

# ISU Survey: Iowa's Farmland Owners Continue to Age

## Contacts:

Wendong Zhang; [wdzhang@iastate.edu](mailto:wdzhang@iastate.edu)

Alejandro Plastina; [plastina@iastate.edu](mailto:plastina@iastate.edu)

Nathan Cook; [nmcook@iastate.edu](mailto:nmcook@iastate.edu)

Brian Meyer; [bmeyer@iastate.edu](mailto:bmeyer@iastate.edu)

June 29, 2018

AMES, Iowa — An Iowa State University study shows that the age of Iowa's farmland owners continues to rise, with those aged 75 years or older owning a record high 35 percent of farmland in 2017.

Sixty percent were over the age of 65, which is five percentage points higher than 2007 and twice the level recorded in 1982, say Wendong Zhang and Alejandro Plastina, the Iowa State economists who released results of the 2017 Farmland Ownership and Tenure survey at a press conference Thursday in Ames.

Conducted by Iowa State University since the 1940s, the Farmland Ownership and Tenure Survey — completed every five years — focuses on forms of ownership, tenancy and transfer of farmland in Iowa, and characteristics of landowners. The latest survey was conducted in July 2017.

Aging farmland owners is one of several notable trends found in the latest survey, said Zhang and Plastina, both assistant professors of economics.

"An increasing amount of land is cash rented," Zhang said. "In 1982, leased farmland was equally divided between cash rent and crop share leases in 1982. However, by 2017, 82 percent of leased farmland was under a cash rent arrangement. Two primary reasons for the trend away from crop share and towards cash rent agreements are that landowners have become more dispersed and the number of landowners per tenant has increased. Both these trends make payment in grain and keeping grain differentiated by owner more difficult."

More farmland is now owned debt free, the researchers said. In 2017, 82 percent of Iowa farmland was debt free, a significant increase from 62 percent in 1982 and 78 percent in 2012. This could be the result of profits earned during good crop years in 2012 and 2014 and profitable livestock production years like 2014.

The survey found that reasons for owning farmland are changing. "The survey found three primary reasons for owning farmland," Plastina said. "Almost half — 49 percent — is owned for current income, 19 percent is owned for long-term investment and 29 percent is owned for family or sentimental reasons. The remaining reasons include owning a house with an acreage and for recreation purposes."

Zhang and Plastina said the data show a trend away from sole ownership and joint tenancy towards institutionalized ownership structures, such as trusts and corporations.

"In 2017, trusts accounted for 20 percent of all acres in Iowa, while three decades ago almost no land was owned in that fashion," Zhang said. "In contrast, the share of farmland owned by sole owners or joint tenancy declined from 80 percent of farmland in 1982 to only half in 2017."

Taken together, these major trends have significant implications for when and how farmland is intended to be transferred to the next generation, the Iowa State economists said.

The latest survey found willing or giving land to family remained the most popular method of intended land transfer. The second most popular method of intended land transfer was the establishment of trusts.

"These recent trends reveal that only seven percent of Iowa farmland was intended to be sold to a nonfamily member," said Zhang. "Recent federal and state tax policy changes, especially the reinforcements of stepped-up basis for farmland transition and 1031 exchanges for farmland, will likely continue making the farmland market tight with limited land sales."

Complete results of the survey are available at <http://bit.ly/2017IFOTSReport>. A video of the press conference is available at <https://vimeo.com/277524155>. Zhang and Plastina's presentation slides are available at <http://bit.ly/2017IFOTSPresentation>.

Selected highlights from the 2017 survey include:

- Sixty percent of Iowa farmland is owned by people 65 years or older and 35 percent of farmland is owned by people 75 or older.
- Eighty-two percent of Iowa farmland is owned free of debt, which represents a significant increase from 62 percent in 1982 and 78 percent in 2012.
- Forty-seven percent of farmland is owned by women. Thirteen percent is owned by female landowners over the age of 80.
- Fifty-three percent of farmland is leased, with the majority of farmland leases being cash rental arrangements.
- Twenty-nine percent of Iowa farmland primarily is owned for family or sentimental reasons.
- There is a continuous shift away from sole ownership and joint tenancy to trusts and corporations, which accounted for 20 percent and 10 percent of land, respectively, in 2017.
- Over half of Iowa farmland is owned by someone who does not currently farm: 34 percent is owned by owners with no farming experience and 24 percent by retired farmers.
- Eighty percent of land was owned by full-time Iowa residents, seven percent was owned by part-time residents and 13 percent was owned by those who do not live in the state.
- Cover crops are grown on approximately four percent of Iowa farmland. About 20 percent of farmland owners expressed willingness to pay a portion of planting costs to encourage more adoption of conservation practices on the land they own.
- Approximately 30 percent of Iowa's land uses inputs purchased from a cooperative, markets products through a co-op and uses custom services of agricultural cooperatives.

The Iowa Farmland Ownership and Tenure survey started in the 1940s. Since 1989, Iowa State University has conducted the survey every five years, as mandated by Iowa Code. This survey series represents the first of its kind in the nation and the only consistent information on ownership, tenure and transitions of farmland at the state level.