



## “First Time” Horse Ownership: Selecting Horses and Budgeting Horse Interests

David W. Freeman

Oklahoma Extension Equine Specialist

Odell L. Walker

Professor Emeritus, Agricultural Economics

Bobby Joe Johnson

Unit Extension Agriculture Agent

Before buying a horse for the first time, you should consider several questions, including:

- What type of horse will best meet your needs?
- Where can you buy a horse?
- How are you going to take care of the horse's daily needs?
- What type of supplies will you need?
- What are the expected costs of keeping a horse?

Like most situations, knowledgeable answers to these and other questions come from research and experience. Some of the more universal decisions to be made have to do with the selection of a horse, location of housing, and how to budget for the costs of horse ownership.

### Selecting a Horse

Selecting a horse requires prospective owners to identify their intended horse use, to be able to evaluate horse value, and to be familiar with the different outlets for horse purchase. People own horses for a variety of hobby and business interests. When surveyed, Oklahoma horse owners indicate several reasons for owning a horse for hobby, including:

- Pleasure and enjoyment,
- A desire to compete in horse events, and
- Participation in youth development projects.



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Your reason for wanting a horse will be the initial guide in determining what type of horse will best meet your needs.

**Identifying Horse Needs.** Before buying, define the types of activities in which you want to become involved. Common horse activities indicated by Oklahoma horse owners include:

- Pleasure riding,
- Participating in horse shows and rodeos,
- Racing, and
- Working livestock.

It is advisable to attend different horse related activities and observe the requirements for participation. Interacting with horse owners at these activities will help you meet others with similar interests and will help you to enjoy your horse. Also, it will help identify attributes that are important for a horse to excel in an activity, and it may provide a source of horses to buy.

**Evaluating Horse Value.** Aligning interests with the necessary attributes of a horse will refine choices of ownership. A horse's attributes result from its physical ability, natural instinct, and behavioral changes developed through training. It may be a goal to obtain a horse that safely rides through trails. Others may desire a horse trained for a particular event at horse shows.

A horse's value is usually a combination of its pedigree, conformation, and ability to complete desired tasks. Pedigree indicates selective breeding for desired traits (i.e., some pedigrees suggest genetic potential for speed or cutting ability). Those genetic lines excelling in a desired trait or performance increase horse value, so expect to pay more for the horse if the trait is important to you or the seller. Likewise, certain conformational traits are important for show and use. As a result, you can expect to pay more for horses with desirable conformation as it relates to attributes important for an intended purpose. A horse's ability to perform desired tasks (i.e., its training and behavior) usually affects value more than pedigree or conformation. Expect to pay more for a horse already trained to complete a task than one which has to incur the time and cost before reaching that point.

Above all, realize that current supply and demand drive the horse market, and what is important to you is probably important to others. High demand and low supply increase

horse value. Identifying needs and evaluating a horse's ability to meet those needs will guard against spending money on needless attributes or on a horse that does not have the characteristics most important to you.

**Sources of Purchase.** In general, there are two ways to purchase a horse—at auctions or through a private treaty. Each has advantages and disadvantages. Auctions offer several horses for sale, so comparisons of horse value are readily observed. Many auctions offer specific types of horses, i.e., horses for racing, showing, or breeding. As such, auctions allow for reduced travel time and cost incurred with locating and viewing potential horses. On the other hand, buying by private treaty can allow more time to research a horse's background and ability. Also, private treaty can allow time for a thorough prepurchase examination of the horse's soundness and health and to arrange different schedules and forms of payment.

Regardless of where the horse is purchased, it is important to obtain as much information on the current horse market as possible. This may entail as little as visiting with other owners in your locale, or as much as hiring an expert to help locate and purchase a horse for you. Going to shows and sales, attending functions at different clubs and organizations, and visiting with horse owners are ways to increase your knowledge of the horse market before buying.

## Decisions on Caring and Housing

Horses are cared for under many different management styles. Some are housed in barns or stables on a full-time basis, whereas others are managed continuously in pastures. As a prospective owner, one of the first decisions to make is where to house the horse. Many owners have the ability to house and care for a horse where they live. Types of these facilities vary from suburban-type housing, with small acreages zoned for horse use, to large agricultural acreages. On-site housing has many advantages related to convenience of daily horse care and use. This is especially important for those owning horses as part of a youth development project.

Many new owners using off-site housing stable their horses at a commercial facility. Stables provide a variety of services which ease the daily chore of horse care. Also, stabling facilities have the advantage of increased interaction with other owners. Facilities at stables may allow for more horse use than is available with on-site housing, and many stables have organized horse activities for those boarding horses.

How and where the horse care is provided will have a large impact on the needs for equipment and facilities. This also will affect daily operation costs, such as feed, veterinary care, and farrier services.

## Budgeting For the Expense of Horse Ownership

Prospective owners should acquaint themselves with the associated costs of horse ownership before buying, so they can maximize the net benefits sought from horse ownership. The types of costs will vary because of the diversity of horse uses and ways horses are managed. Also, many owners do not include the cost of buying land because of their desire to own land, regardless of horse interest.

A survey of horse owners in Oklahoma assisted in developing a hobby horse operation cost sheet and cost estimate of owning a horse (see page 4). Consider the explanation of the estimated costs when analyzing the cost sheet, because individual values and types of expenses will vary. For example, this particular expense sheet estimates cost for a one-horse operation with a horse weighing 1,100 pounds. Owning more than one horse will usually lower the cost per horse because of the shared facility and equipment costs. Also, the assumed feeding arrangements uses a grain-hay ration as the sole source of nutrition. People using pasture will have large differences in the types of costs involved with feeding a horse. It is also assumed that the horse owner provides all labor.

Expenses are in operating and ownership categories. Operating costs involve day to day, mostly cash expenses. Specified operating input values are calculated by multiplying the price per unit by the quantity of input used.

Ownership costs result from owning machinery, equipment, and the horse. Ownership costs include cash expenses (e.g., insurance, taxes, and interest on borrowed capital) and allocated costs (e.g., depreciation and opportunity cost on capital). Opportunity costs include the lost returns from alternative uses of money spent for horse ownership. Many owners do not consider opportunity costs in horse budgets.

The values presented in this budget are useful in obtaining an expected average cost of hobby horse ownership. However, large ranges in costs of individual items are expected for different horse owners. The blank lines in the last column provide space to indicate individual values. Also, additions or deletions to the list will individualize the budget.

**Grain Mix.** The daily grain portion of the ration is estimated at 0.5 percent of the horse's body weight per day. A larger horse or a horse performing a high-level activity would require more grain, whereas a smaller horse or a horse receiving nutrients from other sources, such as a pasture, would require less. The price of feed can be adjusted as needed.

**Grass Hay.** The daily hay portion is figured at 1.5 percent of the horse's body weight. Adjusting the amount of hay means that the amount of grain would also need to be adjusted. Also, there are several types of hay differing in crude protein and energy levels which affect the total amount of grain necessary for maintenance, production, and activity.

**Salt and Minerals.** The salt and mineral needs assume the consumption of two five-pound blocks per year. There are numerous sources of minerals, vitamins, and supplements used for horses at a wide range of costs. Many commercially prepared grain mixes contain large amounts of supplemental minerals and vitamins. This input item depends largely on horse owner preference.

**Farrier.** Farrier costs for the hobby horse operation are assumed to include trimming and shoeing the horse every eight weeks at a cost of \$40 each time. Farrier practices may substitute shoeing the horse with re-setting the shoes which reduces the cost because new horse shoes are not used. Periodic trimming is much less costly than shoeing, and the need for shoeing verses trimming will depend on the type and location of activity and owner preference.

**Vet Medicine.** Vet medicine includes health care practices administered by the owner. Practices assumed to be administered include two of four scheduled dewormings with a commercially available dewormer product and medicines

used for minor wound treatment. Hobby horse operations surveyed reported an average annual expenditure of \$39.60 for vet medicine.

**Vet Services.** Vet services are non-injury health care administered by a veterinarian. The health plan assumes two dewormings administered by a veterinarian; vaccinations for encephalomyelitis, tetanus, and rabies; and two coggins tests and health certificates per year at 1992 costs estimated by the OSU School of Veterinary Medicine. As with other categories, the reported amount spent on health care varied among horse owners, depending on the frequency of scheduled exams, deworming, and vaccinations.

**Utilities.** Horse related utilities, including water, heating, and electricity, were estimated using figures provided by horse owners who responded to the survey.

**Tack and Miscellaneous Supplies.** Average value for tack and miscellaneous supplies, such as magazines, special clothing purchases, and expendables, was estimated from information received from the survey respondents.

**Bedding.** Stall bedding costs vary with different bedding sources and quantity used.

**Entry Fees, Travel Expenses, Horse Training, Rider Training, and Labor.** No estimates were included in this budget because of the large variability in the respondents' expenses in this area.

**Annual Operating Capital.** Annual operating capital investment results from meeting operating input expenses throughout the year. An annual interest rate is applied to the estimated average amount of operating funds tied up over the full year. The operating capital can be estimated by totaling non-interest annual operating costs and dividing by two.

**Machinery and Equipment Fuel, Maintenance, and Repairs.** Fuel, scheduled maintenance, and repairs for machinery and equipment were calculated by using descrip-

tive and operational information obtained from horse owner surveys. Machinery and equipment included a pickup, stock trailer, horse barn, fencing, feeding equipment, small tools, and tack.

**Ownership Costs.** The ownership costs in the budget were calculated using the purchase, salvage, and average investment values of the capital items and standardized rates for length of life, interest, taxes, and insurance. Only about five hours of pickup use and two hours of trailer use per year per horse was allocated in ownership costs. If more extensive travel is involved, the hours can be increased or travel expenses added to operating input costs.

## Summary and Conclusions

Most people own horses for hobby interests related to family and youth development, enhancement of the quality of life, or entertainment. Several practices will help increase the level of enjoyment of horse ownership:

- Before buying a horse, research the horse market and the types of horse uses with which you may want to become involved.
- Budget the cost of housing and care before buying a horse.
- Maintain accurate records of costs and make adjustments to maximize the amount of pleasure received from money spent for horse ownership.
- The cost of horse ownership can be regulated by understanding the needs of the horse, and selecting products that most efficiently meet those needs.
- Cooperative Extension Service publications and programs, veterinarians, other horse owners, and local libraries are good sources for information about the proper care and use of horses.

**Annual Hobby Horse Operation Cost Estimate, One Mature Horse in a Confined System (Costs/Horse/Year)<sup>a</sup>**

<b>Operating Inputs</b>	<b>Units</b>	<b>Price</b>	<b>Quantity</b>	<b>Value</b>	<b>Your Value</b>
Grain mix	cwt.	10.200	19.800	201.96	_____
Grass hay	ton	70.000	2.970	207.90	_____
Salt and minerals	lbs.	0.150	10.000	1.50	_____
Farrier	head	40.000	6.000	240.00	_____
Vet medicine	head	39.600	—	39.60	_____
Vet services	head	111.000	—	111.00	_____
Utilities	dollar	74.760	—	74.76	_____
Tack, misc. supplies	dollar	372.000	—	372.00	_____
Bedding	head	68.000	—	68.00	_____
Entry fees	0	0.000	0.000	0.00	_____
Travel expenses	0	0.000	0.000	0.00	_____
Horse training	0	0.000	0.000	0.00	_____
Rider training	0	0.000	0.000	0.00	_____
Machinery labor	0	0.000	0.000	0.00	_____
Equipment labor	0	0.000	0.000	0.00	_____
Horse labor	0	0.000	0.000	0.00	_____
Annual operating capital	dollar	0.086	660.135	56.94	_____
Machinery fuel, maintenance, repairs	dollar			34.36	_____
Equipment fuel, maintenance, repairs	dollar			51.18	_____
<b>Total Operating Costs</b>				<b>1,459.20</b>	_____

  

<b>Ownership Costs</b>	<b>Amount</b>	<b>Your Value</b>	<b>Value</b>
Machinery			
Interest at 9.250%	67.32	6.23	_____
Dep., taxes, insurance		12.24	_____
Equipment			
Interest at 9.250%	2500.53	231.30	_____
Dep., taxes, insurance		100.14	_____
Horse			
Interest at 9.250%	1445.00	133.66	_____
Dep., taxes, insurance		51.00	_____
<b>Total Ownership Costs</b>		<b>534.57</b>	_____
<b>All Costs Except Overhead and Risk</b>		<b>1,993.77</b>	_____

<sup>a</sup>Assumes 1,100-pound horse, light work; 1992 dollars

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Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Robert E. Whitson, Director of Cooperative Extension Service, Oklahoma State University, Stillwater, Oklahoma. This publication is printed and issued by Oklahoma State University as authorized by the Vice President, Dean, and Director of the Division of Agricultural Sciences and Natural Resources and has been prepared and distributed at a cost of 20 cents per copy. 0504