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2020

TRENDS®

in Agricultural Land & Lease Values

California Chapter ASFMRA Western Ag Professionals

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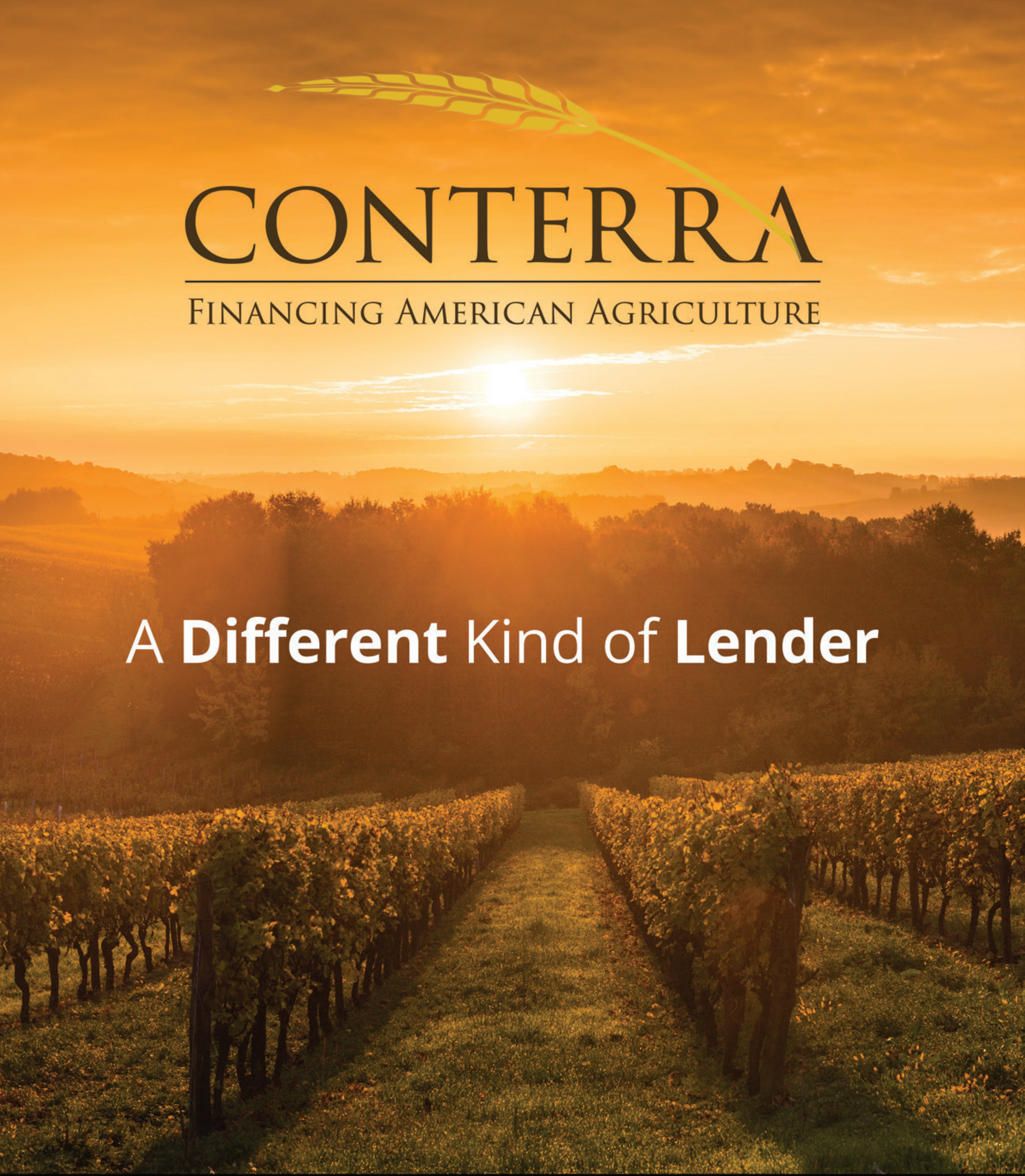
Presented by the California Chapter, American Society of Farm Managers & Rural Appraisers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2020 Trends® in Agricultural Land & Lease Values

ABOUT ASFMRA

Founded in 1929, the American Society of Farm Managers and Rural Appraisers® (ASFMRA®) is the largest professional association for rural property land experts, boasting more than 2,100 members in 31 chapters throughout the United States.

ASFMRA truly represents *The Most Trusted Rural Property Professionals* and is the organization for individuals who provide management, consultation, and valuation services, as well as real estate services on rural and agricultural assets. The land experts who hold membership in ASFMRA work under a professional code of ethics, which includes continuing education requirements.

Over 40 percent of ASFMRA's members hold a designation as an Accredited Farm Manager (AFM), Accredited Rural Appraiser (ARA), Real Property Review Appraiser (RPRA) or Accredited Agricultural Consultant (ACC). You can rest assured that if you're working with someone who is an accredited member of the Society, you are truly working with a competent land expert and agricultural professional who can assist you with all of your property, land and asset needs.

To learn more about ASFMRA education, accreditation, and networking events, or to find accredited rural appraisers, farm managers and ag consultants in your area, visit ASFMRA.org.

CALIFORNIA CHAPTER ASFMRA

The California Chapter of the American Society of Farm Managers and Rural Appraisers was chartered in 1949 as an affiliate of the national organization. It is a non-profit mutual benefit corporation under California law and supports the educational, ethical and professional standards of ASFMRA. The California Chapter is the largest ASFMRA Chapter in the country and takes pride in being an innovator for Western Ag Professionals. Through the annual *Trends® in Agricultural Land & Lease Values* report, Outlook Agribusiness Conference, Fall Meeting, FARMit® Education Program, California Water Maps and numerous classes, seminars and tours, the Chapter is a reliable resource for agribusiness in the west. The members of the California Chapter are dedicated to their profession and relied upon as being the best in the business.

Mission of the California Chapter, ASFMRA Empowering agricultural property professionals with education and expertise to provide premier valuation, management and consulting services.

Friends of the Chapter The California Chapter, ASFMRA provides an important link for professionals through an affiliate membership category – *Friends of the Chapter. Friends* is intended for those individuals who do not qualify for membership in the ASFMRA as a rural appraiser, review appraiser, farm manager or agricultural consultant but wish to be affiliated with the California organization.

For more information on membership or Chapter activities, please call (209) 368-3672 or email info@calasfmra.com

MESSAGE FROM THE PRESIDENT

The California Chapter of the American Society of Farm Managers and Rural Appraisers is pleased to present our 30th issue of *Trends® in Agricultural Land and Lease Values*. Trends® is one of the Chapter's monumental pillars that has become an invaluable resource to agriculturalists, appraisers, farm managers, investors, lenders, real estate professionals, and agribusinesses throughout California & Nevada and those elsewhere who have investments or are interested in investing here. Many of you were not around 30 years ago, at least in a working capacity, when the Trends® publication was first presented. By most accounts, our publication – as presented today – was not around either. Just like fine wine it has matured and gotten better with age. What you will receive this year is greatly advanced from the original publication which involved a collection of stabled photocopied pages issued to Chapter members. There is simply no comparison! Within the Trends® report you will find trend summaries for each of our nine regions that include categorical discussions on the cause and effect impacting 2019 land values, ranges of values and rents by land class, as well as charted historical data.

I would like to thank those early pioneers who had the vision to create the publication and to all those who followed making it what it is today; especially the Trends® 2020 Coordinating Team: Co-Chairs Janie Gatzman, ARA & Tiffany Holmes, ARA, who compile, organize and present the data; Suzie Roget our Executive Vice President who manages the process; and Liz McAfee our publication graphic designer. There is a tremendous amount of time and work contributed to produce Trends®. If you happen to know a Region Chair or committee member please give them a big thank you because that and pride is their only payment. The Chapter would also like to thank our many sponsors who support us and make Trends® an affordable publication. Please give their goods and services due consideration. And lastly, to those of you who have purchased the report, thank you. We hope you find our work product a meaningful asset.

I hope that you had the chance to attend Outlook 2020 and some of the other offerings presented during the conference week. If not, please plan on it next year. Your attendance is greatly appreciated as it gives the California Chapter the economic strength we need to continue our mission. If you're a member, encourage someone you know to come next year. If you are not a member, please consider joining. Our Chapter has a lot to offer and it's a great way to expand your networking capabilities both on a local and national level.

On behalf of the entire California Chapter Board of Directors of the ASFMRA, thank you for your continued support of this endeavor and our organization.

We welcome your comments and questions! Be sure to check our website at www.calasfmra.com for more information about the Trends® publication as well as upcoming education offerings. Additional copies of Trends® are available in both printed and electronic formats and can be ordered either from our website or by calling the Chapter office directly at 209-368-3672.

Martin Seañez, ARA
President of the California Chapter ASFMRA

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2020 TRENDS® SPONSORS

MESSAGE FROM THE 2020 TRENDS® CO-CHAIRS

Welcome to the 2020 *Trends® in Agricultural Land and Lease Values*, the 30th year of this publication. We are so pleased to continue to "man the helm" of the California Chapter's flagship journal, and we thank you for your interest in the premier publication of annual agricultural land and lease value trends for California and Nevada.

This publication is the product of countless hours of effort from volunteers throughout California and Nevada. We would like to thank our regional chairs; Kyle Dalrymple, Hal Forcey, ARA, Kary Teagle, ARA, Jamie Bigham, ARA, Kristen Massetti, ARA, Michael Ming, ARA, Allison Clark, ARA, Curtis Buono, ARA, Michael Merkley, ARA, and David Bell, ARA. The regional chairs along with their committees provide the raw value data and analysis that form the backbone of this publication. These professionals deserve our collective gratitude.

We would also like to thank our sponsors. Their support enables us to create a sleek, professional, and truly beautiful publication

Welcome

to share with you. Without them you'd be holding a stapled-together packet of photocopied text pages right now—useful to be sure, but much less visually pleasing! We are grateful for their participation over the years and hope they continue to be partners in our Trends® report. Suzie Roget and Liz McAfee deserve recognition as well for all of their work and dedication to this publication, as do the teams who preceded us in heading up the momentous task that is assembling Trends® each and every year. This publication would not be what it is today without the years of hard work that preceded our own.

The value and lease data presented represents a general range of data for each state market. Specific sales or leases may be present in the market that are higher or lower than the ranges noted but were considered "outliers" by the committee compiling the data. Due to the many factors that characterize agricultural properties in California and Nevada, one should not assume that all of the farms or ranches within a certain area, or of a particular crop, will fall within the ranges shown. The market is simply too dynamic to make such assumptions. We strongly recommend you obtain the assistance of a trained professional in your area to determine the value or lease rate of a specific property. You will find contact information for many seasoned professionals in this publication. Accredited members of the ASFMRA have completed a rigorous training program in the valuation and management of agricultural properties. The ASFMRA is the only appraisal and management organization that offers a curriculum specifically based on agricultural real estate.

Finally, the views and opinions expressed in the articles throughout this publication are those of the authors and do not necessarily reflect the views of the California Chapter of the ASFMRA or its members. This entire publication is copyrighted by the California Chapter. All rights reserved. Do no reproduce without the expressed written consent of the California Chapter, ASFMRA.

Thank you again for your interest and support, we hope you enjoy the 2020 issue of Trends®!

Sincerely,

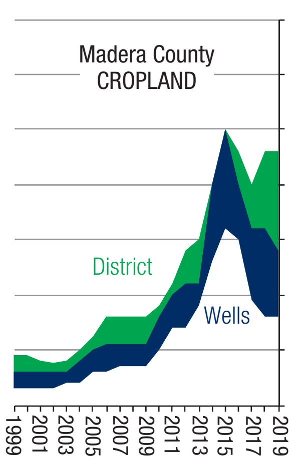
Janie Gatzman, ARA *(left)*   Tiffany Holmes, ARA *(right)*
2020 Trends® in Agricultural Land & Lease Values Co-Chairs

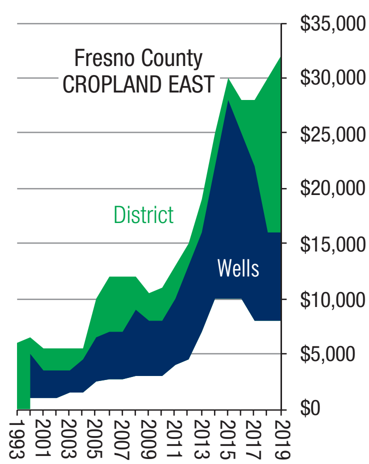
The influence of the Sustainable Groundwater Management Act (SGMA), under which most of the San Joaquin Valley completed draft Groundwater Management Plans (GMPs) in mid to late 2019, was apparent in many areas as market participants began to fully account for anticipated changes in water supply. The effect is easy to illustrate in Fresno and Madera Counties, where east-side district versus non-district cropland is tracked separately. In Madera County east-side cropland with district water showed stable values over the last year, while cropland in "white areas" (reliant solely on wells for irrigation) showed declining values over the past year, and sharp declines since the value peak in 2015. In Fresno County, east-side cropland with district water showed steady value increases, while cropland in white areas remained stable over the past year after falling significantly since the value peak in 2015.

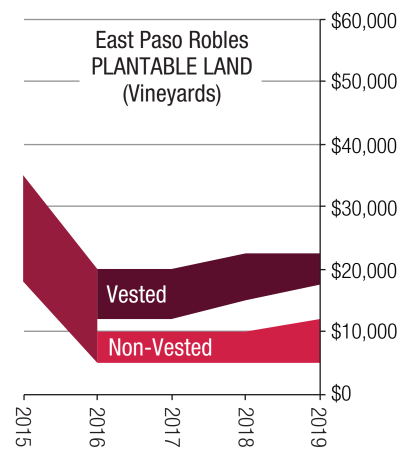
Meanwhile, in Fresno/Madera Counties, East Side Almond Orchards had a value range of $20,000 to $37,000 per acre in 2018, which changed to a range of $16,000 to $38,000 per acre in 2019 as draft GSPs neared implementation. The almond value range in this region was broken down in 2019 as east-side almonds with district water, which ranged from $27,000 to $38,000 per acre, and east-side almonds with no district water, which ranged from $16,000 to $28,000 per acre. In short, east-side almonds with district water increased in value, while almonds with well water as their only water source declined.

In East Paso Robles, another area impacted by stringent groundwater regulation, plantable land suitable for vineyards had a value range of $18,000 to $35,000 per acre in 2015 before local groundwater regulations were passed. The following year the value range subdivided into "vested" and "non-vested," which refers to land able or unable to utilize existing groundwater resources without offsets due to local ordinance. In 2016 the vested value range for plantable land in the same area fell to $12,000 to $20,000 per acre, while non-vested plantable land ranged from $5,000 to $10,000 per acre. From then on the values for vested land inched up while values for non-vested land were generally stable.

SP Statewide Perspective

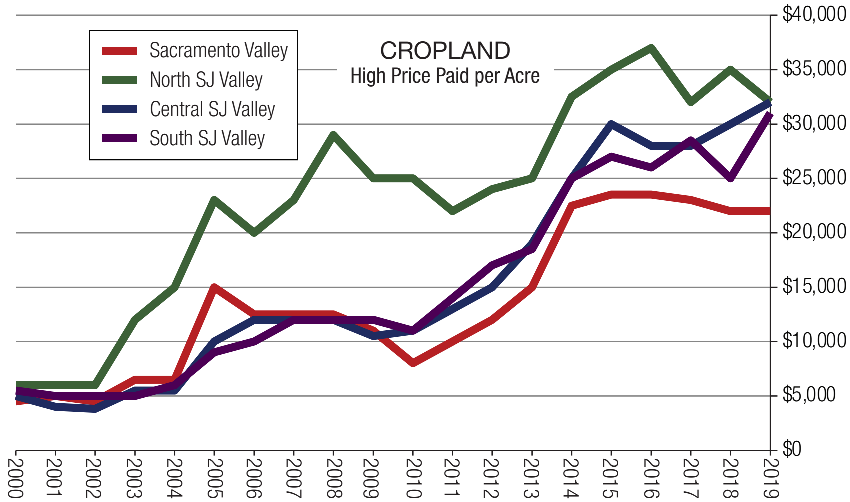






CROPLAND

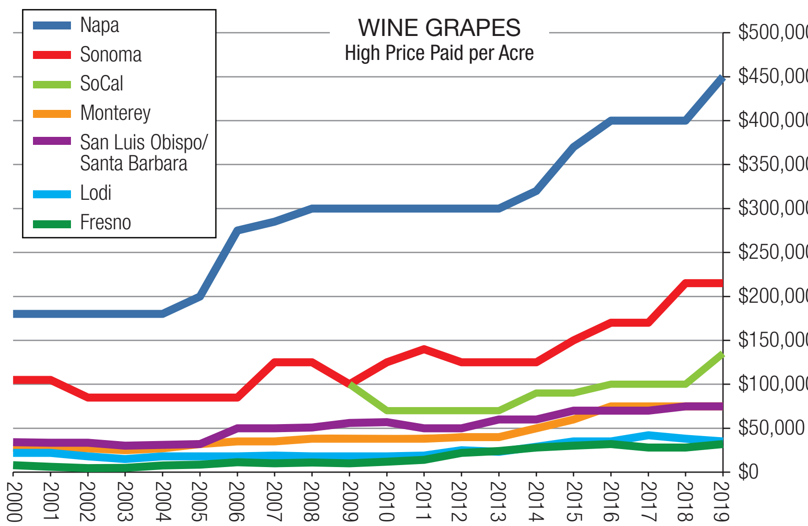
Cropland with the best water resources in all three San Joaquin Valley markets showed market consolidation, as the high values in all three markets changed to near equal prices between $31,000 and $32,000 per acre. Cropland with the best water resources in the Sacramento Valley remained slightly lower but showed stable values at a high of $22,000 per acre. Cropland values in Federal districts have remained stable over the past several years throughout the San Joaquin Valley.



WINE GRAPES

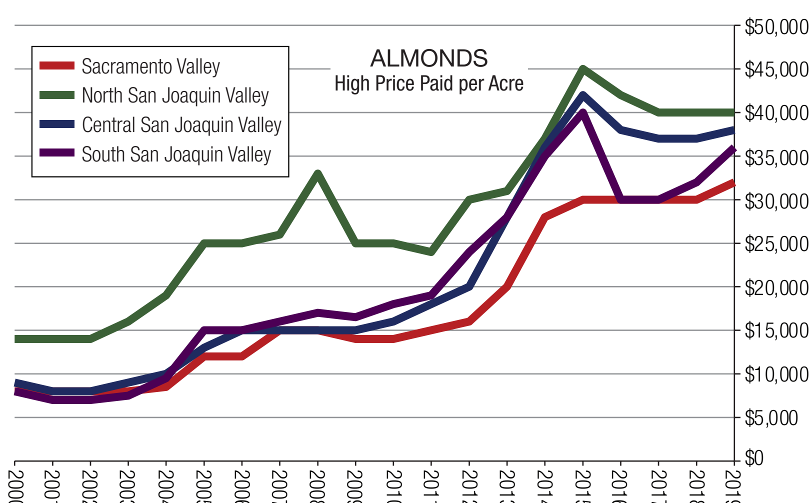
Despite the challenges in selling wine grapes in 2019, particularly uncontracted grapes, wine grape vineyards improbably showed increasing values in premium markets, while continuing to show stable values in secondary areas of the premium markets. Values have continued their decline in non-premium markets, except for vineyards in the San Joaquin Valley with strong water sources which are highly desirable for their underlying land, if not for the vineyard itself.

In Napa, the high-end sales in all vineyard categories (Prime, Secondary and Outlying) increased in 2019, while all Sonoma and Central Coast vineyard categories remained stable from 2018 but show an increasing trend over the last five years. Southern California vineyards showed a value increase in 2019 following three years of stable values.



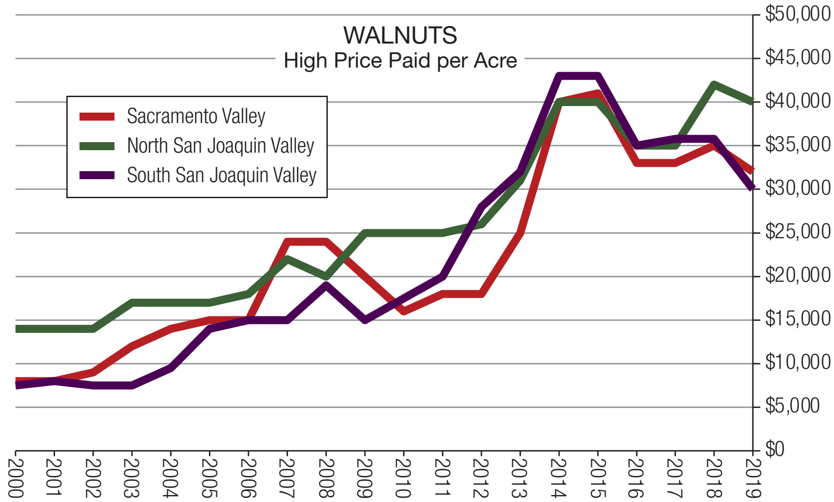
NUT CROPS

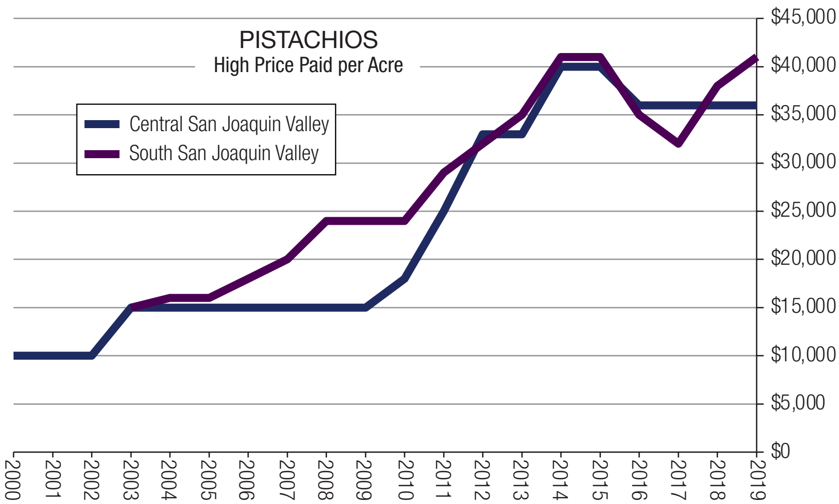
Almond orchards showed slightly increasing values in all markets except the northern San Joaquin Valley, where the high end of the range remained stable due to the region's ability to hold stronger values even after the 2015 value peak in all markets. The high ends of the value ranges also consolidated to between $36,000 and $40,000 per acre in all San Joaquin Valley regions, with a high of $32,000 per acre in the Sacramento Valley. Fairly stable commodity prices are fueling the continued marketability of almond orchards of all ages and quality, and planting expansion has continued into non-traditional areas such as the Sacramento-San Joaquin Delta. However, the 2019 almond crop coming in at over 2.5 billion lbs, the lovely 2020 bloom, and continued expansion in non-bearing acreage is creating downward



pressure on the commodity price, which could influence orchard values in the next year—that is, if land values are not completely distorted by regulations regarding water supply.

Walnut orchard sales exhibited expected softening in 2019 after trade wars impacted the walnut commodity price in the second half of 2018, with the high end of the value range decreasing somewhat in all markets. However, the low end of the value range remained stable or increased in all markets, reflecting the fact that walnuts are typically planted on land with good water sources. Pistachio orchard sale prices reflected the strong commodity price of later 2018, with orchard sales showing increasing values in the southern San Joaquin Valley and remaining stable in the central San Joaquin Valley. The low end of these orchard values remained stable to increasing despite often being planted on less water-secure lands, indicating profitability for this commodity is mitigating water risk, at least in the short term.





TREE FRUIT, CITRUS & TABLE GRAPES

Tree fruit remained stable at or near land value in most central and southern San Joaquin Valley markets. However, Tulare County tree fruit, citrus groves and olives all showed sharp value increases, with strengthening also seen in Ventura County lemons. Table grapes were generally stable over the last few years absent activity for very high-end vineyards in the south San Joaquin Valley, showing prices at or just above underlying land values. Table grapes had a slightly higher value range in the central

San Joaquin Valley compared to the southern San Joaquin Valley, reflecting the underlying land values in both regions. Sale prices for cherry, prune, peach and olive orchards in the northern San Joaquin and Sacramento Valleys were generally stable from 2016-2019.

DAIRIES

Dairy values have generally been stable since 2013, and while purchases for conversion to permanent plantings have continued in the northern and southern San Joaquin Valley, facilities are more often selling for continued milking or consolidation of permit capacity in the central San Joaquin Valley. The high cost of dairy facility closure continues to have market recognition in cases of facility conversion, with buyers often leaving the facility site vacant or attempting to lease it as a feedlot rather than close and redevelop the site.

Overall, most agricultural land classes with adequate water supplies in California showed stable to increasing values in 2019, while land classes with water supplies restricted by regulation showed continued and often significant value decreases. The impacts of SGMA-GSP implementation in high priority basins in 2020, coupled with a dry 2019-2020 winter, will continue to pressure this market divergence in the near term. Falling prices for wine grapes may yet arrest increasing premium vineyard values in 2020, and continued record production may put pressure on the almond orchard value highs seen in 2019. As always, look to the trusted real property professionals of the California Chapter, ASFMRA to guide you through the market challenges and opportunities to come.

Janie Gatzman, ARA
Gatzman Appraisal
Co-Chair of Trends® in Agricultural Land & Lease Values

2020 PHOTOGRAPHY

We would like to thank the photographers who submitted their photos for the 2020 Trends® Report.

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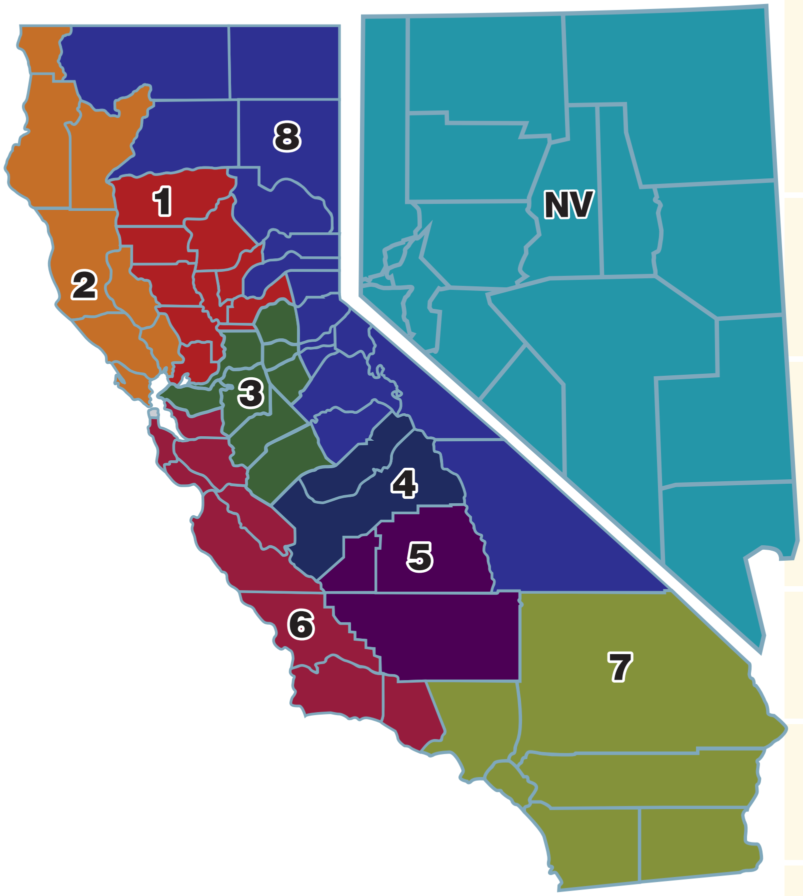

REGION ONE SACRAMENTO VALLEY

Butte, Colusa, Glenn, Placer (West), Sacramento (North), Solano, Sutter, Tehama, Yuba, and Yolo

REGION TWO NORTH COAST

Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, Sonoma and Trinity

REGION THREE NORTHERN SAN JOAQUIN

Amador (West), Calaveras (West), Contra Costa, El Dorado (West), Merced, Sacramento (South), San Joaquin, and Stanislaus

REGION FOUR CENTRAL SAN JOAQUIN

Fresno and Madera

REGION FIVE SOUTHERN SAN JOAQUIN

Kern, Kings, and Tulare

REGION SIX CENTRAL COAST

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SACRAMENTO VALLEY

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1 Sacramento Valley

GENERAL COMMENTS

The Sacramento Valley region experienced moderate to slightly elevated market activity in 2019 as compared to 2018. The market continues to be pushed by permanent planting developers with strengthening almond commodity prices directing the vast majority of new orchard developments to almonds. Improving walnut commodity prices in late 2019 has created welcome optimism for improved returns yet new walnut developments have been limited. Peach and prune orchards continue to be removed in favor of redevelopment to competing nut crops as their relatively low commodity prices coupled with high labor requirements leave them out of favor with market participants.

Values for good quality irrigated field/row crop land (soil Class 1-3) remain high, strengthened by continued permanent planting pressures as well as generally strong commodity prices for the majority of area field/row crops. Lower quality irrigated cropland properties (Class 3-5) have illustrated strong value increases over the last year as the demand for new almond developments coupled with lack of available open land properties have created increased competition for these lands. Areas such as southern Sutter County and western Placer County, which have historically been dominated by irrigated cropland (rice) and dry pasture, have experienced significant almond developments with prices progressively increasing from ±$8,000/acre in 2014/2015 to slightly over $16,000/acre in late 2019. Rice growers continued to experience good prices in 2019, coming off two prior years (2018 & 2017) of generally similar favorable returns. Dry pasture / rangeland ranches continue to illustrate stable to somewhat strengthening land values with the majority of acquisitions being from existing cattle operators.

Overall, nearly all types of agricultural properties have illustrated stable/strong values during 2019, continuing to be primarily driven by permanent planting development. However, buyers in the Sacramento Valley market have shown minimal interest in open land parcels over ±$20,000/acre as correcting/stabilizing commodity prices experienced over the last two years have eroded financial feasibility. Land suitable for permanent plantings as well as good quality irrigated cropland and rice in this region is expected to remain at elevated levels for the foreseeable future due to the limited supply of land being offered for sale. This is coupled with the region's generally strong water situation, in light of impending Sustainable Groundwater Management Act (SGMA) regulations and increased interest from San Joaquin Valley operators.

Water

The Sacramento Valley is known for its availability of inexpensive and dependable irrigation water, which has always been a significant factor affecting land values for the majority of the region. However, it wasn't until SGMA became a reality that this value began to be fully recognized.

The Sacramento Valley's strong water supply is a direct result of relatively high annual precipitation. The region was again blessed with above average precipitation during the 2018/2019 rain season (±100-130% of normal, depending on specific location) which provided added reassurance after unusual widespread surface allotment reductions experienced in 2014/2015. Receiving above normal rainfall again in the 2018/2019 rain season, most area surface water suppliers were able to deliver full grower allotments in 2019. Despite the strong current water outlook, Sacramento Valley still has the potential for significant curtailments like those experienced in 2015; this area is not immune to surface water shortages. As of this writing (late-December 2019), the Sacramento Valley has received ±70%-90% of normal precipitation to date.

The west side of the valley continues to see some groundwater overdraft, primarily along the foothills, though the majority of the valley floor area is considered to have reliable groundwater supplies with limited water level decline.

Irrigated Cropland

Stable yet strong demand for nearly all types of irrigated cropland properties in the Sacramento Valley area continued in 2019 with increasing values in certain areas. The supply of properties for sale in prime surface irrigation districts has remained extremely limited, most of which are never offered on the open market. The majority of interest for irrigated cropland is for permanent planting development, primarily almonds.

Another factor contributing to limited sale transactions is the fact that the vast majority of irrigated cropland properties with strong orchard adaptability have already been purchased and/or developed to trees within the last several years. Thus, the market contains far fewer high quality open irrigated cropland properties available for permanent planting development as compared to ten years ago.

With SGMA implementation on the near horizon, the quality and reliability of water supplies has garnered increasing attention from potential buyers. Out-of-area buyers have become common, and are primarily existing agricultural operators from areas with more challenging water situations (i.e. southern San Joaquin Valley) looking to diversify their portfolio in a more stable water area as well as institutional investors with a strong focus on water security. The most desirable properties for these particular buyers feature dual water supplies, typically a combination of groundwater wells and local district/surface water delivery.

Rice

Sales of properties strictly devoted to rice production were again limited in 2019, though there were slightly more transactions than the prior year. As is typical, the prime west side Glenn-Colusa Irrigation District and east side Richvale Irrigation District, Butte Water District, Gridley-Biggs Water District and Western Canal Water District areas saw the fewest transactions. The majority of sales occurred in the lower quality rice areas of southern Sutter County and western Placer County, due to their greater permanent planting suitability. Rice commodity prices are stable and slightly strengthening from the ±$11.00-$14.00 per cwt. of 2018, appearing to settle in the $13.00-$15.00 per cwt. range (before loan) post 2019 harvest. Virtually all demand for continued rice use is constrained to existing area rice growers looking to expand their operations. Orchardists in search of acreage which may be adaptable to permanent crops are mostly confined to the far edges of the traditional rice growing areas, where drainage is more promising for conversion to permanent plantings. Rice properties with a dependable water source, either from ground water or a reliable water district, command prices at the upper end of the market while more marginal rice properties with less reliable irrigation supplies and/or inferior soils comprise the lower end of the range. Properties with strong waterfowl hunting often add to desirability, yet don't drive the market nor do they typically equate to elevated prices. During 2019, California rice growers planted 492,000 acres which was within ±1% of what was planted the previous year. Despite extensive late-spring precipitation, normal total acreage was planted and quality across the region was generally good.

Walnuts

At $0.67 per pound in 2018, commodity prices reached their lowest since 2008 predominantly due to tariffs and trade disruption, resulting in USDA Market Facilitation Program funds being made available to impacted walnut growers. The program includes a relief package of $14.5 billion in direct payments to growers and an additional $100 million in funds for export market development. Per the 2019 California Walnut Objective Measurement Report, the 2019 California walnut production is forecast at 630,000 tons, down approximately 6.8% from 2018. This forecast is based on 365,000 bearing acres. Chandlers remain the world market favorite and the most produced variety in California, followed by Howard and Tulare varieties. The Solano variety is garnering interest due to its Chandler-like quality and early harvest time. Demand for walnut orchards remains strong in the Sacramento Valley. While there were a limited number of transactions in 2019, those that did close showed allocations of between $30,000 and $34,000 per acre for good quality orchards.

Almonds

Almond production has grown tremendously in Northern California over the last several years. Rising per acre yields and strengthening prices have continued to fuel increased new plantings in the area. Industry promotional efforts have been successful. A combination of good health news for nuts, export expansion, and modest crops in competing production regions have supported market growth. Although almond grower prices declined from a peak of $4.00 per pound in 2014/15, grower prices stabilized from $2.39 to $2.53 per pound during 2016/17 and 2017/18, strengthening to ±$2.40 to $3.00 in late-2019. The top five almond producing counties in the Sacramento Valley are Colusa, Glenn, Butte, Yolo, and Tehama counties. Leading varieties for existing Sacramento Valley almond acreage include Nonpareil, Monterey, Butte, Padre, Carmel, Wood Colony, and Fritz. The new self-fertile Independence variety has comprised a large percentage of new orchards planted over the last several years. Favorable nut prices and grower returns have encouraged the conversion of row crop and field crop land to almond orchards. The majority of the Sacramento Valley's non-bearing almond acreage is located in Colusa, Glenn, and Yolo counties.

The demand for almond orchards is strong in the Sacramento Valley area. With favorable economic conditions, relatively few almond properties are marketed resulting in a limited number of consummated sales. Prime orchards are seldom listed and sell quickly when they become available. Limited sale activity indicates stable pricing with market weakness observed for older orchards with below average production. Sales of young orchards dominate the market at profitable price levels. Expansion of San Joaquin Valley growers into the Sacramento Valley intensified during the recent drought, which focused attention on the reliability and cost of irrigation water.

Prunes

The California prune market experienced strong commodity prices in 2018 with an average price of $1,980 per ton. The 2019 crop year is not yet complete, but 37,660 tons finalized with an average price of $1,715 per ton while 39,445 tons remains unfinalized with a "good faith" estimate at a final weighted average price of $2,100 per ton. Based on these figures, the 2019 finalized price is anticipated to be near $1,900 per ton. Bearing prune acreage in the state has been declining since reaching a high of 86,000 acres in 2001, to its current estimate at 44,000+/– acres, the lowest level in over 45 years. The non-bearing acreage is estimated at 4% of the bearing acreage, or 1,760 acres. Over the last ten years, state prune production has ranged from a low of 51,413 dry tons in 2016 to a high of 165,000 dry tons in 2009. Most modern plantings have tighter tree spacing resulting in vastly higher production per acre capabilities. Historically, the state's prune crop has varied from 100,000 tons to over 200,000 tons with record lows reported in 2004 and 2016. Due to early-season freezes, the 2018 crop forecast dropped 24% from its early season projection to 80,000 tons, or 1.82 tons per acre. The 2019 crop is estimated at 100,000 tons, or 2.27 tons per acre. Currently, there is a global oversupply of prunes, particularly in the smaller fruit sizes. The industry is being encouraged to employ farming methods that will increase fruit size. Until the industry tackles the oversupply, the outlook will remain uncertain.

Demand for prune orchards in the region strengthened slightly within the past five years due to substantially improved commodity prices and reduced orchard supply thanks to conversion to other permanent plantings with higher economic returns. However, the overall outlook for prune orchards is not optimistic. Demand is waning such that there are few orchard sales, indicating decreased interest. Of the sales that did occur, most were older orchards ultimately purchased for redevelopment to almonds or walnuts. Overall, the current real estate market for prune orchards is stable to slightly decreasing with limited buyer demand and few listings.

Peaches (Clingstone)

The California clingstone peach industry is currently unbalanced, and has been for a number of years, predominantly due to a lack of demand. Two main processors (Del Monte Foods and PCP) ended their incentive programs in 2016, and have not renewed or signed new production contracts since. The 2017 through 2019 cling peach crops were the smallest in modern history, with deliveries in 2019 totaling just 262,347 tons. Grower returns rebounded somewhat in 2018 with an average price per ton of $488, up from $455 in 2017, and near the record high of $490 in 2016. A finalized price for 2019 has not yet been released as the California Canning Peach Association had 477 unsold acres of fruit as of November 13, 2019. New labor laws and a higher minimum wage in California increased the cost of production to $535 per ton (per U.C. Cooperative Extension). The California Cling Peach Association estimated in 2017 that approximately 3,000 bearing acres must be removed in order for the market to find balance and for growers to see profits. Furthermore, no new plantings should be developed until market balance is established (4,230 acres of new orchards were planted in 2016 and 2017). 1,719 acres were removed in 2017, and 1,255 acres were removed after the 2018 harvest, but only 749 acres were removed following the 2019 harvest. An additional 2,300 acres will reach bearing age for the 2020 harvest, which will increase the trend of oversupply. The California Canning Peach Association is urging growers to remove orchards without contracts. With the market in its current state of imbalance, there have been very few sales in recent years. Prior to 2018, those limited sales showed a strong market with sale prices around $30,000 per acre. The single sale in 2018 (in southern Butte County) was a young orchard that sold for $25,000 per acre. The single sale in 2019 (in Yuba County) was a mature, good quality peach orchard that sold for approximately $26,500 per acre. Listing activity is extremely limited, indicating that growers are not willing to sell high quality peach orchards during this uncertain time.

Olives

The global olive oil market has been steadily rising due to positioning as a healthier substitute to fatty oils. The current market for commercial-sized olive orchards (table and oil) is somewhat stable. Strong import pressures coupled with rising harvest costs have dampened profitability for most traditional table olive growers, which are concentrated between Glenn and Tehama Counties. The limited amount of traditional table olive orchard sales observed over the last few years were purchased for redevelopment to walnuts, almonds or pistachios. Orchards purchased for ongoing olive production sold at prices only slightly above that of open land. Only twotransactions involving super-high-density (oil olive) orchards were identified in the region from 2016-2019 with one additional listing. As with table olives, increased European import pressures have limited grower returns in recent years. However, the domestic market and increasing consumer awareness of California's superior quality have led to strengthening commodity prices from late-2016 through 2019. The future for California olive oil production remains optimistic as consumer preference for higher-quality products continues to increase, and demand for high-density olive orchards or land suitable for high-density orchard development is expected to rise.

Vineyard

Sale transactions of established vineyard properties in Region 1 were limited to the Sacramento-San Joaquin Delta region again in 2019. The few known sales illustrated stable demand for most types of young, quality vineyard properties developed to favorable varietals. This region has seen some very large, vertically integrated grape growers/vintners enter the Sacramento Valley market (primarily Yolo and Solano Counties) for new vineyard development, largely due to location accessibility, land cost and perception of reliable irrigation supplies.

Winter Range / Dry Pasture

The 2019 season is summarized by lower sale activity levels compared to the two prior years due largely to very few properties being offered for sale. Price levels have remained relatively flat, with rent levels remaining flat to slightly increasing. Local brokers report moderately strong buyer interest and extremely strong tenant/rental demand.

The 2017 and 2018 sales indicated values for medium to large size dry pasture rangeland ranches slightly above 2013-2016 values after a long period of value stagnation. The consummated sales in 2019 show price levels in line with 2017-2018 values, although closed sale counts were down substantially compared to recent years. 2017-2018 listings had strong buyer interest and slightly higher sale prices with the majority of sold properties receiving multiple offers at or very near asking price. This resulted in optimistic list prices for a limited amount of properties in 2019, which saw extended marketing times, more intensive negotiations, and fewer consummated sales, particularly in the first half of the year. As interest rates fell mid to late season, sale activity picked up with a number of sales closing in late 2019 and a handful of pending deals reported that should close in early 2020. Prices on pending deals are reportedly strong, being generally in line with prices seen in recently closed sales.

Local brokers believe quality tracts will move readily if properly priced, as very few properties are currently on the market. There are willing sellers, however with an improving commodity market outlook there is little impetus to list or sell properties. Those who choose to sell are trying to get top dollar for their properties and are generally open to very little negotiation.

All of the 2017-2018 sales of larger (>500 acre) rangeland/dry pasture tracts were purchased for continued cattle grazing. While many dry pasture tracts were purchased from 2013-2015 for permanent planting development, only one known regional sale for conversion occurred in 2016 and there were none noted during 2017-2018. However, with nut prices improving, this trend appears to be reemerging with two known 2019 dry pasture acquisitions and one pending sale all intended for conversion to almond orchards.

The cattle commodity market in 2017 and 2018 experienced slight improvement, although optimism was limited by the record high national beef herd size in October 2018. By year end 2018 the national herd size had fallen a bit and was reported at 94.3 million head. The 2019 herd size is currently 94.8 million, which is above year-end 2018 but still below the peak seen in Q3 2018. Pricing concerns are still being exacerbated by international trade and tariff issues. This uncertainty is somewhat muted by strong

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
COLUSA, GLENN, BUTTE & TEHAMA (Northwestern Counties)					
Rice	$10,000 - $14,000	Strong	Limited	Stable/Slightly Increasing	$275 - $450 – 20% - 30%
Irrigated Cropland	$14,000 - $21,000	Strong	Limited	Stable/Slightly Increasing	$200 - $350 – 12% - 25%
Winter Range / Dry Pasture	$650 - $2,500	Moderate/Strong	Very Limited	Stable	$10-$45/ac or $30-$45/AUM
Almonds	$20,000 - $32,000	Strong	Limited/Moderate	Stable	25% - 30%
Walnuts	$20,000 - $32,000	Strong	Very Limited	Stable	25% - 30%
Prunes	$19,000 - $28,000	Limited	Very Limited	Stable/Slightly Decreasing	15% - 25%
Olives	$12,000 - $19,000	Limited	Very Limited	Stable	10% - 20%
YUBA SUTTER AREA (Feather River Basin & Sutter Basin)					
Rice	$9,500 - $14,000	Moderate/Strong	Limited	Stable	$250 - $400
Irrigated Cropland	$13,000 - $22,000	Strong	Limited	Stable	$200 - $300 – 12% - 25%
Walnuts	$20,000 - $34,000	Strong	Very Limited	Stable	20% - 30%
Prunes	$20,000 - $28,000	Moderate	Very Limited	Stable/Slightly Decreasing	15% - 25%
Peaches	$25,000 - $28,000	Moderate	Very Limited	Stable/Slightly Decreasing	12% - 25%
SOUTH SUTTER, WESTERN PLACER, NORTH SACRAMENTO, SOLANO & YOLO COUNTIES					
Rice	$9,000 - $16,000	Moderate/Strong	Moderate	Stable/Slightly Increasing	$200 - $350
Vegetable Crops: Class 1-2 Soil	$14,000 - $22,000	Moderate/Strong	Limited	Stable	12% - 30%
Irrigated Cropland: Class 3-4 Soil	$10,000 - $16,000	Moderate/Strong	Moderate	Stable/Slightly Increasing	12% - 30%
Winter Range / Dry Pasture	$750 - $3,500	Limited	Very Limited	Stable	$10-$45/ac or $30-$45/AUM
Walnuts	$18,000 - $30,000	Moderate/Strong	Limited	Stable	20% - 25%
Vineyards	$18,000 - $30,000	Moderate	Limited	Stable	20% - 25%

anticipated alternative protein demand to fill the gap being caused by the Swine Flu epidemic impacting the pork market.

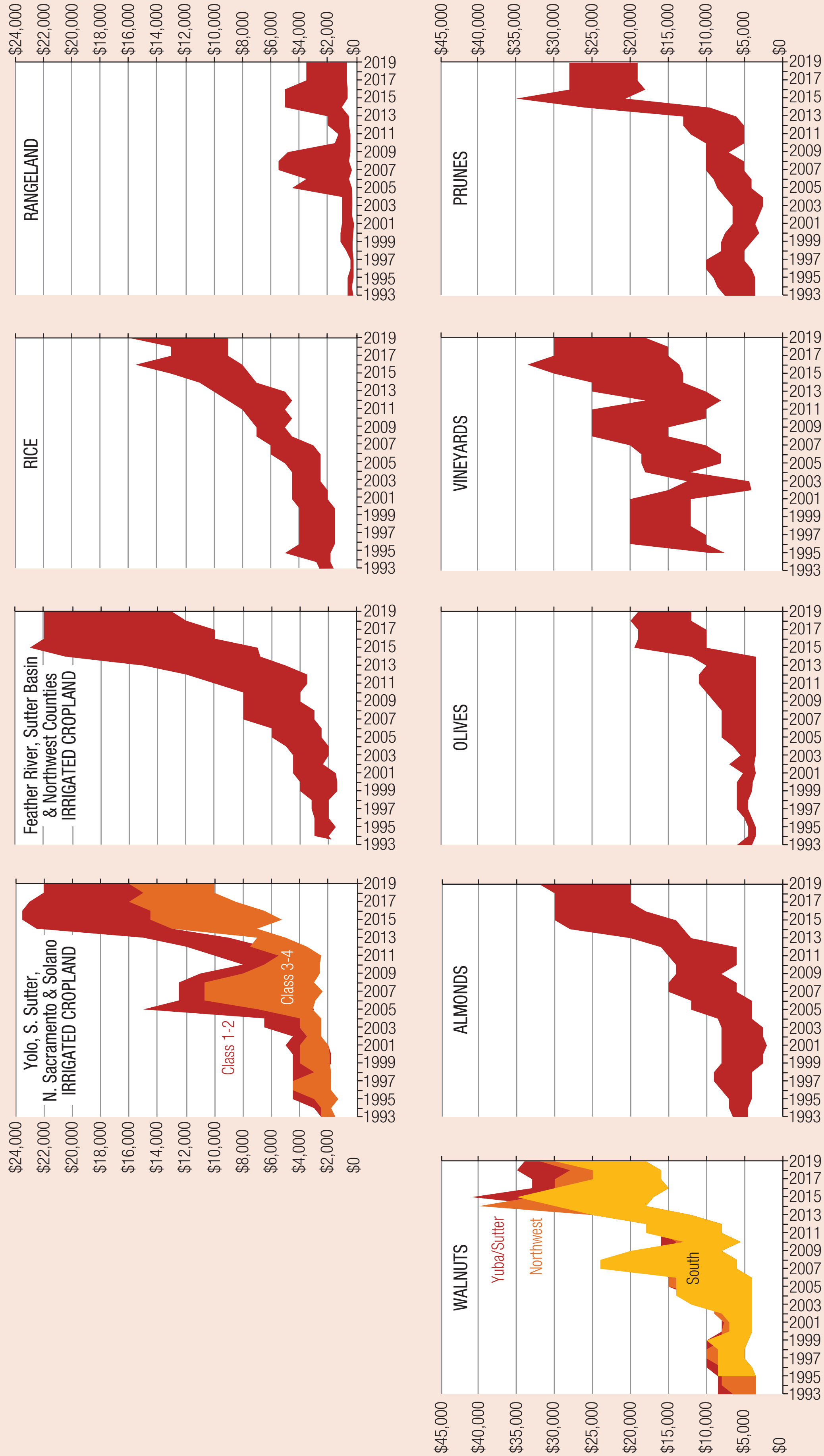
For the past several years, the buyer community has consisted almost exclusivelyof owner operator cattle producers. Although in 2018 there was one known purchase by an investment buyer, all of the 2019 transactions were purchased by owner-operator producers who continue to dominate this market.

HISTORICAL VALUE RANGE per acre

LAND USE	IRRIGATED CROPLAND	RICE	RANGELAND	WALNUTS	PRUNES	OLIVES	ALMONDS
COLUSA, GLENN, BUTTE and TEHAMA COUNTIES (NORTHWESTERN COUNTIES)							
2019	$14,000 - $21,000	$10,000 - $14,000	$650 - $2,500	$20,000 - $32,000	$19,000 - $28,000	$12,000 - $19,000	$20,000 - $32,000
2018	$12,000 - $21,000	$10,000 - $12,000	$650 - $2,500	$18,000 - $28,000	$19,000 - $28,000	$12,000 - $20,000	$20,000 - $30,000
2017	$10,000 - $20,000	$10,000 - $13,000	$650 - $2,500	$20,000 - $30,000	$19,000 - $28,000	$10,000 - $19,000	$20,000 - $30,000
2016	$10,000 - $22,000	$8,000 - $12,000	$600 - $1,700	$20,000 - $30,000	$18,000 - $25,000	$10,000 - $19,000	$18,000 - $30,000
2015	$7,000 - $22,000	$8,000 - $10,500	$600 - $1,500	$17,000 - $33,000	$22,000 - $31,000	$10,000 - $19,500	$14,000 - $30,000
2014	$6,800 - $20,000	$8,000 - $10,500	$1,000 - $1,500	$25,000 - $40,000	$9,500 - $24,000	$3,500 - $12,000	$13,000 - $28,000
2013	$6,000 - $15,000	$6,000 - $10,000	$600 - $1,500	$12,000 - $25,000	$6,000 - $12,000	$3,500 - $10,000	$12,000 - $20,000

LAND USE	IRRIGATED CROPLAND	RICE		WALNUTS	PRUNES	PEACHES	
YUBA SUTTER AREA (FEATHER RIVER BASIN and SUTTER BASIN)							
2019	$13,000 - $22,000	$9,500 - $14,000		$20,000 - $34,000	$20,000 - $28,000	$25,000 - $28,000	
2018	$12,000 - $22,000	$9,500 - $12,500		$18,000 - $35,000	$20,000 - $28,000	$25,000 - $30,000	
2017	$12,000 - $22,000	$9,500 - $12,500		$18,000 - $33,000	$20,000 - $28,000	$27,000 - $30,000	
2016	$18,000 - $22,000	$8,000 - $11,000		$18,000 - $33,000	$20,000 - $28,000	$27,000 - $30,000	
2015	$15,300 - $23,000	$7,750 - $10,000		$32,000 - $41,000	$20,600 - $35,000	$30,000 - $35,000	
2014	$7,900 - $20,500	$8,500 - $11,000		$23,000 - $30,000	$15,500 - $26,000	$20,000 - $28,000	
2013	$5,000 - $15,000	$6,000 - $8,000		$12,000 - $25,000	$8,000 - $13,000	$10,875 - $19,500	

LAND USE	VEGETABLE CROPS Class 1-2 Soils	IRRIGATED CROPLAND Class 3-4 Soils	RICE	RANGELAND	WALNUTS		VINEYARDS
SOUTH SUTTER, WEST PLACER, NORTH SACRAMENTO, SOLANO and YOLO COUNTIES							
2019	$14,000 - $22,000	$10,000 - $16,000	$9,000 - $16,000	$750 - $3,500	$18,000 - $30,000		$18,000 - $30,000
2018	$14,000 - $22,000	$10,000 - $15,000	$9,000 - $13,000	$750 - $3,500	$16,000 - $25,000		$15,000 - $30,000
2017	$15,000 - $23,000	$8,500 - $16,000	$9,000 - $13,000	$750 - $3,500	$16,000 - $25,000		$15,000 - $30,000
2016	$11,700 - $23,500	$6,500 - $14,500	$9,500 - $15,500	$750 - $5,000	$15,000 - $30,000		$13,500 - $33,500
2015	$13,000 - $23,500	$5,250 - $14,500	$7,500 - $13,000	$750 - $5,000	$18,000 - $35,000		$13,000 - $30,000
2014	$13,000 - $22,500	$7,000 - $13,000	$7,000 - $10,000	$1,000 - $5,000	$18,000 - $30,000		$13,000 - $25,000
2013	$9,000 - $15,000	$5,000 - $7,000	$5,000 - $9,000	$500 - $2,000	$12,000 - $25,000		$10,000 - $25,000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& Northwest Counties
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N. Sacramento & Solano
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2 North Coast

OVERVIEW

As with the previous two years, we can't discuss the North Coast without addressing wildfires. Several large fires broke out again this fall, however most of the crop had been harvested, with no smoke taint issues yet reported. Unfortunately the toll of these fires is showing up in other ways within the area, including housing and labor shortages, and the impact from wide scale PG&E power outages and news reporting on local businesses and tourism.

Wildfires are a frequent occurrence in California. However, Lake County has the distinction of having more wildfires than any county in the State. Over the last seven years over 65% of the county has burned, with over 2,600 structures destroyed. Mendocino County experienced wildfires in 2017 and 2018 losing over 1,063 structures. Napa County's 2017 Atlas Fire destroyed 783 structures. Sonoma County saw over 5,000 homes destroyed in the 2017 Tubbs Fire, with another 175 lost in the 2019 Kincade Fire. In total the North Coast has seen the destruction of over 10,000 structures, mostly homes, over the past few years. This has had a significant impact on housing, rental and labor markets, as well as tourism, which is the life blood of our industry.

Property owners and tenants displaced in the recent wildfires have significantly overtaxed an already tight rental market. Rental prices have moved up, forcing a number of people to leave the area, as well as forcing some onto the streets, which is partially evidenced by a significant increase in the region's homeless population. The construction boom to rebuild the properties lost in the wildfires also lured a significant percentage of the farm labor supply away from agriculture. Thus the vineyard and wine industries have been forced to embrace more mechanization, and have seen labor prices move up, to keep up with higher construction industry wages. Finally, the agricultural industry is offering more incentives such as housing (AB 571), to retain a viable workforce.

As far as the 2019 vintage is concerned, when the 2019 Kincade fire started in late October, most of the grapes had been harvested, with wineries operating at full-speed to process the harvest, and the wine tourist season in full-swing. Learning from the 2017 fires, local officials ordered the evacuation of over 200,000 residents, and PG&E's preventative power outages cut power to over 965,000 customers, with another 100,000 losing power from wind-downed lines. In total, the outages impacted over 2.7 million people. Wineries had to scramble for generators to power their pumps, presses and refrigeration systems. After the fires were extinguished local vineyard, winery, and tourism groups once again had to team up to figure out how to entice tourists back to an industry beseeched by two major evacuations in the past three years. The process was slow after the 2017 fire, and with wildfires becoming an unwelcome and all too common occurrence in California, the tourism industry could experience some long term or permanent loss going forward.

The North Coast (Region 2), runs from San Francisco to the Oregon border, bounded by the Pacific Ocean and the Central Valley. Geographically and economically, the North Coast can be divided into the southern and northern regions. The southern region overlies Napa, Sonoma, Mendocino, Lake, and Marin counties, with the key economic drivers for this area being vineyards and wineries, although specialty dairy and poultry production remain active in southern Sonoma and northern Marin counties. The northern region includes Humboldt, Del Norte, and Trinity counties. This region is less agriculturally diverse, consisting mostly of forest products, specialty dairy, and cattle.

The North Coast's diversity is attributed to its mild coastal climate, good water resources, and proximity to urban population and wealth (southern portion). Animal husbandry industries (dairy, beef, poultry, and eggs) continue to move to organic or other specialty production, as the higher returns from specialty products are necessary to offset the higher underlying land prices in the region. The region's mild climate and agricultural atmosphere make it a highly desirable rural residential area, with much of the southern area impacted by strong rural residential demand and strong residential entitlement values.

The vineyard and wine industries are mostly in the south, within California's North Coast American Viticultural Area (AVA). This AVA extends about 100 miles north from the San Francisco Bay, and about 50 miles inland from the Pacific Ocean. The North Coast has been recognized as a prime vineyard and winery area since the mid 1900s, and includes Napa, Sonoma, Mendocino, and Lake counties, plus portions of northern Marin and southwestern Solano counties.

Information from the Wine Institute, Gomberg & Fredrikson and Wines & Vines support about 4,510 bonded wineries in California. Bonded wineries include all licensed production facilities, warehouses, experimental wineries, and virtual wineries. There is no single resource available to verify the physical wineries operating in California. Researching various county, government and tourism sites, as well as regional winery associations this year indicates that there are about 1,114 physical wineries operating in the North Coast. Napa includes 544 wineries (49%), Sonoma 413 (37%), Mendocino 97 (9%); Lake 33 (3%), Solano 13 (1%), and Marin 14 (1%).

The 2019 California Grape Acreage Report, published by the California Department of Food and Agriculture and released in April, reflected an increase in wine grape acreage in California from 599,000 to 637,000 acres, with 47,000 acres (20.5%) reported as non-bearing. The North Coast accounts for 21% of the state's wine grape acreage, with total acres increasing slightly from 133,111 to 135,777 acres over the past year, and only 5,185 acres (4%) reported as non-bearing. Napa includes 45,433 acres (34%), with Sonoma at 59,153 (44%), Mendocino at 17,512 (13%), Lake at 9,681 (7%), Solano at 3,832 (2%), and Marin at 166 acres (nominal).

Wine Industry

The US remains the largest wine market in the world, and while our wine market is still expected to grow over the next four years, the growth trend is continuing to decline as boomers are being replaced by more cost conscience millennials who have less brand loyalty, and a lot more choices (wine, beer, spiked seltzer, spirits, cannabis).

The wine industry continues to benefit from a strong economy, low unemployment, and strong interest in drinking diversity. Fortunately, consumers continue to embrace Premiumization, and are willing to pay for premium wines, craft beers, spirits, and legal marijuana. As long as the economy continues to hold, the premium wine markets, which the North Coast supplies, should continue to perform well.

The market had difficulty absorbing above average crops in 2017, 2018 and 2019, which caused significant price softening for uncontracted grapes in 2019 throughout the North Coast and most of California's premium wine markets. Many wineries that are usually grape and/or bulk wine buyers found themselves trying to sell excess bulk wine this year, in an effort to free up cellar space for the 2019 harvest. Relative to the North Coast, there are signs of pressure on the lower price point wines, as well as other industry related issues. Wineries continue to see consolidation within the traditional wine distribution systems, making it difficult for smaller wineries to access traditional wine markets. Also, there is an oversupply of mid-level Cabernet Sauvignon in Napa and Sonoma counties, and possible oversupply issues with Pinot Noir, as growers have significantly expanded into these varieties over the past five to ten years. Wineries are concerned about long term grape contracts for these varieties, growers are concerned about decreasing spot market prices for uncontracted fruit, and everyone is concerned about both the availability and cost of labor.

Although many wineries are feeling the effects of the current oversupply situation, most reported good earnings in 2019. However, there is growing pessimism within the industry related to declining wine sales trends, especially since the wine industry hasn't really figured out how to engage and sell wine to millennials.

Cannabis Industry

The legalization of marijuana for recreational use in California has been in place for two years. The Federal Government still considers cannabis illegal (growing, processing, selling and use), which has significantly slowed the progression of the industry. However, there is federal legislation in process to allow for handling profits and finances within the banking system. In December of 2018 the Farm Bill legalized hemp at the federal level. Hemp, a form of cannabis, is now legal to grow and process according to Federal law and can be used to produce many products. The Farm Bill defines legal hemp as containing no more than 0.3% THC. Hemp will likely be grown in areas other than Northern California. This low THC product will no doubt become more popular in the health supplement industry, producing high CBD low THC products, but will not be in direct competition with cannabis (with unlimited THC). Currently the FDA has ruled that CBD cannot be added to food as a dietary supplement.

The impact of the legalization of cannabis for recreational use in California is slow to show itself in the North Coast real estate markets. The cannabis industry and permitting processes are still in their infancy and are proving to be on a slow and arduous path that will take several years to sort out. Regulators are discussing changes as the process has not been easy and there are complaints about the inability to obtain approvals and bring production out of the shadows. Cannabis growing operations have been historically located in the North Coast region of California largely due to privacy for the previously illegal grows, and not necessarily because of the ease of growing or because of a conducive climate. While there is some movement out of the hills and into the more open market, competition and values for agricultural land are mostly unaffected, as most jurisdictions have placed significant limitations on the size of outdoor grows and who can enter the market.

At the local level, California allows the growing, processing, selling, distribution and use of marijuana for medicinal or recreational purposes. While legalization of cannabis on the local level opens the door to a new possible highest and best use, it creates a legal challenge for the industry and those affected by it. As most banks are federally regulated, financial resources for cannabis (with THC) related properties are still unavailable. As long as cannabis is federally illegal, cannabis growing and processing facilities cannot be considered as a potential highest and best use; however, cannabis certainly has a sizable impact on the North Coast economy. Meanwhile, most market participants in cannabis, from venture capital entities to small growers, are overlooking the federal restrictions and are moving into or continuing in the market.

There still is not sufficient market data available to address valuation issues or to clearly track any trends relative to this new and evolving market. Recreational cannabis, as legalized in California and the ten other states with legal use, will not be a substitute for the premium wines of the North Coast. However, it may prove to be a substitute for other lower value agricultural uses going forward.

NAPA COUNTY

Napa remains at the top of the premium wine market and is synonymous with world-class Cabernet Sauvignon. Wine, wine grapes, and tourism are the primary economic drivers for Napa with no other agricultural uses of note. While Napa produces a wide range of high-quality wines, it is best known for Cabernet Sauvignon and Bordeaux style red wines, which command the highest wine and wine-grape prices in the State.

Key market participants include wineries, growers, financial investors, and lifestyle buyers. The market continued to benefit from a strong economy, low unemployment, low interest rates, and cash looking for a secure parking place. Premiumization has been a prevalent theme benefiting the Napa wine industry for many years, noting that Napa leads all other wine regions relative to wine, wine grapes, and vineyard values.

Over the past twenty years, increasing environmental regulations, urbanization, and governmental regulations have limited the ability to expand vineyard development in the county. Tough erosion control, view-shed, and stream setback ordinances coupled with growing resistance from voters and environmental groups are making vineyard development time consuming, expensive, and highly speculative. A key factor driving Napa's vineyard and plantable land market over the past ten years is that the county is effectively planted out, with nominal land available for vineyard expansion.

Napa saw significant winery expansion between 2000 and 2010, which fueled increased demand for Cabernet Sauvignon. Short crops in 2010 and 2011, combined with an extended drought, kicked off an era of strong demand for Napa Cabernet Sauvignon wine grapes. This in turn increased demand for vineyards and plantable land, with prices climbing to unprecedented levels. Napa growers met the grape demand challenge by redeveloping aging and low producing vineyards throughout the Napa Valley with modern, high density Cabernet Sauvignon vineyards capable of producing good fruit quality and much higher per acre yields.

Many of these new Cabernet plantings replaced older Merlot, Sauvignon Blanc, Chardonnay and Zinfandel vineyards.

2016 marked the end of an extended drought in California, and with the new vineyards coming into production, coupled with above average growing conditions, Napa Cabernet Sauvignon hit record crops over the last four years. The 2016 harvest was 35,709 tons, with 38,477 tons in 2017, a staggering 50,846 tons in 2018, and the 2019 crop although lighter than 2018, will likely come in close to the 2017 harvest levels.

Vineyard location, designations and appellations all play a significant role in fruit quality, demand and prices. Most grape contracts have traditionally been tied to the prior year's average grape price as reported in the Grape Crush Report. Over the past 10 years, above average winery demand driven by limited availability has resulted in significant grape price increases. Between 2008 and 2018 Napa's average Cabernet Sauvignon price increased from $4,780/ton to $7,925/ton (66%), which has outpaced wine price increases for most area wineries. As a result, wineries have seen their margins compressed, noting that grape prices may simply have gotten too high, too fast.

Napa has a well-established wine industry with strong demand for wine grapes. Market demand and prices for the best Cabernet Sauvignon fruit from the best locations remained strong in 2019, and should remain strong for most Cabernet Sauvignon and other varieties going forward. In 2019, growers with contracted fruit received good prices, and wineries honored their contracts. However, the hangover from the large 2018 crop was more than the industry could handle. Most wineries were full with little to no tank or storage capacity for excess production. Growers with excess or uncontracted fruit found 2019 to be very challenging with soft demand and below average prices paid in the spot market. Some growers were unable to find buyers for average quality Cabernet Sauvignon, at any price, and it was reported that some wineries were calling and/or cancelling evergreen contracts, mostly for fruit from Secondary areas.

Winery development continues to be heavily scrutinized with local government and voters working to revise the Winery Definition Ordinance. This has resulted in a record number of new winery permit applications being filed in recent years; and increasing values for existing permitted sites. Traffic throughout much of the Napa Valley has reached critical mass. Over the past ten years, high housing prices and low availability have displaced much of the workforce serving the vineyard, wine, and related tourist trades. With much of the workforce now commuting into the Napa Valley, coupled with the growing wine tourist trade, and a general increase in full-time residents living up valley, Napa's two main access roads now suffer from almost constant gridlock. This has sparked growing opposition to new winery construction.

The current market is struggling to rebuild thousands of homes and structures lost in recent fires, with excessive material costs, limited labor supplies and high labor costs. Combine this with the time and costs associated with buying a property and going through the permitting process, plus securing architects, engineers, general contractors and qualified construction crews, and it becomes apparent why there is good demand and above average prices being paid for existing wineries, instead of building new.

Napa is a highly diverse market with significant ranges in vineyard, plantable land, and site component/entitlement values. These value ranges are generally broken down into three distinct markets (Prime, Secondary & Outlying), as a result of differences in location, AVA, and Terroir. These differences are the collective environmental factors affecting varietal selection and fruit quality. Economics has mandated that most growers within the Napa Valley produce Cabernet Sauvignon or Bordeaux blenders, as the net returns, even for average quality fruit, significantly exceed the returns from other varietals common to the area.

The Prime Market covers the heart of the Napa Valley and the surrounding hills, including some of Napa's most recognized appellations (Oakville, Rutherford, St. Helena and Stags Leap), in addition to the surrounding hillside appellation or geographic areas (Howell

Mountain, Spring Mountain, Diamond Mountain, and Prichard Hill). This area historically produces some of Napa's highest quality Cabernet Sauvignon and Bordeaux style red wines. In recent years, many lower-lying sites have also been developed to Cabernet Sauvignon, and while fruit quality may only be average, Cabernet returns are generally double those from other more traditional varieties like Merlot and Sauvignon Blanc. Top tier properties in this segment should continue to see stable to even increasing market demand and prices. Mid-market property demand and prices within this market segment should remain stable, with some demand and price softening expected for the lesser quality properties.

The Secondary Market generally covers the northern and southern ends of the Napa Valley, plus the hills bordering the Prime areas. To the north is the Calistoga appellation, with Yountville, Oak Knoll, and Coombsville to the south, plus the surrounding hills, including Atlas Peak, Soda Canyon, and Mt. Veeder. These areas were historically considered too hot (north) or too cool (south) for premium Cabernet and Bordeaux varietals. However, the newer Cabernet vineyards in these areas have been able produce good quality fruit, which many wineries have been willing to pay county average prices for, based on the Grape Crush Report. High production and strong prices have provided many of these newer vineyards with net returns that compare favorably with those generated by good quality vineyards in the Prime areas. Over the past five years there has been some blurring between the Prime and Secondary Markets as above average market demand, grape yields and grape prices have brought the economic values for these two markets very close (Prime lower yields and higher grape prices vs. Secondary higher yields and slightly lower grape prices). Market demand and prices have remained strong with no declines seen this year.

The Outlying Market generally includes the remaining vineyard areas in the county, but outside of the Napa Valley proper. The most notable change this year is that the Los Carneros area was reclassified in this report from the Secondary Market to the Outlying Market as the cool area is generally not suitable for Cabernet with the vineyard economics supporting values more consistent with the rest of the Outlying areas. A key benefit for these areas is that they are still within the Napa Valley AVA, so the fruit can be used in any Napa Valley AVA wine. While these areas can produce high quality fruit, they are generally subject to more extreme weather patterns (heat and/or cold), which generally results in lower yields, lower grape prices, and lower net returns, as compared to the Prime and Secondary areas. There has been limited market activity within this market segment over the past five years.

To wrap up 2019, Napa continues to be recognized as the top wine region in California. As such, there should always be strong demand and prices paid for Napa's top tier properties, capable of producing world-class Cabernet Sauvignon or Bordeaux style wines. Additionally, demand and values for even average Cabernet Sauvignon vineyards in Napa's Prime and Secondary areas should remain fairly stable, as the valley is effectively planted out, with strong market demand currently in place for most of the Cabernet Sauvignon produced in the county.

The best word to describe the Napa market today is probably frothy. While the 2019 sales reflected good market demand and generally stable to strong values, four large crops and softening wine sales have resulted in an oversupply of Cabernet Sauvignon in Napa and most of California's premium wine markets. There will likely be some softening in the average Cabernet Sauvignon grape price, for both Napa and State-wide, in the 2019 Final Grape Crush Report, when it is released in April. The industry needs to figure out how much Cabernet Sauvignon it can process, and how to better market wines to millennials. However, if this results in less demand or softer grape prices, then these vineyards could see a reduction in net earnings which could ultimately result in future softening of vineyard and plantable land values.

SONOMA & MARIN COUNTIES

Sonoma County: Agricultural markets stabilized in 2019 relative to the previous seven year's trend of increasing values. For the wine industry, the first three quarters of the year saw a clear flattening of land and vineyard property values and an overall decrease in demand for these properties by wineries and investors. Market sentiment turned downbeat during the last quarter of the year because of an oversupply of 2017 and 2018 wines coupled with an average to slightly above average 2019 grape crop. Many growers reported either an inability to sell uncontracted grapes or a substantial discount for any excess that was sold. The 2019 wildfires did not significantly affect the grape crop due to the late harvest timing of the fires and overall grape quality was good. Wineries generally stood by 2019 contract pricing, but many have given contract termination notices to growers. Most growers expect further difficulties in 2020 as more uncontracted grapes come on the market, creating downward price pressure, coupled with increasing operating costs due to a shortage of labor.

In general, Sonoma wineries continue to report large inventory levels and slower movement through traditional distributor channels. Wineries have pushed sales extremely hard to clear the market. Although many wineries have cut bottle prices, overall pricing remains comparable to averages from the previous few years. As such, total sales in dollars have increased relative to previous years even though the sentiment remains weak. The exceptions are wineries with good brand strength that deliver a quality wine at a reasonable price to a specific clientele. These wineries remain highly profitable.

Historically, Sonoma County vineyard and plantable land values follow the cycle of grape prices. At this time, market sales indicate no downward value trend. However, there is very little market activity and the properties that are trading are more "lifestyle" or "legacy" parcels in prime locations that offer high residential or estate appeal. Even these properties tend to have increased marketing times in order to find that specific buyer. Current purchases of moderate to large commercial vineyards are virtually non-existent as wineries, growers, and agricultural investors have taken a ‘wait-and-see’ position. Sellers are unwilling to sell at the low offers currently being made. Buyers are unwilling to pay historic pricing when they are uncertain about the ability to sell the grapes or wine. A general consensus among vineyard brokers is it would take a 10% to 15% decline in current market pricing to attract a potential buyer. The exception is there are wineries with strong brand strength that are still willing to pay historic or better prices to own vineyards that meet very specific requirements.

As a result of the excess supply, there is very little demand for native land to be converted to vineyard. Wineries are unwilling to provide pre-plant grape contracts, development is expensive, and the permitting process is proving difficult. Ground that is gently rolling and easily developable to vineyards in secondary areas like the Petaluma Gap and Sonoma Coast are now being marketed more as lifestyle ranches rather than for potential commercial vineyard development.

Sonoma County has been defined by prime and secondary area market classifications due to demand and sales in areas previously identified as outlying. The prime classification defines the established American Viticultural Areas (AVA) including Alexander Valley, Dry Creek Valley, Knights Valley, Chalk Hill, Sonoma Valley, Green Valley, Los Carneros, Russian River Valley and portions of the Sonoma Coast. The secondary classification defines areas such as the Petaluma Gap, portions of the Sonoma Coast AVA, and more recently established vineyards in outlying or remote mountain locations within the prime or secondary market areas.

Vineyard designates and AVA’s play a significant role in property demand and pricing. There can be substantial value differences within a single AVA due to individual micro climates, soils, and varieties grown. These factors greatly influence grape tonnage and quality, which in turn directly impact net earnings. AVAs are increasingly becoming associated with specific varietals, such as Alexander Valley with Cabernet Sauvignon, Green Valley and Russian River Valley with Pinot Noir and Chardonnay, and Sonoma Coast with Pinot Noir. In addition, the United States tax law allows for an AVA designation to be a depreciable item, which is a clear tax benefit. Depending on vineyard reputation for quality, vineyard designates with registered trademarked names can command premium pricing.

The very few 2019 winery sales support a stable value trend. Sales of wineries with successful brands, public tasting, and locations in prime tourist areas contribute values that generally support current construction costs. Wineries that sell without a recognized brand exhibit normal levels of deprecation. Larger facilities (40,000 cases or more) are typically discounted beyond normal levels of depreciation due to a more limited buyer base. Vested winery permits for unimproved properties typically contribute value only when the property is in a primary tourist area. Significant premiums are paid for permits on sites in prime tourist areas that allow for public tours, tastings, retail sales, and events. This is due to increasing government regulations and local opposition to new or additional winery permits and development.

“Non-farm” professionals, executives, or business owners remain the principal buyers for properties that provide a “lifestyle” element, such as privacy, views, desirable locations, or large estate homes. The trend for lifestyle properties has been stable to decreasing. The decreasing trend is a factor of a greater number of fire damaged properties from the 2017 and 2019 wildfires coming on the market, high construction costs, limited labor supply, and difficult permitting process.

Sonoma-Marin Agricultural Area: This region is described as coastal foothill pasture and hardwood forested lands within Southwestern Sonoma County and Northwestern Marin County. Most of the area consists of livestock pasture and dairies, but there are also a limited number of equestrian facilities, poultry facilities, vineyards, olive orchards, and specialty vegetable production. This area features average to estate quality homes and residential appeal is attributable to the desirable coastal climate, rural foothill settings, and proximity to San Francisco and Bay Area employment centers.

Grade A dairies producing organic milk are the dominant commercial use of the area. Over the past ten years, North Coast dairies have benefitted from historically high organic milk prices. The good supply of pasture and proximity to Bay Area consumer markets allows for the cultivation of specialty or artisan cheese, butter, and yogurt products, which has been a competitive advantage for dairies in the area. However, since the market peak in 2016 and 2017, a surplus of organic milk has resulted in significant price drops per hundredweight (cwt), requested reductions in production volume, or, in some cases, complete cancellations of milk contracts. Industry trends in general have remained stable within the last year. For the organic market, fluid milk continues to be in a state of oversupply, and organic dairy profitability is highly dependent on which processor the individual dairy is contracted with. On the upside, the conventional market is seeing recent profitability, with milk prices around $19 per cwt. Overall, challenges seem to outweigh opportunities in the dairy market with no new demand for organic milk products from consumers. In addition, the increase in market-share taken by plant-based milk alternatives, shortage of labor supply, instability in the California quota market, and pressures from Bay Area environmental groups continue to adversely affect the industry.

Very few pasture or dairy grazing land sales transacted in 2019 for Sonoma and Marin counties, and land prices remain relatively stable. Properties up to about 50 to 100 acres of pasture or more will generally compete with rural homesite buyers due to the continued residential demand in rural areas of Sonoma and Marin counties, especially for those properties in close proximity to city centers. In suitable areas located within the Petaluma Gap AVA, cattle and dairy ranchers have competed with viticulturists as more historical cattle grazing land was being marketed and purchased for vineyard development. The slowing demand for viticultural properties across all of Sonoma County could soften this market as well.

MENDOCINO & LAKE COUNTIES

Mendocino County: Agriculture is mostly tied to the vineyard and wine industry. The region has two distinct markets within the County, including the coastal Anderson Valley, renowned for high quality Pinot Noir, and Inland Mendocino, which produces a wide variety of premium wine grape varieties. The short 2011 grape crop throughout most of the North Coast region was instrumental in bringing wineries back to Mendocino and Lake Counties to buy wine grapes. The increased demand enabled growers to contract their fruit at good prices, along with the reintroduction of preplant and long-term contracts. The strong grape market continued through the 2017 harvest.

The 2018 harvest was a mixed-bag for growers in Mendocino County. While most growers sold the majority of their fruit at good prices, the large crop resulted in excess fruit in the vineyards. Most excess fruit sold at half price or less and some went unsold. Smoke taint was also a factor in the 2018 crop. The northern portion of the county including Redwood Valley and Potter Valley were the most impacted, with many growers reporting grape price discounts or outright rejections by the wineries. The southern end of the region was less impacted, but some growers on the eastern edges tested positive for smoke taint. Anderson Valley was not impacted by the fires.

The 2019 grape harvest was considered average throughout most of the county. While many growers had their grapes under multi-year evergreen contracts, some growers were left with uncontracted fruit. The growers with contracted fruit received good prices, but most growers received notification of cancellation of their evergreen contracts. The demand for uncontracted fruit was very weak, with few wineries purchasing grapes. The few uncontracted grapes that did sell went for about half the price paid in 2018, with many grapes in the county going unsold. Some growers decided to custom-crush their fruit, but many grapes were left on the vine. The demand for grapes in Anderson Valley was better than the remainder of the county, with most of the grapes finding a home. However, some growers were forced to sell at much lower prices or custom-crush their grapes and try to sell into the bulk-wine market.

The value of vineyards in Mendocino County has stabilized in the past two years. Several vineyard/winery properties sold in Anderson Valley to wineries from Napa and Sonoma Counties. The bulk of the sale volume continues to support values between $85,000 to $100,000 per acre for good quality vineyards in Anderson Valley, though the total value range is $65,000 to $110,000 per acre. Sale activity in Mendocino's inland area was modest, with a mix of small and mid-sized vineyard sales, scattered from Potter Valley to Hopland. Most fair to average quality vineyards sold in the high-$20,000s per acre range with one good quality vineyard selling for around $45,000 per acre. While several vineyards sold to vineyard and/or winery owners, many buyers were new to the vineyard industry. The new buyers' primary motivation was for cannabis production, with the vineyard being a secondary consideration.

Lake County: For the first time in several years, the grape crop in Lake County was not impacted by local fires. After several years in a row of large fires and smoke taint issues, Lake County was blessed with a normal year. The crop was generally average, with some areas seeing above average tonnage.

Most growers in Lake County had all or a high percentage of their grapes under contract for the 2019 harvest. Most of the contracts were multi-year deals, which extended through 2019 or longer. However, most wineries were only accepting the tonnage under contract and not willing to take any overage. Most growers with contracted fruit reported generally stable prices. Growers with uncontracted fruit had a difficult time finding buyers for their grapes. While some growers decided to custom-crush their grapes, some opted to leave the fruit on the vines. The one exception was Sauvignon Blanc where most growers were able to find a home, but at generally lower prices between $700 and $1,000 per ton.

Market demand for vineyards in Lake County was sluggish, with only a few sales transacting. The sales were limited to small vineyards in the Big Valley area, which generally ranged from $30,000 to $48,000 per acre, for average to good quality vineyards that were producing from five to over seven tons per acre. The highest priced vineyards in Lake County are upland sites with volcanic soils in the Red Hills and High Valley regions, which are noted for producing high quality Cabernet Sauvignon. These properties have generally ranged up to $50,000 per acre, but there were no new sales in 2019.

Mendocino and Lake County – Pears: The acreage developed to pears continues to decline. While most of the remaining orchards are high producing and owned by a handful of long-time growers, the simple fact is the economics do not support continued pear production. The return potential from pears in recent years is barely sufficient to support the underlying plantable land value of land suitable for vineyard use. As such, even the best orchards continue to be pulled. Many pear growers would pull additional pear acreage if the grape market was better. The 2018 crop was near historical averages, with generally good fruit size and quality. While the returns from the canneries were good, the fresh market prices were terrible. Most growers delivering to packing houses received average prices below $300 per ton. The industry outlook is a bit bleak, with reduced demand from canneries, increasing operating costs, uncertainty of labor affordability or availability, and new regulations that will continue to have a major impact on profitability going forward. No pear orchards were listed or sold in 2019, with no new orchards planted in nearly 20 years, and no plans for new plantings.

HUMBOLDT, DEL NORTE & TRINITY COUNTIES

This area overlies the most northerly portion of Region 2. Historically, market sales are few and far between, but like the rest of this region trends appear to be positive, with generally steady upward pressure on values.

Humboldt County is located on the Pacific Coast in northwestern California, approximately 200 miles north of San Francisco.

Agricultural production in the region includes dairying, beef cattle, irrigated pasture crops, small truck farms growing organic crops, and several nursery operations. Most dairies in Humboldt County have converted to organic operations. The County's dairies tend to be small (200 to 500 cows) turn-key operations with the cows on pasture most of the year. The drop in organic milk prices and fewer markets for organic milk have severely impacted producer cash flows. This has resulted in little demand for pastureland and a noticeable drop in transactions in the past year.

Since 2016 Humboldt County has had a permitting process for cannabis production that is focused on encouraging small farmers to meet both local and state environmental regulations. The permits are site specific and are transferable with a property when it is sold. Only operations producing cannabis who applied for permits prior to January 1, 2018 are considered to be legal. Illegal operations are subject to censure and fines. This has resulted in a steep drop in the value and sale activity for unpermitted rural parcels.

Del Norte County is located on the Pacific Coast in the extreme northwest corner of the state. This is a remote area with over 97% of the land area identified as forestland that is mostly owned by the federal government. Agricultural activity is limited to the flood plain of the Smith River and the adjacent coastal benches. Agricultural production includes dairying, beef cattle, Easter lily bulbs and irrigated pasture crops, and one nursery operation. Agricultural land is closely held and sale activity is very limited.

Trinity County is located in the Klamath Mountains in northwestern California. This is also a remote and very steep area, with over 95% of the land area being forestland that is mostly owned by the federal government. Agricultural activity is mostly limited to the mountain valleys along the Trinity River, but there are several large cattle ranches located in the southwest corner of the county. Agricultural production includes beef cattle, range pasture, irrigated pasture, and a small number of vineyards. Agricultural land is closely held and sale activity is non-existent. Generally, sales from adjacent counties must be relied on to value the agricultural land in Trinity County.

Small parcels in Trinity County with good access, a building site, and a water source are in demand. While Trinity County has a cannabis permit system it is considered to be more flexible than adjacent Humboldt County's, and allows for new permits to be issued. Prices for unpermitted properties have been stronger than in Humboldt County.

North Coast Region Timber Production: Timber production occurs in most of the counties that comprise the North Coast Region, except for Napa. For Humboldt and Mendocino counties, timber is a major contributor to the local economy. Approximately 26% of all the timber harvested in California comes from the North Coast Region. Private timberland ownership is almost equally divided between large industrial holdings and small privately-owned tree farms. An improving housing market has led to increased demand and prices for sawlogs. Demand for timberland, particularly redwood timberland, is strong with few properties available for sale. Prices for redwood and Douglas-fir logs continue to be strong. The loss of the export market to China (due to high tariffs) has been somewhat offset by the opening of a new sawmill in Humboldt County. Stronger log markets are helping to shift demand for smaller timbered parcels (320 acres and less) from cannabis growers back to investors seeking long-term timberland investments.

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND
NAPA COUNTY				
Vineyards - Prime Napa Valley	$300,000 - >$450,000	Strong	Moderate	Stable
Vineyards - Secondary Napa Valley	$165,000 - >$400,000	Strong	Moderate	Stable
Vineyards - Outlying Napa County	$50,000 - >$165,000	Moderate	Moderate	Stable
Plantable - Prime Napa Valley	$200,000 - >$275,000	Strong	Moderate	Stable
Plantable - Secondary Napa Valley	$165,000 - >$245,000	Strong	Moderate	Stable
Plantable - Outlying Napa County	$50,000 - >$165,000	Moderate	Moderate	Stable
Homesite - Prime Napa Valley	$2,000,000 - >$5,000,000	Strong	Moderate	Stable
Homesite - Secondary Napa Valley	$300,000 - >$3,000,000	Strong	Moderate	Stable
Homesite - Outlying Napa County	$0 - >$350,000	Limited	Moderate	Stable
SONOMA COUNTY				
Vineyards - Prime	$100,000 - $215,000	Slow	Limited	Stable-Declining
Vineyards - Secondary	$70,000 - $100,000	Slow	Limited	Stable-Declining
Plantable - Prime	$70,000 - $120,000	Slow	Limited	Stable-Declining
Plantable - Secondary	$25,000 - $45,000	Slow	Limited	Stable-Declining
Homesite - Prime	$300,000 - $3,100,000	Slow	Limited	Stable
Homesite - Secondary	$0 - $300,000	Slow	Limited	Stable
Sonoma-Marin Pasture	$7,000 - $14,500	Moderate	Limited	Stable
MENDOCINO COUNTY				
Vineyards - Anderson Valley	$65,000 - $110,000	Moderate	Moderate	Stable
Vineyards - Inland Mendocino	$25,000 - $45,000	Moderate	Moderate	Stable
Plantable - Anderson Valley	$25,000 - $35,000	Moderate	Moderate	Stable
Plantable - Inland Mendocino	$10,000 - $18,000	Moderate	Limited	Stable
Homesite - Anderson Valley	$200,000 - $500,000	Moderate	Moderate	Stable
Homesite - Inland Mendocino	$50,000 - $300,000	Moderate	Limited	Stable
LAKE COUNTY				
Vineyards	$25,000 - $50,000	Moderate	Moderate	Stable
Plantable Land	$10,000 - $18,000	Moderate	Moderate	Stable
HUMBOLDT COUNTY				
Dairy Pasture	$6,500 - $9,500	Moderate	Limited	Stable-Increasing
DEL NORTE COUNTY				
Dairy Pasture	$7,000 - $10,000	Limited	Limited	Stable-Increasing
Irrigated Cropland (Lily Bulbs)	$7,500 - $9,500	Limited	Limited	Stable-Increasing

Napa County Secondary & Outlying Area Value Change: In 2019 Carneros was reclassified from a Secondary to Outlying Area, as it is not generally well suited to Cabernet Sauvignon, with values more aligned with the Outlying Area. There is limited market data available to definitively establish the top of the Outlying and bottom of the Secondary Areas, with these numbers representing our best estimate.

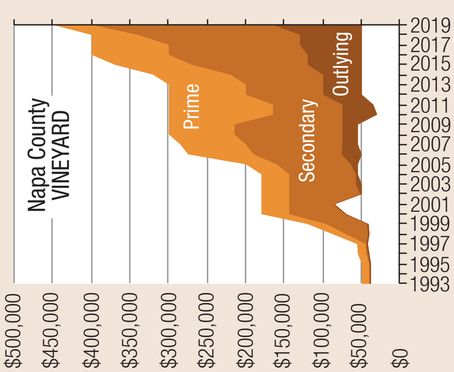
HISTORICAL VALUE RANGE per acre

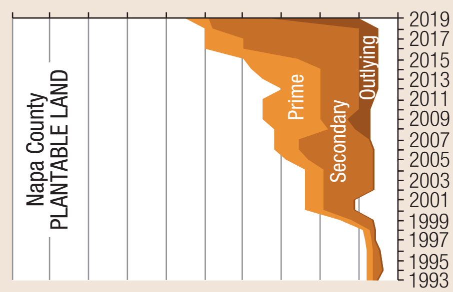
LAND USE	PRIME	SECONDARY	OUTLYING	PRIME	SECONDARY	OUTLYING
NAPA COUNTY VINEYARDS				NAPA PLANTABLE		
2019	$300,000 - $450,000	$165,000 - $400,000	$50,000 - $165,000	$200,000 - $275,000	$165,000 - $245,000	$50,000 - $165,000
2018	$300,000 - $400,000	$120,000 - $340,000	$50,000 - $130,000	$200,000 - $250,000	$50,000 - $240,000	$25,000 - $50,000
2017	$300,000 - $400,000	$120,000 - $300,000	$50,000 - $130,000	$200,000 - $250,000	$50,000 - $200,000	$25,000 - $50,000
2016	$300,000 - $400,000	$120,000 - $300,000	$50,000 - $120,000	$200,000 - $250,000	$50,000 - $200,000	$25,000 - $50,000
2015	$250,000 - $370,000	$120,000 - $270,000	$50,000 - $120,000	$130,000 - $200,000	$50,000 - $130,000	$25,000 - $50,000
2014	$220,000 - $320,000	$100,000 - $220,000	$50,000 - $100,000	$100,000 - $190,000	$50,000 - $100,000	$25,000 - $50,000
2013	$200,000 - $300,000	$100,000 - $200,000	$50,000 - $100,000	$100,000 - $175,000	$50,000 - $100,000	$25,000 - $50,000

LAND USE	PRIME	SECONDARY	OUTLYING	PRIME	SECONDARY
NAPA HOMESITESS				SONOMA CO HOMESITE	
2019	$2,000,000 - $5,000,000	$300,000 - $3,000,000	$0 - $350,000	$300,000 - $3,100,000	$0 - $300,000
2018	$2,000,000 - $5,000,000	$300,000 - $3,000,000	$0 - $350,000	$300,000 - $3,100,000	$0 - $300,000
2017	$2,000,000 - $5,000,000	$300,000 - $2,500,000	$0 - $350,000	$300,000 - $3,100,000	$0 - $300,000
2016	$2,000,000 - $5,000,000	$300,000 - $2,500,000	$0 - $350,000		
2015	$1,000,000 - $5,000,000	$250,000 - $1,000,000	$0 - $350,000		
2014	$1,000,000 - $5,000,000	$250,000 - $1,000,000	$0 $350,000		
2013	$1,000,000 - $5,000,000	$250,000 - $1,000,000	$0 - $350,000		

LAND USE	VINEYARD: PRIME	VINEYARD: SECONDARY	PLANTABLE LAND: PRIME	PLANTABLE LAND: SECONDARY	VINEYARD: RESISTANT ROOTSTOCK	PLANTABLE LAND (or Pears)	DAIRY PASTURE	PASTURE
SONOMA COUNTY					LAKE COUNTY		HUMBOLDT	SONOMA/MARIN
2019	$100,000 - $215,000	$70,000 - $100,000	$70,000 - $120,000	$25,000 - $45,000	$25,000 - $50,000	$10,000 - $18,000	$6,500 - $9,500	$7,000 - $14,500
2018	$100,000 - $215,000	$70,000 - $100,000	$70,000 - $120,000	$25,000 - $45,000	$25,000 - $50,000	$10,000 - $18,000	$5,000 - $8,000	$7,000 - $14,500
2017	$100,000 - $170,000	$70,000 - $100,000	$70,000 - $100,000	$25,000 - $40,000	$25,000 - $50,000	$10,000 - $15,000	$5,000 - $8,000	$7,000 - $13,800
2016	$90,000 - $170,000		$45,000 - $100,000		$25,000 - $50,000	$8,000 - $14,000	$5,000 - $7,800	$6,000 - $13,800
2015	$70,000 - $150,000		$45,000 - $100,000		$25,000 - $50,000	$8,000 - $12,000	$5,000 - $7,800	$6,000 - $13,800
2014	$60,000 - $125,000		$35,000 - $85,000		$25,000 - $50,000	$8,000 - $12,000	$5,000 - $7,800	$4,500 - $11,200
2013	$60,000 - $125,000		$35,000 - $80,000		$20,000 - $36,000	$6,000 - $10,000	$5,000 - $7,500	$4,500 - $10,500

LAND USE	VINEYARD: ANDERSON VALLEY	VINEYARD: INLAND MENDOCINO	PLANTABLE: ANDERSON VALLEY	PLANTABLE: INLAND MENDOCINO	DAIRY PASTURE	CROPLAND (Lily Bulbs)
MENDOCINO COUNTY					DEL NORTE	
2019	$65,000 - $110,000	$25,000 - $45,000	$25,000 - $35,000	$10,000 - $18,000	$7,000 - $10,000	$7,500 - $9,500
2018	$65,000 - $100,000	$22,000 - $40,000	$25,000 - $35,000	$10,000 - $18,000	$7,000 - $10,000	$7,500 - $9,500
2017	$65,000 - $100,000	$22,000 - $40,000	$25,000 - $35,000	$10,000 - $15,000	$4,000 - $6,500	$7,500 - $8,000
2016	$65,000 - $100,000	$22,000 - $40,000	$25,000 - $35,000	$10,000 - $15,000	$3,500 - $6,000	$7,500 - $8,000
2015	$65,000 - $100,000	$22,000 - $40,000	$25,000 - $35,000	$10,000 - $14,000	$3,500 - $6,000	$7,500 - $8,000
2014	$65,000 - $100,000	$22,000 - $35,000	$25,000 - $35,000	$10,000 - $14,000	$3,500 - $6,000	$7,500 - $8,000
2013	$65,000 - $95,000	$22,000 - $30,000	$25,000 - $35,000	$8,000 - $11,000	$3,500 - $6,000	$7,500 - $8,000


Napa County
VINEYARD
Prime
Secondary
Outlying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Prime
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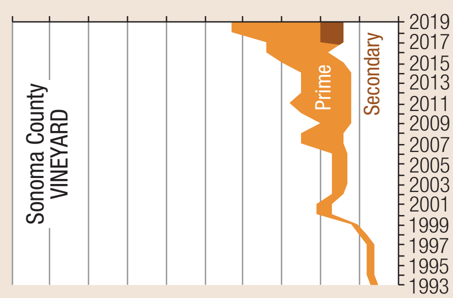
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VINEYARD
Prime
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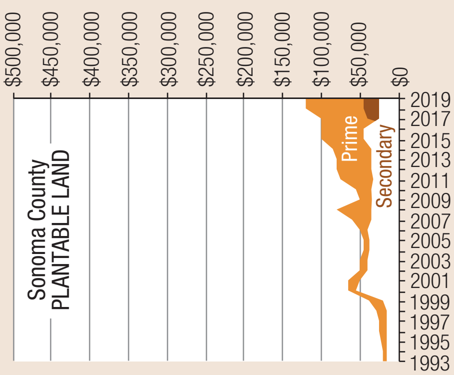
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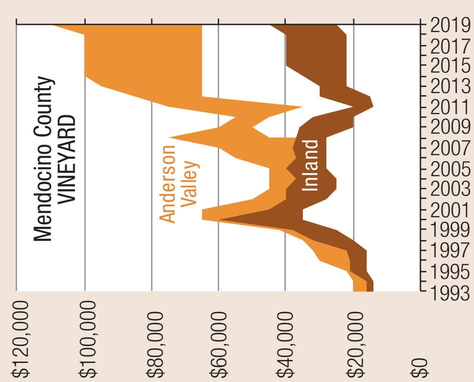
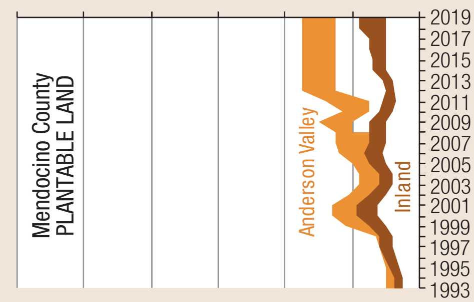
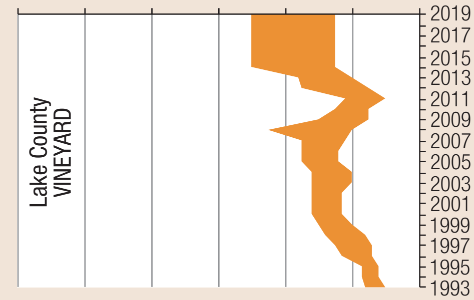

Mendocino County
VINEYARD
Anderson
Valley
Inland


Mendocino County
PLANTABLE LAND
Anderson Valley
Inland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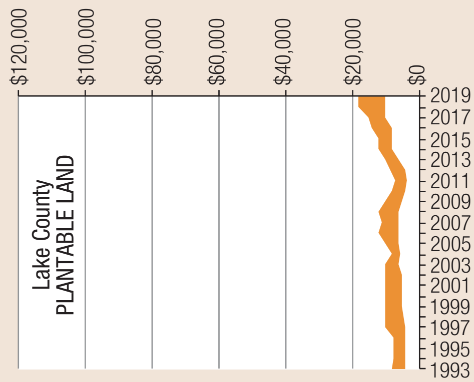
VINEYARD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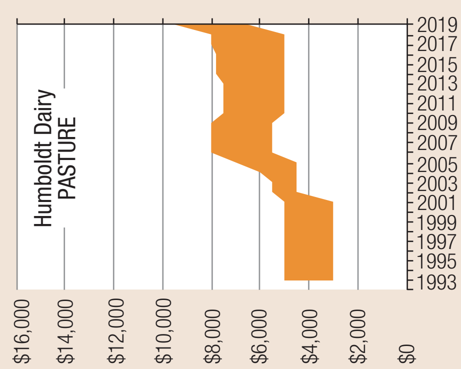
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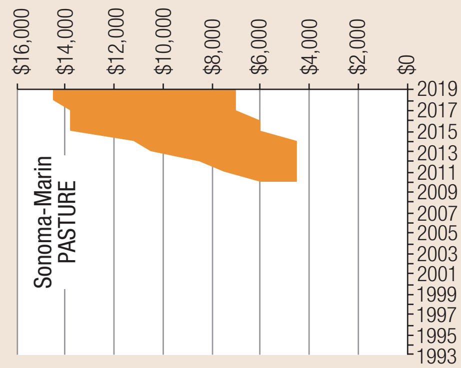
PASTURE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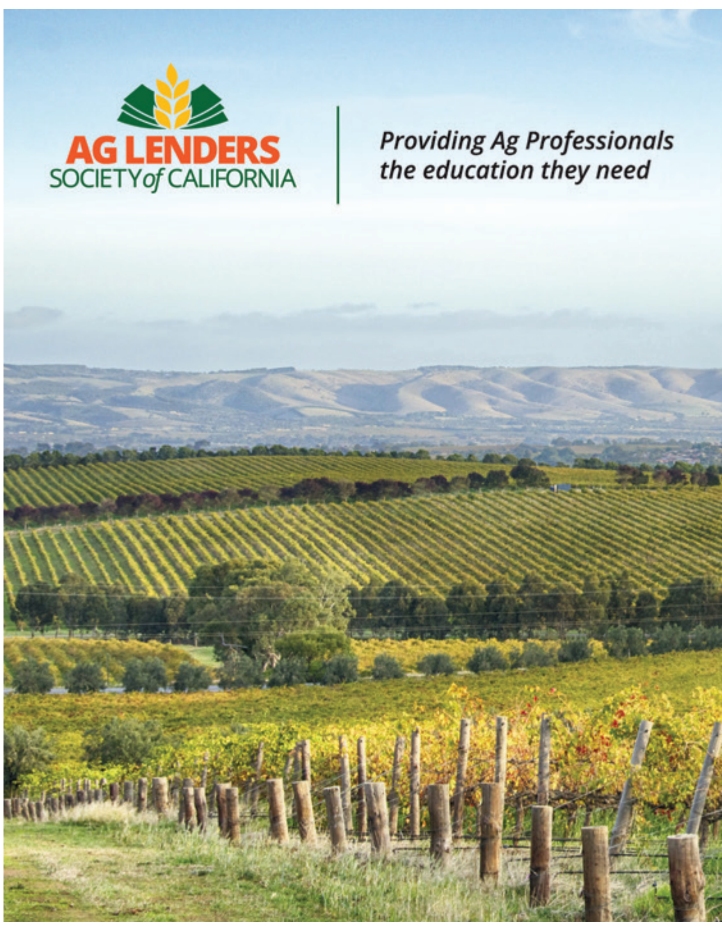
PASTURE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3

NORTHERN SAN JOAQUIN

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SACRAMENTO (SOUTH) SAN JOAQUIN STANISLAUS

3 Northern San Joaquin

GENERAL COMMENTS

For Region 3, 2018 was a year of give and take. While some of the region's primary commodities continued to thrive, others experienced decreasing prices or even detrimental downturns. Land values remained mostly stable with values in some areas increasing slightly and with increased demand in strong irrigation districts, spurred by impending groundwater legislation.

The 2019 market was again driven by water and commodity prices. Buyers were overall more thoughtful about purchasing property with secure water rights. Several farmers with large land bases liquidated properties with marginal water rights and reinvested into properties in strong water districts. Sale activity for almond and walnut orchards was down compared to prior years. In contrast, there was a rise in the number of dairy sales, primarily purchased by nearby dairy operators looking to expand.

Implementation of the Sustainable Groundwater Management Act (SGMA) has had varied effects on Region 3. The January 31, 2020 planning deadline for California's first round of Groundwater Sustainability Plans (GSPs), for basins classified as high priority and critically over-drafted, has now come and gone while the deadline for the second round of GSPs, for all other high- and medium-priority basins, is rapidly approaching in 2022. The Eastern San Joaquin sub-basin's draft GSP (San Joaquin County, north of the Stanislaus River and east of the San Joaquin River) released in late 2019 encouraged growers, as no groundwater pumping restrictions were imposed. The Delta Mendota sub-basin's draft GSP affects the west side of Stanislaus and Merced counties. While it does not explicitly limit the amount of water pumped, groundwater pumping will be monitored, and restrictions will be applied as needed. Groundwater Sustainability Agencies (GSAs) will likely take control over new well-drilling permits. On the other hand, the Merced Subbasin's draft GSP requires a reduction in groundwater pumping through a groundwater allocation to achieve sustainability. The Modesto and Turlock Subbasins' draft GSPs are not due until 2022.

While the Bay-Delta Water Quality Control plan demanding 40% unimpaired flows on the Stanislaus, Tuolumne and Merced Rivers was approved in late 2018 and will significantly impact future deliveries from the historically strong east-side districts if fully implemented, it will likely remain tied up in court for several years. Governor Newsom is supporting voluntary agreements with affected districts that will supersede the Plan and end litigation, allowing the districts to give up lesser amounts of surface water in exchange for habitat restoration and predator control.

Almonds

Region 3 remains a power-house in almond production, producing 31% of California's almonds, approximately 712.5 million pounds in 2019.

Sale activity slowed slightly for almond orchards and buyers are more discerning about orchard quality and water sources. The highest orchard prices continue to be paid for small to mid-sized orchards within desirable rural residential communities (Ripon, Del Rio, Wood Colony, and Hughson) or near urban centers with potential transitional use (Modesto, Turlock and Merced). Prices for orchards in outlying communities with good irrigation districts defined the middle of the range (Oakdale, Escalon, Ceres, Denair, Atwater/Livingston, Patterson, Gustine), while orchards in less desirable irrigation districts or with well water only defined the low end of the range. Properties within the mid to low end of the market started with strong prices at the beginning of 2019, but then began to slip towards the end of the year, while properties at the high end of the range in valuable communities were stable or increasing by year-end.

Lower commodity prices, coupled with increased production costs, created tighter margins for almond growers in 2019. Almond commodity prices were down slightly from prior years, due to continued uncertainty in the trade market. Increased production costs were caused by several factors, including increased input costs, labor costs and interest rates. High tariffs on California almonds allowed the Australian almond exporters to become established in China and other markets. Australia is the second largest almond producer at 7% of global production with significant growth potential in nonbearing acreage and new plantings. However, as California continues to control the lions share of the market, trade impacts were muted overall. The cost to establish and maintain an almond orchard increased dramatically in the past decade, commensurate with steep commodity price increases. Most of those costs did not contract when commodity prices adjusted in 2016. Therefore, margins have tightened significantly. More small-acreage orchards are custom-farmed, due to the high cost of equipment. Interest rates were another cost factor, hitting a ten-year high in the first half of 2019 and elevating the cost of funds for growers. Although rates have been decreasing since late July, they remain higher than rates seen over the past decade.

The trend toward larger, higher-quality orchards continues as profit margins narrow. However, almond acreage remains profitable, especially for good-quality orchards. Long-term demand is expected to remain strong.

Orchard leases are increasingly uncommon as profit margins tighten and smaller, poor-quality orchards are typically redeveloped. While most orchards are owner-operated or custom farmed (managed for a fee), there are still leases involving elderly, absentee or non-farmer rural residents as well as some larger leasehold tracts that have been developed from pasture to orchards in the eastern parts of the region. Leases vary widely in structure, but for smaller in-district properties they typically fall between 18% and 30% of gross income to the landlord, with the tenant responsible for all development costs at the low end of the range and the landlord paying all development costs at the high end of the range. Leases typically run for 20-30 years. Lease rates can vary greatly in the eastern part of the region and typically consist of larger tracts, where a water source is developed in conjunction with the orchard. Lease rates for these developments range from 8% to 20% of gross income to the landlord. At the low end of that range, tenants bear the cost of water development, while the landlord may share in this cost at the high end of the range. Leases may be shorter in duration in this area, particularly when the landlord is responsible for well development.

Walnuts

Sale activity of walnut orchards was limited in 2019. The upper end of the range is defined by good-quality orchards purchased by growers looking to expand and diversify. Most sales occurred in strong irrigation districts, supporting the trend of buyers desiring land with more water security.

Commodity prices remained low due to continued turmoil in the trade market. With margins tightening for many of the same reasons as almonds, many growers experienced an overall loss in 2019.

Walnut orchards are more typically owner-operated, but as with almonds some are leased. Walnuts are typically farmed on in-district acreage and are structured like in-district almond leases.

Cherries

The 2019 season was another disappointing year for the California cherry industry. The year started with ideal growing conditions and a very strong 10+ million box crop forecast in April leading into harvest. This meant that packers were able to secure adequate labor, but unfortunately, mid-harvest rains hurt the crop, dropping the crop down to less than 6 million boxes at the end of June. Growers in the Stockton-Linden and Lodi areas were hit particularly hard since the entire California cherry crop was delayed one to two weeks and the Northern San Joaquin Valley is comprised of primarily later varietals, such as Bing. Many growers with Bing cherries did not get a chance to harvest and opted to leave the damaged fruit on the trees rather than pay for picking. Of the growers who did pick, many only did so for crop insurance purposes.

Grower returns were also disappointing for many in 2019, with a very wide range in pricing reported. This was caused by a couple of factors, including the strong crop forecast at the beginning of the season (which locked packers into low price commitments) and the smaller overall fruit size due to heavier crop loads (which are more difficult to export and command a lower price). However, some growers with larger, less damaged fruit were able to take advantage of more competitive pricing and benefitted from the shrinking supply. High export tariffs and continued trade negotiations with China also had an impact on the 2019 cherry crop. China made up less than 2% of California cherry export shipments in 2019, which fell from 5.5% in 2018 and 8-9% in 2017. In response to these lingering trade issues, Congress passed a disaster relief bill for many U.S. crops, including sweet cherries. In July 2019, the USDA announced that California cherry growers will receive $0.17 per pound in direct payments for their 2019 cherry crop.

Per usual, sale activity for cherry orchards was very limited in 2019. The few known transactions in the Northern San Joaquin Valley involved older orchards and did not indicate any significant change in values. There have been various listings of cherry properties in the Stockton-Linden and Lodi areas over the past year, but many have been on the market for an extended period, and buyer interest appears to be limited due to the current market outlook.

Wine Grapes

The 2019 grape growing season was average, although harvest was slightly later this year and more drawn out than usual. Fortunately, the weather held out and those who had contracted grapes were able to harvest. Inversely, many of the uncontracted vineyards were not harvested and wineries that typically would take excess fruit did not accept deliveries. In general, the crop size was just slightly down from the bumper crop of 2018. Demand for grapes continues to be sluggish and the overall outlook for the industry is pessimistic (in a down cycle). Growers are having a hard time getting profitable grape pricing and contracts for existing vineyards (even high-quality vineyards) and pre-plant contracts are almost non-existent. Given the large supply of bulk wine in the market, future pricing for grapes is expected to remain static, while cultural and labor costs continue to rise.

There has been a slight increase in vineyard listings in the local market, especially following grape harvest, but many of these properties continue to be older plantings or vineyards with less desirable varieties. There were almost no sales of good-quality vineyards in desirable growing areas in 2019. Most vineyard sales occurred in outlying areas and reflect the middle to low end of the market, but do not necessarily indicate a decline. The general sentiment from market participants is that land values are softening, but there have not yet been enough good-quality sales to quantify the extent of this impact.

Rangeland

Sale activity was very limited in 2019 for rangeland, which is typical. A few sales occurred, primarily in Mariposa County, and indicate a stable trend. Typical rangeland buyers are cattlemen; however, some investors have entered the market, and purchased properties for cash. Despite optimism in the beef cattle market for 2020, prices have been low over the past four years. Prices paid for rangeland in this area do not result in profits for raising cattle; however, cattlemen are motivated to purchase land despite inability to turn a profit due to rising rents, a decreased supply of pasture, and for longer-term investments.

Essentially no sales of rangeland in the south and west portion of the region have occurred in the past few years, except for sales of large tracts of cropland with a portion of dry pasture. The value of west-side rangeland is stable as the utility for this land remains minimal, due to limited water availability. Rangeland in the eastern and northern portions of the region represents the upper end of the value range due to higher rainfall and closer proximity to populated areas. Smaller parcels purchased primarily for home sites were not included in the indicated range. Rangeland values are primarily influenced by size, location and topography, with prices having a strong inverse relationship with property sizes: as size increases, prices per acre decrease. This contrasts with the recent cropland and nut crop market, which has not been significantly affected by size in recent years, and, in some cases, has seen a premium for larger parcels. Values are also influenced by conservation easements, which can potentially impact the utility, and in turn value, of rangeland properties.

North and east side rangeland leases have increased over the past few years, due to high demand and a decreased supply of rangeland and irrigated pasture. Annual rental rates range from $25 to $45 per acre, while south and west side annual rental rates define the lower end at $10 to $25 per acre.

Sales of rangeland with permanent planting potential are limited to San Joaquin County and southern Sacramento County, due to a temporary moratorium on new well development in eastern Stanislaus and Merced counties. For non-district land with no wells already permitted or developed, the ordinances have rendered the land unable to support permanent plantings, essentially eliminating this category of land. For these areas, GSPs will be due in January 2022, when GSAs will govern new well development. For properties in eastern San Joaquin and Sacramento counties, GSP drafts, submitted in January 2020 do not restrict new well development. Sale activity remains very limited in this category. Traditionally, the upper end of the range is defined by smaller parcels with more gentle topography, while the lower end of the range is defined by larger parcels with more rolling or steep topography and moderate to significant non-plantable acreage.

Cropland

In the north portion of Region 3, cropland is separated into three geographical submarkets. The lower end of the range continues to be defined by Delta land (islands and bordering cropland). The range in values for Delta land continues to widen, with the upper end of the range still showing an increasing trend in 2019. The strongest demand has been for bordering cropland in the Stockton Delta, most notably Roberts Island, where permanent planting adaptability is highest. The lowest values continue to be seen farther west within the Delta islands, where the water table levels are higher, elevations are lower and permanent planting adaptability is the most speculative.

The middle submarket is primarily land located within Northern San Joaquin County. More specifically, permanent planting adaptable cropland or pasture north and east of Lodi. The primary source of water in these areas is pump and well. District water has historically not been a reliable source, and the highest sales have been for properties with multiple sources of water located closer to Lodi and Stockton. Cropland values in this submarket were fairly stable in 2019, with no notable changes in market demand or activity.

The premium submarket for cropland continues to be the Lodi region. The range in values widened slightly in 2019, but this was mainly due to sales of cropland on the more desirable West side (between Lodi and the Delta). Properties are more closely held in this area and there have been very limited transactions over the past few years. However, the sales that did occur this year indicate that open land values in Lodi are stable, despite softening in some of the primary permanent planting markets.

While water continues to define value for cropland in the central and southern portions of Region 3, uncertainty about future water availability plagues the market. Land located in districts with strong water rights, low water costs and the best delivery histories (east side districts) command the highest price. However, many farmers continue to fear for the availability of adequate surface water in the future due to actions by the State Water Resources Control Board to limit surface water supplies to the districts. Properties that are solely reliant on pump and well or are located within Federal west-side irrigation districts define the lower end of the range in value. Within this category, the upper end of the range is set by east-side and northern west-side properties with adequate groundwater supplies, while the lower end of the range is set by the southern west-side properties. Eastern Merced and Stanislaus counties are in the Modesto and Turlock sub-basins, whose GSPs are not due until 2022. The western portions of these counties are located within the Delta-Mendota sub-basin, for which a GSP was due in January 2020. While this GSP involves monitoring and likely reducing groundwater pumping, it also calls for GSA input on new well development. Apart from limited sale activity for properties primarily reliant on pump and well water, little impact on the market due to this legislation has been experienced so far.

Generally, cropland leases in Region 3 are on the rise due to a decreased supply caused by rampant development of permanent plantings over the past decade. Furthermore, increased land values command higher rents from landlords in order to turn a profit. For fertile farmland with reliable irrigation sources, annual rents typically range from \$300 to \$600 per acre. Sweet potato leases in the sandy soil area of northern Merced Irrigation District and southern Turlock Irrigation District still bracket the upper end of the range for cropland leases. These rental rates are softening, though previously negotiated leases can range from \$800 to \$1,000 per acre per year. West-side properties with marginal soil quality and water availability bracket the lower end of the range, though lease rates can also vary significantly, as they are dependent on highly variable water clauses.

Dairy

2019 sale activity for dairy facilities in Region 3 increased slightly from the previous year including sales of fair to average quality facilities, as well as several substandard facilities that sold with no contributory value.

The U.S. market continued to see increased milk supplies in 2019 due to retaliatory tariffs from China, even though Mexico lifted tariffs on U.S. dairy products after signing the United States Mexico Canada Agreement (USMCA). Decreased demand for whey products used in hog feed after a severe African Swine Fever outbreak complicated matters with China.

Another major industry change was California's adoption of a Federal Milk Marketing Order (FMMO) on November 1, 2018. The FMMO did not change the underlying market factors that determine the value of milk produced in California, but did push the regulated price slightly higher, and added safety nets that allow milk to be paid based on class prices if supply exceeds demand. The Statistical Uniform Price (SUP) from May through November 2019 was near or above $17 per-cwt, as the underlying component price for protein was strong.

Since adoption of the FMMO, the California quota system faces uncertainty as it moves to a self-funded model, which has frustrated non-quota producers. Nevertheless, successful dairies continue to trend toward efficient, well managed, and diversified operations with a large land base. Region 3 experienced fewer herd dispersals in 2019 than 2018.

Demand for larger, more modern dairy facilities is limited, but present as evidenced by a slight increase in sale activity for 2019. Four sales occurred between Merced and Stanislaus Counties that ranged between 675 and 1,900 permitted milk cows. These sales offered a mix of facilities with fair-to-good condition and utility that were met with market acceptance by area dairymen who were looking to either establish, expand, or invest. Said facilities ranged from $1,481 to nearly $2,400-per-milk cow, not including the land value.

Remaining sales in Region 3 ranged from $700 to $1,100-per-milk cow for smaller substandard facilities. These sales were primarily purchased as rented facilities with existing leases by neighboring dairy operators looking to expand or as feedlot facilities. Demand for older or marginal dairies is weak at best, with most of these types of facilities being purchased for conversion to other agricultural uses, primarily permanent plantings.

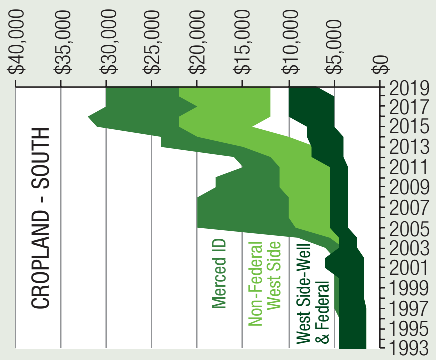
Dairymen continue to face competition from permanent planting developers, as the amount of acreage available for hay and forage production has dramatically decreased over the past decade. This is in part why land values have remained stable in areas with adequate surface water supplies in the face of the 2014 SGMA legislation. At the same time, demand for permanent plantings has offered dairymen an option for diversification. Larger dairies in the region remain stable and continue to drive their own profitability by consolidating smaller dairies. Current trends are expected to continue through most of 2020.

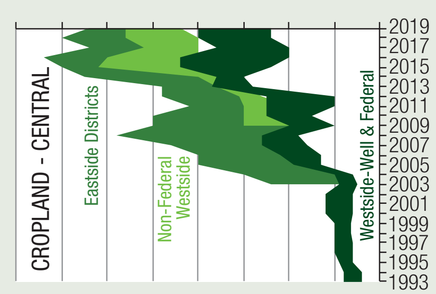
VALUES: LAND AND LEASE

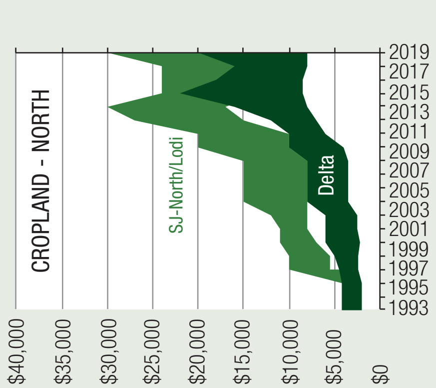
LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
Almonds – Irrigation Districts	$25,000 - $40,000	Moderate	Moderate	Stable	20% - 30%
Almonds – Federal Districts or Well Water Only	$15,000 - $32,000	Limited	Limited	Stable	20% - 30%
Walnuts	$25,000 - $40,000	Moderate	Limited	Stable	20% - 30%
Cherries	$27,000 - $36,000	Limited	Very Limited	Stable-Sl. Decreasing	25% - 30%
Wine Grapes – Districts 6, 10, & 11	$22,000 - $35,000	Limited	Moderate	Stable-Sl. Decreasing	15% - 30%
Rangeland – Permanent Planting Potential	$4,000 - $9,000	Limited	Very Limited	Stable	N/A - N/A
Rangeland – Grazing Only	$600 - $3,000	Moderate	Limited	Stable	$10 - $45
CROPLAND NORTH: NORTH SAN JOAQUIN, CONTRA COSTA, SACRAMENTO COUNTIES					
N. San Joaquin Co (Well Water, SEWD, CSJWCD)	$12,000 - $22,000	Moderate	Limited	Stable	$300 - $450
Lodi Region (Well Water and Woodbridge ID)	$18,000 - $30,000	Moderate	Very Limited	Stable	$350 - $450
Delta (Various Small Districts & Well Water)	$8,000 - $20,000	Strong	Active	Sl. Increasing	$250 - $450
CROPLAND CENTRAL: SOUTH SAN JOAQUIN, STANISLAUS COUNTIES					
Eastside Districts (SSJID, OID,MID, TID)	$24,000 - $32,000	Strong	Moderate	Stable	$300 - $600
Westside Non-Federal Districts (inc. Gustine)	$22,000 - $28,000	Strong	Moderate	Sl. Increasing	$300 - $400
Federal Districts and/or Well Water	$12,000 - $20,000	Moderate	Limited	Stable	$150 - $300
CROPLAND SOUTH: MERCED COUNTY					
Merced ID	$16,000 - $30,000	Moderate-Strong	Moderate	Stable	$250 - $800
Well Water, Westside Non-Federal, Class II MID & CWD	$12,000 - $22,000	Moderate-Limited	Moderate	Moderate	$200 - $400
Federal Districts and/or Well	$7,000 - $10,000	Limited	Limited	Stable	$125 - $200
DAIRIES: MERCED, STANISLAUS & SAN JOAQUIN COUNTIES					
Dairies (per lactating cow-w/o underlying land)	$700 - $2,400	Limited	Limited	Stable-Sl. Decreasing	$14 - $18

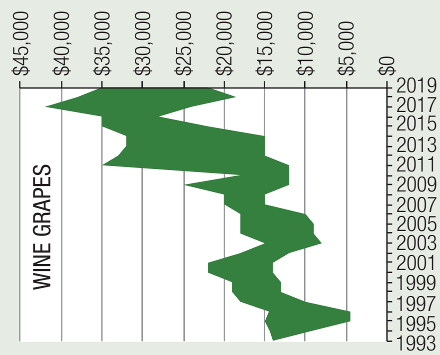
HISTORICAL VALUE RANGE per acre

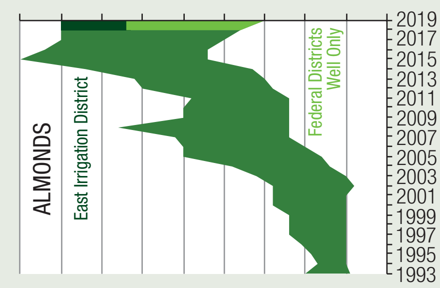
LAND USE	ALMONDS	RANGELAND GRAZING ONLY	WALNUTS	WINE GRAPES	CHERRIES
SAN JOAQUIN, STANISLAUS & MERCED COUNTIES					
2019	$15,000 - $40,000	$600 - $3,000	$25,000 - $40,000	$22,000 - $35,000	$27,000 - $36,000
2018	$18,000 - $40,000	$600 - $3,000	$25,000 - $42,000	$18,500 - $38,000	$27,000 - $36,000
2017	$20,000 - $40,000	$600 - $3,000	$20,000 - $35,000	$24,000 - $42,000	$28,000 - $36,000
2016	$22,000 - $42,000	$600 - $3,000	$23,000 - $35,000	$28,000 - $35,000	$30,500 - $36,000
2015	$22,000 - $45,000	$500 - $3,500	$22,000 - $40,000	$22,000 - $35,000	$30,500 - $36,000
2014	$16,500 - $37,000	$500 - $3,300	$20,000 - $40,000	$15,000 - $32,000	$32,000 - $36,000
2013	$15,000 - $31,000	$500 - $3,300	$15,000 - $31,000	$15,000 - $32,000	$25,000 - $38,000
LAND USE	N. SAN JOAQUIN CO (SEWD, CSJWCD & WELL H20)	LODI REGION (Woodbridge ID & WELL H20)	DELTA LANDS (Small Districts & Well H20)		
CROPLAND: NORTH					
2019	$12,000 - $22,000	$18,000 - $30,000	$8,000 - $20,000		
2018	$11,000 - $21,500	$18,000 - $24,000	$8,000 - $16,000		
2017	$11,500 - $22,000	$18,000 - $24,000	$8,500 - $18,000		
2016	$13,000 - $24,000	$18,000 - $24,000	$8,500 - $22,000		
2015	$17,000 - $30,000	$13,000 - $24,000	$8,000 - $16,000		
2014	$15,000 - $27,000	$10,500 - $17,500	$7,000 - $12,000		
2013	$10,000 - $20,000	$11,000 - $15,000	$6,000 - $10,000		
LAND USE	EAST SIDE DISTRICTS (SSJID, OID, MID, TID)	WESTSIDE NON-FEDERAL DISTRICTS (includes Gustine)	FEDERAL DISTRICTS & WELL WATER		
CROPLAND: CENTRAL					
2019	$24,000 - $32,000	$22,000 - $28,000	$12,000 - $20,000		
2018	$24,000 - $35,000	$20,000 - $28,000	$12,000 - $20,000		
2017	$22,000 - $32,000	$20,000 - $26,000	$10,000 - $18,000		
2016	$22,000 - $37,000	$20,000 - $30,000	$10,000 - $22,000		
2015	$22,000 - $35,000	$20,000 - $31,000	$12,000 - $22,000		
2014	$17,000 - $32,500	$15,000 - $20,000	$15,000 - $18,000		
2013	$14,000 - $24,000	$15,000 - $18,000	$15,000 - $18,500		
LAND USE	MERCED ID	WELL WATER, WESTSIDE NON-FEDERAL, CLASS II MID & CWD	WESTSIDE: FEDERAL DISTRICTS & WELL	DAIRIES per Milk Cow with Equipment	
CROPLAND: SOUTH				MERCED, STANISLAUS & SAN JOAQUIN CO.	
2019	$16,000 - $30,000	$12,000 - $22,000	$7,000 - $10,000	$700 - $2,400	
2018	$14,000 - $30,000	$12,000 - $22,000	$5,000 - $10,000	$500 - $2,300	
2017	$14,000 - $30,000	$12,000 - $20,000	$5,000 - $10,000	$1,100 - $2,400	
2016	$15,000 - $32,000	$12,000 - $22,000	$5,000 - $10,000	$1,200 - $2,400	
2015	$17,000 - $31,000	$14,000 - $22,000	$5,000 - $8,000	$1,200 - $2,400	
2014	$12,000 - $24,000	$10,000 - $20,000	$4,000 - $8,000	$1,200 - $2,400	
2013	$8,000 - $24,000	$7,000 - $15,000	$4,000 - $7,500	$700 - $2,500	

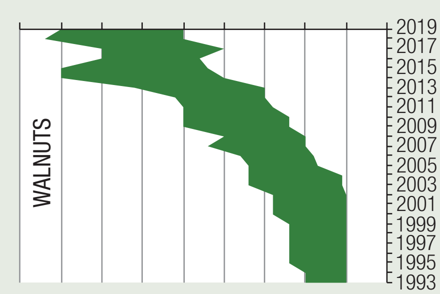

CROPLAND - SOUTH
Merced ID
Non-Federal West Side
West Side-Well & Federal

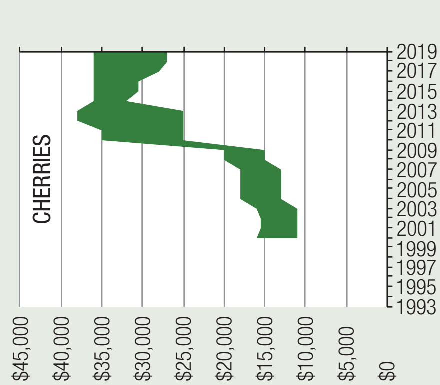

CROPLAND - CENTRAL
Eastside Districts
Non-Federal Westside
Westside-Well & Federal

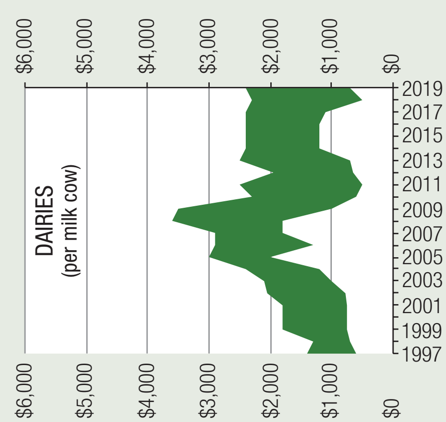

CROPLAND - NORTH
SJ-North/Lodi
Delta

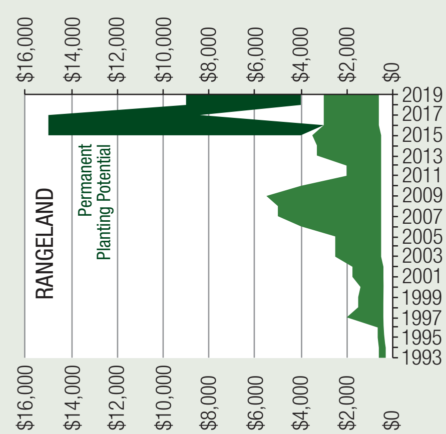

WINE GRAPES


ALMONDS
East Irrigation District
Federal Districts Well Only


WALNUTS


CHERRIES


DAIRIES
(per milk cow)


RANGELAND
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4

CENTRAL SAN JOAQUIN

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4 Central San Joaquin

GENERAL COMMENTS

Demand for agricultural properties in Region 4 remained stable in 2019, with an increased awareness of the Sustainable Groundwater Management Act (SGMA) and its implications for those areas solely reliant upon groundwater. A declining trend in 2017 was noted, correlating with a softening in commodity prices; however, the decline was most notable in regions described as white zones; those areas lacking surface water delivery. Stabilization occurred in 2018 and continued through 2019 with demand remaining strongest for properties with reliable and inexpensive surface water deliveries supplemented by pump and well systems. Market activity for open land and permanent plantings is limited to moderate throughout Fresno and Madera Counties, with strong demand noted in areas with dual water sources. Conversely, limited market activity and extended marketing periods are noted in areas without a surface water supply.

Market activity for dairy facilities continued to be very limited in 2019; however, value trends for dairy facilities appear to have stabilized due to increased milk prices, as well as interest in the underlying land from permanent planting growers.

Rental rate ranges and activity reported for permanent plantings are based on limited data and are reflective of annual terms on mature, producing orchards, vineyards or groves. Permanent planting developments are most often owner operated. Very few leases are available due to strong commodity prices and the higher income potential of these developments. Development leases have become more common in the region, however, these rental terms are not reflective of the rent range reported. Permanent planting rental rates have remained limited with a stable trend. Crop share agreements are most common in the permanent planting rental markets, ranging from 20% to 35% of gross income (developed). Tree fruit orchard and citrus grove lease agreements are more likely to be structured on a cash rental basis ranging from $650 to $850 per acre. Table grape vineyards are almost exclusively owner operated. Land rents indicate limited to moderate activity and reflect annual terms. Long term rental agreements were not reported in this analysis.

Tree Nut Orchards

Market activity among tree nut orchards was limited to moderate in 2019, with a stable value trend. The demand for good quality nut orchards with reliable surface and pumped water supplies has remained stable to strong. The upper end of the reported range is reflective of these good quality orchards in areas with dual water sources. There continues to be a high number of new almond and pistachio orchard developments planted throughout Fresno and Madera Counties, as well as throughout the central San Joaquin Valley.

West side almond sales located in the federal districts indicate substantially softer values as compared to east side properties; however, the value trend has also remained stable in this market. The low end of the value range represents these west side transactions, with prices ranging from $10,000 to $19,000 per acre for mature almond orchards. The lower prices are a direct reflection of water conditions on the westside and the inability to apply marginal ground water without blending it with surface water. The bottom of the west side range reflects orchards lacking a supplemental water source. East side sales indicate stronger prices ranging from $27,000 to $38,000 per acre for almond orchards in Fresno and Madera Counties with two sources of irrigation water. East side sales without a surface water supply indicate a range from $16,000 to $28,000 per acre. The low end of the east side value ranges represents orchards in fair to poor condition and/or older orchards that are near the end of their economic lives.

Market activity for pistachio orchards continued to be limited in 2019 but supports a relatively stable value trend with values ranging from $17,000 to $36,000 per acre. Distinct differences are noted for immature versus mature orchards. West side pistachio developments remain fairly similar to east side orchards, primarily due to the pistachio tree's tolerance of marginal water quality. The low end of the range in Madera County is reflective of older orchards planted on non-resistant rootstocks with very high water costs and often unreliable water supplies. A sizable number of these older orchards remain in Madera County but few exist in Fresno County.

Tree Fruit Orchards

Although the sale activity among tree fruit orchards was limited in Fresno County in 2019, the overall value trend is stable. Most tree fruit orchard properties consist of numerous fruit varieties, some of which are in favor with packers/consumers and others that are not. As such, the demand for tree fruit has historically been influenced more by location and general land characteristics, rather than orchard quality. The low end of the value range typically represents orchards whose tree fruit varieties are not in high demand or are located in secondary tree fruit markets. In most markets, the low end of the range tends to parallel open land value as buyers typically redevelop the orchards to new tree fruit varieties or other permanent plantings. The tree fruit industry has been consolidated into the control of a few large entities. Many smaller operations have sold their orchards to these larger, vertically integrated entities.

Citrus

Sales of citrus groves in Fresno County were moderate in 2019 with a slightly increasing value trend. Demand remains strongest for specialty citrus crops including Mandarins, Clementines and/or Blood varieties. A significant increase in Mandarin acreage has been noted over the past several years. Navels and lemon varieties have also experienced an increase in bearing acreage with declines noted in Valencias. The low end of the range is characteristic of older groves with inferior varieties, indicating values generally consistent with open land. Most buyers of these older groves will continue to farm them for the short term and redevelop the land to newer, more desirable citrus varieties in the near future.

Vineyards

The majority of the vineyard activity involved traditional raisin producing vineyards in Fresno and Madera Counties, with most of the sales occurring in Fresno County. Despite generally stronger pricing in more recent years, the majority of these vineyards continue to be purchased for redevelopment to other permanent plantings with a higher income potential, and vineyard values are generally consistent with or only slightly above open land values. The value trend for raisin grape vineyards has remained stable over the last year with a range of $26,000 to $35,000 per acre for vineyards with two sources of irrigation water. The high end of the value range is representative of vineyards with strong yields and/or location within prime water districts with supplemental water sources.

Wine grape vineyard sale activity was moderate in 2019 with an overall stable value trend ranging from $26,000 to $32,000 per acre. The market indicates little to no value for wine grape vineyards with most vineyards, as most mirror land values. Demand remains driven by good quality soils and water conditions for redevelopment to nut crops. Commodity prices for wine grape varieties continue to be soft due to an oversupply and decreased demand for wine grapes, with many growers struggling to find good prices or buyers for uncontracted vineyards.

Table grape vineyard sales were also limited in 2019, with a range of $26,000 to $35,000 per acre. The low end of the value range is consistent with raisin and wine grape vineyards, reflecting land value. The top end of the range is characterized by good quality table grapes with modern trellising and desirable varieties. Limited market data is available for these good quality developments; however, the top of the range tends to be higher when compared to raisin and/or wine grape vineyards.

Market demand and market activity for vineyard properties without a surface water supply remained limited for 2019, with a declining value trend ranging from $14,000 to $23,000 per acre. The decline in value for vineyards without a surface water supply is reflective of the overall softening in land values in white zones due to SGMA.

Cropland

The market activity for cropland in all markets in Fresno and Madera counties ranged from limited to strong, with primarily stable value trends observed. In the US Bureau of Reclamation (Federal District) markets on the westside of Fresno County, a stable value trend is noted with values ranging between $5,500 and $8,500 per acre. Open land lacking a supplemental water source and/or poor soils and drainage conditions reflect the lower end of the range ($5,500 to $7,000 per acre), while those properties with supplemental wells, good quality soils and favorable drainage conditions are reflective of the upper end of the range ($7,000 to $8,500 per acre). Sale activity was driven by buyers who intend to develop the properties to permanent plantings, mostly pistachio and almond orchards.

Activity in the Exchange Contractor districts of Western Fresno and Madera Counties was limited in 2019, but the few data points suggested a stable value trend. Land in these markets tends to be tightly held by multi-generational farming families who recognize the benefit of the reliable and inexpensive water supplies these districts enjoy. Buyers in these markets tend to be neighboring landowners expanding their operations. The Exchange Contractor districts provide water stability lacking in the USBR districts.

Market activity of Fresno County cropland with surface water delivery was moderate in 2019, with a stable to increasing value trend. The range of values observed is wide, from $11,000 to $32,000 per acre. The low end of the range is represented by cropland properties toward the west end of the county, where soil and drainage conditions are less desirable, especially as they relate to permanent planting development. The high end of the range is prevalent in markets where competition among buyers is higher and soil, water, and drainage conditions are good. The single most determining factor for land value is water source. Irrigated field cropland with both surface water deliveries and good-quality well water retain the strongest demand and value.

Activity for Fresno County cropland with well water as its sole water supply remained limited in 2019, with a stable value trend ranging from $8,000 to $16,000 per acre. Like other markets, values are dictated by soil conditions and water supplies. Demand for properties dependent upon pumped ground water remains limited. Brokers and market participants are becoming more cognizant of water sources with consideration given to imminent pumping regulations due to SGMA and the availability of surface water deliveries, which has negatively affected this market.

Activity for cropland in Madera County was also described as limited in 2019; however, the trend has remained stable for those properties within irrigation districts. Properties solely reliant upon well water reflect a stable value trend with limited demand, similar to Fresno County. Most activity and demand in the market is derived from buyers motivated to develop permanent plantings. This trend has been observed in the market over the past several years and continues to be the driving force.

District water deliveries on the eastside of Fresno and Madera Counties are becoming more vital due to pending SGMA regulation. Properties with two sources of water have experienced the greatest demand and strongest values in 2019. This trend is expected to continue as SGMA takes effect in 2020.

Rangeland

Market activity for rangeland properties on the westside and eastside of Fresno County and eastern Madera County was limited in 2019 with very few recent transactions. Market demand remained stable for eastside properties, with a slightly increasing value range reported between $900 and $2,500 per acre. The high end of the range in the eastside market is reflective of good quality rangeland with moderate topography, reliable stock water sources and working corrals. Smaller parcels with strong rural home site influences have been noted above the reported value trend range, however are not considered reflective of production agriculture. Westside rangeland sales were limited in 2019, supporting a stable value range falling between $300 and $1,000 per acre.

4

Dairy Industry

Market activity for dairy facilities continued to be very limited in 2019; however, market demand and value trends for dairies appear to have stabilized due to increased milk prices. Additionally, dairy facility values are often supported by interest in the underlying land from permanent planting growers, especially in areas with two sources of irrigation water and/or with good permanent planting development potential. Most sales of smaller facilities in the valley continue to be purchased mainly for the underlying land. The facilities on these dairies were either abandoned or removed after the close of escrow. Larger dairies continue to be purchased primarily by dairymen; however, there is still interest in these larger dairies and associated land from permanent planting developers.

There have been several dairies liquidated over the last few years, with the older and less efficient facilities being impacted the most. This was primarily the result of an extended period of low prices paid to dairy producers, higher costs for feed, and restrictive environmental regulations. Larger dairy operations have been better positioned to weather the challenges facing the dairy industry and, therefore, have received the greatest market demand from buyers in the marketplace. The amount of support land is also another primary factor affecting dairy values, as a considerable amount of support land is needed to grow forage crops and accommodate waste management.


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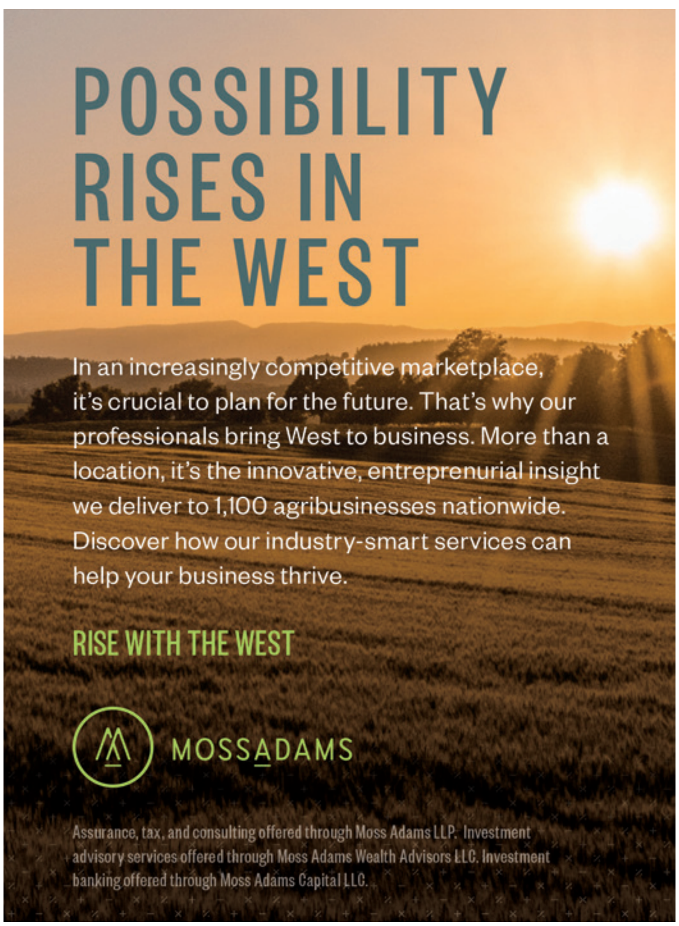
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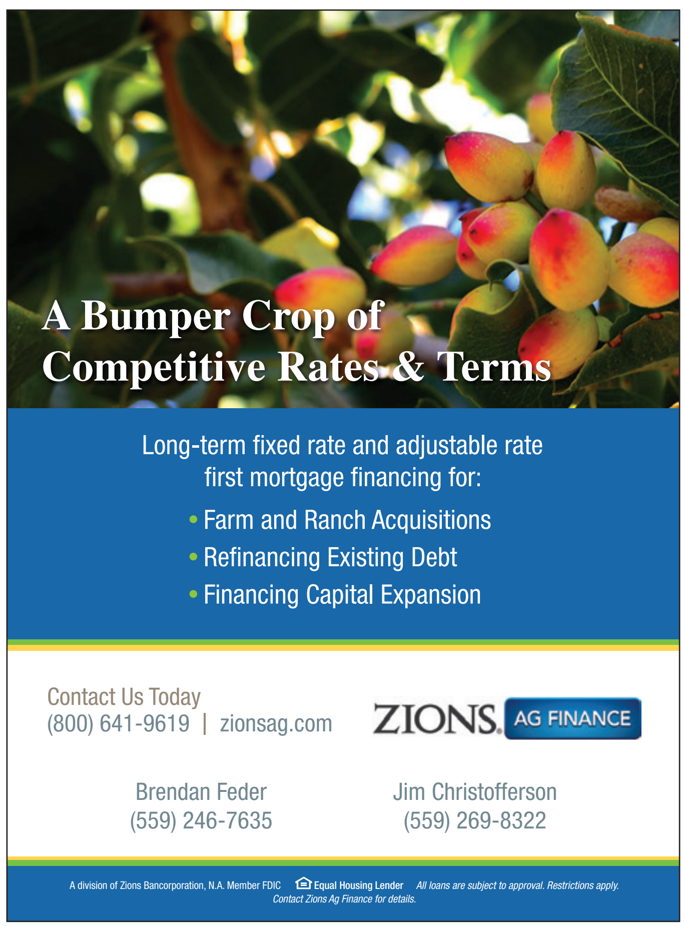
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VALUES: LAND AND LEASE

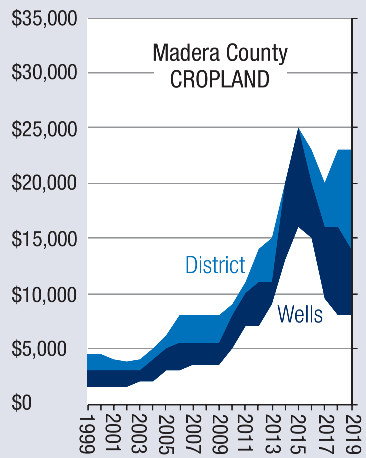
LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
PERMANENT PLANTINGS					
Almonds (Eastside - Distric Water)	$27,000 - $38,000	Strong	Moderate	Stable	25% - 35%
Almonds (Eastside - No Distric Water)	$16,000 - $28,000	Limited	Moderate	Decline	25% - 35%
Almonds: Westside	$10,000 - $19,000	Stable	Limited	Stable	25% - 35%
Pistachios	$17,000 - $36,000	Stable	Limited	Stable	25% - 30%
Tree Fruit	$22,000 - $32,000	Strong	Limited	Stable	$650 - $850
Citrus	$22,000 - $38,000	Strong	Moderate	Sl. Increasing	$650 - $850
Raisin Grapes	$26,000 - $35,000	Stable	Moderate	Stable	20%
Table Grapes	$26,000 - $35,000	Stable	Limited	Stable	N/A
Wine Grapes	$26,000 - $32,000	Stable	Moderate	Stable	N/A
Vineyards (No District Water)	$14,000 - $23,000	Limited	Limited	Decline	20%
CROPLAND					
Fresno County (USBR-West)	$5,500 - $8,500	Stable	Strong	Stable	$175 - $350
Fresno County (Exchange Contractor Districts)	$10,000 - $20,000	Stable	Limited	Stable	$250 - $450
Fresno County (Districts)	$11,000 - $32,000	Stable-Strong	Moderate	Stable-Increasing	$200 - $400
Fresno County (Well Water, No District)	$8,000 - $16,000	Limited	Limited	Stable	$200 - $400
Madera County (District)	$16,000 - $23,000	Stable	Limited	Stable	$200 - $350
Madera County (Well Water, No District)	$8,000 - $14,000	Limited	Limited	Stable	$200 - $350
RANGELAND					
Westside	$300 - $1,000	Stable	Limited	Stable	$5 - $15
Eastside	$900 - $2,500	Stable	Limited	Stable	$15 - $30
DAIRIES: FRESNO & MADERA COUNTIES					
Newer (per lactating cow-w/o underlying land)	$1,400 - $2,400	Stable	Very Limited	Stable	$10 - $20
Older (per lactating cow-w/o underlying land)	$700 - $1,400	Stable	Very Limited	Stable	$5 - $15

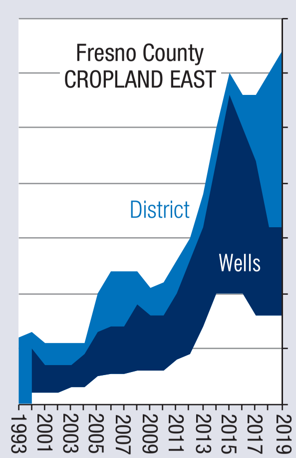
HISTORICAL VALUE RANGE per acre

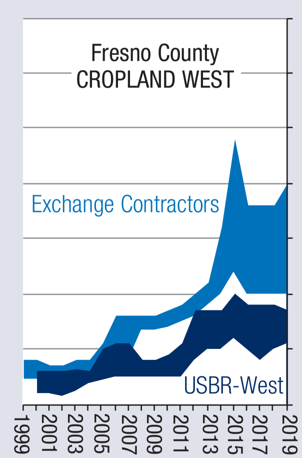
LAND USE	ALMONDS - WEST SIDE	ALMONDS - EAST SIDE	PISTACHIOS	TREE FRUIT	CITRUS	RAISIN GRAPES	TABLE GRAPES	WINE GRAPES
FRESNO & MADERA COUNTIES								
2019	$10,000 - $19,000	$16,000 - $38,000	$17,000 - $36,000	$22,000 - $32,000	$22,000 - $38,000	$26,000 - $35,000	$26,000 - $35,000	$26,000 - $32,000
2018	$10,000 - $18,000	$20,000 - $37,000	$17,000 - $36,000	$22,000 - $32,000	$20,000 - $32,000	$18,000 - $30,000	$18,000 - $33,000	$18,000 - $28,000
2017	$11,000 - $17,500	$22,000 - $37,000	$17,000 - $36,000	$18,000 - $30,000	$17,000 - $32,000	$20,000 - $30,000	$20,000 - $30,000	$20,000 - $28,000
2016	$9,000 - $15,000	$20,000 - $38,000	$20,000 - $36,000	$18,000 - $30,000	$15,000 - $30,000	$20,000 - $32,000	$20,000 - $32,000	$20,000 - $32,000
2015	$13,000 - $--	$-- - $42,000	$18,000 - $40,000	$18,000 - $30,000	$15,000 - $30,000	$20,000 - $33,000	$20,000 - $30,000	$20,000 - $30,000
2014	$14,000 - $--	$-- - $36,000	$15,000 - $40,000	$16,000 - $28,000	$12,000 - $20,000	$18,000 - $30,000	$18,000 - $25,000	$18,000 - $28,000
2013	$15,000 - $--	$-- - $28,000	$15,000 - $33,000	$12,000 - $25,000	$12,000 - $20,000	$12,000 - $23,000	$12,000 - $20,000	$13,000 - $24,000

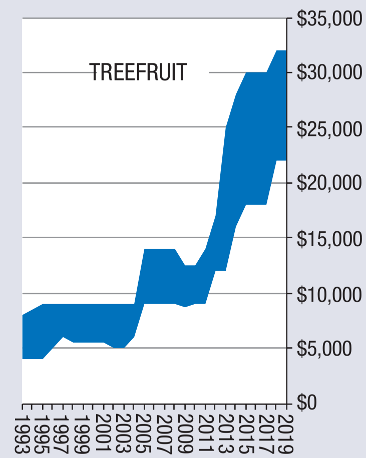
LAND USE	CROPLAND USBR-WEST	CROPLAND EXCHANGE CONTRACTORS	CROPLAND DISTRICT WATER	CROPLAND WELL WATER	CROPLAND MADERA DISTRICTS	CROPLAND WELL WATER
FRESNO COUNTY					MADERA COUNTY	
2019	$5,500 - $8,500	$10,000 - $20,000	$11,000 - $32,000	$8,000 - $16,000	$16,000 - $23,000	$8,000 - $14,000
2018	$5,000 - $9,000	$10,000 - $18,000	$12,000 - $30,000	$8,000 - $16,000	$16,000 - $23,000	$8,000 - $16,000
2017	$4,000 - $9,000	$10,000 - $18,000	$11,000 - $28,000	$8,000 - $22,000	$16,000 - $20,000	$9,500 - $16,000
2016	$5,000 - $9,000	$10,000 - $18,000	$10,000 - $28,000	$10,000 - $25,000	$18,000 - $23,000	$15,000 - $20,000
2015	$6,000 - $10,000	$12,000 - $24,000	$10,000 - $30,000	$10,000 - $28,000	$18,000 - $25,000	$16,000 - $25,000
2014	$5,000 - $8,500	$10,000 - $16,000	$10,000 - $25,000	$10,000 - $22,000	$16,000 - $20,000	$13,000 - $20,000
2013	$5,000 - $8,500	$9,000 - $11,000	$7,500 - $19,000	$7,000 - $16,000	$11,000 - $15,000	$9,000 - $11,000

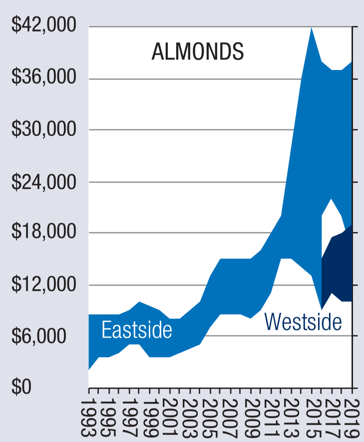
LAND USE	RANGELAND WEST SIDE	RANGELAND EAST SIDE	DAIRIES NEWER	DAIRIES OLDER
FRESNO & MADERA COUNTIES				
2019	$300 - $1,000	$900 - $2,500	$1,400 - $2,400	$700 - $1,400
2018	$250 - $1,000	$750 - $2,500	$1,400 - $2,400	$700 - $1,400
2017	$250 - $750	$750 - $2,500	$1,400 - $2,400	$700 - $1,400
2016	$250 - $750	$600 - $3,000	$1,400 - $2,600	$700 - $1,400
2015	$250 - $750	$600 - $3,000	$1,400 - $2,600	$700 - $1,400
2014	$250 - $750	$600 - $3,000	$1,400 - $2,600	$700 - $1,400
2013	$250 - $750	$600 - $3,000	$1,200 - $2,400	$500 - $1,200


Madera County
CROPLAND
District
Wells
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


Fresno County
CROPLAND EAST
District
Wells
1993
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


Fresno County
CROPLAND WEST
Exchange Contractors
USBR-West
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


TREEFRUIT
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


ALMONDS
Eastside
Westside
$42,000
$36,000
$30,000
$24,000
$18,000
$12,000
$6,000
$0
1993
1995
1997
1999
2001
2003
2005
2007
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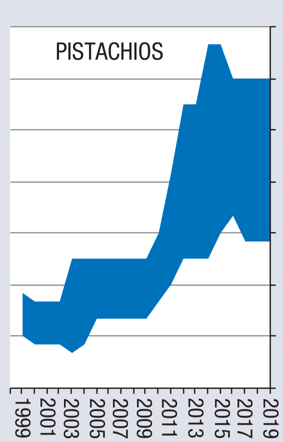
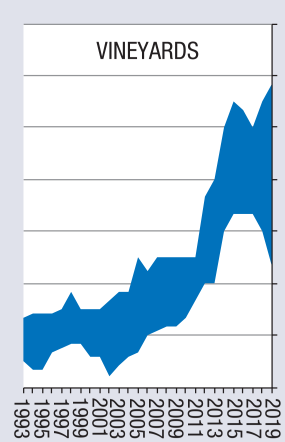
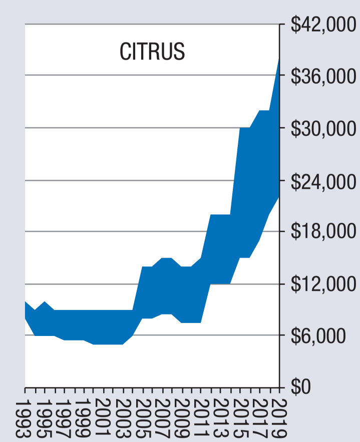
2011
2013
2015
2017
2019


PISTACHIOS
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


VINEYARDS
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


CITRUS
$42,000
$36,000
$30,000
$24,000
$18,000
$12,000
$6,000
$0
1993
1995
1997
1999
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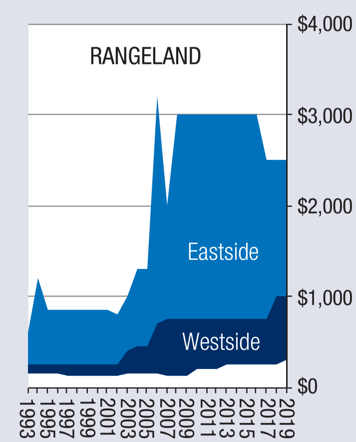
RANGELAND
Eastside
Westside
$4,000
$3,000
$2,000
$1,000
$0
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


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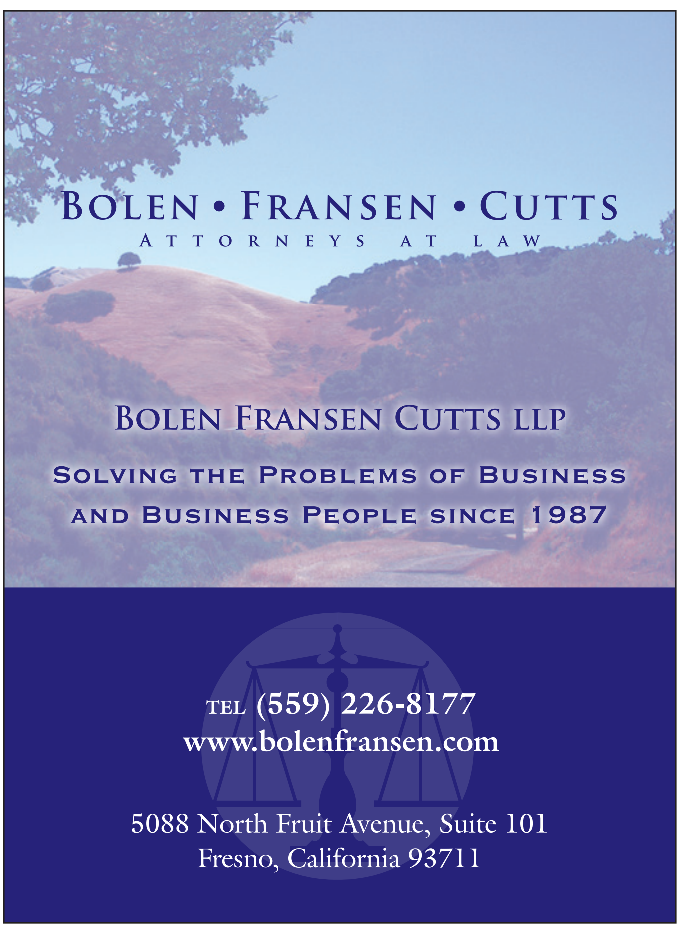
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5

SOUTHERN SAN JOAQUIN

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KERN KINGS TULARE

5 Southern San Joaquin

OVERVIEW

Almonds – All

While overall almond commodity prices were weaker to start 2019, the last quarter of the year showed stronger prices as trade issues became clearer. As a result, commitments for shipments declined in the first three quarters, but then strengthened in the fourth quarter due to pent-up demand and strong prices. This in turn created stability and increased demand in the orchard market. The movement of orchards is steady and values have stabilized. Almond orchards are generally selling in a range of $24,000 to $32,000 per acre in Kern County. Some higher sales were reported in Tulare and Kings County of up to $36,000 per acre. Good quality orchards define the high end of the range, selling from $30,000 to $36,000 per acre. Older orchards with limited economic life define the low end of the value range. There are buyers actively in the market but very limited sellers. Buyers are searching for younger orchards, aged 4 to 10 years, with multiple sources of water.

Table Grapes – All

Sales of table grape vineyards were very limited in 2019, as is typical. The value range of $22,000 to $36,000 per acre for economic vineyards was measured at the lower end by recent sales and at the upper end by one early-year sale of a younger vineyard with newer varieties. The wide range is due to the economic viability of the vineyards. There are very limited buyers actively in the market and limited sellers of newer variety vineyards. Older vineyards with out-of-favor varietals range from land value to $22,000 per acre.

The table grape industry had another disastrous year in 2019. Operators indicate some differences in opinion as to the major factors affecting the industry but the two that are most often mentioned are over-production and trade tariffs. While the long term effects of the table grape market shocks in 2019 are difficult to forecast, there is a consensus that there will be significantly fewer growers in the coming years, perhaps as soon as 2020. As a result of over production, tariffs, and the overlapping markets of Mexico, the Coachella Valley, and the San Joaquin Valley, the commodity prices for most table grapes is less than the cost of production. Previous analysis of the profitability of table grape operations is no longer relevant and many vineyards would only sell for open ground value if placed on the market today.

Citrus – All

Demand for citrus plantings is limited with sales of citrus groves in Tulare and Kern counties ranging from $15,000 to $40,000 per acre in 2019. The high end of the range reflects sales in Kern and Tulare Counties of good-quality groves with newer Navel and Mandarin varieties. The low end of the range reflects sales primarily in the Terra Bella-Ducor area of southern Tulare County and the McFarland area of northern Kern County. Values in the Wheeler Ridge-Maricopa area in southern Kern County would fall near the upper end of the range but sales in that area rarely occur.

Tree Fruit – All

Sales of tree fruit orchards continue to be primarily limited to existing grower/packers. While a good portion of the tree fruit orchard sales continue to be purchased primarily for the underlying ground, good quality orchards developed with young, acceptable varieties are beginning to show contributory value. This indicates that supply and demand are back in balance, allowing for better returns and a slightly more optimistic future. The bulk of tree fruit sales continue to be concentrated in Fresno County, northern Kings County, and near the Fresno-Tulare County line, with limited sales reported in central or southern Tulare County.

Walnuts – All

Walnut prices dropped in 2019 similar to other nut crops, but walnuts were affected by trade tariffs to a much greater degree. Sales of walnut properties were very limited, and the value range contracted at both ends from the prior year to a 2019 range of $21,000 to $30,000 per acre in Tulare County.

Pistachios – All

California's Fall 2018 pistachio crop came in as the largest on record, while the year's average commodity price improved significantly from low prices experienced the prior two years, leading to record profitability for pistachio growers coming into 2019. As a result, there were only a few good quality orchards for sale in areas with dependable subsurface water; however, demand for these orchards is strong. Due to competition from other nut crops for good soils with good water sources and the pistachio tree's better ability to handle stressful conditions, pistachio orchards are consistently being planted on marginal soil that often has marginal water supplies. Sales of pistachio properties were very limited, ranging from $30,000 to $41,000 per acre. Large and small blocks of pistachios in White Land areas (areas with no surface water rights or delivery) are receiving less buyer activity.

Rental Data on Permanent Crops

In Region 5, rental data for open ground is relatively common, but the leasing of permanent crops is rare. In some cases there is not enough data to provide even an educated guess at lease terms. Where there is seemingly more data, many of the leases are between family members or the terms are held confidential by investment holders. This has resulted in most, if not all, of the crop share data for permanent crops remaining unchanged over the past few years, as new data is seldom uncovered. On the occasion that new data is found, it has been incorporated into our understanding of the limited market and reflected in the accompanying table. From this occasional crop share data of permanent crops, we have attempted to estimate cash equivalent rents, without providing for a lower return on cash rents due to less risk to the landlord. These crop share and cash equivalent rents are made under the assumption that the landlord both owns the ground and developed the permanent planting. Often, land is leased for 15 to 20 years, and the tenant develops the permanent plantings; therefore, the landlord would not receive the full crop share or cash rent equivalents reflected in the data provided.

KERN COUNTY

Cropland – All Areas

California has implemented the Sustainable Groundwater Management Act (SGMA), establishing a framework for sustainable, local groundwater management. SGMA requires groundwater-dependent regions to halt overdraft and bring basins into balanced levels of pumping and recharge. Upon passage of SGMA, DWR launched the Sustainable Groundwater Management Program to implement the law and provide ongoing support to local agencies around the state.

Region 5 is classified by SGMA as being located in High Priority Basins (Critically Overdrafted). This is not unique for the San Joaquin Valley, as most basins south of the Delta are similarly classified.

The Kern County Basin (5-22.14) is ranked 11th out of 21 High Priority Basins. Impact consists of subsidence, overdraft, and water quality degradation.

Buyers are well versed and, for the most part, understand SGMA's implications thus are making decisions on best information provided by local basin managers and experts. Sellers are understanding the implications of SGMA and the longer terms effects on water use and the relationship to value.

Open cropland in water districts that provide above-average surface water delivery and have water banking receive the highest level of interest. On the other end of the spectrum, White Land areas are receiving little to no buyer activity.

Sale activity in 2019 was slow from the previous year in both water districts with less reliable water resources, and in White Land areas. The number of marketed properties actually rose reflecting slowing demand for permanent crop development land in these areas despite higher commodity prices for nut crops. The amount of good-quality water sources available to properties directly equates to how the market views and values the land.

On the other hand, sale activity for land in good-quality water districts in 2019 also slowed from the previous year due to the lack of properties entering the market for sale. These districts have developed water banking programs over the past several years and continue to put forward new and exceptional projects to increase supply, decrease overdraft, and help manage water needs in the future. Properties in such districts that enter the market receive above average consideration.

Rangeland – East

Sale activity for rangeland on the east side of the region was very limited, with a decreasing number of significant transactions. Prices, however, were stable from last year's levels, reflective of stable per-acre rents.

Rangeland – West

Traditionally there is little rangeland sold for grazing purposes on the west side of Kern County. The economics of grazing land in this area do not vary much from one year to the next. There is no home site influence and limited recreational potential. Land values were stable in 2019, with a stable value trend projected going forward.

5

TULARE & KINGS COUNTY

Cropland

Tulare County cropland property values were stable in a range of $13,000 to $31,000 per acre. The highest demand has been for cropland with prime soils and irrigation water from a combination of dependable surface water and ground water sources.

Northern Kings County cropland property values were stable in a range of $20,000 to $24,000 per acre. Cropland values in central Kings County were also stable in a range of $18,000 to $24,000 per acre. Land sales in western Kings County were very limited with two sales indicating values of $5,000-$8,000 per acre. Land sales in southern Kings County were also very limited with two sales indicating values of $12,000-$15,000 per acre.

Tulare and Kings County will both experience groundwater pumping reductions in many areas due to SGMA, adversely impacting land values for properties in White Lands and in districts with limited surface water supplies or banking projects.

The Tulare County Basins (5-22.11 and 5-22.13) are ranked 2nd and 16th out of 21 High Priority Basins. The High Priority rankings are due primarily to overdraft, water quality issues, high nitrates and total dissolved solids (TDS) in areas.

The Kings County Basin (5-22.12) is ranked 15th of 21 High Priority Basins. The High Priority ranking is due primarily to subsidence, overdraft and water quality degradation. Draft Groundwater Sustainability Plans are to be sent to DWR in January 2020 and will be implemented immediately.

Dairy

All dairy facilities were purchased primarily for re-development to permanent plantings. No viable dairy operations were sold during 2019.

The dairy industry continues to contract with little change in the fore-seeable future.

VALUES: LAND AND LEASE

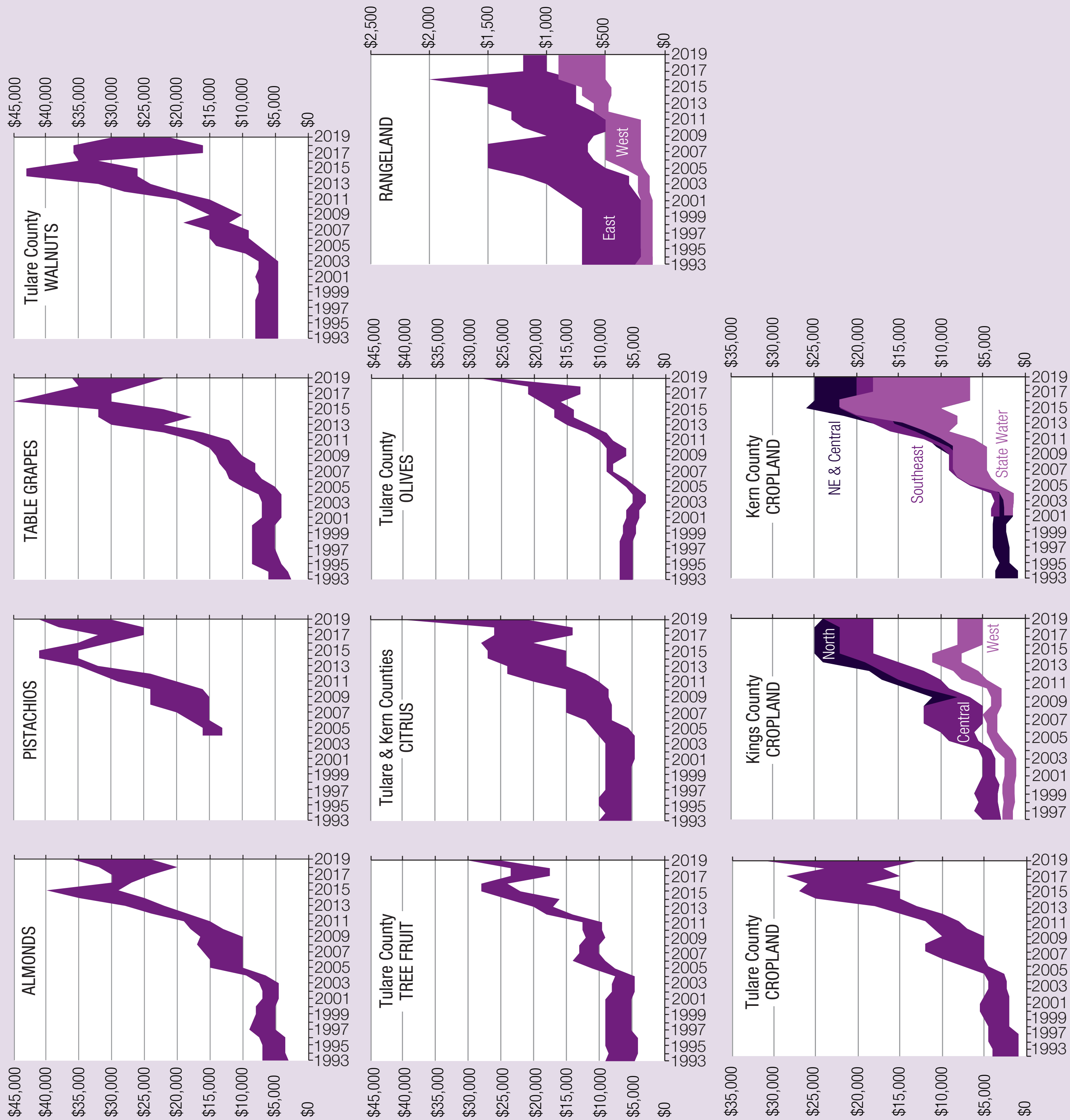
LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
Almonds	$24,000 - $36,000	Strong	Limited	Stable to Sl. Increasing	10% - 20%
Pistachios	$30,000 - $41,000	Strong	Limited	Stable to Sl. Increasing	No Rents
Table Grapes	$22,000 - $36,000	Weak	Limited	Decreasing	$500 - $1,000
Rangeland - East	$1,000 - $1,200	Average	Limited	Stable	$16 - $25
Rangeland - West	$500 - $900	Average	Limited	Stable	$7 - $10
KERN COUNTY					
Cropland - NE & Central	$20,000 - $25,000	Strong	Limited	Stable	$250 - $400
Cropland - Southeast	$18,000 - $20,000	Average	Limited	Stable	$250 - $450
Cropland - State Water	$6,500 - $18,000	Average	Limited	Stable	$200 - $300
Citrus	$22,000 - $26,000	Average	Limited	Stable	No Rents
TULARE COUNTY					
Cropland	$13,000 - $31,000	Strong	Limited	Stable	$200 - $500
Walnuts	$21,000 - $30,000	Average	Limited	Stable	10% - 20%
Citrus	$21,000 - $40,000	Average	Limited	Stable	10% - 20%
Tree Fruit	$25,000 - $30,000	Average	Limited	Increasing	$400 - $800
Olives	$25,000 - $28,000	Average	Limited	Stable	None
KINGS COUNTY					
Cropland - North	$20,000 - $24,000	Average	Limited	Stable	$250 - $400
Cropland - Central	$18,000 - $24,000	Average	Limited	Stable	$250 - $500
Cropland - South	$12,000 - $15,000	Average	Limited	Stable	$175 - $250
Cropland - West	$5,000 - $8,000	Average	Limited	Stable	$175 - $250
KINGS, TULARE & KERN COUNTIES					
Dairies*	All Redevelopment	None	None	None	No Rents

**per lactating cow-w/o underlying land*

HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS	PISTACHIOS	TABLE GRAPES	RANGELAND (EAST)	RANGELAND (WEST)
2019	$24,000 - $36,000	$30,000 - $41,000	$22,000 - $36,000	$1,000 - $1,200	$500 - $900
2018	$20,000 - $32,000	$25,000 - $38,000	$26,000 - $35,000	$1,000 - $1,200	$500 - $900
2017	$24,000 - $30,000	$25,000 - $32,000	$30,000 - $40,000	$1,000 - $1,200	$500 - $900
2016	$27,000 - $30,000	$30,000 - $35,000	$30,000 - $45,000	$750 - $2,000	$500 - $900
2015	$29,000 - $40,000	$35,000 - $41,000	$22,000 - $32,000	$750 - $1,500	$450 - $700
2014	$25,000 - $35,000	$35,000 - $41,000	$17,700 - $32,000	$750 - $1,500	$450 - $700
2013	$22,000 - $28,000	$32,000 - $35,000	$22,000 - $30,000	$750 - $1,500	$475 - $600
LAND USE	**CROPLAND NE & CENTRAL**	**CROPLAND SOUTHEAST**	**CROPLAND STATE WATER**	**CITRUS**	
KERN COUNTY					
2019	$20,000 - $25,000	$18,000 - $20,000	$6,500 - $18,000	$22,000 - $26,000	
2018	$18,000 - $25,000	$18,000 - $20,000	$6,500 - $18,000	$22,000 - $26,000	
2017	$18,000 - $25,000	$18,000 - $20,000	$6,500 - $18,000	$22,000 - $26,000	
2016	$20,000 - $25,000	$19,000 - $20,000	$6,500 - $22,000	$22,000 - $25,000	
2015	$22,000 - $26,000	$18,000 - $22,000	$10,000 - $22,000	$15,000 - $25,000	
2014	$16,000 - $21,500	$16,000 - $20,000	$8,000 - $20,000	$15,000 - $25,000	
2013	$16,000 - $18,000	$15,500 - $18,000	$8,000 - $14,500	$15,000 - $21,000	
LAND	**CROPLAND**	**WALNUTS**	**CITRUS**	**TREE FRUIT**	**OLIVES**
TULARE COUNTY					
2019	$13,000 - $31,000	$21,000 - $30,000	$21,000 - $40,000	$25,000 - $30,000	$25,000 - $28,000
2018	$17,000 - $24,000	$16,000 - $35,800	$14,000 - $25,500	$17,500 - $23,500	$13,000 - $21,000
2017	$15,000 - $28,500	$16,000 - $35,800	$14,000 - $25,500	$17,500 - $23,500	$13,000 - $21,000
2016	$19,000 - $26,000	$32,000 - $35,000	$20,000 - $28,000	$24,000 - $28,000	$16,000 - $19,000
2015	$15,000 - $27,000	$26,000 - $43,000	$15,000 - $27,000	$22,000 - $28,000	$14,000 - $17,000
2014	$15,000 - $25,000	$26,000 - $43,000	$15,000 - $27,000	$16,000 - $24,000	$14,000 - $17,000
2013	$13,000 - $18,000	$24,000 - $32,000	$18,000 - $24,000	$17,000 - $20,000	$11,500 - $15,000
LAND USE	**CROPLAND (NORTH)**	**CROPLAND (CENTRAL)**	**CROPLAND (WEST)**	**DAIRIES, NEWER***	
KINGS COUNTY				KINGS, TULARE & KERN COUNTIES*	
2019	$20,000 - $24,000	$18,000 - $24,000	$5,000 - $8,000	N/A - N/A	
2018	$20,000 - $25,000	$18,000 - $22,000	$5,000 - $8,000	$1,350 - $1,750	
2017	$20,000 - $25,000	$18,000 - $22,000	$5,000 - $8,000	$1,350 - $1,750	
2016	$20,000 - $25,000	$18,000 - $22,000	$5,000 - $8,000	$1,350 - $1,650	
2015	$19,000 - $25,000	$18,000 - $22,000	$7,500 - $11,000	$1,350 - $1,650	
2014	$16,000 - $24,000	$15,000 - $19,000	$7,500 - $11,000	$800 - $2,200	
2013	$15,000 - $18,500	$12,000 - $17,000	$5,500 - $8,500	$1,000 - $2,000	

*(per cow basis, including milk barn equipment and residence)


ALMONDS
PISTACHIOS
TABLE GRAPES
Tulare County
WALNUTS
Tulare County
TREE FRUIT
Tulare & Kern Counties
CITRUS
Tulare County
OLIVES
RANGELAND
East
West
Tulare County
CROPLAND
Kings County
CROPLAND
North
Central
West
Kern County
CROPLAND
NE & Central
Southeast
State Water

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Western Permanent Crops
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6

CENTRAL COAST

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DEE DEE DUNSTAN, MAI; RICK MERCIER, ARA; TYLER WAITON

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SANTA BARBARA SANTA CLARA SANTA CRUZ VENTURA

6 Central Coast

SANTA CLARA COUNTY

Row Crops

Irrigated farmland in Santa Clara County is primarily found to the south, near Morgan Hill, San Martin, and Gilroy. Farmland values are heavily influenced by land investors and speculators enticed by future development potential as the supply of development land in nearby Silicon Valley continues to shrink. The majority of buyers tend to be investors/absentee owners, with an occasional farmer adding to an existing farming operation. Agricultural land typically falls into three subgroups based on size. Small parcels (5 acres and less) are typically purchased for residential estate purposes. Agricultural properties ranging from 10 to 40 acres are often purchased by investors; these properties are typically leased and in many cases farmed in conjunction with adjacent land on an interim basis. Tracts larger than 40 acres reflect a stronger commercial farming element with a combination of owner/operators and investors purchasing these properties. The Gilroy area in the very southern part of Santa Clara County tends to have larger tracts of agricultural land and per-acre land values are correspondingly lower than in the Morgan Hill area, which is generally limited to smaller 5 to 10 acre residential sites and 20 to 40 acre “speculative” sites purchased by long-term investors.

Row crop sales are in the \$20,000 to \$53,000 range, with buyers tending to be non-local investors. Rents in the Gilroy area have generally been lower than in the San Benito County market and much less than in the Salinas Valley market. This is in large part due to the somewhat limited crops grown (warmer weather), difficulty in obtaining farm labor for the area, and higher operating costs. Rents in the area are largely stable, with most of the newer arrangements based on gross rent terms, with the owner paying the property taxes and insurance and the tenant paying the utility costs.

SAN BENITO COUNTY

Row Crops

San Benito County row crop prices are stable/increasing, with relatively limited activity over the past year. Demand is steady to strong, with a very limited supply of properties available. Good quality farmland is seeing values in the \$28,000 to \$45,000+ per acre range, while values in secondary farming areas are seeing values in the \$20,000 to \$28,000 per acre range. Most buyers in the San Benito County market are owner/operators. There are few investors purchasing farms in the county primarily due to rents being insufficient to produce adequate returns.

Agricultural water is derived primarily from wells, with supplemental water available in areas of the county serviced by the San Felipe Division of the Central Valley Project. Unpredictable district allocations have adversely impacted farming operations in areas with poor groundwater quality, however the San Benito County Water District is now delivering recycled water to growers along Wright Road from the city's reclamation facility to supplement federal surface water deliveries.

Since land and rental values in San Benito County are typically less than those of similar properties in Monterey County, there continues to be interest in prime San Benito County agricultural land. Farmland rents have mostly stabilized. Farmland adaptable to berries typically has seen the strongest rents. Other factors influencing rental rates include organic/conventional status, wind, and water quality.

MONTEREY & SANTA CRUZ COUNTIES

Row Crops

Monterey County row crop land values continued a steadily increasing trend. Sale activity was typical, with a handful of transactions occurring in 2019. Recent sales indicate values ranging from $27,500 to $75,000 per acre. Such sales have typically been listed on the open market, with prime farmland selling much more quickly than marginal-quality ground. Increasing values, and corresponding decreasing capitalization rates, have essentially priced investors out of the market for the past several years. However, there has been more investor activity recently. Buyers are primarily local growers looking to secure land with less emphasis placed on the income earning capability of a property.

Santa Cruz County row crop land values experienced a different trend than Monterey County. Sale activity was very limited, with only a few transactions occurring in 2019. Market demand was limited, with the most well-known offering on the market taking over a year to sell. That said, the few sales that did transpire indicate a stable value trend over the year. Values currently range from $40,000 to $72,000 per acre. Buyers are predominantly local farmers.

Agricultural land rents vary depending upon many factors such as the lease term, crops that can be supported (specifically berry crops), negotiation skills of the owner and lessee, condition and quality of the irrigation system, type of drainage system, and topography. Rents are normally cash and the lessee is typically responsible for paying the real estate taxes, water costs, and irrigation system maintenance. Farmland rents are stable to increasing, with the prime districts experiencing the majority of the increases. A definitive trend in capitalization rates has yet to be determined. Historically, rates have trended from 4.50% to 5.50%; however, the current rate range is less than 3.00% to 4.00%. Recent sales don't yet reflect potential changes in market rental values. The majority of buyers are looking to satisfy contract obligations which often incentivizes paying prices above what investors are willing to pay, resulting in a trend towards lower capitalization rates.

MONTEREY COUNTY

Wine Grapes

There were three commercial vineyard sales in Monterey County in 2019 and they all recorded in July, with all transactions having different buyers and sellers. The largest transaction occurred in the Santa Lucia Highlands AVA, with nearly 250 net acres of young to mid-life vines, which supported a per acre vineyard value at the upper end of the market range (sale included a small winery component). The second largest transaction occurred just outside the city limits of Soledad, east of Highway 101, with over 300 acres of planted vineyard, of which approximately 80% were young to mid-life and 20% of the vines were approaching the end of their economic life. Allocations for this sale indicate stable values from 2018, even though there has been softening in the grape market. The sale benefited from having contracts in place, with grape pricing near county average. The property was purchased by an investment fund. The third transaction is located between Soledad and Greenfield, west of Highway 101, with over 300 acres of planted vineyard. The tenant was the buyer and had developed the vineyard, resulting in essentially a land purchase, with the per acre value in line with area irrigated cropland sales.

Pinot Noir and Chardonnay continue to be the leading varieties, both for mature plantings and new plantings. New vineyard development projects have slowed because of the continued competition from irrigated cropland farmers, coupled with the softening grape market. The Santa Lucia Highlands AVA continues to be the most recognized growing area in the county, which is captured by above average grape and bottle pricing. Commercial vineyard properties generally range from $35,000 to $75,000 per net vine acre, with the higher values mostly tied to locations within the Santa Lucia Highlands AVA and the lower values mostly tied to more southern locations that have lower underlying land values. The limited sale activity that occurred in 2019 indicates stable values from 2018, with expectations of softening grape prices that could have an impact on values in 2020.

SANTA CLARA, SAN BENITO, & MONTEREY COUNTIES

Central Coast Rangeland

Overall demand for Central California pasture ranches is moderate, depending upon the specific location and amenities. Good quality, well located pasture ranches are seeing steady market activity from both individual and institutional investors. Smaller pasture ranches (500 to 3,000 acres) are seeing demand from "lifestyle" buyers while many of the larger ranches reflect a stronger investor influence. While most of the ranches are capable of supporting livestock production, recreational influence is strong and has contributed to the demand. However, there is some downward pressure on this market because of changes to the Williamson Act funding process. The State of California no longer reimburses counties for lowering agricultural property taxes and as a result some counties have tightened regulations.

OTHER INFLUENCES & CONCERNS

Cannabis

The cannabis industry has experienced contraction in 2019, with several large companies, including those based in the Central Coast, laying off employees as they downsize. There are still real estate sale transactions taking place, but the pace has slowed. The sales tend to represent properties that have been redeveloped and have all necessary permitting in place or were near completion. The coastal counties that allow cannabis cultivation now have similar permitting requirements, as provisional licensing is coming to an end. However, in places like Santa Barbara County, there is significant public pushback and permitting is being delayed as anti-cannabis groups, including wine groups concerned about cannabis affecting flavors, are contesting permits at the both the Planning Commission and County Supervisorial levels. San Mateo County has seen its first cannabis cultivation greenhouse finalized and Santa Cruz County continues to experience limited activity. Monterey County has several leases in process; rental rates appear to have stabilized and are expected to increase. The consensus amongst market participants, from cultivators to retailers (dispensaries), is that the largest burden is the tax rate, limiting the growth of the legal industry and keeping black-market cannabis stable. Hemp cultivation is becoming an alternative use in greenhouses that are too close to residential areas, but in areas where cannabis cultivation is taking place many counties are requiring a minimum distance between hemp and cannabis cultivation sites to prevent pollination. Cultivation of high-quality hemp for a smokable alternative to cannabis (for CBD) is anticipated to absorb some of the greenhouse space that the contracting flower industry is vacating; however, rents and land values are not nearly as high as those paid for cannabis-eligible properties.

Farm Labor Housing

There continues to be strong demand for Farm Labor Housing in Central Coast areas as proposed projects have stalled due to permitting problems or high development costs for remote sites. AB1783, the Farmworker Housing Act, was passed by the CA legislature in 2019, and is meant to streamline development of ag housing on farm lands. However, the law requires that on-site housing be managed by an unrelated non-profit (employer cannot be the landlord), the housing must allow for families, cannot be dormitory style, and cannot be gender specific. This is separate from and does not impact independent H2A projects where the owner may be the employer or leasing for profit.

SANTA MARIA VALLEY

Irrigated Vegetable/Strawberry Land

Current land prices in the heart of the Santa Maria Valley range from $35,000 to $60,000 per acre. The Lompoc Valley, Buellton and Los Alamos areas had sales ranging from $25,000 to $38,500 per acre for irrigated cropland. The Arroyo Grande and Oceano Plain areas had sales ranging from $33,500 to $47,500 per acre.

The current market for farmland in the Santa Maria Valley is stable with limited activity. There was only one sale of irrigated farmland in 2019 that was located in the heart of the vegetable and strawberry growing area of the Santa Maria Valley. This was a mixed-use property that included irrigated vegetable/strawberry land allocated at $60,000 per acre.

Rents in the Santa Maria Valley have remained stable from last year with current vegetable crop rents ranging from $1,300 to $1,900 per acre, and strawberry rents ranging from $2,000 to $3,000+ per acre, depending on the adaptability of the soils to strawberries. Strawberry growers in this area continue to explore more marginal areas for production, reducing the demand for traditional cropland. They are also developing rotation strategies with local vegetable growers to maximize land utilization and lessen some of the competition for irrigated crop land.

SAN LUIS OBISPO COUNTY

Wine Grapes

This market is broken down into three distinct growing areas, which impacts the underlying land and vineyard values, along with grape/bottle prices. Unlike Monterey County, land suitable for vineyards in San Luis Obispo County has little to no competition from vegetable and berry growers.

Starting at the north end of the county, vineyards located west of Paso Robles/Templeton and Highway 101 set the upper end of the range, with vineyards currently selling for approximately $50,000 to more than $70,000 per net vine acre. There have been two trophy "westside" sales that include vineyards allocated at more than $100,000 per net acre, but these are considered outliers and not indicative of the commercial vineyard value range. Plantable land values have remained stable and mostly fall between $30,000 and $40,000 per acre in this area. Land and vineyard values are influenced by above average grape and bottle pricing (Cabernet Sauvignon), smaller parcel sizes, and rural estate and/or winery site appeal. Most of the sales in this area are purchased by wineries looking to secure fruit or lifestyle buyers looking to enter the wine industry.

Staying at the north end of the county and moving east of Highway 101, parcels tend to get larger and rural estate and winery site appeal has less influence on the land and vineyard values. These large vineyard properties are mostly owned and purchased by growers, wineries, and institutional investors. Grape pricing for this area tends to be closer to county average and the profitability of the vineyard has a significant impact on value. Most of the plantable land in this area is within the Paso Robles Ground Water Basin that restricts new plantings and additional water usage without an off-set as outlined by the county. These restrictions have been extended to 2024 and have resulted in stable demand and values for vested, plantable land, with values mostly falling between $15,000 and $22,500 per acre. Plantable land sales that require an off-set for their irrigation supply indicate values less than $15,000 per acre, with some non-vested land sales as low as $5,000 to $10,000 per acre. In 2019 there were reports of off-set water being purchased on the open market, though the effects of this secondary water market on the land market are difficult to quantify as there have been no measurable value changes in non-vested plantable land thus far. In 2019 older vineyards continued to be purchased with plans for redevelopment. These sales can be generalized as having grape pricing near county average, with historical production dropping below four tons per acre, and in some cases with only break-even production (less than three tons per acre). These less profitable/interim vineyards supported values near plantable land and up to around $30,000 per net vine acre. The next group of vineyard sales for this area are near mid-life with average production levels and grape prices, indicating values mostly between $30,000 and $40,000 per net vine acre. Vineyard values beyond $40,000 per net vine acre are mostly young to mid-life, with production levels at or above five tons per acre, and grape pricing near county average. In 2019 there was one young/immature vineyard sale, which supported a vineyard value between $45,000 and $50,000 per net vine acre. Demand for grapes going into the 2018 harvest started to soften, with several reports of uncontracted Cabernet Sauvignon selling for a steep discount. This trend continued in 2019, with spot market pricing being so low in some instances that fruit was left on the vine. Even with a clear softening in the grape market, there has not yet been a measurable decrease in vineyard/land values, but there is an expectation that the diminished profitability over the last two years will start to translate into more sales at the lower end of the market range in 2020.

Edna Valley is the most established southern vineyard market in San Luis Obispo County and has some similarities to West Paso Robles/Templeton, in that values are influenced by above average grape and bottle pricing (Pinot Noir & Chardonnay), smaller parcel sizes, and rural estate and/or winery site appeal. Enda Valley is not an active market and values historically have been at the upper end of the range for San Luis Obispo County and more in-line with the cool climate growing areas in Santa Barbara County. In 2019 there was one commercial vineyard sale in Edna Valley, with a good portion of the vineyard being older and scheduled to be removed, while the viable vineyard acreage was mostly at or past mid-life. This sale supported a land value near $35,000 per acre and a vineyard value near $55,000 per acre. Plantable land values in Edna Valley typically range between $35,000 and $45,000 per acre. Another south county sale worth noting is Laetitia Vineyard and Winery. This sale included a large amount of vineyard acreage, with a good portion of the vineyard scheduled for redevelopment. Land and vineyard allocations for this sale were more in line with East Paso Robles.

SANTA BARBARA COUNTY

Wine Grapes

This market is broken down into four growing areas, which all have different influences, from competition with vegetable/berry growers, lifestyle/rural estate buyers, and AVA notoriety to name a few.

The Santa Maria Valley AVA is the most northerly growing area in Santa Barbara County and also has the greatest competition from vegetable and berry growers, which limits vineyard plantings to the southeasterly area of the Valley. Aside from competition with vegetable and berry growers, Pinot Noir and Chardonnay are drivers in this market. Vineyard holdings are mostly owned and purchased by wineries and instituitional investors, and to a lesser degree by growers. Holdings in this area tend to be of commercial size, with little to no rural estate or winery site influence aside from Clark Avenue and Foxen Canyon Road. In 2018 the Santa Maria Valley had two large commercial vineyard sales, which were both purchased by the same winery in the same month, but from two different sellers. These sales both had vineyard values near $60,000 per net vine acre. One of the sales had a much larger proportion of irrigated field cropland (IFC) than planted vineyard land, with the IFC approaching the vineyard value. There were no commercial vineyard sales or land purchased for vineyard development in the Santa Maria Valley AVA in 2019.

Moving south along Highway 101 is the Los Alamos growing area, which borders Highway 101 on both sides and extends west along Highway 135. A good portion of the vineyard acreage is held by large wineries and there is limited sale activity. Some of the most recent sales (dating to 2017) were purchased by institutional investors, with values historically ranging from $45,000 to $60,000 per net vine acre. Vineyard and vegetable growers compete for land in the Los Alamos Valley along Highway 135, with land values historically ranging between $30,000 and $40,000 per acre.

Between Buellton and Lompoc is a highly recognized cool climate Pinot Noir and Chardonnay growing area, known as the Santa Rita Hills AVA. Vineyards are mostly located along Highway 246 and Santa Rosa Road. In 2019 there were no vineyard sales to speak of, but there are some vineyards being marketed, including one premium vineyard with an asking price beyond the existing market range. While there have been no new vineyard sales in the Santa Rita Hills, there have been several new high-quality Pinot Noir developments completed by wineries that are based in the North Coast. Sale activity has been very limited in the Santa Ynez Valley, with plantable land values remaining stable between $35,000 and $45,000 per acre. There were no commercial vineyard sales in the Santa Ynez Valley in 2019. The only sale of consequence was a winery that included an average to below-average vineyard allocated near $60,000 per acre.

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SAN LUIS OBISPO & SANTA BARBARA COUNTIES

Dry Pasture Rangeland

Historically, the Temblor Mountain Range/Carrizo Plains market was influenced by out of town buyers purchasing ranches for recreational, retreat and home-site purposes. These sales are divided into two main groups: parcels of 1,500 acres and smaller and parcels 1,500 acres to 15,000 acres. The first group ranges in value from $750 to $7,000 per acre, while the second group ranges in value from $300 to $1,500 per acre. The primary influence on the smaller parcels was residential and/or recreational use. The larger parcels may also be further divided into those parcels purchased for recreational, retreat and home site desirability, versus those parcels purchased for grazing land. The larger ranches that offer scenic vistas, hunting and other forms of recreation are typically forested, watershed land and of little use for grazing. These ranches tend to set the upper limit of the price range. The large ranches purchased for cattle grazing are selling for between $500 and $2,000 per acre.

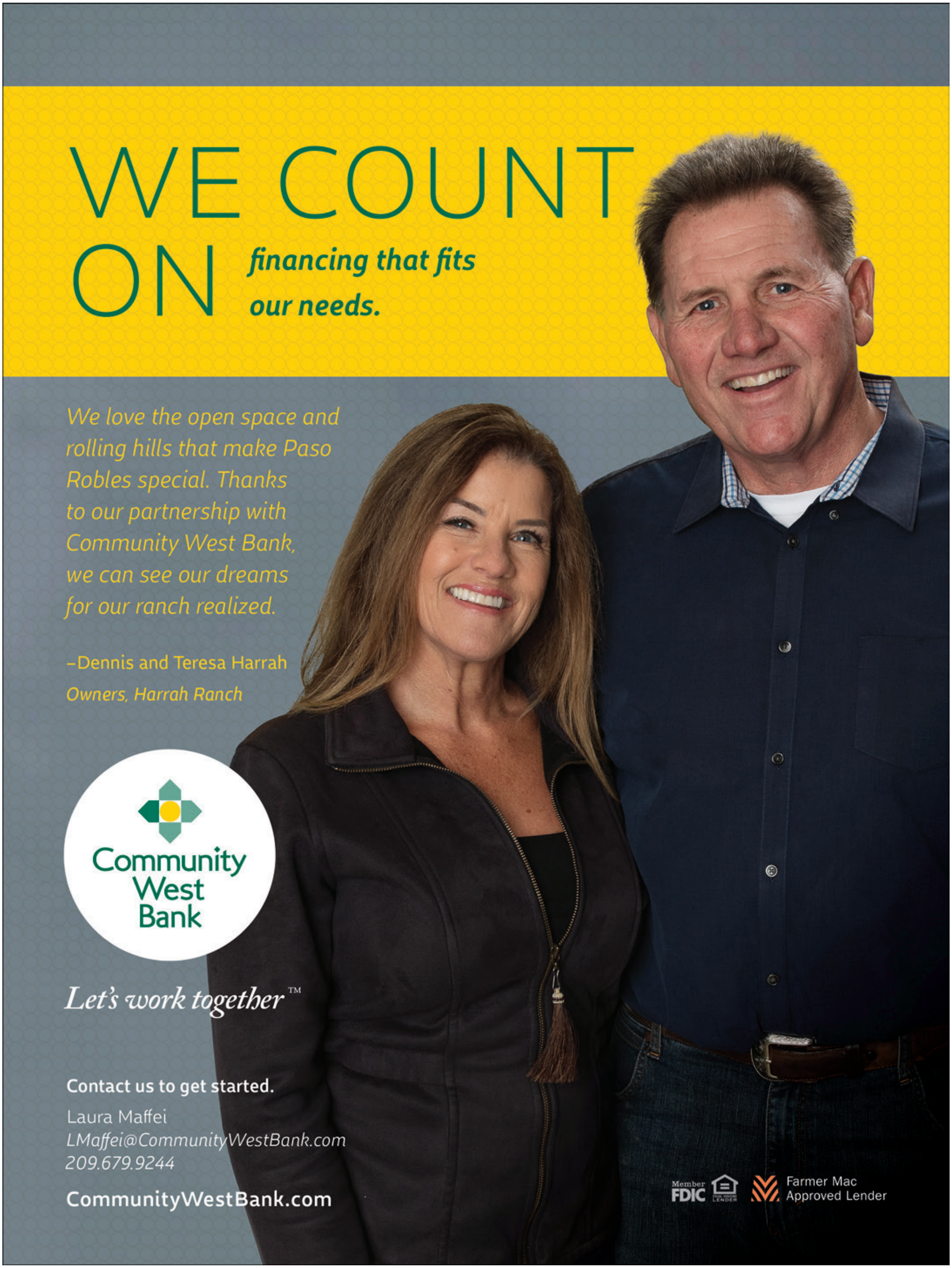
Parcels along the Pacific Ocean and Coastal Mountain Range with rural residential appeal have continued to remain stable to strong during the past several years. After 2007 this market saw a decline in activity and prices, however it has shown substantial recovery over that past several years. This area is very attractive for large rural home sites that are typically less than 1,500 acres. Sale prices range from $2,000 per acre for large dry pasture ranches with limited usability and/or without ocean views, to $15,000 per acre for smaller, desirable parcels with coastal influence, ocean views and/or cultivatable land.

There were several sales of small to medium size (120 to 600 acre) ranch properties along the coastal Santa Lucia Mountains in 2018. These properties ranged in sale price from $9,000 to $15,000 or more per acre. The primary differences in pricing were due to location, ocean views, and buyer/seller motivation. Currently, there are a few large (1,500 to 3,000 acre) coastal ranches being marketed for sale with asking prices that range from $3,500 to over $7,500 per acre.

VENTURA COUNTY

Irrigated Vegetable/Strawberry Land

The prime area of Ventura County for irrigated crops is the Oxnard Plain. Recent sales in the Oxnard Plain for vegetable/berry ground typically range from $68,000 to $81,000 per acre. However, there was one transaction below this range due to extreme seller motivation and two transactions significantly above this range due to buyer motivations. Rents in the Oxnard Plain range from $2,900 to $4,300 per acre. The other irrigated crop areas in the county are located inland (to the east of the Oxnard Plain). They command lower prices and lower rents as they experience more extreme temperatures, which negatively affect crop growing conditions. Prices in those areas have ranged from $42,000 to $68,000 per acre, with rents at $1,700 to $2,900 per acre. The current market for farmland in both the Oxnard Plain and inland areas is stable, and there is little inventory of land offered for sale.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financing that fits our needs.
We love the open space and rolling hills that make Paso Robles special. Thanks to our partnership with Community West Bank, we can see our dreams for our ranch realized.
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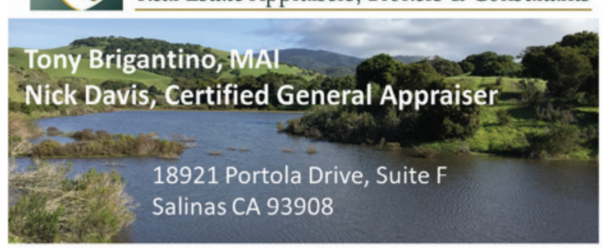
VENTURA & SOUTHERN SANTA BARBARA COUNTIES

Lemons & Avocados

Values for commercial-sized lemon and avocado groves in Ventura County and Southern Santa Barbara County have been stable over the past several years, based on limited sales. Prices for commercial-sized avocado groves in the Goleta, Santa Barbara and Ventura areas range from $35,000 to $65,000 per acre. Smaller-sized groves between 20 and 40 acres sell for higher prices, between $65,000 and $90,000 or more per acre. The upper-end values on some of the smaller commercial-sized groves are reflective of the underlying homesite values (such as ocean views) found in these parcels. The lower sale prices represent properties in east or inland locations with more extreme temperatures, which negatively affect growing conditions, and/or groves needing to be redeveloped. There have been few sales of large avocado plantings, with the most recent sale in the Fillmore area along Highway 126 at the eastern side of Ventura County. The sale's avocado acreage contributed approximately $52,500 per acre to the purchase.

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
SANTA CLARA COUNTY					
Row Crops - Gilroy	$20,000 - $53,000	Stable	Limited	Stable/Increasing	$400 - $1,000
Rangeland	$2,000 - $6,000	Stable	Limited	Stable	$15 - $30
MONTEREY COUNTY					
Row Crops	$27,500 - $75,000	Stable/Strong	Moderate	Increasing	$1,000 - $3,500
Rangeland	$700 - $2,000	Limited	Very Limited	Stable	$6 - $30
Wine Grapes	$35,000 - $75,000	Stable	Very Limited	Stable	N/A
SANTA CRUZ COUNTY					
Row Crops	$40,000 - $72,000	Limited	Very Limited	Stable	$1,700 - $3,000
SAN BENITO COUNTY					
Row Crops	$20,000 - $45,000	Stable/Strong	Limited	Stable/Increasing	$500 - $1,400
Rangeland	$600 - $3,000	Limited/Moderate	Limited	Stable	$6 - $30
SAN LUIS OBISPO & SANTA BARBARA COUNTIES					
Row Crops	$35,000 - $60,000	Stable	Limited	Stable	$1,300 - $3,000+
Coastal Rangeland (San Luis Co)	$2,000 - $15,000	Stable/Strong	Limited	Stable	$7 - $25
Inland Rangeland (San Luis Co)	$300 - $7,000	Stable	Limited	Stable	$5 - $20
Rangeland (Santa Barbara Co)	$2,500 - $15,000	Stable	Limited	Stable	$7 - $20
Plantable Land: Vested (E Paso Robles)	$15,000 - $22,500	Stable	Limited	Stable	N/A
Plantable Land: Non-Vested (E Paso Robles)	$5,000 - $12,000	Stable	Limited	Stable	N/A
Wine Grapes	$25,000 - $75,000	Stable	Moderate	Stable	N/A
VENTURA COUNTY					
Row Crops/Strawberries	$42,000 - $81,000	Limited/Stable	Limited	Stable	$1,700 - $4,300
Lemons	$49,000 - $90,000	Stable	Limited	Stable	N/A
Avocados	$35,000 - $65,000	Stable	Limited	Stable	N/A



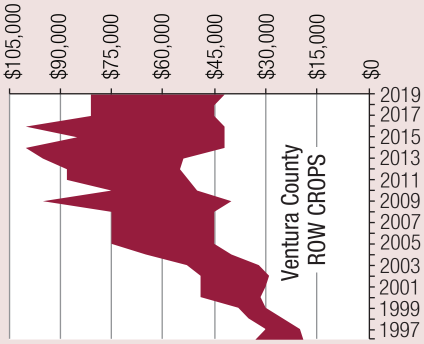
HISTORICAL VALUE RANGE per acre

LAND USE	ROW CROPS	RANGELAND	WINE GRAPES
MONTEREY COUNTY			
2019	$27,500 - $75,000	$700 - $2,000	$35,000 - $75,000
2018	$26,000 - $70,000	$700 - $2,000	$35,000 - $75,000
2017	$25,000 - $63,000	$700 - $2,000	$25,000 - $75,000
2016	$25,000 - $60,000	$700 - $2,000	$25,000 - $75,000
2015	$25,000 - $60,000	$700 - $2,000	$25,000 - $60,000
2014	$25,000 - $60,000	$700 - $2,000	$25,000 - $50,000
2013	$25,000 - $55,000	$700 - $2,000	$25,000 - $40,000

LAND USE	ROW CROPS	ROW CROPS	RANGELAND
SANTA CRUZ COUNTY		SAN BENITO COUNTY	
2019	$40,000 - $72,000	$20,000 - $45,000	$600 - $3,000
2018	$40,000 - $72,000	$20,000 - $40,000	$600 - $2,500
2017	$30,000 - $72,000	$19,000 - $40,000	$600 - $2,500
2016	$30,000 - $72,000	$15,000 - $35,000	$600 - $2,500
2015	$25,000 - $62,000	$15,000 - $30,000	$600 - $2,500
2014	$25,000 - $62,000	$10,000 - $30,000	$500 - $2,500
2013	$25,000 - $51,000	$11,000 - $32,000	

LAND USE	ROW CROPS	RANGELAND COASTAL (San Luis County)	RANGELAND INLAND (San Luis County)	RANGELAND (Santa Barbara County)	WINE GRAPES	EAST PASO ROBLES PLANTABLE LAND - VESTED	EAST PASO ROBLES PLANTABLE LAND - NON VESTED
SAN LUIS OBISPO COUNTY & SANTA BARBARA COUNTY							
2019	$35,000 - $60,000	$2,000 - $15,000	$300 - $7,000	$2,500 - $15,000	$25,000 - $75,000	$17,500 - $22,500	$5,000 - $12,000
2018	$25,000 - $58,000	$2,500 - $15,000	$300 - $7,000	$2,500 - $15,000	$25,000 - $75,000	$15,000 - $22,500	$5,000 - $10,000
2017	$23,500 - $70,000	$2,500 - $15,000	$500 - $2,500	$2,500 - $15,000	$25,000 - $70,000	$12,000 - $20,000	$5,000 - $10,000
2016	$23,000 - $70,000	$3,000 - $15,000	$300 - $7,500	$3,000 - $15,000	$28,000 - $70,000	$12,000 - $20,000	$5,000 - $10,000
2015	$20,000 - $70,000	$2,500 - $15,000	$300 - $7,500	$2,500 - $15,000	$25,000 - $70,000		
2014	$20,000 - $58,000	$2,500 - $12,500	$300 - $7,500	$1,500 - $12,000	$40,000 - $60,000		
2013	$20,000 - $54,000	$2,500 - $9,000	$500 - $7,500	$1,000 - $9,000	$25,000 - $60,000		

LAND USE	ROW CROPS (Gilroy)	RANGELAND	ROW CROPS	LEMONS	AVOCADOS
SANTA CLARA COUNTY			VENTURA COUNTY		
2019	$20,000 - $53,000	$2,000 - $6,000	$42,000 - $81,000	$49,000 - $90,000	$35,000 - $65,000
2018	$20,000 - $40,000	$1,500 - $3,000	$45,000 - $81,000	$50,000 - $86,000	$37,000 - $63,000
2017	$20,000 - $40,000	$1,500 - $3,000	$45,000 - $81,000	$50,000 - $86,000	$37,000 - $63,000
2016	$18,000 - $40,000	$1,500 - $3,000	$42,000 - $100,000	$50,000 - $100,000	$37,000 - $100,000
2015	$18,000 - $40,000	$1,500 - $3,000	$42,000 - $85,000	$50,000 - $100,000	$37,000 - $100,000
2014	$15,000 - $40,000	$1,000 - $2,500	$42,000 - $100,000	$45,000 - $65,000	$43,000 - $65,500
2013	$15,000 - $40,000	$2,500 - $5,000	$54,000 - $95,000	$34,000 - $73,000	$34,000 - $65,000


Ventura County
ROW CROPS
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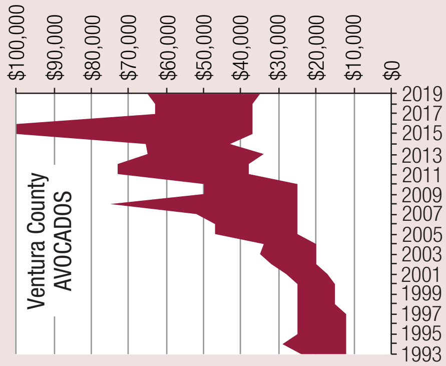
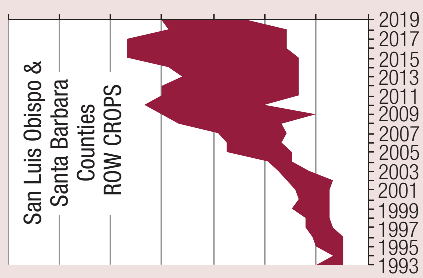

Ventura County
AVOCADOS
$0 $10,000 $20,000 $30,000 $40,000 $50,000 $60,000 $70,000 $80,000 $90,000 $100,000
1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019


San Luis Obispo &
Santa Barbara
Counties
ROW CROPS
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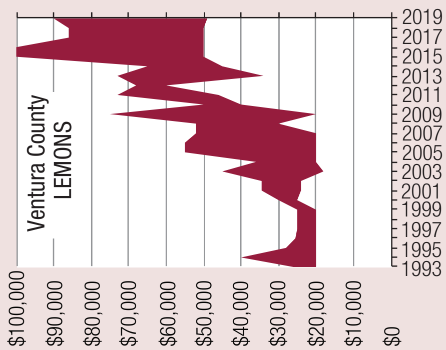
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LEMONS
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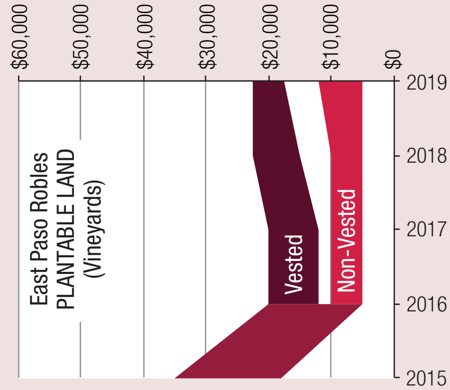
East Paso Robles
PLANTABLE LAND
(Vineyards)
Vested
Non-Vested
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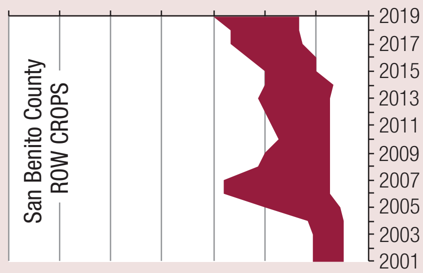
2015 2016 2017 2018 2019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ROW CROPS
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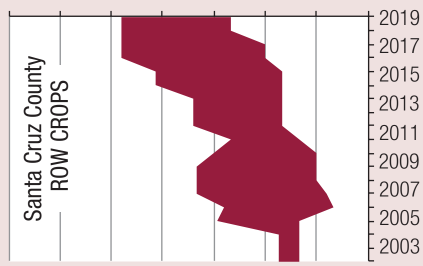
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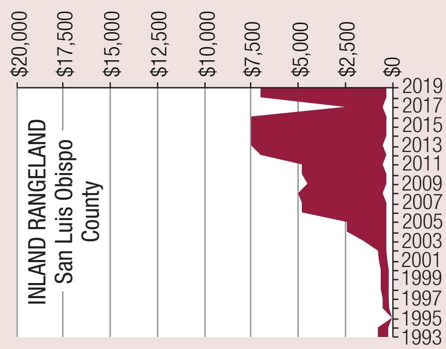
INLAND RANGELAND
San Luis Obispo
County
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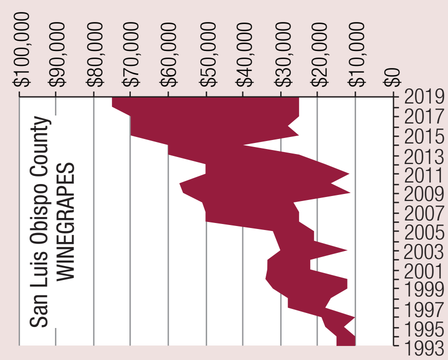
San Luis Obispo County
WINEGRAPES
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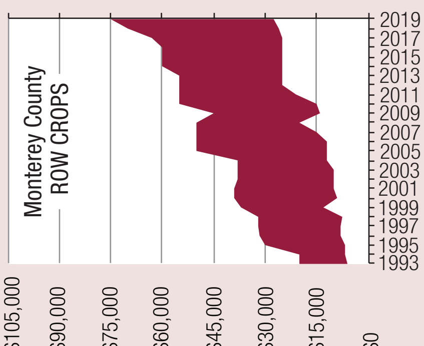
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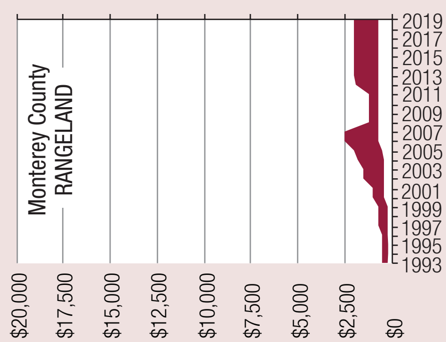
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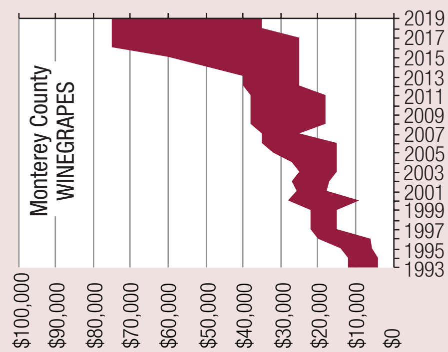
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WINEGRAPES
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1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019


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7

SOUTHERN CALIFORNIA

Region Chair and Committee

CURTIS A. BUONO, ARA, MAI, AI-GRS - CHAIR

TODD COMBS, ARA; JEREMY K. DARNER, MAI, SRA AI-GRS;

ALEX LIU

IMPERIAL LOS ANGELES ORANGE RIVERSIDE SAN BERNARDINO SAN DIEGO

7 Southern California

Region 7 covers the various farming regions of Southern California and includes farmland located within Los Angeles, Orange, San Bernardino, Riverside, and Imperial Counties. With varying microclimates, from the arid low deserts to the temperate coastal foothills, trends in agricultural land and lease values are best analyzed by area and commodities grown. Although some of the region's submarkets face pressures from urban encroachment, agriculture continues to be an important contributor to Region 7's economy.

COASTAL MOUNTAINS & INLAND VALLEYS

Avocados

Avocado plantings represent the planted acreage leader in San Diego County with 17,741 planted acres in 2018, an increase from 2017. Grove pricing remained generally stable at $10,000 to $25,000 per acre, though some older groves with rural residential potential have sold at a premium. A 2018 summer heat wave damaged groves throughout the North San Diego and Temecula areas, impacting 2019 crop yields. The recovery from these heat-related events and a well above-average rainfall total for 2019 (12.93 inches versus 3.34 inches in 2018) have growers anticipating higher-than-average yields for 2020. However, a large supply of smaller-sized fruit combined with slightly lower 2019 pricing between $1.03 and $1.31 per pound will result in total returns that are similar to 2019.

Agricultural properties in the coastal regions have continued to struggle with cost-effective irrigation water. In the face of district water costs upwards of $1,100 per acre-foot, avocado farmers have adapted and become more efficient with water management practices, relying less on district water supplies and incorporating advanced filtration systems, salt tolerant rootstock, and higher density plantings. Groves with suitable alternative or multiple water sources and reverse osmosis filtration continue to experience better demand and higher pricing, while groves with less favorable water sources exhibit weaker values. Along with effective expense management, some avocado farmers continue to seek out ways to drive additional/alternative revenue sources from their groves. Recent experiments with inter-planting other commodities, such as coffee, have begun to produce positive results. There has not been a large-scale adoption of this practice, but early results are promising, especially in light of the relatively high price-per-pound premium being paid for California-grown coffee. No significant sales of properties with an inter-planting scenario were noted in 2019.

Citrus

Citrus market activity in the region continues to remain limited. There were a few sales of citrus groves with the most notable being a moderate-sized grove in Imperial County. Total commercial citrus acreage in the region continues to stand at around 37,500 acres with lemons the most common citrus crop in terms of acreage. Overall, grove values remained generally stable. Asian citrus psyllid, the insect which carries the Huanglongbing (HLB) or citrus greening disease, continues to be monitored. HLB has not appeared in commercial citrus groves but has been observed in citrus trees within residential areas of Southern California. The Southern California quarantine zone for residentially grown fruit was recently expanded in an attempt to further control the spread of the disease.

Dairy

The historically expansive Region 7 dairy market is now concentrated in two main areas: the Chino Basin in western Riverside and San Bernardino Counties, and the San Jacinto River Basin in western Riverside County. Milk products are the number one commodity in San Bernardino County, with 2017 sales of $161± million. In 2018 Riverside County's milk products remained the number two most valuable commodity at $148± million, up slightly from the previous year's total of $146± million. The Ontario/Chino dairy region continues to be pushed eastward towards San Jacinto or north to California's Central Valley dairy region. The top bidders for existing dairy-related sites in the Ontario/Chino area are residential tract developers and large-scale industrial developers looking to construct industrial business parks with new units in the 300,000 to 1,000,000 square foot range. New residential development, and to a much lesser extent, industrial development in the San Jacinto River Basin market area have been extremely limited. Price trends are stable-to-increasing in the Chino Basin, and stable in the San Jacinto River Basin with limited market activity taking place. The prices paid by developers for dairy-related properties is primarily based on the underlying land value with nominal value allocated to the improvements. Some dairy properties have recently sold to buy-and-hold dairy operators with values in a narrow range based on pre-negotiated option pricing. This pricing is typically lower than for properties sold to developers.

Nurseries/Greenhouses

There was limited sale activity for nursery properties in Region 7 in 2019. The larger cut flower and nursery industries continue to see consolidation and slow growth. Increased interest in existing greenhouse properties is being driven by the early stages of the hemp industry in California. San Diego County is one of a limited number of counties in the California that is accepting applications for hemp cultivation licenses. However, medicinal or recreational cannabis production are not permitted. As a result, San Diego County's existing supply of greenhouse properties drew attention from prospective hemp growers, but not cannabis cultivators. The market's reaction was not a buying and selling frenzy as was seen in other parts of the state, as existing cut flower growers had little desire to sell. As a result, very few properties were sold and those that did showed no price premium. The outlook for the nursery/greenhouse market in 2020 is for continued stabilization with limited new construction of greenhouse facilities.

Wineries and Vineyards

Region 7 includes the South Coast American Viticultural Area (AVA), which spans vineyard areas of Los Angeles, Orange, Riverside, San Bernardino, and San Diego Counties. The Temecula Valley AVA in southwestern Riverside County is the largest and most well-known sub-region and it was named one of the top 10 Best Wine Travel Destinations of 2019 by Wine Enthusiast magazine. Temecula's relatively short distance from Southern California population centers is a significant draw, pulling in a steady traffic of tourists. Wineries in this market tend to be hospitality-oriented and designed to accommodate high weekend visitor volumes, offering events, weddings, lodging, dining, and a wide variety of tasting experiences. The local vineyard and rural estate market has seen vacation rentals and bed and breakfasts becoming more common.

In 2019 there were three winery sales that featured vineyards considered medium- to commercial-sized for the Temecula Valley. Other activity included a winey site with plantable land that has frontage along Rancho California Road, which set a new high in the market. Carrying over from 2018 are two vineyard listings, along Rancho California Road that have asking prices near $125,000 per acre. Land and vineyard values were stable to improving in 2019, with increased market activity. The 2019 crop was above average in the Temecula Valley, with some discount pricing reported for excess tonnage.

LOS ANGELES COUNTY

Covering 4,058 square miles, Los Angeles County's topography varies from the coastal plains along the Pacific Ocean to the rugged foothills of the Santa Monica – San Gabriel Mountain Range to the arid Mojave Desert. Los Angeles County is the most populous county in the nation and agriculture encompasses less than one percent of its land area. Sale activity is sporadic; the value of agricultural real estate is very location-specific and is often influenced by non-agricultural factors, making value trends difficult to quantify.

ORANGE COUNTY

Though agriculture was historically an important part of Orange County's early economy, its decline began after World War II when the completion of Interstate 5 transformed the area into a desirable Southern California bedroom community. Today, of Orange County's roughly 800 square miles of land, only around 19,700 acres – less than 3.9% of the land area – are in agricultural production. Similar to neighboring Los Angeles County, the local agricultural real estate market is small and fragmented with many non-farming influences making it extremely difficult to discern current value trends.

DESERT REGION

Coachella Valley

Riverside County's Coachella Valley stretches north from the Salton Sea to the San Bernardino Mountains, a distance of about 45 miles. Over 60,000 acres are irrigated by surface water from the Colorado River via the Coachella Canal branch of the All-American Canal and a much smaller amount of land uses groundwater for irrigation. In 2019, the Valley's two groundwater management plans received state approval for satisfying the requirements of SGMA and studies also showed that the Valley's two basins had succeeded in increasing their groundwater levels over the past ten years. In November 2019 the Coachella Valley Water District also approved taking on outside financing for the first time in its history in order to complete a pipeline project that will extend service to the Oasis area. This positive groundwater situation and the completion of the Oasis pipeline extension should further solidify the Valley's already strong ability to provide reliable, affordable water to agricultural and other users.

The Coachella Valley's climate allows it to produce some of the earliest crops in the United States, making it a strategically important region for growers with assets in other regions who want the longest possible continuous growing season across their businesses. The local market is dominated by table grapes, dates, lemons and limes, bell peppers, carrots and lettuce, and these combined commodities represent 50 to 60 percent of the Valley's crop value. The largest sale in 2019 pertained to Sun World's disposition of nearly 1,000 acres of table grape vineyards and open cropland; however, the ultimate value attributed to the real estate in this sale was kept confidential. One additional vineyard transacted at an average midrange price despite the headwinds faced in that industry. Although investors report interest in date orchards, all of the four larger date orchards that sold were purchased by existing farmers. Most of these were average quality properties; however, there was one higher quality orchard sale that defined the high end of the value range. A handful of open farmland tract sales indicated stable values over the last several years.

Imperial Valley

Imperial Valley is a large Colorado River-served desert valley between coastal San Diego County and Arizona that runs directly north from the Mexican Border to the Salton Sea. It was established in the early 1900s and currently has a farmable area of just under 472,000 acres, of which approximately 444,000 were irrigated in 2018. Like the other nearby desert valleys that receive Colorado River water, the Imperial Valley benefits from low cost surface water provided by the Imperial Irrigation District (IID) through a system of nearly 1,670 miles of canals. Water costs have stayed at a rate of $20 per acre-foot for the past decade. Typical on-farm water usage has historically been in the 6 to 8 acre-feet per acre range, though financial incentives are now in place through the On-Farm Efficiency Conservation Program which compensates farmers for employing effective water conservation measures.

In 2019 the year began with numerous market participants and potential outside investors bullish about the significant upside that hemp cultivation could provide. As a result, the early part of the year saw an increased volume of sales of lower to average adaptability farm tracts that could be suitable for growing this crop. Additionally, a number of farmers and landlords in the market discussed increased lease rates for hemp growing tenants in anticipation of much higher revenues. Although the 2018 Farm Bill removed hemp as a Schedule 1 controlled substance, California's lack of a USDA-approved regulatory plan prohibited IID from making any surface water deliveries for hemp cultivation in 2019 because the water could not be legally conveyed through federally owned Bureau of Reclamation facilities. As a result, the anticipated windfall from hemp cultivation in the Imperial Valley never materialized – on the contrary, its actual impact was negative due to some unplanned fallowing and a handful of tenants not making rent payments.

Overall, the volume of sales in 2019 was generally unchanged from the last few years and sale prices were stable. A handful of vegetable-suitable tracts sold at prices in the range of $12,000 to $13,800 per acre. There were also two good adaptability tracts that were reportedly land-swapped at values in the top pricing bracket; however, other considerations were involved and the exact details were not made public. The market's initial bullishness on hemp did not result in any significant value changes in the middle and lower adaptability pricing tiers.

A number of larger investment-grade leased tracts were quietly available for purchase throughout 2019. If all of these farms were to sell, it would represent a significant amount of both acres and dollars, as they all are believed to carry top-of-market price tags. Historically, institutional investors have struggled to justify the relatively low capitalization rates in the Imperial Valley and none of these large farms have sold.

Palo Verde Valley

The Palo Verde Valley is located in eastern Riverside County across the Colorado River from Arizona. This desert valley covers 189 square miles, approximately 131,000 acres of which is irrigated, and is characterized by hot summers, mild winters, and an average annual precipitation of less than four inches. Alfalfa remains the most commonly cultivated crop by a significant margin, with cotton, Bermuda and Sudan grass, onions, broccoli, melons and grains also being grown.

Metropolitan Water District (MWD)'s purchase of more than 12,000 acres at nearly $22,000 per water toll acre in 2015 spurred several higher priced purchases by other water districts and investors over the next few years. However, Palo Verde Irrigation District (PVID)'s lawsuit against MWD that began in late 2017 created some uncertainty for the previously active water-investor buyers.

VALUES: LAND AND LEASE

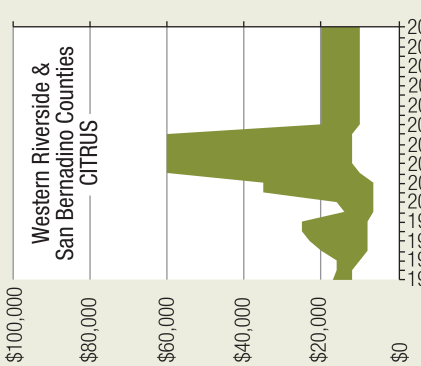
LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT
WESTERN RIVERSIDE & SAN BERNARDINO COUNTIES					
Dairies: San Jacinto*	$150,000 - $500,000	Limited	Very Limited	Stable	$8 - $10
Dairies: Chino*	$150,000 - $750,000	Limited	Limited	Stable to Increasing	$7 - $10
Citrus	$10,000 - $20,000	Limited	Limited	Stable	30% - 40%
Wine Grapes	$50,000 - $135,000	Moderate	Moderate	Stable to Increasing	$500 - $700
*per milk cow per month					
SAN DIEGO COUNTY					
Citrus	$10,000 - $28,000	Limited	Limited	Stable	30% - 40%
Avocados**	$10,000 - $25,000	Moderate	Limited	Stable	30% - 40%
Cropland	$25,000 - $65,000	Limited	Limited	Stable	$350 - $2,000
**Includes Southwestern Riverside County					
COACHELLA VALLEY					
Citrus	$18,000 - $30,000	Moderate	Limited	Stable	30% - 40%
Dates	$30,000 - $57,000	Moderate	Moderate	Stable	$400 - $600+
Table Grapes	$25,000 - $45,000	Moderate	Moderate	Stable	$500 - $700
Open Land	$16,000 - $30,000	Moderate	Moderate	Stable	$350 - $500
PALO VERDE VALLEY					
Irrigated Field Crops	$11,000 - $14,000***	Limited	Limited	Decreasing to Stable	$200 - $300
***$/Water Toll Acre					
IMPERIAL VALLEY					
Good Adaptability (Produce)	$12,000 - $15,000+	Moderate	Limited	Stable	$350 - $550
Average Adaptability (Alfalfa)	$7,500 - $12,000	Moderate	Moderate	Stable	$250 - $400
Limited Adaptability	$5,500 - $7,500	Moderate	Moderate	Stable	$175 - $250

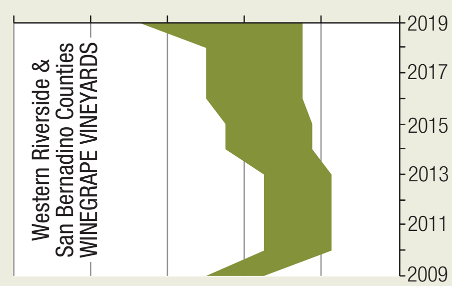
Although the lawsuit was dropped in early 2018, water-investor purchasers have generally ceased their acquisitions since that time.

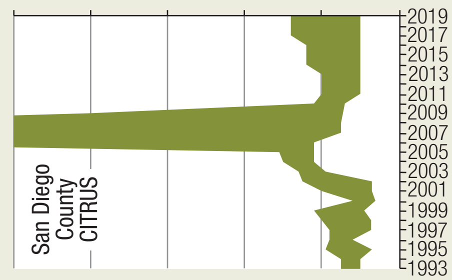
In 2019, a handful of sales occurred and the majority of these transactions took place around $11,000 to $12,000 per water toll acre. One farmland sale exceeded this range at $14,000 per water toll acre, and this is considered the current upper limit to value. Rental rates have remained stable and capitalization rates are extremely low thus are not adequate to attract investment capital beyond owner-farmers or speculative investors.

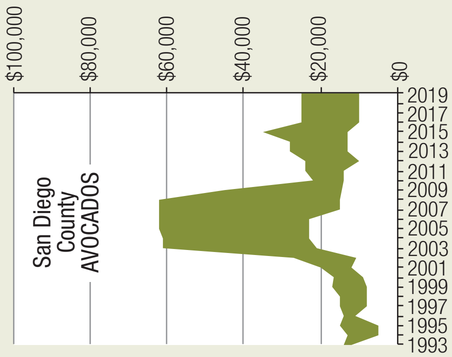
HISTORICAL VALUE RANGE per acre

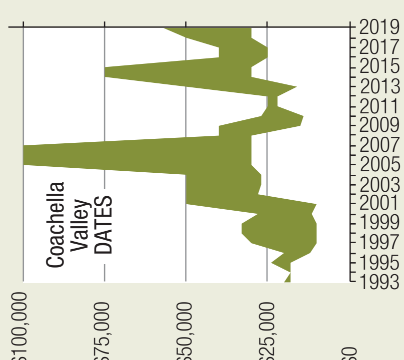
LAND USE	CITRUS	DAIRIES	WINE GRAPES	
WESTERN RIVERSIDE AND SAN BERNARDINO COUNTIES				
2019	$10,000 - $20,000	$150,000 - $750,000	$50,000 - $135,000	
2018	$10,000 - $20,000	$150,000 - $500,000	$50,000 - $100,000	
2017	$10,000 - $20,000	$150,000 - $500,000	$50,000 - $100,000	
2016	$10,000 - $20,000	$150,000 - $500,000	$50,000 - $100,000	
2105	$10,000 - $20,000	$180,000 - $500,000	$45,000 - $90,000	
2014	$10,000 - $20,000	$188,000 - $475,000	$45,000 - $90,000	
2013	$10,000 - $20,000	$90,000 - $250,000	$35,000 - $70,000	
LAND USE	CITRUS	CROPLAND	AVOCADOS	
SAN DIEGO COUNTY			(includes Southwestern Riverside)	
2019	$10,000 - $28,000	$25,000 - $65,000	$10,000 - $25,000	
2018	$10,000 - $28,000	$25,000 - $65,000	$10,000 - $25,000	
2017	$10,000 - $28,000	$25,000 - $60,000	$10,000 - $25,000	
2016	$10,000 - $24,000	$25,000 - $60,000	$10,000 - $25,000	
2015	$10,000 - $24,000	$40,000 - $60,000	$13,000 - $35,000	
2014	$10,000 - $24,000	$40,000 - $60,000	$13,000 - $28,000	
2013	$10,000 - $20,000	$40,000 - $60,000	$13,000 - $28,000	
LAND USE	CITRUS	DATES	TABLE GRAPES	OPEN LAND
COACHELLA VALLEY				
2019	$18,000 - $30,000	$30,000 - $57,000	$25,000 - $45,000	$16,000 - $30,000
2018	$18,000 - $30,000	$30,000 - $50,000	$25,000 - $45,000	$16,000 - $30,000
2017	$20,000 - $28,000	$25,000 - $40,000	$25,000 - $30,000	$18,000 - $30,000
2016	$20,000 - $25,000	$25,000 - $40,000	$25,000 - $38,000	$18,000 - $30,000
2015	$20,000 - $25,000	$30,000 - $75,000	$23,000 - $30,000	$18,000 - $29,000
2014	$20,000 - $25,000	$30,000 - $75,000	$23,000 - $30,000	$23,000 - $28,500
2013	$16,000 - $29,000	$16,000 - $50,000	$23,000 - $28,000	$16,000 - $29,000
LAND USE	IRRIGATED FIELD CROPS (per water toll acre)	GOOD ADAPTABILITY (Produce)	AVERAGE ADAPTABILITY (Alfalfa)	LIMITED ADAPTABILITY
PALO VERDE VALLEY		IMPERIAL VALLEY		
2019	$11,000 - $14,000	$12,000 - $15,000	$7,500 - $12,000	$5,500 - $7,500
2018	$11,000 - $17,000	$12,000 - $15,000	$8,500 - $12,000	$5,500 - $7,500
2017	$11,000 - $17,000	$12,000 - $15,000	$8,500 - $12,000	$6,000 - $8,500
2016	$11,000 - $17,000	$11,500 - $15,000	$8,500 - $11,500	$6,000 - $8,500
2015	$8,250 - $11,600	$11,500 - $14,500	$8,500 - $11,500	$6,500 - $8,500
2014	$8,250 - $11,600	$9,000 - $11,000	$7,000 - $8,000	$5,500 - $7,000
2013	$8,250 - $11,800	$9,000 - $12,500	$6,000 - $9,000	$5,000 - $6,000

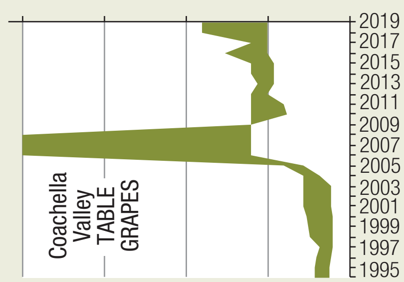

Western Riverside &
San Bernadino Counties
CITRUS

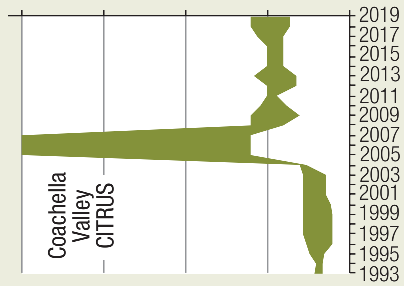

Western Riverside &
San Bernadino Counties
WINEGRAPE VINEYARDS


San Diego
County
CITRUS


San Diego
County
AVOCADOS


Coachella
Valley
DATES


Coachella
Valley
TABLE
GRAPES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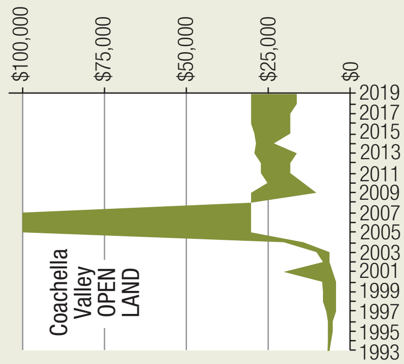
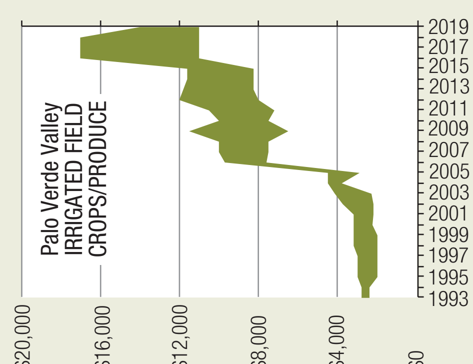
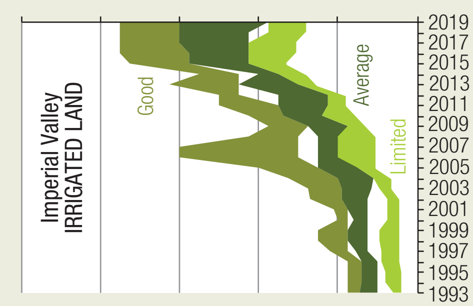
Valley
CITRUS


Coachella
Valley
OPEN
LAND


Palo Verde Valley
IRRIGATED FIELD
CROPS/PRODUCE


Imperial Valley
IRRIGATED LAND
Good
Average
Limited

8

MOUNTAINS

Region Chair and Committee

MICHAEL F. MERKLEY, ARA - CHAIR

ELIZABETH EBERT; SARA LOCKHART; GREG PETERS

ALPINE AMADOR (EAST) CALAVERAS (EAST) EL DORADO (EAST) INYO LASSEN MARIPOSA
MODOC MONO NEVADA PLACER (EAST) PLUMAS SHASTA SIERRA SISKIYOU TUOLUMNE

8 Mountains

NORTHERN INTER-MOUNTAIN VALLEYS
LASSEN, MODOC, SHASTA & SISKIYOU COUNTIES

Located in northeastern California, the leading commodities for the Northern Inter-mountain Valleys in order of value are forage (primarily alfalfa), cattle and calves, nursery stock (primarily strawberries), vegetables (primarily potatoes and onions), timber, wild rice, and grains. Walnuts are also a fairly new crop being grown in Shasta County and have shown slight increases in planted acreage over the last couple of years. There is currently average to good demand throughout for irrigated and non-irrigated farms, ranches and livestock grazing. Time on market for all property types has been stable. Cattle prices decreased 15% from 2017 while the hay market posted a modest positive return from the prior year. A stable trend was projected for both cattle and hay prices in 2019. The demand for farms and ranches is strong, driven by the need for and/or ability to control access to forage; however, there is limited sale activity as few average-quality or better offerings are presented. Overall, this market area is stable with a limited number of sales.

In the past, the surrounding public and private forestlands in this region supported an abundance of sawmills. Of the forestland in the region, approximately 60% is owned by the US Forest Service. After the Northern Spotted Owl was listed as threatened under the federal Endangered Species Act in 1990, federal timber sales were curtailed which resulted in closures of small mills in the region and the loss of many timber-related jobs. However, the southeastern Oregon and northeastern California timber region still remains a relatively diverse and competitive market. Competing mills in the region consist of not only dimensional lumber mills, but also stud mills, veneer mills, plywood mills, and grade-cutting mills. Log markets are typically stronger in the western side of the region as there are more mills competing and more diversity in processing facilities. Log prices tend to parallel lumber market trends and are cyclic in nature. Pine and fir log prices were at cyclic lows in 2009 following the housing crash, but slowly fluctuated upward in the following years. In 2014, the region's markets became oversupplied with fire salvage and insect-damaged timber, and prices softened somewhat during the subsequent three years of drought conditions. Log prices hit a cyclic high in 2018 and have softened since then, driven by an oversupply on the mill side and a softened lumber market. The market for timberland in the region is more limited than in the western Pacific Northwest or other parts of California. This is largely due to lower productivity throughout the region, thinner log markets, less privately owned timberland, and the fact that much of the privately owned timberland is closely held by family-owned companies. As a result, sales of larger timberland parcels are limited and tend to have extended marketing periods.

The Northern Inter-mountain Valleys are broken into various sub-market areas. The Alturas area and Surprise Valley are located in northeastern Modoc County. Key attributes of the area include an abundant supply of federal rangeland available for lease at a relatively low cost; fertile bottomlands; and power from the Surprise Valley Rural Electric Co-Op at some of the lowest rates in the state. All of these features combine to make this a productive farming and ranching region in the inter-mountain west. Historically, the principal crops grown in this area have been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and dry pasture, with some wild rice grown south and west of Alturas.

Tulelake is situated in the agricultural district known as the Klamath Basin in the northeastern portion of California and extends into south-central Oregon. Historically, the principal crops grown in this area have been cereal grains, alfalfa hay, irrigated pasture for beef cattle, onions, potatoes, and grass seed. More recently, mint, garlic, and fresh market carrots have also been planted. The area is noted for the production of potatoes and malting barley. Irrigation water has been at the forefront of local issues in recent years due to the numerous entities that are vying for it. The parties laying claim to the water vary and include Native American tribes on the Klamath River, farmers and irrigation districts, wildlife refuges, environmentalists, and wildlife on the endangered species list. Even in the best of years, the water available does not satisfy the needs of all the parties which lay claim to it. With the adjudication of water rights completed in March of 2013, a whole new set of problems arose affecting water rights priorities and access to water for those ranches and farmers in the upper basin. Those producers dependent on water from the Sprague and Sycan Rivers were denied water beginning in June of 2013, with the water going to fulfill the water needs adjudicated to and claimed by the Klamath Tribe. More recently, the Klamath Tribe has made numerous calls on the water which impacts the upper basin irrigators throughout the summer. Irrigation wells in the upper basin will now be curtailed or shut-off depending on proximity to the rivers, as early as 2021. The water from the upper basin is impounded in Upper Klamath Lake, and then is divided among the many interested parties below the lake. Despite the ongoing water issues surrounding the Tulelake area, demand for property is average with values stable over the past year.

Butte Valley is an intensive farming area located in Siskiyou County. A key attribute of the area is the abundant supply of relatively low cost irrigation water from underground wells and the Butte Valley Irrigation District. Historically, the principal crops grown in this area have been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and potatoes. However, significant acreage has now been converted to the production of strawberry and raspberry sets, as the area has attractive soil and infrastructure for this use combined with lower land/lease costs than historical nursery production areas in the San Joaquin Valley and Southern California. Strawberry nursery production has recently become one of the county's most valuable crops with plants exported to central California and many countries worldwide. Competition from various nurseries is strong for lands capable of producing the sets. Demand for property in the area is average to good and values have been stable during the past year with very limited sale activity.

Shasta Valley and Scott Valley are situated within north-central Siskiyou County. Sierra Valley is located within Plumas and Sierra Counties. Honey Lake Valley is located in southeastern Lassen County and Big Valley comprises the northwestern part of Lassen County and the southwestern part of Modoc County, and lies near the northeastern corner of the state. Historically, the principal crops grown in these areas have

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been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and dry pasture. Timber production expanded due to the harvesting of timber damaged by fire. Key attributes of this market area include an abundant supply of federal rangeland available for lease at a relatively low cost; fertile bottomlands; and available water for irrigation.

Pittville/McArthur is situated in eastern Shasta and western Lassen Counties near the communities of Fall River Mills, McArthur and Pittville, within the Fall River Valley. Historically, the principal crops grown in this area have been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and wild rice. The surrounding forestland provides timber and supports several saw mills. More recently, mint, garlic, and berry sets have also been planted. The area is noted for the production of wild rice and strawberry sets. Demand for property in the area is strong and values have been stable over the past year.

CENTRAL SIERRA NEVADA MOUNTAIN COUNTIES

Rangeland

The majority of rangeland properties purchased in Tuolumne and Calaveras Counties are for owner-occupancy, home site construction with grazing uses, or expansion of existing owner-operated cattle operations. Tuolumne County rangeland sales have been very limited with only a few in the last 12 months. Calaveras and Mariposa Counties have had more active markets over the same time period. Mariposa County is slightly different than Tuolumne and Calaveras Counties in that many of the recent rangeland sales have been marketed to buyers looking for recreational/retirement properties with cattle grazing as a secondary use. Many of the confirmed sales in the past two years have been non-local buyers looking to retire or maintain a secondary residence in the foothills. There is also strong demand from local cattleman looking to expand existing operations. The majority of properties are not leased, and those that are range in annual rental rates from $16 to $25 per acre. While competition with recreation/retirement buyers has driven up land prices, rental rates have not increased commensurately and the cattle market has been somewhat depressed over the last few years. Thus, cattleman are faced with paying prices for ranch land above that which generates a positive return, but do so in order to secure shrinking available pasture for their existing herds.

EAST PLACER COUNTY

Irrigated Cropland/Rice Ground

There are limited areas in the eastern portion of Placer County that are suitable for irrigated cropland or rice production. Land values have remained stable with very limited sale activity noted. Parcels adaptable to permanent plantings command the highest prices. Properties having less desirable soil types for growing permanent plantings remain in various irrigated crops or rice. However, nut commodity prices are putting pressure on any and all open land. Similar to the northern rice producing counties, values of good quality rice properties have remained relatively stable. There is limited availability of rice farms for purchase in the area. Prospective buyers tend to be other farmers looking to expand their operations, which creates good competition for desirable rice farms.

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
NORTH INTERMOUNTAIN VALLEY AREAS (Lassen, Modoc, Shasta, Siskiyou Counties)					
Strawberry Ground	$5,000 - $6,200	Stable	Limited	Stable	$400 - $600
Irrigated Crop/Good Quality Acreage	$3,500 - $4,500	Stable	Limited	Stable	$150 - $200
Meadow/Irrigated Pasture	$2,500 - $3,500	Stable	Limited	Stable	$25 - $35/AUM
Dry Pasture	$400 - $1,000	Stable	Limited	Stable	$10 - $20/AUM
SIERRA VALLEY					
Irrigated Crop/Good Quality Acreage	$3,500 - $4,500	Stable	Limited	Stable	Insufficient Data
Meadow/Irrigated Pasture	$2,500 - $3,500	Stable	Limited	Stable	$25 - $35/ AUM
Dry Pasture	$400 - $1,000	Stable	Limited	Stable	$10 - $20/ AUM
PITTVILLE/McARTHUR					
Irrigated Crop Acreage	$4,000 - $8,500	Stable	Limited	Stable	$200 - $250
NORTH INTERMOUNTAIN CATTLE RANCHES Value per Animal Unit (Lassen, Modoc & portion of Siskiyou Counties)					
Inside Operation (0-15% Public)	$5,000 - $8,000	Stable	Limited	Stable	$125 - $200/AU
Range Operation (>15% Public)	$4,000 - $6,000	Stable	Limited	Stable	$100 - $150/AU
PLUMAS, EAST PLACER, SIERRA, NEVADA & ALPINE COUNTIES					
Rangeland	$1,000 - $2,000	Stable	Limited	Stable	$16 - $25
Irrigated Cropland/Rice Ground (Placer)	$10,000 - $12,000	Stable	Limited	Stable	N/A
EAST EL DORADO, AMADOR & CALAVERAS COUNTIES					
Rangeland	$2,000 - $3,000	Stable	Limited	Stable	$16 - $25
TUOLUMNE, MARIPOSA, MONO & INYO COUNTIES					
Rangeland	$1,000 - $2,200	Stable	Limited	Stable	$16 - $25

HISTORICAL VALUE RANGE per acre

LAND USE	STRAWBERRY GROUND	IRRIGATED CROP/ GOOD QUALITY ACREAGE	MEADOW/ IRRIGATED PASTURE	DRY PASTURE
NORTH INTERMOUNTAIN VALLEY AREAS (Lassen, Modoc, Shasta & Siskiyou Counties)				
2019	$5,000 - $6,200	$3,500 - $4,500	$2,500 - $3,500	$400 - $1,000
2018	$5,000 - $6,000	$2,500 - $4,500	$2,000 - $3,000	$400 - $1,000
2017	$5,000 - $6,000	$2,500 - $4,500	$2,000 - $2,500	$400 - $1,000
2016	$5,000 - $6,000	$2,500 - $4,500	$2,000 - $2,500	$400 - $1,000
2015	$4,000 - $6,000	$2,000 - $5,000	$2,000 - $3,000	$250 - $1,000
2014	$3,000 - $5,000	$2,000 - $6,000	$2,000 - $3,000	$500 - $1,000
2013	$3,000 - $5,000	$2,000 - $3,000	$1,750 - $4,000	$500 - $1,200

LAND USE	IRRIGATED CROP GOOD QUALITY ACREAGE	MEADOW/ IRRIGATED PASTURE	DRY PASTURE	IRRIGATED CROP ACREAGE
SIERRA VALLEY				PITTVILLE/McARTHUR
2019	$3,500 - $4,500	$2,500 - $3,500	$400 - $1,000	$4,000 - $8,500
2018	$2,500 - $5,000	$2,500 - $3,500	$1,000 - $2,500	$4,000 - $8,500
2017	$2,500 - $5,000	$2,500 - $3,500	$1,000 - $2,500	$4,000 - $8,500
2016	$2,500 - $5,000	$2,500 - $3,500	$1,000 - $2,500	$4,000 - $8,500
2015	$2,500 - $5,000	$2,500 - $5,000	$1,000 - $5,000	$4,000 - $8,500
2014	$2,500 - $5,000	$2,500 - $10,000	$2,500 - $5,000	$4,000 - $6,000

LAND USE	RANGELAND	IRRIGATED CROPLAND/ RICE GROUND
PLUMAS, EAST PLACER, SIERRA, NEVADA & ALPINE CO		EAST PLACER
2019	$1,000 - $2,000	$10,000 - $12,000
2018	$1,000 - $2,000	$7,000 - $8,000
2017	$1,000 - $2,000	$7,000 - $8,000
2016	$1,000 - $4,000	$7,000 - $8,000
2015	$1,000 - $4,000	$7,000 - $8,000
2014	$1,000 - $4,000	$7,000 - $8,000
2013	$500 - $5,000	

LAND USE	RANGELAND	RANGELAND	INSIDE OPERAION 0-15% Public)	INSIDE OPERATION (>15% Public)
EL DORADO, AMADOR & CALAVERAS CO		TUOLUMNE, MARIPOSA, MONO & INYO CO	CATTLE RANCHES ($ per AU)	
2019	$2,000 - $3,000	$1,000 - $2,200	$5,000 - $8,000	$4,000 - $6,000
2018	$1,000 - $2,200	$1,000 - $2,000	$5,000 - $8,000	$4,000 - $7,000
2017	$1,000 - $2,000	$1,000 - $2,000	$5,000 - $7,000	$3,000 - $5,000
2016	$1,000 - $5,000	$1,000 - $3,000	$3,500 - $7,000	$3,000 - $5,000
2015	$1,000 - $5,000	$1,250 - $2,500	$3,500 - $5,000	$3,000 - $4,000
2014	$1,000 - $5,000	$1,000 - $3,500	$3,500 - $5,000	$3,000 - $4,000
2013	$1,200 - $5,500	$1,250 - $2,500	$5,000 - $12,500	$2,500 - $4,000

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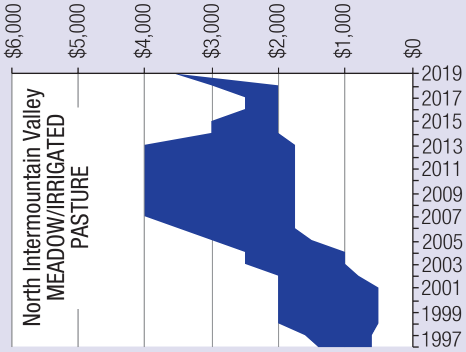
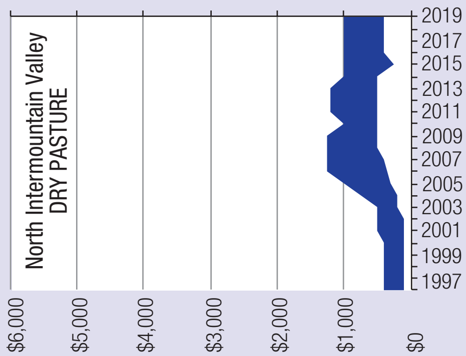
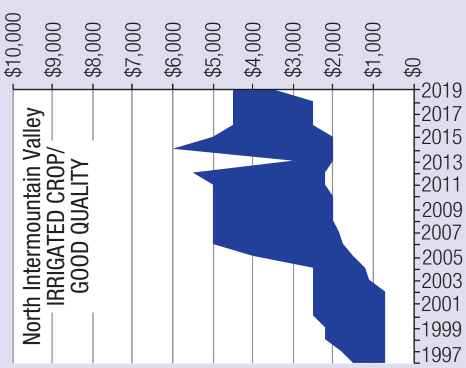
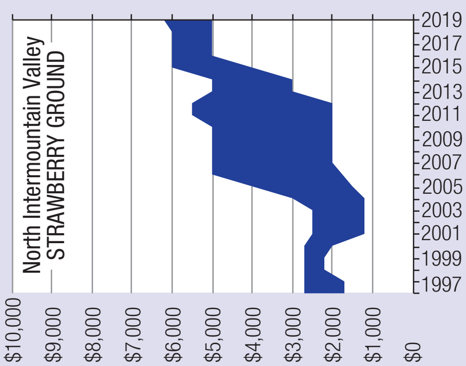
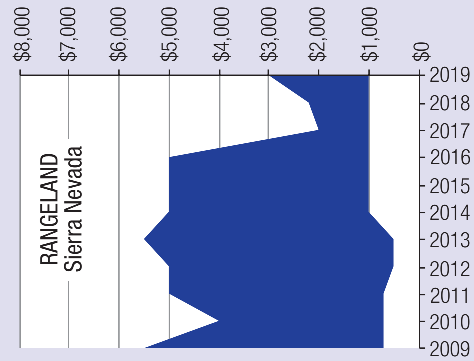
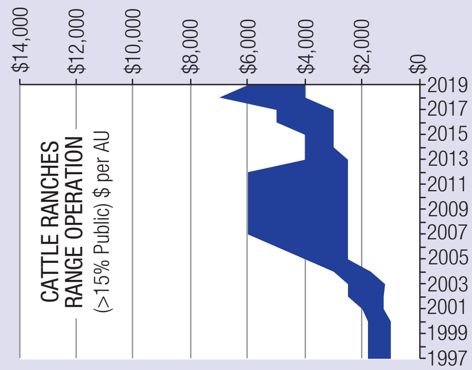

North Intermountain Valley
MEADOW/IRRIGATED
PASTURE

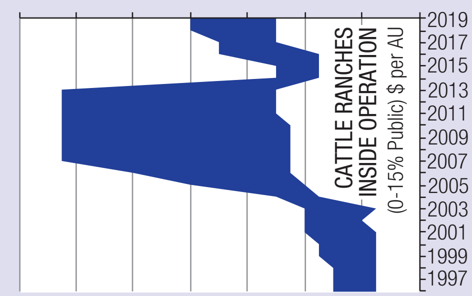

North Intermountain Valley
DRY PASTURE

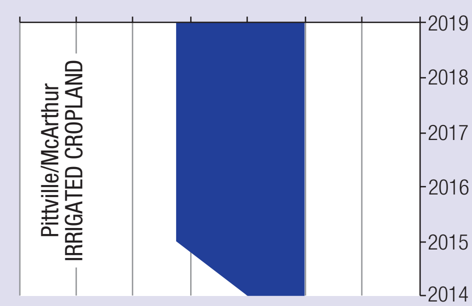

North Intermountain Valley
IRRIGATED CROP/
GOOD QUALITY

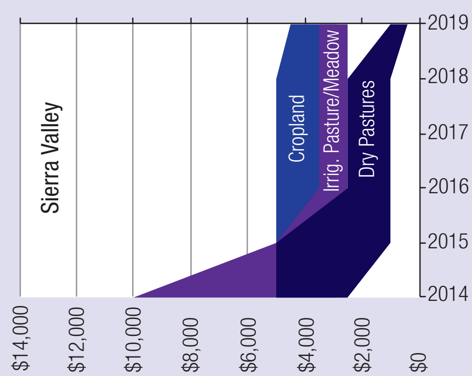

North Intermountain Valley
STRAWBERRY GROUND


RANGELAND
Sierra Nevada


CATTLE RANCHES
RANGE OPERATION
(>15% Public) $ per AU


CATTLE RANCHES
INSIDE OPERATION
(0-15% Public) $ per AU


Pittville/McArthur
IRRIGATED CROPLAND


Sierra Valley
Cropland
Irrig. Pasture/Meadow
Dry Pastures

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NEVADA

Region Chair and Committee
DAVID K. BELL, ARA - CHAIR
DOROTHY BELL, ARA; MICHAEL F. MERKLEY, ARA;

CARSON CITY CHURCHILL CLARK DOUGLAS ELKO ESMERALDA EUREKA HUMBOLDT
LANDER LINCOLN LYON MINERAL NYE PERSHING STOREY WASHOE WHITE PINE

9 Nevada

Nevada encompasses numerous valleys rich in agricultural resources. Most of these valleys go unseen from highways and roads that traverse the state. Nevada agriculture is directed primarily toward range livestock production, with cattle and calves the leading agricultural industry. Cow-calf operations dominate the region with a few stocker operators and feedlots. Nevada's high desert climate is also well suited to the production of high-quality alfalfa hay, which accounts for over half of the total value of crops produced in the state. Much of the alfalfa is marketed to dairies in California and a significant quantity is exported overseas. Additional crops produced in Nevada include potatoes, barley, winter and spring wheat, corn, oats, onions, garlic and honey. Leafy greens have become a predominate crop in Mason Valley near Yerington. Smaller acreages of alfalfa seed, mint, turf grass, fruits and vegetables are grown throughout the state.

Within the State of Nevada, sale activity has been consistent with prior years. The state experienced relief from drought conditions in the winter of 2015/16 with the above-average winter of 2016/17. The 2017/18 winter was somewhat average, and 2019 proved to be another good water year thus far. In 2016, alfalfa and cattle prices softened to levels substantially lower than prior years; however, land sale data indicated no impact on real estate values. Alfalfa and cattle prices strengthened in 2017 and remained fairly stable throughout 2018 and 2019.

Land sale activity in the Lovelock area indicates stable market conditions, as do farm and water right sales in the Fallon area, as well as in Mason Valley and Smith Valley. The Walker River Restoration Program has had some impact on values in Mason Valley and Smith Valley, as some water purchases included deeded lands. Some regions of the state rely solely on pumped ground water, and those sales indicate stable market conditions. The number of cattle ranch sales are limited but continue to indicate stable prices.

Overall, the Nevada agricultural real estate market remained fairly stable throughout 2019.

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
NORTHERN NEVADA IRRIGATED CROPLAND Value per Acre					
Lahontan Valley (Fallon)	$5,500 - $10,000	Average	Average	Stable	$125 - $200
Lovelock	$2,500 - $3,200	Average	Average	Stable	33%
Mason Valley	$5,500 - $8,000	Average	Average	Stable	$150 - $400
Smith Valley	$5,500 - $8,000	Average	Average	Stable	$150 - $200
Carson Valley	$7,000 - $10,000	Average	Average	Stable	N/A
Orovada	$3,000 - $4,000	Average	Average	Stable	$100 - $150
Kings River/Silver State Valley	$3,000 - $4,000	Average	Average	Stable	$100 - $150
Winnemucca Area	$3,000 - $4,000	Average	Average	Stable	$100 - $150
Elko/Diamond Valley/Reese River	$2,800 - $4,000	Average	Average	Stable	$100 - $150
NORTHERN NEVADA CATTLE RANCH OPERATIONS Value per AU					
Inside Operation	$5,000 - $7,000	Average	Average	Stable	$100 - $200
Range Operaton	$4,000 - $6,000	Average	Average	Stable	$100 - $150
Desert Operation	$2,400 - $3,600	Average	Average	Stable	$100 - $150
GRAZING PERMITS Value per AUM					
Grazing Permits	$100 - $200	Average	Average	Stable	N/A
GRAZING LAND Value per Acre					
Dry Grazing (Range)	$100 - $500	Average	Average	Stable	N/A
Pasture/Meadow	$500 - $2,500	Average	Average	Stable	$25 - $35/AUM

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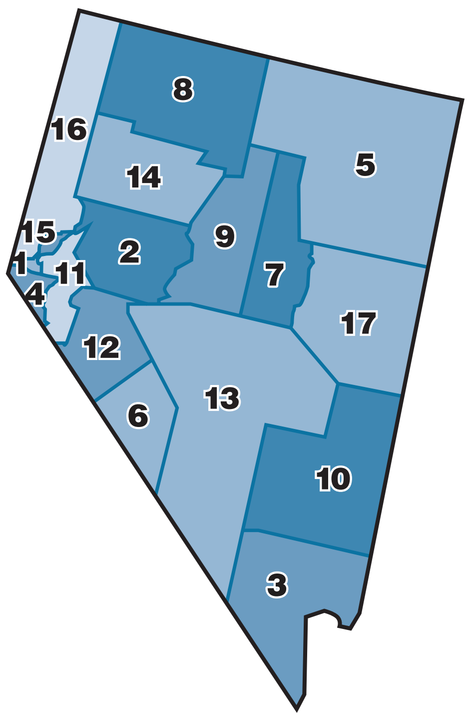
NEVADA AGRICULTURAL COMMODITIES BY COUNTY

1	CARSON CITY	alfalfa, livestock
2	CHURCHILL	forage, grains, vegetables, melons, alfalfa, dairy, livestock, bedding plants
3	CLARK	forage, grains, alfalfa, dairy, livestock, melons
4	DOUGLAS	forage, pasture, grains, dairy, livestock, garlic, onions, grapes
5	ELKO	forage, grains, pasture, livestock
6	ESMERALDA	alfalfa, grains, carrots, livestock
7	EUREKA	forage, grains, alfalfa, timothy hay, livestock
8	HUMBOLDT	potatoes, forage, grains, mint, alfalfa seed, garlic, turf, bean seed, honey, peas, onions, livestock
9	LANDER	forage, grains, alfalfa seed, livestock
10	LINCOLN	forage, grains, potatoes, apples, turf, livestock
11	LYON	onions, garlic, corn, alfalfa, dairy, turf, potatoes, vegetables, livestock
12	MINERAL	forage, grains, livestock
13	NYE	forage, grains, melons, row crops, pecans, pistachios, turf, livestock
14	PERSHING	alfalfa seed, forage, grains, honey, livestock
15	STOREY	potatoes, onions, vegetables, livestock
16	WASHOE	forage, grains, onions, garlic, potatoes, dairy, livestock, turf
17	WHITE PINE	forage, grains, livestock



HISTORICAL VALUE RANGE per acre

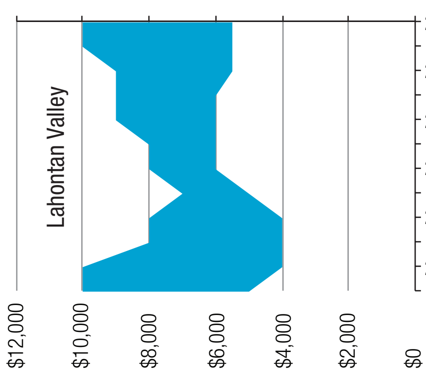
LAND USE	LAHONTAN VALLEY (FALLON)	LOVELOCK	MASON VALLEY	SMITH VALLEY	CARSON VALLEY	OROVADA	KINGS RIVER/ SILVER STATE VALLEY	WINNEMUCCA AREA	ELKO, DIAMOND VALLEY, REESE RIVER
NORTHERN NEVADA IRRIGATED CROPLAND									
2019	$5,500 - $10,000	$2,500 - $3,200	$5,500 - $8,000	$5,500 - $8,000	$7,000 - $10,000	$3,000 - $4,000	$3,000 - $4,000	$3,000 - $4,000	$2,800 - $4,000
2018	$5,500 - $10,000	$2,000 - $3,000	$5,500 - $8,000	$5,500 - $8,000	$7,000 - $10,000	$3,000 - $4,000	$3,000 - $4,000	$3,000 - $4,000	$2,500 - $3,500
2017	$5,500 - $9,000	$2,000 - $3,000	$5,500 - $8,000	$5,500 - $8,000	$7,000 - $10,000	$3,000 - $4,000	$3,000 - $4,000	$3,000 - $3,500	$2,500 - $3,000
2016	$6,000 - $9,000	$2,000 - $3,000	$5,500 - $8,000	$5,500 - $8,000	$7,000 - $10,000	$3,500 - $4,200	$3,500 - $4,200	$3,000 - $3,500	$2,500 - $3,200
2015	$6,000 - $9,000	$2,000 - $3,000	$6,000 - $8,000	$6,000 - $8,000	$7,000 - $10,000	$3,500 - $4,200	$3,500 - $4,200	$3,000 - $3,500	$2,500 - $3,200
2014	$6,000 - $8,000	$2,300 - $3,000	$5,500 - $8,000	$5,500 - $8,000	$7,000 - $12,000	$3,000 - $3,500	$2,500 - $3,500	$2,500 - $3,000	$2,500 - $3,000
2013	$6,000 - $8,000	$2,300 - $3,000	$5,500 - $8,000	$5,500 - $8,000	$7,000 - $12,000	$3,000 - $3,500	$2,500 - $3,500	$2,500 - $3,000	$2,500 - $3,000

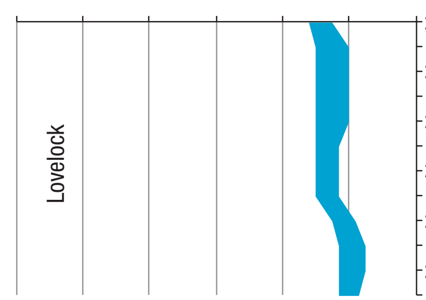
LAND USE	INSIDE OPERATION	RANGE OPERATION	DESERT OPERATION
NORTHERN NEVADA CATTLE RANCH OPERATIONS (VALUE PER AU)			
2019	$5,000-$7,000	$4,000 - $6,000	$2,400 - $3,600
2018	$5,000 - $7,000	$3,000 - $5,000	$2,400 - $3,600
2017	$5,000 - $7,000	$3,000 - $5,000	$2,400 - $3,000
2016	$5,000 - $7,000	$3,000 - $5,000	$2,400 - $3,000
2015	$5,000 - $7,000	$2,500 - $5,000	$2,400 - $3,000
2014	$5,000 - $7,000	$3,000 - $5,000	$2,400 - $3,000
2013	$5,000 - $7,000	$3,000 - $5,000	$2,400 - $3,000

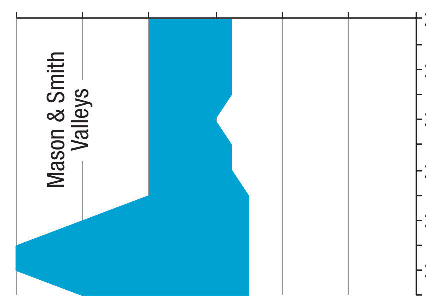
LAND USE	GRAZING PERMITS
GRAZING PERMITS (VALUE PER AUM)	
2019	$100 - $200
2018	$80 - $200
2017	$80 - $200
2016	$80 - $200
2015	$80 - $200
2014	$80 - $120
2013	$80 - $120

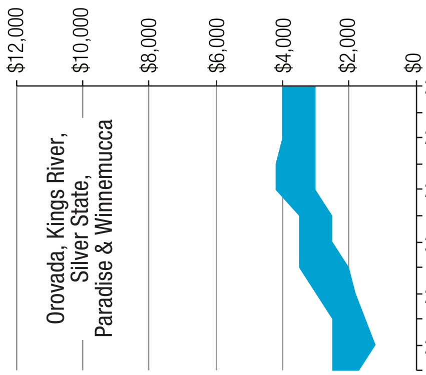
LAND USE	DRY GRAZING (RANGE)	PASTURE/MEADOW
GRAZING LAND VALUE PER ACRE		
2019	$100 - $500	$500 - $2,500
2018	$100 - $500	$500 - $2,000
2017	$100 - $500	$500 - $2,000
2016	$100 - $500	$500 - $2,000
2015	$100 - $500	$1,000 - $2,000
2014	$100 - $300	$500 - $1,500
2013	$100 - $300	$500 - $1,200

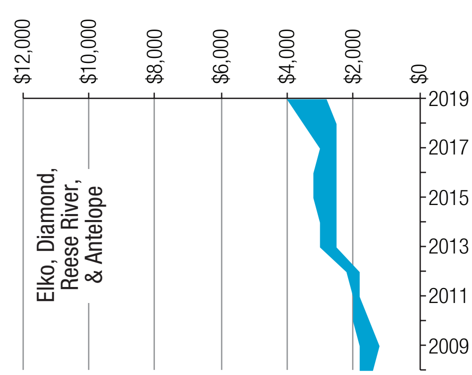
9

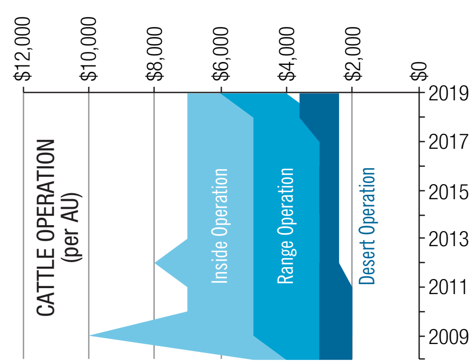

Lahontan Valley
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
2009
2011
2013
2015
2017
2019

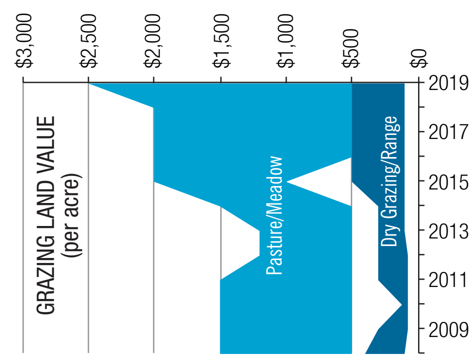

Lovelock
2009
2011
2013
2015
2017
2019

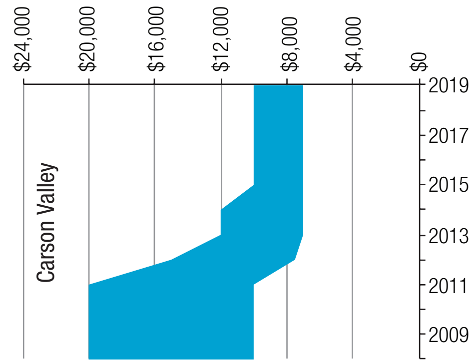

Mason & Smith Valleys
2009
2011
2013
2015
2017
2019


Orovada, Kings River, Silver State, Paradise & Winnemucca
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
2009
2011
2013
2015
2017
2019


Elko, Diamond, Reese River, & Antelope
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
2009
2011
2013
2015
2017
2019


CATTLE OPERATION (per AU)
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
Inside Operation
Range Operation
Desert Operation
2009
2011
2013
2015
2017
2019


GRAZING LAND VALUE (per acre)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
Pasture/Meadow
Dry Grazing/Range
2009
2011
2013
2015
2017
2019


Carson Valley
$24,000
$20,000
$16,000
$12,000
$8,000
$4,000
$0
2009
2011
2013
2015
2017
2019

GLOSSARY

% Crop Share: Rent paid as a percentage of gross income from crop sales, sometimes with a guaranteed minimum. This type of rent transfers some crop risk from the tenant to the landowner, usually resulting in a higher level of potential profit.

Adaptability: The suitability of the land for use with higher valued crops.

Adjudication (of water rights): when water users within a basin are in dispute over legal rights to surface water or groundwater, a court can issue a ruling known as an adjudication, which allocates a set amount of water among court-determined users, in essence assigning specific water rights among users.

Ancillary Markets: A market other than what is commonly perceived as being the primary or historical use for the property.

Animal Husbandry: a branch of agriculture concerned with the production and care of domestic animals.

AU: Animal Unit, which is considered a cow calf pair.

AUM: Animal Unit Month, which is a cow calf pair per month.

AVA: American Viticultural Area. A geographical area designated by the United States Alcohol and Tobacco Tax and Trade Bureau (TTB) as having homogenous growing conditions for wine grapes, such as climate, soils, and topography. The name of the AVA may be used on a wine bottle, however if used, 85% of the wine must originate from the named region.

Boutique Acreage: Small acreage parcels where the grapes typically are used by the owner to make wine for his or hers private labels marketed through small Boutique wineries.

Cannabis: Marijuana, a drug derived from the family of plants that include hemp.

Capitalization Rate: in farmland, this rate refers to annual net income divided by a property's sale price or current value.

Cash Rental Rates: Cash money exchanged for the rental for real property.

Cropland: Irrigated land suitable for field crops or row crops.

Custom Crush: A service arrangement whereby a winery processes grapes into wine for a fee.

Custom Farmed: Farmed or operated by a professional farmer or organization other than the owner.

CWD: Chowchilla Water District (Merced and Madera Counties).

CWT: Hundred weight.

Delta Land: Land located in the Sacramento Delta region.

Desert Operation: 50 to 100% outside grazing (public grazing permits)

Double Crops: A second crop that can be planted in the same season, and on the same land, after the first crop has been harvested.

Early Fruit: Fruit that is harvested during the very earliest part of the overall growing season. This fruit typically receives higher prices because it is the first to reach the consumer.

Entitlements: In the context of ownership, use, and/or development of real property, the right to receive governmental approvals for annexation, zoning, utility extensions, construction permits, and occupancy/use permits. The approval period is usually finite and may require the owner and/or developer to pay impact and/or user fees in addition to other costs to secure the entitlement. Entitlements (sic) may be transferable, subject to covenants or government protocols, may constitute vested rights, and may represent an enhancement to a property's value.

Exchange Contractors: The Central California Irrigation District, Firebaugh Canal Water District, Columbia Canal Company, and San Luis Canal Company. These entities exchanged their riparian rights on the San Joaquin River for a water right entitlement from the Delta-Mendota Canal.

Federal Districts: water districts that receive contracted surface water from the Central Valley Project, a federal power and water management project in CA under the supervision of the United States Bureau of Reclamation. The USBR sets the allotments of contracted water available to federal districts annually based on precipitation, reservoir storage and environmental conditions in the Delta. In the San Joaquin Valley south of the Delta, allotments are often set at amounts less than 100% of contracted water. Federal Districts typically do not have pre-1914 water rights in CA.

Field Crops: Any of the herbaceous plants grown on a large scale in cultivated fields; primarily a grain, forage, sugar or fiber crop.

Forage Crops: Historically the term forage has meant only plants eaten by the animals directly as pasture or immature cereal crops, but it is also used to describe chopped hay or silage.

Grape Contracts: A written agreement between the buyer of grapes (typically a winery) and the grape grower specifying the terms and conditions of the agreement. The contracts typically include the price per ton, time period, acceptable brix (sugar), variety, acreage, and minimum quality standards, i.e. Contracted Grapes

Groundwater: A sub-surface water source, usually underground aquifers tapped with deep wells.

GSA: Groundwater Sustainability Agency: local agencies comprised of water users and municipalities (Irrigation Districts, cities, counties, etc.) formed by mandate through SGMA to manage their basins or sub-basins. Responsible for creating and managing their basin/sub-basin's Groundwater Sustainability Plan.

GSP: Groundwater Sustainability Plan; plan created and implemented by a local GSA by mandate through SGMA to achieve sustainable groundwater management in the local basin/sub-basin. Sustainable management aims to avoid depletion of supply, reduction in storage, seawater intrusion, degraded water quality, subsidence, or depletion of interconnected surface water. GSPs must be in place by 2020 for high priority basins that are critically overdrafted, and by 2022 for all other high and medium-priority basins.

Inside Operation: 0-15% outside grazing (public grazing permits).

Institutional Investor: an entity which pools money to purchase securities, real property, and other investment assets or originate loans. Institutional investors include banks, credit unions, insurance companies, pensions, hedge funds, REITs, investment advisors, endowments, and mutual funds.

Irrigated Field or Row Crops: Any crops that are irrigated for a season.

Late Fruit: Fruit that is harvested during the latest part of the overall growing season. This fruit usually receives higher prices because it is the last fruit to reach the consumer.

Liquidate: to convert assets into cash or cash equivalents by selling them on the open market.

Marketable: Appeal to market for sale.

Market Consolidation: Process of concentrating the market in a smaller number of typically larger participants.

MID-Madera: Madera Irrigation District (Madera County).

MID-Merced: Merced Irrigation District (Merced County).

MID-Modesto: Modesto Irrigation District (Stanislaus County).

Milk Cows: Lactating cows that are being milked on a daily basis.

MWD: Metropolitan Water District is a consortium of 26 cities and water districts that provides drinking water to nearly 18 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura Counties.

Nonbearing: Trees or vines that are immature, not old enough to bear a marketable crop.

OID: Oakdale Irrigation District, Stanislaus/San Joaquin Counties.

Open Land: Unimproved or undeveloped land with adaptability to crops.

Orchardist: grower of tree fruit or nut crops farmed in orchards on a wide range of parcel sizes.

Owner-Operated: Operated by the owner of the real property.

Permanent Planting: refers to long-lived tree or vine crops, generally greater than 10 years and typically 25-60+ years depending on crop (ex: nut crops, tree fruit, vineyards, berries, etc.

Per Unit Values: Values or prices on a per unit basis such as acres, cows, square feet, etc.

Plottage: Land purchased to add to adjoining/neighboring acreage.

Premiumization: The move towards more expensive premium products.

Quota (milk): an asset created by CA's Milk Pooling program in 1969. There are approximately 2.15 million lbs of pool quota in CA, all of which was given to the state's roughly 2,700 Grade A producers by the State beginning in 1970. Milk produced within each producer's quota amount receives a price premium, while production over quota amount is paid at lower levels. Quota is an asset that producers have sold or traded consistently over the program's 50 years. Today 43% of CA dairies have no quota, while many have moderate amounts and a few have significant quota. Money to pay the quota milk price premiums come out of the Class 1 pool; every producer contributes whether or not they own quota.

Rangeland: An extensive stretch of grazing land or land that produces forage plants.

Recreational Land: Can generally be described as the current use for lands that historically were used for grazing or farming, but are now being purchased and used for leisure uses such as hunting, trapping, fishing, wildlife preservation or nature study.

Redevelopment: typically refers to removal of an older orchard/vineyard and replanting with a more modern or desirable orchard/vineyard crop or variety.

Rent Range: The low and high values in a data set of rental rates (annual unless otherwide noted).

Resistant Rootstock: Vine or tree rootstock varieties which have tolerance or resistance to insects or diseases.

Rootstock: A root and its associated growth buds, used as a stock in plant propagation.

SGMA: Sustainable Groundwater Management Act signed into law in CA in 2014 to address critical groundwater overdraft throughout the state. The Act is the state's first attempt to regulate groundwater extraction and use on a state-wide basis, and establishes a timeline for achieving groundwater sustainability through local control of groundwater sub-basins.

Share Rental Arrangements: Typically landord's percentage of gross crop proceeds in exchange for property rental.

Soften: To lose value or decrease in demand.

Spot Market: The buying and selling of agricultural commodities generally on a one-year or one-time basis. Spot market sales are done through brokers or directly between producer and processor, and are contrasted by sales of commodities done via pre-arranged contract or through membership in a cooperative.

Stabilized: Generally level or flat.

Stocker Cattle: Weaned calves that are held over for another grazing season or year for the eventual sale to feedlots.

Super High Density Olive Planting: A system of planting olives specifically for the production of olive oil, whereby trees are densely spaced in hedgerow configuration and suitable for mechanical harvest with an over-the-row type machine.

Surface Water: A typically renewable water supply that flows in channels along the surface of the earth. In this context said water is typically irrigation water that is provided by rivers, irrigation companies or water districts.

Terroir: The set of special characteristics that the geography, geology and climate of a certain place, interacting with plant genetics, express in agricultural products; the term is primarily used in the wine industry, but also used for coffee, tea, artisan cheese, etc.

TID: Turlock Irrigation District (Stanislaus and Merced Counties).

Topography: Elevation(s) or contour of land.

Transitional Property: Generally used to describe a rural property where the highest and best use is potential urban development making existing agriculture activities an interim use.

Uncontracted Grapes: typically refers to wine grapes grown with no purchase contract in place; they must be sold on the spot market where prices tend to be more volatile. Also refers to wine grape production above the contracted tonnage in a contracted vineyard, i.e. "excess tonnage."

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USBR: Irrigation Districts under the United States Department of the Interior Bureau of Reclamation. See also Federal Districts.

Vineyard Designate: An individual vineyard's name (often trademarked) that, when shown on a wine label, indicates the named vineyard supplied at least 95% of the fruit for that wine.

Vinyardist: Grower of grapes on a wide range of parcel sizes under a wide range of climate conditions.

Wastewater: Water produced as a byproduct of an agricultural or industrial activity such as milk production or fruit and vegetable processing.

Water Allocation: Term generally used to describe the amount of surface water provided to a property by the district provider.

Water Banking: The act of storing water, either physically or legally, for use at another time. Physical water banking can be done in public or private reservoirs or in underground contained aquifers.

White Areas: Unincorporated areas that are not within the jurisdictional boundaries of a public water agency or district (no surface water rights or deliveries available).