

2016 DAWSON COUNTY AREA PRICE & RENT SURVEY

January 9, 2017

Price & Rent Trend



It's extremely important to note that no two operations or rental agreements are exactly alike. Those rents on either end of the range probably have some special circumstances. Production potential likely varies greatly on these rent extremes.

Summary

Respondents estimated crop rents would be down about another 4%. This makes sense with commodity price & expenses but landlords are looking at increased property taxes also. The actual rent figures provided by the 20 respondents showed a \$10 per acre decrease for both gravity and pivot. Coffee shop talk has some cash rents of up to \$400 per acre but they are not in this survey. We do have some in this survey in the \$150 range.

Cover crops were: wheat/oats; wheat/rapeseed/radish and turnips/radish/annual rye grass/vetch.

Cattle related rents saw an increase despite the recent cattle price decline.

In addition to the price survey, we also keep a list of producers who do custom operations. It is available at the Extension Office on the Fairgrounds.

This rent letter and updated price survey results will also be available at **dawson.unl.edu**. We will put a link to the University's statewide survey (March), one to the National Ag Statistics survey, and one to the Custer County survey when they become available.

I will include some flex rent suggestions gathered from the survey. There is also a spreadsheet that will help you calculate your own flex cash lease. Go to <http://agecon.unl.edu> and search for flex rent.

Sincerely,

Bruce Treffer
Extension Educator

2017 DAWSON COUNTY AREA PRICE & RENT SURVEY

CORN GROUND

Good Dawson County gravity irrigated corn ground with average corn base.

	<u>Average</u>	<u>Range</u>
Cash Rent/Acre	\$210.00	\$150 - \$275
Bushels Rent/Acre	55 bushels	50 to 60 bushels
Crop Share	Tenant:Landlord	Tenant:Landlord
(most common)	60:40	50:50 to 70:30

Good Dawson County pivot irrigated corn ground with average corn base.

	<u>Average</u>	<u>Range</u>
Cash Rent/Acre	\$228.44	\$175 - \$275
Bushels Rent/Acre	59 bushels	55 - 65 bushels
Crop Share	Tenant:Landlord	Tenant:Landlord
(most common)	60:40	50:50 to 70:30
		(one 70:30 had no landlord expenses)

Tenant-owned power unit adjustment	\$16.25	\$5.00 - \$30.00
Tenant-owned pivot adjustment	\$27.92	\$10.00 - \$40.00
Corner rents	\$191.25	\$125.00 to \$275.00
(alfalfa was the dominant crop grown on corners)		

ALFALFA GROUND

	<u>Average</u>	<u>Range</u>
Cash Rent	\$133.33	\$100 - \$200 (only 3 responses)
Crop Share (put up)	Tenant:Landlord	
(by far the most common is)	50:50	all 50:50

PASTURE RENT

	<u>Average</u>	<u>Range</u>
Cow-Calf/month	\$52.25/month	\$40.00 - \$85.00 (most \$40-\$54)
Cow-Calf/acre	\$42.33/acre	\$40.00 - \$50.00 (3 responses)
Yearling Steer/month	\$12.55/month	(only 1 response)
Yearling Steer/acre	No response	No response
(affected by time in pasture)		
Stocking Rate	7.3 acres/cow-calf	2.55 acres/yearling

CORN STALKS

	<u>Average</u>	<u>Range</u>
Per Acre (landowner fences)	\$13.33	\$10.00 - \$15.00 (only 3 responses)
Per Acre (renter fences)	\$12.15	\$9.00 - \$20.00

SOYBEAN STUBBLE

	<u>Average</u>	<u>Range</u>
Per Acre (landlord fences)	\$6.25	\$0 - \$10.00
Per Acre (renter fences)	\$4.50	\$0.00 - \$10.00

Alternative Pricing Arrangements Offered By Respondents

2017 Examples

1. \$200 + 50% of product
2. 70:30 with all cost to tenant and 30% to landlord based on 3 year average yield (bushels to town)
3. Corn yield x 25% x price/bu on Nov. 1 at Cozad & Lexington = \$168.50 this year
4. Pivot Corn - \$225 with a yield bonus-all bushels over the tenants APH are subject to a 60% tenant/40%/landlord split. Tenant markets bushels and settles with landlord.
5. Pivot - \$250/Ac. Bonus by selecting higher of MPCI base rate and MPCI Harvest rate for corn calculated times 50 bu., minus the base rent. If amount is over \$0 then bonus paid by Dec. 31

2016 Examples

1. 50 bushel base. Use higher of local price either on Jan. 15th or July 15th. 50 bushel X higher of two prices = rent.
2. On a 50:50 crop share. Bonus of \$20 - \$50 paid if > \$250 profit per acre.
3. 58 bushel base with rent figured on ½ at RCIS (Rural Community Insurance Services) spring price minus Gavilon average basis for February and ½ at RCIS fall price minus Gavilon average basis for November.
4. To price landlord crop share: 30% of multi-peril crop insurance average yield X CBOT (Chicago Board) Dec. 1 price minus \$.40 basis.
5. \$250 base which is adjusted higher if Gavilon price is above a set bushel price. ½ in March, ½ in October.

2015 Examples:

1. \$250 per/acre min. Set Bushels with ½ price on March 1 & ½ price on Dec. 1st. Using RCIS Spring/Fall prices minus Gavilon's Average Basis for Feb/Nov.
2. Yield/acre X 25% X bu. Price on 11/1/14 at elevator for corn – use same on all acres including alfalfa acres.
3. Rent + 50% of profit after expenses (including rent)
4. Pay to landlord – 30% of 5 year average bushels.
5. Use average of spring & fall USDA gov't insurance price and add onto base price. Ex. \$200/A at \$4.00 corn, then for every .25 above \$4.00 add \$5.00 to base rent of \$200.

2014 Examples:

1. Flex rent tied to corn price. i.e.
\$5 corn = \$200 rent
\$6 corn = \$250 rent
\$7 corn = \$275 rent
2. Bonus or rebate depending on profitability.
3. Bushel rent x ½ based on March 1 Gavilon new crop, other ½ based on Dec. 1 Gavilon new crop with \$250 minimum.
4. Use established crop insurance price to determine base price. i.e. \$4 = \$180 rent, then for each \$.25 above \$4.00, add \$10 per acre to rent.

2013 Examples:

1. Pivot – 65:35 with tenant paying all expenses. 20% bonus paid on profitability.
2. Bushel rent – 5 years of corn history with the high & low yield taken out; 3 year average then taken x 30%.
3. Bushel rent - \$200.00 minimum paid regardless of low grain prices.
4. Land price x 5%
5. Cash rent tied to yield & price with \$250 base and \$300 cap.
6. ½ the pasture rent if no grass.
7. Yield/acre x 20% x price/bushel at Lexington and Cozad on 11/1/12 = \$279.77/acre.

2012 Examples:

1. Landowner gets first 50 bushels plus split of any bushels over 200 bushels per acre yield.
2. \$1.00/bushel of proven yield (5 year moving average) per acre plus 20% of net profit. This ties in both price and production costs.
3. Set a base rent per acre. Establish cost of production per bushel. Subtract cost per bushel from average of spring and fall Federal Crop Insurance rate. Pay this on 37 bushel/acre (tenant owns pivot and motor) or 44 bushels/acre (landlord owns all equipment).

Example 1	<p>\$150 base rent</p> <p>\$6.16 average of spring and fall Federal Crop Insurance price</p> <p>37 bushel/acre rent</p>	<p>\$4.00/bushel cost of production</p> <p>=</p> <p>\$150 base</p> <p><u>+ 79.92 bonus (2.16 x 37 bu/acre)</u></p> <p>\$229.92 Total Rent</p>
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Example 2	<p>\$150 base rent</p> <p><u>+ 95.04 bonus (2.16 x 44 bu/acre)</u></p> <p>\$229.92 Total Rent</p>
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