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## HOME ECONOMICS

**I**N 2000 GREG C. BERVY BOUGHT HIS first Montana ranch, a \$725,000, 4,000-acre property near the Yellowstone River town of Forsyth. It wasn't good enough for him, and so he started trading up. Since then he has purchased seven more, selling six of them.

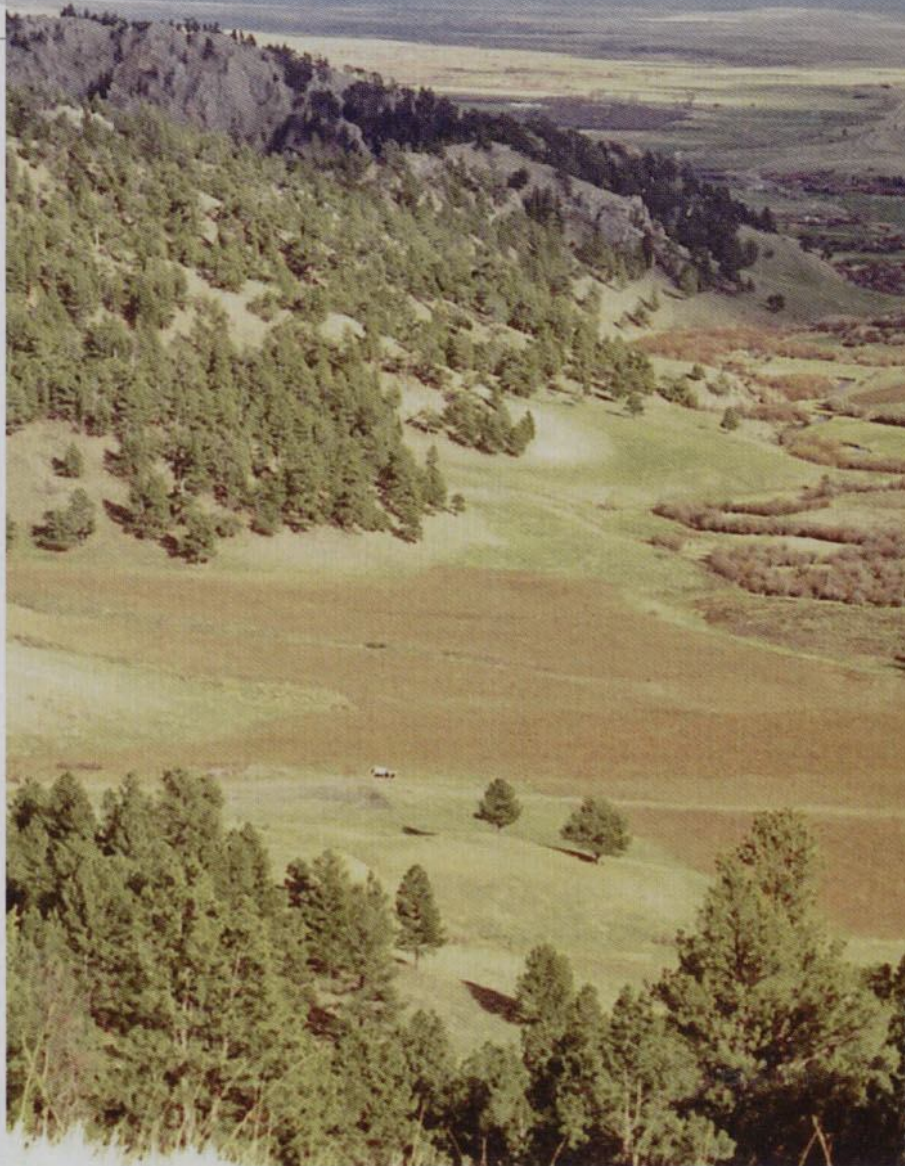
Now he's ready to settle down, more or less. He's planning on selling one of his remaining ranches and buying his dream one. He defines that as one with privacy, fishing, hunting and a cattle-raising operation that doesn't lose money.

Amid the slowest ranch market in the last 30 years, now is a good time to buy (and not, of course, a good time for Bervy to sell either of the remaining properties). But Bervy, a tall 46-year-old with a dark Fu Manchu mustache, has lots of cash from selling his real estate business back East in 2005. "I've been in the market for a while," he says. "I'm not a trend buyer."

The screeching halt of transaction volume marks the end of quite a run. When Ted Turner bought the then 107,000-acre Flying D ranch near Bozeman for \$20 million in 1989, Rocky Mountain ranches became one of the most conspicuous jewels in the crown of consumption. Luminaries such as David Letterman, Tom Brokaw, Charles Schwab and Tom Siebel have all bought ranches, and not just for cattle operations. Wealthy buyers want privacy and access to trout fishing and elk hunting. With a few hundred acres you can get those things. Ross Perot Jr. bought a 1,300-acre ranch near Jackson Hole, Wyo. for a reported \$110 million in 2004.

But the land rush is over, for now at least. "We started to feel it last fall," says Timothy Murphy, a partner with ranch brokerage Hall & Hall, headquartered in Billings, Mont. Since then \$160 million worth of the firm's contracts have fallen through. Prices on the few ranches selling are down 20% in the last six months. The firm's total ranch sales in the Jackson Hole area have plummeted from \$1.2 billion in 2007 to only \$50 million for the first half of this year.

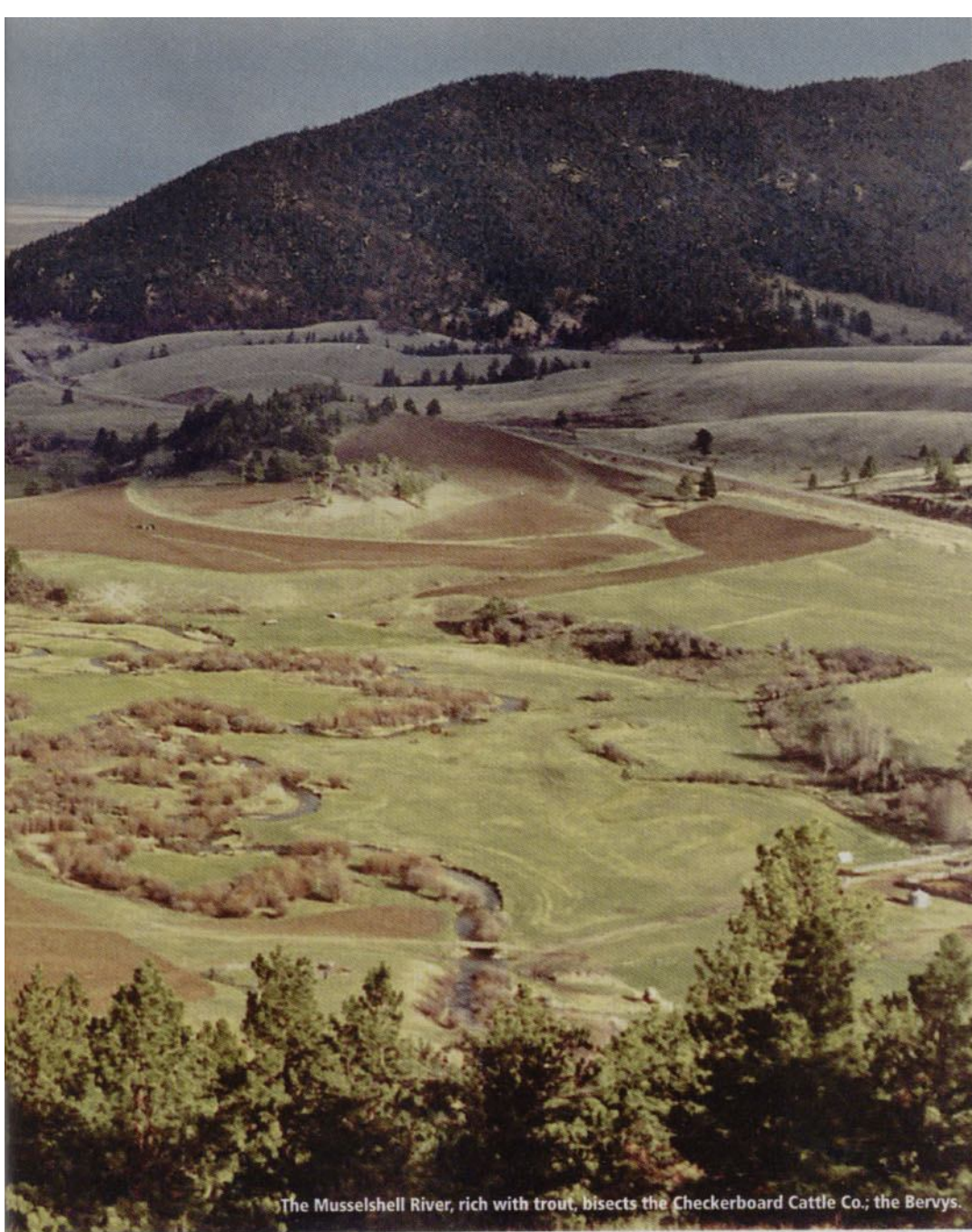
Bervy began shopping for a Montana ranch in the late 1980s before settling on



## Big Sky Buys

The Rocky Mountain ranch market has come down a peg. Some nice properties are changing hands. *By Monte Burke*





The Musselshell River, rich with trout, bisects the Checkerboard Cattle Co.; the Bervys.

his first a decade later. He grew up in rural Austerlitz, N.Y., where he ran a diversified real estate company until selling it in 2005. He says that the heavily wooded acreage of upstate New York made him feel "like an ant in a shag carpet ... I like open land and vistas with a little timber."

That's what drew him and his wife to the Red Lodge section of Montana, one of the most desirable parts of the state. Discounts abound, at least if you compare offerings to what was available a short while ago. The owner of an 1,800-acre ranch with a 10,000-square-foot mansion recently dropped his asking price from \$15 million to \$9.9 million. Five years ago the spread most likely would have fetched the full \$15 million.

Murphy believes he has found a perfect fit for Bervy: the Checkerboard Cattle Co., 100 miles northeast of Bozeman. Tucked between the Castle and Little Belt mountain ranges, the ranch has 9,000 deeded acres, five reservoirs, 3 miles of the trout-rich North Fork of the Musselshell River, and antelope, deer and elk that roam the

mix of bald hills and stands of Douglas fir and ponderosa pines.

Murphy takes Bervy on a "windshield tour" of the property, driving an old Suburban on the ranch's unpaved roads. He stops to walk around choice spots. One overlooks the gleaming river snaking through willow trees. Another looks down from a rolling alpine meadow, bursting with sunflowers and purple lupine.

Grazing antelope gaze at Bervy from a ridge as he peppers Murphy with questions about the ranch's mineral rights (the ranch owns a majority interest), the cattle capacity (up to 500 head) and environmental study (no contaminants were



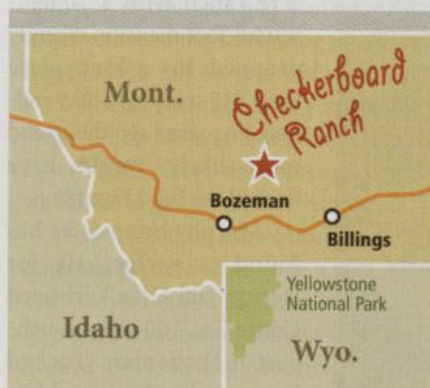
DUSAN SMETANA FOR FORBES (RIGHT), COURTESY OF HALL AND HALL (TOP)



found). Then the unexpected: Murphy mentions that another Hall & Hall client is also looking at the ranch. Bervy seems nonplussed.

That other client—Barbara Campbell, a 55-year-old single mother with blonde hair, blue eyes and skin freckled by the Big Sky sun—toured the ranch by horseback only a week prior. The founder and owner of a Bozeman water and septic company called Utility Solutions, Campbell is also in the market for her holy grail, a ranch on which she can raise cattle and hunt. She wants to hang on to it until it's time to pass it on to her three children.

Campbell grew up on a ranch to the east in Glendive. Her father died when she was 16. Her mother sold the ranch a year later. "No one thought a woman could run



a ranch by herself," says Campbell. Checkerboard could be the place where she proves that theory wrong.

Hall & Hall, founded in 1946, is grateful for the presence of competing buyers in what company President James H. Taylor calls "the worst market since the high interest rates of the early 1980s." The social stigma attached to owning a ranch here is apparent. One of Taylor's recent buyers, a former Wall Street executive, says her 14-year-old son is ashamed to tell his New York City school chums that his family owns a ranch.

Still there is one significant difference between the Rocky Mountain West ranch market and the nation's commercial and residential ones: 90% of ranch buyers pay cash. "Most sellers are pretty strong, and low bids are easily ignored," says Taylor. "But there's a lot of 'wait and see' on both sides."

The best ranches continue to sell,



The 9,000-acre ranch features a house and barn, and offers cattle operations and hunting rights.

albeit at a discount from peak prices. "They aren't making 9,000-acre ranches that are bordered by National Forest and have pristine trout streams running through them anymore," says Taylor. Despite buyer pullout, this year Hall & Hall has sold a 4,800-acre ranch for \$14 million and a 9,500-acre ranch for \$26.7 million, both in Colorado.

Montana ranch sales are often undisclosed. It's rumored that Bill Gates bought a ranch this year in the state. Near the Checkerboard is said to be a property owned by Bernard Poussot, chief executive of Wyeth.

A well-run ranch can eke out a small profit on cattle and hunting and fishing operations. So long as you pay cash, you can afford to just sit tight for a long time. Checkerboard has annual expenses that Hall & Hall projects at \$250,000 (for such costs as 500 cattle, a caretaker and fuel). Revenues from the expected 450 calves produced would be \$225,000 (\$500 per calf at the current market price). Hunting rights can be leased for \$16,000 annually. The fishing lease has not been developed but could make up the difference.

The current owner, a California attor-

ney, purchased the ranch 20 years ago when it was listed at \$1.6 million. He is asking \$8.8 million, which would make for a handsome 9% annual price appreciation. Still, the asking price is 30% less per acre than neighboring ranches sold in the past five years.

Campbell seems smitten. She says she's in the process of selling her water business and drawing up a business plan for Checkerboard. "I worked hard for my money, so I want to make sure I can make it work," she says. Her offer could come as early as this month.

As Bervy, her rival, ends his tour of Checkerboard, Murphy asks him what he thought. "It's self-sustaining on the cattle side," says Bervy. "And the trout fishing is fantastic." He didn't like the size of the main dwelling (too small) and the fact that the house and barn were so close to a public road, though they could be moved. Could this be his dream ranch? "I'll consider it for sure," he says. "But the owner will have to come down a bit."

Murphy interjects that the owner just turned down a lower bid. Bervy cracks a wry smile, the look of a man who is willing to be patient.

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