

## Kentucky ANR Agent Land Value and Cash Rent Survey AEC 2014-13

Greg Halich and Karen Pulliam

In the first half of 2014, Agriculture and Natural Resource (ANR) agents were surveyed to estimate land values and rental rates for various types of farmland. A total of 71 ANR agents completed this survey out of 120 counties, representing approximately 60% of the state total. These responses were distributed between the three geographic regions as follows: Western KY (26), Central KY (30), and Eastern KY (15). These regions were further divided into a total of 8 sub-regions based on similar land attributes (see map on page 3). This document summarizes the results from this survey. Dollar values are rounded to the nearest \$5-10 for rental rates and \$100 for land values.

There are several important points to make as to the validity of this survey and how it should be interpreted. *First*, the responses are the best estimates of the responding ANR agents. Thus there will be a certain amount of estimation error that should be expected in this data. *Second*, the reported figures in this document are averages of the county estimates aggregated at the region and sub-region level, not at the county level. There will be some counties in each sub-region whose average land values and rents are lower or higher than the stated sub-region average. Note also that there will be individual farms within a county whose land values or rental rates are considerably higher or lower than the average figure. Thus these figures are not intended to represent ranges of individual farms or tracts of land. They are simply averages for each region or sub-region. Actual land values and rental rates of individual farmland will be influenced heavily by productivity, accessibility, competition, and distance to markets. *Third*, the validity of these estimates decreases as we move from region to sub-region. In particular, sub-regions with few responses should be used with caution (these can be found on the map on page 3). Also, because the responding counties change from year to year, the resulting averages will be influenced by the change in respondents, particularly around the urban areas of Lexington and Louisville where development or amenity value typically have more impact than actual farmland value on prices.

### Results:

Land values varied considerably more than cash rents. This is because the development value far exceeds the farm value in urbanized counties while cash rents will typically reflect the value for agricultural purposes. For example, the Bluegrass and North Central sub-regions around Lexington and Louisville respectively had cropland values similar to the Mid West sub-region, but had much lower rental rates. Average cropland values at the sub-region level through the state ranged from \$2700-5800/acre, hay ground ranged from \$2000-4500/acre, pasture ranged from \$1700-3800/acre, and woodland ranged from \$1200-3100/acre. In most cases the South-East sub-region had the lowest values and the Bluegrass and North central sub-regions had the highest values. Average sub-region cropland rent ranged from \$80-260/acre on good ground, and \$60-200/acre on fair ground. Average sub-region tobacco rent ranged from \$100-400/acre with a barn, and \$80-310/acre without a barn. Average sub-region hay rent ranged from \$45-75/acre on

improved ground, and \$25-50/acre on unimproved ground. Average sub-region pasture rent ranged from \$35-70/acre on improved ground, and \$20-45/acre on unimproved ground. See the tables on the last page of this publication for detailed results of the survey.

#### Survey Changes from 2013 to 2014<sup>1</sup>:

Aggregated at the three regional levels, land values between the 2013 and 2014 surveys did not change very much, with the exception of cropland values which increased significantly in Central Kentucky. However, when broken down by sub-region there were some noteworthy changes. First, all land types decreased in value in the Mid West sub-region, which had the largest increases in the previous two surveys. Thus it appears that land values have peaked and come down in this sub-region. Second, land values increased significantly in the Far West, Near West, and South Central sub-regions. These areas have historically had less pressure from grain production compared to the Mid West sub-region. Competition for grain ground (as well as the conversion of hay and pasture to grains) first became intense in the Mid West sub-region 3-5 years ago and appears to have moved into these other sub-regions the last couple years.

Average cash rents for cropland were for the most part unchanged between 2013 and 2014. This was in contrast to the last two years that had significant increases in this category. This stabilization in rent is likely due to modest decreases in corn and soybean prices that we have had in the last year. Many grain farmers likely saw these price decreases as an indication that the commodity price boom was over and have become more conservative in determining what they could pay for cash rents. Anecdotally, the highest cash rents on grain ground in a given area decreased in 2014, the medium rental rates remained unchanged, while the lower rents in that same area continued to increase at a modest rate. The only other noteworthy change was that tobacco rents had a consistent small decrease throughout the state, generally between \$10-30 per acre.

ANR agents in the western and central regions have noted a slowdown in the conversion of hayground and pasture to cropland. This conversion had been most notable the previous two years in central Kentucky.

#### **Leasing Information and Resources:**

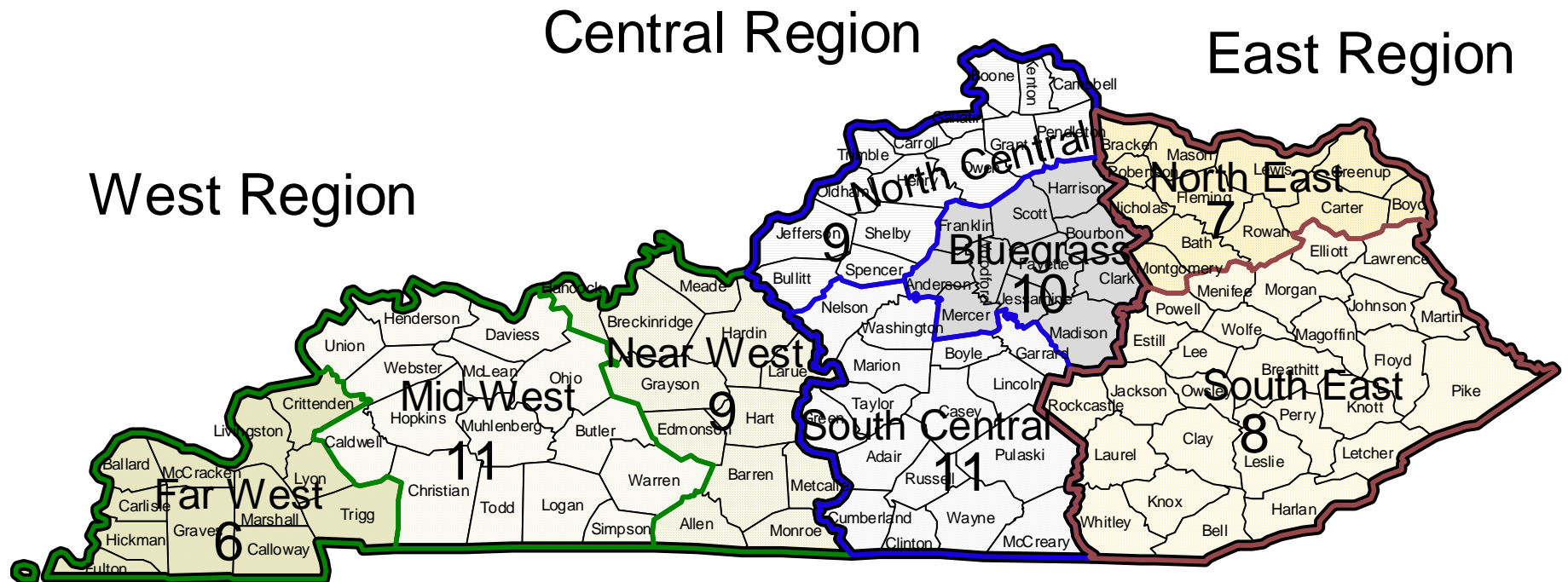
North Central Farm Management: A good online information source for agricultural land leasing is the North-Central Farm Management groups Ag Lease 101. It has both detailed publications that explain leasing options as well as forms that can be used to construct actual leases available at: <http://aglease101.org/DocLib/default.aspx#LeasePubs>

County Agricultural and Natural Resource (ANR) Agents: Kentucky county ANR agents are a great source to get started on leasing questions. They are an excellent source of guidance in developing a lease for your farm, but are unable to provide specific terms for a lease (e.g. lease rate). Terms need to be decided on between the two parties involved. Find your county extension office and ANR agent in Kentucky at: <http://www2.ca.uky.edu/county/>

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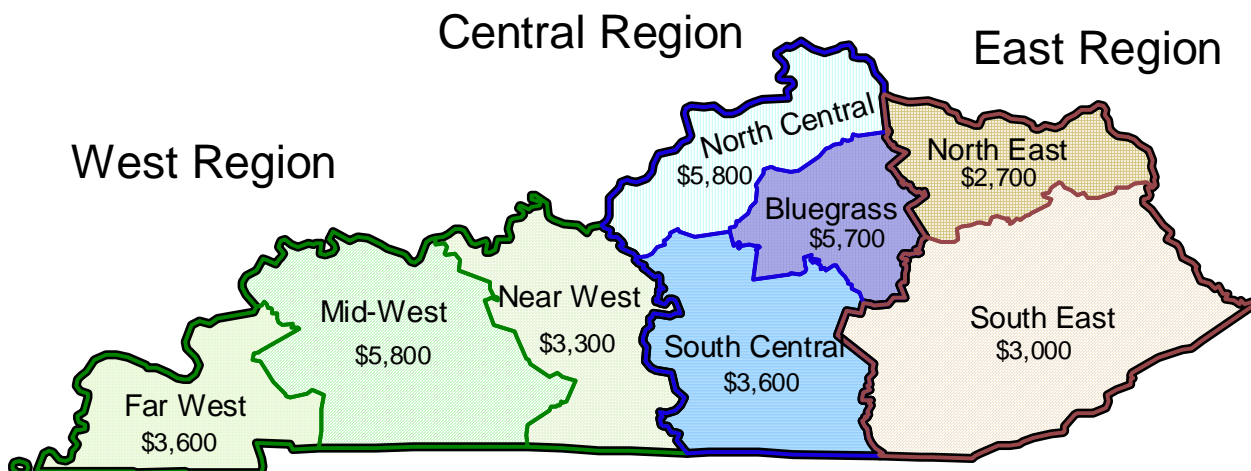
<sup>1</sup> The changes noted here are based on 46 counties that responded to both the 2013 and 2014 surveys unless otherwise noted. This was done to try to remove potential response biases by providing a consistent baseline in the two surveys.

# Kentucky Counties by Subregion



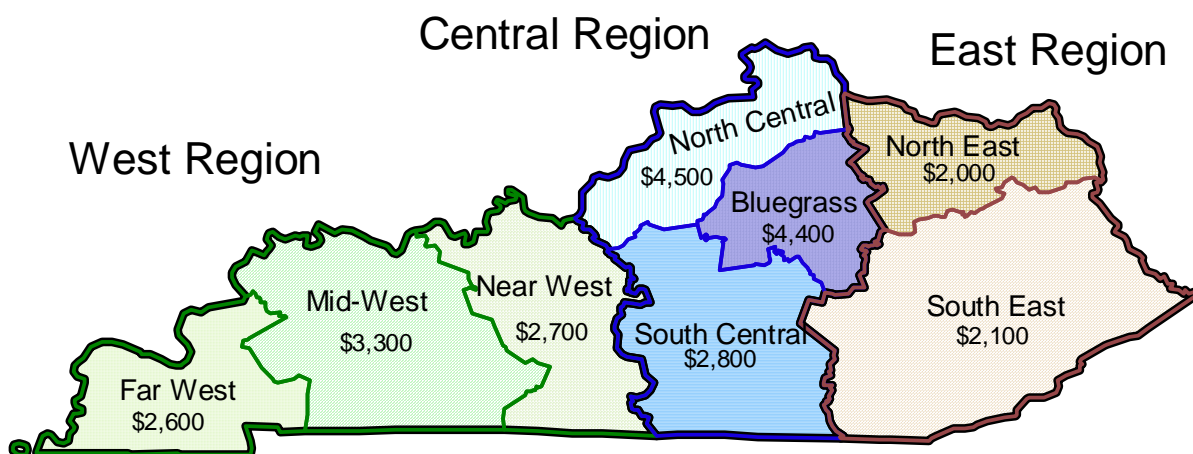
Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Numbers under each sub-region represent the number of completed surveys. Total of 71 completed surveys.

## Average Cropland Value by Subregion in Kentucky



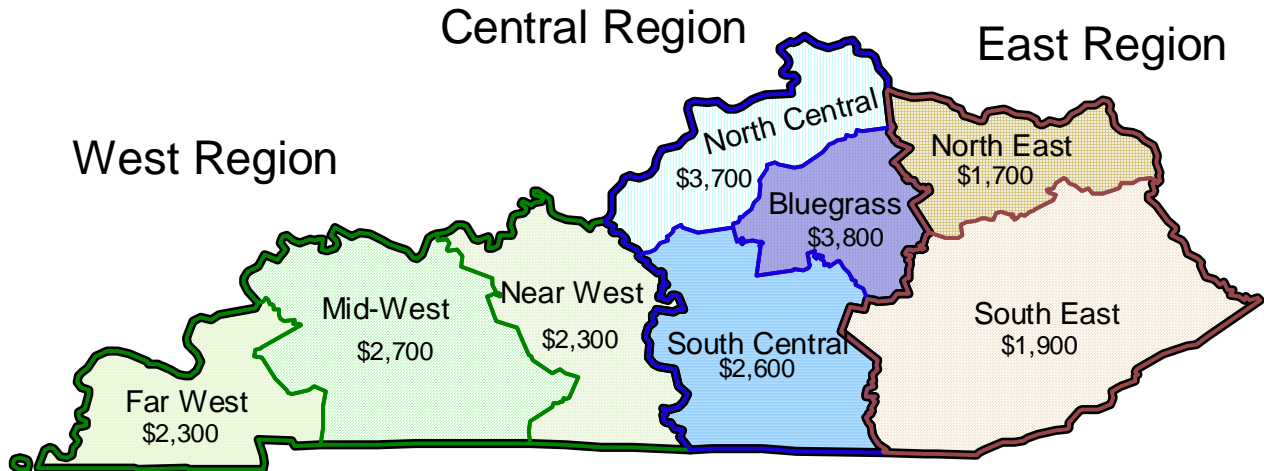
Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.

## Average Hayground Value by Subregion in Kentucky



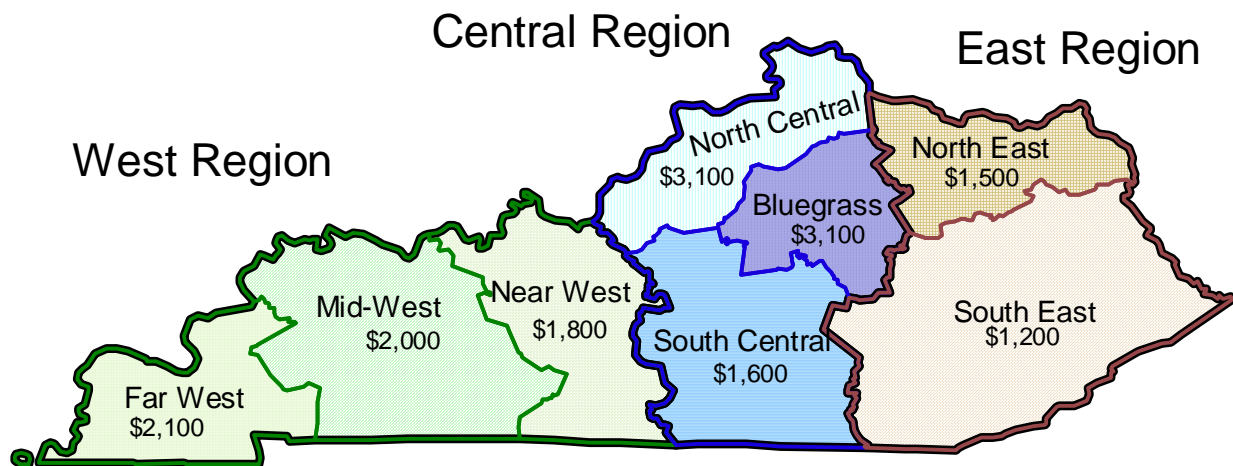
Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.

## Average Pasture Value by Subregion in Kentucky



Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.

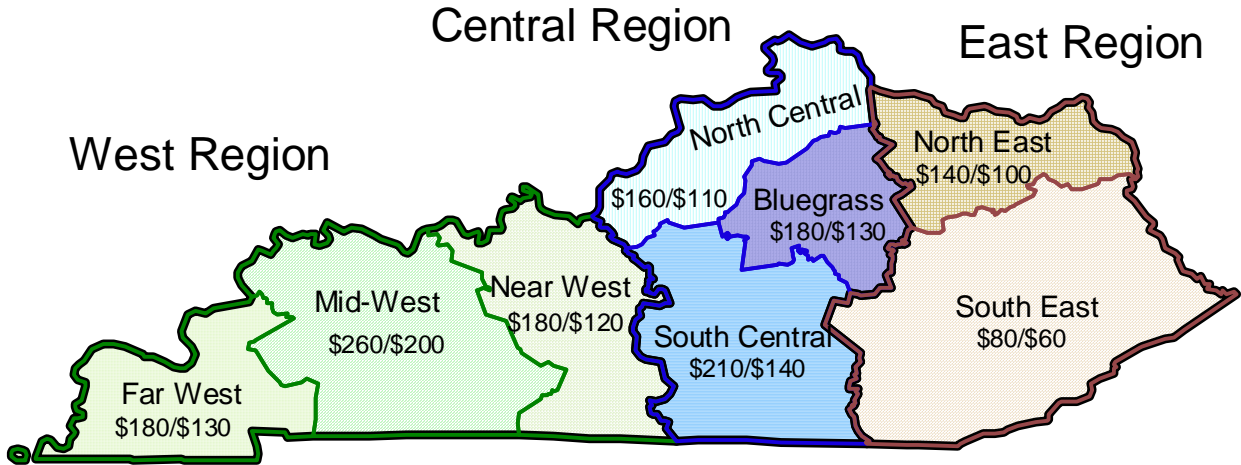
## Average Woodland Value by Subregion in Kentucky



Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.

# Average Cash Rent Cropland by Subregion in Kentucky

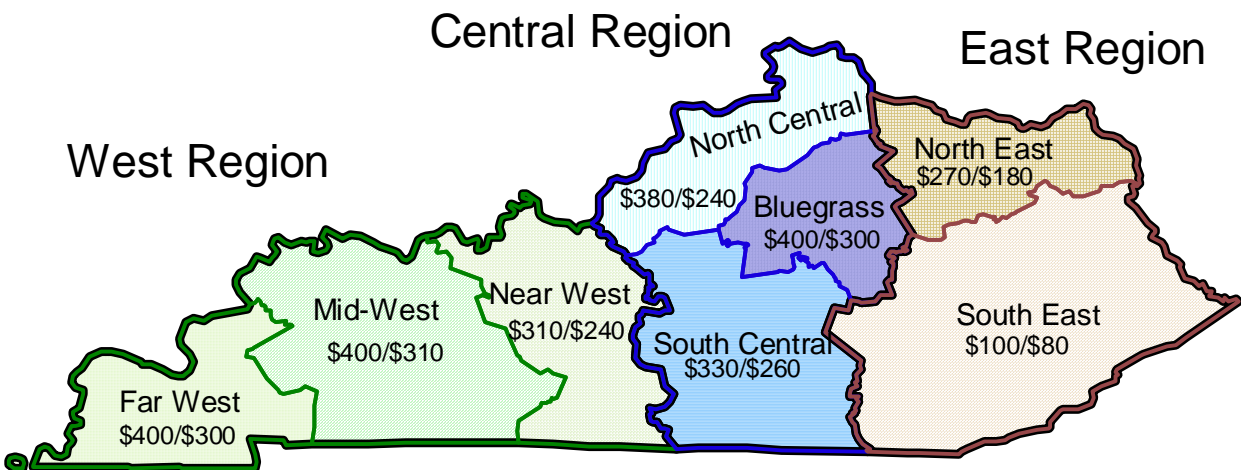
(Good Ground / Fair Ground)



Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.

# Average Cash Rent Tobacco by Subregion in Kentucky

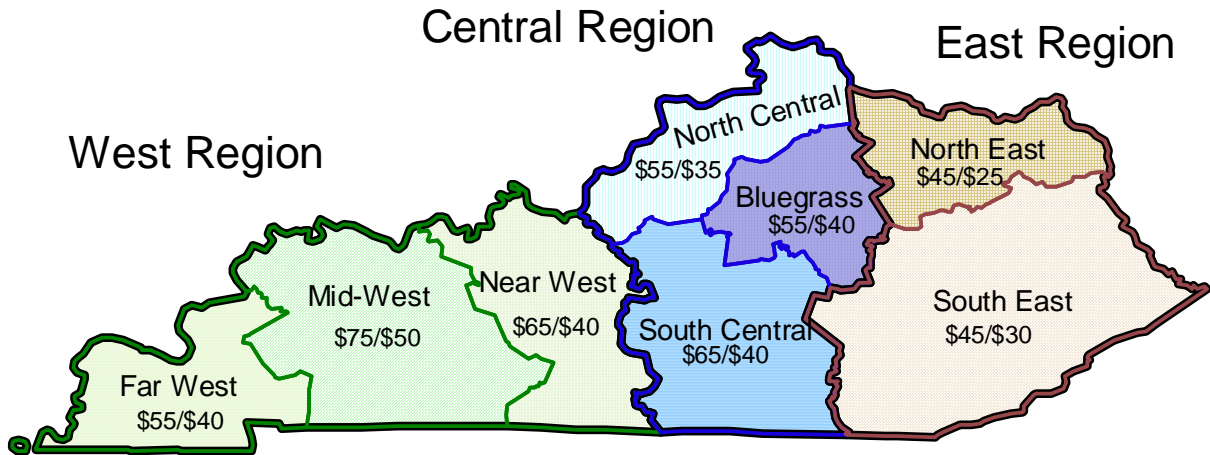
(With Barn / Without Barn)



Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.

# Average Cash Rent Hay by Subregion in Kentucky

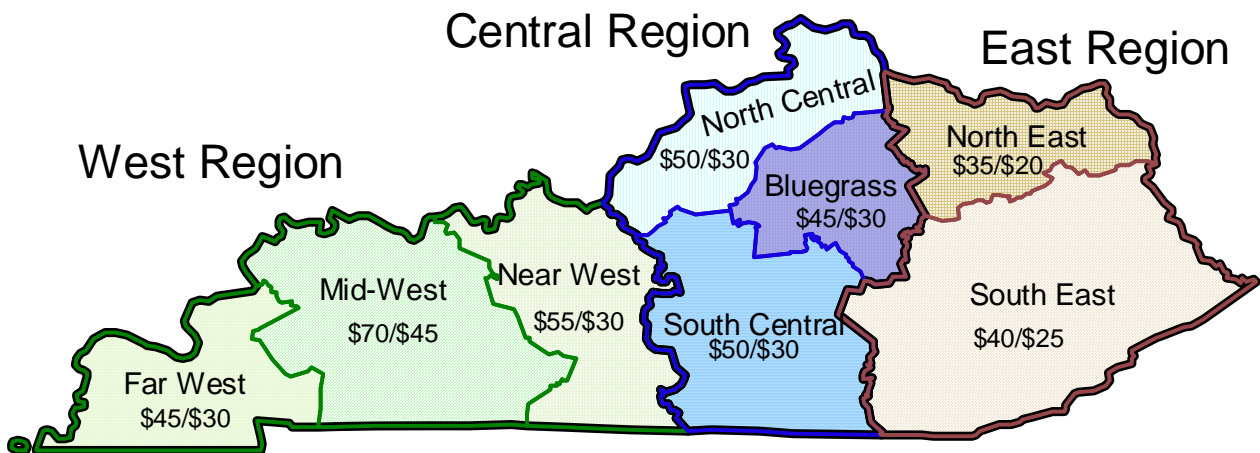
(Improved / Non-improved)



Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.  
 Note: improved defined as good to excellent fertility.

# Average Cash Rent Pasture by Subregion in Kentucky

(Improved / Non-improved)



Estimated value per acre based on March 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.  
 Note: improved defined as good fences/water and fertility

Regional Land Values in Kentucky (2014)				
Region	Cropland	Hay	Pasture	Woodland
Western	\$4,400	\$2,900	\$2,500	\$2,000
Central	\$4,900	\$3,700	\$3,200	\$2,500
Eastern	\$2,800	\$2,100	\$1,800	\$1,300

*Per acre value based on 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.*

Regional Cash Rents in Kentucky (2014)				
Region	Cropland (Good/Fair)	Tobacco (With Barn/ Without Barn)	Hay (Improved/ Non-Improved)	Pasture (Improved/ Non-Improved)
Western	\$210/150	\$360/280	\$65/45	\$60/35
Central	\$190/130	\$360/260	\$60/40	\$45/30
Eastern	\$110/80	\$200/140	\$45/30	\$35/25

*Per acre value based on 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.*

Sub-Regional Land Values in Kentucky (2014)				
Sub-Region	Cropland	Hay	Pasture	Woodland
Far West	\$3,600	\$2,600	\$2,300	\$2,100
Mid West	\$5,800	\$3,300	\$2,700	\$2,000
Near West	\$3,300	\$2,700	\$2,300	\$1,800
South Central	\$3,600	\$2,800	\$2,600	\$1,600
Bluegrass	\$5,700	\$4,400	\$3,800	\$3,100
North Central	\$5,800	\$4,500	\$3,700	\$3,100
North East	\$2,700	\$2,000	\$1,700	\$1,500
South East	\$3,000	\$2,100	\$1,900	\$1,200

*Per acre value based on 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.*

Sub-Regional Cash Rents in Kentucky (2014)				
Sub-Region	Cropland (Good/Fair)	Tobacco (With Barn/ Without Barn)	Hay (Improved/ Non-Improved)	Pasture (Improved/ Non-Improved)
Far West	\$180/130	\$400/300	\$55/40	\$45/30
Mid West	\$260/200	\$400/310	\$75/50	\$70/45
Near West	\$180/120	\$310/240	\$65/40	\$55/30
South Central	\$210/140	\$330/260	\$65/40	\$50/30
Bluegrass	\$190/130	\$360/260	\$55/40	\$40/30
North Central	\$160/110	\$380/240	\$55/35	\$50/30
North East	\$140/100	\$270/180	\$45/25	\$35/20
South East	\$80/60	\$100/80	\$45/30	\$40/25

*Per acre value based on 2014 survey of Agriculture and Natural Resource County Extension Agents. Total of 71 completed surveys.*