

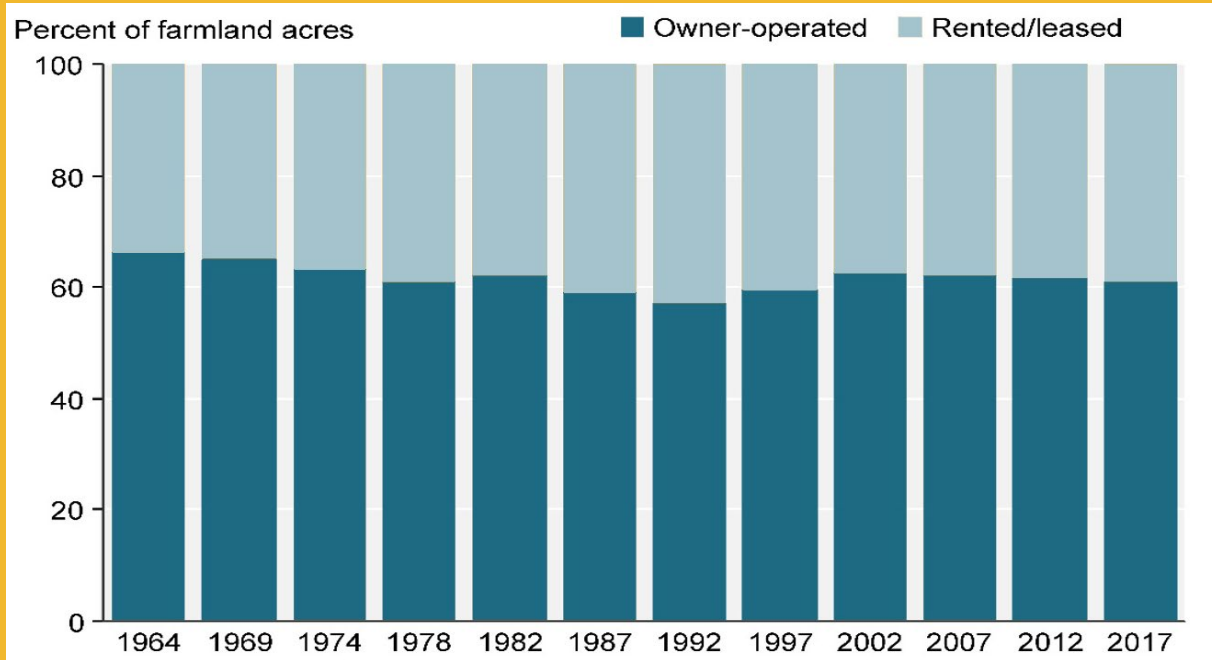
Who Owns the Farmland? More Questions than Answers [RaFF.missouri.edu](#)

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While the topic of farmland ownership and control has ebbed and flowed for decades, concerns and questions have intensified in recent years. The concerns often center around competition in local land markets from non-farming investors, large corporations, and non-U.S. citizens; the difficulty young farmers face acquiring land; and the effects of non-local land ownership on the local or regional economy.

Historically, the proportion of land owned by farming owner-operators has been fairly steady at just over 60%, according to the 2017 Census of Agriculture (Figure 1). The drop in owner-operator control into the early 1990's is generally attributed to the farm crisis of the 1980s, when many owner-operators lost land to foreclosure.

Figure 1. Ownership of U.S. Farmland: Owner-Operated or Rented 1964-2017



Source: USDA Economic Research Service.

Figure 2 provides additional detail on owned versus rented land by land type. While somewhat dated, the 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) Survey reported that the percentage of cropland owned was 46% while 54% of cropland was controlled by landlords. In 2014, 28% of pastureland was owned by landlords, which seems high given the historically low rate of return on pasture versus cropland rents. The TOTAL survey was conducted in the year of record high feeder cattle prices, which may have increased rental activity. Alternatively, this could reflect an increasing number of retiring owner-operators renting their land. An updated survey would provide needed insight on the landlord versus owner-occupied pasture ownership and control.

The Census of Agriculture asks general questions about the owned versus rented land in farming operations but does not capture detail on the landlords. Data collected under the Agricultural Foreign Investment Act indicates that farmland purchases by foreigners has increased in recent years. While foreign ownership is still a small percentage of agricultural

land nationally, it is a concern of many rural stakeholders as it can be a much larger issue in the local land market. There is even less data on land purchases and ownership by American non-farmer investors, investment/pension funds and non-farming corporations, but anecdotal evidence seems to indicate an increase in U.S. non-farmer investor activity.

More Questions than Answers

Limited data leads to more questions than definitive answers when discussing farmland ownership and control. Historically, landlords were predominantly retired farmers and their heirs, but that may be changing. The primary question becomes, who are the landowners? Furthermore, how does ownership of rented land impact farmers and rural communities? If landlords are increasingly non-local, farmers' rent payments are flowing out of the local economy. However, when non-local investors buy land from a local owner, new financial capital flows into local economies and can create new economic activity if the capital "released" by the sale stays local.

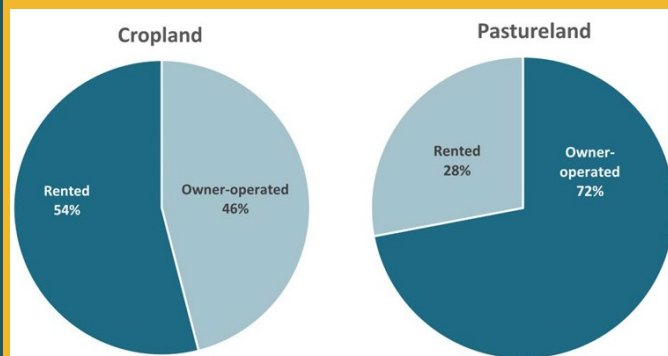
The mix of owned and rented land in a farm business can dramatically affect the financial condition, profitability, cash flow and risk exposure of farming operations; however, the risk-return tradeoff of owning versus renting land depends on micro and macro-economic conditions or trends. For example, in good years farmers wish they owned more land but in lean years, making payments on owned land financed with debt can be difficult or impossible and farmers may wish they rented more and owned less land. Young and beginning farmers are generally at a significant disadvantage when competing with established farmers to purchase land, and increasing numbers of non-farm, foreign, or domestic investors increase competition. But some young and beginning farmers might welcome more land on the rental market if buying farmland is all but impossible for them. Other land ownership questions, to name a few, relate to historically disadvantaged farmers and ranchers; effects on conservation practice adoption; and effects or incentives of government programs farmer/non-farmer land investments.

Rural economy stakeholders and policy makers are concerned about farmland ownership and control issues. Addressing concerns related to farmland ownership requires prioritizing the questions, obtaining up-to-date land ownership and control data, and analyzing the need for, or effects of, potential policy proposals.

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Author: Dr. Chris Boessen, boessenc@missouri.edu

Ownership of Cropland vs Pastureland 2014



Source: USDA Economic Research Service and National Agricultural Statistics Service, 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) Survey.

Key Takeaways

- The owned-rented farmland mix affects the financial performance and risk of farm business.
- If the composition of the landlord population is changing, it has implications for rural economies.
- Historically about 60% of farmland has been controlled by owner-operators. However, this may be changing due to demographics and domestic and foreign investment activity.
- Updated data is needed to better address land tenure, ownership, and control issues and questions.

