



UNIVERSITY OF MINNESOTA
EXTENSION

Ag Business Management

Informing farm families and ag businesses about management issues.

7/2009

Cropland Rental Rates for Minnesota Counties

Prepared by:

Gary Hachfeld, Extension Educator, Regional Center Mankato

William Lazarus, University of Minnesota Extension Economist, Farm Management

Dale Nordquist, Rann Loppnow, and Matt Heers - Center for Farm Financial Management

Introduction

Land rental rates continue to be of interest to landowners and operators. Given the recent volatility in land rents, it is difficult to determine what rents may or should be. This publication provides some historical perspective on rental rates actually paid by a group of farms and trends over the past five years. This information is meant as a guide and starting point. **The information and data is not meant to establish, determine, set, fix, or even hint at what actual rents should be.** It is simply a reporting of historical land rental rates in Minnesota.

Historical rental data is included for years 2004 through 2008. Average rental rates are listed by county for each year. The 2008 data also includes the median cash rent and the 10 and 90 percentile range.

Because land rental rates have been so volatile recently, there is really no way to statistically project future rental rates. In the 2008 data, average rents increased substantially in most regions of the state. However, rents for this group of farms actually declined in the East Central region (41 farms total) as well as Morrison and Otter Tail counties. The 2009 and 2010 columns are included for you to list your actual 2009 rent and to list your anticipated 2010 rent.

Data Source

The land rental data shown in the data tables is extracted from FINBIN, a database of farm record summaries of over 2,400 Minnesota farms. The farmers participate in the Minnesota State Colleges and Universities (MnSCU) Farm Business Management program as well the Southwestern Minnesota Farm Business Management Association. The rental rates reported are their actual rents paid for the years listed.

Analysis Method

Staff from the Center for Farm Financial Management used FINBIN data to compile the rent database for the years 2004 through 2008.

All row crop acres, small grain acres, canning crop acres, etc. are included in the data analysis. Not included in the analysis are acres allocated to pasture, aftermath grazing, all hay and haylage acres, CRP acres, fallow, and prevented planted acres. All normal farming practices for the regions were included in the analysis.

Data was analyzed by county. Counties with a minimum of 15 farms reporting land rent data are included in the analysis. If a given county does not appear in the data table, there were not enough farms reporting data.

Data Results

The following two pages show the county data arranged in seven regions consistent with the Minnesota Department of Agriculture, Agricultural Statistics Service districts.

Counties Not Included

Due to insufficient data, the following counties are not included in the survey information: Aitkin, Anoka, Becker, Beltrami, Carlton, Cass, Chisago, Clearwater, Cook, Crow Wing, Hennepin, Houston, Hubbard, Isanti, Itasca, Kittson, Koochiching, Lake, Lake of the Woods, Meeker, Mille Lacs, Pennington, Pine, Ramsey, Rock, Roseau, Sherburne, St. Louis, Traverse, Wabasha, Wadena, Washington, and Yellow Medicine counties.

Minnesota Cropland Rental Rates Per Acre

	Average				2008				Estimate	
	2004	2005	2006	2007	Avg	Median	10 th Pctile	90 th Pctile	2009	2010
Northwest										
Clay	70	74	78	79	83	82	63	105	_____	_____
Mahnomen	52	53	56	56	59	45	19	67	_____	_____
Marshall	36	36	41	43	45	45	24	60	_____	_____
Norman	61	62	67	69	73	74	61	84	_____	_____
Polk	50	52	56	58	62	64	42	90	_____	_____
Red Lake	n/a	n/a	n/a	n/a	38	33	18	51	_____	_____
West Central										
Big Stone	64	68	71	78	81	76	55	109	_____	_____
Chippewa	96	100	104	108	125	108	84	142	_____	_____
Douglas	60	63	65	n/a	76	66	33	90	_____	_____
Grant	78	81	88	90	102	93	60	130	_____	_____
Lac qui Parle	71	79	87	92	97	99	69	125	_____	_____
Otter Tail	42	41	44	65	60	45	17	84	_____	_____
Stevens	75	79	80	85	90	85	60	120	_____	_____
Swift	75	76	81	84	98	89	68	118	_____	_____
Wilkin	67	63	71	77	87	85	60	111	_____	_____
Central										
Benton	43	n/a	n/a	n/a	39	39	15	86	_____	_____
Carver	104	n/a	n/a	n/a	131	129	84	158	_____	_____
Kandiyohi	96	102	n/a	n/a	126	116	69	148	_____	_____
McLeod	96	104	106	124	135	131	83	167	_____	_____
Morrison	31	38	38	44	43	35	18	62	_____	_____
Renville	104	106	122	121	152	154	86	200	_____	_____
Scott	112	119	120	109	131	105	49	143	_____	_____
Sibley	115	122	125	130	149	142	71	167	_____	_____
Stearns	67	70	77	79	89	65	32	120	_____	_____
Todd	n/a	n/a	n/a	n/a	43	41	11	63	_____	_____
Wright	72	81	84	91	107	115	78	136	_____	_____
East Central										
Kanabec	30	33	32	34	31	22	15	42	_____	_____

Minnesota Cropland Rental Rates Per Acre (continued)

	Average				2008				Estimate	
	2004	2005	2006	2007	Avg	Median	10 th Pctile	90 th Pctile	2009	2010
Southwest										
Cottonwood	96	101	107	108	143	130	75	170	_____	_____
Jackson	105	109	111	119	146	143	100	175	_____	_____
Lincoln	85	86	83	107	120	93	79	136	_____	_____
Lyon	85	89	92	100	119	117	81	150	_____	_____
Murray	87	89	94	100	120	119	77	150	_____	_____
Nobles	97	102	103	117	132	122	80	159	_____	_____
Pipestone	81	91	n/a	n/a	110	105	61	184	_____	_____
Redwood	92	99	98	104	122	120	85	155	_____	_____
South Central										
Blue Earth	118	120	128	136	163	158	111	209	_____	_____
Brown	108	108	113	119	133	125	102	167	_____	_____
Faribault	115	122	122	134	152	141	115	184	_____	_____
Freeborn	117	123	126	n/a	143	152	40	175	_____	_____
Le Sueur	100	101	103	121	149	130	97	174	_____	_____
Martin	114	119	121	133	158	145	109	194	_____	_____
Nicollet	108	116	112	127	150	147	118	188	_____	_____
Rice	106	108	109	120	145	133	75	175	_____	_____
Steele	118	123	122	129	146	146	102	186	_____	_____
Waseca	106	108	113	126	136	131	83	166	_____	_____
Watonwan	101	110	114	122	148	126	108	175	_____	_____
South East										
Dakota	84	96	100	n/a	121	108	93	150	_____	_____
Dodge	116	122	119	128	142	140	74	165	_____	_____
Fillmore	106	109	117	130	153	133	83	192	_____	_____
Goodhue	107	105	110	127	144	118	65	174	_____	_____
Mower	116	126	126	130	153	160	121	204	_____	_____
Olmsted	101	109	109	121	143	139	66	170	_____	_____
Winona	105	115	117	137	154	130	96	173	_____	_____

Under the 2004-2007 "Average" data columns, there is historical rent data for those four years. The land rental data listed is an average of all the farms reporting land rent for a specific county and year.

Under the 2008 crop year columns, the average rent is listed. The median or 50th percentile is also presented with half of the rent being less than this amount and half the rents being greater than this amount. In addition to these numbers, the 10th and 90th percentile are included to reflect the range of cash rents. Ten percent of the farmers reporting rents paid less than the rent number listed in the 10th percentile column. Similarly, ten percent of the farmers reporting rents paid more than the rent listed in the 90th percentile column.

Again, the 2009 and 2010 columns are for your use in listing your actual 2009 rent rate and for listing what you think may be your 2010 rate using the historical data listed in the tables.

Average Annual Change in Rent 2004-08

Following is a table showing average annual changes in land rental rates for the years 2004 through and including 2008 and the one-year change from 2007 to 2008. The calculations are weighted averages to compensate for differences in acres and rental rates from the various counties in each region. The land rental numbers used to calculate the percent change values are also from FINBIN. They are from the same data set used to calculate the county-level average land rental rates for 2004-2008 shown on the previous pages, but including farms in all counties in each region.

The annual 2007-2008 increase was far greater than the average annual increase over the five year period for most regions of the state. This increase was a response to the overall increase in the price of commodities during this period and the perceived increase in profitability of crop production. This major increase in one year had an impact on the five year average change too. For comparison, the five year average increase from 2003 – 2007 ranged from 1.73% in East Central to 4.93% in the Southeast region.

The percentage figures are not meant to predict future increases but are merely to document how regional rental rates have changed over the years.

Again, please note that even though the land rental numbers shown may not align with rents being bandied around the coffee shop, they are real and actual rent numbers reported by the farmers in farm management education programs throughout Minnesota.

Average Annual Change in Land Rental Rates	2004-2008	2007-2008
Northwest	4.56%	8.06%
West Central	5.71%	7.70%
Central	6.75%	13.89%
East Central	-1.94%	-11.56%
Southwest	8.21%	17.22%
South Central	7.84%	17.29%
Southeast	7.65%	14.55%

Summary

The land rental rates listed in the data tables are not meant to dictate or determine actual land rental rates. They are simply a listing of the historical land rental data from years 2004-2008 as reported in FINBIN.

Keep in mind that these rental rates include both family and long-term rental contracts. Rental rates between family members are generally lower than those between un-related parties. Long-term rental contracts generally do not change during the length of the contract and therefore may affect the average numbers used in the data calculations.

Those who wish to search FINBIN for land rental data specific to a county or region (assuming there are enough farmers reporting rent values) as well as other farm data can do so by going to the following website: www.finbin.umn.edu. Once there, select one of the data categories on the left side of the page for whole farm, crop, or livestock information. Simply select the data you want to retrieve by using the drop-down menus. There are a number of help buttons across the top of the page as well. Once your data choices are selected, click on "Generate Report" and await your results. If a sufficient number of farms meet your criteria, you will receive a report.