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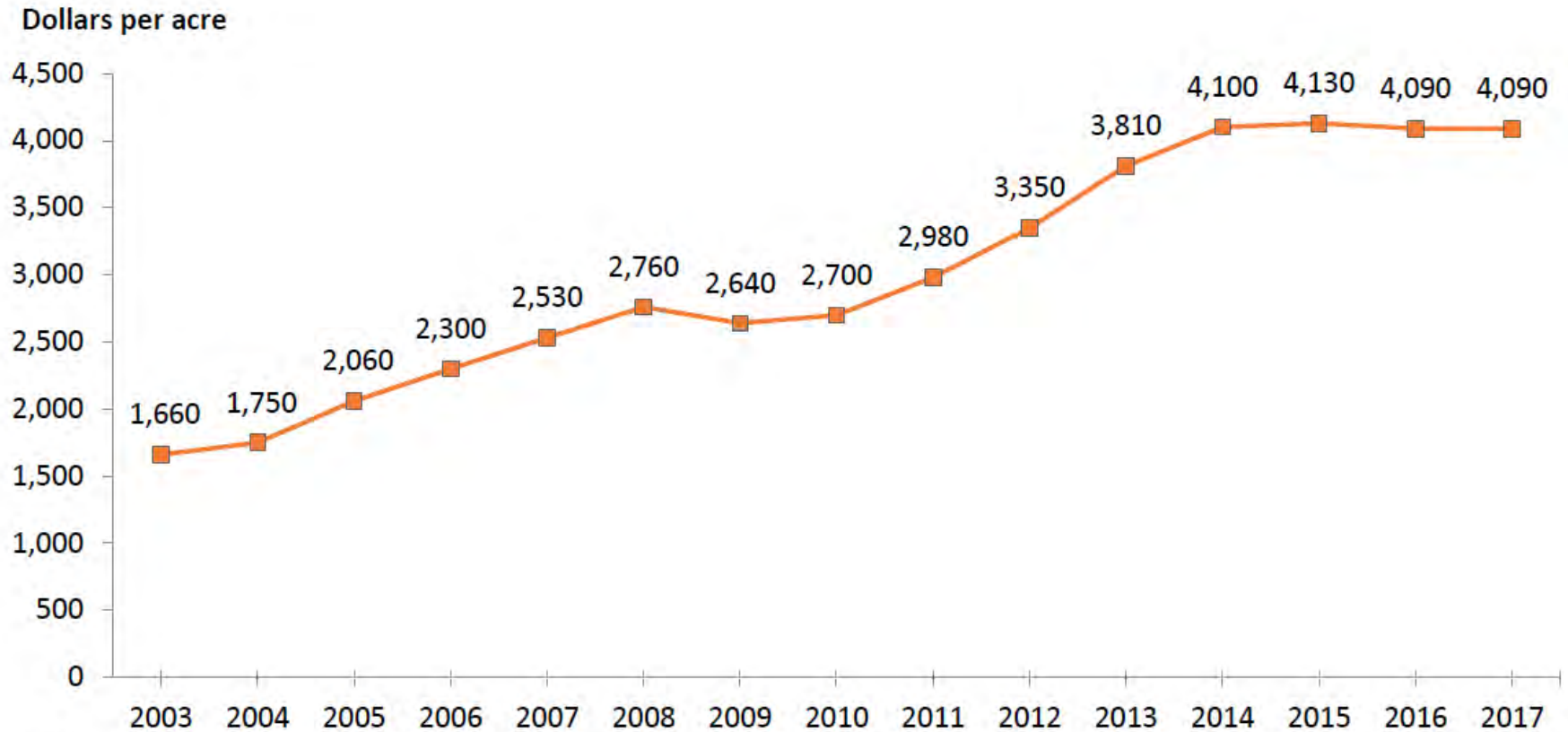




“ Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world. ”

Franklin D. Roosevelt

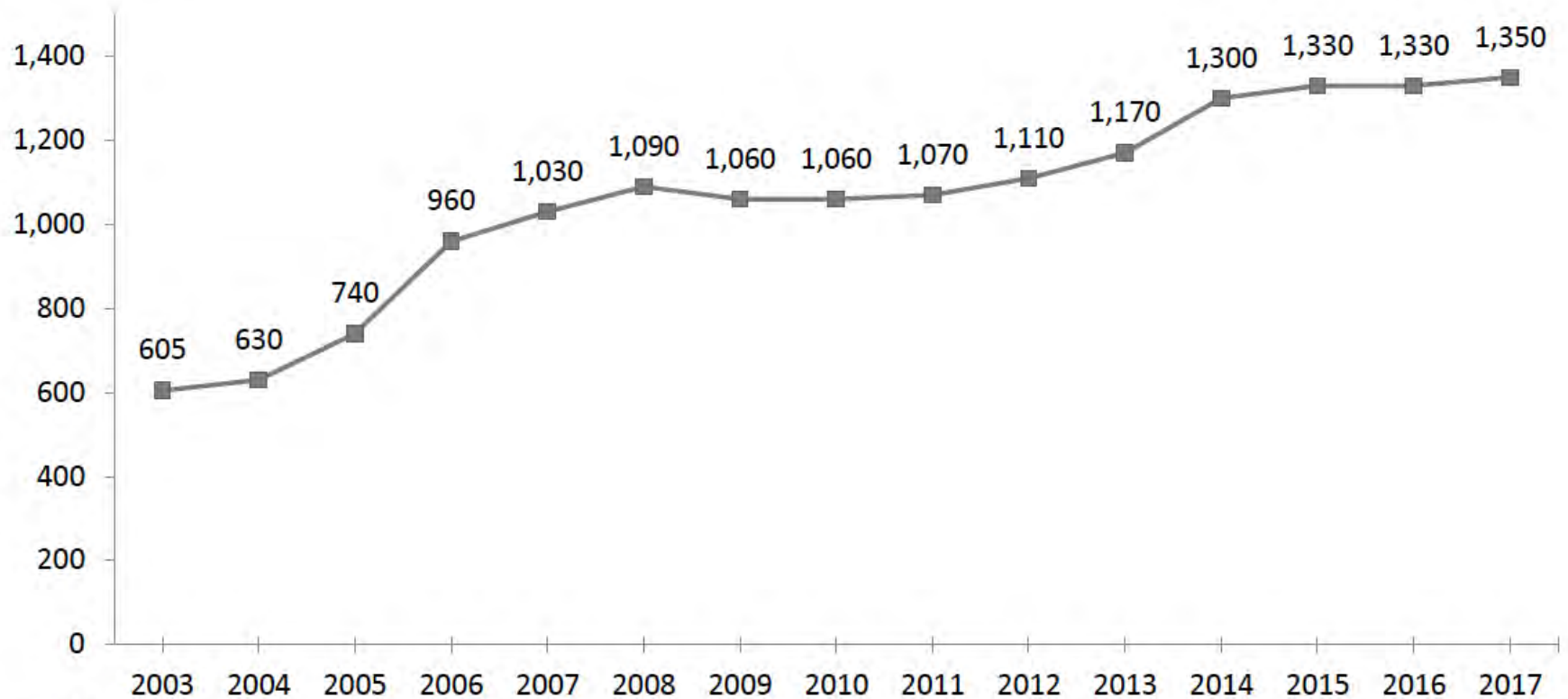
National Historical Average Crop Land Value



USDA - NASS
August 3, 2017

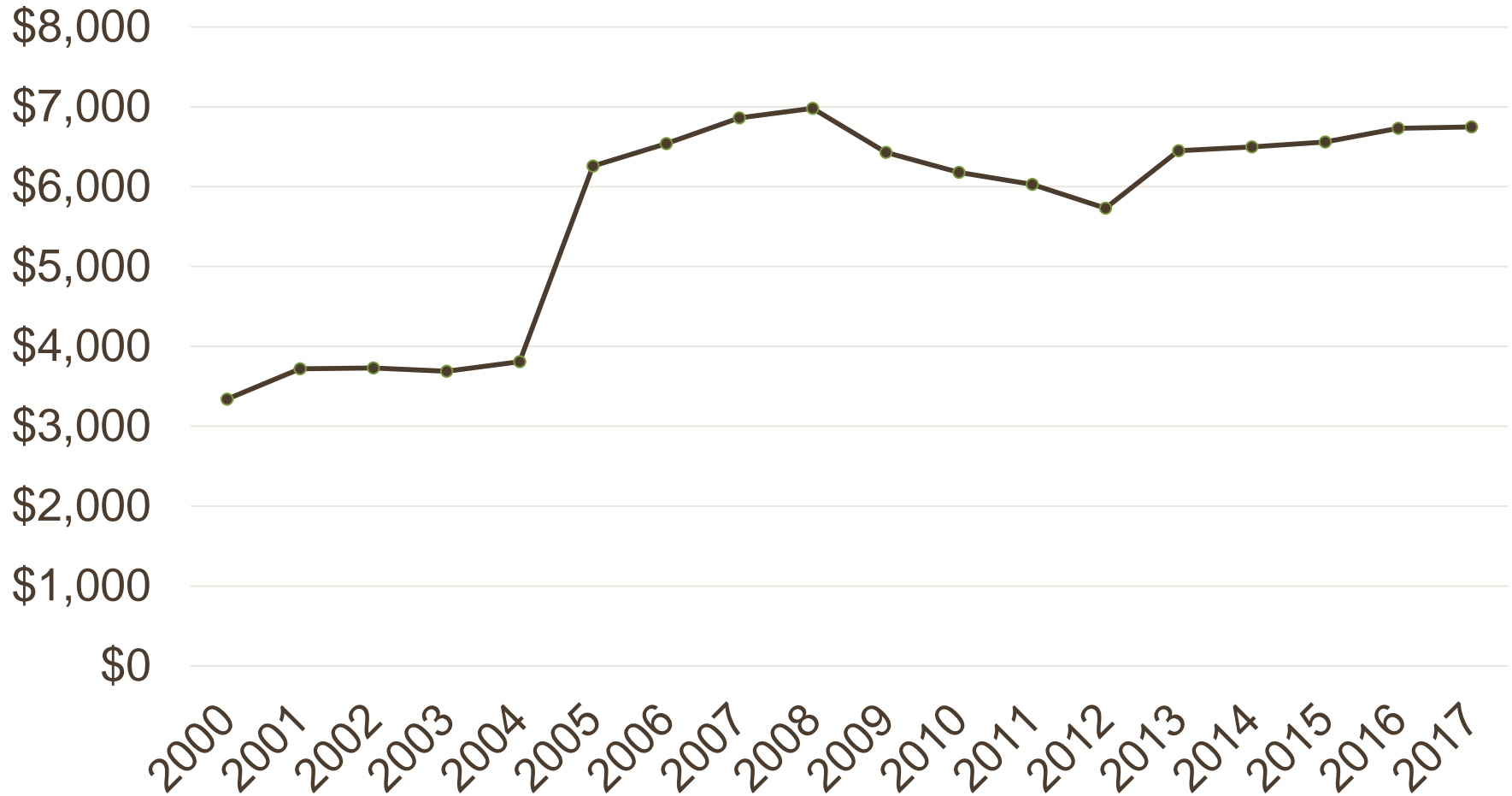
National Historical Average Pasture Land Value

Dollars per acre



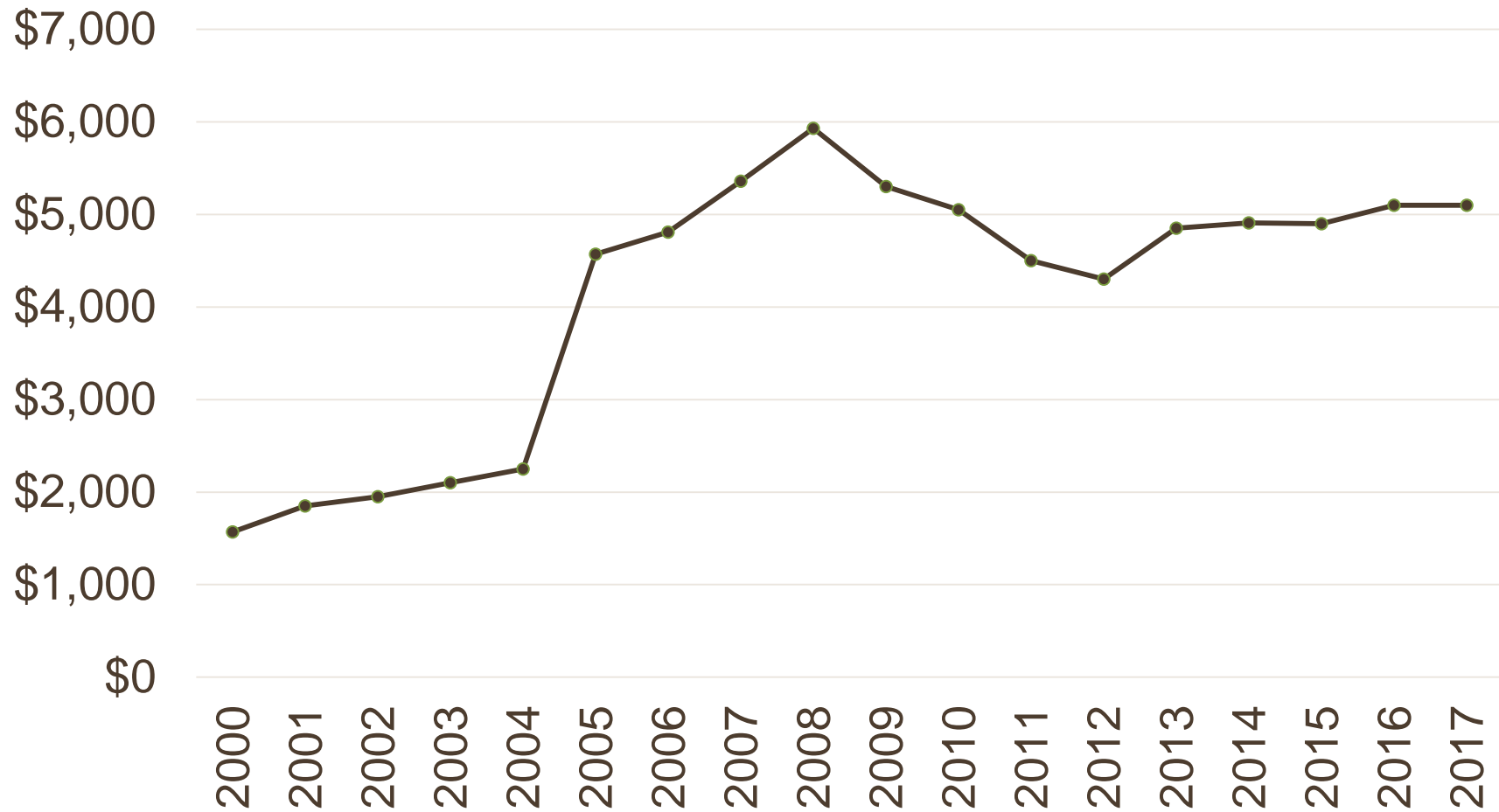
USDA - NASS
August 3, 2017

Florida Historical Crop Land Value



USDA – NASS Data

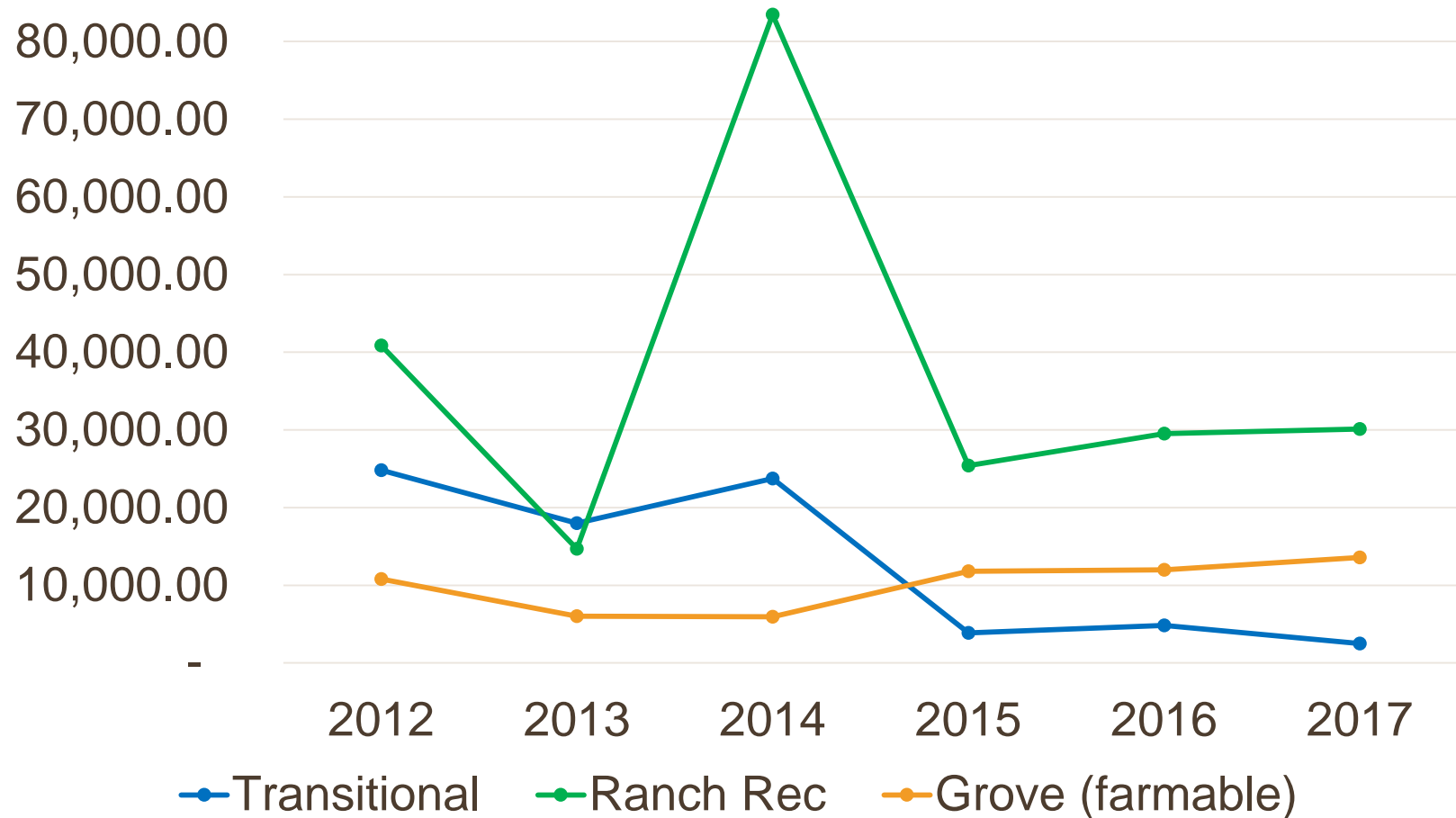
Florida Historical Pasture Land Value



USDA – NASS Data



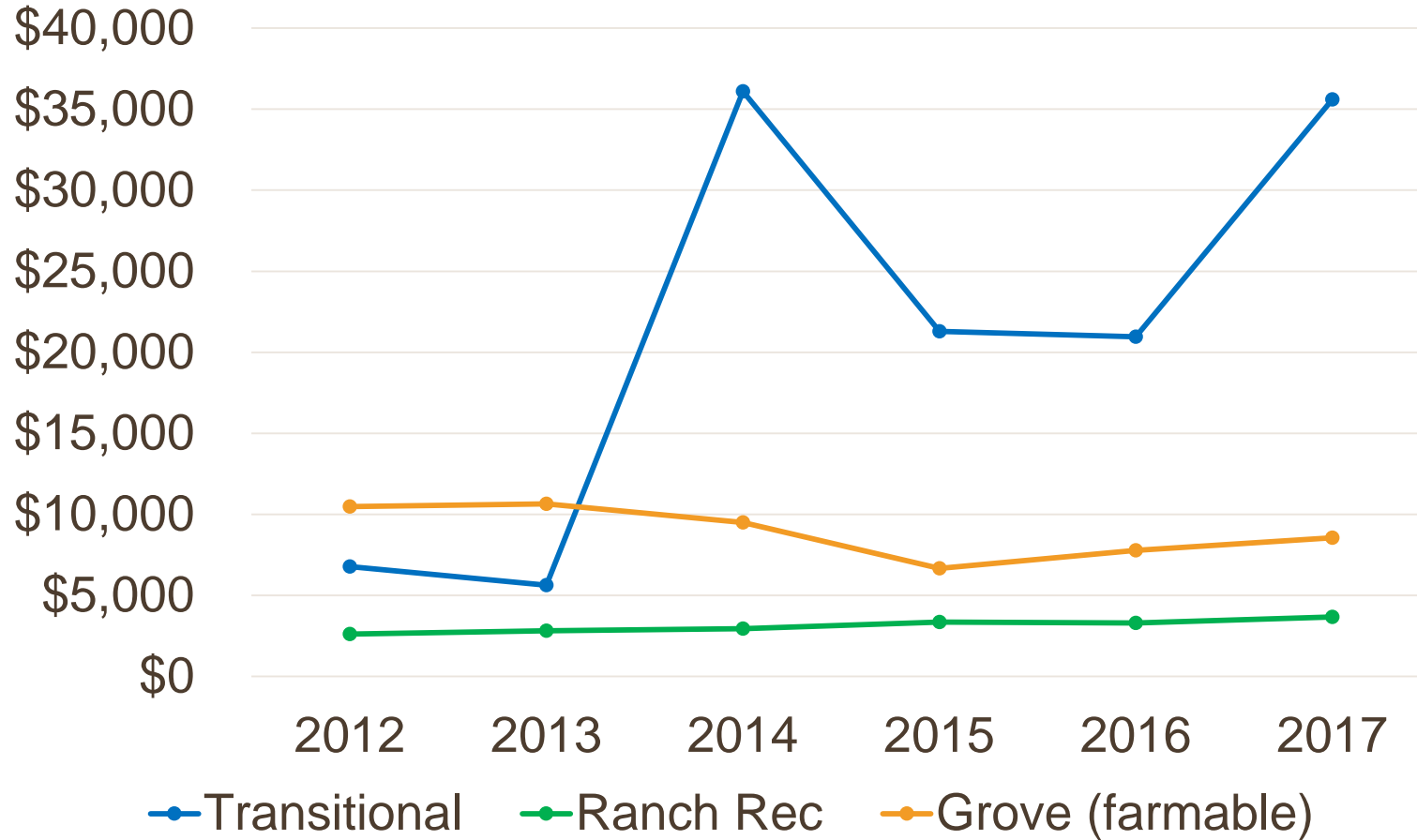
2017 Acreage Sold by Property Type



Saunders Real Estate Data 2017



2017 Price Per Acre by Property Type



Saunders Real Estate Data 2017

Florida: The Big Picture

Total Number of Parcels



10,256,318

Total Just Value



\$2,602,871,614,596*
Up 7.078%

* 2017 FDOR tax roll

Overall Market Influences

- Consumer Confidence – Higher than in last 18 years
- Tax Reform
- 1031 Exchanges
- Solar Farm Development
- In migration – 1,000 people daily moving here creates xx for real estate
- Seeing activity on properties we've had listed for a long time
- Upward pressure on interest rates
- Strong housing market and disciplined home builders & developers.

1031 Exchange

Assume \$1 million Capital Gain

- Effective capital gains rate 23.8%

How long does it take to recover the 24% capital gains tax of \$240,000?

$$(\$760,000 \times i)x = \$240,000 + (\$240,000xi)x$$

$$\$30,400x = 240,000 + 9,600x$$

$$-\$9,600x / \$20,800x = 240,000 / 20,800$$

$$x = 11.5 \text{ years}$$

$$i = 4\%$$

If $i = 8\%$ then 5.8 years

1031 Exchange

- Congress just doubled the estate tax exemption to \$11 million for individuals and \$22 million for couples.
- Using 1031 you can defer capital gains until you die, and your heirs will not pay estate taxes up to \$22 million (assuming you are married) and they get to “step up” (increase) the basis to the appraised amount as of date of death.
- So they could sell the assets and not pay any capital gains.
- No estate tax, no capital gains tax
- Doesn't get any better than that

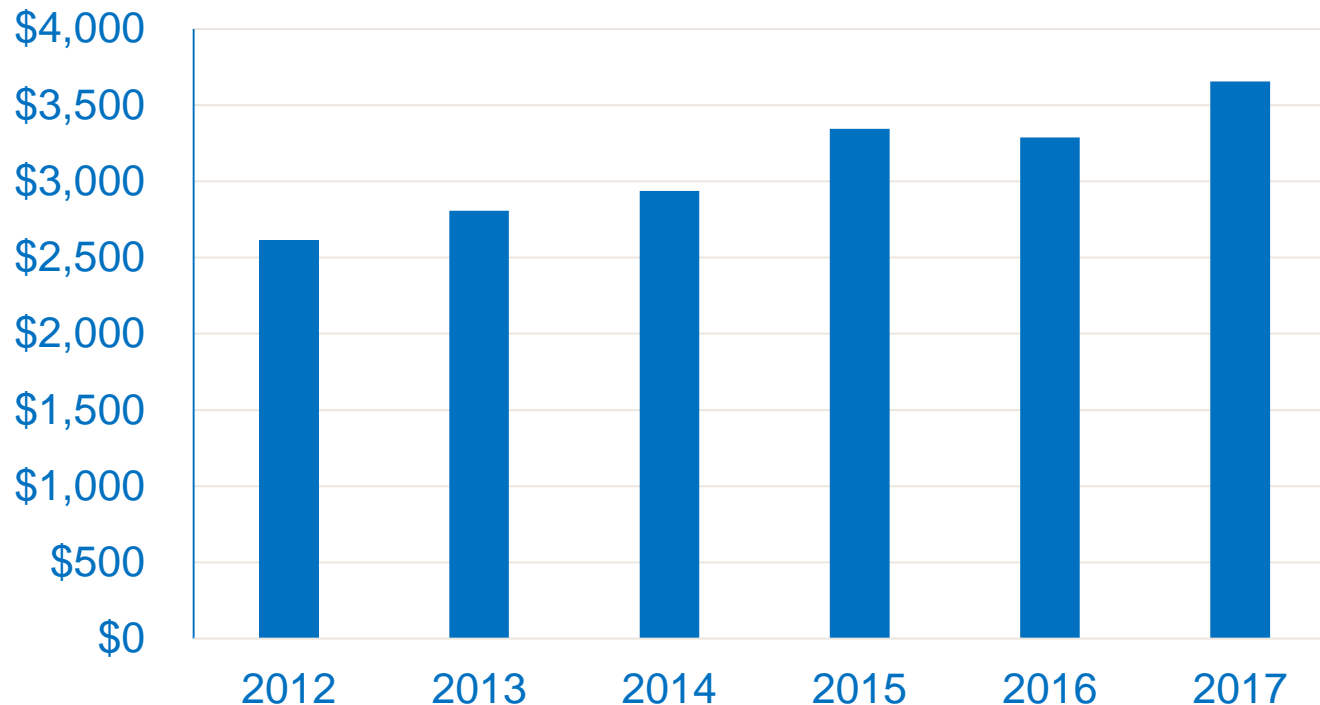
Notable Sales

- The most significant sale in 2017 was the Pero Farms sale of farmland to Gladstone in Martin County 3,518 gross acres for \$55 million.
- Other significant sales were citrus sales in Hardee, Manatee, DeSoto, and Highlands Counties to an institutional grade investor of 4,875 gross acres and 1,890 gross acres respectively.

Ranch/ Recreation

- Ranch prices have increased in 2017 to average \$3,656 per acre.
- After a slight decrease in ranch value in 2016, the market in 2017 increased 10%.

Price Per Unencumbered Acre



Ranch/ Recreation

- Same number of transactions (15) as 2016 (31,987 acres.)
- Average size of transaction just over 2,100 acres. Last year was just under 2,000 acres.
- Cattle prices are down and impacting demand for ranches.
- Interest in recreational (hunting) tracts is up.
- There are more 1,031 exchanges as ranches selling for residential development look for replacement properties.

Cropland

- Notable Transaction – 3,518 acres for \$55 million in Martin County.
- Continues to be dominated by Institutional Investors.
- Investors want 5% cap rate, calculated on farmable acreage.
- Conversion to solar farms, especially Hillsborough county .

Homestead

- Tropical fruit and vegetables predominately.
- Range of values \$40,000/acre to \$55,000/acre.
- Several remainder rights sold for \$25,000/acre to \$30,000/acre.

Everglades Agricultural Area

- South of Lake Okeechobee
- Organic Soils
- \$12,000/acre ±
- Only 2 sales in 2017

Cropland

Southwest Florida

- Lease rate \$400 - \$500
- No sales verified

Hillsborough

- Predominately strawberry sales
- \$24,000/acre – \$30,000/acre
- Solar farm and housing development encroaching and forcing growers further south than Plant City.
- 1,289 acres of strawberries, over 10% of the market, is being converted to solar farms.

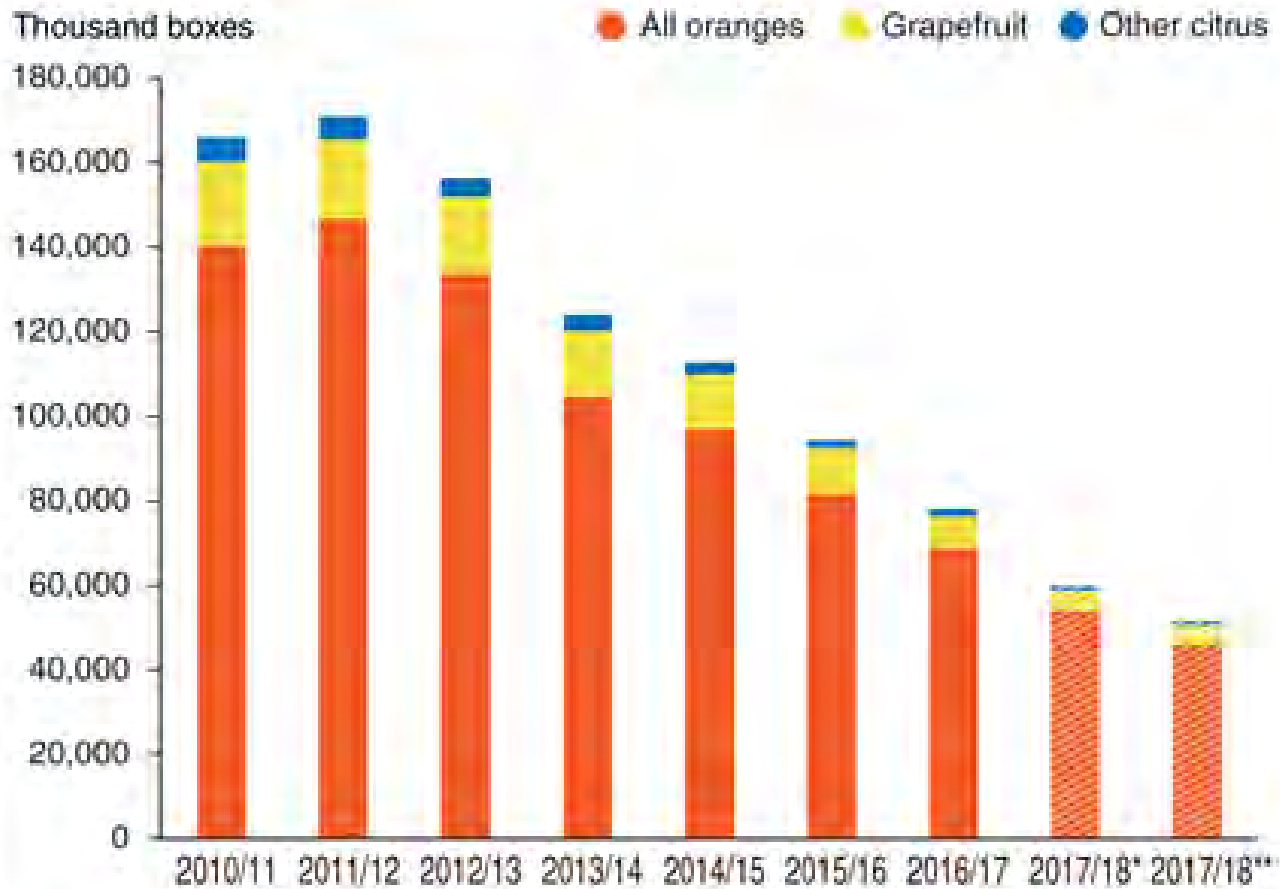
Conservation

- The state bought several land tracts in 2017. Most were small additions to projects, but others were mission central to protecting spring sheds and water resources.
- Bought Blue Springs and Rock Bluff Springs and land around Silver Springs and Rainbow Springs.
- 22 Conservation Easement sales totaling 33,403 acres for a price of \$65 million.
- Demand high for Conservation Easement's. Funding very low.
- Collaboration with other agencies very important.
- Only \$5.8 million for Rural and Family Lands Protection Program.
- Florida Forever was funded \$100 million.
- Elections could impact Florida Forever Funding.
- Farm bill will also be important in 2019.

Citrus

- 98 verified citrus to citrus sales. 79 on Central + SW Florida, 19 Indian River Area. Total value over \$101,000,000 for approx. 15,000 gross acres.
- Another 2,500 acres of transitional citrus sold – 2,100 of which was for other agriculture and 400 acres for development.
- Acreage prices range from \$6,000 - \$8,000/acre depending on quality, etc.
- Citrus acreage and production continue to decline.
- Juice consumption is declining.
- Citrus greening is transforming our state.

Florida citrus production, 2010/11-2017/18F



Note: F = forecast. Other citrus includes tangelos, tangerines, and mandarins. *Initial forecast in October 2017.

**Revised forecast in January 2018.

Source: USDA, Economic Research Service using USDA, National Agricultural Statistics Service Quick Stats Database.

Residential Land and Lots

- 17 counties studied.
- Great deal of change, recovery and growth since 2010.
- Distressed finished lots used to sell for a fraction of the development costs.
- Now we are well into a healthy state where the cost of land and development plus a reasonable developer profit = lot cost.
- Still almost 1,000 per day moving to Florida – need homes near jobs.
- Home builders and developers putting land in the pipeline.
projection 2 years out allowing for permitting and development.
- Still cautious not to bank too much, although the national builders are banking some.
- Demand is high in the 17 counties and values are healthy and increasing.

Residential Land and Lots

- Overall residential land values are up 19%.
- Referring to land for single family home communities with density of 3-4 units per acre and water & sewer are available.
- Average cost of a usable acre in Central Florida is \$56,672.
- The range is big though and depends on a lot of factors (jobs, shopping, recreation,) Martin County over \$200,000 per acre and St. Lucie County was a little under \$20,000 per acre.
- Most counties the range was between \$35,000 to \$70,000 per usable acre.
- Polk county residential land is \$34,865 per acre (just a little above where it was in 2016.)
- Not as many lot sales as there were when there was inventory from the recession – that is pretty much gone now.

Residential Land and Lots

- Still some bulk sales but not heavily discounted like it used to be.
- Take downs more common (6-12 at a time as needed.)
- Most Counties did show moderate to high finished lot activity.
- Some builders develop their own lots.
- Average finished lot price in Central Florida is \$46,655.
- High is Orange County \$79,890 (average,) low is Marion County \$13,650 (many of these are well and septic rural properties.)
- Polk County average for a finished lot is \$36,947 (up 14% from 2016.)
- New roads are creating opportunities for residential communities.
- Median home sale prices up 8% and there is a shortage of inventory.
- This is good news regarding the value of land for owners that have tracts in the path of growth.

Timberland

- As in 2016, the number of large (>1,000 ac) timberland tract sales and total acres sold was down in 2017. We DO NOT believe this is due to low interest in FL timberland, rather just a result of not many timberland tracts being offered for sale.
- There is still strong interest in timberland in FL from REIT's, TIMO's, and other private investors with billions of \$ still allocated to this asset needing placement.
- We have seen an increasing number of private investors interested in small (i.e. less than 1,000 acres) timberland tracts. However, due to pressure from the recreational land market, tracts at the lower end of the size range tend to too pricey for a pure timberland investment.

Timberland

- For 1,000+ acre timberland sales, gross sales price for all sales ranged from \$876 to \$2,108/acre with an average sales price of \$1,536/acre. This lower than the 2016 average of \$1,950/acre, but we do not believe this is indicative of a decline in timberland prices year over year. Rather, we believe is reflective of the limited number of sales in 2017 and the fact that some of the 2016 sales had particular buyer motivations and/or unique property characteristics resulted in higher than normal timberland prices.
- Overall, we believe timberland prices held steady in 2017 and would expect timberland tracts to sell for somewhere in the range of \$1,000 to \$1,800 per acre with \$600 to \$1,000/acre attributable to the bare land.

Timberland

- Timber stumpage prices for all major products (Pulpwood, chip-n-saw, and sawtimber) increased in 2017 after dipping somewhat in the last half of 2016. Timber stumpage prices have continued to remain strong through the first quarter of 2018.
- We expect stumpage prices to remain steady in 2018 on the strength of increasing housing starts, strong SE pulp and paper market, and overall increasing strength of the US economy.
- Going forward into the rest of 2018, we believe timberland prices will remain strong and there will continue to be significant investor interest in this asset class. The limiting factor to sales activity continues to be the low number of timberland offerings.



**“ The best
investment on
earth is earth ”**

Louis J Glickman



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