Transfer of family farm ownership to a third party

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Farm transfers in Austria

Context
Decrease of farms
Aging, decreasing number of children, competitiveness of farms, non-agricultural perspectives, financial soundness, size of farms

Situation in Austria
Majority of farm transfers within the family
Less is known about transfer to non-related successors (third party successors)

Question
What is the current situation in Austria?
What are the motivating factors behind transfers to family members/third party successors?
Method

Representative survey

Qualitative survey 1 (transferor)

Qualitative survey 2 (transferee)
# Method

<table>
<thead>
<tr>
<th>Representative survey</th>
<th>Qualitative survey 1 (transferors)</th>
<th>Qualitative survey 2 (transferees)</th>
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<tbody>
<tr>
<td>N = 1,501*</td>
<td>N = 46</td>
<td>N = 25</td>
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<td>Precondition:</td>
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<td>&gt; 55 (women, marriage</td>
<td>Transfer to a third party</td>
<td>Third party successors</td>
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<td>or legal partnerships)</td>
<td>is potentially an option</td>
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<td>&gt; 60 (men)</td>
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<td>Managing &gt; 3ha</td>
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*The sample is based on a target population of 16,350 farmers obtained from the Austrian Integrated Administration and Control System (IACS)
For 7.9% of all respondents the transfer to a third party successor is potentially an option.

- Third party transfer is potentially an option: 6.6%
- Already decided to transfer the farm to a third party successor: 1.3%

N=1,501
Reasons for unclarified transfers (N = 436)

- No children/ successor available: 28%
- Too early to know: 20%
- Disinterest of children: 19%
- Transfer in progress: 7%
- Succession insecure: 7%
- Other reasons: 7%
- Successor passed away: 5%
- Sale/Leasing/Give-up: 4%
- No response: 3%
Results - Transferors

Family-related reasons for considering a third party succession (N=46, multiple answers)

Disinterest of children: Other profession 50%
No legitimate children 48%
Disinterest of children: Not interested in agriculture 24%
Illegitimate children resign 7%
Results - Transferors

Major requirements of transferors are:

• Farm continues to be run as a farm (legal)
  • Right to housing
  • Cooperation on the farm
  • Continuation of the method of farming

• A pleasant relationship to the transferee should exist (social)

• Transferees should have a reference to agriculture (knowledge)
Results - Transferees

Agricultural background of third party successors

- Grew up on a farm but did not take over the parental farm
- Took over the parental farm and additionally took over a farm outside the family
- Newcomer
All respondents do have a sound agricultural education

- Basic training in agriculture with practical experience: 39 (39%) Transferors, 8 (32%) Transferees
- Apprenticeship training for skilled workers: 35 (72%) Transferors, 72 (100%) Transferees
- Master craftsman: 17 (37%) Transferors, 8 (32%) Transferees
- Secondary school diploma: 12 (25%) Transferors, 0 (0%) Transferees
- Studies: 9 (19%) Transferors, 0 (0%) Transferees
Conclusions

- The vast majority of farms in Austria are still passed within the family
- Only a small part of third party transferees are newcomers
- In general, third party transferees do have an agricultural background
Thank you for your attention!

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Sources/Acknowledgement