Chicago Fed Insights

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AgLetter Insights: Midwest Farmland Values Rise 4% in Third Quarter

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Agriculture | Regional Economy

Agricultural land values in the Chicago Fed's midwestern District rose 4% on a year-over-year basis in the third quarter of 2026, according to the ag bankers and other lenders surveyed for the *AgLetter's* November 2026 issue. In this quarter's Q&A, David Oppedahl, the publication's lead author and a Chicago Fed policy advisor, talks about those rising land values, what's been happening with credit conditions, and—burying the lede a bit here—why this was his last hurrah at the helm of the long-running publication.

Q: Looking back at quarter three in midwestern agriculture, what did you learn from the quarterly survey the Chicago Fed conducts?

A: Land values continued to rise in the third quarter of 2026, with a 4% increase from a year ago for the Seventh District. It was the largest year-over-year gain this year. This brings to mind last year, when, for the third quarter, there was a 3% year-over-year gain, followed by a 6% one for the fourth quarter.

Q: Is there something about the year's end that contributes to increases?

A: There is somewhat of a seasonality in farmland markets, so that could contribute. But it's not always true that the highest-increase quarter comes at year end.

Q: And then with credit conditions, we've got a continued decline in loan repayment rates. What does that tell us?

A: There's been a decline in non-real-estate farm loan repayment rates over the last few years. It's now reached the 12th quarter in a row that we've seen lower repayment rates relative to a year ago. And it just indicates that farm operations are not able to repay the loans quite to the extent that they would likely want. They haven't had the income levels to overcome the high expense costs in recent years. And while it seems like the situation is easing a bit, the trend continues.

Q: Easing in what sense?

A: This fall, we've had some strong harvests, and there were comments by some lenders that there was stronger ability by farmers, in at least certain parts of the District, to be able to pay off their loans more steadily. Although corn and soybean prices have moved up some this year, farm operations still need to improve their income levels to cover the expenses that have grown higher in the current cycle. But then we've seen additional government supports have been offered. And so how all this plays out in the end—and over the entire District—is yet to be seen. It's kind of a balancing act.

Q: And going into the fourth quarter, I've seen people saying the harvest was looking pretty good this year across the District. Do you share that assessment?

A: Yes, the early part of harvesting was challenged by excessive rains in many areas, and so it took a while for the crops to dry down. But after that initial period of concern, we've had relatively drier weather. And so that's helped to lower the concerns about drying costs. Having to dry out crops after harvesting takes a lot of energy, which has been more expensive this fall. But at the same time, with yields being high and prices being higher than a year ago, I think most of the District's farm operations are in better shape now.

Q: Speaking of seasonality and change, this is the end of an era. The third quarter *AgLetter* will be your last, as I understand it. How many years has it been?

A: It's been 28 years at the Fed and at least 25 doing *AgLetter*. And, yes, I will be retiring at the end of January, and my contributions to *AgLetter* will be passed on to my successors.

Q: Congratulations from me and on behalf of all those who read the publication! In retirement, do you have any farming plans to keep the ag spirit going, like a backyard vegetable plot or something?

A: Well, we don't have space for that here in Illinois. But we will be spending some time at the small ranch in South Dakota that my family has. My great-grandfather homesteaded out in South Dakota in 1905. And then my grandfather ran the operation before he passed away. My cousin has been running it recently—although we don't own the cattle anymore; we just rent out the land for grazing. And in recent years, it's been interesting that elk have moved into the area. So we help provide feed for the elk of the region. Beyond that, I'll travel to explore food traditions and agricultural practices around the world.

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