

# Industry Analysis and Farmer Interviews

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Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis is a tool used by strategic planners and marketers to assess the competitive environment of a region, industry, business, or product. It is a very simple technique that focuses on identifying the strengths, weakness, opportunities, and threats facing Baltimore County agriculture today.

To provide an initial framework for the Rural Baltimore County Agriculture Profitability Study , the strengths, weakness, opportunities, and threats were assessed for the agricultural industry overall to include production agriculture as well as agricultural support industries and consumer markets. The SWOT criteria identified are drawn directly from the project team's interviews with the agricultural industry in Baltimore County. As such, this analysis should be considered an industry self-assessment.

## Strengths

Baltimore County is a diverse agricultural economy represented by both traditional and non-traditional agricultural industry sectors, as diverse as wine grape production and livestock farming. Baltimore County is home to the State's largest equine cluster representing 2,100 equine operations with a livestock value in excess of \$121 million. Baltimore County also has the second largest wine grape acreage in the State, the fourth largest sheep industry, sixth largest vegetable production sector, and seventh largest forage and beef cattle sectors.

These industry clusters are supported by strong private sector interests, such as the Maryland Jockey Club, as well as robust public sector support. Baltimore County was one of the nation's first to implement a farmland preservation program along with protective agricultural zoning. Baltimore County's good soils, consumer market access, and good infrastructure access enhance these industries.

Among the above listed strengths, the large and robust consumer market in the region continues to provide a strong base for agricultural sales. The Baltimore-Washington market area provides a 9.1 million person marketplace with median household income of nearly \$71,000 (national median is \$53,000), and the highest level of educational attainment in the nation with 56.8 percent of the adult population having completed some college and 30.6 percent holding a Bachelor's degree or higher. These statistics are important in a retail food market that demanded \$17.6 billion in retail food and drink in 2007, because they highlight the potential of a "Local Food" marketplace, which is driven by consumer characteristics such as high household income and high educational attainment.

As markets expand and locally produced foods become more important in the supply chain, farmers expect to leverage their proximity to and understanding of this market to develop new classes of products and services. The diversity of Baltimore County agriculture and the inherent entrepreneurship of farmers indicates the potential development of new operations in value-added products, educational ventures, and agritourism. County support for such a transition has historically been high from both the land use and economic development communities and is expected to continue in support of this new brand of transition. Recent lending activity by the Baltimore County Department of Economic Development to support the expansion and transition of agricultural operations, highlights this trend.

## Weaknesses

Despite these strengths, all sectors of agriculture have been challenged over the last several decades by land fragmentation, declining land base, and poor commodity economics. These trends are highlighted by losses in both the number of farms and farm acreage. Between 1997 and 2007, these losses included 138 farm operations and nearly 2,000 acres of farmland, although the loss of farmland has slowed somewhat in the past five years. This land conversion is coupled with a trend toward aging farm operators with the average age of a Baltimore County farm operator increasing from 56.2 years of age to 58.8 years of age over the same period.

The trend in the aging of farm operators highlights a weakness identified across all industry sectors, thereby creating the lack of a ready next generation. Many factors contribute to this condition such as the high land values assigned to both protected and unprotected agricultural lands, the low operational returns to commodity agriculture such as grain and livestock, and the general unavailability of large blocks of high value soils due to parcelization. Interviews with farmers also indicate that young farmers have concerns over the possible consequences of poor neighbor relations given the sometimes incompatible nature of farming and residential living. Without additional protections from nuisance suits, these young farmers would rather farm in communities that are more agrarian in nature and understand the needs of the industry.

Closely related to the above are the myriad of regulatory issues highlighted by farmers as possible impediments to agricultural and farm development. Regulatory impediments range from federal to local and include limits to on-farm processing and sales, inconsistent application of state level transportation regulations, varied wildlife management standards, water quality standards, and difficulty in maintaining localized worker housing. In addition to these current issues, many farmers expect that future changes in the farming industry, such as a move to more intensive types of agriculture, might be restricted by current agricultural zoning which was drafted with nearly 40-year old production practices as its backdrop.

A final, but important weakness of Baltimore County agriculture is the statistical silence of the equine industry. Baltimore County is known to be the home to Maryland's largest and highest valued equine inventory, yet little else is known about the industry or its impact on agriculture and land use. Without a clear picture of this industry, it is impossible to fully understand the agricultural industry as a whole.

## Opportunities

Due to Baltimore County's proximity to the Baltimore-Washington market, farmers have the opportunity to benefit from the increasing demand for locally-grown agricultural products. Niche markets and opportunities within segments of traditional agricultural sectors offer additional opportunities for growth. Consumer patterns highlight growth in organically produced produce, livestock, and poultry, as also reflected by the presence of retailers such as Wegmans and Whole Foods that have a history of purchasing locally produced fresh and processed goods. Interest among restaurants and institutions such

## SWOT Analysis Matrix

### *Internal Factors*

#### Strengths

Diverse economy  
Strong private sector interests  
Large and robust consumer markets  
Good government support  
Good soils and climate resources

#### Weaknesses

Aging farm population  
High land values  
Parcel fragmentation  
High risk for nuisance suits  
Regulatory impediments

### *External Factors*

#### Opportunities

Growth in "Local"  
Rise of niche markets  
Interest from institutional buyers  
Food safety  
Biofuels

#### Threats

High volatility in commodity markets  
Supply chain consolidation  
Globalization  
Input costs  
Labor laws

as area hospitals and schools is opening greater opportunities in the broader market region to facilitate transactions between farmers and food buyers in a manner that is convenient and efficient for businesses of all scales.

Biofuel production and consumption offers another opportunity. Biofuels produced from feedstocks offer an opportunity for farmers to make use of waste or primary products as well as reduce consumption of traditional fuels and their attendant higher costs. Forest products offer solid biofuel leveraging for Baltimore County and may increase the value of an existing, but underutilized, farm resource.

## **Threats**

One of the biggest threats to agriculture is the volatility of commodity markets. These drastic swings in pricing increasingly impact short and long-term investment patterns and business planning efforts. Tied to this trend is the movement towards increased globalization of the agricultural supply chain. Globalization forces many local farmers to compete on reduced profit margins. The higher input costs faced by local farmers relative to their competitors in other parts of the country further challenge full time operations in the County. This is another factor necessitating the move towards direct marketing of agricultural products in local markets.

Agriculture is a very labor intensive industry and labor availability is an increasing threat. The agricultural industry in Baltimore County is highly dependent on the use of foreign workers like in much of the Country's agricultural sector. Clarification of their legal right to work is a federal issue which, if not resolved, threatens the survival of agricultural sectors such as horticulture, produce, and equine in Baltimore County.

Finally, the high average age of owner-operators in the County is an indication that younger generations of farmers have not yet taken over in sufficient numbers to sustain current farming activity. This could threaten the relevance of the local agricultural industry for the future.