

# RUTGERS

New Jersey Agricultural  
Experiment Station



## 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.

## **Study Background**

- 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.

Activity	2006 Revenues (\$million)	Pct. of Agritourism Revenues
On-farm Sales of Ag. Products (direct-to-consumer)	\$40.54	70.5%
Outdoor Recreation	\$9.19	16.0%
Entertainment	\$5.42	9.4%
Educational Tourism	\$1.88	3.3%
Accommodations	\$0.50	0.9%
<b>Total</b>	<b>\$57.53</b>	<b>100.0%</b>

## 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?

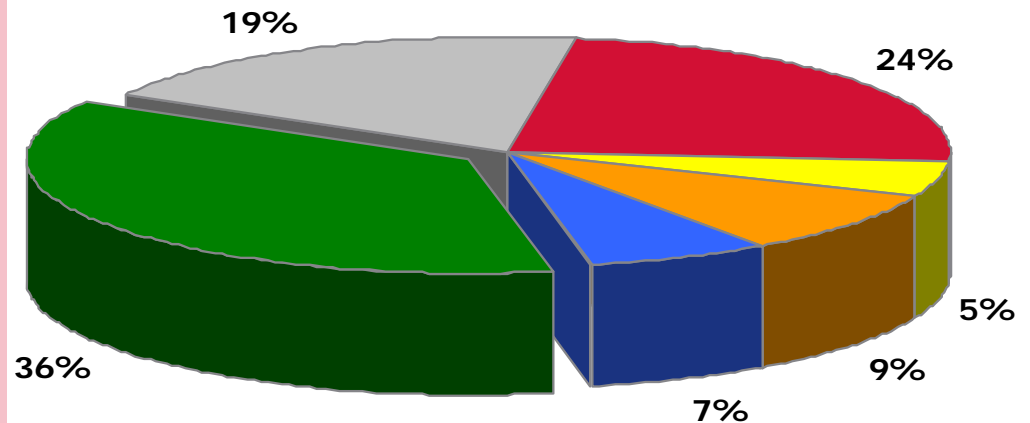
- 18.8% of farms reporting agritourism did not earn any revenue from agritourism activities.
  - Supports the expectation that many NJ farmers find non-pecuniary value in the opportunity to engage in interactions with the public that promote awareness, appreciation, and understanding of agriculture.



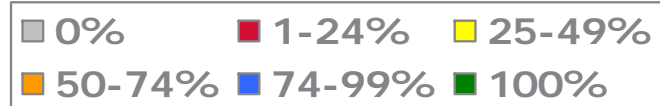
## How Important is Agritourism from the Standpoint of Total Farm Income?

### *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.



Pct. of Farm Income from Agritourism  
(Among Farms with Agritourism)



## Breakdown of Agritourism Revenue by Size of Gross Farm Sales

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

\* 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

Total Agritourism Revenues (Farm Level)	\$57.53 million
Total Revenues Generated in Supporting Businesses	\$33.29 million
Total Sales Impact of Agritourism	\$90.82 million
Net Value Added by Agritourism to NJ Economy	\$59.41 million
Total State and Local Taxes Generated as a Result of Agritourism (Farms + Supporting Businesses)	\$8.09 million

## 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.visitnjfarms.org](http://www.visitnjfarms.org)





# About the New Jersey Agricultural Experiment Station

- NJAES created in 1880, making it the 3<sup>rd</sup> 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**

## **Please Contact**

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