



Making a Difference

2015 – 2016

Farm Management Program Focus Team

Land Values and Rental Rates

Monitoring and Providing Solutions to Landlords, Tenants and Investors

Grand Challenges

K-State Research and Extension: providing education you can trust to help people, businesses, and communities solve problems, develop skills, and build a better future.

Mykel Taylor
Assistant Professor
785.532.3033
mtaylor@ksu.edu

Robin Reid
Extension Associate
785.532.0964
robinreid@ksu.edu



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Situation

Lower grain prices have led to the need for landlords and tenants to consider appropriate rental values and develop equitable lease terms for cropland, while lower cattle prices have created a similar situation for pasture. In addition, the lower commodity prices have affected the value of land, with land values declining from all-time highs.

What We Did

Mykel Taylor, in the K-State Department of Agricultural Economics used actual sales data from the Kansas Property Value Department (PVD) to obtain up-to-date and realistic farmland values. The information was released in April, 2016 via the AgManager.info website and a national webinar was conducted to disseminate this information broadly. In addition, she conducted a series of 20 lease workshops across the state, directly educating more than 300 people. These workshops included several Women in Agriculture meetings, helping landlords and operators learn how to determine an appropriate lease. A variety of other leasing-education meetings were conducted across the state. Information was shared via interviews in print media and on radio, and papers and tools posted on the AgManager.info website garnered more than 20,000 visits.

Outcomes

Skills developed by participants in the lease-education workshops included an understanding of types of leases (cash, share and flex) and pasture leases, developing equitable leases, ethics of leasing for landlords and tenants, and learning to use K-State leasing tools. Application of these principles ensures mutually beneficial relationships, helps sustain long-term profitability and promotes efficient use of land and other resources. Old leases are renegotiated with appropriate rates, and new leases are established with more flexibility to account for volatile crop prices. Many find the information on land values useful, particularly ag lenders making loans and producers considering the purchase of land.

Success Stories

Following the release of county-level cash rent information in February 2016, Dr. Taylor received an email from an agricultural lender in north-central Kansas: "I want to thank you for your diligence in making research available in a very timely manner to the Kansas Agriculture sector. Your efforts are extremely valuable to our entire farming community as an important and reliable resource. As a single voice from a very large segment of rural Kansas ... we appreciate what you do and provide to us."

A sample of comments from participants at meetings regarding crop insurance, ag lenders and other topics:

- This was excellent material, very impactful for me and will be for my clients. I will encourage borrowers to better manage pasture and communicate better with landlord.
- Do this session on land values every year — it's the most valuable session of the conference.
- I think this was very applicable and valuable info for me as a producer. This is a great way to approach leases, and I will now talk to my landlords about it.