

## Cash Rental Rate Estimation

Ag Decision Maker -- Iowa State University Extension

See Information File C2-20, "[Computing a Cropland Cash Rental Rate](#)" for

Place the cursor over cells with red triangles to read comments.

Enter your input values in shaded cells.

Name: Example

<u>Gross Income</u>		<u>Corn</u>	<u>Soybeans</u>
Acres in Each Crop		200	200
Expected Yield		172	50
Expected Price		\$4.50	\$10.50
USDA Direct Payments	Total annual payment	\$25.00	\$25.00
	OR payment per acre	\$25.00	\$25.00
<b>Total Gross Income for Crop, per acre</b>		<b>\$ 799.00</b>	<b>\$ 550.00</b>

<u>Production Costs (For Tenant's Residual or Crop Share Equivalent approach, only)</u>			
Seed		\$ 110.00	\$ 57.00
Fertilizer		\$ 150.00	\$ 70.00
Lime		\$ 10.00	\$ 10.00
Herbicides		\$ 25.00	\$ 25.00
Insecticides		\$ -	\$ -
Crop Insurance		\$ 20.00	\$ 15.00
Miscellaneous		\$ 9.00	\$ 9.00
Interest on Input Costs		\$ 12.96	\$ 7.44
length of period (months)	8		
interest rate	8.0%		
Custom Hire		\$ -	\$ -
Fuel, Repairs		\$ 35.00	\$ 25.00
Machinery Ownership		\$ 45.00	\$ 35.00
Drying, Storage		\$ 37.00	\$ -
Labor		\$ 31.20	\$ 29.40
Rate per hour	\$12.00		
Total hours		2.6	2.45
Management charge (estimated at 5% of production costs)		\$ 24.26	\$ 14.14
<b>Total of All Non-Land Costs, per acre</b>		<b>\$ 509.42</b>	<b>\$ 296.98</b>

<u>Share of Gross Income</u>									
Corn	Gross income	\$ 799.00	x	3.5%	=	\$ 279.65	/acre rent		
Soybeans	Gross income	\$ 550.00	x	4.5%	=	\$ 247.50	/acre rent		
						<b>Average Weighted Rent</b>	=	<b>\$ 263.58</b>	<b>/acre rent</b>

<u>Yield Potential</u>									
Corn	Potential yield	172 bu./acre	x	\$ 1.10	per bu rent	=	\$ 189.20	/acre rent	
Soybeans	Potential yield	50 bu./acre	x	\$ 3.80	per bu rent	=	\$ 190.00	/acre rent	
						<b>Average Weighted Rent</b>	=	<b>\$ 189.60</b>	<b>/acre rent</b>

<u>Corn Suitability Rating Index</u>									
Choose a county				\$ per point					
OR	Chickasaw	76	CSR	x	\$ 2.49	for rent	=	\$ 189.24	/acre rent
Enter Farm CSR Index									

<u>Percent of Land Value</u>								
Current Market Value of Land	\$ 4.600	per acre	x	4%	return	=	\$ 184.00	/acre rent

<u>Tenant's Residual</u>									
Corn	Gross income	\$ 799.00	minus tenant's costs	\$ 509.42	=	\$ 289.58	/acre rent		
Soybeans	Gross income	\$ 550.00	minus tenant's costs	\$ 296.98	=	\$ 253.02	/acre rent		
						<b>Average Weighted Residual</b>	=	<b>\$ 271.30</b>	<b>/acre rent</b>

<u>Crop Share Equivalent</u>									
Corn	Owner's share of income	\$ 399.50	minus owner's costs	\$ 186.98	=	\$ 212.52	/acre rent		
Soybeans	Owner's share of income	\$ 275.00	minus owner's costs	\$ 96.72	=	\$ 178.28	/acre rent		
						<b>Average Weighted Return</b>	=	<b>\$ 195.40</b>	<b>/acre rent</b>
						<b>Average of All Approaches</b>	=	<b>\$ 215.52</b>	<b>/acre rent</b>

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