
THE FUTURE OF OREGON'S AGRICULTURAL LAND

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THE ISSUE

The average age of Oregon farmers and ranchers is now 60 years. As these older farmers retire over the next two decades, 10 million acres or 64 percent of Oregon's agricultural land may pass to new owners. This unprecedented, large-scale transfer of farmland has raised concerns among stakeholders who worry that it may negatively affect Oregon for generations to come.

Succession planning and effective preparation of a new generation of skilled farmers is important for preserving the economic, environmental, and social benefits of Oregon's agricultural sector. However, many older farmers have not planned for succession; at the same time, young would-be farmers face significant barriers to entering the profession. Without access to land, prospective farmers have little opportunity to gain experience. Without a new generation of experienced farmers to carry farming into the future, the vast pool of retiring farmers may be pressed to sell land on the open market where there is greater risk the land will be urbanized or sold to investors for future development or to individuals who enjoy a rural lifestyle but do not farm.

Building connections between experienced and aspiring farmers could make land more accessible, give young farmers needed experience, and ensure that retiring farmers have a full range of options for passing on a legacy of land that will remain under cultivation.

RESEARCH RESULTS

To inform efforts to support current and aspiring farmers, Oregon State University, Rogue Farm Corps, and Portland State University collaborated on research that provides an initial picture of farmland ownership and transfers in Oregon, barriers faced by prospective farmers, and available tools for farm succession planning and farmer development. Our findings suggest the following:

More Oregon farmers are nearing retirement. They've been farming longer, have larger farms, and are holding onto farms longer. Consider:

- 60 years is now the average age of Oregon farmers (up from 50 years in 2002).
- Farmers aged 55 and older now control nearly 23 percent more farms and 26 percent more acres than they did in 2002.

Almost two-thirds of Oregon's farmland may be transferred over the next 20 years as the baby-boomer generation of farmers retires, and many of these farmers may not have succession plans in place. Consider:

- Farm operators aged 55 and older control 64 percent of agricultural land, or 10.45 million acres, which could change hands in the next 20 years.
- 84 percent of Oregon farms are sole proprietorships, suggesting that the vast majority of Oregon farmers may not have plans to smoothly transfer their businesses and assets to the next generation.

Fewer young people are entering the farming profession in Oregon. Consider:

- 24 percent of all Oregon farmers in 2012 were beginning farmers, down from 32 percent in 2002.
- 15 percent of beginning farmers are under the age of 35. Nearly half of beginning farmers are 45 or older.

Prospective farmers have limited access to land; consequently, they have fewer opportunities to gain farming experience. Consider:

- Beginning farmers consistently identify land cost and availability as their most significant barrier to farming—particularly amid rising land prices.
- The amount of Oregon land in agricultural use has declined by a half-million acres since 1974. At least 5 to 10 percent of farmland sales in Washington, Benton, Clackamas, and Polk counties between 2010 and 2015 were to owners who retained out-of-state addresses; 25 to 40 percent of sales were to non-agricultural businesses.

Farmland leasing arrangements provide a less capital-intensive path to land access, but may impede beginning farmers' success.

- Beginning farmers are far more likely to lease than are established farmers.
- Traditional leases do not build equity for farmers and may deter long-term investing that could enhance profitability—for example, investing in buildings or soil quality improvements.

MORE RESEARCH AND TOOLS ARE NEEDED

Tools exist to help farmers develop succession plans and to help beginning farmers find land and gain experience. However, these programs are too few and are not reaching all of the farmers in need.

Land-sharing models, such as farm conservation easements, working lands easements, and creative leasing arrangements may lead to better outcomes for retiring and aspiring farmers. Land-link programs can help connect beginning farmers with experienced ones, allowing them to explore innovative land access arrangements. Nonprofit farm incubators also offer low cost access to land, and enable beginning farmers to gain experience. Such programs are promising, but more tools are needed.

Understanding farmers' needs and identifying effective ways to support beneficial succession of thousands of acres of Oregon's farmland will require additional research. Our current research unearthed the following additional questions that need answers:

- How many Oregon farmers are planning for succession? What are the characteristics of these farms and their plans? When will succession occur?
- In what situations will succession-planning assistance offer the greatest value for the family and for Oregon agriculture?
- Who is buying Oregon's farmland and how are they using the land?
- How and how often do farmers successfully transition from lease arrangements to land ownership?
- How effective are land link, incubator, and other land-sharing or succession arrangements, and how might they be improved or expanded?
- How do the land access and tenure experiences of beginning farmers differ for prospective farmers of different demographic groups?
- How is the increasing amount of non-agricultural use on farms affecting farmers and farming?
- What existing and potential tools and policies can best conserve Oregon's farmland for farming?

READ THE FULL REPORT

The Future of Oregon's Agricultural land will be online at <http://centerforsmallfarms.oregonstate.edu>.



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