

1.2 Landownership

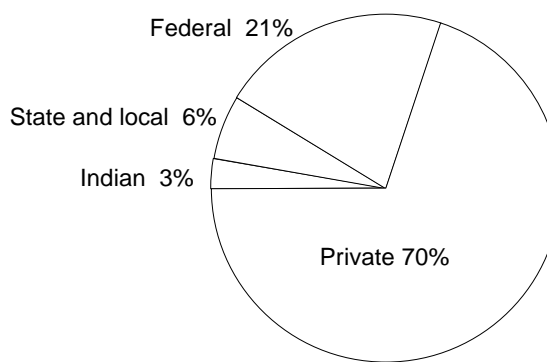
Fewer owners hold the Nation's farmland than at any time in this century. Of the 3 million farmland owners, 44 percent do not operate a farm. Farmers operate almost as much leased land as land they own.

Seventy percent, or 1.3 billion acres, of the land surface of the contiguous 48 States is privately owned (fig. 1.2.1, table 1.2.1). The Federal Government owns just over one-fifth of the land, and State, local, and Indian lands account for the remainder (about 9 percent). Over 90 percent of the privately owned land is in agriculture and forest (fig. 1.2.2). However, these two categories are held by only 14 percent of landowners. In contrast, land in housing represents only 2 percent of the privately held land, but is held by over 75 percent of owners.

Fewer Owners, More Nonfarmers, Hold the Nation's Farmland

Privately held farmland in the contiguous 48 States totals 878 million acres, two-thirds of the total private holdings (app. table 1.2.1). The ownership of this private farmland is held by about 3 million individuals, partnerships, and corporations. This private farmland, much of which is owned by farmers and ranchers, is combined with public (largely grazing) land to form the Nation's 2 million farms and ranches. While the ownership of farmland remains widely distributed, the number of owners has declined by more than 40 percent since midcentury, and ownership has shifted toward nonfarmers. Because agriculture occupies so much area and agricultural land is held by so few owners, two-thirds of the Nation's private land is owned by 1 percent of the population or 3 percent of the households.

Figure 1.2.1
U.S. land ownership, 1987



Note: Ownership proportions shown only for 48 contiguous States.
Source: USDA, ERS data.

Agriculture is a significant user of private land in the United States. Of the 1,326 million acres of privately owned land, 830 million acres are cropland, and pasture and range (table 1.2.1). Another 41 million acres are woodland pasture and 7 million acres are farmsteads and farm roads, totaling 878 million acres of private land in farms. However, according to the National Realty Committee (1989), only about 5 percent of the value of the Nation's real estate is in agriculture, whereas over 40 percent is consumer-owned (meaning residential).

Table 1.2.1—Landownership by major use, United States, 1987

Owner	Cropland	Pasture and range	Forestlands ¹	Special and other ²	Total
	<i>Million acres</i>				
Federal	*	144	174	87	405
State and local	2	41	34	35	112
Indian	3	33	13	4	53
Private	459	371	380	116	1,326
Total 48 States	464	589	601	242	1,896
Alaska	*	1	129	235	365
Hawaii	*	1	2	1	4
Total U.S.	464	591	732	478	2,265

* Less than 1 million acres.

¹Forest land includes 84 million acres of parks and other special uses.

²Includes 7 million acres of farmsteads and farm roads normally included in Census of Agriculture land in farms.

Source: USDA, ERS data.

Figure 1.2.2

Private landownership in 48 contiguous States, 1988

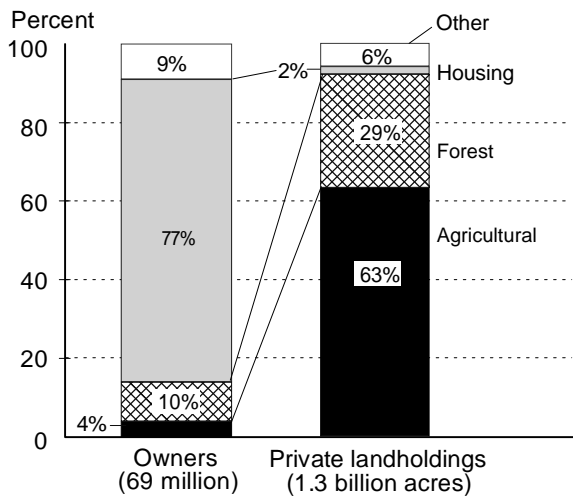


Chart reads, e.g.: "4% of landowners hold agricultural land, comprising 63% of private landholdings."

Source: National Realty Committee, 1989; and USDA, ERS data.

The ownership of farmland is important because land is agriculture's principal asset, and its ownership directs how it is used, improved, conserved, held, and transferred. The current number of farmland owners is the smallest in this century. The Census of Agriculture's Agricultural Economics and Land Ownership Survey (AELOS, see box) showed slightly less than 3 million owners in 1988 (fig. 1.2.3). The amount of land in farms rose slightly until midcentury and then declined slightly. By comparison, the numbers of operators and owners has dropped substantially, operators more than owners. At midcentury, the numbers of owners and operators were roughly equal; by 1988, the ratio of owners to operators was 3:2.

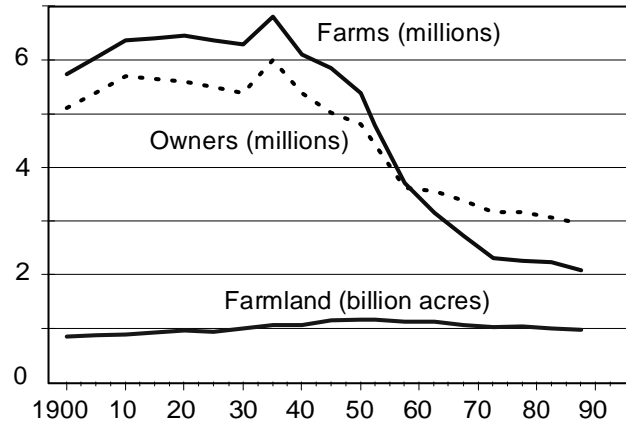
Table 1.2.2—Percentage distribution of farmland, by acreage class of owner, 1988

Acres owned	Owners	Acreage
	Percent	
1-9	6.4	0.1
10-49	24.0	2.2
50-99	18.7	4.8
100-179	19.7	9.5
180-259	9.7	7.4
260-499	11.1	13.9
500-999	6.2	14.9
1,000-1,999	2.7	12.8
2,000 or more	1.5	34.4

Source: USDC, 1990.

Figure 1.2.3

Trends in farmland owners, farms, and farmland, 1900-87



Source: USDA, ERS data; USDC, 1989.

Ownership among farmland holders is further concentrated. Less than 2 percent of farmland owners hold over a third of the Nation's farmland (table 1.2.2) and about a fourth of the farmland value (table 1.2.3). Most farmland owners are individuals or wife/husband partners. Corporations represent 3 percent of owners and own 15 percent of farmland (table 1.2.4).

Of all farmland owners, 56 percent are farm operators, who own 59 percent of the farmland; 44 percent are nonoperator owners, who own the remaining 41 percent. Of the individual and partnership owners, 37 percent of owners holding 33 percent of the land are 65 or older. Of the owners reporting residence in AELOS, 18 percent of operator owners and 54 percent of nonoperator owners lived off-farm.

Table 1.2.3—Percentage distribution of value of land and buildings owned, by value class of landowner, 1988

Property value (\$1,000)	Owners	Value of land and buildings
	Percent	
<70	36.6	6.2
70-149	27.5	13.6
150-499	28.2	34.8
500-999	5.3	16.9
1,000-1,999	1.7	10.8
2,000-4,999	0.6	8.2
5,000 or more	0.2	9.4

Source: USDC, 1990.

Table 1.2.4—Landownership by type of organization, 1988

Type of organization	-----Owners-----		-----Acres ¹ -----	
	<i>Number</i>	<i>Percent</i>	<i>1,000</i>	<i>Percent</i>
Individual or family	2,562,759	87	574,152	69
Partnership	252,764	8	107,023	13
Corporation	89,698	3	124,275	15
Other	47,061	2	27,707	3
Total	2,952,282	100	833,157	100

¹Includes Census land in farms except for certain exclusions; see source, Appendix A.

Source: USDC, 1990.

Decisions about farmland use are largely made by owners of the land, and are affected by age, tenure, knowledge and experience, financial capacity, and other factors. For example, landowners placing lands into the Conservation Reserve Program were found more likely to be younger, have smaller farms, be nonoperator owners, and have lower valued land than nonparticipants (Konyar and Osborn, 1989). Knowledge of the factors affecting a given land use decision can be useful in designing programs and evaluating impacts.

Foreign Ownership Is Minute Overall

Foreign persons (individuals, corporations, partnerships, and so forth) owned 14.6 million acres of U.S. agricultural land (farm and forest land) as of December 31, 1993 (app. table 1.2.2). This is slightly more than 1 percent of the 1.3 billion acres of privately owned U.S. agricultural land (app. table 1.2.2). This percentage has stayed about the same since 1981, the first year for relatively complete data on such investment. Foreign persons from Canada, the United Kingdom, France, Switzerland, the Netherlands Antilles, and the Netherlands accounted for 72 percent of the foreign-held acreage in 1993. States with the highest proportions of agricultural land under foreign ownership are Maine (13 percent) and Hawaii (9 percent) (table 1.2.5). Eleven States have more than 2 percent foreign ownership.

Farmland Ownership Changes Slowly

Farmland ownership turns over slowly relative to residential property. Farmland transfers ownership at a rate of 3.5 percent per year, approximately one-fourth the rate for residential property. According to AELOS, 51 percent of farmland transferred is acquired by purchase from a nonrelative, the AELOS proxy for arm's-length purchase (fig. 1.2.4). At least 43 percent of the farmland is acquired with some family involvement (inheritance, gift, or purchase).

Nonoperator owners acquire a higher proportion of their land by inheritance or gift (39 percent) than do operator owners (16 percent).

Leasing Links Owning and Using Farmland

According to AELOS, 338 million acres of farmland (41 percent of the total) are held by owners who did not operate any farmland in 1988. Of these nonoperator owners, 55 percent were 65 or older so much of their land may be available for ownership change. Nonoperator owners tend to be older than operator owners, and their holdings tend to be smaller than the holdings of farm operators.

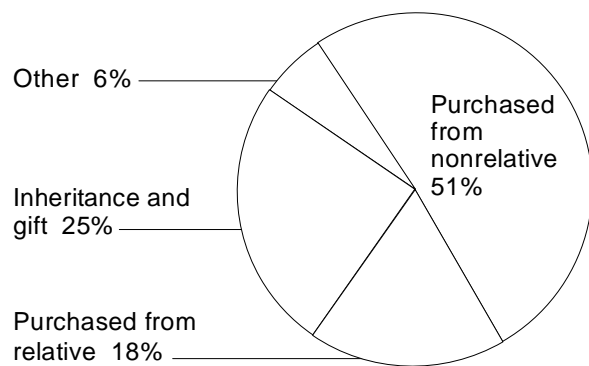
A large proportion of nonoperator landholdings is currently leased. The proportion of farmland under lease reported by the Census of Agriculture is the largest since the Great Depression (app. table 1.2.3). According to AELOS, more than 90 percent of rented farmland is owned by nonoperator owners, most of

Table 1.2.5—Proportion of foreign-owned to privately owned agricultural land, 1981-93¹

Selected States	1981	1987	1993
Arizona	2.1	2.5	3.2
California	1.8	1.9	2.1
Florida	1.8	2.0	2.6
Hawaii	2.8	2.7	9.0
Louisiana	0.6	2.5	2.8
Maine	14.1	9.0	13.4
Nevada	0.7	0.6	3.5
New Hampshire	2.2	1.8	3.5
New Mexico	1.9	1.6	2.2
Oregon	2.0	3.4	2.6
Vermont	1.7	2.1	2.3
Total U.S.	1.0	1.0	1.2

¹As defined by 7 USC 3508, includes both farm and forestlands. Source: DeBraul, 1993.

Figure 1.2.4
Farmland by method of acquisition, 1987



Source: USDC, 1990.

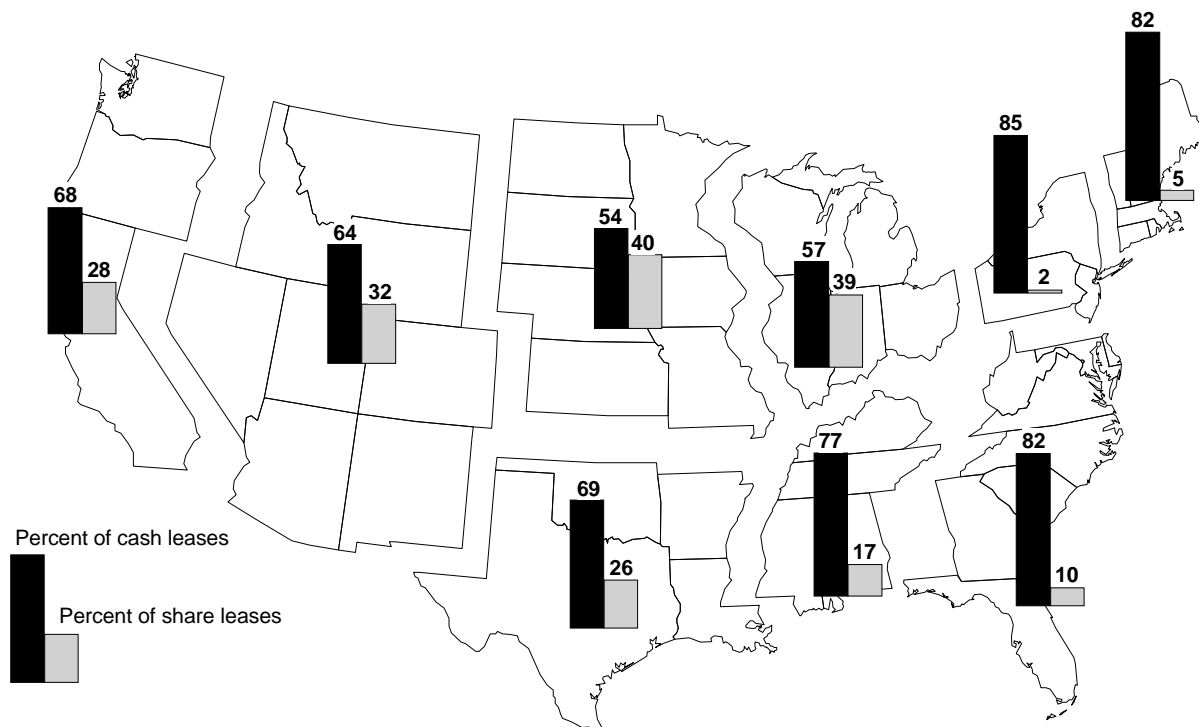
whom rent to only one tenant. Landownership among nonoperator owners is concentrated. One percent of owners hold 33 percent of the acres and 15 percent of the value of land and buildings. Large-scale owners are renting to large-scale renters.

Because cash rents are less likely to vary by crop or market conditions than are share rents, cash rents are favored by risk-averse landlords and by renters

who prefer to absorb risk for a somewhat higher expected net return. About 65 percent of farmland leased is under cash rentals, 30 percent under share rentals, and the remainder by combination or other arrangements (fig. 1.2.5). In general, farmland landlords participate only nominally in day-to-day or seasonal production decisions. Landlords select renters and decide on rental acreages, buildings and improvements, environmental effects of land use, and conservation.

Leasing has evolved from the entry rung on the tenure ladder to merely another device for gaining access to land. In 1940, part-owners (those who own part, rent part of their farm) leased 33 percent of all land leased. In 1987, part-owners leased 68 percent of all land leased (app. table 1.2.3). Part-owners have become the dominant tenure group in terms of production agriculture. The tenure choice is analogous to the choice between farm or off-farm employment in that options are selected to enhance earning capacity and fully employ the household's available resources. Indeed, farm tenure, farm enterprises, and farm employment are blending with off-farm economic activity so that the distinction of farm and nonfarm is becoming less and less useful at the household level.

Figure 1.2.5
Percentage of cash and share leases by region, 1988



Residual: Mixed and other.
 Source: Rogers, 1991.

AELOS

The Agricultural Economics and Land Ownership Survey (AELOS) was conducted by the Census of Agriculture as a 1988 follow-on of the 1987 Census. Information from a questionnaire that sampled over 47,000 landlords was combined with information from a sample of 44,000 farm operator-owners. The sample data were expanded to estimate the characteristics of 2,952,282 owners of farmland who own 833 million acres. Of the 833 million acres of private agricultural land reported in AELOS, 495 million acres, 59 percent, were owned by farm operators. Owners who did not operate a farm held 388 million acres. The combined holdings of operator and nonoperator owners were valued at \$601 billion in 1988. For information on the survey and related data sources, see U.S. Department of Commerce, 1990, and Wunderlich, 1991.

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Appendix table 1.2.1—Distribution of land in farms, by ownership, by State, 1987

State ¹	Federal	State	Indian	Local	Private	All
<i>Acres</i>						
Alabama	0	55,500	0	9,300	7,836,200	7,901,000
Arizona	15,115,843	8,731,400	14,127,200	172,000	10,223,700	43,370,143
Arkansas	0	52,500	0	5,900	13,965,900	14,024,300
California	384,109	576,200	279,700	404,400	28,168,500	29,812,909
Colorado	10,771,513	2,220,900	244,500	152,800	33,041,700	46,431,413
Connecticut	0	5,500	0	8,000	334,600	348,100
Delaware	0	5,800	0	800	544,200	550,800
Florida	0	365,000	76,100	79,000	10,868,300	11,388,400
Georgia	0	30,500	0	700	9,315,500	9,346,700
Hawaii	0	346,900	0	4,900	918,300	1,270,100
Idaho	14,386,319	1,200,800	608,400	25,800	12,646,500	28,867,819
Illinois	0	200,200	0	102,800	27,506,900	27,809,900
Indiana	1,129	58,300	0	36,300	15,908,600	16,004,329
Iowa	0	85,900	0	68,900	30,741,600	30,896,400
Kansas	109,160	26,500	4,600	141,600	47,930,200	48,212,060
Kentucky	0	40,600	0	4,500	11,728,000	11,773,100
Louisiana	0	38,400	0	32,400	8,923,600	8,994,400
Maine	0	0	0	0	1,362,400	1,362,400
Maryland	182	37,200	0	16,800	2,254,700	2,308,882
Massachusetts	0	1,400	0	5,000	463,000	469,400
Michigan	0	101,300	13,800	94,700	12,008,600	12,218,400
Minnesota	0	242,500	3,800	27,100	26,298,500	26,571,900
Mississippi	0	53,200	0	140,100	10,808,800	11,002,100
Missouri	1,060	156,000	0	24,100	27,570,800	27,751,960
Montana	8,070,152	4,736,800	3,569,900	151,400	49,360,300	65,888,552
Nebraska	143,674	882,000	26,700	136,900	44,411,800	45,601,074
Nevada	47,954,918	63,600	856,600	65,100	8,106,100	57,046,318
New Hampshire	0	0	0	0	278,200	278,200
New Jersey	0	22,600	0	39,200	839,600	901,400
New Mexico	13,004,270	7,001,500	5,128,200	22,300	31,112,500	56,268,770
New York	0	76,400	14,700	57,000	9,311,600	9,459,700
North Carolina	0	0	0	11,300	8,529,000	8,540,300
North Dakota	1,173,181	831,200	572,900	10,300	37,788,700	40,376,281
Ohio	0	47,100	0	56,000	14,878,400	14,981,500
Oklahoma	46,300	870,000	198,600	96,900	32,528,000	33,739,800
Oregon	909	465,800	376,100	14,600	14,559,500	15,416,909
Pennsylvania	0	130,700	0	40,400	8,110,100	8,281,200
Rhode Island	0	3,700	0	200	54,700	58,600
South Carolina	0	10,600	0	2,800	4,534,900	4,548,300
South Dakota	1,143,615	1,249,100	3,838,700	134,100	37,103,000	43,468,515
Tennessee	119	29,600	0	4,300	10,749,400	10,783,419
Texas	127,347	2,497,100	0	284,600	142,100,900	145,009,947
Utah	22,655,617	2,033,900	1,248,100	1,500	7,787,300	33,726,417
Vermont	1	2,300	0	0	1,039,400	1,041,701
Virginia	0	2,900	0	6,700	6,614,600	6,624,200
Washington	0	829,800	739,800	7,000	13,176,100	14,752,700
West Virginia	0	22,200	0	1,600	2,920,700	2,944,500
Wisconsin	0	136,100	20,600	34,300	14,520,400	14,711,400
Wyoming	18,456,847	2,693,500	685,000	10,600	26,684,600	48,530,547
Total 49 States ¹	153,546,265	39,271,000	32,634,000	2,747,000	878,468,900	1,106,667,165

¹Omits Alaska.

Sources: USDA, SCS, National Resources Inventory data; USDA, ERS data; and USGSA, 1993.

Appendix table 1.2.2—U.S. agricultural landholdings of foreign owners by State, December 31, 1993

State	Total land area of State	Privately owned agricultural land ¹	Foreign-owned agricultural land ¹	Proportion of foreign-owned to privately owned agricultural land
	-----1,000 acres-----			Percent
Alabama	32,491	28,620	447.9	1.6
Alaska	365,333	500	.1	neg.
Arizona	72,645	10,502	336.1	3.2
Arkansas	33,330	27,981	188.9	.7
California	100,031	44,042	920.8	2.1
Colorado	66,301	36,618	642.7	1.8
Connecticut	3,118	1,884	.9	neg.
Delaware	1,237	972	5.9	.6
Florida	34,658	23,975	620.8	2.6
Georgia	37,156	32,338	577.4	1.8
Hawaii	4,112	1,998	180.0	9.0
Idaho	52,744	15,256	22.4	.1
Illinois	35,631	31,633	193.3	.6
Indiana	22,996	20,493	87.7	.4
Iowa	35,818	33,582	31.8	.1
Kansas	52,338	49,780	76.2	.2
Kentucky	25,388	22,578	96.5	.4
Louisiana	28,494	24,523	686.2	2.8
Maine	19,837	18,065	2,425.1	13.4
Maryland	6,296	4,510	51.3	1.1
Massachusetts	5,008	2,664	2.0	.1
Michigan	36,451	25,742	205.8	.8
Minnesota	50,911	36,343	216.6	.6
Mississippi	30,229	26,713	501.3	1.9
Missouri	44,125	39,289	76.1	.2
Montana	93,048	53,052	563.6	1.1
Nebraska	49,052	45,444	77.1	.2
Nevada	70,332	8,248	285.8	3.5
New Hampshire	5,756	4,251	149.6	3.5
New Jersey	4,779	2,438	18.6	.8
New Mexico	77,654	35,705	783.9	2.2
New York	30,321	21,893	273.8	1.3
North Carolina	31,260	26,392	227.2	.9
North Dakota	44,352	39,211	29.5	.1
Ohio	26,243	22,519	198.7	.9
Oklahoma	43,939	38,500	58.4	.2
Oregon	61,558	28,022	736.3	2.6
Pennsylvania	28,728	21,518	59.3	.3
Rhode Island	675	357	0	0
South Carolina	19,330	15,851	194.2	1.2
South Dakota	48,609	39,556	42.7	.1
Tennessee	26,339	21,873	174.6	.8
Texas	167,691	154,417	1,185.9	.8
Utah	52,527	11,892	55.1	.5
Vermont	5,935	5,153	121.1	2.3
Virginia	25,410	20,963	112.0	.5
Washington	42,567	22,530	386.9	1.7
West Virginia	15,436	13,531	111.1	.8
Wisconsin	34,833	26,729	26.9	.1
Wyoming	62,073	24,459	178.7	.7
Total	2,265,182	1,265,171	14,645.5	1.2

¹Agricultural land in this table is defined by 7 USC 3508 to include both farm and forestlands.

neg. = negligible.

Source: DeBraal, 1993.

Appendix table 1.2.3—Farmland rented by tenants and part owners, 1900-87

Year	Land in farms	Land rented by operators ¹			Percentage of land leased
		Tenants	Part-owners	Total	
----- <i>Million acres</i> -----					<i>Percent</i>
1900	841.8	195.1	71.1 ²	266.2	31.6
1910	878.8	225.5	51.3 ³	277.8	31.6
1920	958.7	265.0 ⁴	54.7 ⁵	319.7	33.3
1925	924.3	264.9	96.3	361.2	39.0
1930	990.1	307.3	125.2	432.5	43.6
1935	1,054.5	336.8	134.3	471.1	44.6
1940	1,165.1	313.2	155.9	469.1	44.0
1945	1,141.6	251.6	178.9	430.5	37.7
1950	1,161.4	212.2	196.2	408.4	35.2
1954	1,158.2	192.6	212.3	404.9	34.9
1959	1,123.0	166.8	234.1	400.9	35.7
1964	1,110.2	144.9	248.1	393.0 ⁶	35.4
1969	1,063.3	137.6	241.8	379.4	35.7
1974	1,017.0	122.3	258.4	380.7	37.4
1978	1,029.7	124.1	285.3	406.3	39.4
1982	986.2	113.6	269.9	383.5	38.9
1987	964.5	126.9	275.4	402.3	41.7

¹Columns 3, 4, and 5 refer only to land rented in and operated, so subleased land is not included. Numbers for land rented are comparable in the same year, but definitions change over time. Basic sources are 1969 Census of Agriculture, table 5, p.14; 1974 Census of Agriculture, table 3, pp.1-6; 1978 Census of Agriculture, vol. 1, part 51, table 5, pp. 124-127; 1982 Census of Agriculture, vol. 1, part 51, table 48, p. 49; and earlier census volumes as noted.

²Sum of "part owners" and "owner/tenant," 1900 Census of Agriculture, table 20, p. 308.

³Assumes land leased by part-owners is the difference between the average size of full-owner and part-owner farms. Acreage leased by part-owners is this difference times the number of part-owners. 1910 Census of Agriculture, chapter 11, tables 1, 3, pp. 97-99.

⁴1920 Census of Agriculture, vol. VI, part 1, table 5, p. 19.

⁵Assumes same proportion of owner and part-owner as in 1910.

⁶1964 Census of Agriculture, vol. II, chapter 8, p. 757.