

THE BACK PAGE

The Brazilian Government issued an “immediately binding” mandate last month that effectively outlawed all foreign ownership of domestic farmland. Under the rules it could void all such property transactions since 1988! It is estimated that foreigners have invested \$2.5 billion between 2002 and 2008. Brazil is a key nation in supplying the future needs of the world's food supply. So much for a move to Brazil!

This Summer we've seen a huge run-up of prices for soft commodities such as coffee, sugar, cotton, wheat, corn, barley and soybeans. Corn at over \$5.00 per bushel will certainly result in higher prices in everything from fuel to livestock to sweeteners to ketchup. All of it adds up to favoring those who want to sell land.

In the Archives we found a list of our 1971-1972 land sales. 38 parcels ranging in size from 40 to 500 acres and including 9 parcels of undeveloped land for a total of 4,083 acres were sold and an average price of \$721.50 per acre!

With Bernanke signaling a desire to begin inflation, the dollar is losing its strength against other currencies. Under this policy an expansion of exports is expected, particularly ag commodity exports.

For a month or two it seemed that a number of properties were coming on the market. A recent slowdown of sellers listing their properties has been quite noticeable.

What is an Appraisal?

It is not a scientific document that spells out the exact value of your property. Rather, it is an estimation of the value of the property using some basic appraisal tools and lots of common sense. Estimates of values can be determined by using one or all of the three methods of valuation:
Cost Approach - Completed by determining the value of the underlying land plus the replacement cost of the improvements less the various depreciation factors.

Income Approach - Completed by determining the income potential of a property and applying a current rate of expected return.

Comparison Approach - Completed by using various sales of recently sold properties that are similar to the appraised property and applying a number of adjustments.

The cost approach is most useful for newer constructed improvements, the income approach is very useful in income producing property value estimates and the comparison approach is almost always used in conjunction with cost and income, but very valuable for open land. Many factors come into play such as highest and best use, market conditions, location, condition of property, obsolescence plus many more.

An appraiser does not set values, instead, the appraiser interprets the market based on recent history, market conditions and common sense.



The Ranch Co.

Agricultural Real Estate Services Since 1965

Volume 35 Number 6 - 2010

AG NEWSLETTER



THE BOTTOM LINE

Land sells for what it is worth!

During the peak of the economy we saw a few “over the top” prices in land sales in the strong dairy areas of Central California. Buyers today are more realistic and really don't want to pay much more than what land is really worth. That means that high quality, open land without urban influence can probably support a figure of \$8,000 to \$10,000 per acre, depending on water costs. There may still be the occasional “over the top” prices paid in the exceptionally strong financial areas.

Prices for land used for permanent plantings such as nuts, citrus or table grape vineyards have not changed much from the 2006-2008 levels.

As for row crop land, we have received reports of land selling very briskly and at very strong prices in the Midwest. One parcel in Iowa recently sold at over \$8,000 per acre for the growing of corn or soy beans.

Dairy operators who think that land prices around them are going to drop into the \$5,000 to \$6,000 per acre may be surprised when land next door to them is sold for \$8,000 or more and is planted to trees or vineyards.

“That's the Bottom Line!”

SPECIAL SERVICES

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

MILK POOL QUOTA

October had 5 quota sales with 5 sellers and 5 buyers. Prices ranged from \$345 to \$480 per # of SNF with an average of \$449. The price trend is definitely up - \$70 from January of this year. We have quota buyers!

DAIRY FACILITIES

Tulare Dairy - Jersey capacity of 750 head. Complete set-up with freestall barn. 18 stall Trigon herringbone. Wells and pipelined plus T.I.D. Water. **294 Acres** with some of the finest soils just west of Tulare. Just 1/4 mile west of the existing sub division. Priced at under \$3,200 per milking cow and \$12,500 an acre for the 251+ acres of farmland.



Moreno Valley Dairy One of the most efficient dairies in So. Cal. 155 Acres with 1,585 milking capacity and 2,885 self locks. Two double 16 herringbone - (250 per hour). All the milk production equipment plus all rolling equipment. CWT dairy. Call for full particulars. Priced to sell at only \$3,625 per milking cow for a complete turnkey dairy with 2 beautiful 3,600 sq. ft. homes!



complete turnkey dairy with 2 beautiful 3,600 sq. ft. homes!

23,000 Head Feedlot and 5,873 Acres - Exceptional cattle and farm ranch - 34 wells, 60' to 100' and pumping 800 to 2,200 GPM. 2/3 cropland, 1/3 pasture - all irrigated. 25-27 Tons corn silage - 175-180 bu. Corn. Operate as is or add a dairy facility for maximum usage. Not a forced sale - a rare opportunity in western Nebraska. Call for full details.

LAND

Cattle Ranch - 1,285 Acres of classic range land with views of Lake Kaweah. 1,300 to 2,600 feet in elevation. Several earthen dams plus a spring and windmill. Ranch roads will take you to the top where you look down 2,000 ft. to Lake Kaweah, for spectacular views. Fenced and cross fenced - runs 100 pairs. Some rustic improvements - \$900 per acre.

77 Acres just southeast of Woodville. Open ground with history of cotton, grapes, walnuts, stone fruit and various row crops. Two wells, pipelined and return system. Loam/Sandy Loam soils. Asking \$800,000. **SALE PENDING!**

661 Acres in Alpaugh. 190 acres farmed with 532 total acres in Alpaugh Irrigation District. Priced to Sell! Lots of water available on this parcel!

45.02 Acres Wilderness Ranch - Located along East Fork of the Kaweah River on the Mineral King Road, 7 miles east of Hwy 198. Elevation: 2634 to 3065 feet. One half mile road frontage.

PERMANENT PLANTINGS



Serr Walnuts - 19.55 acres with 2,350 sq ft home located northeast of Tulare/ South of Visalia. Last 5 years average production - 4,454 pounds per acres. Irrigation and domestic well. Home is in excellent condition painted inside and out and new floor covering - ready for move in. Beautiful large kitchen! Sundale School District. Asking \$599,500.



PERMANENT PLANTINGS CONT.

18.65 Acres Make this one your estate! Beautiful 4,886 sq ft. home with pool. Planted to almonds in 1995. District water - trees are flood irrigated. The well is used for domestic water only. Four bedrooms, 4 1/2 baths, etc, etc, etc. Owner wants to see an offer on this one.

23.02 Acres - Fruit Ranch supplying coastal and So. Cal farmer's markets. Lots of varieties: Navels, Perlette, Flame, Thompson, Autumn Royal and Muscat grapes plus pomegranates. Visalia area - Well and some drip irrigation. Seller may finance - \$275,000 (Also Great Homesite)

32.5 Acres of almonds located southwest of Hanford. Nonpareil, Aldridge and Price varieties planted in 1995 and 1997. Two wells, sprinkler and filtration system. Also surface water available. \$350,000. Don't miss this one!



SPECIAL PROPERTIES

23.56 Acres Mountain Recreational homesite near Badger Elevation from 3100 to 3200 feet. Vegetation is native with trees and a few pines. \$25,000 **SOLD!**

2.8 Acre Homesite between Visalia and Tulare (closer to Visalia). Beautiful home site 3/8 mile from paved road. Located on Packwood Creek and lots of trees. Asking \$159,900. **SOLD!**

19.16 Acres in the highest demand area east of Visalia. Gorgeous mountain views in an area of the grand old oak trees and a water way at the rear of the property. Remodeled 1,500 sq. ft. manufactured home, 3 bed, 2 bath. Domestic well. A beauty! Price Reduced.

4.3 Acres a beautiful and quiet country homesite. The rear of the property has the large Consolidated People's Ditch channel. A prized site east of Visalia. Price Reduced.

4.13 Acres located across from a large parcel of land that is full of Oak trees. On quiet country road with great sandy loam soil and the best of underground water conditions. Price Reduced.

THE RANCH COMPANY STAFF (Visalia)



John Grimmus
559-901-9322



Tom McGuigan
559-907-0023



Jeanie McGuigan
559-901-5633



Jeff Lien
209-495-3114



Curtis Brunson
559-786-1399



Guy Gary
559-908-4434



Abel Flores
559-799-9776



Kirk Peterson
559-786-4116



Verlyn DeWitt
712-722-1627



Jill Lanting
559-733-3232



Rose Vander Weerd
559-280-1066

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.