By Jan Schultz

The Imperial Republican

SW Four Extension Educator Robert Tigner said figures for the southwest Nebraska area are slightly above the state's average ag land values released last week in UNL's annual report.

The preliminary UNL report released last Thursday shows the state's southwest corner, in which Chase County is located, has seen a 34 percent overall land value increase.

Specifically, some of southwest Nebraska's average prices include:

Center pivot irrigated cropland, up 38%, or $3,815 per acre;

Dryland (no irrigation potential), up 42%, or $1,240 per acre;

Grazing land (non-tillable), 11%, or $460 per acre.

Tigner said he's received a number of calls from producers wondering what these large one-year jumps in ag land values mean for rental rates.

"One of the things that happens with rapid land value changes like this is that rental rates

become 'sticky,'" he said.

Rental rates also tend to be "sticky" on the way down, as well.

"If net income for crop production declines, landowners may need to think about downward revisions to rental rates also," he said.

Most landowners don't typically want to change rates rapidly by large percentages, especially for a current renter, according to Tigner.

In cases with a current tenant or one who's rented for a long time from the same landowner, several factors come into play. Tigner said they know each other, how the other one works and how they care for the land.

If they are satisfied, "Most of the landowners don't want to change tenants," Tigner said, so possibly may not adjust their rental prices significantly.

However, the Extension Educator believes that rental rates in this area will eventually catch up with historic rates of return.

According to Tigner, the average land rental rates for the same three types of land (listed above) are:

Center pivot irrigated cropland, $220 to $225 per acre;

Dryland (no irrigation potential, $48 to $50 per acre;

Grazing land (non-tillable), $15 per acre.

Tigner said he figured the rental rates based on 2011 rates in Chase County, then added the percentage increases for rental lands in the southwest region.

With such big hikes in land values, Tigner said, arguably, landowners can expect property taxes to also see an increase in the near future.

Land management meetings

Extension Educator Tigner said the SW 4 Extension Service is planning a series of meetings addressing land management/rental arrangements in this area in November 2012.

The focus will be ways to set cash-rental rates on ag land and how tenants and landowners can work together.

Tigner noted there are ways in arranging rental rates so the tenant and landowner can share in the production and price risks, "both on the up and down sides."

There are ways to work it to be fair to all parties involved, Tigner said.

Tigner and Brian Strauch, Extension Educator from Red Willow County, will be co-presenters at the November meetings.

Land values Southwest District

	$/acre	% change
Dryland cropland (no irrigation potential)	$1240	42
Dryland cropland (irrigation potential)	$1290	43
Grazing land (tillable)	$570	16
Grazing land (nontillable)	$460	11
Hayland	$950	36
Gravity irrigated cropland	$2865	45
Center pivot irrigated cropland*	$3815	38
All land average*	$1327	38

** Value of pivot not included in per acre value.*
** Weighted average.*