FARM ECONOMICS: Facts & Opinions



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COUNTY CASH RENTS IN 2009

The National Agricultural Statistical Service (NASS) recently released their estimates of average cash rents per county for 2009. This is the second year NASS released county rent estimates. Comparison of 2008 and 2009 cash rents provides indications of movements in the rental market.

Cash Rent Changes between 2008 and 2009

Comparison between 2008 and 2009 does not indicate a clear direction for cash rents. Forty-one percent of the counties had cash rent increases while 37% had decreases (see Table 1). The remaining 22% of counties reported no change in cash rents. Overall, NASS reported that average the cash rent for the state of Illinois declined from \$170 per acre in 2008 down to \$164 per acre in 2009, a decline of 4%.

Table 1. County Cash Rents In Illinois, 2008 and 2009.

	¥		%		Year		%		16-		%
	Year 2008 2009		7% Chg				76 Chg		Year 2008 2009		Chg
	2008	2009	Cng		2008	2009	Cng		2008	2009	Crig
	\$ per acre				\$ per acre				\$ per acre		
Adams	149	141	-5%	Henry	175	169	-3%	Peoria	170	174	2%
Alexander		81		Iroquois	165	171	4%	Perry	75	74	-1%
Bond	114	124	9%	Jackson		92		Piatt	205	218	6%
Boone	157	144	-8%	Jasper	120	118	-2%	Pike	158	120	-24%
Brown	131	145	11%	Jefferson	82	95	16%	Pope		72	
Bureau	185	210	14%	Jersey	164	145	-12%	Pulaski		109	
Calhoun		136		Jo Daviess	159	151	-5%	Putnam	185	194	5%
Carroll	196	182	-7%	Johnson		76		Randolph	90	81	-10%
Cass	168	177	5%	Kane	159	166	4%	Richland	99	111	13%
Champaign	196	205	5%	Kankakee	155	155	0%	Rock Island	162	174	7%
Christian	186	206	11%	Kendall	175	169	-3%	Saline		86	
Clark	141	136	-4%	Knox	179	171	-4%	Sangamon	224	223	0%
Clay	102	109	7%	LaSalle	176	181	3%	Schuyler	175	147	-16%
Clinton	116	112	-3%	Lawrence	116	114	-2%	Scott		134	
Coles	172	177	3%	Lee	177	181	2%	Shelby	137	170	24%
Crawford	119	117	-2%	Livingston	198	163	-18%	St Clair	122	118	-3%
Cumberland	138	151	9%	Logan	210	232	10%	Stark	181	185	2%
DeKalb	180	192	7%	Macon	211	237	12%	Stephenson	165	186	13%
DeWitt	196	183	-7%	Macoupin	204	178	-13%	Tazewell	161	178	11%
Douglas	190	186	-2%	Madison	123	115	-7%	Union		86	
Edgar	183	163	-11%	Marion	93	94	2%	Vermilion	177	181	2%
Edwards		88		Marshall	181	174	-4%	Wabash		125	
Effingham	115	115	0%	Mason	165	195	18%	Warren	196	184	-6%
Fayette	109	109	0%	Massac		85		Washington	95	87	-8%
Ford	170	164	-4%	McDonough	195	182	-7%	Wayne	107	112	5%
Franklin		72		McHenry	128	137	7%	White	106	109	3%
Fulton	160	181	13%	McLean	190	208	9%	Whiteside	177	172	-3%
Gallatin		127		Menard	168	184	10%	Will	142	142	0%
Greene	164	174	6%	Mercer	164	176	7%	Williamson		67	
Grundy	166	170	2%	Monroe	111	99	-11%	Winnebago	145	145	0%
Hamilton	96	85	-11%	Montgomery	166	164	-1%	Woodford	194	184	-5%
Hancock	161	185	15%	Morgan	192	196	2%				
Hardin		83		Moultrie	213	187	-12%	State	170	164	-4%
Henderson	162	179	10%	Ogle	180	179	-1%				

Source: National Agricultural Statistical Service, U.S. Department of Agriculture.



This 4% state decline differs somewhat from other sources. An earlier USDA survey indicated that cash rents in Illinois increased by 4% between 2008 and 2009. Results from an Illinois Society of Professional Farm Managers and Rural Appraisers also indicated that rents had increased between 2008 and 2009.

Unpublished cash rent data from Illinois Farm Business Farm Management (FBFM) supports NASS cash rents in that FBFM data suggests that there were some counties that had declines in average cash rents. For counties in which FBFM had observations on at least 20,000 acres, the correlation between changes in NASS rents and FBFM rents was .47, a fairly strong correlation.

There does appear to be some anomalies in NASS changes. For example, two counties in central Illinois had large declines that are difficult to explain: Livingston County's cash rent declined 18% from \$198 in 2008 to \$162 in 2009 and Edgar County's average cash rent declined 11% from \$183 per acre in 2008 to \$163 in 2009. On the other hand, Shelby County had a large increase. Shelby County's cash rent increased 24% from \$137 per acre in 2008 to \$170 in 2009.

These large changes point to two facts about the cash rental market. First, the cash rental market has local factors that influence rental levels. Hence, what may be occurring in one county may not be occurring in another county. Second, cash rents vary considerably from farms of similar productivity within a county. There will be rents more than \$100 higher and \$100 lower than the average. Determining averages in this environment is difficult. Some of the difference between averages from year to year may be simply based on which farms get sampled.

Overall, 2009 appears to be a year of relatively small changes in cash rents, unlike the 15 percent increase in cash rents between 2007 and 2008. During the last half of 2008, financial difficulties in the U.S. became apparent and a recession set in. When 2009 rents were being set, expectations were that 2009 returns would be lower than 2008 returns and, in fact, returns were lower in 2009 than in 2008. These factors likely caused cash rents to stabilize in 2009 from the growth that occurred in previous year.

2009 Cash Rent Levels

Cash rental rates vary across Illinois, with rental rates generally positively correlated with farmland productivity (see Figure 1). The highest cash rents are in central Illinois, with eight counties having an average over \$200 per acre. The highest cash rent was in Macon County, having a cash rent of \$237 per acre. Lower average rents were in southern Illinois. The lowest average was in Williamson County, having an average rent of \$67 per acre.

Source: NASS

Figure 1. Average County Cash Rents, 2009.



Expectations for 2010

Generally, rental rates for 2010 are expected to be at the same level as 2009 levels. Recent results presents by the Illinois Society of Professional Farm Managers and Rural Appraisers suggest small changes in average levels between 2009 and 2010.

Summary

NASS provides a valuable service in statistically estimating average cash rents by county. Data for many counties in the United States is available for download from the NASS website: www.nass.usda.gov. The press release showing a map of Illinois cash rent is available from Illinois NASS website: http://www.nass.usda.gov/Statistics by State/Illinois/Publications/index.asp.

Average cash rents for 2009 suggest a cash rent market that no longer is increasing at the same rates as in 2007 and 2008. Some counties have average cash rents that are increasing while others are declining. Expectations are that 2010 average cash rents will be at roughly the same levels as 2009 averages.

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