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Expected Cash Rents in 2014 on Professionally Managed Farmland

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This week, the Illinois Society of Professional Farm Managers and Rural Appraisers released results of their mid-year survey concerning farmland prices and cash rents. Results from this survey suggest that cash rents in 2014 will be slightly below 2013 levels.

Survey

The Illinois Society of Professional Farm Managers and Rural Appraisers conducts a mid-year survey of its membership concerning land values and rental outlook. The Illinois Society is a professional organization whose members manage farms, appraise farmland and other agricultural property, and broker farm real estate. Society members are knowledgeable about the farmland and cash rental market. More information on the Illinois Society and its members can be found on its website (www.ispfmra.org).

Several questions on this year's survey dealt with cash rents in 2013 and expected cash rents in 2014. Cash rent questions were asked for four different land productivity classes:

1. Excellent quality farmland has expected yields over 190 bushels per acre,
2. Good quality farmland has expected yields between 170 and 190 bushels per acre,
3. Average quality farmland has expected yields between 150 and 170 bushels per acre, and
4. Fair quality farmland has expected yields less than 150 bushels per acre.

Survey respondents were asked what "average" cash rent levels were in 2013 and what average levels will be for 2014. Note that these are average levels. There is a considerable range in cash rents even within a productivity class for a specific farm manager. Landowners have different goals with their farmland, leading to large differences in cash rent levels.

Also professionally farm managed farmland has higher cash rent levels than average (see [here](#) for a comparison). A number of reasons why this occurs have been given, usually revolving around the market knowledge of professional farm managers and the return desires of professional farm management clients.

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Cash Rents in 2013 and Expected Cash Rents in 2014

For excellent quality farmland, the 2013 cash rent averaged \$388 per acre and the 2014 cash rent is expected to be \$374 per acre, a decline of \$14 per acre (see Table 1). For good quality farmland, the 2013 cash rent averaged \$332 per acre and the 2014 cash rent is expected to be \$318 per acre, a decline of \$14 per acre. For average quality farmland, the 2013 cash rent averaged \$278 per acre and the 2014 cash rent is expected to be \$263 per acre, a decline of \$15 per acre. For fair quality farmland, the 2013 cash rent averaged \$224 per acre and the 2014 cash rent is expected to be \$212 per acre, a decline of \$12 per acre.

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

Productivity Class ²	2013 Rents	Expected 2014 Rents	Change from 2013 to 2014	
			Dollar	Percent
	\$/acre	\$/acre	\$/acre	Percent
Excellent	388	374	-14	-4%
Good	332	318	-14	-4%
Average	278	263	-15	-5%
Fair	224	212	-12	-5%

¹ Tabulated from a mid-year survey of members of the Illinois Society of Professional Farm Managers and Rural Appraisers in August 2013.

² In a normal year, excellent quality farmland has expected corn yields over 190 bushels per acre, good quality farmland has expected yields between 170 and 190 bushels per acre, average quality has expected corn yields between 150 and 170 bushels per acre, and fair quality farmland has expected yields less than 150 bushels per acre.

Overall, cash rents on professionally managed farmland are expected to be down by about 4 to 5 percent from 2013 levels. Hence, the large increases in cash rents occurring over the past several years are not expected to continue into 2014.

Note that these results are for professionally managed farmland. Cash rents reported for average leases may not level off, as some “catching up” and other time lags exist in the levels reported in average cash rents.

Summary

Lower commodity prices have occurred in recent months, leading to lower projections of 2014 agricultural returns. Lower returns likely impact Illinois Society members’ expectations of 2014 cash rents. Overall, respondents to the survey see 2014 cash rents slightly below 2013 levels.