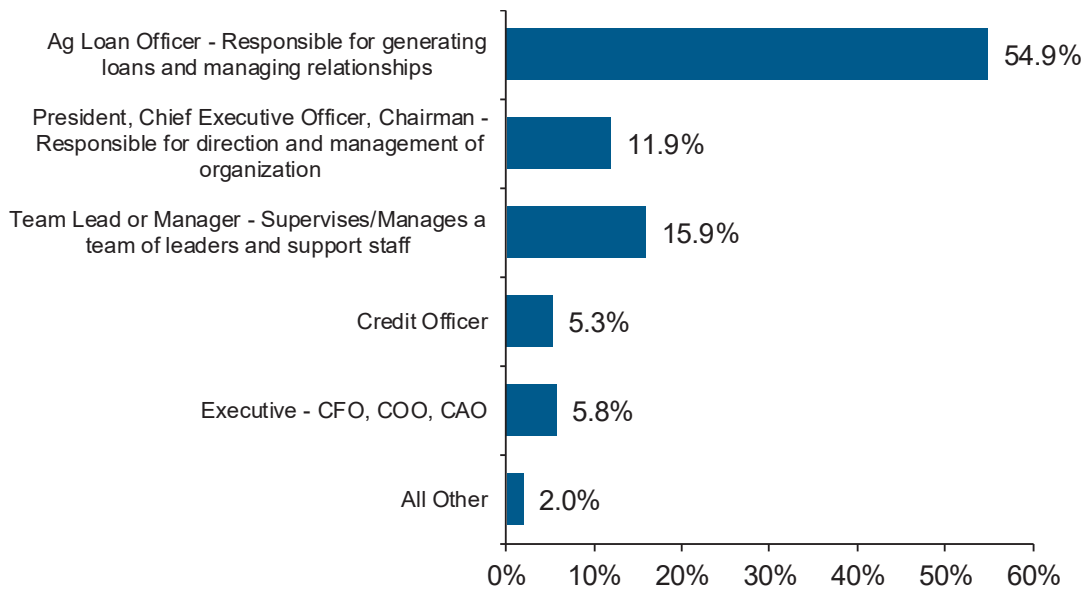
Lender Portfolios Vary by Region



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
 Mean response to Q14: What percentage of your agricultural credit portfolio is in the following?

Survey respondents hold a variety of roles at their respective institutions. The most common title or role reported was an agricultural loan officer (55%). Other titles include executives, presidents and team managers. The distribution of job roles in many ways reflects the numeric distribution of these roles within the ag lending space. Including all levels of roles ensures the survey results reflect the views of the agricultural lending space from different vantage points.

Survey Respondent Job Responsibilities



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
 Mean response to Q5: What is your role at your institution?

About ABA and Farmer Mac

The American Bankers Association is the voice of the nation's \$25 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$19.7 trillion in deposits and extend \$13.1 trillion in loans.

Farmer Mac is driven by its mission to increase the accessibility of financing to provide vital liquidity for American agriculture and rural infrastructure. Our secondary market provides liquidity to our nation's agricultural and infrastructure businesses, supporting a vibrant and strong rural America. We offer a wide range of solutions to help meet financial institutions' growth, liquidity, risk management, and capital relief needs across diverse markets, including agriculture, agribusiness, broadband infrastructure, power and utilities, and renewable energy. We are uniquely positioned to facilitate competitive access to financing that fuels growth, innovation, and prosperity in America's rural and agricultural communities. Additional information about Farmer Mac is available on Farmer Mac's website, www.farmermac.com.

ABA and Farmer Mac have been working together for more than a decade to offer the financial and educational tools bankers need to serve their agricultural customers.



2025 IOWA STATE UNIVERSITY LAND VALUE SURVEY: OVERVIEW

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Working Paper 25-WP 674
December 2025

Abstract: Fluctuations in farmland values reflect shifting market conditions, influence farm financial stability, and inform policy decisions, making it essential to monitor them closely. Since 1950, the Iowa State University Land Value Survey has been the only data source that provides a county-level land value estimate for each of the 99 counties in Iowa. The 2025 Iowa State University Land Value Survey reported a 0.7% increase in average farmland values, bringing the statewide average to \$11,549 per acre. The inflation-adjusted value, \$8,475 per acre in 2015 dollars, represents a 1.8% decline, driven by continued pressure from lower commodity prices, rising input costs, and the lingering effects of elevated interest rates. Although limited land supply, strong yields, and steady demand from farmers and investors alike helped support the market, these positive factors were not enough to produce broad-based growth. Most crop reporting districts showed modest increases or slight declines, with the largest gains in the Northeast (+4%) and the sharpest decreases in the North Central (-2.6%) and Central (-2.0%) districts. Overall, the 2025 results reflect a year of adjustment in the farmland market and align with other surveys showing subdued or slightly declining values across the region.

Key Words: Land Values, Iowa, Land Ownership, Interest Rate, Farm Income, Ag Credit, Real Estate, Commodity Prices, Expert Opinion Survey, Agricultural Trade, Inflation

JEL Codes: Q15, Q13, Q14, Q18

Citation suggestion: Chandio, R. 2025. "2025 Iowa State University Land Value Survey: Overview." CARD working paper 25-WP 674, Iowa State University Extension and Outreach, Center for Agricultural and Rural Development.

Acknowledgement: The author gratefully acknowledges the support of all CARD staff, especially Yongjie Ji, James Bass and Nathan Cook. This paper also benefited significantly from data entry research assistance from Benjamin Herschel, Jordan Johnson, and Saima Kabir, and from feedback and discussions with Ann Johanns, Chad Hart, and ISU Extension and Outreach farm management specialists.

I also want to thank the continuous and great assistance from several agricultural professional organizations, such as the ASFMRA Iowa Chapter, RLI Iowa Chapter, Iowa Bankers Association, and USDA Farm Service Agency.

2025 IOWA STATE UNIVERSITY LAND VALUE SURVEY: OVERVIEW

History and Purpose of the ISU Land Value Survey

The survey was initiated in 1941 and is sponsored annually by Iowa State University. Only the state average and the district averages are based directly on Iowa State survey data. County estimates are derived using a procedure that combines Iowa State survey results with data from the US Census of Agriculture. Since 2014, the survey has been conducted by the Center for Agricultural and Rural Development in the Department of Economics at Iowa State University and Iowa State University Extension and Outreach.

The survey is intended to provide information on general land value trends, geographical land price relationships, and factors influencing the Iowa land market. The survey is not intended to provide a direct estimate for any particular piece of property.

The survey is an expert opinion survey based on reports by licensed real estate brokers, farm managers, appraisers, agricultural lenders, county assessors, and selected individuals considered to be knowledgeable of land market conditions. Respondents were asked to report for more than one county if they were knowledgeable about the land markets in multiple counties. The 2025 ISU Land Value Survey is based on 463 usable county-level land value estimates provided by 316 agricultural professionals.

Of the 316 respondents, 69% completed the survey online. Online responses allow participants to provide estimates for up to 12 counties. A web portal has been developed to facilitate the visualization and analysis of Iowa farmland values by pooling data from ISU, USDA, Federal Reserve Bank of Chicago, and the REALTORS® Land Institute Iowa Chapter, as well as by making use of charts over time and interactive county maps. The portal can be accessed at <https://www.farmland.card.iastate.edu/>.

Participants in the survey are asked to estimate the value of high-, medium-, and low-quality land in their county. Comparative sales and other factors are taken into account by the respondents in making these value estimates. This survey is the only data source that provides an annual land value estimate at the county level for each of the 99 counties in Iowa. In addition, this survey provides estimates of high-, medium-, and low-quality land at the crop reporting district and state level.

Analysis by State

The 2025 state average for land of all quality was estimated to be \$11,549 per acre as of November 1, 2025.

The statewide average value increased \$83 per acre from November 2024.

The statewide average value increased 0.7% from November 2024.



Analysis by Crop Reporting District

The highest average land values were reported in Northwest Iowa, \$14,522 per acre.

The lowest average land values were reported in South Central Iowa, \$7,623 per acre.

Land values increased across six of the nine crop reporting districts. The largest percentage increases were in the Northeast and East Central districts, at 4.1% and 3.4%, respectively. The largest declines were in North Central and Central districts at 2.6% and 2.0%, respectively. The West Central district saw the smallest percentage change at an increase of 0.1% followed by Southeast district which reported an increase of 0.5%.

Analysis by Counties

The highest value was estimated for O'Brien County, \$16,269 per acre.

The lowest value was in Appanoose County, \$6,679 per acre.

Thirty-nine of the 99 counties reported decreases in nominal land values, and 78 counties reported a decrease in inflation-adjusted values. Twenty-two counties still reported the highest nominal land values since 1950, and two counties (Allamakee and Dubuque) reported the highest inflation-adjusted values. Despite several declines, 32 of the nominal values were above the recent 2023 peak in land values.

The largest percentage decrease, 4.3%, was reported in Kossuth County, while the largest increase, 4.4%, was reported in Clayton and Allamakee Counties. Buena Vista County reported the smallest percentage and dollar increase at less than 0.1% and \$1/acre, respectively. Clay County reported the smallest percentage and dollar decrease at less than 0.1% and \$2/acre, respectively. The largest dollar increase was reported in Dubuque County, \$553 per acre, while Kossuth County saw the largest dollar decrease, \$552 per acre.

Analysis by Quality of Land

Low-quality land statewide averaged \$7,580 per acre, a 1.7% or \$130 per acre increase from November 2024. Low-quality land in the Northwest, Northeast, and Southeast saw the largest increases, reported at 6.9%, 5.5%, and 3.3%, respectively; and low-quality land saw decreases in Central, West Central, and North Central district at 1.8%, 1.8%, and 1.4%, respectively.

Medium-quality land averaged \$10,809 per acre, an increase of 0.6% or \$69 per acre, with four out of nine districts reporting an increase. The largest increase was reported in Northeast at 4.9% or \$552 per acre and the largest decrease was reported in South Central district at 5.1% or \$399 per acre.

High-quality land averaged \$14,030 per acre, an increase of 0.7% or \$101 per acre. High-quality saw increases in all districts except North Central and Central which reported a decline of 2.7% and 2.4%, respectively. The largest increases were observed in East Central and Northeast district at 3.4% and 3.1%, or \$501 per acre and \$447 per acre, respectively.

Major Factors Influencing the Farmland Market

Most survey respondents listed positive and/or negative factors influencing the land market. Of all respondents, 78% listed at least one positive factor, and 80% listed at least one negative factor. In most cases, respondents listed multiple factors.

There were three positive factors listed by 60% of respondents who provided at least one positive factor. The most frequently mentioned factor was limited land supply, mentioned in 21% of responses. Strong

yields and the combination of cash on hand and credit availability were the next most frequently mentioned positive factors, with 13% and 10% of responses, respectively. Other frequently mentioned positive factors included strong land demand (8%), including from investors (8%), and a strong livestock sector (6%).

There were also three negative factors listed by 58% of respondents who identified at least one negative factor. The most frequently mentioned negative factor affecting land values in 2025 was the fall of commodity prices mentioned in 32% of responses, and the series of interest rate hikes over the past few years was the second most important concern, with 22% of responses identifying it. Concerns about higher input costs (mentioned in 13% of responses), uncertainty due to tariffs and trade (5%) and limited cash and working capital in the farm sector (4%) were the next most frequently mentioned negative factors. Lower yields were mentioned in 3% of responses.

Number of Sales Compared to the Previous Year

Forty-two percent of respondents reported fewer sales in 2025 relative to 2024, in line with the downturn in the agricultural economy, as well as the pressure of all the negative factors mentioned above. Only 17% of respondents reported more sales, while 41% reported the same level of sales in 2025 compared to 2024.

The Northeast district has the lowest percentage of respondents who reported more sales, at 6%, while the Southeast district has the highest percentage of respondents who reported more sales, at 37%.

Land Sales by Buyer Category

The survey asked respondents what percent of the land was sold to six categories of buyers: existing local farmers, existing relocating farmers, new farmers, local investors, non-local investors, or other.

The majority of farmland sales, 68%, were to existing farmers, of which existing local farmers captured 66% of land sales. Only 2% of sales were to existing relocating farmers. New farmers represented 4% of sales. Investors represented 26% of land sales, with 14% going to local investors and 12% to non-local. Other purchasers accounted for 2% of sales.

Sales to existing local farmers by crop reporting district ranged from 43% in the South Central district to 78% in the Northwest district.

Sales to investors were highest in the South Central district (46%). The Northwest district reported the lowest investor activity (17%). Two districts, North Central and South Central, reported more non-local investor sales than local investor sales.

Land Sales by Seller Category

The survey also asked respondents what percent of land was sold by each of these six categories of sellers: active farmers, retired farmers, estate sales, local investors, non-local investors, or other.

The majority of farmland sales, 55%, were from estate sales, followed by retired farmers at 22%. Active farmers accounted for 8% of sales, while local and non-local investors accounted for 6% and 7%, respectively.

Estate sales by crop reporting district ranged from 38% in the South Central district to 68% in the Northwest district.

Sales by investors were highest in the South Central and Southwest districts at 23% and 20%, respectively. In the South Central district, local investors represented 11% of sales and non-locals represented another 12%. In the Southwest district, local investors represented 7% of sales and non-locals represented 13%. The Northwest district reported the lowest investor sale activity (4%), with local and non-local investors each representing 2% of sales.

Respondents by Occupation and by Mode of Survey

The survey asked the main occupation of the respondent: farm manager, appraiser, agricultural lender, broker/realtor, government, farmer/landowner, and other, along with the respondents' number of years of experience and the number of counties in which they offer services.

In total, 316 agricultural professionals completed the survey, providing 463 county land value estimates. Of these 316, agricultural lenders represented the largest group, accounting for 28% of all respondents. Brokers/realtors and farm managers were the next largest groups, each representing 17% of respondents.

Across crop reporting districts, the percentage of agricultural lenders ranged from 14% in the South Central district to 40% in the Northwest district.

Our respondents, on average, have 26 years of experience in their current profession and offer professional services to an average of eight counties. While government officials typically only serve one or two counties, appraisers, farm managers, agricultural lenders, and brokers/realtors offer services, on average, to 17, 13, 9, and 4 counties, respectively.

The survey was completed online by 69% of the 316 respondents.

Farmland Value, Interest, and Cash Crop Price Predictions by Respondents

The survey also asked respondents to predict land values and cash crop prices one and five years from now, as well as the prevailing interest rates for a 20-year farmland mortgage and a one-year operating loan. This year's survey also asked the respondents about their one- and five-year predictions for inflation.

Respondents have optimistic views regarding the strength of the farmland market five years from now and generally expect stable or even higher land values, with the one-year expectation tilting towards a fall in land values. Forty-one percent of respondents forecast a decrease in their local land market in one year, while 31% expected a higher land value, and 28% forecast no change. While the most popular response was for the one-year land price forecast to remain the same (28%), the second-most popular answer was for land values to decrease by 5% or less (27%), and the third-most popular answer was for land values to increase by less than 5% (19%). Looking five years ahead, 10% of respondents forecasted a decline, much smaller than the 41% forecasting a decline 12 months from now. Meanwhile, 82% of respondents expect an increase in land values in the long term, with an increase of 10–20% selected by most respondents (41%).

To better gauge the respondents' views of current farmland values, the survey also asks them to rate the current farmland values in their primary county as way too low, too low, just right, too high, or way too high. Fifty-three percent and 8% of respondents think the current land values are too high or way too high, respectively, while only 3% of respondents think the current land values are low. Thirty-seven percent of respondents think the land values are just right.

Respondents expect corn and soybean cash crop markets to remain relatively stable at their lower prices. In particular, the predicted state average cash corn prices for November 2026 (one year from now) and 2030 (five years from now) are \$4.25/bu. and \$4.96/bu., respectively. The statewide average soybean price predictions are \$10.53/bu. in one year and \$11.96/bu. five years from now.

Land Quality and Corn Suitability Rating 2

To gauge how each respondent defined high-, medium-, and low-quality land for their county, we asked for estimated average CSR2 (Corn Suitability Rating 2) for high-, medium-, and low-quality land. We also asked for estimates of the percent of land area for each land quality class.

Over 90% of participants provided at least one CSR2 estimate for the corresponding land quality classes. The estimated average CSR2 values statewide for high-, medium-, and low-quality land are 83, 70, and 55 points, respectively. The estimated percentage of land area for high-, medium-, and low-quality land is

35%, 40%, and 25%, respectively.

In addition, respondents ranked high-, medium-, and low-quality land based on relative conditions in their region. For example, the average CSR2 for high-quality land in the South Central district is 70, which is only slightly larger than the CSR2 for low-quality land in the Northwest district (67).

Interpretation of the 2025 Survey Results

The 2025 Iowa State University Land Value Survey reported a 0.7% increase in average Iowa farmland values, bringing the statewide average to \$11,549 per acre from November 2024 to November 2025. This represents an increase of \$83 per acre from the previous year. Although the 2025 nominal value is lower than last year, it remains 32.5% above the 2013 peak and 2.4% below the 2023 peak. The inflation-adjusted value, \$8,475 per acre in 2015 dollars, fell by 1.8% and is now 4.3% below the 2013 peak and 7.2% below the 2023 peak.

A land value change of less than 5%, whether positive or negative, should generally be considered an adjustment rather than a major market shift. All county-level changes fall within this range, which makes 2025 a year of adjustment characterized by reduced sales activity and relative stability. Downward pressure on values continues to stem from lower commodity prices, high interest rates, rising input costs, and uncertainty related to tariffs and trade. At the same time, limited land supply, strong crop yields, high cash and credit availability from recent years, solid demand, including from investors, and improved livestock-sector margins supported the market. In 2024, 31% of respondents expected land values to remain the same or increase only modestly during the following year, and those expectations have now been realized. This year, 47% of respondents expect either slight increases or stability within the next year, and 82% remain optimistic about long-term prospects, anticipating higher land values over the next five years.

The 2025 survey also highlights clear geographic patterns across crop reporting districts, counties, and land quality categories. Land values declined in three of Iowa's nine crop reporting districts, indicating a divided market. The largest increases occurred in the Northeast (+4.1%), East Central (+3.4%), and Northwest (+2.9%) districts. The largest decreases occurred in the North Central (-2.6%) and Central (-2.0%) districts. At the county level, 39 of 99 counties recorded nominal declines, although all were less than 5%. When adjusted for inflation, 78 counties experienced decreases and eight saw reductions greater than 5%. Kossuth County posted the largest nominal decline at 4.3% and the largest inflation-adjusted decline at 6.6%, while Clayton and Allamakee Counties recorded the largest increase at 4.4%. Most counties with decreases were located in central Iowa, while the strongest increases were concentrated in the northeast.

In general, the results from the 2025 Iowa State University Land Value Survey are similar to the results from other surveys, which all highlight modest declines in farmland values due to lower commodity prices and show weak land values in areas concentrated in crop production. In November 2025, the [Federal Reserve Bank of Chicago](#) reported a 1% decline in Iowa's "good" farmland values from October 2024 to October 2025. In September, the [REALTORS® Land Institute](#) reported an overall 2.2% decrease in Iowa cropland values from September 2024 to September 2025, with decreases observed in all nine crop reporting districts. On the other hand, the [US Department of Agriculture June Area Survey](#) reported a 3.9% rise in Iowa's agricultural real estate values (land and building) from June 2024 to June 2025.

Forty-two percent of respondents reported fewer sales in 2025 relative to 2024, while only 17% of respondents reported more sales. Forty-one percent reported the same level of sales in 2025 compared to 2024. The majority of farmland sales, 55%, were from estate sales, followed by retired farmers at 22%. Active farmers accounted for 8% of sales, while local and non-local investors accounted for 6% and 7%, respectively.

The farmland value estimates from the Iowa State survey are average estimates for all farmland in a county, including cropland, pasture, CRP, and timberland. Specifically, we asked respondents to estimate "farmland value for average-sized farms in your county as of November 1, 2025."

An opinion survey is just that—it represents the collective opinion of the survey respondents. Most of the

respondents will use actual sales to formulate their opinions but each person can choose to weigh or discount particular sales as they deem necessary. The Iowa State Land Value Survey is an opinion survey, as are the surveys conducted by the Federal Reserve Bank, USDA, and the REALTORS® Land Institute. It is important to consider the survey respondents, the questions asked, the time period covered, and other factors relating to a particular survey. As a result, it is important to note that when comparing results across surveys for Iowa and neighboring states, it is better to compare percentage change over time as opposed to dollar amount per acre.

The Iowa State Land Value Survey is intended to provide information on general land value trends and factors influencing the Iowa land market, it is not intended to provide a direct estimate for any particular piece of property. We recommend interested buyers or sellers hire an appraiser to conduct a formal appraisal of a particular parcel, go to county assessor websites, or examine recent auction results for comparable parcels in their region.

Outlook for Land Values in 2026 and Beyond

The Iowa farmland market experienced its sixth, albeit modest, increase in farmland values over the past seven years, a period that also includes three record-breaking years. The estimated statewide average of \$11,549 per acre for all land qualities represents a 0.7% nominal increase from November 2024. After adjusting for inflation to 2015 dollars with the Consumer Price Index (CPI), however, land values declined by 1.8%. This modest rise aligns with expectations from last year's respondents, 23% of whom anticipated higher land values and 18% who forecasted no change. Inflation-adjusted farmland values have now declined for the second consecutive year following five consecutive increases since 2019. Those earlier gains had pushed real values past the 2013 peak, but real farmland values have since fallen back below 2013 levels, erasing part of the pandemic-era appreciation. The 2025 inflation-adjusted value of \$8,475 per acre represents a 4.3% decrease from 2013 peak and a 7.2% decrease from the 2023 peak in land values.

A majority of respondents (60%) believe land values remain higher than they should be, and 40% expect further declines in the coming year due to downward pressure from falling commodity prices, continued high interest rates, and elevated input costs. Meanwhile, 28% expect no change, and 30% anticipate an increase over the next year. Several factors have shaped recent movements in Iowa farmland values. On the supportive side, limited land availability, stronger-than-expected crop yields, ample cash and credit, and sustained demand from local buyers and investors continued to underpin the 2025 land market. Despite production challenges, most notably from southern rust, Iowa corn and soybean yields, as reported by USDA, National Agricultural Statistics Service, reached 216 and 65 bushels per acre, respectively, demonstrating resilience and supporting values. Investor interest, driven by inflation concerns and limited alternative investment opportunities, also contributed to stability in farmland markets. These positive factors were largely offset by declining commodity prices, elevated interest rates, and higher input costs.

According to the USDA, Economic Research Service, U.S. [net farm income is forecast](#) to increase \$52 billion (40.7%) from 2024 to \$179.8 billion in 2025 (a 37.2% rise in real terms). With this increase, 2025 net farm income nearly matches the 2022 record high and remains above the 20-year average. Higher income is driven by increased cash receipts in the livestock sector, gains in select crop categories, and government payments. Livestock receipts are expected to increase \$30 billion (11.2%), offsetting a \$6.1 billion (2.5%) decline in crop receipts caused largely by lower commodity prices. Government payments are forecast to rise \$30.4 billion, reaching \$40.5 billion, up from \$10.1 billion in 2024, reflecting expanded supplemental and ad hoc disaster assistance authorized under the Disaster Relief Supplemental Appropriations Act, 2025. Despite these supports, farm expenses are projected to rise \$12 billion (2.6%), with feed, livestock and poultry purchases, and labor accounting for the largest categories. Because government payments are not as broadly distributed as programs like CFAP, and because income gains have occurred mostly in the livestock sector, the higher national net farm income does not necessarily translate into broad confidence in the Iowa farmland markets. This contributes to considerable regional variation and only modest overall value increases.

In simple terms, land value represents the net present value of discounted future income flows. Under basic assumptions, it can be approximated as net income divided by the discount (interest) rate. Thus, changes in income and interest rates strongly influence land values: higher commodity prices, rising farm income, and lower interest rates push values upward, while lower prices and incomes and higher interest

rates exert downward pressure.

From this perspective, the recent modest increase in farmland values corresponds with reports of rising farm incomes and other supply-and-demand fundamentals. Corn prices have fallen since last year, while soybean prices have held steadier. USDA's 2025 season-average price forecasts are \$4.00/bu. for corn and \$10.50/bu. for soybeans, reflecting a 5.7% decline for corn and a 5% increase for soybeans. While production costs have decreased slightly, the reductions have not kept pace with commodity price declines, squeezing margins. Iowa's [2025 Cost of Production](#) estimates show lower per-bushel costs than in 2024, but not enough to improve profitability: estimated costs of \$4.29/bu. for corn and \$11.15/bu. for soybeans exceed the forecast season-average prices. This profitability decline, driven by lower prices and persistently high input costs, is placing downward pressure on land values. Survey respondents overwhelmingly identified low commodity prices, high interest rates, and elevated input costs as the most significant negative influences on the market.

Second, despite unusually hot, wet, and humid conditions in July and August that intensified southern rust pressure, both Iowa and national corn and soybean yields exceeded expectations. Iowa's yields reached 216 bushels per acre for corn and 65 for soybeans; national yields were 186 and 53, respectively. These levels exceed last year's yields, especially notable for corn given disease pressure, and, although slightly below early-season expectations of bumper crops, they remain surprisingly high and supportive to land values.

Third, the Federal Reserve maintained relatively high interest rates throughout most of 2025 in response to inflation and economic uncertainty, implementing only modest reductions of 0.25% in September and another 0.25% in October. The elevated rates earlier in the year kept interest expenses high, further constraining farm sector profitability. [Previous research](#) indicates that changes in federal interest rates take time to manifest fully in farmland values, with effects often unfolding over a decade. Thus, while interest rates are declining as we approach 2026, the land market is still reacting to the hikes from 2022 and 2023. These earlier increases are currently weighing heavily on land values, while the recent rate cuts are expected to exert upward pressure in the coming years.

Finally, although sales volume remains low with fewer transactions than last year, which was already a slow year, respondents highlighted ongoing demand for farmland, including from investors. Some investors are drawn by the higher inflation rate and view farmland as an alternative investment, while others seek undervalued assets or land with recreational potential. Limited farmland supply has helped stabilize prices in many parts of Iowa, preventing a steeper decline in values despite significant downward pressure from falling incomes.

Land values declined in three of Iowa's nine crop-reporting districts, highlighting a divided market. The largest increases emerged in the Northeast (+4.1%), East Central (+3.4%), and Northwest (+2.9%) districts. The largest declines occurred in the North Central (-2.6%) and Central (-2.0%) districts. The districts with increases tend to have stronger livestock sectors, benefiting from higher livestock receipts, while more crop-dependent districts saw smaller increases or declines. Low-quality land saw the largest percentage increases, particularly in northern and southern districts, whereas medium- and high-quality land showed smaller changes. Furthermore, [previous research](#) indicates that expert estimates are noisier for low-quality land, suggesting greater confidence should be placed in high-quality land estimates from the Iowa State University Land Value Survey. Low-quality land in the survey also includes pasture, timber, and recreational tracts.

At the county level, 39 of 99 counties recorded nominal declines of less than 5%. After adjusting for inflation, 78 counties saw declines, with eight counties experiencing drops greater than 5%. Kossuth County recorded the largest nominal decrease (-4.3%), while Clayton and Allamakee Counties saw the largest increase (+4.4%). Most declines occurred in the three central crop reporting districts of Iowa, while the strongest increases were clustered in the northeastern part of the state.

Across the Corn Belt and Great Plains, farmland values have generally softened. In March 2025, [The Illinois Society of Professional Farm Managers and Rural Appraisers](#) and the University of Illinois reported a 3.29% decline in excellent-quality farmland values from January 2024 to January 2025, consistent with Iowa's 3.1% decline in December 2024. Similarly, a March 2025 [Nebraska report](#) shows a 2% decline in dryland cropland in early 2024. In contrast, [Purdue University's 2025 land value survey](#) showed increases

of 3.0%, 5.4%, and 7.6% for Indiana's top-, medium-, and low-quality farmland from June 2024 to June 2025, with most gains occurring before the end of 2024. More recent indicators confirm a slowdown. The Chicago Federal Reserve's November 2025 [AgLetter](#) reported a 1% decline in Iowa, and increases of 4% in Illinois and Wisconsin and 6% in Indiana for "good" farmland from October 2024 to October 2025. Over the last quarter, the Seventh District saw a 3% increase overall, with no quarterly change for Iowa or Indiana, a 7% decline in Wisconsin, and a 2% increase in Illinois. The Kansas City Federal Reserve's August 2025 [Ag Credit Survey](#) reported 1% annual growth in non-irrigated cropland and 3% growth in ranchland, reflecting strength in the cattle sector similar to the divergence observed in Iowa. Collectively, these more recent surveys show a broad cooling of farmland markets in Iowa and Kansas especially in areas concentrated in crop production, while Illinois and Indiana, markets with substantial non-farm investor participation, continue to show relative strength.

Although short-term growth potential has weakened, long-term expectations remain positive. Forty percent of respondents expect their local land markets to decline over the next year, with 27% expecting declines of less than 5%. Looking ahead five years, however, 82% expect land values to rise, and 53% forecast increases exceeding 10%. These views align with expectations for stable or gradually rising corn and soybean cash prices over the next five years. Similarly, Purdue University's [Ag Economy Barometer](#), a monthly survey of agricultural producers in Indiana, found that most farmers expect higher farmland prices within the next 12 months, driven by strong investor demand likely to offset lower commodity prices, rising input costs, and high interest rates.

Concerns over inflation and farmland's credibility as an inflation hedge have attracted more investors to farmland as an asset class. Farmland has historically provided stable returns, particularly [compared with other investments, such as stocks](#), due to its strong [positive correlation](#) with inflation. In 2025, investors accounted for 26% of farmland sales, up slightly from 23% in 2024. The South Central district saw the highest share of investor purchases at 46%, consistent with prior trends. As in earlier years, existing farmers purchased 68% of farmland sold, with 66% being local farmers. This underscores the continued competitiveness of farmers, supported by strong cash reserves accumulated during recent high-income years, even as tighter margins and high interest rates slow the market.

Respondents identified falling commodity prices as the most significant negative factor in 2025, with 32% citing it as a major concern. Although input costs continued to ease modestly in 2025, overall costs remain high. For producers reliant on rented acres, 2025 marks the first rental-rate decline in six years, yet uncertainty about future rent levels still remains. Forecasts for crop prices and production costs indicate potential losses for both corn and soybeans in 2025, particularly amid trade uncertainty and new tariffs. This erosion of profitability has slowed the market, resulted in fewer sales, and restricted the statewide average value increase to less than 1%.

Short-term challenges of lower profitability, persistent cost pressures, and tight credit conditions are weighing on Iowa's farmland market. Yet the sector remains fundamentally supported by strong balance sheets, with [84% of Iowa farmland owned debt-free](#), and by farm incomes that continue to exceed long-term norms. Farmland is increasingly viewed as a robust and stable investment option amid broader economic and geopolitical uncertainty. In the short term, farmland markets face pressures from declining commodity prices, high costs, and high interest rates. However, the long-term outlook remains positive, with the market expected to remain stable until it turns strong again.

Table 1. Recent Changes in Iowa Farmland Values, 1976–2025

Year	Value Per Acre	Dollar Change	% Change	Year	Value Per Acre	Dollar Change	% Change
1976	1368	273	24.9	2001	1926	69	3.7
1977	1450	82	6.0	2002	2083	157	8.2
1978	1646	196	13.5	2003	2275	192	9.2
1979	1958	312	19.0	2004	2629	354	15.6
1980	2066	108	5.5	2005	2914	285	10.8
1981	2147	81	3.9	2006	3204	290	10.0
1982	1801	-346	-16.1	2007	3908	704	22.0
1983	1691	-110	-6.1	2008	4468	560	14.3
1984	1357	-334	-19.8	2009	4371	-97	-2.2
1985	948	-409	-30.1	2010	5064	693	15.9
1986	787	-161	-17.0	2011	6708	1644	32.5
1987	875	88	11.2	2012	8296	1588	23.7
1988	1054	179	20.5	2013	8716	420	5.1
1989	1139	85	8.1	2014	7943	-773	-8.9
1990	1214	75	6.6	2015	7633	-310	-3.9
1991	1219	5	.4	2016	7183	-450	-5.9
1992	1249	30	2.5	2017	7326	143	2.0
1993	1275	26	2.1	2018	7264	-62	-0.8
1994	1356	81	6.4	2019	7432	168	2.3
1995	1455	99	7.3	2020	7559	127	1.7
1996	1682	227	15.6	2021	9751	2192	29.0
1997	1837	155	9.2	2022	11411	1660	17.0
1998	1801	-36	-2.0	2023	11835	424	3.7
1999	1781	-20	-1.1	2024	11467	-369	-3.1
2000	1857	76	4.3	2025	11549	83	0.7

Table 2. Iowa Farmland Values and Percentage Change by District and Land Quality as of November 2025

District	Average Value	% Change	High Quality	% Change	Medium Quality	% Change	Low Quality	% Change
Northwest	\$14,522	2.92%	\$16,519	2.15%	\$13,507	4.10%	\$9,792	6.88%
North Central	\$11,870	-2.59%	\$13,537	-2.74%	\$10,808	-1.78%	\$7,587	-1.37%
Northeast	\$12,365	4.05%	\$14,769	3.12%	\$11,720	4.94%	\$8,571	5.55%
West Central	\$11,806	0.07%	\$13,979	0.63%	\$11,062	-0.25%	\$7,899	-1.77%
Central	\$12,537	-2.01%	\$14,679	-2.39%	\$11,583	-1.89%	\$8,170	-1.81%
East Central	\$12,772	3.38%	\$15,442	3.35%	\$11,961	4.04%	\$8,340	0.14%
Southwest	\$9,460	1.28%	\$11,965	2.02%	\$8,850	0.64%	\$6,116	2.54%
South Central	\$7,623	-1.69%	\$10,677	0.17%	\$7,465	-5.07%	\$5,199	2.53%
Southeast	\$10,337	0.51%	\$14,179	0.65%	\$9,731	-1.13%	\$6,062	3.31%
STATE (avg)	\$11,549	0.72%	\$14,030	0.72%	\$10,809	0.64%	\$7,580	1.75%

Table 3. Iowa Farmland Values by Crop Reporting District and Quality of Land, 2009–2025 (\$)

Year	State Avg	Northwest	North Central	North Northeast	West Central	Central	East Central	Southwest	South Central	Southeast
All Quality										
2009	4371	5364	4827	4464	4652	5026	4796	3559	2537	3832
2010	5064	6356	5746	5022	5466	5901	5447	4325	2690	4296
2011	6708	8338	7356	6602	7419	7781	7110	5905	3407	5705
2012	8296	11404	9560	8523	9216	9365	8420	7015	4308	6172
2013	8716	10960	9818	9161	9449	9877	9327	7531	4791	6994
2014	7943	9615	8536	8151	8424	9087	9008	6513	4475	7215
2015	7633	9685	7962	7861	8061	8505	8506	6372	4397	6892
2016	7183	9243	7562	7313	7358	7841	7917	6060	4241	6716
2017	7326	9388	7802	7543	7377	8097	8218	6058	4172	6864
2018	7264	9311	7789	7543	7413	7899	8004	6060	4329	6619
2019	7432	9352	7912	7325	7564	8336	8475	6166	4487	6868
2020	7559	9536	7927	7525	7859	8485	8524	6112	4658	6935
2021	9751	12164	10664	9958	10461	10744	11051	7582	6035	8451
2022	11411	14878	12449	11627	12411	12582	12595	9264	6824	9276
2023	11835	14753	12818	12060	12741	13014	12678	9505	7482	10460
2024	11467	14109	12185	11884	11798	12794	12354	9340	7754	10285
2025	11549	14522	11870	12365	11806	12537	12772	9460	7623	10337
High Quality										
2009	5321	6129	5371	5349	5552	5939	5738	4539	3710	5306
2010	6109	7283	6397	6076	6585	7026	6152	5335	3892	5862
2011	8198	9649	8601	7994	8889	9332	8675	7418	5109	7721
2012	10181	12890	10765	10708	11128	11139	10201	8818	6437	8879
2013	10828	12824	11159	11423	11591	11803	11631	9591	7150	9785
2014	9854	11201	9630	10083	10275	10780	11034	8482	6663	10150
2015	9364	11229	8976	9575	9684	10087	10289	8031	6445	9536
2016	8758	10650	8442	8892	8874	9299	9502	7527	5980	9265
2017	8933	10829	8730	9151	8881	9568	9900	7571	5908	9471
2018	8863	10767	8699	9198	8834	9313	9768	7738	6055	9063
2019	9078	10757	8858	9050	9017	9749	10421	7768	6416	9341
2020	9068	10780	8889	9182	9159	9800	10199	7484	6408	9299
2021	11834	13997	12064	12308	12289	12512	13503	9424	8194	11628
2022	13817	17121	14271	13806	14821	14720	15097	11419	9478	12829
2023	14296	16938	14719	14617	14950	15531	15593	11884	9718	14157
2024	13930	16171	13919	14323	13891	15039	14941	11728	10659	14088
2025	14030	16519	13537	14769	13979	14679	15442	11965	10677	14179
Medium Quality										
2009	4076	4977	4450	4193	4371	4615	4465	3386	2443	3535
2010	4758	5883	5300	4664	5111	5386	5445	4140	2596	4053
2011	6256	7708	6713	6290	6981	7029	6510	5553	3353	5468
2012	7773	11011	8691	7815	8619	8466	8128	6732	4219	5685
2013	8047	9918	8824	8573	8725	8930	8567	7137	4715	6605
2014	7359	8698	7874	7591	7827	8327	8388	6108	4318	6715
2015	7127	8834	7352	7460	7581	7758	7934	6038	4282	6525
2016	6705	8468	6992	6994	6870	7186	7396	5683	4128	6283
2017	6849	8555	7218	7236	6824	7426	7674	5756	4079	6548
2018	6805	8548	7214	7116	6935	7341	7452	5671	4244	6353
2019	6938	8633	7248	6833	7076	7649	7823	5841	4371	6616
2020	7119	8993	7350	6980	7433	7883	7959	5843	4563	6639
2021	9071	11042	9641	9122	9700	9980	10179	7145	6094	8169
2022	10673	13710	11171	11122	11654	11527	11876	8769	6872	8677
2023	11075	13731	11512	11364	12018	11807	11862	9102	7498	9858
2024	10740	12975	11003	11169	11090	11806	11497	8794	7864	9843
2025	10809	13507	10808	11720	11062	11583	11961	8850	7465	9731
Low Quality										
2009	2884	3490	3281	3177	3134	3203	3240	2286	1685	2281
2010	3357	4161	3976	3517	3542	3724	3840	2868	1794	2620
2011	4257	5196	4900	4352	4766	4848	4671	3824	1984	3335
2012	5119	7162	6303	5288	5877	5718	5013	4484	2562	3226

2013	5298	6845	6421	5670	5926	5918	5449	4592	2843	3651
2014	4878	6091	5428	5256	5173	5582	5479	3860	2808	3891
2015	4834	6252	5372	5242	5082	5292	5366	4070	2750	3797
2016	4665	6019	5164	4847	4577	5158	5153	4189	2892	3783
2017	4689	6216	5265	4965	4684	4993	5305	3935	2824	3768
2018	4609	6018	5161	5056	4720	4932	4911	3790	2953	3656
2019	4759	6099	5325	4803	4950	5467	5279	3844	2955	3790
2020	5078	6486	5297	5213	5492	5793	5599	4055	3262	4134
2021	6397	8088	6992	6717	7044	7136	7215	5155	4058	4734
2022	7369	9569	7849	8047	8161	7927	8441	6081	4379	5406
2023	7664	9497	8045	7965	9084	7917	8087	6131	5105	6357
2024	7450	9162	7693	8120	8041	8321	8328	5965	5071	5868
2025	7580	9792	7587	8571	7899	8170	8340	6116	5199	6062

Table 4. Level of Sales Activity, 2025 (Percent)

Crop Reporting District	More	Less	Same
Northwest	20	26	55
North Central	14	49	37
Northeast	6	52	42
West Central	16	35	49
Central	14	50	36
East Central	26	40	34
Southwest	9	42	48
South Central	13	47	39
Southeast	37	43	20
STATE	17	42	41

Table 5. Iowa Land Purchases by Buyer Type, 2025 (Percent)

Crop Reporting District	Existing Local Farmers	Existing Relocating Farmers	New Farmers	Local Investors	Non-local Investors	Other
Northwest	78	1	2	11	5	2
North Central	67	1	3	13	17	2
Northeast	68	3	5	14	10	1
West Central	74	2	3	12	9	1
Central	67	2	4	15	11	3
East Central	59	4	6	13	13	4
Southwest	55	2	2	25	14	0
South Central	43	4	5	20	26	3
Southeast	63	6	2	16	14	3
STATE	66	2	4	14	12	2

Table 6. Iowa Land Purchases by Seller Type, 2025 (Percent)

Crop Reporting District	Active Farmers	Retired Farmers	Estate Sales	Local Investors	Non-local Investors	Other
Northwest	8	18	68	2	2	2
North Central	6	14	63	7	7	3
Northeast	12	30	47	6	4	1
West Central	5	22	64	3	5	1
Central	6	17	64	4	6	3
East Central	11	26	46	7	6	4
Southwest	11	20	47	7	13	2
South Central	11	25	38	11	12	3
Southeast	6	22	57	5	9	1
STATE	8	22	55	6	7	2

Table 7. Survey Respondents and Responses by Mode, 2025*(Some respondents report on more than one county)*

Crop Reporting District	Paper (%)	Online (%)	# Responses	Paper (%)	Online (%)	# Respondents
Northwest	27	73	67	35	65	48
North Central	20	80	51	24	76	37
Northeast	24	76	51	31	69	36
West Central	43	57	60	40	60	43
Central	25	75	61	33	67	42
East Central	36	64	50	24	76	33
Southwest	15	85	34	29	71	17
South Central	21	79	39	28	72	29
Southeast	32	68	50	26	74	31
STATE	28	72	463	31	69	316

Table 8. Survey Respondents by Occupation, 2025 (Percent)

Crop Reporting District	Farm Manager	Appraiser	Ag Lender	Broker / Realtor	Farmer/Landowner	Government (Assessors and FSA Officers)	Other
Northwest	25	8	40	13	2	10	2
North Central	16	16	24	11	11	22	0
Northeast	6	14	28	19	11	17	6
West Central	21	14	35	14	5	12	0
Central	14	10	21	26	12	12	5
East Central	12	12	33	15	15	9	3
Southwest	35	18	24	12	0	12	0
South Central	21	10	14	24	10	14	7
Southeast	13	23	26	19	6	13	0
STATE	17	13	28	17	8	13	3

Table 9. Experience and Service Area by District and Respondent Occupation, 2025

Crop Reporting District	Years of Experience	Number of Counties Served	Occupation	Years of Experience	Number of Counties Served
Northwest	29	7	Farm manager	25	9
North Central	27	7	Appraiser	26	17
Northeast	23	6	Ag lender	24	4
West Central	24	8	Broker/Realtor	30	13
Central	28	14	Farmer/Landowner	44	2
East Central	25	7	Government	16	1
Southwest	27	6	Other	28	4
South Central	28	5			
Southeast	21	7			
STATE	26	8	STATE	26	8

Table 10. Predicted Percent Change in Local Land Value One Year from Now (November 2025 to November 2026)

Crop Reporting District	Drop >20%	Drop 10-20%	Drop 5-10%	Drop <5%	The same (%)	Increase <5%	Increase 5-10%	Increase 10-20%	Increase 20%+
Northwest	0	3	3	31	33	13	5	13	0
North Central	0	3	27	30	15	18	3	0	3
Northeast	0	0	7	23	40	23	7	0	0
West Central	0	0	20	26	26	23	3	3	0
Central	0	0	8	23	38	18	10	3	0
East Central	0	4	12	35	19	23	8	0	0
Southwest	6	0	0	28	28	11	28	0	0
South Central	0	0	25	20	25	15	10	5	0
Southeast	0	0	10	25	25	25	15	0	0
STATE	>1	1	12	27	28	19	8	3	>1

Table 11. Predicted Percent Change in Local Land Value Five Years from Now (November 2025 to November 2030)

Crop Reporting District	Drop >20%	Drop 10-20%	Drop 5-10%	Drop <5%	The same (%)	Increase <5%	Increase 5-10%	Increase 10-20%	Increase 20%+
Northwest	0	3	3	3	8	8	24	39	13
North Central	0	9	6	3	6	0	34	31	9
Northeast	0	3	0	0	14	3	28	48	3
West Central	0	3	3	6	12	6	24	27	18
Central	0	3	0	3	8	5	21	47	13
East Central	0	4	9	9	4	9	13	43	9
Southwest	0	0	6	0	0	6	18	65	6
South Central	0	11	0	0	11	17	11	28	22
Southeast	0	0	5	0	5	11	21	53	5
STATE	0	4	3	3	8	6	23	41	11

Table 12. Views of Current Farmland Values

Crop Reporting District	View of Current Farmland Values (Percent)				
	Way too Low	Too Low	Just Right	Too High	Way Too High
	(percent of respondents)				
Northwest	0	0	43	47	11
North Central	3	0	29	57	11
Northeast	0	6	26	57	11
West Central	0	2	43	52	2
Central	0	0	40	55	5
East Central	3	6	26	59	6
Southwest	0	0	50	40	10
South Central	0	0	50	45	5
Southeast	0	0	35	58	8
STATE	1	2	37	53	8

Table 13. Iowa Cash Crop Price Predictions for November 2026 and 2030 (\$/bu.)

Crop Reporting District	Predicted Cash Corn Prices		Predicted Cash Soybean Prices	
	November 2026	November 2030	November 2026	November 2030
Northwest	4.19	4.82	10.47	11.86
North Central	4.23	4.89	10.56	12.08
Northeast	4.36	5.15	10.55	11.93
West Central	4.25	4.92	10.28	11.63
Central	4.24	4.88	10.54	11.89
East Central	4.24	4.77	10.57	11.89
Southwest	4.29	5.18	10.79	12.52
South Central	4.33	5.39	10.64	12.62
Southeast	4.19	4.95	10.54	11.69
STATE	\$4.25	\$4.96	\$10.53	\$11.96

Table 14. Estimated Average CSR2 and Percent of Land Area by Land Quality, 2025

Crop Reporting District	Reported Average CSR2			Reported Percent of Land Area		
	High Quality	Medium Quality	Low Quality	High Quality	Medium Quality	Low Quality
Northwest	90	80	67	43	37	20
North Central	85	73	58	46	34	20
Northeast	85	71	56	35	41	25
West Central	82	70	56	34	43	23
Central	87	74	59	42	35	23
East Central	85	72	56	35	40	24
Southwest	75	62	48	21	49	29
South Central	70	56	42	23	46	31
Southeast	80	65	47	30	36	34
STATE	83	70	55	35	40	25

Table 15. Estimated Average Mortgage and Operating Loan Rate, 2025 (Percent)

Crop Reporting District	Interest Rates	
	20-Year Farmland Mortgage	1-Year Operating Loan
Northwest	6.83	7.94
North Central	6.42	7.45
Northeast	6.72	7.47
West Central	6.82	7.65
Central	6.51	7.74
East Central	6.99	7.38
Southwest	6.63	7.45
South Central	7.03	7.69
Southeast	7.00	7.78
STATE	6.77	7.64

Table 16a. Comparative Iowa Land Values by Crop Reporting District, 2024–2025

District Name	2025 \$/acre	2024 \$/acre	2024–2025 \$ change	2024–2025 % change
Northwest	\$14,522	\$14,109	\$413	2.9%
North Central	\$11,870	\$12,185	-\$315	-2.6%
Northeast	\$12,365	\$11,884	\$481	4.0%
West Central	\$11,806	\$11,798	\$8	0.1%
Central	\$12,537	\$12,794	-\$257	-2.0%
East Central	\$12,772	\$12,354	\$418	3.4%
Southwest	\$9,460	\$9,340	\$120	1.3%
South Central	\$7,623	\$7,754	-\$131	-1.7%
Southeast	\$10,337	\$10,285	\$92	0.5%
State Average	\$11,549	\$11,467	\$80	0.7%

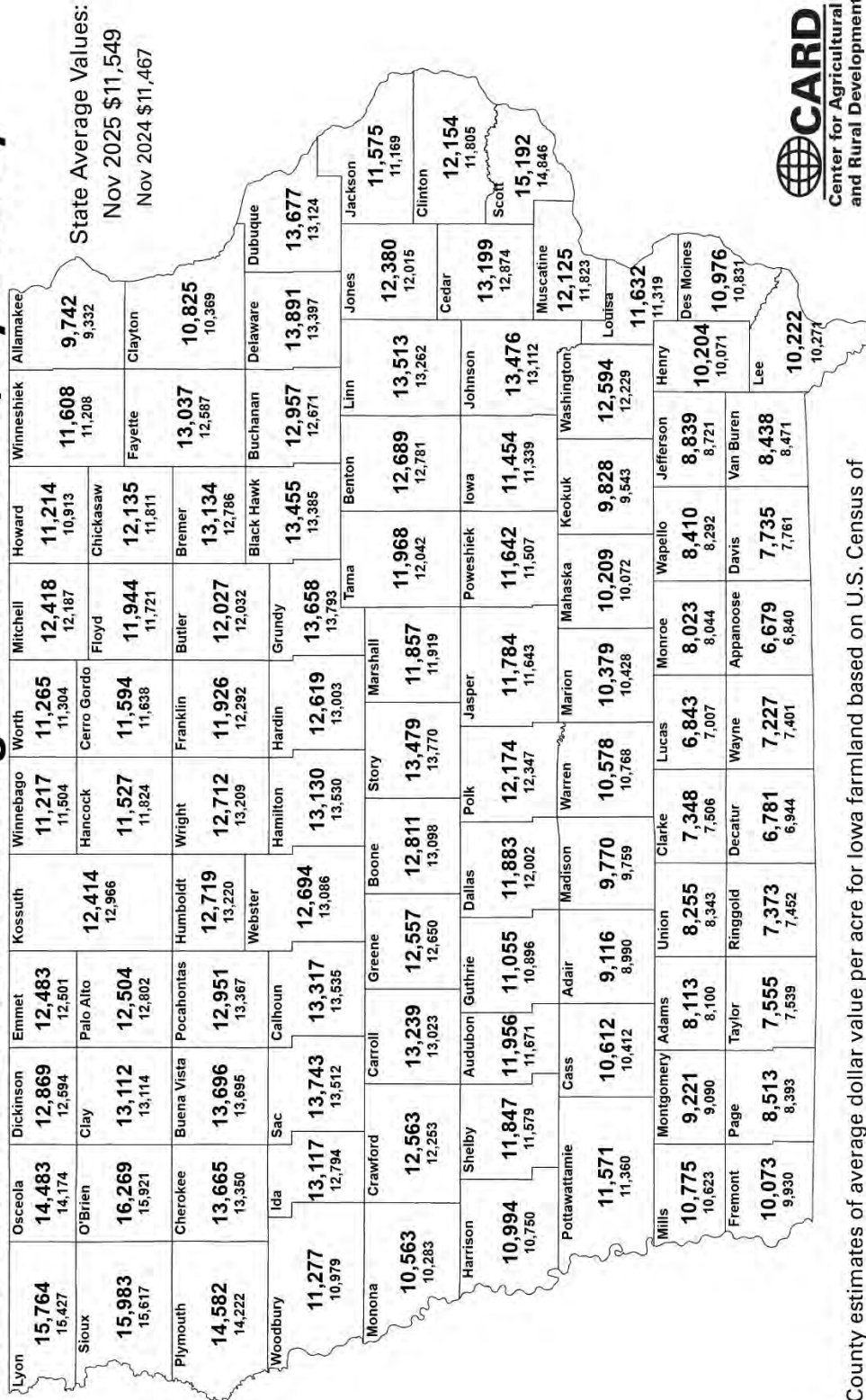
Table 16b. Comparative Iowa Land Values by County, 2024–2025

County Name	2025 \$/acre	2024 \$/acre	2024–2025 \$ change	2024–2025 % change
Adair	\$9,116	\$8,990	\$125	1.4%
Adams	\$8,113	\$8,100	\$13	0.2%
Allamakee	\$9,742	\$9,332	\$410	4.4%
Appanoose	\$6,679	\$6,840	-\$160	-2.3%
Audubon	\$11,956	\$11,671	\$285	2.4%
Benton	\$12,689	\$12,781	-\$92	-0.7%
Black Hawk	\$13,455	\$13,385	\$71	0.5%
Boone	\$12,811	\$13,098	-\$286	-2.2%
Bremer	\$13,134	\$12,786	\$348	2.7%
Buchanan	\$12,957	\$12,671	\$286	2.3%
Buena Vista	\$13,696	\$13,695	\$1	0.0%
Butler	\$12,027	\$12,032	-\$5	0.0%
Calhoun	\$13,317	\$13,535	-\$218	-1.6%
Carroll	\$13,239	\$13,023	\$216	1.7%
Cass	\$10,612	\$10,412	\$200	1.9%
Cedar	\$13,199	\$12,874	\$325	2.5%
Cerro Gordo	\$11,594	\$11,638	-\$44	-0.4%
Cherokee	\$13,665	\$13,350	\$315	2.4%
Chickasaw	\$12,135	\$11,811	\$324	2.7%
Clarke	\$7,348	\$7,506	-\$158	-2.1%
Clay	\$13,112	\$13,114	-\$2	0.0%
Clayton	\$10,825	\$10,369	\$456	4.4%
Clinton	\$12,154	\$11,805	\$349	3.0%
Crawford	\$12,563	\$12,253	\$309	2.5%
Dallas	\$11,883	\$12,002	-\$119	-1.0%
Davis	\$7,735	\$7,761	-\$26	-0.3%
Decatur	\$6,781	\$6,944	-\$163	-2.3%
Delaware	\$13,891	\$13,397	\$494	3.7%
Des Moines	\$10,976	\$10,831	\$145	1.3%
Dickinson	\$12,869	\$12,594	\$275	2.2%
Dubuque	\$13,677	\$13,124	\$553	4.2%
Emmet	\$12,483	\$12,501	-\$18	-0.1%
Fayette	\$13,037	\$12,587	\$450	3.6%
Floyd	\$11,944	\$11,721	\$222	1.9%
Franklin	\$11,926	\$12,292	-\$366	-3.0%
Fremont	\$10,073	\$9,930	\$143	1.4%
Greene	\$12,557	\$12,650	-\$93	-0.7%
Grundy	\$13,658	\$13,793	-\$135	-1.0%

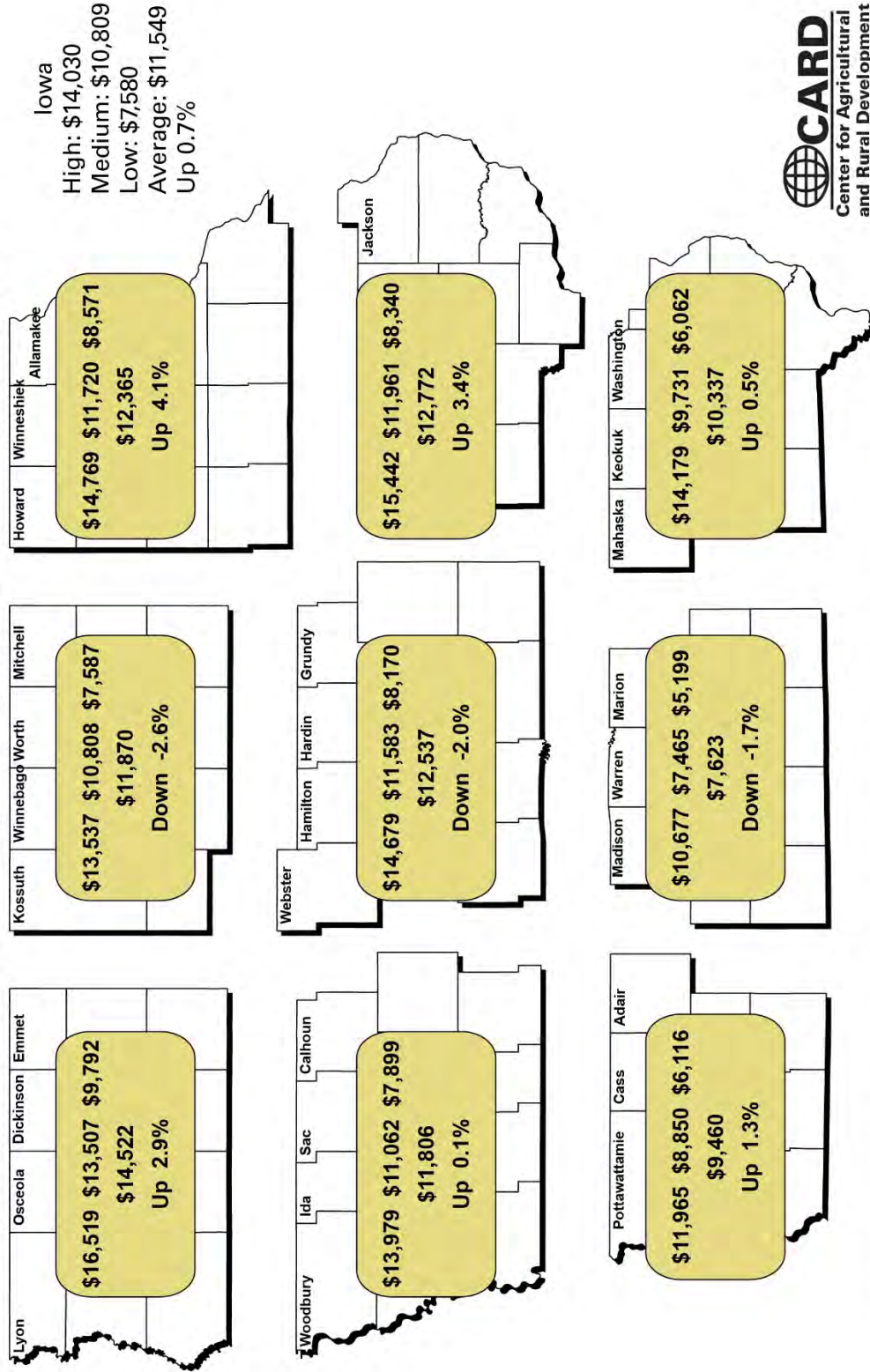
County Name	2025 \$/acre	2024 \$/acre	2024-2025 \$ change	2024-2025 % change
Guthrie	\$11,055	\$10,896	\$159	1.5%
Hamilton	\$13,130	\$13,530	-\$400	-3.0%
Hancock	\$11,527	\$11,824	-\$297	-2.5%
Hardin	\$12,619	\$13,003	-\$384	-3.0%
Harrison	\$10,994	\$10,750	\$243	2.3%
Henry	\$10,204	\$10,071	\$133	1.3%
Howard	\$11,214	\$10,913	\$301	2.8%
Humboldt	\$12,719	\$13,220	-\$502	-3.8%
Ida	\$13,117	\$12,794	\$324	2.5%
Iowa	\$11,454	\$11,339	\$115	1.0%
Jackson	\$11,575	\$11,169	\$407	3.6%
Jasper	\$11,784	\$11,643	\$141	1.2%
Jefferson	\$8,839	\$8,721	\$118	1.3%
Johnson	\$13,476	\$13,112	\$364	2.8%
Jones	\$12,380	\$12,015	\$364	3.0%
Keokuk	\$9,828	\$9,543	\$285	3.0%
Kossuth	\$12,414	\$12,966	-\$552	-4.3%
Lee	\$10,222	\$10,271	-\$49	-0.5%
Linn	\$13,513	\$13,262	\$252	1.9%
Louisa	\$11,632	\$11,319	\$313	2.8%
Lucas	\$6,843	\$7,007	-\$164	-2.3%
Lyon	\$15,764	\$15,427	\$337	2.2%
Madison	\$9,770	\$9,759	\$11	0.1%
Mahaska	\$10,209	\$10,072	\$137	1.4%
Marion	\$10,379	\$10,428	-\$49	-0.5%
Marshall	\$11,857	\$11,919	-\$62	-0.5%
Mills	\$10,775	\$10,623	\$153	1.4%
Mitchell	\$12,418	\$12,187	\$231	1.9%
Monona	\$10,563	\$10,283	\$280	2.7%
Monroe	\$8,023	\$8,044	-\$21	-0.3%
Montgomery	\$9,221	\$9,090	\$131	1.4%
Muscatine	\$12,125	\$11,823	\$302	2.6%
O'Brien	\$16,269	\$15,921	\$348	2.2%
Osceola	\$14,483	\$14,174	\$310	2.2%
Page	\$8,513	\$8,393	\$121	1.4%
Palo Alto	\$12,504	\$12,802	-\$298	-2.3%
Plymouth	\$14,582	\$14,222	\$360	2.5%
Pocahontas	\$12,951	\$13,367	-\$416	-3.1%
Polk	\$12,174	\$12,347	-\$174	-1.4%
Pottawattamie	\$11,571	\$11,360	\$211	1.9%
Poweshiek	\$11,642	\$11,507	\$135	1.2%
Ringgold	\$7,373	\$7,452	-\$79	-1.1%
Sac	\$13,743	\$13,512	\$232	1.7%
Scott	\$15,192	\$14,846	\$347	2.3%
Shelby	\$11,847	\$11,579	\$267	2.3%
Sioux	\$15,983	\$15,617	\$366	2.3%
Story	\$13,479	\$13,770	-\$291	-2.1%
Tama	\$11,968	\$12,042	-\$74	-0.6%
Taylor	\$7,555	\$7,539	\$16	0.2%
Union	\$8,255	\$8,343	-\$88	-1.1%
Van Buren	\$8,438	\$8,471	-\$33	-0.4%
Wapello	\$8,410	\$8,292	\$118	1.4%
Warren	\$10,578	\$10,768	-\$190	-1.8%

County Name	2025 \$/acre	2024 \$/acre	2024-2025 \$ change	2024-2025 % change
Washington	\$12,594	\$12,229	\$365	3.0%
Wayne	\$7,227	\$7,401	-\$174	-2.3%
Webster	\$12,694	\$13,086	-\$392	-3.0%
Winnebago	\$11,217	\$11,504	-\$287	-2.5%
Winneshiek	\$11,608	\$11,208	\$400	3.6%
Woodbury	\$11,277	\$10,979	\$298	2.7%
Worth	\$11,265	\$11,304	-\$38	-0.3%
Wright	\$12,712	\$13,209	-\$496	-3.8%

2025 and 2024 Iowa Average Land Values, by County



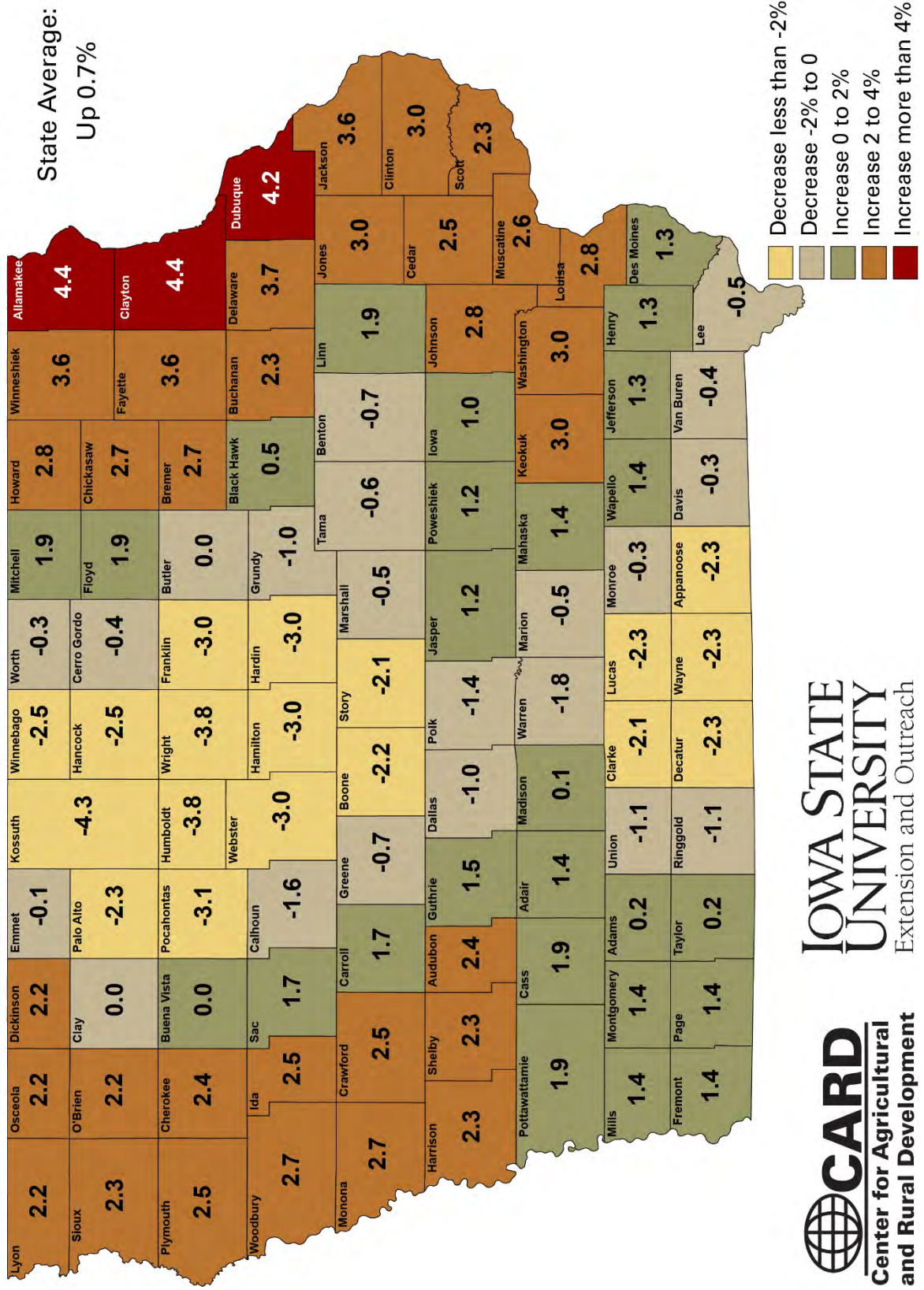
2025 Iowa Land Values by Crop Reporting District



Estimates of average dollar value per acre for high, medium, and low grade farmland on Nov. 1, 2025, by Iowa Crop Reporting District, and the Crop Reporting District average percentage change from Nov. 1, 2024. The estimated are based on a survey conducted by the Center for Agricultural and Rural Development at Iowa State University and Iowa State University Extension and Outreach.

Figure 3. 2025 Iowa land values by crop reporting district.

Percentage Change in Iowa Land Values 2024 to 2025



IOWA STATE UNIVERSITY
Extension and Outreach

CARD
Center for Agricultural and Rural Development

Figure 4. Percent change in Iowa land values from 2024 to 2025.

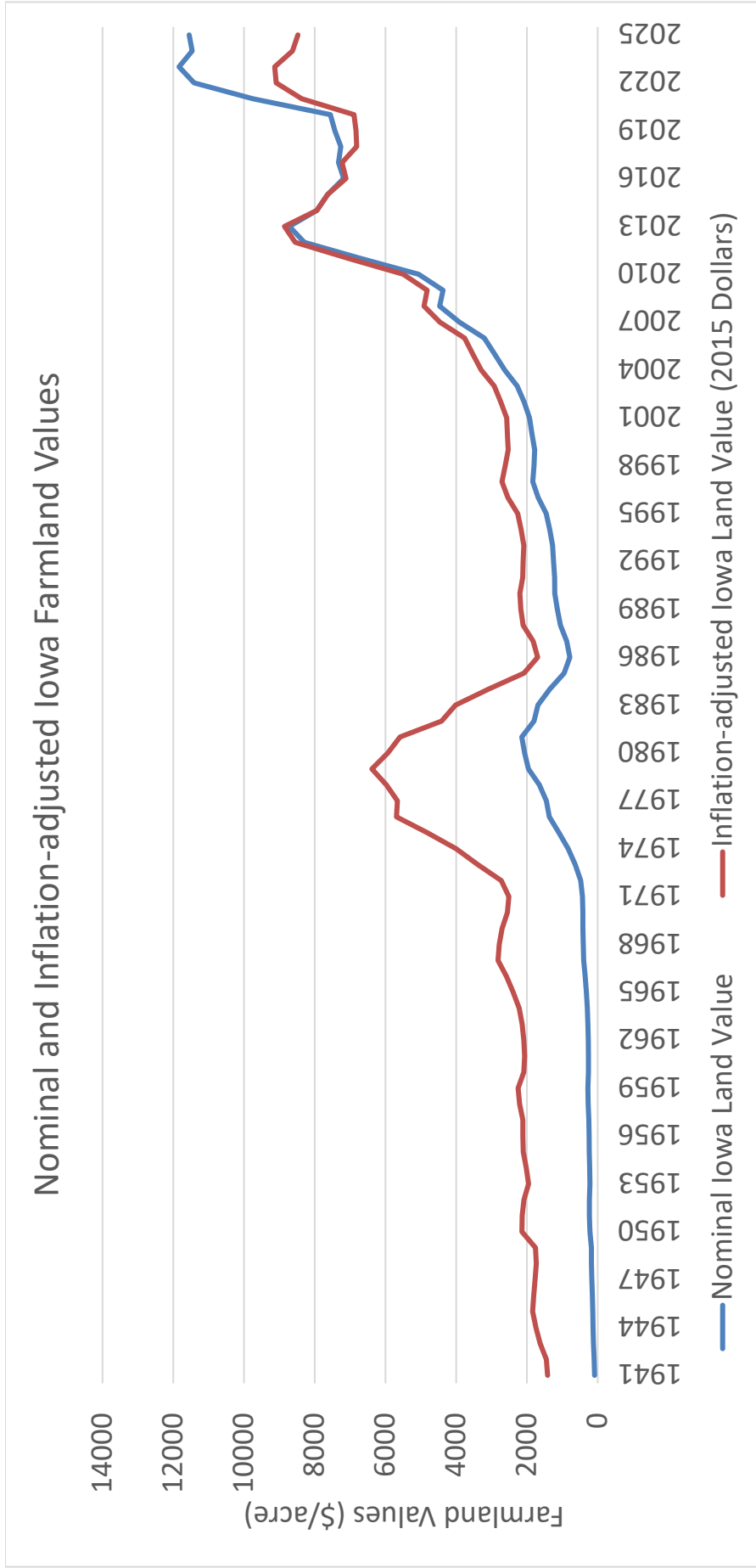


Figure 6. Iowa nominal and inflation-adjusted average value per acre of farmland, 1941–2025.

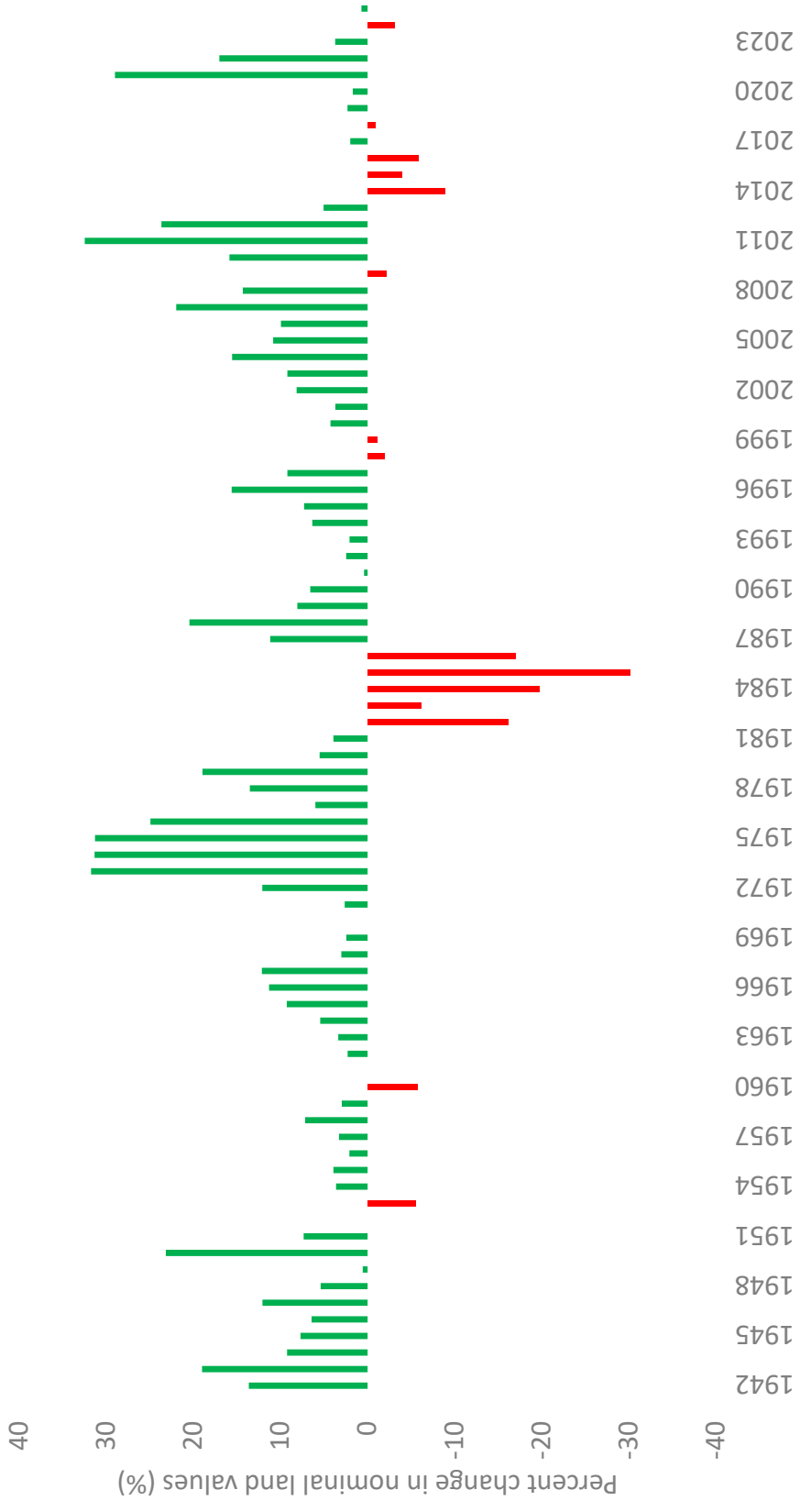


Figure 7. Annual percentage change in nominal lowa farmland values, 1942-2025.

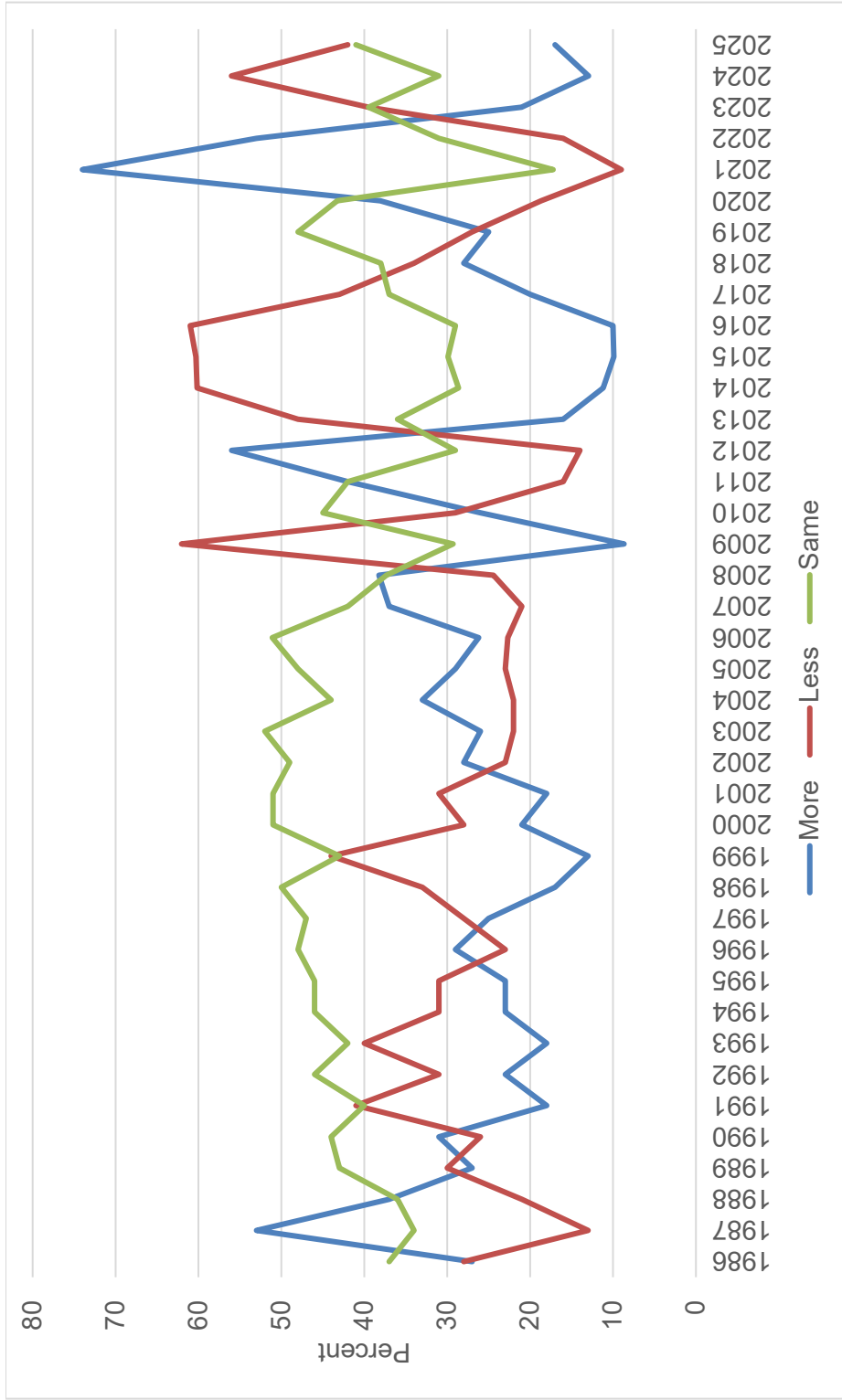


Figure 8. Iowa farmland sale activity (percentages), 1986–2025.

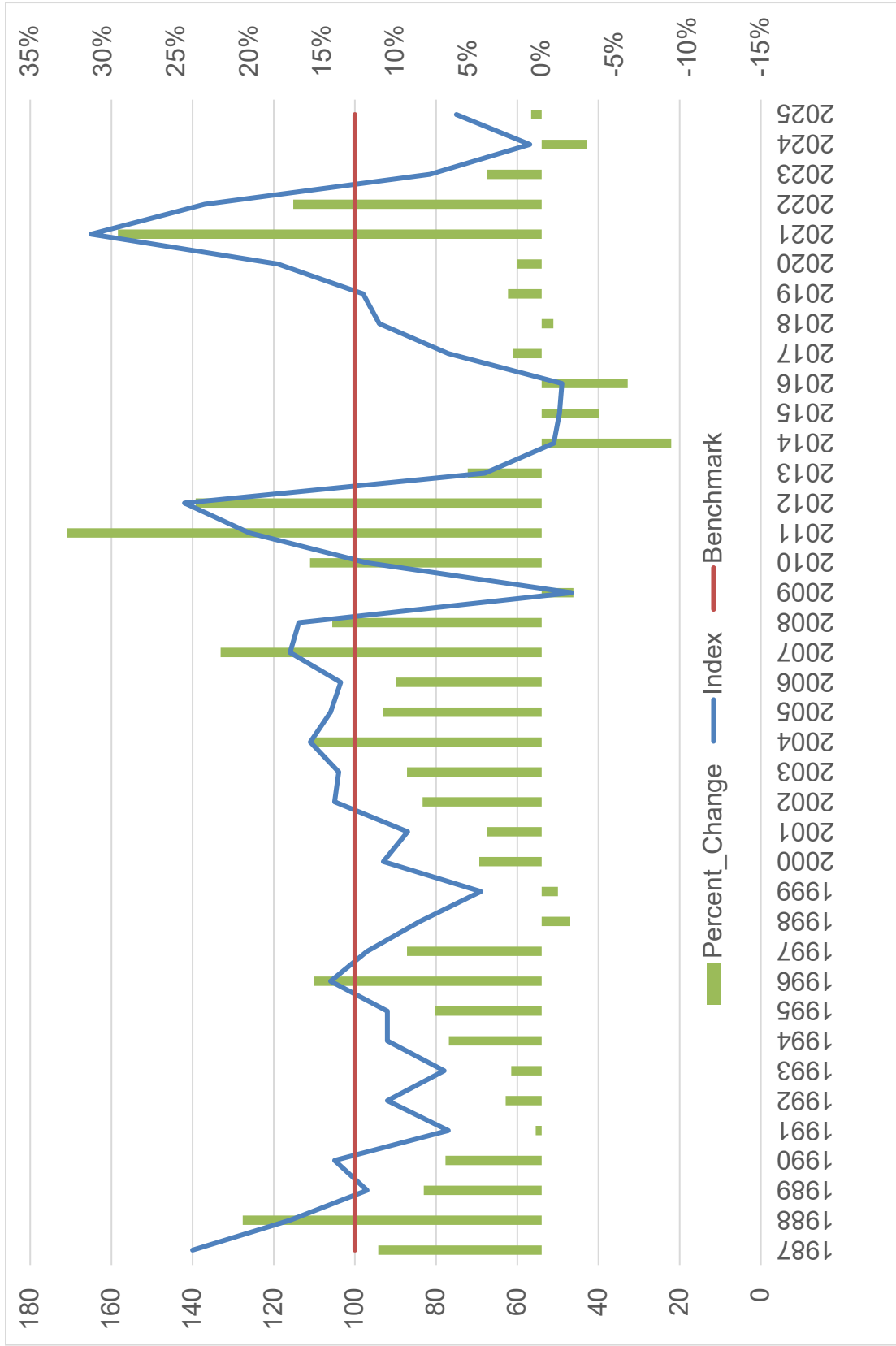


Figure 9. Iowa farmland sale activity index, 1987–2025.

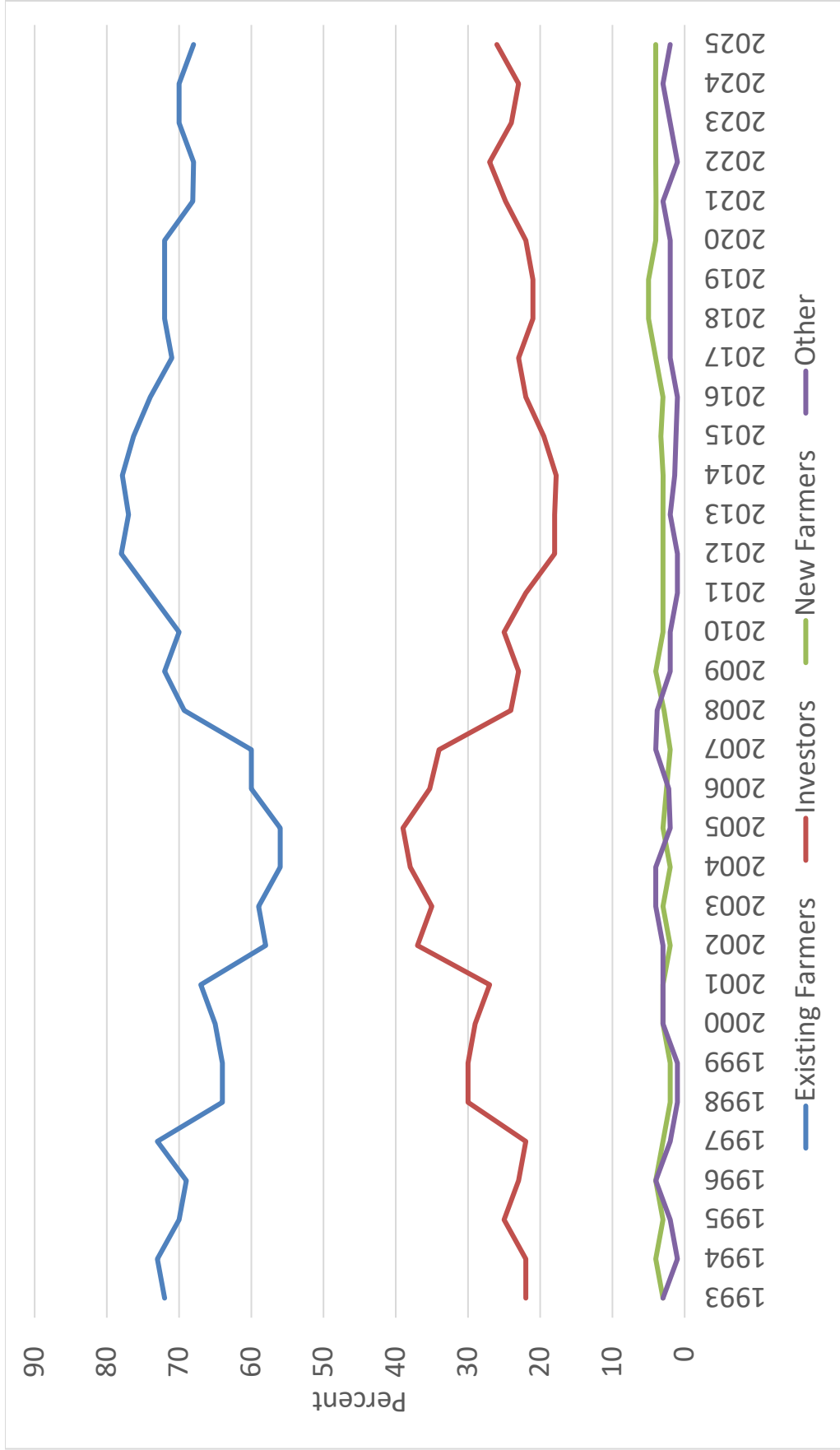


Figure 10. Buyers of Iowa Farmland (percentage by category), 1993-2025.

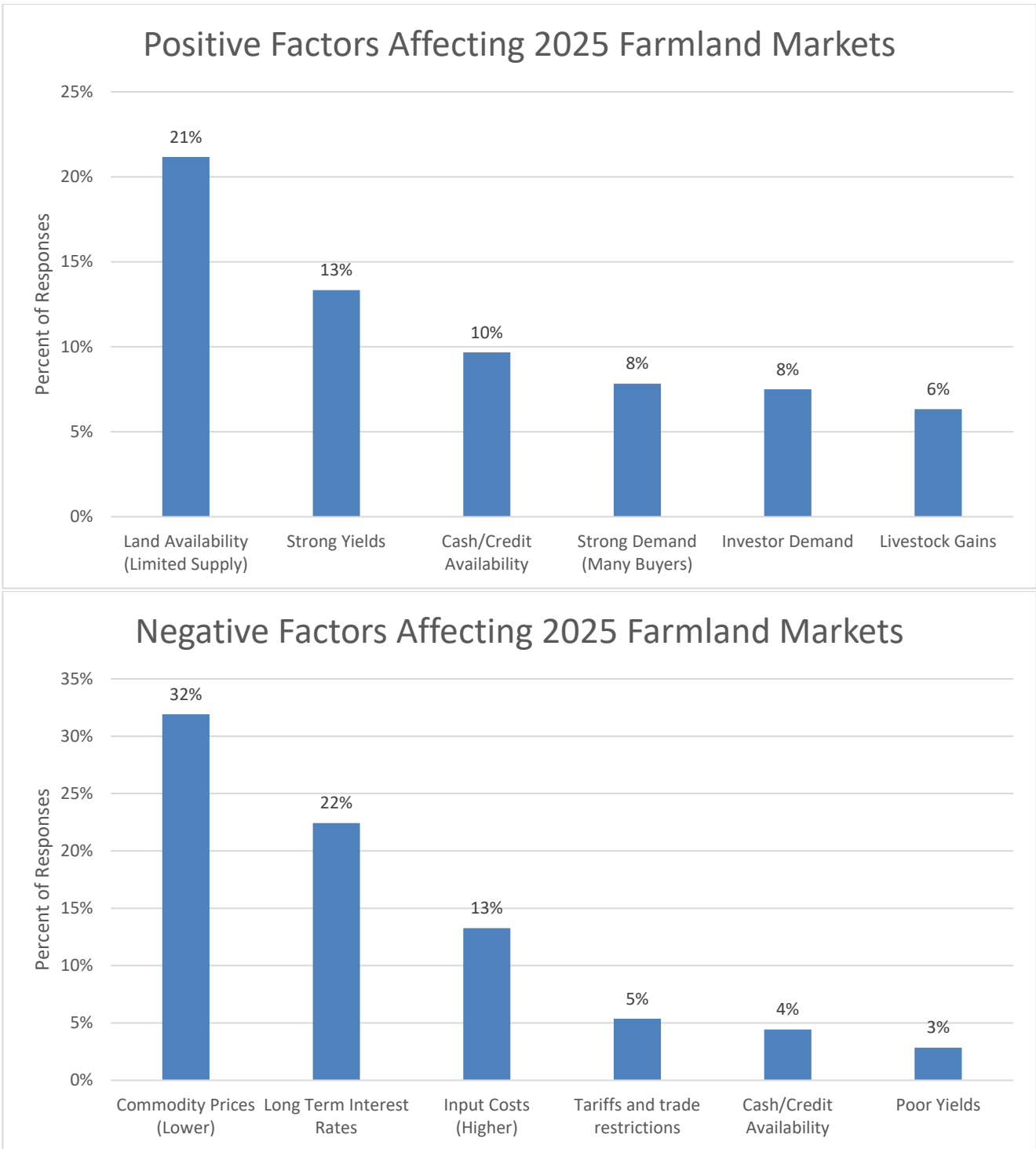


Figure 11. Positive (top) and negative (bottom) factors of the Iowa farmland market, November 2024–November 2025.

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Mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Washington, D.C. 20250-9410; or Fax: 833-256-1665 or 202-690-7442; or Email: program.intake@usda.gov.

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A tighter 2026/27 corn market suggests prices have bottomed

Corn prices have come under pressure this year due to record corn production. However, we believe that a tightening in the market in 2026/27 should provide better support for prices in 2026



A tighter corn market in the coming year should support prices

Record US corn output weighs on the market

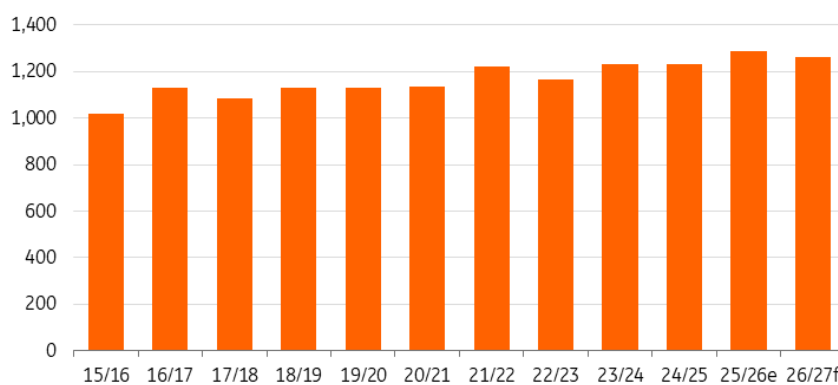
The US will produce a record corn crop in the 2025/26 season, with farmers expanding corn acreage as they cut soybean acreage due to the escalation in trade tensions with China. Record acreage, along with record yields this season, means that the US will produce more than 425m tonnes of corn, up more than 12% YoY and eclipsing the previous record of 390m tonnes in 2023/24. The large crop is also expected to see the 2025/26 season ending with almost 55m tonnes of stocks, the highest level since the 2018/19 season. The bearish domestic balance in the US has put pressure on CBOT corn for much of the year, a trend that is likely to continue into early next year.

The growth in US supply this season means that the global balance will also look relatively more comfortable over 2025/26. Global corn production is set to hit record levels and despite healthy consumption growth, helped by the weakness in prices, we still expect ending stocks for the 2025/26 season to grow by more than 4m tonnes YoY to almost 296m tonnes, which will keep the

stocks-to-use ratio steady at around 23%. The global balance suggests that the upside in corn prices is likely limited, at least until we get more colour on prospects for the 2026/27 marketing year.

The large increase in US supply this season is only partly offset by declines from the EU and Brazil. EU corn production is estimated to fall by 5.5% to 55.8m tonnes, driven by a reduction in area, with increased area under wheat and barley. Meanwhile, for Brazil, we are assuming production this season falls almost 2% YoY to a little more than 133m tonnes, with the view that yields ease from the high levels achieved last season.

Global corn production set to hit record levels in 2025/26 (m tonnes)



Source: USDA, ING Research

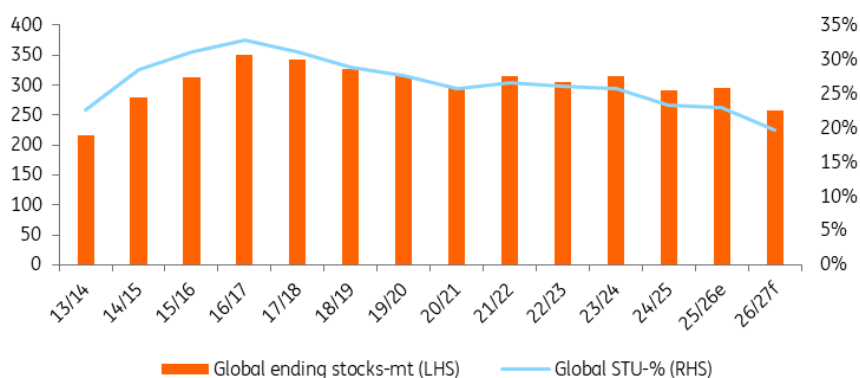
The market should tighten in 2026/27

We believe the corn market will see more meaningful tightening in the 2026/27 marketing year, with a global deficit of around 39m tonnes. This would see global ending stocks next season falling to a little below 260m tonnes, equivalent to a stocks-to-use ratio of 20%. This should start providing some upside to corn prices in the 2026/27 season.

A key assumption behind the tightening in the corn market is that we do not expect US corn production to sustain the levels seen in the current marketing year. A deal between the US and China should see US farmers increase soybean acreage at the expense of corn acreage. In addition, we are assuming that yields will fall from the record levels seen in 2025/26 and towards the five-year average. This would see a US corn harvest totalling around 394m tonnes – down 7% YoY, but still the second-largest harvest on record. Clearly, the risk is that we see China falling short when it comes to purchases of US soybeans, or a re-escalation of trade tensions, which may see US farmers maintaining corn plantings at similar levels to this season. Such a scenario would leave the corn market better supplied than we expect next season, which would also likely cap any upside for corn prices.

Meanwhile, for Brazil, it is very early to have a strong view on the 2026/27 season, with the 2025/26 harvest not even underway. However, with the view that planted area will likely trend higher, Brazil could potentially see supply exceed the record level of 137m tonnes achieved in 2022/23.

Global corn stocks to fall in 2026/27



Source: USDA, ING Research

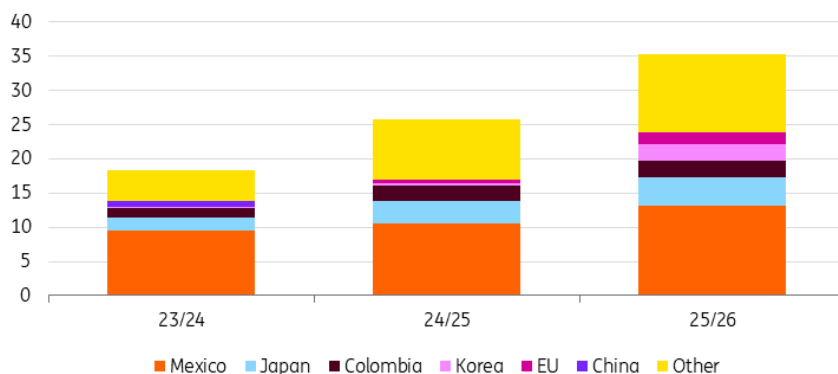
US corn export sales surge despite trade tensions

Trade tensions between the US and China this year have had little impact on US corn export volumes. Total export commitments in 2025/26 are up 37% YoY so far this season. Record supply has increased export availability, while the broader weakness in the US dollar this year would have also increased the competitiveness of US corn on the export market.

China has been noticeably absent from purchasing US corn this season, much like other agricultural commodities. However, this absence is less impactful on the US corn market. Chinese demand for US corn has been edging lower in recent years, after peaking in 2021 and 2022. Even during those years, China was a relatively small proportion of total US exports. In the 2023/24 season, only around 5% of US corn exports went to China, while in 2024/25 this fell to less than 1%.

However, looking to 2026 and with the trade truce between the US and China, there is the potential for China to start increasing purchases of US corn once again. A move that would help tighten up the US corn market.

US corn export commitments grow strongly in 25/26 (m tonnes)



Source: USDA, ING Research

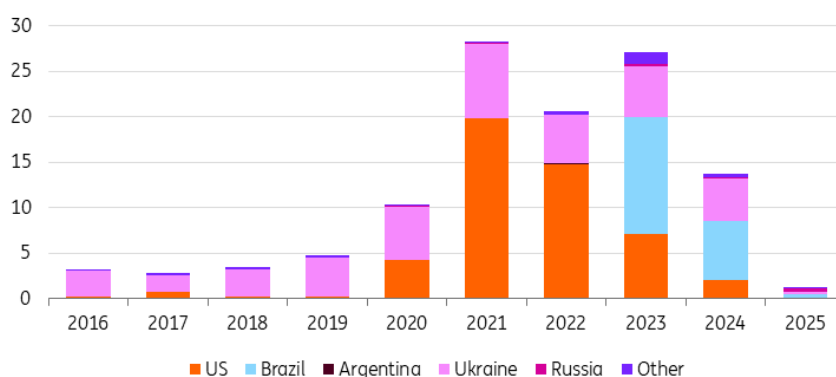
Note: Data as of end of October for each marketing year

Will China return to the world market for imports?

The reduced buying of US corn seen from China has coincided with an overall decline in corn import volumes with stronger domestic production. China imported more than 27m tonnes of corn in 2023, while in the first 10 months of 2025, imports have totalled less than 1.3m tonnes.

While production has been stronger, it is still not enough to meet domestic demand. Therefore, China has been drawing down corn inventories over the last two seasons. Clearly, this is not sustainable in the medium to long term. Therefore, it seems as though it is not a question of if China will return to the global market, but more of a question of when it will do so. Clearly, a return of large Chinese buying would tighten up the ex-China corn balance, providing further support to prices.

China corn imports collapse, but buying will have to return to the world market at some point (m tonnes)



Source: China Customs, ING Research

Note: 2025 import data covers Jan-Oct

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Tighter times ahead for the soybean market

The soybean market has held up well this year despite trade tensions between the US and China. The outlook for 2026 is supportive but will depend largely on whether China returns to buying US soybeans, as well as US biofuel policy



The soybean market has been relatively strong, but China is key for 2026

Global soybean market set to tighten in 2025/26

Despite all the noise around trade tensions, soybean prices have held up well this year. In fact, CBOT soybean has outperformed both CBOT corn and wheat through 2025.

The global soybean market is set to see stocks end the 2025/26 season marginally lower on the year, with soybean demand set to hit record highs, while global production is set to fall YoY.

The expected decline in global production this season is largely driven by the US. Farmers reduced soybean plantings amid escalating trade tensions between the US and China, although strong yields helped to offset some of the decline in planted area. US soybean production is forecast to fall 2.8% YoY to a little under 116m tonnes. This is despite the planted area estimated to have fallen 7.1% YoY.

For the US balance, ending stocks are expected to fall YoY. However, clearly this is dependent on sizeable soybean purchases from China through the remainder of the season. While export sales data from the USDA is lagging due to the government shutdown, the latest data up until late

October shows total US soybean export commitments are down 38% YoY.

Brazil, which has benefited from the trade friction between the US and China, is set to see yet another record soybean harvest in the 2025/26 season of at least 175 million tonnes, up 2% YoY. This is on the back of a further expansion in area, while yields are also expected to hold up relatively well. This will only reinforce Brazil's dominant position as the key supplier in the global soybean market.

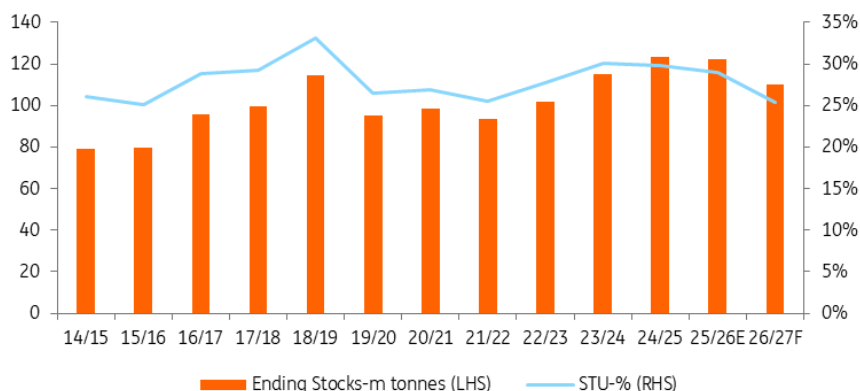
Further tightness in 2026/27 should support the market

While it is still early to form a strong view of how the 2026/27 season will unfold, our numbers suggest we will likely see a further decline in global soybean stocks. Our initial view is that global soybean production will be largely flat year-on-year, while consumption continues to grow. We are looking at a provisional deficit of around 12m tonnes. This would leave 2026/27 ending stocks at around 110m tonnes, while the stocks-to-use ratio would fall from 29% to 25%. This should be fairly supportive for soybean prices, with forecast stocks at their lowest level since 2022/23, while the stocks-to-use ratio would be the lowest since 2015/16. This should provide good support to the market, although clearly much will depend on trade and biofuel policy.

Looking to the US, if the thawing in trade tensions between China and the US leads to China buying sizeable volumes of US soybeans once again, which is expected, farmers should increase soybean plantings. It's still quite early for 2026 plantings, but the soybean/corn ratio is moving toward levels where we should see soybean acreage increase. However, for now, we expect that larger plantings will be offset by lower yields. We are assuming that yields will fall from the record levels seen in 2025/26 towards the 5-year average. As a result, we currently expect that US soybean output will be largely unchanged from this season.

For Brazil, it is very early to forecast the 2026/27 season, as farmers have only completed plantings for the 2025/26 season. However, we assume that soybean area will continue to edge higher, while assuming yields in line with the 5-year average would see the crop marginally down from the record levels forecast for 2025/26.

Global soybean stocks expected to edge lower in 2026/27



Source: USDA, CONAB, ING Research

US-China trade tensions

Soybean prices have held up well this year despite trade tensions between China and the US,

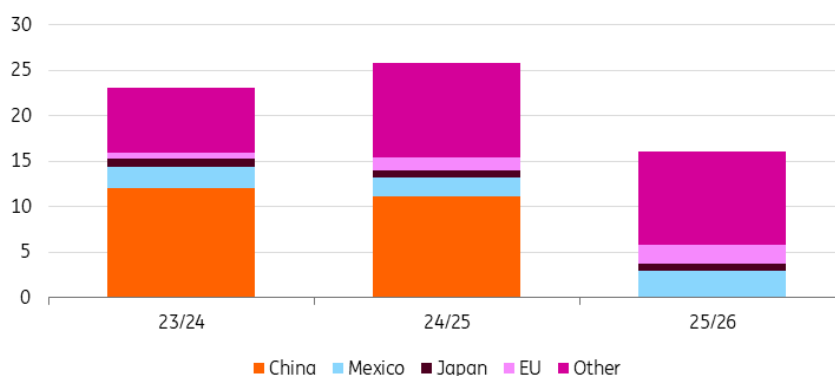
which have led to a drying up of US soybean flows to China. China imported no US soybeans in September and October 2025, for the first time since November 2018. This is a big concern for US farmers, with China, prior to the trade escalation, taking more than 50% of total US soybean exports.

However, following a meeting between President Trump and President Xi, China has started to resume US soybean purchases, with reportedly promises to buy 12m tonnes of US soybean before the end of 2025 (although this deadline appears to have since been extended to February 2026), and then a further 25m tonnes every year for the next three years. However, China has not confirmed these commitments. If these purchases materialise, it should ensure that the US domestic balance is not carrying large stocks into the next season, as some have feared.

If China does commit to buying 25m tonnes of US soybeans per year, this would be largely in line with purchases in 2023/24 but below the roughly 32m tonne average between 2020/21 and 2022/23. Therefore, we will still need to see the US finding alternative export markets and/or increasing the domestic crush. And the latter is something we have seen grow in recent years due to increased demand for feedstock from the renewable diesel sector.

Obviously, these flows will be subject to the trade deal between the US and China holding, but the competitiveness of US soybeans into China will also be important. While China has cut the retaliatory tariff on US soybeans to 10%, US soybeans remain less competitive than Brazilian beans. In fact, even if the retaliatory tariffs are fully removed, US soybeans will still not be competitive. This could make achieving these reported targets fairly difficult.

US export commitments plunge with China's absence (m tonnes)



Source: USDA, ING Research

Note: Data for each marketing year is as of the end of October. 25/26 data has been delayed due to the US government shutdown. There have been reports of sales to China, which are not reflected in the weekly data yet.

China's tough job to cut import reliance

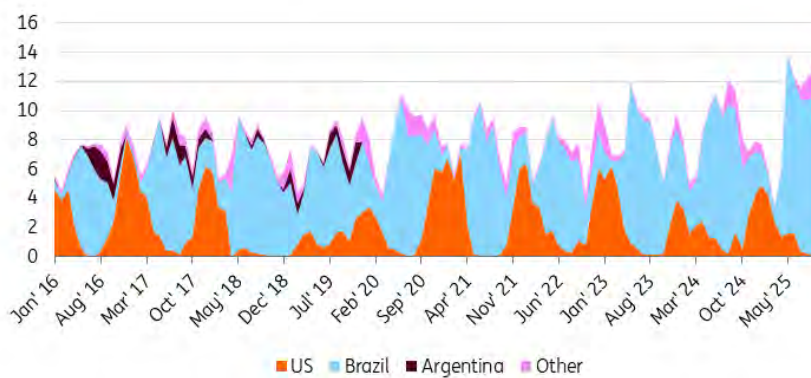
Trade policy developments and rising geopolitical risks have led the Chinese government to focus more on food security. China is by far the largest buyer of soybeans, with imports of 112m tonnes expected in 2025/26, which is 60% of global trade. Domestic soybean production only meets 16% of domestic demand. Therefore, China remains heavily dependent on imports.

The government wants to reduce this dependency by cutting the proportion of soybean meal in feed from 14.5% to less than 13% by the end of 2025. And to achieve this, we would need to see lower-protein diets in animal feed, the use of alternative protein sources, and the development of higher-protein corn crops.

However, this plan does not seem to be translating to lower soybean imports. China is on track to import a record amount of soybeans this year. But what China has done better, has diversified its sources of soybean supply away from the US. Since 2017, the share of US soybeans in total Chinese imports has fallen from 34% to 21%. Meanwhile, Brazil's share has grown from 53% to 71% over the same time period. Some may say that China is overdependent now on Brazil for soybean supply. The issue for China is that global supplies are dominated by Brazil and the US.

This may be why we have seen some steps to increase imports of soybean meal, which helps diversify supply. However, we suspect the growth potential here is limited, given the large amount of domestic crush capacity.

China has moved further towards Brazilian soybeans amid tensions with the US (m tonnes)



Source: China Customs, ING Research

US biofuel policy important for 2026 and beyond

One of the key supportive factors for soybeans over the year has been the strength in the US soybean oil market, which is up more than 30% so far this year.

The proposed US biofuel policy has been bullish for the market. Under the proposal, the volume requirements for biomass-based diesel under the Renewable Fuel Standards will increase by around 67% in 2026 to 5.61 billion gallons. Given the widespread use of soybean oil as a feedstock for biofuels, it is clear why these proposed increases in volume have been supportive of soybean oil and soybean prices. Around 50% of US soybean oil is used for biofuel production. And for 2025/26, the estimated soybean oil demand from the biofuel sector would require more than 1.4bn bushels of soybeans, roughly a third of total US soybean production.

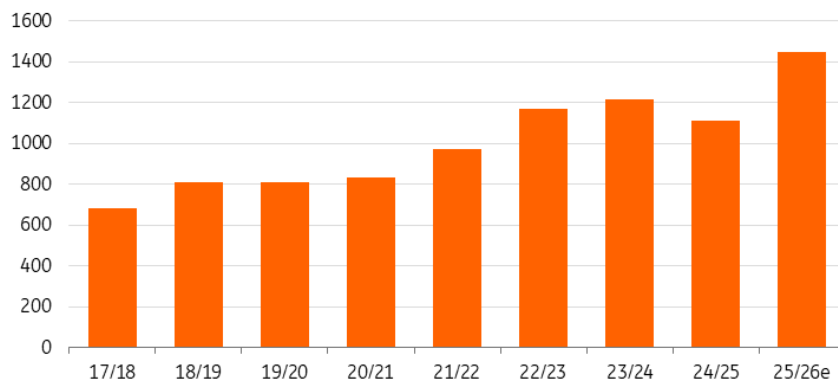
Clearly, if these proposals are finalised, they would support domestic soybean oil demand, which should also attract further investment in domestic soybean crush capacity. This trend is already evident in recent years, driven by growth in renewable diesel production capacity.

Increased domestic crush capacity to meet growing soybean oil demand also means the US will

become a larger soymeal exporter and less reliant on China as a soybean buyer.

Clearly, the downside risk for demand and CBOT soybean and soybean oil prices is if the finalised renewable volume obligations for 2026 and 2027 turn out to be lower.

A growing amount of soybeans are needed to produce biofuels in the US (m bushels of soybean)



Source: USDA, ING Research

Using a conversion of 1 bushel produces 10.7 pounds of soybean oil

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Many Producers ‘Fighting for Survival’ in 2026, Survey Shows

- February 12, 2026

AgWeb’s Tyne Morgan reported that “the U.S. ag economy enters 2026 in a clear crop-sector recession, but the deeper crisis is one of confidence. High input costs, weak prices, policy uncertainty and eroding trust in data have pushed many producers from planning for profitability into fighting for survival. Economists largely view the downturn as cyclical and manageable through optimization, while farmers experience it as a structural stress test on their operations and livelihoods.”

In the first Farm Journal Ag Economists’ Monthly Monitor of 2026, economists “pointed to a familiar but intensifying split in the ag economy: strength in livestock, particularly beef cattle, versus persistent financial stress across much of the row-crop sector,” Morgan reported. “Tight cattle supplies and strong global demand for animal protein continue to support profitability in the livestock sector, even as economists warn that future prospects remain uncertain. At the same time, global surpluses of corn, soybeans and wheat, combined with weak export demand for certain commodities, are weighing heavily on crop prices.”



Courtesy

of AgWeb.

“Across nearly all responses, margin pressure emerged as a dominant concern,” Morgan reported. “Elevated input costs, rising interest rates and tightening access to operating

loans are pushing break-even costs above market prices for many producers, especially in grain production.”

“When asked a simple but heavy question: ‘What can you do to be successful in 2026,’ farmers didn’t sugarcoat the challenge. Their answers reflect pressure, fatigue and uncertainty. But underneath the blunt language is a clear, consistent strategy emerging across operations: protect cash, defend ROI and stay flexible long enough to outlast the cycle,” Morgan reported. “While several producers said they’re looking to diversify as a key to success, the most dominant theme was cutting costs to the bone, especially when it comes to capital spending. Farmers repeatedly emphasized zero, or near-zero, capex, delaying equipment upgrades and scrutinizing every purchase.”

Farmers Turning to More Debt in Challenging Ag Economy

[Agri-Pulse’s Noah Wicks reported](#) that **“farmers are increasingly turning to debt to make it through a challenging farm economy.** According to USDA’s most recent farm income forecast, farm sector solvency is expected to weaken this year as value of debt outpaces assets. The forecast suggests debt-to-asset ratios will increase from 13.49% in 2025 to 13.75% in 2026.”

“Over the last year and a half or two, there has definitely been some tightening in terms of the overall ag economy and some amount of additional pressure by way of credit conditions and repayment,’ said Nate Kauffman, senior vice president and Omaha branch executive for the Kansas City Fed,” according to Wicks’ reporting. “Liquidity also is likely to decline in 2026, the Economic Research Service forecast says. Working capital, or cash available to cover operating expenses after paying off debt due within a year, is expected to drop from \$154.9 billion in 2025 to \$140.6 billion in 2026.”

[The USDA Economic Research Service reported](#) that “total farm sector debt is forecast to increase in 2026 relative to 2025 with increases forecast for both real estate and non-real estate debt. Farm real estate debt is expected to reach \$404.3 billion in 2026, a 4.8-percent increase in nominal dollars (2.8-percent increase in inflation-adjusted dollars) from 2025. Farm non-real estate debt is expected to reach \$220.4 billion in 2026, a 6.0-percent increase in nominal terms and a 4.0-percent increase in inflation-adjusted dollars.”

Ag Economist Survey Results Similar to this Month’s Ag Economy Barometer

The Ag Economists’ Monthly Monitor reflects much of the same sentiment seen in the Purdue University-CME Group Ag Economy Barometer released earlier this month.

[Bloomberg's Michael Hirtzer reported](#) that **“US farmer sentiment fell by the most in nearly six years in January as operators who have been relying more on loans turned pessimistic on exports of crops like soybeans.”**

“The monthly survey of 400 operators with production value of at least \$500,000 found farmers are increasing the amount they are borrowing, with more than half expected to use the Trump administration’s \$12 billion aid package to pay down debt,” Hirtzer reported. “The Purdue University-CME Group Ag Economy Barometer plummeted to a reading of 113, with the net drop the biggest since April 2020, during the coronavirus outbreak.”

[Purdue University's Michael Langemeier and Joana Colussi reported](#) that **“the percentage of producers who expected there to be bad financial times in the next twelve months increased from 47% in December 2025 to 59% in January 2026, while the percentage of producers who thought U.S. agriculture would have widespread bad times during the next five years increased from 24% to 46%.”**



[Ryan Hanrahan](#)

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Government Policy Update

Federal agricultural policy continues to evolve across multiple fronts that directly affect day-to-day operations, long-term planning, and capital decisions on farms and ranches. Key areas of active policymaking include conservation and climate incentives, environmental and chemical regulation, labor and immigration policy, antitrust and market structure, trade and supply-chain resilience, and state- and local-level requirements that can be more prescriptive than federal guidance.

While the Farm Bill framework provides the backbone for many baseline programs — commodity supports, crop insurance, and conservation — implementation through agency rulemaking, budget allocations, and program guidance remains a dynamic space. These implementation choices determine which conservation practices receive payments, how carbon and methane reductions are quantified and verified, and how burdensome enrollment and reporting will be for producers. As such, staying informed and prepared to adapt our recordkeeping and operational plans, is critical for producers in 2026.

Conservation, carbon, and climate incentives

Federal and state climate policy continues to intersect with agriculture in ways that can expand revenue streams but also add compliance and administrative complexity. USDA-administered programs and private carbon markets are both maturing. The government is investing in measurement, reporting, and verification (MRV) systems to reduce transaction costs and improve confidence in agricultural

emissions reductions and soil carbon sequestration claims. Expect further rulemaking clarifying permanence expectations, baseline-setting methodologies, and leakage assessments for carbon-credit protocols.

These clarifications can make some practices — cover cropping, reduced tillage, agroforestry — more reliably compensated, but may also narrow program eligibility and increase monitoring requirements. At the same time, proposals or rules to incentivize on-farm renewable generation and energy storage (solar arrays, biogas projects), may offer new revenue but involve land-use trade-offs and permitting hurdles.

Environmental and chemical regulation

Environmental regulation, touching nutrient management, water quality, and chemical use is likely to intensify. EPA and state environmental agencies are pushing for improved nutrient-runoff controls and expanded nonpoint-source mitigation. This could translate into more prescriptive nutrient management plans,

increased state-level monitoring programs, and new funding streams for infrastructure such as constructed wet-lands, edge-of-field practices, and improved manure storage. Meanwhile, persistent contaminants such as PFAS remain an active regulatory concern: expanded sampling, limits on biosolids application, or guidance restricting certain land-application practices could affect how livestock operations and manure managers plan nutrient cycling. Pesticide re-evaluations and additional endangered-species consultations could narrow label uses, impose mitigation measures, or require alternative modes of pest control, particularly for chemicals facing scientific or legal challenges.

Markets, antitrust, and supply-chain resilience

Congressional and administrative interest in market concentration and competition in seed, fertilizer, and processing sectors is likely to continue. Proposals aimed at tougher merger scrutiny, supply-chain diversification grants, and



Incentives for regional processing capacity could reshape grower contracting options and bargaining leverage. Programs that fund regional cold storage, processing, and distribution aim to capture more value locally and increase resilience to export or international-disruption risks.

At the same time, trade policy — tariffs, sanitary and phytosanitary disputes, and export promotion measures — remains a central determinant of commodity prices and planting decisions. Climate-related trade measures, such as carbon-adjustment mechanisms, could create documentation and compliance needs for exporters.

State and local rules state legislatures and local authorities continue to experiment with nutrient-management laws, manure-application buffer requirements, CAFO permitting regimes, and renewable-energy siting rules. These regulations can differ substantially between states, and frequently influence on-farm decisions more immediately than federal programs. Producers should monitor state regulations and take advantage of grants and pilot projects, especially in states with major commodity or concentrated animal-feeding operations.

Crop insurance, disaster programs, and financial supports

Adjustments to crop insurance parameters, prevented planting rules, and disaster-aid definitions remain important. Revisions that affect premium structures, specialty-crop coverage, or the design of supplemental covering

programs can materially change risk-management strategies for farmers and ranchers. Programs aimed at encouraging diversification, succession planning, or conservation easements continue to affect long-term business structuring decisions.

Labor and immigration — expanded focus on H-2A policy

Labor and immigration policy arguably present the most immediate operational challenges for many U.S. farms in 2026. The H-2A temporary agricultural worker program — designed to allow agricultural employers to hire foreign workers for temporary or seasonal agricultural work when domestic labor is insufficient — has been the focal point of incremental legislative proposals, administrative rulemakings, and litigation. As farm labor shortages persist, and demographic trends limit the domestic labor pool for physically demanding seasonal work, pressures to reform or expand legal labor pathways intensify.

Current Structure and Operational Realities

Under the H-2A program, employers must demonstrate recruitment efforts to hire U.S. workers first, submit a temporary labor certification to the Department

of Labor (DOL), and petition U.S. Citizenship and Immigration Services (USCIS) for the workers. Employers are required to provide housing or a housing allowance, pay the Adverse Effect Wage Rate (AEWR) or prevailing wage, cover transportation and certain subsistence costs, and comply with detailed payroll and recordkeeping provisions. Processing delays, variable state-level AEWR determinations, and rising housing and transportation costs are common operational pain points. Additionally, complex recruitment, timing constraints around planting and harvest windows, and uncertainty about worker availability complicate farm scheduling and reliance on machinery or automation as substitutes.

Legislative and Administrative Changes to Watch

1. Expansion and Streamlining Proposals: Multiple bills introduced in recent sessions seek to expand the H-2A program's flexibility by lengthening allowable stays, simplifying recruitment and certification steps, and streamlining visa processing timelines.



Potential reforms under discussion in 2026 include longer multi-year certifications for recurrent seasonal operations, electronic recruitment and attestation processes to reduce administrative burden, and regional or crop-specific AEWL adjustments to better reflect local labor markets. Passage of streamlining measures would reduce the timing risk farms face, in securing seasonal crews but could face opposition from worker-advocacy groups and labor unions concerned about wage and working-condition protections.

2. Wage and Benefit Adjustments: Congressional and administrative attention to farm labor wages could result in AEWL recalibration or statutory changes intended to better align agricultural wages with local labor markets and inflation. Policymakers may link AEWL increases to living-cost indices or adjust how prevailing wages are calculated. Concurrently, proposals to codify enhanced worker protections — minimum hours guarantees, sick leave provisions, or improved housing standards — could increase labor costs and employer responsibilities. Farms must model these cost impacts and consider efficiencies or alternative labor strategies.

3. Worker Protections and Enforcement: Legislative interest in strengthening worker rights — such as protections against retaliation, clearer grievance mechanisms, and improved access to legal services

— may lead to new administrative enforcement tools and reporting obligations. Enhanced enforcement could increase employer risk and legal exposure if compliance is imperfect. Conversely, improved protections might support worker retention and reduce turnover for employers who invest in compliance and good labor practices.

4. Pathways to Permanent Residency or Extended Legal Status

Some members of Congress and stakeholders advocate for creating or expanding pathways from temporary H-2A status to longer-term visas or permanent residency for agricultural workers who demonstrate sustained employment and compliance. Proposals range from limited adjustment-of-status pathways tied to agricultural labor history, to broader guest-worker to green-card conversion options. Such proposals would have profound labor-market implications — potentially stabilizing the agricultural workforce and reducing chronic seasonal shortages but political feasibility and legislative design details remain uncertain.

5. Employer Obligations and Housing Policies: Rising attention to worker housing quality and sanitation could result in more prescriptive federal or state housing standards tied to H-2A participation.

This could include higher minimum square-footage requirements, mandated access to health care or transportation, and more frequent housing inspections. Though intended to protect worker health and safety, these changes would raise capital and operating costs for employers, particularly smaller operators.

6. Electronic Systems, Data Sharing, and Biometrics

Administrative modernization efforts may introduce expanded electronic filing, biometric vetting, and data-sharing protocols to accelerate processing and reduce fraud. While faster processing would be beneficial for time-sensitive harvest labor, biometric or data-collection expansions raise privacy and compliance considerations and could require investments in HR systems and training.

Operational Impacts and Strategic Responses

The combined effect of potential H-2A reforms — higher wages and benefits, expanded enforcement, longer stays or pathways to residency, and streamlined administrative processes will vary by operation size, crop type, and regional labor dynamics. Farms that rely heavily on seasonal hand labor (e.g., fruits, vegetables, nursery, or specialty crops) will likely feel the impacts most acutely. To prepare, producers should:



- Conduct labor-cost modeling under multiple scenarios (wage increases, added benefits, housing upgrades) to understand breakpoints where mechanization, contracting, or crop choice changes become necessary.

- Invest in workforce stability measures (training, improved housing, transportation, predictable schedules) that reduce turnover and improve productivity; these can mitigate higher nominal labor costs.

- Explore recruitment and retention strategies including domestic hiring programs, partnerships with local workforce agencies, and investments in workforce development tied to community colleges and technical schools.

- Evaluate mechanization and automation as partial substitutes where feasible, balancing capital costs against projected labor-cost trajectories and crop-specific technical feasibility.

- Strengthen HR and compliance systems — digital recordkeeping, robust wage and time tracking, and proactive legal review — to reduce enforcement risk and ensure timely responses to rule changes.

- Engage in policymaking through producer associations to advocate for practical reforms: streamlined processing, predictable wage-setting, and balanced worker protections that sustain farm viability.

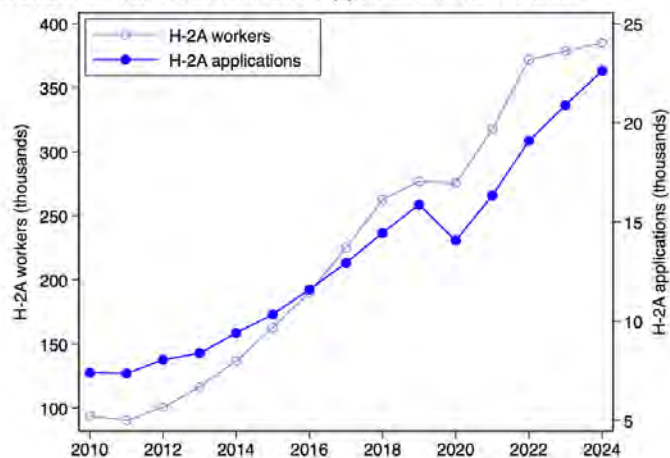
State-Level Labor and Complementary Policies

State legislatures may complement or exceed federal standards, enacting their own farm labor laws, minimum standards for migrant housing, or wage rules. Some states are piloting portable benefits or wage-subsidy programs to stabilize agricultural workforces, while others are focused on enforcement actions. Producers operating across state lines should monitor and budget for a patchwork of requirements.

Conclusion and Action Items

Policy changes in 2026 will continue to press farms to be proactive planners. The interplay of climate incentives, environmental rules, market structure reform, and especially H-2A and broader labor policy, will shape operational costs, investment decisions, and business models. Immediate action items for producers include updating scenario-based financial models that incorporate potential AEWI increases and housing standards; strengthening recruitment, retention, and HR compliance systems; investing in recordkeeping that supports MRV and regulatory reporting; and participating in producer associations to ensure farm perspectives are considered in legislative and administrative reform.

Figure 1. Trends in H-2A Workers and Applications, 2010-2024



ILLINOIS

Sources: Office of Foreign Labor Certification, US Department of Labor

farmdoc

The Value of Pattern Tiling Land

The Importance of Drainage Tile for Landowners: A Key Investment for Agricultural and Environmental Sustainability

Landowners, particularly those with agricultural property, face a multitude of challenges in managing the productivity and health of their land. One of the most significant issues that can impede crop yields and land value is poor drainage. Excess moisture or waterlogging can damage crops, soil, and infrastructure. Drainage tiles, a long-standing solution to this issue, offer landowners an effective method to manage water flow and improve soil conditions. While the initial investment in drainage tile installation may seem significant, the benefits far outweigh the costs, leading to enhanced crop yields, improved land value, reduced erosion, and environmental sustainability.

1. Enhanced Crop Yields and Increased Agricultural Productivity

The most compelling reason landowners should invest in drainage tile is the significant improvement in crop yields. Wet or waterlogged soil conditions can stunt root growth, hinder nutrient uptake, and reduce the overall health of plants. When soil is too wet, crops such as corn, soybeans, and wheat are especially vulnerable, as excess moisture deprives the roots of oxygen, making it difficult for the plants to grow effectively.

Drainage tiles remove excess water from the soil, promoting aeration and improving root development. When soil is properly drained, crops are better able to absorb water, nutrients, and oxygen, which are essential for their growth. The improved soil conditions lead to healthier plants that can thrive, resulting in higher yields and greater profitability for the landowner. Studies have shown that installing drainage tiles can increase crop yields by up to 20-30%, which is a substantial return on investment, especially when considering the high costs associated with modern farming practices.

2. Increased Land Value and Marketability

In addition to improving agricultural productivity, installing drainage tiles can enhance the overall value of the land.

Land that is well-drained is more versatile and attractive to prospective buyers. When a property is characterized by poor drainage, it may struggle to support the growth of crops or other agricultural endeavors, making it less appealing to buyers. Conversely, land with proper drainage has greater utility, as it can be used for a wider range of agricultural activities and may support higher-value crops.

Furthermore, land that is well-drained tends to require less maintenance and remediation in the long term. This makes it an appealing option for farmers and investors who are looking for properties with sustainable productivity. By investing in drainage tile systems, landowners can increase the market value of their property, making it a more attractive investment for future sale or lease.

3. Reduced Soil Erosion and Enhanced Soil Health

Waterlogged soils are more prone to erosion, as standing water can weaken the soil structure and wash away valuable topsoil. Erosion not only diminishes the quality of the land but also contributes to sedimentation in nearby water bodies, which can lead to environmental degradation. Drainage tiles help mitigate this issue by directing excess water away from the surface, preventing the erosion of topsoil. By improving drainage, the tiles help stabilize the soil and ensure that nutrients remain in the soil, leading to better long-term soil health.

Proper drainage also supports soil structure by preventing the formation of compacted areas that can impede root growth. When excess water is drained away, the soil becomes more porous and easier for roots to penetrate. This improved soil structure contributes to the overall fertility of

the land, supporting healthy crops and reducing the need for excessive fertilizers or soil amendments.

4. Reduced Risk of Flooding and Waterlogging

For many landowners, particularly those in regions that experience heavy rainfall or seasonal floods, drainage tile systems provide an effective way to manage excess water and reduce the risk of flooding. Flooded fields can be disastrous for crops, as standing water can drown plants, drown out seeds, and lead to the development of mold or diseases. In addition, flooded land can become temporarily unworkable, delaying planting schedules and reducing overall productivity.

By investing in drainage tiles, landowners can mitigate the risk of flooding and waterlogging. These systems collect and redirect excess water from the soil before it can accumulate on the surface, ensuring that crops remain protected from water damage. Even in areas prone to flooding, drainage tiles can make a significant difference in preventing crop loss and maintaining agricultural productivity.

5. Environmental Benefits and Compliance with Regulatory Standards

In today's environmentally conscious climate, landowners are under increasing pressure to adopt sustainable practices that protect natural resources and minimize environmental harm. Proper drainage is an essential component of this responsibility. By managing water flow on their land, landowners can reduce runoff, which can carry pollutants such as pesticides, fertilizers, and soil particles into nearby water bodies.

Drainage tile systems improve water management by promoting more controlled water flow and minimizing runoff. With better water management, there is less likelihood of chemicals and sediment being washed away into streams, rivers, or lakes, thus reducing water pollution. Moreover, many regions have introduced regulatory requirements aimed at reducing agricultural runoff and promoting sustainable water management practices. By investing in drainage tiles, landowners can ensure compliance with these regulations, potentially avoiding fines and reputational damage while contributing to broader environmental sustainability efforts.

6. Long-Term Cost Savings

While the installation of drainage tiles requires an upfront investment, the long-term cost savings can be substantial. Without proper drainage, landowners may face increased costs for soil amendments, fertilizers, and irrigation systems to compensate for poor soil conditions. Waterlogged fields often require additional treatment to improve soil structure, which can be costly and time-consuming. In contrast, a drainage tile system is a one-time investment that can provide benefits for decades, reducing the need for frequent remediation efforts and improving the efficiency of agricultural operations.

Furthermore, drainage tiles can reduce the need for expensive flood control infrastructure, such as levees or dams, by offering a more cost-effective and sustainable solution. This can result in significant savings for landowners, especially those in regions with recurring flood risks. Over time, the combination of improved crop yields, reduced soil erosion, and reduced flood risks will more than offset the initial installation costs.

7. Improved Climate Resilience

As the effects of climate change continue to impact global weather patterns landowners face increased unpredictability in terms of precipitation, temperature fluctuations, and extreme weather events. In areas where rainfall is becoming more intense or unpredictable, proper water management through drainage tiles can help landowners adapt to these changing conditions. By reducing the risk of waterlogging and flooding, drainage tiles provide a more resilient foundation for agricultural practices, allowing landowners to better withstand the challenges posed by climate change.

Conclusion

For landowners, particularly those engaged in agriculture, investing in drainage tile systems is a decision that brings substantial benefits both in the short and long term. The system not only improves crop yields and overall land productivity but also reduces the risks of erosion, flooding, and waterlogging. In addition, it enhances soil health, reduces environmental impact, and ensures compliance with growing regulatory standards. With increased land value, long-term cost savings, and the added benefit of climate resilience, drainage tile installation is a wise investment that can help landowners protect their assets, increase profitability, and contribute to sustainable land management practices. The decision to invest in drainage tiles should not be viewed as a mere expense, but as a strategic investment in the land's future.



Figure 1 below shows how the ground water table is impacted with and without tile in the field. The picture on the left shows a saturated field and how the water table sits high in the soil restricting root growth as well as nutrient uptake. The picture on the right shows a tile drained field. You can see how much more prolific the root structure is on this side. The old saying goes “good roots equate to excellent yields”.

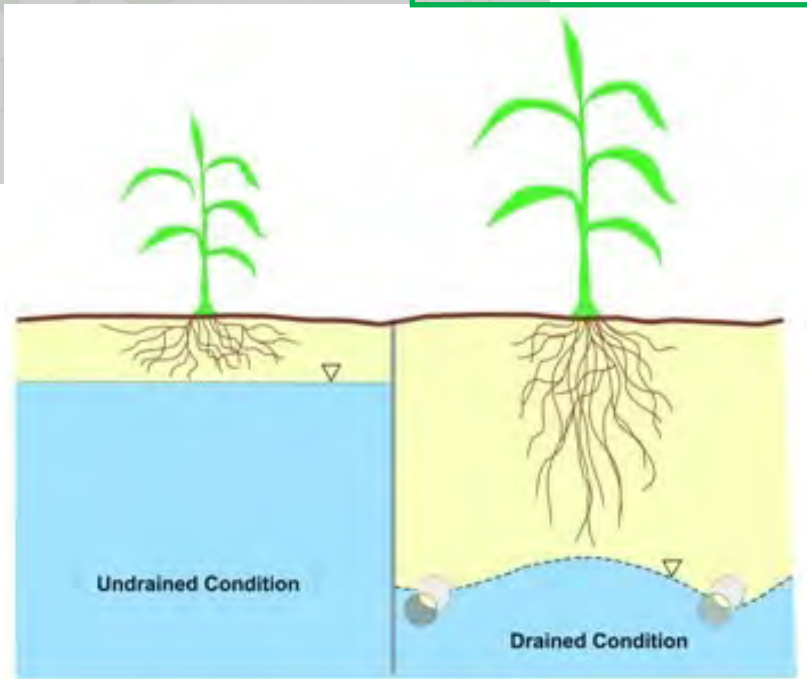
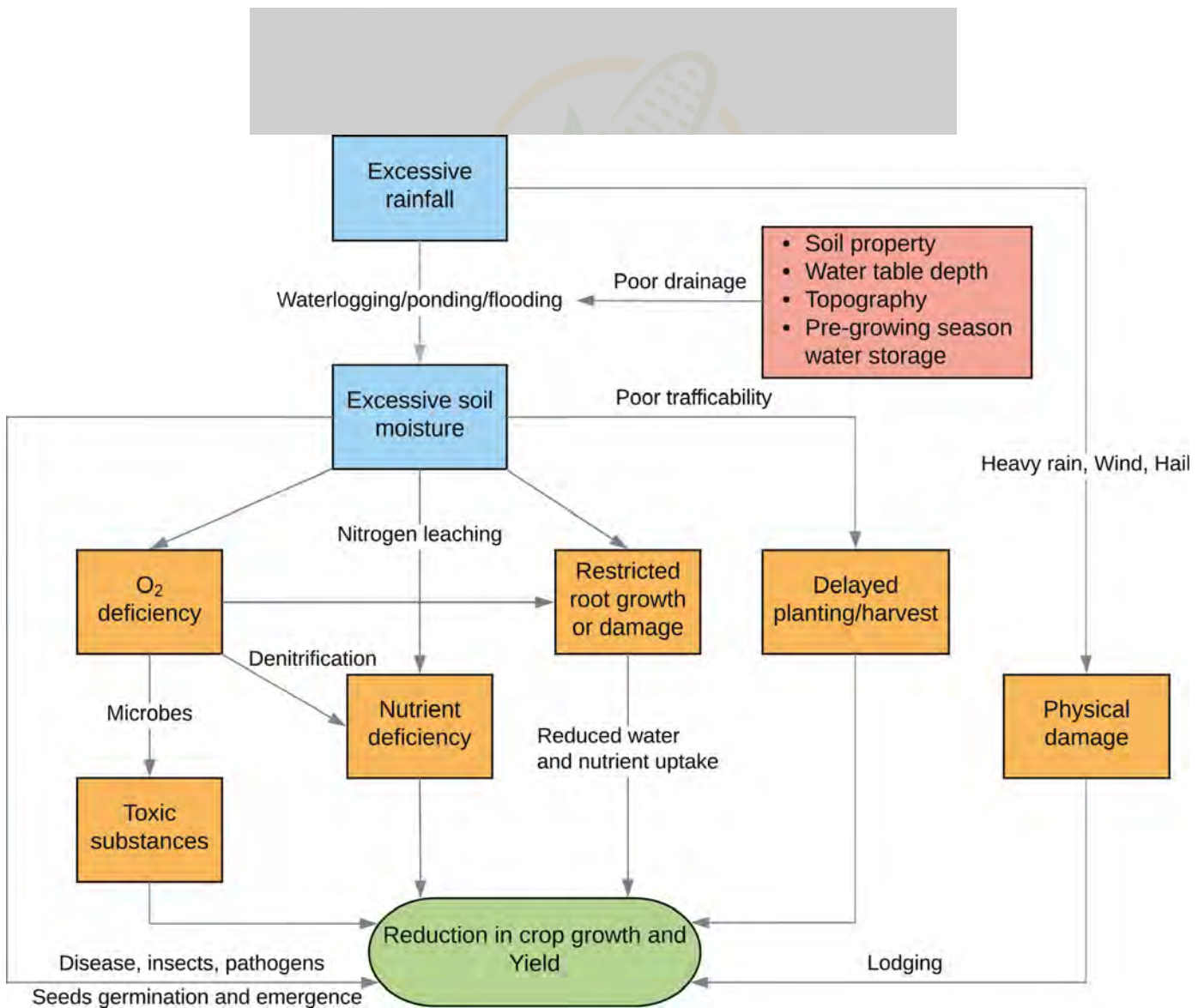


Figure 1

Below in figure 2 is a graphic that displays what occurs with an excessive rainfall event on a poorly drained farm. First water ponds on top of the soil. Then as you work through the diagram it displays the impact the extra water has on oxygen flow, nutrient uptake as well as root growth. All of these culminate into decreased potential yield on the farm. This would hold true for both corn and soybean crops. When too much water is present beneath the soil surface so many negative interactions begin to take place as was discussed throughout this section. Each one of these problems, along with the severity and length of the saturation period, has a compounding effect on adding to the yield loss. Saturation can also impact yield loss through the inability of equipment to get into the field in a timely manner. This can happen through delayed planting, weed pressure from inability to apply herbicide or through delayed harvest from overly saturated soils.



The Value Of Tile Drainage!



The picture to the left shows the outcome of non-tiled corn rows and rows over the tile line. As mentioned earlier, poorly drained areas have lower yields. The ears on the left are much smaller than on the right and will produce a lower yield per acre as they have less total number of kernels.



The two pictures of fields below were taken in 2019 in SE Iowa. They show the effect of too much rain on a corn field with poor drainage. Notice the water standing in the corn rows on the left and the drowned-out area on the bottom right. Both pictures had a severe yield cut.

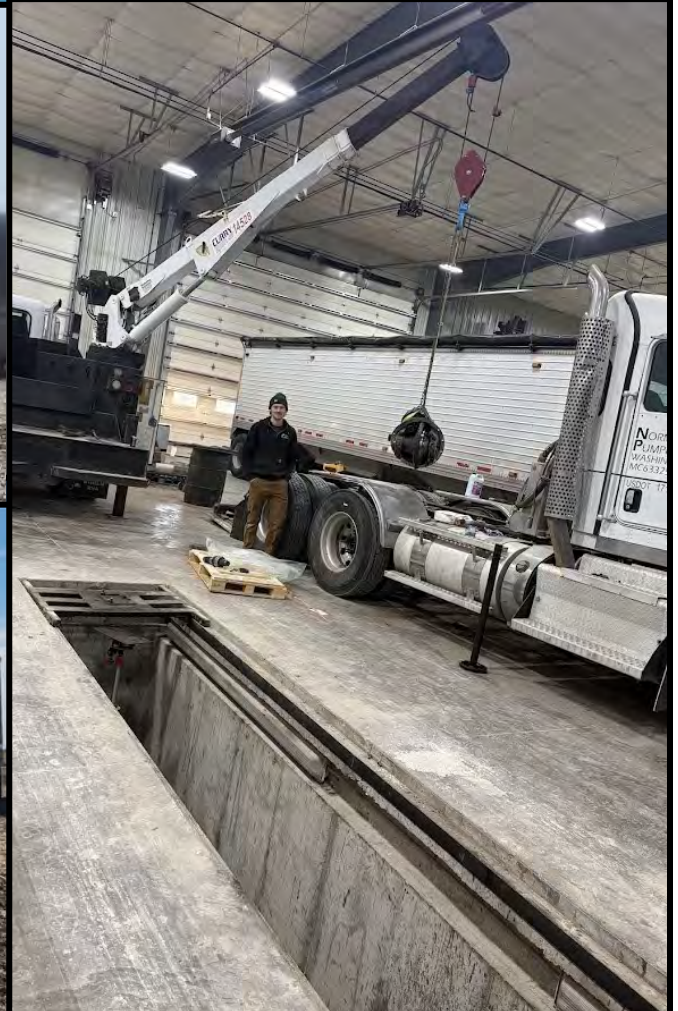




The picture to the left shows an aerial image taken via drone of an 80-acre field that has been pattern tiled. You can see how the main lines and lateral lines are laid out equally spaced across the field to allow efficient drainage of water above the soil's saturation point as quickly as possible. We let these lines settle over winter and give them a vertical tillage pass in the spring to level them down and then plant through them.

The picture to the right shows a schematic of the tile to be laid into the ground by the contractor doing the work. The different colored lines represent different tile sizes in terms of diameter of the tile. Most tile used in drainage systems will run from 4" lateral tile lines to 15" main lines which connect multiple pieces of the field together and then outputs the water to a ditch.





Farm Margins in 2025 and Forward

Grain farm margins continue to be at break-even or below the cost of production, again in 2025. Right now, that appears to remain the case as we move through the next few years ahead.

Farm operations are facing three core issues which are crimping margins significantly. These three issues are: continued high input prices, low corn and soybean prices, and global trade wars. Each of these factors is creating their own impact on farm margins, but collectively these three will be responsible for some rough times to come, in rural America.

First off is the continued high cost of production that really began during the COVID period of 2020. Starting during this time, costs exploded across the board, along with all other sectors of the economy. Fertilizer, labor, seed, repairs, you name it, they have all risen substantially since 2020. However, a rising cost structure is nothing new when grain prices rise for a period of time.

The difference this time, is that normally when prices move back to historical levels then the cost structure moves back closer to previous levels as well. This then allows some profitable yields or at least profits with good yields, to happen again. Following the crop price downturn from 2023 onward, input prices

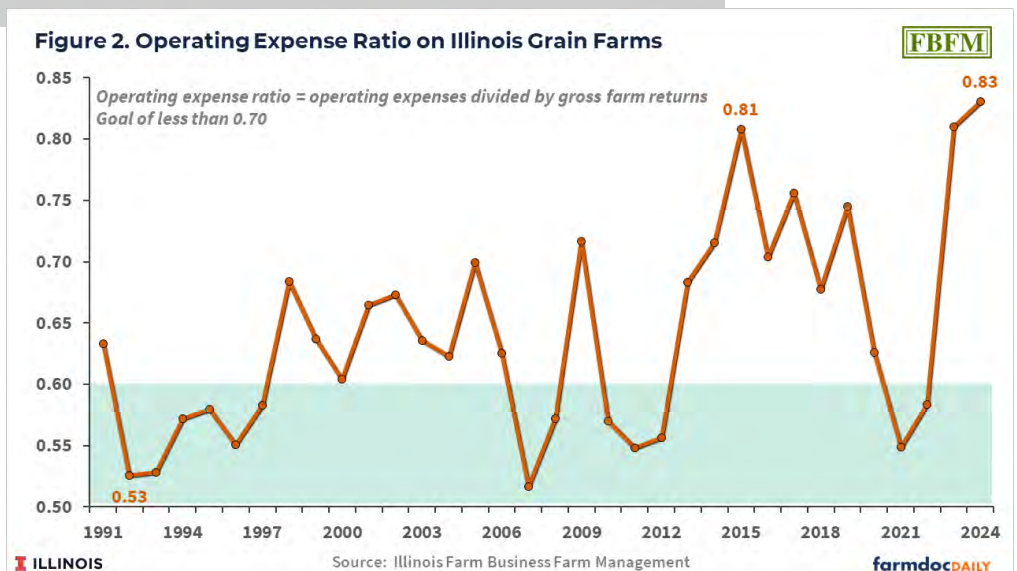
have barely moved downward in that time. Actually, the cost of raising grains will be higher in 2026 than it was in 2025. This represents a historic event. Never before have we seen costs increase year over year in a down trending market phase following a high-priced grain period.

The fact that costs are rising in a falling price environment, is creating increased pressure on a farm operation's bottom lines. One key metric that lenders use to evaluate this, is called the operating expense ratio. This percentage shows the amount of money left over after covering operation expenses. Land rent and owner pay is not included in this figure. Normally this number hovers around 65%, for grain farms. Yet, over the last two years it has risen to over 80%, meaning that there is not much money left to pay

land rent and the owners. The figure below shows how this number normally keeps between 60-70%. Notice how the last two years were the worst the ratio has been in the past 30 years. And it does not appear that this ratio will be changing anytime soon.

Continued high-cost structures, coupled with falling grain prices, makes for a sticky situation. As noted above, costs have not come off their highs very much, as they have only dropped 3% from the 2022 peak cost year. During that same period, the grain prices for crops that operations receive, have dropped up to 50% from their highs. This adds up to a rough equation, on the farm.

Grain prices have annually come back



towards their historical means following the highs of 2022. Over the last two years, corn has mostly been range bound between \$4.00 and \$4.70 futures, while soybeans have held a firm trade between \$9.50 and \$10.50. Both of these values are below the average farm operations cost of production, with average yields.

So, how do farm operations change the math on this poor equation? The simple answer is, it is going to be very difficult to change the math. The easy solution would be having a US or South American production problem during this year's growing season. US grain stocks maintain a surplus higher than the last five years, at present. The higher grain surplus is currently weighing on prices of most all grain commodities.

The global grain stocks position is much different. Corn and soybeans continue to decline in global supplies. This has created a confusing marketplace, as we have abundant supplies at home, but decreasing supplies around the world. The market still sees the US as an easy export local to fend off the global tightness. Although global grain supplies are shrinking, they have not dropped low enough with the US surplus to raise local US prices on grains. Again, the need for global prices to rise is a production issue in one of the two key production areas: either Brazil or in the US. The outcome of 2026 pricing likely depends

on weather in these two growing regions and the impact on yield outcomes.

The last issue weighing on margins are global trade wars. Early in 2025, the US once again entered into a harsh trade war with China. This was a repeat of similar political tactics undergone in 2018. This time around, agricultural products from the US were pitted against rare earth minerals from China.

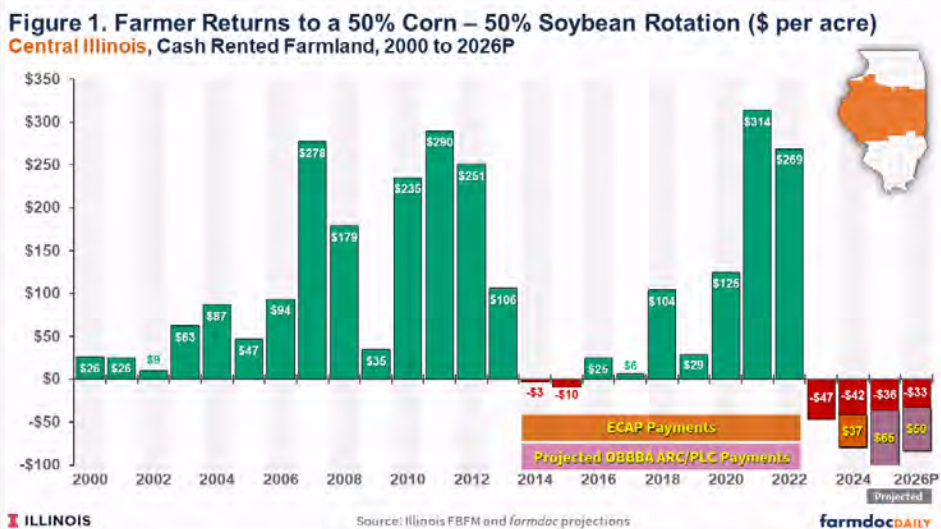
Rare earth minerals have become an integral resource over the last decade. These minerals are used to make cell phones, lasers, and military equipment. They are so valuable for both what they are used in, and that they are only found in small deposits in the ground. As the world continues to advance in technology the control of these minerals is critical.

Today China controls about 70% of the mining and 95% of the processing of rare earth minerals. In 2024 China severely restricted the export of these minerals. This

move set up a potential blocking of all global usage and manufacturing of products with these minerals. Due to China's move to restrict global access, the US stepped in and once again began a trade war with 100% plus tariffs, until China backed off its policies on rare earth minerals. China struck back by stopping all purchases of US corn and soybeans.

At the end of 2025, an agreement was struck for China to buy agricultural products in exchange to a long-term access agreement to these vital minerals.

As you can see, these three issues are currently weighing heavily on US grain prices. Some, like the trade war, seem to be coming to a close. All of the issues are still in play during the 2026 crop season. We hope that some of the issues improve this year.





2026 Illinois Crop Budgets

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August 19, 2025

farmdoc daily (15): 150

Weekly Farm Economics

Recommended citation format: Paulson, N., G. Schnitkey, B. Zwilling, and C. Zulauf. "2026 Illinois Crop Budgets." *farmdoc daily* (15): 150, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 19, 2025.

Permalink: <https://farmdocdaily.illinois.edu/2025/08/2026-illinois-crop-budgets.html>

Today's *farmdoc daily* article highlights our first release of 2026 crop budgets for Illinois. Despite significant increases in expected Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) payments due to passage of the One Big Beautiful Bill Act (OBBBA), negative average returns are expected to continue for the fourth straight crop year for producers using corn and soybean rotations on cash rented farmland across all Illinois regions.

Illinois Crop Budgets and Historic Revenues and Costs

The [Illinois Crop Budgets](#) publication has been updated to include projections for the 2026 crop year. Budgets are provided for corn, soybeans, and wheat in northern, central, and southern Illinois. Double-crop soybean budgets are also provided for all regions except northern Illinois. For central Illinois, two budgets are provided based on farmland productivity - high-productivity farmland and low-productivity farmland.

The [Revenue and Costs for Illinois Grain Crops](#) publication has also been updated and now includes historic information for the 2019 to 2024 crop years and projections for 2025 and 2026. Adjustments were also made to 2025 projections, and cost estimates for the 2024 crop year have been revised to reflect experience on grain farms enrolled in [Illinois Farm Business Farm Management](#) (FBFM). Because the Illinois revenue, costs, and returns information is put together on an accrual basis, additional changes to 2024 returns can still occur. For example USDA's [Supplemental Disaster Relief Program](#) (SDRP) could provide additional assistance payments as that program continues to be implemented.

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Both publications can be found in the [Management](#) section of the [farmdoc](#) website.

Adjustments to 2025 Crop Budgets

The corn and soybean prices used in the 2025 budget projections have been revised down to \$3.95 and \$10.15 per bushel, respectively. Prices used in the May 2025 release were \$4.20 and \$10.25, respectively. The downward adjustments reflect recent market conditions, with the lower corn price being driven by the combination of excellent U.S. yield prospects and larger acreage expectations (see *farmdoc daily* from [August 18, 2025](#)).

Corn yield projections are increased relative to regional trend levels for northern and central Illinois due to good growing conditions reported across much of these regions this summer, and are reduced below trend for southern Illinois based on poor growing conditions reported across much of the region throughout the summer. Soybean yield expectations remain at trend levels in northern and central Illinois but have been reduced for southern Illinois.

Payment projections from the ARC and PLC commodity programs have increased due mainly to the changes to those programs that resulted from passage of the OBBBA in July. For 2025, producers will receive the larger payment triggered by the two programs regardless of what they elected for their base acreage in the spring. Expected support levels are \$65 per acre in central Illinois on high-productivity farmland (see *farmdoc daily* from [August 5, 2025](#)). Producers are reminded that these payments, if triggered, will not be received until October of 2026. The 2025 projections also include expectations for some relatively small average crop insurance payments in northern and central Illinois, primarily associated with price declines relative to projected insurance prices and higher participation in supplemental plans such as the Enhanced Coverage Option (ECO) which offers up to a 95% coverage level (see *farmdoc daily* from [July 2, 2025](#)). Larger average crop insurance payments are expected for southern Illinois due to the expected yield losses combined with lower prices, as well as losses associated with prevent plant and replanting.

Some relatively minor adjustments were also made to various production cost categories resulting in relatively small increases in total non-land costs in northern Illinois and larger increases in the central and southern regions. Overall, farmer return prospects have improved relative to the May 2025 budget update (see *farmdoc daily* from [June 3, 2025](#)). However, projected average returns to a 50-50 corn-soybean rotation on cash rented land remain negative for 2025 across all Illinois regions (see Table 2 and Figure 1 below for central-Illinois high productivity soils).

2026 Illinois Crop Budgets

The 2026 corn and soybean crop budgets are reported for all regions in Table 1. For the initial release, we assume trend yield levels for corn and soybeans in all Illinois regions. The corn and soybean prices for 2026 are set at \$4.15 and \$10.30 per bushel. These prices reflect recent fall 2026 and spring 2027 futures market bids, adjusting for average historical basis levels, and would represent some reversion back towards the longer-term price projections in [USDA's most recent baseline](#).

Table 1. 2026 Corn and Soybean Budgets for Northern, Central, and Southern Illinois

	Northern		Central-High		Central-Low		Southern	
	Corn	Beans	Corn	Beans	Corn	Beans	Corn	Beans
Yield per acre	232	70	241	76	228	69	198	61
Price per bu	\$4.15	\$10.30	\$4.15	\$10.30	\$4.15	\$10.30	\$4.15	\$10.30
Crop revenue	\$963	\$721	\$1,000	\$783	\$946	\$711	\$822	\$628
ARC/PLC	47	47	50	50	47	47	45	45
Ad hoc Federal payments	0	0	0	0	0	0	0	0
Crop insurance proceeds	0	0	0	0	0	0	0	0
Gross revenue	\$1,010	\$768	\$1,050	\$833	\$993	\$758	\$867	\$673
Fertilizers	207	55	229	61	229	59	221	65
Pesticides	95	61	112	69	110	70	105	70
Seed	124	78	123	79	132	69	116	71
Drying	20	0	20	0	20	0	20	0
Storage	9	4	9	4	9	4	9	4
Crop insurance	27	16	26	12	27	12	27	14
Total direct costs	\$482	\$214	\$519	\$225	\$527	\$214	\$498	\$224
Machine hire/lease	31	27	22	19	21	19	17	15
Utilities	7	6	6	5	7	6	7	6
Machine repair	41	35	42	35	43	38	47	42
Fuel and oil	24	21	24	20	24	20	24	23
Light vehicle	2	2	2	2	2	2	2	2
Mach. depreciation	77	69	79	72	75	67	81	83
Total power costs	\$182	\$160	\$175	\$153	\$172	\$152	\$178	\$171
Hired labor	28	24	28	25	27	27	27	25
Building repair and rent	12	6	6	10	7	7	7	5
Building depreciation	17	8	16	15	18	18	19	12
Insurance	13	13	14	15	16	16	16	16
Misc	10	10	10	12	13	12	12	12
Interest (non-land)	45	37	37	33	39	39	39	34
Total overhead costs	\$125	\$98	\$111	\$110	\$120	\$119	\$120	\$104
Total non-land costs	\$789	\$472	\$805	\$488	\$819	\$485	\$796	\$499
Operator and land return	\$221	\$296	\$245	\$345	\$174	\$273	\$71	\$174
Land costs (cash rent)	293	293	327	327	274	274	182	182
Farmer return	-\$72	\$3	-\$82	\$18	-\$100	-\$1	-\$111	-\$8
Breakeven price to cover:								
Non-land costs	\$3.40	\$6.74	\$3.34	\$6.42	\$3.59	\$7.03	\$4.02	\$8.18
Total costs ¹	\$4.66	\$10.93	\$4.70	\$10.72	\$4.79	\$11.00	\$4.94	\$11.16
Corn minus Soybean Return	-\$75		-\$100		-\$99		-\$104	

¹ Equals non-land costs plus land costs.

growing year. However, we caution that these estimates are subject to uncertainty given their timing and much could change between now and the 2026 crop and marketing years.

Overall, non-land production costs are expected to increase slightly from 2025 to 2026. Nitrogen fertilizer prices suggest slightly higher fertilizer costs for corn in 2026 (see *farmdoc daily* from [August 12, 2025](#)), while lower potash prices suggest slight lower fertilizer costs for soybeans. Power costs are projected to remain relatively stable with small increases in machinery repairs and hire/lease offsetting lower economic depreciation per acre. Overhead costs are expected to rise, led by continued increases in labor and interest costs due to greater credit needs and interest rates that have remained relatively stable at higher levels over the past few years.

Net farmer returns for 2026 are projected to be similar to those for 2025, with slightly lower returns on corn acres and a slight improvement in soybean returns. Projected farmer returns on corn acres range from -\$72 per acre in northern Illinois to -\$111 per acre in southern Illinois. Projected farmer returns on soybean acres are marginally positive for the northern and central-high regions, and marginally negative for the central-low and southern regions.

Breakeven prices to cover non-land costs and average cash rents for corn range from \$4.66 (northern) to \$4.94 (southern), and from \$10.72 (central-high) to \$11.16 (southern) for soybeans – well below current price expectations. These break-even price calculations do not include other revenues such as support payments. However, even with the projected support payments from the ARC/PLC programs, a 50-50 corn-soybean rotation results in negative expected farmer returns on cash rented farmland for all regions (see Figure 1 for central Illinois high-productivity). Break-even prices to cover non-land costs remain well below current price expectations, resulting in positive expected returns to farms with lower land costs such as owned farmland that is no longer financed or share-rent arrangements.

Discussion

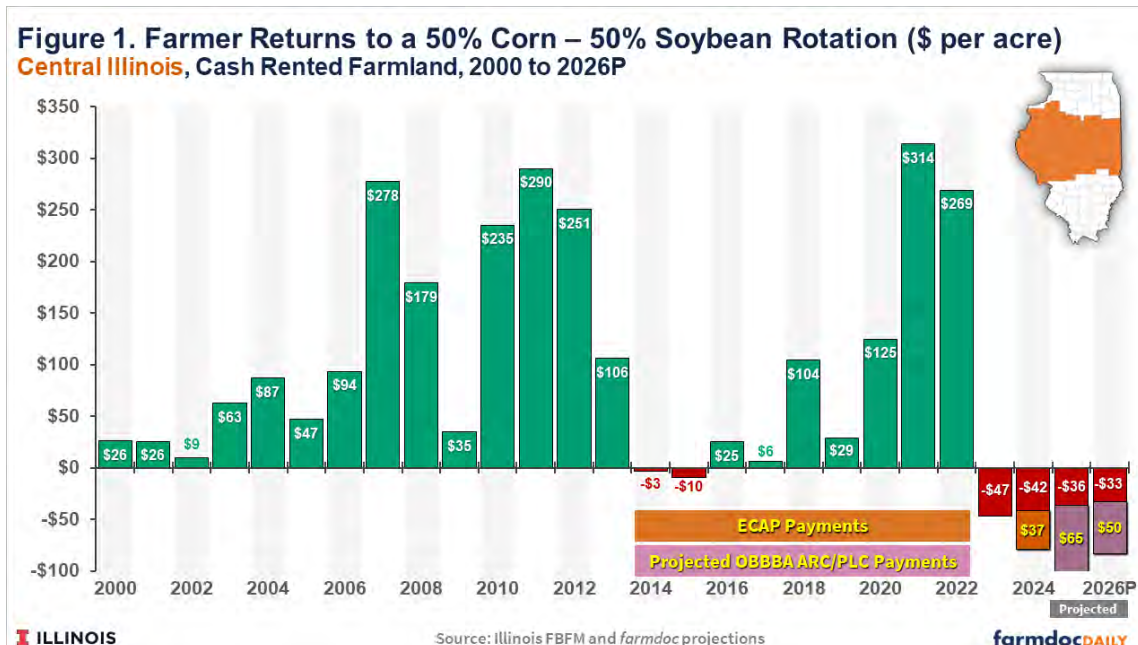
Low prices and persistently high production costs – often referred to as a cost-price squeeze – is projected to continue into the fourth straight year for corn and soybean producers in 2026. Negative farmer returns on cash rented corn acres have persisted across Illinois regions since 2023 (see Table 2 for 2024 to 2026P). Following negative average farmer returns in 2023 and 2024, soybean production on cash rented farmland is expected to be closer to break-even returns in 2025 and 2026.

Continued low average farmer returns are expected even with the increased support provided by ad hoc Emergency Commodity Assistance Program (ECAP) payments for financial losses in 2024 (see *farmdoc daily* from [March 25, 2025](#)), and larger support payments projected for 2025 and 2026 due to strengthened ARC and PLC programs. As illustrated in Figure 1, average farmer returns would be considerably lower without the support from ECAP in 2024 and projected returns for 2025 and 2026 would be much lower without the expected ARC/PLC payments.

Table 2. Corn and Soybean Returns, Central Illinois with High-Productivity Farmland

	Corn			Soybeans		
	2024	2025P	2026P	2024	2025P	2026P
Yield per acre	244	246	241	75	75	76
Price per bu	\$4.30	\$3.95	\$4.15	\$10.05	\$10.15	\$10.30
	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre
Crop revenue	\$1,049	\$972	\$1,000	\$754	\$761	\$783
ARC/PLC	3	65	50	2	65	50
Ad hoc Federal payments	43	0	0	30	0	0
Crop insurance proceeds	10	10	0	9	0	0
Gross revenue	\$1,105	\$1,047	\$1,050	\$794	\$826	\$833
Fertilizers	218	218	229	65	62	61
Pesticides	118	112	112	71	69	69
Seed	127	124	123	81	80	79
Drying	19	20	20	0	0	0
Storage	16	9	9	9	4	4
Crop insurance	26	26	26	10	11	12
Total direct costs	\$524	\$509	\$519	\$236	\$226	\$225
Machine hire/lease	22	22	22	19	19	19
Utilities	6	6	6	5	5	5
Machine repair	39	41	42	33	34	35
Fuel and oil	23	23	24	20	19	20
Light vehicle	2	2	2	2	2	2
Mach. depreciation	87	82	79	76	75	72
Total power costs	\$179	\$176	\$175	\$155	\$154	\$153
Hired labor	26	27	28	24	24	25
Building repair and rent	7	6	6	11	10	10
Building depreciation	16	16	16	15	15	15
Insurance	14	14	14	15	15	15
Misc	10	10	10	12	12	12
Interest (non-land)	33	35	37	29	30	33
Total overhead costs	\$106	\$108	\$111	\$106	\$106	\$110
Total non-land costs	\$809	\$793	\$805	\$497	\$487	\$488
Operator and land return	\$296	\$254	\$245	\$297	\$339	\$345
Land costs (cash rent)	337	332	327	337	332	327
Farmer return	-\$41	-\$78	-\$82	-\$40	\$7	\$18
Break-even price to cover	\$/bu	\$/bu	\$/bu	\$/bu	\$/bu	\$/bu
Non-land costs	\$3.32	\$3.22	\$3.34	\$6.63	\$6.49	\$6.42
Total costs ¹	\$4.70	\$4.57	\$4.70	\$11.12	\$10.92	\$10.72

¹ Equals non-land costs plus land costs.



Most grain farms in Illinois and across the Midwest were in very strong financial positions at the end of 2023 due to the excellent returns earned in 2021 and 2022 (see *farmdoc daily* from [October 18, 2024](#)). However, four consecutive years of negative average returns on cash rented land will quickly erode those financial positions, with evidence of this deterioration beginning to emerge in agricultural credit markets (see [Kreitman, 2025](#)). Farms with owned farmland that is no longer financed have a significant buffer to continue to manage through this low return environment (see *farmdoc daily* from [April 1, 2025](#)). Operations utilizing share-rent agreements on some of their rented land are also better positioned during periods of low returns. In contrast, farmers with large amounts of cash rented farmland are facing difficult decisions and may require re-financing after the 2025 growing season.

While much could still change, current projections for 2025 and 2026 suggest a continuation of negative average returns to cash rented land and low to negative net farm incomes for some grain operations. If these projections hold, financial stress will be most acute on farm businesses that are highly leveraged and/or highly reliant on cash rented farmland.

Acknowledgment

The authors would like to acknowledge that data used in this study comes from the Illinois Farm Business Farm Management (FBFM) Association. Without Illinois FBFM, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,000+ farmers and 70 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel along with recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact our office located on the campus of the University of Illinois in the Department of Agricultural and Consumer Economics at 217-333-8346 or visit the FBFM website at www.fbfm.org.

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2026 Purdue Crop Cost & Return Guide

September 2025 Estimates

Both product prices and input prices may have significantly changed since these estimates were prepared.

Table 1. Estimated per Acre Crop Budgets for Low, Average, and High Productivity Indiana Soils

	Crop Budgets for Three Yield Levels ¹														
	Low Productivity Soil				Average Productivity Soil				High Productivity Soil						
	Cont. Corn	Rot. Corn	Rot. Beans	DC Beans	Cont. Corn	Rot. Corn	Rot. Beans	DC Beans	Cont. Corn	Rot. Corn	Rot. Beans	DC Beans			
Expected yield per acre ²	158	168	51	72	36	186	198	60	85	42	217	231	70	99	49
Harvest price ³	\$4.25	\$4.25	\$10.35	\$5.25	\$10.35	\$4.25	\$4.25	\$10.35	\$5.25	\$10.35	\$4.25	\$4.25	\$10.35	\$5.25	\$10.35
Market revenue	\$672	\$714	\$528	\$378	\$373	\$791	\$842	\$621	\$446	\$435	\$922	\$982	\$725	\$520	\$507
Less variable costs ⁴															
Fertilizer ⁵	\$221	\$203	\$81	\$121	\$56	\$234	\$216	\$93	\$148	\$64	\$248	\$232	\$107	\$177	\$74
Seed ⁶	102	102	74	44	86	124	124	74	44	86	124	124	74	44	86
Pesticides ⁷	115	110	70	45	63	115	110	70	45	63	115	110	70	45	63
Dryer fuel ⁸	43	34	N/A	N/A	5	50	40	N/A	N/A	5	59	47	N/A	N/A	6
Machinery fuel @ \$3.02	22	22	14	14	10	22	22	14	14	10	22	22	14	14	10
Machinery repairs ⁹	45	45	40	40	40	45	45	40	40	40	45	45	40	40	40
Hauling ¹⁰	17	18	5	8	4	20	21	6	9	4	23	24	7	10	5
Interest ¹¹	29	27	16	15	14	31	29	16	17	14	32	30	17	18	15
Insurance/misc. ¹²	50	50	40	30	10	50	50	40	30	10	50	50	40	30	10
Total variable cost	\$644	\$611	\$340	\$317	\$288	\$691	\$657	\$353	\$347	\$296	\$718	\$684	\$369	\$378	\$309
Contribution margin ¹³ (Revenue - variable costs) per acre	\$28	\$103	\$188	\$61	\$85	\$100	\$185	\$268	\$99	\$139	\$204	\$298	\$356	\$142	\$198

¹Estimated yields and costs are for yields with average management for three different soils representing low, average, and high productivity. The high productivity soils represent soils capable of producing corn and soybeans with yields about 20% higher than average soils. Low productivity soils represent soils capable of producing corn and soybeans with yields about 20% lower than the average soils.

²These yields assume average weather conditions and timely plant/harvest dates, except soybean double-crop yield, which is based on a July 1 planting date. Rotation corn, rotation soybean, and wheat yields for average soils are based on the long-run trends in state average yields reported by the Indiana office of the National Agricultural Statistics Service. Continuous corn yields are 94% of rotation corn yields. Double-crop soybean yields are 70% of full-season soybean yields. Continuous corn yields assume a chisel plow tillage system. Double-crop soybean yields apply to central and southern Indiana.

³Harvest corn price is December 2026 CME Group futures price less \$0.25 basis. Harvest soybean price is November 2026 CME Group futures price less \$0.35 basis. Harvest wheat price is July 2026 CME Group futures price less \$.35 basis. Harvest prices were based on opening prices on September 8, 2025. These prices will change.

Table 1 (Continued)

⁴Input prices for variable costs reflect expected prices for 2026. These prices will vary by location and time of the year. Users need to adjust these prices to reflect their own expectations and price situation.

⁵Phosphate, potash, and lime applications are based on Tri-State Fertilizer Recommendations (Source: Purdue Extension Bulletin, AY-9-32, July 1995). Nitrogen application rate for corn is based on research from the Department of Agronomy, Purdue University. Anhydrous ammonia is used as the nitrogen source for corn. Urea is used as the nitrogen source for wheat. Sulfur is applied on continuous corn, rotation corn, and rotation soybeans. Pounds of N, P₂O₅, K₂O, and lime by crop and soil were as follows: continuous corn, 240-58-63-720, 240-69-70-720, 240-80-79-720; rotation corn, 200-62-65-600, 200-73-73-600, 200-85-82-600; rotation beans, 0-41-91-0, 0-48-104-0, 0-56-118-0, wheat, 58-45-47-172, 84-54-52-251, 110-62-57-330; double crop beans, 0-29-70-0, 0-34-79-0, 0-39-89-0. Fertilizer prices per lb.: NH₃ @ \$0.48; urea @ \$0.66; P₂O₅ @ \$0.86; K₂O @ \$0.41; sulfur @ \$0.59; and lime @ \$0.59. For very poorly drained soils, consider increasing N rates by 5-10%. For well-drained soils, consider reducing N rates by 5-10%. All soil tests for phosphorus and potassium are assumed to be in the maintenance range, and the pH is in the recommended range.

⁶Corn seed prices assume a biotech variety with multiple traits. A 20%-refuge is planted with varieties that do not contain insect resistant traits, but do include herbicide tolerance. Seeding rates for corn are 27,000 seeds per acre on low productivity soils and 33,000 seeds per acre on average and high productivity soils. Soybean seed prices include Round-Up Ready® varieties. Rotation soybeans are drilled with a seeding rate of 169,000 seeds per acre with a 90% germination rate. Double-crop soybeans are drilled with a seeding rate of 195,000 seeds per acre. The seeding rate for wheat is two bushels per acre.

⁷Includes insecticides, herbicides, and fungicides. Pesticide costs can vary widely based on chemicals selected, required rate of application, and product pricing.

⁸Fuel used to dry crop to a safe moisture level for storage. For double-crop soybeans, the drying charge represents the drying of wheat in order to allow an earlier planting of soybeans.

⁹Repairs are based on approximately 5-year-old machinery. For older machinery, per acre repairs and downtime cost will be higher.

¹⁰Hauling charge represents moving grain from field to storage.

¹¹Interest is based on 8.0% annual rate for 9 months for seed, fertilizer, and chemicals, and for 6 months for half the machinery fuel and repairs, and all miscellaneous expenses.

¹²Includes crop insurance, general farm insurance, and miscellaneous cost. The cost of crop insurance represents the premium projected for a Revenue Protection (RP) policy at the 85% coverage level. Crop insurance is included in budgets for corn and full-season soybeans, but is not included for wheat and double-crop soybeans.

¹³Contribution margin is the return to labor and management, machinery ownership, land resources, and risk.

Table 2. Estimated per Acre Government Payments, Overhead Costs & Earnings for Low, Average, and High Productivity Indiana Soils

	Low Productivity Soil			Average Productivity Soil			High Productivity Soil			
	900 c-c	1000 c-b	2700 c-c	900 c-c	1000 c-b	2700 c-c	900 c-c	1000 c-b	2700 c-c	3000 c-b
Farm Acres Rotation ¹										
Crop contribution margin ²	\$28	\$146	\$28	\$100	\$227	\$100	\$204	\$327	\$204	\$327
Government payment ³	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Total contribution margin	\$78	\$196	\$78	\$150	\$277	\$150	\$254	\$377	\$254	\$377
Annual overhead costs:										
Machinery ownership ⁴	\$155	\$146	\$103	\$155	\$146	\$103	\$155	\$146	\$103	\$97
Family and hired labor ⁵	\$63	\$56	\$45	\$63	\$56	\$45	\$63	\$56	\$45	\$41
Land ⁶	\$205	\$205	\$205	\$261	\$261	\$261	\$319	\$319	\$319	\$319
Earnings or (losses)	-\$345	-\$211	-\$276	-\$329	-\$186	-\$259	-\$283	-\$144	-\$213	-\$80

¹Rotations are as follows: c-c = all of the farm acres in continuous corn; c-b = one-half of the farm acres in rotation corn and one-half in rotation soybeans.

²Crop's contribution margin is the per acre contribution margin from Table 1.

³It is assumed that the current farm bill will provide ARC-CO or PLC payments of \$50 per acre for the 2026 crops.

⁴The same basic machinery set, which is timely for each rotation, is used for both the c-c and c-b rotation. The larger farm size requires larger, more expensive machinery. Corn production utilizes a chisel plow tillage system, and soybeans utilize no-till. Average annual replacement costs for the larger farm size were calculated using the Purdue Machinery Cost Calculator for a timely machinery set. Seven-year trading policy is assumed for combine and planter, 10-year policy for other field machinery. On livestock farms where fewer hours each day are available for crops, or on small farms, machinery costs and/or labor costs will be higher. On well-drained soils where more days are suitable for spring field work, machinery costs could be lower. A 10-year trading policy was assumed for all machinery on the smaller acreages. Machinery ownership costs are likely to vary widely from farm to farm.

⁵For the larger acreages, operator labor expense incorporates information pertaining to total family living, net nonfarm income, and income and self-employment taxes obtained from FINBIN, Center for Farm Financial Management, University of Minnesota. The larger acreages also included hired labor. FINBIN data was used to compute hourly hired labor wages. For the smaller acreages, labor expense includes the same family living withdrawal and no hired labor. Labor costs are likely to vary widely from farm to farm.

⁶Based on 2025 cash rent per bushel of corn yield reported in the article entitled "Farmland Prices Increase Despite Downward Pressure," Purdue Agricultural Economics Report, August, 2025. Cash rents are expected to remain stable through 2026.

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Date: 9/9/25

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The Current Grain Farm Financial Position in a Longer-Term Perspective

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December 2, 2025

farmdoc daily (15): 221

Weekly Farm Economics

Recommended citation format: Schnitkey, G., N. Paulson, B. Zwilling, and C. Zulauf. "The Current Grain Farm Financial Position in a Longer-Term Perspective." *farmdoc daily* (15): 221, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, December 2, 2025.

Permalink: <https://farmdocdaily.illinois.edu/2025/12/the-current-grain-farm-financial-position-in-a-longer-term-perspective.html>

The current period of low grain farm profitability is placed in a longer-run context using financial data dating back to the 1990s, made available by Illinois Farm Business Farm Management (FBFM). Overall, 2024 was the lowest income year since the 1990s. While profitability currently is low, the liquidity and solvency positions of most grain farms remained strong at the end of 2024. However, continued low profitability will result in deterioration of liquidity and solvency. There is a need to lower operating expenses relative to gross farm returns. That will happen through higher grain farm prices, lower operating expenses, or a combination of the two. If grain prices do not increase, the reduction in operating expenses will require difficult adjustments. However, the current period of low prices is unlikely to lead to a financial crisis like the one in the 1980s.

Measures of Profitability, Efficiency, Liquidity, and Solvency

We summarize measures of financial performance for grain farms enrolled in Illinois Farm Business Farm Management (FBFM) that have financial statements certified usable by Illinois FBFM staff. Grain farms are those that receive over 50% of their income from grain operations. Hence, this article focuses on grain farms. To be certified usable, an operation must be a sole proprietor, meaning that partnerships and corporations are excluded from these summaries. Excluding partnerships and corporations results in less farms being summarized in the following tables. Profitability, liquidity, and solvency trends do not

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materially differ for partnerships and corporations from sole proprietors. Financial statements include balance sheets, income statements, and statements of cash flow.

Select financial results for the last five years are shown in Table 1 and divided into four sets of measures: profitability, efficiency ratios, liquidity, and solvency. These measures represent the usual measures by which the financial performance of businesses is evaluated. Each set will be discussed in the following sections. For one measure in each set, data will be shown back in the 1990s. Longer histories of comparable data are not available as Illinois FBFM significantly changed its financial statements in the 1990s, introducing a much more rigorous and systematic evaluation of the total financial position based on the above four sets of measures. One impetus for these measures was the farm financial crisis of the 1980s. That crisis indicated the need to not only measure a farm's cash flow, but also evaluate profitability, liquidity, and solvency.

Table 1. Profitability, Liquidity, and Solvency Measures of Grain Farms Enrolled in Illinois Farm Business Farm Management*



		2020	2021	2022	2023	2024
Profitability	Farm Operating Income	\$170,000	\$302,000	\$339,000	\$24,000	-\$15,000
	Operating Expense	0.62	0.54	0.58	0.81	0.83
Efficiency Measure Ratios	Interest	0.03	0.02	0.02	0.03	0.04
	Depreciation	0.10	0.08	0.07	0.10	0.12
	Farm Operating Income	0.23	0.34	0.31	0.04	-0.01
	Working Capital	\$336,000	\$494,000	\$608,000	\$511,000	\$372,000
Liquidity	Current Ratio	2.45	3.23	3.59	3.12	2.47
	Liabilities	\$892,000	\$925,000	\$984,000	\$1,075,000	\$1,115,000
Solvency	Net Worth	\$3,293,000	\$3,776,000	\$4,273,000	\$4,549,000	\$4,532,000
	Debt-to-assets	0.206	0.191	0.175	0.174	0.187

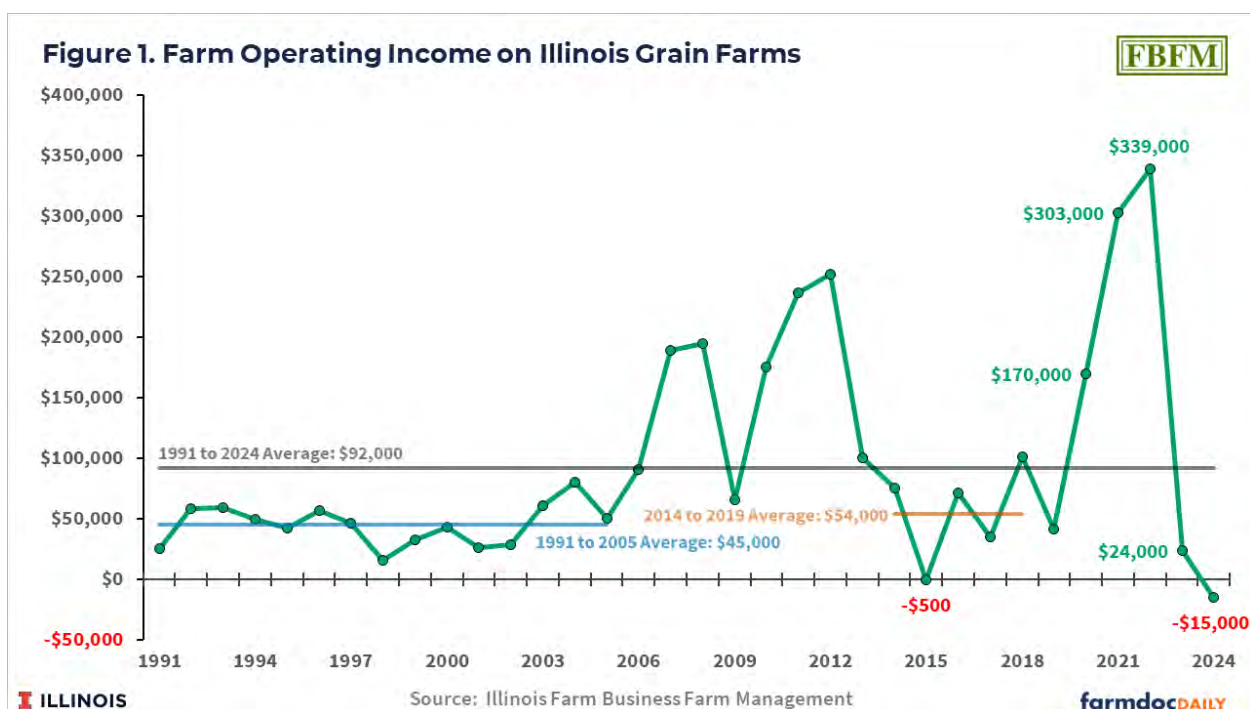
* Taken from summaries of financial statements for each listed year.

Profitability

Farm operating income is a measure of profitability and equals gross farm returns minus operating, depreciation, and interest expenses. Gross farm returns include cash sales, government payments including those from commodity title programs and ad hoc programs, crop insurance receipts, and net changes in inventories and accounts receivables.

Farm operating income has been highly variable over the last five years, beginning at \$170,000 per farm in 2020, moving up to \$339,000 in 2022, then falling to -\$15,000 per farm in 2024 (see Table 1). The increase to \$339,000 in 2022 was associated with higher commodity prices that followed the Covid-19 pandemic, short supplies in South America, and were further exacerbated by the Ukraine-Russia war. Commodity prices have fallen since 2022, resulting in negative farm operating income in 2024.

Figure 1 shows farm operating income from 1991 to 2024. From 1991 to 2024, farm operating income averaged \$92,000, with noticeable periods in the data. From 1991 to 2005, farm operating income averaged \$45,000 per farm. Incomes then rose as ethanol use increased, boosting demand for corn, with farm operating income reaching a high in 2012 of \$252,000 per farm. As commodity prices declined from 2012 highs, income fell, averaging \$54,000 between 2014 and 2019 slightly above what that average from 1991 to 2005.



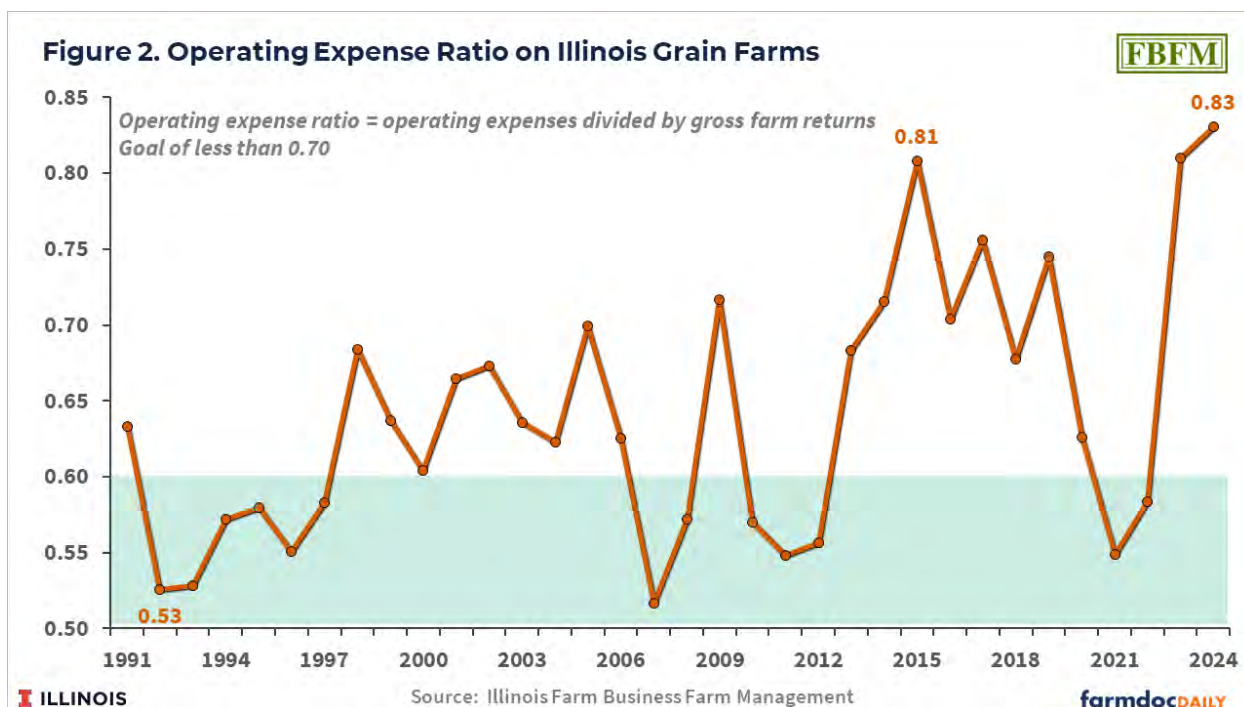
The last five years have seen the highest farm operating incomes of \$339,000 in 2022 and the lowest of -\$15,000 in 2024 over the period since 1991. The only other year in which farm operating income was negative was 2015, when it averaged -\$500 per farm.

The current low-income level is concerning. Corn and soybean prices are not expected to increase substantially from current levels for the foreseeable future. Moreover, government assistance has been important to farm incomes in recent years. In 2024, gross farm returns included an end of year accounts receivable for Economic Assistance Payments that were part of the American Relief Act of 2024 (see *farmdoc daily*, [January 7, 2025](#)). Without those payments, 2024 farm operating incomes would have been \$30,000 lower, or -\$45,000 per farm.

Efficiency Ratios

Efficiency ratios have gross farm returns in their denominator. The numerators are either expense categories or farm operating income. For example, the operating expense ratio equals operating expenses divided by gross farm returns. For the three expense efficiency measures — operating, interest, and depreciation — lower values are preferred. For the operating expenses ratio, a goal of being below .60 is often used. The operating expenses ratio declined from 0.62 in 2020 to 0.58 in 2022 (see Table 1). As revenue fell in 2024, the operating ratio increased to .83, meaning that operating expenses accounted for 83% of gross farm returns.

The operating expense ratio exhibited a general trend up during the 1990s up to 2015 (see Figure 2). The operating expense ratio was 0.53 in 1992, reaching a high of 0.81 in 2015. The high in 2015 was associated with a decline in commodity prices and negative profitability. The 2024 value of .83 is the highest this ratio has been since 1990 (see *farmdoc daily*, [April 9, 2025](#) for further analysis of the operating expense ratio).



If revenues do not increase in future years, operating expenses will need to decline to reduce the operating expense ratio. A decline below 80 percent is needed, as both times when the operating expense ratio has been above .80, farm operating income has been negative.

Liquidity

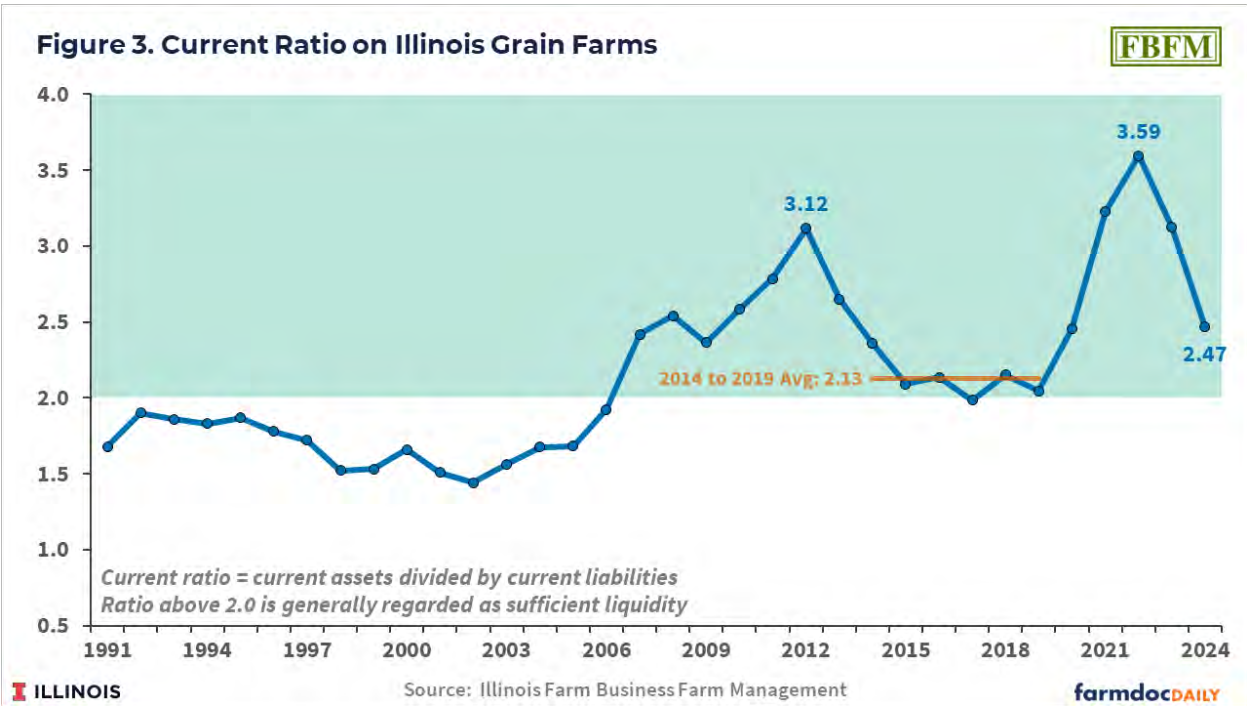
Liquidity measures a farm's ability to cover short-term debt with liquid, short-term assets. Liquidity is typically measured by:

- Working capital, which equals current assets minus current liabilities. For grain farms, large amounts of current assets are typically in cash, prepaid expenses for next year's crops, and grain inventories. Current liabilities usually include operating loans, current portions of longer-term debt, and accrued tax liabilities.
- Current ratio is current assets divided by current liabilities. The current ratio measures current assets to liabilities; a ratio above 2.0 is generally regarded as sufficient liquidity.

Liquidity provides a farm with resources to meet adverse financial results that may occur in the future, as well as funds to make any investments that become available.

Working capital reached a high of \$608,000 per farm at the end of 2022 (see Table 1). That high corresponds to the record farm operating income. From the 2022 high, working capital declined to \$372,000 at the end of 2024, a \$236,000, or 38%, decrease. Negative profitability contributed to the decrease in liquidity.

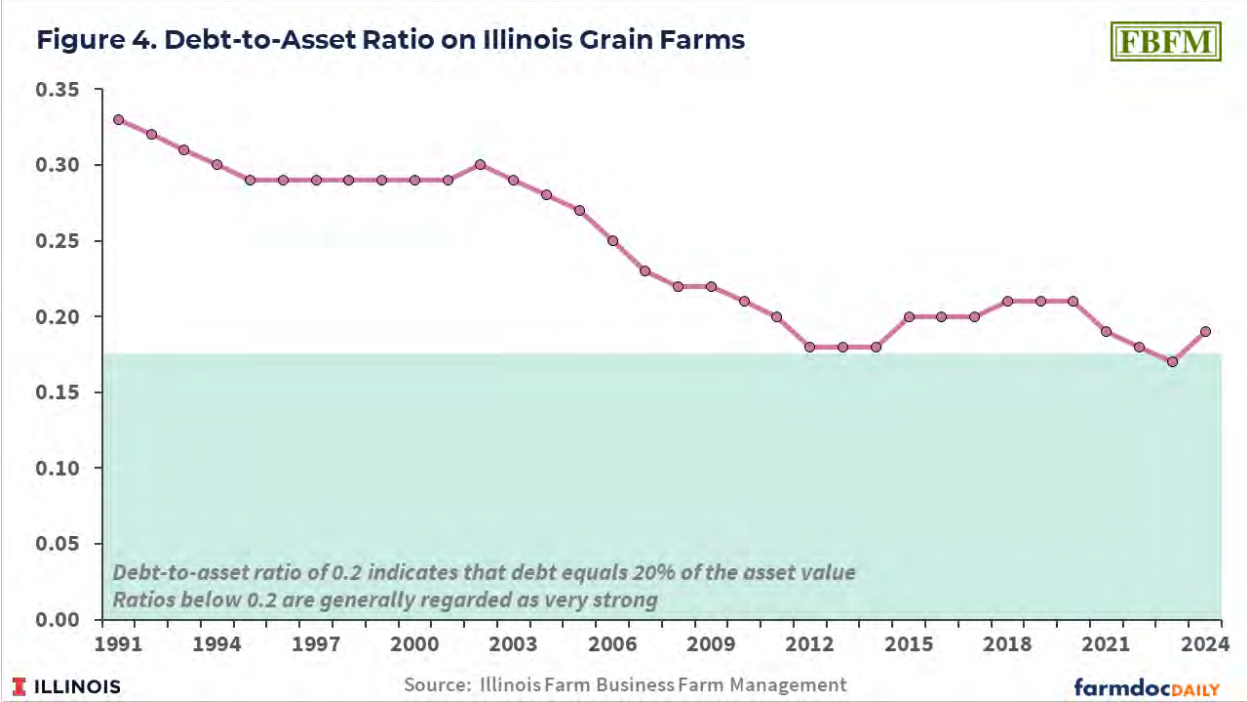
Similarly, the current ratio has declined from 3.59 at the end of 2022 to 2.47 at the end of 2024 (see farmdoc Daily, January 9, 2025, for further analysis of the current ratio). The 3.59 value at the end of 2022 was the highest level since 1991 (see Figure 3). The previous high was in 2012 with a 3.12 value. While the ratio at the end of 2024 declined from 2022 levels, a 2.47 level still represents good liquidity and is above the 2014 to 2019 average of 2.13. However, another year of lower income in 2025 could bring the current ratio back to levels seen in 2014-2019.



Solvency

Solvency is a firm’s ability to pay all its debts with its assets. A standard measure of solvency is the debt-to-asset ratio. A debt-to-asset ratio of .2 indicates that debt equals 20% of the asset value. Debt-to-asset ratios above 1.0 mean that a firm is technically insolvent. Ratios below 0.2 are generally regarded as very strong.

Over time, the average debt-to-asset ratio has declined from 0.33 in 1991 to 0.177 in 2012 (see Figure 4). From the 2012 low, the average debt-to-assets ratio increased to .209 in 2019. From the 2019 level, the debt-to-asset ratio decreased to 0.174 at the end of 2023, then increased to 0.187 at the end of 2024. The 2024 average represents a relatively low ratio from a historical perspective, and remains in the very strong category. Still, the increase from 2023 to 2024 was the largest yearly increase since 1991.



Summary

Profitability in 2024 was negative and the lowest since 1990, when comparable data have been available from FBFM. That low profitability corresponds to very high operating expense ratios. For profitability to return to grain farms, either:

1. Gross farm returns have to increase while costs remain the same. The most likely way gross returns could increase is through higher commodity prices. Continuation of ad hoc government payments could help maintain gross farm returns.
2. Costs decline while gross farm returns remain the same. Cost declines would have to come from the larger cost categories, such as fertilizer, seed, pesticides, or farmland rental.
3. Some combination of 1 and 2 above.

While profitability is low, the average liquidity and solvency positions remain strong. Most farms have the financial resources to withstand current low levels of profitability. Still, liquidity and solvency are eroding, and this will become more troublesome if future profitability remains low.

While the average liquidity and solvency positions are strong, some farms will face difficulties as their liquidity and solvency is not as strong as the average (for some indication of variability, see *farmdoc daily*, [October 17, 2025](#), and [October 31, 2025](#)). Those farmers facing greater difficulties are likely younger and have more of their land base cash-rented. As always, established farmers face fewer difficulties during periods of low profitability.

We note that ad hoc government assistance payments were a significant source of revenue in 2024 and in earlier years. Ad hoc payments likely will continue. While those payments do provide aid to farmers, they also forestall cost declines. Cash rents and input prices would be lower if those ad hoc payments had not occurred. As a result, ad hoc payments do present long-term difficulties. If those payments end without an increase in commodity prices, farm adjustment will likely be more difficult.

Invariably, questions exist whether this period is similar to the 1980s. The nature of the events that caused the 1980s financial crisis differs from the current low-profitability crunch. In the 1970s and 1980s, debt ratios were much higher on farms. Then interest rates rose substantially during the early 1980s as the Fed raised rates to combat inflation. Higher interest rates led to negative cash flows on farms. Farmland prices fell precipitously, leading to many farms becoming insolvent. In 2025, interest rates remain below levels of the 1980s, and farmland prices do not appear to be ready to experience declines like those in the 1980s.

The 1980s highlighted the need to monitor liquidity and solvency and yielded two significant outcomes. First, farmers and lenders became fundamentally more conservative in their use of debt. That can be seen by the lowering of debt-to-asset ratios through the 1990s and into the 2000s (see Figure 4). Second, the preparation of financial statements became standard in the Midwest. Tom Frey and Danny Klinefelter of the University of Illinois released their "Coordinated Financial Statements for Agriculture." The University of Minnesota, under the leadership of Dick Hawkins, released [FinPack](#). The [Farm Financial Standards Council](#) developed financial guidelines for agriculture. [FBFM](#) adopted a coordinated financial approach to statement preparation.

Today's strong solvency and monitoring suggest that widespread bankruptcies in the Midwest like those in the 1980s are not likely to occur in the short- to medium-term. Instead, lenders will restrict the amount of debt funds available to farmers. That constriction will cause many farm operations to change their operating procedures by lowering costs and farmland rents. Most operations will be successful in making those changes. Others will choose to exit the farming industry before solvency erodes and net worth disappears.

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Midwest Farmland Values Ended 2025 with Solid Growth

By [David Oppedahl](#) , [Elizabeth Kepner](#)

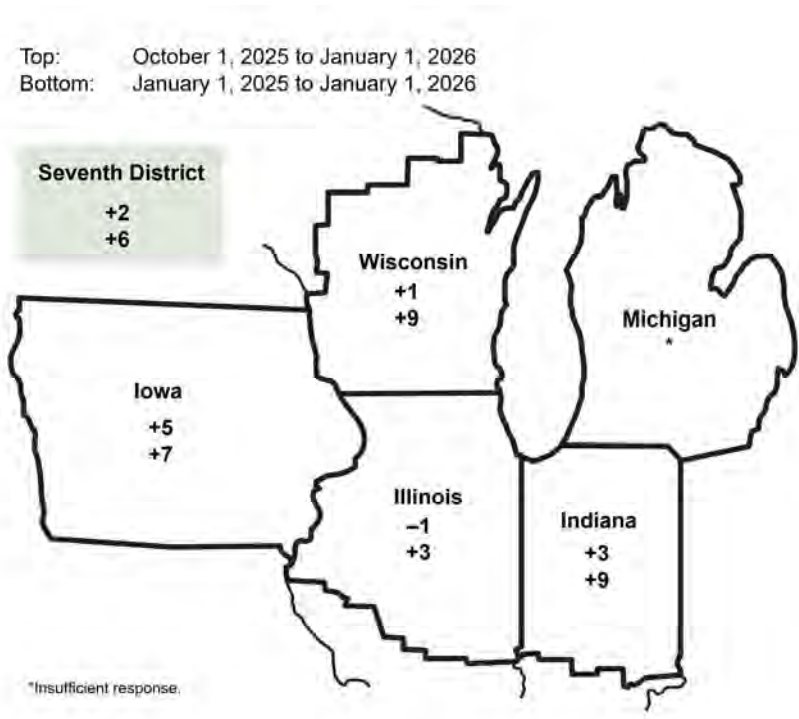
[Agricultural and Natural Resource Economics Regional Economy Agriculture](#)

Read our *AgLetter Insights* Q&A with author David Oppedahl next week for further insights into Seventh District farmland values and agricultural credit conditions described in this issue of *AgLetter*.

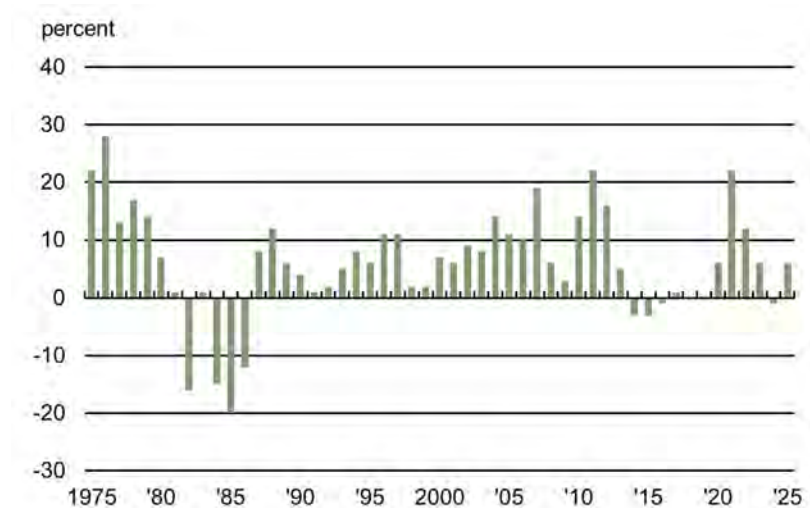
Farmland values

An annual increase of 6% in the Seventh Federal Reserve District’s agricultural land values in 2025 reversed the modest decrease in 2024. Values for “good” farmland in the District moved up 2% in the fourth quarter of 2025 from the third quarter, according to 102 respondents from agricultural banks who completed the January 1 survey (figure 1). Illinois, Indiana, and Iowa had single-digit annual increases in their farmland values for 2025, following annual decreases for 2024. Wisconsin also had an annual increase in agricultural land values for 2025, which was slightly higher than last year’s increase. From 2014 through 2019, the yearly changes in District farmland values were somewhat negative to flat. In contrast, there were annual increases in farmland values from 2020 through 2025, except for in 2024, when there was a small decline (see figure 2).

1. Percent change in dollar value of “good” farmland



2. Annual change in Seventh District farmland values



Source: Authors' calculations

based on data from Federal Reserve Bank of Chicago surveys of farmland values.

Credit conditions

Agricultural credit conditions continued to deteriorate in the fourth quarter of 2025. The share of the District's farm loan portfolio assessed as having "major" or "severe" repayment problems was 5.6% in the fourth quarter of 2025—the highest it's been since the second quarter of 2020. Repayment rates for non-real-estate farm loans were lower in the October through December period of 2025 compared with a year ago, and the renewals and extensions of these loans were higher (see figure 3). In the final quarter of 2025, demand for non-real-estate farm loans relative to a year ago was up for the ninth consecutive quarter, while the availability of funds for agricultural lending relative to a year earlier was down for the 11th consecutive quarter.

The breakdown of the index numbers for the fourth quarter of 2025 follows:

- The index of demand for non-real-estate farm loans was 135 for the fourth quarter of 2025; 47% of survey respondents observed higher loan demand compared with a year ago, while 12% observed lower demand.
- The index of funds availability was 83 for the fourth quarter of 2025; 20% of survey respondents noted that their banks had less funds available to lend than a year ago, while 3% noted they had more.
- The index of loan repayment rates for non-real-estate agricultural loans in the fourth quarter of 2025 was 69; 32% of responding bankers noted lower rates of loan repayment than a year ago, while 1% noted higher rates.

- The index of loan renewals and extensions of non-real-estate farm loans was 134 in the fourth quarter of 2025; 35% of survey respondents reported more of them than a year earlier, while 1% reported fewer.

At 79.6% in the fourth quarter of 2025, the District’s average loan-to-deposit ratio was higher than that of the previous 25 quarters (and over 2 percentage points lower than the level desired by responding bankers). Notably, 30% of survey respondents’ banks tightened their credit standards for farm loans in the fourth quarter of 2025 compared with a year earlier, while 69% of the respondents’ banks kept their credit standards essentially unchanged. With that said, 77% of responding bankers noted that their banks did not raise the amounts of collateral required for customers to qualify for non-real-estate farm loans during the final quarter of 2025 relative to a year ago, while 23% noted their banks required larger amounts. Agricultural interest rates edged down from the end of the third quarter to the end of the fourth quarter of 2025 and were last lower at the end of the third quarter of 2022.

3. Credit conditions at Seventh District agricultural banks

	Latest period	Prior period
	2025:Q4	2025:Q3
Indexes^a		
Loan demand	135	127
Funds availability	83	90
Loan repayment rates	69	64
Loan renewals and extensions	134	134
Average loan-to-deposit ratio^b	79.6	76.9
Interest rates on farm loans^c		
Operating loans	7.11	7.47
Feeder cattle loans	7.25	7.57
Real estate loans	6.63	6.82

^a Bankers responded to each item by indicating whether conditions in the current quarter were higher or lower (or the same as) in the year-earlier quarter. The index numbers are computed by subtracting the percentage of banks that responded “lower” from the percentage who responded “higher” and adding 100.

	Latest period	Prior period
	2025:Q4	2025:Q3

^b During period (in percent).

^c At end of period (in percent).

Note: Historical data on Seventh District agricultural credit conditions are [available online](#).

Looking forward

There were fewer responding bankers (7%) who projected agricultural land values to go up in the next quarter (in this case, the first quarter of 2026) than those who projected them to go down (20%). Moreover, survey respondents at the start of 2026 decisively predicted capital expenditures by farmers would once again be lower in the year ahead than in the year just ended for land purchases or improvements, as well as for buildings and facilities, machinery and equipment, and trucks and autos. In addition, farm real estate loan volumes were narrowly forecasted to be smaller in the first three months of 2026 compared with the same three months of 2025. Nevertheless, non-real-estate loan volumes (specifically for operating loans, feeder cattle loans, and loans guaranteed by the U.S. Department of Agriculture’s Farm Service Agency) were forecasted to be larger in the first three months of 2026 compared with the same three months of a year earlier. Over this time frame, lending for dairy, farm machinery, and grain storage construction was expected to decline relative to a year ago.

According to survey respondents at the beginning of 2026, 3.8% of their farm customers with operating credit in the year just past were not likely to qualify for new operating credit in the year ahead (above the survey’s level at the start of 2025). This survey result, combined with the rise in loans with repayment problems and somewhat tighter credit standards, suggests District agricultural credit conditions may deteriorate further in the year ahead. As a banker from Illinois commented, “2026 is going to be a challenge for many producers with higher input prices.” Yet, the outlook still offers some hope for Midwest farmers, particularly given stronger farmland values, government support of farm operations, and lower recent agricultural interest rates.

Opinions expressed in this article are those of the author(s) and do not necessarily reflect the views of the Federal Reserve Bank of Chicago or the Federal Reserve System.



Family Update: Matt and Kendra

Another year past and a new year started! Times keep getting busier in our house.

We have a teenager this year. Ryker is now 13! He is doing excellent in school, and will get to begin taking college classes at DMACC next year. Ryker continues to be one of the best wrestlers in Iowa middle school. A lot of time and work goes into his training.

Xander is also doing great in school. He loves swimming and just qualified for the Iowa state swim championships. He also spends his time playing soccer.

Zane is really starting to improve in school and finding his groove. Zane spends his time working hard at wrestling and soccer.

The boys all love spending time playing with their dog Winnie. At times fighting occurs of who gets to play with their dog!

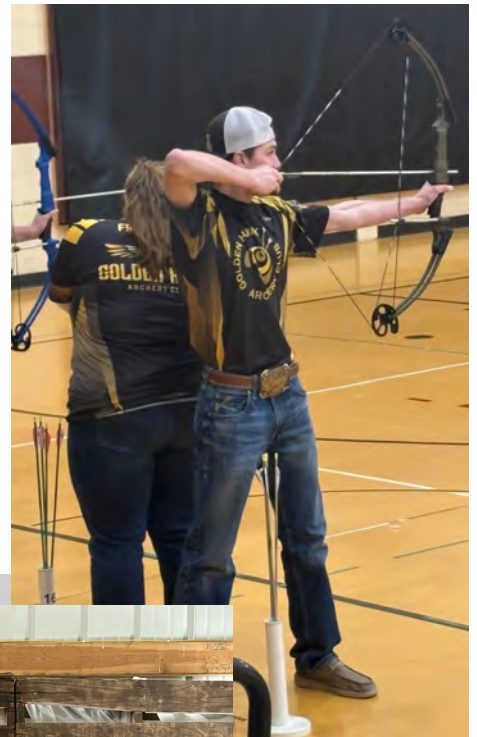


Family Update: Dustin & Barbie

The Fords have embarked on a new chapter this year. Peighton, (19), graduated from Mid-Prairie High School and is now a freshman at Iowa State University. She is enjoying her classes as an Animal Science major and was happy to report she made the Dean's List her first semester. She has gotten involved on campus, has joined the Pi Beta Phi sorority and has made many friends from all over the US. She will be spending her summer as an intern at Christiansen Farms in Sleepy Eye, MN. She is looking forward to this outstanding learning opportunity.

Cy, the Corgi, has made a few road trips to Ames to see Peighton. He enjoys touring campus, going to outdoor restaurants and visiting Pi Phi.

Preston, (15), is now a freshman in high school. He's enjoying being an only child for the first time in his life. He has started his 5th season of archery and is well on his way to the State Tournament. He has his sights set on making it to the World's Tournament this year, so we will see if he can achieve that! He is enjoying being involved in FFA and all of the fun opportunities that will come his way.



Family Update: Mike & Katy



2025 was fast-paced and full of adventure for the Normans! Between pig shows, archery, dance, and a few fun vacations, it has been a year to remember. Hayden and Lane are in 8th grade this year and continue to explore their interests while thinking about what the future might hold. Lane loves working on the farm whenever time allows. This fall, he learned how to operate the X9 combine and spent part of the winter in the shop alongside our diesel mechanics, gaining hands on experience. Hayden continues to look forward to her Ag and Spanish classes and still has her sights set on attending Vet school one day. Her love for animals only continues to grow.



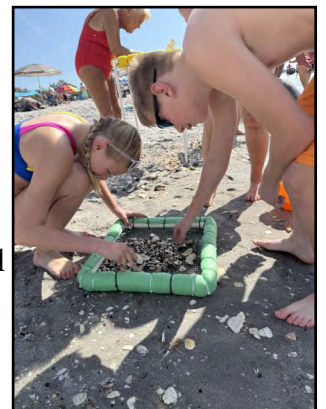
Showing pigs remains a big part of our lives, and the whole family spends plenty of time in the barn. Lane celebrated some major wins this year with his Market Gilt, Remy. She was named Champion Market Gilt at the county fair and went on to win her class at the State Fair. Jaeger, his Poland, earned him a banner at Aksarben and placed 3rd in class at the American Royal.



Hayden had an impressive year as well. She placed 3rd in the Hampshire breed at the State Fair with her Market Gilt, CC, and did well with her Yorkshire Gilt, Malibu, at Aksarben. Her standout show this year was NAILE in Louisville, KY a new experience for our family. She placed 5th in showmanship and worked her way up to 3rd in class with her favorite boy Templeton.



We also made time for a couple family vacations without livestock! In February, the kids joined us in Florida for agricultural meetings, followed by a few days with Katy's parents in Fort Myers. We even made a trip to a nearby beach famous for shark teeth and spent the entire day panning.



We ended the year in Pigeon Forge, TN, and Asheville, NC. This trip focused on history, with visits to several museums and time spent exploring the beautiful Biltmore Estate. Everyone enjoyed the experience, and we all came home having learned something new.