

# Absent Landlords in Agriculture – A Statistical Analysis

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## What Is the Issue?

This is a congressionally mandated report, written at the request of the House and Senate Committees of Agriculture as part of the Agriculture Improvement Act of 2018. The committees directed the USDA Economic Research Service (ERS) to provide a report assessing the effects that absent landlords have on the economic health of agricultural production, including land valuation, soil health, and the economic stability of rural communities.

In 2014, 39 percent of farmland acreage in the 48 contiguous States was rented. Of this share, 80 percent was owned by landlords who did not operate farms (Bigelow et al., 2016). Nonoperating absent landlords may have different impacts on the long-term economic health of agricultural production. Absent landlords live outside the local economic region where the rented property is located, so their decisions and incentives may differ from those of local or operating landlords. For instance, the physical distance between landlords and the land they own could influence decisions related to the long-term soil productivity and soil health. Moreover, the vitality of rural economies may be affected when rental payments are sent to landlords residing far from the farm. This report explores associations between absentee ownership and farmland markets and management practices.

## What Did the Study Find?

This study examines the location of nonoperating landlords (NOLs) relative to the location of their farmland to determine how that varies geographically. Landlords are considered absent landlords if they don't operate a farm and are located 100 miles or more from the farmland they rent to a farming operation. The study also evaluates the association between landlord absenteeism and multiple measures of long-term economic and agricultural health and describes changes in these measures from 2012 to 2017 for 25 agriculturally important States.

The study produced the following insights:

Distances between NOLs and their tenants vary considerably across States and regions. Many landlords reside thousands of miles from their agricultural land, often clustered around specific urban areas. Nonetheless, in the 25 States measured, the majority of NOLs in 2014 resided within 100 miles of the parcels they rented out. The Midwest differed from the rest of the United States in that the distances between landlords and tenants were, on average, significantly shorter than distances between landlords and tenants on the east and west coasts.

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

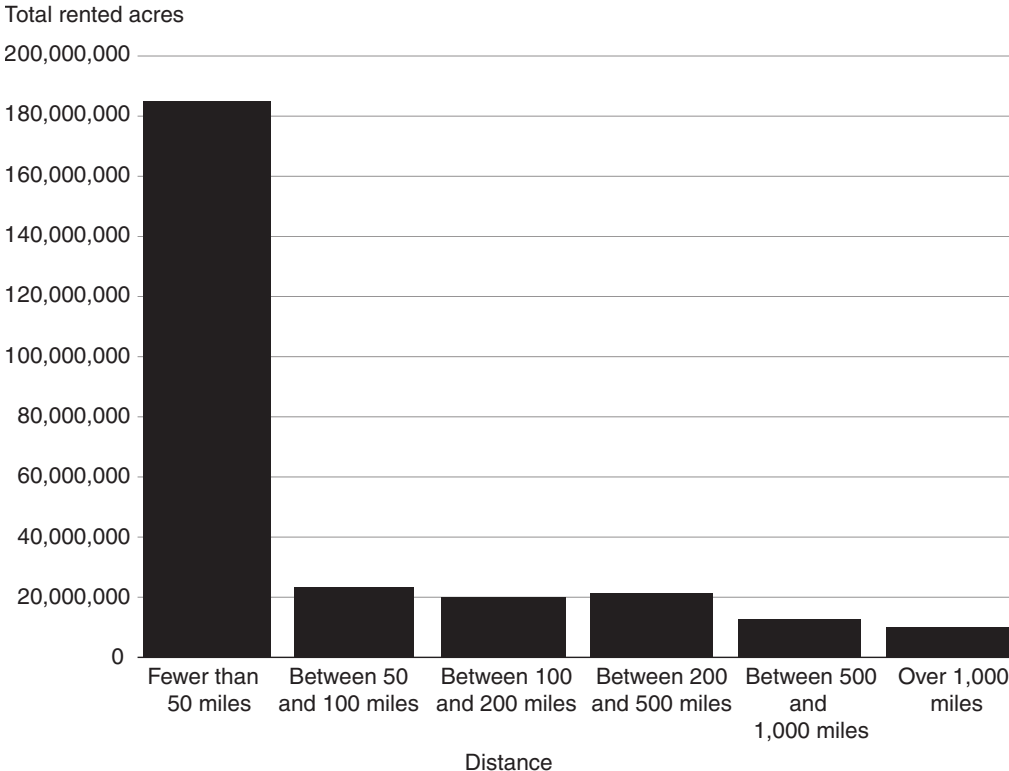
The prevalence of absent landlords was consistently higher in counties and States with lower rents and land values and weaker indicators of local economic development. In 2014, there was a higher percentage of absent landlords in areas with lower farmland rental rates, lower land values, lower income growth, and lower employment growth.

**The association between the prevalence of absent landlords and our measures of effort to improve soil health was mixed.** There was no statistical association between the percentage of absent landlords and the percentage of acres utilizing conservation tillage or no-till farming practices in 2017. However, higher shares of absent landlords in a State are associated with a larger increase in acreage utilizing these practices as well as in the number of practices used from 2012 to 2017. Conversely, States with a higher percentage of absent landlords had a lower percentage of cropland with cover crop usage in 2017, but there was no statistical association between the percentage change in cover crop usage over the period studied.

### How Was the Study Conducted?

Distance between the landowner and the approximate location of the land they rent out was measured using geocoding techniques based on NOLs' mailing address and approximate location of the land they rent out from the USDA's 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) survey. The TOTAL survey included operators and nonoperator landlords across the 48 contiguous States, with State-level estimates suitable for statistical analysis in the 25 States with the greatest cash receipts from agricultural operations. Two definitions of absent landlords, a subgroup of NOLs, were considered in the study: (1) those residing more than 100 miles from the farmland they rent out and (2) those residing more than 200 miles from their rented-out farmland. To explore the potential effects that landlord absenteeism might have on farmland rents and value, soil health, and local economic well-being, TOTAL data were supplemented with information from the 2012 and 2017 Census of Agriculture. State- and county-level economic variables were drawn from statistics produced by the Bureau of Economic Analysis (BEA).

#### Total rented acres by nonoperator landlords residing at different distance intervals



Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, 2014 Tenure, Ownership, and Transition of Agricultural Land (TOTAL) survey.