

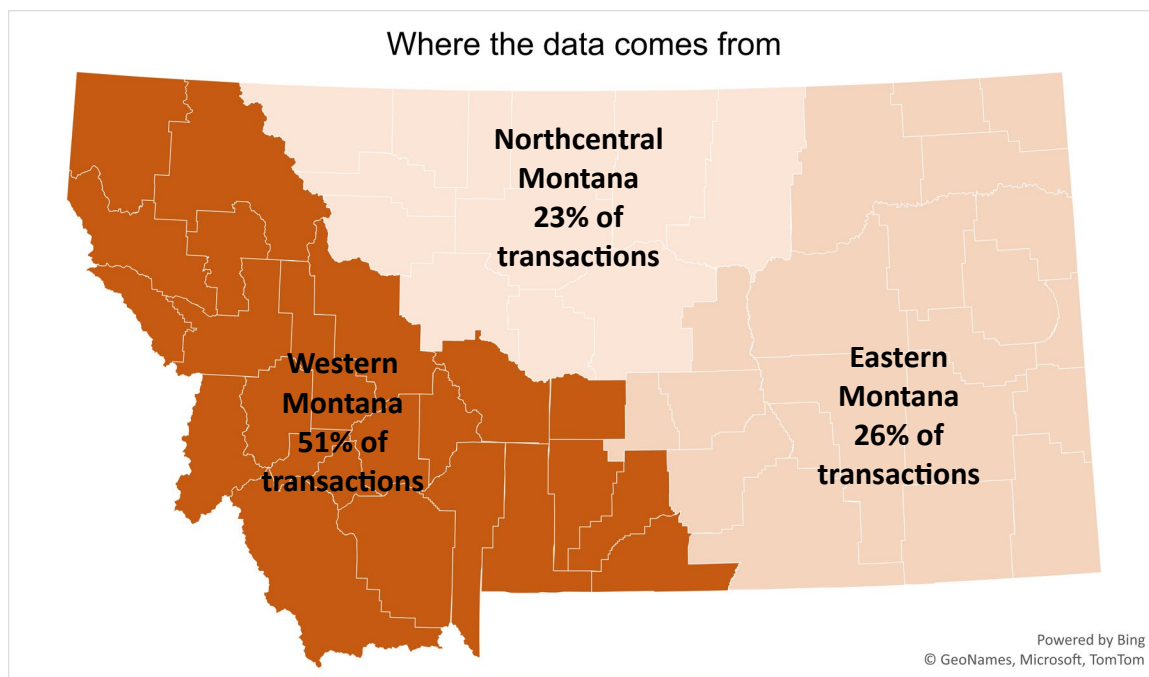


- * Real Estate Appraisals
- * Brokerage
- * Consulting

For Land's Sake – March 2023

Norman C. Wheeler & Associates has been involved in the real estate business since 1958, with a tradition and reputation of quality appraisal work spanning over six decades. This has enabled us to maintain a solid network of real estate professionals from throughout Montana. Norman C. Wheeler & Associates is grateful for the assistance of many in the real estate community who have assisted in the confirmation of sales and market activity throughout the years.

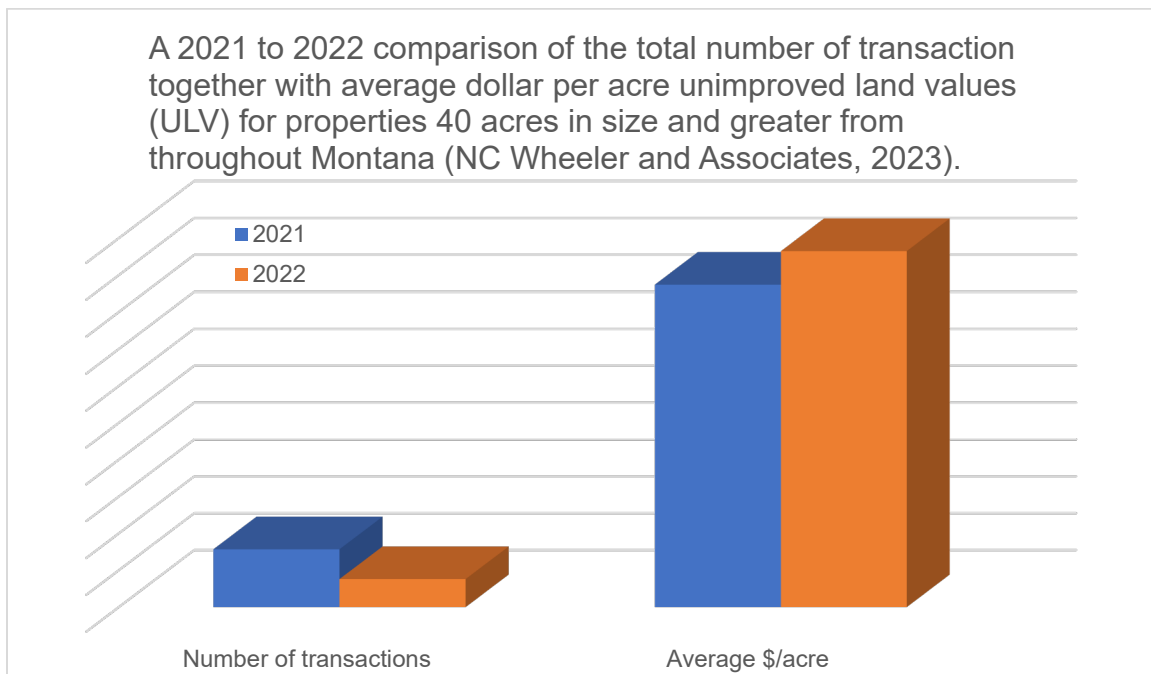
Over 3,200 sales spanning the time-period from 2018 through 2022 create the foundation for this report. While the majority of these transactions occurred in Western Montana, the data considers sales from throughout Montana.



Elevated demand largely spurred by unforeseen market forces related to variables associated COVID-19 elevated prices throughout much of the market area. Amplified by general economic conditions and broader geopolitical concerns, these market conditions continued through 2022. With demand outpacing supply, low inventory

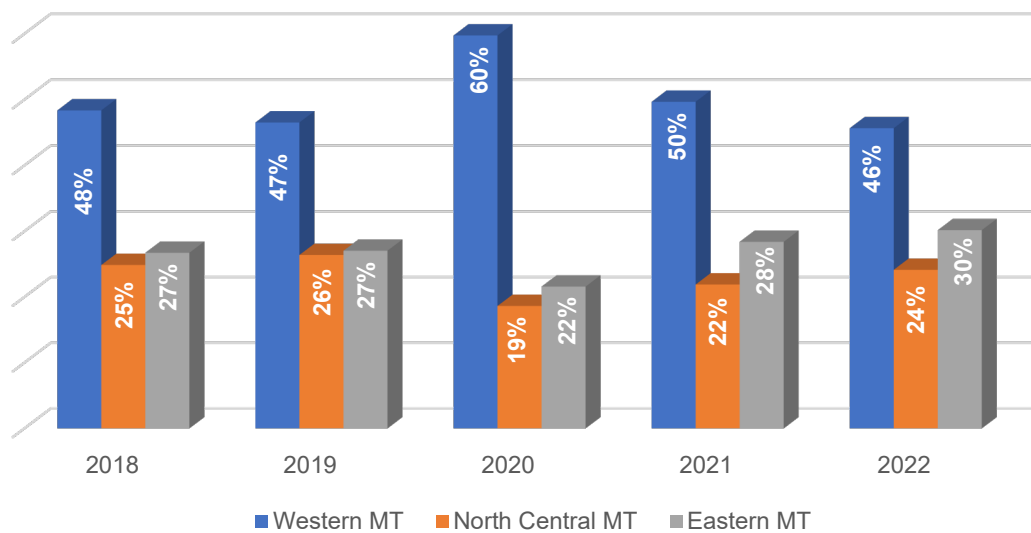
hampered market activity. With many of these factors still prevalent, market dynamics are anticipated to remain largely unchanged as we move through 2023.

When considering the broad market of properties 40 acres in size and greater, statewide the number of sales transactions show a downward trend. This is a common theme across most markets and regions where robust demand is being met by limited supply. With sales verification lagged, the disparity between 2021 and 2022 is anticipated to shrink as we continue to add to our database. However, with abnormally high levels of activity over the last 24 months, we do not anticipate reaching levels comparable to market activity experienced in 2020 or 2021.



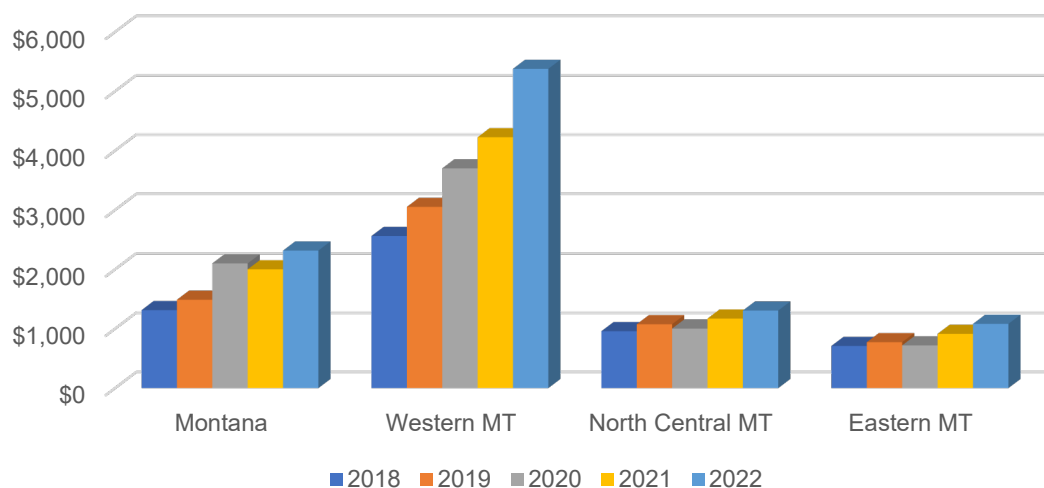
Due in large part to scenic and recreational amenities, market activity in Western Montana has generally outpaced other regions of the state. Benefiting from COVID era factors, Western Montana saw a notable increase in demand. This is demonstrated by the increase in the percentage of sales transactions occurring in 2020. This activity carried through 2022 depleting much of the more desirable inventory in Western Montana. This has caused buyers expand their search criteria, both location and property features. As shown below, with demand generally remaining strong, on a regional basis 2022 market activity throughout the State is more comparable to pre-COVID times prior to 2020.

Percentage of sales transactions by regions – 2018 through 2022 (NC Wheeler & Associates, 2023)



On a statewide basis median \$/acre land values show a decline in 2021. This decline is in large part attributable to the regional shift in transactions demonstrated in the graph above. However, as shown below, regionally median land values generally show increasing trends through 2021 and 2022.

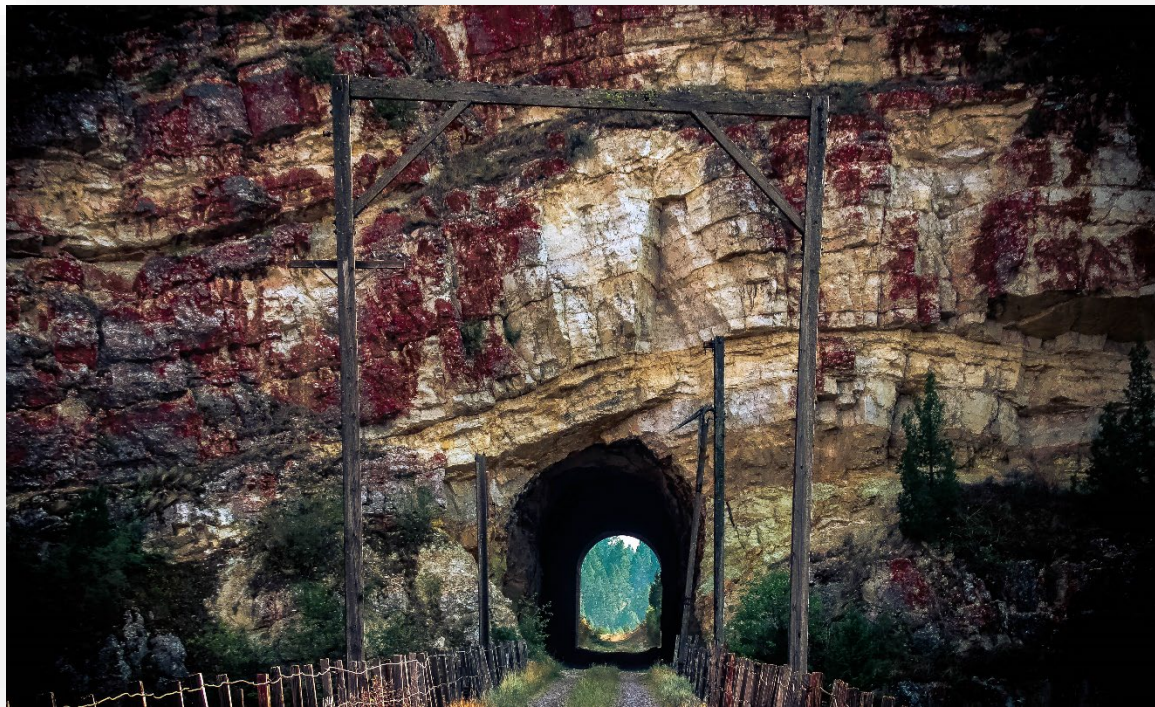
Median \$/acre unimproved land values from throughout Montana by regions from 2018 – 2022, for properties 40 acres and larger (NC Wheeler & Associates, 2023).



As we move through 2023, outside any unforeseen shocks, we anticipate a continuation of the market dynamics experienced in previous years. Interest rates, which have increased notably over the past 24 months, are widely anticipated to

impact the real estate market. With many transactions facilitated by cash, rising interest rates are project to have limited impacts in amenity driven markets. Conversely, higher interest rates coupled with historically high input prices have the potential to create headwinds in lower amenity predominately agriculturally driven market segments.

Limited supply of quality properties will continue to impact the market. With few appealing alternative investment opportunities, landowners have few incentives to bring their properties to the market. While continued growth in land values may be difficult, limited supply will at the very least shore up values in most areas. While many of the factors revolving around COVID have subsided, weakening economic conditions coupled with broader geopolitical concerns will keep non-farm investor demand high as they look to hard assets to help stabilize their portfolios.



RANCH PROPERTIES ARE LARGE AND DIVERSE, EACH WITH UNIQUE PHYSICAL FEATURES AND CHARACTERISTICS. MANY OF FACTORS DRIVING TODAY'S RANCH MARKET ARE NOT EASILY QUANTIFIED. SUCCESSFULLY NAVIGATING A MARKET WHERE FACTORS OF VALUE ARE HIGHLY SUBJECTIVE AND DIFFICULT TO QUANTIFY REQUIRES IN-DEPTH ANALYSIS.

FINDING A PROFESSIONAL WHO NOT ONLY UNDERSTANDS THE NUMBERS BUT ALSO THE DIFFERENCES IN VALUE FROM ONE AREA TO ANOTHER IS A CRITICAL PART OF MAKING AN INFORMED DECISION. STAYING AHEAD OF ANCILLARY MARKET INFLUENCES IN EVER-CHANGING ECONOMIC CONDITIONS REQUIRES A BROAD PROFESSIONAL NETWORK TO TAP INTO. NORMAN C. WHEELER AND ASSOCIATES HAS BEEN INVOLVED IN THE REAL ESTATE BUSINESS SINCE 1958, WITH THE TRADITION AND REPUTATION OF QUALITY APPRAISAL, CONSULTING, AND REAL ESTATE WORK SPANNING OVER SIX DECADES. THIS HAS ENABLED NORMAN C. WHEELER & ASSOCIATES TO MAINTAIN A SOLID NETWORK OF REAL ESTATE PROFESSIONALS FROM THROUGHOUT MONTANA. THESE LONG-STANDING RELATIONSHIPS HAVE ALLOWED NORMAN C. WHEELER AND ASSOCIATES TO TRACK, COLLECT, AND MAINTAIN A LARGE DATABASE OF SALES IN A NON-DISCLOSURE STATE WHERE DATA IS DIFFICULT TO CONFIRM.

WITH INCREASED INTEREST IN WESTERN RANCH PROPERTIES, WE AT NORMAN C. WHEELER AND ASSOCIATES HAVE PROVIDED CONSULTATION TO NEW AND EXISTING CLIENTS RANGING FROM ACQUISITIONS TO STRATEGIC PLANNING. OUR UNIQUE POSITION WITHIN THE MARKET ALLOWS US TO GO BEYOND VALUATION PROVIDING CLIENTS WITH UNBIASED INSIGHT INTO AN OFTEN LARGE AND COMPLEX INVESTMENT DECISION.

*FOR MORE INFORMATION OR TO JOIN OUR MAILING LIST GO TO
WWW.NCWHEELER.COM*

MICHAEL F. McDONNELL, MS, ARA
EMAIL: MIKE@NCWHEELER.COM
PHONE: 406-208-5382

PARAIC NEIBERGS, MA, ARA
EMAIL: NEIBERGS@NCWHEELER.COM
PHONE: 406-544-2740

THOMAS KINGSBURY, GIS SPECIALIST
EMAIL: TOM@NCWHEELER.COM
PHONE: 406-599-8374

N. CLARK WHEELER, BROKER
EMAIL: CLARK@NCWHEELER.COM
PHONE: 406-539-4926