



Illinois Farmland Leasing Changes

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Data show that Illinois farmers own from 13 to 25 percent of the land they operate. Thus, Illinois farmers rent the majority (75 to 87 percent) of the land operate. Potential landlords include retired farmers, non-farm (individual and institutional) investors, and government agencies. Today's post reviews the agreements governing the relationships between farmers (as tenants) and landowners (as lessors) of Illinois farmland.

Tenure Characteristics

Data from the Illinois Farm Business Farm Management (FBFM) Association provides insight into leasing arrangements in Illinois. Table 1 contains data summarized from Illinois grain farms who are members of our farm management associations. The farms in this group receive the majority of their farming income from grain operations and operate a minimum of 500 acres (260 acres was the minimum for the 2000 to 2004 period). This data would be typical for commercial grain farms in Illinois.

Table 1. Illinois Pure Grain Grain Farms. Percentage of Land Owned, Crop Share, and Cash Rented.

	Northern			Central (High PI Soils)			Central (Low PI Soils)			Southern		
	Owned	Crop Share	Cash Rent	Owned	Crop Share	Cash Rent	Owned	Crop Share	Cash Rent	Owned	Crop Share	Cash Rent
2000	21	36	43	14	65	21	17	60	23	25	53	22
2001	22	33	45	14	63	23	18	58	24	25	53	22
2002	22	33	45	14	62	24	18	56	26	24	51	24
2003	22	30	48	15	59	26	18	54	28	23	49	28
2004	22	29	49	15	56	29	19	50	32	22	50	27
2005	17	30	53	14	56	30	17	50	32	19	47	34
2006	18	28	53	13	55	32	17	49	34	20	47	34
2007	18	24	54	13	51	34	19	46	35	20	43	37
2008	18	28	54	14	53	33	16	48	36	20	44	36
2009	18	27	56	13	52	35	18	46	36	19	45	37
2010	18	26	57	14	53	33	18	45	37	20	42	38
2011	18	25	57	14	51	36	19	44	38	20	40	40
2012	19	23	58	14	49	37	19	44	37	21	41	37

For the period 2000-2004, this group of farms had 260 acres or more.
For the period 2005-2012, this group of farms had 500 acres or more.
Source: Illinois FBFM Association

For the year 2012, farm management association members owned 24 percent of the land they farmed,

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crop shared 36 percent, and cash rented 41 percent. In a crop share arrangement, operators and landowners share in the revenue and expenses associated with farming. In a cash rent arrangement, operators pay landowners a cash payment for the use of the land and they receive all of the revenue and pay all of the operating expenses for farming the land.

History reveals that through 2006 the majority of the rented acres in Illinois were crop shared. In 2006, farm management association members owned 23 percent of the land they farmed, crop shared 40 percent, and cash rented 37 percent. For the first time in 2007, the majority of the rented acres were cash rented acres. The split for 2007 is 23 percent owned acres, 38 crop share, and 39 percent cash rented. All years since 2007 show that trend continues.

Acres leased under a crop share or cash rent contract varies geographically in Illinois. In 2012, farmers in northern Illinois cash rented 58 percent of the land they operated and crop shared 23 percent while central Illinois farmers cash rented only 37 percent and crop shared 49 percent. Farmers in the southern part of the state cash rented 37 percent and crop shared 41 percent.

Acres owned by farm operators also varies geographically in Illinois. Southern Illinois farmers own 21 percent of the land they operate while central Illinois farmers own only 14 percent. Farmers in northern Illinois own 19 percent of the land they operate. There seems to be a slight trend of farm operators owning less of the land they operate with the exception of the lower PI soils in Illinois where the trend is a slight increase in acres owned. This could be due to the fact that farms are increasing in size and land added to the farm operation is rented land rather than purchased.

The authors would like to acknowledge that data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,700 plus farmers and 60 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM staff provide counsel along with recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217.333.5511 or visit the FBFM website at www.fbfm.org.