

Clermont County Agriculture and Natural Resources

Agricultural Land Cash Rental Rates

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Estimating average farm rental rates in Clermont County is challenging due to the changing nature of agriculture in the county. Parcel sizes in Clermont County are smaller than those in surrounding counties and the challenge of moving large farm equipment around the county has never been more difficult. Compounding the problem of estimating farm rental rates is the reluctance of many landowners and farmers to share their own rental agreements with others. However, the National Agricultural Statistics Service has released a county-by-county cash rental average which is reported in the chart below:

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Land Values/Cash Rents 2014 – Southern

Land Class		Average	Range*	
Average	Avg Com Yield (bu/a)	157.1	179.3	134.9
	Avg Soybean Yield (bu/a)	48.5	55.5	41.5
	Market Value per Acre	\$5,109	\$6,322	\$3,896
	Rent per Acre	\$137	\$186	\$88
Top	Avg Com Yield (bu/a)	194.0	215.1	172.9
	Avg Soybean Yield (bu/a)	63.7	75.7	51.7
	Market Value per Acre	\$6,300	\$7,552	\$5,048
	Rent per Acre	\$195	\$259	\$131
Poor	Avg Com Yield (bu/a)	127.5	142.3	112.7
	Avg Soybean Yield (bu/a)	35.8	38.1	33.5
	Market Value per Acre	\$3,100	\$4,303	\$1,897
	Rent per Acre	\$84	\$115	\$54

1/26/2015

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Rental Rates Going Forward

- Rents at the low end of the market may stay flat or have some upside potential yet as they catch up to the current market.
- Rents at the high end of the market will be sticky as operators may be reluctant to ask for relief after one year of low prices for fear of losing part of their land base. Landowners may be reluctant to give up gains especially if they feel rent increases lagged the market. Landowners should work with farmers if margins remain tight.
- Flex leases will likely decline due to lower crop prices and margins.

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Managing Rents in a Period of “Normalizing” Profit Margins

- Strengthen Balance Sheet to survive a reversal
- Communicating with Landowners of the reality for lower to negative “returns” and the need for rents to decrease...
- Communicate the value of non-cash benefits to the landowner
- Consider flexible cash leases

Additional Resources:

<http://ohioagmanager.osu.edu/category/farm-rents/>

<http://ohioline.osu.edu/fr-fact/index.html>

<http://aede.osu.edu/research/osu-farm-management/enterprise-budgets>