

# **Oldham County Commercial Horse Survey**

## **Summary Results**

**Presented to Oldham County Planning and Development  
And  
Countryside Exchange**



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**Oldham County Commercial Horse Survey**

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## Oldham County Commercial Horse Survey

### **Executive Summary**

A survey using demographic, open ended and direct response questions was developed to obtain economic and statistical information concerning commercial horse farms that are located in districts 3, 4 and 5 of Oldham County, Kentucky. For this study a commercial horse farm is defined as having five or more horses for the purpose of training, boarding, breeding, producing weanlings or yearlings for sale, providing individual riding lessons to clients, or having horses for the participation of sporting events such as polo.

Fifty-four commercial horse enterprises were identified using the help of Oldham County equine veterinarians, farriers, the Kentucky Thoroughbred Association and influential horse owners. These horse operations consist of broodmare farms, Thoroughbred training centers, dressage and eventing stables, stables for riding lessons, boarding and show horse training. All of the enterprises were contacted either by on farm visits or by telephone. The following highlights key survey results:

- The total number of commercial farms interviewed was 54.
- There was an even distribution of farm size across survey responses, thus no size dominated the survey results.
- The size of farms ranged from 10 acres to 2,000 acres.
- The total farm acres of surveyed responses are 10,567 with 7,614 acres designated primarily for horse enterprises.
- The total number of all horses on farms was 2,257 head.
- Labor was identified as the largest expense category for a farm.
- The horse farms employ about 250 workers and pay out approximately \$4.3 million in total annual payroll.

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- The average salary for farm workers was \$17,000.
- Forty percent of the farms provide some type of housing or rent compensation for their employees.
- The surveyed farms pay over \$277,000 in property taxes.
- The farms generate over \$12 million in revenue from horse sales, training, breeding fees, boarding, riding lessons, etc.
- Twenty-six percent of the farms plan to expand their operation within the next five years.

The majority of farm owners said their biggest concern regarding Oldham County development was unregulated growth of subdivisions. They feel this growth will continue to create traffic problems, conflicts over sights and smells of working horse farms and the reduction of available land for farm expansion.

### **Introduction**

Oldham County is known for its rural character with over 70,000 acres still used as farmland. However, this number has decreased by 16.7% since 1992 when it had over 84,000 acres in farm use. The number of total livestock and crop farms, such as dairy and tobacco farms, has reduced from 188 in 1992 to 160 in 1997 (KY Agriculture Census).

### **Overview of Oldham County**

Oldham County is thought of as a bedroom community of the Louisville metropolitan area. Many of its residents work in the Louisville area and travel back and forth to Oldham County. Economically Oldham County is one of the stronger counties in Kentucky. Table 1 provides economic demographic characteristics across regional and comparable counties and illustrates the economic strength of Oldham County. Data on Oldham's surrounding counties

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of Henry, Jefferson and Shelby are included because they also have a significant equine population.

Table 1. Regional and Comparative County Demographic Statistics

County	Land Area (sq. miles)	Population	% Population Change 1990-2000	Persons Per Square Mile	Median Household Income \$
Oldham	189	46,178	38.8	244	54,599
Henry	289	15,060	17.4	52	31,846
Jefferson	385	693,604	4.3	1,802	38,733
Shelby	384	33,337	34.3	87	40,134
Kentucky Total	39,728	4,042 M	9.6	102	31,730
Source: U.S. Census Bureau <a href="http://quickfacts.census.gov/qfd/states">http://quickfacts.census.gov/qfd/states</a>					

Oldham County is one of the fastest growing counties in the state with a population of 46,178. Its population has grown 38.8 percent from 1990 to 2000 and is one of the more densely populated counties in the state with 244 people per square mile. One area that stands out is Oldham County's substantially high median household income of \$54,599.

Demographically this is one of the most affluent counties in Kentucky.

Residential construction is the primary employment activity in Oldham County. This is fueled by the high home ownership rate of 87 percent compared to the state average of 71 percent. However, most of the wealth of the county is derived from employment throughout the Louisville metropolitan area.

Oldham County has a relatively small land area with only ten counties smaller than Oldham out of a total of 120 counties in Kentucky. Hay production is the primary agricultural use in the County with alfalfa and other hay accounting for 10.8 percent of total agricultural land use (See Table 2). In addition to the crop production statistics the estimated inventory of beef and dairy cattle are provided in this table.

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Table 2. Oldham County Water and Agricultural Land Use

Land Use	Acres	Percent of Total
<b>Total Oldham County Land</b>	<b>121,664</b>	
<b>Water Acres</b>	<b>4,096</b>	<b>3.4 %</b>
<b>Burley Tobacco</b>	<b>455</b>	<b>0.4%</b>
<b>Alfalfa Hay</b>	<b>2,700</b>	<b>2.2%</b>
<b>Other Hay</b>	<b>10,500</b>	<b>8.6%</b>
<b>Winter Wheat</b>	<b>1,900</b>	<b>1.3%</b>
<b>Soybeans</b>	<b>3,600</b>	<b>2.9%</b>
<b>Corn</b>	<b>4,600</b>	<b>3.8%</b>
<b>Cattle and calves</b>	<b>9,100 hd</b>	<b>na</b>
<b>Dairy Cattle</b>	<b>800 hd</b>	<b>na</b>
<b>Source: KY Agricultural Statistics 2000-2001 Bulletin, <a href="http://www.nass.usda.gov/ky/B2001/b2001.htm">http://www.nass.usda.gov/ky/B2001/b2001.htm</a></b>		

### **Survey Methodology**

The survey design is based on a convenience sample of commercial horse farms using a survey questionnaire. Each farm owner was personally contacted and interviewed. Of the 54 farms contacted, survey information was obtained from 45 of the operations through farm visits and the remaining nine by telephone interviews. The questionnaire used consisted of demographic, open ended, direct response questions.

### **Survey Results**

The survey consists of several different types of commercial horse farms that vary in breeds and the type of training provided. The majority of the farms are Thoroughbred operations whose main focus is Thoroughbred racing, however dressage and eventing, polo and hunter-jumper are also well represented in the survey. The other primary breeds represented are Quarter Horse, American Saddlebred, Tennessee Walking Horse and Arabian.

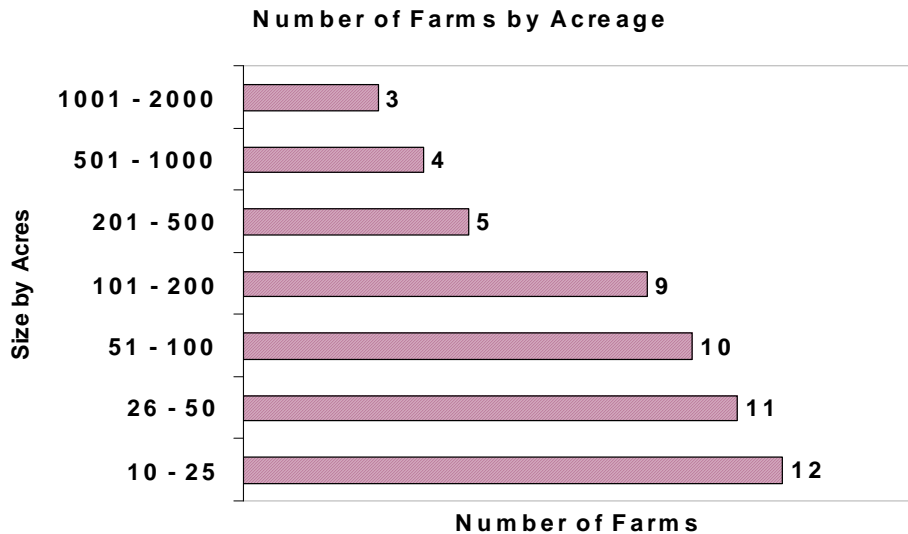
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The commercial farms surveyed either own their horses, board client's horses for a fee, or both. The results are divided into five sections: demographic characteristics, labor, economic impact, expansion plans and county development issues.

### *Demographics – Farm Size*

A size distribution of the farms surveyed is presented in Figure 1. The size of the commercial horse farm is identified by the number of acres used in the farming enterprise. Of the 54 farms represented in the survey, only five had acreage utilized for other farming enterprises aside from their horse operation. The majority of the commercial horse farms are in business solely as horse operations and rely little on other farming activities to provide revenue.

Figure 1



The farms range in size from 10 acres to 2,000 acres. The largest percentage of farms fall within the 10 - 25 acre range. Of the three farms that are above 1,000 acres, two of them

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have other farm enterprises consisting of cattle and/or row crops. The acreage used by their horse operation is approximately 20% of their total farm acres.

Statistics describing survey farm acreage is presented in Table 3 below.

Table 3. Summary Statistics of Farms Acreage

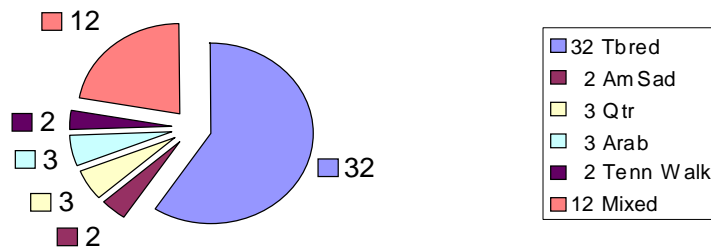
Average acres per farm	196
Median	70
Mode	20

### *Demographics - Number of Farms and Horses*

Information from survey respondents relative to the number of horses owned and/or boarded on their farms is provided in Figure 2 and Table 4. Of the farms surveyed 32 were Thoroughbred farms consisting of broodmare operations (breeding farms), training centers for the racetrack and farms that specialized in raising horses for the sport of polo. There are 9 farms associated with the dressage/eventing discipline and 3 with the hunter/jumper discipline. There are 10 farms that fall under the category of “training for show events” which consisted of four different breeds, Quarter Horses, American Saddlebreds, Arabians and Tennessee Walking Horses.

Figure 2

### **Number of Farms by Breeds**



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Table 4. Farms by Breed Types

Various Breeds	Thorough-	American	Quarter	Tennessee		
	bred	Saddlebred	Horse	Arabian	Walking	
Types of Horse Farms:						
Broodmare Farms	24					
Training Ctr. – Racing	3					
Polo Horse Farms	5					
Dressage/Eventing						9
Hunter/Jumper						3
Show Training		2	3	3	2	
<b>Total Farms by Breeds</b>	<b>32</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>12</b>

The total number of horses on all farms is 2,257. They were identified in the following categories: broodmares, foals, weanlings, yearlings, stallions, older horses, and horses in training. Table 5 identifies the number and breed of horses by these categories.

Table 5. Farm Demographic Breakdown of Horses

	Brood-	Foals/	Yearlings	Stallions	Older	Horses
	mares	Weanlings			Horses	In Training
Survey Response*	54	42	37	25	21	43
Total Horses	2,257	713	385	244	30	487
Average per Farm	42	13	9	7	1	11
Minimum #	5	1	1	1	1	1
Maximum #	275	120	87	82	7	68

\* The number of farms with these categories out of 54 survey responses.

Forty-five farms have boarding arrangements for client horses. Of the 2,257 horses identified in this survey 1,273 (56%) are classified as boarded, meaning they are owned by outside clients and stabled at the owners farm. The average number of total horses per farm is 42. Table 6 provides additional information regarding horses owned versus horses boarded.

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Table 6. Owner Demographic Breakdown of Horse Ownership

		Self-owned	Boarded
Survey Response	54	54	45*
Total Horses	2,257	985	1,273
Percent own vs. board		44%	56%
Average per Farm	42	18	35
Minimum #	5	2	0
Maximum #	275	150	150

*\* The total number of farms that had boarded horses out of 54 respondents.*

### *Labor*

Labor was identified as the primary cost of farms that had employees. The average salary paid for grooms and farm workers is \$16,500, well above the minimum wage.<sup>1</sup> The average salary for all workers is \$17,561 with the average number of employees per farm at five. The 46 farms with hired labor pay out over \$4.3 million in wages annually with an average cost per farm of \$95,585. Table 7 summarizes the labor statistics.

<sup>1</sup> The federal minimum wage is \$5.15 per hour, which for a 40 hour week equates to a \$10,712 annual salary.

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Table 7. Farm Labor Statistics

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Survey Response	54
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Number of farms with hired labor	46*
Total number of employees (all farms)	249
Average number of employees per farm	5
Range of wages paid	\$10,500 - \$35,000
Average wage per employee	\$17,561
Total wages paid annually	\$4,396,907
Average labor cost per farm	\$95,585
Average number of horses per employee	8

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\* Number of farms reporting wages paid for outside labor.

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Many owners stated they had a problem finding qualified workers and that employee turnover was high. The biggest turnover area was in the categories of grooms and farm workers. The management and administrative positions did not have as high of a turnover rate.

### *Revenue and Expense*

Annual revenue for horse farms can vary considerably from one year to the next depending on the type of operation. Thoroughbred breeding farms depend on the sale of weanlings and yearlings for annual income. This market can fluctuate widely from year to year and has a tendency to parallel with overall conditions of the general economy. For those farms that board horses, train horses and/or provide riding lessons, their revenue source has a tendency to be more stable. Average income generated by the surveyed farms per year was \$12.5 million as shown in Table 8.

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Table 8: Average Annual Income Per Select Revenue Centers – All Farms

Sales – Older Horses	Sales Yearlings	Stallion Service	Training	Boarding & Layup	Total Income
\$1,665,000	\$5,010,000	\$1,008,000	\$ 895,500	\$3,925,250	\$12,503,250
** The above figures do not include crop and other farm or livestock income.					

There is not a large fluctuation of variable expenses from one farm to another. Feed expense for a Thoroughbred will be similar to that of a Quarter Horse, American Saddlebred, etc. The biggest variance between farms depends mostly on the number of horses a farm has. Table 9 shows expenses that are common on horse farms and provides statistics as to total annual amounts from all responses, average per farm, and average per horse. These cost categories represent potential funds that may flow into Oldham County from farms purchasing products and services used in their horse operation.

Table 9. Survey Response Regarding Annual Cost Expectations

	Number of Responses*	Total Costs	Avg. Cost Per Farm	Avg. Cost Per Horse
Payroll	46	\$4,396,907	\$95,585	\$1,986
Veterinary	51	1,910,905	37,469	847
Hay & Feed	52	1,585,457	30,488	707
Farrier	51	633,714	12,426	281
Bedding	52	161,280	3,102	71
Medication & Supplies	52	537,600	10,338	240
Utilities & Water	49	351,633	7,176	159
Telephone	51	149,244	2,926	NR**
Real Estate Tax	52	277,061	5,328	NR**
Repairs & Fencing	50	166,800	3,336	76

\* *The number of farms providing cost information for a specific category out of 54 surveyed responses.*

\*\* *Not Relevant*

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The total for the above cost categories is \$10,170,601 based on an average survey response of 54 farms. Not all of this money is spent or stays in Oldham County. Suppliers and distributors outside of the county account for a portion of the products and services provided to the horse farms.

### *Expansion Plans*

There is an interest by several of the farms to expand within the next five years. Twenty-six percent of those surveyed were looking to expand in the number of horses they have and/or add more land.

### *Concerns and Issues of Farm Owners*

When asked about development concerns within Oldham County that have an affect on their farm enterprise, several issues were brought up. Typical comments are:

*“Urban encroachment is a big problem. We are surrounded by subdivisions and get numerous complaints from the people who live in them. Most people do not understand what a working horse farm is about.”*

*“The heavy traffic on Highway 42 is getting to be dangerous. Most drivers do not slow down for farm machinery on the roadway or when trash trucks have to stop for pick ups.”*

*“Most horse farm owners feel they are not appreciated for what they do. We employ a lot of people, provide housing and health benefits and do not ask for much in return.”*

*“With the cost of open land being so high, you are going to see horse farms start to sell out and move to Trimbel or Henry County. It is a matter of economics.”*

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### **Conclusions**

Through the use of a designed questionnaire, 54 commercial horse enterprises were identified in districts 3, 4 & 5 of Oldham County, Kentucky. They consisted of a variety of different type operations and breeds, with the Thoroughbred broodmare farm being the most predominant. There are over 10,500 farm acres represented in the survey with 72% used primarily for their horse enterprise. Only five farms produced farm products other than horses. The surveyed farms own or board over 2,200 horses, which are made up of broodmares, foals, weanlings, yearlings, stallions, horses in training and older horses.

The biggest expense for the farms is labor. They pay out \$4.3 million annually in wages and employ on average 250 people. Forty percent of the farms provide housing for their workers with several of the bigger Thoroughbred operations providing health care benefits. The average salary paid per employee is about \$17,600 per year. Most farm owners said they had a problem finding qualified workers and that the turnover rate was high.

Regarding county planning and development, the biggest issue the farm owners had was urban encroachment. The owners felt that rapid subdivision growth is reducing available land for horse farm expansion, driving up the price of the land that is available and causing traffic problems for the present road systems.

Most of the survey respondents felt that they provide benefits to the county and community by way of employment, recreation for clients in and outside of the county, scenic beauty and rural character.