DISCLAIMER

• Land values and rental rates shown and discussed in this presentation are 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, 2021

Northwest: $715/ac, 4%
North: $1,160/ac, 6%
Southwest: $1,600/ac, 3%
Central: $3,395/ac, 7%
South: $3,805/ac, 5%
Southeast: $5,235/ac, 8%
East: $6,840/ac, 5%
Northeast: $5,765/ac, 7%
State: $2,895/ac, 6%

Nebraska Average Land Value and Corn Price, 1979-2021
Nebraska Avg. Land Value & 10-year Treasury Bond Rate, 1979-2021
Property Taxes....

Source: NE Farm Bureau, Ag Econ Tibits, February 22, 2021

• Taxes levied on agricultural land in 2020 equaled $1.149 billion, off $23 million compared to 2019, or 2 percent.

• This marks the third consecutive year taxes on agricultural land were off compared to the previous year, primarily due to declines in the market value of land.

• Taxes levied on farm buildings and farm sites increased 9 percent or $4 million. Combined, taxes levied on agricultural real property fell $19 million, or 1.5 percent compared to 2019.

• The good news: roughly two-thirds of the counties saw declines in taxes in 2020 compared to 2019.
Change in Taxes on Agricultural Land, 2019-2020
Source: NE Farm Bureau, Ag Econ Tbits, February 22, 2021

Source: Nebraska Department of Revenue
Taxpayers Can Now Claim the LB 1107 Property Tax Credit
Source: NE Dept. of Revenue, February 12, 2021
Website: revenue.nebraska.gov

• **LB 1107** created the **Nebraska Property Tax Incentive Act** that provides for a refundable income tax credit beginning in tax year 2020.

• This credit is available to individuals, corporations, fiduciaries, and financial institutions that pay school district real property taxes in Nebraska.

• The credit is determined by multiplying the amount of school district taxes, defined by the Act as property taxes levied on real property in Nebraska by a school district or multiple district school system (excluding property taxes levied for bonded indebtedness or any levy override approved by voters) by a credit percentage.

• This credit percentage is 6% for 2020.
Dryland Cropland (No Irrigation Potential)
Average Value – Feb. 1, 2021

North
$1,655/ac
9%

Northwest
$635/ac
4%

Southwest
$1,445/ac
8%

Central
$3,075/ac
2%

Northwest
$635/ac
4%

South
$3,070/ac
3%

Central
$3,075/ac
2%

South
$3,070/ac
3%

State
$3,380/ac
7%

Northeast
$5,770/ac
5%

East
$6,465/ac
6%

Southeast
$4,930/ac
11%

Dryland Cropland (Irrigation Potential)
Average Value – Feb. 1, 2021

Grazing Land (Tillable)
Average Value – Feb. 1, 2021

Northwest
$540/ac
4%

North
$1,190/ac
8%

Southwest
$950/ac
3%

State
$1,305/ac
5%

Central
$1,970/ac
5%

South
$1,985/ac
8%

Southeast
$2,990/ac
2%

Northeast
$3,255/ac
1%

East
$3,375/ac
6%

South
$1,985/ac
8%

Grazing Land (Nontillable)
Average Value – Feb. 1, 2021

Northwest: $445/ac (3%)
Northeast: $2,130/ac (4%)
North: $695/ac (5%)
State: $865/ac (4%)
Southwest: $755/ac (1%)
Central: $1,495/ac (2%)
East: $2,570/ac (7%)
South: $1,465/ac (6%)
Southeast: $2,145/ac (4%)

Hayland
Average Value – Feb. 1, 2021

Gravity Irrigated Cropland
Average Value – Feb. 1, 2021

Center Pivot Irrigated Cropland
Average Value – Feb. 1, 2021

Rating of Factors Influencing Agricultural Land Values in 2021

Nebraska Cash Rental Rates

Dryland Cropland Rental Rates
Dryland Cropland
Average Rental Rates – 2021 Season

Dryland Cropland
Rental Rate Ranges – 2021 Season

North
H: $91/ac
A: $57/ac
L: $45/ac

Northwest
H: $42/ac
A: $30/ac
L: $24/ac

Southwest
H: $54/ac
A: $42/ac
L: $35/ac

Central
H: $120/ac
A: $98/ac
L: $88/ac

Northeast
H: $265/ac
A: $225/ac
L: $180/ac

East
H: $240/ac
A: $220/ac
L: $175/ac

South
H: $120/ac
A: $84/ac
L: $58/ac

Southeast
H: $195/ac
A: $170/ac
L: $130/ac

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

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 yeas 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 – 2020 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 28, 2020
Nebraska Cash Rental Rates
Irrigated Cropland
Rental Rates
Gravity Irrigated Cropland
Average Rental Rates – 2021 Season

- **Northwest**
  - $115/ac
  - 10%

- **North**
  - $180/ac
  - 6%

- **Southwest**
  - $170/ac
  - 6%

- **Central**
  - $215/ac
  - 5%

- **South**
  - $210/ac
  - 2%

- **Northeast**
  - $280/ac
  - 8%

- **East**
  - $260/ac
  - 2%

- **Southeast**
  - $240/ac
  - 4%

- **South**
  - $210/ac
  - 2%

Gravity Irrigated Cropland Rental Rate Ranges – 2021 Season

By Region
- **Northwest**
  - High Grade (H): $145/ac
  - Average (A): $115/ac
  - Low Grade (L): $89/ac
- **North**
  - High Grade (H): $210/ac
  - Average (A): $180/ac
  - Low Grade (L): $135/ac
- **Southwest**
  - High Grade (H): $195/ac
  - Average (A): $170/ac
  - Low Grade (L): $135/ac
- **Central**
  - High Grade (H): $255/ac
  - Average (A): $215/ac
  - Low Grade (L): $170/ac
- **Northeast**
  - High Grade (H): $320/ac
  - Average (A): $280/ac
  - Low Grade (L): $225/ac
- **East**
  - High Grade (H): $280/ac
  - Average (A): $260/ac
  - Low Grade (L): $230/ac
- **South**
  - High Grade (H): $245/ac
  - Average (A): $210/ac
  - Low Grade (L): $175/ac
- **Southeast**
  - High Grade (H): $285/ac
  - Average (A): $240/ac
  - Low Grade (L): $210/ac

Center Pivot Irrigated Cropland
Average Rental Rates – 2021 Season

### Center Pivot Irrigated Cropland Rental Rate Ranges – 2021 Season

<table>
<thead>
<tr>
<th>Region</th>
<th>High (H)</th>
<th>Average (A)</th>
<th>Low (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>$255/ac</td>
<td>$210/ac</td>
<td>$180/ac</td>
</tr>
<tr>
<td>Northwest</td>
<td>$170/ac</td>
<td>$150/ac</td>
<td>$125/ac</td>
</tr>
<tr>
<td>Southwest</td>
<td>$230/ac</td>
<td>$195/ac</td>
<td>$165/ac</td>
</tr>
<tr>
<td>Central</td>
<td>$275/ac</td>
<td>$235/ac</td>
<td>$195/ac</td>
</tr>
<tr>
<td>Northeast</td>
<td>$345/ac</td>
<td>$305/ac</td>
<td>$260/ac</td>
</tr>
<tr>
<td>East</td>
<td>$330/ac</td>
<td>$290/ac</td>
<td>$250/ac</td>
</tr>
<tr>
<td>South</td>
<td>$265/ac</td>
<td>$235/ac</td>
<td>$185/ac</td>
</tr>
<tr>
<td>Southeast</td>
<td>$310/ac</td>
<td>$280/ac</td>
<td>$240/ac</td>
</tr>
</tbody>
</table>

Irrigated Cropland Rental Rates – 2020 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 28, 2020
Nebraska Cash Rental Rates
Pasture and Cow-Calf Pairs
Rental Rates
Pasture per Acre
Average Rental Rates – 2021 Season

Northwest $13/ac 10%
North $28/ac 8%
Southwest $22/ac 7%
Central $37/ac 6%
South $38/ac 4%
Northwest $28/ac 8%
Northeast $66/ac 5%
East $53/ac 3%
Southeast $49/ac 1%
South $38/ac 4%

Pasture per Acre
Rental Rate Ranges – 2021 Season

Pasture per Acre Rental Rates – 2020 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 28, 2020
Cow-Calf Pairs
Average Rental Rates – 2021 Monthly

Cow-Calf Pairs
Rental Rate Ranges – 2021 Monthly

**By Region**

- **Northwest**
  - High Grade (H): $48.90/pair
  - Average (A): $39.55/pair
  - Low Grade (L): $32.75/pair

- **North**
  - High Grade (H): $69.65/pair
  - Average (A): $63.10/pair
  - Low Grade (L): $52.80/pair

- **Southwest**
  - High Grade (H): $59.40/pair
  - Average (A): $51.65/pair
  - Low Grade (L): $43.70/pair

- **Central**
  - High Grade (H): $68.70/pair
  - Average (A): $58.95/pair
  - Low Grade (L): $42.10/pair

- **South**
  - High Grade (H): $61.55/pair
  - Average (A): $49.80/pair
  - Low Grade (L): $39.85/pair

- **Northeast**
  - High Grade (H): $72.35/pair
  - Average (A): $60.75/pair
  - Low Grade (L): $47.45/pair

- **East**
  - High Grade (H): $65.85/pair
  - Average (A): $55.20/pair
  - Low Grade (L): $45.50/pair

- **Southeast**
  - High Grade (H): $64.45/pair
  - Average (A): $54.90/pair
  - Low Grade (L): $38.35/pair

Stocker (500-600 lb.)
Rental Rate Ranges – 2021 Monthly

North
H: $42.95/head
A: $35.60/head
L:  $29.35/head

Northwest
H: $31.60/head
A: $24.45/head
L:  $18.20/head

Southwest
H: $42.35/head
A: $34.50/head
L:  $27.40/head

Central
H: $42.05/head
A: $33.85/head
L:  $24.65/head

Northeast
H: $48.55/head
A: $39.20/head
L:  $30.80/head

East
H: $47.90/head
A: $38.35/head
L:  $30.15/head

South
H: $39.75/head
A: $33.10/head
L:  $25.60/head

Southeast
H: $44.80/head
A: $36.25/head
L:  $27.05/head

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

Agricultural Land Leases
Trends in Lease Arrangements for 2021
Methods for Setting Cash Rental Rates

• Methods for estimating a cash rental rate in 2021:
  • 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>$135/ac.</td>
<td>County Rent/Bushel</td>
<td>$1.13/bu.</td>
</tr>
<tr>
<td>Corn Yield</td>
<td>120 bu./ac.</td>
<td>APH Yield</td>
<td>x 105 bu./ac.</td>
</tr>
<tr>
<td>County Rent/Bushel</td>
<td>$1.13/bu.</td>
<td>Farm Level Rent</td>
<td>$118.13/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>Soybeans - March 2021</th>
<th>Soybeans - July 2021</th>
<th>Soybeans - Nov. 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (50% share)</td>
<td>26 bu./ac.</td>
<td>26 bu./ac.</td>
<td>26 bu./ac.</td>
</tr>
<tr>
<td>Price/bushel</td>
<td>x $11.50/bu.</td>
<td>x $13.25/bu.</td>
<td>x $12.50/bu.</td>
</tr>
<tr>
<td>Income</td>
<td>$299/ac.</td>
<td>$344.50/ac.</td>
<td>$325.00/ac.</td>
</tr>
<tr>
<td>Net Return to Owner (Effective Rent)</td>
<td>$171.00/ac.</td>
<td>$216.50/ac.</td>
<td>$197.00/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>x $100/ton</td>
<td>x $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>-$10/ac.</td>
</tr>
<tr>
<td><strong>Net Return to Owner</strong></td>
<td><strong>$82.50/ac.</strong></td>
<td><strong>$115/ac.</strong></td>
</tr>
</tbody>
</table>

*In this example, the owner does not pay any expenses for the 33/67 hay share. Also, the owner pays $10 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>$5,000/ac.</td>
<td>$8,500/ac.</td>
</tr>
<tr>
<td>Rate of Return</td>
<td>x 2.4-2.8%</td>
<td>x 2.5-2.9%</td>
</tr>
<tr>
<td>Rental Rate per Acre</td>
<td>$120-$140/ac.</td>
<td>$213-$247/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 2020-2021.
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>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
<td>$1 to $9</td>
</tr>
<tr>
<td>Diesel Engine</td>
<td>23</td>
<td>34</td>
</tr>
<tr>
<td>Propane or Natural Gas Engine</td>
<td>23</td>
<td>43</td>
</tr>
<tr>
<td>Electric Motor</td>
<td>20</td>
<td>42</td>
</tr>
</tbody>
</table>

Adjustments Made to Nebraska Land Auctions Due to COVID-19 in 2020

<table>
<thead>
<tr>
<th>Adjustment to Transaction Method</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Online Auctions</td>
<td>31.5</td>
</tr>
<tr>
<td>More Combination Online &amp; Public Auctions</td>
<td>27.9</td>
</tr>
<tr>
<td>Remained Unchanged</td>
<td>10.6</td>
</tr>
<tr>
<td>Decreased Public Auctions</td>
<td>17.3</td>
</tr>
<tr>
<td>Delayed Listing Land</td>
<td>12.7</td>
</tr>
</tbody>
</table>

Major Considerations Identified by Land Industry Professionals for Listing Land through an Online Auction in Nebraska

## Planned Adjustments to Nebraska Land Auction Methods Post COVID-19 in 2021

<table>
<thead>
<tr>
<th>Adjustment to Transaction Method</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Online Auctions</td>
<td>23.4</td>
</tr>
<tr>
<td>Increased Public Auctions</td>
<td>9.7</td>
</tr>
<tr>
<td>More Combination Online &amp; Public Auctions</td>
<td>55.1</td>
</tr>
<tr>
<td>Decreased Public Auctions</td>
<td>8.6</td>
</tr>
<tr>
<td>Decreased Online Auctions</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Transaction Methods Identified by Land Industry Professionals for Land Sales in Nebraska

Fillable PDF Leases – AgLease101.org

Click Document Library

Lease Publications
- Fixed and Flexible Cash Rental Arrangements for Your Farm (NCFMEC-01)
- Crop Share Rental Arrangements For Your Farm (NCFMEC-02)
- Pasture Rental Arrangements For Your Farm (NCFMEC-03)
- Rental Agreements For Farm Buildings and Livestock Facilities (NCFMEC-04)
- Purchasing and Leasing Farm Equipment (NCFMEC-05)
- Beef Cow Rental Arrangements For Your Farm (NCFMEC-06)
- Farm Building Rental Rate Survey (NCFMEC-07)

Lease Forms
- Cash Farm Lease (NCFMEC-01A)
- Crop Share Farm Lease Cash Farm Lease (NCFMEC-02A)
- Pasture Lease (NCFMEC-03A)
- Farm Building or Livestock Facility Lease (NCFMEC-04A)
- Farm Machinery Lease for Non-commercial Transactions (NCFMEC-05A)
- Livestock Rental Lease (NCFMEC-06A)
Upcoming Landlord & Tenant Cash Rent Meetings

- Website: cap.unl.edu – scroll - bottom of the webpage for upcoming meetings

**SEP 1**
Ag Land Leasing and Management Workshop
OMAHA
⏲ 1:30 PM
📍 Douglas-Sarpy County Extension

**SEP 2**
Ag Land Leasing and Management Workshop
ST. PAUL
⏲ 9:00 AM
📍 Howard County Extension

**SEP 8**
Ag Land Leasing and Management Workshop
SAUNDERS COUNTY
⏲ 10:30 AM
📍 Saunders County Extension

**SEP 15**
Herd That! Conference
FEATURING TEMPLE GRANDIN AND DEAN FISH
⏲ 8:00 AM
📍 Animal Sciences Complex
Upcoming Webinar: *Ag Land Mgt. Quarterly*
Monday, November 15, 2021 at 12:00 PM CST
Website: https://agecon.unl.edu/landmanagement

Topics:

- USDA Land Management Highlights
  - 2021 county-level cash rental rate estimates
  - ARC & PLC
- Landlord & Tenant Communication
  - Harvest season reports and closing out the lease
  - Considerations for leases in 2022
- Ask an Expert
  - Review of submitted questions and from meeting participants
  - Upcoming land management workshops and publications
Questions?

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402-261-7572