



# USED EQUIPMENT MARKET DRIVERS

ANDREW JOSSUND – AUCTIONEER, RESOURCE AUCTION

HERITAGE IRON.com

**“I’m just gonna go look at it.”**

**(Brings home new tractor 3 hours later)**

John Deere MachineFinder

# John Deere 4450 Tractor Sold \$20K Over Record Price

1 second ago

Machinery Pete



Above is a 1988 John Deere 4450 with 2,612 hours which sold for a record auction sale price of \$70,750

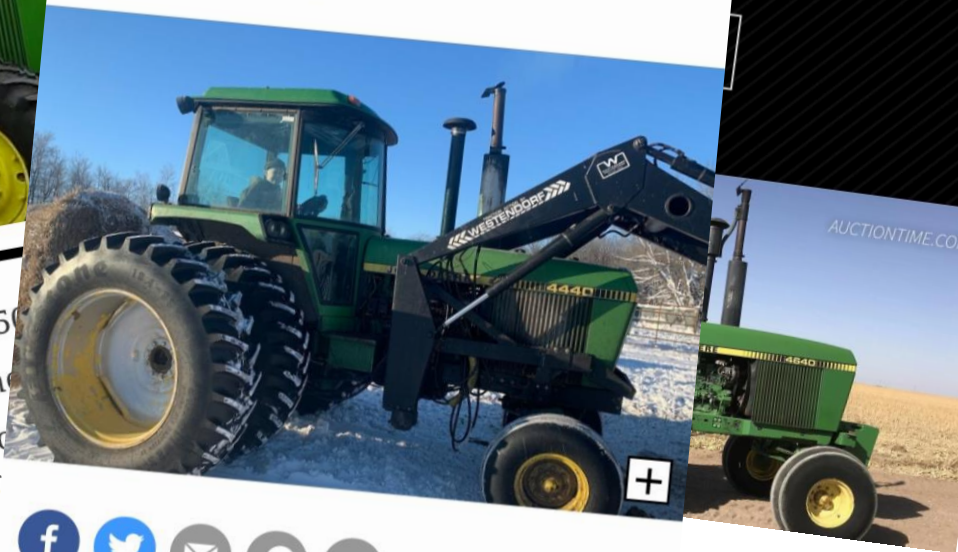
This 2001 John Deere 7810 with 1,747 hours sold for a record price of \$137,600 (U.S.) on Ontario farm auction March 13, 2021.

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AGRICULTURE

## For tech-weary Midwest farmers, 40-year-old tractors now a hot commodity



Farmers Are Buying Up Old Tractors Because New Ones Are Pointlessly

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OBS

2020

MACHINERY  
PETE

hottest used farm equipment  
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170

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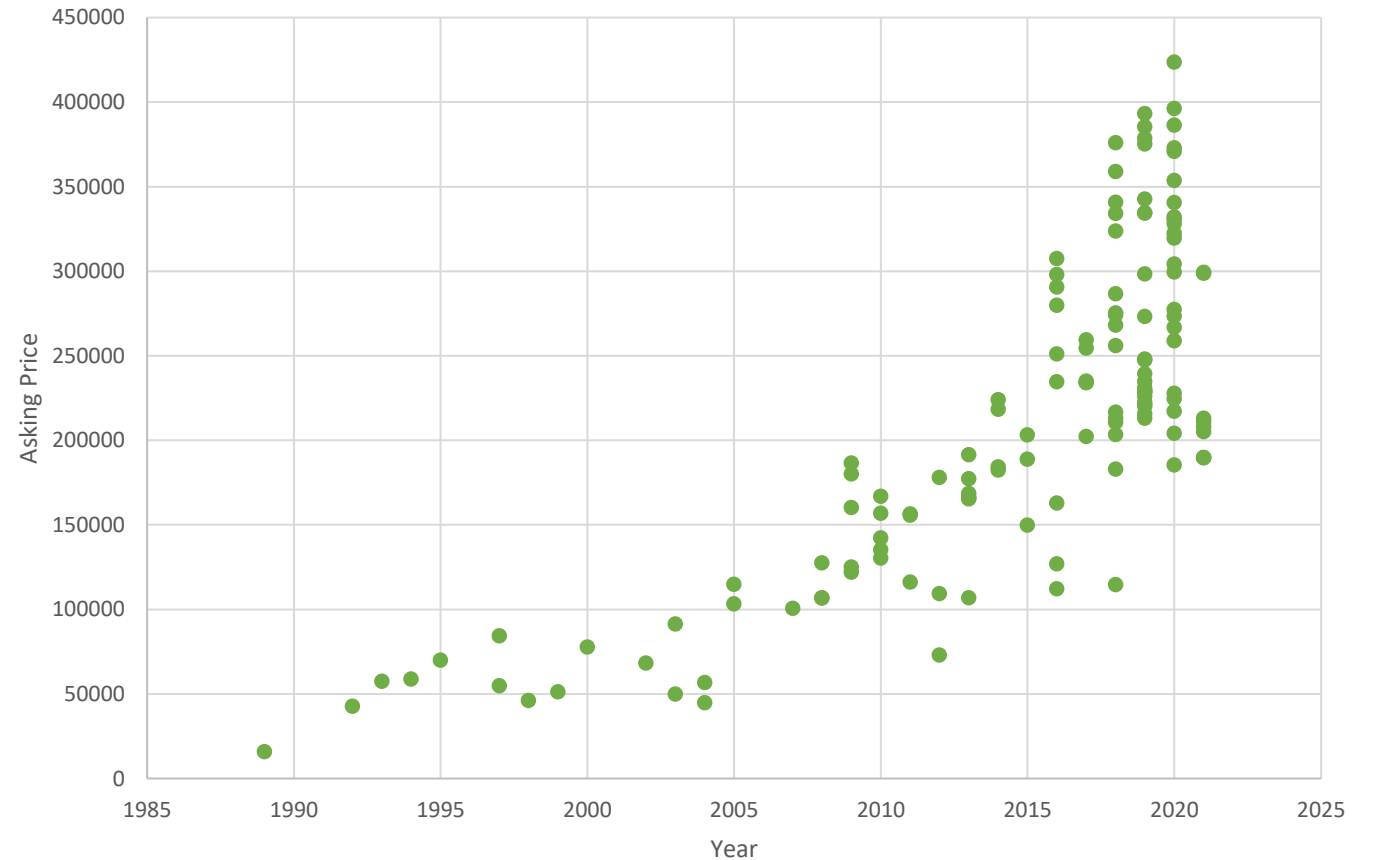
# FACTORS DRIVING USED EQUIPMENT VALUES

- Cost and Availability of Replacement Units

## LOCAL DEALER INVENTORY OF ROW CROP TRACTORS

- 137 Units
- Average Year: 2014
- Average Asking Price: \$214,506.00
- Mode of Inventory Higher than “Average” Hours
- Units “Pre Emission”: 20

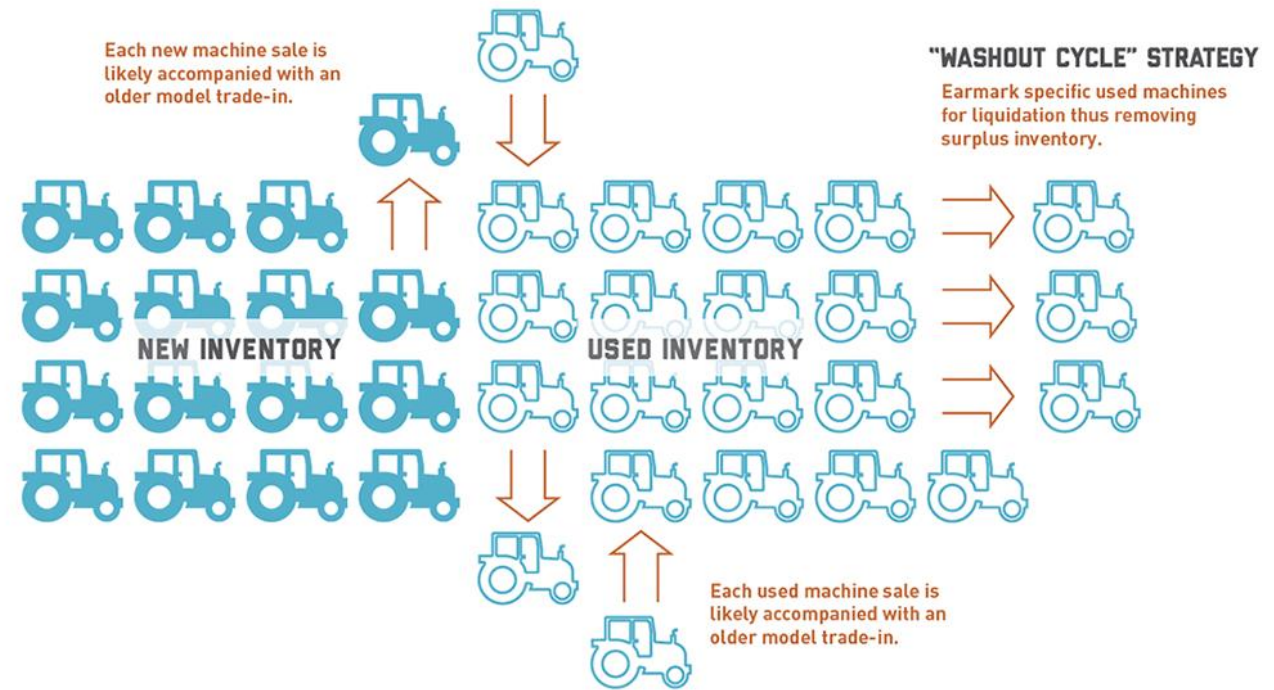
Row Crop Tractors In XYZ Local Dealer Inventory



# BUYER TIER MIGRATION

- Tier 1- New equipment buyers, short holding period- produce tier 2 trade ins 1-3 years
- Tier 2- Second owner buyers, longer holding period- produce trade ins for tier 3 buyers 2-3 years
- Tier 3- Last stop for dealer sales, also auction buyers 5+
- Tier 4- Auction/Private party buyers, long ownership period 10+

Farm-equipment.com



## NEW REGISTERED AUCTION BIDDERS

- 2011-2018: avg 997 per year
- 2019: 1236 new bidders
- 2020: 2413 new bidders
- 2021 to date: 2030 new bidders

# FACTORS DRIVING USED EQUIPMENT VALUES

- Cost and Availability of Replacement Units
- High Net Farm Income

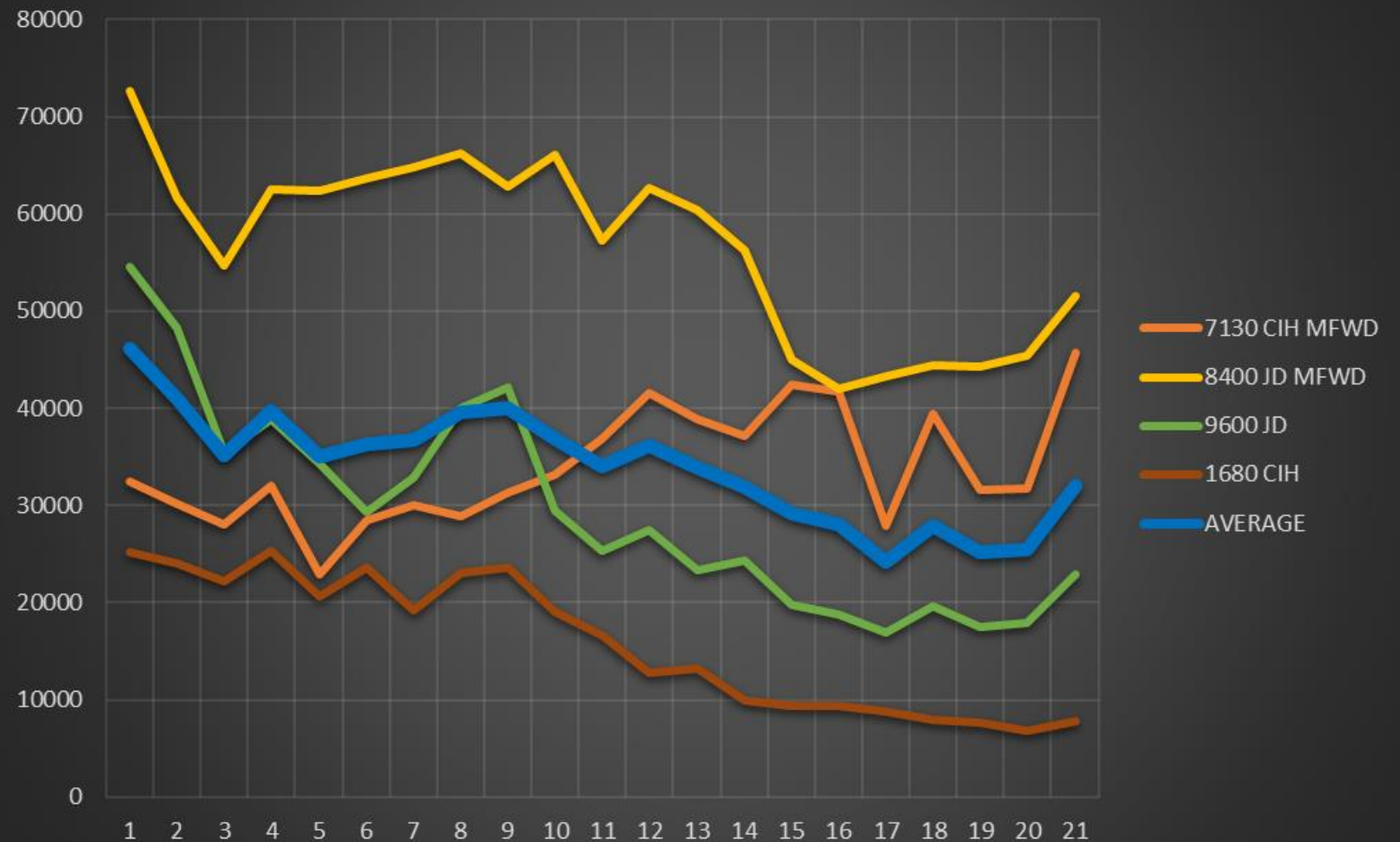


## AVERAGE SELLING PRICE AT AUCTION 2001-2021

- 4 machines, all similar vintage, built mid 1980s to mid 1990s.

Machinerypete.com

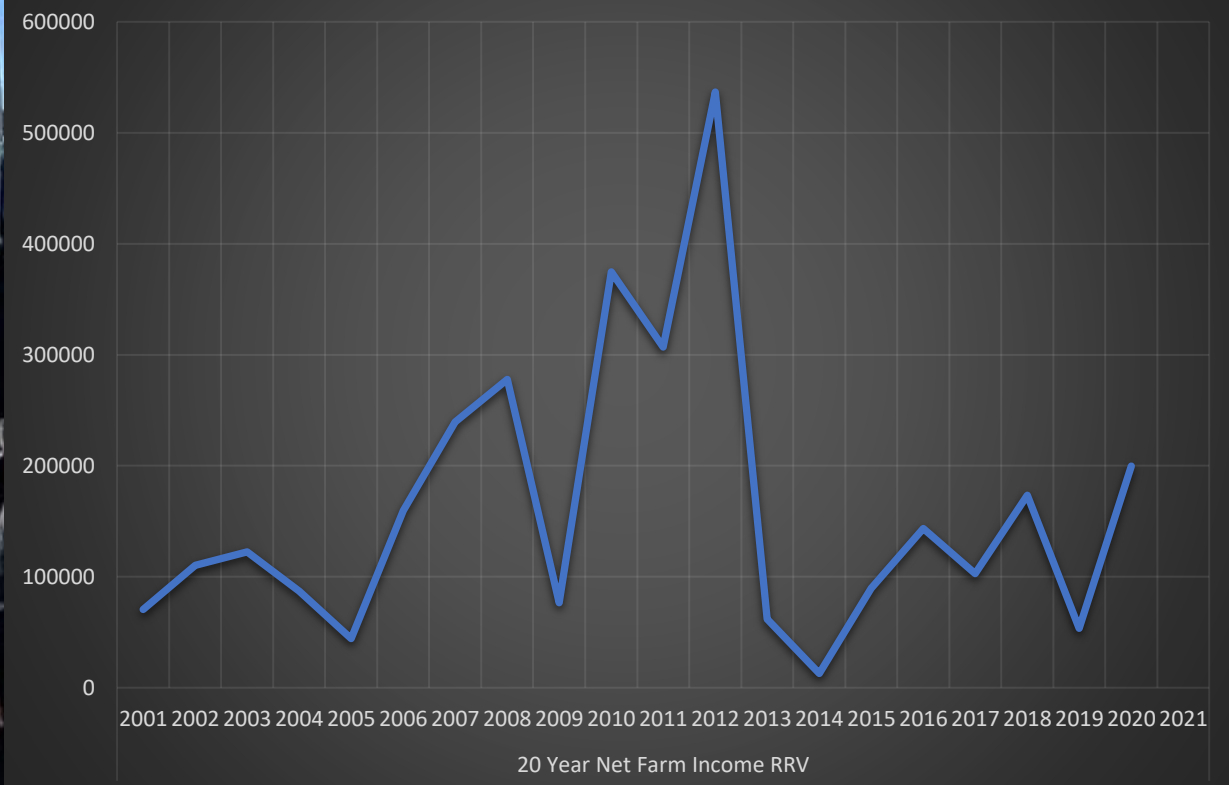
### Machine Selling Price



# Average Machine Selling Price




# Average RRV Net Farm Income



# FACTORS DRIVING USED EQUIPMENT VALUES

- Cost and Availability of Replacement Units
- High Net Farm Income
- Rising Shop Labor Cost & Serviceability & Simplicity of Older Equipment

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- Shop Rates + \$150.00
  - Increased Use of Electronic Controls
  - Proprietary Software
  - Cost of Diagnostic Equipment
  - Emission Control Equipment

# FACTORS DRIVING USED EQUIPMENT VALUES

- Cost and Availability of Replacement Units
- High Net Farm Income
- Rising Shop Labor Cost & Serviceability & Simplicity of Older Equipment
- Longevity & Economic Utility of “Current” Used Equipment- Ability to Adapt Technology

## 40 YEAR OLD TRACTOR IN 1980

- John Deere G “Un-styled”
- Hand start
- No hydraulics
- 540 PTO
- 36 Draw Bar HP



# 40 YEAR OLD TRACTOR IN 2021

- John Deere 4840
- Electric Start
- Live Hydraulics
- 1000 PTO
- 157 Draw Bar HP
- Cab with Heat & A/C
- Power Shift
- Ability to adapt new technologies, auto steer ect.

■ [Tractordata.com](http://Tractordata.com)



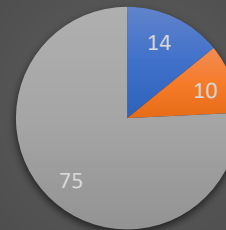
# HOW OLD IS THE FARM EQUIPMENT FLEET IN THE UNITED STATES?

## Age of 100+ HP Tractors 2017



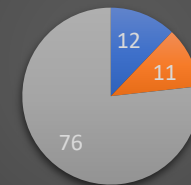
■ 0 to 5 ■ 6 to 9 ■ 10 <

## Age of 100+ HP Tractors 2012



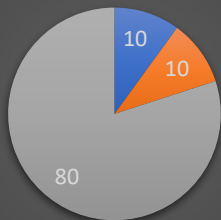
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## Age of 100+ HP Tractors 2007



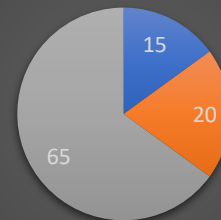
■ 0-5 ■ 6 to 9 ■ 10 <

## Age of 40+ HP Tractors 1992



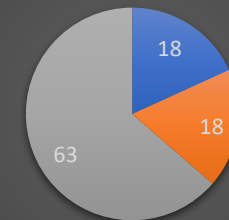
■ 0-5 ■ 6 to 9 ■ 10 <

## Age of Tractors 1982



■ 0-5 ■ 5 to 9 ■ 10 <

## Age of Tractors 1978



■ 0-5 ■ 5 to 9 ■ 10 <



# COST COMPARISON ADJUSTED FOR INFLATION

- Case IH 7140
  - New cost in 1993: \$91,000.00
  - Adjusted for Inflation 2021: \$174,184.08
  - Spring 2021 Retirement Auction Mayville ND, 7140 7698 hrs: \$47,751
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- Sources:
  - Tractordata.com
  - usinflationcalculator.com
  - Resourceauction.com



# CHANGES IN AUCTIONS DURING / POST COVID-19

- Greater Number of Online Only Auctions
- Increased Confidence in Buying Online From Pictures
- Acceptance of Buyers Premiums
- Increased Selling Price For Small Items (Under \$10,000)
- Smaller Crowds at Live Auctions (Typically sell close to 70% of major items to online buyers)
- More New Online Bidders
- Expansion of Multi-Location Consignment Auctions – Greater Confidence in Consignment Auctions