

## Kentucky ANR Agent Land Value and Cash Rent Survey AEC 2018-90

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In 2018 Agriculture and Natural Resource (ANR) agents were surveyed to estimate land values and rental rates for various types of farmland. A total of 70 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 (30), Central KY (23), and Eastern KY (17). 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 regarding the survey and how it should be interpreted. *First*, the responses are the best estimates of the responding ANR agents, and 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 better 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 three western sub-regions, but had much lower rental rates. Average cropland values at the sub-region level for 2018 ranged from \$2300-6100/acre, hay ground ranged from \$1800-4100/acre, pasture ranged from \$1500-3600/acre, and woodland ranged from \$900-2700/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 \$60-210/acre on good ground, and \$40-150/acre on fair ground. Average sub-region tobacco rent ranged from \$100-510/acre with a barn, and \$50-310/acre without a barn. Average sub-region hay rent ranged from

\$45-65/acre on improved ground, and \$25-40/acre on unimproved ground. Average sub-region pasture rent ranged from \$35-55/acre on improved ground, and \$25-30/acre on unimproved ground. See the tables on the last page of this publication for detailed results of the survey.

#### Survey Changes from 2015 to 2018<sup>1</sup>:

Average cash rents for cropland came down \$10-15/acre averaged across the three regions, which is a continuation from the drop seen in the last survey. The highest drops occurred in the western region. These drops in cash rent for cropland are mostly due to the continued decline in profitability in row-crops (corn, soybeans, wheat). Anecdotally, the highest rents have come down the most since the peak around 2013. Rents by 2018 have likely stabilized for cropland, with only a small percentage of rents still having much room to adjust downward. However, this could change as we move forward into a new era where the US and China are imposing tariffs (fall 2018), including Chinese tariffs on soybeans. If these tariffs continues into 2019 and beyond, expect continued deterioration in grain commodity prices and renewed pressure to reduced cash rents on cropland. There were no major changes in rent for tobacco, hay, and pasture in the survey.

#### 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](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. University of Kentucky has a flex-lease calculator at: <http://www.uky.edu/Ag/AgEcon/pubs/extflexiblecashaid15.xlsx>

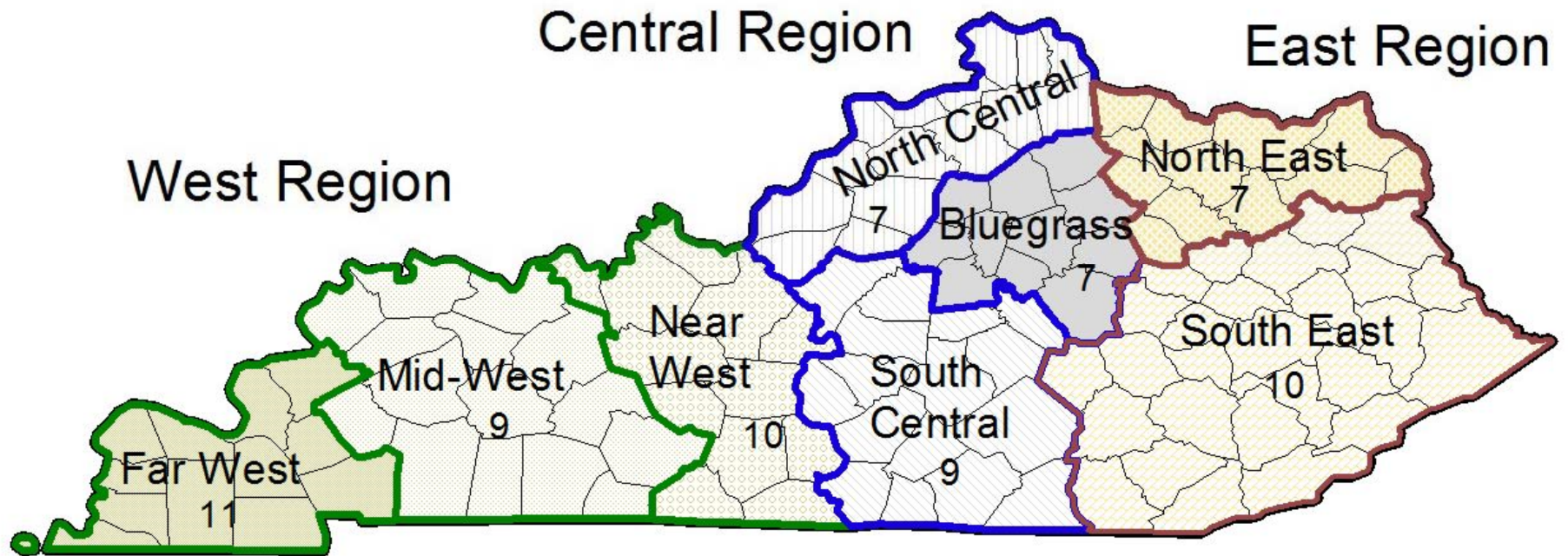
Iowa State has publications on flex leases at:  
<http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-21.pdf>  
<http://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-22.pdf>

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/>

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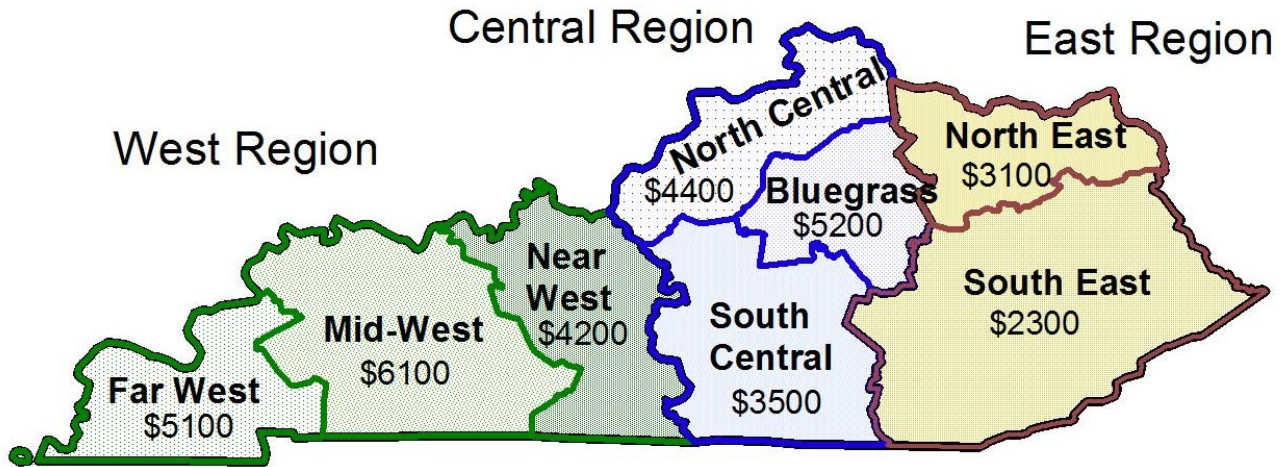
<sup>1</sup> The changes noted here are based on 56 counties that responded to both the 2015 and 2018 surveys.. This was done to remove potential response biases by providing a consistent baseline in the two surveys.

# Kentucky Counties by Subregion



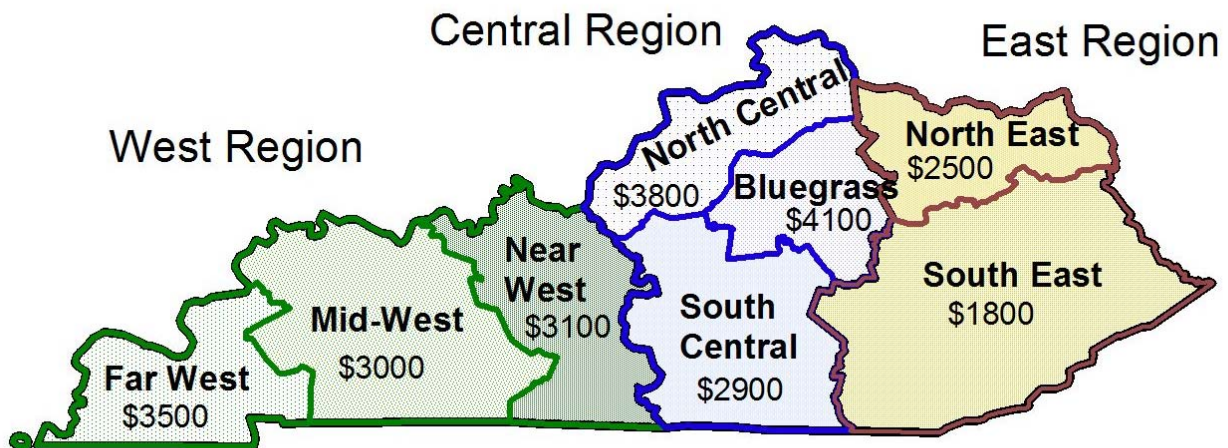
Numbers under each subregion represent the number of completed surveys by Agricultural and Natural Resource County Extension Agents. Total of 70 completed surveys out of 120 counties in 2018.

# Average Cropland Value by Subregion in Kentucky



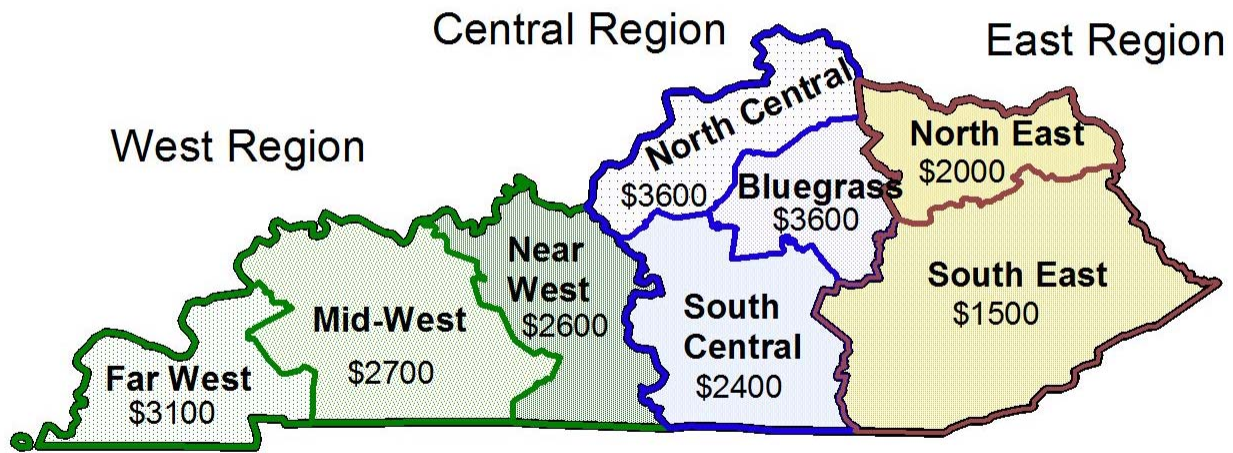
Estimated value per acre based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.

# Average Hayground Value by Subregion in Kentucky



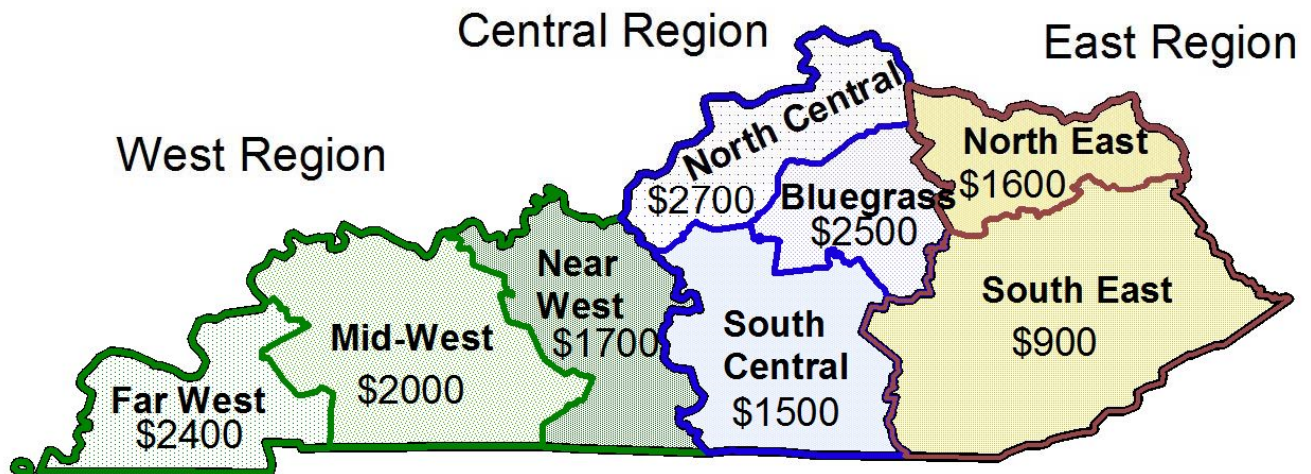
Estimated value per acre based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.

# Average Pasture Value by Subregion in Kentucky



Estimated value per acre based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.

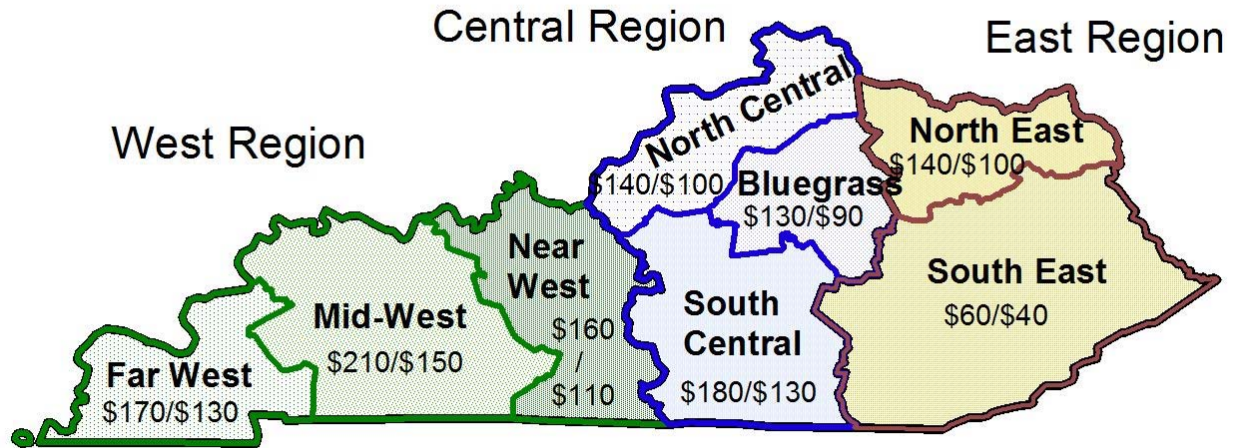
# Average Woodland Value by Subregion in Kentucky



Estimated value per acre based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.

# Average Cash Rent Cropland by Subregion in Kentucky

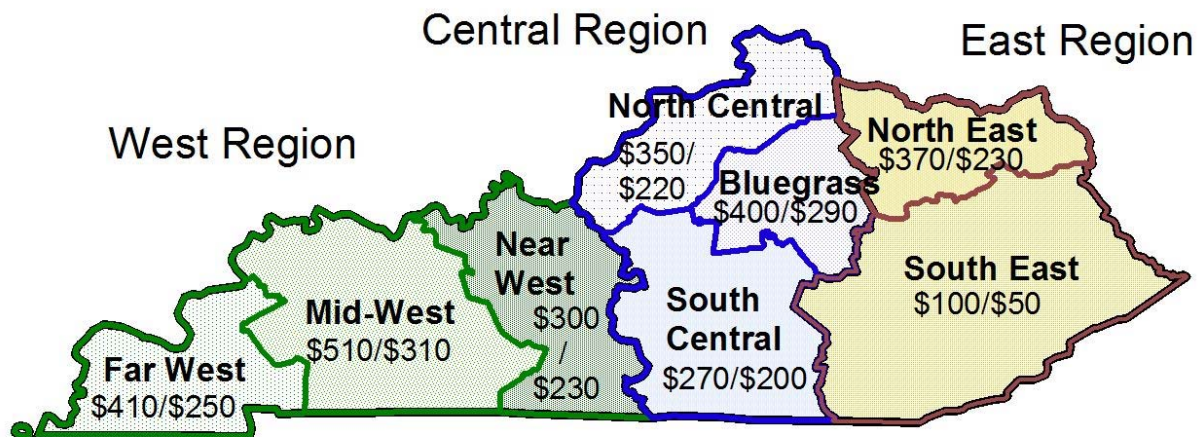
(Good Ground / Fair Ground)



Estimated value per acre per year based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.

# Average Cash Rent Tobacco by Subregion in Kentucky

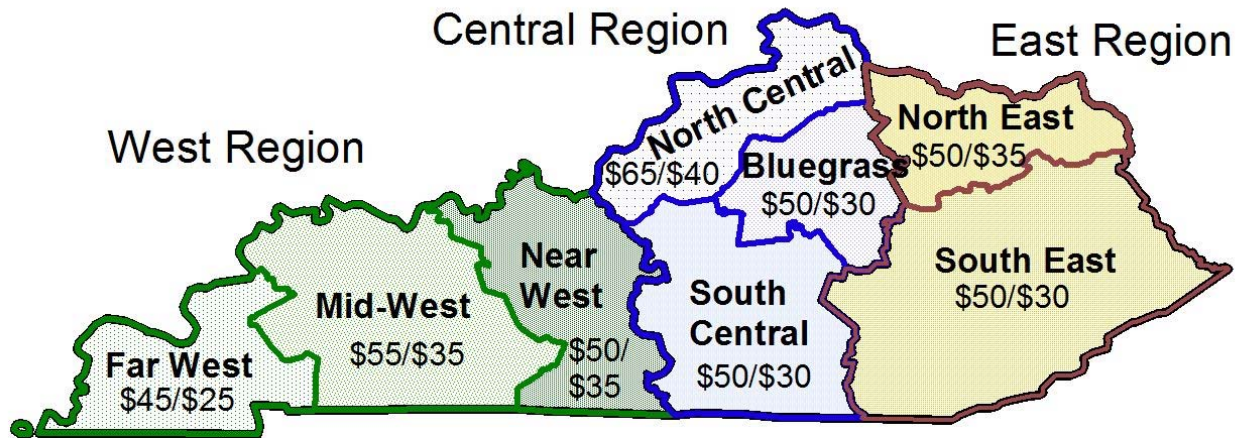
(With Barn / Without Barn)



Estimated value per acre per year based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.

# Average Cash Rent Hay by Subregion in Kentucky

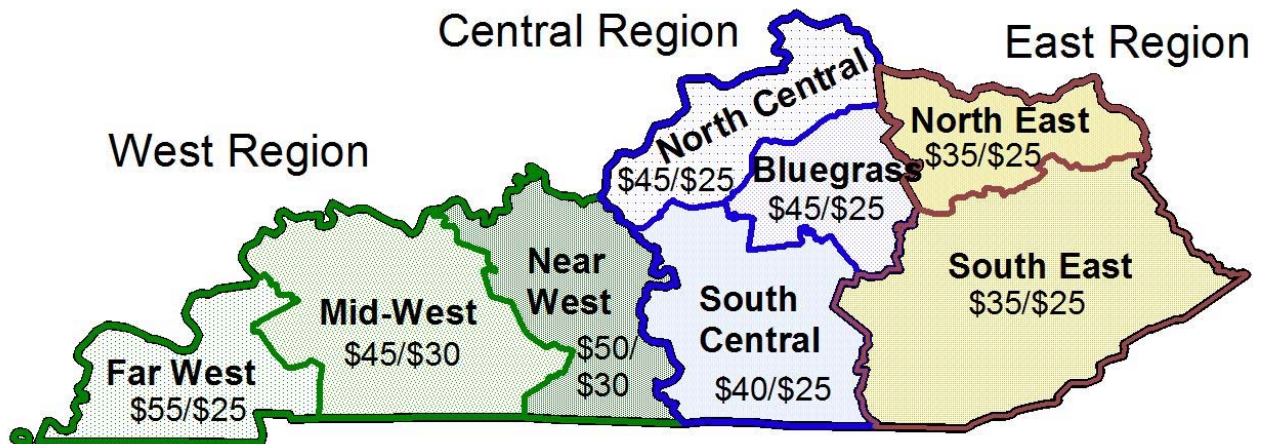
(Improved / Non-improved)



Estimated value per acre per year based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 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 per year based on 2018 surveys of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys. Note: Improved defined as good fences/water and fertility.

## Regional Land Values in Kentucky (2018)

Region	Cropland	Hay	Pasture	Woodland
Western	\$5,100	\$3,200	\$2,800	\$2,000
Central	\$4,300	\$3,500	\$3,100	\$2,200
Eastern	\$2,700	\$2,200	\$1,700	\$1,200

*Per acre value based on 2018 survey of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.*

## Regional Cash Rents in Kentucky (2018)

Region	Cropland (Good/Fair)	Tobacco (With Barn/ Without Barn)	Hay (Improved/ Non-Improved)	Pasture (Improved/ Non-Improved)
Western	\$170/130	\$410/260	\$50/30	\$50/30
Central	\$150/110	\$330/230	\$55/35	\$45/25
Eastern	\$100/70	\$320/200	\$50/35	\$35/25

*Per acre per year value based on 2018 survey of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.*

## Sub-Regional Land Values in Kentucky (2018)

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

*Per acre value based on 2018 survey of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.*

## Sub-Regional Cash Rents in Kentucky (2018)

Sub-Region	Cropland (Good/Fair)	Tobacco (With Barn/ Without Barn)	Hay (Improved/ Non-Improved)	Pasture (Improved/ Non-Improved)
Far West	\$170/130	\$410/250	\$45/25	\$55/25
Mid West	\$210/150	\$510/310	\$55/35	\$45/30
Near West	\$160/110	\$300/230	\$50/35	\$50/30
South Central	\$180/130	\$270/200	\$50/30	\$40/25
Bluegrass	\$130/90	\$400/290	\$50/30	\$45/25
North Central	\$140/100	\$350/220	\$65/40	\$45/25
North East	\$140/100	\$370/230	\$50/35	\$35/25
South East	\$60/40	\$100/50	\$50/30	\$35/25

*Per acre per year value based on 2018 survey of Agriculture and Natural Resource County Extension Agents. Total of 70 completed surveys.*