

AGRICULTURAL  
**LAND MANAGEMENT QUARTERLY**  
WEBINAR SERIES



# Agricultural Land Management Quarterly Presenters

Archived Programs: [cap.unl.edu/landmanagement](http://cap.unl.edu/landmanagement)

**Jim Jansen**

Agricultural Economist  
University of Nebraska-Lincoln  
[jjansen4@unl.edu](mailto:jjansen4@unl.edu)  
402-261-7572

**Anastasia Meyer**

Agricultural Economist  
University of Nebraska-Lincoln  
[ameyer71@unl.edu](mailto:ameyer71@unl.edu)  
402-230-7975

webpage: [cap.unl.edu/realestate](http://cap.unl.edu/realestate)    webpage: [cap.unl.edu/anastasia-meyer](http://cap.unl.edu/anastasia-meyer)



# Sponsorship for Land Management Quarterly

- Interested in sponsoring Land Management Quarterly or another land management outreach event?
  - Sponsorship includes featuring your company's logo and contact information twice during the presentation.
  - All sponsorships help extend outreach on land values, cash rental rates, and proper lease practices throughout Nebraska.
  - Please reach out to Jim Jansen or Anastasia Meyer for further details or with additional questions.



# Outline of topics, Monday, May 20, 2024

- Trends in Nebraska cash rental rates
  - Trends in Nebraska cash rental rates for 2024
  - 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



# Trends in Nebraska Cash Rental Rates for 2024

Presented By Jim Jansen

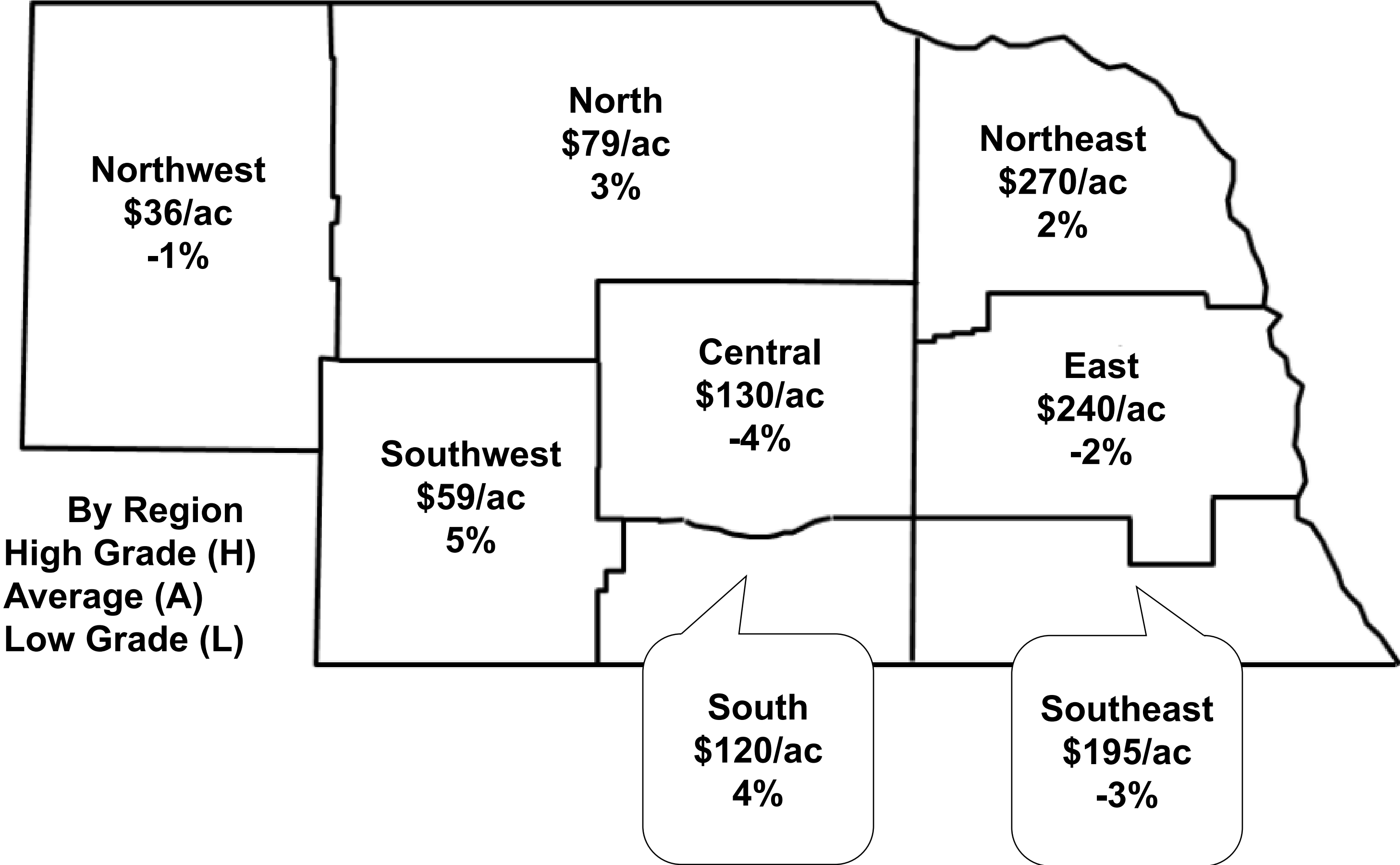


# Nebraska Farm Real Estate Survey

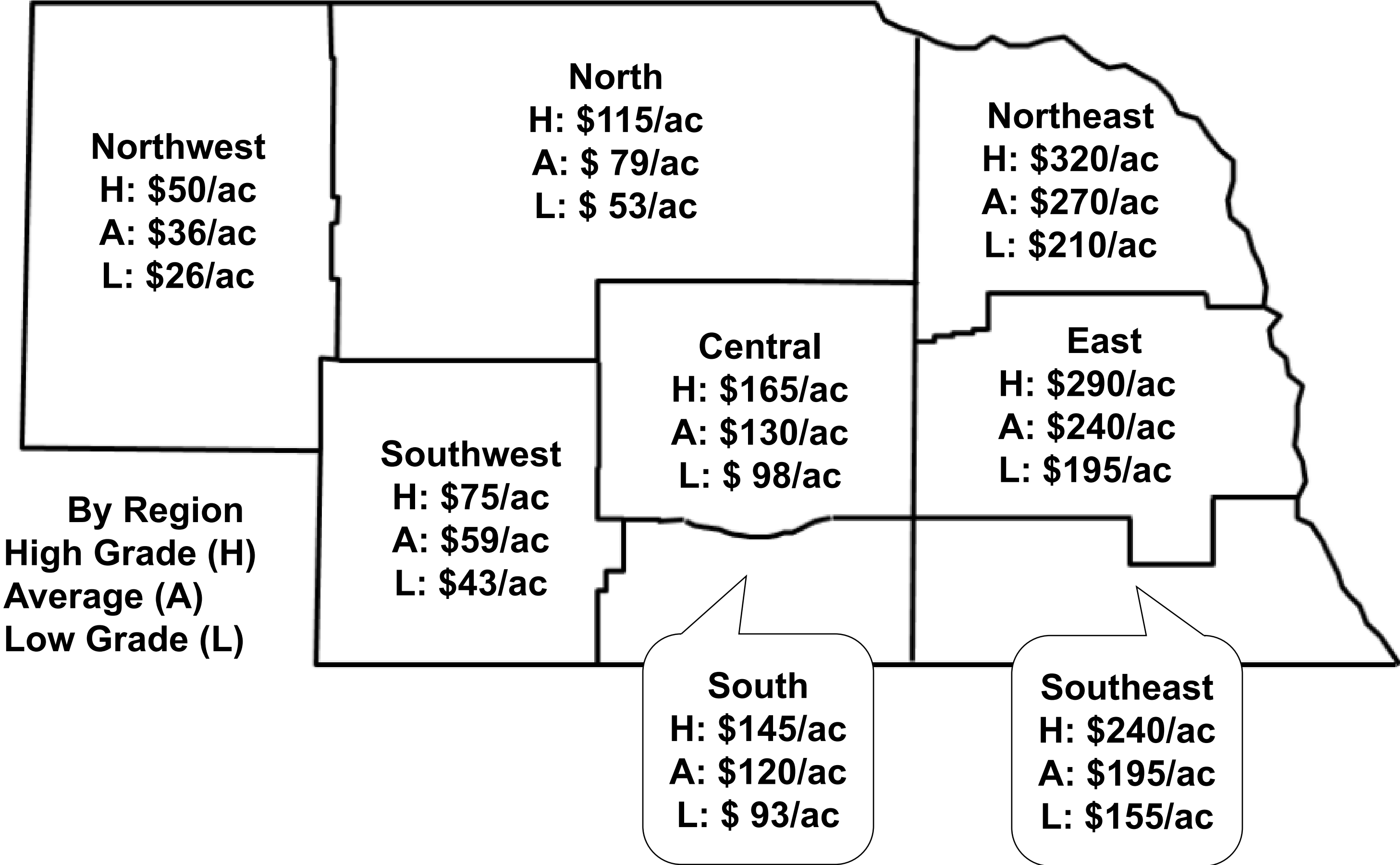
- Annual survey conducted since 1978 of Nebraska agricultural appraisers, professional farm managers, and bankers engaged in the land industry
  - Preliminary results for land values and rental rates published in mid-March.
  - Full report published in June
- Nebraska Farm Real Estate website for full access to these resources:  
<https://cap.unl.edu/realestate>



# Nebraska Dryland Cropland Rental Rates – 2024 Preliminary Estimates

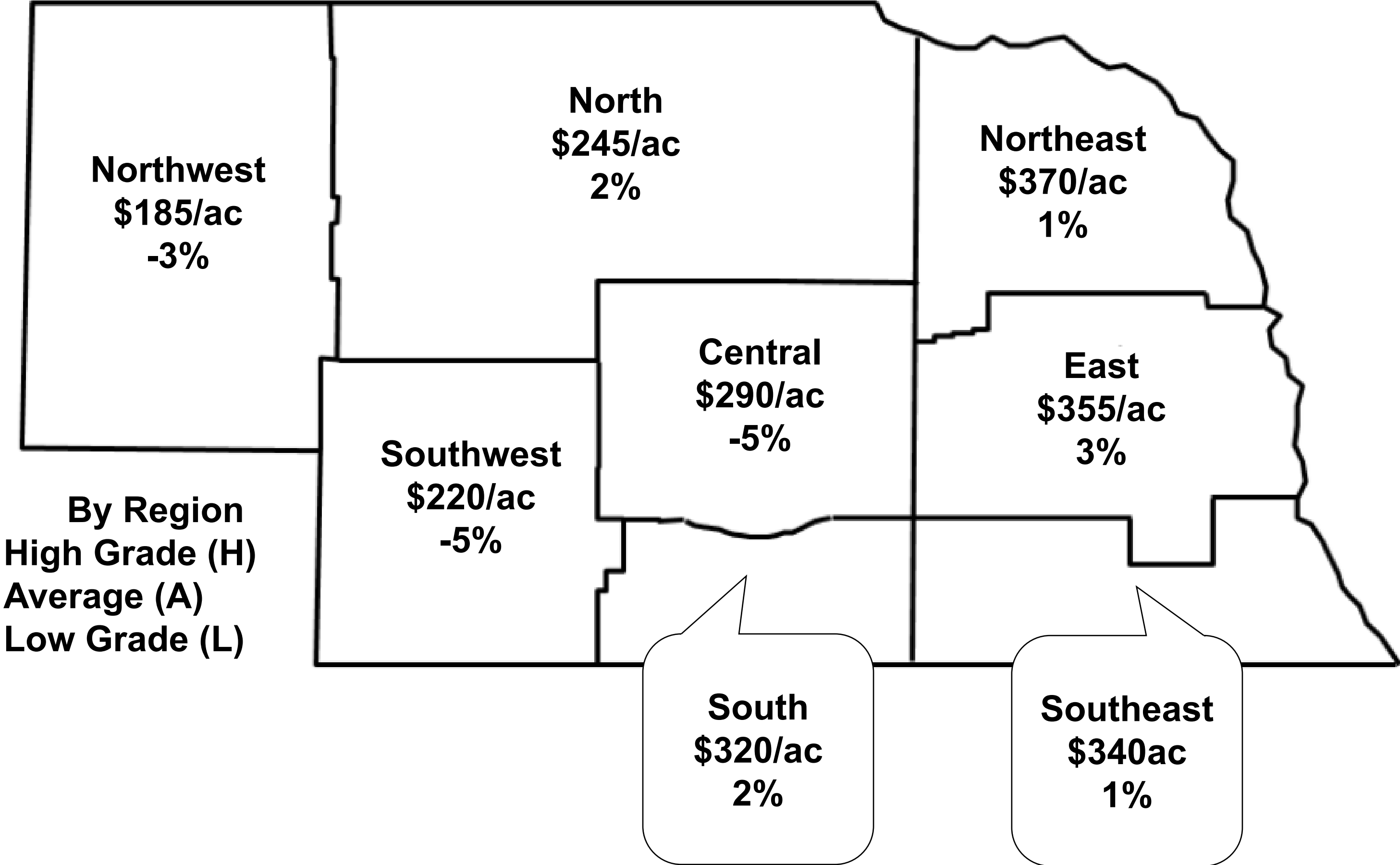


# Nebraska Dryland Cropland Rental Rates – 2024 Preliminary Estimates

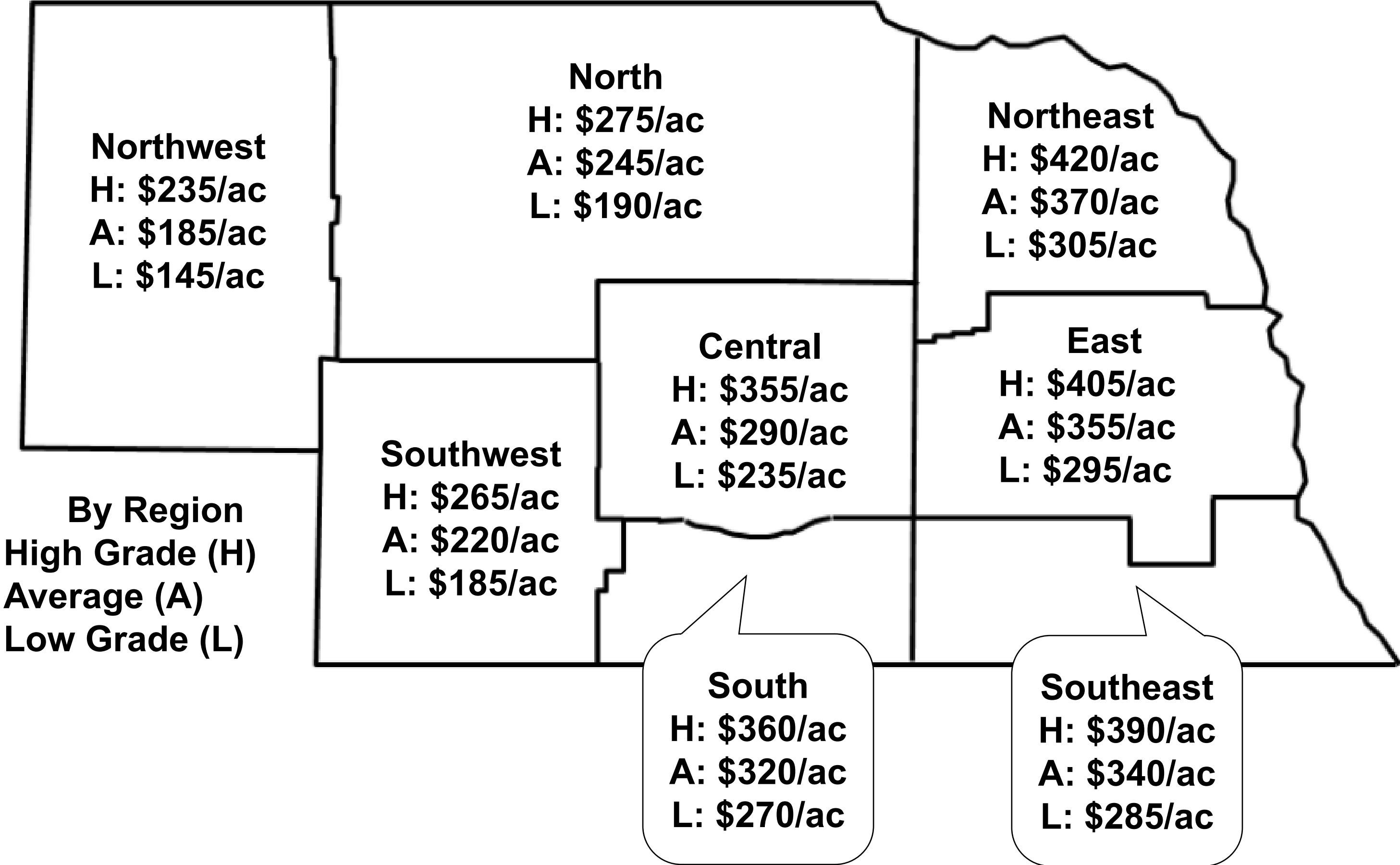




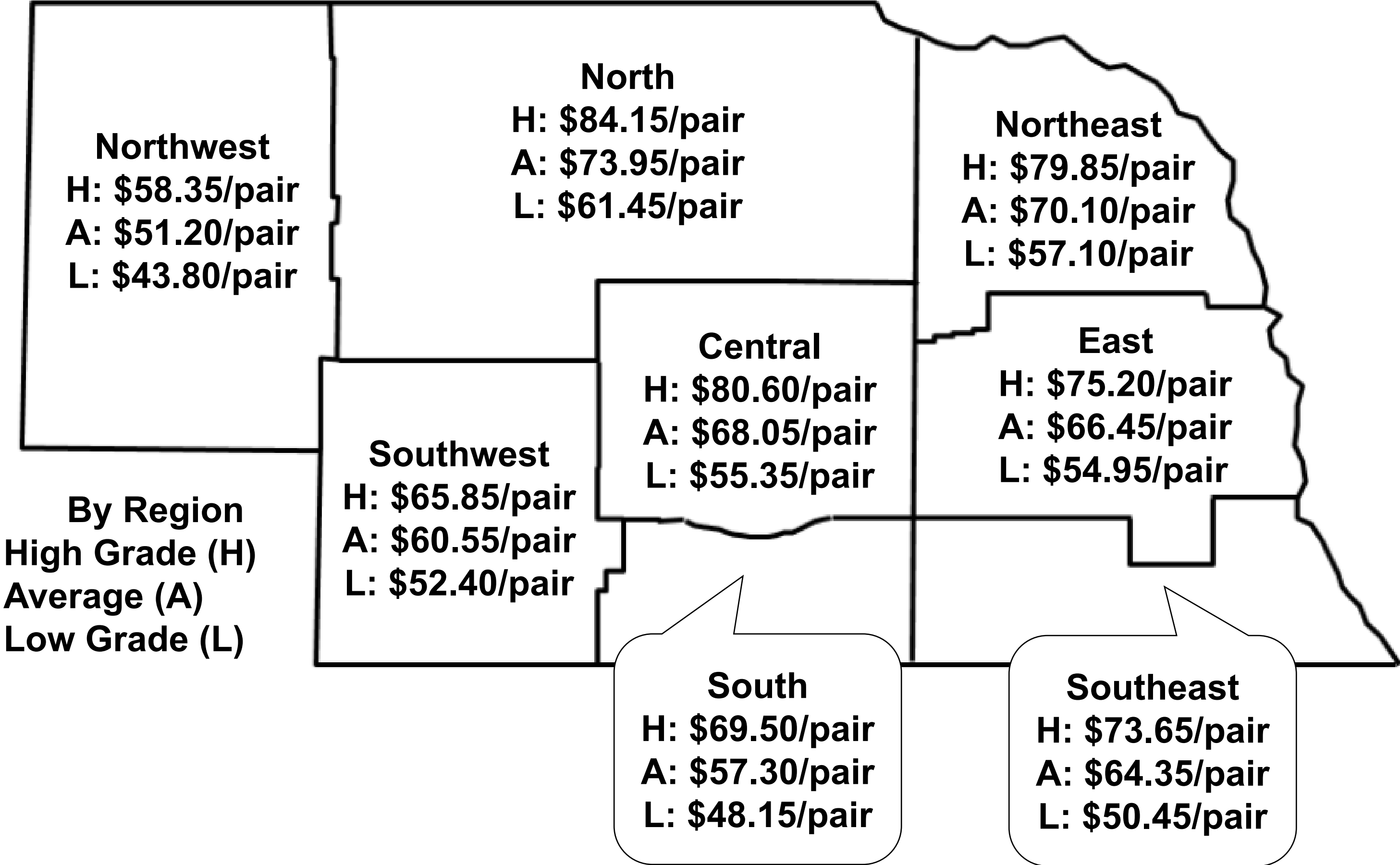
# Nebraska Center Pivot Cropland Rental Rates – 2024 Preliminary Estimates



# Nebraska Center Pivot Cropland Rental Rates – 2024 Preliminary Estimates



# Nebraska Cow-Calf Pair Monthly Rental Rates – 2024 Preliminary Estimates

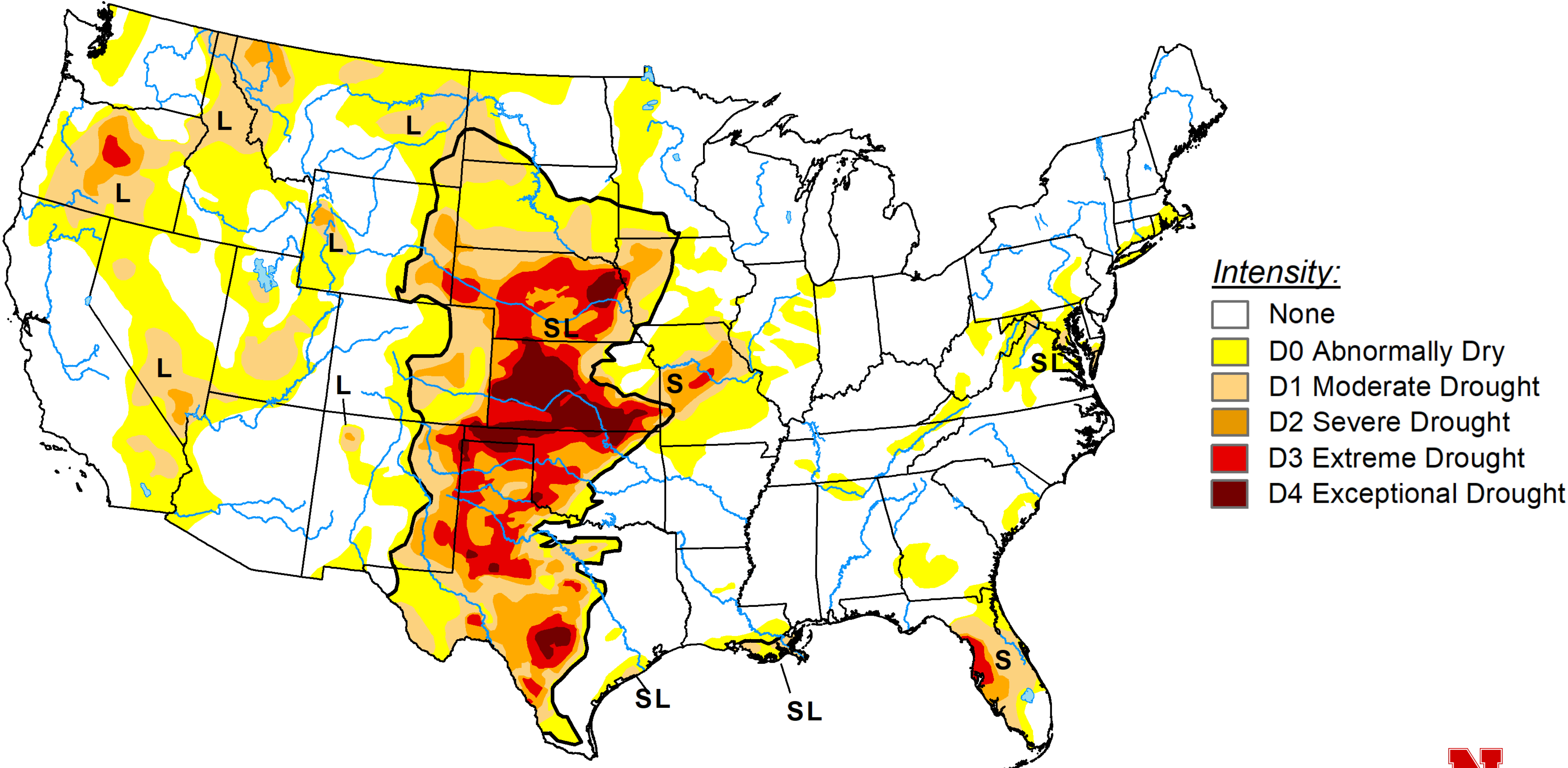


# Financial Implications for Changing Commodity Prices and Adjusting Cash Rents

Presented by Jim Jansen

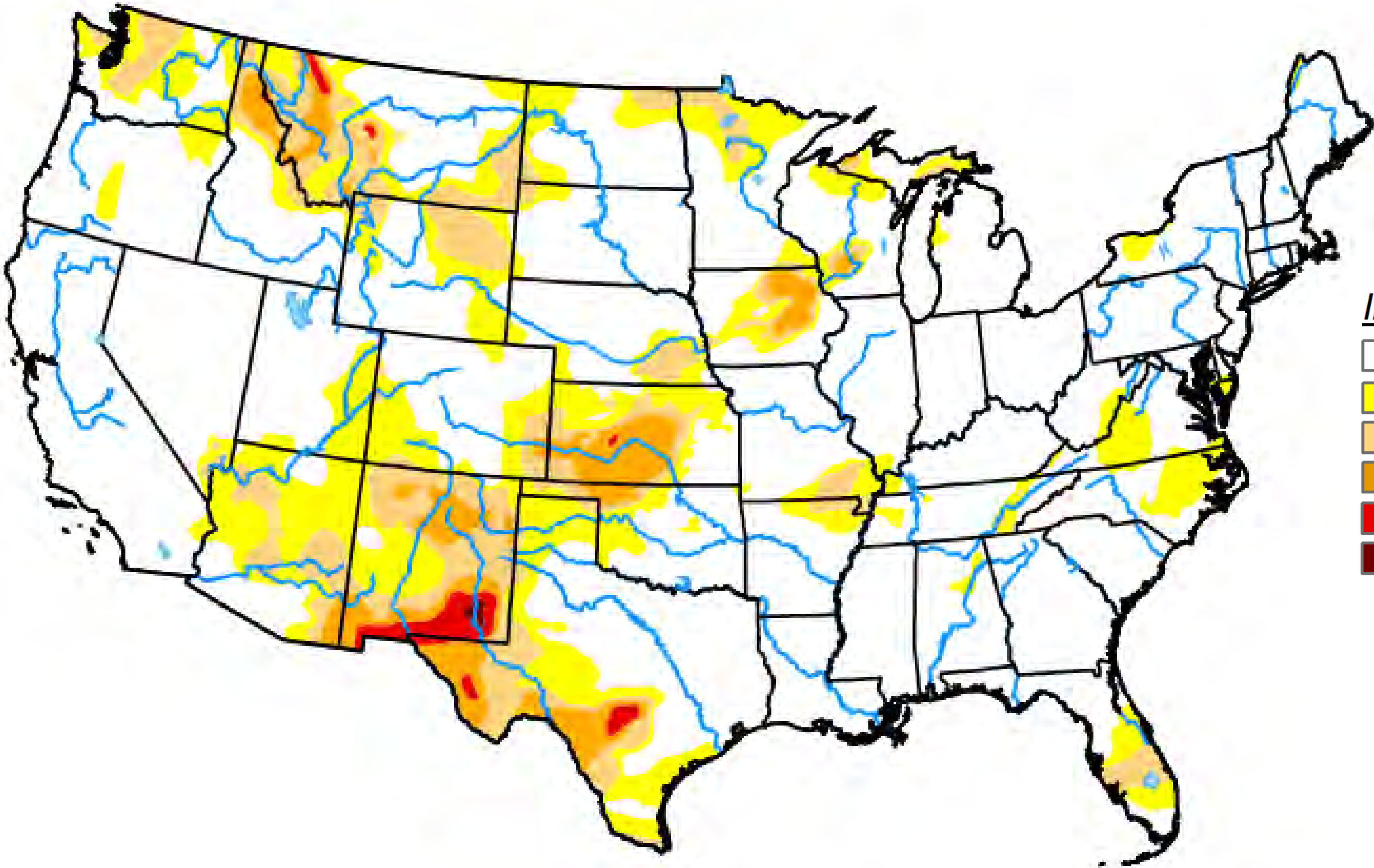


# U.S. Drought Monitor Map - May 11, 2023



Source: National Drought Mitigation Center, May 11, 2023

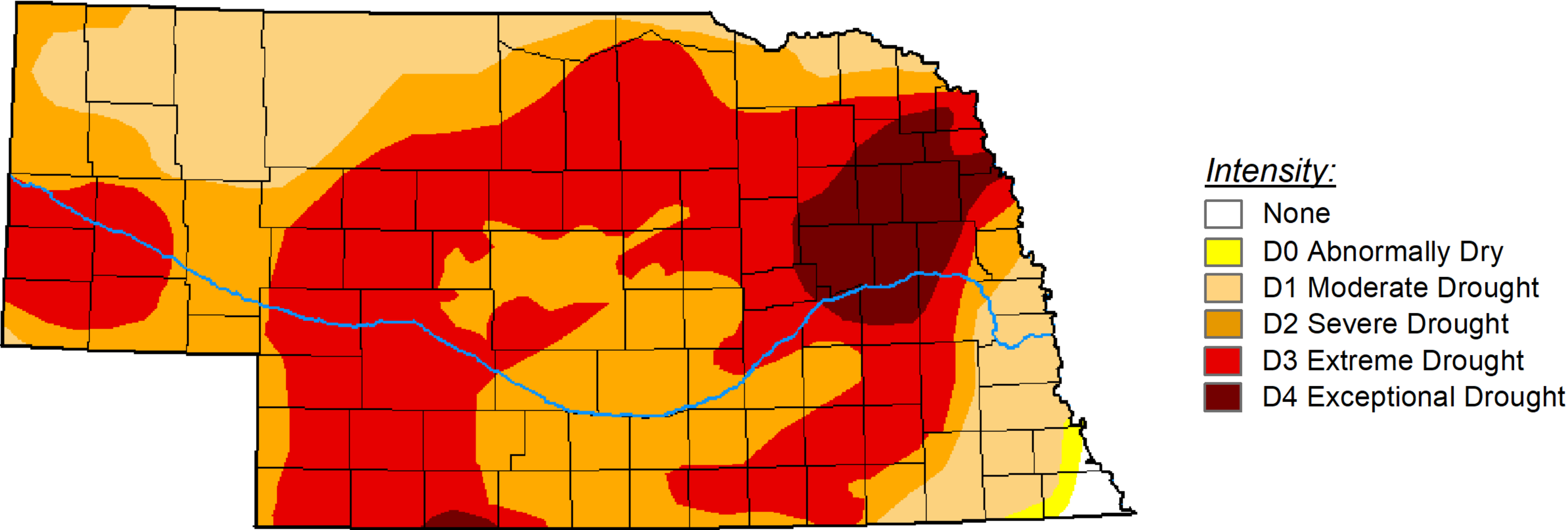
# U.S. Drought Monitor Map - May 16, 2024



- Intensity:
- None
  - D0 Abnormally Dry
  - D1 Moderate Drought
  - D2 Severe Drought
  - D3 Extreme Drought
  - D4 Exceptional Drought

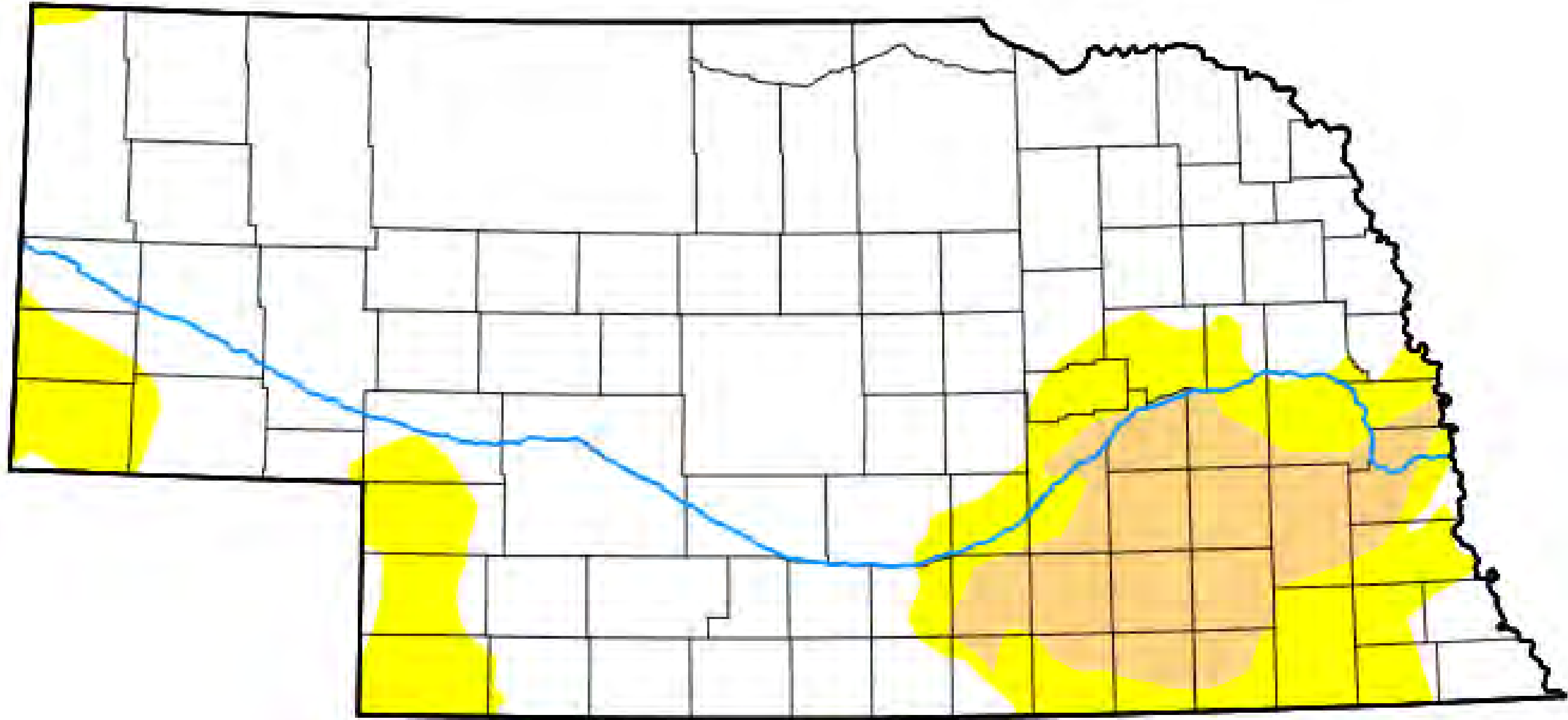
Source: National Drought Mitigation Center, May 16, 2024

# U.S. Drought Monitor Map - May 11, 2023



Source: National Drought Mitigation Center, May 11, 2023

# U.S. Drought Monitor Map - May 16, 2024



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

Source: National Drought Mitigation Center, May 16, 2024



# Consider Using Flex Leases Due to Uncertainty in Prices or Yield

- Flexible cash leases vary the rent paid for land based upon the actual performance of the crop yield, pasture, or livestock
- The actual rent paid flexes with a predetermined range to more equitably divide the financial returns from the property or asset
  - Higher than expected performance results in a final rental rate higher than the agreed upon base rate.
  - Lower than expected performance results in a final rental rate lower than the agreed upon base rate.



# Flexible Crop Lease

- Flexible crop lease with changes in corn prices moving up and down.

Farm Base Rent	
Rental Rate	\$220/ac.
5-yr Farm APH	150 bu.
Planting Time Price Guarantee	\$4.66/bu.
Harvesting-Time Price Increase	
Actual Harvest Time Price Guarantee	\$5.11/bu.
Difference (\$5.11/bu. - \$4.66/bu.)	\$0.45/bu.
Percent Change $\frac{[\$5.11/\text{bu.} - \$4.66/\text{bu.}]}{[\$4.66/\text{bu.}]} \times 100$	9.7 %
Final Rent	
Rental Rate	\$220/ac.
Percent Increase in Rent (\$220 x 9.7%)	\$21/ac.
Final Rent	\$241/ac.

Farm Base Rent	
Rental Rate	\$220/ac.
5-yr Farm APH	150 bu.
Planting Time Price Guarantee	\$4.66/bu.
Harvesting-Time Price Decrease	
Actual Harvest Time Price Guarantee	\$4.21/bu.
Difference (\$4.21/bu. - \$4.66/bu.)	-\$0.45/bu.
Percent Change $\frac{[\$4.21/\text{bu.} - \$4.66/\text{bu.}]}{[\$4.66/\text{bu.}]} \times 100$	-9.7 %
Final Rent	
Rental Rate	\$220/ac.
Percent Decrease in Rent (\$220 x -9.7%)	-\$21/ac.
Final Rent	\$199/ac.



# Flexible Cow-calf Pair Lease

- Flexible pasture lease based on feeder cattle futures where prices move down

<b>Current Pasture Rent (\$/Pair)</b>	\$325.00/pair
<b>Expected Feeder Cattle Futures</b>	\$260.00/cwt.
<b>Actual Feeder Cattle Futures</b>	\$241.80/cwt.
<b>Percentage of Change</b>	
<b><math>(241.80 - 260.00) / 260.00</math></b>	7% Change in Price Down
<b>Drop Pasture Rent by 7%</b>	-\$22.75/pair
<b>Final Rent (\$/Pair)</b>	\$302.25/pair



# Flexible Cow-calf Pair Lease

- Flexible pasture lease based on feeder cattle futures where prices move up

<b>Current Pasture Rent (\$/Pair)</b>	\$325.00/pair
<b>Expected Feeder Cattle Futures</b>	\$260.00/cwt.
<b>Actual Feeder Cattle Futures</b>	\$278.20/cwt.
<b>Percentage of Change</b>	
<b><math>(278.20 - 260.00) / 260.00</math></b>	7% Change in Price Up
<b>Increase Pasture Rent by 7%</b>	+\$22.75/pair
<b>Final Rent (\$/Pair)</b>	\$347.75/pair



# 2024 Production Season Looking at Lease Management

Presented by Anastasia Meyer



# Communications Will be the Key to Successful Leasing

- During the growing season – consider reporting to landlords regularly
  - Moisture – rainfall amounts
  - Weed pressure
  - Disease or insect pressures
  - Other pertinent issues
    - Current crop prices & farm economy
  - Report increases in other expenses; fertilizer, fuel, repairs, chemicals, etc.
- Remember – communication is critical even for cash leases!
  - Make sure the landlord views the land – in person or virtually



# Communication - Considerations for Tenants

- Both landlord and tenant need to communicate effectively on needs related to leases
- The key to success will be how well you LISTEN
  - Seek first to understand, before you can be understood
  - Ask clarifying questions
- Don't assume



# Communication - Considerations for Landlords

- During the growing season – consider visiting with tenants
  - If feasible, consider visiting the land and look around – what events are influencing the property in 2024?
  - As for reports from tenants – if the operators are not communicating regularly
    - Express expectations on:
    - Weed control
    - Other management issues or concerns
- Remember – communication is critical even for cash leases!





# Adjustments to Leases by Type

- Do crop share leases need to be adjusted?
  - Typically not – production risk usually shared between landlords and tenants
  - Price risk also shared between landlord and tenant
- Flexible leases may not need to be adjusted depending upon the lease provisions
- So, would cash leases need to be adjusted?
  - Possibly, but what does the lease say?
    - What are the terms?
    - Motivation of low or high commodity prices



# Cash Lease Adjustments

- Adjusting the lease due to rapid increase in corn prices will be a joint landlord/tenant decision
  - What one party “thinks” should happen does not necessarily matter, but what can be mutually agreed upon
- Consider the gross crop revenue per acre compared to the cash rental rate
- Depends on area of Nebraska
- Lower percent for corn, higher for soybeans
  - 25-35%



# Cash Lease Adjustments

- Example: consider center pivot irrigated cash rental rate at \$350/acre
  - Expected corn yields of 240 bushels/acre and price \$4.75/bushel
  - Gross crop revenue is: 240 bushels x \$4.75 per bushel = \$1.140 per acre
    - Rent comprises 30.7% of gross revenue (typically in the 25 to 35% range)
    - May consider decreasing
      - \$300 would be 26.3%
      - Last Year: \$5.50 corn would be 26.5% of gross revenue



# Adjustments to Leases by Type

- Let's look more at rain-fed soybean example
  - Rent is \$200/acre
    - Dryland soybean APH: 45 bushels/acre
    - Price for fall soybeans: \$11.25/bushel
  - Gross Income: 45 bushels/acre x \$11.25/bushel = \$506/acre
  - Rent/Gross Income =  $\$200/\$506 = 39.5\%$  of gross income goes for paying rent
  - Remember the typical range is 25-35% (from previous slide)
    - \$175 rent would be 34.5%



# Pasture Leases

- Plan ahead for the Big 3! Fire, Drought, & Hail
- Landlords need to be clear about management expectations for their pasture (weed control, fertilization, stocking rate)
- Tenants need to report conditions – especially if drought is developing, or if volunteer trees (red cedars) are a problem (for example)



# Having a Written Lease is Imperative!

- Not your grandpa's farm anymore
- Handshake lease agreements may be ended at anytime
  - Termination notice must be given by September 1 (previous year) for farmland
  - Handshake leases for farmland start on March 1
  - Verbal pasture leases end at the end the 5 month grazing season
- Fill-in-the blank written leases may be found at: [www.aglease101.org](http://www.aglease101.org)

**Cash Farm Lease** NCFMEC-01A

For additional information see NCFMEC-01 (Fixed and Flexible Cash Rental Arrangements For Your Farm).  
This form can provide the landowner and operator with a guide for developing an agreement to fit their individual situation. This form is not intended to take the place of legal advice pertaining to contractual relationships between the two parties. Because of the possibility that an operating agreement may be legally considered a partnership under certain conditions, seeking proper legal advice is recommended when developing such an agreement.

This lease entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between  
\_\_\_\_\_, owner, of \_\_\_\_\_  
\_\_\_\_\_, spouse, of \_\_\_\_\_  
Address \_\_\_\_\_  
Address \_\_\_\_\_  
hereafter known as "the owner," and  
\_\_\_\_\_, operator, of \_\_\_\_\_  
\_\_\_\_\_, spouse, of \_\_\_\_\_  
Address \_\_\_\_\_  
Address \_\_\_\_\_  
hereafter known as "the operator."

**I. Property Description**  
The landowner hereby leases to the operator, to occupy and use for agriculture and related purposes, the following described property:  
\_\_\_\_\_  
\_\_\_\_\_ consisting of approximately \_\_\_\_\_ acres situated in \_\_\_\_\_ County (Counties), \_\_\_\_\_ (State)

**II. General Terms of Lease**

**A. Time period covered.** The provisions of this agreement shall be in effect for \_\_\_\_\_ year(s), commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. This lease shall continue in effect from year to year thereafter unless written notice of termination is given by either party to the other at least \_\_\_\_ days prior to expiration of this lease or the end of any year of continuation.

**B. Review of lease.** A written request is required for general review of the lease or for consideration of proposed changes by either party, at least \_\_\_\_ days prior to the final date for giving notice to terminate the lease as specified in II-A.

**C. Amendments and alterations.** Amendments and alterations to this lease shall be in writing and shall be signed by both the owner and operator.

**D. No partnership intended.** It is particularly understood and agreed that this lease shall not be deemed to be, nor intended to give rise to, a partnership relation.

i



# AgLease101.org – Free PDF Leases

Ag Lease 101

[Home](#)

[Document Library](#)

[About Ag Lease 101](#)

Click Document Library

## Ag Lease 101








**Ag Lease 101** helps both land owners and land operators learn about alternative lease arrangements and includes sample written lease agreements for several alternatives. Ag Lease 101 was created by and is maintained by the North Central Farm Management Extension Committee.








# AgLease101.org – Free PDF Leases

Lease Publications

## 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 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)

Fillable PDF Forms



# Ask an Expert

Presented by Jim Jansen & Anastasia Meyer



# Land Management Questions

**Question: How do I approach including conservation provisions in a grazing land lease? Such as more aggressive rotation of pastures and cross fencing or using alternative weed control practices?**

**Answer:** First step – proper communication between both parties.

- Do the landlord and tenant believe in the same approaches for the management of the property?
- Does the property currently have cross fencing? Who will install and/or maintain the fence?
- What are the alternative methods of weed control?



# Land Management Questions

**Question: If a tenant does not pay a landlord in accordance to terms of the lease agreement (amount or when due), does the lease continue until the termination date?**

- **Answer:** Depending upon the provision in a lease for late payment, a landlord may have grounds for possibly evicting or dismissing a tenant
  - Certain states have specific provisions that allow for a landlord to demand the rent within a set period of time and a tenant may be evicted or a lien placed on the growing crop if rent has not been paid by the end of that period
  - Suggested to use an attorney to communicate with the uncooperative tenant and follow the proper procedure for dealing with late payments

\*\*\* Consult with an attorney for legal advice \*\*\*



# Land Management Questions

- Question: Online participants may now submit their questions.
- Answer: Review of questions and answers will be based upon remaining time available.



# Sponsorship for Land Management Quarterly

- Interested in sponsoring Land Management Quarterly or another land management outreach event?
  - Sponsorship includes featuring your company's logo and contact information twice during the presentation.
  - All sponsorships help extend outreach on land values, cash rental rates, and proper lease practices throughout Nebraska.
  - Please reach out to Jim Jansen or Anastasia Meyer for further details or with additional questions.



# Nebraska Agriculture Land Studies Fund

- **Interested in helping support the Nebraska Farm Real Estate Survey & Report?**
- Please consider donating to help cover future expenses.

## **Donate Directly**

<https://go.unl.edu/landfund>

## **University of NE Foundation**

Ph: 800-432-3216

Email: [info@nufoundation.org](mailto:info@nufoundation.org)



# Upcoming Webinar: Mon. Aug 19, 2024 at 12:00 PM CDT

## Topics:

- 2024 Nebraska Farm Real Estate Survey and Report Estimates
  - Agricultural land values & cash rental rates
  - Special feature report on cover crops and farmland leases
- Landlord & Tenant Communication
  - Communicating crop progress on leased land
  - Terminating verbal leases and approaching deadline
- Ask an Expert
  - Review of submitted questions
  - Upcoming land management workshops and publications



# Agricultural Land Management Quarterly Presenters

Archived Programs: [cap.unl.edu/landmanagement](http://cap.unl.edu/landmanagement)

**Jim Jansen**

Agricultural Economist  
University of Nebraska-Lincoln  
[jjansen4@unl.edu](mailto:jjansen4@unl.edu)  
402-261-7572

**Anastasia Meyer**

Agricultural Economist  
University of Nebraska-Lincoln  
[ameyer71@unl.edu](mailto:ameyer71@unl.edu)  
402-230-7975

webpage: [cap.unl.edu/realestate](http://cap.unl.edu/realestate)    webpage: [cap.unl.edu/anastasia-meyer](http://cap.unl.edu/anastasia-meyer)

