



## Five ways to make money leasing your land - by Aaron Graham

September 07, 2021 - Front Section

If you're a landowner, selling is not the only way to see a worthwhile ROI. In fact, leasing land, while it may take a little more of your involvement over time, can be an extremely lucrative endeavor.

In this article, we offer up some leasing options for you to consider that could put some extra cash in your pocket and very well could increase your land's overall value.

### 1. Lease Your Land for Hunting, Fishing, and Other Outdoor Activities

If you own woodlands and/or your property includes access to a body of water, leasing your land for hunting and fishing is a great way to generate additional income. There's no shortage of hunters and fishermen and women looking to access private property where they can pursue their outdoor passions. The better the wildlife and fishing opportunities your property offers, the more the tenants will be willing to pay.

Does your property offer other outdoor experiences such as places to camp or a place to park a camper or RV? Are there trails for horseback riding or four-wheeling? If so, you should consider allowing people to pay you to use your land for these types of activities.

### 2. Lease Your Land for Farming or Ranching

An estimated 44.37% of land in America is used for agricultural purposes, and there is almost always a high demand from farmers to lease property to grow their crops. When leasing your land for agricultural purposes, there are two common methods.

The first is a cash rent lease. This involves calculating a set price per acre that the farm tenant will either pay all upfront, or half at the beginning of the farming season, and the remaining half after they've harvested their crops.

The second most common lease method is a crop share. Under this type of agricultural lease, the farming tenant offers a set percentage of the profits they generate from farming your land. For example, they may give you one-third of all profits and keep the other two-thirds. The landowner typically contributes to some of the expenses associated with farming the land depending on the crop share percentage.

### 3. Lease Unused Improvements on Your Land

In some cases, leasing land is less about leasing the land, itself, and more about leasing what's on the land. If your land has any unused improvements on it—for example, a house, cabin, barn or outbuilding—you can lease out those improvements to a willing lessee.

Some of these unused improvements can be built into other types of leases in this article. For example, if you lease your land for recreational use, you may be able to charge a higher rent if it already includes a cabin or a building suitable for storing items such as hunting equipment, boats or ATVs. Larger storage buildings can also be an asset to farming or commercial tenants, as it's one less thing that they will need to build themselves.

### 4. Lease Your Land for Commercial Purposes

Offering up your land for something like hunting, camping, or farming is a great way to make money off of rural land. However, these may not be viable options if your land is located in a more urban or developed area and offers minimal natural resources.

Fortunately, there is still a viable option for urban land that can be incredibly hands-off for the landowner. Creating a long-term commercial land lease—also referred to as a ground lease—can bring in a nice income stream over the course of several years or even decades.

Ground leases establish a certain period of time during which the tenant is allowed to make a variety of commercial improvements to the land. This may include erecting a building or other structures for business or personal use. Over the course of the lease, the tenant is required to pay for the cost of development as well as any taxes on the improvements they build, but all of these improvements will belong to the landowner once the lease expires. Typically, these leases are 50 to 99 years.

The upside of a ground lease is that it secures a source of income for a long period of time. It also tends to lead to an appreciation of value at minimal costs to the landowner.

### 5. Lease Your Land for Energy and Natural Resources

If your land is suitable for oil or gas drilling, renewable energy construction, or the mining of natural resources, you may be able to generate a nice profit, or if you're lucky, make a small fortune.

If you do intend to lease your land for energy or natural resources, you may want to speak with a professional who typically works for an energy company and will have specific knowledge and experience in this area called a "landman." It's always recommended to seek the advice of an attorney as well.

Aaron Graham is chief innovation officer and partner with National Land Realty.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540