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AgLetter Insights: Third Quarter Sees Higher Farmland Values, but Also Rising Loan Delinquencies

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Agriculture | Regional Economy | Agricultural and Natural Resource Economics

As is often the case in the agricultural sector, there was a balance of good news and challenges during the third quarter of 2025. Credit conditions continued to tighten, for instance, but corn and soybean farmers finally started to see some crop price improvements. Ag bankers surveyed for the *AgLetter's* [November 2025 issue](#) shared news of rising loan delinquency rates but also of moderate increases in farmland prices on a year-over-year basis. In this quarter's Q&A, David Oppedahl, lead author of the *AgLetter* and a Chicago Fed policy advisor, talks about these issues, impacts of the recent government shutdown, and other highlights of what he's learned from the Bank's survey of agricultural bankers.

Q: So what's new in agriculture in the Chicago Fed's Midwest region? What did you learn for, and from, this quarter's *AgLetter*?

A: There wasn't a lot of change in the third quarter of 2025 from the second quarter numbers. There were slight modifications, but we were pretty much in a similar kind of setting from the second quarter. The changes that have been happening since the end of the third quarter are a little more positive for agriculture, especially for corn and soybeans, compared with what we had expected earlier. Corn and soybean prices have been rising a little bit, which we also saw happening at the tail end of the third quarter.

Q: And just for the benefit of non-ag-sector readers, why are soybeans so important in the Bank's Seventh Federal Reserve District, the region that comprises Iowa and most of Illinois, Indiana, Michigan, and Wisconsin?

A: Well, soybeans are the second biggest cash-producing crop in the District after corn. Between corn and soybeans, that's a big share of the Seventh District's farm income. Hogs, milk, and cattle—the livestock side—are important, but they're overshadowed in our five-state region by the big two of corn and soybeans.

Q: And do I remember correctly that we lead in soybean production?

A: Illinois and Iowa are No. 1 and No. 2 in soybeans. All our states produce a significant amount of soybeans. There's been a huge export market since the early 2000s. And as Brazil has eaten into that, that's part of why our incomes from these crops have been reduced in the past couple of years. Prices for these crops have been falling, and in recent years input costs have been rising.

Q: Now, as for the *AgLetter's* regular survey of agricultural bankers, what's your takeaway from this last quarter?

A: There was a 3% increase in farmland values from a year ago and no change from the second quarter. I think these results indicate there's continued strength in terms of demand for farmland when it goes on the market. And some of the survey responses indicate that there is a little bit more interest from outside investors than farmers. But you also hear reports that it's still farmers with strong balance sheets who are the majority of the buyers for agricultural ground.

Q: Is it correct that the recent government shutdown has meant that people have lost some insight into production, supply and demand, that kind of thing?

A: Yes, but even though it was the longest shutdown on record, we still had a pretty good idea coming into it where things stood. And during the autumn, you historically don't have too much change in the numbers. Plus, there are enough market sources for data on prices that you can really have a decent feel about where things are at, even without data from the federal government.

Q: Moving on to credit conditions: Imagine I'm a big row-crop farmer in Centralia or in Ames, wherever. How's it going to look for me to get a loan?

A: It's a challenging time, and not every operation is going to get a renewal on their operating loans. Nearly half of the ag bankers who responded to our survey thought that there would be a rise in forced liquidations of some properties. There hasn't been a huge increase in problem loans, but it's a more challenging ag credit environment for sure. Our data indicate that the repayment rates have been slowing relative to a year ago and renewals and extensions of loans have been rising. So, it's a period where there is some economic stress.

Farmers still have demand for new operating loans and some other kinds of loans helping them get through this time. And so there are ag banks having to caution farmers to really be tight with their expenses and to maybe readjust their operations, which might entail selling a few acres to boost their working capital.

Q: Along similar lines, the upward trend in repayment delinquency seems significant, right?

A: Yes. It definitely is telling that things aren't getting better yet. It's still hard for many farm operations to keep current. According to the bankers who filled out our survey, a vast majority of crop farmers were expected to have lower cash earnings this fall and winter from a year ago—and similarly, dairy farmers are likely to have lower cash earnings in this period relative to the same one in 2024.

But on the other side of the fence, cattle and hog farmers are expected to have higher cash earnings this fall and winter versus a year ago, according to the responding bankers. Strong demand for beef is being translated into high cattle prices in particular.

Q: Okay, and one final thing: Since the last time we talked, you've completed what seemed to be a very successful Midwest Agriculture Conference, held here at the Chicago Fed and online in late September. Do you want to say a few words about that?

A: It was a great event. We had speakers that really covered, I think, a wide range of the issues affecting Midwest farmers—talking about the trade uncertainty that we've seen this year in particular. And it's nice to come out of that event with a better understanding of today's situation. All the materials are available online, so if anybody missed the event, be sure to check out the videos and the presentation slides.

To learn more

Please see the most recent AgLetter, covering the third quarter of 2025, and the data on farmland values in the Seventh Federal Reserve District.

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