

# From Our Corner

Okaga Lake Ranch — Yaak, MONTANA



SALES

AUCTIONS

LOANS



MANAGEMENT

APPRAISALS

## WATER! An Overlooked Asset?

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**B**enjamin Franklin’s statement, “When the well’s dry, we know the worth of water” speaks to the importance of water. However, water is an often overlooked asset in the land purchasing and decision making processes. In most states, when properties change ownership, water rights are automatically conveyed unless specifically reserved in the deed. As a result, it is typical for landowners to be unaware or unfocused on the water rights appurtenant to their property.

Property owners should focus on the water entitlements they own, their potential uses and the value of the water under each use. Armed with this information, landowners can make decisions weighing the costs and benefits of utilizing their water in various manners. Landowners can sometimes be surprised to find that the value of water can be higher if transferred off the property. And, astonishingly, in select circumstances, the value of the water can exceed the value of the appurtenant land. The value of water can be evaluated in two ways: its appraised market value or its contribution to returns under various operational practices.

### APPRAISED VALUE OF WATER

Similar to a land appraisal, water rights can be appraised. Water right appraisals consider water as a distinct asset and will result in the current fair market value. This information can be useful in many situations including, but not limited to, support for government funding for water right purchase and leases; information for debt holders and determination of damages imposed in lawsuits. In a traditional water right appraisal, there are seven key attributes that influence value:

1. **Quantity** - The quantity of water that a water right yields.
2. **Marketable Region** - The feasible region in which the asset can be transferred to a new user.
3. **Alternative Water Supply Options** - Availability of existing water supplies and future water development opportunities within the region.
4. **Water Quality** - The quality of a water source can influence the suitability of a water right for a potential new use.
5. **Reliability** - The amount of water that is regularly available to the water right holder compared to the claimed or stated volume on the water right. The amount of water available is determined based on a combination of water source yields, hydrological conditions, and the water right’s legal attributes - mainly priority date.
6. **Seasonality** - The period during which the water right holder can divert or withdraw water from the source.
7. **Highest and Best Use** - The highest value use to which the water right can physically and legally be put to use.

### VALUING WATER TO MAKE OPERATIONAL DECISIONS

While arriving at the appraised value of a water right can be useful in many situations, it can be somewhat academic and oftentimes does not help with making on the ground decisions. Landowners need tools to understand the value of their water assets in relationship to operational

decision making. Evaluating a water right in the context of operational decision making is typically based on three considerations:

1. Utilizing the water in the current agricultural operation,
2. Utilizing the water on-site, but changing the use to a non-agricultural purpose,
3. Decoupling the water and transferring it off the property.

**Agricultural Operation:** Water typically increases the return from an agricultural operation. Water increases crop yields, allows for development of a wider range of crops, and quenches the thirst of livestock. These benefits, although well understood by landowners, are not simple to translate into a value of the water itself. The overall net income of an agricultural operation is dependent upon several factors including hours of labor, efficiency, and design. It can be difficult to decouple the impacts from other factors to isolate the value of the water to the operation. The landowner must evaluate not only the benefits provided from the water, but also the incremental costs associated with utilizing the water. Typical costs include ditch or canal company dues, energy costs due to running pivots or pumps, and labor costs to employ irrigation practices. There is an economic valuation methodology available called the Income Capitalization Approach that takes into account all of the cost and benefit factors thereby isolating the value of water to an agricultural operation.

In certain circumstances, the costs of utilizing water in the agricultural operation may actually outweigh the incremental increase in revenue. Presented with this situation, a landowner can choose to stop using the water (which in most states will subject his water rights to abandonment or forfeiture through non-use), try to sell or lease the water off the property, or maintain the use of the water in the current operation and incur a net loss. Although the last option does not sound appealing, incurring a loss

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# Market Overview

Fall 2012

Star Hill Ranch — Cody, WYOMING

## BRITISH COLUMBIA

### **Bulkley Canyon Farm — Smithers**

This 116± acre property features a half mile of frontage on the east bank of the Bulkley River and stunning views of the Hudson Bay range. Improvements include an owner's home, guest cottage, and fishing cabin. Located 9 miles north of Smithers. **\$884,500 CAD.**

### **Hat Rack Ranch — Smithers**

Near Smithers, BC encompassing 275± freehold acres (137± hectares) lying contiguous to the Babine Wilderness and the steelhead rich Bulkley River. Highlighted by a beautiful 3,600 SF (1,097 SM) main residence. **\$1,750,000 CAD.**

### **Hudson Bay Ranch — Smithers**

Magnificent Canadian ranch 8 miles from Smithers, BC. The property encompasses 2,611± deeded acres and 320± acres of Crown lease along with 4 miles of frontage on the Bulkley River. **\$2,500.00 USD per deeded acre.**

### **Royal Antler Ranch — Fairmont Hot Springs**

North America's finest mountain retreat on 1,286± protected acres features year-around access, sensational views, diverse wildlife, excellent lake and stream fishing, beautifully and appropriately improved with end of road privacy. **\$15,000,000 USD.**

## CHILE

### **Estancia Valle Dorado — Coyhaique**

One of the world's exceptional fishing ranches 20 miles from Coyhaique featuring comfortable accommodations on 11,125± acres with 13 miles of 3 diverse streams including a spring creek with 30" class trout. **Contact us for details.**

## COLORADO

### **Big Mountain Ranch — Meeker**

An exceptional sportsman's paradise, this 7,080± deeded acre ranch features trophy big game hunting, trout fishing, extensive trails, rifle range, sporting clays and a full suite of modern custom-built improvements. **\$25,000,000.**

### **Creek Ranch Homestead — Steamboat Springs Reduced!**

Custom five bedroom log home with barn and caretaker unit on 11.5± acres overlooks 2,000± acre Creek Ranch with exclusive access to 3 miles of fishing on Trout Creek plus lakes, trails, hunting and guest quarters. **Reduced to \$2,400,000.**

### **Diamond Key Ranch — Steamboat Springs**

Straddling the Continental Divide in northwest Colorado, Diamond Key Ranch is a 524± acre wildlife sanctuary and year round residence, featuring panoramic views of the surrounding mountains and valleys. **\$1,950,000.**

### **Double X Ranch — Steamboat Springs**

This scenic 2,300± acre ranch features exceptional big game hunting, excellent habitat, water, diverse landscape, privacy, and easy access with existing cabin and outbuildings only 30 minutes from Steamboat Springs. **\$6,325,000.**

### **Edmondson Ranch — Lake City**

Highlighted by 3/4± of a mile of fishing on the acclaimed Lake Fork of the Gunnison River and two trout stocked lakes, this 849± acre ranch adjoins BLM and national forest. **\$4,750,000.**

### **Elk River Retreat — Steamboat Springs**

Featuring exceptional fly fishing on the Elk River, panoramic views into the adjacent national forest, and a five bedroom home, this diverse 35± acre property is private yet located only 7 miles from Steamboat Springs. **\$1,395,000.**

### **Illinois River Retreat — Walden**

Scenic mountain retreat of 137± acres featuring two miles of the meandering Illinois River and a 3,500± square foot custom log home overlooking the river valley and surrounding mountain ranges. **\$1,500,000.**

### **Indian Hills Ranch — Telluride**

18 miles from Telluride and Telluride Mountain Resort. 422± acres of privacy, seclusion and 360 degree views of mountain ranges. Improvements include a 2,000± sq. ft. airplane hangar/studio nestled in a stand of aspens and two manicured grass airstrips. **\$2,975,000.**

### **Lily of the Valley Ranch — Meeker**

This 3,000± deeded acre ranch features excellent big game habitat with ponds, springs and cultivated fields. Easily accessible only 10 miles from Meeker, the ranch includes modest improvements and a BLM grazing lease. **\$3,500,000.**

### **Michigan River Ranch — Walden**

Featuring 6 miles of the Michigan River, stunning scenery, abundant wildlife and a tasteful 8,050± sq. ft. home, this easily accessible 2,100± acre mountain ranch is 75 minutes from Steamboat Springs. **\$8,950,000.**

### **North Mountain Wildlife Ranch - Telluride**

Located in southwestern Colorado's most coveted Game Management Unit, this elite hunting property consists of 4,406± acres. Held in the same family for 80 years, minimally improved and within 1.5 hours of Telluride. **\$9,250,000.**

### **Pogna Ranch — Gunnison**

Six miles south of Crested Butte and less than 30 minutes from the Gunnison Regional Airport, the Pogna Ranch is 515± acres of vacant land adjacent to national forest and features over one mile of frontage on the East River. **Reduced to \$5,750,000.**

### **Quincy Farm — Byers**

This combination farm and pasture property, with 647± total acres of which 477± acres are currently farmed, is a quality investment parcel close to the Denver metro area. **\$776,400.**

### **Rocking R Ranch — Boulder**

20 minutes from Boulder, the Rocking R Ranch is a preeminent equestrian property. Offering 235± acres, irrigated meadows, water rights and extensive improvements including a 36,400± sq. ft. indoor arena. **\$15,000,000.**

### **Six Plus Ranch — Steamboat Springs**

Situated in the Elk River Valley just 10 miles north of Steamboat Springs, this private 960± acre ranch attracts wildlife with rolling meadows, aspen groves, dark timber and mountain oak. **\$6,200,000.**

### **Slate Creek Ranch — Steamboat Springs**

This private 1,180± acre landmark ranch boasts an unparalleled combination of stunning scenery, valuable water rights, intact mineral rights, excellent wildlife habitat, public land adjacency, stream-fed ponds, paved road access and usable improvements. **Reduced to \$23,950,000.**

### **Tarryall Meadows Ranch — Fairplay**

Just 45 minutes from Breckenridge, this 240± acre mountain ranch features 1.75 miles of trout fishing on Tarryall Creek in a stunning setting at the base of high mountain peaks. **\$1,500,000.**

### **Tarryall Notch Ranch — Fairplay**

Located just 45 minutes from Breckenridge Ski Resort, this scenic 830± acre high mountain ranch features 1.3± miles of trout-filled Tarryall Creek set against the peaks of the Continental Divide. **\$1,900,000.**

### **The River Ranch at Round Mountain — Steamboat Springs**

Within minutes of Steamboat Springs adjacent to USFS along one mile of the Elk River, this 1,271± acre operating ranch includes 7,575± sq. ft. owners residence and extensive guest and equestrian facilities. **Reduced to \$23,900,000.**

### **Wilder on the Taylor — Crested Butte/Gunnison**

With nearly 2 miles of private tailwater fishing on the acclaimed Taylor River, Wilder is a preservation oriented 2,100± acre shared ranch community nearly surrounded by national forest. Exclusive homesteads from **\$1,650,000.**

## IDAHO

### **Alder Creek Ranch — Mackay**

Spectacular 817± acre ranch occupying its own mountain valley and featuring first-class improvements, a trout stream, big mountain views, and national forest boundary. Ten minutes to Mackay and 1 1/2 hours to Sun Valley. **Reduced to \$2,900,000.**

### **Bar Horseshoe Ranch — Mackay**

Beautiful 400± acre fishing ranch encompassing 1.5± miles of private spring creek 45 miles from Sun Valley. The property includes a 1,200± sq. ft. cabin and 156± acres under sprinkler irrigation. **\$2,950,000.**



# Market Overview

Fall 2012

Winding Stair Ranch — Daisy, OKLAHOMA

## Canyon Ranch — Genesee

Located 15 miles north of Lewiston, this 720± acre property features timbered hillsides, cropland, meadows, springs, ponds, and Little Potlatch Creek. In the same family for over 60 years. **\$995,000.**

## Chapman's Cloverly Ranch — Sun Valley

Among the valley's most recognizable properties, these 26± acres feature a beautifully restored farm house, caretaker's cottage, horse barn, hay storage and horse pastures interspersed with aspen groves. 10 miles south of Ketchum/Sun Valley. **\$4,500,000.**

## Cove Road Ranch — Weiser

Located an hour from Boise, this 4,084± acre hunting property has been managed for nearly 40 years for its superlative wildlife resources. The property supports upland game birds as well as quality deer and elk. **\$3,400,000.**

## EE DAHO Ranch — Sun Valley

Just 10 minutes from Sun Valley's airport, this stunning 1,550± acre ranch encompasses its own valley and boasts an attractive owner's residence, horse facilities, and a spring creek system feeding several trout-filled lakes. **\$19,000,000.**

## Hidden Crown Ranch — Sun Valley

This exceptional fishing ranch features 293± acres, 2 miles of world famous Silver Creek, a large trout pond, and extensive wetlands. Located 20 minutes south of Sun Valley's airport. **\$5,500,000.**

## Huff Creek Ranch — Carey

Scenic 860± acre ranch only 40 minutes from the Sun Valley airport. Over 2 miles of spring-fed Huff Creek provide wildlife habitat and irrigation for the property's irrigated pasture and cropland. **Reduced to \$895,000.**

## Moose Creek Ranch — Mackay

Beautiful 503± acre ranch with 140 acres of irrigated cropland on the Big Lost River 1.5 hours from Sun Valley. Two attractively furnished fishing cabins set along the river offer huge views of Idaho's highest peaks. **Reduced to \$2,700,000.**

## Robinson Bar Ranch — Stanley

The 26-year residence of singer Carole King, this historic 128± acre national forest inholding is perched above the Salmon River and features excellent accommodations, equestrian facilities, and geothermal hot springs pools. **\$11,900,000.**

## Rock Creek Ranch — Sun Valley

Consisting of nearly 10,500± deeded acres in a single block, this landmark Blaine County ranch represents a once-in-a-generation opportunity to own and operate a diverse landscape-scale property within 5 miles of Sun Valley's airport. **\$12,500,000.**

## Shepp Ranch — Riggins

Premier 104± acre backcountry guest ranch and outfitting business located at the confluence of Crooked Creek and the Salmon River and surrounded by the Gospel Hump Wilderness Area. The property features topnotch improvements and is being sold turnkey. **\$2,950,000.**

## TJ Ranch — Challis

Rare large holding on the Salmon River with 729± acres. Abundant water resources include spring creeks, ponds, sloughs and river frontage. Only 5 minutes to town and an hour and a half from Sun Valley. **\$1,950,000.**

## MONTANA

## Alice Creek Ranch — Lincoln

This 2,811± acre Blackfoot Valley ranch has two streams and is virtually surrounded by USFS. Tasteful improvements enjoy mountain views over a trout pond. Wildlife populations abound. Secluded yet accessible. **\$5,500,000.**

## Bolin Ranch — Stevensville

Located south of Missoula, this 4,798± acre minimally improved ranch in the heart of the Bitterroot Valley adjoins USFS for 10 miles. It represents a major holding in this sought-after valley. **\$6,000,000.**

## Bremmer Creek Ranch — Bozeman

1,048± acre horse ranch in historic big ranch country 30 miles north of Bozeman features log home, garage with guest quarters and barn with apartment in a beautiful very private setting. **Reduced to \$3,900,000.**

## Bullis Creek Ranch — Livingston

6,259± acre Bullis Creek Ranch is an ultra-scenic and private located near Livingston, MT and Yellowstone National Park and includes is a 9,000± sq. ft. furnished log home. **Priced below market at \$13,250,000.**

## Casey Wildlife Ranch — Roundup

Located 15 miles east of Roundup in the rougher timbered portion of the renowned Bull Mountains, this unimproved 5,069± acre hunting ranch has been managed for trophy quality deer and elk. **\$3,500,000.**

## Choteau Mountain Ranch — Choteau

6,410± deeded acre operating ranch adjacent to national forest on Rocky Mountain front near Choteau. Exceptional wildlife and dramatic mountain views from a custom-built ranch compound and Teton River frontage. **\$12,500,000.**

## Corral Creek Ranch — Lima

Located in the Centennial Valley under high peaks; graced by a Jonathan Foote home, this operating mountain ranch shares a pristine basin with only 4 others all protected from development. **Reduced to \$2,500,000.**

## Dana Ranch — Cascade

Reputation mountain ranch running on over 59,000± acres (45,000 deeded plus 14,000± acres of captive State leased lands) south of Great Falls, 3,000 AU, 18 miles of prime trout water, extensive big game, upland birds, comfortable improvements. **\$45,000,000.** **Contact Hall and Hall for terms.**

## Deep Springs Ranch — Lennep

Rare opportunity to buy a sensational, very private, modestly improved 1,668± acre homestead ranch, adjacent to USFS between Martinsdale and White Sulphur Springs, one mile off paved highway. **Reduced to \$2,200,000.**

## Deer Creek Ranch — Ennis

Located south of Ennis, this 7,500± acre trophy ranch nestled under 11,000± foot peaks runs from USFS to the Madison River and boasts a lovely owner's home with amazing views and outbuildings. **\$15,000,000.**

## Duck Creek Ranch — Stevensville

This 120± acre retreat south of Missoula fronts on Montana's Bitterroot River. An artist-designed home has an expansive view of the Bitterroot Range. An adjoining guest house provides convenient accommodations for friends and relatives. **Reduced to \$1,400,000.**

## Falls Creek Ranch — Livingston

Consisting of a private 4,500± acre vegetated valley nestled under the Crazy Mountains 30 minutes north of Livingston with rustic improvements and protected views of multiple big peaks. **\$13,500,000.**

## Fish Creek Meadow — Alberton

Abundant recreation on a level and undeveloped 271± acres. Excellent hunting for elk and deer with Clark Fork River whitewater and flyfishing a quarter-mile away. USFS borders property on three sides. **Reduced to \$995,000.**

## Flint Creek Range Retreat — Philipsburg

159± acre retreat surrounded by national forest in Flint Creek Range west of Missoula includes an exquisite collection of immaculate improvements and spectacular views from a very private location. **\$3,100,000.**

## Grizzly Creek Ranch — Gardner

1,967± acre corporate/family retreat lies in its own valley under towering peaks adjacent to Yellowstone Park near Livingston. Extensive wildlife, a cutthroat fishery and a sensational very private setting. **\$25,000,000.**

## Grove Creek Ranch — Fishtail

A 2,000± acre (1,400± deeded) unimproved foothill retreat just below the towering Beartooth Mountains. This is strictly mountain foothill country with wonderful views and many private home sites. **\$1,100,000.**

## Hangmans Creek Ranch — Big Timber

Located below Greycliff, this 190± acre retreat, strategically excised from a 27,000± acre ranch includes big mountain views, 1 mile of Yellowstone River, 5,500± sq. ft. owner's residence, caretakers home, and extensive outbuildings. **\$2,250,000.**

## Hoover Creek Ranch — Missoula

Productive timber ground on 9,587± acres of foothill and mountain terrain one hour from Missoula. Add the 6C Ranch to create a contiguous 15,000± acre holding. **\$6,250,000.**



# Market Overview

Fall 2012

Wilder on the Taylor — Crested Butte/Gunnison, COLORADO

## Horse Prairie Ranch — Dillon

This 30,000± acres total (7,707± acres deeded) operating mountain ranch near Dillon lies in a private block of land in its own valley with headquarters houses in the center and an additional home adjacent to National Forest. **\$11,950,000.**

## Johnson River Ranch — Absarokee

661± acres with 3/4 mile of Stillwater River frontage with remodeled 1,300± square foot house. Nice river bottom meadows and uplands. Great views of the Beartooths and easy access to town. **\$1,850,000.**

## K Bar L Guest Ranch — Augusta

**Reduced!**

Located 82 miles west of Great Falls on the Sun River above Gibson Reservoir, this wilderness inholding guest ranch or private retreat offers comfortable accommodation and incredible fishing and wildlife. **Reduced to \$4,250,000.**

## Kootenai Springs Ranch — Stevensville

This 1,186± acre ranch lies south of Missoula along 2 miles of the Bitterroot River under snowcapped peaks with miles of fishable creeks and ponds and an architecturally designed building complex. **\$10,500,000.**

## Longview Ranch — Hall

1,440± unimproved acres of prime elk and mule deer habitat in the foothills of the John Long Mountains near Drummond. The ranch offers panoramic views of the Flint Creek Valley. **\$995,000.**

## Madison River Ranch — Ennis

This 2,460± acre ranch (1,500± deeded) lies along two miles of the Madison River with extensive riparian areas featuring good water rights, springs, sloughs and ponds. Modest improvements. **\$7,200,000.**

## Nirling Hill Ranch — Hall

1,478± acres of mixed willow bottoms, riparian habitat, open grasslands and timbered hillsides accessed directly from a maintained county road. Includes a 175± acre reservoir with good fishing and excellent hunting on the hillsides above. **\$1,250,000.**

## North Burnt Fork Ranch — Stevensville

This ranch is 35 miles south of Missoula and includes 1,763± acres bordering public lands. A creek flows through and views to the west are spectacular. Excellent hunting. **\$3,200,000.**

## Okaga Lake Ranch — Yaak

Okaga Lake Ranch is an incredibly private 1,152± acre retreat surrounded by USFS. Tasteful improvements, a private lake, timbered mountain views and pristine river frontage create this dreamlike getaway. **\$2,950,000.**

## Open O Ranch — Jordan

The Open O Ranch is a productive and well-managed grass ranch that runs on approximately 5,000 acres near Jordan. The ranch offers good hunting and solid improvements. **\$1,590,000.**

## Ovando Mountain Ranch — Ovando

Located in Montana's famed Blackfoot River Valley, this 315± acre ranch has a 6,200± sq ft custom home, spacious shop with apartment and features towering pines, aspen groves, and meadows. **\$1,850,000.**

## Page Ranch — Ennis

**New!**

975± acre ranch 15 minutes north of Ennis boasts inspiring views of 10,000± foot peaks, 4,477± sq. ft. architect-designed residence, log guest house, manager's house, barn, 2.25 miles of creeks and 2 trout ponds. **\$7,500,000.**

## Placid Lake Ranch — Seeley Lake

**New!**

This 6,291± acre property in Montana's Seeley-Swan Valley has two streams and a lake amidst an ocean of timber and mountains. **\$14,900,000 for all or smaller parcels starting at \$2,200,000.**

## Prairie Creek Ranch — Glasgow

**New!**

Located near Glasgow this 41,099± acre (23,225± deeded) investment/hunting ranch combines outstanding upland bird habitat, dryland crops and 13 miles of creek bottom with over \$250K in annual income. **\$10,500,000.**

## Red Rock River Ranch — Lima

**Reduced!**

3,050± acre, 350 AU working ranch with extensive leases and permits south of Dillon includes 765± irrigated acres, 2.5 miles of Red Rock River, five homes and complete working facilities. **Reduced to \$5,350,000.**

## Rivers End Ranch — Custer

**Reduced!**

Combines a terrific farm and a veritable wildlife sanctuary on 1,135± acres adjoining 3.5 miles of the Big Horn River east of Billings. Attractive homes and outbuildings in a wonderful setting. **Reduced to \$3,900,000.**

## Shane Ridge Preserve — Red Lodge

This 1334± acre unimproved ranch is less than 45 min from Billings and has views of four major mountain ranges. Good grass and timbered ridges are home to deer and elk. **\$1,950,000.**

## Silver Sage Ranch — Columbus

**Reduced!**

This 3,265± acre ranch made up of pine tree-studded native range with some cultivated land has wonderful views of the Beartooth and Crazy Mountains. Easily operated and enjoyed. **Reduced to \$1,590,000.**

## Sitting Bull Ranch — Custer

**Reduced!**

World class big game and upland bird hunting retreat northeast of Billings. 3,000± acre ranch is meticulously improved - 8,340± sq. ft. lodge, guest center and 4 guest cabins. **Reduced to \$4,950,000.**

## Skalkaho Creek Ranch — Hamilton

**Reduced!**

8,670± sq. ft. log home perched above a trout-filled creek on 1,134± acres. Irrigated meadows and open range filled with native grass/wildflowers plus manager's home, barn and outdoor riding arena. Equestrian's dream! **Reduced to \$6,900,000.**

## Sleeping Willow Ranch — Stevensville

**Reduced!**

254± acre Bitterroot Valley ranch with its extensive water rights, springs and 2 streams is a perfect candidate for wildlife and fishery enhancement. Classic old barn and dramatic views. **Reduced to \$1,950,000.**

## St. Claire Ranch at Fish Creek — Missoula

A custom log home, guest homes, multiple workshops, superlative equestrian facilities and covered working corrals ensure ease of operation and maximum enjoyment. Located a half-hour west of Missoula on 550± acres. **\$7,900,000.**

## Stillwater River Ranch — Absarokee

Unimproved 475± deeded acre Stillwater River Bottom ranch. A lush landscape and great views make this a perfect private retreat or small ranch with good river frontage. **\$1,400,000.**

## Sun River Ranch — Augusta

**Reduced!**

3,000± acre (1,539± deeded) ranch 20 miles west of Augusta features huge views, 3.5 miles Sun River, 7,325± sq. ft. log home and complete guest, manager and livestock facilities - all new. **Reduced to \$10,250,000.**

## T Bar K Riverfront Ranch — Florence

**New!**

Location is the most delicious ingredient of this offering. Situated on over 62 acres with accessible river frontage, the executive home is perched on a bench with unforgettable vistas. Ready for horses. **\$1,700,000.**

## Tammany Castle — Hamilton

5,400± sq. ft. premium residence on 12± acres - is a masterfully restored turn-of-the-century luxury residence that occupies a singular position in the history of Montana and horse racing. **\$2,950,000.**

## Trapper Peak Ranch — Darby

**Reduced!**

"Postcard" ranch with timber, parks, and irrigated hay fields on 785± acres with stunning views of Trapper Peak and extensive and exquisite improvements. One of Montana's most beautiful ranches. **Reduced to \$11,500,000.**

## Twisted Stick Ranch — Big Timber

**Reduced!**

Located on both sides of the West Boulder River south of Big Timber, this private 379± acre retreat in this tightly held valley features an attractive one bedroom home of recycled timbers. **Reduced to \$2,195,000.**

## Tyler Creek Ranch — Darby

1,559± acres with Clark Fork frontage, oxbow lakes harboring large trout and USFS/State land borders, 30 minutes east of Missoula, the property has a manager's residence, a barn and working corrals. **\$3,400,000.**

## Wallrock Ranch — Wilsall

Less than an hour's drive from Bozeman and Livingston, this unimproved 5,848± deeded acre mountain ranch and licensed game preserve lies at the end of the road. Dramatic setting controlling Wallrock Basin. **\$8,000,000.**



# Market Overview

Fall 2012

Royal Antler Ranch—Fairmont Hot Springs, BRITISH COLUMBIA

## Whitetail Haven Ranch — Ovando

**Reduced!**

Near Ovando, this 9,000± sq. ft. custom cedar home and support buildings on 361± acres includes a large pond and 2.4 linear miles of the Blackfoot River. An exceptional buy. Owner financing available. **Reduced to \$1,350,000.**

## OKLAHOMA

### Winding Stair Ranch — Daisy

**New!**

Winding Stair Ranch is one of Oklahoma's largest contiguous ranches at 44,688± acres. This southeastern Oklahoma working cattle ranch features deer and wild hog hunting set in the beautiful Kauchita Mountains. **\$51,391,200.**

### Oklahoma Timber — Wilburton

**Auction!**

28,157± acres offered in 14 tracts and in combinations • for the hunter, outdoorsman, investor, timber buyer • 2 hours from Oklahoma City, Tulsa or Dallas • **Auction Date: Thursday, November 8th, 2012, 1:30pm - Wilburton, Oklahoma.**

## OREGON

### Davis Land & Livestock — Ironside

In the same family for over 80 years, this reputation ranch encompasses 32,700± contiguous, deeded acres and is highly regarded for its extensive grazing resources and big game and upland bird hunting. Located 1.5 hours from Boise. **\$13,500,000.**

### Pine Mountain Cattle Company — Bly

This outstanding year-round operating and recreational ranch features 7,810± deeded acres, forest service boundary, extensive water rights and over 10 miles of trout rich streams. One hour from Klamath Falls. **\$9,500,000.**

## TEXAS

### DFW Ranch — Cleburne

Located 50 miles south of Fort Worth this 2,905± acre scenic, unimproved ranch is crossed by four streams offering a cross section of habitat for trophy whitetail, quail, turkey, doves and waterfowl. **\$11,038,886.**

### Pecan Creek Ranch — San Angelo

**Auction!**

34,429± acres offered in 7 tracts ranging from 380± to 8,026± acres and combinations • working cattle ranch • 50% of seller's minerals • excellent hunting • **Auction Date: Friday, November 2nd, 2012, 10:30am - San Angelo, Convention Center.**

## WYOMING

### Beaverhead Ranch — Pinedale

Quintessential 700± acre ranch retreat adjoining National Forest with creeks, a five-acre pond, trees, abundant wildlife and tremendous views plus a comfortable 5,000± sq. ft. log lodge and shop. **\$4,250,000.**

### Cottonwood Flats Fishing Ranch — Ft. Steele

This 1,500± deeded acre property has 4 miles of frontage on the North Platte River. It sits along the river near the renowned fishing of Miracle Mile with Grey Reef and Saratoga areas a short distance away. Currently unimproved, scenic and private. **\$3,000,000.**

### French Creek Ranch — Buffalo

Just west of Buffalo this modestly improved, well balanced 3,000± acre (2,200± deeded) ranch at the base of the Big Horns lies along 1.25 miles of French Creek. **\$4,900,000.**

### Haystack Mountain Ranch — Rawlins

Cattle, fishing and hunting opportunities abound on this 88,567± acre ranch (21,850± deeded). Currently unimproved with miles of the North Platte River - enormous potential as an operating ranch and a sporting property. **\$3,945,000.**

### Shoshone Island Ranch — Cody

80± acre homestead on the Shoshone River, southwest of Cody. 13,000± sq. ft. Georgian-inspired western home plus an immaculate log-construction guest house and horse barn in a dramatic setting. **\$4,750,000.**

### Star Hill Ranch — Cody

**New!**

An impeccably maintained, end of the road former guest ranch - now a family retreat - with classic restored log improvements offers complete privacy on Big Creek 25 miles west of Cody. **\$7,750,000.**

### Wyoming Hereford Ranch — Cheyenne

Located just outside of Cheyenne, this 2,885± acre operating ranch features rolling grassy hills and cottonwood bottoms, a 12,000± sq. ft. manor house, an indoor riding arena, and excellent water rights. **\$10,300,000.**

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**WATER! An Overlooked Asset?**

*continued from page one*

in today's operation can be viewed as an investment to maintain the water asset, preventing abandonment or forfeiture. In addition to the benefit of preserving the water rights, the short term losses must also be compared to the potential future revenue opportunities. The future revenue from the agricultural operation may increase due to higher commodity prices or the property may be located in an area with growing urban and industrial water demand. These demands will place pressure on the external market price for water, driving future sale/lease opportunities. If the future potential revenue opportunities outweigh the short term losses, it may be worthwhile to maintain the use of your water rights even though it might not be currently profitable.

**On-Site, But Alternative Purpose of Use:** Another option that may be available to landowners is to utilize the water rights on-site, but change the purpose of use. In this scenario, the landowner could change the use of their water rights to support the development of a wetland. In some areas, this may increase property values or enable the land owner to sell mitigation credits. Another scenario may be that the landowner changes the use of the water rights to instream flow to enhance the fisheries. This may result in an increase in property value, or enable the water rights to remain active over a period of time when agricultural use is not anticipated. The decision to change a water right's purpose of use will include an analysis of the forgone net agricultural income, the costs associated with a water right

change application with the regulatory authorities, and the costs to develop the new use of the water. The costs would be compared to the potential benefits which may include increased property value and/or sale of wetland mitigation credits.

**Off-Site:** A third opportunity that may be available to some water right holders is to decouple the water right from the appurtenant land and transfer it to another user, location or possibly even for another purpose. In most western states water rights can be severed from the appurtenant property and transferred to another entity. A water right's place of use, point of diversion, and/or purpose of use may also be changed. Certain regions with growing municipal and industrial users have demand for additional water supplies. In other areas environmental organizations may be interested in leasing water to keep instream for the benefit of the fisheries. If property is located in an area in which there is external demand for water, there may be an opportunity to sell or lease water rights. As is the case with changing the purpose of use on site, the land owner would have to examine the costs including the forgone net agricultural income, the expense associated with a water right change application with the regulatory authorities, and any additional transaction costs. This analysis should also take into account the future plans for the property. A water right owner may not want to sever and sell water from the property if they plan to develop the site in the future for

residential use. Although possible revenue may be obtained today, the landowner may pay more in the future to obtain water for the residential development.

**Weighing the Alternatives:**

Many respected experts have long preached that major conflicts will arise around water shortages. This issue is already a fact of life in heavily populated desert environments in the western United States and other parts of the world. In the northern Rockies we tend to take water rights for granted to some extent, while in Colorado, Nevada, Arizona, and New Mexico entire ranches have been bought solely for their water rights. Residents in the desert regions of the western United States already know how important and valuable their water rights are. Comparatively, in other areas, land owners are just starting to understand water rights and their value. In a future newsletter, I will provide information regarding general water right management and farm/ranch operational practices that can help preserve and protect water assets with particular reference to those areas that have not experienced high levels of demand. ■

Deborah Stephenson founded DMS Natural Resources LLC (DMS) in 2011. DMS is an advisory firm specializing in the water and agricultural sectors



Falls Creek Ranch — Livingston, MONTANA

by: Jim Taylor

It has been an interesting spring and summer in the rural real estate market. There is the usual selection of good news and bad news stories. The bad news simply surrounds a lack of conviction, which seems to pervade most markets. People are concerned about the future of Europe for the obvious reasons that are the subject of daily news reports. Certainly a slowing in the emerging markets and the BRIC economies has not helped. And, of course, right here at home in the USA, we are seeing signs of slowness in the economy, plus there is the upcoming election. Most people seem to feel that this is a significant election that could be a “game changer.” While this has made buyers hesitant to move aggressively, they have certainly not stayed home entirely.

The market for large scenic operating ranches has remained active as it seems the “very wealthy” are less hesitant to invest than the “just wealthy.” This class of property is in demand, but buyers are driving hard bargains and we have seen more than one deal not come together due to the parties’ inability to find common ground. We are still blessed with some high quality inventory in this class. It is easy to forget a time – not long ago – when true Grade A scenic ranches were not available at any price. The really good news is that we have seen a small resurgence in the “retreat” market in the \$1M to \$3M price range. This is an area of the market that we have remarked on before as having a very full inventory and virtually no buyers. The inventory remains large,

but a few buyers are now nibbling at the edges and picking off some very good buys. Unimproved acreage in this market niche can be challenging to sell in the face of so much competing inventory that comes with existing improvements that are included in the deal for pennies on the dollar. We see the occasional deal where a buyer has hotly pursued something that he or she really wanted, but more often they will pick a number of options and negotiate hard. It is wonderful, however, to see buyers in this segment of the market as it has been relatively slow for almost 5 years.

On the ag side, a number of factors are in play. Top quality farms in the Midwest continue to be in short supply and high demand. There are signs, however, that some early investors in farmland are thinking about clipping a coupon. They have experienced good appreciation and expected cap rates are at such low levels that some with a shorter term outlook are being tempted. This, combined with drought conditions, could change the dynamics of this market. Natural disasters such as drought and now massive range and forest fires can cause even the most seasoned farm or ranch owner to look at their hole card. At the same time, commodity prices – both cattle and crops – remain strong.

We have seen absolutely devastating reports from many areas. Our hearts go out to those who are affected. It is particularly heart wrenching for ranchers who are losing animals. With that in mind much of the ranching country is suffering as well and enormous



North Mountain Wildlife Ranch - Telluride, COLORADO

range fires have reduced grass available for grazing. All and all, it's been a pretty grim summer in many ways. Sometimes it is hard to have perspective after such a season, but it has been very nice to be busy.

Our seller's patience is beginning to pay off. The underlying theme we are seeing in the press and amongst buyers is a hunger for hard assets and it seems that more buyers are willing to consider the enjoyment of the asset as a legitimate part of the return on investment! ■

## NEWS

### RETIREMENT

After 31 years of association with Hall and Hall, Doug Hart has decided to retire to pursue other life's desires. Doug's contributions to the company have been instrumental in our growth and success. In 1981 he was one of only three partners in one office in Billings. He has since been an integral part of our company as a director, stockholder, and partner. His enthusiastic support and counsel will be greatly missed. The Hall and Hall family wishes him well and the very best wherever his travels take him. *Thank you Doug!*

### WEBSITE

We are on the cusp of launching a brand new website, featuring a user-friendly interface, great new dynamic search features, and an updated look and feel. The world's always changing, and we continue to strive to stay out front of the latest trends in technology.

Keep an eye out for launch announcements. We hope you like what you see!



*Prairie Creek Ranch — Glasgow, MONTANA*

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