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**2024 LEASE SURVEY  
SUMMARY REPORT  
K-State Research and Extension  
Post Rock District  
MITCHELL County**

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**K-STATE**  
Research and Extension

Post Rock  
District

# 2024 FARM LEASE ARRANGEMENT SURVEY SUMMARY FOR DRYLAND CROPS

## K-STATE RESEARCH & EXTENSION



### Post Rock District MITCHELL County



Number of survey responses: 7 (10% return rate)

#### Summary of Cash Rent Paid to Landlord

CROP ENTERPRISE	AVERAGE RENT/ACRE	CASH RENT RANGE
Cropland (dryland)	\$83.00	\$70 - \$125
Cropland (irrigated)	No responses	No responses

Comment: I am fortunate to have great tenant, pays on time, is careful about my farmstead and helps me if I need something!

#### Estimated Trend for 2025 Dryland Crop/Pasture Leases in Mitchell County

Unsure of 2025 Trend	50%
No Change	50%
Lower	No responses
Higher	No responses

#### Trend of Lease Arrangements for 2025

NO CHANGE	MORE CASH RENT	MORE CROP SHARE
57%	43%	No responses

#### Adjustments to Cash Rents due to rising input costs in 2024

NO ADJUSTMENTS	DECREASE	INCREASE
100%	No responses	No responses

**Percentage of acres in the different Tillage Systems in 2024  
(Number of responses)**

<b>No -Till</b>	<b>Minimum Till</b>	<b>Conventional Till</b>	<b>Summer Fallow</b>
4 - 100%    1 - 60%	1 - 100% 1 - 20% or less	No responses	1 - 20% or less

**When were the cash rent payments made to the landlord for 2024?  
(% of responses)**

<b>All at once</b>	<b>Split payment</b>	<b>Dates</b>	<b>After Harvest</b>
17% (December)	66%	Jan./July July/Dec. August/Dec.	17% (By the end of the year)

**Interest in Flexible Leasing Arrangements**

<b>No</b>	<b>Yes</b>
100%	No responses

**Crop Share Summary**

<b>DRYLAND CROP ENTERPRISE</b>	<b>SHARE PAID TO LANDLORD</b>	<b>OTHER COMMENTS</b>
Wheat	1/3 - 100%	
Grain Sorghum	1/3 - 100%	
Corn	1/3 - 100%	
Sunflowers	1/3 - 100%	
Soybeans	1/3 - 100%	
Alfalfa	1/3 - 100%	
Other Dryland Crops (Brome Hay)	1/3 - 100%	
Landlord's Share of Government Payments	1/3 - 100%	-Same as share
Landlord's Share of Crop Insurance Proceeds	1/3 - 100%	-Landowner has own insurance. -Tenant has own insurance.

**Comment: 14% of respondents indicated no crop share leases.**

**Percentage of Written and Oral Leases  
For Pasture and Cropland (number of responses)**

Written Leases		Oral Leases	
2 - 100%	1 - 20% or less	4 - 100%	1 - 80%

**Landlord Share of Input or Cost  
(Percent of responses)**

EXPENSE OR INPUT	Landowners % Share of Crop Expenses	Other Comments
Fertilizer	1/3 - 100%	
Fertilizer Application	None - 100%	-Landowner pays 1/3 of urea application.
Herbicide	1/3 - 75%    None - 25%	-33% except herbicides that replace tillage. -Landowner does NOT pay for herbicides that replace tillage.
Herbicide Application	None - 100%	
Insecticide	1/3 - 75%    None - 25%	-Typically, only insecticide is used with seed at planting.
Insecticide Application	None - 100%	
Harvesting Costs	None - 100%	
Hauling Grain	None - 100%	
Drying costs after harvest	None - 50%    1/3 - 50%	
Crop Insurance	1/3 - 100%	-Landowner has own insurance.
Other production costs (seed, fungicide, crop consulting, water, etc.)	None - 60%    1/3 - 40%	-Share 1/3 on fungicides. -Share 1/3 cost of GMO seed only. -No share on consulting. -Trying to get landowner to pay 1/3 of GMO seed.
Terrace/Conservation Structure Maintenance (annual upkeep costs)	None - 50%    100% - 50%	
Terrace/Conservation Structure Construction (major land investments)	100% - 100%	

# Pasture Lease Summary

## Physical Location of Pasture Land

Mitchell Co.	63%	Russell Co.	12%
Osborne Co.	13%		
Ottawa Co.	12%		

## Pasture Land Rental Rates

Average rent/acre	\$27.60/acre
Range per acre	\$20-\$35/acre

## Expected Trend for Stocking Rates for 2025

No Change	60%
Increase	No Responses
Decrease	40%

## Livestock Stocking Rate

Average	9 acres/pair
Mature Weight Average	1150 lbs.

## Backgrounding stocking rates/weights

Average	5 acres/hd.
Starting Weight	600 lbs.
End Weight	825 lbs.

## Livestock Water Supply

Pond	45%
Well	18%
Stream	0%
Transported to site	36%

## Summary of Tenant/Landlord Responsibilities

Responsibility	Tenant	Landlord
Maintaining Water Supply	100%	0%
Maintaining Fences - Furnishing Materials	20%	80%
Maintaining Fences - Furnishing Labor	67%	33%
Controlling Weeds	67%	33%

### Comments:

-Tenant must pay for aerial spraying.

## Grazing Period in 2024

Pasture season length (months)	Month Started	Month Ended
5 mo. - 40%	May - 100%	Oct. - 40%
6 mo. - 60%		Nov. - 60%

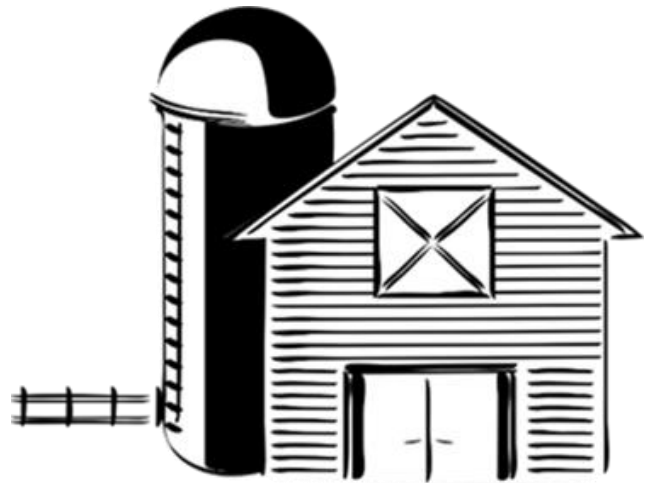
## Grazing Period in 2023 (previous year)

Pasture season length (months)	Month Started	Month Ended
4 mo. - 20%	May - 100%	Sept. - 20%
5 mo. - 80%		Nov. - 80%

## Kinds of Pastureland - 2024

(number of responses to percent of their pastures)

Upland	Lowland/River	Mixture
8 - 100%	No Responses	No responses



## Crop Residue Grazing Summary

### Physical Location of Crop Residue Land

Mitchell Co. 80%  
Osborne Co. 20%

### Crop Residue Rental Rates

#### Corn/Sorghum Stalks:

Average: \$37.00/acre  
Range/acre: \$25.00 to \$50.00

### Type of Cattle/Livestock On Crop Residue

Cow/Calf Pairs 50%  
Dry Cows 50%

### Livestock Stocking Rate

2 ac./head (average)  
Average Wt. 1300 lbs.

### Goals of crop residue grazing

Maintain body condition 100%

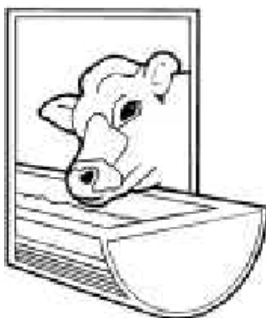
### Livestock Water Supply

Transported to Site 60%  
Other (Rural Water) 40%

### Crops Utilized for Grazing

Milo 50%  
Corn 50%

(Cover crops included: collards, forage sorghum, barley, triticale, spring forage pea, oats, turnips, millet, sudan, rye, sunflowers, radishes, and volunteer wheat.)



## Crop Residue Grazing Period 2023

Grazing Season Length (months)	Month Started	Month Ended
2 mo. - 100%	Nov. - 100%	Jan. - 100%

## Crop Residue Summary of Tenant/Landlord Responsibilities 2023

Responsibilities	Tenant	Landlord
Maintaining water supplies	80%	20%
Maintaining Fences-Furnishing Materials	40%	60%
Maintaining Fences - Furnishing Labor	50%	50%
Livestock Care	80%	20%

### Other comments with crop residue grazing

- Grazing Crop Residue really saves on cost and can provide excellent grazing. Weather is a big factor in use of crops.



# General Lease Concepts

## Rules & Regulations:

- Leases must be longer than two years to allow tenants to sublease.
- When a farm is sold, the new owner substitutes for the old.
- Leases are binding on executors and heirs.
- Written leases can cover any length of time.
- Oral leases are **unenforceable** if they are one year or more in length.

## Test of a Good Lease:

- Is it written?
- Does it encourage proper amounts of yield increasing expenses?
- Does it plan for new or needed improvements?
- Does it promote conservation?
- Is the crop shared in the same percentage as the contribution?

## Lease Termination Notice:

- In writing
- At least 30 days prior to March 1
- **Spring planted crops:** must fix termination date of tenancy to take place on March 1
- **Fall seeded crops:** will be terminated the day after harvest or August 1
- **Exception to above:** written lease providing otherwise.

# Crop Share Leases

## A good crop share lease should follow five basic principles:

- Yield increasing inputs should be shared.
- Share arrangements should be re-evaluated as technology changes.
- Total returns divided in same proportion as resources contributed.
- Compensation for unused long-term investments at termination.
- Good landlord/tenant communications

## Advantages of Crop Share Leases:

- Yield and price risks and opportunities are shared by tenant and landlord.
- Less operating capital needed by the tenant.
- Management skills may be shared by an experienced landlord and tenant.
- Tax management opportunities from timing of sales and input purchases.
- Material participation issues

## Disadvantages of Crop Share Leases:

- The landlord's income is more variable.
- More record keeping is required.
- Landlords have marketing decisions to make.
- Joint management decisions must be made and disagreements may occur.
- Material participation/Social Security issues

# Cash Rental Leases

## Methods to Determine Cash Rental Rates:

- **Market going rate (if available)**  
Local competitive rental rates
- **Landowner's cost**  
Depreciation, Interest, Repairs, Taxes, Insurance - Based on the premise of landowner's continuing to receive comparable returns to what has been received in the past.
- **Crop share equivalent (adjusted for risk)**  
Converts equitable crop share rent to an expected dollar amount per acre.
- **What Tenant Can Afford to Pay**  
 $\text{Revenue} - \text{Non-land Costs} = \text{Rent}$   
(The last three require yield, price, and government payment projections as well as cost information used for crop share.)



### Advantages of Cash Leases:

- **For Landlords**
  - Less involvement in management.
  - No production costs to share.
  - No marketing decisions to make.
- **For Tenants**
  - More managerial control and freedom.
  - More income for above-average managers.
  - More potential for windfall profits in good years.

### Disadvantages of Cash Leases:

- **For Landlords**
  - No potential for windfall profits in good years.
  - Less tax management flexibility from timing sales and expenses.
  - Risk of exploiting or “mining” of the farmland by a tenant.
- **For Tenants**
  - Bears all yield and price risk.
  - Crop production and expenses are higher.

## Trends in Leases and Values of Agricultural Land in Kansas

by Robin Reid, K-State Research and Extension, Ag Economist

After experiencing higher commodity prices and farm profitability from 2020 to 2022, we are again in a place of uncertainty in the agricultural industry. Higher input costs coupled with lower commodity prices, with the exception of beef cattle, have slowed the growth of agricultural land values and have had farmers questioning what an affordable cash rent may be.

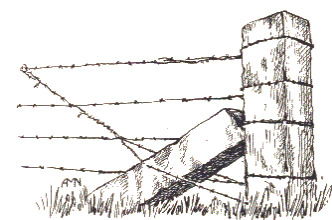
Land prices in 2020-2023 saw exceptional increases in value due to higher profitability in farming returns, historically high inflation rates, and increases in investment in ag land from outside of agriculture. While 2024 values have continued to increase, the rate of increase has slowed. According to surveys by USDA-NASS, the statewide average land value for non-irrigated cropland in 2024 increased by 7.4% over the 2023 value, at an average of \$3,200 per acre. A similar pattern can be observed in pasture values. The state average pasture value was \$2,100 per acre in 2024; an increase of 8.8% over the 2023 value.

With uncertainties in U.S. trade policy (possible tariffs and retaliatory actions against agriculture), continued increases in crop acres in Brazil and Argentina, and the higher interest rates environment, one could surmise that land values could plateau and possibly go down in 2025. The most recent event we can compare to is the fall in farm profitability from 2014-2015. During this downturn, land prices remained relatively flat for a period of six years before farm profitability cycled back up and land values followed suit. While lower land values may give some producers purchasing opportunities, overall land values going down is more harmful than good as it can hurt a farm's Net Worth and therefore make financing more difficult.

For most producers, high volatility in commodity and input prices translates into higher risk exposure from rental rates. During periods of high profitability, rental rates will increase and competition for land can be fierce as producers try to expand their land base to capture more returns. However, a decline in profitability in the sector will not necessarily translate into lower rents in the short run, which becomes a very risky situation for a farmer or rancher. This may be a common situation in 2025, if commodity prices remain below cost of production.

Rental rates tend to lag behind commodity prices and profitability because land contracts and cash rental rates are often set for 3-5 year periods to allow both producers and landowners to plan for expected costs and returns. As a result, producers can be locked into rents that are not aligned with the current market; either higher or lower. In addition, from a landowner's perspective, higher profitability in agriculture will eventually translate into higher real estate taxes, putting upward pressure on rental rates.

Regardless of the particular situation a producer faces, strong communication with their landowner can be very beneficial to the long-run economic viability of their operation. Tenants who take extra time to work with their landowners, answer questions, and keep them up to date on the farm's situation will find it easier to have those difficult conversations.





# Flexible Cash Rents

## Principles:

- Flexible cash rents simply refer to land rental arrangements where the amount of cash rent paid (received) can vary based upon some pre-determined formula (i.e. formalizes bonus rents).
- Methods of “flexing” rental rates, i.e., formulas are based on:
  - Yield (actual for producer, co. avg., etc.)
  - Price (harvest, season average, actual)
  - Revenue (yield x price, crop insurance, residue)
  - Costs (i.e. fertilizer price)
  - Other

## Advantages of Flexible Cash Rents:

- Method of allowing rents to vary year-to-year without having to renegotiate rents annually.
- Way of sharing/managing risks associated with volatile markets (without hassles of crop share lease).
- Somewhat “forces” a higher level of communication relative to fixed cash rent (poor/lack of communication is often an issue with problem lease arrangements).
- Trend in Kansas has been moving away from crop share leases to more cash leases.
- Volatility of last few years has significantly increased the risk of **fixed** cash rents.

## Disadvantages of Flexible Cash Rents:

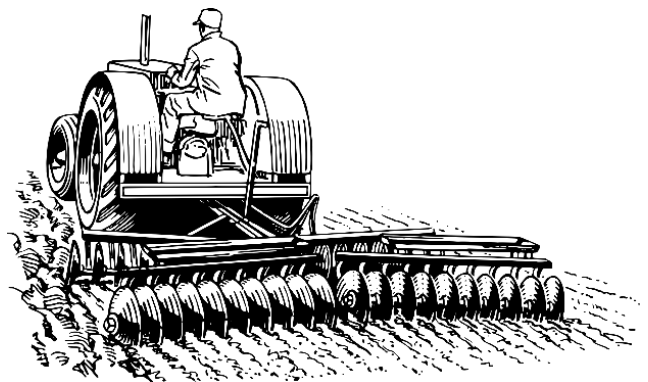
- Complex!
- Theory and intuition guide conceptual design, but little help with specific details.
- Not needed if cash rents are renegotiated frequently every year.
- Hard to think of everything, which means we might need to be “tweaking” the arrangements regularly.
- If designed wrong, might increase risk.
- Appealing for certain situations, but not appropriate in all cases (depends on why you are considering flexible cash rent).

## How to determine Flexible cash rents:

- There is not a single right way to do this! (But there are plenty of wrong ways.)
- Establish a base cash rent:
  - Budget-derived value (KSU-Lease.xls) Online KSU spreadsheet (Excel) tailors to a specific situation and an equitable crop share can be calibrated to the local area
- **Questions to ask:**
  - Does cash rent flex up and down or only up?
  - What yields and prices are used to determine actual gross revenue?
  - What crops should be included in calculations?
  - Are crop insurance and government payments included/accounted for?
  - What about flexing cash rent based on costs of crop inputs?
  - What will final rent be under alternative potential outcomes?

## Summary:

- Flexible cash leases are simply a way of sharing risks of unpredictable markets and yields without the hassles of crop ownership.
- Why not simply give landowner ad hoc “bonuses” when times are good?
- There are many types of flex leases – no one method is right or best in all cases.
- Communication, communication, communication! (Remember, it likely is a learning process for both parties.)
- The KSU website [www.agmanager.info](http://www.agmanager.info) has more information on **Flexible Cash Rents**.



# Net Share Lease Arrangements

There are many different kinds of leasing arrangements for producers to choose from today. In addition, many farmers, rent 80-90% of their acres and it is increasing every year. So it is critical that tenants and landowners have all the leasing tools that are available to them to determine the most equitable arrangements for their unique situation.

The traditional one-third/two-thirds lease arrangement has been very common for many years, however, even 40/60 is becoming more common along with a fairly new arrangement such as a net-share lease. The net share leasing arrangement may be 75/25 or 80/20 for the crop share percentages with the larger percentage going to the tenant.

A fairly new type of leasing arrangement is called a Net-share lease. In a Net-share lease, the tenant, covers 100% of the input costs, while landlords cover property taxes, crop insurance and a few other minor expenses. Then, the two parties agree on the percentage of the crop that goes to the landlord to sell.

This may be a lease arrangement worth looking into to determine if it may work in your specific situation. So generally, when the good times are really good, both parties get a share in that; but when the times are not as good, their sharing in that as well.



## Advantages:

- Both parties win when yields and prices are high, and if they aren't, crop insurance is available to help put a floor under the return for the landlord.
- Can work very well in areas where the risk of crop production can vary widely from one year to the next.
- There is much less capital investment to add leased acres versus owned acres.
- The risk-reward to both the landlord and farmer are shared more equally under net-share leases.
- Lease rate self-adjusts when commodity prices change.
- Landowner still markets their own percentage of the grain.
- Landowner does not have inputs to pay.
- Tenant does not have to keep track of inputs and billing landlords.

## Disadvantages:

- While the risk in crop production and crop prices is shared between the landowner and tenant, the cost of input prices is not.
- In years like 2022 when fertilizer prices soared, the tenant would be burdened by the entire fertilizer bill which could have caused them to lose money on the crop while the landowner still made money.
- Also, not sharing yield-increasing inputs (like a traditional crop-share) may disincentive tenants to utilize the optimal amount or the more expensive products.
- The landowner will not know their exact income until after harvest, which can be difficult for landowners that rely on rental income for living expenses.

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