

K-State: Risk associated with leasing land

Agricultural economics student takes a look at what leases look like in Kansas

By Shelby Varner, K-State Research and Extension news writer



MANHATTAN, Kan.-- Leasing land is important for landlords and tenants, but there are risks when it comes to leasing, said a Kansas State University graduate student who is conducting research on the topic.

Agricultural economics student Chelsea Arnold said 3,600 Kansas landowners recently completed a survey to gauge what their leases look like, risk preferences and attitudes towards young producers.

The average Kansas landowner is “around 68 ½ years old, about 74% of the respondents were male, (and are) kind of split between absentee and those that live within 25 miles of the land they lease,” Arnold said.

A fixed cash lease is seen to have the least amount of risk and a crop share lease is seen as more risky by landlords because the landlord helps pay for inputs and gets just a percentage of the profit. However, this can change depending on if the land is irrigated or non-irrigated.

Most landlords have an average of two tenants. The average leasing relationship is 15 years, she said. “Landowners are saying they want to help young producers, and I believe they do,” Arnold said. “They say they can see young producers are at a disadvantage and they want to help.”

The landowners view young producers as more risky, she added, especially when the landowner does not have a connection to the tenant.

Results from a focus group and early survey results indicate that even though young producers are viewed as having more risk, landowners may not be inclined to charge higher leasing rates.” Given the results of this study, we hope a young producer can look at their area that they work in and maybe can see (that), ‘Okay the landowners in my area are kind of expecting me to ... prove myself either through a resume with references or through me meeting and talking to them, and (that) I am financially okay to kind of gain that trust,’” Arnold said.

Many times, once a young producer earns a good leasing reputation, it can create a long-term leasing relationship, according to Arnold.

More survey results are being compiled, Arnold said. She hopes the survey eventually will set a foundation for taking the time to match landowners to young producers.

Arnold’s presentation on Leasing Land in Kansas: A Survey of Landowners is available online from the K-State Department of Agricultural Economics.