

HUNTING LEASES AND TERMS

By

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Some of the terms and conditions affecting hunting lease rates are outlined in the following discussion. Over the last 45 years, the demand for hunting and other recreational uses of the land has increased significantly. This may be due in part to increased population and increased popularity of the sport on a fixed supply of land. Whatever the reason, rates have increased.

As of August 2009, lease rates ranged from \$5.00 to \$50.00 per acre per year depending on where the property is located, the size of the tract, length of lease, the rights included, type of hunting allowed, road network, and the type of environment. At present, most leases are in the \$5.00 to \$9.00 range. A summary of lease rates obtained in our recent survey are listed as follows:

Data surveyed by Carr Gibson and Tom Keith, MAI

No.	Lease Date	Location	Acres	Term	Rent/Acre	Time adjustment*	Rent/Acre	
1	2008	PLTF, Columbus County	11,525	1 Year	\$3.73	1.03	\$3.84	
2	2008	NSHC, Columbus County	2,160	long-term	\$4.07	1.03	\$ 4.19	
3	2009	White Oak, Bladen County	188	1 Year	\$13.00	1.00	\$ 13.00	
4	2008	Cedar Creek Hunt Club, NC 53 White Oak, Bladen County	640	1 Year	\$6.00	1.03	\$ 6.18	
5	2008	Cedar Creek Hunt Club, Parkton, Robeson County	626	1 Year	\$6.00	1.03	\$ 6.18	
6	2008	Cedar Creek Hunt Club, Parkton, Robeson County	375	1 Year	\$6.00	1.03	\$ 6.18	
7	2009	FM, All Tracts Bladen County	4209	1 Year	\$5.74	1.00	\$ 5.74	
8	2009	FM All Tracts Columbus County	1,728	1 Year	\$5.28	1.00	\$ 5.28	
9	2009	FM All tracts Brunswick County	12,685	1 Year	\$6.03	1.00	\$ 6.03	
10	2009	FM, All Tracts Cumberland County	4,296	1 Year	\$6.76	1.00	\$ 6.76	
10	2009	FM, All Tracts Anson County		1 Year	\$7.89	1.00	\$ 7.89	
11	2009	TRLM, All Tracts Columbus County	1,000+	1 Year		1.00	\$4.00 to \$5.00	
12	2009	ZVP, All Tracts Scotland County	1,000+	1 Year	\$5.50	1.00	\$ 5.50	
13	2009	TP, Orangeburg, SC	2,100	long-term	\$23.00	1.00	\$ 23.00	
14	2009	TP, Pee Dee River South Carolina		1 Year	\$50.00	1.00	\$ 50.00	
15	2009	Listing Sampson County	287	long term	\$13.00	1.00	\$ 13.00	
16	2009	FSI, Northern Harnett	220	long-term	\$12.00	1.00	\$ 12.00	
17	2009	FSI, Wilson and Nash Counties	75	long-term	\$22.00	1.00	\$ 22.00	
18	2009	FSI, Southern Granville	175	long-term	\$13.00	1.00	\$13.00	
19	2009	ALT All Tracts southeastern, NC	200+	1 Year		1.00	\$8.00 to \$9.00	
20	2009	CTM	7000	1 Year	\$13.00	1.00	\$ 7.00	
21	2009	C, Bladen, Columbus, Duplin, New Hanover, Onslow, Pender Sampson	55000	1 Year	\$4.75	1.00	\$ 4.75	
22	2009	BP to FJ 163 acres, Cumberland	163	1 Year	\$9.20	1.00	\$9.20	
23	2009	BC, MB	1000+	1 Year	\$10.00	1.00	\$10.00	
24	2009	WT, Moore Co	850	1 Year	\$10.00	1.00	\$10.00	
25	2009	WT, South Central NC	850	1 Year	\$9.00	1.00	\$6.50 to \$15.00	
		Hunt Lease Survey by Carr Gibson and Tom Keith, MAI						

Factors affecting hunting lease rates are discussed as follows.

Size of Tract

Land owners are reporting higher rates paid for larger tracts. This may result from the greater demand from hunting clubs wanting tracts large enough to hunt with dogs. Many of the smaller tracts are leased for still hunting by individuals using bows or shotguns. It was reported by one forester that Plumb Creek Timber does not allow dog hunting on tracts less than 1000 acres.

Length of Lease

Tracts that can be leased on a long-term basis are more desirable since the clubs can set up more permanent structures for club houses, screened areas, storage buildings, food plots, and improved roads. Long-term leases over one year usually command a higher lease rate than a lease from September 1st to January 31st because the owner wants to keep the options open so the tract can be sold.

Location of Property

Of those surveyed, tracts within one hour of a metropolitan area will command higher lease rates than those tracts not under an urban influence. Typically the rates within one hour of an urban area are commanding rates of \$9 to \$12 per acre per year as long as the lessee does not think the tract will be sold out from under them. One year leases do not give the clubs enough time to benefit from any previous year's improvements. Sometimes we see rates of \$5 per acre in rural areas greater than one hour of urban areas. Other rural areas such as the Low Country of South Carolina may lease for \$23 per acre or \$50 per acre along the Pee Dee River. Some of these areas may support commercial hunting camps with guides.

Game Hunting Rights

Most of the larger tracts are leased for \$8 to \$9 per acre in SE North Carolina and include all rights to hunt bear, deer, quail, dove, turkey, and small game. The leases are for at least one year with the promise to lease it for some future years. Some land owners may be sensitive to leasing the game bird hunting rights.

Dog Hunting vs. Still Hunting

Many land owners are allowing dog hunting with rifles on the larger tracts, if legal in the county, where the energy and range of the projectile will dissipate within the tract itself. Many land owners lease the smaller tracts to still hunters at a lower price of \$6 per acre per year.

Environment

Tracts along a river, lake, or stream command the highest rates.

Road System

Tracts with a good network of private roads should command premium rates, particularly for hunting with dogs by clubs.

Liability Insurance

Of those land owners requiring liability insurance, all reported that they referred the individuals and hunting clubs to the North Carolina Forestry Association insurance program. Their insurance underwriter's rate is about \$0.30 per acre. Some land owners would add the cost of insurance to the rent charged.

Summary

Some timber management companies offering their properties for sale will not lease them except from September 1st to January 31st. No guaranteed right of renewal is offered to the hunters. In fact, they will inform the clubs that the tract may not be available the next year. This short term lease, without much hope of renewal, may reduce the ability to get optimum prices for hunting rights.

Some owners surveyed not try to get the highest price but instead leased to the same individual or club from year to year at the same rate. This practice may reward the individual or club for maintaining the road system and keeping trespasser out. No advertising is done and they would not have any way to know what market price they could obtain. Other lessors increased the rent from \$0.25 to \$1.00 per year.

Many lessors are not offering their property at market value but are simply setting an asking price and telling the lessee to take it or leave it. This unilateral method of marketing may not allow the owner to maximize or determine the actual market rental rate if the lessee continues to lease the property year after year at the same or a fixed rate of increase. Many managers are satisfied with the local clubs if they maintain the roads and take care of the property.

Many of the negotiations between land owner and lessee do not meet the currently used definitions of market value. These are more or less averages or asking prices. In some cases it appears that the real market may float above the asking prices if the property was aggressively marketed. In some cases the lease income is simply used to defray the ad valorem taxes and no more. The market appears willing to pay more if these properties were offered in a competitive bid or fully advertised situation.

When establishing the market rate for hunting land, get all of the information about other hunting leases you can including game rights being leased, location in relation to urban areas, proximity to water, its ability to support hunting by dogs and rifles, the network of roads, and the terms of the lease,

Large tracts of land with water, a good network of roads, lease terms of more than one year, the ability to accommodate hunting clubs using dogs and rifles, a lease that includes all game rights, and location within one hour of an urban area usually command the highest rates.

Some of the transactions listed above do not represent a Market Rental Rate because they are deficient in some of the following aspects.

1. Competitive and open market conditions,
2. Full knowledge (both lessor and lessee),
3. Assuming the price is not affected by undue stimulus,
4. Reasonable time to expose the property to the market, and
5. Agreed upon price.

Some definitions of Market Value are quoted below.

USPAP DEFINITION OF MARKET VALUE

The most probable price a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U. S. Dollars or in terms of financial arrangements comparable thereto.
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: Office of the Comptroller of the Currency, 12CFR, part 34

NORTH CAROLINA DEFINITION OF MARKET VALUE

Fair market value of any property is the amount which would be agreed upon as a fair price by an owner who wishes to sell, but is not compelled to do so, and a buyer who wishes to buy, but is not compelled to do so.

FEDERAL DEFINITION OF FAIR MARKET VALUE

Market value may be defined as the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to

which it is adapted and for which it is capable of being used. Permission to reproduce with acknowledgement.

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