

# The Changing Landscape of Ranchland Ownership: Understanding the Forces Behind a Generational Land Transfer



**Sean Puckett**

CFA, CAIA®

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## Introduction

Ranchland, the largest segment of agricultural land in the United States, is undergoing a significant transformation.<sup>1</sup> Historically shielded from broad market dynamics due to family ownership and operational continuity, ranchland is now entering an era of unprecedented change. This shift is largely driven by an impending generational land transfer, where properties traditionally passed within families are now entering the broader market. For the first time, buyers outside of these family networks are gaining access to large, high-value ranch properties, catalyzing the need for professional, values-aligned management and new ownership models.

This paper evaluates the historical, economic, and technological factors driving this change. It provides an objective look at how these dynamics are reshaping the ranchland market and what this means for the industry.



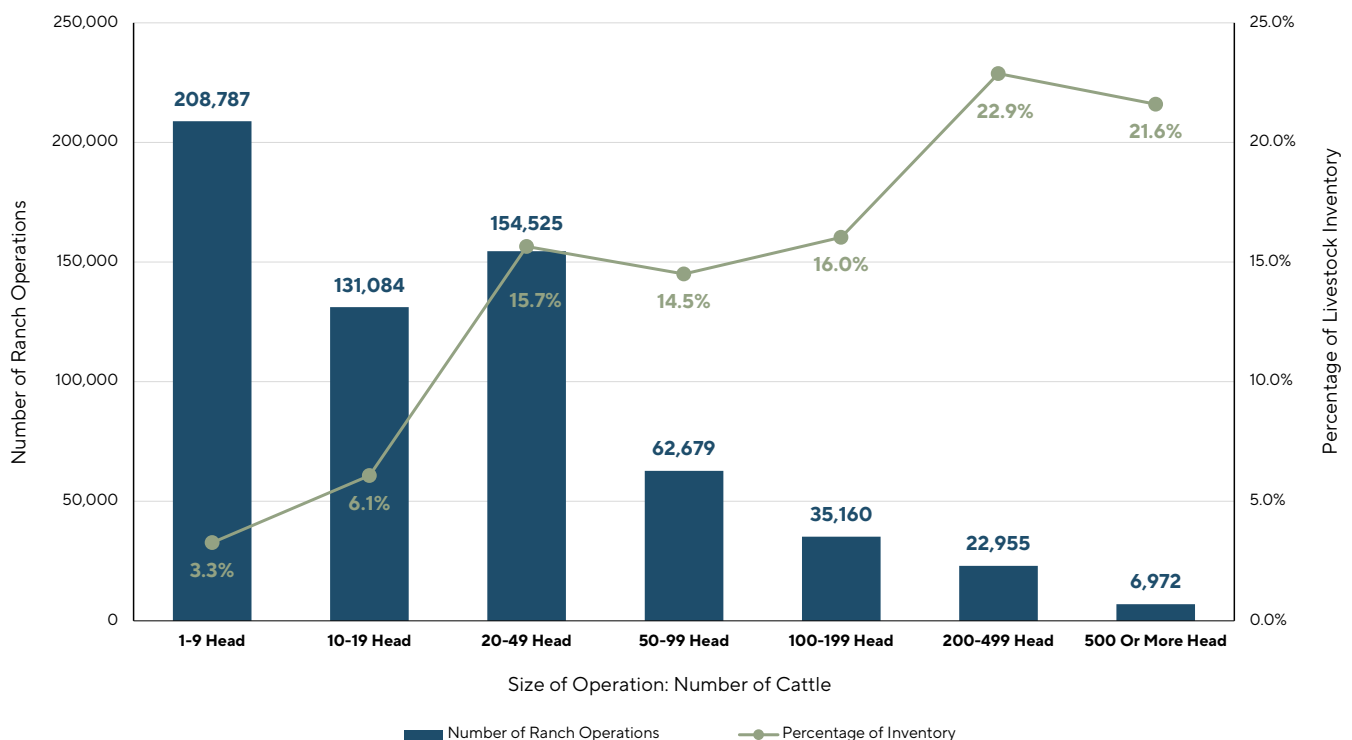
## Brief Introduction to the Ranch Operations

The US Ranching industry has seen a decline in the number of operations over the last 30 years, with the number of livestock operations declining from just under 900 thousand in 1997 to roughly 623 thousand operations in 2022.<sup>2</sup> This consolidation in part has occurred due to aggregation among existing family operators, expanding their land holdings as neighboring properties come to market.

### Ranch Operations

Below is a table summarizing the 2022 census data for the number of ranch operations and the associated percent of the national livestock inventories controlled by those ranches, broken out by size of operation:

#### US Ranch Operations: Number of Ranches and Livestock Inventory by Ranch Size<sup>2</sup>



US Ranch operations are tracked through the USDA's National Agricultural Statistical Service, or "NASS" with census data gathered every five years.

Large ranches, which can be defined as having 500 head or more, represent roughly 1.1% of the total number of ranch operations in the United States. The number of these large ranches has steadily increased since 1997 as consolidation and aggregation have occurred, increasing from 0.6% of the total number of operations in 1997.<sup>2</sup>

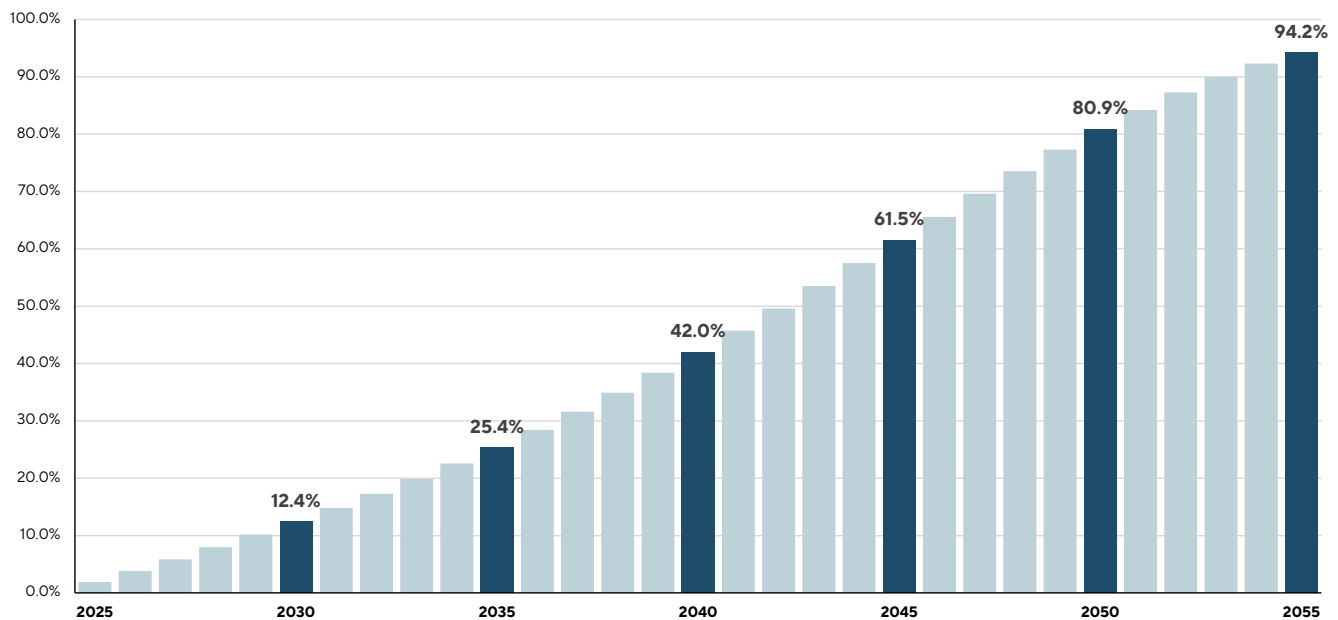
In addition, the overall cattle inventory controlled by the top 1% of ranches (by size) has gone up, with over 21.6% of US livestock inventories produced on ranches with herd sizes of 500 head or more.<sup>2</sup>



## Ranch Owner Demographics

Based on the 2017 Census of Agriculture survey, the average age of a US rancher is 57.5 years old.<sup>3</sup> As of 2025, we can assume that the average age is now 65 years old given a lack of available data on changing ownership demographics within the ranchland industry. Using standard mortality rate tables, this indicates that over the next 30 years roughly 94% of ranches will change hands due to mortality alone (all else equal).<sup>4</sup>

### Cumulative Mortality Rates with Base Age of 65<sup>4</sup>



Based on available market data from the National Ranchland Property Index®, there currently is an estimated \$750 billion in ranchland market values in the United States, creating a significant transfer of wealth over the coming decades.<sup>5</sup>

This shift represents both challenges and opportunities for new landownership models. Families face difficult decisions about retaining their heritage amidst financial pressures, while the market must adapt to facilitate responsible and morally-aligned transitions. Private businesses that align with the values of the ranching community will play a critical role in navigating this complex landscape, providing viable solutions for liquidity, operations, and also succession planning.

## Importance to our Economy

Cattle production is the most important agricultural industry in the United States, consistently contributing the largest share of national cash receipts for agricultural commodities (17%, or \$101 billion in 2023)<sup>6</sup>. Agriculture and related industries accounted for 5.5% of total GDP in the United States in 2023, which does not account for the downstream industries that rely on agriculture such as manufacturing, clothing, leather, and other industries. The Agricultural and related industries account for over 10.4% of the total



US employment, with 2.6 million jobs reported directly related to growing crops and grazing animals.<sup>7</sup> For ranching specifically, most of these jobs are located in rural economies, contributing to local output and often are critical to the continued viability of these areas.

## Historical Ranchland Transfers

For much of the 20th century, ranchland ownership was marked by continuity within families, with an estimated 96% of properties privately owned and operated by families in the United States.<sup>8</sup> During the last big land transfer from the greatest generation to the silent generation, many of these properties had been kept in the family for multiple generations, with succession planning relatively simple due to low market frictions for land ownership transfer. This stability in land ownership transfer was supported by several factors:

- 1. Lower Land Values:** From the 1980s to early 2000s, ranchland prices remained within reach for intergenerational transfers. Estate tax exemptions, ranging from \$2.5 million to \$3.5 million per spouse, often covered the value of family-owned ranches, minimizing financial pressures during inheritance.<sup>9</sup>
- 2. Higher Profit Margins:** During the 1970s and 1980s, ranching was a more profitable enterprise. Ranchers benefitted from less industry consolidation, with the top four meat packers controlling only 40% of the market.<sup>10</sup> This allowed ranchers greater leverage with meat processors with more bargaining power held with the suppliers.
- 3. Family Continuity and Heritage:** As stated above, roughly 96% of ranches are family owned and have been for multiple generations. This figure reflects a strong sense of heritage, coupled with manageable financial structures, which historically had encouraged generational retention of ranchland.
- 4. Operational Challenges for Non-Family Ownership:** The complexity of managing large ranch properties—requiring expertise in grazing, livestock, and stewardship—posed significant barriers to new landowners wanting to enter the market. Unlike farmland and timberland, which benefitted from professional management companies, ranchland lacked scalable solutions for non-family operators.

These factors historically ensured that large ranch properties were primarily transferred within families, creating a consistent pattern of generational ownership rather than market transactions.



## Current Ranchland Ownership Transfer

Today, a convergence of market frictions are driving a fundamental shift in ranchland ownership:

- 1. Higher Land Values:** based on data from the National Ranchland Property Index®, since 1998 ranchland property values have increased by over 320%, which has contributed to an increasing segment of large ranch properties to be above estate tax exemption limits.<sup>5</sup> This segment of properties are estimated to be less than 1.1% of the total number of ranch properties, but they represent nearly 22% of production acres in the United States.<sup>2</sup> These larger ranches are critical businesses to rural economies, and even if the next generation within the family wants to keep the ranch, estate tax payments and lack of liquidity or access to financing are creating real challenges for this segment of landowners to pass the property to their kids.
- 2. Profit Margin Compression:** Industry consolidation has eroded ranchers' bargaining power. Four companies now control over 80% of U.S. beef processing, while rising input costs—including feed, labor, and infrastructure—have further reduced profitability for many family operators.<sup>10</sup> Larger ranches, as discussed above, are less impacted due to the inherent economies of scale in livestock production; however, smaller and mid-sized family owned ranches have experienced a material negative impact on their standard of living as the cost to own land has gone up, and profits for livestock production have been compressed.
- 3. Shifting Family Dynamics:** Younger generations are increasingly pursuing urban careers and lifestyles, often with limited interest in operating the family ranch. Financial barriers discussed above, the demanding lifestyle and shifting mindset of younger generations from hard labor to a more technology-focused economy, and lack of generational transition planning by the parents are key contributing factors to this dynamic. These transfers are often complicated by unresolved family dynamics, which can lead to emotional stress and conflict. Parents may struggle to balance their roles as authority figures and supportive family members, creating frustration for adult children seeking autonomy in decision-making. A lack of clear succession planning can leave farming children feeling undervalued, while non-farming heirs may question their roles in the inheritance process. These unresolved tensions, coupled with financial barriers, discourage younger generations from continuing operations. Additionally, without a strategic plan for fair and transparent ownership transfer, disputes over entitlements and “fair” selling prices can lead to fractured relationships and financial instability.<sup>11</sup>
- 4. Advances in Technology:** Emerging tools in rangeland health monitoring, livestock management, and data analysis have created efficiencies that reduce operational barriers. These advancements enable centralized management of large properties, opening opportunities for new ownership models that give families a potential option to exit the family ranch to non-family members.

To summarize, rising land values, profit margin compression, and shifting family dynamics have created significant challenges for families attempting to pass down ranches, especially large-scale properties critical to rural economies.

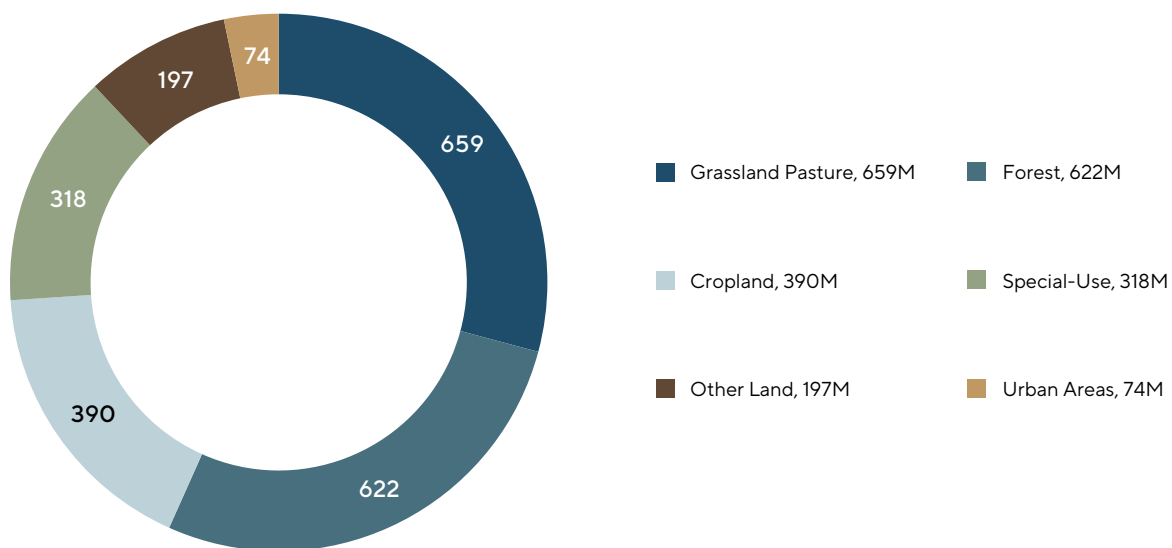


## Why the Transition of Ranchland Matters

As a cornerstone of agricultural production, ranchland plays a critical role in ensuring food security, preserving biodiversity, and sustaining the natural resources that underpin the health of our grassland ecosystems and economy. Addressing the challenges of land transfers with innovative solutions is needed to ensure these critical assets remain in production agriculture and in conservation-focused management practices.

Ranchlands (as defined by the USDA as grassland pastures or grazing land for livestock) represent over 29% of all land used in the United States, leading the second largest land-use (forestry) by 37 million acres.<sup>12</sup>

### United States Land-Use by Acres (Millions of Acres)



An economy is only as sustainable as its natural resources, and these ranchland acres are home to over 120 mammals, 2,900 plant species, and over 200 bird species.<sup>13</sup> Also, a study by OCC found that nearly 90% of the western United States depends on national forests and grasslands for drinking water, with many of the headwater river systems forming within or near grassland pastures.<sup>14</sup>

Within ranchlands, there are two increasingly scarce resources: production land and water. The U.S. loses approximately 2 million acres of productive rangeland annually to urban sprawl, drought, and conversions to cropland.<sup>15</sup> In the Rocky Mountain region alone, ranchland acreage has declined by over 21 million acres since 1997.<sup>16</sup> Such reductions threaten the availability of productive agricultural land, diminishing its ability to sustain food production and support the economic stability of rural communities. Similarly, water scarcity is an increasing concern across the west, placing additional pressures on land conservation and finding new solutions to keep these working lands in production agriculture.

By maintaining ranchlands in production and ensuring sustainable stewardship, we protect not only their economic and agricultural contributions but also their vital role in preserving the ecological balance and resilience of our natural resources, not to mention the long-standing cultural significance they play for thousands of families. This interconnected importance highlights why the careful and deliberate transition of ranchland should be something most people have a vested interest in seeing succeed.



## Solutions for Landownership Transfer

Ranchland ownership transfer conceptually can be thought of through a goals-driven approach tailored to each family's unique needs and circumstances. Options might include:

Transition Goal	Description
Keep in Family + Operate	The ideal for families wanting to preserve tradition and directly manage the ranch.
Keep in Family + Hire Operator	Retaining ownership while outsourcing operations to ensure the land remains productive.
Sell Land / Lease Back	Selling the property to cover financial obligations while leasing it back to continue operations under family management.
Sell Land / Don't Operate	Transferring ownership entirely when financial, generational, or operational factors make retention unviable.

## Emerging Ownership Structures

New ownership structures are evolving to balance liquidity needs with long-term land stewardship. Tokenization backed by land assets offers fractional ownership opportunities, enabling families to access capital without losing control. However, these approaches remain nascent, facing regulatory uncertainties and requiring a high level of trust among operators and investors. Such models could redefine ranchland ownership but need refinement to address operational and financial risks.

## Generational Transfer Planning

Comprehensive estate planning is essential to facilitate seamless generational transfers. Emerging tools and professional resources help families move beyond conversations to actionable plans. These include strategies like family limited partnerships, life insurance solutions, and conservation easements, which can mitigate tax burdens and financial pressures while preserving family legacies.

## Institutional Ownership

For families unable or unwilling to retain ranchlands, institutional ownership offers a practical alternative. Leveraging advanced technologies such as drones, virtual fencing, and centralized management systems, and rangeland health monitoring, institutions can maintain operational efficiency and ecological stewardship. The success of institutional models in farmland and timber, as reflected by the \$43 billion in institutional properties owned and operated among these property types, demonstrates the potential for similar frameworks in ranchland, ensuring these assets remain productive and sustainable.<sup>17</sup>



## Government and Regulatory Considerations

The importance of ranchland to national food security and ecosystem health raises questions about policy. Excluding estate taxes for agricultural properties transferred within families could reduce barriers to generational ownership. However, safeguards must prevent abuse. Structuring exemptions with caps or strict operational requirements could strike a balance between preserving family ranches and preventing misuse.

Whether through family retention, institutional investment, or new ownership models, the priority must be ensuring that these lands remain in production agriculture, and that they are aligned with their essential role in our national and ecological well-being.

## Conclusion

As stewards of our nation's food security and natural resources, ranching families hold a critical responsibility. By embracing innovative solutions, we can preserve these lands for future generations, ensuring they remain productive, biodiverse, and resilient.

The generational transfer of ranchland marks a pivotal moment in the U.S. agricultural landscape. This transition is reshaping ownership patterns, driven by rising land values, changing family dynamics, and technological advancements. At the same time, resource scarcity and evolving market demands underscore the enduring importance of these properties.

Addressing this shift requires solutions that balance economic viability with the preservation of ranching heritage. Professional management, ethical stewardship, and community-aligned strategies will be key to ensuring that this historic land transfer benefits all stakeholders, from families to new owners and the broader agricultural economy. By understanding the forces at play, we can collectively shape a sustainable future for America's ranchlands.





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## Ranchland Capital Partners, LLC

5 West Mendenhall Street  
Suite 202, Bozeman, MT 59715  
Tel: 406-431-3185  
[contact@ranchlandcp.com](mailto:contact@ranchlandcp.com)