

Kewaunee & Door County Land Rent Survey 2020



Extension
UNIVERSITY OF WISCONSIN-MADISON

May 2020

Land is an expensive resource. According to the National Agriculture Statistics Service (NASS), the average price for an acre of agriculture land in Kewaunee County is \$6,677 and Door County \$4,145¹.

Many farm operations consist of a combination of rented and owned land. By utilizing this practice, the operator can use cash flow to purchase other assets needed to run the farm such as harvest equipment, livestock, and buildings. The average farm in Kewaunee County is 270 acres, however many are much larger than that. Even a modest-sized farm would need approximately \$1.8 million to purchase 270 acres of land. Fluctuating commodities and other farm investments can make purchasing land cost-prohibitive.

Many farm families, especially in recent years do not have enough capital or income to purchase land. Young farmers starting out are often not in the position to purchase land while they are also trying to purchase buildings and livestock. By renting land, the operator can own the farming enterprise while renting land to sustain the business.

Many landowners are former farm operators who have retired and wish to retain the land as a “retirement fund” or sentimental reasons. Renting land to other farmers maintains a revenue stream and income tax deferral. Owning land also serves as a sellable cash asset if, or when cash is needed.

Recreational land owned by absentee land owners, which is common in Door County, offers an opportunity for both farm operator and land owner. Mutual use of the land benefits both parties and can result in improved soil quality and wildlife habitat.

Survey

In an effort to gather land rent rates, lease types, and priorities for renting land, a land rental survey was written by Aericia Bjurstrom, Agriculture Agent Kewaunee County and Annie Deutsch, former Agriculture Educator Door County.

The survey was developed on the survey software Qulatricks^{XM}. The first section asked basic questions about the location of the owned or rented land and how much per acre per year it was rented for. The next section directed participants to questions specific to land owners, and specific to land renters based on answers from the first section. Land owners were given four criteria to rank their priorities when selecting a land renter. Land renters were given ten options to rank their priorities when selecting rentable land. The final section of the survey asked participants to identify how they establish lease terms in years and type of contract.

Distribution and Responses

The survey was made available both electronically and in paper format, however no one requested a paper copy to complete. Distribution was done primarily through email with established lists, and it was also promoted via social media, and electronic/print media.

- 102 responses were collected (n=102)
- 98 total responses, three respondents did not complete the rental rate questions
- Door County (n=55)
 - Responses on rental rate from 12 of 14 towns
- Kewaunee County (n=43)
 - Responses on rental rate from 8 of the 10 towns

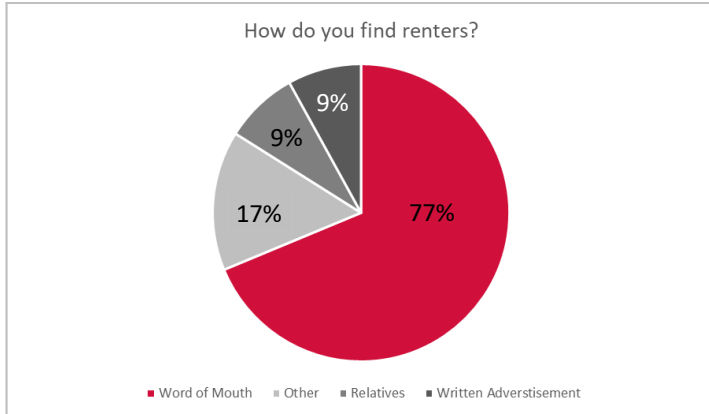
Key:

- n is the number of responses
- Range is the range of responses, lowest to highest
- Mean is the average
- Median is the middle number of all responses

¹ Average price per acre is based on the 2018 NASS Wisconsin Agricultural Land Sales record. www.nass.gov

Landowner and Renter Responses

As a landowner, how do you find renters?



Respondents could select more than one option.

Responses for “other” were:

- Neighbor (n=3)
- They were renting the land when I bought it
- Past relationship—they did our cropping when we were farming
- I searched them out

As a landowner, what makes a renter desirable to you?

Landowners were given four criteria to rank highest to lowest, 1 being the highest priority, 4 being the lowest priority:

1. History/relationship with potential renter
2. Owner use restrictions (limitations when manure or fertilizer can be applied, organic, hunting access, etc.)
3. Crop history or future cropping plans
4. Commodity prices

What is your lease term and type?

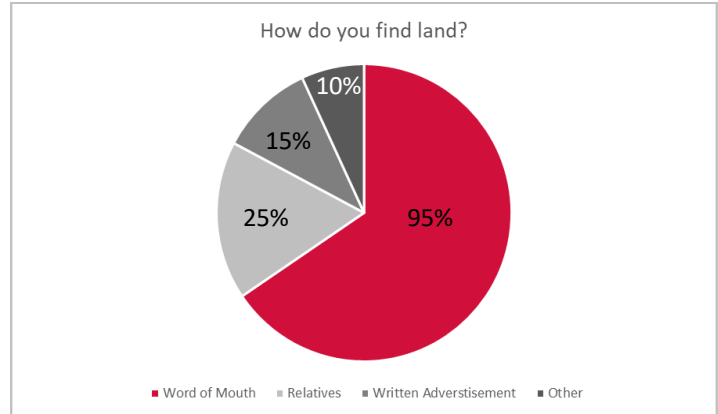
TERM – landowners and renters said:

- Annual 45%
- 2-5 years 50%
- 5-10 0%
- 11 or more years 5%

TYPE – landowners and renters said:

- Verbal 43%
- Written 52%
- Other 5%
- Mix of written and verbal

As a renter, how do you find land?



Respondents could select more than one option.

Responses for “other” were:

- Landowner called me
- Luck

What type of farming operation do you have?

TERM – landowners and renters said:

- Dairy 58%
- Cash crop 33%
- Other 9%

As a land renter, what makes land desirable to you?

Renters were asked to rank 10 criteria highest to lowest, 1 being the highest priority, 10 being the lowest priority:

1. Proximity to home farm
2. Soil type
3. Shape of field (contiguous acres)
4. Ease of access from road (multiple driveways, width of driveway, visibility of driveway from the road, etc.)
5. Tiled
6. Cropping history or future plans
7. Depth to bedrock
8. Land use restrictions (limitations to manure or fertilizer spreading, organic, etc.)
9. Lease length
10. Other (no other variables indicated)

DOOR COUNTY

(County Average \$74/acre/year)

BAILEYS HARBOR

- n=2
- Mean \$32.50
- Range \$20-\$65
- Median \$32.50

BRUSSELS

- n=5
- Mean \$110
- Range \$75-\$150
- Median \$75

CLAY BANKS

- n=6
- Mean \$125.83
- Range \$80-\$150
- Median \$137.50

EGG HARBOR

- n=3
- Median \$50 (including the \$1,000 response)
- Range \$20-\$1,000
- Mean \$35.00 (excluding the \$1,000 response)
- *If the \$1,000 response was included it would have brought Egg Harbor's Mean to \$356.*

FORESTVILLE

- n=11
- Mean \$116.36
- Range \$50-\$200
- Median \$100

GARDNER

- n=2
- Mean \$135
- Range \$110-\$160
- Median \$135

GIBRALTAR

- n=1
- Mean \$20
- Range \$20
- Median \$20

JACKSONPORT

- n=5
- Mean \$36
- Range \$20-\$50
- Median \$35

LIBERTY GROVE

- n=3
- Mean \$61.66
- Range \$35-\$100
- Median \$50

NASEWAUPEE

- n=7
- Mean \$113.10
- Range \$50-225
- Median \$100

SEVASTOPOL

- n=8
- Mean \$71
- Range \$50-\$100
- Median \$75

STURGEON BAY

- n=2
- Mean \$35
- Range \$20-\$50
- Median \$35

NO RESPONSES

- Union
- Washington

KEWAUNEE COUNTY

(County Average \$203/acre/year)

AHNAPEE

- n=7
- Mean \$142.85
- Range \$40-\$230
- Median \$150

CARLTON

- n=10
- Mean \$191.50
- Range \$60-\$500
- Median \$147

CASCO

- n=10
- Mean \$206.50
- Range \$80-\$275
- Median \$225

FRANKLIN

- n=6
- Mean \$145
- Range \$75-\$225
- Median \$135

LINCOLN

- n=7
- Mean \$255.71
- Range \$115-\$400
- Median \$250

LUXEMBURG

- n=1
- Mean \$275
- Range \$275
- Median \$275

PIERCE

- n=2
- Mean \$225
- Range \$225 (2)
- Median \$225

WEST KEWAUNEE

- n=4
- Mean \$183.75
- Range \$60-\$225
- Median \$225

NO RESPONSES

- Montpelier
- Red River

Survey Successes

A land rent survey was completed in Kewaunee and Southern Door Counties in 2012, and 36 (n=36) responses were collected. The 2020 survey had an excellent overall response with 102 (n=102) total responses. Responses are similar to 2019 NASS county rent estimates for agriculture land, Door County \$ 84.00/acre/year, and Kewaunee County \$174/acres/year.

The survey had a nearly equal response rate from landowners and land renters. The 2020 survey included all towns from both Door and Kewaunee Counties, the 2012 survey included Kewaunee and only southern Door County.

Survey Limitations

The survey was distributed electronically only, even though a paper version was available by request. Responses were not collected in four towns, three of which are heavy agriculture-use areas. While the survey was anonymous, it did not collect total acres rented by producers. A producer could be identified by response based on total acres rented, and it was the intention of the survey to remain anonymous.