



## Episode Four Transcription

### Here We Grow Podcast

Speaker 1 ([00:17](#)):

Welcome to here We Grow, a grassroots podcast by Southwest Georgia Farm Credit focused on education and inspiring growth down on the farm at home, and in rural communities. Whether you're a farmer or farm, her advocate, land lover, or southern dweller, we have industry experts and homegrown leaders ready to share their insights with you. Thanks for listening.

Speaker 2 ([00:42](#)):

Here we grow again with episode four of our new podcast. It's Fall, Y'all. I'm your host, Billy Billings, a relationship manager with Southwest Georgia Farm Credit. Today, welcome a cohort of expert guests taking time outta their busy schedules to share their knowledge of land and recreational properties here in southwest Georgia. How to finance them and how to look at them as an investment opportunities. I would like to thank Mike Matre, Brant Harrell, and Lee Folsom for joining me today. All right, first on our list today is Mr. Mike. Mike is the president of Maitree Forest Consulting in Leesburg, Georgia, established in 1999. MAITRE Forestry provides land brokerage, land management, and forestry services. Mike is a 1996 graduate of the University of Georgia Warner School of Forestry Resources and is an accredited land consultant, a member of the Association of Consulting Foresters, and is a licensed forester and real estate broker in Georgia and Alabama. Mike, welcome.

Speaker 3 ([01:39](#)):

Thank you for having me. I appreciate it.

Speaker 2 ([01:42](#)):

Yes, sir. Well, I'm gonna let you take the floor here for a minute and just kind of tell us, I mean, what you're seeing in your industry and the south across southwest Georgia.

Speaker 3 ([01:50](#)):

It, it's good right now. It, it's always good in southwest Georgia, it seems like with land, even through the lean years after the say 2007, 2008 downturn, we still had strong demand for land. And that's kind of what I was going to talk about was, you know, why is southwest Georgia such a hot place to be? Why do people want land in southwest Georgia? And, my first answer has always been location sounds like a cliché location, location, location, but we're, we're sitting right on top of Florida and there are just so many Floridians that are outdoorsmen that want to hunt big deer and they don't wanna drive too far to do it. So, that's a big part of it.

Speaker 3 ([02:43](#)):

And then other than that, you know, we, we got everything you want in good land. We have good soils and, for growing crops, growing timber, and growing wildlife, we got good topography in southwest Georgia. We got the flat lands down south all the way to near Mountainous type land. And lu and area, especially some little places, you feel like you're in north Georgia, but you're in southwest Georgia. We got good water, which is critical for irrigation of course, but also for, recreation, fishing, and hunting. We're blessed in, in the water department in southwest Georgia and our agriculture markets. We grow crops, but we have, we can sell the crops. We got good roads to get crops to market. And the same thing with timber. We got some of the best timber prices year in and year out in the entire southeast eastern United States.

Speaker 3 ([04:00](#)):

## Episode Four Transcription

### Here We Grow Podcast

No matter where you are in southwest Georgia, you usually have at least a couple of mills competing for both pulpwood and salt timber. That usually results in good timber prices and then kind of, a new market, so to speak. Not really new, but it's just become more at the forefront lately as, as people just want a piece of land to escape to. And that especially started shortly after the, I guess you would say riots of the summer of 2020. I mean, we started getting calls from Atlanta and, and, and out of Florida, just people saying, Hey, I want some acreage. I want water on it. I want a place to grow a garden. Some of them wanted to be near the power grid to hook up to the grid, but some of them don't even, didn't even worry about power. They said I'm going to put a generator there. I'm going to do solar. I just want to be able to leave Atlanta or Orlando when I need to. And anyway, you put all that together. We just have a great market, and we are optimistic going forward about the land market in southwest Georgia. For all these reasons

Speaker 2 ([05:26](#)):

I am as well. For our listeners, can you break down the timber that goes in mainly pine. Can you break down the longleaf slash and lob lolly and kind of what to expect out of those different forest products and, just their timelines?

Speaker 3 ([05:42](#)):

Yeah. and, and we get that question a lot. What, should I plant? But law ball and slash are very similar. We're usually thin in pulpwood at around age 12 to 15, depending on genetics and competition control, and site index. Longleaf, you're probably gonna add about five years to that first thinning or second thinning chip and saw and small salt timber on lo bly and slash around age 20. And we're getting into real good bigger salt timber around age 25 to 30. But generally, I had about five years for longleaf. And of course, the benefits of longleaf though are there are more conservation assistance payments and, it is better for wildlife. You're gonna be able to burn longleaf at a young age, and, the canopy doesn't close quite as much, so you're usually just gonna have a little better wildlife habitat with a long leaf, but you're gonna wait longer to harvest it. But, then you also have the pine straw for longleaf.

Speaker 2 ([07:01](#)):

Right. And I've also heard that in the CRP program, they have increased their payments per acre or per property recently to make it more advantageous.

Speaker 3 ([07:12](#)):

Yes. We've had a couple of clients renew c p lately, and were pleasantly surprised at the rental rate.

Speaker 2 ([07:19](#)):

Yep, I agree. Well, I appreciate that, Mike. We're gonna go on to our second guest today, and then at the end, we're gonna circle back and kind of tie all three of these speakers' points back together. But our second guest today is Mr. Brant Harrell. He was born and raised here in Decatur County, Georgia. He is a graduate of Georgia Southern University. He has farmed for 25 years and has served as a lender and relationship manager for Southwest Georgia Farm Credit for 15 years. He also serves as the chair of the Decatur County Agricultural Committee. Welcome, Brand!

Speaker 4 ([07:49](#)):

Thank you, Billy. I appreciate the opportunity to come and share the afternoon with you.

## Episode Four Transcription

### Here We Grow Podcast

Speaker 2 ([07:53](#)):

We appreciate you coming. I'm gonna let you take the floor and share your peace today.

Speaker 4 ([07:58](#)):

Well, my topic includes the owning and financing, of agricultural land in southwest Georgia. That's two of my favorite topics. You know, I'm a lender, I'm an rm and when I begin to talk to a potential client about owning land, I try to find out what their goals are and what they want the land to do for them and produce for them and, and, and how that looks. You know, some of the I believe that, that purchasing the land can be divided into two parts when you're getting started. That's trying to decide, what you want to purchase. Some of the questions I always try to ask is, are you looking at it from an investment standpoint or recreational use? What do you want to routinely enjoy on the land? You know, there are hunters, there are fishermen, there are bird watchers.

Speaker 4 ([08:56](#)):

I've got a client that actively plants different fruit trees each year, and that's his hobby and that's his goal, and that's what he enjoys. So, you know, when you're looking at a track like that, you, you need to pay attention to, what you want to do with it and, and find a piece of land that, that meets that goal. Second thing is, you know, as you begin to talk to a client, you need to get a feel of what kind of investment they wanna make or, what's their budget, what do they want to get into it at? And you know, as Mike was saying there's a good opportunity to make investments both in, in the Timberland and in farming, the agricultural properties, whether you farm 'em yourselves or rent 'em out as a, as a landlord in some places has the added benefit of having an annual cash flow and timber growth and recreational growth.

Speaker 4 ([09:56](#)):

So, you know, you just gotta kind of decide on what you want to do. One thing I always ask a person is do you, do you have professionals that are going to assist you or going to advise you, to meet these goals? You know, early on I like to talk to, talk about a forester. If there's timber on it, what's what are you looking for with that? Can we get you a management timber plan put together? That helps a lot. You know, we, we look back on the storm of Hurricane Michael, everybody remembers that. And those folks and landowners that had timber appraisals or timber management plans were able to go back and, and establish a basis for their losses. They were able to lay some groundwork going forward about getting in those tracks straightened out and back on a management track. You can take a good, you can, you can take a good timber management plan and look at a rate of return on that track. Mike, what's a good rate of return, on our soils here in southwest Georgia on an annual basis?

Speaker 3 ([11:11](#)):

As far as kinda long-term return on investment in Timberland, you, historically it's been about 8%, maybe a little better. I'm talking about all inputs over a period of time a, on ownership of Timberland. That's kind of been a target rate anyway for some of these investment funds, but the growth rate can be significantly higher than that. But once you factor in the cost of ownership and, and all that you probably should be doing at least, least 8% on your money or better,

Speaker 4 ([11:55](#)):

## Episode Four Transcription

### Here We Grow Podcast

You know, and that's one, one thing I always look at too in, in talking with a client is you talking about diversifying a balance sheet and Timberland and land is a great way to go. Long, you know, in addition to like a store stock portfolio or whatever, you know, it's, it's just a long-term investment. It's not as liquid, but it's a great investment. As Mike was mentioning, location is a huge factor. We have people that come in and, and, you know, they may want an isolated track where you gotta import sunshine get, they get back and they kind of want to rough it and maybe not have electricity, but just get out and kind of bond with nature. And then you've got other people that, that are looking for a place that you know, they've, they, they bring their families to enjoy it and maybe they want some shopping or go the ability to go out to a restaurant or maybe some infrastructure like that.

Speaker 4 ([12:48](#)):

So you gotta be mindful that you're, that you're buying something that you can use like you want to use it. One of the, points too, has been brought up to my attention lately is, you know, we have a lot of state land especially down in southwest Georgia state, state, and federal land. And so if you buy a place close to that, you know, are you, are you going to use that access to those public lands to add to your, your track? You know, like down at down around Seminole County, South Decatur County, you've got the Silver Lake and Lake Seminole areas, and, you know, that's huge for duck hunters and fishers fishermen. And so you may not be able to get all that on one on the property they're purchasing, but it, but it is there and they could enjoy it if it's you know, if it's close.

Speaker 4 ([13:39](#)):

I always like to know what kind of physical features the person wants to have on their track. Are they looking for water? You know, is that a must? And then the, you know, that's broken down into, or if you're a fisherman, you probably want a pawn big enough to manage for trophy bass or blue gill or whatever your target is. You know, if you're a deer in Turkey hunter, you may be happy with a small creek that wanders through the property. Or you may want a river riverfront-type property. And so that's, you gotta, you gotta know kind of what, what your water source is going to be and, and how that blends into what you wanna do.

Speaker 3 ([14:20](#)):

Let me add something in there about return backtracking a little bit. One thing I would like to point out on the timber part of it is a great thing about a well-managed timber asset is it doesn't matter what the economy's doing. You're gonna be growing your timber year in and year out. I mean, we can hit, a downturn and might get out of it in five years, and during the five years, you, you put a lot of wood on the ground. So you, that's kind of one of the safety nets that timber offers.

Speaker 2 ([14:59](#)):

I, I completely agree. Just to echo our two speakers right now, Mr. Mike and Mr. Brandt, the value of the land recently has gone through the roof in our area. We can all agree to that. Our next speaker, Lee, is gonna dive into more of that, what makes his job harder than it's been years past, because like I said, we've got Florida to our south, that people are coming up and they're wanting to buy land. And they, they just, they gotta have it. And so that's driving up prices and comparables when you go into, an appraisal situation. And I mean, sometimes, I mean, it might

## Episode Four Transcription

### Here We Grow Podcast

be a bordering property and you just gotta have it, and sometimes you're willing to pay what it takes to get the property, so that can make the property value go through the roof. But we do have great soils.

Speaker 2 ([15:40](#)):

We do have a great water source here. We have great access to mills for timber. And our neighbor in south Florida has sent out a lot of buyers recently. For better, for worse, they're coming up and they're, they're wanting to get a slice of Georgia. So at this point, I'm gonna jump on to our third speaker, Mr. Lee Folsom. He's a graduate of Mercer University in Macon, Georgia with a BBA in accounting. He holds an enrolled agent designation for the Internal Revenue Service and is a certified general real property appraiser here in the state of Georgia. Currently serves as the chairman of the board of assessors in Cook County, and is the president of the Georgia Chapter of the American Society of Farm Managers and Rural Appraisers. Lee, welcome.

Speaker 5 ([16:23](#)):

Thank you, Billy. I appreciate that. Appreciate the opportunity to come on and, and be with you today, Billy. We're where we're seeing prices go is, is, is nothing but up. And it, and it's like Mike and, and brand alluded to, while the economy may be tanking from a commercial standpoint the, the real estate continues to increase in value, continues to be needed, the demand continues to rise from a, from an influx of, of migrants from Florida, from California, from Texas, I mean from other places. They're driving demand and there's no more of it. So land prices have gone up, you know, I mean to the point that we've seen farm real estate overall from one year to the next increase somewhere in the neighborhood of seven to 8%. Again, it, it, it's almost akin to the, to the, to the lob lollies and the, and the, the pine trees in that, in that the the dirt holding the trees in the ground is appreciating at the same rate you know, know irrigated cropland, you know, in our, our neck of the woods because of the moratorium that's been in place for so long.

Speaker 5 ([17:58](#)):

And then, the difficulty with, with getting permits to, to drill wells and those kinds of things have continued to drive those prices northward to a level that is, I mean, it, it, it far out, it far suppresses the rest of the state. I mean, we're, we're in the neighborhood of \$6,500 an acre, and the statewide average as quoted by U S D A, is somewhere in the neighborhood of \$4,600 an acre. So southwest Georgia, our farmers and those that are holding those acreages that have well permits on them, have an asset that is truly invaluable to them. And, it continues to increase in value. Now from a, from a residential standpoint, you know, kinda, looking at, you know, where, where I guess sort of where the rubber meets the road, where everybody, the consumer looks for, for why is, why is everything continuing to escalate the way that it is?

Speaker 5 ([19:16](#)):

There's a shortage of inventory to sell. Where in 2008 that whole implosion of, of the real estate market was caused by an overabundance of inventory we're much in the opposite direction. Now because of the management that the financial institutions had put into place, along with congress and, and other regulatory agencies, they've, they've constricted, the construction to a point where we now have a shortage of inventory. Again, the mass migration, from other locals where you

## Episode Four Transcription

### Here We Grow Podcast

name it may not be as favorable. Then, the potential elimination of the state income tax is driving folks to Georgia, which I look for that to happen within the next three to five years. You're gonna see where we will, we will be just like Florida in that we're not gonna pay any state income tax. The fact that Georgia is a business-friendly state, and for the last eight to nine years, Georgia has been the number one state for doing business that brings folks here, and attracting business and industry.

Speaker 5 ([20:50](#)):

And when you attract business and industry, you've got to bring folks to be able to fill those chairs and continue, to manufacture the widgets that those companies bring with them. We were, we're seeing an increase in residential interest rates. And that has brought some of the residential markets a, to slow down. I'm not gonna call it a screeching halt, but it's a, it's slow down in that, and that 15-year mortgages are now in the sixes and 30-year mortgages are, are in the low sevens. And, and I look for that too, we're hoping that it's gonna stabilize and that those, those mortgage rates are gonna stay fairly steady until folks can kinda get their head around and arms around what's happening in those in, you know, with those interest rates, a lot of that's driven by the 10-year treasury average.

Speaker 5 ([22:01](#)):

And, but what, but what you see and hear a lot in the media is based on the fed funds rate, which is we're due for another three-quarter point increase in November after the Federal Open Markets commission after they met the second week of November, and then probably the first quarter of 23, we're looking for probably another half quarter to half on, on an increase there. And then, we look for those, we look for those increases to sort of soften. A lot of that is gonna be driven by what happens the second, the second full week in, or the really the second Tuesday in November, once your election's over with all the votes are counted, we know what kind of direction we're gonna have going forward after January 1st of 23, then we will be able to know sort of all of, all of them, all of the decision-makers and the policy drivers in the market will know what direction Washington and Atlanta more especially, is gonna head. And that's gonna give them a clear direction as to which way we need to, we need to be headed. It's how good is your crystal ball. I mean, it, and, and you know, a lot of it is gonna be driven by a second Tuesday in, in November. So if you've got a, if you've got a, a good crystal ball and a good farm manager, then you ought to be able to make some hay.

Speaker 2 ([23:56](#)):

Well, Lee, I couldn't agree more with you and our two previous speakers. Things I've heard all my life from my grandfathers, we had the best farming land in the world down here in southwest Georgia. And you know, as a young boy, I just kind of let that roll off my shoulder. But now being in the career that I'm in, deal with farmers every single day. I mean, I truly believe that statement from him, We have access to water. We're above two aquifers here. Land elsewhere is extremely more expensive. So why we've seen an appreciation in our area, it is still cheaper nationwide than it is elsewhere. They're not making more of it. That's, that's the statement that I've, it led me to buy my real estate track recently this year is they're not making more of it. And with the technological advancements, we got a lot of teleworkers now.

Speaker 2 ([24:41](#)):

## Episode Four Transcription

### Here We Grow Podcast

Somebody, who used to work in Atlanta or out west in other states, can now buy a small farm on some acreage and work from home. So, that is what has driven some of the prices. And a lot of questions we get asked on our website when looking at land all the time, are there utilities? Well, you have to, you have to look at the plat. You have to go to that county and see if there, there might already be utilities on it. Sometimes in the listings, it's already listed. If not, there's normal access to utilities. There will be money paid to the county or city to run poles, and run power, but that is most of the time doable. Is it buildable? A lot of the time people wanna know where they can buy, or build on a property. Well, we have flood maps we can pull for you.

Speaker 2 ([25:26](#)):

And if it's not in a flood map, if it's not a flood zone, a hundred of your flood zones, which have grown recently, you can build there. Is it accessible? Then, the main thing is, I mean, you have access to the property. Is it blocked by an easement or can an easement be put in place? And then you, I guess the defined boundaries, a lot of times there is a plot out there somewhere, you just loan an officer like Brant and I just have to go find it and we'll help you with that, that question. But at this time, we're gonna ask a few questions. Okay, Brent, so here in everyone's talk today, why don't you lay out kind of what Southwest Georgia Farm credit financing options are right now for raw land, not a house on it, if, whether you're looking to be a pine farmer, timber farmer, or whether you're gonna be just a recreational track owner and come up from wherever, come down from wherever and do some hunting?

Speaker 4 ([26:24](#)):

Sure. It'd be, That's a great question. And this a question I'm gonna ask, you know, every interview the, the, our, our loans are built to put someone in long-term ownership. And so we accompany that, the financing to that. A lot of times if you're working with somebody like Mike and, and you've planted some timber, then you want to keep your cash flow obligations as low as you can while increasing, your rates of return. So we would probably look at something like a 15 or a 20-year note in today's rates our loans, loans are still attractive in that they do not have balloons and, you know, we're just kinda on the onset as, as Lee was talking, that probably on the cusp of increasing even more. So a long-term rate that's fixed for the life along out to 15 or 20 years is advantageous to keep your costs down each, you know, each pay period.

Speaker 4 ([27:24](#)):

And then you know, another thing to look at is if you're going, if it's s timber track and you're trying to match maybe your cash flow obligation, your payments to the growth of in the timber, maybe make two different notes. One for the amount of timber that's on that track that's gonna be harvested over time. And then that is, is that note is paid off, the second note paid off, you would have you'd have some cash freed up to then to continue to improve the property or, or just lower those, lower those payments that make it

Speaker 2 ([28:01](#)):

Right. And correct me if I'm wrong, but I mean, if rates go down in the future, will Southwest Georgia Farm Credit call you up and say, Hey, we're willing to drop your rate? Cuz our direct no-rate cost has changed

Speaker 4 ([28:11](#)):

Not only any, anytime, but every time.

## Episode Four Transcription

### Here We Grow Podcast

Speaker 2 ([28:14](#)):

Awesome. Well, to echo what you just said, Mike, what are you seeing out there in the, as far as the form of hunting lease income, if someone is just looking to spread their portfolio out, add agriculture to their portfolio, what, what can they maybe see as far as, despite the timber income that they're gonna have, what are, what are you seeing that they can maybe lease it out for hunters for?

Speaker 3 ([28:36](#)):

Yeah, that's it, it's gone way up. It's kind of hard to pinpoint exact hunting rates, partly because there's value in the hunt in leasing to a good hunter at a fair price as opposed to leasing to who will pay me the most money. Cause you want a good hunter out there or a good club that's gonna respect your land and respects your wildlife. But that being said, for years we were seeing a lot of 10 to \$20 per acre leases across southwest Georgia. And right now, I, from what I've seen, I think that shifted to more like 15 to 30 for a lease and a and a, I mean that just depends on what kind of amenities the property has and, and hunting pressure around it. I mean, I've heard of some \$40 per AC leases, but you know, you need to come to see Southwest Georgia and buy some land if you're gonna pay that much for a hunting lease.

Speaker 2 ([29:41](#)):

I agree. I mean, that follows the age-old statement of, you get what you pay for, but this kind of a flip flop in this scenario, sometimes somebody might be willing to pay more, but it's best to have the best person that's gonna be a steward of your land on your land. So, well, Lee, after hearing these two guys, you got anything else to chime in?

Speaker 5 ([29:57](#)):

You know you know, we talked about where Mike sort of segued into rental of hunting leases. Then, as everybody is, I guess fairly well aware of the, there's an increase in the cash rent for those that, for those families that lease out their farms as well for growers. I mean, the, while the, while the increases aren't near as pronounced as, as the, as the hunting leases, you're still within you know, a 10% increase year over year from 22, you know, 22 from 21 on every type of farmland. You know, and, and it, it goes along with input cost and fertilizers and seed and, and everything else that goes along with it. Then, the rental cost has gone up as well. And, and so, you know, we're, we're in that, we're in that cycle where everything is sorta, you know, the profit margin is, it is getting thinner for the grower, getting thinner for the hunter because the the the hunters, you know, paying more for the lease as well, it costs more to harvest that deer or that Turkey or, or you know, pull that trophy bass out of the pond.

Speaker 5 ([31:26](#)):

So but with, with that said, for the landowner in this situation, that's a kind of, it's a great spot to be in, in that you're able to affect more return on your investment for really something that you've held for years. Your, investment is now worth more than it was hopefully when you bought it.

Speaker 4 ([31:52](#)):

You know, let me add to that, If I could, not only you know, your property taxes come each year for maintenance and upkeep on the, on a farm, such as cutting fire breaks and maintaining roads and paying a timber a, a forester to come and help manage it. So some of that's paid through the





## Episode Four Transcription

### Here We Grow Podcast

land leases, but again, it's both these guys who have said a good steward of the properties is really where you wanna be.

Speaker 2 ([32:17](#)):

Most definitely. Well, to echo all three of the speakers today, what I've taken away is if, if you're on the fence out there, want to buy a little slice of heaven for yourself and your family, and you're worried about the interest rate market, worried about the economy, just come see us. We have a loan to value standard. It's price value or sales price whichever's less, which keeps you in check at this point. That concludes our podcast today with Mike, Brant, and Lee, we appreciate y'all coming to read a transcript of today's podcast. Visit our website at [swgafarmcredit.com](http://swgafarmcredit.com). Make sure you subscribe to your favorite podcast app to get notified of our new episodes and follow us on Facebook and Instagram for great industry resources. Thank you all again and happy harvest.