

Farmland Ownership and Tenure

ACH 12-27/September 2015

Results from the 2014 Tenure, Ownership, and Transition of Agricultural Land Survey

2.1 million landowners . . .

. . . rented out 353.8 million acres of agricultural land in 2014.

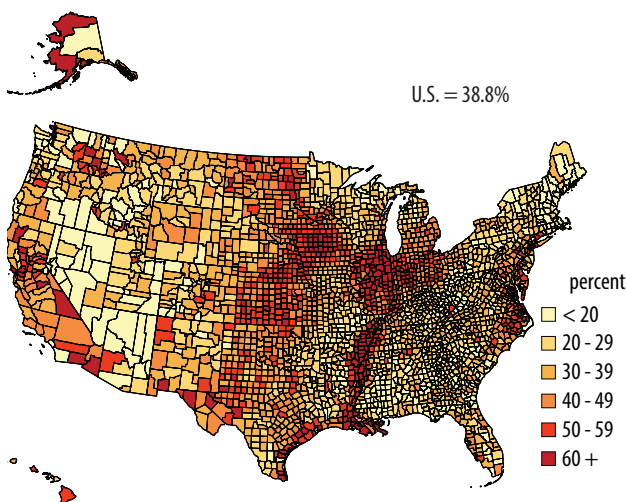
Top States in Rent Received (\$ billions)

Illinois	3.8
Iowa	3.7
Nebraska	2.4
Minnesota	2.0
Texas	2.0
California	1.9
Indiana	1.5
South Dakota	1.5
Kansas	1.4
Missouri	1.3

Nearly 40 percent of U.S. farmland is rented or leased from someone else, according to the 2012 Census of Agriculture. Moreover, the concentration of rented farmland varies significantly across the country (Fig. 1).

To learn more about the rented land and who owns it, USDA's National Agricultural Statistics Service (NASS) conducted a special study as part of the Census of Agriculture program to collect data from landowners and landlords of agricultural land. The 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) survey collected data in the 48 contiguous states on landlords' acres rented out, income, expenses, assets, debt, race, gender, land transfer plans, and more. NASS conducted TOTAL in collaboration with USDA's Economic Research Service.

Fig. 1
Percent of U.S. Farmland Rented or Leased, by County, 2012



Source: USDA NASS, 2012 Census of Agriculture.

Landlord Ownership Arrangements

In 2014, more than 2 million landowners rented out 353.8 million acres of land for agricultural purposes. This is 39 percent of the 911 million acres of farmland in the surveyed states (and consistent with the 2012 Census findings).

Of these landowners, 13 percent

were farmers and ranchers (operator landlords) and 87 percent were landlords who do not operate a farm (non-operator landlords). Non-operator landlords include those who rent out land individually or as participants in a variety of ownership arrangements (partnership, trust, corporation, municipality, limited

liability company, etc.). A small number rent out land under more than one arrangement. Of the acres rented out, 20 percent were rented out by operator landlords, and 80 percent by non-operator landlords. (Table 1)

A similar survey in 1999, the Agricultural Economics and Land Ownership Survey (AELOS), found that 12 percent were operator landlords and 88 percent were non-operator landlords. Different methodologies between AELOS and TOTAL make direct comparisons difficult, but AELOS found that landlords rented out 394.3 million acres in 1999. AELOS included Alaska and Hawaii.

Table 1
Landlords and Acres Rented Out by Ownership Arrangements, 2014

	Number of Landlords ^a	Acres Rented Out	
		(millions)	(percent)
Operator Landlord	280,044	70.3	20
Non-operator Landlord	1,851,796	283.4	80
Individual	1,092,551	138.2	39
Partnership	361,826	52.8	15
Trust	249,632	50.6	14
Corporation	91,011	31.5	9
Other	56,776	10.4	3
Total	2,131,840	353.8	100.0

^aLandlords who rent out land under more than one arrangement are included in all relevant arrangements.

Numbers in this and other tables may not add due to rounding.

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

Economics of Land Ownership

In 2014, landlords received \$31.2 billion in rent payments. Their expenses were \$9.2 billion, and their debt related to the land they rented out was \$32.8 billion. The value of the land and buildings they held on their rental acres was \$1.1 trillion. (Table 2)

Eighty-nine percent of acres rented out by operator landlords, and 94 percent of acres rented out by non-operator landlords, were fully paid for.

The \$9.2 billion in 2014 expenses include both ownership expenses (for example, interest, taxes) and production expenses (for example, fertilizer, feed, fuels, repairs, insurance, wages). For the United States, 69 percent of expenses were ownership, and 31 percent were production, expenses. This varied across regions, with the share of ownership expenses highest in the Northeast and Appalachian regions and lowest in the Midwest and Plains. (Table 3) Figure 2 shows the states in each region and also total expenses for each region.

Table 2
Income, Expenses, Assets, and Debt Related to Acres Rented Out, 2014
(\$ billions)

	Rent		Value of Land and Buildings	
	Received	Expenses		Debt
Operator Landlord	6.9	1.9	200.1	7.9
Non-operator Landlord	24.3	7.4	931.9	24.8
Individual/Partnership	15.3	4.8	591.2	18.0
Corporation/Trust	7.4	2.2	273.1	5.8
Other	0.9	0.2	35.7	0.7
Multiple ^a	0.7	0.2	31.9	0.4
Total	31.2	9.2	1,132.0	32.8

^aRefers to the 2 percent of non-operator landlords who rent out agricultural land under more than one ownership arrangement.

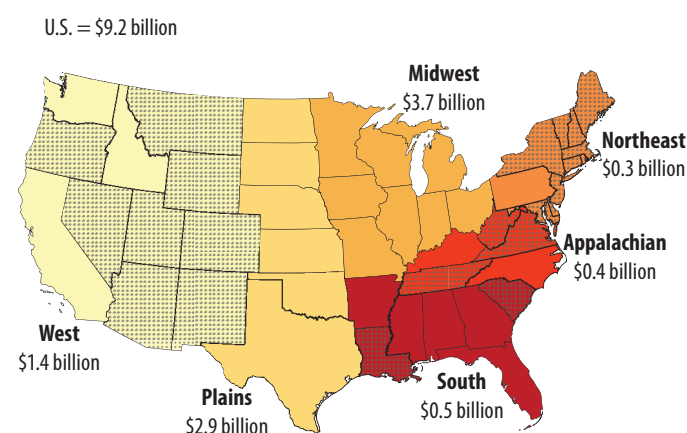
Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

Table 3
Ownership and Production Expenses, by Region, 2014
(\$ millions and share of total landlord expenses in region)

	Ownership Expenses		Production Expenses	
	\$ millions	% of landlord expenses	\$ millions	% of landlord expenses
Northeast	270.2	86	44.3	14
Appalachian	337.9	82	72.4	18
South	347.7	68	160.4	32
Midwest	2,401.2	65	1,280.0	35
Plains	1,950.9	67	943.8	33
West	1,035.7	72	396.1	28
Total U.S.	6,343.7	69	2,896.9	31

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

Fig. 2
Landlord Expenses (Ownership and Production), by Region, 2014



State data available for the 25 solid-colored states. States with dots are in regional totals only.

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

Demographic Characteristics

Of the 1.9 million non-operator landlords, 1.4 million can be called “principal landlords.” They are either individual owners or the principal in a partnership arrangement.

The average age of principal landlords in 2014 was 66.5 years. Principal landlords are older than principal farm operators, whose average age was 58.3 years in 2012. (The 2012 Census of Agriculture defines a principal operator as the person who makes the day-to-day business decisions for a farming operation.) More than half (57 percent) of principal landlords were 65 years or older in 2014. They account for 67 percent of the rent received, 67 percent of the value of land and buildings, and 32 percent of the debt related to acres rented out. (Table 4)

Most principal landlords have college education; 25 percent have some college, and 38 percent have four or more years.

In terms of race, 97 percent of principal landlords are white. Two percent are Hispanic, regardless of race. Landlords who are white accounted for 98 percent of rent received, expenses, and the value of land and buildings, and 99 percent of debt, in 2014.

Fifty-four percent of principal landlords are not currently in the paid workforce; 41 percent are employed outside of farming. Forty-five percent have never farmed.

Table 4

Principal Landlords: Income, Expenses, Assets, Debt, by Age
(\$ billions and percent)

	Number of Principal Landlords^a	Rent Received	Expenses	Value of Land and Buildings	Debt
		(\$ billions)			
Total	1,432,065	15.9	4.9	621.8	18.2
	percent	percent			
< 55 years	18	11	14	12	34
55 to 64 years	25	22	22	21	34
65 to 74 years	29	30	29	31	18
75 to 84 years	19	25	24	24	12
85+ years	9	12	11	12	2
All ages	100	100	100	100	100

^aNon-operator landlords who are individuals or the principal partner in a partnership.

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

Land Uses

Of the total land rented out by operator and non-operator landlords, 63 percent was for cropland and 34 percent was for pasture. The remaining 3 percent was for other uses such as forest/woodland not pastured, buildings, ponds, ditches, and wasteland.

In addition to renting out the land, landowners also lease or sell various rights, including mineral rights, recreational rights, development rights, and wind rights. Non-operator landlords leased oil and gas rights on 31.9 million acres and sold those rights on 4.1 million acres. Out of total farmland in the United States, oil and gas rights were leased on 61.0 million acres and sold on 11.3 million acres. (Table 5)

Table 5

Agricultural Land: Selected Rights Leased and Sold, 2014
(millions of acres)

	Land Rented Out by Non-operator Landlord	All Farmland
Oil and gas rights leased	31.9	61.0
Other rights leased	14.9	35.6
<i>Of which: wind rights</i>	3.5	
Oil and gas rights sold	4.1	11.3
Other rights sold	1.0	3.4
<i>Of which: development rights</i>	0.7	

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

How did landlords acquire the land they rent out?

Operator landlords purchased more than 60 percent of the land they rent out from a non-relative, a relative, or at auction (similar to the way farmland was acquired in the United States generally). Non-operator landlords inherited or received as a gift more than half of the land they rent out.

	<i>(percent acquired this way)</i>		
	Operator Landlord	Non-operator Landlord	All Farmland
Purchased from non-relative	41	31	44
Purchased from relative	17	11	16
Purchased at auction	5	2	4
Inherited or received gift	37	54	35
Obtained some other way		2	1
Total	100	100	100

Snapshot of States: Farmland Rented Out

	Acre Rented Out	Acre to Transfer	Value of Land and Buildings	Rent Received
	millions	millions	\$ billions	\$ billions
Northeast	6.3	0.9	31.2	0.4
Pennsylvania	2.3	0.3	13.1	0.2
Appalachian	15.5	1.2	53.0	1.2
Kentucky	4.0	0.3	13.1	0.5
North Carolina	3.6	0.3	15.1	0.3
South	23.9	2.1	66.9	2.1
Alabama	2.4	0.4	6.1	0.1
Arkansas	6.5	0.5	17.7	0.7
Florida	2.7	NA	9.4	0.2
Georgia	2.7	0.2	8.1	0.2
Mississippi	4.0	0.3	11.0	0.4
Midwest	76.8	9.0	419.1	14.3
Illinois	16.2	1.9	107.8	3.8
Indiana	7.9	0.8	43.8	1.5
Iowa	16.3	1.7	100.6	3.7
Michigan	4.0	0.9	16.2	0.4
Minnesota	11.6	1.2	58.0	2.0
Missouri	9.8	1.1	39.3	1.3
Ohio	6.2	0.8	35.1	1.0
Wisconsin	4.7	0.5	18.3	0.6
Plains	148.6	22.5	368.3	8.5
Kansas	23.7	3.2	56.5	1.4
Nebraska	20.1	2.1	64.4	2.4
North Dakota	19.6	2.8	42.0	0.9
Oklahoma	13.9	1.7	32.8	0.4
South Dakota	17.3	2.6	46.1	1.5
Texas	53.9	10.1	126.4	2.0
West	82.6	13.2	193.5	4.6
California	11.6	1.8	62.6	1.9
Idaho	3.6	0.4	10.6	0.5
Washington	5.7	0.5	14.7	0.4

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

A Look Ahead: Ownership Transfer

The TOTAL survey asked landowners about their plans for transferring ownership in the next five years – what they plan to do not only with the land they currently rent out for agricultural purposes but with all their land. Operator landlords expect to transfer 15 percent, and non-operator landlords 14 percent, of the land they rent out. Operator landlords plan to transfer a larger percentage (70 percent) through trusts than non-operator landlords.

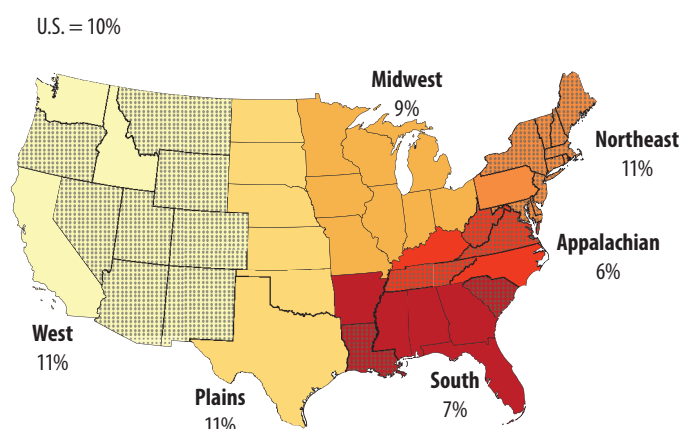
The 91.5 million acres expected to transfer to new ownership is 10 percent of all farmland (Table 6), with the Northeast, Plains, and West transferring a larger share than other regions (Fig. 3). Not included are the 57.1 million acres landowners have put or plan to put into wills.

Table 6
Five-year Plan to Transfer Acres Rented Out and All Farmland
(millions of acres and percent)

	Operator Landlord		Non-operator Landlord		All Farmland	
	Acres (mil.)	%	Acres (mil.)	%	Acres (mil.)	%
Put/keep in trust	7.3	70	15.4	40	44.2	48
Sell to non-relative	1.7	17	10.5	27	21.1	23
Gift	0.5	5	8.0	21	12.6	14
Sell to relative	0.9	8	4.2	11	13.2	14
Other	-	-	0.5	1	0.5	1
Total to transfer	10.4	100	38.5	100	91.5	100

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey.

Fig. 3
Percent of Region's Farmland Expected to Transfer in Next Five Years, 2014



State data available for the 25 solid-colored states. States with dots are in regional totals only.

Source: USDA NASS, 2014 Tenure, Ownership, and Transition of Agricultural Land Survey, and USDA NASS, 2014 Farms and Land in Farms report.

About TOTAL and the Census of Agriculture

The 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) Survey is part of the Census of Agriculture program. NASS conducted the TOTAL survey in collaboration with the USDA's Economic Research Service.

For more information on the TOTAL survey, go to: www.agcensus.usda.gov/Publications/TOTAL. For information on the Census of Agriculture, visit:

www.agcensus.usda.gov