



Current Report

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The Oklahoma Cooperative Extension Service Bringing the University to You!

The Cooperative Extension Service is the largest, most successful informal educational organization in the world. It is a nationwide system funded and guided by a partnership of federal, state, and local governments that delivers information to help people help themselves through the land-grant university system.

Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education

for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.

- It utilizes research from university, government, and other sources to help people make their own decisions.
- More than a million volunteers help multiply the impact of the Extension professional staff.
- It dispenses no funds to the public.
- It is not a regulatory agency, but it does inform people of regulations and of their options in meeting them.
- Local programs are developed and carried out in full recognition of national problems and goals.
- The Extension staff educates people through personal contacts, meetings, demonstrations, and the mass media.
- Extension has the built-in flexibility to adjust its programs and subject matter to meet new needs. Activities shift from year to year as citizen groups and Extension workers close to the problems advise changes.

Oklahoma Pasture Rental Rates: 2018-19

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Rental agreements and rates are influenced by the landowner's costs, the tenant's expected earnings, previous rates charged, competition for the land, government programs, tax laws and the non-agricultural economy. The results of a statewide farmland leasing survey conducted in 2018 are reported here. Respondents were recipients of a survey mailing by the Oklahoma Agricultural Statistics Service. Approximately 410 surveys were returned with useable data. Figure 1 shows regions of the state used in reporting survey results: northwest, southwest, northcentral and east.

On average, rental agreements for native pasture had been in effect for 12 years, 10 years for Bermudagrass and 12 years for other pasture (Table 1). The statewide average lease size was 460 acres for native pasture, 300 acres for Bermudagrass and 515 acres for other pasture. Median values are provided as an additional measure of the central tendency of the survey response distribution. The median is the value at the midpoint of the survey responses. Survey results document some regional differences in years held and average sizes of tracts rented. Figures 1a and 1b show the distribution of statewide responses regarding acres and the years held for native and Bermudagrass pasture leases, respectively. Stocking rates and the length of the grazing season are also shown in Table 1 for cows with spring calves.

Most tenants and landlords in Oklahoma appear to be satisfied with their lease agreements. About 67 percent of the

respondents classified their leasing agreements as good or excellent from the standpoint of fairness with an additional 20 percent classifying their agreements as adequate. These levels of satisfaction have remained steady over the past several years.

Pasture Rental Rates

Common methods of renting pasture include:

1. rate per acre,
2. fixed rate per hundredweight per month,
3. flat rate per pound of gain or
4. share of gain or profit.

In addition to factors previously mentioned — the landowner's costs, the livestock owner's expected earnings and previous rates charged, etc. — the kind and quality of pasture, fences, location and water also influence the pasture rental rate. Negotiations determine the type of agreement and the relative weight given to different factors.

Rental rates for native, Bermudagrass and other pasture are listed in Table 2. With regards to native pasture, the state average rental rate of \$15.33 per acre increased more than \$1 per acre compared to the 2016 rate of \$13.95. Native pasture rental rates were lowest in northwest Oklahoma at \$11.61 per acre and highest in eastern Oklahoma at \$17.97 per acre. Figure 2a shows the distribution of per acre rates reported for native pasture in Oklahoma.

The state average rental rate for Bermudagrass pasture was \$23.15 per acre, up just marginally from \$22.79 reported from the previous survey. Figure 2b shows the distribution of per acre rates reported for Bermudagrass pasture in Oklahoma. Unfortunately, pasture rental rates for stockers on small grain winter grazing are not available due to an insufficient number of reports.

Pasture lease agreements may assign responsibility for checking livestock, providing salt and minerals or supplemental feed or pasture and repairing fence to the tenant or landlord or both. Table 3 summarizes the distribution of survey responses by type of pasture: small grain winter grazing, small grain grazeout and other pasture (includes native, Bermudagrass and other improved pasture). Generally, the livestock owner was responsible for most of the terms of the pasture lease, although there are opportunities for sharing by both parties.

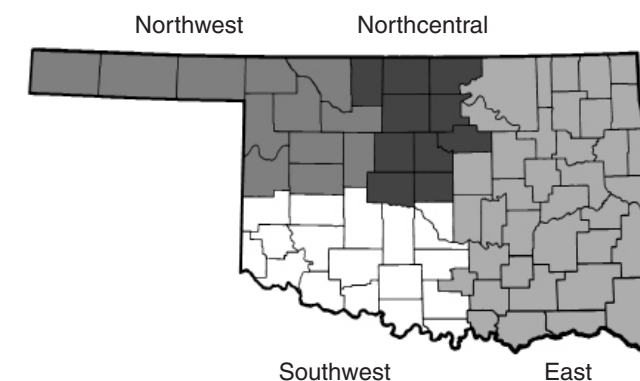


Figure 1. Regions Used in Reporting Farmland Leasing Survey Results.

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Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Director of Oklahoma Cooperative Extension Service, Oklahoma State University, Stillwater, Oklahoma. This publication is printed and issued by Oklahoma State University as authorized by the Vice President for Agricultural Programs and has been prepared and distributed at a cost of 20 cents per copy. Revised 0219

With the winter grazing leases, more responsibilities were reported to be assumed by the livestock owner as compared to the 2016 survey.

Other Lease Terms

Many lease agreements specify terms and conditions beyond the rental rate, which affect the value of the lease and the “real” rental rate. Tenants may or may not be allowed to hunt, harvest pecans, cut timber, use buildings or other improvements and lease out hunting privileges. Lime application costs or similar costs for improvements in which the benefits are returned over a number of years may be shared by the landlord and tenant, or if the tenant pays for them initially, repaid by the landlord at a fixed rate per year.

Tenants may be required to maintain fences, spray or clip weeds annually, provide liability insurance, share oil field damages, maintain terraces and leave strips of grain in the field for game. Landlords may provide a well and water, fencing material, or land for a mobile home. Tenants may ask for several months notice if the landlord wishes to terminate the lease agreement. In some cases, leases contain an option to buy with rental payments applied to the purchase price.

Historical and Regional Perspective

Table 4 provides historical data on pasture rental rates for Oklahoma, Kansas, Missouri and Texas for 2009-2018 as reported by the USDA National Agricultural Statistics Service (NASS). County level pasture rental rate data is available at: http://www.nass.usda.gov/Statistics_by_State/Oklahoma/Publications/County_Estimates/index.asp. The next bi-annual USDA Cash Rent Survey will be available with the 2019 release in September 2019.

Concluding Comments

“Fair” rents must be negotiated between tenant and landlord. Regional or state average rental rates may be used as a beginning point for discussion and negotiation of rental rates. However, differences in land quality and improvements, and restrictions on land use can greatly impact the value of potential leases. Likewise, differences in family living expenses

and hired labor costs can be substantial for different operations, affecting the maximum rental bids.

New legal restrictions and liability factors may call for changes in future farm lease agreements. Some farm management firms include language requiring that the tenant will be responsible for following label restrictions in the use of pesticides, for remaining in compliance with the farm’s conservation plan, and for disposing of wastes in a manner approved by the Environmental Protection Agency, etc. Some leases already stipulate precisely what fertilizers, pesticides and seed may be used on the property. Both landlords and tenants must be aware of changing environmental laws and regulations to avoid potentially costly liabilities.

Related Publications and Other Resources

To help educate landlords and tenants with equitable lease agreements and current best management practices, visit the Oklahoma State University (OSU) Ag Land Lease website at <http://www.aglandlease.info> or <http://www.aglease.info>. A joint effort between OSU’s Plant and Soil Sciences and Agricultural Economics Departments, the website contains a wide assortment of farm management spreadsheet tools, lease information and forms, rental rate and land value resources, legal and tax considerations, livestock and hunting lease publications plus the latest production practices in Oklahoma.

The AgLease101.org website hosts several North Central Farm Management Extension Committee (NCFMEC) publications on leasing including these titles:

- Crop Share Rental Arrangements For Your Farm, NCFMEC-2
- Fixed and Flexible Cash Rental Arrangements For Your Farm, NCFMEC-1
- Pasture Rental Arrangements, NCFMEC-3

In addition to publications, worksheets and free downloadable samples, lease forms are available on the site.

Recent Oklahoma school land lease auction information also is available through the Real Estate Management Division of Commissioners of the Land Office at <http://oklaosf.state.ok.us/~clo/>.

Table 1. Rental Statistics for Pasture, 2018-2019.

	Native Pasture				Bermuda				Other Pasture							
	Northwest		Southwest		North		Southwest		North		Central		East ²		State	
Acres in Lease																
Number of Observations	63	39	70	66	238	12	18	30	65	11	11	32	60			
Average	504	470	369	507	460	321	385	256	300	316	446	668	515			
Median ¹	320	-	200	170	200	165	235	169	-	160	-	236	200			
Average Years Lease Held																
Number of Observations	60	36	65	63	224	10	18	30	63	12	11	27	55			
Average	14	10	11	11	12	10	12	9	10	15	11	8	12			
Median ¹	10	6	7	8	7	9	10	9	-	6	10	5	7			
Cows with Spring Calves																
<i>Stocking Rate (Acres/hd)</i>																
No. of Observations	16	6	16	-	40	-	5	6	14	-	-	-	7			
Average	13.3	8.1	8.1	-	9.9	-	6.2	4.7	5.6	-	-	-	4.0			
Median ¹	11.0	7.0	8.0	-	10.0	-	5.0	5.0	5.0	-	-	-	-			
Grazing Season (Months)																
No. of Observations	23	9	19	7	58	4	6	8	20	-	-	-	12			
Average	8.7	8.3	6.9	10.3	8.3	8.0	8.6	8.6	8.5	-	-	-	7.2			
Median ¹	8.0	-	6.0	12.0	7.8	7.5	7.5	8.0	8.0	-	-	-	8.0			

- Insufficient observations.

¹ Median values that represent single observations are omitted.

² Predominantly Fescue.

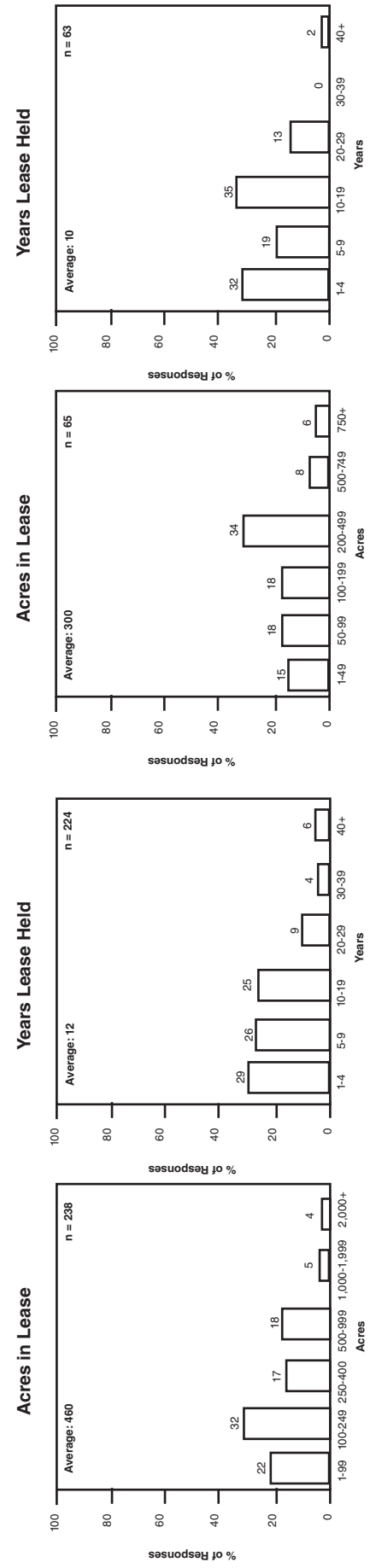


Figure 1a. Relative Frequency for Rental Statistics for Native Pasture, 2018-2019.

Figure 1b. Relative Frequency for Rental Statistics for Bermudagrass, 2018-2019.

Table 2. Cash Rental Rates for Pastures, 2018-2019.

	Native Pasture			Bermuda			Other Pasture				
	Northwest	Southwest	North Central	East	Southwest	North Central	East	State	North Central	East ²	State
\$/acre/year											
Number of Observations	48	23	46	43	6	11	25	46	5	21	43
Average	\$11.61	\$15.32	\$16.76	\$17.97	\$21.15	\$25.22	\$22.85	\$23.15	\$20.40	\$26.82	\$22.27
Median ¹	\$10.00	\$15.00	\$15.00	\$15.00	\$22.19	\$20.00	\$20.00	\$20.00	\$20.00	\$25.00	\$20.00

¹ Insufficient observations.

² Predominantly Fescue.

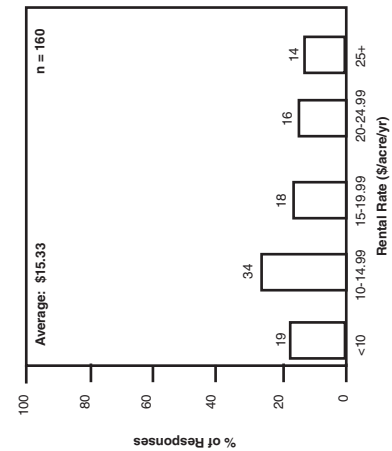


Figure 2a. Relative Frequency of Responses for Native Pasture Rental Rates.

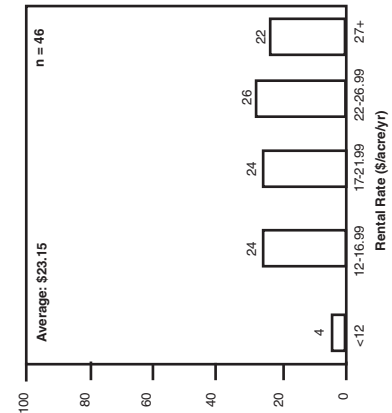


Figure 2b. Relative Frequency of Responses for Bermuda Pasture Rental Rates.

Table 3. Responsibility of Parties in Pasture Lease Agreements, 2018-19 (percent of responses).*

	Small Grain Winter Grazing				Both Winter Grazing and Grazeout				Other Pasture			
	Pasture Producer	Livestock Owner	Both	No. Obs.	Pasture Producer	Livestock Owner	Both	No. Obs.	Pasture Producer	Livestock Owner	Both	No. Obs.
	(percent)				(percent)				(percent)			
Checking livestock	4	88	8	26	26	63	11	46	14	80	6	315
Salt and minerals	4	88	8	26	20	69	11	45	14	82	5	310
Fencing materials	31	65	4	26	48	39	13	46	31	59	10	312
Fencing labor	12	80	8	25	36	48	16	44	22	67	11	312
Fertilizer cost	28	60	12	25	33	48	20	46	17	75	7	315
Supplemental feeding	4	88	8	26	20	67	13	46	12	83	5	310
Supplemental pasture	4	87	9	23	15	67	18	39	14	80	6	292
Water	20	68	12	25	37	46	17	46	27	64	9	308
Death loss	8	85	8	26	16	76	9	45	12	83	6	303

* Totals may not add to 100 due to rounding.

Table 4. Average Gross Cash Rent (Dollars per Acre) for Dryland Pasture, Selected States, 2009-2018.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	\$/acre									
Oklahoma	10.50	11.00	11.50	11.50	12.00	12.00	12.00	13.50	13.00	13.50
Kansas	15.50	15.50	16.00	16.50	17.50	17.50	20.00	19.00	19.00	19.50
Missouri	25.00	24.00	25.50	28.00	29.00	29.00	34.00	32.00	31.00	33.00
Texas	6.20	6.10	7.50	6.50	6.50	6.50	7.50	6.80	6.60	6.70

Source: USDA/NASS, Quick Stats, <https://quickstats.nass.usda.gov>.