Kentucky ANR Agent Land Value and Cash Rent Survey
AEC 2015-20

Greg Halich, Jordan Shockley, Samantha Kindred, and Karen Pulliam

In the mid to late 2015, Agriculture and Natural Resource (ANR) agents were surveyed to estimate land values and rental rates for various types of farmland. A total of 81 ANR agents completed this survey out of 120 counties, representing approximately 68% of the state total. These responses were distributed between the three geographic regions as follows: Western KY (31), Central KY (31), and Eastern KY (19). 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. 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 ranged from $2400-6000/acre, hay ground ranged from $2000-4900/acre, pasture ranged from $1500-4300/acre, and woodland ranged from $800-3700/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 $80-230/acre on good ground, and $40-170/acre on fair ground. Average sub-region tobacco rent ranged from $120-450/acre with a barn, and $70-300/acre without a barn. Average sub-region hay rent ranged from

Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

$50-70/acre on improved ground, and $30-45/acre on unimproved ground. Average sub-region pasture rent ranged from $40-60/acre on improved ground, and $25-35/acre on unimproved ground. See the tables on the last page of this publication for detailed results of the survey.

Survey Changes from 2014 to 2015[1]:

Average cash rents for cropland came down $10-20/acre across the three regions, which is the first drop in the history of this survey. In the western region, the largest decrease came in the Mid-West sub-region which has had the highest rents in the state. These drops in cash rent for cropland are mostly due to the steep decline in profitability in row-crops (corn, soybeans, wheat). Anecdotally, the highest rents are coming down the quickest. Rents will likely continue to drop in the next few years unless prices increase significantly. There were no real changes in rent for tobacco, hay, and pasture.

Land values appear to have held steady throughout most of the state in 2015. However, if grain crop profitability does not improve considerably, cropland prices will likely drop significantly over the next 5 years. Land values for hay ground and pasture are also expected to drop (to a lesser extent) in the major row-crop areas as these lands will have much less pressure for conversion to row-crops in the current commodity price environment. In the long-run, the value of these lands should better reflect their profitability for producing hay and livestock, rather than their potential value as cropland.

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

University of Kentucky Crop Budgets: A good place to start in determining a range in rental rates for cropland (corn, soybeans, wheat), available at: http://www.uky.edu/Ag/AgEcon/halich_greg_rowcropbudgets.php

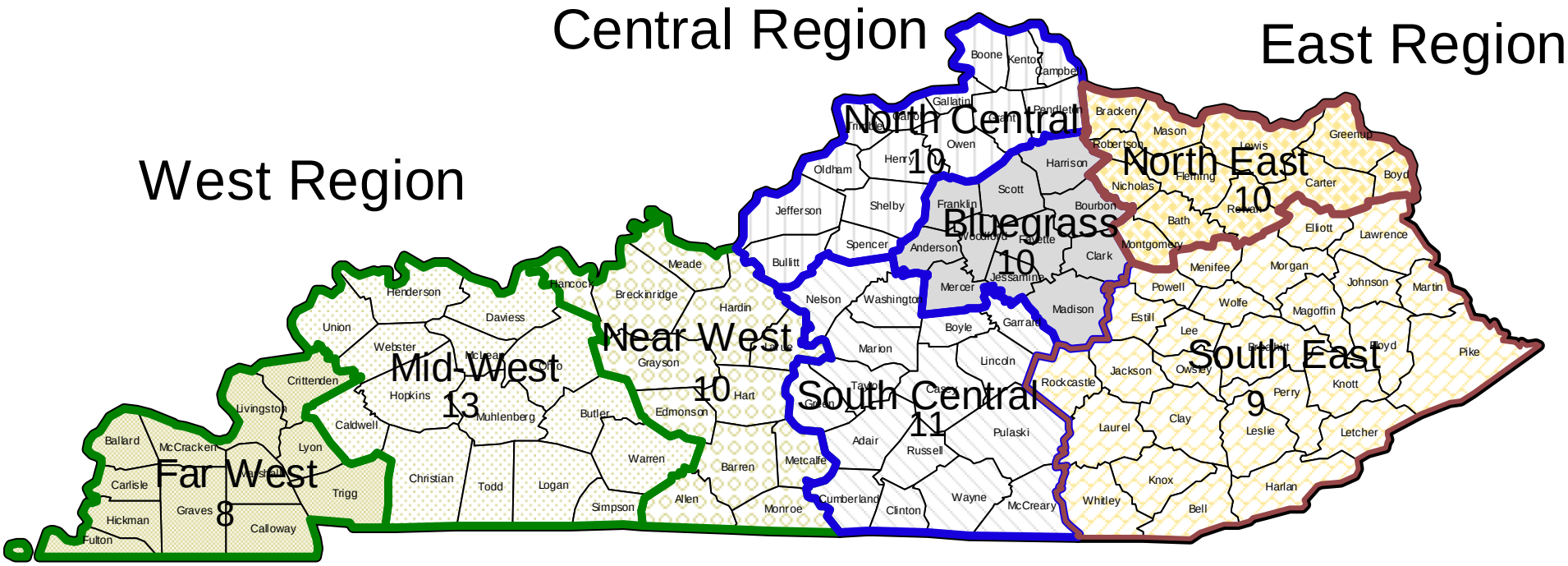
Flexible Cash Rents: Flexible cash rents are becoming more popular with cropland leases and may provide both the farmer and landowner a more equitable lease during times of volatile commodity prices. Iowa State has publications on these lease types as well as a calculator to help determine lease parameters:
http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-21.pdf
http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-22.pdf
www.extension.iastate.edu/agdm/wholefarm/xls/c2-21flexiblerentanalysis.xlsx

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

[1] *The changes noted here are based on 58 counties that responded to both the 2014 and 2015 surveys unless otherwise noted. This was done to try to remove potential response biases by providing a consistent baseline in the two surveys.*

Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

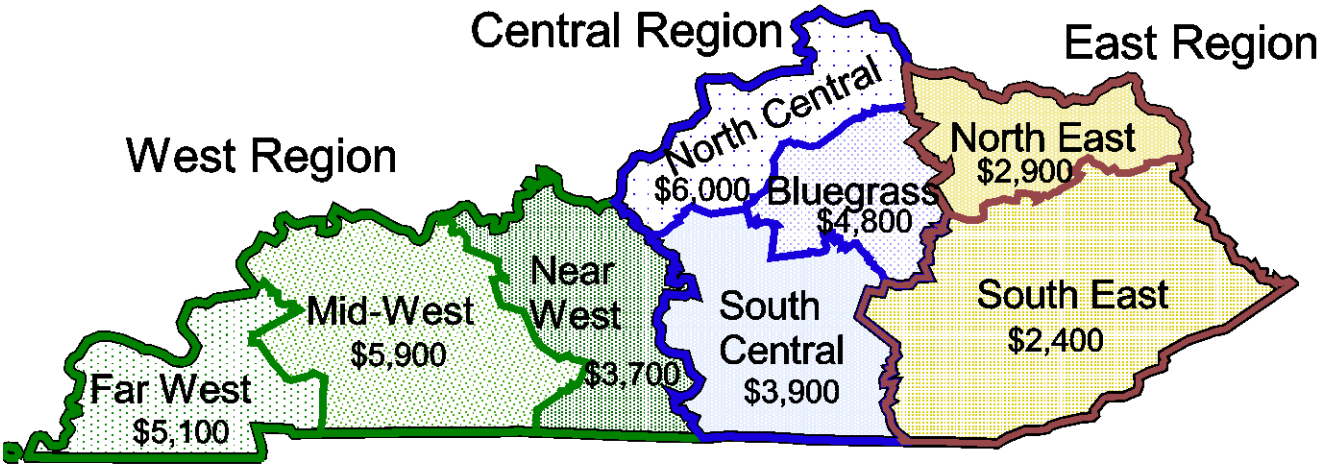
Kentucky Counties by Subregion



Numbers under each sub-region represent the number of completed surveys by Agricultural and Natural Resource County Extension Agents. Total of 81 completed surveys out of 120 counties during summer and fall of 2015.

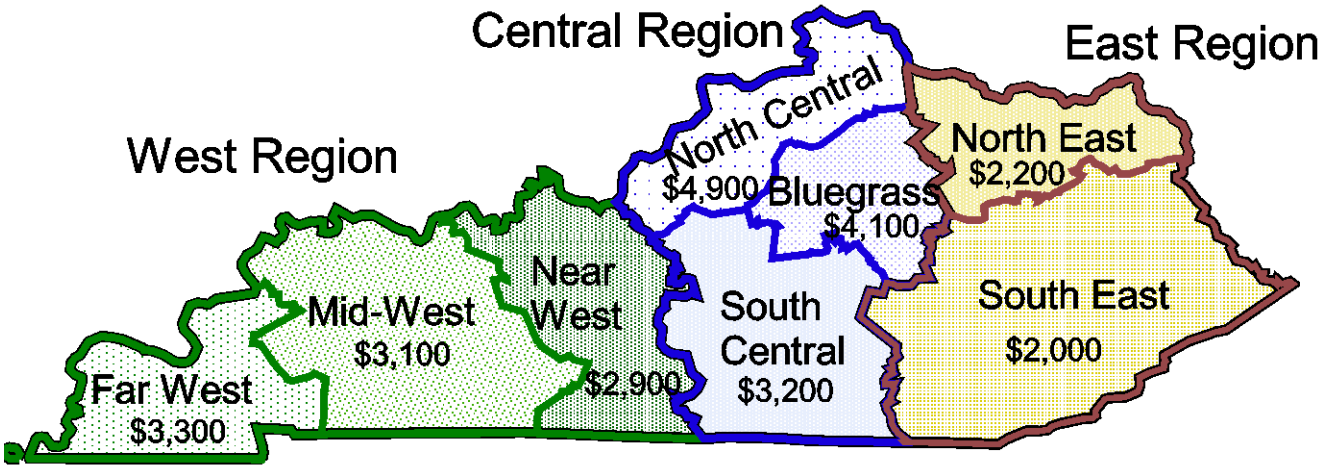
Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

Average Cropland Value by Subregion in Kentucky



Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

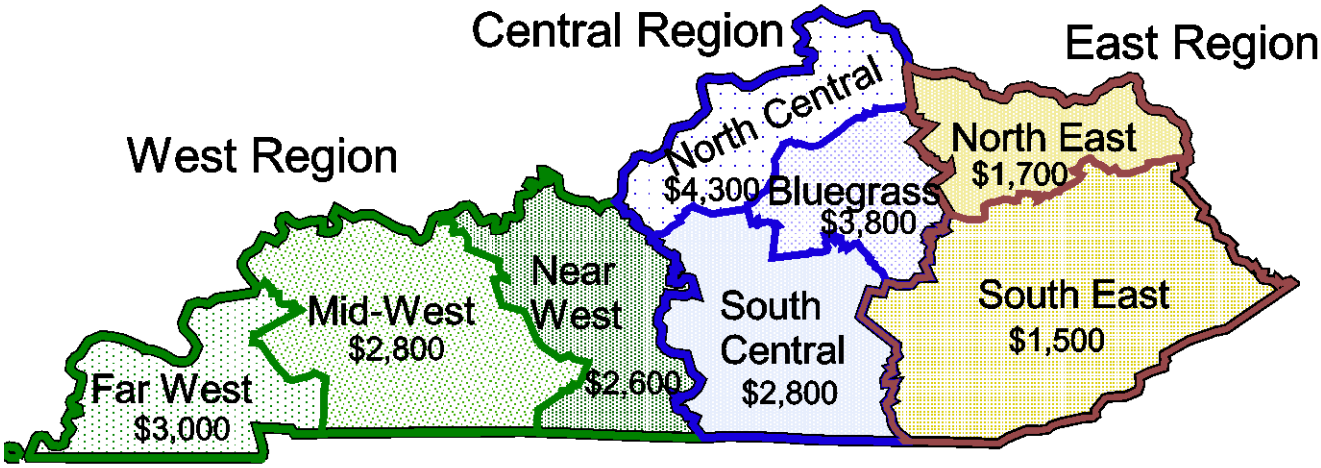
Average Hayground Value by Subregion in Kentucky



Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

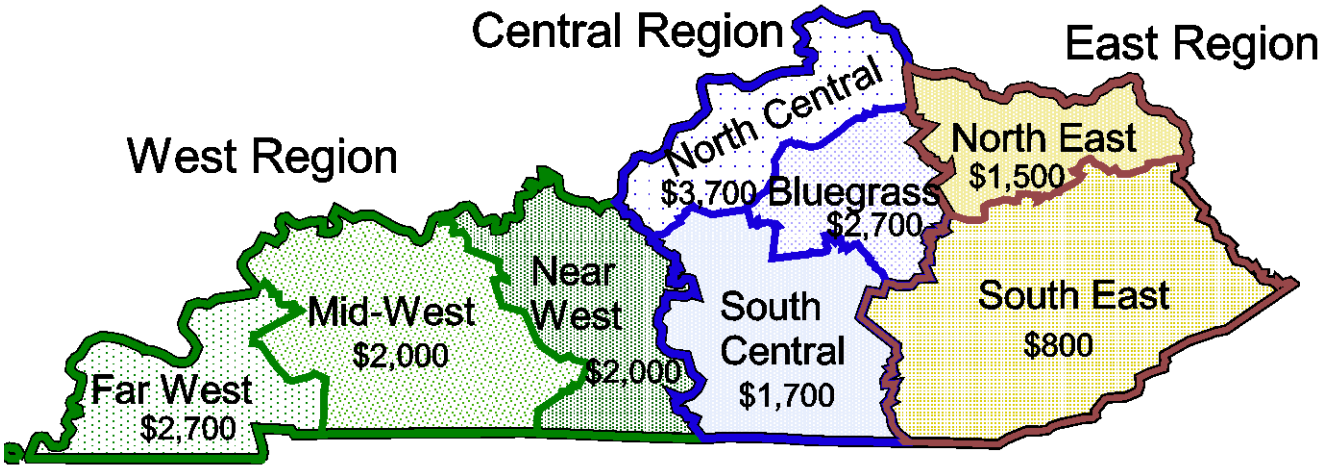
Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

Average Pasture Value by Subregion in Kentucky



Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Average Woodland Value by Subregion in Kentucky

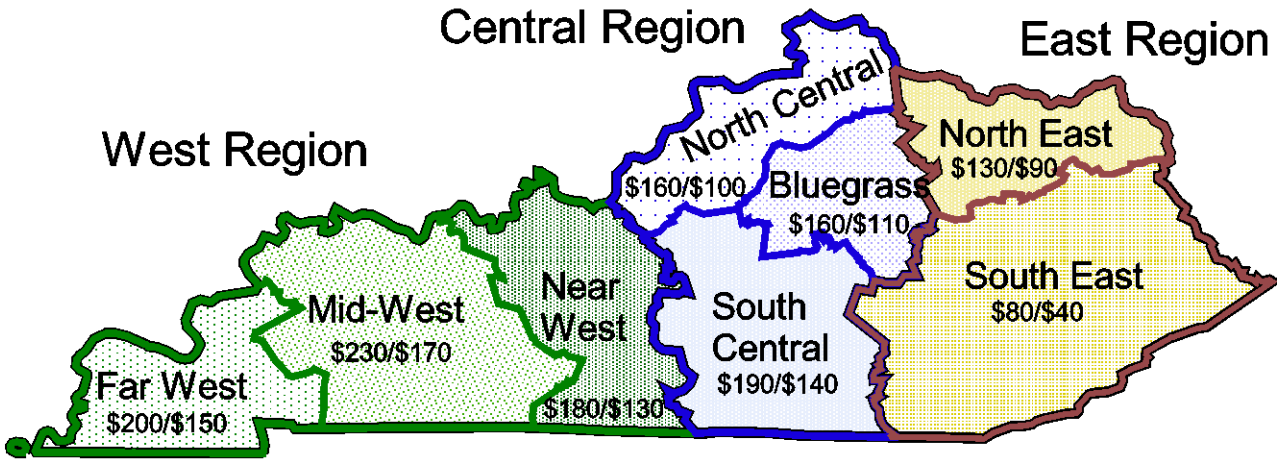


Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

Average Cash Rent Cropland by Subregion in Kentucky

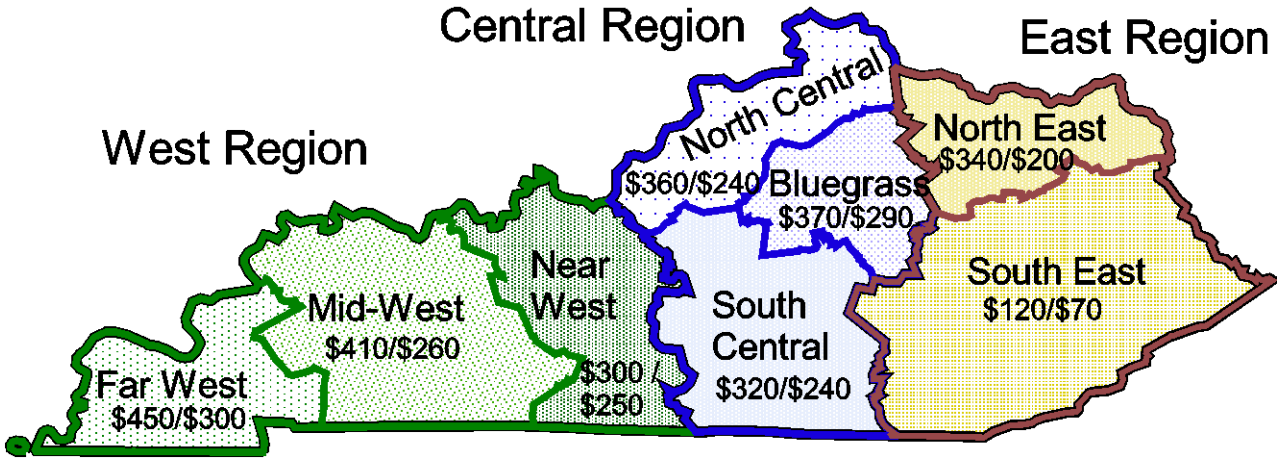
(Good Ground / Fair Ground)



Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Average Cash Rent Tobacco by Subregion in Kentucky

(With Barn / Without Barn)

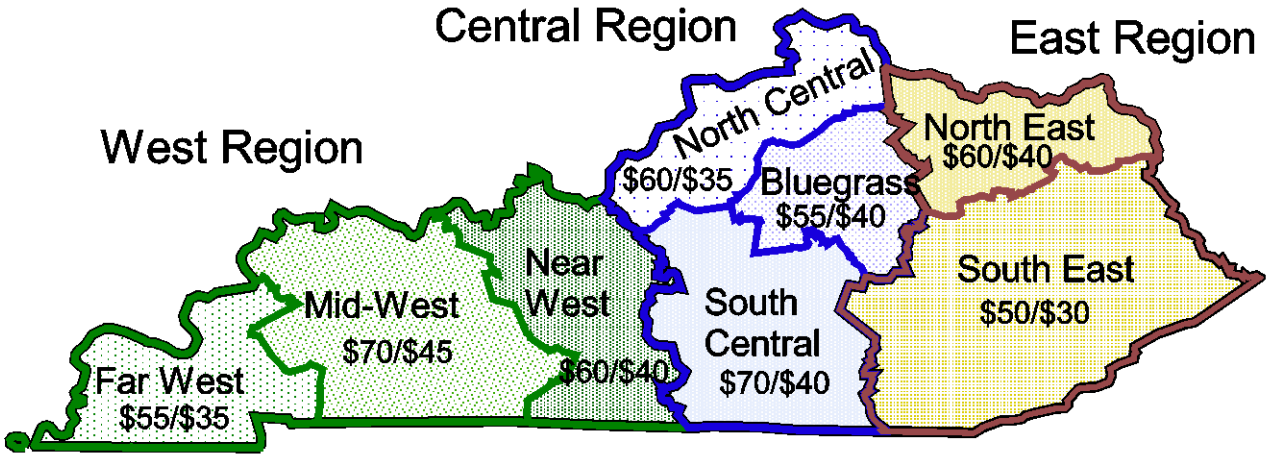


Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

Average Cash Rent Hay by Subregion in Kentucky

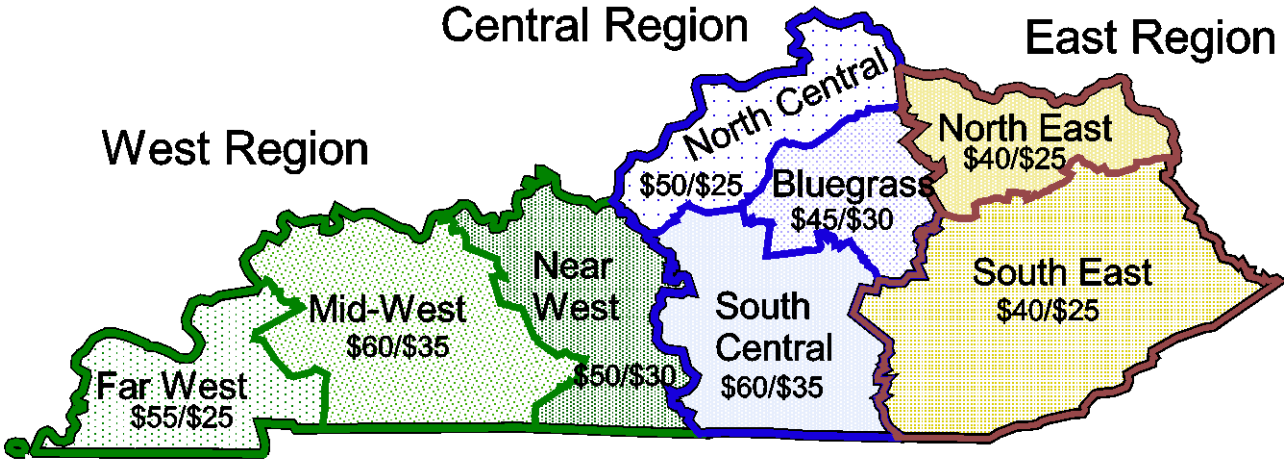
(Improved / Non-improved)



Estimated value per acre based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 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 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.
Note: improved defined as good fences/water and fertility.

Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

Regional Land Values in Kentucky (2015)

Region	Cropland	Hay	Pasture	Woodland
Western	$5,000	$3,100	$2,800	$2,200
Central	$4,900	$4,000	$3,600	$2,600
Eastern	$2,600	$2,100	$1,600	$1,200

Per acre value based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Regional Cash Rents in Kentucky (2015)

Region	Cropland (Good/Fair)	Tobacco (With Barn/ Without Barn)	Hay (Improved/ Non-Improved)	Pasture (Improved/ Non-Improved)
Western	$210/150	$370/260	$65/40	$55/30
Central	$170/120	$350/260	$60/35	$50/30
Eastern	$110/70	$280/160	$55/35	$40/25

Per acre per year value based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Sub-Regional Land Values in Kentucky (2015)

Sub-Region	Cropland	Hay	Pasture	Woodland
Far West	$5,100	$3,300	$3,000	$2,700
Mid West	$5,900	$3,100	$2,800	$2,000
Near West	$3,700	$2,900	$2,600	$2,000
South Central	$3,900	$3,200	$2,800	$1,700
Bluegrass	$4,800	$4,100	$3,800	$2,700
North Central	$6,000	$4,900	$4,300	$3,700
North East	$2,900	$2,200	$1,700	$1,500
South East	$2,400	$2,000	$1,500	$800

Per acre value based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Sub-Regional Cash Rents in Kentucky (2015)

Sub-Region	Cropland (Good/Fair)	Tobacco (With Barn/ Without Barn)	Hay (Improved/ Non-Improved)	Pasture (Improved/ Non-Improved)
Far West	$200/150	$450/300	$55/35	$55/25
Mid West	$230/170	$410/260	$70/45	$60/35
Near West	$180/130	$300/250	$60/40	$50/30
South Central	$190/140	$320/240	$70/40	$60/35
Bluegrass	$160/110	$370/290	$55/40	$45/30
North Central	$160/100	$360/240	$60/35	$50/25
North East	$130/90	$340/200	$60/40	$40/25
South East	$80/40	$120/70	$50/30	$40/25

Per acre per year value based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Greg Halich, Associate Extension Professor, Dept. Agricultural Economics, University of Kentucky
Greg.Halich@uky.edu (859) 257-8841

Hunting Leases:

Jordan Shockley Assistant Extension Professor, Agricultural Economics
University of Kentucky; 859-218-4391 jordan.shockley@uky.edu

Private leasing for recreational activities such as hunting can provided landowners with additional income over and above those from agricultural production. Cash rents to gain hunting access on private land depend on the overall quality of the land/hunting experience as well as the localized supply and demand. Rents for hunting were separated by land mainly in woods (Woods) and land where wooded habitat was at a minimum (Other). Similar to agricultural cash rents, cash rents for hunting are reported on a per acre, per year basis. Cash rent for land that is primarily in woods were greater than those categorized as Other. From a regional perspective, Western and Central Kentucky had higher cash rents for hunting in 2015. The lower cash rents for the Eastern region are likely attributed to the sheer abundance of hunting opportunities in that part of the state, especially on public lands where an individual can hunt for free. From a sub-regional perspective, results of the survey indicated the North Central sub-region had the greatest cash rents for hunting. This area contains the largest metropolitan city in the state, Louisville. The low number of hunting options within reasonable distance compared to the overwhelming demand results in high cash rents for hunting land. The Near West region was the only region where hunting land categorized as Other was greater than hunting land primarily in woods. This region transitions from rolling pastures and dense wooded areas to row crop production (from east to west) for which land with a food source (corn and soybeans) is desired. In the Mid-West and Far-West Kentucky, land is predominately in row crops and wooded areas for habitat are more desirable.

Most leasing opportunities for hunting come by word of mouth and by direct inquiry with landowners. However, online resources exist for Kentucky landowners to advertise and market their property for hunting (see links below). This is also a resource to benchmark your property to ones that are currently on the websites. It is important to note that not all regions in the state are represented in the following web resources:

http://www.basecampleasing.com/land/hunting-lease.htm
http://www.nationalhuntingleases.com/

Sub-regional Cash Rents in Kentucky (2015)

Sub-Region	Woods	Other
Far West	$20	$13
Mid-West	$20	$15
Near West	$20	$21
South Central	$16	$15
Bluegrass	$15	$15
North Central	$27	$26
North East	$14	$11
South East	$12	$12

Per acre per year value based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.

Regional Cash Rents in Kentucky (2015)

Region	Woods	Other
Western	$20	$16
Central	$20	$19
Eastern	$13	$11

Per acre per year value based on 2015 survey of Agriculture and Natural Resource County Extension Agents. Total of 81 completed surveys.