

Regional Trends in Farmland Leasing: Illinois

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Tenure on FBFM Farms

- **Share rent (27%)**
- **Cash rent (55%)**
- **Variable cash rent**
 - **Cash rent with bonus**
- **Owned (18%)**



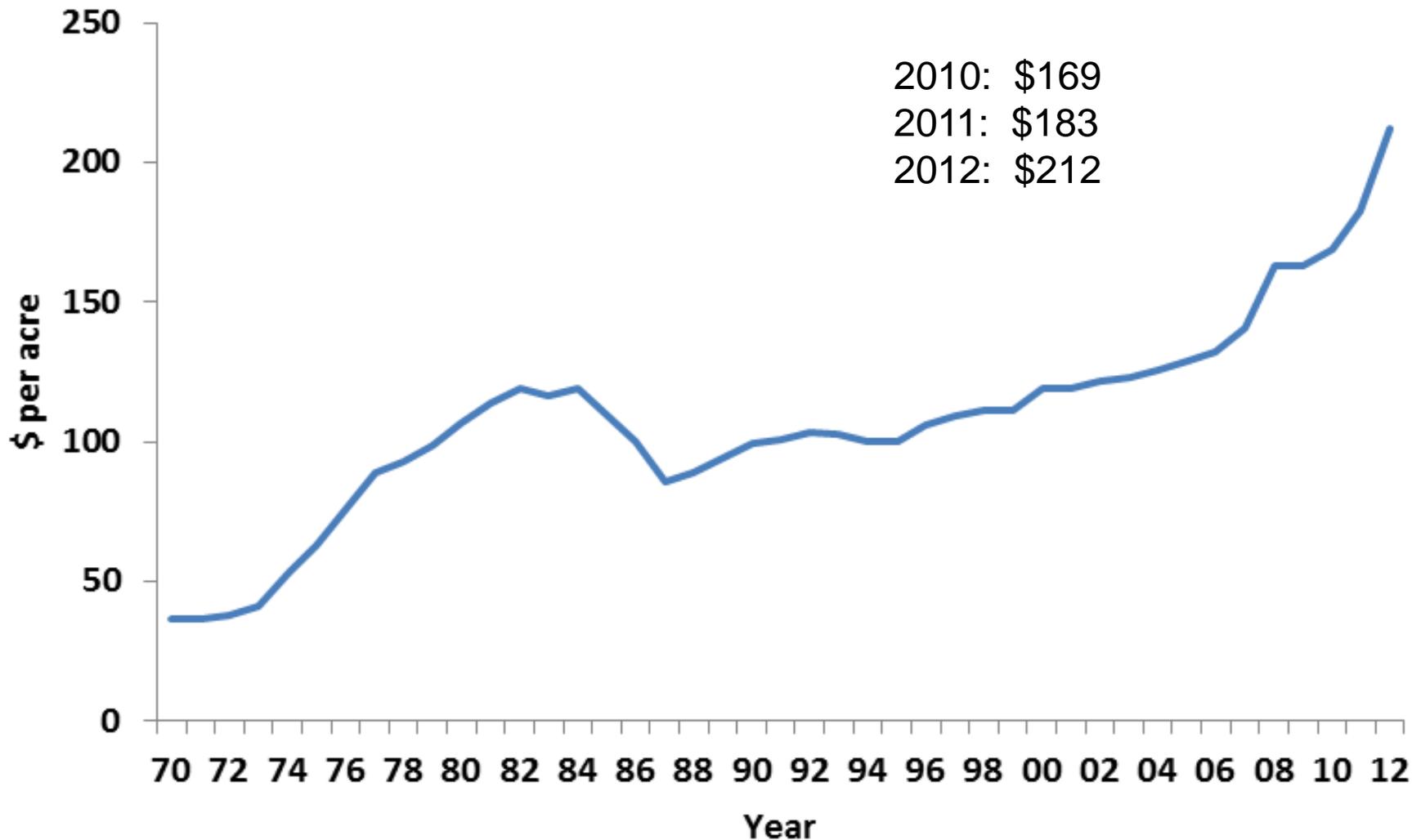
Cash Rent

- **Fixed cash rent**
- **Usually paid in one or two installments, one in spring, one in fall (movement toward one installment due up front)**
- **Typically one year in length (movement to short lease terms)**
- **Difficulty in setting cash rent each year**
- **Movement to include soil testing/fertilizer requirements in lease**
- **Concerns with yield documentation**

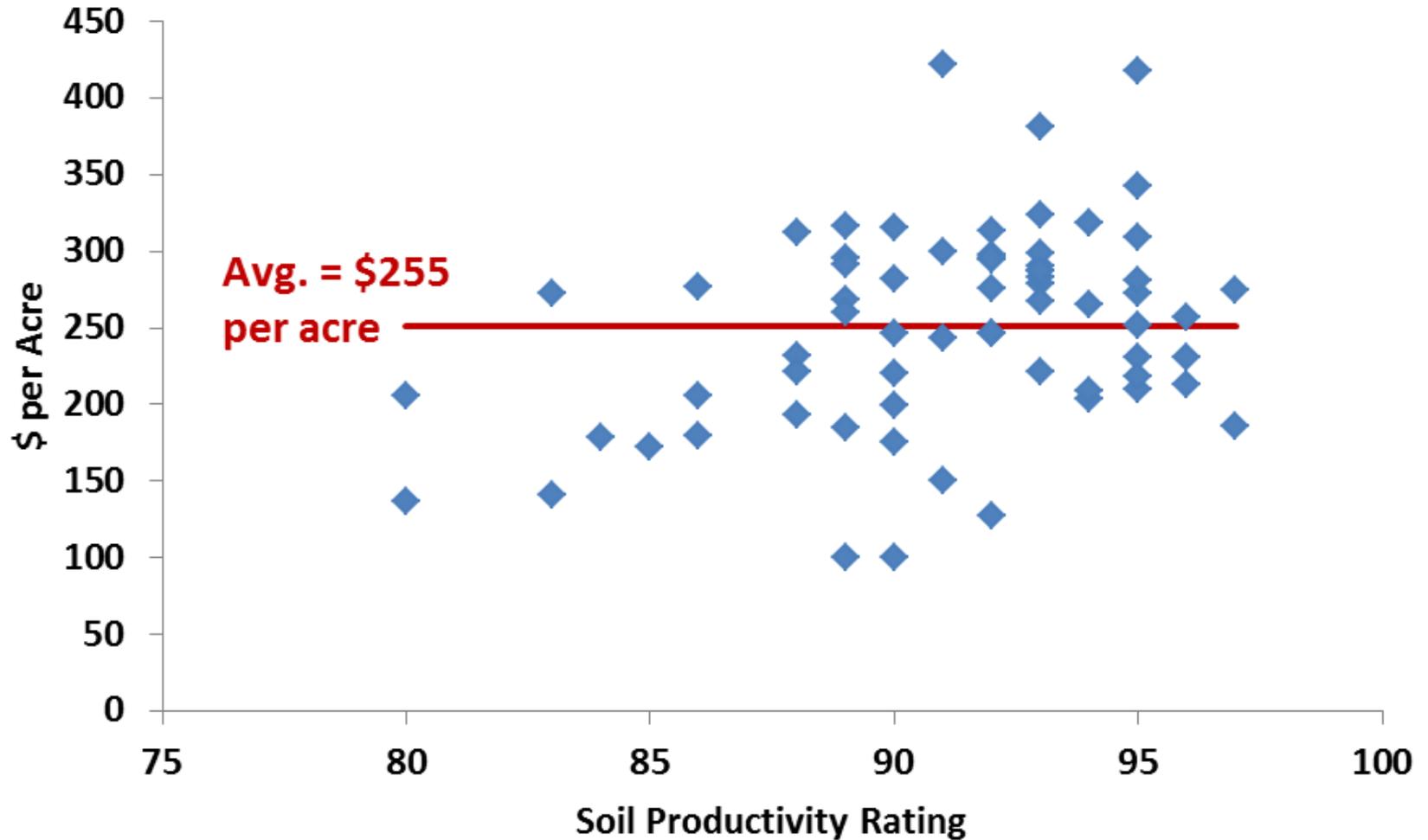


Cash Rents in Illinois

(Source USDA)



Cash Rents, FBFM, Logan County, Illinois (\$ per acre)



Mid-Year Leasing Survey

Illinois Society of Professional Farm Managers and Rural Appraisers

Land Quality	Expected Corn Yields	2012 Rent	2013 Proj. Rent	Change
	Bu./acre	\$/acre	\$/acre	\$/acre
Excellent	Over 190	\$373	\$384	\$11
Good	170 – 190	\$317	\$326	\$9
Average	150 – 170	\$269	\$272	\$4
Fair	150 or less	\$212	\$214	\$2

Averages for professionally managed land

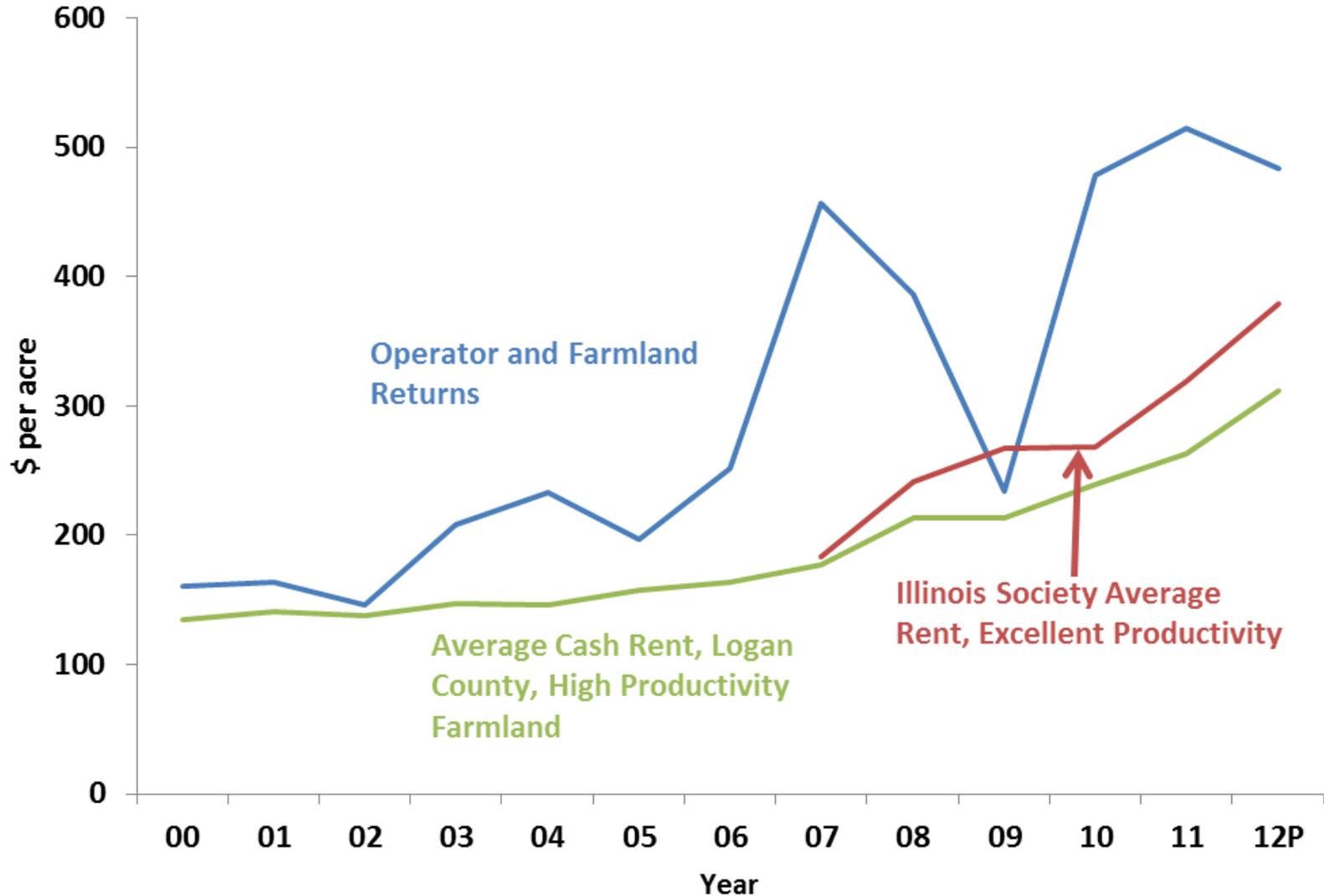
Always higher than averages

www.ispfmra.org/land-values.html

www.farmdoc.illinois.edu



Returns and Rents



Variable Cash Rent

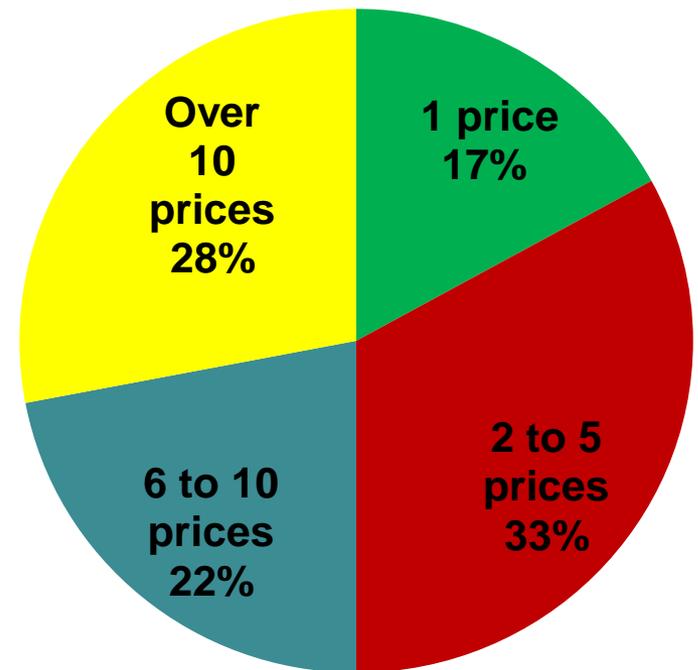
- **Set a minimum cash rent**
- **Have a “bonus” based on a percentage of crop revenue**
- **Movement toward including crop insurance proceeds in revenue**



Determining Crop Revenue

- **Crop Revenue = Yield x Price**
- **Yield options:**
 - Farm yield
 - Expected county yields
- **Prices (What and timing):**
 - Alternatives
 - Local delivery point
 - Future prices *
 - Crop insurance (base, harvest) *
 - Timing and collection
 - Suggest getting through spring and harvest

**Number of Prices Collected
by Illinois Society Farm
Managers**



* Will impact rent factor level



Summary

- **Continued movement to cash leases with:**
 - **Higher cash rents**
 - **Short lease terms**
 - **Fertilizer/soil testing requirements**
 - **Yield documentation requirements**
- **Some movement to variable cash rent agreements, with crop insurance in revenue calculation**
- **Cash rent levels may be overshooting “normal” return levels**

