

Trends in 1980 Farmland Leases and Rentals

Jerome E. Johnson

Many North Dakota farmers and ranchers use leasing agreements to gain control of additional resources for their businesses. Information from 145 leasing reports have been summarized by eight farming areas to show trends in sharing arrangements and rental rates in 1980.

Cash leases continued to be the most common type of lease used, but was down to 53 per cent in 1980 from 56 per cent of all leases reported in 1979. Crop share leases rose in 1980 to 41 per cent of all leases, up from 36 per cent in 1979. About 7 per cent of the leases were of cash-share combinations in 1980.

The three figures show simple computed averages of leasing data for the eight farming areas of the state. The leasing questions ask reporters for an overall view of the leasing situation in their service areas. About two-thirds of the reporters were farm real estate brokers and nearly one-third were county supervisors of the Farmers Home Administration. The reports reflect a generalized interpretation or subjective feeling of reporters of leases they know of within their service areas. This information can provide a picture of leasing trends, but it is not a representative sample of actual leasing agreements.

Figure 1 presents a percentage distribution of leases by types in use in 1980 for the eight farming areas. Cash leases in 1979 dominated in all areas but the Northwest area. The picture changed in 1980 with cash leases being the leader in all but the Northwest, Southwest Central, and Northeast Central areas. The 1980 figures for both Red River Valley areas are close to the view presented in 1979. Crop share leases increased in 1980 over 1979 figures in the Northwest, Southwest Central, and the Northeast Central farming areas.

The most common crop sharing arrangement for wheat continues to be the two-thirds to one-third sharing ratio, which made up about 86 per cent of the crop share leases reported for 1980 (Figure 2). It dominated in all eight farming areas, but was challenged in the South Red River Valley area where 36 per cent of the leases were 50-50 sharing arrangement. About a fifth of the crop share leases in the Northeast Central area was of the 50-50 sharing agreement. Irrigation and specialty crops could lead to the introduction of other arrangement locally in some farming areas.

Figure 3 offers calculated average rents per acre for hay, pasture and wheat/barley lands, and the range in estimates reported. Weather conditions and product prices influence rental rates more quickly than they affect land values, since most leases are of a one year renewable term. Some variation comes from the com-

position of the group of reporters and their feelings, but 1980 figures reflect a different growing season.

Calculated average rentals for hayland were down in all farming areas of the state except in the Northwest Central area. The two Red River Valley farming areas do not have enough hay or pastureland for meaningful estimates. Cash rent for hayland in North Dakota averaged \$10.75 per acre in 1980, down from \$11.78 reported for 1979 but higher than the average of \$9.35 calculated in 1978. The 1980 market involved a drought and a short hay supply.

Average cash rent for pastureland for the state was \$9.55 an acre in 1980, up from \$8.99 in 1979 and \$8.96 in 1978. Little change in average rental rates for pastureland was reported for the Northwest, Southwest Central, and Southeast Central areas. The largest increases were reported for the Southwest and Northeast Central areas, where averages were up more than a dollar an acre.

Mixed trends also were reported for average cash rentals for wheat/barley cropland in 1980. Little change was noted for three of the eight farming areas: Northwest, Southwest, and Southwest Central farming areas. Minor declines were calculated for the Northwest Central and Northeast Central areas. The most increase was shown for the North Red River Valley and Southeast Central farming areas.

Wheat/barley cropland cash rentals averaged \$29.68 in North Dakota in 1980, down from \$31.56 in 1979, but higher than the \$26.04 of 1978 and the \$25.29 an acre reported in 1977. The 43 reports on sunflower cash rentals in 1980 averaged \$36.48 an acre, ranging from an average of \$56.25 in the South Red River Valley, \$42.60 in the Southeast Central area, \$35.71 in the Northeast Central area, and \$20.00 an acre in the Southwest farming area. The 11 sugarbeet cash rentals averaged \$74.00 an acre for the two Red River Valley farming areas.

The 145 leasing reports offer a capsule view of the 1980 leasing arrangements and rental rates. Recently the Preliminary Reports by counties of the 1978 Census of Agriculture became available. The data on tenure of operator have been computed by counties and the eight farming areas, as shown in Table 1. The 1974 and 1978 figures are better for studying relative levels more than the absolute numbers of operators by tenure groups. The figures for "All Farms" are presented in Table 1, although the numbers for "Farms with Sales of \$2,500

Johnson is professor of agricultural economics.

or More” may be applicable to some studies. There are problems in the definition of a farm and completeness of enumeration which suggest placing the emphasis on relative changes in tenure. Future reports may examine changes in land resources operated by each tenure class as more Census of Agriculture data are published.

The **Preliminary Report of the 1980 Census of Agriculture** does show substantial changes in tenure and average ages of operators. The census data have been processed to obtain averages for the eight farming areas. The age of operators of “All Farms” averaged 47.7 years in 1978. The large decline in average age of all operators is evident since the average reported was 49.9 years in 1974. Previous average ages published were 48.9 years in 1969, 48.1 years in 1964, and 46.9 years in 1959. The change also occurred for operators of “Farms with Sales of \$2,500 or more”: average age of 47.8 in 1978 and 49.9 years in 1974.

The data show a shift toward tenants as a portion of all farm operators by counties and the eight farming areas. For the state as a whole, the percentage distribution in 1978 and 1974 are: full owners—34.6 per cent, 39.4 per cent; part owners—48.2 per cent, 47.2 per cent; and tenants—17.2 per cent, 13.4 per cent. A similar trend is reported for operators of “Farms with Sales of \$2,500 or More” in 1978 and 1974: full owners—32.6 per cent, 37.6 per cent; part owners—50.7 per cent, 49.1 per cent; and tenants—20.8 per cent, 13.3 per cent. Full owners as a per cent of all operators has declined for both “All farms” and those with “Sales of \$2,500 or more.” The tenant group increased in percentage terms from 1974 to 1978, according to the two ways of reporting the number of farms.

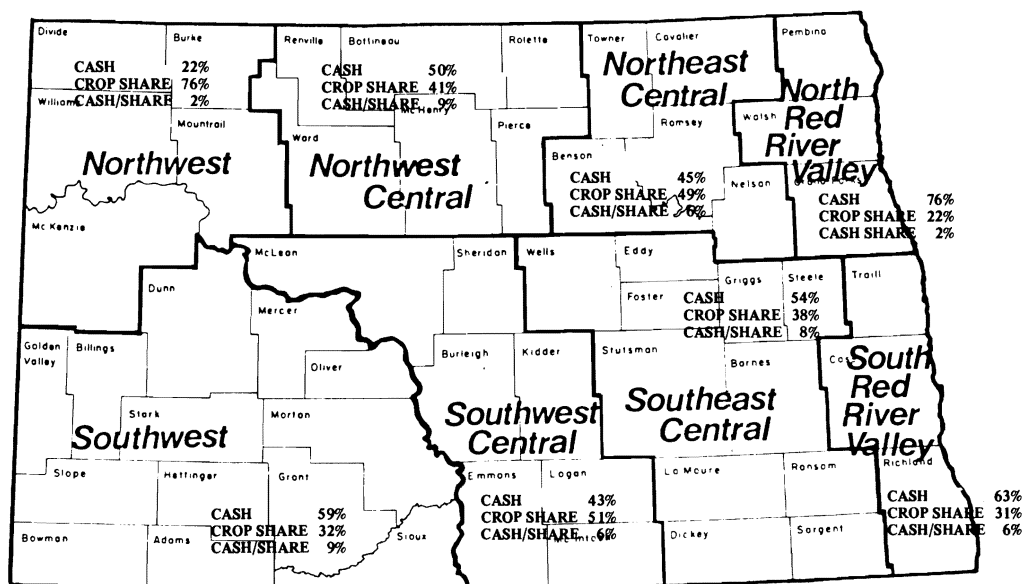


FIGURE 1. Per Cent of Leases by Types in Use in 1980.

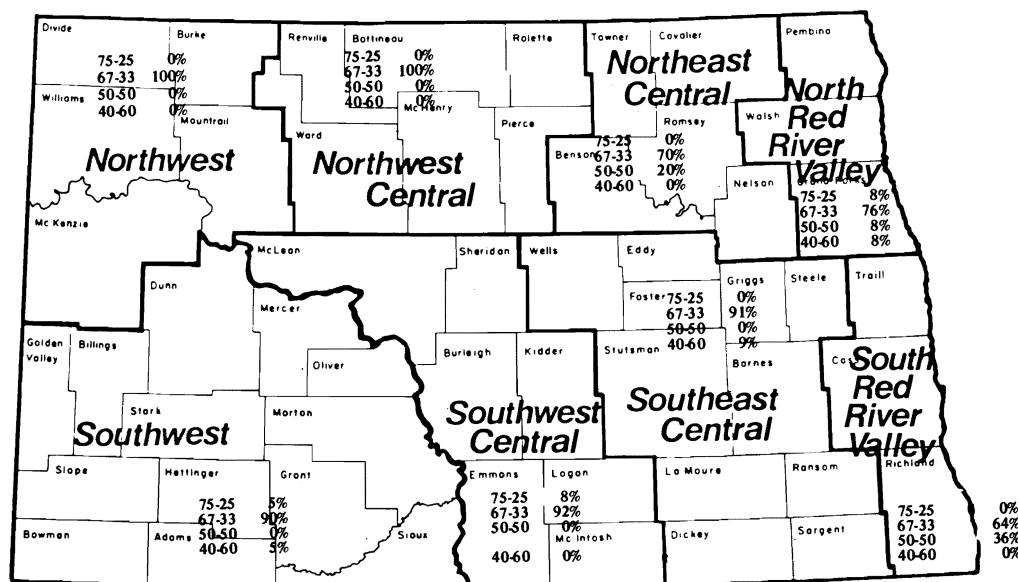


FIGURE 2. Per Cent of Crop Share Leases Reported for Wheat for 1980.

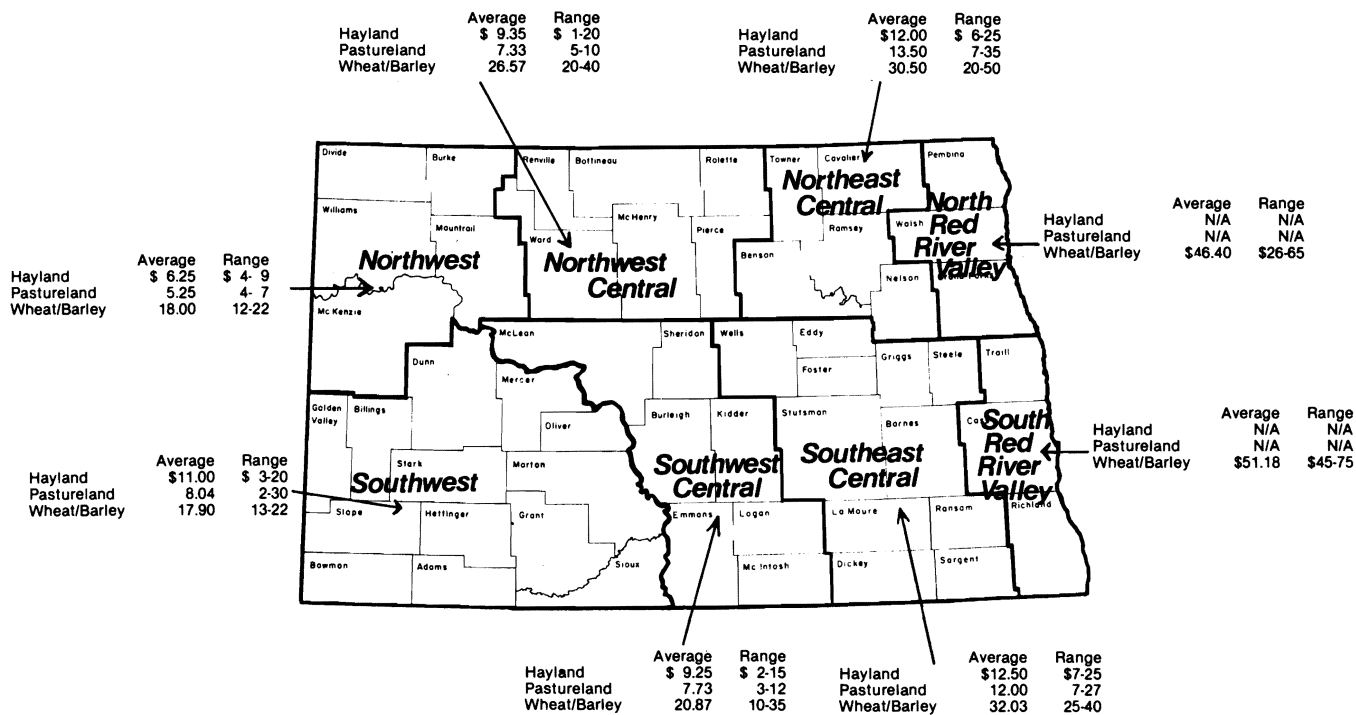


FIGURE 3. Cash Rents Per Acre for Hayland, Pastureland, and Wheat/Barley Land in 1980; and Computed Simple Averages and Ranges of Estimates Reported.

TABLE 1. Selected North Dakota Farm Tenure Characteristics, 1978 and 1974 Censuses of Agriculture

Farming Area and County	Tenure of Operators								Ages of Operators	
	Number of Farms		Full Owners		Part Owners		Full Tenants			
	1978	1974	1978	1974	1978	1974	1978	1974	1978	1974
	-----Number-----		-----Percent of All Farms-----						-----Years-----	
NORTHWEST										
Burke	650	671	28.1	33.7	50.5	53.2	21.4	13.1	49.8	51.3
Divide	671	693	33.2	33.9	52.0	52.5	14.8	13.6	50.1	51.1
McKenzie	804	884	40.3	43.6	47.1	47.4	12.6	9.0	50.4	50.7
Mountrail	935	1,041	32.0	37.9	52.1	53.2	15.9	8.9	49.7	51.3
Williams	1,133	1,106	32.6	34.4	51.1	53.1	16.3	12.5	49.1	51.7
Total	4,193	4,395	33.3	36.9	50.6	51.9	16.1	11.2	49.8	51.2
SOUTHWEST										
Adams	420	481	38.3	40.7	50.7	44.5	11.0	14.8	49.9	49.3
Billings	295	271	41.7	48.7	38.3	39.9	20.0	11.4	49.2	50.9
Bowman	414	380	34.1	35.8	50.2	54.2	15.7	10.0	49.2	50.5
Dunn	748	792	44.0	46.8	44.1	41.9	11.9	11.3	48.6	49.3
G. Valley	332	287	34.3	34.8	51.5	55.4	14.2	9.8	51.1	49.5
Grant	744	828	44.2	43.5	40.6	46.2	15.2	10.3	47.3	49.2
Hettinger	548	609	27.0	36.0	55.1	51.9	17.9	12.1	46.7	49.1
Mercer	579	644	33.7	37.7	50.8	47.5	15.5	14.8	47.9	50.5
Morton	1,032	1,095	48.3	50.4	40.5	40.6	11.2	9.0	47.3	47.6
Oliver	386	391	38.6	45.0	50.5	47.1	10.9	7.9	49.2	50.9
Sioux	226	257	30.1	33.4	58.4	58.0	11.5	8.6	47.2	47.0
Slope	333	330	36.6	34.8	46.0	50.9	17.4	14.3	47.6	48.9
Stark	826	889	43.5	49.5	43.5	39.4	13.1	11.1	46.9	49.0
Total	6,883	7,254	39.8	43.1	46.4	45.8	13.9	11.1	48.3	49.4

TABLE 1. (continued)

NORTHWEST

CENTRAL

Bottineau	1,077	1,192	31.6	32.0	50.6	53.8	17.8	14.2	48.1	50.1
McHenry	1,045	1,156	37.1	41.5	48.4	45.2	14.5	13.3	48.1	51.2
Pierce	613	686	34.6	41.7	48.8	44.0	16.6	14.3	48.4	48.9
Renville	541	547	31.4	30.3	49.5	52.3	19.1	17.4	47.6	51.4
Rolette	658	628	33.1	42.0	43.0	43.0	23.9	15.0	47.3	50.7
Ward	1,359	1,425	33.6	36.8	49.0	49.1	17.4	14.1	48.4	50.3
Total	5,293	5,634	33.7	37.3	48.5	48.3	17.8	14.4	48.0	50.4

SOUTHWEST

CENTRAL

Burleigh	828	845	40.5	47.3	45.0	42.5	14.5	10.2	46.3	50.2
Emmons	925	951	44.1	54.3	41.7	37.6	14.2	8.1	47.3	49.6
Kidder	593	626	39.0	45.8	44.7	44.9	16.3	9.3	47.4	49.5
Logan	582	659	34.7	45.7	50.9	42.6	14.4	11.7	46.8	47.5
McIntosh	654	707	35.3	36.6	52.9	53.8	11.8	9.6	48.1	48.2
McLean	1,270	1,322	32.0	36.7	53.1	50.0	14.9	13.3	48.7	50.9
Sheridan	530	565	31.5	36.8	51.3	49.4	17.2	13.8	47.8	48.3
Total	5,382	5,675	36.8	43.3	48.5	45.8	14.7	10.9	47.5	49.2

NORTHEAST

CENTRAL

Benson	865	1,006	33.2	37.3	49.1	45.3	17.7	17.4	48.3	49.0
Cavalier	1,101	1,122	28.7	33.9	51.3	49.6	20.0	16.5	46.2	50.0
Nelson	716	762	34.6	37.1	46.5	47.8	18.9	15.1	47.7	50.7
Ramsey	772	785	31.1	42.4	47.0	42.2	21.9	15.4	49.1	51.6
Towner	628	684	32.3	36.3	45.4	44.3	22.3	19.4	48.0	50.9
Total	4,082	4,359	31.7	37.2	48.3	46.1	20.0	16.7	47.9	50.4

SOUTHEAST

CENTRAL

Barnes	1,147	1,248	36.0	42.5	48.7	43.1	15.3	14.4	47.9	49.6
Dickey	706	798	42.2	44.6	44.1	44.2	13.7	11.2	47.6	49.2
Eddy	368	394	31.3	44.2	53.0	42.6	15.8	13.2	47.8	48.5
Foster	371	372	31.3	39.5	55.8	52.4	12.9	8.1	48.4	49.6
Griggs	512	525	37.9	43.0	44.3	42.3	17.8	14.7	45.8	49.2
LaMoure	875	924	34.1	42.8	51.2	46.7	14.7	10.5	46.9	49.8
Ransom	596	646	43.5	45.7	43.5	42.9	13.0	11.4	48.0	50.3
Sargent	628	681	33.6	39.8	50.0	48.2	16.4	12.1	46.7	48.9
Steele	513	569	23.0	31.6	55.6	51.7	21.4	16.7	47.8	50.2
Stutsman	1,219	1,249	33.6	42.9	50.9	46.4	15.5	10.7	47.3	49.3
Wells	800	881	29.8	35.8	51.7	49.1	18.5	15.1	47.4	48.9
Total	7,735	8,287	34.5	41.3	49.6	46.1	15.9	12.6	47.4	49.4

NORTH RED

RIVER VALLEY

Grand Forks	1,086	1,136	25.2	29.0	52.1	52.6	22.7	18.4	47.5	48.6
Pembina	946	920	30.0	35.4	51.2	49.1	18.8	15.5	47.9	51.7
Walsh	1,172	1,210	27.1	34.6	53.1	51.2	19.8	14.2	48.2	50.7
Total	3,204	3,266	27.3	32.9	52.2	51.1	20.5	16.0	47.9	50.3

SOUTH RED

RIVER VALLEY

Cass	1,433	1,509	27.6	38.3	48.5	41.0	23.9	20.7	46.9	49.6
Richland	1,368	1,486	31.8	36.9	48.2	47.6	20.0	15.5	47.0	49.7
Traill	787	845	26.9	32.2	48.9	48.4	24.2	19.4	46.8	48.8
Total	3,588	3,840	29.1	36.4	48.5	45.2	22.4	18.4	46.9	49.5

STATE TOTAL

41,172	42,710	34.6	39.4	48.2	47.2	17.2	13.4	47.7	49.9
--------	--------	------	------	------	------	------	------	------	------