

CASH FARM RENTAL RATES IN KANSAS

KANSAS AGRICULTURAL EXPERIMENT STATION
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CASH FARM RENTAL RATES IN KANSAS *

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Introduction

More than 50,000 Kansas farmers rent land, many renting from more than one landowner. Both full tenants and part owners rent land. About 40 percent of Kansas farm leases are cash or crop-share-cash, largely the latter. Establishing and updating cash rental rates are major farm problems.

Rental rates should approximate the proportions of the total farm returns resulting from the land factor, the balance going to the owner of capital (machinery, livestock, etc.) and for labor and management.

Cash rental rates are available from Crop Reporters of the U.S. Crop and Livestock Estimates Service, farm records, and special surveys. Crop Reporters have provided information annually (March or April) on cash rental rates for a period of years. This publication discusses rates from that source and their trends by Crop Reporting Districts for Kansas (Figure 1).

Rates reported (estimates for communities in which Reporters live) are for farms and ranches, cropland, and pastureland rented for cash. We also include rates for Bluestem pasture, obtained in a survey of Reporters in that area.

Though not all year-to-year rate changes as given may reflect actual changes, because of such factors as a small number of reports, the general trend is useful in interpreting the data. Also, farm and pasture lands vary productively within as well as between Crop Reporting Districts, and rental markets do not function perfectly.

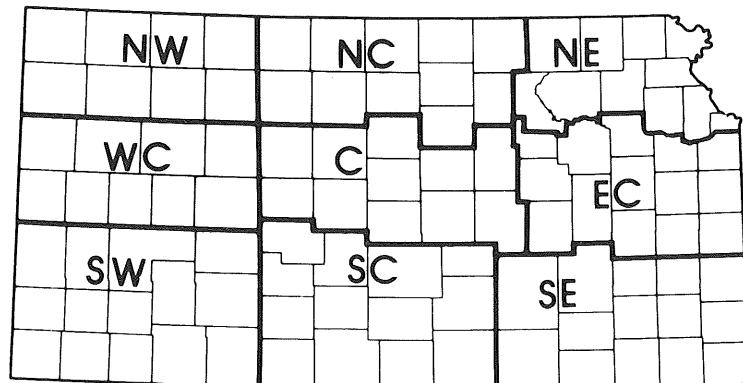


Figure 1. Crop-reporting districts, Kansas.

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Table 1. Average cash rent per acre for farms and ranches rented for cash, crop-reporting districts, Kansas 1959-1975.

	NW	NC	NE	WC	C	EC	SW	SC	SE	STATE
1959	\$ 8.12	\$ 6.61	\$ 7.56	\$ 6.32	\$ 7.64	\$ 7.94	\$ 6.51	\$ 7.38	\$ 5.56	\$ 7.02
1960	6.00	6.27	9.88	6.63	8.12	7.23	5.92	8.09	6.61	7.43
1961	5.72	6.28	9.39	5.25	7.54	8.09	7.09	7.68	5.62	7.15
1962	5.31	6.92	9.69	6.10	8.61	8.84	7.79	8.45	6.73	7.91
1963	8.11	7.62	10.21	6.41	9.49	8.44	9.62	8.40	7.28	8.40
1964	6.18	8.24	11.94	7.02	9.07	9.09	7.89	8.64	7.10	8.56
1965	7.73	7.83	12.00	7.55	8.95	9.74	6.59	8.48	7.29	8.49
1966	7.54	9.78	12.62	8.61	9.53	10.57	8.24	9.98	8.40	9.62
1967	6.00	8.29	13.09	7.62	9.81	11.97	6.01	10.01	7.86	9.43
1968	7.95	8.28	12.92	10.29	10.37	12.25	11.40	10.12	8.56	10.19
1969	8.06	9.21	15.95	8.22	10.63	14.58	9.65	10.24	8.55	10.76
1970	7.97	10.33	17.75	6.99	10.58	14.42	10.65	11.38	9.67	11.39
1971	8.03	10.79	18.00	8.62	11.21	14.02	11.14	11.76	9.93	11.66
1972	8.02	12.06	16.44	8.47	11.29	16.16	9.20	12.56	11.45	11.94
1973	9.53	12.71	21.56	8.02	12.35	16.01	9.61	13.72	11.80	13.13
1974	12.15	16.19	26.38	14.17	15.40	20.89	13.63	17.02	17.07	17.26
1975	15.74	17.20	26.21	12.18	17.90	20.89	14.39	22.13	16.36	18.63

Rates for Farms and Ranches

Cash rental rates for farms and ranches in Kansas moved upward slowly from 1959 to 1973, then increased sharply in 1974 following high farm incomes in 1973. Rates continued upward in 1975 in the northwestern and south-central areas; they slackened off in west-central and southwestern Kansas, however (Table 1 and Figure 2).

Cash rental rates in 1959 were in the \$5.00 to \$8.00 range for all 9 districts. In 1974 they were up to about \$15.00 in western Kansas and approached or exceeded \$20.00 in central and eastern Kansas, southeastern Kansas excepted.

Rent as a percentage of land value changed little (5.8 to 6.6 percent) during the 17-year period for the state as a whole (Figure 2). Within Crop Reporting Districts, the range was somewhat greater, percentages generally being higher in the northwestern, north-central, and northeastern districts and lower in the central, south-central, and southeastern districts.

Rental rates increased approximately in proportion to land values. Unless interest rates increase or decrease, rent as a percentage of value should remain constant or nearly so. Land has value because of its productivity; presumably, rent is a measure of that productivity. Rental rates in Kansas have increased because prices of farm products have increased and because crop production has been generally good. Costs of production are increasing and prices of farm products could drop, resulting in decreased net returns for the land, followed by lowering of rental rates. Prices of farm products will be influenced by general inflation, by foreign demand for U.S. farm products, and by yields and production of crops and livestock. Yields are influenced by weather conditions and technology. Improved technology usually adds to the return (rent) attributable to the land. Potential nonfarm uses and investments in farms might influence land prices independent of productivity (net return) from farm uses.

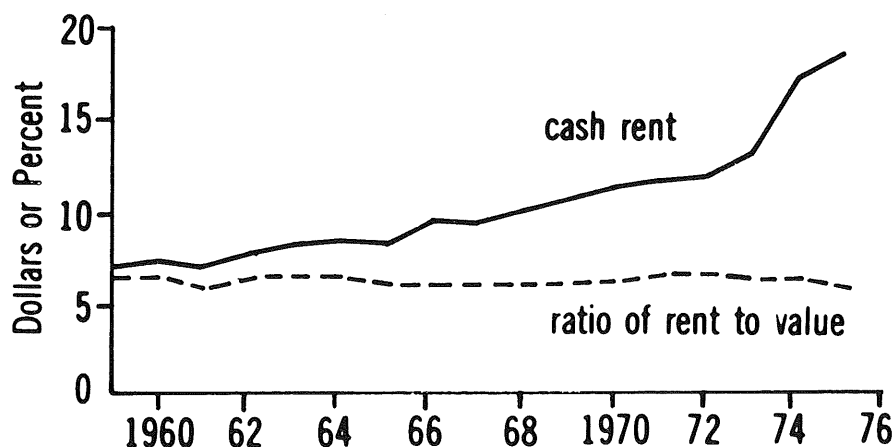


Figure 2. Average cash rent per acre for farms and ranches rented for cash and ratio of rent to value of farms, Kansas, 1959-1975.

Table 2. Average cash rent per acre for cropland, crop-reporting districts, Kansas, 1967-1975.

	NW	NC	NE	WC	C	EC	SW	SC	SE	STATE
1967	\$ 9.14	\$10.02	\$18.88	\$10.27	\$12.28	\$17.42	\$ 8.28	\$11.73	\$11.68	\$12.89
1968	10.56	12.21	19.17	10.70	12.77	18.40	12.96	11.92	12.76	13.58
1969	10.21	12.15	15.97	11.29	13.24	18.44	14.26	13.17	13.09	13.89
1970	11.93	12.94	23.26	11.29	12.62	20.00	14.55	13.68	13.51	14.95
1971	11.06	12.40	24.57	11.26	13.40	19.52	14.60	13.22	13.56	14.98
1972	12.48	16.60	23.26	9.03	12.95	20.05	12.18	13.81	15.44	14.91
1973	13.37	16.05	27.71	10.51	14.43	22.12	12.56	16.17	15.92	16.72
1974	17.27	20.69	32.07	15.97	19.41	28.12	19.28	20.69	23.64	22.34
1975	20.31	22.61	34.70	16.72	22.28	30.92	18.28	28.95	25.13	25.38

Rates for Cropland

Rental rates for Kansas cropland increased sharply from March 1973 to March 1974 and significantly the next year, a major contributing factor being high farm income in 1973 (Table 2 and Figure 3). During 9 years, 1967 to 1975, rates doubled for the state as a whole, increases occurring mostly after 1972. Increases were greatest in south-central and southeastern Kansas; least in west-central, northeastern, and east-central Kansas.

Rental rates for cropland vary more than do rates for pasture, quality of land and precipitation being more critical for crop production. The average rate in northeastern Kansas in 1967 was nearly \$19 per acre; in the southwestern area, a little more than \$8 per acre. (No distinction is made for irrigated land.) Rates (in percentages) increased more in southwestern than in northeastern Kansas from 1967 to 1975, though the average in 1975 for the southwest was \$18 compared with \$35 for the northeast.

Rent as a percentage of the value of the land was essentially constant from 1967 to 1975. The percentage for cropland averaged about one-half point above that for all land (farms and ranches).

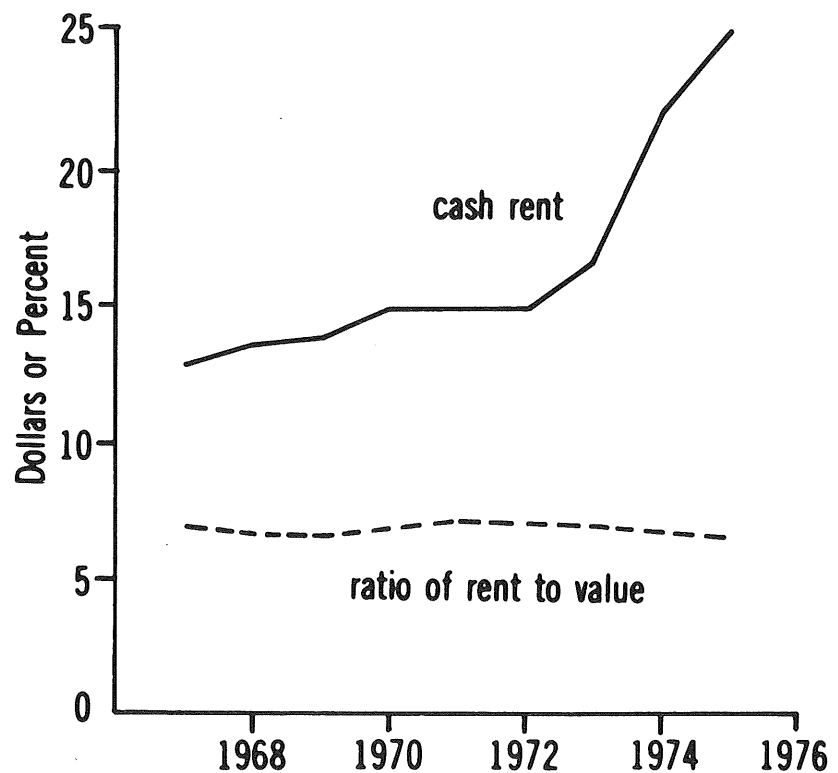


Figure 3. Average cash rent per acre for cropland and ratio of rent to land value, Kansas, 1967-1975.

Table 3. Average cash rent per acre for pasture or grazing land, crop-reporting districts, Kansas, 1959-1975.

	NW	NC	NE	WC	C	EC	SW	SC	SE	STATE
1959	\$ 2.07	\$ 3.47	\$ 4.67	\$ 2.05	\$ 3.51	\$ 4.43	\$ 1.96	\$ 3.38	\$ 3.39	\$ 3.38
1960	2.05	3.33	5.17	2.15	3.52	4.30	2.03	3.34	3.48	3.38
1961	1.93	3.39	5.01	2.29	3.58	4.32	2.09	3.37	3.41	3.37
1962	2.09	3.59	4.90	2.36	3.69	5.06	2.29	3.44	3.82	3.55
1963	2.20	3.81	5.31	2.56	3.88	5.22	2.23	3.75	4.42	3.83
1964	2.58	4.13	5.65	2.56	4.27	5.09	2.53	3.91	4.39	4.05
1965	2.55	4.27	6.22	2.64	4.36	5.58	2.60	4.04	5.02	4.18
1966	3.01	4.65	6.50	2.96	4.77	5.85	2.91	4.39	5.69	4.61
1967	2.92	4.88	6.88	3.01	5.07	6.46	2.91	4.62	5.95	5.04
1968	3.55	5.16	7.56	3.35	5.51	6.75	3.39	5.01	6.14	5.24
1969	3.58	5.80	7.98	3.57	5.69	7.39	3.50	5.67	6.54	5.73
1970	3.95	5.75	8.87	3.46	5.83	7.77	3.40	5.84	6.55	5.96
1971	3.70	5.73	8.03	3.53	5.90	8.08	3.13	5.98	6.20	5.81
1972	4.01	6.15	8.30	3.70	6.13	8.37	3.51	6.06	6.95	5.98
1973	4.38	7.07	8.77	4.23	6.25	7.69	3.91	6.71	7.80	6.44
1974	5.59	8.47	11.18	5.49	8.36	10.65	4.93	8.00	10.36	8.48
1975	6.00	9.52	12.44	5.17	8.38	11.54	5.18	8.49	10.65	9.04

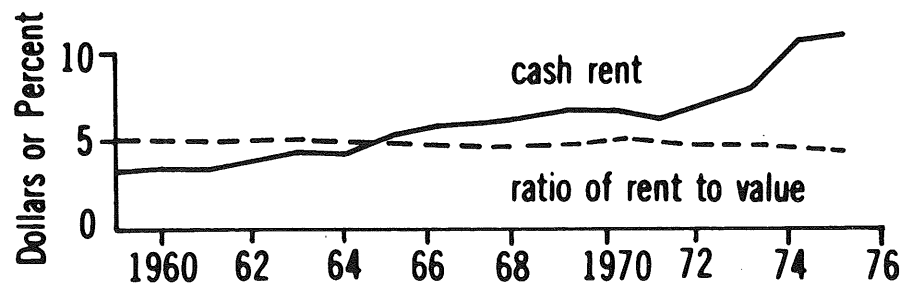


Figure 4. Average cash rent per acre for pasture or grazing land and ratio of rent to land value, Kansas, 1959-1975.

Rates for Pasture

For the state as a whole rental rates per acre for pasture and grazing land increased slowly until 1972 (Table 3 and Figure 4). The rate increased sharply in 1974, but leveling off in 1975 was associated with low returns from cattle (rates possibly lagging one year). However, because of high feed-grain prices, some cattle were pastured to reduce costs, and that tended to support pasture rental rates.

Pasture rates in 1959 ranged from about \$2 per acre in southwestern Kansas to \$4.67 in northeastern Kansas; state average was \$3.38 per acre. Rates increased nearly three-fold from 1959 to 1975, increases varying slightly among the districts. For the period 1967 to 1975, overall percentage increase for

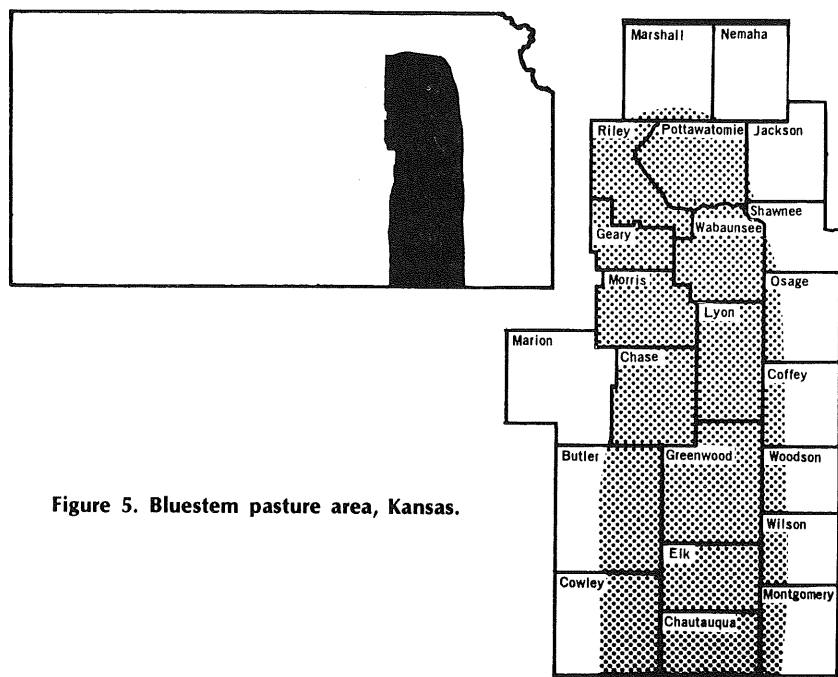


Figure 5. Bluestem pasture area, Kansas.

pasture was less than for cropland. The ratio of rent to pastureland value averaged between 4 and 5 percent, which compared with 6 to 7 percent for cropland.

Bluestem Pasture Rates

An area encompassing about 12 counties, from near Nebraska (southern Marshall County) south to the Kansas-Oklahoma border in Chautauqua and Cowley Counties, has a large percentage of the land in tall native grasses, including Bluestem (Figure 5). Formerly steers and heifers were the dominant cattle summer-grazed in that area, but in recent years cow-calf herds are commonly seen.

Bluestem pastures are managed in a variety of ways. The owner may provide fence upkeep, salt, water, care, and return count. Or he may provide only part of those items. Pasture in the area commonly is owned by one party and cattle by another, while a third party rents the pasture and cares for the cattle. The survey for 1975 indicated that the average rates shown here are based on reports for various systems.

In the Bluestem area an average of 6.0 to 6.5 acres is provided per cow and spring calf for a 6-month grazing period. Rates are reported on a per-head and per-acre basis (Table 4 and Figure 6).

Rates for Bluestem pasture increased nearly three-fold from 1959 to 1975. The average per cow and spring calf in 1974 was \$66.20; it was slightly less (\$64.80) in 1975. The per-acre average was \$10.50; major increases occurred in the 1973 and 1974 seasons.

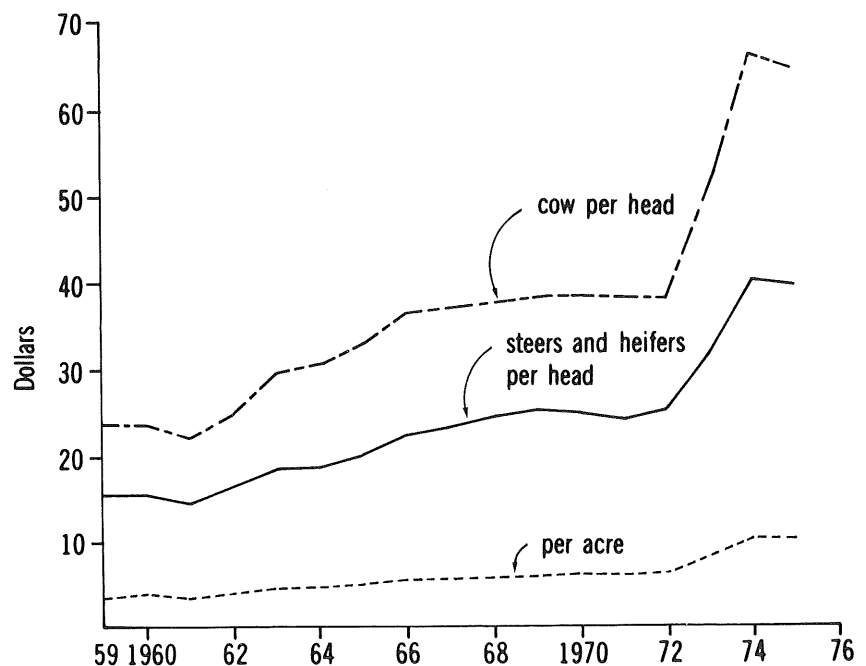


Figure 6. Rental rates for a season: bluestem pasture in Kansas, 1959-1975.

Table 4. Rental rates for a season: bluestem pasture in Kansas, 1959-1975.

	Rental per head per season		Rental on a per-acre basis
	Steers and heifers under 700 lbs.	Cows ¹	
1959	\$15.00	\$23.00	\$ 3.70
1960	15.40	23.70	4.00
1961	14.40	22.00	3.40
1962	16.20	24.80	3.90
1963	18.60	29.80	4.60
1964	18.70	30.70	4.60
1965	20.00	32.90	5.00
1966	22.40	36.30	5.60
1967	23.10	37.00	5.60
1968	24.70	37.40	5.90
1969	25.20	38.30	6.00
1970	24.80	38.40	6.10
1971	24.10	28.10	6.00
1972	25.10	38.20	6.20
1973	31.70	51.70	8.10
1974	40.20	66.20	10.50
1975	39.80	64.80	10.50

1. All cows for years 1959 through 1967; cows with spring calves from 1968 through 1975.

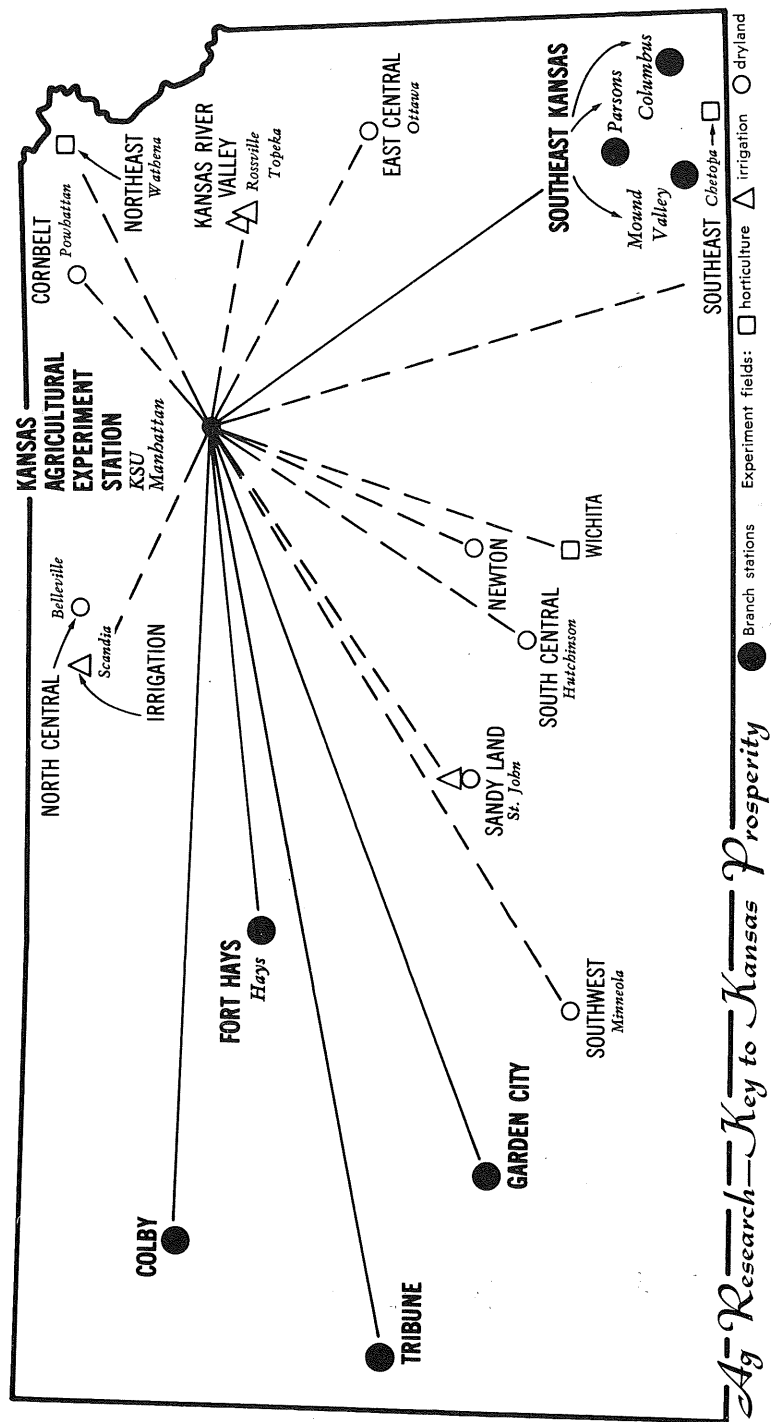
Future Cash Farm Rental Rates in Kansas

Often rental rates are computed on the basis of a percentage of the value of the land (representing a return on the investment or current value of the land) plus taxes and other costs of ownership (or landlord's costs). Fundamentally, land has value because of the return (net rent) from it. Factors affecting the gross income and costs determine the net rent.

Crop or livestock production is a function primarily of weather and technology. Continued improvement in technology can be expected. Irrigation, adaption of crops, and other developments (actually technologies) should increase production, with benefits exceeding costs.

Demand for farm products will continue to increase world-wide. Prices will depend on general inflation (value of the monetary unit), as well as on population growth and per-capita demand for farm products in relation to increases in production.

The net effects of those and other factors quite likely will be an increase in cash rental rates. However, increases as high as those in 1973 and 1974 probably cannot be expected.



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