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# Finnish Family Forest Owner 2010

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**METLA**

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1. Previous surveys and the structure of the 2009 survey
2. Structure of the family forestry and the structural change compared with 1999 and 1990 surveys
3. Conclusions and structural change in the future

# Brief history of forest owner monitoring surveys since the 1970's

## ■ Whole country 1975

- Järveläinen, V.-P. 1978. Yksityismetsätalouden seuranta. Metsälöötökseen perustuvan tietojärjestelmän kokeilu. Summary: Monitoring the development of Finnish private forestry. A test of an information system based on a sample of forest holdings. Folia Forestalia 354. 31 p.

## ■ Southern Finland 1980-1986

- Karppinen, H. and Hänninen, H. 1990. Yksityistilojen hakkuumahdollisuuksien käyttö Etelä-Suomessa. Summary: Actual and allowable cut in nonindustrial private woodlots in southern Finland. Folia Forestalia 747. 117 p

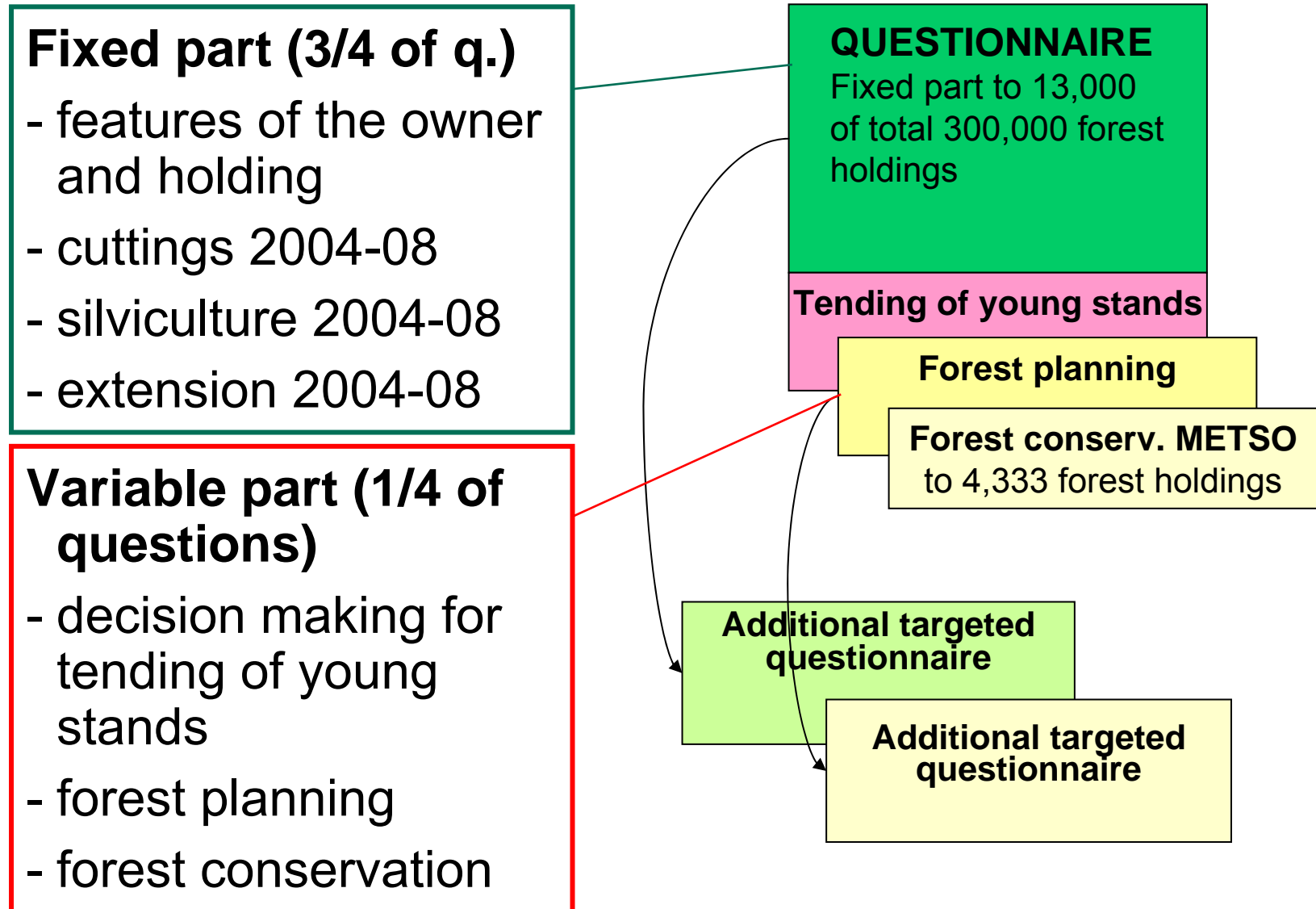
## ■ Whole country 1990

- Ovaskainen, V. and Kuuluvainen, J. (eds.). 1994. Yksityismetsänomistuksen rakennemuutos ja metsien käyttö. [Structural changes in private forestry and the utilization of forests] Metsäntutkimuslaitoksen tiedonantoja 484. 122 p. + appendices.

## ■ Whole country 1999

- Karppinen, H., Hänninen, H. and Ripatti, P. 2002. Suomalainen metsänomistaja 2000. [Finnish forest owner 2000] Metsäntutkimuslaitoksen tiedonantoja 852. 83 p.

# The structure of mail (online) survey in 2009



# Who were included in family forest owners?

- Mainland of Finland (Aland islands were excluded)
- Holding or family (husband + wife) has in total at least 5 ha productive forest land within a certain municipality
- Ownership form is direct, meaning
  - personal or family ownership
  - private partnership
  - heirs (undistributed ownership)
- company or jointly owned forests (indirect ownerships) were not included into the survey

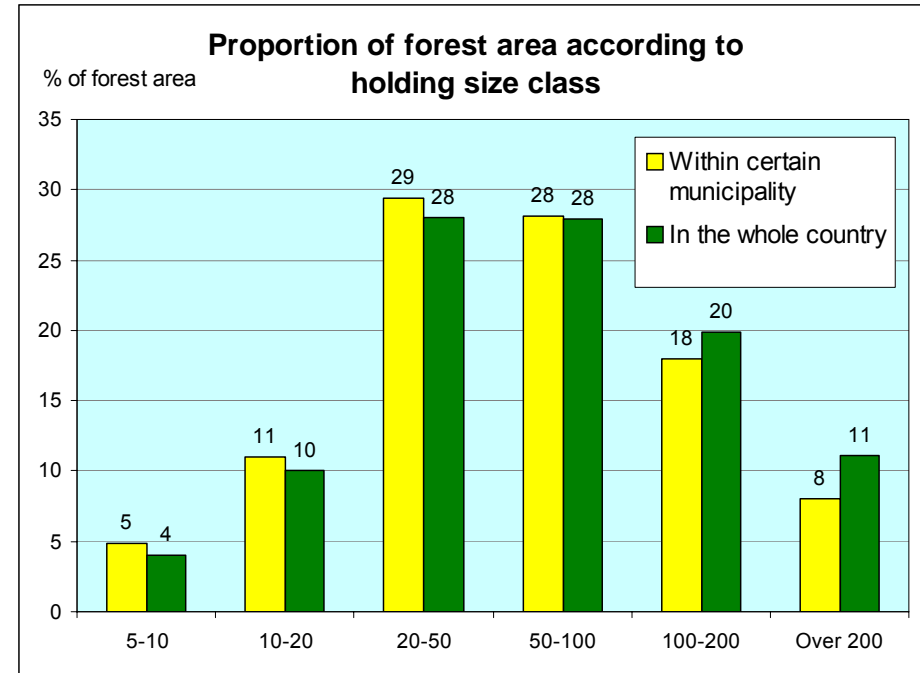
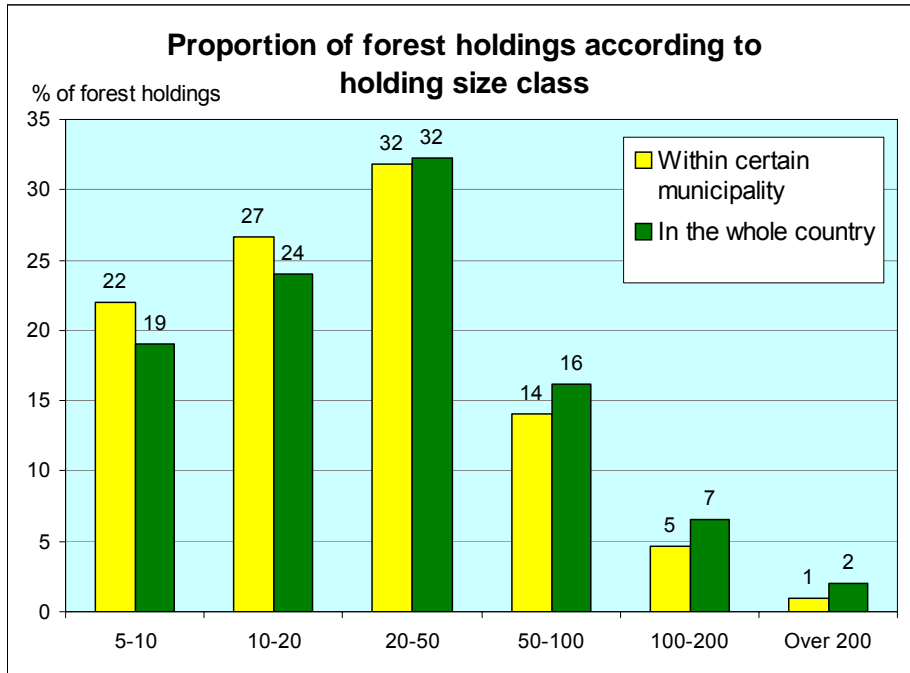
# Response rate and non-response analysis

- Response time was between 9 February – 30 March 2009, but some questionnaires have been returned after this too
- Number of responded forest holdings was 6,318 of adjusted total 12,848
  - response rate was 49.2 %
  - online questionnaire on internet was filled by 345 forest holdings, i.e. 5.5 % of respondents
- Non-response analysis was made by phone to 201 forest holdings
  - indicated that farmers had lower response rate than others → case weights were developed and included to adjust this
  - the non-response analysis was not reliable with regard to joint ownerships and heirs, because phone numbers of connection person were not possible to find in all these cases: still, their proportions could be checked against sample proportions → no further weights were needed

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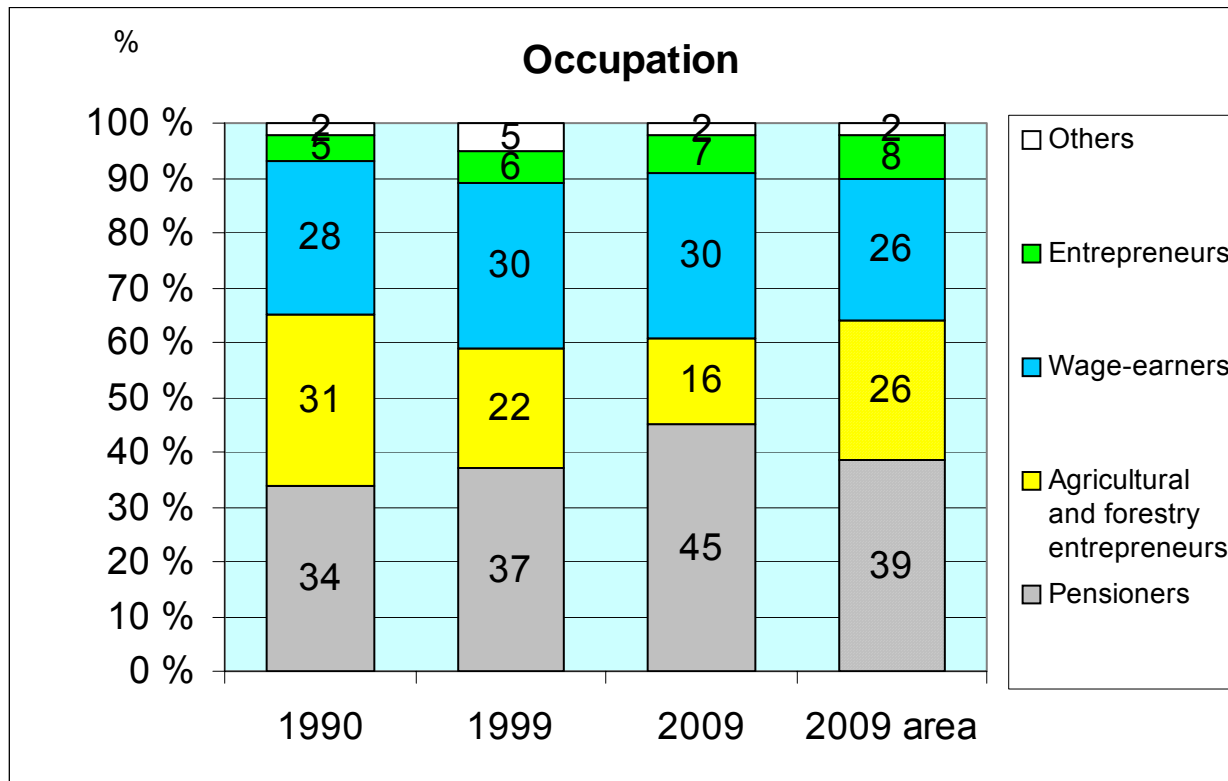
1. [Redacted]  
survey
2. Structure of the family forestry and the structural change compared with 1999 and 1990 surveys
3. [Redacted]

# 80/20 -rule for forest ownership: 80% of forest holdings have less than 50 ha forest



- Majority, 75-80 % of forest owners, have less than 50 ha forest
- On the other hand, 20-25 % of owners have 55-60 % of forest area
- A broad forest ownership group may make the whole forest sector generally more acceptable

# 45 % of forest owners are pensioners (main occupation)

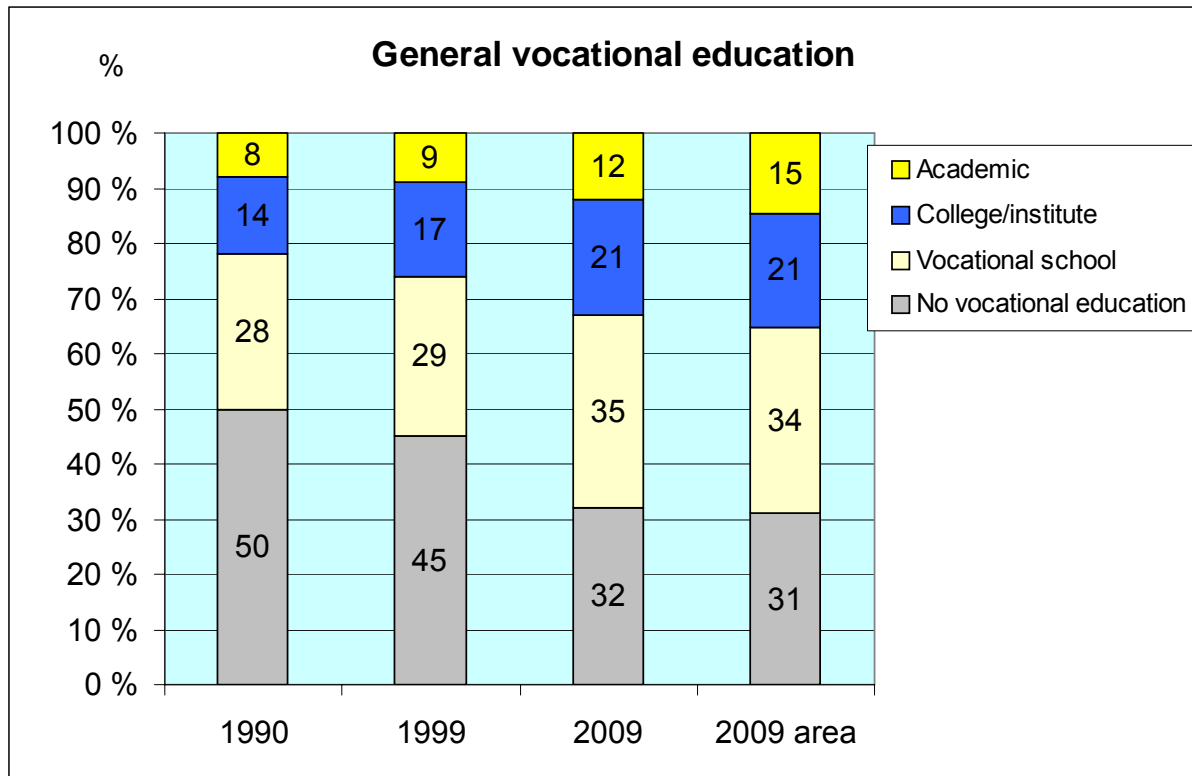


Roundwood sales as regular income has a small importance for more and more forest owners, when also forest holding size class is taken into account

Tax concession for shift in generation (agriculture) is targeted to smaller and smaller group

Proportion of pensioners is increasing; wage-earner's group is not growing, because they catch to become pensioners. Proportion of forest owners who have agriculture as main occupation is decreasing. If also agriculture as secondary occupation is regarded, the proportion of agricultural entrepreneurs is 20 % of forest owners (30 % of area).

# Vocational education of forest owners: academic or college 1/3 + vocational school 1/3 + no education 1/3



A-levels 21% (in 1990 15%).

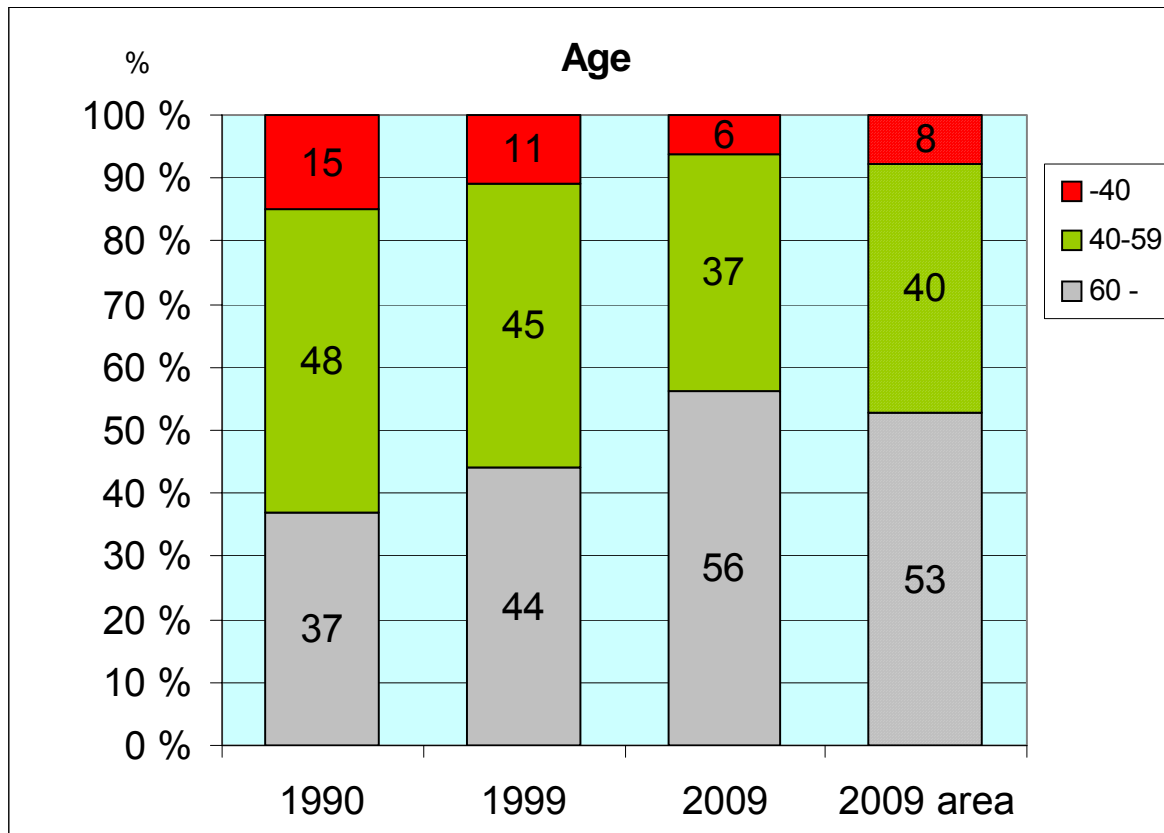
General vocational education level of forest owners has improved, but little slower compared to the whole population.

Forest owners have lower income levels than the other citizens.

Proportion of new forest owners with academic or college/institute education is 43 %, with no vocational education 20 %, with A-levels 29 %

New owner = possessed his/her forest holding at maximum 5 years

# The average age of forest owners is 60 years



## Average age

1990 54 yrs

1999 57 yrs

2009 60 yrs

The age of forest owner is a significant factor affecting his/her behaviour concerning both

- roundwood sales
- silviculture

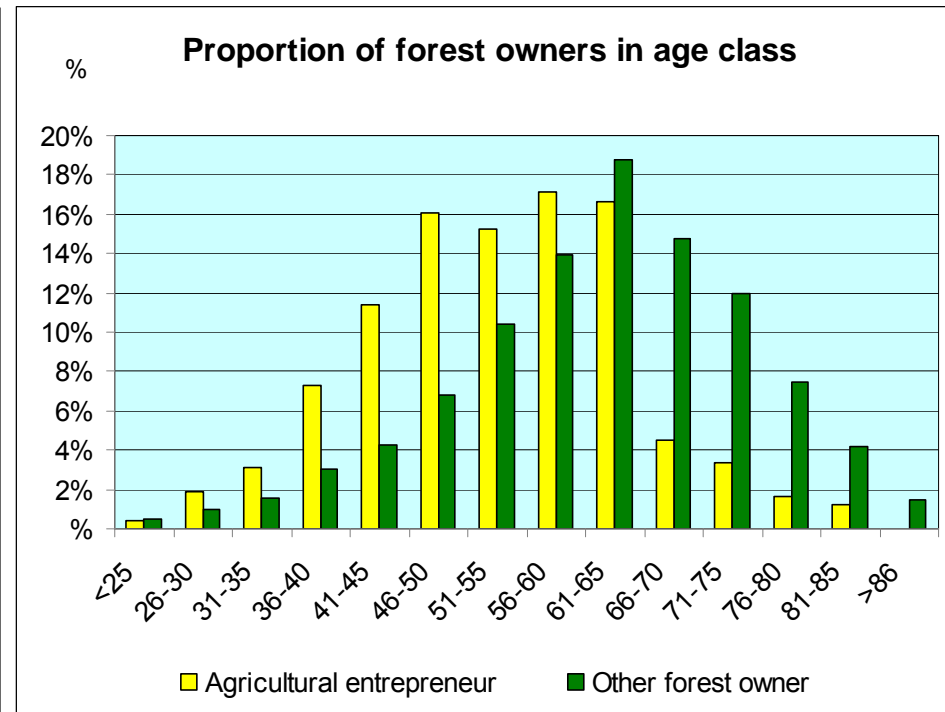
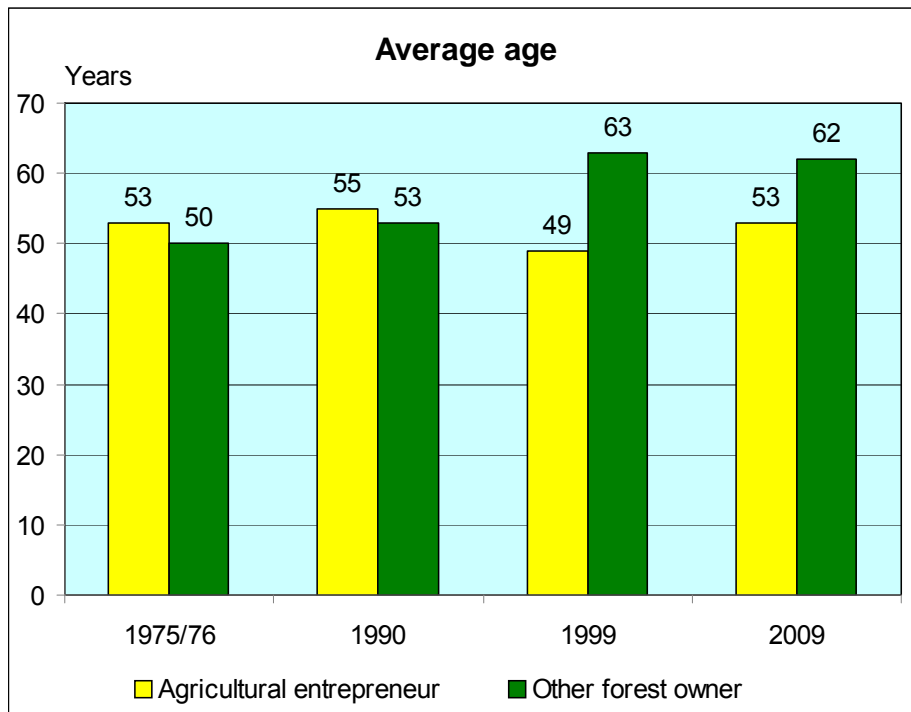
Average age of new forest owners is 52 years (for 10 years ago: 49 years)

- more detailed: through inheritance 55 years, purchase from parents/relatives 48 years, purchase from open markets 51 years → older and older new owners.

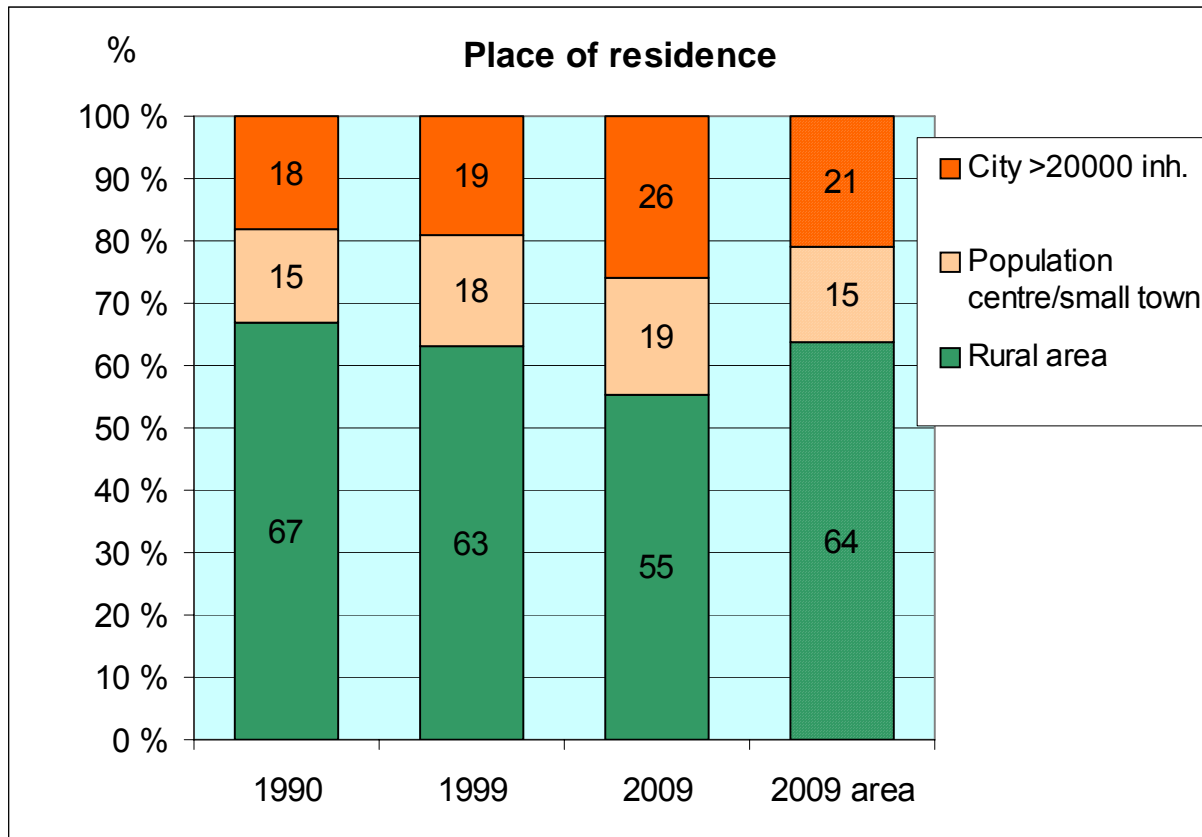
# Since the beginning of 1990's non-farmer forest owners have become significantly older than forest owners who carry out active agriculture by themselves

- Farmers are ca 10 years younger than the other forest owners
- Practises used in generation shifts in the background

Post-WWII baby boomers as forest owners		
Born	% of owners	% of area
-1944	38	36
1945-50	22	19
1951-	41	44



# 64 % of the forest owners live in the same municipality with the forest holding

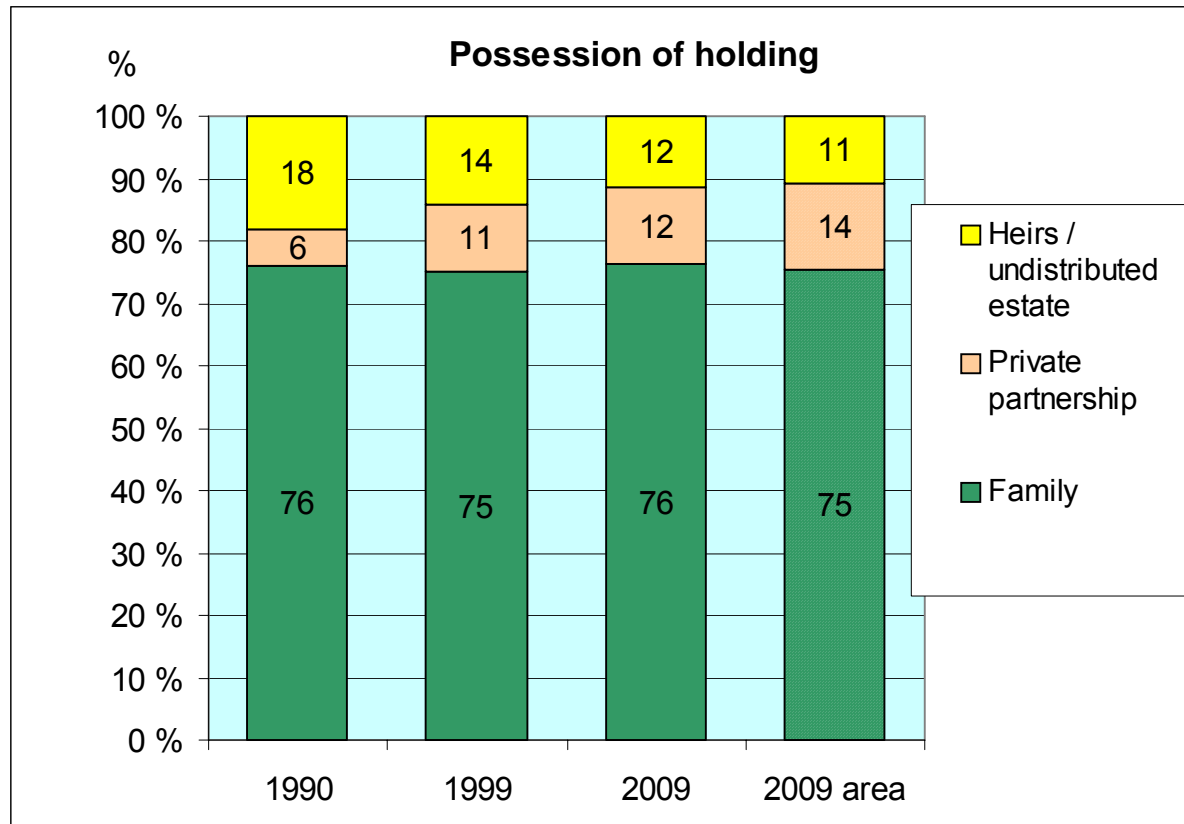


36 % of the forest owners live outside of the municipality, where their forest holding is located, and they have in average 190 km to their holding.

Of the new forest owners 1/3 live in cities/towns, 44 % in the countryside. Almost half (48 %) of them live outside of the municipality, where their forest holding is located (distance in average is 200 km).

Migration in Finland is affecting young and well-educated people, who normally are not forest owners.

# 76 % of the holdings are in family ownership



**Holding's importance as home and for leisure**

## Heirs

Owner lives on... 30%

- there is a house 42%
- there is a cottage 27%
- house & cottage 8%
- no buildings 23%

## Partnership

Owner lives on... 23%

- there is a house 30%
- there is a cottage 27%
- house & a cottage 7%
- no buildings 36%

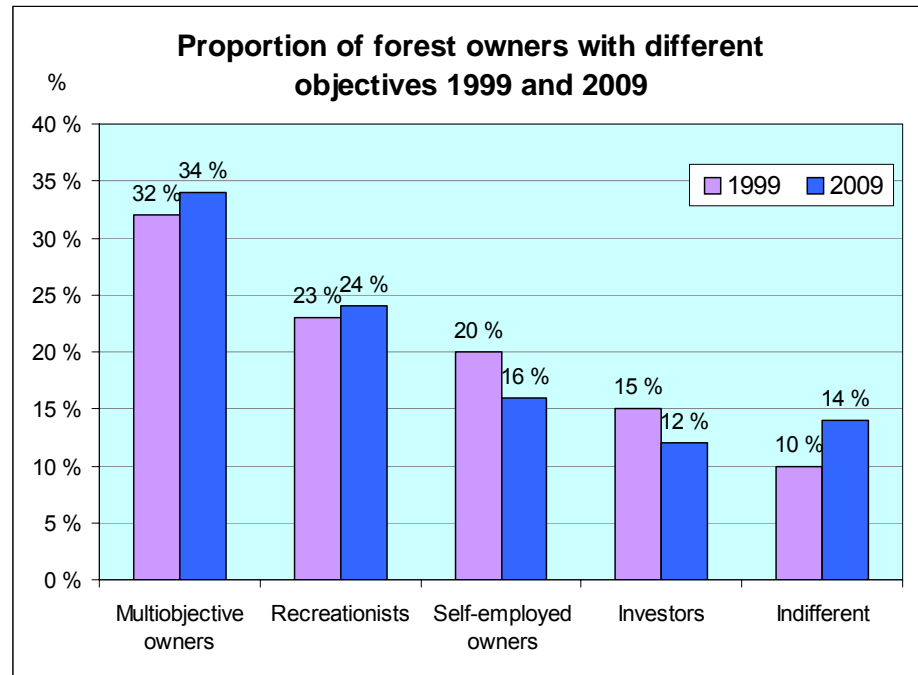
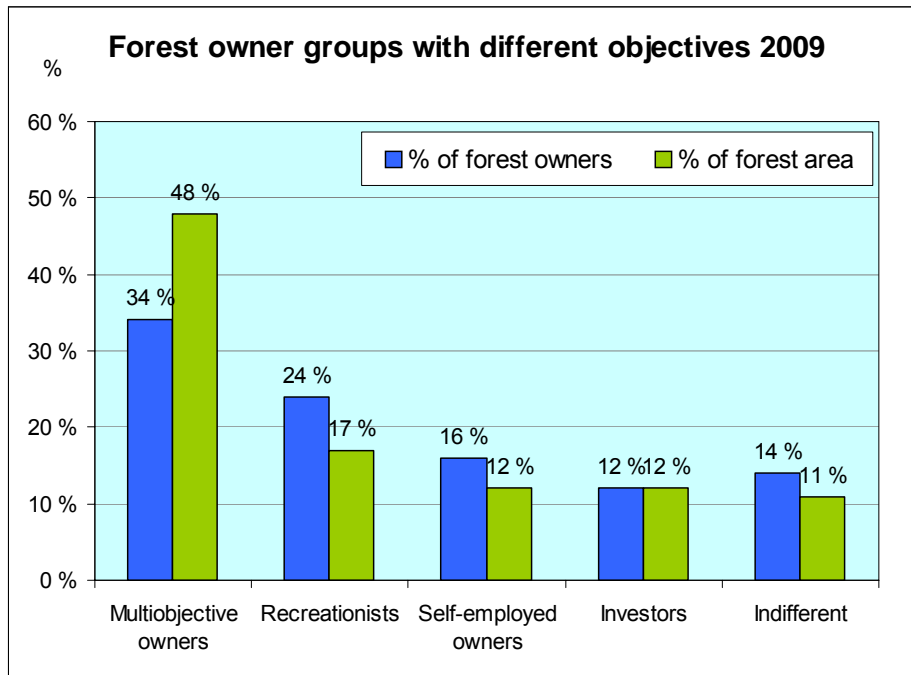
## Family

Owner lives on... 47%

- there is a house 43%
- there is a cottage 19%
- house & cottage 9%
- no buildings 29%

- Heirs are less active in roundwood sales compared with other possession forms, but this has an impact of only ca 0.8 milj. m<sup>3</sup> on annual roundwood sales
- Proportion of heirs is decreasing due to the change from site productivity taxation to capital income taxation (transition 1993-2005): heirs can still be important because some of the owners often live on the holding and they are much used for leisure objectives too.

# Multiobjective owners represent 1/3 of the owners and 1/2 of the forest area



- Forest owners can be classified according to their objectives into five groups:
  - Multiobjective owners
  - Recreationists
  - Self-employed owners (NB! relative importance of forest income may still be small)
  - Investors
  - Indifferent owners

The most active forest owners with highest roundwood sales and silvicultural levels are those who have multiple objectives.

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# Conclusions

- ✓ Change in the forest owner structure has proceed as expected
- ✓ However, average age of forest owners has risen faster than forecasted
- ✓ There is now a clear difference between farmers and other forest owners, concerning both on holding size and owner age distributions
- ✓ Migration has not yet touched forest owners very significantly, but owners live on holdings less and less
- ✓ There are not many "representative" or "pure" forest holdings, because there is a house or cottage on 71 % of the holdings
- ✓ The baby boomers (born 1945-50) represent ca 20 % of the forest owners and 20 % of forest area.
  - Many inheritances starting in the 2020's, if nothing is done earlier
- ✓ There is no structural policy in Finland for family forestry as such, but should we have some (compared with Sweden)?

## Conclusions: Structural change in the future

- ✓ When the baby boomers have passed their holdings to next generations, following structural change will become stronger:
  - those born in cities/towns will become forest owners (today only 78 % of the new forest owners are born in the countryside (86 % of the old forest owners))
  - living outside the holding (absentee forest ownership) will become significantly more usual
  - general vocational education level will become higher
  - income levels will become higher (today forest owners have lower income levels than other citizens)
  - demand for services will become higher
- ✓ Moreover, there is worth of noting that:
  - average age of new forest owners continues to become higher
  - average age of all owners will become only marginally lower
  - less members in heirs mean less partitioning of holdings

# Thank you!

Further information (mostly in Finnish):

<http://www.metla.fi/hanke/3458/index.htm>

- Heimo Karppinen
- Harri Hänninen
- Jussi Leppänen



METSÄMIESTEN SÄÄTIÖ

*Ihminen ja metsä*

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