



Cash Rents in 2014 and Expected Cash Rents in 2015

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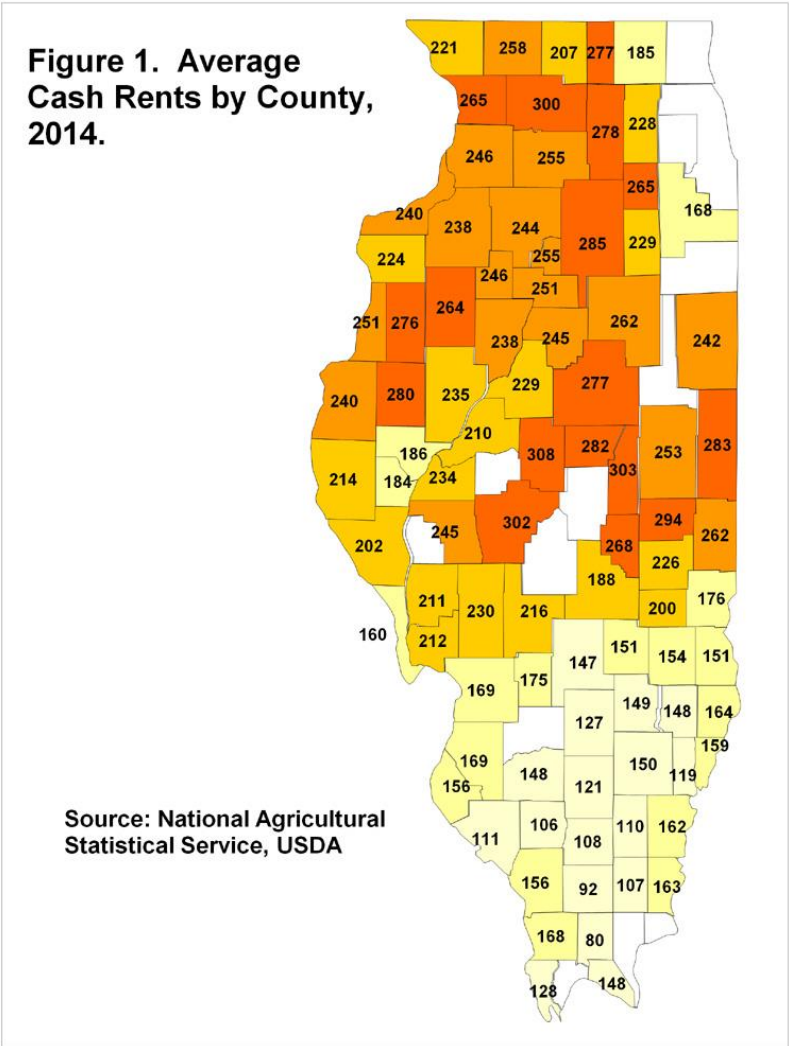
In recent weeks, two sources released cash rent information for Illinois. The U.S. Department of Agriculture released county average cash rents for 2014. The Illinois Society of Professional Farm Managers and Rural Appraisers released 2014 and expected 2015 cash rents for professionally managed farmland. Expected 2015 rents point to decreasing cash rent levels on professionally managed farmland. Whether or not other cash rents follow professionally managed cash rents down is an open question.

Average Cash Rents in Illinois

The National Agricultural Statistical Service (NASS) – an agency of the U.S. Department of Agriculture – released 2014 average rents per county on September 5, 2014. A number of counties do not have cash rents reported, likely because statistically reliable rents could not be obtained with survey responses.

As can be seen in Figure 1, there is a considerable range in cash rents across Illinois. Four counties had average cash rents over \$300 per acre: Logan (\$308 per acre), Piatt (\$303 per acre), Sangamon (\$302 per acre), and Ogle (\$300 per acre). Except for Ogle County, these high-rent counties are located in central Illinois. The five counties with the lowest cash rents are Johnson (\$80 per acre), Williamson County (\$92 per acre), Perry (\$106 per acre), Saline (\$107 per acre), and Franklin (\$108 per acre). These counties with the lowest cash rents are located in southern Illinois. Generally, average cash rent levels are related to productivity, with counties having more productive farmland have higher cash rents than those counties with less productive farmland ([farmdoc daily, September 10, 2013](#)).

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Overall, 2014 average cash rents were higher in 2014 than 2013. According to NASS, the average rent in Illinois increased from \$224 per acre in 2013 to \$234 per acre in 2014, an increase of 5%. This continued a string of years of large increases. Since 2006, average state rents in Illinois have increased from \$132 per acre in 2006 to \$234 per acre in 2014, an increase over this eight year period of 77%.

Professional Cash Rents Levels

The Illinois Society of Professional Farm Managers and Rural Appraiser released results of its annual mid-year survey. This survey asked for 2014 and expected 2015 cash rents on professionally managed farmland. These rents, along with 2013 cash rents from a previous survey, are shown in Table 1. Average rent levels are shown for four classes of farmland productivity:

- Excellent – expected corn yields are over 190 bushels per acre
- Good – expected corn yields are between 170 and 190 bushels per acre,
- Average – expected corn yields are between 150 and 170 bushels per acre, and
- Fair – expected corn yields are below 150 bushels per acre.

Table 1. Cash Rents in 2013 and 2014 and Expected 2015 Cash Rent on Professionally Managed Farmland in Illinois.

Productivity (Expected corn yield)	2013 Rent	2014 Rent	Expected 2015 Rent
	\$ per acre		
Excellent (Over 190 bu. per acre)	396	374	338
Average (170 to 190 bu. per acre)	339	322	288
Good (150 to 170 bu. per acre)	285	277	238
Fair (Less than 150 bu. per acre)	235	215	184

Source: Illinois Society of Professional Farm Managers and Rural Appraisers.

Average cash rents decreased between 2013 and 2014. For excellent quality farmland, cash rents decreased from \$396 per acre to \$374 per acre in 2014, a decrease of \$14 per acre.

Decreases for professionally managed farmland stands in contrast to average cash rents, which increased from \$224 per acre in 2013 to \$234 per acre in 2014. Farm managers follow agricultural markets, likely much more closely than land owners without management. As a result, farm managers likely set rents closer to those suggested by market conditions. Cash rents on professionally managed farmland increased faster than average cash rents between 2006 and 2013, when returns rose as a result of higher prices. Now that prices have decreased from levels experienced during 2009 through 2013, farm managers are lowering cash rents. On farmland, not managed there may be considerably more lagged relationship between changes in returns and changes in rent levels.

On professionally managed farmland, cash rents likely will continue to decline into 2015. For all quality classes, Society members indicated that rents would be lower in 2015. For excellent quality farmland, for example, cash rents are projected to decrease from \$374 per acre in 2014 to \$338 per acre in 2015, a decrease of \$36 per acre (see Table 1). If the decrease occurs, cash rents would decrease by about 10%.

There is a considerable range in cash rents for similar productivity farmland within a small geographical area, with some rents above the average by \$100 and other rents below the average by \$100. Below average cash rents could continue to increase to “catch up” with average levels. At the same time, above average cash rents could decrease, as indicated by results from the Illinois Society. These two forces could counter each other, leading to stable or maybe even increasing average cash rent levels.

Projections are for much lower returns in 2014 and 2015 return ([farmdoc daily, July 8, 2014](#)). Even with decreases in cash rents projected by the Illinois Society, farmer returns would be projected to decrease because returns have decreased more than cash rents.

Summary

Rents on professionally managed farmland could decrease in 2015. Other above average cash rents could decrease as well. However, below average cash rents may remain stable or increase. Overall, rent decreases likely will not cover decreases in lower returns projected for 2014 and 2015.

References

Schnitkey, G. "[2013 County Cash Rents: Levels, Variability, and 2014 Cash Rent Decisions](#)." *farmdoc daily* (3):172, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 10, 2013.

Schnitkey, G. "[Release of 2015 Crop Budgets](#)." *farmdoc daily* (4):126, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, July 8, 2014.

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