

For New Owners Who Want to Buy Minnesota Horses

“An Economic Explanation and Minnesota Yearling Auction Case Study”

By Dave Astar, March 2017

New Minnesota race horse owners, you often want to understand the economics of buying young Minnesota bred horses. You know that the claiming game gets you into the action right away with reasonably low costs, but you also know the rewards and paybacks are often limited to a cute little win picture for your home or office.

You’ve also likely heard, from people like me that were once in the claiming game, that the potential “big win” thrills related to developing a horse is really where the ownership game pays off. Not only are the emotional highs exceptional, and the potential to collect a passel of stakes trophies possible, but Minnesota bred horses allow you to run at Canterbury for high purses.

Our Astar Thoroughbred website is devoted to honestly educating owners on the economic potential and value of owning Minnesota bred horses. This article will further that educational endeavor.

First, Minnesota bred horses get to run in special “restricted” race conditions against only other Minnesota bred horses. (No Kentucky breds, no Florida breds, etc.) They also run in comparable Minnesota races for purses over 30% higher than those Kentucky or Florida breds get to run for. This occurs because Minnesota has a special state breeders fund which adds purse money to Minnesota bred racehorses. All racing states have an enhancement fund of some sort for their state bred horses, which encourages development of their state’s breeding and racing industry.

So simply speaking, Minnesota bred horses get to run in Minnesota in easy races against only Minnesota bred horses for over 30% more money! Get it?

Once you understand that a Minnesota bred horse is much more valuable in Minnesota than an equivalent non-Minnesota bred horse, the question is where do you get them? The answer is, typically at auction unless you decide to become a breeder yourself.

You can occasionally claim a Minnesota bred horse. For example, several years ago, we claimed a Minnesota bred called Blue Dancer for \$7,500. He ended up earning over \$120,000 in purses, but things have changed since then. Now Minnesota state bred horses run at much higher claiming prices than non-Minnesota breds. This was done to protect Minnesota breds from being easily claimed. Thus, claiming a Minnesota bred in Minnesota is rarely economically feasible.

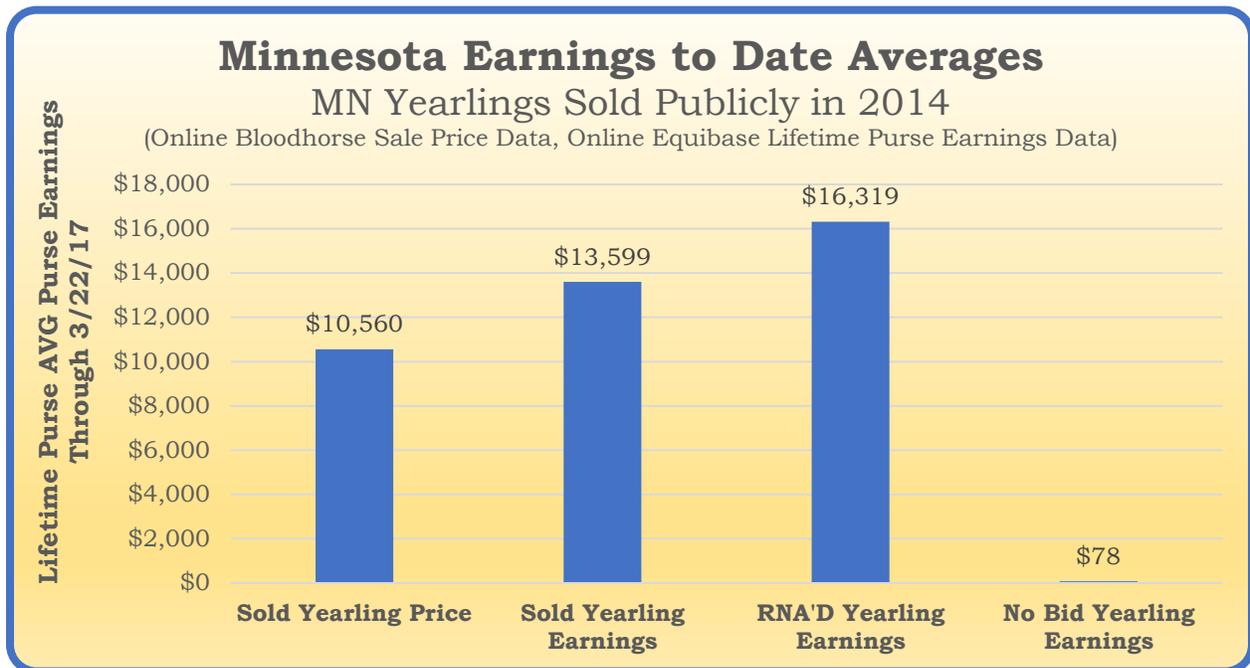
To reach meaningful conclusions, I analyzed Minnesota auctions. I will illustrate a case study related to the most meaningful auction available in 2014. It is the “most recent” yearling auction that contains actual purse earnings results from the yearling’s 2 and 3-year-old racing seasons. Following are the yearlings that were presented for sale at

the 2014 auction, their selling price if there was one, and their total purse earnings as of 3/22/2017.

Sold Yearlings	Price	Earnings	RNA'd Yearlings	Earnings
Dazzlingsweetheart	\$31,000	\$76,750	Smooth Stroke	\$56,400
Blazing Angel	\$12,000	\$72,211	Queen Sammy	\$38,458
Zan Creek	\$13,000	\$61,597	Darkhorse Ty	\$32,795
Kenna Mae	\$32,000	\$58,190	Hey Funny	\$32,238
Hatties Jewel	\$6,700	\$51,975	Pitch Perfection	\$24,890
Patrick O'Prado	\$31,000	\$31,400	Peyton's Sky Dancer	\$22,590
Johnny the Jet	\$6,500	\$26,680	The Gent is a Cat	\$22,513
Renamed	\$6,000	\$25,955	Love Fire	\$9,475
Sweet Pitch	\$800	\$23,604	Yeomansescape	\$3,535
Rudy's Cabello	\$3,500	\$18,320	Sue Dancer	\$665
Belle of Boyd	\$5,000	\$17,287	El Dylfin	\$560
Marry With Me	\$17,000	\$17,276	Yukon Tess	\$280
Best of the Bleu's	\$10,000	\$14,950	Hiclass Bay	\$280
Kitazi	\$4,800	\$14,310	Iron Valiant	\$105
King of Boyd	\$3,000	\$12,009	Thoughtsofeternity	\$0
Minnesota Outlaw	\$17,500	\$10,006		
Kitten Edition	\$8,500	\$9,345		
She's a Genius	\$26,000	\$8,640	No Bid Yearlings	Earnings
Berry Smart	\$5,700	\$8,370	Train Wreck Jack	\$470
Kato Kid	\$5,200	\$5,395	Call Me Foxy	\$0
T S Air Strike	\$5,500	\$4,270	Private Ford	\$0
Who Let Dacat Out	\$1,000	\$4,265	Lady Kennedy	\$0
Girlatwerk	\$52,000	\$4,030	Ford's Forum	\$0
Justfortherunofit	\$4,400	\$1,950	Chinar Desire	\$0
Magic Gent	\$1,100	\$1,345		
I Had a Notion	\$6,000	\$1,120		
Big Valiant	\$3,400	\$1,095		
Addy's Express	\$2,000	\$705		
Smokin At Home	\$30,000	\$560		
Holdum	\$2,700	\$385		
Valentine Christie	\$8,000	\$280		
Shake M' Girl	\$900	\$280		
Bye Bye Bennie	\$10,500	\$115		
Stunning Cat	\$35,000	\$105		
Book Learning	\$22,000	\$0		
Clever Hest	\$6,200	\$0		
Sam's Buddy	\$5,200	\$0		
One Magic Lady	\$4,500	\$0		
Megawhit	\$2,700	\$0		
Little Ms. Missy	\$2,500	\$0		
Humor Again	\$2,000	\$0		
Cats Blue Magic	\$750	\$0		
Silver Gale	\$550	\$0		

With the auction data honestly presented like this you can make your own observations, but I have a few.

Interestingly, the RNA'd (Reserve Not Attained) horses that had an unmet seller's price reserve set on them, have performed very well on the racetrack and out-performed the sold horses. The no bid yearlings seemed to not receive a bid for a reason. Here is a breakdown by category.



Several yearlings from the 2014 sale have produced exceptional results. Even though these horses have only completed their 2 and 3-year-old racing seasons, three horses have already had major Minnesota bred stakes wins, and brought trophy winning thrills to their owners. Four horses have earned over \$50,000. Ten horses have earned over \$30,000, and these high achievers have many more years left to run!

Of course, there is variation in everything. Of the 64 horses that could have been purchased at the sale, 41 (64%) haven't even earned \$10,000 through their 3-year-old racing season and 28 (44%) haven't even won \$1,000. Two of the less than \$1,000 winners were purchased for over \$30,000!

So, the question you may have as a new owner is, "is this a normal auction distribution?" The answer is yes. In other words, nearly half of any racehorse population, including those sold at auction, will fail. To add to your perspective, American Pharoah's sire, Pioneer of the Nile, had 150 of his foals run in 2016. Exactly half, only 75, won a race. Pioneer of the Nile has a \$110,000 stud fee!

While many public auction sales are sub-select in nature, meaning that the horses that breeders actually decide to consign to a sale are generally worse than the overall population of horses available, this 2014 Minnesota sale produced solid results.

ancient generation nicking grades), breeder success records, and your ability to match young horses with trainers and developmental programs that work.

Opportunity exists and even can be abundant for new owners. This case study is just one example of those opportunities related to Minnesota bred racehorses.