

# 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 April-May 1975 to determine current field rental arrangements. This publication presents the results of this survey. The usable responses numbered 326 and are 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 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 soybean land did so on a cash rental basis. The percentage of cash rental is even higher for field beans, sugarbeets and potatoes.

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, most common rate, and the range of rates 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 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 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 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.

### $\frac{2}{3}$ - $\frac{1}{3}$ 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 often 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.

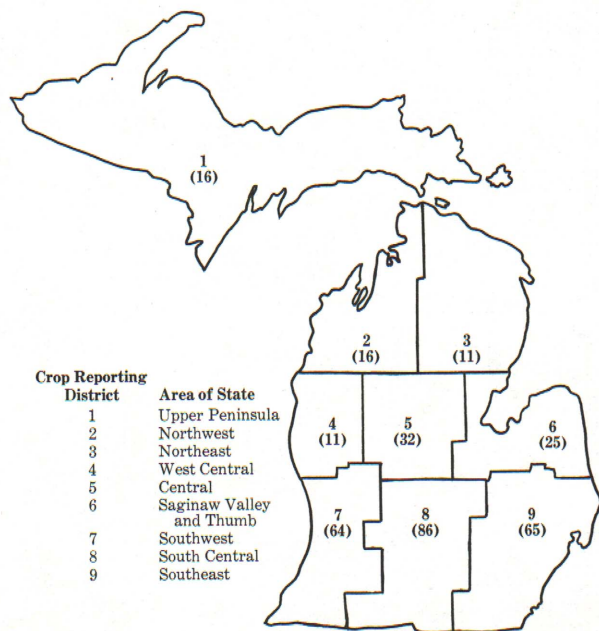


Figure 1. Farmer Responses in each Michigan Crop Reporting District (in parenthesis).  
Total Responses — 326.



Table 1. Cash Rental TILED Farmland.<sup>a</sup>

		Area of State (Crop Reporting District)																			
		Michigan					Saginaw Valley & Thumb (6)			Southwest (7)			South Central (8)			Southeast (9)					
Crop: (\$/Acre)	No. Reports	State Average	State Range	Central (5)		Average		Most Frequent Observation		Range		Average		Most Frequent Observation		Range		Average		Most Frequent Observation	
				Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation		
Pasture Native Grass Renovated	11	\$19.68	\$ 4.50- 40.	15.00	15.00	32.50	-	30.-35.	-	11.00	-	10.-12.	23.75	-	10.-40.	9.75	-	4.50-15.	-	-	-
	16	25.06	10.00- 60.	-	-	31.67	-	20.-40.	-	13.50	-	12.-15.	27.11	25.	10.-60.	17.50	-	15.00-20.	-	-	-
Corn	83	31.80	4.00-100.	28.57	15;25;35.	44.54	40;50.	35.-60.	40;50.	24.64	25.	12.-40.	26.40	25.	10.-50.	37.91	25.	4.00-100.	25.	25.	25.
Soybeans	33	39.09	15.00-100.	35.00	35.00	40.00	-	20.-65.	-	23.33	25.	20.-25.	30.56	25.	25.-45.	46.15	60.	15.00-100.	25.	25.	25.
Field Beans	27	35.70	19.00- 65.	35.00	-	44.44	40.	35.-65.	40.	20.00	20.	20.	29.33	30.	19.-45.	35.00	40.	25.00- 40.	30.	30.	30.
Alfalfa	32	30.28	7.00-110.	11.33	7.-15.	41.25	-	20.-70.	-	29.62	15;35	12.-75.	25.91	20;25.	15.-40.	48.00	20.	20.00-110.	20.	20.	20.
Grass Hay	15	19.53	2.00- 40.	6.00	2.-10.	35.00	-	30.-40.	-	11.33	12.	10.-12.	25.00	-	15.-40.	9.50	-	4.00- 15.	-	-	-
Sugar Beets	11	60.00	30.00-100.	65.00	40.-90.	55.00	-	30.-100.	-	-	-	-	-	-	-	45.00	45.	45.00	45.	45.	45.
Potatoes	5	49.00	40.00- 65.	-	-	40.00	40.	40.	40.	46.67	50.	40.-50.	-	-	-	65.00	65.	65.00	65.	65.	65.

<sup>a</sup>/ Data not available for Crop Reporting Districts 1,2,3 and 4

Table 2. Cash Rental UNTILED Farmland.

No. Report	Michigan State Average	State Range	Area of State (Crop Reporting District)											
			Upper Peninsula (1)			Northwest (2)			Northeast (3)			West Central (4)		
			Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range
			Saginaw Valley & Thumb (6)											
			Central (5)											
			Southwest (7)											
			South Central (8)											
			Southeast (9)											
			Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range	Average	Most Frequent Observation	Range
28	\$ 9.12	\$ 1.-25	2.80	3.00	1.-5.	10.00	10.	10.	3.25	-	2.5-4.	-	-	-
35	18.17	2.5-35.	4.25	-	2.5-6.	13.33	10.	10.-20.	-	-	-	15.67	-	12.-20.
154	19.82	2.5-60.	4.17	-	2.5-6.	16.12	-	7.5-35	9.00	-	8.-10.	14.50	15.	10.-18.
44	21.37	5.-60.	10.00	10.	10.	25.00	-	15.-35.	-	-	-	-	-	-
33	18.74	5.-35.	-	-	-	12.50	-	10.-15.	-	-	-	15.00	15.	15.
57	19.40	5.-75.	6.67	5.0	5.-10.	12.50	-	7.5-20.	10.00	10.	10.	11.67	10.	10.-15.
27	14.57	4.-40.	5.25	6.	4.-6.	5.00	5.	5.	10.00	10.	10.	10.00	10.	10.
5	21.50	12.5-35.	-	-	-	-	-	-	-	-	-	-	-	-
8	28.13	10.-50.	-	-	-	20.00	20.	20.	10.00	10.	10.	-	-	-
			Saginaw Valley & Thumb (6)											
			Central (5)											
			Southwest (7)											
			South Central (8)											
			Southeast (9)											
9.00	-	4.-18.	13.75	-	12.50-15.	8.75	10.	5.-10.	12.81	5.	5.-25.	11.00	-	8.-15.
-	-	-	23.75	-	12.50-35.	18.00	-	12.-25.	21.14	25.	5.-30.	17.86	20.	10.-25.
17.35	20.	5.-25.	24.77	30:35.	10.-35.	21.03	15:25	10.-45	21.14	15.;20;25	5.-35.	19.82	15.;20.	7.-60.
15.00	10.	10.-25.	19.64	15.	10.-35.	23.33	-	15.-35.	18.12	15.;25.	5.-30.	26.27	20.	10.-60.
16.43	10;15;20	10.-25.	23.93	20:25	12.50-35.	15.00	-	10.-20.	19.56	20.;25.	5.-30.	18.00	15.	15.-25.
11.50	15.	6.-15.	19.17	-	10.-35.	24.43	25.	12.-45.	19.06	25.	5.-30.	25.30	20.	10.-75.
15.60	15.	10.-25.	20.83	-	13.-35.	24.40	15.	15.-40.	15.00	15.	15.	11.25	-	8.-15.
-	-	-	21.50	-	12.5-35.	-	-	-	-	-	-	-	-	-
-	-	-	35.00	35.	35.	37.50	-	35.-40.	-	-	-	37.50	-	25.-50.

Crop: (\$/acre)  
 Pasture  
 Native Grass  
 Renovated

Corn

Soybeans

Field Beans

Alfalfa

Grass Hay

Sugar Beet

Potatoes

Crop: (\$/acre)  
 Pasture  
 Native Grass  
 Renovated

Corn

Soybeans

Field Beans

Alfalfa

Grass Hay

Sugar Beets

Potatoes



Table 3. Shared Rental TILED Land.<sup>a</sup>

Crop	Michigan		Area of State (Crop Reporting District)								
	# Reports	State Ave	State Range	Central (5)		Saginaw Valley & Thumb (6)		South Central (8)		Southeast (9)	
				Ave	Most Frequent Observations	Ave	Most Frequent Observations	Ave	Most Frequent Observations	Ave	Most Frequent Observations
Corn Yield (bu/acre) Tenant's Share of Yield (%) Crop Expense Items: (tenant's share) Seed Fertilizer Weed & Insect Control Harvesting Hauling	30	96.0	55-125	97.5 bu	100	106. bu	100;125	91.0 bu	100;90	96.4 bu	80;125
	33	50.0	25- 75	52.3%	33;66	46.8%	33;66	49.3%	50	52.0%	50
				79.0	100	83.3	100	50	50	60	50
				70.4	66	83.3	100	45	50	60	50
				87.5	100	83.3	100	45	50	60	50
			83.3	100	83.3	100	55	50	60	50	
			70	100	83.3	100	50.8	50	80	100	
Field Beans: Yield (cwt/acre) Tenant's Share of Yield (%) Crop Expense Items: (tenant's share) Seed Fertilizer Weed & Insect Control Harvesting Hauling	12	19.2	12-30	17.8 cwt	-	17.5 cwt	15	N/A	N/A	N/A	N/A
	12	47.6	25-66	53.8%	66	46.8%	33;66				
				72	66	83.3	100				
				72	66	83.3	100				
				83.3	100	83.3	100				
			83.3	100	83.3	100					
			83.3	100	83.3	100					
Soybeans Yield (bu/acre) Tenant's Share of Yield (%) Crop Expense Items: (tenant's share) Seed Fertilizer Weed & Insect Control Harvesting Hauling	11	35.9	15-60	40.0 bu	-	35.0 bu	-	32.5 bu	35	32.5	35
	10	54.8	33-67	66%	-	58.8%	-	49.7%	-	54.2%	50
				N/A	N/A	N/A	N/A	N/A	N/A	50	50
				N/A	N/A	N/A	N/A	N/A	N/A	50	50
				N/A	N/A	N/A	N/A	N/A	N/A	50	50
			N/A	N/A	N/A	N/A	N/A	N/A	50	50	66.7
Wheat Yield (bu/acre) Tenant's Share of Yield (%) Crop Expense Items: (tenant's share) Seed Fertilizer Weed & Insect Control Harvesting Hauling	17	50.9	30-85	49.0 bu	-	55. bu	55	50.2 bu	-	48.3 bu	-
	16	45.7	25-67	49.5%	-	45.5%	33	40.4%	50	55.7%	50
				N/A	N/A	83.3	100	33.3	50	N/A	N/A
				N/A	N/A	83.3	100	25.0	50;0		
				N/A	N/A	83.3	100	12.5	0		
			N/A	N/A	83.3	100	41.7	50			
			N/A	N/A	83.3	100	41.7	100;0			

<sup>a/</sup> Data not available for Crop Reporting Districts 1, 2, 3, and 4.  
N/A = Data not available and/or not applicable.

Table 4. Shared Rental UNTILED Land.<sup>a</sup>

Crop	Michigan		Area of State (Crop Reporting District)				Southeast (9) Most Frequent Observations	
	Number Reports	State Ave	State Range	Central (5)	Saginaw Valley & Thumb (6)	Southwest (7)		South Central (8)
				Ave	Most Frequent Observations	Ave	Most Frequent Observations	Ave
Corn								
Yield (bu)	73	84.8	40-150	79.2 bu	-	88.8 bu	80	89.1 bu
Tenant's Share of Yield (%)				43.7%	33;66	44.4%	33;50	58.3%
Crop Expense Items (tenant's Share)	84	50.7%	18-100					66;50
Seed				72.3	67	66.7	50	77.8
Fertilizer				61.0	50	61.7	50	70.3
Weed & Insect control				72.3	67	66.7	50	50;100
Harvesting				72.3	67	66.7	50	74.1
Hauling				72.3	67	66.7	100	77.8
						66.7	100	81.2
Soy beans								
Yield (bu)	22	30.1	15-50	N/A	N/A	N/A	-	32.5 bu
Tenant's Share of Yield (%)	26	51.7	25-75				50	56.6%
Crop Expense Items: (tenant's Share)								
Seed								62.5
Fertilizer								62.5
Weed & Insect control								62.5
Harvesting								62.5
Hauling								66.5
Wheat								
Yield (bu)	48	41.3	20-60	41.2 bu	-	45. bu	40	40 bu
Tenant's Share of Yield (%)	52	50.3	25-75	39.2%	33	46.5%	33;50	58.3%
Crop Expense Items: (tenant's Share)								
Seed				N/A	N/A			80
Fertilizer						73.4	50	73.4
Weed & Insect control						73.4	50	50;100
Harvesting						75	50	66.7
Hauling						75	100	80
						75	100	59
Alfalfa								
Yield (bu)	24	4.3	3 - 6	4.5 ton	-	N/A	3.0	4.0 ton
Tenant's Share of Yield (%)	25	48.5	25-75	50.%	50		33;50	51.4%
Crop Expense Items: (tenant's share)								
Seed				100	100		0;50	-
Fertilizer				75	50;100		50	-
Weed & Insect control				75	50;100		50	-
Harvesting				-	-		-	50
Hauling				-	-		-	100
							-	72
Grass Hay								
Yield	6	2.8	1 - 4	N/A	N/A	N/A	-	3.5 ton
Tenant's Share of Yield (%)	7	49.8	33-66				50	55.3%
Crop Expense Items								N/A

<sup>a</sup>/ Data not available for Crop Reporting Districts 1, 2, 3, and 4. N/A = Data not available and/or not applicable.



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