

# Michigan Field Rental Rates — 1982-83

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This bulletin presents data for renting Michigan farmland. Data were gathered by mail questionnaire during April-May 1982. The 269 usable responses are distributed throughout the 9 geographic districts as indicated in Table 1.

Renting land by the year or leasing for more than 1 year may be an economical alternative to ownership. The No. 1 advantage is that user rights do not require the high capital requirements and fixed costs of ownership. Renting provides more flexibility relative to farm size and enterprise mix, including livestock options.

The tradeoff is that the tenant lacks security of control, may not reap all the rewards of his management and won't benefit from an increase in land values.

Agreements and rental rates vary by area and crop, depending upon amount of land for rent; profit projections considering yields, crop prices and other purchased input costs; the potential number of renters 'bidding' for land; and historical rental agreements.

Rental arrangements differ on distribution of income, expenses and risk. Cash rental or lease implies a fixed cash payment to the owner. The tenant assumes all risks associated with price and yield variability. The tenant also secures rights to use of land and the profits (losses) associated with its operation. The landowner is guaranteed a fixed income and avoids the management decisions and risk associated with production and marketing of crops.

With a share rental agreement, the income, expenses and risk are shared by both tenant and land owner. There is no one best share arrangement. A basic principle is to divide income in the same proportion as production expenses are shared.

The following rental rates are not presented as recommended rates for renting Michigan farmland, but are intended to guide 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 were cash rented. Approximately 70% of corn and bean land was rented on a cash 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 provides higher yields and 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 split equally.

## $\frac{2}{3}$ - $\frac{1}{3}$ SHARE BASIS

With this lease, 67% of the crop is received by the tenant. The tenant, in turn, usually 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.

**Table 1. Cash Rental TILED Farmland in Michigan.**

Crop:	District (1) Upper Peninsula			District (2) Northwest			District (3) Northeast			District (4) West Central					
	Number Reported	State Average Yield (\$/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)	75	106	\$ 55.76	\$ 14.00	\$ 8-20	\$ 30.00	\$ 30.	--	--	--	85.0	\$ 29.15 \$ 20-40			
Corn Silage (ton)	21	15.4	49.52	7.50	7-8	30.00	30	--	--	--	15.5	31.65 25-40			
Dry Beans (cwt)	9	15.0	79.11	--	--	--	--	15.0	\$20.00	\$20.	--	-- --			
Soybean (bu)	36	36.8	66.50	--	--	--	--	--	--	--	30.0	20.00 20.			
Wheat (bu)	42	55.6	59.83	--	--	25.00	25.	--	--	--	52.3	30.00 20-40			
Alfalfa Hay (ton)	28	4.8	43.32	3.0	5-17	30.00	30.	--	--	--	5.5	35.00 25-40			
Grass Hay (ton)	6	2.25	20.83	2.0	7-8	--	--	--	--	--	--	-- --			
Pasture-Native	5	--	15.00	--	5-8	--	--	--	--	--	--	-- --			
Renovated (ton)	3	--	7.67	6.50	5-8	--	--	--	--	--	--	-- --			
Sugar Beet (ton)	8	20.6	105.00	--	--	--	--	--	--	--	--	-- --			
Potato (cwt)	2	262.5	46.50	--	--	--	--	--	--	--	--	-- --			
Oats (bu)	23	82.0	44.78	50.0	7-8	25.00	25.	--	--	--	81.7	30.00 20-40			
	<b>District (5) Central</b>	<b>Ave. Yield (\$/acre)</b>	<b>Range (\$/acre)</b>	<b>(6) Saginaw Valley-Thumb</b>											
				<b>Ave. Yield (\$/acre)</b>	<b>Range (\$/acre)</b>	<b>(7) Southwest</b>			<b>(8) South Central</b>			<b>(9) Southeast</b>			
Corn (bu)	111.5	\$ 41.35	\$10-100	110.	\$ 87.50	\$35-140	106	\$ 46.45	\$30-100	97	\$ 53.90	\$30-80	120	\$ 65.90	\$ 22-110
Corn Silage (ton)	13.3	33.35	10-60	17.0	91.00	45-140	16.5	35.00	30-40	17.5	61.25	40-75	20.	30.00	30.
Field Bean (cwt)	15.0	72.50	60-85	14.7	120.00	100-140	--	--	--	13.0	75.00	75.	16.5	51.50	50-53
Soybean (bu)	38.3	57.00	33-100	40.0	116.70	110-120	31.7	35.00	30-40	36.6	57.25	35-75	37.9	73.50	28-100
Wheat (bu)	56.7	33.35	20-60	60.0	92.50	45-140	51.7	33.35	30-35	53.5	48.90	30-75	57.7	73.65	30-100
Alfalfa Hay (ton)	4.5	32.15	10-88	7.0	88.35	45-120	5.0	43.35	35-55	3.5	63.33	35-80	4.8	46.00	25-75
Grass Hay (ton)	2.0	10.00	10.	--	--	--	2.5	25.00	20-30	--	--	--	--	50.00	50.
Pasture-Native	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Renovated (ton)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sugar Beet (ton)	23.0	92.50	85-100	21.7	126.65	120-140	--	--	--	--	--	--	18.7	91.65	50-150
Potato (cwt)	325.	48.00	48.	--	--	--	200	45.00	45.	--	--	--	--	--	--
Oats (bu)	--	--	--	82.5	78.35	45-120	76.7	33.35	25-40	74.0	55.00	45-75	92.0	54.00	30-90

Table 2. Cash Rental UNTILED Farmland in Michigan.\*

Crop:	DISTRICT: (1)		(2)		(3)		(4)								
	Number Reported	State Average Yield (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)	Ave. Yield (\$/acre)	Range (\$/acre)							
Corn (bu)	123	90.9	86.7	\$ 8.25	\$5-10	84.3	\$20.00	\$20.	88.8	\$16.25	\$15-20	86.3	\$25.15	\$20-35	
Corn Silage (ton)	33	13.4	10.7	7.75	5-10	18.0	17.50	15-20	20.0	10.00	10.	14.0	30.00	25-35	
Dry Bean (cwt)	5	15.0	--	--	--	--	--	--	--	--	--	--	--	--	
Soybean (bu)	49	31.1	--	--	--	--	--	--	30.0	20.00	20.	--	--	--	
Wheat (bu)	66	45.3	40.0	5.00	5.	40.0	16.65	15-20	41.7	13.35	10-20	47.5	30.00	20-40	
Alfalfa Hay (ton)	47	3.9	3.3	10.85	5-17	3.5	22.00	8-40	5.0	25.00	25.	4.8	36.65	20-65	
Grass Hay (ton)	15	3.0	2.8	9.60	5-15	3.0	22.50	5-40	2.5	5.00	5.	--	--	--	
Pasture-Native	6	1.8	1.5	6.65	5-8	1.0	4.00	4.	--	--	--	--	--	--	
Renovated (ton)	4	1.4	2.0	7.75	7.5-8	--	--	--	--	--	--	--	--	--	
Sugar Beet (ton)	2	16.0	--	--	--	--	--	--	--	--	--	--	--	--	
Potato (cwt)	4	300.0	--	--	--	--	--	--	250.	20.00	20.	--	--	--	
Oats (bu)	51	71.6	62.9	14.00	8-20	70.00	30.00	30.	66.7	13.35	10-20	80.0	40.00	40.	
DISTRICT: (5)															
	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)	86.0	\$ 27.50	\$12-80	90.	\$37.25	\$20-70	95.	\$39.90	\$20-75	94.	\$42.45	\$20-90	91.	\$44.05	\$10-90
Corn Silage (ton)	11.5	17.65	13-20	13.4	39.60	23-60	15.0	32.00	22-40	15.0	80.00	80.	12.8	19.00	10-30
Field Bean (ton)	18.0	57.50	30-85	14.0	55.00	50-60	--	--	--	--	--	--	11.0	28.00	28.
Soybean (bu)	31.8	43.75	15-80	28.3	26.00	15-40	33.5	42.00	20-58	32.2	42.15	30-65	28.8	54.00	30-90
Wheat (bu)	45.8	23.10	13-50	49.0	35.00	15-60	45.9	33.00	20-57	43.2	37.00	25-50	46.9	39.80	10-75
Alfalfa Hay (ton)	3.2	20.40	12-40	4.3	54.35	23-90	3.9	34.25	25-40	4.5	42.50	25-60	4.4	20.00	10-30
Grass Hay (ton)	3.4	15.75	8-20	3.0	60.00	60.	--	--	--	--	--	--	--	--	--
Pasture-Native	--	--	--	3.0	10.00	10.	--	--	--	--	--	--	--	--	--
Renovated (ton)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sugar Beet (ton)	--	--	--	16.0	77.50	70-85	--	--	--	--	--	--	--	--	--
Potato (cwt)	325.	112.50	100-125	--	--	--	--	--	--	--	--	--	--	--	--
Oats (bu)	68.6	17.30	13-20	73.75	33.75	15-50	75.0	34.75	20-57	77.5	34.30	30-40	74.4	29.60	10-60

\*See Table 1 for district designations.

**Table 3. Shared Rental TILED Land in Michigan.**

Tenant's Share of Crop	Tenant's Share of Cash Expenses for:		State-wide Ave. Yield	DISTRICT: (1)										
	Tenant's Share of Chemical Fertilizer	Tillage* Harvesting*		No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.
Corn	50	50	42	106 bu/acre	110	110	114	113	100	2	98	109	1	109
	50	50												
	67	100												
	67	100												
	75	100												
Dry Beans	50	50	10	15.9 cwt/acre	15	17.8	17.8	15.7	13	1	13	1	13	
	67	100												
	67	100												
	75	100												
Soybeans	50	50	28	35.8 bu/acre	40	39.8	39.8	36.7	35	1	34.8	33.8	1	33.8
	67	100												
	67	100												
	75	100												
Wheat	50	50	27	54.4 bu/acre	62.5	55	55	75	50	2	47.5	50.8	2	47.5
	67	100												
	67	100												
	75	100												
Alfalfa Hay	50	0	8	4.8 ton/acre	7.0	4.8	4.8	4.0	4.7	1	4.7	5.0	1	5.0
	67	100												
	67	100												
	75	100												
Grass Hay	50	50	4	2.1 ton/acre	2.5	2.1	2.1	2.1	2.0	1	2.0	2.0	1	2.0
	67	100												
	67	100												
	80	100												
Sugar Beets	50	50	5	20.2 ton/acre	100	20	20	21.7	100	1	100	16	1	16
	67	100												
	67	100												
	75	100												
Oats	50	50	8	90.6 bu/acre	100	100	100	113	100	2	66.7	66.7	2	66.7
	67	100												
	67	100												
	75	100												

\* Fuel, Labor & Machine Repairs

**Table 4. Shared Rental UNTILED Land in Michigan.**

Tenant's Share of Crop	Tenant's Share of Cash Expenses for:		State-wide Ave. Yield	DISTRICT: (1)										
	Tenant's Share of Chemical Fertilizer	Tillage* Harvesting*		No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	
Corn	50	50	42	92.9 bu/acre	90	69	83	85	93	1	99	101	1	101
	50	50												
	67	100												
	67	100												
	75	100												
Dry Beans	50	50	4	13.8 cwt/acre	12	15.5	15.5	12.0	2	1	2	2	1	2
	67	100												
	67	100												
	75	100												
Soybeans	50	50	20	33.5 bu/acre	35	35.3	35.3	30	32.5	1	34.9	31	1	31
	67	100												
	67	100												
	75	100												
Wheat	50	50	18	47.8 bu/acre	55	47.5	47.5	60	45	1	46.3	45	1	45
	67	100												
	67	100												
	75	100												
Alfalfa Hay	50	3.0	10	3.6 ton/acre	6	2.0	2.0	3.5	3.5	2	4.5	4.5	2	4.5
	67	100												
	67	100												
	75	100												
Grass Hay	50	50	2	1.25 ton/acre	1.5	1.5	1.5	20	20	1	20	15	1	15
	67	100												
	67	100												
	75	100												
Sugar Beets	50	50	2	17.5 ton/acre	80	50	50	80	60	1	85	85	1	85
	67	100												
	67	100												
	75	100												
Oats	50	50	10	74.5 bu/acre	100	100	100	100	60	1	60	60	1	60
	67	100												
	67	100												
	75	100												

\* Fuel, Labor & Machine Repairs