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Editor: Chris Laughton
Chris.Laughton@FarmCreditEast.com

Contributors:
 Tom Cosgrove
 Chris Laughton

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The Northeast Economic Engine: Agriculture, Forest Products and Commercial Fishing Show \$102 Billion in Economic Impact in Northeast

A report produced by Farm Credit East, in collaboration with researchers from the University of Connecticut's College of Agriculture, Health and Natural Resources, considered the economic and jobs impacts of agriculture, forest products and commercial fishing in New England, New York and New Jersey.

Using data from the 2017 USDA Census of Agriculture, the US Census Bureau, IMPLAN¹ and other sources, the report found that these natural resource-based businesses generated more than \$102 billion in economic impact and supported more than 500,000 jobs in the eight Northeast states analyzed. The following chart highlights key economic impact numbers for each Northeast state.

Table 1: 8-State Economic Impact²

State	Direct Sales of Farming, Fishing & Forestry	Direct Processing Revenue	Total Economic Impact	Jobs Supported
Connecticut	\$682 million	\$2.4 billion	\$5.2 billion	29,163
Maine	\$1.7 billion	\$5.0 billion	\$11.7 billion	74,523
Massachusetts	\$1.3 billion	\$6.5 billion	\$13.3 billion	70,537
New Hampshire	\$510 million	\$1.3 billion	\$2.9 billion	17,880
New Jersey	\$1.4 billion	\$7.0 billion	\$13.6 billion	66,144
New York	\$5.8 billion	\$20.2 billion	\$47.2 billion	209,956
Rhode Island	\$168 million	\$800 million	\$1.5 billion	7,846
Vermont	\$911 million	\$3.0 billion	\$7.1 billion	36,969
8-State Total	\$12.4 billion	\$46.0 billion	\$102.4 billion	513,018

This report, *Northeast Economic Engine*, took direct sales data from the farm, forest products or fishing businesses, combined with processing activities, and used IMPLAN software to calculate the indirect and induced economic impacts and jobs supported throughout the economy.

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¹ The data for this report was created using IMPLAN software (IMPLAN.com), which is a regional economic input-output modeling program used to develop economic impact analysis.

² Totals do not add due to rounding.

This economic impact starts at the farm, forest or the dock. Without this primary production in our region, we would not have the jobs and economic impact created by upstream suppliers and downstream processors. This analysis illustrates there are significant numbers of jobs and economic activity from these support and processing businesses which exist in the Northeast primarily because the region's underlying agricultural production provides the foundation.

The overall economic impact of a given sector is comprised of three components: The direct farm or factory-gate sales of that sector is referred to as the direct impact. The spending of businesses on inputs, goods and services from other firms is referred to as the indirect impact. Finally, the spending of employees of these firms on goods and services within the economy is referred to as the induced impact.

The total economic impact of each farm, fishing and forestry sector is the sum of the direct, indirect and induced impacts of those businesses. Downstream businesses, such as landscaping, wholesaling and retailing other than direct sales from the farm to consumer, were not included. Additionally, food businesses and processors whose primary inputs may not be linked to regional agricultural production, such as bakeries, tropical product handlers, confectionary manufacturing, coffee roasting, grocery retailing, restaurants, etc. were also excluded from the study.

Processing activities that were included were those which the researchers felt were connected to the farming, fishing and forest products production of the region. For example, although raw product may flow into and out of the region, overall, fluid milk processing activity is strongly connected to the milk production of the region's dairy farms. Thus, the region's agricultural production contributes broadly to significant economic activity far beyond the farm, forest or fishing dock.

Overall, the top agricultural production sectors across the eight-state region were (note these do not including processing and marketing):

- **Dairy cattle & milk production**, with \$3.9 billion in direct sales, 32% of the region's total, and \$6.7 billion in economic impact;
- **Commercial fishing**, with \$1.6 billion in direct sales and \$2.7 billion in economic impact;
- **Greenhouse, nursery and floriculture**, with \$1.5 billion in direct sales and \$2.5 billion in economic impact;
- **Forestry and logging**, with \$1.3 billion in direct sales and \$2.1 billion in economic impact;
- **Vegetable production**, with \$1.0 billion in direct sales and \$1.8 billion in economic impact;
- And **fruit farming**, with \$838 million in direct sales and \$1.5 billion in economic impact.

With more than 75,000 farms and over 11 million acres in farmland, more than 60 million acres of forests, and a fishing fleet thousands strong, agriculture, forest products and commercial fishing remain vibrant and essential components of the region's working landscapes and waterfronts.

To access the full report which contains detailed breakdowns by state and industry sector, [click here](#).

2020 Brought Opportunities and Challenges to Agricultural Retail Operations

It's been a roller coaster year for agricultural retail businesses throughout the country. 2020 began with a great deal of uncertainty and concern, as extensive shutdowns occurred following the emergence of COVID-19 in the United States. This caused many businesses, agricultural and otherwise, to lose early spring sales.

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By mid-spring however, most agricultural businesses and farmers' markets were allowed to operate, and many saw a remarkable surge in consumer demand. People came out in droves to farmers' markets, farm stands and garden centers.

A number of factors drove this demand. As we've seen in recent years, people are drawn to farm stands and farmers' markets by a desire to buy local food, to get to know the person producing their food, and to support local agriculture.

In addition, stay-at-home orders and restrictions on social activities implemented this spring, caused people to focus on improving their homes, gardening and landscaping. With many schools closed, youth sports on hold, movies, bars and live entertainment venues shuttered, agricultural retail venues have been some of the few places open for people to get out and do something. This resulted in strong consumer demand at farm stands, garden centers and nurseries.

Many agricultural retail businesses are reporting unprecedented customer interest. "People have been coming out of the woodwork," reported one farm stand operator, "I've never seen anything like it." Sales are up as much as 15 to 20 percent, year-over-year, at some businesses.

While customer traffic and sales have been strong for many direct-to-consumer agricultural businesses, it hasn't been easy. Businesses have had to alter facilities and procedures ranging from installing barriers at checkouts, to reconfiguring sales floors, to requiring masks and social distancing by customers and staff alike. Managing employee schedules around absenteeism and staffers' increased family obligations has also been a major challenge.

Businesses that offered delivery and curbside pickup saw robust demand for these services, but of course these come with increased costs and operational complexity. Despite very high unemployment, hiring additional staff has been challenging.

Some farms offering Community-Supported Agriculture (CSA) crop shares had their best year ever but were unable to fully capitalize on increased demand due to capacity limitations. Once sold out of their production, farms were unable to gain additional sales.

Other farms, such as some pick-your-own operations, had to limit customer traffic due to COVID-19 concerns. In some cases, despite an increase in demand, they had to allow fewer customers in than usual, frustrating operators and customers alike.

This strain of increased customer demand coupled with constraints in operations and staffing has left many agricultural retail operators and managers exhausted. The next question: what will 2021 bring?

For the time being, COVID-19 does not appear to be going away. Many areas are seeing a rise in cases as everyone waits on the development and distribution of an effective vaccine. Will the dramatic surge in interest for farm stands and garden centers be sustained when other activities reopen? When the competing demands for time, such as youth sports, school activities and other entertainment options come back, will people still be as motivated to visit their local farms and garden stores? That remains an open question as we look toward the next season with uncertainty.

CONTACT INFORMATION

We look forward to your questions about Knowledge Exchange Partner and your feedback:

KnowledgeExchange@FarmCreditEast.com

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