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Farmland rental rates stable for 2010

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nyone who is involved with the rental market for Iowa farmland knows that rental rates were pushed significantly higher by the favorable corn and soybean prices that farmers enjoyed in 2007 and 2008. However, lower prices in late 2008 and 2009 seem to have taken much of the steam out of the land market. Results from the most recent Iowa State University Extension rental rate survey estimated that the average cash rent for corn and soybean land in the state for 2010 was \$184 per acre, just \$1 per acre higher than last year. In effect there was no significant change in the average rents from last year when looking at the whole state. What did change, though, was the range of typical rents reported. For most areas the lower end of the ranges was higher in 2010, and the high end of the ranges was lower. This indicates that fewer extremely high rents (i.e. \$300 per acre or more) were negotiated, but some landlords and tenants were still "catching up" on farms that were being rented at below average rates for the county.

One change was made in the 2010 survey. Counties were grouped by crop reporting districts instead of Extension areas, in order to be more comparable with data collected by the National Agricultural Statistics Service and other sources. Previous survey data was grouped into 12 different areas of the state. Figure 1 shows the nine Crop Reporting Districts used to group the county survey results. Average rents were higher in five districts and lower in four districts, but did not change by more than \$6 per acre in any district. On the county level larger changes were observed, both up and down, but they can be attributed mostly to normal statistical variability for small land areas.

The intent of the ISU survey is to report typical rents in force, not the highest or lowest values heard through informal sources. Rental values were estimated by asking over 3,000 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. The number of responses received this year was 1,249. Of these, 45 percent came from farmers, 31 percent from landowners, 9 percent from professional farm managers, 11 percent from lenders, and 4 percent from other professionals.

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Handbook updates

For those of you subscribing to the handbook, the following updates are included.

Iowa Corn and Soybean County Yields -- A1-14 (4 pages)

Historic County Cropland Rental Rates -- C2-11 (10 pages)

Financial Troubleshooting -- C3-53 (6 pages)

Please add these files to your handbook and remove the out-of-date material.

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Ag Decision Maker is compiled by Don Hofstrand, dhof@iastate.edu extension value-added specialist and co-director of the Agricultural Marketing Resource Center Farmland rental rates stable for 2010, continued from page 1

The steady average cash rental rates for 2010 are a change from recent years. Since 2006, the average cash rental rate in Iowa has increased by 35 percent, from \$135 per acre in 2006 to the \$184 per acre average this year. Table 1 includes a comparison of the average cash rent for each of the districts since 2006.

The 2010 Iowa Cash Rental Rate Survey is available on the Ag Decision Maker website, Information File C2-10, or at county extension offices. Other resources available for estimating a fair cash rental rate 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 electronic decision tool worksheets to help analyze individual leasing questions.

Figure 1. 2010 Cash Rent Survey County Areas

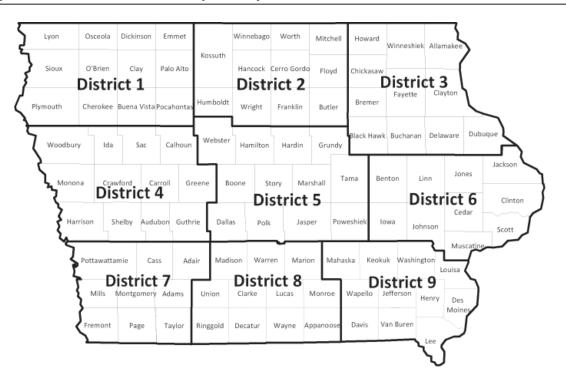


Table 1. Overall Average of Typical Cash Rents 2006-2010, Corn and Soybean Acres					
	<u>2006</u>	2007	2008	2009	<u>2010</u>
District 1	\$136	\$149	\$174	\$187	\$188
District 2	139	155	183	196	191
District 3	144	157	190	186	192
District 4	140	151	179	196	195
District 5	144	157	191	197	195
District 6	154	166	186	193	196
District 7	122	135	161	170	176
District 8	115	126	155	146	151
District 9	124	134	161	173	169
State	\$135	\$148	\$176	\$183	\$184