Weekly Farm Economics: Farmland Ownership and Rental Percentages in Illinois: A 2007 to 2012 Perspective

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Data from Illinois grain farms were used to evaluate how ownership and tenure percentages have changed over time. Between 2011 and 2012, there has been a shift away from share rental arrangements. Percent of farmland owned increased in northern and southern Illinois.

Data and Trends

Data from the Illinois Farm Business Farm Management (FBFM) Association was used to calculate the percent of land owned, share rented, and cash rented by Illinois grain farms. Table 1 reports results for farms that received the majority of their farming income from grain operations and operated at least 260 acres. Livestock and smaller grain farms likely would own a higher percentage of farmland than shown in Table 1.

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In 2012, grain farms in northern Illinois owned 19 percent of the farmland they operated, share rented 23 percent, and cash rented 58 percent. Farms in central Illinois owned less of their farmland and share rented more of their farmland than did farms in northern Illinois. Central Illinois farms owned 14 percent of the farmland operated, share rented 49 percent, and cash rented 37 percent. Southern Illinois farms owned a higher percentage of their farmland than did farms in northern and central Illinois. Farms in southern Illinois owned 21 percent of the farmland operated, share rented 41 percent, and cash rented 38 percent.

Two recent changes are noticeable. First, the percent of share rented farmland decreased between 2011 and 2012. In northern Illinois, the share rent percent decreased from 25 percent in 2011 to 23 percent in 2012. In central Illinois, the percent of farmland share rented decreased from 51 percent in 2011 to 49 percent in 2012. These declines between 2011 and 2012 were more pronounced than between other years shown in Table 1. Over time, there has been a shift away from share rent in all regions of Illinois. For example, share rent percentages for all regions were higher in 2007 for all regions than in 2012 (28 percent in 2007 to 23 percent in 2012 in northern Illinois, 53 percent in 2007 to 49 percent in 2012, and 43 percent in 2007 to 41 percent in 2012 in southern Illinois). Generally, this farmland leaving share rent has shifted over to cash rent.

The second noticeable trend is an increase in percent of farmland owned in 2012 in northern and southern Illinois. In northern Illinois, owned farmland increased from 18 percent in 2011 to 19 percent in 2012. Southern Illinois increased from 20 percent in 2011 to 21 percent in 2012. In the last several decades, increases of percent of farmland owned are rare. Whether these increases are a trend or an anomaly will be revealed with time.

Summary

Over several decades, there has been a movement away from share rent towards cash rent. There was a larger than usual switch away from share rent arrangement between 2011 and 2012. Percent of farmland owned increased between 2011 and 2012 in northern and southern Illinois. It will be interesting to see how percentages change in future years as prices likely return closer to long-run levels.