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Projected Incomes on Owned vs Rented Farmland for 2026

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Projections in the latest Illinois Crop Budgets suggest negative returns on cash rented farmland for the 2026 crop year (see *farmdoc daily* article from January 13, 2026). This article compares projected incomes on rented farmland to owned farmland. Owned farmland with low to no real estate debt is projected to provide significantly larger incomes to the farmer. Projections for 2026 show that every debt-free owned acre of farmland can subsidize the projected losses on 15 acres of cash rented farmland. The average land tenure position of Illinois grain farms suggests an average net farm income in 2026 that will be positive but insufficient to cover average family living expenses and income taxes without additional non-farm income. Higher rates of farmland ownership with low debt loads results in better income prospects for 2026 and more resiliency during poor income periods in general. However, limited purchase opportunities and the cash flows needed to finance farmland purchases remain significant barriers for farmers.

2026 Return Projections

Table 1 summarizes per acre income projections for different land tenure scenarios based on the January 2026 Crop Budgets for central Illinois, high-productivity farmland. A 50-50 corn-soybean rotation is projected to generate $312 per acre in operator and land returns. This includes a $56 per acre projected ARC/PLC program payment that, if triggered, would not be received until October of 2027.

For owned farmland, costs include property taxes and, if applicable, interest expenses on land debt. Property taxes for farmland in central Illinois are estimated to average $80 per acre. For farmland with no debt, the projected net income to owned land is $232 per acre. Owned farmland with an average debt load for Illinois grain farms would also include an interest cost of around $50 per acre, reducing the net farmer return projection to $182 per acre.

For cash rented farmland, the average cash rent level projected for 2026 in central Illinois is $327 per acre. This results in a negative farmer income projection of -$15 per acre for 2026 on cash rented acres. Table 1 also provides a scenario for farmland rented under a typical 50/50 share lease where the net rental payment (land cost) for the farmer is 50% of the gross revenue less 50% of the direct costs (0.5x$963 – 0.5x$375 = $294 per acre). The projected farmer income for a share leased acre for 2026 is $18 per acre.

Table 1. 2026 Projected Income ($ per acre), Owned vs Rented Land
High Productivity Farmland in Central Illinois, 50% corn and 50% soybeans

	Owned (No Debt)	Owned (Average Debt)	50/50 Share Rent	Cash Rent
Crop revenue	$907	$907	$907	$907
ARC/PLC[1]	56	56	56	56
Gross revenue	**$963**	**$963**	**$963**	**$963**
Direct costs	$375	$375	$375	$375
Power costs	166	166	166	166
Overhead costs	111	111	111	111
Non-land costs	**$651**	**$651**	**$651**	**$651**
Operator and land return	$312	$312	$312	$312
Land Costs[2]	**$80**	**$130**	**$294**	**$327**
Farmer return	**$232**	**$182**	**$18**	**-$15**

[1]Projected ARC/PLC support based on information and expectations in January 2026; if triggered, payments would not be received until October 2027
[2]Land costs include property taxes for owned land with no debt, property taxes and land loan interest on owned land with debt, 50% of gross revenues less 50% of direct costs for share rent, and a fixed rental rate for cash rent

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In addition to strengthening the farm's balance sheet and providing positive capital returns through increased land values over time, owned farmland has historically made farm business's more resilient to extended periods in lower income environments after the cash flow requirements associated with the purchase have been met. This includes the current period where average returns to cash rented farmland in Illinois have been negative since the 2022 crop year. The 2026 projections suggest that every acre of debt-free owned farmland can offset the negative returns to 15 acres of cash rented farmland (232/15 = 15.47). Every acre of owned farmland with average debt levels could offset the losses on 12 acres of cash rented farmland (182/15 = 12.13).

While average land tenure positions vary by region, the average Illinois grain farm rents approximately 75% of its farmland and owns the remaining 25% (see *farmdoc daily* from January 16, 2026). This suggests positive farm incomes, on average, for 2026.

A 1,500 acre grain operation with an average debt load on 375 owned acres and cash renting the remaining 1,125 acres would have a projected net farm income of $51,375 in 2026 ($182/acre x 375 acres + -$15/acre x 1,125 acres = $51,375). If the 375 owned acres were debt free the income projection would increase to $70,125 ($232/acre x 375 acres + -$15/acre x 1,125 acres = $70,125).

The average tenure positions of grain farms in Illinois typically also include some share rent arrangements on the rented farmland. With a tenure position of 375 owned acres with no debt, 375 share rented acres, and 750 acres of cash rented acres the projected average income would be $82,500. If the owned acres carried an average debt load, the average income projection would fall to $63,750.

While the average Illinois grain farm would be projected to earn a positive farm income in 2026, a number of additional points should be considered:

- Many farms rely more heavily on rented farmland than the average grain farm. In most cases, these tend to be farm businesses run by younger farmers. In the extreme, projected income on a 1,500 acre grain farm cash renting 100% of its acres would be -$22,500 for 2026.

- Many farms with owned land are servicing larger-than-average real estate debt loads. This would increase the interest expenses and reduce the income on owned acres and the overall income level for the farm. Moreover, the cash requirements to service farmland debt (both principal repayment and interest expenses) could create serious cash flow concerns even with positive income (see *farmdoc daily* article from October 21, 2025).

- Average family living and income tax expenses for Illinois grain farms has exceeded $135,000 in recent years, while average non-farm income has averaged nearly $65,000 (see *farmdoc daily* article from November 21, 2025). This implies the need for at approximately $70,000 in farm income in addition to non-farm income to cover living and tax expenses for the average Illinois grain farm.

- The 2026 projections include a significant ARC/PLC payment of $56/acre. These payments are uncertain and, if triggered, would not be paid until October of 2027.

Summary

The latest Illinois Crop Budget projections for the 2026 crop year show negative returns to corn-soybean rotations on cash rented farmland in Illinois. Income on owned land can help to offset the losses on cash rented land if there is sufficiently low debt remaining on the land. Projected income on every acre of debt-free owned farmland can offset projected losses on 15 acres of cash rented farmland. However, this can only be achieved once the considerable cash flow requirements associated with the farmland purchase have been met.

These projections include an expected ARC/PLC payment for 2026 of $56 per acre. No additional ad hoc assistance is included. Improved return prospects could be achieved with higher commodity prices or reductions in productions costs to levels below the average projections included in the crop budgets. In contrast, lower prices or costs exceeding current projections could result in even lower average returns and farm income levels.

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