



No. 4

Field Rental Rates in Michigan

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The leasing of land provides an alternative method for controlling an integral capital asset without requiring purchase. Land leasing can be viewed as a method to lower the risk associated with price and yield variations. The sacrifice or tradeoff is that the tenant may lack security of land control, may not be able to reap all the rewards due to his managerial ability, and is not able to benefit from an increase in land values.

Michigan farmland renters and owners face an annual problem in negotiating satisfactory rental agreements. Contracts and rental rates vary by area and crop, and depend upon such factors as the amount of land for rent, potential number of renters, soil type, and historical rental arrangements.

To assist renters and owners in negotiating satisfactory agreements, a questionnaire survey of selected Michigan farmers was conducted in March-April 1977 to determine current field rental arrangements. This publication presents the results of this survey. There were 389 usable responses, distributed throughout Michigan and its 9 crop reporting districts as indicated in Figure 1.

The rental rates that follow are not presented as those which ought to be charged for renting Michigan farm-

land, but are intended to serve as a guide to renters and owners in negotiating field rental arrangements.

The responses indicate that cash rental of land is more prominent than share rental. All land used for pasture and most mechanically harvested forages was cash rented. Approximately 80% of the respondents renting corn and soybean land did so on a cash rental basis.

Rates are not available for crops in some areas because they are not commonly grown in the area, or there was an insufficient number of responses to establish rates.

CASH RENTAL RATES

Tables 1 and 2 contain the average rate, the range of rates, and estimated crop yields for cash rental arrangements on tilled and untilled land in Michigan by crop reporting districts. A comparison of Tables 1 and 2 indicates that tilled land generally commands a higher rental rate than untilled land.

SHARE RENTAL RATES

Tables 3 and 4 present the share rental arrangements on tilled and untilled land in Michigan by crop reporting districts. The average yield of each crop, the share of the tenant's expenses, and the number of farmers reporting each specific share rental arrangement is listed for each crop. The most common share rental arrangements appear to be the 50-50 and the 67-33 tenant-landlord division.

50-50 SHARE BASIS

With this lease, the crop is divided in half between the renter and landlord. The tenant furnishes labor, power and machinery. The cost of seed, fertilizer, weed and insect control is usually split equally. The harvesting and hauling cost may be halved or often the tenant furnishes 100% of the hauling and sometimes 100% of the harvesting costs.

2/3-1/3 SHARE BASIS

With this lease, 67% of the crop is received by the tenant. The tenant, in turn, furnishes all labor, power, machinery, weed and insect control, harvesting and hauling. The fertilizer expense is sometimes shared in the same proportion as is the crop yield. The seed cost may be shared in this proportion also but usually the tenant furnishes all seed and all fertilizer.

There is no one correct share proportion arrangement to recommend. However, a basic principal is that the income ought to be divided in the same proportion as the expenses of production are shared.

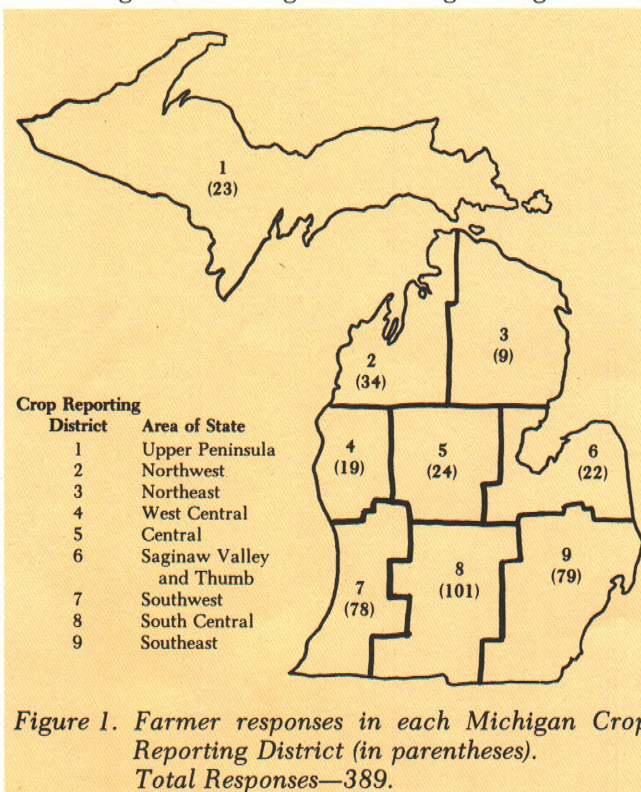


Table 1. Cash Rental TILED Farmland in Michigan.

Crop:	(District)		(1)		(2)		(3)		(4)						
	Number Reported	State Average Yield (\$/Acre)	State Average Yield (\$/Acre)	State Range	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)					
Corn (bu)	93	36.03	7.00-120.00	-	-	-	81	14.50	7.00-25.00	70	15.00	-	81	18.40	14.00-25.00
Corn Silage (ton)	14	32.07	10.00-80.00	10	40.00	-	13	15.00	10.00-25.00	-	-	-	10	19.00	18.00-20.00
Field Bean (cwt)	10	14	42.50	20.00-90.00	13	20.00	-	-	-	-	-	-	11	20.00	-
Soybean (bu)	34	49.68	15.00-100.00	-	-	-	-	-	-	-	-	-	-	-	-
Wheat (bu)	47	33.31	15.00-90.00	-	-	-	-	-	-	-	-	-	38	21.00	18.00-25.00
Alfalfa Hay (ton)	4	31.11	6.00-100.00	6	60.00	-	3	20.00	10.00-40.00	-	-	-	3	28.33	25.00-30.00
Grass Hay (ton)	3	18.92	4.00-60.00	8	12.33	10.00-15.00	2	13.33	10.00-20.00	-	-	-	3	25.00	0
Pasture - Native Grass (ton)	--	8.60	2.00-12.00	2	2.00	2.00	-	-	-	-	-	-	-	-	-
Sugar Beet (ton)	8	19	73.13	20.00-100.00	-	-	-	-	-	-	-	-	-	-	-
Potato (cwt)	9	355	53.33	10.00-125.00	400	10.00	-	360	20.00	-	-	-	-	-	-
Oats (bu)	6	60	22.50	---	45	20.00	10.00-30.00	60	10.00	-	-	-	-	-	-
Crop:	(District) Ave. Yield (\$/Acre)	(5) Ave. Yield (\$/Acre)	(6) Ave. Yield (\$/Acre)	(7) Ave. Yield (\$/Acre)	(8) Ave. Yield (\$/Acre)	(9) Ave. Yield (\$/Acre)									
Corn (bu)	95	34.38	10.00-75.00	104	53.57	25.00-90.00	88	31.17	15.00-50.00	90	31.34	15.00-70.00	100	46.18	12.00-120.00
Corn Silage (ton)	25	20.00	10.00-25.00	13	60.00	-	15	26.25	15.00-35.00	15	37.88	18.00-50.00	16	48.75	20.00-80.00
Field Bean (cwt)	15	33.33	20.00-60.00	10	58.75	35.00-90.00	-	-	-	11	50.00	-	-	-	-
Soybean (bu)	25	38.33	20.00-75.00	-	-	-	33	20.00	15.00-50.00	31	30.71	20.00-50.00	36	59.96	20.00-90.00
Wheat (bu)	40	21.67	20.00-25.00	58	45.00	35.00-60.00	43	24.38	15.00-30.00	44	23.27	15.00-45.00	51	53.18	20.00-90.00
Alfalfa Hay (ton)	4	23.33	10.00-40.00	5	52.50	45.00-60.00	4	23.50	6.00-50.00	4	28.17	18.00-40.00	4	50.40	25.00-100.00
Grass Hay (ton)	-	20.00	-	17	60.00	-	3	16.00	4.00-25.00	-	-	-	-	-	-
Pasture - Native Grass (ton)	-	10.00	-	-	-	-	2	10.33	9.00-12.00	-	-	-	-	-	-
Sugar Beet (ton)	20	55.00	20.00-90.00	19	70.00	35.00-100.00	-	-	-	-	-	-	19	97.50	95.00-100.00
Potato (cwt)	300	45.00	20.00-70.00	-	-	-	263	41.67	40.00-45.00	-	-	-	450	117.50	110.00-125.00
Oats (bu)	-	-	-	100	40.00	-	60	25.00	-	50	20.00	-	-	-	-

Table 2. Cash Rental UNTILLED Farmland in Michigan.

Crop:	(District)			(1)			(2)			(3)			(4)		
	*Number Reported	State Average Yield (\$/Acre)	State Range	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)
Corn (bu)	160	24.34	1.00- 70.00	-	=	75	12.90	5.00- 25.00	80	9.33	8.00-10.00	75	14.00	10.00-18.00	
Corn Silage (ton)	56	18.04	1.00- 40.00	10	10.33	1.00- 20.00	11	11.82	5.00- 22.00	13	10.17	8.00-12.50	-	-	
Field Bean (cwt)	14	23.36	5.00- 50.00	-	-	11	17.50	15.00- 20.00	-	-	-	-	-	-	
Soybean (bu)	45	28.69	5.00- 80.00	-	-	-	-	-	-	-	-	-	-	-	
Wheat (bu)	65	19.94	5.00- 48.00	-	-	42	10.40	5.00- 20.00	50	8.00	-	30	14.00	13.00-15.00	
Alfalfa Hay (ton)	52	23.81	2.00- 85.00	2	11.33	2.00- 30.00	4	15.17	8.00- 25.00	4	10.33	8.00-13.00	3	14.50	10.00-18.00
Grass Hay (ton)	16	15.81	7.00- 45.00	3	24.00	12.00- 35.00	3	18.00	-	-	-	-	1	15.00	-
Pasture - Native Grass (ton)	15	7.00	1.00- 15.00	2	3.25	1.00- 5.00	2	5.50	4.00- 7.00	-	-	-	-	-	-
Sugar Beet (ton)	-	-	-	2	10.00	-	-	-	-	-	-	-	-	-	-
Potato (cwt)	7	33.57	15.00- 75.00	150	15.00	-	350	25.00	20.00- 30.00	200	12.00	-	-	-	-
Oats (bu)	11	65	17.45	53	8.33	5.00- 10.00	70	20.00	-	58	8.00	-	-	-	-
	(District)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)	Ave. Yield (\$/Acre)	Range (\$/Acre)
Corn (bu)	81	18.33	10.00-30.00	70	34.17	15.00-50.00	80	23.85	10.00-45.00	81	27.89	15.00- 50.00	84	26.10	5.00-70.00
Corn Silage (ton)	14	15.63	5.00-30.00	15	15.00	-	10	16.89	8.00-25.00	13	27.09	18.00- 40.00	13	19.92	5.00-40.00
Field Bean (cwt)	-	15.00	-	9	47.50	45.00-50.00	30	20.00	-	15	27.50	20.00- 40.00	13	13.00	5.00-19.00
Soybean (bu)	-	15.00	-	-	-	-	29	21.89	10.00-30.00	26	29.55	15.00- 45.00	29	31.42	5.00-80.00
Wheat (bu)	42	17.50	15.00-25.00	-	-	-	36	19.75	10.00-30.00	40	23.89	15.00- 35.00	42	19.96	5.00-48.00
Alfalfa Hay (ton)	3	26.14	10.00-50.00	-	-	-	4	24.55	15.00-40.00	4	28.46	15.00- 40.00	4	28.90	10.00-85.00
Grass Hay (ton)	2	22.50	15.00-30.00	15	45.00	-	3	16.67	10.00-25.00	2	10.00	-	3	11.60	7.00-15.00
Pasture - Native Grass (ton)	2	7.50	5.00-10.00	-	-	-	2	9.00	8.00-10.00	-	9.00	8.00-10.00	-	10.00	7.00-15.00
Sugar Beet (ton)	-	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Potato (cwt)	290	42.50	15.00-75.00	-	-	-	-	-	-	-	-	-	-	-	-
Oats (bu)	80	15.00	-	-	-	-	-	-	-	65	18.80	-	68	18.80	-

* "Number Reported" refers to the number who reported the cost per acre for land rental.

Table 3. Shared Rental TILED Land in Michigan.

Crop	Tenants Share of Cash Expenses for:				State-Wide Number Ave. Reported Yield	DISTRICT									
	(2) Seed and Chemical	(2) Fertilizer	(2) Tillage (fuel, labor, machine repairs)	(2) Harvesting (fuel, labor, machine repairs)		(1) Number Ave. Reported Yield	(2) Number Ave. Reported Yield	(3) Number Ave. Reported Yield	(4) Number Ave. Reported Yield	(5) Number Ave. Reported Yield	(6) Number Ave. Reported Yield	(7) Number Ave. Reported Yield	(8) Number Ave. Reported Yield	(9) Number Ave. Reported Yield	
Corn	50 50 67 67	50 50 100 100	50 100 100 100	50 100 100 100	3 10 2 13	- - - -	- - - -	- - - -	0 0 1 1	97 104 - -	0 1 0 4	84 83 - -	1 4 0 4	2 4 0 0	98 - - -
Field Beans	50 50 67 67	50 50 100 100	50 100 100 100	50 100 100 100	1 1 1 4	- - - -	- - - -	- - - -	0 1 1 1	13 12 - -	- - - -	- - - -	1 0 0 0	- - - -	- - - -
Soybeans	50 50 67 67	50 50 100 100	50 100 100 100	50 100 100 100	3 4 4 4	- - - -	- - - -	- - - -	0 0 1 1	60 - 45 -	0 0 1 3	32 - - -	1 0 0 2	2 0 1 2	32 - 46 -
Wheat	50 67 67	50 100 100	50 100 100	50 100 100	3 4 4	- - -	- - -	- - -	0 1 1	45 - -	0 3 4	- - -	1 1 1	2 0 0	46 - -
Alfalfa Hay	67 67 67	67 100 100	67 100 100	67 100 100	1 3 3	- - -	- - -	- - -	- - -	- - -	0 2 3	- - -	- 1 1	0 0 0	4 - -
Sugar Beet	67 67 67	67 100 100	67 100 100	67 100 100	3 3 3	- - -	- - -	- - -	0 1 1	20 - -	0 1 3	18 - -	- - -	- - -	- - -
Oats	67	67	67	67	2	-	-	-	1	70	1	-	-	-	-

Table 4. Shared Rental UNTILED Land in Michigan.

Crop	Tenants Share of Cash Expenses for:				State-Wide Number Ave. Reported Yield	DISTRICT									
	(2) Seed and Chemical	(2) Fertilizer	(2) Tillage (fuel, labor, machine repairs)	(2) Harvesting (fuel, labor, machine repairs)		(1) Number Ave. Reported Yield	(2) Number Ave. Reported Yield	(3) Number Ave. Reported Yield	(4) Number Ave. Reported Yield	(5) Number Ave. Reported Yield	(6) Number Ave. Reported Yield	(7) Number Ave. Reported Yield	(8) Number Ave. Reported Yield	(9) Number Ave. Reported Yield	
Corn	50 50 67 67	50 50 100 100	50 100 100 100	50 100 100 100	2 12 2 5 3	- - - -	- - - -	- - - -	0 0 0 1	80 - - -	0 0 0 1	81 - - -	2 9 1 4 0	0 1 0 1	90 - - -
Field Beans	50 67 67	50 100 100	50 100 100	50 100 100	1 1 2	- - -	- - -	- - -	0 1 1	- - -	- - -	- - -	- - -	- - -	12 - -
Soybeans	50 50 67 67	50 50 100 100	50 100 100 100	50 100 100 100	2 3 3	- - -	- - -	- - -	0 0 1	28 - -	0 0 1	25 - -	0 0 1	2 2 1	36 - -
Wheat	50 67 67	50 100 100	50 100 100	50 100 100	3 3 3	- - -	- - -	- - -	0 1 1	43 - -	0 1 1	40 - -	2 1 1	0 0 0	45 - -
Alfalfa Hay	50 50 67 67	50 50 100 100	50 100 100 100	50 100 100 100	3 3 1 1	- - -	- - -	- - -	1 0 0	- - -	1 3 0	- - -	- - -	5 - -	- - -

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