

MSU Extension Publication Archive

Archive copy of publication, do not use for current recommendations. Up-to-date information about many topics can be obtained from your local Extension office.

Michigan Field Rental Rates 1987-88
Michigan State University Cooperative Extension Service
Gerald D. Schwab, Kurt Norgaard Agricultural Economics
Issued April 1988
4 pages

The PDF file was provided courtesy of the Michigan State University Library

Scroll down to view the publication.

Michigan Field Rental Rates 1987-1988

by

Gerald D. Schwab and Kurt Norgaard

Department of Agricultural Economics

Renting land by the year or leasing for more than one year may be an economical alternative to ownership. One advantage is that tenants are not obligated to the high capital requirements and fixed costs of ownership. Renting provides more flexibility relative to farm size and enterprise mix. The trade-off is that the tenant lacks security of control, may not reap all the rewards of management and won't benefit from increased land values.

This bulletin presents data for renting Michigan farmland. Data were gathered by mail questionnaire during July-August 1987. The 354 usable responses are distributed throughout the 9 crop reporting districts (Figure 1). The rental rates given are not recommended rental rates for Michigan farmland, but are intended as a guide to tenants and landowners in negotiating field rental arrangements.

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 tenants competing

for use of the land; and historical rental arrangements.

Rental arrangements differ on distributions of income, expenses and risk. With the fixed cash rental or lease payment, the tenant assumes all risks associated with price and yield variability. The tenant also secures rights to use the land and earns the profits (losses)

associated with its operation. The landowner is guaranteed a fixed income and avoids the management decisions and risks associated with production and marketing of crops.

With a share rental agreement, the income, expenses and risks are shared by both tenant and landowner. There is no one best share arrangement. A basic principle is to

Figure 1: Farmer responses in each Michigan crop reporting district (in parentheses). Total responses was 354.

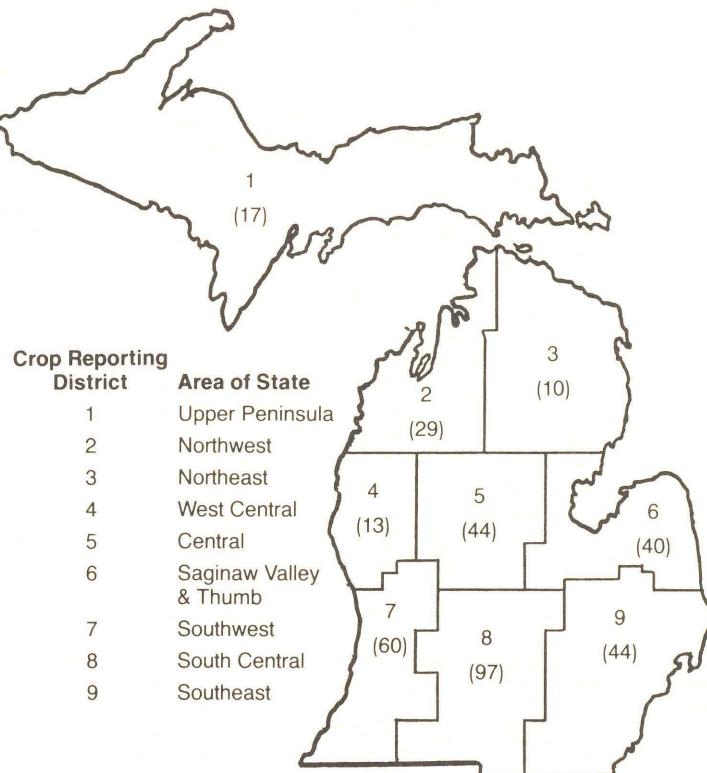


Table 1. Cash Rental TILED Farmland in Michigan

	District: (1) Upper Peninsula						(2) Northwest			(3) Northeast			(4) West Central		
	Number Reported	State Average Yield	State Average (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)
Crops															
Corn (bu)	115	113.0	53.89	80.0	11.7	10 - 15	72.5	22.5	15 - 30	100.0	25.0	25	110.0	20.0	20
Corn Silage (ton)	18	16.6	47.78	16.0	10.0	10	-	-	-	-	-	-	-	-	-
Dry Bean (cwt)	30	15.5	66.00	-	-	-	-	-	-	-	-	-	-	-	-
Soybean (bu)	63	39.6	57.48	-	-	-	-	-	-	-	-	-	-	-	-
Wheat (bu)	65	62.4	57.14	-	-	-	32.5	22.5	15 - 30	-	-	-	-	-	-
Alfalfa Hay (ton)	31	4.8	51.45	4.0	10.0	10	2.5	15.0	15	-	-	-	-	-	-
Grass Hay (ton)	7	3.6	27.86	3.0	10.0	10	2.0	10.0	10	-	-	-	-	-	-
Sugar Beet (ton)	21	19.6	82.00	-	-	-	-	-	-	-	-	-	-	-	-
Oats (bu)	15	79.7	45.67	50.0	30.0	30	40.0	15.0	15	-	-	-	-	-	-
District: (5) Central															
(6) Saginaw Valley-Thumb															
(7) Southwest															
(8) South Central															
(9) Southeast															
	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)
Crops															
Corn (bu)	114.0	45.2	20 - 80	124.8	69.8	30 - 100	107.3	44.8	20 - 65	106.7	48.1	15 - 100	126.7	73.5	25 - 110
Corn Silage (ton)	12.0	20.0	20	14.6	56.4	30 - 85	-	-	-	19.5	46.7	40 - 50	19.0	53.8	35 - 90
Field Bean (cwt)	13.6	59.0	40 - 80	15.6	73.8	40 - 100	-	-	-	15.6	52.0	45 - 60	17.7	56.7	40 - 80
Soybean (bu)	36.3	43.0	20 - 67	41.9	62.7	40 - 100	40.6	48.6	30 - 60	37.0	48.8	35 - 100	43.0	77.7	35 - 110
Wheat (bu)	62.5	38.8	20 - 65	69.8	71.7	40 - 100	59.2	45.5	25 - 60	60.4	50.2	35 - 100	65.0	73.3	35 - 110
Alfalfa Hay (ton)	4.5	36.3	20 - 70	5.0	67.9	30 - 100	6.0	63.3	25 - 100	4.6	48.6	30 - 100	6.0	71.7	40 - 100
Grass Hay (ton)	-	-	-	4.0	35.0	30 - 40	6.0	25.0	25	-	-	-	3.0	40.0	35 - 45
Sugar Beet (ton)	18.7	66.3	50 - 80	20.4	80.9	15 - 143	-	-	-	-	-	-	17.5	97.5	50 - 120
Oats (bu)	90.0	55.0	20 - 80	62.5	67.5	40 - 95	90.0	30.0	30	80.0	44.0	35 - 50	110.0	45.0	40 - 50

Table 2. Cash Rental UNTILED Farmland in Michigan*

	District: (1)			(2)			(3)			(4)		
	Number Reported	State Average Yield	State Average (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)
Crops												
Corn (bu)	160	95.7	37.46	80.0	11.7	10 - 15	77.6	16.5	10 - 20	75.0	15.0	15
Corn Silage (ton)	48	14.5	32.21	13.3	10.0	10	15.0	20.0	20	-	-	-
Dry Bean (cwt)	21	14.4	43.81	-	-	-	18.0	20.0	20	-	-	-
Soybean (bu)	63	33.3	42.27	-	-	-	-	-	-	-	-	-
Wheat (bu)	74	51.9	37.82	50.0	-	-	35.0	17.5	15 - 20	45.0	15.0	15
Alfalfa Hay (ton)	69	4.4	37.52	4.0	10.0	10	3.8	16.0	10 - 20	-	-	-
Grass Hay (ton)	22	2.8	19.00	2.0	8.0	5 - 10	1.8	9.3	8 - 10	1.8	11.7	10 - 15
Pasture-Native	6	2.1	10.83	1.0	5.0	5	3.0	10.0	10	1.5	10.0	10
Sugar Beet (ton)	4	18.8	60.00	-	-	-	-	-	-	-	-	-
Potato (cwt)	6	278.3	45.67	262.5	17.5	10 - 25	247.5	20.0	20	-	-	-
Oats (bu)	35	67.4	27.44	53.3	8.3	5 - 10	43.3	11.0	8 - 15	60.0	15.0	15
District: (5)												
(6)												
(7)												
(8)												
(9)												
	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)	Average Yield	Average (\$/acre)	Range (\$/acre)
Crops												
Corn (bu)	90.7	30.8	15 - 60	106.2	41.2	20 - 75	96.5	40.8	15 - 79	96.8	42.1	20 - 80
Corn Silage (ton)	11.4	23.6	15 - 50	14.3	35.7	20 - 75	17.2	36.7	25 - 50	16.4	43.5	35 - 55
Field Bean (ton)	15.5	40.0	20 - 65	13.2	54.2	40 - 75	14.0	45.0	45	15.1	42.1	35 - 50
Soybean (bu)	33.7	48.3	30 - 65	34.8	41.7	30 - 55	32.6	37.2	20 - 60	33.4	39.6	20 - 60
Wheat (bu)	52.0	30.6	15 - 65	67.3	47.8	30 - 75	47.7	35.0	20 - 60	51.3	38.5	28 - 50
Alfalfa Hay (ton)	4.3	31.8	15 - 75	4.4	57.2	20 - 100	5.0	43.8	25 - 70	4.4	43.0	20 - 36
Grass Hay (ton)	3.0	23.3	20 - 30	3.0	25.0	15 - 30	3.3	25.0	10 - 40	4.3	22.5	15 - 30
Pasture-Native	3.0	15.0	15	-	-	-	2.0	12.5	10 - 15	-	-	-
Sugar Beet (ton)	16.0	55.0	55	21.0	47.5	40 - 55	-	-	-	-	-	-
Potato (cwt)	300.0	75.0	75	-	-	-	350.0	75.0	75	-	-	-
Oats (bu)	72.0	30.0	15 - 65	87.5	35.8	10 - 60	70.0	25.0	20 - 30	58.8	36.3	35 - 40

*See Table 1 for district designations.

divide income in the same proportion as production expenses are shared.

The questionnaire responses indicate that cash rental of land is more commonly used than share rental. Approximately 70 percent of corn, wheat and soybean 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 present cash rental descriptive data for tilled and untilled land, respectively, in Michigan. Data include the average cash rental rate, the range of rates, and estimated crop yields. Data are presented for the state and for each crop reporting district. 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 shared 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 arrangements are listed for each crop. The most common share rental arrangements appear to be the 1/2-1/2 and the

Table 3. Shared Rental TILED Land in Michigan

Crop	Tenant's Share of Cash Expenses For:		State-Wide Number Reported	District No.	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
	Share of Crop %	Seed & 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.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield
Corn	50	50	100	50	114.6	bu/acre	2	117.1	1	121.6	2	116.7	6	111.2	2	117.9	1	117.9	2	117.9	1	117.9
	67	67	100	100			2		3				4		1		4		11		2	
	75	100	100	100			4		4													
	75	100	100	100																		
Dry Beans	50	50	100	50	14.9	cwt/acre	1	13.4	1	15.2			1	17.1		13.0			1			
	67	67	100	100			3		3				1						1			
	75	100	100	100			2		3				1						6			
	75	100	100	100					3													
Soybeans	50	50	100	50	37.9	bu/acre	1	36.0	1	39.0	2	38.3	5	37.0	2	39.0	1	39.0	5	37.0	2	39.0
	67	100	100	100			1		2				1						1			
	67	100	100	100			2		5				1						1			
	75	100	100	100					1										9			
Wheat	50	50	100	50	62.3	bu/acre	1	62.0	1	79.2	1	52.5	4	56.9	2	63.0	1	63.0	4	56.9	2	63.0
	67	67	100	100			1		2				1						2			
	67	100	100	100			3		4				2						2			
	75	100	100	100					1				1						10			
Alfalfa Hay	50	23	0	100	4.4	ton/acre	1	5.3	1	4.0	1	3.0	1	4.0	1	4.0	1	4.0	1	4.0	1	4.0
	67	100	100	100			2		1				1						1			
	75	100	100	100					1										1			
	75	100	100	100																		
Sugar Beets	50	50	100	50	20.4	ton/acre	1	19.2	1	21.0	1	21.0	1	21.0	1	21.0	1	21.0	1	21.0	1	21.0
	67	67	100	100			1		1				1						1			
	80	100	100	100			2		10													
	80	100	100	100																		
Oats	50	50	100	50	87.5	bu/acre	1	95.0	1	97.5	1	90.0	2	82.8	1	100.0	1	100.0	2	82.8	1	100.0
	67	100	100	100			1		2				1						1			
	67	100	100	100			1		1				1						1			
	75	100	100	100					1										3			

*Includes Fuel, Labor, & Machine Repairs

Table 4. Shared Rental UNTILLED Land in Michigan

SHARE		Tenant's Share Of Cash Expenses For:		Tillage* %	Harvesting* %	State-Wide Number Reported	Average Yield	(1) Districts		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
Tenant's Share of Crop %	SHARE	Seed & Chemical %	Fertilizer %					No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield	No. Report.	Ave. Yield
Corn	50	50	50	100	50	37	99.2 bu/acre	-	-	1	70.0	-	-	-	-	-	-	96.2	107.5	2	96.7	8	97.8	2	105.0
	67	67	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	75	100	100	100	100			-	-	-	-	-	-	-	-	-	-	4	-	1	-	8	-	2	-
Dry Beans	50	50	50	100	50	13	13.5 cwt/acre	-	-	-	-	-	-	-	-	-	-	10.0	12.0	-	-	2	14.0	-	11.0
	67	100	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	75	100	100	100	100			-	-	-	-	-	-	-	-	-	-	2	-	-	-	5	-	1	-
Soybeans	50	50	50	100	50	26	35.4 bu/acre	-	-	-	-	-	-	-	-	-	-	33.5	38.3	2	35.0	4	34.1	2	38.3
	67	100	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	75	100	100	100	100			-	-	-	-	-	-	-	-	-	-	1	-	1	-	7	-	-	-
Wheat	50	50	50	100	50	23	52.0 bu/acre	-	-	-	-	-	-	-	-	-	-	58.3	65.0	2	43.3	5	50.0	1	55.0
	67	100	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	75	100	100	100	100			-	-	-	-	-	-	-	-	-	-	3	-	-	1	3	-	1	-
Alfalfa Hay	50	0	0	0	100	7	4.5 ton/acre	-	-	-	-	-	-	-	-	-	-	5.0	-	-	-	-	4.4	-	-
	67	100	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	75	100	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oats	50	50	50	100	50	7	75.0 bu/acre	-	-	-	-	-	-	-	-	-	-	70.0	-	-	-	80.0	77.3	1	85.0
	67	100	100	100	100			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	75	100	100	100	100			-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	1	-	1

*Includes Fuel, Labor, & Machine Repairs

3/4-1/4 tenant-landlord division.

50-50 Share Basis: With this lease, the crop is equally divided between the tenant and landowner. The tenant furnishes all labor, power and machinery. The costs of seed, fertilizer, weed and insect control are usually split equally. The harvesting costs may or may not be halved. Sometimes the tenant furnishes 100 percent of the hauling, while the actual harvesting cost is split equally.

75-25 Share Basis: With this lease, the tenant receives 75 percent of the crop. The tenant, in turn, usually furnishes all variable inputs including labor, power, machinery, seed, fertilizer, weed and insect control, and harvesting and hauling.

LYNN D. GOULD
 County Extension Director,
 County Building, P. O. Box 439
 Harrison, Michigan 48825

G MSU is an Affirmative Action/Equal Opportunity Institution. Cooperative Extension Service programs are open to all without regard to race, color, national origin, sex, or handicap.

Issued in furtherance of Cooperative Extension work in agriculture and home economics, acts of May 8, and June 30, 1914, in cooperation with the U.S. Department of Agriculture. W.J. Moline, Director, Cooperative Extension Service, Michigan State University, E. Lansing, MI 48824.

This information is for educational purposes only. Reference to commercial products or trade names does not imply endorsement by the Cooperative Extension Service or bias against those not mentioned. This bulletin becomes public property upon publication and may be reprinted verbatim as a separate or within another publication with credit to MSU. Reprinting cannot be used to endorse or advertise a commercial product or company.