Building Farm and Ranch Resiliency in the Age of Financial Uncertainty

Meeting Series
2021-2022
This material is based upon work supported by USDA-NIFA under Award Number 2018-70027-28586
Program Overview

• Cash rental rates & flex lease arrangements
  • Presented by Jim Jansen
• Landlord/tenant communication issues & farm succession planning
  • Presented by Allan Vyhnalek
• USDA Programs for Land Management
  • Presented by USDA-FSA
Nebraska Cash Rental Rates & Flex Leases 2021-2022

Jim Jansen
Agricultural Economist
jjansen4@unl.edu
402-261-7572

Jeffrey Stokes
Professor in Finance
jeffrey.stokes@unl.edu
402-472-2127
DISCLAIMER

- Land values and rental rates shown and discussed in this presentation are excerpts from the UNL Nebraska Farm Real Estate Market Survey.
- Information provided in this presentation are averages from these surveys. Actual land values and rental rates may vary depending upon the quality of the parcel and local market forces for an area.
Nebraska Farm Real Estate Survey

- Annual survey conducted since 1978 of Nebraska agricultural appraisers, professional farm managers, and bankers engaged in the land industry.
- Preliminary results for land values and rental rates published the second week of March.
- Full report published in June.
- Nebraska Farm Real Estate website full access to these resources: http://cap.unl.edu/realestate
Nebraska Agricultural Statistics Districts
Nebraska Land Values
Land Averages and
Annual Percent Changes
Nebraska Agricultural Average
All Land Value – Feb. 1, 2022
(Preliminary)

State $3,360/ac
16%

Northwest
$825/ac
15%

North
$1,290/ac
11%

Northeast
$6,950/ac
21%

Central
$3,810/ac
12%

East
$8,110/ac
19%

Southwest
$1,805/ac
13%

South
$4,375/ac
15%

Southeast
$6,070/ac
16%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Nebraska Average Land Value and Corn Price, 1979-2022 (Preliminary)
Historic Corn and Soybean Prices, 1969-2022

Source: The Van Trump Report, November 18, 2021
“World Fertilizer Prices Continue to Soar”…

Source: Keith Good, Farm Policy News, November 21, 2021
Refundable Nebraska Income Tax Credit for Property Taxes Paid to Schools

Source: NE Farm Bureau: https://www.nefb.org/

• Taxpayers who pay property taxes to schools and file Nebraska income taxes are eligible to claim a refundable income tax credit on the amount of property taxes paid to schools.
• For tax year 2021, the credit equals 25.3 percent of property taxes paid to schools and applies to taxes paid between Jan. 1 and Dec. 31, 2021.
• The credit applies to property taxes paid on real property (land, buildings, residences) excluding taxes levied for bond repayments and taxes levied as a result of voter-approved overrides of levy limits.

For information purposes only. Seek guidance from a tax professional or the Department of Revenue for specific questions on the tax credit. – NE Farm Bureau
Dryland Cropland (No Irrigation Potential) Average Value – Feb. 1, 2022 (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Dryland Cropland (Irrigation Potential)
Average Value – Feb. 1, 2022
(Preliminary)

Northwest $855/ac 12%
North $2,245/ac 7%
Southwest $1,775/ac 9%
North Central $3,855/ac 9%
South $4,145/ac 15%
South Central $2,205/ac 10%
South East $3,700/ac 10%
Southwest $1,775/ac 9%
Southeast $6,695/ac 18%

State $5,235/ac 19%
Northeast $7,485/ac 20%
East $8,470/ac 24%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Grazing Land (Tillable)
Average Value – Feb. 1, 2022
(Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Grazing Land (Nontillable)
Average Value – Feb. 1, 2022
(Preliminary)

Northwest $510/ac 15%
North $745/ac 7%
State $950/ac 10%
Southwest $825/ac 9%
Central $1,685/ac 13%
South $1,575/ac 8%
Northeast $2,470/ac 16%
East $2,720/ac 6%
Southeast $2,510/ac 17%
South $1,575/ac 8%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Hayland
Average Value – Feb. 1, 2022
(Preliminary)

Northwest $830/ac 7%
North $1,370/ac 14%
Southwest $1,535/ac 17%
Central $2,225/ac 12%
South $2,085/ac 9%
Southeast $3,125/ac 11%
State $1,895/ac 12%
Northeast $3,475/ac 8%
East $3,470/ac 13%
South $2,085/ac 9%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Gravity Irrigated Cropland
Average Value – Feb. 1, 2022
(Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
## Center Pivot Irrigated Cropland Average Value – Feb. 1, 2022 (Preliminary)

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Value (ac)</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>North</td>
<td>$4,890/ac</td>
<td>14%</td>
</tr>
<tr>
<td>Northwest</td>
<td>$3,065/ac</td>
<td>19%</td>
</tr>
<tr>
<td>Southwest</td>
<td>$4,900/ac</td>
<td>12%</td>
</tr>
<tr>
<td>Central</td>
<td>$8,105/ac</td>
<td>12%</td>
</tr>
<tr>
<td>South</td>
<td>$7,780/ac</td>
<td>13%</td>
</tr>
<tr>
<td>Northeast</td>
<td>$10,135/ac</td>
<td>24%</td>
</tr>
<tr>
<td>East</td>
<td>$10,920/ac</td>
<td>15%</td>
</tr>
<tr>
<td>Southeast</td>
<td>$9,985/ac</td>
<td>19%</td>
</tr>
<tr>
<td>South</td>
<td>$7,780/ac</td>
<td>13%</td>
</tr>
<tr>
<td>State</td>
<td>$7,735/ac</td>
<td>17%</td>
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</table>
Rating of Factors Influencing Agricultural Land Values in 2021

<table>
<thead>
<tr>
<th>Factor</th>
<th>Land Value Decline</th>
<th>Land Value Increase</th>
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<tbody>
<tr>
<td></td>
<td>Strongly Negative</td>
<td>Somewhat Negative</td>
</tr>
<tr>
<td>Current Crop Prices</td>
<td>1.23</td>
<td></td>
</tr>
<tr>
<td>Interest Rate Levels</td>
<td>1.10</td>
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<tr>
<td>Purchase for Farm Expansion</td>
<td>0.84</td>
<td></td>
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<tr>
<td>Non-Farmer Investor Interest in Land Purchases</td>
<td>0.76</td>
<td></td>
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<tr>
<td>Federal Farm Program Payments</td>
<td>0.64</td>
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<tr>
<td>Amount of Land Offerings for Sale</td>
<td>0.61</td>
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<td>1031 Tax Exchanges</td>
<td>0.58</td>
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<tr>
<td>Returns to Alternative Investments</td>
<td>0.55</td>
<td></td>
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<tr>
<td>Expectations for U.S. Farm Exports</td>
<td>0.53</td>
<td></td>
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<tr>
<td>Financial Health of Current Owners</td>
<td>-0.37</td>
<td></td>
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<tr>
<td>Irrigation Water Availability</td>
<td>0.22</td>
<td></td>
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<tr>
<td>General U.S. Economic Conditions</td>
<td>0.13</td>
<td></td>
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<tr>
<td>Current Livestock Prices</td>
<td>0.06</td>
<td></td>
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<tr>
<td>Farm Input Costs</td>
<td>-0.15</td>
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<tr>
<td>Future Property Tax Policies</td>
<td>-0.37</td>
<td></td>
</tr>
<tr>
<td>Property Tax Levels</td>
<td>-0.71</td>
<td></td>
</tr>
</tbody>
</table>

Nebraska Cash Rental Rates

Dryland Cropland Rental Rates
Dryland Cropland
Average Rental Rates – 2022 Season
(Preliminary)

North
- $65/ac
- 15%

Northwest
- $33/ac
- 11%

Southwest
- $49/ac
- 18%

South
- $100/ac
- 20%

Southeast
- $190/ac
- 12%

Central
- $120/ac
- 22%

East
- $235/ac
- 7%

Northeast
- $245/ac
- 9%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Dryland Cropland Rental Rate Ranges – 2022 Season (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
USDA-National Agricultural Statistics Service Cash Rent Survey

• Biennial survey conducted by the USDA-National Agricultural Statistics Service (NASS) of farmers and ranchers
  • Survey starts in late-winter and conducted through mid-summer of odd-numbered years (some even-number years as well)
  • Analysis published around the second week of September
• Nebraska county estimates in addition to other resources may be found at: www.nass.usda.gov/Statistics_by_State/Nebraska/Publications/County_Estimates/
Dryland Cropland Rental Rates – 2021 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 27, 2021.
Nebraska Cash Rental Rates
Irrigated Cropland
Rental Rates
Gravity Irrigated Cropland
Average Rental Rates – 2022 Season (Preliminary)

Northwest $130/ac 13%
North $195/ac 8%
Central $245/ac 14%
Southwest $180/ac 6%
South $245/ac 17%
South $245/ac 17%
Southeast $260/ac 9%
Northeast $300/ac 7%
East $285/ac 10%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Gravity Irrigated Cropland Rental Rate Ranges – 2022 Season (Preliminary)

**North**
- H: $230/ac
- A: $195/ac
- L: $170/ac

**Northwest**
- H: $165/ac
- A: $130/ac
- L: $105/ac

**Southwest**
- H: $205/ac
- A: $180/ac
- L: $160/ac

**North Central**
- H: $275/ac
- A: $245/ac
- L: $190/ac

**Northeast**
- H: $355/ac
- A: $300/ac
- L: $245/ac

**Central**
- H: $275/ac
- A: $245/ac
- L: $190/ac

**South**
- H: $275/ac
- A: $245/ac
- L: $210/ac

**Southeast**
- H: $315/ac
- A: $260/ac
- L: $230/ac

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Center Pivot Irrigated Cropland
Average Rental Rates – 2022 Season (Preliminary)

Northwest $175/ac 16%
North $230/ac 9%
Southwest $225/ac 15%
Central $275/ac 17%
South $280/ac 19%
Northeast $340/ac 11%
East $330/ac 14%
Southeast $315/ac 13%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Center Pivot Irrigated Cropland Rental Rate Ranges – 2022 Season (Preliminary)

North
H: $280/ac  
A: $230/ac  
L: $195/ac

Northwest
H: $210/ac  
A: $175/ac  
L: $140/ac

Southwest
H: $270/ac  
A: $225/ac  
L: $180/ac

Central
H: $335/ac  
A: $275/ac  
L: $225/ac

Northeast
H: $390/ac  
A: $340/ac  
L: $285/ac

East
H: $365/ac  
A: $330/ac  
L: $290/ac

South
H: $330/ac  
A: $280/ac  
L: $245/ac

Southeast
H: $345/ac  
A: $315/ac  
L: $265/ac

By Region
High (H)  
Average (A)  
Low (L)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Irrigated Cropland Rental Rates – 2021 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 27, 2021.
Nebraska Cash Rental Rates
Pasture and Cow-Calf Pairs
Rental Rates
Pasture per Acre
Average Rental Rates – 2022 Season
(Preliminary)

Northwest $14/ac 7%
North $30/ac 11%
Southwest $25/ac 12%
Central $41/ac 9%
South $40/ac 5%
Northeast $69/ac 4%
East $55/ac 6%
Southeast $53/ac 8%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Pasture per Acre Rental Rate Ranges – 2022 Season (Preliminary)

North
High Grade (H): $43/ac
Average (A): $30/ac
Low Grade (L): $17/ac

Northwest
High Grade (H): $19/ac
Average (A): $14/ac
Low Grade (L): $11/ac

Southwest
High Grade (H): $32/ac
Average (A): $25/ac
Low Grade (L): $19/ac

Central
High Grade (H): $56/ac
Average (A): $41/ac
Low Grade (L): $33/ac

South
High Grade (H): $49/ac
Average (A): $40/ac
Low Grade (L): $30/ac

Northeast
High Grade (H): $89/ac
Average (A): $69/ac
Low Grade (L): $52/ac

East
High Grade (H): $71/ac
Average (A): $55/ac
Low Grade (L): $44/ac

Southeast
High Grade (H): $64/ac
Average (A): $53/ac
Low Grade (L): $41/ac

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Pasture per Acre
Rental Rates – 2021 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 27, 2021.
Cow-Calf Pairs
Average Rental Rates – 2022 Monthly
(Preliminary)

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Rental Rate</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>$67.05/pair</td>
<td>6%</td>
</tr>
<tr>
<td>Northwest</td>
<td>$43.15/pair</td>
<td>9%</td>
</tr>
<tr>
<td>Southwest</td>
<td>$56.70/pair</td>
<td>10%</td>
</tr>
<tr>
<td>Central</td>
<td>$61.45/pair</td>
<td>4%</td>
</tr>
<tr>
<td>East</td>
<td>$58.35/pair</td>
<td>6%</td>
</tr>
<tr>
<td>Southeast</td>
<td>$57.40/pair</td>
<td>5%</td>
</tr>
<tr>
<td>South</td>
<td>$51.20/pair</td>
<td>3%</td>
</tr>
<tr>
<td>Northeast</td>
<td>$65.80/pair</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Cow-Calf Pairs
Rental Rate Ranges – 2022 Monthly (Preliminary)

By Region

Northwest
H: $48.50/pair
A: $43.15/pair
L: $35.85/pair

North
H: $73.65/pair
A: $67.05/pair
L: $56.10/pair

Southwest
H: $60.90/pair
A: $56.70/pair
L: $48.75/pair

Central
H: $71.40/pair
A: $61.45/pair
L: $47.95/pair

North
H: $76.25/pair
A: $65.80/pair
L: $52.35/pair

East
H: $68.25/pair
A: $58.35/pair
L: $49.30/pair

Southeast
H: $67.35/pair
A: $57.40/pair
L: $44.95/pair

South
H: $63.85/ppair
A: $51.20/pair
L: $40.15/pair

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Agricultural Flex Lease Arrangements
Alternative Farmland Leases for 2022
Agricultural Land Lease Arrangements

- Share Leases
- Flexible Lease
- Cash Lease

- Unit Change
  - Rent per Bushel
  - Rent per Unit Price
  - Bushel Bonus
  - Price Bonus

- Net Change
  - Percent Yield
  - Percent Price
  - Percent Income

- Gross Change
  - Overall Yield
  - Overall Income

- Gross Change
- Net Change
- Unit Change

- Rent per Bushel
- Rent per Unit Price
- Bushel Bonus
- Price Bonus

Net Change

Percent Change

Overall Yield

Overall Income

Percent Income

Percent Price

Percent Yield

Bushel Bonus

Price Bonus
Establishing the Base Rental Rate

- Methods for estimating the base rental rate:
  - Adjusting survey data
  - Cash equivalent from crop share
  - Return on investment

- What I am willing and able to accept and tenant is willing and able to pay?
  - Tenant: What is the maximum I can pay?
  - Landlord: What is the minimum I am willing to accept?
How will the Flex Lease be Adjusted?

• Compare expected farm performance against actual crop yield, price, or revenue
  • If performance is better than expected, more rent is paid
  • If performance is less than expected, less rent is paid
Limiting Risk Exposure

• Set upper and lower limits for your contract
• Do not expose yourself to unlimited upside and downside risk
• How do you do that?
Establishing the Ceiling and Floor

- **Minimum Rent**: $195
- **Base Rent**: $225
- **Maximum Rent**: $255

**If Rent Falls Below $195, the Default Min Payment is Made.**

**If Rent Rises Above $255, the Default Max Payment is Made.**
USDA Farm Bill Requirements

• USDA-Farm Service Agency regulations on farm program payments mandates that a cash lease include:
  • Any specific guarantee of price or division of crop within reason for the region
  • If an alternative lease guarantees a minimum payment of $300 per acre, is this requirement met?
  • What about if the guarantee is only $50 per acre?
When is the Payment Made?

- As the tenant and landowner, you need to decide on when payment is made
- Final yield unknown until after harvest
- Decide on when a minimum is due

Minimum Payment Due – one time or split it up over the season?

- Spring – 1st installment
- Summer – 2nd installment
- Harvest – 3rd installment
Adjusting the Base Cash Rent

Flexible Cash Lease Arrangements
Variable Rent by Yield Adjustment

<table>
<thead>
<tr>
<th>Farm Base Rent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Rate</td>
<td>$220/ac.</td>
</tr>
<tr>
<td>5-yr Farm APH</td>
<td>150 bu.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent Change in Yield</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Production</td>
<td>135 bu.</td>
</tr>
<tr>
<td>Difference (135 bu. - 150 bu.)</td>
<td>-15 bu.</td>
</tr>
<tr>
<td>Percent Change</td>
<td>-10.0 %</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Rent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Rate</td>
<td>$220/ac.</td>
</tr>
<tr>
<td>Percent Decrease in Rent ($220 x -10.0%)</td>
<td>-$22/ac.</td>
</tr>
<tr>
<td>Final Rent</td>
<td>$198/ac.</td>
</tr>
</tbody>
</table>

In this example a farmer produced 90% of the APH, meaning the landlord will receive 90% of the negotiated base rental rate.
## Variable Rent by Yield Adjustment

<table>
<thead>
<tr>
<th>Farm Base Rent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Rate</td>
<td>$220/ac.</td>
</tr>
<tr>
<td>5-yr Farm APH</td>
<td>150 bu.</td>
</tr>
</tbody>
</table>

### Percent Change in Yield

<table>
<thead>
<tr>
<th>Actual Production</th>
<th>165 bu.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference (165 bu. - 150 bu.)</td>
<td>15 bu.</td>
</tr>
<tr>
<td>Percent Change [rac{165 \text{ bu.} - 150 \text{ bu.}}{150 \text{ bu.}} \times 100 ]</td>
<td>10.0 %</td>
</tr>
</tbody>
</table>

### Final Rent

| Rental Rate | $220/ac. |
| Percent Increase in Rent ($220 \times 10.0\%) | $22/ac. |
| Final Rent | $242/ac. |

In this example a farmer produced 110% of the APH, meaning the landowner will receive 110% of the negotiated base rental rate.
### Variable Rent by Crop Price

<table>
<thead>
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<th>Farm Base Rent</th>
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</tr>
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<tbody>
<tr>
<td>Rental Rate</td>
<td>$220/ac.</td>
</tr>
<tr>
<td>5-yr Farm APH</td>
<td>150 bu.</td>
</tr>
<tr>
<td>Planting Time Price Guarantee</td>
<td>$5.90/bu.</td>
</tr>
</tbody>
</table>

### Harvesting-Time Price Increase

| Actual Harvest Time Price Guarantee | $6.35/bu. |
| Difference ($6.35/bu. - $5.90/bu.) | $0.45/bu. |
| Percent [($6.35/bu. - $5.90/bu.) x 100] | 7.6% |

### Final Rent

| Rental Rate | $220/ac. |
| Percent Increase in Rent ($220 x 7.6%) | $17/ac. |
| Final Rent | $237/ac. |

### Farm Base Rent

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Rate</td>
</tr>
<tr>
<td>5-yr Farm APH</td>
</tr>
<tr>
<td>Planting Time Price Guarantee</td>
</tr>
</tbody>
</table>

### Harvesting-Time Price Decrease

| Actual Harvest Time Price Guarantee | $5.45/bu. |
| Difference ($5.45/bu. - $5.90/bu.) | -$0.45/bu. |
| Percent [($5.45/bu. - $5.90/bu.) x 100] | -7.6% |

### Final Rent

| Rental Rate | $220/ac. |
| Percent Decrease in Rent ($220 x -7.6%) | -$17/ac. |
| Final Rent | $203/ac. |
# Variable Rent by Crop Revenue

<table>
<thead>
<tr>
<th>Farm Base Rent</th>
<th>Rental Rate</th>
<th>$200/ac.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Yield</td>
<td>150 bu.</td>
<td></td>
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<tr>
<td>Expected Farm Price</td>
<td>$5.90/bu.</td>
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</tr>
<tr>
<td>Expected Farm Income*</td>
<td>$885/ac.</td>
<td></td>
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</tbody>
</table>

## Harvesting-Time Price Increase

<table>
<thead>
<tr>
<th>Actual Yield</th>
<th>140 bu.</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Actual On-Farm Price</td>
<td>$6.65/bu.</td>
<td></td>
</tr>
<tr>
<td>Actual Farm Income*</td>
<td>$931/ac.</td>
<td></td>
</tr>
<tr>
<td>Difference ($931/ac. - $885/ac.)</td>
<td>$46/ac.</td>
<td></td>
</tr>
<tr>
<td>Percent Change ($931/ac. - $885/ac.) x 100</td>
<td>5.2 %</td>
<td></td>
</tr>
</tbody>
</table>

## Final Rent

| Rental Rate | $200/ac. |
| Percent Increase in Rent ($200 x 5.2%) | $10/ac. |
| Final Rent | $210/ac. |

## Harvesting-Time Price Decrease

<table>
<thead>
<tr>
<th>Actual Yield</th>
<th>165 bu.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual On-Farm Price</td>
<td>$5.35/bu.</td>
<td></td>
</tr>
<tr>
<td>Actual Farm Income*</td>
<td>$883/ac.</td>
<td></td>
</tr>
<tr>
<td>Difference ($883/ac. - $885/ac.)</td>
<td>-$2/ac.</td>
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</tr>
<tr>
<td>Percent Change ($883/ac. - $885/ac.) x 100</td>
<td>-0.3 %</td>
<td></td>
</tr>
</tbody>
</table>

## Final Rent

| Rental Rate | $200/ac. |
| Percent Decrease in Rent ($200 x -0.3%) | -$1/ac. |
| Final Rent | $199/ac. |

*Expected and actual farm income do not include any safety net payments or crop insurance indemnity.
Agricultural Land Leases
Trends in Lease Arrangements for 2022
Methods for Setting Cash Rental Rates

• Methods for estimating a cash rental rate in 2022:
  • Adjusting survey data
  • Cash equivalent from crop share
  • Return on investment
Estimating Cash Rental Rates by Adjusting Survey Data

• Land rental rate survey data:
  • Evaluate available cash rental survey data to establish a baseline in the landlord and tenant negotiation process.

• Average yields:

<table>
<thead>
<tr>
<th>County</th>
<th>Value</th>
<th>Farm</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Rental Rate</td>
<td>$165/ac.</td>
<td>County Rent/Bushel</td>
<td>$1.23/bu.</td>
</tr>
<tr>
<td>Corn Yield</td>
<td>134 bu./ac.</td>
<td>APH Yield</td>
<td>x 119 bu./ac.</td>
</tr>
<tr>
<td>County Rent/Bushel</td>
<td>$1.23/bu.</td>
<td>Farm Level Rent</td>
<td>$146.53/ac.</td>
</tr>
</tbody>
</table>
Cash Equivalent From Crop Share

- Rent paid to landlord by tenant based off owner’s share of net returns per acre.
- Example 50/50 split:

<table>
<thead>
<tr>
<th>Value</th>
<th>Corn - March 2022</th>
<th>Corn - July 2022</th>
<th>Corn - Nov. 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (50% share)</td>
<td>70 bu./ac.</td>
<td>70 bu./ac.</td>
<td>70 bu./ac.</td>
</tr>
<tr>
<td>Price/bushel</td>
<td>x $5.90/bu.</td>
<td>x $6.28/bu.</td>
<td>x $5.71/bu.</td>
</tr>
<tr>
<td>Income</td>
<td>$413.00/ac.</td>
<td>$439.60/ac.</td>
<td>$399.70/ac.</td>
</tr>
<tr>
<td>Owner Expenses*</td>
<td>-$185.00/ac.</td>
<td>-$185.00/ac.</td>
<td>-$185.00/ac.</td>
</tr>
<tr>
<td>Net Return to Owner (Effective Rent)</td>
<td>$228.00/ac.</td>
<td>$254.60/ac.</td>
<td>$214.70/ac.</td>
</tr>
</tbody>
</table>
Cash Equivalent From Hay Share

- Rent paid to landlord by tenant based off owner’s share of net returns per acre.
- Example 33/67 & 50/50 split:

<table>
<thead>
<tr>
<th>Value</th>
<th>33:67 Hayland Share</th>
<th>50:50 Hayland Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (share)</td>
<td>0.83 ton/ac.</td>
<td>1.25 tons/ac.</td>
</tr>
<tr>
<td>Price/ton</td>
<td>$100/ton</td>
<td>$100/ton</td>
</tr>
<tr>
<td>Income</td>
<td>$82.5/ac.</td>
<td>$125/ac.</td>
</tr>
<tr>
<td>Owner Expenses*</td>
<td>-$0/ac.</td>
<td>-$25/ac.</td>
</tr>
<tr>
<td>Net Return to Owner (Effective Rent)</td>
<td>$82.50/ac.</td>
<td>$100/ac.</td>
</tr>
</tbody>
</table>

*In this example, the owner does not pay any expenses for the 33/67 hay share. Also, the owner pays $25 per acre in fertilizer expense for the 50/50 hay share.
Return on Investment

• Multiply the estimated current market value by the expected rate of return to determine the rental rate per acre.

<table>
<thead>
<tr>
<th>Farm</th>
<th>Dryland Cropland</th>
<th>Irrigated Cropland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value</td>
<td>$5,500/ac.</td>
<td>$8,950/ac.</td>
</tr>
<tr>
<td>Rate of Return</td>
<td>x 2.8-3.2%</td>
<td>x 3.1-3.5%</td>
</tr>
<tr>
<td>Rental Rate per Acre</td>
<td>$154-$176/ac.</td>
<td>$277-$313/ac.</td>
</tr>
</tbody>
</table>

*Estimated net rates of return by land type are available in Table 5 of the Nebraska Farm Real Estate Market Highlights Report 2021-2022.
Entity Responsible for Maintaining Irrigation System as Part of Cash Lease in Nebraska

Discount on Cash Rent per Acre When Tenant Owns Pivot for Irrigation System in Nebraska

# Discount on Cash Rent per Acre When Tenant Owns Power Unit for Irrigation System in Nebraska

<table>
<thead>
<tr>
<th>Power Unit</th>
<th>Discount per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Diesel Engine</td>
<td>23</td>
</tr>
<tr>
<td>Propane or Natural Gas Engine</td>
<td>23</td>
</tr>
<tr>
<td>Electric Motor</td>
<td>20</td>
</tr>
</tbody>
</table>

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**Source:** Nebraska Farm Real Estate Market Development Survey, 2018.
Fillable PDF Leases – AgLease101.org

Click Document Library

Lease Publications

- Fixed and Flexible Cash Rental Arrangements for Your Farm
- Crop Share Rental Arrangements for Your Farm
- Pasture Rental Arrangements for Your Farm
- Rental Agreements for Farm Buildings and Livestock Facilities
- Purchasing and Leasing Farm Equipment
- Beef Cows Rental Arrangements for Your Farm
- Farm Building Rental Rate Survey

Lease Forms

- Cash Farm Lease
- Crop Share Farm Lease
- Pasture Lease
- Farm Building or Livestock Facility Lease
- Farm Machinery Lease for Non-commercial Transactions
- Livestock Rental Lease
Nebraska Agriculture Land Studies Fund

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Barbara Soderlin
Director of Development
Institute of Agriculture and Natural Resources
University of Nebraska Foundation
402-458-1176 (office)
402-670-0095 (mobile)
barbara.soderlin@nufoundation.org

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May 16, 2022 at 12:00 PM CDT
Website: cap.unl.edu/landmanagement

• Topics
  • Trends in Nebraska cash rental rates
  • Trends in Nebraska cash rental rates for 2022
  • Financial implications for changing commodity prices and adjusting cash rents
  • Proper communication and decision making for agricultural land
  • Improving communication between landlords, tenants, and family members
  • Short- and long-term decision making for agricultural land
• Ask an expert
  • Review of submitted questions
  • Upcoming land management workshops and publications
Questions?

Jim Jansen
Agricultural Economist
jjansen4@unl.edu
402-261-7572