



# THE LAND REPORT

**Ben Alder**  
Senior Advisor  
[ben@svnlandgroup.com](mailto:ben@svnlandgroup.com)

**Nick Campanaro**  
Land Advisor  
[nick@svnlandgroup.com](mailto:nick@svnlandgroup.com)

**Doug Williams**  
Land Advisor  
[doug@svnlandgroup.com](mailto:doug@svnlandgroup.com)

[www.SVNlandgroup.com](http://www.SVNlandgroup.com)

# SVN LAND GROUP

SPERRY VAN NESS - MILLER COMMERCIAL REAL ESTATE

## Trending in the Land Market

WRITTEN BY: BEN ALDER

### Welcome

2015 was an extremely active year in the Delmarva land market. Over 120 tracts totaling more than 13,040 of land were reviewed in six counties for years 2014 and 2015. In 2015 alone, the SVN Land Group worked to assist our clients in the purchase or sale of more than \$17M in land transactions on nearly 3,750 acres in MD, DE, and VA. Additionally, the SVN Land Group consulted on a 9,000 acre transfer of commercial timberland in Virginia which transferred for \$17M. 2016 is shaping up to be another banner year as the Land Group is excited to announce the addition of Doug Williams, a seasoned licensed land surveyor.

### 2015 Trends

To ensure the best understanding of our market place, we review the data in two year segments as it is our experience that trends in the land market are better understood when looking at two years of data and works to minimize outlier transactions which may skew performance in the market. The data is nicely summarized on the back page of the 2016 Land Report. From the data and our work in the marketplace, the Land Group has identified key trends and takeaways about the Delmarva land market. A few of them are highlighted here in the Land Report and more detailed information can be reviewed on our website [svnlandgroup.com](http://svnlandgroup.com). Please click the "Join Our Mailing List" to receive emails from our Acreage Blog and new land listings.

### Poultry Farms

The Wicomico County market snapshot written by Land Advisor



View the Parsons Creek Property Video on our Youtube Channel:  
[www.youtube.com/c/SVNmiller](http://www.youtube.com/c/SVNmiller)

Nick Campanaro summarizes this aspect of the marketplace and its velocity is consistent around the peninsula from Kent County, Delaware to Accomac County, Virginia. The poultry integrators are working to meet the demands of their market and this shortage of poultry housing is driving buyer's to pay as much as 30 percent over agricultural land prices. It is likely this rapid land appreciation will be curbed over the next 24 months as the existing backlog of poultry housing is built. For now, this market sector for small land tracts 40 to 75 acres remains red hot.

### Recreational & Conservation Land

This market sector has enjoyed a strong rebound as several large land tracts of conserved land (land in conservation easement) traded in recent months. This is highlighted via Land Group's transfer of more than 500 acres of timber, uplands and tidal wetlands near Girdletree in 2015 for nearly \$1M. In recent years these transactions were all but non-existent. Additional 100 to 300 acre tracts also transferred through our work this year in Caroline, Dorchester, and

Wicomico Counties.

An interesting observation the Land Group has uncovered in our transactions and data analysis is the shrinking delta in price difference between agricultural lands which are encumbered with conservation easements and those which are not encumbered. This analysis was conducted to assist local lenders and appraisers and our findings demonstrated that farmers seeking quality ag land will pay nearly the same price per acre regardless of the land's encumbrance with a conservation easement. This fact is clear reflection of the land use policies put in place at the state level in 2009 to limit residential land subdivisions using well and septic and instead encouraging the use of municipal water and sewer infrastructure.

View the rest of the key trends, including medical marijuana and solar/wind at:  
[www.svnlandgroup.com](http://www.svnlandgroup.com)

## Land Market Heats Up In Wicomico County - The Full Story.

WRITTEN BY: NICK CAMPANARO

Recently, our group completed an analysis pertaining to land sales in Wicomico County dating back to January of 2014. The analysis included both farmland and timberland sales greater than 50 acres in size. While the timber market remained steadily centered around an average price of \$1,500 per acre, the trend in tillable farmland values was quite different.

As the above table shows, both the velocity and price of tillable land has appreciated drastically, and we aren't even to the end of the year. In terms of percentages, the velocity of the market has increased roughly 183% and the market price has increased roughly 40%. These numbers are quite substantial. We do believe the farmland data for 2014 was negatively skewed due to several large auction transactions that did not bring full market values. In 2014, our cocktail party answer to the value for tillable agricultural

land was \$5,000 per acre. Even such, there still appears to be a significant increase in land values.

Looking closely at the data as well as the transactions we have closed, it is evident this trend has one major driver. The demand for poultry house development on the eastern shore is booming. At least 5 of the 17 transactions we analyzed in 2015 are poultry related. Due to the economics of poultry farms, buyers are able to cash flow more income from the land than traditional small grain farmers.

While this seems fairly straight forward, one fact the table above does not tell you is how incredibly difficult it is to find suitable land for poultry farms. Not only does each county on the Shore have its' own setback requirements, each poultry integrator also places requirements on land for new chicken house development. As the poultry companies strive to

	2014	2015 [Q1-Q3]
# of Sales	6	17
Avg. Farmland Price Per Acre	\$4,171	\$5,859

be good neighbors, the number of parcels that will work has diminished. In addition, the economics of a poultry farm put a cap on the acreage amount that will cash flow for a poultry operation. A typical poultry farmer seeks a 50 acre cleared field with road frontage that is well removed from residential development. This subset of our Wicomico county land market is fiercely competitive with deals closing over \$7,000 per acre. However, outside of this sub-market, farmland values remain constant around \$5,000 per acre. All in all, it is a great time to be a seller if you own a piece of land that has potential for poultry house development.

## SVN Land Group Welcomes Doug Williams

NEW LAND ADVISOR

Doug Williams joined the SVN Land Group as a Land Advisor in January of 2016. Williams has over 26 years of experience in land surveying, with expertise in boundary surveys, topographic / hydrographic surveys, ALTA / ACSM land title surveys, construction surveys, subdivision and commercial development, utilities for public agencies and private industry, right-of-way and easement acquisition, geodetic control surveys, and legal

descriptions. He also has over 18 years of experience with GPS/GIS surveying. He is registered as a land surveyor in Maryland, Delaware and Virginia, and he holds his Maryland Real Estate license. "Doug's expertise in surveying will be a valuable addition to the SVN Land Group in serving the myriad of challenges we face each day with periphery boundaries and right of ways," said Senior Advisor Ben Alder.



## Land Valuation Analysis

The goal of this analysis is to use comparable sales data to calculate per acre land values for farmland, timberland, and marshland. Our focus is on the counties where we are active participants in the land markets & have working knowledge of individual trades. This analysis doesn't include properties containing significant improvements or waterfront; rather emphasis was placed on arms-length raw land trades larger than 50 acres occurring in 2014 and 2015.

FARMLAND			
County	Number of Sales	Total Tillable Acres Sold	Average Price Per Acre
Caroline	17	1706	\$5,553
Dorchester	8	996	\$5,649
Somerset	4	307	\$4,908
Sussex	17	1292	\$6,909
Wicomico	19	1302	\$5,887
Worcester	14	1194	\$5,348

- Average MD Eastern Shore farmland values fall between \$4,900 - \$5,900 per acre
- DE farmland values trend higher than MD with an average price just below \$7,000/acre

TIMBERLAND			
County	Number of Sales	Total Wooded Acres Sold	Average Price Per Acre
Caroline	5	633	\$1,663
Dorchester	3	606	\$1,237
Somerset	5	860	\$1,635
Sussex	9	976	\$2,985
Wicomico	4	398	\$1,701
Worcester	11	1687	\$2,056

- Average MD Eastern Shore timberland values fall between \$1,200 - \$2,000 per acre
- DE timberland values trend higher than MD with an average price at \$3,000/acre

MARSHLAND			
County	Number of Sales	Total Marshland Acres Sold	Average Price Per Acre
Dorchester	4	489	\$568
Somerset	1	140	\$450
Wicomico	1	84	\$950
Worcester	2	373	\$921

- Marshland values ranged from \$450 per acre to \$950 per acre with an average of \$722 per acre

Data used in this analysis is based on information provided by county tax records as well as market knowledge provided by SVN Land Group. For more information about the analysis please contact Nick Campanaro of SVN Land Group at 410-543-2440 or [nick@svnlandgroup.com](mailto:nick@svnlandgroup.com).