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U.S. Farmland Ownership, Tenure, and Transfer

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What Is the Issue?

Farmland ownership, tenure, and transfer have important implications for land accessibility, particularly for young and beginning farmers. The advanced age of many farmers raises questions about how land will be transferred to the next generation of agricultural landowners. Despite the significance of these issues, a number of information gaps remain. For example, to what degree are non-operator landlords involved in the farm sector, what barriers exist to accessing land in the rental market, and do operators and non-operators plan to transfer their land (when not through sales) through different channels, such as wills, trusts, or as gifts? In addressing such questions, the study provides information from a 2014 survey that will be useful both for farmers and for policymakers aiming to promote land access.

What Did the Study Find?

Approximately 39 percent of the 911 million acres of farmland in the contiguous 48 States is rented. More than half of cropland is rented, compared with just over 25 percent of pastureland. In general, rental activity is concentrated in grain production areas; cash grains such as rice, corn, soybeans, and wheat, and also cotton, are commonly grown in areas where over 50 percent of farmland is rented.

Smaller family farm operators are more likely to be full owners of land they operate.

Forty-five percent of farmland is in small family farms, and nearly half (46 percent) of this land is found in operations that own all the land they operate. Fifty-one percent of land in farms is in midsized and larger family farm operations, which are most commonly a mixture of rented and owned land. Nonfamily farms account for 4 percent of all farmland, 28 percent of which is found in full-owner operations.

The majority of rented acres are owned by non-operator landlords. Eighty percent of rented farmland (283 million acres, 30 percent of all farmland) is owned by non-operator landlords, those that own land used in agricultural production but are not actively involved in farming. The remaining 20 percent of rented land (70 million acres) is owned by other farm operators (referred to as “operator landlords”).

Retired farmers make up 38 percent of non-operator landlords. In addition, farmers approaching retirement are more likely to be landlords than younger operators. Twenty-seven percent of land operated by those under 34 years of age is associated with full-tenant operations, while just 8 percent is fully owned by the operator. On the other hand, 7 percent of land operated by those who are 65 or older is found in full-tenant operations and 43 percent is fully owned by the operator.

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

Landlord input to farm management decisions on rented land varies by type of decision. Decisions on short-term farm management practices, such as cultivation practices, crop choice, and harvesting, are commonly made with no input from landlords. Landlords are more likely to be involved in long-term decisions, such as adopting permanent conservation practices and participating in Government programs. In general, operator landlords tend to have more input in farm management decisions than their non-operating counterparts.

Most tenants rent land from multiple landlords. In addition, 57 percent of rented acres, accounting for 70 percent of lease agreements, are renewed annually. These findings highlight the considerable time and effort that some tenants must expend in managing and negotiating rental contracts.

Most landlords have long-term relationships with their tenants, suggesting that access to new land through renting may be limited. Seventy percent of acres rented from operator landlords have been rented to the same tenant for over 3 years and 28 percent for over 10 years. Non-operator landlords tend to have even lengthier relationships with their tenants; 84 percent of acres have been rented to the same tenant for over 3 years and 41 percent for over 10 years.

Non-operator landlords are more likely than operator landowners to acquire land through inheritance. Operator landowners acquired over 50 percent of their owned land through a purchase from a nonrelative, while non-operating landlords acquired over 50 percent through an inheritance or gift. Of the 45 percent of non-operator landlords who have no prior experience with farming, more than two-thirds either inherited or received their land as a gift. Thus, although a considerable fraction of non-operator landlords have not farmed, some familial or personal relationship to farming may exist.

Ten percent (93 million acres) of all land in farms is expected to be transferred during 2015-2019, most of which (6 percent) will change hands through gifts, trusts, or wills. Of all land expected to be transferred, only about a quarter (21 million acres) will be sold between nonrelatives. Another 14 percent (or 13 million acres) is anticipated to be sold from one relative to another. While the amount of farmland expected to be sold is relatively small, some of the land transferred through trusts, wills, and gifts may then be sold by the new owners, bolstering the supply of land available for purchase.

How Was the Study Conducted?

The analysis is primarily derived from the results of the 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) survey. The TOTAL survey was administered by USDA's Economic Research Service (ERS) and National Agricultural Statistics Service (NASS) as part of a special followup to the 2012 Census of Agriculture to collect data from the owners and operators of agricultural land. The report was supplemented with data from the Agricultural Resource Management Survey (ARMS) and Census of Agriculture to account for historical periods not covered by the 2014 TOTAL survey.