

Next-generation farmer and rancher land needs may not align with what retiring landowners offer

Project team

Julia Valliant
James Farmer
Indiana University

Kathryn Ruhf
Land For Good

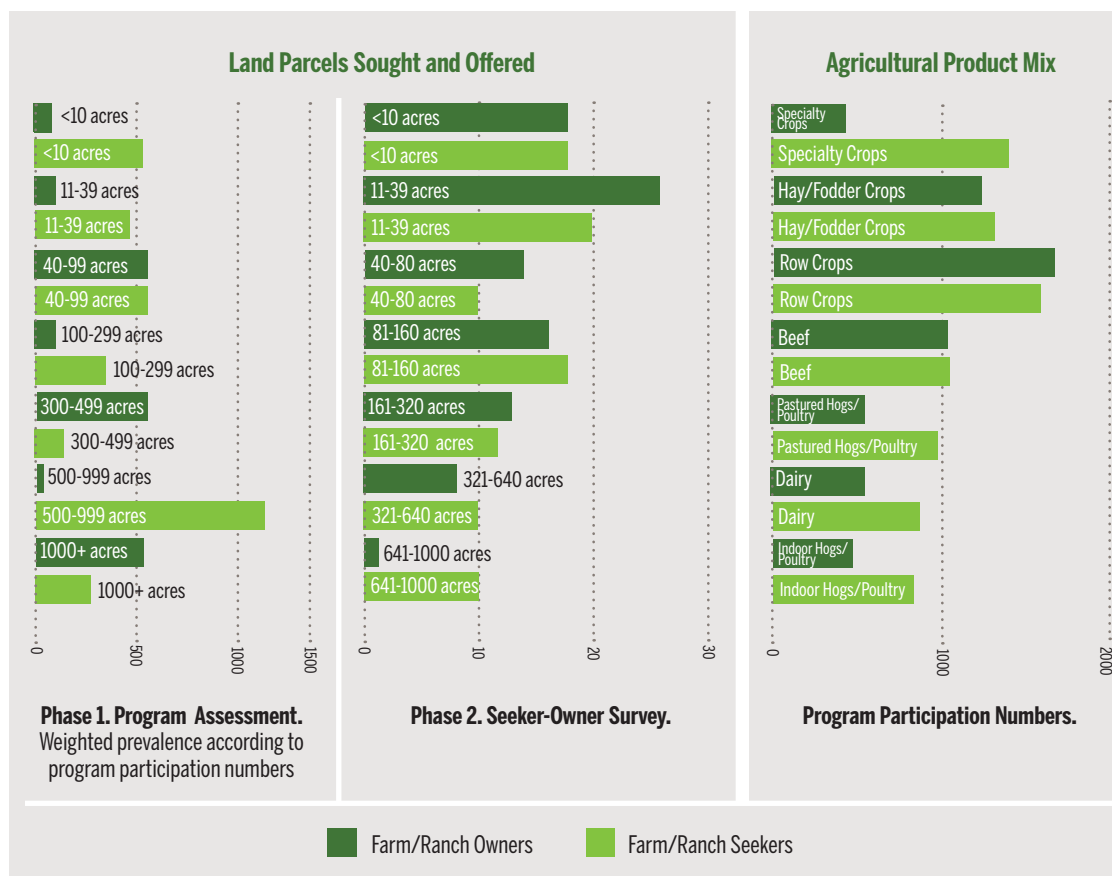
The data and approach

Phase 1: Survey of farm link service providers in 12 states (IL, IN, IA, KS, MI, MN, MO, ND, NE, OH, SD, WI). Thirty-eight providers received the online questionnaire; 24 estimated patterns among the 3,800 seeker and 2,300 owner participants in their services.

Phase 2: Survey of a wider population of owners and seekers (only 13% of whom have used a farm link service). Phase 1 providers and 10 others distributed an online survey to their networks. We compare responses from 178 seekers with those of 183 owners who might transfer out of family.

NEXT-GENERATION PRODUCERS PURSUE FAMILIAR TYPES OF FARMING AND RANCHING, WITH RISING INTEREST IN SPECIALTY CROPS

Many new farmers and ranchers are entering U.S. agriculture, or trying to; 27% of farmers and ranchers are “beginners” with ten or fewer years’ experience running a farm. However, most new producers need to go outside of family to secure land. These next-generation producers must compete with established farmer/ranchers and other landowners to rent or purchase land, and are at a disadvantage. Public policies as well as public and private programs increasingly address new farmers’ and ranchers’ land access challenges. Our study aimed to elicit how the next generation’s land needs compare to what is offered by Midwestern and Plains landowners who expect to transfer out of family. The research aimed to illustrate the barriers and alignment between unrelated transfers, and opportunities for programmatic and policy support for land transfers to the next generations.



- In our study, more seekers are looking for agricultural land than owners are offering, in every sector of agriculture.
- According to a standard rural-urban continuum, seekers' desired locations are compatible with where owners' properties are located.
- While the survey of owners and seekers finds no difference between land parcel sizes desired and offered, many service providers observe something different: that seeker demand greatly outpaces owners' offers of the smallest (under 40 acres and under 10 acres) and largest (over 500 acres) tracts of land.

Findings urge more targeted technical support for farm/ranch transfers

- A priority for research, policy, and programmatic innovation in this region needs to be placed on unlocking opportunities for owners of parcels under 100 acres, and especially under 40 acres, to transfer to an incoming seeker.
- Many incoming farmers and ranchers aim to produce row crops, beef, and hay. Their numbers are equal to those of offering owners who produce these products. However, many more incoming seekers desire to produce specialty crops, dairy, and hogs or poultry (outdoor or indoor) than offering owners whose farms currently produce these products.
- Targeting farm transfer support to existing specialty crop, dairy, hog, and poultry operations is therefore another priority. The Dairy Grazing Apprenticeship is one such model.
- The federal capital gains tax, which disincentivizes owners from transferring assets during their lifetimes, is seen as a major policy barrier to effective farm and ranch transfers.
- In general, exiting farm and ranch owners need more support and assistance to navigate their transfers, especially to unrelated parties.

Data source

Valliant, J. C. D., Ruhf, K. Z., Dickinson, S. L., Zhang, Y., Golzarri-Arroyo, L., & Farmer, J. R. (2020). Farm seeker needs versus farm owner offers: A comparison and analysis in the U.S. Midwest and Plains. *Journal of Agriculture, Food Systems, and Community Development*. Forthcoming.

Acknowledgements

Many thanks to the Indiana University Biostatistics Consulting Center (Stephanie Dickinson, Lilian Golzarri-Arroyo, and Yijia Zhang), to Mary Fund and Dave Welsch for contributing to the research process, and to the leaders of linking services and farm/ranch seekers and owners for sharing their knowledge.

Funding

This material is based upon work that is supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, under award number 2016-38640-25381 through the North Central Region SARE program under project number LNC16-377. USDA is an equal opportunity employer and service provider. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the U.S. Department of Agriculture.

