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Farmland rental rates show continued strength in 2012

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Anyone who is involved with the rental market for Iowa farmland knows that rental rates have been pushed significantly higher by the favorable corn and soybean prices that farmers have enjoyed since 2010. This trend continued in 2012.

Results from the most recent Iowa State University Extension and Outreach rental rate survey estimated that the average cash rent for corn and soybean land in the state for 2012 was \$252 per acre, an increase of \$38 per

acre or 18 percent from last year. This is the largest one-year increase since the statewide survey was started in 1994. The second largest increase was in 2011, with an increase of \$30 per acre. Average rents were higher in all nine crop reporting districts, with increases ranging from \$57 per acre (26 percent) in north central Iowa to \$16 per acre (9 percent) in south central Iowa.

High quality land showed the largest increase in rents. Estimated rents for land in the high third of each county increased by an average of 20 percent, but estimated rents on low third quality row crop land increased by only 15 percent. In many counties respondents indicated that typical rents were \$400 to \$500 per acre or more for the higher quality land.

Typical rental rates for land growing oats and hay were re-

ported, as well as rental rates for grazing pasture and corn stalks. This year rental rates for letting people hunt on farmland were included, too.

The intent of the Iowa State survey is to report typical rents in force, not the highest nor the lowest values heard through informal sources. Rental values were estimated by asking over 3,000 people familiar with the land market what they thought

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Handbook updates

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

Cash Rental Rates for Iowa 2012 Survey —C2-10 (11 pages)

Please add this file to your handbook and remove the out-of-date material.

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were typical rates in their county. The number of responses received this year was 1,419. Of the total responses, 37 percent came from farmers, 28 percent from landowners, 16 percent from professional farm managers, 16 percent from lenders, and 3 percent from other professionals.

The Cash Rental Rates for Iowa 2012 Survey is available online as a downloadable document; from the Ag Decision Maker website and from the

ISU Extension Online Store at <http://www.extension.iastate.edu/Publications/FM1851.pdf>.

Other resources available for estimating a fair cash rental rate include the Ag Decision Maker information files Computing a Cropland Cash Rental Rate (C2-20) and Flexible Farm Lease Agreements (C2-21). Both documents include decision file electronic worksheets to help analyze leasing questions.

Overall Average of Typical Cash Rents 2008-2012, Corn and Soybean Acres

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
District 1	\$174	\$187	\$188	\$224	\$267
District 2	183	196	191	220	277
District 3	190	186	192	223	266
District 4	179	196	195	227	279
District 5	191	197	195	226	275
District 6	186	193	196	219	252
District 7	161	170	176	213	246
District 8	155	146	151	177	193
District 9	161	173	169	198	217
State	\$176	\$183	\$184	\$214	\$252

