

2019 DAWSON COUNTY AREA PRICE & RENT SURVEY

January 9, 2019
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 3%. This makes sense with commodity price & expenses but landlords are looking at increased property taxes also. The actual rent figures provided by the 31 respondents showed a slight increase in rents but they are not necessarily the same respondents as 2018.

Cattle related rents were down somewhat.

Interestingly, there were more responses on soybean stubble rent with a huge range. Many charge nothing, all the way up to \$15/acre.

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), 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,

A handwritten signature in black ink that reads "Bruce Treffer". The signature is fluid and cursive.

Bruce Treffer
Extension Educator

BT/sf
landrent.rsl

2019 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	\$216.08	\$150 - \$255
Bushels Rent/Acre	60 bushels	No range
Crop Share	Tenant:Landlord	Tenant:Landlord
(most common)	60:40	50:50 to 70:30 (no landlord expenses)

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

	<u>Average</u>	<u>Range</u>
Cash Rent/Acre	\$241.74	\$175 - \$300
Bushels Rent/Acre	62.56 bushels	50 - 78 bushels
Crop Share	Tenant:Landlord	Tenant:Landlord
(most common)	60:40	50:50 to 70:30 (no landlord expenses)

Tenant-owned power unit adjustment	\$13.33	\$10.00 - \$20.00
Tenant-owned pivot adjustment	\$30.00	\$15.00 - \$50.00
Corner rents	\$194.69	\$125.00 to \$262.50
(alfalfa was the dominant crop grown on corners)		

ALFALFA GROUND

	<u>Average</u>	<u>Range</u>
Cash Rent	\$207.00	\$140 - \$225
Crop Share	Tenant:Landlord	
(most common)	50:50	

PASTURE RENT

	<u>Average</u>	<u>Range</u>
Cow-Calf/month	\$48.00/month	\$40.00 - \$50.00
Cow-Calf/acre	\$38.57/acre	\$30.00 - \$50.00
Yearling Steer/mo.	\$20.00/mo.	\$12.60/mo - \$27.50/mo. (2 responses)
Steer/acre	\$35.00/acre	(only 1 response)
Stocking Rate	6.9 acres/cow-calf	2.65 acres/yearling

CORN STALKS

	<u>Average</u>	<u>Range</u>
Per Day (landowner fences)	\$.40/day	\$.30 - \$.50
Per Day (renter fences)	\$.30/day	(only 1 response)
Per Acre (landowner fences)	\$14.50	\$10.00 - \$20.00
Per Acre (renter fences)	\$12.43	\$10.00 - \$15.00
Per Acre (rent for baling)	\$25.00/acre	(only 1 response)

SOYBEAN STUBBLE

	<u>Average</u>	<u>Range</u>
Per Acre (landlord fences)	\$3.25	0-\$10/acre
Per Acre (renter fences)	\$4.57	\$0.00 - \$15.00
Per Acre (rent for baling)	½ bales @ ½ alfalfa price	(only 1 response)

COVER CROPS

\$.60/day with landlord establishing (2 responses)		\$.50 - \$.70
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Alternative Pricing Arrangements Offered By Respondents

2019 Examples

1. 60 bu. rent goes up ½ bushel for bushels over 220 bu.
2. 70 bushel to landlord with ½ due March 1 based on RCIS spring price minus Gavilon avg. basis for Feb. 2nd due Dec. 1 based on RCIS fall price minus Gavilon avg. basis for Nov.
3. Yield/ac. X 25% x price of corn 11/1/18 at Cozad (ex. $272.9 \times 25\% = 68.225 \times \$3.29 = \$224.46$)
4. Flex bu. rent – 60 bu./ac. minimum price \$3.00; or \$200 cash rent and 50% of profits
5. \$240 cash rent but if cash corn hits \$4.20 or higher at Lex Gavilon, it triggers an extra \$15 per acre; \$220 cash rent but goes to \$240 if corn hits \$4.25 on the board; & \$250 if it hits \$4.55
6. \$240/ac. if produces 250 bushel per acre or more; \$210 per ac. if produces less than 250 bu.
7. Corn price Dec. 1 X 60-65 bu./ac.; Pay \$120/ac. March 1 – balance Dec. 1

2018 Examples

1. ((Price at Lex \$4.50/3)) X APH X 85% X acres
2. 25% of the 10 yr. RMA yield X Avg C2 in Red December Futures
3. 45-50 bushel per acre and use the average of spring/fall crop insurance price for cash rent amount
4. Yield dry bushels of corn X 25% X local elevator price on Nov. 1 or 220.2 bu in 2017 X \$3.03 = \$166.81
5. 70 bu/ac priced 1/2 on Mar.1 RCIS spring price minus Gavilon Basis for Feb; 1/2 Dec.1 RCIS fall price minus Gavilon Nov. Not less than \$225 per ac. rent.

2017 Examples

1. \$200 + 50% of profit
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 MPCl base rate and MPCl 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	\$150 base rent	\$4.00/bushel cost of production
	\$6.16 average of spring and fall Federal Crop Insurance price	
	37 bushel/acre rent	= \$150 base
		+ 79.92 bonus (2.16 x 37 bu/acre)
		\$229.92 Total Rent

Example 2	\$150 base rent
	+ 95.04 bonus (2.16 x 44 bu/acre)
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	\$229.92 Total Rent