

2014

## 2014 Cropland Lease Arrangements in Nebraska

Jim Jansen

*University of Nebraska-Lincoln*

Roger K. Wilson

*University of Nebraska-Lincoln*

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# Cornhusker Economics

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Market Report	Year Ago	4 Wks Ago	7/7/14
<b><u>Livestock and Products.</u></b>			
<b><u>Weekly Average</u></b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	120.23	145.95	158.76
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	159.00	239.17	259.25
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	135.25	205.66	212.89
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	196.95	231.81	247.80
Western Corn Belt Base Hog Price Carcass, Negotiated. . . . .	100.61	111.24	127.21
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .	106.26	117.95	131.62
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct. . . . .	*	154.13	NA
National Carcass Lamb Cutout FOB. . . . .	281.37	364.77	361.04
<b><u>Crops.</u></b>			
<b><u>Daily Spot Prices</u></b>			
Wheat, No. 1, H.W. Imperial, bu. . . . .	6.58	6.65	6.42
Corn, No. 2, Yellow Nebraska City, bu. . . . .	6.61	4.49	3.98
Soybeans, No. 1, Yellow Nebraska City, bu. . . . .	15.42	14.47	13.40
Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .	11.13	7.71	7.04
Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .	3.93	3.96	4.01
<b><u>Feed</u></b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	*	194.00	192.50
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	*	*	*
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	*	*	160.00
Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .	210.00	185.00	NA
Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .	79.50	57.00	NA
* No Market			

As part of the Nebraska Farm Real Estate Market Survey, panel members are surveyed each year on new or emerging issues related to the agricultural land market in Nebraska. The special feature recently published as part of the Nebraska Farm Real Estate Market Highlights 2013-2014 report evaluated the types of contractual rental arrangements used in Nebraska to lease agricultural land along with the availability of grain storage as part of the agreement.

- **Crop Share:** landowner receives a percentage of actual crop yield as payment for leasing the agricultural land to tenant. Landowner may share input and production costs of raising the crop.
- **Cash Lease:** landowner receives an agreed upon cash payment amount for leasing the agricultural land to the tenant.
- **Cash Lease with Flexible Provisions:** landowner and tenant set a base cash rental rate which can flex upon actual crop yields, prices, or a combination of the two. Final cash payment made to the landlord for leasing the agricultural land to the tenant may have premiums or discounts made to the base rate depending upon the agreements set up by the two parties.



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Land lease arrangements for 2014 varied widely across Nebraska according to survey results reported in Table 1. On average for the state, the crop share, cash lease, and cash lease with flexible provisions were utilized at 41, 48, and 11 percent, respectfully. The Northwest District had the highest rate of crop share leases at 74 percent whereas the Northeast District had the highest rate of cash leases and cash leases with flexible provisions at 68 and 14 percent, respectfully. Survey panel members indicated that utilization of the different types of leases across the state correlates to the primary types of crops historically raised in a district and their yield expectations.

Expectations among panel members for the future predict the use of more cash leases without flexible provisions for upcoming production years. Reporters indicated that landowners are concerned about receiving an agreed upon fixed cash rental. The uncertainty of lower crop yields observed within the last few years, and anticipated lower crop prices in the future, keep landowners very apprehensive about flexible lease provisions.

According to panel members, about a quarter of agricultural land lease arrangements in Nebraska during 2014 had a form of storage included as part of the rental agreement, as shown in Figure 1. Panel members did not indicate the percent of anticipated production covered with storage included as part of the lease. In most rental arrangements in Nebraska, grain storage is an additional rental charge. In almost three-fourths of the agricultural land leases in Nebraska, grain storage is either an additional rental charge or not included with the lease.

Survey results shown and discussed in this report are excerpted from the University of Nebraska–Lincoln 2014 Nebraska Farm Real Estate Market Survey. Land values and rental rates presented in this report are averages of survey panel members' responses by district. Actual land values and rental rates may vary depending upon the quality of the parcel and local market for an area. Complete results from the survey are available electronically via the Nebraska Farm Real Estate website: [agecon.unl.edu/realestate](http://agecon.unl.edu/realestate).

Land appraisers, farm managers, or agricultural finance professionals from Nebraska interested in participating in future Nebraska Farm Real Estate Market Surveys are invited to contact the Department of Agricultural Economics at the University of Nebraska–Lincoln. Interested parties can directly contact the Agricultural Economics Department by phone: (402) 472-3401 or email: [agecon@unl.edu](mailto:agecon@unl.edu).

Jim Jansen, (402) 472-3401  
Extension Educator  
Cedar and Knox County Extension  
University of Nebraska-Lincoln  
[jjansen4@unl.edu](mailto:jjansen4@unl.edu)

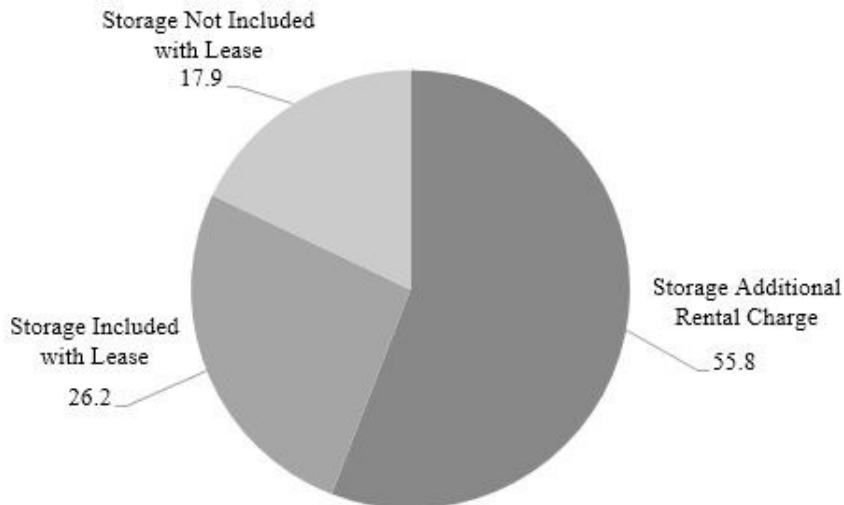
Roger Wilson,  
(402)472-1771  
Budget Analyst Farm Management  
Dept. of Agricultural Economics  
University of Nebraska-Lincoln  
[rwilson6@unl.edu](mailto:rwilson6@unl.edu)

**Table 1. Land Lease Arrangements of 2014 Rental Transactions, by Agricultural Statistics District in Nebraska**

Agricultural Statistics District	Average Percent Distribution		
	Crop Share	Cash Lease	Cash Lease with Flexible Provisions
Northwest	74	20	6
North	39	52	9
Northeast	19	68	14
Central	33	56	11
East	43	46	12
Southwest	34	58	9
South	49	43	8
Southeast	46	44	11
<b>State</b>	<b>41</b>	<b>48</b>	<b>11</b>

Source: UNL Nebraska Farm Real Estate Market Survey, 2014.

**Figure 1. Land Rental Arrangements with Grain Storage Included as part of the Lease in Nebraska**



Source: UNL Nebraska Farm Real Estate Market Survey, 2014.