

Ohio Farmland Trends and Preservation

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Highlights

- 95% of farmland is dedicated to cropland in Ohio.
- Cropland values in Ohio have had an upward trend, and increased by 9% in 2023, while the number of acres operated has declined over the years.
- 85% of the total rented farmland in Ohio was owned by non-operator landlords in 2014.
- Ohio's operator landlords received \$174.39 million in rent in 2014. Non-operator landlords received \$844.62 million in rent, or 82.9% of the total rent paid in 2014.
- 72.9% of Ohio's farmland is held by individuals aged 55 and over, suggesting a significant transfer of land to the next generation is expected in the future.
- Ohio Department of Agriculture's Farmland Preservation Office has offered several programs to help preserve Ohio farmland.

Introduction

In this report, we examine the farmland market in Ohio, a state where the agricultural

sector contributes over \$124 billion annually (Ohio Agriculture 2024). Ohio's farmland is characterized by strong land values and strong cash rents. Currently, 13,100,000 acres, constituting 98% of Ohio farmland, are farmed. Approximately 40% of Ohio's farmland is not owned by operator farmers. A significant portion of Ohio farmland is leased, often under informal agreements. This report provides an overview of the current trends in Ohio's farmland, as well as insights into the evolving patterns of land ownership and tenure.

Farmland Values in Ohio

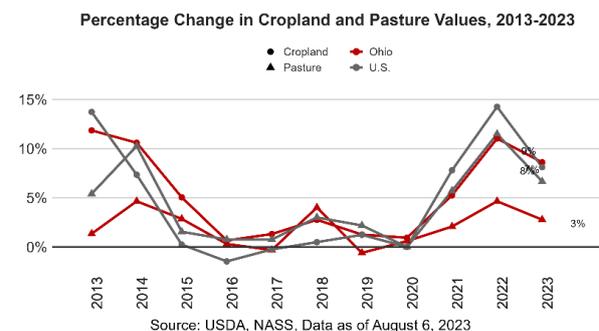


Figure1

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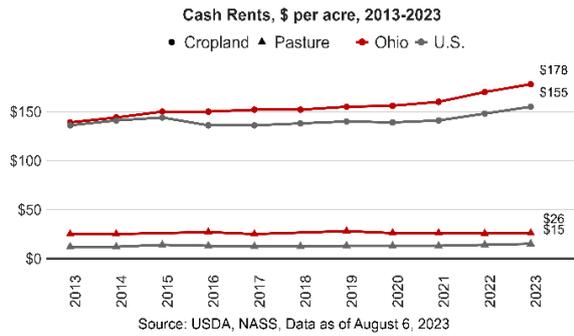


Figure 2

After the ethanol boom cooled down in 2013-2014, land values and cash rents in Ohio stabilized and have been rising since 2020. According to USDA-NASS, Ohio cropland values increased by 8.6% in 2023, reaching \$8200 per acre. The average Ohio cropland value is higher than both the average cropland value in the Corn Belt and the US. Similarly, Ohio cash rents increased to \$178 per acre in 2023, exceeding the Corn Belt cash rents by \$5 per acre and the US average by \$23 per acre. The key factors contributing to the increasing farmland values and cash rents include higher crop prices, higher farm income, and cash reserves accumulated during the pandemic. These upward trends highlight Ohio's strong agricultural land market.

Operated Acres in Ohio

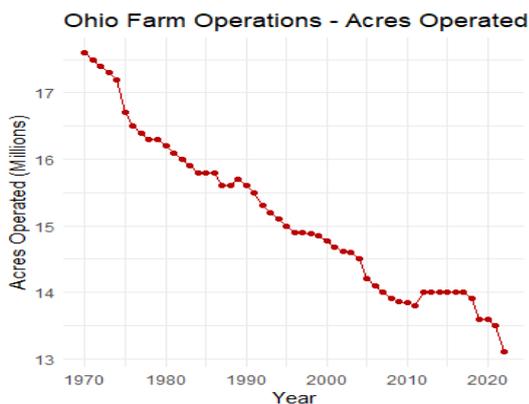


Figure 3

Ohio has experienced a steady and significant decline in the number of acres

operated over the years. According to USDA NASS, there has been a persistent reduction in operated acres since 2018.

Since 1970, the total reduction in operated acres has been 25.57%, with a large decline of 2.96% in 2021. Amid this overall decline in operated acres, there were two instances of increases. In 1988, an increase in operated acres occurred when the economy started stabilizing after the farm crisis. In 2011, at the peak of the corn ethanol boom, there was another increase in operated acres, contrasting with the prevailing downward trend.

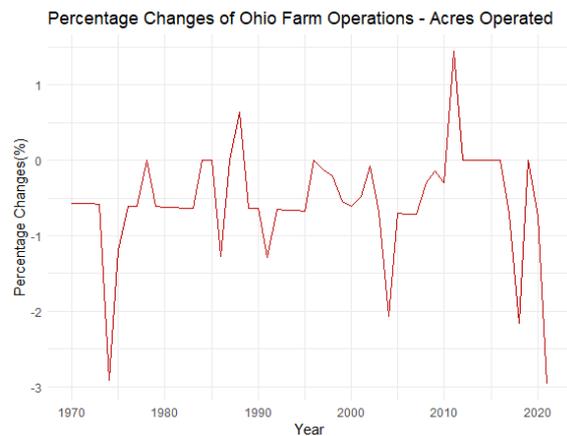


Figure 4

Tenure, Ownership, and Transition of Agricultural Land in Ohio

Ohio's ownership pattern for agricultural land is similar to that of the US, with non-operator landlords owning the majority of rented farmland. The 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) Survey is a comprehensive study conducted jointly by USDA ERS and USDA NASS, which covers all rented-out agricultural land. In Ohio, operator landlords have rented out approximately 960 thousand acres, making up 14% of the farmland. For the US, 70.3 million acres or 20% of the total farmland were rented out in 2014.

Table 1: Land Ownership Arrangements in Ohio and U.S., 2014

	Ohio	US
Type of Ownership	Acres rented out	
Operator landlord	959,969 14%	70,300,000 20%
Non-operator landlord	5,248,832 85%	283,400,000 80%
Individual	2,409,764 39%	138,200,000 39%
Partnership	1,264,834 20%	52,800,000 15%
Corporation	NA	31,500,000 9%
Trusts	1,134,415 18%	50,600,000 14%
Other	NA	10,400,000 3%
All rented-out acres	6,208,801	353,800,000

Non-operator landlords in Ohio, who are not directly involved in farming activities, owned 5.25 million acres, or 85% of all rented acres in 2014. Individuals rented out 2.41 million acres, while partnerships rented out 1.26 million acres in 2014 in Ohio.

Table 2: Five-year Plan to Transfer Acres in Ohio, 2014

Use and method of transfer	Total land (acres)
Acres expected to transfer in 5 years	1,256,642
Sell to a relative	64,860 5%
Sell to a non-relative	250,120 20%
Gift	NA
Put or keep in a trust	755,571 60%

According to the TOTAL survey in 2014, 1,256,642 acres of land in Ohio were expected to be transferred within the next five years. Notably, 60% of these expected land transfers were intended to be put or kept in a trust, and 20% of the land was planned to be sold to a non-relative.

Table 3: Rent, Expenses, Debt and Asset Values by Land Ownership in Ohio, \$ Million, 2014

Demographic group	Rent received	Operating expenses	Value of land and buildings	Total debt
Operator landlord	\$174.39	\$54.54	\$4,935.23	NA
Non-operator landlord	\$844.62	\$311.81	\$30,190.29	\$1,183.61

Ohio operator landlords received \$174.39 million in rent in 2014. Non-operator landlords received \$844.62 million in rent, or 82.9% of the total rent paid in 2014. Non-operator landlords incurred 311.81 million dollars in operating expenses, with their total debt related to rented-out land reaching 1,183.61 million dollars. The value of the land and buildings they held on their rented-out acres was 30.2 billion dollars.

In terms of land use, cropland use was predominant, constituting 95% of the total owned acres rented out for agricultural purposes. Pastureland accounted for a very small portion, representing 3%, while the remaining 2% included other uses, such as forested areas.

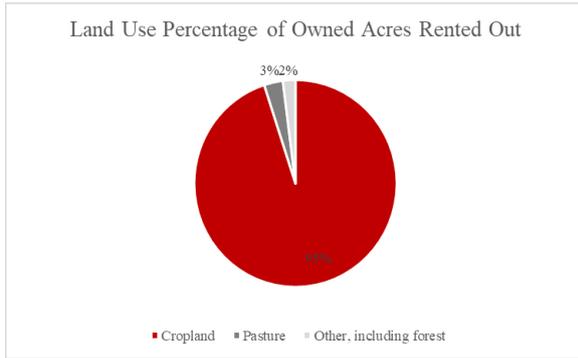


Figure 5

Anticipated Farmland Transfer

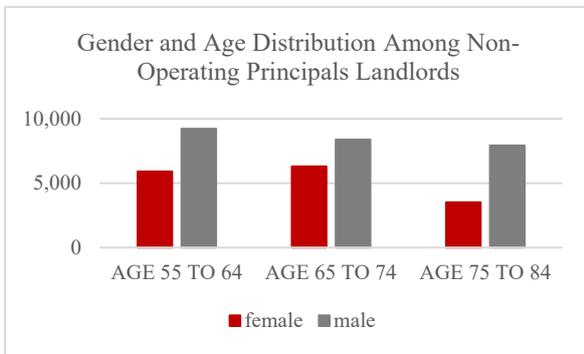


Figure 6

There is a significant trend of landowners aging in Ohio and nationwide. In 2014, 72.9% of Ohio’s farmland was held by individuals aged 55 and over. Among landlords aged 55 to 64, there were 5,910 female landlords, making up approximately 10.45% of the total 56,591 landlords, while male landlords in the same age group totaled 9,228, representing about 16.30%. In the age group 65 to 74, there were 6,307 female landlords (11.15%) and 8,382 male landlords (14.81%). Furthermore, in the 75 to 84 age group, female landlords accounted for 3,513 (6.21%) and male landlords 7,931 (14.01%) of the total landlord population. With aging landlords, a significant transfer of land to the next generation is expected (Chandio, 2023).

Programs for Farmland Preservation

Ohio has adopted several programs to help preserve farmland for agricultural uses. The Ohio Department of Agriculture established the Farmland Preservation Office in 1998, with a mission to preserve farmland for continued agricultural use. We are highlighting two programs that are implemented by the Ohio Department of Agriculture.

Ohio Beginning Farmer Tax Credit Program

Young and beginning farmers can benefit from programs like the Ohio Beginning Farmer Tax Credit Program, designed to aid in the transfer of agricultural assets. By offering incentives for landowners to sell or rent to qualified beginning farmers, such initiatives provide crucial support for the next generation of farmers.

Ohio Farmland Easement Program

From 1950 to 2000, Ohio experienced a significant loss of agricultural land, totaling over 6.9 million acres, or approximately one-third of the farmland. Since 1999, the Farmland Preservation Office has implemented agricultural easements programs. An easement is a voluntary and legally binding restriction placed on a farm, primarily limiting its use in agriculture. Despite this easement restriction, the land remains privately owned and managed and continues to be taxed based on its agricultural value. Even though the farmland can be sold or gifted at any time, the restriction prohibiting non-agricultural development would remain. Through this program, the Farmland Preservation Office has successfully preserved 49 farms, totaling approximately 6,000 acres.

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