

PURDUE

AGRICULTURAL ECONOMICS REPORT

2025 Farmland and Cash Rent Outlook

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Summary: *Indiana farmland values reached record highs in 2024 but showed slight declines, with further softening expected due to lower farm incomes, reduced crop prices, and high interest rates. Cash rental rates are also under pressure as tighter margins leave farmers with less capital for land expenses in 2025.*

Farmland Values

This summer, the 2024 [Purdue Farmland Values and Cash Rent Survey](#) suggested that Indiana farmland prices once again hit a new record high at \$14,392 per acre for top-quality land, \$11,630 per acre for average-quality land, and \$9,071 per acre for poor-quality land. However, the survey respondents suggested that prices actually peaked in December 2022 and retreated slightly in the first half of 2024. In addition, the respondents expected modest declines for the second half of 2024. The agricultural lender survey conducted by the [Federal Reserve Bank of Chicago](#) suggested that farmland prices in Indiana fell by approximately 2% between October 2023 and October 2024. In addition, the most recent iteration of Iowa State University's land value survey, released in December 2024, found that farmland across Iowa declined by 3.1% between November 2023 and November 2024.

The slight dip in farmland prices at the end of 2024 was driven by lower net farm incomes, reduced crop prices, and higher interest rates. In 2025, there is a potential for further reductions in interest rates, yet the prospect of higher commodity prices remains uncertain. As a result, the outlook for farmland prices is slightly pessimistic. While few expect a drastic decline in farmland prices, many expect modest declines to flattening prices in the coming year.

Cash Rental Rates

The recent 2025 [Purdue Crop Cost & Return Guide](#) suggests that the contribution margin, the difference between market returns and variable costs, will decrease relative to 2024 levels for both rotation corn (-27.6%) and rotation soybeans (-29.1%). These declines match similar reductions observed in 2022. Tighter margins suggest downward pressure on cash rental rates, as farmers will have less cash to allocate to labor, investment, and land. Further, in 2024, the contribution margin for rotation corn was below cash rental rates. Similar to the farmland sales market, the cash rental market suggests modest downward pressure on rents.