Nebraska Land Values & Cash Rental Rates 2021-2022

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A special thanks to Zag Land Company for sponsoring today’s webinar.

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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, 2022

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Nebraska Average Land Value and Corn Price, 1978-2022
Nebraska Avg. Land Value & 10-year Treasury Bond Rate, 1978-2022
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

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Dryland Cropland (Irrigation Potential)
Average Value – Feb. 1, 2021

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Grazing Land (Tillable)
Average Value – Feb. 1, 2022

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Value (ac)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>$1,370</td>
<td>15%</td>
</tr>
<tr>
<td>Northwest</td>
<td>$1,370</td>
<td>15%</td>
</tr>
<tr>
<td>South</td>
<td>$2,290</td>
<td>15%</td>
</tr>
<tr>
<td>Southeast</td>
<td>$3,265</td>
<td>9%</td>
</tr>
<tr>
<td>East</td>
<td>$3,915</td>
<td>16%</td>
</tr>
<tr>
<td>Northeast</td>
<td>$3,645</td>
<td>12%</td>
</tr>
<tr>
<td>Central</td>
<td>$2,160</td>
<td>10%</td>
</tr>
<tr>
<td>State</td>
<td>$1,475</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Grazing Land (Nontillable)
Average Value – Feb. 1, 2022

Northwest: $510/ac 15%
North: $745/ac 7%
Southwest: $825/ac 13%
Central: $1,685/ac 13%
South: $1,575/ac 8%
Northeast: $2,470/ac 16%
East: $2,730/ac 6%
Southeast: $2,510/ac 17%
State: $950/ac 10%

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Hayland
Average Value – Feb. 1, 2022

- **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%
- **Northeast**: $3,475/ac, 8%
- **East**: $3,470/ac, 13%
- **State**: $1,895/ac, 12%

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Gravity Irrigated Cropland
Average Value – Feb. 1, 2022

Northwest: $2,515/ac (13%)
North: $4,205/ac (11%)
Southwest: $4,155/ac (10%)
Central: $7,020/ac (14%)
South: $6,865/ac (19%)
State: $7,055/ac (16%)
Northeast: $8,960/ac (22%)
East: $9,440/ac (17%)
Southeast: $7,630/ac (14%)

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Center Pivot Irrigated Cropland
Average Value – Feb. 1, 2022

Northwest
$3,065/ac 19%

North
$4,880/ac 14%

Central
$8,095/ac 11%

Northeast
$10,135/ac 24%

Southwest
$4,900/ac 18%

East
$10,920/ac 15%

South
$7,780/ac 13%

Southeast
$9,985/ac 19%

State
$7,730/ac 17%

Source: UNL Nebraska Farm Real Estate Market Surveys, 2021 and 2022.
Rating of Factors Influencing Agricultural Land Values in 2022

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Nebraska Cash Rental Rates

Dryland Cropland

Rental Rates
Dryland Cropland
Average Rental Rates – 2022 Season

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

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

Northwest
H: $45/ac
A: $33/ac
L: $27/ac

North
H: $95/ac
A: $65/ac
L: $52/ac

Northeast
H: $290/ac
A: $245/ac
L: $195/ac

Southwest
H: $67/ac
A: $49/ac
L: $39/ac

Central
H: $145/ac
A: $120/ac
L: $105/ac

East
H: $275/ac
A: $235/ac
L: $185/ac

South
H: $130/ac
A: $100/ac
L: $78/ac

Southeast
H: $235/ac
A: $190/ac
L: $160/ac

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-numbered 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 – 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

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

By Region
- 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  
- Central
  - H: $275/ac  
  - A: $245/ac  
  - L: $190/ac  
- Northeast
  - H: $355/ac  
  - A: $340/ac  
  - L: $245/ac  
- East
  - H: $320/ac  
  - A: $285/ac  
  - L: $250/ac  
- South
  - H: $275/ac  
  - A: $245/ac  
  - L: $210/ac  
- Southeast
  - H: $315/ac  
  - A: $260/ac  
  - L: $235/ac

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

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

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

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

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

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

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

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

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

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

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

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 heads
Rental Rates
Pasture per Acre
Average Rental Rates – 2022 Season

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

North
H: $43/ac
A: $30/ac
L: $17/ac

Northwest
H: $19/ac
A: $14/ac
L: $12/ac

Southwest
H: $32/ac
A: $25/ac
L: $19/ac

Central
H: $56/ac
A: $41/ac
L: $35/ac

South
H: $49/ac
A: $40/ac
L: $30/ac

Northeast
H: $89/ac
A: $69/ac
L: $52/ac

East
H: $71/ac
A: $55/ac
L: $44/ac

Southeast
H: $64/ac
A: $53/ac
L: $41/ac

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

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 heads
Rental Rate Ranges – 2022 Monthly

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

North
H: $73.65/pair
A: $67.05/pair
L: $56.20/pair

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

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

Southwest
H: $60.90/pair
A: $56.70/pair
L: $48.55/pair

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

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

Southeast
H: $67.35/pair
A: $57.40/pair
L: $45.95/pair

East
H: $68.10/pair
A: $58.35/pair
L: $49.30/pair

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

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Stocker (500-600 lb.)
Rental Rate Ranges – 2022 Monthly

By Region

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

North
H: $45.35/head
A: $38.70/head
L: $30.40/head

Northwest
H: $32.80/head
A: $26.55/head
L: $19.25/head

Southwest
H: $45.20/head
A: $36.85/head
L: $28.45/head

Central
H: $44.15/head
A: $35.65/head
L: $27.50/head

South
H: $41.65/head
A: $34.05/head
L: $26.30/head

Northeast
H: $51.90/head
A: $42.10/head
L: $33.65/head

East
H: $50.70/head
A: $41.25/head
L: $32.90/head

Southeast
H: $47.55/head
A: $39.05/head
L: $29.80/head

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
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>$190/ac.</td>
<td>County Rent/Bushel</td>
<td>$1.42/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>$1.42/bu.</td>
<td>Farm Level Rent</td>
<td>$168.73/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>x $120/ton</td>
<td>x $120/ton</td>
</tr>
<tr>
<td>Income</td>
<td>$99/ac.</td>
<td>$150/ac.</td>
</tr>
<tr>
<td>Owner Expenses*</td>
<td>-$0/ac.</td>
<td>-$25.00/ac.</td>
</tr>
<tr>
<td>Net Return to Owner</td>
<td>$99.00/ac.</td>
<td>$125.00/ac.</td>
</tr>
<tr>
<td>(Effective Rent)</td>
<td></td>
<td></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>$6,500/ac.</td>
<td>$9,950/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>$182-$208/ac.</td>
<td>$308-$348/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>
<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>

Reported Cropland Lease Changes to Account for Higher Input Expenses in 2022

<table>
<thead>
<tr>
<th>Adjustment to Transaction Method</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switch to Crop Share</td>
<td>8</td>
</tr>
<tr>
<td>Switch to Flex Lease</td>
<td>23</td>
</tr>
<tr>
<td>Switch to Cash Rent</td>
<td>14</td>
</tr>
<tr>
<td>No Change</td>
<td>52</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Land Lease Rental Arrangements by Agricultural Statistics District in Nebraska for 2022

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Reported Factors for Flexing Cash Lease Payments

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Reported Crop Price for Flexing Cash Leases

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Fillable PDF Leases – AgLease101.org

Click Document Library

Lease Publications
- Fixed and Flexible Cash Rental Arrangements for Your Farm (NCFMEC-91)
- Crop Share Rental Arrangements For Your Farm (NCFMEC-92)
- Pasture Rental Arrangements For Your Farm (NCFMEC-93)
- Rental Agreements For Farm Buildings and Livestock Facilities (NCFMEC-94)
- Purchasing and Leasing Farm Equipment (NCFMEC-95)
- Beef Cattle Rental Arrangements For Your Farm (NCFMEC-96)
- Farm Building Rental Rate Survey (NCFMEC-97)

Lease Forms
- Cash Farm Lease (NCFMEC-91A)
- Crop Share Farm Lease Cash Farm Lease (NCFMEC-92A)
- Pasture Lease (NCFMEC-93A)
- Farm Building or Livestock Facility Lease (NCFMEC-94A)
- Farm Machinery Lease for Non-commercial Transactions (NCFMEC-95A)
- Livestock Rental Lease (NCFMEC-96A)
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Nebraska Agriculture Land Studies Fund

• Interested in helping support the Nebraska Farm Real Estate Survey & Report?
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barbara.soderlin@nufoundation.org
So You’ve Inherited a Farm, Now What Meetings
For more information web page: cap.unl.edu

Summer 2022

• **Lincoln**: July 26, 10:30 a.m.-2 p.m (Lancaster County Extension Office, 444 Cherrycreek Road, Suite A), 402-441-7180

• **Columbus**: Aug. 11, 10:30 a.m.-2 p.m (Platte County Extension Office, 2715 13th St), 402-563-4901

• **Grand Island**: Aug. 17, 10:30 a.m.-2 p.m (Hall County Extension, College Park 3180 W. Hightway 34), 308-385-5088

• **Auburn**: Aug. 22, 10:30 a.m.-2 p.m (Nemaha County Fairgrounds, 816 I St.), 402-274-4755

• **Ashland**: Sept. 1, 10:30 a.m.-2 p.m (Round the Bend Steakhouse, 30801 E Park Hwy), 402-624-8030
Upcoming Webinar: *Ag Land Mgt. Quarterly*
August 15, 2022 at 12:00 PM CDT

- **Topics**
  - 2022 Nebraska Farm Real Estate Survey and Report Estimates
    - Agricultural land values & cash rental rates
    - Special feature report on flexible cropland lease arrangements
  - Landlord & Tenant Communication
    - Communicating crop progress on leased land
    - Terminating verbal leases and approaching deadline
  - Ask an Expert
    - Review of submitted questions and from meeting participants
    - Upcoming land management workshops and publications
Questions?

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