



# Extension Extra

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## Pasture and Grazing Land Price Information

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Pasture and grazing lands are a valuable resource with a price determined by productivity and market forces. Various sources of land price information are available; they are given here to improve your awareness of prices that are available, when prices are released, and what factors influence them.

- Knowledge of land values is useful when deciding between utilizing grazing land and renting it to others.
- Knowledge of current returns to land is useful for determining the value of livestock that utilize forage.
- Finally, the knowledge is useful for those buying or selling land.

### Price sources

USDA's Agricultural Marketing Service (AMS) provides spring reports on grazing land rental rates. The reports, "Wyoming, Western Nebraska and Southwestern South Dakota Annual Grazing Fees," are released in late March and late April. The reports capture a current assessment of market activity. Numbered TO\_LS150, they are online at <http://www.ams.usda.gov/>

Price ranges are given on a per-month basis for cow-calf pairs and yearlings and in 2002 were \$17-26 and \$10-14, respectively. Prices vary depending on who maintains the property. Midpoints indicate general trends. For example, midpoints were \$21.50 for AMS pairs and \$12.00 for AMS yearlings (Fig 1).

The SDSU Economics Department conducts an annual land markets survey, the latest being Janssen and Pflueger (2002). Average values of native rangeland and tame

pasture are collected by region and reported in dollars per acre. Aggregated to the state level for 2002, the values are \$215 per acre for rangeland and \$389 per acre for pasture. The wide difference in values reflects the location of most tame pastures in eastern South Dakota, where land values are relatively high, and the location of most rangeland in western South Dakota.

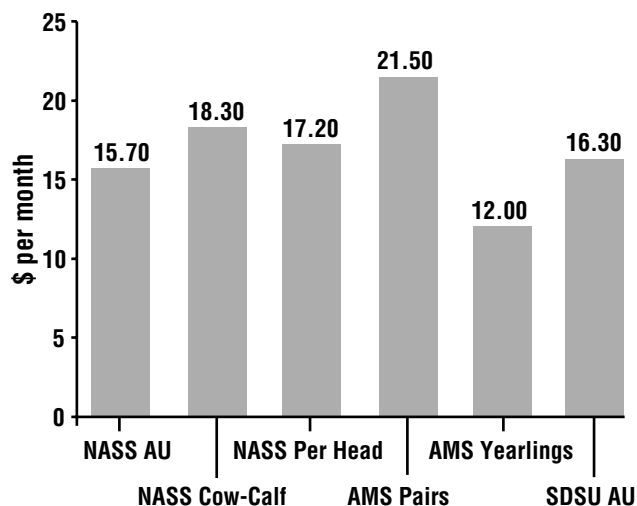
Rental rates are also given in dollars per acre and dollars per Animal Unit Month (AUM). Statewide, the rental rate was \$14.50 per acre, but the rate per AUM was only given for each region (Janssen and Pflueger 2002). Average rates are given along with high- and low-productivity breakdowns. Rental rates for the central region, called SDSU AU, averaged \$16.30 per AUM (Fig 1).

In April the South Dakota Agricultural Statistics Service releases pastureland average rental rates and land values for each South Dakota county based on a January survey.

Statewide reports are useful for discerning broader trends in market values. In the January "Agricultural Prices" report, USDA's National Agricultural Statistics Service (NASS) summarizes grazing fee rates for the prior year for western states and regions. Rates are given in dollars per month for three categories: animal unit, cow-calf, and per head. For 2001, the rates were \$15.70 for NASS AU, \$18.30 for NASS cow/calf, and \$17.20 for NASS per head (Fig 1).

NASS releases "Agricultural Cash Rents" in July. In this report, the statewide average cash rent per acre is given for pasture, which was \$10.80 per acre for South Dakota in 2002. Similarly, in "Agricultural Land Values,"

**Figure 1. Grazing prices for South Dakota**



issued in August but reflecting values as of January 1, NASS reports a statewide value for pastureland. The 2002 report gave a value of \$210 per acre for South Dakota pastureland.

The “Federal Grazing Fee” is another valuation of grazing land in South Dakota. These fees are charged for grazing by permit only on lands administered by the U.S. Bureau of Land Management (BLM), U.S. Forest Service (USFS), and National Grasslands (administered by the USFS).

Grazing fees are currently set by presidential executive orders (since 1996) based on formulas established by the Public Range Improvements Act (PRIA) passed by Congress in 1978. Formulas are based on current private grazing land lease rates, beef cattle prices, and the cost of livestock production and are adjusted slightly between the agencies, with slightly higher rates being charged for grazing permits on the National Grasslands. Rates are announced in January or February for the current year.

For 2002 the federal grazing fee was set at \$1.43 per AUM on BLM and USFS lands and \$1.54 on National Grasslands. These fees apply to over 2 million acres of BLM and USFS land in South Dakota. For insights into controversies and control of those permits, see Mathews et al. (2002).

### Price factors

A variety of factors influence prices and rental rates for grazing land. At the farm or ranch level, lease terms may influence rental rates. AMS quotes are ranges, which encompass the breadth of underlying terms. For details into common lease practices and how they influence terms, see Cole et al. (1992).

At the regional level, supply and demand for grazing land ultimately dictate its value. Supply depends on the quantity and quality of land and forage available. Demand depends on the number of grazing animals and on the availability of alternative feedstuffs.

Diersen et al. (2000) found no long-run trends in land use of range and pasture in South Dakota that would indicate any aggregate supply change. Weather dictates the amount and quality of forage within a given year. NASS reports range and pasture conditions in South Dakota on a weekly basis during the growing season. The conditions can be monitored to gauge the supply side at different times of the season.

On the demand side, livestock inventories and the price of other feedstuffs influence price. Pasture rent from NASS can be compared to total cattle inventory in South Dakota. Both rents and inventories have moved together over the last 30 years, and both have steadily increased over the last decade.

Grazing fee information based on regional statistics does not take into account any other factors (distance to water, quality of forage, fencing responsibilities, etc.) or the assignment of specific management responsibilities between the parties involved. These site-specific conditions influence the appropriate grazing fee rate.

### References

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