

# Field Rental Rates in Michigan

By Gerald D. Schwab

Department of Agricultural Economics

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 1979 to determine current field rental arrangements. This publication presents the results of this survey. There were 292 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 farmland, 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

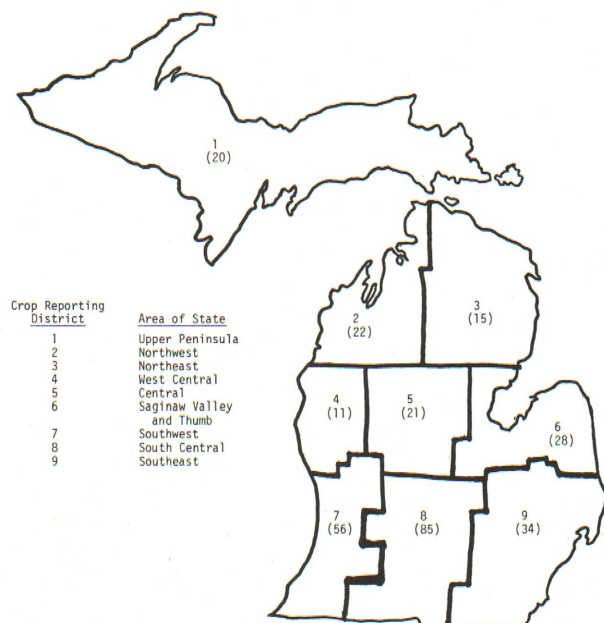


Figure 1. Farmer responses in each Michigan Crop Reporting District (in parentheses). Total Responses-292.

more prominent than share rental. All land used for pasture and most mechanically harvested forages was cash rented. Approximately 70% of the respondents renting corn and bean 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.

## SHARED 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. However, an increasing number of 75-25 tenant-landlord share arrangements was noted relative to previous years.

## 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 cost may or may not be halved. Sometimes the tenant furnishes 100% of the hauling while the actual harvesting cost is halved.

## 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.

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:	State		(1) (District)		(2)		(3)		(4)									
	Number Reported	Average Yield (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)								
Corn (bu)	75	98	--	--	85.0	\$15.	\$15.	76.	\$17.5	\$10-25	88.	\$32.50	\$25-40					
Corn Silage (ton)	23	16.2	--	--	15.	15.	15.	15.3	22.5	20-25	--	--	--					
Dry Beans (cwt)	19	15.7	--	--	--	--	--	15.	20.	20.	--	--	--					
Soybean (bu)	30	34.2	--	--	--	--	--	--	--	--	--	--	--					
Wheat (bu)	40	51.5	--	--	--	--	--	54	20.	15-25	--	--	--					
Alfalfa Hay (ton)	21	4.4	--	--	4.0	20.	20.	3.9	16.8	10-25	--	--	--					
Grass Hay (ton)	7	2.2	1.5	10.00	2.0	10.	10.	3.0	11.70	10-15	--	--	--					
Pasture-Native	2	3.0	--	--	--	--	--	3.0	5.00	5.00	--	--	--					
Renovated (ton)	2	3.0	--	--	--	--	--	3.0	8.00	8.00	--	--	--					
Sugar Beet (ton)	6	19.7	--	--	--	--	--	--	--	--	--	--	--					
Potato (cwt)	3	250	--	--	--	--	--	--	20.	20.	--	--	--					
Crop:	(District)	Ave. Yield (\$/acre)	Range (\$/acre)	(5)	Ave. Yield (\$/acre)	Range (\$/acre)	(6)	Ave. Yield (\$/acre)	Range (\$/acre)	(7)	Ave. Yield (\$/acre)	Range (\$/acre)	(8)	Ave. Yield (\$/acre)	Range (\$/acre)	(9)	Ave. Yield (\$/acre)	Range (\$/acre)
Corn (bu)	124.	\$33.00	\$20-40	108	\$69.20	\$25-130	100.	\$40.35	\$20-80	96	\$36.35	\$20-60	99	\$43.15	\$20-100			
Corn Silage (ton)	17.5	40.00	40.	13.0	58.40	25-75	17.4	36.40	20-50	16.6	43.45	22-60	17.5	30.00	25-40			
Field Bean (cwt)	18.0	31.00	22-40	15.9	74.45	25-130	15.	60.00	60.	14.0	46.00	40-50	15.0	31.70	25-40			
Soybean (bu)	45.	30.00	20-40	34.0	69.30	30-100	36.	49.50	40-80	32.	39.50	25-60	35.	56.25	25-100			
Wheat (bu)	55.	33.00	20-40	60.0	75.00	55-110	47.	36.00	20-45	46.	34.70	20-60	53.	41.40	20-100			
Alfalfa Hay (ton)	6.0	40.00	40.	5.0	35.00	35.	4.4	34.00	20-40	4.2	38.15	30-60	6.	22.50	20-25			
Grass Hay (ton)	4.0	40.00	40.	--	--	--	1.8	18.50	12-25	--	--	--	--	--	--			
Pasture-Native	--	--	--	--	--	--	--	25.00	25.00	--	--	--	--	--	--			
Renovated (ton)	--	--	--	--	--	--	--	35.00	35.00	--	--	--	--	--	--			
Sugar Beet (ton)	20.	40.00	40.	20.4	91.25	60-130	--	--	--	--	--	--	--	16.	30.00	30.		
Potato (cwt)	300	35.00	35.	--	165.	165.	--	--	--	--	--	--	--	250.	110.	110.		

Table 2. Cash Rental UNTILED Farmland in Michigan.

Crop:	State		(1) (District)		(2)		(3)		(4)								
	*Number Reported	Average Yield (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)							
Corn (bu)	129	83	\$30.40	\$1.5-50	66	\$10.95	\$1.5-50	77	\$15.05	\$7-20	76	\$18.25	\$8-25	79	\$20.40	\$15-30	
Corn Silage (ton)	33	13.3	22.70	3-10	11.3	6.40	3-10	14.5	17.25	10-20	14.2	18.75	10-25	12	15.00	15.00	
Dry Bean (cwt)	14	16.5	35.90	--	--	--	--	--	--	--	--	--	--	--	--	--	
Soybean (bu)	42	28.6	37.10	--	--	--	--	--	--	--	--	--	--	--	--	--	
Wheat (bu)	39	43.7	30.35	--	--	--	--	45	17.50	15-20	44	20.00	20.00	43	17.50	15-20	
Alfalfa Hay (ton)	42	4.1	24.65	1.5-12	3.8	6.45	1.5-12	3.5	14.65	10-20	3.4	11.25	5-20	3.8	17.50	15-20	
Grass Hay (ton)	13	2.0	12.60	2.5-10	2.0	5.70	2.5-10	1.5	10.00	10.	1.8	10.00	5-15	--	--	--	
Pasture-Native	13	1.4	9.00	0.5-6	1.3	2.80	0.5-6	--	18.50	18.50	1.0	6.00	6.00	2.0	6.0	6.0	
Renovated (ton)	5	2.4	14.75	3-10	2.4	6.50	3-10	--	--	--	--	10.00	10.00	--	--	--	
Sugar Beet (ton)	2	14.5	32.50	--	--	--	--	--	--	--	--	--	--	--	--	--	
Potato (cwt)	4	250	30.00	5-20	250	15.00	5-20	--	--	--	--	--	--	--	--	--	
Crop:	(District)		(5)	(6)	(7)	(8)	(9)										
Corn (bu)	76.	\$21.35	\$10-40	\$30.90	\$15-50	84.	\$30.80	\$17.5-50	87	\$30.80	\$17.5-50	83	\$38.90	\$15-110	88	\$33.95	\$15-80
Corn Silage (ton)	12.3	20.00	10-30	26.25	15-35	10.7	33.15	17.5-50	15.7	33.15	17.5-50	14.1	30.60	4-50	12.3	26.00	15-45
Field Bean (ton)	11.3	30.00	20-40	32.80	20-50	18.	--	--	--	--	--	12.	40.00	40.	12.0	30.00	30.
Soybean (bu)	28.	30.00	20-40	32.25	23-50	26.	33.25	30-40	29	33.25	30-40	28.	38.95	20-75	31.	41.45	15-70
Wheat (bu)	43	27.50	20-40	33.35	20-50	48	26.75	15-32.5	43	26.75	15-32.5	42.	38.70	20-110	42	27.60	15-70
Alfalfa Hay (ton)	3.4	19.70	10-30	30.00	15-40	4.8	35.65	25-60	3.9	35.65	25-60	4.2	39.00	4-80	3.5	15.70	15-17
Grass Hay (ton)	2.0	15.00	10-20	--	--	--	20.00	15-25	2.0	20.00	15-25	3.0	27.50	15-40	--	--	--
Pasture-Native	--	8.80	5-10	15.00	15.00	2.0	20.00	20.	--	20.00	20.	1.0	8.50	2-15	--	20.00	20.
Renovated (ton)	--	--	--	--	--	--	20.00	20.	--	20.00	20.	--	--	--	--	--	--
Sugar Beet (ton)	12.	20.00	20.00	32.50	30.35	14.5	--	--	--	--	--	--	--	--	--	--	--
Potato (cwt)	350	75.00	75.00	--	--	--	75.00	75	--	75.00	75	--	--	--	--	--	--



Table 3. Shared Rental TILED Land in Michigan.

Crop	Tenants Share of Crop	Share of Cash Expenses for:		Harvesting (fuel, labor, machine repairs)	State-Wide Ave. Reported Yield	District		Number Reported	Ave. Yield	Number Reported	Ave. Yield
		(%)	(%)			(5)	(6)				
Corn	50	50	50	50	95 bu/acre	42	80	108	89	5	92
	50	100	100	100		7			2	1	
	67	100	100	100		4			1	1	
	67	100	100	100		13			3	3	
	75	100	100	100		10			2	4	
Dry Beans	50	50	50	50	13.8 cwt/acre	15	13	13.9	--	2	15
	67	100	100	100		2			--	1	
	67	100	100	100		8			35	3	32
	67	100	100	100		5			1	3	
	75	100	100	100		28			--	4	
Soybeans	50	50	50	50	31.5 bu/acre	28	30	29	45	3	45
	67	100	100	100		6			2	3	
	67	100	100	100		12			1	3	
	67	100	100	100		2			--	1	
	75	100	100	100		30			57	4	45
Wheat	50	50	50	50	4.4 ton/acre	10	38	4.8	5.0	3	4.1
	67	100	100	100		14			--	1	
	67	100	100	100		3			1	3	
	67	100	100	100		4			--	2	
	75	100	100	100		30			4.8	3	4.1
Alfalfa Hay	50	50	50	50	3.0 ton/acre	4	--	--	--	1	3.75
	67	100	100	100		2			--	1	
	67	100	100	100		2			2.5	1	3.75
	67	100	100	100		4			--	1	
	75	100	100	100		4			2.5	1	3.75
Grass Hay	50	50	50	50	19.2 ton/acre	6	--	--	--	1	--
	67	100	100	100		2			--	1	
	67	100	100	100		2			--	1	
	67	100	100	100		5			--	1	
	80	100	100	100		6			19.8	--	--

Table 4. Shared Rental UNTILED Land in Michigan.

Crop	Tenants Share of Crop	Share of Cash Expenses for:		Harvesting (fuel, labor, machine repairs)	State-Wide Ave. Reported Yield	District		Number Reported	Ave. Yield	Number Reported	Ave. Yield
		(%)	(%)			(5)	(6)				
Corn	50	50	50	50	80 bu/acre	40	75	80	95	10	83
	67	100	100	100		15			2	10	
	67	100	100	100		18			3	2	
	67	100	100	100		8			1	2	
	75	100	100	100		5			--	3	
Dry Beans	50	50	50	50	11.7 cwt/acre	4	--	--	--	--	--
	67	100	100	100		2			30	8	25
	67	100	100	100		1			1	1	
	67	100	100	100		21			28	2	25
	75	100	100	100		3			43	2	37
Soybeans	50	50	50	50	26.9 bu/acre	22	--	--	40	6	44
	67	100	100	100		9			1	2	
	67	100	100	100		6			1	3	
	67	100	100	100		4			1	1	
	75	100	100	100		3			4.3	1	4.1
Wheat	50	50	50	50	3.7 ton/acre	10	--	--	--	--	--
	67	100	100	100		5			3.5	4	3.0
	67	100	100	100		3			2.0	1	2.5
	67	100	100	100		1			--	--	--
	75	100	100	100		1			2.0	1	2.5
Alfalfa Hay	50	50	50	50	16 ton/acre	75	--	--	--	--	--
	67	100	100	100		5			--	--	
	67	100	100	100		3			--	--	
	67	100	100	100		1			--	--	
	75	100	100	100		1			--	--	
Grass Hay	50	50	50	50		4	--	--	--	--	--
	50	100	100	100		1			--	--	
	50	100	100	100		1			--	--	
	50	100	100	100		1			--	--	
	75	100	100	100		1			--	--	
Sugar Beets	50	50	50	50		1	--	--	--	--	--
	67	100	100	100		1			--	--	
	67	100	100	100		1			--	--	
	67	100	100	100		1			--	--	
	75	100	100	100		1			--	--	

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