

Farmland Values and Rental Agreements in Illinois for 2027



College of Agricultural,
Consumer &
Environmental Sciences

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farmdoc

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Topics

- Farm Returns and Income
- Rental Basics
- Cash Rents
- Farmland Prices
- Some Observations



Which best describes your interest in farmland?

- ☐ Farmer
- ☐ Farmland owner
(landlord, not farming)
- ☐ Involved in agriculture
(agribusiness, lender, policy, farm manager, etc.)
- ☐ Just interested or curious



What do you expect the cash price of corn to average over the next year?

- ☐ Less than \$4.00
- ☐ Between \$4.00 and \$4.50
- ☐ Between \$4.50 and \$5.00
- ☐ Over \$5.00

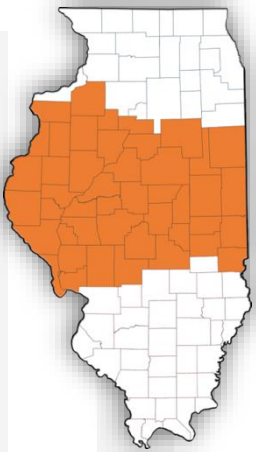
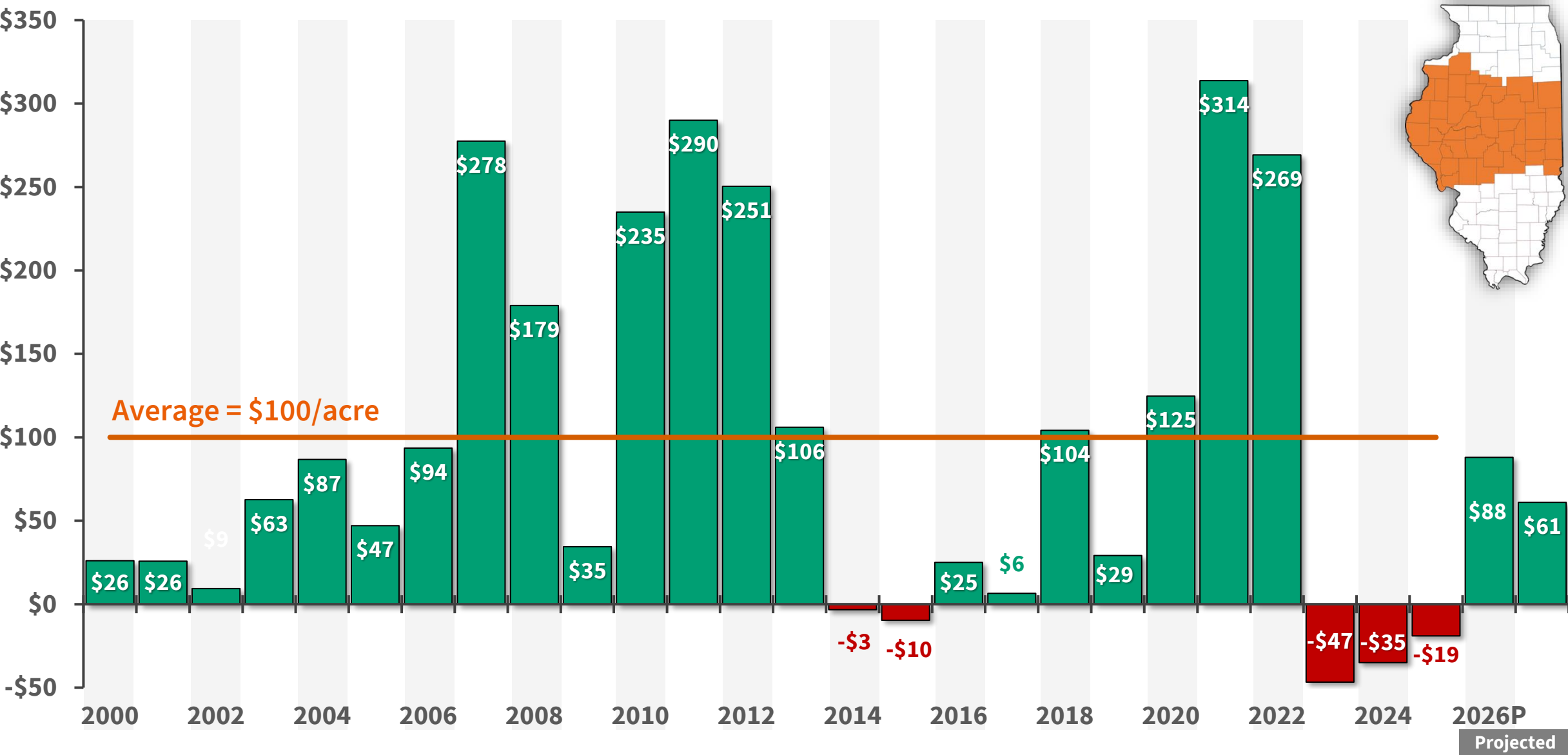


Farm Returns and Income



Farmer Returns to a 50% Corn – 50% Soybean Rotation (\$ per acre)

Central Illinois, Cash Rented Farmland, 2000 to 2027P



Dec 2026 Corn Contract

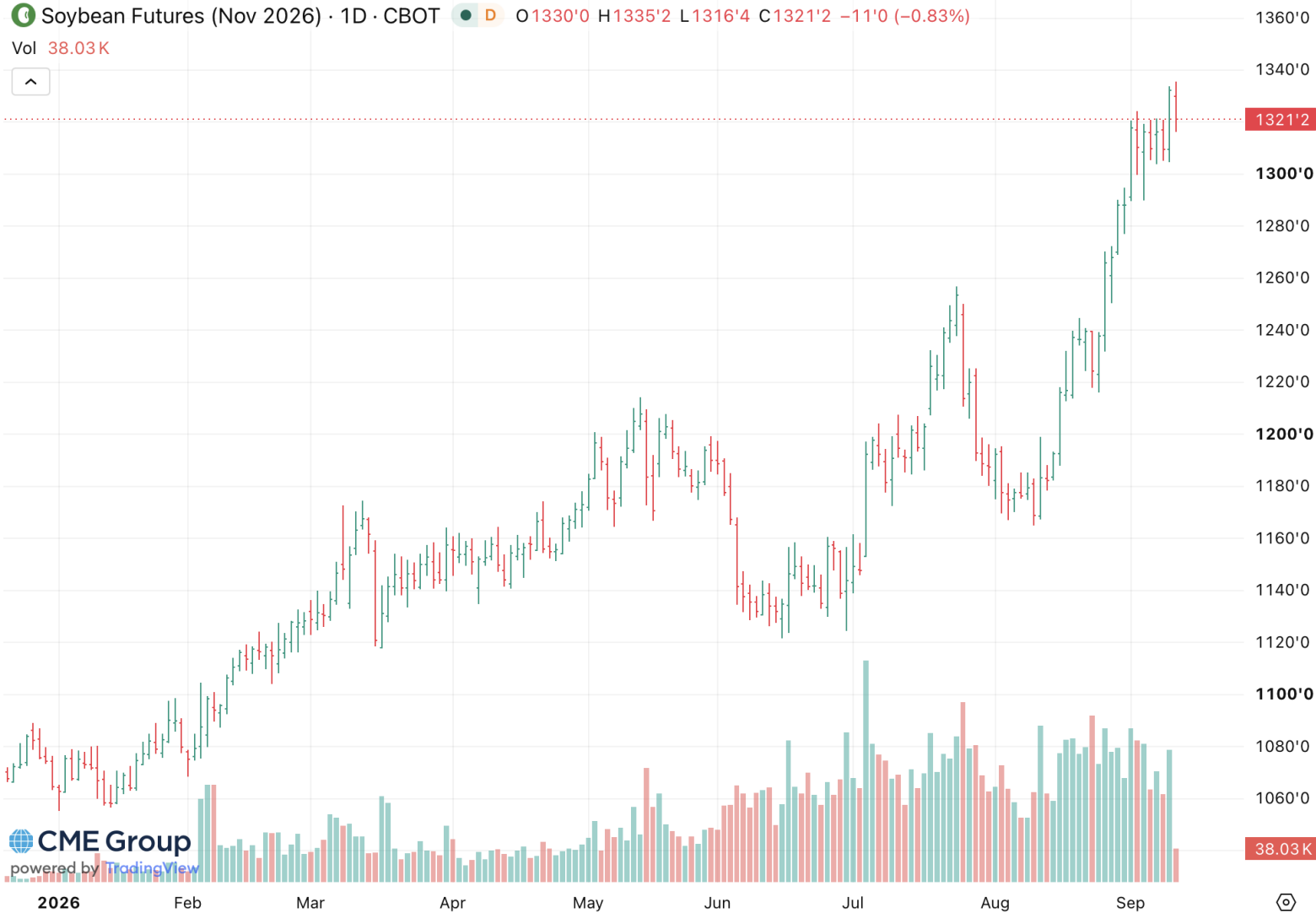


Projected Price = \$4.62

Harvest prices at current December levels mean that yield losses will need to occur before crop insurance payments.

This may be the case on ECO policies (95% and 90%)

November 2026 Soybean Contract

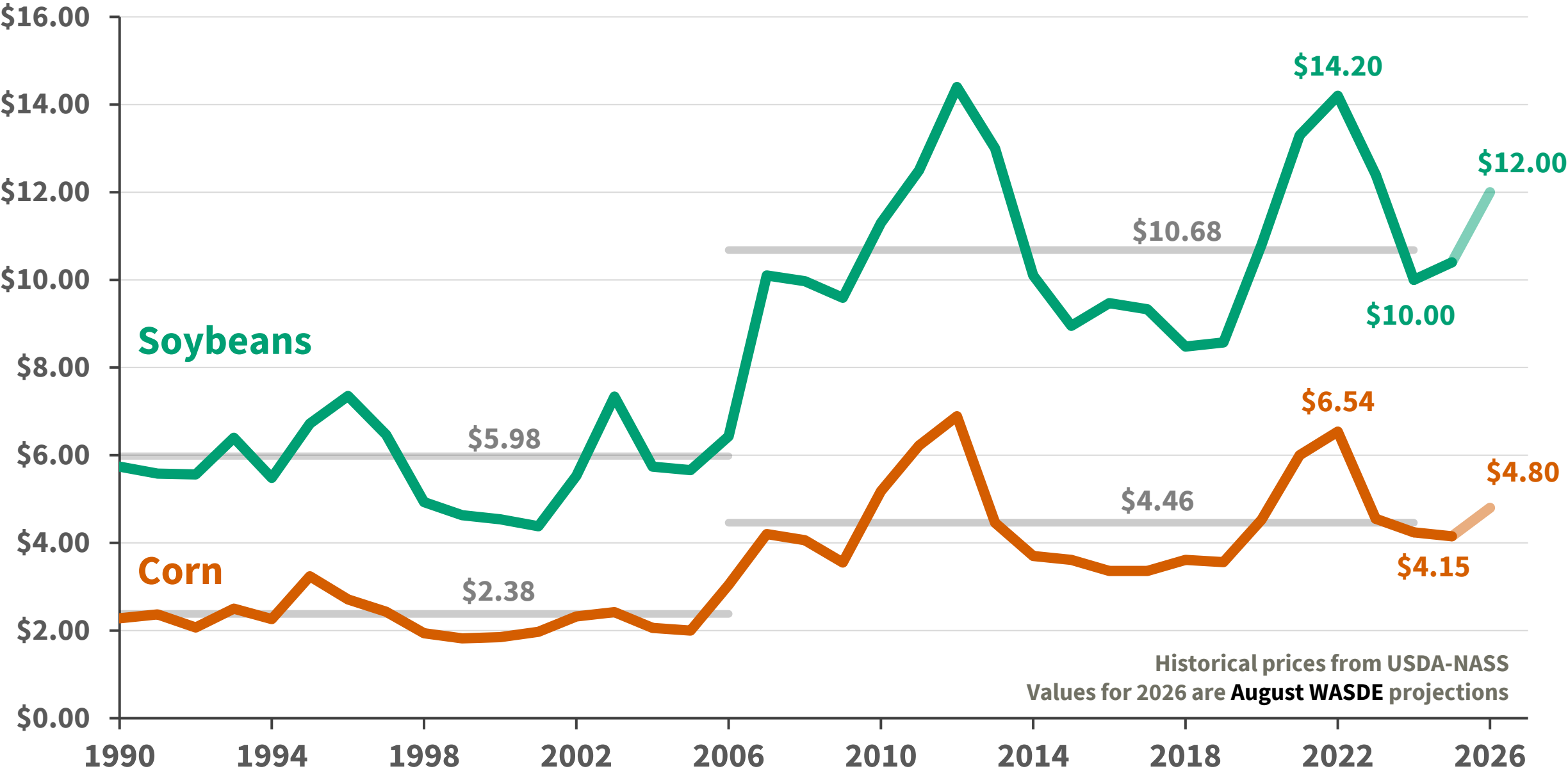


Projected Price = \$11.09

Harvest prices at current November levels mean that yield losses will need to occur before crop insurance payments.

This may be the case on ECO policies (95% and 90%)

U.S. Market Year Average Prices for Corn and Soybeans 1960 to 2026P



The Crop Price Outlook

What's Moving the Market?

What caused the current price increase:

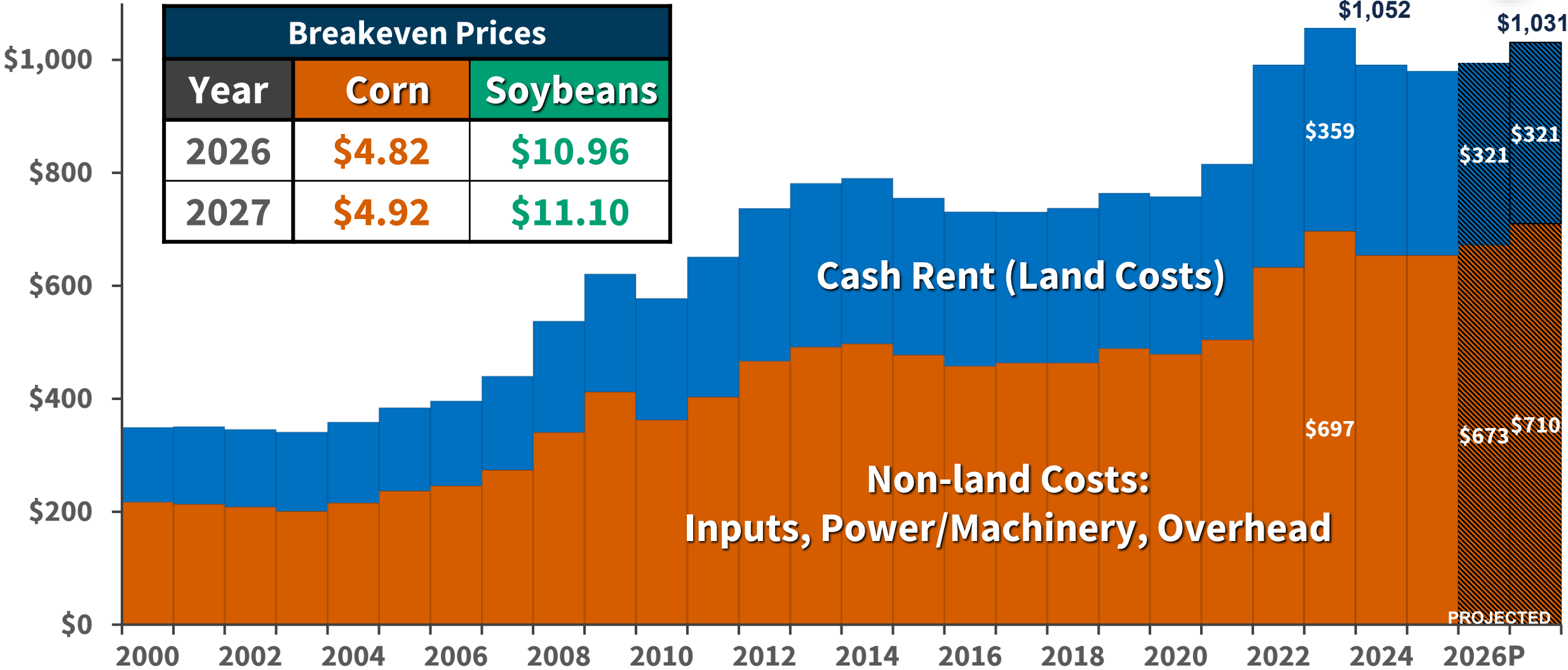
- Ukraine-Russia conflict heats up
- Lower yield forecasts (not necessarily from USDA)
- Hopes about bio-fuels

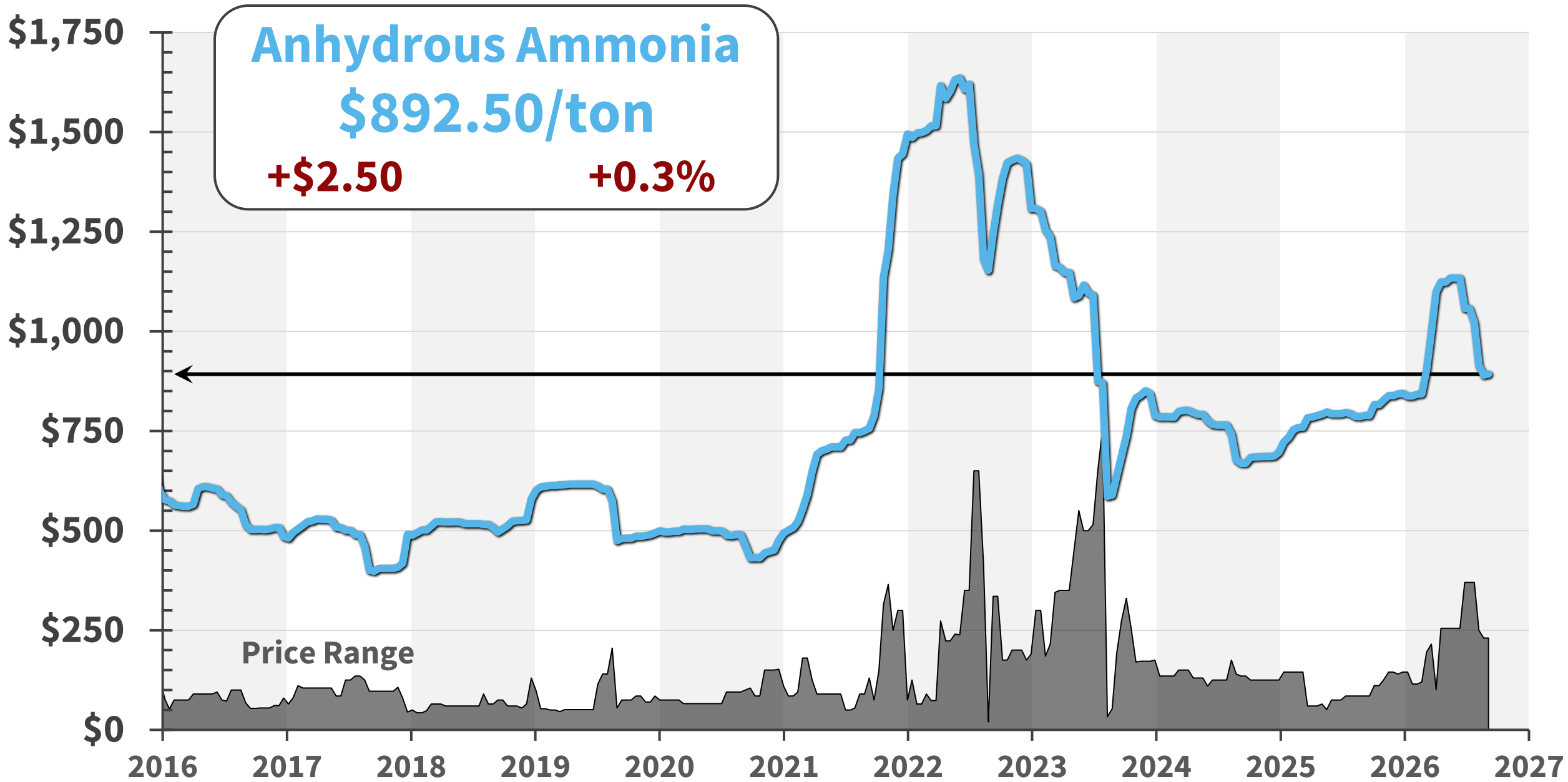
What could lead to lower prices:

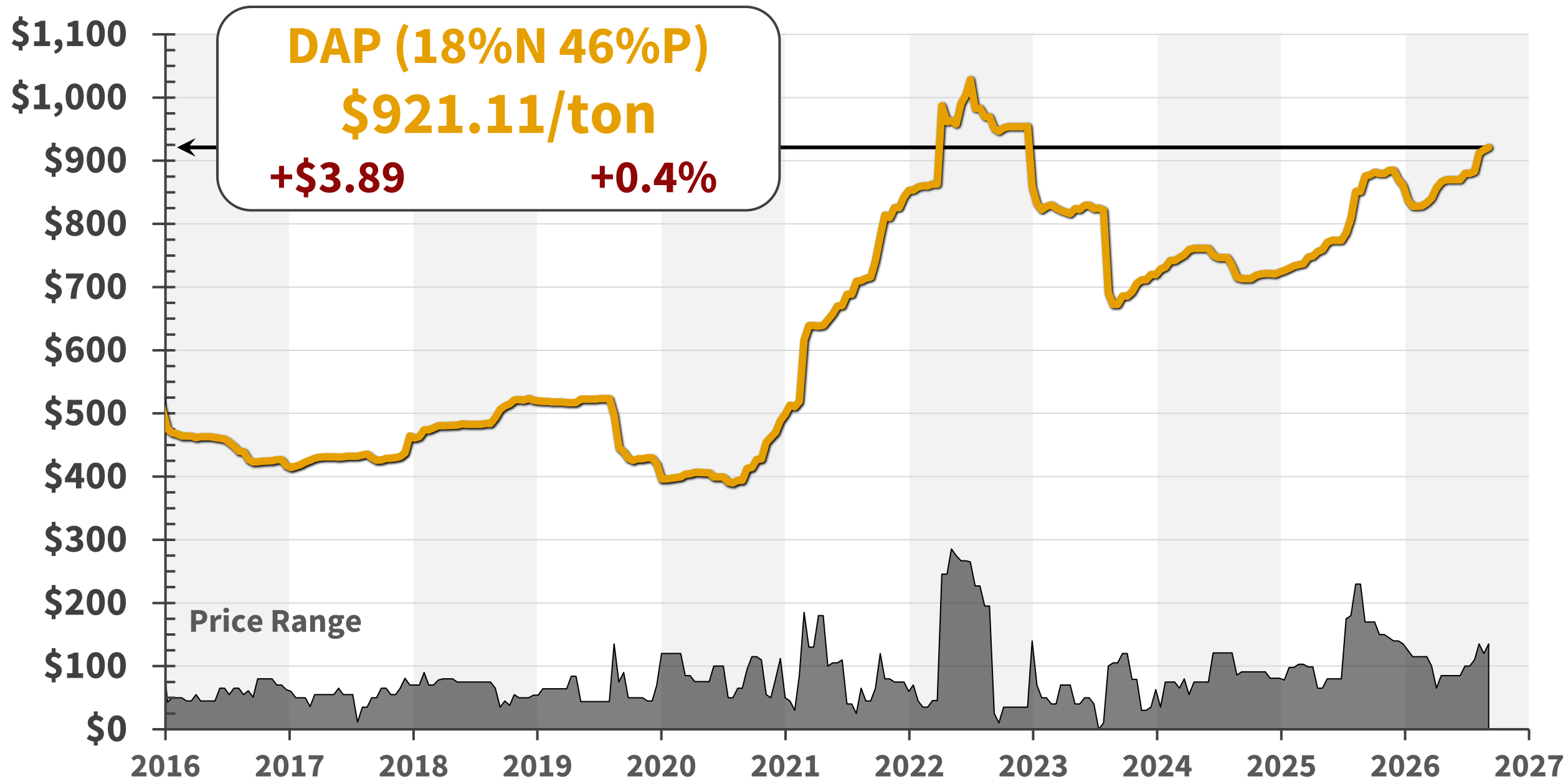
- Yield, in fact, are not lower
- The world settles down
- Continued trade wars with China
- Expansion, good crops in Brazil

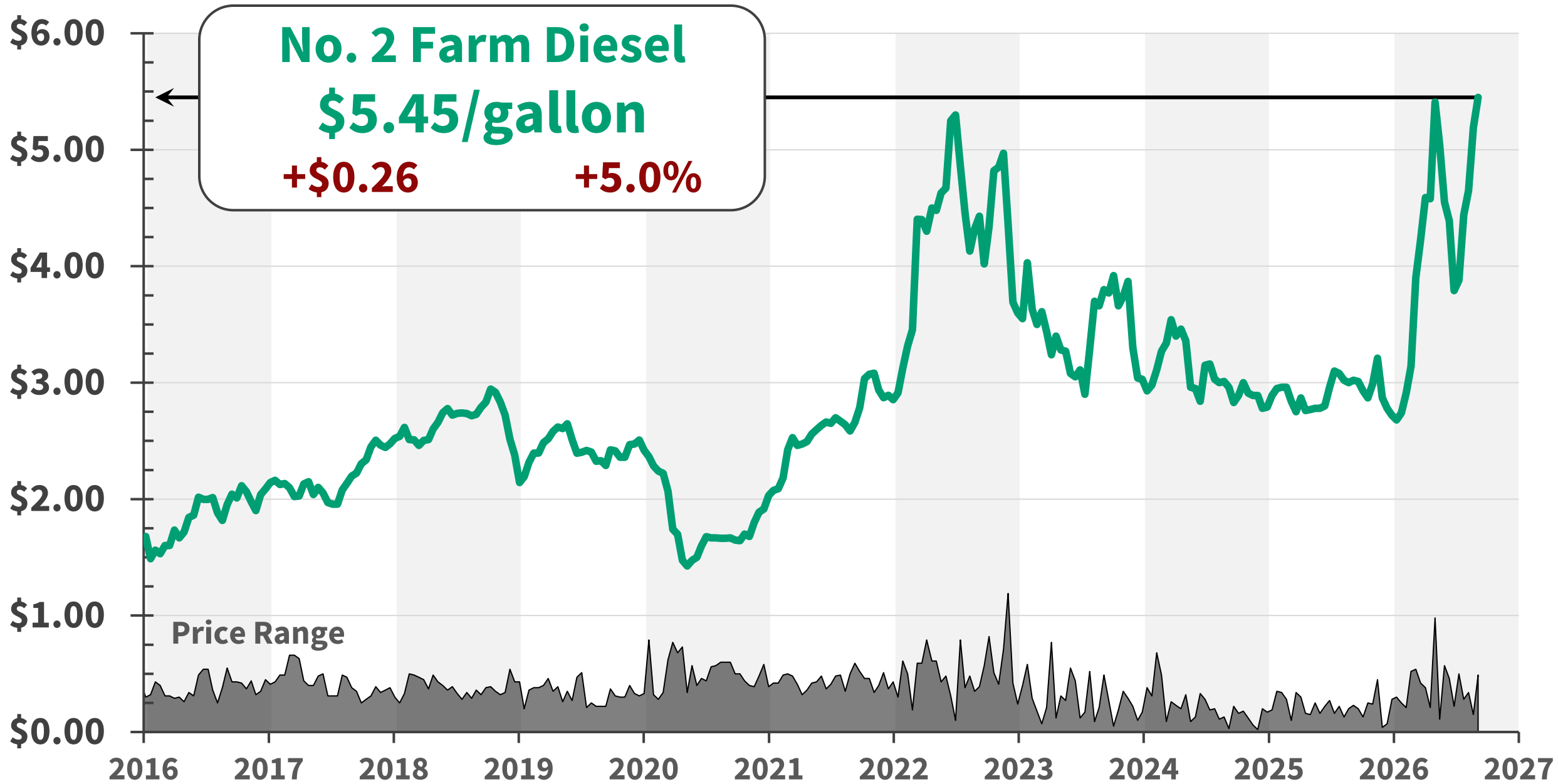
Production Costs for Central Illinois in \$ per acre

50-50 Corn-Soy Rotation, 2000 to 2027P









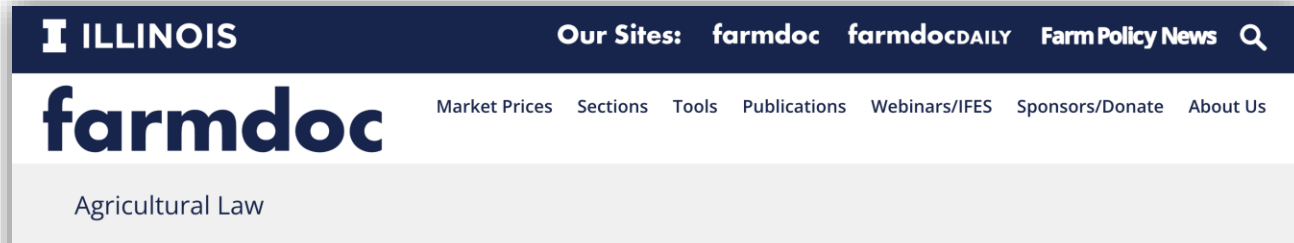
Economic Outlook

- Outlook for 2026 and 2027 has brightened because of higher commodity prices
- Costs are high and likely rising
- Downside risks
- Still thinking long-run prices are at **\$4.50 per bushel for corn** and **\$10.50 for soybeans**. Geo-political events are at the forefront in impacting prices.

Rental Basics



Farmland Leasing and Rental Forms on farmdoc



<https://farmdoc.illinois.edu/agricultural-law>

Illinois Farmland Leasing and Rental Forms

Crop Share Lease Form – PDF

May 19, 2006

The lease form represents a basic model for an agricultural lease. The parties to the lease or their legal counsel may wish to consider modifications to better meet the needs of the particular landowner or tenant. Form is fillable PDF format.

[Read more](#)

Illinois Cash Farm Lease Form – PDF

October 8, 2019

The lease form represents a basic model for an agricultural lease. The parties to the lease or their legal counsel...

[Read more](#)

Livestock Share Lease Form – PDF

February 8, 2005

The lease form represents a basic model for an agricultural lease. The parties to the lease or their legal counsel may wish to consider modifications to better meet the needs of the particular landowner or tenant. Form is fillable PDF format.

[Read more](#)

Conservation Habitat Addendum – PDF

September 26, 2019

This addendum can be used for either the Illinois Fixed Cash Lease Form or Illinois Crop-Share Farm Lease, or any other lease.

[Read more](#)

Fixed Cash Rent Lease Form – Short Form – PDF

May 19, 2006

The lease form represents a basic model for an agricultural lease. The parties to the lease or their legal counsel may wish to consider modifications to better meet the needs of the particular landowner or tenant. Form is fillable PDF format.

[Read more](#)

Nutrient Management Addendum – PDF

September 26, 2019

This addendum can be used for either the Illinois Fixed Cash Lease Form or Illinois Crop-Share Farm Lease, or any other lease.

[Read more](#)

Pasture Lease Form – PDF

February 8, 2005

The lease form represents a basic model for an agricultural lease. The parties to the lease or their legal counsel may wish to consider modifications to better meet the needs of the particular landowner or tenant. Form is fillable PDF format.

[Read more](#)

Soil Health and Conservation Addendum – PDF

September 26, 2019

This addendum can be used for either the Illinois Fixed Cash Lease Form or Illinois Crop-Share Farm Lease, or any other lease.

[Read more](#)

The image displays a stack of several legal forms from the farmdoc website. The forms are layered, with some showing more detail than others. Visible titles include 'Amendments and Extensions to the Lease', 'Section 6. Default, Possession, Landlord's Lien, Right of Entry, Mineral Rights, Liability, Extent of Agreement', 'Section 4. Tenant's Duties in Operating Farm', 'Illinois Crop-Share Cash Farm Lease', and 'Section 1. Description of Rented Land and Length of Tenure'. The forms contain various sections for text entry, checkboxes, and tables, designed for agricultural leasing agreements.

Leasing Basics

Written lease is **best** (although many leases are not)

If not a written lease and landowner wants to terminate lease, must provide notice by **October 31**, specification in written lease will supersede the October 31 deadline

Most leases are one-year leases, or year-to-year leases

Rare to have a lease over 2 or 3 years

Lease types

Cash rent

Farmer pays landowner for right to farmland, **farmer receives all revenue and pays all expenses**, except land costs (property tax)

Share rent

Share in revenue (crop revenue and government programs) **and direct costs** (seed, fertilizer, pesticides, drying, storage, crop insurance)

Variable cash rent

Cash rent **varies with crop revenue**

Custom farming

Landowner pays for field operations, bears all costs, receives all revenue

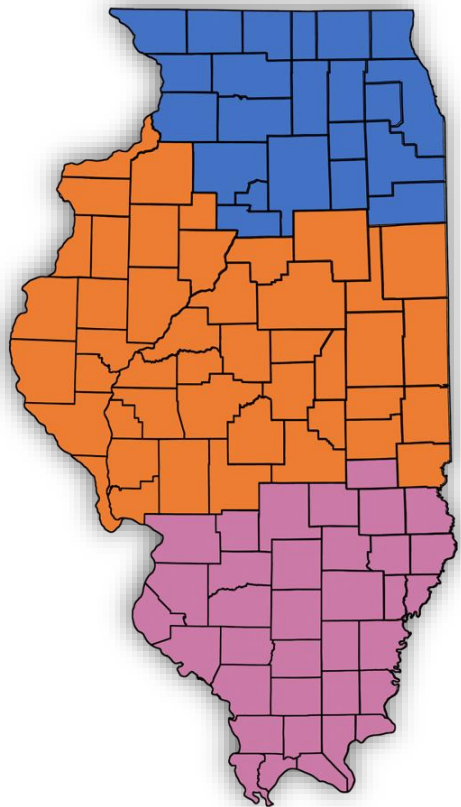
Farmland Leased in Illinois

In Illinois,
**50% of farmland
is rented**

ERS, 2016

Illinois has
largest rented
percent in U.S.

- Indiana, 45%
- Iowa, 41%
- Ohio, 37%



Larger grain farms tend to rent more
Tenure on grain farms in FBFM, 2022

	Northern	Central	Southern
Owned	19%	15%	24%
Share-rent	17%	36%	26%
Cash-rent	65%	49%	50%

Share Rent Leases

- **Northern and Central Illinois:**
 - 50% of revenue (crop revenue, government payments
 - 50% of direct costs (fertilizer, seed, and chemical
 - Illinois
- **Southern Illinois**
 - More variable with higher shares to farmer

Variable Cash Rental Arrangements

Table 1. Expected 2026 Yields, Average 2024 Cash Rents, and Variable Cash Lease Factors by Region of Illinois

Region	Expected 2026 Yields		2024 Avg Cash Rent	Variable Cash Lease Factors	
	Corn	Soybeans		Corn	Soybeans
North	232	70	303	0.275709	0.37014082
Central-High	241	76	337	0.298698	0.38309628
Central-Low	228	69	284	0.269368	0.35245967
South	198	61	192	0.21313	0.2716978

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Weekly Farm Economics

Revised Variable Cash Lease Parameters

Nick Paulson and Gary Schnitkey

Department of Agricultural and Consumer Economics
University of Illinois

Carl Zulauf

Department of Agricultural, Environmental and Development Economics
Ohio State University

September 30, 2025

farmdoc daily (15):179

Commonly Negotiated Terms

Minimum and Maximum cash rent

Rent is a percent of crop revenue:
rent factor times crop revenue

Crop revenue
= farm yield X market price

Market price is an average of quotes
of an agreed upon delivery point

Example: Quote every Wednesday
from XYZ elevator
from March to October

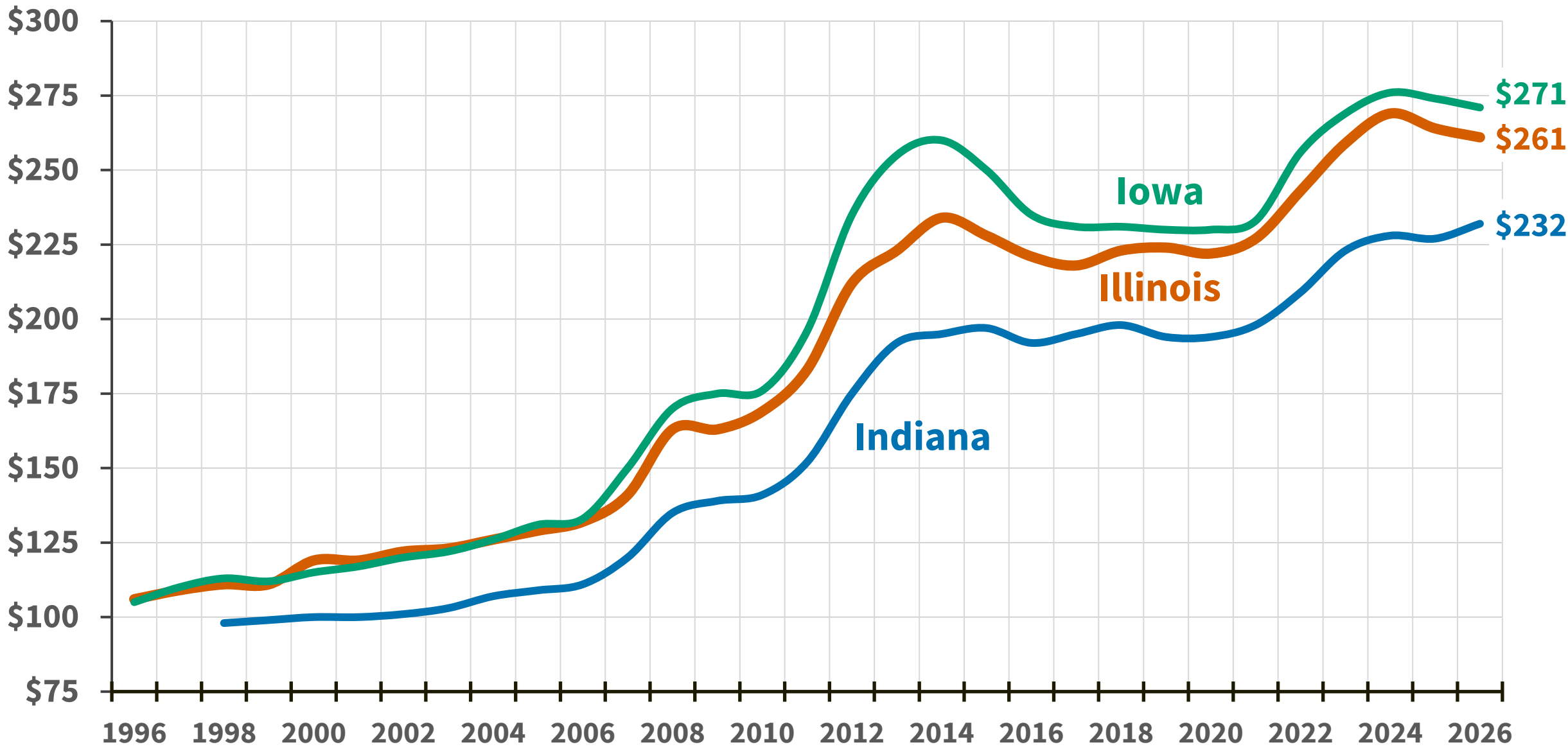
Cash Rents

What do you expect to happen to cash rents in 2027?

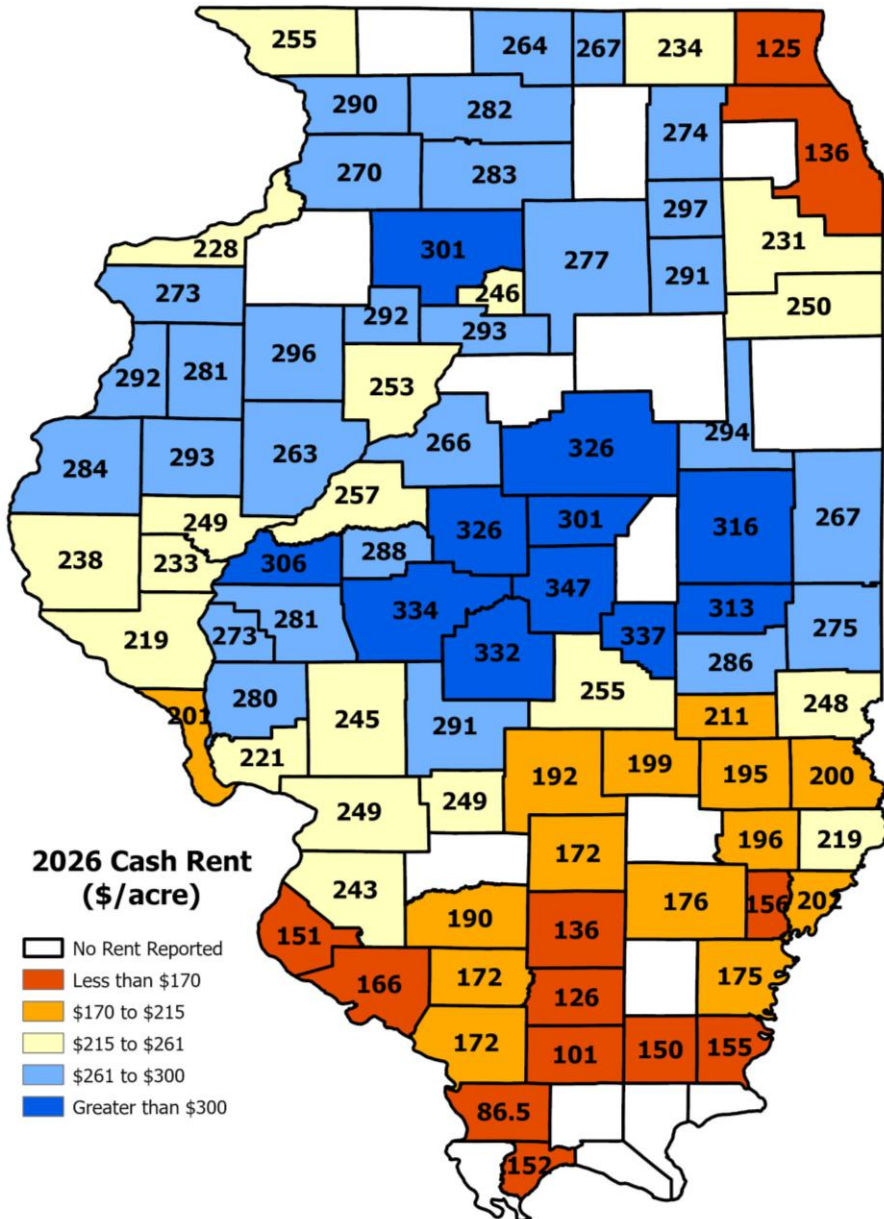
- ☐ Decrease
- ☐ Hold steady
- ☐ Increase



Average Cash Rents in Illinois, Indiana, and Iowa



2026 Illinois County Cash Rents, USDA-NASS



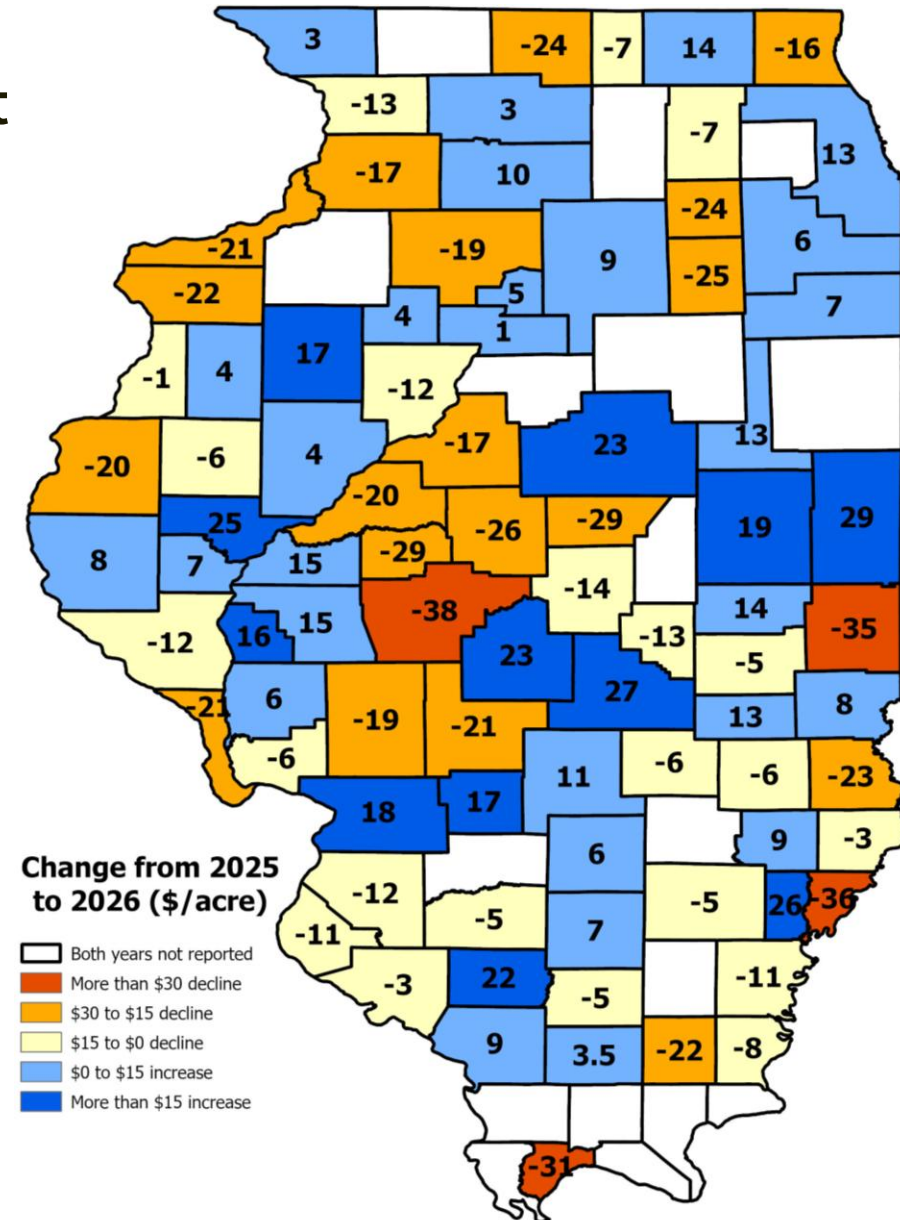
• Illinois Average Cash Rent
\$261 per acre for 2026

- \$264 in 2025
- \$269 in 2024

• 86 of 102 IL counties with a reported cash rent

• 40 counties had average rents **increase** from 2025

• 45 counties had average rents **decline** from 2025



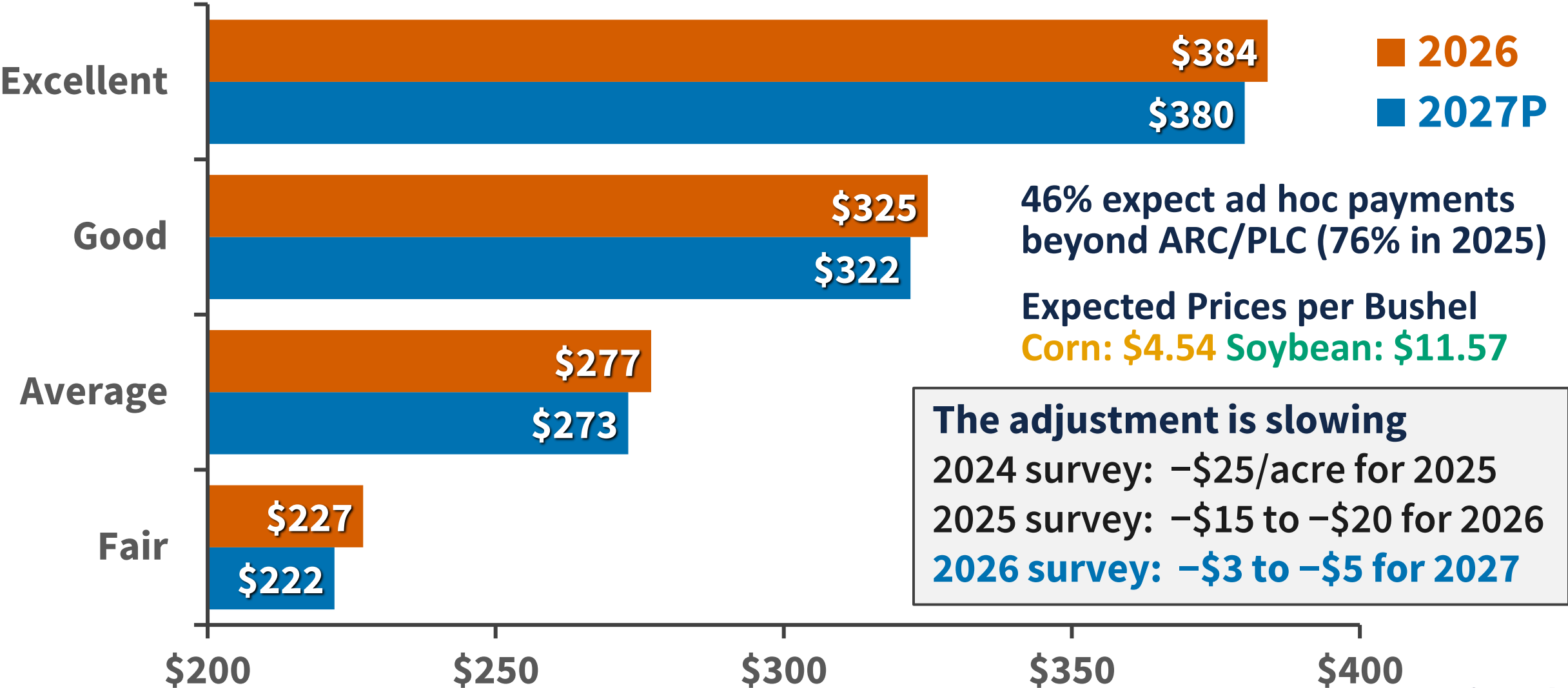
Source: USDA-NASS

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Cash rents reported and expected

Cash Rents in 2026 and Expected in 2027

Average dollars per acre reported by survey respondents



Cash rents are expected to decline **\$3 to \$5 per acre** in 2027, the smallest adjustment in three years

71% no longer expect lower interest rates this year, after **76%** expect them at mid-year 2025

Variable cash rent is the most common lease at **35%** of leases; **52%** expect greater use in 2027 and none expect less

48% of farm managers entered a new wind or solar agreement, **33%** received battery storage inquiries, **26%** about a data center

Most new solar and wind leases are offered at **\$1,000-\$2,000 per acre**, and **no** respondent reported a rate below **\$1,000**

Farmland Values



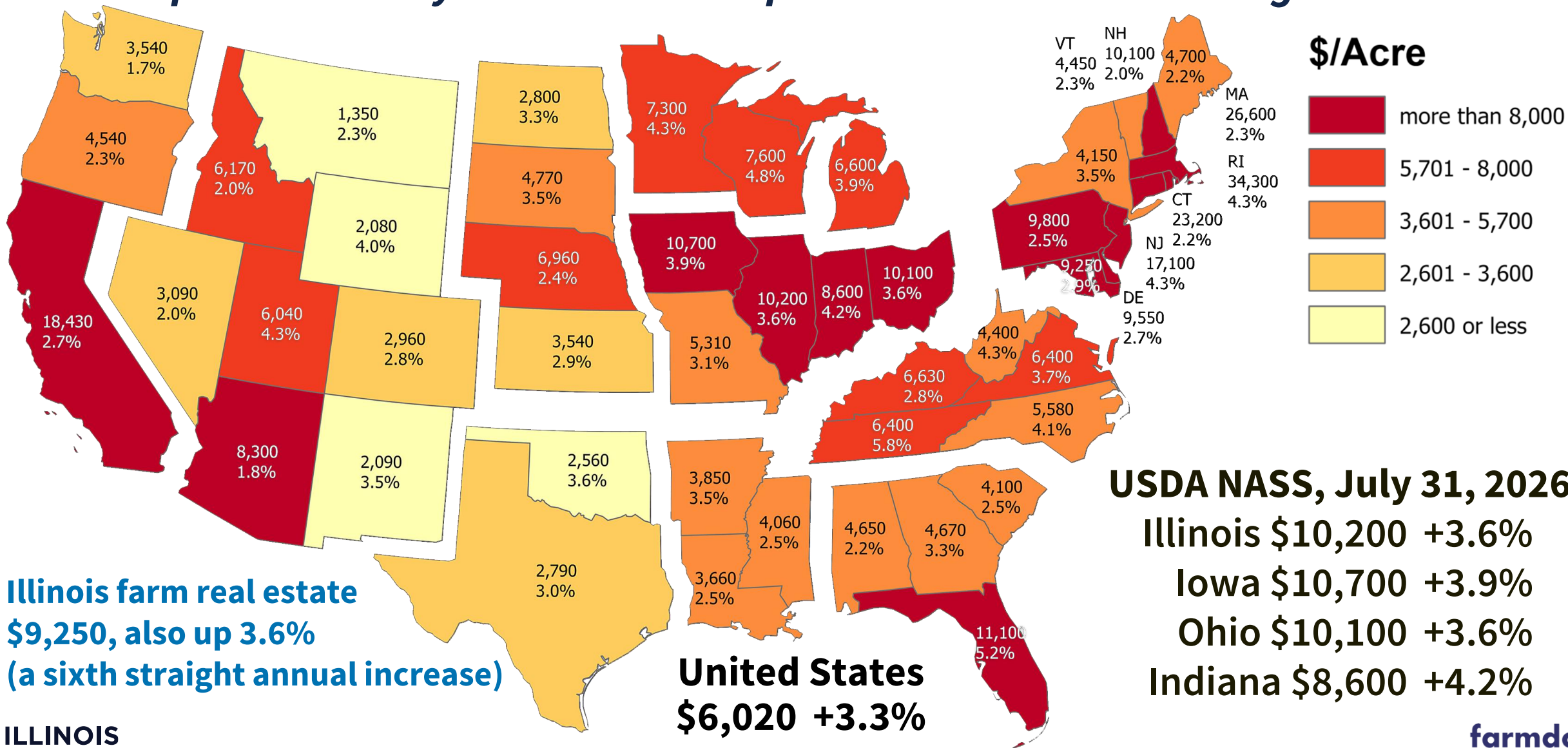
What do you expect to happen to farmland prices in 2027?

- ☐ Decrease
- ☐ Hold steady
- ☐ Increase



Illinois and the neighbors

2026 Cropland Value by State in Dollars per Acre and Percent Change from 2025



Midwest Farmland Values Continued to Grow in the Second Quarter

By Elizabeth Kepner, David Oppedahl

Percent change in dollar value
of "good" farmland

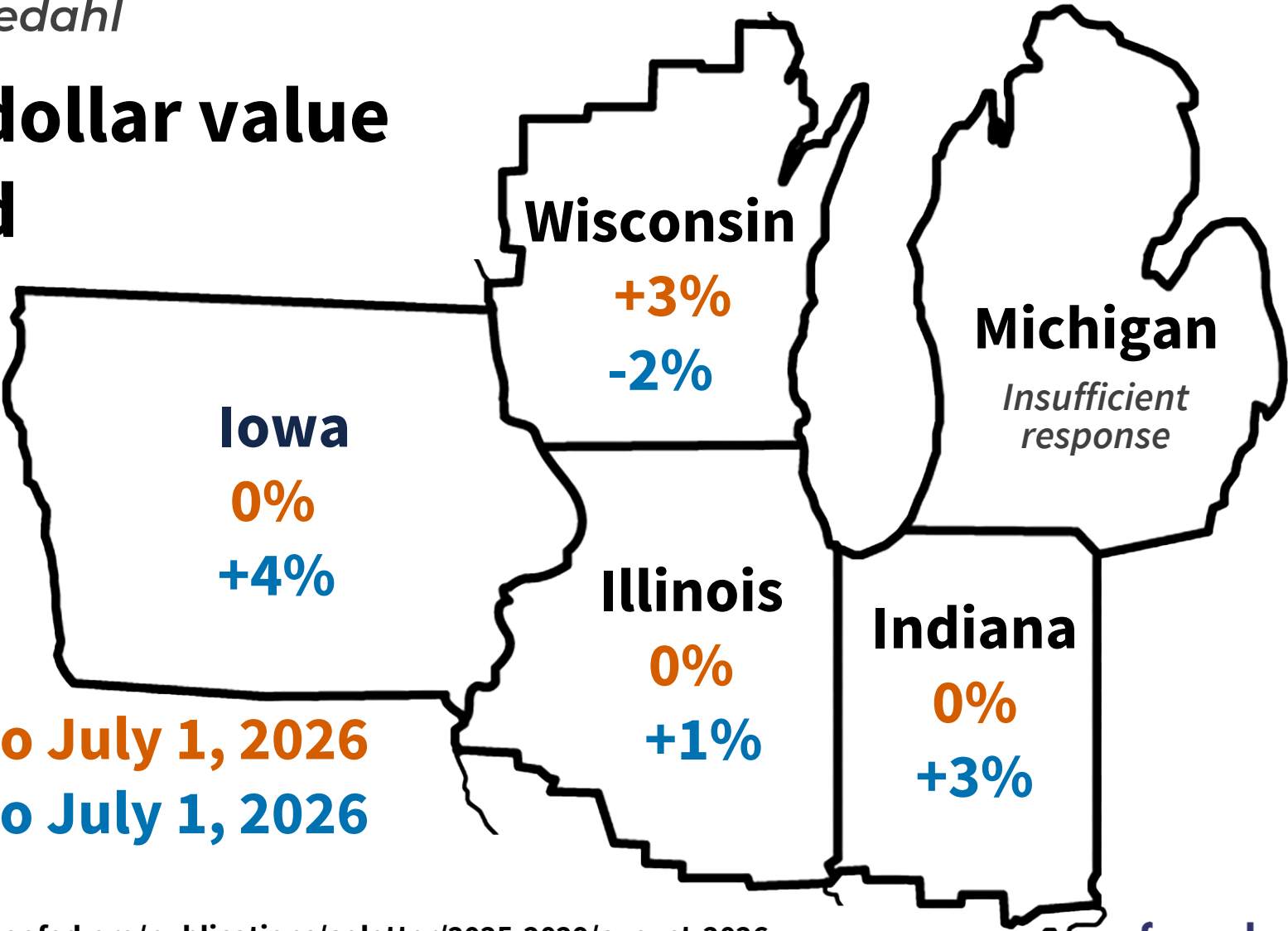
Seventh District

+0%

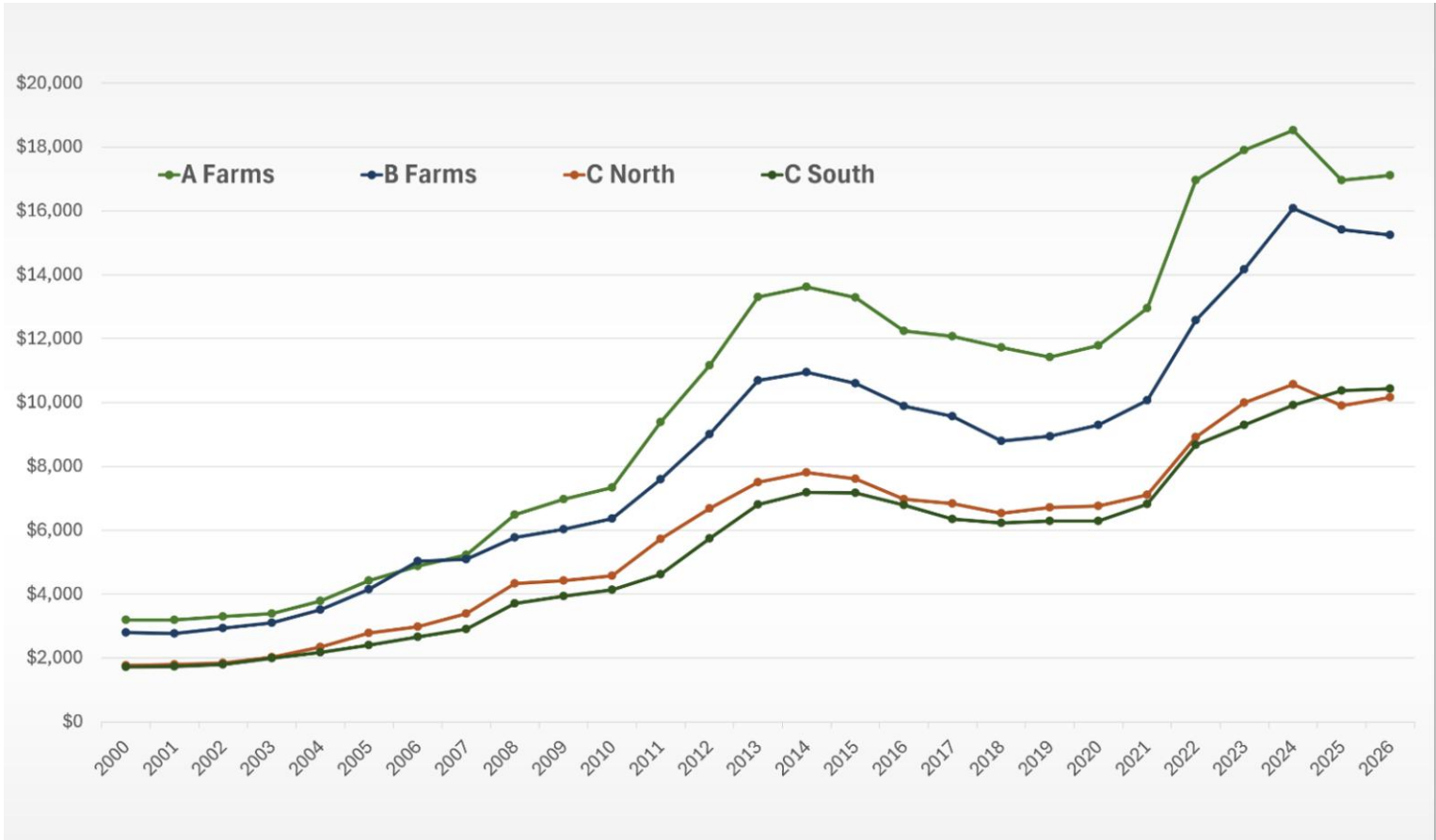
+0%

Top: April 1, 2026 to July 1, 2026

Bottom: July 1, 2025 to July 1, 2026



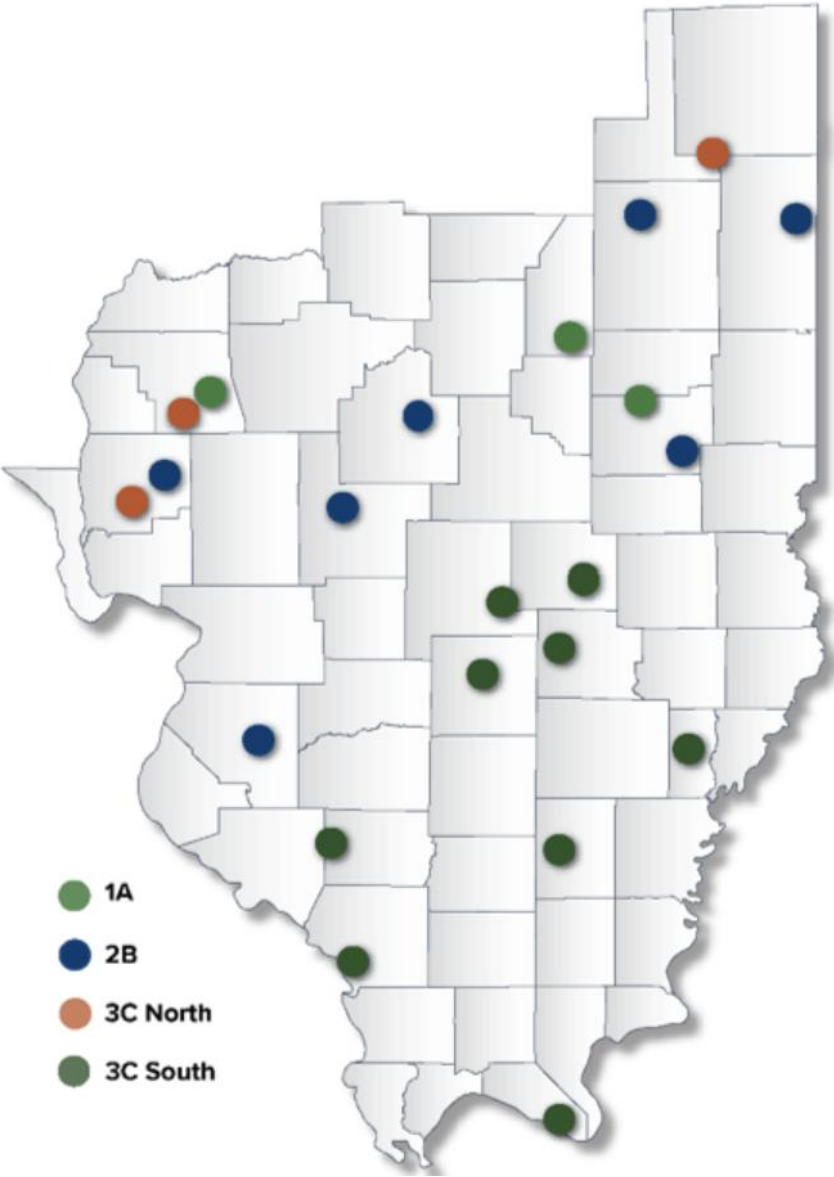
Farm Credit of Illinois



Farmland Averages Stable in 2026



August 31, 2026
BY **KENT REID CHIEF APPRAISER**
FARM CREDIT ILLINOIS, APPRAISAL SERVICES



Purdue University Results

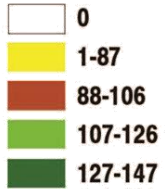
Released their *Farmland Value Survey 2026*

- Top quality farmland increased **0.6%**
\$15,182 per acre
- Average quality farmland **-1.1%**
\$12,345 per acre
- Poor quality farmland **-3.1%**
\$9,747 per acre

<https://ag.purdue.edu/commercialag/home/paer-publication/2025-08-paer-purdue-farmland-values-and-cash-rents-survey-results>

OPTIMAL PRODUCTIVITY INDEX

LEGEND - Soil PI (Productivity Index)



2026 Mid-year Illinois Farmland Values & Lease Trends

Understanding Our Farmland Categories

*Using the Productivity Index from the University of Illinois
(Bulletin 811).*

Excellent Productivity – 147 to 133

Good Productivity – 132 to 117

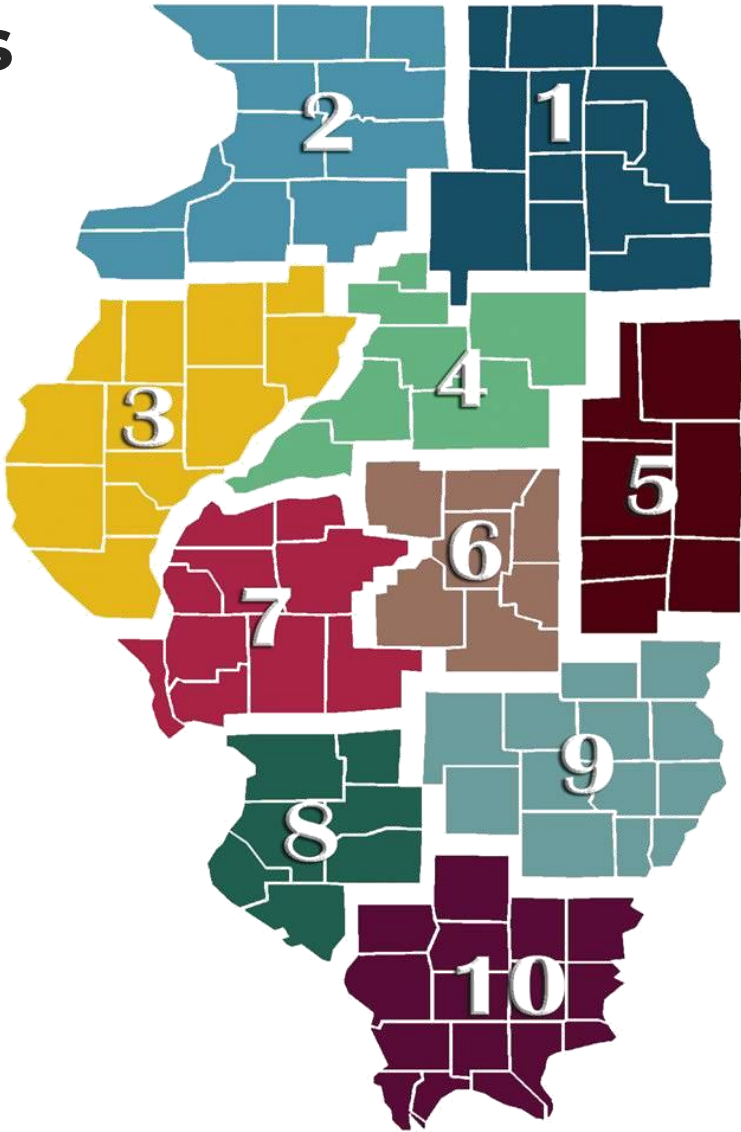
Average Productivity – 116 to 100

Fair Productivity – Less than 100

Mid-Year Results at a Glance

From Our Data Collection Groups' Opinions

Land Category	Avg. of all Completed Sales	Change from Jan 1 to July 1, 2026
Excellent	\$16,369	Down 1.1%
Good	\$13,773	Down 1.9%
Average	\$10,992	Down 2.6%
Fair	\$8,700	Down 2.3%



Illinois Society
of Professional Farm Managers & Rural Appraisers

ISPFMRA Mid Year Survey Results

During the first half of 2026,
respondents reported a decline of **1-3%** in farmland prices in Illinois

Farmers were **55%** of buyers;
estate and post-estate settlements were **64%** of sellers

Only **3%** saw a sale tied to financial difficulty, down from **11%**,
and **no** respondent reported a transaction with a foreign investor

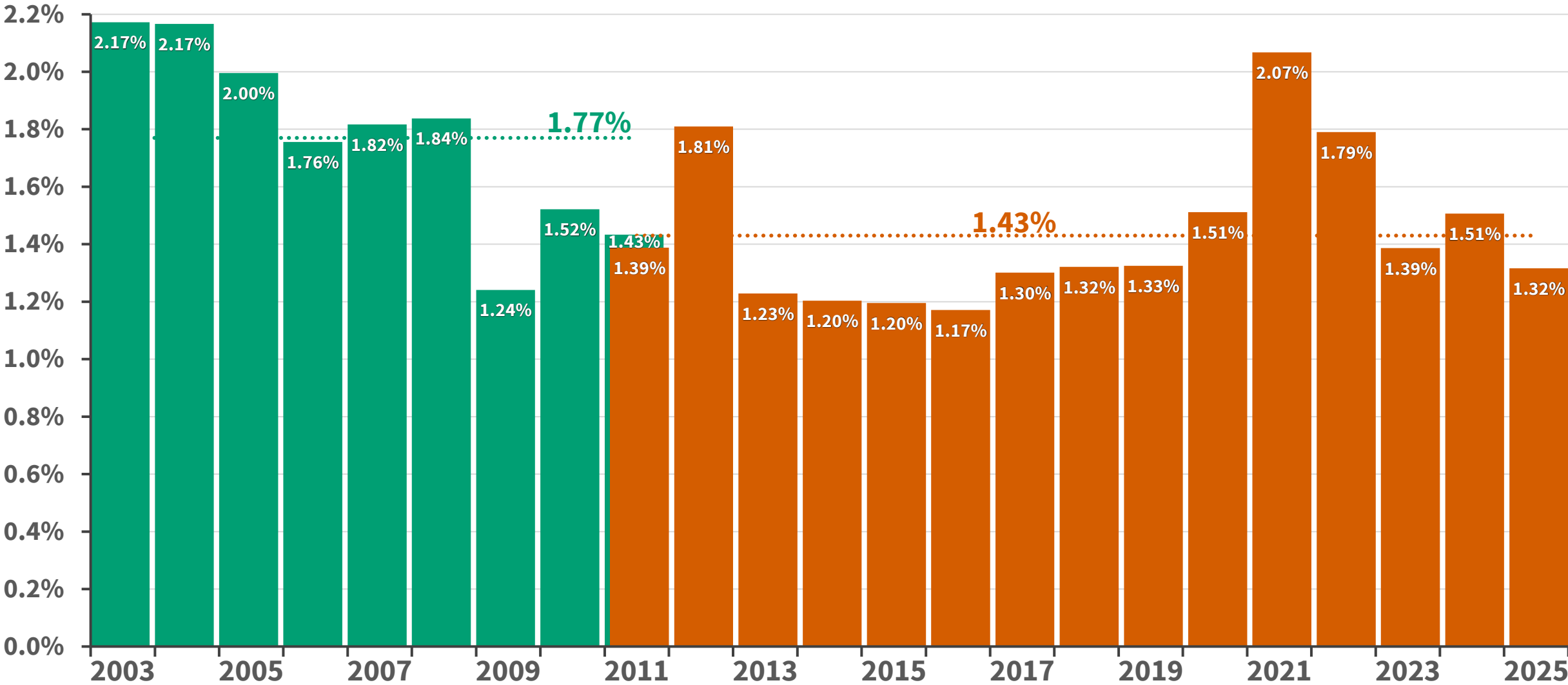
61% expect stable prices through the end of 2026; in 2028,
45% expect higher prices and **none** expect much higher or much lower



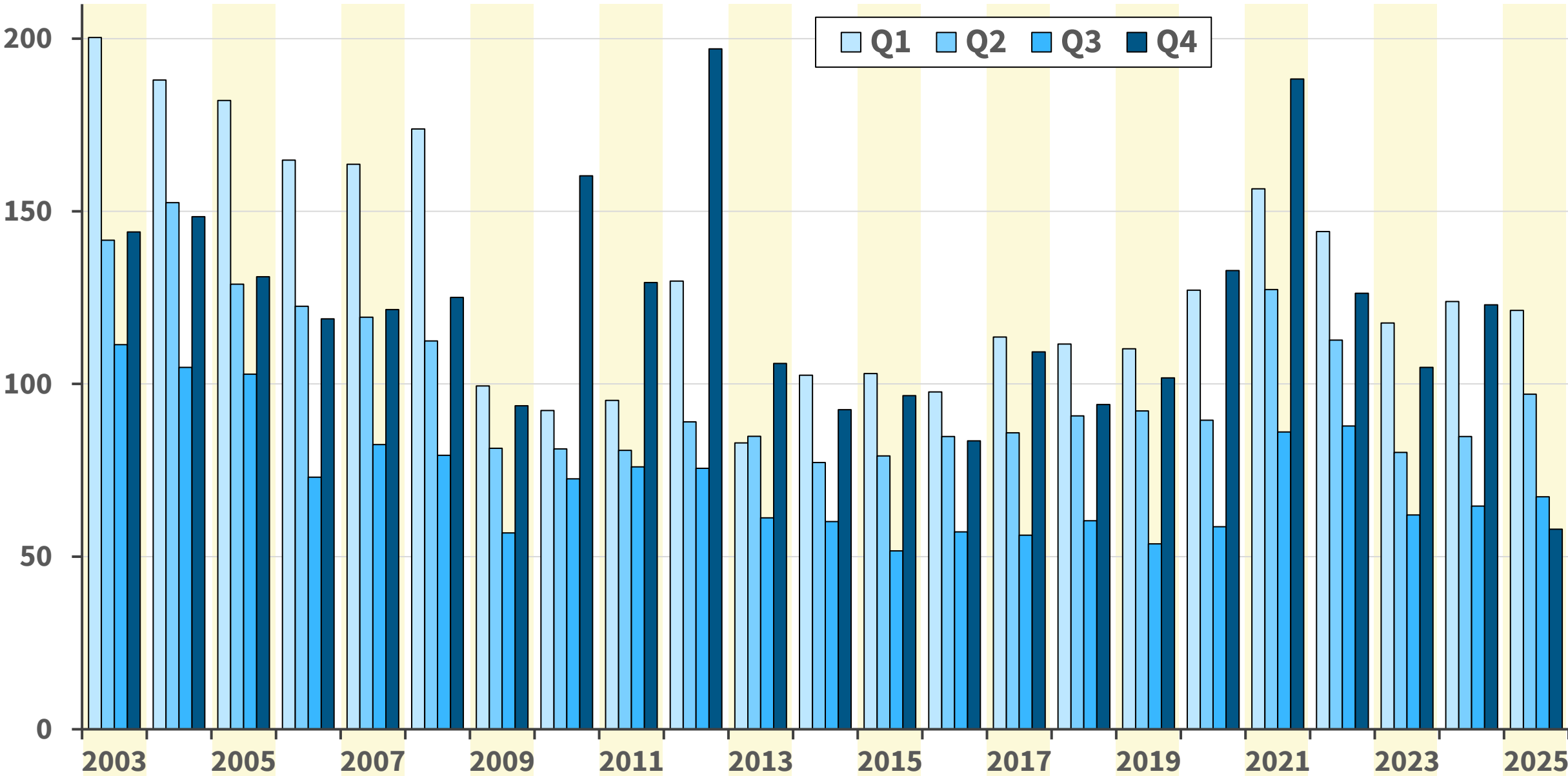
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of Professional Farm Managers & Rural Appraisers

Illinois Farmland Turnover Rate

in % of Farmland in Illinois

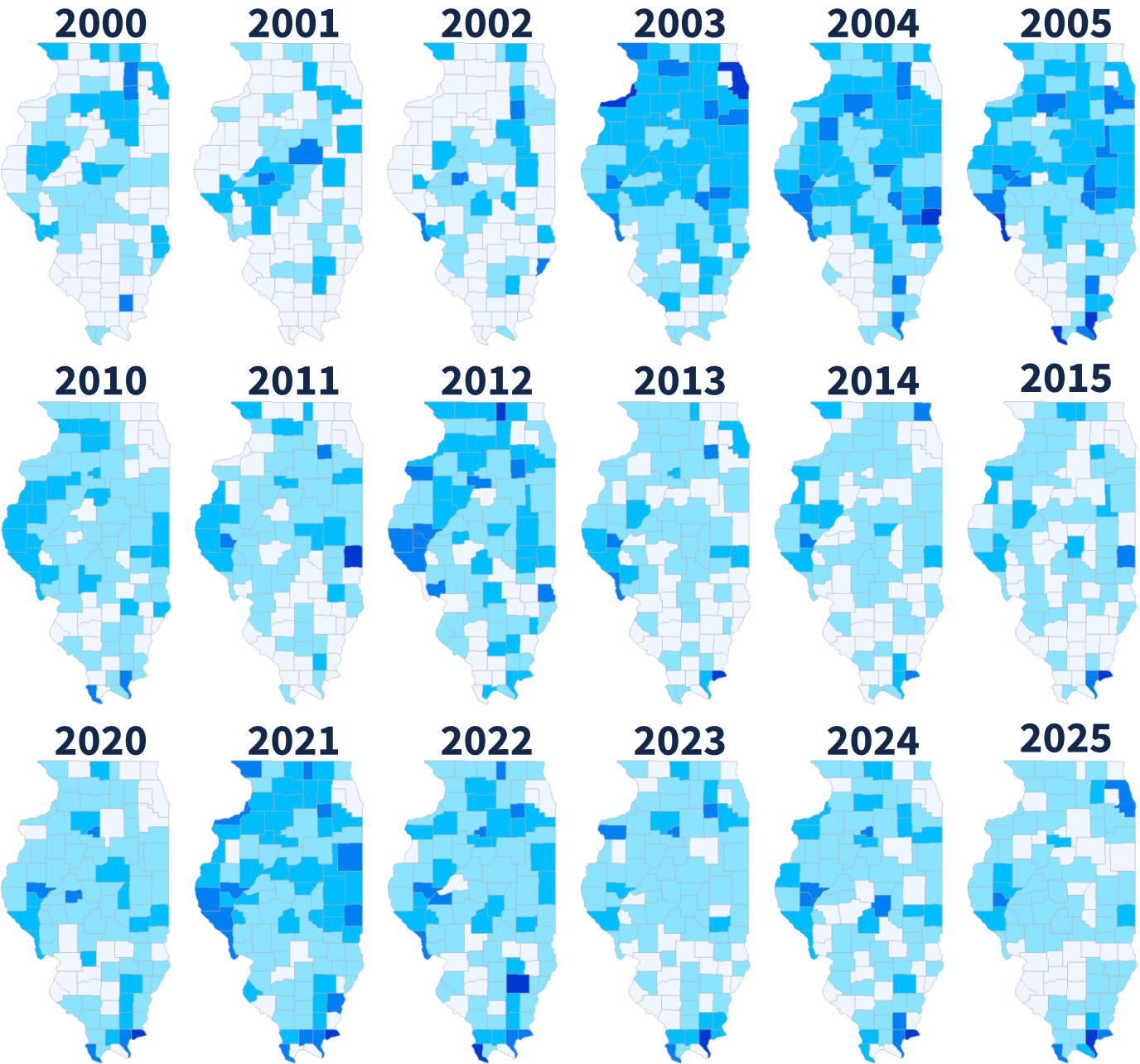


Illinois Land Turnover by Quarter (2003-2025) in thousand acres sold



Illinois County-Level Farmland Turnover Rate 2000 to 2025

Turnover Rate				
<1%	1-2%	2-3%	3-5%	>5%

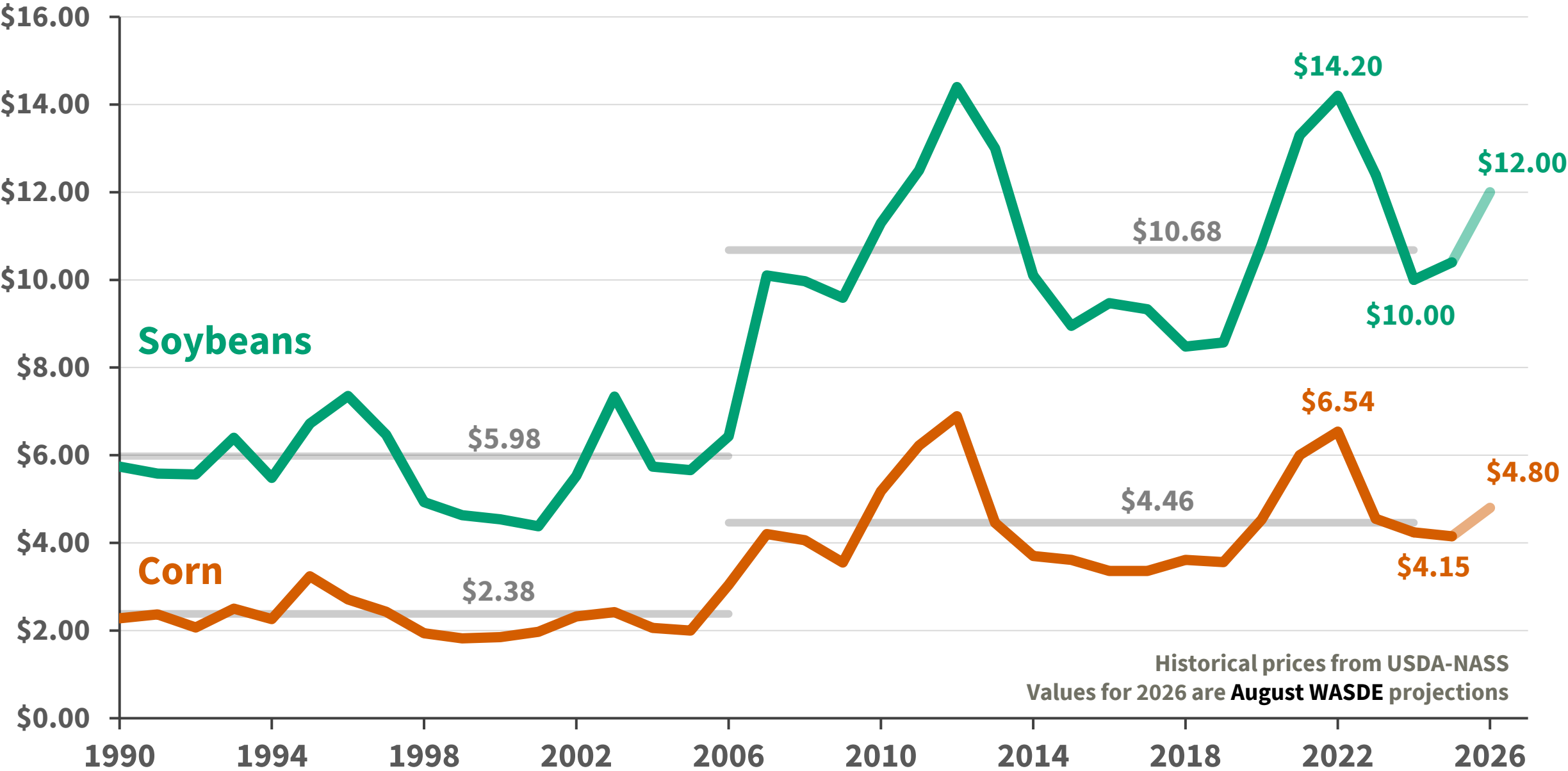


Our Observations and Expectations

1. Recent price increases are helpful, but should not be expected to be long-run. Reasons to believe that long-run prices continue to be at \$4.50 per bushel for corn and \$10.70 per bushel for soybeans



U.S. Market Year Average Prices for Corn and Soybeans 1960 to 2026P

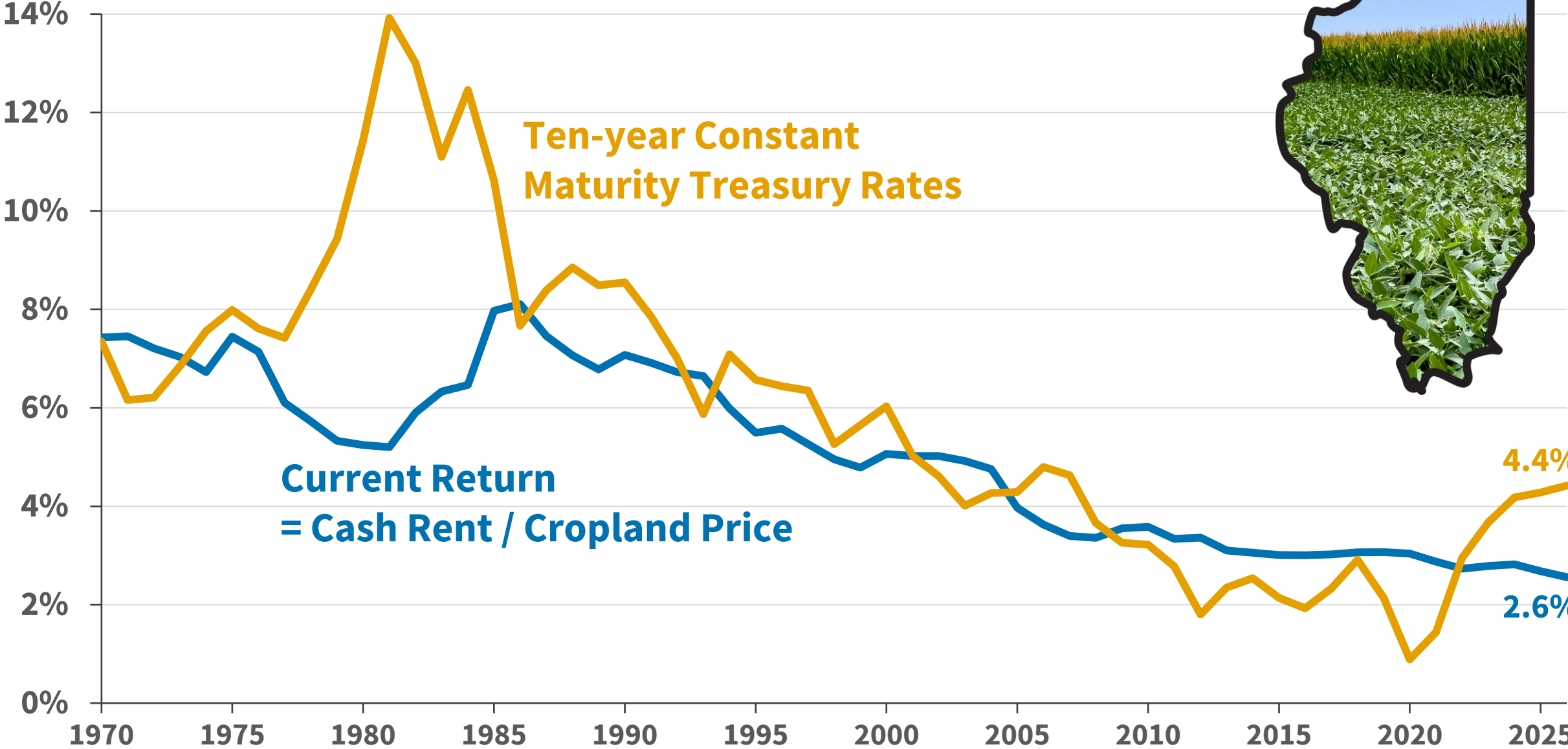


Our Observations and Expectations

2. There is rough stability in cash rents and farmland prices
3. Current returns to farmland continue to be low and likely will continue to be low



Ten-year Constant Maturity Treasury Rates and Current Returns to Illinois Farmland, 1970 to 2026



Our Observations and Expectations

4. Established farmers are doing fine.
It is a difficult time to get
established in farming



Upcoming Webinar

First Look at the ARC/PLC Decision for 2026

Thursday October 22, 2026 from 11 am to 12 pm CT

The Farm Service Agency has officially opened the enrollment period for the 2026 Commodity program decision with a deadline of December 11th, 2026. Nick Paulson and Henrique Monaco will offer this webinar to cover the final payments from the 2025 program year and discuss considerations and provide guidance on the ARC/PLC program decision for 2026.

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