



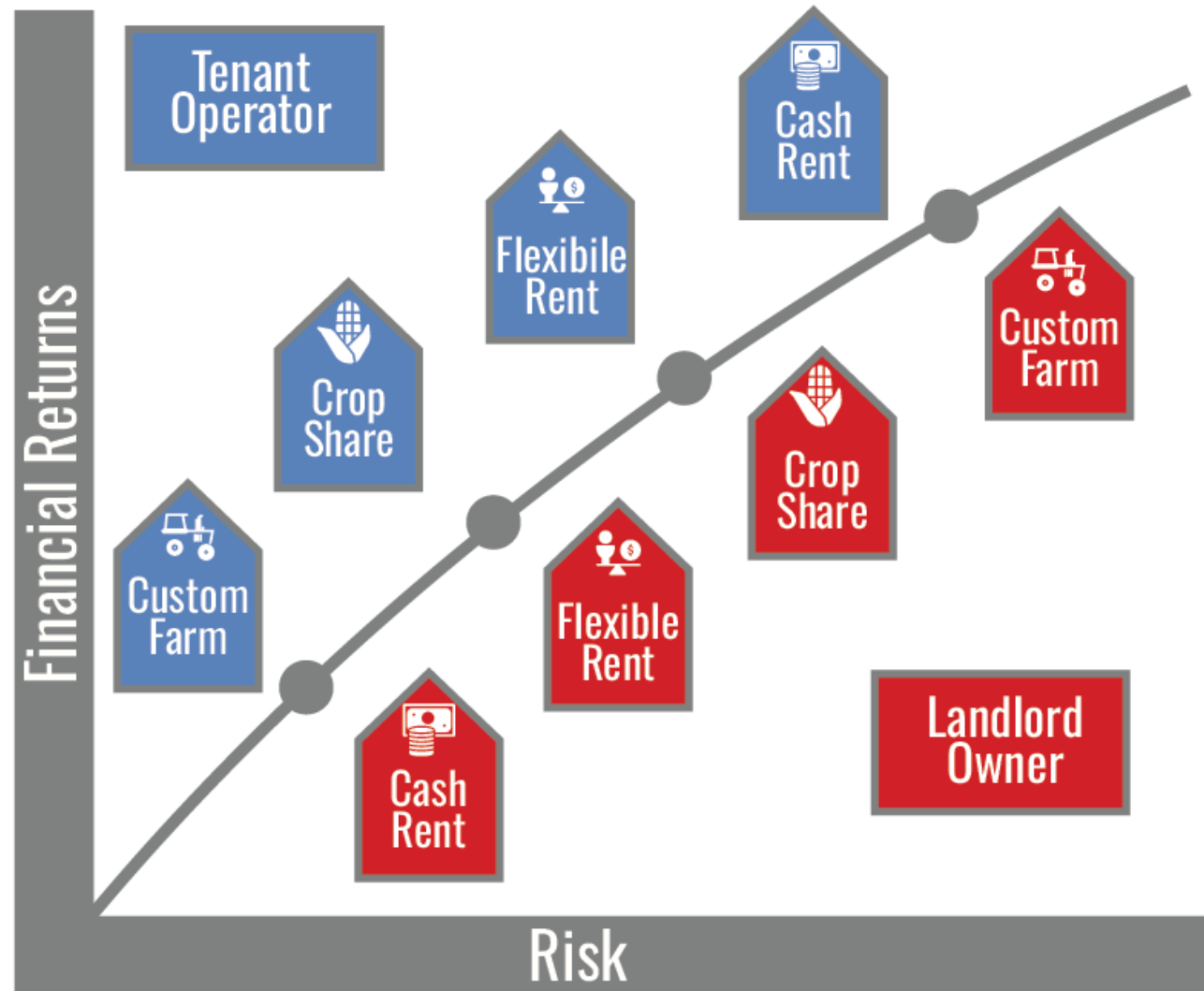
IRRIGATED, PASTURE & HAY CASH RENT CONSIDERATIONS

Jim Jansen, Agricultural Extension Economist, University of Nebraska-Lincoln
Michael Langemeier, Professor & Director, Center for Commercial Agriculture

Risk and Financial Return by Farmland Lease Arrangement Type

- **Agricultural Farmland Leases**

- Cash Rent
- Flexible Rent
- Crop Share
- Custom Farm



Source: J. Jansen, & J. Stokes, 2024.

Indiana Farm Real Estate Survey

- Annual survey conducted since 1972 of Indiana farm managers, rural appraisers, farmland brokers, agricultural loan officers, farmers, and FSA county directors.
 - The Department of Agricultural Economics conducts the Purdue Farmland Value and Cash Rents Survey each June and it is published in the quarterly publication Purdue Agricultural Economics Report.
- Indiana Farmland Values & Cash Rental Rates report website:
<https://ag.purdue.edu/commercialag/home/farmland-values/>



Indiana County Clusters

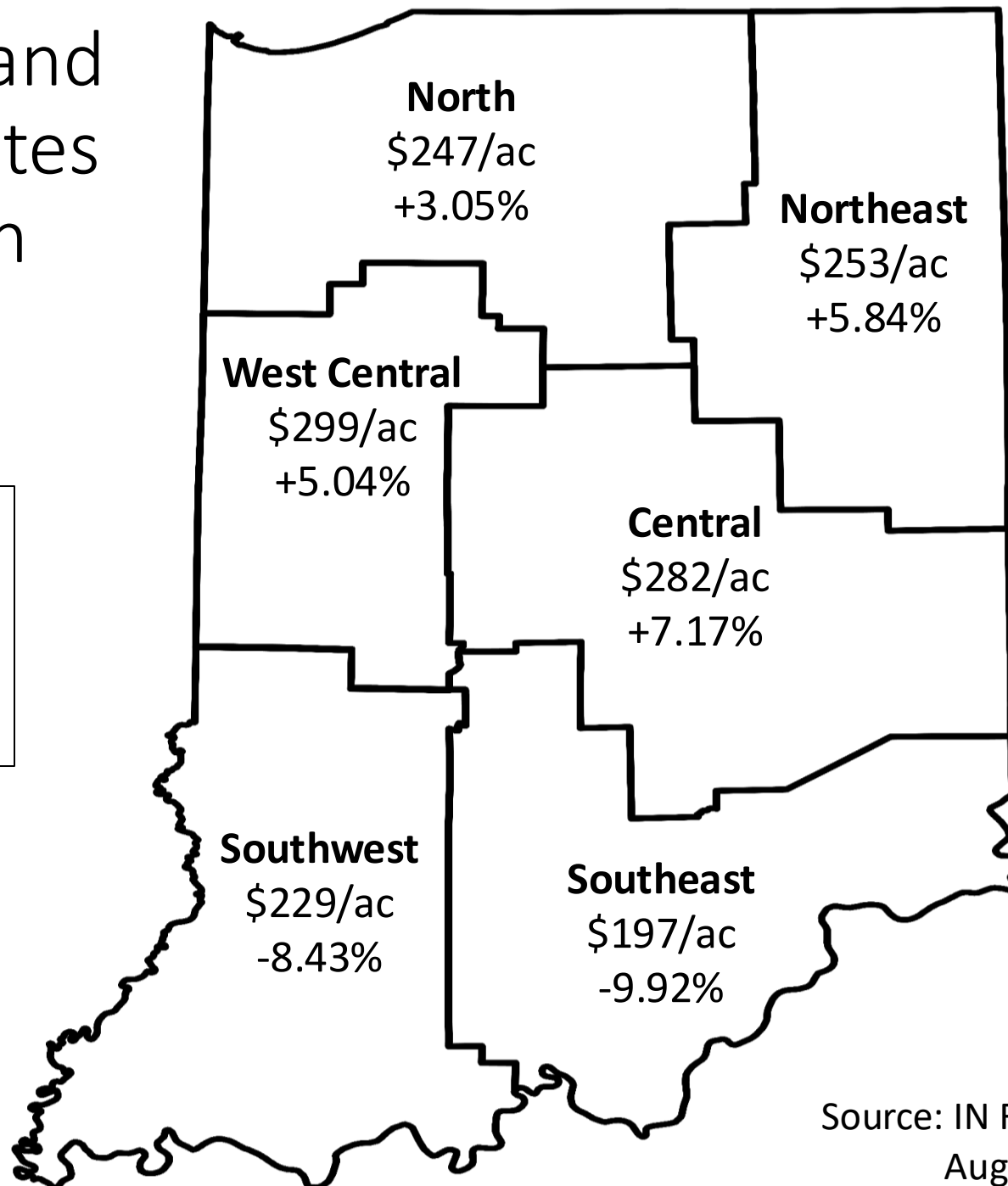
- County clusters used in Purdue Land Values Survey to create geographic regions.
- Professionals provide an estimate of the market value for bare poor-, average- and top-quality farmland in December 2024, June 2025 and a forecast for December 2025.



Dryland Crop Rental Rates

Dryland Cropland Avg. Rental Rates 2025 Season

**Indiana
State Avg.**
\$264/ac
+1.61%



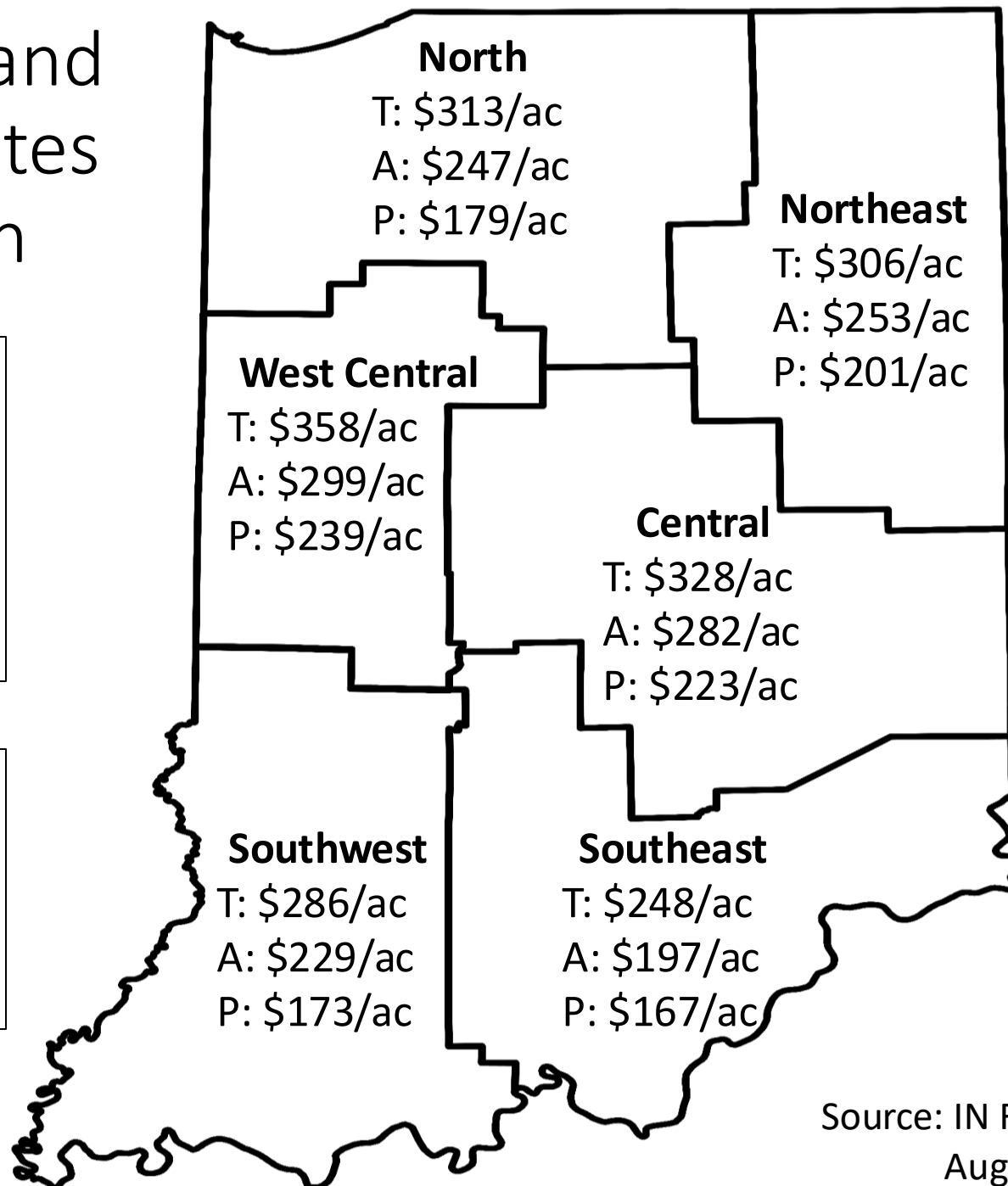
Source: IN Farmland Survey,
August 2025.



Dryland Cropland Avg. Rental Rates 2025 Season

**Indiana
State Avg.**
T: \$318/ac
A: \$264/ac
P: \$207/ac

By Cluster
Top (T)
Average (A)
Poor (P)



Source: IN Farmland Survey,
August 2025.



USDA-National Agricultural Statistics Service Cash Rent Survey

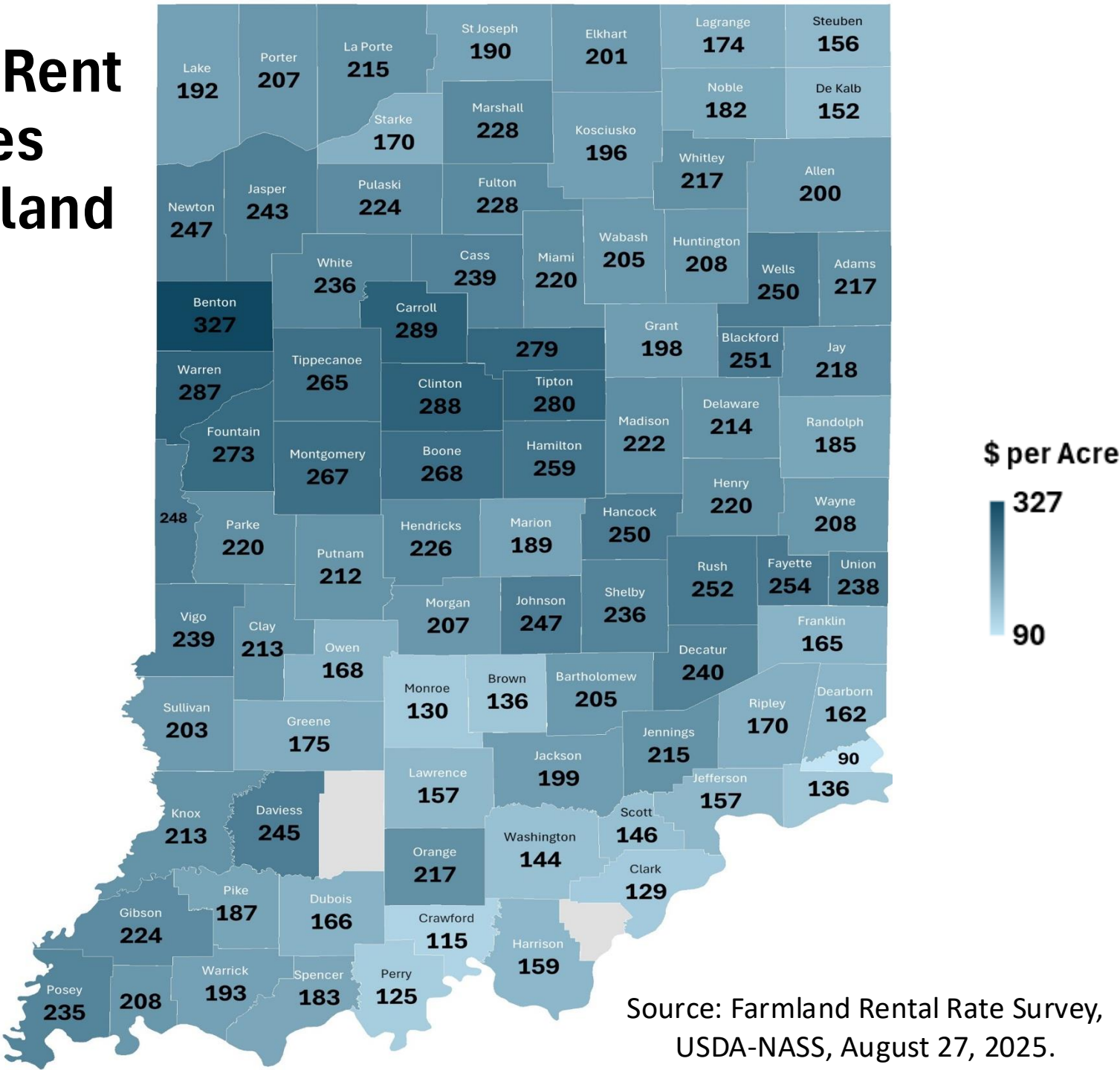
- Biennial survey conducted by the USDA-National Agricultural Statistics Service (NASS) of farmers and ranchers
 - Survey starts in late-winter and conducted through mid-summer of odd-numbered years (some even-number years as well)
 - Analysis published around the second week of September
- Indiana county estimates in addition to other resources may be found at:
https://www.nass.usda.gov/Statistics_by_State/Indiana/Publications/County_Estimates/



2025 Indiana Cash Rent County Estimates Non-Irrigated Cropland

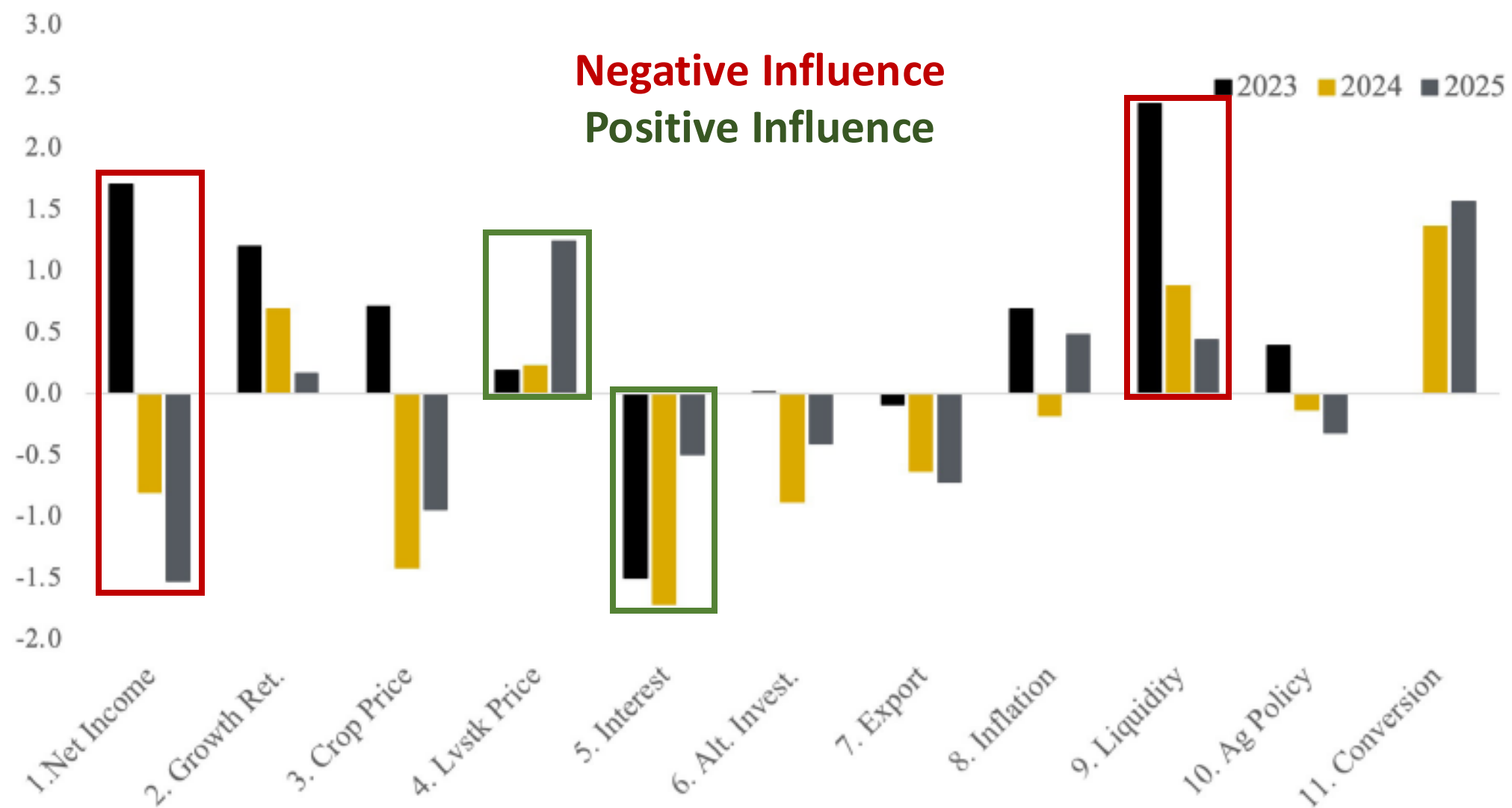
**Indiana
State Avg.**
\$225/ac
-1.32%

Summary
High: Benton
\$327/ac
Low: Ohio
\$90/ac



Source: Farmland Rental Rate Survey,
USDA-NASS, August 27, 2025.

Influence of Drivers of IN Farmland Values (& Cash Rents?)



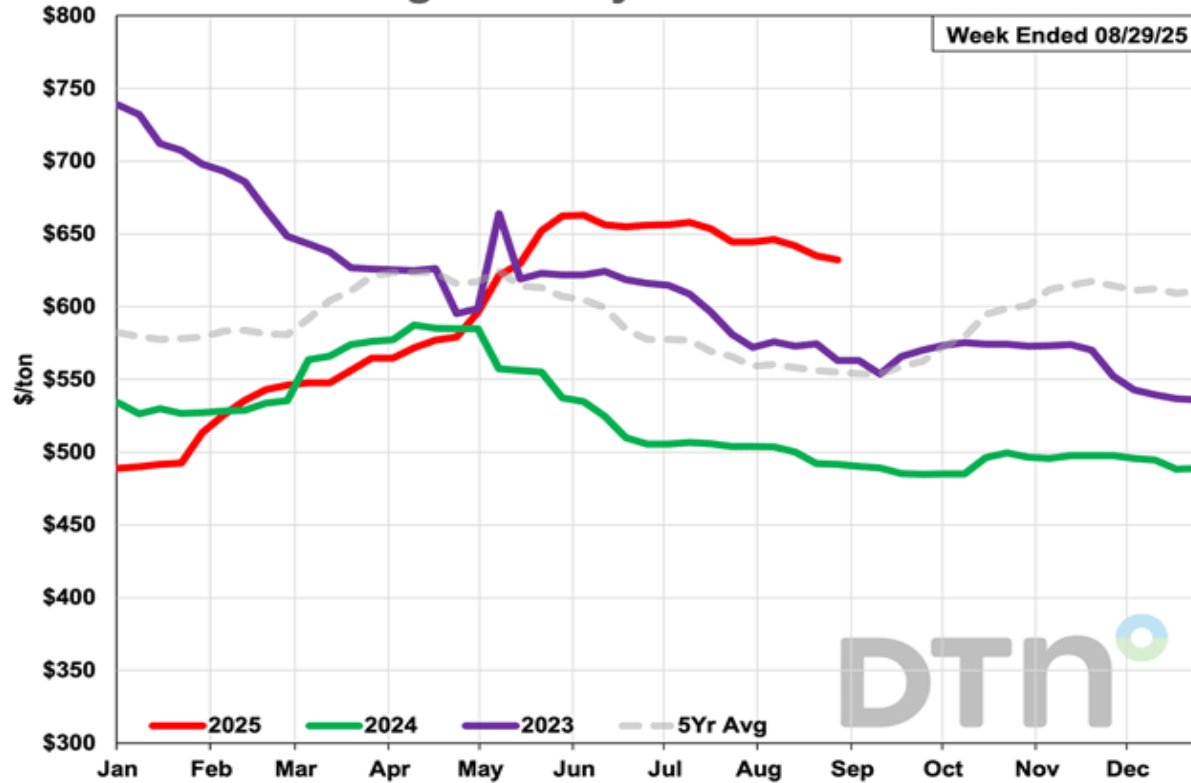
Source: Indiana Farmland Survey, August 2025.

DTN Retail Fertilizer Trends

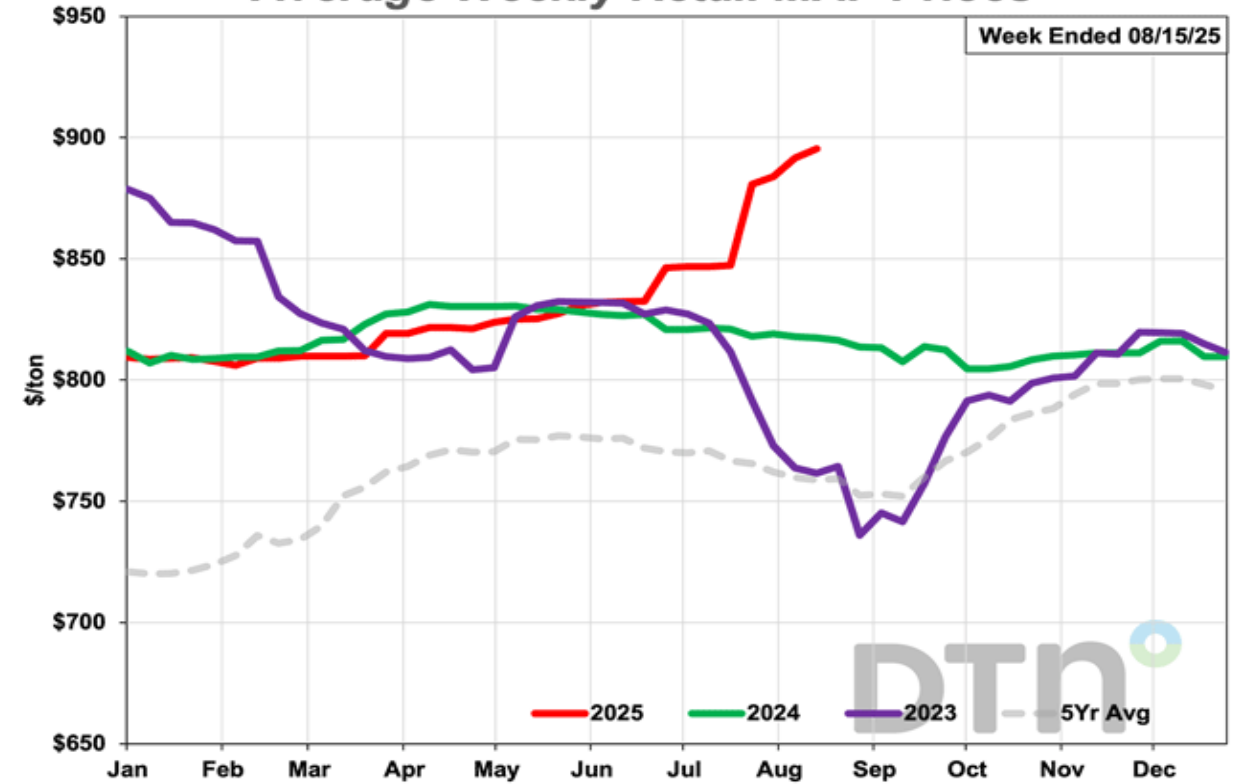
Source: DTN: <https://www.dtnpf.com/agriculture/web/ag/crops/article/2025/09/03/mixed-prices-fertilizers>

DTN: <https://www.dtnpf.com/agriculture/web/ag/crops/article/2025/08/20/map-leads-fertilizer-prices-higher>

Average Weekly Retail Urea Prices

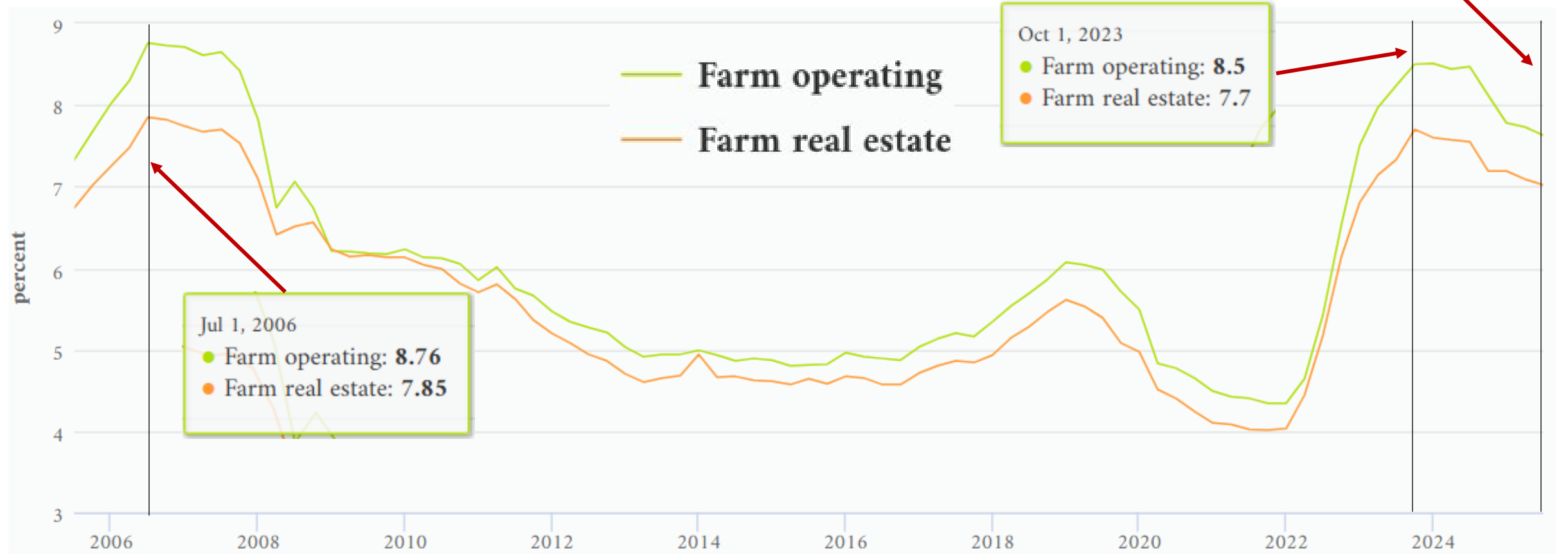


Average Weekly Retail MAP Prices



Interest Rates Charged on New Farm Loans in the Seventh District

Link: KC FED: <https://www.chicagofed.org/research/data/ag-conditions/index>



Source: Chicago Federal Reserve, August 14, 2025.

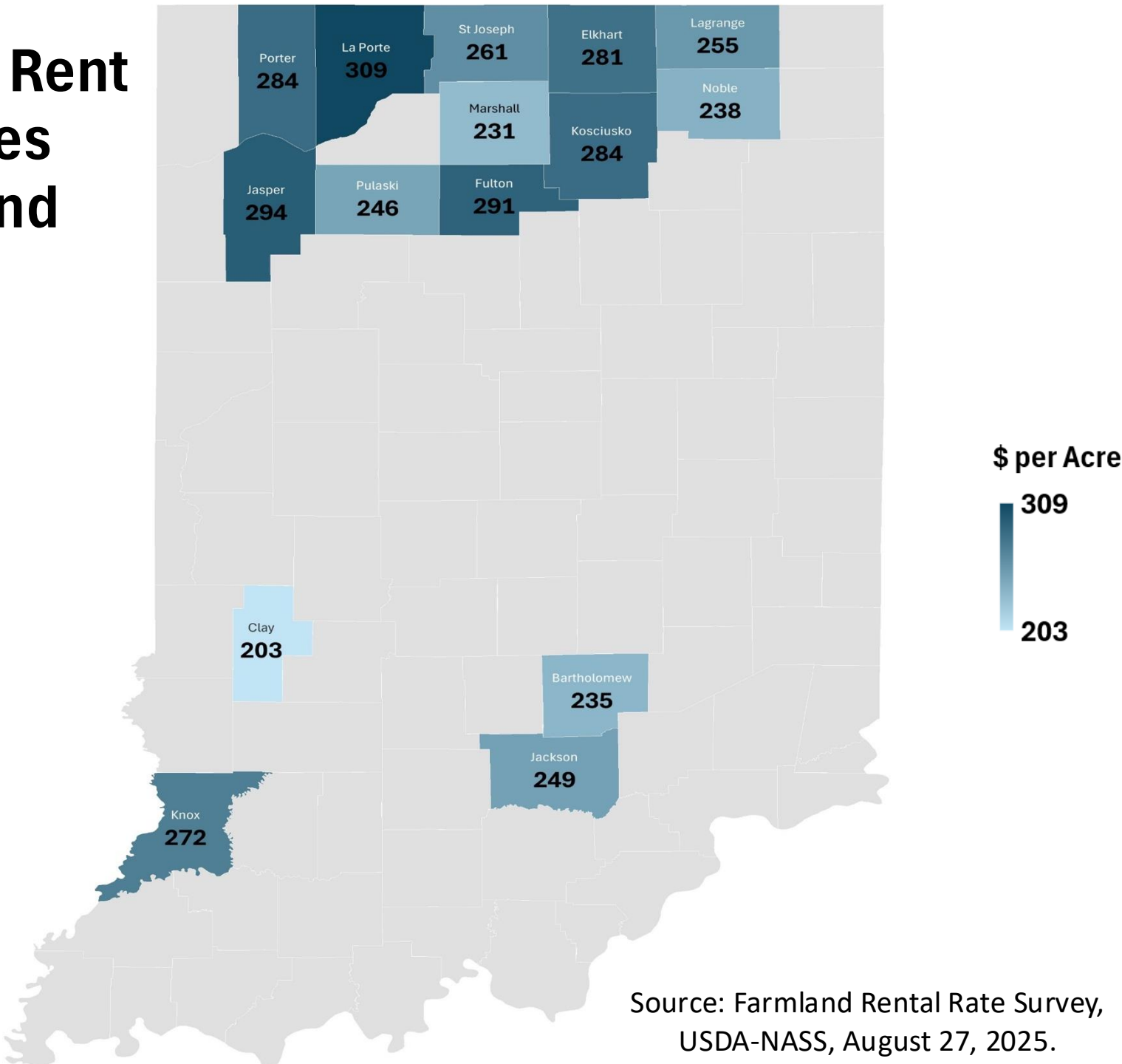


Irrigated Crop Rental Rates

2025 Indiana Cash Rent County Estimates Irrigated Cropland

**Indiana
State Avg.**
\$274/ac
-4.86%

Summary
High: La Porte
\$309/ac
Low: Clay
\$203/ac



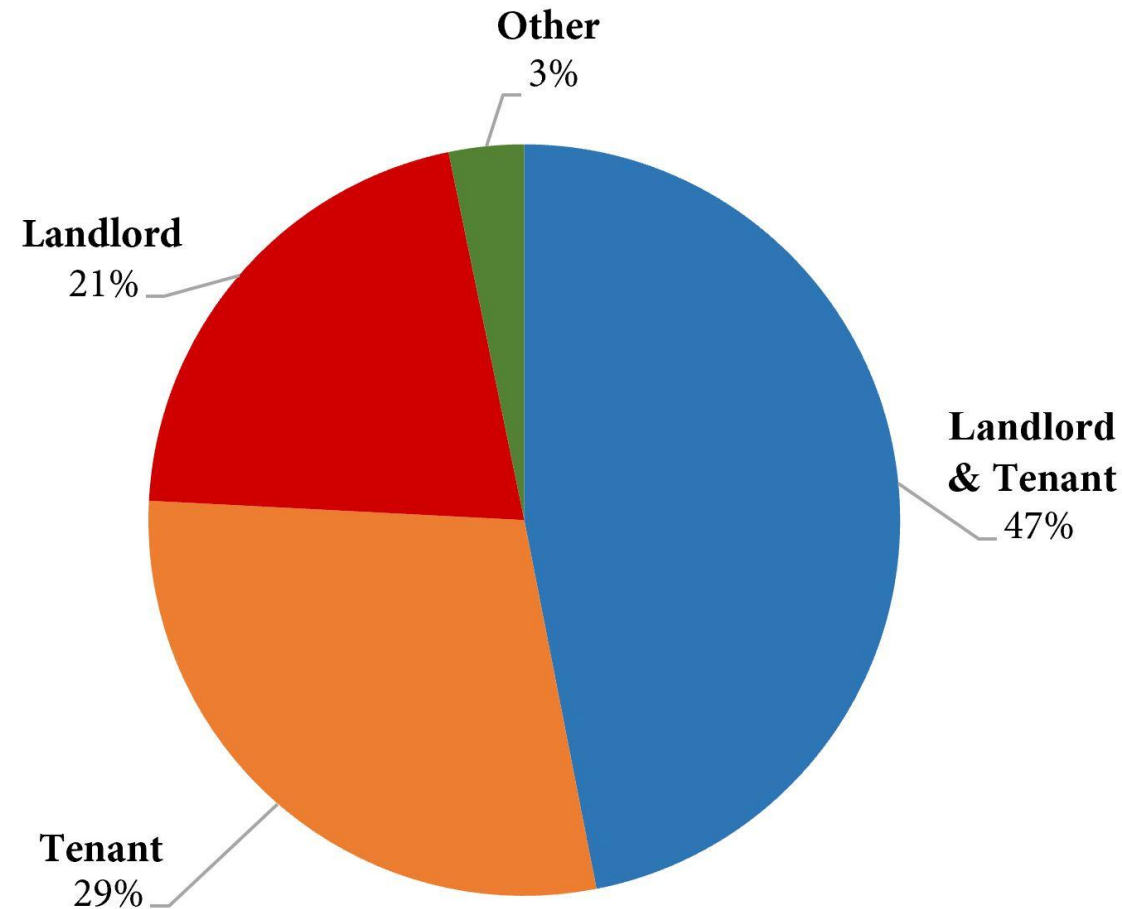
Source: Farmland Rental Rate Survey,
USDA-NASS, August 27, 2025.

Irrigation Equipment Lease Provisions

- Irrigation Equipment
 - General assumption is that all ownership costs belong to landlord
 - Common for tenant to provide some of the upkeep cost (repairs)
 - Especially labor
 - Deductible on parts
- If entire systems are being purchased by tenant – then rent adjustment is recommended



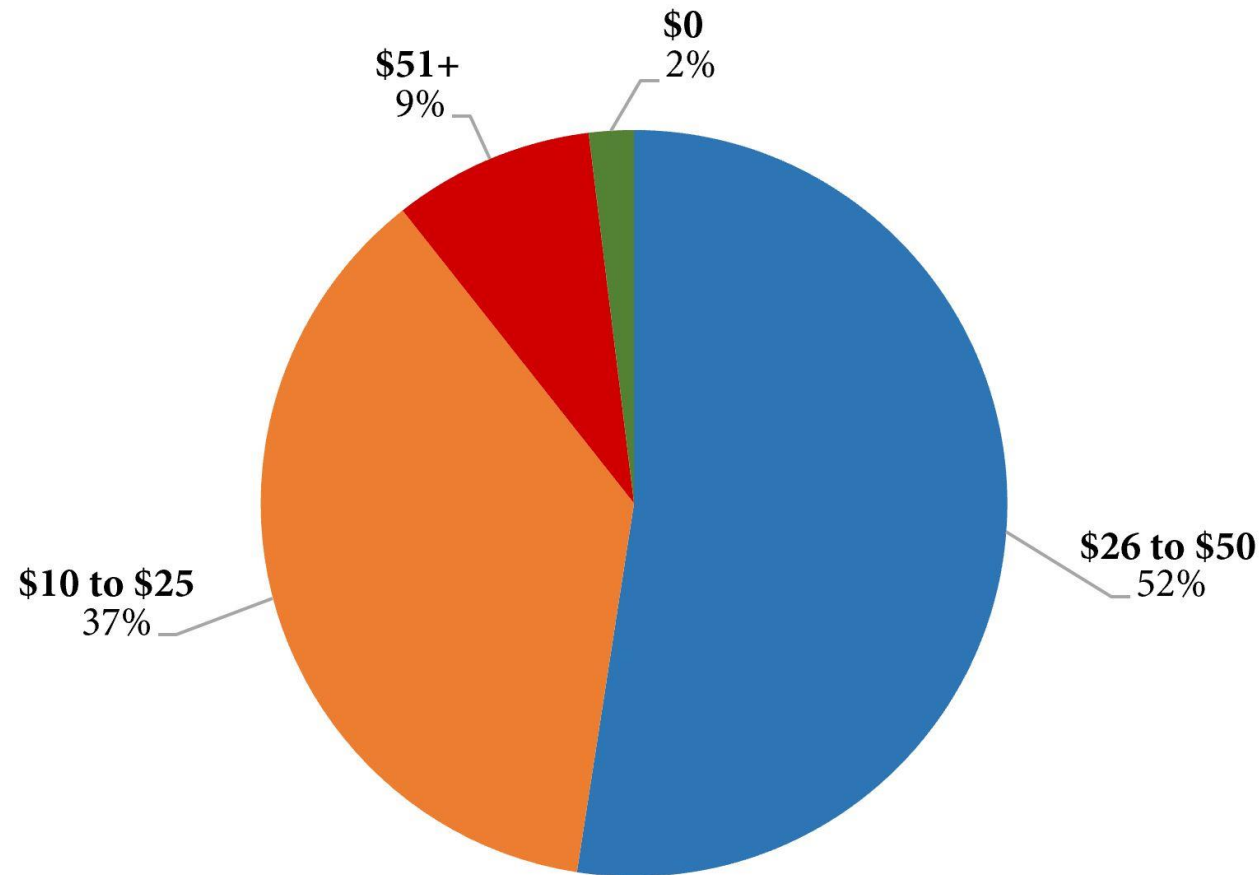
Entity Responsible for Maintaining Irrigation System as Part of Cash Lease in Nebraska



Source: Nebraska Farm Real Estate Market Development Survey, 2023.



Discount on Cash Rent per Acre When Tenant Owns Pivot for Irrigation System in Nebraska



Source: Nebraska Farm Real Estate Market Development Survey, 2023.



Discount on Cash Rent per Acre When Tenant Owns Power Unit for Irrigation System in Nebraska

Power Unit	Discount per Acre			
	\$0	\$1 to \$9	\$10 to \$20	\$20+
----- Percent of Respondents -----				
System Type				
Diesel Engine	15	28	45	12
Propane or Natural Gas Engine	21	37	33	9
Electrical Motor	18	31	35	16

Source: Nebraska Farm Real Estate Market Development Survey, 2023.



Irrigation System Repairs

- **Question: Who should pay the bill if the tenant hires a third-party company to make repairs on a pivot? The landlord or tenant?**
- **Answer:** A good written lease should specify the handling of the repair bill. If not specified, work on incorporating terms for the next lease.
 - Multi-year lease may be used when the tenant has made large investment in the property such as irrigation equipment or amendments to the soil (lime).
 - When using multi-year lease, consider adding clauses to update the rental rate each year to account for economic conditions.
 - In many farmland leases, the tenant may cover the first \$XXX – of repairs. The ‘deductible’ amount could be negotiated.
 - Many amounts range from \$500 to \$1,500 per year.
 - So, if the third party’s expenses fall into the ‘deductible,’ the tenant might cover that portion. The landlord may cover the rest of the bill exceeding that amount.

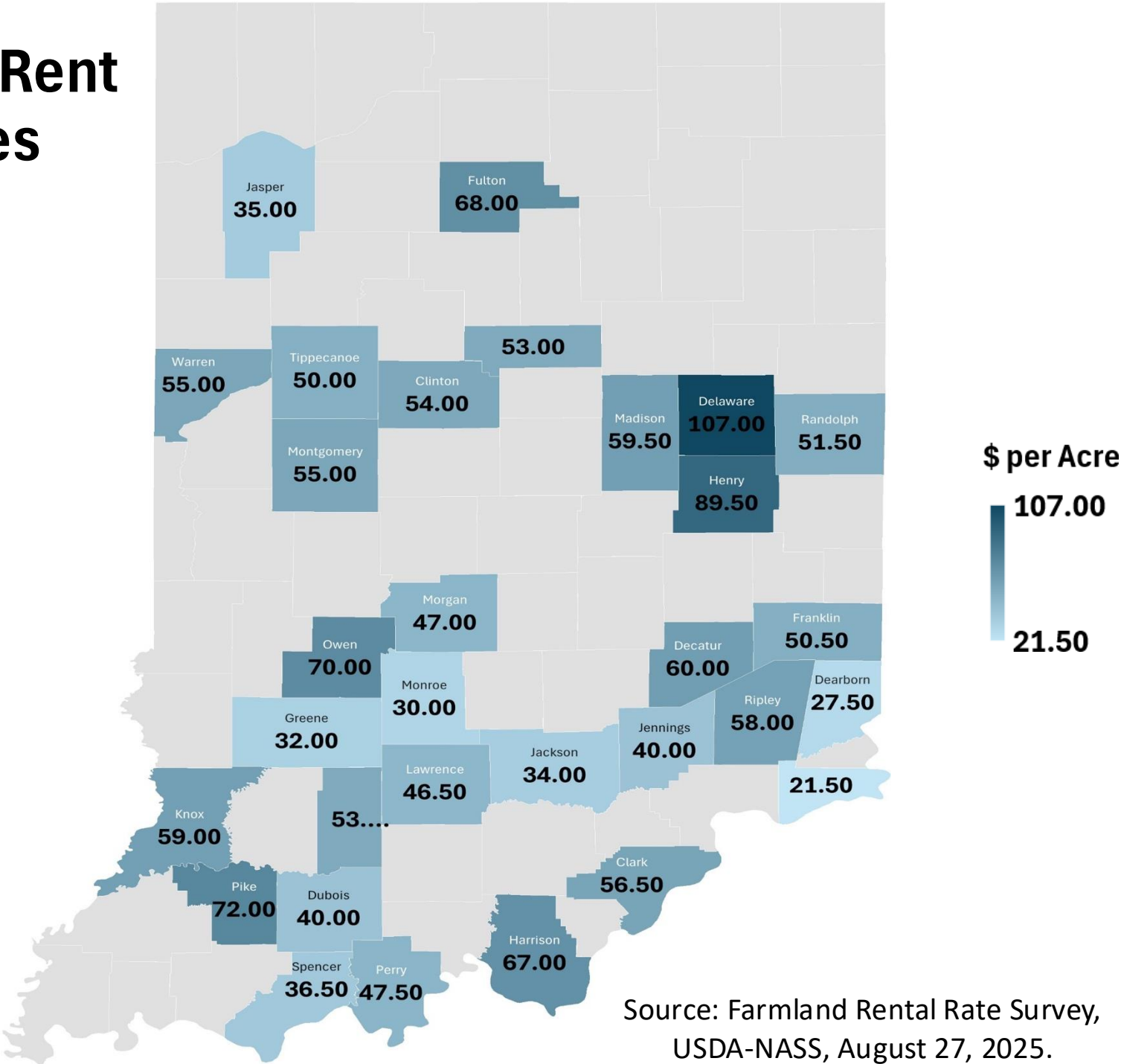


Pasture Rental Rates

2025 Indiana Cash Rent County Estimates Pasture

**Indiana
State Avg.**
\$53.50/ac
+12.63%

Summary
High: Delaware
\$107.00/ac
Low: Switzerland
\$21.50/ac



Source: Farmland Rental Rate Survey,
USDA-NASS, August 27, 2025.

Grazing Lease Provisions

- Fence maintenance and upkeep
 - Negotiable element to the lease discussions
- For pasture – know what happens for the Big 3 Disasters!
 - Fire, Hail, or Drought
- Hunting rights
 - Crop ground vs. pasture



Fencing Requirements

Question: Who is responsible for establishing or maintaining a fence between two adjoining properties? Is it the owner of the cattle?

Answer: Generally, individuals who own neighboring farmland must build and share maintenance of all partition fences equally (right-hand rule), unless the parties agree differently.

- The “right-hand” rule means that landowners stand facing each other at the midpoint of their fence and agree to build and maintain the section of the fence on their right.
- This rule still applies when one landowner has livestock, and the other landowner has crops or no agricultural production at all.



Fencing Requirements

Question: What might happen if the two landowners cannot agree to build or maintain their portion of the fence?

Answer: The landowner who wants to build the fence should construct their section of the fence, wait 20 days, and then contact the township trustee. The trustee can then inform the neighboring landowner that they are required to finish their part of the fence within 20 days.

- If the other landowner does not finish their portion of the fence, the township trustee can have the remaining section completed and invoice the neighboring landowner who refuses to pay.
- If the other party fails to pay the bill, there have been instances where liens are placed on that individual until payment is received.
- There is no definitive answer about what material the fence should be made from. In Indiana, the law states that it must be sturdy enough to contain hogs, sheep, cattle, mules, and horses.



Livestock Liability

Question: What happens when cattle get on a public roadway and an accident occurs? Does the cattle owner bear all liability?

Answer: Indiana is known as a “fence-in” state, which means that if livestock escape due to a defective fence, the owner is responsible for any damages that occur.

- However, if the fence remains in good condition, the livestock owner is typically not liable, provided they can demonstrate they were not negligent in their efforts to fence in their livestock.



Livestock Liability

Question: What happens when cattle get on a public roadway and an accident occurs? Does the cattle owner bear all liability?

Answer: Examples where producers might be found negligent in this kind of case include:

- If the fences were not maintained,
- A gate was left open.
- Or a prior history had been established regarding cattle continually escaping onto public roadways and not taking any action to correct the problem.
- Producers across Indiana are advised to keep their fences along public roads in good condition.
- Cattle producers are advised to obtain a general farm liability insurance policy to protect against lawsuits arising from accidents on agricultural property.



Calculating Agricultural Land Lease Rates

USDA RMA County Yield Reports

- USDA Risk Management Agency County Yields Report:
 - <https://webapp.rma.usda.gov/apps/RIRS/RMACountyYieldsReport.asp>
 - USDA RMA typically releases final county yields for a crop year by May 14 of the following year. For instance, the yields for 2024 became available on May 14, 2025.

RMA County Yields Report

Select criteria to filter report

1

Commodity

2

State

3

County

4

Irrigation Practice

5

Yield Year

Select fields to display

Report Fields

Yield Year	County Name	Yield Amount
2020	Tippecanoe	219.2
2021	Tippecanoe	208.2
2022	Tippecanoe	193.9
2023	Tippecanoe	228.7
2024	Tippecanoe	233.2
Average		217

Indiana Farm Real Estate Survey

- 2025 Indiana Farmland Values & Cash Rental Rates report website:
<https://ag.purdue.edu/commercialag/home/farmland-values/>

Table 3: Average estimated Indiana cash rent per acre (tillable, bare land), 2024 and 2025, Purdue Land Value Survey, June 2025

Area	Land Class	Corn Bu/A	Rent/Acre		Change 24-25 %	Rent/bu. of corn		Rent as % of June Land Value	
			2024 \$/A	2025 \$/A		2024 \$/bu	2025 \$/bu	2024 %	2025 %
North	Top	230	297	313	5.42	1.29	1.36	2.1	2.0
	Average	198	239	247	3.05	1.21	1.24	2.1	2.0
	Poor	168	180	179	-0.31	1.07	1.07	2.1	1.9
Northeast	Top	227	289	306	5.56	1.27	1.35	2.0	1.9
	Average	199	239	253	5.84	1.20	1.27	2.0	1.8
	Poor	171	188	201	6.47	1.10	1.17	2.0	1.8
W. Central	Top	240	339	358	5.64	1.41	1.49	2.4	2.5
	Average	210	284	299	5.04	1.35	1.42	2.5	2.5
	Poor	180	231	239	3.59	1.28	1.33	2.4	2.4

Source: Indiana Farmland Survey, August 2025.



Estimating Cash Rental Rates by Adjusting Survey Data

- Land rental rate survey data:
 - Evaluate available cash rental survey data to establish a baseline in the landlord and tenant negotiation process.
- Average yields:

County	Value	Farm	Value
County Rental Rate	\$299/ac.	County Rent/Bushel	\$1.38/bu.
Corn Yield	<u>217 bu./ac.</u>	APH Yield	<u>x 202 bu./ac.</u>
County Rent/Bushel	\$1.38/bu.	Farm Level Rent	\$278.33/ac.



Indiana Crop Cost & Return Guide

- 2026 Crop Cost and Return Guide website:
<https://ag.purdue.edu/commercialag/home/resource/keyword/crop-cost-return-guide-archive/>

	Low Productivity Soil					Average Productivity Soil				
	Cont. Corn	Rot. Corn	Rot. Beans	Wheat	DC Beans	Cont. Corn	Rot. Corn	Rot. Beans	Wheat	DC Beans
Expected yield per acre ²	158	168	51	72	36	186	198	60	85	42
Harvest price ³	\$4.25	\$4.25	\$10.35	\$5.25	\$10.35	\$4.25	\$4.25	\$10.35	\$5.25	\$10.35
Market revenue	\$672	\$714	\$528	\$378	\$373	\$791	\$842	\$621	\$446	\$435
Less variable costs ⁴										
Fertilizer ⁵	\$221	\$203	\$81	\$121	\$56	\$234	\$216	\$93	\$148	\$64
Seed ⁶	102	102	74	44	86	124	124	74	44	86
Pesticides ⁷	115	110	70	45	63	115	110	70	45	63
Dryer fuel ⁸	43	34	N/A	N/A	5	50	40	N/A	N/A	5
Machinery fuel @ \$3.02	22	22	14	14	10	22	22	14	14	10
Machinery repairs ⁹	45	45	40	40	40	45	45	40	40	40
Hauling ¹⁰	17	18	5	8	4	20	21	6	9	4
Interest ¹¹	29	27	16	15	14	31	29	16	17	14
Insurance/misc. ¹²	50	50	40	30	10	50	50	40	30	10



Cash Equivalent From Crop Share

- Rent paid to landlord by tenant based off owner's share of net returns per acre.
 - Example 50/50 split:

Value	Corn - March 2026	Corn - July 2026	Corn - Nov. 2026
Yield (50% share)	108.5 bu./ac.	108.5 bu./ac.	108.5 bu./ac.
Price/bushel	<u>x \$4.46/bu.</u>	<u>x \$3.92/bu.</u>	<u>x \$4.27/bu.</u>
Income	\$483.91/ac.	\$425.32/ac.	\$463.30/ac.
Owner Expenses*	<u>-\$225.00/ac.</u>	<u>-\$225.00/ac.</u>	<u>-\$225.00/ac.</u>
Net Return to Owner (Effective Rent)	\$258.91/ac.	\$200.32/ac.	\$238.30/ac.



Hay Rental Rates

Hay Market Prices

- USDA weekly hay reports
 - <https://www.ams.usda.gov/market-news/hay-reports>
- Indiana Hay Prices
 - Shipshewana Hay Auction – Hay Auction – Shipshewana, IN (Wed)
 - Topeka Hay Auction – Hay Auction – Topeka, IN (Tue)



Hay Market Prices

- USDA weekly hay reports: <https://www.ams.usda.gov/market-news/hay-reports>



Shipshewana Hay Auction - Shipshewana, IN

AMS Livestock, Poultry, & Grain Market News

Indiana Department of Agriculture

Email us with accessibility issues with this report

Wed Sep 17, 2025

Mixed Grass - Good (Per Ton)

	<u>Qty</u>	<u>Price Range</u>	<u>Avg Price</u>	<u>Description</u>	<u>Crop Age</u>
Large Round	14.00	180.00-200.00	187.14		

Mixed Grass - Fair/Good (Per Ton)

	<u>Qty</u>	<u>Price Range</u>	<u>Avg Price</u>	<u>Description</u>	<u>Crop Age</u>
Large Round	9.00	170.00	170.00		

Mixed Grass - Fair (Per Ton)

	<u>Qty</u>	<u>Price Range</u>	<u>Avg Price</u>	<u>Description</u>	<u>Crop Age</u>
Large Square 3x4	5.00	150.00	150.00		
Large Round	1.00	150.00	150.00		

Mixed Grass - Utility/Fair (Per Ton)

	<u>Qty</u>	<u>Price Range</u>	<u>Avg Price</u>	<u>Description</u>	<u>Crop Age</u>
Large Square 3x4	4.00	120.00	120.00		
Large Round	9.00	110.00-125.00	116.67		



Cash Equivalent From Hay Share

- Rent paid to landlord by tenant based on the owner's share of net returns per acre.
 - Example 33/67 & 50/50 split on a field yielding 2.5 tons per acre:

Value	33:67 Hayland Share	50:50 Hayland Share
Yield (share)	0.83 ton/ac.	1.25 tons/ac.
Price/ton	<u>x \$190/ton</u>	<u>x \$190/ton</u>
Income	\$156.75/ac.	\$237.50/ac.
Owner Expenses*	<u>-\$0.00/ac.</u>	<u>-\$35.00/ac.</u>
Net Return to Owner (Effective Rent)	\$156.75/ac.	\$202.50/ac.

*In this example, the owner does not pay any expenses for the 33/67 hay share. Also, the owner pays \$35 per acre in fertilizer and herbicide expenses for the 50/50 hay share.



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Lease Publications


Lease Publications

-  [Fixed and Flexible Cash Rental Arrangements for Your Farm](#)
(NCFMEC-01)
-  [Crop Share Rental Arrangements For Your Farm](#)
(NCFMEC-02)
-  [Pasture Rental Arrangements For Your Farm](#)
(NCFMEC-03)
-  [Rental Agreements For Farm Buildings and Livestock Facilities](#)
(NCFMEC-04)
-  [Purchasing and Leasing Farm Equipment](#)
(NCFMEC-05)
-  [Beef Cow Rental Arrangements For Your Farm](#)
(NCFMEC-06)
-  [Farm Building Rental Rate Survey](#)
(NCFMEC-07)


Lease Forms

-  [Cash Farm Lease](#)
(NCFMEC-01A)
-  [Crop Share Farm Lease Cash Farm Lease](#)
(NCFMEC-02A)
-  [Pasture Lease](#)
(NCFMEC-03A)
-  [Farm Building or Livestock Facility Lease](#)
(NCFMEC-04A)
-  [Farm Machinery Lease for Non-commercial Transactions](#)
(NCFMEC-05A)
-  [Livestock Rental Lease](#)
(NCFMEC-06A)

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Center for Commercial Agriculture



CENTER FOR AGRICULTURAL PROFITABILITY

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