Agricultural Land Management Quarterly Presenters

Archived Programs: agecon.unl.edu/landmanagement

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Webinar Outline: Monday, August 19, 2019

• 2019 Nebraska Farm Real Estate Survey and Report Estimates
  • Agricultural land values & cash rental rates
  • Special feature report on cover crop & lease considerations
• Landlord & Tenant Communication
  • Communicating crop progress on leased land
  • Terminating verbal leases and approaching deadline
• Ask an Expert
  • Review of submitted questions
  • Upcoming land management workshops and publications
Nebraska Farm Real Estate Survey

- Annual survey conducted since 1978 of Nebraska agricultural appraisers, professional farm managers, and bankers engaged in the land industry
- Preliminary results for land values and rental rates published the second week of March.
- Full report published in June
- Nebraska Farm Real Estate website full access to these resources: https://agecon.unl.edu/realestate
Nebraska Agricultural Statistics Districts
Nebraska Average Land Value and Corn Price, 1979-2019
Nebraska Dryland Cropland Rental Rates – 2019

Northwest: $27/ac, -4%
North: $50/ac, -6%
Central: $84/ac, -5%
South: $73/ac, -4%
Southeast: $155/ac, -3%
Northeast: $205/ac, -2%
East: $200/ac, 5%
Nebraska Dryland Cropland Rental Rates – 2019

By Region
High Grade (H)
Average (A)
Low Grade (L)

Northwest
H: $40/ac
A: $27/ac
L: $21/ac

North
H: $74/ac
A: $50/ac
L: $36/ac

Southwest
H: $55/ac
A: $38/ac
L: $31/ac

Central
H: $110/ac
A: $84/ac
L: $67/ac

South
H: $105/ac
A: $73/ac
L: $47/ac

Northeast
H: $245/ac
A: $205/ac
L: $170/ac

East
H: $230/ac
A: $200/ac
L: $160/ac

Southeast
H: $185/ac
A: $155/ac
L: $125/ac

AGRICULTURAL ECONOMICS
Nebraska Center Pivot Irrigated Cropland Rental Rates – 2019

- **Northwest**: $145/ac, -3%
- **North**: $185/ac, -8%
- **Northeast**: $280/ac, -3%
- **Southwest**: $175/ac, -8%
- **Central**: $215/ac, -2%
- **East**: $285/ac, 2%
- **South**: $205/ac, -5%
- **Southeast**: $250/ac, -4%

AGRICULTURAL ECONOMICS
Nebraska Center Pivot Irrigated Cropland Rental Rates – 2019

By Region
- Northwest
  - High Grade (H): $180/ac
  - Average (A): $145/ac
  - Low Grade (L): $110/ac
- Southwest
  - High Grade (H): $220/ac
  - Average (A): $175/ac
  - Low Grade (L): $150/ac
- North
  - High Grade (H): $225/ac
  - Average (A): $185/ac
  - Low Grade (L): $140/ac
- Central
  - High Grade (H): $260/ac
  - Average (A): $215/ac
  - Low Grade (L): $175/ac
- Northeast
  - High Grade (H): $325/ac
  - Average (A): $280/ac
  - Low Grade (L): $240/ac
- East
  - High Grade (H): $325/ac
  - Average (A): $285/ac
  - Low Grade (L): $240/ac
- South
  - High Grade (H): $250/ac
  - Average (A): $205/ac
  - Low Grade (L): $185/ac
- Southeast
  - High Grade (H): $300/ac
  - Average (A): $250/ac
  - Low Grade (L): $205/ac
Nebraska Cow-Calf Pair Monthly Rental Rates – 2019

Northwest: $36.15/pair (-6%)
North: $57.50/pair (-2%)
Central: $50.70/pair (-3%)
South: $44.10/pair (-5%)
Southeast: $45.15/pair (-4%)
Northeast: $54.90/pair (4%)
Nebraska Cow-Calf Pair Monthly Rental Rates – 2019

**Northwest**
- High Grade (H): $46.75/pair
- Average (A): $36.15/pair
- Low Grade (L): $27.10/pair

**By Region**

**North**
- High Grade (H): $70.95/pair
- Average (A): $57.50/pair
- Low Grade (L): $47.45/pair

**Southwest**
- High Grade (H): $58.20/pair
- Average (A): $46.35/pair
- Low Grade (L): $40.45/pair

**Central**
- High Grade (H): $62.25/pair
- Average (A): $50.70/pair
- Low Grade (L): $39.55/pair

**Southeast**
- High Grade (H): $55.80/pair
- Average (A): $45.15/pair
- Low Grade (L): $34.60/pair

**Northeast**
- High Grade (H): $72.60/pair
- Average (A): $54.90/pair
- Low Grade (L): $42.35/pair

**East**
- High Grade (H): $63.00/pair
- Average (A): $49.15/pair
- Low Grade (L): $43.75/pair

**South**
- High Grade (H): $57.55/pair
- Average (A): $44.10/pair
- Low Grade (L): $36.95/pair
Reasons for Planting Cover Crops on Cropland in Nebraska

# Cover Crop Practices in Nebraska by Agricultural Statistics District

<table>
<thead>
<tr>
<th>Agricultural Statistics District</th>
<th>Planted Acres</th>
<th>Cropland Acres Planted to Cover Crops</th>
<th>Number of Operators</th>
<th>Cropland Operators Planted Cover Crops</th>
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<tr>
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<td>Planted</td>
<td>Cropland</td>
<td>Number of Operators</td>
<td>Cropland Operators Planted Cover Crops</td>
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<td>Cover Crops</td>
<td>Cropland</td>
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<td>52,884</td>
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<td>960</td>
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<td>585</td>
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<td>4,214,043</td>
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<td>South</td>
<td>83,247</td>
<td>1,878,089</td>
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<td>584</td>
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<td>State</td>
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<td>22,242,599</td>
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Rental Discount in Dollars per Acre on Land Lease When Tenant Plants Cover Crops in Nebraska

Landlord & Tenant Communication

PRESENTED BY ALLAN VYHNALEK
Good Communication for Agricultural Leases

- Time to be “checking out” the crop or grazing land
  - Tenant should consider taking the landlord out to visit the rented property
- Time to be discussing issues about the rented property
  - Consider different methods for addressing the challenges
    - What strategies might be available to incentivize the other party to help remediate an issue
Things to Observe on a Farm Visit

• Conditions to note and discuss on rented properties
  • Cropland
    • Uneven plant stand may indicate wet spots in fields
    • Weed issues with resistance and disease/insect pressure
    • Maturity of plants (possible late harvest in 2019)
  • Grazing land
    • Forage height and condition of plants
    • Noxious weeds or brush
Verbal Leases and Approaching Deadlines

• Strongly encourage to terminate all verbal leases (handshake or oral agreement) and change to a written contract

• State of Nebraska requirements for terminating a verbal lease
  • Prior to September 1, 2019 notification required to terminate a verbal lease for the 2020 growing year
    • Notification must be given six months prior to March 1, 2020
      • Cropland leases require a six-month termination notice or the contract will automatically renew
      • Pasture leases are typically for five months and may not require a six-month termination notice
Value of a Written Lease

- Written leases carry a higher value over a verbal lease
- Protects the rights of both parties under the contract
  - Specific duties and rights of each party spelled out in the contract
- Documents lease terms for unforeseen events
  - An unforeseen passing of older landlords or tenants may require another party to step in and manage the estate
  - An absentee third party may have not have current knowledge or experience in the agricultural industry
AgLease101.org – Free PDF Leases

- AgLease101.org - Free PDF leases for landowners and operators
AgLease101.org – Free PDF Leases

DOCUMENT LIBRARY

LEASES PUBLICATIONS

- Fixed and Flexible Cash Rental Arrangements For Your Farm (NCFMEC-01)
- Crop Share Rental Arrangements For Your Farm (NCFMEC-02)
- Pasture Rental Arrangements For Your Farm (NCFMEC-03)
- Rental Agreements For Farm Buildings and Livestock Facilities (NCFMEC-04)
- Purchasing and Leasing Farm Equipment (NCFMEC-05)
- Beef Cow Rental Arrangements For Your Farm (NCFMEC-06)

LEASES FORMS

- Cash Farm Lease (NCFMEC-01A)
- Crop-Share Farm Lease (NCFMEC-02A)
- Pasture Lease (NCFMEC-03A)
- Farm Building or Livestock Facility Lease (NCFMEC-04A)
- Farm Machinery Lease for Non-commercial Transactions (NCFMEC-05A)
- Livestock Rental Lease (NCFMEC-06A)

ABOUT THESE DOCUMENTS

Each lease and supporting document was written, reviewed, and edited by member of the North Central Farm Management Extension Committee.

Our goal is to help producers and land owners discuss and resolve issues to avoid legal risk. We also aim to guide both land renters and land owners towards informed and equitable decisions.

AGRICULTURAL ECONOMICS
Land Management Questions

• Question: My parents indicated that I will inherit their farm, but I do not believe they have these wishes in writing. Should I worry about having this in writing or a legal document?

• Answer: Yes, extending one’s wishes in writing remains important for unforeseen events and apparent heir(s) of the estate.
  • At the time of one’s passing, emotions run high and relationships between apparent heirs may deteriorate
  • Legal documents to ensure these wishes are carried out remains essential
  • Assets may be protected as well when proper estate plans are carried out
Land Management Questions

• **Question:** What provisions need to be a verbal lease termination letter?

• **Answer:** Proper termination letters need to have the appropriate information for the parties and rented property. Things to include in a termination letter might include:
  • Date
  • Name and address of landlord and tenant
  • Legal description of property
  • Terms stating the termination of the lease

• Consider consulting an attorney who may send out a termination letter for a nominal fee.
Land Management Questions

- **Question:** During a three year lease arrangement on a parcel of land; the landlord sells the ground during the second year. What happens to the lease?
- **Answer:** The lease will continue on under terms of the prior landlord-tenant arrangement unless terms specify otherwise.
- Under mutual terms, the new landlord and tenant could agree to terminate the lease if voluntarily agreed upon.
- The current tenant will have the property until the end of the lease.
Land Management Questions

- Question: Online participants may now submit their questions?
- Answer: Review of questions and answers will be based upon remaining time available.
Upcoming Landlord & Tenant Cash Rent Meetings

- New Landlord/Tenant Cash Rent Workshop set to focus on land values & cash rental rates, crop budgeting & finances, and negotiation and communication issues
  - Aug 20, 2019 – Saline County, Wilber, 9:00 am. Ph: 402-821-2151
  - Aug 21, 2019 – Lancaster County, Lincoln, 1:00 pm Ph: 402-441-7180

- Managing Agricultural Land in 2020 and Beyond
  - New grant funded project to extend landlord/tenant cash rental in winter 2020
  - Locations TBA – stayed tuned to your local extension office
Upcoming Webinar: Monday, November 18, 2019 at 6:30 PM

Topics:

• USDA Land Management Highlights
  • 2019 county-level cash rental rate estimates
  • Prevented plant acreage across Nebraska
• Landlord & Tenant Communication
  • Harvest season and closing out the lease
  • Considerations for leases in 2020
• Ask an Expert
  • Review of submitted questions and from meeting participants
  • Upcoming land management workshops and publications
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