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Cash rental rates jump in 2008

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through which gases and water vapor pass) openings as wide as those grown under lower CO₂. A positive side effect of this is that plants tend to conserve water better and thereby increase their water-use efficiency.

A plant that is stressed, by whatever cause, is more vulnerable to succumb to other biotic (living) or abiotic (non-living) stresses. For example, if humidity levels increase, corn encountering drought during the grain-filling phase may be more vulnerable to mycotoxin or aflatoxin growth. We are only beginning to understand how such combinations of

stress factors interact to challenge the flourishing of agricultural crops.

In our next article we will look internationally at how climate change may affect other regions of the world where crops are grown for export.

^{1/2} C₃ plants show greater photosynthetic response to elevated levels of CO₂ than C₄ plants (e.g. corn).



Cash rental rates jump in 2008

by William Edwards, extension economist, 515-294-6161, wedwards@iastate.edu

As anyone who is involved with the rental market for Iowa farmland knows, rental rates have been jolted by the sharply higher corn and soybean prices that have been available for the past two years. Results from an Iowa State University Extension survey estimated that the average cash rent for corn and soybean land in the state for 2008 was \$177 per acre, compared to \$150 in the 2007 survey. This is the largest increase in a single year since the statewide survey was initiated in 1994. All of the 12 areas in Iowa showed increases, ranging from \$18 to \$32 per acre. Average estimates exceeded \$200 per acre in many counties.

The intent of the ISU survey is to report typical rents in force for 2008, not the highest or lowest values heard through informal sources. Rental values were estimated by asking more than 1,000 tenants, landowners, farm managers, lenders, and other people familiar with the land market what they thought were typical rates in their county for high, medium, and low quality row crop land, as well as for hay and pasture acres. Opinions about rental rates varied widely, even within counties, indicating a great deal of uncertainty this year.

The most positive factor affecting rents has been higher grain prices, especially for corn. Consistently good yields in recent years also have lent support. On the negative side, escalating costs for fuel, fertilizer, seed, pesticides, and machinery have offset some of the higher revenues. Wet, cool weather and flooding in Iowa may dampen competition for rented land for 2009.

The latest survey also presents typical dollars of rent per bushel of corn and soybean yield for each county, based on the county average yield for each crop during the last 5 years. This year the rent per bushel ranged from \$1.00 to \$1.20 for corn and from \$3.40 to \$4.26 for soybeans across the 12 areas. The average rental rate per point of corn suitability rating (CSR) also was estimated, and ranged from \$2.15 to \$2.50 for most counties. These values are useful

for adjusting rental rates for higher or lower than average productivity levels on individual farms.

Survey results are intended to be used as guidelines, only. The appropriate rent for an individual farm should take into account factors such as fertility levels, drainage, USDA program parameters, size and shape of fields, existence of seed production or manure application contracts, local grain prices, and other services provided by the tenant.

Other resources include Ag Decision Maker information file C2-20, Computing a Cropland Cash Rental Rate, and file C2-21, Flexible Farm Lease Agreements. Both of these include decision file electronic worksheets to help analyze leasing questions.

Farmland Leasing Workshops also are being held throughout Iowa during July and August. These workshops are designed to assist landowners, tenants, and other agri-business professionals with issues related to farmland ownership, management, and leasing agreements.

Each workshop attendee will receive a set of useful materials about farm leasing arrangements.

Workshop Content

- Cash rental rate survey
- Comparison of different types of leases
- Terminating a lease
- Affect of yields and prices
- Current farmland values
- Agricultural trends and issues
- Tenant/landowner relationship
- Internet Resources
- Use of spreadsheets to compare leases
- Opportunity for questions

Workshops will last approximately 3 hours and will be led by Iowa State University Extension farm management specialists. Meeting dates and locations are available at: www.extension.iastate.edu/agdm/info/meetings.html.