

INNOVATIONS

Ag census sheds light on farming, ranching trends

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The Census of Agriculture is conducted every five years and always provides some interesting data. Although it's a survey, a quick look at the numbers over time

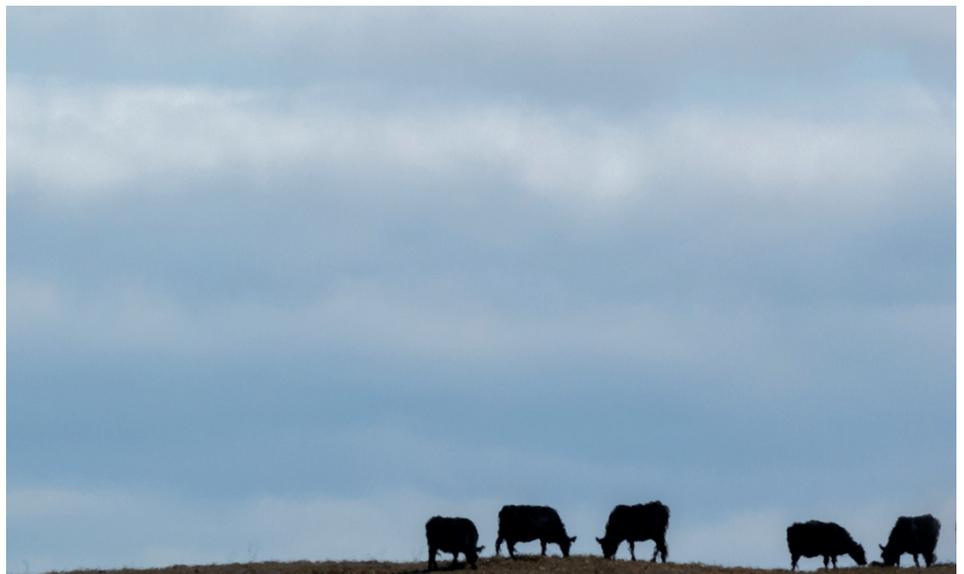
can help us begin to understand some trends that might be headed our way.

Trend 1: Land transfer ahead

The impending transfer of land to occur in the next five years is estimated to be one of the biggest transfers in quite some time. On average, roughly 10 percent of lands (91.5 million acres) is estimated to be transferred. While the methods of transfer are not unusual (place/keep in trust, sell to relative, sell to nonrelative, gift), the unknown rests mostly on what the transfer will mean to the production on those lands. Will the current operation be maintained? Will a new operation begin?

Trend 2: Age of farm and ranch owners

Age trends runs parallel to the trend above. The average age of ownership has been steadily increasing since the early 1980s. Average age of principle operators is 58.3 in 2012, whereas it was 50.5 in 1982. Only 6 percent of operators are younger than 35, 61 percent are ages 35 to 54, and 33 percent are older than 65. In the general population, 20.5 percent



are ages 20 to 34, 27.1 percent are ages 35 to 54, and 13.5 percent are older than 65. There is low representation of 35 and younger producers compared to older ones. In 1982, those numbers were more equally split at 42 percent of producers ages 35 to 54 and 42 percent older than 65. The lack of an available traditional transfer population (parent to child) and higher available young producers (grandparent to grandchild) might usher in new shifts in land use and production.

Trend 3: Beginning farmers and ranchers

Beginning producers account for 25 percent of farmers and ranchers with less than 10 years tenure on the land.

Within this group is good news for diversity with more women and minorities but less good news in the amount of cash receipts, which is expected. This group does not receive the majority of their income from farms and ranches. With the shift in land expected in the next five years, these newer owners may not have the equipment, capital and experience to maintain the transferred land in the same production methods.

Trend 4: Continued decrease in farm and ranch numbers

In 2012, the number of farms was 2.11 million, the lowest in the 30-year reporting period. Small farms account

for the majority at 88 percent, while 55 percent of the land in farms is greater than 2,000 acres but only account for 4 percent of farms. The largest number of farms is between 50 and 179 acres. These lands specialize in beef cattle but only 16 percent of these producers depend on the farm for the majority of their income. This points to the continued need for operational efficiency because smaller farms tend to have higher expenses and less receipts because of economies of scale.

Trend 5: Renewable energy production

In 2012, 57,000 farms reported they produced renewable energy for their use or others (doubled from 2007). California and Texas led this trend. This trend will be interesting to follow as the “production” potential of farms and ranches for energy grows. This trend adds new dynamics to the value of agricultural lands as energy needs continue to emerge.

These five trends are among the most notable in the Ag Census. The number of agriculture acres continues to be approximately 40 percent of all lands in the U.S.; there are fewer farms but acreage has maintained. The aging producer population continues to be an issue since it is growing disproportional to the population. Maintaining replacement farmers and ranchers is a pressing need now and in the near future. ■