

Pasture rental rates and leasing considerations

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I receive many phone calls and office visits that start with the question, “What is the going rate for pasture rent.” As I have pointed out in previous articles, I cannot provide an exact price of what a particular pasture is worth. I can provide you with some guidelines and survey results that will provide you with a place to start negotiations between a landlord and tenant.

The sources for survey results are the Kansas Ag Statistics site on Kansas Land Values and Cash Rents. You can link to that site from www.butler.ksu.edu. Another source is the County level land values and rents, found at the KSRE Ag Econ site. It can also be accessed from the Agriculture section of our county web site. The Bluestem Pasture report is a resource for historical information. We can consider the averages and the local markets as the place to start negotiations, but there are many other considerations.

Type and condition of the grass: The cool season grasses such as smooth brome or fescue may have an increased value because of the higher carrying capacity, but that is often offset by the cost of the fertilizer that is necessary to get the increased forage production. The arrangements for fertilization and the cost are usually the responsibility of the tenant. The condition of the pasture is a major factor in determining the carrying capacity and corresponding value of the pasture. While every land owner wants to believe that their grass is above average or better, an honest evaluation needs to be made by the landowner and tenant when negotiating the price. If the condition is below average and needs to have a light stocking rate to enhance improvement, the landowner must be willing to discuss a less than average price. Both parties need to take responsibility for good stewardship of the grassland.

Fencing, brush and weed control: Fencing materials are normally provided by the landowner and normal repairs by the tenant. If there are extensive repairs needed and provided by the tenant, compensation may be provided in the form of a lowered rent price. The same considerations need to be made with brush and weed control. The bottom line is that if the tenant is doing things to increase the long term value of the grass and property, that needs to be considered in the price negotiations.

Length and time of grazing season and types and size of cattle: The cattle being grazed on a summer ½ season/double stock, full season/normal stock, winter graze, or some variation will all have different values. Price will be negotiated accordingly. All of these factors need to be considered when setting stocking rates. Pasture condition can be decreased if the number of animals or pounds of beef exceeds the recommended stocking rates.

Who is providing the care of the animals: While the resources will often list a price difference for “with care” and “without care” on a per head basis, it is seldom listed for a per acre basis. If the landowner is not providing for the arrangement of the cattle or the care, a consideration of \$4 - \$8 per acre might be made.

Compare apples to apples: Landowners may be approached with an offer that is higher than they are currently receiving. If there is a good relationship with the current tenant and the pasture is in good condition, make sure the better offer is with the same stocking rate and considerations as the current one.

The best lease: is the one that both parties discuss all conditions, put it in WRITING, and sign it.

I know I have only touched on some of the many variables that should be considered when negotiating a grass lease. We have many resources that you can use and I am happy to discuss these with landlords and tenants.