

RANCH CONNECTIONS

SPRING 2009

2008, 2009 and Beyond: Straight-talk about ranching in a down economy

How does one begin to explain the roller coaster ride that we call the economy?

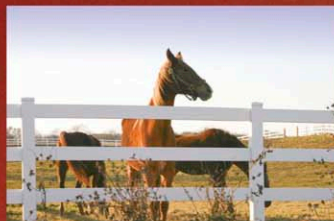
As many real estate companies started this downhill thrill ride in 2008, we at Fuller Western experienced a wonderful year with the sale of an astounding 230,000 acres of ranch real estate. Even with the economy in a downward direction, the majority of these closings occurred later in the year, well after the spiral started.

Who were these buyers? Although we continue to have our share of clients looking for ranch and recreational product, a new buyer has emerged in this new economy -- the energy sector. From wind farms, solar arrays to gas exploration, much of the ranch market is now being driven by this sector. We've seen land that traditionally presented itself as a challenge in selling now becoming more desirable. Large tracts of relatively non-productive ground have garnered interest from the energy sector. It no longer matters if oil is found below the ground.

Without doubt, this past year experienced changes in the market never seen before. As 2009 progresses, the markets continue to reel from uncertainty in the financial sectors. What does all this mean to the Buyers and Sellers of ranch real estate?

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By John E. Fuller, Chairman, Fuller Western Real Estate, LLC



BAR M RANCH New Mexico



Located in La Luz Canyon of Southern New Mexico, this 160± acre, 15,000±sf equestrian facility also offers three fine homes and income producing apple & cherry orchards. Great hunting & fishing, too. Co-listed with United County, Tularosa, N.M. \$2,250,000

RED CONE RANCH New Mexico



This 36,285± acre ranch in west central New Mexico is prime elk, deer and antelope habitat and a productive year-round cow/calf operation. World class bull elk (400+ score) range of this vast spread that abuts Arizona. There is abundant water. \$4,350,000

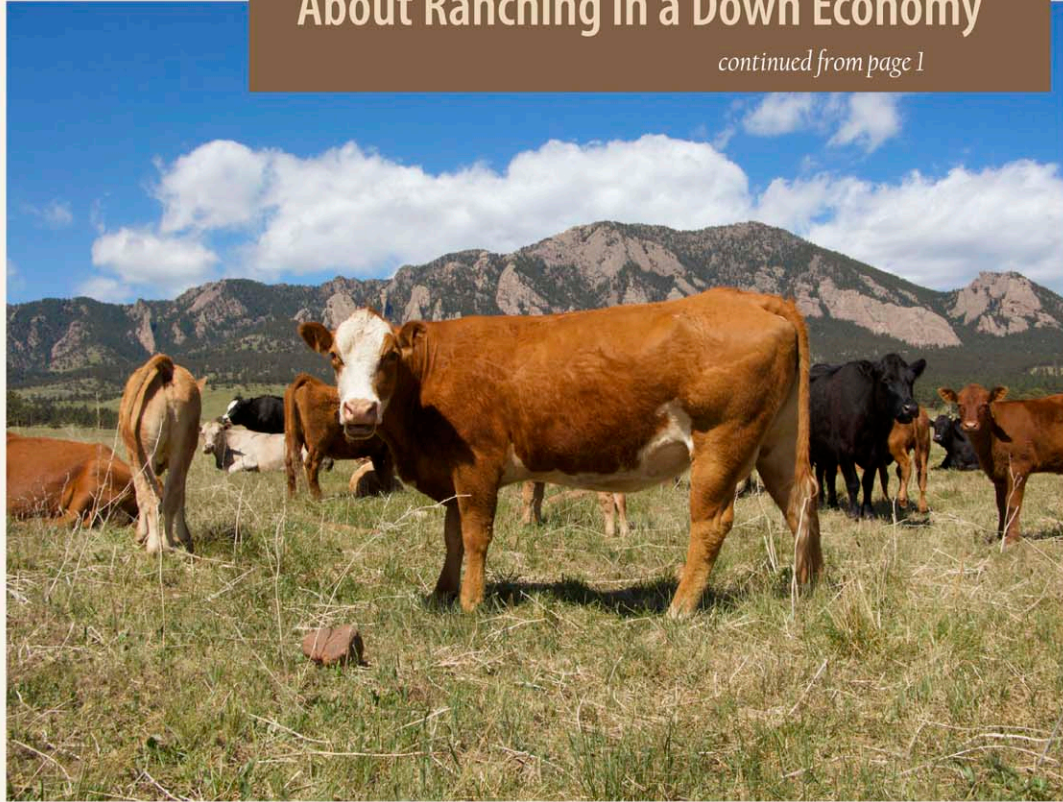
SMOKY MOUNTAIN RANCH S. Dakota



Featuring 7½± miles of the Elm River, this 2,921± acre ranch offers perhaps the finest pheasant hunting in all of North America. The ranch is set up as a hunting-for-fee as well as an agriculture operation. Located in Brown County, South Dakota. \$4,800,000

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We feel the most important need is to impress upon the Seller the need to be competitive with their pricing if they want to sell in this market. For the most part, the Sellers appear to be adapting to these new realities. As for the Buyer, their desire to take advantage of the depressed market has led to some good deals being found. I'm a firm believer that money is made when you buy something – not when you sell it.

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What does all this really mean if your plans include buying or selling a ranch? Will the market rebound or continue with uncertainty? In my 50+ years in the business I've never seen such a market and have no base of comparison. That being said, we predict some leaner times throughout 2009 with the seller bearing the brunt of this new reality. Gone are the times of unrealistic high prices. Although the market is now solidly in a down cycle we actually seem to sense growing optimism for the ranch market. In fact, ranches are perhaps one of the smartest places to invest your money.

With the uncertain stock market and Treasury's actually paying zero percent, where else can you put your money? I believe it was Mark Twain who said, "It's not the return on your investment, it's the return of your investment that matters".

In conclusion, I feel this market will simply take patience. I feel that is the best description. With no allusions that everything smells like roses, we do see signs that the light at the end-of-the-tunnel may no longer be that train barreling down upon you. Some may call it a market correction to bring prices more into reality. Whatever the case, we're here to assist you through this unknown journey. ■