

2016 Polk County Farmland Cash Rent Study

The Polk County Extension office receives numerous inquiries throughout the year on the "going rate" for renting farmland in the county. Landlords, tenants, and agriculture professionals look to the Polk County Extension office for advice and information about land rental rates. The National Agricultural Statistic Service annually reports on the average cash rent in Polk County, but the number is generalized and often does not represent rental trends happening in certain areas of the county. To get more accurate cash rent data for the county, especially by township, the Polk County Extension office conducted a cash rent survey for 2015. Below are the results for the 2015 survey and includes the minimum and maximum cash rents reported, as well as the average by township and county-wide.

		Avg.	Number of			Total	No. of	Avg. Corn
County	Township	Rent (\$/Acre)	Parcels Reported	Min Rent	Max Rent	Acres Reported	Landlords / renters	Yield (Bu/Acre)
Polk	Alden	\$69.00	34	\$35	125	1349.1	8/26	147.26
	Apple River	\$59.38	9	\$23	\$100	373.5	3/5	141.33
	Balsam Lake	\$63.84	19	\$43	\$100	2065.6	2/17	179.1
	Beaver	\$63.89	7	\$35	\$105	277.9	2/5	??
	Black Brook	\$76.00	7	\$60	\$100	288	4/3	146.67
	Bone Lake	\$31.67	6	\$10	\$65	282	0/6	134.6
	Clam Falls	NA	NA	NA	NA	NA	NA	NA
	Clayton	\$74.50	10	\$33	\$100	284	3/7	140
	Clear Lake	\$96.11	9	\$50	\$215	656.5	2/7	152
	Cushing	NA	NA	NA	NA	NA	NA	NA
	Eureka	\$43.92	12	\$25	\$75	369	1/11	109.17
	Farmington	\$91.00	22	\$38	\$210	1523	5/17	166.42
	Garfield	\$84.90	10	\$55	\$150	662.02	6/4	146.67
	Georgetown	\$53.33	6	\$30	\$95	334	4/2	149.67
	Johnstown	\$70.64	10	\$35	\$115	412.75	6/4	172.25
	Laketown	\$51.00	14	\$40	\$85	374.5	8/6	152.5
	Lincoln	\$72.00	8	\$40	\$100	780	1/7	151.67
	Lorain	\$65.75	4	\$40	\$70	263	1/3	150
	Luck	\$44.00	4	\$20	\$60	364	3/1	??
	McKinley	\$64.00	4	\$50	\$85	48	0/4	150
	Milltown	\$66.07	14	\$40	\$120	524	6/8	149.38
	Osceola	\$64.22	16	\$40	\$110	742	4/12	149.25
	St. Croix Falls	NA	NA	NA	NA	NA	NA	NA
	Sterling	NA	NA	NA	NA	NA	NA	NA
	West Sweden	NA	NA	NA	NA	NA	NA	NA
Polk Total		\$62.15	225	\$10	\$215	11972.87	69/155	149.33

^{*}Values only represent non-irrigated cropland and do not include land used for pasture. Results of the 2015 survey indicate that cropland rent has rose significantly.

While the majority of rented farmland in Polk County is in cropland, the 2015 survey included some acreage that is rented for other uses. 25 parcels were reported in the survey as pastureland. The average rental rate for pasture in Polk County that was reported is \$35 per acre. There were not enough responses in any of the townships to include township specific results.

233 responses were received for the 2015 farmland rent survey. Averages were not reported for townships with fewer than four survey responses because the data can be heavily influenced by one or two very low or very high responses.

As the trend toward fewer, but larger farms continues, rented cropland becomes an increasingly important component of the local economy. Increased competition for quality farmland and fluctuating commodity prices tend to be the biggest indicators of the fluctuations of rental rates in the county. Table 3 provides a summary of cash rent trends in recent years.

Table 3. Cash Farmland Rental Rates for Polk County and Wisconsin – 2000-2016

		Polk County	Wisconsin				
Year	Average	Hi	Lo	Average			
2016				_			
2015	\$59	\$10	\$215	\$????			
2014		No Data Available*					
2013		No Data Available*					
2012	\$56	\$270	\$0	\$????			
2011	\$45-65 (estimate)	No Data	Available*	\$96			
2010	\$50 (estimate)	No Data	Available*	\$87			
2009	\$46	\$150	\$0	\$84			
2008	No Data Available*						
2007	\$44	\$120	\$5	\$72			
2006	No Data Available*						
2005	No Data Available*						
2004	\$40	\$70	\$14	\$70			
2003	\$35	\$72	\$10	\$68			
2002	No Data Available*						
2001	\$36	\$90	\$10	\$66			
2000	\$35	\$74	\$5	\$65			

^{*}Indicates no Polk County UW-Extension Cash Rent survey conducted during the year

Please note that the data reported in the survey indicates trends and are not meant to establish, determine, or set rental rates. These survey results should only be used as a guideline when discussing land rental rates. Rental rates are reflective of competition for the land, commodity prices, input costs, land ownership costs, soil productivity or yield, existing soil fertility, field size, and slope of the land. Actual cash rental rates should be based on projected returns, soil quality, and other factors, and should be mutually agreed upon by both the landowner and tenant. Refer to Table 2 below for a list of considerations when determining cash rental rates.

Table 2. Factors to Consider for Cash Rental Rates

- 1. <u>Crop Returns</u> the potential profit or net return from crop production should be considered in cash rental rate determination. (Know your cost of production)
- 2. <u>Land Quality</u> know the soil types on a farm and what the productive capability of that land is.
- 3. <u>Nearby waterways</u> it is important to determine if the farm includes "wetlands" or "highly erodible" land, as designated by the National Resrouces Conservation Service. Also, know if the land is in a watershed or has certain restrictions, which could have an impact on cropping practices and drainage.

- 4. <u>Previous Crops, Herbicides, and Fertility</u> cropping history and past herbicide usage can limit your crop options in the coming year. Soil fertility levels are often overlooked. Farms with high soil test levels for phosphorous and potassium will require considerable less fertilizer for crop production, and this may have more rental value.
- 5. <u>Previous History</u> the working relationship and previous experiences between landlord and tenant are often an important factor in determining final cash rental rates.
- 6. <u>The "Going Rate"</u> the typical or average cash rental rates in an area is also used to determine final rental rates. The Cash Rental Survey conducted by the Polk County UW-Extension office should be helpful when studying rent trends and background information.

It is important to have a written lease for all rental agreements you enter in to. Unfortunately, verbal and handshake agreements are at an end as they are hard to enforce. A written lease offers opportunity for discussion between landlords and tenants, creates a way to iron out details in the lease, provides a way for dealing with the unexpected and assures conservation expectations are discussed. Most importantly, having a written lease protects both parties and helps both the landlord and tenant to remember their respective responsibilities and the details of the agreement, which are easy to forget if the discussion was only verbal.

The Polk County UW-Extension office has many resources available for landlords and tenants on renting farm assets and developing rental lease agreements. Some of the resources you can access through the Extension office are the new leasing educational materials and lease form released in December 2012 by the North Central Farm Management Extension Committee. They can also be obtained from the Polk County UW-Extension website at: http://polk.uwex.edu/agriculture or from the aglease101.org website.

The 2015 Polk County Farmland Cash Rent Survey was conducted by Don Dipprey, Polk County Agriculture Educator. Thank you to the landowners and renters who responded to this survey. Also, thank you to Wendy Linke, Polk County Extension Administrative Assistant, for compiling the data.

Sincerely;			
Don Dipprey			

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