

FARMLAND LEASING WORKSHOPS – CURRENT LEASE ARRANGEMENT FINDINGS

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Abstract

Farmland Leasing Workshops were conducted in Ohio in 2014 and 2015 by Ohio State University Extension and the Department of Agricultural, Environmental and Development Economics. These workshops were planned and conducted as blended workshops focusing on legal and market issues involved in farmland leasing arrangements. Workshops were designed to increase participants understanding of the economics of crop production and methods to negotiate a fair market lease arrangement. Workshops were also designed to prepare participants to develop a legal written farmland lease. Participants spent time with the presenters in analyzing good and bad leasing practices. Case studies were utilized to better engage participants in the learning process. Landowner lessors and farmer leasees were invited to attend as factors affecting both parties were explored.

Topics addressed in the workshops included: farmland leasing options: fixed and flexible cash leases, factors affecting leasing options and rates, evaluating cash rent survey data, flexible cash lease arrangements, legal issues in farmland leasing, analyzing good and bad leasing practices, developing a written lease for your farm.

Workshop participants were surveyed at the end of each workshop. Survey questions focused on their satisfaction with the workshop topics and delivery methods. Participants were also surveyed about their current leasing practices and legal and business risks that they face.

This research evaluated the educational methods, present leasing arrangements and legal and risk concerns.

Workshop topics were evaluated for knowledge gained. Participants were asked to rate their knowledge on a 1 to 5 scale before and after the workshop. (1 = no knowledge, 5 = Very knowledgeable)

Topics rated the highest in terms of knowledge gained were Legal Issues in Farmland Leasing (1.695), Developing a Written Farmland Lease for Your Farm (1.525) and Farmland Leasing Options (1.390).

Cash leases were a large majority of the leases being used by participants. Eighty-nine percent of the leases reported by participants were cash leases. Of the cash leases, 7.6% were reported to be flexible cash leases.

Eleven percent of the reported leases were share lease arrangements. Participants stated that 50% of the lease arrangements currently active were in the form of a written lease. Length of the lease term varied for participants with the predominant lease term being 1 year. Forty-two percent of the leases reported in this survey were one year lease arrangements. The second most common lease term was 3 years with 29% of the leases reported being of this length. Participants were also asked to rank in order of importance the top 5 factors that affect their farm lease cash rental rates. The top five factors cited by the survey participants in order of importance were: 1. Expected Crop Return, 2. Land Quality, 3. Drainage Capabilities, 4. Soil Fertility, 5. Size and Location/Access of Fields.

Keywords: Lease workshops, Leasing practices