



Investing in horses: Something only a foal would do?

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By Scott Mahoney

Before we know it, riding season will be over. There are those who bear down and continue their routine of going to the barn in the cold and those who are fortunate enough to move to Florida until spring. Many a New Jersey amateur daydreams of competing among the palm trees as he or she struggles to take off horses blankets while wearing cumbersome winter gloves that don't ever seem to keep the fingertips warm.

My wife is crazy about horses, so we now own one. Leading up to the purchase, my wife tried to persuade me that buying a horse would be a good investment. "He's green, but with some training and show experience he will be worth much more," my wife said. This was my wife's concept of buy low, sell high.

I capitulated. Later I learned just how unprepared we were for the high costs associated with maintaining an equine acquisition.

The purchase price is just the beginning; add to it boarding fees, lessons and training, showing, insurance, equipment, veterinary bills, transportation expenses... and more. Board at an average hunter/jumper or dressage barn runs about \$1000/month. Upmarket facilities requiring full training can run two to three times that. Lessons and training can be anywhere from \$50 to \$150 per session. Local competitions can cost several hundred dollars to enter and weeklong shows might set you back \$2000 (for one horse) when lodging, food and gas are factored in. Don't even ask what it costs to send a horse to Florida for the winter!



Winter Circuits (such as HITS Thermal, pictured) can add value to your horse at a large financial cost.

If you keep a horse on your own property, there are expenses related to the barn, its maintenance, more insurance, vehicles...and much more. In the likely event you don't want to tend to the horses 24/7, or are going out of town for a few days, you'll need to budget for hiring qualified and trustworthy help to care for your horse and property while you are away. You could offset costs by renting stalls to boarders, but currently New Jersey requires 7% sales tax for rented stalls and when you turn your home barn into a business you have the added stress of satisfying the demands of your customers.

Yet despite the lack of profitability for the average amateur, horses are big business in New Jersey. Boarding barns, trainers, horse show facilities, vets and tack and supplies stores all vie for dollars spent by horse enthusiasts.

In New Jersey, the horse industry produces goods and services valued at \$710 million. There are roughly 85,000 horses in our state, over 80 percent of which are involved in showing and recreation. Almost 60,000 New Jersey residents are involved in the industry as horse owners, service providers, employees, and volunteers. Another 10,000 have full-time equivalent jobs in the horse industry.

The national industry has a \$1.1 billion impact on the New Jersey economy when the multiplier effect of spending by industry suppliers and employees is taken into account. Accounting for off-site spending of spectators would result in an even higher figure.



Will your green horse end up jumping like this? It is a gamble on a youngster if they have the desire and talent for success in the upper level divisions.

It is true there can be money made by bringing along a young horse and selling him as a seasoned show winner. Everyone knows someone, directly or indirectly, who found a diamond in the rough, put some work into it and then sold it for a high price tag. Some professionals make a nice living

doing just that. But for the average amateur or recreational rider, the cost of training, shipping and showing, added to routine month-to-month expenses can quickly and easily negate any potential profit.

If you think horses are about the journey, not the destination, you might be content with breaking even and taking on a new “investment” horse when the last one is sold. Or, if you are like my wife, the practicality of selling a horse when its value increases goes out the barn door when the investment becomes a family member. When your investment turns into a pet, the strategy of selling him for a profit changes to saving for his retirement when he is too old to be ridden but still has many years of life to live.

While 2014 may have been the Chinese Year of the Horse, for those families who own a horse, every year is the year of the equine. An investment in a passion or hobby may not yield financial returns but the gains are no less realized. However, practically speaking (which is rarely done among horse people), proven traditional investment avenues can help provide years of enjoyment for both rider and horse.



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