

Idaho's vanishing farmland follows Idaho's vanishing farmers

By: Catie Clark | January 7, 2021 | 0

The nation is in the middle of one of the greatest wealth transfers in its history and it will affect Idaho's agricultural landscape significantly.

Baby boomers own most of the nation's assets. The majority of Idaho's aging farmers belong to the boomer generation. As they retire and pass away, their kids are selling the family farms. These agricultural properties either vanish through development or become part of larger farms. Very few persist as small farms.

It starts with the Boomers

Most of the nation's wealth is held by the baby boomer generation, which makes up a quarter of the population. They own approximately 57% of assets in the United States. The boomers are those aged between 55 and 75 years old. Half have retired and the other half will do so over the next 20 years.

Estimates of these boomer-owned assets vary between \$15 and \$60 trillion, according to research published in 2019 by the financial management firm Wealth-X. Regardless of the exact numbers, this huge slug of wealth is going to change ownership over the next two decades as the boomers pass on. In fact, the process has already begun.

That's not exactly new news. The looming great wealth transfer has been covered in the press for some time now. Regardless, there's a twist to this trend that affects Idaho deeply. That twist involves that icon of rural America: the family farm.

"Given the history of our state, family farms have been a large part of Idaho," said John Starr from the Colliers International office in Boise. Starr specializes in large land sales, and has represented clients in many transactions like that of the future ShoBan casino site in Mountain Home.

Starr added: "Idaho farmers and ranchers are retiring and many of their kids have moved on to other professions. The family farm or ranch has a lower level of emotional content for them and so, the land gets sold."

For farms near one of the state's growing communities, often the land is sold to a developer or to an investment trust.

The family farm

A persistent — and somewhat inaccurate — theme of the last half-century has been the demise of the family farm. The real trend is the demise of small family farms, those with less than \$350,000 annual gross farm revenues as defined by the U.S. Department of Agriculture. These small earners still comprise 89.7% of all agricultural operations and own half of the total productive acreage in the United States, but generate only 24% of all agricultural revenues.

Institutional corporate farms are not the looming menace poised to gobble up the small family farmer. Only 1.3% of all farms are owned by non-family-owned companies; however, they do own 6% of the lands and they generate 10.6% of all farm revenues.

The majority of all agricultural revenues, 65.2%, are generated every year by just 9.0% of all farms. These are the medium-to-large farms owned by families or family-controlled incorporated business entities, such as the Houghland or Van Orden farms in Pingree or ranching businesses like Little Enterprises LTD of Gem County. These farming businesses own 45.6% of the crop land, pasture land and range in the country. Each one has annual agricultural revenues over \$350,000. Over half have revenues exceeding \$1 million.

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The decline of the small family farm and the consolidation of agricultural businesses into large family-controlled farms is a phenomenon that's been spread over decades. It's a trend that goes hand-in-hand with the conversion of farm land into mixed uses as urban and suburban centers have sprawled outwards.

In Idaho, there are between 24,000 and 25,000 jobs on farms, a number that has remained fairly consistent for almost a decade, according to the Idaho Department of Labor. The ratio of farm owners and managers to hired agricultural workers in Idaho is approximately 1 to 100 according to the U.S. Bureau of Labor Statistics.

The statistic that is most notable is for those farmer-owners or farmer-managers in Idaho. Idaho has the highest per capita employment for "principal operator" farmers in the country, at 0.32 per 1,000 jobs. Nebraska comes in at a distant number two with 0.19 per 1,000 jobs.

Synergy of farms and boomers

The sale of the family-owned agricultural land is going into high gear. In fact, Starr sees it already happening. "This has been going on for almost 20 years now. Near your urban centers, continuing to farm may not make sense compared to other uses for the land in a family's portfolio."

This trend is explained through simple demographics. Over half of all "principal operator" farmers are boomers, the generation that owns most of the nation's assets. According to data from the U.S. Census and the USDA Agricultural Census, the average "principal operator" of a farm was 47.8 years old in 1945. In 1978, that farmer was 50.3; in 1992, 57.1; in 2017, 59.4. This reflects the aging of family farmers and the trend of their heirs to pursue other careers and sell the family property.

The amount of property controlled by the boomers is disproportionate. As this generation retires and dies out, an unprecedented 57% of all wealth in the nation will be transferred before 2040. This includes most of the nation's — and Idaho's — farms, where 99% are privately-owned family businesses.

Starr described what the ongoing wealth transfer looks like from the ground floor: "For our business, it seems that on a regular basis, we are contacted by baby boomers and the silent generation (b. 1928-1945) with regards to real estate assets, either agricultural or investment assets, and consulted about selling or managing those assets, or investing in (other) real estate. This includes a recent transaction for a 300-acre property in Star and Middleton, just as one example of how agriculturally-based farm wealth continues to change in Idaho, as the proceeds from the sale may be invested in agriculture elsewhere or invested in other things."

Who is buying?

Farm land sold in Idaho tends to go in one of three directions: developers who change the land use, investors who lease the land back to those who farm, or other farmers and ranchers.

Close to Idaho's expanding business centers, land is bought by investors or developers. In fact, many investment holding companies have been quietly buying up farmland near Idaho's largest communities for years in Idaho.

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- The last remaining field on Ten Mile Road in Meridian, between the new Costco and Walmart, owned by Bridgetower Investments LLC (no relation to Bridgetower Media, owner of the Idaho Business Review)
- Many of the properties currently farmed on either side of the the Emmett Highway, like the quarter section at 1460 N. Pollard Lane, in Star, owned by Toll Southwest LLC
- Multiple parcels currently farmed between Meridian and Kuna, like the eighth section at the corner of Locust Grove and Lake Hazel Road, owned by land developer SCS Investments of Boise
- More the ten square miles of currently farmed land along Highway US-20 west of Idaho Falls, deeded to Natural Guardian LTD, a holding company owned by Idaho billionaire Frank VanderSloot, many of which fall within the impact zone for Idaho Falls.

Away from the urban centers, the pattern of consolidation into larger and fewer farms continues.

Regardless of the buyers, the story circles back to the sellers, the farmer-owners of Idaho. As they retire, the land that they or their heirs sell decreases the number of family farms that were once the backbone of private land ownership in the state. So long as Idaho's other businesses continue to grow, the loss of farm land near growing communities and the consolidation of small farms into larger ones will continue.

Idaho agricultural land lost to development				
Land type	Agricultural land in Idaho in 2001	Acres lost 2001-2016	Acres lost as a percentage, by land type	Acres remaining in 2016
Cropland	5,525,700	38,500	0.7%	5,487,200
Pasture	1,437,200	14,700	1.0%	1,422,500
Range	6,880,600	12,600	0.2%	6,868,000
Woodland	322,900	3,000	0.9%	319,900
Total	14,166,400	68,800	0.5%	14,097,600
Source: American Farmland Trust				

