



2017 USDA Census of Agriculture: Trends and Insights into Oregon Agricultural Business Succession Planning

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Acres in Oregon agricultural lands are decreasing, while number of operations has increased.

Total Farms: 37,616, up 6.1% from 2012
Total Acres: 15,962,322, down ~340,000 acres from 2012
Average Farm Size: 424 acres (similar to 2002)

	Oregon Acres	US Acres
1997-2017	-9.6%	-5.7%
2007-2017	-2.7%	-2.1%
2012-2017	-2.1%	-1.6%

While Oregon would have lost far more of its working lands if it weren't for our land use planning laws, other available tools, such as working lands easements, have not been effectively implemented in Oregon. Half of the agricultural lands that have been converted to other uses have been in the Portland Metro and Willamette Valley, indicating the impact of development pressure. Using tools outside of the land use system would provide additional protection when farms are ready to be passed down to the next generation of operators.

Average age of Oregon ag operators is leveling, with oldest and youngest producers increasing in number.

Average Age of Primary Producer*

- **2017:** 59.7
- **2012:** 59.6
- **2007:** 57.5
- **2002:** 54.9
- **Pre-2002:** ~50-54

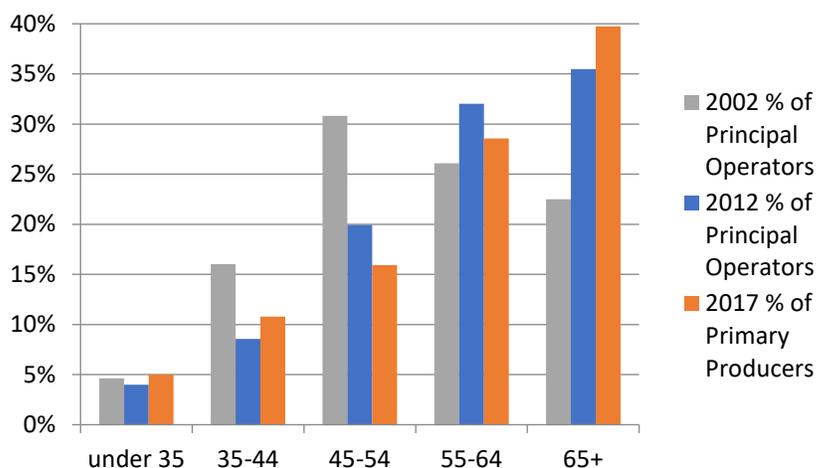
Ratio of 65+ to under 35:

- **5:1** in 2017
- **9:1** in 2012
- **5:1** in 2002

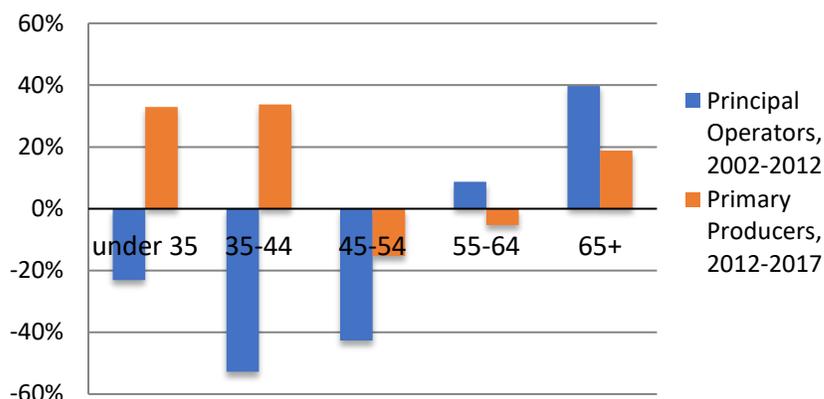
From 2002-2012, farmers under 55 left the field while the number of operators over 55 was growing. Farms controlled by people over 65 years old increased by 40%.

From 2012-2017, farmers under 45 joined the field again, but the number of young farmers is still very small. Meanwhile, the 65+ age group grew less quickly while 45-64 year olds declined. The average age of operators is steady, with the ratio of the oldest to youngest farmers back to where it was in 2002. Oregon operators are still slightly older than the US average.

Age of Farm Primary Producers*



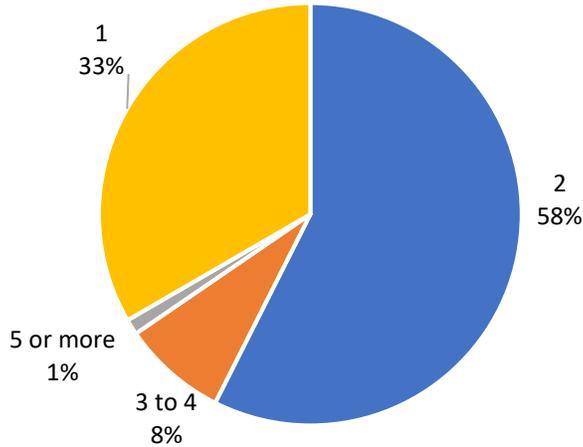
% Change in Primary Producer* Age Groups



*Census data is self-reported. Farms may have multiple "operators" that make decisions. In 2017 the primary decision maker is called the "primary producer," which was called the "principal operator" in 2012 and previous years.

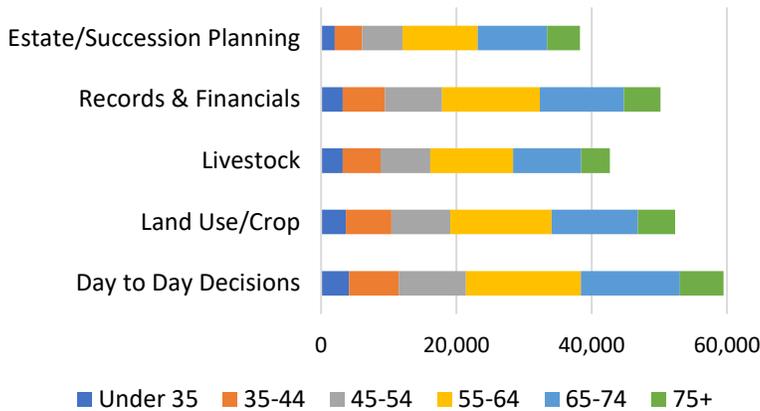
Oregon ag operators show little succession planning, could benefit from education, support, and incentives.

2017 Number of Operators Per Farm



Reports of multiple operators per farm could indicate succession planning if retiring farmers are training the incoming generation while transitioning management duties. However, we do not see a clear picture of multiple-generation operations. One-third of farms have only 1 operator while 58% of farms have 2 operators, which may be a partnered couple rather than a retiring operator training a new successor. Only 9% of farms have 3 or more operators.

Decisions Made by Operator Age

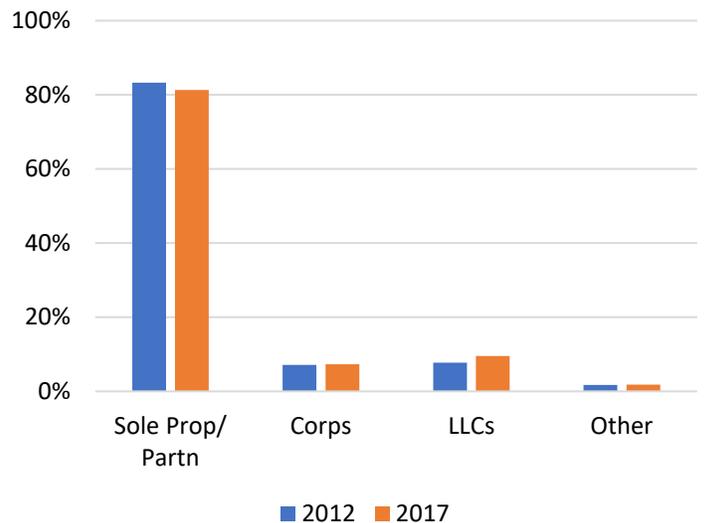


The 2017 Census of Agriculture asked all operators whether they make 5 types of decisions about their farms or ranches: Estate/Succession Planning, Records and Financials, Livestock, Land use/Crops, and Day to Day Decisions. The fewest decisions were reported in Estate and Business Succession. Operators over 75 years old reported making more day to day decisions than estate/succession decisions, indicating that the oldest producers are still very involved in operations. 55-64 year olds made the most (29%) estate/succession planning decisions, followed closely by 65-74 year olds (27%).

The first step in business succession advised by agricultural lawyers is organizing the farm as a business entity, most likely an LLC. However, about 80% of all Oregon farms are still sole proprietorships or partnerships, indicating that the first legal steps toward succession planning are not happening on most farms and ranches. In 2017, there were 788 more individual/partner-owned farms organized as LLCs than in 2012, and 212 more farms organized as corporations.

Even with more limited liability business entities, 97% of all farm businesses are majority-owned by individuals and their families. However, family-owned farms control only 87% of all land, raising some concern about consolidation of land by investors or non-family entities.

Form of Business Organization, 2012-2017



Data and commentary updates publication: Brekken, C. M. A., Gwin, L., Horst, M., McAdams, N., Martin, S. (2016). The Future of Oregon's Agricultural Land. <http://hdl.handle.net/1957/59900>