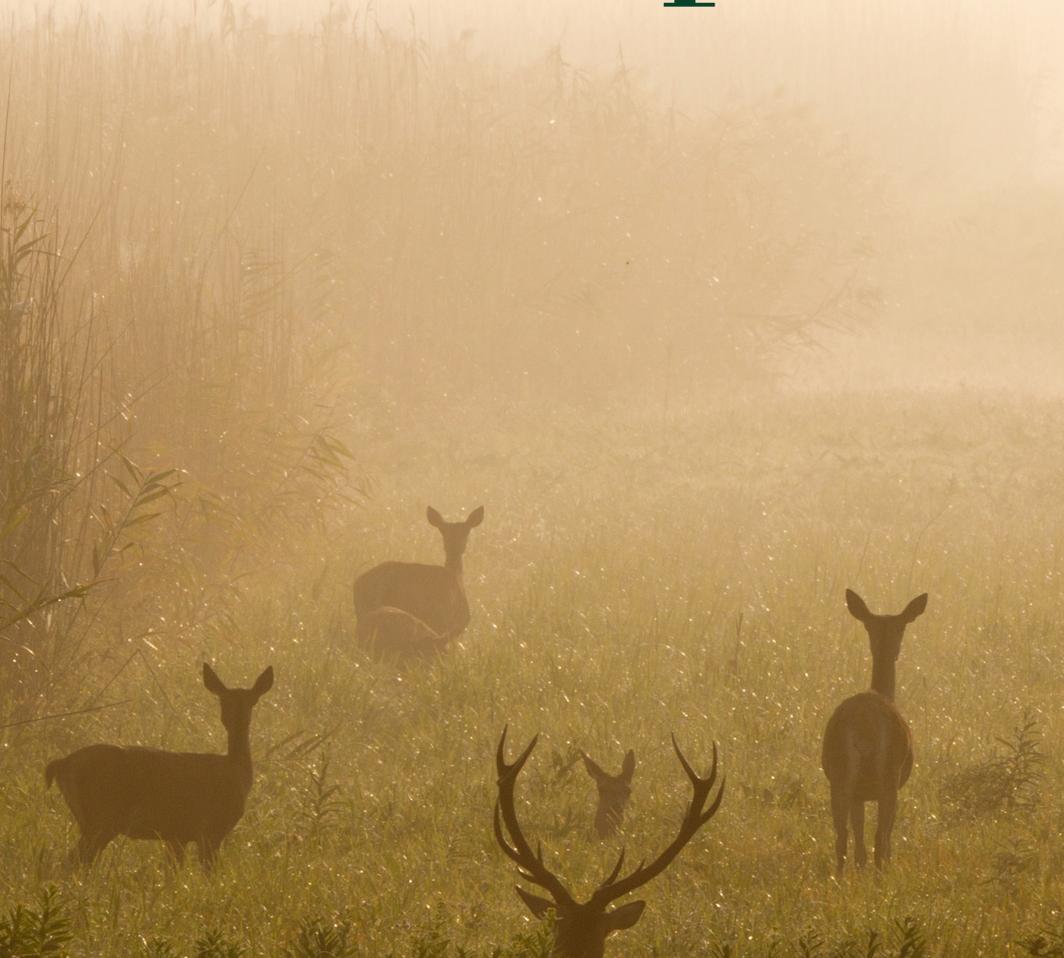




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Land Report



THE LAND GROUP

MARYLAND | DELAWARE | VIRGINIA | PENNSYLVANIA

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A GOOD YEAR AND ONWARD

Ben Alder, Principal

In 2020, The Land Group assisted our clients in the acquisition, disposition, or lease of over 13,000 acres. 9,000 acres were direct transition of ownership while the 4,000 acres of land leasing was completed for long term agricultural operators. Broad metrics for The Land Group in 2020 yielded over \$67 Million in land sales through 70 transactions.

Understanding the land market is our value to the industry and to you as a current or future landowner. Fundamentally, we study land use and land values throughout the Chesapeake Bay Region. The intersection of these data points is where we do our work as land brokers. Our database of land sales and market knowledge together with our background in land use underpins our value as land advisors.

Over the past year we studied 174 land transactions in ten counties. While much of this data is focused in Maryland and Delaware, our growth in 2020 will yield greater focus in Virginia and Pennsylvania in 2021. This data is provided free on our website at thelandgroup.us, and we are working to improve the efficiency with a mapping format in the coming year. This analysis is done on a property by property basis; there is no automated analysis which produces this report. By breaking it down into land types while removing the value of improvements, an accurate understanding can be formulated. This approach gives the true "land value" while increasing transparency and reducing subjective "adjustments" on a ratio basis. We've included a sales data analysis for you at the end of this report.

The Land Group represents the largest private aggregated ownerships in the Chesapeake Bay Region. Our clients own and manage over 50,000 acres. In the last year we have worked with several ownerships of 1000 acres all the way down to the landowner with 25 acres, assisting each client in maximizing both the use and value of their land. Through our consulting services to environmental engineering companies, conservation groups, renewable energy developers and institutional agricultural and timberland organizations, our experience creates a bandwidth of knowledge to help all of our clients at every level of landownership.

In the dynamic landscape of today with precision agriculture, land and resource conservation, tightening land use regulations, renewable energy, and the evolving use of timberland resources globally, much lies ahead for the modern landowner. Our principal goal is to provide context to you for these issues and make you better informed for managing your land based assets. I trust you will find the information we are sharing beneficial. We welcome the opportunity to speak with you and explore how we may assist you in your land management goals in 2021 and beyond.

Onward!
- Ben



GROWING NEED FOR FOREST, WETLAND AND STREAM MITIGATION

John Campagna, Advisor

Today, throughout many of Maryland's Western Shore counties, the demand for reforestation and stream restoration projects are increasing on private lands. Demand is driven both at local and state level based on environmental protection laws. Some specific needs are driven by local ordinances like Frederick County's new "Forest Resource Ordinance".

This regulation requires no net loss of forest in the county when developing a property. The scope and intent behind these regulations are not new and in fact in many forms have been in effect for several decades. The difference today is these regulations are often more strictly enforced and with the increase of urban and suburban growth in the Baltimore & Washington Region these "ecosystem service markets" have emerged. Stream and wetland restoration projects demand continues to grow as more and more agencies such as the State Highway Administration use it to offset infrastructure projects. The outcome of this demand provides landowners with the opportunity to monetize the natural habitats they have and restore or enhance other natural habitats on the farm.

Project sites may encompass the entire parcel or a portion. There are a few mechanisms these projects are completed through. It is possible to

both sell (fee simple) or establish long term management agreements which resemble a lease of the land. Good candidates for restoration include cleared land that is not used to its fullest ecological potential that may not be easy to farm due to how wet the soil is seasonally, and stream corridors with eroded and washing away banks. These projects add an improvement to the land, increasing both habitat value for wildlife and hunting opportunities.

Stream restoration projects can include hardened livestock crossings so pastures bordering the stream corridor can still function well for the farmer. There are programs aimed to assist farmers to provide water resources for watering livestock as well. These can be coupled together to increase wildlife habitat and improve farm operation goals in the same project.

Staff at The Land Group are regularly engaged to assist landowners in long-term land planning to help preserve rural and open space through land protection programs. No longer is it just crops, livestock and timber that provides income on ag properties. These new ecosystem service markets are providing both immediate and long-term monetary benefit for the landowner while helping to conserve land and the region's agricultural and natural resource base. ■

NEW YEAR, RENEWED SOIL

Jeremy Bertier, Advisor

As we enter a New Year I think we all can be thankful that we made it through 2020! Let's look forward to 2021 with anticipation and open minds. One of the ideas that I've been interested in is **Regenerative Agriculture**. It's a modern twist on a millennia old idea. Trying to regenerate the soil to its pre-agrarian profile. Over the last century, modern farming practices all over the world have depleted the soil of the topsoil, tillth and biological diversity that it once had. Keeping the ground covered with living systems year-round was the path to healthy soil structure. Somehow along the way we became smarter than mother nature and lost that knowledge and focused only on the production side of our farm.

With the resurgence of new/young farmers, many ideas of old have become new again including the relationship of working with nature to improve the bottom line. Implementing diverse practices between traditional crops to improve soil structure and keep a home for many beneficial micro-organisms in the soil is showing dividends. This has not only returned money to the pockets of these farmers, but it has also set the trend for a way to improve our region through less soil loss, improved crops and sequestering carbon in the soil. These practices keep significant amounts of carbon from our atmosphere. Recent data suggests a large adoption

of this practice could lead to a carbon-neutral footprint on the farm, as well as contribute to the regional and global greenhouse gas initiatives to improve our atmosphere.

Farmers here in the Mid-Atlantic have adopted this idea of basic cover crop usage for years. We are one of our Nations leaders in cover cropping. It has been spurred by government funds and pressure to improve water quality in the Chesapeake Bay watershed. Look around on your next drive through rural areas this winter and you will notice a lot of green coming out of the ground outside of the traditional growing season. More farmers are seeing the basic benefits of cover crops and have began experimenting with complex blends to add nutrients, improve structure and provide food for both above-and-below ground organisms. We have set the stage for a new direction in agriculture that will allow us to incorporate time-tested methods and technology to regain what was once lost while restoring the natural production of our soils.

If you can do nothing else, allow your mind to wander and study the ground beneath your feet this year. The worst thing that could happen is a regenerative mindset that puts yourself and your property on the path towards the better! ■





YOU BOUGHT SOME FOREST LAND. NOW WHAT?

Beth Hill, Advisor

People manage their forests for various reasons, be it maintaining water quality, improving wildlife habitat, or timber production. Keeping our forests healthy and productive is not an easy job. Forests in Maryland are growing more than twice as fast as harvesting is occurring. Over 158,000 private landowners lack the equipment and expertise that industry professionals bring to the table.

STEP 1

Get to know a professional forester. They can help you develop a forest stewardship plan for your property that will not only save you money on taxes but will ensure that harvesting meets your goals while maintaining the long term economic potential for the property. The goal is to avoid high grading, where you are left with an unhealthy tract stocked with low-quality trees. Professional foresters can be either private (consulting and industrial) or public (service and extension), either of which can help you make informed decisions that will enhance forest management.

STEP 2

Join an organization that will keep you up to date on the current issues facing forest landowners. The Maryland Forests Association is a nonprofit organization representing the forest community statewide, comprised of people who want to see forests remain forests and understand the importance of sustainability. Being a member will ensure that you have knowledge of the market conditions and legislative issues pertaining to your land and are aware of educational opportunities.

STEP 3

Get out and enjoy your land! It is a proven fact that spending time in the forest can clear your mind, serving to reduce the stress and anxiety. While you are there, take in the sights and sounds. Observe the changes that are happening. Be on the lookout for invasive species or pests but rest assured that you have the connections to help you when issues arise. ■

For more information and resources visit
www.mdforests.org

SALES DATA ANALYSIS

Nick Campanaro, Partner

The goal of this analysis is to use comparable sales data to calculate per acre land values for farmland and timberland in Maryland and Delaware. Our focus is on the counties where we are active participants in the land markets & have working knowledge of individual trades. This analysis doesn't include properties containing significant improvements or entitlements. We set a minimum acreage per trade of 50 acres for Eastern Shore counties and 25 acres for Western Shore counties. Emphasis was placed on arms-length raw land trades occurring in 2019 and 2020.

2019 & 2020 Timberland (Wooded Land)

COUNTY	# OF SALES	ACRES SOLD	AVG PRICE/ACRE
Charles	17	2155	\$2,202
Baltimore	15	705	\$4,442
Caroline	20	2316	\$1,590
Carroll	18	465	\$3,133
Dorchester	33	5054	\$2,063
Queen Annes	19	1071	\$3,010
Somerset	22	2601	\$1,281
Sussex*	24	3270	\$1,703
Wicomico	28	3322	\$1,817
Worcester	30	2318	\$1,876

- Average timberland values fall between \$1,500 and \$2,000 per acre on the lower shore with slightly higher values on the mid to upper shore.
- Wooded land values on the Western Shore are significantly higher and depend upon location.
- The data for Delaware timberland sales was skewed in 2019 & 2020 due to several large trades for land that allowed public hunting. These trades were less than \$500 per acre, which brought the overall average down. Non-conserved timberland in DE is trading around \$4,000 per acre, while conserved timberland is trading around \$2,000 per acre.



2019 & 2020 Farmland/Pasture

COUNTY	# OF SALES	ACRES SOLD	AVG PRICE/ACRE
Charles	8	365	\$7,444
Baltimore	15	539	\$12,580
Caroline	21	2374	\$6,321
Carroll	18	1479	\$6,890
Dorchester	25	2177	\$5,618
Queen Annes	17	2465	\$8,155
Somerset	16	1460	\$5,574
Sussex	10	805	\$6,830
Wicomico	18	909	\$5,535
Worcester	26	1835	\$6,285

- Average tillable farmland values fall between \$5,000 and \$8,000 per acre for Eastern Shore Counties.
- Cleared land values on the Western Shore are significantly higher and depend strongly on location.

The 2020 real estate market for farmland and wooded land was strong across the region due in part to low interest rates and buyers looking to escape urban areas. While market velocity increased significantly, the per acre pricing remained relatively steady.

Data used in this analysis is based on information provided by county tax records as well as market knowledge provided by The Land Group. For more information about the analysis please contact Nick Campanaro of The Land Group at 443-465-3520 or nick@thelandgroup.us.

TRANSACTION HIGHLIGHTS

1,000

1,000 Acre multi-farm acquisition for an institutional ag investor

800

Leased 800 acres of farmland for retirement & long term planning

\$6M

Sale of 4 poultry farms in response to protein demand worldwide

\$4.6M

Queen Annes Co. 650-acre production farm sale shows intense competition

GROWTH

TWO

new advisors joined The Land Group team in 2020 (Beth Hill and Sue Hudson)

SIX

counties added to TLG footprint (Cecil, Harford, Baltimore, Carroll, Frederick, Washington and Allegany)

TRENDS

User Farms

Dramatic increase in demand for 25-50 acre farms for recreation, hunting or space away from urban centers

Micro Farms

Growing demand for small or "micro farms" near urban centers to support farm to table food demand



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