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ELRC FALL CONFERENCE 2009



Location (Rural Land)	Adjustments 2007	2008	2009
New Hampshire	+3%	-5%	-5%
Vermont	0%	-3%	-3%
Wisconsin (Northern)	+5%	0%	0%
Indiana (Southern)	+5%	0%	0%
Minnesota (NE)	+10%	-5%	-10%
Minnesota (NW)	+7%	0%	-5%
Illinois (Southern)	+8%	0%	0%
Michigan (UP)	0%	-5%	-15%
Michigan (LP North)	0%	-10%	-15%
Southern States	+5 to 10%	0%	0%

Methodologies Used

- Resales
- Paired Sales
- Median Price in Market Sector
- Average Price in Market Sector
- Demand Trending (numbers of sales)
- Supply Trending (numbers of listings)
- Marketing Time Trend
- Same Sector MLS Data from Adjacent Area
- Residential Sales Data for Rural Land
- Tax Assessment Trend
- Interview of Market Participants (Realtors)
- Economic Data





Case Study

- Arrowhead Region, Minnesota
- Lakefront Acreage
- HBU = Development for Recreation Bldg Sites
- DOV = 3/9/09





Initial Appraisal

- Previous Appraisals of Similar Land 7-10%
- Department of Revenue 1998-2006 15-20%
- 2007-2009 2-10%
- Resales (unknown years) 7-60%
- Academic Study of Fragmentation
1989-2005 11%

Adjustment Conclusion:

- 5% annually from 2004 to 2009





Six-Year Summary of MLS Vacant Waterfront Sales

<i>Year</i>	<i>Number of Sales</i>	<i>Total Price</i>	<i>Total Acres</i>	<i>Weighted Price Per Acre</i>	<i>Total Frontage (Feet)</i>	<i>Weighted Price Per Foot</i>
07/01/2003 to 06/30/2004	57	\$ 7,762,000.00	164.70	\$47,128.11	17,990	\$431.46
07/01/2004 to 06/30/2005	75	\$10,381,150.00	262.49	\$39,548.74	22,558	\$460.20
07/01/2005 to 06/30/2006	105	\$16,241,650.00	383.00	\$42,406.40	31,753	\$511.50
07/01/2006 to 06/30/2007	96	\$15,688,500.00	314.18	\$49,934.75	28,318	\$554.01
07/01/2007 to 06/30/2008	95	\$19,192,395.00	271.83	\$70,604.40	30,602	\$627.16
07/01/2008 to 04/30/2009	26	\$ 4,343,799.00	195.85	\$22,180.21	12,387	\$350.67
Total	454	\$73,609,494.00	1,592.05	\$46,235.67	143,608	\$512.57

Appraiser Concluded: +10% up to 1/09
0% up to 3/09





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Analysis Not Completed:

Year	Price/FF	Change
2003/4	\$ 431	
2004/5	\$ 460	7%
2005/6	\$ 511	11%
2006/7	\$ 554	8%
2007/8	\$ 627	13%
2008/9	\$ 351	-44%

75% drop in sales volume in the last year





New Same-Lake Paired Sales Found

Pair 1: 2004 to 2005 shows 15% annually

Pair 2: 2005 to 2009 shows 8% annually

Appraiser Concluded: 2009 values still increasing

Analysis of **Last Year** of Pair 2:

- 10% increases 2005 to 2008 leaves **3%** for 2009
- 11% increases 2005 to 2008 leaves **0%** for 2009
- 12% increases 2005 to 2008 leaves **-3%** for 2009
- 15% increases 2005 to 2008 leaves **-16%** for 2009

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Which is **Missing** from Appraisals?

Inferred (Trend) Analysis – uses historical market conditions to infer current conditions.

Fundamental Analysis – studies the market that the subject will service.



Fundamental Analysis

Demand Side

- Who are the buyers?
- Where do they come from?
- What is their demographic (age, family, income)?
- What has happened to this demographic lately?
- What is expected to happen (forecast)?

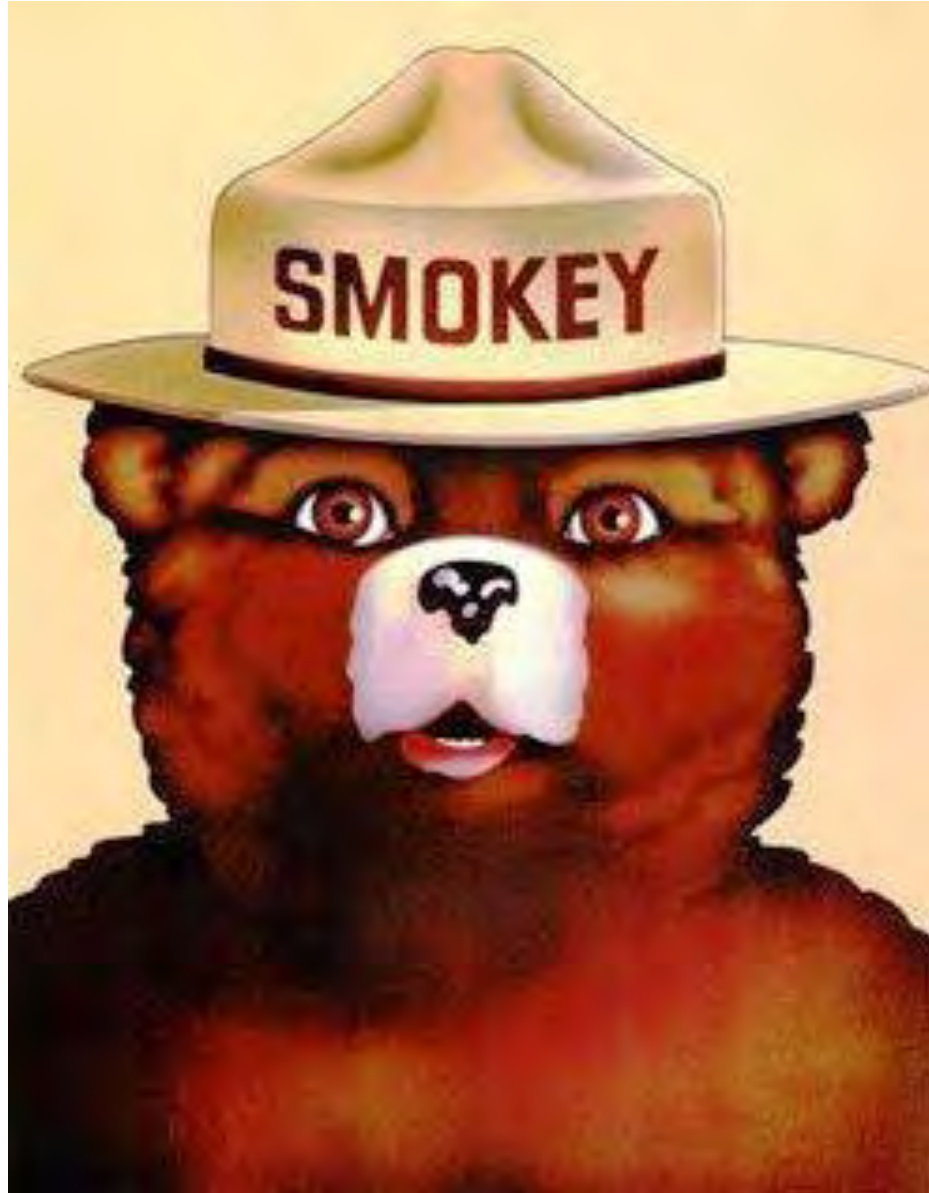
Supply Side

- How many current competing listings?
- How many will come on line (development)?
- How will the subject compete (absorption)?





Only **YOU** can prevent Forest Fleecing



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