



## Weekly Farm Economics: Cash Rents in 2012 and 2013

**Gary Schnitkey**

Department of Agricultural and Consumer Economics  
University of Illinois

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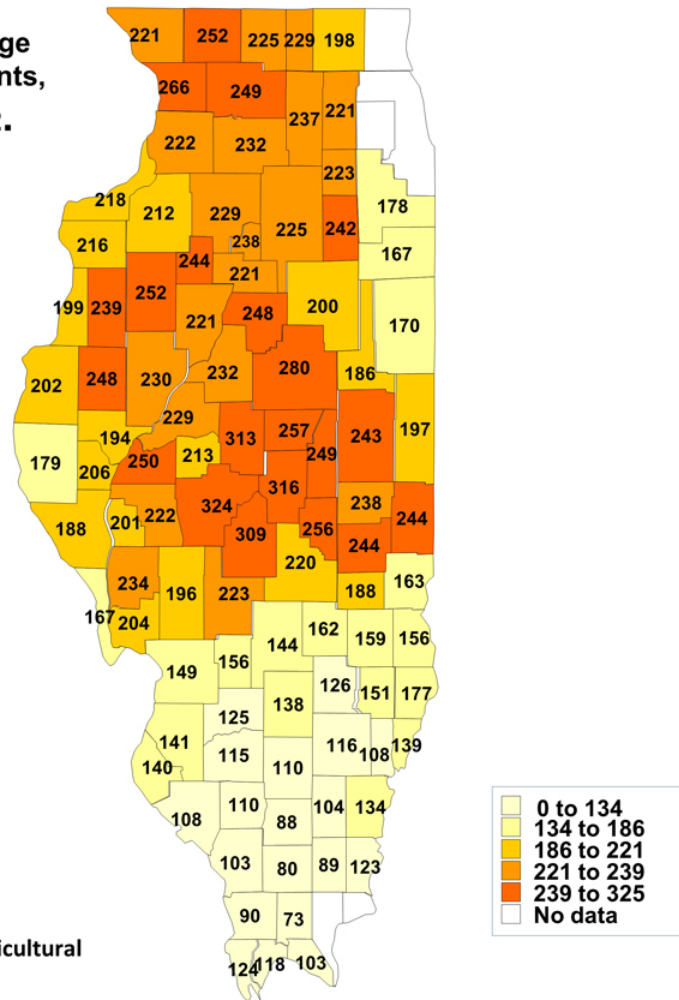
[http://farmdoc.illinois.edu/podcasts/fefo/FEFO\\_12\\_20.mp3](http://farmdoc.illinois.edu/podcasts/fefo/FEFO_12_20.mp3)

According to the National Agricultural Statistical Service (NASS), Illinois cash rents in 2012 increased by 16% over 2011 levels. Cash rents increases between 2012 and 2013 likely will not be as large. Results from a midyear survey by the Illinois Society of Professional Farm Managers and Rural Appraisers suggest increases between 1% and 3%.

### County Cash Rents in 2012

NASS estimates of average county cash rents for 2012 were released on September 7th and are shown in Figure 1. Cash rents range considerably over the state. The highest cash rents are located in central Illinois: Sangamon County at \$324 per acre, Macon County at \$316 per acre, Logan County at \$313 per acre, and Christian County at \$309 per acre. Northern Illinois rents are in the mid-\$200 range. For example, DeKalb County has a \$237 per acre rent, Ogle County has a \$249 per acre rent, and Lee County has a \$239 per acre rent. Rents are lower in southern Illinois. Cash rent in Johnson County is \$72 per acre, Williams County is \$80 per acre, and Franklin is \$88 per acre.

**Figure 1. Average County Cash Rents, \$ per Acre, 2012.**



Source: National Agricultural Statistical Service

Overall, cash rents in 2012 increased by 16% between 2011 and 2012. Since 1980, no other yearly change exceeded 16%. From 2007 to 2008, the average yearly increase in cash rent also increased by 16%.

### Cash Rents in 2013

Average cash rents in 2013 likely will be higher than those shown in Figure 1; however, the increase likely will not be as large as occurred between 2011 and 2012. Recently, the Illinois Society of Professional Farm Managers and Rural Appraisers conducted its annual mid-year survey (see [here](#) for details). Survey respondents were asked to estimate 2012 cash rents and project 2013 cash rents for differing land productivity classes (see Table 1). Expected corn yield on excellent productivity farmland is over 190 bushels per acre. Excellent productivity farmland has an average 2012 rent of \$373 per acre and a 2013 projected rent of \$384 per acre. The 2013 rent is 2.9% higher than the 2012 rent. Other land productivity classes have lower increases. Cash rents for good productivity farmland are projected to increase 2.8%, average farmland by 1.5% and fair productivity farmland by .9%.

**Table 1. 2012 and Projected 2013 Cash Rents in Illinois on Professionally Managed Farmland, Illinois Society of Professional Farm Managers and Rural Appraisers**

Land Quality	Expected Corn Yield	2012 Rent	2013 Projected Rent	Percent Change <sup>1</sup>
	<u>Bu. per acre</u>	<u>\$ per acre</u>		
Excellent	Over 190	373	384	2.9%
Good	170 - 190	317	326	2.8%
Average	150 - 170	268	272	1.5%
Fair	Less than 150	212	214	0.9%

Source: Illinois Society of Professional Farm Managers and Rural Appraisers, 2012 Mid-Year Survey, available at [www.ispfmra.org](http://www.ispfmra.org).

<sup>1</sup> 2013 projected rent divided by 2012 rent, minus one.

Relatively small increases between 2012 and 2013 likely occur because returns projections for 2013 are below those for 2012 (see [here](#)). This fundamental does not suggest increases in cash rents. Moreover, the 2012 drought may have tempered aggressiveness in setting cash rents.

Cash rents shown in Table 1 represent rents on farms that are professionally managed. Because they are managed farms, these cash rents tend to be higher than cash rents in many other situations. As a result, cash rents in Table 1 are higher than the averages shown in Figure 1. Cash rents range considerably within a county. In northern and central Illinois counties, cash rents that are \$100 higher or \$100 lower than the average often occur. This cash rent range is not explained by differences in land productivity.

### Summary

Cash rents likely will not increase as much in 2013 as they did in 2012. Results from a survey by the Illinois Society of Professional Farm Managers and Rural Appraisers suggest that 2013 cash rents will be 1 to 3% higher than 2012 rents. Hence, reasonable estimates of average cash rents in 2013 is to take 2012 cash rents in Figure 1 and increase those rents by between 1% and 2%.