Negotiating Farmland Lease Rates

Relevant trends and economic data

Brent Carpenter
Field Specialist in Ag Business
carpenterb@missouri.edu
573-882-6527

Extension
University of Missouri
MO farm real estate values vs. trend

USDA-NASS, Aug 2018. Includes all land, buildings, and dwellings on farms

2018 is up 10.4 percent to $3700, due to increases for pasture and buildings.
MO farm real estate values vs. trend
USDA-NASS, Aug 2018. Includes all land, buildings, and dwellings on farms

Reported value is $335 above long term trend for 2018.
Missouri farmland values
USDA-NASS survey data, Aug 2018, $ per acre.

Cropland includes hay ground

$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0


Pasture  Dryland  Irrigated
Missouri cash rental rates
USDA-NASS survey data, Aug 2018, $ per acre.

Cropland includes hay ground

Pasture  Dryland  Irrigated

$0  $20  $40  $60  $80  $100  $120  $140  $160  $180  $200


125  180  33
MO cash rent relative to land values
Cash rental rates as a percent of land value, USDA-NASS Aug 2018
Missouri corn price received
USDA-NASS monthly price received, $ per bushel

Last $4 corn: July 2014

Last data point: Sept 2018
Missouri soybean price received
USDA-NASS monthly price received, $ per bushel

Last $10 beans: July 2016

Last data point: Sept 2018
Estimated crop operating costs
From MU budget projections for nearby crop, $ per acre

Some changes over time in this data are partially due to budget yield effects, e.g., corn yield adjusted up for 2019 budgets. See http://crops.missouri.edu/economics/budgets/
# 2019 generalized returns to land & mgmt.

Using MU cost and return budget projections, $ per acre

<table>
<thead>
<tr>
<th>Budgeted yield and price</th>
<th>Corn</th>
<th>Soybeans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted yield and price</td>
<td>160 bu X $3.60</td>
<td>48 bu X $8.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budgeted revenue</th>
<th>Corn</th>
<th>Soybeans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted revenue</td>
<td>$576</td>
<td>$408</td>
</tr>
<tr>
<td>Less operating costs (labor in)</td>
<td>$350</td>
<td>$211</td>
</tr>
<tr>
<td>Less machinery and overhead</td>
<td>$62</td>
<td>$43</td>
</tr>
</tbody>
</table>

**Margin after labor and capital costs:**

**Returns to land, mgmt., and profit.**

- **Corn:** $164
- **Soybeans:** $154

Use these estimates only as a guide. Calculations are based on many assumptions about yields, prices and costs.

**2019 margin for an average corn-bean farm:** $159
Estimated average cow-calf returns

Returns Over Cash Cost (Includes Pasture Rent), Annual

$ Per Cow

Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center
Other sources for “market” rental rates.

- 2018 Cash Rental Rates in Missouri, MU Extension, G-427