

Ag Decision Maker

VOL. 27 NO. 7 / MAY 2023

A BUSINESS NEWSLETTER FOR AGRICULTURE

INSIDE . . .

PAGE 4

Higher Midwest humidity

PAGE 5

A reversal of fortunes

PAGE 8

Record high cash rental rates

UPDATES

The following [Information Files](#) have been updated on extension.iastate.edu/agdm:

A2-33 Cost of Storing Grain

B1-50 Livestock Risk Insurance Plans for Cattle Producers

C2-10 Cash Rental Rates for Iowa 2023 Survey

C2-20 Computing a Cropland Cash Rental Rate

C2-21 Flexible Farm Lease Agreements

C2-90 Understanding the Economics of Tile Drainage

C6-32 Evaluating Farm Accounting Software

The following [Videos and Decision Tool](#) have been updated on extension.iastate.edu/agdm:

A1-10 Chad Hart's Latest Ag Outlook

A2-33 Monthly Cost of Storing Grain

B1-50 Livestock Revenue Protection Analyzer

C2-20 Cropland Cash Rental Rate Estimation

C2-90 Farmland Tile Drainage Investment Analysis

The following [Profitability Tools](#) have been updated on extension.iastate.edu/agdm/outlook.html:

A1-85 Corn Profitability

A1-86 Soybean Profitability

A2-11 Iowa Cash Corn and Soybean Prices

A2-15 Season Average Price Calculator

D1-10 Ethanol Profitability

D1-15 Biodiesel Profitability



Profits entice cattle producers to expand to capture more profits

By Lee Schulz, extension livestock economist,
515-294-3356 | lschulz@iastate.edu

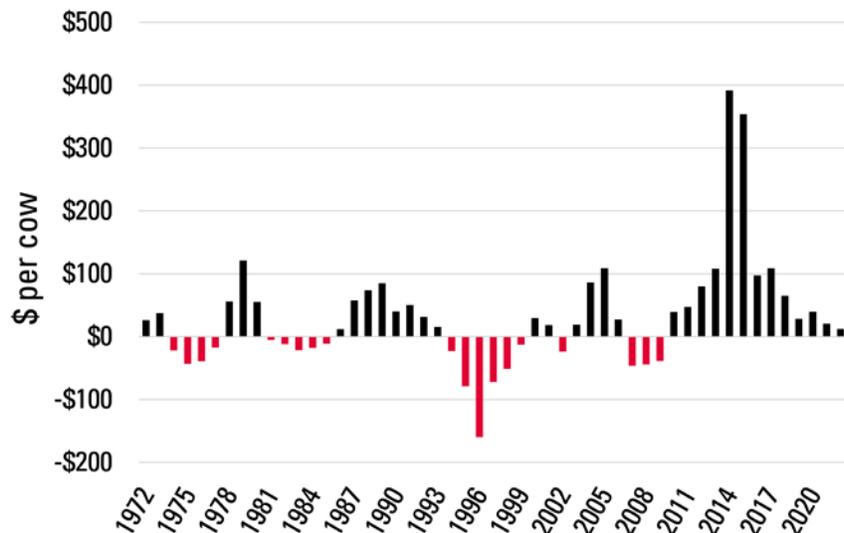
Asking any veteran cattle producer about profits will likely elicit several "I remember back in..." stories. Cow-calf returns over variable costs were \$121 per cow in 1979. That's \$503 per cow in today's dollars. It's also the highest return in the three cattle cycles (1979-1990, 1990-2004 and 2004-2014) prior to the current cycle, which started in 2014.

Profit means different things to different people and in different situations. A basic formula is Profit = Revenue – Expenses.

Revenue must exceed expenses to turn a profit. Deciding which expenses to include is the tricky part.

One profit calculation is money left over after the business pays all costs. Producers must consider this calculation when making investment or expansion decisions. No matter how high current revenues are, an enterprise must cover all expenses to be economically sustainable over the long haul.

Figure 1. Estimated average nominal United States cow-calf returns over variable costs. Source: USDA-ERS using data from USDA's Agricultural Resource Management Survey (ARMS) and other sources. For more information, see the [Commodity Costs and Returns website](http://www.ers.usda.gov/data-products/commodity-costs-and-returns/), www.ers.usda.gov/data-products/commodity-costs-and-returns/.



Another view of profit is return above variable costs. This measure can help guide short-term decisions on production levels. When times are tough, economic theory says to maintain full production as long as expected revenues are projected to cover variable costs. Any returns above variable costs would leave something to apply toward fixed costs. A revenue short fall between covering total costs and variable costs suggests how much cash must come from other enterprises or off-farm income to cover overhead expenses, pay salary and living expenses.

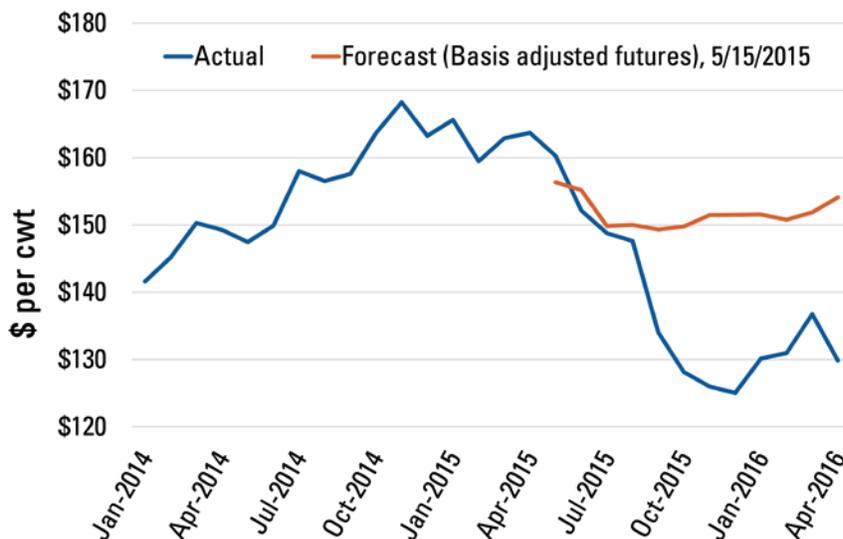
Cattle earnings swings persist

Cattle production returns can fluctuate considerably year-to-year. USDA's Economic Research Service provides annual cow-calf costs and returns estimates for the United States and key production regions. Annual US returns over variable costs in the current cattle cycle have averaged \$124 per cow with a high of \$391 per cow in 2014 and a low of \$12 per cow in 2022.

Short-term swings can be quite extreme. Yearling steers finished in October and November 2014 earned returns above variable costs of over \$300 per head. That profit gave way to losses of over \$400 per head by October 2015, according to the Iowa State University Estimated Livestock Returns.

When feedlots make money, feedlot operators tend to bid up feeder cattle prices, which

Figure 2. Monthly Iowa-Minnesota negotiated fed cattle prices. Data source: USDA-AMS and CME Group.



boosts fed cattle breakeven prices. Midway through 2015, fed cattle entered an unexpected price slump (Figure 2). The combination of high placement costs and an unexpected plunge in fed cattle prices triggered record losses for some cattle feeders.

Risk management tools are available

Many producers, especially beginning and more leveraged producers, simply cannot self-insure against the type of market risk experienced in the not-so-distant past. The Chicago Mercantile Exchange introduced live cattle futures in 1964 and added feeder cattle futures in 1971. In 1984, the CME first introduced options on livestock futures. For decades, producers have successfully used futures and options or forward contracts to manage price risk.

Another tool is federally supported livestock insurance which was first offered in 2003.

Livestock Risk Protection (LRP) seeks to cover decreases in output price (fed cattle or feeder cattle). Livestock Gross Margin (LGM) works to cover the decrease in margin between input prices (feeder cattle and corn) and output prices (fed cattle). Recent updates to the livestock insurance products took effect July 1, 2022. With the revisions, the hope is to reach more producers, offer greater flexibility for protecting operations, and ultimately, better meet the price risk management needs of producers.

How much risk a producer can afford to take on is a key consideration in choosing to use or not use price risk management tools. In good times, risk management strategies that strive to hedge a price level or set a price floor may leave some money on the table. But in tough times having a floor can generate enough earnings to keep the business in business.

Future earnings appear promising

Cow-calf returns are in the midst of what could be a meteoric upward trend in the next couple of years. Unfortunately, costs have not moderated, which may limit margins. Profitability projections for cattle feeding are generally positive for 2023.

Solid earnings give producers opportunities to choose how to allocate profits. Their challenge is balancing investing to expand in hopes of capturing more earnings, while preserving enough cash to weather the inevitable bad times. The old saying goes, “hope for the best but plan for the worst.”

Cattle producers have many investment choices. An individual producer’s best option depends on their situation and the goals of their operation.

Ramping up amplifies risk

On the surface, projecting profits from adding a few more cows to an existing profitable cow-calf operation would seem to be a simple matter of applying the same proportional increase to expected revenue and expenses. That’s not realistic. Financing the additional cows and the extra feed and operating expenses takes cash from equity or debt. Both approaches boost risk exposure.

Suppose an expansion calls for adding facilities. Taking on debt would boost debt service requirements now, and in the years to come. Per head operating costs might not rise much, but extra cash needed to pay for operating expenses would up

cash flow needed. That’s why producers need to do a lot of pencil pushing before embarking on expansions that require capital expenditures.

While an operation may be profitable for the year, the monthly and weekly cash outflows may not coincide with revenue inflows. Cattle sales are often seasonal. Producers must typically pay expenses before sales generate revenue. That creates a need to dig into cash reserves, liquidate assets to generate funds, or borrow money to meet expense obligations.

Good records aid sound decision making

Keeping good records is the first step in managing for profitability. The key financial statements—balance sheet, income statement and cash flow statement—provide information to analyze financial position. The liquidity ratio, solvency ratio, profitability, financial efficiency and repayment capacity provide financial benchmarks. Records of calf crop or weaning percentage, average weaning weight, average daily gain, and total cost per pound of gain provide measures to evaluate production performance.

Debt is an integral part of most businesses. Everything in agriculture is cyclical. Trimming debt in the good times improves staying power for the lean times. Reducing debt provides a guaranteed return on investment and builds equity available for borrowing against in the future.

Investing to chase profits carries risk

Use caution when reinvesting back into the business during periods of high profits. Make sure the proposed investment “fits” with the long-term business plan. Many producers see high profits and invest, invest, invest hoping for many years of favorable returns. Then, when profitability wanes, they’re forced to liquidate, liquidate, liquidate, often on a lower market. A good investment ultimately produces profitability from the time the investment is made through its entire useful life, whether short- or long-term.

As you consider decisions about expenses, cash flow, debt and investment, also focus on specifics. Prioritize investments in areas with high expected payoffs. Some examples include: improving cattle genetics; improving the forage base; repairing, replacing, or expanding infrastructure; acquiring productive assets; investing in technology; and/or adjusting production activities (i.e., ensuring marginal benefits equal or exceed marginal costs).

Strive to make investments that improve productivity and efficiency, or lower costs. Key performance indicators from your records can help measure progress. Make comparisons to industry measures for benchmarking purposes.

Finally, understand the adjustments you need to make to improve, and then make those adjustments. Investments

that improve productivity and efficiency, or lower costs, can pay dividends in future years. Those gains can put you among the producers who make money even in the “bad years.”

Enjoy fruits of your labor

Much has been written about management strategies when times are tough. In reality, decisions producers make during good times are often more crucial. Good times bring

temptations to splurge on items that contribute little or nothing to productivity and profitability. So, justify each transaction in the context of the goals of your business.

If the overriding goal is to grow the business, then consider strategies to acquire productive assets. If the ultimate vision is maintaining long-term profitability, then plan ahead for future times

when generating profits might be more challenging. Building or supplementing savings is an option.

If one goal is to produce profits for personal use, then profit taking is in line with operational goals. Long hours and hard work deserve a reward when income is available. Take the time, and a few dollars, to enjoy the blessings of a prosperous cattle market.



Higher midwest humidity

By Don Hofstrand, retired agricultural business specialist
Reviewed by Eugene Takle, retired professor emeritus,
Iowa State University

This article is part of our series focused on the causes and consequences of a warming planet.

When we think of climate change, we think of weather events like heat waves, droughts, extreme weather, and rising sea levels. But another important and more insidious impact of climate change is higher humidity levels, especially for the Midwest. Humidity is how much water vapor is in the air. High humidity results in more extreme rain events, mold, mosquitoes, water-logged spring soils, and, of course, uncomfortable summer days.

As temperature levels increase due to global warming, the air can hold more water vapor (4% more for each one-degree increase) leading to the potential for higher humidity levels.

You may have heard the expression: “It’s not the heat, it’s the humidity.” Actually, it’s

both. Humidity coupled with temperature to create the “heat index” that is a measure of how hot it feels. For example, a temperature of 92 degrees and dew point of 77 degrees combines to feel like 106 degrees.

The damaging effects of increased humidity rival those of higher temperatures and heavy precipitation and can create unique needs for adapting our infrastructure. Higher humidity accelerates metal corrosion, rot and warping of wood, and peeling of paint. Costs of air conditioning to improve human comfort levels likewise increase with rising humidity.

High humidity can create health concerns. In hot and humid conditions, the efficiency of our bodies to cool by evaporating sweat from our skin slows, making it difficult to maintain a stable core body temperature leading to heat stress and heatstroke.



In addition, the warming of the planet is causing nights to warm faster than days. We can tolerate high temperatures during the day if our bodies can cool during the night. However, higher nighttime temperatures, along with high humidity levels, may not provide the cooling opportunity our bodies need.

High levels of humidity create hazardous conditions for workers and sensitive populations through the danger of heat exhaustion and heatstroke. Allergic rhinitis and asthma are worsened by heightened exposures to mold and dust mite allergens in humid environments. There is also evidence for increased aggression and societal violence associated with hot, humid weather.

See the [Ag Decision Maker website](https://extension.iastate.edu/agdm/energy.html#climate), extension.iastate.edu/agdm/energy.html#climate, for more from this series.



A reversal of fortunes

By Chad Hart, extension crop market economist, 515-294-9911 | chart@iastate.edu

May is an interesting month for USDA reports. The weekly Crop Progress reports document the speed at which the new spring crops are entering the ground. That planting pace often provides a strong signal to market participants about the potential production in the coming harvest season. The World Ag Supply and Demand Estimates (WASDE) report shifts to provide data for the new crop year, as new crop data is not added to the tables until May. As in past years, there are several factors greatly influencing the potential supply and demand for the crops. Typically, with the May WASDE report, USDA sticks with the acreage estimates from the March Prospective Plantings report and the trend yields released at the Ag Outlook Forum in February. Thus, the May WASDE report is mostly about the usage projection changes since the Ag Outlook Forum. The combination of these reports this year have confirmed the price trend through most of 2023, as prices have fallen on expectations of larger production and concerns of weaker demand.

The planting pace for both corn and soybeans has been much quicker this year than last. Figures 1 and 2 show the national planting pace data for corn and soybeans, respectively,

on an annual basis since 1980. The light blue shaded area displays the range in planting pace, with slower pace towards the right of the graphs. For corn, planting was the slowest in 1983 and 1984 during April and early May. The 2019 corn crop set the slowing pace starting in mid-May. Last year, corn planting started slow, but rallied to catch the five-year average pace by the end of May. This year, national corn planting is running well ahead of last year and slightly ahead of the five-year average.

Figure 1. United States corn planting progress (Source: USDA-NASS).

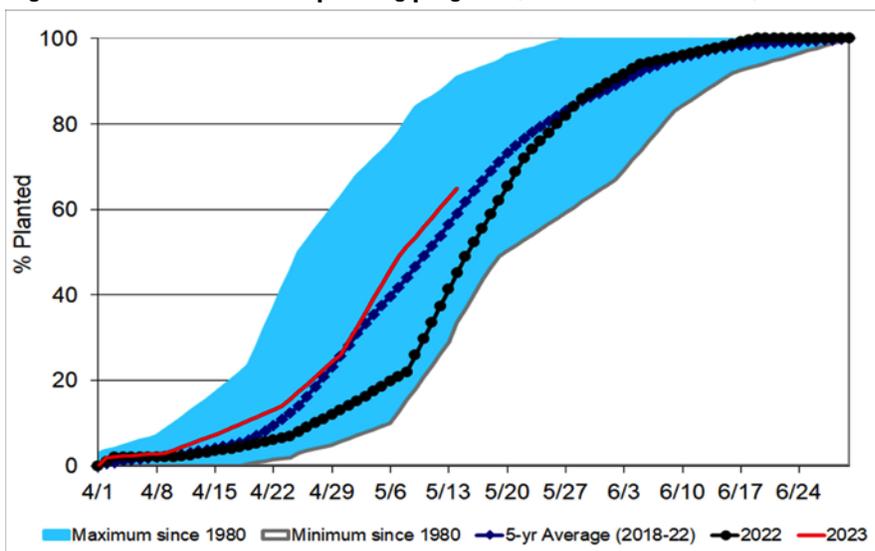
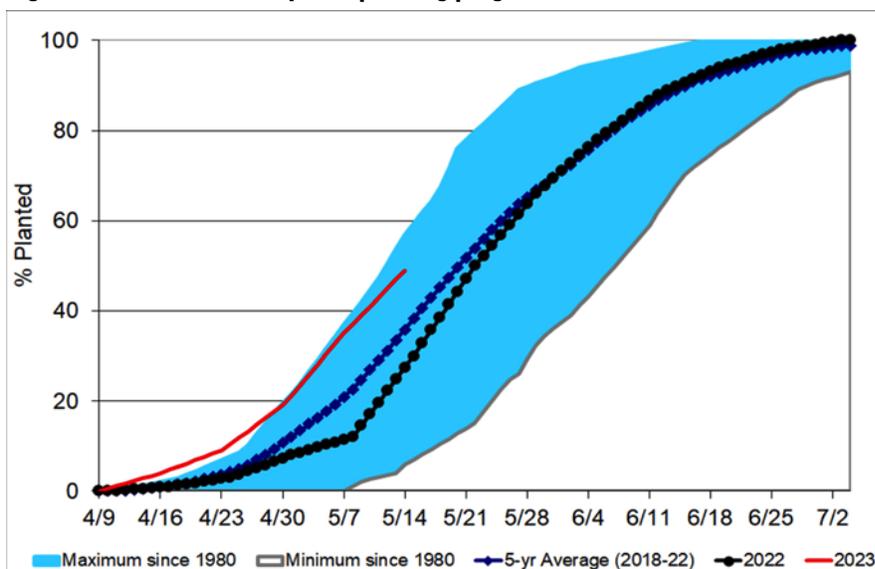


Figure 2. United States soybean planting progress (Source: USDA-NASS).



For soybeans, this year's planting pace is nearly a record pace, and did set the record for planting for most of the month of April. The 2023 crop is racing with the 2000, 2012, and 2021 crops for the top spot. So the soybean crop is well ahead of the five-year average and last year. While both crops are going in fast, there are still a few problem spots to watch, mainly to the north, North Dakota and Wisconsin. The late winter storms in those states delivered significant snow, and thus moisture, to fields, alleviating drought issues, but also delaying fieldwork.

Typically, quicker planting leads to more area being planted (boosting prospects for the June acreage numbers to be higher than the March planting intentions) and higher yields at the end of the season (raising thoughts about trendline or higher yields). As USDA published in the May WASDE report, expectations of trendline yields translates into the potential for record corn and soybean crops. For corn, projected production in 2023 now stands at 15.265 billion bushels, which would exceed the record from 2021 by roughly 200 million bushels. For soybeans, 2023 projected production is 4.51 billion bushels, also topping the record set in 2021. So projected supplies are ample this year.

The production gains do not necessarily mean crop prices have to retreat, if crop usage can grow just as quickly. The

crop markets were watching the WASDE report to see how strong USDA would project the usage rebound. The gray boxes in Tables 3 and 4 highlight the demand sides of the corn and soybean markets. Both corn and soybeans saw lower usage totals for the 2022 crops. Some of this decline is driven by the lower production in 2022, but some of it is also reflecting shifts in demand. For corn, the drops in usage hit every category. Feed retreated by roughly 450 million bushels. Corn usage for ethanol backed off by 75 million bushels and other industrial uses declined by 8 million bushels. But the largest decline has been in exports. Based on the current export pace, exports shrank by roughly 700 million bushels.

With the bigger projected corn crop for 2023, USDA expects corn usage to climb again, but not quickly enough to match production. USDA signaled this back in February with their early projections and confirmed this in May. What has changed since February is that USDA has become a little more optimistic on domestic usage (feed and biofuels), but more pessimistic on international usage (exports). Corn feed usage is projected to grow by 375 million bushels. That is 50 million bushels more than the February projection, but still 75 million bushels below 2021. Corn usage for ethanol gains 50 million bushels. Again, that's 50 million more the February estimates, but still 25 million below 2021. But the biggest challenge comes from exports.

Corn exports are projected to increase by 325 million bushels, but that's 100 million bushels less than the February estimate and 370 million below the level from 2021. Record production and slower growth in usage leads to higher ending stocks and lower projected prices. As the corn balance sheet currently stands, ending stocks for 2023 could easily exceed 2 billion bushels, with the season-average price falling below \$5 per bushel.

The decline in soybean usage for the 2022 crop was much less dramatic than corn. However, the major shifts for soybeans parallel corn. Exports retreated with the smaller 2022 crop and higher prices. The outlook for 2023 is for record production and slower growth in usage, leading to higher ending stocks and lower prices. The challenge is that where corn exports are expected to rebound higher, soybean exports are projected to continue to decline. The drop in soybean exports from 2021 to 2022 was roughly 140 million bushels. Looking forward for the 2023 crop, exports are projected to fall by 40 million more.

Domestic usage remains strong. As new crushing facilities come online, USDA expects crush usage to trend higher. But the boost is not enough, as ending stocks grow by 120 million bushels and the season-average price drops to \$12.10 per bushel.

The futures markets have factored in concerns about larger production and weaker usage during the first half of 2023, as futures-based season-

average price estimates have been falling over the course of the year. As of May 18, 2023, futures-based estimates were \$4.90 per bushel for corn and \$11.60 per bushel for soybeans. So the markets are a little more optimistic for corn and more pessimistic for soybeans, compared to USDA. But prices

for both crops have definitely retreated enough to severely limit, if not eliminate, profit margins. Prices at the start of the year were above production cost estimates. Now, we're breakeven at best. The planting pace and what it implies about production will continue to pressure prices. Those looking

for a potential price rally either need a significant slowdown in planting or a series of pleasant surprises in export sales.

Listen to the latest [Market Outlook video](https://youtu.be/Zp48nvxMgBo), <https://youtu.be/Zp48nvxMgBo>, for further insight on outlook for this month.

Table 1. United States corn supply and usage. Source: USDA-WA0B.

Marketing Year (2022 = 9/1/22 to 8/31/23)		2019	2020	2021	2022	2023
Area Planted	(million acres)	89.7	90.7	93.3	88.6	92.0
Yield	(bushels/acre)	167.5	171.4	176.7	173.3	181.5
Production	(million bushels)	13,620	14,111	15,074	13,730	15,265
Beginning Stocks	(million bushels)	2,221	1,919	1,235	1,377	1,417
Imports	(million bushels)	42	24	24	40	25
Total Supply	(million bushels)	15,883	16,055	16,333	15,147	16,707
Feed and Residual	(million bushels)	5,900	5,607	5,721	5,275	5,650
Ethanol	(million bushels)	4,857	5,028	5,326	5,250	5,300
Food, Seed, and Other	(million bushels)	1,429	1,439	1,438	1,430	1,435
Exports	(million bushels)	1,777	2,747	2,471	1,775	2,100
Total Use	(million bushels)	13,963	14,821	14,956	13,730	14,485
Ending Stocks	(million bushels)	1,919	1,235	1,377	1,417	2,222
Season-Average Price	(\$/bushels)	3.56	4.53	6.00	6.60	4.80

Table 2. United States soybean supply and usage (Source: USDA-WA0B).

Marketing Year (2022 = 9/1/22 to 8/31/23)		2019	2020	2021	2022	2023
Area Planted	(million acres)	76.1	83.4	87.2	87.5	87.5
Yield	(bushels/acre)	47.4	51.0	51.7	49.5	52.0
Production	(million bushels)	3,552	4,216	4,465	4,276	4,510
Beginning Stocks	(million bushels)	909	525	257	274	215
Imports	(million bushels)	15	20	16	20	20
Total Supply	(million bushels)	4,476	4,761	4,738	4,571	4,745
Crush	(million bushels)	2,165	2,141	2,204	2,220	2,310
Seed and Residual	(million bushels)	108	97	102	121	126
Exports	(million bushels)	1,679	2,266	2,158	2,015	1,975
Total Use	(million bushels)	3,952	4,504	4,464	4,355	4,411
Ending Stocks	(million bushels)	525	257	274	215	335
Season-Average Price	(\$/bushels)	8.57	10.80	13.30	14.20	12.10



Record high cash rental rates

By Alejandro Plastina, extension economist, 515-294-6160 | plastina@iastate.edu

The most recent annual survey of cash rental rates for Iowa farmland shows that rates increased by 9% in 2023 to the highest average value on record: \$279 per acre. This new peak rent is 3.3% higher than the previous one of \$270 per acre observed in 2013 (Figure 1). In comparison, average nominal (not inflation-adjusted) corn and soybean prices received by farmers in Iowa in the first quarter of 2023 were 2.8% higher and 4.4% lower, respectively, than in the first quarter of 2013.

Iowans supplied 1,306 usable responses about typical cash rental rates in their counties for land producing corn and soybeans, hay, oats and pasture. Of these, 42% came from farmers, 37% from landowners, 9% from professional farm managers and realtors, 7% from agricultural lenders, and 5% from other professions and respondents who chose not to report their status. Respondents indicated being familiar with a total of 1.4 million cash rented acres across the state.

AgDM File C2-10, [Cash Rental Rates for Iowa 2023 Survey](https://go.iastate.edu/4YVGOJ), go.iastate.edu/4YVGOJ, provides detailed results by county and crop. There was considerable variability across counties in year-to-year changes, as is typical of survey data, but 91 out

Figure 1. Average cash rents in Iowa, dollars per acre (nominal).

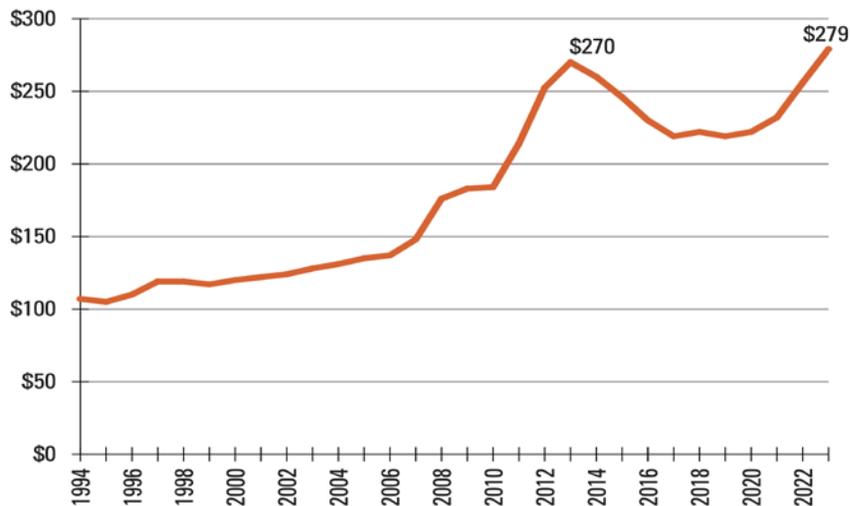
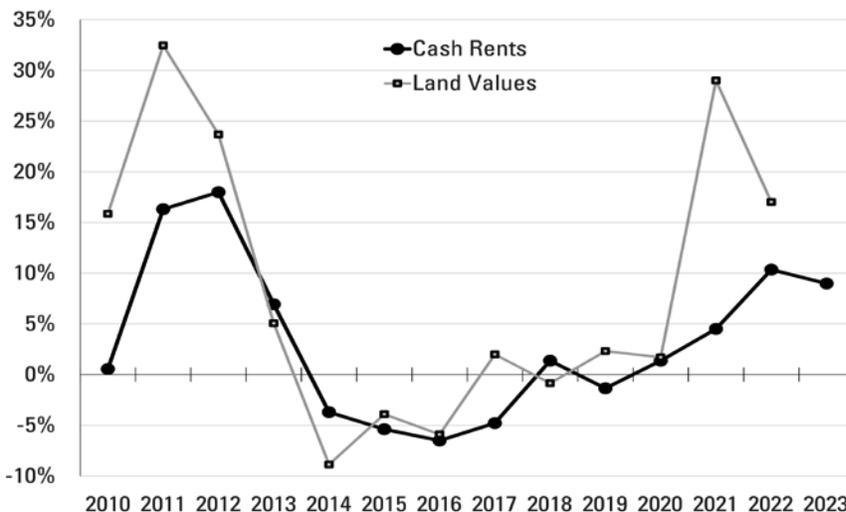


Figure 2. Annual percent change in cash rents and land values in Iowa.



of the 99 Iowa counties experienced increases in average rents for corn and soybeans. Only Des Moines, Jefferson, Lucas, Muscatine, Van Buren, Wapello, Warren, and Woodbury Counties experienced declines in their overall average cash rents.

Besides typical rents for ground on corn and soybeans, the report also shows typical rents for alfalfa, grass hay, oats, pasture, corn stalk grazing, and hunting rights in each district.

Survey shows rent increases in all districts

The survey was carried out by Iowa State University Extension and Outreach. Statewide, reported rental rates for land planted to corn and soybeans were up from \$256 per acre last year to \$279 in 2023, or 9%. This percent increase is 1.5 times larger than the 3.6% increase in Iowa farmland values between March 2022 and March 2023 reported in surveys conducted by the Iowa REALTORS Land Institute and summarized in [AgDM File C2-75](https://www.agdm.com/AgDM-File-C2-75), go.iastate.edu/X9YPDC.

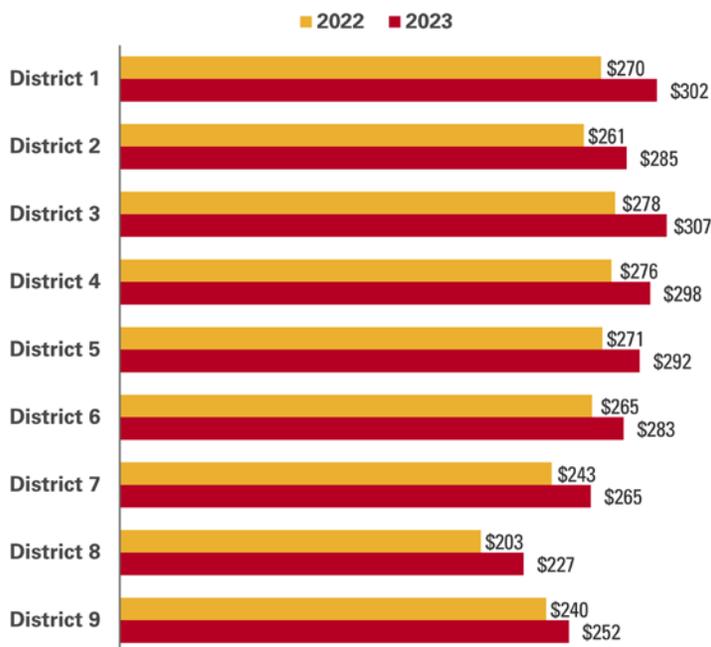
Furthermore, the cumulative 20% increase in rental rates since 2021 is three percentage points higher than the 17% increase experienced in land values between November 2021 and November 2022 (Figure 2), reported in the [Iowa Land Value Survey](https://www.agdm.com/Iowa-Land-Value-Survey), [AgDM File C2-70](https://go.iastate.edu/ZMUPTQ), go.iastate.edu/ZMUPTQ.

Different regions experienced different increases in cash rents: from 5% in Crop Reporting District (CRD) 9 to nearly 12% in CRDs 1 and 8 (Figure 3). All CRDs experienced at least a \$12.50 increase in average rents, and Northern Districts (1 through 3) saw their average rents increase by \$28 per acre, or \$8 and \$9 more than in Central (4 through 6) and Southern Districts (7 through 9), respectively.

Rent increased more for higher quality land

Average cash rents increased proportionally more for higher quality lands. Low quality land

Figure 3. Average cash rents by Crop Reporting District, dollars per acre.



experienced a 6% increase, from \$217 per acre in 2022 to \$230 in 2023.

Medium quality land experienced an 8.6% increase, from \$255 per acre in 2022 to \$277 in 2023.

High quality land experienced an 11.1% increase, from \$297 per acre in 2022 to \$330 in 2023.

Setting rents for next year

Survey information can serve as a reference point for negotiating an appropriate rental rate for next year. However, rents for individual farms should be based on productivity, ease of farming, fertility, drainage, local price patterns, longevity of the lease, conservation practices, and possible services performed by the tenant.

Three major factors with the potential to influence future cash rents are profitability of crop production, government payments, and land values.

Corn and soybean prices received in Iowa peaked in August 2012 at \$7.90 and \$16.80 per bushel, respectively. In March 2023, corn and soybean prices received by farmers in Iowa averaged \$6.70 and \$14.90 per bushel (Figure 4). The United States Department of Agriculture projected in February 2023 average corn and soybean prices for 2023-24 and 2024-25 of \$5.70 and \$4.90 per bushel, and \$13.30 and \$11.40 per bushel, respectively, implying an expected 14% decline in both prices. The price of the December 2023 corn futures contract has declined about 20% from \$6 per bushel in January 2023 to around \$5 per bushel in late May 2023. Similarly, the price of the December 2024 corn futures contract has declined by about 13% from \$5.65 to \$4.90 over the same period. Soybean future prices for the

November 2023 and November 2024 contracts have declined by 16% (from around \$14 to \$11.75 per bushel) and 12% (from around \$13 to \$11.60 per bushel) between early January and late May 2023, respectively.

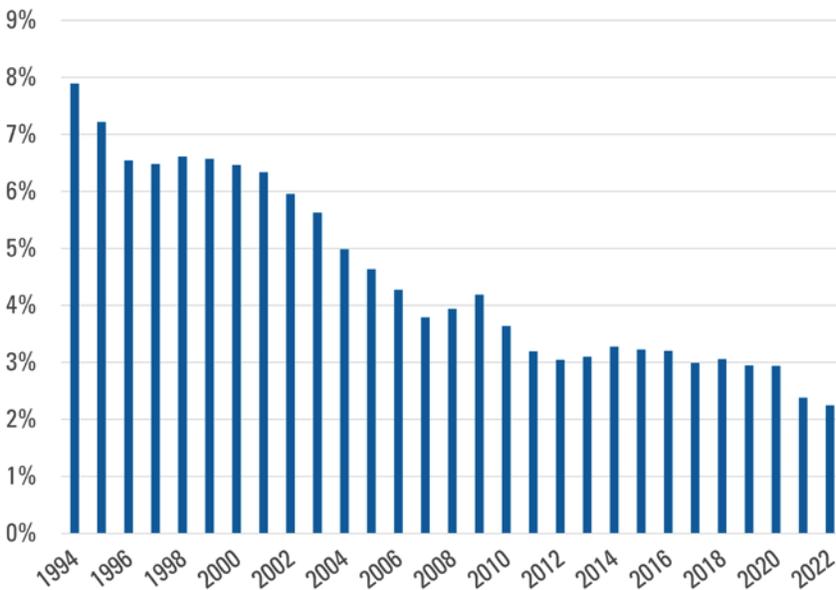
Lower projected crop prices, along with sustained input inflation in 2024 would result in lower net farm income and put downward pressure on cash rents. In February 2023, the USDA Economic Research Service forecasted a 15.9% reduction in net farm income between calendar years 2022 and 2023 in nominal terms, and an 18.2% decline in inflation-adjusted dollars. The projected decline in net farm income would result from lower farm cash receipts (-4.3%), lower direct government farm payments (-34.4%), and higher production expenses (+4.1%).

A major factor considered by landowners when negotiating cash rents is the return on their farmland investment. Figure 5 shows the evolution of the ratio of average cash rents to average land values in Iowa. It suggests that the average return on investment for landowners who cash rent their land to operators has followed a declining trend since the early 1990s, stabilizing at around 3% after 2010, but dropping closer to 2% in 2021 and 2022. Although this ratio does not measure net returns to land because ownership costs (such as real estate taxes, maintenance and repairs, etc.) are not considered

Figure 4. Prices received in Iowa for corn and soybeans, dollars per bushel.
Source: A. Plastina's calculations based on USDA NASS data.



Figure 5. Ratio of average cash rent to average land value in Iowa, 1994-2022.
Source: A. Plastina's calculations based on Iowa Farmland Value Surveys and Cash Rental Rates for Iowa Surveys.



in its calculation, it suggests that landowners will likely be reticent to accept lower cash rents in the future unless land values decline or stagnate. According to the REALTORS Land Institute, Iowa farmland values increased only by 0.8% between September 2022 and March 2023, suggesting that landowners might exert less pressure to increase cash rents in the near term. However, in a scenario of high interest rates to curtail inflationary risks, the opportunity cost to hold farmland as an investment vehicle remains elevated.

Other resources available for estimating cash rents include the AgDM Information Files Computing a Cropland Cash Rental Rate (C2-20), Computing a Pasture Rental Rate (C2-23) and Flexible Farm Lease Agreements (C2-21). All these fact sheets are on the [Ag Decision Maker Leasing page](#), go.iastate.edu/KRUJ8A, and include decision tools (electronic spreadsheets) to help analyze individual leasing situations.

For questions regarding the cash rent survey, contact the authors. For leasing questions in general, contact the [farm management field specialist](#) in your area, www.extension.iastate.edu/ag/farm-management. An [online tool](#), card.iastate.edu/tools/ag-risk/cash-rental-rates/, is available to visualize the cash rents by land quality in each county by year, and compare trends in cash rents for a county versus its CRD and the state average.

Farmland Leasing and Management Workshops, facilitated by ISU Extension farm management field specialists in July and August each year, are an additional opportunity to learn more on leasing trends and topics impacting farmland owners and tenants. The [Ag Decision Maker events page](#), go.iastate.edu/2IMUAT, will have details as the workshop dates approach.

Ag Decision Maker is written by extension ag economists and compiled by Ann Johanns, extension program specialist, aholste@iastate.edu.

PERMISSION TO COPY

Permission is given to reprint ISU Extension and Outreach materials contained in this publication via copy machine or other copy technology, so long as the source (Ag Decision Maker Iowa State University Extension and Outreach) is clearly identifiable and the appropriate author is properly credited.

This institution is an equal opportunity provider. For the full non-discrimination statement or accommodation inquiries, go to www.extension.iastate.edu/diversity/ext.