

1976 Land Rental

Arlyn R. Staroba and J.E. Johnson

North Dakota farmers continue to use land leasing as an important part of their resource acquisitions. In 1976, cash rent replaced the crop-share as the most widely used lease type. Cash rental rates continued to rise but at a slower rate than in 1975.

The popularity of cash renting has grown in North Dakota over the past several years, and in 1976 accounted for slightly more than half of all leases reported on the 1976 Farmland Market Survey conducted by the Department of Agricultural Economics. Crop-share leases represented 44 per cent of the reports, with a combination of crop-share and cash in the remaining 6 per cent of the replies. Cash rent, as in recent years, was more popular in the eastern part of the state, while crop-share prevailed in western areas (see Map 1).

Averages in this report are based on 113 replies from real estate brokers. The total number of replies varies from year to year, and also varies in number of replies within each State Economic Area (SEA). The small number of replies in most counties prevents estimating any county average farmland rental values.

Map 2 shows that the most common crop-share lease again in 1976 was the $\frac{2}{3}$ - $\frac{1}{3}$ arrangement, followed by the 50-50 share lease. The $\frac{2}{3}$ - $\frac{1}{3}$ arrangement averaged more than 65 per cent usage of the crop-share leases in all SEA's, with the exception of SEA's 3B and 4 where the 50-50 arrangement was more widely utilized. The 50-50 arrangement usually includes more risk shared by the landlord through the payment of more of the expenses, while in the $\frac{2}{3}$ - $\frac{1}{3}$ arrangement, the tenant commonly pays all expenses.

The state average cash rent for wheat or barley land increased by 15 per cent from \$25.58 per acre in 1975 to \$29.52 in 1976 (Map 3). The largest percentage cash rent increases (all over 21 per cent) were recorded in SEA's 1, 3B and 3C. Less than 5 per cent increases were recorded in the northern wheat area and south-central livestock-grain area (SEA's 3A and 2B). Comparatively, the state average land value rose by 14 per cent from \$285 in 1975 to \$325 in 1976, according to the Farmland Market Survey. The percentage of cash rent to land value continued at about an average of 9.08 per cent for the state. Traditionally, this value has ranged from 7.5 to 8.5 per cent.

Average cash rent for pastureland decreased in two of the seven State Economic Areas between 1975 and 1976 (Map 4). SEA's 1 and 3A reported

a 3.5 and 3.6 per cent drop in average pasture cash rent per acre, respectively. Highest increases in pastureland cash rent were recorded in the eastern part of the state, with small or no increases in central and western North Dakota.

Reports of cash rent paid for specialty crops ranged from \$25 to \$100 per acre. Specialty crops listed included sugar-beets, potatoes, pinto beans, sunflowers, and clover for hay.

1974 Census of Agriculture

Selected farm operator characteristics important to the land rental picture are summarized by counties in Table 1. The data are from the preliminary *1974 Census of Agriculture* which was released in late 1976. Comparative data for 1969 are also included.

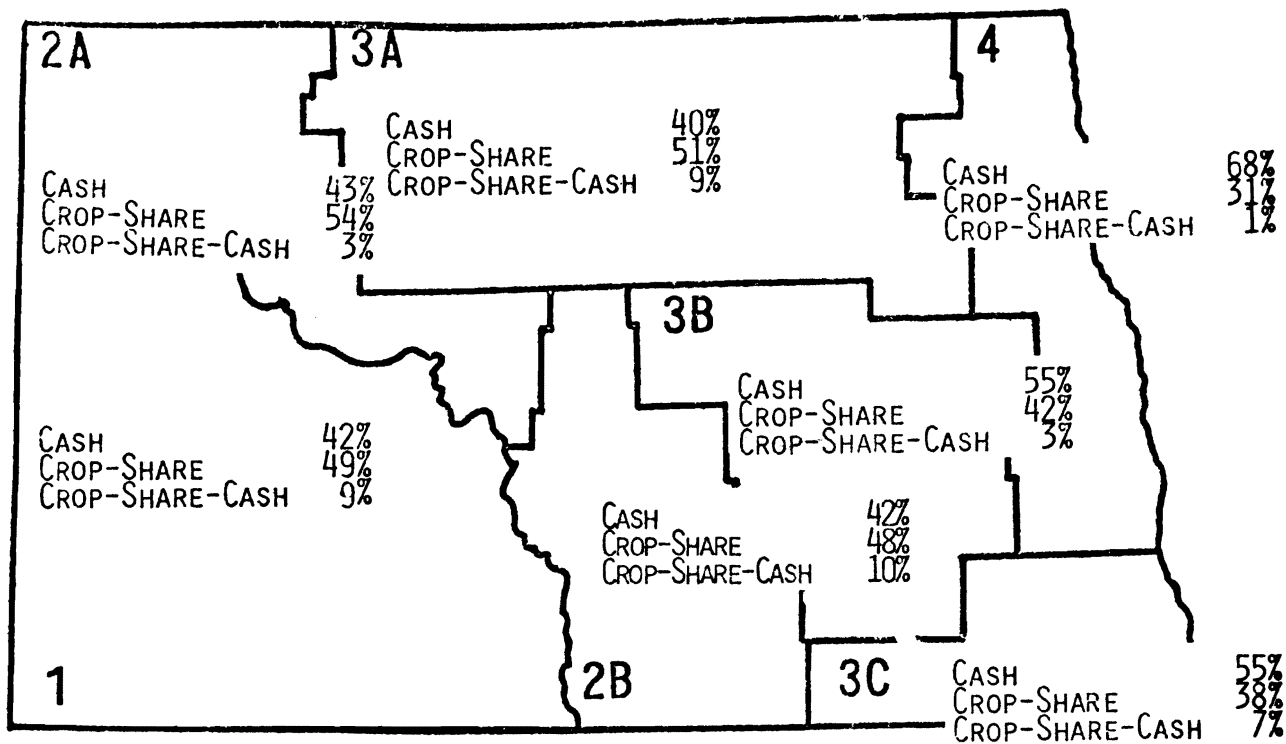
On a state-wide basis, general historical patterns that are occurring throughout the United States continued between the two censuses (1969, 1974). The number of farms in North Dakota decreased on the average of 600 farms per year during this five-year period, while the average size of farm increased. About 1,038,000 acres were shifted out of agriculture by expanding cities, highways, power lines, etc. The average age of farm operators in the state increased by almost two years to 50.5.

The only trend that indicated some reversal from historical patterns was in the ownership of land. Historically, the state has been moving away from full ownership of land toward renting. But between 1969 and 1974, the number of farms operated by full owners as a percentage of all farms increased by 1.7 per cent, while both part ownership and full tenancy declined. Whether this is also true of the number of acres controlled by the various tenancy classes is not yet known.

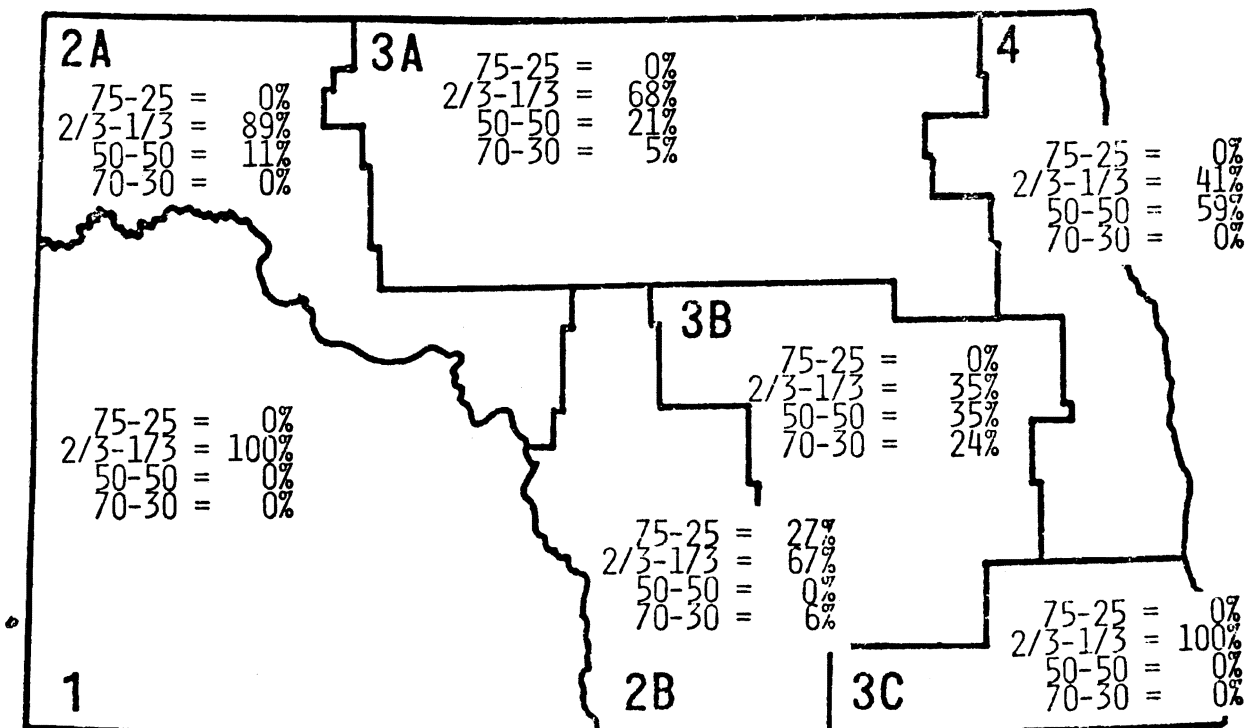
The percentage of owner-operated farms increased in 37 of the 53 counties. Counties not realizing an increase in owner-operatorship were mainly located in the northern one-half or the southwestern corner of the state.

Statewide, the number of part owner-operated and full tenant-operated farms fell by almost 2 per cent. Twenty-one counties increased in the percentage of part owner-operated farms, with no counties in the northwestern corner of the state recording an increase. No eastern North Dakota counties registered a percentage increase in full tenant-operated farms.

Staroba is research associate and Dr. Johnson is professor, Department of Agricultural Economics.

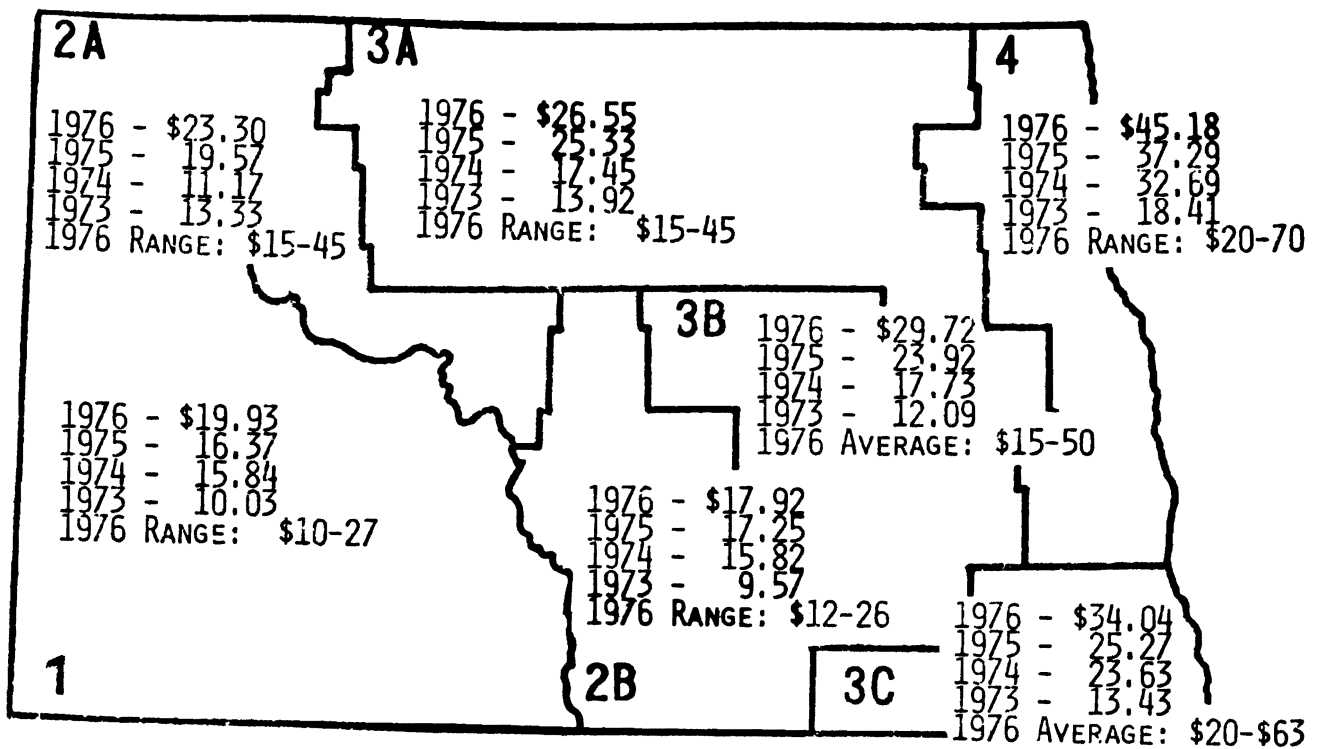


Map 1. Per cent of leases by types in use in 1976.

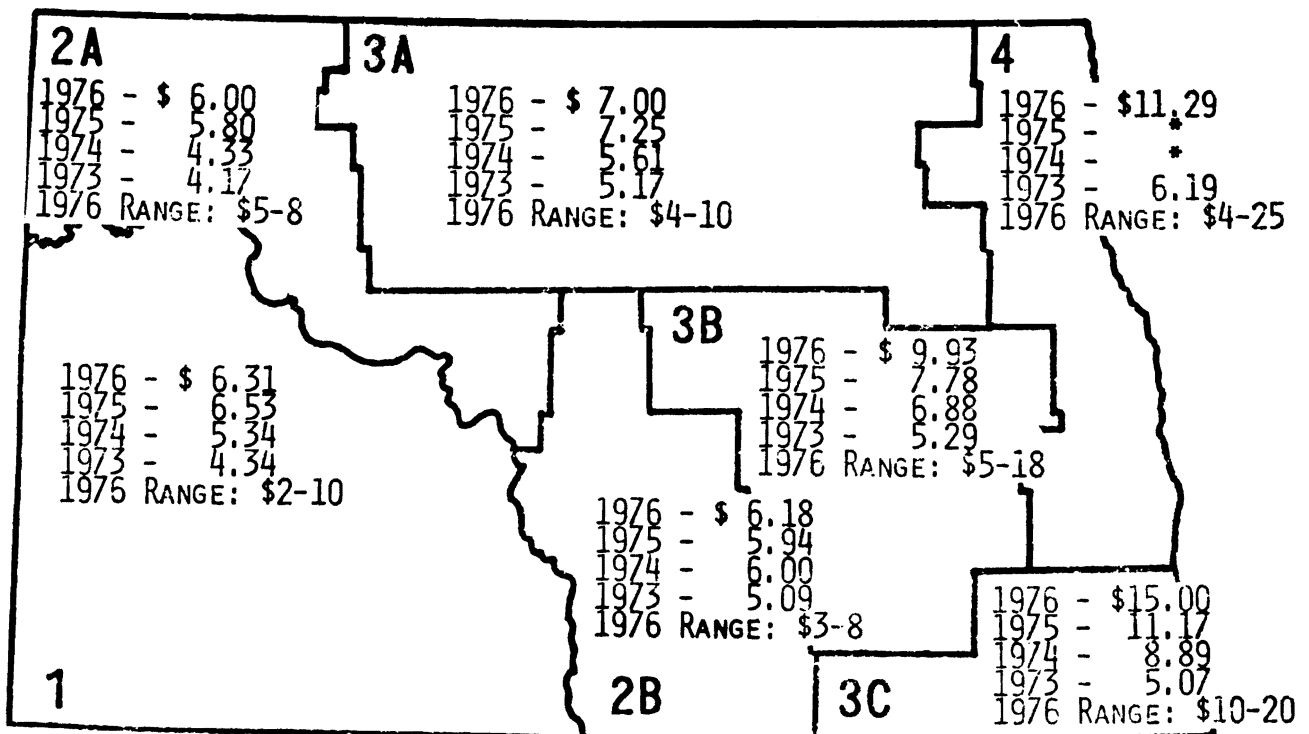


Map 2. Per cent of crop-share leases in use in 1976.

The total is less than 100% in some cases due to the presence of other share ratios.



Map 3. Cash rent per acre — wheat or barley land, 1976.



Map 4. Cash rent per acre — pastureland 1976.

Table 1. Selected North Dakota Farm Tenure Characteristics, 1974 and 1969 Censuses of Agriculture.

NORTH DAKOTA COUNTIES	Number of Farms		Average Size of Farm Operating Units		Tenure: Full Owners		Tenure: Part Owners		Tenure: Full Tenants		Average Age of All Operators	
	1974	1969	1974	1969	1974	1969	1974	1969	1974	1969	1974	1969
	Number		Acres				Per Cent of Farms				Years	
ADAMS	480	498	1,283	1,281	42	39	44	50	14	11	50.2	50.2
BARNES	1,255	1,324	747	729	44	42	42	42	14	16	50.0	49.5
BENSON	1,024	977	893	856	40	39	45	46	15	15	49.6	49.6
BILLINGS	276	292	2,850	2,689	51	49	38	42	11	9	52.2	50.4
BOTTINEAU	1,217	1,277	891	838	35	36	52	48	13	16	50.9	50.0
BOWMAN	401	418	1,807	1,789	37	34	51	56	12	10	50.3	48.7
BURKE	673	739	945	893	37	35	51	54	12	11	52.9	51.7
BURLEIGH	884	932	1,120	1,100	47	47	43	42	10	11	50.5	48.7
CASS	1,546	1,684	672	656	40	35	40	40	20	25	50.3	48.4
CAVALIER	1,152	1,274	780	751	36	35	48	45	16	20	50.5	49.3
DICKEY	819	837	821	833	45	43	43	47	12	10	49.4	49.0
DIVIDE	687	733	1,125	1,072	34	36	51	57	15	7	51.8	50.4
DUNN	784	821	1,771	1,756	46	45	43	45	11	10	50.4	48.7
EDDY	395	445	958	931	43	44	44	44	13	12	48.6	48.9
EMMONS	942	1,055	907	860	54	46	39	40	7	14	49.9	46.8
FOSTER	376	430	1,078	917	40	45	50	44	10	11	50.5	48.5
G VALLEY	293	305	1,707	1,710	37	31	54	51	9	18	49.9	50.1
G FORKS	1,172	1,281	739	683	31	33	52	47	17	20	48.9	49.6
GRANT	817	872	1,232	1,165	44	46	46	45	10	9	49.8	48.2
GRIGGS	544	562	822	788	46	45	41	43	13	12	49.8	49.8
HETTINGER	615	663	1,235	1,183	34	38	54	51	12	11	49.7	47.0
KIDDER	624	674	1,219	1,147	46	44	44	50	10	6	49.9	48.3
LAMOURE	934	1,011	775	717	45	41	43	46	12	13	50.3	48.9
LOGAN	655	717	919	860	47	43	41	47	12	10	48.1	47.3
MCHENRY	1,168	1,211	994	934	43	40	44	48	13	12	52.4	49.9
MCINTOSH	702	759	868	791	38	41	52	51	10	8	49.0	47.1
MCKENZIE	892	905	1,386	1,876	45	41	46	50	9	9	51.8	49.8
MCLEAN	1,328	1,439	922	875	38	35	49	53	13	12	51.5	48.6
MERCER	658	706	912	899	40	39	45	46	15	15	51.3	47.5
MORTON	1,122	1,146	1,140	1,030	52	48	40	42	8	10	48.3	47.3
MOUNTAIN	1,048	1,112	1,039	1,015	40	36	51	52	9	12	51.5	49.5
NELSON	763	787	845	818	39	36	47	46	14	18	51.6	49.7
OLIVER	404	434	1,023	1,406	47	43	46	45	7	12	51.3	49.5
PEMBINA	936	1,065	716	630	36	37	50	46	14	17	51.7	49.9
PIERCE	687	778	896	870	43	44	43	42	14	14	49.6	48.6
RAMSEY	799	888	925	846	44	40	41	41	15	19	52.3	49.3
RANSOM	662	770	816	723	46	46	42	41	12	13	50.3	49.1
RENVILLE	558	616	928	861	30	34	51	51	19	15	51.9	49.1
RICHLAND	1,532	1,627	571	529	40	36	45	44	15	20	50.2	48.7
ROLETTE	623	603	821	821	44	39	41	43	15	18	50.8	47.1
SARGENT	703	787	728	681	42	39	46	45	12	16	49.3	48.4
SHERIDAN	569	654	953	917	37	38	48	48	15	14	49.0	48.0
SIOUX	262	239	3,254	2,978	33	26	56	59	11	15	47.4	47.2
SLOPE	333	324	2,384	2,240	36	43	50	44	14	13	49.1	47.5
STARK	906	909	928	947	51	46	38	41	11	13	50.0	46.5
STEELE	568	581	816	767	33	32	51	49	16	19	50.7	48.6
STUTSMAN	1,275	1,412	1,026	958	43	44	45	45	12	12	49.3	49.2
TOWNER	693	722	942	919	38	32	43	45	19	23	52.6	48.5
TRAILL	864	992	606	548	33	32	47	45	20	23	49.4	49.3
WALSH	1,225	1,415	653	592	37	35	49	49	14	16	51.5	49.2
WARD	1,468	1,555	841	815	39	36	47	48	14	16	50.9	49.3
WELLS	899	971	922	855	37	36	48	47	15	17	49.4	48.2
WILLIAMS	1,154	1,153	1,071	1,115	36	33	50	58	14	9	51.9	50.5
N.D.	43,366	46,381	970	930	40.7	39.0	45.9	46.6	13.4	14.4	50.5	48.9

SOURCE: U.S. CENSUS OF AGRICULTURE, preliminary reports, 1974.

