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TITLE: "PASTURE RENTAL GUIDE"

Each year many farmers and landlords want to know how to determine a reasonable charge for pasture. Since there is not a commercial market for this product, the pricing becomes a matter of bargaining.

The price of pasture rent has the same economic pressures as other commodities in our economy (supply, demand, and knowledge of the value of the resources). For example: If there is a large quantity of pasture for rent in an area and very few farmers needing extra pasture, the charge would have to be lower than usual to entice the use. The greater the demand for pasture, the higher the rental price could be.

Pasture is rented either by the acre or per head per month (mature cow equivalent).

I. Rent by the Head per month - This is a common way of renting pasture. A typical range in charge is \$4.00 to \$8.00 per month per adult cow equivalent. Demand for the pasture is the main factor affecting the charge rate. See Part B on the other side for a method to determine this rate.

II. Rent Per Acre Per Season - Quality of pasture and demand are the main factors in determining charge.

A. Rotation Pasture Rent - Would compare to the going cropland cash rent charge in the area, which would be higher than permanent pasture rent on the same quality of land providing there is a good meadow mixture growing.

B. Improved Permanent Pasture - \$25 to \$50 per acre. This means Orchardgrass, Fescue, Timothy Grass; very few trees; limed and fertilized in the last three to four years; and in general, high quality pasture.

C. Un-Improved Permanent Pasture - \$5 to \$30. This means bluegrass, very few trees, no lime or fertilizer for last four or more years. (Excessive weeds or very low production potential would have even a lower charge.)

The owner of the land should cover his taxes, fence repair, and interest on his investment in the long run. However, most all farm land in Ohio and especially pasture land is selling for a much higher price than the agricultural current earning can support. When you add the current earning rate of land to the appreciation rate or increased annual value, it has been a good investment.

The renter should estimate his gain of milk or meat. Generally young cattle will gain from 20 to 30 pounds per month if they have plenty of grass to eat. He also needs to consider what extra services he may need to provide--fix fences, fertilizer, mow weeds, etc. and adjust the rate accordingly.

From the above information and with an analysis of the particular farm situation, we hope a decision is more easily made. NCR Publication No. 109, Pasture Lease, is a sample lease form available from the Ohio Cooperative Extension Service.

Revised August, 1983 by:

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**A. Historical Data on Pasture Rents**

Survey data collected by the Ohio Crop Reporting Service provides an indication of what has been paid by Ohio farmers for rent of pastureland. An expanded survey provides average rents and the ranges of rents reported for pasture for each crop reporting district in Ohio.

Table 1 - Average Cash Rent Reported for Pasture Only, Ohio, 1977-83.

<u>Pasture Only</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Cash rent per acre	\$20.30	\$18.22	\$24.90	\$27.80	\$27.30	\$28.10	\$25.40
Ratio of rent to value	3.9	3.0	3.1	3.1	3.1	3.4	3.1

Table 2 - Average Cash Rents for Pasture Only Reported by District, Ohio, 1982

District	Ave.	Pasture Only	
		Range	No. of Reports
1. Northwest	\$41	(10-100)	16
2. North Central	32	(8-80)	20
3. Northeast	16	(5-50)	38
4. West Central	34	(15-75)	31
5. Central	30	(10-60)	45
6. East Central	24	(5-50)	20
7. Southwest	31	(10-100)	23
8. South Central	27	(6-65)	13
9. Southeast	13	(5-40)	21
Ohio	\$28.10	(5-100)	227

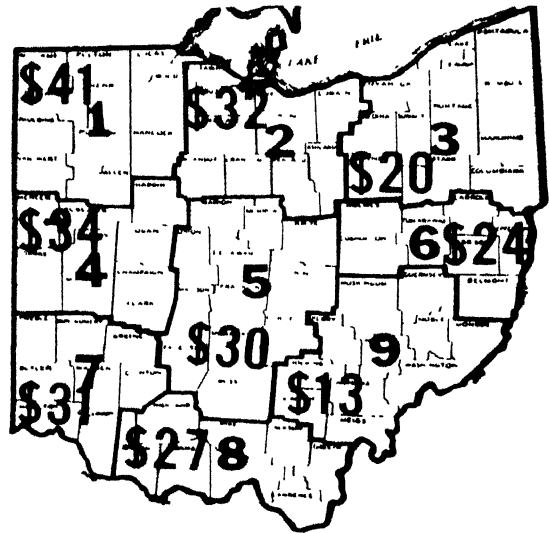


Fig. 1 - Cash rent per acre for pasture, Ohio Crop Reporting Districts, 1983

**B. Estimating Pasture Rent**

**Data Needs**

- A. Ave. Animal Weight - 1000#'s
- B. Hay Price Per Ton
- C. Pasture Quality Factor

Factor	Description
.12	UnImproved, poor condition
.15	Fair to good permanent pasture
.18	Very good permanent pasture
.20	Excellent meadow - grass and legumes
.22	Lush legume pasture

$A \times B \times C = \text{Pasture Charge Per Head Per Month}$

**Examples**

<u>Kind of L.S.</u>	<u>1000#</u>	<u>Hay/T</u>	<u>Factor</u>	<u>Rent/Head/Month</u>
1000# Cow/200# Calf	1.2	x \$40	x .15	= \$ 7.20
1200# Dairy Cow	1.2	x \$80	x .20	= \$19.20
120# Ewe/40# Lamb	.16	x \$40	x .12	= \$ .76