



PLANTATION SERVICES

**Real Estate Specialists in Farms
And Plantations Since 1959**



MARKET REPORT 2007

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FARMS AND PLANTATIONS**

Market Report 2007

This report provides current information about market trends for plantations, timberland and farms located in the “plantation belts” of Georgia and South Carolina.



Plantations

The market for southeastern hunting plantations continues to be strong. Plantation Services handled several sales during 2006 in Georgia and South Carolina that brought record prices. Some of these sales indicate annual price increases of more than 15%.

The value of plantations varies significantly based on a variety of factors. It is difficult to quote price per acre figures without considering the components of value and evaluating a host of other characteristics such as location, soil types, beauty, and history.



An important “contribution to value” is a property’s game population. Most plantations today are privately operated using the best conservation and game management practices. These practices not only enhance the value of the plantations, they benefit the wildlife population and the environment in the surrounding areas. Plantation operations also have a significant positive impact on local economies.



We expect continued upward pressure on plantation values. These places are desirable and represent some of the most beautiful properties in the United States. Many have been placed under conservation easements to protect them forever.

Timberland

The value of timberland was at historic highs during the first part of 2006 with some sales in the \$2000/acre range for bare land. Many of these tracts were purchased by recreational buyers. Sales in recent months indicate a decline from those levels, and the number of sale transactions has decreased. Saw-timber prices for pine in 2006 were in the \$375 MBF range but have dropped to the \$300 MBF area.



It appears that the softening of timber land values has occurred for two reasons. First, Wall Street has pressured forest-products companies to unload some of their land holdings following several major industry mergers. There is an unprecedented supply of timberland coming on the market. Second, there is a slowdown in real estate development. Many timberland sales in recent months have been affected by buyers who sold commercial and residential property and reinvested their proceeds in timberland tracts. The amount of this “tax deferred” money has dwindled from the high levels of last year. In this type market, motivated sellers should be careful not to over-price their offerings.

Farms/Agricultural



Agriculture in the southeastern United States is on the threshold of dynamic change due to a significant rise in corn, wheat, and soybean prices. The strong demand for corn from the rapidly-expanding ethanol industry is driving feed grain prices sharply higher. Soybean prices are being positively impacted by shifting production patterns as farmers respond to corn prices that have hit 10-year highs during the past year.

Although higher corn prices have at least temporarily reduced operating margins for ethanol plants, there are now over 120 ethanol plants in the United States that are producing some 6.2 billion gallons of ethanol annually. Another 90 plants capable of producing over 6.4 billion gallons of additional capacity are under construction. Each 100 million gallon increase in corn-based ethanol production will require over 30 million bushels of corn. Futures prices for corn, soybeans and wheat provide profitable price levels for at least the next three years for farmers who are willing to forward price or hedge their anticipated production.



Since net farm incomes are very likely to rise at a rate greater than the rate of inflation, prices for productive farm land are expected to rise as well. Farmers are already paying premium prices for good farm land in the Corn Belt. With land values in the Sun Belt states experiencing upward pressure from the continued migration of retirees and others who are relocating into the region, a positive trend in the price of cropland is anticipated.



Farm and Timberland Values in Georgia and South Carolina

- Prime irrigated cropland
\$2500-3000/acre
- Non-irrigated cropland
\$1500-2500/acre
- Upland woodlands
\$1000-2000/acre
- Lowland
\$750-1250/acre

These ranges reflect recent sales but should be used as a guide only.

Summary

Forest and timberland prices are continuing to be impacted by the general economy. Demand for high-quality hunting and recreation land remains strong, but with the slow-down in the housing industry and the ongoing divestiture of land holdings of major timber and paper companies, price increases for rural timber land may be tempered somewhat. Well-located wooded tracts that have future development potential may, however, fare better due to the continued population shifts toward the coastal areas of Georgia and the Carolinas.

Most of these factors point to expected overall strong future demand for farm land, recreational tracts, and many woodland properties. Higher interest rates and more restrictive bank lending policies may make financing more difficult to obtain for some potential purchasers of farm, forest, and agricultural properties, but land prices should continue to reflect an apparent paradigm shift in the income-producing capacity of farm real estate.

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