



Matre Forestry Consulting, Inc.

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Dear Matre Forestry Newsletter Subscribers,

As a beginning of the year practice, we have taken a deep look at the Georgia land market over the past 5 years or so to help us move forward wisely. Following are some interesting findings we pulled out of the data that may interest those in the land market,

While the info is Georgia specific, some of it is applicable to the southeastern US in general. One thing that south Georgia is affected by, that other southern states is not, is buying pressure from Florida hunters. Florida hunters want to buy land where the closest big bucks are, and that happens to be southwest Georgia. With that extra demand out of Florida, plus productive soils and good water, southwest Georgia brings a premium, which shows up in the bullet points below.

First some housekeeping: The data set is from the Lands of America (LOA) comparable sales database, to which we subscribe. *Disclaimer: The information below is not guaranteed.* The data covers GA land sales in the database from 2010 to 2016, 200 acres and up, \$500 to \$3000 per acre. We did not go smaller than 200 acres to keep the data amount manageable, and to take out "small tract premiums". We stuck with the \$500 to \$3000 per acre range to take out any out of the ordinary cheap sales, and highest end properties such as irrigated farms/land with significant improvements/Higher and Better Use Properties/etc. We did not go earlier than 2010, because there is not enough sales in the database earlier than 2010.

One thing to note is the LOA database is almost all broker sold properties, and it is our opinion that the average seller was reasonably motivated to sell, but not under duress, and the objective of the average sale was to sell for as much as it could sell for in a reasonable amount of time (+-6 to +-12 months). In other words, the following numbers are representative of the retail fair market land market.

Key Findings:

- There are 211 sales in the data set from January 2010 to December 2016.
- The average tract is 447 acres.

- The low acreage is 200 and the high is 2930 acres
- The price per acre from year to year has been relatively flat, so there is no need to dig into per year data.
- In all of GA, the weighted average per acre sale price is \$1691.
- In southwest Georgia, the weighted average per acre sale price is \$1803 per acre. In the rest of GA, the average is \$1647 per acre.
- For all tracts bigger than 447 acres, the median per acre sale price is \$1725. For all tracts smaller than 447 acres, the median per acre sale price is \$1648. In our opinion, the bigger tracts have sold for a little higher per acre price because most larger tracts are managed better than smaller tracts, and they usually have more special features such as lakes or creeks for example.
- There are 22 sales under \$1000 per acre, and the median sales price of those is \$873 per acre, with the cheapest being \$575 per acre. Those sales are most likely cutover. There are 15 sales over \$2500 per acre, and the median sales price of those is \$2825 per acre, with the highest sale being \$3000 per acre. Those sales most likely have exceptional timber value or good annual ag income, or some other highly positive attributes.
- Median days on the market for all 211 sales: 256 days on the market
- During years 2010 thru 2016, the only years that averaged over 300 days on the market were years 2012 & 2013, which recall to be the slowest years during the recession.
- 2015 & 2016 averaged 219 and 220 days on the market, respectively.
- On average, the sales price is 90% of the asking price, but ranged from 122% to 46%.

Commentary:

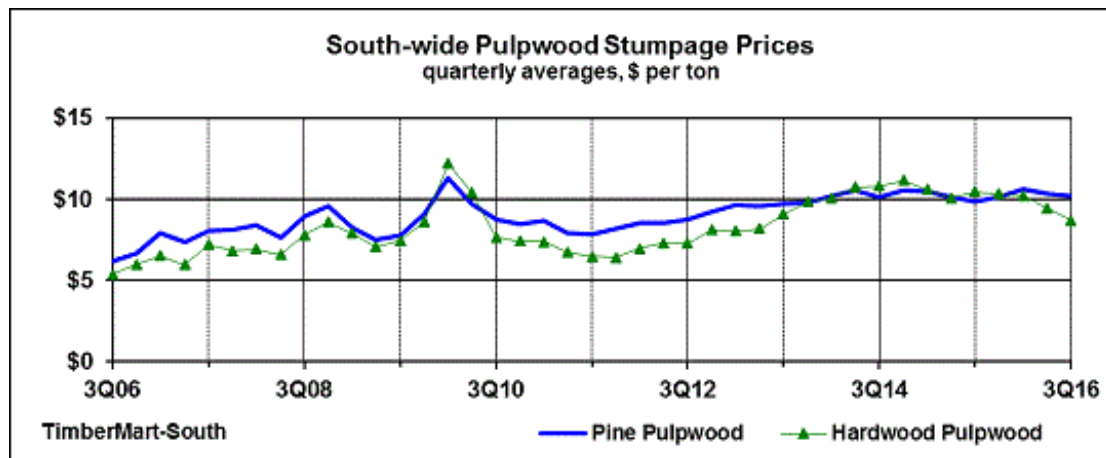
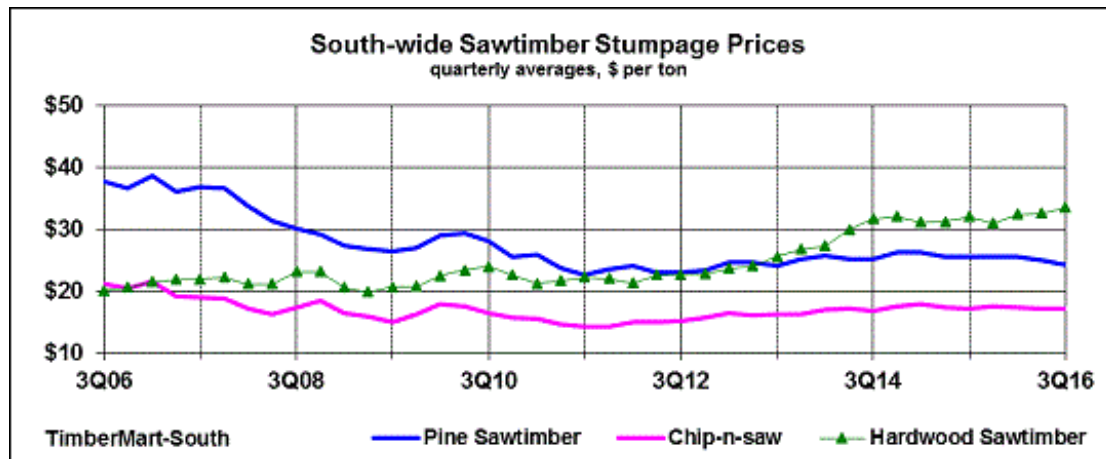
It is not possible to value a specific tract of land from the data above, because each tract of land is so truly unique. But, for a snapshot overview, the statistics above do generally show where the Georgia land market is. Per acre sale prices have been fairly flat, but days on the market have been trending down, which is a sign that the land market is improving. And if you saw our email blast titled the Trump Bump, you know that we have experienced a sharp uptick in activity, and we expect the Trump presidency to be good for the general economy, and therefor the land market, and timber market, especially if the anti Trumpers will cool their jets. 71% in a recent Landthink survey felt Trump would bolster the land industry (see <https://www.landthink.com/pulse-trump-victory-bolsters-land-industry-optimism/>).

Can someone use the data above to set a value on their property, or a property they are thinking of buying? Absolutely NOT! Hire a professional to help. Residential neighborhoods have something called conformity, land does not. Every piece of land is highly highly unique. Location, both macro location and micro location, is critical, and so is access. Timber value varies greatly from one tract to the next. Ag income varies. Game quality and populations vary greatly. Habitat varies greatly. Higher and Better Use (HBU) pressure or lack of HBU pressure varies. Neighbors and neighborhood is critical. Improvements vary greatly. Site Index and soil productivity varies greatly. Timber micro markets vary greatly. Ag markets vary. Water resources vary. And so on.

We can, though, consider that the weighted average per acre sales price is \$1691 per acre, and how a tract of land compares to the average by considering average characteristics. We see land all of the time, in person and "on paper". My description of average is rural, with minimal development pressure. If there are ag fields on the average tract, its is usually dry land, not irrigated. The average tract has mixed woodlands,

usually some natural and some planted and some merchantable and some pre-merch, and the timber value on average often contributes up to +50% of the overall tract value. We often see across the board timber values of +\$500 to +\$1000 per acre on the typical tract of timberland. But, timber values can range from \$0 to over \$3000 per acre. The average tract has a small creek or drain of some sort, or is at least close to a creek. The average tract has a few existing openings suitable for food plots. The average tract has public road frontage. the average tracts has a few woods roads, but not an elaborate road network. BUT - there is no average tract, because each tract has special positives and negatives that must be considered.

The largest single contributor to land value on the typical tract, other than dirt value, is timber value, so it makes sense to add a little about timber prices and values. the following south-wide average timber price graphs are from <http://www.timbermart-south.com/prices.html> :



Fortunately, most of Georgia sees timber prices better than the south-wide average. However, the graphs show the trend line we have experienced since the start of the recession. Pulpwood and hardwood sawtimber have done well during the recession. Pine sawtimber and chip-n-saw took the hard hit, but we best be thankful we still have healthy markets for pine CNS and ST. It is hard to predict what prices will do in years to come, but investments in mill technology and capacity indicate that demand should at least be stable, and are more likely to increase than decrease. In our opinion, most Georgia and other southern timberland is a great thing to own, because of fast biological growth, product advancement as timber ages, healthy markets, and recreational opportunities.

A good land broker can identify the many special attributes found on every tract, and take out the personal connection to the land one might have, to set a realistic price. A

good land broker will bring in outside help to assess certain attributes they are not qualified to assess. A good land broker will not propose a unreasonably high list price just to get the listing, nor will he or she set a low asking price for a quick commission.

A good land broker will listen to the landowner, and a good land broker will provide market data supporting the price recommendation. A good land broker will cooperate well with other brokers, and deal professionally and ethically and promptly with clients, prospects, closing attorneys, surveyors, foresters, environmental engineers, bankers, appraisers, and others that may become involved.

Going forward, we believe the land market will see per acre values increasing. Make smart buys, and manage well, and your land value should grow faster than average, and produce income for you through various sources such as timber, ag leases, hunting leases, pine straw leases, etc. If selling, be realistic and be patient. Time is money, so setting the price to high can cost you. Setting the price to low will leave money on the table.

God has blessed us all with natural resources, and He has given us dominion over our natural resources, So be a good steward of the land. Remember the definition of land conservation - the wise USE of land, which is a great thing. Land preservation means NO USE, which is not necessarily a good thing. There is an old saying among foresters: "A healthy forest is no accident", so actively manage and care for your land and it will pay off in more ways than one, Have a great 2017, and we would love to hear from you.

We strive to provide an informative newsletter for those interested in timberland and farmland investments, land management, and land and timber market news. If you were forwarded this email, we hope you will subscribe. We keep our subscriber list confidential and will not share or sell our list, and we will not bombard your inbox with frequent emails. We send our quarterly newsletter notice out once a quarter, and occasionally we send out short email blasts to inform our subscribers of available properties, available hunting leases, and share important current event news that affects the land and timber markets. You can unsubscribe at anytime. Please forward to a friend. We welcome your feedback.

Sincerely,

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