



## Weekly Farm Economics: Information on 2021 Cash Rents with Implications for 2022

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All public information that will be useful in making 2022 cash rents is now available. The National Agricultural Statistics Service (NASS) recently released state and county rents for 2021. In addition, the Illinois Society of Professional Farm Managers and Rural Appraisers released their projections of 2022 rents on professionally managed farmland. Overall, cash rents rose between 2020 and 2021. Results from the Illinois Society suggest rising cash rents in 2022.

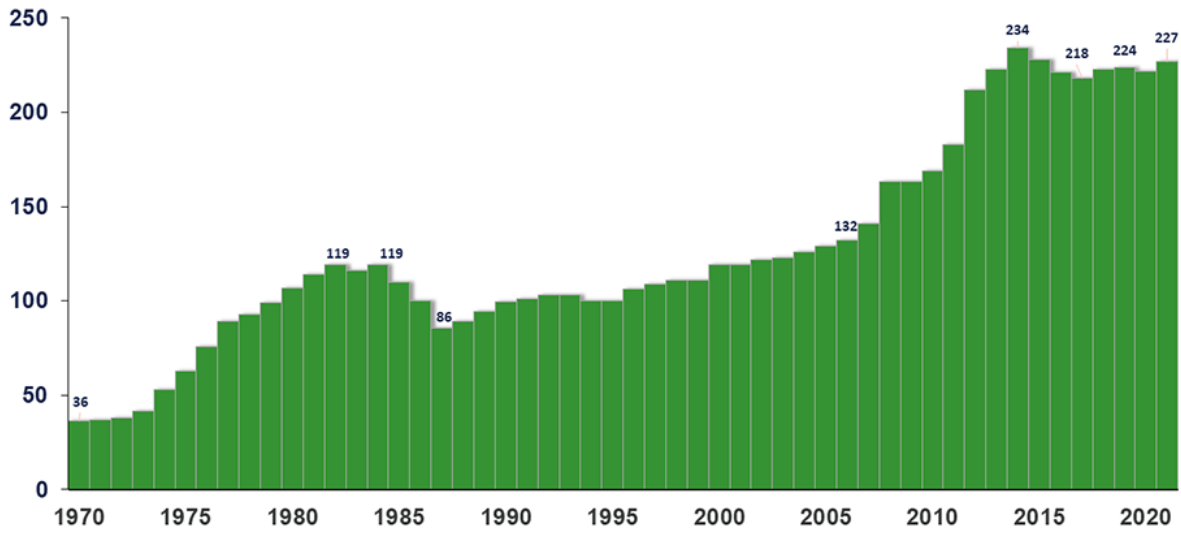
### Average 2021 Cash Rents in Illinois

The National Agricultural Statistics Service (NASS) reported the average cash rent for Illinois in 2021 at \$227 per acre, up by \$5 per acre from the 2020 level of \$222 per acre (see Figure 1). The 2021 rent is the third highest since 1970, below the all-time high of \$234 per acre set in 2013 and \$228 per acre rent in 2014 (see *farmdoc daily*, [August 17, 2021](#)).

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**Figure 1. Cash Rents in Illinois, 1970 - 2021**



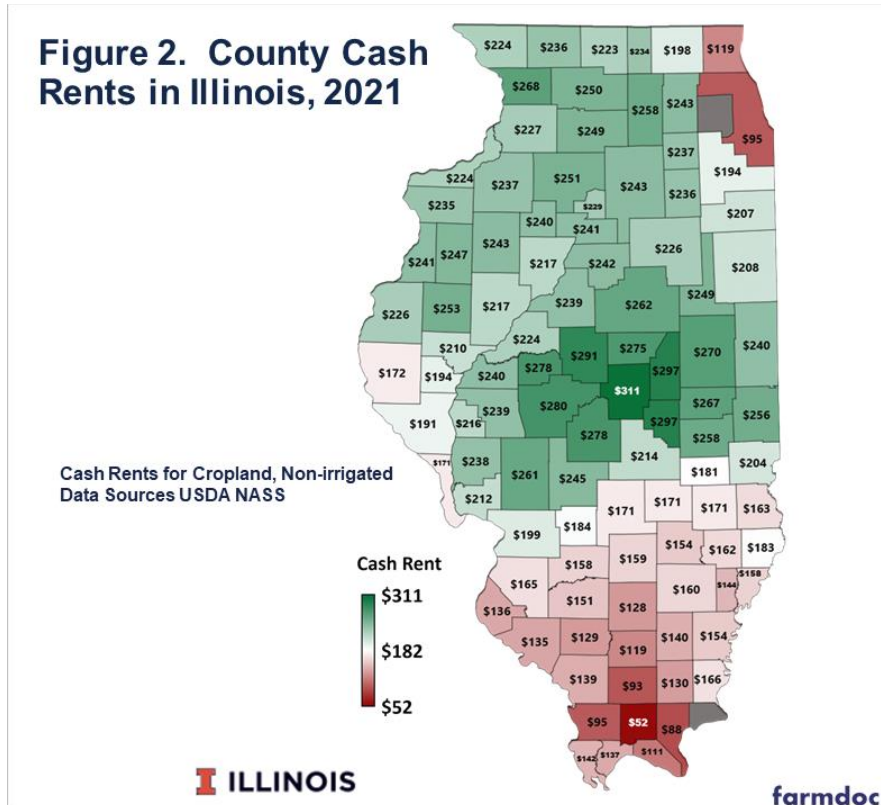
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Source: National Agricultural Statistical Service, U.S.D.A.

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Cash rents vary across Illinois, as illustrated in Figure 2, which shows average county cash rents for non-irrigated cropland released by NASS on August 27. The counties with the eight highest cash rents are all located in central Illinois: \$311 per acre in Macon County, \$297 in Moultrie, \$297 in Piatt, \$291 in Logan, \$280 in Sangamon, \$278 in Christian, \$278 in Menard, and \$275 in De Witt. Higher cash rents also occur in northern Illinois (Carroll at \$268 per acre, DeKalb at \$268 per acre) and western Illinois (McDonough at \$256 per acre).

**Figure 2. County Cash Rents in Illinois, 2021**

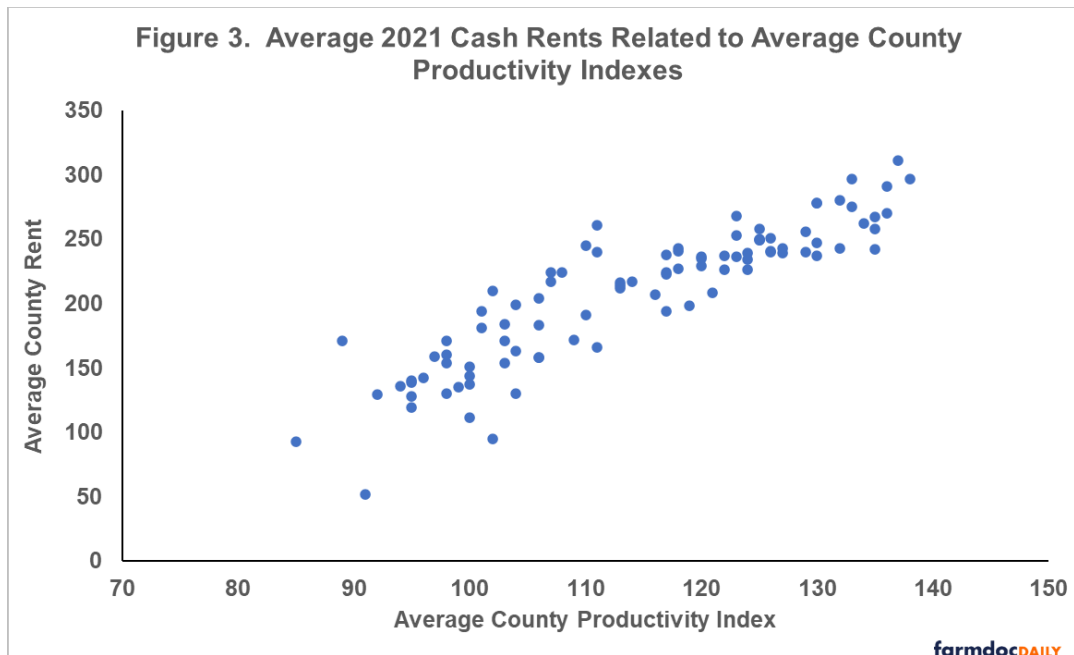


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Southern Illinois has lower per acre cash rents. The counties with the five lowest cash rents are Johnson at \$52 per acre, Williamson at \$93, Union at \$95, Massac at \$111, and Franklin at \$119.

Differences in soil productivity explain a large part of the variations in cash rents. Figure 3 shows a scatter graph of average 2021 county cash rents related to the average county soil productivity index (SPI). The SPI is published for Illinois soils by the Department of Natural Resources and Environmental Science at the University of Illinois (click [here](#) for more information).



Higher SPIs are correlated with higher yields. Figure 3 shows the average county SPI and average 2021 cash rents, with the two series having a strong, positive correlation coefficient of .89. Higher SPIs tend to be located in central and northern Illinois (see *farmdoc daily*, [November 7, 2017](#) for a map).

The SPI of farms within a county can vary from the county average. Based on the above relationship, an "average" cash rent projection for a farm in a particular county can be calculated with the following equation (see *farmdoc daily*, [November 7, 2017](#) for a discussion):

$$\text{"Average" cash rent} = -139 + (2.80 \times \text{SPI}) + \text{CRD adjustment}$$

where CRD is the crop reporting district. CRD adjustment values are shown in Table 1.

To illustrate, take a farm with a 134 SPI that is located in Champaign County. Champaign County is in the East CRD that has a CRD adjustment of \$27 (see Table 1). Given this information, the average cash rent is estimated at \$263 per acre ( $-139 + 2.80 \times 134 \text{ PI} + \$27 \text{ CRD adjustment}$ ).

**Table 1. Crop Reporting District (CRD) Adjustment Factors.**

CRD and Counties	CRD Adjustment
Northwest (Bureau, Carroll, Henry, Jo Davies, Lee, Mercer, Ogle, Putnam, Rock Island, Stephenson, Whiteside, Winnebago)	41
Northeast (Boone, Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, LaSalle, McHenry, Will)	17
West (Adams, Brown, Fulton, Hancock, Henderson, Knox, McDonough, Schuyler, Warren)	41
Central (Dewitt, Logan, Macon, Marshall, Mason, McLean, Menard, Peoria, Stark, Tazewell, Woodford)	37
East (Champaign, Ford, Iroquois, Kankakee, Livingston, Piatt, Vermillion)	27
West Southwest (Bond, Calhoun, Cass, Christian, Greene, Jersey, Macoupin, Madison, Montgomery, Morgan, Pike, Sangamon, Scott)	51
East Southeast (Clark, Clay, Cumberland, Crawford, Coles, Douglas, Edgar, Effingham, Fayette, Jasper, Lawrence, Marion, Moultrie, Shelby, Richland)	33
Southwest (Alexander, Clinton, Jackson, Johnson, Monroe, Perry, Pulaski, Randolph, St. Clair, Union, Washington, Williamson)	-8
Southeast (Edwards, Franklin, Gallatin, Hamilton, Hardin, Jefferson, Massac, Pope, Saline, Wabash, Wayne, White)	0

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### Variability in Cash Rents

Actual farm-level cash rents exhibit large variations from the above averages. For example, 60% of the rents on McLean County farms enrolled in Illinois Farm Business Farm Management (FBFM) in 2019 were within a range from \$214 to \$287 per acre. Note that the remaining 40% of the rents were outside that \$73 per acre range. Rent variations often are due to the farm's characteristics, including soil productivity, drainage, land access, land terrain, field size, and field obstructions. The desires of landowners also play a large role in rent levels.

### Professionally Managed Farmland

Annually, the Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA) conducts a mid-year survey to ask its members about cash rent expectations in the upcoming year. This mid-year survey is part of the Society's land value effort, which produces a land value booklet each year, giving farmland prices and rental information by regions of the state (click [here](#) for an archive of reports). Results for the 2021 mid-year survey were reported on a September 4th webinar. An archive of the webinar, along with the slides used during the webinar are available [here](#).

The ISPFMRA reports cash rents by four land classes: excellent, good, average, and fair. Land class divisions are made based on SPI ratings, with excellent farmland having SPIs ranging from 133 up to 147. SPI ranges for the remaining classes are shown in the first column of Table 2. Average corn yields vary by land class. For example, corn yield averaged 211 bushels per acre from 2016 to 2020 for counties that had average SPIs over 133 (see Table 2). The average corn yields were lower for other classes: 204 bushels per acre for the good land class, 181 for the average land class, and 156 for the fair land class.

**Table 2. Average and Professionally Managed Cash Rents, Illinois, 2020, 2021, and 2022P**

Land Class (Productivity Range)	Average Corn Yield <sup>1</sup>	Average Rent <sup>2</sup>		ISPFMRA Rents		
		2020	2021	2020	2021	2022P
		(\$ per acre)		(\$ per acre)		
Excellent (133 to 147)	211	271	277	303	315	350
Good (117 to 132)	204	235	240	270	270	299
Average (100 to 116)	181	180	185	224	226	249
Fair (Less than 100)	156	129	135	173	188	210

Source: Data for corn yields and average rents come from the National Agricultural Statistics Service. Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA) rents come from their land value effort available on the ISPFMRA.org website.

<sup>1</sup> Average corn yields from 2016 to 2020 for counties with average SPIs in the various ranges.

<sup>2</sup> Average of NASS cash rents for counties with average SPIs in the various ranges.

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In 2021, the ISPFMRA reported an average rent for excellent quality farmland that is professionally managed of \$315 per acre. As with all rents, there is a considerable range around the average. This \$315 per acre average was \$38 per acre higher than the \$277 average reported for counties by NASS. Overall, professionally managed farmland has higher cash rents than NASS averages. A variety of reasons can be given for this difference, including the desires of farm owners who seek professional management for higher returns.

ISPFMRA members are projecting higher rents in 2022. For excellent quality farmland, the 2022 cash rent is projected at \$350 per acre, up by \$35 from the \$315 average for 2021. Average cash rent for farmland in the good land class is projected at \$299 per acre for 2022, up by \$29 per acre from 2021 rents. The cash rent for average land class is projected at \$249 per acre, up by \$23 from the 2021 average. Cash rent for fair quality farmland is projected at \$188 per acre, up by \$22 from the 2021 average. Expectations for cash rent increases from 2021 to 2022 exceed 10% across all land classes.

### Outlook for 2022 Cash Rents

Professional managers of farmland are indicating that cash rents will rise in 2022. This outlook likely results because average returns to farmland have exceeded average cash rents in recent years (see *farmdoc daily*, [August 17, 2021](#)). Typically, periods of higher returns lead to higher cash rents.

We note, however, that increasing cash rents presents risks to farmers. Higher returns in recent years have occurred because of trend or higher yields, relatively high prices, and Federal payments through ad hoc programs such as the Market Facilitation Program and Coronavirus Food Assistance Program. A return to average commodity prices from 2014 to 2019, without continued ad hoc support, would lead to very low and likely negative farmer returns (see *farmdoc daily*, [August 24, 2021](#)).

### References

Schnitkey, G., C. Zulauf, K. Swanson and N. Paulson. "[Stress Test of 2022 Crop Returns.](#)" *farmdoc daily* (11):124, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 24, 2021.

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