

MU Guide

2006 Cash Rental Rates in Missouri

Ron Plain and Joyce White
Department of Agricultural Economics

In the spring of 2006, 223 Missourians responded to a mailed survey and provided details of their cash rental arrangements for various types of farm property. A summary of their rates for Missouri cropland, pasture, farm buildings, and pasturing livestock is shown in the following tables and charts. As expected, most rates had increased since our last survey in 2003.

This guide should not be used as the sole basis for determining your rent, but it may provide a reference as you consider the factors unique to your situation. The acres of land available for rent (supply) and the number of tenants wanting to rent for cash (demand) can affect the amount of rent negotiated.

Table 1. Annual cash rent paid for Missouri crop and pasture land in 2006.

Type of land	Average rent per acre	Range in rents			Average yield per acre	Number reporting	
		Low	Mid	High			
Cropland							
Corn	Dryland	\$79.42	\$30	75	121	137 bu	152
	Irrigated	\$97.04	\$75	—	100	181 bu	3
Soybeans	Dryland	\$77.57	\$25	72.25	121	44 bu	154
Wheat	Dryland	\$70.34	\$20	60	121	61 bu	36
Double-crop wheat-soybeans		\$72.47	\$40	60.50	121	wheat 62 bu beans 27 bu	18
Grain sorghum		\$53.41	\$40	—	70	130 bu	3
Alfalfa hay		\$63.06	\$21	50	120	5.4 T	9
Grass hay		\$23.15	\$10	25	40	3.2 T	35
Pasture and grazing land							
Good pasture (less than 4 acres per 1,000 lb cow per year)		\$26.00	\$10	25	50		134
Fair/poor pasture (more than 4 acres per 1,000 lb cow per year)		\$21.48	\$5	20	30		51
Timber pasture		\$12.14	\$7.50	12.65	30		16

Notes:

Average rents and yields are "weighted" by the number of acres rented.

The mid rent in the range is the rent that has an equal number of responses below and above it.

If the number reporting (last column) is small, the average may not be representative of the state.

However, the figures do provide anecdotal evidence of a few rates charged.

Table 2. Annual cash rent paid per acre by crop grown, with average yield and acreage rented (Missouri, 2006).

Corn			
Average yield (bushels per acre)	Average rent	Average size (acres)	Number reporting
100 or less	\$47	93	11
101–120	\$70	181	42
121–130	\$78	144	27
131–140	\$82	278	29
141–150	\$85	314	26
151 or more	\$93	222	14

Soybeans			
Average yield (bushels per acre)	Average rent	Average size (acres)	Number reporting
25–34	\$50	209	8
35–39	\$65	218	25
40–44	\$74	207	56
45–49	\$82	256	32
50–54	\$89	268	17
55–60	\$92	449	8

Wheat			
Average yield (bushels per acre)	Average rent	Average size (acres)	Number reporting
35–45	\$44	84	8
46–55	\$61	115	8
56–65	\$69	123	12
66 or more	\$88	283	6

Grass hay			
Average yield (tons per acre)	Average rent	Average size (acres)	Number reporting
2 or less	\$19	117	9
2.5–3.5	\$24	78	16
4 or more	\$26	141	9

Notes:

Average rents are “weighted” by the number of acres rented.
 Size is a “simple” average of the acreage of individual parcels rented.

Table 3. Charge for pasturing cattle by stocking rate (Missouri, 2006).

Type of rate	Average charge	Range in charges		Average stocking rate*	Average time on pasture	Number reporting
		Low	High			
Per cow-calf per month	\$7.52	\$5.50	\$10.00	.40	6.8 months	14
Per yearling per month	\$4.63	\$3.50	\$5.88	.73	4.0 months	3
Per heifer per month	\$7.13	\$5.00	\$9.00	.92	7.3 months	4

* Number of animals per acre.

Table 4. Rental rates for Missouri farm buildings in 2006.

Type of structure	Basis of charge	Average charge	Range in charges		Number reporting
			Low	High	
Grain bin	per bushel per month	\$0.021	\$0.015	\$0.04	10
	per bushel per year	\$0.10	\$0.04	\$0.15	13
	flat rate per year	$\$0.091 \times \text{max. capacity of bin}$	\$0.04	\$0.154	22
Machine storage, enclosed	per square foot per year	\$0.21	\$0.09	\$0.50	8

Survey responses

Persons responding to the survey provided a description of some characteristics of their leases.

- Most indicated they had been renting farmland for several years — 11 years on average — with individual leases ranging from 1 to 55 years.
- 51 percent indicated they had both cash basis and crop-share leases with cash renters averaging 3.6 crop-share leases per person.
- Of those cash renting cropland, 86 percent said they expected to participate in government price support programs.
- Regarding division of fertility expenses between tenants and landlords, in 58 percent of cash leases the tenant paid for lime, in 38 percent the landlord paid for lime, and in 4 percent the tenant and landlord shared the cost of lime. In 7 percent of the leases the landlord paid for phosphorus and potassium while in 93 percent of the leases the tenant paid.

It was not possible from this survey to determine how these factors influenced the amount of rent shown in the preceding tables. However, thought should be given to these factors when comparing the average rates with an individual situation.

What is “cash renting”?

In a cash rental agreement, a tenant pays a landowner a fixed amount of money per acre (or other unit of measure) for the use of resources — land and improvements. No nonmonetary payment or share of production is involved. The rates are commonly expressed as annual rates per acre per year for cropland and pasture. However, pasture may also be cash rented by charging a fixed rate per animal placed on the pasture for a specific period of time.

Entire farm units may be rented on an annual basis for a flat rate. These rates vary widely because of the diversity of farm units in the amount and quality of the land as well as type and usefulness of buildings.

Structures such as grain bins and storage facilities are also rented for cash. Rates are usually based on size or capacity of the structure for a specific use and time period — such as grain bins per bushel per month or per year for storing corn or soybeans.

A written lease that describes the terms of the agreement is recommended. A cash lease usually includes restrictions on use, such as which crops can or cannot be grown on specific fields and the degree of productivity that must be maintained. It also states the amount of rent due, the time and method of payment and the duration of the lease. Apart from these terms, the tenant has free rein in planning production or use of facilities.

Pluses and minuses of cash renting

The tenant:

- + Is relatively free to make management decisions and develop a business unit.
- + Receives all profit resulting from higher crop yields or higher commodity prices. This adds an incentive for higher production.
- Has increased risk. Rent is fixed regardless of production.
- Can have large capital requirements for production expenses.
- Can have rent increased for doing a good job. As yields increase, landowner sees opportunity to negotiate a higher rent.

The landowner:

- + Is assured of a specific level of income.
- + Is not required to tie up cash in the production process.
- + Has no worries about storing or marketing crops.
- In good years, does not receive as much money as he/she would in a crop-share arrangement.
- Worries that the tenant will let the place run down.
- Has little chance to do income tax management.

High rents increase the tenant’s risks but benefit the landowner. A variable or flexible cash rent based on yields and prices can help distribute risk. See the agriculture business management specialist at your local University Extension center for information on other types of rental arrangements and for lease forms.

Also available from Extension Publications

1-800-292-0969

- NCR 75 *Fixed and Flexible Cash Rental Arrangements for Your Farm*
- NCR 105 *Crop-Share or Crop-Share/Cash Rental Arrangements for Your Farm*
- NCR 107 *Livestock Share Rental Arrangements for Your Farm*
- NCR 148 *Irrigation Crop Share and Cash Rental Arrangements for Your Farm*
- NCR 149 *Pasture Rental Arrangements for Your Farm*
- G 423 *Flexible Cash Rental Arrangement*
- G 424 *Missouri Crop-Share Leasing Patterns*
- G 426 *Farm Lease Agreement*
- G 428 *Customary Farm Rental Arrangements*
- G 520 *Verbal Farm Rental Agreements Under Missouri Law*