

# Pasture Cash Rental Rates



One of the most common questions fielded by Extension pertains to rental rates. In Illinois, pasture land can be variable not just county to county, but also farm to farm. Because of this variation, a producer needs to use tools and resources as a guide in renting pasture, but ultimately the value or rental rate is a figure that can be agreed upon by the two parties involved in the rental agreement.

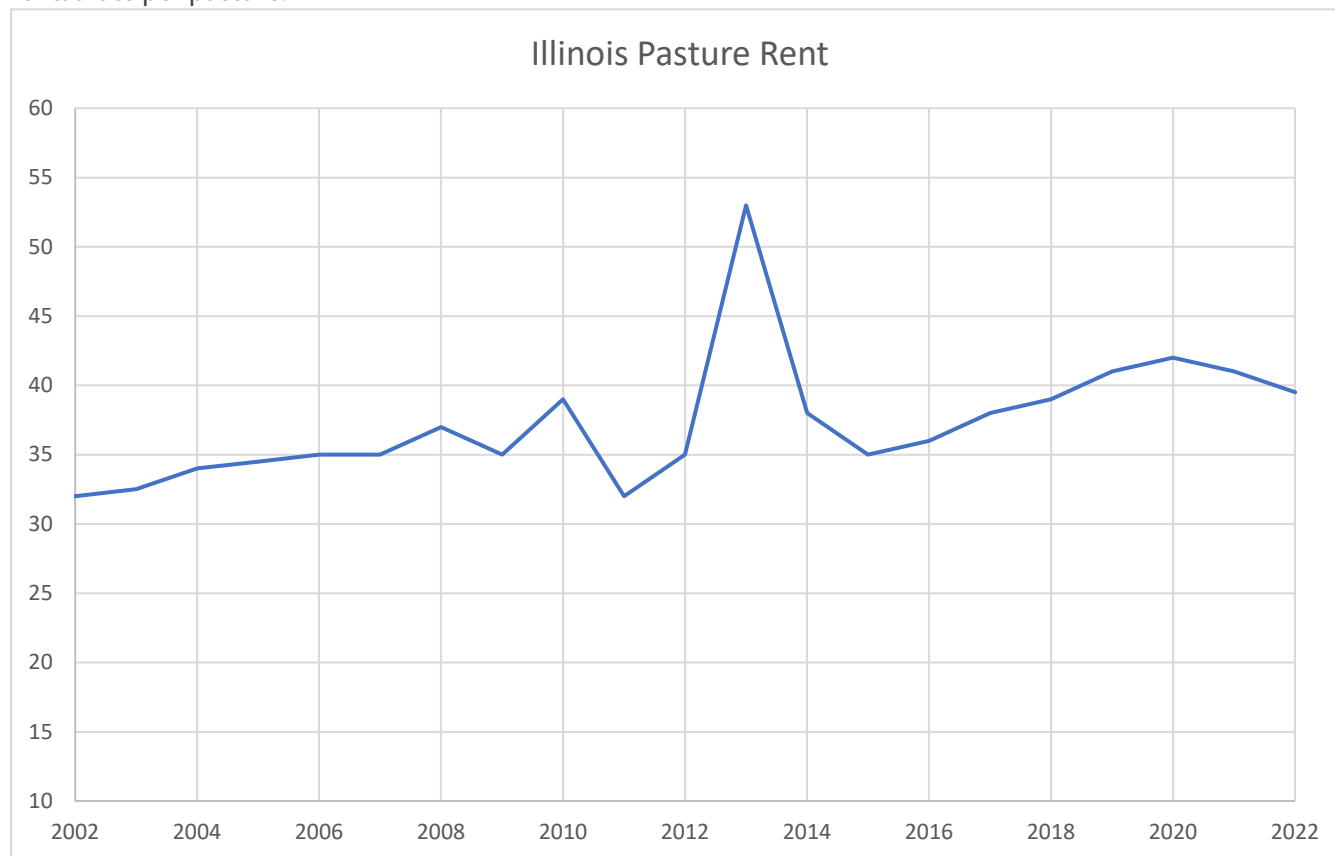
Websites, such as USDA's National Agriculture Statistics Service, can be extremely beneficial when obtaining a base price. They allow a producer to reference survey data for renting pasture within their county. Understanding the information provided is the most important part. For instance, Pike county's average pasture rental rate was \$55/acre in 2010. In 2016, it had dropped to \$42/acre. However, between these years the price had fluctuated even more so.

Many factors, such as acreage, terrain, forest, water access, quality of fence, ease of loading/unloading, and others, play an integral part in determining the rental rate per pasture.

The number listed on the NASS site is an average of survey responses for that county. Even in one county, the pasture rent can vary. One producer that has been renting land from the same owner for generations could be paying less than a renter that has just started. For instance, if an average for one county reads to be \$33/acre one producer could be paying \$10/acre while another pays \$56/acre.

Some producers will pay pasture rent based on the land value. A rule of thumb for charging rented land is to take the overall value of the land and multiply it by 3%. For example, if a land owner paid \$3,400/acre for pasture than the expected rent for that land would be \$102/acre. This is a popular method in row crop, cash rent formulas and is just one way to calculate your own pasture rent value.

Knowing there are several factors that dictate rent value, it truly only matters if a renter and land owner can agree on a price. Be willing to negotiate and come into the discussion open minded. This will ensure the best results for both involved individuals.



## Calculating Your Own Pasture Rent

There are many factors that play a role in determining pasture rent. While looking at tables, graphs, and maps can be helpful, it may be beneficial to calculate rent based off of hay price, land value, or stocking rate. Every situation is unique and for that there are many different calculations that can be made to determine the rent for any pasture.

Options for calculating pasture rent:•

- Based off of hay price (forage value)
- Percentage of land value
- Using AUM value

**Forage Value** is based on the amount of forage that the land will produce and what hay is worth. To use this equation for calculating pasture rent, start with the value of the hay and subtract the costs to harvest the forage, to transport the livestock, and the time needed to travel and check livestock. The end number will give a maximum that would be paid for the forage. **[Value of hay/ton—expenses = max. value of pasture rent]**

Also, suggested by Iowa State Extension Economists, producers can take the value of their hay and multiply it by 25% or 35% depending upon type of forage. 25% for grass hay during grazing season for pasture, and 35% for an established hay stand. **[Price of hay/ton x 25% or 35% depending on forage = rent/acre]**

Another option for determining pasture rent is using the **Return of Investment** method. This is usually based upon interest rates at a bank. Right now, that rate is considerably lower around 3-4%. This means that if you can buy an acre of land for \$3,400 and your bank is charging you an interest rate of 4% on your loan you can break even on payments if you are charging \$136/acre of pasture. [ $\$3400/\text{acre} \times 4\% = \$136/\text{acre}$ ]. This method is especially popular for tillable, row cropland, but can still be useful for setting a base price for pasture rent.

C=Pasture Quality Factor	Description
0.12	Unimproved, poor quality
0.15	Fair to good permanent pasture
0.18	Very good permanent pasture
0.20	Excellent meadow-Grass and Legumes
0.22	Lush legume pasture

**AUM (Animal Unit Months)** Value can be useful when stocking rate is fluctuated on an average. This method is a formula that uses forage quality and price of hay and makes it easy to plug in numbers to get quick results. One AUM is the amount of forage that a 1,000 lb. cow will need to sustain herself and her calf for 30 days, roughly 26.1 pounds per day. **[Number of Animal Units x Average Hay Price Out of the Field Per Ton x Pasture Quality Factor = Rate Per Head Per Month]** Using a 1200 lb. cow with her calf at side at a time when hay is \$100/ton and the pasture you are renting is of high quality grass and legumes the equation would be as follows:  $1.20 \text{ AU} \times \$100/\text{ton} \times .20 \text{ Quality Factor} = \$24/\text{AUM}$

Remember that there are always other determining factors in price of pasture such as quality of fence, water and shade availability, proximity, quality of forage, etc., and that you as the producer have to do what works for your operation.

Description	Tons/Acre	AUM/Acre
• Bluegrass, unimproved	1.0-1.5	3.0
• Bluegrass, improved with legume or Nitrogen	1.5-2.5	4.0
• Birdsfoot trefoil and grass	3.0-4.0	5.0
• Orchard or Brome grass, alone	3.0-4.0	4.0
• Orchard or Brome grass with legume or nitrogen	4.0-5.0	6.6
• Warm season grasses	4.0-5.0	4.0
• Alfalfa, plus cornstalks	4.0-6.0	6.0
• Cornstalks	0.5-1.0	0.7

\*Rotational Grazing can increase production about 20%

County	2022	2021	5-Year Avg
Bureau	38	N/A	35
Carroll	54	63	56
Henry	54	40	53
Jo Daviess	44	34	40
Lee	N/A	51	48
Mercer	41	39	43
Ogle	58	66	59
Putnam	N/A	N/A	N/A
Rock Island	34	49	47
Stephenson	68	76	63
Whiteside	50	67	57
Winnabago	39	44	47
NW Region Avg	48	53	49

County	2022	2021	5-Year Avg
Alexander	N/A	N/A	N/A
Clinton	N/A	N/A	36
Jackson	31	35	30
Monroe	N/A	41	35
Perry	30	34	30
Pulaski	N/A	N/A	35
Randolph	34	39	36
St. Clair	37	N/A	35
Union	38	36	35
Washington	28	29	29
Williamson	26	N/A	22
SW Region Avg	32	36	33

County	2022	2021	5-Year Avg
De Witt	53	44	49
Logan	57	54	49
Macon	N/A	N/A	38
Marshall	26	32	30
Mason	47	52	48
McLean	44	44	46
Menard	49	48	42
Peoria	23	25	27
Stark	N/A	N/A	46
Tazewell	38	37	42
Woodford	42	38	41
Central Region Avg	42	41	41

County	2022	2021	5-Year Avg
Adams	49	47	43
Brown	41	35	36
Fulton	42	42	38
Hancock	24	31	32
Henderson	35	52	43
Knox	34	37	34
McDonough	40	42	39
Schuyler	N/A	43	46
Warren	38	N/A	39
West Region Avg	38	41	38

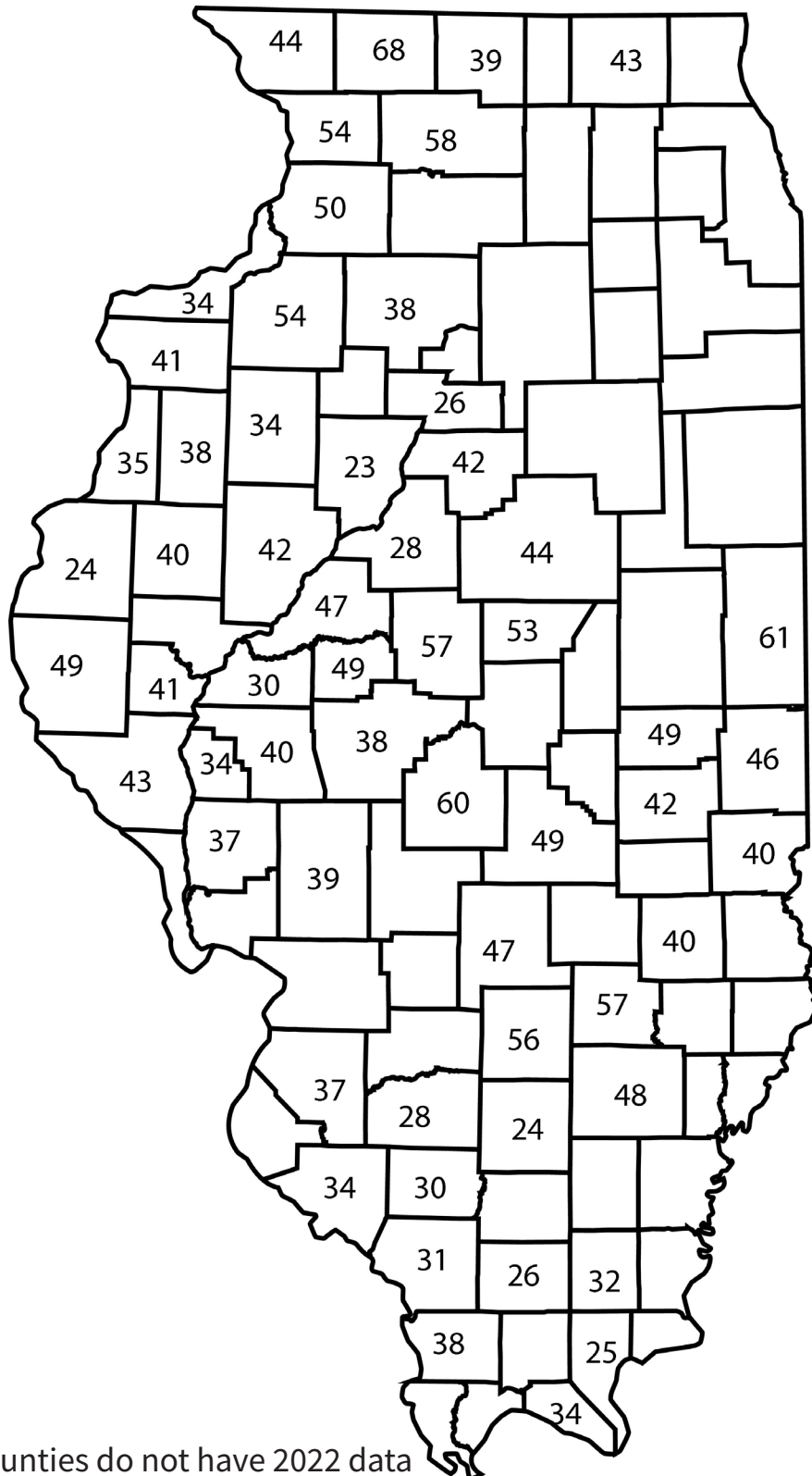
County	2022	2021	5-Year Avg
Bond	N/A	24	35
Calhoun	N/A	N/A	N/A
Cass	30	N/A	35
Christian	60	54	48
Greene	37	38	38
Jersey	N/A	N/A	35
Macoupin	39	47	37
Madison	N/A	38	40
Montgomery	N/A	45	38
Morgan	40	33	33
Pike	43	45	41
Sangamon	38	41	40
Scott	34	30	32
W SW Region Avg	40	39	38

County	2022	2021	5-Year Avg
Edwards	N/A	24	27
Franklin	N/A	N/A	N/A
Gallatin	N/A	N/A	N/A
Jefferson	24	32	32
Massac	34	N/A	35
Pope	25	33	31
Saline	32	N/A	36
Wayne	48	N/A	52
White	N/A	46	46
SE Region Avg	33	34	38

County	2022	2021	5-Year Avg
Clark	40	N/A	38
Clay	57	39	41
Coles	52	N/A	55
Crawford	N/A	N/A	N/A
Cumberland	N/A	N/A	N/A
Douglas	49	N/A	44
Edgar	46	51	45
Effingham	N/A	43	40
Fayette	47	32	36
Jasper	40	41	39
Marion	56	38	38
Moultrie	N/A	N/A	53
Richland	N/A	N/A	50
Shelby	49	51	44
E SE Region Avg	48	42	42

County	2022	2021	5-Year Avg
De Kalb	N/A	N/A	45
Grundy	N/A	N/A	57
Kane	N/A	N/A	N/A
La Salle	N/A	33	39
Lake	N/A	N/A	67
McHenry	43	45	49
NE Region Avg	43	39	52

County	2022	2021	5-Year Avg
Champaign	N/A	N/A	59
Iroquois	N/A	N/A	54
Livingston	N/A	N/A	50
Vermillion	61	52	52
East Region Avg	61	52	53



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