

THE LAND REPORT



Ben Alder
Senior Advisor
ben@svnlandgroup.com

Nick Campanaro
Land Advisor
nick@svnlandgroup.com

Doug Williams
Land Advisor
doug@svnlandgroup.com

WWW.SVNLANDGROUP.COM

SVN LAND GROUP

SVN | MILLER COMMERCIAL REAL ESTATE

The Delmarva Land Market: A Year in Review

WRITTEN BY: BEN ALDER

Welcome to another year of the SVN Land Report. This is third edition of the report and each year we are working to be better at providing thoughtful insight into the Delmarva Land Market.

Quality farmland is hot, poultry land is not, large scale land acquisition has slowed for solar farms, and velocity in the recreational land market continues to increase.

Sales data has shed interesting light on the land market over the past 12 months. Notable changes include the considerable amount of timber SVN Land Group has transacted in Delaware, as well as the increasing price of farmland trades occurring in Worcester County. As with all data, it's relevance is directly related to the sample size, but after our review of 140 trades on nearly 15,000 acres of land in 2017 we can draw some conclusions.

SVN Land Group works to understand land values rooted in basic land types and land use. Our experience in the land market has informed us on how many land buyers purchase. From this knowledge, we have learned to never blend land use types or accept outliers in small data sets. If we identify anomalies in the data we find out why. Usually, we discover the sale was due to unique circumstances or the transaction record did not properly reflect the specifics of the transaction properly. Therefore, I can honestly tell you we work to understand the "why" in the land market. Our goal is to offer our clients an understanding of land value based on tangible factors relating to soil type, timber resource value, agricultural income, location or entitlements to the land. This year SVN Land Group assisted our clients in trading over 4,500 acres in Maryland, Delaware, and



Virginia. 2017 sales have summed our total sales at nearly 30,000 acres over the past 14 years. This sounds like a lot of dirt and perhaps it is, but it represents a small percentage of the Delmarva so we take it in stride. On our little island of the Delmarva we have approximately 5 million acres of land comprised of 1.7 million acres of wetlands, 500,000 acres of forestland, 600,000 acres of grasslands and over 2.2 million acres of cropland. Today, our representation spans three states and more than 30,000 acres for the clients we represent.

Please consider us to assist you as your land advisor and not just to buy or sell dirt. Our team regularly meets with landowners to conduct assessments for conservation values and land use change. While Doug Williams is a licensed surveyor in all three states, I have worked as a wildlife biologist since 1997, first as a biologist for Ducks Unlimited and have continued as a private consultant. Nick Campanaro is our go to resource for data analysis and has become fluent in poultry farm sales and the economics of poultry farms overall.

SVN Land Group is uniquely positioned within the most successful commercial real estate brokerage company on the Delmarva. SVN Miller Commercial

Real Estate has a strong team of commercial brokers with dynamic backgrounds in land development and commercial real estate. This gives SVN Land Group the very best resources to help understand and guide decisions you are making to manage your land.

To better assist you we will have a few announcements regarding SVN Land Group growth coming in early 2018. SVN Land Group is actively expanding into Western Maryland and other parts of the Eastern Shore, so please let us know how we might assist you if you are in counties like Queen Anne's or Frederick.

We look forward to sharing more with you in the near future. Stay tuned; 2018 is looking to have a lot of growth in store!

As social and economic forces around the world drive the need for more food, fiber, natural resources and open space, land is and will continue to be a sound way to invest your hard work and treasure. We are here to help you make your goals and vision possible. Be well and we look forward to working with you in 2018.

To Plot or Not to Plot

WRITTEN BY: DOUG WILLIAMS

Let me begin with this...I am not a wildlife biologist, soil scientist nor an expert in the field of...well anything! I am however an observer, and when it comes to whitetail deer I pay close attention. Given the business I am in, one of the most common questions I receive about our recreational tracts is "can I put food plots in?"

There may be limitations on some tracts due to the different parameters of conservation easements and state or federal land use laws, but as a rule of thumb the answer is yes! When thinking of wildlife habitat food resources are one of many factors to consider, but are often one of the most limiting factors to providing a quality habitat. Consider you own a 100-acre tract of well managed 30-year old pine stand. In general, I would consider this tract a desert oasis for whitetail food resources. There is no mast crop during the fall and little to no browse at the forest floor. Therefore, you have forestland that will have

a hard time holding Whitetail within its boundaries. The ability to put a high nutrition source plot within the tract will provide a tremendous benefit to the deer and other wildlife while increasing your chances of a successful harvest.

The location of your food plots along with the type of food plot are very important. The deer using your land and nature can help you decide where to locate food plots, and I always believe providing a mixture of food sources in both "warm & cool season foods" make the best menu. Warm-season plots are typically planted in the spring and grow throughout the summer into the fall. These plots provide nutrition during buck antler growth and support does while they are lactating which helps fawn survival. Warm-season plots will benefit your September-November hunting, and include plantings such as cowpeas, soybeans and sunflowers. Cool-season plots can be planted in

either the fall or spring, and are the preferred plots to help deer during the stressful winter and early spring. Cool season plots include foraging plants like wheat, clover and turnips. Once the bitter cold and snow set in, these plots can be a tremendous benefit during the late season. Cool-Season plots can be effective from November through the end of the season, typically the end of January in Maryland and Delaware and early January in Virginia. Managing your land is one of the most enjoyable and rewarding aspects of landownership. The key is to put in the time to seek professional guidance from local natural resource agencies or private wildlife consultants.

SVN Land Group has several strategic partners who can help you manage your farm, food plot creation, implementation and yearly maintenance. Feel free to touch base with us to find that perfect tract and resources for all your wildlife questions. Happy Hunting!!

5 Trends in the Land Market: 2017

WRITTEN BY: NICK CAMPANARO

- 1 Raw land values across the mid to lower shore were heavily influenced by the market for new construction poultry houses in 2015 & 2016. This trend came to a complete halt in 2017 as poultry integrators have no need for additional capacity. As a result, we have witnessed the value of small farms (30-60 acres) revert back to normal agricultural pricing.
- 2 Several counties on the lower shore saw large farmland trades to solar developers. Transaction prices for these deals reached nearly \$20,000/acre for several projects. This trend is measured by demand for solar energy projects mandated at state and federal levels. Industry sources indicate that very few large scale solar projects will occur over the next several years.
- 3 The Worcester County land market experienced numerous large trades for prime soil farmland in 2017. Per acre pricing exceeded \$8,000 for several trades. These data points demonstrate a 20% - 30% value premium above normal farmland prices. As the farming industry continues to trend towards consolidation, we expect farm operators to compete strongly for high quality farmland.
- 4 Caroline County has experienced the largest number of tillable farmland acres sold of all counties on the mid & lower shore over the last two years. Approximately 2,300 acres of farmland transacted in 2016 and 2017. Considering the vast amount of tillable acreage in the county, this is not surprising. Land values in Caroline County remain heavily focused on agricultural pricing in the \$5,000 to \$6,000 per acre range.
- 5 Last year we recognized the increasing trend in waterfront land values across the mid and lower shore. This proved to continue throughout 2017. Although values have not approached pre-2008 values, the "Luxury Farm" market is experiencing increased velocity. Specifically, Dorchester county has witnessed over Twenty "Luxury Farm" sales since the start of 2016, with several transactions exceeding One Million Dollars.

Land Valuation Analysis: 2016-2017

The goal of this analysis is to use comparable sales data to calculate per acre land values for farmland and timberland across the mid to lower Eastern Shore. Our focus is on the counties where we are active participants in the land markets and have working knowledge of individual trades. This analysis doesn't include properties containing significant improvements, entitlements or waterfront; rather emphasis was placed on arms-length raw land trades occurring in 2016 and 2017.

FARMLAND (50+ Acres)			
County	Number of Sales	Total Tillable Acres Sold	Average Price Per Acre
Caroline	20	2301	\$5,744
Dorchester	7	827	\$5,799
Somerset	5	261	\$5,295
Sussex	16	1418	\$6,741
Wicomico	21	1404	\$6,114
Worcester	15	1218	\$6,757

- Average tillable farmland values fall between \$5,000 and \$7,000 per acre
- As the poultry industry has removed new construction incentives and stopped accepting additional capacity, land values for small farms in the 30-50 acre range have experienced downward pressure
- Average farmland values in Delaware remain stronger than Maryland
- Velocity of sales in Caroline County is strong, but has yet to create rising land values
- Worcester County has experienced a very active market over the past two years with several sales exceeding \$8,000 per acre for prime soil types

TIMBERLAND (50+ Acres)			
County	Number of Sales	Total Wooded Acres Sold	Average Price Per Acre
Dorchester	7	858	\$1,885
Somerset	5	315	\$1,627
Sussex	22	2959	\$2,411
Wicomico	9	864	\$1,750
Worcester	10	1537	\$1,563

- Average timberland values fall between \$1,500 and \$2,000 per acre in Maryland
- Delaware timberland values are slightly higher with an average close to \$2,500 per acre
- Sales velocity of timberland in Sussex County is very strong
- Majority of timberland sales across all counties were recreational purchases
- Timberland investment purchases remain low

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.