

TRENDS IN 1981 FARMLAND LEASES AND RENTALS

JEROME E. JOHNSON

Cash leases continued as the most common type of lease used (one-half of the leasing arrangements) in the state according to the reporters. Crop share leases were second in importance at 30 percent and cash/crop share rental arrangements were third in frequency of use in 1981 at 5 percent.

Figure 1 presents simple averages of three major leasing arrangements by the eight farming areas of the state. Reporters were asked to list the percent of leases in their service area (or county) that were cash, crop share, and cash share arrangements. Simple averages were computed for each lease type. Some sharing arrangements were not accounted for, so the simple averages may not add to 100 percent.

Cash leases led in all farming areas except in the Northwest area. About 70 percent of the leases in the North Red River Valley area were cash leases — up from 60 percent reported in 1980. The Northeast Central area reported 60 percent cash leases — up from 37 percent in 1980. Most of the estimates in the other farming areas in 1981 were close to the estimates reported in 1980.

Second in importance were crop share arrangements accounting for 30 percent of the leases in the state. Crop share leases were first in the Northwest (45 percent of all leases). Crop share leases are less common in the Red River Valley.

Cash/crop sharing arrangements were least frequent in use (5 percent of the leases). They account for a small portion of leases in all farming areas, but were slightly more common in the Southwest Central and Southeast Central areas.

The most widely used crop sharing arrangement for wheat continues to be the two-thirds to one-third sharing ratio which clearly dominated all others for wheat in 1981 (See Figure 2). Some variations exist in the two-thirds/one-third crop share arrangements across the state with some landlords getting one-third net of any costs, some taking 30 percent clear, and other landlords paying some expenses. Red River Valley area reports in-

dicating some movement away from this traditional sharing ratio toward the 50-50 arrangement.

Average cash rents per acre were calculated for hayland, pastureland, and wheat/barley lands; the range in cash rentals in the estimates reported is presented in Figure 3. Product prices and weather conditions influence rental rates more readily than they affect land values since most leases are of a one-year renewable term.

Average cash rentals of hayland rose in some farming areas in 1981, such as in the Northeast Central and Southeast Central areas. Little change was reported in the Southwest and some decline was calculated for the Northwest area. The statewide calculated average hayland cash rental was \$12.67 in 1981 — up from \$10.76 in 1980. The two Red River Valley areas do not have enough hay or pastureland to develop meaningful cash rental averages.

Average cash rentals for pastureland are given by the eight farming areas in Figure 3 with the range in dollars per acre obtained from the reporters. The averages were down in 1981 in all but two farming areas compared to the figures given in the 1980 report. The 1981 and 1980 pastureland average cash rentals were identical in the Northwest Central area. The Southwest Central area averaged cash rental went from \$7.73 per acre in 1980 to \$8.94 in 1981. The range in reported pastureland cash rentals also was much narrower in 1981 than in 1980 for all farming areas. The state calculated average pastureland cash rental was \$9.77 an acre in 1981, which is only a minute change from the \$9.56 average reported in 1980.

Wheat cropland cash rentals averaged \$32.30 an acre in 1981 — rising from \$29.68 in 1980. Area average rentals were up in five of the eight farming areas and especially in the two Red River Valley areas and the Northeast Central area. Little change was reported for the Southwest and Southwest Central farming areas. The calculated average was down 77 cents an acre in the Northwest Central farming area.

The leasing survey presents a capsule view of leasing arrangements and rental rates for 1981. Not enough reports were received for calculating average rentals for beets and potatoes in 1981.

Dr. Johnson is professor, Department of Agricultural Economics

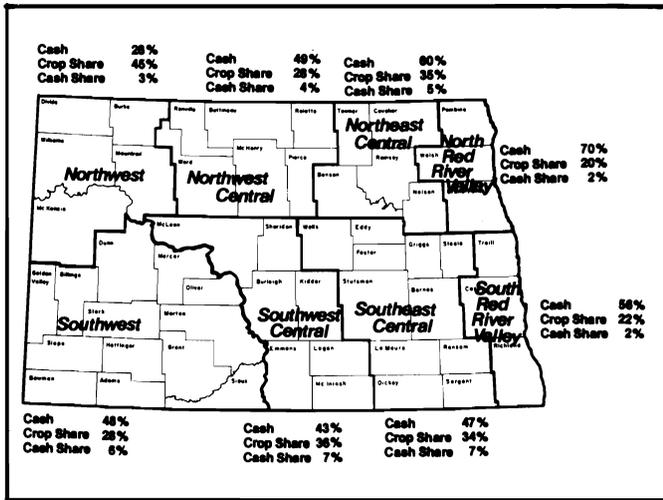


Figure 1. Percent of Leases by Type of Use, 1981

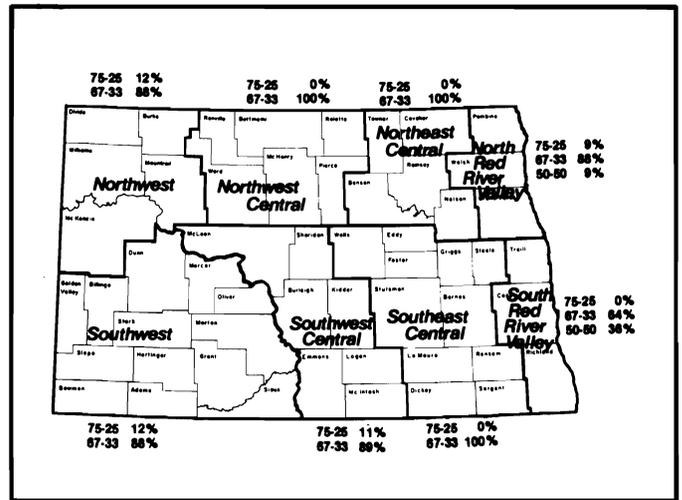


Figure 2. Percent of Crop Share Leases Reported for Wheat for 1981

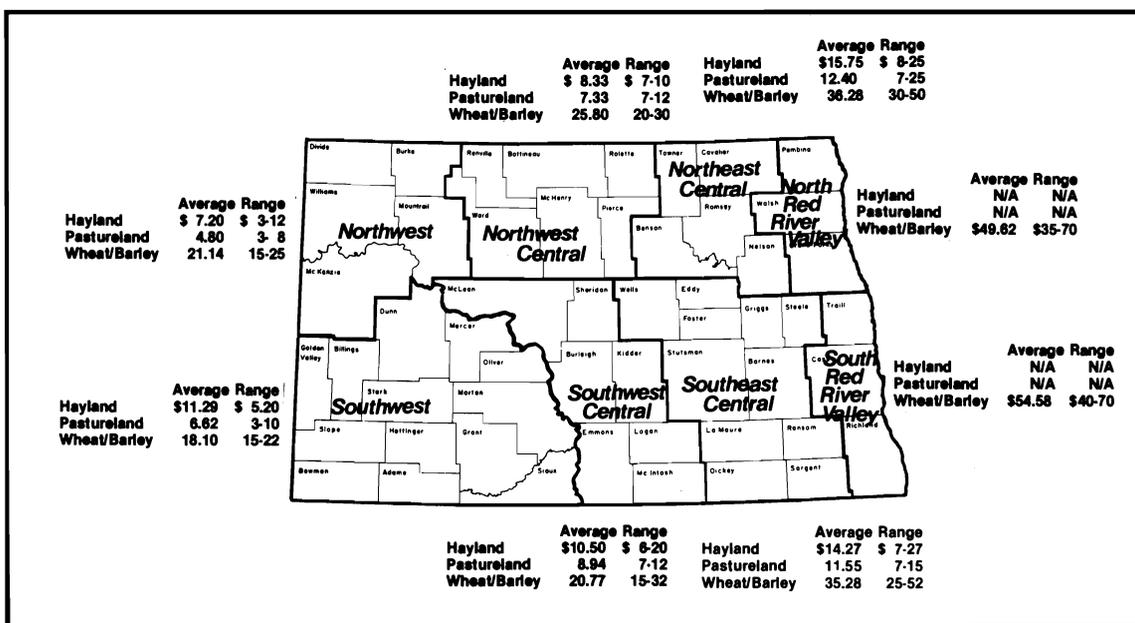


Figure 3. Cash Rents Per Acre for Hayland, Pastureland, and Wheat/Barley Land in 1981 and Computed Simple Averages and Ranges of Estimates

continued from page 17

Who would have thought that North Dakota would lead the nation in the production of wheat, sunflower and pinto beans in 1981? We need to work hard to maintain the leadership role our state has attained this past year.

With all these changes in North Dakota agricultural production, it has become apparent that there is a need for additional scientists in agricultural research and

education to push back the frontiers of knowledge in the many new and exciting areas of production that have taken their place in the state's economy in the 1970's. I am certain that the "new" crops of the 70's will be expanded in the 80's and still more "new" ones will be added to the list if we devote sufficient resources to the research and development of the state's farm and ranch resources.