

Renting Dairy and Beef Facilities

Facility rental rates are often requested from ISU Extension. How can fair rent be determined?

From an owner's perspective, try recovering the fixed costs of the investment in the **DIRTI 5: Depreciation, Interest, Repairs, Taxes and Insurance**. Taking all these costs into account usually helps determine the high end of the rental range. However, many of these costs are incurred whether someone uses the facility or not. Also, a potential renter may not be able to pay a full cost recovery rate due to lower commodity prices. So, in reality, most livestock facilities accept a lower rate than full cost recovery and that rate is usually determined more by thumbrule rates in the neighborhood. Demand based on location, labor efficiency and other variables help dictate the higher or lower end of the thumbrule ranges.

What's included in the rent? It is important that both parties determine and put in writing what is included in the rent such as who pays for utilities and repairs. Leases that are not written to insure understanding or set up with fairness in mind invite their own destruction.

With the above understanding, the following thumbrules have been gleaned from various surveys and custom rate guides for dairy and beef facilities in Iowa and Wisconsin. It is assumed the tenant would pay utilities and minor repairs.

<u>Type of Livestock Facility</u>	<u>Average</u>	<u>Range</u>	<u>Unit</u>
Dairy Stantion/Stall Barn (includes feed storage)	\$11.60	\$10-\$15	hd/month
Dairy Parlor/Freestall Barn (includes feed, manure storage)	\$11.75	\$8-\$17	hd/month
Small Parlor/Loafing Barn (includes feed storage)	\$7.08	\$5-\$10	hd/month
Heifer/Dry Cow Housing	\$4.50	\$2-\$20	hd/month
Calves/Small Heifer Housing	\$1.25	\$1-\$4	hd/month
Calves/Small Heifer Housing	\$0.50	\$0.25-\$1	sq/ft/year
Open Feedlot with Shelter	\$0.15	\$0.03-\$0.27	hd/day
Open Feedlot with Shelter (includes feed storage)	\$4.20	\$1-8	hd/month

Non-Livestock Facilities

Machine/Pole Shed/General	\$0.20	\$0.10-0.60	sq/ft/year
Silos, airtight	\$2.50	\$1.50-\$5	ton/year
Silos, concrete stave	\$2.08	\$1-\$3.25	ton/year
Silos, bunker	\$2	\$1-\$2.50	ton/year
Hay, small square bales	\$0.10	\$0.05-\$0.20	bale/year
Hay, large bales	\$2.40	\$1.50-\$4	ton/year
Grain (minimum 6 months)	\$0.02	\$0.01-\$0.03	bu/month

Custom Feeding Facilities (based on field observations)

Open Feedlot with Shelter	\$0.29	\$0.22-\$0.35	head/day
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Custom feeding of cattle for another typically includes a yardage fee, labor charge, bedding and routine health care and are depicted in the above rates. Costs of feed, veterinary services, medicines and vaccines are typically not included in the yardage charges.

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