



Real Estate Specialists

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PROPERTY OWNERS!

I was at my granddaughter's basketball game a couple of nights ago and a man who I didn't know called me by my first name and asked how I was doing. This happens a lot anymore; we do quite a few auctions in front of a lot of people and I can't meet them all. Well, I stopped and talked to him and confessed that I didn't know who he was. We introduced ourselves and had a short, nice conversation about land. He mentioned that he would sell some of his, but that there was no use selling and paying the capital gains tax; he'd be just as well off to keep the farm.

That is not the case right now. For what may be a short period of time, there is a window of opportunity, a way to sell a farm, defer paying capital gains tax on the profits and roll the whole amount of the sale price into commercial property which will pay you a much better rate of return than the land. But hold on, don't just roll your eyes and skip the rest of this letter. Take a minute and read below. Then give me a call at 660-851-1152 and I'll tell you more.

1. I am a member of the "world war 2 baby boom" and there are lots of others out there.
2. Many farmers or widows of farmers who are also "boomers", own farmland but are only getting half of the income it produces, and that's not enough income as inflation eats up the value of the dollar. The obvious choice is to sell some of the land to provide enough income to live out your older days in comfort, and actually enjoy some of the fruits of life that you've worked so long to pay for. The problem with this is capital gains tax. You sell the farm, pay the tax and then invest the money in certificates of deposit which pay what, maybe 1-2% interest or less, and you have to pay income tax on that. NOT GOOD! Nobody wants to do that! It's like a last resort.

BUT THIS WINDOW OF OPPORTUNITY !

I think we would all agree that land and housing is HOT right now. Farms are bringing all time record highs and so is housing. But one part of the real estate market is not doing so well, and that's commercial property. The covid virus changed the way people work and shop: It's easier, and some folks feel safer, to work at home, buy online and avoid close contact with other people whenever possible. That line of thinking has really damaged the commercial real estate business: Most of the Big Box stores, JC Penny, Target, Kohls and many others are hurting; closing down stores and trying to survive this new paradigm change in shopping habits. Most office buildings are seeing lots of empty seats as the folks who used to come to work every day stay home and work over the internet. The result of all this is that there is an oversupply of commercial property on the market right now, and THEREIN LIES THE OPPORTUNITY! The old saying goes, WHEN EVERYONE SAYS BUY, SELL, AND WHEN EVERYONE SAYS SELL, BUY!

Right now there are hundreds of commercial properties on the market and some of these sellers are desperate to sell. Between oversupply of properties and rising interest rates, there are opportunities out there. Opportunities that anyone with cash can take advantage of.

If you are beginning to have problems with cash-flowing right now, you can sell your farm (or one of your farms) and move that money into suitable commercial property and **double or triple your income**. No that's not a typo, this can actually be done! The problem of course is that most folks don't know much about commercial property and they don't know what to look for, what to avoid, and what makes a good deal or a bad deal. And the cost of the education is, a lot of times, very high.

AND THAT'S WHERE BARNES REALTY COMES IN

I've been in the business for almost 40 years and I bought my first piece of commercial property about thirty years ago. I own a fairly diverse group of children's day care centers, office buildings, and even a 7000 square foot warehouse building. I know what to buy and what not to buy and what to pay for it. And in this market that's generally less than the asking price, quite a bit less.

My latest deal goes like this: I sold a farm and bought two commercial properties, one in Missouri and one in Illinois. I was cash renting the farm at a strong cash rent figure. Out of that cash rent income I had to pay real estate taxes, insurance, and for any major repairs that were needed on the farm. When I sold the farm I didn't incur any capital gains tax liability because I did a legal exchange as per section 1031 of the IRS code and I rolled the full price of the farm into the two commercial properties. Both of the properties I bought were "triple net" leases which means the landlord does not pay for anything; the tenant pays taxes, insurance, maintenance and sends me a monthly payment (via auto-deposit so I don't have to do anything but make sure that the money is deposited in the bank). The rent the two tenants pay is MORE THAN THREE TIMES THE RENT I WAS GETTING OFF THE FARM!!!! And I was getting good rent on the farm.

For lots of folks, that could be the difference between having more months at the end of the money and having more money at the end of the month! It's the difference between staying home all winter worrying about the cost of propane, food, and fuel, and going to Florida or Arizona for a month or two and soaking up the sun.

So if you've got a farm that you would sell if it wasn't for the tax, give me a call and we'll talk. Barnes Realty can market your farm for top dollar (we've been doing that for years) and I can find you a good safe commercial property to trade into and double or triple what you are making off the farm.

Many commercial properties can be purchased that are paying an 8.5% rate of return or better. That would be \$85,000.00 per year on a million dollar farm property, and it doesn't take a lot of acres to make a million dollar farm right now.

Barnes Realty can be your buyer's agent and help you find and buy good, safe, commercial property, avoiding the pitfalls that are oftentimes out there for the uninformed.

This commercial property recession might not last long but it's here now, and there is lots of property available today.

Give me a call and I'll tell you all the pros and cons (and there are lots of cons) that you would need to avoid.

Rick Barnes
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