

JULY 12, 2014 / NO. 26

Blood-Horse®

A publication of the Thoroughbred Owners and Breeders Association dedicated to the improvement of Thoroughbred breeding and racing

Juvenile Sales Wrap

Gulfstream Prevails

Real Estate Market

PLUS:
Dynaformer's
Last Crop

TRUE BELIEVER

Shared Belief runs off
with Los Alamitos Derby

BloodHorse.com

Display Through July 26
U.S. \$4.95 (CAN. \$7.95)



GAINING GROUND

BY EVAN HAMMONDS

Similar to the market for Thoroughbred horses, the real estate market in and around the major equine centers of the United States was on life support a couple of years ago. “For Sale” signs on bank-owned properties popped up like mushrooms after a summer rainstorm.

It’s safe to say the general economy has improved over the last several years, the stock market has rebounded, and the real estate market in most areas around the country has felt some newfound heat. With this additional “created wealth,” there is also renewed interest in the market for land suitable for raising horses.

The market has certainly improved for equine properties in and around Central Kentucky and Central Florida. Make no mistake, this is no boom market—there are still plenty of “For Sale” signs and properties aren’t selling briskly—but interest is rising and some properties are changing hands.

“The Thoroughbred market is coming back...to a degree. The market is much better than it was two or three years ago,” said Bill Justice of Justice Real Estate, a Central Kentucky firm. “The high end starts going first; then it filters down. As the country’s economy—and the world economy improves—we’ve seen a lot of people coming to town, including several from South America. Some people, the blue-collar people, have to sell a place first so they can buy a place in Kentucky. As the market improves in places such as Michigan, Texas, and Arizona, they have to be able to sell their properties. We’re seeing that happen.”

Zach Davis, president of Kirkpatrick and Company, was mentored by the late Arnold Kirkpatrick in the art of selling Central Kentucky real estate and has seen the ups and downs in the equine market.

The real estate market
for equine properties
is on the rebound

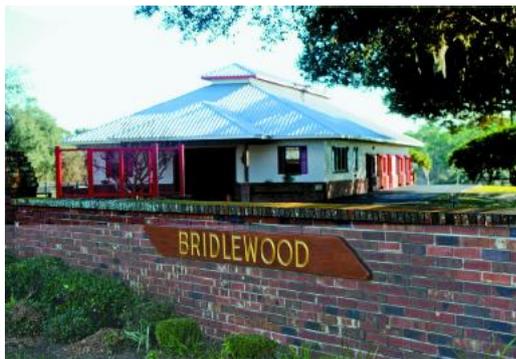


“The Thoroughbred market is healthier than it was two or three years ago, and the same can be said for the Thoroughbred farm market,” Davis said. “Like everybody else, we have seen the farm market pick up. You don’t see as many bank-owned properties. We’ve done a pretty good job of getting most of those off the books. For the first time in a long time, I advised a client about a month ago to revise the listing price up a little because the market has improved slightly.”

Things are also looking up in Central Florida, where the Ocala-area market was overrun with listings a few years ago. The rise in the marketplace for sale 2-year-olds over the last few years at Fasig-Tipton and the Ocala Breeders’ Sales Co. has helped breathe some air into the real estate market.

“As the industry shows some strength, people that are in the business want to have a location in Central Florida,” said one agent who wished to remain anonymous. “Farms with tracks and larger properties are moving. That’s all sort of happened in the last year.”

Chris Desino, a principal with Ocala Horse Properties, points to the sale of Bridlewood Farm to John and Leslie Malone in 2013 as a positive sign that



JOE DODRIO

The sale of Bridlewood Farm in Central Florida to John and Leslie Malone is a positive sign of new people entering the Thoroughbred marketplace

new people are coming into the area.

“It’s just consumer confidence,” Desino said. “The horse market and property market go hand in hand. The million-dollar-plus market was down for quite a while, but it seems to have stabilized. This year we’ve put more million-dollar farms under contract at this stage of the calendar year than any year in the last four or five.”

A major component to the equine market over the last few years has been strong growth in the sport-horse arena. The World Equestrian Games coming to Lexington at the Kentucky Horse Park in 2010 helped spur interest in the Bluegrass while major three-day eventers setting up shop near Ocala, such as U.S. team coach David O’Connor, have lifted the market in Central Florida for the smaller farms. Generally speaking, sport-horse farms are in the 15-40 acre range while the minimum size for a Thoroughbred farm starts at about 50 acres.

“The sport-horse market has become an even bigger player,” Desino said of the Florida region. “The hunter-jumper world is growing here, and dressage is picking up quite a bit, and, of course, the Quarter Horse business here has always been steady.”

In Kentucky the idea of a “typical equine farm” has changed.

“We have a lot of other individuals coming to the region and buying up these sport-horse operations,” Davis said. “With sport-horse individuals, it’s not about the money. Yes, you can make money in it, but it’s more about the sport and the hobby. I equate it to a round of golf. It’s something they enjoy, whereas in the Thoroughbred business people are trying to make money.”

“You look at Iron Works and Newtown pikes, for example,” Davis continued. “Forever they had been hallmark Thoroughbred farms. One need only drive down those roads today to see the

new names on the signs. These (sport-horse) people are coming to Lexington and they’re spending money and they’re generally paying cash.”

Cash is also king in the cattle business, where beef prices are at historic highs. Cattle operations are usually much larger than Thoroughbred operations. In Florida, Desino has some clients from South America that are looking in the 500-1,000-acre range. In Kentucky, more cattle can be seen grazing in fields than in years past, and Justice noted

he has put some 500-acre cattle farms under contract recently.

The cost of an acre of equine-appropriate farmland is a moving target. The real estate mantra of “location, location, location” may still be the golden rule, but so, too, are the size of the property and the amount of improvements, such as housing, barns, fencing, etc.

In Florida the key is proximity to Ocala. Smaller parcels closer to Ocala can bring anywhere from \$25,000-\$30,000 an acre with larger properties selling in the \$5,000-\$15,000 range. Raw land closer to town can sell for \$8,000-\$12,000, and farther from town the asking price is \$4,000-\$7,000 an acre.

Location, improvements, and size are also key in Kentucky. Raw, unimproved land can go for \$7,500-\$10,000 an acre, with “good land” bringing in the \$15,000-\$20,000 range. A property in Woodford County, with a single barn, recently brought \$25,000 an acre.

“Last year some of the people started getting back into the market, which they hadn’t been in a while,” said Justice. “People have some money in their pocket, they like land, and the Thoroughbred market is doing a little better. The sales are better, the foal crop is down, and purses are up. Instant Racing is coming to Kentucky. There are a lot of good things. I’m optimistic for this year and next. I’m a realist, but I’m pretty optimistic looking ahead.”

Davis concurs. “Everything is cyclical. I believe we happen to be on the uptick of this particular cycle. It’s not the bloodbath that it was seven years ago, or even four years ago. We get into these cycles of more and more and more and then the system collapses. What we try to foster is an attitude of healthy, moderate growth in value because we’ve been through this twice before. For the time being we’re pleased with what we’re seeing, and we are very optimistic about the next 10 years.” **BH**



ANNE M. EBERHARDT