THE ECONOMIC IMPACT OF AGRITOURISM IN NEW JERSEY
A 2006 Assessment

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Study Background

• In 2004, the New Jersey State Board of Agriculture identified agritourism development as an economic development strategy for bolstering the viability of New Jersey agriculture.

• In 2005, New Jersey Secretary of Agriculture, Charles Kuperus, convened the New Jersey Agritourism Industry Advisory Council.
  - The purpose of the Council is to assist with the creation and implementation of strategies to advance the economic development opportunities presented by agritourism.
Study Background

• In 2005, New Jersey Department of Agriculture (NJDA) commissioned the Rutgers Food Policy Institute (FPI) to conduct a study on agritourism in NJ.

**Key Objectives:**
- Document the nature of current activities.
- Identify the challenges experienced by farmers.
- Identify the perceived opportunities in agritourism.
- Assess the importance of agritourism to ‘farm viability’.
- Develop recommendations for agritourism industry development.

• A final report, “The Opportunity for Agritourism Development in New Jersey” (by B. Schilling, L. Marxen, H. Heinrich, & F. Brooks) was issued in October 2006.
The NJDA and FPI funded a second study in 2006 to determine the economic importance of agritourism in New Jersey.

**Primary Goals:**
- Estimate the impact of agritourism on the income of New Jersey farms.
- Estimate the statewide economic impact of agritourism.
**Survey Methods**

- The New Jersey Field Office of the National Agricultural Statistics Service (NJ-NASS) conducted the survey between April and July 2007.

- A probability-based random sample (stratified by gross value of farm sales) of 1,500 New Jersey farm operations was selected from the NASS list frame of active farm records.

- Data collection consisted of two survey mailings and telephone follow-up.
What is Agritourism?

- Agritourism may be defined broadly as the business of establishing farms as travel destinations for educational and recreational purposes.
What is Agritourism?

- This study recognized 5 primary types of agritourism activity:
  - **On-farm sales of agricultural products** (direct-to-consumer)
    - (E.g., Pick-your own, U-cut Christmas trees, on-farm markets)
  - **Educational tourism**
    - (E.g., School tours, winery tours, farm work experiences)
  - **Entertainment**
    - (E.g., Hay rides, corn mazes, petting zoos, haunted barns)
  - **Accommodations**
    - (E.g., Birthday parties, picnicking, bed & breakfasts)
  - **Outdoor recreation**
    - (E.g., Horse riding, hunting, fishing, bird watching)

- Off-farm venues (e.g., community farmers’ markets, agricultural museums, living history farms, county agricultural fairs, etc.) were **not** included in the study.
How Many New Jersey Farms Offer Agritourism Activities?

- In 2006, more than one-fifth of New Jersey farms offered some form of agritourism.
  - A higher proportion of New Jersey’s larger farms (e.g., farms with sales of $250,000+) report agritourism activities.
- It is estimated that 43% of New Jersey’s total land in farms is associated with farm operations engaged in agritourism.
Why is Agritourism Important for New Jersey Farms?

- In New Jersey, and across the United States, agritourism is emerging as an important strategy for bolstering farm profitability.

- The popularity of agritourism reflects the fact that it offers benefits to both the farmer, as well as the public.
Why is Agritourism Important for New Jersey Farms?

- Allows farmers to generate additional income from farm assets (e.g., land and equipment) that may be underutilized or idle for long periods of time.

- Enables farmers to diversify product lines and markets.

- Affords farmers the opportunity to receive feedback from consumers regarding preferences for farm products and services.

- Provides a venue for educating children (and adults) about the state’s agrarian heritage, food production, and resource stewardship.
  - Raised awareness and understanding of farming ultimately benefits farmers because it may help reduce conflicts with non-farm neighbors and strengthen public support for farm retention and economic development policies.
Why is Agritourism Important for New Jersey Farms?

- Enhances the quality of life in communities by expanding recreational opportunities, promoting the retention of agricultural lands, and diversifying economic bases.

- Retains working agricultural landscapes that reflect the efforts of generations of farm families and often provide a defining sense of culture, heritage, and rural character.

- Provides consumers with access to fresh, locally-produced farm products.

- Generates economic benefits beyond the farm gate.
How Much Agritourism Revenue Do New Jersey Farms Generate?

- Income from agritourism activities on New Jersey farms totaled $57.53 million in 2006.

<table>
<thead>
<tr>
<th>Activity</th>
<th>2006 Revenues ($million)</th>
<th>Pct. of Agritourism Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-farm Sales of Ag. Products (direct-to-consumer)</td>
<td>$40.54</td>
<td>70.5%</td>
</tr>
<tr>
<td>Outdoor Recreation</td>
<td>$9.19</td>
<td>16.0%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$5.42</td>
<td>9.4%</td>
</tr>
<tr>
<td>Educational Tourism</td>
<td>$1.88</td>
<td>3.3%</td>
</tr>
<tr>
<td>Accommodations</td>
<td>$0.50</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$57.53</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
How Much Agritourism Revenue Do New Jersey Farms Generate?

- The average agritourism income reported by farms with agritourism activities was $27,093 in 2006.
  - Median agritourism revenue was $1,173 per farm.

- Considerable variation exists in the scale of agritourism operations. Among farms with agritourism activities in 2006:
  - 25.1% earned $1 to $1,000
  - 27.1% earned $1,000 to $4,999
  - 8.7% earned $5,000 to $9,999
  - 6.8% earned $10,000 to $24,999
  - 3.9% earned $25,000 to $49,999
  - 9.7% earned more than $50,000
How Much Agritourism Revenue Do New Jersey Farms Generate?

- 18.8% of farms reporting agritourism did not earn any revenue from agritourism activities.

  - Supports the expectation that many NJ farmers find non-pecuniary value in the opportunity to engage in interactions with the public that promote awareness, appreciation, and understanding of agriculture.
How Important is Agritourism from the Standpoint of Total Farm Income?

Among Farms with Agritourism in 2006:

- Based on farmers’ own estimates, **36 percent earn 100% of total farm income from agritourism**.
  - The large majority of these farms are small, producing less than $50,000 in total gross farm sales.

- 52 percent earn **at least half** of their farm income from agritourism.
### Breakdown of Agritourism Revenue by Size of Gross Farm Sales

<table>
<thead>
<tr>
<th>Gross Farm Sales Class</th>
<th>&lt;$10,000</th>
<th>$10,000 to $49,999</th>
<th>$50,000 to $99,999</th>
<th>$100,000 to $249,999</th>
<th>$250,000+</th>
<th>All Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pct. of Farms with Agritourism</td>
<td>17.0%</td>
<td>28.7%</td>
<td>25.5%</td>
<td>21.7%</td>
<td>38.0%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Average Agritourism Revenue*</td>
<td>$3,453</td>
<td>$22,880</td>
<td>$31,609</td>
<td>$35,162</td>
<td>$124,961</td>
<td>$27,093</td>
</tr>
<tr>
<td>Median Agritourism Revenue*</td>
<td>$800</td>
<td>$2,569</td>
<td>$5,000</td>
<td>$5,200</td>
<td>$3,000</td>
<td>$1,173</td>
</tr>
</tbody>
</table>

*Average and median agritourism revenue estimates are based on in-sample analysis.
What is the Statewide Economic Impact of Agritourism?

- IMPLAN, a widely used input-output modeling system, was used to measure the economic linkages between agritourism and the rest of the NJ economy.

- For every dollar in agritourism sales generated on a NJ farm, $0.58 of additional sales are generated in other businesses (e.g., restaurants, construction companies, insurance providers, etc.).
  - Therefore, agritourism creates an additional $33.29 million in revenue in other businesses.
What is the Statewide Economic Impact of Agritourism?

• In total, **agritourism generates $90.82 million in revenues statewide.**
  - $57.53 million farm-revenue.
  - $33.29 million non-farm revenue.

• IMPLAN analysis further shows that:
  - Agritourism has a net contribution to gross state product (i.e., value added) of $59.41 million.

  - Agritourism and allied businesses also account for an estimated $8.09 million in state and local taxes.
### Summary of the Economic Impact of Agritourism in New Jersey

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Agritourism Revenues (Farm Level)</td>
<td>$57.53 million</td>
</tr>
<tr>
<td>Total Revenues Generated in Supporting Businesses</td>
<td>$33.29 million</td>
</tr>
<tr>
<td>Total Sales Impact of Agritourism</td>
<td>$90.82 million</td>
</tr>
<tr>
<td>Net Value Added by Agritourism to NJ Economy</td>
<td>$59.41 million</td>
</tr>
<tr>
<td>Total State and Local Taxes Generated as a Result of Agritourism (Farms + Supporting Businesses)</td>
<td>$8.09 million</td>
</tr>
</tbody>
</table>
Interested in visiting a farm near you?

- Visit the State’s new interactive agritourism website to locate 120 farm destinations with a variety of on-farm fun and activities!

[www.visitnjjfarms.org]
About the New Jersey Agricultural Experiment Station

- NJAES created in 1880, making it the 3rd oldest state experiment station in the U.S.

- NJAES research and extension represent a partnership between the USDA, the State of New Jersey and County Boards of Chosen Freeholders. Its activities impact nearly 2,000,000 stakeholders each year.

- Priority Areas:
  1. Production Agriculture, Horticulture and Allied Industries
  2. Public Health
  3. Marine Fisheries and Aquaculture
  4. Economic and Community Development
  5. Food and Nutrition
  6. Youth Development

- NJAES comprises 24 Centers and Institutes, both on and off campus. It is also home to Rutgers Cooperative Extension, which has offices in all 21 counties

*NJAES Mission Statement*

“To enhance the vitality, health, sustainability and overall quality of life in New Jersey by developing and delivering practical, effective solutions to current and future challenges relating to agriculture; fisheries; food; natural resources; environments; public health; and economic, community, and youth development.”
For More Information

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