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Determining Pasture Lease Pricing

Perhaps the most popular question I receive throughout the year involves pasture leasing. Land is changing hands, landowners and tenants want to make sure they have up to date information to leasing arrangements, and frankly, there's a lot of money that can be tied up in these situations.

Setting pasture rent on a per-acre basis or a share of gain basis gives an incentive to the livestock owner to stock heavily. The landowner, on the other hand, may desire light stocking rates in order to preserve pasture quality. It is in the interest of both parties to develop a lease agreement that achieves maximum economic returns to all resources while maintaining the grass stand and quality.

When a landowner and tenant are making arrangements for a pasture lease, there are a few things to keep in mind. Having a written contract, with an ending date, will help tremendously to keep everyone on the same page; and if one party becomes unavailable to carry out the contract, then family members can be clear on what the expectations were. The ending date is important because it gives the landowner and tenant a set time to review the contract and either go their separate ways, or renew the agreement. Furthermore, it's advisable to do a pasture walk so both parties are aware of what is in the pasture as far as forage quality, junk that may have accumulated, fence conditions and other such factors.

When writing the contract be sure to include which party will be responsible for maintaining the fences and watering systems. Write down who will be providing care for the livestock, who will be monitoring the pasture condition, etc. There are sample contracts available at each Extension Office for your use.

Determining rental rates is not an exact science. Local demand and supply conditions, anticipated market conditions and even long standing working relationships can have some bearing on rental rate negotiations. Other influences on rate is forage quality, stocking rate and length of grazing season.

There are a few tools that you can utilize to determine the proper leasing arrangement. K-State Research and Extension conducts surveys across the state to collect leasing information. Rental rates are surveyed, and broken out by forage type. Lease agreement practices are explored. Additionally, there is a decision tool offered to determine the value of your exact situation. Your local county extension agents are available to do field visits and talk with you one on one to assist you with this process.

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