

Cash Rents Continue To Rise

MU ag economist expects rental rates to remain steady in 2013.

COLUMBIA, MO.

The USDA National Agricultural Statistics Service has released the county-by-county breakdown of its 2012 survey of cash rents. The average cash rent of cropland in Missouri was 4 percent higher compared to 2011 and pasture rental rates increased 9 percent from last year.

“Like a lot of things in agriculture, the prices are moving up,” said University of Missouri Extension agricultural economist Ron Plain. “Cattle prices, corn prices, soybean prices have been at or close to record levels, and when the value of what is produced on land goes up, the value of the land or what owners ask for rent goes up.”

However, because of the drought this year Plain doesn't believe that rental rates are likely to increase much in 2013. In fact, he says that much of Missouri will see a pretty flat situation if not pullback in some areas on rental rates.

“If you look just strictly at the prices, you think we're going to go higher on land values and cash rents in 2013, but it was a miserable year in an awful lot of Missouri,” Plain said. “Pasture conditions were terrible and the value of those crops was way down. The price farmers are selling at was good but the total value was down because of low yields.”

2012 was a tough year for cattle producers as record corn prices and poor pasture conditions forced them to feed hay during the summer. Moving forward, without pasture and hay we

will see continued downsizing of the cattle herd for a while, Plain says.

“With fewer cattle there will be less demand for pasture land,” Plain said. “On the other hand, we've been converting some pasture into cropland. Also, fertilizer prices have been high enough that we haven't been able to do a lot of fertility practices to increase carrying capacity. My expectation is that the demand for land to rent is still going to be fairly strong.”

According to Plain, the rapidly increasing sales value of land is such that many producers just can't swing the purchase price, so they will probably be in the market to find some land to rent at a reasonable price. He recommends producers and landowners who are looking at a new rental arrangement for next year to communicate.

“We encourage landlords and tenants to try to get it down in writing, particularly with respect to terms of the lease and when it is going to be renewed,” Plain said. “Lots of times you end up with some misunderstandings about what date the landlord or the tenant need to let each other know if they are going to be farming together again in the coming year.”

Other issues that need to be discussed include maintaining fences and waterways and keeping the property mowed. Plain says those type of issues are little things that if dealt with up front can lead to a very good relationship between the landlord and tenant and prevent problems later.

△



Link Directly To: **PIONEER**