

Arizona Dairy Summary



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Dairy Sales Data

- Sales Prices (600-3,300 cow Dairies)
- 1991-00 (4-5) \$667 to \$1,457/cow
- 2001 sale (1) \$2,450/cow (not fully complete)
- 2006 sale (1) \$4,100-4,300/cow
- 2007 sale (1) \$4,200/cow (\$55K Land value)
- Escrow (1) \$4,000-\$4,500/cow

Dairy Sale Data

- Trends and factors affecting value/price:

-2006-07 sales influenced by underlying land values & future development potential.

-No new sales noted in 2008

-Land Values are now lower 30-60% or more??

-New Construction costs are down due to decreased demand for concrete, steel, copper, fuel & contractors

-Milk prices: Likely \$3 lower/Cwt., expenses lower as well

-Tightening credit standards will be a factor for some operators



Cash Lease/Cap Rate Summary

<u>Wet Cow Capacity</u>	<u>Rent/Cow /Month</u>	<u>Expense Ratio</u>	<u>Vacancy</u>	<u>Cap Rates</u>	<u>Trend</u>
1,000 to 3,000	\$7 to \$18/cow	13% to 19%	Minimal	3% to 11%	Stable

-Rental rates at the top end of the range represent modern Saudi Style facilities with extensive high velocity fan/mist cooling or Korral Kooler systems. The low end represents old flat conventional type facilities built in the 70's in poor to fair condition.

-Low end Cap Rates represented by modern higher cost facilities with high underlying land values



Dairy Farm Statistics

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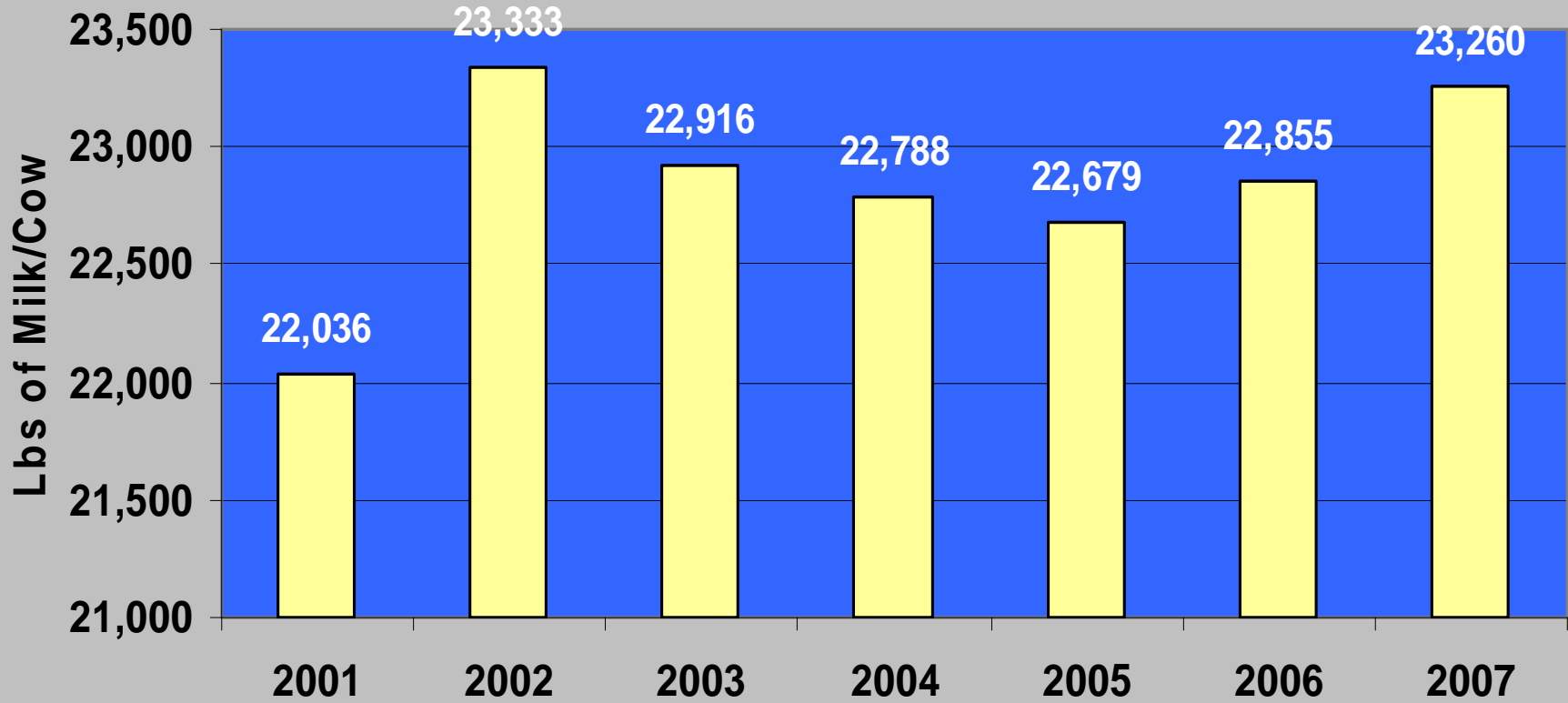
<i>Income/ Cow</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008 6 Mo.</i>
Milk	\$2,395	\$3,195	\$3,027	2,643	\$4,115	\$1,895
Calves-other	<u>63</u>	<u>112</u>	<u>100</u>	<u>83</u>	<u>82</u>	<u>105</u>
Gross/cow	\$2,395	\$3,307	\$3,127	\$2,726	\$4,197	\$2,000
Expenses						
Feed	\$1,126	\$1,262	\$1,292	\$1,284	\$1,622	\$1,003
Labor	240	271	278	282	318	137
Herd Replace.	307	325	325	291	368	163
Other	<u>846</u>	<u>875</u>	<u>978</u>	<u>1,136</u>	<u>1,195</u>	<u>531</u>
Total Ex.	\$2,518	\$2,733	\$2,873	\$2,993	\$3,503	\$1,834
Net/Cow	(\$124)	\$574	\$254	(\$267)	\$694	\$166
Net/Cow/Month	(\$10)	\$48	\$21	(\$22)	\$58	\$28
Ave. Herd Size	2,073	2,084	2,315	2,156	2,397	3,133

Dairy Income/Expense

- 2004-2005 milk prices and profits were up.
- 2006 milk prices were down \$2/Cwt. (to \$12/Cwt blended) and expenses were up \$120/cow, not a profitable year.
- 2007 milk prices were up \$6, to \$18.62/Cwt (blended), expenses were up \$300/head. Very profitable year.
- 2008 milk prices averaged \$17.11/Cwt. (Blended) Costs were up approximately \$100/cow, profits on par with 2005.
- 2009 milk prices may be down \$3/Cwt. Feed & fuel prices are trending downward as well. Upward trends in cow numbers and production have created excess supply. This market is cyclical & 2009 appears to be a tight margin year.

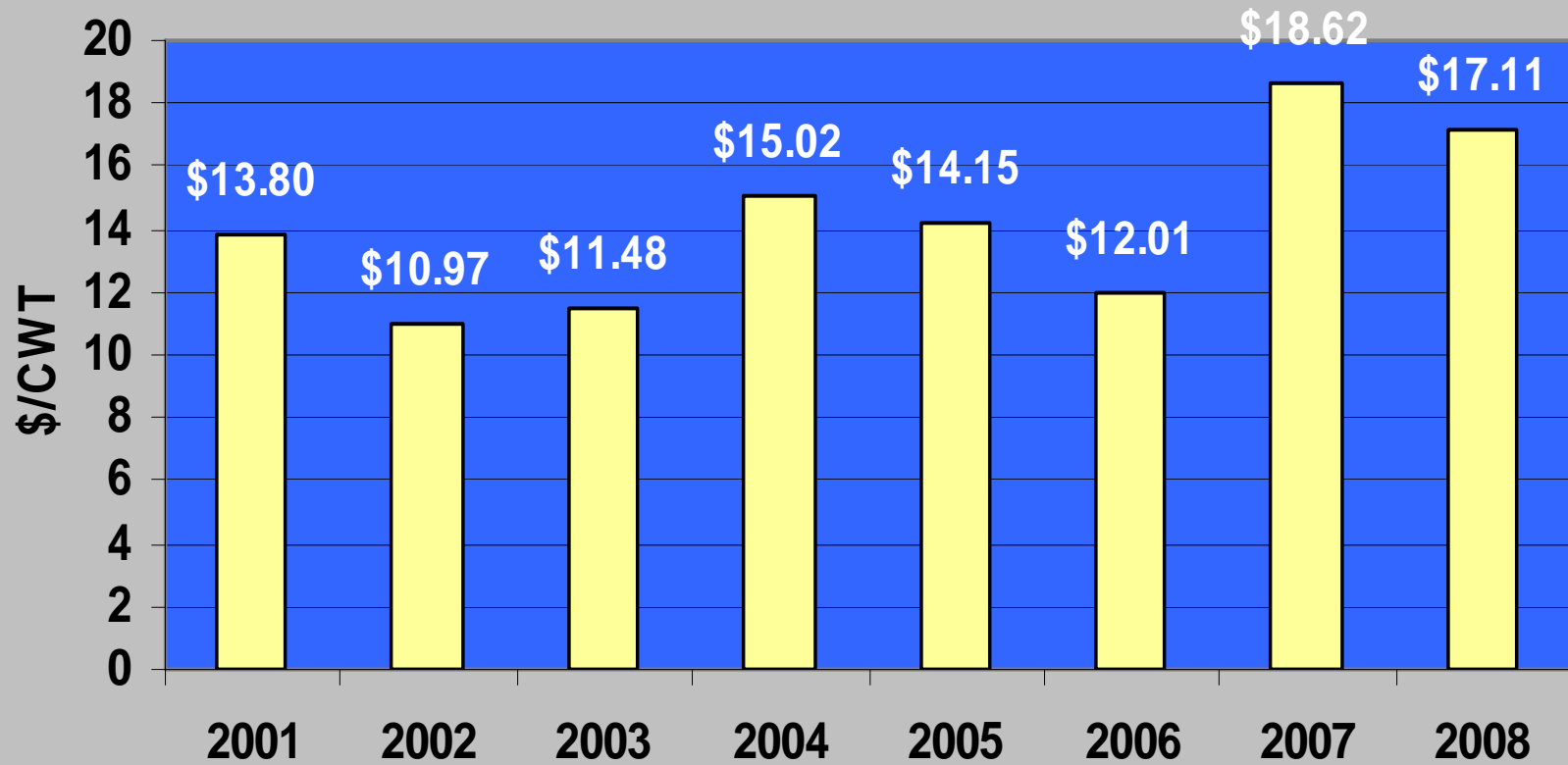


Milk Production Per Cow in Arizona



UDA Blended Milk Price

40-60 Blend Qouta/Over Quota



of Cows in Arizona

