

1978 Land Rentals

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Many North Dakota farmers gain control of additional resources by renting farmland. Reporters in the annual farmland market study answered some questions on lease arrangements and rental rates which are presented in this brief report.

The 1978 survey of farm leases indicates that about 48 per cent were cash leases, 46 per cent were share leases, and about 6 per cent were crop-share-cash leases for the state of North Dakota (Figure 1). In 1977, cash leases made up 52 per cent of the leases and crop share leases were at 42 per cent. The averages indicate a small decline in the proportion of cash leases, with the difference being a rise in the crop share leases for the state. The illustrations show the averages for the seven State Economic Areas (SEAs).

This summary is based on about 70 leasing reports from the reporters to the annual farmland market survey conducted by the Department of Agricultural Economics. The reporters are asked to estimate for their service areas the per cent of leases by type, and typical cash and share rental rates for selected crops. The reports are tabulated by the seven SEAs to obtain an estimate of the rental situation in North Dakota. The total number of reports are limited and there were only a few reports in SEAs 2A and 3C.

The most common crop share arrangement continues to be the 2/3-1/3 sharing ratio, which made up just over 70 per cent of the crop share leases for wheat for the state in 1978 (Figure 2). The 2/3-1/3 lease arrangement dominated in all seven SEAs. The second most common crop share lease arrangement was the 50-50 lease, which showed up strongly in the Red River Valley and in SEA 3A. The 70-30 lease arrangement showed some strength in SEAs 3B and 3A. The tenant typically pays most, if not all, expenses in the 2/3-1/3 and 70-30 crop share lease arrangements. The landlord shares in more of the risk in the 50-50 arrangement, paying some of the expenses to possibly gain more of the output.

The state average cash rental for wheat or barley land averaged \$26.04 per acre in 1978, which is up from the average of \$25.29 per acre reported in 1977 and down from the average of \$29.52 reported for 1976 (Figure 3). Cash rentals are expected to continue to rise as farmland values increase, with some year to year fluctuations in the ratio of rents to value.

The ratio of cash rents to average land values has declined in the last couple of years. The percentage of cash rent price to land value was 7.1 per cent in 1978, 7.85 per cent in 1977, and 9.08 per cent reported in 1976. This value has traditionally ranged from 7.5 to 8.5 per cent in these land market/rental studies.

Average cash rent for pastureland increased in 1978 in all SEAs except for in SEA 3A (Figure 4). No figure is reported for the Red River Valley, which has little pastureland. The average pastureland rent for the state for 1978 was reported as \$8.44 per acre. The ratio of pasture cash rents to pastureland value rose from the estimated 4.1 per cent in 1977 to 4.4 per cent in 1978. Cash rents paid for land leased for specialty crops ranged widely in 1978. Specialty crops listed included pinto beans, potatoes, sugarbeets, and sunflowers. The specialty crop rentals ranged from \$15 to \$110 per acre. The average specialty crop cash rental in the Red River Valley was \$65.54 per acre.

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Figure 1. Per Cent of Leases by Types in Use in 1978.

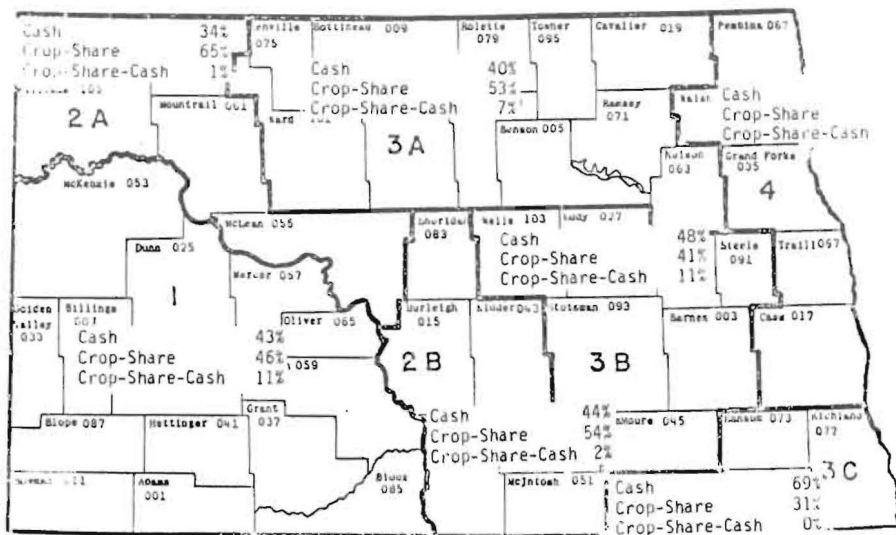
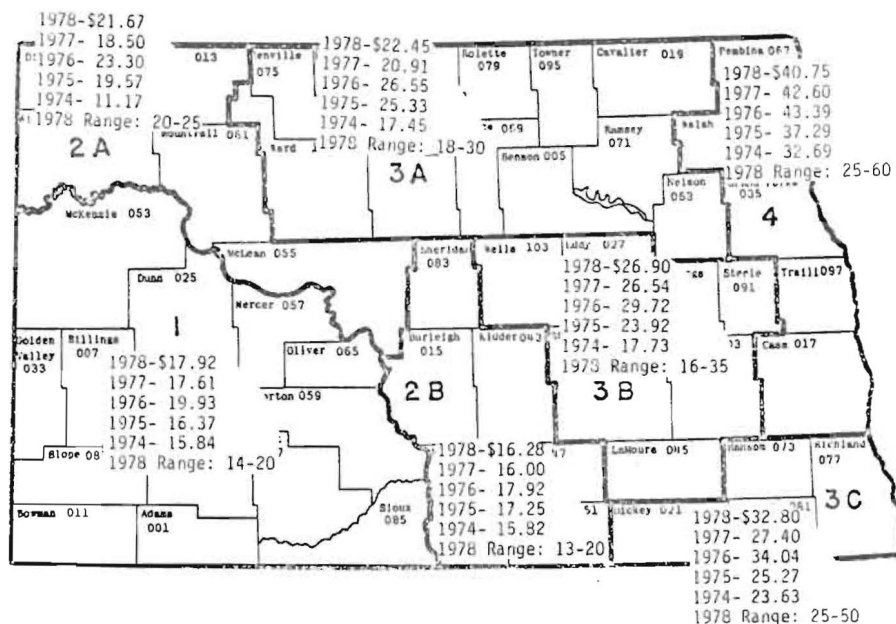


Figure 3. Cash Rent Per Acre-Wheat or Barley Land, 1978-1974, With Range in Values for 1978.



24 Figure 2. Per Cent of Crop-Share Leases Reported in Use in Wheat in 1978.

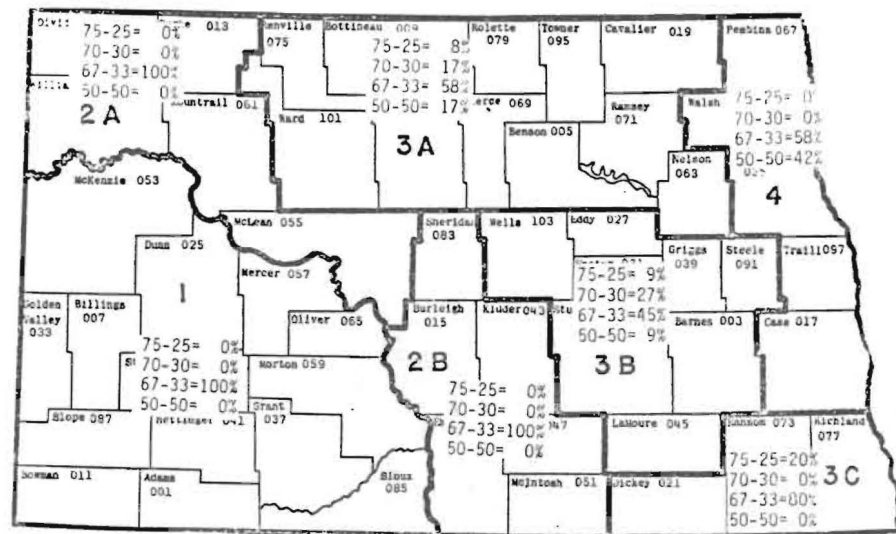
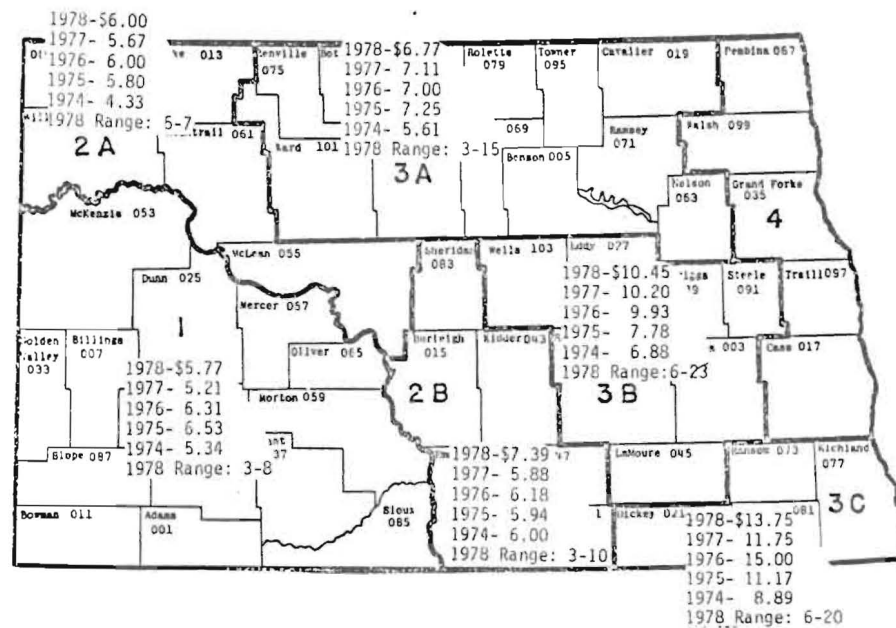


Figure 4. Cash Rent Per Acre-Pastureland, 1978-1974, With Range in Values for 1978.



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