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Trends in Nebraska Agricultural Land Ownership and Rental Patterns

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Cornhusker Economics

Trends in Nebraska Agricultural Land Ownership and Rental Patterns

Market Report	Year Ago	4 Wks Ago	1-21-19
Livestock and Products.			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	122.00	No Report	124.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	158.79	"	175.38
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	137.56	"	147.50
Choice Boxed Beef, 600-750 lb. Carcass.	191.65	"	212.36
Western Corn Belt Base Hog Price Carcass, Negotiated	63.79	"	52.52
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	78.99	"	68.66
Slaughter Lambs, woolled and shorn, 135-165 lb. National.	141.93	"	133.66
National Carcass Lamb Cutout FOB.	347.75	"	385.70
Crops.			
Daily Spot Prices			
Wheat, No. 1, H.W. "14.60mperial, bu.	3.07	"	4.60
Corn, No. 2, Yellow Columbus, bu.	3.26	"	3.49
Soybeans, No. 1, Yellow Columbus, bu.	9.67	"	7.98
Grain Sorghum, No.2, Yellow Dorchester, cwt.	5.03	"	5.70
Oats, No. 2, Heavy Minneapolis, Mn, bu.	2.90	"	3.29
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	145.00	"	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	70.00	"	105.00
Grass Hay, Large Rounds, Good Nebraska, ton.	85.00	"	87.50
Dried Distillers Grains, 10% Moisture Nebraska Average.	107.25	"	151.00
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	43.50	"	56.50
* No Market			

In Nebraska, different types of rental arrangements are used on agricultural land. These arrangements commonly include crop share, cash lease, and cash lease with flexible provisions.

Crop Share: landowner receives a percentage of actual crop yield as payment for leasing the agricultural land to the tenant. The landowner may share input and production costs of raising the crop.

Cash Leases: landowner receives an agreed upon cash payment amount for leasing the agricultural land to the tenant.

Cash lease with Flexible Provisions: land owner 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.

Crop and livestock producers across the state of Nebraska were surveyed in July 2016 regarding their farm financial health. Producers were asked questions related to the agricultural land these operations either owned, cash rented, or share leased over the prior five years. A total of 965 surveys were completed representing 1.14 million acres of agricultural land in Nebraska.

Producers were asked to provide the average annual acreage in their operation over the past five years that was irrigated cropland and dryland cropland. Within each category, producers specified the number of acres that were owned, cash rented, or share leased.

Survey responses indicated, that typically in Nebraska 50 percent of the cropland acres on an operation

are owned, whereas the other 50 percent may be rented in either the form of cash leased or crop shared (see Table 1). The Northwest District reported the highest proportion of owned versus rented cropland acreage at 64 percent, while the Central District indicated the lowest percent at only 42 percent of the acres owned by the operator.

Table 1: Percentage of Cropland Acres Owned Versus Rented by District in Nebraska

DISTRICT	OWNED	RENTED
NORTHWEST	64%	36%
NORTH	52%	48%
NORTHEAST	45%	55%
CENTRAL	42%	58%
EAST	47%	53%
SOUTHWEST	48%	52%
SOUTH	50%	50%
SOUTHEAST	57%	43%
NEBRASKA	50%	50%

Of the cropland acres that are not owned, over 60 percent are cash rented and the remaining acres are in a share lease. These percentages vary across district as shown in Figure 1. The Northwest district reported the highest proportion of rented acres in share lease arrangements at 78 percent, while the North District reported the lowest with only 2 percent of rented cropland acres in a share lease and 98 percent in a cash lease arrangement. While there may be different variations to cash or flexible leases and crop shares, this survey only asked about general

terms and did not go into specific details related to these arrangements.

Of the total crop acres reported as owned or privately held by the operators, most were owned by operators over the age of 60 (Figure 2). Survey participants between the ages of 41 to 60 years old owned about 32 percent of the operator-owned crop and grazing land acres reported in the survey. Operators between 21 and 40 years of age only owned 4 percent of the reported operator-owned acres.

Figure 3 reports the percentages of rented cropland acres by age group. Survey participants between the ages of 41 and 60 represent the highest percentage of rented acres with 45 percent, followed by survey participants between 61 and 80 years old at 38 percent of the rented acres. The age group between 21 and 40 years old represent only 11 percent of the rented acres. However, this is almost three times higher than the percentage of acres owned by these operators. Not surprisingly, operators over 80 years old accounted for only 7 percent of the rented acres. Survey responses did not suggest any significant differences in the type of lease arrangement by age group.

Further research needs to be developed to determine the impacts these differences may make on a producer's bottom line. While this paper highlights only a few of the differences across the state in crop producers that own and rent cropland, understanding this heterogeneity among producers is important as future extension programs are built.

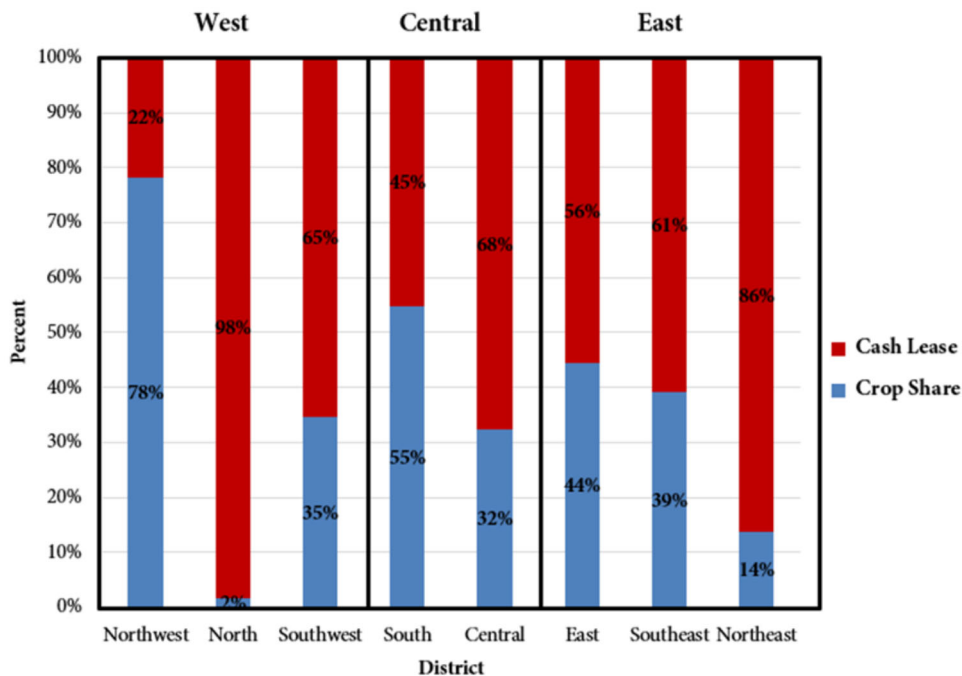


Figure 1. Percentage of Cropland Acres Cash Leased Versus Crop Shared by District in Nebraska

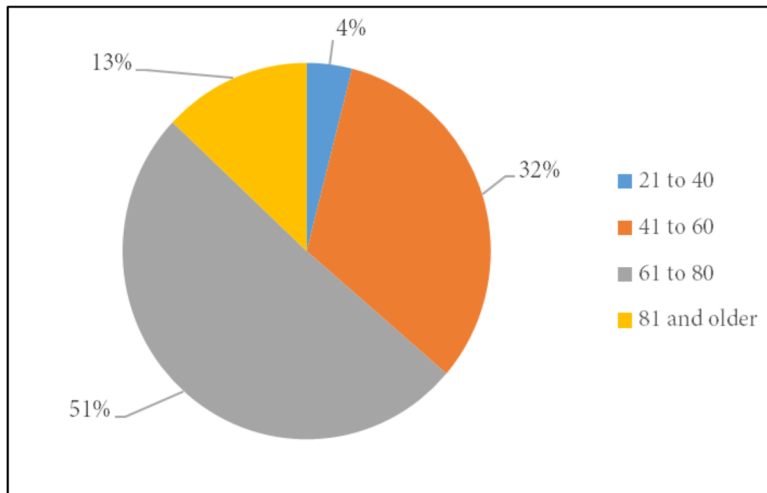


Figure 2. Percentage of Crop Land Acres Owned by Operator Age Group in Nebraska

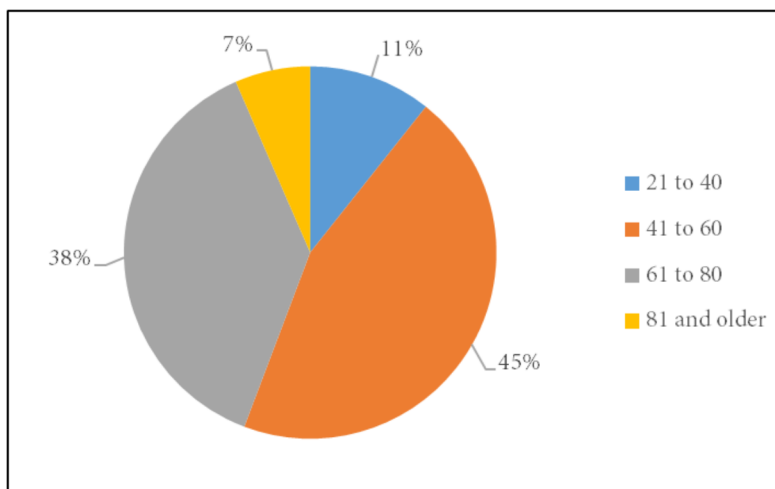


Figure 3. Percentage of Cropland Acres Rented by Operator Age Group in Nebraska

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