



THE BOTTOM LINE

Peak Ag Production? As the price of farm commodities keeps escalating the questions arise as to how much food the earth can produce. Is every country at full potential? Are there areas in the world that can be developed into farm land? Is there enough irrigation water?

How much longer can production be increased through research and improved management? Is there enough capital in developing countries to improve soil and put new land into production?

No doubt you are familiar with Peak Oil. The experts say that we have reached peak production but is that really true? Possibly the more correct statement is that we've reached Peak Oil production at the prices that we're accustomed to. Those in the business of developing new oil production from various sources tell us that plenty of oil can be produced but not at prices under \$75 per barrel.

Maybe the same is true for food production. Land or other methods can be found to substantially increase food production. All that is needed is a higher price.

Peak Ag Production? No. Higher Prices? Yes! "That's the Bottom Line!"

John

FARMLAND • DAIRIES • QUOTA • FEED RANCHES • GROVES

SPECIAL SERVICES

Fees are based on time involved

- Appraisals - Dairy & Farmland
• Dairy Facilities
• Neighbor to Neighbor Land Sales
• Escrow Supervision
• Herd and Quota Appraisals
• Dairy Relocation Services
• Auctions - Farmland & Dairy
• IRC1031 - Tax Deferred Exchanges
• Farmland & Dairy Leasing
• Financial Consulting
• Estate/Bankruptcy Sales
• Agricultural Investment Planning

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## MILK POOL QUOTA

After the first quarter price average of \$414 per #SNF, the April range was from a low of \$390 to a high of \$440 and an average of \$432 with the transfer of just over 5,500 # for the month. May transfers consist of two at \$450 per #SNF and only 1,472 # transferred. Check with us for latest prices. We have buyers!

## DAIRY FACILITIES

**Note:** The following dairy facilities are on the market at a per milking cow price that makes them work for a buyer.

**Facility Lease** Southwest of Fresno - 550 head capacity plus full replacements. Open corrals with shades and lock-ups. Flush lanes, maternity barn, bull pens, hay barn, silage area, commodity barn plus 3 well maintained homes (one newer). Ready for occupancy. Asking \$7,500 per month. **LEASE PENDING!**

**Tulare Dairy** Jersey capacity of 750 head. 42.6 acres plus additional acreage available. 18 stall Trigon herringbone and freestalls. Two homes. Priced at \$740,000 or \$987 per milking cow! **SALE PENDING!**



**So. Cal Dairy - JUST REDUCED** - located northwest of San Jacinto. Considered one of the best and most efficient dairies in the area. 155 acres with a facility to milk 1585 head plus replacements for a total of 2,885 self-locks. Two double 16 herringbones with 250 cows per hour capacity. All milk production equipment included and ready for occupancy. Two gorgeous 3,600 sq. ft. custom homes. Owner will consider offers. Priced at \$2,839 per milking cow capacity. (\$4,500,000) Finance the entire purchase price and your interest cost will be approx. \$15 per milking cow per month! That's a deal for Southern California!

**Out of State Dairy** and upgraded 10 year old facility with a milking capacity of 6,000 cows with an updated CAFO permit on 776.5 acres, plus waste water agreements. An additional 938 acres of contiguous irrigated farm land with waste water pipeline may also be purchased. The facility has 14 freestall barns, maternity barn, hospital milking barn, two double 30 parallels and commodity barn. Heifers are grown at a facility within 10 miles of the dairy. All milk production equipment included. Only 150 miles from Hilmar cheese plant in Dalhart TX. Priced at a few dollars over \$2,000 per milking cow. (Interest cost at 6.5% on the full price is less than **\$10 per cow per month.**)



## LAND

**257.43 Acres** of the finest land located just west of Tulare. If you demand the very best - this is it! T.I.D. and well water. Fully pipelined and class 1 soil. Included a dairy set up that is leased for \$15.50 per head with \$8,525 per month minimum. **SALE PENDING!**

**50 Acres** fenced and cross fenced and located near three dairies. Has been used for cattle raising. Well and water system. S/W Tulare Co.

## PERMANENT PLANTINGS

**28.99 Acres** Located north of Ivanhoe on Ave 336. Planted to citrus, stone fruit and pomegranates. Excellent citrus growing area. Irrigation well and fan jets. Seller indicates possible private financing. Asking \$350,000. **SOLD!**

**20 Acres** Citrus and open located just south of Orosi. 5.5 acres of 3rd year Rush T.I. early navels. Great sandy loam soil and Alta I.D. water plus irrigation well. \$295,000

**Note:** We have leads on a couple of choice citrus properties - Let us know your needs.

## SPECIAL PROPERTIES

**9.47 Acres** located next to homes in Alpaugh. Water available on a year-around basis. Currently being farmed. Water from Alpaugh I.D. Future use? Interesting possibilities.

**17.91 Acres** in southwest Tulare County. Just 3/4 mile from school. Irrigation water available. All surrounding properties are being farmed. On paved road. \$85,000.

## NEED LISTINGS!

Just a little over a month ago we literally had more listings than we could print in the Newsletter. Currently, we can fill just over one half of a page. Our sell rate has been outstanding, and if the good times indicate it is time to sell, then this is your opportunity to take advantage of the market!

## TULARE COUNTY FARM & RANCLAND SALES

### 2010-2011 First Quarter Comparison

Year	Parcels Sold	Increase	Acreage Sold	Increase
2010	28		2,453	
2011	64	228%	6,875	280%

The statistics above give indication of the direction of the market. Properties so far in 2011 are selling briskly and at higher prices than in 2010.

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All listings offered in the NEWSLETTER are subject to prior sale, price change or withdrawal from the market.  
All property information is from sources believed reliable, however not guaranteed.  
To have property listed in THE RANCH CO. NEWSLETTER-Call the office-(559)733-3232.

## THE BACK PAGE

### Dairy Listings Across the Midwest

The average asking price per milking cow is the total asking price divided by the total milking capacity of the facility and includes land, facility and milking equipment and homes.

State	# of Listings	Average Acres	Average Milking Capacity	Average Asking Price	Average Asking Price per Milking Cow
#1	30	68	140	\$961,240	\$6,866
#2	16	229	208	\$868,400	\$4,175
#3	7	89	425	\$1,222,725	\$2,877
#4	4	95	775	\$2,732,650	\$3,526
#5	6	330	1,720	\$2,910,040	\$1,332

Of interest is the fact that 4 of the states are contiguous. The other state has much larger dairies. It really illustrates the economy of scale when making a dairy acquisition.

**What is a California Dairy Worth?** It appears that across the U.S. there is a wide difference of per cow capacity prices. Quite naturally, the smaller the facility, the higher the asking price. Although, that should be reversed unless the value of smaller dairies have most of the value in land. It certainly makes a lot more economic sense to buy a 1,700 cow facility for \$1,330 per milking cow capacity than a 775 cow capacity at over 2 1/2 times the capacity cost. But what about California? **Listings** on facilities range from roughly \$2,000 to over \$7,000 per milking capacity with an average number of listings in the \$4,000 to \$5,000 range. Average Capacity: 1,300 milking cows.

**Interest Rates** remain at historic lows. For how much longer? Investors are beginning to demand higher rates of return (interest) when lending to countries whose currency values continue to fall. At Fed auctions, foreign buyers, including countries are backing off on purchasing US treasuries and bonds. Who will finance the \$1.5 trillion plus deficit of the US this year? The big buyer has been the Fed, the bank that just prints the money and loans it to the US. Even if we don't concern ourselves with ever paying it back, it continues to add new trillions on a regular basis. If the feds didn't buy, the interest rate would go through the roof! On the other hand, each trillion dollars that is printed dilutes the value of every existing dollar and that is what causes inflation.

**At what cost?** Are we burdened with over regulations? Is the cost of regulation greater by far than the benefit? A recent article estimated that the government spent between \$100 million to \$380 million per life saved through its Superfund clean up program.

What's a life worth to the citizens of a society? Just pick any number you wish, but when the number is over \$100 million per life saved, it should be no surprise that the nation is broke!

**Why do many landowners** list their property for sale with a broker rather than to try to sell to a neighbor themselves? Here are some reasons we've heard: "When my neighbor wants to buy all he does is run the property down". "My neighbor thinks he can buy my property for a song", "I wouldn't sell to him if he was the last buyer", "I'd rather not have direct contact with the buyer", "I'm convinced the broker can get me enough extra money to pay for his fee", and "I've got several neighbors who might buy and I don't want to play favorites". A reason that we as brokers use is that we have a list of both local and out of town buyers that may value your property considerably higher than your neighbor does. Although your neighbor might end up buying your place, the fact that you listed your place for sale with a broker will assure you that you got a fair price for your property.

**Why sell your property now?** In over 40 years of selling ag properties I've heard many times; "John, why didn't you push me a lot harder to sell when the prices were really good?" All we can say now is "The prices are really good!"