

## Cash Rental Rate Estimation

Ag Decision Maker -- Iowa State University Extension

See Information File C2-20, "[Computing a Cropland Cash Rental Rate](#)" for

Place the cursor over cells with red triangles to read comments.

Enter your input values in shaded cells.

Name: Example

		Corn	Soybeans
<b>Gross Income</b>			
Acres in Each Crop		200	200
Expected Yield		172	50
Expected Price		\$4.50	\$10.50
USDA Direct Payments	Total annual payment		
	OR payment per acre	\$25.00	\$25.00
<b>Total Gross Income for Crop, per acre</b>		<b>\$799.00</b>	<b>\$550.00</b>

<b>Production Costs (For Tenant's Residual or Crop Share Equivalent approach, only)</b>			
Seed		\$110.00	\$57.00
Fertilizer		\$150.00	\$70.00
Lime		\$10.00	\$10.00
Herbicides		\$25.00	\$25.00
Insecticides		\$-	\$-
Crop Insurance		\$20.00	\$15.00
Miscellaneous		\$9.00	\$9.00
Interest on Input Costs		\$12.96	\$7.44
length of period (months)	8		
interest rate	8.0%		
Custom Hire		\$-	\$-
Fuel, Repairs		\$35.00	\$25.00
Machinery Ownership		\$45.00	\$35.00
Drying, Storage		\$37.00	\$-
Labor		\$31.20	\$29.40
Rate per hour	\$12.00		
Total hours		2.6	2.45
Management charge (estimated at 5% of production costs)		\$24.26	\$14.14
<b>Total of All Non-Land Costs, per acre</b>		<b>\$509.42</b>	<b>\$296.98</b>

<b>Share of Gross Income</b>									
Corn	Gross income	\$799.00	x	3.5%	=	\$279.65	/acre rent		
Soybeans	Gross income	\$550.00	x	4.5%	=	\$247.50	/acre rent		
						<b>Average Weighted Rent</b>	=	\$263.58	/acre rent

<b>Yield Potential</b>									
Corn	Potential yield	172 bu./acre	x	\$1.10	per bu rent	=	\$189.20	/acre rent	
Soybeans	Potential yield	50 bu./acre	x	\$3.80	per bu rent	=	\$190.00	/acre rent	
						<b>Average Weighted Rent</b>	=	\$189.60	/acre rent

<b>Corn Suitability Rating Index</b>									
Choose a county				\$ per point					
OR	Chickasaw	76	CSR	x	\$2.49	for rent	=	\$189.24	/acre rent
Enter Farm CSR Index									

<b>Percent of Land Value</b>									
Current Market Value of Land		\$4.600	per acre	x	4%	return	=	\$184.00	/acre rent

<b>Tenant's Residual</b>									
Corn	Gross income	\$799.00	minus tenant's costs	\$509.42	=	\$289.58	/acre rent		
Soybeans	Gross income	\$550.00	minus tenant's costs	\$296.98	=	\$253.02	/acre rent		
						<b>Average Weighted Residual</b>	=	\$271.30	/acre rent

<b>Crop Share Equivalent</b>									
Corn	Owner's share of income	\$399.50	minus owner's costs	\$186.98	=	\$212.52	/acre rent		
Soybeans	Owner's share of income	\$275.00	minus owner's costs	\$96.72	=	\$178.28	/acre rent		
						<b>Average Weighted Return</b>	=	\$195.40	/acre rent
						<b>Average of All Approaches</b>	=	\$215.52	/acre rent

Version 1.2

Authors: [William Edwards](#) and

[Ann Johanna](#)

Date Printed: 2/25/2011

**IOWA STATE UNIVERSITY**  
University Extension

...and justice by all  
The U.S. Department of Agriculture (USDA) prohibits discrimination in all programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Notwithstanding where applicable) any person who wishes to file a complaint should contact the USDA Office of the Inspector General, Room 326-W, White House Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 800-795-5272.

...and justice by all  
Iowa State University Extension and Outreach is an equal opportunity institution. Contact your local Extension office for more information. Iowa State University Extension and Outreach, Ames, Iowa.