

# ***LAND VALUES & MARKET TRENDS***

**2025 FARMLAND VALUES & CASH RENTAL RATES SURVEY RESULTS**

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# U.S. Farmland Values

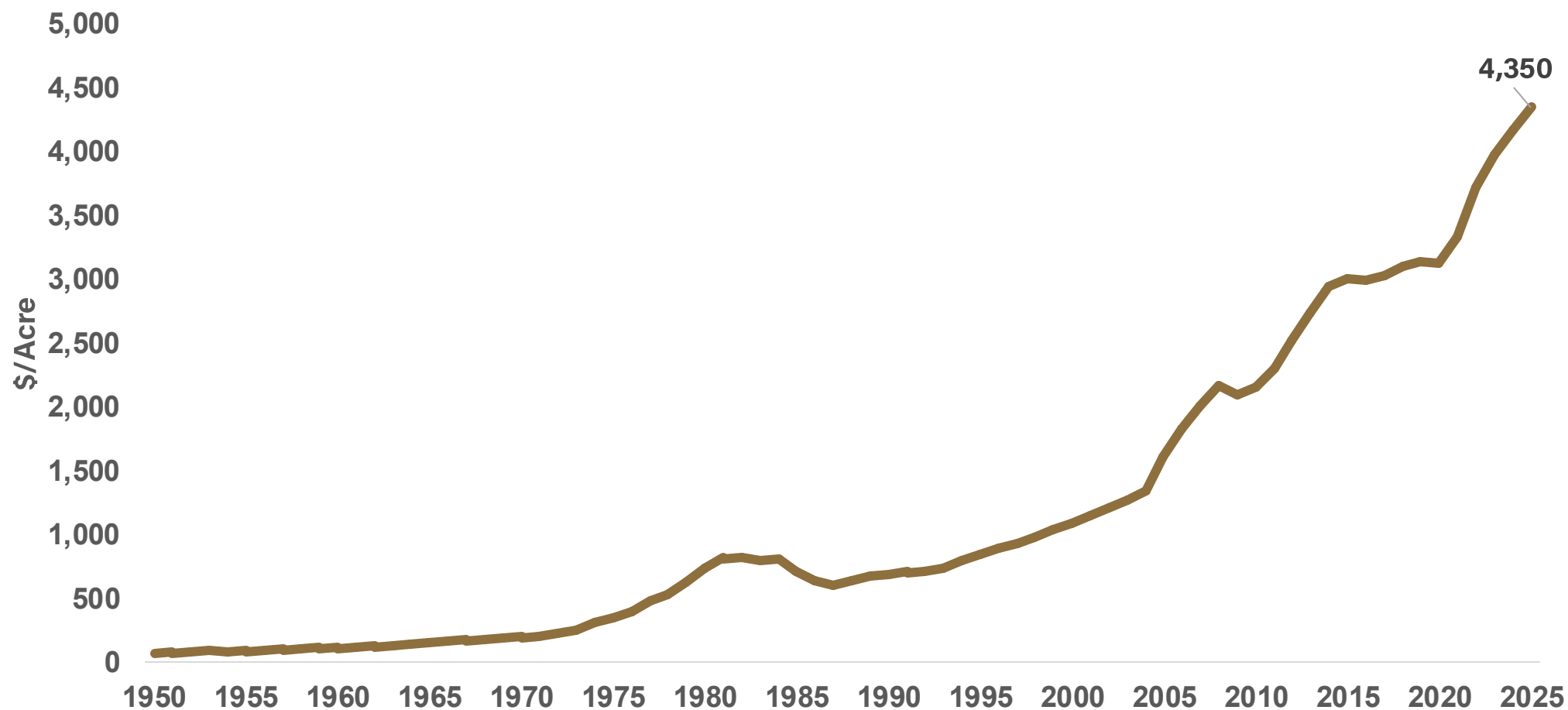
# Farm Sector Balance Sheet

Billions of dollars

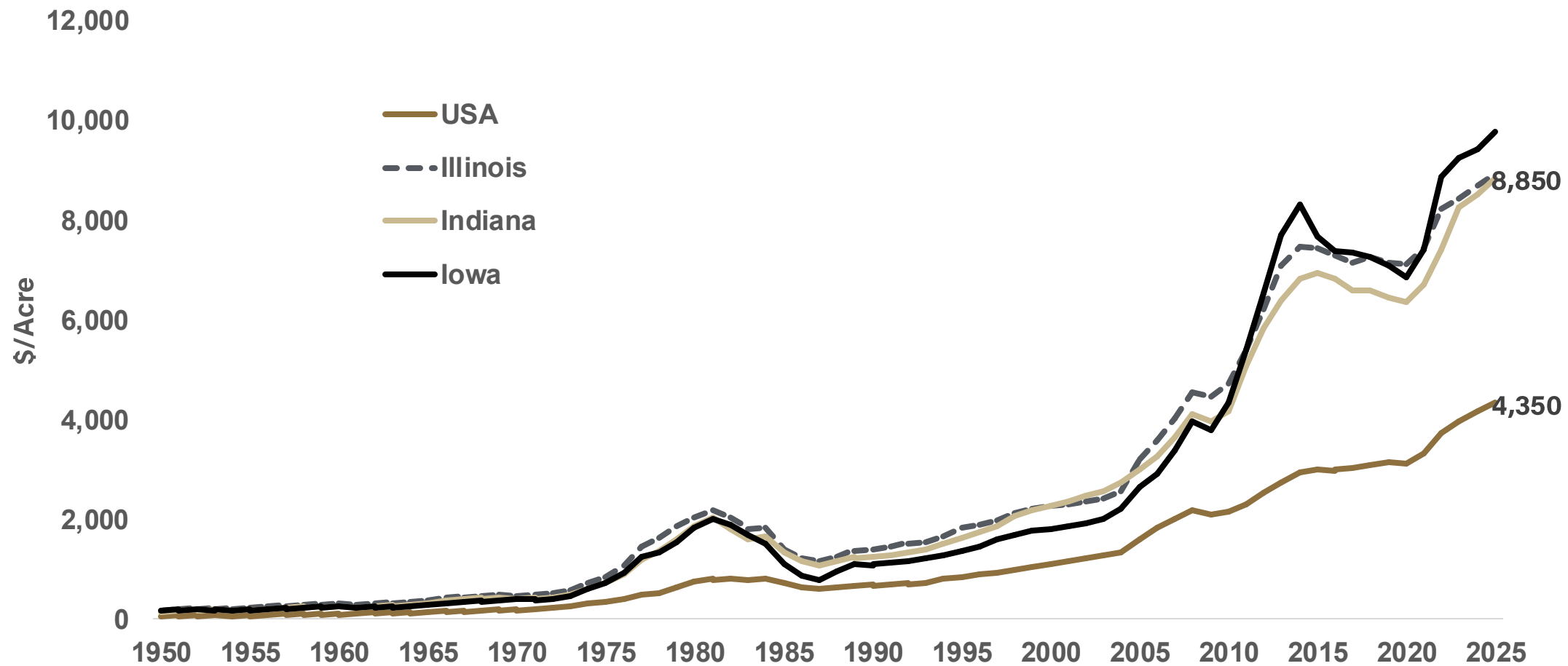
	2000	2005	2010	2015	2020	2023	2025F
Farm Assets	1,203	1,709	2,171	2,880	3,175	4,014	4,397
Real Estate	946	1,373	1,660	2,366	2,641	3,339	3,675
Farm Debt	164	209	279	357	441	519	562
Real Estate	85	114	154	209	289	345	374
Equity	1,039	1,500	1,892	2,523	2,733	3,495	3,835
Debt/Asset Ratio	13.6	12.2	12.8	12.4	13.9	12.9	12.8
Real Estate/Assets	78.7	80.3	76.5	82.1	83.2	83.2	83.6
Real Estate/Debt	51.7	54.5	55.2	58.5	65.4	66.4	66.6

Source: USDA-ERS

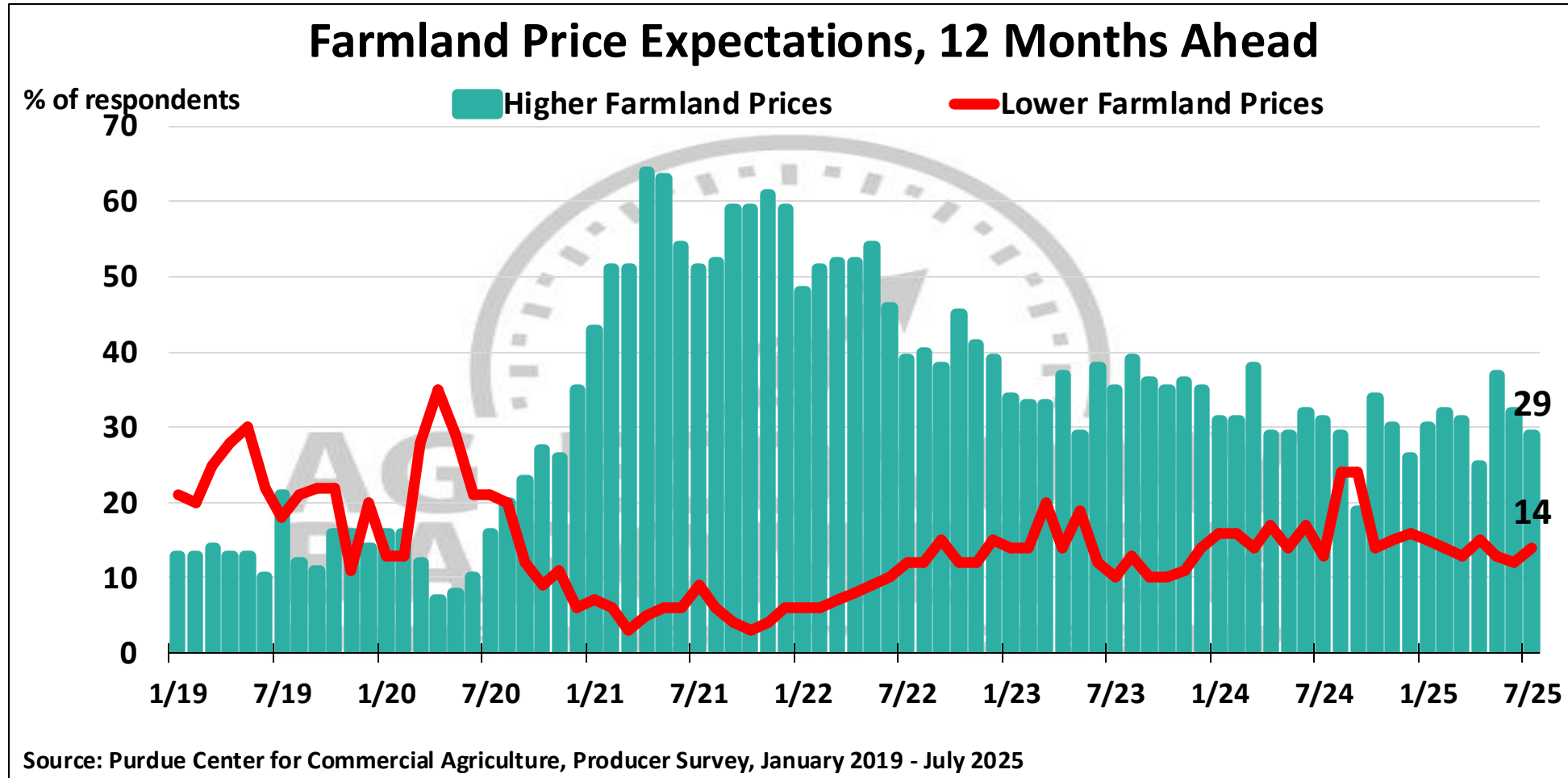
# *Long-Run US Farm Real Estate Values (\$/acre)*



# Long-Run US Farm Real Estate Values (\$/acre)



*Compared to today, what are your expectations for farmland prices in your area 12 months from now?*



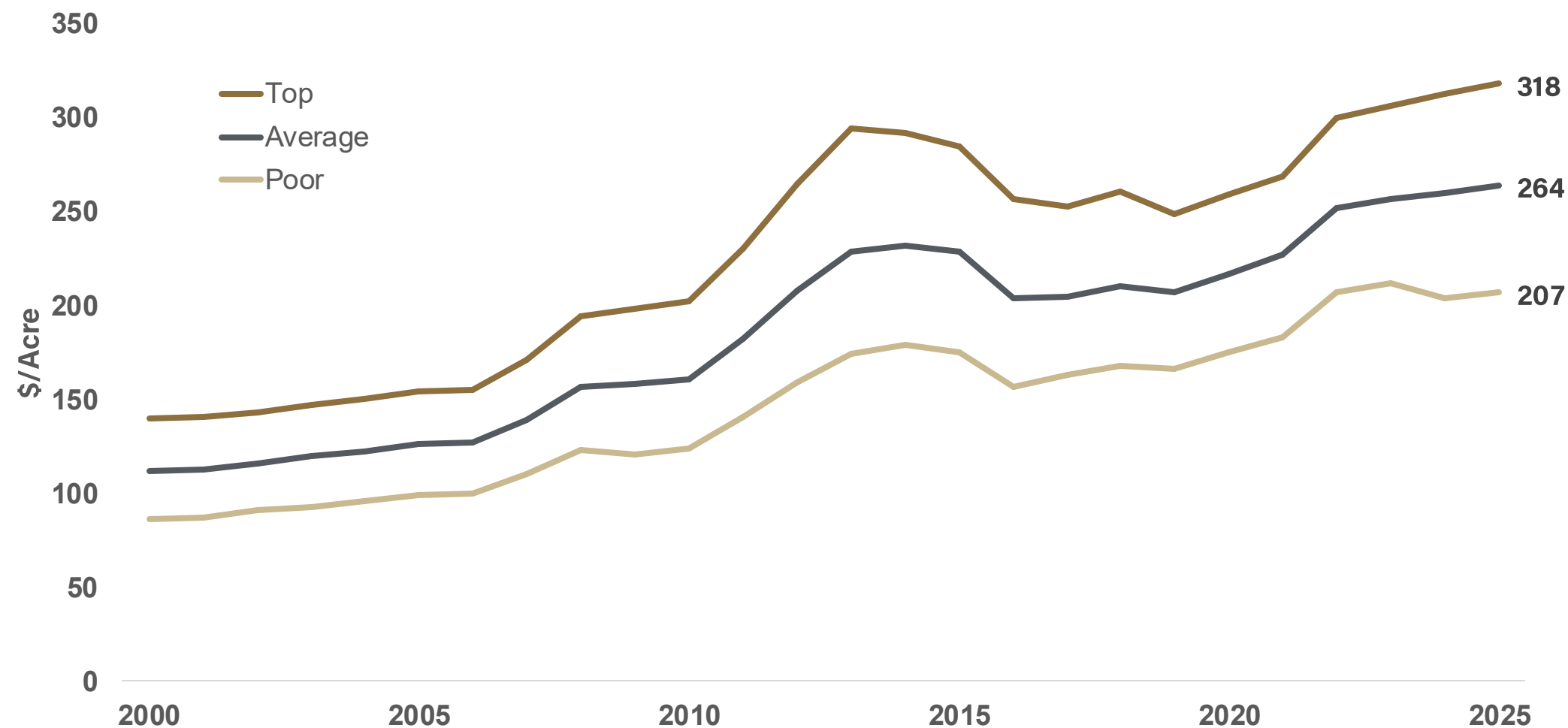
# Indiana Farmland Values

# *Purdue Farmland Value and Cash Rent Survey*

- Survey conducted annually in June since 1974
- Respondents: rural appraisers, ag lenders, farm managers, and farmers
- Information collected:
  - Land values December 2024, June 2025, December 2025 (projection)
    - Top, average, and poor quality land
  - Annual cash rental rate
  - Long-term corn yield (productivity)



# Cash Rents, 2000 - 2025



Source: 2025 Purdue Land Value and Cash Rent Survey  
Center for Commercial Agriculture

# Indiana Cash Rents

## 2025 Survey Results, State Averages by Land Quality

Land Quality	Yield (Bu/Ac)	2024 Value (\$/A)	2025 Value (\$/A)	Percent Change
Top	230	\$313	\$318	1.7%
Average	199	\$260	\$264	1.6%
Poor	170	\$204	\$207	1.5%

# Indiana Farmland Values

## 2025 Survey Results, State Averages by Land Quality

Land Quality	Yield (Bu/Ac)	2024 Value (\$/A)	2025 Value (\$/A)	Percent Change
Top	230	\$14,392	\$14,826	3.0%
Average	199	\$11,630	\$12,254	5.4%
Poor	170	\$9,071	\$9,761	7.6%

# Regional Farmland Values

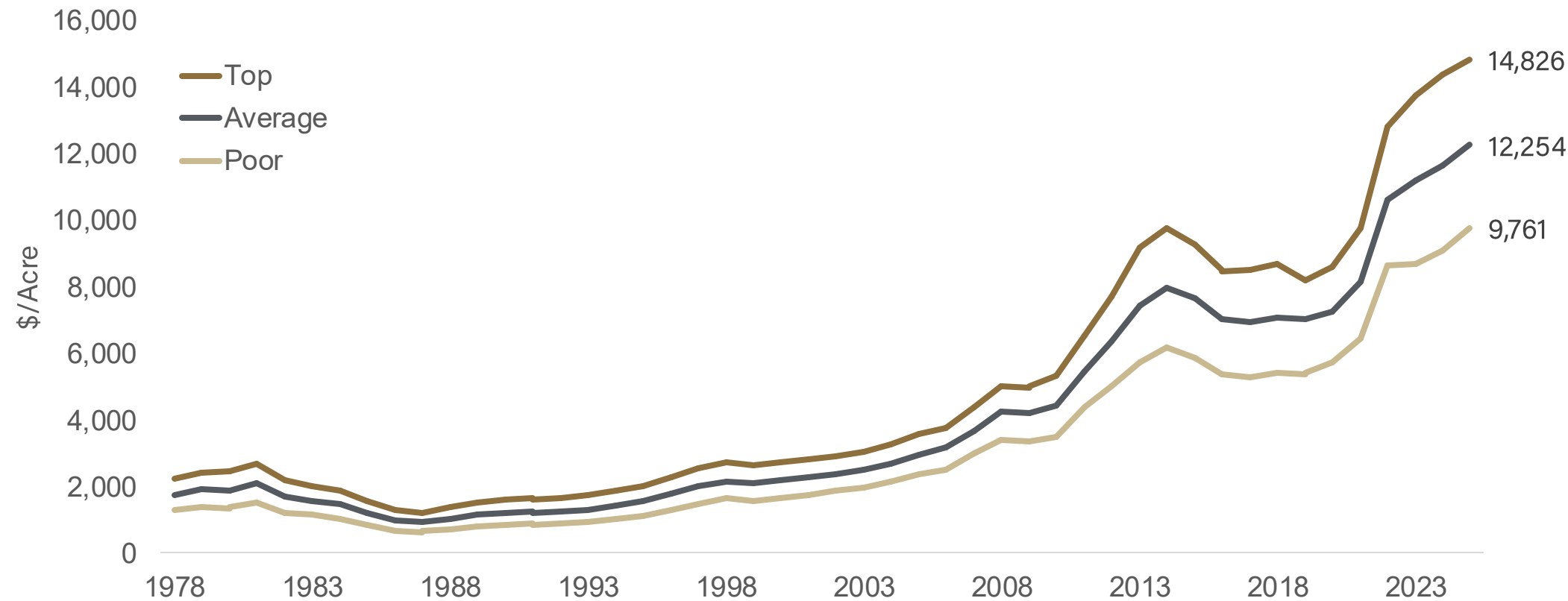


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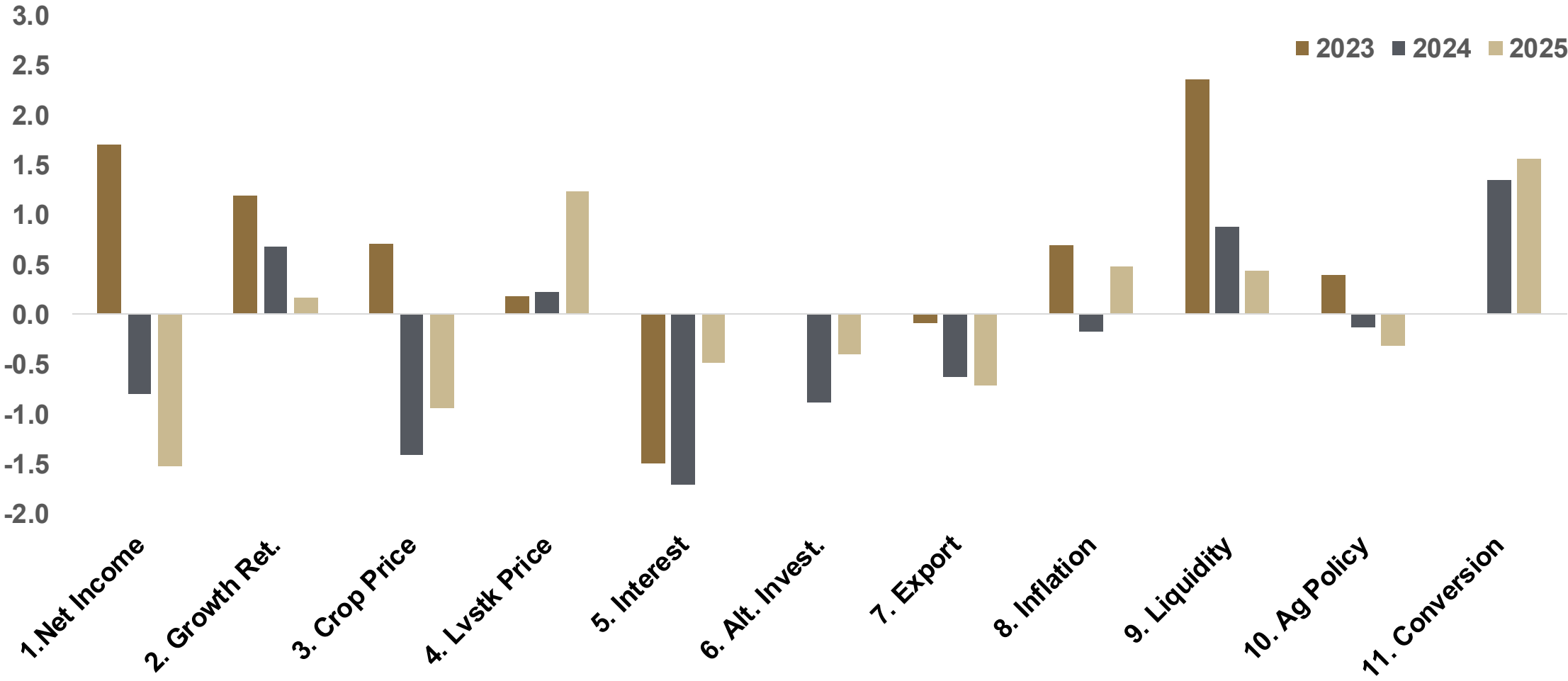
Area	Land Class	Land Value	% Change
North	Top	\$15,389	8.2
	Average	\$12,333	9.6
	Poor	\$9,222	6.9
Northeast	Top	\$15,909	10.6
	Average	\$13,791	17.6
	Poor	\$11,032	18.6
W. Central	Top	\$14,388	3.2
	Average	\$11,731	1.9
	Poor	\$10,135	7.5
Central	Top	\$15,548	6.5
	Average	\$13,192	7.4
	Poor	\$10,567	7.5
Southwest	Top	\$14,233	-11.5
	Average	\$10,825	-6.5
	Poor	\$7,488	-2.1
Southeast	Top	\$10,417	-5.3
	Average	\$8,167	-11.7
	Poor	\$6,083	-6.4

# Indiana Farmland Values

Top, Average, and Poor Quality Land, 1978 – 2025



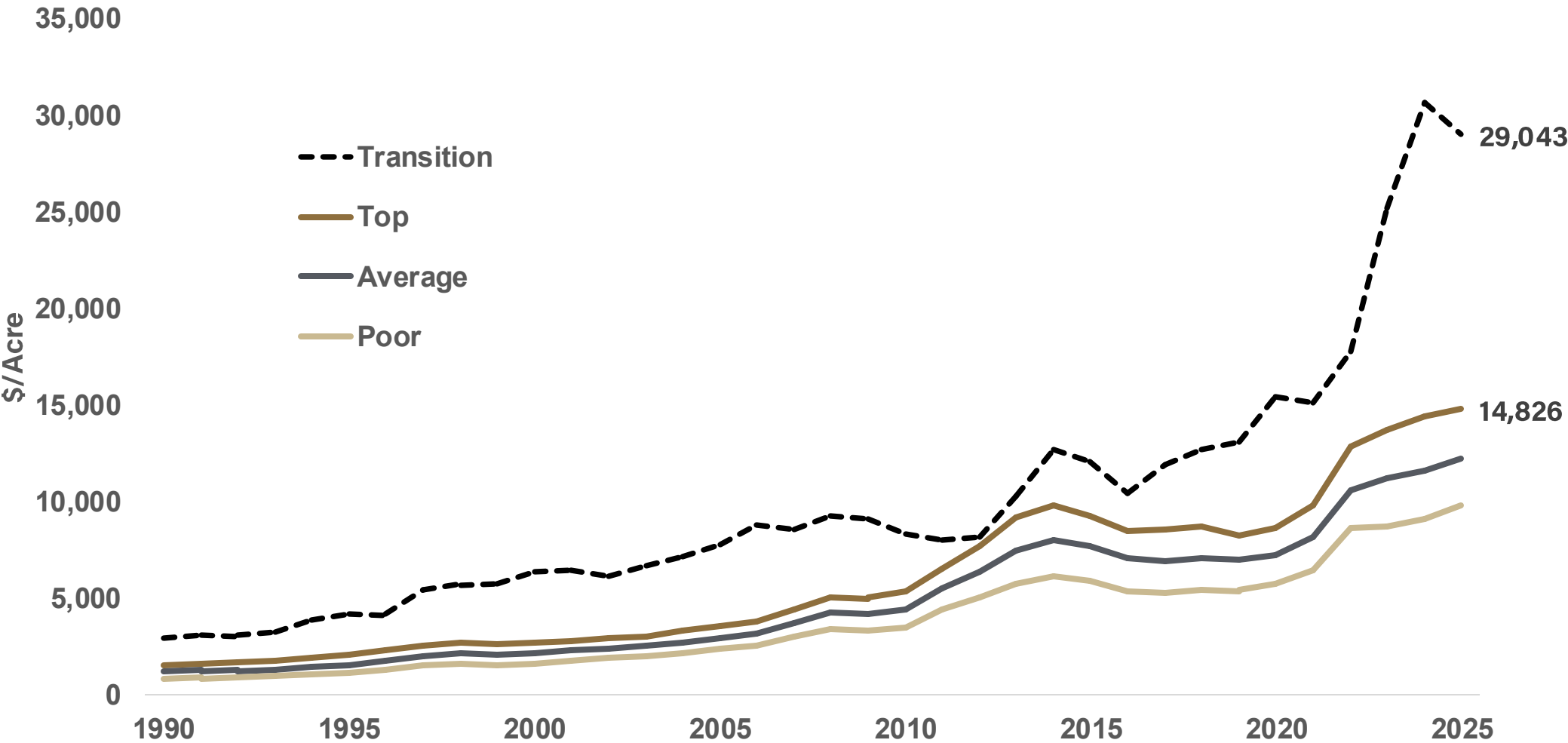
# Land Value Drivers



## *Projected Land Value Change*

Land Quality	12/2024 – 6/2025 (Actual)	6/2025 – 12/2025 (Projected)
Top	-3.9%	2.8
Average	-5.9%	4.0
Poor	-7.6%	6.3

# Development Premium

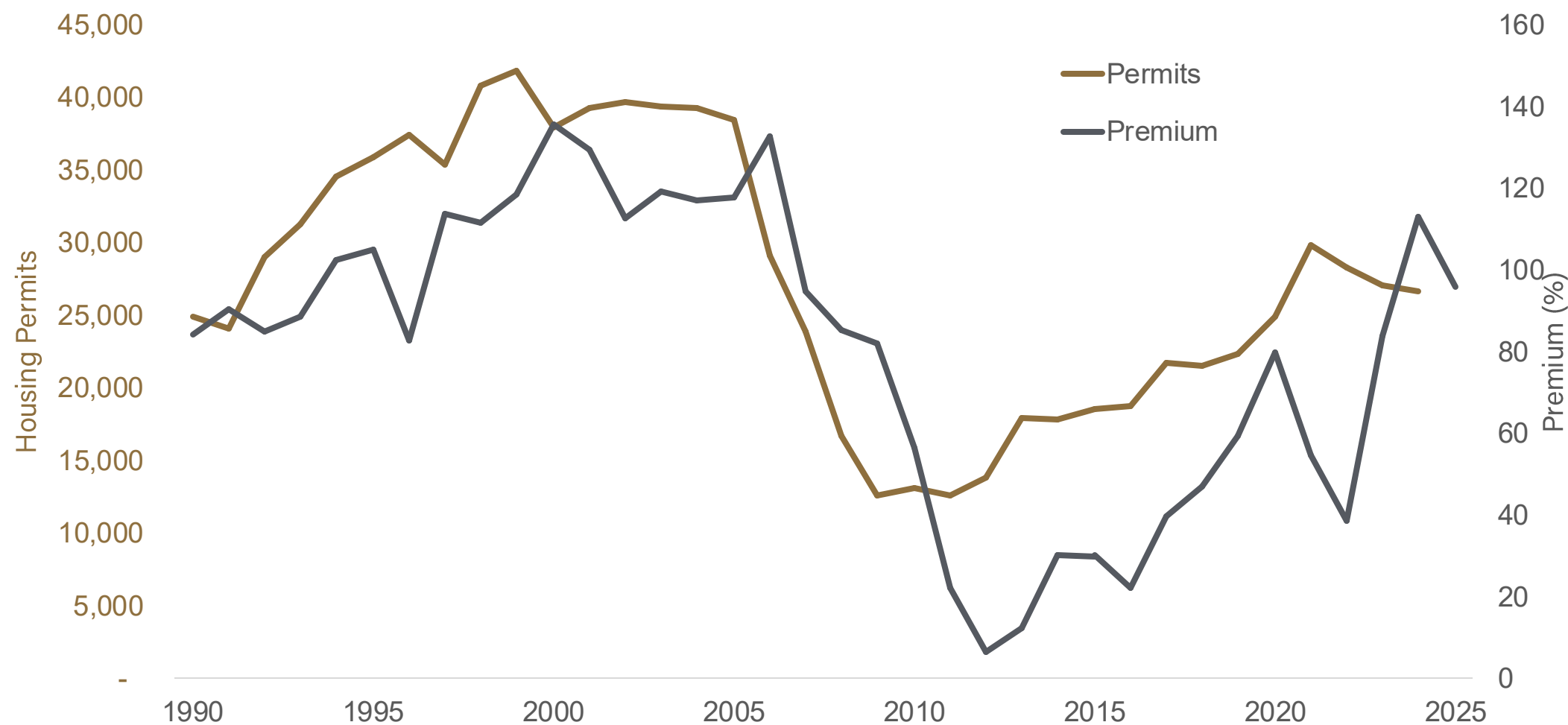


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# Development Premium and Housing Starts



# *Land Value Summary*

- New record high (again) in 2025 at state-level
- Price declines in Southeast and Southwest regions
- Key drivers: crop prices (–), net incomes (–), and conversion (+)
- Optimistic for remainder of 2025

# Farmland Outlook

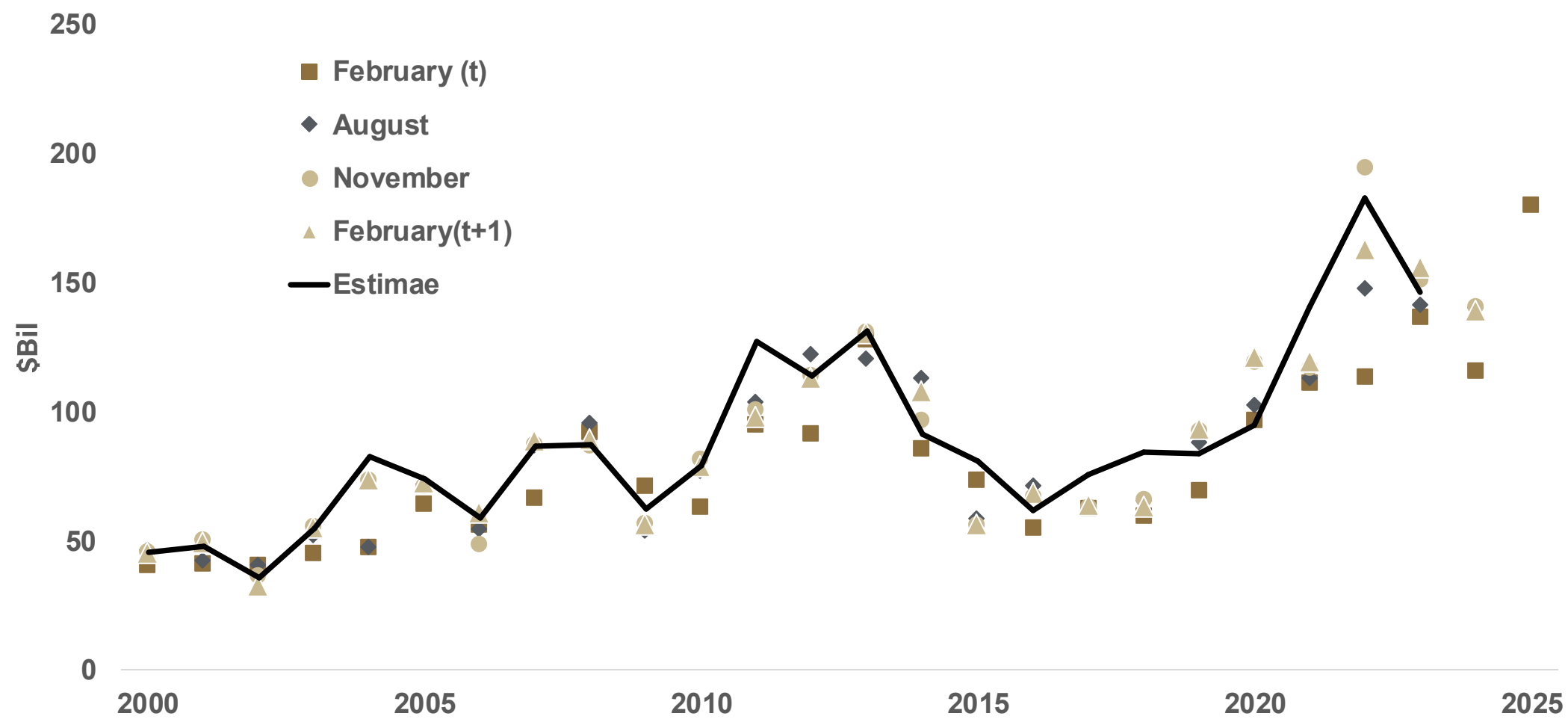
# *A Simple Model of Farmland Prices*

$$\text{Price} = \frac{\text{Expected returns}}{(\text{Discount rate} - \text{growth rate})}$$

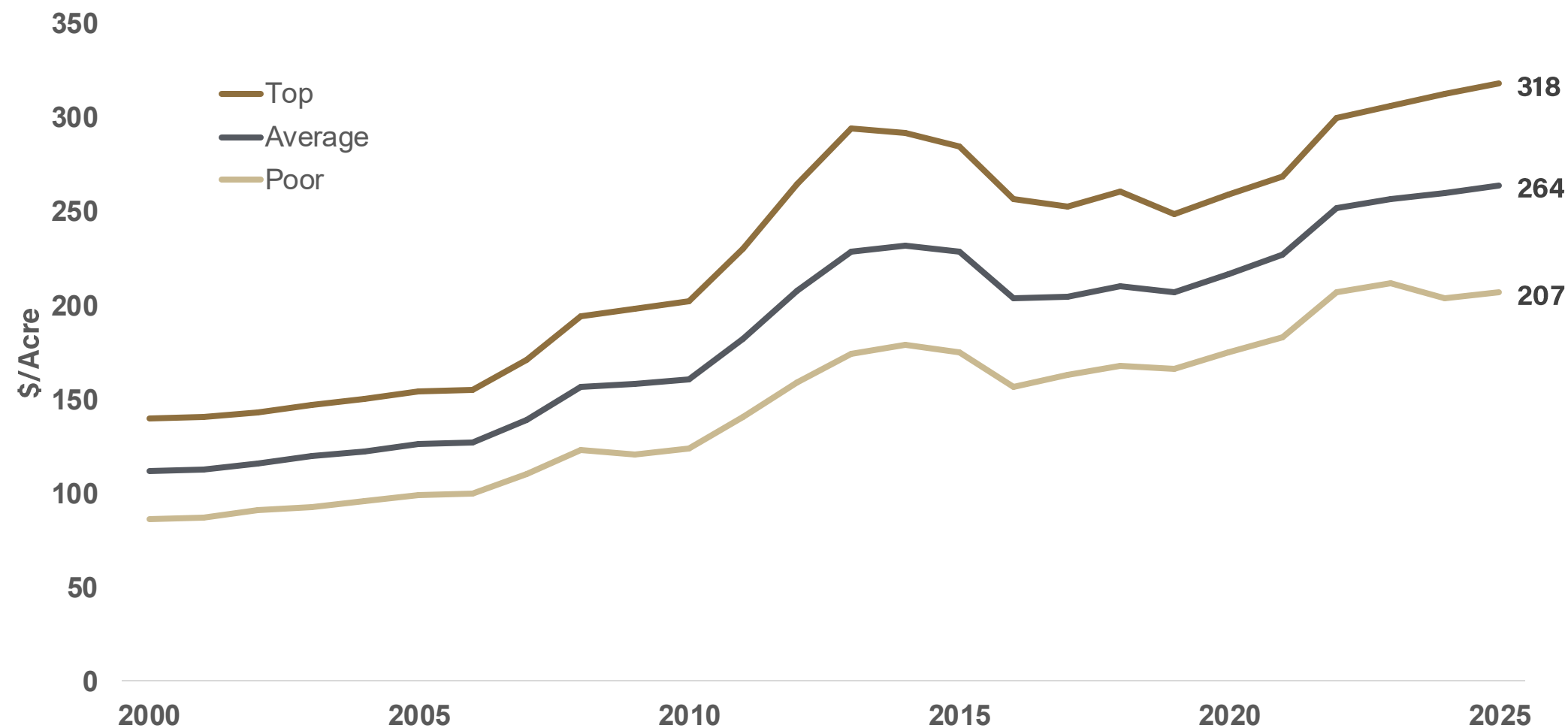
Assuming a growth rate of 1%:

		Discount rate		
		3%	4.5%	6.0%
Expected returns	200	10,000	5,714	4,000
	300	15,000	8,571	6,000
	400	20,000	11,429	8,000

# Farm Incomes Forecast to Increase in 2025

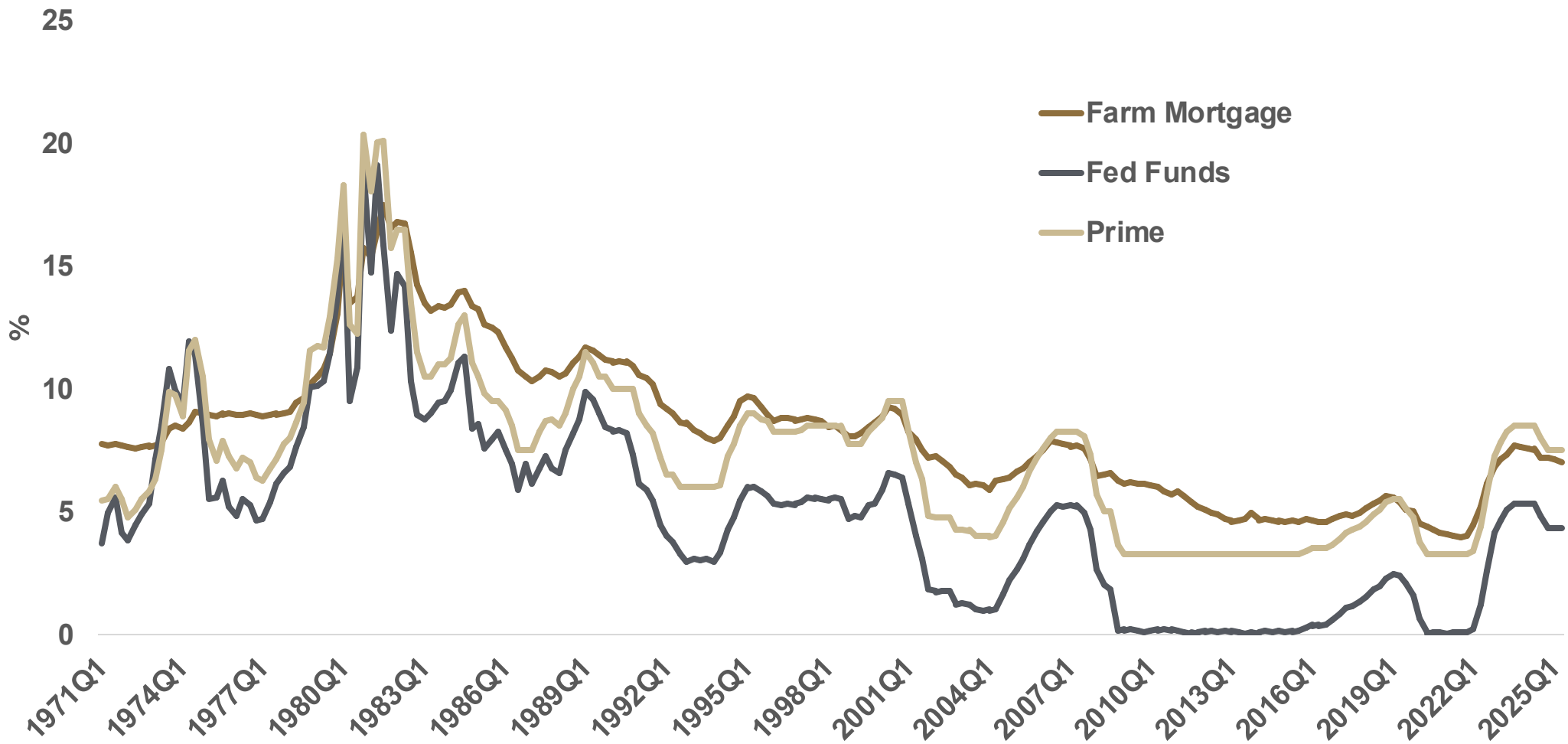


# Cash Rents, 2000 - 2025



Source: Purdue Land Value and Cash Rent Survey  
Center for Commercial Agriculture

# Discount Rates



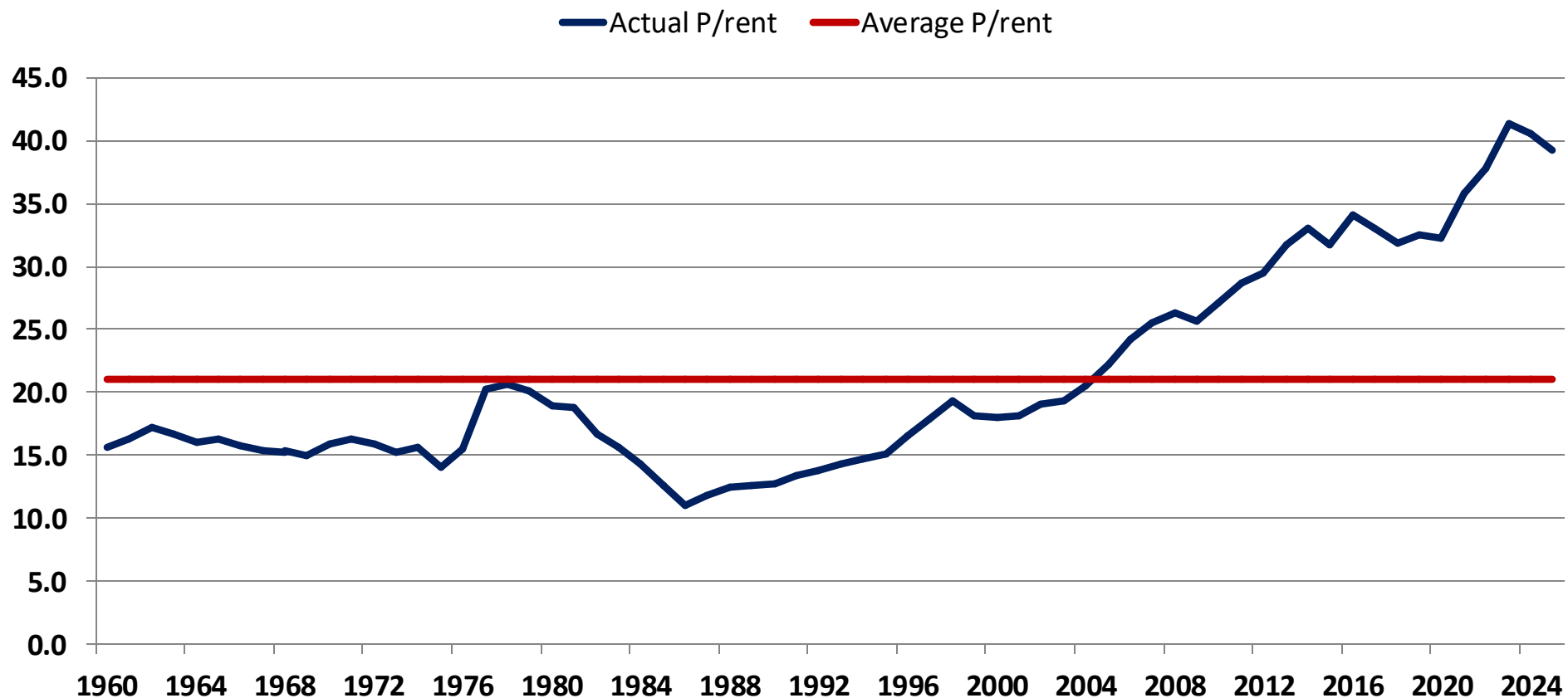
# *Capitalization Rates and P/rent Ratios*

- Capitalization Rate
  - Historical Average = 5.0
  - 2025 = 2.0 to 2.5
- P/rent Ratio
  - Historical Average = 20
  - 2025 = 40 to 50
- Cyclically Adjusted P/rent Ratio
  - Uses a moving average for earnings (e.g., P/rent10)

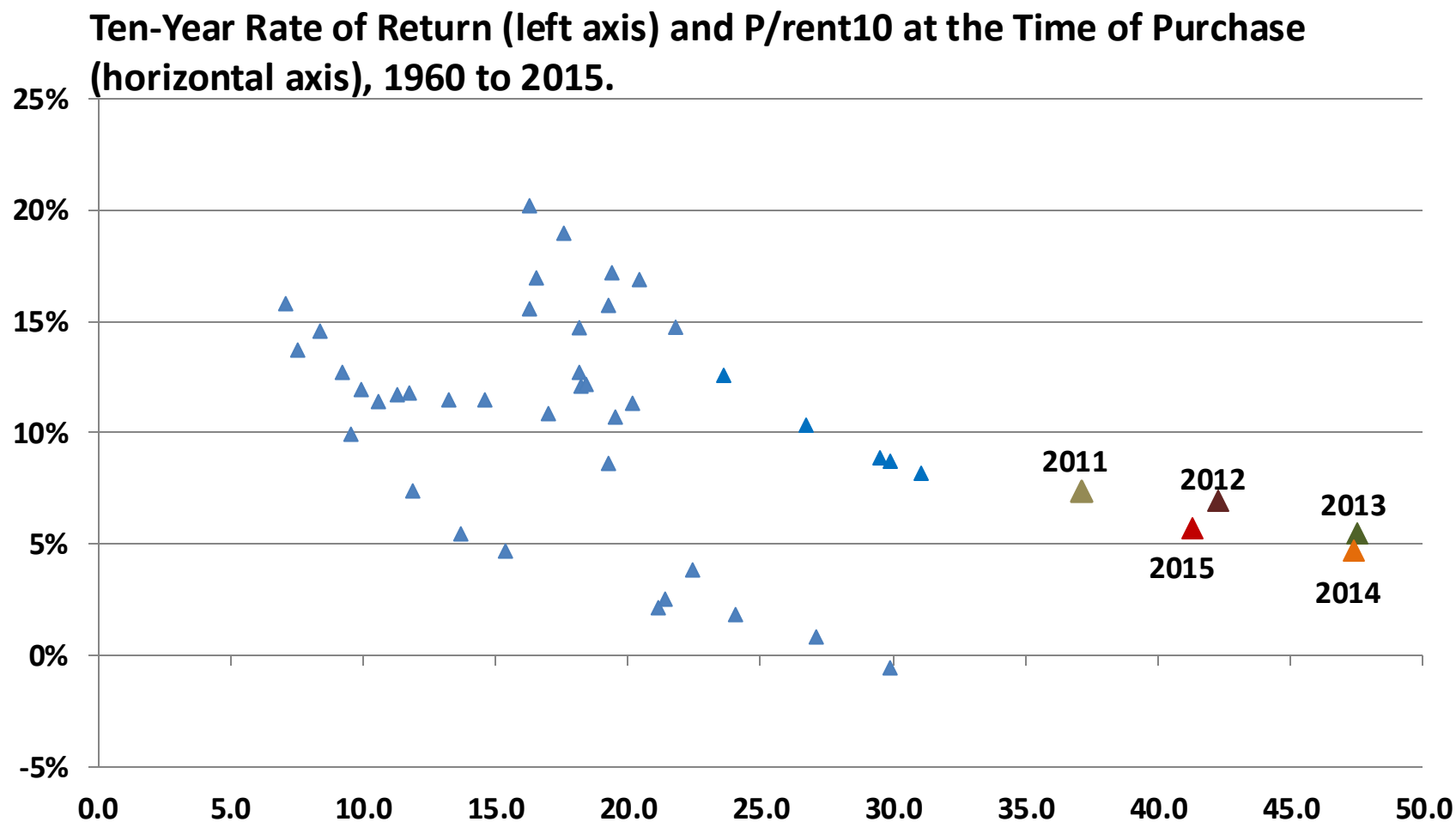


# *P/rent Ratios*

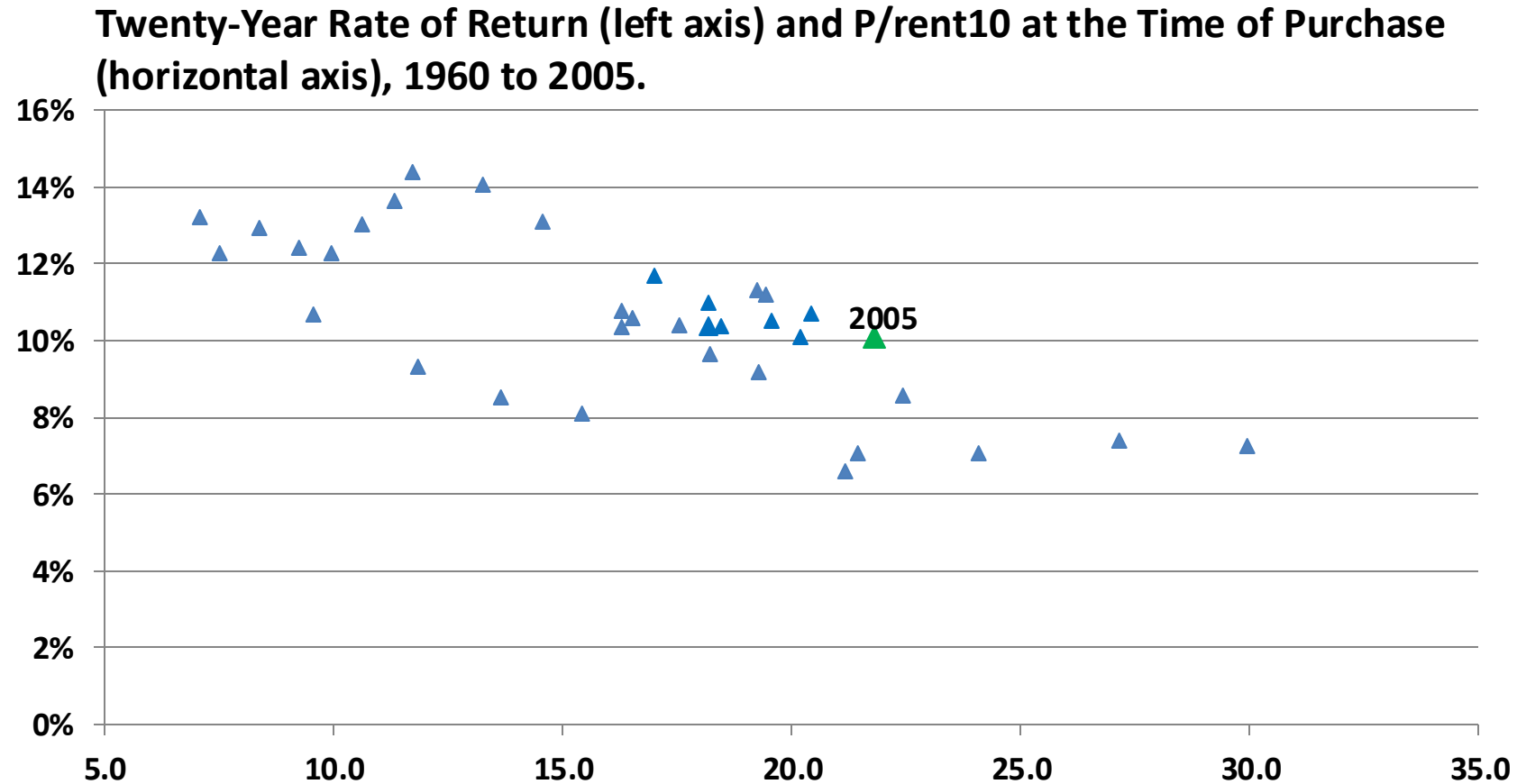
Farmland Price to Cash Rent Multiple for West Central Indiana, 1960 to 2025.



## *Negative Relationship between 10-Year Rate of Return and P/rent10 Ratio*



## *Negative Relationship between 20-Year Rate of Return and P/rent10 Ratio*



Full report available on the Center for Commercial Agriculture's website

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