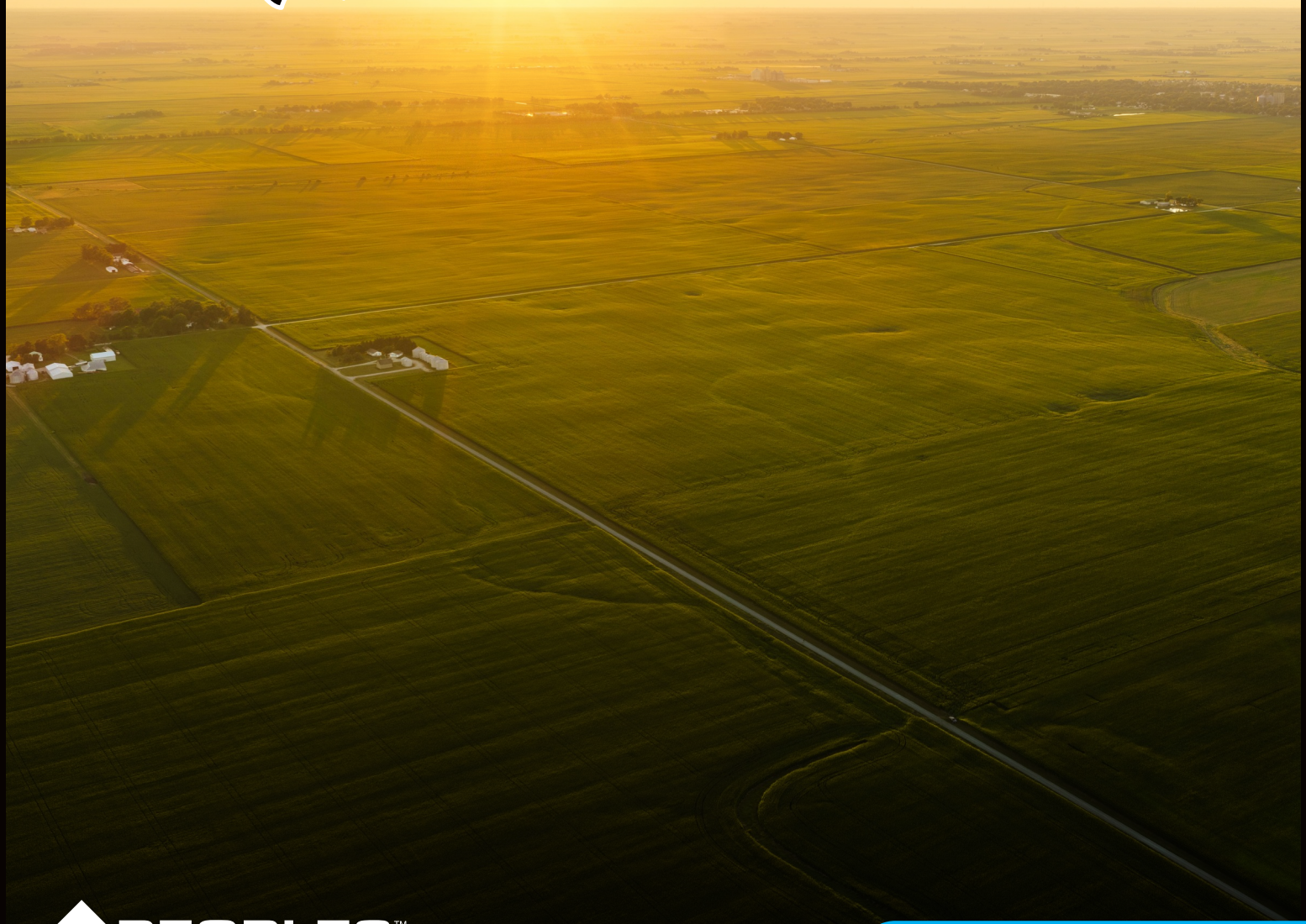


Illinois

AGRICULTURAL

QUARTERLY MARKET ANALYSIS



PEOPLES™ COMPANY
INTEGRATED LAND SOLUTIONS

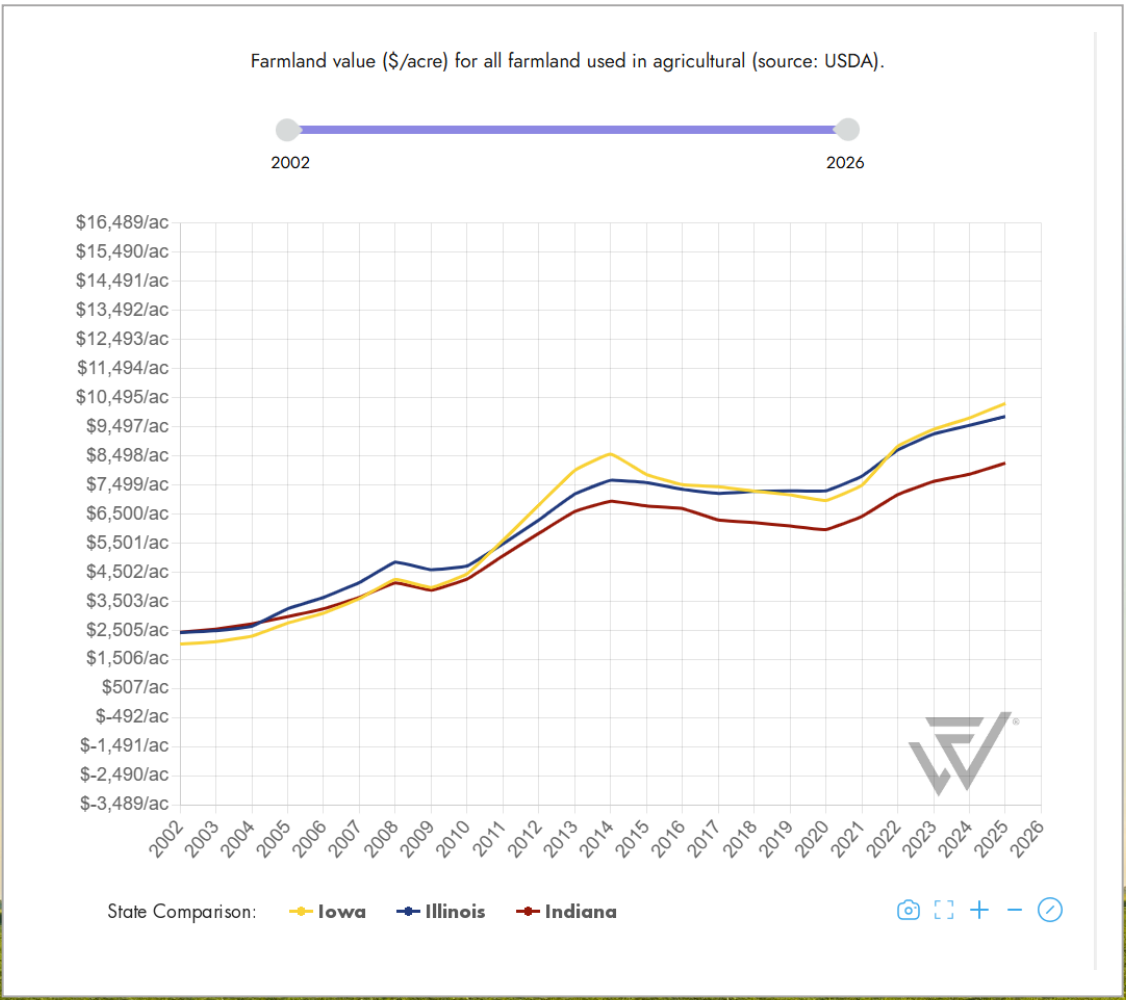
2026 Quarter 3

MARKET OVERVIEW

Illinois farmland entered the third quarter of 2026 with values remaining relatively stable despite continued pressure on farm profitability. Lower commodity prices, elevated production costs, and higher borrowing costs have tightened margins for grain producers, but limited farmland availability and continued demand from farm operators and investors have helped support land values. [1]

Illinois remains one of the nation's most significant agricultural states, with approximately 27 million acres of farmland accounting for roughly 75% of the state's land area. Corn and soybeans dominate production, while Illinois' central location, extensive rail network, highways, and navigable waterways provide important access to domestic and export markets.

The balance between tighter operating margins and limited land availability continues to define the market. High-quality farmland with strong soils, drainage, access, and location remains competitive, while secondary-quality properties are encountering greater buyer discipline. This increasing differentiation between individual properties is likely to remain an important feature of the Illinois market through the remainder of 2026.



[1] Source: University of Illinois farmdoc, Index Numbers of Illinois Farmland Values. For historical Illinois farmland value trends, visit https://farmdoc.illinois.edu/handbook/index-numbers-of-illinois-farmland-values.

HISTORICAL TRENDS

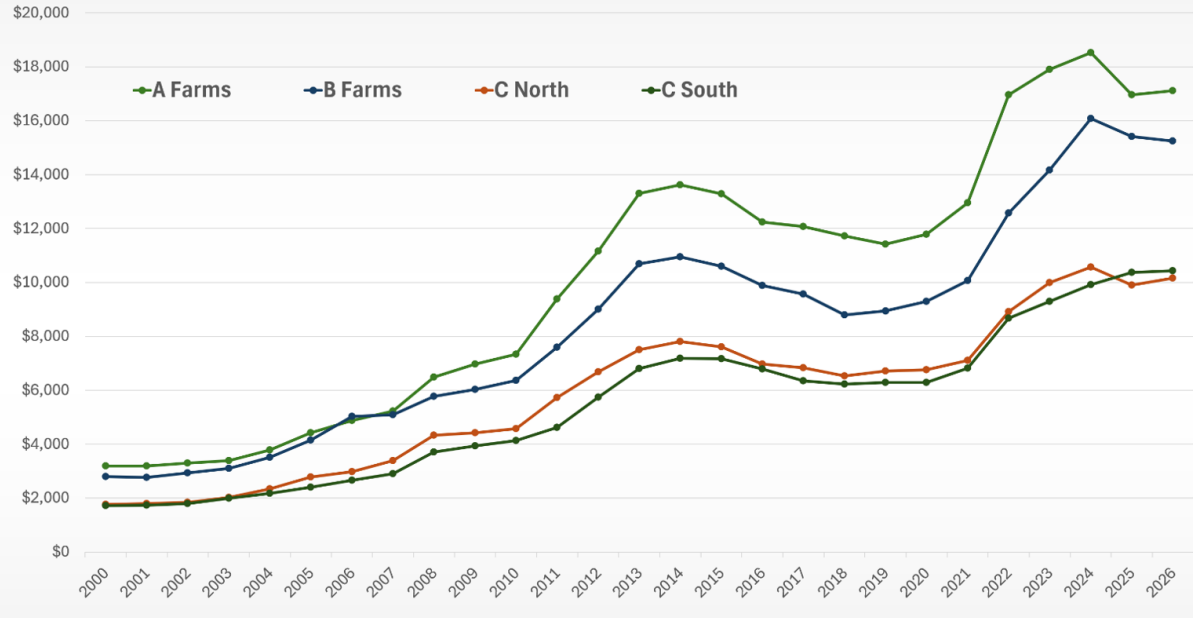
Illinois farmland has demonstrated substantial long-term appreciation, with the strongest recent gains occurring during the agricultural upswing that began around 2020. The University of Illinois farmland value index increased from 383 in 2020 to 498 in 2026, an increase of approximately 30%. More recently, the index increased from 468 in 2024 to 481 in 2025 and 498 in 2026, indicating that values have continued to trend higher even as the pace of appreciation has moderated.

Benchmark data from central and southern Illinois provides additional context for this cycle. Farmland values experienced particularly strong appreciation from 2021 through 2024 before declining modestly in 2025 and remaining essentially unchanged overall in 2026. This pattern suggests that the market has transitioned away from the rapid appreciation of the early 2020s and into a period of greater stability. [2]

Current conditions also reflect a more selective market. Lower commodity prices, elevated input costs, and higher interest expenses have tightened margins and encouraged buyers to evaluate purchases more carefully. At the same time, farmland remains tightly held, and limited availability continues to support values. Productive, well-located farms generally continue to attract interest, while secondary-quality properties or farms with operational limitations may encounter greater price resistance.

Taken together, these trends indicate that Illinois farmland has moved from a period of rapid appreciation toward a more balanced market. Values remain historically strong, but future performance is likely to be increasingly influenced by farm income, financing costs, property quality, and local supply and demand rather than the broad upward momentum experienced earlier in the decade.

Benchmark Averages as of July 1, 2000-2026



Note: Farm Credit Illinois benchmark farms are categorized by soil productivity and geographic location. A Farms represent highly productive farmland, B Farms represent moderately productive farmland, and C Farms represent lower-productivity farmland, further distinguished between northern/central (C North) and southern (C South) Illinois regions. Soil productivity is evaluated using University of Illinois Bulletin 810 ratings.

[2] Source: Farm Credit Illinois. https://www.farmcreditil.com/knowledge-center/Newsroom/2026/08-Aug/farmland-value-benchmark-study-results-2026

RECENT MARKET PULSE

Illinois farmland values remained resilient through the first three quarters of 2026. Compeer Financial reported that limited land availability and steady demand for productive, well-located farms continued to support values through midyear even as weak farm income and elevated financing costs made buyers more cautious. Local farmers remained the primary buyers in many transactions, particularly where adjoining or strategically located farmland became available.

Crop expectations also remained an important component of the operating outlook. USDA's August forecast called for Illinois farmers to harvest approximately 2.32 billion bushels of corn from 10.95 million acres, with an average yield of 212 bushels per acre, compared with 214 bushels per acre in 2025. Mid-August crop conditions remained generally favorable, with 61% of corn and 59% of soybeans rated good or excellent.

Strong yields can help offset weaker commodity prices at the farm level, but profitability remains dependent on realized yields, harvest prices, input costs, and rent obligations. As a result, buyers continue to place greater emphasis on productivity and income-generating potential when evaluating farmland purchases.

PEOPLES COMPANY AUCTION DATA

Peoples Company's Appraisal Team tracks public farmland auctions throughout Illinois to identify trends in land values, buyer demand, and transaction activity. Results through the first three quarters of 2026 indicate that the auction market remains active, although quarterly results continue to reflect differences in the quality and composition of properties offered.

Illinois Land Values | 2026

Quarter	$/Acre	$/Tillable Acre	$/Point	Tracts Sold	Acres Sold
Q1	$11,734	$13,743	$116	144	10,179
Q2	$13,034	$15,303	$122	23	1,392
Q3	$13,879	$15,964	$121	100	8,345

The statewide average increased from $116 per productivity point in Q1 to $122 in Q2 before settling at $121 in Q3. Although the Q3 average was approximately 0.8% below Q2, it remained 4.3% above Q1. Gross sale prices showed greater strength, with the Q3 average of $13,879 per acre approximately 6.5% above Q2 and 18.3% above Q1. Average price per tillable acre followed a similar pattern, reaching $15,964 in Q3.

Transaction activity also increased considerably from the seasonally lighter second quarter. Peoples Company tracked 100 tracts totaling 8,345 acres during Q3, compared with 23 tracts and approximately 1,392 acres during Q2. September accounted for a significant portion of Q3 acreage, consistent with the transition into the fall farmland selling season.

The difference between the relatively stable $/point measure and stronger gross and tillable-acre prices is important. It suggests that changes in tract mix and productivity contributed to quarterly movements in headline sale prices. The $/point measure provides additional context when comparing properties of differing productive capacity and indicates a market that remained relatively stable from Q2 into Q3 rather than one experiencing broad-based appreciation.

OPERATING NET INCOME PERFORMANCE

Operating income remains one of the primary constraints facing the Illinois farmland market. Lower commodity prices, elevated input expenses, and higher interest costs have tightened margins for corn and soybean producers. Compeer reported that these conditions are causing buyers to test both the purchase price and practical return associated with farmland more carefully, particularly for properties that lack premium soils, drainage, access, or strategic operating advantages. (Compeer Financial)

Illinois' crop outlook provides some support. USDA's August forecast of 212 bushels per acre for corn remained historically strong despite being two bushels below the 2025 statewide average. Strong production can partially offset weaker commodity pricing, although large crops can also place pressure on harvest-period prices and basis depending on broader supply and demand conditions.

The livestock sector presents a more localized consideration. Tyson Foods closed its Joslin, Illinois beef processing facility in August, removing approximately 3,000 head of daily processing capacity from the region. The facility had sourced much of its cattle from Illinois and Iowa, and affected cattle feeders faced significantly longer transportation distances to alternative processors. While the closure is unlikely to drive statewide cropland values independently, it may affect cattle-feeding economics and localized land demand in areas where livestock operations contribute meaningfully to farmland competition.



COST OF CAPITAL EXPECTATIONS

Financing costs remain an important factor influencing farmland purchasing decisions in 2026. Higher borrowing costs increase the equity required to support acquisitions and place greater emphasis on current income when buyers evaluate prospective returns. In this environment, well-capitalized operators and investors remain positioned to compete, while leveraged buyers may face greater constraints.

These conditions are contributing to greater pricing discipline rather than widespread weakness. Compeer's midyear analysis found that limited land availability, operator and investor demand, and competition for high-quality properties continued to support values despite tighter margins and borrowing costs. (Compeer Financial)

For farmland investors and operators, property characteristics are therefore becoming increasingly important. Productive soils, drainage, efficient field shape, access, and proximity to existing operations can justify stronger competition because these attributes improve the long-term operating fit of the property. Secondary-quality farms, particularly those with drainage issues, operational limitations, or smaller buyer pools, may require more conservative pricing to attract the same level of demand.



CONCLUSION

The Illinois farmland market remained resilient through the third quarter of 2026, with limited supply and continued demand helping offset pressure from tighter farm margins and elevated financing costs. Peoples Company auction tracking supports this characterization. The statewide average of $121 per productivity point in Q3 was essentially unchanged from Q2's $122 and remained above the Q1 average of $116, while gross sale prices increased to $13,879 per acre.

The market is becoming increasingly selective rather than uniformly weaker. High-quality farms with productive soils, strong drainage, efficient configurations, and strategic value to neighboring operators continue to attract competition. Secondary-quality properties face greater scrutiny as buyers place more emphasis on income potential and operating efficiency.

Looking ahead, the fall auction season will provide an important test of market depth. Auction volume increased materially during Q3, but the combination of crop prices, realized 2026 yields, interest rates, production costs, and the amount and quality of farmland brought to market will influence year-end results. Compeer similarly identified fall and year-end auction activity as an important benchmark for the direction of the Illinois market heading into 2027.

Overall, Illinois farmland continues to demonstrate stability as the market adjusts to a more challenging agricultural environment. Limited inventory and continued demand from farmers and investors remain supportive, while tighter margins and higher financing costs are encouraging greater discipline among buyers. As the market moves through the remainder of 2026, differences in soil productivity, drainage, location, and overall farm quality are expected to remain increasingly important in determining individual sale results.





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