



**The Ranch Co.**

# AG NEWSLETTER

Volume 39 Number 2 - 2014

Agricultural Real Estate Services Since 1965



## THE BOTTOM LINE

### A Bubble?

Land prices are at record levels. Just 5 years ago, good quality land could be purchased at one-half of what is being paid today.

#### *What is land really worth?*

Some questions to think about:

- Can a dairyman afford to pay \$20,000 per acre when he can buy corn at \$3.50 per bushel or less? (NO!!)
- Can a nut grower pay \$25,000 per acre for open land when walnuts sell at \$2.00 a pound? (No Problem)
- What will land buyers be thinking if the drought continues this winter? Will they hold off buying?
- The U.S. currency is up +/- 7%, compared to many world currencies, will further value increases affect the Ag export market?

We try not to predict the future, we only ask questions. *John*

## FARMLAND • DAIRIES • QUOTA • FEED RANCHES • GROVES SPECIAL SERVICES

*Fees are based on time involved*

- Appraisals - Dairy & Farmland
- Dairy Facilities
- Neighbor to Neighbor Land Sales
- Escrow Supervision
- Herd and Quota Appraisals
- Dairy Relocation Services
- Auctions - Farmland & Dairy
- IRC1031 - Tax Deferred Exchanges
- Farmland & Dairy Leasing
- Financial Consulting
- Estate/Bankruptcy Sales
- Agricultural Investment Planning

### Ag Land & Dairy Sales

John H Grimmus  
*Sales and Consulting*

Jeanie McGuigan  
*Residential Sales*

Curtis Brunson  
*Land and Dairy Sales*

Manuel Ortiz  
*Land and Dairy Sales*

### Appraisals & Sales

Jeff Lien

Tony Toso

Randy Edwards

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## QUOTA

Price very steady for the last 5 months and averaging \$526 SNF. October sales were at \$525.

## LAND



**151 Acres** Row crop ground located in Kings County. Property has well and the owner is willing to finance! Located Northeast of Corcoran near Nevada Avenue with Hwy 43 frontage. Irrigation well was redone in 2003 with standing water at 98 feet. Leased through 2014. Price just reduced to \$8,850 per acre!

**158.76 Acres** located West of Woodville. Excellent Walnut or almond ground. Currently planted to prunes and peaches of various sizes. All Class 1 soils. 2 domestic wells, 2 irrigation wells, plus Lower Tule ID water. Includes 2,300 square foot home and large shop. Asking \$4,000,000.

**1840 Acres** of contiguous farm ground. Pistachios? Vineyard? Feed Ranch? Light soils and easy to farm. The entire ranch is being slip plowed, disced and prepared for the planting of trees and vineyard. Soil test results are available upon request. **A RARE OPPORTUNITY!** Priced at \$6,500 per acre.



## SPECIAL PROPERTIES

**Woodlake Home with Large Shop** This 7.5 acres includes a unique home and a 5,000 square foot shop. There are five acres that are plantable or could be used for pasture. Priced at \$339,000.

**5.00 Acres with home** in Visalia on Avenue 320. Besides the wonderful home and workshop, this property has 1.5 acres of pasture and 2 acres of pomegranates and persimmons. It also includes a family orchard with multiple citrus and fruit trees. Great location!

**Kings County** - Wonderful 7 acres that you can add your own custom home! Cross Creek meanders through the property. The current rental home could be transformed into an office and you can run your business with room to grow! Price at \$224,900.

**Tulare Industrial** Located on the Southeast corner of Industrial Avenue and South K Street in Tulare. Zoned heavy industrial, but could be used as a gas station/convenience store with approval. Priced at \$700,000.

**Industrial/Commercial** This property is located in Pixley and close to development. Zoned as M-1 light industrial, you have many possibilities. Property is visible along Highway 99. \$700,000.

## NEW ADDITIONS:

We are extremely pleased that Jeanie Grimmus-McGuigan has joined the sales team as a residential sales agent. She has been with The Ranch Company since 1999 in various capacities including receptionist, administrative assistant, and tracking the Ag land sales in Tulare County, but has never been a part of our sales team. Licensed in real estate since 2006, Jeanie has been selling residential properties. With 9 years of experience she's a welcome addition to our staff and will handle any of our clients residential needs in home ownership or investment needs. Jeanie lives in Visalia and has two married children, two grandchildren with another on the way! Previous to coming to The Ranch Company, Jeanie worked for a local bank for 5 years and then spent the next decade in bookkeeping and accounting at a local dairy.



We are proud to announce that Manuel Ortiz, Jr. has joined the team at The Ranch Company as a real estate broker. Manuel was born and raised in Tulare and is self-employed as a Real Estate Broker specializing in Agriculture and Commercial Real Estate in the San Joaquin Valley and San Luis Obispo Counties. Manuel spent thirty seven years managing his own farming, custom farming and spray business that was started in 1974, along with other agriculture businesses that included a trucking business and raising beef cattle. Manuel received his Bachelors Degree from Fresno Pacific University in 2003. He served on the Tulare County Farm Service Advisory Committee from 1988-1994 and has been involved over the years with 4-H and FFA. He served as Tulare High Schools FFA president Boosters four years and started one of the first boosters clubs that helped support 4-H & FFA students at the Tulare County Fair Sale in 1992. Manuel also spent time with Tulare Chamber events since 1984 and has been a Tulare Chamber member for 30 years. He is currently serving on the board for the Tulare Chamber of Commerce. He has in the past been very active with the Tulare Salvation Army Dinner and is currently very active with his church in Tulare. Manuel and his wife Mary reside in Tulare and have three children between them and five grandchildren. Manuel enjoys reading and spending time with his grandchildren.



### REINVENTION

In order to remain in business over a long period of time, many small companies have to choose to reinvent themselves or face a slow painful process of fading away. Competition is always attempting to come in with something "new". We at The Ranch Co have had to face this at various times over the 49 years in business. From the beginning as a company focusing almost 100% on dairy relocations to the Central Valley, (We were involved in well over 100!) to becoming a fully diversified Ag Real Estate office. We have had periodic service additions such as ag appraisals, land and facility auctions, Court Receiverships, plus the subscription service of monthly land sales reports for each transaction (with details) of every ag property sold in Tulare County (5 acres and more) plus many other features.

Next year will be the big "50" in business for us. Our plan is to move forward into the second half of the century as a re-invented machine with "out of the box" ideas for the financial benefit of our clients, and our agents. We'll zero in on "doing something beneficial that no one else is doing!"

*Here is what you can expect from us in 2015!*

#### For our Agents

- Competitive commission splits to enable them to spend the time needed to complete successful transactions for our clients.

#### For our Clients

- Transaction fees based on the service you ask us to provide and adjusted for the total size of the transaction. Our clients will never have to pay the full customary percentages of commissions on the multi-million dollar properties.
- Representation by agents who have experience and an ag background.
- Fast action on your listed property and timely electronic updates on the sale process of your property.
- Frequent electronic communication on escrow status and progress reports.
- Before listing your property with us we will supply you with a list of properties that have been sold during the past 24 months and are located within your neighborhood and up to 5-8 miles out before you decide to list your property with us. Detailed information including location will be included and based on your study of that, YOU set the price on your property!

# THE BACK PAGE

**We need ag property listings!** In all of our years in business, we have never had fewer listings than now. Our ratio of listings to sales is always extremely high. The current demand remains relatively strong for certain types of property.

**Record Land Prices** The Ranch Co was the very first to obtain the highest price per acre on 5 parcels of land in 5 regional areas of Tulare County. The properties consisted of 4 parcels of open ground and a parcel planted to walnuts. Locations included Southwest, Southeast, West Tulare, South Visalia, North Tulare plus walnut acreage. The gratifying part of it was that we had five happy sellers and 5 happy buyers. The Ranch Co. during its 50 years has constantly been a leader in obtaining the highest land prices for our clientele.

**Property demand** Currently the highest demand is for plantings with cash flow for both the larger and the smaller parcels in production. "I want to buy something that will pay for itself", is a comment we often hear. At current commodity prices, a large percentage of producing acreage will cash flow quite well even at the elevated prices. Next is for open land and specifically suitable for permanent plantings. Water availability is very critical and land with good surface and well water often requires upgrading or a new well prior to a sale closing or an equivalent discount in price.

**Land Prices** Coffee shop has rumors of sales and prices (it's always been that way) that are a bit farfetched. By going to County records as land sales close escrow, the reported sales are almost always at a much different price than the one floating through the air and many of the supposed sales never become reality. Depending on quality and production history, permanent plantings appear to range from \$18,800 to the low 40's with the smaller parcels often being at the higher price range (20-40 acres) and actually just a few parcels at the higher end. Open land appears to be going from \$10,000 to \$25,000 per acre and again very few at this higher price.

**Midwest Land Values** reportedly have held steady to strong even as the prices for soybeans, wheat and corn have sharply decreased. We've recently seen a substantial increase in farmland auctions. Auction advertisements are being e-mailed to us from various brokers.

**Land Auctions** are most successful when the demand for land is at a peak and the property offered for sale is an outstanding parcel of ground with ample water and Class 1 soils. Often an auction generates the very highest selling price for the best quality properties. The Ranch Co. has conducted a number of successful auctions over the past 50 years.

**Land Sale Information** If land sale information is something you wish to keep track of, give Jeanie at our office a call to subscribe to monthly updates of all the Ag properties sold in Tulare County. The report includes acreage size, location, plantings, improvements, plus price and names of sellers and buyers. This is a paid subscription service and used by banks, appraisers, real estate agents and many individual land owners who wish to know what's going on around them.

**U.S. Farmland value** was up 8.1% for 2014 as compared to the previous year. Average per acre is \$2,950 per acre including all improvements according to USDA statistics. This appears far under the average for California.

**Tom McGuigan** is no longer associated with The Ranch Company as a broker. Feel free to call John, Curtis, Manuel or Jeanie in the Visalia office to help with your real estate transactions/needs.

**Estate Planning** Be sure and go to our website and read the latest article from Verlyn DeWit entitled "Hard Times, Teachable Moments: What have you learned?" You can read it at [www.theranchcompany.net](http://www.theranchcompany.net) The article is under the Estate Planning tab. You can also find previous articles from Verlyn there as well. Verlyn can be reached directly at 712-722-1627 or call our Visalia Office and we will get him in touch with you!

*"By failing to prepare, you are preparing to fail." Benjamin Franklin*

## AG Real Estate Career Opportunities

**NEEDED:** Agents or brokers who are bi/multi-lingual. We are not aware of any Ag offices in this area of the Valley that are able to serve international clients in their native language. This is a great opportunity to join a well-established Ag real estate office and have a large clientele to serve with a huge language advantage! Benefits are quite possibly the best in the Ag industry. If you have ever considered making a career in real estate, please contact us.

## THE RANCH COMPANY STAFF (Visalia)



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