



Waupaca Co Farmland Rental Survey Summary Report (2011-12)¹

Introduction

Renting cropland is an important transaction for both landowner and farmer. In Waupaca County, more than 3,000 parcels of property include land classified as agriculture, more than half or 1700+ land owners with at least 15 acres of agricultural land. In turn, farmers pay local land owners an estimated \$3 million each year in rental payments to raise crops on their land, covering 50,000 acres or nearly 25-30% percent of all cropland in Waupaca County each year. These rental payments can be an important source of income for landowners, especially rural elderly landowners living on a fixed income. But rental payments also represent a significant expense for farmers without any assurance of return on their investment, due to unknown variables like weather and market price.

Recent strong commodity prices for dairy, livestock and grain crops, along with a relatively stable or favorable outlook in the futures market, have many farmers and landowners wondering if cropland rental rates should be adjusted. As a result, more and more landowners and farmers are asking, "what's cropland renting for in my area?" While this seems like a simple question, many variables can affect individual rental rates even within a town or rural neighborhood.

According to the most recent statewide survey data by the WI Ag Statistics Service (WASS), average rental rate for Wisconsin cropland in 2011 was \$96 per acre, up more than 10% from \$87 in 2010. Locally, the WASS survey shows Waupaca County rental rates averaged \$64 per acre in 2011, up nearly 7% from \$60 in 2010. Unfortunately, this annual statewide survey does not provide more local information or a range in rental rates beyond county level data. And because rental income and payments are important to both local farmland owners and renters, Greg Blonde, UW-Extension Agriculture Agent, initiated a more comprehensive local study of Waupaca County cropland rental rates in February 2012.

Survey Design / Methodology

The Waupaca County Land Information GIS system was used to randomly select half of all landowners with at least 15 acres assessed as agricultural property to receive a land rent mail survey. A cover letter explaining the purpose of the survey was mailed in early February (2012), including an anonymous pre-paid return postage survey postcard. Since most farmers who rent land also own other crop land, this list of property owners assured both farmers and rural nonfarm landowners would be included in the survey, thereby reducing the potential for survey bias from over-reported values by non-farm landowners or under-reported values by farm renters.

The survey post-card (developed by and previously used by Extension colleagues in Western WI) allowed each respondent to identify themselves as either a landowner, a renter or both, as well as the current rental rate (\$ per acre for 2011 or 2012) for their four most productive rented fields in a specific township.

(continued)

¹ Prepared and presented by Greg Blonde, Professor, UW-Extension Waupaca County Agriculture Educator. Leasing Agriculture Farmland statewide webinar. March 14, 2012

Survey Results

Over 225 landowners returned the rental postcard survey (26% response rate), with 192 valid responses representing nearly 350 different fields in all twenty-two Waupaca County towns. The countywide summary shown below in Table 1 shows just over half of all responses were from landowners, with the remaining 49% from farmers evenly divided between renters and those indentifying them self as both landowner and renter. While the median countywide rental rate of \$60 per acre (a midpoint where half the reported values are above and half are below) is similar to the 2011 WASS survey of \$64 per acre, rental rates reported in the Waupaca County survey varied from \$10 to \$175 per acre reinforcing the notion that many variables can affect the rental value of each field. In addition, the survey showed that while rental rates tend to vary less within each town, higher rates were reported more frequently in those areas with higher farm numbers and more productive land.

Table 1. 2011-2012 Waupaca County Farmland Rent Survey

| Town | Fields | Owner | Renter | Both | \$/Acre Range | \$/Acre Median ¹ |
|--------------|------------|------------|------------|------------|-----------------|-----------------------------|
| Bear Creek | 30 | 63% | 14% | 23% | \$33-150 | \$85 |
| Caledonia | 11 | 27% | 73% | — | \$40-115 | \$70 |
| Dayton | 12 | 42% | 16% | 42% | \$20 - 55 | \$35 |
| Dupont | 31 | 26% | 39% | 35% | \$35-150 | \$70 |
| Farmington | 10 | 40% | 50% | 10% | \$10 - 77 | \$25 |
| Fremont | 4 | 50% | 50% | — | \$40 - 65 | \$53 |
| Harrison | 5 | 60% | 40% | — | \$50 - 70 | \$50 |
| Helvetia | 6 | 17% | 33% | 50% | \$30 - 65 | \$35 |
| Iola | 8 | 25% | 25% | 50% | \$30 - 60 | \$50 |
| Larrabee | 34 | 76% | 15% | 9% | \$20-150 | \$70 |
| Lebanon | 24 | 58% | 38% | 4% | \$25-130 | \$70 |
| Lind | 13 | 23% | 62% | 15% | \$30-100 | \$70 |
| Little Wolf | 35 | 54% | 34% | 12% | \$30-140 | \$65 |
| Matteson | 7 | 43% | 14% | 43% | \$35-150 | \$50 |
| Mukwa | 12 | 83% | — | 17% | \$10-125 | \$55 |
| Royalton | 20 | 65% | — | 35% | \$35-100 | \$60 |
| Scandinavia | 16 | 94% | 6% | — | \$25 - 60 | \$45 |
| St. Lawrence | 10 | 20% | 30% | 50% | \$30-100 | \$40 |
| Union | 29 | 34% | 28% | 38% | \$25-150 | \$50 |
| Waupaca | 21 | 48% | 4% | 48% | \$20-175 | \$50 |
| Weyauwega | 6 | 67% | 17% | 17% | \$40-150 | \$60 |
| Wyoming | 3 | 67% | — | 33% | \$30 - 40 | \$40 |
| Total | 347 | 51% | 25% | 24% | \$10-175 | \$60 |

¹ The midpoint where half of all reported rates are above and half are below.

In summary, fair rent is whatever the landlord and tenant can agree on. Factors affecting cropland rental rates include: soil type, fertility and drainage; competition for farmland in that immediate area; farm/field size and shape; access to good roads and infrastructure (grain/manure storage); conservation requirements; federal farm program eligibility; terms and conditions of the lease (annual vs. multi-year); payment structure; additional landowner requirements (maintain field roads or ditches) or services provided by the renter (tree pruning, snow plowing, garden manure, etc.); profit potential and risk level, as well as the local “going rate”.

Regardless of the rate, lease agreements should always be in writing with some farmers willing to pay a little extra for a multi-year written agreement.