



EDWARDS CENTRAL APPRAISAL DISTRICT

PRODUCTIVITY VALUE FOR BEEKEEPING

Under Open-Space productivity valuation, values are calculated using a modified income approach to determine the per acre value. This is done using cash lease rates that are collected each year through surveys mailed to lessees. The challenge with determining a productivity value for beekeeping using the cash lease method is usually beekeepers do not lease the land on which the hives are located. In most instances, a property owner who has hives located on his land has an open-space valuation on their property.

Using the basic Income/Rate/Value (IRV) formula for developing an income approach to value, we developed a productivity value in beekeeping.

In Texas, it is estimated that a hive will produce an average of 74 pounds of honey per year. With the assistance of local beekeepers, we estimated an average of \$60 per hive of expenses per year. The average wholesale price for honey in 2011 was \$3.78 per pound. The following is Edwards County Appraisal District's 2013 calculation.

Total Income per Hive	74 lbs. x \$3.78= \$279.72
Total Expenses per Hive per year	\$60.00
Net Operating Income (NOI)	279.72 - \$60.00=\$219.72
Productivity Value per	\$219.72/.10 cap rate = \$2,197.20

ECAD's degree of intensity is 6 hives on the first 5 acres with 1 hive for every 2.5 acres up to 20 acres. This would give you a range of 6-12 hives minimum requirement. The productivity value is applied on a per-acre basis; therefore, the following formula was used.

ECAD's minimum requirement on 20 acres is 12 hives. Therefore, the average hives per acre is $12/20 = .60$ hives.

Productivity Value per Acre **\$2,197.20 x .6 (minimum hives) = \$1, 318.32, or**
\$1,318.00 per acre.

References:

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