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Farmland rental rates increase moderately in 2013

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Getting started in farming: No path is the same, continued from page 3

Loss of a crop or an animal is always somewhat traumatic. But it can be even more devastating for a part-time farmer who may not have the commercial farmer's philosophy on these inevitable losses. Losses due to market conditions may be catastrophic to people who are unaccustomed to farm price fluctuations.

Finally, although air and water pollution may be less or different in the country than in town, they are not completely eliminated. The family may simply exchange industrial smoke and car exhaust fumes for animal waste odors and weed pollens.

Conclusion

Getting started in farming is less financially attractive than it was 50 years ago. The risks involved are high. There is a lot of initial capital needed to be purchased.

The ultimate success of a farm operation depends on how well the individual or family members are able to cope with potential disadvantages, or how strongly they feel the advantages of farm life outweigh the disadvantages.

For more information on the topics included in this article, view the materials available on the Ag Decision Maker website at: <http://www.extension.iastate.edu/agdm/wdbusiness.html>.

Resources

AgDM Information File C4-07 - Inheriting a Farm

AgDM Information File C4-08 - Via the Home Farm

AgDM Information File C4-09 - Part-time Farming (Available in July 2013)

ISU Ag Decision Maker website - <http://www.extension.iastate.edu/agdm/>

ISU Beginning Farmer Center - <http://www.extension.iastate.edu/bfc/>

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Farmland rental rates increase moderately in 2013

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

Rental rates for Iowa farmland have been pushed significantly higher by the favorable corn and soybean prices that farmers have enjoyed since 2010. This trend continued in 2013, but the rate of increase slowed considerably.

Results from the most recent survey of farmland rental rates carried out by Iowa State University Extension and Outreach showed that the average estimated cash rent for corn and soybean land in the state for 2013 was \$270 per acre, an increase

of \$18 per acre or 7 percent from last year. This compares to increases of 16 percent in 2011 and 18 percent in 2012. Lower crop yields due to prolonged dry weather and lower price forecasts for the 2013 crop have tempered the optimism about prospective profits.

Average rents were moderately higher in all nine crop reporting districts, with increases ranging from 13 percent in east central Iowa to 4 percent in southwest Iowa.

Farmland rental rates increase moderately in 2013, continued from page 4

Typical rental rates per bushel of corn yield, soybean yield and CSR point were computed for each county. In addition, typical charges for land growing oats and hay, for grazing pasture and corn stalks, and for renting hunting rights were reported.

The intent of the survey is to report typical rents being paid each year, not the highest nor the lowest values heard through informal sources. Rental values were estimated by asking people familiar with land rental markets what they thought were typical rates in their county. The number of responses received this year was 1,703, a 20 percent increase from last year. Of the total responses, 50 percent came from farmers, 27 percent from landowners, 13 percent from professional farm managers, 8 percent from agricultural lenders, and 2 percent from other professionals.

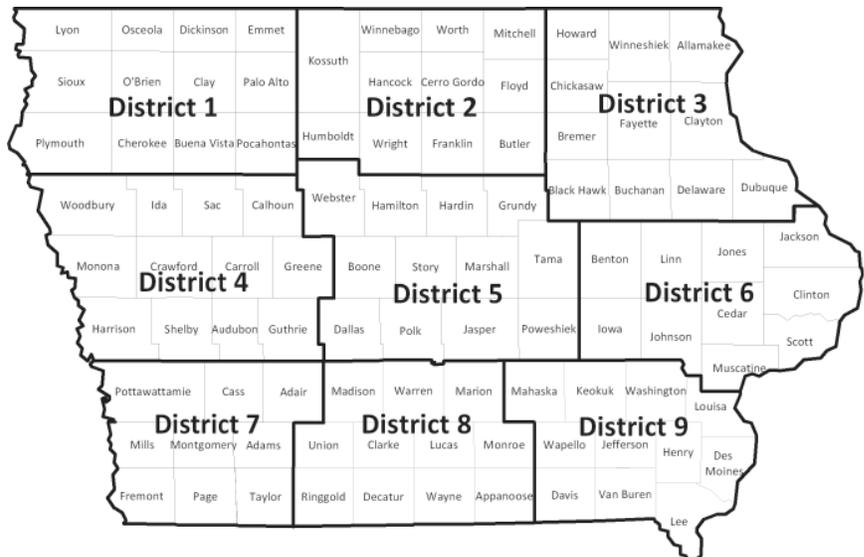
The Cash Rental Rates for Iowa 2013 Survey is available online as a downloadable document from the Ag Decision Maker website.

Other resources available for estimating a fair cash rental rate include these Ag Decision Maker information files: Computing a Cropland Cash Rental Rate (C2-

20), Computing a Pasture Rental Rate (C2-23) and Flexible Farm Lease Agreements (C2-21). All documents include decision file electronic worksheets to help analyze leasing questions.

Leasing workshops provide resources on farmland surveys and leasing arrangements

Farmland leasing workshops for both tenants and land owners are being held again this year during July and August. These workshops are designed to assist landowners, tenants and other agri-business professionals with current issues related to farmland ownership, management and leasing agreements. In previous years, over 50 meetings were held across the state. This



Overall Average of Typical Cash Rents 2009-2013, Corn and Soybean Acres

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
District 1	\$187	\$188	\$224	\$267	\$283
District 2	196	191	220	277	294
District 3	186	192	223	266	281
District 4	196	195	227	279	294
District 5	197	195	226	275	297
District 6	193	196	219	252	284
District 7	170	176	213	246	257
District 8	146	151	177	193	210
District 9	173	169	198	217	229
State	\$183	\$184	\$214	\$252	\$270

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year meetings will again take place in various counties, and there is sure to be one at a time and place that will work for you.

Meetings are approximately three hours in length and are facilitated by ISU Extension farm management specialists. Each workshop attendee will receive a set of beneficial materials regarding farm leasing arrangements and farmland ownership.

Topics covered include:

- Iowa Cash Rental Rate Survey and Land Values Survey
- Comparison of different types of leases
- Lease termination
- Impacts of yields and prices
- Calculating a fair cash rent
- Use of spreadsheets to compare leases
- Issues unique to this year's production and an outlook for 2014
- Available Internet resources

The ISU Extension calendar lists available meeting dates, locations and links to more information. Locations will be added as they become available, or contact your county extension office to find the nearest meeting location. The leasing section (<http://www.extension.iastate.edu/agdm/wdleasing.html>) of Ag Decision Maker also provides useful materials for negotiating leases, information on various types of leases, lease forms and newly updated decision tools.

Knowing the latest information and where to find the best resources will make decisions easier for you and your clientele. Look to ISU Extension and Ag Decision Maker for information and decision tools this summer.

Updates, continued from page 1

Internet Updates

The following information files and decision tool have been updated on www.extension.iastate.edu/agdm.

Getting Started in Farming: On the Home Farm – C4-08 (15 pages)

Understanding the Components of an Interest Rate – C5-94 (2 pages)

Understanding the Time Value of Money – C5-96 (9 pages)

Financial Ratios – C5-97 (2 pages)

Current Profitability

The following tools have been updated on www.extension.iastate.edu/agdm/info/outlook.html.

Corn Profitability – A1-85

Soybean Profitability – A1-86

Iowa Cash Corn and Soybean Prices – A2-11

Season Average Price Calculator – A2-15

Ethanol Profitability – D1-10

Biodiesel Profitability – D1-15

Returns for Farrow-to-Finish – B1-30

Returns for Weaned Pigs – B1-33

Returns for Steer Calves – B1-35

Returns for Yearling Steers – B1-35

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